

PRELIMINARY OFFICIAL STATEMENT DATED MAY 3, 2022

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Village will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Non-Rated

VILLAGE OF UNION GROVE, WISCONSIN (Racine County)

\$5,910,000* COMBINED UTILITY REVENUE BONDS, SERIES 2022A

BID OPENING: May 9, 2022, 10:30 A.M., C.T.

CONSIDERATION: May 9, 2022, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$5,910,000* Combined Utility Revenue Bonds, Series 2022A (the "Bonds") of the Village of Union Grove, Wisconsin (the "Village") are being issued pursuant to Section 66.0621, Wisconsin Statutes, to provide funds for the public purposes of paying the cost of additions, improvements and extensions to its waterworks system, stormwater system and sewerage system (collectively, the "Utility System") and refunding the Village's Waterworks System Revenue Bonds, Series 2012A, dated March 29, 2012. The Bonds are not general obligations of the Village but are payable only from and secured by a pledge of Net Revenues of the Utility System. The Bonds are being issued on a parity with the Village's outstanding Prior Bonds as described further herein (see "BONDS-SECURITY"). Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS:

June 1, 2022

MATURITY:

May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$250,000	2030	\$410,000	2037	\$235,000
2024	270,000	2031	410,000	2038	235,000
2025	270,000	2032	415,000	2039	235,000
2026	365,000	2033	240,000	2040	235,000
2027	385,000	2034	235,000	2041	235,000
2028	390,000	2035	235,000	2042	235,000
2029	390,000	2036	235,000		

***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:

May 1, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on May 1, 2033 and thereafter are subject to call for prior optional redemption on May 1, 2032 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID:

\$5,836,125.

MAXIMUM BID:

\$6,501,000.

GOOD FAITH DEPOSIT:

A good faith deposit in the amount of \$118,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

Bond Trust Services Corporation.

BOND COUNSEL AND

DISCLOSURE 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.



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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. Quarles and Brady LLP will serve as Disclosure Counsel to the Village with respect to the Bonds. 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; and (4) a certificate setting forth facts and expectations of the Village which indicates that the Village does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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VILLAGE OF UNION GROVE VILLAGE BOARD

		<u>Term Expires</u>
Steve Wicklund	Village President	April 2023
Patrick Brinkman	Village Trustee	April 2023
Sandy Born	Village Trustee	April 2024
Jennifer Ditscheit	Village Trustee	April 2023
Adam Graf	Village Trustee	April 2024
Amy Sweet	Village Trustee	April 2024
Janice Winget	Village Trustee	April 2023

ADMINISTRATION

Kerry Bennett, Interim Village Administrator/Village Treasurer

Rebecca Wallendal, Village Clerk

Richard Piette, Public Works Director

PROFESSIONAL SERVICES

Timothy Pruitt, Village Attorney, Racine, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure 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 \$5,910,000* Combined Utility Revenue Bonds, Series 2022A (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 issuance and sale of the Bonds ("Authorizing Resolution" or "Bond Resolution") to be adopted by the Village Board on May 9, 2022.

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 June 1, 2022. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2023, 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"). All 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 Authorizing Resolution.

The Village has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. 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 May 1, 2033 shall be subject to optional redemption prior to maturity on May 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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.

*Preliminary, subject to change

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 66.0621, Wisconsin Statutes, to provide funds for the public purposes of paying the cost of additions, improvements and extensions to the Village's waterworks system, stormwater system and sewerage system (collectively, the "Utility System") and current refunding the Village's Waterworks System Revenue Bonds, Series 2012A, dated March 29, 2012 (the "Series 2012A Bonds").

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 906731
Series 2012A Bonds	3/29/2012	6/15/22	Par	2023	3.00%	\$160,000	AM6
				2024	3.10%	165,000	AN4
				2025	3.20%	170,000	AP9
				2026	3.25%	170,000	AQ7
				2027	3.35%	175,000	AR5
				2028	3.45%	175,000	AS3
				2029	3.60%	180,000	AT1
				2030	3.70%	195,000	AU8
				2031	3.80%	200,000	AV6
				2032	3.90%	<u>215,000</u>	AW4
Total Series 2012A Bonds Being Refunded						<u>\$1,805,000</u>	

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$5,910,000	
Transfers from Series 2012A Bonds Debt Service Reserve Fund	224,985	
Estimated Interest Earnings	<u>2,947</u>	
Total Sources		\$6,137,932

Uses

Estimated Underwriter's Discount	\$73,875	
Cost of Issuance	91,300	
Deposit to Debt Service Reserve Fund	472,103	
Deposit to Project Construction Fund	3,683,928	
Deposit to Current Refunding Fund	1,812,634	
Rounding Amount	<u>4,092</u>	
Total Uses		\$6,137,932

*Preliminary, subject to change

SECURITY

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the Authorizing Resolution, which is available upon request from Ehlers.

Source of Payment: THE BONDS ARE NOT GENERAL OBLIGATIONS of the Village but are payable only out of "Net Revenues" that are pledged to the Debt Service Fund provided for in the Authorizing Resolution (the "Special Redemption Fund"). Net Revenues are defined as all revenues of the Utility System derived from any source less current expenses, excluding depreciation, debt service, tax equivalents, and capital expenditures. In the Authorizing Resolution, the Village covenants to deposit Net Revenues in the Special Redemption Fund in an amount sufficient to pay principal of and interest on the Prior Bonds (as defined below) and the Bonds and to use the funds in the Special Redemption Fund only for the purpose of paying principal of and interest on the Bonds and the Prior Bonds. The pledge of Net Revenues to the owners of the Bonds is on a parity with that granted to the owners of the Prior Bonds.

Prior Bonds: The Village has outstanding its Waterworks System Revenue Bonds, Series 2005, dated November 9, 2005, its Waterworks System Revenue Bonds, Series 2007, dated April 25, 2007 and its Waterworks System Revenue Bonds, Series 2009, dated December 9, 2009 (collectively, the "Prior Bonds"). All Prior Bonds are owned by the State of Wisconsin Safe Drinking Water Loan Program. At the time of their issuance, the Prior Bonds were secured solely from the revenues of the Village's waterworks system. On April 11, 2022 the Village adopted a resolution amending the resolutions authorizing the Prior Bonds to add a pledge of revenues of the stormwater system and the sewerage system so that the Prior Bonds would be payable from the revenues of the Utility System and the Bonds could be issued on a parity with the Prior Bonds. Such amendment will take effect as of the date that the Bonds are issued and the Prior Bonds will be payable, on a parity with the Bonds, from the revenues of the Utility System. The owners of the Prior Bonds consented to the amendment.

Rate Covenant: In the Authorizing Resolution, the Village covenants to maintain the Utility System in reasonably good condition and operate the Utility System, and to establish, charge and collect such lawfully established rates and charges for the service rendered by the Utility System, so that in each fiscal year Net Revenues shall not be less than 125% of the debt service due on all outstanding bonds payable from the Net Revenues of the Utility System, including the Bonds and the Prior Bonds.

Additional Bonds Test: The Village reserves the right to issue additional bonds payable from the Net Revenues of the Utility System on a parity with the outstanding bonds payable from the Net Revenues of the Utility System ("Parity Bonds"), including the Bonds. No bonds or obligations payable from the Net Revenues of the Utility System may be issued in such a manner as to enjoy priority over the Bonds. Before issuing Parity Bonds, the Village must meet one of the two following tests with respect to Net Revenues of the Utility System:

(1) The Net Revenues for the last completed fiscal year preceding the issuance of such additional obligations must have been at least equal to 1.25 times the average combined annual interest and principal requirements on all bonds and any Parity Bonds then outstanding payable from the revenues of the Utility System (other than the bonds and any Parity Bonds being refunded), and the obligations so proposed to be issued for any succeeding fiscal year in which there shall be a principal maturity on such outstanding bonds; provided, however, that if prior to the authorization of such additional obligations the Village shall have adopted and put into effect a revised schedule of rates, then the Net Revenues of the Utility System for the last completed fiscal year which would, in the written opinion of a municipal advisor, consulting engineer, Wisconsin Public Service Commission or independent certified public accountant employed for that purpose, have resulted from such rates had they been in effect for such period may be used in lieu of the actual Net Revenues for the last completed fiscal year; or

(2) A municipal advisor, certified public accountant or consulting professional engineer provides a certificate setting forth for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by such additional obligations are to be completed, the projected Net Revenues and the maximum annual interest and principal requirements on all bonds outstanding payable from the gross revenues of the Utility System and on the obligations then to be issued (the "Maximum Annual Debt Service Requirement"); and demonstrating that

for each such fiscal year the projected Net Revenues will be in an amount not less than 125% of such Maximum Annual Debt Service Requirement.

While the Prior Bonds are outstanding, unless waived by the owners of the Prior Bonds, the Village must also meet the conditions set forth in the resolutions authorizing the Prior Bonds before issuing Parity Bonds.

Service to the Village: The reasonable cost and value of any service rendered to the Village by the Utility System by furnishing waterworks, stormwater and sewerage services for public purposes, shall be charged against the Village and shall be paid by it in monthly installments as the service accrues, out of the current revenues of the Village collected or in the process of collection, exclusive of the revenues derived from the operation of the Utility System, and out of the tax levy of the Village made by it to raise money to meet its necessary current expenses. The reasonable cost and value of such service to the Village in each year shall be in an amount which, together with revenues of the Utility System, will produce Net Revenues equivalent to not less than 1.25 times the annual debt service due on the Bonds, the Prior Bonds and any Parity Bonds. Such compensation for such service rendered to the Village shall, in the manner provided hereinabove, be paid into the separate and special funds described in the Authorizing Resolution. However, such payment is subject to (a) annual appropriations by the Village Board therefor, (b) approval of the Wisconsin Public Service Commission, if necessary and (c) applicable levy limits, if any; and neither this covenant nor such payment shall be construed as constituting an obligation of the Village to make any such appropriation over and above the reasonable cost and value of services rendered to the Village and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Bond Reserve Account: In the Authorizing Resolution, the Village covenants and agrees that upon the issuance of the Bonds an amount equal to the "Reserve Requirement" will be on deposit in the Reserve Account and will be maintained therein as additional security for the payment of principal of and interest on the Bonds. Reserve Requirement is defined as an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) 10% of the proceeds of the Bonds (up to an amount permitted pursuant to Section 148(d)(1) of the Code and Regulations); (b) the maximum annual debt service on the Bonds in any bond year; and (c) 125% of average annual debt service on the Bonds; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding obligations secured by the Reserve Account in any bond year. **The Prior Bonds are not secured by the Reserve Account.**

If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean an amount, determined as of the date of issuance of the Parity Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of such Parity Bonds, plus the amount permitted to be deposited therein from proceeds of the Parity Bonds pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued in any bond year; and (c) 125% of average annual debt service on the outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the Bonds and the Parity Bonds in any bond year.

UTILITY SYSTEM REVENUE DEBT OUTSTANDING

Debt service on the Prior Bonds and Bonds is listed on the following page. The debt service coverage ratios included on this page are calculated using unaudited 2021 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2021, and future Net Revenues may be materially different.

HISTORIC/PROJECTED UTILITY SYSTEM DEBT SERVICE COVERAGES

The exhibit on the Page 6 presents the four-year historic debt service coverages of the Utility System.

Village of Union Grove, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Utility Revenue
(As of 06/01/2022)

Combined System Revenue Bonds												Net Revenue Available for Debt Service** <div>1,195,729.00</div>
Series 2022A												
Dated Amount	Waterworks System Revenue Bonds			Waterworks System Revenue Bonds			Waterworks System Revenue Bonds			Series 2022A		
	Series 2005			Series 2007			Series 2009			Series 2022A		
Maturity	11/9/2005	05/01	05/01	04/25/2007	05/01	05/01	12/09/2009	05/01	05/01	06/01/2022	05/01	05/01
	\$1,486,390			\$516,994			\$603,676			\$5,910,000*		
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest
2022	0	3,204	0	1,604	0	3,477	0	0	0	0	403,813	8,286
2023	88,224	5,365	31,229	2,822	34,361	6,496	250,000	220,544	250,000	220,544	639,040	235,227
2024	90,310	3,254	32,002	2,039	35,278	5,567	270,000	150,239	270,000	150,239	427,589	161,099
2025	92,446	1,093	32,794	1,238	36,219	4,613	270,000	144,615	270,000	144,615	431,458	151,599
2026			33,605	416	37,185	3,634	365,000	137,539	435,791	137,539	435,791	141,589
2027					38,177	2,629	385,000	128,929	423,177	131,558	423,177	131,558
2028					39,196	1,597	390,000	119,667	429,196	121,263	429,196	121,263
2029					40,242	537	390,000	109,936	430,242	110,473	430,242	110,473
2030							410,000	99,633	410,000	99,633	410,000	99,633
2031							410,000	88,768	410,000	88,768	410,000	88,768
2032							415,000	77,547	415,000	77,547	415,000	77,547
2033							240,000	68,433	240,000	68,433	240,000	68,433
2034							235,000	61,605	235,000	61,605	235,000	61,605
2035							235,000	54,685	235,000	54,685	235,000	54,685
2036							235,000	47,670	235,000	47,670	235,000	47,670
2037							235,000	40,608	235,000	40,608	235,000	40,608
2038							235,000	33,417	235,000	33,417	235,000	33,417
2039							235,000	26,097	235,000	26,097	235,000	26,097
2040							235,000	18,706	235,000	18,706	235,000	18,706
2041							235,000	11,257	235,000	11,257	235,000	11,257
2042							235,000	3,760	235,000	3,760	235,000	3,760
	270,979	12,917	129,629	8,119	260,659	28,550	5,910,000	1,643,651	5,910,000	1,643,651	6,571,267	1,693,236
											8,264,503	
			</									

* Preliminary, subject to change.

**The debt service coverage ratios included on this page are calculated using Unaudited 2021 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2021 and future Net Revenues may be materially different.

VILLAGE OF UNION GROVE, WISCONSIN

HISTORIC STATEMENT OF REVENUES AND EXPENSES

The following table sets for the historic comparison of Net Revenues and debt service secured by revenues of the water, wastewater and stormwater system for the audited three year period ending December 31, 2020, and unaudited amounts for the year ending December 31, 2021.

	Audited	Audited	Audited	Unaudited
	2018	2019	2020	2021
Operating Revenues				
Water, wastewater and stormwater operating revenues	\$2,767,097	\$2,786,255	\$2,765,406	2,662,279
Total Operating Revenues	2,767,097	2,786,255	2,765,406	2,662,279
Operating Expenses				
Operation and Maintenance	1,178,296	1,342,128	1,377,209	1,468,887
Depreciation and Amortization	904,570	912,394	912,272	915,153
Total Operating Expenses	2,082,866	2,254,522	2,289,481	2,384,040
Operating Income	684,231	531,733	475,925	278,239
Plus: Depreciation and Amortization	904,570	912,394	912,272	915,153
Interest Income	61,193	70,524	16,090	2,337
Net Revenues Available for Debt Service	\$1,649,994	\$1,514,651	\$1,404,287	\$1,195,729
Debt Service				
Clean Water Fund Loan 2002 (1)	\$ 447,974	\$ 447,809	\$ 447,638	\$ 428,458
2005 Bonds	93,704	93,682	93,660	84,194
2007 Bonds	34,095	34,086	34,078	29,738
2009 Bonds	40,914	40,903	40,892	32,598
Series 2012A Bonds (2)	219,898	221,866	218,423	218,000
Total Debt Service	\$ 836,584	\$ 838,346	\$ 834,691	\$ 792,988
Debt Service Coverage	1.97	1.81	1.68	1.51

(1) Final Payment of \$447,283 was made May 1, 2022

(2) The Series 2012A Bonds are being refunded by the Bonds.

DESCRIPTION OF WATERWORKS SYSTEM

The Village owns, operates and maintains the municipal Waterworks System and related appurtenances serving customers located within the Village and the Village of Yorkville. The system was established in 1920. The Waterworks System is operated by the Water, Wastewater, Storm Water & Streets Committee (the “Committee”) which consists of three members appointed by the Village President, subject to approval of the Village Board. The Water, Wastewater, Storm Water & Streets Committee is the policy making body of the Waterworks System, overseeing all projects and programs, reviewing and approving the budget, and determining Waterworks System projects.

The Waterworks System consists of three wells with electric pumping equipment and a water distribution system. The wells have a total yield per day of 459,000 gallons. The wells pumped an average of 390,860 gallons per day in 2020. The maximum gallons pumped in any one day during 2020 was 726,000 gallons and the minimum gallons pumped in any one day was 156,000 gallons. In addition, the Waterworks System owns two steel elevated storage tanks with a storage capacity of 600,000 gallons.

The Waterworks System includes other related appurtenances including 127,312 feet of various type of 2”-12” water mains; 1,432 water service lines; 1,766 utility owned meters; and 278 hydrants.

History of Waterworks Customers

Year	Residential	Commercial	Public Authority ¹	Industrial	Multifamily Residential	Total
2017	1,359	156	18	20	40	1,593
2018	1,320	150	10	15	43	1,538
2019	1,321	151	11	15	47	1,545
2020	1,333	152	11	15	48	1,559
2021	1,347	153	11	15	58	1,584

Source: WPSC Annual Reports (2017-2020); Village (2021)

History of Waterworks Billings by Customer Type

Year	Residential	Commercial	Industrial	Public Authority ²	Multifamily Residential	Total Billings
2017	\$400,682	\$109,907	\$55,693	\$348,783	\$68,335	\$978,339
2018	405,449	103,725	55,976	349,280	73,071	987,501
2019	399,273	102,795	47,146	356,448	68,808	975,586
2020	439,546	103,462	38,679	371,657	83,772	1,037,116
2021	436,383	107,048	53,499	374,654	87,986	1,059,570

Source: WPSC Annual Reports (2017-2020); Village (2021)

¹Includes sales to other public authorities but excludes fire protection services.

²Includes all charges, including fire protection services.

History of Waterworks Sales

Year	No. of Customers ¹	Total Gallons Sold (000's) ²	Total Billings ²
2017	1,593	116,705	978,338
2018	1,538	116,295	987,501
2019	1,545	108,918	975,586
2020	1,559	114,124	1,037,116
2021	1,584	120,423	1,059,570

Source: WPSC Annual Reports (2017-2020); Village (2021)

2021 Larger Waterworks Customers

Total 2021 Gallons Sold: 120,423,000

Total 2021 Billings: \$1,059,570

Customer	Gallons Sold	Billings ¹	% of Total Billings
American Roller	8,715	\$33,307	3.14%
Viking Properties	4,850	22,587	2.13%
The Village	3,744	17,875	1.69%
Oak Ridge Care Center	2,712	11,321	1.07%
Garden Grove Inc.	2,664	12,261	1.16%
Culligan Water Conditioning	2,554	10,623	1.00%
Meridian	2,172	10,299	0.97%
Shepherd's Home	2,133	12,638	1.19%
Houston Properties	1,043	4,991	0.47%
Burr Off	1,013	4,232	0.40%

¹Does not include fire protection services.

²Includes fire protection services.

Waterworks Rates and Charges

Rates and charges for the Waterworks System are subject to approval by the Wisconsin Public Service Commission (“WPSC”). The following monthly water rates have been in effect since January 1, 2020.

General Service - Metered

<u>Quarterly Volume Charge</u>			<u>Minimum Quarterly Charge</u>	
		<u>Charge per 1,000 gallons</u>	<u>Meter Size</u>	<u>Charge</u>
First	50,000 Gallons	\$4.14	5/8”	\$31.83
Next	850,000 Gallons	\$4.03	3/4”	31.83
Over	900,000 Gallons	\$3.04	1”	41.38
			1-1/4”	54.11
			1-1/2”	66.84
			2”	92.30
			3”	143.22
			4”	213.24
			6”	369.19
			8”	534.69
			10”	732.02
			12”	945.26

Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1.0% per month will be added to bills not paid within 20 days of issuance. This one time late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. The late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Chapter PSC 185, Wisconsin Adm. Code.

Due to the spread of COVID-19, on March 22, 2020, Governor Tony Evers issued emergency order #11, temporarily suspending certain provisions of the Wisconsin Administrative Code relating to service rules for electric, natural gas and water public utilities. The WPSC accordingly issued an order stating that water public utilities may not disconnect or refuse service to customers, shall offer customers a deferred payment agreement if the customer is unable to pay a bill in full, and may not assess any fee or charge for late payment during the period of the order. The order was amended several times and expired April 15, 2021.

DESCRIPTION OF THE SEWERAGE SYSTEM

The Village owns, operates, and maintains the municipal Sewerage System and related appurtenances, serving customers located entirely within the Village and the Village of Yorkville. The wastewater treatment plant was constructed in 1978. The Sewerage System is operated by the Committee. The Committee is the policy making body of the Sewerage System, overseeing all projects and programs, reviewing and approving the budget, and determining Sewerage System projects.

The wastewater treatment facility consists of the treatment facility and 24.7 miles of various-sized sewer lines. The treatment facility has an average daily flow capacity of 1.05 million gallons per day (730 gallons per minute) and a current usage of 1.90 million gallons per day due to recent rain events. The treatment facility has a current projected design life to handle current and future development to at least the year 2050.

History of Usage and Total Billings

Year	Total Usage in Gallons (in 000's)	Total Billings
2017	156,335	\$1,546,775
2018	147,684	1,481,899
2019	148,773	1,527,936
2020	146,003	1,468,635
2021	133,954	1,290,974

History of Sewerage Connections by Customer Type

Year	Residential	Commercial	Industrial	Public Authority ¹	Total
2017	1,362	182	13	5	1,562
2018	1,373	190	13	6	1,582
2019	1,385	184	13	7	1,589
2020	1,399	189	13	8	1,609
2021	1,418	203	13	7	1,641

2021 Larger Sewerage Customers

Total 2021 Gallons Sold 1641

Total 2021 Sewer Billings \$1,290,974

Customer	2021 Usage in Gallons (000's)	2021 Total Billings	Percent of Total Sewer Billings
Southern Wisconsin Center	31,963	\$431,660	33.44%
Viking Properties	4,850	39,890	3.09%
Oak Ridge Care Center	2,712	19,061	1.48%
Garden Grove Inc	2,664	25,444	1.97%
Culligan Water Conditioning	2,554	17,709	1.37%
Meridian	2,172	20,224	1.57%
Shepherd's Homes	1,965	19,539	1.51%
American Roller	1,189	9,167	0.71%
Houston Properties	1,043	9,271	0.72%
Burr Off	1,013	6,839	0.53%

¹ Includes sales to other public authorities and public fire protection services, etc., but not private fire protection services.

Sewerage Rates

The Village Board establishes rates and charges for the Sewerage System. Sewer rates are not subject to approval by the WPSC. The Village annually reviews rates as required under Village sewer ordinances to determine if adjustments are required. The sewer service charge for any lot, parcel of land, building or premise is based on the quantity and quality of wastewater generated, on debt service related to the Sewerage System, and operation, maintenance and replacement costs of the Sewerage System. The following sewer rates were effective January 1, 2010.

General Service - Metered

Sewer Service Unit Costs. Class 1 and 2 customers

Service Charge

		ERU (Equivalent Residential Units)	
Volume Charge	\$0.1.03/1,000 gallons	Residential	
BOD	\$0.94/Ib.	Single Family	1 ERU
Suspended Solids	\$0.83/Ib	Multi-Family	1 ERU/ Dwelling Unit
Phosphorus	\$11.31/Ib	Mobile Home Park	1 ERU/ Dwelling Unit
Ammonia Nitrogen	\$1.94/Ib	Non-Residential	
Fixed Charge	\$18.00/Quarter	Meter Size	
		5/8"	1
		3/4"	1
		1"	2.5
		1-1/2"	5
		2"	8
		3"	15
		4"	25
		6"	50

Category A and B Sewer Service Charge

Fixed Quarterly charge is \$18.00/Equivalent Residential Unit (ERU)

Volume Charge- \$6.68/1,000 Gallons

Average Quarterly Bill for Residential Service in 2021

Average Usage in Gallons

10,568

Average Bill

\$86.43

DESCRIPTION OF STORM WATER SYSTEM

The Storm Water System's finances are kept within a separate enterprise fund. The Village contains approximately 2.6 square miles of watershed. Runoff is collected by the Storm Water System and drains to the Des Plaines River and the West Branch of the Root River. The Village created the Storm Water System in 2011. The purpose of the Storm Water System was to fund the operation and maintenance of the Village's storm water management system.

The Storm Water System is operated by the Committee. The Committee is the policy making body of the Storm Water System, overseeing all projects and programs, reviewing and approving the budget, and determining Storm Water System projects. The Storm Water System consists of approximately 13.6 miles of storm sewer piping of various sizes.

History of Stormwater Billings

Year	Total Billings
2017	250,907
2018	251,920
2019	252,672
2020	259,260
2021	269,829

History of Storm Water Customers¹

Year	Residential	Commercial/ Multifamily properties	Public Authority	Industrial	Total
2021	1,268	1,105	273	372	3,018

2021 Stormwater Customers

Total 2021 Sewer Billings	\$269,829
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Customer	Total Usage in ERU's	Total Billings	Percent of Total Stormwater Billings
American Roller	103.9	\$9,393	3.48%
UG Elementary School	97.2	8,787	3.26%
Shepherd's Home	96.8	8,751	3.24%
UG High School	95.5	8,633	3.20%
Grove Gear	72.8	6,581	2.44%
The Village	67.8	5,343	1.98%
Garden Grove	60.4	5,460	2.02%
American Textile	53.1	4,800	1.78%
Viking Properties	49.2	4,448	1.65%
Custom Truck Equipment	44.25	4,000	1.48%

Stormwater Rates and Charges

All publicly and privately owned real property in the Village is charged \$23.28 per calculated equivalent residential unit (ERU) per quarter. A late payment charge of 1% per month is added to bills not paid within 20 days of issuance. The late payment charge is applicable to all customers. The Storm Water Drainage rates became effective 1/1/22.

¹The Village's Billing software does not produce history of ERU usage by property type.

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. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

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 the 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.

The Village failed to timely file notice of the incurrence of a financial obligation incurred in September 2020. Except to the extent that the preceding is deemed to be material, the Village believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The Village has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the Village.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special 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). (See "FORM OF LEGAL OPINION" found in Appendix B.)

Quarles & Brady LLP has also been retained by the Village to serve as Disclosure Counsel to the Village with respect to the Bonds. Although, as Disclosure Counsel to the Village, Quarles & Brady LLP has assisted the Village with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

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. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

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 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.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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, 2020 have been audited by KerberRose SC, Shawano, 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 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. Potential investors should read this Official Statement, including the appendices, in its entirety.

Utility System Revenues: Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Utility System to be inoperable, a shortfall of revenues could result in a delay of debt payments.

Larger Users: Should larger users increase or decrease usage of the water/sewer/wastewater service currently provided, the revenues of the Utility System will be affected proportionately.

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.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the Village with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

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.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the Village and its financial condition will depend on future developments,

which are uncertain and cannot be predicted by the Village, including the duration of the outbreak and future measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The Village's allocation was \$83,482. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The Village's allocation is \$534,961.

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

2021 Equalized Value	\$429,728,000
2021 Equalized Value Reduced by Tax Increment Valuation	\$396,430,700
2021 Assessed Value	\$424,861,800

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value ¹	Percent of Total Equalized Value
Residential	\$312,928,500	72.820%
Commercial	93,245,600	21.699%
Manufacturing	17,454,800	4.062%
Agricultural	99,800	0.023%
Undeveloped	24,700	0.006%
Forest	355,500	0.083%
Other	801,700	0.187%
Personal Property	4,817,400	1.121%
Total	<u>\$429,728,000</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
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%
2020	348,892,700	393,397,600	9.47%
2021	424,861,800	429,728,000	9.24%

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

¹Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2021 Equalized Value ¹	Percent of Village's Total Equalized Value
Mammoth Springs Granary, LLC	Apartments	\$10,878,043	2.53%
Viking Properties, LLC	Apartments	8,642,145	2.01%
Premier UG Apartments	Apartments	7,321,410	1.70%
Broadstone Roller, LLC	Manufacturing	6,609,436	1.54%
Coleman & Coleman, LLC	Manufacturing	5,141,919	1.20%
Maple Grove Shopping Center	Retail Center	4,995,845	1.16%
CTEC, LLC	Truck Assembly	4,934,079	1.15%
Oak Ridge Care Center, Inc.	Health Care	4,091,397	0.95%
Community State Bank	Bank	2,739,223	0.64%
Grove Gear- Div. Of Regal Beloit	Manufacturing	2,151,185	0.50%
Total		\$57,504,682	13.38%

Village's Total 2021 Equalized Value² \$429,728,000

Source: The Village.

¹Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the Village.

²Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt	<u>\$12,362,755</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by utility revenue (includes the Bonds)* (see schedule on page 4)	<u>\$ 6,571,267</u>
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*Preliminary, subject to change.

¹Outstanding debt is as of the dated date of the Bonds and excludes the obligations to be refunded.

Village of Union Grove, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/01/2022)

Dated Amount Maturity	Refunding Bonds Series 2012B		Refunding Bonds Series 2015A		Community Development Bonds Series 2019A		Taxable Community Development Bonds Series 2020A		Community Development Bonds Series 2020B	
	03/29/2012 \$6,060,000 12/01	Principal Interest	06/25/2015 \$2,645,000 04/01	Principal Interest	06/05/2019 \$1,080,000 06/01	Principal Interest	02/19/2020 \$1,755,000 06/01	Principal Interest	02/19/2020 \$1,315,000 02/01	Principal Interest
Calendar Year Ending										
2022	350,000	50,123	0	23,280	0	15,450	0	21,150	0	13,650
2023	470,000	91,495	190,000	44,423	25,000	30,525	50,000	41,838	50,000	26,800
2024	480,000	78,100	205,000	39,723	45,000	29,475	80,000	40,635	50,000	25,800
2025	500,000	63,700	215,000	34,258	60,000	27,900	80,000	39,095	65,000	24,650
2026	520,000	48,700	220,000	28,165	65,000	26,025	80,000	37,495	75,000	23,250
2027	535,000	33,100	225,000	21,488	65,000	24,075	80,000	35,845	75,000	21,750
2028	550,000	17,050	240,000	14,100	75,000	21,975	80,000	34,145	100,000	20,000
2029			255,000	5,865	75,000	19,725	80,000	32,335	100,000	18,000
2030			45,000	765	75,000	17,475	80,000	30,415	100,000	16,000
2031					75,000	15,225	105,000	28,169	100,000	14,000
2032					75,000	12,975	110,000	25,535	100,000	12,000
2033					75,000	10,725	110,000	22,785	100,000	10,000
2034					75,000	8,475	115,000	19,916	100,000	7,875
2035					75,000	6,225	125,000	16,794	100,000	5,625
2036					85,000	3,825	125,000	13,481	100,000	3,375
2037					85,000	1,275	125,000	10,106	100,000	1,125
2038							305,000	4,194		
2039										
2040										
	3,405,000	382,268	1,595,000	212,065	1,030,000	271,350	1,730,000	453,933	1,315,000	243,900

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Village of Union Grove, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/01/2022)

State Trust Fund Loan 1)		Street Improvement Bonds Series 2020C	
Dated Amount	09/21/2020 \$725,000	11/05/2020 \$2,800,000	
Maturity	03/15	06/01	
Calendar Year Ending	Principal	Interest	Principal
2022	0	0	0
2023	74,540	19,883	175,000
2024	76,728	17,695	175,000
2025	79,078	15,345	100,000
2026	81,451	12,972	100,000
2027	83,894	10,529	100,000
2028	86,389	8,034	100,000
2029	89,003	5,420	150,000
2030	91,673	2,750	150,000
2031			150,000
2032			150,000
2033			150,000
2034			155,000
2035			160,000
2036			160,000
2037			160,000
2038			160,000
2039			165,000
2040			165,000
2022	500,720	150,720	350,000
2023	1,341,888	307,348	1,034,540
2024	1,392,040	280,312	1,111,728
2025	1,350,160	251,082	1,099,078
2026	1,362,193	220,742	1,141,451
2027	1,352,815	188,971	1,163,894
2028	1,386,828	155,439	1,231,389
2029	867,983	118,980	749,003
2030	643,713	102,040	541,673
2031	519,029	89,029	430,000
2032	514,145	79,145	435,000
2033	504,145	69,145	435,000
2034	503,851	58,851	445,000
2035	508,079	48,079	460,000
2036	506,916	36,916	470,000
2037	495,461	25,461	470,000
2038	478,709	13,709	465,000
2039	170,858	5,858	165,000
2040	166,980	1,980	165,000
Total P & I	14,566,513	2,203,757	12,362,755
Total Principal			2,625,000
Total Interest		547,615	
Principal Outstanding			662,755
% Paid			92,627
Calendar Year Ending			
2022	2.83%		
2023	11.20%		
2024	20.19%		
2025	29.08%		
2026	38.32%		
2027	47.73%		
2028	57.69%		
2029	63.75%		
2030	68.13%		
2031	71.61%		
2032	75.13%		
2033	78.65%		
2034	82.25%		
2035	85.97%		
2036	89.77%		
2037	93.57%		
2038	97.33%		
2039	98.67%		
2040	100.00%		

1) A portion of the debt service on the Loan is reimbursed by the Village of Yorkville.

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	\$429,728,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit ¹	\$21,486,400
Less: General Obligation Debt	<u>(12,362,755)</u>
Unused Debt Limit	<u><u>\$9,123,645</u></u>

OVERLAPPING DEBT²

Taxing District	2021 Equalized Value³	% In Village	Total G.O. Debt⁴	Village's Proportionate Share
Racine County	\$19,576,633,100	2.1951%	\$165,170,000	\$3,625,647
Gateway Technical College District	56,800,437,642	0.7566%	69,810,000	528,182
Union Grove J1 School District	527,270,253	81.5005%	7,665,000	6,247,013
Union High School District of Union Grove	1,857,820,881	23.1308%	7,640,000	<u>1,767,193</u>
Village's Share of Total Overlapping Debt				<u><u>\$12,168,036</u></u>

¹The Village Board has adopted a Debt Policy that provides that the Village should maintain at least 25% of its statutory general obligation debt capacity available at all times which may be used only in the event of an emergency, as determined by the Village Board.

²Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

³Includes tax increment valuation.

⁴Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$429,728,000	Debt/ Per Capita 5,399¹
Total General Obligation Debt	\$12,362,755	2.88%	\$2,289.82
Village's Share of Total Overlapping Debt	<u>12,168,036</u>	<u>2.83%</u>	<u>\$2,253.76</u>
Total	\$24,530,791	5.71%	\$4,543.58

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The Village has no current plans for additional financing in the next 12 months.

¹Estimated 2021 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
2017/18	\$1,817,605	100%	\$6.04
2018/19	1,814,919	100%	5.92
2019/20	1,858,160	100%	5.57
2020/21	1,910,641	100%	5.23
2021/22	1,902,134	In Process	4.80

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.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. Racine County and the Village did not adopt such resolutions. The Village cannot predict whether any similar legislation may be adopted in the future.

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	Total
2017/18	\$12.83	\$3.66	\$6.04	\$22.53
2018/19	13.50	3.54	5.92	22.96
2019/20	13.48	3.42	5.57	22.47
2020/21	12.01	3.25	5.23	20.49
2021/22	10.47	3.19	4.80	18.46

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 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,

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

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 adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

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.

With respect to revenue bonds issued pursuant to Section 66.0621 Wis. Stats., such as the Bonds, any taxes levied to pay debt service on the Bonds because of a revenue shortfall may be excluded from the levy limits.

THE ISSUER

VILLAGE GOVERNMENT

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

EMPLOYEES; PENSIONS

The Village employs a staff of 15 full-time, 19 part-time, and two 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, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the Village's portion of contributions to WRS (not including any employee contributions) totaled \$54,234, \$59,110 and \$62,036, respectively.

The Village implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

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, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has previously impacted investment markets and may do so again in the future, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

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 2020, the Village reported an asset of \$173,819 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 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 0.00539065% of the aggregate WRS net pension asset as of December 31, 2019.

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 Note 9 in "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 Village does not currently have any active collective bargaining units.

OTHER POST EMPLOYMENT BENEFITS

The Village participates in the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers

For Fiscal Year 2020, the 's portion of contributions to the LRLIF totaled \$406. For Fiscal Year 2020, the Village reported a liability of \$99,629 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2019 based on the 's share of contributions to the LRLIF relative to the contributions of all participating employers. The 's proportion was 0.02339700% of the aggregate LRLIF net OPEB liability as of December 31, 2019.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information, see Note 10 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

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 March 31, 2022)

Fund	Total Cash and Investments
General	\$920,899
Municipal Court	26,720
Rec & Park	57,265
Library	300,306
ARPA	254,738
Impact Fees	191,264
RLF	518,629
Capital Improvement	856,414
TID #4	744,124
Water	9,324,553
Sewer	9,838,836
Storm Water	<u>1,939,643</u>
Total Funds on Hand	<u><u>\$24,973,391</u></u>

ENTERPRISE FUNDS

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

	2018 Audited	2019 Audited	2020 Audited	2021 Unaudited
Water				
Total Operating Revenues	\$ 1,008,710	\$ 1,010,018	\$ 1,064,157	\$ 1,091,075
Less: Operating Expenses	<u>(671,519)</u>	<u>(776,797)</u>	<u>(805,169)</u>	<u>(866,098)</u>
Operating Income	\$ 337,191	\$ 233,221	\$ 258,988	\$ 224,977
Plus: Depreciation	272,181	273,242	318,736	318,736
Interest Income	<u>32,715</u>	<u>37,300</u>	<u>8,356</u>	<u>960</u>
Revenues Available for Debt Service	<u>\$ 642,087</u>	<u>\$ 543,763</u>	<u>\$ 586,080</u>	<u>\$ 544,673</u>
Sewer				
Total Operating Revenues	\$ 1,506,565	\$ 1,522,945	\$ 1,440,670	\$ 1,299,141
Less: Operating Expenses	<u>(1,148,119)</u>	<u>(1,185,731)</u>	<u>(1,204,518)</u>	<u>(1,255,487)</u>
Operating Income	\$ 358,446	\$ 337,214	\$ 236,152	\$ 43,654
Plus: Depreciation	510,878	513,741	494,325	497,206
Interest Income	<u>22,262</u>	<u>25,709</u>	<u>6,051</u>	<u>1,183</u>
Revenues Available for Debt Service	<u>\$ 891,586</u>	<u>\$ 876,664</u>	<u>\$ 736,528</u>	<u>\$ 542,043</u>
Stormwater				
Total Operating Revenues	\$ 251,822	\$ 253,292	\$ 260,579	\$ 272,063
Less: Operating Expenses	<u>(263,228)</u>	<u>(291,994)</u>	<u>(279,794)</u>	<u>(262,455)</u>
Operating Income	\$ (11,406)	\$ (38,702)	\$ (19,215)	\$ 9,608
Plus: Depreciation	121,511	125,411	99,211	99,211
Interest Income	<u>6,216</u>	<u>7,515</u>	<u>1,683</u>	<u>194</u>
Revenues Available for Debt Service	<u>\$ 116,321</u>	<u>\$ 94,224</u>	<u>\$ 81,679</u>	<u>\$ 109,013</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 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Projected ¹	2022 Budget ²
Revenues					
Taxes	\$ 1,302,909	\$ 1,344,852	\$ 1,319,113	\$ 1,347,451	\$ 1,396,341
Intergovernmental	711,109	714,252	786,936	648,998	675,705
Licenses and permits	189,026	285,192	208,125	245,673	231,300
Fines and forfeitures	77,724	78,847	28,759	65,401	65,000
Public charges for services	54,871	1,056	0	0	0
Investment Income	26,565	38,114	10,874	2,759	10,025
Miscellaneous revenues	68,214	83,448	94,993	60,985	84,150
Total Revenues	<u>\$ 2,430,418</u>	<u>\$ 2,545,761</u>	<u>\$ 2,448,800</u>	<u>\$ 2,371,267</u>	<u>\$ 2,462,521</u>
Expenditures					
Current:					
General government	\$ 608,963	\$ 575,196	\$ 682,101	\$ 547,086	\$ 615,835
Public safety	929,928	1,011,550	991,188	1,155,787	1,033,015
Public works	763,641	760,475	631,520	761,022	806,253
Health and human services	41,757	47,321	47,298	48,970	11,500
Culture and recreation	52,309	0	0	0	0
Conservation and Development	247,179	43,292	15,515	4,893	7,500
Total Expenditures	<u>\$ 2,643,777</u>	<u>\$ 2,437,834</u>	<u>\$ 2,367,622</u>	<u>\$ 2,517,758</u>	<u>\$ 2,474,103</u>
Excess of revenues over (under) expenditures	\$ (213,359)	\$ 107,927	\$ 81,178	\$ (146,491)	\$ (11,582)
Other Financing Sources (Uses)					
Issuance of Long-Term Debt	0	\$0	725,000	0	0
Transfers in	198,825	195,293	178,325	241,689	203,309
Transfers out	(308,176)	(636,818)	(204,951)	(342,143)	(191,727)
Total Other Financing Sources (Uses)	<u>\$ (109,351)</u>	<u>\$ (441,525)</u>	<u>\$ 698,374</u>	<u>\$ (100,454)</u>	<u>\$ 11,582</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (322,710)	\$ (333,598)	\$ 779,552	\$ (246,945)	\$ 0
General Fund Balance January 1	1,290,767	968,057	539,787 ³	1,319,339	
General Fund Balance December 31	<u>\$ 968,057</u>	<u>\$ 634,459</u>	<u>\$ 1,319,339</u>	<u>\$ 1,072,394</u>	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 26,767	\$ 25,001	\$ 553,192	\$553,192	
Assigned	198,825	0	0	0	
Unassigned	742,465	609,458	766,147	519,202	
Total	<u>\$ 968,057</u>	<u>\$ 634,459</u>	<u>\$ 1,319,339</u>	<u>\$ 1,072,394</u>	

¹ The 2021 projected values are as of May 2, 2022.

²The 2022 budget was adopted on November 22, 2021.

³Restated.

GENERAL INFORMATION

LOCATION

The Village, with a 2020 U.S. Census population of 4,806 and a current estimated population of 5,399 comprises an area of 1,286 acres and is located approximately 16 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
Shepherds Home & School	Residential & Vocational Facility for Adults with Mental Disabilities	130
Robert E. Ellsworth Correctional Center	Minimum security prison	120
American Roller Company	Manufacture Industrial Rollers	100
Oak Ridge Care Center	Nursing Home	99
Union Grove Union High School District	Education	95
Union Grove Joint 1 School District	Education	88
Coleman Tool and Manufacturing Corp	Welding	84
Community State Bank	Bank	60

Source: Data Axle Reference Solutions, written and telephone survey (April 2022), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

¹This 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.

BUILDING PERMITS

	2018	2019	2020	2021	2022 ¹
<u>New Single Family Homes</u>					
No. of building permits	1	0	12	14	3
Valuation	\$223,000	\$0	\$3,485,299	\$4,117,079	\$640,250
<u>New Multiple Family Buildings</u>					
No. of building permits	0	5	0	11	0
Valuation	\$0	\$9,686,700	\$0	\$8,897,255	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$75,000	\$0	\$0	\$0
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	194	295	306	433	74
Valuation	\$4,284,817	\$44,910,619	\$6,270,713	\$19,239,201	\$1,687,763

Source: The Village.

¹As of April 4, 2022.

U.S. CENSUS DATA

Population Trend: The Village

2010 U.S. Census	4,915
2020 U.S. Census	4,806
2021 Estimated Population	5,399
Percent of Change 2010 - 2020	-2.22%

Income and Age Statistics

	The Village	Racine County	State of Wisconsin	United States
2020 per capita income	\$32,636	\$32,566	\$34,450	\$35,384
2020 median household income	\$73,086	\$62,556	\$63,293	\$64,994
2020 median family income	\$73,802	\$77,503	\$80,844	\$80,069
2020 median gross rent	\$989	\$874	\$872	\$1,096
2020 median value owner occupied units	\$193,700	\$187,700	\$189,200	\$229,800
2020 median age	32.9 yrs.	40.1 yrs.	39.6 yrs.	38.2 yrs.

	State of Wisconsin	United States
Village % of 2020 per capita income	94.73%	92.23%
Village % of 2020 median family income	91.29%	92.17%

Housing Statistics

	<u>The Village</u>		
	2010	2020	Percent of Change
All Housing Units	1,960	2,000	2.04%

Source: 2010 and 2020 Census of Population and Housing, and 2020 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
2018	95,509	3.6%	3.0%
2019	95,042	3.9%	3.2%
2020	91,314	7.3%	6.3%
2021 ¹	94,312	4.7%	3.8%
2022, March ¹	94,628	4.2%	3.3%

Source: Wisconsin Department of Workforce Development.

¹Preliminary.

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 Official Statement, nor has the Village requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this 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, WISCONSIN

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VILLAGE OF UNION GROVE, WISCONSIN

Annual Financial Report

December 31, 2020

VILLAGE OF UNION GROVE, WISCONSIN

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December 31, 2020

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Union Grove, Wisconsin (Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village'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 auditor's 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 entity'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 entity'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, each major fund, and the aggregate remaining fund information of the Village of Union Grove, Wisconsin, as of December 31, 2020, 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.



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To the Village Board
Village of Union Grove

Changes in Accounting Principle

As discussed in Note 1, in 2020 the Village adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the 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 opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the total OPEB liability and employer contributions – other post-employment benefits other than pensions, and the schedule of budgetary comparison – general fund on pages 50 through 53 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying 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.

The combining financial statements, water utility operating revenues and expenses, wastewater utility operating revenues and expenses, and stormwater utility operating revenues and expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, schedule of water utility operating revenues and expenses, schedule of wastewater utility operating revenues and expenses, and schedule of stormwater utility operating revenues and expenses are fairly stated in all material respects in relation to the financial statements as a whole.

KerberRose SC

KerberRose SC

Shawano, Wisconsin

Certified Public Accountants

July 19, 2021

BASIC FINANCIAL STATEMENTS

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Net Position
As of December 31, 2020

ASSETS	Governmental Activities	Business - Type Activities	Total
Current Assets			
Cash and Investments	\$ 5,539,181	\$ 3,905,185	\$ 9,444,366
Accounts Receivable	127,267	468,983	596,250
Other Accounts Receivable	-	121,827	121,827
Taxes Receivable	2,519,790	-	2,519,790
Loans Receivable	652,758	-	652,758
Prepays	24,142	-	24,142
Inventories	-	26,221	26,221
Total Current Assets	8,863,138	4,522,216	13,385,354
Noncurrent Assets			
Restricted Cash and Investments	-	1,447,245	1,447,245
Net Pension Asset	91,636	82,183	173,819
Land Held for Future Use	-	12,713	12,713
Preliminary Survey and Investigation	-	69,000	69,000
Capital Assets - Nondepreciable	640,435	225,638	866,073
Capital Assets - Depreciable, Net	5,705,743	15,292,392	20,998,135
Total Noncurrent Assets	6,437,814	17,129,171	23,566,985
TOTAL ASSETS	15,300,952	21,651,387	36,952,339
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pension	216,428	194,100	410,528
Related to Other Post-Employment Benefits	23,073	19,227	42,300
Total Deferred Outflows of Resources	239,501	213,327	452,828
LIABILITIES			
Current Liabilities			
Accounts Payable	188,120	93,334	281,454
Accrued and Other Current Liabilities	110,606	-	110,606
Accrued Interest Payable	39,822	21,812	61,634
Current Portion of Long-Term Obligations	790,656	844,333	1,634,989
Unearned Revenue	-	788,619	788,619
Total Current Liabilities	1,129,204	1,748,098	2,877,302
Noncurrent Liabilities			
Noncurrent Portion of Long-Term Obligations	11,554,941	4,776,158	16,331,099
TOTAL LIABILITIES	12,684,145	6,524,256	19,208,401
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	2,534,516	-	2,534,516
Related to Pension	274,386	246,080	520,466
Related to Other Post-Employment Benefits	8,412	7,009	15,421
Total Deferred Inflows of Resources	2,817,314	253,089	3,070,403
NET POSITION			
Net Investment (Deficit) in Capital Assets	1,337,021	10,519,686	11,856,707
Restricted	182,445	1,477,448	1,659,893
Unrestricted	(1,480,472)	3,090,235	1,609,763
TOTAL NET POSITION	\$ 38,994	\$ 15,087,369	\$ 15,126,363

See Accompanying Notes
3

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2020

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 691,430	\$ 208,125	\$ -	\$ -
Public Safety	1,006,114	28,759	21,136	-
Public Works	2,661,936	850	267,353	-
Health and Human Services	47,298	-	-	-
Culture, Recreation and Education	216,737	49,841	144,640	-
Conservation and Development	1,546,648	-	-	-
Interest and Fiscal Charges	375,887	-	-	-
Total Governmental Activities	6,550,050	287,575	433,131	-
BUSINESS-TYPE ACTIVITIES				
Water Utility	903,495	1,064,157	-	764,819
Wastewater Utility	1,280,113	1,440,670	-	547,783
Stormwater Utility	279,794	260,579	-	104,820
Total Business-Type Activities	2,463,402	2,765,406	-	1,417,422
TOTAL VILLAGE OF UNION GROVE	\$ 9,013,452	\$ 3,052,981	\$ 433,131	\$ 1,417,422
GENERAL REVENUES:				
Taxes:				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Public Ways and Facilities				
Property Taxes, Levied for Debt Service				
Property Taxes, Levied for Tax Incremental Districts				
Other Taxes				
State and Federal Aids not Restricted to				
Specific Functions				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - BEGINNING OF YEAR, RESTATED				
NET POSITION - END OF YEAR				

See Accompanying Notes
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VILLAGE OF UNION GROVE, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2020

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	
\$ (483,305)	\$ -	\$ (483,305)	
(968,217)	-	(968,217)	
(2,393,733)	-	(2,393,733)	
(47,298)	-	(47,298)	
(22,256)	-	(22,256)	
(1,548,648)	-	(1,548,648)	
(375,887)	-	(375,887)	
(5,829,344)	-	(5,829,344)	
-	925,481	925,481	
-	708,340	708,340	
-	85,605	85,605	
-	1,719,426	1,719,426	
(5,829,344)	1,719,426	(4,109,918)	
1,305,904	-	1,305,904	
54,884	-	54,884	
497,372	-	497,372	
576,720	-	576,720	
13,209	-	13,209	
611,460	-	611,460	
19,063	16,090	35,153	
182,756	5,001	187,757	
3,261,368	21,091	3,282,459	
178,325	(178,325)	-	
(2,389,651)	1,562,192	(827,459)	
2,428,645	13,525,177	15,953,822	
\$ 38,994	\$ 15,087,369	\$ 15,126,363	

See Accompanying Notes
5

	General	General Debt Service Fund	TID No. 3	TID No. 4
ASSETS				
Cash and Investments	\$ 405,423	\$ 148,767	\$ 8,459	\$ 887,243
Accounts Receivable	97,590	-	-	28,422
Property Taxes Levied for Subsequent Year	1,370,209	475,422	-	280,518
Loans Receivable	529,050	-	-	-
Due from Other Funds	493,555	-	-	-
Prepaid Items	24,142	-	-	-
TOTAL ASSETS	\$ 2,919,969	\$ 624,189	\$ 8,459	\$ 1,196,183
LIABILITIES				
Accounts Payable	\$ 125,923	\$ -	\$ 8,459	\$ 2,133
Accrued Liabilities	104,772	-	-	-
Due to Other Funds	-	-	-	197,080
Total Liabilities	230,695	-	8,459	199,213
DEFERRED INFLOWS OF RESOURCES				
Taxes Levied for Subsequent Period	1,369,935	475,422	-	280,518
Loans Receivable	-	-	-	-
Total Deferred Inflows of Resources	1,369,935	475,422	-	280,518
FUND BALANCES (DEFICIT)				
Nonspendable	553,192	-	-	-
Restricted	-	148,767	-	913,532
Assigned	-	-	-	-
Unassigned (Deficits)	766,147	-	-	(197,080)
Total Fund Balances (Deficit)	1,319,339	148,767	-	716,452
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 2,919,969	\$ 624,189	\$ 8,459	\$ 1,196,183

See Accompanying Notes
6

VILLAGE OF UNION GROVE, WISCONSIN
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of December 31, 2020

					Total Fund Balances - Governmental Fund:	
					\$	5,915,560
Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:						
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:						
Governmental Capital Assets					18,097,582	
Governmental Accumulated Depreciation					(11,751,404)	
						6,346,178
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements.						
Loans Receivable						114,336
The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.						
Net Pension Asset					91,636	
Deferred Outflows Related to Pension					216,428	
Deferred Inflows Related to Pension					(274,386)	
						33,678
The Village's proportionate share of the other post-employment benefits insurance plan is not an available financial resource; therefore, it is not reported in the fund financial statements.						
Net OPEB Liability					(54,345)	
Deferred Outflows Related to Other Post-Employment Benefits					23,073	
Deferred Inflows Related to Other Post-Employment Benefits					(8,412)	
						(39,684)
Noncurrent liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet						
General Debt						(12,100,877)
Premium/Discount on Debt Issued						(112,535)
Accrued Interest on General Obligation Debt						(39,822)
Vested Employee Benefits						(77,840)
Total Net Position - Governmental Activities:					\$	38,994

See Accompanying Notes
7

See Accompanying Notes
8

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds
For the Year Ended December 31, 2020

	General	General Debt Service Fund	TID No. 3	TID No. 4
REVENUES				
Taxes	\$ 1,319,113	\$ 497,372	\$ 419,212	\$ 69,035
Intergovernmental	786,936	-	19,503	42,995
Licenses and Permits	208,125	-	-	-
Fines, Forfeitures and Penalties	28,759	-	-	-
Public Charges for Services	-	-	-	-
Intergovernmental Charges for Services	-	-	-	-
Investment Income	10,874	-	234	6,384
Miscellaneous	94,993	-	-	-
Total Revenues	2,448,800	497,372	438,949	118,414
EXPENDITURES				
Current:				
General Government	682,101	-	-	-
Public Safety	991,188	-	-	-
Public Works	631,520	-	-	-
Health and Human Services	47,298	-	-	-
Culture, Recreation and Education	-	-	-	-
Conservation and Development	15,515	-	947,855	32,841
Debt Service:				
Principal Retirement	-	422,874	140,000	200,000
Interest and Fiscal Charges	-	69,922	6,300	66,115
Capital Outlay	-	-	-	-
Total Expenditures	2,387,622	492,796	1,094,155	298,956
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	81,178	4,576	(655,206)	(180,542)
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Debt	725,000	-	-	-
Debt Premium	-	-	-	-
Transfers In	178,325	143,150	995,489	-
Transfers Out	(204,851)	-	(1,215,317)	-
Total Other Financing Sources (Uses)	698,374	143,150	(219,828)	-
NET CHANGE IN FUND BALANCES (DEFICIT)	779,552	147,726	(875,034)	(180,542)
FUND BALANCES (DEFICITS) - BEGINNING, RESTATED	539,787	1,041	875,034	896,994
FUND BALANCES (DEFICIT) - ENDING	\$ 1,319,339	\$ 148,767	\$ -	\$ 716,452

See Accompanying Notes
9

	TID No. 5	TID No. 6	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$	88,473	\$ -	\$ 54,884	\$ -	\$ 2,448,089
				3,692	853,126
				46,824	254,949
				28,759	28,759
				49,841	49,841
				144,640	144,640
				13,127	19,064
	88,473	-	75,488	259,696	183,608
			130,372		3,982,076
				51	682,152
				-	991,188
				-	631,520
				-	47,298
				386,068	386,068
	509,976	1,000,773	-	1,709	2,508,669
				-	762,874
	113,299	52,230	60,050	-	367,916
			667,862	-	667,862
	623,275	1,053,003	727,912	387,828	7,045,547
			(597,540)	(128,132)	(3,063,471)
	1,755,000	1,315,000	2,800,000	-	6,595,000
		12,759	90,811	-	103,570
		-	138,855	200,257	1,656,076
			-	(57,483)	(1,477,751)
	1,755,000	1,327,759	3,029,666	142,774	6,876,895
	1,220,198	274,756	2,432,126	14,642	3,813,424
	(1,499,182)	(172,897)	859,922	601,437	2,102,136
\$	(278,984)	\$ 101,859	\$ 3,292,048	\$ 616,079	\$ 5,915,560

See Accompanying Notes
10

VILLAGE OF UNION GROVE, WISCONSIN
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 3,813,424
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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay reported in governmental fund statements	277,268
Depreciation expense reported in the statement of activities	(468,411)
Amount by which capital outlays are less than depreciation in the current period.	(191,143)
The Village disposed of assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net loss and has no effect on the governmental funds balance sheet.	
The value of capital assets disposed of during the year	(3,541)
The amount of depreciation recapture for the year	3,291
Amount by which capital disposals are more than depreciation recapture in the current period	(250)
Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements.	
Amounts related to the other post-employment benefit that are not current financial resources and therefore, are not reported in the fund financial statements.	(18,288)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(4,213)
Repayments on Long-Term Loans	(8,290)
Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits was more than the amount paid.	(45,513)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	762,874
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.	(6,595,000)
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	(5,568)
Discounts and premiums on debt issued are recorded as other financing sources and uses in the governmental funds but are amortized over the life of the related debt issue in the governmental activities financial statements.	(103,570)
Debt premium, discount and amortization are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The activity for the current year is as follows:	
Amortization	5,886
Change in Net Position - Governmental Activities	\$ (2,389,651)

See Accompanying Notes
11

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020

	Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,265,154	\$ 2,125,608	\$ 514,423	\$ 3,905,185
Accounts Receivable	175,947	226,154	66,882	468,983
Inventories	26,221	-	-	26,221
Other Assets	1,471,777	117,372	-	1,589,149
Total Current Assets	2,869,099	2,469,134	581,305	4,922,216
Noncurrent Assets:				
Restricted Assets:				
Net Pension Assets	404,033	1,043,212	-	1,447,245
Prepaid Insurance	30,312	34,567	17,264	82,143
Prepaid Long-Term Future Use	12,113	-	-	12,113
Preliminary Survey and Investigation	55,000	14,000	-	69,000
Land	124,315	440	100,883	225,638
Plant in Service	11,934,102	15,676,738	3,311,248	30,922,088
Accumulated Depreciation	(4,079,801)	(9,605,722)	(2,044,173)	(15,629,696)
Total Noncurrent Assets	8,480,674	7,263,255	1,365,242	17,129,171
TOTAL ASSETS	9,952,451	9,732,389	1,965,547	21,651,387
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pension	71,590	81,688	40,822	194,100
Related to Other Post-Employment Benefits	6,304	7,626	5,297	19,227
Total Deferred Outflows of Resources	77,894	89,314	46,119	213,327
CURRENT LIABILITIES				
Accounts and Claims Payable	48,829	43,812	683	93,324
Accrued Interest	15,610	6,202	-	21,812
Deferred Compensation	789,110	-	-	789,110
Long-Term Debt	307,779	532,614	3,940	844,333
Total Current Liabilities	1,160,837	882,628	4,633	1,748,098
NONCURRENT LIABILITIES				
Noncurrent Portion of Long-Term Obligations	2,802,189	1,956,406	23,473	4,776,158
TOTAL LIABILITIES	3,963,026	2,833,124	28,106	6,824,256
DEFERRED INFLOWS OF RESOURCES				
Related to Pension	90,783	103,564	51,753	246,099
Related to Other Post-Employment Benefits	2,988	2,700	1,931	7,009
Total Deferred Inflows of Resources	93,661	106,344	53,684	253,099
NET POSITION				
Net Investment in Capital Assets	5,748,835	4,337,793	432,058	10,519,686
Restricted Assets	1,471,777	1,043,212	-	2,515,089
Unrestricted	(190,149)	1,289,519	1,492,485	3,960,235
TOTAL NET POSITION	\$ 5,974,258	\$ 7,182,235	\$ 1,959,676	\$ 15,087,369

See Accompanying Notes
12

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds		
	Water Utility	Wastewater Utility	Stormwater Utility
OPERATING REVENUES			
Charges for Services:	\$ 1,064,157	\$ 1,440,670	\$ 260,579
			\$ 2,765,406
OPERATING EXPENSES			
Operation and Maintenance	486,433	710,193	180,583
Depreciation	318,736	494,325	99,211
	805,169	1,204,518	279,794
			\$ 2,289,481
OPERATING INCOME (LOSS)	258,988	236,152	(19,215)
			\$ 475,925
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	8,356	6,051	1,683
Interest Expense	(98,326)	(75,595)	-
Miscellaneous	5,001	-	-
	(84,969)	(69,544)	1,683
			\$ (62,830)
Total Nonoperating Revenues (Expenses)			
	174,019	166,608	(17,532)
	(175,450)	(2,875)	-
	764,819	547,783	104,820
			\$ 1,417,422
CAPITAL CONTRIBUTIONS			
	763,388	711,516	87,288
			\$ 1,562,192
CHANGE IN NET POSITION			
NET POSITION - BEGINNING, RESTATED	5,210,870	6,470,719	1,545,588
			\$ 13,255,177
NET POSITION - ENDING			
	\$ 5,974,258	\$ 7,182,235	\$ 1,930,876
			\$ 15,087,369

See Accompanying Notes
13

VILLAGE OF UNION GROVE
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from User Charges	\$ 1,022,878	\$ 1,418,838	\$ 256,866	\$ 2,698,582
Paid to Suppliers for Goods and Services	(301,841)	(527,857)	(181,988)	(1,011,686)
Paid to Employees for Operating Payroll	(136,956)	(201,463)	(104,698)	(442,917)
Other Receipts	5,001	-	-	5,001
	589,082	689,518	(29,600)	1,249,000
Net Cash Flows From Operating Activities				
	(175,450)	(2,875)	-	(178,325)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfer to Other Funds				
	(175,450)	(2,875)	-	(178,325)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(250,980)	(41,235)	(51,650)	(343,865)
Capital Contributions - Connection Fees	-	240,920	-	240,920
Principal Payments on Long-Term Debt	(288,020)	(506,379)	-	(794,399)
Interest and Fiscal Charges	(89,432)	(79,115)	-	(168,547)
	(638,432)	(385,699)	(51,650)	(1,075,881)
Net Cash Flows From Capital and Related Financing Activities				
	8,356	6,051	1,683	16,090
	(216,444)	306,885	(79,687)	10,874
	1,895,031	2,861,935	583,990	5,341,556
CASH AND INVESTMENTS - BEGINNING				
	1,689,187	3,168,820	514,423	5,352,430
CASH AND INVESTMENTS - ENDING				
	\$ 1,265,154	\$ 2,125,608	\$ 514,423	\$ 3,905,185
	404,033	1,043,212	-	1,447,245
	1,689,187	3,168,820	514,423	5,352,430
RECONCILIATION OF CASH ACCOUNTS				
Cash and Investments				
Restricted Cash				
Total Reconciliation of Cash Accounts				
	\$ 764,819	\$ 306,863	\$ 104,820	\$ 1,176,502
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Tax Incremental District Financed Additions to Plant				

See Accompanying Notes
14

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds			
	Water Utility	Wastewater Utility	Stormwater Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH FLOWS FROM				
Operating Income (Loss)	\$ 258,988	\$ 236,152	\$ (19,215)	\$ 475,925
Nonoperating Income	5,001	-	-	5,001
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Depreciation	318,736	484,325	99,211	912,272
Water Depreciation Charged to Sewer	8,003	(8,003)	-	-
Customer Accounts Receivable	(19,555)	(22,944)	(3,713)	(46,212)
Other Receivables	(4,455)	1,112	-	(3,343)
Materials and Supplies	2,741	-	-	2,741
Net Pension Asset	(60,737)	(64,704)	(17,284)	(142,725)
Deferred Outflows Related to Pension	48,844	39,526	(40,822)	47,548
Deferred Outflows Related to OPEB	(4,844)	(5,860)	(4,071)	(14,775)
Accounts and Claims Payable	28,499	(18,521)	(108,766)	(98,788)
Unearned Cell Tower Lease	(17,269)	-	-	(17,269)
Accrued Compensated Absences	9,335	9,335	8,269	26,940
Net OPEB Liability	6,552	7,319	5,084	18,955
Deferred Inflows Related to Pension	8,175	21,146	51,148	80,469
Deferred Inflows Related to OPEB	(54)	(67)	(46)	(167)
Net Cash Flows From	\$ 559,082	\$ 689,518	\$ (29,600)	\$ 1,249,000
Operating Activities				

See Accompanying Notes
16

VILLAGE OF UNION GROVE, WISCONSIN
Statement of Net Position
Fiduciary Fund
As of December 31, 2020

	Custodial Tax Collection Fund
ASSETS	
Restricted Cash and Investments	\$ 4,133,652
Taxes Receivable	1,441,870
Total Assets	5,575,522
LIABILITIES	
Due to Other Taxing Units	5,575,522
NET POSITION	\$ -

See Accompanying Notes
16

	Custodial Fund Tax Collection Fund
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	\$ 4,011,021
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	4,011,021
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	-
NET POSITION - ENDING	<u>\$ -</u>

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of Union Grove, Wisconsin (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements except for the new standard implemented in the current year as described on page 26. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Village is discussed below.

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statements Presentation

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Business-Type Activities

Proprietary Funds

Enterprise Funds

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

Fiduciary Funds

Custodial Funds

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

Major Funds

The Village reports the following major governmental funds:

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

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

Tax Incremental District No. 3 accounts for the resources segregated for the acquisition and construction of major capital facilities, including debt service.

Note 1 - Summary of Significant Accounting Policies (Continued)

Major Funds (Continued)

Tax Incremental District No. 4 accounts for the resources segregated for the acquisition and construction of major capital facilities, including debt service.

Tax Incremental District No. 5 accounts for the resources segregated for the acquisition and construction of major capital facilities, including debt service.

Tax Incremental District No. 6 accounts for the resources segregated for the acquisition and construction of major capital facilities, including debt service.

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

The Village reports the following major proprietary funds:

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

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

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

Non-Major Funds

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

Revolving Loans

Impact Fees

Recreation and Parks

Library

Fiduciary Fund

The Village reports the following custodial fund:

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

Cash and Investments

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

Restricted Cash and Investments

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

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

Prepaid Items

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

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

Inventories

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

Capital Assets

Government-Wide Statements

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

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

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

Buildings	15-75 Years
Land Improvements	15-75 Years
Machinery and Equipment	3-20 Years
Infrastructure	25-60 Years
Utility Systems	4-77 Years

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020, are determined on the basis of current salary rates and include salary related payments.

Deferred Outflows/Inflows of Resources

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

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

Pension and Other Post-Employment Benefits

Pensions. For purposes of measuring the net pension asset, 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/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Village's Local Retiree Life Insurance Fund has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the plan and additions/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

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

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

Unearned Revenue

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

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

Equity Classifications

Government-Wide and Proprietary Fund Statements

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classification (Continued)

Fund Financial Statements

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

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

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

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

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results may differ from these estimates.

Note 1 - Summary of Significant Accounting Policies (Continued)

Implementation of New Accounting Standard

Statement Number 75 issued by the Governmental Accounting Standards Board (GASB) establishes requirements for governments that provide their employees with other post-employment benefits. The most significant change is that governments will now be required to recognize their net other post-employment benefits liability, which is the difference between the total other post-employment benefits liability (the portion of the present value of the projected benefit payments that is attributed to past periods) and the value of other post-employment benefits assets available to pay benefits. Additional note disclosures are required, and these disclosures have been made on succeeding pages.

Note 2 - Cash

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

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

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

At December 31, 2020, the Village's bank balance of cash was \$8,598,690. The Village maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

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

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2020, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositories for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 2 - Cash (Continued)

The following represents a summary of deposits as of December 31, 2020:

Fully Insured Deposits	\$ 500,000
Uninsured and Uncollateralized	8,098,690
Total	<u>\$ 8,598,690</u>

For all deposits shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2020.

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchanges Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government or any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at amortized cost. The balance in the Local Government Investment Pool at December 31, 2020 was \$6,185,912.

Note 3 - Restricted Assets

Restricted assets on December 31, 2020 consisted of cash totaling \$4,133,652 held for the following purposes:

Enterprise Funds:	
Water Utility	
Redemption Account	\$ 50,955
Reserve Account	224,985
Depreciation Account	128,093
Total	<u>404,033</u>
Wastewater Utility	
Redemption Account	23,066
Replacement Account	1,020,146
Total	<u>1,043,212</u>
Total Restricted Assets	<u>\$ 1,447,245</u>
Custodial Fund	
Advance Tax Collections for Other Entities	<u>\$ 4,133,652</u>

Note 4 - Property Taxes

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

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

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

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 5 - Interfund Receivable, Payables and Transfers

Interfund receivables and payables between individual funds of the Village as of December 31, 2020 are detailed below:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	TID #4	\$ 197,080	Year End Cash Flow Timing
General Fund	TID #5	284,190	Year End Cash Flow Timing
General Fund	TID #6	12,285	Year End Cash Flow Timing
		<u>\$ 493,555</u>	

The interfund account balances above are the result of various interfund activities and are expected to be repaid in 2021.

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 175,450	Property Tax Equivalent
General Fund	Wastewater Utility	2,875	Property Tax Equivalent
Library Fund	General Fund	143,000	Operating Levy
Recreation and Parks Fund	General Fund	39,841	Transfer Funds for Use
Library Fund	Impact Fees	17,416	Transfer Funds for Use
Capital Projects Fund	Impact Fees	40,067	Transfer Funds for Use
Debt Service Fund	TID #3	143,150	Closing of TID #3
TID #3	TID #3	973,379	Closing of TID #3
TID #3	General Fund	22,110	Closing of TID #3
Capital Projects Fund	TID #3	98,788	Closing of TID #3
		<u>\$ 1,656,076</u>	

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning	Increases	Decreases	Adjustments	Ending
Governmental Activities					
Capital Assets not Being Depreciated					
Land and Improvements	\$ 627,253	\$ -	\$ -	\$ -	\$ 627,253
Construction in Progress	18,182	-	5,000	-	13,182
Total Capital Assets Not Being Depreciated	645,435	-	5,000	-	640,435
Capital Assets Being Depreciated					
Buildings and Improvements	2,179,494	161,966	-	-	2,341,460
Machinery and Equipment	1,819,124	120,302	3,541	-	1,935,885
Infrastructure	13,179,802	-	-	-	13,179,802
Total Capital Assets Being Depreciated	17,178,420	282,268	3,541	-	17,457,147
Less Accumulated Depreciation For					
Buildings and Improvements	(756,781)	(52,190)	-	-	(808,971)
Machinery and Equipment	(1,210,741)	(75,695)	(3,291)	-	(1,289,727)
Infrastructure	(9,318,782)	(340,526)	-	-	(9,659,308)
Total Accumulated Depreciation	(11,286,284)	(468,411)	(3,291)	-	(11,751,404)
Total Capital Assets Being Depreciated, Net of Depreciation	5,892,136	(186,143)	250	-	5,705,743
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 6,537,571	\$ (186,143)	\$ 5,250	\$ -	\$ 6,346,178
Water Utility					
Capital Assets not Being Depreciated					
Land and Land Rights	\$ 29,955	\$ 32,681	\$ -	\$ -	\$ 62,636
Intangible	61,679	-	-	-	61,679
Total Capital Assets Not Being Depreciated	91,634	32,681	-	-	124,315
Capital Assets Being Depreciated					
Buildings and Improvements	2,166,870	8,660	2,165	-	2,173,365
Machinery and Equipment	2,225,565	17,555	4,369	-	2,238,731
Infrastructure	6,802,664	956,903	-	-	7,522,006
Subtotal	11,195,099	983,118	244,115	-	11,934,102
Less Accumulated Depreciation	(3,997,177)	(326,739)	(244,115)	-	(4,079,801)
Total Capital Assets Being Depreciated, Net of Depreciation	7,197,922	656,379	-	-	7,854,301
Water Utility Capital Assets, Net of Accumulated Depreciation	\$ 7,289,556	\$ 689,060	\$ -	\$ -	\$ 7,978,616

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 6 - Capital Assets (Continued)

	Beginning	Increases	Decreases	Adjustments	Ending
Wastewater Utility					
Capital Assets not Being Depreciated					
Land and Land Rights	\$ 440	\$ -	\$ -	\$ -	\$ 440
Capital Assets Being Depreciated					
Buildings and Improvements	3,341,857	30,411	7,603	-	3,364,665
Machinery and Equipment	8,501,063	35,250	8,812	-	8,527,521
Infrastructure	3,572,723	282,438	70,609	-	3,784,552
Subtotal	15,415,663	348,099	87,024	-	15,676,738
Less Accumulated Depreciation	(9,106,424)	(486,322)	(87,024)	-	(9,505,722)
Total Capital Assets Being Depreciated, Net of Depreciation	6,309,239	(138,223)	-	-	6,171,016
Wastewater Utility Capital Assets, Net of Accumulated Depreciation	\$ 6,309,679	\$ (138,223)	\$ -	\$ -	\$ 6,171,456
Stormwater Utility					
Capital Assets not Being Depreciated					
Land and Land Rights	\$ 100,883	\$ -	\$ -	\$ -	\$ 100,883
Capital Assets Being Depreciated					
Land Improvements	75,305	-	-	-	75,305
Machinery and Equipment	394,218	-	-	-	394,218
Infrastructure	2,747,789	250,135	62,534	(93,665)	2,841,725
Subtotal	3,217,312	250,135	62,534	(93,665)	3,311,248
Less Accumulated Depreciation	(2,007,496)	(99,211)	(62,534)	-	(2,044,173)
Total Capital Assets Being Depreciated, Net of Depreciation	1,209,816	150,924	-	-	1,267,075
Stormwater Utility Capital Assets, Net of Accumulated Depreciation	\$ 1,310,699	\$ 150,924	\$ -	\$ -	\$ 1,367,958

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

Governmental Activities:	
General Government	\$ 18,043
Public Safety	13,780
Public Works	412,015
Culture and Recreation	24,573
Total Depreciation Expense - Governmental Activities	\$ 468,411
Business-Type Activities:	
Water Utility Depreciation Charged to Accumulated Depreciation	326,739
Less: Share of Meter Depreciation	(8,003)
Water Utility Depreciation Expense	318,736
Wastewater Utility	486,322
Plus: Share of Meter Depreciation	8,003
Wastewater Utility Depreciation Expense	494,325
Stormwater Utility	99,211
Total Depreciation Expense - Business-Type Activities	\$ 912,272

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 7 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2020:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Debt:					
G.O. Refunding Bonds	\$ 6,100,000	\$ 5,870,000	\$ 640,000	\$ 11,330,000	\$ 705,000
G.O. Promissory Notes	152,004	725,000	106,127	770,877	42,068
Notes Payable	16,747	-	16,747	-	-
Adjustments For					
Issuance Premium	14,851	103,570	5,886	112,535	-
Total General Obligation Debt	6,283,602	6,698,570	768,760	12,213,412	747,068
Compensated Absences	32,327	54,485	8,972	77,840	43,588
Net Pension Liability	133,653	36,191	169,844 *	-	-
Net OFEB Liability	35,471	28,233	9,359	54,345	-
Total Governmental Activity Long-Term Liabilities	\$ 6,485,053	\$ 6,817,479	\$ 956,936	\$ 12,345,597	\$ 790,656
	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-Type Activities					
General Obligation Debt	\$ 1,660,000	\$ -	\$ 90,000	\$ 1,570,000	\$ 95,000
Revenue Bonds	4,641,663	-	704,399	3,937,264	724,988
Compensated Absences	53,423	30,431	3,492	80,362	24,345
Net Pension Liability	60,542	32,458	93,000 *	-	-
Net OFEB Liability	29,553	23,530	7,799	45,284	-
Adjustments For					
Issuance Discount	(13,285)	-	(866)	(12,419)	-
Total Business Activity Long-Term Liabilities	\$ 6,431,896	\$ 86,419	\$ 897,824	\$ 5,620,491	\$ 844,333

Interest paid on long-term debt was \$223,868 and \$178,147 for governmental activities and business-type activities, respectively.

*In the current year, the Village's position in the Wisconsin Retirement System is reported as a net pension asset.

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

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

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 7 - Long-Term Obligations (Continued)

	Date of Issuance	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/20
Governmental Activities Long-Term Obligations					
2006 G.O. Bonds	03/01/06	03/01/21	3.85-4.00%	\$ 1,500,000	\$ 145,000
2011 State Trust Fund Loan	04/29/11	03/15/21	3.75%	360,000	42,068
2012 G.O. Refunding Bonds	03/29/12	12/01/28	2.00-3.10%	4,065,000	2,295,000
2015 G.O. Refunding Bonds	06/24/15	04/01/30	0.55-3.40%	2,645,000	1,940,000
2019 G.O. Bonds	06/05/19	06/01/37	3.00%	1,080,000	1,080,000
2020 G.O. Bonds	02/16/20	06/01/38	1.85-2.75%	1,755,000	1,755,000
2020 G.O. Bonds	02/19/20	02/01/37	2.00-2.25%	1,315,000	1,315,000
2020 State Trust Fund Loan	05/19/20	03/15/30	3.00%	725,000	725,000
2020 G.O. Bonds	11/05/20	06/01/40	3.85-4.00%	2,800,000	2,800,000
Total Governmental Activities Long-Term Obligations					<u>\$ 12,097,068</u>
Business Type Activities Long-Term Obligations					
2012 G.O. Refunding Bonds	03/26/12	12/01/28	2.00-3.10%	\$ 1,995,000	\$ 1,570,000
2005 Water Revenue Bonds	11/01/05	05/01/25	2.37%	1,486,390	441,359
2007 Water Revenue Bonds	04/25/07	05/01/26	2.48%	516,994	189,842
2009 Water Revenue Bonds	12/09/09	05/01/29	2.67%	652,175	326,725
2012 Water Revenue Bonds	03/12/12	05/01/32	2.00-3.96%	3,150,000	2,109,992
2002 Wastewater Revenue Bonds	06/12/02	05/01/22	2.90%	6,513,550	869,346
Total Business Type Activities Long-Term Obligations					<u>\$ 5,507,264</u>

Debt service requirements to maturity are as follows:

	Governmental Funds		Enterprise Funds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 747,068	\$ 284,806	\$ 819,988	\$ 156,251	\$ 1,567,056	\$ 441,057
2022	712,245	294,075	846,015	133,286	1,558,260	427,361
2023	829,540	266,155	518,814	115,936	1,348,354	382,091
2024	896,728	244,962	537,590	101,313	1,434,318	346,275
2025	874,078	222,182	556,459	85,669	1,430,537	307,851
2026-2030	4,097,409	741,123	1,813,406	215,537	5,910,815	956,660
2031-2035	2,205,000	344,249	414,992	16,378	2,619,992	360,627
2036-2040	1,735,000	83,924	-	-	1,735,000	83,924
	<u>\$ 12,097,068</u>	<u>\$ 2,481,476</u>	<u>\$ 5,507,264</u>	<u>\$ 824,370</u>	<u>\$ 17,604,332</u>	<u>\$ 3,305,846</u>

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

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 7 - Long-Term Obligations (Continued)

The 2020 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$393,397,600. The legal debt limit and margin of indebtedness as of December 31, 2020, in accordance with Wisconsin Statutes follows:

Debt Limit (5% of \$393,397,600)	\$ 19,669,880
Deduct Long-Term Debt Applicable to Debt Margin	(13,667,068)
Add Amounts Available for Repayment of	
General Obligation Debt	148,767
Margin of Indebtedness	<u>\$ 6,151,579</u>

Utility Revenues Pledged

The Village has pledged future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the utility. The bonds are payable from water customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the bonds is \$3,626,923. Principal paid for the current year and total customer net revenues were \$288,020 and \$591,081, respectively.

The Village has pledged future wastewater customer revenues, net of specified operating expenses, to repay the wastewater system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the utility. The bonds are payable from wastewater customer net revenues and are payable through 2022. The total principal and interest remaining to be paid on the bonds is \$894,746. Principal paid for the current year and total customer net revenues were \$416,379 and \$769,540, respectively.

Debt Coverage – Water

Operating Revenues	\$ 1,064,157
Investment Income	8,356
Miscellaneous Revenues	5,001
Less: Operations and Maintenance Expenses	(486,433)
Net Customer Revenues	<u>\$ 591,081</u>
Minimum Required Earnings per Resolution	
Highest Annual Debt Service	\$ 388,556
Coverage Factor	1.25
Minimum Required Earnings	<u>\$ 485,695</u>
Actual Debt Coverage	<u>1.22</u>

Debt Coverage – Wastewater

Operating Revenues	\$ 1,440,670
Investment Income	6,051
Less: Operations and Maintenance Expenses	(710,193)
Net Customer Revenues	<u>\$ 769,540</u>
Minimum Required Earnings per Resolution	
Highest Annual Debt Service	\$ 447,638
Coverage Factor	1.10
Minimum Required Earnings	<u>\$ 492,402</u>
Actual Debt Coverage	<u>1.56</u>

The Village is in compliance with the Water and Wastewater Revenue Bond debt coverage ratios for December 31, 2020.

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 8 - Fund Balances and Net Position

Fund Balances

Fund balance reported in the governmental funds includes the following:

Nonspendable	
General Fund	
Prepaid Items	\$ 24,142
Fire Department Loan	
Assigned	
Special Revenue Funds:	
Recreation and Parks	\$ 19,382
Library	206,156
Total Assigned Fund Balance	<u>\$ 225,538</u>
Restricted	
General Fund	
Fire Department Purchases	\$ 195,950
Capital Projects:	
Various Capital Projects	3,292,048
Loans:	
Revolving Loans	286,448
Impact Fees	104,093
Tax Incremental Districts:	
TID # 4	913,532
TID # 5	7,339
TID # 6	114,144
	<u>1,035,015</u>
Debt Service	148,767
Total Restricted Fund Balance	<u>\$ 5,062,321</u>
Unassigned (Deficit)	
General Fund	\$ 1,099,247
TID # 4	(197,080)
TID # 5	(286,323)
TID # 6	(12,285)
Total Unassigned (Deficit)	<u>\$ 603,559</u>

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

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 8 - Fund Balances and Net Position (Continued)

Proprietary Funds

Net position reported on the proprietary funds statement of net position at December 31, 2020 includes the following:

	Water Utility	Wastewater Utility	Stormwater Utility	Total
Net Investment in Capital Assets				
Net Capital Assets	\$ 7,978,616	\$ 6,171,456	\$ 1,367,958	\$ 15,518,030
Less: Related Long-Term Debt	(2,241,200)	(1,833,663)	(1,584,250)	(5,659,113)
Plus: Insurance Discount	12,419	-	-	12,419
Plus: Unspent Proceeds	-	-	648,350	648,350
Total Net Investment in Capital Assets	5,749,835	4,337,793	432,058	10,519,686
Restricted				
Debt Redemption	50,955	23,066	-	74,021
Debt Reserve	224,985	-	-	224,985
Equipment Replacement	128,093	1,020,146	-	1,148,239
Pension	11,139	12,711	6,353	30,203
Total Restricted	415,172	1,055,923	6,353	1,477,448
Unrestricted	(190,749)	1,788,519	1,492,465	3,090,235
Total Proprietary Funds Net Position	\$ 5,974,258	\$ 7,182,235	\$ 1,930,876	\$ 15,087,369

Government-Wide Statements

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets			
Net Capital Assets	\$ 6,346,178	\$ 15,518,030	\$ 21,864,208
Less: Related Long-Term Debt	(9,860,887)	(5,659,113)	(15,520,000)
Less: Insurance Premium	(112,535)	-	(112,535)
Plus: Insurance Discount	-	12,419	12,419
Plus: Unspent Proceeds	4,964,265	648,350	5,612,615
Total Net Investment (Deficit) in Capital Assets	1,337,021	10,519,686	11,856,707
Restricted			
Water Utility			
Debt Redemption	-	50,955	50,955
Debt Reserve	-	224,985	224,985
Equipment Replacement	-	128,093	128,093
Wastewater Utility			
Debt Reserve	-	23,066	23,066
Equipment Replacement	-	1,020,146	1,020,146
Pension	33,678	30,203	63,881
Debt Service	148,767	-	148,767
Total Restricted	182,445	1,477,448	1,659,893
Unrestricted	(1,480,472)	3,090,235	1,609,763
Total Government-Wide Net Position	\$ 38,994	\$ 15,087,369	\$ 15,126,363

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 9 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 9 - Defined Benefit Pension Plan (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$62,036 in contributions from the Village.

Contribution rates as of December 31, 2020 are:

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

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

At December 31, 2020, the Village reported an asset of \$173,819 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.00539065%, which was a decrease of 0.00006784% from its proportion of 0.00545849% measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$68,649.

VILLAGE OF UNION GROVE, WISCONSIN
Notes to Financial Statements
December 31, 2020

Note 9 - Defined Benefit Pension Plan (Continued)

At December 31, 2020, the Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ 329,948	\$ 165,117
Changes of actuarial assumptions	13,545	-
Net differences between projected and actual earnings on pension plan investments		355,349
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,999	-
Employer contributions subsequent to the measurement date	62,036	-
Total	\$ 410,528	\$ 520,466

The \$62,036 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability (asset) in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2021	\$ (50,355)
2022	(37,827)
2023	7,203
2024	(90,995)
	<u>\$ (171,974)</u>

Note 9 - Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Allocation Targets and Expected Returns as of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0% *	7.5%	4.6%
Variable Fund Asset Class			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0%	7.8%	4.9%

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

Note 9 - Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019). In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Village's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease to Discount Rate (6.00%)		Current Discount Rate (7.00%)		1% Increase to Discount Rate (8.00%)	
	\$	447,615	\$	(173,819)	\$	(638,412)

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

Payables to the Pension Plan. The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. At December 31, 2020, there were no outstanding payables to WRS.

Note 10 - Post-Employment Benefits Other Than Pension Benefits

General Information About the OPEB Plan

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

OPEB Plan Fiduciary Net Position. ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://efw.wi.gov/ETF/GASBPUBLICWeb/dasb75Local.do>.

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

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

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

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

Contribution rates as of December 31, 2020 are:

Coverage Type	Employee
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Member Contribution Rates *

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

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

During the reporting period, the Plan recognized \$406 in contributions from the employer.

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

At December 31, 2020, the Village reported a liability of \$99,629 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.02339700%, which was an increase of 0.00052% from its proportion measured as of December 31, 2018.

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

For the year ended December 31, 2020, the Village recognized OPEB expense of \$11,163.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ -	\$ 4,463
Changes of actuarial assumptions	36,754	10,958
Net differences between projected and actual earnings on plan investments	1,879	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,261	-
Employer contributions subsequent to the measurement date	406	-
Total	\$ 42,300	\$ 15,421

The \$406 reported as deferred outflows related to OPEB resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31,	Net Deferred Outflows of Resources
2021	\$ 4,581
2022	4,581
2023	4,379
2024	4,170
2025	3,468
Thereafter	5,294
	\$ 26,473

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

Actuarial Assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	3.0%
Inflation:	0.1% - 5.6%
Seniority/Merit:	Wisconsin 2018 Mortality Table
Mortality:	

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

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5	2.90
U.S. Mortgages	Barclays MBS	50	1.53
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

Single Discount Rate. A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

Village's Proportionate Share of the Net OPEB Liability	1% Decrease to Discount Rate (1.87%)		Current Discount Rate (2.87%)		1% Increase to Discount Rate (3.87%)	
	\$		\$		\$	
	137,571		99,629		70,763	

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

Payables to the OPEB Plan

As of December 31, 2020, the Village had no outstanding payables to the OPEB plan.

Note 11 - Risk Management

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

Note 12 - Commitments and Contingencies

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 2020, are not likely to have a material adverse impact on the Village's financial position.

Note 12 - Commitments and Contingencies (Continued)

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

In 2012, the Village issued \$3,150,000 Waterworks System Revenue Bonds, Series 2012A (2012A Bonds). The 2012A Bonds were issued to pay-off a portion of the 2007 Bond Anticipation Notes (2007 BANS) in 2012. A portion of the original proceeds from the 2007 BANS were recorded in TIF No. 4 and were used to finance TIF eligible water projects. Due to the uncertainty of TIF No. 4 being able to pay the principal and interest payments on the 2012A Bonds, the 2012A Bonds were recorded in the water utility. The water utility is making the principal and interest payments on the 2012A Bonds. However, if future tax increments in TIF No. 4 are sufficient, TIF No. 4 will reimburse the water utility for the principal and interest payments that have been made on the 2012A Bonds as well as any issuance costs. As of December 31, 2020, the total reimbursable expenditures are:

	Year End 2020	Cumulative
Principal	\$ 150,000	\$ 1,045,000
Interest	73,423	725,034
Issuance Costs	-	49,551
Totals	\$ 223,423	\$ 1,819,585

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, 2020, the total reimbursable expenditures are:

	Year End 2020	Cumulative
Principal	\$ 90,000	\$ 425,000
Interest	47,885	454,843
Issuance Costs	-	30,439
Totals	\$ 137,885	\$ 910,282

Note 13 - Joint Ventures

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

The governing body is made up of citizens from each community. Local representatives are appointed by the Village Board. The governing body has authority to adopt its own budget and control the financial affairs of the fire commission. The Village is obligated by the joint venture agreement to remit an amount annually to the fire commission. The Village made a payment to the fire commission of \$115,099 in 2020. Financial information of the fire commission as of December 31, 2020 is available directly from the fire commission's office.

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

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

Note 14 - Economic Dependency

The Sewer Utility has one significant customer who was responsible for 43% of operating revenues in 2020.

Note 15 - 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.

Basis of Accounting/Measurement Focus

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

Deposits and Investments

At year end, the carrying amount of the CDA's deposits was \$23.

Note 16 - Tax Abatements

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

Pay-As-You-Go Municipal Revenue Obligations

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

Note 16 - Tax Abatements (Continued)

TIF No. 3

MRO Dated April 14, 2014

Payments to the Company will be made in years 2015 through 2024. However, the first payment occurred in 2016. The Village paid \$32,177 in 2020. Total payments made to-date are \$213,908.

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

MRO Dated November 3, 2015

Payments to the Company will be made in years 2018 through 2024. The Village paid \$50,803 in 2020. Total payments made to-date are \$85,643.

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

MRO Dated May 1, 2017

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

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

TIF No. 4

MRO Dated February 19, 2013

Payments to the Company will be made in years 2014 through 2027. However, the first payment occurred in 2015. The Village paid \$15,018 in 2020. Total payments made to-date are \$47,532.

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.

Note 16 - Tax Abatements (Continued)

TIF No. 5

MRO Dated August 8, 2018

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

Subject to further terms and conditions, the Village is to pay five equal payments of \$193,333 for each multi-family residential building in the development and \$193,335 for one commercial building. Four of the multi-family payments and the one commercial payment have been made for a total of \$1,160,000 in 2020.

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

TIF No. 6

MRO Dated September 17, 2019

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

Conditioned upon the Developer meeting its Phase 1 Guaranteed Minimum Assessed Value of \$20,670,000 with \$14,520,000 by December 31, 2021 and an additional \$6,150,000 by December 31, 2022, the Village shall pay excess Phase 1 Property Tax Increment to Developer on an annual "pay-as-you-go" basis as reimbursement for the actual cost of its Phase 1 Internal Infrastructure Improvements estimated at One Million Eight Hundred Ninety Two Thousand Three Hundred Fifty and 00/100 Dollars (\$1,892,350.00), together with interest at the rate of Five Percent (5%) per annum, subject to a maximum incentive of Two Million Six Hundred Seventy Seven Thousand Four Hundred Eleven and 00/100 Dollars (\$2,677,411.00). No payments were made in 2020.

Conditioned upon the Developer meeting its Phase 2 Guaranteed Minimum Assessed Value of \$14,175,000, the Village shall pay excess Phase 2 Property Tax Increment to Developer on an annual "pay-as-you-go" basis as reimbursement for the actual cost of its Phase 2 Internal Infrastructure Improvements estimated at One Million Three Hundred Sixty-One Thousand and 00/100 Dollars, together with interest at the rate of Five Percent (5%) per annum, subject to a maximum incentive of \$1,918,096. No payments were made in 2020.

Conditioned upon the Developer meeting its Phases 1 and 2 Guaranteed Minimum Assessed Values, any Property Tax Increment available after payment of the Village's loan payments, Administrative Costs, and the Phase 1 and Phase 2 Developer Infrastructure Incentives, shall be paid to the Developer as additional incentive on an annual "pay-as-you-go" basis, subject to a cumulative maximum of Two Million and 00/100 Dollars (\$2,000,000.00) based on a 70% Developer and 30% Village split. No payments were made in 2020.

VILLAGE OF UNION GROVE, WISCONSIN

Notes to Financial Statements
December 31, 2020

Note 17 - Prior Period Adjustments

The restatement of net position in the government-wide, business-type, and proprietary fund financial statements were the result of implementing Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits.

The restatement of fund balance in the general fund and net position in the government-wide activities was the result of tax revenue being recognized in the incorrect period. Management has corrected this error.

Government-Wide Financial Statements

	Governmental Activities	Business-Type Activities
Beginning Net Position - January 1, 2020	\$ 2,558,788	\$ 13,554,730
Tax Levy Revenue Recognition	(94,672)	-
Implementation of GASB Statement No. 75	(35,471)	(29,553)
Beginning Net Position - January 1, 2020, as Restated	\$ 2,428,645	\$ 13,525,177

Fund Financial Statements

	General Fund
Beginning Fund Balance - January 1, 2020	\$ 634,459
Tax Levy Revenue Recognition	(94,672)
Beginning Fund Balance - January 1, 2020, as Restated	\$ 539,787

Proprietary Fund Financial Statements

	Water Utility	Wastewater Utility	Stormwater Utility
Beginning Net Position - January 1, 2020	\$ 5,220,557	\$ 6,482,443	\$ 1,851,730
Implementation of GASB Statement No. 75	(9,687)	(11,724)	(8,142)
Beginning Net Position - January 1, 2020, as Restated	\$ 5,210,870	\$ 6,470,719	\$ 1,843,588

Note 18 - Upcoming Accounting Pronouncement

GASB Statement No. 87, Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for years ending December 31, 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE, WISCONSIN

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

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

Schedule of Employer Contributions Wisconsin Retirement System (WRS)

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2020	\$ 62,036	\$ 62,036	\$ -	\$ 919,052	6.75%
12/31/2019	59,110	59,110	-	902,453	6.55%
12/31/2018	54,234	54,234	-	807,255	6.72%
12/31/2017	53,297	53,297	-	783,780	6.80%
12/31/2016	56,029	56,029	-	849,123	6.60%
12/31/2015	61,295	61,295	-	871,037	7.04%

See Accompanying Notes to Required Supplementary Information
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VILLAGE OF UNION GROVE, WISCONSIN

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

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

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

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

See Accompanying Notes to Required Supplementary Information
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VILLAGE OF UNION GROVE, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,324,904	\$ 1,324,904	\$ 1,319,113	\$ (5,791)
Intergovernmental	674,936	674,936	796,936	112,000
Licenses and Permits	221,323	216,323	208,125	(8,198)
Fines, Forfeitures and Penalties	65,000	53,180	28,759	(24,421)
Public Charges for Services	1,450	1,450	-	(1,450)
Investment Income	26,100	26,100	10,874	(15,226)
Miscellaneous	85,858	85,858	94,993	9,135
Total Revenues	2,399,571	2,382,751	2,448,800	66,049
EXPENDITURES				
General Government	617,576	604,256	682,101	(77,845)
Public Safety	988,933	988,933	991,188	(2,255)
Public Works	742,522	739,022	631,520	107,502
Health and Human Services	51,858	51,858	47,298	4,560
Culture, Recreation and Education	150	150	-	150
Conservation and Development	19,000	19,000	15,515	3,485
Total Expenditures	2,420,039	2,403,219	2,367,822	35,597
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,468)	(20,468)	81,178	101,646
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Debt	-	-	725,000	725,000
Transfers In	203,309	203,309	178,325	(24,984)
Transfers Out	(182,841)	(182,841)	(204,951)	22,110
Total Other Financing Sources (Uses)	20,468	20,468	698,374	722,126
NET CHANGE IN FUND BALANCE	-	-	779,552	823,772
FUND BALANCE - BEGINNING	539,787	539,787	539,787	-
FUND BALANCE - ENDING	\$ 539,787	\$ 539,787	\$ 1,319,339	\$ 823,772

See Accompanying Notes to Required Supplementary Information
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VILLAGE OF UNION GROVE, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Budgetary Process

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

The general fund had the following expenditures in excess of the budget for the year ended December 31, 2020:

	General Fund	Excess Expenditures
General Government		\$ 77,845
Public Safety		2,255

Defined Benefit Pension Plan

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

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

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

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

Changes of assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return, and expected inflation. Please refer to the actuarial assumptions section above for additional details.

VILLAGE OF UNION GROVE, WISCONSIN
Combining Balances Sheet
Nonmajor Governmental Funds
As of December 31, 2020

	Special Revenue Funds					Total Nonmajor Funds
	Revolving Loans Fund	Impact Fees Fund	Recreation and Parks Fund	Library Fund		
ASSETS						
Cash and Investments	\$ 277,460	\$ 104,093	\$ 22,334	\$ 222,910	\$	626,797
Loans	123,708	-	-	-	-	123,708
TOTAL ASSETS	\$ 401,168	\$ 104,093	\$ 22,334	\$ 222,910	\$	750,505
LIABILITIES						
Accounts Payable	384	-	2,880	10,992	\$	14,256
Accrued Liabilities	-	-	72	5,762		5,834
Total Liabilities	384	-	2,952	16,754		20,090
DEFERRED INFLOWS OF RESOURCES						
Unavailable - Loans Receivable	114,336	-	-	-	-	114,336
FUND BALANCES						
Restricted	286,448	104,093	-	-	-	390,541
Assigned	-	-	19,382	206,156		225,538
Total Fund Balances	286,448	104,093	19,382	206,156		616,079
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 401,168	\$ 104,093	\$ 22,334	\$ 222,910	\$	750,505

SUPPLEMENTARY INFORMATION

VILLAGE OF UNION GROVE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Normal Governmental Funds
For the Year Ended December 31, 2020

	Special Revenue Funds				Total Nonmajor Funds
	Revolving Loans Fund	Impact Fees Fund	Recreation and Parks Fund	Library Fund	
REVENUES					
Intergovernmental				\$ 3,692	\$ 3,692
Licenses and Permits	-	46,824	-	-	46,824
Public Charges for Services	-	-	40,615	9,226	49,841
Intergovernmental Charges for Services	-	-	-	144,640	144,640
Interest on Investments	306	637	-	629	1,572
Miscellaneous	8,269	-	950	3,888	13,127
Total Revenues	8,595	47,461	41,565	162,075	259,696
EXPENDITURES					
Current:					
General Government	-	51	-	-	51
Culture, Recreation, and Education	-	-	83,488	302,580	386,068
Conservation and Development	1,709	-	-	-	1,709
Total Expenditures	1,709	51	83,488	302,580	387,828
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,886	47,410	(41,923)	(140,505)	(128,132)
OTHER FINANCING SOURCES (USE)					
Transfers In	-	-	39,841	160,416	200,257
Transfers Out	-	(57,483)	-	-	(57,483)
Total Other Financing Sources (Use)			39,841	160,416	142,774
NET CHANGE IN FUND BALANCES	6,886	(10,073)	(2,082)	19,911	14,642
FUND BALANCES - BEGINNING	279,562	114,166	21,464	185,245	601,437
FUND BALANCES - ENDING	\$ 286,448	\$ 104,093	\$ 19,382	\$ 206,156	\$ 616,079

VILLAGE OF UNION GROVE, WISCONSIN
Combining Balance Sheet
Tax Incremental District Subfunds
As of December 31, 2020

	TID No. 3 Debt Service	TID No. 3 Capital Projects	TID No. 3 Total	TID No. 4 Debt Service	TID No. 4 Capital Projects	TID No. 4 Total
ASSETS						
Cash and Investments	\$ -	\$ 8,459	\$ 8,459	\$ -	\$ 887,243	\$ 887,243
Receivables:						
Accounts Receivable	-	-	-	-	28,422	28,422
Taxes	-	-	-	280,518	-	280,518
TOTAL ASSETS	\$ -	\$ 8,459	\$ 8,459	\$ 280,518	\$ 915,665	\$ 1,196,183
LIABILITIES						
Accounts Payable	\$ -	\$ 8,459	\$ 8,459	\$ -	\$ 2,133	\$ 2,133
Due to Other Funds	-	-	-	197,090	-	197,090
Total Liabilities	\$ -	\$ 8,459	\$ 8,459	\$ 197,090	\$ 2,133	\$ 199,213
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for Subsequent Period	-	-	-	280,518	-	280,518
FUND BALANCES (DEFICITS)						
Restricted	-	-	-	-	913,532	913,532
Unassigned (Deficit)	-	-	-	(197,090)	-	(197,090)
Total Fund Balances (Deficits)	\$ -	\$ -	\$ -	\$ (197,090)	\$ 913,532	\$ 716,452
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ -	\$ 8,459	\$ 8,459	\$ 280,518	\$ 915,665	\$ 1,196,183

VILLAGE OF UNION GROVE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Tax Incremental District Sulfunds
For the Year Ended December 31, 2020

TID No. 5 Debt Service	TID No. 5 Capital Projects	TID No. 5 Total	TID No. 6 Debt Service	TID No. 6 Capital Projects	TID No. 6 Total
\$ 7,339	\$ -	\$ 7,339	\$ -	\$ 116,310	\$ 116,310
239,733	-	239,733	-	-	-
<u>247,072</u>	<u>-</u>	<u>247,072</u>	<u>50,999</u>	<u>116,310</u>	<u>167,309</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,133	2,133	-	2,166	2,166
-	284,190	284,190	12,285	-	12,285
-	<u>286,323</u>	<u>286,323</u>	<u>12,285</u>	<u>2,166</u>	<u>14,451</u>
239,733	-	239,733	50,999	-	50,999
7,339	-	7,339	-	114,144	114,144
<u>(286,323)</u>	<u>(286,323)</u>	<u>(286,323)</u>	<u>(12,285)</u>	<u>-</u>	<u>(12,285)</u>
<u>7,339</u>	<u>(286,323)</u>	<u>(278,984)</u>	<u>(12,285)</u>	<u>114,144</u>	<u>90,569</u>
\$ <u>247,072</u>	\$ -	\$ <u>247,072</u>	\$ <u>50,999</u>	\$ <u>116,310</u>	\$ <u>167,309</u>

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REVENUES	TID No. 3 Debt Service	TID No. 3 Capital Projects	TID No. 3 Total	TID No. 4 Debt Service	TID No. 4 Capital Projects	TID No. 4 Total
Taxes	\$ 419,212	\$ -	\$ 419,212	\$ 69,035	\$ -	\$ 69,035
Governmental	19,503	19,503	39,006	-	-	39,006
Interest on Investments	-	234	234	-	6,384	6,384
Total Revenues	419,212	19,737	438,949	69,035	43,379	112,414
EXPENDITURES						
Current:						
Administration and Development	-	947,855	947,855	-	32,841	32,841
Debt Services	140,000	-	140,000	200,000	-	200,000
Principal	6,300	-	6,300	66,115	-	66,115
Interest	-	-	-	-	-	-
Capital Outlay	146,300	947,855	1,094,155	206,115	32,841	238,956
Total Expenditures	292,300	947,855	1,240,155	266,115	32,841	298,956
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	272,912	(928,118)	(655,206)	(197,080)	16,538	(180,542)
OTHER FINANCING SOURCES (USES)						
Proceeds of Long-Term Debt	-	-	-	-	-	-
Debt Premium	-	995,489	995,489	-	-	995,489
Transfers In	(1,116,529)	(987,788)	(2,104,317)	-	-	(2,104,317)
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,116,529)	895,701	(219,828)	-	-	(219,828)
NET CHANGE IN FUND BALANCES (DEFICITS)	(843,617)	(31,417)	(875,034)	(197,080)	16,538	(180,542)
FUND BALANCES (DEFICITS) - BEGINNING	843,617	31,417	875,034	-	895,994	896,994
FUND BALANCES (DEFICITS) - ENDING	\$ -	\$ -	\$ -	\$ (197,080)	\$ 913,532	\$ 716,452

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

OPERATING REVENUES	
Sales of Water	
Unmetered	\$ 310
Metered	
Residential	439,236
Multifamily Residential	83,772
Commercial	103,462
Industrial	38,679
Public Authorities	27,747
Total Metered Sales	692,896
Private Fire Protection	17,494
Public Fire Protection	326,416
Total Sales of Water	1,037,116
Other Operating Revenues	
Forfeited Discounts	3,164
Miscellaneous Service Revenue	6,337
Rents from Water Property	17,269
Other	271
Total Operating Revenues	1,064,157
OPERATING EXPENSES	
Operation and Maintenance	63,246
Source of Supply	7,187
Operation Labor	70,433
Operation Supplies	
Total Source of Supply	
Pumping	
Operation Labor	16,388
Fuel or Power Purchased for Pumping	57,689
Maintenance	18,633
Total Pumping	92,710
Water Treatment	
Chemicals	60,917
Transmission and Distribution	
Operation Labor	4,675
Maintenance	
Distribution Reservoirs and Standpipes	6,518
Mains	16,492
Services	16,967
Meters	10,752
Hydrants	8,067
Total Transmission and Distribution	63,471
Customer Accounts	
Meter Reading Labor	3,664
Accounting and Collecting Labor	11,722
Supplies	20,053
Total Customer Accounts	35,439

TID No. 5 Debt Service	TID No. 5 Capital Projects	TID No. 6 Total	TID No. 5 Debt Service	TID No. 6 Capital Projects	TID No. 6 Total
\$ 66,473	\$ -	\$ 66,473	\$ -	\$ -	\$ -
-	-	-	-	-	-
66,473	-	66,473	-	-	-
-	-	-	-	-	-
-	500,976	500,976	-	1,000,773	1,000,773
-	-	-	-	-	-
66,297	47,002	113,299	12,285	39,945	52,230
-	-	-	-	-	-
66,297	506,978	623,275	12,285	1,040,718	1,053,003
-	-	-	-	-	-
22,176	(556,978)	(534,802)	(12,285)	(1,040,718)	(1,053,003)
-	1,755,000	1,755,000	-	1,315,000	1,315,000
-	-	-	-	12,759	12,759
-	-	-	-	-	-
-	1,755,000	1,755,000	-	1,327,759	1,327,759
-	-	-	-	-	-
22,176	1,190,022	1,220,198	(12,285)	287,041	274,766
(14,837)	(1,484,345)	(1,499,182)	-	(172,897)	(172,897)
\$ 7,339	\$ (286,323)	\$ (278,984)	\$ (12,285)	\$ 114,144	\$ 101,859

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

OPERATING EXPENSES (continued)	
Operation and Maintenance (continued)	
Administrative and General	
Salaries	32,613
Office Supplies	7,450
Outside Services Employed	15,936
Property Insurance	3,250
Employee Pensions and Benefits	74,504
Miscellaneous	2,619
Transportation	14,050
Total Administrative and General	150,422
Taxes	13,041
Total Operation and Maintenance	486,433
Depreciation	318,736
Total Operating Expenses	805,169
OPERATING INCOME	\$ 258,988

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VILLAGE OF UNION GROVE, WISCONSIN
Wastewater Utility Operating Revenues and Expenses
For the Year Ended December 31, 2020

OPERATING REVENUES	
Wastewater Revenues	\$ 498,986
Residential	598,772
Multifamily Residential	304,499
Commercial	23,202
Industrial	13,047
Public Authorities	1,438,506
Total Wastewater Revenues	2,164
Other Operating Revenues	1,440,670
Miscellaneous Service Revenue	
Total Operating Revenues	
OPERATING EXPENSES	
Operation and Maintenance	
Operation	172,575
Supervision and Labor	112,039
Power and Fuel for Pumping	28,502
Other Chemicals	16,263
Laboratory Expenses	32,234
Other Operating Supplies	7,554
Transportation	52,644
Sludge Hauling	421,811
Total Operation	
Maintenance	
Collection System	10,028
General Plant Structure and Equipment	131,323
Total Maintenance	141,351
Administrative and General	
Salaries	23,508
Office Supplies and Expenses	5,000
Outside Services Employed	20,389
Property Insurance	1,478
Employee Pensions and Benefits	83,246
Drainage District Payment	633
Total Administrative and General	134,254
Taxes	12,777
Total Operation and Maintenance	710,193
Depreciation	494,325
Total Operating Expenses	1,204,518
OPERATING INCOME	\$ 236,152

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VILLAGE OF UNION GROVE, WISCONSIN
Stormwater Utility Operating Revenues and Expenses
For the Year Ended December 31, 2020

OPERATING REVENUES	
Stormwater Revenues	\$ 260,144
Charges for Services	
Other Operating Revenues	435
Forfeited Discounts	
Total Operating Revenues	<u>260,579</u>
OPERATING EXPENSES	
Operation and Maintenance	
Miscellaneous	577
Maintenance	
Salaries	59,659
Street Cleaning	63
Maintenance of Catch Basins	6,479
Maintenance of Basins	95
Miscellaneous	2,842
Total Maintenance	<u>69,138</u>
Operations	
Salaries	19,608
Street Sweeping	5,316
Equipment Repair	10,336
Total Operations	<u>35,260</u>
Administrative and General	
Salaries	23,508
Office Supplies and Expenses	4,980
Outside Services Employed	15,240
Property Insurance	292
Injuries and Damages	2,783
Employee Pensions and Benefits	24,199
Total Administrative and General	<u>71,002</u>
Taxes	4,606
Total Operation and Maintenance	<u>180,583</u>
Depreciation	99,211
Total Operating Expenses	<u>279,794</u>
OPERATING LOSS	<u>\$ (19,215)</u>

FORM OF LEGAL OPINION

(See following pages)

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

June 1, 2022

Re: Village of Union Grove, Wisconsin ("Issuer")
\$5,910,000 Combined Utility Revenue Bonds, Series 2022A,
dated June 1, 2022 ("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 issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the Village Board of the Issuer on May 9, 2022 (the "Bond Resolution"). Pursuant to the Bond Resolution, the Bonds are issued on a parity with the Issuer's outstanding Combined Utility Revenue Bonds, Series 2005, dated November 9, 2005, Combined Utility Revenue Bonds, Series 2007, dated April 25, 2007 and Combined Utility Revenue Bonds, Series 2009, dated December 9, 2009 (collectively, the "Prior Bonds"). The Issuer covenanted in the Bond Resolution that revenues of the Waterworks System, the Stormwater System and the Sewerage System (collectively, the "System") of the Issuer which are deposited in the Debt Service Fund provided by the Bond Resolution (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$250,000	___%
2024	270,000	___
2025	270,000	___
2026	365,000	___
2027	385,000	___
2028	390,000	___
2029	390,000	___
2030	410,000	___
2031	410,000	___
2032	415,000	___
2033	240,000	___
2034	235,000	___
2035	235,000	___
2036	235,000	___
2037	235,000	___

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2038	\$235,000	___%
2039	235,000	___
2040	235,000	___
2041	235,000	___
2042	235,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2023.

The Bonds maturing on May 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2032 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 Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer in accordance with their terms payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first

sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to 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.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Bond Resolution or on the sufficiency of the Revenues.

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 \$5,910,000 Combined Utility Revenue Bonds, Series 2022A, dated June 1, 2022 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 9, 2022 (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 May 10, 2022 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 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, 2021, 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. THE BONDS - Description of Waterworks System
5. THE BONDS – Description of the Sewerage System
6. THE BONDS – Description of Stormwater System

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 1st day of June, 2022.

(SEAL)

Steve Wicklund
President

Rebecca Wallendal
Village Clerk

NOTICE OF SALE

\$5,910,000* COMBINED UTILITY REVENUE BONDS, SERIES 2022A VILLAGE OF UNION GROVE, WISCONSIN

Bids for the purchase of \$5,910,000* Combined Utility Revenue Bonds, Series 2022A (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 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on May 9, 2022, at which time they will be opened, read and tabulated. The bids will be presented to the Village Board 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 66.0621, Wisconsin Statutes, to provide funds for the public purposes of paying the cost of additions, improvements and extensions to the Village's waterworks system, stormwater system and sewerage system and current refunding the Village's Waterworks System Revenue Bonds, Series 2012A, dated March 29, 2012.

DATES AND MATURITIES

The Bonds will be dated June 1, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$250,000	2030	\$410,000	2037	\$235,000
2024	270,000	2031	410,000	2038	235,000
2025	270,000	2032	415,000	2039	235,000
2026	365,000	2033	240,000	2040	235,000
2027	385,000	2034	235,000	2041	235,000
2028	390,000	2035	235,000	2042	235,000
2029	390,000	2036	235,000		

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 May 1 and November 1 of each year, commencing May 1, 2023, 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. 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 has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. 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 May 1, 2033 shall be subject to optional redemption prior to maturity on May 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 June 1, 2022, 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, an arbitrage certification, 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 MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the Village, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special 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). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement.)

Quarles & Brady LLP has also been retained by the Village to serve as Disclosure Counsel to the Village with respect to the Bonds. Although, as Disclosure Counsel to the Village, Quarles & Brady LLP has assisted the Village with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$5,836,125 nor more than \$6,501,000 plus accrued interest on the principal sum of \$5,910,000 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 10:30 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 \$118,200 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Village will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the Village in establishing the issue price of the Bonds and shall execute and deliver to the Village at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the Village under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Village by the Village's municipal advisor identified herein and any notice or report to be provided to the Village may be provided to the Village's municipal advisor.

(b) The Village intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The Village shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Village may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Village anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the Village shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the Village agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the Village promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Village acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Village further

acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the Village, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Village or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Village (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including

a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the Village to the winning bidder.

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 Village Board

Kerry Bennett, Interim Village Administrator/Village Treasurer
Village of Union Grove, Wisconsin

BID FORM

The Village Board
Village of Union Grove, Wisconsin (the "Village")

May 9, 2022

RE: \$5,910,000* Combined Utility Revenue Bonds, Series 2022A (the "Bonds")
DATED: June 1, 2022

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 \$5,836,125 nor more than \$6,501,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036		

* 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.

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 \$118,200 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 June 1, 2022.

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: _____.

If the competitive sale requirements are not met, we elect to use either the: _____ 10% test, or the _____ hold-the-offering-price rule to determine the issue price of the Bonds.

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 June 1, 2022 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 Board of the Village of Union Grove, Wisconsin, on May 9, 2022.

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