

Village of Hales Corners Tax Incremental District No. 4

Financial Statements and
Supplementary Information

December 31, 2023

Village of Hales Corners
Tax Incremental District No. 4

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Accountants' Compilation Report

To the Village Board of
Village of Hales Corners

Management is responsible for the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and Historical Summary of Sources, Uses, and Status of Funds of the Village of Hales Corners' Tax Incremental District No. 4 (the District) as of and for the year ended December 31, 2023 and from the date of creation through December 31, 2023, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 1, the financial statements present only the transactions of the District and do not purport to, and do not, present fairly the financial position of the Village of Hales Corners as of December 31, 2023, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement; however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such 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 financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

Baker Tilly US, LLP

Milwaukee, Wisconsin
May 2, 2024

Village of Hales Corners
Tax Incremental District No. 4

Balance Sheet
December 31, 2023

	Capital Projects Fund
Assets	
Cash and investments	\$ 135,432
Taxes receivable	260,277
	<hr/>
Total assets	<u>\$ 395,709</u>
Deferred Inflows of Resources and Fund Balance	
Deferred Inflows of Resources	
Unearned revenue	<u>\$ 260,277</u>
Fund Balance	
Restricted	<u>135,432</u>
Total deferred inflows of resources and fund balance	<u>\$ 395,709</u>

See notes to financial statements

Village of Hales Corners
Tax Incremental District No. 4

Historical Summary of Project Costs, Project Revenues
and Net Cost to be Recovered Through Tax Increments
From the Date of Creation Through December 31, 2023

	<u>From Date of Creation</u>
Project Costs	
Capital expenditures:	
Administration	\$ 2,050
Interest and fiscal charges	314,981
Developer agreement	<u>542,509</u>
Total project costs	<u>859,540</u>
Project Revenues	
Tax increments	985,436
Investment income	<u>9,536</u>
Total project revenues	<u>994,972</u>
Net costs recoverable through tax increments, December 31, 2023	<u><u>\$ (135,432)</u></u>
Reconciliation of Recoverable Costs	
Less fund balance	<u><u>\$ (135,432)</u></u>
Net Costs Recoverable Through Tax Increments, December 31, 2023	<u><u>\$ (135,432)</u></u>

Village of Hales Corners
Tax Incremental District No. 4

Historical Summary of Sources, Uses and Status of Funds
From the Date of Creation Through December 31, 2023

	From Date of Creation
Sources of Funds	
Tax increments	\$ 985,436
Investment income	9,536
Total sources of funds	994,972
Uses of Funds	
Capital expenditures:	
Administration	2,050
Interest and fiscal charges	314,981
Developer agreement	542,509
Total uses of funds	859,540
Excess of sources of funds over uses of funds	135,432
Fund Balance, Beginning	-
Fund Balance, Ending	\$ 135,432

See notes to financial statements

Village of Hales Corners

Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Hales Corners' Tax Incremental District No. 4 (the District or TID No. 4) conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village of Hales Corners (Village) has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of Tax Incremental District No. 4. The accompanying financial statements reflect all the significant operations of the Village of Hales Corners' Tax Incremental District No. 4. The accompanying financial statements do not include the full presentation of the Village of Hales Corners.

Description of Fund Structure and Long-Term Debt

This report contains the financial information of the District. The summary statements were prepared from data recorded in the following fund:

Capital Projects Fund

Detailed descriptions of the purpose of these funds and long-term debt can be found in the Village's basic financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the basic financial statements.

The District was created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

The statutes allow the District to collect tax increments until the net project cost has been fully recovered, or until 27 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the Village. Project costs may be incurred up to five years before the unextended termination date of the District.

Original Project Plan

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 4	January 1, 2016	January 1, 2038	January 1, 2043

Village of Hales Corners

Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2023

Basis of Accounting

The modified accrual basis of accounting was followed in the preparation of these statements. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the District is entitled to the aids.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

Use of Estimates

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

Measurement Focus

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

Project Plan Budget

The estimated revenues and expenditures of the District are adopted in the project plan. Those estimates are for the entire life of the District, and may not be comparable to interim results presented in this report.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

Village of Hales Corners

Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2023

2. Cash and Temporary Investments

The District invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603 (1m) and 67.11(2).

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

The District, as a fund of the Village, maintains separate and common cash and investment accounts at the same financial institutions utilized by the Village. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the Village as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the District.

3. Developer Agreement

The District entered into a developer agreement during the period ending December 31, 2016. This agreement established that the District shall pay, subject to tax increments, the amount of \$1,650,000 to the developer plus interest at an annual rate of 5.5%. There was a principal payment of \$158,585 and interest payment of \$69,634 made in 2023 to the developer.

Future principal and interest due relating to the developer agreement, subject to tax increments, are shown below:

	Principal	Interest	Total
Calendar year:			
2024	\$ 147,863	\$ 60,912	\$ 208,775
2025	136,645	52,780	189,425
2026	124,901	45,264	170,165
2027	126,999	38,394	165,393
2028	134,009	34,775	168,784
2029-2031	498,266	61,819	560,085
Total	<u>\$ 1,168,683</u>	<u>\$ 293,944</u>	<u>\$ 1,462,627</u>

Village of Hales Corners**Tax Incremental District No. 4**

Detailed Schedule of Sources, Uses and Status of Funds
 From the Date of Creation Through December 31, 2023

	2016	2017	2018	2019	2020	2021	2022	2023	Total	Project Plan Estimate
Sources of Funds										
Tax increments	\$ -	\$ -	\$ -	\$ 60,997	\$ 102,233.0	\$ 273,260	\$ 254,472	\$ 294,474	\$ 985,436	\$ 18,346,170
Investment income	-	-	-	374	286	52	666	8,158	9,536	2,756
Proceeds from debt issued	-	-	-	-	-	-	-	-	-	10,165,000
Total sources of funds	-	-	-	61,371	102,519	273,312	255,138	302,632	994,972	28,513,926
Uses of Funds										
Capital expenditures	-	-	-	-	-	-	-	-	-	9,650,000
Administration	1,000	150	150	150	150	150	150	150	2,050	174,225
Interest and fiscal charges	-	-	-	-	75,625	90,750	78,972	69,634	314,981	3,847,783
Developer agreement	-	-	-	-	-	214,137	169,787	158,585	542,509	10,165,000
Total uses of funds	1,000	150	150	150	75,775	305,037	248,909	228,369	859,540	23,837,008
Fund balance, December 31, 2023									\$ 135,432	