

Village of Hales Corners Tax Incremental District No. 4

Financial Statements and
Supplementary Information

December 31, 2024

Village of Hales Corners
Tax Incremental District No. 4

Table of Contents
December 31, 2024

	<u>Page</u>
Accountants' Compilation Report	1
Financial Statements	
Balance Sheet	2
Historical Summary of Project Costs, Project Revenues and Net Cost to Be Recovered Through Tax Increments	3
Historical Summary of Sources, Uses and Status of Funds	4
Notes to Financial Statements	5
Supplementary Information	
Detailed Schedule of Sources, Uses and Status of Funds	8

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, 2024 and from the date of creation through December 31, 2024, 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, 2024, 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. This information is the representation of management. This 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 9, 2025

Village of Hales Corners
Tax Incremental District No. 4

Balance Sheet
December 31, 2024

	Capital Projects Fund
Assets	
Cash and investments	\$ 52,794
Taxes receivable	<u>308,923</u>
Total assets	<u><u>\$ 361,717</u></u>
Deferred Inflows of Resources and Fund Balances	
Deferred Inflows of Resources	
Unearned revenue	<u>\$ 308,923</u>
Fund Balances	
Restricted	<u>52,794</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 361,717</u></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, 2024

	<u>From the Date of Creation</u>
Project Costs	
Capital expenditures:	
Administration	\$ 2,730
Interest and fiscal charges	375,893
Developer agreement	<u>836,835</u>
Total project costs	<u>1,215,458</u>
Project Revenues	
Tax increments	1,245,712
Investment income	<u>22,540</u>
Total project revenues	<u>1,268,252</u>
Net cost recoverable through tax increments, December 31, 2024	<u><u>\$ (52,794)</u></u>
Reconciliation of Recoverable Costs	
Less fund balance	<u>\$ (52,794)</u>
Net costs recoverable through tax increments, December 31, 2024	<u><u>\$ (52,794)</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, 2024

	<u>From the Date of Creation</u>
Sources of Funds	
Tax increments	\$ 1,245,712
Investment income	<u>22,540</u>
Total sources of funds	<u>1,268,252</u>
Use of Funds	
Capital expenditures:	
Administration	2,730
Interest and fiscal	375,893
Developer Agreement	<u>836,835</u>
Total uses of funds	<u>1,215,458</u>
Excess of sources of funds over uses of funds	52,794
Fund Balance, Beginning	<u>-</u>
Fund Balance, Ending	<u><u>\$ 52,794</u></u>

See notes to financial statements

Village of Hales Corners

Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2024

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 (the 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 the District. The accompanying financial statements reflect all the significant operations of the District. The accompanying financial statements do not include the full presentation of the Village.

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 funds and the Village's long-term debt:

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, 2024

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, 2024

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. Fair values are based on quoted market prices. 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 \$294,326 and interest payment of \$60,912 made in 2024 to the developer.

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

<u>Calendar Year:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 136,645	\$ 56,145	\$ 192,790
2026	124,901	46,630	173,531
2027	126,999	41,760	168,759
2028	134,009	34,775	168,784
2029	141,404	27,405	168,809
2030	149,207	19,627	168,834
Total	<u>\$ 813,165</u>	<u>\$ 228,342</u>	<u>\$ 1,041,507</u>

Tax Incremental District No. 4

Detailed Schedule of Sources, Uses and Status of Funds
From the Date of Creation Through December 31, 2024

	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total	Project Plan Estimate
Sources of Funds											
Tax increments	\$ -	\$ -	\$ -	\$ 60,997	\$ 102,233	\$ 273,260	\$ 254,472	\$ 294,474	\$ 260,276	\$ 1,245,712	\$ 18,346,170
Miscellaneous revenues	-	-	-	374	286	52	666	8,158	13,004	22,540	-
Proceeds from debt issued	-	-	-	-	-	-	-	-	-	-	10,165,000
Total sources of funds	-	-	-	61,371	102,519	273,312	255,138	302,632	273,280	1,268,252	28,511,170
Uses of Funds											
Capital expenditures	-	-	-	-	-	-	-	-	-	-	9,650,000
Administration	1,000	150	150	150	150	150	150	150	680	2,730	174,225
Interest and fiscal charges	-	-	-	-	75,625	90,750	78,972	69,634	60,912	375,893	3,847,783
Developer agreement	-	-	-	-	-	214,137	169,787	158,585	294,326	836,835	10,165,000
Total uses of funds	1,000	150	150	150	75,775	305,037	248,909	228,369	355,918	1,215,458	23,837,008
Fund Balance, December 31, 2024										<u>\$ 52,794</u>	