

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO.4**

Hales Corners, Wisconsin

COMPILED  
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of December 31, 2019 and  
From the Date of Creation Through December 31, 2019

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

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As of December 31, 2019 and  
From the Date of Creation Through December 31, 2019

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To the Village Board  
Village of Hales Corners  
Hales Corners, Wisconsin

Management is responsible for the accompanying Compiled Balance Sheet, Compiled Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and Compiled Historical Summary of Sources, Uses, and Status of Funds of the Village of Hales Corners' Tax Incremental District No. 4 ("district") as of and for the year ended December 31, 2019 and from the date of creation through December 31, 2019, 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, 2019, 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 Virchow Krause, LLP*

Milwaukee, Wisconsin  
May 22, 2020

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED  
BALANCE SHEET  
As of December 31, 2019

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	<u>Capital Projects Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 59,921
Taxes receivable	<u>102,233</u>
<b>TOTAL ASSETS</b>	<u>\$ 162,154</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
Deferred Inflows of Resources	
Unearned revenue	<u>\$ 102,233</u>
Fund Balance	
Unassigned	<u>59,921</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 162,154</u>

See accompanying notes to financial statements and accountants' compilation report.

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED  
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES  
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS  
From the Date of Creation Through December 31, 2019

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	<u>From Date of Creation</u>
<b>PROJECT COSTS</b>	
Administration	\$ 1,450
Total Project Costs	<u>1,450</u>
<b>PROJECT REVENUES</b>	
Tax increments	\$ 60,997
Investment income	<u>374</u>
Total Project Revenues	<u>61,371</u>
<b>NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019</b>	<b><u>\$ (59,921)</u></b>
Reconciliation of Recoverable Costs	
Less: Fund balance	<u>\$ (59,921)</u>
<b>NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019</b>	<b><u>\$ (59,921)</u></b>

See accompanying notes to financial statements and accountants' compilation report.

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED  
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS  
From the Date of Creation Through December 31, 2019

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	From Date of Creation
<b>SOURCES OF FUNDS</b>	
Tax increments	\$ 60,997
Investment income	<u>374</u>
Total Sources of Funds	<u>61,371</u>
<b>USES OF FUNDS</b>	
Administration	<u>1,450</u>
Total Uses of Funds	<u>1,450</u>
<b>Excess of Sources of Funds Over Uses of Funds</b>	59,921
BEGINNING FUND BALANCE	<u>-</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 59,921</u></u>

See accompanying notes to financial statements and accountants' compilation report.

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of December 31, 2019 and  
From the Date of Creation Through December 31, 2019

**NOTE 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.

**A. 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 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**

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

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of December 31, 2019 and  
From the Date of Creation Through December 31, 2019

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***B. 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.

***C. 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.

***D. 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.

***E. 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.

***F. 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**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of December 31, 2019 and  
From the Date of Creation Through December 31, 2019

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

**NOTE 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%. No payments have been made to the developer as of December 31, 2019.

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>Totals</u>
2020	\$ -	\$ 75,625	\$ 75,625
2021	152,945	90,750	243,695
2022	169,787	82,338	252,125
2023	158,585	73,000	231,585
2024	147,863	64,278	212,141
2025 - 2029	663,958	208,715	872,673
2030 - 2032	356,862	34,414	391,276
 Totals	 <u>\$ 1,650,000</u>	 <u>\$ 629,120</u>	 <u>\$ 2,279,120</u>

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED  
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS  
From the Date of Creation Through December 31, 2019

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Totals</u>	<u>Project Plan Estimate</u>
<b>SOURCES OF FUNDS</b>						
Tax increments	\$ -	\$ -	\$ -	\$ 60,997	\$ 60,997	\$ 18,346,170
Investment income	-	-	-	374	374	-
Proceeds from debt issued	-	-	-	-	-	10,165,000
Total Sources of Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,371</u>	<u>61,371</u>	<u>28,511,170</u>
<b>USES OF FUNDS</b>						
Capital expenditures	-	-	-	-	-	9,650,000
Administration	1,000	150	150	150	1,450	174,225
Interest and fiscal charges	-	-	-	-	-	3,847,783
Principal on long-term debt	-	-	-	-	-	10,165,000
Total Uses of Funds	<u>1,000</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>1,450</u>	<u>23,837,008</u>
FUND BALANCE – DECEMBER 31, 2019					<u>\$ 59,921</u>	