

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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. 3**

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

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## ACCOUNTANTS' COMPILATION REPORT

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. 3 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. 3**

COMPILED  
BALANCE SHEET  
As of December 31, 2019

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	<u>Capital Projects Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 46,446
Taxes receivable	<u>94,369</u>
<b>TOTAL ASSETS</b>	<u>\$ 140,815</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
Deferred Inflows of Resources	
Unearned revenue	<u>\$ 94,369</u>
Fund Balance	
Restricted	<u>46,446</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 140,815</u>

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

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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

	From Date of Creation
<b>PROJECT COSTS</b>	
Capital expenditures	\$ 617,597
Administration	30,703
Interest and fiscal charges	123,343
Total Project Costs	771,643
<b>PROJECT REVENUES</b>	
Tax increments	606,684
Increment subsidy from Tax Incremental District No. 2	200,000
Investment income	7,891
Miscellaneous	3,514
Total Project Revenues	818,089
<b>NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019</b>	
	\$ (46,446)
Reconciliation of Recoverable Costs	
G.O. Debt	\$ -
Less: Fund balance	(46,446)
<b>NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019</b>	
	\$ (46,446)

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

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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

	From Date of Creation
<b>SOURCES OF FUNDS</b>	
Tax increments	\$ 606,684
Increment subsidy from Tax Incremental District No. 2	200,000
Investment Income	7,891
Miscellaneous	3,514
Proceeds from issuance of debt	862,000
Total Sources of Funds	1,680,089
<b>USES OF FUNDS</b>	
Capital expenditures	617,597
Administration	30,703
Interest and fiscal charges	123,343
Principal on long-term debt	862,000
Total Uses of Funds	1,633,643
<b>Excess of Sources of Funds Over Uses of Funds</b>	46,446
<b>BEGINNING FUND BALANCE</b>	-
<b>ENDING FUND BALANCE</b>	\$ 46,446

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

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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. 3 ("the district" or "TID No. 3") conforms to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village of Hales Corners 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. 3. The accompanying financial statements reflect all the significant operations of the Village of Hales Corners' Tax Incremental District No. 3. 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 Village of Hales Corners' Tax Incremental District (TID) No. 3. 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 of Hales Corners' 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 of Hales Corners. 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. 3	January 1, 2008	January 1, 2030	2035

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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 deferred revenue or a reservation of 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 BUDGETS***

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

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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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***F. LONG-TERM DEBT***

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

***G. 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. There were no significant claims or judgments at year end.

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**NOTE 2 – CASH AND TEMPORARY INVESTMENTS**

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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.

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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

**NOTE 3 – LONG-TERM DEBT**

**A. DEVELOPER NOTE PAYABLE**

During the year ended December 31, 2011, the Village determined that a developer involved with the TID No. 3 development project was required to contribute \$200,000 for a deficit in tax increments expected from the development project. The amount was drawn on a letter of credit established by the developer and recorded as a developer contribution during the year ended December 31, 2011. Subsequently, the developer sought relief from the Village, and during the year ended December 31, 2016, the Village reached a settlement agreement with the developer to repay the \$200,000 plus 2.00% interest on funds, retroactive from the date of issuance, in the form of a note payable. The amount was recorded as a refund of the developer contribution (contra-revenue) and as proceeds from the issuance of debt during the period ended December 31, 2016.

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12/31/19</u>
Developer Note Payable	11/23/16	8/15/19	2.00%	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>

**B. GENERAL OBLIGATION DEBT**

All general obligation notes and bonds payable are backed by the full faith and credit of the District. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the District. If those revenues are not sufficient, payments will be made by future tax levies or utility revenues, as applicable.

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12/31/19</u>
2008 State Trust Fund Loan	8/15/06	3/15/18	4.25%	<u>\$ 662,000</u>	<u>\$ 662,000</u>	<u>\$ -</u>

The 2008 state trust fund loan was paid off prior to the due date in 2013.

**VILLAGE OF HALES CORNERS  
TAX INCREMENTAL DISTRICT NO. 3**

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 4 – INCREMENT SHARING**

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As allowable under TID statutes, the District may share positive TID increments. In 2009, the Village of Hales Corners and the joint review board approved sharing increments from TID No. 2 (donor district) to TID No. 3 (donee district). Transfers of \$200,000 are reflected as recoverable costs in the donor district, and as project revenues in the donee district. The one time transfer was approved to occur in 2009. TID increment sharing is valid for the life of the donor district or the recipient district, whichever date comes first, and the life of the donor district may not be extended. Transfers between districts are subject to various conditions in the statutes.

**TAX INCREMENTAL DISTRICT NO. 3**

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
<b>SOURCES OF FUNDS</b>														
Tax increments	\$ -	\$ -	\$ 26,894	\$ 45,748	\$ 35,506	\$ 35,453	\$ 46,688	\$ 98,652	\$ 68,867	\$ 72,301	\$ 95,718	\$ 80,857	\$ 606,684	\$ 2,925,479
Increment subsidy from Tax Incremental District No. 2	-	200,000	-	-	-	-	-	-	-	-	-	-	200,000	-
Investment income	4,755	1,328	221	139	68	31	33	144	548	309	315	-	7,891	-
Developer contributions	-	-	-	200,000	-	-	-	-	(200,000)	-	-	-	-	-
Miscellaneous	-	-	297	-	206	708	585	371	335	235	238	539	3,514	-
Proceeds from issuance of debt	662,000	-	-	-	-	-	-	-	200,000	-	-	-	862,000	662,000
<b>Total Sources of Funds</b>	<b>666,755</b>	<b>201,328</b>	<b>27,412</b>	<b>245,887</b>	<b>35,780</b>	<b>36,192</b>	<b>47,306</b>	<b>99,167</b>	<b>69,750</b>	<b>72,845</b>	<b>96,271</b>	<b>81,396</b>	<b>1,680,089</b>	<b>3,587,479</b>
<b>USES OF FUNDS</b>														
Capital expenditures	-	617,597	-	-	-	-	-	-	-	-	-	-	617,597	635,000
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Administration	26,347	392	800	1,965	149	150	150	150	150	150	150	150	30,703	15,000
Interest and fiscal charges	-	17,112	25,553	24,296	11,583	12,125	2,147	1,726	764	25,232	2,805	-	123,343	284,288
Principal on long-term debt	-	60,753	56,244	257,501	36,661	250,841	-	-	-	59,768	82,195	58,037	862,000	662,000
<b>Total Uses of Funds</b>	<b>26,347</b>	<b>695,854</b>	<b>82,597</b>	<b>283,762</b>	<b>48,393</b>	<b>263,116</b>	<b>2,297</b>	<b>1,876</b>	<b>914</b>	<b>85,150</b>	<b>85,150</b>	<b>58,187</b>	<b>1,633,643</b>	<b>1,608,288</b>
 FUND BALANCE – DECEMBER 31, 2019													\$ 46,446	