

Village of Mount Horeb Tax Incremental District No. 4

Financial Statements and
Supplementary Information

December 31, 2020

Village of Mount Horeb Tax Incremental District No. 3

Table of Contents
December 31, 2020

	<u>Page</u>
Accountants' Compilation Report	1
Financial Statements	
Tax Incremental District No. 4 – Balance Sheet	2
Tax Incremental District No. 4 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 4 – Historical Summary of Sources, Uses and Status of Funds	4
Notes to Financial Statements	5
Supplemental Information	
Tax Incremental District No. 4 – Detailed Schedule of Sources, Uses and Status of Funds	8
Tax Incremental District No. 4 – Detailed Schedule of Capital and Administrative Expenditures	10

Accountants' Compilation Report

To the Village Board of
Village of Mount Horeb

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 Mount Horeb's Tax Incremental District No. 4 (District) as of and for the year ended December 31, 2020 and from the date of creation through December 31, 2020, 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 Mount Horeb as of December 31, 2020, 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

Madison, Wisconsin
April 15, 2021

Village of Mount Horeb Tax Incremental District No. 4

Balance Sheet
December 31, 2020

Assets	
Cash and investments	\$ 352,649
Taxes receivable	<u>89,546</u>
Total assets	<u><u>\$ 442,195</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	<u>\$ -</u>
Deferred Inflows of Resources	
Unearned tax revenues	<u>89,546</u>
Fund Balance	
Restricted for TIF districts	<u>352,649</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 442,195</u></u>

See notes to financial statements

Village of Mount Horeb Tax Incremental District No. 4

Historical Summary of Project Costs, Project Revenues
and Net Cost to be Recovered Through Tax Increments
From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ -	\$ 452,549
Professional services (planning, engineering, other)	1,386	57,687
Administration (in-house)	2,200	28,398
Interest and fiscal charges on long-term debt	1,749	45,705
	<hr/>	<hr/>
Total project costs	5,335	584,339
	<hr/>	<hr/>
Project Revenues		
Tax increments	97,399	844,782
Payment in lieu of taxes	-	487
Exempt computer aid	3,937	27,784
Investment income	3,511	21,070
	<hr/>	<hr/>
Total project revenues	104,847	894,123
	<hr/>	<hr/>
Net cost recoverable (recovered) through tax increments, December 31, 2020	<u>\$ 110,182</u>	<u>\$ (309,784)</u>
Reconciliation of Recoverable (Recovered) Costs		
Long-term debt outstanding		\$ 42,865
Less fund balance		<u>(352,649)</u>
		<hr/>
Net costs recoverable (recovered) through tax increments December 31, 2020		<u>\$ (309,784)</u>

Village of Mount Horeb Tax Incremental District No. 4

Historical Summary of Sources, Uses and Status of Funds
From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 97,399	\$ 844,782
Payment in lieu of taxes	-	487
Exempt computer aid	3,937	27,784
Investment income	3,511	21,070
Long-term debt issued	-	433,000
	<hr/>	<hr/>
Total sources of funds	104,847	1,327,123
	<hr/>	<hr/>
Uses of Funds		
Capital expenditures	-	452,549
Professional services (planning, engineering, other)	1,386	57,687
Administration (in-house)	2,200	28,398
Principal on long-term debt	20,571	390,135
Interest and fiscal charges on long-term debt	1,749	45,705
	<hr/>	<hr/>
Total uses of funds	25,906	974,474
	<hr/>	<hr/>
Excess of sources of funds over uses of funds	78,941	352,649
	<hr/>	<hr/>
Fund Balance, Beginning	273,708	-
	<hr/>	<hr/>
Fund Balance, Ending	<u>\$ 352,649</u>	<u>\$ 352,649</u>

See notes to financial statements

Village of Mount Horeb Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

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

The Village of Mount Horeb 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 Mount Horeb's Tax Incremental District No. 4. The accompanying financial statements do not include the full presentation of the Village of Mount Horeb.

Description of Fund Structure and Long-Term Debt

This report contains the financial information of the Village of Mount Horeb's Tax Incremental District No. 4. The summary statements were prepared from data recorded in the capital projects fund and the long-term debt of the District.

Detailed descriptions of the purpose of these funds and long-term debt can be found in the Village of Mount Horeb'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 improvements 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 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the Village of Mount Horeb. Project costs may be incurred up to five years before the unextended termination date of the District.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 4	September 24, 2007	September 24, 2022	2027

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 Village is entitled to the aids.

Special assessments are recorded as revenues when collected. Annual installments due in future years are accounted for as receivables and unavailable revenues. There were no special assessments receivable as of the date of this report.

Village of Mount Horeb Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2020

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 Districts and may not be comparable to interim results presented in this report.

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.

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.

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.

Village of Mount Horeb Tax Incremental District No. 4

Notes to Financial Statements
December 31, 2020

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 of Mount Horeb as an individual municipality and, accordingly, the amount of insured funds is not determinable for the District.

3. Long-Term Debt

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village of Mount Horeb. Notes and bonds borrowed to finance the Districts' expenditures will be retired by tax increments accumulated by the TIF District No. 4 fund. If those revenues are not sufficient, payments will be made by future tax levies.

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-20</u>
2008 Promissory Note	06/20/08	02/15/13	3.10 %	\$ 258,000	\$ 258,000	\$ -
2013 State Trust Fund Loan	01/10/13	03/15/22	2.75	175,000	132,135	42,865
Total				<u>\$ 433,000</u>	<u>\$ 390,135</u>	<u>\$ 42,865</u>

Aggregate maturities of all long-term debt relating to the District are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Calendar Year:			
2020	\$ 21,142	\$ 1,179	\$ 22,321
2022	21,723	597	22,320
Total	<u>\$ 42,865</u>	<u>\$ 1,776</u>	<u>\$ 44,641</u>

4. Guaranteed Revenue

The Village has entered into a development agreement with Trollway Shoppes Development Inc. (the Developer). The agreement guarantees that the Developer shall pay the difference between the guaranteed tax increment and the tax increment actually levied. The guarantee obligation shall terminate when the Village has collected from the tax increment generated from the District or been paid under this agreement the full amount of the project costs of not less than \$175,000.

5. Developer Payments

No developer payments were made by the Village during 2020.

Village of Mount Horeb Tax Incremental District No. 4

Detailed Schedule of Sources, Uses and Status of Funds
From Date of Creation Through December 31, 2020

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Sources of Funds								
Tax increments	\$ -	\$ -	\$ 43,550	\$ 82,781	\$ 39,064	\$ 43,473	\$ 77,357	\$ 91,368
Payment in lieu of taxes	-	-	-	-	-	-	-	-
Exempt computer aid and personal property aid	-	-	243	717	1,347	4,338	3,114	3,383
Investment income	-	1,340	86	132	55	32	53	348
Long-term debt issued	-	258,000	-	-	-	-	175,000	-
Total sources of funds	<u>-</u>	<u>259,340</u>	<u>43,879</u>	<u>83,630</u>	<u>40,466</u>	<u>47,843</u>	<u>255,524</u>	<u>95,099</u>
Uses of Funds								
Capital expenditures	-	236,892	40,657	-	-	-	175,000	-
Professional services (planning, engineering, other)	11,967	-	660	2,965	150	946	25,166	1,077
Administration (in-house)	-	204	2,789	2,788	2,789	2,200	2,228	2,200
Principal on long-term debt	-	-	50,657	49,483	51,018	52,608	54,234	16,664
Interest and fiscal charges on long-term debt	-	-	5,259	6,433	4,898	3,308	1,696	5,657
Total uses of funds	<u>11,967</u>	<u>237,096</u>	<u>100,022</u>	<u>61,669</u>	<u>58,855</u>	<u>59,062</u>	<u>258,324</u>	<u>25,598</u>
Excess (deficiency) of sources of funds over uses of funds	(11,967)	22,244	(56,143)	21,961	(18,389)	(11,219)	(2,800)	69,501
Fund Balance (Deficit), Beginning	<u>-</u>	<u>(11,967)</u>	<u>10,277</u>	<u>(45,866)</u>	<u>(23,905)</u>	<u>(42,294)</u>	<u>(53,513)</u>	<u>(56,313)</u>
Fund Balance (Deficit), Ending	<u>\$ (11,967)</u>	<u>\$ 10,277</u>	<u>\$ (45,866)</u>	<u>\$ (23,905)</u>	<u>\$ (42,294)</u>	<u>\$ (53,513)</u>	<u>\$ (56,313)</u>	<u>\$ 13,188</u>

Village of Mount Horeb Tax Incremental District No. 4

Detailed Schedule of Sources, Uses and Status of Funds
From Date of Creation Through December 31, 2020

	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>	<u>Project Plan Estimate</u>
Sources of Funds								
Tax increments	\$ 54,758	\$ 70,011	\$ 79,347	\$ 81,712	\$ 83,962	\$ 97,399	\$ 844,782	\$ 2,174,564
Payment in lieu of taxes	487	-	-	-	-	-	487	-
Exempt computer aid and personal property aid	2,669	3,220	1,514	1,537	1,765	3,937	27,784	-
Investment income	751	764	1,999	4,909	7,090	3,511	21,070	-
Long-term debt issued	-	-	-	-	-	-	433,000	1,487,000
Total sources of funds	<u>58,665</u>	<u>73,995</u>	<u>82,860</u>	<u>88,158</u>	<u>92,817</u>	<u>104,847</u>	<u>1,327,123</u>	<u>3,661,564</u>
Uses of Funds								
Capital expenditures	-	-	-	-	-	-	452,549	1,160,000
Professional services (planning, engineering, other)	4,471	1,554	2,096	4,049	1,200	1,386	57,687	40,000
Administration (in-house)	2,200	2,200	2,200	2,200	2,200	2,200	28,398	-
Principal on long-term debt	17,966	18,450	18,968	19,490	20,026	20,571	390,135	1,487,000
Interest and fiscal charges on long-term debt	4,355	3,871	3,353	2,831	2,295	1,749	45,705	974,564
Total uses of funds	<u>28,992</u>	<u>26,075</u>	<u>26,617</u>	<u>28,570</u>	<u>25,721</u>	<u>25,906</u>	<u>974,474</u>	<u>3,661,564</u>
Excess (deficiency) of sources of funds over uses of funds	29,673	47,920	56,243	59,588	67,096	78,941	352,649	-
Fund Balance (Deficit), Beginning	<u>13,188</u>	<u>42,861</u>	<u>90,781</u>	<u>147,024</u>	<u>206,612</u>	<u>273,708</u>	-	-
Fund Balance (Deficit), Ending	<u>\$ 42,861</u>	<u>\$ 90,781</u>	<u>\$ 147,024</u>	<u>\$ 206,612</u>	<u>\$ 273,708</u>	<u>\$ 352,649</u>	<u>\$ 352,649</u>	<u>\$ -</u>

Village of Mount Horeb Tax Incremental District No. 4

Detailed Schedule of Capital and Administrative Expenditures

From Date of Creation Through December 31, 2020

	Project Expenditures	Project Plan Estimate
Street reconstruction	\$ 277,549	\$ 350,000
Developer incentives	175,000	400,000
Bike trail bridge rehab	-	250,000
General infrastructure improvements	-	160,000
	<hr/>	<hr/>
Total capital and administrative expenditures	\$ 452,549	\$ 1,160,000
	<hr/> <hr/>	<hr/> <hr/>