

Joint Review Board

Wednesday, June 30, 2021

4:00 PM

McFarland Municipal Center
Community Room

AGENDA

You are invited to this meeting through a Zoom webinar. The Public is strongly encouraged to watch and participate in these meetings remotely through either the webinar or telephone options listed below.

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

<https://us02web.zoom.us/j/85769080704>

Or by Telephone: +1 (312) 626-6799

Webinar ID: 857 6908 0704

1. CALL TO ORDER.
2. ATTENDANCE/ROLL CALL.
3. PUBLIC APPEARANCES.
4. BUSINESS.
 - a. Discussion and action to appoint a chair person for the Joint Review Board for the Village of McFarland for Tax Increment Finance Districts #3, #4, and #5.
 - b. Discussion and action to approve the minutes of June 18, 2020 meeting.
 - c. Discussion and action to accept the 2020 Annual Report for Tax Incremental District #3.
 - d. Discussion and action to accept the 2020 Annual Report for Tax Incremental District #4.
 - e. Discussion and action to accept the 2020 Annual Report for Tax Incremental District #5.
5. ADJOURNMENT.

This meeting notice constitutes an official meeting of the above referenced group and was posted in accordance with all applicable laws related to Open Meetings Law. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals. For additional information or to request this service, contact the McFarland Municipal Center at (608) 838-3153 or cassandra.suettinger@mcfarland.wi.us

McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, June 30, 2021

SECTION: Business

DEPARTMENT: Administration

CONTACT: Andrew Bremer, Comm & Eco Dev Director

AGENDA ITEM: Discussion and action to appoint a chair person for the Joint Review Board for the Village of McFarland for Tax Increment Finance Districts #3, #4, and #5.

PREVIOUS ACTION:

ISSUE SUMMARY:

Erik Thoresen previously served as the chair of the Joint Review Board. With his resignation the members will need to nominate and appoint a new chair person.

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

None

VILLAGE OF MCFARLAND
Joint Review Board Minutes

Thursday, June 18, 2020 - 4:00 PM

1. CALL TO ORDER.

Motion by Jeff Mahoney, second by Erik Thoresen, to call the Joint Review Board to order at 4:00 in the Community Room of the McFarland Municipal Center.

2. ATTENDANCE/ROLL CALL.

Members present: Jeff Mahoney, Brad Czebotar, Erik Thoresen, and Adam Gallagher

Members not present: Tim Casper

Staff Present: Community & Economic Development Director Andrew Bremer and Village Administrator Matt Schuenke.

3. PUBLIC APPEARANCES.

None.

4. BUSINESS.

a. Discussion and action regarding minutes of the meeting held June 25, 2019

Motion by Brad Czebotar, second by Adam Gallagher, to approve the minutes of the meeting held June 25, 2019 Motion carries 4 - 0 - 0 by acclamation.

b. Discussion and action to accept the 2019 Annual Report for Tax Increment District #3

Motion by Erik Thoresen, second by Adam Gallagher, to accept the 2019 Annual Report for Tax Increment District #3 Motion carries 4 - 0 - 0 by acclamation.

c. Discussion and action to accept the 2019 Annual Report for Tax Increment District #4.

Motion by Erik Thoresen, second by Jeff Mahoney, to accept the 2019 Annual Report for Tax Increment District #4. Motion carries 4 - 0 - 0 by acclamation.

d. Discussion and action to accept the 2019 Annual Report for Tax Increment District #5.

Motion by Brad Czebotar, second by Jeff Mahoney, to accept the 2019 Annual Report for Tax Increment District #5. Motion carries 4 - 0 - 0 by acclamation.

5. ADJOURNMENT.

Motion by Brad Czebotar, second by Adam Gallagher, to adjourn at 4:24 p.m.

Pursuant to law, written notice of this meeting was given to the public and posted on the public bulletin boards in accordance with Open Meetings Law.

Respectfully submitted,
Cassandra Suettinger
Village Clerk/Treasurer

McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, June 30, 2021

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Discussion and action to accept the 2020 Annual Report for Tax Incremental District #3.

PREVIOUS ACTION:

ISSUE SUMMARY:

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

1. McFarland JRB Memo_2020 TID#3 Annual Reports_06.24.21

Memorandum

To: McFarland Joint Review Board, Tax Increment Districts #3

From: Andrew Bremer, Community & Economic Development Director

Date: June 24, 2021

Re: **2020 Annual Reports for TID #3**

Executive Summary

ACT 257 was created by the State of Wisconsin as a means to require municipalities to hold annual Joint Review Board meetings with the express purpose to review an annual report of each TIF District with the other overlying taxing jurisdictions. Several financial metrics are required to be provided in order to demonstrate the TID's performance over time. The Village is fortunate that it has been preparing this type of annual report voluntarily through its annual auditing process since at least 2006. This cover memorandum is provided as a summary of the year in review and an introduction to the financial statements and WDOR PE-300 forms prepared for the year.

TID #3 2020 Annual Report

TID #3 was created as a post 1995 Industrial TID on August 9, 2004. It is scheduled to expire on August 9, 2027 and not presently forecasted for closure prior to this date. TID #3 has done very well with a positive fund balance of \$1,193,024 at the end of 2020, with \$838,009 in tax increment collected in 2020. TID #3 did experience a deficit in 2020 that was offset by existing surplus revenues. The 2020 Tax Increment Value of the District was \$44,666,400. TID #3 also serves as a donor to TID #4 as authorized by the JRB on July 14, 2015. The expenditure period for TID #3 will expire on August 9, 2022 and the Village's Community Development Authority is currently discussing potential remaining expenditures including development subsidies, real estate acquisition, and reconstruction of Terminal Drive. The district still has about \$8M in unexpended funds authorized in its project plan that could be pursued in the remaining year including public improvements, economic development, and marketing initiatives.

2020 New Project/Development Highlights:

1. 4703 Terminal Drive. The first phase of 4703 Terminal Drive, a 27-unit apartment building, was completed. The full value for this first phase (~\$4.2M) will be achieved as of January 1, 2022. This development site includes three additional phases, two phases for office development and a fourth phase for another 27-unit apartment. Development of the phase 2 & 3 office buildings has been slowed due to the pandemic.
2. 4608 Siggelkow Road. In 2020 the Village approved the third phase of Waubesa Village, a 27-unit apartment building which is expected to add \$3.8M in value to the TID as of January 1, 2022. The same developer is currently considering a fourth phase as part of a request to redevelopment the adjacent 4902 & 4908 Terminal Drive properties for a 27-unit apartment building.
3. 4313 Triangle Street. The Village, upon recommendation of the CDA, purchased 4313 Triangle Street as an attempt to eliminate blight and assemble properties near Meinders Road as previous plans had called for. A local business, CTW Flooring, has applied to the Village to construct a

27,000 square foot office and warehouse facility for a subsidiary business Wisco Cabinets. If approved, this project would provide an additional \$2.4M in value to the TID as of January 1, 2023.

Exhibits: Compiled Financial Statements of TID #3 prepared by Baker Tilly
Draft Form PE 300

Village of McFarland Tax Incremental District No. 3

Compiled Financial Statements and
Supplementary Information

December 31, 2020

Village of McFarland Tax Incremental District No. 3

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December 31, 2020

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Accountants' Compilation Report

To the Village Board of
Village of McFarland

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 McFarland's Tax Incremental District No. 3 (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 McFarland 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
June 21, 2021

Village of McFarland Tax Incremental District No. 3

Balance Sheet

December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 256,474
Taxes receivable	930,641
Advances to village funds	<u>936,790</u>
Total assets	<u><u>\$ 2,123,905</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 240</u>
Total liabilities	<u>240</u>
Deferred Inflows of Resources	
Unearned revenue	<u>930,641</u>
Total deferred inflows of resources	<u>930,641</u>
Fund Balance	
Restricted	<u>1,193,024</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 2,123,905</u></u>

See notes to financial statements

Village of McFarland Tax Incremental District No. 3

Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered

Year Ended December 31, 2020 and From the Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 476,109	\$ 2,953,856
Developer payments	337,500	3,642,370
Administration (in-house)	34,422	527,295
Professional services	19,189	222,230
Subsidy to TIF No. 4	217,841	1,386,182
Interest on advance	-	38,446
Interest and fiscal charges	<u>54,056</u>	<u>2,191,723</u>
Total project costs	<u>1,139,117</u>	<u>10,962,102</u>
Project Revenues		
Tax increments	828,009	10,333,107
Developer guarantees	29,953	534,154
Exempt computer aid	52,721	154,314
Licenses and permits	-	8,152
Investment income	8,334	91,571
Interest on advances	1,820	14,061
Rent	-	85,849
Miscellaneous	222	5,139
Debt premium	<u>-</u>	<u>43,779</u>
Total project revenues	<u>921,059</u>	<u>11,270,126</u>
Net cost recoverable (recovered) through TIF increments, December 31, 2020	<u>\$ 218,058</u>	<u>\$ (308,024)</u>
Reconciliation of Recoverable Costs		
G.O. debt outstanding		\$ 885,000
Less fund balance		<u>(1,193,024)</u>
Net cost recoverable through TIF increments, December 31, 2020		<u>\$ (308,024)</u>

See notes to financial statements

Village of McFarland Tax Incremental District No. 3

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From the Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 828,009	\$ 10,333,107
Developer guarantees	29,953	534,154
Exempt computer aid	52,721	154,314
Licenses and permits	-	8,152
Investment income	8,334	91,571
Interest on advances	1,820	14,061
Rent	-	85,849
Miscellaneous	222	5,139
Debt premium	-	43,779
Long-term debt issued	-	7,355,000
	<u>921,059</u>	<u>18,625,126</u>
Total sources of funds		
Uses of Funds		
Capital expenditures	476,109	2,953,856
Developer payments	337,500	3,642,370
Administration (in-house)	34,422	527,295
Professional services	19,189	222,230
Subsidy to TIF No. 4	217,841	1,386,182
Interest on advance	-	38,446
Interest and fiscal charges	54,056	2,191,723
Principal on long-term debt	270,000	6,470,000
	<u>1,409,117</u>	<u>17,432,102</u>
Total uses of funds		
Excess (deficiency) of sources of funds over uses of funds	(488,058)	1,193,024
Fund Balance, Beginning	<u>1,681,082</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,193,024</u>	<u>\$ 1,193,024</u>

See notes to financial statements

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

The accounting policies of the Village of McFarland's Tax Incremental District No. 3 (the District) conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village of McFarland 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 McFarland's Tax Incremental District No. 3. The accompanying financial statements do not include the full presentation of the Village of McFarland.

Description of Fund Structure and Long-Term Debt

This report contains the financial information of the Village of McFarland's Tax Incremental District No. 3. The summary statements were prepared from data recorded in the following funds and the village's long-term debt:

General Fund
Capital Projects Fund

Detailed descriptions of the purpose of these funds and long-term debt can be found in the Village of McFarland'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 23 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the Village of McFarland. Project costs may be incurred up to five years before the unextended termination date of the District.

<u>Original Project Plan</u>	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 3	08/09/04	08/09/22	2028
<u>Plan Amendment</u>	<u>Adoption Date</u>	<u>Last Date to Incur Project Costs</u>	
TID No. 3	12/10/07	08/09/22	
<u>Plan Amendment</u>	<u>Adoption Date</u>	<u>Last Date to Incur Project Costs</u>	
TID No. 3	06/22/15	08/09/22	

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements

December 31, 2020

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.

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 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.

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.

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements

December 31, 2020

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.

The District, as a fund of the Village of McFarland, maintains common cash and investment accounts at the same financial institutions utilized by the Village of McFarland. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the Village of McFarland 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 McFarland. Notes and bonds borrowed to finance the District's expenditures will be retired by tax increments accumulated by the TIF District No. 3 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 Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12/31/20</u>
2004 BANS	12/28/04	12/31/09	4.50%	\$ 1,535,000	\$ 1,535,000	\$ -
2005 BANS	05/15/05	09/01/09	3.50%	1,420,000	1,420,000	-
2008 Taxable G.O. Promissory Notes	12/15/08	12/01/17	4.50-6.15%	2,635,000	2,635,000	-
2008 G.O. Refunding Bonds	12/15/08	12/01/23	4.50-4.75%	1,415,000	530,000	885,000
2008 State Trust Fund Loan	03/25/08	03/15/23	4.75%	140,000	140,000	-
2008 G.O. Promissory Notes	12/15/08	12/01/18	4.00-4.25%	210,000	210,000	-
				<u>\$ 7,355,000</u>	<u>\$ 6,470,000</u>	<u>\$ 885,000</u>

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements

December 31, 2020

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending December 31:			
2021	\$ 285,000	\$ 40,894	\$ 325,894
2022	295,000	27,000	322,000
2023	<u>305,000</u>	<u>13,725</u>	<u>318,725</u>
Total	<u>\$ 885,000</u>	<u>\$ 81,619</u>	<u>\$ 966,619</u>

4. Advances To Village Funds

In 2016, the TIF District No.3 advanced \$500,000 to TIF District No. 4. The amount advanced was determined by the deficiency of revenues over expenditures and other financing sources since the District's inception. Repayment for this advance began in 2018 with interest. TIF District No. 3 is charging TIF District No. 4 interest on the advance based on the average outstanding advance balance during the year at a floating interest rate. The outstanding portion of this advance was \$353,944 as of December 31, 2020. In 2018, TIF No. 3 advanced an additional \$43,763 to TIF No. 4. TIF No. 3 also advanced \$147,635 to TIF No. 5 in 2019. In 2020, the amount of the advance to TIF No. 5 increased to \$189,083. No interest was charged on the additional advance to TIF No. 4 and the advance to TIF No. 5. In 2020, the TIF District No. 3 advanced \$350,000 to TIF No. 5. Repayment for this advance will begin in 2021. There is no interest being charged on the advance. The outstanding portion of this advance at December 31, 2020 was \$350,000.

Below is a table showing the cumulative results of the advance:

	<u>Advance (including interest)</u>	<u>Cumulative</u>
2007*	\$ 14,650	\$ 14,650
2008*	77,419	92,069
2009	145,224	237,293
2010	54,344	291,637
2011	46,231	337,868
2012	72,340	410,208
2013	69,909	480,117
2014	79,358	559,475
2015	94,684	654,159
2016	(154,159)	500,000
2017	<u>-</u>	<u>500,000</u>
Total	<u>\$ 500,000</u>	

*In 2007 and 2008, the advance to TIF District No. 4 was from the General Fund.

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements

December 31, 2020

The following are the advance repayment schedules.

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 49,883	\$ 1,596
2022	50,108	1,371
2023	50,334	1,145
2024-2027	<u>203,619</u>	<u>2,301</u>
Total	<u>\$ 353,944</u>	<u>\$ 6,413</u>

<u>Years</u>	<u>Principal</u>
2021	\$ 43,750
2022	43,750
2023	43,750
2024-2028	<u>218,750</u>
Total	<u>\$ 350,000</u>

5. Guaranteed Revenue

High Track, LLC

During 2004, the Village of McFarland entered into a development agreement with High Track, LLC. The agreement guarantees that the developer will pay the difference between the guaranteed tax increment and the tax increment actually levied on an annual basis.

The developer agreed to construct the cold storage facility in TIF District No. 3 so that the fair market value on January 1, 2005 would generate a tax increment of \$150,000. If the development generated less than \$150,000, the developer would owe the village the difference. The payment would be made by the developer to the village. One-half of the payment was due on or before January 31, 2006 with the balance due on or before July 31, 2006. The actual property taxes for 2005 totaled \$137,832, thus triggering a supplemental increment requirement of \$12,167. Consistent with the terms of the agreement, half of the supplemental payment was due January 31, 2006 and the remaining half due July 31, 2006.

By January 1, 2006, the developer agreed that the fair market value of the facility would generate a tax increment of \$225,000. If the development generates less than this amount, the developer is required to annually, thereafter, pay the village a sum, which is the difference between the increment generated and \$225,000. This payment will be made semi-annually by developer to village on or before January 31 and July 31 of each succeeding year.

In May 2010, the High Track refrigerated warehousing business located at 4704 Terminal Drive was sold by High Track, LLC to Midwest Refrigerated Services, Inc. As a result of the sale and reduced demand for warehousing space due to the weak economy, the assessed valuation of the real estate decreased from \$15,785,900 in 2009 to \$13,600,000 in 2010. The current loan was assumed by the new owners and the annual property taxes exceeds the guaranteed annual tax increment of \$225,000.

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements

December 31, 2020

During 2007 - 2020, the fair market value of the facility generated enough increment that no supplemental increment payment was required to be made by High Track.

Spartan Properties and 84 Lumber

The Village of McFarland also entered into development agreements with Spartan Properties and 84 Lumber under which TIF District No. 3 provided loans to facilitate two separate redevelopment projects. Both of these development agreements guarantee certain minimum assessed valuations for the properties in the year following the completion of construction. If the actual assessed values fall short of the guaranteed assessment amounts, the developers are obligated to make additional payments to the village equivalent to the property taxes that would have been due on the shortfall in valuation.

The 84 Lumber wholesale building products business located at 4414 Terminal Drive was sold in 2016. The existing loan (\$29,552) from TIF District No. 3 to 84 Lumber was due upon sale and was paid in early 2017.

Partial construction on the Spartan Properties redevelopment project located at 4915 Voges Road commenced in 2012, but challenging market conditions and tight real estate lending practices make uncertain the timetable for completing full redevelopment of the site. It is anticipated, therefore, that TIF District No. 3 will remain heavily reliant on developer make-up payments in 2016 and 2017. These make-up payments are secured by a bank letter of credit and by a mortgage to the property. The village received \$68,653 in make-up payments from Spartan Properties in 2016. As of 1/1/19, Spartan Properties had generated enough increment to no longer require any extra make-up payments.

Waubesa Village

In 2015, the Village of McFarland entered into a development agreement with Waubesa Village, LLC. The agreement guarantees that Waubesa Village, LLC shall pay the difference between the guaranteed tax increment and the tax increment actually levied. A makeup payment of \$41,432 was made in 2017. A makeup payment of \$29,953 was made in 2020.

Ezra Properties

In 2019, the Village of McFarland entered into a development agreement with Ezra Properties, LLC. The agreement guarantees that TIF No. 3 will provide economic development assistance in the form of a loan in an amount up to \$675,000 upon certain conditions being satisfied. The agreement guarantees that Ezra Properties, LLC shall pay the difference between the guaranteed tax increment and the tax increment actually levied for the tax year commencing January 1, 2021.

6. Increment Sharing

As allowable under TIF statutes, the Village of McFarland may share positive TIF increments. In 2015, the Village of McFarland and the joint review board approved sharing increments from TIF District No. 3 (donor district) to TIF District No. 4 (donee district). Transfers are reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2015. Transfers to date total \$1,386,182. TIF 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.

Village of McFarland Tax Incremental District No. 3

Notes to Financial Statements
December 31, 2020

7. Developer Payments

Developer	Description	Year of Payment	Amount
High Track, LLC	Forgivable loan related to the construction of a cold storage facility and offices with a final completion value of approximately \$9,000,000	2004	\$ 1,500,000
Spartan Properties	Economic development assistance	2008	476,250
84 Lumber	Forgivable loan	2006	265,443
		2007	142,730
		2009	4,768
		2011	10,095
Waubesa Village, LLC	Economic development assistance	2016	545,584
		2018	350,800
		2019	9,200
Ezra Properties, LLC	Economic development assistance	2020	337,500

Village of McFarland Tax Incremental District No. 3

Detailed Schedule of Sources, Uses and Status of Funds

From the Date of Creation Through December 31, 2020

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sources										
Tax increments	\$ -	\$ -	\$ 164,170	\$ 331,293	\$ 462,568	\$ 712,470	\$ 829,770	\$ 802,316	\$ 753,774	\$ 710,116
Developer guarantee	-	-	-	-	-	16,346	28,278	33,804	-	80,104
Exempt computer aid	-	-	3,244	8,725	6,345	3,339	7,832	15,273	13,760	10,495
Licenses and permits	-	-	8,152	-	-	-	-	-	-	-
Investment income	-	25,513	-	-	420	1,077	41	32	33	-
Interest on advance	-	-	-	-	-	2,457	555	440	598	445
Rent	-	-	4,500	10,800	10,800	10,800	10,974	11,100	11,100	11,100
Miscellaneous	-	-	-	-	-	-	-	-	238	4,679
Debt premium	-	1,545	-	-	42,234	-	-	-	-	-
Long-term debt issued	1,535,000	1,420,000	-	-	4,400,000	-	-	-	-	-
Total sources	1,535,000	1,447,058	180,066	350,818	4,922,367	746,489	877,450	862,965	779,503	816,939
Uses										
Capital expenditures	464,250	627,599	245,447	19,416	216,851	21,820	134,363	1,000	143,530	239,332
Developer payments	1,500,000	-	265,443	142,730	476,250	4,768	-	10,095	-	-
Administration (in-house)	16,865	36,080	23,175	29,072	25,652	28,614	32,072	32,753	31,983	32,790
Professional services	13,301	6,560	17,175	7,744	14,711	4,728	24,836	5,398	10,687	2,819
Subsidy to TIF No. 4	-	-	-	-	-	-	-	-	-	-
Interest on advance	5,749	4,089	7,531	14,149	6,928	-	-	-	-	-
Interest and fiscal charges	28,100	32,359	173,727	115,091	212,218	270,964	208,986	194,449	178,311	160,376
Principal on long-term debt	-	-	-	-	-	3,250,000	325,000	345,000	360,000	380,000
Total uses	2,028,265	706,687	732,498	328,202	952,610	3,580,894	725,257	588,695	724,511	815,317
Excess (deficiency) of sources of funds over uses of funds	(493,265)	740,371	(552,432)	22,616	3,969,757	(2,834,405)	152,193	274,270	54,992	1,622
Fund Balance (Deficit), Beginning	-	(493,265)	247,106	(305,326)	(282,710)	3,687,047	852,642	1,004,835	1,279,105	1,334,097
Fund Balance (Deficit), Ending	\$ (493,265)	\$ 247,106	\$ (305,326)	\$ (282,710)	\$ 3,687,047	\$ 852,642	\$ 1,004,835	\$ 1,279,105	\$ 1,334,097	\$ 1,335,719

Village of McFarland Tax Incremental District No. 3

Detailed Schedule of Sources, Uses and Status of Funds

From the Date of Creation Through December 31, 2020

	2014	2015	2016	2017	2018	2019	2020	Totals	Project Plan Estimate
Sources									
Tax increments	\$ 704,314	\$ 778,000	\$ 767,184	\$ 796,300	\$ 821,442	\$ 871,381	\$ 828,009	\$ 10,333,107	\$ 26,865,307
Developer guarantee	94,120	90,966	119,151	41,432	-	-	29,953	534,154	-
Exempt computer aid	7,114	4,784	3,988	5,466	5,547	5,681	52,721	154,314	-
Licenses and permits	-	-	-	-	-	-	-	8,152	-
Investment income	-	-	4,936	4,818	15,418	30,949	8,334	91,571	36,185
Interest on advance	416	802	4,485	-	-	2,043	1,820	14,061	-
Rent	4,675	-	-	-	-	-	-	85,849	-
Miscellaneous	-	-	-	-	-	-	222	5,139	447,337
Debt premium	-	-	-	-	-	-	-	43,779	43,779
Long-term debt issued	-	-	-	-	-	-	-	7,355,000	16,925,785
Total sources	810,639	874,552	899,744	848,016	842,407	910,054	921,059	18,625,126	44,318,393
Uses									
Capital expenditures	6,139	-	-	-	358,000	-	476,109	2,953,856	9,639,818
Developer payments	-	-	545,584	-	350,800	9,200	337,500	3,642,370	5,000,000
Administration (in-house)	32,958	33,715	35,971	35,422	35,833	29,918	34,422	527,295	975,201
Professional services	11,769	10,623	29,958	17,114	14,079	11,539	19,189	222,230	-
Subsidy to TIF No. 4	-	-	843,658	-	245,470	79,213	217,841	1,386,182	4,373,416
Interest on advance	-	-	-	-	-	-	-	38,446	38,466
Interest and fiscal charges	140,728	122,064	101,076	66,406	66,406	66,406	54,056	2,191,723	3,538,049
Principal on long-term debt	345,000	365,000	570,000	-	-	260,000	270,000	6,470,000	16,925,785
Total uses	536,594	531,402	2,126,247	118,942	1,070,588	456,276	1,409,117	17,432,102	40,490,735
Excess (deficiency) of sources of funds over uses of funds	274,045	343,150	(1,226,503)	729,074	(228,181)	453,778	(488,058)	1,193,024	
Fund Balance (Deficit), Beginning	1,335,719	1,609,764	\$ 1,952,914	\$ 726,411	\$ 1,455,485	\$ 1,227,304	\$ 1,681,082	-	
Fund Balance (Deficit), Ending	\$ 1,609,764	\$ 1,952,914	\$ 726,411	\$ 1,455,485	\$ 1,227,304	\$ 1,681,082	\$ 1,193,024	\$ 1,193,024	

Village of McFarland Tax Incremental District No. 3

Detailed Schedule of Capital Expenditures and Developer Payments
From the Date of Creation Through December 31, 2020

	<u>Actual</u>	<u>Estimate</u>
Capital Expenditures		
Ivywood Trail improvements	\$ 408,153	\$ 408,153
Siggelkow Road improvements	367,200	420,000
Sanitary sewer - Terminal Drive	816,318	1,000,000
Street improvements - Terminal Drive (urban)	127,136	1,846,000
Storm water improvements - Terminal Drive/Triangle St	242,020	513,665
Triangle Street improvements	706,412	1,070,000
Meinders Road improvements	19,690	232,000
USH 51 landscaping	-	250,000
Planning and engineering redevelopment plan	136,077	400,000
Marketing and business recruitment incentives	500,000	1,000,000
Economic development	3,133,170	5,000,000
Land acquisition, relocation, demolition	<u>140,050</u>	<u>2,500,000</u>
 Total capital expenditures	 <u>\$ 6,596,226</u>	 <u>\$ 14,639,818</u>

Form PE-300	TID Annual Report	2020 WI Dept of Revenue
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Section 1 - Municipality and TID					
Co-muni code 13154	Municipality MCFARLAND		County DANE	Due date 07/01/2021	Report type ORIGINAL
TID number 003	TID type 4	TID name MCF TID 003	Creation date 08/09/2004	Mandatory termination date 08/09/2027	Expected termination date N/A

Section 2 - Beginning Balance	Amount
TID fund balance at beginning of year	\$1,681,082

Section 3 - Revenue	Amount
Tax increment	\$828,009
Investment income	\$8,334
Debt proceeds	\$0
Special assessments	\$0
Shared revenue	\$52,721
Sale of property	\$0
Allocation from another TID	
Developer guarantees	
Developer name Waubesa Village	\$29,953
Transfer from other funds	
Grants	
Other revenue	
Source Interest on Advances	\$1,820
Source Miscellaneous	\$222
Total Revenue (deposits)	\$921,059

Form PE-300	TID Annual Report		2020 WI Dept of Revenue
Section 4 - Expenditures		Amount	
Capital expenditures		\$476,109	
Administration		\$34,272	
Professional services		\$19,189	
Interest and fiscal charges		\$54,056	
DOR fees		\$150	
Discount on long-term debt		\$0	
Debt issuance costs		\$0	
Principal on long-term debt		\$270,000	
Environmental costs		\$0	
Real property assembly costs			
Allocation to another TID			
TID number	004	\$217,841	
Developer grants			
Developer name	Ezra Properties	\$337,500	
Transfer to other funds			
Other expenditures			
Total Expenditures		\$1,409,117	
Section 5 - Ending Balance		Amount	
TID fund balance at end of year		\$1,193,024	
Future costs		\$23,058,633	
Future revenue		\$25,693,267	
Surplus or deficit		\$3,827,658	
Section 6 - Preparer/Contact Information			
Preparer name Andrew Bremer		Preparer title Community & Economic Development Director	
Preparer email andrew.bremer@mcfarland.wi.us		Preparer phone (608) 838-3154	
Contact name Matt Schuenke		Contact title Village Administrator	
Contact email matt.schuenke@mcfarland.wi.us		Contact phone (608) 838-2303	

McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, June 30, 2021

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Discussion and action to accept the 2020 Annual Report for Tax Incremental District #4.

PREVIOUS ACTION:

ISSUE SUMMARY:

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

1. McFarland JRB Memo_2020 TID#4 Annual Reports_06.24.21

Memorandum

To: McFarland Joint Review Board, Tax Increment Districts #4

From: Andrew Bremer, Community & Economic Development Director

Date: June 24, 2021

Re: **2020 Annual Reports for TID #4**

Executive Summary

ACT 257 was created by the State of Wisconsin as a means to require municipalities to hold annual Joint Review Board meetings with the express purpose to review an annual report of each TIF District with the other overlying taxing jurisdictions. Several financial metrics are required to be provided in order to demonstrate the TID's performance over time. The Village is fortunate that it has been preparing this type of annual report voluntarily through its annual auditing process since at least 2006. This cover memorandum is provided as a summary of the year in review and an introduction to the financial statements and WDOR PE-300 forms prepared for the year.

TID #4 2020 Annual Report

TID #4 was created as a post 1995 Blight TID on January 14, 2008. In 2015 the Village requested, and the Department of Revenue approved, a Base Value Redetermination (BVR) of the District. The BVR adjusted the expenditure period deadline to January 14, 2028 and the termination date to January 14, 2033. The TID is not presently forecasted for closure prior to this date. TID #4 first began collecting increment in 2017 after not having collected any since its inception. This has contributed to its financial health as it has historically had very little revenue to offset operating costs from year to year. The 2020 Tax Increment Value of the District was \$4,701,700. The expenses for this TID to date have been supported by advances from TID #3 and debt service (which was paid by the advances). Its current fund balance is at (\$232,876) which is a reduction from the prior year deficit balance of (\$334,061). In 2020, the TID collected \$86,635 in tax increment. All of the remaining outstanding deficit is related to its obligation to pay back TID #3 through 2027 for the advance to fund the Farwell Place incentive. The district still has about \$5.8M in unexpended funds authorized in its project plan that could be pursued in future years including streetscaping, land acquisition, public improvements, economic development, and marketing initiatives.

2020 New Project/Development Highlights:

1. 5817 Milwaukee Street. The Village acquired this property across from the Library and Municipal Center and anticipates razing the existing single family home in 2021. Long-term, the Village is considering construction of a public parking lot at this location to support future expansion needs of the Library and potential renovation of the Municipal Center to include a multi-generational community center in the space to be vacated by the Fire & Rescue and Police Departments as the Village is currently designing a new facility for these departments.
2. 5923 Exchange Street. The Village approved a small TIF incentive to the McFarland House Café as part of their plans to add two apartment units to the third floor and installation of a sprinkler

system in the building. This is the first phase of a larger potential project to renovate the existing garden building for commercial event space.

3. 5411 Bashford Street. The Village is currently working with a local developer to redevelop this site for a small mixed-use building. If constructed, the project would add ~\$1.1M in tax value to the TID as of January 1, 2023.

Exhibits: Compiled Financial Statements of TID #4 prepared by Baker Tilly
 Draft Form PE 300

Village of McFarland Tax Incremental District No. 4

Compiled Financial Statements and
Supplementary Information

December 31, 2020

Village of McFarland Tax Incremental District No. 4

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December 31, 2020

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Accountants' Compilation Report

To the Village Board of
Village of McFarland

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 McFarland'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 McFarland 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
June 21, 2021

Village of McFarland Tax Incremental District No. 4

Balance Sheet
December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 106,681
Tax receivable	97,962
Loans receivable	<u>58,190</u>
Total assets	<u>\$ 262,833</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Advances from village funds (TIF District No. 3)	\$ 397,707
Accounts payable	<u>40</u>
Total liabilities	<u>397,747</u>
Deferred inflows of resources	
Unearned revenue	<u>97,962</u>
Total deferred inflows of resources	<u>97,962</u>
Fund Balance	
Unassigned (deficit)	<u>(232,876)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 262,833</u>

See notes to financial statement

Village of McFarland Tax Incremental District No. 4

Historical Summary of Project Costs, Project Revenues and Net Cost to Be Recovered

Through Tax Increments

Year Ended December 31, 2020 and From the Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 136,892	\$ 961,370
Developer payments	-	592,500
Administration (in-house)	24,419	359,081
Professional services	13,301	124,054
Interest on advance	1,820	18,580
Interest and fiscal charges	<u>4,595</u>	<u>105,356</u>
Total project costs	<u>181,027</u>	<u>2,160,941</u>
Project Revenues		
Tax increments	86,635	300,126
Exempt computer aid	6,903	18,088
Subsidy from TIF No. 3	217,841	1,386,182
Investment income	611	1,611
Loan payments	-	26,250
Miscellaneous	222	1,522
Debt premium	<u>-</u>	<u>9,286</u>
Total project revenues	<u>312,212</u>	<u>1,743,065</u>
Net costs recoverable through tax increments, December 31, 2020	<u>\$ (131,185)</u>	<u>\$ 417,876</u>
Reconciliation of Recoverable Costs		
G.O. debt outstanding		\$ 185,000
Add: Deficit fund balance		<u>232,876</u>
Net costs recoverable through tax increments, December 31, 2020		<u>\$ 417,876</u>

See notes to financial statements

Village of McFarland Tax Incremental District No. 4

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From the Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 86,635	\$ 300,126
Exempt computer aid	6,903	18,088
Subsidy from TIF No. 3	217,841	1,386,182
Investment income	611	1,611
Loan payments	-	26,250
Miscellaneous	222	1,522
Debt premium	-	9,286
Long-term debt issued	-	545,000
	<u>312,212</u>	<u>2,288,065</u>
Total sources of funds	<u>312,212</u>	<u>2,288,065</u>
Uses of Funds		
Capital expenditures	136,892	961,370
Developer payments	-	592,500
Administration (in-house)	24,419	359,081
Professional services	13,301	124,054
Interest on advance	1,820	18,580
Interest and fiscal charges	4,595	105,356
Principal on long term debt	30,000	360,000
	<u>211,027</u>	<u>2,520,941</u>
Total uses of funds	<u>211,027</u>	<u>2,520,941</u>
Excess (deficiency) of sources of funds over uses of funds	101,185	(232,876)
Fund Balance (Deficit), Beginning	<u>(334,061)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (232,876)</u>	<u>\$ (232,876)</u>

See notes to financial statements

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

Description of Fund Structure and Long-Term Debt

This report contains the financial information of the Village of McFarland's Tax Incremental District No. 4. The summary statements were prepared from data recorded in the following funds and the village's long-term debt:

General Fund
Capital Projects Fund

Detailed descriptions of the purpose of these funds and long-term debt can be found in the Village of McFarland'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 municipality 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 McFarland. Project costs may be incurred up to five years before the unextended termination date of the District.

<u>Original Project Plan</u>	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 4	01/14/08	01/14/30	2035
<u>Plan Amendment</u>	<u>Adoption Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 4	06/22/15	01/14/30	2035

Village of McFarland Tax Incremental District No. 4

Notes to Financial Statements

December 31, 2020

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.

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 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.

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.

Village of McFarland Tax Incremental District No. 4

Notes to Financial Statements

December 31, 2020

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.

The District, as a fund of the Village of McFarland, maintains common cash and investment accounts at the same financial institutions utilized by the Village of McFarland. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the Village of McFarland 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 McFarland. Notes and bonds borrowed to finance the District's expenditures will be retired by tax increments accumulated by the Tax Incremental 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 Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12/31/20</u>
2008 G.O. Promissory Notes	12/15/08	12/01/18	4.00 - 4.25%	\$ 270,000	\$ 270,000	\$ -
2017 G.O. Promissory Notes	07/20/17	12/01/26	1.2% - 2.2%	275,000	90,000	185,000
Total				<u>\$ 545,000</u>	<u>\$ 360,000</u>	<u>\$ 185,000</u>

Village of McFarland Tax Incremental District No. 4

Notes to Financial Statements

December 31, 2020

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 30,000	\$ 3,920	\$ 33,920
2022	30,000	3,245	33,245
2023	30,000	2,570	32,570
2024	30,000	1,970	31,970
2025	30,000	1,370	31,370
2026	35,000	770	35,770
Total	<u>\$ 185,000</u>	<u>\$ 13,845</u>	<u>\$ 198,845</u>

4. Advances From Village Funds

TIF District No. 3 is advancing funds to TIF District No. 4. As of December 31, 2016 the village forgave all advances to TIF No. 4 (see Note 6) with the exception of \$500,000. The \$500,000 represents the 2016 developer payment made for Farwell Place. In 2017, a repayment schedule was established for the advance. Payments began in 2018 with interest. TIF District No. 3 is charging the TIF District interest on the advance based on the average outstanding advance balance during the year at a floating interest rate. \$1,820 in interest was charged in 2020.

The following is the advance repayment schedule.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 49,883	\$ 1,596
2022	50,108	1,371
2023	50,334	1,145
2024	50,561	918
2025	50,789	690
2026	51,018	461
2027	51,251	232
Total	<u>\$ 353,944</u>	<u>\$ 6,413</u>

The outstanding portion of this advance was \$353,944 as of December 31, 2020. In 2018, TIF No. 3 advanced an additional \$43,763. No interest was charged on the additional advance to TIF No. 4.

5. Guaranteed Revenue

In 2015, the Village of McFarland has entered into a development agreement with Farwell Place, LLC. The agreement guarantees that Farwell Place, LLC shall pay the difference between the guaranteed tax increment and the tax increment actually levied starting in 2017. The fair market value of the development generated enough increment that no supplemental increment payment was required to be made by the developer in 2017.

In 2020, the Village of McFarland has entered in to a developer agreement with McFarland House Café (MHC) and O'Hearn Ventures. Under this agreement, TIF No. 4 will provide economic development assistance in the form of a loan in an amount up to \$50,000 upon certain conditions being satisfied by MHC. The agreement guarantees that MHC shall pay the difference between the guaranteed tax increment and the tax increment actually levied for the tax year commencing January 1, 2021.

Village of McFarland Tax Incremental District No. 4

Notes to Financial Statements

December 31, 2020

6. Increment Sharing

As allowable under TIF statutes, the Village of McFarland may share positive TIF increments. In 2015, the Village of McFarland and the joint review board approved sharing increments from TIF District No. 3 (donor district) to TIF District No. 4 (donee district). Transfers are reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2015. A transfer of \$843,658 was made in 2016 from TIF No. 3 to TIF No. 4 to forgive a portion of the advances from TIF No. 3 to TIF No. 4 (see Note 4). TIF 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. Total transfers to date total \$1,386,182.

7. Developer Payments

<u>Developer</u>	<u>Description</u>	<u>Year of Payment</u>	<u>Amount</u>
Washa Construction	Economic development loan/forgivable loan	2009	\$ 67,500
Farwell	Economic development	2016	500,000
Hillcrest Rentals, LLC	Grant to permit the installation of an automatic fire sprinkler system	2017	25,000

Village of McFarland Tax Incremental District No. 4

Detailed Schedule of Sources, Uses and Status of Funds

From the 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Exempt computer aid	-	-	-	730	511	822	789	1,018
Subsidy from TIF No. 3	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-	-	4,375
Miscellaneous	-	-	-	-	136,892	-	-	-
Debt premium	-	5,534	-	-	-	-	-	-
Long-term debt issued	-	270,000	-	-	-	-	-	-
	<u>-</u>	<u>275,534</u>	<u>-</u>	<u>730</u>	<u>137,403</u>	<u>822</u>	<u>789</u>	<u>5,393</u>
Total sources of funds	-	275,534	-	730	137,403	822	789	5,393
Uses of Funds								
Capital expenditures	14,472	318,700	30,260	-	-	-	-	-
Developer payments	-	-	67,500	-	-	-	-	-
Administration (in-house)	-	-	29,385	32,026	32,709	31,954	32,415	32,958
Professional services	178	22,003	11,309	11,018	2,118	4,135	2,425	2,027
Interest on advance	-	1,668	789	555	440	598	445	416
Interest and fiscal charges	-	5,534	11,029	11,475	11,475	11,475	10,413	9,350
Principal on long-term debt	-	-	-	-	-	25,000	25,000	40,000
	<u>14,650</u>	<u>347,905</u>	<u>150,272</u>	<u>55,074</u>	<u>46,742</u>	<u>73,162</u>	<u>70,698</u>	<u>84,751</u>
Total uses of funds	14,650	347,905	150,272	55,074	46,742	73,162	70,698	84,751
Excess (deficiency) of sources of funds over uses of funds	(14,650)	(72,371)	(150,272)	(54,344)	90,661	(72,340)	(69,909)	(79,358)
Fund Balance (Deficit), Beginning	<u>-</u>	<u>(14,650)</u>	<u>(87,021)</u>	<u>(237,293)</u>	<u>(291,637)</u>	<u>(337,868)</u>	<u>(410,208)</u>	<u>(480,117)</u>
Fund Balance (Deficit), Ending	<u>\$ (14,650)</u>	<u>\$ (87,021)</u>	<u>\$ (237,293)</u>	<u>\$ (291,637)</u>	<u>\$ (200,976)</u>	<u>\$ (410,208)</u>	<u>\$ (480,117)</u>	<u>\$ (559,475)</u>

Village of McFarland Tax Incremental District No. 4

Detailed Schedule of Sources, Uses and Status of Funds

From the Date of Creation Through December 31, 2020

	2015	2016	2017	2018	2019	2020	Totals	Project Plan Estimate
Sources of Funds								
Tax increments	\$ -	\$ -	\$ 35,522	\$ 84,834	\$ 93,135	\$ 86,635	\$ 300,126	\$ 7,758,702
Exempt computer aid	1,595	1,585	1,354	1,374	1,407	6,903	18,088	-
Subsidy from TIF No. 3	-	843,658	-	245,470	79,213	217,841	1,386,182	4,373,416
Investment income	323	-	-	-	677	611	1,611	-
Loan payments	4,375	4,375	4,375	8,750	-	-	26,250	58,576
Miscellaneous	-	-	-	1,300	-	222	1,522	-
Debt premium	-	-	3,752	-	-	-	9,286	5,534
Long-term debt issued	-	-	275,000	-	-	-	545,000	7,159,068
Total sources of funds	6,293	849,618	320,003	341,728	174,432	312,212	2,288,065	19,355,296
Uses of Funds								
Capital expenditures	-	-	240,187	206,019	14,840	136,892	961,370	1,720,000
Developer payments	-	500,000	25,000	-	-	-	592,500	5,600,000
Administration (in-house)	37,942	35,971	31,563	16,247	21,492	24,419	359,081	929,883
Professional services	10,208	7,454	14,410	21,848	1,620	13,301	124,054	-
Interest on advance	802	4,485	-	4,519	2,043	1,820	18,580	4,911
Interest and fiscal charges	7,650	5,950	3,639	7,576	5,195	4,595	105,356	1,376,436
Principal on long-term debt	40,000	140,000	-	30,000	30,000	30,000	360,000	7,159,068
Total uses of funds	96,602	693,860	314,799	286,209	75,190	211,027	2,520,941	16,790,298
Excess (deficiency) of sources of funds over uses of funds	(90,309)	155,758	5,204	55,519	99,242	101,185	(232,876)	
Fund Balance (Deficit), Beginning	(559,475)	(649,784)	(494,026)	(488,822)	(433,303)	(334,061)	-	
Fund Balance (Deficit), Ending	\$ (649,784)	\$ (494,026)	\$ (488,822)	\$ (433,303)	\$ (334,061)	\$ (232,876)	\$ (232,876)	

Village of McFarland Tax Incremental District No. 4

Detailed Schedule of Capital Expenditures and Developer Payments
From the Date of Creation Through December 31, 2020

	<u>Actual</u>	<u>Project Plan Estimate</u>
Anthony Street improvements	\$ -	\$ 70,000
Bashford/Exchange Street intersection improvements (rail improvements)	154,979	300,000
Traffic signals Bashford and Exchange	-	150,000
Farwell Street water main improvements	210,676	100,000
Stormwater improvements/engineering	-	200,000
District-wide specialty landscaping, lighting, pedestrian amenities	406,019	500,000
Contingency	136,892	250,000
Redevelopment funding	592,500	5,600,000
Administration, planning and legal	<u>52,804</u>	<u>150,000</u>
Total capital expenditures	<u>\$ 1,553,870</u>	<u>\$ 7,320,000</u>

Form PE-300	TID Annual Report	2020 WI Dept of Revenue
------------------------	--------------------------	-----------------------------------

Section 1 - Municipality and TID					
Co-muni code 13154	Municipality MCFARLAND		County DANE	Due date 07/01/2021	Report type ORIGINAL
TID number 004	TID type 2	TID name MCF TID 004	Creation date 01/14/2008	Mandatory termination date 01/14/2035	Expected termination date N/A

Section 2 - Beginning Balance	Amount
TID fund balance at beginning of year	\$-334,061

Section 3 - Revenue	Amount
Tax increment	\$86,635
Investment income	\$611
Debt proceeds	\$0
Special assessments	\$0
Shared revenue	\$6,903
Sale of property	\$0
Allocation from another TID	
TID number 003	\$217,841
Developer guarantees	
Transfer from other funds	
Grants	
Other revenue	
Source Miscellaneous	\$222
Total Revenue (deposits)	\$312,212

Form PE-300	TID Annual Report	2020 WI Dept of Revenue
------------------------	--------------------------	-----------------------------------

Section 4 - Expenditures	Amount
Capital expenditures	\$136,892
Administration	\$24,269
Professional services	\$13,301
Interest and fiscal charges	\$4,595
DOR fees	\$150
Discount on long-term debt	\$0
Debt issuance costs	\$0
Principal on long-term debt	\$30,000
Environmental costs	\$0
Real property assembly costs	\$0
Allocation to another TID	
Developer grants	
Developer name None	\$0
Transfer to other funds	
Other expenditures	
Name Interest on Advance	\$1,820
Total Expenditures	\$211,027

Section 5 - Ending Balance	Amount
TID fund balance at end of year	\$-232,876
Future costs	\$14,269,357
Future revenue	\$17,067,231
Surplus or deficit	\$2,564,998

Section 6 - Preparer/Contact Information	
Preparer name Andrew Bremer	Preparer title Community & Economic Development Director
Preparer email andrew.bremer@mcfarland.wi.us	Preparer phone (608) 838-3154
Contact name Matt Schuenke	Contact title Village Administrator
Contact email matt.schuenke@mcfarland.wi.us	Contact phone (608) 838-2303

McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, June 30, 2021

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Discussion and action to accept the 2020 Annual Report for Tax Incremental District #5.

PREVIOUS ACTION:

ISSUE SUMMARY:

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

1. McFarland JRB Memo_2020 TID#5 Annual Reports_06.24.21

Memorandum

To: McFarland Joint Review Board, Tax Increment Districts #5

From: Andrew Bremer, Community & Economic Development Director

Date: June 24, 2021

Re: **2020 Annual Reports for TID #5**

Executive Summary

ACT 257 was created by the State of Wisconsin as a means to require municipalities to hold annual Joint Review Board meetings with the express purpose to review an annual report of each TIF District with the other overlying taxing jurisdictions. Several financial metrics are required to be provided in order to demonstrate the TID's performance over time. The Village is fortunate that it has been preparing this type of annual report voluntarily through its annual auditing process since at least 2006. This cover memorandum is provided as a summary of the year in review and an introduction to the financial statements and WDOR PE-300 forms prepared for the year.

TID #5 2020 Annual Report

TID #5 was created on December 11, 2017 as a Rehabilitation and Conservation District. It is scheduled to expire in 2045 and not presently forecasted for closure prior to this date. Year 2020 was the first year the TID was eligible to collect tax increment receiving \$17,708. The 2020 Tax Increment Value of the District was \$2,204,700. The year-end fund balance within the District is (\$539,083). This is primarily related to initial investments in the acquisition and redevelopment of 4719 Farwell Street. The District still has about \$14.6M in unexpended funds authorized in its project plan that could be pursued in future years including public improvements, economic development, and marketing initiative.

2020 New Project/Development Highlights:

1. 4719 Farwell Street. The first major project for the District was the acquisition and redevelopment of 4719 Farwell Street. The first phase of this redevelopment project was completed in 2020 and consists of a 47-unit apartment building with two ground floor commercial spaces. The full value for this first phase (~\$4.6M) will be achieved as of January 1, 2022. The second phase for the project will be a standalone 12,000 square foot multi-tenant commercial building. Development of the second phase has been slowed due to the pandemic as the developers are seeking an anchor restaurant/brew pub tenant.
2. 4716 Farwell Street. This property completed a small façade improvement project which did not include TID incentives.
3. 4706 Farwell Street. An expansion of Angelo's Restaurant was approved in 2020, with construction nearing completion in June of 2021. This project did not include TID incentives and will add additional tax increment to the TID in 2023.

4. 5610-14 US Highway 51. A new 5,000 square foot multi-tenant commercial building was approved in 2020, with construction completed in May of 2021. This project did not include TID incentives and will add additional tax increment to the TID in 2023.

Exhibits: Compiled Financial Statements of TID #5 prepared by Baker Tilly
 Draft Form PE 300

Village of McFarland Tax Incremental District No. 5

Compiled Financial Statements and
Supplementary Information

December 31, 2020

Village of McFarland Tax Incremental District No. 5

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December 31, 2020

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Tax Incremental District No. 5 – Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 5 – Historical Summary of Sources, Uses, and Status of Funds	4
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Accountants' Compilation Report

To the Village Board of
Village of McFarland

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 McFarland's Tax Incremental District No. 5 (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 McFarland 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
June 21, 2021

Village of McFarland Tax Incremental District No. 5

Balance Sheet

December 31, 2020

	Capital Projects Fund
Assets	
Taxes receivable	\$ 45,936
Total assets	\$ 45,936
Liabilities and Fund Balance	
Liabilities	
Advance from other fund	\$ 539,083
Total liabilities	539,083
Deferred Inflows of Resources	
Unearned revenue	45,936
Total deferred inflows of resources	45,936
Fund Balance	
Unassigned (deficit)	(539,083)
Total fund balances	(539,083)
Total liabilities, deferred inflows of resources and fund balances	\$ 45,936

See notes to financial statements

Village of McFarland Tax Incremental District No. 5

Historical Summary of Project Costs, Project Revenues and Net Cost to Be

Recovered Through Tax Increments

Year Ended December 31, 2020 and From the Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 250,000	\$ 1,306,783
Developer payments	350,000	350,000
Administration (in-house)	20,944	39,391
Professional services	5,924	66,374
Interest and fiscal charges	<u>32,510</u>	<u>101,717</u>
Total project costs	<u>659,378</u>	<u>1,864,265</u>
Project Revenues		
Tax increments	17,708	17,708
Intergovernmental	250,222	250,222
Rent	-	59,580
Debt premium	<u>-</u>	<u>2,672</u>
Total project revenues	<u>267,930</u>	<u>330,182</u>
Net cost recoverable (recovered) through TIF increments, December 31, 2020	<u>\$ 391,448</u>	<u>\$ 1,534,083</u>
Reconciliation of Recoverable Costs		
G.O. debt outstanding		\$ 995,000
Less fund balance		<u>539,083</u>
Net cost recoverable through TIF increments, December 31, 2020		<u>\$ 1,534,083</u>

See notes to financial statements

Village of McFarland Tax Incremental District No. 5

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From the Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 17,708	\$ 17,708
Intergovernmental	250,222	250,222
Rent	-	59,580
Debt premium	-	2,672
Long-term debt issued	-	1,925,000
	<u>267,930</u>	<u>2,255,182</u>
Total sources of funds	<u>267,930</u>	<u>2,255,182</u>
Uses of Funds		
Capital expenditures	250,000	1,306,783
Developer payments	350,000	350,000
Administration (in-house)	20,944	39,391
Professional services	5,924	66,374
Interest and fiscal charges	32,510	101,717
Principal on long-term debt	-	930,000
	<u>659,378</u>	<u>2,794,265</u>
Total uses of funds	<u>659,378</u>	<u>2,794,265</u>
Excess (deficiency) of sources of funds over uses of funds	(391,448)	(539,083)
Fund Balance (Deficit), Beginning	<u>(147,635)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (539,083)</u>	<u>\$ (539,083)</u>

See notes to financial statements

Village of McFarland Tax Incremental District No. 5

Notes to Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

The accounting policies of the Village of McFarland's Tax Incremental District No. 5 (the District) conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village of McFarland 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. 5. The accompanying financial statements reflect all the significant operations of Village of McFarland's Tax Incremental District No.5. The accompanying financial statements do not include the full presentation of the Village of McFarland.

Description of Fund Structure and Long-Term Debt

This report contains the financial information of the Village of McFarland's Tax Incremental District No. 5. 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 this fund and long-term debt can be found in the Village of McFarland'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 municipality 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 McFarland. Project costs may be incurred up to five years before the unextended termination date of the District.

<u>Original Project Plan</u>	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 5	12/11/17	12/11/39	2045

Village of McFarland Tax Incremental District No. 5

Notes to Financial Statements

December 31, 2020

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.

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 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.

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.

Village of McFarland Tax Incremental District No. 5

Notes to Financial Statements

December 31, 2020

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.

The District, as a fund of the Village of McFarland, maintains common cash and investment accounts at the same financial institutions utilized by the Village of McFarland. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the Village of McFarland 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 McFarland. Notes and bonds borrowed to finance the District's expenditures will be retired by tax increments accumulated by the Tax Incremental District No. 5 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 Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12/31/20</u>
2018 STFL Notes	12/11/18	03/15/38	4.75%	\$ 930,000	\$ 930,000	\$ -
2019 G.O. Refunding Bond	08/01/19	10/01/38	2.10-3.05%	995,000	-	995,000
Total				<u>\$ 1,925,000</u>	<u>\$ 930,000</u>	<u>\$ 995,000</u>

Village of McFarland Tax Incremental District No. 5

Notes to Financial Statements

December 31, 2020

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 27,180	\$ 27,180
2022	50,000	26,655	76,655
2023	50,000	25,605	75,605
2024	50,000	24,505	74,505
2025	50,000	23,355	73,355
2026-2030	270,000	97,588	367,588
2031-2035	315,000	56,110	371,110
2035-2038	210,000	9,608	219,608
Total	<u>\$ 995,000</u>	<u>\$ 290,606</u>	<u>\$ 1,285,606</u>

4. Advances From Village Funds

In 2019, TIF No. 3 advanced \$147,635 to TIF No. 5. In 2020, the amount of the advance to TIF No. 5 increased to \$189,083. No repayment schedule has been established and no interest was charged on the advance. In 2020, TIF No. 3 advanced an additional \$350,000 to TIF No.5. A repayment schedule has been established for this advance and no interest is being charged.

The following is the advance repayment schedule.

<u>Years</u>	
2021	\$ 43,750
2022	43,750
2023	43,750
2024-2028	<u>218,750</u>
Total	<u>\$ 350,000</u>

5. Guaranteed Revenue

The Atwater and Lakestone Holdings

In 2019, the Village of McFarland entered into a development agreement with The Atwater, LLC and Lakestone Holdings, LLC under which TIF No. 3 will provide economic development assistance in the form of a loan in an amount up to \$350,000 upon certain conditions being satisfied by The Atwater, LLC. The agreement guarantees that The Atwater, LLC shall pay the difference between the guaranteed tax increment and the tax increment actually levied for the tax year commencing January 1, 2022. Lakestone Holdings, LLC drew on the loan for the full amount in 2020.

Village of McFarland Tax Incremental District No. 5

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

	2018	2019	2020	Totals	Project Plan Estimate
Sources of Funds					
Tax increments	\$ -	\$ -	\$ 17,708	\$ 17,708	\$ 29,747,490
Intergovernmental	-	-	250,222	250,222	-
Investment income	-	-	-	-	40,439
Rent	20,283	39,297	-	59,580	-
Debt premium	-	2,672	-	2,672	-
Long-term debt issued	930,000	995,000	-	1,925,000	16,232,389
Total sources of funds	950,283	1,036,969	267,930	2,255,182	46,020,318
Uses of Funds					
Capital expenditures	1,056,783	-	250,000	1,306,783	3,450,000
Developer payments	-	-	350,000	350,000	12,782,389
Administration (in-house)	900	17,547	20,944	39,391	104,500
Professional services	25,862	34,588	5,924	66,374	104,500
Interest on advance	-	-	-	-	1,193,883
Interest and fiscal charges	3,500	65,707	32,510	101,717	6,178,805
Principal on long-term debt	-	930,000	-	930,000	16,232,389
Total uses of funds	1,087,045	1,047,842	659,378	2,794,265	40,046,466
Excess (deficiency) of sources of funds over uses of funds	(136,762)	(10,873)	(391,448)	(539,083)	
Fund Balance (Deficit), Beginning	-	(136,762)	(147,635)	-	
Fund Balance (Deficit), Ending	<u>\$ (136,762)</u>	<u>\$ (147,635)</u>	<u>\$ (539,083)</u>	<u>\$ (539,083)</u>	

Village of McFarland Tax Incremental District No. 5

Detailed Schedule of Capital Expenditures and Developer Payments
From the Date of Creation Through December 31, 2020

	<u>Actual</u>	<u>Project Plan Estimate</u>
Capital Expenditures		
Infrastructure - Farwell, Retention Pond, Blackwater Channel	\$ 1,170,809	\$ 3,050,000
Streetscaping improvements	135,974	400,000
Development funds/incentives	<u>350,000</u>	<u>12,782,389</u>
 Total capital expenditures	 <u>\$ 1,656,783</u>	 <u>\$ 16,232,389</u>

Form PE-300	TID Annual Report	2020 WI Dept of Revenue
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Section 1 - Municipality and TID					
Co-muni code 13154	Municipality MCFARLAND		County DANE	Due date 07/01/2021	Report type ORIGINAL
TID number 005	TID type 3	TID name MCF TID 005	Creation date 12/11/2017	Mandatory termination date 12/11/2045	Expected termination date N/A

Section 2 - Beginning Balance	Amount
TID fund balance at beginning of year	\$-147,635

Section 3 - Revenue	Amount
Tax increment	\$17,708
Investment income	\$0
Debt proceeds	\$0
Special assessments	\$0
Shared revenue	\$0
Sale of property	\$0
Allocation from another TID	
Developer guarantees	
Transfer from other funds	
Grants	
Source WEDC Community Development Investment Grant	\$250,000
Other revenue	
Source Miscellaneous	\$222
Total Revenue (deposits)	\$267,930

Form PE-300	TID Annual Report	2020 WI Dept of Revenue
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Section 4 - Expenditures	Amount
Capital expenditures	\$250,000
Administration	\$20,794
Professional services	\$5,924
Interest and fiscal charges	\$32,510
DOR fees	\$150
Discount on long-term debt	\$0
Debt issuance costs	\$0
Principal on long-term debt	\$0
Environmental costs	\$0
Real property assembly costs	\$0
Allocation to another TID	
Developer grants	
Developer name The Atwater and Lakestone Holdings	\$350,000
Transfer to other funds	
Other expenditures	
Total Expenditures	\$659,378

Section 5 - Ending Balance	Amount
TID fund balance at end of year	\$-539,083
Future costs	\$37,252,201
Future revenue	\$43,765,136
Surplus or deficit	\$5,973,852

Section 6 - Preparer/Contact Information	
Preparer name Andrew Bremer	Preparer title Community & Economic Development Director
Preparer email andrew.bremer@mcfarland.wi.us	Preparer phone (608) 838-3154
Contact name Matt Schuenke	Contact title Village Administrator
Contact email matt.schuenke@mcfarland.wi.us	Contact phone (608) 838-2303