

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

Marshall, Wisconsin

COMPILED
FINANCIAL STATEMENTS

From the Date of Creation
Through December 31, 2011

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

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From the Date of Creation Through December 31, 2011

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ACCOUNTANTS' COMPILATION REPORT

To the Village Board
Village of Marshall
Marshall, Wisconsin

We have compiled 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 Marshall's Tax Incremental District No 1 as of and for the year ended December 31, 2011. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the 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 Marshall as of December 31, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the district adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

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. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

To the Village Board
Village of Marshall

Management has omitted the management's discussion and analysis that is required to be presented for purposes of additional analysis. Such missing information, although not a required part of the financial statements, is required by accounting principles generally accepted in the United States of America and is considered to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

Baker Tilly Vuchaw Krause, LLP

Madison, Wisconsin
March 12, 2012

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
BALANCE SHEET
As of December 31, 2011

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 1,224,762
Taxes receivable	692,209
Loans receivable	50,000
Special assessments receivable	<u>11,680</u>
TOTAL ASSETS	<u>\$ 1,978,651</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 21,756
Deferred revenue	753,171
Advances from other funds	<u>865,644</u>
Total Liabilities	<u>1,640,571</u>
Fund Balance	
Restricted for TID activities	<u>338,080</u>
Total Fund Balance	<u>338,080</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,978,651</u>

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2011
and From the Date of Creation Through December 31, 2011

	Year Ended	From Date of Creation
PROJECT COSTS		
Administration	\$ 7,970	\$ 156,000
Capital expenditures	815,175	6,610,462
Interest on advance	49,342	1,137,697
Interest and fiscal charges	57,061	725,847
Total Project Costs	929,548	8,630,006
PROJECT REVENUES		
Tax increments	658,497	6,879,487
Intergovernmental	15,943	66,936
Special assessments	5,840	90,297
Investment income	8,805	332,908
Miscellaneous	150,000	205,000
Total Project Revenues	839,085	7,574,628
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2011		
	\$ 90,463	\$ 1,055,378
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 1,393,458
Fund balance		(338,080)
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2011		
		\$ 1,055,378

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2011
and From the Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 658,497	\$ 6,879,487
Intergovernmental	15,943	66,936
Special assessments	5,840	90,297
Investment income	8,805	332,908
Miscellaneous	150,000	205,000
Long-term debt issued	-	3,140,000
Total Sources	<u>839,085</u>	<u>10,714,628</u>
USES OF FUNDS		
Administration	7,970	156,000
Capital expenditures	815,175	6,610,462
Principal on long-term debt	246,542	1,746,542
Interest on advance	49,342	1,137,697
Interest and fiscal charges	57,061	725,847
Total Uses	<u>1,176,090</u>	<u>10,376,548</u>
Excess (deficiency) of uses of funds over sources of funds	(337,005)	338,080
BEGINNING FUND BALANCE	<u>675,085</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 338,080</u>	<u>\$ 338,080</u>

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Date of Creation Through December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Marshall's Tax Incremental District No. 1 (the "District") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village of Marshall uses the criteria set forth by the Governmental Accounting Standards Board to determine the scope of the reporting entity of Tax Incremental District No. 1. The accompanying financial statements reflect all the significant operations of the Village of Marshall's Tax Incremental District No.1.

In February 2009, the GASB issued Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The district made the decision to implement this standard effective January 1, 2011.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the Village of Marshall's Tax Incremental District No. 1. The summary statements were prepared from data recorded in the following funds and the village's long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of these funds and long-term debt can be found in the Village of Marshall's basic/general purpose 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/general purpose 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 Districts 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 Marshall. Project costs may be incurred up to five years before the unextended termination date of the district.

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Date of Creation Through December 31, 2011

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

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT (cont.)

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 1	May 10, 1994	May 10, 2016	2022

Plan Amendment

	Adoption Date	Last Date to Incur Project Costs
Amendment No. 1	Sept. 11, 1996	May 10, 2016
Amendment No. 2	June 14, 2005	May 10, 2016

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting was followed in the preparation of these statements. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the 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 deferred revenues. \$11,680 of outstanding special assessments are receivable as of the date of this report.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Date of Creation Through December 31, 2011

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

D. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

E. PROJECT PLAN BUDGET

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

F. LONG-TERM DEBT

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

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

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1M) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the village, maintains separate common cash and investments 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 Marshall as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Date of Creation Through December 31, 2011

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION

All general obligation notes and bonds payable are backed by the full faith and credit of the Village of Marshall. Mortgage revenue debt is secured by the revenues derived from the operation of the utilities. Notes and bonds borrowed to finance the Districts' expenditures will be retired by tax increments accumulated by the debt service 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>Original Interest Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-11</u>
1998 General Obligation Community Development Bonds	5/1/98	12/1/14	4.4%-4.85%	\$ 1,250,000	\$ 1,250,000	\$ -
2007 General Obligation Promissory Notes	12/11/07	3/1/14	3.4%-3.75%	840,000	400,000	440,000
2009 State Trust Fund Loan	10/28/09	3/15/19	4.5%	300,000	23,300	276,700
2010 State Trust Fund Loan	8/12/10	3/15/20	4.5%	750,000	73,242	676,758
Totals				<u>\$ 3,140,000</u>	<u>\$ 1,746,542</u>	<u>\$ 1,393,458</u>

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 242,085	\$ 56,162	\$ 298,247
2013	241,284	46,628	287,912
2014	245,631	37,057	282,688
2015	105,211	29,901	135,112
2016	109,878	25,235	135,113
2017 – 2020	449,369	48,945	498,314
Totals	<u>\$ 1,393,458</u>	<u>\$ 243,928</u>	<u>\$ 1,637,386</u>

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Date of Creation Through December 31, 2011

NOTE 4 – ADVANCES FROM OTHER FUNDS

The sewer utility fund has advanced funds to TIF District No. 1. The amount advanced is determined by the deficiency of revenues over expenditures since the District's inception. The sewer utility is charging the TIF District interest on the advance based on the average outstanding advance balance during the year at a rate of 5%. Following is a detailed repayment schedule.

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 124,750	\$ 43,282	\$ 168,032
2013	128,411	37,045	165,456
2014	132,180	30,624	162,804
2015	136,060	24,015	160,075
2016	140,055	17,212	157,267
2017	144,168	10,209	154,377
2018	60,020	3,001	63,021
Totals	<u>\$ 865,644</u>	<u>\$ 165,388</u>	<u>\$ 1,031,032</u>

NOTE 5 – LOANS RECEIVABLE

At December 31, 2011, the district had outstanding loans receivable from developers totaling \$50,000. The loans are recorded as receivables and deferred revenue by the district. Repayments will be recorded as revenue when received. The original loan amount is included as a project expenditure of the district.

SUPPLEMENTAL INFORMATION

**Detailed Schedule of Sources, Uses, and
Status of Funds Follows**

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2011

	1994	1995	1996	1997	1998	1999	2000	2001	2002
SOURCES OF FUNDS									
Tax increments	\$ -	\$ -	\$ 4,270	\$ 10,237	\$ 106,420	\$ 166,991	\$ 267,056	\$ 318,599	\$ 436,894
Intergovernmental	-	-	-	-	-	21,749	5	51	2,590
Special assessments	-	-	-	-	-	37,289	4,611	8,972	2,173
Investment income	-	-	-	-	37,268	21,395	24,250	13,341	4,998
Miscellaneous	-	-	-	40,000	-	-	-	-	-
Long-term debt issued	-	-	-	-	1,250,000	-	-	-	-
Total Sources	-	-	4,270	50,237	1,393,688	247,424	295,922	340,963	446,655
USES OF FUNDS									
Administration	-	-	425	30,125	3,169	6,940	15,188	841	2,400
Capital expenditures	1,165	-	7,332	758,047	1,633,519	836,609	-	-	-
Principal on long-term debt	-	-	-	-	-	-	-	-	-
Interest on advance	-	-	-	14,741	66,699	110,245	105,621	101,212	96,672
Interest and fiscal charges	-	-	-	-	56,394	58,125	58,125	58,125	58,125
Total Uses	1,165	-	7,757	802,913	1,759,781	1,011,919	178,934	160,178	157,197

FUND BALANCE -
DECEMBER 31, 2011

2003	2004	2005	2006	2007	2008	2009	2010	2011	Totals	Project Plan Estimate
\$ 521,692	\$ 468,843	\$ 541,884	\$ 635,851	\$ 590,963	\$ 660,820	\$ 737,008	\$ 753,462	\$ 658,497	\$ 6,879,487	\$ 8,050,581
2,972	3,333	1,594	4,702	3,887	2,438	4,445	3,227	15,943	66,936	-
-	2,322	-	-	-	20,700	1,275	7,115	5,840	90,297	-
5,952	11,060	34,318	65,630	74,007	26,804	4,116	964	8,805	332,908	-
-	-	-	-	-	-	15,000	-	150,000	205,000	-
-	-	-	-	840,000	-	300,000	750,000	-	3,140,000	3,640,000
<u>530,616</u>	<u>485,558</u>	<u>577,796</u>	<u>706,183</u>	<u>1,508,857</u>	<u>710,762</u>	<u>1,061,844</u>	<u>1,514,768</u>	<u>839,085</u>	<u>10,714,628</u>	<u>11,690,581</u>
901	596	8,856	3,351	34,929	16,160	21,001	3,148	7,970	156,000	109,751
-	-	-	37,153	308,604	1,151,015	1,060,267	1,576	815,175	6,610,462	4,993,658
-	-	100,000	100,000	100,000	950,000	100,000	150,000	246,542	1,746,542	3,640,000
92,000	87,192	82,242	77,147	71,903	66,504	60,948	55,229	49,342	1,137,697	1,303,097
<u>58,125</u>	<u>58,125</u>	<u>58,125</u>	<u>53,724</u>	<u>57,186</u>	<u>25,677</u>	<u>45,291</u>	<u>23,639</u>	<u>57,061</u>	<u>725,847</u>	<u>1,644,075</u>
<u>151,026</u>	<u>145,913</u>	<u>249,223</u>	<u>271,375</u>	<u>572,622</u>	<u>2,209,356</u>	<u>1,287,507</u>	<u>233,592</u>	<u>1,176,090</u>	<u>10,376,548</u>	<u>11,690,581</u>
									<u>\$ 338,080</u>	

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

COMPILED
DETAILED SCHEDULE OF CAPITAL EXPENDITURES
From the Date of Creation Through December 31, 2011

	Actual	Project Plan Estimate
CAPITAL EXPENDITURES		
Original Project Plan		
Freidel Drive improvements	\$ 210,986	\$ 166,249
Hubbell Street - storm sewer	-	15,000
Hubbell Street - landscaping	-	9,000
Sub-Totals	210,986	190,249
Project Plan Amendment One		
Sewage treatment plant site	33,790	33,790
Sewage treatment plant	1,377,550	1,112,692
Industrial park development	540,188	477,927
Waterloo Road	598,301	210,000
Main Street	475,997	293,000
County Trunk Highway "T"		
Sewer and water	-	130,000
Clinic		
Sewer and water	-	100,000
South STH 73 Industrial Area		
Sewer and water lines	-	200,000
Sub-Totals	3,025,826	2,557,409
Project Plan Amendment Two		
Storm sewer	-	175,000
Lothe Road		
Water main replacement	-	60,000
Street reconstruction	-	130,000
Sewer main replacements	-	60,000
Best Built Parkway		
Street, sewer and water	-	60,000
Downtown street lighting	754,525	350,000
Streetscaping	37,793	200,000
Water Well		
Well construction	750,000	400,000
Connecting mains for new well	-	105,000
Street restoration	-	50,000
Water tower	-	600,000
Connecting mains	68,909	56,000
Property acquisition	792,502	-
Contribution to CDA	264,000	-
Lake improvements	243,742	-
Downtown planning	462,179	-
Sub-Totals	3,373,650	2,246,000
 TOTAL CAPITAL EXPENDITURES	 \$ 6,610,462	 \$ 4,993,658