

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

Marshall, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

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

TABLE OF CONTENTS
From the Date of Creation Through December 31, 2015

Accountants' Compilation Report	1
Tax Incremental District No. 1 – Balance Sheet	2
Tax Incremental District No. 1 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 1 – Historical Summary of Sources, Uses, and Status of Funds	4
Notes to Financial Statements	5 – 10
Supplemental Information	
Tax Incremental District No. 1 – Detailed Schedule of Sources, Uses, and Status of Funds	11 – 12
Tax Incremental District No. 1 – Detailed Schedule of Capital Expenditures	13

ACCOUNTANTS' COMPILATION REPORT

To the Village Board
Village of Marshall
Marshall, Wisconsin

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 Marshall's Tax Incremental District No. 1 ("district") as of and for the year ended December 31, 2015 and from the date of creation through December 31, 2015, 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 Marshall as of December 31, 2015, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
February 27, 2016

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

COMPILED
BALANCE SHEET
As of December 31, 2015

ASSETS

Cash and investments	\$ 1,418,199
Taxes receivable	720,924
Loans receivable	<u>389,704</u>

TOTAL ASSETS	\$ <u>2,528,827</u>
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

Liabilities	
Accounts payable	\$ 77,586
Advances from water and sewer utilities	<u>757,127</u>
Total Liabilities	<u>834,713</u>

Deferred Inflows of Resources	
Unearned revenue	<u>720,924</u>
Total Deferred Inflows of Resources	<u>720,924</u>

Fund Balance	
Restricted for TID activities	<u>973,190</u>
Total Fund Balance	<u>973,190</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>2,528,827</u>
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**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, 2015
and From the Date of Creation Through December 31, 2015

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Administration	\$ 30,976	\$ 200,398
Capital expenditures	1,545,986	8,693,027
Interest on advance	45,805	1,319,314
Interest and fiscal charges	<u>39,573</u>	<u>884,366</u>
Total Project Costs	<u>1,662,340</u>	<u>11,097,105</u>
PROJECT REVENUES		
Tax increments	716,483	9,791,421
Intergovernmental	5,344	112,436
Special assessments	-	106,137
Investment income	2,375	337,146
Miscellaneous	<u>10,000</u>	<u>267,655</u>
Total Project Revenues	<u>734,202</u>	<u>10,614,795</u>
 NET COST TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2015		
	<u>\$ 928,138</u>	<u>\$ 482,310</u>
 RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 1,455,500
Fund balance		<u>(973,190)</u>
 NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2015		
		<u>\$ 482,310</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2015
and From the Date of Creation Through December 31, 2015

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 716,483	\$ 9,791,421
Intergovernmental	5,344	112,436
Special assessments	-	106,137
Investment income	2,375	337,146
Miscellaneous	10,000	267,655
Long-term debt issued	<u>1,680,000</u>	<u>4,820,000</u>
Total Sources of Funds	<u>2,414,202</u>	<u>15,434,795</u>
USES OF FUNDS		
Administration	30,976	200,398
Capital expenditures	1,545,986	8,693,027
Principal on long-term debt	408,700	3,364,500
Interest on advance	45,805	1,319,314
Interest and fiscal charges	<u>39,573</u>	<u>884,366</u>
Total Uses of Funds	<u>2,071,040</u>	<u>14,461,605</u>
Excess of sources of funds over uses of funds	343,162	973,190
BEGINNING FUND BALANCE	<u>630,028</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 973,190</u>	<u>\$ 973,190</u>

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

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

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 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. 1. The accompanying financial statements reflect all the significant operations of the Village of Marshall's Tax Incremental District No.1. The accompanying financial statements do not include the full presentation of the Village of Marshall.

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 fund and the village's long-term debt:

TID No. 1 Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the Village of Marshall'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 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.

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

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

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

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

Plan Amendment

	Adoption Date	Last Date to Incur Project Costs
Amendment No. 1	September 11, 1996	May 10, 2016
Amendment No. 2	June 14, 2005	May 10, 2016
Amendment No. 3	January 9, 2007	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 unavailable revenues. There are no special assessments outstanding that 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
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

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 unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

E. PROJECT PLAN BUDGET

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

F. 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.

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

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.

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the Village of Marshall. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the TIF District No. 1 capital projects 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 12/31/15</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	840,000	-
2009 State Trust Fund Loan	10/28/09	3/15/19	4.5%	300,000	149,500	150,500
2010 State Trust Fund Loan	8/12/10	3/15/20	4.5%	750,000	750,000	-
2015 General Obligation Promissory Notes	1/7/15	3/1/18	0.4–1.85%	<u>1,680,000</u>	<u>375,000</u>	<u>1,305,000</u>
Totals				<u>\$ 4,820,000</u>	<u>\$ 3,364,500</u>	<u>\$ 1,455,500</u>

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

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>
2016	\$ 470,200	\$ 17,014	\$ 487,214
2017	471,800	12,149	483,949
2018	473,400	6,033	479,433
2019	<u>40,100</u>	<u>1,804</u>	<u>41,904</u>
Totals	<u>\$ 1,455,500</u>	<u>\$ 37,000</u>	<u>\$ 1,492,500</u>

\$973,190 is available in the TIF District No. 1 capital projects fund to service the debt shown.

NOTE 4 – ADVANCES FROM WATER AND SEWER UTILITY FUNDS

The water and sewer utility funds have advanced funds to TIF District No. 1. The amount advanced is determined by the amount of debt issued by the water and sewer utilities to fund TIF District projects. The water and sewer utilities are charging the TIF District interest on the advance based on the average outstanding advance balance during the year at a rate of 4.5% and 5% respectively.

Following is a detailed repayment schedule.

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 214,597	\$ 35,792	\$ 250,389
2017	222,065	25,434	247,499
2018	141,422	14,721	156,143
2019	87,606	5,516	93,122
2020	<u>91,437</u>	<u>1,686</u>	<u>93,123</u>
Totals	<u>\$ 757,127</u>	<u>\$ 83,149</u>	<u>\$ 840,276</u>

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015 and
From the Date of Creation Through December 31, 2015

NOTE 5 – LOANS RECEIVABLE

At December 31, 2015, the district had outstanding loans receivable from developers totaling \$389,704. The loans are recorded as receivable by the district and repayments are recorded as a reduction of the receivable. All repayments are current. The loans are not considered to be project costs and are not reflected in the recoverable cost schedule.

NOTE 6 – SUBSEQUENT EVENTS

On January 12, 2016, the Village Board approved borrowing from the Board of Commissioners of Public Lands, in the amount of \$2,150,000.

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, 2015

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
SOURCES OF FUNDS											
Tax increments	\$ -	\$ -	\$ 4,270	\$ 10,237	\$ 106,420	\$ 166,991	\$ 267,056	\$ 318,599	\$ 436,894	\$ 521,692	\$ 468,843
Intergovernmental	-	-	-	-	-	21,749	5	51	2,590	2,972	3,333
Special assessments	-	-	-	-	-	37,289	4,611	8,972	2,173	-	2,322
Investment income	-	-	-	-	37,268	21,395	24,250	13,341	4,998	5,952	11,060
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	530,616	485,558
USES OF FUNDS											
Administration	-	-	425	30,125	3,169	6,940	15,188	841	2,400	901	596
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	92,000	87,192
Interest and fiscal charges	-	-	-	-	56,394	58,125	58,125	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	151,026	145,913

FUND BALANCE -
DECEMBER 31, 2015

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Totals	Project Plan Estimate
\$ 541,884	\$ 635,851	\$ 590,963	\$ 660,820	\$ 737,008	\$ 753,462	\$ 658,497	\$ 687,331	\$ 738,850	\$ 769,270	\$ 716,483	\$ 9,791,421	\$ 8,050,581
1,594	4,702	3,887	2,438	4,445	3,227	15,943	17,327	15,905	6,924	5,344	112,436	-
-	-	-	20,700	1,275	7,115	5,840	8,320	4,600	2,920	-	106,137	-
34,318	65,630	74,007	26,804	4,116	964	8,805	672	1,191	-	2,375	337,146	-
-	-	-	-	15,000	-	150,000	-	52,655	-	10,000	267,655	-
-	-	840,000	-	300,000	750,000	-	-	-	-	1,680,000	4,820,000	3,640,000
<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>713,650</u>	<u>813,201</u>	<u>779,114</u>	<u>2,414,202</u>	<u>15,434,795</u>	<u>11,690,581</u>
8,856	3,351	34,929	16,160	21,001	3,148	7,970	3,406	3,001	7,015	30,976	200,398	109,751
-	37,153	308,604	1,151,015	1,060,267	1,576	815,175	2,589	74,493	459,497	1,545,986	8,693,027	9,610,522
100,000	100,000	100,000	950,000	100,000	150,000	246,542	242,085	789,973	177,200	408,700	3,364,500	3,640,000
82,242	77,147	71,903	66,504	60,948	55,229	49,342	43,282	37,045	55,485	45,805	1,319,314	1,303,097
<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>56,162</u>	<u>50,416</u>	<u>12,368</u>	<u>39,573</u>	<u>884,366</u>	<u>1,644,075</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>347,524</u>	<u>954,928</u>	<u>711,565</u>	<u>2,071,040</u>	<u>14,461,605</u>	<u>16,307,445</u>

\$ 973,190

See accountant's compilation report.

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

COMPILED
DETAILED SCHEDULE OF CAPITAL EXPENDITURES
From the Date of Creation Through December 31, 2015

	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	276,301	60,000
Downtown street lighting	762,180	350,000
Streetscaping	37,933	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	470,794	-
Sub-Totals	3,666,361	2,246,000
Project Plan Amendment Three		
Acquisition, Demolition & Clean Up (Downtown Redevelopment)	-	1,000,000
Revolving Loan Program/Low Interest Loan Program	-	500,000
Mill Pond Work (Downtown Dredging & Shoreline Restoration)	-	500,000
Deerfield Road Development (Water,Sewer,Storm Water Improvements & Incentives)	1,789,854	1,700,000
Water and Sanitary Sewer Improvements necessary to serve Deerfield Road Dev	-	794,363
Force Main Replacement	-	122,501
Sub-Totals	1,789,854	4,616,864
 TOTAL CAPITAL EXPENDITURES	 \$ 8,693,027	 \$ 9,610,522

See accountant's compilation report.