

2019 ANNUAL REPORT

Tax Incremental Finance District No. 3

Village of Cross Plains, WI

Project No. 03535012

Drafted: June 19, 2020

<i>District Type:</i>	Rehabilitation/Conservation
<i>Creation Date:</i>	August 11, 2008
<i>Expenditure Period:</i>	August 11, 2030
<i>Termination Date:</i>	August 11, 2035
<i>Prior Project Plan Amendments:</i>	September 9, 2011 August 26, 2013
<i>Remaining Territory Amendments:</i>	2



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Village of Cross Plains, WI

Project No. 03535012

Prepared by:

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Note: The following document provides a review of development projects; tax increment collected; and project expenditures allocated through year 2019 within Tax Increment Finance District (TID) No. 3 since the district was created on August 11, 2008. The report also provides an updated projection of future tax increments and expenditures as it relates to the TID No. 3 Project Plan last amended by the Village Board on August 26, 2013. Sources of data include past Financial Statements (2008-2019), Wisconsin Department of Revenue Reports, and reports obtained from Village Staff. The numbers presented in these tables are estimates subject to change based upon the actual development performance and actual lending terms. Nothing contained herein shall be construed as a guarantee of future tax increment collections or a recommendation by MSA regarding the timing or method of financing the Village should utilize for future capital expenditures in the TID.

Section 1. Summary of District

Tax Increment Finance District (TID) No. 3 is a Rehabilitation/Conservation district located along the Village's Main Street corridor. Please refer to Appendix A for the TID No. 3 Boundary Map.

TID Dates

Creation Date	August 11, 2008
Expenditure Period	August 11, 2030
Termination Date	August 11, 2035

Sources: Wisconsin Department of Revenue and Village Financial Statements

TID Amendments

Territory Amendment No. 1	September 9, 2011
Territory Amendment No. 2	August 26, 2013
Remaining Territory Amendments	2

Sources: Wisconsin Department of Revenue and Village Financial Statements

TID Values and Balances

Base Value (2013)	\$28,128,600
Current Value (2019)	\$62,492,400
Tax Increment Value (2019)	\$34,363,800
Tax Increment Collected (2019)	\$517,563
Sources of Funds (2019)	\$557,419
Uses of Funds (2019)	\$655,792
Year Beginning Fund Balance (2019)	(\$484,390)
Year End Fund Balance (2019)	(\$582,763)
Estimated Future Revenues	\$11,955,968

Sources: Wisconsin Department of Revenue and Village Financial Statements

TID Equalized Value Limit (12%)

Per Wisconsin Statute 66.1105(4)(gm)4.c, municipalities are restrained in their use of TIF such that no new TIDs can be created, or territory added to existing TIDs, if the equalized value of taxable property of the (new/amended) district plus the value increment of all existing districts does not exceed 12% of the total equalized value of taxable property within the municipality. Currently, the tax increment value for the Village's TID(s) is 8.12% of the total equalized value of taxable property within the Village. Therefore, the Village has the capacity to create a new TID or add additional territory to TID No. 3. As of today, TID No. 3's boundary has been amended twice. The maximum number of territory amendments is 4. Therefore, the Village may change the TID's boundary 2 more times before its termination.

Section 2. Summary of Increments, Revenues and Expenditures

Figure 1 shows the changes in the TIF value increment from 2015 through 2019. According to the Department of Revenue's (DOR) 2019 TID Value Report for Cross Plains, as of January 1, 2019 TID No. 3 had a tax increment value of \$34,363,800. This represents a 122% increase over the 2013 amended base value.

Figure 1: TIF Value Increment 2015 Through 2019

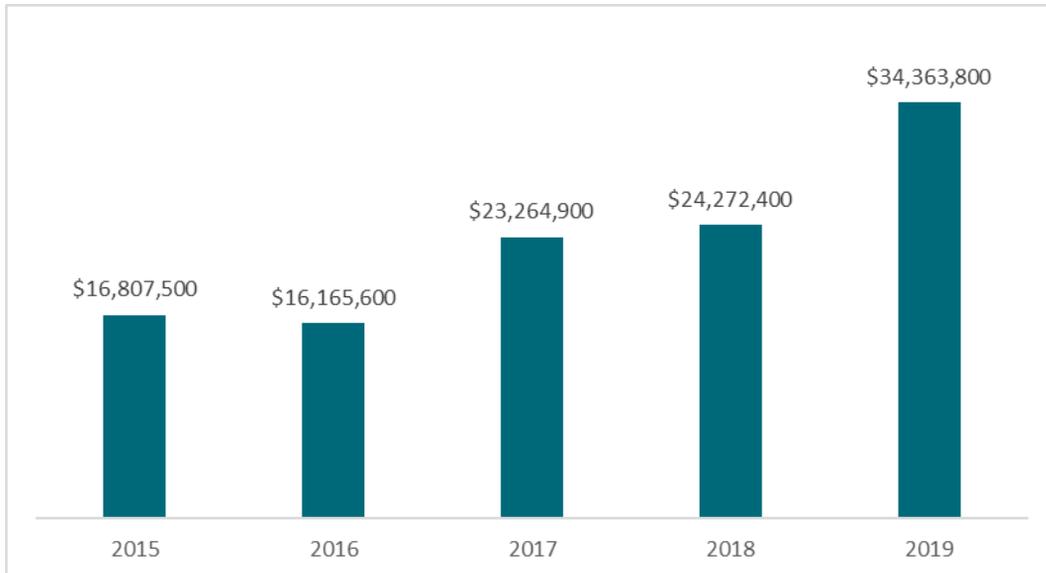


Table 1 provides a summary of TID No. 3 revenues from 2016 to 2019. The tax increment received increased by 36% from 2016-2019.

Table 1: TID No. 3 Revenues 2016-2019

	2016	2017	2018	2019
Exempt Computer Aid	\$8,005	\$6,653	\$6,751	\$6,914
Miscellaneous Revenue		\$125		\$32,942
Other Revenue Sources	\$3,535,000			
Tax Increment	\$380,197	\$353,897	\$508,345	\$517,563
Transfer from Other Fund		\$37,226		
TOTALS	\$3,923,202	\$397,901	\$515,096	\$557,419

Table 2 provides a summary of the total expenditures as reported in the Village's Annual Financial Statements for the TID from 2016-2019. Through 2019, \$5,976,381 has been expended. This includes the grand total dollar amounts presented in Table 2 (\$5,969,156) plus the January 1, 2016 beginning deficit of \$7,225.

Table 2: TID No. 3 Expenditures 2016-2019

	2016	2017	2018	2019
Administration	\$40,783	\$22,454	\$18,942	\$33,938
Developer Grant	\$1,072,120	\$47,120	\$47,120	\$47,120
Interest and Fiscal Charges	\$157,660	\$157,555	\$86,138	\$81,484
Other Expenditure	\$142,126			
Principal on Long-Term Debt	\$235,000	\$2,689,900	\$395,001	\$405,000
Professional Services	\$14,410			
Transfer to Other Fund		\$98,785	\$88,250	\$88,250
TOTALS	\$1,662,099	\$3,015,814	\$635,451	\$655,792

Table 3 presents the original list of projects and estimated costs from the 2013 amendment to TID No. 3.

Table 3: List of Projects from 2013 TID Amendment

Project	Estimated Total Cost
Project #1 - Land Acquisition	\$500,000
Project #2 - Property Development	\$300,000
Project #3 - Transportation & Parking Infrastructure	\$200,000
Project #4 - Water & Sanitary Improvements	\$5,150,000
Project #5 - Storm Water Management Improvements	\$1,600,000
Project #6 - Electric Improvements	\$500,000
Project #7 - Development Incentives	\$1,500,000
Project #8 - Economic Dev. Planning	\$75,000
Project #9 - TID Administration	\$75,000
Project #10 - Streetscaping, Landscaping, Park Improvements	\$300,000
Project #11 - Environmental Audits & Remediation	\$300,000
TOTAL	\$10,500,000

Section 3. Summary and Projection of District Performance – Status Quo

Table 4 and Table 5 demonstrate the amount of potential revenues and expenditures until the TID’s termination in 2035 assuming no additional development.

Table 4 provides an updated summary of the projected tax increment of TID No. 3 commencing in 2020 and running over the 15-year remaining life of the TID. Table 4 provides a conservative estimate of future tax increments as it assumes no additional redevelopment projects will occur beyond those constructed in 2020. In addition, the analysis assumes no inflation, or deflation, of assessment values or tax rates over the remaining life of the TID. The annual tax increment collected is projected to be \$747,248 (based on the 2020 tax increment) each year and remain constant over the remaining life of the TID under the stated assumptions. Based on these assumptions the total tax increment collected over the remaining life of the TID is projected to be \$11,955,968.

Table 4: Projected Tax Increment-Status Quo

Year	Cumulative Value Increment	Inflation Increment	New Development	New Development Increment	Annual Value Increment	Tax Rate	Tax Increments
2020	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2021	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2022	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2023	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2024	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2025	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2026	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2027	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2028	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2029	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2030	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2031	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2032	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2033	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2034	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2035	\$34,363,800	\$0			\$0	\$21.75	\$747,248
		\$0	\$0	\$0			\$11,955,968

Last Year for Project Expenditures 2030

Assumptions

1. The total amount of new development construction over the life of the TID is \$0.
2. The annual rate of inflation is assumed to be 0.00% over the life of the district.
3. The tax rate is assumed to be \$21.75 over the life of the district (based on the tax rate).
4. Analysis assumes the TID expires at the end of the 27-year period without a 3-year extension.

Table 5 provides a summary and projection of the TID’s performance under a “status quo” scenario (i.e. assumes no additional new development occurs and new capital expenditures, particularly those requiring debt issuance). According to the Village’s 2019 financial statements, the only direct obligation for TID No. 3 is a development incentive in the form of a tax abatement to Milestone Senior Living. The annual payment for this development incentive is \$47,120. The remaining balance of the tax abatement is \$706,800. In 2019, the TID transferred \$88,250 to the water/sewer fund. The analysis assumes this number will remain steady over the TID’s remaining life. Annual TID administration is assumed to be \$5,000 per year (\$80,000 total) over the remaining life of the TID. The remaining debt service is estimated at \$4,022,934. The debt service is related to water/sewer/Lagoon St. improvements, streetscaping and residential projects. After payment of the debt service, transfers to the water/sewer fund, development incentives and TID planning and administration fees, the TID is expected to cash flow in 2025. Under this scenario, the TID will close with a positive balance of \$5,151,472.

Table 5: Projected Performance-Status Quo

Year	Tax Increment	Debt Service	Transfer to Water/Sewer	Development Incentives	TID Planning & Admin	Total Expenditures	Annual Balance	Total Balance
2019							(\$582,763)	(\$582,763)
2020	\$747,248	\$495,603	\$88,250	\$47,120	\$5,000	\$635,973	\$111,275	(\$471,488)
2021	\$747,248	\$494,243	\$88,250	\$47,120	\$5,000	\$634,613	\$112,635	(\$358,853)
2022	\$747,248	\$501,968	\$88,250	\$47,120	\$5,000	\$642,338	\$104,910	(\$253,943)
2023	\$747,248	\$538,446	\$88,250	\$47,120	\$5,000	\$678,816	\$68,433	(\$185,510)
2024	\$747,248	\$568,434	\$88,250	\$47,120	\$5,000	\$708,804	\$38,444	(\$147,066)
2025	\$747,248	\$384,015	\$88,250	\$47,120	\$5,000	\$524,385	\$222,863	\$75,797
2026	\$747,248	\$252,050	\$88,250	\$47,120	\$5,000	\$392,420	\$354,828	\$430,625
2027	\$747,248	\$122,650	\$88,250	\$47,120	\$5,000	\$263,020	\$484,228	\$914,853
2028	\$747,248	\$119,550	\$88,250	\$47,120	\$5,000	\$259,920	\$487,328	\$1,402,181
2029	\$747,248	\$116,275	\$88,250	\$47,120	\$5,000	\$256,645	\$490,603	\$1,892,784
2030	\$747,248	\$112,850	\$88,250	\$47,120	\$5,000	\$253,220	\$494,028	\$2,386,812
2031	\$747,248	\$109,300	\$88,250	\$47,120	\$5,000	\$249,670	\$497,578	\$2,884,390
2032	\$747,248	\$105,650	\$88,250	\$47,120	\$5,000	\$246,020	\$501,228	\$3,385,618
2033	\$747,248	\$101,900	\$88,250	\$47,120	\$5,000	\$242,270	\$504,978	\$3,890,596
2034	\$747,248		\$88,250	\$47,120	\$5,000	\$140,370	\$606,878	\$4,497,474
2035	\$747,248		\$88,250		\$5,000	\$93,250	\$653,998	\$5,151,472
	\$11,955,968	\$4,022,934	\$1,412,000	\$706,800	\$80,000	\$6,221,734		

Last Year for Project Expenditures

2030

Section 4. Summary and Projection of District Performance – Additional Development

This section provides a scenario if additional development were to take place in the TID. The tables in the section provide an estimate of new development activities, tax increment generated by the new development and projected annual performance demonstrating the TIDs capacity to complete additional projects.

Table 6 provides a list of potential development activities based on exploratory discussions with the Village and potential developers. The figures presented in Table 6 are based on the assessments of recently constructed properties in the Village’s downtown area. Based on these assessments, the analysis assumes \$7,250,000 in potential new development.

Table 6: Potential New Development Projects

Year	Address	Development Type	Amount
2023	1601 Bourbon Road	Multi-Family Residential	\$4,750,000
2024	1010 Park Street	Mixed-Use Development	\$2,500,000
		TOTAL	\$7,250,000

Table 7 provides an estimate of projected tax increments running over the remaining 15-year life of TID No. 3. This analysis assumes the additional development as presented in Table 6 plus an annual inflation rate of 1%. Assuming these development activities take place, the TID could potentially realize \$14,659,398 of tax increment by the TID’s termination in 2035.

Table 7: Projected Tax Increment-Additional Development

Year	Cumulative Value Increment	Inflation Increment	New Development	New Development Increment	Annual Value Increment	Tax Rate	Tax Increments
2020	\$34,363,800	\$0			\$0	\$21.75	\$747,248
2021	\$34,363,800	\$343,638			\$343,638	\$21.75	\$754,720
2022	\$34,707,438	\$347,074			\$347,074	\$21.75	\$762,268
2023	\$35,054,512	\$350,545	\$4,750,000		\$350,545	\$21.75	\$769,890
2024	\$35,405,058	\$354,051	\$2,500,000		\$354,051	\$21.75	\$777,589
2025	\$35,759,108	\$357,591		\$4,750,000	\$5,107,591	\$21.75	\$888,655
2026	\$40,866,699	\$408,667		\$2,500,000	\$2,908,667	\$21.75	\$951,904
2027	\$43,775,366	\$437,754			\$437,754	\$21.75	\$961,424
2028	\$44,213,120	\$442,131			\$442,131	\$21.75	\$971,038
2029	\$44,655,251	\$446,553			\$446,553	\$21.75	\$980,748
2030	\$45,101,804	\$451,018			\$451,018	\$21.75	\$990,556
2031	\$45,552,822	\$455,528			\$455,528	\$21.75	\$1,000,461
2032	\$46,008,350	\$460,083			\$460,083	\$21.75	\$1,010,466
2033	\$46,468,433	\$464,684			\$464,684	\$21.75	\$1,020,570
2034	\$46,933,118	\$469,331			\$469,331	\$21.75	\$1,030,776
2035	\$47,402,449	\$474,024			\$474,024	\$21.75	\$1,041,084
		\$6,262,673	\$7,250,000	\$7,250,000			\$14,659,398

Last Year for Project Expenditures **2030**

Assumptions

1. The total amount of new development construction over the life of the TID is \$7,250,000.
2. The annual rate of inflation is assumed to be 1.00% over the life of the district.
3. The tax rate is assumed to be \$21.75 over the life of the district (based on the tax rate).
4. Analysis assumes the TID expires at the end of the 27-year period without a 3-year extension.

Table 8 demonstrates the TID’s performance under an “additional development” scenario based on the information provided in Table 6 and Table 7. According to the Village’s 2019 financial statements, TID No. 3 pays a development incentive in the form of a tax abatement to Milestone Senior Living. The annual payment for this development incentive is \$47,120. The remaining balance of the tax abatement is \$706,800. In 2019, the TID transferred \$88,250 to the water/sewer fund. The analysis assumes this number will remain steady over the TID’s remaining life. Annual TID administration is assumed to be \$5,000 per year (\$80,000 total) over the remaining life of the TID. The remaining debt service is estimated at \$4,022,934. The debt service is related to water/sewer/Lagoon St. improvements, streetscaping and residential projects. After payment of the debt service, transfers to the water/sewer fund, development incentives and TID planning and administration fees, the TID has the capacity to pay for an additional \$7,854,801 in additional project costs or incentives assuming additional development takes place.

Table 8: Projected Performance-Additional Development

Year	Tax Increment	Existing Debt Service	Transfer to Debt Service	Development Incentives	TID Planning & Admin	Additional Capacity	Total Expenditures	Annual Balance	Total Balance
2019								(\$582,763)	(\$582,763)
2020	\$747,248	\$495,603	\$88,250	\$47,120	\$5,000	\$490,925	\$1,126,898	(\$379,650)	(\$962,413)
2021	\$754,720	\$494,243	\$88,250	\$47,120	\$5,000	\$490,925	\$1,125,538	(\$370,818)	(\$1,333,231)
2022	\$762,268	\$501,968	\$88,250	\$47,120	\$5,000	\$490,925	\$1,133,263	(\$370,995)	(\$1,704,226)
2023	\$769,890	\$538,446	\$88,250	\$47,120	\$5,000	\$490,925	\$1,169,741	(\$399,850)	(\$2,104,076)
2024	\$777,589	\$568,434	\$88,250	\$47,120	\$5,000	\$490,925	\$1,199,729	(\$422,140)	(\$2,526,216)
2025	\$888,655	\$384,015	\$88,250	\$47,120	\$5,000	\$490,925	\$1,015,310	(\$126,655)	(\$2,652,871)
2026	\$951,904	\$252,050	\$88,250	\$47,120	\$5,000	\$490,925	\$883,345	\$68,559	(\$2,584,312)
2027	\$961,424	\$122,650	\$88,250	\$47,120	\$5,000	\$490,925	\$753,945	\$207,478	(\$2,376,833)
2028	\$971,038	\$119,550	\$88,250	\$47,120	\$5,000	\$490,925	\$750,845	\$220,193	(\$2,156,641)
2029	\$980,748	\$116,275	\$88,250	\$47,120	\$5,000	\$490,925	\$747,570	\$233,178	(\$1,923,463)
2030	\$990,556	\$112,850	\$88,250	\$47,120	\$5,000	\$490,925	\$744,145	\$246,411	(\$1,677,052)
2031	\$1,000,461	\$109,300	\$88,250	\$47,120	\$5,000	\$490,925	\$740,595	\$259,866	(\$1,417,186)
2032	\$1,010,466	\$105,650	\$88,250	\$47,120	\$5,000	\$490,925	\$736,945	\$273,521	(\$1,143,665)
2033	\$1,020,570	\$101,900	\$88,250	\$47,120	\$5,000	\$490,925	\$733,195	\$287,375	(\$856,290)
2034	\$1,030,776		\$88,250	\$47,120	\$5,000	\$490,925	\$631,295	\$399,481	(\$456,809)
2035	\$1,041,084		\$88,250		\$5,000	\$490,925	\$584,175	\$456,909	\$100
	\$14,659,398	\$4,022,934	\$1,412,000	\$706,800	\$80,000	\$7,854,801	\$14,076,535		

Last Year for Project Expenditures 2030

Section 5. Annual Report Summary and Recommendations

TID No. 3 is performing well and has ample time to pay off its existing debts. Since the equalized value of the TID is less than 12% of the total equalized value of the Village, the Village could expand the boundary of TID No. 3 two more times or create a new TID. The Village should continue to use development incentives to continue rehabilitation and conservation activities.

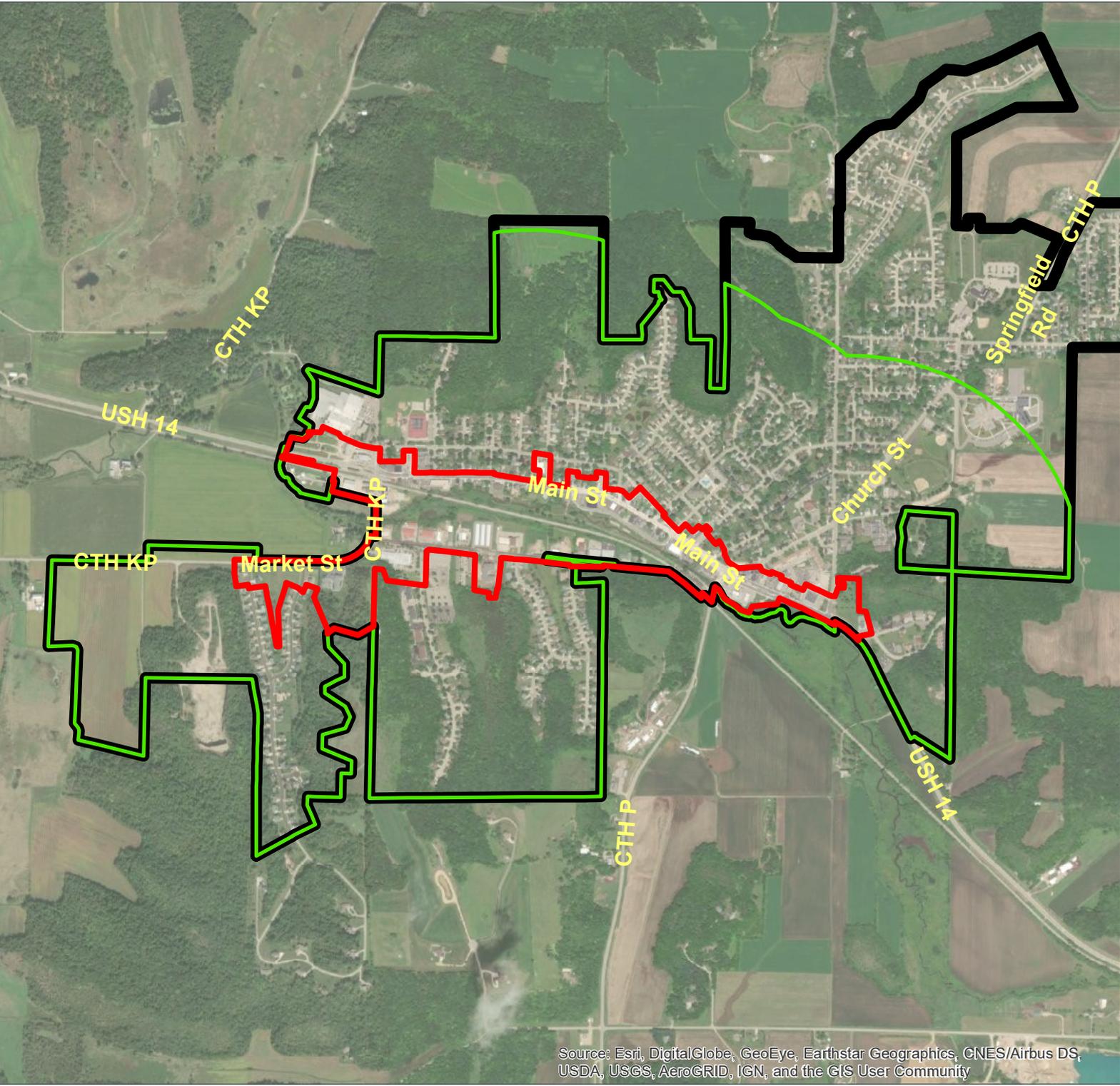
Appendix A: TID No. 3 Boundary Map

TID No. 3

TID Boundary and 1/2 Mile Project Boundary

Village of Cross Plains
Dane County, WI

- LEGEND
-  TID No. 3 Boundary
 -  1/2 Mile Project Boundary
 -  Corporate Limits



Data Sources:
MSA
Dane County
ESRI

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



Appendix B: Department of Revenue PE-300 Forms

Form PE-300	TID Annual Report	2019 WI Dept of Revenue
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Section 1 - Municipality and TID					
Co-muni code 13113	Municipality CROSS PLAINS		County DANE	Due date July 1, 2020	Report type AMENDED
TID number 003	TID type 3	TID name TID 3	Creation date 08/11/2008	Mandatory termination date 08/11/2035	Expected termination date N/A

Section 2 - Beginning Balance	Amount
TID fund balance at beginning of year	\$-484,390

Section 3 - Revenue	Amount
Tax increment	\$517,563
Investment income	
Debt proceeds	
Special assessments	
Exempt computer aid	
Sale of property	
Allocation from another TID	
Developer guarantees name	
Transfer from other funds source	
Source Intergovernmental	\$9,174
Other grants sources	
Other revenue sources	
Source Miscellaneous Income	\$30,682
Total Revenue (deposits)	\$557,419

Form PE-300	TID Annual Report	2019 WI Dept of Revenue
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Section 4 - Expenditures	Amount
Capital expenditures	
Administration	\$33,938
Professional services	
Interest and fiscal charges	\$81,484
DOR fees	
Discount on long-term debt	
Debt issuance costs	
Principal on long-term debt	\$405,000
Environmental costs	
Real property assembly costs	
Allocation to another TID	
Developer grants name	
Developer name Milestone Senior Living LLC	\$47,120
Transfer to other funds source	
Fund Water & Sewer Payments	\$88,250
Other expenditures source	
Total Expenditures	\$655,792

Section 5 - Ending Balance	Amount
TID fund balance at end of year	\$-582,763
Future costs	\$6,221,734
Future revenue	\$11,955,968
Surplus or deficit	\$5,151,471

Section 6 - Preparer/Contact Information	
Preparer name Jeffrey D Thelen	Preparer title
Preparer email jthelen@msa-ps.com	Preparer phone (608) 355-8911
Contact name Bill Chang	Contact title Village Administrator
Contact email bchang@cross-plains.wi.us	Contact phone (608) 798-3241