

**VILLAGE OF RIDGEWAY
TAX INCREMENTAL FINANCING (TIF)
DISTRICT NO. 1**

From Date of Creation (August 7, 2007)
Through December 31, 2022

DRAFT

**Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
(608) 987-2206**

INDEPENDENT AUDITOR'S REPORT

Village President, Village Board, and Management
Village of Ridgeway, Wisconsin

Opinion

We have audited the accompanying historical summary financial statements of the Village of Ridgeway Tax Incremental Financing District No. 1 (the "District"), which comprise the Historical Summary of Project Costs, Project Revenues and Net Costs to be Recovered Through Tax Increments and the related Historical Summary of Sources, Uses and Status of Funds from the date the District was created through December 31, 2022 and the related notes to the summaries.

In our opinion, the historical summary financial statements referred to above present fairly, in all material respects, the net project costs to be recovered through tax increments of the District as of December 31, 2022, and the sources, uses and status of funds from the creation date of the District through December 31, 2022, in accordance with the financial reporting provisions of the Wisconsin Department of Revenue as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Historical Summary Financial Statements section of our report. We are required to be independent of the Village of Ridgeway, Wisconsin, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The historical summary 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 Ridgeway and the changes in its financial position in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Historical Summary Financial Statements

Management is responsible for the preparation and fair presentation of these historical summary financial statements in accordance with financial reporting provisions of the Wisconsin Department of Revenue, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the historical summary financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for twelve months beyond the historical summary financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Historical Summary Financial Statements

Our objectives are to obtain reasonable assurance about whether these historical summary financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the historical summary financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the historical summary financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the historical summary financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the historical summary financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

Johnson Block & Company, Inc.
 , 2023

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Village of Ridgeway
TAX INCREMENTAL FINANCING (TIF) DISTRICT NO. 1
Iowa County, Wisconsin

Historical Summary of Project Costs, Project Revenues and
Net Costs to be Recovered Through Tax Increments
From Date of Creation Through December 31, 2022

<u>Project Costs</u>	<u>Cumulative Total</u>
Capital expenditures	\$ 1,972,986
Administration (in-house)	13,359
Professional services	10,412
Interest and fiscal charges	158,173
DOR fees	1,200
Principal on long-term debt	1,371,383
Total project costs	3,527,513
<u>Project Revenues</u>	
Tax increments	249,135
Debt proceeds	1,677,933
Intergovernmental revenue	1,729
Sale of property	697,376
Miscellaneous	86,245
Total project revenues	2,712,418
Net costs to be recovered as of December 31, 2022	\$ 815,095
<u>Reconciliation of Recoverable Costs</u>	
Due to other funds	43,691
Advances from other funds	771,404
Net costs to be recovered as of December 31, 2022	\$ 815,095

See accompanying notes to the financial statements.

Village of Ridgeway
TAX INCREMENTAL FINANCING (TIF) DISTRICT NO. 1
Iowa County, Wisconsin

Historical Summary of Sources, Uses and Status of Funds
From Date of Creation Through December 31, 2022

<u>Sources of Funds:</u>	Cumulative Total
Tax increments	\$ 249,135
Debt proceeds	1,677,933
Intergovernmental revenue	1,729
Sale of property	697,376
Miscellaneous	86,245
Total sources of funds	2,712,418
<u>Uses of Funds:</u>	
Capital expenditures	1,972,986
Administration (in-house)	13,359
Professional services	10,412
Interest and fiscal charges	158,173
DOR fees	1,200
Principal on long-term debt	1,371,383
Total uses of funds	3,527,513
Fund balance, December 31, 2022	\$ (815,095)

See accompanying notes to the financial statements.

**VILLAGE OF RIDGEWAY
TAX INCREMENTAL FINANCING (TIF) DISTRICT NO. 1
Notes to Financial Statements
December 31, 2022**

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Ridgeway 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 Ridgeway 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 Ridgeway Tax Incremental District No. 1.

A. Description of Fund Structure

This report contains the financial information of the Village of Ridgeway Tax Incremental District No. 1. The summary statements were prepared from data recorded in TIF District No. 1.

A detailed description of the purpose of this fund can be found in the Village of Ridgeway’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 23 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the Village of Ridgeway. The Village approved a 3-year Technical College extension to increase the number of years to collect tax increments. This did not extend the project period.

	Creation Date	Last Date to Incur Project Costs	Final Dissolution Date
TID No. 1	August 7, 2007	August 7, 2022	August 7, 2030

VILLAGE OF RIDGEWAY
TAX INCREMENTAL FINANCING (TIF) DISTRICT NO. 1
Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies (Continued)

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, or when construction funds are transferred to an irrevocable escrow account for purposes of completing projects.

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 when collected, if applicable. Annual installments due in future years are accounted for as receivables and deferred inflows.

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

C. 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 inflow or nonspendable fund balance. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the Village's basic financial statements. The related expenditures are recognized when the liabilities are liquidated.

D. 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

E. Project Plan Budgets

The estimated revenues and expenditures of the District are adopted in the project plan. Those estimates are for the entire life of the District (up to 23 years), and may not be comparable to results presented in this report. The original District project plan anticipated total project costs of \$2,006,000 and debt service of \$4,239,083.

**VILLAGE OF RIDGEWAY
TAX INCREMENTAL FINANCING (TIF) DISTRICT NO. 1
Notes to Financial Statements
December 31, 2022**

1. Summary of Significant Accounting Policies (Continued)

F. Long-term Debt

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are recorded by the Village in the statement of net position, as shown in its basic financial statements.

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 Standard Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, a liability is recorded in the statement of net position. The related expenditure is recognized when the liability is liquidated.

2. Long-term Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds were borrowed to finance District expenditures. During the term of TIF District No. 1, the Village of Ridgeway had various debt issues that had allocable portions to the District. Remaining debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2023	\$ 71,032	\$ 9,043	\$ 80,075
2024	73,127	6,948	80,075
2025	75,284	4,791	80,075
2026	77,505	2,570	80,075
2027	9,602	283	9,885
Total	<u>\$ 306,550</u>	<u>\$ 23,635</u>	<u>\$ 330,185</u>

The Village of Ridgeway advanced cash to TIF District No. 1 during its life so the District could pay project costs. As of December 31, 2022, \$771,404 is owed to the Village of Ridgeway general fund. The amounts to be recovered through future increments could be increased by interest to be charged on the advance from other funds should the Village approve charging interest.

3. Deferred Special Assessments

There are no deferred special assessments.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH TAX INCREMENTAL
FINANCING DISTRICT LAWS AND REGULATIONS**

To the Village President, Village Board, and Management
Village of Ridgeway, Wisconsin

We have audited the accompanying Historical Summary of Project Costs, Project Revenues and Net Costs to be Recovered Through Tax Increments and the related Historical Summary of Sources, Uses and Status of Funds of the Village of Ridgeway Tax Incremental Financing District No. 1 (the "District") from the date the District was created through December 31, 2022 and have issued our report thereon dated _____, 2023.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the historical summary statements are free of material misstatement.

Compliance with tax increment financing district laws, regulations and the project plan is the responsibility of the Village of Ridgeway, Wisconsin's management. As part of obtaining reasonable assurance about whether the aforementioned historical summary financial statements are free of material misstatement, we performed tests of the Village's compliance with Wisconsin State Statutes Section 66.1105 and the project plan. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Village of Ridgeway, Wisconsin complied, in all material respects, with the provisions referred to in the preceding paragraph.

With respect to items not tested, nothing came to our attention that caused us to believe that the Village of Ridgeway, Wisconsin had not complied, in all material respects, with those provisions.

This report is intended for the information of the Village, its management, and the overlying taxing districts and is not intended to be, and should not be, used by anyone other than the specified parties.

Johnson Block & Company, Inc.
_____, 2023