Attachment 1: TIF Balance Sheet

Attachment 1 shows the three TIF's we have, and using todays estimated mil rate, what the income, expenses and balance of the TIF accounts will be until the end of life. The "BALANCE" column shows the amount we will have left in the TIF accounts at end of life if we do nothing and just let them expire. The "New Balance" column shows what we will have in the TIF accounts at end of life if we slowly start capturing less in each TIF. The amounts in red in the 'Not Capture" column shows what we are proposing to you as a solution to "gracefully" end the life of the TIF accounts.

You will notice that TIF 1 and TIF 2 expire in year 2030 and the DTV TIF expires in year 2027, these are based on the TIF development plans that were in place when the TIF accounts were created. This chart also adds in the average increase, or decrease, in the valuation of the TIF account that has been historical and is labeled "INCOME". It does not utilize an adjustment to the mil rate as that is too hard to narrow down from year to year, it uses a 16.19 mil rate for all years moving forward and will be adjusted on a yearly basis. "EXPENSES" also show the increase that has historically been present and includes all BONDS paid using the TIF funds, including the new water sewer bonds.

Bonds that utilize TIF funding must be paid, TIF portion, by the end of the life of the TIF accounts. This is why you will see a jump in the last year of expenses for TIF 2 and DTV. The huge jump in expenses in FY 27 you see in TIF 1 is due to the purchase of a new Heavy Rescue vehicle. This vehicle is an authorized replacement using TIF funding as it was originally bought using TIF funds. At the end of the life of the TIF this vehicle will be rolled into the Fire Rescue CIP for the next replacement. This vehicle is needed to adequately service Blue Triton Brands, formerly Nestle Waters, Poland Spring Bottling plant in case of an emergency and was part of the development program when the TIF was created. Expenses fluctuate in other years by quite a bit due to BOND payments on prior infrastructure being paid off and the new bond being placed on the books.

ATTACHMENT 1: TIF Balance Sheet

TIF 1	INCOME	EXPENSE	BALANCE	Not Capture	New Balance
FY2020			$202,012		$202,012
FY2021	$722,082	$423,847	$500,247		$500,247
FY2022	$776,184	$495,559	$780,872	($50,000)	$730,872
FY2023	$773,313	$638,158	$916,027	($125,000)	$741,027
FY2024	$770,448	$475,225	$1,211,250	($125,000)	$911,250
FY2025	$767,589	$446,397	$1,532,442	($100,000)	$1,132,442
FY2026	$764,735	$446,920	$1,850,257	($100,000)	$1,350,257
FY2027	$761,887	$1,947,205	$664,939	($100,000)	$64,939
FY2028	$759,045	$447,204	$976,780	($275,000)	$101,780
FY2029	$756,208	$446,909	$1,286,079	($270,000)	$141,079
FY2030	$753,377	$490,067	$1,549,389	($400,000)	$4,389

TIF 2	INCOME	EXPENSE	BALANCE	Not Capture	New Balance
FY2020			$414,869		$414,869
FY2021	$678,284	$625,550	$467,603		$467,603
FY2022	$733,988	$353,690	$847,901	($50,000)	$797,901
FY2023	$735,629	$551,456	$1,032,074	($275,000)	$707,074
FY2024	$737,274	$550,238	$1,219,110	($275,000)	$619,110
FY2025	$738,922	$549,020	$1,409,012	($340,000)	$469,012
FY2026	$740,573	$547,544	$1,602,041	($365,000)	$297,041
FY2027	$742,227	$545,182	$1,799,086	($365,000)	$129,086
FY2028	$743,885	$542,979	$1,999,992	($150,000)	$179,992
FY2029	$745,547	$540,429	$2,205,110	($165,000)	$220,110
FY2030	$747,211	$808,308	$2,144,013	($150,000)	$9,013

DTV	INCOME	EXPENSE	BALANCE	Not Capture	New Balance
FY2020			$378,850		$378,850
FY2021	$122,242	$74,693	$426,399		$426,399
FY2022	$140,902	$78,563	$488,738	($10,000)	$478,738
FY2023	$140,902	$104,590	$525,050	($65,000)	$450,050
FY2024	$140,902	$104,482	$561,470	($65,000)	$421,470
FY2025	$140,902	$104,341	$598,031	($65,000)	$393,031
FY2026	$140,902	$104,156	$634,777	($90,000)	$339,777
FY2027	$140,902	$387,868	$387,811	($85,000)	$7,811

Attachment 2: Recurring Costs at the End of TIF Life

Attachment 2 shows the costs that are captured in the three TIF accounts that will continue to be expended after the end of the life of the TIF accounts. This means that those costs will shift to the general fund budget and be encompassed within our municipal department budgets. The amounts from 21 forward are budgeted amounts and not actual amounts spent. Prior to 21, the actual amounts spent in each line item are documented.

We have discussed some mitigation of these costs and whether they are still needed at the end of the TIF life and feel that most will need to be rolled over to general fund expenses. All are pretty self-explanatory except for the Financial Outlay category. The Financial Outlay line item encompasses the portions of salaries that are paid out of the TIF accounts based on the development program. Right now those portions are as follows:

Town Manager – 25%
Deputy Town Manager – 25%
Finance Director – 15%
Finance Clerk – 5%

The other expense we will be looking at as the TIF accounts expire is the CEDC line item. Right now that encompasses a couple of items that must be moved over to the general fund expenses such as Lake Association reimbursements, Web GIS Support, and Website Hosting. Other costs in the category are discretionary and it will be up to the Board what other costs we continue utilizing after the TIF accounts expire. For the exercise in front of you we have kept the complete CEDC budget of $56,500 in tact after the end of the life of the TIF accounts. We have zeroed out the Recreational Trails expense for FY23 and beyond.

To summarize, when the DTV TIF expires in FY27 we will need to anticipate $8,649 in recurring costs that will need to be absorbed into the general fund budget moving forward. In FY31 we will need to absorb $202,639 of recurring expenses from TIF 1 and TIF 2 into the general fund budget moving forward. This does not have a huge impact on us as we will be able to utilize approximately $1.5 million each year in tax revenue that will now be placed in the general fund instead of the TIF accounts. (Don’t get too excited, the next attachment shows how that $1.5 million will need to be utilized moving forward at the end of the TIFs.)

ATTACHMENT 2: Recurring Costs at the End of TIF Life

TIF 1

		21	22	23	24	25	26	27	28	29	30
Hydrant Fees	*27,755*	*32,269*	*33,237*	*34,234*	*35,261*	*36,319*	*37,409*	*38,531*	*39,687*	*40,877*	*42,104*
Assessing / Legal Services	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*
Bank Fees/interest	*0*	*0*	*250*	*250*	*250*	*250*	*250*	*250*	*250*	*250*	*250*
Heavy Duty Maintenance	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*	*3,000*
Heavy Duty Equipment	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*	*25,000*
Bleeder	*18,000*	*14,725*	*15,167*	*15,622*	*16,090*	*16,573*	*17,070*	*17,582*	*18,110*	*18,653*	*19,213*
CEDC	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*	*56,500*
Financial Outlay	*21,402*	*21,724*	*22,224*	*22,735*	*23,258*	*23,793*	*24,340*	*24,900*	*25,472*	*26,058*	*26,658*
											175,224

TIF 2

Financial Outlay	*19,618*	*19,913*	*20,371*	*20,840*	*21,319*	*21,809*	*22,311*	*22,824*	*23,349*	*23,886*	*24,435*
Assessing /Legal	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*
Electricity - Traffic Light	*480*	*480*	*480*	*480*	*480*	*480*	*480*	*480*	*480*	*480*	*480*
Recreation Trails	*40,000*	*40,000*	*40,000*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
											27,415

DTV

Financial Outlay	*3,569*	*3,620*	*3,703*	*3,788*	*3,876*	*3,965*	*4,056*	*4,149*
Assessing/Legal Services	*2,000*	*2,000*	*2,000*	*2,000*	*2,000*	*2,000*	*2,000*	*2,000*
SKID Steer Maintenance	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*	*2,500*
								8,649

Attachment 3: Proposed Plan Using Unassigned Fund Balance

Attachment 4: Proposed Plan Using No Unassigned Fund Balance

Attachment 3 & 4 shows 3 different iterations of "ending the life of the TIF accounts". Scenario 1 demonstrates what we can expect if we do nothing and just keep moving forward with how the TIF accounts are currently operating. This scenario does not offer a way to fund the underfunded Fire Rescue CIP therefore still leaves that as an issue moving forward. Scenario 2 shows us moving forward with the TIF's as currently doing except at the end of the life we use some of that money towards the underfunded Fire Rescue CIP. Scenario 3 shows us not capturing as much in the TIF accounts so we can fund the Fire Rescue CIP and keeps the mil rate somewhat consistent throughout the process. We would recommend scenario 3 in Attachment 4 as our way forward.

We had several goals we wanted to meet with our plan to move forward, those goals are:

- Keep the mil rate with minimal fluctuation year to year
- Find a way to use the TIF's end of life as a way to help fund our underfunded CIP, mainly Fire Rescue, without having to raise and appropriate more money on the backs' of the taxpayers
- Mitigate the impact of the TIF's ending on the mil rate

We also used several assumptions in building this plan, those assumption are:

- All other factors outside the TIF including valuation, cost of business increases, and school increases are not factored in the plan
- Leave the balance in the TIF accounts as close to zero as possible
- Historically, an average of $110,000 per year is added to the General Fund Unassigned Fund Balance
- Zeroed out Recreational Trails starting in FY23 going forward
- We can expect to see an average $0.26 tax shift per $1

To explain the Attachments:

- YR represents the FY running July 1st – June 30th
- MIL represents the anticipated mil rate based on the first assumption above
- UFB represents how much we would feel comfortable taking from the unassigned fund balance, if needed, to lower the mil rate (this amount was used to calculate the MIL)
- INCOME represents the combined income of all three TIF accounts as shown on Attachment 1. This income does take into account the historical increase or decrease in valuation to the TIF accounts but uses a mil rate of 16.18 moving forward until the end of the TIF accounts. This sheet is updated multiple times throughout the year and we would calculate the next year's TIF income

using the anticipated mil rate at that time. If we try to do this now, it makes for too many moving parts to put together a solid idea that we can tweak year to year.

- BALANCE represents the ending balance that we will have in the TIF accounts at the end of life based on the scenario you are viewing. That balance has to be counted as revenue the following year and we will be hit with a TAX SHIFT based on that BALANCE.
- NOT CAPTURE represents what we propose not capturing in the TIF accounts and Attachment 1 shows exactly how much in each TIF we propose not capturing in each year. To note is that when the TIF was first developed it was in the plan to capture only between 50%-0% the last five years, however when we did the first amendment we removed that and just put in that we would capture "up to" 90% each year.
- CIP is the proposed amount that we would like to see dropped into the Fire Rescue CIP budgeted expense to get it back on track. Using the proposed funding seen in scenario 2 & 3 we would have a funded Fire Rescue CIP until at least 2040 if we continue forward with a $300,000 contribution each year after this plan ends. Doing this does not require us to ask for additional raised and appropriated funds from taxpayers to fund the CIP as the additional expense amount would be covered from the valuation that we do not capture in the TIF accounts.
- TIF EXP represents the recurring expenses that are currently paid out of the TIF accounts that would continue at the end of the life of the TIF accounts and would need to be absorbed into the General Fund budget moving forward. These expenses are shown in more detail on Attachment 2.
- TAX SHIFT represents the amount of tax we would be paying based on the NOT CAPTURED amount we are proposing or any BALANCE we move over to the General Fund at the end of the TIF life. While money is in a TIF account it is sheltered from our state valuation therefore the state does not count it for the School Subsidy, Revenue Sharing, or County Tax. Once the TIF accounts have ended or we capture less we will expect to see an approximate $0.26 shift per $1 on what we can anticipate losing on those items listed above. This means that we will have to raise and appropriate money for the decrease we receive in our School Subsidy, Revenue Sharing, and County Tax. Most of this shift is covered by the $1.5 million we will no longer be sheltering that can cover the cost moving forward however we do get hit pretty big on the BALANCE we move over because that now becomes unsheltered money that we have available that originally was sheltered so we have to pay a TAX SHIFT on that BALANCE. TAX SHIFT does not hit us until two years beyond the occurrence hence why you see TAX SHIFT hitting two years after the movement of funds, remember that the ending INCOME in the TIF accounts will also be counted in the TAX SHIFT calculation 2 years after the end of the TIF accounts and remain moving forward.
- TAXES/150K represents the anticipated tax someone having a $150,000 valuation would have to pay annually in the given scenario. Remember these scenarios do not include factors outside the TIF including increases or decreases in valuation, cost of business increases, or school increases.

We recommend Attachment 4 – Scenario 3 because we feel that taking out the use of UFB allows us to use that towards other expenses that may come along that we did not anticipate in this plan. Using the UFB only saves the taxpayer approximately $138 over the next 12 years comparing both Attachment 3 & 4 – Scenario 3 so we feel we would rather keep that available in case we need it for something else, noting that we can always use it regardless of the reason.

ATTACHMENT 3: Proposed Plan Using Unassigned Fund Balance

Scenario 1

YR	MIL	UFB	INCOME	BALANCE	Not Capture	CIP	TIF EXP	TAX SHIFT	TAXES/150K
22	16.33	$350,000	$1,651,074						$2,450
23	16.64	$100,000	$1,649,844						$2,496
24	16.64	$100,000	$1,648,624						$2,496
25	16.63	$100,000	$1,647,413						$2,495
26	16.63	$100,000	$1,646,210						$2,495
27	16.63	$100,000	$1,645,016						$2,495
28	15.98	$100,000	$1,502,930	($387,811)			$8,649		$2,397
29	16.46	$100,000	$1,501,755				$8,649		$2,469
30	16.73	$25,000	$1,500,588				$8,649	$137,465	$2,510
31	10.34	$0	$0	($3,693,402)			$211,288	$36,635	$1,551
32	15.00	$0	$0				$211,288	$36,635	$2,250
33	16.70	$0	$0				$211,288	$1,387,072	$2,505
34	15.49	$0	$0				$211,288	$426,788	$2,324
		$1,075,000						**$2,024,595**	**$30,930**

Scenario 2

YR	MIL	UFB	INCOME	BALANCE	Not Capture	CIP	TIF EXP	TAX SHIFT	TAXES/150K
22	16.33	$350,000	$1,651,074						$2,450
23	16.64	$100,000	$1,649,844						$2,496
24	16.64	$100,000	$1,648,624						$2,496
25	16.63	$100,000	$1,647,413						$2,495
26	16.63	$100,000	$1,646,210						$2,495
27	16.63	$100,000	$1,645,016						$2,495
28	15.98	$100,000	$1,502,930	($387,811)			$8,649		$2,397
29	16.46	$100,000	$1,501,755				$8,649		$2,469
30	16.73	$25,000	$1,500,588				$8,649	$137,465	$2,510
31	11.69	$0	$0	($3,693,402)		$1,047,949	$211,288	$36,635	$1,754
32	16.32	$0	$0			$1,047,949	$211,288	$36,635	$2,448
33	16.90	$0	$0			$160,000	$211,288	$1,387,072	$2,535
34	15.69	$0	$0			$160,000	$211,288	$426,788	$2,354
		$1,075,000				**$2,415,898**		**$2,024,595**	**$31,391**

Scenario 3

YR	MIL	UFB	INCOME	BALANCE	Not Capture	CIP	TIF EXP	TAX SHIFT	TAXES/150K
22	16.19	$350,000	$1,651,074		($110,000)				$2,429
23	16.18	$100,000	$1,649,844		($465,000)	$100,000			$2,427
24	16.23	$100,000	$1,648,624		($465,000)	$100,000		$28,600	$2,435
25	16.27	$100,000	$1,647,413		($505,000)	$100,000		$120,900	$2,441
26	16.21	$100,000	$1,646,210		($555,000)	$100,000		$120,900	$2,432
27	16.23	$100,000	$1,645,016		($550,000)	$100,000		$131,300	$2,435
28	16.24	$100,000	$1,502,930	($7,811)	($425,000)	$110,000	$8,649	$144,300	$2,436
29	16.23	$100,000	$1,501,755		($435,000)	$110,000	$8,649	$143,000	$2,435
30	16.25	$25,000	$1,500,588		($550,000)	$160,000	$8,649	$149,165	$2,438
31	15.76	$0		($13,402)		$530,000	$211,288	$149,735	$2,364
32	15.82	$0				$510,000	$211,288	$179,635	$2,373
33	15.70	$0				$160,000	$211,288	$430,272	$2,355
34	15.69	$0				$160,000	$211,288	$426,788	$2,354
		$1,075,000				**$2,240,000**		**$2,024,595**	**$31,350**

ATTACHMENT 4: Proposed Plan Using No Unassigned Fund Balance

Scenario 1

YR	MIL	UFB	INCOME	BALANCE	Not Capture	CIP	TIF EXP	TAX SHIFT	TAXES/150K
22	16.33	$350,000	$1,651,074						$2,450
23	16.76	$0	$1,649,844						$2,514
24	16.76	$0	$1,648,624						$2,514
25	16.76	$0	$1,647,413						$2,514
26	16.76	$0	$1,646,210						$2,514
27	16.76	$0	$1,645,016						$2,514
28	16.10	$0	$1,502,930	($387,811)			$8,649		$2,415
29	16.59	$0	$1,501,755				$8,649		$2,489
30	16.76	$0	$1,500,588				$8,649	$137,465	$2,514
31	10.34	$0	$0	($3,693,402)			$211,288	$36,635	$1,551
32	15.00	$0	$0				$211,288	$36,635	$2,250
33	16.70	$0	$0				$211,288	$1,387,072	$2,505
34	15.49	$0	$0				$211,288	$426,788	$2,324
		$350,000						**$2,024,595**	**$31,067**

Scenario 2

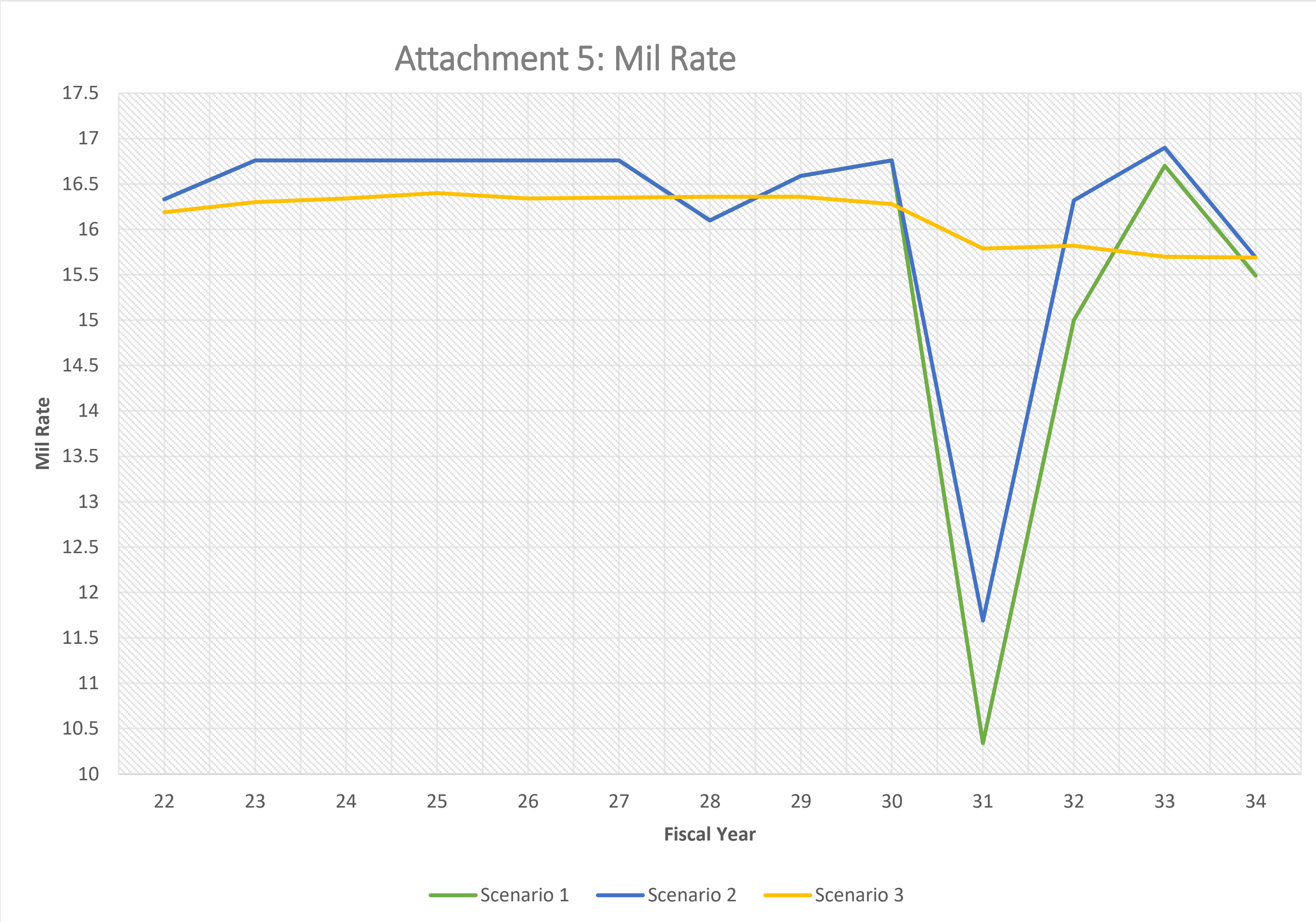
YR	MIL	UFB	INCOME	BALANCE	Not Capture	CIP	TIF EXP	TAX SHIFT	TAXES/150K
22	16.33	$350,000	$1,651,074						$2,450
23	16.76	$0	$1,649,844						$2,514
24	16.76	$0	$1,648,624						$2,514
25	16.76	$0	$1,647,413						$2,514
26	16.76	$0	$1,646,210						$2,514
27	16.76	$0	$1,645,016						$2,514
28	16.10	$0	$1,502,930	($387,811)			$8,649		$2,415
29	16.59	$0	$1,501,755				$8,649		$2,489
30	16.76	$0	$1,500,588				$8,649	$137,465	$2,514
31	11.69	$0	$0	($3,693,402)		$1,047,949	$211,288	$36,635	$1,754
32	16.32	$0	$0			$1,047,949	$211,288	$36,635	$2,448
33	16.90	$0	$0			$160,000	$211,288	$1,387,072	$2,535
34	15.69	$0	$0			$160,000	$211,288	$426,788	$2,354
		$350,000				**$2,415,898**		**$2,024,595**	**$31,527**

Scenario 3

YR	MIL	UFB	INCOME	BALANCE	Not Capture	CIP	TIF EXP	TAX SHIFT	TAXES/150K
22	16.19	$350,000	$1,651,074		($110,000)				$2,429
23	16.30	$0	$1,649,844		($465,000)	$100,000			$2,445
24	16.34	$0	$1,648,624		($465,000)	$100,000		$28,600	$2,451
25	16.40	$0	$1,647,413		($505,000)	$100,000		$120,900	$2,460
26	16.34	$0	$1,646,210		($555,000)	$100,000		$120,900	$2,451
27	16.35	$0	$1,645,016		($550,000)	$100,000		$131,300	$2,453
28	16.36	$0	$1,502,930	($7,811)	($425,000)	$110,000	$8,649	$144,300	$2,454
29	16.36	$0	$1,501,755		($435,000)	$110,000	$8,649	$143,000	$2,454
30	16.28	$0	$1,500,588		($550,000)	$160,000	$8,649	$149,165	$2,442
31	15.79	$0	0	($13,402)		$530,000	$211,288	$149,735	$2,369
32	15.82	$0	0			$510,000	$211,288	$179,635	$2,373
33	15.70	$0	0			$160,000	$211,288	$430,272	$2,355
34	15.69	$0	0			$160,000	$211,288	$426,788	$2,354
		$350,000				**$2,240,000**		**$2,024,595**	**$31,488**

Attachment 5: Mil Rate

Attachment 5 is a graph showing what the anticipated mil rates would be for all three scenarios in Attachment 4. We think the fluctuation of the mil rate in both scenario 1 & 2 is drastic and feel that scenario 3 better suits our goal of keeping the mil rate from major fluctuations and mitigating the mil rate at the end of the TIF account life.


Attachment 5: Mil Rate
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Mil Rate
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Fiscal Year
Scenario 1
Scenario 2
Scenario 3