

**CITY OF BARABOO**  
**TAX INCREMENTAL DISTRICT NO. 6**  
Baraboo, Wisconsin

COMPILED  
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

TABLE OF CONTENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

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|  |        |
|--|--------|
| Accountants' Compilation Report  | 1      |
| Tax Incremental District No. 6 – Balance Sheet   | 2      |
| Tax Incremental District No. 6 – Historical Summary of<br>Project Costs, Project Revenues and Net Cost to be Recovered<br>Through Tax Increments | 3      |
| Tax Incremental District No. 6 – Historical Summary of<br>Sources, Uses, and Status of Funds   | 4      |
| Notes to Financial Statements  | 5 – 10 |

## ACCOUNTANTS' COMPILATION REPORT

To the City Council  
City of Baraboo  
Baraboo, 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 City of Baraboo's Tax Incremental Districts No. 6 ("district") as of and for the year ended December 31, 2018 and from the date of creation through December 31, 2018, 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 City of Baraboo as of December 31, 2018, 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.

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  
April 25, 2019

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
BALANCE SHEET  
As of December 31, 2018

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|   | <u>Capital<br/>Projects<br/>Fund</u> |
|---|--------------------------------------|
| <b>ASSETS</b>   |                                      |
| Cash and investments  | \$ 545,494                           |
| Taxes receivable  | 900,324                              |
| Special assessments   | <u>2,446</u>                         |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 1,448,264</u></b>           |
| <b>DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCE</b>       |                                      |
| Deferred Inflows of Resources                                   |                                      |
| Unearned revenue  | \$ 900,324                           |
| Unavailable revenue   | <u>2,446</u>                         |
| Total Deferred Inflows of Resources                             | <u>902,770</u>                       |
| Fund Balance  |                                      |
| Restricted  | <u>545,494</u>                       |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES<br/>AND FUND BALANCE</b> | <b><u>\$ 1,448,264</u></b>           |

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

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES,  
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS  
For the Year Ended December 31, 2018  
and From the Date of Creation Through December 31, 2018

|   | <u>Year<br/>Ended</u> | <u>From Date<br/>of Creation</u> |
|---|-----------------------|----------------------------------|
| <b>PROJECT COSTS</b>  |                       |                                  |
| Project costs   | \$ -                  | \$ 10,913,257                    |
| Administration  | 129                   | 306,887                          |
| Professional services   | 5,831                 | 7,106                            |
| Subsidy to TIF No. 8 and No. 9  | 277,420               | 2,090,618                        |
| Interest and fiscal charges   | 34,751                | 2,610,756                        |
| Debt issuance costs   | <u>74</u>             | <u>86,427</u>                    |
| Total Project Costs   | <u>318,205</u>        | <u>16,015,051</u>                |
| <b>PROJECT REVENUES</b>   |                       |                                  |
| Tax increment   | 825,487               | 11,124,089                       |
| Special assessments   | 3,971                 | 232,576                          |
| Intergovernmental   | 13,785                | 2,082,275                        |
| Public charges for services   | -                     | 368,131                          |
| Intergovernmental charges for services  | -                     | 179,150                          |
| Investment income   | 12,833                | 217,862                          |
| Premium on debt issued  | -                     | 42,927                           |
| Other revenue   | -                     | 298,475                          |
| Sale of property  | <u>-</u>              | <u>505,060</u>                   |
| Total Project Revenues  | <u>856,076</u>        | <u>15,050,545</u>                |
| <br><b>NET COSTS RECOVERABLE (RECOVERED) THROUGH<br/>TAX INCREMENTS – DECEMBER 31, 2018</b> |                       |                                  |
|   | <u>\$ (537,871)</u>   | <u>\$ 964,506</u>                |
| <br><b>RECONCILIATION OF RECOVERABLE COSTS</b>  |                       |                                  |
| G.O. debt   |                       | \$ 1,510,000                     |
| Less: Fund balance  |                       | <u>(545,494)</u>                 |
| <br><b>NET COSTS RECOVERABLE THROUGH<br/>TAX INCREMENTS – DECEMBER 31, 2018</b>             |                       |                                  |
|   |                       | <u>\$ 964,506</u>                |

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

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS  
For the Year Ended December 31, 2018  
and From the Date of Creation Through December 31, 2018

|  | <u>Year<br/>Ended</u> | <u>From Date<br/>of Creation</u> |
|--|-----------------------|----------------------------------|
| <b>SOURCES OF FUNDS</b>                              |                       |                                  |
| Tax increment  | \$ 825,487            | \$ 11,124,089                    |
| Special assessments                                  | 3,971                 | 232,576                          |
| Intergovernmental                                    | 13,785                | 2,082,275                        |
| Public charges for services                          | -                     | 368,131                          |
| Intergovernmental charges for services               | -                     | 179,150                          |
| Investment income                                    | 12,833                | 217,862                          |
| Sale of property                                     | -                     | 505,060                          |
| Other revenue  | -                     | 298,475                          |
| Premium on debt issued                               | -                     | 42,927                           |
| Proceeds from long-term debt                         | -                     | 10,994,724                       |
| <b>Total Sources of Funds</b>                        | <u>856,076</u>        | <u>26,045,269</u>                |
| <b>USES OF FUNDS</b>                                 |                       |                                  |
| Project costs  | -                     | 10,913,257                       |
| Administration                                       | 129                   | 306,887                          |
| Professional services                                | 5,831                 | 7,106                            |
| Subsidy to TIF No. 8 and No. 9                       | 277,420               | 2,090,618                        |
| Principal on long-term debt                          | 355,000               | 9,484,724                        |
| Interest and fiscal charges                          | 34,751                | 2,610,756                        |
| Debt issuance costs                                  | 74                    | 86,427                           |
| <b>Total Uses of Funds</b>                           | <u>673,205</u>        | <u>25,499,775</u>                |
| <b>Excess of sources of funds over uses of funds</b> | 182,871               | 545,494                          |
| <b>BEGINNING FUND BALANCE</b>                        | <u>362,623</u>        | <u>-</u>                         |
| <b>ENDING FUND BALANCE</b>                           | <u>\$ 545,494</u>     | <u>\$ 545,494</u>                |

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

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Baraboo, Wisconsin's Tax Incremental District No. 6 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Baraboo 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. 6. The accompanying financial statements reflect all the significant operations of the City of Baraboo's Tax Incremental District No. 6. The accompanying financial statements do not include the full presentation of the City of Baraboo.

**A. DESCRIPTION OF FUND AND LONG-TERM DEBT**

This report contains the financial information of the City of Baraboo Tax Incremental District (TID) No. 6. The summary statements were prepared from data recorded in the following fund and the city's general long-term debt:

TID No. 6 Capital Projects Fund

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

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 improvement 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 23 years after the tax incremental district is created, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Baraboo. Project costs may be incurred up to five years before the unextended termination date of the district.

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

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

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

**Original Project Plan**

|           | <u>Creation Date</u> | <u>Last Date to Incur<br/>Project Costs</u> | <u>Last Year to<br/>Collect Increment</u> |
|-----------|----------------------|---|---|
| TID No. 6 | January 1, 1999      | July 27, 2017                               | 2023                                      |

**Plan Amendments**

|              | <u>Adoption<br/>Date</u> | <u>Last Date to Incur<br/>Project Costs</u> |
|--------------|--------------------------|---|
| Amendment #1 | June 27, 2006            | July 27, 2017                               |
| Amendment #2 | August 24, 2010          | July 27, 2017                               |

**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 city is entitled to the aids.

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.

**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.

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

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

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***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.

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**NOTE 2 – CASH AND TEMPORARY INVESTMENTS**

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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 City of Baraboo maintains separate and common cash and investment accounts at the same financial institutions utilized by the City of Baraboo. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Baraboo as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

**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 City of Baraboo. Notes and bonds borrowed to finance the district's 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>Borrowed</u> | <u>Repaid</u> | <u>Balance<br/>12-31-18</u> |
|---|-----------------|---------------|-----------------------------|
| 2016 general obligation corporate purpose bonds dated July 21, 2016 with interest ranging from 0.80% to 3.90%. Final maturity is May 1, 2035. The TID No. 6 share of the original proceeds of \$5,295,000 was \$1,120,000.          | \$ 1,120,000    | \$ 455,000    | \$ 665,000                  |
| 2014 general obligation refunding bonds dated August 12, 2014 with interest ranging from 0.80% to 2.45%. Final maturity is September 1, 2024. The TID No. 6 share of the original proceeds of \$2,795,000 was \$560,000.            | 560,000         | 90,000        | 470,000                     |
| 2012 general obligation refunding bonds dated April 19, 2012 with interest ranging from 2.00% to 2.50%. Final maturity is April 1, 2023. The TID No. 6 share of the original proceeds of \$6,165,000 was \$625,000.                 | 625,000         | 250,000       | 375,000                     |
| 2008 general obligation corporate purpose bonds dated September 25, 2008 with interest ranging from 3.50% to 4.50%. Final maturity is September 1, 2024. The TID No. 6 share of the original proceeds of \$3,900,000 was \$775,000. | 775,000         | 775,000       | -                           |
| 2007 general obligation refunding bonds dated June 28, 2007 with interest ranging from 4.1% to 4.2%. Final maturity is May 1, 2021. The TID No. 6 share of the original proceeds of \$5,060,000 was \$2,110,000.                    | 2,110,000       | 2,110,000     | -                           |
| 2006 general obligation corporate purpose bonds dated July 1, 2006 with an interest rate of 4.25%. Final maturity is April 1, 2014. The TID No. 6 share of the original proceeds of \$5,145,000 was \$850,000.                      | 740,000         | 740,000       | -                           |
| 2004 promissory note dated April 30, 2004 with an interest rate of 4%. Final maturity is April 30, 2013. The TID No. 6 share of the original proceeds of \$1,411,000 was \$938,050.   | 938,050         | 938,050       | -                           |

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

**NOTE 3 – LONG-TERM DEBT (cont.)**

**A. GENERAL OBLIGATION DEBT (cont.)**

|  | Borrowed             | Repaid              | Balance<br>12-31-18 |
|--|----------------------|---------------------|---------------------|
| 2002 state trust fund dated November 6, 2002 at an interest rate of 4.5%. Final maturity is March 15, 2014. The TID No. 6 share of the original proceeds of \$710,000 was \$333,700.   | \$ 333,700           | \$ 333,700          | \$ -                |
| 2001 general obligation corporate purpose bonds dated May 3, 2001 with interest ranging from 4.50% to 5.00%. Final maturity is May 1, 2021. The TID No. 6 share of the original proceeds of \$8,010,000 was \$2,845,000. In 2003, an additional \$45,000 of proceeds were allocated to TID No. 6 for a total of \$2,890,000. | 2,890,000            | 2,890,000           | -                   |
| 2000 promissory note dated December 19, 2000 with interest of 4.75%. Final maturity was July 1, 2001. The TID No. 6 share of the original proceeds of \$1,033,682 was \$902,974.   | <u>902,974</u>       | <u>902,974</u>      | -                   |
| Totals   | <u>\$ 10,994,724</u> | <u>\$ 9,484,724</u> | <u>\$ 1,510,000</u> |

In 2009, the city reallocated \$110,000 of the 2006 general obligation corporate purpose bonds previously reported in Tax Incremental District No. 6 to Tax Incremental District No. 8.

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

| Calendar Year | Principal           | Interest         | Totals              |
|---------------|---------------------|------------------|---------------------|
| 2019          | \$ 365,000          | \$ 28,040        | \$ 393,040          |
| 2020          | 370,000             | 21,020           | 391,020             |
| 2021          | 340,000             | 14,269           | 354,269             |
| 2022          | 160,000             | 9,155            | 169,155             |
| 2023          | 175,000             | 5,638            | 180,638             |
| 2024          | <u>100,000</u>      | <u>2,450</u>     | <u>102,450</u>      |
| Totals        | <u>\$ 1,510,000</u> | <u>\$ 80,572</u> | <u>\$ 1,590,572</u> |

**CITY OF BARABOO  
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED  
NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018 and  
From the Date of Creation Through December 31, 2018

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**NOTE 4 – INCREMENT SHARING**

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As allowable under TID statutes, the city may share positive TID increments. In 2010, the city and joint review board approved sharing increments from TID No. 6 (donor district) to TID Nos. 8 and 9 (donee districts). Transfers of \$2,090,618 are reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2010. TID increment sharing is valid for the life of the donor district or the recipient district, whichever comes first, and the life of the donor district may not be extended. Transfers between districts are subject to various conditions in the statutes.

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**NOTE 5 – DEVELOPER PAYMENTS**

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None.