

**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, 2017 and
From the Date of Creation Through December 31, 2017

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

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From the Date of Creation Through December 31, 2017

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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, 2017 and from the date of creation through December 31, 2017, 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, 2017, 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 Veitchau Krause, LLP

Madison, Wisconsin
June 27, 2018

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

COMPILED
BALANCE SHEET
As of December 31, 2017

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 362,623
Taxes receivable	866,901
Special assessments	<u>6,417</u>
TOTAL ASSETS	<u>\$ 1,235,941</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenue	866,901
Unavailable revenue	<u>6,417</u>
Total Deferred Inflows of Resources	<u>873,318</u>
Fund Balance	
Restricted	<u>362,623</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,235,941</u>

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, 2017
and From the Date of Creation Through December 31, 2017

	Year Ended	From Date of Creation
PROJECT COSTS		
Project costs	\$ -	\$ 10,913,257
Administration	409	306,758
Professional services	650	1,275
Subsidy to TIF No. 8 and No. 9	334,170	1,813,198
Interest and fiscal charges	48,802	2,576,005
Debt issuance costs	111	86,353
Total Project Costs	384,142	15,696,846
PROJECT REVENUES		
Tax increment	832,839	10,298,602
Special assessments	3,985	228,605
Intergovernmental	13,585	2,068,490
Public charges for services	-	368,131
Intergovernmental charges for services	-	179,150
Investment income	4,494	205,029
Premium on debt issued	-	42,927
Other revenue	-	298,475
Sale of property	-	505,060
Total Project Revenues	854,903	14,194,469
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2017	\$ (470,761)	\$ 1,502,377
RECONCILIATION OF RECOVERABLE COSTS		
G.O. debt		\$ 1,865,000
Less: Fund balance		(362,623)
NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2017		\$ 1,502,377

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, 2017
and From the Date of Creation Through December 31, 2017

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increment	\$ 832,839	\$ 10,298,602
Special assessments	3,985	228,605
Intergovernmental	13,585	2,068,490
Public charges for services	-	368,131
Intergovernmental charges for services	-	179,150
Investment income	4,494	205,029
Sale of property	-	505,060
Other revenue	-	298,475
Premium on debt issued	-	42,927
Proceeds from long-term debt	-	10,994,724
Total Sources of Funds	854,903	25,189,193
USES OF FUNDS		
Project costs	-	10,913,257
Administration	409	306,758
Professional services	650	1,275
Subsidy to TIF No. 8 and No. 9	334,170	1,813,198
Principal on long-term debt	355,000	9,129,724
Interest and fiscal charges	48,802	2,576,005
Debt issuance costs	111	86,353
Total Uses of Funds	739,142	24,826,570
Excess of sources of funds over uses of funds	115,761	362,623
BEGINNING FUND BALANCE	246,862	-
ENDING FUND BALANCE	\$ 362,623	\$ 362,623

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, 2017 and
From the Date of Creation Through December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Baraboo'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 funds and the city's general long-term debt:

General Debt Service Fund
TIF No. 6 Capital Projects Fund

Detailed descriptions of the purpose of these funds 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.

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 (for districts created after 9/30/95), 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, 2017 and
From the Date of Creation Through December 31, 2017

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 Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 6	January 1, 1999	July 27, 2017	2023

Plan Amendments

	<u>Adoption Date</u>	<u>Last Date to Incur 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
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COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017 and
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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
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COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017 and
From the Date of Creation Through December 31, 2017

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 12-31-17</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	\$ 230,000	\$ 890,000
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	30,000	530,000
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	180,000	445,000
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	-

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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

	Borrowed	Repaid	Balance 12-31-17
<p>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.</p>	\$ 333,700	\$ 333,700	\$ -
<p>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.</p>	2,890,000	2,890,000	-
<p>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.</p>	902,974	902,974	-
<p>Totals</p>	<u>\$ 10,994,724</u>	<u>\$ 9,129,724</u>	<u>\$ 1,865,000</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
2018	\$ 355,000	\$ 34,750	\$ 389,750
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	100,000	2,450	102,450
Totals	<u>\$ 1,865,000</u>	<u>\$ 115,322</u>	<u>\$ 1,980,322</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – INCREMENT SHARING

As allowable under TIF statutes, the city may share positive TIF increments. In 2010, the city and joint review board approved sharing increments from TIF District No. 6 (donor district) to TIF District Nos. 8 and 9 (donee districts). Transfers of \$1,813,198 are reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2010. TIF 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.

NOTE 5 – DEVELOPER PAYMENTS

None.