

CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 7
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. 7**

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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. 7 ("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 Virchow Krause, LLP

Madison, Wisconsin
June 27, 2018

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 7**

COMPILED
BALANCE SHEET
As of December 31, 2017

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 23
Taxes receivable	216,688
Other receivables	<u>135,865</u>
TOTAL ASSETS	<u>\$ 352,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Due to other funds	\$ 133,477
Advances from other funds	<u>162,109</u>
Total Liabilities	<u>295,586</u>
Deferred Inflows of Resources	
Unearned revenue	216,688
Unavailable revenue	<u>135,865</u>
Total Deferred Inflows of Resources	<u>352,553</u>
Fund Balance	
Unassigned (deficit)	<u>(295,563)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 352,576</u>

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 7**

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	\$ -	\$ 4,402,222
Administration costs	917	1,035
Professional services	650	1,275
Interest and fiscal charges	64,638	1,809,209
Debt issuance costs	-	142,762
Total Project Costs	66,205	6,356,503
PROJECT REVENUES		
Tax increment	185,214	1,882,549
Developer guarantees	136,173	280,643
Intergovernmental	5,279	1,038,012
Investment income	-	109,377
Sale of property	-	24,300
Premium on debt issued	-	5,087
Total Project Revenues	326,666	3,339,968
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2017	\$ (260,461)	\$ 3,016,535
RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt		\$ 2,720,972
Plus: Fund balance deficit		295,563
NET COSTS RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2017		\$ 3,016,535

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 7**

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

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increment	\$ 185,214	\$ 1,882,549
Developer guarantees	136,173	280,643
Intergovernmental	5,279	1,038,012
Investment income	-	109,377
Premium on debt issued	-	5,087
Proceeds from long-term debt	-	7,539,057
Sale of property	-	24,300
Total Sources of Funds	<u>326,666</u>	<u>10,879,025</u>
USES OF FUNDS		
Project costs	-	4,402,222
Administration costs	917	1,035
Professional services	650	1,275
Principal on long-term debt	271,970	4,818,085
Interest and fiscal charges	64,638	1,809,209
Debt issuance costs	-	142,762
Total Uses of Funds	<u>338,175</u>	<u>11,174,588</u>
Excess (deficiency) of sources of funds over uses of funds	(11,509)	(295,563)
BEGINNING FUND BALANCE (DEFICIT)	<u>(284,054)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ (295,563)</u>	<u>\$ (295,563)</u>

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 7**

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. 7 (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. 7. The accompanying financial statements reflect all the significant operations of the City of Baraboo's Tax Incremental District No. 7. The accompanying financial statements do not include the full presentation of the City of Baraboo.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Baraboo's Tax Incremental District No. 7. The summary statements were prepared from data recorded in the following funds and the city's long-term debt:

General Debt Service Fund
TIF No. 7 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.

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 district to collect tax increments until the net project cost has been fully recovered, or until 20 years after the creation date, 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.

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 7	June 27, 2006	June 27, 2021	2026

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

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 non-spendable of 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.

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.

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 7**

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.)

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, maintains separate and common cash and investment accounts at the same financial institutions utilized by the city. 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.

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TAX INCREMENTAL DISTRICT NO. 7**

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 AND TAXABLE GENERAL OBLIGATION COMMUNITY DEVELOPMENT 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>
2014 general obligation refunding bonds dated August 12, 2014 with interest rates ranging from 0.8% to 2.45%. Final maturity is September 1, 2024. The TID No. 7 share of the original proceeds of \$2,995,000 was \$720,000.	\$ 720,000	\$ 85,000	\$ 635,000
2013 general obligation refunding bonds dated March 6, 2013 with interest rates ranging from 0.4% to 2.55%. Final maturity is August 1, 2023. The TID No. 7 share of the original proceeds of \$2,660,000 was \$1,205,000.	1,205,000	520,000	685,000
2012 general obligation refunding bonds dated April 19, 2012 with interest rates ranging from 2.00% to 2.65%. Final maturity is April 1, 2026. The TID No. 7 share of the original proceeds of \$6,165,000 was \$1,410,000.	1,410,000	60,000	1,350,000
2008 state trust fund dated December 3, 2008 at an interest rate of 4.75%. Final maturity is March 15, 2026.	229,057	178,085	50,972
2008 general obligation corporate purpose bonds dated September 25, 2008 with interest rates of 3.00% to 3.375%. Final maturity is September 1, 2015. The TID No. 7 share of the original proceeds of \$3,900,000 was \$155,000.	155,000	155,000	-
2007 general obligation corporate purpose bonds dated July 26, 2007 with interest rates of 5.50% to 6.00%. Final maturity is August 1, 2023. The TID No. 7 share of the original proceeds of \$2,080,000 was \$600,000.	600,000	600,000	-
2007 taxable general obligation community development bonds dated July 26, 2007 with interest rates of 3.90% to 4.60%. Final maturity is August 1, 2024.	865,000	865,000	-

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

A. GENERAL OBLIGATION AND TAXABLE GENERAL OBLIGATION COMMUNITY DEVELOPMENT DEBT (cont.)

	Borrowed	Repaid	Balance 12-31-17
2006 general obligation corporate purpose bonds dated July 1, 2006 with interest rates of 4.25% to 4.375%. The TID No. 7 share of the original proceeds of \$5,145,000 was \$1,325,000. The bonds have been paid off.	\$ 1,325,000	\$ 1,325,000	\$ -
2006 taxable general obligation community development bonds dated July 1, 2006 with interest rates of 6.00% to 6.25%. The bonds have been paid off.	<u>1,030,000</u>	<u>1,030,000</u>	<u>-</u>
Totals	<u>\$ 7,539,057</u>	<u>\$ 4,818,085</u>	<u>\$ 2,720,972</u>

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

Calendar Year	Principal	Interest	Totals
2018	\$ 292,776	\$ 59,017	\$ 351,793
2019	338,620	54,147	392,767
2020	319,576	48,105	367,681
2021	325,000	40,330	365,330
2022	335,000	33,206	368,206
2023	360,000	25,407	385,407
2024	305,000	16,705	321,705
2025	220,000	8,768	228,768
2026	<u>225,000</u>	<u>2,981</u>	<u>227,981</u>
Totals	<u>\$ 2,720,972</u>	<u>\$ 288,666</u>	<u>\$ 3,009,638</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 – GUARANTEED REVENUE

The City of Baraboo has entered into a development agreement with Devco I, LLC and Renewal I, LLC (together, the “Developer”). The agreement guarantees that the City shall have the right to specially assess against the development any project costs not paid for by the district on an annual basis beginning in 2010. The amount of the assessment is calculated as the total annual expenses for the district, including interest, less the increment and other revenues for the district. If a special assessment is made against the Developer, and if in any later years the tax increment generated by the district exceeds the net expenses for such year, then in that event the surplus shall be used to reimburse the Developer for any deficit that was specially assessed against the Developer in earlier years. As of December 31, 2017, \$135,865 in special assessments are receivable from the Developer and included in unavailable revenue. During 2017, \$136,173 in special assessments were collected related to prior years and recognized as revenue. The total collected from the developer under this agreement as of year-end was \$280,643.

NOTE 5 – DEVELOPER PAYMENTS

None.