

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

Baraboo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As 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. 8**

TABLE OF CONTENTS
As of for the Year Ended December 31, 2017 and
From the Date of Creation Through December 31, 2017

Accountants' Compilation Report	1
Tax Incremental District No. 8 – Balance Sheet	2
Tax Incremental District No. 8 – Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 8 – Historical Summary of 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. 8 ("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. 8**

COMPILED
BALANCE SHEET
As of December 31, 2017

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 123,746
Due from other governments	<u>2,797</u>
TOTAL ASSETS	<u>\$ 126,543</u>
LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 552
Due to other funds	73
Advances from other funds	<u>481,365</u>
Total Liabilities	<u>481,990</u>
Fund Balance	
Unassigned (deficit)	<u>(355,447)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 126,543</u>

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Project costs	\$ 19,040	\$ 6,488,177
Administration costs	335	1,206
Professional Services	650	1,275
Developer payments	6,990	28,135
Interest and fiscal charges	91,358	1,754,611
Debt issuance costs	<u>171</u>	<u>125,441</u>
Total Project Costs	<u>118,544</u>	<u>8,398,845</u>
PROJECT REVENUES		
Tax increment	-	56,699
Intergovernmental	19,319	2,989,189
Subsidy from TIF No. 6	332,053	1,784,942
Investment income	922	125,651
Premium on debt issued	-	12,464
Contribution from city	-	6,000
Miscellaneous revenues	<u>-</u>	<u>53,453</u>
Total Project Revenues	<u>352,294</u>	<u>5,028,398</u>
 NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2017		
	<u>\$ (233,750)</u>	<u>\$ 3,370,447</u>
 RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt		\$ 3,015,000
Plus: Fund balance deficit		<u>355,447</u>
 NET COSTS RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2017		
		<u>\$ 3,370,447</u>

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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	\$ -	\$ 56,699
Intergovernmental	19,319	2,989,189
Subsidy from TIF No. 6	332,053	1,784,942
Investment income	922	125,651
Premium of debt issued	-	12,464
Proceeds from long-term debt	-	6,740,000
Contribution from city	-	6,000
Miscellaneous revenues	-	53,453
Total Sources of Funds	352,294	11,768,398
USES OF FUNDS		
Project costs	19,040	6,488,177
Administration costs	335	1,206
Professional Services	650	1,275
Developer payments	6,990	28,135
Principal on long-term debt	235,000	3,725,000
Interest and fiscal charges	91,358	1,754,611
Debt issuance costs	171	125,441
Total Uses of Funds	353,544	12,123,845
Excess (deficiency) of sources of funds over uses of funds	(1,250)	(355,447)
BEGINNING FUND BALANCE (DEFICIT)	(354,197)	-
ENDING FUND BALANCE (DEFICIT)	\$ (355,447)	\$ (355,447)

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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. 8 (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. 8. The accompanying financial statements reflect all the significant operations of the City of Baraboo's Tax Incremental District No. 8. 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. 8. 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. 8 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 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. 8	January 1, 2006	June 27, 2028	2034

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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 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.

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. 8**

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.

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 Districts' 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, as applicable.

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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 (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

	Borrowed	Repaid	Balance 12-31-17
2014 general obligation refunding bonds dated August 12, 2014 with interest rates ranging from 0.8% to 3.05%. Final maturity is September 1, 2028. The TID No. 8 share of the original proceeds of \$2,995,000 was \$405,000.	\$ 405,000	\$ 15,000	\$ 390,000
2013 general obligation refunding bonds dated March 6, 2013 with interest rates ranging from 0.4% to 2.95%. Final maturity is August 1, 2026. The TID No. 8 share of the original proceeds of \$2,660,000 was \$1,455,000.	1,455,000	215,000	1,240,000
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. 8 share of the original proceeds of \$6,165,000 was \$1,000,000.	1,000,000	225,000	775,000
2010 general obligation corporate purpose bonds dated December 27, 2010 with interest rates of 1.75% to 6.10%. Final maturity is December 1, 2030. The TID No. 8 share of the original proceeds of \$1,690,000 was \$720,000.	720,000	110,000	610,000
2008 general obligation corporate purpose bonds dated September 25, 2008 with interest rates of 3.0% to 4.5%. Final maturity is September 1, 2028. The TID No. 8 share of the original proceeds of \$3,900,000 was \$445,000.	445,000	445,000	-
2007 general obligation corporate purpose bonds dated July 26, 2007 with interest rates ranging from 5.5% to 6.0%. Final maturity is August 1, 2026. The TID No. 8 share of the original proceeds of \$2,080,000 was \$1,480,000.	1,480,000	1,480,000	-
2006 general obligation corporate purpose bonds dated July 1, 2006 with interest rates of 4.25% to 4.375%. Final maturity is April 1, 2014. The TID No. 8 share of the original proceeds of \$5,145,000 was \$1,125,000. In 2009, an additional \$110,000 was allocated to TID No. 8.	1,235,000	1,235,000	-
Totals	\$ 6,740,000	\$ 3,725,000	\$ 3,015,000

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

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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 (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 250,000	\$ 86,188	\$ 336,188
2019	255,000	81,603	336,603
2020	275,000	76,653	351,653
2021	310,000	69,710	379,710
2022	315,000	61,626	376,626
2023	335,000	53,478	388,478
2024	325,000	44,177	369,177
2025	320,000	33,946	353,946
2026	320,000	24,059	344,059
2027	90,000	15,100	105,100
2028	110,000	11,385	121,385
2029	55,000	6,655	61,655
2030	<u>55,000</u>	<u>3,355</u>	<u>58,355</u>
Totals	<u>\$ 3,015,000</u>	<u>\$ 567,935</u>	<u>\$ 3,582,935</u>

NOTE 4 – ADVANCES FROM OTHER FUNDS

The city's general fund is advancing funds to TIF District No. 8. In addition, the water, sewer, and stormwater utilities are advancing funds to TIF District No. 8. The amounts advanced equal the amounts spent on utility improvements for each respective utility. No repayment schedules have been determined for the advances. The city and utilities are currently not charging interest on the advance. The balance as of December 31, 2017 is as follows:

Advance from general fund	\$ 152,767
Advance from water utility	103,000
Advance from sewer utility	79,010
Advance from stormwater utility	<u>146,588</u>
Total Advances from Other Funds	<u>\$ 481,365</u>

**CITY OF BARABOO
TAX INCREMENTAL DISTRICT NO. 8**

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 5 – INCREMENT SHARING

As allowable under TIF statutes, the district 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 \$1,784,942 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 date 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 6 – DEVELOPER PAYMENTS

During 2017, the city made a payment in the amount of \$6,990 to JC's Broadway Diner, LLC as a development incentive. Total development incentives paid to this entity over the life of the district as of December 31, 2017, are \$28,135.