

~~Item 5B~~ Tax Incremental Finance Reports

Reports for Districts 2, 3 & 4 consist of
a one page project summaries and
the draft audit findings for the same

District: TIF 2

Start Year: 1-Jan-11 Last Year Proj Costs 21-Jul-33 Last Year Increment 2039

	Year	Income Fund Source	Expenses Use of Funds	Over/(Under) Revenue	Over/(Under) TIF Life
ACTUAL	2011	\$ 1,000	\$ 23,110	\$ (22,110)	\$ (22,110)
	2012	\$ 1,000	\$ 83,986	\$ (82,986)	\$ (105,096)
	2013	\$ 997,439	\$ 1,211,314	\$ (213,875)	\$ (318,971)
	2014	\$ 9,121	\$ 209,288	\$ (200,167)	\$ (519,138)
	2015	\$ 1,800	\$ 314,413	\$ (312,613)	\$ (831,751)
	2016	\$ 706	\$ 301,700	\$ (300,994)	\$ (1,132,745)
	2017	\$ 525,672	\$ 197,900	\$ 327,772	\$ (804,973)
	2018	\$ 933,660	\$ 196,416	\$ 737,244	\$ (67,729)
	2019	\$ 1,162,915	\$ 148,233	\$ 1,014,682	\$ 946,953
PROJECTED	2020	\$ 236,302	\$ 129,931	\$ 106,371	\$ 1,053,324
	2021	\$ 306,534	\$ 130,000	\$ 176,534	\$ 1,229,858
	2022	\$ 307,586	\$ 130,000	\$ 177,586	\$ 1,407,444
	2023	\$ 308,646	\$ 130,000	\$ 178,646	\$ 1,586,090
	2024	\$ 309,714	\$ 90,019	\$ 219,695	\$ 1,805,785
	2025	\$ 310,789	\$ 89,505	\$ 221,284	\$ 2,027,069
	2026	\$ 311,873	\$ 158,581	\$ 153,292	\$ 2,180,361
	2027	\$ 312,965	\$ 158,581	\$ 154,384	\$ 2,334,745
	2028	\$ 314,065	\$ 158,581	\$ 155,484	\$ 2,490,229
	2029	\$ 315,173	\$ 158,581	\$ 156,592	\$ 2,646,821
	2030	\$ 316,289	\$ 158,581	\$ 157,708	\$ 2,804,529
	2031	\$ 317,414	\$ 158,581	\$ 158,833	\$ 2,963,362
	2032	\$ 318,548	\$ 158,581	\$ 159,967	\$ 3,123,329
	2033	\$ 319,690	\$ 158,581	\$ 161,109	\$ 3,284,438
	2034	\$ 320,840	\$ 26,581	\$ 294,259	\$ 3,578,697
	2035	\$ 321,999	\$ 26,581	\$ 295,418	\$ 3,874,115
	2036	\$ 323,167	\$ 26,581	\$ 296,586	\$ 4,170,701
	2037	\$ 324,343	\$ 26,581	\$ 297,762	\$ 4,468,463
	2038	\$ 325,529	\$ 26,581	\$ 298,948	\$ 4,767,411
2039	\$ 325,529	\$ 26,581	\$ 298,948	\$ 5,066,359	

Parcels in TIF 2: 575 W Madison St, Hawthorne & Stone,

TOTALS THRU 2019 \$ 3,633,313 \$ 2,686,360 \$ 946,953

Notes:

- 2013-Debt Issuane-State Trust Fund Loan - (900K), RR Donn Income - (94 K)
- 2013- Developer and Cap Expense (1.06 m) - H & S, RR Donnelly Bldg
- 2014- Debt payment (104 K), Cap Exp- H& S (52 K)
- 2015- Debt payment (104 K), Monroe St Apt (150 K), Other Façade Grants (52 K)
- 2016-Debt Payment (104 K), Canal & Riverwalk (195 K)
- 2017-TIF 1 Subsidy (404 K), Tax Increment (46 K0, Developer Agreement (74 K)
- 2017-Debt Payment (104 K), 203 E Madison (49 K), Riverwalk (25 K)
- 2018-TIF 1 Subsidy (789 K), Tax Increment (61 K), Flood Grant (22 K), Dev Agree (62 K)
- 2018-Debt Payment (104 K), Redsicover Bldg Imp/HVAC (71 K), CDA (6 K)
- 2019-WEDC Grant (522 K), Dev Agree (61 K), TIF 1 (522 K), Tax Increment (44 K), Impact Fee's (6 K)
- 2019-Debt Payment (104 K), CDA (25 K)

CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2
Waterloo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

DRAFT

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

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As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
BALANCE SHEET
As of December 31, 2019

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 946,953
Taxes receivable	<u>51,248</u>
TOTAL ASSETS	<u>\$ 998,201</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenue	\$ <u>51,248</u>
Fund Balance	
Restricted	<u>946,953</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 998,201</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ -	\$ 537,152
Developer incentives	-	1,019,414
Professional services - planning, engineering, other	44,883	509,695
Interest and fiscal charges	<u>13,110</u>	<u>106,539</u>
Total Project Costs	<u>57,993</u>	<u>2,172,800</u>
PROJECT REVENUES		
Tax increments	43,357	151,855
Exempt computer aid	783	5,662
Intergovernmental grants	530,082	551,862
Subsidy from TIF No. 1	522,147	1,716,472
Sale of property	-	1,100
Developer guarantees	60,552	194,638
Miscellaneous revenues	<u>5,994</u>	<u>111,724</u>
Total Project Revenues	<u>1,162,915</u>	<u>2,733,313</u>
NET COST TO BE RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2019		
	<u>\$ (1,104,922)</u>	<u>\$ (560,513)</u>
RECONCILIATION OF RECOVERABLE COSTS		
G.O. debt		\$ 386,440
Less: Fund balance		<u>(946,953)</u>
NET COST TO BE RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019		
		<u>\$ (560,513)</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 43,357	\$ 151,855
Exempt computer aid	783	5,662
Intergovernmental grants	530,082	551,862
Subsidy from TIF No. 1	522,147	1,716,472
Sale of property	-	1,100
Developer guarantees	60,552	194,638
Miscellaneous revenues	5,994	111,724
Long-term debt issued	-	900,000
Total Sources of Funds	<u>1,162,915</u>	<u>3,633,313</u>
USES OF FUNDS		
Capital expenditures	-	537,152
Developer incentives	-	1,019,414
Professional services - planning, engineering, other	44,883	509,695
Interest and fiscal charges	13,110	106,539
Principal on long-term debt	<u>90,240</u>	<u>513,560</u>
Total Uses of Funds	<u>148,233</u>	<u>2,686,360</u>
Excess of sources of funds over uses of funds	1,014,682	946,953
BEGINNING FUND BALANCE (DEFICIT)	<u>(67,729)</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 946,953</u>	<u>\$ 946,953</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waterloo's Tax Incremental District No. 2 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Waterloo 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. 2. The accompanying financial statements reflect all the significant operations of the City of Waterloo's Tax Incremental District No. 2. The accompanying financial statements do not include the full presentation of the City of Waterloo.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Waterloo's Tax Incremental District No. 2. The summary statements were prepared from data recorded in the following fund and the city's long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the City of Waterloo'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 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 27 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Waterloo. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 2	January 1, 2011	July 21, 2033	2039

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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

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

Plan Amendment

	Adoption Date	Last Date to Incur Project Costs
TID No. 2	December 5, 2013	July 21, 2033

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 district 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 WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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 Waterloo. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the district. If those revenues are not sufficient, payments will be made by future tax levies.

Title of Issue	Date of Issue	Due Date	Interest Rate	Original Indebtedness	Repaid	Balance 12-31-19
State Trust Fund Loan	07/01/13	05/15/23	2.75%	\$ 900,000	\$ 513,560	\$ 386,440

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

Calendar Year	Principal	Interest	Totals
2020	\$ 92,693	\$ 10,656	\$ 103,349
2021	95,271	8,078	103,349
2022	97,891	5,458	103,349
2023	100,585	2,766	103,351
Totals	\$ 386,440	\$ 26,958	\$ 413,398

NOTE 4 – INCREMENT SHARING

As allowable under TIF statutes, the district may share positive TIF increments. In 2011, the common council and joint review board approved sharing increments from TIF District No. 1 (donor district) to TIF District No. 2 (donee district). Transfers will be reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2012. 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. Transfers started in 2017, and during 2019 additional transfers of \$522,147 were made, bringing the total to \$1,716,472.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 5 – GUARANTEED REVENUE

In 2013, the city acquired multiple parcels (“properties”) for \$1 as part of one transaction with the WP Carey Corporation. The bulk of the acreage is located in TIF No. 2 with two parcels located adjacent to TIF No. 2 or within a ½ mile radius of TIF No. 2. The property owner, WP Carey Corporation, was thirteen years into a seventeen year lease-back arrangement with the RR Donnelley Corporation, the lease-holder.

Both corporations were seeking to exit the city. Provisions in the long-term lease-back arrangement permitted a “one-time only, all-in-one” sale of the properties during the term of the lease. As such, a sale could only occur if all of the properties were sold in one transaction.

During 2013, the city purchased the properties for \$1. The properties had been sitting vacant in the city for numerous years with no interested buyers until the city offered to buy the properties in one transaction and break them into separate components. The city purchased the property with the intent to divide it into six (6) components and sell to developers to generate additional tax base in TIF No. 2, as well as create additional jobs in the city.

The following are the six property components and the status as of December 31, 2019:

1. Warehouse 1 was sold to a local business for \$1 in 2013.
2. Warehouse 2 was also sold to a local business for \$1 in 2013.
3. Warehouse 3 (275 S. Jackson) was sold to a recycling company in 2013 for approximately \$8,400.
4. The Corporate Office (575 W. Madison) was sold in January 2014 for \$1.
5. The parking lot (217 N. Monroe) which was the last piece of property was sold during March 2016 for \$1.
6. The Printing Plant (333 W. Madison) was sold in December 2014 for \$1.

The city entered into a developer agreement with Hawthorn & Stone, Inc. on June 25, 2013. For each revenue year beginning with revenue year 2016, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year then the developer shall pay to the city an amount equal to the difference. This difference equated to \$73,725 in 2017, \$60,361 in 2018, and \$60,552 in 2019, and was paid in full to the district by year-end. Any developer subsidy not paid will bear an interest rate of 6.0% per year until paid. As a part of the developer agreement, the developer shall also employ not less than three (3) full time employment positions at the facilities. The original developer agreement was amended in 2018 which resulted in changes to the developer guaranteed amounts.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 5 – GUARANTEED REVENUE (cont.)

On December 11, 2013, the city entered into a developer agreement with Lang Group, LLC relating to the corporate office at 575 W. Madison Street. For each revenue year beginning with revenue year 2016, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year then the developer shall pay to the city an amount equal to the difference. Any developer subsidy not paid will bear an interest rate of 18.0% per year until paid. No shortfall payments have been required on this agreement.

On March 23, 2015, the city entered into a developer agreement with Movin' Out Waterloo MM, LLC relating to 217 N. Monroe Street. As part of the agreement for each revenue year beginning with revenue year 2018, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year then the developer shall pay to the city an amount equal to the difference. Any developer subsidy not paid will bear an interest rate of 18.0% per year until paid. No shortfall payments have been required on this agreement.

NOTE 6 – DEVELOPER PAYMENTS

As part of the amended developer agreement with Hawthorn & Stone, Inc., the city promises to pay the developer, subject to certain terms and conditions, the amount of \$1,182,362. The city is obligated to make these payments before September 30 of each Revenue Year, commencing with Revenue Year 2024. The obligation ceases upon the earlier of (i) the expiration of the term of the TIF district, or (ii) payment of the sum of \$1,182,362. The city paid out an \$800,000 contribution related to this agreement during 2013.

The city paid a \$150,000 contribution to Movin' Out Waterloo MM, LLC during 2015 which was derived from the proceeds of a WEDC grant.

The city paid a \$69,414 contribution to Rediscovered LLC during 2018 which was derived from the proceeds of a WEDC grant.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
SOURCES OF FUNDS											
Tax increments	\$ -	\$ -	\$ 1,976	\$ -	\$ -	\$ -	\$ 45,628	\$ 60,894	\$ 43,357	\$ 151,855	\$ 6,662,540
Exempt computer aid	-	-	1,053	803	798	706	754	765	783	5,662	-
Intergovernmental grants	-	-	-	-	-	-	-	21,780	530,082	551,862	-
Investment income	-	-	-	-	-	-	-	-	-	-	106,054
Subsidy from TIF No. 1	-	-	-	-	-	-	404,465	789,860	522,147	1,716,472	900,000
Sale of property	-	-	-	-	-	-	1,100	-	-	1,100	-
Developer guarantees	-	-	-	-	-	-	73,725	60,361	60,552	194,638	-
Miscellaneous revenues	1,000	1,000	94,410	8,318	1,002	-	-	-	5,994	111,724	1,000
Long-term debt issued	-	-	900,000	-	-	-	-	-	-	900,000	2,645,000
Total Sources of Funds	1,000	1,000	997,439	9,121	1,800	706	525,672	933,660	1,162,915	3,633,313	10,314,594
USES OF FUNDS											
Capital expenditures	1,491	-	208,221	51,744	2,263	194,997	76,056	2,380	-	537,152	1,830,000
Developer incentives	-	-	800,000	-	150,000	-	-	69,414	-	1,019,414	3,340,000
Professional services - planning, engineering, other	21,619	83,986	203,093	54,194	58,800	3,353	18,495	21,272	44,883	509,695	338,793
Interest and fiscal charges	-	-	-	17,427	22,388	20,216	17,874	15,524	13,110	106,539	1,327,091
Principal on long-term debt	-	-	-	85,923	80,962	83,134	85,475	87,826	90,240	513,560	2,645,000
Total Uses of Funds	23,110	83,986	1,211,314	209,288	314,413	301,700	197,900	196,416	148,233	2,686,360	9,480,884
FUND BALANCE – DECEMBER 31, 2019										\$ 946,953	

See accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
DETAILED SCHEDULE OF CAPITAL, DEVELOPER INCENTIVE, AND
PROFESSIONAL SERVICE EXPENDITURES
From the Date of Creation Through December 31, 2019

	Actual	Project Plan Estimate
<u>Original Project Plan</u>		
Development incentives	\$ 800,000	\$ 1,120,000
Downtown property improvements	190,712	80,000
Signage and way finding	-	15,000
Riverfront/parking improvements	271,053	130,000
Professional services	210,188	178,793
Utility improvements	-	100,000
TID creation and administration	20,000	25,000
<u>Amended Project Plan</u>		
Developer incentives	219,414	2,220,000
Demolition	75,387	100,000
Public infrastructure	-	520,000
Revolving loan	-	350,000
Professional services	279,507	135,000
Utility improvements	-	535,000
TOTAL CAPITAL, DEVELOPER INCENTIVE, AND PROFESSIONAL SERVICE EXPENDITURES	\$ 2,066,261	\$ 5,508,793

See accountants' compilation report.

District: **TIF 3**

Start Year: **Jan 1,2012** Last Year Proj Costs **24-Apr-27** Last Year Increment **2032**

	Year	Income Fund Source	Expenses Use of Funds	Over/(Under) Revenue	Over/(Under) TIF Life
ACTUAL	2012	\$ -	\$ 184,822	\$ (184,822)	\$ (184,822)
	2013	\$ -	\$ 5,923	\$ (5,923)	\$ (190,745)
	2014	\$ 5,416	\$ 12,545	\$ (7,129)	\$ (197,874)
	2015	\$ 44,306	\$ 44,694	\$ (388)	\$ (198,262)
	2016	\$ 27,431	\$ 9,340	\$ 18,091	\$ (180,171)
	2017	\$ 1,062,271	\$ 1,004,460	\$ 57,811	\$ (122,360)
	2018	\$ 31,416	\$ 549,546	\$ (518,130)	\$ (640,490)
	2019	\$ 1,021,190	\$ 1,130,172	\$ (108,982)	\$ (749,472)
PROJECTED	2020	\$ 851,472	\$ 1,669,087	\$ (817,615)	\$ (1,567,087)
	2021	\$ 102,403	\$ 650	\$ 101,753	\$ (1,465,334)
	2022	\$ 102,403	\$ 650	\$ 101,753	\$ (1,363,581)
	2023	\$ 102,403	\$ 650	\$ 101,753	\$ (1,261,828)
	2024	\$ 102,403	\$ 650	\$ 101,753	\$ (1,160,075)
	2025	\$ 102,403	\$ 650	\$ 101,753	\$ (1,058,322)
	2026	\$ 102,403	\$ 650	\$ 101,753	\$ (956,569)
	2027	\$ 102,403	\$ 650	\$ 101,753	\$ (854,816)
	2028	\$ 102,403	\$ 650	\$ 101,753	\$ (753,063)
	2029	\$ 102,403	\$ 650	\$ 101,753	\$ (651,310)
	2030	\$ 102,403	\$ 650	\$ 101,753	\$ (549,557)
	2031	\$ 102,403	\$ 650	\$ 101,753	\$ (447,804)
	2032	\$ 102,403	\$ 650	\$ 101,753	\$ (346,051)

Parcels in TIF 3: ABE MFG, REGIS RUBBER, 333 PORTLAND RD

TOTALS THRU 2019 \$ 3,248,308 \$ 4,610,589 \$ (749,472)

Notes:

- 2012-Lot 8/9 Eastside Bus Park-162K of Expense
- 2015-McLain Write off Expense from TIF 1 (41K)
- 2017-ABE, Intial debt issued (1,038 K) and Developer Incentives Expensed (981 K)
- 2018-Krause Excavating (350 K) for Commercial. 333 Portland Rd (110 K). Waterloo Util (13 K) for Comm Ave
- 2019-Paid off 2017 debt issuance (1,038), new debt issuance (919 K), WEDC Grant (62K)
- 2019-333 Portland Rd & Cell Tower Expense (29 K)

CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3
Waterloo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

DRAFT

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

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**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
BALANCE SHEET
As of December 31, 2019

	<u>Capital Projects Fund</u>
ASSETS	
Taxes receivable	\$ <u>89,163</u>
TOTAL ASSETS	<u>\$ 89,163</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advances from city fund	\$ <u>749,472</u>
Deferred Inflows of Resources	
Unearned revenue	<u>89,163</u>
Fund Balance	
Unassigned (deficit)	<u>(749,472)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 89,163</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ 22,919	\$ 570,941
Professional services - planning, engineering, other	7,080	158,484
Developer incentives	-	1,100,887
Interest and fiscal charges	61,890	61,890
Interest on advances	-	11,017
Total Project Costs	91,889	1,903,219
PROJECT REVENUES		
Tax increments	18,973	149,405
Exempt computer aid	320	2,445
Intergovernmental grants	62,282	62,282
Developer guarantees	20,000	20,000
Total Project Revenues	101,575	234,132
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2019	\$ (9,686)	\$ 1,669,087
RECONCILIATION OF RECOVERABLE COSTS		
G.O. debt		\$ 919,615
Plus: Negative fund balance		749,472
NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019		\$ 1,669,087

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 18,973	\$ 149,405
Exempt computer aid	320	2,445
Intergovernmental grants	62,282	62,282
Developer guarantees	20,000	20,000
Long-term debt issued	919,615	1,957,898
Total Sources of Funds	<u>1,021,190</u>	<u>2,192,030</u>
USES OF FUNDS		
Capital expenditures	22,919	570,941
Professional services - planning, engineering, other	7,080	158,484
Developer incentives	-	1,100,887
Interest and fiscal charges	61,890	61,890
Interest on advances	-	11,017
Principal on long-term debt	1,038,283	1,038,283
Total Uses of Funds	<u>1,130,172</u>	<u>2,941,502</u>
Excess (deficiency) of sources of funds over uses of funds	(108,982)	(749,472)
BEGINNING FUND BALANCE (DEFICIT)	<u>(640,490)</u>	-
ENDING FUND BALANCE (DEFICIT)	<u>\$ (749,472)</u>	<u>\$ (749,472)</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waterloo's Tax Incremental District No. 3 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Waterloo 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. 3. The accompanying financial statements reflect all the significant operations of the City of Waterloo's Tax Incremental District No. 3. The accompanying financial statements do not include the full presentation of the City of Waterloo.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Waterloo's Tax Incremental District No. 3. The summary statements were prepared from data recorded in the following fund and the city's long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the City of Waterloo'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 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 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Waterloo. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 3	January 1, 2012	April 24, 2027	2032

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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 district 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.

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 WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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 Waterloo as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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 Waterloo. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the TIF No. 3 fund. If those revenues are not sufficient, payments will be made by future tax levies or utility revenues, as applicable.

	Original Amount Borrowed	Repaid	Balance 12-31-19
2017 Promissory Note dated September 1, 2017 with an interest rate of 3%. Total amount borrowed was \$1,038,283, of which 100% was for TIF No. 3. This was refunded during 2019 with the issuance below.	\$ 1,038,283	\$ 1,038,283	\$ -
2019 Refunding Note dated September 6, 2019 with an interest rate of 3.55%. Total amount borrowed was \$919,615, of which 100% was for TIF No. 3. Final maturity is September 1, 2032.	919,615	-	919,615
Totals	\$ 1,957,898	\$ 1,038,283	\$ 919,615

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

Calendar Year	Principal	Interest	Totals
2020	\$ 57,022	\$ 32,127	\$ 89,149
2021	58,631	30,518	89,149
2022	60,760	28,389	89,149
2023	62,967	26,182	89,149
2024	65,254	23,895	89,149
2025-2029	363,585	82,160	445,745
2030-2032	251,396	16,051	267,447
Totals	\$ 919,615	\$ 239,322	\$ 1,158,937

NOTE 4 – ADVANCES FROM CITY FUND

The General Fund is advancing funds to the district. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No repayment schedule has been determined for this advance. No interest was charged on the General Fund advance in 2019.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 5 – GUARANTEED REVENUE

On July 27, 2012, TIF District No. 3 entered into a development agreement with Regius Rubber, LLC and Pappy's Property, LLC. The agreement guarantees that the developers shall pay the difference between the guaranteed tax increment and the tax increment actually levied on an annual basis.

The developer agreed to construct a facility in TIF District No. 3 so that the fair market value starting January 1, 2013 would never be less than \$648,825. If the development generates less than \$648,825 in fair market value, the developer will owe the city an amount equal to the difference between the actual tax increment generated by the fair market value as assessed and equalized and the sum of the tax increment that should have been generated by the fair market value had the aforesaid value of \$648,825 been attained. No shortfall payments have been required on this agreement.

On August 31, 2017, TIF District No. 3 entered into a development agreement with HIEP, LLC. The agreement guarantees that the developers shall pay the difference between the guaranteed tax increment and the tax increment actually levied on an annual basis.

The developer agreed to construct a 25,000 sq. ft. manufacturing and research facility in TIF District No. 3 with an assessable value of no less than \$3,500,000. If the development generates less than \$3,500,000 in fair market value, the developer will owe the city an amount equal to the difference between the actual tax increment generated by the fair market value as assessed and equalized and the sum of the tax increment that should have been generated by the fair market value had the aforesaid value of \$3,500,000 been attained. The developer paid the district \$20,000 during 2019 related to the shortfall provisions of this agreement.

NOTE 6 – DEVELOPER PAYMENTS

Per Note 5, TIF District No. 3 has entered into a developer agreement with Regius Rubber, LLC. Under the agreement, the district gave the developer \$162,000 in 2012 in exchange for building the new facility noted above.

Per Note 5, TIF District No. 3 has entered into a developer agreement with HIEP, LLC. Under the agreement, the district gave the developer both a cash and land contribution in 2017 in exchange for building the new facility noted above. Developer payments for the year ended December 31, 2017 related to this agreement were \$676,400 in cash and \$262,487 in land contribution. No developer payments were made in either 2018 or 2019.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2019

	2012	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
SOURCES OF FUNDS										
Tax increments	\$ -	\$ -	\$ 5,416	\$ 43,391	\$ 26,841	\$ 23,680	\$ 31,104	\$ 18,973	\$ 149,405	\$ 3,157,659
Exempt computer aid	-	-	-	915	590	308	312	320	2,445	-
Intergovernmental grants	-	-	-	-	-	-	-	62,282	62,282	-
Developer guarantees	-	-	-	-	-	-	-	20,000	20,000	-
Investment income	-	-	-	-	-	-	-	-	-	5,049
Long-term debt issued	-	-	-	-	-	1,038,283	-	919,615	1,957,898	2,165,000
Total Sources of Funds	-	-	5,416	44,306	27,431	1,062,271	31,416	1,021,190	2,192,030	5,327,708
USES OF FUNDS										
Capital expenditures	5,241	-	-	41,000	285	21,555	479,941	22,919	570,941	1,575,000
Professional services - planning, engineering, other	17,581	4,034	10,586	1,731	7,271	42,216	67,985	7,080	158,484	104,500
Developer incentives	162,000	-	-	-	-	938,887	-	-	1,100,887	462,000
Interest and fiscal charges	-	-	-	-	-	-	-	61,890	61,890	984,088
Interest on advances	-	1,889	1,959	1,963	1,784	1,802	1,620	-	11,017	-
Principal on long-term debt	-	-	-	-	-	-	-	1,038,283	1,038,283	2,165,000
Total Uses of Funds	184,822	5,923	12,545	44,694	9,340	1,004,460	549,546	1,130,172	2,941,502	3,125,588
FUND BALANCE (DEFICIT) – DECEMBER 31, 2019									\$ (749,472)	

See accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
DETAILED SCHEDULE OF CAPITAL, DEVELOPER INCENTIVE AND
PROFESSIONAL SERVICE EXPENDITURES
From the Date of Creation Through December 31, 2019

	<u>Actual</u>	<u>Project Plan Estimate</u>
Lot 8 & 9 - Eastside Business Park - Cash Grant	\$ 162,000	\$ 162,000
Lot 8 & 9 - Eastside Business Park - Municipal Fees/Charges	5,526	5,000
Environmental Remediation - 333 Portland Rd & Adjacent	-	20,000
Business Expansion & Job Creation - Loans & Cash Grants	938,887	200,000
Engineering - Portland Road & Adjacent	11,668	40,000
Street & Utilities - 333 Portland Road & Adjacent	524,415	750,000
Loans & Cash Grants 333 Portland Road & Adjacent	-	100,000
Engineering - Waldo Parcel	-	50,000
Street & Utilities - Waldo Parcel	-	800,000
Loan Forgiveness	41,000	-
Professional services - planning, engineering, other	<u>146,816</u>	<u>14,500</u>
 TOTAL CAPITAL, DEVELOPER INCENTIVE AND PROFESSIONAL SERVICE EXPENDITURES	 <u>\$ 1,830,312</u>	 <u>\$ 2,141,500</u>

See accountants' compilation report.

District: **TIF 4**

Start Year: **1-Jan-14** Last Year Proj Costs **5-Dec-28** Last Year Increment **2034**

	Year	Income Fund Source	Expenses Use of Funds	Over/(Under) Revenue	Over/(Under) TIF Life
ACTUAL	2013	\$ -	\$ 12,500	\$ (12,500)	\$ (12,500)
	2014	\$ -	\$ 3,000	\$ (3,000)	\$ (15,500)
	2015	\$ -	\$ 650	\$ (650)	\$ (16,150)
	2016	\$ -	\$ 650	\$ (650)	\$ (16,800)
	2017	\$ 16,146	\$ 774	\$ 15,372	\$ (1,428)
	2018	\$ 22,240	\$ 638	\$ 21,602	\$ 20,174
	2019	\$ 21,491	\$ 249	\$ 21,242	\$ 41,416
PROJECTED	2020	\$ 22,236	\$ 650	\$ 21,586	\$ 63,002
	2021	\$ 22,236	\$ 650	\$ 21,586	\$ 84,588
	2022	\$ 22,236	\$ 650	\$ 21,586	\$ 106,174
	2023	\$ 22,236	\$ 650	\$ 21,586	\$ 127,760
	2024	\$ 22,236	\$ 650	\$ 21,586	\$ 149,346
	2025	\$ 22,236	\$ 650	\$ 21,586	\$ 170,932
	2026	\$ 22,236	\$ 650	\$ 21,586	\$ 192,518
	2027	\$ 22,236	\$ 650	\$ 21,586	\$ 214,104
	2028	\$ 22,236	\$ 650	\$ 21,586	\$ 235,690
	2029	\$ 22,236	\$ 650	\$ 21,586	\$ 257,276
	2030	\$ 22,236	\$ 650	\$ 21,586	\$ 278,862
	2031	\$ 22,236	\$ 650	\$ 21,586	\$ 300,448
	2032	\$ 22,236	\$ 650	\$ 21,586	\$ 322,034
	2033	\$ 22,236	\$ 650	\$ 21,586	\$ 343,620
	2034	\$ 22,236	\$ 650	\$ 21,586	\$ 365,206

Parcels in TIF 4: Dollar General

TOTALS THRU 2019 \$ 104,349.00 \$ 19,761.00 \$ 41,416.00

PROJECT PLAN EST. \$ 1,063,433.00 \$ 1,031,850.00

OVER/(UNDER) PLAN \$ (959,084.00) \$ (1,012,089.00)

If district closed in 19. Dollars to Taxing Authority

City	MATC	School	Jefferson County
\$ 15,324	\$ 1,657	\$ 17,809	\$ 6,627

CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4
Waterloo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

DRAFT

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

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**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
BALANCE SHEET
As of December 31, 2019

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 41,416
Taxes receivable	<u>25,891</u>
TOTAL ASSETS	<u>\$ 67,307</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenue	<u>\$ 25,891</u>
Fund Balance	
Restricted	<u>41,416</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 67,307</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ -	\$ 225
Professional services - planning, engineering, other	<u>249</u>	<u>18,236</u>
Total Project Costs	<u>249</u>	<u>18,461</u>
PROJECT REVENUES		
Tax increments	21,170	59,095
Exempt computer aid	<u>321</u>	<u>782</u>
Total Project Revenues	<u>21,491</u>	<u>59,877</u>
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2019	<u>\$ (21,242)</u>	<u>\$ (41,416)</u>

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 21,170	\$ 59,095
Exempt computer aid	<u>321</u>	<u>782</u>
Total Sources of Funds	<u>21,491</u>	<u>59,877</u>
USES OF FUNDS		
Capital expenditures	-	225
Professional services - planning, engineering, other	<u>249</u>	<u>18,236</u>
Total Uses of Funds	<u>249</u>	<u>18,461</u>
Excess of sources of funds over uses of funds	21,242	41,416
BEGINNING FUND BALANCE	<u>20,174</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 41,416</u>	<u>\$ 41,416</u>

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

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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 Waterloo. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 4	January 1, 2014	December 5, 2028	2034

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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

B. BASIS OF ACCOUNTING

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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 district is entitled to the aids.

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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 WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

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 Waterloo as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

NOTE 3 – DEVELOPER PAYMENTS

None.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2019

	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
SOURCES OF FUNDS									
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 15,917	\$ 22,008	\$ 21,170	\$ 59,095	\$ 631,728
Exempt computer aid	-	-	-	-	229	232	321	782	-
Investment income	-	-	-	-	-	-	-	-	1,705
Long-term debt issued	-	-	-	-	-	-	-	-	430,000
Total Sources of Funds	-	-	-	-	16,146	22,240	21,491	59,877	1,063,433
USES OF FUNDS									
Capital expenditures	-	-	-	-	-	-	-	-	373,000
Professional services - planning, engineering, other	12,500	3,000	650	650	774	638	249	18,461	40,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	188,850
Principal on long-term debt	-	-	-	-	-	-	-	-	430,000
Total Uses of Funds	12,500	3,000	650	650	774	638	249	18,461	1,031,850
FUND BALANCE – DECEMBER 31, 2019								\$ 41,416	

See accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
DETAILED SCHEDULE OF CAPITAL AND
PROFESSIONAL SERVICE EXPENDITURES
From the Date of Creation Through December 31, 2019

	<u>Actual</u>	<u>Project Plan Estimate</u>
<u>Original Project Plan</u>		
Development incentives	\$ -	\$ 5,000
Revolving loan	-	290,000
Buy Local campaign	-	12,000
Signage and wayfindings	-	1,000
Professional services	18,461	40,000
Utility improvements	-	65,000
	<hr/>	<hr/>
TOTAL CAPITAL AND PROFESSIONAL SERVICES EXPENDITURES	<u>\$ 18,461</u>	<u>\$ 413,000</u>

See accountants' compilation report.



136 North Monroe Street
Waterloo, WI 53594-1198
Phone: (920) 478-3025
Fax: (920) 478-2021
www.waterloowi.us

RESOLUTION #2020-12

Resolution #2020-12 Directing The Clerk/Treasurer In Coordination with Ehler's & Associate To Conduct A Tax Incremental Finance District #3 Joint Review Board Meeting For The Purpose Of Enabling A Three-Year "Tech College Extension" And A Three-Year "Standard Extension" And Authorizing Tax Incremental District Expenditures To Engage Ehler's & Associates For This Purpose

Whereas, under state law (sec. 66.1105(7)(am)4.a, Wis. Stats. the City of Waterloo may request the Joint Review Board to extend the life of TID #3 an additional three years if the annual an total amount of tax increment over the remaining life of the district were adversely impacted by 2013 Wisconsin Act 145; and

Whereas, under state law (sec. 66.1105(7)(am)1.-3., Wis. Stats, a municipality may request that the Joint Review Board to extend the life of TID #3 if the annual and total amount of tax increment over the remaining life of the district is not expected to generated sufficient revenue to recover its project costs.

Whereas, the City of Waterloo seeks to engage the services of Ehler's & Associates to assist municipal staff in preparing documents necessary for the convening of the Joint Review Board and associated services in an amount not exceed \$5,000.

Now, Therefore, Be It Resolved, by the Common Council of the City that it directs the Clerk/Treasurer to proceed with a Joint Review Board meeting for the purposes described above, and further authorized TID #3 expenses in an amount not to exceed \$5,000 to engage with Ehler's & Associates to assist.

AS AMENDED, PASSED AND ADOPTED this _____, 2020.

City of Waterloo

Signed: _____
Jenifer Quimby
Mayor

Attest:

Mo Hansen
City Clerk/Treasurer

April 8, 2020

Morton Hansen, City Clerk/Treasurer
City of Waterloo, Wisconsin
136 N Monroe St
Waterloo, WI 53594

Re: Written Municipal Advisor Client Disclosure with the City of Waterloo (“Client”) for 2020 TID #3
Standard and Tech College Extensions (“Project” Pursuant to MSRB Rule G-42)

Dear Morton:

As a registered Municipal Advisor, we are required by Municipal Securities Rulemaking Board (MSRB) Rules to provide you with certain written information and disclosures prior to, upon or promptly, after the establishment of a municipal advisory relationship as defined in Securities and Exchange Act Rule 15Ba1-1. To establish our engagement as your Municipal Advisor, we must inform you that:

1. When providing advice, we are required to act in a fiduciary capacity, which includes a duty of loyalty and a duty of care. This means we are required to act solely in your best interest.
2. We have an obligation to fully and fairly disclose to you in writing all material actual or potential conflicts of interest that might impair our ability to render unbiased and competent advice to you. We are providing these and other required disclosures in **Appendix A** attached hereto.
3. As your Municipal Advisor, Ehlers shall provide this advice and service at such fees, as described within **Appendix B** attached hereto.

This documentation and all appendices hereto shall be effective as of its date unless otherwise terminated by either party upon 30 days written notice to the other party.

During the term of our municipal advisory relationship, this writing might be amended or supplemented to reflect any material change or additions.

We look forward to working with you on this Project.

Sincerely,

Ehlers



Dawn Gunderson-Schiel, CPFO, CIPMA
Senior Municipal Advisor/Vice President

¹ This document is intended to satisfy the requirements of MSRB Rule G-42(b) and Rule G-42(c).

Appendix A

Disclosure of Conflicts of Interest/Other Required Information

Actual/Potential Material Conflicts of Interest

Ehlers has no known actual or potential material conflicts of interest that might impair its ability either to render unbiased and competent advice or to fulfill its fiduciary duty to Client.

Other Engagements or Relationships Impairing Ability to Provide Advice

Ehlers is not aware of any other engagement or relationship Ehlers has that might impair Ehlers' ability to either render unbiased and competent advice to or to fulfill its fiduciary duty to Client.

Affiliated Entities

Ehlers offers related services through two affiliates of Ehlers, Bond Trust Service Corporation (BTSC) and Ehlers Investment Partners (EIP). BTSC provides paying agent services while Ehlers Investment Partners (EIP) provides investment related services and bidding agent service. Ehlers and these affiliates do not share fees. If either service is needed in conjunction with an Ehlers municipal advisory engagement, Client will be asked whether or not they wish to retain either affiliate to provide service. If BTSC or EIP are retained to provide service, a separate agreement with that affiliate will be provided for Client's consideration and approval.

Solicitors/Payments Made to Obtain/Retain Client Business

Ehlers does not use solicitors to secure municipal engagements; nor does it make direct or indirect payments to obtain or retain Client business.

Payments from Third Parties

Ehlers does not receive any direct or indirect payments from third parties to enlist Ehlers recommendation to the Client of its services, any municipal securities transaction or any financial product.

Payments/Fee-splitting Arrangements

Ehlers does not share fees with any other parties and any provider of investments or services to the Client. However, within a joint proposal with other professional service providers, Ehlers could be the contracting party or be a subcontractor to the contracting party resulting in a fee splitting arrangement. In such cases, the fee due Ehlers will be identified in a Municipal Advisor writing and no other fees will be paid to Ehlers from any of the other participating professionals in the joint proposal.

Municipal Advisor Registration

Ehlers is registered with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

Material Legal or Disciplinary Events

Neither Ehlers nor any of its officers or municipal advisors have been involved in any legal or disciplinary events reported on Form MA or MA-I nor are there any other material legal or disciplinary events to be reported. Ehlers' application for permanent registration as a Municipal Advisor with the (SEC) was granted on July 28, 2014 and contained the information prescribed under Section 15B(a)(2) of the Securities and Exchange Act of 1934 and rules thereunder. It did not list any information on legal or disciplinary disclosures.

Client may access Ehlers' most recent Form MA and each most recent Form MA-I by searching the Securities and Exchange Commission's EDGAR system (currently available at <http://www.sec.gov/edgar/searchedgar/companysearch.html>) and searching under either our Company Name (Ehlers & Associates, Inc.) or by using the currently available "Fast Search" function and entering our CIK number (0001604197).

Ehlers has not made any material changes to Form MA or Form MA-I since that date.

Conflicts Arising from Compensation Contingent on the Size or Closing of Any Transaction

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client. Compensation contingent on the size of the transaction presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation. Compensation contingent on the closing of the transaction presents a conflict because the advisor may have an incentive to recommend unnecessary financings or recommend financings that are disadvantageous to the client. If the transaction is to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Any form of compensation due a Municipal Advisor will likely present specific conflict of interests with the Client. If a Client is concerned about the conflict arising from Municipal Advisor compensation contingent on size and/or closing of their transaction, Ehlers is willing to discuss and provide another form of Municipal Advisor compensation. The Client must notify Ehlers in writing of this request within 10 days of receipt of this Municipal Advisor writing.

MSRB Contact Information

The website address of the MSRB is www.msrb.org. Posted on the MSRB website is a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the financial regulatory authorities.

Appendix B Tax Incremental Financing Services

Scope of Service

Client has requested that Ehlers assist Client with securing a three-year extension to the maximum life of Tax Incremental District No. 3 (“District”) as permitted under Wis. Stat. § 66.1105(7)(am)4. as a result of the annual and total amount of tax increments to be generated by the District having been adversely impacted by the enactment of 2013 Wisconsin Act 145 (“Act”) which reduced the levies of Wisconsin technical colleges and with securing a three-year extension to the maximum life of Tax Incremental District No. 10 (“District”) as permitted under Wis. Stat. § 66.1105(7)(am). (“Project”). Ehlers proposes and agrees to provide the following scope of services:

Phase I – Feasibility Analysis

- Analyze the tax increment collections for the District commencing with the 2013 levy year to verify that increment collections were adversely impacted by the Act beginning with the 2014 levy year.
- For the period commencing with the 2014 levy year and running through the un-extended life of the District, prepare an estimate of the tax incremental revenue lost as a result of the Act.
- As appropriate, prepare or update a cash flow projection for the District considering all existing assets and liabilities to determine whether the District is able to pay off its project costs within its current un-extended life.
- Share results of analysis with Client to determine the basis under which Joint Review Board approval will be sought:
 - If the cash flow analysis indicates that the District is unable to pay off its project costs, the Joint Review Board must approve the request for the three-year extension if the request is accompanied by an independent audit demonstrating that fact.
 - If the cash flow analysis indicates that the District is expected to pay off its project costs without an extension, or if Client does not wish to have an independent audit prepared, then the Joint Review Board may approve or deny the request.
- If an independent audit is to be prepared, Ehlers will share its information and cooperate with Client’s auditor as needed.

Phase II – Approval Process

- Prepare a memorandum addressed to the Joint Review Board requesting both three-year extension.. The memorandum will be accompanied by the exhibits produced in the feasibility analysis, the independent audit (if applicable) and will also set forth the basis for the request. For requests subject to Joint Review Board approval, the memorandum will set forth Client’s rationale for the request.
- If requested, provide a resolution for Client’s governing body to adopt authorizing the submission of the request to the Joint Review Board. (This is not statutorily required.) If requested, attend governing body meeting to review the request.
- Coordinate with Client staff to identify potential dates and times for the Joint Review Board meeting. If an independent audit is to be prepared, this must be completed prior to scheduling the Joint Review Board meeting. Confirm meeting date and time following confirmation of Joint Review Board member availability.

- Prepare Notice of Joint Review Board Meeting (Class 1) and transmit to Client’s designated paper.
- Transmit meeting materials electronically to consist of agenda, memorandum with supporting materials and approval resolution. (Client responsible to post or publish agenda in compliance with Open Meeting law requirements).
- Attend Joint Review Board meeting to review extension request and answer questions. Client responsible to take and maintain meeting minutes.
- Following Joint Review Board approval, transmit all required documentation to the Department of Revenue.

Compensation

In return for the services set forth in the “Scope of Service,” Client agrees to compensate Ehlers as follows:

Phase	Fee
Phase I	\$2,000
Phase II*	\$3,000
Total	\$5,000

* The fee for Phase II does not include attendance at the governing body meeting. If Client requests that Ehlers attend a governing body meeting for the optional consideration of a resolution approving submittal of the extension request to the Joint Review Board, Ehlers will charge Client for its actual time spent attending and traveling to and from the meeting at current hourly rates.

For any service directed by Client and not covered by this, or another applicable Appendix, Ehlers will bill Client at an hourly rate that is dependent upon the task/staff required to meet Client request at no less than \$125.00/hour and not to exceed \$300.00/hour.

Payment for Services

For all compensation due to Ehlers, Ehlers will invoice Client for the amount due at the completion of each Phase. Our fees include our normal travel, printing, computer services, and mail/delivery charges. The invoice is due and payable upon receipt by the Client.

Client Responsibility

The following expenses are not included in our Scope of Services, and are the responsibility of Client to pay directly:

- Services rendered by Client’s engineers, planners, surveyors, appraisers, assessors, attorneys, auditors and others that may be called on by Client to provide information related to completion of the Project.
- Publication charge for the Notice of Joint Review Board meeting.