

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

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

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

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## ACCOUNTANTS' COMPILATION REPORT

To the City Council  
City of Waterloo  
Waterloo, 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 Waterloo's Tax Incremental District No. 4 ("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 Waterloo 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.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
April 9, 2018

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

COMPILED  
BALANCE SHEET  
As of December 31, 2017

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	<u>Capital Projects Fund</u>
<b>ASSETS</b>	
Taxes Receivable	\$ 22,007
<b>TOTAL ASSETS</b>	<u>\$ 22,007</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
Liabilities	
Due to other funds	\$ 1,428
Deferred Inflows of Resources	
Unearned revenue	<u>22,007</u>
Fund Balance	
Unassigned (deficit)	<u>(1,428)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF     RESOURCES, AND FUND BALANCE</b>	<u>\$ 22,007</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, 2017 and  
From the Date of Creation Through December 31, 2017

	Year Ended	From Date of Creation
<b>PROJECT COSTS</b>		
Capital expenditures	\$ -	\$ 225
Professional services - planning, engineering, other	774	17,349
Total Project Costs	<u>774</u>	<u>17,574</u>
<b>PROJECT REVENUES</b>		
Tax increments	15,917	15,917
Exempt computer aid	229	229
Total Project Revenues	<u>16,146</u>	<u>16,146</u>
<b>NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2017</b>	<u>\$ (15,372)</u>	<u>\$ 1,428</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, 2017 and  
From the Date of Creation Through December 31, 2017

	<u>Year Ended</u>	<u>From Date of Creation</u>
<b>SOURCES OF FUNDS</b>		
Tax increments	\$ 15,917	\$ 15,917
Exempt computer aid	<u>229</u>	<u>229</u>
Total Sources of Funds	<u>16,146</u>	<u>16,146</u>
<b>USES OF FUNDS</b>		
Capital expenditures	-	225
Professional services - planning, engineering, other	<u>774</u>	<u>17,349</u>
Total Uses of Funds	<u>774</u>	<u>17,574</u>
<b>Excess (deficiency) of sources of funds over uses of funds</b>	15,372	(1,428)
BEGINNING FUND BALANCE (DEFICIT)	<u>(16,800)</u>	<u>-</u>
<b>ENDING FUND BALANCE (DEFICIT)</b>	<u>\$ (1,428)</u>	<u>\$ (1,428)</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, 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 Waterloo's Tax Incremental District No. 4 (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. 4. The accompanying financial statements reflect all the significant operations of the City of Waterloo's Tax Incremental District No. 4. 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. 4. 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. 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, 2017 and  
From the Date of Creation Through December 31, 2017

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

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***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. 4**

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

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

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***F. LONG-TERM DEBT***

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

***G. CLAIMS AND JUDGMENTS***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

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**NOTE 2 – CASH AND TEMPORARY INVESTMENTS**

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The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the city, 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.

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**NOTE 3 – DEVELOPER PAYMENTS**

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None.

**SUPPLEMENTAL INFORMATION**

**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, 2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Totals</u>	<u>Project Plan Estimate</u>
<b>SOURCES OF FUNDS</b>							
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 15,917	\$ 15,917	\$ 631,728
Exempt computer aid					229	229	-
Investment income	-	-	-	-	-	-	1,705
Long-term debt issued	-	-	-	-	-	-	430,000
Total Sources of Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,146</u>	<u>16,146</u>	<u>1,063,433</u>
<b>USES OF FUNDS</b>							
Capital expenditures	-	225	-	-	-	225	388,000
Professional services - planning, engineering, other	12,500	2,775	650	650	774	17,349	25,000
Interest and fiscal charges	-	-	-	-	-	-	188,850
Principal on long-term debt	-	-	-	-	-	-	430,000
Total Uses of Funds	<u>12,500</u>	<u>3,000</u>	<u>650</u>	<u>650</u>	<u>774</u>	<u>17,574</u>	<u>1,031,850</u>
FUND BALANCE (DEFICIT) – DECEMBER 31, 2017						<u>\$ (1,428)</u>	

See accountants' compilation report.

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

COMPILED  
DETAILED SCHEDULE OF CAPITAL EXPENDITURES  
From the Date of Creation Through December 31, 2017

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	<u>Actual</u>	<u>Project Plan Estimate</u>
<b><u>Original Project Plan</u></b>		
Development incentives	\$ -	\$ 5,000
Revolving loan	-	290,000
Buy Local campaign	-	12,000
Signage and wayfindings	-	1,000
Professional services	225	15,000
Utility improvements	<u>-</u>	<u>65,000</u>
 TOTAL CAPITAL EXPENDITURES	 <u>\$ 225</u>	 <u>\$ 388,000</u>