

**CITY OF LA CROSSE,
WISCONSIN**

**REPORT ON TAX INCREMENTAL
FINANCING (TIF) DISTRICTS**

DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

City of La Crosse, Wisconsin
Tax Incremental Financing (TIF) Districts No. 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17
La Crosse, Wisconsin

Management is responsible for the special-purpose Historical Summary of Sources, Uses, and Status of Funds for the year ended December 31, 2016, and from the date of creation through December 31, 2016, for the City of La Crosse Tax Incremental Financing Districts No. 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17. 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 AICPA. 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.

Other Matter

The special-purpose financial statements included in the accompanying prescribed form are intended to comply with the annual reporting requirements for tax incremental districts as required by Wisconsin State Statute 66.1105, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 1, 2017

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
12, 13, 14, 15, 16, AND 17
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 5		DISTRICT NO. 6	
	DOWNTOWN (MARRIOTT/ CENTRAL BUSINESS DISTRICT)		DOWNTOWN	
	YEAR ENDED	FROM DATE OF CREATION	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 222,917	\$ 3,900,282	\$ 1,611,182	\$20,316,506
Exempt computer aids	10,302	91,731	61,461	1,095,581
Grants	-	-	-	441,015
Sale of land, other sources	-	21,713	-	237,347
Proceeds from long-term debt	-	1,292,611	158,794	33,692,804
Transfer from other TIF's	-	-	192,822	17,657,726
TOTAL SOURCES	<u>233,219</u>	<u>5,306,337</u>	<u>2,024,259</u>	<u>73,440,979</u>
<u>USES OF FUNDS</u>				
Capital expenditures	425	1,297,979	529,150	36,776,874
Principal and interest on long-term debt	29,617	1,629,713	1,750,000	35,880,087
Interest on advances	-	1	2,227	126,301
Transfer to other TIF's	192,822	2,368,289	-	703,587
TOTAL USES	<u>222,864</u>	<u>5,295,982</u>	<u>2,281,377</u>	<u>73,486,849</u>
NET SOURCES (USES)	10,355	10,355	(257,118)	(45,870)
BEGINNING FUND BALANCE	-	-	211,248	-
ENDING FUND (DEFICIT) BALANCE	<u>\$ 10,355</u>	<u>\$ 10,355</u>	<u>\$ (45,870)</u>	<u>\$ (45,870)</u>
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 29,553		\$ 7,720,887
Advances outstanding		-		325,206
Interest on advances		-		6,682
Less cash (on hand)		<u>(10,355)</u>		<u>(279,336)</u>
BALANCE NEEDED TO CLOSE TIF		<u>\$ 19,198</u>		<u>\$ 7,773,439</u>

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CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
12, 13, 14, 15, 16, AND 17 - Continued
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 7		DISTRICT NO. 8	
	AMTRAK		DURATECH	
	YEAR ENDED	FROM DATE OF CREATION	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 294,607	\$ 2,803,160	\$ 98,567	\$ 1,174,225
Exempt computer aids	5,407	58,386	5,997	10,743
Grants	-	985,445	-	89,284
Economic development proceeds	-	10,000	-	-
Sale of land, other sources	9,284	356,966	-	-
Proceeds from long-term debt	-	2,724,981	-	351,093
TOTAL SOURCES	309,298	6,938,938	104,564	1,625,345
<u>USES OF FUNDS</u>				
Capital expenditures	298,277	3,134,672	425	355,247
Principal and interest on long-term debt	156,791	3,138,914	-	479,591
Interest on advances	-	6,272	-	99
Transfer to other TIF's	-	-	-	684,387
TOTAL USES	455,068	6,279,858	425	1,519,324
NET (USES) SOURCES	(145,770)	659,080	104,139	106,021
BEGINNING FUND BALANCE	804,850	-	1,882	-
ENDING FUND BALANCE	\$ 659,080	\$ 659,080	\$ 106,021	\$ 106,021
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 69,869		\$ -
Less receivables/plus payables		3,403		-
Less cash (on hand)		(662,483)		(106,021)
BALANCE NEEDED TO CLOSE TIF		\$ (589,211)		\$ (106,021)

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CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
12, 13, 14, 15, 16, AND 17 - Continued
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 9		DISTRICT NO. 10	
	INT. BUSINESS PARK (HWY 16)		PARK PLAZA (OLD HOLIDAY INN)	
	YEAR ENDED	FROM DATE OF CREATION	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 447,486	\$ 4,655,766	\$ 20,522	\$ 141,942
Proceeds from other government	-	51,029	-	-
Payment from other government	-	-	-	688,807
Exempt computer aids	7,167	55,257	4,883	70,846
Grants	-	225,000	-	-
Sale of land, other sources	126,211	1,669,170	26,806	26,806
Loan repayments	-	618,159	-	-
Proceeds from long-term debt	-	2,233,712	-	240,750
Transfer from other TIF's	-	67,943	-	-
TOTAL SOURCES	<u>580,864</u>	<u>9,576,036</u>	<u>52,211</u>	<u>1,169,151</u>
<u>USES OF FUNDS</u>				
Capital expenditures	758,981	4,010,574	425	1,292,187
Principal and interest on long-term debt	325,000	2,517,113	6,000	53,629
Interest on advances	-	41,790	1,547	12,504
TOTAL USES	<u>1,083,981</u>	<u>6,569,477</u>	<u>7,972</u>	<u>1,358,320</u>
NET (USES) SOURCES	(503,117)	3,006,559	44,239	(189,169)
BEGINNING FUND BALANCE (DEFICIT)	<u>3,509,676</u>	<u>-</u>	<u>(233,408)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 3,006,559</u>	<u>\$ 3,006,559</u>	<u>\$ (189,169)</u>	<u>\$ (189,169)</u>
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 314,991		\$ 232,901
Advances outstanding		-		291,474
Interest on advances		-		18,563
Estimated payable				
Intergovernmental agreement		-		844,595
Proceeds from other government		-		688,806
Less receivables/plus payables		1,172		-
Less cash (on hand)		<u>(3,007,731)</u>		<u>(102,305)</u>
BALANCE NEEDED TO CLOSE TIF		<u>\$ (2,691,568)</u>		<u>\$ 1,974,034</u>

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CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
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HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 11		DISTRICT NO. 12	
	DOWNTOWN (GATEWAY/LHI)		THREE RIVERS PLAZA (FESTIVAL STRIP MALL/MOBILE OIL SITE)	
	YEAR ENDED	FROM DATE OF CREATION	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 2,406,538	\$ 15,482,120	\$ 573,148	\$ 5,080,638
Exempt computer aids	397,746	2,617,725	9,310	76,279
Grants	-	5,432,773	-	42,640
Economic development proceeds	-	640	-	-
Sale of land, other sources	-	807,002	22,300	42,200
Judgment/liquidated damages	1,000,000	2,000,000	-	-
Loan repayments	-	134,684	-	-
Proceeds from long-term debt	886,844	37,061,983	-	6,965,222
TOTAL SOURCES	4,691,128	63,536,927	604,758	12,206,979
<u>USES OF FUNDS</u>				
Capital expenditures	4,816,244	48,829,354	40,968	8,057,543
Incentives for reverse TIF	-	271,150	-	-
Principal and interest on long-term debt	2,500,000	14,599,672	550,000	4,141,660
Interest on advances	21,219	655,783	1,634	11,772
TOTAL USES	7,337,463	64,355,959	592,602	12,210,975
NET (USES) SOURCES	(2,646,335)	(819,032)	12,156	(3,996)
BEGINNING FUND BALANCE (DEFICIT)	1,827,303	-	(16,152)	-
ENDING FUND (DEFICIT)	\$ (819,032)	\$ (819,032)	\$ (3,996)	\$ (3,996)
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 30,118,876		\$ 7,211,698
Advances outstanding		3,292,946		354,986
Interest on advances		297,059		22,880
Estimated payable				
Developer's agreement		6,560,221		-
Less receivables/plus payables		22,809		-
Less cash (on hand)		(2,496,723)		(350,990)
BALANCE NEEDED TO CLOSE TIF		\$ 37,795,188		\$ 7,238,574

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CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
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HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 13		DISTRICT NO. 14	
	KWIK TRIP		GUNDERSEN	
	YEAR ENDED	FROM DATE OF CREATION	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 1,197,724	\$ 4,788,687	\$ 1,147,734	\$ 7,277,124
Exempt computer aids	278,753	721,839	1,061,568	7,972,784
Grants	-	375,000	-	-
Proceeds from the entity	-	-	347,314	1,725,678
Economic development proceeds	-	128	-	-
DNR loan	-	216,657	-	-
Sale of land, other sources	21,221	238,890	60,699	159,863
Loan repayments	5,000	5,000	-	-
Proceeds from long-term debt	26,517	4,202,307	-	584,148
Interest income	-	-	2,907	4,262
TOTAL SOURCES	<u>1,529,215</u>	<u>10,548,508</u>	<u>2,620,222</u>	<u>17,723,859</u>
<u>USES OF FUNDS</u>				
Capital expenditures	973,477	6,976,332	1,441,037	5,612,750
Incentives for reverse TIF	-	150,000	948,818	5,321,393
Principal and interest on long-term debt	500,000	3,301,245	-	-
Interest on advances	2,728	5,517	1,038	8,781
TOTAL USES	<u>1,476,205</u>	<u>10,433,094</u>	<u>2,390,893</u>	<u>10,942,924</u>
NET SOURCES	53,010	115,414	229,329	6,780,935
BEGINNING FUND BALANCE	<u>62,404</u>	<u>-</u>	<u>6,551,606</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 115,414</u>	<u>\$ 115,414</u>	<u>\$ 6,780,935</u>	<u>\$ 6,780,935</u>
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 2,003,066		\$ 425,823
Advances outstanding		655,746		-
Interest on advances		21,827		-
Outstanding DNR loan		164,655		-
Estimated payable				
Developer's agreement		884,000		15,335,631
Less receivables/plus payables		(30,872)		92,534
Less cash (on hand)		<u>(740,288)</u>		<u>(6,873,469)</u>
BALANCE NEEDED TO CLOSE TIF		<u>\$ 2,958,134</u>		<u>\$ 8,980,519</u>

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CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
12, 13, 14, 15, 16, AND 17 - Continued
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 15		DISTRICT NO. 16	
	CHART/TRANE COMPANY		TRANE PLANT 6	
	YEAR ENDED	FROM DATE OF CREATION	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 539,184	\$ 881,239	\$ 16,244	\$ 16,244
Exempt computer aids	51,229	91,164	2,609	2,609
Proceeds from the entity	6,500	256,500	-	-
Economic development proceeds	-	-	-	30,000
Judgment/liquidated damages	4,670	4,670	-	-
Proceeds from long-term debt	-	-	1,090,535	1,090,535
TOTAL SOURCES	<u>601,583</u>	<u>1,233,573</u>	<u>1,109,388</u>	<u>1,139,388</u>
<u>USES OF FUNDS</u>				
Capital expenditures	40,555	44,668	1,805	1,262,355
Interest on advances	16	24	5,114	6,744
TOTAL USES	<u>40,571</u>	<u>44,692</u>	<u>6,919</u>	<u>1,269,099</u>
NET SOURCES (USES)	561,012	1,188,881	1,102,469	(129,711)
BEGINNING FUND BALANCE (DEFICIT)	<u>627,869</u>	<u>-</u>	<u>(1,232,180)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 1,188,881</u>	<u>\$ 1,188,881</u>	<u>\$ (129,711)</u>	<u>\$ (129,711)</u>
<u>FUTURE TIF REQUIREMENTS</u>				
Advances outstanding		\$ -		\$ 141,645
Interest on advances		-		92,044
Outstanding DNR loan		-		125,000
Estimated payable				
Developer's agreement		7,000,000		-
Less receivables/plus payables		2,460		-
Less cash (on hand)		<u>(1,191,341)</u>		<u>(11,934)</u>
BALANCE NEEDED TO CLOSE TIF		<u>\$ 5,811,119</u>		<u>\$ 346,755</u>

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CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
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HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2016

	DISTRICT NO. 17 DOWNTOWN NORTH	
	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>	\$ -	\$ -
<u>USES OF FUNDS</u>		
Capital expenditures	214	7,099
Interest on advances	29	31
TOTAL USES	243	7,130
NET (USES)	(243)	(7,130)
BEGINNING FUND (DEFICIT)	(6,887)	-
ENDING FUND (DEFICIT)	\$ (7,130)	\$ (7,130)
<u>FUTURE TIF REQUIREMENTS</u>		
Advances outstanding		\$ 7,130
Interest on advances		530
BALANCE NEEDED TO CLOSE TIF		\$ 7,660

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
12, 13, 14, 15, 16, AND 17
NOTES TO REPORT
DECEMBER 31, 2016

1. TIF District Information

The Tax Incremental Financing Districts No. 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 (the "District") were 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 Districts. The tax on the increased value is called a tax increment.

Districts No. 5, 6, 7, 10, 11, and 12 project costs may be incurred up to 22 years after the creation date of the Districts and collect tax increments for up to 27 years. Districts No. 8 and 9 costs may be incurred for up to 18 years and collect tax increments for up to 23 years. District No. 13, 14, 15, 16, and 17 costs may be incurred for up to 15 years and collect tax increments for up to 20 years. Project costs uncollected at the dissolution date are absorbed by the municipality.

	<u>CREATION DATE</u>	<u>LAST DATE TO INCUR PROJECT COSTS</u>	<u>FINAL DISSOLUTION DATE</u>
District No. 5	03/12/92	03/12/14	03/12/19
District No. 6	04/14/94	04/14/16	04/14/21
District No. 7	08/14/97	08/14/19	08/14/24
District No. 8	07/10/97	07/10/15	07/10/20
District No. 9	06/10/99	06/10/17	06/10/22
District No. 10	06/12/03	06/12/25	06/12/30
District No. 11	10/12/04	10/12/26	10/12/31
District No. 12	07/14/05	07/14/27	07/14/32
District No. 13	05/11/06	05/11/21	05/11/26
District No. 14	08/24/06	08/24/21	08/24/26
District No. 15	08/08/13	08/08/28	08/08/33
District No. 16	06/12/14	06/12/29	06/12/34
District No. 17	09/29/15	09/29/30	09/29/35

2. Principal and Interest Due

All general obligation notes payable are backed by the full faith and credit of the municipality. Notes borrowed to finance District expenditures will be retired by tax increments accumulated by the debt service fund. Future principal and interest payments are shown on the summary of sources, uses, and status of funds.

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING (TIF) DISTRICTS NO. 5, 6, 7, 8, 9, 10, 11,
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NOTES TO REPORT - Continued
DECEMBER 31, 2016

3. Transfer of Tax Increments

The Wisconsin Statutes were amended to permit the transfer of positive tax increments from a successful district to another district. The donor district must be able to demonstrate, based on the positive tax increments that are currently generated, that it has sufficient revenue to pay for all project costs that have been incurred under the project plan and sufficient surplus revenue to pay for some of the eligible costs of the recipient TIF district.

In accordance with Wisconsin State Statute 66.1105, paragraph 6, positive tax increments may be allocated from one TIF district to another if:

- ◆ The donor TIF district and the recipient TIF district have the same overlapping tax jurisdictions;
- ◆ The allocation of tax increments is approved by the joint review board;
- ◆ The donor TIF district has first satisfied all its current year debt service and project cost obligations;
- ◆ The project costs in the recipient TIF district are used to create, provide, or rehabilitate low-cost housing, or to remediate environmental contamination; or
- ◆ The recipient TIF district is a “blighted area” or an “area in need of rehabilitation” TIF district.

During 2016, District No. 5 transferred \$192,822 to District No. 6.

4. Joint Agreement

District No. 10 is a joint agreement between the City and another government. Proceeds from the other government will be repaid if positive increments are available, and therefore, such proceeds are also reported as “Future TIF Requirements”.