

**CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING
DISTRICT #4**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

**FROM DATE OF CREATION
THROUGH JUNE 11, 2015**

**CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4**

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of La Crosse, Wisconsin

We have audited the accompanying balance sheet and historical summary of sources, uses, and status of funds of the City of La Crosse, Wisconsin Tax Incremental Financing District #4 ("District") from the date of creation through June 11, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

As discussed in Note 1, the historical summary statements present only the transactions of the District and are not intended to present fairly the financial position of the City of La Crosse and the results of its operations and cash flow of its proprietary and similar trust fund types in conformity with generally accepted accounting principles.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of La Crosse, Wisconsin Tax Incremental Financing District #4 as of June 11, 2015, and the sources, uses, and status of funds from the creation date of the District through June 11, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary 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 basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the District's historical summary statements. The detailed schedule of sources, uses and status of funds is presented for purpose of additional analysis and is not a required part of the historical summary statements.

The detailed schedule of sources, uses and status of funds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the historical summary statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated, in all material respects, in relation to the historical summary statements taken as a whole.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 8, 2015

**CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
HISTORICAL SUMMARY STATEMENTS**

**CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
BALANCE SHEET
JUNE 11, 2015**

ASSETS

Cash	<u>\$ 267,743</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 267,743
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FUND BALANCE

Committed	<u>-</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 267,743</u>
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The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
HISTORICAL SUMMARY OF SOURCES, USES AND STATUS OF FUNDS
FROM DATE OF CREATION THROUGH JUNE 11, 2015

SOURCES OF FUNDS	
Tax increment	\$19,189,300
Exempt computer aid	462,576
Intergovernmental	29,262
Sale of property	1,577,159
Transfer from other funds	5,291,012
Proceeds of long-term debt	<u>8,658,703</u>
TOTAL SOURCES	<u>35,208,012</u>
USES OF FUNDS	
Conservation and development	173,567
Interest on advances	151,481
Interest on long-term debt	5,948,070
Principal on long-term debt	8,658,703
Capital expenditures	10,047,179
Transfer to other funds	<u>10,229,012</u>
TOTAL USES	<u>35,208,012</u>
BALANCE AVAILABLE - JUNE 11, 2015	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE , WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 11, 2015

NOTE 1 - Summary of Significant Accounting Policies

The historical summary statements of the City of La Crosse, Wisconsin Tax Incremental Financing (“TIF”) District #4 (“District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units and as defined by Wisconsin Statutes Section 66.1105. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Description of Fund Structure and Long-Term Debt - This report contains the financial information of the City of La Crosse, Wisconsin Tax Incremental Financing District #4. The summary statements were prepared from data recorded in the following funds and the City of La Crosse’s long-term debt:

- TIF #4 Fund
- TIF #4 Housing Fund

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 municipality 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 are approved in a project plan. Project costs for the Tax Incremental Financing District #4 were fully recovered in 2015.

	<u>Creation Date</u>	<u>Last Date Project Costs</u>	<u>Project Costs Per Project Plan</u>
TIF #4	January 1, 1987	2009	\$32,720,300

Measurement Focus and Basis of Accounting - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF LA CROSSE WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
NOTES TO THE FINANCIAL STATEMENTS - Continued
JUNE 11, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses.

Long-Term Debt - Proceeds of long-term debt issues are reported as sources of funds in the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt is repaid.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - Cash

The District invests its fund in accordance with the provision of the Wisconsin Statutes. The District, as a fund of the City of La Crosse, maintains separate and common cash 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 La Crosse as an individual municipality and, accordingly, the amount of insured funds is not determinable for the District.

NOTE 3 - Long-Term Obligations

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt borrowed to finance the District's expenditures was repaid with tax increments accumulated by the District.

NOTE 4 - Transfer of Tax Increment

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.

CITY OF LA CROSSE WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
NOTES TO THE FINANCIAL STATEMENTS - Continued
JUNE 11, 2015

NOTE 4 - Transfer of Tax Increment - Continued

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.

Over the life of the District, \$5,291,012 has been transferred in from other Districts and \$10,229,012 has been transferred out to other Districts.

NOTE 5 - District Extension

The dissolution date of the District was extended by 1 year as allowed by Wisconsin State Statute for affordable housing.

**CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4**

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the City Council
City of La Crosse, Wisconsin

We have audited the accompanying balance sheet and historical summary of sources, uses and status of funds of the City of La Crosse, Wisconsin Tax Incremental Financing District #4 from the date the District was created through June 11, 2015 and have issued our report thereon dated December 11, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance with tax increment finance district laws, regulations, and the project plan is the responsibility of the City of La Crosse, Wisconsin's management. As part of obtaining reasonable assurance about whether the historical summary statements are free of material misstatement, we performed tests of the City of La Crosse's Tax Incremental Financing District #4 compliance with Wisconsin State Statutes Section 66.1105 and the project plan. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of La Crosse's Tax Incremental Financing District #4 complied in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of La Crosse, Wisconsin had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of management, City Council, overlapping taxing districts, and the Wisconsin Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 8, 2015

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
 DETAILED SCHEDULE OF SOURCES, USES AND STATUS OF FUNDS
 FROM DATE OF CREATION THROUGH JUNE 11, 2015

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
SOURCES OF FUNDS										
Tax increment	\$ -	\$ -	\$ 550,087	\$ 289,756	\$ -	\$ 360,243	\$ 365,292	\$ 403,126	\$ 387,732	\$ 395,671
Exempt computer aid	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	11,481
Sale of property	-	-	615,661	137,920	-	-	-	142,321	161,324	128,600
Transfers from other funds	-	-	-	-	-	-	-	-	-	-
Proceeds of long-term debt	-	-	8,748,705	-	-	-	-	(90,398)	-	396
TOTAL SOURCES	<u>-</u>	<u>-</u>	<u>9,914,453</u>	<u>427,676</u>	<u>-</u>	<u>360,243</u>	<u>365,292</u>	<u>455,049</u>	<u>549,056</u>	<u>536,148</u>
USES OF FUNDS										
Conservation and development	-	-	-	-	-	-	-	-	-	-
Interest on advances	-	-	-	-	-	-	-	44,536	14,644	7,769
Interest on long-term debt	-	-	484,674	130,686	-	181,327	147,672	218,464	227,185	213,490
Principal on long-term debt	-	-	705,547	190,241	-	263,961	214,968	318,021	330,718	310,781
Capital expenditures	-	-	8,746,232	5,237	-	-	396	304	11,177	-
Transfer to other funds	-	-	-	-	-	-	-	-	-	-
TOTAL USES	<u>-</u>	<u>-</u>	<u>9,936,453</u>	<u>326,164</u>	<u>-</u>	<u>445,288</u>	<u>363,036</u>	<u>581,325</u>	<u>583,724</u>	<u>532,040</u>
NET CHANGE FOR THE YEAR	<u>-</u>	<u>-</u>	<u>(22,000)</u>	<u>101,512</u>	<u>-</u>	<u>(85,045)</u>	<u>2,256</u>	<u>(126,276)</u>	<u>(34,668)</u>	<u>4,108</u>
BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,000)</u>	<u>\$ 79,512</u>	<u>\$ 79,512</u>	<u>\$ (5,533)</u>	<u>\$ (3,277)</u>	<u>\$ (129,553)</u>	<u>\$ (164,221)</u>	<u>\$ (160,113)</u>

Creation date: January 1, 1987

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Current termination date: June 11, 2015

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
 DETAILED SCHEDULE OF SOURCES, USES AND STATUS OF FUNDS - Continued
 FROM DATE OF CREATION THROUGH JUNE 11, 2015

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
SOURCES OF FUNDS											
Tax increment	\$ 451,176	\$ 506,769	\$ 547,704	\$ 666,410	\$ 709,476	\$ 802,866	\$ 829,768	\$ 799,991	\$ 924,910	\$ 906,256	\$ 950,375
Exempt computer aid	-	-	-	13,238	7,584	8,459	8,157	7,174	6,380	21,376	29,045
Intergovernmental	17,781	-	-	-	-	-	-	-	-	-	-
Sale of property	94,925	78,402	117,777	-	43,750	3,713	3,901	3,315	4,453	3,927	4,044
Transfers from other funds	-	-	1,045,589	1,428,062	1,345,353	1,472,008	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES	<u>563,882</u>	<u>585,171</u>	<u>1,711,070</u>	<u>2,107,710</u>	<u>2,106,163</u>	<u>2,287,046</u>	<u>841,826</u>	<u>810,480</u>	<u>935,743</u>	<u>931,559</u>	<u>983,464</u>
USES OF FUNDS											
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Interest on advances	8,357	8,676	8,857	9,300	8,632	3,379	2,217	2,402	6,041	9,567	9,930
Interest on long-term debt	183,724	241,908	681,387	858,287	853,856	929,803	341,214	1,350	-	-	398,833
Principal on long-term debt	267,451	352,149	991,906	1,249,423	1,242,973	1,353,530	496,711	1,965	-	-	580,588
Capital expenditures	110,182	-	-	-	-	-	-	-	-	-	2,509
Transfer to other funds	-	-	-	-	-	-	-	807,165	931,290	927,632	-
TOTAL USES	<u>569,714</u>	<u>602,733</u>	<u>1,682,150</u>	<u>2,117,010</u>	<u>2,105,461</u>	<u>2,286,712</u>	<u>840,142</u>	<u>812,882</u>	<u>937,331</u>	<u>937,199</u>	<u>991,860</u>
NET CHANGE FOR THE YEAR	<u>(5,832)</u>	<u>(17,562)</u>	<u>28,920</u>	<u>(9,300)</u>	<u>702</u>	<u>334</u>	<u>1,684</u>	<u>(2,402)</u>	<u>(1,588)</u>	<u>(5,640)</u>	<u>(8,396)</u>
BALANCE - END OF YEAR	<u>\$ (165,945)</u>	<u>\$ (183,507)</u>	<u>\$ (154,587)</u>	<u>\$ (163,887)</u>	<u>\$ (163,185)</u>	<u>\$ (162,851)</u>	<u>\$ (161,167)</u>	<u>\$ (163,569)</u>	<u>\$ (165,157)</u>	<u>\$ (170,797)</u>	<u>\$ (179,193)</u>

(Continued on page 12)

CITY OF LA CROSSE, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT #4
 DETAILED SCHEDULE OF SOURCES, USES AND STATUS OF FUNDS - Continued
 FROM DATE OF CREATION THROUGH JUNE 11, 2015

	2008	2009	2010	2011	2012	2013	2014	2015	ADJUSTMENTS	TOTALS
SOURCES OF FUNDS										
Tax increment	\$ 997,008	\$ 1,063,318	\$ 1,099,076	\$ 1,124,152	\$ 1,117,396	\$ 670,176	\$ 1,149,435	\$ 1,121,131	\$ -	\$ 19,189,300
Exempt computer aid	22,737	29,891	43,282	54,349	54,904	57,718	50,126	48,156	-	462,576
Intergovernmental	-	-	-	-	-	-	-	-	-	29,262
Sale of property	4,978	4,928	5,173	5,128	4,388	4,199	4,332	-	-	1,577,159
Transfers from other funds	-	-	-	-	-	-	-	-	-	5,291,012
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	8,658,703
TOTAL SOURCES	<u>1,024,723</u>	<u>1,098,137</u>	<u>1,147,531</u>	<u>1,183,629</u>	<u>1,176,688</u>	<u>732,093</u>	<u>1,203,893</u>	<u>1,169,287</u>	<u>-</u>	<u>35,208,012</u>
USES OF FUNDS										
Conservation and development	-	27,508	-	95,347	50,712	-	-	-	-	173,567
Interest on advances	4,872	958	419	276	315	334	-	-	-	151,481
Interest on long-term debt	-	-	-	9,259	29,797	50,313	66,037	-	(301,196)	5,948,070
Principal on long-term debt	-	-	-	13,478	43,376	73,241	96,131	-	(438,456)	8,658,703
Capital expenditures	369	-	-	151	716	194	659,127	510,585	-	10,047,179
Transfer to other funds	692,009	1,063,318	1,099,076	1,032,425	1,117,396	620,176	1,198,873	-	739,652	10,229,012
TOTAL USES	<u>697,250</u>	<u>1,091,784</u>	<u>1,099,495</u>	<u>1,150,936</u>	<u>1,242,312</u>	<u>744,258</u>	<u>2,020,168</u>	<u>510,585</u>	<u>-</u>	<u>35,208,012</u>
NET CHANGE FOR THE YEAR	<u>327,473</u>	<u>6,353</u>	<u>48,036</u>	<u>32,693</u>	<u>(65,624)</u>	<u>(12,165)</u>	<u>(816,275)</u>	<u>658,702</u>	<u>-</u>	<u>-</u>
BALANCE - END OF YEAR	<u>\$ 148,280</u>	<u>\$ 148,280</u>	<u>\$ 148,280</u>	<u>\$ 148,280</u>	<u>\$ 148,280</u>	<u>\$ 148,280</u>	<u>\$ 136,115</u>	<u>\$ (680,160)</u>	<u>\$ (658,702)</u>	<u>\$ -</u>