

**CITY OF LA CROSSE,
WISCONSIN**

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

DECEMBER 31, 2017

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, 2017, and from the date of creation through December 31, 2017, 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 included in the accompanying prescribed form 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 the financial statements included in the accompanying prescribed form.

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.

This report is intended solely for the information and use of the City of La Crosse and is not intended to be and should not be used by anyone other than the specified party.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 28, 2018

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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	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	\$ 217,705	\$ 4,117,987	\$ 1,823,696	\$22,140,202
Exempt computer aids	7,448	99,179	48,980	1,144,561
Grants	-	-	-	441,015
Sale of land, other sources	-	21,713	-	237,347
Proceeds from long-term debt	-	1,292,611	-	33,692,804
Transfer from other TIF's	-	-	415,711	18,073,437
TOTAL SOURCES	225,153	5,531,490	2,288,387	75,729,366
<u>USES OF FUNDS</u>				
Capital expenditures	3,564	1,301,543	95,689	36,872,563
Principal and interest on long-term debt	29,553	1,659,266	2,000,000	37,880,087
Interest on advances	-	1	5,454	131,755
Transfer to other TIF's	202,391	2,570,680	-	703,587
TOTAL USES	235,508	5,531,490	2,101,143	75,587,992
NET SOURCES (USES)	(10,355)	-	187,244	141,374
BEGINNING FUND BALANCE	10,355	-	(45,870)	-
ENDING FUND (DEFICIT) BALANCE	\$ -	\$ -	\$ 141,374	\$ 141,374
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ -		\$ 5,720,887
Advances outstanding		-		336,343
Interest on advances		-		10,909
Less receivables/plus payables		3,000		-
Less cash (on hand)		(3,000)		(477,717)
BALANCE NEEDED TO CLOSE TIF		\$ -		\$ 5,590,422

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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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	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	\$ 306,460	\$ 3,109,620	\$ 106,533	\$ 1,280,758
Exempt computer aids	3,721	62,107	4,329	15,072
Grants	-	985,445	-	89,284
Economic development proceeds	-	10,000	-	-
Sale of land, other sources	9,284	366,250	-	-
Proceeds from long-term debt	-	2,724,981	-	351,093
TOTAL SOURCES	319,465	7,258,403	110,862	1,736,207
<u>USES OF FUNDS</u>				
Capital expenditures	426,274	3,560,946	3,563	358,810
Principal and interest on long-term debt	69,869	3,208,783	-	479,591
Interest on advances	92	6,364	-	99
Transfer to other TIF's	-	-	213,320	897,707
TOTAL USES	496,235	6,776,093	216,883	1,736,207
NET (USES) SOURCES	(176,770)	482,310	(106,021)	-
BEGINNING FUND BALANCE	659,080	-	106,021	-
ENDING FUND BALANCE	\$ 482,310	\$ 482,310	\$ -	\$ -
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ -		\$ -
Advances outstanding		5,698		-
Interest on advances		462		-
Less receivables/plus payables		321,164		3,000
Less cash (on hand)		(809,172)		(3,000)
BALANCE NEEDED TO CLOSE TIF		\$ (481,848)		\$ -

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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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	<u>DISTRICT NO. 9</u>		<u>DISTRICT NO. 10</u>	
	<u>INT. BUSINESS PARK (HWY 16)</u>	<u>FROM DATE</u>	<u>PARK PLAZA (OLD HOLIDAY INN)</u>	<u>FROM DATE</u>
	<u>YEAR ENDED</u>	<u>OF CREATION</u>	<u>YEAR ENDED</u>	<u>OF CREATION</u>
<u>SOURCES OF FUNDS</u>				
Tax increments	\$ 450,759	\$ 5,106,525	\$ 64,978	\$ 206,920
Proceeds from other government	537,590	588,619	-	-
Payment from other government	-	-	-	688,807
Exempt computer aids	17,372	72,629	4,769	75,615
Grants	-	225,000	-	-
Sale of land, other sources	313,829	1,982,999	-	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>1,319,550</u>	<u>10,895,586</u>	<u>69,747</u>	<u>1,238,898</u>
<u>USES OF FUNDS</u>				
Capital expenditures	3,022,360	7,032,934	564	1,292,751
Principal and interest on long-term debt	312,898	2,830,011	106,000	159,629
Interest on advances	24	41,814	4,727	17,231
TOTAL USES	<u>3,335,282</u>	<u>9,904,759</u>	<u>111,291</u>	<u>1,469,611</u>
NET (USES) SOURCES	(2,015,732)	990,827	(41,544)	(230,713)
BEGINNING FUND BALANCE (DEFICIT)	<u>3,006,559</u>	<u>-</u>	<u>(189,169)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 990,827</u>	<u>\$ 990,827</u>	<u>\$ (230,713)</u>	<u>\$ (230,713)</u>
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 2,093		\$ 126,901
Advances outstanding		1,405		291,474
Interest on advances		68		51,994
Estimated payable				
Intergovernmental agreement		-		844,595
Proceeds from other government		-		688,806
Less receivables/plus payables		362,072		-
Less cash (on hand)		<u>(1,353,764)</u>		<u>(60,761)</u>
BALANCE NEEDED TO CLOSE TIF		<u>\$ (988,126)</u>		<u>\$ 1,943,009</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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	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	\$ 3,324,327	\$ 18,806,447	\$ 580,320	\$ 5,660,958
Exempt computer aids	477,116	3,094,841	9,129	85,408
Grants	-	5,432,773	-	42,640
Economic development proceeds	-	640	-	-
Sale of land, other sources	-	807,002	-	42,200
Judgment/liquidated damages	-	2,000,000	-	-
Loan repayments	-	134,684	-	-
Proceeds from long-term debt	294,000	37,355,983	148,000	7,113,222
TOTAL SOURCES	4,095,443	67,632,370	737,449	12,944,428
<u>USES OF FUNDS</u>				
Capital expenditures	2,221,423	51,050,777	149,478	8,207,021
Incentives for reverse TIF	-	271,150	-	-
Principal and interest on long-term debt	2,687,000	17,286,672	600,000	4,741,660
Interest on advances	81,846	737,629	8,173	19,945
TOTAL USES	4,990,269	69,346,228	757,651	12,968,626
NET (USES) SOURCES	(894,826)	(1,713,858)	(20,202)	(24,198)
BEGINNING FUND BALANCE (DEFICIT)	(819,032)	-	(3,996)	-
ENDING FUND (DEFICIT)	<u>\$ (1,713,858)</u>	<u>\$ (1,713,858)</u>	<u>\$ (24,198)</u>	<u>\$ (24,198)</u>
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 27,777,497		\$ 6,785,685
Advances outstanding		3,319,674		355,902
Interest on advances		1,063,993		106,231
Estimated payable				
Developer's agreement		7,902,324		-
Less cash (on hand)		(1,605,816)		(331,704)
BALANCE NEEDED TO CLOSE TIF		<u>\$ 38,457,672</u>		<u>\$ 6,916,114</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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	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	\$ 1,305,959	\$ 6,094,646	\$ 1,203,803	\$ 8,480,927
Exempt computer aids	200,239	922,078	706,103	8,678,887
Grants	-	375,000	-	-
Proceeds from the entity	-	-	346,956	2,072,634
Economic development proceeds	-	128	-	-
DNR loan	-	216,657	-	-
Sale of land, other sources	21,820	260,710	49,848	209,711
Judgments/settlements	200,000	200,000	-	-
Loan repayments	15,000	20,000	-	-
Proceeds from long-term debt	148,660	4,350,967	-	584,148
Interest income	-	-	2,864	7,126
TOTAL SOURCES	1,891,678	12,440,186	2,309,574	20,033,433
<u>USES OF FUNDS</u>				
Capital expenditures	694,752	7,671,084	2,293,931	7,906,681
Incentives for reverse TIF	-	150,000	1,064,607	6,386,000
Principal and interest on long-term debt	1,222,321	4,523,566	425,000	425,000
Interest on advances	13,323	18,840	-	8,781
TOTAL USES	1,930,396	12,363,490	3,783,538	14,726,462
NET SOURCES	(38,718)	76,696	(1,473,964)	5,306,971
BEGINNING FUND BALANCE	115,414	-	6,780,935	-
ENDING FUND BALANCE	\$ 76,696	\$ 76,696	\$ 5,306,971	\$ 5,306,971
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ 955,507		\$ 823
Advances outstanding		669,902		-
Interest on advances		93,270		-
Estimated payable				
Developer's agreement		1,159,000		14,271,025
Less receivables/plus payables		(48,156)		191,727
Less cash (on hand)		(698,442)		(5,498,698)
BALANCE NEEDED TO CLOSE TIF		\$ 2,131,081		\$ 8,964,877

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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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	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	\$ 655,637	\$ 1,536,876	\$ 40,701	\$ 56,945
Exempt computer aids	74,323	165,487	2,022	4,631
Proceeds from the entity	-	256,500	-	-
Economic development proceeds	-	-	-	30,000
Judgment/liquidated damages	-	4,670	-	-
Proceeds from long-term debt	-	-	646,340	1,736,875
TOTAL SOURCES	729,960	1,963,533	689,063	1,828,451
<u>USES OF FUNDS</u>				
Capital expenditures	217,770	262,438	653,010	1,915,365
Incentives for reverse TIF	351,723	351,723	-	-
Principal and interest on long-term debt	-	-	-	-
Interest on advances	-	24	12,878	19,622
TOTAL USES	569,493	614,185	665,888	1,934,987
NET SOURCES (USES)	160,467	1,349,348	23,175	(106,536)
BEGINNING FUND BALANCE (DEFICIT)	1,188,881	-	(129,711)	-
ENDING FUND BALANCE (DEFICIT)	\$ 1,349,348	\$ 1,349,348	\$ (106,536)	\$ (106,536)
<u>FUTURE TIF REQUIREMENTS</u>				
Unpaid debt principal and interest		\$ -		\$ 759,827
Advances outstanding		-		147,752
Interest on advances		-		40,741
Outstanding DNR loan		-		100,000
Estimated payable				
Developer's agreement		6,648,277		-
Less receivables/plus payables		32,786		-
Less cash (on hand)		(1,382,134)		(41,216)
BALANCE NEEDED TO CLOSE TIF		\$ 5,298,929		\$ 1,007,104

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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, 2017
AND FROM THE DATE OF CREATION THROUGH DECEMBER 31, 2017

	DISTRICT NO. 17 DOWNTOWN NORTH	
	YEAR ENDED	FROM DATE OF CREATION
<u>SOURCES OF FUNDS</u>		
Tax increments	\$ 282,231	\$ 282,231
Proceeds from other government	1,003,448	1,003,448
Exempt computer aids	16,736	16,736
Proceeds from long-term debt	15,600,000	15,600,000
TOTAL SOURCES	16,902,415	16,902,415
<u>USES OF FUNDS</u>		
Capital expenditures	15,669,610	15,676,709
Transfer to utility fund	1,003,448	1,003,448
Interest on advances	184	215
TOTAL USES	16,673,242	16,680,372
NET (USES)	229,173	222,043
BEGINNING FUND (DEFICIT)	(7,130)	-
ENDING FUND (DEFICIT)	\$ 222,043	\$ 222,043
<u>FUTURE TIF REQUIREMENTS</u>		
Unpaid debt principal and interest		\$ 21,438,190
Advances outstanding		11,351
Interest on advances		3,129
Less cash (on hand)		(233,394)
BALANCE NEEDED TO CLOSE TIF		\$ 21,219,276

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, 2017

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

*District No. 5 and 8 were terminated by Council resolution on June 8, 2017. The Districts will receive a final increment in 2018.

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,
12, 13, 14, 15, 16, AND 17
NOTES TO REPORT - Continued
DECEMBER 31, 2017

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 2017, Districts No. 5 and 8 transferred \$202,391 and \$213,320 to District No. 6, respectively.

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”.