

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS
NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8**

Reedsburg, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

From Dates of Creation
Through December 31, 2010

CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8

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**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8**

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ACCOUNTANTS' COMPILATION REPORT

To the City Council
City of Reedsburg
Reedsburg, Wisconsin

We have compiled the accompanying Combined 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 Reedsburg's Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7, and No. 8 as of and for the year ended December 31, 2010 and from the dates of creation through December 31, 2010. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As discussed in Note 1, the financial statements present only the transactions of the Districts and do not purport to, and do not, present fairly the financial position of the City of Reedsburg as of December 31, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City of Reedsburg, Wisconsin has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the financial statements.

Baker Tilly Virchow Krause, LLP
Madison, Wisconsin
April 11, 2011

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

COMPILED
COMBINED BALANCE SHEET
December 31, 2010

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
ASSETS		
Cash and investments	\$ 32,004	\$ 484,036
Taxes receivable	-	103,281
TOTAL ASSETS	<u>\$ 32,004</u>	<u>\$ 587,317</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 7,264
Deferred revenues	-	103,281
Advances from other funds	-	1,852,313
Total Liabilities	-	<u>1,962,858</u>
Fund Balances		
Reserved for debt service	32,004	292,500
Unreserved		
Undesignated (deficit)	-	(1,668,041)
Total Fund Balances (Deficit)	<u>32,004</u>	<u>(1,375,541)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,004</u>	<u>\$ 587,317</u>

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

**CITY OF REEDSBURG
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, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 114,017	\$ 1,825,776
Interest and fiscal charges	1,107	690,133
Debt issuance costs	<u>7,200</u>	<u>17,079</u>
Total Project Costs	<u>122,324</u>	<u>2,532,988</u>
PROJECT REVENUES		
Tax increments	28,456	173,670
Special assessments	58,882	164,604
Exempt computer aid	41	150
Investment income		11,116
Sale of property	-	237,711
Miscellaneous	<u>-</u>	<u>2,500</u>
Total Project Revenues	<u>87,379</u>	<u>589,751</u>
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010		
	<u>\$ 34,945</u>	<u>\$ 1,943,237</u>
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 599,700
Capital projects fund balance deficit		1,375,541
Debt service fund balance		<u>(32,004)</u>
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010		
		<u>\$ 1,943,237</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 28,456	\$ 173,670
Special assessments	58,882	164,604
Exempt computer aid	41	150
Investment income	-	11,116
Sale of property	-	237,711
Miscellaneous	-	2,500
Proceeds from long-term debt	307,200	1,004,880
Proceeds from capital lease	-	320,000
Total Sources of Funds	<u>394,579</u>	<u>1,914,631</u>
USES OF FUNDS		
Capital and administrative expenditures	114,017	1,825,776
Interest and fiscal charges	1,107	690,133
Debt issuance costs	7,200	17,079
Principal on long-term debt and capital lease	21,054	725,180
Total Uses of Funds	<u>143,378</u>	<u>3,258,168</u>
Excess (deficiency) of sources of funds over uses of funds	251,201	(1,343,537)
BALANCE (DEFICIT) - Beginning of Period	<u>(1,594,738)</u>	<u>-</u>
BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (1,343,537)</u>	<u>\$ (1,343,537)</u>

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

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

COMPILED
COMBINED BALANCE SHEET
December 31, 2010

	Debt Service Fund	Capital Projects Fund
ASSETS		
Cash and investments	\$ 55,505	\$ -
Taxes receivable	-	435,137
	-	435,137
TOTAL ASSETS	\$ 55,505	\$ 435,137
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 12,826
Deferred revenues	-	435,137
Advances from other funds	-	54,619
	-	502,582
Total Liabilities	-	502,582
Fund Balances		
Reserved for debt service	55,505	-
Unreserved		
Undesignated (deficit)	-	(67,445)
	-	(67,445)
Total Fund Balances (Deficit)	55,505	(67,445)
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,505	\$ 435,137

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

**CITY OF REEDSBURG
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, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 539,112	\$ 3,730,118
Interest and fiscal charges	46,375	880,198
Debt issuance costs	38,100	55,223
Total Project Costs	<u>623,587</u>	<u>4,665,539</u>
PROJECT REVENUES		
Tax increments	309,110	2,060,927
Payment in lieu of taxes	-	310,491
Special assessments	87,798	87,798
Exempt computer aid	1,544	7,874
Block grant	-	12,000
PECFA aid	-	49,845
Miscellaneous	-	300
Investment income	-	29,274
Sale of property	-	955,923
Total Project Revenues	<u>398,452</u>	<u>3,514,432</u>
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010		
	<u>\$ 225,135</u>	<u>\$ 1,151,107</u>
 RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 1,139,167
Capital projects fund balance deficit		67,445
Debt service fund balance		<u>(55,505)</u>
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010		
		<u>\$ 1,151,107</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	Year Ended	From Date Of Creation
SOURCES OF FUNDS		
Tax increment	\$ 309,110	\$ 2,060,927
Payment in lieu of taxes - utility	-	310,491
Special assessments	87,798	87,798
Exempt computer aid	1,544	7,874
Block grant	-	12,000
PECFA aid	-	49,845
Miscellaneous	-	300
Investment income	-	29,274
Sale of property	-	955,923
Proceeds from long-term debt	1,042,800	1,913,496
Proceeds from capital lease	-	555,000
Total Sources of Funds	1,441,252	5,982,928
USES OF FUNDS		
Capital and administrative expenditures	539,112	3,730,118
Interest and fiscal charges	46,375	880,198
Debt issuance costs	38,100	55,223
Principal on long-term debt and capital lease	526,937	1,329,329
Total Uses of Funds	1,150,524	5,994,868
Excess (deficiency) of sources of funds over uses of funds	290,728	(11,940)
BALANCE (DEFICIT) - Beginning of Period	(302,668)	-
BALANCE (DEFICIT) - END OF PERIOD	\$ (11,940)	\$ (11,940)

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 5**

COMPILED
BALANCE SHEET
December 31, 2010

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 94,629
Taxes receivable	<u>6,109</u>
TOTAL ASSETS	<u>\$ 100,738</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 13
Deferred revenues	<u>6,109</u>
Total Liabilities	<u>6,122</u>
Fund Balance	
Unreserved	
Undesignated	<u>94,616</u>
Total Fund Balance	<u>94,616</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 100,738</u>

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

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 5**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT
REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 251,890	\$ 257,883
Total Project Costs	<u>251,890</u>	<u>257,883</u>
PROJECT REVENUES		
Tax increments	16,904	100,019
Exempt computer aid	428	2,332
Block grant	<u>250,148</u>	<u>250,148</u>
Total Project Revenues	<u>267,480</u>	<u>352,499</u>
NET COST (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2010	<u>\$ (15,590)</u>	<u>\$ (94,616)</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 5**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 16,904	\$ 100,019
Exempt computer aid	428	2,332
Block grant	<u>250,148</u>	<u>250,148</u>
Total Sources of Funds	<u>267,480</u>	<u>352,499</u>
USES OF FUNDS		
Capital and administrative expenditures	<u>251,890</u>	<u>257,883</u>
Total Uses of Funds	<u>251,890</u>	<u>257,883</u>
 Excess of sources of funds over uses of funds	 15,590	 94,616
 BALANCE - Beginning of Period	 <u>79,026</u>	 <u>-</u>
 BALANCE - END OF PERIOD	 <u>\$ 94,616</u>	 <u>\$ 94,616</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED
COMBINED BALANCE SHEET
December 31, 2010

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
ASSETS		
Restricted cash and investments	\$ 108,506	\$ -
Taxes receivable	<u>-</u>	<u>19,915</u>
TOTAL ASSETS	<u>\$ 108,506</u>	<u>\$ 19,915</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 61
Deferred revenues		19,915
Advances from other funds	<u>-</u>	<u>598,863</u>
Total Liabilities	<u>-</u>	<u>618,839</u>
Fund Balances		
Reserved for debt service	108,506	-
Unreserved		
Undesignated (deficit)	<u>-</u>	<u>(598,924)</u>
Total Fund Balances	<u>108,506</u>	<u>(598,924)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 108,506</u>	<u>\$ 19,915</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT
REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	Year Ended	From Date Of Creation
PROJECT COSTS		
Capital and administrative expenditures	\$ 6,438	\$ 1,113,764
Interest and fiscal charges	62,869	790,957
Debt issuance costs	-	33,898
Total Project Costs	69,307	1,938,619
PROJECT REVENUES		
Tax increments	50,261	366,570
Exempt computer aid	1,103	11,208
Block grants	-	37,359
Investment income	43	43,064
Sale of property	-	255,000
Total Project Revenues	51,407	713,201
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010	\$ 17,900	\$ 1,225,418
RECONCILIATION OF RECOVERABLE COSTS		
Capital leases		\$ 735,000
Debt service fund balance		(108,506)
Capital projects fund balance deficit		598,924
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010		\$ 1,225,418

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

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	Year Ended	From Date Of Creation
SOURCES OF FUNDS		
Tax increments	\$ 50,261	\$ 366,570
Exempt computer aid	1,103	11,208
Block grant	-	37,359
Investment income	43	43,064
Sale of property	-	255,000
Proceeds from capital lease	-	1,085,000
Total Sources of Funds	51,407	1,798,201
USES OF FUNDS		
Capital and administrative expenditures	6,438	1,113,764
Interest and fiscal charges	62,869	790,957
Debt issuance costs	-	33,898
Principal on capital lease	95,000	350,000
Total Uses of Funds	164,307	2,288,619
Excess (deficiency) of sources of funds over uses of funds	(112,900)	(490,418)
BALANCE (DEFICIT) - Beginning of Period	(377,518)	-
BALANCE (DEFICIT) - END OF PERIOD	\$ (490,418)	\$ (490,418)

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 7**

COMPILED
BALANCE SHEET
December 31, 2010

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 16,802
Taxes receivable	<u>18,501</u>
TOTAL ASSETS	<u>\$ 35,303</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Deferred revenues	\$ 18,501
Total Liabilities	<u>18,501</u>
Fund Balance	
Unreserved	
Undesignated	<u>16,802</u>
Total Fund Balance	<u>16,802</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 35,303</u>

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

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 7**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT
REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 434	\$ 181,565
Interest and fiscal charges	<u>7,960</u>	<u>76,261</u>
Total Project Costs	<u>8,394</u>	<u>257,826</u>
PROJECT REVENUES		
Tax increments	<u>23,480</u>	<u>138,735</u>
 NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2010		
	<u>\$ (15,086)</u>	<u>\$ 119,091</u>
 RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 135,893
Capital projects fund balance		<u>(16,802)</u>
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2010		
		<u>\$ 119,091</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 7**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	Year Ended	From Date Of Creation
SOURCES OF FUNDS		
Tax increments	\$ 23,480	\$ 138,735
Proceeds from long-term debt	-	194,000
Total Sources of Funds	<u>23,480</u>	<u>332,735</u>
USES OF FUNDS		
Capital and administrative expenditures	434	181,565
Interest and fiscal charges	7,960	76,261
Principal on long-term debt	8,825	58,107
Total Uses of Funds	<u>17,219</u>	<u>315,933</u>
Excess of sources of funds over uses of funds	6,261	16,802
BALANCE - Beginning of Period	<u>10,541</u>	-
BALANCE - END OF PERIOD	<u>\$ 16,802</u>	<u>\$ 16,802</u>

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

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 8**

COMPILED
BALANCE SHEET
December 31, 2010

	<u>Capital Projects Fund</u>
ASSETS	<u>\$ -</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Advances from other funds	<u>\$ 16,252</u>
Total Liabilities	<u>16,252</u>
Fund Balance	
Unreserved	
Undesignated (deficit)	<u>(16,252)</u>
Total Fund Balance (Deficit)	<u>(16,252)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 8**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT
REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 434	\$ 15,682
Interest and fiscal charges	797	1,957
Total Project Costs	<u>1,231</u>	<u>17,639</u>
PROJECT REVENUES		
Tax increments	1,247	1,247
Exempt computer aid	140	140
Total Sources of Funds	<u>1,387</u>	<u>1,387</u>
 NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2010	 <u>\$ (156)</u>	 <u>\$ 16,252</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICT NO. 8**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2010
and From Date of Creation Through December 31, 2010

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 1,247	\$ 1,247
Exempt computer aid	140	140
Total Sources of Funds	1,387	1,387
USES OF FUNDS		
Capital and administrative expenditures	434	15,682
Interest and fiscal charges	797	1,957
Total Uses of Funds	1,231	17,639
Excess (deficiency) of sources of funds over uses of funds	156	(16,252)
BALANCE (DEFICIT) - Beginning of Period	(16,408)	-
BALANCE (DEFICIT) - END OF PERIOD	\$ (16,252)	\$ (16,252)

CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8

COMPILED
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Reedsburg's Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8 (the "districts") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Reedsburg uses the criteria set forth by the Governmental Accounting Standards Board to determine the scope of the reporting entity of Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8. The accompanying financial statements reflect all the significant operations of the City of Reedsburg's Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8.

A. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE

This report contains the financial information of the City of Reedsburg's Tax Incremental Districts (TID) No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8. The summary statements were prepared from data recorded in the following city funds and from the city's long-term debt:

General Debt Service	TID No. 6 Capital Projects
TID No. 3 Capital Projects	TID No. 7 Capital Projects
TID No. 4 Capital Projects	TID No. 8 Capital Projects
TID No. 5 Capital Projects	

Detailed descriptions of the purpose of these funds and long-term debt can be found in the City of Reedsburg's basic financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements may not directly correlate with amounts shown in the basic financial statements of the city.

The districts 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 district. The tax on the increased value is called a tax increment.

The statutes allow the districts to collect tax increments until the net project cost has been fully recovered, or until 20-30 years (depending upon the type of district) after the tax increment district is created, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Reedsburg. Project costs may be incurred up to five years before the unextended termination date of the districts.

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8**

COMPILED
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

A. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE (cont.)

Project Plans and Amendments	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 3	March 9, 1998	March 9, 2016	2021
TID No. 3 Amendment	April 10, 2006		
TID No. 4	May 26, 1998	May 26, 2016	2021
TID No. 5	March 20, 2000	March 20, 2018	2023
TID No. 6	July 10, 2000	July 10, 2018	2023
TID No. 6 Amendment	June 11, 2007		
TID No. 7	August 13, 2001	August 13, 2019	2024
TID No. 8	January 8, 2008	September 22, 2026	2031

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 expenditures are made, or monetary obligations are 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 city 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.

CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8

COMPILED
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

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 deferred revenue or a reservation of 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 BUDGETS

The estimated revenues and expenditures of the district are adopted in the project plans. Those estimates are for the entire life of the districts, 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 pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, a liability is recorded in the long-term debt footnote disclosure. The related expenditure is recognized when the liability is liquidated.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The districts invest their funds in accordance with the provisions of the Wisconsin Statutes 66.04(2) and 67.11(2).

CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8

COMPILED
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

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 districts, as funds of the city, maintain 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 Reedsburg as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the districts.

NOTE 3 – LONG-TERM DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the City of Reedsburg. Notes and bonds borrowed to finance the districts' expenditures will be retired by tax increments accumulated by the capital projects funds. If those revenues are not sufficient, payments will be made by future tax levies.

The City of Reedsburg has entered into capital lease agreements with the Community Development Authority of the City of Reedsburg (CDA) for certain property and improvements in TID Nos. 3, 4 and 6. The CDA issued lease revenue bonds and the city expects TID Nos. 3, 4 and 6 revenues will be sufficient to make lease payments to the CDA which are in the same amounts as the CDA's lease revenue bond payments.

TID No. 3

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-10</u>
Land Contract	5/1/98	2005	8.00%	\$ 235,000	\$ 235,000	\$ -
State Trust Fund Loan	5/3/00	2010	5.25%	170,180	170,180	-
Capital Lease – Series B	12/1/00	2009	4.40 – 4.85%	320,000	320,000	-
State Trust Fund Loan	12/1/09	2029	5.50%	292,500	-	292,500
State Trust Fund Loan	12/21/10	2020	3.75%	307,200	-	307,200
Totals				<u>\$ 1,324,880</u>	<u>\$ 725,180</u>	<u>\$ 599,700</u>

In 2009, the city borrowed funds for TID No. 3 that were not reported in the 2009 TID No. 3 compiled financial statements but should have been. The state trust fund loan for \$292,500 has been included in TID No. 3 in the cumulative totals column. In 2010, it was determined that the city borrowed for this project in the 12/21/10 state trust fund loan. Therefore, at December 31, 2010, fund balance of \$292,500 has been reserved for debt service.

CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8

COMPILED
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3 – LONG-TERM DEBT (cont.)

TID No. 3's debt repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 8,254	\$ 20,671	\$ 28,925
2012	38,491	29,879	68,370
2013	42,625	25,509	68,134
2014	44,202	23,701	67,903
2015	45,838	21,827	67,665
2016	47,493	19,939	67,432
2017	49,293	17,872	67,165
2018	51,117	15,783	66,900
2019	53,009	13,617	66,626
2020	54,949	11,402	66,351
2021	15,812	9,044	24,856
2022	16,377	8,174	24,551
2023	16,962	7,273	24,235
2024	17,558	6,358	23,916
2025	18,197	5,375	23,572
2026	18,847	4,374	23,221
2027	19,521	3,337	22,858
2028	20,215	2,270	22,485
2029	20,940	1,152	22,092
Totals	<u>\$ 599,700</u>	<u>\$ 247,557</u>	<u>\$ 847,257</u>

TID No. 4

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-10</u>
State Trust Fund Loan	9/29/99	2019	6.00%	\$ 765,115	\$ 765,115	\$ -
Capital Lease – Series B	12/1/00	2006	4.40 – 4.85%	555,000	555,000	-
State Trust Fund Loan	1/12/09	2018	4.25%	105,581	9,214	96,367
Taxable Refunding Bonds	3/1/10	2014	1.25 – 2.90%	505,000	-	505,000
State Trust Fund Loan	12/21/10	2020	3.75%	537,800	-	537,800
Totals				<u>\$ 2,468,496</u>	<u>\$ 1,329,329</u>	<u>\$ 1,139,167</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8**

COMPILED
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3 – LONG-TERM DEBT (cont.)

TID No. 4's debt repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 130,368	\$ 19,017	\$ 149,385
2012	183,049	36,383	219,432
2013	194,987	26,856	221,843
2014	197,480	20,983	218,463
2015	70,069	16,509	86,578
2016	72,720	13,859	86,579
2017	75,549	11,030	86,579
2018	78,449	8,130	86,579
2019	66,996	5,119	72,115
2020	69,500	2,613	72,113
Totals	<u>\$1,139,167</u>	<u>\$ 160,499</u>	<u>\$ 1,299,666</u>

TID No. 6

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-10</u>
Capital Lease – Series A	12/1/00	2019	8.00 – 8.375%	\$ 735,000	\$ -	\$ 735,000
Capital Lease – Series B	12/1/00	2010	4.40 – 4.850%	350,000	350,000	-
Totals				<u>\$ 1,085,000</u>	<u>\$ 350,000</u>	<u>\$ 735,000</u>

TID No. 6's debt repayments are as follows:

	<u>Series A</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 30,000	\$ 59,365	\$ 89,365
2012	55,000	55,951	110,951
2013	65,000	51,105	116,105
2014	70,000	45,620	115,620
2015	85,000	39,283	124,283
2016	90,000	32,085	122,085
2017	100,000	24,222	124,222
2018	110,000	15,480	125,480
2019	130,000	5,444	135,444
Totals	<u>\$ 735,000</u>	<u>\$ 328,555</u>	<u>\$ 1,063,555</u>

CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8

COMPILED
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

NOTE 3 – LONG-TERM DEBT (cont.)

TID No. 7

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-10</u>
State Fund Trust Loan	2/13/02	3/15/21	5.50%	\$ 194,000	\$ 58,107	\$ 135,893

TID No. 7's debt repayments are as follows:

	<u>State Trust Fund Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 9,310	\$ 7,474	\$ 16,784
2012	9,803	6,981	16,784
2013	10,361	6,423	16,784
2014	10,931	5,853	16,784
2015	11,533	5,252	16,785
2016	12,154	4,630	16,784
2017	12,835	3,949	16,784
2018	13,541	3,243	16,784
2019	14,286	2,498	16,784
2020	15,067	1,717	16,784
2021	16,072	884	16,956
Totals	<u>\$ 135,893</u>	<u>\$ 48,904</u>	<u>\$ 184,797</u>

NOTE 4 – ADVANCES FROM OTHER FUNDS

Tax incremental district costs have been partially paid for by advances from other city funds.

	<u>Balance 12-31-10</u>
TID No. 3	
Advance from general fund	<u>\$ 1,852,313</u>
TID No. 4	
Advance from general fund	<u>\$ 54,619</u>
TID No. 6	
Advance from general fund	<u>\$ 598,863</u>
TID No. 8	
Advance from general fund	<u>\$ 16,252</u>

**CITY OF REEDSBURG
TAX INCREMENTAL DISTRICTS NO. 3, NO. 4, NO. 5, NO. 6, NO. 7 AND NO. 8**

COMPILED
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 – ADVANCES FROM OTHER FUNDS (cont.)

No repayment schedules have been established for the advances from the general fund. Interest is charged on the advances at 5.0% for TID Nos. 4 and 8. No interest is charged on the advances to TID Nos. 3 and 6. Advances will be repaid, with interest, if sufficient future tax increments are generated.

NOTE 5 – RESTRICTED ASSETS

Portions of the lease revenue bond proceeds were deposited into debt service reserve funds. The reserve funds are resources set aside to make up potential future debt service deficiencies. These funds have been established in the tax incremental debt service funds as follows:

	TID No. 6 Debt Service Fund
Series 2000 A Reserve Fund	\$ 108,506

SUPPLEMENTAL INFORMATION

**CITY OF REEDSBURG
ALL TAX INCREMENTAL DISTRICTS**

COMPILED
COMBINING BALANCE SHEET
December 31, 2010

	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 8	Totals
ASSETS							
Cash and investments	\$ 516,040	\$ 55,505	\$ 94,629	\$ -	\$ 16,802	\$ -	\$ 682,976
Restricted cash and investments	-	-	-	108,506	-	-	108,506
Taxes receivable	103,281	435,137	6,109	19,915	18,501	-	582,943
TOTAL ASSETS	\$ 619,321	\$ 490,642	\$ 100,738	\$ 128,421	\$ 35,303	\$ -	\$ 1,374,425
LIABILITIES AND FUND BALANCES							
Liabilities							
Accrued liabilities	\$ 7,264	\$ 12,826	13	\$ 61	\$ -	\$ -	\$ 20,164
Deferred revenues	103,281	435,137	6,109	19,915	18,501	-	582,943
Advance from other funds	1,852,313	54,619	-	598,863	-	16,252	2,522,047
Total Liabilities	1,962,858	502,582	6,122	618,839	18,501	16,252	3,125,154
Fund Balances							
Reserved for debt service	32,004	55,505	-	108,506	-	-	196,015
Unreserved							
Designated	-	-	94,616	-	16,802	-	111,418
Undesignated (deficit)	(1,375,541)	(67,445)	-	(598,924)	-	(16,252)	(2,058,162)
Total Fund Balances (Deficit)	(1,343,537)	(11,940)	94,616	(490,418)	16,802	(16,252)	(1,750,729)
TOTAL LIABILITIES AND FUND BALANCES	\$ 619,321	\$ 490,642	\$ 100,738	\$ 128,421	\$ 35,303	\$ -	\$ 1,374,425

See accountants' compilation report.

**CITY OF REEDSBURG
ALL TAX INCREMENTAL DISTRICTS**

COMPILED
COMBINING HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT
REVENUES, AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
and From Date of Creation Through December 31, 2010

	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 8	Totals
PROJECT COSTS							
Capital and administrative expenditures	\$ 1,825,776	\$ 3,730,118	\$ 257,883	\$ 1,113,764	\$ 181,565	\$ 15,682	\$ 7,124,788
Interest and fiscal charges	690,133	880,198	-	790,957	76,261	1,957	2,439,506
Debt issuance costs	17,079	55,223	-	33,898	-	-	106,200
Total Project Costs	<u>2,532,988</u>	<u>4,665,539</u>	<u>257,883</u>	<u>1,938,619</u>	<u>257,826</u>	<u>17,639</u>	<u>9,670,494</u>
PROJECT REVENUES							
Tax increments	173,670	2,060,927	100,019	366,570	138,735	1,247	2,841,168
Special assessments	164,604	87,798	-	-	-	-	252,402
Payment in lieu of taxes	-	310,491	-	-	-	-	310,491
Exempt computer aid	150	7,874	2,332	11,208	-	140	21,704
PECFA aid	-	49,845	-	-	-	-	49,845
Block grants	-	12,000	250,148	37,359	-	-	299,507
Miscellaneous	2,500	300	-	-	-	-	2,800
Investment income	11,116	29,274	-	43,064	-	-	83,454
Sale of property	237,711	955,923	-	255,000	-	-	1,448,634
Total Project Revenues	<u>589,751</u>	<u>3,514,432</u>	<u>352,499</u>	<u>713,201</u>	<u>138,735</u>	<u>1,387</u>	<u>5,310,005</u>
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2010							
	<u>\$ 1,943,237</u>	<u>\$ 1,151,107</u>	<u>\$ (94,616)</u>	<u>\$ 1,225,418</u>	<u>\$ 119,091</u>	<u>\$ 16,252</u>	<u>\$ 4,360,489</u>
RECONCILIATION OF RECOVERABLE COSTS							
General obligation debt	\$ 599,700	\$ 1,139,167	\$ -	\$ -	\$ 135,893	\$ -	\$ 1,874,760
Capital lease	-	-	-	735,000	-	-	735,000
Capital projects fund deficit	1,375,541	67,445	-	598,924	-	16,252	2,058,162
Capital projects fund balance	-	-	(94,616)	-	(16,802)	-	(111,418)
Debt service fund balance	(32,004)	(55,505)	-	(108,506)	-	-	(196,015)
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2010							
	<u>\$ 1,943,237</u>	<u>\$ 1,151,107</u>	<u>\$ (94,616)</u>	<u>\$ 1,225,418</u>	<u>\$ 119,091</u>	<u>\$ 16,252</u>	<u>\$ 4,360,489</u>

See accountants' compilation report.

**CITY OF REEDSBURG
ALL TAX INCREMENTAL DISTRICTS**

COMPILED
COMBINING HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
and From Date of Creation Through December 31, 2010

	TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 8	Totals
SOURCES OF FUNDS							
Tax increments	\$ 173,670	\$ 2,060,927	\$ 100,019	\$ 366,570	\$ 138,735	\$ 1,247	\$ 2,841,168
Special assessments	164,604	87,798	-	-	-	-	252,402
Payment in lieu of taxes - utility	-	310,491	-	-	-	-	310,491
Exempt computer aid	150	7,874	2,332	11,208	-	140	21,704
PECFA aid	-	49,845	-	-	-	-	49,845
Block grants	-	12,000	250,148	37,359	-	-	299,507
Miscellaneous	2,500	300	-	-	-	-	2,800
Investment income	11,116	29,274	-	43,064	-	-	83,454
Sale of property	237,711	955,923	-	255,000	-	-	1,448,634
Proceeds from long-term debt	1,004,880	1,913,496	-	-	194,000	-	3,112,376
Proceeds from capital lease	320,000	555,000	-	1,085,000	-	-	1,960,000
Total Sources of Funds	<u>1,914,631</u>	<u>5,982,928</u>	<u>352,499</u>	<u>1,798,201</u>	<u>332,735</u>	<u>1,387</u>	<u>10,382,381</u>
USES OF FUNDS							
Capital and administrative expenditures	1,825,776	3,730,118	257,883	1,113,764	181,565	15,682	7,124,788
Interest and fiscal charges	690,133	880,198	-	790,957	76,261	1,957	2,439,506
Debt issuance costs	17,079	55,223	-	33,898	-	-	106,200
Principal on long-term debt and capital lease	725,180	1,329,329	-	350,000	58,107	-	2,462,616
Total Uses of Funds	<u>3,258,168</u>	<u>5,994,868</u>	<u>257,883</u>	<u>2,288,619</u>	<u>315,933</u>	<u>17,639</u>	<u>12,133,110</u>
Excess (deficiency) of sources of funds over uses of funds	(1,343,537)	(11,940)	94,616	(490,418)	16,802	(16,252)	(1,750,729)
BALANCE - Beginning of Period	-	-	-	-	-	-	-
BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (1,343,537)</u>	<u>\$ (11,940)</u>	<u>\$ 94,616</u>	<u>\$ (490,418)</u>	<u>\$ 16,802</u>	<u>\$ (16,252)</u>	<u>\$ (1,750,729)</u>

See accountants' compilation report.