

**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 Date of Creation Through December 31, 2011

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

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From Date of Creation Through December 31, 2011

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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, 2011. 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, 2011, 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.

As described in Note 1, the districts adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

To the City Council
City of Reedsburg

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

Baker Silly Virchow Krause, LLP

Madison, Wisconsin
April 21, 2012

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

COMPILED
COMBINED BALANCE SHEET
As of December 31, 2011

	Debt Service Fund	Capital Projects Fund
ASSETS		
Cash and investments	\$ 32,004	\$ -
Taxes receivable	-	95,687
Due from other governments	-	877,500
TOTAL ASSETS	\$ 32,004	\$ 973,187
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 28,919
Due to other funds	-	877,500
Deferred revenues	-	973,187
Advances from other funds	-	1,919,225
Total Liabilities	-	3,798,831
Fund Balances		
Restricted for debt service	32,004	-
Unassigned (deficit)	-	(2,825,644)
Total Fund Balances (Deficit)	32,004	(2,825,644)
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,004	\$ 973,187

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, 2011
and From Date of Creation Through December 31, 2011

	Year Ended	From Date Of Creation
PROJECT COSTS		
Capital and administrative expenditures	\$ 1,250,773	\$ 3,076,549
Interest and fiscal charges	16,213	706,346
Debt issuance costs	-	17,079
Total Project Costs	1,266,986	3,799,974
PROJECT REVENUES		
Tax increments	51,193	224,863
Special assessments	52,088	216,692
Exempt computer aid	102	252
Investment income	-	11,116
Sale of property	-	237,711
Miscellaneous	6,000	8,500
Total Project Revenues	109,383	699,134
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011	\$ 1,157,603	\$ 3,100,840
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 307,200
Capital projects fund balance deficit		2,825,644
Debt service fund balance		(32,004)
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011		\$ 3,100,840

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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 51,193	\$ 224,863
Special assessments	52,088	216,692
Exempt computer aid	102	252
Investment income	-	11,116
Sale of property	-	237,711
Miscellaneous	6,000	8,500
Proceeds from long-term debt	-	1,004,880
Proceeds from capital lease	-	320,000
Total Sources of Funds	<u>109,383</u>	<u>2,024,014</u>
USES OF FUNDS		
Capital and administrative expenditures	1,250,773	3,076,549
Interest and fiscal charges	16,213	706,346
Debt issuance costs	-	17,079
Principal on long-term debt and capital lease	292,500	1,017,680
Total Uses of Funds	<u>1,559,486</u>	<u>4,817,654</u>
Excess (deficiency) of sources of funds over uses of funds	(1,450,103)	(2,793,640)
BALANCE (DEFICIT) - Beginning of Period	<u>(1,343,537)</u>	<u>-</u>
BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (2,793,640)</u>	<u>\$ (2,793,640)</u>

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

COMPILED
COMBINED BALANCE SHEET
As of December 31, 2011

	Debt Service Fund	Capital Projects Fund
ASSETS		
Cash and investments	\$ 55,505	\$ 215,770
Taxes receivable	-	259,472
	\$ 55,505	\$ 475,242
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ 60,684
Deferred revenues	-	259,472
Total Liabilities	-	320,156
Fund Balances		
Restricted for debt service	55,505	-
Restricted for TIF purposes	-	155,086
Total Fund Balances	55,505	155,086
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,505	\$ 475,242

**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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 9,926	\$ 3,740,044
Interest and fiscal charges	20,349	900,547
Debt issuance costs	-	55,223
Total Project Costs	<u>30,275</u>	<u>4,695,814</u>
PROJECT REVENUES		
Tax increments	355,670	2,416,597
Payment in lieu of taxes	-	310,491
Special assessments	18,784	106,582
Exempt computer aid	1,200	9,074
Block grant	-	12,000
PECFA aid	-	49,845
Miscellaneous	7,520	7,820
Investment income	-	29,274
Sale of property	-	955,923
Total Project Revenues	<u>383,174</u>	<u>3,897,606</u>
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
	<u>\$ (352,899)</u>	<u>\$ 798,208</u>
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 1,008,799
Capital projects fund balance		(155,086)
Debt service fund balance		<u>(55,505)</u>
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
		<u>\$ 798,208</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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increment	\$ 355,670	\$ 2,416,597
Payment in lieu of taxes - utility	-	310,491
Special assessments	18,784	106,582
Exempt computer aid	1,200	9,074
Block grant	-	12,000
PECFA aid	-	49,845
Miscellaneous	7,520	7,820
Investment income	-	29,274
Sale of property	-	955,923
Proceeds from long-term debt	-	1,913,496
Proceeds from capital lease	-	555,000
Total Sources of Funds	<u>383,174</u>	<u>6,366,102</u>
USES OF FUNDS		
Capital and administrative expenditures	9,926	3,740,044
Interest and fiscal charges	20,349	900,547
Debt issuance costs	-	55,223
Principal on long-term debt and capital lease	130,368	1,459,697
Total Uses of Funds	<u>160,643</u>	<u>6,155,511</u>
Excess (deficiency) of sources of funds over uses of funds	222,531	210,591
BALANCE (DEFICIT) - Beginning of Period	<u>(11,940)</u>	<u>-</u>
BALANCE - END OF PERIOD	<u>\$ 210,591</u>	<u>\$ 210,591</u>

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

COMPILED
BALANCE SHEET
As of December 31, 2011

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 147,541
Taxes receivable	7,544
Due from other governments	<u>72,866</u>
TOTAL ASSETS	<u>\$ 227,951</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 119,648
Deferred revenues	<u>80,410</u>
Total Liabilities	<u>200,058</u>
Fund Balance	
Restricted for TIF purposes	<u>27,893</u>
Total Fund Balance	<u>27,893</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 227,951</u>

**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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 696,981	\$ 954,864
Total Project Costs	<u>696,981</u>	<u>954,864</u>
PROJECT REVENUES		
Tax increments	6,109	106,128
Exempt computer aid	363	2,695
Block grant	<u>323,786</u>	<u>573,934</u>
Total Project Revenues	<u>330,258</u>	<u>682,757</u>
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
	<u>\$ 366,723</u>	<u>\$ 272,107</u>
 RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 300,000
Capital projects fund balance		<u>(27,893)</u>
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
		<u>\$ 272,107</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 6,109	\$ 106,128
Exempt computer aid	363	2,695
Block grant	323,786	573,934
Debt Issued	<u>300,000</u>	<u>300,000</u>
Total Sources of Funds	<u>630,258</u>	<u>982,757</u>
USES OF FUNDS		
Capital and administrative expenditures	<u>696,981</u>	<u>954,864</u>
Total Uses of Funds	<u>696,981</u>	<u>954,864</u>
Excess of sources of funds over uses of funds	(66,723)	27,893
BALANCE - Beginning of Period	<u>94,616</u>	<u>-</u>
BALANCE - END OF PERIOD	<u>\$ 27,893</u>	<u>\$ 27,893</u>

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

COMPILED
COMBINED BALANCE SHEET
As of December 31, 2011

	Debt Service Fund	Capital Projects Fund
ASSETS		
Restricted cash and investments	\$ 108,500	\$ -
Taxes receivable	-	18,503
Due from other governments	-	13,950
Loans receivable	-	390,200
	\$ 108,500	\$ 422,653
TOTAL ASSETS		
LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred revenues	\$ -	\$ 32,453
Advances from other funds	-	716,004
Total Liabilities	-	748,457
Fund Balances		
Restricted for debt service	108,500	-
Unassigned (deficit)	-	(325,804)
Total Fund Balances (Deficit)	108,500	(325,804)
	\$ 108,500	\$ 422,653
TOTAL LIABILITIES AND FUND BALANCES		

**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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 14,606	\$ 1,128,370
Interest and fiscal charges	59,365	850,322
Debt issuance costs	-	33,898
Total Project Costs	<u>73,971</u>	<u>2,012,590</u>
PROJECT REVENUES		
Tax increments	19,915	386,485
Exempt computer aid	903	12,111
Block grants	356,250	393,609
Investment income	17	43,081
Sale of property	-	255,000
Total Project Revenues	<u>377,085</u>	<u>1,090,286</u>
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
	<u>\$ (303,114)</u>	<u>\$ 922,304</u>
RECONCILIATION OF RECOVERABLE COSTS		
Capital leases		\$ 705,000
Debt service fund balance		(108,500)
Capital projects fund balance deficit		<u>325,804</u>
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
		<u>\$ 922,304</u>

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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 19,915	\$ 386,485
Exempt computer aid	903	12,111
Block grant	356,250	393,609
Investment income	17	43,081
Sale of property	-	255,000
Proceeds from capital lease	-	1,085,000
Total Sources of Funds	<u>377,085</u>	<u>2,175,286</u>
USES OF FUNDS		
Capital and administrative expenditures	14,606	1,128,370
Interest and fiscal charges	59,365	850,322
Debt issuance costs	-	33,898
Principal on capital lease	30,000	380,000
Total Uses of Funds	<u>103,971</u>	<u>2,392,590</u>
Excess (deficiency) of sources of funds over uses of funds	273,114	(217,304)
BALANCE (DEFICIT) - Beginning of Period	<u>(490,418)</u>	<u>-</u>
BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (217,304)</u>	<u>\$ (217,304)</u>

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

COMPILED
BALANCE SHEET
As of December 31, 2011

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 17,913
Taxes receivable	<u>19,342</u>
TOTAL ASSETS	<u>\$ 37,255</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Deferred revenues	\$ 19,342
Total Liabilities	<u>19,342</u>
Fund Balance	
Restricted for TIF purposes	<u>17,913</u>
Total Fund Balance	<u>17,913</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 37,255</u>

**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, 2011
and From Date of Creation Through December 31, 2011

	Year Ended	From Date Of Creation
PROJECT COSTS		
Capital and administrative expenditures	\$ 606	\$ 182,171
Interest and fiscal charges	7,474	83,735
Total Project Costs	8,080	265,906
PROJECT REVENUES		
Tax increments	18,501	157,236
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
	\$ (10,421)	\$ 108,670
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 126,583
Capital projects fund balance		(17,913)
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011		
		\$ 108,670

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 18,501	\$ 157,236
Proceeds from long-term debt	-	194,000
Total Sources of Funds	<u>18,501</u>	<u>351,236</u>
USES OF FUNDS		
Capital and administrative expenditures	606	182,171
Interest and fiscal charges	7,474	83,735
Principal on long-term debt	9,310	67,417
Total Uses of Funds	<u>17,390</u>	<u>333,323</u>
Excess of sources of funds over uses of funds	1,111	17,913
BALANCE - Beginning of Period	<u>16,802</u>	-
BALANCE - END OF PERIOD	<u>\$ 17,913</u>	<u>\$ 17,913</u>

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

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

COMPILED
BALANCE SHEET
As of December 31, 2011

	Capital Projects Fund
ASSETS	<u>\$ -</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Advances from other funds	\$ 17,421
Total Liabilities	<u>17,421</u>
Fund Balance	
Unassigned (deficit)	<u>(17,421)</u>
Total Fund Balance (Deficit)	<u>(17,421)</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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
PROJECT COSTS		
Capital and administrative expenditures	\$ 454	\$ 16,136
Interest and fiscal charges	813	2,770
Total Project Costs	<u>1,267</u>	<u>18,906</u>
PROJECT REVENUES		
Tax increments	-	1,247
Exempt computer aid	<u>98</u>	<u>238</u>
Total Sources of Funds	<u>98</u>	<u>1,485</u>
 NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2011	 <u>\$ 1,169</u>	 <u>\$ 17,421</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, 2011
and From Date of Creation Through December 31, 2011

	<u>Year Ended</u>	<u>From Date Of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ -	\$ 1,247
Exempt computer aid	98	238
Total Sources of Funds	<u>98</u>	<u>1,485</u>
USES OF FUNDS		
Capital and administrative expenditures	454	16,136
Interest and fiscal charges	813	2,770
Total Uses of Funds	<u>1,267</u>	<u>18,906</u>
Excess (deficiency) of sources of funds over uses of funds	(1,169)	(17,421)
BALANCE (DEFICIT) - Beginning of Period	<u>(16,252)</u>	<u>-</u>
BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (17,421)</u>	<u>\$ (17,421)</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
From Date of Creation Through December 31, 2011

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.

In February 2009, the GASB issued Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

This districts made the decision to implement this standard effective January 1, 2011.

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 many 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
From Date of Creation Through December 31, 2011

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
From Date of Creation Through December 31, 2011

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. The liability and expenditures for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

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
From Date of Creation Through December 31, 2011

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 12-31-11</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>\$ 1,017,680</u>	<u>\$ 307,200</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
 From Date of Creation Through December 31, 2011

NOTE 3 – LONG-TERM DEBT (cont.)

TID No. 3 (cont.)

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

	Principal	Interest	Total
2012	\$ 26,990	\$ 14,203	\$ 41,193
2013	30,685	10,508	41,193
2014	31,836	9,357	41,193
2015	33,030	8,163	41,193
2016	34,250	6,944	41,194
2017	35,553	5,640	41,194
2018	36,886	4,307	41,193
2019	38,269	2,924	41,193
2020	39,700	1,493	41,193
Totals	\$ 307,200	\$ 63,539	\$ 370,739

TID No. 4

Title of Issue	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Repaid	Balance 12-31-11
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	19,582	85,999
Taxable Refunding Bonds	3/1/10	2014	1.25 – 2.90%	505,000	120,000	385,000
State Trust Fund Loan	12/21/10	2020	3.75%	537,800	-	537,800
Totals				\$ 2,468,496	\$ 1,459,697	\$ 1,008,799

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

	Principal	Interest	Total
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	\$1,008,799	\$ 141,482	\$ 1,150,281

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

COMPILED
 NOTES TO FINANCIAL STATEMENTS
 From Date of Creation Through December 31, 2011

NOTE 3 – LONG-TERM DEBT (cont.)

TID No. 5

<u>Title of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Repaid</u>	<u>Balance 12-31-11</u>
State Trust Fund Loan	12/19/2011	2020	3.75%	\$ 300,000	\$ -	\$ 300,000

TID No. 5's debt repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ -	\$ -
2013	26,305	13,932	40,237
2014	29,973	10,264	40,237
2015	31,097	9,140	40,237
2016	32,241	7,995	40,236
2017	33,472	6,764	40,236
2018	34,727	5,509	40,236
2019	36,030	4,207	40,237
2020	37,373	2,864	40,237
2021	38,782	1,454	40,236
Totals	<u>\$ 300,000</u>	<u>\$ 62,129</u>	<u>\$ 362,129</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	\$ 30,000	\$ 705,000
Capital Lease – Series B	12/1/00	2010	4.40 – 4.850%	350,000	350,000	-
Totals				<u>\$ 1,085,000</u>	<u>\$ 380,000</u>	<u>\$ 705,000</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
 From Date of Creation Through December 31, 2011

NOTE 3 – LONG-TERM DEBT (cont.)

TID No. 6 (cont.)

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

	Series A		Total
	Principal	Interest	
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	\$ 705,000	\$ 269,190	\$ 974,190

TID No. 7

Title of Issue	Date of Issue	Due Date	Interest Rate	Original Indebtedness	Repaid	Balance 12-31-11
State Fund Trust Loan	2/13/02	3/15/21	5.50%	\$ 194,000	\$ 67,417	\$ 126,583

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

	State Trust Fund Loan		Total
	Principal	Interest	
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	\$ 126,583	\$ 41,430	\$ 168,013

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
From Date of Creation Through December 31, 2011

NOTE 4 – ADVANCES FROM OTHER FUNDS

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

	Balance <u>12-31-11</u>
TID No. 3	
Advance from general fund	<u>\$ 1,919,225</u>
TID No. 6	
Advance from general fund	<u>\$ 716,004</u>
TID No. 8	
Advance from general fund	<u>\$ 17,421</u>

No repayment schedules have been established for the advances from the general fund. Interest is charged on the advances at 5.0% for TID No. 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	\$ 108,500

SUPPLEMENTAL INFORMATION

**CITY OF REEDSBURG
ALL TAX INCREMENTAL DISTRICTS**

COMPILED
COMBINING BALANCE SHEET
As of December 31, 2011

	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	\$ 32,004	\$ 271,275	\$ 147,541	\$ -	\$ 17,913	\$ -	\$ 468,733
Restricted cash and investments	-	-	-	108,500	-	-	108,500
Taxes receivable	95,687	259,472	7,544	18,503	19,342	-	400,548
Due from other governments	877,500	-	72,866	13,950	-	-	964,316
Loans receivable	-	-	-	390,200	-	-	390,200
TOTAL ASSETS	\$ 1,005,191	\$ 530,747	\$ 227,951	\$ 531,153	\$ 37,255	\$ -	\$ 2,332,297
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 28,919	\$ 60,684	119,648	\$ -	\$ -	\$ -	\$ 209,251
Due to other funds	877,500	-	-	-	-	-	877,500
Deferred revenues	973,187	259,472	80,410	32,453	19,342	-	1,364,864
Advance from other funds	1,919,225	-	-	716,004	-	17,421	2,652,650
Total Liabilities	3,798,831	320,156	200,058	748,457	19,342	17,421	5,104,265
Fund Balances							
Restricted for debt service	32,004	55,505	-	108,500	-	-	196,009
Restricted for TIF purposes	-	155,086	27,893	-	17,913	-	200,892
Unassigned (deficit)	(2,825,644)	-	-	(325,804)	-	(17,421)	(3,168,869)
Total Fund Balances (Deficit)	(2,793,640)	210,591	27,893	(217,304)	17,913	(17,421)	(2,771,968)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,005,191	\$ 530,747	\$ 227,951	\$ 531,153	\$ 37,255	\$ -	\$ 2,332,297

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
From Dates of Creation Through December 31, 2011

	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	\$ 3,076,549	\$ 3,740,044	\$ 954,864	\$ 1,128,370	\$ 182,171	\$ 16,136	\$ 9,098,134
Interest and fiscal charges	706,346	900,547	-	850,322	83,735	2,770	2,543,720
Debt issuance costs	17,079	55,223	-	33,898	-	-	106,200
Total Project Costs	<u>3,799,974</u>	<u>4,695,814</u>	<u>954,864</u>	<u>2,012,590</u>	<u>265,906</u>	<u>18,906</u>	<u>11,748,054</u>
PROJECT REVENUES							
Tax increments	224,863	2,416,597	106,128	386,485	157,236	1,247	3,292,556
Special assessments	216,692	106,582	-	-	-	-	323,274
Payment in lieu of taxes	-	310,491	-	-	-	-	310,491
Exempt computer aid	252	9,074	2,695	12,111	-	238	24,370
PECFA aid	-	49,845	-	-	-	-	49,845
Block grants	-	12,000	573,934	393,609	-	-	979,543
Miscellaneous	8,500	7,820	-	-	-	-	16,320
Investment income	11,116	29,274	-	43,081	-	-	83,471
Sale of property	237,711	955,923	-	255,000	-	-	1,448,634
Total Project Revenues	<u>699,134</u>	<u>3,897,606</u>	<u>682,757</u>	<u>1,090,286</u>	<u>157,236</u>	<u>1,485</u>	<u>6,528,504</u>
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011							
	<u>\$ 3,100,840</u>	<u>\$ 798,208</u>	<u>\$ 272,107</u>	<u>\$ 922,304</u>	<u>\$ 108,670</u>	<u>\$ 17,421</u>	<u>\$ 5,219,550</u>
RECONCILIATION OF RECOVERABLE COSTS							
General obligation debt	\$ 307,200	\$ 1,008,799	\$ 300,000	\$ -	\$ 126,583	\$ -	\$ 1,742,582
Capital lease	-	-	-	705,000	-	-	705,000
Capital projects fund deficit	2,825,644	-	-	325,804	-	17,421	3,168,869
Capital projects fund balance	-	(155,086)	(27,893)	-	(17,913)	-	(200,892)
Debt service fund balance	(32,004)	(55,505)	-	(108,500)	-	-	(196,009)
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2011							
	<u>\$ 3,100,840</u>	<u>\$ 798,208</u>	<u>\$ 272,107</u>	<u>\$ 922,304</u>	<u>\$ 108,670</u>	<u>\$ 17,421</u>	<u>\$ 5,219,550</u>

See accountants' compilation report.

**CITY OF REEDSBURG
ALL TAX INCREMENTAL DISTRICTS**

COMPILED
COMBINING HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From Dates of Creation Through December 31, 2011

	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	\$ 224,863	\$ 2,416,597	\$ 106,128	\$ 386,485	\$ 157,236	\$ 1,247	\$ 3,292,556
Special assessments	216,692	106,582	-	-	-	-	323,274
Payment in lieu of taxes - utility	-	310,491	-	-	-	-	310,491
Exempt computer aid	252	9,074	2,695	12,111	-	238	24,370
PECFA aid	-	49,845	-	-	-	-	49,845
Block grants	-	12,000	573,934	393,609	-	-	979,543
Miscellaneous	8,500	7,820	-	-	-	-	16,320
Investment income	11,116	29,274	-	43,081	-	-	83,471
Sale of property	237,711	955,923	-	255,000	-	-	1,448,634
Proceeds from long-term debt	1,004,880	1,913,496	300,000	-	194,000	-	3,412,376
Proceeds from capital lease	320,000	555,000	-	1,085,000	-	-	1,960,000
Total Sources of Funds	<u>2,024,014</u>	<u>6,366,102</u>	<u>982,757</u>	<u>2,175,286</u>	<u>351,236</u>	<u>1,485</u>	<u>11,900,880</u>
USES OF FUNDS							
Capital and administrative expenditures	3,076,549	3,740,044	954,864	1,128,370	182,171	16,136	9,098,134
Interest and fiscal charges	706,346	900,547	-	850,322	83,735	2,770	2,543,720
Debt issuance costs	17,079	55,223	-	33,898	-	-	106,200
Principal on long-term debt and capital lease	1,017,680	1,459,697	-	380,000	67,417	-	2,924,794
Total Uses of Funds	<u>4,817,654</u>	<u>6,155,511</u>	<u>954,864</u>	<u>2,392,590</u>	<u>333,323</u>	<u>18,906</u>	<u>14,672,848</u>
Excess (deficiency) of sources of funds over uses of funds	(2,793,640)	210,591	27,893	(217,304)	17,913	(17,421)	(2,771,968)
BALANCE - Beginning of Period	-	-	-	-	-	-	-
BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (2,793,640)</u>	<u>\$ 210,591</u>	<u>\$ 27,893</u>	<u>\$ (217,304)</u>	<u>\$ 17,913</u>	<u>\$ (17,421)</u>	<u>\$ (2,771,968)</u>

See accountants' compilation report.