



P.O. Box 352 • 150 S. Bridge St. • Markesan, WI 53946 • P: (920) 398-3031 • F: (920) 398-3991

**JOINT REVIEW BOARD
Markesan City Hall**

**June 26, 2018
6:00 pm**

AGENDA

Call To Order

Roll Call

Appoint Joint Review Board Chairman

Review and Acceptance of Annual Report for TID No. 1

Review and Acceptance of the Audit Report for TID No. 1

Adjournment

Any person requiring special assistance to participate in this meeting should contact the Clerk-Treasurer at 398-3031 at least 24 hours prior to the meeting so appropriate accommodations can be made.

Posted: Markesan State Bank City Hall
Farmers State Bank Post Office
www.markesanwi.gov

Dated June 21, 2018
Elizabeth A Amend, Clerk-Treasurer



ACCOUNTANT'S COMPILATION REPORT

To the City Council
City of Markesan
Markesan, Wisconsin

Management is responsible for the accompanying Tax Incremental District No. 1 annual report form PE-300 prepared as of December 31, 2017, and included in the accompanying prescribed form. 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 these financial statements.

Other Matter

The financial statements included in the accompanying prescribed form are intended to comply with the requirements of the Wisconsin Department of Revenue, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

Johnson Block & Company, Inc.

JOHNSON BLOCK AND COMPANY, INC.
Mineral Point, WI

Form PE-300	TID Annual Report	2017 WI Dept of Revenue
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Municipality/TID					
Co-muni code 24251	Municipality MARKESAN	County GREEN LAKE	Due date 07-02-2018	Report type ORIGINAL	
TID number 001	TID type 1	TID name N/A	Creation date 01-16-1995	Mandatory termination date 01-16-2025	Expected termination date N/A

Section 1 : Beginning Balance	
TID fund balance at beginning of fiscal year	\$-514,132

Section 2. Revenue	
Does this TID receive allocated funds from another TID?	No
Allocation from another TID	Allocation amount
N/A	\$0
Subtotal allocation from another TID amount	\$0
Developer guarantee name	Developer guarantee amount
Subtotal developer guarantee amount	\$0
Transfer from other fund source	Transfer from other fund amount
Subtotal transfer from other fund amount	\$0
Other grant sources	Other grant source amount
Subtotal other grant source amount	\$0
Other revenue sources	Other revenue source amount
Subtotal other revenue source amount	\$0
Tax increment	\$71,642
Investment income	\$81
Debt proceeds	
Special assessments	
Exempt computer aid	\$358
Miscellaneous revenue	
Sale of property	
Total Revenue (deposits)	\$72,081

Form PE-300	TID Annual Report	2017 WI Dept of Revenue
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Section 3. Expenditures	
Developer grant name	Developer grant amount
None	\$0
Subtotal developer grant amount	\$0
Does this TID allocate funds to another TID?	No
Allocation to another TID	Allocation amount
N/A	\$0
Subtotal allocation to another TID	\$0
Transfer to other fund source	Transfer to other fund amount
Subtotal transfer to other fund amount	\$0
Other expenditure source	Other expenditure source amount
Subtotal other expenditures source amount	\$0
Capital expenditures	
Administration	\$274
Professional services	\$2,745
Interest and fiscal charges	\$116,228
DOR fees	\$150
Discount on long-term debt	
Debt issuance costs	
Principal on long-term debt	
Environmental costs	
Real property assembly costs	
Total Expenditures	\$119,397

Section 4. Ending Balance	
TID fund balance at end of fiscal year	\$-561,448
Future costs	\$88,162
Future revenue	\$504,959
Surplus or deficit	\$-144,651

Form PE-300	TID Annual Report	2017 WI Dept of Revenue
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Preparer/Contact Information	
Preparer name Brent Nelson CPA	Preparer title Audit Manager
Preparer email bnelson@johnsonblock.com	Preparer phone (608) 987-2206
Contact name Elizabeth Amend	Contact title City Clerk-Treasurer
Contact email bamend@markesanwi.gov	Contact phone (920) 398-3031

Submission Information	
You successfully submitted your form. Save and/or print a copy for your records.	
Co-muni code	24251
TID number	001
Recording time	06-15-2018 03:31 PM
Confirmation	TIDAR20172425101525535667287
Submission type	ORIGINAL

City of Markesan
Summary of Audit of Tax Incremental Financing District No. 1
From Date of Creation through December 31, 2017

Prepared by Brent Nelson, CPA – Johnson Block and Company, Inc.

The City's Tax Incremental District (TID) No. 1 was approved in 1995. Since creation, the City has incurred TID project costs in accordance with a project plan framework document dated December 15, 1994. The TID could incur project costs in accordance with the project plan through January 2017. Although the expenditure period is now closed, the TID can remain open until 2025 as the TID continues to recoup the project costs incurred.

Under state law, a TID is required to have an audit within 12 months after the end of the expenditure period. The next cumulative status TID audit is required after the TID is terminated.

We have issued a TID audit report for its activity since creation through December 31, 2017. The results of our audit disclosed no instances of noncompliance with Wisconsin State Statutes Section 66.1105 and the project plan. In our opinion, the financial activity of the TID, in all material respects, is in accordance with the financial reporting provisions of the Wisconsin Department of Revenue.

As shown on Page 3 of the audit report, the TID has incurred project costs since creation through 12/31/17 of \$1,223,020. The TID has generated revenues of \$661,572 since creation. This leaves a balance of \$561,448 of project costs that the TID has not recovered at 12/31/17.

Actual increments generated by the TID of \$661,572 has underperformed the project plan tax increments revenue forecast. The forecast included in the 1994 project plan estimated increments totaling \$1,721,435 through 2017.

Given that the TID can no longer incur project costs, the TID is strictly in a recouping/payoff phase until it terminates. As shown on Page 3, during the year ended December 31, 2017, the TID generated revenues of \$72,081 and incurred costs of \$14,459, for a 2017 net income of \$57,622. The only costs that will continue during the TID's life are general administration and interest charges generating from the TID's cash shortage.

Using very conservative revenue estimates, from 2018 through 2025, the TID is projecting to generate revenues totaling \$504,960 and incur admin and interest costs totaling \$88,162. These projections calculate that the TID will end with a deficit of \$144,651 in 2025. Any TID deficit at the time of termination would be absorbed by the City of Markesan.

CITY OF MARKESAN, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 1

FINANCIAL STATEMENTS
From Date of Creation Through December 31, 2017

City of Markesan, Wisconsin
Tax Incremental District No. 1

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From Date of Creation Through December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Markesan
Markesan, Wisconsin

We have audited the accompanying Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and the related Historical Summary of Sources, Uses, and Status of Funds of the City of Markesan, Wisconsin Tax Incremental District No. 1 ("the District") from the date the District was created through December 31, 2017 and the related notes to the financial statements, which collectively comprise the Tax Incremental District No. 1's financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Wisconsin Department of Revenue. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the District's financial statements from the date of creation through December 31, 2015. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included from the date of creation through December 31, 2015, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the net project costs to be recovered through tax increments as of December 31, 2017 and the sources, uses and status of funds from the creation date of the District through December 31, 2017, in accordance with the financial reporting provisions of the Wisconsin Department of Revenue as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the Wisconsin Department of Revenue, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Wisconsin Department of Revenue. Our report is not modified with respect to this matter.

Emphasis of Matter

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

Restriction on Use

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



Johnson Block and Company, Inc.
Mineral Point, Wisconsin
June 15, 2018

City of Markesan, Wisconsin
Tax Incremental District No. 1

Historical Summary of Project Costs and Revenues
and Net Cost to be Recovered Through Tax Increments
For the Year Ended December 31, 2017
and From the Date of Creation through December 31, 2017

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$	\$ 297,145
Administration and establishment costs	3,170	87,601
Developer incentives		446,649
Interest and fiscal charges	11,289	379,230
Debt issue costs		12,395
		12,395
Total costs	14,459	1,223,020
 PROJECT REVENUES		
Tax increments	71,642	492,871
Intergovernmental revenues	358	28,654
Interest income	81	13,948
Sales of property		126,099
		126,099
Total revenues	72,081	661,572
Net cost to be recovered as of December 31, 2017		
		\$ 561,448
RECONCILIATION OF RECOVERABLE COSTS		
Advances outstanding as of December 31, 2017		\$ 615,830
Cash and cash equivalents as of December 31, 2017		(54,382)
Total		\$ 561,448

City of Markesan, Wisconsin
Tax Incremental District No. 1

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>Year</u> <u>Ended</u>	<u>From Date</u> <u>of Creation</u>
SOURCES OF FUNDS		
Project revenues	\$ 72,081	\$ 661,572
Proceeds from long-term debt		435,000
Advances from other funds		729,677
		<hr/>
Total sources	72,081	1,826,249
		<hr/>
USES OF FUNDS		
Project costs	14,459	1,223,020
Payment of long-term debt		435,000
Payment of advances	57,541	113,847
		<hr/>
Total uses	72,000	1,771,867
		<hr/>
Change in cash balance	81	54,382
Beginning cash balance	54,301	
		<hr/>
Ending cash balance	\$ 54,382	\$ 54,382
		<hr/> <hr/>

City of Markesan, Wisconsin
 Tax Incremental District No. 1
 Notes to the Financial Statements
 December 31, 2017

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Markesan, Wisconsin Tax Incremental District No. 1 (the "District") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Markesan uses the criteria set forth by the Governmental Accounting Standards Board to determine the scope of the reporting entity of Tax Incremental District No. 1. The accompanying financial statements reflect all the significant operations of the City of Markesan's Tax Incremental District No. 1.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Markesan's Tax Incremental District No. 1. The summary statements were prepared from data recorded in the following funds:

- General
- Debt Service
- Capital Projects
- Water and Sewer Utility

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

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

The District was created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or until 27 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Markesan general fund.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 1	<u>1/16/1995</u>	<u>1/16/2017</u>	<u>1/16/2025</u>

On June 26, 2017, the District's maximum life was extended by 3 years.

B. BASIS OF ACCOUNTING

The regulatory basis of accounting was followed in the preparation of these statements. Under the regulatory 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 the related fund liability are incurred or estimated to be incurred.

City of Markesan, Wisconsin
Tax Incremental District No. 1
Notes to the Financial Statements
December 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. USE OF ESTIMATES

The preparation of financial statements in conformity with the regulatory basis of accounting 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.

D. PROJECT PLAN BUDGET

The estimated revenues and expenditures of the District are adopted in the project plan. Those estimates are for the entire life of the District, and may not be comparable to final results presented in this report.

E. LONG-TERM DEBT

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Source of Funds" in the operating settlement 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.

F. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board 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 shown in the long-term debt footnote disclosure. The related expenditure is recognized when the liability is liquidated.

NOTE 2 CASH

The District invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2).

The District, as a fund of the City, maintains separate and common cash accounts at the same financial institutions utilized by the City. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Markesan as an individual municipality and, accordingly, the amount of insured funds is not determinable for the district.

NOTE 3 ADVANCES FROM OTHER FUNDS

The general fund has advanced funds to TIF District No. 1. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the District's inception. The general fund is charging the TIF District interest on the advance based on the average outstanding advance balance during the year at a rate of 2.5%. The advance is being repaid as cash flow allows.

JBC

JOHNSON BLOCK

CPAs

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the City Council
City of Markesan
Markesan, Wisconsin

We have audited the accompanying Historical Summary of Projects Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and the related Historical Summary of Sources, Uses and Status of Funds of the City of Markesan, Wisconsin Tax Incremental District No. 1 ("the District") as of December 31, 2017 and from the date of the District was created through December 31, 2017 and have issued our report thereon dated June 15, 2018.

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

Compliance with tax increment financial district laws, regulations and the project plan is the responsibility of City of Markesan, Wisconsin management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the City of Markesan's compliance with Wisconsin State Statutes Section 66.1105 and the project plan. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests disclosed no instances of noncompliance that are required to be reported under U.S. generally accepted auditing standards.

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

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
Mineral Point, Wisconsin
June 15, 2018