

**CITY OF MANITOWOC
TAX INCREMENTAL DISTRICT NO. 8
MANITOWOC, WISCONSIN**

**FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS' REPORT**

**From Date of Creation
Through May 18, 2015**

CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
From Date of Creation Through May 18, 2015

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INDEPENDENT AUDITORS' REPORT

To the City Council
Manitowoc, Wisconsin

We have audited the accompanying financial statements of the City of Manitowoc Tax Incremental District No. 8 (the "District"), which comprise the Balance Sheet as of May 18, 2015, and the related Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and the Historical Summary of Sources, Uses and Status of Funds from the date the District was created through May 18, 2015, and the related notes to the 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 error or fraud.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of May 18, 2015, and the sources, uses and status of funds from the creation date of the District through May 18, 2015 on the basis of the financial reporting provisions of the Wisconsin Department of Revenue as described in Note A.

Emphasis of Matter

As discussed in Note A, the financial statements present only the City of Manitowoc Tax Incremental District No. 8 and do not purport to, and do not, present fairly the financial position of the City of Manitowoc, Wisconsin as of May 18, 2015, the changes in its financial position from the date of creation through May 18, 2015 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Tax Incremental District No. 8 of the City of Manitowoc, Wisconsin. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Green Bay, Wisconsin
August 13, 2015

FINANCIAL STATEMENTS

**CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8**

Balance Sheet
May 18, 2015

ASSETS	
Cash and investments	\$ 1,993
Due from other governments	<u>7</u>
TOTAL ASSETS	<u><u>\$ 2,000</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 2,000</u>
Fund Balance	
Committed for subsequent years' expenditures	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,000</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
Historical Summary of Project Costs, Project Revenues and
Net Cost to be Recovered Through Tax Increments
For the Period of the Date of Creation through May 18, 2015

PROJECT COSTS	
Project costs	\$ 586,009
Administration	68,993
Interest on long-term debt	<u>206,112</u>
Total Project Costs	<u>861,114</u>
PROJECT REVENUES	
Tax increments	484,448
Intergovernmental	1,621
Contribution from other TIF Districts	<u>375,045</u>
Total Project Revenues	<u>861,114</u>
Net Project Costs to be Recovered	<u><u>\$ -</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
 Historical Summary of Sources, Uses, and Status of Funds
 For the Date of Creation Through May 18, 2015

SOURCES OF FUNDS

Tax increments	\$ 484,448
Intergovernmental	1,621
Contribution from other TIF Districts	375,045
Advance from other funds	390,175
Proceeds of long-term debt	390,175
Total Sources of Funds	1,641,464

USES OF FUNDS

Project costs	586,009
Administration	68,993
Principal paid on long-term debt	390,175
Repayment of advance from other funds	390,175
Interest on long-term debt	206,112
Total Uses of Funds	1,641,464

Net Project Costs to be Recovered	\$ -
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The accompanying notes to the financial statements are an integral part of this statement.

CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
Notes to Financial Statements
May 18, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Manitowoc's Tax Incremental District No. 8 (the "District") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Manitowoc uses the criteria set forth by the Governmental Accounting Standards Board to determine the scope of the reporting entity of Tax Incremental District No. 8. The accompanying financial statements reflect all the significant operations of the City of Manitowoc Tax Incremental District No. 8.

1. Description of Fund Structure

This report contains the financial information of the City of Manitowoc Tax Incremental District No. 8. The summary schedules were prepared from data recorded in various funds of the City and presented in a format prescribed by the Wisconsin Department of Revenue.

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 improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

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

2. Basis of Accounting

The modified accrual basis of accounting was followed in the preparation of these schedules. 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 the related fund liability is 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.

3. 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 MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
Notes to Financial Statements
May 18, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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 periods are recognized as unearned revenue or as nonspendable 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.

5. Project Plan Budget

The estimated revenues and expenditures of the District are adopted in the original project plan and subsequent amendments.

6. Long-term Debt

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources 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.

7. 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 B - CASH AND TEMPORARY INVESTMENTS

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

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 District, as a fund of the City, maintains common cash and investment accounts. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Manitowoc as an individual municipality and, accordingly, the amount of insured funds is not determinable for the District.

SUPPLEMENTARY INFORMATION

CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
Detailed Summary of Sources, Uses and Status of Funds
For the Date of Creation Through May 18, 2015

	1995	1996	1997	1998	1999	2000	2001	2002
SOURCES OF FUNDS								
Tax increments	\$ -	\$ -	\$ 17,295	\$ 19,053	\$ 21,579	\$ 22,140	\$ 16,498	\$ 22,825
Intergovernmental								
Computer aid	-	-	-	-	-	-	162	337
Contribution from other TIF Districts	-	-	-	-	-	-	-	-
Advance from other funds	390,175	-	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	390,175	-	-
Total Sources of Funds	390,175	-	17,295	19,053	21,579	412,315	16,660	23,162
USES OF FUNDS								
Capital expenditures								
Waterfront parks	230,175	54,769	115,014	26,051	-	-	-	-
Developer contribution	160,000	-	-	-	-	-	-	-
Administration	-	-	-	-	-	2,500	-	-
Principal paid on long-term debt	-	-	-	-	-	-	-	-
Repayment of advance from other funds	-	-	-	-	-	390,175	-	-
Interest paid on long-term debt	-	-	-	-	-	-	26,368	21,094
Total Uses of Funds	390,175	54,769	115,014	26,051	-	392,675	26,368	21,094
Excess of Sources of Funds Over (Under)								
Uses of Funds	-	(54,769)	(97,719)	(6,998)	21,579	19,640	(9,708)	2,068
Fund Balance (Deficit) - January 1	-	-	(54,769)	(152,488)	(159,486)	(137,907)	(118,267)	(127,975)
Fund Balance (Deficit) - December 31	\$ -	\$ (54,769)	\$ (152,488)	\$ (159,486)	\$ (137,907)	\$ (118,267)	\$ (127,975)	\$ (125,907)

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CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
Detailed Summary of Sources, Uses and Status of Funds (Continued)
For the Date of Creation Through May 18, 2015

	2003	2004	2005	2006	2007	2008	2009	2010
SOURCES OF FUNDS								
Tax increments	\$ 24,612	\$ 26,828	\$ 30,147	\$ 30,997	\$ 41,356	\$ 26,860	\$ 26,578	\$ 28,704
Intergovernmental								
Computer aid	234	203	235	80	-	60	15	43
Contribution from other TIF Districts	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Total Sources of Funds	24,846	27,031	30,382	31,077	41,356	26,920	26,593	28,747
USES OF FUNDS								
Capital expenditures								
Waterfront parks	-	-	-	-	-	-	-	-
Developer contribution	-	-	-	-	-	-	-	-
Administration	-	-	326	481	913	4,537	1,560	54,845
Principal paid on long-term debt	-	-	-	30,175	30,000	35,000	35,000	40,000
Repayment of advance from other funds	-	-	-	-	-	-	-	-
Interest paid on long-term debt	21,094	21,094	21,094	20,286	16,785	15,030	13,140	11,150
Total Uses of Funds	21,094	21,094	21,420	50,942	47,698	54,567	49,700	105,995
Excess of Sources of Funds Over (Under)								
Uses of Funds	3,752	5,937	8,962	(19,865)	(6,342)	(27,647)	(23,107)	(77,248)
Fund Balance (Deficit) - January 1	(125,907)	(122,155)	(116,218)	(107,256)	(127,121)	(133,463)	(161,110)	(184,217)
Fund Balance (Deficit) - December 31	\$ (122,155)	\$ (116,218)	\$ (107,256)	\$ (127,121)	\$ (133,463)	\$ (161,110)	\$ (184,217)	\$ (261,465)

(Continued)

CITY OF MANITOWOC, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 8
Detailed Summary of Sources, Uses and Status of Funds (Continued)
For the Date of Creation Through May 18, 2015

	2011	2012	2013	2014	2015	Totals	Project Plan Estimate
SOURCES OF FUNDS							
Tax increments	\$ 28,289	\$ 29,132	\$ 24,199	\$ 24,101	\$ 23,255	\$ 484,448	\$ 610,000
Intergovernmental							
Computer aid	46	121	54	24	7	1,621	-
Contribution from other TIF Districts	-	299,311	23,881	27,425	24,428	375,045	-
Advance from other funds	-	-	-	-	-	390,175	-
Proceeds of long-term debt	-	-	-	-	-	390,175	-
Total Sources of Funds	28,335	328,564	48,134	51,550	47,690	1,641,464	\$ 610,000
USES OF FUNDS							
Capital expenditures							
Waterfront parks	-	-	-	-	-	426,009	\$ 450,000
Developer contribution						160,000	160,000
Administration	473	1,058	150	150	2,000	68,993	-
Principal paid on long-term debt	40,000	40,000	45,000	50,000	45,000	390,175	-
Repayment of advance from other funds	-	-	-	-	-	390,175	-
Interest paid on long-term debt	7,925	6,625	2,577	1,400	450	206,112	-
Total Uses of Funds	48,398	47,683	47,727	51,550	47,450	1,641,464	\$ 610,000
Excess of Sources of Funds Over (Under) Uses of Funds	(20,063)	280,881	407	-	240	-	
Fund Balance (Deficit) - January 1	(261,465)	(281,528)	(647)	(240)	(240)	-	
Fund Balance (Deficit) - December 31	\$ (281,528)	\$ (647)	\$ (240)	\$ (240)	\$ -	\$ -	

ADDITIONAL INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
TAX INCREMENTAL FINANCING DISTRICT LAWS AND REGULATIONS**

To the City Council
Manitowoc, Wisconsin

We have audited the accompanying Balance Sheet, 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 and Detailed Summary of Project Costs of the City of Manitowoc, Wisconsin Tax Incremental District No. 8 (the "District") as of May 18, 2015 and from the date the District was created through May 18, 2015 and have issued our report thereon dated May 18, 2015.

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 financing district laws, regulations and the project plan is the responsibility of the City of Manitowoc, Wisconsin's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the District'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. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Manitowoc, Wisconsin complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Manitowoc, Wisconsin had not complied, in all material respects, with those provisions.

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

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
August 13, 2015

