

VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1
Marshall, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for Year Ended December 31, 2016 and
From the Date of Creation Through December 31, 2016

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

TABLE OF CONTENTS
From the Date of Creation Through December 31, 2016

Independent Auditors' Report	1 – 3
Tax Incremental District No. 1 – Balance Sheet	4
Tax Incremental District No. 1 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	5
Tax Incremental District No. 1 – Historical Summary of Sources, Uses, and Status of Funds	6
Notes to Financial Statements	7 – 11
Supplemental Information	
Tax Incremental District No. 1 – Detailed Schedule of Sources, Uses, and Status of Funds	12 – 15
Tax Incremental District No. 1 – Detailed Schedule of Capital Expenditures	16
Independent Auditors' Report on Compliance	17

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Marshall
Marshall, Wisconsin

Report on the Financial Statements

We have audited the accompanying 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 the Village of Marshall's Tax Incremental District No. 1 (the "district") as of December 31, 2016 and from the date of creation through December 31, 2016, 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 accounting principles generally accepted in the United States of America; this includes 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.

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 auditors' 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 district'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 district'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.

To the Village Board
Village of Marshall

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Marshall's Tax Incremental District No. 1 and the net project costs to be recovered through tax increments as of December 31, 2016 and the sources, uses, and status of funds from the date of creation through December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the transactions of the Village of Marshall's Tax Incremental District No.1 and do not purport to, and do not, present fairly the financial position of the Village of Marshall, Wisconsin, as of December 31, 2016, and the changes in financial position, or, where applicable, cash flows for the year then ended 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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the the Village of Marshall's Tax Incremental District No. 1's financial statements. The supplemental 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects, in relation to the financial statements as a whole.

To the Village Board
Village of Marshall

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 22, 2017 on our tests of its compliance with Wisconsin State Statutes Section 66.1105. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
March 22, 2017

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

BALANCE SHEET
As of December 31, 2016

ASSETS

Cash and investments	\$ 1,351,236
Taxes receivable	<u>667,234</u>

TOTAL ASSETS	\$ <u>2,018,470</u>
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES**

Liabilities	
Accounts payable	\$ 2,271
Advances from water and sewer utilities	<u>542,529</u>
Total Liabilities	<u>544,800</u>

Deferred Inflows of Resources	
Unearned revenue	<u>667,234</u>
Total Deferred Inflows of Resources	<u>667,234</u>

Fund Balance	
Restricted for TID activities	<u>806,436</u>
Total Fund Balance	<u>806,436</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>2,018,470</u>
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**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From the Date of Creation Through December 31, 2016

	From Date of Creation
PROJECT COSTS	
Administration	\$ 219,076
Capital expenditures	10,288,731
Interest on advance	1,355,107
Interest and fiscal charges	958,856
Total Project Costs	12,821,770
PROJECT REVENUES	
Tax increments	10,512,345
Intergovernmental	117,606
Special assessments	106,137
Investment income	341,685
Miscellaneous	267,655
Total Project Revenues	11,345,428
NET COST TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2016	
	\$ 1,476,342
RECONCILIATION OF RECOVERABLE COSTS	
General obligation debt	\$ 2,282,778
Fund balance	(806,436)
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2016	
	\$ 1,476,342

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

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2016

	<u>From Date of Creation</u>
SOURCES OF FUNDS	
Tax increments	\$ 10,512,345
Intergovernmental	117,606
Special assessments	106,137
Investment income	341,685
Miscellaneous	267,655
Long-term debt issued	<u>6,970,000</u>
Total Sources of Funds	<u>18,315,428</u>
 USES OF FUNDS	
Administration	219,076
Capital expenditures	10,288,731
Principal on long-term debt	4,687,222
Interest on advance	1,355,107
Interest and fiscal charges	<u>958,856</u>
Total Uses of Funds	<u>17,508,992</u>
 FUND BALANCE - DECEMBER 31, 2016	
	<u>\$ 806,436</u>

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

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016 and
From the Date of Creation Through December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Marshall's 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 Village of Marshall has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of Tax Incremental District No. 1. The accompanying financial statements reflect all the significant operations of the Village of Marshall's Tax Incremental District No.1. The accompanying financial statements do not include the full presentation of the Village of Marshall.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the Village of Marshall's Tax Incremental District No. 1. The summary statements were prepared from data recorded in the following fund and the village's long-term debt:

TID No. 1 Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the Village of Marshall'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 district 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 Village of Marshall. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 1	May 10, 1994	May 10, 2016	2022

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016 and
From the Date of Creation Through December 31, 2016

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

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT (cont.)

Plan Amendment

	Adoption Date	Last Date To Incur Project Costs
Amendment No. 1	September 11, 1996	May 10, 2016
Amendment No. 2	June 14, 2005	May 10, 2016
Amendment No. 3	January 9, 2007	May 10, 2016

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 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 village is entitled to the aids.

Special assessments are recorded as revenues when collected. Annual installments due in future years are accounted for as receivables and unavailable revenues. There are no special assessments outstanding that are receivable as of the date of this report.

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.

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016 and
From the Date of Creation Through December 31, 2016

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 unavailable or 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.

E. 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 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 Board pronouncements are met. The liability and expenditure 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 district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) 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.

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016 and
From the Date of Creation Through December 31, 2016

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

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

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the Village of Marshall. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the TIF District No. 1 capital projects fund. If those revenues are not sufficient, payments will be made by future tax levies.

Title of Issue	Date of Issue	Due Date	Original Interest Rates	Original Indebtedness	Repaid	Balance 12/31/16
1998 General Obligation Community Development Bonds	5/1/98	12/1/14	4.4%–4.85%	\$ 1,250,000	\$ 1,250,000	-
2007 General Obligation Promissory Notes	12/11/07	3/1/14	3.4%–3.75%	840,000	840,000	-
2009 State Trust Fund Loan	10/28/09	3/15/19	4.5%	300,000	184,700	115,300
2010 State Trust Fund Loan	8/12/10	3/15/20	4.5%	750,000	750,000	-
2015 General Obligation Promissory Notes	1/7/15	3/1/18	0.4–1.85%	1,680,000	810,000	870,000
2016 State Trust Fund Loan	4/29/16	3/15/22	3.25%	<u>2,150,000</u>	<u>852,522</u>	<u>1,297,478</u>
Totals				<u>\$ 6,970,000</u>	<u>\$ 4,687,222</u>	<u>\$ 2,282,778</u>

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016 and
From the Date of Creation Through December 31, 2016

NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

Aggregate maturities of all long-term debt relating to the district are as follows:

Calendar Year	Principal	Interest	Totals
2017	\$ 574,742	\$ 20,467	\$ 595,209
2018	523,400	44,855	568,255
2019	490,100	39,001	529,101
2020	500,000	22,634	522,634
2021	194,536	6,322	200,858
Totals	<u>\$ 2,282,778</u>	<u>\$ 133,279</u>	<u>\$ 2,416,057</u>

NOTE 4 – ADVANCES FROM WATER AND SEWER UTILITY FUNDS

The water and sewer utility funds have advanced funds to TIF District No. 1. The amount advanced is determined by the amount of debt issued by the water and sewer utilities to fund TIF District projects. The water and sewer utilities are charging the TIF District interest on the advance based on the average outstanding advance balance during the year at a rate of 4.5% and 5%, respectively.

Following is a detailed repayment schedule.

Calendar Year	Principal	Interest	Totals
2017	\$ 222,065	\$ 25,434	\$ 247,499
2018	141,422	14,721	156,143
2019	87,606	5,516	93,122
2020	91,436	1,686	93,122
Totals	<u>\$ 542,529</u>	<u>\$ 47,357</u>	<u>\$ 589,886</u>

SUPPLEMENTAL INFORMATION

**Detailed Schedule of Sources, Uses, and
Status of Funds Follows**

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2016

	1994	1995	1996	1997	1998	1999
SOURCES OF FUNDS						
Tax increments	\$ -	\$ -	\$ 4,270	\$ 10,237	\$ 106,420	\$ 166,991
Intergovernmental	-	-	-	-	-	21,749
Special assessments	-	-	-	-	-	37,289
Investment income	-	-	-	-	37,268	21,395
Miscellaneous	-	-	-	40,000	-	-
Long-term debt issued	-	-	-	-	1,250,000	-
Total Sources	<u>-</u>	<u>-</u>	<u>4,270</u>	<u>50,237</u>	<u>1,393,688</u>	<u>247,424</u>
USES OF FUNDS						
Administration	-	-	425	30,125	3,169	6,940
Capital expenditures	1,165	-	7,332	758,047	1,633,519	836,609
Principal on long-term debt	-	-	-	-	-	-
Interest on advance	-	-	-	14,741	66,699	110,245
Interest and fiscal charges	-	-	-	-	56,394	58,125
Total Uses	<u>1,165</u>	<u>-</u>	<u>7,757</u>	<u>802,913</u>	<u>1,759,781</u>	<u>1,011,919</u>
FUND BALANCE - DECEMBER 31, 2016						

2000	2001	2002	2003	2004	2005	2006	2007
\$ 267,056	\$ 318,599	\$ 436,894	\$ 521,692	\$ 468,843	\$ 541,884	\$ 635,851	\$ 590,963
5	51	2,590	2,972	3,333	1,594	4,702	3,887
4,611	8,972	2,173	-	2,322	-	-	-
24,250	13,341	4,998	5,952	11,060	34,318	65,630	74,007
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	840,000
<u>295,922</u>	<u>340,963</u>	<u>446,655</u>	<u>530,616</u>	<u>485,558</u>	<u>577,796</u>	<u>706,183</u>	<u>1,508,857</u>
15,188	841	2,400	901	596	8,856	3,351	34,929
-	-	-	-	-	-	37,153	308,604
-	-	-	-	-	100,000	100,000	100,000
105,621	101,212	96,672	92,000	87,192	82,242	77,147	71,903
<u>58,125</u>	<u>58,125</u>	<u>58,125</u>	<u>58,125</u>	<u>58,125</u>	<u>58,125</u>	<u>53,724</u>	<u>57,186</u>
<u>178,934</u>	<u>160,178</u>	<u>157,197</u>	<u>151,026</u>	<u>145,913</u>	<u>249,223</u>	<u>271,375</u>	<u>572,622</u>

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS (cont.)
From the Date of Creation Through December 31, 2016

	2008	2009	2010	2011	2012	2013
SOURCES OF FUNDS						
Tax increments	\$ 660,820	\$ 737,008	\$ 753,462	\$ 658,497	\$ 687,331	\$ 738,850
Intergovernmental	2,438	4,445	3,227	15,943	17,327	15,905
Special assessments	20,700	1,275	7,115	5,840	8,320	4,600
Investment income	26,804	4,116	964	8,805	672	1,191
Miscellaneous	-	15,000	-	150,000	-	52,655
Long-term debt issued	-	300,000	750,000	-	-	-
Total Sources	<u>710,762</u>	<u>1,061,844</u>	<u>1,514,768</u>	<u>839,085</u>	<u>713,650</u>	<u>813,201</u>
USES OF FUNDS						
Administration	16,160	21,001	3,148	7,970	3,406	3,001
Capital expenditures	1,151,015	1,060,267	1,576	815,175	2,589	74,493
Principal on long-term debt	950,000	100,000	150,000	246,542	242,085	789,973
Interest on advance	66,504	60,948	55,229	49,342	43,282	37,045
Interest and fiscal charges	<u>25,677</u>	<u>45,291</u>	<u>23,639</u>	<u>57,061</u>	<u>56,162</u>	<u>50,416</u>
Total Uses	<u>2,209,356</u>	<u>1,287,507</u>	<u>233,592</u>	<u>1,176,090</u>	<u>347,524</u>	<u>954,928</u>
FUND BALANCE -						
DECEMBER 31, 2016						

2014	2015	2016	Totals	Project Plan Estimate
\$ 769,270	\$ 716,483	\$ 720,924	\$ 10,512,345	\$ 14,749,580
6,924	5,344	5,170	117,606	-
2,920	-	-	106,137	-
-	2,375	4,539	341,685	478,655
-	10,000	-	267,655	-
-	1,680,000	2,150,000	6,970,000	8,990,000
<u>779,114</u>	<u>2,414,202</u>	<u>2,880,633</u>	<u>18,315,428</u>	<u>24,218,235</u>
7,015	30,976	18,678	219,076	84,751
459,497	1,545,986	1,595,704	10,288,731	10,405,522
177,200	408,700	1,322,722	4,687,222	8,990,000
55,485	45,805	35,793	1,355,107	1,303,087
<u>12,368</u>	<u>39,573</u>	<u>74,490</u>	<u>958,856</u>	<u>3,434,875</u>
<u>711,565</u>	<u>2,071,040</u>	<u>3,047,387</u>	<u>17,508,992</u>	<u>24,218,235</u>
			<u>\$ 806,436</u>	

**VILLAGE OF MARSHALL
TAX INCREMENTAL DISTRICT NO. 1**

DETAILED SCHEDULE OF CAPITAL EXPENDITURES
From the Date of Creation Through December 31, 2016

	Actual	Project Plan Estimate
CAPITAL EXPENDITURES		
Original Project Plan		
Freidel Drive improvements	\$ 210,986	\$ 166,249
Hubbell Street - storm sewer	-	15,000
Hubbell Street - landscaping	-	9,000
Sub-Totals	<u>210,986</u>	<u>190,249</u>
Project Plan Amendment One		
Sewage treatment plant site	33,790	33,790
Sewage treatment plant	1,377,550	1,112,692
Industrial park development	540,188	477,927
Waterloo Road	598,301	210,000
Main Street	475,997	293,000
County Trunk Highway "T"		
Sewer and water	-	130,000
Clinic		
Sewer and water	-	100,000
South STH 73 Industrial Area		
Sewer and water lines	-	200,000
Sub-Totals	<u>3,025,826</u>	<u>2,557,409</u>
Project Plan Amendment Two		
Storm sewer	-	175,000
Lothe Road	-	
Water main replacement	-	60,000
Street reconstruction	-	130,000
Sewer main replacements	-	60,000
Best Built Parkway		
Street, sewer and water	299,301	60,000
Downtown street lighting	762,180	750,000
Streetscaping	37,933	550,000
Water Well		
Well construction	750,000	445,000
Connecting mains for new well	-	105,000
Street restoration	-	50,000
Water tower	-	600,000
Connecting mains	68,909	56,000
Property acquisition	792,502	-
Contribution to CDA	264,000	-
Lake improvements	243,742	-
Downtown planning	473,294	-
Sub-Totals	<u>3,691,861</u>	<u>3,041,000</u>
Project Plan Amendment Three		
Acquisition, Demolition & Clean Up (Downtown Redevelopment)	-	1,000,000
Revolving Loan Program/Low Interest Loan Program	1,500,000	500,000
Mill Pond Work (Downtown Dredging & Shoreline Restoration)	-	500,000
Deerfield Road Development (Water, Sewer, Storm Water Improvements & Incentives)	1,860,058	1,700,000
Water and Sanitary Sewer Improvements necessary to serve Deerfield Road Dev	-	794,363
Force Main Replacement	-	122,501
Sub-Totals	<u>3,360,058</u>	<u>4,616,864</u>
TOTAL CAPITAL EXPENDITURES	<u><u>\$ 10,288,731</u></u>	<u><u>\$ 10,405,522</u></u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the Village Board
Village of Marshall
Marshall, 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 of the Village of Marshall, Wisconsin's Tax Incremental District No. 1 ("district") as of December 31, 2016 and from the date the district was created through December 31, 2016 and have issued our report thereon dated March 22, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, we noted that the district failed to comply with the following requirement of Wisconsin State Statutes Section 66.1105:

1. The resolution creating the district did not include the formal name of the district or the actual creation date.
2. Written notice of amendment to Wisconsin Department of Revenue was sent after more than 60 days for Amendment 2.

Our audit was not directed primarily toward obtaining knowledge as to whether the district failed to comply with Wisconsin State Statutes Section 66.1105, insofar as it relates to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
March 22, 2017