

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

COMPILED
FINANCIAL STATEMENTS

Including Accountant's Compilation Report

As of and for the Year Ended December 31, 2018 and
From the Date of Creation Through December 31, 2018

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

COMPILED
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From the Dates of Creation Through December 31, 2018

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ACCOUNTANTS' COMPILATION REPORT

To the City Council
City of Stoughton
Stoughton, Wisconsin

Management is responsible for 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 City of Stoughton's Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7, and No. 8 ("the districts") as of and for the year ended December 31, 2018 and from the date of creation through December 31, 2018, in accordance with accounting principles generally accepted in the United States of America. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements 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.

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 Stoughton as of December 31, 2018, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 required 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, economical, or historical context.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 9, 2019

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

COMPILED
BALANCE SHEET
As of December 31, 2018

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 457,546
Taxes receivable	<u>475,729</u>
TOTAL ASSETS	<u>\$ 933,275</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 32,715
Total Liabilities	<u>32,715</u>
Deferred Inflows of Resources	
Unearned revenues	\$ 475,729
Total Deferred Inflows of Resources	<u>475,729</u>
Fund Balance	
Restricted	<u>424,831</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 933,275</u>

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

**CITY OF STOUGHTON
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, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ -	\$ 5,571,359
Professional services - planning, engineering, other	760	141,706
Department of Revenue fees	150	150
Developer payments	16,091	16,091
Debt issuance cost	-	20,162
Interest on long-term debt	27,718	1,397,008
Contributions to other districts	-	1,106,252
Total Project Costs	<u>44,719</u>	<u>8,252,728</u>
PROJECT REVENUES		
Tax increments	491,691	5,229,881
Exempt computer aid	3,302	26,237
Developer guarantees	-	48,586
Public charges for services	-	12,942
Contribution from other district	-	742,340
Transfer from other funds	-	181,304
Investment income	3,149	59,843
Land sales	-	1,383,920
Miscellaneous revenues	-	148,244
Total Project Revenues	<u>498,142</u>	<u>7,833,297</u>
NET COST (RECOVERED) TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2018	<u>\$ (453,423)</u>	<u>\$ 419,431</u>
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 844,262
Fund balance		<u>(424,831)</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS - DECEMBER 31, 2018		<u>\$ 419,431</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 491,691	\$ 5,229,881
Exempt computer aid	3,302	26,237
Developer guarantees	-	48,586
Public charges for services	-	12,942
Contribution from other district	-	742,340
Transfers from other funds	-	181,304
Investment income	3,149	59,843
Land sales	-	1,383,920
Miscellaneous revenues	-	148,244
Long-term debt issued	-	6,257,496
Total Sources of Funds	<u>498,142</u>	<u>14,090,793</u>
USES OF FUNDS		
Capital expenditures	-	5,571,359
Professional services - planning, engineering, other	760	141,706
Department of Revenue fees	150	150
Developer payments	16,091	16,091
Debt issuance cost	-	20,162
Contribution to other district	-	1,106,252
Interest on long-term debt	27,718	1,397,008
Principal on long-term debt	<u>408,661</u>	<u>5,413,234</u>
Total Uses of Funds	<u>453,380</u>	<u>13,665,962</u>
Excess of Sources of Funds over Uses of Funds	44,762	424,831
BEGINNING FUND BALANCE	<u>380,069</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 424,831</u>	<u>\$ 424,831</u>

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

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

COMPILED
BALANCE SHEET
As of December 31, 2018

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 1,132,935
Taxes receivable	<u>174,694</u>
TOTAL ASSETS	<u><u>\$ 1,307,629</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 111
Total Liabilities	<u>111</u>
Deferred Inflows of Resources	
Unearned revenues	<u>174,694</u>
Total Deferred Inflows of Resources	<u>174,694</u>
Fund Balance	
Restricted	<u>1,132,824</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 1,307,629</u></u>

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

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

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES,
AND NET COST RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ -	\$ 2,033,433
Administration (in-house)	-	70,139
Department of Revenue fees	150	150
Revolving loan fund	-	50,000
Professional services - planning, engineering, other	5,037	293,836
Debt issuance costs	-	26,075
Interest on long-term debt	7,775	796,573
Total Project Costs	<u>12,962</u>	<u>3,270,206</u>
PROJECT REVENUES		
Tax increments	182,466	2,467,435
Exempt computer aid	1,734	55,795
Intergovernmental	-	89,415
Contribution from other districts	-	1,405,024
Investment income	19,058	140,909
Sale of property	-	550
Developer guarantees	-	43,902
Total Project Revenues	<u>203,258</u>	<u>4,203,030</u>
NET COST (RECOVERED) THROUGH TIF INCREMENTS - DECEMBER 31, 2018	<u>\$ (190,296)</u>	<u>\$ (932,824)</u>
RECONCILIATION OF RECOVERED COSTS		
General obligation debt		\$ 200,000
Fund balance		<u>(1,132,824)</u>
NET COSTS RECOVERED THROUGH TAX INCREMENTS - DECEMBER 31, 2018		<u><u>\$ (932,824)</u></u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 182,466	\$ 2,467,435
Exempt computer aid	1,734	55,795
Intergovernmental	-	89,415
Contribution from other districts	-	1,405,024
Investment income	19,058	140,909
Sale of property	-	550
Developer guarantees	-	43,902
Long-term debt issued	-	3,160,750
Total Sources of Funds	<u>203,258</u>	<u>7,363,780</u>
USES OF FUNDS		
Capital expenditures	-	2,033,433
Administration (in-house)	-	70,139
Department of Revenue fees	150	150
Revolving loan fund	-	50,000
Professional services - planning, engineering, other	5,037	293,836
Debt issuance costs	-	26,075
Interest on long-term debt	7,775	796,573
Principal on long-term debt	95,000	2,960,750
Total Uses of Funds	<u>107,962</u>	<u>6,230,956</u>
Excess of Sources of Funds over Uses of Funds	95,296	1,132,824
BEGINNING FUND BALANCE	<u>1,037,528</u>	-
ENDING FUND BALANCE	<u><u>\$ 1,132,824</u></u>	<u><u>\$ 1,132,824</u></u>

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

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

COMPILED
BALANCE SHEET
As of December 31, 2018

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 88,350
TOTAL ASSETS	<u>\$ 88,350</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 113
Advance from city general fund	<u>676,320</u>
Total Liabilities	<u>676,433</u>
Fund Balance	
Unassigned (deficit)	<u>(588,083)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 88,350</u>

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

**CITY OF STOUGHTON
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, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ 647,049	\$ 2,696,159
Professional services - planning, engineering, other	1,774	48,607
Department of Revenue fees	1,150	1,150
Interest on advances	-	96,965
Debt issuance costs	18,157	18,157
Interest on long-term debt	45,082	45,082
Total Project Costs	<u>713,212</u>	<u>2,906,120</u>
PROJECT REVENUES		
Tax increments	-	30,147
Transfer from other funds	-	100,000
Exempt computer aid	38,657	119,985
Intergovernmental	150,000	350,000
Developer guarantees	20,373	130,168
Investment income	2,778	4,182
Land sales	-	116,616
Miscellaneous revenues	-	1,000
Total Project Revenues	<u>211,808</u>	<u>852,098</u>
NET COST TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2018	<u>\$ 501,404</u>	<u>\$ 2,054,022</u>
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 1,465,939
Add: Fund balance deficit		<u>588,083</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS - DECEMBER 31, 2018		<u>\$ 2,054,022</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ -	\$ 30,147
Transfers from other funds	-	100,000
Exempt computer aid	38,657	119,985
Intergovernmental	150,000	350,000
Developer guarantees	20,373	130,168
Investment income	2,778	4,182
Land sales	-	116,616
Miscellaneous revenues	-	1,000
Long-term debt issued	348,750	1,498,750
Total Sources of Funds	<u>560,558</u>	<u>2,350,848</u>
USES OF FUNDS		
Capital expenditures	647,049	2,696,159
Professional services - planning, engineering, other	1,774	48,607
Department of Revenue fees	1,150	1,150
Interest on advance	-	96,965
Debt issuance costs	18,157	18,157
Interest on long-term debt	45,082	45,082
Principal on long-term debt	32,811	32,811
Total Uses of Funds	<u>746,023</u>	<u>2,938,931</u>
Excess (Deficiency) of Sources of Funds over Uses of Funds	(185,465)	(588,083)
BEGINNING FUND BALANCE (DEFICIT)	<u>(402,618)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ (588,083)</u>	<u>\$ (588,083)</u>

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

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

COMPILED
BALANCE SHEET
As of December 31, 2018

	Capital Projects Fund
	<u>Fund</u>
ASSETS	
Cash and investments	\$ 33,111
Taxes receivable	<u>24,537</u>
TOTAL ASSETS	<u>\$ 57,648</u>
LIABILITIES AND FUND BALANCE (DEFICIT)	
Liabilities	
Accounts payable	\$ 23,756
Advances from city general fund	<u>140,399</u>
Total Liabilities	<u>164,155</u>
Deferred Inflows of Resources	
Unearned revenues	<u>24,537</u>
Total Deferred Inflows of Resources	<u>24,537</u>
Fund Balance	
Unassigned (deficit)	<u>(131,044)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 57,648</u>

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

**CITY OF STOUGHTON
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, 2018
and From the Date of Creation Through December 31, 2018

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ -	\$ 565,002
Professional services - planning, engineering, other	9,835	29,787
Department of Revenue fees	150	150
Debt issuance cost	-	3,374
Interest on long-term debt	<u>14,676</u>	<u>14,676</u>
Total Project Costs	<u>24,661</u>	<u>612,989</u>
PROJECT REVENUES		
Miscellaneous revenues	<u>-</u>	<u>21,945</u>
Total Project Revenues	<u>-</u>	<u>21,945</u>
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2018	<u>\$ 24,661</u>	<u>\$ 591,044</u>
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 460,000
Add: Fund balance deficit		<u>131,044</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS - DECEMBER 31, 2018		<u>\$ 591,044</u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Miscellaneous revenues	\$ -	\$ 21,945
Long-term debt issued	-	505,000
Total Sources of Funds	<u>-</u>	<u>526,945</u>
USES OF FUNDS		
Capital expenditures	-	565,002
Professional services - planning, engineering, other	9,835	29,787
Department of Revenue fees	150	150
Debt issuance cost	-	3,374
Interest on long-term debt	14,676	14,676
Principal on long-term debt	<u>45,000</u>	<u>45,000</u>
Total Uses of Funds	<u>69,661</u>	<u>657,989</u>
(Deficiency) of Sources of Funds over Uses of Funds	(69,661)	(131,044)
BEGINNING FUND BALANCE (DEFICIT)	<u>(61,383)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ (131,044)</u>	<u>\$ (131,044)</u>

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

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

COMPILED
BALANCE SHEET
As of December 31, 2018

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 179,969
Tax roll receivable	526,673
Accounts receivable	<u>46,627</u>
TOTAL ASSETS	<u>\$ 753,269</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable and deposits	\$ 2,391
Total Liabilities	<u>2,391</u>
Deferred Inflows of Resources	
Unearned revenues	526,673
Unavailable revenues	<u>33,510</u>
Total Deferred Inflows of Resources	<u>560,183</u>
Fund Balance	
Restricted	<u>190,695</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 753,269</u>

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

**CITY OF STOUGHTON
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, 2018
and From the Date of Creation Through December 31, 2018

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ 679,308	\$ 4,444,071
Administration (in-house)	8,833	32,511
Professional services - planning, engineering, other	1,460	6,912
Department of Revenue fees	150	150
Debt issuance costs	56,752	102,678
Interest on Long-Term Debt	<u>39,792</u>	<u>155,851</u>
Total Project Costs	<u>786,295</u>	<u>4,742,173</u>
PROJECT REVENUES		
Tax Increments	415,963	657,976
Premium on long-term debt	151,700	160,820
Investment income	<u>4,678</u>	<u>24,072</u>
Total Project Revenues	<u>572,341</u>	<u>842,868</u>
NET COST TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2018	<u><u>\$ 213,954</u></u>	<u><u>\$ 3,899,305</u></u>
RECONCILIATION OF RECOVERABLE COSTS		
Long-term debt		\$ 4,090,000
Fund balance		<u>(190,695)</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS - DECEMBER 31, 2018		<u><u>\$ 3,899,305</u></u>

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

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

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 415,963	\$ 657,976
Investment income	4,678	24,072
Premium on long-term debt	151,700	160,820
Long-term debt issued	4,090,000	8,865,000
Total Sources of Funds	<u>4,662,341</u>	<u>9,707,868</u>
USES OF FUNDS		
Capital expenditures	679,308	4,444,071
Administration (in-house)	8,833	32,511
Professional services - planning, engineering, other	1,460	6,912
Department of Revenue fees	150	150
Debt issuance cost	56,752	102,678
Interest on long-term debt	39,792	155,851
Principal on long-term debt	4,775,000	4,775,000
Total Uses of Funds	<u>5,561,295</u>	<u>9,517,173</u>
Excess (deficiency) of Sources of Funds over uses of Funds	(898,954)	190,695
BEGINNING FUND BALANCE	<u>1,089,649</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 190,695</u>	<u>\$ 190,695</u>

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

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

COMPILED
BALANCE SHEET
As of December 31, 2018

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 231,387
TOTAL ASSETS	<u>\$ 231,387</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 12,089
Total Liabilities	<u>12,089</u>
Fund Balance	
Restricted	<u>219,298</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 231,387</u>

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

CITY OF STOUGHTON
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, 2018
and From the Date of Creation Through December 31, 2018

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ 176,297	\$ 176,297
Department of Revenue fees	1,000	1,000
Professional services - planning, engineering, other	<u>29,655</u>	<u>29,655</u>
Total Project Costs	<u>206,952</u>	<u>206,952</u>
PROJECT REVENUES	<u>-</u>	<u>-</u>
NET COST TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2018	<u>\$ (206,952)</u>	<u>\$ (206,952)</u>
RECONCILIATION OF RECOVERABLE COSTS		
Long-term debt		\$ 426,250
Add: Fund balance		<u>(219,298)</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2018		<u>\$ 206,952</u>

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

CITY OF STOUGHTON
TAX INCREMENTAL DISTRICT NO. 8

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From the Date of Creation Through December 31, 2018

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Long-term debt issued	\$ 426,250	\$ 426,250
Total Sources of Funds	<u>426,250</u>	<u>426,250</u>
USES OF FUNDS		
Capital expenditures	176,297	176,297
Department of Revenue fees	1,000	1,000
Professional services - planning, engineering, other	<u>29,655</u>	<u>29,655</u>
Total Uses of Funds	<u>206,952</u>	<u>206,952</u>
Excess of Sources of Funds over uses of Funds	219,298	219,298
BEGINNING FUND BALANCE	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 219,298</u>	<u>\$ 219,298</u>

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

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Dates of Creation Through December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Stoughton'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 Stoughton 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 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 Stoughton's Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7, and No. 8. The accompanying financial statements do not include the full presentation of the City of Stoughton.

A. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE

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

Debt Service Fund
Capital Projects Fund

Detailed descriptions of the purpose of these funds and long-term debt can be found in the City of Stoughton'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 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 improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the districts. 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 27 years, for TID Nos. 3, 4, 5, and 8, and 20 years for TID Nos. 6 and 7, after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Stoughton. Project costs may be incurred up to five years before the unextended termination date of the districts.

Original Project Plan

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 3	1-1-1993	11-24-2014	2020
TID No. 4	1-1-1999	3-23-2021	2026
TID No. 5	1-1-2010	3-12-2032	2037
TID No. 6	1-1-2015	9-29-2030	2036
TID No. 7	1-1-2015	11-11-2029	2035
TID No. 8	1-1-2018	7-24-2040	2046

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

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

Plan Amendments

	<u>Adoption Date</u>
TID No. 3 Amendment No. 1	10-23-2007
TID No. 3 Amendment No. 2	10-23-2012
TID No. 4 Amendment No. 1	9-26-2006
TID No. 4 Amendment No. 2	1-12-2010
TID No. 5 Amendment No. 1	7-24-2018

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 city 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 receivables 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.

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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 BUDGETS

The estimated revenues and expenditures of the districts 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 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 districts invest their 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. 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.

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Dates of Creation Through December 31, 2018

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (cont.)

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

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 City of Stoughton. Notes and bonds borrowed to finance the districts' expenditures will be retired by tax increments accumulated by the TIF District funds. If those revenues are not sufficient, payments will be made by future tax levies or utility revenues, as applicable.

		Original Amount Borrowed	Repaid	Balance 12-31-18
TIF District No. 3				
03/18/93	Promissory Note – 6.00%	\$ 189,950	\$ 189,950	\$ -
10/01/93	Promissory Note – 4.40 – 6.00%	1,980,000	1,980,000	-
05/01/02	Promissory Note – 3.50 – 4.375%	80,483	80,483	-
09/16/02	Refunding Bonds – 3.00 – 3.75%	1,382,063	1,382,063	-
06/26/13	State Trust Fund Loan – 2.75%	1,400,000	975,738	424,262
06/01/14	Promissory Note – 2.00%	1,225,000	805,000	420,000
Totals		<u>\$ 6,257,496</u>	<u>\$ 5,413,234</u>	<u>\$ 844,262</u>

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

Calendar Year	Principal	Interest	Totals
2019	\$ 419,262	\$ 17,967	\$ 437,229
2020	<u>425,000</u>	<u>8,029</u>	<u>433,029</u>
Totals	<u>\$ 844,262</u>	<u>\$ 25,996</u>	<u>\$ 870,258</u>

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

		Original Amount Borrowed	Repaid	Balance 12-31-18
TIF District No. 4				
02/23/99	State Trust Fund Loan – 5.25%	\$ 162,000	\$ 162,000	\$ -
08/09/00	State Trust Fund Loan – 5.25%	355,080	355,080	-
06/01/01	Promissory Note – 4.10 – 4.60%	1,025,000	1,025,000	-
06/01/01	Promissory Note – 4.10 – 4.60%	154,427	154,427	-
06/15/03	Promissory Note – 3.00 – 3.375%	292,105	292,105	-
06/22/04	State Trust Fund Loan – 4.00%	213,746	213,746	-
04/14/09	Promissory Note – 1.60 – 3.85%	163,392	163,392	-
04/13/10	G.O. Refunding Bonds – 1.00 – 3.25%	795,000	595,000	200,000
Totals		<u>\$ 3,160,750</u>	<u>\$ 2,960,750</u>	<u>\$ 200,000</u>

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

Calendar Year	Principal	Interest	Totals
2019	\$ 100,000	\$ 4,800	\$ 104,800
2020	100,000	1,625	101,625
Totals	<u>\$ 200,000</u>	<u>\$ 6,425</u>	<u>\$ 206,425</u>

		Original Amount Borrowed	Repaid	Balance 12-31-18
TIF District No. 5				
12/28/16	State Trust Fund Loan – 3.50%	\$ 850,000	\$ 26,428	\$ 823,572
06/08/17	G.O. Notes – 2.00 – 3.00%	300,000	6,383	293,617
04/26/18	G.O. Notes – 3.25 – 4.00%	348,750	-	348,750
Totals		<u>\$ 1,498,750</u>	<u>\$ 32,811</u>	<u>\$ 1,465,939</u>

CITY OF STOUGHTON
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NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

TIF District No. 5 (cont.)

Aggregate maturities are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 53,462	\$ 54,199	\$ 107,661
2020	55,475	47,046	102,521
2021	67,708	45,230	112,938
2022	111,461	42,389	153,850
2023	115,700	38,500	154,200
2024-2028	632,857	129,469	762,326
2029-2033	254,308	57,960	312,268
2034-2036	174,968	12,392	187,360
Totals	<u>\$ 1,465,939</u>	<u>\$ 427,185</u>	<u>\$ 1,893,124</u>

	<u>Original Amount Borrowed</u>	<u>Repaid</u>	<u>Balance 12-31-18</u>
TIF District No. 6			
06/08/2017 Promissory Notes – 2.00 – 3.00%	<u>\$ 505,000</u>	<u>\$ 45,000</u>	<u>\$ 460,000</u>

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 45,000	\$ 10,163	\$ 55,163
2020	50,000	9,213	59,213
2021	50,000	8,213	58,213
2022	50,000	7,088	57,088
2023	50,000	5,838	55,838
2024-2027	215,000	10,169	225,169
Totals	<u>\$ 460,000</u>	<u>\$ 50,684</u>	<u>\$ 510,684</u>

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NOTE 3 – LONG-TERM DEBT (cont.)

B. NOTE ANTICIPATION NOTES

		Original Amount Borrowed	Repaid	Balance 12-31-18
TIF District No. 7				
10/21/15	Note Anticipation Notes – 1.250%	\$ 4,775,000	\$ 4,775,000	\$ -
04/26/18	G.O. Bonds – 2.00 -- 4.00%	4,090,000	-	4,090,000
	Total	<u>\$ 8,865,000</u>	<u>\$ 4,775,000</u>	<u>\$ 4,090,000</u>

Debt service requirements to maturity are as follows:

Calendar Year	Principal	Interest	Totals
2019	\$ 150,000	\$ 183,149	\$ 333,149
2020	210,000	123,975	333,975
2021	215,000	119,725	334,725
2022	220,000	114,275	334,275
2023	225,000	107,600	332,600
2024-2028	1,240,000	425,225	1,665,225
2029-2033	1,500,000	176,675	1,676,675
2034	330,000	5,363	335,363
	<u>\$ 4,090,000</u>	<u>\$ 1,255,987</u>	<u>\$ 5,345,987</u>
Totals			

	Original Amount Borrowed	Repaid	Balance 12-31-18
TIF District No. 8			
04/26/18 G.O. Bonds – 2.00 -- 4.00%	\$ 426,250	\$ -	\$ 426,250

Debt service requirements to maturity are as follows:

Calendar Year	Principal	Interest	Totals
2019	\$ -	\$ 22,927	\$ 22,927
2020	-	16,027	16,027
2021	-	16,027	16,027
2022	55,000	14,927	69,927
2023	57,750	12,672	70,422
2024-2028	313,500	28,155	341,655
	<u>\$ 426,250</u>	<u>\$ 110,735</u>	<u>\$ 536,985</u>
Totals			

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NOTE 4 – ADVANCES FROM/DUE TO CITY GENERAL FUND

The general fund is advancing funds to TIF Districts No. 5 and No. 6. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. A repayment schedule has not been established.

NOTE 5 – INCREMENT SHARING

As allowable under TIF statutes, the city may share positive TIF increments. In 1998, and again in 2003, the city and joint review board approved sharing increments from TIF District No. 2 (donor district, subsequently closed) to TIF District No. 3 (donee district). Such transfers are reflected as recoverable costs in the donor district, and as project revenues in the donee district. TIF increment sharing was valid for a five-year period, and was extended for an additional five years by the joint review board. Transfers between districts are subject to various conditions in the statutes.

In 2006, the city and joint review board approved sharing increments from TIF District No. 2 (donor district, subsequently closed) to TIF District No. 4 (donee district). Transfers were approved to begin in 2007. State statutes limit the number of years a district may share increments to ten. The increment sharing with TIF District No. 4 was allowable for years 2007 through 2009. TIF District No. 2 was closed in 2009.

In 2007, the city and joint review board approved sharing increments from TIF District No. 3 (donor district) to TIF District No 4 (donee district). Transfers began in 2007 and were valid for a five-year period.

NOTE 6 – TRANSFERS FROM OTHER FUNDS

The city has transferred funds to TIF Districts No. 3 and No. 5 to cover deficits over the years. It is the intent of the city to have TIF Districts No. 3 and No. 5 repay the general fund for these transfers contingent upon future availability of funds. The following is a historical summary of transfers for TIF District No. 3:

1993	\$ 30,000
1997	30,212
1998	104,150
2001	10,451
2002	<u>6,491</u>
Totals	<u>\$ 181,304</u>

The following is a historical summary of transfers for TIF District No. 5:

2010	<u>\$ 100,000</u>
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NOTE 7 – DEVELOPER AGREEMENTS

TIF District No. 6 has entered into a developer agreement with North American Fur Auction (“NAFA”) where the city shall construct the city improvements and provide a non-cash development incentive, by conveying a piece of land in the amount of \$377,000. City fulfilled its obligation during 2017.

TIF District No. 7 has entered into a developer agreement where the TID shall reimburse developer for off-site public improvements in the amount of \$3,763,230. The city fulfilled its obligation during 2017.

NOTE 8 – DEVELOPER PAYMENTS

TIF District No. 3 has over-collected TIF guarantee payments from Nelson Global Products, Inc. and has recorded a payable for \$32,715. No developer payments were made by TIF 4, 5, 6 and 7 for 2018.

NOTE 9 – GUARANTEED REVENUE

TIF District No. 3 has entered into a development agreement with Nelson Global Products, Inc. (the “developer”). The agreement guarantees the city will receive a tax increment equal to the annual applicable mill rate multiplied by \$3,750,000. The developer shall pay the difference between the guaranteed tax increment and the tax increment actually levied. The developer’s guarantee obligation shall terminate when the city has collected from the tax increment generated from the district or paid under the agreement not less than \$320,600, or when TIF District No. 3 has terminated, whichever occurs first. As of December 31, 2018, the city has over-collected TIF guarantee payments for \$32,715 and has recorded a payable to the developer.

TIF District No. 5 has entered into a development agreement with Movin’ Out Development, LLC (the “developer”). The agreement guarantees that the developer shall pay the difference between the guaranteed tax increment and the tax increment actually levied. The guarantee obligation shall terminate when the city has collected from the tax increment generated from the district or been paid under this agreement the full amount of the project costs of not less than \$610,753 plus 5 percent interest accruing from January 1, 2012. TIF guarantee payment received in 2018 was \$20,373.

TIF District No. 6 has entered into a development agreement with North American Fur Auction (“NAFA”). The agreement guarantees the assessed value of NAFA’s property will be not less than \$1,100,000, \$3,500,000 and \$5,000,000 by January 1, 2018, 2019 and 2021 respectively. Beginning calendar year 2019, NAFA shall pay the difference between the guaranteed tax increment on the assessed values and the tax increment actually levied. The agreement shall continue until TIF District No. 6 has terminated. There was no guarantee payment due or received in 2018.

TIF District No. 7 has entered into a development agreement with Kettle Park West, LLC (“KPW”). The agreement guarantees that beginning in calendar year 2018, the actual tax increment will be sufficient to fully pay the annual debt service on city borrowing. The developer shall pay the difference between the guaranteed tax increment and the tax increment actually levied. The guarantee obligation shall terminate in 2034 or when the TIF District No. 7 has been terminated – whichever is sooner. As of December 31, 2018, there was a guarantee payment receivable in the amount of \$33,510.