

**City of Stoughton
Tax Incremental Districts No. 3, No. 4,
No. 5, No. 6, No. 7 and No. 8**

Compiled Financial Statements

December 31, 2020
From the Date of Creation Through December 31, 2020

City of Stoughton
Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8

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Accountants' Compilation Report

To the City Council of
City of Stoughton

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, 2020 and from the date of creation through December 31, 2020, 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, 2020 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 US, LLP

Madison, Wisconsin
May 6, 2021

City of Stoughton Tax Incremental District No. 3

Balance Sheet
December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 368,038
Taxes receivable	<u>512,638</u>
Total assets	<u><u>\$ 880,676</u></u>
Deferred Inflows of Resources and Fund Balance	
Deferred Inflows of Resources	
Unearned revenues	<u>\$ 512,638</u>
Total deferred inflows of resources	<u>512,638</u>
Fund Balance	
Restricted	<u>368,038</u>
Total deferred inflows of resources and fund balance	<u><u>\$ 880,676</u></u>

City of Stoughton Tax Incremental District No. 3

Historical Summary of Project Costs, Project Revenues
and Net Cost Recovered Through Tax Increments

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ -	\$ 5,571,359
Professional services, planning, engineering, other	800	143,811
Department of Revenue fees	150	450
Developer payments	-	16,091
Debt issuance cost	-	20,162
Interest on long-term debt	8,029	1,423,004
Transfer to other funds	-	181,304
Contributions to other districts	-	1,106,252
	<hr/>	<hr/>
Total project costs	8,979	8,462,433
Project Revenues		
Tax increments	494,843	6,200,453
Exempt computer aid	3,382	33,001
Intergovernmental	9,391	11,707
Developer guarantees	-	48,586
Public charges for services	-	12,942
Contribution from other district	-	742,340
Transfer from other funds	-	181,304
Investment income	1,665	67,974
Land sales	-	1,383,920
Miscellaneous revenues	-	148,244
	<hr/>	<hr/>
Total project revenues	509,281	8,830,471
	<hr/>	<hr/>
Net cost recovered through TIF increments, December 31, 2020	\$ (500,302)	\$ (368,038)
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

City of Stoughton Tax Incremental District No. 3

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 494,843	\$ 6,200,453
Exempt computer aid	3,382	33,001
Intergovernmental	9,391	11,707
Developer guarantees	-	48,586
Public charges for services	-	12,942
Contribution from other district	-	742,340
Transfers from other funds	-	181,304
Investment income	1,665	67,974
Land sales	-	1,383,920
Miscellaneous revenues	-	148,244
Long-term debt issued	-	6,257,496
	<hr/>	<hr/>
Total sources of funds	509,281	15,087,967
Uses of Funds		
Capital expenditures	-	5,571,359
Professional services, planning, engineering, other	800	143,811
Department of Revenue fees	150	450
Developer payments	-	16,091
Debt issuance cost	-	20,162
Contribution to other district	-	1,106,252
Transfer to other funds	-	181,304
Interest on long-term debt	8,029	1,423,004
Principal on long-term debt	425,000	6,257,496
	<hr/>	<hr/>
Total uses of funds	433,979	14,719,929
	<hr/>	<hr/>
Excess of sources of funds over uses of funds	75,302	368,038
	<hr/>	<hr/>
Beginning Fund Balance	292,736	-
	<hr/>	<hr/>
Ending Fund Balance	<u>\$ 368,038</u>	<u>\$ 368,038</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 4

Balance Sheet
December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 267,376
Taxes receivable	<u>174,190</u>
Total assets	<u><u>\$ 441,566</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 64,975</u>
Total liabilities	<u>64,975</u>
Deferred Inflows of Resources	
Unearned revenues	<u>174,190</u>
Total deferred inflows of resources	<u>174,190</u>
Fund Balance	
Restricted	<u>202,401</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 441,566</u></u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 4

Historical Summary of Project Costs, Project Revenues
and Net Cost Recovered Through Tax Increments

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 904,311	\$ 2,977,362
Administration (in-house)	-	70,139
Department of Revenue fees	150	450
Revolving loan fund	135,000	250,000
Professional services, planning, engineering, other	11,734	315,670
Debt issuance costs	-	26,075
Interest on long-term debt	1,625	802,998
	<u>1,052,820</u>	<u>4,442,694</u>
Project Revenues		
Tax increments	180,369	2,822,498
Exempt computer aid	1,775	59,345
Intergovernmental	5,207	95,481
Contribution from other districts	-	1,405,024
Investment income	5,460	169,633
Sale of property	-	5,550
Miscellaneous revenue	43,662	43,662
Developer guarantees	-	43,902
	<u>236,473</u>	<u>4,645,095</u>
Net cost (recovered) to be recovered through TIF increments, December 31, 2020	<u>\$ 816,347</u>	<u>\$ (202,401)</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 4

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 180,369	\$ 2,822,498
Exempt computer aid	1,775	59,345
Intergovernmental	5,207	95,481
Contribution from other districts	-	1,405,024
Investment income	5,460	169,633
Sale of property	-	5,550
Miscellaneous revenue	43,662	43,662
Developer guarantees	-	43,902
Long-term debt issued	-	<u>3,160,750</u>
Total sources of funds	<u>236,473</u>	<u>7,805,845</u>
Uses of Funds		
Capital expenditures	904,311	2,977,362
Administration (in-house)	-	70,139
Department of Revenue fees	150	450
Revolving loan fund	135,000	250,000
Professional services, planning, engineering, other	11,734	315,670
Debt issuance costs	-	26,075
Interest on long-term debt	1,625	802,998
Principal on long-term debt	<u>100,000</u>	<u>3,160,750</u>
Total uses of funds	<u>1,152,820</u>	<u>7,603,444</u>
Excess (deficiency) of sources of funds over uses of funds	(916,347)	202,401
Beginning Fund Balance	<u>1,118,748</u>	<u>-</u>
Ending Fund Balance	<u>\$ 202,401</u>	<u>\$ 202,401</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 5

Balance Sheet
December 31, 2020

	<u>Capital Projects Fund</u>
Assets	
Cash and investments	\$ 70,754
Taxes receivable	<u>49,621</u>
Total assets	<u>\$ 120,375</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Advance from city general fund	<u>\$ 761,320</u>
Total liabilities	<u>761,320</u>
Deferred Inflows of Resources	
Unearned revenues	<u>49,621</u>
Total deferred inflows of resources	<u>49,621</u>
Fund Balance	
Unassigned (deficit)	<u>(690,566)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 120,375</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 5

Historical Summary of Project Costs, Project Revenues
and Net Cost Recovered Through Tax Increments

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ -	\$ 2,717,912
Professional services, planning, engineering, other	800	50,257
Department of Revenue fees	150	1,450
Interest on advances	-	96,965
Debt issuance costs	-	18,157
Interest on long-term debt	47,046	146,327
	<hr/>	<hr/>
Total project costs	47,996	3,031,068
Project Revenues		
Tax increments	50,678	80,825
Transfer from other funds	-	100,000
Exempt computer aid	39,592	199,169
Intergovernmental	-	350,000
Developer guarantees	-	130,168
Investment income	229	5,722
Land sales	-	116,616
Miscellaneous revenues	-	1,000
	<hr/>	<hr/>
Total project revenues	90,499	983,500
Net cost to be recovered through TIF increments, December 31, 2020	<u>\$ (42,503)</u>	<u>\$ 2,047,568</u>
Reconciliation of Recoverable Costs		
General obligation debt		\$ 1,357,002
Add fund balance deficit		<hr/> 690,566
Net costs to be recovered through tax increments, December 31, 2020		<u>\$ 2,047,568</u>

City of Stoughton Tax Incremental District No. 5

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 50,678	\$ 80,825
Transfers from other funds	-	100,000
Exempt computer aid	39,592	199,169
Intergovernmental	-	350,000
Developer guarantees	-	130,168
Investment income	229	5,722
Land sales	-	116,616
Miscellaneous revenues	-	1,000
Long-term debt issued	-	1,498,750
	<hr/>	<hr/>
Total sources of funds	90,499	2,482,250
Uses of Funds		
Capital expenditures	-	2,717,912
Professional services, planning, engineering, other	800	50,257
Department of Revenue fees	150	1,450
Interest on advance	-	96,965
Debt issuance costs	-	18,157
Interest on long-term debt	47,046	146,327
Principal on long-term debt	55,475	141,748
	<hr/>	<hr/>
Total uses of funds	103,471	3,172,816
	<hr/>	<hr/>
Deficiency of sources of funds over uses of funds	(12,972)	(690,566)
	<hr/>	<hr/>
Beginning Fund Balance (Deficit)	(677,594)	-
	<hr/>	<hr/>
Ending Fund Balance (Deficit)	<u>\$ (690,566)</u>	<u>\$ (690,566)</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 6

Balance Sheet
December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 682,981
Taxes receivable	<u>149,306</u>
Total assets	<u><u>\$ 832,287</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 36,329
Advances from city general fund	<u>140,399</u>
Total liabilities	<u>176,728</u>
Deferred Inflows of Resources	
Unearned revenues	<u>149,306</u>
Total deferred inflows of resources	<u>149,306</u>
Fund Balance	
Restricted	<u>506,253</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 832,287</u></u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 6

Historical Summary of Project Costs, Project Revenues
and Net Cost Recovered Through Tax Increments

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 714,951	\$ 2,601,076
Professional services, planning, engineering, other	33,260	144,528
Department of Revenue fees	150	450
Debt issuance cost	-	36,163
Interest on long-term debt	20,139	44,977
	<hr/>	<hr/>
Total project costs	768,500	2,827,194
Project Revenues		
Tax increments	24,831	49,368
Investment income	8,488	38,956
Developer guarantee	51,694	52,159
Land Sales	173,230	173,230
Premium on long-term debt	-	14,080
Miscellaneous revenues	-	21,945
	<hr/>	<hr/>
Total project revenues	258,243	349,738
Net cost recoverable through TIF increments, December 31, 2020	<u>\$ 510,257</u>	<u>\$ 2,477,456</u>
Reconciliation of Recoverable Costs		
General obligation debt		\$ 2,983,709
Less fund balance		<u>(506,253)</u>
Net costs to be recovered through tax increments, December 31, 2020		<u>\$ 2,477,456</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 6

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Tax increments	\$ 24,831	\$ 49,368
Investment income	8,488	38,956
Developer guarantee	51,694	52,159
Miscellaneous revenues	-	21,945
Land sales	173,230	173,230
Premium on long-term debt	-	14,080
Long-term debt issued	-	3,123,709
	<hr/>	<hr/>
Total sources of funds	258,243	3,473,447
Uses of Funds		
Capital expenditures	714,951	2,601,076
Professional services, planning, engineering, other	33,260	144,528
Department of Revenue fees	150	450
Debt issuance cost	-	36,163
Interest on long-term debt	20,139	44,977
Principal on long-term debt	50,000	140,000
	<hr/>	<hr/>
Total uses of funds	818,500	2,967,194
Excess (deficiency) of sources of funds over uses of funds	(560,257)	506,253
Beginning Fund Balance	<hr/> 1,066,510	<hr/> -
Ending Fund Balance	<hr/> <u>\$ 506,253</u>	<hr/> <u>\$ 506,253</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 7

Balance Sheet
December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 653,977
Taxes receivable	762,486
Accounts receivable	<u>41,106</u>
Total assets	<u>\$ 1,457,569</u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable and deposits	<u>\$ 3,545</u>
Total liabilities	<u>3,545</u>
Deferred Inflows of Resources	
Unearned revenues	<u>778,328</u>
Total deferred inflows of resources	<u>778,328</u>
Fund Balance	
Restricted	<u>675,696</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,457,569</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 7

Historical Summary of Project Costs, Project Revenues
and Net Cost Recovered Through Tax Increments

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ -	\$ 4,444,071
Administration (in-house)	-	32,511
Professional services, planning, engineering, other	10,300	18,212
Department of Revenue fees	150	300
Debt issuance costs	-	102,678
Interest on long-term debt	123,975	462,975
	<hr/>	<hr/>
Total project costs	134,425	5,060,747
Project Revenues		
Tax Increments	546,395	1,731,044
Premium on long-term debt	-	160,820
Investment income	2,405	30,922
Intergovernmental grants	-	1,959
Developer guarantees	32,914	66,424
Miscellaneous revenue	-	15,274
	<hr/>	<hr/>
Total project revenues	581,714	2,006,443
Net cost (recovered) to be recovered through TIF increments, December 31, 2020	<u>\$ (447,289)</u>	<u>\$ 3,054,304</u>
Reconciliation of Recoverable Costs		
Long-term debt		\$ 3,730,000
Less fund balance		<u>(675,696)</u>
Net costs to be recovered through tax increments, December 31, 2020		<u>\$ 3,054,304</u>

See notes to financial statements

City of Stoughton Tax Incremental District No. 7

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	Year Ended	From Date of Creation
Sources of Funds		
Tax increments	\$ 546,395	\$ 1,731,044
Investment income	2,405	30,922
Premium on long-term debt	-	160,820
Long-term debt issued	-	8,865,000
Intergovernmental grants	-	1,959
Developer guarantees	32,914	66,424
Miscellaneous revenue	-	15,274
	<hr/>	<hr/>
Total sources of funds	581,714	10,871,443
	<hr/>	<hr/>
Uses of Funds		
Capital expenditures	-	4,444,071
Administration (in-house)	-	32,511
Professional services, planning, engineering, other	10,300	18,212
Department of Revenue fees	150	300
Debt issuance cost	-	102,678
Interest on long-term debt	123,975	462,975
Principal on long-term debt	210,000	5,135,000
	<hr/>	<hr/>
Total uses of funds	344,425	10,195,747
	<hr/>	<hr/>
Excess of sources of funds over uses of funds	237,289	675,696
	<hr/>	<hr/>
Beginning Fund Balance	438,407	-
	<hr/>	<hr/>
Ending Fund Balance	\$ 675,696	\$ 675,696
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

City of Stroughton Tax Incremental District No. 8

Balance Sheet
December 31, 2020

	Capital Projects Fund
Assets	
Cash and investments	\$ 187,496
Taxes receivable	30,337
Prepaid items	529
Accounts receivable	<u>37,950</u>
Total assets	<u><u>\$ 256,312</u></u>
Liabilities and Fund Balance (Deficit)	
Liabilities	
Accounts payable	\$ 22,051
Advance from city general fund	<u>144,304</u>
Total liabilities	<u>166,355</u>
Deferred Inflows of Resources	
Unearned revenues	114,826
Unavailable revenues	<u>37,950</u>
Total deferred inflows of resources	<u>152,776</u>
Fund Balance (Deficit)	
Unassigned (deficit)	<u>(62,819)</u>
Total liabilities and fund balance (deficit)	<u><u>\$ 256,312</u></u>

See notes to financial statements

City of Stroughton Tax Incremental District No. 8

Historical Summary of Project Costs, Project Revenues
and Net Cost Recovered Through Tax Increments

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Project Costs		
Capital expenditures	\$ 74,484	\$ 705,220
Department of Revenue fees	150	1,300
Professional services, planning, engineering, other	50,005	142,792
Debt issuance costs	-	3,783
Interest on long-term debt	17,288	40,216
	<u>141,927</u>	<u>893,311</u>
Project Revenues		
Intergovernmental	95,500	95,500
Premium on long-term debt	-	1,625
Investment income	289	4,958
	<u>95,789</u>	<u>102,083</u>
Net cost to be recovered through TIF incements, December 31, 2020	<u>\$ 46,138</u>	<u>\$ 791,228</u>
Reconciliation of Recoverable Costs		
Long-term debt		\$ 728,409
Add fund balance deficit		<u>62,819</u>
Net costs to be recovered through tax increments, December 31, 2020		<u>\$ 791,228</u>

See notes to financial statements

City of Stroughton Tax Incremental District No. 8

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2020 and From Date of Creation Through December 31, 2020

	<u>Year Ended</u>	<u>From Date of Creation</u>
Sources of Funds		
Investment income	\$ 289	\$ 4,958
Intergovernmental	95,500	95,500
Premium on long-term debt	-	1,625
Long-term debt issued	-	728,409
	<hr/>	<hr/>
Total sources of funds	95,789	830,492
	<hr/>	<hr/>
Uses of Funds		
Capital expenditures	74,484	705,220
Department of Revenue fees	150	1,300
Professional services, planning, engineering, other	50,005	142,792
Debt issuance cost	-	3,783
Interest on long-term debt	17,288	40,216
	<hr/>	<hr/>
Total uses of funds	141,927	893,311
	<hr/>	<hr/>
Deficiency of sources of funds over uses of funds	(46,138)	(62,819)
	<hr/>	<hr/>
Beginning Fund Balance (Deficit)	(16,681)	-
	<hr/>	<hr/>
Ending Fund Balance (Deficit)	<u>\$ (62,819)</u>	<u>\$ (62,819)</u>

See notes to financial statements

City of Stoughton
Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8

Notes to Compiled Financial Statements
December 31, 2020

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 (the City) 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 the Districts. The accompanying financial statements reflect all the significant operations of the Districts. The accompanying financial statements do not include the full presentation of the City.

Description of Fund and Account Group Structure

This report contains the financial information of the Districts. 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'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. 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	01/01/1993	11/24/2014	2020
TID No. 4	01/01/1999	03/23/2021	2026
TID No. 5	01/01/2010	03/12/2032	2037
TID No. 6	01/01/2015	09/29/2030	2036
TID No. 7	01/01/2015	11/11/2029	2035
TID No. 8	01/01/2018	07/24/2040	2046

City of Stoughton
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Notes to Compiled Financial Statements
December 31, 2020

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	09/26/2006
TID No. 4 Amendment No. 2	01/12/2010
TID No. 5 Amendment No. 1	07/24/2018
TID No. 7 Amendment No. 1	05/20/2020

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.

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.

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.

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.

City of Stoughton
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Notes to Compiled Financial Statements
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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.

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.

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.

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

3. Long-Term Debt

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds borrowed to finance the Districts' expenditures will be retired by tax increments accumulated by the 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 12-31-20
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	1,400,000	-
06/01/14 Promissory Note – 2.00%	1,225,000	1,225,000	-
Total	\$ 6,257,496	\$ 6,257,496	\$ -

City of Stoughton
Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8

Notes to Compiled Financial Statements
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	Original Amount Borrowed	Repaid	Balance 12-31-20
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	795,000	-
Total	<u>\$ 3,160,750</u>	<u>\$ 3,160,750</u>	<u>\$ -</u>

	Original Amount Borrowed	Repaid	Balance 12-31-20
TIF District No. 5			
12/28/16 State Trust Fund Loan – 3.50%	\$ 850,000	\$ 94,787	\$ 755,213
06/08/17 G.O. Notes – 2.00 – 3.00%	300,000	46,961	253,039
04/26/18 G.O. Notes – 3.25 – 4.00%	348,750	-	348,750
Total	<u>\$ 1,498,750</u>	<u>\$ 141,748</u>	<u>\$ 1,357,002</u>

Aggregate maturities are as follows:

Calendar Year	Principal	Interest	Total
2021	\$ 67,708	\$ 45,230	\$ 112,938
2022	111,461	42,389	153,850
2023	115,700	38,500	154,200
2024	117,673	34,490	152,163
2025	131,411	30,209	161,620
2026 – 2030	480,291	128,854	609,145
2031 – 2035	272,421	4,152	276,573
2036	60,337	2,116	62,453
Total	<u>\$ 1,357,002</u>	<u>\$ 325,940</u>	<u>\$ 1,682,942</u>

	Original Amount Borrowed	Repaid	Balance 12-31-20
TIF District No. 6			
06/08/17 Promissory Notes – 2.00 – 3.00%	\$ 505,000	\$ 140,000	\$ 365,000
03/26/19 Promissory Notes – 2.125 – 4.00%	2,618,709	-	2,618,709
Total	<u>\$ 3,123,709</u>	<u>\$ 140,000</u>	<u>\$ 2,983,709</u>

City of Stoughton
Tax Incremental Districts No. 3, No. 4, No. 5, No. 6, No. 7 and No. 8

Notes to Compiled Financial Statements
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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>Total</u>
2021	\$ 50,000	\$ 83,730	\$ 133,730
2022	341,379	78,234	419,613
2023	350,345	68,109	418,454
2024	363,793	56,737	420,530
2025	377,759	44,263	422,022
2026 - 2029	1,500,433	68,943	1,569,376
Total	<u>\$ 2,983,709</u>	<u>\$ 400,016</u>	<u>\$ 3,383,725</u>

Note Anticipation Notes

	<u>Original Amount Borrowed</u>	<u>Repaid</u>	<u>Balance 12-31-20</u>
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	360,000	3,730,000
Total	<u>\$ 8,865,000</u>	<u>\$ 5,135,000</u>	<u>\$ 3,730,000</u>

Debt service requirements to maturity are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 215,000	\$ 119,725	\$ 334,725
2022	220,000	114,275	334,275
2023	225,000	107,600	332,600
2024	235,000	100,700	335,700
2025	240,000	93,575	333,575
2026 - 2030	1,335,000	332,000	1,667,000
2031 - 2034	1,260,000	80,988	1,340,988
Total	<u>\$ 3,730,000</u>	<u>\$ 948,863</u>	<u>\$ 4,678,863</u>

	<u>Original Amount Borrowed</u>	<u>Repaid</u>	<u>Balance 12-31-20</u>
TIF District No. 8			
04/26/18 G.O. Bonds – 2.00 – 4.00%	\$ 426,250	\$ -	\$ 426,250
03/26/19 Promissory Notes – 2.125 – 4.00%	302,159	-	302,159
Total	<u>\$ 728,409</u>	<u>\$ -</u>	<u>\$ 728,409</u>

City of Stoughton
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Notes to Compiled Financial Statements
 December 31, 2020

Debt service requirements to maturity are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 24,741	\$ 24,741
2022	88,621	23,136	111,757
2023	92,405	19,857	112,262
2024	93,957	16,394	110,351
2025	97,741	12,743	110,484
2026 - 2029	355,685	17,453	373,138
Total	<u>\$ 728,409</u>	<u>\$ 114,324</u>	<u>\$ 842,733</u>

4. Advances From/Due to City General Fund

The general fund is advancing funds to TIF Districts No. 5, No. 6 and No. 8. 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.

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.

City of Stoughton
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Notes to Compiled Financial Statements
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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:

Years ending December 31:	
1993	\$ 30,000
1997	30,212
1998	104,150
2001	10,451
2002	6,491
	<hr/>
Total	\$ 181,304
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TIF District No. 3 repaid the general fund in 2019.

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

Year ending December 31:	
2010	\$ 100,000
	<hr/> <hr/>

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 noncash development incentive, by conveying a piece of land in the amount of \$377,000. The City fulfilled its obligation during 2017. During 2020, NAFA declared bankruptcy.

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.

8. Developer Payments

No developer payments were made by TIF 3, 4, 5, 6, 7 and 8 for 2020.

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. There were no TIF guarantee payments received in 2020.

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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. There were no TIF guarantee payments received in 2020.

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. TIF guarantee payment received in 2020 was \$51,694.

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. TIF guarantee payment received in 2020 was \$32,914.

10. Municipal Revenue Obligation

In 2020, the City issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$3,000,000 and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF District No.7.

Payments are scheduled through the year 2035 or when TIF District No. 7 has been terminated, whichever is sooner, and carry an interest rate of 6%. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$3,000,000.

11. Affordable Housing Program Transfer

During 2019, TIF District No. 3's life was extended by one year in accordance with Section 66.1105 (6) (g) of Wisconsin State Statutes. In August 2020, the city passed a resolution to terminate TIF District No. 3 and the 2020 increment (2021 revenue) will be used to fund the affordable housing program.

12. Subsequent Event

In February 2021, the Joint Review Board approved an amendment to TIF District No. 4's project plan making it a donor TID to share increments with TIF District Nos 5 and 8.