

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

COMPILED
FINANCIAL STATEMENTS

Including Accountant's Compilation Report

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

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

COMPILED
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From the Dates of Creation Through December 31, 2016

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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, and No. 7 ("the districts") as of and for the year ended December 31, 2016 and from the date of creation through December 31, 2016, 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, 2016, 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 Veitchau Krause, LLP

Madison, Wisconsin
June 14, 2017

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

COMPILED
BALANCE SHEET
As of December 31, 2016

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 310,201
Taxes receivable	<u>492,440</u>
TOTAL ASSETS	<u>\$ 802,641</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenues	\$ 492,440
Total Deferred Inflows of Resources	<u>492,440</u>
Fund Balance	
Restricted	<u>310,201</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 802,641</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, 2016
and From the Date of Creation Through December 31, 2016

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ -	\$ 5,571,359
Professional services - planning, engineering, other	7,608	137,976
Debt issuance cost	-	20,162
Interest on long-term debt	46,699	1,332,021
Contributions to other districts	-	1,106,252
Total Project Costs	54,307	8,167,770
PROJECT REVENUES		
Tax increments	487,847	4,245,750
Intergovernmental	4,007	19,681
Developer guarantees	16,491	32,495
Public charges for services	-	12,942
Contribution from other district	-	742,340
Transfer from other funds	-	181,304
Investment income	567	55,162
Land sales	52,805	1,383,920
Miscellaneous revenues	-	148,244
Total Project Revenues	561,717	6,821,838
NET COST (RECOVERED) TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2016	\$ (507,410)	\$ 1,345,932
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 1,656,133
Fund balance		(310,201)
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2016		\$ 1,345,932

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, 2016
and From the Date of Creation Through December 31, 2016

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 487,847	\$ 4,245,750
Intergovernmental	4,007	19,681
Developer guarantees	16,491	32,495
Public charges for services	-	12,942
Contribution from other district	-	742,340
Transfers from other funds	-	181,304
Investment income	567	55,162
Land sales	52,805	1,383,920
Miscellaneous revenues	-	148,244
Long-term debt issued	-	6,257,496
Total Sources of Funds	561,717	13,079,334
USES OF FUNDS		
Capital expenditures	-	5,571,359
Professional services - planning, engineering, other	7,608	137,976
Debt issuance cost	-	20,162
Contribution to other district	-	1,106,252
Interest on long-term debt	46,699	1,332,021
Principal on long-term debt	392,830	4,601,363
Total Uses of Funds	447,137	12,769,133
Excess of sources of funds over uses of funds	114,580	310,201
BEGINNING FUND BALANCE	195,621	-
ENDING FUND BALANCE	\$ 310,201	\$ 310,201

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, 2016

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 1,315,983
Taxes receivable	180,832
Loans receivable	<u>50,000</u>
TOTAL ASSETS	<u>\$ 1,546,815</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advance from city general fund	<u>\$ 360,802</u>
Total Liabilities	<u>360,802</u>
Deferred Inflows of Resources	
Unearned revenues	180,832
Unavailable revenues	<u>50,000</u>
Total Deferred Inflows of Resources	<u>230,832</u>
Fund Balance	
Restricted	<u>955,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,546,815</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, 2016
and From the Date of Creation Through December 31, 2016

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ -	\$ 2,309,568
Revolving loan fund	51,500	51,500
Professional services - planning, engineering, other	1,383	75,919
Debt issuance costs	-	26,075
Interest on long-term debt	12,905	778,315
Total Project Costs	65,788	3,241,377
PROJECT REVENUES		
Tax increments	259,879	2,104,137
Intergovernmental	2,977	137,529
Contribution from other districts	-	1,405,024
Miscellaneous revenues	-	48,691
Investment income	4,135	111,177
Total Project Revenues	266,991	3,806,558
NET COST (RECOVERED) THROUGH TIF INCREMENTS - DECEMBER 31, 2016		
	\$ (201,203)	\$ (565,181)
RECONCILIATION OF RECOVERED COSTS		
General obligation debt		\$ 390,000
Fund balance		(955,181)
NET COSTS RECOVERED THROUGH TAX INCREMENTS - DECEMBER 31, 2016		
		\$ (565,181)

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, 2016
and From the Date of Creation Through December 31, 2016

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 259,879	\$ 2,104,137
Intergovernmental	2,977	137,529
Contribution from other districts	-	1,405,024
Miscellaneous revenues	-	48,691
Investment income	4,135	111,177
Long-term debt issued	-	3,160,750
Total Sources of Funds	<u>266,991</u>	<u>6,967,308</u>
USES OF FUNDS		
Capital expenditures	-	2,309,568
Revolving loan fund	51,500	51,500
Professional services - planning, engineering, other	1,383	75,919
Debt issuance costs	-	26,075
Interest on long-term debt	12,905	778,315
Principal on long-term debt	95,000	2,770,750
Total Uses of Funds	<u>160,788</u>	<u>6,012,127</u>
Excess of sources of funds over uses of funds	106,203	955,181
BEGINNING FUND BALANCE	<u>848,978</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 955,181</u>	<u>\$ 955,181</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, 2016

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 178,511
TOTAL ASSETS	<u>\$ 178,511</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Advance from city general fund	\$ 598,427
Total Liabilities	<u>598,427</u>
Fund Balance	
Unassigned (deficit)	<u>(419,916)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 178,511</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, 2016
and From the Date of Creation Through December 31, 2016

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ 750,531	\$ 1,707,517
Professional services - planning, engineering, other	1,642	46,833
Interest on advances	-	96,965
Total Project Costs	<u>752,173</u>	<u>1,851,315</u>
PROJECT REVENUES		
Tax increments	-	30,147
Transfer from other funds	-	100,000
Intergovernmental	39,117	243,231
Developer guarantees	18,877	90,353
Investment income	36	52
Land sales	-	116,616
Miscellaneous revenues	-	1,000
Total Project Revenues	<u>58,030</u>	<u>581,399</u>
NET COST TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2016	<u>\$ 694,143</u>	<u>\$ 1,269,916</u>
RECONCILIATION OF RECOVERABLE COSTS		
General obligation debt		\$ 850,000
Fund balance		<u>419,916</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2016		<u>\$ 1,269,916</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, 2016
and From the Date of Creation Through December 31, 2016

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ -	\$ 30,147
Transfers from other funds	-	100,000
Intergovernmental	39,117	243,231
Developer guarantees	18,877	90,353
Investment income	36	52
Land sales	-	116,616
Miscellaneous revenues	-	1,000
Note proceeds	850,000	850,000
Total Sources of Funds	908,030	1,431,399
USES OF FUNDS		
Capital expenditures	750,531	1,707,517
Professional services - planning, engineering, other	1,642	46,833
Interest on advance	-	96,965
Total Uses of Funds	752,173	1,851,315
Excess (deficiency) of sources of funds over uses of funds	155,857	(419,916)
BEGINNING FUND BALANCE (DEFICIT)	(575,773)	-
ENDING FUND BALANCE (DEFICIT)	\$ (419,916)	\$ (419,916)

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, 2016

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 2,213
TOTAL ASSETS	<u>\$ 2,213</u>
LIABILITIES AND FUND BALANCE (DEFICIT)	
Liabilities	
Accounts payable	\$ 813
Advances from city general fund	<u>20,000</u>
Total Liabilities	<u>20,813</u>
Fund Balance	
Unassigned (deficit)	<u>(18,600)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 2,213</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, 2016
and From the Date of Creation Through December 31, 2016

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Professional services - planning, engineering, other	\$ 6,869	\$ 18,600
Total Project Costs	<u>6,869</u>	<u>18,600</u>
PROJECT REVENUES		
	-	-
NET COST RECOVERABLE THROUGH TIF INCREMENTS - DECEMBER 31, 2016		
	<u>\$ 6,869</u>	<u>\$ 18,600</u>
RECONCILIATION OF RECOVERABLE COSTS		
Deficit		<u>\$ 18,600</u>
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2016		
		<u>\$ 18,600</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, 2016
and From the Date of Creation Through December 31, 2016

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS	\$ -	\$ -
USES OF FUNDS		
Professional services - planning, engineering, other	<u>6,869</u>	<u>18,600</u>
Total Uses of Funds	<u>6,869</u>	<u>18,600</u>
(Deficiency) of sources of funds over uses of funds	(6,869)	(18,600)
BEGINNING FUND BALANCE (DEFICIT)	<u>(11,731)</u>	<u>-</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ (18,600)</u>	<u>\$ (18,600)</u>

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

COMPILED
BALANCE SHEET
As of December 31, 2016

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 2,295,774
Tax roll receivable	242,013
Accounts receivable	<u>107,757</u>
TOTAL ASSETS	<u>\$ 2,645,544</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Deposits	\$ 29,999
Accounts payable	<u>1,317,685</u>
Total Liabilities	<u>1,347,684</u>
Deferred Inflows of Resources	
Unearned revenues	<u>242,013</u>
Total Deferred Inflows of Resources	<u>242,013</u>
Fund Balance	
Restricted	<u>1,055,847</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 2,645,544</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, 2016
and From the Date of Creation Through December 31, 2016

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ 3,308,319	\$ 3,689,079
Professional services - planning, engineering, other	850	4,213
Debt issuance cost	-	45,926
Total Project Costs	3,309,169	3,739,218
PROJECT REVENUES		
Premium on debt	-	9,120
Investment income	10,200	10,945
Total Project Revenues	10,200	20,065
NET COST TO BE RECOVERED THROUGH TIF INCREMENTS - DECEMBER 31, 2016	\$ 3,298,969	\$ 3,719,153
RECONCILIATION OF RECOVERABLE COSTS		
Long term debt		\$ 4,775,000
Fund balance		(1,055,847)
NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2016		\$ 3,719,153

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, 2016
and From the Date of Creation Through December 31, 2016

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Investment income	\$ 10,200	\$ 10,945
Premium on debt	-	9,120
Long-term debt issued	-	4,775,000
Total Sources of Funds	10,200	4,795,065
USES OF FUNDS		
Capital expenditures	3,308,319	3,689,079
Professional services - planning, engineering, other	850	4,213
Debt issuance cost	-	45,926
Total Uses of Funds	3,309,169	3,739,218
Excess (deficiency) of sources of funds over uses of funds	(3,298,969)	1,055,847
BEGINNING FUND BALANCE	4,354,816	-
ENDING FUND BALANCE	\$ 1,055,847	\$ 1,055,847

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

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Dates of Creation Through December 31, 2016

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 and No. 7 (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, and No. 7. 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, and No. 7. 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, and No. 7. 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, and 5 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

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Dates of Creation Through December 31, 2016

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

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.

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
From the Dates 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 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. 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.

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

COMPILED
 NOTES TO FINANCIAL STATEMENTS
 From the Dates of Creation Through December 31, 2016

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 12-31-16
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	573,867	826,133
06/01/14	Promissory Note – 2.00%	1,225,000	395,000	830,000
	Totals	<u>\$ 6,257,496</u>	<u>\$ 4,601,363</u>	<u>\$ 1,656,133</u>

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

Calendar Year	Principal	Interest	Totals
2017	\$ 403,210	\$ 37,269	\$ 440,479
2018	408,661	27,718	436,379
2019	419,262	17,967	437,229
2020	425,000	8,029	433,029
Totals	<u>\$ 1,656,133</u>	<u>\$ 90,983</u>	<u>\$ 1,747,116</u>

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

COMPILED
 NOTES TO FINANCIAL STATEMENTS
 From the Dates of Creation Through December 31, 2016

NOTE 3 – LONG-TERM DEBT (cont.)

A. GENERAL OBLIGATION DEBT (cont.)

		Original Amount Borrowed	Repaid	Balance 12-31-16
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 – 3.0 – 3.375%	292,105	292,105	-
06/22/04	State Trust Fund Loan – 4%	213,746	213,746	-
04/14/09	Promissory Note – 1.60 – 3.85%	163,392	163,392	-
04/13/10	G.O. Refunding Bonds 1.0 – 3.25%	795,000	405,000	390,000
Totals		<u>\$ 3,160,750</u>	<u>\$ 2,770,750</u>	<u>\$ 390,000</u>

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

Calendar Year	Principal	Interest	Totals
2017	\$ 95,000	\$ 10,483	\$ 105,483
2018	95,000	7,775	102,775
2019	100,000	4,800	104,800
2020	100,000	1,625	101,625
Totals		<u>\$ 390,000</u>	<u>\$ 414,683</u>

		Original Amount Borrowed	Repaid	Balance 12-31-16
TIF District No. 5				
12/28/16	State Trust Fund Loan – 3.5%	\$ 850,000	\$ -	\$ 850,000

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

COMPILED
 NOTES TO FINANCIAL STATEMENTS
 From the Dates of Creation Through December 31, 2016

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>
2017	\$ -	\$ -	\$ -
2018	26,428	36,026	62,454
2019	33,629	28,825	62,454
2020	34,730	27,724	62,454
2021	36,021	26,433	62,454
2022-2026	199,858	112,412	312,270
2027-2031	237,383	74,886	312,269
2032-2036	281,951	30,315	312,266
Totals	<u>\$ 850,000</u>	<u>\$ 336,621</u>	<u>\$ 1,186,621</u>

B. NOTE ANTICIPATION NOTES

	<u>Original Amount Borrowed</u>	<u>Repaid</u>	<u>Balance 12-31-16</u>
TIF District No. 7			
10/21/15 Note Anticipation Notes – 1.250%	\$ 4,775,000	\$ -	\$ 4,775,000
Total	<u>\$ 4,775,000</u>	<u>\$ -</u>	<u>\$ 4,775,000</u>

Debt service requirements to maturity are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ -	\$ 59,688	\$ 59,688
2018	4,775,000	59,688	4,834,688
Totals	<u>\$ 4,775,000</u>	<u>\$ 119,376</u>	<u>\$ 4,894,376</u>

NOTE 4 – ADVANCES FROM/DUE TO CITY GENERAL FUND

The general fund is advancing funds to TIF Districts No. 4, 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.

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
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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. Since TIF District No. 2 had been sharing increments with TIF District No. 3, 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 – LOANS RECEIVABLE

At December 31, 2016, TIF District No. 4 had outstanding loans receivable totaling \$50,000. The loans are recorded as receivables and unavailable revenue. All repayments are current. The loans are considered to be project costs and are reflected in the recoverable cost schedule.

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

COMPILED
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – DEVELOPER AGREEMENTS

TIF District No. 6 has entered into a developer agreement where the city shall construct the city improvements and provide a development incentive grant in the amount of \$377,000. Grant disbursement and construction is expected to be completed in 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 TID has reimbursed \$3,763,230 as of December 31, 2016.

NOTE 9 – DEVELOPER PAYMENTS

No developer payments were made by TIF 3, 4, 5, 6 and 7 for 2016.

NOTE 10 – 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. TIF guarantee payment received in 2016 was \$16,491.

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 2016 was \$18,877.

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 2016.