

**TOWN OF MADISON
TAX INCREMENTAL FINANCING (TIF) DISTRICT NO. 2
MADISON, WISCONSIN**

COMPILED
FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2019

TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2

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From Date of Creation Through December 31, 2019

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**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
BALANCE SHEET
December 31, 2019

| | Capital Projects Fund | General Long-Term Obligations |
|--|-----------------------------|-------------------------------------|
| ASSETS AND OTHER DEBITS | | |
| Cash and investments | \$ 267,962 | \$ - |
| Taxes receivable | 748,012 | - |
| Amount to be provided for retirement of general obligation debt | - | 66,782 |
| | \$ 1,015,974 | \$ 66,782 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Accounts payable | 2,521 | - |
| Advance from other funds | 162,528 | - |
| Unearned revenues | 748,012 | - |
| General obligation debt payable | - | 66,782 |
| | 913,061 | 66,782 |
| Total Liabilities and Deferred Inflows of Resources | 913,061 | 66,782 |
| Fund Balances | | |
| Committed | 102,913 | - |
| Total Fund Balances | 102,913 | - |
| | \$ 1,015,974 | \$ 66,782 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| | \$ 1,015,974 | \$ 66,782 |

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019
and From Date of Creation Through December 31, 2019

| | <u>Year Ended</u> | <u>From Date of Creation</u> |
|--|-----------------------|----------------------------------|
| PROJECT COSTS | | |
| Project remediation expenditures | \$ 448,760 | \$ 3,683,981 |
| Administration | - | 88,023 |
| Total Costs | <u>448,760</u> | <u>3,772,004</u> |
| PROJECT REVENUES | | |
| Taxes | 790,355 | 3,855,292 |
| Intergovernmental | 18,149 | 406,938 |
| Investment income | - | 35,015 |
| Miscellaneous | - | 32,391 |
| Total Revenues | <u>808,504</u> | <u>4,329,636</u> |
| NET COST RECOVERED THROUGH TAX INCREMENTS – DECEMBER 31, 2019 | | |
| | <u>\$ 359,744</u> | <u>\$ 557,632</u> |

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2018
and From Date of Creation Through December 31, 2019

| | Year Ended | From Date of Creation |
|---|---------------|--------------------------|
| SOURCES OF FUNDS | | |
| Taxes | \$ 790,355 | \$ 3,855,292 |
| Intergovernmental | 18,149 | 406,938 |
| Investment income | - | 35,015 |
| Miscellaneous | - | 32,391 |
| Proceeds from long-term debt | - | 2,167,350 |
| | 808,504 | 6,496,986 |
| USES OF FUNDS | | |
| Project expenditures | 448,760 | 3,683,981 |
| Administration | - | 88,023 |
| Principal Paid | 64,434 | 2,100,568 |
| Interest and fiscal charges | 4,925 | 521,501 |
| | 518,119 | 6,394,073 |
| BEGINNING FUND BALANCE (DEFICIT) | (187,472) | |
| ENDING FUND BALANCE | \$ 102,913 | \$ 102,913 |

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Madison's Tax Incremental District No. 2 (the "District") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1106.

The Town of Madison uses the criteria set forth by the Governmental Accounting Standards Board to determine the scope of the reporting entity of Tax Incremental District No. 2. The accompanying financial statements reflect all the significant operations of the Town of Madison's Tax Incremental District No. 2.

A. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE

This report contains the financial information of the Town of Madison's Tax Incremental District No. 2. The summary statements were prepared from data recorded in the following funds:

Capital Projects Fund
Debt Service Fund

A detailed description of the purpose of these funds can be found in the Town of Madison's general purpose financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements may not directly correlate with amounts shown in the general purpose financial statements.

The District was created under the provisions of Wisconsin Act 13 and of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover remediation and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

The statutes allow the District to collect tax increments until the net project cost has been fully recovered, or until 27 years after the creation date, whichever occurs first. The Town of Madison entered into a Memorandum of Agreement with the City of Fitchburg, which states that no obligation under the District shall extend past the date of the attachment of the Town's territory under the Cooperative Agreement between the Town, the City of Fitchburg and the City of Madison. The Town further committed to closing the District on or before the date of the attachment of the Town's territory under the Cooperative Agreement.

| Original Project Plan | <u>Creation Date</u> | <u>Last Date to Incur Project Costs</u> | <u>Final Dissolution Date</u> |
|-----------------------|--------------------------|---|-----------------------------------|
| TID No. 2 | <u>January 1, 2006</u> | <u>October 30, 2022</u> | <u>October 30, 2022</u> |

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

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 Town is entitled to the aids.

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.

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 deferred revenue or a reservation of 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 general long-term obligations account group. The related expenditures are recognized when the liabilities are liquidated.

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

E. PROJECT PLAN BUDGET

The estimated revenues and expenditures of the District are adopted in the project plan. Those estimates are for the entire life of the District, and may not be comparable to interim results presented in this report.

F. LONG-TERM DEBT

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are recorded by the town in general long-term obligations account group, as shown in its general purpose financial statements.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, a liability is recorded in the general long-term obligations account group. The related expenditure is recognized when the liability is liquidated.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.04(2) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the town, maintains separate and common cash and investment accounts at the same financial institutions utilized by the town. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the Town of Madison as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION

All general obligation notes and bonds payable are backed by the full faith and credit of the Town of Madison. Notes and bonds borrowed to finance the District's expenditures will be retired by tax increments accumulated by the capital projects fund. If those revenues are not sufficient, payments will be made by future tax levies as applicable.

| <u>Title of Issue</u> | <u>Issue</u> | <u>Date</u> | <u>Rate</u> | <u>Indebtedness</u> | <u>Repaid</u> | <u>12/31/2019</u> |
|-----------------------|--------------|-------------|-------------|---------------------|---------------|-------------------|
| State Trust Fund Loan | 12/12/10 | 03/15/20 | 3.75 | \$ 517,350 | \$64,434 | <u>\$ 66,782</u> |
| Total | | | | | | |

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> |
|----------------------|------------------|-----------------|------------------|
| 2020 | <u>\$ 66,782</u> | <u>\$ 2,516</u> | <u>\$ 69,298</u> |
| Totals | <u>\$ 66,782</u> | <u>\$ 2,516</u> | <u>\$ 69,298</u> |

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
DETAILED SCHEDULE OF PROJECT EXPENDITURES
From Date of Creation Through December 31, 2019

| | Actual | Project Plan Estimate |
|--|-------------|-----------------------------|
| Land Acquisition | \$ - | \$ 750,000 |
| Streets, Landscaping and Right-of-Way Enhancements | 3,098,335 | 1,500,000 |
| Park Improvements | - | 250,000 |
| Acquisition Write-Down | - | 3,697,500 |
| Construction Write-Down | - | 7,395,000 |
| Environmental Remediation | - | 3,697,500 |
| Financing Costs | 521,501 | 213,000 |
| Professional Service Costs | 22,382 | 100,000 |
| Imputed Administrative Costs | 57,944 | 125,000 |
| Organizational Costs | - | 12,000 |
| TOTAL PROJECT EXPENDITURES | \$3,700,162 | \$17,740,000 |

**TOWN OF MADISON
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From Creation Date Through December 31, 2019

| | 2019 | Project Plan Estimate |
|----------------------------------|--------------|-----------------------------|
| SOURCES | | |
| Tax increments | \$ 3,855,292 | \$ 17,740,000 |
| Intergovernmental | 406,938 | - |
| Investment income | 35,015 | - |
| Miscellaneous | 32,391 | - |
| Proceeds of long-term debt | 2,167,350 | - |
| Total Sources | \$ 6,496,986 | \$ 17,740,000 |
| USES | | |
| Project expenditures | \$ 3,683,981 | \$ 17,290,000 |
| Administration | 88,023 | 237,000 |
| Interest and fiscal charges | 521,501 | 213,000 |
| Discount on long-term debt | - | - |
| Principal on long-term debt | 2,100,568 | - |
| Total Uses | \$ 6,394,073 | \$ 17,740,000 |
| FUND BALANCE - DECEMBER 31, 2019 | \$ 102,913 | |