

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICTS
NO. 6, NO. 8, NO. 9, NO. 11, NO. 12, AND NO. 13**
Sun Prairie, Wisconsin

COMPILED FINANCIAL STATEMENTS

Including Accountants' Compilation Report

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICTS
NO. 6, NO. 8, NO. 9, NO. 11, NO. 12, AND NO. 13**

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From the Date of Creation Through December 31, 2018

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**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICTS
NO. 6, NO. 8, NO. 9, NO. 11, NO. 12, AND NO. 13**

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From the Date of Creation Through December 31, 2018

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ACCOUNTANTS' COMPILATION REPORT

To the City Council
City of Sun Prairie
Sun Prairie, 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 Sun Prairie's Tax Incremental District No. 6, No. 8, No. 9, No. 11, No. 12 and No. 13 as of and for the year ended December 31, 2018 and from the dates 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 Sun Prairie 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 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
May 21, 2019

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 6**

COMPILED
BALANCE SHEET
As of December 31, 2018

	Debt Service Fund
ASSETS	
Taxes receivable	\$ 134,104
Other receivables	9,290
Due from general fund	30,845
TOTAL ASSETS	\$ 174,239
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advances from other funds	\$ 285,000
Total Liabilities	285,000
Deferred Inflows of Resources	
Unearned revenue	134,104
Unavailable revenue	9,290
Total Deferred Inflows of Resources	143,394
Fund Balance	
Unassigned (deficit)	(254,155)
Total Fund Balance (Deficit)	(254,155)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 174,239

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

**CITY OF SUN PRAIRIE
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

	Year Ended	From Date of Creation
PROJECT COSTS		
Project costs	\$ -	\$ 1,816,401
Professional services	2,073	9,456
Administration	-	800
Interest and fiscal charges	8,470	1,296,604
Discount and issuance costs on long-term debt	-	73,300
Payment to escrow agent - fees	-	28,668
Total Project Costs	10,543	3,225,229
PROJECT REVENUES		
Tax increments	133,509	2,121,634
Exempt computer aid	824	5,541
Investment income	254	68,938
Developer agreement revenues	4,966	556,717
Miscellaneous	131	12,172
Premium on long-term debt	-	5,567
Transfer from general fund	-	505
Transfer from general debt service fund (Note 5)	-	200,000
Total Project Revenues	139,684	2,971,074
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
	\$ (129,141)	\$ 254,155
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance deficit		\$ 254,155
NET COSTS RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
		\$ 254,155

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

**CITY OF SUN PRAIRIE
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		
Tax increments	\$ 133,509	\$ 2,121,634
Intergovernmental	824	5,541
Investment income	254	68,938
Developer agreement revenues	4,966	556,717
Miscellaneous	131	12,172
Transfer from general fund	-	505
Transfer from general debt service fund (Note 5)	-	200,000
Proceeds from long-term debt	-	5,318,258
Premium on long term debt	-	5,567
Total Sources of Funds	<u>139,684</u>	<u>8,289,332</u>
USES OF FUNDS		
Project costs	-	1,816,401
Professional services	2,073	9,456
Administration	-	800
Principal on long-term debt	-	5,318,258
Interest and fiscal charges	8,470	1,296,604
Discount and issuance costs on long-term debt	-	73,300
Payment to escrow agent - fees	-	28,668
Total Uses of Funds	<u>10,543</u>	<u>8,543,487</u>
Excess (Deficiency) of Sources of Funds Over Uses of Funds	129,141	(254,155)
FUND BALANCE (DEFICIT) - Beginning of Period	<u>(383,296)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (254,155)</u>	<u>\$ (254,155)</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 8**

COMPILED
BALANCE SHEET
As of December 31, 2018

	<u>Capital Projects Fund</u>
ASSETS	
Taxes receivable	\$ 1,979,047
Other receivables	<u>6,528</u>
TOTAL ASSETS	<u>\$ 1,985,575</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advance from other funds	\$ 1,391,191
Total Liabilities	<u>1,391,191</u>
Deferred Inflows of Resources	
Unearned revenue	1,978,116
Unavailable revenue	<u>3,180</u>
Total Deferred Inflows of Resources	<u>1,981,296</u>
Fund Balance	
Unassigned (deficit)	<u>(1,386,912)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,985,575</u>

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

**CITY OF SUN PRAIRIE
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

	Year Ended	From Date of Creation
PROJECT COSTS		
Project costs	\$ 14,375	\$ 19,452,012
Developer incentives	385,725	982,236
Professional services	23,540	60,738
Administration	9,547	32,271
Interest and fiscal charges	208,566	8,802,846
Discount and issuance costs on long-term debt	-	525,679
Total Project Costs	641,753	29,855,782
PROJECT REVENUES		
Tax increments	1,877,463	17,571,982
Intergovernmental	-	1,226,387
Exempt computer aid	23,734	47,124
Investment income	1,431	316,579
Developer agreement revenues	-	132,272
Miscellaneous	16,855	345,035
Sale of property	-	328,882
Transfer from general fund	-	71,631
Premium on long-term debt	-	92,568
Total Project Revenues	1,919,483	20,132,460
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2018	\$ (1,277,730)	\$ 9,723,322
RECONCILIATION OF RECOVERABLE COSTS		
Capital lease and G.O. Debt outstanding		\$ 8,336,410
Add: Fund balance deficit		1,386,912
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2018		\$ 9,723,322

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

**CITY OF SUN PRAIRIE
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

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 1,877,463	\$ 17,571,982
Intergovernmental	-	1,226,387
Exempt computer aid	23,734	47,124
Investment income	1,431	316,579
Sale of property	-	328,882
Developer agreement revenues	-	132,272
Miscellaneous	16,855	345,035
Proceeds from long-term debt	-	9,456,725
Premium on long-term debt	-	92,568
Proceeds from capital lease	-	28,566,410
Transfer from general fund	-	71,631
Total Sources of Funds	1,919,483	58,155,595
USES OF FUNDS		
Project costs	14,375	19,452,012
Developer incentives	385,725	982,236
Professional services	23,540	60,738
Administration	9,547	32,271
Principal on long-term debt	1,480,000	29,686,725
Interest and fiscal charges	208,566	8,802,846
Discount and issuance costs on long-term debt	-	525,679
Total Uses of Funds	2,121,753	59,542,507
Excess (Deficiency) of Sources of Funds Over Uses of Funds	(202,270)	(1,386,912)
FUND BALANCE (DEFICIT) - Beginning of Period	(1,184,642)	-
FUND BALANCE (DEFICIT) - END OF PERIOD	\$ (1,386,912)	\$ (1,386,912)

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 9**

COMPILED
BALANCE SHEET
As of December 31, 2018

	<u>Capital Projects Fund</u>
ASSETS	
Taxes receivable	\$ 1,295,818
TOTAL ASSETS	<u>\$ 1,295,818</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advance from other funds	\$ 714,542
Total Liabilities	<u>714,542</u>
Deferred Inflows of Resources	
Unearned revenue	<u>1,295,818</u>
Fund Balance	
Unassigned (deficit)	<u>(714,542)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,295,818</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 9**

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		
Project costs	\$ 206,978	\$ 9,336,011
Developer incentives	453,000	1,256,385
Professional services	3,178	30,504
Administration	12,729	77,729
Interest and fiscal charges	155,438	2,433,096
Discount and issuance costs on long-term debt	-	189,164
Total Project Costs	831,323	13,322,889
PROJECT REVENUES		
Tax increments	1,057,068	2,606,202
Exempt computer aid	31,648	85,938
Investment income	347	59,043
Miscellaneous	490	32,689
Sale of property	-	4,521,054
Premium on long-term debt	-	38,421
Total Project Revenues	1,089,553	7,343,347
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2018	\$ (258,230)	\$ 5,979,542
RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt outstanding		\$ 5,265,000
Add: Fund balance deficit		714,542
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2018		\$ 5,979,542

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 9**

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		
Tax increments	\$ 1,057,068	\$ 2,606,202
Exempt computer aid	31,648	85,938
Investment income	347	59,043
Miscellaneous	490	32,689
Sale of property	-	4,521,054
Proceeds from long-term debt	-	18,815,000
Premium on long-term debt	-	38,421
Total Sources of Funds	<u>1,089,553</u>	<u>26,158,347</u>
USES OF FUNDS		
Project costs	206,978	9,336,011
Developer incentives	453,000	1,256,385
Professional services	3,178	30,504
Administration	12,729	77,729
Principal on long-term debt	330,000	13,550,000
Interest and fiscal charges	155,438	2,433,096
Discount and issuance costs on long-term debt	-	189,164
Total Uses of Funds	<u>1,161,323</u>	<u>26,872,889</u>
Excess (Deficiency) of Sources of Funds Over Uses of Funds	(71,770)	(714,542)
FUND BALANCE (DEFICIT) - Beginning of Period	<u>(642,772)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF PERIOD	<u>\$ (714,542)</u>	<u>\$ (714,542)</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 11**

COMPILED
BALANCE SHEET
As of December 31, 2018

	<u>Capital Projects Fund</u>
ASSETS	
Taxes receivable	\$ 382,167
Due from general fund	<u>15,474</u>
TOTAL ASSETS	<u>\$ 397,641</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenue	<u>382,167</u>
Fund Balance	
Restricted	<u>15,474</u>
TOTAL DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 397,641</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 11**

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		
Professional services	\$ 11,269	\$ 113,215
Administration	15,911	63,103
Total Project Costs	27,180	176,318
PROJECT REVENUES		
Tax increments	\$ 119,610	\$ 170,278
Exempt computer aid	3,158	6,270
Investment Income	90	90
Miscellaneous	15,115	15,154
Total Project Revenues	137,973	191,792
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
	\$ (110,793)	\$ (15,474)
RECONCILIATION OF RECOVERABLE COSTS		
Fund balance		\$ (15,474)
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
		\$ (15,474)

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 11**

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		
Tax increments	\$ 119,610	\$ 170,278
Exempt computer aid	3,158	6,270
Investment Income	90	90
Miscellaneous	15,115	15,154
Total Sources of Funds	<u>137,973</u>	<u>191,792</u>
USES OF FUNDS		
Professional services	11,269	113,215
Administration	<u>15,911</u>	<u>63,103</u>
Total Uses of Funds	<u>27,180</u>	<u>176,318</u>
Excess of Sources Over Uses of Funds	110,793	15,474
FUND BALANCE (DEFICIT) - Beginning of Period	<u>(95,319)</u>	<u>-</u>
FUND BALANCE - END OF PERIOD	<u>\$ 15,474</u>	<u>\$ 15,474</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 12**

COMPILED
BALANCE SHEET
As of December 31, 2018

	<u>Capital Projects Fund</u>
ASSETS	
Taxes receivable	\$ 298,589
TOTAL ASSETS	<u>\$ 298,589</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advance from other funds	\$ 463,346
Total Liabilities	<u>463,346</u>
Deferred Inflows of Resources	
Unearned revenue	<u>298,589</u>
Total Deferred Inflows of Resources	<u>298,589</u>
Fund Balance	
Unassigned (deficit)	<u>(463,346)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 298,589</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 12**

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		
Project costs	\$ -	\$ 4,052,012
Administration	15,911	21,875
Professional services	3,748	54,019
Interest and fiscal charges	86,321	93,457
Total Project Costs	105,980	4,221,363
PROJECT REVENUES		
Property Taxes	52,917	52,917
Investment income	1,182	1,811
Miscellaneous	1,078	9,793
Premium on long-term debt	-	10,480
Total Project Revenues	2,260	75,001
NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
	\$ 103,720	\$ 4,146,362
RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt outstanding		\$ 3,683,016
Add: Fund balance deficit		463,346
NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
		\$ 4,146,362

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 12**

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		
Property Taxes	\$ 52,917	\$ 52,917
Investment income	1,182	1,811
Miscellaneous	1,078	9,793
Proceeds from long-term debt	-	4,104,536
Premium on long-term debt	-	10,480
Total Sources of Funds	55,177	4,179,537
USES OF FUNDS		
Project costs	-	4,052,012
Administration	15,911	21,875
Professional services	3,748	54,019
Principal on long-term debt	401,520	421,520
Interest and fiscal charges	86,321	93,457
Total Uses of Funds	507,500	4,642,883
Excess (deficiency) of Sources of Funds Over Uses of Funds	(452,323)	(463,346)
FUND BALANCE (DEFICIT) - Beginning of Period	(11,023)	-
FUND BALANCE (DEFICIT) - END OF PERIOD	\$ (463,346)	\$ (463,346)

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 13**

COMPILED
BALANCE SHEET
As of December 31, 2018

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 1,879,675
Taxes receivable	<u>59,528</u>
TOTAL ASSETS	<u>\$ 1,939,203</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 823,359
Advance from other funds	<u>62,964</u>
Total Liabilities	<u>886,323</u>
Deferred Inflows of Resources	
Unearned revenue	<u>59,528</u>
Total Deferred Inflows of Resources	<u>59,528</u>
Fund Balance	
Restricted	<u>993,352</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,939,203</u>

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 13**

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		
Project costs	\$ 2,713,662	\$ 2,713,662
Administration	9,547	9,547
Professional services	25,088	25,088
Total Project Costs	2,748,297	2,748,297
PROJECT REVENUES		
Investment income	40,933	40,933
Miscellaneous	716	716
Total Project Revenues	41,649	41,649
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
	\$ 2,706,648	\$ 2,706,648
 RECONCILIATION OF RECOVERABLE COSTS		
G.O. Debt outstanding		\$ 3,700,000
Less: Fund balance		(993,352)
 NET COST RECOVERABLE THROUGH TAX INCREMENTS - DECEMBER 31, 2018		
		\$ 2,706,648

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICT NO. 13**

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		
Investment income	\$ 40,933	\$ 40,933
Miscellaneous	716	716
Proceeds from long-term debt	3,700,000	3,700,000
Total Sources of Funds	3,741,649	3,741,649
USES OF FUNDS		
Project costs	2,713,662	2,713,662
Administration	9,547	9,547
Professional services	25,088	25,088
Total Uses of Funds	2,748,297	2,748,297
Excess of Sources of Funds Over Uses of Funds		
FUND BALANCE - Beginning of Period	-	-
FUND BALANCE - END OF PERIOD	\$ -	\$ -

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

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICTS
NO. 6, NO. 8, NO. 9, NO. 11, NO. 12, AND NO. 13**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018 and
From the Date of Creation Through December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Sun Prairie, Wisconsin's Tax Incremental Districts (TID) No. 6, No. 8, No. 9, No. 11, No. 12 and No. 13. (the "districts") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Sun Prairie 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. 6, No. 8, No. 9, No. 11, No. 12 and No. 13. The accompanying financial statements reflect all the significant operations of the City of Sun Prairie's Tax Incremental Districts No. 6, No. 8, No. 9, No. 11, No. 12 and No. 13. The accompanying financial statements do not include the full presentation of the City of Sun Prairie.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Sun Prairie's Tax Incremental Districts No. 6, No. 8, No. 9, No. 11, No. 12 and No. 13. The summary statements were prepared from data recorded in the following funds and the city's long-term debt.

Tax Incremental District No. 6 – Debt Service Fund
Tax Incremental District No. 8 – Capital Projects Fund
Tax Incremental District No. 9 – Capital Projects Fund
Tax Incremental District No. 11 – Capital Projects Fund
Tax Incremental District No. 12 – Capital Projects Fund
Tax Incremental District No. 13 – Capital Projects Fund

Detailed descriptions of the purpose of these funds can be found in the City of Sun Prairie'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 district. 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 a certain number of years after the creation date, whichever occurs first. The life of the districts varies from 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Project costs uncollected at the dissolution date are absorbed by the City of Sun Prairie. Project costs may be incurred up to five years before the unextended termination date of the district.

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

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

Original Project Plan

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 6	April 15, 1997	April 15, 2015	2020
TID No. 8	December 27, 2001	December 27, 2023	2029
TID No. 9	March 28, 2007	March 28, 2022	2027
TID No. 11	December 2, 2014	December 2, 2036	2042
TID No. 12	August 2, 2016	August 2, 2031	2037
TID No. 13	September 26, 2017	September 26, 2032	2038

Plan Amendments

	<u>Adoption Date</u>	<u>Last Date to Incur Project Costs</u>
TID No. 8	August 18, 2004	December 27, 2023
TID No. 9	August 20, 2013	March 28, 2022
TID No. 12	April 18, 2017	August 2, 2031

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 expenditures are 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.

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 an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The districts invest 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.

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

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NOTE 3 – LONG-TERM DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the City of Sun Prairie. Notes, bonds and capital leases issued to finance the districts' expenditures will be retired by tax increments accumulated by the debt service and capital project funds. If those revenues are not sufficient, payments will be made by future tax levies.

	<u>Borrowed</u>	<u>Repaid</u>	<u>Balance 12-31-18</u>
TID NO. 6			
1997 refunding bonds dated April 1, 1997 with interest from 4.0% to 5.5%. Original maturity was February 1, 2017. These bonds were paid off during 2009. The TID No. 6 share of the total original proceeds of \$4,225,000 was \$345,259. During 2005 a portion of the 1997 refunding bonds were refunded. TID No. 6 share of the \$2,185,000 refunding was \$101,547.	\$ 345,259	\$ 345,259	\$ -
1998 taxable notes dated June 30, 1998 with interest from 5.83% to 6.16%. Final maturity was June 1, 2008. TID No. 6 share of original proceeds of \$2,745,000 was \$514,663.	514,663	514,663	-
1999 bond anticipation notes dated November 2, 1999 with interest at 4.58%. Final maturity was November 2, 2000. TID No. 6 share of original proceeds of \$2,995,000 was \$893,246.	893,246	893,246	-
2000 bond anticipation notes dated November 2, 2000 with interest at 4.89%. Final maturity was May 2, 2001. TID No. 6 share of original proceeds of \$3,135,000 was \$934,995.	934,995	934,995	-
2000 capital lease dated December 15, 2000. Final maturity was February 1, 2010. During 2009 a portion of the 2000 capital lease was refunded. TID No. 6 share of the \$6,300,000 refunding was \$1,205,000.	1,330,000	1,330,000	-
2005 refunding bonds dated August 1, 2005 with interest from 3.50% to 4.25%. Final maturity is February 1, 2018. The TID No. 6 share of the total original proceeds of \$5,875,000 was \$171,031.	171,031	171,031	-

**CITY OF SUN PRAIRIE
TAX INCREMENTAL DISTRICTS
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NOTE 3 – LONG-TERM DEBT (cont.)

	Borrowed	Repaid	Balance 12-31-18
TID NO. 6 (cont.)			
2009 capital lease dated August 4, 2009 with interest from 1.20% to 4.50%. Final maturity is February 1, 2020. The TID No. 6 share of the total original proceeds of \$6,300,000 was \$1,071,790.	\$ 1,071,790	\$ 1,071,790	\$ -
2013 refunding bonds dated November 19, 2013 with interest from 2.0% to 3.0%. Final maturity is February 1, 2018. The TID No. 6 share of the total original proceeds of \$4,135,000 was \$57,274.	57,274	57,274	-
Totals	\$ 5,318,258	\$ 5,318,258	\$ -
TID NO. 8			
2001 bond anticipation note dated December 28, 2001. This note was paid off.	\$ 263,700	\$ 263,700	\$ -
2001 promissory note dated December 28, 2001. This note was paid off.	1,418,025	1,418,025	-
2002 bond anticipation notes dated June 24, 2002. Final maturity was August 1, 2005.	4,755,000	4,755,000	-
2003 capital lease dated December 22, 2003. Final maturity is August 1, 2023.	2,500,000	2,500,000	-
2005 capital lease dated March 23, 2005. Final maturity is August 1, 2015.	10,965,000	10,965,000	-
2006 capital lease dated Mach 28, 2006. Final maturity is August 1, 2016.	3,865,000	3,865,000	-
2008 general obligation bonds dated November 6, 2008 with interest from 4.00% to 4.125%. Final maturity is October 1, 2018. The TID No. 8 share of the total original proceeds of \$5,500,000 was \$505,000.	505,000	505,000	-
2009 general obligation bonds dated July 15, 2009 with interest from 2.0% to 4.25%. Final maturity is April 1, 2024. The TID No. 8 share of the total original proceeds of \$8,735,000 was \$875,000.	875,000	875,000	-

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NOTE 3 – LONG-TERM DEBT (cont.)

	Borrowed	Repaid	Balance 12-31-18
TID NO. 8 (cont.)			
2013 general obligation bonds dated July 2, 2013 with interest from 1.5% to 2.0%. Final maturity is February 1, 2023. The TID No. 8 share of the total original proceeds of \$8,945,000 was \$265,000.	\$ 265,000	\$ 265,000	\$ -
2014 capital lease dated June 24, 2014. Final maturity is August 1, 2024.	11,236,410	4,185,000	7,051,410
2016 general obligation bonds dated October 26, 2016 with interest from 2.0% to 3.0%. Final maturity is April 1, 2026. The TID No. 8 share of the total original proceeds of \$11,285,000 was \$1,375,000.	1,375,000	90,000	1,285,000
Totals	\$ 38,023,135	\$ 29,686,725	\$ 8,336,410
TID NO. 9			
2007 general obligation corporate purpose bonds dated October 2, 2007 with interest from 3.75% to 3.90%. Final maturity is April 1, 2022. TID No. 9's share of original proceeds of \$4,165,000 was \$1,000,000.	\$ 1,000,000	\$ 1,000,000	\$ -
2007 taxable note anticipation note dated March 27, 2007 with interest rate of 5.375%. Final maturity was April 1, 2009.	7,700,000	7,700,000	-
2009 taxable general obligation note dated March 24, 2009 with interest rate of 3.875%. Final maturity is April 1, 2015, when the entire balance is due.	4,200,000	4,200,000	-
2013 general obligation bonds dated July 2, 2013 with interest from 1.5% to 2.0%. Final maturity is February 1, 2023. The TID No. 9 share of the total original proceeds of \$8,945,000 was \$1,045,000.	1,045,000	250,000	795,000
2014B general obligation promissory note dated July 8, 2014 with interest from 1.5% to 2.3%. Final maturity is February 1, 2024. The TID No. 9 share of the total original proceeds of \$5,970,000 was \$555,000.	555,000	50,000	505,000

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NOTE 3 – LONG-TERM DEBT (cont.)

	Borrowed	Repaid	Balance 12-31-18
TID NO. 9 (cont.)			
2014C general obligation bonds dated July 8, 2014 with interest from 1.5% to 2.3%. Final maturity is February 1, 2027.	\$ 4,315,000	\$ 350,000	\$ 3,965,000
Totals	\$ 18,815,000	\$ 13,550,000	\$ 5,265,000
TID NO. 12			
2016 general obligation bonds dated October 26, 2016 with interest from 2.0% to 3.0%. Final maturity is April 1, 2026. The TID No. 12 share of the total original proceeds of \$11,285,000 was \$200,000.	\$ 200,000	\$ 40,000	\$ 160,000
2017 State Trust Fund Loan dated August 9, 2017 with interest of 3.5%. Final maturity is March 15, 2027. The TID No. 12 share of the total original proceeds of \$4,931,000 was \$3,904,536.	3,904,536	381,520	3,523,016
Totals	\$ 4,104,536	\$ 421,520	\$ 3,683,016
TID NO. 13			
2018 State Trust Fund Loan dated March 29, 2018 with interest of 3.0%. Final maturity is March 15, 2020.	\$ 3,700,000	\$ -	\$ 3,700,000

Calendar Year	TID No. 8			TID No. 9		
	Principal	Interest	Totals	Principal	Interest	Totals
2019	\$ 1,560,000	\$ 198,253	\$ 1,758,253	\$ 430,000	\$ 148,450	\$ 578,450
2020	1,570,000	174,893	1,744,893	525,000	138,450	663,450
2021	1,600,000	147,103	1,747,103	650,000	124,909	774,909
2022	1,640,000	115,168	1,755,168	810,000	106,491	916,491
2023	1,675,000	79,648	1,754,648	610,000	86,644	696,644
2024	171,410	41,410	212,820	630,000	67,298	697,298
2025	60,000	2,100	62,100	515,000	48,468	563,468
2026	60,000	600	60,600	535,000	30,216	565,216
2027	-	-	-	560,000	10,360	570,360
Totals	\$ 8,336,410	\$ 759,175	\$ 9,095,585	\$ 5,265,000	\$ 761,286	\$ 6,026,286

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NOTE 3 – LONG-TERM DEBT (cont.)

Calendar Year	TID No. 12			TID No. 13		
	Principal	Interest	Totals	Principal	Interest	Totals
2019	\$ 359,836	\$ 127,406	\$ 487,242	\$ 1,824,833	\$ 106,742	\$ 1,931,575
2020	371,425	115,217	486,642	1,875,167	56,409	1,931,576
2021	384,030	102,011	486,041	-	-	-
2022	396,771	88,670	485,441	-	-	-
2023	409,958	74,883	484,841	-	-	-
2024	423,443	60,898	484,341	-	-	-
2025	437,727	46,114	483,841	-	-	-
2026	452,347	30,994	483,341	-	-	-
2027	447,479	15,662	463,141	-	-	-
Totals	<u>\$ 3,683,016</u>	<u>\$ 661,855</u>	<u>\$ 4,344,871</u>	<u>\$ 3,700,000</u>	<u>\$ 163,151</u>	<u>\$ 3,863,151</u>

NOTE 4 – ADVANCES FROM OTHER FUNDS

The City of Sun Prairie's general fund advanced funds to TID Nos. 8, 9, 11, 12 and 13. The wastewater utility advanced funds to TID No. 6. No repayment schedules have been determined for the advances. No interest is being charged. The advance balances at year end are as follows:

Receivable Fund	Payable Fund	Amount
General	TID No. 8	\$ 1,391,191
General	TID No. 9	714,542
General	TID No. 12	463,346
General	TID No. 13	62,964
Wastewater	TID No. 6	285,000

In addition, there are additional interfund receivables/payables due within one year as follows:

Receivable Fund	Payable Fund	Amount
TID No. 6	General	\$ 30,845
TID No. 11	General	15,474

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NOTE 5 – TRANSFERS

In 2001, the city's general debt service fund transferred \$200,000 to TID No. 6 for the city's share of a TID No. 6 project.

In 2003, the city's general fund transferred funds to No. 6 and No. 8 to fund the amount of city engineering costs charged to TID projects.

NOTE 6 – OPTION AGREEMENTS

In December 2000, the city entered into an agreement with a developer which provides the city with a repurchase option for developable land in TID No. 6. This agreement stipulates that as part of closing, purchasers of land in TID No. 6 grant the developer and the city the right to repurchase the parcel at the original sale price.

NOTE 7 – DEVELOPER AGREEMENTS

TID NO. 6

The City of Sun Prairie entered into a developer agreement with Knaus Development (developer). In the event the developer fails to complete or cause to be completed the agreed upon improvements within the established time period, the developer is required to pay the city liquidated damages. The liquidated damages would be equal to the current mill rate percent times the total construction cost of the improvements which were not constructed in a timely manner, as determined in accordance with a reputable and standard construction cost index used by reputable professional commercial real estate appraisers in the Sun Prairie market, plus a cost per foot for each lot or parcel of land within TID No. 6 on which developer has failed to timely construct or cause to be constructed the improvements. The effect of the calculation of liquidated damages is to reimburse the city for the difference between the TID No. 6 tax increment amount that was anticipated based on the approved construction timeline and the actual amount that was certified.

The sum calculated will be paid by the developer to the city on an annual basis, until the developer has cured all defaults of the agreement. In the event that the developer fails to make the required payments by the due date, the developer shall be obligated to pay to the city, in addition to the required sums, interest from the due date to the date such sums are paid at the rate of 15% per annum, in addition to the costs of collection including attorney fees, to which the city is entitled under this developer agreement to enforce such obligation. During 2018, \$4,966 was collected from the developer. Total payments imposed and collected as of December 31, 2018 were \$556,717.

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NOTE 7 – DEVELOPER AGREEMENTS (cont.)

TID NO. 8

The City of Sun Prairie entered into a development agreement with Great Neighborhoods East, LLC (subdivider). In the event the subdivider does not construct the agreed upon building improvements within the established time period, the subdivider agrees to make, for any year between 2005 through 2008, a payment to the city, (a “shortfall payment(s)”) equal to the difference in the actual substantiated construction costs and the required minimum cumulative construction cost times a rate of \$23.47 per \$1,000 of construction cost shortfall. If, for any year between 2005 through 2008, the actual construction costs for improvements within TID No. 8 exceeds the minimum costs for the period in question, the excess value of such excess costs (computed at the same \$23.47 per \$1,000 of construction cost) will be tracked and shall be paid to subdivider and applied as a retroactive credit against shortfall payments already made by the subdivider or credited against future payments otherwise required by the subdivider. The agreement covered construction guarantees through 2008. They have exceeded their minimum construction values and no additional payments are due. Cumulative shortfall payments imposed and collected as of December 31, 2018 were \$132,272.

The City of Sun Prairie entered into a developer agreement with GenCap, LLC for Phase IV of TID No. 8 redevelopment. In addition to the potential shortfall payments due, the city agreed to pay the developer an economic incentive payment should the developer construct agreed upon building improvements on a specific lot by December 31, 2011. During 2012, the city paid the developer for the economic incentive related to the improvements; however, the payment was offset by shortfall payments due from 2010 and 2011. No payments were made during 2018. As of December 31, 2018, the cumulative net payments made to the developer were \$125,000.

The City of Sun Prairie entered into a development agreement with Lighthouse Acquisition Group, LLC for Phase III of TID No. 8 redevelopment. In the event that the developer does not construct the agreed upon building improvements within the established time period, the developer agrees to make, for any year between 2015 through 2025, a payment to the city (“shortfall payment”) equal to the difference in the actual substantiated construction costs and the required minimum cumulative construction costs times a rate of \$22.50 per \$1,000 of construction cost shortfall. If the assessed value of the property exceeds a minimum value defined in the development agreement for the tax collection years between 2013 through 2024, the city agrees to provide the developer with an economic incentive payment equal to the property taxes paid on the value in excess of the minimum value defined in the agreement. As of December 31, 2018, no shortfall payments have been assessed. \$163,666 in economic development incentives were expended for the year ended December 31, 2018. As of December 31, 2018, the cumulative payments made to the developer were \$635,177.

The City of Sun Prairie entered into a developer agreement with 132 Market Street, Co. for assistance related to environmental remediation within TID No. 8. The developer agreed to guarantee an increased minimum assessed valuation on the property for the tax years 2019 through 2029 or until the closure of the district, if sooner. The City agreed to reimburse the developer for environmental assessment and remediation up to \$159,500. An amendment to the original developer agreement allowed for an additional remediation reimbursement from the City in an amount not to exceed \$65,789. Upon completion of all defined performance deadlines, the City agreed to provide an additional one-time development incentive of \$50,000. Payments to the developer both cumulatively and during 2018 were \$222,059.

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NOTE 7 – DEVELOPER AGREEMENTS (cont.)

TID NO. 9

A developer agreement exists between the City of Sun Prairie and 2G Engineering. Incentive payments totaling \$138,000 were made during 2015. No developer payments were made during the current year.

The City of Sun Prairie entered into a developer agreement with B&G Realty, LLC (Prairie Lakes-Marcus Theater) for development incentives and land division improvements in TID No. 9. The city made annual incentive payments from 2016 through 2018 totaling \$212,385. The incentive payment made in 2018 was \$75,000.

The city entered into an agreement with Prairie Lakes to expand TID No. 9. Upon certain conditions, the city is to pay up to \$1.65 million over five years beginning in 2017. The city made a payment of \$300,000 in 2018. Cumulative payments related to this agreement total \$750,000 as of December 31, 2018.

The city entered into an agreement with Cabela's Wholesale, Inc. Upon certain conditions the city is to pay up to \$260,000 over three years based on assessed value beginning in 2017. The city made a payment of \$78,000 in 2018 with cumulative payments related to this agreement of \$156,000 as of December 31, 2018.