City of Medford
Tax Incremental District Number Eleven
Medford, Wisconsin

FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS' REPORT

From Date of Creation Through December 31, 2018

City of Medford, Wisconsin
Tax Incremental District Number Eleven

DECEMBER 31, 2018

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Independent auditors' report

To the Honorable Mayor and City Council
City of Medford, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Medford Tax Incremental District Number Eleven, Medford, Wisconsin (the "District"), which comprise the Balance Sheet as of December 31, 2018, and the related Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and the Historical Summary of Sources, Uses and Status of Funds from the date the District was created through December 31, 2018, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Wisconsin Department of Revenue. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and the net project costs to be recovered through tax increments as of December 31, 2018, and the sources, uses and status of funds from the creation date of the District through December 31, 2018 on the basis of the financial reporting provisions of the Wisconsin Department of Revenue as described in Note 1.

EMPHASIS OF MATTER

As discussed in Note 1, the financial statements present only the City of Medford Tax Incremental District Number Eleven and do not purport to, and do not, present fairly the financial position of the City of Medford, Wisconsin as of December 31, 2018, the changes in its financial position from the date of creation through December 31, 2018 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

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, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Tax Incremental District Number Eleven of the City of Medford, Wisconsin. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY TAX INCREMENTAL DISTRICT LAWS AND REGULATIONS

In accordance with tax incremental district laws and regulations, we have also issued our report dated April 26, 2019 on our test of compliance with Wisconsin State Statutes 66.1105 and the project plan. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with tax incremental district laws and regulations in considering the City of Medford, Wisconsin's compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 26, 2019

City of Medford, Wisconsin
Tax Incremental District Number Eleven

BALANCE SHEET
DECEMBER 31, 2018

ASSETS		
Cash and investments	$	18,129
Taxes receivable		76,187
Total assets	$	94,316
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Deferred inflows of resources		
Property taxes levied for subsequent year	$	76,187
Fund balance		
Restricted for TID project plan		18,129
Total deferred inflows of resources and fund balance	$	94,316

The notes to the financial statements are an integral part of this statement.

City of Medford, Wisconsin
Tax Incremental District Number Eleven

HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS FROM DATE OF CREATION THROUGH DECEMBER 31, 2018

	2018	From Date of Creation
PROJECT COSTS		
Project plan capital expenditures	$ -	$ 301,797
Professional services	-	5,439
Administrative	1,779	11,455
Interest and fiscal charges	-	14,841
Transfers	75,000	170,000
Total project costs	76,779	503,532
PROJECT REVENUES		
Tax increments	83,957	500,516
Intergovernmental	2,094	21,036
Investment income	-	109
Total project revenues	86,051	521,661
Net cost recoverable through tax increments - December 31, 2018	$ (9,272)	$ (18,129)

The notes to the financial statements are an integral part of this statement.

City of Medford, Wisconsin
Tax Incremental District Number Eleven

HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS FROM DATE OF CREATION THROUGH DECEMBER 31, 2018

	2018	From Date of Creation
SOURCES OF FUNDS		
Tax increments	$ 83,957	$ 500,516
Intergovernmental	2,094	21,036
Investment income	-	109
Debt proceeds	-	55,883
Total sources	86,051	577,544
USES OF FUNDS		
Project plan capital expenditures	-	301,797
Professional services	-	5,439
Administrative	1,779	11,455
Interest and fiscal charges	-	14,841
Transfers	75,000	170,000
Principal payments	-	55,883
Total uses	76,779	559,415
Net change in fund balance	9,272	18,129
Fund balance - beginning	8,857	-
Fund balance - ending	$ 18,129	$ 18,129

The notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Medford's Tax Incremental District Number Eleven (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Wisconsin Statutes Section 66.1105 establishes reporting requirements for the District. The significant accounting principles and policies utilized by the City of Medford in preparing the financial statements of Tax Incremental District Number Eleven are described below:

A. REPORTING ENTITY

This report contains the financial information of the City of Medford's Tax Incremental District Number Eleven. The summary schedules were prepared from data recorded in the District's capital project fund of the City of Medford and are presented in a format prescribed by the Wisconsin Department of Revenue.

The District was 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 municipality to collect tax increments until the net project cost has been fully recovered, or until 23 years after the creation date, whichever occurs first. Under certain conditions, the City may declare a tax incremental district distressed, which allows the City to extend the life of the District 10 years past the original termination date, or severely distressed, which allows the City to extend the life of the District 40 years from the creation date. Project costs uncollected at the dissolution date are absorbed by the City of Medford.

Listed below are the significant dates applicable to the City of Medford's Tax Incremental District Number Eleven:

Creation date	September 28, 1999
Latest date to incur project expenditures	September 28, 2017
Latest termination date	September 16, 2030

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District's financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Project plan expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

District increments are recorded as revenues in the year due. Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues are recognized when received in cash or when measurable and available.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

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. ASSETS, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

1. **Cash and Investments**

   Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. **Property Taxes**

   When the District was created, the value of all taxable property within the defined boundaries of the District was determined by the Wisconsin Department of Revenue. This value is known as the base value of the District, and remains unchanged through the life of the District unless the City amends District boundaries to add or remove properties. The Wisconsin Department of Revenue annually certifies the current value of all taxable property within the District.

   Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement.

   Property taxes collected on the base value are shared with the overlying taxing jurisdictions while property taxes collected on the growth in value, also known as the increment value, are retained by the City as tax increment revenue. The City uses the tax increment revenue to pay for approved project plan expenditures. A summary of taxable value within the District as of December 31, 2018 follows:

Current Value	Base Value	Increment Value
$ 4,288,000	$ 1,184,000	$ 3,104,000

3. **Deferred Inflows of Resources**

   In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflows of resource (revenue) until that time.

4. **Long-term Obligations**
   The District recognizes bond premiums and discounts, as well as bond issuance costs, during the period when received or paid. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums received, discounts on debt issuance, issuance costs and interest on long-term debt are considered financing costs recoverable from revenues of the District.

5. **Fund Balance**
   Fund balance is reported in various categories for TID funds based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:
   - **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
   - **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
   - **Unassigned fund balance.** Only deficit amounts are shown in this category.

E. PROJECT PLAN BUDGET

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

NOTE 2: CASH AND TEMPORARY INVESTMENTS

The District invests in funds in accordance with the provisions of the Wisconsin Statutes 66.0603(lm) and 67.11(2).

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction at the measurement date. 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 City, maintains common cash and investment accounts. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Medford as an individual municipality and, accordingly, the amount of insured funds is not determinable for the District.

NOTE 3: INCREMENT SHARING

As allowable under Wisconsin Statutes Section 66.1105, the District may share positive increments. The City and joint review board approved sharing increments from Tax Incremental District Number Eleven (donor district) to Tax Incremental Districts Numbers Six and Eight (donee districts). Transfers are reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2016. Tax increment sharing is valid for the life of the donee district or 10 years past the original termination date for the donor district, whichever comes first. Transfers between districts are subject to various conditions in the statutes. As of December 31, 2018, $170,000 has been transferred between the districts.

City of Medford, Wisconsin
Tax Incremental District Number Eleven

SCHEDULE OF FINANCIAL TRANSACTIONS
FOR THE PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2018

	2000	2001	2002	2003	2004	2005	2006
REVENUES							
Tax increments	$ 227	$ 5,732	$ 5,186	$ 6,936	$ 7,335	$ 5,436	$ 14,666
Intergovernmental	-	871	1,011	977	643	542	463
Investment income	-	-	109	-	-	-	-
Total revenues	227	6,603	6,306	7,913	7,978	5,978	15,129
EXPENDITURES							
Project plan capital expenditures	30,700	-	-	19,076	-	-	-
Professional services	-	95	-	500	-	-	780
Administrative	-	-	-	-	-	-	-
Debt service							
Principal	-	658	988	987	988	988	-
Interest, fiscal and debt issuance costs	714	1,735	1,457	1,412	1,365	1,320	637
Total expenditures	31,414	2,488	2,445	21,975	2,353	2,308	1,417
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(31,187)	4,115	3,861	(14,062)	5,625	3,670	13,712
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	-
Debt issued	30,700	-	-	-	-	-	25,183
Payment to current note holder	-	-	-	-	-	-	(26,091)
Total other financing sources (uses)	30,700	-	-	-	-	-	(908)
Net change in fund balance	(487)	4,115	3,861	(14,062)	5,625	3,670	12,804
Fund balance - beginning	-	(487)	3,628	7,489	(6,573)	(948)	2,722
Fund balance - ending	$ (487)	$ 3,628	$ 7,489	$ (6,573)	$ (948)	$ 2,722	$ 15,526

City of Medford, Wisconsin
Tax Incremental District Number Eleven

SCHEDULE OF FINANCIAL TRANSACTIONS
FOR THE PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2018

	2007	2008	2009	2010	2011	2012	2013
REVENUES							
Tax increments	$ 22,957	$ 28,897	$ 24,280	$ 43,153	$ 4,320	$ 37,174	$ 28,611
Intergovernmental	398	1,018	805	108	213	138	3,149
Investment income	-	-	-	-	-	-	-
Total revenues	23,355	29,915	25,085	43,261	4,533	37,312	31,760
EXPENDITURES							
Project plan capital expenditures	-	-	-	-	-	11,500	190,442
Professional services	1,305	422	500	500	250	250	279
Administrative	500	750	875	750	871	849	848
Debt service							
Principal	1,053	1,377	1,538	648	729	729	19,109
Interest, fiscal and debt issuance costs	1,206	937	887	831	807	780	753
Total expenditures	4,064	3,486	3,800	2,729	2,657	14,108	211,431
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,291	26,429	21,285	40,532	1,876	23,204	(179,671)
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-
Payment to current note holder	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	19,291	26,429	21,285	40,532	1,876	23,204	(179,671)
Fund balance - beginning	15,526	34,817	61,246	82,531	123,063	124,939	148,143
Fund balance - ending	$ 34,817	$ 61,246	$ 82,531	$ 123,063	$ 124,939	$ 148,143	$ (31,528)

City of Medford, Wisconsin
Tax Incremental District Number Eleven

SCHEDULE OF FINANCIAL TRANSACTIONS
FOR THE PERIOD JANUARY 1, 2000 THROUGH DECEMBER 31, 2018

	2014	2015	2016	2017	2018	Total	Project Plan Budget
REVENUES							
Tax increments	$ 28,475	$ 26,069	$ 40,771	$ 86,334	$ 83,957	$ 500,516	$ 3,139,879
Intergovernmental	2,020	1,242	3,280	2,064	2,094	21,036	-
Investment income	-	-	-	-	-	109	-
Total revenues	30,495	27,311	44,051	88,398	86,051	521,661	3,139,879
EXPENDITURES							
Project plan capital expenditures	9,797	-	17,240	23,042	-	301,797	1,546,500
Professional services	279	279	-	-	-	5,439	30,000
Administrative	849	1,524	150	1,710	1,779	11,455	-
Debt service							
Principal	-	-	-	-	-	29,792	-
Interest, fiscal and debt issuance costs	-	-	-	-	-	14,841	496,905
Total expenditures	10,925	1,803	17,390	24,752	1,779	363,324	2,073,405
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,570	25,508	26,661	63,646	84,272	158,337	$ 1,066,474
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	(30,000)	(65,000)	(75,000)	(170,000)	
Debt issued	-	-	-	-	-	55,883	
Payment to current note holder	-	-	-	-	-	(26,091)	
Total other financing sources (uses)	-	-	(30,000)	(65,000)	(75,000)	(140,208)	
Net change in fund balance	19,570	25,508	(3,339)	(1,354)	9,272	18,129	
Fund balance - beginning	(31,528)	(11,958)	13,550	10,211	8,857	-	
Fund balance - ending	$ (11,958)	$ 13,550	$ 10,211	$ 8,857	$ 18,129	$ 18,129	

CliftonLarsonAllen LLP
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Independent auditors' report on compliance with tax incremental financing district laws and regulations

To the Honorable Mayor and City Council
City of Medford, Wisconsin

We have audited the accompanying financial statements of the City of Medford, Wisconsin's Tax Incremental District Number Eleven (the "District"), which comprise the Balance Sheet as of December 31, 2018, and the related Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and the Historical Summary of Sources, Uses and Status of Funds from the date the District was created through December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2019.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with tax increment financing district laws, regulations and the project plan is the responsibility of the City of Medford, Wisconsin's management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatement, we performed tests of the District's compliance with Wisconsin State Statutes Section 66.1105 and the project plan. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Medford, Wisconsin complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Medford, Wisconsin had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the Honorable Mayor and City Council, management, and overlapping taxing districts and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Certified Public Accountants

Green Bay, Wisconsin
April 26, 2019