

City of St. Francis Tax Incremental District No. 5

Financial Statements and
Supplementary Information

December 31, 2025

City of St. Francis Tax Incremental District No. 5

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Accountants' Compilation Report

To the City Council of
City of St. Francis

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 St. Francis' Tax Incremental District No. 5 (District or TID No. 5) as of and for the year ended December 31, 2025 and from the date of creation through December 31, 2024, 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 District and do not purport to, and do not, present fairly the financial position of the City of St. Francis as of December 31, 2025, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such 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, economical or historical context.

Baker Tilly US, LLP

Milwaukee, Wisconsin
August 13, 2026

City of St. Francis Tax Incremental District No. 5

Balance Sheet

December 31, 2025

	Capital Projects Fund
Assets	
Cash	\$ 3,039,723
Taxes receivable	<u>3,355,887</u>
Total assets	<u><u>\$ 6,395,610</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 257,856
Deposits	<u>34,000</u>
Total liabilities	<u>291,856</u>
Deferred Inflows of Resources	
Unearned revenue	<u>3,355,887</u>
Fund Balance	
Restricted	<u>2,747,867</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 6,395,610</u></u>

See notes to financial statements

City of St. Francis Tax Incremental District No. 5

Historical Summary of Project Costs, Project Revenues

and Net Cost to Be Recovered Through Tax Increments

Year Ended December 31, 2025 and From the Date of Creation Through December 31, 2025

	<u>Year Ended</u>	<u>From the Date of Creation</u>
Project Costs		
Capital expenditures	\$ 479,405	\$ 8,668,626
Administration, in house	224,825	2,449,238
Professional services	185,900	370,253
Developer incentives	3,557,674	10,924,982
Debt issuance costs	-	122,600
Interest expense	428,433	1,660,646
Transfers to TID No. 3 and TID No. 4	-	43,620
	<u>4,876,237</u>	<u>24,239,965</u>
Total project costs		
	<u>4,876,237</u>	<u>24,239,965</u>
Project Revenues		
Tax increment	3,360,602	15,074,847
Intergovernmental	35,781	273,060
Miscellaneous	21,311	495,386
Transfers from other funds	-	309,640
	<u>3,417,694</u>	<u>16,152,933</u>
Total project revenues		
	<u>3,417,694</u>	<u>16,152,933</u>
Net costs recoverable (recovered) through tax increments, December 31, 2025	<u>\$ 1,458,543</u>	<u>\$ 8,087,032</u>
Reconciliation of Recoverable Costs		
G.O. debt outstanding		\$ 10,834,899
Less fund balance		<u>(2,747,867)</u>
Net costs recoverable through tax increments, December 31, 2025		<u>\$ 8,087,032</u>

City of St. Francis Tax Incremental District No. 5

Historical Summary of Sources, Uses and Status of Funds

Year Ended December 31, 2025 and From the Date of Creation Through December 31, 2025

	<u>Year Ended</u>	<u>From the Date of Creation</u>
Sources of Funds		
Tax increment	\$ 3,360,602	\$ 15,074,847
Intergovernmental	35,781	273,060
Long-term debt issued	-	21,986,501
Miscellaneous	21,311	495,386
Transfers from other funds	-	309,640
	<u>3,417,694</u>	<u>38,139,434</u>
Total sources of funds		
	<u>3,417,694</u>	<u>38,139,434</u>
Use of Funds		
Capital expenditures	479,405	8,668,626
Administration, in house	224,825	2,449,238
Professional services	185,900	370,253
Developer incentive	3,557,674	10,924,982
Debt issuance costs	-	122,600
Principal	1,190,582	11,151,602
Transfers out	-	43,620
Interest	331,196	1,660,646
	<u>5,969,582</u>	<u>35,391,567</u>
Total uses of funds		
	<u>5,969,582</u>	<u>35,391,567</u>
Excess of sources of funds over uses of funds	(2,551,888)	2,747,867
Beginning Fund Balance	<u>5,299,755</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,747,867</u>	<u>\$ 2,747,867</u>

See notes to financial statements

City of St. Francis Tax Incremental District No. 5

Notes to Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies

The accounting policies of the City of St. Francis' Tax Incremental District No. 5 (the District or TID. No 5) conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of St. Francis (the City) has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of the District. The accompanying financial statements reflect all the significant operations of the District. The accompanying financial statements do not include the full presentation of the City.

Description of Fund Structure and Long-Term Debt

This report contains the financial information of the District. The summary statements were prepared from data recorded in the following fund and the City's long-term debt:

TID No. 5 Capital Projects Fund

A detailed description of the purpose of this fund can be found in the City's basic financial statements.

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

The 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 District to collect tax increments until the net project cost has been fully recovered, or until 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City. Project costs may be incurred up to five years before the unextended termination date of the District.

Original Project Plan

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 5	January 1, 2015	July 21, 2030	2036

Plan Amendment

	<u>Adoption Date</u>	<u>Last Date to Incur Project Costs</u>
TID No. 5	July 21, 2015	July 21, 2030
TID No. 5	December 3, 2019	July 21, 2030

City of St. Francis Tax Incremental District No. 5

Notes to Financial Statements
December 31, 2024

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.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measurement Focus

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

Project Plan 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.

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.

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.

City of St. Francis Tax Incremental District No. 5

Notes to Financial Statements

December 31, 2024

2. Cash and Temporary Investments

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

3. Long-Term Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds borrowed to finance the District's expenditures will be retired by tax increments accumulated by the TID No. 5 capital projects fund. If those revenues are not sufficient, payments will be made by future tax levies or utility revenues, as applicable.

Title of Issue	Date of Issue	Due Date	Interest Rate	Original Indebtedness	Repaid	Balance 12/31/2025
State Trust Fund Loan	07/07/21	03/15/31	3.00 %	\$ 3,560,000	\$ 1,319,664	\$ 2,240,336
State Trust Fund Loan	12/09/19	03/15/36	4.00	7,100,000	7,100,000	-
State Trust Fund Loan	12/27/18	03/15/28	4.25	246,501	246,501	-
2021 G.O Refunding	03/24/21	03/01/36	1.55-2.10	7,080,000	1,765,000	5,315,000
State Trust Fund Loan	10/18/22	03/15/32	4.00	4,000,000	720,437	3,279,563
Total				<u>\$ 21,986,501</u>	<u>\$ 11,151,602</u>	<u>\$ 10,834,899</u>

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

Calendar Year	Principal	Interest	Total
2026	\$ 1,221,643	\$ 295,985	\$ 1,517,628
2027	1,258,645	259,683	1,518,328
2028	1,296,230	222,597	1,518,827
2029	1,305,599	184,864	1,490,463
2030	1,340,638	147,424	1,488,062
2031-2035	3,892,144	254,508	4,146,652
2036	520,000	5,460	525,460
Total	<u>\$ 10,834,899</u>	<u>\$ 1,370,521</u>	<u>\$ 12,205,420</u>

City of St. Francis Tax Incremental District No. 5

Notes to Financial Statements
December 31, 2024

4. Increment Sharing

As allowable under TID statutes, the City may share positive TID increments. In 2015, the City and the joint review board approved sharing increments from TID No. 5 (Donor District) to TID No. 3 (Donee District). Transfers were approved to begin in 2017. In 2019, the City and the joint review board approved sharing increments from TID No. 5 (Donor District) to TID No. 4 (Donee District). Transfers were approved to begin in 2024. TID No. 5 did not have any positive increment to share in 2024. TID increment sharing is valid for the life of the Donor District or the Recipient District, whichever date comes first, and the life of the Donor District may not be extended. Transfers between districts are subject to various conditions in the statutes.

5. Developer Agreements

The City, has entered into an agreement with a developer, Bear St. Francis 1, LLC relating to the District. The agreement states that the City agrees to provide a loan to the developer for an amount of \$7.1 million in eleven installments based on final occupancy of the constructed buildings. The developer is obligated to increase the increment assigned to the District by a minimum amount of \$24 million and pay real estate taxes based on assessed value of improvements annually through September 1, 2036. If any real estate shortfall occurs, the developer is obligated to make a default payments to the City as a TIF Loan Repayment Deficiency. Payments made during 2025 totaled \$0.

City of St. Francis Tax Incremental District No. 5

Detailed Schedule of Sources, Uses and Status of Funds
 From the Date of Creation Through December 31, 2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	Project Plan Estimate
Sources of Funds													
Tax increments	\$ -	\$ -	\$ -	\$ 109,327	\$ 299,282	\$ 358,523	\$ 935,542	\$ 2,658,553	\$ 3,511,676	\$ 3,841,342	\$ 3,360,602	\$ 15,074,847	\$ 84,877,645
Intergovernmental	-	-	1,388	28,725	29,420	35,547	41,217	65,201	-	35,781	35,781	273,060	-
Long-term debt issued	-	-	-	246,501	7,100,000	-	10,640,000	4,000,000	-	-	-	21,986,501	2,146,501
Interest earnings	-	-	-	-	-	-	-	-	-	-	-	-	1,840,514
Miscellaneous	-	1,000	-	87,401	9,052	27,056	275,053	32,515	20,022	21,976	21,311	495,386	429,410
Transfers from other funds	-	-	-	-	-	-	-	309,640	-	-	-	309,640	-
Total sources of funds	-	1,000	1,388	471,954	7,437,754	421,126	11,891,812	7,065,909	3,531,698	3,899,099	3,417,694	38,139,434	89,294,070
Uses of Funds													
Capital expenditures	109,460	124,431	1,398	581,617	25,478	250,388	4,206,576	918,098	972,799	998,976	479,405	8,668,626	3,391,907
Administration, in house	38,816	45,608	83,546	421,583	315,089	318,666	288,515	275,286	217,944	219,360	224,825	2,449,238	3,000,000
Professional services	-	-	-	-	-	-	-	-	74,252	110,101	185,900	370,253	-
Developer incentive	-	-	-	-	3,436,704	3,823,077	107,527	-	-	-	3,557,674	10,924,982	53,435,623
Debt issuance costs	-	-	-	-	-	-	122,600	-	-	-	-	122,600	-
Principal	-	-	-	-	-	21,086	7,325,415	765,138	751,986	1,097,395	1,190,582	11,151,602	-
Interest	-	-	-	-	-	12,744	460,347	206,687	221,239	428,433	331,196	1,660,646	2,765,341
Transfers to TID No. 3 and TID No. 4	-	-	-	-	-	-	43,620	-	-	-	-	43,620	2,607,980
Total uses of funds	148,276	170,039	84,944	1,003,200	3,777,271	4,425,961	12,554,600	2,165,209	2,238,220	2,854,265	5,969,582	35,391,567	65,200,851
Fund Balance, December 31, 2025												\$ 2,747,867	