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City of Madison
Tax Incremental District No. 48

Financial Statements and
Supplementary Information

December 31, 2025

Table of Contents
December 31, 2025

Independent Auditors' Report

To the Common Council of
City of Madison

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost Recovered Through Tax Increments and Historical Summary of Sources, Uses and Status of Funds of the City of Madison's Tax Incremental District No. 48 (the District) as of December 31, 2025 and from the date of creation through December 31, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District and the net project costs recovered through tax increments as of December 31, 2025 and the sources, uses and status of funds from the date of creation through December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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 Madison, Wisconsin, as of December 31, 2025, and the changes in 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. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. 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. Such 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. The 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated July 17, 2026 on our tests of its compliance with Wisconsin State Statutes Section 66.1105. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Baker Tilly US, LLP

Madison, Wisconsin
July 17, 2026

City of Madison Tax Incremental District No. 48

Balance Sheet
December 31, 2025

	Capital Projects Fund
Assets	
Cash and investments	$ 9,664,648
Taxes receivable	6,719,991
Prepaid items	76
Total assets	$ 16,384,715
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accrued liabilities	$ 1,376
Deferred Inflows of Resources	
Unearned revenue	6,719,991
Fund Balance	
Restricted	9,663,348
Total liabilities, deferred inflows of resources and fund balance	$ 16,384,715

See notes to financial statements

City of Madison Tax Incremental District No. 48

Historical Summary of Project Costs, Project Revenues and
Net Cost Recovered Through Tax Increments
From the Date of Creation Through December 31, 2025

Project Costs		
Capital expenditures	$	57,302
Administration (in-house)		61,240
Professional services, planning, engineering, other		8,335
Total project costs		260,118
Project Revenues		
Tax increments		7,213,862
Exempt computer aid		188,735
Investment income		207,938
Total project revenues		7,610,535
Net cost recovered through tax increments, December 31, 2025	$	(7,350,417)
Reconciliation of Recoverable Costs		
G.O. debt	$	2,312,931
Less fund balance		(9,663,348)
Net cost recovered through tax increments, December 31, 2025	$	(7,350,417)

See notes to financial statements

City of Madison Tax Incremental District No. 48

Historical Summary of Sources, Uses and Status of Funds
From the Date of Creation Through December 31, 2025

Sources of Funds	
Tax increments	$ 7,213,862
Exempt computer aid	188,735
Investment income	207,938
Long-term debt issued	2,550,000
Total sources of funds	10,160,535
Use of Funds	
Capital expenditures	57,302
Administration (in-house)	61,240
Professional services, planning, engineering, other	8,335
Interest and fiscal charges on long-term debt	133,241
Principal on long-term debt	237,069
Total uses of funds	497,187
Fund Balance, December 31, 2025	$ 9,663,348

See notes to financial statements

1. Summary of Significant Accounting Policies

The accounting policies of the City of Madison's Tax Incremental District No. 48 (the District) conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Madison (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 City fund and long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt 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 improvement 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 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.

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 48	January 1, 2021	July 20, 2036	2042

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
Amendment 1	July 2, 2024	July 20, 2036	2042
Amendment 2	July 15, 2025	July 20, 2036	2042

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 District 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.

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. Advances From Capital Projects Fund

The City capital project fund advances funds to the District when the District is in a negative cash position. No interest on advances has been charged. There is no advance outstanding as of December 31, 2025.

4. Long-Term Debt

General Obligation Debt

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

Title of Issue	Date of Issue	Due Date	Interest Rate	Original Indebtedness	Repaid	Balance 12/31/25
G.O. Promissory Notes	09/05/24	10/01/43	4.00-5.00 %	$ 2,500,000	$ 237,069	$ 2,262,931
G.O. Promissory Notes	09/10/25	10/01/44	4.00-5.00	50,000	-	50,000
Total				$ 2,550,000	$ 237,069	$ 2,312,931

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

Calendar Year	Principal	Interest	Total
2026	$ 241,271	$ 115,038	$ 356,309
2027	241,271	102,830	344,101
2028	241,271	90,766	332,037
2029	241,271	78,702	319,973
2030	241,271	66,639	307,910
2031	241,271	54,575	295,846
2032	241,271	42,512	283,783
2033	241,271	30,448	271,719
2034	241,271	18,385	259,656
2035	19,179	6,321	25,500
2036	15,222	5,362	20,584
2037	15,222	4,601	19,823
2038	15,222	3,840	19,062
2039	15,222	3,079	18,301
2040	15,220	2,470	17,690
2041	15,220	1,860	17,080
2042	15,220	1,250	16,470
2043	15,220	637	15,857
2044	545	25	570
Total	$ 2,312,931	$ 629,340	$ 2,942,271

City of Madison Tax Incremental District No.

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

	2021	2022	2023	2024	2025	Total	Project Plan Estimate
Sources of Funds							
Tax increments	$ -	$ -	$ 787,863	$ 2,486,810	$ 3,939,189	$ 7,213,862	$ 32,975,000
Exempt computer aid	-	-	-	-	188,735	188,735	-
Investment income	-	-	-	-	207,938	207,938	-
Long-term debt issued	-	-	-	2,500,000	50,000	2,550,000	25,509,000
Total sources of funds	-	-	787,863	4,986,810	4,385,862	10,160,535	58,484,000
Uses of Funds							
Capital expenditures	-	24,407	25,593	-	7,302	57,302	25,363,000
Administration (in-house)	4,805	9,211	9,642	18,880	18,702	61,240	250,000
Professional services, planning, engineering, other	-	1,800	1,839	2,389	2,307	8,335	250,000
Interest and fiscal charges on long-term debt	-	-	-	-	133,241	133,241	7,112,000
Principal on long-term debt	-	-	-	-	237,069	237,069	25,509,000
Total uses of funds	4,805	35,418	37,074	21,269	398,621	497,187	58,484,000
Fund Balance, December 31, 2025						$ 9,663,348	

City of Madison Tax Incremental District No. 48

Detailed Schedule of Capital, Administration and Professional Services Expenditures
From the Date of Creation Through December 31, 2025

	Actual	Project Plan Estimate
Capital, administration and professional services expenditures:		
Public improvements	$ 57,302	$ 15,363,000
CDA Revitalization	-	10,000,000
Administration and professional services	69,575	500,000
Total	$ 126,877	$ 25,863,000

Independent Auditors' Report on Legal and Other Regulatory Requirements

To the Common Council of
City of Madison

We have audited the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost Recovered Through Tax Increments and the related Historical Summary of Sources, Uses and Status of Funds of the City of Madison, Wisconsin's Tax Incremental District No. 48 (the District) as of December 31, 2025 and from the date the District was created through December 31, 2025 and have issued our report thereon dated July 17, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with Wisconsin State Statutes Section 66.1105, insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

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

Baker Tilly US, LLP

Madison, Wisconsin
July 17, 2026