

New Issue

Rating Application Made: S&P Global Ratings

**ADDENDUM DATED SEPTEMBER 10, 2021
TO PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2021**

CITY OF MERRILL, WISCONSIN
(Lincoln County)

**\$1,130,000 GENERAL OBLIGATION PROMISSORY NOTES, SERIES
2021B**

The correct attachments for Appendices B and D have been included.

Following is the revised Preliminary Official Statement dated September 9, 2021

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2021

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF MERRILL, WISCONSIN (Lincoln County)

\$1,130,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021B

BID OPENING: September 16, 2021, 10:30 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. September 16, 2021 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The \$1,130,000* General Obligation Promissory Notes, Series 2021B (the "Notes") of the City of Merrill, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including capital projects and equipment acquisition. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: October 5, 2021

MATURITY: October 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2022	\$110,000	2026	\$110,000	2030	\$115,000
2023	110,000	2027	110,000	2031	125,000
2024	110,000	2028	115,000		
2025	110,000	2029	115,000		

*** MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, \$50,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: April 1, 2022 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on October 1, 2029 and thereafter are subject to call for prior optional redemption on October 1, 2028 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: \$1,116,440.

MAXIMUM BID: \$1,197,800.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$22,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF MERRILL COMMON COUNCIL

		<u>Term Expires</u>
Derek Woellner	Mayor	April 2022
Rick Blake	Aldersperson	April 2022
Steve Hass	Aldersperson	April 2022
Steve Osness	Aldersperson	April 2022
Mike Rick, Jr.	Aldersperson	April 2022
Paul Russell	Aldersperson	April 2022
Steve Sabatke	Aldersperson	April 2022
John Van Lieshout	Aldersperson	April 2022
Mark Weix	Aldersperson	April 2022

ADMINISTRATION

Dave Johnson, City Administrator
Katherine Unertl, Finance Director/Treasurer
Tom Hayden, City Attorney
William Heideman, City Clerk

PROFESSIONAL SERVICES

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Merrill, Wisconsin (the "City") and the issuance of its \$1,130,000* General Obligation Promissory Notes, Series 2021B (the "Notes" or the "Series 2021B Notes"). **The Common Council will adopt a resolution on September 14, 2021 (the "Parameters Resolution"), which will authorize the Finance Director/Treasurer and the City Administrator to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on September 16, 2021, the Finance Director/Treasurer and the City Administrator will not have the authority to accept a bid for the Notes, and all bids for the Notes will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of October 5, 2021. The Notes will mature on October 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Parameters Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after October 1, 2029 shall be subject to optional redemption prior to maturity on October 1, 2028 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued by the City pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including capital projects and equipment acquisition.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	<u>\$1,130,000</u>	
Total Sources		\$1,130,000
Uses		
Estimated Underwriter's Discount (1.200%)	\$13,560	
Costs of Issuance	45,500	
Deposit to Project Construction Fund	1,070,699	
Rounding Amount	<u>241</u>	
Total Uses		\$1,130,000

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrepealable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "A-" by S&P Global Ratings ("S&P").

The City has requested a rating on the Notes from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Notes is less than the principal amount payable at maturity, such Notes ("Discounted Notes") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Note over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Notes were sold (issue price). With respect to a taxpayer who purchases a Discounted Note in the initial public offering at the issue price and who holds such Discounted Note to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Note for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Note upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Note, on days that are determined by reference to the maturity date of such Discounted Note. The amount treated as original issue discount on a Discounted Note for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Note (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Note at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Note during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Note the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Note is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Note is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Note (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Note that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Notes may result in certain collateral federal income tax consequences for the owners of such Discounted Notes. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Notes at a price other than the issue price or who purchase such Discounted Notes in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Notes. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Notes.

BOND PREMIUM

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Notes") will be considered to have bond premium.

Any Premium Note purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Note is calculated on a daily basis from the issue date of such Premium Note until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Note that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

Owners of Premium Notes who did not purchase such Premium Notes in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Notes. Owners of Premium Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Notes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2020 have been audited by CliftonLarsonAllen LLP, Wausau, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should review this Official Statement, including the appendices, in its entirety.

Taxes: The Notes are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State of Wisconsin (the "State") may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Parameters Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the City and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the City, including the duration of the outbreak and future measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. Schools remained closed for the duration of the 2019-2020 school year, but certain non-essential businesses were allowed to open operations on a limited basis during this time, including curbside pickup, delivery, mailings and minimum basic operations.

Also on April 16, 2020, former President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on former President Trump's guidelines. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$158,088. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The City's allocation is \$947,041.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the City. The City cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the City may materially adversely affect the financial condition of the City (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$487,323,100
2021 Equalized Value Reduced by Tax Increment Valuation	\$426,622,400
2020 Assessed Value	\$417,345,860

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 319,088,900	65.478%
Commercial	116,186,500	23.842%
Manufacturing	35,623,000	7.310%
Agricultural	43,100	0.009%
Undeveloped	59,800	0.012%
Ag Forest	4,000	0.001%
Forest	20,000	0.004%
Personal Property	16,297,800	3.344%
Total	<u><u>\$ 487,323,100</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2017	\$410,015,680	\$402,356,200	9.59%
2018	407,643,570	420,695,800	4.56%
2019	412,682,400	445,884,400	5.99%
2020	417,345,860	464,066,900	4.08%
2021	Not Available ²	487,323,100	5.01%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

² 2021 Assessed Values are not yet available.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2020 Equalized Value¹	Percent of City's Total Equalized Value
Church Mutual Insurance Company	Insurance Company	\$15,514,660	3.34%
Wal-Mart Properties ²	Retail	12,253,437	2.64%
S C Swiderski LLC	Apartments	8,239,388	1.78%
Park City Credit Union	Financial - Credit Union	8,233,480	1.77%
Lincoln Wood	Windows & Doors Manufacturer	6,234,416	1.34%
Merrill Ridge Plaza	Retail	5,591,271	1.20%
Prairie River Properties/FREMARQ	Curtain Walls	4,948,461	1.07%
Marshfield Clinic	Medical Clinic	4,921,338	1.06%
Rock Ridge Apartments	Apartment Rentals	4,589,230	0.99%
1211 West Water St. (Agra)	Agricultural - Steel Fabrication	4,298,085	0.93%
Total		\$74,823,766	16.12%
City's Total 2020 Equalized Value ³		\$464,066,900	

Source: The City.

¹ Calculated by dividing the 2020 Assessed Values by the 2020 Aggregate Ratio of assessment for the City. 2021 data is not yet available.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation. 2020 taxpayer information is the latest available.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt
(includes the Series 2021B Notes and the Concurrent Obligations, as defined herein)* \$20,860,000

Revenue Debt (see schedules following)

Total revenue debt secured by tax increment revenues from TID No. 3	<u>\$ 3,755,000</u>
Total revenue debt secured by tax increment revenues from TID No. 4	<u>\$ 390,000</u>
Total revenue debt secured by tax increment revenues from TID No. 11*	<u>\$ 1,785,000</u>
Total revenue debt secured by water revenues	<u>\$ 1,044,957</u>

Temporary Revenue Debt

Issue Date	Name of Issue	Final Maturity	Principal Outstanding
9/30/21	Taxable Tax Increment Revenue Bond Anticipation Note (TID No. 10)*	10/1/26	\$570,000

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Notes.

City of Merrill, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 10/05/2021)

Dated Amount Maturity	Corporate Purpose Bonds Series 2013A		Promissory Notes Series 2016A		Corporate Purpose Bonds Series 2016B		Corporate Purpose Bonds Series 2017C		Promissory Notes Series 2017D	
	09/04/2013 \$4,290,000	11/01 Final Maturity 05/01	10/11/2016 \$2,095,000	10/01	10/11/2016 \$4,095,000	10/01	10/26/2017 \$3,210,000	10/01	10/26/2017 \$860,000	10/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	190,000	56,394	0	0	0	0	0	0	0	0
2022	195,000	107,088	295,000	25,463	275,000	64,631	170,000	75,250	90,000	10,883
2023	200,000	101,238	300,000	21,775	275,000	59,131	170,000	70,150	90,000	9,353
2024	205,000	95,238	300,000	17,725	285,000	53,631	180,000	65,050	90,000	7,823
2025	215,000	88,063	305,000	13,225	290,000	47,931	180,000	61,450	95,000	6,113
2026	225,000	80,538	310,000	6,820	285,000	42,131	185,000	57,850	100,000	4,308
2027	235,000	72,663			170,000	36,431	180,000	52,300	105,000	2,258
2028	240,000	63,850			175,000	33,031	125,000	46,900		
2029	250,000	54,250			180,000	29,531	135,000	43,150		
2030	260,000	44,250			180,000	25,706	140,000	39,100		
2031	265,000	33,850			145,000	21,881	140,000	34,900		
2032	270,000	23,250			150,000	18,619	145,000	30,700		
2033	290,000	6,090			150,000	15,244	155,000	26,350		
2034					155,000	11,681	160,000	21,700		
2035					155,000	8,000	165,000	16,500		
2036					165,000	4,125	165,000	11,138		
2037							165,000	5,569		
2038										
2039										
2040										
2041										
	3,040,000	826,759	1,510,000	85,008	3,035,000	471,706	2,560,000	658,056	570,000	40,735

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City of Merrill, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 10/05/2021)

Dated Amount	Maturity	Promissory Notes Series 2018A	Corporate Purpose Bonds Series 2018B		Corporate Purpose Bonds Series 2019A		Corporate Purpose Bonds Series 2020C		Corporate Purpose Bonds Series 2021A	
		09/27/2018 \$1,310,000	09/27/2018 \$1,575,000	10/01 Final Maturity 04/01	11/05/2019 \$1,945,000	10/01	11/17/2020 \$3,430,000	05/01	10/05/2021 \$1,680,000*	10/01
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Estimated Interest
2021		0	0	0	0	0	48,088	0	0	0
2022		125,000	24,864	65,000	44,655	60,000	91,275	245,000	40,000	32,122
2023		130,000	22,114	65,000	43,225	60,000	81,375	250,000	40,000	32,143
2024		130,000	19,059	65,000	41,600	60,000	71,975	220,000	40,000	31,803
2025		135,000	15,809	70,000	39,975	70,000	63,975	180,000	40,000	31,463
2026		140,000	12,265	70,000	38,050	70,000	57,075	165,000	40,000	31,123
2027		140,000	8,415	70,000	36,125	75,000	50,475	165,000	40,000	30,583
2028		150,000	2,213	80,000	34,060	75,000	43,875	165,000	40,000	30,043
2029				80,000	31,700	75,000	38,725	185,000	45,000	29,503
2030				80,000	29,140	110,000	35,425	145,000	45,000	28,738
2031				85,000	26,580	115,000	32,525	145,000	40,000	27,973
2032				85,000	23,733	120,000	29,575	150,000	125,000	27,293
2033				90,000	20,885	120,000	26,428	155,000	130,000	25,043
2034				95,000	17,735	125,000	23,134	155,000	130,000	22,573
2035				100,000	14,410	125,000	19,647	155,000	135,000	20,038
2036				105,000	10,810	135,000	15,966	155,000	140,000	17,270
2037				95,000	7,030	135,000	12,188	155,000	140,000	14,260
2038				95,000	1,758	125,000	8,438	145,000	140,000	11,110
2039						135,000	4,750	150,000	150,000	7,890
2040							1,438	115,000	90,000	4,365
2041									90,000	2,205
		950,000	104,738	1,395,000	461,470	1,790,000	756,350	3,200,000	1,680,000	457,534

* Preliminary, subject to change.

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City of Merrill, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 10/05/2021)

Promissory Notes
Series 2021B

Dated Amount	10/05/2021 \$1,130,000*										
Maturity	10/01										
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending			
2021	0	0	190,000	104,481	294,481	20,670,000	.91%	2021			
2022	110,000	12,210	1,670,000	534,202	2,204,202	19,000,000	8.92%	2022			
2023	110,000	11,798	1,690,000	496,263	2,186,263	17,310,000	17.02%	2023			
2024	110,000	11,193	1,685,000	457,258	2,142,258	15,625,000	25.10%	2024			
2025	110,000	10,423	1,690,000	418,788	2,108,788	13,935,000	33.20%	2025			
2026	110,000	9,488	1,700,000	377,909	2,077,909	12,235,000	41.35%	2026			
2027	110,000	8,333	1,290,000	333,744	1,623,744	10,945,000	47.53%	2027			
2028	115,000	7,013	1,165,000	294,896	1,459,896	9,780,000	53.12%	2028			
2029	115,000	5,460	1,065,000	263,981	1,328,981	8,715,000	58.22%	2029			
2030	115,000	3,850	1,075,000	236,184	1,311,184	7,640,000	63.37%	2030			
2031	125,000	2,125	1,060,000	207,334	1,267,334	6,580,000	68.46%	2031			
2032			1,045,000	178,081	1,223,081	5,535,000	73.47%	2032			
2033			1,090,000	142,252	1,232,252	4,445,000	78.69%	2033			
2034			820,000	116,336	936,336	3,625,000	82.62%	2034			
2035			835,000	95,138	930,138	2,790,000	86.63%	2035			
2036			865,000	72,883	937,883	1,925,000	90.77%	2036			
2037			690,000	49,246	739,246	1,235,000	94.08%	2037			
2038			505,000	28,130	533,130	730,000	96.50%	2038			
2039			435,000	16,184	451,184	295,000	98.59%	2039			
2040			205,000	5,803	210,803	90,000	99.57%	2040			
2041			90,000	2,205	92,205	0	100.00%	2041			
	1,130,000	81,890	20,860,000	4,431,297	25,291,297						

* Preliminary, subject to change.

**City of Merrill, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Tax Increment Revenues from TID #3
(As of 10/05/2021)**

**Tax Increment Revenue Refunding
Bonds (TID No. 3)
Series 2020D**

Dated Amount	11/30/2020 \$4,420,000							
Maturity	10/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	660,000	75,100	660,000	75,100	735,100	3,095,000	17.58%	2022
2023	675,000	61,900	675,000	61,900	736,900	2,420,000	35.55%	2023
2024	690,000	48,400	690,000	48,400	738,400	1,730,000	53.93%	2024
2025	700,000	34,600	700,000	34,600	734,600	1,030,000	72.57%	2025
2026	1,030,000	20,600	1,030,000	20,600	1,050,600	0	100.00%	2026
	3,755,000	240,600	3,755,000	240,600	3,995,600			

City of Merrill, Wisconsin

Schedule of Bonded Indebtedness

Revenue Debt Secured by Tax Increment Revenues from TID #4

(As of 10/05/2021)

**Tax Increment Revenue Bond
(TID No. 4)
Series 2017B**

City of Merrill, Wisconsin Schedule of Bonded Indebtedness

Tax Increment Revenue Bond (TID No. 11) Series 2021								
Dated Amount	09/30/2021 \$1,215,000*							
Maturity	10/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	25,000	42,525	25,000	42,525	67,525	1,190,000	2.06%	2022
2023	25,000	41,650	25,000	41,650	66,650	1,165,000	4.12%	2023
2024	60,000	40,775	60,000	40,775	100,775	1,105,000	9.05%	2024
2025	60,000	38,675	60,000	38,675	98,675	1,045,000	13.99%	2025
2026	65,000	36,575	65,000	36,575	101,575	980,000	19.34%	2026
2027	65,000	34,300	65,000	34,300	99,300	915,000	24.69%	2027
2028	70,000	32,025	70,000	32,025	102,025	845,000	30.45%	2028
2029	75,000	29,575	75,000	29,575	104,575	770,000	36.63%	2029
2030	75,000	26,950	75,000	26,950	101,950	695,000	42.80%	2030
2031	75,000	24,325	75,000	24,325	99,325	620,000	48.97%	2031
2032	80,000	21,700	80,000	21,700	101,700	540,000	55.56%	2032
2033	85,000	18,900	85,000	18,900	103,900	455,000	62.55%	2033
2034	85,000	15,925	85,000	15,925	100,925	370,000	69.55%	2034
2035	85,000	12,950	85,000	12,950	97,950	285,000	76.54%	2035
2036	90,000	9,975	90,000	9,975	99,975	195,000	83.95%	2036
2037	95,000	6,825	95,000	6,825	101,825	100,000	91.77%	2037
2038	100,000	3,500	100,000	3,500	103,500	0	100.00%	2038
	1,215,000	437,150	1,215,000	437,150	1,652,150			

* Preliminary, subject to change.

City of Merrill, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 10/05/2021)

Water System Revenue Bonds
(SDWFL)
Series 2012

Dated Amount	09/26/2012 \$1,745,386	
Maturity	05/01	
Calendar Year Ending	Principal	Interest
2021	0	10,058
2022	86,201	19,286
2023	87,861	17,610
2024	89,552	15,903
2025	91,276	14,162
2026	93,033	12,388
2027	94,824	10,580
2028	96,649	8,737
2029	98,510	6,859
2030	100,406	4,944
2031	102,339	2,993
2032	104,309	1,004
	1,044,957	124,525

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
0	10,058	10,058	1,044,957	.00%	2021
86,201	19,286	105,487	958,756	8.25%	2022
87,861	17,610	105,471	870,896	16.66%	2023
89,552	15,903	105,455	781,344	25.23%	2024
91,276	14,162	105,438	690,068	33.96%	2025
93,033	12,388	105,421	597,035	42.87%	2026
94,824	10,580	105,404	502,212	51.94%	2027
96,649	8,737	105,386	405,563	61.19%	2028
98,510	6,859	105,368	307,053	70.62%	2029
100,406	4,944	105,350	206,647	80.22%	2030
102,339	2,993	105,332	104,309	90.02%	2031
104,309	1,004	105,313	0	100.00%	2032
1,044,957	124,525	1,169,483			

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

2021 Equalized Value	\$487,323,100
Multiply by 5%	0.05
Statutory Debt Limit	<u>\$ 24,366,155</u>
Less: General Obligation Debt*	<u>(20,860,000)</u>
Unused Debt Limit*	<u><u>\$ 3,506,155</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2021 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Lincoln County	\$2,834,274,100	17.1939%	\$ 13,900,000	\$ 2,389,952
Merrill Area Public Schools	1,380,220,673 ⁴	33.6227%	1,125,524	378,432
North Central Technical College District	19,305,734,605 ⁴	2.4038%	46,780,000	1,124,498
City's Share of Total Overlapping Debt				<u><u>\$ 3,892,882</u></u>

¹ Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁴ 2020 equalized value. 2021 equalized value will be available in October 2021.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$487,323,100	Debt/ Per Capita 9,613¹
Total General Obligation Debt	\$20,860,000	4.28%	\$2,169.98
City's Share of Total Overlapping Debt	<u>3,892,882</u>	<u>0.80%</u>	<u>404.96</u>
Total*	\$24,752,882	5.08%	\$2,574.94

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

Concurrently with the Notes, the City expects to issue its \$1,680,000* General Obligation Corporate Purpose Bonds, Series 2021A (the "Concurrent Obligations"). The City also expects to issue a \$1,215,000* Tax Increment Revenue Bond (TID No. 11) on September 30, 2021 which will fund TID No. 11 projects and current refund the TID No. 11 portion of the Taxable Note Anticipation Note, Series 2016C, dated October 11, 2016. The City also expects to issue \$570,000* Taxable Tax Increment Revenue Bond Anticipation Note, Series 2021D on September 30, 2021 which will fund TID No. 10 projects and current refund the TID No. 10 portion the Taxable Note Anticipation Note, Series 2016C, dated October 11, 2016. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

*Preliminary, subject to change.

¹ Preliminary estimated 2021 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2016/17	\$5,376,386	100%	\$15.87
2017/18	5,617,836	100%	14.86
2018/19	5,862,689	100%	15.17
2019/20	5,810,002	100%	14.49
2020/21	5,776,084	100%	14.08

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid

taxes, interest, and penalties on September 20, 2020. Lincoln County and the City did not adopt such resolutions. The City cannot predict whether any similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Notes.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2016/17	\$10.45	\$5.88	\$15.87	\$0.18	\$32.38
2017/18	10.27	5.80	14.86	0.00	30.93
2018/19	10.15	5.76	15.17	0.00	31.08
2019/20	9.83	5.68	14.49	0.00	30.00
2020/21	9.88	5.50	14.08	0.00	29.46

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1883 and is governed by a Mayor and an eight-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to two-year terms. The appointed City Administrator, Finance Director/Treasurer and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 112 full-time, 33 part-time, and 57 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$672,929, \$688,367 and \$750,027, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the City reported an asset of \$2,093,550 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.06492726% of the aggregate WRS net pension asset as of December 31, 2019.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 3.G. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Merrill Professional Police Association	December 31, 2021
International Association of Firefighters, Local 847	December 31, 2021

OTHER POST EMPLOYMENT BENEFITS

The City participates in the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2020, the City's portion of contributions to the LRLIF totaled \$2,825. For Fiscal Year 2020, the City reported a liability of \$572,497 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2019 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.13444600% of the aggregate LRLIF net OPEB liability as of December 31, 2019.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 3.H. in the "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues

otherwise designated for payment to holders of the Notes.

Moreover, if the City were determined not to be a “municipality” for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

FUNDS ON HAND (as of July 31, 2021)

Fund	Total Cash and Investments
General	\$4,388,122
Debt Service Reserve Fund (for TID No. 3)	442,135
Community Development	436,505
Enterprise Funds - Water & Sewer Utilities	837,530
Sewer Replacement	1,528,653
Library Endowment	417,762
Library Trust	1,292,370
Total Funds on Hand	<u><u>\$9,343,077</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020
Water			
Total Operating Revenues	\$ 1,646,511	\$ 1,591,962	\$ 1,596,949
Less: Operating Expenses	<u>(1,230,640)</u>	<u>(1,261,550)</u>	<u>(1,304,508)</u>
Operating Income	\$ 415,871	\$ 330,412	\$ 292,441
Plus: Depreciation	418,284	449,737	495,038
Interest Income	<u>8,913</u>	<u>10,908</u>	<u>1,214</u>
Revenues Available for Debt Service	<u><u>\$ 843,068</u></u>	<u><u>\$ 791,057</u></u>	<u><u>\$ 788,693</u></u>
Sewer			
Total Operating Revenues	\$ 1,633,615	\$ 1,655,162	\$ 1,682,567
Less: Operating Expenses	<u>(1,534,716)</u>	<u>(1,438,995)</u>	<u>(1,485,248)</u>
Operating Income	\$ 98,899	\$ 216,167	\$ 197,319
Plus: Depreciation	392,036	409,810	425,913
Interest Income	<u>14,090</u>	<u>24,871</u>	<u>6,426</u>
Revenues Available for Debt Service	<u><u>\$ 505,025</u></u>	<u><u>\$ 650,848</u></u>	<u><u>\$ 629,658</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2020 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Amended Budget ¹⁾
Revenues					
Property taxes	\$4,268,205	\$4,370,439	\$4,421,210	\$4,389,264	\$4,267,388
Special assessments	85,038	20,810	27,120	11,011	45,654
Intergovernmental	5,064,632	4,993,358	5,080,598	6,456,757	6,059,964
Licenses and permits	187,012	195,985	196,606	172,039	176,772
Fines and forfeitures	125,600	109,433	119,836	110,553	116,750
Public charges for services	597,646	632,480	609,429	321,171	430,375
Intergovernmental charges for services	1,577,120	1,613,501	1,661,013	1,661,185	1,839,389
Miscellaneous	648,850	588,006	458,019	1,030,789	129,675
Total Revenues	\$12,554,103	\$12,524,012	\$12,573,831	\$14,152,769	\$13,065,967
Expenditures					
Current:					
General government	1,636,148	1,683,777	1,718,902	1,724,806	1,928,092
Public safety	5,264,879	5,327,331	5,623,359	5,928,162	5,520,229
Public works	2,825,284	2,899,667	2,790,629	2,795,372	3,019,936
Health and human resources	241,642	151,832	157,437	148,841	152,511
Culture and recreation	2,332,830	2,500,027	2,385,316	1,909,594	2,055,926
Conservation and equipment	19,700	20,200	20,200	20,200	33,105
Debt service	85,505	74,905	63,602	62,596	0
Capital outlay	3,410,611	2,383,664	1,711,493	3,382,297	2,523,892
Total Expenditures	\$15,816,599	\$15,041,403	\$14,470,938	\$15,971,868	\$15,233,691
Excess of revenues over (under) expenditures	(\$3,262,496)	(\$2,517,391)	(\$1,897,107)	(\$1,819,099)	(\$2,167,724) ²⁾
Other Financing Sources (Uses)					
Long-term debt issued	\$2,200,000	\$2,305,000	\$1,506,200	1,300,000	
Debt premium	27,932	0	13,602	32,723	
Sale of capital assets	16,592	68,742	32,692	30,653	
Transfers in	363,612	374,442	370,793	381,171	
Transfers (out)	(1,581)	(1,625)	(53,625)	(27,868)	
Total Other Financing Sources (Uses)	2,606,555	2,746,559	1,869,662	1,716,679	
Net changes in Fund Balances	(\$655,941)	\$229,168	(\$27,445)	(\$102,420)	
General Fund Balance January 1	\$3,473,536	\$2,817,595	\$3,046,763	\$3,019,318	
Prior Period Adjustment	0	0	0	(163,336)	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$2,817,595	\$3,046,763	\$3,019,318	\$2,753,562	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$130,030	\$158,781	\$169,094	\$278,225	
Restricted	226,459	380,014	311,252	50,234	
Committed	773,535	808,223	842,619	870,819	
Unassigned	1,687,571	1,699,745	1,696,353	1,554,284	
Total	\$2,817,595	\$3,046,763	\$3,019,318	\$2,753,562	

1) The 2021 budget was adopted on November 10, 2020 and amended as of August 10, 2021.

2) Budget deficit is part of planned borrowing being financed by the Bonds and the Concurrent Obligations.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 9,661 and a current preliminary estimated population of 9,613, comprises an area of 7.94 square miles and is located approximately 16 miles north of the City of Wausau and 157 miles north of the City of Madison.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Church Mutual Insurance Company	Insurance services	766
Merrill Area Public Schools	Elementary and secondary education	397
Lincoln Wood Products	Window and patio doors manufacturers	265
Weinbrenner Shoe Company	Shoe manufacturer	250
Sierra Pacific	Window and door manufacturers	225
Lincoln County	County government and services	218
The City	Municipal government and services	202
Pine Crest Nursing Home	Nursing home	180
Walmart	Discount retail store	180
Dave's County Market	Grocers-retail	120

Source: The City (*August 2021*).

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2017	2018	2019	2020	2021 ¹
<u>New Single Family Homes</u>					
No. of building permits	2	3	2	9	9
Valuation	\$270,000	\$484,000	\$400,000	\$1,370,000	\$1,655,400
<u>New Multiple Family Buildings</u>					
No. of building permits	0	3	0	0	4
Valuation	\$0	\$2,400,000	\$0	\$0	\$6,691,432
<u>New Commercial/Industrial</u>					
No. of building permits	5	7	4	3	3
Valuation	\$13,639,000	\$4,199,049	\$3,656,000	\$1,465,000	\$1,367,500
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	283	239	233	304	176
Valuation	\$16,776,015	\$15,377,175	\$5,277,633	\$3,435,064	\$10,879,904

Source: The City.

¹ As of August 10, 2021.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	10,146
2010 U.S. Census	9,661
2021 Preliminary Estimated Population	9,613
Percent of Change 2000 - 2010	-4.78%

Income and Age Statistics

	The City	Lincoln County	State of Wisconsin	United States
2019 per capita income	\$26,955	\$30,972	\$33,375	\$34,103
2019 median household income	\$48,159	\$58,541	\$61,747	\$62,843
2019 median family income	\$65,625	\$73,289	\$78,679	\$77,263
2019 median gross rent	\$637	\$662	\$856	\$1,062
2019 median value owner occupied units	\$85,300	\$139,700	\$180,600	\$217,500
2019 median age	42.5 yrs.	47.7 yrs. yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	80.76%	79.04%
City % of 2019 median family income	83.41%	84.94%

Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	4,619	4,720	2.19%

Source: 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Lincoln County	Lincoln County	State of Wisconsin
2017	14,901	3.5%	3.3%
2018	14,730	3.1%	3.0%
2019	14,444	3.6%	3.3%
2020	13,805	5.9%	6.3%
2021, June	14,453 ¹	4.2%	4.5%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

City of Merrill, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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City of Merrill, Wisconsin

DECEMBER 31, 2020

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Independent auditors' report

City Council
City of Merrill
Merrill, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Merrill, Wisconsin (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor considers internal control relevant to the City'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 City'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 opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Community Development Block Grant fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 4.E., the City recorded a prior period adjustment of \$14,950 in the government-wide and proprietary fund statements and \$48,425 in the governmental fund statements to correct the allocation of debt proceeds and debt payments in a prior year. The City also recorded a prior period adjustment of \$164,633 in the governmental activities and governmental fund statements and \$18,199 in the business-type activities and proprietary fund statements to correct the recording of accrued payroll in the prior year. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits on pages 48 through 49 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Merrill, Wisconsin's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wausau, Wisconsin
August 16, 2021

BASIC FINANCIAL STATEMENTS

City of Merrill, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 4,994,668	\$ 964,107	\$ 5,958,775
Receivables			
Taxes and special charges	4,837,616	-	4,837,616
Delinquent taxes	541	-	541
Accounts	702,681	732,646	1,435,327
Special assessments	25,155	-	25,155
Loans	2,776,523	-	2,776,523
Other	1,292,369	123,845	1,416,214
Inventories and prepaid items	178,329	55,200	233,529
Restricted assets			
Cash and investments	-	1,584,537	1,584,537
Net pension asset	1,953,267	140,283	2,093,550
Capital assets, nondepreciable	4,408,410	87,348	4,495,758
Capital assets, depreciable	39,812,771	18,015,673	57,828,444
Total assets	60,982,330	21,703,639	82,685,969
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	4,570,388	323,458	4,893,846
Other postemployment related amounts	208,687	14,988	223,675
Total deferred outflows of resources	4,779,075	338,446	5,117,521
LIABILITIES			
Accounts payable	150,090	60,153	210,243
Accrued and other current liabilities	235,716	22,739	258,455
Due to other governments	1,888	9	1,897
Accrued interest payable	171,164	11,134	182,298
Special deposits	150,924	-	150,924
Unearned revenues	4,200	-	4,200
Long-term obligations			
Due within one year	3,229,450	134,123	3,363,573
Due in more than one year	22,224,223	2,233,673	24,457,896
Other postemployment benefits	534,136	38,361	572,497
Total liabilities	26,701,791	2,500,192	29,201,983
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	7,441,565	-	7,441,565
Pension related amounts	5,859,539	420,832	6,280,371
Other postemployment related amounts	85,528	6,143	91,671
Total deferred inflows of resources	13,386,632	426,975	13,813,607
NET POSITION			
Net investment in capital assets	19,717,211	15,802,842	35,374,850
Restricted for:			
Community development	3,434,048	-	3,434,048
Remedial action	327,355	-	327,355
Debt Service	236,399	94,391	330,790
Net pension asset	1,953,267	140,283	2,093,550
Library	1,775,926	-	1,775,926
Tax incremental project plan expenses	10,004	-	10,004
Sewer utility plant replacement	-	1,486,658	1,486,658
Unrestricted	(1,781,228)	1,590,744	(45,281)
Total net position	\$ 25,672,982	\$ 19,114,918	\$ 44,787,900

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

City of Merrill, Wisconsin

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,100,779	\$ 240,849	\$ 7,868	\$ 1,000
Public safety	6,164,253	385,706	1,388,696	660,216
Public works	4,114,284	197,467	1,247,348	1,073,981
Health and human services	157,455	16,563	-	260
Culture and recreation	2,479,208	93,628	465,825	8,236
Conservation and development	833,859	123,023	40,414	277,432
Interest and fiscal charges	927,029	-	-	-
Total governmental activities	16,776,867	1,057,236	3,150,151	2,021,125
BUSINESS-TYPE ACTIVITIES				
Water utility	1,358,960	1,596,949	-	23,212
Sewer utility	1,500,623	1,682,567	-	12,221
Total business-type activities	2,859,583	3,279,516	-	35,433
Total	\$ 19,636,450	\$ 4,336,752	\$ 3,150,151	\$ 2,056,558
General revenues				
Taxes				
Property taxes				
Tax increments				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - January 1, as originally reported				
Prior period adjustment				
Net position - January 1, as restated				
Net position - December 31				

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,851,062)	\$ -	\$ (1,851,062)
(3,729,635)	-	(3,729,635)
(1,595,488)	-	(1,595,488)
(140,632)	-	(140,632)
(1,911,519)	-	(1,911,519)
(392,990)	-	(392,990)
(927,029)	-	(927,029)
<u>(10,548,355)</u>	<u>-</u>	<u>(10,548,355)</u>
-	261,201	261,201
-	194,165	194,165
-	455,366	455,366
<u>(10,548,355)</u>	<u>455,366</u>	<u>(10,092,989)</u>
5,810,002	-	5,810,002
1,349,906	-	1,349,906
129,507	-	129,507
3,757,127	16,368	3,773,495
69,766	7,640	77,406
278,105	4,283	282,388
381,171	(381,171)	-
<u>11,775,584</u>	<u>(352,880)</u>	<u>11,422,704</u>
<u>1,227,229</u>	<u>102,486</u>	<u>1,329,715</u>
24,625,336	19,015,681	43,641,017
<u>(179,583)</u>	<u>(3,249)</u>	<u>(182,832)</u>
<u>24,445,753</u>	<u>19,012,432</u>	<u>43,458,185</u>
<u>\$ 25,672,982</u>	<u>\$ 19,114,918</u>	<u>\$ 44,787,900</u>

City of Merrill, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	General	Community Development Block Grant	Debt Service
ASSETS			
Cash and investments	\$ 2,721,976	\$ 563,771	\$ 961,219
Receivables			
Taxes and special charges	2,783,498	8,365	1,020,265
Delinquent taxes	541	-	-
Accounts	361,423	-	-
Special assessments	25,155	-	-
Loans	-	2,776,523	-
Other	-	-	-
Due from other funds	1,742,303	-	-
Advance to other funds	99,896	100,000	-
Inventories and prepaid items	178,329	-	-
Total assets	<u>\$ 7,913,121</u>	<u>\$ 3,448,659</u>	<u>\$ 1,981,484</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 149,624	\$ 47	\$ -
Accrued and other current liabilities	234,057	1,659	-
Due to other funds	65,795	-	-
Advance from other funds	269,450	-	-
Due to other governments	1,888	-	-
Special deposits	150,924	-	-
Unearned revenues	4,200	-	-
Total liabilities	<u>875,938</u>	<u>1,706</u>	<u>-</u>
Deferred inflows of resources			
Property taxes levied for subsequent year	4,272,761	12,905	1,573,921
Loans receivable	-	2,776,526	-
Special assessments	10,860	-	-
Total deferred inflows of resources	<u>4,283,621</u>	<u>2,789,431</u>	<u>1,573,921</u>
Fund balances			
Nonspendable	278,225	-	-
Restricted	50,234	657,522	407,563
Committed	870,819	-	-
Unassigned	1,554,284	-	-
Total fund balances	<u>2,753,562</u>	<u>657,522</u>	<u>407,563</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,913,121</u>	<u>\$ 3,448,659</u>	<u>\$ 1,981,484</u>

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

Other Governmental Funds	Total
\$ 747,702	\$ 4,994,668
1,025,488	4,837,616
-	541
341,258	702,681
-	25,155
-	2,776,523
1,292,369	1,292,369
65,795	1,808,098
269,450	469,346
-	178,329
<u>\$ 3,742,062</u>	<u>\$ 17,085,326</u>

\$ 419	\$ 150,090
-	235,716
1,742,303	1,808,098
199,896	469,346
-	1,888
-	150,924
-	4,200
<u>1,942,618</u>	<u>2,820,262</u>

1,581,978	7,441,565
-	2,776,526
-	10,860
<u>1,581,978</u>	<u>10,228,951</u>

-	278,225
2,113,285	3,228,604
-	870,819
<u>(1,895,819)</u>	<u>(341,535)</u>
<u>217,466</u>	<u>4,036,113</u>

<u>\$ 3,742,062</u>	<u>\$ 17,085,326</u>
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City of Merrill, Wisconsin

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 4,036,113
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	44,221,181
Long-term assets are not available; therefore, are not reported in the funds:	
Loans receivable	2,776,526
Special assessments	10,860
Net pension asset	1,953,267
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	4,570,388
Deferred inflows related to pensions	(5,859,539)
Deferred outflows related to other postemployment benefits	208,687
Deferred inflows related to other postemployment benefits	(85,528)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(24,156,700)
Premium on debt	(496,583)
Compensated absences	(800,390)
Other postemployment benefit	(534,136)
Accrued interest on long-term obligations	(171,164)
Net position of governmental activities as reported on the statement of net position (see page 4)	<u>\$ 25,672,982</u>

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

City of Merrill, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Community Development Block Grant	Debt Service
REVENUES			
Taxes	\$ 4,389,264	\$ 14,000	\$ 1,552,201
Special assessments	11,011	-	-
Intergovernmental	6,456,757	-	-
Licenses and permits	172,039	-	-
Fines and forfeits	110,553	-	-
Public charges for services	321,171	-	-
Intergovernmental charges for services	1,661,185	125	-
Miscellaneous	1,030,789	325,905	-
Total revenues	14,152,769	340,030	1,552,201
EXPENDITURES			
Current			
General government	1,724,806	-	-
Public safety	5,928,162	-	-
Public works	2,795,372	-	-
Health and human services	148,841	-	-
Culture and recreation	1,909,594	-	-
Conservation and development	20,200	218,221	-
Debt service			
Principal	-	-	1,791,536
Interest and fiscal charges	62,596	-	659,176
Capital outlay	3,382,297	-	-
Total expenditures	15,971,868	218,221	2,450,712
Excess of revenues over (under) expenditures	(1,819,099)	121,809	(898,511)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	1,300,000	-	-
Long-term debt issued - Refunding Bonds	-	-	745,000
Premium on debt issued	32,723	-	76,928
Payment to Current Bondholder	-	-	(754,542)
Proceeds from sale of capital assets	30,653	-	-
Transfers in	381,171	-	1,286,075
Transfers out	(27,868)	-	-
Total other financing sources (uses)	1,716,679	-	1,353,461
Net change in fund balances	(102,420)	121,809	454,950
Fund balances - January 1, as originally reported	3,019,318	537,010	1,038
Prior period adjustment	(163,336)	(1,297)	(48,425)
Fund balances - January 1, as restated	2,855,982	535,713	(47,387)
Fund balances - December 31	\$ 2,753,562	\$ 657,522	\$ 407,563

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

Other Governmental Funds		Total
\$ 1,349,906	\$ 7,305,371	
-	11,011	
413,344	6,870,101	
-	172,039	
-	110,553	
-	321,171	
-	1,661,310	
198,725	1,555,419	
1,961,975	18,006,975	
-	1,724,806	
-	5,928,162	
31,523	2,826,895	
-	148,841	
106,779	2,016,373	
643,837	882,258	
-	1,791,536	
171,074	892,846	
1,246,782	4,629,079	
2,199,995	20,840,796	
(238,020)	(2,833,821)	
825,000	2,125,000	
4,420,000	5,165,000	
142,711	252,362	
(3,962,011)	(4,716,553)	
-	30,653	
321,630	1,988,876	
(1,579,837)	(1,607,705)	
167,493	3,237,633	
(70,527)	403,812	
287,993	3,845,359	
-	(213,058)	
287,993	3,632,301	
\$ 217,466	\$ 4,036,113	

City of Merrill, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page \$ 403,812

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.
Capital assets reported as capital outlay in governmental fund statements Items reported as capital outlay, but not capitalized
Depreciation expense reported in the statement of activities 4,523,735
Net book value of disposals (1,827,437)
(570,259)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned (216,176)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.
Long-term debt issued (7,290,000)
Premium on debt issued (252,362)
Principal repaid 6,451,988

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt (8,739)
Amortization of debt premium and loss on advance refunding 30,657
Compensated absences 42,822
Net pension liability 2,110,577
Net pension asset 1,953,267
Deferred outflows of resources related to pensions (1,153,696)
Deferred inflows of resources related to pensions (2,932,938)
Other postemployment benefits (207,657)
Deferred outflows of resources related to other postemployment benefits 167,834
Deferred inflows of resources related to other postemployment benefits 1,801

Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6) \$ 1,227,229

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

City of Merrill, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Final		Variance Final Budget - Positive (Negative)
	Original	Final	Actual	Actual	
REVENUES					
Taxes	\$ 4,451,376	\$ 4,451,376	\$ 4,389,264	\$	(62,112)
Special assessments	30,000	30,000	11,011		(18,989)
Intergovernmental	6,390,974	6,390,974	6,456,757		65,783
Licenses and permits	183,768	183,768	172,039		(11,729)
Fines and forfeits	116,500	116,500	110,553		(5,947)
Public charges for services	608,866	608,866	321,171		(287,695)
Intergovernmental charges for services	1,767,960	1,767,960	1,661,185		(106,775)
Miscellaneous	432,651	432,651	1,030,789		598,138
Total revenues	13,982,034	13,982,034	14,152,769		170,735
EXPENDITURES					
Current					
General government	1,755,101	1,755,101	1,724,806		30,295
Public safety	5,680,024	5,680,024	5,928,162		(248,138)
Public works	3,261,621	3,261,621	2,795,372		466,249
Health and human services	142,152	142,152	148,841		(6,689)
Culture and recreation	2,274,176	2,274,176	1,909,594		364,582
Conservation and development	20,200	20,200	20,200		-
Debt service	-	-	62,596		(62,596)
Interest and fiscal charges	-	-	3,382,297		(717,357)
Capital outlay	2,664,940	2,664,940	15,871,868		(173,654)
Total expenditures	15,798,214	15,798,214	15,871,868		(73,654)
Excess of revenues under expenditures	(1,816,119)	(1,816,119)	(1,819,099)		(2,980)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	1,242,385	1,242,385	1,300,000		57,615
Premium on debt issued	-	-	32,723		32,723
Proceeds from sale of capital assets	395,000	395,000	381,171		30,653
Transfers in	(1,625)	(1,625)	(27,868)		(13,829)
Transfers out	1,635,760	1,635,760	1,716,679		(26,243)
Total other financing sources (uses)	(180,359)	(180,359)	(102,420)		80,919
Net change in fund balance					77,939
Fund balances - January 1, as originally reported	3,019,318	3,019,318	3,019,318		-
Prior period adjustment	-	-	(163,336)		(163,336)
Fund balances - January 1, as restated	3,019,318	3,019,318	2,855,982		(163,336)
Fund balance - December 31	<u>\$ 2,838,959</u>	<u>\$ 2,838,959</u>	<u>\$ 2,753,562</u>		<u>\$ (85,397)</u>

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

City of Merrill, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,000	\$ 14,000	\$ 14,000	\$ -
Intergovernmental charges	13,185	13,185	125	(13,060)
Miscellaneous	165,300	165,300	325,905	160,605
Total revenues	192,485	192,485	340,030	147,545
EXPENDITURES				
Current				
Conservation and development	177,685	177,685	218,221	(40,536)
Net change in fund balance	14,800	14,800	121,809	107,009
Fund balances - January 1, as originally reported	537,010	537,010	537,010	-
Prior period adjustment	-	-	(1,297)	(1,297)
Fund balances - January 1, as restated	537,010	537,010	535,713	(1,297)
Fund balance - December 31	\$ 551,810	\$ 551,810	\$ 657,522	\$ 105,712

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

City of Merrill, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2020

	Water Utility	Sewer Utility	Total
ASSETS			
Current assets			
Cash and investments	\$ 794,777	\$ 169,330	\$ 964,107
Receivables	352,467	380,179	732,646
Customer accounts	46,594	77,251	123,845
Other	46,736	8,464	55,200
Inventories and prepaid items	1,240,574	635,224	1,875,798
Total current assets			
Noncurrent assets			
Restricted assets			
Cash and investments	97,879	1,486,658	1,584,537
Other assets			
Net pension asset	84,423	55,860	140,283
Capital assets			
Nondepreciable	35,320	52,028	87,348
Depreciable	9,710,854	8,304,789	18,015,643
Total capital assets	9,746,174	8,356,817	18,102,991
Total assets	11,169,080	10,534,559	21,703,639
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	191,938	131,520	323,458
Other postemployment related amounts	9,020	9,968	14,988
Total deferred outflows of resources	200,958	137,488	338,446
LIABILITIES			
Current liabilities			
Accounts payable	20,006	40,147	60,153
Accrued and other current liabilities	13,006	9,733	22,739
Due to other governments	9	-	9
Accrued interest	8,100	3,034	11,134
Current portion of long-term debt	114,573	19,550	134,123
Total current liabilities	155,694	72,464	228,158
Long-term obligations, less current portion			
General obligation debt	650,000	427,750	1,077,750
Revenue bonds	1,044,958	-	1,044,958
Red premium	18,503	11,225	29,728
Compensated absences	24,866	55,371	80,237
Other postemployment benefits	23,086	15,275	38,361
Total long-term liabilities	1,761,413	510,621	2,272,034
Total liabilities	1,917,107	583,085	2,500,192
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	253,259	167,573	420,832
Other postemployment related amounts	3,697	2,446	6,143
Total deferred inflows of resources	256,956	170,019	426,975
NET POSITION			
Net investment in capital assets	7,918,170	7,884,672	15,802,842
Restricted for:			
Water utility debt retirement	94,391	-	94,391
Sewer utility plant replacement	-	1,486,658	1,486,658
Net pension asset	84,423	55,860	140,283
Unrestricted	1,098,691	491,753	1,590,444
Total net position	\$ 9,195,675	\$ 9,918,843	\$ 19,114,518

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

City of Merrill, Wisconsin

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for services	\$ 1,468,967	\$ 1,513,775	\$ 2,982,742
Other	127,982	168,792	296,774
Total operating revenues	1,596,949	1,682,567	3,279,516
OPERATING EXPENSES			
Operation and maintenance	791,985	1,012,904	1,804,889
Depreciation	495,038	425,913	920,951
Taxes	17,485	46,431	63,916
Total operating expenses	1,304,508	1,485,248	2,789,756
Operating income	292,441	197,319	489,760
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,214	6,426	7,640
Interest and fiscal charges	(54,639)	(15,625)	(70,264)
Amortization of debt discount/premium	387	250	637
Other nonoperating revenues (expenses)	13,706	6,945	20,651
Total nonoperating revenues (expenses)	(39,532)	(2,004)	(41,536)
Income before contributions and transfers	252,909	195,315	448,224
Capital contributions	23,212	12,221	35,433
Transfers out	(381,171)	-	(381,171)
Change in net position	(105,050)	207,536	102,486
Net position - January 1, as originally reported	9,311,642	9,704,039	19,015,681
Prior Period Adjustment	(10,617)	7,368	(3,249)
Net position - January 1, as restated	9,301,025	9,711,407	19,012,432
Net position - December 31	\$ 9,195,975	\$ 9,918,943	\$ 19,114,918

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

City of Merrill, Wisconsin

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,593,631	\$ 1,665,188	\$ 3,258,819
Cash paid for employee wages and benefits	(330,802)	(191,587)	(522,389)
Cash paid to suppliers	(452,392)	(87,523)	(1,329,915)
Net cash provided by operating activities	800,437	586,078	1,386,515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due to/from other funds	-	(78,983)	(78,983)
Transfer out	(381,171)	-	(381,171)
Net cash provided (used) by noncapital financing activities	(381,171)	(78,983)	(460,154)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(483,898)	(355,479)	(839,377)
Proceeds from sale of long-term debt	560,000	200,000	760,000
Premium from issuance of long-term debt	17,256	7,489	24,745
Debt Insurance Costs Paid	(21,250)	(7,489)	(28,739)
Principal paid on long-term debt	(125,706)	(44,919)	(170,625)
Interest paid on long-term debt	(30,898)	(6,832)	(37,730)
Net cash used by capital and related financing activities	(289,001)	(210,181)	(499,182)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,214	6,426	7,640
Change in cash and cash equivalents	131,479	313,340	444,819
Cash and cash equivalents - January 1	761,177	1,342,648	2,103,825
Cash and cash equivalents - December 31	\$ 892,656	\$ 1,655,988	\$ 2,548,644
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 292,441	\$ 197,319	\$ 489,760
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	495,038	425,913	920,951
Change in liability (asset) and deferred outflows and inflows of resources	28,261	(28,261)	-
Change in WRS Deferred Outflow	(171,535)	(120,883)	(292,418)
Change in WRS Deferred Inflow	132,437	42,363	174,800
Change in WRS Deferred Inflow	8,611	5,217	13,828
Change in OPEB Liability	(7,334)	(4,709)	(12,043)
Change in OPEB Deferred Inflow	93	(244)	(151)
Miscellaneous nonoperating revenue	13,706	6,945	20,651
Change in operating assets and liabilities			
Accounts receivable	(9,744)	559	(9,185)
Prepaid expenses	(17,280)	(24,883)	(42,163)
Inventories and prepaid items	(1,537)	(886)	(2,423)
Accounts payable	(5,331)	12,363	(3,032)
Accrued liabilities	2,389	2,151	4,540
Due to other governments	9	-	9
Compensated absences	-	5,192	5,192
Net cash provided by operating activities	\$ 800,437	\$ 586,078	\$ 1,386,515
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents in current assets	\$ 784,777	\$ 1,693,330	\$ 2,478,107
Cash and cash equivalents in restricted assets	97,879	1,486,658	1,584,537
Total cash and cash equivalents	\$ 882,656	\$ 3,179,988	\$ 4,062,644
Noncash capital and related financing activities			
Contributed capital assets	\$ 23,212	\$ 12,221	\$ 35,433
Capital Assets Purchased on Account	-	13,620	13,620

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

City of Merrill, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	Tax Collection Custodial Fund
ASSETS	
Cash and investments	\$ 2,220,122
Taxes receivable	3,555,962
Total assets	5,776,084
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for subsequent year	5,776,084
FIDUCIARY NET POSITION	
Restricted	\$ -

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

City of Merrill, Wisconsin

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Tax Collection Custodial Fund
ADDITIONS	
Property tax collections	\$ 6,216,856
DEDUCTIONS	
Payments to taxing jurisdictions	6,216,856
Change in net position	-
Fiduciary net position - January 1	-
Fiduciary net position - December 31	\$ -

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

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Merrill, Wisconsin (the "City"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected nine member council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Community Development Block Grant Fund

To account for all transactions relating to the operation of the City's revolving loan program. Significant revenues are loan repayments.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

The City reports the following major enterprise funds:

Water Utility Fund

This fund accounts for the operations of the City's water utility.

Sewer Utility Fund

This fund accounts for the operations of the City's sewer utility.

The City also reports the following fiduciary fund:

Custodial Fund

The custodial fund is used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR 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. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.
2. **Property Taxes and Special Charges Receivable**
Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. 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 and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in six equal installments from January through June. Real estate taxes not paid by June 30 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the Merrill School District, Lincoln County, and North Central Technical College.

3. **Accounts Receivable**
Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. **Loans Receivable**
The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

5. **Interfund Receivables and Payables**
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. **Inventories**
Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.
- Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. **Prepaid Items**
Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.
- Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

8. **Capital Assets**
Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental		Business-type	
	Activities	Years	Activities	Years
Assets				
Land improvements	20 - 40			
Buildings and improvements	25 - 50		25 - 50	
Machinery and equipment	3 - 20		3 - 20	
Infrastructure	30 - 50		25 - 100	

9. **Compensated Absences**
It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

10. **Deferred Outflows/Inflows of Resources**
Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments, grants, and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

11. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

12. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories 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.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

Equity is classified as net position and displayed in three components:

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds. Management control for the capital projects funds is also achieved through project authorizations included in debt issue resolutions.
4. Expenditures may not exceed appropriations at the fund level. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

B. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2020:

Funds	Deficit Fund Balance
TIF No. 6	\$ 582,643
TIF No. 7	136,321
TIF No. 8	594,820
TIF No. 9	370,492
TIF No. 10	58,417
TIF No. 11	171,126

The City anticipates future tax increments will finance the deficits of the funds.

C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2020 budget was 1.78%. The actual limit for the City for the 2021 budget was 1.00%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$9,763,434 on December 31, 2020 as summarized below:

Petty cash and cash on hand	\$ 6,328
Deposits with financial institutions	9,560,312
Investments	196,794
Total	<u>\$ 9,763,434</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 5,958,775
Restricted cash and investments	1,584,537
Fiduciary Fund Statement of Net Position	
Cash and investments	2,220,122
Total	<u>\$ 9,763,434</u>

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Mutual bond funds	\$ -	\$ 95,430	\$ -
Money market mutual funds	3,485	-	-
Total	<u>\$ 3,485</u>	<u>\$ 95,430</u>	<u>\$ -</u>

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2020, \$4,953,970 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits but was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure			Not Rated
		A	B	BB	
Mutual bond funds	\$ 95,430	-	\$ 70,849	\$ 24,581	-
Money market mutual funds	3,485	-	-	-	3,485
Wisconsin local government investment pool	97,879	-	-	-	-
Totals	\$ 196,794	\$ -	\$ 70,849	\$ 24,581	\$ 97,879
					\$ 101,364

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer.

At December 31, 2020, the City had no investments in any one issuer (other than mutual funds, and external investment pools) that represent 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Mutual bond funds	\$ 95,430	\$ -	\$ -	\$ 70,849	\$ 24,581
Money market mutual fund	3,485	3,485	-	-	-
Wisconsin local government investment pool	97,879	97,879	-	-	-
Totals	\$ 196,794	\$ 101,364	\$ -	\$ 70,849	\$ 24,581

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$97,879 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the state of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

B. RESTRICTED ASSETS

Restricted assets on December 31, 2020 totaled \$1,584,537 and consisted of cash and investments held for the following purposes:

Enterprise Funds	Amount	Purpose
Water Utility	\$ 97,879	To be used for retirement of revenue bonds
Debt retirement	-	-
Sewer Utility	1,486,658	To be used for the replacement of certain assets for the sewer utility
Plant replacement	-	-
Total	\$ 1,584,537	

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	\$ 4,071,891	\$ -	\$ 460,690	\$ 3,611,201
Construction in progress	246,579	797,209	246,579	797,209
Total capital assets, nondepreciable	4,318,470	797,209	707,269	4,408,410
Capital assets, depreciable:				
Land improvements	8,523,928	67,417	-	8,591,345
Buildings and improvements	19,588,678	438,210	24,481	20,002,407
Machinery and equipment	11,741,684	1,706,018	237,642	13,210,060
Infrastructure	15,462,747	1,781,460	-	17,224,207
Subtotals	55,317,037	3,973,105	262,123	59,028,019
Less: accumulated depreciation for:				
Land improvements	3,488,485	422,069	-	3,910,554
Buildings and improvements	6,114,244	428,755	20,881	6,522,118
Machinery and equipment	5,652,400	515,573	131,673	6,036,300
Infrastructure	2,285,236	461,040	-	2,746,276
Subtotals	17,540,365	1,827,437	152,554	19,215,248
Total capital assets, depreciable, net	37,776,672	2,145,668	109,569	39,812,771
Governmental activities capital assets, net	\$ 42,095,142	\$ 2,942,877	\$ 816,838	\$ 44,221,181
Less: Capital related debt	-	-	-	-
Less: Capital-related accounts payable, including retainage	-	-	-	23,961,263
Less: Debt premium	-	-	-	46,124
Net investment in capital assets	-	-	-	\$ 496,583
				\$ 19,717,211

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 87,348	\$ -	\$ -	\$ 87,348
Construction in progress	228,178	-	228,178	-
Total capital assets, nondepreciable	315,526	-	228,178	87,348
Capital assets, depreciable:				
Water utility	16,514,874	618,071	51,707	17,081,238
Sewer utility	15,655,299	501,537	-	16,156,836
Subtotals	32,170,173	1,119,608	51,707	33,238,074
Less: accumulated depreciation for:				
Water utility	6,899,761	523,299	51,707	7,370,353
Sewer utility	7,454,396	397,652	-	7,852,048
Subtotals	14,353,157	920,951	51,707	15,222,401
Total capital assets, depreciable, net	17,817,016	198,657	-	18,015,673
Business-type activities capital assets, net	\$ 18,132,542	\$ 198,657	\$ 228,178	\$ 18,103,021
Less: Capital related debt				2,256,831
Less: Debt premium				29,728
Less: Capital-related accounts payable, including retainage				13,620
Net investment in capital assets				\$ 15,802,842
Depreciation expense was charged to functions of the City as follows				
Governmental activities		\$ 91,873		
General government		277,830		
Public safety		878,813		
Public works		8,816		
Health and human services				
Culture and recreation		570,105		
Total depreciation expense - governmental activities		\$ 1,827,437		
Business-type activities				
Water utility		\$ 495,038		
Sewer utility		425,913		
Total depreciation expense - business-type activities		\$ 920,951		

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

	Interfund Receivables	Interfund Payables
D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS		
Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2020 are detailed below:		
Temporary cash advances to finance operating cash deficits		
Governmental Funds	\$ 1,742,303	\$ -
General		
Library		542,364
TIF No. 6		617,584
TIF No. 8		503,741
TIF No. 9		58,417
TIF No. 10		20,197
TIF No. 11		-
Subtotal	1,742,303	1,742,303
Temporary cash advances to finance capital projects		
Governmental Funds		
General	65,795	65,795
Library		
Subtotal	65,795	65,795
Long-term advances		
General	99,896	269,450
Remedial action	269,450	-
TIF No. 11	-	99,896
Community development block grant	100,000	-
TID No. 7	-	100,000
Subtotal	469,346	469,346
Totals	\$ 2,277,444	\$ 2,277,444

The advance to the general fund for the retirement of the unfunded pension liability will be repaid at \$26,945 per year from 2021 through 2030. The advance does not bear interest. The advance to tax incremental district no. 11 does not have an established repayment schedule. The advance from CDBG to the TID No. 7 is expected to be repaid by 2023 with an interest rate at 3.00%.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 381,171	\$ 27,868
Debt service	1,286,075	-
Library	44,130	-
Library trust	-	44,130
TIF No. 3	-	977,240
TIF No. 4	-	346,902
TIF No. 5	-	2,447
TIF No. 6	40,000	33,985
TIF No. 7	35,000	13,279
TIF No. 8	100,000	49,863
TIF No. 9	102,500	18,650
TIF No. 10	-	20,132
TIF No. 11	-	63,289
TIF No. 12	-	7,920
Water utility	-	381,171
Total	\$ 1,988,876	\$ 1,988,876

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 381,171
Tax incremental district transfers for debt retirement related to the Districts	1,535,707
Library expenditures	44,130
General fund debt service	27,868
Total	\$ 1,988,876

E. SHORT-TERM DEBT

The City issued short-term notes in 2020 for capital needs. Short-term debt activity for the year ended December 31, 2020 was as follows:

Governmental activities:	Beginning Balance	Issued	Retired	Ending Balance
Short-term notes	\$ -	\$ 1,512,254	\$ 1,512,254	\$ -

Total interest paid for the year on short-term debt totaled \$2,582.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2020

	Beginning Balance	Adjustment	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:						
General obligation debt	\$ 12,510,000	\$ (33,475)	\$ 2,870,000	\$ 653,825	\$ 14,692,700	\$ 940,450
Bonds	4,575,000	-	-	1,050,000	3,525,000	495,000
Notes	422,163	-	-	422,163	-	-
Direct borrowings	17,507,163	(33,475)	2,870,000	2,125,988	18,217,700	1,435,450
Total general obligation debt	3,265,000	-	4,420,000	2,826,000	4,859,000	714,000
Tax increment revenue bonds	2,580,000	-	-	1,500,000	1,080,000	1,080,000
Note anticipation notes	289,593	-	252,382	45,372	486,893	-
Premium on bond issuance	843,212	-	88,736	132,558	800,390	-
Compensated absences	-	-	-	-	-	-
Governmental activities	\$ 24,484,968	\$ (33,475)	\$ 7,632,098	\$ 6,629,918	\$ 25,453,673	\$ 3,228,450
Long-term obligations						
Business-type activities:						
General obligation debt	\$ 565,000	\$ 33,475	\$ 560,000	\$ 31,175	\$ 1,127,300	\$ 49,550
Bonds	56,472	-	-	56,472	-	-
Direct borrowings	621,472	33,475	560,000	87,647	1,127,300	49,550
Total general obligation debt	1,212,506	-	-	82,975	1,129,531	84,573
Revenue bonds	10,200	-	20,165	637	29,728	-
Debt premium	73,717	-	14,870	7,350	81,237	-
Compensated absences	-	-	-	-	-	-
Business-type activities	\$ 1,917,895	\$ 33,475	\$ 595,035	\$ 178,609	\$ 2,367,796	\$ 134,123
Long-term obligations						

Total interest paid during the year on long-term debt totaled \$675,535.

For governmental activities, the other long-term liabilities are generally funded by the general fund.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
General Obligation Bonds					
Series 2013A	09/04/13	05/01/33	2.25 - 4.2%	\$ 4,290,000	\$ 3,040,000
Series 2016B	10/11/16	10/01/36	2.0 - 2.5%	4,095,000	3,300,000
Series 2017C	10/26/17	10/01/37	2.0 - 3.375%	3,210,000	2,745,000
Series 2018B	09/27/18	04/01/38	2.0 - 3.7%	1,575,000	1,455,000
Series 2019A	11/05/19	10/01/39	2.25 - 3.0%	1,945,000	1,850,000
Series 2020C	11/17/20	05/01/40	2.0 - 4.0%	3,430,000	3,430,000
General Obligation Notes					
Series 2016A	10/11/16	10/01/26	0.8 - 2.2%	2,095,000	1,800,000
Series 2017D	10/26/17	10/01/27	1.25 - 2.15%	860,000	860,000
Series 2018A	09/27/18	04/01/28	1.9 - 2.95%	1,310,000	1,075,000
Total outstanding general obligation debt					\$ 19,345,000

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Annual principal and interest maturities of the outstanding general obligation debt of \$19,345,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities	
	Bonds and Notes	Interest
2021	\$ 1,435,450	\$ 491,889
2022	1,465,450	461,271
2023	1,485,450	425,565
2024	1,480,125	389,346
2025	1,485,450	353,833
2026-2030	5,255,775	1,233,293
2031-2035	3,865,000	557,917
2036-2040	1,745,000	98,376
Total	\$18,217,700	\$ 4,011,490

Year Ended December 31,	Business-type Activities	
	Bonds and Notes	Interest
2021	\$ 49,550	\$ 29,628
2022	54,550	28,599
2023	54,550	26,758
2024	54,875	24,917
2025	54,550	23,069
2026-2030	284,225	89,291
2031-2035	300,000	56,181
2036-2040	295,000	18,975
Total	\$ 1,127,300	\$ 297,418

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2020 was \$3,858,345 as follows:

Equalized valuation of the City	\$464,066,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	23,203,345
Total outstanding general obligation debt applicable to debt limitation	19,345,000
Legal margin for new debt	\$ 3,858,345

On November 17, 2020, the City issued \$3,430,000 in General Obligation Bonds with a fixed interest rate of 2.045% to finance current year capital projects and refinance prior debt issues from 2013 and 2020 and short-term debt issues from 2020. The refunding resulted in an increase in the cash flow requirements of \$140,122 and an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$28,091.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Note Anticipation Notes

Note anticipation notes outstanding on December 31, 2020 was comprised of the following issues:

Taxable Note Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
Series 2016C	10/11/16	10/01/21	3.99%	\$ 1,080,000	\$ 1,080,000

Annual principal and interest maturities of the outstanding note anticipation note debt of \$1,080,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2021	\$ 1,080,000	\$ 43,092
Total	\$ 1,080,000	\$ 1,123,092

Tax Increment Revenue Bonds

Tax increment revenue bonds are limited obligations of the City, payable from tax increments or other appropriated funds and shall not constitute an indebtedness of the City nor a charge against its general credit or taxing power. Tax increment revenue bonds outstanding on December 31, 2020 totaled \$4,859,000 and were comprised of the following issues:

Tax Increment Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
Series 2017B (TID No. 4)	10/10/17	10/01/28	3.06%	\$ 579,000	\$ 439,000
Series 2020D (TID No. 3)	11/30/20	10/01/26	2.00%	4,420,000	4,420,000
Total				\$ 4,859,000	\$ 4,859,000

Annual principal and interest maturities of the outstanding tax increment revenue bonds of \$4,859,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities			
	TID No. 3	TID No. 4	Total	Total
2021	\$ 665,000	\$ 73,912	\$ 49,000	\$ 13,433
2022	660,000	75,100	51,000	11,934
2023	675,000	61,900	52,000	10,373
2024	690,000	48,400	54,000	8,782
2025	700,000	34,600	56,000	7,130
2026-2028	1,030,000	20,600	177,000	10,956
	\$ 4,420,000	\$ 314,512	\$ 439,000	\$ 62,608
			\$ 4,859,000	\$ 377,120

On November 30, 2020, the City issued \$4,420,000 in Tax Increment Revenue Refunding Bonds with a fixed interest rate of 1.262% to refinance prior debt issues from 2017, 2018, and 2019. The refunding resulted in an increase in the cash flow requirements of \$60,832 and an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$588.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Tax Incremental Revenue Pledged

The City has pledged future tax increments within TIF No. 3 and TIF no. 4 to pay for the debt service on the tax increment bonds.

Water System Revenue Bonds

Revenue bonds outstanding on December 31, 2020 totaled \$1,129,531 and were comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
Direct borrowings					
Safe water drinking bond	10/10/17	10/01/26	2.92%	\$ 1,745,386	\$ 1,129,531

The City's outstanding bonds from direct borrowings of \$1,129,531 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

Annual principal and interest maturities of the outstanding water system revenue bonds of \$1,129,531 on December 31, 2020 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 84,573	\$ 20,929	\$ 105,502
2022	86,201	19,286	105,487
2023	87,861	17,610	105,471
2024	89,552	15,903	105,455
2025	91,276	14,162	105,438
2026-2030	483,421	43,509	526,930
2031-2033	206,647	3,988	210,645
Total	\$ 1,129,531	\$ 135,397	\$ 1,264,928

Utility Revenues Pledged

The City has pledged future water customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water customer net revenues and are payable through 2032. The total principal and interest remaining to be paid on the bonds is \$1,264,928. Principal and interest paid for the current year and total customer net revenues were \$105,518 and \$788,693, respectively.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

G. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 (54 for protective occupation employees and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. Postretirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employees are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ended December 31, 2020, the WRS recognized \$750,027 in contributions from the City.

Contribution rates for the reporting period are:

	Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.75%	6.75%	6.75%
Protective with Social Security	6.75%	6.75%	11.65%
Protective without Social Security		6.75%	16.25%

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the City reported an asset of \$2,093,550 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.06492726%, which was an increase of 0.00132659% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$782,522.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,974,037	\$ 1,988,739
Net differences between projected and actual earnings on pension plan investments	-	4,279,962
Changes in assumptions	163,142	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,640	11,670
Employer contributions subsequent to the measurement date	750,027	-
Total	\$ 4,893,846	\$ 6,280,371

\$750,027 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended	Expenses
December 31,	
2021	\$ (639,393)
2022	(472,962)
2023	75,488
2024	(1,099,685)
Total	\$ (2,136,552)

5. Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2018
Actuarial cost method:	Entry Age Normal
Asset valuation method:	Fair Value
Long-term expected rate of return	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement adjustments*	1.9%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %		Long-term Expected Real Rate of Return %	
		Expected	Nominal	Expected	Real
Global Equities	49%	8.1%		5.1%	
Fixed Income	24.5%	4.9%		2.1%	
Inflation Sensitive Assets	15.5%	4.0%		1.2%	
Real Estate	9%	6.3%		3.5%	
Private Equity/Debt	8%	10.6%		7.6%	
Multi-asset	4%	6.9%		4.0%	
Cash	-10%	0.9%		N/A	
Total Core Fund	100%	7.5%		4.6%	
Variable Fund Asset Class					
U.S. Equities	70%	7.5%		4.6%	
International Equities	30%	8.2%		5.3%	
Total Variable Fund	100%	7.8%		4.9%	

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019). In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	One Percent Decrease to Discount Rate (6.00%)		Current Discount Rate (7.00%)		One Percent Increase to Discount Rate (8.00%)	
City's proportionate share of the net pension liability (asset)	\$	5,391,268	\$	(2,093,550)	\$	(7,689,314)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://all.wa.gov/about-all/reports-and-studies/financial-reports-and-statements>.

6. Payables to the Pension Plan

At December 31, 2020, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

H. OTHER POSTEMPLOYMENT BENEFITS Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost sharing, multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at

<http://etf.wa.gov/publications/cafr.htm>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at

<https://etfonline.wa.gov/ETFCASRPpublicWebContent/751-local-06>.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
50% Postretirement coverage	40% of employee contribution
25% Postretirement coverage	20% of employee contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are listed below:

Life Insurance Member Contribution Rates*		
For the Year Ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the year ended December 31, 2020, the LRLIF recognized \$2,825 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the City reported a liability of \$572,497 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.13444600%, which was a decrease of 0.00120000% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$60,488.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net differences between projected and actual earnings on OPEB plan investments	10,799	\$ 25,648
Changes in assumptions	211,196	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		62,970
Total	\$ 1,680	\$ 3,053
	\$ 223,675	\$ 91,671

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Expense
2021	\$ 22,667
2022	22,667
2023	21,503
2024	20,304
2025	16,561
Thereafter	28,302
Total	\$ 132,004

Actuarial assumptions. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date: January 1, 2019
 Actuarial cost method: Entry age normal
 20 year tax-exempt municipal bond yield: 2.74%
 Long-term expected rate of return: 4.25%
 Discount rate: 2.87%
 Salary increases: 3.00%
 Inflation: 0.1% - 5.6%
 Seniority/Merit: Wisconsin 2018 Mortality Table
 Mortality:

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-term expected rate of return			4.25%

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single discount rate. A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the City's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (1.87%) or one-percentage-point higher (3.87%) than the current rate:

	One Percent Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	One Percent Increase to Discount Rate (3.87%)
City's proportionate share of the net OPEB liability (asset)	\$ 790,523	\$ 572,497	\$ 408,622

Payable to the OPEB Plan

At December 31, 2020, the City reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2020.

I. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2020, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventory and prepaids	\$ 178,329
Long-term advance to other funds	99,896
Total Nonspendable Fund Balance	<u>\$ 278,225</u>

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance was as follows:

General Fund	
Restricted for	
Capital projects	\$ 50,234
Special Revenue Funds	
Restricted for	
Community development	657,522
Library endowment	483,557
Library trust	1,292,369
Remedial action	327,355
Capital Projects Funds	
Restricted for	
TIF No. 3	1,366
TIF No. 4	3,046
TIF No. 5	5,379
TIF No. 12	213
Debt Service Fund	
Restricted for	
Debt service	407,563
Total Restricted Fund Balance	<u>\$ 3,228,604</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2020, General Fund balance was committed as follows:

General Fund	
Committed for	
Nonlapsing reserves	
General government	\$ 346,982
Public safety	246,236
Public works	13,794
Health and Human Services	52,466
Culture and recreation	211,341
Total Committed Fund Balance	<u>\$ 870,819</u>

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING DISTRICTS

The City has established separate capital projects funds for Tax Incremental Financing Districts (TIFs) which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIFs were created, the property tax base within the TIFs were "frozen" and increment taxes resulting from increase in the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's TIFs with the exception of TIF No. 3 are still eligible to incur project costs.

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

The City established TIF No. 3 on September 13, 2005 as a mixed-use district and amended the boundaries on July 11, 2006, September 24, 2013, September 22, 2015 and on April 26, 2017. The City intends that the TIF will include industrial, commercial, and residential development.

The City established TIF No. 4 on September 11, 2007 as a mixed-use district and amended the boundaries on September 24, 2013. The City intends that the District will be used to assure a combination of private industrial and commercial development.

The City established TIF No. 5 on September 11, 2007 as a mixed-use district. The City intends that the District will be used to assure a combination of private industrial and residential development.

The City established TIF No. 6 on May 12, 2009 as a blighted area district and amended the boundaries on September 22, 2015. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 7 on August 11, 2009 as a blighted area district and amended the boundaries on September 22, 2015. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 8 on September 27, 2011 as a blighted area district and amended the boundaries on September 24, 2013, September 22, 2015 and on August 23, 2017. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 9 on September 24, 2013 as a blighted area district. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 10 on September 22, 2015 as a blighted area district. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 11 on May 10, 2016 as a mixed use development district. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 12 on August 23, 2017 as a mixed-use development district. The City intends that the TIFs will be used to assure a combination of private industrial, commercial, and residential development.

Since creation of the above TIFs, the City has provided various financing sources to the TIF. The following amounts are not recorded as liabilities in the TIF capital project fund but can be recovered by the City from any future excess tax increment revenues.

	Unreimbursed Costs
TIF No. 3	\$ 4,301,534
TIF No. 4	630,954
TIF No. 5	19,423
TIF No. 6	924,216
TIF No. 7	383,322
TIF No. 8	1,854,821
TIF No. 9	650,493
TIF No. 10	553,417
TIF No. 11	1,451,126
TIF No. 12	119,787

City of Merrill, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

The intent of the City is to recover the above amounts from future TIF surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TIF has a statutory termination year as follows:

Termination Year	
TIF No. 3	2025
TIF No. 4	2027
TIF No. 5	2027
TIF No. 6	2036
TIF No. 7	2036
TIF No. 8	2038
TIF No. 9	2040
TIF No. 10	2042
TIF No. 11	2037
TIF No. 12	2037

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded coverage in each of the last three years.

C. CONTINGENCIES

From time-to-time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

D. RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the City, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impacts of COVID-19 is unknown and cannot be reasonably estimated as of August 16, 2021.

E. PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment of \$14,950 in the government-wide and proprietary fund statements and \$48,425 governmental fund statements to correct allocation of debt proceeds and debt payments in a prior year. The City also recorded a prior period adjustment of \$164,633 in the governmental activities and governmental fund statements and \$18,199 in the business-type activities and proprietary fund statements to correct the recording of accrued payroll in the prior year.

F. SUBSEQUENT EVENT

The City Council approved the creation of Tax Incremental Financing District No. 13 in February 2021 and the creation of Tax Incremental Financing District No. 14 in June 2021.

REQUIRED SUPPLEMENTARY INFORMATION

City of Merrill, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.05846372%	\$ (1,460,591)	\$ 6,308,015	23.15%	102.74%
12/31/15	0.06016318%	977,841	6,640,714	14.72%	98.20%
12/31/16	0.06118127%	504,280	6,647,432	7.59%	99.12%
12/31/17	0.06255663%	(1,857,380)	6,746,319	27.53%	102.93%
12/31/18	0.06360067%	2,262,712	6,972,423	32.45%	96.45%
12/31/19	0.06492726%	(2,093,550)	7,254,325	28.86%	102.96%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 596,197	\$ 596,197	\$ -	\$ 6,640,714	8.98%
12/31/16	587,229	587,229	-	6,647,432	8.83%
12/31/17	649,476	649,476	-	6,746,319	9.63%
12/31/18	672,929	672,929	-	6,972,423	9.65%
12/31/19	688,367	688,367	-	7,254,325	9.49%
12/31/20	750,027	750,027	-	7,389,371	10.15%

See notes to required supplementary information

City of Merrill, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.13536800%	\$	407,265	\$	6.04%	44.81%
12/31/18	0.13564600%		350,012		5.02%	48.89%
12/31/19	0.13444600%		572,497		7.89%	37.58%

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions In Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
12/31/18	\$	2,571	\$	6,972,423	0.04%
12/31/19		2,662		7,254,325	0.04%
12/31/20		2,825		7,389,371	0.04%

See notes to required supplementary information

City of Merrill, Wisconsin

NOTES TO REQUIRED FINANCIAL STATEMENTS DECEMBER 31, 2020

A. WISCONSIN RETIREMENT SYSTEM

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. No significant change in assumptions were noted in the prior year.

The City is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

B. LRLIF OPEB

Changes of benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

City of Merrill, Wisconsin

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

SUPPLEMENTARY INFORMATION

	Special Revenue				
	Library	Library Trust	Remedial Action	TIF No. 3	TIF No. 4
ASSETS					
Cash and investments	\$ 417,762	\$ -	\$ 59,324	\$ 177,364	\$ 72,650
Receivables	-	-	-	627,925	11,522
Taxes and special charges	-	-	-	164,751	128,264
Accounts	-	-	-	-	-
Other	-	1,292,369	-	-	11,321
Due from other funds	65,795	-	-	-	-
Advance to other funds	-	-	269,450	-	-
Total assets	\$ 483,557	\$ 1,292,369	\$ 327,774	\$ 970,040	\$ 200,914
					\$ 22,843
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 419	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	-	-	419	-	-
Deferred inflows of resources					
Property taxes levied for subsequent year	-	-	-	965,674	197,868
Fund balances					
Restricted	483,557	1,292,369	327,355	1,366	3,046
Unassigned	-	-	-	-	5,379
Total fund balances	483,557	1,292,369	327,355	1,366	5,379
Total liabilities, deferred inflows of resources and fund balances	\$ 483,557	\$ 1,292,369	\$ 327,774	\$ 970,040	\$ 200,914
					\$ 22,843

City of Merrill, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

TIF No. 6	Capital Projects					TIF					Total	
	TIF No. 7	TIF No. 8	TIF No. 9	TIF No. 10	TIF No. 11	TIF No. 12						
\$	\$ 2,593	\$ -	\$ -	\$ -	\$ -	\$ 7,387	\$				\$ 747,702	
37,369	75,580	37,766			94,042	13,221	1,025,488				341,258	
		43,258	133,249				1,292,369				65,795	
							269,450					
\$ 37,369	\$ 78,273	\$ 81,024	\$ 133,249	\$ -	\$ 94,042	\$ 20,608	\$ 3,742,062					
\$ 542,364	\$ -	\$ 617,584	\$ 503,741	\$ 58,417	\$ 20,197	\$ -	\$ 419					
	100,000				99,896		1,742,303				199,896	
542,364	100,000	617,584	503,741	58,417	120,093	-	1,942,618					
57,648	116,594	58,260	-	-	145,075	20,395	1,581,978					
(562,643)	(138,321)	(594,820)	(370,492)	(58,417)	(171,126)	213	2,113,285				(1,895,819)	
(562,643)	(138,321)	(594,820)	(370,492)	(58,417)	(171,126)	213	217,466					
\$ 37,369	\$ 78,273	\$ 81,024	\$ 133,249	\$ -	\$ 94,042	\$ 20,608	\$ 3,742,062					

	Special Revenue					
	Library	Library Trust	Remedial Action	TIF No. 3	TIF No. 4	TIF No. 5
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 889,641	\$ 208,267	\$ 17,322
Intergovernmental				252,460	23,877	137
Miscellaneous	14,641	43,488	-	89,518	-	-
Total revenues	14,641	43,488	-	1,231,619	232,144	17,459
EXPENDITURES						
Current						
Public works			31,523	-	-	-
Culture and recreation	18,735	88,044	-	287,157	4,996	8,435
Conservation and development			-	-	-	-
Debt service			-	127,384	-	-
Interest and fiscal charges			-	309,396	25,700	23,418
Capital outlay			-	-	-	-
Total expenditures	18,735	88,044	31,523	703,937	30,696	31,853
Excess of revenues over (under) expenditures	(4,094)	(44,556)	(31,523)	527,682	201,448	(14,394)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued			-	4,420,000	-	-
Long-term debt issued - Refunding Bonds			-	112,534	-	-
Premium on debt issued			-	(3,962,011)	-	-
Payment to Current Bondholder			-	-	-	-
Transfers in	44,130	(44,130)	-	(977,240)	(348,902)	(2,447)
Transfers out			-	-	-	-
Total other financing sources (uses)	44,130	(44,130)	-	(406,717)	(348,902)	(2,447)
Net change in fund balances	40,036	(88,686)	(31,523)	120,965	(147,454)	(16,841)
Fund balances - January 1	443,521	1,381,055	358,878	(119,599)	150,500	22,220
Fund balances - December 31	\$ 483,557	\$ 1,292,369	\$ 327,355	\$ 1,366	\$ 3,046	\$ 5,379

Capital Projects											
TIF	TIF	TIF	TIF	TIF	TIF	TIF	TIF	TIF	TIF	TIF	Total
No. 6	No. 7	No. 8	No. 9	No. 10	No. 11	No. 12	No. 12	No. 12	No. 12	No. 12	
\$ 41,797	\$ 18,501	\$ 40,348	\$ -	\$ -	\$ 113,060	\$ 20,970	\$ 113,060	\$ 20,970	\$ 113,060	\$ 20,970	\$ 1,349,906
2,844	1,476	3,668	112,577	-	16,305	-	16,305	-	16,305	-	413,344
5,000	-	43,258	2,820	-	-	-	-	-	-	-	198,725
49,641	19,977	87,274	115,397	-	129,365	20,970	129,365	20,970	129,365	20,970	1,961,975
-	-	-	-	-	-	-	-	-	-	-	31,523
33,330	10,188	77,389	901	-	201,000	40,441	201,000	40,441	201,000	40,441	106,779
-	-	-	-	-	-	-	-	-	-	-	643,837
20,706	30,202	32,694	1,166	6,768	10,996	88,192	10,996	88,192	10,996	88,192	171,074
54,036	40,390	775,802	2,067	6,768	287,511	128,633	287,511	128,633	287,511	128,633	1,246,782
(4,395)	(20,413)	(688,528)	113,330	(6,768)	(158,146)	(107,663)	(158,146)	(107,663)	(158,146)	(107,663)	(238,020)
-	-	620,000	-	-	205,000	-	205,000	-	205,000	-	825,000
-	-	22,694	-	-	7,483	-	7,483	-	7,483	-	4,420,000
40,000	35,000	100,000	102,500	(20,132)	(63,289)	(7,920)	(63,289)	(7,920)	(63,289)	(7,920)	142,711
(33,985)	(13,279)	(49,863)	(18,650)	-	-	-	-	-	-	-	(3,962,011)
6,015	21,721	692,831	83,850	(20,132)	149,194	(7,920)	149,194	(7,920)	149,194	(7,920)	321,630
1,620	1,308	4,303	197,180	(26,900)	(8,952)	(115,583)	(26,900)	(8,952)	(26,900)	(8,952)	(1,579,837)
(564,263)	(139,629)	(999,123)	(567,672)	(31,517)	(162,174)	115,796	(31,517)	(162,174)	(31,517)	115,796	167,493
\$ (562,643)	\$ (138,321)	\$ (994,820)	\$ (370,492)	\$ (58,417)	\$ (171,126)	\$ 213	\$ (58,417)	\$ (171,126)	\$ (58,417)	\$ 213	\$ 217,466

FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

October 5, 2021

Re: City of Merrill, Wisconsin ("Issuer")
\$1,130,000 General Obligation Promissory Notes, Series 2021B,
dated October 5, 2021 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on October 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$110,000	____%
2023	110,000	____
2024	110,000	____
2025	110,000	____
2026	110,000	____
2027	110,000	____
2028	115,000	____
2029	115,000	____
2030	115,000	____
2031	125,000	____

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2022.

The Notes maturing on October 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on October 1, 2028 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Merrill, Lincoln County, Wisconsin (the "Issuer") in connection with the issuance of \$1,130,000 General Obligation Promissory Notes, Series 2021B, dated October 5, 2021 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on September 14, 2021, as supplemented by a Certificate Approving the Details of General Obligation Promissory Notes, Series 2021B (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated September 17, 2021 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Merrill, Lincoln County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Finance Director/Treasurer of the Issuer who can be contacted at City Hall, 1004 East First Street, Merrill, Wisconsin 54452, phone (715) 536-5594, fax (715) 539-2668.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2021, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 5th day of October, 2021.

(SEAL)

Derek Woellner
Mayor

William Heideman
City Clerk

NOTICE OF SALE

\$1,130,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021B CITY OF MERRILL, WISCONSIN

Bids for the purchase of \$1,130,000* General Obligation Promissory Notes, Series 2021B (the "Notes") of the City of Merrill, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on September 16, 2021, at which time they will be opened, read and tabulated. **The Common Council will adopt a resolution on September 14, 2021 (the "Parameters Resolution"), which will authorize the Finance Director/Treasurer and the City Administrator to accept a bid for the Notes if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on September 16, 2021, the Finance Director/Treasurer and the City Administrator will not have the authority to accept a bid for the Notes, and all bids for the Notes will be rejected.**

PURPOSE

The Notes are being issued by the City pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including capital projects and equipment acquisition. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated October 5, 2021, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on October 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$110,000	2026	\$110,000	2030	\$115,000
2023	110,000	2027	110,000	2031	125,000
2024	110,000	2028	115,000		
2025	110,000	2029	115,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, \$50,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after October 1, 2029 shall be subject to optional redemption prior to maturity on October 1, 2028 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about October 5, 2021, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$1,116,440 plus accrued interest on the principal sum of \$1,130,000 from date of original issue of the Notes to date of delivery. **The maximum proposal allowed will be \$1,197,800.** Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$22,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Notes will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 2.75% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an “issue price” or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a “competitive sale” are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Notes. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the “10% test”) is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the “hold-the-offering-price rule”).

(d) If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

William Heideman, City Clerk
City of Merrill, Wisconsin

BID FORM

City of Merrill, Wisconsin (the "City")

September 16, 2021

RE: \$1,130,000* General Obligation Promissory Notes, Series 2021B (the "Notes")

DATED: October 5, 2021

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$1,116,440 *and not more than \$1,197,800*) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing on October 1 in the stated years as follows:

_____ % due	2022	_____ % due	2026	_____ % due	2030
_____ % due	2023	_____ % due	2027	_____ % due	2031
_____ % due	2024	_____ % due	2028		
_____ % due	2025	_____ % due	2029		

* The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each, \$50,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$22,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about October 5, 2021.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____

By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from October 5, 2021 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted on behalf of the City of Merrill, Wisconsin, on September 16, 2021.

By: _____

Title: _____