

PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2026

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; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 Notes shall be designated as "qualified tax-exempt obligations".

New Issue

Rating Application Made: S&P Global Ratings

CITY OF MERRILL, WISCONSIN (Lincoln County)

\$5,805,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A

BID OPENING: May 12, 2026, 10:00 A.M., C.T.

CONSIDERATION: May 12, 2026, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$5,805,000* General Obligation Promissory Notes, Series 2026A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Merrill, Wisconsin (the "City"), for public purposes, including paying the cost of 2025 and 2026 capital improvement projects, including street improvements, park improvements, improvements to City buildings, vehicles and equipment and projects included in the project plan for the City's Tax Incremental District No. 9 and current refunding certain outstanding obligations of the City as more fully described herein. 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: May 27, 2026

MATURITY: November 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$620,000	2032	\$530,000	2037	\$195,000
2028	815,000	2033	535,000	2038	205,000
2029	505,000	2034	310,000	2039	205,000
2030	490,000	2035	215,000	2040	220,000
2031	505,000	2036	225,000	2041	230,000

***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. 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: May 1, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing on November 1, 2035 and thereafter are subject to call for prior optional redemption on November 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$5,723,730.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$116,100 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).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



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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 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 Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). 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 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 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 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 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 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 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>
Steve J. Hass	Mayor	April 2030
Andrew Caylor	Alderman	April 2030
Michael "Gus" Caylor	Alderman	April 2030
LaDonna Fermanich	Alderman	April 2030
Jewell Holdorf	Alderman	April 2030
Nathan Meyer	Alderman	April 2030
Rebecca Rutkowski	Alderman	April 2030
Derrick L. Sukow	Alderman	April 2030
Mark Weix	Alderman	April 2030

ADMINISTRATION

Rod Akey, City Administrator
Emily Ley, Finance Director/Treasurer
Lori Anderson-Malm, City Clerk

PROFESSIONAL SERVICES

VanderWaal Law, S.C., City Attorney, Wausau, Wisconsin
Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin
Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Merrill, Wisconsin (the "City") and the issuance of its \$5,805,000* General Obligation Promissory Notes, Series 2026A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Authorizing Resolution") to be adopted by the Common Council on May 12, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this 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 May 27, 2026. The Notes will mature on November 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2027, 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 Authorizing Resolution.

The City has selected Bond Trust Services Corporation, Minneapolis, 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 November 1, 2035 shall be subject to optional redemption prior to maturity on November 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of 2025 and 2026 capital improvement projects, including street improvements, park improvements, improvements to City buildings, vehicles and equipment and projects included in the project plan for the City's Tax Incremental District No. 9 and current refunding a portion of the City's General Obligation Corporate Purpose Bonds, Series 2013A, dated September 4, 2013 (the "Series 2013A Bonds"), and current refunding a portion of the City's Note Anticipation Note, Series 2024B, dated October 31, 2024 (the "Series 2024B NAN").

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 590230
Series 2013A Bonds	9/4/13	6/17/26	Par	11/1/26	3.500%	\$225,000	QM3
				11/1/27	3.750%	235,000	QN1
				11/1/28	4.000%	240,000	QP6
				11/1/29	4.000%	250,000	QQ4
				11/1/30	4.000%	260,000	QR2
				11/1/31	4.000%	265,000	QS0
				11/1/32	4.100%	270,000	QT8
				5/1/33	4.200%	<u>290,000</u>	QU5
Total Maturities Being Refunded						<u>\$2,035,000</u>	

A portion of the proceeds of the Notes will be used to call and prepay the portion of the Series 2013A Bonds as described above. The City will use funds on hand to refund the remaining outstanding portion of the Series 2013A Bonds on or about June 17, 2026.

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturity Being Partially Refunded	Interest Rate	Principal to be Refunded	Non-Refunded Principal
Series 2024B NAN	10/31/24	6/17/26	Par	2027	5.530%	<u>\$ 1,173,000</u>	<u>\$ 3,546,000</u>
Total Amounts Being Refunded and Remaining						<u>\$1,173,000</u>	<u>\$3,546,000</u>

A portion of the proceeds of the Notes will be used to call and prepay a portion of the Series 2024B NAN maturity described above. The City will continue to pay the principal and interest due on the non-refunded portion of the Series 2024B NAN through November 1, 2027.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	\$5,805,000	
Transfers from Prior Issue Debt Service Funds	258,396	
Cash Contribution (TID No. 5)	<u>115,582</u>	
Total Sources		\$6,178,978
Uses		
Estimated Underwriter's Discount	\$81,270	
Costs of Issuance	104,900	
Deposit to Construction Fund	2,765,000	
Deposit to Current Refunding Fund	3,223,696	
Rounding Amount	<u>4,111</u>	
Total Uses		\$6,178,978

*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, irrevocable 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 "BBB+/Stable outlook 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 of the Notes, 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. 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 ("Bond Counsel"), 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 the 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 the 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; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 Bonds") 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 Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond 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 Bond 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 Bond 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 Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond 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 Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond 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 Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond 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 Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. 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 Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds 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 Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

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 Bonds") will be considered to have bond premium.

Any Premium Bond 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 Bond is calculated on a daily basis from the issue date of such Premium Bond 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 Bond 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 Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond 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 Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes shall be designated 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, 2024, have been audited by CliftonLarsonAllen LLP, Stevens Point, 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

The 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 read 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 Authorizing 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.

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.

CURRENT PROPERTY VALUATIONS

2025 Equalized Value	\$716,915,900
2025 Equalized Value Reduced by Tax Increment Valuation	\$616,321,500
2025 Assessed Value	\$694,612,500

2025 EQUALIZED VALUE BY CLASSIFICATION

	2025 Equalized Value¹	Percent of Total Equalized Value
Residential	\$492,340,900	68.675%
Commercial	177,458,200	24.753%
Manufacturing	46,981,600	6.553%
Agricultural	52,800	0.007%
Undeveloped	76,700	0.011%
Ag Forest	<u>5,700</u>	<u>0.001%</u>
 Total	 <u><u>\$716,915,900</u></u>	 <u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2021	\$417,027,360	\$487,323,100	5.01%
2022	418,773,850	552,633,600	13.40%
2023	423,537,330	654,892,600	18.50%
2024	683,425,200	664,323,400	1.44%
2025	694,612,500	716,915,900	7.92%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2025 Equalized Value ¹	Percent of City's Total Equalized Value
SC Swiderski	Apartments	\$24,682,437	3.44%
Walmart ²	Retail	11,365,250	1.59%
Lincoln Wood	Window manufacturing	8,465,215	1.18%
Church Mutual	Insurance company	8,378,519	1.17%
Park City Credit Union	Financial - Credit Union	6,368,065	0.89%
Sierra Pacific	Window manufacturing	6,220,693	0.87%
Marshfield Clinic	Medical clinic	4,909,666	0.68%
Prairie River Properties	Curtain walls	4,730,105	0.66%
TW Merrill LLC	Apartments	3,824,377	0.53%
LMG Rock Ridge LLC	Apartments	<u>3,824,377</u>	<u>0.53%</u>
Total		\$82,768,704	11.55%
City's Total 2025 Equalized Value ³		\$716,915,900	

Source: The City.

DEBT

DIRECT DEBT⁴

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u>\$20,739,665</u>
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*Preliminary, subject to change.

¹ Calculated by dividing the 2025 Assessed Values by the 2025 Aggregate Ratio of assessment for the City.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

⁴ Outstanding debt is as of the dated date of the Notes and excludes the obligations to be refunded by the Notes.

Revenue Debt (see schedules following)

Total revenue debt secured by tax increment revenues from TID No. 3	<u>\$1,030,000</u>
Total revenue debt secured by tax increment revenues from TID No. 4	<u>\$177,000</u>
Total revenue debt secured by tax increment revenues from TID No. 11	<u>\$985,000</u>
Total revenue debt secured by water revenues	<u>\$597,035</u>

Other

Issue Date	Original Amount	Name of Issue	Final Maturity	Amount Outstanding
9/30/21	\$565,000	Taxable Tax Increment Revenue Bond Anticipation Note, Series 2021D (TID No. 10) ("2021D RBAN")	9/1/26	\$565,000
10/31/24	\$4,719,000	Series 2024B NAN ¹	11/1/27	\$3,546,000 ²

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City expects to issue tax increment revenue bonds to refund the remaining portion of the Series 2024B NAN, likely in late 2026. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

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.

Equalized Value	\$716,915,900
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$35,845,795
Less: General Obligation Debt*	<u>(20,739,665)</u>
Unused Debt Limit*	<u><u>\$15,106,130</u></u>

¹ The Series 2024B NAN is not a general obligation of the City but is payable from the proceeds to be derived from the issuance and sale of general obligation or revenue debt, respectively, which the City has covenanted to issue. The City has covenanted to maintain general obligation debt capacity for the issuance of such general obligation debt.

² Amount to remain outstanding following the partial refunding described herein.

City of Merrill, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 05/27/2026)

Dated Amount	Promissory Notes Series 2016A		Corporate Purpose Bonds Series 2016B		Corporate Purpose Bonds Series 2017C		Promissory Notes Series 2017D		Promissory Notes Series 2018A	
	10/11/2016 \$2,095,000		10/11/2016 \$4,095,000		10/26/2017 \$3,210,000		10/26/2017 \$860,000		09/27/2018 \$1,310,000	
Maturity	10/01		10/01		10/01		10/01		10/01 Final Maturity 04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	310,000	3,410	285,000	21,066	185,000	28,925	100,000	2,154	140,000	6,133
2027			170,000	36,431	180,000	52,300	105,000	2,258	140,000	8,415
2028			175,000	33,031	125,000	46,900			150,000	2,213
2029			180,000	29,531	135,000	43,150				
2030			180,000	25,706	140,000	39,100				
2031			145,000	21,881	140,000	34,900				
2032			150,000	18,619	145,000	30,700				
2033			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										
2042										
2043										
2044										
	310,000	3,410	1,910,000	225,316	1,860,000	357,231	205,000	4,411	430,000	16,760

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City of Merrill, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/27/2026)

	Corporate Purpose Bonds Series 2018B		Corporate Purpose Bonds Series 2019A		Corporate Purpose Bonds Series 2020C		Corporate Purpose Bonds Series 2021A		Promissory Notes Series 2021B	
Dated	09/27/2018		11/05/2019		11/17/2020		10/05/2021		10/05/2021	
Amount	\$1,575,000		\$1,945,000		\$3,430,000		\$1,680,000		\$1,130,000	
Maturity	10/01 Final Maturity 04/01		10/01		05/01		10/01		10/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	70,000	19,025	70,000	19,131	0	26,888	40,000	16,156	105,000	8,325
2027	70,000	36,125	75,000	36,163	165,000	50,475	40,000	31,513	110,000	13,500
2028	80,000	34,060	75,000	33,913	165,000	43,875	40,000	30,313	110,000	10,200
2029	80,000	31,700	75,000	31,663	185,000	38,725	45,000	29,113	115,000	6,900
2030	80,000	29,140	110,000	29,975	145,000	35,425	45,000	28,213	115,000	4,600
2031	85,000	26,580	115,000	27,500	145,000	32,525	45,000	27,313	115,000	2,300
2032	85,000	23,733	120,000	24,913	150,000	29,575	125,000	26,413		
2033	90,000	20,885	120,000	22,213	155,000	26,428	130,000	23,913		
2034	95,000	17,735	125,000	19,513	155,000	23,134	135,000	21,313		
2035	100,000	14,410	125,000	16,544	155,000	19,647	140,000	18,613		
2036	105,000	10,810	135,000	13,575	155,000	15,966	140,000	15,813		
2037	95,000	7,030	135,000	10,200	155,000	12,188	140,000	13,013		
2038	95,000	1,758	125,000	6,825	145,000	8,438	145,000	10,213		
2039			135,000	3,544	150,000	4,750	150,000	7,313		
2040					115,000	1,438	90,000	3,938		
2041							85,000	1,913		
2042										
2043										
2044										
	1,130,000	272,990	1,540,000	295,669	2,140,000	369,475	1,535,000	305,069	670,000	45,825

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City of Merrill, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/27/2026)

	State Trust Fund Loan		Promissory Notes Series 2024A		Promissory Notes Series 2026A							Calendar Year Ending
Dated	12/27/2022		10/30/2024		05/27/2026							
Amount	\$552,000		\$3,030,000		\$5,805,000*							
Maturity	03/15		12/01		11/01							
			Final Maturity 06/01									
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	0	255,000	129,950	0	0	1,560,000	281,162	1,841,162	19,179,665	7.52%	2026
2027	58,400	20,982	265,000	117,200	620,000	302,910	1,998,400	708,271	2,706,671	17,181,265	17.16%	2027
2028	61,417	17,966	280,000	103,950	815,000	191,385	2,076,417	547,804	2,624,221	15,104,849	27.17%	2028
2029	64,690	14,692	285,000	89,950	505,000	163,675	1,669,690	479,098	2,148,788	13,435,159	35.22%	2029
2030	68,086	11,296	220,000	75,700	490,000	146,505	1,593,086	425,660	2,018,746	11,842,073	42.90%	2030
2031	71,661	7,721	230,000	64,700	505,000	129,600	1,596,661	375,020	1,971,681	10,245,412	50.60%	2031
2032	75,412	3,970	240,000	53,200	530,000	111,925	1,620,412	323,046	1,943,458	8,625,000	58.41%	2032
2033			250,000	41,200	535,000	93,110	1,585,000	269,342	1,854,342	7,040,000	66.06%	2033
2034			260,000	31,200	310,000	73,583	1,395,000	219,858	1,614,858	5,645,000	72.78%	2034
2035			40,000	20,800	215,000	61,958	1,095,000	176,471	1,271,471	4,550,000	78.06%	2035
2036			45,000	19,200	225,000	53,788	1,135,000	144,413	1,279,413	3,415,000	83.53%	2036
2037			50,000	17,400	195,000	45,013	935,000	110,411	1,045,411	2,480,000	88.04%	2037
2038			50,000	15,400	205,000	37,115	765,000	79,748	844,748	1,715,000	91.73%	2038
2039			50,000	13,400	205,000	28,505	690,000	57,511	747,511	1,025,000	95.06%	2039
2040			55,000	11,400	220,000	19,690	480,000	36,465	516,465	545,000	97.37%	2040
2041			55,000	9,200	230,000	10,120	370,000	21,233	391,233	175,000	99.16%	2041
2042			55,000	7,000			55,000	7,000	62,000	120,000	99.42%	2042
2043			60,000	4,800			60,000	4,800	64,800	60,000	99.71%	2043
2044			60,000	1,200			60,000	1,200	61,200	0	100.00%	2044
	399,665	76,627	2,805,000	826,850	5,805,000	1,468,880	20,739,665	4,268,514	25,008,179			

* Preliminary, subject to change.

City of Merrill, Wisconsin
Schedule of Bonded Indebtedness continued
Revenue Debt Secured by Tax Incremental District No. 3 Revenues
(As of 05/27/2026)

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

Dated Amount	11/30/2020							
	\$4,420,000							
Maturity	10/01							
<hr/>								
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	1,030,000	10,300	1,030,000	10,300	1,040,300	0	100.00%	2026
	1,030,000	10,300	1,030,000	10,300	1,040,300			

City of Merrill, Wisconsin
 Schedule of Bonded Indebtedness continued
 Revenue Debt Secured by Tax Incremental District No. 4 Revenues
 (As of 05/27/2026)

Tax Increment Revenue Bond (TID No. 4) Series 2017B								
Dated Amount	10/10/2017 \$579,000							
Maturity	10/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	57,000	5,416	57,000	5,416	62,416	120,000	32.20%	2025
2027	59,000	3,672	59,000	3,672	62,672	61,000	65.54%	2026
2028	61,000	1,867	61,000	1,867	62,867	0	100.00%	2027
	177,000	10,955	177,000	10,955	187,955			

City of Merrill, Wisconsin
 Schedule of Bonded Indebtedness continued
 Revenue Debt Secured by Tax Incremental District No. 11 Revenues
 (As of 05/27/2026)

Tax Increment
 Revenue Bond (TID No. 11)
 Series 2021C

Dated	09/30/2021
Amount	\$1,195,000
Maturity	10/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	75,000	7,880	75,000	7,880	82,880	910,000	7.61%	2025
2027	75,000	14,560	75,000	14,560	89,560	835,000	15.23%	2026
2028	75,000	13,360	75,000	13,360	88,360	760,000	22.84%	2027
2029	75,000	12,160	75,000	12,160	87,160	685,000	30.46%	2028
2030	75,000	10,960	75,000	10,960	85,960	610,000	38.07%	2029
2031	65,000	22,875	65,000	22,875	87,875	545,000	44.67%	2030
2032	70,000	20,438	70,000	20,438	90,438	475,000	51.78%	2031
2033	75,000	17,813	75,000	17,813	92,813	400,000	59.39%	2032
2034	75,000	15,000	75,000	15,000	90,000	325,000	67.01%	2033
2035	75,000	12,188	75,000	12,188	87,188	250,000	74.62%	2034
2036	80,000	9,375	80,000	9,375	89,375	170,000	82.74%	2035
2037	85,000	6,375	85,000	6,375	91,375	85,000	91.37%	2036
2038	85,000	3,188	85,000	3,188	88,188	0	100.00%	2037
	985,000	166,170	985,000	166,170	1,151,170			

City of Merrill, Wisconsin
 Schedule of Bonded Indebtedness continued
 Revenue Debt Secured by Water Revenues
 (As of 05/27/2026)

Water System Revenue Bonds
 Series 2012

Dated	09/26/2012
Amount	\$1,745,386
Maturity	05/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	5,746	0	5,746	5,746	597,035	.00%	2026
2027	94,824	10,580	94,824	10,580	105,404	502,212	15.88%	2027
2028	96,649	8,737	96,649	8,737	105,386	405,563	32.07%	2028
2029	98,510	6,859	98,510	6,859	105,368	307,053	48.57%	2029
2030	100,406	4,944	100,406	4,944	105,350	206,647	65.39%	2030
2031	102,339	2,993	102,339	2,993	105,332	104,309	82.53%	2031
2032	104,309	1,004	104,309	1,004	105,313	0	100.00%	2032
	597,035	40,864	597,035	40,864	637,900			

OVERLAPPING DEBT¹

Taxing District	2025 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Lincoln County	\$4,276,679,600	16.7634%	\$13,275,000	\$2,225,341
North Central Technical College	30,219,825,680	2.3723%	28,785,000	<u>682,867</u>
City's Share of Total Overlapping Debt				<u><u>\$2,908,208</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$716,915,900	Debt/ Per Capita 9,411⁴
Total General Obligation Debt*	\$20,739,665	2.89%	\$2,203.77
City's Share of Total Overlapping Debt	<u>2,908,208</u>	<u>0.41%</u>	<u>309.02</u>
Total*	\$23,647,873	3.30%	\$2,512.79

*Preliminary, subject to change.

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, Wisconsin Department of Revenue, Wisconsin Department of Public Instruction and the Municipal Advisor's records.

⁴ Estimated 2025 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
2021/22	\$5,831,281	100%	\$13.67
2022/23	5,853,781	100%	12.42
2023/24	5,849,296	100%	10.86
2024/25	5,972,667	100%	10.36
2025/26	6,330,129	In Process of Collection	10.27

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.

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. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly collected from each taxing entity in the year following the levy year. The personal property tax was repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax was replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

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	Total
2021/22	\$9.14	\$5.22	\$13.67	\$28.03
2022/23	6.31	4.66	12.42	23.39
2023/24	6.95	4.22	10.86	22.03
2024/25	6.25	4.13	10.36	20.74
2025/26	7.02	3.94	10.27	21.23

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; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). 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 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%.

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

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.

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. 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 the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. 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.

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.

REVENUE FROM THE STATE

In addition to local property taxes described above, a number of State programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. Chapter 79, Wis. Stats. includes other revenue sharing programs, which each have their own requirements. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2025, the City received approximately \$4,182,000 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$4,091,000 received in 2024. The City is expected to receive approximately \$4,321,000 in shared revenue under Chapter 79, Wis. Stats. in 2026. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

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 elected City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 107 full-time and 41 part-time 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, 2022, the fiscal year ended December 31, 2023 and the fiscal year ended December 31, 2024 ("Fiscal Year 2024"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$811,785, \$871,648 and \$939,412, respectively.

Governmental Accounting Standards Board Statement No. 68 ("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, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion. As of December 31, 2024, the total pension liability of the WRS was calculated as \$136.18 billion and the fiduciary net position of the WRS was calculated as \$134.54 billion, resulting in a net pension liability of \$1.64 billion. Accordingly, the City will continue to report a liability for its proportionate share of the net pension liability in its audited financial statements for the year ended December 31, 2025.

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 2024, the City reported a liability of \$995,018 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2023 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 0.06692329% of the aggregate WRS net pension liability as of December 31, 2023.

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.

The City also offers employees two deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The City makes no employer contributions to the plans. For more information, see Note 3.I.. 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.¹

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. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, 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, 2028
International Association of Firefighters, Local 847	December 31, 2028

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.

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an order granting the plaintiffs' motion for judgment on the pleadings and striking down substantial portions of the Act. The court's decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

For Fiscal Year 2024, the City's portion of contributions to the LRLIF totaled \$2,765. For Fiscal Year 2024, the City reported a liability of \$624,263 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2023 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.13569000% of the aggregate LRLIF net OPEB liability as of December 31, 2023.

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 "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

The City also has established certain OPEB for eligible members of the police and firefighter bargaining units identified above. The City makes contributions to a Healthcare Reimbursement Account for eligible members of the International Association of Firefighters, Local 847, and makes contributions to a City-funded post employment health plan for eligible members of the Merrill Professional Police Association.

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 February 28, 2026)

Fund	Total Cash and Investments
General	\$8,224,725
Debt Service Reserve Fund (TID No. 3)	497,574
Debt Service	320,270
Community Development	482,368
Enterprise Funds - Water & Sewer	3,698,269
Sewer Replacement	2,304,389
Library Endowment	690,342
Library Trust	<u>1,902,921</u>
 Total Funds on Hand	 <u><u>\$18,120,858</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:

	2022 Audited	2023 Audited	2024 Audited
Water			
Total Operating Revenues	\$2,002,704	\$1,974,156	\$1,996,385
Less: Operating Expenses	<u>(1,377,510)</u>	<u>(1,550,572)</u>	<u>(1,532,183)</u>
Operating Income	\$625,194	\$423,584	\$464,202
Plus: Depreciation	524,509	551,147	572,110
Interest Income	<u>4,350</u>	<u>21,487</u>	<u>22,472</u>
Revenues Available for Debt Service	<u><u>\$1,154,053</u></u>	<u><u>\$996,218</u></u>	<u><u>\$1,058,784</u></u>
Sewer			
Total Operating Revenues	\$1,864,424	\$1,898,459	\$1,934,967
Less: Operating Expenses	<u>(1,634,553)</u>	<u>(1,667,689)</u>	<u>(1,758,543)</u>
Operating Income	\$229,871	\$230,770	\$176,424
Plus: Depreciation	448,295	460,801	475,652
Interest Income	<u>16,188</u>	<u>95,653</u>	<u>89,431</u>
Revenues Available for Debt Service	<u><u>\$694,354</u></u>	<u><u>\$787,224</u></u>	<u><u>\$741,507</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, 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 2024 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Unaudited
Revenues					
Property taxes	\$4,376,615	\$4,418,544	\$4,315,719	\$4,398,372	\$4,864,547
Special assessments	10,214	24,241	17,248	21,915	75,749
Intergovernmental	6,168,176	5,955,214	5,834,936	6,428,029	8,066,837
Licenses and permits	182,274	183,521	196,662	153,261	189,991
Fines and forfeitures	103,288	119,232	121,487	108,720	102,978
Public charges for services	482,458	532,559	590,275	586,947	638,587
Intergovernmental charges for services	1,749,070	1,879,672	1,898,819	1,922,000	277,298
Miscellaneous	316,325	602,562	1,001,904	678,328	1,884,076
Total Revenues	\$13,388,420	\$13,715,545	\$13,977,050	\$14,297,572	\$16,100,063
Expenditures					
General government	\$1,802,217	\$1,691,434	\$1,624,032	\$1,895,237	\$1,658,670
Public safety	5,959,480	6,285,348	6,071,721	6,384,259	6,302,121
Public works	2,918,707	3,185,368	3,273,822	3,556,960	3,126,815
Health and human resources	158,223	186,325	200,716	207,474	212,278
Culture and recreation	2,366,107	2,527,471	2,492,188	2,627,884	2,449,299
Conservation and equipment	20,200	20,200	20,200	17,500	37,500
Debt service	93,835	9,504	0	61,351	0
Capital outlay	2,495,137	1,408,997	798,867	683,702	2,523,589
Total Expenditures	\$15,813,906	\$15,314,647	\$14,481,546	\$15,434,367	\$16,310,272
Excess of revenues over (under) expenditures	(\$2,425,486)	(\$1,599,102)	(\$504,496)	(\$1,136,795)	(\$210,209)
Other Financing Sources (Uses)					
Long-term debt issued	\$1,710,000	\$984,504	\$0	\$1,725,000	\$0
Debt premium	65,975	0	0	16,387	0
Sale of capital assets	60,804	45,147	48,531	40,528	140,845
Transfers in	371,929	312,302	309,325	294,160	26,945
Transfers (out)	(85,114)	(97,960)	(6,525)	(6,425)	(26,945)
Total Other Financing Sources (Uses)	2,123,594	1,243,993	351,331	2,069,650	222,163
Net changes in Fund Balances	(\$301,892)	(\$355,109)	(\$153,165)	\$932,855	\$11,954
General Fund Balance January 1	\$2,753,562	\$2,451,670	\$2,096,561	\$1,943,396	
Prior Period Adjustment	0	0	0	0	
General Fund Balance December 31	\$2,451,670	\$2,096,561	\$1,943,396	\$2,876,251	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$249,600	\$272,641	\$271,430	\$290,431	
Restricted	66,641	115,925	106,814	754,682	
Committed	969,681	792,683	880,350	802,647	
Unassigned	1,165,748	915,312	684,802	1,028,491	
Total	\$2,451,670	\$2,096,561	\$1,943,396	\$2,876,251	

GENERAL FUND BUDGET SUMMARY

FISCAL YEAR ENDING DECEMBER 31

COMBINED STATEMENT

	2026 Adopted Budget¹
Revenues	
Property taxes	\$4,688,711
Special assessments	14,000
Intergovernmental	6,299,234
Licenses and permits	168,770
Fines and forfeitures	101,000
Public charges for services	546,325
Intergovernmental charges for services	2,074,250
Miscellaneous	324,210
Fund Balance Applied	0
Total Revenues	<u>\$14,216,500</u>
Expenditures	
Current:	
General government	\$1,738,857
Public safety	6,783,145
Public works	3,316,726
Health and human resources	198,445
Culture and recreation	2,470,654
Conservation and equipment	18,500
Debt service	125,000
Capital outlay	1,317,624
Total Expenditures	<u>\$15,968,951</u>
Excess of revenues over (under) expenditures	(\$1,752,451)
Other Financing Sources (Uses)	
Long-term debt issued	\$2,068,642
Insurance recoveries	0
Sale of capital assets	0
Transfers in	409,182
Transfers (out)	(725,373)
Total Other Financing Sources (Uses)	<u>1,752,451</u>
Net changes in Fund Balances	\$0
General Fund Balance January 1	\$2,888,205
Prior Period Adjustment	0
General Fund Balance December 31	<u>\$2,888,205</u>

¹ The 2026 budget was adopted on November 11, 2025.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 9,347 and a current estimated population of 9,411, comprises an area of 7.94 square miles and is located approximately 16 miles north of Wausau, Wisconsin and 157 miles north of Madison, Wisconsin.

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	542
Sierra Pacific Windows	Window and door manufacturers	370
Merrill Area Public Schools	Elementary and secondary education	360
Lincoln Windows	Window and patio doors manufacturers	292
Weinbrenner Shoe Company	Shoe manufacturer	275
Lincoln County	County government and services	272
Walmart	Discount retail store	211
The City	Municipal government and services	148
Incrediblebank	Bank	130
Pine Crest Nursing Home	Nursing home	126

Source: The City, Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

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.

BUILDING PERMITS

	2022	2023	2024	2025	2026 ¹
<u>New Single Family Homes</u>					
No. of building permits	14	12	10	17	10
Valuation	\$3,023,000	\$2,591,000	\$2,385,000	\$3,807,500	\$1,840,000
<u>New Multiple Family Buildings</u>					
No. of building permits	3	10	0	22	0
Valuation	\$960,000	\$7,679,774	\$0	\$3,000,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	3	1	1	0
Valuation	\$976,000	\$520,900	\$590,000	\$6,000,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	247	306	245	214	38
Valuation	\$9,135,230	\$14,101,364	\$5,163,986	\$53,884,712	\$5,554,900

Source: The City.

¹ As of April 13, 2026.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census Population	9,661
2020 U.S. Census Population	9,347
Percent of Change 2010 - 2020	-3.25%

2025 Estimated Population	9,411
---------------------------	-------

Income and Age Statistics

	The City	Lincoln County	State of Wisconsin	United States
2024 per capita income	\$31,796	\$39,326	\$43,373	\$44,673
2024 median household income	\$53,148	\$68,164	\$77,485	\$80,734
2024 median family income	\$82,652	\$90,413	\$100,141	\$99,999
2024 median gross rent	\$771	\$755	\$1,087	\$1,413
2024 median value owner occupied units	\$123,800	\$192,700	\$266,500	\$332,700
2024 median age	41.9 yrs.	49.3 yrs.	40.2 yrs.	38.9 yrs.

	State of Wisconsin	United States
City % of 2024 per capita income	73.31%	71.18%
City % of 2024 median family income	82.54%	82.65%

Housing Statistics

	<u>The City</u>		
	2020	2024	Percent of Change
All Housing Units	4,503	4,650	3.26%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center and 2024 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	
2022	13,782	3.1%	2.8%	
2023	13,728	3.1%	2.8%	
2024 ¹	13,579	3.3%	3.0%	
2025, December	13,304	3.3%	3.0%	
2026, February	13,086	4.9%	3.9%	¹

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
YEAR ENDED DECEMBER 31, 2024

**CITY OF MERRILL, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

City Council
City of Merrill, Wisconsin
Merrill, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Community Development Block Grant fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1.F. to the financial statements, effective January 1, 2024, the City has implemented GASB Statement No. 101, *Compensated Absences*. The implementation of this standard has resulted in changes to the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

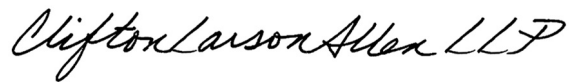
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit 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 GAAS. In our opinion, the combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

City Council
City of Merrill, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, 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.



CliftonLarsonAllen LLP

Stevens Point, Wisconsin
November 5, 2025

BASIC FINANCIAL STATEMENTS

**CITY OF MERRILL, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 7,145,644	\$ 2,971,808	\$ 10,117,452
Receivables:			
Taxes and Special Charges	4,662,644	-	4,662,644
Delinquent Taxes	3,091	-	3,091
Accounts, Net	541,160	966,731	1,507,891
Special Assessments	14,772	-	14,772
Loans	2,471,380	-	2,471,380
Leases	839,516	587,140	1,426,656
Other	1,678,272	57,641	1,735,913
Due from Other Governments	143,137	-	143,137
Inventories and Prepaid Items	190,558	92,310	282,868
Restricted Assets:			
Cash and Investments	-	2,207,669	2,207,669
Capital assets, Nondepreciable	4,049,631	155,193	4,204,824
Capital assets, Depreciable	41,186,041	18,271,702	59,457,743
Total Assets	<u>62,925,846</u>	<u>25,310,194</u>	<u>88,236,040</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	8,304,230	549,712	8,853,942
Other Postemployment Related Amounts	198,997	13,224	212,221
Total Deferred Outflows of Resources	<u>8,503,227</u>	<u>562,936</u>	<u>9,066,163</u>
LIABILITIES			
Accounts Payable	568,989	129,980	698,969
Accrued and Other Current Liabilities	361,620	51,049	412,669
Due to Other Governments	4,585	-	4,585
Accrued Interest Payable	211,677	7,658	219,335
Special Deposits	53,735	-	53,735
Unearned Revenues	-	7,774	7,774
Long-Term Obligations:			
Due Within One Year	2,729,169	150,826	2,879,995
Due in More Than One Year	25,951,417	1,968,249	27,919,666
Net Pension Liability	933,013	62,005	995,018
Other Postemployment Benefits	585,361	38,902	624,263
Total Liabilities	<u>31,399,566</u>	<u>2,416,443</u>	<u>33,816,009</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	7,841,417	-	7,841,417
Leases Receivable	839,516	587,140	1,426,656
Pension Related Amounts	5,000,594	332,326	5,332,920
Other Postemployment Related Amounts	297,691	19,784	317,475
Total Deferred Inflows of Resources	<u>13,979,218</u>	<u>939,250</u>	<u>14,918,468</u>
NET POSITION			
Net Investment in Capital Assets	21,052,251	16,551,378	35,943,421
Restricted for:			
Community Development	3,015,474	-	3,015,474
Remedial Action	186,275	-	186,275
Debt Service	321,870	102,938	424,808
Library	2,335,108	-	2,335,108
Tax Incremental Project Plan Expenses	125,530	-	125,530
Sewer Utility Plant Replacement	-	2,102,371	2,102,371
Capital Projects	19,678	-	19,678
Park Project	48,468	-	48,468
Unrestricted	(1,054,365)	3,760,750	4,366,593
Total Net Position	<u>\$ 26,050,289</u>	<u>\$ 22,517,437</u>	<u>\$ 48,567,726</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,064,325	\$ 230,886	\$ -	\$ -
Public Safety	6,524,253	473,994	1,463,919	7,085
Public Works	4,864,822	394,400	1,505,412	33,642
Health and Human Services	207,483	15,792	-	2,310
Culture and Recreation	3,326,791	319,980	559,043	291,058
Conservation and Development	354,218	48,305	-	-
Interest and Fiscal Charges	878,640	-	-	-
Total Governmental Activities	<u>18,220,532</u>	<u>1,483,357</u>	<u>3,528,374</u>	<u>334,095</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	1,563,875	1,996,385	-	-
Sewer Utility	1,817,600	1,934,967	-	-
Total Business-Type Activities	<u>3,381,475</u>	<u>3,931,352</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,602,007</u>	<u>\$ 5,414,709</u>	<u>\$ 3,528,374</u>	<u>\$ 334,095</u>

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
Gain on Sale of Asset
Transfers
Total General Revenues

CHANGE IN NET POSITION

Net Position - January 1, as Originally Reported
Cumulative Effect of Change in Accounting Principle
Net Position - Beginning of Year, As Restated

NET POSITION - END OF YEAR

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,833,439)	\$ -	\$ (1,833,439)
(4,579,255)	-	(4,579,255)
(2,931,368)	-	(2,931,368)
(189,381)	-	(189,381)
(2,156,710)	-	(2,156,710)
(305,913)	-	(305,913)
(878,640)	-	(878,640)
(12,874,706)	-	(12,874,706)
-	432,510	432,510
-	117,367	117,367
-	549,877	549,877
(12,874,706)	549,877	(12,324,829)
5,849,296	-	5,849,296
2,559,191	-	2,559,191
274,310	-	274,310
4,378,553	-	4,378,553
595,920	111,903	707,823
209,010	8,521	217,531
25,108	-	25,108
(119,098)	119,098	-
13,772,290	239,522	14,011,812
897,584	789,399	1,686,983
25,985,763	21,918,141	47,903,904
(833,058)	(190,103)	(1,023,161)
25,152,705	21,728,038	46,880,743
\$ 26,050,289	\$ 22,517,437	\$ 48,567,726

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

ASSETS	General	Community Development Block Grant	Debt Service
Cash and Investments	\$ 3,775,007	\$ 543,972	\$ 1,218,542
Receivables:			
Taxes and Special Charges	2,561,942	-	1,011,193
Delinquent Taxes	3,091	-	-
Accounts, Net	541,038	122	-
Special Assessments	14,772	-	-
Loans	-	2,471,380	-
Leases	839,516	-	-
Other	-	-	-
Due from Other Funds	1,094,679	-	-
Advance to Other Funds	99,896	-	-
Due from Other Governments	143,137	-	-
Inventories and Prepaid Items	190,535	23	-
	\$ 9,263,613	\$ 3,015,497	\$ 2,229,735
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 495,038	\$ -	\$ -
Accrued and Other Current Liabilities	360,684	-	-
Due to Other Funds	-	-	-
Advance from Other Funds	161,670	-	-
Due to Other Governments	4,585	-	-
Special Deposits	53,735	-	-
Total Liabilities	1,075,712	-	-
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	4,317,676	-	1,696,188
Other receivables	144,631	-	-
Loans Receivable	-	2,471,379	-
Leases Receivable	839,516	-	-
Special Assessments	9,827	-	-
Total Deferred Inflows of Resources	5,311,650	2,471,379	1,696,188
FUND BALANCES			
Nonspendable	290,431	23	-
Restricted	754,682	544,095	533,547
Committed	802,647	-	-
Unassigned (Deficit)	1,028,491	-	-
Total Fund Balances	2,876,251	544,118	533,547
	\$ 9,263,613	\$ 3,015,497	\$ 2,229,735
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,263,613	\$ 3,015,497	\$ 2,229,735

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2024**

Other Governmental Funds	Total
\$ 1,608,123	\$ 7,145,644
1,089,509	4,662,644
-	3,091
-	541,160
-	14,772
-	2,471,380
-	839,516
1,678,272	1,678,272
-	1,094,679
161,670	261,566
-	143,137
-	190,558
<u>\$ 4,537,574</u>	<u>\$ 19,046,419</u>
\$ 73,951	\$ 568,989
936	361,620
1,094,679	1,094,679
99,896	261,566
-	4,585
-	53,735
<u>1,269,462</u>	<u>2,345,174</u>
1,827,553	7,841,417
-	144,631
-	2,471,379
-	839,516
-	9,827
<u>1,827,553</u>	<u>11,306,770</u>
1,678,272	1,968,726
1,590,619	3,422,943
-	802,647
<u>(1,828,332)</u>	<u>(799,841)</u>
<u>1,440,559</u>	<u>5,394,475</u>
<u>\$ 4,537,574</u>	<u>\$ 19,046,419</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 5,394,475
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.	45,235,672
Long-term assets are not available; therefore, are not reported in the funds:	
Loans Receivable	2,471,379
Special Assessments	9,827
Other Receivables	144,631
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	8,304,230
Deferred Inflows Related to Pensions	(5,000,594)
Deferred Outflows Related to Other Postemployment Benefits	198,997
Deferred Inflows Related to Other Postemployment Benefits	(297,691)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(26,441,095)
Premium on Debt	(570,666)
Compensated Absences	(1,668,825)
Net pension Liability	(933,013)
Other Postemployment Benefit	(585,361)
Accrued Interest on Long-Term Obligations	(211,677)
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 26,050,289</u>

CITY OF MERRILL, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Community Development Block Grant	Debt Service
REVENUES			
Taxes	\$ 4,398,372	\$ 10,000	\$ 1,705,234
Special Assessments	21,915	-	-
Intergovernmental	6,428,029	-	-
Licenses and Permits	153,261	-	-
Fines and Forfeits	108,720	-	-
Public Charges for Services	586,947	-	-
Intergovernmental Charges for Services	1,922,000	-	-
Miscellaneous	678,328	147,196	15,314
Total Revenues	<u>14,297,572</u>	<u>157,196</u>	<u>1,720,548</u>
EXPENDITURES			
Current:			
General Government	1,895,237	-	-
Public Safety	6,384,259	-	-
Public Works	3,556,960	-	-
Health and Human Services	207,474	-	-
Culture and Recreation	2,627,884	-	-
Conservation and Development	17,500	114,728	-
Debt Service:			
Principal	-	-	2,609,472
Interest and Fiscal Charges	61,351	-	599,379
Capital Outlay	683,702	-	-
Total Expenditures	<u>15,434,367</u>	<u>114,728</u>	<u>3,208,851</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,136,795)	42,468	(1,488,303)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	1,725,000	-	-
Long-Term Debt Issued - Refunding Notes and Bonds	-	-	2,853,295
Premium on Debt Issued	16,387	-	151,606
Payment to Current Bond and Note Holders	-	-	(3,014,476)
Proceeds from Sale of Capital Assets	40,528	-	-
Transfers In	294,160	-	1,559,975
Transfers Out	(6,425)	-	-
Total Other Financing Sources (Uses)	<u>2,069,650</u>	<u>-</u>	<u>1,550,400</u>
NET CHANGE IN FUND BALANCES	932,855	42,468	62,097
Fund Balances - Beginning of Year	<u>1,943,396</u>	<u>501,650</u>	<u>471,450</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,876,251</u>	<u>\$ 544,118</u>	<u>\$ 533,547</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Other Governmental Funds	Total
\$ 2,569,191	\$ 8,682,797
-	21,915
100,498	6,528,527
-	153,261
-	108,720
575	587,522
-	1,922,000
435,271	1,276,109
<u>3,105,535</u>	<u>19,280,851</u>
-	1,895,237
-	6,384,259
39,195	3,596,155
-	207,474
65,195	2,693,079
383,285	515,513
-	2,609,472
81,260	741,990
1,314,296	1,997,998
<u>1,883,231</u>	<u>20,641,177</u>
1,222,304	(1,360,326)
3,135,000	4,860,000
35,705	2,889,000
8,902	176,895
-	(3,014,476)
-	40,528
396,011	2,250,146
(1,949,561)	(1,955,986)
<u>1,626,057</u>	<u>5,246,107</u>
2,848,361	3,885,781
(1,407,802)	1,508,694
<u>\$ 1,440,559</u>	<u>\$ 5,394,475</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 3,885,781

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	1,504,093
Contributed capital Assets	74,529
Depreciation Expense Reported in the Statement of Activities	(2,278,918)
Net Book Value of Disposals	(25,328)

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. (64,970)

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	(7,749,000)
Premium on Debt Issued	(176,895)
Principal Repaid	5,487,255

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	(23,521)
Amortization of Debt Premium	52,493
Compensated Absences	8,585
Net Pension Liability (Asset)	2,406,456
Deferred Outflows of Resources Related to Pensions	(4,164,786)
Deferred Inflows of Resources Related to Pensions	2,004,176
Other Postemployment Benefits	(99,623)
Deferred Outflows of Resources Related to Other Postemployment Benefits	4,531
Deferred Inflows of Resources Related to Other Postemployment Benefits	52,726

Change in Net Position of Governmental Activities as Reported in the Statement of Activities \$ 897,584

CITY OF MERRILL, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 4,378,312	\$ 4,378,312	\$ 4,398,372	\$ 20,060
Special Assessments	12,500	12,500	21,915	9,415
Intergovernmental	6,218,571	6,218,571	6,428,029	209,458
Licenses and Permits	179,145	179,145	153,261	(25,884)
Fines and Forfeits	117,077	117,077	108,720	(8,357)
Public Charges for Services	545,550	545,550	586,947	41,397
Intergovernmental Charges for Services	1,940,562	1,940,562	1,922,000	(18,562)
Miscellaneous	547,543	547,543	678,328	130,785
Total Revenues	<u>13,939,260</u>	<u>13,939,260</u>	<u>14,297,572</u>	<u>358,312</u>
EXPENDITURES				
Current:				
General Government	1,823,246	1,823,246	1,895,237	(71,991)
Public Safety	6,495,798	6,495,798	6,384,259	111,539
Public Works	3,637,733	3,637,733	3,556,960	80,773
Health and Human Services	182,613	182,613	207,474	(24,861)
Culture and Recreation	2,585,231	2,585,231	2,627,884	(42,653)
Conservation and Development	17,500	17,500	17,500	-
Debt Service:				
Interest and Fiscal Charges	-	-	61,351	(61,351)
Capital Outlay	1,280,681	1,280,681	683,702	596,979
Total Expenditures	<u>16,022,802</u>	<u>16,022,802</u>	<u>15,434,367</u>	<u>588,435</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,083,542)	(2,083,542)	(1,136,795)	946,747
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	1,213,650	1,213,650	1,725,000	511,350
Premium on Debt Issued	-	-	16,387	16,387
Proceeds from Sale of Capital Assets	-	-	40,528	40,528
Transfers In	390,000	390,000	294,160	(95,840)
Transfers Out	(33,370)	(33,370)	(6,425)	26,945
Total Other Financing Sources (Uses)	<u>1,570,280</u>	<u>1,570,280</u>	<u>2,069,650</u>	<u>499,370</u>
NET CHANGE IN FUND BALANCE	(513,262)	(513,262)	932,855	1,446,117
Fund Balances - Beginning of Year	1,943,396	1,943,396	1,943,396	-
FUND BALANCE - END OF YEAR	<u>\$ 1,430,134</u>	<u>\$ 1,430,134</u>	<u>\$ 2,876,251</u>	<u>\$ 1,446,117</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Intergovernmental Charges for Services	34,500	34,500	-	(34,500)
Miscellaneous	130,550	130,550	147,196	16,646
Total Revenues	<u>175,050</u>	<u>175,050</u>	<u>157,196</u>	<u>(17,854)</u>
EXPENDITURES				
Current:				
Conservation and Development	<u>228,419</u>	<u>228,419</u>	<u>114,728</u>	<u>113,691</u>
NET CHANGE IN FUND BALANCE	(53,369)	(53,369)	42,468	95,837
Fund Balance - Beginning of Year	<u>501,650</u>	<u>501,650</u>	<u>501,650</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 448,281</u>	<u>\$ 448,281</u>	<u>\$ 544,118</u>	<u>\$ 95,837</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MERRILL, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2024

	Water Utility	Sewer Utility	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,131,786	\$ 840,022	\$ 2,971,808
Receivables:			
Customer Accounts	473,364	493,367	966,731
Leases Receivable	90,849	-	90,849
Other	14,050	43,591	57,641
Due from Other Funds	-	174	174
Inventories and Prepaid Items	85,356	6,954	92,310
Total Current Assets	2,795,405	1,384,108	4,179,513
Noncurrent Assets:			
Restricted Assets			
Cash and Investments	105,298	2,102,371	2,207,669
Leases Receivable	496,291	-	496,291
Capital Assets:			
Nondepreciable	35,320	119,873	155,193
Depreciable	9,634,143	8,637,559	18,271,702
Total Capital Assets	9,669,463	8,757,432	18,426,895
Total Noncurrent Assets	10,271,052	10,859,803	21,130,855
Total Assets	13,066,457	12,243,911	25,310,368
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	312,221	237,491	549,712
Other Postemployment Related Amounts	7,534	5,690	13,224
Total Deferred Outflows of Resources	319,755	243,181	562,936

See accompanying Notes to Basic Financial Statements.

CITY OF MERRILL, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
DECEMBER 31, 2024

	Water Utility	Sewer Utility	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 24,422	\$ 105,558	\$ 129,980
Accrued and Other Current Liabilities	24,020	27,029	51,049
Due to Other Funds	174	-	174
Accrued Interest	5,779	1,879	7,658
Unearned Revenue	7,774	-	7,774
Current Portion of Long-Term Debt	126,276	24,550	150,826
Total Current Liabilities	<u>188,445</u>	<u>159,016</u>	<u>347,461</u>
Long-Term Obligations, Less Current Portion:			
General Obligation Debt	625,000	329,225	954,225
Revenue Bonds	690,068	-	690,068
Debt Premium	17,551	8,927	26,478
Compensated Absences	145,423	152,055	297,478
Net Pension Liability	35,325	26,680	62,005
Other Postemployment Benefits	22,163	16,739	38,902
Total Long-Term Liabilities	<u>1,535,530</u>	<u>533,626</u>	<u>2,069,156</u>
Total Liabilities	1,723,975	692,642	2,416,617
DEFERRED INFLOWS OF RESOURCES			
Leases Receivable	587,140	-	587,140
Pension Related Amounts	189,331	142,995	332,326
Other Postemployment Related Amounts	11,271	8,513	19,784
Total Deferred Inflows of Resources	<u>787,742</u>	<u>151,508</u>	<u>939,250</u>
NET POSITION			
Net Investment in Capital Assets	8,210,568	8,340,810	16,551,378
Restricted for:			
Water Utility Debt Retirement	102,938	-	102,938
Sewer Utility Plant Replacement	-	2,102,371	2,102,371
Unrestricted	<u>2,560,989</u>	<u>1,199,761</u>	<u>3,760,750</u>
Total Net Position	<u>\$ 10,874,495</u>	<u>\$ 11,642,942</u>	<u>\$ 22,517,437</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MERRILL, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Charges for Services	\$ 1,837,204	\$ 1,708,323	\$ 3,545,527
Other	159,181	226,644	385,825
Total Operating Revenues	<u>1,996,385</u>	<u>1,934,967</u>	<u>3,931,352</u>
OPERATING EXPENSES			
Operation and Maintenance	933,846	1,230,072	2,163,918
Depreciation	572,110	475,652	1,047,762
Taxes	26,227	52,819	79,046
Total Operating Expenses	<u>1,532,183</u>	<u>1,758,543</u>	<u>3,290,726</u>
OPERATING INCOME	464,202	176,424	640,626
NONOPERATING REVENUES (EXPENSES)			
Interest Income	22,472	89,431	111,903
Gain (Loss) on Disposal of Capital Assets	-	(50,017)	(50,017)
Interest and Fiscal Charges	(31,692)	(9,040)	(40,732)
Other Nonoperating Revenues (Expenses)	6,261	2,260	8,521
Total Nonoperating Revenues (Expenses)	<u>(2,959)</u>	<u>32,634</u>	<u>29,675</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	461,243	209,058	670,301
Capital Contributions	331,875	81,383	413,258
Transfers Out	<u>(294,160)</u>	<u>-</u>	<u>(294,160)</u>
CHANGE IN NET POSITION	<u>498,958</u>	<u>290,441</u>	<u>789,399</u>
Net Position - Beginning of Year, As Originally Reported	10,491,611	11,426,530	21,918,141
Cumulative Effect of Change in Accounting Principle	<u>(116,074)</u>	<u>(74,029)</u>	<u>(190,103)</u>
Net Position - Beginning of Year, As Restated	<u>10,375,537</u>	<u>11,352,501</u>	<u>21,728,038</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,874,495</u></u>	<u><u>\$ 11,642,942</u></u>	<u><u>\$ 22,517,437</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,845,390	\$ 1,903,333	\$ 3,748,723
Cash Received from Lessees	126,469	-	126,469
Cash Paid for Employee Wages and Benefits	(419,253)	(391,881)	(811,134)
Cash Paid to Suppliers	(515,071)	(903,697)	(1,418,768)
Net Cash Provided by Operating Activities	1,037,535	607,755	1,645,290
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer Out	(294,160)	-	(294,160)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(291,304)	(772,156)	(1,063,460)
Cash Received on Capital Asset Disposals	-	240,000	240,000
Principal Paid on Long-Term Debt	(124,552)	(24,875)	(149,427)
Interest Paid on Long-Term Debt	(33,321)	(9,773)	(43,094)
Net Cash Used by Capital and Related Financing Activities	(449,177)	(566,804)	(1,015,981)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	22,472	89,431	111,903
CHANGE IN CASH AND CASH EQUIVALENTS			
	316,670	130,382	447,052
Cash and Cash Equivalents - Beginning of Year	1,920,414	2,812,011	4,732,425
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,237,084	\$ 2,942,393	\$ 5,179,477

See accompanying Notes to Basic Financial Statements.

CITY OF MERRILL, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

	Water Utility	Sewer Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 464,202	\$ 176,424	\$ 640,626
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	572,110	475,652	1,047,762
Depreciation Charged to Sewer Utility	30,325	(30,325)	-
Miscellaneous Nonoperating Revenue	6,261	2,260	8,521
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:			
Change in WRS Asset/Liability	(96,939)	(69,929)	(166,868)
Change in WRS Deferred Outflow	181,789	122,724	304,513
Change in WRS Deferred Inflow	(88,103)	(59,650)	(147,753)
Change in OPEB Liability	1,357	4,255	5,612
Change in OPEB Deferred Outflow	340	(236)	104
Change in OPEB Deferred Inflow	438	(4,670)	(4,232)
Change in Operating Assets and Liabilities:			
Accounts Receivables	(45,089)	(61,884)	(106,973)
Other Receivables	6,528	27,990	34,518
Inventories and Prepaid Items	(8,949)	(2,082)	(11,031)
Accounts Payable	(9,427)	16,952	7,525
Accrued Liabilities	3,436	4,569	8,005
Unearned Revenue	7,774	-	7,774
Compensated Absences	11,482	5,705	17,187
Net Cash Provided by Operating Activities	<u>\$ 1,037,535</u>	<u>\$ 607,755</u>	<u>\$ 1,645,290</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents in Current Assets	\$ 2,131,786	\$ 840,022	\$ 2,971,808
Cash and Cash Equivalents in Restricted Assets	<u>105,298</u>	<u>2,102,371</u>	<u>2,207,669</u>
Total Cash and Cash Equivalents	<u>\$ 2,237,084</u>	<u>\$ 2,942,393</u>	<u>\$ 5,179,477</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets Financed by Municipality or Developers	\$ 331,875	\$ 81,383	\$ 413,258
Capital Assets Purchased on Account	\$ -	\$ 53,920	\$ 53,920

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND
DECEMBER 31, 2024**

	Tax Collection Custodial Fund
ASSETS	
Cash and Investments	\$ 2,417,712
Taxes Receivable	3,569,043
Total Assets	5,986,755
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	5,986,755
 FIDUCIARY NET POSITION	
Restricted for Other Governments	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2024**

	Tax Collection Custodial Fund
ADDITIONS	
Property Tax Collections	\$ 6,016,742
DEDUCTIONS	
Payments to Taxing Jurisdictions	6,016,742
CHANGE IN NET POSITION	-
Fiduciary Net Position - Beginning of Year	-
FIDUCIARY NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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.

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 accounts for property taxes, special charges, and special assessments collected on behalf of other governments.

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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

Governmental Activities accounts receivable have been shown net of allowance for uncollectible accounts of \$410,379.

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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.

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Capital Assets (Continued)

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.

Land and construction in progress are not depreciated. Other capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>Years</u>	
Land Improvements	20 to 40	-
Buildings and Improvements	25 to 50	25 to 50
Machinery and Equipment	3 to 20	3 to 20
Infrastructure	30 to 50	25 to 100

9. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation, sick leave, comp time and personal holiday benefits in accordance with employee handbook policies and/or bargaining unit agreements. The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets 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, municipal court fines receivable, 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, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for the purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue).

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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Fund Balance

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. The City Council has not authorized any position to assign fund balance. 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, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Balance (Continued)

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

15. Net Position

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.

F. Change in Accounting Principle

Effective January 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of January 1, 2024 increased by \$833,058 for governmental activities and increased by \$190,103 for business-type activities and enterprise funds. The effect of the implementation of this standard on net position is shown in the table below.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Change in Accounting Principle (Continued)

	December 31, 2023, As Previously Reported	Change in Accounting Principle	December 31, 2023, As Adjusted or Restated
Government-Wide:			
Governmental Activities	\$ 25,985,763	\$ (833,058)	\$ 25,152,705
Business-Type Activities	21,918,141	(190,103)	21,728,038
Total Primary Government	<u>\$ 47,903,904</u>	<u>\$ (1,023,161)</u>	<u>\$ 46,880,743</u>
Proprietary Funds:			
Water Utility	\$ 10,491,611	\$ (116,074)	\$ 10,375,537
Sewer Utility	11,426,530	(74,029)	11,352,501
Total Proprietary Funds	<u>\$ 21,918,141</u>	<u>\$ (190,103)</u>	<u>\$ 21,728,038</u>

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, 2024.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Deficit Fund Equity

The following funds had deficit fund balance as of December 31, 2024:

<u>Funds</u>	<u>Deficit Fund Balance</u>
TIF No. 4	\$ 90,386
TIF No. 6	352,511
TIF No. 8	495,898
TIF No. 9	163,322
TIF No. 10	34,051
TIF No. 11	320,692
TIF No. 13	14,180
TIF No. 14	122,406

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, towns and counties. For the 2024 and 2025 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 2024 budget was 1.882%. The actual limit for the City for the 2025 budget was 1.187%. 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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled \$14,742,833 on December 31, 2024 as summarized below:

Petty Cash and Cash on Hand	\$ 7,980
Deposits with Financial Institutions	14,273,436
Investments:	
Wisconsin Local Government Investment Pool	105,298
Negotiable Certificates of Deposit	250,857
Mutual Bond Funds	94,404
Money Market Mutual Funds	10,858
Total	<u>\$ 14,742,833</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 10,117,452
Restricted Cash and Investments	2,207,669
Fiduciary Fund Statement of Net Position:	
Cash and Investments	<u>2,417,712</u>
Total	<u>\$ 14,742,833</u>

Fair Value Measurements

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The City has the following fair value measurements as of December 31, 2024:

	Fair Value Measurements Using		
	Level 1	Level 2	Level 3
Investments:			
Mutual Bond Funds	\$ -	\$ 94,404	\$ -
Money Market Mutual Funds	10,858	-	-
Negotiable Certificates of Deposit	-	250,857	-
Total	<u>\$ 10,858</u>	<u>\$ 345,261</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 \$1,000,000 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, 2024, \$231,431 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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	A			B+		BB		Not Rated	
Mutual Bond Funds	\$ 94,404	\$ -	\$ -	\$ -	\$ 68,194	\$ -	\$ -	\$ -	\$ -	\$ 26,210	
Money Market Mutual Funds	10,858	-	-	-	-	-	-	-	-	10,858	
Wisconsin Local Government Investment Pool	105,298	-	-	-	-	-	-	-	-	105,298	
Negotiable Certificates of Deposit	250,857	-	-	-	-	-	-	-	-	250,857	
Totals	\$ 461,417	\$ -	\$ -	\$ -	\$ 68,194	\$ -	\$ -	\$ -	\$ -	\$ 393,223	

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, 2024, 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	\$ 94,404	\$ -	\$ -	\$ 68,194	\$ 26,210
Money Market Mutual Fund	10,858	10,858	-	-	-
Wisconsin Local Government Investment Pool	105,298	105,298	-	-	-
Negotiable Certificates of Deposit	250,857	250,857	-	-	-
Totals	\$ 461,417	\$ 367,013	\$ -	\$ 68,194	\$ 26,210

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$105,298 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, 2024, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. Restricted Assets

Restricted assets on December 31, 2024 totaled \$2,207,669 and consisted of cash and investments held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
Enterprise Funds:		
Water Utility:		
Debt Retirement	\$ 105,298	To be used for retirement of revenue bonds.
Sewer Utility:		
Plant Replacement	<u>2,102,371</u>	To be used for the replacement of certain assets for the sewer utility.
Total	<u>\$ 2,207,669</u>	

C. Leases Receivable

A summary of the City's lease terms and interest rates is as follows:

Governmental Activities:

Office Space lease. Monthly installments from \$6,053 to \$7,200 including interest at 4%, due dates through 2035.

Office Space and parking lot lease. Monthly installments of \$506 including interest at 2.5%, due dates through 2026.

19 Hangar land leases. Annual installments ranging from \$220 to \$968 including interest at 4%-5%, due dates through 2054.

Festival grounds land lease. Annual installments of \$713 including interest at 4%, due dates through 2042.

Festival grounds land lease. Annual installments of \$713 including interest at 4%, due dates through 2042.

Festival grounds land lease. Annual installments of \$1,140 including interest at 4%, due dates through 2042.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Leases Receivable (Continued)

Festival grounds land lease. Annual installments of \$1,354 including interest at 4%, due dates through 2042.

Festival grounds land lease. Annual installments of \$713 including interest at 4%, due dates through 2042.

Festival grounds land lease. Annual installments of \$713 including interest at 4%, due dates through 2042.

Festival grounds land lease. Annual installments of \$618 including interest at 6.25%, due dates through 2048.

Business-type Activities:

Tower/ground lease. Monthly installments of \$2,274 including interest at 2.5%, due dates through 2025.

Tower/ground lease. Monthly installments ranging from \$3,100 to \$3,567 including interest at 3%, due dates through 2030.

Tower/ground lease. Monthly installments ranging from \$2,400 to \$2,800 including interest at 3%, due dates through 2030.

Tower/ground lease. Monthly installments ranging from \$2,118 to \$2,329 including interest at 3%, due dates through 2032.

For the year ended December 31, 2024, the City received \$157,123 in lease revenue and \$53,236 in interest on the leases receivable.

Total future principal and interest payments to be received under lease agreements are as follows:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 60,849	\$ 32,078	\$ 90,849	\$ 16,070	\$ 199,846
2026	63,030	29,664	85,863	13,548	192,105
2027	62,242	27,209	91,356	10,878	191,685
2028	66,141	24,640	96,287	8,064	195,132
2029	70,224	21,910	99,215	5,136	196,485
2030-2034	413,317	62,911	123,570	3,757	603,555
2035-2039	75,099	9,695	-	-	84,794
2040-2044	20,969	3,059	-	-	24,028
2045-2049	6,595	815	-	-	7,410
2050-2054	1,050	84	-	-	1,134
Total	<u>\$ 839,516</u>	<u>\$ 212,065</u>	<u>\$ 587,140</u>	<u>\$ 57,453</u>	<u>\$ 1,696,174</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 3,839,501	\$ -	\$ -	\$ 3,839,501
Construction in Progress	107,536	182,594	80,000	210,130
Total Capital Assets, Nondepreciable	<u>3,947,037</u>	<u>182,594</u>	<u>80,000</u>	<u>4,049,631</u>
Capital Assets, Depreciable:				
Land Improvements	9,548,377	144,146	7,837	9,684,686
Buildings and Improvements	20,208,515	-	-	20,208,515
Machinery and Equipment	13,888,301	252,997	187,830	13,953,468
Infrastructure	21,863,400	1,078,885	-	22,942,285
Subtotals	<u>65,508,593</u>	<u>1,476,028</u>	<u>195,667</u>	<u>66,788,954</u>
Less Accumulated Depreciation for:				
Land Improvements	3,755,165	338,584	4,513	4,089,236
Buildings and Improvements	7,854,379	443,378	-	8,297,757
Machinery and Equipment	5,790,818	648,386	165,826	6,273,378
Infrastructure	6,093,972	848,570	-	6,942,542
Subtotals	<u>23,494,334</u>	<u>2,278,918</u>	<u>170,339</u>	<u>25,602,913</u>
Total Capital Assets, Depreciable, Net	<u>42,014,259</u>	<u>(802,890)</u>	<u>25,328</u>	<u>41,186,041</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,961,296</u>	<u>\$ (620,296)</u>	<u>\$ 105,328</u>	45,235,672
Less: Capital Related Debt				23,472,373
Less: Capital-Related Accounts Payable, Including Retainage				140,382
Less: Debt Premium				570,666
Net Investment in Capital Assets				<u>\$ 21,052,251</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 87,348	\$ -	\$ -	\$ 87,348
Construction in Progress	47,142	20,703	-	67,845
Total Capital Assets, Nondepreciable	<u>134,490</u>	<u>20,703</u>	<u>-</u>	<u>155,193</u>
Capital Assets, Depreciable:				
Water Utility	18,529,002	612,028	65,352	19,075,678
Sewer Utility	17,540,301	886,757	341,197	18,085,861
Subtotals	<u>36,069,303</u>	<u>1,498,785</u>	<u>406,549</u>	<u>37,161,539</u>
Less Accumulated Depreciation for:				
Water Utility	8,904,452	602,435	65,352	9,441,535
Sewer Utility	9,054,155	445,327	51,180	9,448,302
Subtotals	<u>17,958,607</u>	<u>1,047,762</u>	<u>116,532</u>	<u>18,889,837</u>
Total Capital Assets, Depreciable, Net	<u>18,110,696</u>	<u>451,023</u>	<u>290,017</u>	<u>18,271,702</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,245,186</u>	<u>\$ 471,726</u>	<u>\$ 290,017</u>	18,426,895
Less: Capital Related Debt				1,795,119
Less: Debt Premium				26,478
Less: Capital-Related Accounts Payable, Including Retainage				<u>53,920</u>
Net Investment in Capital Assets				<u>\$ 16,551,378</u>

An additional \$1,660,208 of governmental activities debt relates to business-type activities capital assets. This amount reduces total net investment in capital assets for the City to \$35,943,421.

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:	
General Government	\$ 114,522
Public Safety	285,728
Public Works	1,246,540
Health and Human Services	1,907
Culture and Recreation	630,221
Total Governmental Activities	<u>\$ 2,278,918</u>
Business-Type Activities:	
Water Utility	\$ 572,110
Sewer Utility	475,652
Total Business-Type Activities	<u>\$ 1,047,762</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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, 2024 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating		
Cash Deficits:		
Governmental Funds:		
General	\$ 1,094,679	\$ -
TIF No. 4	-	48,384
TIF No. 6	-	309,043
TIF No. 8	-	400,101
TIF No. 9	-	160,289
TIF No. 11	-	43,940
TIF No. 13	-	14,148
TIF No. 14	-	118,774
Proprietary Funds:		
Water Utility	-	174
Sewer Utility	174	-
Subtotal	1,094,853	1,094,853
Long-Term Advances:		
General	99,896	161,670
Remedial Action	161,670	-
TIF No. 11	-	99,896
Subtotal	261,566	261,566
 Total	 \$ 1,356,419	 \$ 1,356,419

The advance to the general fund for the retirement of the unfunded pension liability will be repaid at \$26,945 per year through 2030. The advance does not bear interest. The advance to TIF No. 11 does not have an established repayment schedule.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers for the year ended December 31, 2024 were as follows:

	<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General		\$ 294,160	\$ 6,425
Debt Service		1,559,975	-
Library		46,011	-
Library Trust		-	46,011
TIF No. 3		-	1,098,924
TIF No. 4		-	321,295
TIF No. 5		-	2,272
TIF No. 6		-	31,808
TIF No. 7		-	52,495
TIF No. 8		300,000	155,195
TIF No. 9		50,000	22,000
TIF No. 10		-	50,208
TIF No. 11		-	161,728
TIF No. 12		-	7,625
Water Utility		-	294,160
Total		<u>\$ 2,250,146</u>	<u>\$ 2,250,146</u>
Governmental Fund Transfers In			\$ 2,250,146
Less: Fund Eliminations			(1,955,986)
Less: Contributions from TIF Nos. 7 and 9 to Finance Water and Sewer Capital Assets			(413,258)
Total Transfers - Government-Wide Statement of Activities			<u>\$ (119,098)</u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment made by Water Utility to General Fund	\$ 294,160
Tax Incremental District Transfers for Debt Retirement Related to the Districts	1,553,550
Donor TIF Transfers	350,000
Library Expenditures	46,011
General Fund Transfers for Debt Retirement	6,425
Total	<u>\$ 2,250,146</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2024:

	Beginning Balance (1)	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 13,331,350	\$ -	\$ 990,125	\$ 12,341,225	\$ 980,450
Notes	2,885,000	3,030,000	630,000	5,285,000	865,000
State Trust Fund Loans	552,000	-	44,130	507,870	52,719
Total General Obligation Debt	16,768,350	3,030,000	1,664,255	18,134,095	1,898,169
Tax Increment Revenue Bonds	3,842,000	-	819,000	3,023,000	831,000
Note Anticipation Notes	3,004,000	4,719,000	3,004,000	4,719,000	-
Bond Anticipation Notes	565,000	-	-	565,000	-
Premium on Bond Issuance	446,264	176,895	52,493	570,666	-
Compensated Absences*	1,677,410	-	8,585	1,668,825	-
Governmental Activities Long-Term Obligations	<u>\$ 26,303,024</u>	<u>\$ 7,925,895</u>	<u>\$ 5,548,333</u>	<u>\$ 28,680,586</u>	<u>\$ 2,729,169</u>
	Beginning Balance (1)	Issued	Retired	Ending Balance	Due Within One Year
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 1,073,650	\$ -	\$ 59,875	\$ 1,013,775	\$ 59,550
Direct Borrowings:					
Revenue Bonds	870,896	-	89,552	781,344	91,276
Debt Premium	28,165	-	1,687	26,478	-
Compensated Absences*	280,291	17,187	-	297,478	-
Business-Type Activities Long-Term Obligations	<u>\$ 2,253,002</u>	<u>\$ 17,187</u>	<u>\$ 151,114</u>	<u>\$ 2,119,075</u>	<u>\$ 150,826</u>

* The change in the compensated absences liability is presented as a net change.

(1) The beginning balance was restated due to the implementation of GASB Statement 101. See Note 1.F.

Total interest paid during the year on long-term debt totaled \$752,237.

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

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
General Obligation Bonds:					
Series 2013A	09/04/13	05/01/33	2.25 - 4.2%	\$ 4,290,000	\$ 2,250,000
Series 2016B	10/11/16	10/01/36	2.0 - 2.5%	4,095,000	2,200,000
Series 2017C	10/26/17	10/01/37	2.0 - 3.375%	3,210,000	2,040,000
Series 2018B	09/27/18	04/01/38	2.0 - 3.7%	1,575,000	1,200,000
Series 2019A	11/05/19	10/01/39	2.25 - 3.0%	1,945,000	1,610,000
Series 2020C	11/17/20	05/01/40	2.0 - 4.0%	3,430,000	2,485,000
Series 2021A	10/05/21	10/01/41	2.0-3.0%	1,680,000	1,570,000
General Obligation Notes:					
Series 2016A	10/11/16	10/01/26	0.8 - 2.2%	2,095,000	615,000
Series 2017D	10/26/17	10/01/27	1.25 - 2.15%	860,000	300,000
Series 2018A	09/27/18	04/01/28	1.9 - 2.95%	1,310,000	565,000
Series 2021B	10/05/21	10/01/31	2.0-3.0%	1,130,000	775,000
Series 2024A	10/30/24	06/01/44	4-5%	3,030,000	3,030,000
Direct Borrowing:					
State Trust Fund Loan	12/27/22	03/15/32	5.25%	552,000	507,870
Total Outstanding					507,870
General Obligation Debt					\$ 19,147,870

Annual principal and interest maturities of the outstanding general obligation debt of \$19,147,870 on December 31, 2024 are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonds and Notes		Direct Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,845,450	\$ 556,780	\$ 52,719	\$ 26,663	\$ 1,898,169	\$ 583,443
2026	1,890,775	492,908	55,486	23,895	1,946,261	516,803
2027	1,500,000	435,673	58,400	20,982	1,558,400	456,655
2028	1,385,000	382,835	61,416	17,966	1,446,416	400,801
2029	1,290,000	337,213	64,690	14,692	1,354,690	351,905
2030-2034	5,970,000	1,073,163	215,159	22,987	6,185,159	1,096,150
2035-2039	3,225,000	310,770	-	-	3,225,000	310,770
2040-2044	520,000	39,775	-	-	520,000	39,775
Total	\$ 17,626,225	\$ 3,629,117	\$ 507,870	\$ 127,185	\$ 18,134,095	\$ 3,756,302

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>	
	<u>Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 59,550	\$ 25,244
2026	59,225	23,304
2027	55,000	21,369
2028	55,000	19,469
2029	60,000	17,769
2029-2033	320,000	69,494
2034-2038	350,000	31,406
2039-2041	55,000	1,113
Total	<u>\$ 1,013,775</u>	<u>\$ 209,168</u>

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2024 was \$14,068,300 as follows:

Equalized Valuation of the City	\$ 664,323,400
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	33,216,170
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>19,147,870</u>
Legal Margin for New Debt	<u>\$ 14,068,300</u>

On October 30, 2024, the City issued \$3,030,000 in General Obligation Notes with interest rates from 4.00-5.00% to finance current year capital projects and refinance the 2022 Note Anticipation Note. The refunding resulted in an increase in the cash flow requirements of \$225,194 and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$51,790.

Bond and Note Anticipation Notes

Bond and note anticipation notes outstanding on December 31, 2024 was comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/24</u>
Taxable Bond Anticipation Notes: Series 2021D	09/30/21	09/01/26	2.50%	\$ 565,000	\$ 565,000
Taxable Note Anticipation Notes: Series 2024B	10/31/24	11/01/27	5.53%	4,719,000	4,719,000
Total					<u>\$ 5,284,000</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Bond and Note Anticipation Notes (Continued)

Annual principal and interest maturities of the outstanding bond and note anticipation note debt of \$5,284,000 on December 31, 2024 are detailed below:

<u>Year Ended December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2025	-	\$ 275,811	\$ 275,811
2026	565,000	275,086	840,086
2027	4,719,000	260,961	4,979,961
Total	<u>\$ 5,284,000</u>	<u>\$ 811,858</u>	<u>\$ 6,095,858</u>

On October 31, 2024, the City issued \$4,719,000 in Note Anticipation Notes with a fixed interest rate of 5.53% to finance current year capital projects and refinance the 2022 Note Anticipation Note. The refunding resulted in an increase in the cash flow requirements of \$329,454 and an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$35,973.

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, 2024 totaled \$3,023,000 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/24</u>
Tax Increment Revenue Bonds:					
Series 2017B (TID No. 4)	10/10/17	10/01/28	3.06%	\$ 579,000	\$ 233,000
Series 2020D (TID No. 3)	11/30/20	10/01/26	2.00%	4,420,000	1,730,000
Series 2021C (TID No. 11)	09/30/21	10/01/38	1.60 - 3.75%	1,195,000	1,060,000
Total					<u>\$ 3,023,000</u>

Annual principal and interest maturities of the outstanding tax increment revenue bonds of \$3,023,000 on December 31, 2024 are detailed below:

Year Ended December 31,	Governmental Activities							
	TID No. 3		TID No. 4		TID No. 11		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 700,000	\$ 34,600	\$ 56,000	\$ 7,130	\$ 75,000	\$ 16,960	\$ 831,000	\$ 58,690
2026	1,030,000	20,600	57,000	5,416	75,000	15,760	1,162,000	41,776
2027	-	-	59,000	3,672	75,000	14,560	134,000	18,232
2028	-	-	61,000	1,867	75,000	13,360	136,000	15,227
2029	-	-	-	-	75,000	12,160	75,000	12,160
2030-2034	-	-	-	-	360,000	87,085	360,000	87,085
2035-2039	-	-	-	-	325,000	31,125	325,000	31,125
Total	<u>\$ 1,730,000</u>	<u>\$ 55,200</u>	<u>\$ 233,000</u>	<u>\$ 18,085</u>	<u>\$ 1,060,000</u>	<u>\$ 191,010</u>	<u>\$ 3,023,000</u>	<u>\$ 264,295</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Tax Incremental Revenue Pledged

The City has pledged future tax increments within TIF No. 3, TIF No. 4 and TIF No. 11 to pay for the debt service on the tax increment bonds.

Water System Revenue Bonds

Revenue bonds outstanding on December 31, 2024 totaled \$781,344 and were comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/24
Direct Borrowings:					
Safe Water Drinking Bond	10/10/17	05/01/32	2.92%	\$ 1,745,386	<u>\$ 781,344</u>

The City's outstanding bonds from direct borrowings of \$781,344 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 \$781,344 on December 31, 2024 are detailed below:

Year Ended December 31,	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 91,276	\$ 14,162	\$ 105,438
2026	93,033	12,388	105,421
2027	94,824	10,580	105,404
2028	96,649	8,737	105,386
2029	98,510	6,859	105,369
2030-2034	307,052	8,941	315,993
Total	<u>\$ 781,344</u>	<u>\$ 61,667</u>	<u>\$ 843,011</u>

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 \$843,011. Principal and interest paid for the current year and total customer net revenues were \$105,455 and \$1,057,058 respectively.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 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 Annual Comprehensive Financial Report, which can be found at <http://etf.wi.gov/reports-and-studies/financial-reports-and-statements>. Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

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.

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations 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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	-21.0

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. Employers 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, 2024, the WRS recognized \$939,412 in contributions from the City.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates, per WRS Employer Rates website, for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.90 %	6.90 %
Protective with Social Security	6.90	14.30
Protective without Social Security	6.90	19.10

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

At December 31, 2024, the City reported a liability of \$995,018 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. 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 liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the City's proportion was 0.06692329%, which was a decrease of 0.00043313% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense of \$682,947.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 4,011,908	\$ 5,313,797
Net Differences Between Projected and Actual		
Earnings on Pension Plan Investments	3,467,481	-
Changes in Assumptions	433,700	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,441	19,123
Employer Contributions Subsequent to the Measurement Date	939,412	-
Total	<u>\$ 8,853,942</u>	<u>\$ 5,332,920</u>

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

4. Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$939,412 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expenses</u>
2025	\$ 526,291
2026	551,818
2027	2,172,189
2028	(668,688)
Total	<u>\$ 2,581,610</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2023
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.2% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	5.0%

* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	40.0 %	7.3 %	4.5 %
Public Fixed Income	27.0	5.8	3.0
Inflation Sensitive	19.0	4.4	1.7
Real Estate	8.0	5.8	3.0
Private Equity/Debt	18.0	9.6	6.7
Leverage	(12.0)	3.7	1.0
Total Core Fund	<u>100.0 %</u>	7.4	4.6
Variable Fund Asset Class:			
U.S. Equities	70.0 %	6.8	4.0
International Equities	30.0	7.6	4.8
Total Variable Fund	<u>100.0 %</u>	7.3	4.5

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.70%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77% (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, 2023. 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 6.80% expected rate of return implies that a dividend of approximately 1.7% 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.

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 6.80%, 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 (5.80%) or one-percentage-point higher (7.80%) than the current rate:

	One Percent Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	One Percent Increase to Discount Rate (7.80%)
City’s Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 9,617,344</u>	<u>\$ 995,018</u>	<u>\$ (5,038,385)</u>

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://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

6. Payables to the Pension Plan

The City reported a payable of \$25,449 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2024.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found using the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2024 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

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, 2023 are listed below:

Life Insurance Member Contribution Rates* For the Year Ended December 31, 2023		
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, 2024, the LRLIF recognized \$2,765 in contributions from the employer.

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

At December 31, 2024, the City reported a liability of \$624,263 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. 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, 2023, the City's proportion was 0.13569000%, which was a decrease of 0.00054400% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized OPEB expense of \$46,615.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2024, 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	\$ -	\$ 55,248
Net Differences Between Projected and Actual		
Earnings on OPEB Plan Investments	8,434	-
Changes in Assumptions	195,274	245,821
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,513	16,406
Total	\$ 212,221	\$ 317,475

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
2025	\$ (6,432)
2026	1,988
2027	(22,531)
2028	(44,081)
2029	(41,048)
Thereafter	6,850
Total	\$ (105,254)

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Actuarial assumptions

The total OPEB liability in the January 1, 2023 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, 2023
Measurement Date of Net OPEB Liability (Asset):	December 31, 2023
Experience Study:	January 1, 2018- December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO 20-Bond Municipal Index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Actuarial assumptions (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	40 %	2.32 %
U.S. Mortgages	Bloomberg U.S. MBS	60	2.52
Inflation			2.30
Long-Term Expected Rate of Return			4.25

Single discount rate. A single discount rate of 3.32% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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 3.32%, 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 (2.32%) or one-percentage-point higher (4.32%) than the current rate:

	One Percent Decrease to Discount Rate 2.32%	Current Discount Rate 3.32%	One Percent Increase to Discount Rate 4.32%
City's Proportionate Share of the Net OPEB Liability	\$ 838,784	\$ 624,263	\$ 460,514

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Payable to the OPEB Plan

The City reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2024.

I. Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with the Internal Revenue Code Section 457.

The Wisconsin Deferred Compensation Plan (the Plan), available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this Plan are entirely from employee voluntary contributions. Employees can elect to contribute to the Plan by selecting a specific percentage of their salary or selecting a dollar amount. Annual amounts to be contributed by the employee may not exceed IRS limits. The City makes no employer contributions to this Plan. Wisconsin Department of Employee Trust Funds is the administrator of the Wisconsin Deferred Compensation Plan. The deferred compensation Plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statements.

The City of Merrill, WI 457 Plan, available to all City employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to the plan are entirely from employee voluntary contributions. Employees can elect to contribute to the Plans by selecting a specific percentage of their salary or selecting a dollar amount. Annual amounts to be contributed by the employee may not exceed IRS limits. The County makes no employer contributions to the plan. The City utilizes Voya Financial as a third party administrator for the City of Merrill, WI 457 Plan. The deferred compensation plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statements.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. 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, 2024, nonspendable fund balance was as follows:

	General Fund	Community Development Block Grant	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory and Prepaids	\$ 190,535	\$ 23	\$ -	\$ 190,558
Long-Term Advance to Other Funds	99,896	-	-	99,896
Library Trust	-	-	1,678,272	1,678,272
Total Nonspendable Fund Balance	\$ 290,431	\$ 23	\$ 1,678,272	\$ 1,968,726

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, 2024, restricted fund balance was as follows:

General Fund:		
Restricted for:		
Capital Projects	\$ 686,536	
Donor Intentions	68,146	
Total General Fund Restricted Fund Balance	754,682	
Special Revenue Funds:		
Restricted for:		
Community Development	544,095	
Library Endowment	656,836	
Remedial Action	186,275	
Total Special Revenue Funds Restricted Fund Balance	1,387,206	
Capital Projects Funds:		
Restricted for:		
TIF No. 3 Projects and Debt Service	93,049	
TIF No. 5 Projects and Debt Service	17,940	
TIF No. 7 Projects and Debt Service	405,636	
TIF No. 8 Projects and Debt Service	20,438	
TIF No. 9 Projects and Debt Service	195,904	
TIF No. 10 Projects and Debt Service	14,541	
Total Capital Project Funds Restricted Fund Balance	747,508	
Debt Service Fund:		
Restricted for:		
Debt Service	533,547	
Total Restricted Fund Balance	\$ 3,422,943	

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2024, General Fund balance was committed as follows:

General Fund:	
Committed for:	
Nonlapsing Reserves:	
General Government	\$ 196,942
Public Safety	365,449
Public Works	28,794
Health and Human Services	39,306
Culture and Recreation	172,156
Total Committed Fund Balance	<u>\$ 802,647</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 Nos. 3, 4, and 5 are still eligible to incur project costs.

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Tax Incremental Financing Districts (Continued)

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 TIF 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 TIF 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 3, 2017. The City intends that the TIF 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 TIF 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 TIF 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 TIF 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 TIF will be used to assure a combination of private industrial, commercial, and residential development.

The City established TIF No. 13 on February 23, 2021 as an industrial district. The City intends that the TIF will be used to assure private industrial development.

The City established TIF No. 14 on June 29, 2021 as an industrial district. The City intends that the TIF will be used to assure private industrial development a combination of private industrial, commercial, and residential development.

Since the 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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Tax Incremental Financing Districts (Continued)

	Unreimbursed Costs
TIF No. 3	\$ 1,307,778
TIF No. 4	690,412
TIF No. 5	678
TIF No. 6	621,766
TIF No. 7	1,163,186
TIF No. 8	3,718,898
TIF No. 9	1,556,323
TIF No. 10	1,585,903
TIF No. 11	2,375,692
TIF No. 12	85,461
TIF No. 13	14,181
TIF No. 14	122,407

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	2028
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
TIF No. 13	2042
TIF No. 14	2048

In September 2025, City Council approved extending the life for TIF No. 3 to September 13, 2028.

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.

**CITY OF MERRILL, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 OTHER INFORMATION (CONTINUED)

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.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MERRILL, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) –
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS**

Measurement Period 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	0.05946372 %	\$ (1,460,591)	\$ 6,308,015	23.15 %	102.74 %
12/31/15	0.06016318	977,641	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
12/31/20	0.06583242	(4,110,009)	7,389,371	55.62	105.26
12/31/21	0.06636424	(5,349,079)	7,569,107	70.67	106.02
12/31/22	0.06735642	3,568,342	7,953,376	44.87	95.72
12/31/23	0.06692329	995,018	7,995,651	12.44	98.85

**SCHEDULE OF CONTRIBUTIONS –
WISCONSIN RETIREMENT SYSTEM
LAST TEN 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
12/31/21	779,928	779,928	-	7,569,107	10.30
12/31/22	811,785	811,785	-	7,953,376	10.21
12/31/23	871,648	871,648	-	7,995,651	10.90
12/31/24	939,412	939,412	-	8,212,926	11.44

See accompanying Notes to Required Supplementary Information.

**CITY OF MERRILL, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET) –
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.13536800 %	\$ 407,265	\$ 6,746,319	6.04 %	44.81 %
12/31/18	0.13564600	350,012	6,972,423	5.02	48.69
12/31/19	0.13444600	572,497	7,254,325	7.89	37.58
12/31/20	0.14029200	771,707	7,389,371	10.44	31.36
12/31/21	0.13997100	827,281	7,569,107	10.93	29.57
12/31/22	0.13623400	519,028	7,953,376	6.53	38.81
12/31/23	0.13569000	624,263	7,995,651	7.81	33.90

**SCHEDULE OF CONTRIBUTIONS –
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN 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	\$ 2,571	\$ -	\$ 6,972,423	0.04 %
12/31/19	2,662	2,662	-	7,254,325	0.04
12/31/20	2,825	2,825	-	7,389,371	0.04
12/31/21	2,796	2,796	-	7,569,107	0.04
12/31/22	2,864	2,864	-	7,953,376	0.04
12/31/23	2,795	2,795	-	7,995,651	0.03
12/31/24	2,765	2,765	-	8,212,926	0.03

See accompanying Notes to Required Supplementary Information.

**CITY OF MERRILL, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE A WISCONSIN RETIREMENT SYSTEM

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

Changes of Assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

NOTE B LRLIF OPEB

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

Changes of Assumptions. The State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed from the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

**CITY OF MERRILL, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE B LRLIF OPEB (CONTINUED)

The assumptions changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the discount rate from 4.25% to 4.00%
- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**CITY OF MERRILL, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Special Revenue			Capital Projects			
	Library	Library Trust	Remedial Action	TIF No. 3	TIF No. 4	TIF No. 5	TIF No. 6
	Library	Trust	Action	No. 3	No. 4	No. 5	No. 6
ASSETS							
Cash and Investments	\$ 656,836	\$ -	\$ 30,461	\$ 343,249	\$ -	\$ 29,343	\$ -
Receivables:							
Taxes and Special Charges	-	-	5,962	359,895	47,523	7,407	52,946
Other	-	1,678,272	-	-	-	-	-
Advance to Other Funds	-	-	161,670	-	-	-	-
Total Assets	\$ 656,836	\$ 1,678,272	\$ 198,093	\$ 703,144	\$ 47,523	\$ 36,750	\$ 52,946
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 1,740	\$ 6,371	\$ 9,777	\$ 6,341	\$ 7,500
Accrued and Other Current Liabilities	-	-	78	32	32	45	102
Due to Other Funds	-	-	-	-	48,384	-	309,043
Advance from Other Funds	-	-	-	-	-	-	-
Total Liabilities	-	-	1,818	6,403	58,193	6,386	316,645
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	-	-	10,000	603,692	79,716	12,424	88,812
FUND BALANCES (DEFICITS)							
Nonspendable	-	1,678,272	-	-	-	-	-
Restricted	656,836	-	186,275	93,049	-	17,940	-
Unassigned	-	-	-	-	(90,386)	-	(352,511)
Total Fund Balances (Deficits)	656,836	1,678,272	186,275	93,049	(90,386)	17,940	(352,511)
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 656,836	\$ 1,678,272	\$ 198,093	\$ 703,144	\$ 47,523	\$ 36,750	\$ 52,946

**CITY OF MERRILL, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2024**

Capital Projects								
TIF No. 7	TIF No. 8	TIF No. 9	TIF No. 10	TIF No. 11	TIF No. 12	TIF No. 13	TIF No. 14	Total
\$ 483,052	\$ -	\$ -	\$ 37,919	\$ -	\$ 27,263	\$ -	\$ -	\$ 1,608,123
105,818	141,350	-	106,196	249,441	7,656	-	5,315	1,089,509
-	-	-	-	-	-	-	-	1,678,272
-	-	-	-	-	-	-	-	161,670
<u>\$ 588,870</u>	<u>\$ 141,350</u>	<u>\$ -</u>	<u>\$ 144,115</u>	<u>\$ 249,441</u>	<u>\$ 34,919</u>	<u>\$ -</u>	<u>\$ 5,315</u>	<u>\$ 4,537,574</u>
\$ 24,222	\$ -	\$ 3,000	\$ -	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ 73,951
56	45	33	32	382	35	32	32	936
-	400,101	160,289	-	43,940	-	14,148	118,774	1,094,679
-	-	-	-	99,896	-	-	-	99,896
24,278	400,146	163,322	32	151,718	7,535	14,180	118,806	1,269,462
177,500	237,102	-	178,134	418,415	12,843	-	8,915	1,827,553
-	-	-	-	-	-	-	-	1,678,272
405,636	20,438	195,904	-	-	14,541	-	-	1,590,619
(18,544)	(516,336)	(359,226)	(34,051)	(320,692)	-	(14,180)	(122,406)	(1,828,332)
<u>387,092</u>	<u>(495,898)</u>	<u>(163,322)</u>	<u>(34,051)</u>	<u>(320,692)</u>	<u>14,541</u>	<u>(14,180)</u>	<u>(122,406)</u>	<u>1,440,559</u>
<u>\$ 588,870</u>	<u>\$ 141,350</u>	<u>\$ -</u>	<u>\$ 144,115</u>	<u>\$ 249,441</u>	<u>\$ 34,919</u>	<u>\$ -</u>	<u>\$ 5,315</u>	<u>\$ 4,537,574</u>

**CITY OF MERRILL, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Special Revenue			Capital Projects			
	Library	Library Trust	Remedial Action	TIF No. 3	TIF No. 4	TIF No. 5	TIF No. 6
REVENUES							
Taxes	\$ -	\$ -	\$ 10,000	\$ 1,152,168	\$ 217,874	\$ 14,267	\$ 173,358
Intergovernmental	-	-	-	47,295	23,877	137	2,844
Public Charges for Services	-	-	-	-	-	-	-
Miscellaneous	62,798	314,160	-	-	-	-	-
Total Revenues	62,798	314,160	10,000	1,199,463	241,751	14,404	176,202
EXPENDITURES							
Current:							
Public Works	-	-	39,195	-	-	-	-
Culture and Recreation	65,195	-	-	-	-	-	-
Conservation and Development	-	-	-	11,591	13,769	9,084	20,944
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	65,195	-	39,195	11,591	13,769	9,084	20,944
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,397)	314,160	(29,195)	1,187,872	227,982	5,320	155,258
OTHER FINANCING SOURCES (USES)							
Long-Term Debt Issued	-	-	-	-	-	-	-
Long-Term Debt Issued - Refunding Bonds and Notes	-	-	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-	-	-
Transfers In	46,011	-	-	-	-	-	-
Transfers Out	-	(46,011)	-	(1,098,924)	(321,295)	(2,272)	(31,808)
Total Other Financing Sources (Uses)	46,011	(46,011)	-	(1,098,924)	(321,295)	(2,272)	(31,808)
NET CHANGE IN FUND BALANCES	43,614	268,149	(29,195)	88,948	(93,313)	3,048	123,450
Fund Balances (Deficits) - Beginning of Year	613,222	1,410,123	215,470	4,101	2,927	14,892	(475,961)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 656,836	\$ 1,678,272	\$ 186,275	\$ 93,049	\$ (90,386)	\$ 17,940	\$ (352,511)

**CITY OF MERRILL, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Capital Projects								
TIF No. 7	TIF No. 8	TIF No. 9	TIF No. 10	TIF No. 11	TIF No. 12	TIF No. 13	TIF No. 14	Total
\$ 209,138	\$ 262,739	\$ 13,456	\$ 116,108	\$ 354,102	\$ 29,679	\$ 496	\$ 15,806	\$ 2,569,191
1,476	3,668	4,896	-	16,305	-	-	-	100,498
-	-	575	-	-	-	-	-	575
11,268	15,001	-	-	-	32,044	-	-	435,271
<u>221,882</u>	<u>281,408</u>	<u>18,927</u>	<u>116,108</u>	<u>370,407</u>	<u>61,723</u>	<u>496</u>	<u>15,806</u>	<u>3,105,535</u>
-	-	-	-	-	-	-	-	39,195
-	-	-	-	-	-	-	-	65,195
86,312	125,071	65,006	10,000	21,406	18,144	1,245	713	383,285
-	27,238	23,000	15,833	15,189	-	-	-	81,260
<u>219,960</u>	<u>47,945</u>	<u>977,665</u>	<u>1,869</u>	<u>14,147</u>	<u>52,710</u>	<u>-</u>	<u>-</u>	<u>1,314,296</u>
<u>306,272</u>	<u>200,254</u>	<u>1,065,671</u>	<u>27,702</u>	<u>50,742</u>	<u>70,854</u>	<u>1,245</u>	<u>713</u>	<u>1,883,231</u>
(84,390)	81,154	(1,046,744)	88,406	319,665	(9,131)	(749)	15,093	1,222,304
612,000	409,000	1,173,000	756,000	185,000	-	-	-	3,135,000
17,202	18,503	-	-	-	-	-	-	35,705
-	-	-	-	8,902	-	-	-	8,902
-	300,000	50,000	-	-	-	-	-	396,011
<u>(52,495)</u>	<u>(155,195)</u>	<u>(22,000)</u>	<u>(50,208)</u>	<u>(161,728)</u>	<u>(7,625)</u>	<u>-</u>	<u>-</u>	<u>(1,949,561)</u>
<u>576,707</u>	<u>572,308</u>	<u>1,201,000</u>	<u>705,792</u>	<u>32,174</u>	<u>(7,625)</u>	<u>-</u>	<u>-</u>	<u>1,626,057</u>
492,317	653,462	154,256	794,198	351,839	(16,756)	(749)	15,093	2,848,361
<u>(105,225)</u>	<u>(1,149,360)</u>	<u>(317,578)</u>	<u>(828,249)</u>	<u>(672,531)</u>	<u>31,297</u>	<u>(13,431)</u>	<u>(137,499)</u>	<u>(1,407,802)</u>
<u>\$ 387,092</u>	<u>\$ (495,898)</u>	<u>\$ (163,322)</u>	<u>\$ (34,051)</u>	<u>\$ (320,692)</u>	<u>\$ 14,541</u>	<u>\$ (14,180)</u>	<u>\$ (122,406)</u>	<u>\$ 1,440,559</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

City Council
City of Merrill, Wisconsin

We have audited, in accordance with the 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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Merrill, Wisconsin’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Stevens Point, Wisconsin
November 5, 2025

**CITY OF MERRILL, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings

2024-001 Preparation of Annual Financial Report

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Condition: Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over preparation of its financial statements, including note disclosures, the City had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or specific requirement: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

Effect: The City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause: City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Repeat finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2023-001.

Recommendation: We recommend the City continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

Views of responsible officials and planned corrective actions: We agree with the auditors' comments and will continue to thoroughly review the City's annual financial report. We will look for educational opportunities to supplement and enhance staff's knowledge of accounting principles to aid in the preparation and review of the city's financial reports.

**CITY OF MERRILL, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings (Continued)

2024-002 Adjustments to the City's Financial Records

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Condition: As part of our audit, we proposed adjusting journal entries that were significant to the City's financial statements.

Criteria or specific requirement: Significant adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect: Year-end financial records prepared by the City may contain significant misstatements.

Cause: City staff maintain financial records which accurately report revenues and expenditures throughout the year and have applied year-end procedures consistently with prior years; however, a final review of general ledger amounts prior to the audit did not identify some inaccurate balances which caused the significant adjustments.

Repeat finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2023-002.

Recommendation: We recommend the City during year-end closing procedures include a final review of general ledger accounts to ensure balances are accurate and reasonable based on the City's activities for the year.

Views of responsible officials and planned corrective actions: We agree with the auditors' comments and will review and verify general ledger account balances during the reconciliation process at year-end closing.



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FORM OF LEGAL OPINION

(See following pages)

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

May 27, 2026

Re: City of Merrill, Wisconsin ("Issuer")
\$5,805,000 General Obligation Promissory Notes, Series 2026A,
dated May 27, 2026 ("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 November 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$620,000	___%
2028	815,000	___
2029	505,000	___
2030	490,000	___
2031	505,000	___
2032	530,000	___
2033	535,000	___
2034	310,000	___
2035	215,000	___
2036	225,000	___
2037	195,000	___
2038	205,000	___
2039	205,000	___
2040	220,000	___
2041	230,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on May 1, 2027.

The Notes maturing on November 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on November 1, 2034 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; however, interest on the Notes is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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.

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 \$5,805,000 General Obligation Promissory Notes, Series 2026A, dated May 27, 2026 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on May 12, 2026 (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 May 12, 2026 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 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, 2025, 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 27th day of May, 2026.

(SEAL)

Steve J. Hass
Mayor

Lori Anderson-Malm
City Clerk

NOTICE OF SALE

**\$5,805,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A
CITY OF MERRILL, WISCONSIN**

Bids for the purchase of \$5,805,000* General Obligation Promissory Notes, Series 2026A (the "Notes") of the City of Merrill, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on May 12, 2026, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including paying the cost of 2025 and 2026 capital improvement projects, including street improvements, park improvements, improvements to City buildings, vehicles and equipment and projects included in the project plan for the City's Tax Incremental District No. 9 and current refunding certain outstanding obligations of the City.

DATES AND MATURITIES

The Notes will be dated May 27, 2026, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on November 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$620,000	2032	\$530,000	2037	\$195,000
2028	815,000	2033	535,000	2038	205,000
2029	505,000	2034	310,000	2039	205,000
2030	490,000	2035	215,000	2040	220,000
2031	505,000	2036	225,000	2041	230,000

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. 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 May 1 and November 1 of each year, commencing May 1, 2027, 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, Minneapolis, 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 November 1, 2035 shall be subject to optional redemption prior to maturity on November 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 May 27, 2026, 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 ("Bond Counsel"), 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 the 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 the 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 \$5,723,730 plus accrued interest on the principal sum of \$5,805,000 from date of original issue of the Notes to date of delivery. 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 10:00 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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 \$116,100 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.

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 Notes shall be designated 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 Underwriter (Syndicate Manager) 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 Underwriter (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 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the Common Council

Lori Anderson-Malm, City Clerk
City of Merrill, Wisconsin

BID FORM

The Common Council
City of Merrill, Wisconsin (the "City")

May 12, 2026

RE: \$5,805,000* General Obligation Promissory Notes, Series 2026A (the "Notes")

DATED: May 27, 2026

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 \$5,723,730) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2032	_____ % due	2037
_____ % due	2028	_____ % due	2033	_____ % due	2038
_____ % due	2029	_____ % due	2034	_____ % due	2039
_____ % due	2030	_____ % due	2035	_____ % due	2040
_____ % due	2031	_____ % due	2036	_____ % due	2041

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. 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 \$116,100 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 May 27, 2026.

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 Underwriter (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 May 27, 2026 of the above bid is \$ _____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Merrill, Wisconsin, on May 12, 2026.

By: _____ By: _____

Title: _____ Title: _____