

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 17, 2026

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, based on present federal laws, regulations, rulings and decisions, and assuming compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and certain covenants of the City, interest to be paid on the Notes is excluded from gross income of the recipient for federal income tax purposes, and is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes may affect the federal alternative tax imposed on certain corporations. See "Tax Exemption" herein for a more detailed discussion. The interest on the Notes is not exempt from present Wisconsin income or franchise tax.

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

New Issue

Rating Application Made: Moody's Investors Service, Inc.

CITY OF PRESCOTT, WISCONSIN (Pierce County)

\$2,075,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A

BID OPENING: June 22, 2026, 10:00 A.M., C.T.

CONSIDERATION: June 22, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,075,000* General Obligation Promissory Notes, Series 2026A (the "Notes") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City of Prescott, Wisconsin (the "City"), for public purposes, including the TAP Grant engineering and design, Orrin Road reconstruction and Campbell Street design projects and purchase of a fire truck. 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 Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota.

DATE OF NOTES: July 13, 2026

MATURITY: As follows:

<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>	<u>Maturity</u>	<u>Amount*</u>
12/01/2027	\$45,000	12/01/2034	\$90,000	12/01/2041	\$120,000
12/01/2028	75,000	12/01/2035	95,000	12/01/2042	125,000
12/01/2029	80,000	12/01/2036	100,000	12/01/2043	130,000
12/01/2030	80,000	12/01/2037	105,000	12/01/2044	140,000
12/01/2031	85,000	12/01/2038	105,000	12/01/2045	145,000
12/01/2032	85,000	12/01/2039	110,000	06/01/2046	155,000
12/01/2033	90,000	12/01/2040	115,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. 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: June 1, 2027 and semiannually thereafter.

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

MINIMUM BID: \$2,049,062.50.

MAXIMUM BID: \$2,261,750.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$41,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Fryberger, Buchanan, Smith & Frederick, P.A..

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.



BUILDING COMMUNITIES. IT'S WHAT WE DO.

info@ehlers-inc.com

1 (800) 552-1171

www.ehlers-inc.com

REPRESENTATIONS

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

This Preliminary Official Statement is not to be construed as a contract with the 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 Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

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

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

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

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

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

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

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1	THE ISSUER	18
THE NOTES	1	CITY GOVERNMENT.....	18
GENERAL	1	EMPLOYEES; PENSIONS	19
OPTIONAL REDEMPTION	1	OTHER POST EMPLOYMENT BENEFITS.....	20
AUTHORITY; PURPOSE	2	LITIGATION	21
ESTIMATED SOURCES AND USES	2	MUNICIPAL BANKRUPTCY.....	21
SECURITY	2	FUNDS ON HAND	22
RATING	2	ENTERPRISE FUNDS.....	23
CONTINUING DISCLOSURE.....	3	SUMMARY GENERAL FUND INFORMATION.....	24
LEGAL MATTERS	3	GENERAL FUND BUDGET SUMMARY	25
TAX EXEMPTION.....	4	GENERAL INFORMATION	26
QUALIFIED TAX-EXEMPT OBLIGATIONS	4	LOCATION	26
MUNICIPAL ADVISOR	5	LARGER EMPLOYERS	26
MUNICIPAL ADVISOR AFFILIATED COMPANIES.....	5	BUILDING PERMITS	27
INDEPENDENT AUDITORS	5	U.S. CENSUS DATA	27
RISK FACTORS.....	5	EMPLOYMENT/UNEMPLOYMENT DATA.....	28
VALUATIONS	8	FINANCIAL STATEMENTS.....	A-1
WISCONSIN PROPERTY VALUATIONS;		FORM OF LEGAL OPINION	B-1
PROPERTY TAXES.....	8	BOOK-ENTRY-ONLY SYSTEM	C-1
CURRENT PROPERTY VALUATIONS.....	9	FORM OF CONTINUING DISCLOSURE CERTIFICATE ...	D-1
2025 EQUALIZED VALUE BY CLASSIFICATION	9	NOTICE OF SALE	E-1
TREND OF VALUATIONS.....	9	BID FORM	
LARGER TAXPAYERS.....	10		
DEBT	10		
DIRECT DEBT	10		
DEBT PAYMENT HISTORY	11		
FUTURE FINANCING.....	11		
DEBT LIMIT	11		
SCHEDULE OF GENERAL OBLIGATION DEBT	12		
OVERLAPPING DEBT	15		
DEBT RATIOS	15		
TAX LEVIES AND COLLECTIONS	16		
TAX LEVIES AND COLLECTIONS	16		
PROPERTY TAX RATES	17		
LEVY LIMITS	17		
REVENUE FROM THE STATE	18		

CITY OF PRESCOTT COMMON COUNCIL

		<u>Term Expires</u>
Mike Gerke	Mayor	April 2028
Ben Bettis	Alderman	April 2028
Adam Granquist	Alderman	April 2027
Darlyn Hintz	Alderman	April 2029
Maureen Otwell	Alderman	April 2028
Bailey Ruona	Alderman	April 2027
Lindsey Sorenson	Alderman	April 2029

ADMINISTRATION

Matt Wolf, Administrator
Elizabeth Lansing, Treasurer/Deputy Clerk

PROFESSIONAL SERVICES

Weld Riley, S.C., City Attorney, Eau Claire, Wisconsin
Fryberger, Buchanan, Smith & Frederick, P.A., Bond Counsel, Duluth, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Prescott, Wisconsin (the "City") and the issuance of its \$2,075,000* 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 ("Award Resolution") to be adopted by the Common Council on June 22, 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 Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 13, 2026. The Notes will mature on December 1 in the years and amounts set forth on the cover of this Preliminary Official Statement except the final maturity is on June 1, 2046. Interest will be payable on June 1 and December 1 of each year, commencing June 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 Award 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 December 1, 2035 shall be subject to optional redemption prior to maturity on December 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 redemption shall be sent by mail not more than 60 days and not less than 30 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 the TAP Grant engineering and design, Orrin Road reconstruction and Campbell Street design projects and purchase of a fire truck.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Notes	<u>\$2,075,000</u>	
Total Sources		\$2,075,000

Uses

Total Underwriter's Discount (1.250%)	\$25,938	
Costs of Issuance	65,350	
Deposit to Construction Fund	1,982,319	
Rounding Amount	<u>1,393</u>	
Total Uses		\$2,075,000

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, 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 is currently rated "Aa3" by Moody's Investors Service, Inc. ("Moody's").

The City has requested a rating on the Notes from Moody's, 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 Moody's.

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.

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

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

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

LEGAL MATTERS

Legal matters incident to the issuance and sale of the Notes and with regard to the tax-exempt status of interest on the Notes under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the City. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of the Official Statement and under the caption "TAX EXEMPTION" relating to Bond Counsel's opinion that the interest on the Notes is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in the Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of the Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in the Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Notes or receipt of interest on the Notes. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including without limitation, the determination of gain or loss on the sale of a bond, the calculation of alternative minimum tax liability; the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Notes, and applicable state and local tax rules.

In the opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, as Bond Counsel, based on present federal laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the City with certain tax covenants, interest to be paid on the Notes is excluded from gross income for purposes of federal income taxation. Interest on the Notes is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may affect the federal alternative tax imposed on certain corporations.

Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), however, impose continuing requirements that must be met after the issuance of the Notes in order that interest on the Notes be and remain excludable from federal gross income. These requirements include, but are not limited to, provisions regarding the use of bond proceeds and the facilities financed or refinanced with such proceeds; restrictions on the investment of bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements of the Code may cause interest on the Notes to be includable in federal gross income retroactively to their date of issue.

No provision has been made for redemption of or for an increase in the interest rate on the Notes in the event that interest on the same becomes includable in federal gross income.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax exempt status of interest on the Notes or the tax consequences of ownership of the Notes. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly affect the exclusion of the interest on the Notes from gross income for federal income tax purposes.

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

Proposed Federal Legislation

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 if enacted could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes. Prospective purchasers of Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending litigation or proposed federal tax legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary 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. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC 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 Johnson Block & Company, Inc., Middleton, 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 Preliminary 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.

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 Award 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.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

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	\$677,621,400
2025 Equalized Value Reduced by Tax Increment Valuation	\$596,891,100
2025 Assessed Value	\$630,827,200

2025 EQUALIZED VALUE BY CLASSIFICATION

	2025 Equalized Value¹	Percent of Total Equalized Value
Residential	\$519,932,600	76.729%
Commercial	137,819,600	20.339%
Manufacturing	19,776,000	2.918%
Agricultural	28,500	0.004%
Undeveloped	27,200	0.004%
Ag Forest	37,500	0.006%
	<hr/>	<hr/>
Total	<u><u>\$677,621,400</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2021	\$371,998,700	\$428,610,500	4.37%
2022	386,977,900	520,150,100	21.36%
2023	627,630,000	634,609,600	22.01%
2024	626,017,600	668,070,300	5.27%
2025	630,827,200	677,621,400	1.43%

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
United Natural Foods Inc.	Logistics	\$28,605,672	4.22%
SV Labs	Manufacturing	8,562,792	1.26%
TCLAD Inc.	Manufacturing	5,289,016	0.78%
Kasco Marine Inc.	Manufacturing	4,811,891	0.71%
Ptacek Real Estate LLC	Real/Grocery	4,511,028	0.67%
Foley Prescott LLC	Manufacturing	3,966,949	0.59%
Glenridge Properties LLC	Multifamily	3,396,025	0.50%
GGR Investments LLC	Logistics	3,394,742	0.50%
Cernohous	Auto dealership	2,649,267	0.39%
Orion Properties Seventeen LLC	Health/Nursing & Rehabilitation	<u>2,446,054</u>	<u>0.36%</u>
Total		\$67,633,435	9.98%
City's Total 2025 Equalized Value ²		\$677,621,400	

Source: The City.

DEBT

DIRECT DEBT³

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	<u><u>\$12,597,000</u></u>
---	----------------------------

*Preliminary, subject to change.

Revenue Debt (see schedules following)

Total revenue debt secured by water revenues	<u><u>\$1,711,380</u></u>
--	---------------------------

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

² Includes tax increment valuation.

³ Outstanding debt is as of the dated date of the Notes.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City plans to issue approximately \$5,000,000 Safe Drinking Water Loan in the next 12 months.

The City of Prescott has taken a proactive approach to addressing PFAS contamination in its municipal water supply. Following updated federal drinking water standards issued by the EPA in 2024, the City has conducted extensive testing of its wells and developed a long-term treatment strategy to ensure compliance with current and future regulations. Prescott has already invested in advanced treatment infrastructure at Well #3 and is planning additional treatment improvements for Wells #2 and #4. The City has pursued state and federal grants, low-interest loans, and legal settlement funds to help offset the cost of these projects while minimizing the impact on ratepayers.

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	\$677,621,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$33,881,070
Less: General Obligation Debt*	<u>(12,597,000)</u>
Unused Debt Limit*	<u><u>\$21,284,070</u></u>

*Preliminary, subject to change.

City of Prescott, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 07/13/2026)

	Street Improvement Bonds Series 2018A		Corporate Purpose Bonds Series 2020A		Taxable Refunding Notes Series 2021A		Street Improvement Bonds Series 2023A		Promissory Notes Series 2025A	
Dated	06/27/2018		05/20/2020		08/17/2021		03/06/2023		03/17/2025	
Amount	\$1,370,000		\$1,975,000		\$4,430,000		\$4,670,000		\$1,550,000	
Maturity	04/01		10/01 Final Maturity 04/01		03/01		08/01 Final Maturity 02/01		03/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	0	14,348	165,000	12,522	0	12,835	255,000	86,950	0	30,750
2027	75,000	27,570	165,000	21,744	450,000	23,308	175,000	161,150	285,000	54,375
2028	75,000	25,320	60,000	18,444	520,000	17,825	180,000	152,400	300,000	39,750
2029	60,000	23,295	60,000	17,244	520,000	11,195	180,000	143,400	315,000	24,375
2030	65,000	21,420	60,000	16,044	530,000	3,843	190,000	136,200	330,000	8,250
2031	65,000	19,438	60,000	14,844			200,000	128,600		
2032	70,000	17,345	65,000	13,644			195,000	120,600		
2033	70,000	15,105	65,000	12,263			205,000	112,800		
2034	80,000	12,630	65,000	10,881			215,000	104,600		
2035	80,000	9,990	70,000	9,500			225,000	96,000		
2036	80,000	7,310	70,000	8,013			235,000	87,000		
2037	85,000	4,505	70,000	6,525			245,000	77,600		
2038	90,000	1,530	70,000	4,950			255,000	67,800		
2039			75,000	3,375			265,000	57,600		
2040			75,000	844			275,000	47,000		
2041							290,000	36,000		
2042							290,000	24,400		
2043							320,000	6,400		
2044										
2045										
2046										
	895,000	199,805	1,195,000	170,834	2,020,000	69,005	4,195,000	1,646,500	1,230,000	157,500

* Preliminary, subject to change.

--Continued on next page

City of Prescott, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 07/13/2026)

Dated	Promissory Note Series 2025B		Promissory Notes Series 2026A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Amount	Maturity	Principal	Estimated Interest						
	03/17/2025		07/13/2026							
	\$987,000		\$2,075,000*							
	03/01		12/01							
			Final Maturity 06/01							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	0	0	0	420,000	157,404	577,404	12,177,000	3.33%	2026
2027	0	46,883	45,000	114,094	1,195,000	449,123	1,644,123	10,982,000	12.82%	2027
2028	0	46,883	75,000	80,993	1,210,000	381,614	1,591,614	9,772,000	22.43%	2028
2029	0	46,883	80,000	78,518	1,215,000	344,909	1,559,909	8,557,000	32.07%	2029
2030	987,000	46,883	80,000	75,878	2,242,000	308,516	2,550,516	6,315,000	49.87%	2030
2031			85,000	73,198	410,000	236,079	646,079	5,905,000	53.12%	2031
2032			85,000	70,308	415,000	221,896	636,896	5,490,000	56.42%	2032
2033			90,000	67,375	430,000	207,543	637,543	5,060,000	59.83%	2033
2034			90,000	64,225	450,000	192,336	642,336	4,610,000	63.40%	2034
2035			95,000	60,985	470,000	176,475	646,475	4,140,000	67.14%	2035
2036			100,000	57,470	485,000	159,793	644,793	3,655,000	70.99%	2036
2037			105,000	53,570	505,000	142,200	647,200	3,150,000	74.99%	2037
2038			105,000	49,423	520,000	123,703	643,703	2,630,000	79.12%	2038
2039			110,000	45,170	450,000	106,145	556,145	2,180,000	82.69%	2039
2040			115,000	40,605	465,000	88,449	553,449	1,715,000	86.39%	2040
2041			120,000	35,718	410,000	71,718	481,718	1,305,000	89.64%	2041
2042			125,000	30,618	415,000	55,018	470,018	890,000	92.93%	2042
2043			130,000	25,243	450,000	31,643	481,643	440,000	96.51%	2043
2044			140,000	19,588	140,000	19,588	159,588	300,000	97.62%	2044
2045			145,000	13,428	145,000	13,428	158,428	155,000	98.77%	2045
2046			155,000	3,488	155,000	3,488	158,488	0	100.00%	2046
	987,000	187,530	2,075,000	1,059,889	12,597,000	3,491,063	16,088,063			

City of Prescott, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Water Revenues
(As of 07/13/2026)

Water System Revenue Bonds 1)
Series 2024

Dated	09/25/2024
Amount	\$1,860,807
Maturity	05/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	0	20,237	0	20,237	20,237	1,711,380	.00%	2026
2027	77,374	39,559	77,374	39,559	116,934	1,634,005	4.52%	2027
2028	79,204	37,708	79,204	37,708	116,912	1,554,801	9.15%	2028
2029	81,078	35,812	81,078	35,812	116,890	1,473,723	13.89%	2029
2030	82,995	33,872	82,995	33,872	116,867	1,390,728	18.74%	2030
2031	84,958	31,886	84,958	31,886	116,844	1,305,771	23.70%	2031
2032	86,967	29,853	86,967	29,853	116,820	1,218,804	28.78%	2032
2033	89,024	27,772	89,024	27,772	116,796	1,129,780	33.98%	2033
2034	91,129	25,642	91,129	25,642	116,771	1,038,650	39.31%	2034
2035	93,284	23,461	93,284	23,461	116,745	945,366	44.76%	2035
2036	95,491	21,229	95,491	21,229	116,719	849,875	50.34%	2036
2037	97,749	18,944	97,749	18,944	116,693	752,126	56.05%	2037
2038	100,061	16,605	100,061	16,605	116,665	652,066	61.90%	2038
2039	102,427	14,210	102,427	14,210	116,637	549,638	67.88%	2039
2040	104,850	11,759	104,850	11,759	116,609	444,789	74.01%	2040
2041	107,329	9,250	107,329	9,250	116,579	337,459	80.28%	2041
2042	109,868	6,682	109,868	6,682	116,549	227,592	86.70%	2042
2043	112,466	4,053	112,466	4,053	116,519	115,126	93.27%	2043
2044	115,126	1,361	115,126	1,361	116,487	0	100.00%	2044
	1,711,380	409,894	1,711,380	409,894	2,121,274			

1) Pursuant to the Wisconsin Capital Finance Office, Project No. 4991-09, the amount of disbursements as of May 22, 2026 is \$1,477,810.41.

OVERLAPPING DEBT¹

Taxing District	2025 Equalized Value ²	% In City	Total G.O. Debt ³	City's Proportionate Share
Pierce County	\$6,259,677,800	10.8252%	\$37,085,000	\$4,014,525
School District of Prescott	1,619,424,377	41.8433%	35,800,000	14,979,901
Chippewa Valley Technical College	47,521,516,561	1.4259%	83,350,000	<u>1,188,488</u>
City's Share of Total Overlapping Debt				<u><u>\$20,182,914</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$677,621,400	Debt/ Per Capita 4,559 ⁴
Total General Obligation Debt*	\$12,597,000	1.86%	\$2,763.11
City's Share of Total Overlapping Debt	<u>20,182,914</u>	<u>2.98%</u>	<u>4,427.05</u>
Total*	\$32,779,914	4.84%	\$7,190.15

*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	\$2,366,864	100%	\$6.43
2022/23	2,561,611	100%	5.75
2023/24	2,625,445	100%	4.82
2024/25	2,719,209	100%	4.53
2025/26	2,775,586	In Process of Collection	4.65

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	\$11.04	\$4.88	\$6.43	\$22.35
2022/23	9.26	4.34	5.75	19.35
2023/24	8.36	3.75	4.82	16.93
2024/25	8.43	3.60	4.53	16.56
2025/26	8.83	3.52	4.65	17.01

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 \$449,500 in shared revenue under Chapter 79, Wis. Stats., an increase from the approximately \$440,800 received in 2024. The City is expected to receive approximately \$433,200 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 1857 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. The Mayor is elected to a two-year term and all Council Members are elected to three-year terms. The appointed City Administrator and Treasurer/Deputy Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 24 full-time, four (4) part-time, and three (3) seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 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 \$161,484, \$174,058 and \$212,896, 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 \$194,223 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 0.01306316% 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 4.A. 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 unit represents employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Wisconsin Professional Police Association	December 31, 2027

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

Source: The City's most recent Audit.

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.

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 April 30, 2026)

Fund	Total Cash and Investments
General	\$3,248,705
Special Revenue	812,646
Debt Service	477,018
Capital Projects	1,240,144
Enterprise	7,153,553
Fire	686,911
TID Funds	<u>1,010,986</u>
Total Funds on Hand	<u><u>\$14,629,962</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	\$582,776	\$612,447	\$626,644
Less: Operating Expenses	<u>(544,798)</u>	<u>(644,847)</u>	<u>(722,871)</u>
Operating Income	\$37,978	(\$32,400)	(\$96,227)
Plus: Depreciation	151,852	162,646	195,914
Interest Income	<u>48,617</u>	<u>60,786</u>	<u>97,273</u>
Revenues Available for Debt Service	<u><u>\$238,447</u></u>	<u><u>\$191,032</u></u>	<u><u>\$196,960</u></u>
Sewer			
Total Operating Revenues	\$1,053,419	\$1,063,829	\$1,034,713
Less: Operating Expenses	<u>(851,117)</u>	<u>(887,384)</u>	<u>(959,502)</u>
Operating Income	\$202,302	\$176,445	\$75,211
Plus: Depreciation	209,065	216,681	225,658
Interest Income	<u>28,999</u>	<u>128,684</u>	<u>115,269</u>
Revenues Available for Debt Service	<u><u>\$440,366</u></u>	<u><u>\$521,810</u></u>	<u><u>\$416,138</u></u>
Storm Water			
Total Operating Revenues	\$180,855	\$186,203	\$186,075
Less: Operating Expenses	<u>(146,010)</u>	<u>(172,192)</u>	<u>(176,812)</u>
Operating Income	\$34,845	\$14,011	\$9,263
Plus: Depreciation	75,756	92,471	81,085
Interest Income	<u>1,399</u>	<u>1,699</u>	<u>1,441</u>
Revenues Available for Debt Service	<u><u>\$112,000</u></u>	<u><u>\$108,181</u></u>	<u><u>\$91,789</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.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2020	2021	2022	2023	2024
	Audited	Audited	Audited	Audited	Audited
Revenues					
Taxes	\$1,356,001	\$1,399,235	\$1,447,032	\$1,582,868	\$1,606,586
Special assessments	45,821	60,870	32,377	62,703	65,390
Intergovernmental	779,600	716,733	716,236	657,248	805,478
Licenses and permits	33,282	58,094	168,713	130,312	143,728
Fines, forfeits and penalties	85,954	119,071	109,815	128,102	114,954
Public charges for services	445,683	453,439	491,644	499,891	76,964
Interest income	33,059	44,487	91,735	184,085	224,618
Miscellaneous income	59,980	83,253	92,694	115,655	103,591
Total Revenues	<u>\$2,839,380</u>	<u>\$2,935,182</u>	<u>\$3,150,246</u>	<u>\$3,360,864</u>	<u>\$3,141,309</u>
Expenditures					
General government	\$500,622	\$468,451	\$531,782	\$618,339	\$684,680
Public safety	1,379,378	1,406,923	1,628,801	1,671,212	1,817,357
Public works	702,463	752,847	732,281	758,151	363,614
Health and human services	1,168	774	676	1,100	955
Culture, recreation and education	176,598	180,683	145,977	183,473	218,344
Conservation and development	315	578	16,750	6,758	9,325
Capital outlay	483	0	0	845	0
Debt service	0	0	0	800,794	0
Total Expenditures	<u>\$2,761,027</u>	<u>\$2,810,256</u>	<u>\$3,056,267</u>	<u>\$4,040,672</u>	<u>\$3,094,275</u>
Excess of revenues over (under) expenditures	\$78,353	\$124,926	\$93,979	(\$679,808)	\$47,034
Other Financing Sources (Uses)					
Transfers in	\$117,040	\$256,701	\$249,771	\$242,866	\$260,349
Transfers (out)	(74,376)	(93,506)	(120,973)	(114,428)	(139,517)
Total Other Financing Sources (Uses)	<u>42,664</u>	<u>163,195</u>	<u>128,798</u>	<u>128,438</u>	<u>120,832</u>
Net changes in Fund Balances	\$121,017	\$288,121	\$222,777	(\$551,370)	\$167,866
General Fund Balance January 1	\$2,860,990	\$2,982,007	\$3,270,128	\$3,492,905	\$2,941,535
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund Balance December 31	\$2,982,007	\$3,270,128	\$3,492,905	\$2,941,535	\$3,109,401
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$46,233	\$4,983	\$18,091	\$335,190	\$288,329
Assigned	145,923	163,134	177,086	177,888	258,089
Unassigned	2,789,851	3,102,011	3,297,728	2,428,457	2,562,983
Total	<u>\$2,982,007</u>	<u>\$3,270,128</u>	<u>\$3,492,905</u>	<u>\$2,941,535</u>	<u>\$3,109,401</u>

GENERAL FUND BUDGET SUMMARY

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31		
	2025 Amended Budget	2025 Preliminary Actuals	2026 Adopted Budget ¹
Revenues			
Taxes	\$1,802,521	\$1,800,141	\$1,842,127
Special assessments	20,182	35,741	16,905
Intergovernmental	812,461	811,804	817,252
Licenses and permits	118,100	99,397	127,500
Fines, forfeits and penalties	110,000	96,255	110,000
Public charges for services	88,925	78,150	105,425
Interest income	100,000	237,922	100,000
Miscellaneous income	79,317	136,951	87,441
Total Revenues	\$3,131,506	\$3,296,361	\$3,206,650
Expenditures			
General government	\$671,223	\$659,640	\$768,835
Public safety	1,679,966	1,678,160	1,725,592
Emergency government	259,062	257,476	286,834
Public works	399,984	393,614	399,922
Health and human services	2,000	1,821	2,000
Culture, recreation and education	376,320	341,279	253,490
Conservation and development	77,351	77,412	6,325
Total Expenditures	\$3,465,907	\$3,409,402	\$3,442,998
Excess of revenues over (under) expenditures	(\$334,401)	(\$113,041)	(\$236,348)
Other Financing Sources (Uses)			
Transfers in	\$406,708	\$406,708	\$236,348
Transfers (out)	(72,307)	(72,307)	0
Total Other Financing Sources (Uses)	\$334,401	\$334,401	\$236,348
Net changes in Fund Balances	\$0	\$221,360	\$0

¹ The 2026 budget was adopted on November 10, 2025.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 4,333 and a 2024 estimated population of 4,559, comprises an area of 2.33 square miles and is located approximately 25 miles southeast of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
School District of Prescott	Elementary and secondary education	250
UNFI	Distribution center	203
TCLAD, Inc.	Electronics manufacturing	169
Ptacek's IGA	Grocery store	120
Prescott Nursing & Rehabilitation	Nursing home	60
Jack Cooper Transport Co.	Trucking-contract hauling	60
Kasco Marine, Inc.	Floating aerators & fountain manufacturer	51
Cernohous Chevrolet, Inc.	Automotive dealership	47
No Name Saloon	Bar	45
St. Joseph's Catholic Church	Catholic Church & school	39
The City	Municipal government and services	31

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 (as of May 27, 2026)

	2022	2023	2024	2025	2026
<u>New Single Family Homes</u>					
No. of building permits	34	4	8	22	5
Valuation	\$9,097,750	\$1,268,000	\$2,346,000	\$6,654,800	\$1,225,000
<u>New Multiple Family Buildings</u>					
No. of building permits	1	0	1	2	0
Valuation	\$175,000	\$0	\$650,000	\$2,599,722	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	8	24	10	2	0
Valuation	\$5,083,452	\$2,678,283	\$16,328,132	\$4,321,525	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	88	75	70	81	20
Valuation	\$16,253,081	\$4,755,819	\$20,875,414	\$14,697,274	\$2,147,816

Source: The City.

U.S. CENSUS DATA**Population Trend:** The City

2010 U.S. Census Population	4,258
2020 U.S. Census Population	4,333
Percent of Change 2010 - 2020	1.76%
2025 Estimated Population	4,559

Income and Age Statistics

	The City	Pierce County	State of Wisconsin	United States
2024 per capita income	\$42,797	\$45,908	\$43,373	\$44,673
2024 median household income	\$74,412	\$92,109	\$77,485	\$80,734
2024 median family income	\$79,063	\$115,192	\$100,141	\$99,999
2024 median gross rent	\$1,189	\$1,044	\$1,087	\$1,413
2024 median value owner occupied units	\$306,900	\$333,700	\$266,500	\$332,700
2024 median age	41.5 yrs.	38.8 yrs.	40.2 yrs.	38.9 yrs.

	State of Wisconsin	United States
City % of 2024 per capita income	98.67%	95.80%
City % of 2024 median family income	78.95%	79.06%

Housing Statistics

	<u>The City</u>		Percent of Change
	2020	2024	
All Housing Units	1,872	2,250	20.19%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) 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>	
	Pierce County	Pierce County	Pierce County	State of Wisconsin
2022	23,210	3.2%		2.8%
2023	23,616	3.3%		2.8%
2024	23,710	3.5%		3.0%
2025 ¹	23,634	3.7%		3.2%
2026, April ¹	23,642	3.8%		3.4%

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 Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary 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.



JOHNSON BLOCK

CPAs

CITY OF PRESCOTT

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended
December 31, 2024**

CITY OF PRESCOTT

Table of Contents

December 31, 2024

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	i – iii
MANAGEMENT’S DISCUSSION AND ANALYSIS	iv – xiv
BASIC FINANCIAL STATEMENTS	
Government-Wide Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	6
Statement of Net Position – Proprietary Funds	7 - 8
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	9
Statement of Cash Flows – Proprietary Funds	10 - 11
Statement of Net Position – Fiduciary Funds.....	12
Statement of Changes in Net Position – Fiduciary Funds	13
Notes to Financial Statements	14 - 54
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	55
Wisconsin Retirement System Schedules	56
Notes to Required Supplementary Information.....	57 - 60
SUPPLEMENTARY INFORMATION	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	61 - 64
Combining Balance Sheet – Non-Major Special Revenue Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds	66
Combining Balance Sheet – Non-Major Governmental Funds.....	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	68



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Prescott
Prescott, Wisconsin

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Prescott, Wisconsin, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Prescott, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prescott, Wisconsin as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Prescott, Wisconsin, 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 4.G., effective January 1, 2024, the City of Prescott, Wisconsin recorded a prior period adjustment related to an error correction. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of Prescott, Wisconsin'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.

Auditor's 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 auditor's 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 of Prescott, Wisconsin'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 of Prescott, Wisconsin'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 management's discussion and analysis, budgetary comparison information, and Wisconsin Retirement System schedules on pages iv through xiv and 55-60 be presented to supplement the basic financial statements. The supplementary 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Prescott, Wisconsin's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 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 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 23, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF PRESCOTT, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of the City of Prescott is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements and footnotes, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The City of Prescott has total assets and deferred outflows of \$64.0 million, liabilities of \$12.1 million and deferred inflows of 7.0 million, resulting in net position of \$44.9 million at the end of 2024. Of the net position, \$28.0 million represents the City's investment in capital assets, net of related debt, \$5.7 million is held for restricted purposes, and \$11.2 million available to meet the City's ongoing obligations to its citizens and creditors.
- The City of Prescott has two tax incremental districts. TID #4 is a blight elimination district designed to promote economic development and revitalize the downtown. TID #5 was created in 2006 and is located at the northeastern edge of the community and will be used to provide new public infrastructure and to promote the location and expansion of industry and development of new commercial business.
- In 2024, the City of Prescott's General Fund increased its unassigned fund balance by \$198,824 for a total of \$2.6 million. Unassigned fund balance may be used for any purpose for the respective fund.
- In taxable year 2024, the City of Prescott had a net new construction value of \$15,050,600, increasing the total equalized value by 2.37%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the City of Prescott's basic financial statements. The basic financial statements for the City are comprised of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The City's overall financial position increased from 2023 to 2024 with the City's net position increasing by \$2.6 million. The government-wide financial statements can be found on pages 1-2 of this report.

Government-Wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Prescott include general government, public safety, public works, health and human services, culture, recreation, and education, conservation and development, and other miscellaneous activities. The business-type activities of the City include the water, sewer and storm water utilities.

In addition to these various direct operations of the City, or primary government, the government-wide financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. These component units are the Fire and EMS Association. These entities are described in Note 3. J. following the financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Prescott, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the General, Special Revenue, Capital Projects, and Debt Service funds. Of these, the General fund, TIF #4 Capital Projects Fund, TIF #5 Capital Projects funds, and Capital Improvements fund are shown as major funds and are presented in separate columns. Data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net Position and Statement of Activities*.

Proprietary Funds

Proprietary funds maintained by the City of Prescott include enterprise funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the Water, Sewer and Storm Water Utilities. The proprietary fund financial statements begin on page 7 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Prescott uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions, to account for the Municipal Court, and to account for funds raised by the Prescott Daze Committee. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the fund are not available to support the programs of the City. The accounting for the fiduciary funds is similar to that used for proprietary funds. The fiduciary fund financial statement can be found on pages 12-13 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes on the basic financial statements can be found beginning on page 14 of this report.

Required and Additional Supplementary Information

Following the basic government-wide and fund financial statements and accompanying notes is the required and additional supplemental information. A schedule of revenues, expenditures, and changes in fund balance – budget and actual for the General fund, and Wisconsin Retirement System Schedules are included in the required supplementary information. A detailed schedule of revenues, expenditures, and changes in fund balance – budget and actual for the General fund, for detailed budgetary comparison schedules for the General fund, and combining statements for the non-major governmental funds are included in the supplementary information.

FINANCIAL ANALYSIS OF THE CITY OF PRESCOTT AS A WHOLE

The *Statement of Net Position* for the City of Prescott is summarized in the table below. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$44.9 million at the close of 2024. The majority of these net positions reflect the City's investment in capital assets, including land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress, net of depreciation. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

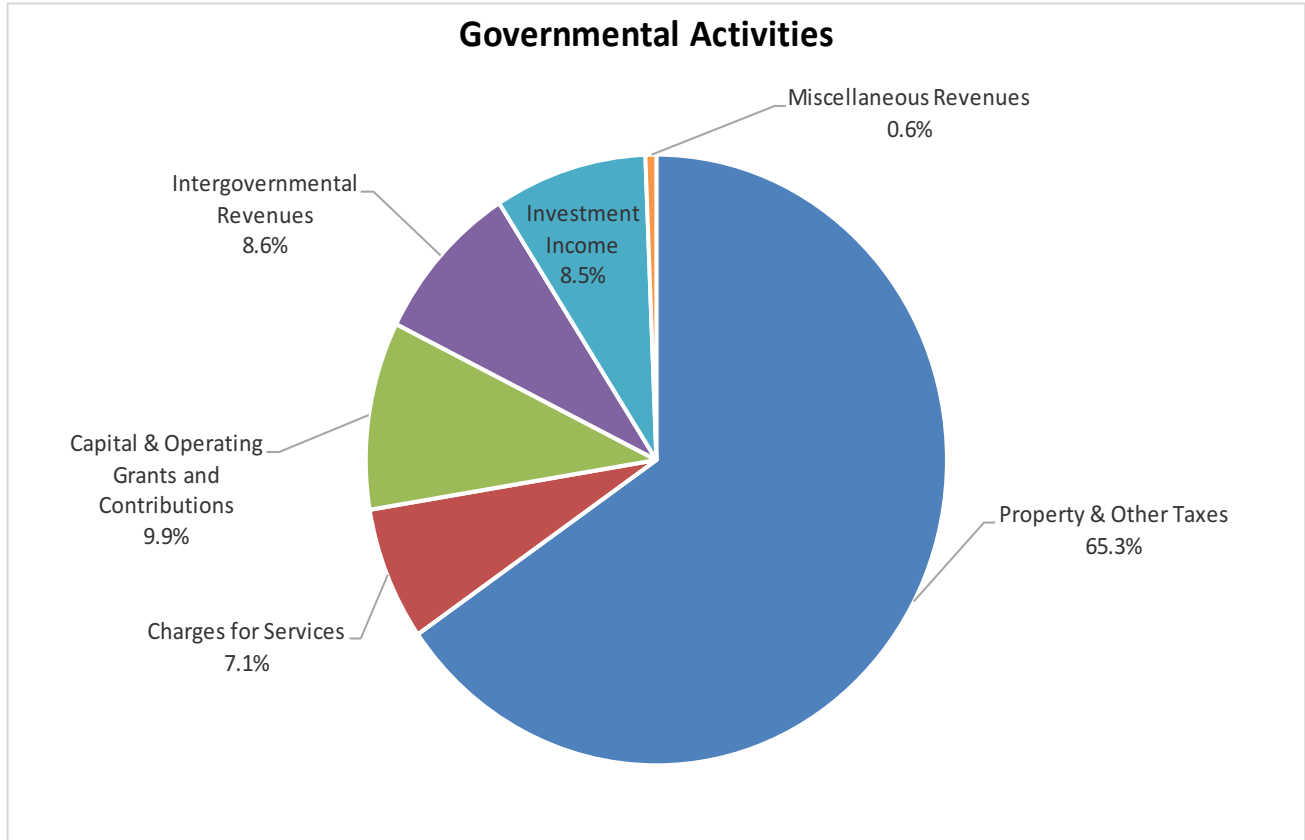
City of Prescott Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 14,477,132	\$ 15,287,921	\$ 6,761,972	\$ 7,357,153	\$ 21,239,104	\$ 22,645,074
Capital Assets	22,832,818	22,203,364	15,997,920	13,947,726	38,830,738	36,151,090
Noncurrent Assets	109,843	126,785	2,053,507	1,290,462	2,163,350	1,417,247
Total Assets	37,419,793	37,618,070	24,813,399	22,595,341	62,233,192	60,213,411
Deferred Outflows	1,487,808	2,119,161	270,519	414,206	1,758,327	2,533,367
Long-term Liabilities Outstanding	6,829,614	7,314,992	3,179,043	3,076,449	10,008,657	10,391,441
Other Liabilities	1,630,878	2,081,298	437,353	467,717	2,068,231	2,549,015
Total Liabilities	8,460,492	9,396,290	3,616,396	3,544,166	12,076,888	12,940,456
Deferred Inflows	4,888,228	5,924,393	2,135,161	1,487,844	7,023,389	7,412,237
Net Position:						
Net Investment in Capital Assets	15,354,901	15,357,851	12,659,037	12,182,193	28,013,938	27,540,044
Restricted	5,644,883	5,184,167	-	-	5,644,883	5,184,167
Unrestricted	4,559,097	3,874,530	6,673,324	5,795,344	11,232,421	9,669,874
Total Net Position	\$ 25,558,881	\$ 24,416,548	\$ 19,332,361	\$ 17,977,537	\$ 44,891,242	\$ 42,394,085
Total Net Position as a % of Total Liabilities and Deferred Inflows	191.5%	159.4%	336.1%	357.3%	235.0%	208.3%

\$5.7 million of the City's net position represents resources that are subject to other restrictions as to how they may be used. Governmental activities have \$4.5 million of unrestricted net position to fund future activities. An additional \$6.7 million of unrestricted net position are related to the City's business-type activities and may not be used to fund governmental activities.

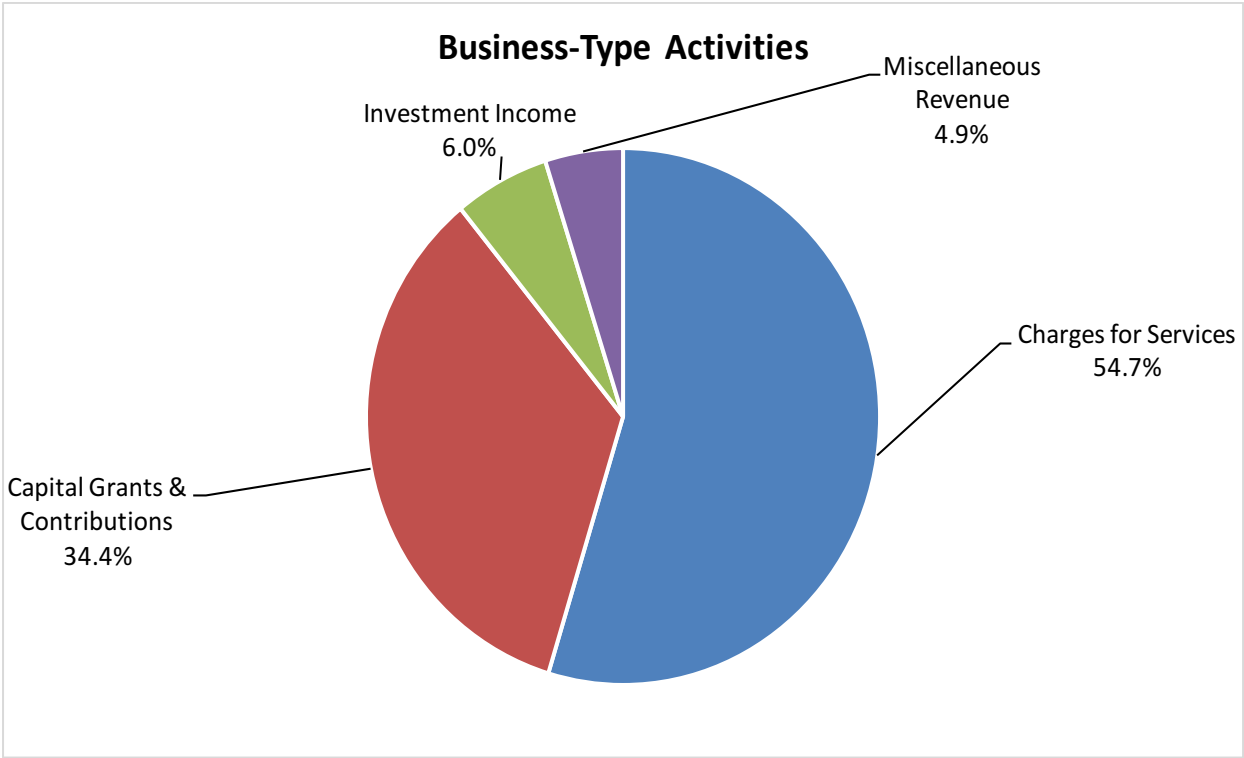
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

City of Prescott's Change in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	\$ 467,457	\$ 876,074	\$ 1,871,538	\$ 1,886,228	\$ 2,338,995	\$ 2,762,302
Operating grants and contributions	488,400	454,075	-	-	488,400	454,075
Capital grants and contributions	170,076	1,894,002	1,178,140	1,068,889	1,348,216	2,962,891
General Revenues:						
Property taxes	4,150,261	4,003,835	-	-	4,150,261	4,003,835
Other taxes	175,249	164,865	1,726	-	176,975	164,865
Special assessments	63,944	-	-	-	63,944	-
Intergovernmental revenues	566,838	432,216	-	-	566,838	432,216
Investment income	562,373	467,896	208,408	191,166	770,781	659,062
Miscellaneous	40,118	8,329	166,375	146,689	206,493	155,018
Gain (Loss) on disposal of assets	(423,306)	(99,631)	-	-	(423,306)	(99,631)
Total Revenues	6,261,410	8,201,661	3,426,187	3,292,972	9,687,597	11,494,633
Expenses:						
General Government	803,940	702,062	-	-	803,940	702,062
Public Safety	1,860,895	1,886,955	-	-	1,860,895	1,886,955
Public Works	1,167,265	1,372,408	-	-	1,167,265	1,372,408
Health & Human Services	955	1,100	-	-	955	1,100
Culture, Education and Recreation	788,486	770,620	-	-	788,486	770,620
Conservation and Development	140,568	40,333	-	-	140,568	40,333
Interest on long-term debt	227,569	265,144	-	-	227,569	265,144
Water Utility	-	-	881,400	809,199	881,400	809,199
Sewer Utility	-	-	967,999	955,777	967,999	955,777
Storm Water Utility	-	-	221,024	201,569	221,024	201,569
Total Expenses	4,989,678	5,038,622	2,070,423	1,966,545	7,060,101	7,005,167
Increase (decrease) in net position						
before transfers	1,271,732	3,163,039	1,355,764	1,326,427	2,627,496	4,489,466
Transfers	(129,399)	(64,786)	129,399	64,786	-	-
Change in Net Position	1,142,333	3,098,253	1,485,163	1,391,213	2,627,496	4,489,466
Net Position - January 1	24,416,548	21,318,295	17,977,537	16,586,324	42,394,085	37,904,619
Restatement	-	-	(130,339)	-	(130,339)	-
Net Position - December 31	\$25,558,881	\$24,416,548	\$19,332,361	\$17,977,537	\$44,891,242	\$42,394,085

The chart below illustrates how governmental activities are funded. Real and personal property taxes provide about 65.3% of the revenue for governmental activities. Charges for Services provide 7.1% while Capital and Operating Grants and Contributions comprise of 9.9% and Intergovernmental Revenues comprise of another 8.6% of the revenue. All other sources are equal to 9.1% of revenues.



Business-type activities depend on charges for services as their primary revenue sources. As indicated in the graph below, 54.7% of revenues are generated from user charges and 34.4% is generated from capital grants and contributions. All other sources are equal to 10.9% of revenues.



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of December 31, 2024, the City's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$6.2 million, a decrease of \$102,523. The decrease is primarily due to capital outlay expenditures. Of the ending fund balances total, \$393,329 is classified as nonspendable, \$1,869,242 is restricted for TIF #4, TIF #5, Debt Service, Capital Improvements, Library, Impact Fees, and Special Revenue Funds, \$71,662 is committed for the Cable Commission, \$1,320,288 is assigned for Capital Projects, accrued vacation and sick pay and Freedom Park, and \$2,562,983 is unassigned fund balance.

The General fund is the primary operating fund used to account for the governmental operations of the City of Prescott. The largest revenue sources for the General fund are taxes and intergovernmental revenues, together accounting for 79% of revenues. Public Safety and Public Works are the primary operations of the General fund. 59% of the General fund expenditures or nearly \$1.8 million is allocated to the Public Safety sector. Another 12% of the General fund costs are derived from the operations of Public Works totaling \$363,614.

The General fund has a fund balance of \$3,109,401, an increase of \$167,886 from 2023. The unassigned portion of the fund balance of \$2.6 million, an increase of \$134,526 from 2023, is available to be used for any purpose with no spending restraints. Such uses include one-time capital expenses, repayment of debt and covering budget shortfalls.

The fund balance for TIF #4 is \$398,166, an increase of \$102,805, mainly due to additional taxes levied.

The fund balance for TIF #5 is \$428,244, an increase of \$282,133, mainly due to additional taxes levied.

The Capital Improvements fund has a fund balance of \$1,212,797, a decrease of \$825,772 from 2023, mainly due to increase in capital outlay expenditures.

The Non-major Governmental Funds column in the balance sheet includes various special revenue, debt service, and capital projects funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. In 2024, Debt Service, Capital Projects, the Cable TV Fund, Library, Freedom Park, Public Water Impact Fees, Municipal Building Impact Fees, Public Streets Impact Fees, and Public Parks Impact Fees, Affordable Housing Fund, Food Shelf Fund, ARPA Recovery Fund, and K9 Fund were classified as Non-Major funds. The total ending fund balance of these funds was \$1,068,896.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The details of the City's proprietary funds can be found from page 7 to page 11. The net position of the proprietary funds at the end of 2024 totaled \$19.3 million, an increase of \$1,354,825 from 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund*, the final 2024 General fund budgets authorized expenditures and other financing uses of \$3,227,906 funded by anticipated revenues and other financing sources of \$3,177,906.

The City ended the year with expenditures under budgeted amounts.

CAPITAL ASSETS AND DEBT

Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City’s reported investment in capital assets for governmental and business-type activities as of December 31, 2024, totaled \$62.6 million. 61% of this total cost was related to governmental capital assets, with the City’s street network comprising the most significant component. Total accumulated depreciation was calculated to be \$23.8 million, or approximately 38% of the historical asset cost. Net accumulated depreciation, the City’s investment in capital assets is \$38.8 million.

City of Prescott Capital Assets, Net of Depreciation						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and Improvements	\$ 3,884,349	\$ 3,768,399	\$ -	\$ -	\$ 3,884,349	\$ 3,768,399
Buildings	6,693,955	7,008,055	-	-	6,693,955	7,008,055
Infrastructure	24,348,818	23,251,309	-	-	24,348,818	23,251,309
Machinery and Equipment	3,314,989	2,961,674	-	-	3,314,989	2,961,674
Water Utility	-	-	9,333,235	9,096,888	9,333,235	9,096,888
Sewer Utility	-	-	10,798,664	10,504,384	10,798,664	10,504,384
Storm Water Utility	-	-	2,533,222	2,375,894	2,533,222	2,375,894
Construction in Progress	82,721	21,018	1,627,070	30,564	1,709,791	51,582
Subtotal	38,324,832	37,010,455	24,292,191	22,007,730	62,617,023	59,018,185
Less: Accumulated Depreciation	(15,492,014)	(14,807,091)	(8,294,271)	(8,060,004)	(23,786,285)	(22,867,095)
Total	\$ 22,832,818	\$ 22,203,364	\$ 15,997,920	\$ 13,947,726	\$ 38,830,738	\$ 36,151,090

Additional information about the City's capital assets can be found in Note 3. E. of this report.

Long-Term Debt

On December 31, 2024, the City had \$10.8 million of bond and long-term note principal outstanding, as summarized in the following table:

City of Prescott Notes and Bonds Outstanding						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds & Notes	\$ 7,555,000	\$ 8,100,000	\$ 2,495,000	\$ 3,150,000	\$ 10,050,000	\$ 11,250,000
Revenue Bonds	-	-	756,316	-	756,316	-
Total	\$ 7,555,000	\$ 8,100,000	\$ 3,251,316	\$ 3,150,000	\$ 10,806,316	\$ 11,250,000

Under Wisconsin State Statute Section 67.03(1), the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Applicable debt of the City totaled \$10,050,000, which is 30.1% of the maximum legal limit. In 2024, the City was given an Aa3 rating by Moody's Investor Service, which was no change from the Aa3 it was given in 2023. Additional information about the City's long-term debt can be found in Note 3. G. of this report.

CURRENTLY KNOWN FACTS

In 2025, the City will complete a street reconstruction project, phase 2 of the riverfront project begins, and upgrades to Well #3 Treatment Plant will continue.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If anyone has any questions about this report or needs additional financial information about the City of Prescott, please contact the City Treasurer at 800 Borner Street North, Prescott, Wisconsin, 54021. City staff can also be reached at (715) 262-5544.

BASIC FINANCIAL STATEMENTS

City of Prescott

Statement of Net Position
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Fire and EMS Association
ASSETS				
Current Assets:				
Cash and Investments	\$ 7,608,649	\$ 5,957,580	\$ 13,566,229	\$ 298,510
Taxes Receivable	2,609,072	-	2,609,072	-
Special Assessments Receivable	175,711	111,880	287,591	-
Other Receivables, Net of Allowance for Doubtful Accounts	157,886	562,800	720,686	90,407
Advance Receivable From Component Unit	-	59,088	59,088	-
Current Portion of Lease Receivable	16,942	55,196	72,138	-
Inventories and Prepays	571	15,428	15,999	-
Land Held for Resale	3,775,641	-	3,775,641	-
Total Current Assets	<u>14,344,472</u>	<u>6,761,972</u>	<u>21,106,444</u>	<u>388,917</u>
Restricted Assets:				
Restricted Cash and Investments	132,660	-	132,660	-
Total Restricted Assets	<u>132,660</u>	<u>-</u>	<u>132,660</u>	<u>-</u>
Capital Assets:				
Land and Construction in Progress	2,343,839	1,771,403	4,115,242	-
Other Capital Assets, Net of Depreciation	20,488,979	14,226,517	34,715,496	1,399,306
Total Capital Assets	<u>22,832,818</u>	<u>15,997,920</u>	<u>38,830,738</u>	<u>1,399,306</u>
Noncurrent Assets:				
Lease Receivable, net of current portion	109,843	2,053,507	2,163,350	-
Total Noncurrent Assets	<u>109,843</u>	<u>2,053,507</u>	<u>2,163,350</u>	<u>-</u>
Total Assets	<u>37,419,793</u>	<u>24,813,399</u>	<u>62,233,192</u>	<u>1,788,223</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	1,487,808	270,519	1,758,327	-
Total Deferred Outflows of Resources	<u>1,487,808</u>	<u>270,519</u>	<u>1,758,327</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 38,907,601</u>	<u>\$ 25,083,918</u>	<u>\$ 63,991,519</u>	<u>\$ 1,788,223</u>
LIABILITIES				
Accounts Payable	\$ 138,502	\$ 128,043	\$ 266,545	\$ 17,376
Accrued Liabilities	141,210	22,832	164,042	990
Accrued Interest	70,243	34,897	105,140	-
Due to Other Governmental Agencies	2,176	-	2,176	-
Advance Payable to Primary Government	-	-	-	59,088
Net Pension Liability	164,342	29,881	194,223	-
Long-term Liabilities:				
Due Within One Year				
Bonds and Notes	965,000	180,012	1,145,012	-
Compensated Absences	149,405	41,688	191,093	-
Due in More Than One Year				
Bonds and Notes	6,720,929	3,158,871	9,879,800	-
Compensated Absences	108,685	20,172	128,857	-
Total Liabilities	<u>8,460,492</u>	<u>3,616,396</u>	<u>12,076,888</u>	<u>77,454</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Levy	3,877,848	-	3,877,848	-
Deferred Pension Inflows	889,160	161,670	1,050,830	-
Deferred Lease Inflows	119,560	1,973,491	2,093,051	-
Other	1,660	-	1,660	120
Total Deferred Inflows of Resources	<u>4,888,228</u>	<u>2,135,161</u>	<u>7,023,389</u>	<u>120</u>
NET POSITION				
Net Investment in Capital Assets	15,354,901	12,659,037	28,013,938	1,399,306
Restricted:				
Debt Service	304,677	-	304,677	-
Impact Fees	132,660	-	132,660	-
Library	42,830	-	42,830	-
TIF #4	398,166	-	398,166	-
TIF #5	428,244	-	428,244	-
ARPA Recovery Funds	58,796	-	58,796	-
Affordable Housing Funds	340,366	-	340,366	-
K9 Funds	10,641	-	10,641	-
Land Purchase	152,862	-	152,862	-
Land Held for Resale	3,775,641	-	3,775,641	-
Unrestricted	<u>4,559,097</u>	<u>6,673,324</u>	<u>11,232,421</u>	<u>311,343</u>
Total Net Position	<u>25,558,881</u>	<u>19,332,361</u>	<u>44,891,242</u>	<u>1,710,649</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 38,907,601</u>	<u>\$ 25,083,918</u>	<u>\$ 63,991,519</u>	<u>\$ 1,788,223</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 803,940	\$ 222,935	\$ -	\$ 4,200	\$ (576,805)	\$ -	\$ (576,805)
Public Safety	1,860,895	134,906	75,443	-	(1,650,546)	-	(1,650,546)
Public Works	1,167,265	2,651	298,982	147,598	(718,034)	-	(718,034)
Health and Human Services	955	1,156	-	-	201	-	201
Culture, Recreation and Education	788,486	95,709	113,975	18,278	(560,524)	-	(560,524)
Conservation and Development	140,568	10,100	-	-	(130,468)	-	(130,468)
Interest on Long-Term Debt	227,569	-	-	-	(227,569)	-	(227,569)
Total Governmental Activities	4,989,678	467,457	488,400	170,076	(3,863,745)	-	(3,863,745)
Business-Type Activities:							
Water	881,400	626,644	-	1,178,140	-	923,384	923,384
Sewer	967,999	1,058,818	-	-	-	90,819	90,819
Storm Sewer	221,024	186,076	-	-	-	(34,948)	(34,948)
Total Business-Type Activities	2,070,423	1,871,538	-	1,178,140	-	979,255	979,255
Total Primary Government	\$ 7,060,101	\$ 2,338,995	\$ 488,400	\$ 1,348,216	\$ (3,863,745)	\$ 979,255	\$ (2,884,490)
Component Unit							
Fire and EMS Association	\$ 538,708	\$ 448,379	\$ 144,350	\$ 425	-	-	54,446
Total Component Unit	\$ 538,708	\$ 448,379	\$ 144,350	\$ 425	-	-	54,446
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,210,830		2,210,830
Property taxes, levied for debt service					414,698		414,698
Property taxes, tax increment					1,524,733		1,524,733
Other taxes					175,249		175,249
Special assessments					63,944	1,726	65,670
Grants and contributions not restricted to specific programs					566,838	-	566,838
Unrestricted investment earnings					562,373	208,408	770,781
Miscellaneous					40,118	166,375	206,493
Special item - gain (loss) on disposal of infrastructure and other assets					(423,306)	-	(423,306)
Transfers					(129,399)	129,399	-
Total general revenues, special items, and transfers					5,006,078	505,908	5,511,986
Change in net position					1,142,333	1,485,163	2,627,496
Net Position - Beginning, as previously reported					24,416,548	17,977,537	42,394,085
Prior period adjustment - error correction					-	(130,339)	(130,339)
Net Position - Beginning, restated					24,416,548	17,847,198	42,263,746
Net Position - Ending					\$ 25,558,881	\$ 19,332,361	\$ 44,891,242

See accompanying notes to the basic financial statements

City of Prescott
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	TIF #5 Capital Projects Fund	TIF #4 Capital Projects Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 3,510,655	\$ 862,852	\$ 741,148	\$ 1,316,843	\$ 1,177,151	\$ 7,608,649
Restricted Cash	-	-	-	-	132,660	132,660
Receivables:						
Taxes	1,132,693	314,942	451,903	281,640	427,894	2,609,072
Special Assessments	111,144	3,076	3,924	57,567	-	175,711
Accounts	5,022	-	-	-	47	5,069
Other, Net of Allowance for Doubtful Accounts	152,341	-	-	-	476	152,817
Leases	126,785	-	-	-	-	126,785
Prepaid Expenses	571	-	-	-	-	571
Advances to Other Funds	757,227	-	-	105,000	-	862,227
Total Assets	<u>5,796,438</u>	<u>1,180,870</u>	<u>1,196,975</u>	<u>1,761,050</u>	<u>1,738,228</u>	<u>11,673,561</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Debt Service	-	469,469	30,000	-	-	499,469
Total Deferred Outflows of Resources	<u>-</u>	<u>469,469</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>499,469</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,796,438</u>	<u>\$ 1,650,339</u>	<u>\$ 1,226,975</u>	<u>\$ 1,761,050</u>	<u>\$ 1,738,228</u>	<u>\$ 12,173,030</u>
LIABILITIES						
Accounts Payable	\$ 41,274	-	\$ 52,256	\$ 44,972	-	\$ 138,502
Accrued Liabilities	130,175	-	600	-	10,435	141,210
Due to Other Governments	2,176	-	-	-	-	2,176
Advances Payable	-	757,227	105,000	-	-	862,227
Unearned Revenue	-	-	-	-	26,741	26,741
Total Liabilities	<u>173,625</u>	<u>757,227</u>	<u>157,856</u>	<u>44,972</u>	<u>37,176</u>	<u>1,170,856</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Tax Levy	1,671,906	464,868	667,029	415,714	631,590	3,851,107
Deferred Special Assessments	99,036	-	3,924	57,567	-	160,527
Other	622,910	-	-	30,000	566	653,476
Deferred Leases	119,560	-	-	-	-	119,560
Total Deferred Inflows of Resources	<u>2,513,412</u>	<u>464,868</u>	<u>670,953</u>	<u>503,281</u>	<u>632,156</u>	<u>4,784,670</u>
FUND BALANCES						
Nonspendable	288,329	-	-	105,000	-	393,329
Restricted	-	428,244	398,166	152,862	889,970	1,869,242
Committed	-	-	-	-	71,662	71,662
Assigned	258,089	-	-	954,935	107,264	1,320,288
Unassigned (Deficit)	2,562,983	-	-	-	-	2,562,983
Total Fund Balances	<u>3,109,401</u>	<u>428,244</u>	<u>398,166</u>	<u>1,212,797</u>	<u>1,068,896</u>	<u>6,217,504</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,796,438</u>	<u>\$ 1,650,339</u>	<u>\$ 1,226,975</u>	<u>\$ 1,761,050</u>	<u>\$ 1,738,228</u>	<u>\$ 12,173,030</u>

See accompanying notes to the basic financial statements

City of Prescott

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024**

Total fund balance, governmental funds	\$	6,217,504
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		22,832,818
Land held for resale used in governmental funds is not a financial resource and, therefore, are is not reported in the funds.		3,775,641
Some receivables are fully accrued and recognized as revenue when the receivable is established for the governmental activities of the Statement of Net Position. They are reported as deferred inflows on the fund financial statements to the extent they are not available.		
Special assessments	160,528	
Deferred court receivables	152,346	
		312,874
The net pension liability is not due and payable in the current period and, therefore, is not reported in the fund statements.		
Net pension liability		(164,342)
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plans. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund statements.		
Deferred outflows of resources		1,487,808
Deferred inflows of resources		(889,160)
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
General obligation debt	(7,555,000)	
Unamortized debt discount and premium	(130,929)	
Compensated absences	(258,090)	
Accrued interest	(70,243)	
		(8,014,262)
Net Position of Governmental Activities in the Statement of Net Position	\$	25,558,881

See accompanying notes to the basic financial statements

City of Prescott

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	TIF #5 Capital Projects Fund	TIF #4 Capital Projects Fund	Capital Improvements Fund	Formerly Major Fund Food Shelf Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 1,606,586	\$ 1,080,511	\$ 444,222	\$ 388,090	\$ -	\$ 652,607	\$ 4,172,016
Other Taxes	-	-	-	-	-	40,637	40,637
Special Assessments	65,390	-	-	6,378	-	-	71,768
Intergovernmental	805,478	70,331	909	140,181	-	138,949	1,155,848
License and Permits	143,728	-	-	-	-	31,842	175,570
Fines, Forfeits and Penalties	114,954	-	-	-	-	-	114,954
Public Charges for Services	76,964	-	5,255	-	-	16,773	98,992
Interest Income	224,618	8,579	-	59,252	-	263,655	556,104
Miscellaneous Income	103,591	-	6,600	26,746	-	26,018	162,955
Total Revenues	3,141,309	1,159,421	456,986	620,647	-	1,170,481	6,548,844
EXPENDITURES							
Current:							
General Government	684,680	150	150	-	-	37,015	721,995
Public Safety	1,817,357	-	-	-	-	9,033	1,826,390
Public Works	363,614	-	-	-	-	-	363,614
Health and Human Services	955	-	-	-	-	-	955
Culture, Recreation and Education	218,344	-	-	-	-	418,253	636,597
Conservation and Development	9,325	650	650	-	-	-	10,625
Capital Outlay	-	-	353,381	1,908,160	-	9,115	2,270,656
Debt Service:							
Principal	-	660,000	-	-	-	350,000	1,010,000
Interest and Fiscal Charges	-	68,997	-	-	-	211,737	280,734
Total Expenditures	3,094,275	729,797	354,181	1,908,160	-	1,035,153	7,121,566
Excess (Deficiency) of Revenues Over Expenditures	47,034	429,624	102,805	(1,287,513)	-	135,328	(572,722)
OTHER FINANCING SOURCES (USES)							
Debt Reallocation	-	-	-	486,741	-	-	486,741
Transfers In	260,349	-	-	-	-	90,098	350,447
Transfers Out	(139,517)	(147,491)	-	(25,000)	-	(54,981)	(366,989)
Total Other Financing Sources and Uses	120,832	(147,491)	-	461,741	-	35,117	470,199
Net Change in Fund Balances	167,866	282,133	102,805	(825,772)	-	170,445	(102,523)
Fund Balances, Beginning of Year, as Previously Presented	2,941,535	146,111	295,361	2,038,569	(64,298)	962,749	6,320,027
Change within financial reporting entity (major to nonmajor)	-	-	-	-	64,298	(64,298)	-
Fund Balances - Beginning, restated	2,941,535	146,111	295,361	2,038,569	-	898,451	6,320,027
Fund Balances - Ending	\$ 3,109,401	\$ 428,244	\$ 398,166	\$ 1,212,797	\$ -	\$ 1,068,896	\$ 6,217,504

See accompanying notes to the basic financial statements

City of Prescott

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2024**

Net change in fund balances - total governmental funds:		\$ (102,523)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.</p>		
Capital asset additions	1,965,063	
Depreciation expenses reported in the Statement of Activities	(912,182)	
Gain (Loss) on asset disposition	(423,427)	
Amount by which capital outlays are greater (less) than depreciation and loss on asset disposals in the current period.		629,454
<p>Compensated absences are reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.</p>		
Change in compensated absences		(57,988)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>		
The amount of long-term debt principal payments in the current year		1,010,000
The amount of long-term debt reallocated between funds in the current year		(465,000)
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.</p>		
Change in accrued interest on debt		35,738
<p>In governmental funds, court penalties and fines are reported as revenue when measurable and available. In the Statements of Activities, this revenue is reported as revenue when earned.</p>		
		19,952
<p>In governmental funds, special assessments are reported as revenue when measurable and available. In the Statements of Activities, special assessment revenue is reported as revenue when earned.</p>		
		3,182
<p>Debt discounts and premiums are reported when paid on governmental fund statements but deferred and amortized on the Statement of Activities.</p>		
		(4,313)
<p>Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset / liability from the prior year to the current year, with some adjustments.</p>		
Amount of current year required contributions into the defined benefit pension plan.	147,146	
Actuarially determined change in net pension asset / liability between years, with adjustments.	(73,315)	73,831
Change in net position of governmental activities		\$ 1,142,333

City of Prescott

**Statement of Net Position
Proprietary Funds
December 31, 2024**

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 877,918	\$ 4,932,009	\$ 147,653	\$ 5,957,580
Receivables				
Accounts	165,203	293,011	51,639	509,853
Grants	52,947	-	-	52,947
Special Assessments	-	111,880	-	111,880
Lease Receivable - Current	55,196	-	-	55,196
Advances to Other Funds	-	108,427	-	108,427
Advances to Component Unit	-	59,088	-	59,088
Inventories	12,307	3,121	-	15,428
Total Current Assets	1,163,571	5,507,536	199,292	6,870,399
Capital Assets:				
Land	10,570	-	133,763	144,333
Plant in Service	9,322,665	10,798,664	2,399,459	22,520,788
Construction Work in Progress	1,589,070	38,000	-	1,627,070
Less Accumulated Depreciation	(2,986,828)	(4,846,589)	(460,854)	(8,294,271)
Net Capital Assets	7,935,477	5,990,075	2,072,368	15,997,920
Noncurrent Assets:				
Long-Term Lease Receivable	2,053,507	-	-	2,053,507
Total Noncurrent Assets	2,053,507	-	-	2,053,507
Total Assets	11,152,555	11,497,611	2,271,660	24,921,826
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	107,012	133,457	30,050	270,519
Total Deferred Outflows of Resources	107,012	133,457	30,050	270,519
Total Assets and Deferred Outflows of Resources	\$ 11,259,567	\$ 11,631,068	\$ 2,301,710	\$ 25,192,345

See accompanying notes to the basic financial statements

City of Prescott

Statement of Net Position
Proprietary Funds
December 31, 2024

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 105,195	\$ 16,190	\$ 6,658	\$ 128,043
Accrued Liabilities	8,948	11,319	2,565	22,832
Advances Payable	-	-	108,427	108,427
Accrued Interest	13,333	10,185	11,379	34,897
Current Portion of Long-Term Debt	105,012	30,000	45,000	180,012
Current Portion of Compensated Absences	18,593	18,209	4,886	41,688
Total Current Liabilities	<u>251,081</u>	<u>85,903</u>	<u>178,915</u>	<u>515,899</u>
Non-Current Liabilities:				
Long-Term Debt				
General Obligation (GO) Bonds	1,021,726	598,455	812,387	2,432,568
Mortgage Revenue Bonds	726,303	-	-	726,303
Total Long-Term Debt	<u>1,748,029</u>	<u>598,455</u>	<u>812,387</u>	<u>3,158,871</u>
Other Liabilities				
Net Pension Liability	11,820	14,742	3,319	29,881
Compensated Absences	9,213	8,698	2,261	20,172
Total Other Liabilities	<u>21,033</u>	<u>23,440</u>	<u>5,580</u>	<u>50,053</u>
Total Non-Current Liabilities	<u>1,769,062</u>	<u>621,895</u>	<u>817,967</u>	<u>3,208,924</u>
Total Liabilities	<u>2,020,143</u>	<u>707,798</u>	<u>996,882</u>	<u>3,724,823</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	63,954	79,757	17,959	161,670
Deferred Lease Inflows	1,973,491	-	-	1,973,491
Total Deferred Inflows of Resources	<u>2,037,445</u>	<u>79,757</u>	<u>17,959</u>	<u>2,135,161</u>
NET POSITION				
Net Investment in Capital Assets	6,082,436	5,361,620	1,214,981	12,659,037
Unrestricted	1,119,543	5,481,893	71,888	6,673,324
Total Net Position	<u>7,201,979</u>	<u>10,843,513</u>	<u>1,286,869</u>	<u>19,332,361</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 11,259,567</u>	<u>\$ 11,631,068</u>	<u>\$ 2,301,710</u>	<u>\$ 25,192,345</u>

See accompanying notes to the basic financial statements

City of Prescott

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2024

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
REVENUES				
Charges for Services	\$ 611,919	\$ 1,018,358	\$ 184,122	\$ 1,814,399
Other Operating Revenues	14,725	16,355	1,953	33,033
Total Operating Revenues	626,644	1,034,713	186,075	1,847,432
OPERATING EXPENSES				
Operation and Maintenance	526,957	733,844	95,727	1,356,528
Depreciation	195,914	225,658	81,085	502,657
Total Operating Expenses	722,871	959,502	176,812	1,859,185
Operating Income (Loss)	(96,227)	75,211	9,263	(11,753)
NON-OPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	97,273	115,269	1,441	213,983
Miscellaneous Non-Operating Revenue	95,557	-	-	95,557
Connection Fees	-	24,105	-	24,105
Interest Expense	(45,668)	(8,489)	(44,212)	(98,369)
Miscellaneous Expenses	(3)	(7)	-	(10)
Total Non-Operating Revenues (Expenses)	147,159	130,878	(42,771)	235,266
Income (Loss) Before Contributions and Transfers	50,932	206,089	(33,508)	223,513
Capital Contributions - Special Assessments	-	66,969	-	66,969
Capital Contributions	1,178,140	-	-	1,178,140
Transfers In	131,664	12,390	-	144,054
Transfers Out	(112,858)	(14,655)	-	(127,513)
Total Contributions and Transfers	1,196,946	64,704	-	1,261,650
Change in Net Position	1,247,878	270,793	(33,508)	1,485,163
Total Net Position - Beginning, as previously reported	6,084,440	10,572,720	1,320,377	17,977,537
Prior Period Adjustment - Error Correction	(130,339)	-	-	(130,339)
Total Net Position - Beginning, restated	5,954,101	10,572,720	1,320,377	17,847,198
Total Net Position - Ending	\$ 7,201,979	\$ 10,843,513	\$ 1,286,869	\$ 19,332,361

See accompanying notes to the basic financial statements

City of Prescott

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise Funds			Total
	Water	Sewer	Storm Water	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers	\$ 612,737	\$ 1,029,795	\$ 185,465	\$ 1,827,997
Other receipts	95,557	-	-	95,557
Payments to (from) other funds	-	29,001	(14,000)	15,001
Payments to suppliers	(230,458)	(436,523)	(12,266)	(679,247)
Payments to employees	(306,390)	(327,860)	(77,961)	(712,211)
Tax equivalent paid	18,806	-	-	18,806
Net cash provided (used) by operating activities	<u>190,252</u>	<u>294,413</u>	<u>81,238</u>	<u>565,903</u>
<u>Cash Flows From Capital and Related</u>				
<u>Financing Activities:</u>				
Acquisition and construction of plant assets	(826,501)	(409,220)	(269,328)	(1,505,049)
Proceeds from long-term debt	756,315	-	-	756,315
Proceeds from special assessments and connection fees	-	91,074	-	91,074
Reallocated long-term debt between funds	(235,012)	(506,062)	287,238	(453,836)
Principal payments on long-term debt	(84,988)	(75,000)	(55,000)	(214,988)
Interest and fiscal charges	(65,724)	(37,012)	(45,443)	(148,179)
Net cash provided (used) for capital and related financing activities	<u>(455,910)</u>	<u>(936,220)</u>	<u>(82,533)</u>	<u>(1,474,663)</u>
<u>Cash Flows From Non-Capital and Related</u>				
<u>Financing Activities:</u>				
Municipal contributions	-	(2,265)	-	(2,265)
Net cash provided (used) for non-capital and related financing activities	<u>-</u>	<u>(2,265)</u>	<u>-</u>	<u>(2,265)</u>
<u>Cash Flows From Investing Activities:</u>				
Interest on investments	86,425	112,601	1,441	200,467
Net cash provided (used) for investing activities	<u>86,425</u>	<u>112,601</u>	<u>1,441</u>	<u>200,467</u>
Net increase (decrease) in cash and equivalents	(179,233)	(531,471)	146	(710,558)
Cash and equivalents - beginning of year	738,224	5,392,381	147,507	6,278,112
Cash and equivalents - end of year	<u>\$ 558,991</u>	<u>\$ 4,860,910</u>	<u>\$ 147,653</u>	<u>\$ 5,567,554</u>

See accompanying notes to the basic financial statements

City of Prescott

**Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2024**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (96,227)	\$ 75,211	\$ 9,263	\$ (11,753)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other revenues (expenses)	95,557	-	-	95,557
Tax equivalent transfer	18,806	-	-	18,806
Amortization	(13,750)	-	-	(13,750)
Depreciation	208,542	213,030	81,085	502,657
Pension expense	(3,439)	(4,010)	(1,057)	(8,506)
Changes in Assets and Liabilities:				
Receivables	(13,907)	(35,042)	(610)	(49,559)
Grants	(52,947)	-	-	(52,947)
Advances receivable/payable	-	29,001	(14,000)	15,001
Leases receivable	(58,304)	-	-	(58,304)
Inventories	37	(226)	-	(189)
Accounts payable	96,641	8,725	4,191	109,557
Other accrued liabilities	9,243	7,724	2,366	19,333
Net cash provided (used) by operating activities	<u>\$ 190,252</u>	<u>\$ 294,413</u>	<u>\$ 81,238</u>	<u>\$ 565,903</u>
Reconciliation of cash and cash equivalents to balance sheet accounts				
Cash and investments	\$ 877,918	\$ 4,932,009	\$ 147,653	\$ 5,957,580
Total Cash and Investments	877,918	4,932,009	147,653	5,957,580
less: non-cash equivalents	(318,927)	(71,099)	-	(390,026)
Cash and cash equivalents- End of year	<u>\$ 558,991</u>	<u>\$ 4,860,910</u>	<u>\$ 147,653</u>	<u>\$ 5,567,554</u>

See accompanying notes to the basic financial statements

City of Prescott

**Statement of Net Position
Fiduciary Funds
December 31, 2024**

	Custodial Funds		
	Municipal Court	Prescott Daze	Tax Collection
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 34,826	\$ 2,366,858
Receivables:			
Taxes Receivable	-	-	4,898,497
Other Receivables, Net	97,905	-	-
Total Assets	\$ 97,905	\$ 34,826	\$ 7,265,355
LIABILITIES			
Due to Other Governments	\$ 97,905	\$ -	\$ 7,265,355
Total Liabilities	97,905	-	7,265,355
NET POSITION			
Restricted	-	34,826	-
Total Net Position	-	34,826	-
Total Liabilities and Net Position	\$ 97,905	\$ 34,826	\$ 7,265,355

See accompanying notes to the basic financial statements

City of Prescott

**Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2024**

	Custodial Funds		
	Municipal Court	Prescott Daze	Tax Collection
ADDITIONS			
Collections for other governments	\$ 42,729	\$ -	\$ 4,634,420
Charges for services	-	10,585	-
Total Additions	42,729	10,585	4,634,420
DEDUCTIONS			
Payments to other governments	42,729	-	4,634,420
Operating expenses	-	23,656	-
Total Deductions	42,729	23,656	4,634,420
Net increase (decrease) in fiduciary net position	-	(13,071)	-
Total Net Position - Beginning	-	47,897	-
Total Net Position - Ending	\$ -	\$ 34,826	\$ -

See accompanying notes to the basic financial statements

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies

The accounting policies of the City of Prescott, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

This report includes all of the funds of the City of Prescott. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

Prescott Fire and EMS Association

The government-wide financial statements include the Prescott Fire and EMS Association (Association) as a component unit. The Association is a legally separate organization. The board is appointed by the participating entities. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Association, and also create a potential financial benefit to or burden on the City. As a component unit, the Association's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2024. The Association does not issue separate financial statements. See Note 3.J.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)
B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or proprietary fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements (Continued)

Governmental Funds

The City of Prescott reports the following major governmental funds:

General Fund – accounts for the City of Prescott’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

TIF District #5 Capital Projects Fund – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing.

TIF District #4 Capital Projects Fund – used to account for expenditures outlined in the TIF project plan and related revenues and proceeds of long-term borrowing.

Capital Improvements Fund – used to account for financial resources used for the acquisition or construction of equipment and/or major capital facilities.

The City of Prescott reports the following non-major governmental funds:

Capital Project Funds – used to account for financial resources to be used for the acquisition or construction of capital facilities and infrastructure (other than those financed by proprietary or trust funds). The City currently has one non-major capital project fund, the Parks Improvement Fund.

Debt Service Fund – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City reports the following non-major special revenue funds: Cable TV, Library, Public Parks Impact Fees, Public Streets Impact Fees, Municipal Building Impact Fees, Public Water Impact Fees, Freedom Park, Affordable Housing Fund, Food Shelf Fund, ARPA Recovery Fund, and K9 Fund.

Proprietary Funds

Proprietary funds are used to account or operations that a) are financed and operated in a manner where the intent is that costs of providing goods or services to the general public on an continuing basis be financed or recovered through user charges or b) where the government has decided that periodic determination of the revenues earned, and/or income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following proprietary funds:

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Water Utility – Major Fund – accounts for the City of Prescott’s water utility.

Sewer Utility – Major Fund – accounts for the City of Prescott’s sewer utility.

Storm Water Utility – Major Fund – accounts for the City of Prescott’s storm water utility.

Fiduciary Funds

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments.

A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity. The City of Prescott reports the following fiduciary fund types:

Custodial Funds - used to account for assets held by the City of Prescott in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units (Tax Collection, Prescott Daze, and Municipal Court).

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City of Prescott considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City of Prescott is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Custodial funds follow the accrual basis of accounting, and do not have a measurement focus.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Fund Financial Statements (Continued)

The 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 water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

All Financial Statements

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

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity

1) Deposits and Investments

For purposes of the statement of cash flows, the City of Prescott considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

1. Deposits in any credit union, bank, savings bank, trust company or savings and loan which is authorized to transact business in this State;
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
3. Bonds or securities of any county, drainage district, technical college district, village, city, town or school district of this State;
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
5. Bonds or securities issued under the authority of the municipality;
6. The local government pooled-investment fund as established under WI Statute Section 25.50.
7. Agreements in which a public depository agrees to repay funds advanced to it by the City, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
8. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
9. Repurchase agreements with public depositories, with certain conditions.
10. Bonds issued by the University of Wisconsin Hospital and Clinics Authority, and the Wisconsin Aerospace Authority.

The City's investment policy invests public funds to meet the daily needs of cash flow demands and maximize return with the highest security on investments of funds not immediately needed while conforming to state and local statutes.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See Note 3. A. for further information.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)

2) Receivables

An allowance for doubtful accounts for the municipal court receivables has been established to provide an estimate of receivables that are expected to be uncollectible. These receivables are shown net of an allowance of \$89,329.

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of net position.

Property tax calendar – 2024 tax roll:

Lien date and levy date	December, 2024
Tax bills mailed	December, 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	July 31, 2025
Personal property taxes in full	January 31, 2025

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the City’s utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

3) Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)

4) Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5) Capital Assets

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their acquisition value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. The City has retroactively reported all infrastructure acquired by its governmental fund types. The original cost was estimated.

The estimated cost and accumulated depreciation of infrastructure built prior to 1999 was recorded as one unit in 2004. Streets were being depreciated over 35 years and only 15 years of depreciation was retroactively applied. Although many of these streets were much older than 15 years at the time of implementation, only 19 years of depreciation was recorded and can now be retired. As a result, the current year street retirements were under depreciated. Going forward, streets built prior to 1999 that are retired will result in a loss, but as these roads continue to depreciate the loss will decrease until all streets prior to 1999 have been retired.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)**

- 5) Capital Assets (Continued)**

Government-Wide Financial Statements (Continued)

The range of estimated useful lives by type of asset is as follows:

Buildings	15-75 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-20 Years
Infrastructure	15-60 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

- 6) Other Assets**

In governmental funds, debt discounts and premiums are recognized as expenditures/revenue in the current period. For the government-wide and the proprietary fund type financial statements, debt discounts and premiums are deferred and amortized over the term of the debt issue.

- 7) Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements.

Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Position. A liability is also recorded for accumulating rights to receive sick pay benefits for the portion more likely than not to be used by employees. Additionally, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated more likely than not to be paid upon termination. The City accrues salary-related payments associated with payments of compensated absences.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2024 are determined on the basis of current salary rates and include salary related payments.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)

8) Pensions

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

9) Deferred Outflows and Inflows of Resources

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

10) Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

11) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)

12) Equity Classifications

Government-Wide Financial Statements

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net position – Consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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.

Fund Financial Statements

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

- 1. Summary of Significant Accounting Policies (Continued)**
D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)

12) Equity Classifications (Continued)

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

City's Policy

Minimum Fund Balance – The City of Prescott strives to maintain a minimum unassigned General Fund balance between 60-75% of the subsequent years budgeted expenditures for working capital. If the unassigned General Fund balance exceeds the minimum unassigned General Fund balance policy, above 75%, the excess fund balance may be used to fund one-time items or transferred to capital projects.

Replenishment and Annual Review - If it is anticipated at the completion of any fiscal year that the projected amount of unrestricted fund balance will be less than the minimum requirement, the City Administrator should prepare and submit in conjunction with the proposed budget, a plan for the expenditure reductions and/or revenue increases necessary to restore the minimum requirements in the subsequent budget year. Compliance with the provisions of this policy should be reviewed as part of the annual budget adoption process, or as stated within this policy.

13) Land Held for Resale

The government-wide financial statements include land held for resale. This represents the original cost of land purchased by the City using debt proceeds and held for resale back to developers in the future.

14) Basis for Existing Rates

Sewer Utility

Current rates were approved by the City Council and were effective as of January 1, 2020.

Water Utility

Current water rates were authorized by the Public Service Commission, which is effective for services rendered on or after January 1, 2024. A rate increase was approved by the PSC to be effective February 4, 2025.

Storm Water Utility

On February 8, 2010, the City adopted Resolution 03-10 establishing a storm water utility. The utility was established to provide funding for operations, maintenance and improvements to its storm water system.

The utility rate charges are computed based on an equivalent runoff unit as defined in the storm water utility ordinance and are \$14.30 per equivalent runoff unit per quarter. Current rates were approved by the City Council and were effective as of September 1, 2022.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows, and Net Position or Equity (Continued)

15) Change in Accounting Principles

Effective January 1, 2024, the City adopted GASB Statement No. 100, Accounting Changes and Error Corrections. GASB 100 was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City did have error corrections requiring disclosure in the financial statements, see Note 4.F. and 4.G, and also had a change in accounting principle as noted below.

Effective January 1, 2024, the City adopted GASB Statement No. 101, Compensated Absences. GASB 101 was issued to provide guidance on the accounting and financial reporting for compensated absences. As a result of adopting GASB 101, the City has made changes to the way it recognizes and measures its compensated absence liabilities, but no adjustments to beginning net position were required for government-wide and business-type activities.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

A budget has been adopted for the general fund, special revenue funds, the debt service fund, and capital projects funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The City Council may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the department level of expenditure.

The City controls expenditures at the departmental level. The detail of those items can be found in the City's year-end budget to actual report.

B. Limitations on the City Tax Levy

The State has passed current legislation that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or 0% for the 2023-2024 tax year. Changes in debt service from one year to the next are generally exempt from this limit.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds
A. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion in this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City of Prescott's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risk
Deposits	\$ 11,242,405	\$ 9,267,307	Custodial Credit Risk
Certificates of Deposit	2,952,056	2,952,056	Interest rate risk
LGIP	2,204,247	2,204,247	Credit risk, interest rate risk
Petty cash	375	-	N/A
Less: Fire/EMS commingled cash	(298,510)	-	
Total Cash and Investments	\$ 16,100,573	\$ 14,423,610	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 13,566,229		
Restricted cash and investments	132,660		
Per fiduciary statement of net position			
Prescott Daze	34,826		
Tax Collection	2,366,858		
Total Cash and Investments	\$ 16,100,573		

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. This risk applies when the City has deposits that are not covered by depository insurance and are uncollateralized.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$1,000,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts collateralized.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
A. Deposits and Investments (Continued)

Custodial Credit Risk (Continued)

As of December 31, 2024, the City had \$7,433,911 on deposit with financial institutions in excess of FDIC and state insurance limits that was exposed to custodial credit risk as follows.

Collateralized – held by Financial Institution	\$ 7,433,911
Uninsured and Uncollateralized	-
Total	<u>\$ 7,433,911</u>

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City’s investment policy requires all investments to be fully insured or collateralized.

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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

The City held investments in the local government investment pool, an external pool which is not rated.

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 sensitivity its fair value has to changes in market interest rates.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers’ Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund investment guidelines.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
A. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The Wisconsin Local Government Investment Pool is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The investment in the LGIP was not rated as of December 31, 2024. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. 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 amount as reported in these statements. Information on derivatives was not available to the City.

Investment allocation in the LGIP as of December 31, 2024 was: 97% in U.S. Government Securities, and 3% in Certificates of Deposit, Bankers' Acceptances, and Commercial Paper. The Wisconsin State Treasurer updates the investment allocations on a monthly basis. As of December 31, 2024, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 year	1 - 5 Years	More Than 5
External Investment Pools	\$ 2,204,247	\$ 2,204,247	\$ -	\$ -
Certificates of Deposit	2,952,056	2,869,406	82,650	-
Total	\$ 5,156,303	\$ 5,073,653	\$ 82,650	\$ -

Cash Equivalents vs. Non-Cash Equivalents

The following is a schedule of cash and non-cash equivalents for the purposes of the statement of cash flows:

	Water	Sewer	Storm Water	Total
Cash	\$ 1,022,873	\$ 4,932,009	\$ 147,653	\$ 6,102,535
Total	\$ 1,022,873	\$ 4,932,009	\$ 147,653	\$ 6,102,535
Cash & Cash Equivalents	\$ 703,946	\$ 4,860,910	\$ 147,653	\$ 5,712,509
Non-Cash Equivalents	318,927	71,099	-	390,026
Total	\$ 1,022,873	\$ 4,932,009	\$ 147,653	\$ 6,102,535

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
B. Receivables and Deferred Inflows

All of the City's receivables are expected to be collected within one year except for \$99,036 in the general fund and \$108,427 in the sewer utility.

At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 3,851,107	\$ 3,851,107
Special assessments not yet due	160,527	-	160,527
Lease Inflows	119,560	-	119,560
Other			
Court Receivable	152,346	-	152,346
Interest - Debt Service - TIF Advances	232,767	-	232,767
Principal - Debt Service - TIF Advances	236,702	-	236,702
Interest - Advance	30,000	-	30,000
Deferred Specials - TIF 3 Closeout	1,095	-	1,095
Other miscellaneous revenues	-	566	566
Subtotal Other	<u>652,910</u>	<u>566</u>	<u>653,476</u>
Total Deferred Inflows			
For Governmental Funds	<u>\$ 932,997</u>	<u>\$ 3,851,673</u>	<u>\$ 4,784,670</u>

C. Lease Receivables

The City has entered into five lease arrangements where the City leases land, buildings, and equipment. Lease revenue for the year ended December 31, 2024 was as follows:

	<u>General Fund</u>	<u>Water</u>	<u>Total</u>
Lease Revenue			
Land	\$ (10,030)	\$ -	\$ (10,030)
Building	(8,483)	-	(8,483)
Equipment	-	(92,256)	(92,256)
Total Lease Revenue	<u>(18,513)</u>	<u>(92,256)</u>	<u>(110,769)</u>
Interest Revenue	<u>(3,270)</u>	<u>(63,227)</u>	<u>(66,497)</u>
Total	<u>\$ (21,783)</u>	<u>\$ (155,483)</u>	<u>\$ (177,266)</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
C. Lease Receivables (Continued)

Aggregate cash flows for the revenue that will be generated by the lease receivable and interest at December 31, 2024 are as follows:

Year Ending	Governmental Funds			Proprietary Funds		
	Principal	Interest	Total Receipts	Principal	Interest	Total Receipts
2025	\$ (16,942)	\$ (3,129)	\$ (20,071)	\$ (55,196)	\$ (62,632)	\$ (117,828)
2026	(17,889)	(2,693)	(20,582)	(38,559)	(61,554)	(100,113)
2027	(18,875)	(2,231)	(21,106)	(42,762)	(60,354)	(103,116)
2028	(19,901)	(1,743)	(21,644)	(47,184)	(59,025)	(106,209)
2029	(20,969)	(1,228)	(22,197)	(51,834)	(57,561)	(109,395)
2030-2034	(32,209)	(794)	(33,003)	(337,616)	(260,606)	(598,222)
2035-2039	-	-	-	(494,171)	(199,332)	(693,503)
2040-2044	-	-	-	(515,618)	(116,851)	(632,469)
2045-2049	-	-	-	(500,491)	(39,942)	(540,433)
2050-2054	-	-	-	(25,272)	(190)	(25,462)
Total Future Receipts	\$ (126,785)	\$ (11,817)	\$ (138,602)	\$ (2,108,703)	\$ (918,047)	\$ (3,026,750)

D. Restricted Assets

The following represent the balances of the restricted assets.

Impact Fee Accounts

The City has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets discussed above at December 31, 2024:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Impact Fee Accounts	\$ 132,660	\$ -	\$ 132,660
Totals	\$ 132,660	\$ -	\$ 132,660

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
E. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ 21,018	\$ 1,372,393	\$ 1,310,690	\$ 82,721
Land	2,296,018	-	34,900	2,261,118
Total Capital Assets				
Not Being Depreciated	<u>2,317,036</u>	<u>1,372,393</u>	<u>1,345,590</u>	<u>2,343,839</u>
Capital assets being depreciated				
Land improvements	1,472,381	150,850	-	1,623,231
Buildings and building improvements	7,008,055	-	314,100	6,693,955
Machinery and equipment	2,961,674	421,407	68,092	3,314,989
Infrastructure	23,251,309	1,331,103	233,594	24,348,818
Total Capital Assets				
Being Depreciated	<u>34,693,419</u>	<u>1,903,360</u>	<u>615,786</u>	<u>35,980,993</u>
Accumulated depreciation for				
Land improvements	(554,691)	(71,237)	-	(625,928)
Buildings and building improvements	(2,026,622)	(146,502)	19,631	(2,153,493)
Machinery and equipment	(1,857,665)	(151,068)	26,092	(1,982,641)
Infrastructure	(10,368,113)	(543,375)	181,536	(10,729,952)
Total Accumulated Depreciation	<u>(14,807,091)</u>	<u>(912,182)</u>	<u>227,259</u>	<u>(15,492,014)</u>
Capital Assets, Net of Depreciation	<u>\$22,203,364</u>	<u>\$ 2,363,571</u>	<u>\$ 1,734,117</u>	<u>\$22,832,818</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 44,978
Public safety	86,837
Public works	629,321
Culture, recreation and education	151,046
Total Governmental Activities Depreciation Expense	<u>\$ 912,182</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
E. Capital Assets (Continued)

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Construction in progress	\$ 30,564	\$ 1,558,506	\$ -	\$ 1,589,070
Land and land rights	10,570	-	-	10,570
Total Capital Assets Not Being Depreciated	41,134	1,558,506	-	1,599,640
Capital assets being depreciated				
Source of supply	261,937	-	-	261,937
Pumping	459,661	-	-	459,661
Water treatment	26,800	-	-	26,800
Transmission and distribution	7,874,941	446,134	69,721	8,251,354
Administrative and general assets	322,913	-	-	322,913
Total Capital Assets Being Depreciated	8,946,252	446,134	69,721	9,322,665
Total Capital Assets	8,987,386	2,004,640	69,721	10,922,305
Less: Accumulated depreciation	(2,848,007)	(208,542)	69,721	(2,986,828)
Net Water Plant	\$ 6,139,379	\$ 1,796,098	\$ -	\$ 7,935,477

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
E. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 38,000	\$ -	\$ 38,000
Total Capital Assets Not Being Depreciated	-	38,000	-	38,000
Capital assets being depreciated				
Plant	1,843,501	-	-	1,843,501
New plant	5,668,698	-	-	5,668,698
Collecting mains	2,155,464	169,973	44,200	2,281,237
Laterals	747,813	201,247	32,740	916,320
General	88,908	-	-	88,908
Total Capital Assets Being Depreciated	10,504,384	371,220	76,940	10,798,664
Total Capital Assets	10,504,384	409,220	76,940	10,836,664
Less: Accumulated depreciation	(4,710,499)	(213,030)	76,940	(4,846,589)
Net Sewer Plant	<u>\$ 5,793,885</u>	<u>\$ 196,190</u>	<u>\$ -</u>	<u>\$ 5,990,075</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Storm Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 133,763	\$ -	\$ -	\$ 133,763
Total Capital Assets Not Being Depreciated	133,763	-	-	133,763
Capital assets being depreciated				
Plant	2,106,007	269,328	-	2,375,335
Equipment	136,124	-	112,000	24,124
Total Capital Assets Being Depreciated	2,242,131	269,328	112,000	2,399,459
Total Capital Assets	2,375,894	269,328	112,000	2,533,222
Less: Accumulated depreciation	(491,769)	(81,085)	112,000	(460,854)
Net Storm Water Plant	<u>\$ 1,884,125</u>	<u>\$ 188,243</u>	<u>\$ -</u>	<u>\$ 2,072,368</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
E. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 208,542
Sewer	213,030
Storm Water	81,085
Total Business-type Activities	
Depreciation Expense	\$ 502,657

Depreciation expense charged is differently from additions to accumulated depreciation because of joint metering, salvage cost of removal and cost associated with the disposal of assets.

F. Interfund Receivables/Payables, Advances and Transfers

All remaining balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. For the Statement of Net Position, interfund balances which are owed within the governmental or business-type activities are netted and eliminated.

Amounts recorded as interfund balances are expected to be repaid within one year.

Amounts due from the TIFs recorded as advances are not expected to be paid in one year. These amounts are shown in the general fund as deferred inflows. The balances are expected to be paid when increments become available. Individual long-term advances at December 31, 2024 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	TIF #5	\$ 469,469	Debt Payments
General Fund	TIF #5	287,758	Loan Refunding
Capital Improvements	TIF #4	105,000	Capital Purchase
Sewer	Fire & EMS Association	59,088	Loan Refunding
Sewer	Storm Water	108,427	Loan Refunding
Total Advances		\$ 1,029,742	
Less: Fund eliminations		(970,654)	
Total - Government-Wide Statement of Activities		\$ 59,088	

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
F. Interfund Receivables/Payables, Advances and Transfers (Continued)

TIF #5 Cash Flow and Debt Payment Advances

Due to insufficient tax increment in the TIF Districts in previous years, the General Fund has covered principal and interest payments and operating shortfalls for TIF #5. Interest is charged and added to the balance of the advance annually. During 2024, TIF #5 made payments and repaid the General Fund \$147,491 and \$18,509 of principal and interest, respectively. The City adopted a repayment plan which is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 151,916	\$ 14,084
2026	156,473	9,527
2027	161,080	4,832
	\$ 469,469	\$ 28,443

There are no other approved repayment schedules for other long-term advances.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Per Government- Wide Statements</u>	<u>Per Fund Statements</u>	<u>Principal Purpose</u>
General Fund	Water Utility		\$ 112,858	Tax Equivalent
General Fund	TIF #5	Eliminated	147,492	Advance Repayment
Food Pantry Fund	General Fund	Eliminated	40,501	Close Fund
Food Pantry Fund	Capital Improvements Fund	Eliminated	25,000	Close Fund
Park Impact Fees	Sewer		332	Impact Fees
Sewer Utility	Building Impact Fees		5,890	Hook-up Fees
Sewer Utility	Streets Impact Fees		6,500	Hook-up Fees
Water Utility	Public Water Impact Fees		42,591	Impact Fees
Water Utility	Sewer Utility	Eliminated	14,323	Forgiven Public Charges
Debt Service Fund	General Fund	Eliminated	14,384	EMS Debt Payment
Park Improvement Fund	General Fund	Eliminated	9,881	Future Park Improvements
Subtotal Governmental Funds - Transfer In			419,752	
Less: Net Transfers to Proprietary Funds			(52,763)	
Subtotal Governmental Funds - Transfer Out			\$ 366,989	
Park Impact Fees	Sewer	\$ (332)	\$ (332)	Impact Fees
Sewer Utility	Building Impact Fees	5,890	5,890	Hook-up Fees
Sewer Utility	Streets Impact Fees	6,500	6,500	Hook-up Fees
Water Utility	Public Water Impact Fees	42,591	42,591	Impact Fees
Water Utility	General Fund	74,750	74,750	Property Tax Forgiven
General Fund	Water Utility	-	(112,858)	Tax Equivalent
Subtotal Proprietary Funds			\$ 129,399	
Total Transfers - Government-Wide Statement of Activities			\$ 129,399	

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
F. Interfund Receivables/Payables, Advances and Transfers (Continued)

For the Statement of Activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated. Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Reallocation	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES						
Bonds and Notes Payable						
General Obligation Debt	\$ 8,100,000	\$ -	\$ 1,010,000	\$ 465,000	\$ 7,555,000	\$ 965,000
Add/(Subtract) Deferred Amounts For:						
(Discounts)/Premiums	126,616	-	17,687	22,000	130,929	-
Sub-Total	<u>8,226,616</u>	<u>-</u>	<u>1,027,687</u>	<u>487,000</u>	<u>7,685,929</u>	<u>965,000</u>
Other Liabilities						
Compensated Absences	200,102	57,988	-	-	258,090	149,405
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 8,426,718</u>	<u>\$ 57,988</u>	<u>\$ 1,027,687</u>	<u>\$ 487,000</u>	<u>\$ 7,944,019</u>	<u>\$ 1,114,405</u>
BUSINESS-TYPE ACTIVITIES						
Bonds and Notes Payable						
General Obligation Debt	\$ 3,150,000	\$ -	\$ 190,000	\$ (465,000)	\$ 2,495,000	\$ 150,000
Notes and bonds from direct borrowings and direct placements	-	756,316	-	-	756,316	30,012
Add/(Subtract) Deferred Amounts For:						
(Discounts)/Premiums	115,142	-	5,575	(22,000)	87,567	-
Sub-Total	<u>3,265,142</u>	<u>756,316</u>	<u>195,575</u>	<u>(487,000)</u>	<u>3,338,883</u>	<u>180,012</u>
Other Liabilities						
Compensated Absences	46,966	14,894	-	-	61,860	41,688
Total Business-type Activities						
Long-Term Liabilities	<u>\$ 3,312,108</u>	<u>\$ 771,210</u>	<u>\$ 195,575</u>	<u>\$ (487,000)</u>	<u>\$ 3,400,743</u>	<u>\$ 221,700</u>

During the year ended December 31, 2024, the City reallocated previously issued 2023 General Obligation debt between the governmental capital improvements fund and the proprietary utility funds to better reflect the funds that benefited from the related capital projects. This reallocation did not result in the issuance of new debt or a change in total outstanding debt at the entity-wide level. The government remains legally obligated for the repayment of the full amount of the debt. However, for financial reporting purposes, the reallocation provides a more accurate representation of the fund-level obligations and the cost of services provided.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
G. Long-Term Obligations (Continued)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund and TIF capital project funds. Business-type activities debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2024, was \$33,403,515. Total general obligation debt outstanding at year end was \$10,050,000.

<u>Governmental Activities General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2024</u>
Bonds Payable	2018	2038	3.0-4.0%	\$ 1,135,000	\$ 880,000
Bonds Payable	2020	2040	2.0-2.25%	1,365,000	850,000
Refunding Notes Payable	2021	2030	.2-1.45%	4,430,000	3,150,000
Bonds Payable	2023	2043	4.0-5.0%	2,775,000	2,675,000
Total Governmental Activities -- General Obligation Debt					<u><u>\$ 7,555,000</u></u>

<u>Business-type Activities General Obligation Debt</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2024</u>
Bonds Payable	2015	2025	2.0-2.375%	\$ 655,000	\$ 45,000
Bonds Payable	2018	2038	3.0-4.0%	235,000	145,000
Bonds Payable	2020	2040	2.0-2.25%	610,000	510,000
Bonds Payable	2023	2043	4.0-5.0%	1,895,000	1,795,000
Total Business-type Activities -- General Obligation Debt					<u><u>\$ 2,495,000</u></u>

<u>Business-type Activities Direct borrowings and placements</u>	<u>Date Of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2024</u>
Water System Revenue Bonds	2024	2044	2%	\$ 756,316	\$ 756,316
Total Business-type Activities -- Direct borrowings and placements					<u><u>\$ 756,316</u></u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
G. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Business-Type Activities			
	General Obligation Debt		General Obligation Debt		Notes and Bonds from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 965,000	\$ 191,516	\$ 150,000	\$ 90,761	\$ 30,012	\$ 17,278
2026	940,000	171,546	110,000	85,605	30,722	16,814
2027	745,000	152,616	120,000	81,155	31,448	16,079
2028	710,000	137,534	125,000	76,455	32,192	15,326
2029	710,000	123,404	110,000	71,730	32,954	14,556
2030-2034	1,590,000	460,910	610,000	299,345	176,833	60,570
2035-2039	1,180,000	259,364	735,000	182,334	198,756	38,388
2040-2044	715,000	65,750	535,000	48,894	223,399	13,455
Totals	\$ 7,555,000	\$ 1,562,640	\$ 2,495,000	\$ 936,279	\$ 756,316	\$ 192,466

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
H. Fund Balances/Net Position

In accordance with the City’s policy and GASB 54, fund balances reported on the fund financial statements at December 31, 2024 include the following:

Nonspendable Fund Balance

General Fund

Prepaid Expenses	\$ 571
Advances to Other Funds	287,758
Total General Fund	288,329

Capital Improvement Fund

Advances	105,000
	105,000

Total Nonspendable Fund Balance	\$ 393,329
---------------------------------	------------

Restricted Fund Balance

TIF District #4

Capital Projects	\$ 398,166
	398,166

TIF District #5

Capital Projects	428,244
	428,244

Debt Service Fund

Future Debt Service	304,677
	304,677

Impact Fee Funds

Public Water Impact Fees	2,000
Municipal Building Impact Fees	49,550
Public Streets Impact Fees	25,810
Public Parks Impact Fees	55,300
Total Impact Fee Funds	132,660

Capital Improvements

City Land	152,862
Total Capital Improvements	152,862

Library Fund

Library Expenditures	42,830
	42,830

Special Revenue Funds

Affordable Housing Fund	340,366
ARPA Recovery Fund	58,796
K9 Fund	10,641
Total Special Revenue Funds	409,803

Total Restricted Fund Balance	\$ 1,869,242
-------------------------------	--------------

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
H. Fund Balances/Net Position (Continued)

Committed Fund Balance

<u>Cable TV Fund</u>	
Cable Commission Expenditures	\$ 71,662
	\$ 71,662
Total Committed Fund Balance	\$ 71,662

Assigned Fund Balance

<u>General Fund</u>	
Vacation and Sick Leave	\$ 258,089
<u>Capital Improvements</u>	
Retaining Wall Replacement Program	10,000
Future Capital Improvements	936,802
Park Trails	8,133
Total Capital Improvements	954,935
<u>Park Improvement Fund</u>	
Future Park Improvement Expenditures	80,137
<u>Freedom Park</u>	
Future Capital Improvements	27,127
Total Assigned Fund Balance	\$ 1,320,288
Unassigned Fund Balance	
<u>General Fund</u>	\$ 2,562,983
Total Unassigned Fund Balance	\$ 2,562,983
Total Fund Balance	\$ 6,217,504

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
H. Fund Balances/Net Position (Continued)

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2024 includes the following:

Capital Assets	\$ 22,832,818
Less: Long-term debt outstanding	(7,555,000)
Plus: Bonds not used for governmental capital assets	208,012
Plus: Unamortized debt discount (premium)	(130,929)
Total Net Investment in Capital Assets	<u>\$ 15,354,901</u>

Business-Type Activities

Capital Assets	\$ 15,997,920
Less: Related long-term debt outstanding	(3,251,315)
Plus: Unamortized debt discount (premium)	(87,568)
Total Net Investment in Capital Assets	<u>\$ 12,659,037</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)

I. Tax Incremental Financing Districts

Tax increment financing, as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area. The City has financed development and public improvement costs in its TIF through general fund advances. Project costs have been reported as Capital Projects Fund expenditures. Tax increments will be used to repay general fund advances and to meet any future debt obligations incurred to provide financing for development and public improvements costs within the tax incremental district. The District is allowed to collect tax increments until its termination date. Any over collections are returned to the various taxing entities of the District. The City becomes liable for any costs not recovered by the termination date.

The City has two active Tax Incremental Financing Districts.

J. Component Unit

Prescott Fire and EMS Association

This report contains the Prescott Fire and EMS Association (Association), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The Association follows the full accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

As of December 31, 2024, the Association's carrying amount of deposits was \$271,827 and is part of the City's commingled cash. See Note 3. A.

At year end, the Association also had separate deposits in the amount of \$26,683, which was exposed to custodial credit risk.

Receivables

Accounts receivable for Fire and EMS at December 31, 2024 were \$90,407 and \$0, respectively.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
J. Component Unit (Continued)

Capital Assets

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Equipment	\$ 2,042,162	\$ 41,002	\$ 5,272	\$ 2,077,892
Total Assets Being Depreciated	2,042,162	41,002	5,272	2,077,892
Less: Accumulated Depreciation	(593,569)	(90,025)	5,008	(678,586)
Capital Assets Net of Depreciation	\$ 1,448,593	\$ (49,023)	\$ 264	\$ 1,399,306

Interfund Agreements

The City has approved a resolution authorizing interfund borrowing between the General Fund and the Prescott Fire and EMS Association to cover cash shortfalls as needed. An interest rate of 2.5% is applied to any balance borrowed. As of December 31, 2024, there was no interfund borrowing outstanding.

During a prior year ended, the City approved an interfund advance from the Sewer Utility to the Prescott Fire and EMS Association to finance the 2024 GO loan refunding. No repayment schedule has been approved as of the issuance of this report. As of December 31, 2024, the advance balance outstanding owed to the Sewer Utility was \$59,088.

Payments for Services

The City of Prescott makes yearly payments to the Fire and EMS Association for services rendered. Contributions to the Fire and EMS in 2024 were \$131,188 and \$96,670, respectively.

Net Position

Net Investment in Capital Assets	
Capital Assets, Net	\$ 1,399,306
Total	\$ 1,399,306

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

3. Detailed Notes On All Funds (Continued)
J. Component Unit (Continued)

Prescott Fire and EMS Association (Continued)

Employee Retirement System

Eligible employees of the Association participate in the Wisconsin Retirement System. Wage and contribution totals are included as part of the City's totals in Note 4. A.

Contracted Ambulance Services

In November 2014, the Prescott Fire and EMS Association entered into an agreement with the City of River Falls for additional ambulance services for the calendar year starting in 2015. As part of this agreement the Association has agreed to donate an ambulance, one defibrillator/monitor and two power cots to the City of River Falls. All EMS assets have been removed from the financial statements.

The Association agreed to pay the City of River Falls an annual per capita rate of \$18 during the initial term of the contract. Contract renewals for a successive two-year period after the initial term of the contract may include an increase per capita rate no greater than 10%.

As a result of this agreement, starting in 2015, the Association no longer recognizes payroll expenses and user fees in the form of charges for services. The City of River Falls assumes the day to day management of EMS services including staffing and collections.

4. Other Information
A. Employees' Retirement System

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 1,200 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 (ACFR), which can be found at <https://etf.wi.gov/about-etf/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.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
A. Employees' Retirement System (Continued)

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 12/31/2016) 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 annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

The WRS also provides death and disability benefits for employees.

Post-Retirement 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:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
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	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
A. Employees' Retirement System (Continued)

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, and 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 reporting period, the WRS recognized \$173,901 in contributions from the employer.

Contribution rates as of December 31, 2024 are:

Employee Category	Employee	Employer
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%

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 (asset) of \$194,223 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) 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 (asset) was based on a projection of 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 0.01306316%, which was an increase of 0.00030877% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense (revenue) of \$130,593.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
A. Employees' Retirement System (Continued)

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	\$ 783,108	\$ (1,037,232)
Net differences between projected and actual earnings on pension plan investments	676,839	-
Changes in assumptions	84,656	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	828	(13,598)
Employer contributions subsequent to the measurement date	<u>212,896</u>	<u>-</u>
Total	<u>\$ 1,758,327</u>	<u>\$ (1,050,830)</u>

\$212,896 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 (revenue) as follows:

<u>Year Ended December 31:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 99,620
2026	104,161
2027	421,794
2028	(130,974)
2029	-
Total	<u>\$ 494,601</u>

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
A. Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2023, 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
	January 1, 2018 - December 31, 2020
Experience Study:	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:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

*No post-retirement 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 post-retirement 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.

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:

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
A. Employees' Retirement System (Continued)

Asset Allocation Targets and Expected Returns¹
As of December 31, 2023

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	40	73.0	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund	<u>100</u>	7.4	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	<u>100</u>	7.3	4.5

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%

³The 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%.

Single Discount Rate. A single discount rate of 6.8% 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 6.8% 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 member 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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
A. Employees' Retirement System (Continued)

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 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 1,877,267	\$ 194,223	\$ (983,472)

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>.

Allocation of Pension Plan

Pension amounts are allocated between the Proprietary Funds and the Governmental Activities based on the percentage of required contributions of each fund to the whole.

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. Commitments and Contingencies

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

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the City. Those aid and grant programs are dependent of continued approval and funding by the Wisconsin governor and legislature, through their budget process.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
C. Commitments and Contingencies (Continued)

Construction Contracts

In 2024, the City approved the following contract agreements:

- Elm and Washington Street Reconstruction - \$2,134,017
- Well #3 Treatment Improvement Project - \$3,045,000

In 2025, the City approved the following contract agreements:

- Riverfront Phase 2 Project - \$1,066,667
- Magee Park Improvements - \$479,445

Grant Awards

In 2024, the City accepted an EPA grant passed-thru the WI DNR in the amount of \$1,789,484. These grant funds will be used to finance a portion of the Well #3 reconstruction project to mitigate PFAs. The Well #3 project began during 2024 and anticipated completion is 2026.

D. Effect of New Accounting Standards on Current Period Financial Statements

The GASB has adopted Statement No. 102, *Certain Risk Disclosures*, effective for periods beginning after June 15, 2024, GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for periods beginning after June 15, 2025, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for periods beginning after June 15, 2025. When these become effective, application of these standards may restate portions of these financial statements.

E. Subsequent Events

Subsequent to yearend but prior to the issuance of this report, the City issued two General Obligation Promissory Notes.

- On March 17, 2025, the City issued \$1,550,000 GO Promissory Notes, Series 2025A. The proceeds of this issue will be used to finance the Riverfront Phase 2 and streetlight projects in TIF #4. Principal is due annually and interest is due semi-annually beginning March 2026 with final maturity March 2030. Interest rate is 5.00%.
- On March 17, 2025, the City issued \$987,000 GO Promissory Notes, Series 2025B. The proceeds of this issue will be used to finance the transient dock project in TIF #4. Principal is due in one lump sum payment in March 2030. Interest is due annually beginning March 2026 at a rate of 4.75%.

CITY OF PRESCOTT
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

4. Other Information (Continued)
F. Change in Reporting Entity

Effective December 31, 2023, changes within the financial reporting entity resulted in restatements of beginning fund balance as follows:

	Reporting Units Affected by Restatements of Beginning Balances		
	Formerly Major Food Shelf Fund	Nonmajor Governmental Funds	Total
	12/31/2023, as previously reported	\$ (64,298)	\$ 962,749
Change within financial reporting entity (major to nonmajor fund)	64,298	(64,298)	-
12/31/2023, as restated	\$ -	\$ 898,451	\$ 898,451

G. Prior Period Adjustments

During the year ended December 31, 2024, the City identified errors in previously issued financial statements. As a result, the beginning net position as of January 1, 2024 has been restated as follows:

	Business-Type Activities	Component Unit
	Water	Fire and EMS Association
Net Position, as previously reported	\$ 6,084,440	\$ 1,503,486
Correction of capital assets for improperly capitalized assets per WI PSC	(130,339)	-
Correction of capital assets for missed fixed asset addition	-	152,717
Net Position, as restated	\$ 5,954,101	\$ 1,656,203

REQUIRED SUPPLEMENTARY INFORMATION

City of Prescott

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,604,948	\$ 1,604,948	\$ 1,606,586	\$ 1,638
Special Assessment Revenue	18,743	18,743	65,390	46,647
Intergovernmental	796,552	796,552	805,478	8,926
License and Permits	84,300	84,300	143,728	59,428
Fines, Forfeits and Penalties	110,000	110,000	114,954	4,954
Public Charges for Services	86,425	86,425	76,964	(9,461)
Interest Income	120,000	120,000	224,618	104,618
Miscellaneous Income	73,031	73,031	103,591	30,560
Total Revenues	<u>2,893,999</u>	<u>2,893,999</u>	<u>3,141,309</u>	<u>247,310</u>
EXPENDITURES				
Current:				
General Government	771,402	771,402	684,680	86,722
Public Safety	1,743,594	1,743,594	1,817,357	(73,763)
Public Works	391,671	391,671	363,614	28,057
Health and Human Services	8,000	8,000	955	7,045
Culture, Recreation and Education	235,435	235,435	218,344	17,091
Conservation and Development	7,804	7,804	9,325	(1,521)
Total Expenditures	<u>3,157,906</u>	<u>3,157,906</u>	<u>3,094,275</u>	<u>63,631</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(263,907)</u>	<u>(263,907)</u>	<u>47,034</u>	<u>310,941</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (including tax equivalent)	283,907	283,907	260,349	(23,558)
Transfers Out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(139,517)</u>	<u>(69,517)</u>
Total Other Financing Sources and Uses	<u>213,907</u>	<u>213,907</u>	<u>120,832</u>	<u>(93,075)</u>
Net Change in Fund Balance	(50,000)	(50,000)	167,866	217,866
Fund Balance - Beginning	<u>2,941,535</u>	<u>2,941,535</u>	<u>2,941,535</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,891,535</u>	<u>\$ 2,891,535</u>	<u>\$ 3,109,401</u>	<u>\$ 217,866</u>

See accompanying notes to the required supplementary information

City of Prescott

**Wisconsin Retirement System Schedules
December 31, 2024**

**Schedule of Proportionate Share of the Net Pension Liability (Asset)
As of the Measurement Date**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.01306316%	\$ 194,223	\$ 1,824,594	10.64%	98.85%
2022	0.01275439%	675,689	1,817,371	37.18%	95.72%
2021	(0.01203824%)	(970,304)	1,614,802	(60.09%)	(106.02%)
2020	(0.01166756%)	(728,421)	1,535,914	(47.43%)	(105.26%)
2019	(0.01131464%)	(364,835)	1,462,617	(24.94%)	(102.96%)
2018	0.01122897%	399,491	1,390,335	28.73%	96.45%
2017	(0.01100852%)	(326,856)	1,359,538	(24.04%)	(102.93%)
2016	0.01109887%	91,481	1,391,666	6.57%	99.12%
2015	0.01078579%	175,267	1,306,225	13.42%	98.20%
2014	(0.01073715%)	(263,661)	1,375,745	(19.16%)	(102.74%)

**Schedule of City's Contributions
For the Year Ended**

Year ended December 31,	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
2024	\$ 212,896	\$ (212,896)	\$ -	\$ 2,109,033	10.09%
2023	174,057	(174,057)	-	1,824,594	9.54%
2022	162,862	(162,862)	-	1,817,371	8.96%
2021	143,287	(143,287)	-	1,614,802	8.87%
2020	137,691	(137,691)	-	1,535,914	8.96%
2019	114,784	(114,784)	-	1,462,617	7.85%
2018	116,827	(116,827)	-	1,390,335	8.40%
2017	114,082	(114,082)	-	1,359,538	8.39%
2016	109,446	(109,446)	-	1,391,666	7.86%
2015	101,889	(101,889)	-	1,306,225	7.80%

See accompanying notes to the required supplementary information

CITY OF PRESCOTT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

1. Notes to Budgetary Comparison Schedule

A. Basis of Accounting

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 2. A. in the notes to the financial statements for more information on the City's budgetary information.

The City controls expenditures at the department level. Some individual line items experienced expenditures, which exceeded appropriations.

B. Excess of Actual Expenditures over Budget in General Fund

The following expenditure functions had an excess of actual expenditures over budget for the year ended December 31, 2024:

General Fund	Excess Expenditures
Current:	
Public Safety	\$ 73,763
Conservation and Development	1,521

Excess expenditures over appropriates were financed with excess revenues over budgeted amounts, proceeds of long-term debt, and fund balance.

CITY OF PRESCOTT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

2. Notes to Wisconsin Retirement System Schedules

Change 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 postretirement 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 postretirement 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.

CITY OF PRESCOTT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

2. Notes to Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF PRESCOTT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

2. Notes to Wisconsin Retirement System Schedules (Continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

SUPPLEMENTARY INFORMATION

City of Prescott

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with variances)
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Property taxes	\$ 1,584,748	\$ 1,584,748	\$ 1,584,748	\$ -
Mobile home taxes	13,000	13,000	11,073	(1,927)
Payments in lieu of taxes	7,200	7,200	10,765	3,565
TOTALS	1,604,948	1,604,948	1,606,586	1,638
SPECIAL ASSESSMENTS				
Special assessments	15,528	15,528	59,123	43,595
Interest on special assessments	3,215	3,215	6,267	3,052
TOTALS	18,743	18,743	65,390	46,647
INTERGOVERNMENTAL REVENUES				
State shared revenues	440,502	440,502	440,815	313
State aid - law enforcement	-	-	1,920	1,920
State aid - fire dues	19,093	19,093	24,777	5,684
State aid - exempt computer	2,907	2,907	2,907	-
State aid - general transportation aids	297,974	297,974	298,018	44
State aid - personal property aid	36,076	36,076	36,076	-
Other state grants	-	-	965	965
TOTALS	796,552	796,552	805,478	8,926
LICENSES AND PERMITS				
Liquor and malt beverage licenses	10,100	10,100	10,323	223
Operator's licenses	1,800	1,800	1,900	100
Cigarette licenses	600	600	842	242
Animal licenses	1,000	1,000	1,156	156
Building permits	63,000	63,000	117,811	54,811
Zoning permits and fees	1,500	1,500	-	(1,500)
Developer fees	300	300	300	-
Other regulatory permits and fees	2,000	2,000	3,441	1,441
Golf cart permits	2,500	2,500	3,110	610
Compost site permits	1,500	1,500	4,845	3,345
TOTALS	84,300	84,300	143,728	59,428
FINES, FORFEITS AND PENALTIES				
Court penalties and costs	110,000	110,000	114,954	4,954
TOTALS	110,000	110,000	114,954	4,954

City of Prescott

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with variances)
General Fund
For the Year Ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Publication fees	\$ 425	\$ 425	\$ 550	\$ 125
Law enforcement fees	27,000	27,000	27,365	365
Refuse and garbage collection	-	-	1,099	1,099
Boat launch fees	59,000	59,000	47,950	(11,050)
TOTALS	<u>86,425</u>	<u>86,425</u>	<u>76,964</u>	<u>(9,461)</u>
INVESTMENT INCOME				
Interest on investments	120,000	120,000	198,814	78,814
Interest on TIF 5 advance	-	-	25,804	25,804
TOTALS	<u>120,000</u>	<u>120,000</u>	<u>224,618</u>	<u>104,618</u>
MISCELLANEOUS INCOME				
Rent of municipal property	67,471	67,471	80,657	13,186
Insurance recoveries	-	-	3,390	3,390
Miscellaneous	5,560	5,560	19,544	13,984
TOTALS	<u>73,031</u>	<u>73,031</u>	<u>103,591</u>	<u>30,560</u>
TOTAL REVENUES	<u>2,893,999</u>	<u>2,893,999</u>	<u>3,141,309</u>	<u>247,310</u>

City of Prescott

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with variances)
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget -
				Positive
				(Negative)
GENERAL GOVERNMENT				
Council	\$ 31,974	\$ 31,974	\$ 30,501	\$ 1,473
Mayor	11,626	11,626	13,371	(1,745)
Municipal court	64,279	64,279	61,562	2,717
Administrator	111,237	111,237	118,201	(6,964)
Finance	254,317	254,317	165,204	89,113
Treasurer	80,182	80,182	80,252	(70)
Employee relations	14,823	14,823	30,929	(16,106)
Elections	5,500	5,500	9,615	(4,115)
Assessment of property	20,000	20,000	15,443	4,557
Independent auditing	34,375	34,375	34,005	370
Legal	31,852	31,852	54,888	(23,036)
Municipal buildings	27,452	27,452	34,823	(7,371)
Property and liability insurance	13,300	13,300	12,970	330
Coronavirus emergency expense	-	-	523	(523)
Other general government	20,485	20,485	22,393	(1,908)
Contingency	50,000	50,000	-	50,000
TOTALS	771,402	771,402	684,680	86,722
PUBLIC SAFETY				
Police	1,495,736	1,495,736	1,502,701	(6,965)
Public fire protection	151,188	151,188	217,986	(66,798)
Ambulance	96,670	96,670	96,670	-
TOTALS	1,743,594	1,743,594	1,817,357	(73,763)
PUBLIC WORKS				
Administration	40,816	40,816	30,451	10,365
Engineering	10,000	10,000	9,553	447
Public works shop and garage	56,533	56,533	45,562	10,971
Street maintenance	173,915	173,915	149,993	23,922
Snow and ice control	38,265	38,265	37,940	325
Street lighting	49,000	49,000	54,781	(5,781)
Storm sewers	-	-	20	(20)
Street machinery	-	-	510	(510)
Tree and brush control	13,200	13,200	29,610	(16,410)
Refuse and garbage collection/Recycling	9,942	9,942	5,194	4,748
TOTAL	391,671	391,671	363,614	28,057
HEALTH AND HUMAN SERVICES				
Animal control	8,000	8,000	955	7,045
TOTALS	8,000	8,000	955	7,045

City of Prescott

**Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with variances)
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
CULTURE, RECREATION AND EDUCATION				
Swimming	\$ 1,500	\$ 1,500	\$ 832	\$ 668
Boat launch and docks	9,000	9,000	6,267	2,733
Cemetery	7,500	7,500	4,370	3,130
Ice rinks	186	186	196	(10)
Parks	217,249	217,249	206,679	10,570
TOTALS	<u>235,435</u>	<u>235,435</u>	<u>218,344</u>	<u>17,091</u>
CONSERVATION AND DEVELOPMENT				
Economic Development	7,804	7,804	9,325	(1,521)
	<u>7,804</u>	<u>7,804</u>	<u>9,325</u>	<u>(1,521)</u>
TOTAL EXPENDITURES	<u>3,157,906</u>	<u>3,157,906</u>	<u>3,094,275</u>	<u>63,631</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(263,907)</u>	<u>(263,907)</u>	<u>47,034</u>	<u>310,941</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (including tax equivalent)	283,907	283,907	260,349	(23,558)
Transfers Out	(70,000)	(70,000)	(139,517)	(69,517)
Total Other Financing Sources and Uses	<u>213,907</u>	<u>213,907</u>	<u>120,832</u>	<u>(93,075)</u>
Net Change in Fund Balance	(50,000)	(50,000)	167,866	217,866
Fund Balance - Beginning	2,941,535	2,941,535	2,941,535	-
Fund Balance - Ending	<u>\$ 2,891,535</u>	<u>\$ 2,891,535</u>	<u>\$ 3,109,401</u>	<u>\$ 217,866</u>

City of Prescott

Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2024

	Public Water Impact Fees	Municipal Building Impact Fees	Public Streets Impact Fees	Public Parks Impact Fees	Cable TV Fund	Library Fund	Freedom Park Fund	Affordable Housing Fund	Formerly Major Food Shelf Fund	ARPA Recovery Fund	K9 Fund	Non-Major Special Revenue Funds
ASSETS												
Cash and Cash Equivalents	2,000	49,550	25,810	55,300	71,666	120,704	36,045	340,366	-	85,537	10,641	664,959
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	132,660
Receivables:												
Taxes	-	-	-	-	-	141,583	18,739	-	-	-	-	160,322
Accounts	-	-	-	-	47	476	-	-	-	-	-	47
Other	-	-	-	-	-	-	-	-	-	-	-	476
Total Assets	\$ 2,000	\$ 49,550	\$ 25,810	\$ 55,300	\$ 71,713	\$ 262,763	\$ 54,784	\$ 340,366	\$ -	\$ 85,537	\$ 10,641	\$ 988,464
LIABILITIES												
Accrued Liabilities	-	-	-	-	-	10,435	-	-	-	-	-	10,435
Unearned Revenue	-	-	-	-	-	10,435	-	-	-	26,741	-	26,741
Total Liabilities	-	-	-	-	-	20,870	-	-	-	26,741	-	37,176
DEFERRED INFLOWS OF RESOURCES												
Deferred Tax Levy	-	-	-	-	-	208,983	27,657	-	-	-	-	236,640
Other	-	-	-	-	51	515	-	-	-	-	-	566
Total Deferred Inflows of Resources	-	-	-	-	51	209,498	27,657	-	-	-	-	237,206
FUND BALANCES												
Restricted	2,000	49,550	25,810	55,300	-	42,830	-	340,366	-	58,796	10,641	585,293
Committed	-	-	-	-	71,662	-	27,127	-	-	-	-	71,662
Assigned	2,000	49,550	25,810	55,300	71,662	42,830	27,127	340,366	-	58,796	10,641	684,082
Total Fund Balances	\$ 2,000	\$ 49,550	\$ 25,810	\$ 55,300	\$ 71,713	\$ 262,763	\$ 54,784	\$ 340,366	\$ -	\$ 85,537	\$ 10,641	\$ 988,464
Total Liabilities, Deferred Inflows of Resources, and												
	\$ 2,000	\$ 49,550	\$ 25,810	\$ 55,300	\$ 71,713	\$ 262,763	\$ 54,784	\$ 340,366	\$ -	\$ 85,537	\$ 10,641	\$ 988,464

City of Prescott

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Special Revenue Funds
 For the Year Ended December 31, 2024

	Public Water Impact Fees	Municipal Building Impact Fees	Public Streets Impact Fees	Public Parks Impact Fees	Cable TV Fund	Library Fund	Freedom Park Fund	Affordable Housing Fund	Formerly Major Food Shelf Fund	ARPA Recovery Fund	K9 Fund	Non-Major Special Revenue Funds
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 208,982	\$ 28,927	\$ -	\$ -	\$ -	\$ -	\$ 237,909
Intergovernmental	-	-	-	-	9,174	113,975	-	-	-	15,800	-	138,949
License and Permits	-	-	-	-	31,842	-	-	-	-	-	-	31,842
Public Charges for Services	3,000	4,200	1,740	4,200	-	3,633	-	-	-	-	-	16,773
Interest Income	-	-	-	-	-	-	-	17,259	-	24,880	-	42,139
Miscellaneous Income	-	-	-	-	4,200	2,241	-	-	-	-	8,000	14,441
Total Revenues	3,000	4,200	1,740	4,200	45,216	328,831	28,927	17,259	-	40,680	8,000	482,053
EXPENDITURES												
Current:												
General Government	-	14,150	-	-	-	-	6,965	-	-	15,900	-	37,015
Public Safety	-	-	-	-	-	-	-	-	-	-	9,033	9,033
Culture, Recreation and Education	-	-	-	-	43,230	327,261	19,390	-	-	-	-	389,881
Capital Outlay	-	-	-	-	-	-	-	-	1,203	-	-	1,203
Total Expenditures	-	14,150	-	-	43,230	327,261	26,355	-	1,203	15,900	9,033	437,132
Excess (Deficiency) of Revenues Over Expenditures	3,000	(9,950)	1,740	4,200	1,986	1,570	2,572	17,259	(1,203)	24,780	(1,033)	44,921
OTHER FINANCING SOURCES (USES)												
Transfers In	-	-	-	332	-	-	-	-	65,501	-	-	65,833
Transfers Out	(42,591)	(5,890)	(6,500)	-	-	-	-	-	-	-	-	(54,981)
Total Other Financing Sources and Uses	(42,591)	(5,890)	(6,500)	332	-	-	-	-	65,501	-	-	10,852
Net Change in Fund Balances	(39,591)	(15,840)	(4,760)	4,532	1,986	1,570	2,572	17,259	64,298	24,780	(1,033)	55,773
Fund Balances, Beginning, as Previously Presented	41,591	65,390	30,570	50,768	69,676	41,260	24,555	323,107	-	34,016	11,674	692,607
Change within financial reporting entity (major to nonmajor)	-	-	-	-	-	-	-	-	(64,298)	-	-	(64,298)
Fund Balances - Beginning of Year, Restated	41,591	65,390	30,570	50,768	69,676	41,260	24,555	323,107	(64,298)	34,016	11,674	628,309
Fund Balances - Ending	2,000	49,550	25,810	55,300	71,662	42,830	27,127	340,366	-	58,796	10,641	684,082

City of Prescott

Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2024

	Non-Major Special Revenue Funds	Non-Major Capital Projects Fund	Non-Major Debt Service Fund	Non-Major Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 664,959	\$ 80,137	\$ 432,055	\$ 1,177,151
Restricted Cash	132,660	-	-	132,660
Receivables:				
Taxes	160,322	-	267,572	427,894
Accounts	47	-	-	47
Other	476	-	-	476
Total Assets	<u>\$ 958,464</u>	<u>\$ 80,137</u>	<u>\$ 699,627</u>	<u>\$ 1,738,228</u>
LIABILITIES				
Accrued Liabilities	\$ 10,435	\$ -	\$ -	\$ 10,435
Unearned Revenue	26,741	-	-	26,741
Total Liabilities	<u>37,176</u>	<u>-</u>	<u>-</u>	<u>37,176</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Levy	236,640	-	394,950	631,590
Other	566	-	-	566
Total Deferred Inflows of Resources	<u>237,206</u>	<u>-</u>	<u>394,950</u>	<u>632,156</u>
FUND BALANCES				
Restricted	585,293	-	304,677	889,970
Committed	71,662	-	-	71,662
Assigned	27,127	80,137	-	107,264
Total Fund Balances	<u>684,082</u>	<u>80,137</u>	<u>304,677</u>	<u>1,068,896</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 958,464</u>	<u>\$ 80,137</u>	<u>\$ 699,627</u>	<u>\$ 1,738,228</u>

City of Prescott

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Year Ended December 31, 2024

	Non-Major Special Revenue Funds	Non-Major Capital Projects Fund	Non-Major Debt Service Fund	Non-Major Governmental Funds
REVENUES				
Taxes	\$ 237,909	\$ -	\$ 414,698	\$ 652,607
Other Taxes	-	40,637	-	40,637
Intergovernmental	138,949	-	-	138,949
License and Permits	31,842	-	-	31,842
Public Charges for Services	16,773	-	-	16,773
Interest Income	42,139	-	221,516	263,655
Miscellaneous Income	14,441	11,577	-	26,018
Total Revenues	<u>482,053</u>	<u>52,214</u>	<u>636,214</u>	<u>1,170,481</u>
EXPENDITURES				
Current:				
General Government	37,015	-	-	37,015
Public Safety	9,033	-	-	9,033
Culture, Recreation and Education	389,881	28,372	-	418,253
Capital Outlay	1,203	7,912	-	9,115
Debt Service:				
Principal Repayment	-	-	350,000	350,000
Interest Expense	-	-	211,737	211,737
Total Expenditures	<u>437,132</u>	<u>36,284</u>	<u>561,737</u>	<u>1,035,153</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>44,921</u>	<u>15,930</u>	<u>74,477</u>	<u>135,328</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	65,833	9,881	14,384	90,098
Transfers Out	<u>(54,981)</u>	<u>-</u>	<u>-</u>	<u>(54,981)</u>
Total Other Financing Sources and Uses	<u>10,852</u>	<u>9,881</u>	<u>14,384</u>	<u>35,117</u>
Net Change in Fund Balances	<u>55,773</u>	<u>25,811</u>	<u>88,861</u>	<u>170,445</u>
Fund Balances, Beginning, as Previously Presented				
Change within financial reporting entity (major to nonmajor)	692,607	54,326	215,816	962,749
	<u>(64,298)</u>	<u>-</u>	<u>-</u>	<u>(64,298)</u>
Fund Balances - Beginning of Year, Restated	<u>628,309</u>	<u>54,326</u>	<u>215,816</u>	<u>898,451</u>
Fund Balances - Ending	<u>\$ 684,082</u>	<u>\$ 80,137</u>	<u>\$ 304,677</u>	<u>\$ 1,068,896</u>

FORM OF LEGAL OPINION

(See following pages)

FRYBERGER

— LAW FIRM —

July 13, 2026

City of Prescott
800 Borner St.
Prescott, WI 54021

[PURCHASER]

**Re: *City of Prescott, Wisconsin*
*\$2,075,000 General Obligation Promissory Notes, Series 2026A***

We have acted as Bond Counsel in connection with the authorization, issuance and delivery by the City of Prescott, Pierce County, Wisconsin (the “Issuer”), of the above-referenced bonds dated the date hereof (the “Notes”). The Notes are issued pursuant to Chapter 67, Wisconsin Statutes.

A. Scope of Examination. For the purpose of rendering this opinion letter, we have examined the following:

1. a resolution of the Issuer adopted on June 22, 2026, authorizing the issuance and delivery of the Notes (the “Resolution”);
2. the Tax Exemption Certificate of the Issuer dated the date hereof setting forth and certifying as to certain matters, including but not limited to the use and investment of the proceeds of the Notes (the “Tax Certificate”);
3. applicable law and certified copies of certain proceedings taken, and certain affidavits and certificates furnished by the Issuer and others with respect to the authorization, sale and issuance of the Notes; and
4. such other documents and other materials we considered necessary in order to render this opinion.

B. Reliance. As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officers of the Issuer and others without undertaking to verify such facts by independent investigation. We have also relied, without independent investigation, upon representations and certifications made by the Issuer in the Tax Certificate and the representations and certifications made by the Issuer, agents of the Issuer and others in connection with the

FRYBERGER, BUCHANAN, SMITH & FREDERICK, P.A

CLOQUET
813 Cloquet Ave.
Cloquet, MN 55720
p: (218) 879-6830

DULUTH
302 West Superior St.
Ste 700
Duluth, MN 55802
p: (218) 722-0861

SUPERIOR
1409 Hammond Ave., Suite 330
Superior, WI 54880
p: (715)392-7405

FRYBERGER LAW FIRM

Page 2

issuance of the Notes as to: (a) the nature, cost, use and useful economic life of the facilities and/or improvements financed by the Notes, (b) the application to be made of the proceeds of the Notes, (c) the investment of such proceeds and (d) other matters material to the tax-exempt status of the interest borne by the Notes, including the anticipated sources of repayment of the Notes.

C. Assumptions.

1. In rendering the opinions contained in Section D below, we have assumed: (a) the legal capacity for all purposes relevant hereto of all natural persons, (b) with respect to all parties to agreements or instruments relevant hereto other than the Issuer, that such parties had the requisite power and authority (corporate or otherwise) to execute, deliver and perform such agreements or instruments, (c) that such agreements or instruments are the valid, binding and enforceable obligations of each such party, other than the Issuer, (d) the authenticity of all documents submitted to us as originals and the authenticity of the originals, (e) the conformity to original documents of all documents submitted to us as certified or photostatic copies, (f) the genuineness of the signatures on all documents submitted to us, and (g) the accuracy of the facts and representations stated in all documents submitted to us.

2. In rendering the opinions contained in paragraphs 3 and 4 of Section D below, we have assumed that the proceeds of the Notes will be applied in accordance with the provisions of the Resolution and the representations made by the Issuer in the Tax Certificate and that the Issuer will make or cause to be made any necessary calculations and pay to the United States any amounts required under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

3. For the purpose of rendering the opinion set forth in paragraph 3 of Section D, below, we have also assumed compliance by the Issuer with requirements of the Code that must be satisfied subsequent to the issuance of the Notes. The Issuer has covenanted to comply with each such requirement.

D. Opinions. Based upon such examination, assumptions and reliance, on the basis of federal and State of Wisconsin (the "State") laws, regulations, rulings and decisions in effect on the date hereof, but excluding any pending legislation which may have a retroactive date prior to the date hereof, and subject to certain limitations set forth in Section E below, it is our opinion that:

1. The Notes are valid and binding general obligations of the Issuer enforceable in accordance with their terms.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the Notes. 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 the 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 Notes, as of their date of issuance, bear interest which is excluded from gross income of the recipient for federal income tax purposes and is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations.

4. Based solely on factual representations by the Issuer, the Notes have been designated by the Issuer as “qualified tax-exempt obligations” under and within the meaning of Section 265(b)(3)(b) of the Code.

E. Qualifications and Limitations. The opinions expressed in Section D above are subject to the following:

1. We express no opinion as to federal or state tax consequences arising from ownership of the Notes other than as set forth in Section D hereof.

2. The rights of the owners and enforceability of the Notes are subject to and may be limited by (a) state and federal laws, rulings, decisions and principles of equity affecting remedies, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law); (b) the effect of any applicable bankruptcy, moratorium, insolvency, reorganization, fraudulent conveyance or other similar laws affecting the enforcement of creditors’ or secured creditors’ rights or laws relating to creditors’ or secured creditors’ rights against public instrumentalities heretofore or hereafter enacted to the extent constitutionally applicable; (c) the exercise of judicial discretion in appropriate cases; and (d) federal and state securities laws and public policy relating thereto.

3. Failure by the Issuer to comply with applicable requirements of the Code could cause the interest on the Notes to be includable in the gross income of the owners thereof for federal income taxation, either prospectively or retroactively to the date hereof.

4. Our opinions expressed in Section D above are limited to the law of the State and the federal law of the United States of America, and we assume no responsibility as to the applicability to this transaction, or the effect thereon, of the law of any other jurisdiction.

5. Except as expressly stated in this opinion, we express no opinion as to compliance with any federal securities laws or any state securities or Blue Sky laws.

FRYBERGER LAW FIRM

Page 4

6. This opinion is rendered as of the date set forth above and we express no opinion as to circumstances or events which may occur subsequent to such date.

7. The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by, nor may copies be delivered to, any other person without our prior written consent.

8. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering material relating to the Notes, and we express no opinion relating thereto.

Respectfully submitted,

Fryberger, Buchanan, Smith & Frederick, P.A.

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 Prescott, Pierce County, Wisconsin (the “Issuer”) in connection with the issuance of its \$2,075,000 General Obligation Promissory Notes, Series 2026A, dated July 13, 2026 (the “Obligations”). The Obligations are being issued pursuant to a Resolution of the Issuer dated June 22, 2026 (the “Resolution”). The Issuer 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 and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written understanding under the Rule.

(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 definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, 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.

“Dissemination Agent” means such person from time to time designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” means, with respect to the Issuer a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of one of the foregoing. The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

“Listed Events” means any of the events listed in Sections 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Official Statement” means the Preliminary Official Statement, dated June 11, 2026, and the Final Official Statement dated June ___, 2026, delivered in connection with the original issuance and sale of the Obligations, together with any amendments thereto or supplements thereof.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time. Reference is also made to SEC Release No. 34-83885 (File No. S7-01-17) for additional information relating to the Issuer’s compliance with this Certificate.

“SEC” means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 12 months after the end of the fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2025, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In each case, 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 later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information will be provided and the Audited Financial Statements will be submitted to the MSRB when and if available. The Issuer may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer is not the Dissemination Agent).

(c) If the Issuer is unable or fails to provide an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of such 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 Reports. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Current Property Valuations
- (b) Direct Debt
- (c) Debt Limit
- (d) Tax Levies & Collections

Section 5. Reporting of Significant Events.

(a) The Issuer shall give, or cause to be given notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of 10 business days after the occurrence of the event:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, if any, or their failure to perform;
- (5) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (6) tender offers;
- (7) defeasances;
- (8) rating changes;
- (9) bankruptcy, insolvency, receivership or similar event of the Issuer;

or

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Obligations, *if material*, in a timely manner not in excess of 10 business days after the occurrence of the event:

(1) non-payment related defaults;

(2) unless described in (a)(5) above, other notices or determinations by the IRS with respect to the tax-exempt status of the Obligations, or other events affecting the tax-exempt status of the Obligations;

(3) modifications to rights of holders of the Obligations;

(4) bond calls;

(5) release, substitution or sale of property securing repayment of the Obligations;

(6) 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;

(7) appointment of a successor or additional trustee or the change of name of a trustee; or

(8) incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders.

(c) For purposes of the event identified in subsection (a)(9), 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.

(d) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under subsection (b), the Issuer shall as soon as possible determine if such event would constitute material information for holders of Obligations.

(e) 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 this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action 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 this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, 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. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Obligations.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Certificate if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated as of July 13, 2026.

CITY OF PRESCOTT, WISCONSIN

By _____
Mayor

By _____
City Clerk

NOTICE OF SALE

**\$2,075,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2026A
CITY OF PRESCOTT, WISCONSIN**

Bids for the purchase of \$2,075,000* General Obligation Promissory Notes, Series 2026A (the "Notes") of the City of Prescott, 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 June 22, 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 6:00 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; SECURITY

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, by the City, for public purposes, including the TAP Grant engineering and design, Orrin Road reconstruction and Campbell Street design projects and purchase of a fire truck. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated July 13, 2026, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
12/01/2027	\$45,000	12/01/2034	\$90,000	12/01/2041	\$120,000
12/01/2028	75,000	12/01/2035	95,000	12/01/2042	125,000
12/01/2029	80,000	12/01/2036	100,000	12/01/2043	130,000
12/01/2030	80,000	12/01/2037	105,000	12/01/2044	140,000
12/01/2031	85,000	12/01/2038	105,000	12/01/2045	145,000
12/01/2032	85,000	12/01/2039	110,000	06/01/2046	155,000
12/01/2033	90,000	12/01/2040	115,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of \$5,000 each. 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 June 1 and December 1 of each year, commencing June 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 December 1, 2035 shall be subject to optional redemption prior to maturity on December 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 redemption shall be sent by mail not more than 60 days and not less than 30 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 July 13, 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

Legal matters incident to the issuance and sale of the Bonds and with regard to the tax-exempt status of interest on the Notes under existing laws are subject to the approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., as Bond Counsel to the City. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of the Official Statement and under the caption "TAX EXEMPTION" relating to Bond Counsel's opinion that the interest on the Notes is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in the Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of the Official Statement. No person is entitled to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in the Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF BIDS

Bids must not be for less than \$2,049,062.50 plus accrued interest on the principal sum of \$2,075,000 from date of original issue of the Notes to date of delivery. **The maximum proposal allowed will be \$2,261,750.** 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 \$41,500 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 City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the 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 Preliminary 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

City of Prescott, Wisconsin

BID FORM

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

June 22, 2026

RE: \$2,075,000* General Obligation Promissory Notes, Series 2026A (the "Notes")
DATED: July 13, 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 \$2,049,062.50 *and not more than \$2,261,750*) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	12/01/2027	_____ % due	12/01/2034	_____ % due	12/01/2041
_____ % due	12/01/2028	_____ % due	12/01/2035	_____ % due	12/01/2042
_____ % due	12/01/2029	_____ % due	12/01/2036	_____ % due	12/01/2043
_____ % due	12/01/2030	_____ % due	12/01/2037	_____ % due	12/01/2044
_____ % due	12/01/2031	_____ % due	12/01/2038	_____ % due	12/01/2045
_____ % due	12/01/2032	_____ % due	12/01/2039	_____ % due	06/01/2046
_____ % due	12/01/2033	_____ % due	12/01/2040		

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 \$41,500 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 July 13, 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 July 13, 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 Prescott, Wisconsin, on June 22, 2026.

By: _____ By: _____
Title: _____ Title: _____