CITY OF MEDFORD, WISCONSIN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

City Council
City of Medford, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medford, Wisconsin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Medford, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medford, Wisconsin, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Medford, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Medford, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Medford, 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 Medford, 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 schedules relating to pension and other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Medford, Wisconsin's basic financial statements. The nonmajor governmental fund combining financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the nonmajor governmental fund combining financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 June 25, 2026, on our consideration of the City of Medford, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Medford, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Medford, Wisconsin's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wausau, Wisconsin
June 25, 2026

BASIC FINANCIAL STATEMENTS

CITY OF MEDFORD, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 7,706,745	$ 8,005,571	$ 15,712,316
Receivables:			
Taxes	1,547,725	-	1,547,725
Accounts	88,908	1,673,748	1,762,656
Special Assessments	317,870	-	317,870
Delinquent Specials Held by County	1,586	-	1,586
Loans	1,546,221	-	1,546,221
Interest	-	142	142
Prepaid Items and Supplies	81,232	524,689	605,921
Investment in Joint Venture	461,167	-	461,167
Restricted and Other Assets:			
Cash and Investments	76,449	1,000,831	1,077,280
Capital Assets, Nondepreciable	809,822	2,631,913	3,441,735
Capital Assets, Depreciable	19,815,396	28,139,019	47,954,415
Total Assets	32,453,121	41,975,913	74,429,034
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,186,558	377,876	1,564,434
Other Postemployment Related Amounts	14,862	4,796	19,658
Total Deferred Outflows of Resources	1,201,420	382,672	1,584,092
LIABILITIES			
Accounts Payable	207,441	1,226,732	1,434,173
Accrued and Other Current Liabilities	191,339	15,845	207,184
Due to Other Governments	-	-	-
Accrued Interest Payable	4,423	9,909	14,332
Unearned Revenues	-	2,486	2,486
Public Benefits	-	46,052	46,052
Long-Term Obligations:			
Due Within One Year	310,000	339,100	649,100
Customer Advances for Construction	-	15,651	15,651
Due in More than One Year	1,615,043	3,569,259	5,184,302
Net Pension Liability	201,387	65,000	266,387
Other Postemployment Benefits	55,216	17,822	73,038
Total Liabilities	2,584,849	5,307,856	7,892,705
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	2,278,835	-	2,278,835
Pension Related Amounts	587,697	189,684	777,381
Other Postemployment Related Amounts	58,476	18,873	77,349
Total Deferred Inflows of Resources	2,925,008	208,557	3,133,565
NET POSITION			
Net Investment in Capital Assets	20,422,494	26,519,127	45,235,841
Restricted:			
Debt Service	808,318	-	808,318
Affordable Housing	532,460	-	532,460
Community Development	155,465	-	155,465
Capital Projects	-	1,000,831	1,000,831
Other	227,803	-	227,803
Unrestricted	5,998,144	9,322,214	17,026,138
Total Net Position	$ 28,144,684	$ 36,842,172	$ 64,986,856

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	$ 823,609	$ 259,180	$ -	$ -
Public Safety	1,381,951	116,901	52,755	-
Public Works	2,476,276	41,317	622,127	-
Health and Human Services	11,916	-	-	-
Culture and Recreation	1,478,910	59,357	557,271	245,759
Conservation and Development	373,557	300	126,500	-
Interest and Fiscal Charges	93,151	-	-	-
Total Governmental Activities	6,639,370	477,055	1,358,653	245,759
BUSINESS-TYPE ACTIVITIES				
Electric Utility	10,449,140	10,688,293	-	53,004
Water Utility	833,399	1,108,153	-	562,242
Sewer Utility	2,284,408	3,001,838	-	192,730
Recycling Utility	514,813	390,436	26,201	-
Total Business-Type Activities	14,081,760	15,188,720	26,201	807,976
Total	$ 20,721,130	$ 15,665,775	$ 1,384,854	$ 1,053,735

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	$ (564,429)	$ -	$ (564,429)
Public Safety	(1,212,295)	-	(1,212,295)
Public Works	(1,812,832)	-	(1,812,832)
Health and Human Services	(11,916)	-	(11,916)
Culture and Recreation	(616,523)	-	(616,523)
Conservation and Development	(246,757)	-	(246,757)
Interest and Fiscal Charges	(93,151)	-	(93,151)
Total Governmental Activities	(4,557,903)	-	(4,557,903)
BUSINESS-TYPE ACTIVITIES			
Electric Utility	-	292,157	292,157
Water Utility	-	836,996	836,996
Sewer Utility	-	910,160	910,160
Recycling Utility	-	(98,176)	(98,176)
Total Business-Type Activities	-	1,941,137	1,941,137
Total	(4,557,903)	1,941,137	(2,616,766)
GENERAL REVENUES			
Taxes:			
Property Taxes	1,861,552	-	1,861,552
Tax Increments	594,859	-	594,859
Other Taxes	162,689	-	162,689
Federal and State Grants and Other Contributions Not Restricted to Specific Functions	1,513,952	-	1,513,952
Interest and Investment Earnings (Loss)	480,200	195,497	675,697
Miscellaneous	19,363	151,254	170,617
Gain on Sale of Asset	61,028	31,500	92,528
TRANSFERS	143,274	(143,274)	-
Total General Revenues and Transfers	4,836,917	234,977	5,071,894
CHANGE IN NET POSITION	279,014	2,176,114	2,455,128
Net Position - Beginning of Year	27,865,670	34,666,058	62,531,728
NET POSITION - END OF YEAR	$ 28,144,684	$ 36,842,172	$ 64,986,856

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Debt Service	Affordable Housing	Construction
ASSETS				
Cash and Investments	$ 5,398,898	$ 814,024	$ -	$ 669,796
Restricted Cash and Investments	-	-	-	-
Receivables:				
Taxes	725,272	2,717	-	529,726
Accounts	72,707	-	-	-
Special Assessments	317,870	-	-	-
Delinquent Specials Held by County	1,586	-	-	-
Loans	-	-	803,787	-
Advance to Other Funds	3,139,053	-	-	-
Prepaid Items and Supplies	81,232	-	-	-
Total Assets	$ 9,736,618	$ 816,741	$ 803,787	$ 1,199,522
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 160,021	$ -	$ -	$ 21,770
Accrued and Other Current Liabilities	191,339	-	-	-
Advance from Other Funds	-	-	271,327	-
Total Liabilities	351,360	-	271,327	21,770
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	1,067,807	4,000	-	780,000
Loans Receivable	-	-	803,787	-
Special Assessments	237,757	-	-	-
Total Deferred Inflows of Resources	1,305,564	4,000	803,787	780,000
FUND BALANCES				
Nonspendable	3,256,828	-	-	-
Restricted	-	812,741	-	-
Committed	-	-	-	-
Assigned	1,211,335	-	-	397,752
Unassigned	3,611,531	-	(271,327)	-
Total Fund Balances	8,079,694	812,741	(271,327)	397,752
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,736,618	$ 816,741	$ 803,787	$ 1,199,522

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	TID No. 14	Nonmajor Governmental Funds	Total
ASSETS			
Cash and Investments	$ 37,294	$ 786,733	$ 7,706,745
Restricted Cash and Investments	-	76,449	76,449
Receivables:			
Taxes	78,936	211,074	1,547,725
Accounts	-	16,201	88,908
Special Assessments	-	-	317,870
Delinquent Specials Held by County	-	-	1,586
Loans	723,333	19,101	1,546,221
Advance to Other Funds	-	-	3,139,053
Prepaid Items and Supplies	-	-	81,232
Total Assets	$ 839,563	$ 1,109,558	$ 14,505,789
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 900	$ 24,750	$ 207,441
Accrued and Other Current Liabilities	-	-	191,339
Advance from Other Funds	2,301,971	565,755	3,139,053
Total Liabilities	2,302,871	590,505	3,537,833
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	116,230	310,798	2,278,835
Loans Receivable	723,333	19,101	1,546,221
Special Assessments	-	-	237,757
Total Deferred Inflows of Resources	839,563	329,899	4,062,813
FUND BALANCES			
Nonspendable	-	-	3,256,828
Restricted	-	383,268	1,196,009
Committed	-	373,232	373,232
Assigned	-	-	1,609,087
Unassigned	(2,302,871)	(567,346)	469,987
Total Fund Balances	(2,302,871)	189,154	6,905,143
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 839,563	$ 1,109,558	$ 14,505,789

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

Total Fund Balances as Shown on Previous Page	$ 6,905,143
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	20,625,218
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	1,783,978
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	1,186,558
Deferred Inflows Related to Pensions	(587,697)
Deferred Outflows Related to Other Postemployment Benefits	14,862
Deferred Inflows Related to Other Postemployment Benefits	(58,476)
Long–term assets are not current financial resources; therefore, are not reported in the funds:	
Investment in Joint Venture	461,167
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(1,890,000)
Compensated Absences	(35,043)
Net Pension Liability	(201,387)
Other Postemployment Benefit Liability	(55,216)
Accrued Interest on Long-Term Obligations	(4,423)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ 28,144,684

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Debt Service	Affordable Housing	Construction
REVENUES				
Taxes	$ 1,165,816	$ 40,000	$ -	$ 765,000
Special Assessments	69,771	-	-	-
Intergovernmental	2,099,398	-	-	245,810
Licenses and Permits	72,002	-	-	-
Fines and Forfeits	37,709	-	-	-
Public Charges for Services	85,543	-	-	-
Intergovernmental Charges for Services	210,565	-	-	-
Miscellaneous	716,371	-	22,850	21,220
Total Revenues	4,457,175	40,000	22,850	1,032,030
EXPENDITURES				
Current:				
General Government	785,645	-	-	-
Public Safety	1,344,645	-	-	-
Public Works	1,123,200	-	-	61,556
Health and Human Services	11,916	-	-	-
Culture and Recreation	379,755	-	-	-
Conservation and Development	52,019	-	105,384	-
Debt Service:				
Principal	-	305,000	-	-
Interest and Fiscal Charges	-	26,417	-	-
Capital Outlay	533,196	-	-	672,384
Total Expenditures	4,230,376	331,417	105,384	733,940
Excess of Revenues Over (Under) Expenditures	226,799	(291,417)	(82,534)	298,090
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	708,625	327,468	-	-
Transfers Out	(179,699)	-	-	-
Total Other Financing Sources (Uses)	528,926	327,468	-	-
NET CHANGE IN FUND BALANCES	755,725	36,051	(82,534)	298,090
Fund Balances - Beginning of Year	7,323,969	776,690	(188,793)	99,662
FUND BALANCES - END OF YEAR	$ 8,079,694	$ 812,741	$ (271,327)	$ 397,752

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	TID No. 14	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	$ 189,988	$ 458,250	$ 2,619,054
Special Assessments	-	-	69,771
Intergovernmental	18,121	431,472	2,794,801
Licenses and Permits	-	-	72,002
Fines and Forfeits	-	-	37,709
Public Charges for Services	-	46,934	132,477
Intergovernmental Charges for Services	-	2,837	213,402
Miscellaneous	40,000	114,796	915,237
Total Revenues	248,109	1,054,289	6,854,453
EXPENDITURES			
Current:			
General Government	-	729	786,374
Public Safety	-	93,965	1,438,610
Public Works	199,524	8,353	1,392,633
Health and Human Services	-	-	11,916
Culture and Recreation	-	498,784	878,539
Conservation and Development	20,172	105,823	283,398
Debt Service:			
Principal	-	-	305,000
Interest and Fiscal Charges	56,471	15,628	98,516
Capital Outlay	-	24,888	1,230,468
Total Expenditures	276,167	748,170	6,425,454
Excess of Revenues Over (Under) Expenditures	(28,058)	306,119	428,999
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	77,268	-	77,268
Transfers In	-	179,699	1,215,792
Transfers Out	(351,745)	(327,468)	(858,912)
Total Other Financing Sources (Uses)	(274,477)	(147,769)	434,148
NET CHANGE IN FUND BALANCES	(302,535)	158,350	863,147
Fund Balances - Beginning of Year	(2,000,336)	30,804	6,041,996
FUND BALANCES - END OF YEAR	$ (2,302,871)	$ 189,154	$ 6,905,143

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances as Shown on Previous Page	$ 863,147
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Assets Reported as Expenditures in the Governmental Fund Statements	1,290,702
Depreciation Expense Reported in the Statement of Activities	(1,264,119)
Net Book Value of Disposals	(875,511)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(72,843)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal Repaid	305,000
The proportionate share of the change in net position related to the joint venture reported in the Statement of Net Position neither provides or uses current financial resources and are not reported in the fund statements	27,908
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued Interest on Long-Term Debt	544
Amortization of Premiums	4,821
Compensated Absences	10,134
Net Pension Liability (Asset)	(22,679)
Deferred Outflows of Resources Related to Pensions	(422,610)
Deferred Inflows of Resources Related to Pensions	367,025
Other Postemployment Benefits	8,525
Deferred Outflows of Resources Related to Other Postemployment Benefits	(5,938)
Deferred Inflows of Resources Related to Other Postemployment Benefits	2,910
Repayment of principal on long-term receivable and loans made are reported in the governmental funds as a revenue or expenditure, but are reported as a change in the long-term receivable in the Statement of Net Position and does not affect the statement of activities. Current year activity consists of:	
Loans Issued	128,437
Repayments Received	(66,439)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	$ 279,014

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budget			Variance Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 1,168,614	$ 1,168,614	$ 1,165,816	$ (2,798)
Special Assessments	165,000	165,000	69,771	(95,229)
Intergovernmental	2,047,310	2,047,310	2,099,398	52,088
Licenses and Permits	57,000	57,000	72,002	15,002
Fines and Forfeits	21,000	21,000	37,709	16,709
Public Charges for Services	48,250	48,250	85,543	37,293
Intergovernmental Charges for Services	187,400	187,400	210,565	23,165
Miscellaneous	144,750	144,750	716,371	571,621
Total Revenues	3,839,324	3,839,324	4,457,175	617,851
EXPENDITURES				
Current:				
General Government	920,950	920,950	785,645	135,305
Public Safety	1,237,928	1,237,928	1,344,645	(106,717)
Public Works	1,553,302	1,553,302	1,123,200	430,102
Health and Human Services	16,000	16,000	11,916	4,084
Culture and Recreation	238,350	238,350	379,755	(141,405)
Conservation and Development	35,575	35,575	52,019	(16,444)
Capital Outlay	144,219	144,219	533,196	(388,977)
Total Expenditures	4,146,324	4,146,324	4,230,376	(84,052)
Excess of Revenues Over (Under) Expenditures	(307,000)	(307,000)	226,799	533,799
OTHER FINANCING SOURCES (USES)				
Transfers In	390,000	390,000	708,625	318,625
Transfers Out	(178,000)	(178,000)	(179,699)	(1,699)
Total Other Financing Sources (Uses)	212,000	212,000	528,926	316,926
NET CHANGE IN FUND BALANCE	(95,000)	(95,000)	755,725	850,725
Fund Balance - Beginning of Year	7,323,969	7,323,969	7,323,969	-
FUND BALANCE - END OF YEAR	$ 7,228,969	$ 7,228,969	$ 8,079,694	$ 850,725

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
ASSETS					
CURRENT ASSETS					
Cash and Investments	$ 1,263,314	$ 1,726,968	$ 4,495,725	$ 519,564	$ 8,005,571
Receivables:					
Accounts	1,144,210	203,592	268,182	57,764	1,673,748
Interest	-	142	-	-	142
Prepaid Items and Supplies	454,278	70,411	-	-	524,689
Total Current Assets	2,861,802	2,001,113	4,763,907	577,328	10,204,150
NONCURRENT ASSETS					
Restricted and Other Assets:					
Cash and Investments	-	-	1,000,831	-	1,000,831
CAPITAL ASSETS					
Nondepreciable	102,869	1,427,279	1,101,765	-	2,631,913
Depreciable	8,049,149	12,883,575	6,989,809	216,486	28,139,019
Total Capital Assets	8,152,018	14,310,854	8,091,574	216,486	30,770,932
Total Assets	11,013,820	16,311,967	13,856,312	793,814	41,975,913
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Amounts	224,868	36,551	116,457	-	377,876
Other Postemployment Related Amounts	2,835	459	1,502	-	4,796
Total Deferred Outflows of Resources	227,703	37,010	117,959	-	382,672
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	782,658	182,693	231,182	30,199	1,226,732
Other Accrued Liabilities	15,845	-	-	-	15,845
Accrued Interest	-	2,799	7,110	-	9,909
Unearned Revenue	2,486	-	-	-	2,486
Public Benefits	46,052	-	-	-	46,052
Current Portion of Long-Term Debt					
General Obligation Debt	-	80,000	229,554	-	309,554
Revenue Bonds	-	29,546	-	-	29,546
Total Current Liabilities	847,041	295,038	467,846	30,199	1,640,124
LONG-TERM OBLIGATIONS, LESS CURRENT PORTION					
General Obligation Debt	-	430,000	2,230,960	-	2,660,960
Revenue Bonds	-	640,229	244,389	-	884,618
Compensated Absences	12,301	3,128	8,252	-	23,681
Customer Advances for Construction	15,651	-	-	-	15,651
Net Pension Liability	38,417	6,225	20,358	-	65,000
Other Postemployment Benefits	10,533	1,707	5,582	-	17,822
Total Long-Term Liabilities	76,902	1,081,289	2,509,541	-	3,667,732
Total Liabilities	923,943	1,376,327	2,977,387	30,199	5,307,856
DEFERRED INFLOWS OF RESOURCES					
Pension Related Amounts	112,109	18,165	59,410	-	189,684
Other Postemployment Related Amounts	11,155	1,807	5,911	-	18,873
Total Deferred Inflows of Resources	123,264	19,972	65,321	-	208,557
NET POSITION					
Net Investment In Capital Assets	8,152,018	12,986,649	5,163,974	216,486	26,519,127
Restricted					
Capital Expenditures	-	-	1,000,831	-	1,000,831
Unrestricted	2,042,298	1,966,029	4,766,758	547,129	9,322,214
Total Net Position	$ 10,194,316	$ 14,952,678	$ 10,931,563	$ 763,615	$ 36,842,172

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
OPERATING REVENUES					
Charges for Services	$ 10,643,283	$ 1,081,835	$ 2,907,619	$ 390,436	$ 15,023,173
Other	45,010	26,318	94,219	-	165,547
Total Operating Revenues	10,688,293	1,108,153	3,001,838	390,436	15,188,720
OPERATING EXPENSES					
Operation and Maintenance	9,779,176	451,819	1,044,226	475,603	11,750,824
Depreciation	597,104	345,875	1,130,582	39,210	2,112,771
Taxes	72,394	12,920	40,122	-	125,436
Total Operating Expenses	10,448,674	810,614	2,214,930	514,813	13,989,031
OPERATING INCOME (LOSS)	239,619	297,539	786,908	(124,377)	1,199,689
NONOPERATING REVENUES (EXPENSES)					
Interest Income	74,816	40,490	59,196	20,995	195,497
Nonoperating Grants	-	-	-	26,201	26,201
Gain (Loss) on Disposal of Capital Assets	-	-	31,500	-	31,500
Interest and Fiscal Charges	-	(21,265)	(69,478)	-	(90,743)
Other Nonoperating Revenues (Expenses)	807	148,461	-	-	149,268
Total Nonoperating Revenues (Expenses)	75,623	167,686	21,218	47,196	311,723
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	315,242	465,225	808,126	(77,181)	1,511,412
Capital Contributions	53,004	562,242	406,336	-	1,021,582
Transfers Out	(180,008)	(176,872)	-	-	(356,880)
CHANGE IN NET POSITION	188,238	850,595	1,214,462	(77,181)	2,176,114
Net Position - Beginning of Year	10,006,078	14,102,083	9,717,101	840,796	34,666,058
NET POSITION - END OF YEAR	$ 10,194,316	$ 14,952,678	$ 10,931,563	$ 763,615	$ 36,842,172

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	$ 10,669,776	$ 1,030,130	$ 2,880,221	$ 388,798	$ 14,968,925
Cash Paid for Employee Wages and Benefits	(677,430)	(206,923)	(426,225)	(73)	(1,310,651)
Cash Paid to Suppliers	(9,089,499)	(197,124)	(650,835)	(474,715)	(10,412,173)
Net Cash Provided (Used) by Operating Activities	902,847	626,083	1,803,161	(85,990)	3,246,101
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Merchandising/Jobbing (Net)	807	148,461	-	-	149,268
Intergovernmental	-	-	-	26,201	26,201
Transfer to Other Funds	(180,008)	(176,872)	-	-	(356,880)
Net Cash Provided (Used) by Noncapital Financing Activities	(179,201)	(28,411)	-	26,201	(181,411)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(777,515)	(1,249,944)	(777,622)	(9,597)	(2,814,678)
Capital Contributions	53,004	562,242	406,336	-	1,021,582
Cost of Disposal	67,576	-	-	-	67,576
Sale of Capital Assets	-	-	140,458	-	140,458
Proceeds from Long-Term Debt Issued	-	490,027	481,420	-	971,447
Principal Paid on Long-Term Debt	-	(88,193)	(213,138)	-	(301,331)
Interest Paid on Long-Term Debt	-	(20,251)	(72,215)	-	(92,466)
Net Cash Flows Used by Capital and Related Financing Activities	(656,935)	(306,119)	(34,761)	(9,597)	(1,007,412)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	37,943	27,919	62,943	(143)	128,662
CHANGE IN CASH AND CASH EQUIVALENTS	104,654	319,472	1,831,343	(69,529)	2,185,940
Cash and Cash Equivalents - Beginning of Year	1,013,561	1,385,188	3,646,055	567,656	6,612,460
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,118,215	$ 1,704,660	$ 5,477,398	$ 498,127	$ 8,798,400

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Electric Utility	Water Utility	Sewer Utility	Nonmajor Recycling - Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 239,619	$ 297,539	$ 786,908	$ (124,377)	$ 1,199,689
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	597,104	345,875	1,130,582	39,210	2,112,771
Depreciation Charged to Other Accounts	37,251	18,670	(18,670)	-	37,251
Change on Liability (Asset) and Deferred Outflows and Inflows of Resources:					
Change in WRS Asset/Liability	2,721	636	1,635	-	4,992
Change in WRS Deferred Outflow	95,834	13,699	47,847	-	157,380
Change in WRS Deferred Inflow	(78,592)	(11,694)	(40,615)	-	(130,901)
Change in OPEB Liability	(2,199)	(287)	(1,096)	-	(3,582)
Change in OPEB Deferred Outflow	1,320	192	677	-	2,189
Change in OPEB Deferred Inflow	(1,107)	(113)	(520)	-	(1,740)
Change in Operating Assets and Liabilities:					
Accounts Receivables	(20,357)	(78,023)	(121,617)	(1,638)	(221,635)
Prepaid Items and Supplies	(34,447)	8,740	-	-	(25,707)
Accounts Payable	66,488	31,752	17,148	815	116,203
Other Accrued Liabilities	652	-	-	-	652
Due to Other Governments	-	-	-	-	-
Unearned Revenue	79	-	-	-	79
Compensated Absences	(3,280)	(903)	882	-	(3,301)
Public Benefits	1,761	-	-	-	1,761
Net Cash Provided (Used) by Operating Activities	$ 902,847	$ 626,083	$ 1,803,161	$ (85,990)	$ 3,246,101
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and Investments in Current Assets	$ 1,263,314	$ 1,726,968	$ 4,495,725	$ 519,564	$ 8,005,571
Cash and Investments in Restricted and Other Assets	-	-	1,000,831	-	1,000,831
Total Cash and Investments	1,263,314	1,726,968	5,496,556	519,564	9,006,402
Less: Noncash Equivalents	(145,099)	(22,308)	(19,158)	(21,437)	(208,002)
Total Cash and Cash Equivalents	$ 1,118,215	$ 1,704,660	$ 5,477,398	$ 498,127	$ 8,798,400
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased on Account	$ 46,721	$ -	$ 108,957	$ -	$ 155,678

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Tax Collection Custodial Fund	Medford Area Fire Department Custodial Fund	State CDBG Loan Collections	Total
ASSETS				
Cash and Investments	$ 1,780,106	$ 393,465	$ 4,140	$ 2,177,711
Accounts Receivable	-	6,809	-	6,809
Property Taxes Receivable	3,767,742	-	-	3,767,742
Total Assets	5,547,848	400,274	4,140	5,952,262
LIABILITIES				
Accounts Payable	-	14,582	-	14,582
Accrued Liabilities	-	15,840	-	15,840
Due to Other Governments	-	-	570	570
Unearned Revenue	-	14,276	-	14,276
Total Liabilities	-	44,698	570	45,268
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	5,547,848	-	-	5,547,848
NET POSITION				
Held for Others	$ -	$ 355,576	$ 3,570	$ 359,146

See accompanying Notes to Basic Financial Statements.

CITY OF MEDFORD, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Tax Collection Custodial Fund	Medford Area Fire Department Custodial Fund	State CDBG Loan Collections	Total
ADDITIONS				
Property Tax Collections	$ 5,416,755	$ -	$ -	$ 5,416,755
Public Charges for Services	-	36,122	-	36,122
Intergovernmental Charges for Services	-	235,100	-	235,100
Miscellaneous	-	3,520	15,964	19,484
Total Additions	5,416,755	274,910	15,964	5,707,629
DEDUCTIONS				
Payments to Taxing Jurisdictions	5,416,755	-	-	5,416,755
Payments to State	-	-	15,964	15,964
Payments to Vendors and Suppliers	-	165,733	-	165,733
Capital Outlay	-	-	-	-
Total Deductions	5,416,755	165,733	15,964	5,598,452
CHANGE IN NET POSITION	-	109,177	-	109,177
Net Position - Beginning of Year	-	246,399	3,570	249,969
NET POSITION - END OF YEAR	$ -	$ 355,576	$ 3,570	$ 359,146

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation governed by an elected eight-member council. In accordance with U.S. GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements in accordance with standards.

City of Medford Community Development Authority

The City of Medford Community Development Authority (CDA) of the City of Medford, Wisconsin, was created on September 5, 2000 by resolution of the Common Council of the City of Medford pursuant to the authority granted in Section 66.1335 of the Wisconsin Statutes. The Authority is governed by a seven-member Commission appointed by the Mayor and approved by the Common Council. Commission members must be residents of the City (two must also be members of the Common Council or Mayor of the City) and serve staggered terms. The Authority is expressly granted exclusive power to carry on economic development and blight elimination projects in the City. The CDA is granted various powers under Wisconsin Statutes to enable it to carry out its duties, including the specific authority to take title to real and personal property and to issue bonds for redevelopment purposes. Wisconsin statutes provide for circumstances whereby the City can impose their will on the Authority, and also create a potential financial benefit to or burden on the City. The Authority has no taxing power. The CDA's financial statements have been blended in the City's basic financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture

The Medford Fire and Rescue Joint Ownership District (the District) was established in 1990 for the purpose of providing fire and rescue service protection to the territory included within the District. The municipalities participating in the District and their percentage shares are as follows:

City of Medford	36.30 %
Town of Browning	8.21
Town of Chelsea	7.63
Town of Goodrich	4.86
Town of Grover	4.36
Town of Hammel	9.94
Town of Medford	23.74
Town of Molitor	4.96
Total	100.00 %

The City operates as the fiscal agent for the District's operations. The activity of the District and its related financial information is accounted for in the City's financial system as a custodial fund.

The percentage share of each municipality is based on their share of equalized value within the District. The governing body consists of fourteen voting members, six from the City of Medford, two from one township, and one from each of the remaining six townships. Each municipality may select their "commissioner" in such manner as they see fit. Budgets and equipment purchases over $5,000 require an affirmative vote of nine or more commissioners. All other action requires a majority vote of the commissioners present. District dues are based on the above percentages. Other fire calls are billed on an as used basis. Shortfalls are allocated to each member based on the equalized valuation as of January 1 of the year in question.

The City accounts for its share of the operation as an expense in the general fund. In 2025, the City made contributions totaling $52,667. The City has a residual equity interest in the District only upon liquidation equal to its percentage share of participation. The equity interest at December 31, 2025 is $461,167.

C. Government-Wide and Fund Financial Statements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The City reports the following major governmental funds:

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

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

Affordable Housing
A special revenue fund used to account for funds collected from the closure of TID Districts restricted for use in affordable housing projects by Wisconsin Statutes.

Construction Capital Projects Fund
This fund accounts for financial resources of public works construction projects other than those financed by proprietary fund types.

Tax Incremental District 14 Capital Projects Fund
These funds are used to account for the project plan costs of the City's Tax Incremental District No. 14.

The City reports the following major enterprise funds:

Electric Utility Fund
This fund accounts for the purchase and resale of electricity to utility customers.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City also reports the following fiduciary fund type:

Custodial Fund
The tax collection custodial fund accounts for property taxes and special charges collected on behalf of other governments. The Medford Area Fire Department Custodial Fund accounts for the activities of the Medford Area Fire Department, a separate entity from the City of Medford. The City also acts as a collecting entity for various CDBG loans which are then remitted to the State.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and investments are pooled (including restricted assets) and considered essentially demand deposits.

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

In addition to its levy, the City also levies and collects taxes for the Medford School District, Taylor County, and Northcentral Technical College. Collections and remittances of taxes for other entities are accounted for in a custodial fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Accounts Receivable

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

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls.

5. Interfund Receivables and Payables

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

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

6. Prepaid Items and Supplies

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed during the periods benefited. The City also maintains various materials and supplies used to maintain the electric, water, and sewer infrastructure systems. Supplies are recorded when purchased at cost, and expensed when utilized for repairs or maintenance.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $10,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Assets	Governmental Activities (Years)	Business-Type Activities (Years)
Buildings and Improvements	20 - 40	25 - 50
Machinery and Equipment	5 - 20	3 - 10
Infrastructure	25 - 100	66 - 100

8. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. Deferred Outflows/Inflows of Resources

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Deferred Outflows/Inflows of Resources (Continued)

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

10. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pensions

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

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Other Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the following:

- Net OPEB liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, and
- OPEB expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance**. Amounts that are not in spendable form (such as prepaid items and supplies) or are legally or contractually required to remain intact.
- **Restricted Fund Balance**. Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance**. Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned Fund Balance**. Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized a specific employee to assign fund balance.
- **Unassigned Fund Balance**. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

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

Government-Wide and Proprietary Fund Statements

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

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

F. Sales Tax

The City collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The City's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

G. Use of Estimates

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

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.

2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except for the police department and fire department membership funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions. The expenditures of the tax increment districts are controlled and authorized by project plans and borrowing resolutions.

4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2025.

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2025 as follows:

Fund(s)	Excess Expenditures
General Fund:	
Attorney	$ 17,426
Mayor	528
City Clerk	2,250
Finance Clerical	4,028
Planner	8,192
Refunded Tax	4,273
Police	97,433
Fire Inspections	2,448
Emergency Government	6,835
Public Works Administration	41,546
Traffic Control	1,202
Street Cleaning	8,135
Street Maintenance	77,642
Snow and Ice Control	60,223
City Shop	13,306
Street Construction	2,325
Machinery and Equipment	23,848
Dams and Bridges	4,993
Street Lighting	25,019
Sidewalk Maintenance	1,756
Storm Sewer Maintenance	24,936
Park Grounds	86,934
Park Buildings	823
Civic Promotion Events	5,154
Pools	44,188
Riverwalk Expense	10,146
All-Inclusive Playground	259,870
Brush Control	21,062
Zoning	496
Police Equipment	28,214
Park Equipment	176,561

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following funds had deficit fund balance or net position as of December 31, 2025:

Funds	Deficit Fund Balance
Special Revenue	
Affordable Housing	$ 271,327
Capital Projects:	
TID No. 7	86,862
TID No. 10	173,752
TID No. 13	306,732
TID No. 14	2,302,871

The City anticipates funding the above deficits from future revenues, borrowings, and tax increments of the funds.

D. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2025 and 2026 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City’s January 1 equalized value as a result of net new construction. The actual limit for the City for the 2025 budget was 2.06%. The actual limit for the City for the 2026 budget was 2.08%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the City's cash and investments totaled $18,967,307 on December 31, 2025 as summarized below:

Petty Cash and Cash on Hand	$ 1,189
Deposits with Financial Institutions	13,921,688
Investments:	
U.S. Treasuries	277,155
State and Municipal Bonds	1,771,973
U.S. Agency Bonds	785,417
Negotiable Certificates of Deposit	2,128,381
Money Market Mutual Funds	81,504
Total	$ 18,967,307

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	$ 15,712,316
Restricted Cash and Investments	1,077,280
Fiduciary Fund Statement of Net Position:	
Custodial Funds	2,177,711
Total	$ 18,967,307

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2025:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasuries	$ -	$ 277,155	$ -
State and Municipal Bonds	-	1,771,973	-
U.S. Agency Bonds	-	785,417	-
Negotiable Certificates of Deposit	-	2,128,381	-
Money Market Mutual Funds	81,504	-	-
Total	$ 81,504	$ 4,962,926	$ -

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of $250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of $250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $1,000,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund’s total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2025, $4,927,460 of the City’s deposits with financial institutions were in excess of federal and state depository insurance limits and was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City’s name.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

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

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
U.S. Treasuries	$ 277,155	$ 277,155	$ -	$ -	$ -
State and Municipal Bonds	1,771,973	-	693,210	1,078,763	-
U.S. Agency Bonds	785,417	-	785,417	-	-
Negotiable Certificates of Deposit	2,128,381	-	-	-	2,128,381
Totals	$ 4,962,926	$ 277,155	$ 1,478,627	$ 1,078,763	$ 2,128,381

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities and structuring investment portfolios based on cash requirements of ongoing operations as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasuries	$ 277,155	$ 277,155	$ -	$ -	$ -
State and Municipal Bonds	1,771,973	568,191	957,706	246,076	-
U.S. Agency Bonds	785,417	785,417	-	-	-
Negotiable Certificates of Deposit	2,128,381	618,930	1,262,723	246,728	-
Totals	$ 4,962,926	$ 2,249,693	$ 2,220,429	$ 492,804	$ -

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted and other assets on December 31, 2025 totaled $76,449 and consisted of cash and investments held for the following purposes:

Funds		Amount	Purpose
Community Development Authority			
TID 13 Contribution	$	76,449	To be spent on TIF eligible expenditures within TID 13
Sewer Utility			
Equipment Replacement		1,000,831	To be used for the replacement of certain equipment of the Sewer Utility in accordance with Wisconsin Department of Natural Resources requirements
Total	$	1,077,280	

C. Long-Term Receivables

The City's outstanding loan receivables of $1,546,221 as of December 31, 2025 represent loans to local business owners. The loans are scheduled to be repaid through 2043. Based on the payment schedule for loans receivables, $1,546,221, of the amounts reported is not expected to be collected within the next year.

Based on the payment schedule for special assessment receivables, $272,714 of the amounts reported in the general fund is not expected to be collected within the next year.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	$ 1,499,108	$ -	$ 808,751	$ 690,357
Construction in Progress	75,876	119,465	75,876	119,465
Total Capital Assets, Nondepreciable	1,574,984	119,465	884,627	809,822
Capital Assets, Depreciable:				
Buildings and Improvements	6,529,294	-	-	6,529,294
Machinery and Equipment	3,110,166	456,414	89,354	3,477,226
Infrastructure	34,043,259	790,699	-	34,833,958
Subtotals	43,682,719	1,247,113	89,354	44,840,478
Less Accumulated Depreciation for:				
Buildings and Improvements	3,396,567	177,690	-	3,574,257
Machinery and Equipment	2,161,608	201,286	22,594	2,340,300
Infrastructure	18,225,382	885,143	-	19,110,525
Subtotals	23,783,557	1,264,119	22,594	25,025,082
Total Capital Assets, Depreciable, Net	19,899,162	(17,006)	66,760	19,815,396
Governmental Activities Capital Assets, Net	$ 21,474,146	$ 102,459	$ 951,387	20,625,218
Less: Capital Related Debt				184,224
Less: Capital Related Payables				18,500
Net Investment in Capital Assets				$ 20,422,494

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	$ 149,539	$ -	$ -	$ 149,539
Construction in Progress	3,236,740	1,701,156	2,513,918	2,423,978
Non-Utility Property	58,396	-	-	58,396
Total Capital Assets, Nondepreciable	3,444,675	1,701,156	2,513,918	2,631,913
Capital Assets, Depreciable:				
Buildings and Improvements	13,145,251	2,539,091	858,956	14,825,386
Machinery and Equipment	14,176,199	448,449	228,347	14,396,301
Infrastructure	37,312,110	823,673	112,139	38,023,644
Subtotals	64,633,560	3,811,213	1,199,442	67,245,331
Less Accumulated Depreciation	37,979,197	2,150,022	1,022,907	39,106,312
Total Capital Assets, Depreciable, Net	26,654,363	1,661,191	176,535	28,139,019
Business-Type Activities Capital Assets, Net	$ 30,099,038	$ 3,362,347	$ 2,690,453	30,770,932
Less: Capital Related Debt				3,858,846
Less: Debt Premium				25,832
Less: Capital Related Payables				367,127
Net Investment in Capital Assets				$ 26,519,127

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

An additional $1,705,780 of governmental activities debt related to business-type activities capital assets. This debt reduces total net investment in capital assets for the City to $45,235,841.

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

Governmental Activities:	
General Government	$ 19,902
Public Safety	65,732
Public Works	1,067,540
Culture and Recreation	110,945
Total Depreciation Expense - Governmental Activities	$ 1,264,119
Business-Type Activities:	
Electric Utility	$ 597,104
Electric Utility Charged to Clearing Accounts	37,251
Water Utility	345,875
Sewer Utility	1,130,582
Recycling Utility	39,210
Total Depreciation Expense - Business-Type Activities	$ 2,150,022

E. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2025 are detailed below:

	Interfund Receivables	Interfund Payables
Long-Term Cash Advances:		
General Fund	$ 3,139,053	$ -
Special Revenue Fund:		
Affordable Housing	-	271,327
Room Tax		1,109
Capital Projects Funds:		
TID No. 7	-	85,962
TID No. 10	-	172,852
TID No. 13	-	305,832
TID No. 14	-	2,301,971
Subtotal	3,139,053	3,139,053
Totals	$ 3,139,053	$ 3,139,053

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

Advance from the General Fund

General fund advances to tax incremental districts have been made to fund implementation of the District's project plan. No established repayment schedules exist. Interest on the advance is recorded annually.

Interfund transfers for the year ended December 31, 2025 were as follows:

Funds	Transfer In	Transfer Out
General	$ 708,625	$ 179,699
Special Revenue:		
Library	171,699	-
Community Development Authority	8,000	-
Debt Service	327,468	-
Capital Projects:		
TID No. 13	-	327,468
TID No. 14	-	351,745
Enterprise:		
Electric Utility	-	180,008
Water Utility	-	176,872
Total	1,215,792	$ 1,215,792
Interfund Elimination	(858,912)	
Capital Assets of Enterprise Funds Financed by City	(213,606)	
Transfers - Governmental Activities	$ 143,274	

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Electric Utility to General Fund	$ 180,008
Tax Equivalent Payment Made by Water Utility to General Fund	176,872
Tax Incremental District Transfers for Debt Retirement Related to the District	327,468
Fund Capital Projects	9,699
Moving Revenues from the Fund Required to Collect Them to the Fund Required or Allowed to Expend Them	170,000
Moving Expense of Land from General Fund to TIF Based on 2025 TIF Boundary Change	351,745
Total	$ 1,215,792

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2025:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	$ 2,195,000	$ -	$ 305,000	$ 1,890,000	$ 310,000
Debt Premium	4,821	-	4,821	-	-
Compensated Absences	45,177	-	10,134	35,043	-
Governmental Activities Long-Term Obligations	$ 2,244,998	$ -	$ 319,955	$ 1,925,043	$ 310,000
Business-Type Activities:					
General Obligation Debt:					
Bonds	$ 1,985,000	$ -	$ 250,000	$ 1,735,000	$ 255,000
Direct Borrowing Notes	1,015,789	237,031	43,138	1,209,682	54,554
Total General Obligation Debt	3,000,789	237,031	293,138	2,944,682	309,554
Direct Borrowing:					
Revenue Bonds	187,941	734,416	8,193	914,164	29,546
Debt Premium	29,523	-	3,691	25,832	-
Compensated Absences	26,982	-	3,301	23,681	-
Business-Type Activities Long-Term Obligations	$ 3,245,235	$ 971,447	$ 308,323	$ 3,908,359	$ 339,100

Total interest paid during the year on long-term debt totaled $75,628. The change in the compensated absence liability is presented as a net change.

The City's outstanding notes and bonds from direct borrowings related to business type activities of $2,123,846 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
General Obligation Bond	02/06/18	12/01/32	3.00%	$ 2,445,000	$ 795,000
General Obligation Bond	08/11/20	04/01/31	0.35 - 1.15%	4,455,000	2,830,000
General Obligation Bond	06/12/24	05/01/44	1.68%	1,252,820	1,209,682
Total Outstanding General Obligation Debt					$ 4,834,682

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of $4,834,682 on December 31, 2025 are detailed below:

Year Ended	Governmental Activities Bonded Debt		
December 31,	Principal	Interest	Total
2026	$ 310,000	$ 17,693	$ 327,693
2027	310,000	15,678	325,678
2028	310,000	13,198	323,198
2029	315,000	10,408	325,408
2030	320,000	7,258	327,258
2031-2032	325,000	1,869	326,869
Total	$ 1,890,000	$ 66,104	$ 1,956,104

Year Ended	Business-Type Activities Bonded Debt		Direct Borrowings		
December 31,	Principal	Interest	Principal	Interest	Total
2026	$ 255,000	$ 32,668	$ 54,554	$ 20,287	$ 362,509
2027	260,000	28,543	55,473	18,985	363,001
2028	265,000	24,153	56,407	18,043	363,603
2029	270,000	19,458	57,357	17,085	363,900
2030	275,000	14,458	58,323	16,111	363,892
2031-2035	410,000	12,049	306,682	65,362	794,093
2036-2040	-	-	333,389	38,430	371,819
2041-2044	-	-	287,497	9,784	297,281
Total	$ 1,735,000	$ 131,329	$ 1,209,682	$ 204,087	$ 3,280,098

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2025 was $17,861,973 as follows:

Equalized Valuation of the City	$ 453,933,100
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	22,696,655
Total Outstanding General Obligation Debt Applicable to Debt Limitation	4,834,682
Legal Margin for New Debt	$ 17,861,973

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Revenue Bonds

Revenue bond debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Safe Drinking Water Loan	9/11/24	5/1/44	1.419%	$ 192,645	$ 184,450
Safe Drinking Water Loan	9/24/25	5/1/45	1.485%	485,325	485,325
Clean Water Fund Loan	9/24/25	5/1/45	1.295%	244,389	244,389
Total Outstanding Revenue Bond Debt					$ 914,164

Annual principal and interest maturities of the outstanding revenue bonds of $914,164 on December 31, 2025 are detailed below:

Year Ended December 31,	Business-Type Activities Principal	Business-Type Activities Interest	Total
2026	$ 29,546	$ 13,029	$ 42,575
2027	41,406	12,262	53,668
2028	41,994	11,671	53,665
2029	42,590	11,071	53,661
2030	43,194	10,462	53,656
2031-2035	225,340	49,498	274,838
2036-2040	241,791	22,848	264,639
2041-2045	248,303	5,434	253,737
Total	$ 914,164	$ 136,275	$ 1,050,439

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the safe drinking and clean water loans. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the utilities. The bonds are payable solely from water and net revenues and are payable through 2045. The total principal and interest remaining to be paid by the water utility is $669,775 and $101,499, respectively. The total principal and interest remaining to be paid by the sewer utility is $244,389 and $34,776, respectively. Principal and interest paid for the current year and total customer revenues for the water utility were $10,935 and 643,264. Principal and interest paid for the current year and total customer revenues for the sewer utility were $-0- and $1,916,417.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan

1. Plan Description

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

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

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

2. Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	(21)
2024	3.6	15

3. Contributions

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

During the reporting period ended December 31, 2025, the WRS recognized $247,606 in contributions from the City.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives, and Elected Officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%

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

At December 31, 2025, the City reported a liability of $266,387 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.01621181%, which was an increase of 0.00015614% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $360,550.

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 827,277	$ 777,381
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	404,789	-
Changes in Assumptions	79,042	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,720	-
Employer Contributions Subsequent to the Measurement Date	247,606	-
Total	$ 1,564,434	$ 777,381

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

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

$247,606 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2026	$ 163,175
2027	554,151
2028	(135,743)
2029	(42,136)
Total	$ 539,447

5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
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% - 5.7%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 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:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	38.0 %	7.0%	4.3%
Public Fixed Income	27.0	6.1%	3.4%
Private Equity/Debt	20.0	9.5%	6.7%
Inflation Sensitive	19.0	4.8%	2.1%
Real Estate	8.0	6.5%	3.8%
Leverage	(12.0)	3.7%	1.1%
Total Core Fund	100.0 %	7.5%	4.8%
Variable Fund Asset:			
U.S. Equities	70.0 %	6.5%	3.8%
International Equities	30.0	7.4%	4.7%
Total Variable Fund	100.0 %	6.9%	4.2%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.6%

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.08% (Source: “20-Bond GO Index” is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds’ average quality is roughly equivalent to Moody’s investors Service’s Aa2 rating and Standard and Poor’s Corp.’s AA). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid after reflecting known changes in the Market Recognition Account. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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)	$ 2,499,057	$ 266,387	$ (1,319,861)

6. Payables to the Pension Plan

The City reported a payable of $-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2025.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2025 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2024 are listed below:

Life Insurance
Member Contribution Rates
For the Year Ended December 31, 2024

Attained Age	Basic	Supplemental
Under 30	$0.05	$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the reporting period, the LRLIF recognized $392 in contributions from the employer.

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

At December 31, 2025, the City reported a liability of $73,038 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.01866900%, which was an increase of 0.00016200% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of $8,237.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 7,597
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	1,002	-
Changes in Assumptions	17,922	40,966
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	734	28,786
Total	$ 19,658	$ 77,349

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

Year Ended December 31,	Expense
2026	$ (13,448)
2027	(15,013)
2028	(13,324)
2029	(10,804)
2030	(2,709)
Thereafter	(2,393)
Total	$ (57,691)

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

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

Actuarial Valuation Date:	January 1, 2024
Measurement Date of Net OPEB Liability (Asset):	December 31, 2024
WRS Experience Study:	January 1, 2021 - December 31, 2023, Published November 19, 2024
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield*:	4.08%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	4.09%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table

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

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. The total OPEB liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the January 1, 2024 actuarial valuation.

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	40%	2.41%
U.S. Mortgages	Bloomberg U.S. MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

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

Single Discount Rate. A single discount rate of 4.09% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023 to 4.08% as of December 31, 2024. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

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

Sensitivity of the City's Proportionate Share of Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.09%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
City's Proportionate Share of the Net OPEB Liability (Asset)	$ 97,625	$ 73,038	$ 54,091

Payable to the OPEB Plan

The City reported a payable of $0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2025.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2025, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Items and Supplies	$ 81,232
Delinquent Specials Held by County	1,586
Utility Special Assessments	34,957
Advances to Other Funds	3,139,053
Total Nonspendable Fund Balance	$ 3,256,828

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2025, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Room Tax	$ 1,068
Community Development Authority	155,465
Police Department	38,614
Fire Department Membership	104,727
Fix-It Fund	83,394
Debt Service Fund:	
Restricted for:	
Retirement of Long-Term Debt	812,741
Total Restricted Fund Balance	$ 1,196,009

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2025, fund balance was committed as follows:

Special Revenue Funds:	
Committed for:	
Landfill	$ 151,083
Library	222,149
Total Committed Fund Balance	$ 373,232

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2025, fund balance was assigned as follows:

General Fund:	
Accounting Software	$ 48,000
Capital Construction	155,430
Chamber Building Maintenance	28,445
City Office Equipment	68,672
Citywide Assessment Revaluation	65,183
Election Equipment	2,000
Capital Outlay Public Building	6,000
Fix-It Fund	83,394
Geographical Information System (GIS)	11,355
Insurance Premium	88,796
K-9	8,822
Music in the Park	1,068
Park Development	53,597
Police Vehicles	6,597
Public Works Equipment	218,418
Public Works Sand, Salt, and Rental	281,745
Recreation	29,552
Swimming Pool	44,976
Website Development	9,285
Subtotal	1,211,335
Construction Capital Projects Funds:	
Assigned for Subsequent Year's Expenditures	397,752
Total	$ 1,609,087

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

The City has established separate capital projects funds for Tax Incremental District (TID) No. 7, No. 10, No. 13 and No. 14 which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's District is still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2025, the City can recover $4,760,217 from future excess tax increment revenues of the following:

	Advance/Due from Other Funds	Portion of General Obligation Debt	Deficit or (Available Resources)	Total
TID No. 7	$ 85,962	$ -	$ 900	$ 86,862
TID No. 10	172,852	-	900	173,752
TID No. 13	305,832	1,890,000	900	2,196,732
TID No. 14	2,301,971	-	900	2,302,871
Total	$ 2,866,617	$ 1,890,000	$ 3,600	$ 4,760,217

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

	Base Year	Maximum Life
TID No. 7 (1)	1997	9/16/2030
TID No. 10 (1)	1999	9/16/2030
TID No. 13 (1)	2005	9/16/2030
TID No. 14 (1)	2022	3/21/2043

(1) The District has been designated as a donor or donee district; therefore, the District's maximum life has been extended.

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Enterprise Fund – Significant Customer

The electric utility has one significant customer who was responsible for 18% of operating revenues and the sewer utility has one significant customer who was responsible for 30% of operating revenues for the year ended December 31, 2025.

C. Risk Management

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

D. Contingencies

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

E. Subsequent Events

The City has drawn an additional $242,449 on the Safe Drinking Water Loan dated September 24, 2025 to finance improvements to the City's water utility infrastructure system.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEDFORD, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.01633878%	$ 265,502	$ 2,056,590	12.91%	98.50%
12/31/16	0.01636869%	265,502	2,122,925	12.51%	99.12%
12/31/17	0.01635136%	134,917	2,164,968	6.23%	102.93%
12/31/18	0.01652390%	587,868	2,199,504	26.73%	96.45%
12/31/19	0.01662122%	(535,944)	2,298,779	-23.31%	102.96%
12/31/20	0.01647381%	(1,028,483)	2,272,813	-45.25%	105.26%
12/31/21	0.01637148%	(1,319,572)	2,351,180	-56.12%	106.02%
12/31/22	0.01608521%	852,146	2,306,835	36.94%	95.72%
12/31/23	0.01605567%	238,716	2,525,335	9.45%	98.85%
12/31/24	0.01621181%	266,387	2,750,010	9.69%	98.79%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/16	$ 155,771	$ 155,771	$ -	$ 2,122,925	7.34%
12/31/17	169,741	169,741	-	2,164,968	7.84%
12/31/18	170,064	170,064	-	2,199,504	7.73%
12/31/19	177,142	177,142	-	2,298,779	7.71%
12/31/20	183,721	183,721	-	2,272,813	8.08%
12/31/21	189,768	189,768	-	2,351,180	8.07%
12/31/22	185,901	185,901	-	2,306,835	8.06%
12/31/23	223,987	223,987	-	2,525,335	8.87%
12/31/24	240,852	240,852	-	2,751,757	8.75%
12/31/25	247,606	247,606	-	2,705,369	9.15%

See accompanying Notes to Required Supplementary Information.

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

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.04205500%	$ 126,526	$ 2,164,968	5.84%	44.84%
12/31/18	0.03982800%	102,771	2,298,779	4.47%	48.69%
12/31/19	0.03524700%	150,089	2,298,779	6.53%	37.58%
12/31/20	0.02601900%	143,123	2,351,180	6.09%	37.58%
12/31/21	0.02271500%	134,255	2,351,180	5.71%	29.57%
12/31/22	0.01986700%	75,690	2,306,835	3.28%	38.81%
12/31/23	0.01850700%	85,144	2,631,534	3.24%	33.90%
12/31/24	0.01866900%	73,038	2,750,010	2.66%	37.20%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	$ 770	$ 770	$ -	$ 2,199,504	0.04%
12/31/19	744	744	-	2,272,813	0.03%
12/31/20	441	441	-	2,351,180	0.02%
12/31/21	456	456	-	2,306,835	0.02%
12/31/22	464	464	-	2,306,835	0.02%
12/31/23	414	414	-	2,631,534	0.02%
12/31/24	377	377	-	2,750,010	0.01%
12/31/25	392	392	-	2,705,369	0.01%

See accompanying Notes to Required Supplementary Information.

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

Based on a three-year experience study conducted in 2024 covering January 1, 2021 through December 31, 2023, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2024, including the following:

- Raising the seniority/merit inflation rate from 0.1% to 5.6% to 0.1% to 5.7%

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%
- Lower 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%
- Lower 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.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND

Changes of Benefit Terms

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

Changes of Assumptions

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

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

- Lowering the discount rate from 2.25% to 2.17%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

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

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The City is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

CITY OF MEDFORD, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue						
	Room Tax	Landfill	Library	Community Development Authority	Police Department	Fire Department Membership Fund	Fix-It Fund
ASSETS							
Cash and Investments	$ -	$ 151,083	$ 231,847	$ 79,016	$ 36,019	$ 105,650	$ 83,394
Restricted Cash and Investments	-	-	-	76,449	-	-	-
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	13,606	-	-	-	2,595	-	-
Loans	-	-	-	-	-	-	19,101
Total Assets	$ 13,606	$ 151,083	$ 231,847	$ 155,465	$ 38,614	$ 105,650	$ 102,495
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 11,429	$ -	$ 9,698	$ -	$ -	$ 923	$ -
Advances from Other Funds	1,109	-	-	-	-	-	-
Total Liabilities	12,538	-	9,698	-	-	923	-
DEFERRED INFLOWS OF RESOURCES							
Property Taxes Levied for Subsequent Year	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	19,101
Total Deferred Inflows of Resources	-	-	-	-	-	-	19,101
FUND BALANCES							
Restricted	1,068	-	-	155,465	38,614	104,727	83,394
Committed	-	151,083	222,149	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	1,068	151,083	222,149	155,465	38,614	104,727	83,394
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 13,606	$ 151,083	$ 231,847	$ 155,465	$ 38,614	$ 105,650	$ 102,495

CITY OF MEDFORD, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Capital Projects			
	TID No. 7	TID No. 10	TID No. 13	Total
ASSETS				
Cash and Investments	$ 9,352	$ 12,926	$ 77,446	$ 786,733
Restricted Cash and Investments	-	-	-	76,449
Receivables:				
Taxes	19,794	27,360	163,920	211,074
Accounts	-	-	-	16,201
Loans	-	-	-	19,101
Total Assets	$ 29,146	$ 40,286	$ 241,366	$ 1,109,558
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 900	$ 900	$ 900	$ 24,750
Advances from Other Funds	85,962	172,852	305,832	565,755
Total Liabilities	86,862	173,752	306,732	590,505
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Levied for Subsequent Year	29,146	40,286	241,366	310,798
Loans Receivable	-	-	-	19,101
Total Deferred Inflows of Resources	29,146	40,286	241,366	329,899
FUND BALANCES				
Restricted	-	-	-	383,268
Committed	-	-	-	373,232
Unassigned	(86,862)	(173,752)	(306,732)	(567,346)
Total Fund Balances	(86,862)	(173,752)	(306,732)	189,154
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 29,146	$ 40,286	$ 241,366	$ 1,109,558

CITY OF MEDFORD, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Special Revenue						
	Room Tax	Landfill	Library	Community Development Authority	Police Department	Fire Department Membership Fund	Fix-It Fund
REVENUES							
Taxes	$ 53,379	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	270,830	-	2,880	-	120,000
Public Charges for Services	-	-	9,849	-	37,085	-	-
Intergovernmental Charges for Services	-	-	-	-	-	2,837	-
Miscellaneous	-	4,036	50,077	517	4,081	46,285	9,800
Total Revenues	53,379	4,036	330,756	517	44,046	49,122	129,800
EXPENDITURES							
Current:							
General Government	-	-	-	501	-	-	228
Public Safety	-	-	-	-	35,252	34,584	24,129
Public Works	-	8,353	-	-	-	-	-
Culture and Recreation	-	-	498,784	-	-	-	-
Conservation and Development	52,311	-	-	-	-	-	22,049
Debt Service:							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	24,888	-	-
Total Expenditures	52,311	8,353	498,784	501	60,140	34,584	46,406
Excess of Revenues Over (Under) Expenditures	1,068	(4,317)	(168,028)	16	(16,094)	14,538	83,394
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	171,699	8,000	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	171,699	8,000	-	-	-
NET CHANGE IN FUND BALANCES	1,068	(4,317)	3,671	8,016	(16,094)	14,538	83,394
Fund Balance - Beginning of Year	-	155,400	218,478	147,449	54,708	90,189	-
FUND BALANCES - END OF YEAR	$ 1,068	$ 151,083	$ 222,149	$ 155,465	$ 38,614	$ 104,727	$ 83,394

CITY OF MEDFORD, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Capital Projects			
	TID No. 7	TID No. 10	TID No. 13	Total
REVENUES				
Taxes	$ 29,797	$ 50,968	$ 324,106	$ 458,250
Intergovernmental	5,041	4,906	27,815	431,472
Public Charges for Services	-	-	-	46,934
Intergovernmental Charges for Services	-	-	-	2,837
Miscellaneous	-	-	-	114,796
Total Revenues	34,838	55,874	351,921	1,054,289
EXPENDITURES				
Current:				
General Government	-	-	-	729
Public Safety	-	-	-	93,965
Public Works	-	-	-	8,353
Culture and Recreation	-	-	-	498,784
Conservation and Development	3,424	3,423	24,616	105,823
Debt Service:				
Interest and Fiscal Charges	3,189	6,151	6,288	15,628
Capital Outlay	-	-	-	24,888
Total Expenditures	6,613	9,574	30,904	748,170
Excess of Revenues Over (Under) Expenditures	28,225	46,300	321,017	306,119
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	179,699
Transfers Out	-	-	(327,468)	(327,468)
Total Other Financing Sources (Uses)	-	-	(327,468)	(147,769)
NET CHANGE IN FUND BALANCES	28,225	46,300	(6,451)	158,350
Fund Balance - Beginning of Year	(115,087)	(220,052)	(300,281)	30,804
FUND BALANCES - END OF YEAR	$ (86,862)	$ (173,752)	$ (306,732)	$ 189,154

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

CliftonLarsonAllen LLP
CLAconnect.com

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

City Council
City of Medford, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Medford, Wisconsin, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Medford, Wisconsin's basic financial statements, and have issued our report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Medford, Wisconsin's Response to Findings

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wausau, Wisconsin
June 25, 2026

FEDERAL AWARDS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council
City of Medford, Wisconsin

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Medford, Wisconsin's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Medford, Wisconsin's major federal programs for the year ended December 31, 2025. City of Medford, Wisconsin's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Medford, Wisconsin complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Medford, Wisconsin and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Medford, Wisconsin's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Medford, Wisconsin's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Medford, Wisconsin's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Medford, Wisconsin's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Medford, Wisconsin's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Medford, Wisconsin's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Medford, Wisconsin's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Wausau, Wisconsin
June 25, 2026

CITY OF MEDFORD, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Expenditures	Subrecipient Payment
U.S. Department of Transportation					
Formula Grants for Rural Areas	20.509	WI DOT	Unknown	$ 120,714	$ -
Environmental Protection Agency					
Drinking Water State Revolving Fund	66.468	WI DOA	4844-03	1,115,081	-
Total Expenditures of Federal Awards				$ 1,235,795	$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) for the City is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Schedule includes all federal awards of the City. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the Schedule are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2025 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3 OVERSIGHT AGENCIES

The federal oversight agencies for the City are as follows:

Federal – Environmental Protection Agency

CITY OF MEDFORD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued:	Unmodified			
2. Internal control over financial reporting:				
• Material weakness(es) identified?	x	yes		no
• Significant deficiency(ies) identified?	x	yes		none reported
3. Noncompliance material to basic financial statements noted?		yes	x	no

Federal Awards

1. Internal control over major federal programs:				
• Material weakness(es) identified?		yes	x	no
• Significant deficiency(ies) identified?		yes	x	none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified			
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	x	no

Identification of Major Federal Programs

Assistance Listing Number(s)	**Name of Federal Program**
66.468	Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,000,000			
Auditee qualified as low-risk auditee?		yes	x	no

Section II – Internal Control Over Financial Reporting

2025-001: Lack of Segregation of Duties

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: The City has a limited number of employees to essentially complete all financial and recordkeeping duties of the City. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

Criteria or Specific Requirement: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Effect: Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.

Cause: The lack of segregation of duties is due to the limited number of employees and the size of the City operations.

Repeat Finding: Repeat of Finding 2024-001

Recommendation: We recommend the City Council continue to monitor the transactions and the financial records of the City.

Views of Responsible Officials and Planned Corrective Action: The City understands that some key controls are not separated between employees, but at this time the City does not warrant additional staff to be hired. The City Council will continue to monitor the internal control environment, transactions and financial records to mitigate the lack of segregation of duties issue and continue to work with the audit firm to better understand the risks.

Section II – Internal Control Over Financial Reporting (Continued)

2025-002: Adjustments to the City's Financial Records

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

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

Criteria or Specific Requirement: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

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

Cause: While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Repeat Finding: Repeat of Finding 2024-002

Recommendation: We recommend the City designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.

Views of Responsible Officials and Planned Corrective Action: The City's treasurer reviews and approves all journal entries prepared by the auditors.

Section II – Internal Control Over Financial Reporting (Continued)

2025-003: Preparation of Annual Financial Report

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

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

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

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

Effect: Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Repeat Finding: Repeat of Finding 2024-003

Recommendation: We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

Views of Responsible Officials and Planned Corrective Action: Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report prior to issuance.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).