

CITY OF BERLIN, WISCONSIN

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023

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Performed in Accordance with *Government Auditing Standards*

MEMBERS OF THE CITY COUNCIL

Mayor	Joel Bruessel
Aldersperson	Emmett Durtschi
Aldersperson	Samantha Stobbe
Aldersperson	Kristina Boeck
Aldersperson	Joshua Nigbor
Aldersperson	Luke Dretske
Aldersperson	Catrina Burgess
City Administrator/Clerk-Treasurer	Sara Rutkowski
Deputy Clerk/Treasurer	Debra Thiel
Deputy Clerk/Treasurer	Caitlin Hilgart
Utility Clerk	Jennifer Langham



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Berlin, 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 Berlin, Wisconsin, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Berlin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berlin, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Berlin'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 Berlin's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System pension schedules, and Wisconsin Retirement System LRLIF schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

Management is responsible for the other information. The other information comprises the detailed statement of revenue and other financing sources - budget and actual general fund and detailed statement of expenditures and other financing uses - budget and actual general fund but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2024 on our consideration of the City of Berlin, 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 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 Berlin, Wisconsin's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in dark ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, flowing style.

Manitowoc, Wisconsin
June 12, 2024

CITY OF BERLIN, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Berlin

108 North Capron St • P.O. 272 • Berlin, Wisconsin 54923-0272
(920) 361-5400 • Fax: (920) 361-5454

Management's Discussion and Analysis

As management of the City of Berlin, we offer readers of the City of Berlin's basic financial statements this narrative overview and analysis of the financial activities of the City of Berlin for the year ended December 31, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

Financial Highlights

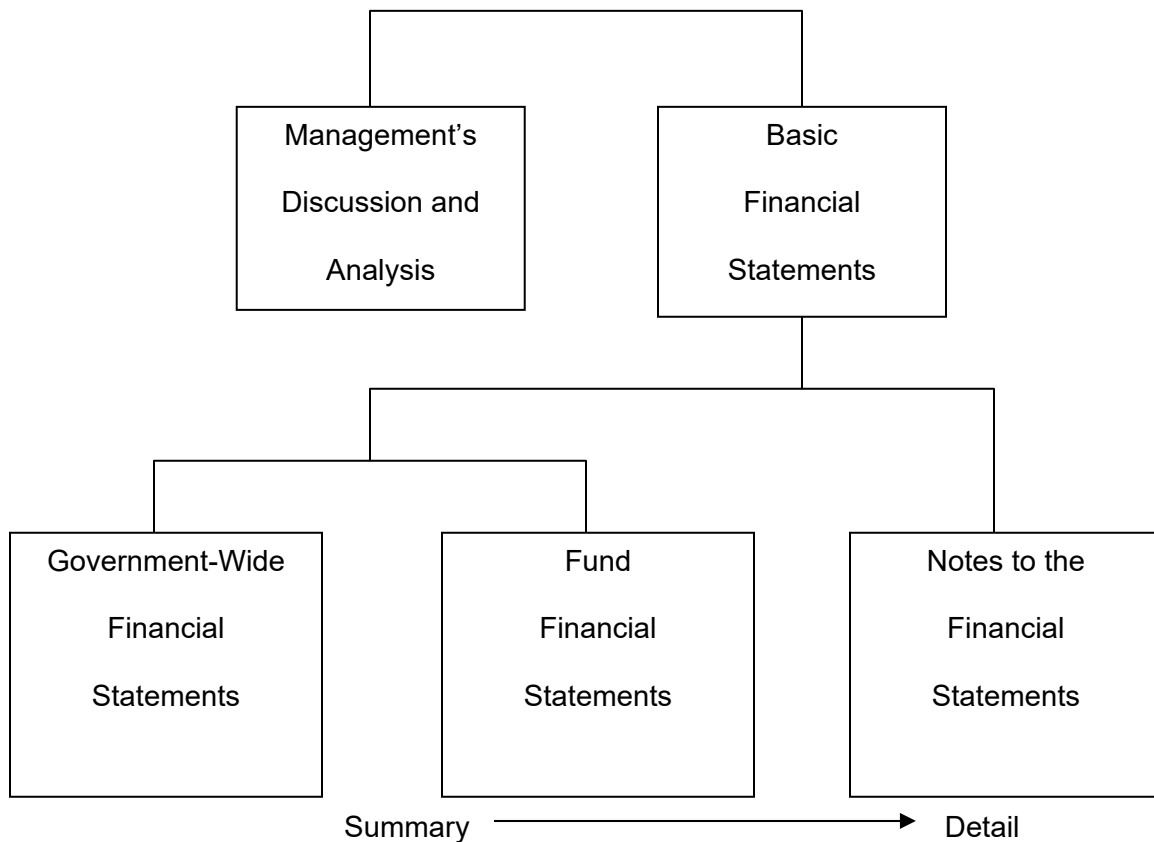
- The assets and deferred outflows of resources of the City of Berlin exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$43,114,960 (*net position*).
- The government's total net position increased by \$488,260, due to increases in the business-type activities net position.
- As of the close of the current fiscal year, the City of Berlin's governmental funds reported total ending fund balances of \$8,300,507, an increase of \$264,074 in comparison with the prior year. Approximately 29 percent of this total amount, or \$2,423,578, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,917,649, or 58 percent of total general fund expenditures for the fiscal year.
- The City of Berlin's total debt increased by \$955,373, or 17%, during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Berlin's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Berlin.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary funds statements, and 3) fiduciary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the Wisconsin State Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Berlin.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Berlin, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget ordinance. All of the funds of the City of Berlin can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Berlin adopts an annual budget for its General Fund, as required by the State of Wisconsin Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual revenues and expenditures.

Proprietary Funds - City of Berlin has one proprietary fund. An *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. City of Berlin uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Berlin's own programs. The fiduciary fund is the property tax fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Berlin. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be referred to as identified in the table of contents.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Berlin. Required supplementary information can be referred to as identified in the table of contents.

City of Berlin
Net Position
Figure 2
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 13,461	\$ 14,625	\$ 7,702	\$ 7,648	\$ 21,163	\$ 22,273
Capital assets	16,057	16,380	14,299	14,134	30,356	30,514
Total assets	<u>29,518</u>	<u>31,004</u>	<u>22,001</u>	<u>21,782</u>	<u>51,519</u>	<u>52,786</u>
Deferred outflows of resources	<u>3,492</u>	<u>2,642</u>	<u>446</u>	<u>325</u>	<u>3,938</u>	<u>2,967</u>
Long-term liabilities						
outstanding	5,858	4,939	781	745	6,639	5,684
Other liabilities	710	1,111	297	462	1,007	1,573
Total liabilities	<u>6,569</u>	<u>6,050</u>	<u>1,078</u>	<u>1,207</u>	<u>7,647</u>	<u>7,257</u>
Deferred inflows of resources	<u>4,439</u>	<u>5,481</u>	<u>256</u>	<u>381</u>	<u>4,695</u>	<u>5,862</u>
Net position:						
Net investment in capital assets	11,819	12,099	14,237	13,590	26,056	25,689
Restricted	3,926	5,312	1,519	1,597	5,445	6,909
Unrestricted	6,258	4,704	5,356	5,331	11,614	10,035
Total net position	<u>\$ 22,003</u>	<u>\$ 22,115</u>	<u>\$ 21,112</u>	<u>\$ 20,519</u>	<u>\$ 43,115</u>	<u>\$ 42,634</u>

Note - totals may not add due to rounding.

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Berlin exceeded liabilities by \$43,114,960 as of December 31, 2023. The City's net position increased by \$488,260 for the fiscal year ended December 31, 2023. However, the largest portion, 60%, reflects the City's investment in capital assets (e.g. land, land improvements, buildings, equipment, and infrastructure), less any related debt still outstanding that was issued to acquire those items.

The City of Berlin uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Berlin's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Berlin's net position, 12%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,614,608 is unrestricted.

City of Berlin
Changes in Net Position
Figure 3
(in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,896	\$ 3,182	\$ 2,770	\$ 2,573	\$ 5,666	\$ 5,755
Operating grants and contributions	891	817	-	-	891	817
Capital grants and contributions	24	-	621	-	645	-
General revenues:						
Property taxes	2,386	2,392	-	-	2,386	2,392
Other taxes	15	10	-	-	15	10
Intergovernmental revenues not restricted to specific programs	2,008	1,990	-	-	2,008	1,990
Interest and investment income	305	(65)	170	51	475	(14)
Miscellaneous	322	35	-	-	322	35
Sale of capital assets	27	1	-	-	27	1
Total revenue	<u>8,873</u>	<u>8,361</u>	<u>3,561</u>	<u>2,624</u>	<u>12,433</u>	<u>10,986</u>
Expenses:						
General government	742	745	-	-	742	745
Public safety	4,158	3,386	-	-	4,158	3,386
Public works	2,267	1,951	-	-	2,267	1,951
Health and human services	358	170	-	-	358	170
Culture, recreation and education	1,019	807	-	-	1,019	807
Conservation and development	477	257	-	-	477	257
Interest and fiscal charges	135	119	-	-	135	119
Sewer and water	-	-	2,790	2,270	2,790	2,270
Total expenses	<u>9,155</u>	<u>7,435</u>	<u>2,790</u>	<u>2,270</u>	<u>11,945</u>	<u>9,705</u>
Income (loss) before transfers	(281)	927	771	354	490	1,281
Transfers	<u>170</u>	<u>189</u>	<u>(170)</u>	<u>(189)</u>	<u>-</u>	<u>-</u>
Change in net position	(113)	1,115	601	165	488	1,281
Net position - beginning of year	22,115	21,000	20,519	20,354	42,634	41,354
Prior period adjustment	-	-	(8)	-	(8)	-
Net position - end of year	<u>\$ 22,003</u>	<u>\$ 22,115</u>	<u>\$ 21,112</u>	<u>\$ 20,519</u>	<u>\$ 43,115</u>	<u>\$ 42,634</u>

Note - totals may not add due to rounding.

Governmental activities:

Governmental activities decreased the City's net position by \$112,651.

Business-type activities:

Business-type activities increased the City's net position by \$600,911.

Financial Analysis of the City's Funds

As noted earlier, the City of Berlin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Berlin's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Berlin's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Berlin. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,917,649, while total fund balance is \$3,503,188. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58 percent of total general fund expenditures, while total fund balance represents 69 percent of that same amount. The City's fund balance policy seeks to maintain an unassigned fund balance of 25-30% of annual budgeted revenues. In addition, unassigned fund balance includes approximately \$161,365 of anticipated TID advances.

At December 31, 2023, the governmental funds of the City of Berlin reported a combined fund balance of \$8,300,507, a 3 percent increase from last year. Included in this change in fund balance are decreases in general and revolving loan, and increases in CDBG housing grant, ambulance, capital projects, debt service, and nonmajor governmental funds.

General Fund Budgetary Highlights: The City did revise the budget during the fiscal year. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were less than the budgeted amounts primarily because intergovernmental, intergovernmental charges for services, and miscellaneous revenues were less than expected. Original budget expenditures were increased to cover additional expenses in the general government function.

Proprietary Funds: The City of Berlin's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the water and sewer utility at the end of the fiscal year amounted to \$5,309,411. The total increase in net position was \$600,911.

Capital Asset and Debt Administration

Capital assets: The City of Berlin's investment in capital assets for its governmental and business-type activities as of December 31, 2023, totals \$30,355,882 (net of accumulated depreciation). These assets include land, land improvements, buildings, equipment and systems and infrastructure.

Major capital asset transactions during the year include the following additions and disposals:

- Purchases of buildings and improvements, equipment, and infrastructure of \$630,426 in governmental-type activities and \$1,001,984 of buildings and equipment in business-type activities.

- Equipment disposals of \$206,948 in governmental-type activities and building and equipment disposals of \$100,727 in business-type activities.

City of Berlin's Capital Assets

Figure 4

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,634	\$ 2,634	\$ 75	\$ 75	\$ 2,709	\$ 2,709
Land improvements	2,903	2,903	-	-	2,903	2,903
Buildings	4,964	4,889	4,204	3,941	9,168	8,830
Equipment and systems	6,569	6,495	27,980	27,342	34,549	33,837
Infrastructure	16,967	16,692	-	-	16,967	16,692
Less: Accumulated depreciation	(17,980)	(17,234)	(17,959)	(17,223)	(35,939)	(34,457)
TOTAL	<u>\$ 16,057</u>	<u>\$ 16,380</u>	<u>\$ 14,299</u>	<u>\$ 14,134</u>	<u>\$ 30,357</u>	<u>\$ 30,514</u>

Note - totals may not add due to rounding.

Additional information on the City's capital assets can be found in notes to the basic financial statements.

Long-Term Obligations: As of December 31, 2023, the City of Berlin had total long-term obligations outstanding of \$6,639,728. Of this, \$4,363,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents mortgage revenue bonds secured solely by specified revenue sources and employee benefits.

City of Berlin's Long-Term Obligations

Figure 5

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds/notes	\$ 4,363	\$ 4,315	\$ -	\$ -	\$ 4,363	\$ 4,315
Mortgage revenue bonds	-	-	488	543	488	543
Other long-term obligations	1,495	624	293	202	1,789	826
TOTAL	<u>\$ 5,858</u>	<u>\$ 4,939</u>	<u>\$ 781</u>	<u>\$ 745</u>	<u>\$ 6,640</u>	<u>\$ 5,684</u>

Note - totals may not add due to rounding.

The City of Berlin's total debt increased by \$955,373 during the past fiscal year.

The State of Wisconsin statutes limit the amount of general obligation debt that a unit of government can issue up to 5 percent of the total equalized value of taxable property located within that government's boundaries. The legal debt limit for City of Berlin is \$19,832,450. Additional information regarding the City of Berlin's long-term debt can be found in notes to the basic financial statements.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the City Administrator, City of Berlin, 108 North Capron Street, Berlin, Wisconsin 54923.

CITY OF BERLIN, WISCONSIN

**BASIC
FINANCIAL STATEMENTS**

CITY OF BERLIN, WISCONSIN

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF BERLIN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 8,189,762	\$ 5,698,464	\$ 13,888,226
Receivables			
Taxes	1,919,387	-	1,919,387
Accounts and other	1,921,282	148,773	2,070,055
Special assessments	107,740	38,143	145,883
Loans	1,538,019	-	1,538,019
Internal balances	(233,703)	233,703	-
Due from other governments	18,787	26,583	45,370
Inventories	-	36,990	36,990
Restricted assets			
Cash and investments	-	1,502,823	1,502,823
Accrued interest	-	16,483	16,483
Capital assets (net of accumulated depreciation)			
Capital assets not being depreciated	2,633,946	74,594	2,708,540
Capital assets being depreciated	<u>13,423,087</u>	<u>14,224,255</u>	<u>27,647,342</u>
TOTAL ASSETS	<u>29,518,307</u>	<u>22,000,811</u>	<u>51,519,118</u>
DEFERRED OUTFLOWS OF RESOURCES			
Wisconsin Retirement System pension	3,416,926	436,356	3,853,282
Wisconsin Retirement System LRLIF	<u>75,334</u>	<u>9,621</u>	<u>84,955</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,492,260</u>	<u>445,977</u>	<u>3,938,237</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>33,010,567</u>	<u>22,446,788</u>	<u>55,457,355</u>
LIABILITIES			
Accounts payable	225,824	272,388	498,212
Accrued liabilities			
Payroll	209,367	21,735	231,102
Interest	47,261	2,531	49,792
Due to other governments	-	92	92
Deposit payable	300	-	300
Unearned revenue - other	227,578	-	227,578
Current portion of long-term obligations	971,614	216,517	1,188,131
Noncurrent portion of long-term obligations	<u>4,886,811</u>	<u>564,786</u>	<u>5,451,597</u>
TOTAL LIABILITIES	<u>6,568,755</u>	<u>1,078,049</u>	<u>7,646,804</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for subsequent year	2,430,548	-	2,430,548
Wisconsin Retirement System pension	1,905,915	243,393	2,149,308
Wisconsin Retirement System LRLIF	<u>102,629</u>	<u>13,106</u>	<u>115,735</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,439,092</u>	<u>256,499</u>	<u>4,695,591</u>
NET POSITION			
Net investment in capital assets	11,818,759	14,236,772	26,055,531
Restricted for			
Permanent funds - nonexpendable	57,630	-	57,630
Special revenue	3,653,523	-	3,653,523
Debt service	214,362	-	214,362
Other activities	-	1,519,306	1,519,306
Unrestricted	<u>6,258,446</u>	<u>5,356,162</u>	<u>11,614,608</u>
TOTAL NET POSITION	<u>22,002,720</u>	<u>21,112,240</u>	<u>43,114,960</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 33,010,567</u>	<u>\$ 22,446,788</u>	<u>\$ 55,457,355</u>

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 741,920	\$ 201,225	\$ -	\$ -	\$ (540,695)		\$ (540,695)
Public safety	4,157,860	2,465,058	117,094	-	(1,575,708)		(1,575,708)
Public works	2,266,730	18,372	569,773	23,746	(1,654,839)		(1,654,839)
Health and human services	358,337	34,870	59,735	-	(263,732)		(263,732)
Culture, recreation and education	1,018,888	175,996	121,604	-	(721,288)		(721,288)
Conservation and development	477,015	-	22,958	-	(454,057)		(454,057)
Interest and fiscal charges	134,558	-	-	-	(134,558)		(134,558)
TOTAL GOVERNMENTAL ACTIVITIES	9,155,308	2,895,521	891,164	23,746	(5,344,877)		(5,344,877)
BUSINESS-TYPE ACTIVITIES							
Sewer utility	1,342,736	1,507,413	-	-		\$ 164,677	164,677
Water utility	1,446,807	1,262,439	-	620,962		436,594	436,594
TOTAL BUSINESS-TYPE ACTIVITIES	2,789,543	2,769,852	-	620,962		601,271	601,271
TOTAL PRIMARY GOVERNMENT	\$ 11,944,851	\$ 5,665,373	\$ 891,164	\$ 644,708	(5,344,877)	601,271	(4,743,606)
General revenues							
Taxes							
Property taxes, levied for general purposes					2,107,312	-	2,107,312
Property taxes, levied for tax incremental district					278,508	-	278,508
Other taxes					14,918	-	14,918
Intergovernmental revenues not restricted to specific programs					2,007,629	-	2,007,629
Interest and investment income					305,103	169,755	474,858
Miscellaneous					321,711	-	321,711
Sale of capital assets					26,930	-	26,930
Transfers					170,115	(170,115)	-
Total general revenues					5,232,226	(360)	5,231,866
CHANGE IN NET POSITION					(112,651)	600,911	488,260
NET POSITION - BEGINNING OF YEAR					22,115,371	20,519,036	42,634,407
PRIOR PERIOD ADJUSTMENT					-	(7,707)	(7,707)
NET POSITION - END OF YEAR					\$ 22,002,720	\$ 21,112,240	\$ 43,114,960

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN

**FUND
FINANCIAL STATEMENTS**

CITY OF BERLIN, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	GENERAL FUND	REVOLVING LOAN	CDBG HOUSING GRANT	AMBULANCE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	\$ 1,049,912	\$ 225,358	\$ 16,845	\$ 50,402	\$ 1,384,915	\$ 214,362	\$ 577,826	\$ 3,519,620
Investments	2,100,000	-	-	-	-	-	2,114,321	4,214,321
Receivables								
Taxes	1,662,009	-	-	-	-	-	257,378	1,919,387
Accounts and other	875,569	-	-	1,045,704	-	-	-	1,921,273
Special assessments	71,212	-	-	-	36,528	-	-	107,740
Loan	2,405	542,870	992,744	-	-	-	-	1,538,019
Due from other funds	20,885	-	-	-	-	-	-	20,885
Due from other governments	18,787	-	-	-	-	-	-	18,787
Advances to other funds	304,502	-	-	-	-	-	-	304,502
TOTAL ASSETS	6,105,281	768,228	1,009,589	1,096,106	1,421,443	214,362	2,949,525	13,564,534
LIABILITIES								
Accounts payable	197,965	-	-	9,774	14,772	-	3,245	225,756
Accrued expenses								
Payroll	122,354	-	-	87,013	-	-	-	209,367
Due to other funds	24,302	-	-	-	221,678	-	-	245,980
Deposit payable	300	-	-	-	-	-	-	300
Unearned revenue - other	12,790	542,870	992,744	-	-	-	227,578	1,775,982
Advances from other funds	-	-	-	-	-	-	304,502	304,502
TOTAL LIABILITIES	357,711	542,870	992,744	96,787	236,450	-	535,325	2,761,887
DEFERRED INFLOWS OF RESOURCES								
Taxes levied for subsequent year	2,173,170	-	-	-	-	-	257,378	2,430,548
Unavailable revenue - special assessments	71,212	-	-	-	380	-	-	71,592
TOTAL DEFERRED INFLOWS OF RESOURCES	2,244,382	-	-	-	380	-	257,378	2,502,140
FUND BALANCES								
Nonspendable	304,502	-	-	-	-	-	57,630	362,132
Restricted	-	-	16,845	-	-	214,362	2,101,064	2,332,271
Committed	229,414	-	-	-	98,702	-	279,360	607,476
Assigned	51,623	404,705	-	999,319	1,085,911	-	33,492	2,575,050
Unassigned	2,917,649	(179,347)	-	-	-	-	(314,724)	2,423,578
TOTAL FUND BALANCES	3,503,188	225,358	16,845	999,319	1,184,613	214,362	2,156,822	8,300,507
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,105,281	\$ 768,228	\$ 1,009,589	\$ 1,096,106	\$ 1,421,443	\$ 214,362	\$ 2,949,525	
Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:								
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:								
Governmental capital asset							\$ 34,036,866	
Governmental accumulated depreciation							(17,979,833)	16,057,033
Some revenues are unavailable in the funds because they are not available to pay current period's expenditures:								
Special assessments to be collected after year end							109,735	
Other unearned revenue to be collected after year end							1,548,404	1,658,139
Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current resources and are not reported in the fund statements.								
								1,483,716
The assets, liabilities and net position of the internal service fund are included with governmental activities on the statement of net position.								
Adjustment to reflect the consolidation to business-type activities							429,996	
							(20,985)	409,011
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:								
General obligation debt							(4,363,000)	
Accrued interest on general obligation debt							(47,261)	
Vested employee benefits							(453,614)	
Wisconsin Retirement System liability							(1,041,811)	(5,905,686)
Total net position - governmental activities								\$ 22,002,720

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	GENERAL FUND	REVOLVING LOAN	CDBG HOUSING GRANT	AMBULANCE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Taxes	\$ 2,122,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,508	\$ 2,400,914
Special assessment	-	-	-	-	344	-	-	344
Intergovernmental	2,562,486	-	-	80,063	25,242	-	236,577	2,904,368
Licenses and permits	86,295	-	-	-	-	-	-	86,295
Fines, forfeits and penalties	67,050	-	-	-	-	-	-	67,050
Public charges for services	175,328	-	-	810,340	-	-	-	985,668
Intergovernmental charges for services	179,193	-	-	1,481,531	-	-	78,742	1,739,466
Miscellaneous	162,032	73,035	17,963	-	20,311	2,928	114,733	391,002
Change in fair value of investments	-	-	-	-	-	-	127,285	127,285
TOTAL REVENUES	5,354,790	73,035	17,963	2,371,934	45,897	2,928	835,845	8,702,392
EXPENDITURES								
Current								
General government	737,660	-	-	-	-	-	9,772	747,432
Public safety	1,707,716	-	-	2,327,707	-	-	-	4,035,423
Public works	1,457,955	-	-	-	-	-	-	1,457,955
Health and human services	228,072	-	-	-	-	-	103,126	331,198
Culture, recreation and education	807,132	-	-	-	-	-	52,534	859,666
Conservation and development	123,258	252,382	16,301	-	-	-	85,166	477,107
Capital outlay	-	-	-	-	473,274	-	174,856	648,130
Debt service								
Principal	-	-	-	-	-	470,000	-	470,000
Interest	-	-	-	-	-	95,429	560	95,989
Other	-	-	-	-	17,325	1,425	11,713	30,463
TOTAL EXPENDITURES	5,061,793	252,382	16,301	2,327,707	490,599	566,854	437,727	9,153,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	292,997	(179,347)	1,662	44,227	(444,702)	(563,926)	398,118	(450,971)
OTHER FINANCING SOURCES (USES)								
Transfers in	170,115	-	-	-	71,080	574,595	624	816,414
Transfers (out)	(636,509)	-	-	-	-	-	(9,790)	(646,299)
Sale of capital assets	26,930	-	-	-	-	-	-	26,930
Issuance of long-term debt	-	-	-	-	518,000	-	-	518,000
TOTAL OTHER FINANCING SOURCES (USES)	(439,464)	-	-	-	589,080	574,595	(9,166)	715,045
NET CHANGE IN FUND BALANCE	(146,467)	(179,347)	1,662	44,227	144,378	10,669	388,952	264,074
FUND BALANCE AT BEGINNING OF YEAR	3,649,655	404,705	15,183	955,092	1,040,235	203,693	1,767,870	8,036,433
FUND BALANCE AT END OF YEAR	\$ 3,503,188	\$ 225,358	\$ 16,845	\$ 999,319	\$ 1,184,613	\$ 214,362	\$ 2,156,822	\$ 8,300,507

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds \$ 264,074

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay reported in governmental fund statements	\$ 648,130	
Less noncapitalized outlay	(17,704)	
Depreciation expense reported in the statement of activities	(947,553)	
Less capital assets disposed	<u>(5,500)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(322,627)

The proceeds from long-term obligations are reported in the governmental funds as a source of financing. In the statement of net position however, long-term obligations are not reported as a financing source, but rather constitute a long-term liability. (518,000)

Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The net change of certain activities of internal service funds is reported with governmental activities. 103,336

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by: (17,482)

Certain revenues are unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year: 132,532

Wisconsin Retirement System pension asset, deferred outflows of resources, liability and deferred inflows of resources changes: (203,258)

Wisconsin Retirement System LRLIF deferred outflows of resources, liability and deferred inflows of resources changes: (13,120)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is: 470,000

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest and other debt costs paid during the current period	126,452	
The amount of interest and other debt costs accrued during the current period	<u>(134,558)</u>	
Interest paid is less than interest accrued by:		<u>(8,106)</u>

Change in net position - governmental activities \$ (112,651)

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2023

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>GOVERNMENTAL ACTIVITIES</u>
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUND</u>
ASSETS				
CURRENT ASSETS				
Cash and equivalents	\$ 566,645	\$ 601,719	\$ 1,168,364	\$ 455,821
Investments	1,000,794	3,529,306	4,530,100	-
Receivables				
Customer	76,941	19,445	96,386	-
Other	110	459	569	9
Accrued interest	12,614	39,204	51,818	-
Due from other funds	154,679	91,732	246,411	-
Due from other governments	11,842	14,741	26,583	-
Inventories	4,476	32,514	36,990	-
RESTRICTED ASSETS				
DNR replacement cash	70,825	-	70,825	-
DNR replacement investments	1,255,000	-	1,255,000	-
Water tower fund investments	-	176,998	176,998	-
Accrued interest	14,987	1,496	16,483	-
TOTAL CURRENT ASSETS	<u>3,168,913</u>	<u>4,507,614</u>	<u>7,676,527</u>	<u>455,830</u>
NONCURRENT ASSETS				
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	45,984	28,610	74,594	-
Capital assets being depreciated	5,574,344	8,649,911	14,224,255	-
NET CAPITAL ASSETS	<u>5,620,328</u>	<u>8,678,521</u>	<u>14,298,849</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>5,620,328</u>	<u>8,678,521</u>	<u>14,298,849</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	118,322	318,034	436,356	-
Wisconsin Retirement System LRLIF	2,609	7,012	9,621	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 120,931</u>	<u>\$ 325,046</u>	<u>\$ 445,977</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued
DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	SEWER UTILITY	WATER UTILITY	TOTAL	INTERNAL SERVICE FUND
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 55,328	\$ 217,060	\$ 272,388	\$ 68
Accrued liabilities				
Payroll liabilities	12,818	8,917	21,735	-
Interest	-	2,531	2,531	-
Due to other funds	3	21,405	21,408	-
Current portion of long term obligations	96,021	120,496	216,517	-
TOTAL CURRENT LIABILITIES	<u>164,170</u>	<u>370,409</u>	<u>534,579</u>	<u>68</u>
NONCURRENT LIABILITIES				
Long-term obligations	<u>36,076</u>	<u>528,710</u>	<u>564,786</u>	<u>-</u>
TOTAL LIABILITIES	<u>200,246</u>	<u>899,119</u>	<u>1,099,365</u>	<u>68</u>
DEFERRED INFLOWS OF RESOURCES				
Wisconsin Retirement System pension	65,998	177,395	243,393	-
Wisconsin Retirement System LRLIF	<u>3,554</u>	<u>9,552</u>	<u>13,106</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>69,552</u>	<u>186,947</u>	<u>256,499</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	5,620,328	8,616,444	14,236,772	-
Assigned	-	-	-	455,762
Restricted for other	1,340,812	178,494	1,519,306	-
Unrestricted	<u>1,679,234</u>	<u>3,630,177</u>	<u>5,309,411</u>	<u>-</u>
TOTAL NET POSITION	<u>8,640,374</u>	<u>12,425,115</u>	<u>21,065,489</u>	<u>\$ 455,762</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	<u>26,930</u>	<u>19,821</u>	<u>46,751</u>	
Net position of business-type activities on statement of activities	<u>\$ 8,667,304</u>	<u>\$ 12,444,936</u>	<u>\$ 21,112,240</u>	

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	SEWER UTILITY	WATER UTILITY	TOTALS	INTERNAL SERVICE FUND
OPERATING REVENUES				
Residential	\$ 590,711	\$ 551,205	\$ 1,141,916	\$ -
Commercial	167,885	135,101	302,986	-
Industrial	612,600	42,435	655,035	-
Public authority	33,819	48,976	82,795	707,086
Multifamily	90,557	68,359	158,916	-
Private fire protection	-	19,769	19,769	-
Public fire protection	-	364,258	364,258	-
Forfeited discounts	3,487	3,738	7,225	-
Other revenues	8,354	28,598	36,952	-
TOTAL OPERATING REVENUES	1,507,413	1,262,439	2,769,852	707,086
OPERATING EXPENSES				
Plant and maintenance expenses:				
Salaries and wages	201,938	120,001	321,939	-
Power	92,912	53,647	146,559	-
Chemicals	84,453	-	84,453	-
Supplies and expenses	74,648	46,352	121,000	-
Repairs and maintenance	117,779	127,947	245,726	-
Transportation	20,198	10,043	30,241	-
TOTAL PLANT AND MAINTENANCE EXPENSES	591,928	357,990	949,918	-
General expenses:				
Administrative and general salaries	81,445	75,810	157,255	-
Office supplies and other expenses	16,394	15,877	32,271	-
Outside services employed	34,811	38,545	73,356	-
Insurance expense	30,082	30,082	60,164	-
Employee benefits	90,607	105,252	195,859	577,984
Regulatory commission	12,634	10,444	23,078	-
Miscellaneous general expenses	12,215	6,736	18,951	-
TOTAL GENERAL EXPENSES	278,188	282,746	560,934	577,984
Depreciation	463,556	361,255	824,811	-
Taxes	21,454	14,725	36,179	-
TOTAL OPERATING EXPENSES	1,355,126	1,016,716	2,371,842	577,984
OPERATING INCOME	\$ 152,287	\$ 245,723	\$ 398,010	\$ 129,102

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - Continued
YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	SEWER UTILITY	WATER UTILITY	TOTALS	INTERNAL SERVICE FUND
NONOPERATING REVENUES (EXPENSES)				
Interest income	\$ 67,151	\$ 102,604	\$ 169,755	\$ -
Interest expense	-	(11,292)	(11,292)	-
Miscellaneous expense	-	(432,175)	(432,175)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	67,151	(340,863)	(273,712)	-
INCOME BEFORE TRANSFERS	219,438	(95,140)	124,298	129,102
TRANSFER OUT	(2,063)	(168,052)	(170,115)	-
CAPITAL CONTRIBUTIONS	-	620,962	620,962	-
CHANGE IN NET POSITION	217,375	357,770	575,145	129,102
NET POSITION BEGINNING OF YEAR	8,422,999	12,075,052	20,498,051	326,660
PRIOR PERIOD ADJUSTMENT	-	(7,707)	(7,707)	-
NET POSITION END OF YEAR	8,640,374	12,425,115	21,065,489	\$ 455,762
Adjustments to reflect consolidation of internal service fund activities related to enterprise fund	12,390	13,376	25,766	
Change in net position of business-type activities on statement of activities	\$ 229,765	\$ 371,146	\$ 600,911	
Operating rate of return on average net capital assets and inventory	<u>2.74%</u>	<u>2.83%</u>		

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	SEWER UTILITY	WATER UTILITY	TOTAL	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,505,853	\$ 901,571	\$ 2,407,424	\$ -
Receipts from municipality	(15,025)	349,475	334,450	709,343
Payments to suppliers for goods and services	(613,759)	(428,689)	(1,042,448)	(578,152)
Payments for employees wages and benefits	(371,641)	(285,662)	(657,303)	-
Net cash provided by operating activities	<u>505,428</u>	<u>536,695</u>	<u>1,042,123</u>	<u>131,191</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to governmental funds	<u>(2,063)</u>	<u>(168,052)</u>	<u>(170,115)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of property, plant and equipment	(584,724)	(405,295)	(990,019)	-
Retirement of long-term debt	-	(55,266)	(55,266)	-
Other long-term debt	(11,176)	(7,451)	(18,627)	-
Interest paid	-	(11,349)	(11,349)	-
Miscellaneous	-	(432,175)	(432,175)	-
Contributed capital	-	<u>620,962</u>	<u>620,962</u>	-
Net cash (used in) capital and related financing activities	<u>(595,900)</u>	<u>(290,574)</u>	<u>(886,474)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	52,222	77,136	129,358	-
Investments purchased	(2,055,794)	(3,706,304)	(5,762,098)	-
Investments sold	<u>2,287,578</u>	<u>3,655,236</u>	<u>5,942,814</u>	-
Net cash provided by investing activities	<u>284,006</u>	<u>26,068</u>	<u>310,074</u>	<u>-</u>
Net change in cash and cash equivalents	191,471	104,137	295,608	131,191
Cash and cash equivalents - beginning of year	<u>445,999</u>	<u>497,582</u>	<u>943,581</u>	<u>324,630</u>
Cash and cash equivalents - end of year	<u>637,470</u>	<u>601,719</u>	<u>1,239,189</u>	<u>455,821</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
Cash and cash equivalents	566,645	601,719	1,168,364	455,821
DNR replacement	<u>70,825</u>	<u>-</u>	<u>70,825</u>	<u>-</u>
	<u>\$ 637,470</u>	<u>\$ 601,719</u>	<u>\$ 1,239,189</u>	<u>\$ 455,821</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 152,287	\$ 245,723	\$ 398,010	\$ 129,102
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	463,556	361,255	824,811	-
Changes in assets and liabilities				
(Increase) decrease in receivables - customers	(2,032)	3,142	1,110	-
(Increase) decrease in receivables - other	472	248	720	2,257
(Increase) decrease in due from other funds	(9,858)	(9,862)	(19,720)	-
(Increase) decrease in due from other governments	(5,167)	(5,255)	(10,422)	-
(Increase) decrease in inventories	(1,629)	(2,760)	(4,389)	-
(Increase) decrease in Wisconsin Retirement System pension	2,087	22,425	24,512	-
Increase (decrease) in accounts payable	(94,550)	(71,531)	(166,081)	(168)
Increase (decrease) in payroll payable	262	683	945	-
Increase (decrease) in due to other funds	-	(15,080)	(15,080)	-
Total adjustments	<u>353,141</u>	<u>283,265</u>	<u>636,406</u>	<u>2,089</u>
Net cash provided by operating activities	<u>\$ 505,428</u>	<u>\$ 536,695</u>	<u>\$ 1,042,123</u>	<u>\$ 131,191</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Prior period adjustment - advance to other funds	\$ -	\$ 7,707	\$ 7,707	\$ -

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>CUSTODIAL FUND</u>
ASSETS	
Cash and cash equivalents	\$ 1,239,358
Taxes receivable	<u>3,771,658</u>
TOTAL ASSETS	<u><u>5,011,016</u></u>
 LIABILITIES	
Due to other governments	<u>1,239,358</u>
 DEFERRED INFLOWS OF RESOURCES	
Taxes levied for subsequent year	<u>3,771,658</u>
 NET POSITION	
Restricted for other governments	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>CUSTODIAL FUND</u>
ADDITIONS	
Collections for other governments	\$ 5,741,775
DEDUCTIONS	
Payments to other governments	<u>5,741,775</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of Berlin, Wisconsin (the "City") have been prepared in conformity with generally accepted accounting principles (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:

Reporting Entity - The City of Berlin, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin, 1851. The City operates under a City Administrator form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The City's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability and fiscal dependency the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the City's financial accountability for a legally separate organization: the City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately-elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly-appointed Board. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis Of Presentation

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the City's primary operating fund.

Revolving Loan Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to the expenditure for specific purposes other than debt service or capital projects.

CDBG Housing Grant Fund - is used to account for and report the proceeds of specific revenue sources that are restricted or committed to the expenditure for specific purposes other than debt service or capital projects.

Ambulance Fund - is used to account for and report financial resources that are restricted, committed or assigned to the expenditure for public safety.

Capital Projects Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

The City reports the following major enterprise funds:

Sewer and Water Utility - accounts for operations of the sewer and water system.

In addition, the City reports the following fund types:

Permanent Fund - Library Endowment Principal - is used to account for financial resources to be used for a specific purpose.

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fiduciary Custodial Fund - Tax - is used to account for assets held by the City for other governmental units.

Internal Service Fund - Employee Benefits - accounts for the financing of goods and services provided by one department to other departments of the City on a cost reimbursement basis.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

Cash and Cash Equivalents - Cash and cash equivalents, as classified in the statement of cash flows, consist of all highly liquid investments with an initial maturity of three months or less.

Accounts Receivable - Accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the water and sewer utility has the right by law to place delinquent bills on the tax roll.

Due To/From Advance To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as transfers, and exchange transactions are recorded as revenues and expenses.

Inventories - Inventories are valued at cost using the first-in, first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

Restricted Assets - Certain resources set aside for revenue bonds repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond redemption” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to meet unexpected contingencies.

Other restricted assets include a “DNR Replacement Fund” which is required by the Wisconsin Department of Natural Resources for repairs and maintenance on the Water and Sewer Utility plant.

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset for governmental activities is as follows:

Land improvements	20 - 50 years
Buildings	25 - 50 years
Equipment	5 - 50 years
Infrastructure	20 - 40 years

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

The range of estimated useful lives by type of asset for business-type activities is as follows:

Buildings	30 - 50 years
Equipment	4 - 100 years

Compensated Absences - Under terms of employment, employees are granted sick leave and vacations in varying amounts. All earned vacation is considered vested and an amount equal to twice

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

the employee's annual accrual (except for union employees) can be carried over to the following year. Employees earn 12 sick days per year. They are allowed to accumulate up to 130 days. At retirement, a deposit is made to a health savings account for $\frac{1}{2}$ of the total days of accumulated sick leave at their current rate of pay. No payment is made if the employee resigned or is terminated. Only benefits considered to be vested are reflected in these statements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick pay liabilities are computed on the basis of current salary rates and include salary related payments.

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

Other Post Employment Benefits (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 net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs 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.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category, Wisconsin Retirement System pension and Wisconsin Retirement System local retiree life insurance fund (LRLIF). The Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF result from changes in the actuarial study and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has three types of this item: unavailable revenue, Wisconsin Retirement System pension, and Wisconsin Retirement System LRLIF. The unavailable revenue is reported in the statement of net position and governmental funds balance sheet. The unavailable revenue is from two sources: property taxes levied for subsequent year and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The Wisconsin Retirement System pension and Wisconsin Retirement System LRLIF results from changes in the actuarial study and are amortized over the average of the expected remaining service lives of participants.

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The City classifies its fund equity as follows: 1) nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the City itself, using its highest level of decision making authority - Common Council policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Common Council has authorized the City Administrator to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the City's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the City to invest available cash balances in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. No significant violations of these restrictions occurred during the year.

As of December 31, 2023, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Stock	Less than one year	\$ 59,598
Mutual funds	Less than one year	1,360,730
Certificates of deposit	Less than one year	8,048,147
Certificates of deposit	More than one year	700,000
Total		<u>\$ 10,168,475</u>

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 2 - Cash and Investments - Continued

Determining Fair Value - 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; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements:

- 1) Stock value is determined based on published market quotations. (level 1 inputs)
- 2) Mutual fund values are determined based on published market quotations. (level 1 inputs)

Income Allocation - Interest income is allocated to the fund which owns the certificate of deposit, money market account, savings account and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to maturity or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The City has a formal investment policy for managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has an investment policy for its investment choices.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of December 31, 2023, \$5,330,669 of the City's bank balance of \$15,265,625 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government securities or municipal governments held by the bank in the bank's name. \$172,857 was uninsured and uncollateralized.

NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied in December and payable in two installments on January 31 and July 31 or payable in full on January 31. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Technical College, and Public Schools until February 1, at which time all uncollected real estate taxes are turned over to the county for collection. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Tax Fund. City property tax revenue is recognized in the year they are levied for and available for use. The 2023 tax roll has been set up as a receivable and is offset by the amounts due to other governmental units. Advance tax collections are offset against the receivable.

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 4 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2023 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 2,633,946	\$ -	\$ -	\$ 2,633,946
Capital assets being depreciated:				
Land improvements	2,902,966	-	-	2,902,966
Buildings and improvements	4,889,277	75,096	-	4,964,373
Equipment	6,495,185	280,324	(206,948)	6,568,561
Infrastructure	16,692,014	275,006	-	16,967,020
Total capital assets being depreciated	<u>30,979,442</u>	<u>630,426</u>	<u>(206,948)</u>	<u>31,402,920</u>
Less accumulated depreciation for:				
Land improvements	(2,883,333)	(1,183)	-	(2,884,516)
Buildings and improvements	(3,727,447)	(88,129)	-	(3,815,576)
Equipment	(4,783,927)	(228,967)	201,448	(4,811,446)
Infrastructure	(5,839,021)	(629,274)	-	(6,468,295)
Total accumulated depreciation	<u>(17,233,728)</u>	<u>(947,553)</u>	<u>201,448</u>	<u>(17,979,833)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>13,745,714</u>	<u>(317,127)</u>	<u>(5,500)</u>	<u>13,423,087</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 16,379,660</u>	<u>\$ (317,127)</u>	<u>\$ (5,500)</u>	<u>\$ 16,057,033</u>

Infrastructure information prior to January 1, 2004 is not included in the above amount.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 53,163
Public safety	139,402
Public works	672,149
Health and human services	31,748
Culture, recreation and education	51,091
Total	<u>\$ 947,553</u>

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 4 - Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 74,594	\$ -	\$ -	\$ 74,594
Capital assets being depreciated:				
Buildings	3,940,702	301,392	(38,550)	4,203,544
Equipment and systems	27,341,664	700,592	(62,177)	27,980,079
Total capital assets being depreciated	31,282,366	1,001,984	(100,727)	32,183,623
Less accumulated depreciation for:				
Buildings	(3,383,818)	(112,182)	38,550	(3,457,450)
Equipment and systems	(13,839,501)	(712,629)	50,212	(14,501,918)
Total accumulated depreciation	(17,223,319)	(824,811)	88,762	(17,959,368)
Total capital assets being depreciated, net of accumulated depreciation	14,059,047	177,173	(11,965)	14,224,255
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 14,133,641</u>	<u>\$ 177,173</u>	<u>\$ (11,965)</u>	<u>\$ 14,298,849</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 361,255
Sewer	463,556
Total	<u>\$ 824,811</u>

NOTE 5 - Long-Term Obligations

Details of the City's long-term obligations are set forth below:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable	\$ 1,595,000	\$ -	\$ (125,000)	\$ 1,470,000	\$ 160,000
Notes payable - direct placement	2,720,000	518,000	(345,000)	2,893,000	358,000
Vested vacation pay	124,325	18,331	-	142,656	142,656
Vested sick pay	171,251	28,117	-	199,368	199,368
Wisconsin Retirement System					
Net pension liability	-	904,753	-	904,753	-
LRLIF	187,958	-	(50,900)	137,058	-
Termination benefits	140,556	-	(28,966)	111,590	111,590
Total	<u>\$ 4,939,090</u>	<u>\$ 1,469,201</u>	<u>\$ (549,866)</u>	<u>\$ 5,858,425</u>	<u>\$ 971,614</u>

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 5 - Long-Term Obligations - Continued

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business Activities					
Mortgage revenue bonds - water	\$ 543,490	\$ -	\$ (55,266)	\$ 488,224	\$ 56,482
Vested vacation pay - sewer	30,014	-	(1,615)	28,399	28,399
Vested vacation pay - water	20,010	-	(1,077)	18,933	18,933
Vested sick pay - sewer	77,183	-	(9,561)	67,622	67,622
Vested sick pay - water	51,455	-	(6,374)	45,081	45,081
Wisconsin Retirement System					
Net pension liability - sewer	-	31,330	-	31,330	-
LRLIF - sewer	4,965	-	(219)	4,746	-
Net pension liability - water	-	84,211	-	84,211	-
LRLIF - water	18,148	-	(5,391)	12,757	-
Total	<u>\$ 745,265</u>	<u>\$ 115,541</u>	<u>\$ (79,503)</u>	<u>\$ 781,303</u>	<u>\$ 216,517</u>

In prior years, the general, sewer, and water funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$115,808 for governmental activities and \$11,292 for business-type activities. Total interest paid during the year aggregated \$107,702 for governmental activities, including \$8,333 for advances, and \$11,349 for business-type activities.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes and special assessments. General obligation debt at December 31, 2022, is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	2013	1.75-3.25%	2024-2033	\$ 1,470,000
Note payable - direct placement	2017	3-4%	2024-2026	655,000
Note payable - direct placement	2020	1-3%	2024-2030	1,720,000
Note payable - direct placement	2023	2.99%	2024-2033	518,000
Total				<u>\$ 4,363,000</u>

Proprietary Fund Debt

Proprietary fund debt is expected to be repaid with water and sewer utility revenue. Proprietary fund debt at December 31, 2023, is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Revenue bond - water	2011	2.2%	2024-2031	\$ 488,224

General Obligation Debt Limit Calculation - The 2023 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$396,649,000. The legal debt limit and margin of indebtedness as of December 31, 2023, in accordance with Section 67.03(1) (a) of the Wisconsin Statutes follows:

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 5 - Long-Term Obligations - Continued

Debt limit (5% of \$396,649,000)	\$ 19,832,450
Applicable long-term debt	
Long-term debt applicable to debt margin	(4,363,000)
Amount available in debt service	<u>214,362</u>
Margin of indebtedness	<u>\$ 15,683,812</u>

Maturities of the Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

Year Ending December 31	Governmental Activities					Business-Type Activities		
	Bonds		Notes Payable - Direct Borrowing and Placement			Bonds		
	Principal	Interest	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 160,000	\$ 34,865	\$ 358,000	\$ 69,614	\$ 622,479	\$ 56,482	\$ 10,120	\$ 66,602
2025	160,000	31,745	382,000	50,774	624,519	57,725	8,863	66,588
2026	170,000	28,318	389,000	39,214	626,532	58,995	7,579	66,574
2027	175,000	24,521	390,000	27,534	617,055	60,293	6,267	66,560
2028	180,000	20,393	397,000	19,184	616,577	61,619	4,926	66,545
2029-2033	625,000	38,626	977,000	30,025	1,670,651	193,110	6,434	199,544
	<u>\$ 1,470,000</u>	<u>\$ 178,468</u>	<u>\$ 2,893,000</u>	<u>\$ 236,345</u>	<u>\$ 4,777,813</u>	<u>\$ 488,224</u>	<u>\$ 44,189</u>	<u>\$ 532,413</u>

Termination Benefits - At retirement, employees hired prior to January 2, 2008 may receive up to 1,040 accumulated sick pay hours and employees hired January 2, 2008 or later may receive up to 520 accumulated sick pay hours to be used for medical expenses. As of December 31, 2023, 10 employees are eligible to receive \$111,590. During 2023, \$0 has been added to the total available with \$28,966 being distributed.

NOTE 6 - Wisconsin Retirement System Pension

General Information about the Pension Plan

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 6 - Wisconsin Retirement System Pension - Continued

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 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 6 - Wisconsin Retirement System Pension - Continued

category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees.

Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$289,538 in contributions from the employer.

Contribution rates as of December 31, 2023 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

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

At December 31, 2023, the City reported a liability (asset) of \$1,020,294 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was .01925918%, which was an increase of .00115096% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense (revenue) of \$514,995.

At December 31, 2023, 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 projected and actual experience	\$ 1,625,013	\$ 2,134,903
Net differences between projected and actual earnings on pension plan investments	1,733,245	-
Change in assumptions	200,632	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,854	14,405
Employer contributions subsequent to the measurement date	289,538	-
Total	\$ 3,853,282	\$ 2,149,308

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 6 - Wisconsin Retirement System Pension - Continued

\$289,538 reported as deferred outflows related to pension resulting from the WRS Employer'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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ending December 31	Deferred Outflows and (Inflows) of Resources
2024	\$ 55,349
2025	292,127
2026	300,643
2027	766,317
Thereafter	-

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

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

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 6 - Wisconsin Retirement System Pension - Continued

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns
As of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Public Equity	48	7.6	5
Public Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund	115	7.4	4.8
Variable Fund Asset Class			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations. New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.5%.

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate - A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.8 percent, as well as what the City's proportionate share

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 6 - Wisconsin Retirement System Pension - Continued

of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
City's proportionate share of the net pension liability (asset)	\$ 3,386,323	\$ 1,020,294	\$ (607,330)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan - The City reported a payable of \$41,922 for outstanding amount of contributions to the pension plan required for the year ended December 31, 2023.

NOTE 7 - Wisconsin Retirement System Local Retiree Life Insurance Fund

General Information about the Other Post Employment Benefits

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

OPEB Plan Fiduciary Net Position - ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

Benefits Provided - The LRLIF plan provides fully paid life insurance benefits for post age 64 retired employees and pre-65 retirees who pay for 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 post retirement benefit.

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

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 7 - Wisconsin Retirement System Local Retiree Life Insurance Fund - Continued

Contribution rates as of December 31, 2023 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2022 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$969 in contributions from the employer.

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

At December 31, 2023, the City reported a liability (asset) of \$154,561 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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 OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was .040569% which was an increase of .004857% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB expense (revenue) of \$16,464.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 7 - Wisconsin Retirement System Local Retiree Life Insurance Fund - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,126
Net differences between projected and actual earnings on plan investments	2,901	-
Changes in assumption	55,530	91,234
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,555	9,375
Employer contributions subsequent to the measurement date	969	-
Total	\$ 84,955	\$ 115,735

\$969 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ending December 31	Deferred Outflows and (Inflows) of Resources
2024	\$ (2,154)
2025	(2,844)
2026	945
2027	(6,157)
Thereafter	(21,539)

Actuarial Assumptions - The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 7 - Wisconsin Retirement System Local Retiree Life Insurance Fund - Continued

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Intermediate Credit Bonds	Bloomberg US Interm Credit	50	2.45
US Mortgages	Bloomberg US MBS	50	2.83
Inflation			2.3
Long-term Expected Rate of Return			4.25

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate - A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 7 - Wisconsin Retirement System Local Retiree Life Insurance Fund - Continued

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76 percent, 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 (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
City's proportionate share of the net OPEB liability (asset)	\$ 210,727	\$ 154,561	\$ 111,516

Payables to the Pension Plan - The City reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2023.

NOTE 8 - Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances at December 31, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 20,885
Sewer	Capital Projects	143,783
Sewer	General	10,468
Sewer	Water	428
Water	Capital Projects	77,895
Water	General	13,834
Water	Sewer	3
		<u>\$ 267,296</u>

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

<u>Advance To</u>	<u>Advance From</u>	<u>Amount</u>
General	TID #01E RAJ	\$ 15,884
General	TID #10 North Industrial Park	288,618
		<u>\$ 304,502</u>

The principal purposes of these advances are capital projects and capital asset acquisition. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Interfund transfers at December 31, 2023 were as follows:

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 8 - Interfund Receivables, Payables and Transfers - Continued

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Sewer	\$ 2,063
General	Water	168,052
Debt Service	General	565,429
Debt Service	TID #01E	9,166
Capital Projects	General	71,080
Library Expendable Trust	Library Endowment Principal	624
		<u>\$ 816,414</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund the budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Advances to other funds	\$ 304,502
Library Endowment	Permanent fund	\$ 57,630
Restricted		
CDBG Housing Grant	Housing loans	\$ 16,845
Debt Service Fund	Principal and interest	\$ 214,362
Non-major Special Revenue Funds	Cemetery and library expenses	\$ 2,101,064
Committed		
General	Park expenses	\$ 748
General	Termination benefits	\$ 111,590
General	Residential development	\$ 20,576
General	Reassessment	\$ 96,500
Capital Project	Capital expenses	\$ 98,702
Non-major Capital Project Funds	Capital expenses	\$ 279,360
Assigned		
General	Police, subsequent year, ambulance, and fire expenses	\$ 51,623
Revolving Loan Fund	Loans	\$ 404,705
Ambulance Fund	Public safety	\$ 999,319
Capital Project	Capital expenses	\$ 1,085,911
Non-major Special Revenue Fund	Senior	\$ 33,492

Net Position

Governmental Activities		
Restricted		
Library Endowment	Permanent fund	\$ 57,630
Special Revenue	Loans, senior, cemetery and library expenses	\$ 3,653,523
Debt Service	Principal and interest	\$ 214,362

CITY OF BERLIN, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023

NOTE 9 - Fund Balance and Net Position - Continued

Business-type Activities

Restricted

Sewer	DNR requirements	\$	1,340,812
Water	DNR requirements	\$	178,494

Deficits

The following individual funds had deficits at December 31, 2023 and will be funded by future revenues:

TID #01E - RAJ	\$	15,884
TID #10 - North Industrial Park	\$	288,618

The City has adopted a minimum fund balance policy for the unassigned general fund balance in the amount of 25 - 30% of total general fund revenues in addition to anticipated funding for TID advances be maintained for cash flow and working capital purposes.

NOTE 10 - 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; injuries to employees; and natural disasters. The City purchases various forms of commercial insurance to cover the risks mentioned above. Certain commercial insurance policies have established deductible amounts whereby the City would be responsible for the portion of claims, losses and damages under the deductible limits. All funds participate in the coverages provided by the commercial insurance carriers. Each fund would be responsible for its share of losses either below the deductible amounts or for losses exceeding the coverage limits of the commercial policies. There has been no significant reduction in insurance coverage from the prior year. Settlements have not exceeded insurance coverage for each of the past three years.

NOTE 11 - Prior Period Adjustment

The City recorded a prior year period adjustment to the beginning unrestricted net position in the business-type activities for \$7,707. The adjustment decreased unrestricted net position for unspent ARPA grant funds.

NOTE 12 - Subsequent Event

On March 1, 2024 the City issued \$2,000,000 of general obligation promissory notes for equipment.

CITY OF BERLIN, WISCONSIN
REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF BERLIN, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,113,962	\$ 2,113,962	\$ 2,122,406	\$ 8,444
Intergovernmental	2,427,824	2,427,824	2,562,486	134,662
Licenses and permits	83,917	83,917	86,295	2,378
Fines, forfeits and penalties	68,050	68,050	67,050	(1,000)
Public charges for services	174,200	174,200	175,328	1,128
Intergovernmental charges for services	220,671	220,671	179,193	(41,478)
Miscellaneous	84,818	84,818	162,032	77,214
TOTAL REVENUES	5,173,442	5,173,442	5,354,790	181,348
EXPENDITURES				
Current				
General government	731,181	755,645	737,660	17,985
Public safety	1,877,143	1,877,143	1,707,716	169,427
Public works	1,463,736	1,473,242	1,457,955	15,287
Health and human services	240,567	249,613	228,072	21,541
Culture, recreation and education	852,487	856,432	807,132	49,300
Conservation and development	110,501	110,501	123,258	(12,757)
TOTAL EXPENDITURES	5,275,615	5,322,576	5,061,793	260,783
EXCESS OF REVENUES OVER EXPENDITURES	(102,173)	(149,134)	292,997	442,131
OTHER FINANCING SOURCES (USES)				
Transfers in	190,000	190,000	170,115	(19,885)
Transfers (out)	(636,509)	(636,509)	(636,509)	-
Sale of capital assets	-	-	26,930	26,930
Other financing uses	(30,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(476,509)	(446,509)	(439,464)	7,045
NET CHANGE IN FUND BALANCE	(578,682)	(595,643)	(146,467)	449,176
FUND BALANCE AT BEGINNING OF YEAR	3,649,655	3,649,655	3,649,655	-
FUND BALANCE AT END OF YEAR	\$ 3,070,973	\$ 3,054,012	\$ 3,503,188	\$ 449,176

The accompanying notes are an integral part of these statements.

CITY OF BERLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2023

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes.

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

1. In August of each year, all department heads of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Prior to October 15, the City Administrator submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments. This includes all required public notifications and publications prior to the public hearing.
3. In December, the budget is legally enacted through passage of a Resolution.
4. The department heads are authorized to transfer budget amounts within departmental operating expenses; however, any other revisions that alter the total expenditures of any fund or department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions authorized by the Common Council.
9. Appropriations lapse at year-end, except those specifically carried forward by Council action.
10. Encumbrance accounting is not used.
11. No budget was adopted for the American Rescue, Revolving Loan, CDBG Housing Grant and Ambulance funds.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

Conservation and development	\$12,757
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CITY OF BERLIN, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years

Pension Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2022	0.01925918%	\$ 1,020,294	\$ 3,296,460	30.95%	95.72%
2021	-0.01810822%	(1,459,555)	2,710,585	-53.85%	106.02%
2020	-0.01801936%	(1,124,973)	2,372,020	-47.43%	105.26%
2019	-0.01839346%	(593,089)	2,446,273	-24.24%	102.96%
2018	0.01823977%	648,913	2,403,659	27.00%	96.45%
2017	-0.01777938%	(527,890)	2,267,572	-23.28%	102.93%
2016	0.01759528%	145,027	2,224,426	6.52%	99.12%
2015	0.01769204%	287,492	2,174,447	13.22%	98.20%
2014	-0.01805563%	(443,496)	2,136,477	-20.76%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 289,538	\$ (289,538)	\$ -	\$ 3,568,035	8.11%
2022	254,766	(254,766)	-	3,296,460	7.73%
2021	220,642	(220,642)	-	2,710,585	8.14%
2020	193,032	(193,032)	-	2,372,020	8.14%
2019	191,208	(191,208)	-	2,446,273	7.82%
2018	193,414	(193,414)	-	2,403,659	8.05%
2017	183,469	(183,469)	-	2,267,572	8.09%
2016	169,207	(169,207)	-	2,224,426	7.61%
2015	168,258	(168,258)	-	2,174,447	7.74%

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2023

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

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

- * Lowering the long-term expected rate of return from 7% to 6.8%.
- * Lowering the discount rate from 7% to 6.8%.
- * Lowering the price inflation rate from 2.5% to 2.4%.
- * Lowering the post-retirement adjustments from 1.9% to 1.7%.
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

- * Lowering the long-term expected rate of return from 7.2% to 7%.
- * Lowering the discount rate from 7.2% to 7%.
- * Lowering the wage inflation rate from 3.2% to 3%.
- * Lowering the price inflation rate from 2.7% to 2.5%.
- * Lowering the post-retirement adjustments from 2.1% to 1.9%.
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

CITY OF BERLIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED DECEMBER 31, 2023

Notes to Required Supplementary Information for the Year Ended December 31, 2023 - Continued

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Post Retirement Benefit Adjustments	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

CITY OF BERLIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED DECEMBER 31, 2023

Notes to Required Supplementary Information for the Year Ended December 31, 2023 - Continued

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

	2017	2016	2015	2014	2013
Valuation Date:	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Post Retirement Benefit Adjustments	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

CITY OF BERLIN, WISCONSIN
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years

OPEB Plan Fiscal Year	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2022	0.04056900%	\$ 154,561	\$ 2,837,000	5.45%	38.81%
2021	0.03571200%	211,071	2,609,000	8.09%	29.57%
2020	0.03346000%	184,054	2,290,000	8.04%	31.36%
2019	0.03633000%	154,700	2,313,000	6.69%	37.58%
2018	0.03694100%	95,320	2,315,000	4.12%	48.69%
2017	0.03925600%	118,105	1,650,827	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

City Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 969	\$ (969)	\$ -	\$ 3,568,035	0.03%
2022	830	(830)	-	2,837,000	0.03%
2021	730	(730)	-	2,609,000	0.03%
2020	667	(667)	-	2,290,000	0.03%
2019	656	(656)	-	2,313,000	0.03%
2018	711	(711)	-	2,315,000	0.03%

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2023

Changes of benefit terms - there were no changes in benefit terms.

Changes of assumptions - In addition to the rate changes detailed in the tables above, 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 price inflation rate from 2.5% to 2.4%.
- * Morality 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% to 4.25%.
- * Lowering the wage inflation rate from 3.2% to 3%.
- * 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 2018 Mortality Table.

CITY OF BERLIN, WISCONSIN
SUPPLEMENTARY INFORMATION

CITY OF BERLIN, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>SPECIAL REVENUE FUNDS</u>				<u>CAPITAL PROJECT FUNDS</u>
	<u>AMERICAN RESCUE</u>	<u>SENIOR SPECIAL ACCOUNT</u>	<u>CEMETERY EXPENDABLE TRUST</u>	<u>LIBRARY EXPENDABLE TRUST</u>	<u>TID #01E - RAJ</u>
ASSETS					
Cash and cash equivalents	\$ 227,833	\$ 23,270	\$ 2,137	\$ 42,236	\$ -
Investments	-	-	485,968	1,570,723	-
Receivables					
Taxes	-	-	-	-	5,901
TOTAL ASSETS	<u>227,833</u>	<u>23,270</u>	<u>488,105</u>	<u>1,612,959</u>	<u>5,901</u>
LIABILITIES					
Accounts payable	255	-	-	-	-
Unearned revenue - other	227,578	-	-	-	-
Advances from other funds	-	-	-	-	15,884
TOTAL LIABILITIES	<u>227,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,884</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for subsequent year	-	-	-	-	5,901
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	488,105	1,612,959	-
Committed	-	-	-	-	-
Assigned	-	33,492	-	-	-
Unassigned	-	(10,222)	-	-	(15,884)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>23,270</u>	<u>488,105</u>	<u>1,612,959</u>	<u>(15,884)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 227,833</u>	<u>\$ 23,270</u>	<u>\$ 488,105</u>	<u>\$ 1,612,959</u>	<u>\$ 5,901</u>

CAPITAL PROJECT FUNDS			PERMANENT FUND	
TID #02E - DAVID WHITE PROPERTY	TID #10 - NORTH INDUSTRIAL PARK	TID #15 - DOWNTOWN	LIBRARY ENDOWMENT PRINCIPAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 28,022	\$ -	\$ 254,328	\$ -	\$ 577,826
-	-	-	57,630	2,114,321
2,825	152,643	96,009	-	257,378
<u>30,847</u>	<u>152,643</u>	<u>350,337</u>	<u>57,630</u>	<u>2,949,525</u>
-	-	2,990	-	3,245
-	-	-	-	227,578
-	288,618	-	-	304,502
-	288,618	2,990	-	535,325
2,825	152,643	96,009	-	257,378
-	-	-	57,630	57,630
-	-	-	-	2,101,064
28,022	-	251,338	-	279,360
-	-	-	-	33,492
-	(288,618)	-	-	(314,724)
<u>28,022</u>	<u>(288,618)</u>	<u>251,338</u>	<u>57,630</u>	<u>2,156,822</u>
<u>\$ 30,847</u>	<u>\$ 152,643</u>	<u>\$ 350,337</u>	<u>\$ 57,630</u>	<u>\$ 2,949,525</u>

CITY OF BERLIN, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS
	AMERICAN RESCUE	SENIOR SPECIAL ACCOUNT	CEMETERY EXPENDABLE TRUST	LIBRARY EXPENDABLE TRUST	TID #01E - RAJ
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,619
Intergovernmental	182,883	-	-	-	4,023
Intergovernmental charges for services	-	78,742	-	-	-
Miscellaneous	-	1,078	15,031	94,777	-
Change in fair value of investments	-	-	(943)	128,228	-
TOTAL REVENUES	182,883	79,820	14,088	223,005	13,642
EXPENDITURES					
Current					
General government	9,772	-	-	-	-
Health and human services	-	90,042	13,084	-	-
Culture, recreation and education	255	-	-	52,279	-
Conservation and development	-	-	-	-	466
Capital outlay	172,856	-	2,000	-	-
Debt service					
Interest	-	-	-	-	560
Other	-	-	-	-	-
TOTAL EXPENDITURES	182,883	90,042	15,084	52,279	1,026
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(10,222)	(996)	170,726	12,616
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	624	-
Transfers (out)	-	-	-	-	(9,166)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	624	(9,166)
NET CHANGE IN FUND BALANCE	-	(10,222)	(996)	171,350	3,450
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	-	33,492	489,101	1,441,609	(19,334)
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ 23,270	\$ 488,105	\$ 1,612,959	\$ (15,884)

CAPITAL PROJECT FUNDS			PERMANENT FUND	
TID #02E - DAVID WHITE PROPERTY	TID #10 - NORTH INDUSTRIAL PARK	TID #15 - DOWNTOWN	LIBRARY ENDOWMENT PRINCIPAL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 8,058	\$ 166,068	\$ 94,763	\$ -	\$ 278,508
-	5,852	43,819	-	236,577
-	-	-	-	78,742
337	-	2,886	624	114,733
-	-	-	-	127,285
<u>8,395</u>	<u>171,920</u>	<u>141,468</u>	<u>624</u>	<u>835,845</u>
-	-	-	-	9,772
-	-	-	-	103,126
-	-	-	-	52,534
466	466	83,768	-	85,166
-	-	-	-	174,856
-	-	-	-	560
-	11,713	-	-	11,713
<u>466</u>	<u>12,179</u>	<u>83,768</u>	<u>-</u>	<u>437,727</u>
<u>7,929</u>	<u>159,741</u>	<u>57,700</u>	<u>624</u>	<u>398,118</u>
-	-	-	-	624
-	-	-	(624)	(9,790)
-	-	-	(624)	(9,166)
7,929	159,741	57,700	-	388,952
20,093	(448,359)	193,638	57,630	1,767,870
<u>\$ 28,022</u>	<u>\$ (288,618)</u>	<u>\$ 251,338</u>	<u>\$ 57,630</u>	<u>\$ 2,156,822</u>

CITY OF BERLIN, WISCONSIN

OTHER INFORMATION

CITY OF BERLIN, WISCONSIN
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes			
Property	\$ 2,107,312	\$ 2,107,312	\$ -
Mobile home	150	103	(47)
Public accommodation	6,000	14,815	8,815
Interest and penalties on delinquent taxes	500	176	(324)
TOTAL	<u>2,113,962</u>	<u>2,122,406</u>	<u>8,444</u>
Intergovernmental			
Federal grants	14,725	195,196	180,471
State shared taxes	1,806,497	1,780,271	(26,226)
State grants - public safety	12,000	874	(11,126)
State grants - transportation	364,654	364,917	263
Other state payments	45,019	41,240	(3,779)
County and other local grants	184,929	179,988	(4,941)
TOTAL	<u>2,427,824</u>	<u>2,562,486</u>	<u>134,662</u>
Licenses and Permits			
Business and occupational licenses	39,075	38,920	(155)
Nonbusiness licenses	1,000	3,250	2,250
Building permits and inspection fees	42,342	43,650	1,308
Other regulatory permits and fees	1,500	475	(1,025)
TOTAL	<u>83,917</u>	<u>86,295</u>	<u>2,378</u>
Fines, Forfeits and Penalties			
Law and ordinance violations	<u>68,050</u>	<u>67,050</u>	<u>(1,000)</u>
Public Charges for Services			
General government	5,500	8,525	3,025
Public safety	8,850	16,301	7,451
Transportation	11,500	13,487	1,987
Sanitation and utilities	7,500	4,891	(2,609)
Health	32,000	34,870	2,870
Culture, recreation and education	108,850	97,254	(11,596)
TOTAL	<u>174,200</u>	<u>175,328</u>	<u>1,128</u>
Intergovernmental Charges for Service			
Other local governments - public safety	199,619	156,886	(42,733)
Other local governments - other	21,052	22,307	1,255
TOTAL	<u>220,671</u>	<u>179,193</u>	<u>(41,478)</u>
Miscellaneous			
Interest	41,200	84,800	43,600
Rent	16,700	17,048	348
Donations	7,000	16,523	9,523
Other miscellaneous	19,918	43,661	23,743
TOTAL	<u>84,818</u>	<u>162,032</u>	<u>77,214</u>
TOTAL REVENUE	<u>5,173,442</u>	<u>5,354,790</u>	<u>181,348</u>
OTHER FINANCING SOURCES			
Transfers in	190,000	170,115	(19,885)
Sale of capital assets	-	26,930	26,930
TOTAL OTHER FINANCING SOURCES	<u>190,000</u>	<u>197,045</u>	<u>7,045</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 5,363,442</u>	<u>\$ 5,551,835</u>	<u>\$ 188,393</u>

CITY OF BERLIN, WISCONSIN
DETAILED STATEMENT OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	FINAL BUDGETED AMOUNTS	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
EXPENDITURES			
General Government			
Legislative	\$ 25,724	\$ 40,586	\$ (14,862)
Legal	130,038	134,355	(4,317)
General administration	410,510	381,223	29,287
Financial administration	56,216	46,205	10,011
General buildings and plant	125,654	121,682	3,972
Illegal taxes refunded	-	106	(106)
Other insurance	-	6,000	(6,000)
Other general government	7,503	7,503	-
TOTAL	<u>755,645</u>	<u>737,660</u>	<u>17,985</u>
Public Safety			
Law enforcement	1,333,629	1,185,995	147,634
Fire protection	485,713	470,266	15,447
Building inspection	30,842	29,456	1,386
Other public safety	26,959	21,999	4,960
TOTAL	<u>1,877,143</u>	<u>1,707,716</u>	<u>169,427</u>
Public Works			
Street maintenance and construction	763,012	719,143	43,869
Road related facilities	91,531	88,146	3,385
Other transportation	241,770	273,518	(31,748)
Sanitation	376,929	377,148	(219)
TOTAL	<u>1,473,242</u>	<u>1,457,955</u>	<u>15,287</u>
Health and Human Services			
Aging	151,110	136,422	14,688
Cemetery	93,401	87,886	5,515
Other health and human services	5,102	3,764	1,338
TOTAL	<u>249,613</u>	<u>228,072</u>	<u>21,541</u>
Culture, Recreation and Education			
Library	409,368	394,063	15,305
Museum	2,000	2,000	-
Parks	186,577	176,321	10,256
Recreation programs and events	84,976	71,847	13,129
Recreation facilities	173,511	162,901	10,610
TOTAL	<u>856,432</u>	<u>807,132</u>	<u>49,300</u>
Conservation and Development			
Housing	5,525	5,249	276
Urban development	-	12,233	(12,233)
Economic development	78,088	86,870	(8,782)
Other conservation and development	26,888	18,906	7,982
TOTAL	<u>110,501</u>	<u>123,258</u>	<u>(12,757)</u>
TOTAL EXPENDITURES	<u>5,322,576</u>	<u>5,061,793</u>	<u>260,783</u>
OTHER FINANCING USES			
Transfer out	636,509	636,509	-
TOTAL OTHER FINANCING USES	<u>636,509</u>	<u>636,509</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 5,959,085</u>	<u>\$ 5,698,302</u>	<u>\$ 260,783</u>

CITY OF BERLIN, WISCONSIN
OTHER REPORT



**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**

To the City Council
City of Berlin, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berlin, Wisconsin, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Berlin, Wisconsin's basic financial statements and have issued our report thereon dated June 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Berlin, 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 the City of Berlin, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Berlin, Wisconsin's internal control.

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

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

2023-001 - Management's Responsibility for Preparation of Financial Statements

Program: Government-Wide.

Criteria: Adequate internal controls necessitate personnel (management or others) of the City have adequate training and knowledge that would enable you to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: The training and knowledge of your personnel limits your ability to prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2022-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

2023-002 - Segregation of Duties

Program: Government-Wide.

Criteria: Separation of accounting duties is necessary for adequate internal control.

Condition: Separation of accounting duties for adjusting journal entries, cash receipts, cash disbursements and payroll is currently limited to obtain an adequate internal control system.

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding numbered 2022-002.

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

Management's Response: This weakness is impractical to entirely correct due to the limited resources and personnel available to our City. We will continue to use other controls, where practical, to compensate for this limitation.

2023-003 - Significant Audit Adjustments

Program: Government-Wide.

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the City's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2022-003.

Recommendation: Improve the City's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect adjustments.

Management's Response: The City will incorporate financial reporting internal controls to detect adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Berlin, 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 Berlin, Wisconsin's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Berlin, Wisconsin's responses to the findings identified in our audit are described above. The City of Berlin, Wisconsin's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

HAWKINS ASH CPAS, LLP

Hawkins Ash CPAs, LLP

Manitowoc, Wisconsin
June 12, 2024