# CITY OF BERLIN, WISCONSIN

## Annual Financial Report

*December 31, 2025*

KerberRose

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# CITY OF BERLIN, WISCONSIN

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### December 31, 2025

# INDEPENDENT AUDITORS' REPORT

# Independent Auditors' Report

To the Mayor and Common Council
City of Berlin
Berlin, Wisconsin

**Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Berlin, Wisconsin, as of December 31, 2025, 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. 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, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

To the Mayor and Common Council
City of Berlin

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of net OPEB liability and employer contributions – other post-employment benefits – cost-sharing plan and schedule of budgetary comparison – general fund 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.

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

**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 accompanying combining balance sheet – nonmajor governmental funds and combining statement of revenues, expenditures and change in fund balances (deficits) – nonmajor governmental are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – nonmajor governmental funds and combining statement of revenues, expenditures and change in fund balances (deficits) – nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and Common Council
City of Berlin

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the schedule of detailed budgetary comparison revenues and other financing source – general fund and schedule of detailed budgetary comparison expenditures and other financing use – general fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

KerberRose SC

**KerberRose SC**
**Certified Public Accountants**
Oshkosh, Wisconsin
June 22, 2026

# BASIC FINANCIAL STATEMENTS

**CITY OF BERLIN, WISCONSIN**

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances -

As of December 31, 2025

| | Governmental Activities | Business - Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Investments | $ 7,848,727 | $ 725,363 | $ 8,574,090 |
| Taxes Receivable | 2,217,072 | - | 2,217,072 |
| Special Assessments | 108,149 | - | 108,149 |
| Accounts Receivable | 1,210,269 | 112,800 | 1,323,069 |
| Accrued Interest | 72,761 | 101,940 | 174,701 |
| Internal Balances | 210,432 | (210,432) | - |
| Inventories and Prepaid Items | - | 38,101 | 38,101 |
| **Total Current Assets** | 11,667,410 | 767,772 | 12,435,182 |
| **Noncurrent Assets** | | | |
| Restricted Cash and Investments | - | 1,712,154 | 1,712,154 |
| Loans Receivable | 1,528,165 | - | 1,528,165 |
| Long-Term Investments | - | 5,123,173 | 5,123,173 |
| Capital Assets - Nondepreciable | 2,905,329 | 127,630 | 3,032,959 |
| Capital Assets - Depreciable, Net | 13,891,296 | 14,478,274 | 28,369,570 |
| **Total Noncurrent Assets** | 18,324,790 | 21,441,231 | 39,766,021 |
| **TOTAL ASSETS** | 29,992,200 | 22,209,003 | 52,201,203 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred Outflows of Resources Related to Pension | 1,645,221 | 429,837 | 2,075,058 |
| Deferred Outflows of Resources Related to Other Post-Employment Benefits | 94,266 | 24,628 | 118,894 |
| **Total Deferred Outflows of Resources** | 1,739,487 | 454,465 | 2,193,952 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | 173,802 | 70,919 | 244,721 |
| Accrued Liabilities | 231,157 | 112,701 | 343,858 |
| Accrued Interest Payable | 60,238 | 1,353 | 61,591 |
| Short-Term Debt | 293,536 | - | 293,536 |
| Current Portion of Long-Term Obligations | 873,453 | 106,072 | 979,525 |
| Unearned Revenue | - | 6,245 | 6,245 |
| **Total Current Liabilities** | 1,632,186 | 297,290 | 1,929,476 |
| **Noncurrent Liabilities** | | | |
| Net Pension Liability - Wisconsin Retirement System | 281,314 | 73,497 | 354,811 |
| Net Other Post-Employment Benefits Liability | 162,636 | 42,491 | 205,127 |
| Noncurrent Portion of Long-Term Obligations | 5,096,052 | 456,251 | 5,552,303 |
| **Total NonCurrent Liabilities** | 5,540,002 | 572,239 | 6,112,241 |
| **TOTAL LIABILITIES** | 7,172,188 | 869,529 | 8,041,717 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Taxes Levied for Subsequent Period | 2,760,115 | - | 2,760,115 |
| Deferred Inflows of Resources Related to Pension | 845,882 | 220,998 | 1,066,880 |
| Deferred Inflows of Resources Related to Other Post-Employment Benefits | 110,622 | 28,901 | 139,523 |
| **Total Deferred Inflows of Resources** | 3,716,619 | 249,899 | 3,966,518 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 11,543,625 | 14,231,887 | 25,775,512 |
| Restricted | 5,563,256 | 1,847,496 | 7,410,752 |
| Unrestricted | 3,735,999 | 5,464,657 | 9,200,656 |
| **TOTAL NET POSITION** | $ 20,842,880 | $ 21,544,040 | $ 42,386,920 |

**CITY OF BERLIN, WISCONSIN**
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances -
For the Year Ended December 31, 2025

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| **GOVERNMENTAL ACTIVITIES** | | | | | | | |
| General Government | $ 1,556,260 | $ 466,559 | $ - | $ - | $ (1,089,701) | $ - | $ (1,089,701) |
| Public Safety | 4,617,680 | 2,939,373 | 74,097 | - | (1,604,210) | - | (1,604,210) |
| Public Works | 2,333,338 | 103,314 | 463,769 | - | (1,766,255) | - | (1,766,255) |
| Health and Human Services | 361,751 | 91,549 | 82,337 | - | (187,865) | - | (187,865) |
| Culture and Recreation | 910,171 | 139,954 | 123,574 | - | (646,643) | - | (646,643) |
| Conservation and Development | 256,878 | 60 | 368 | - | (256,450) | - | (256,450) |
| Interest and Fiscal Charges | 172,588 | - | - | - | (172,588) | - | (172,588) |
| **Total Governmental Activities** | 10,208,666 | 3,740,809 | 744,145 | - | (5,723,712) | - | (5,723,712) |
| **BUSINESS-TYPE ACTIVITIES** | | | | | | | |
| Water | 1,275,022 | 1,439,705 | - | - | - | 164,683 | 164,683 |
| Sewer | 1,577,740 | 1,542,329 | - | - | - | (35,411) | (35,411) |
| **Total Business-Type Activities** | 2,852,762 | 2,982,034 | - | - | - | 129,272 | 129,272 |
| **TOTAL** | $ 13,061,428 | $ 6,722,843 | $ 744,145 | $ - | (5,723,712) | 129,272 | (5,594,440) |
| **GENERAL REVENUES:** | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 2,741,020 | - | 2,741,020 |
| Other Taxes | | | | | 9,302 | - | 9,302 |
| State and Federal Aids not Restricted to Specific Functions | | | | | 2,500,444 | - | 2,500,444 |
| Interest and Investment Earnings | | | | | 472,994 | 322,414 | 795,408 |
| Gain on Sale of Assets | | | | | 40,648 | - | 40,648 |
| Miscellaneous | | | | | 56,354 | 22,806 | 79,160 |
| **Total General Revenues** | | | | | 5,820,762 | 345,220 | 6,165,982 |
| **TRANSFERS** | | | | | 139,641 | (139,641) | - |
| **CHANGE IN NET POSITION** | | | | | 236,691 | 334,851 | 571,542 |
| **NET POSITION - BEGINNING OF YEAR - AS PREVIOUSLY REPORTED** | | | | | 21,976,495 | 21,072,831 | 43,049,326 |
| **CORRECTION OF ERROR** | | | | | (1,370,306) | 136,358 | (1,233,948) |
| **NET POSITION - BEGINNING OF YEAR - AS ADJUSTED** | | | | | 20,606,189 | 21,209,189 | 41,815,378 |
| **NET POSITION - END OF YEAR** | | | | | $ 20,842,880 | $ 21,544,040 | $ 42,386,920 |

See Accompanying Notes

**CITY OF BERLIN, WISCONSIN**
Balance Sheet
Governmental Funds
As of December 31, 2025

| | General | Library Expendable Trust | Ambulance | Capital Projects | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Cash and Investments | $ 4,444,652 | $ 2,100,682 | $ - | $ 494,606 | $ - | $ 808,787 | $ 7,848,727 |
| Receivables: | | | | | | | |
| Accounts | 103,160 | - | 1,093,351 | - | - | 13,758 | 1,210,269 |
| Taxes | 2,189,486 | - | - | - | - | 27,586 | 2,217,072 |
| Special Assessments | 86,104 | - | - | 22,045 | - | - | 108,149 |
| Loans | 2,405 | - | - | - | - | 1,525,760 | 1,528,165 |
| Interest | 72,761 | - | - | - | - | - | 72,761 |
| Due From Other Funds | 1,536,651 | - | 27,569 | 747,558 | - | 532,843 | 2,844,621 |
| Advance to Other Funds | 15,884 | - | - | - | - | - | 15,884 |
| **TOTAL ASSETS** | $ 8,451,103 | $ 2,100,682 | $ 1,120,920 | $ 1,264,209 | $ - | $ 2,908,734 | $ 15,845,648 |
| **LIABILITIES** | | | | | | | |
| Accounts Payable | $ 131,901 | $ - | $ 21,514 | $ - | $ 30 | $ 20,357 | $ 173,802 |
| Interest Payable on Short-Term Debt | 1,009 | - | - | - | - | - | 1,009 |
| Due to Other Funds | 1,251,769 | - | 572,015 | 221,678 | - | 588,727 | 2,634,189 |
| Advance from Other Funds | - | - | - | - | - | 15,884 | 15,884 |
| Accrued Liabilities | 178,540 | - | 52,617 | - | - | - | 231,157 |
| Short Term Notes Payable | 293,536 | - | - | - | - | - | 293,536 |
| **Total Liabilities** | 1,856,755 | - | 646,146 | 221,678 | 30 | 624,968 | 3,349,577 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | |
| Taxes Levied for Subsequent Period | 2,732,529 | - | - | - | - | 27,586 | 2,760,115 |
| Special Assessments | 71,212 | - | - | 282 | - | - | 71,494 |
| **Total Deferred Inflows of Resources** | 2,803,741 | - | - | 282 | - | 27,586 | 2,831,609 |
| **FUND BALANCES (DEFICITS)** | | | | | | | |
| Nonspendable | - | - | - | - | - | 57,630 | 57,630 |
| Restricted | 2,405 | 2,100,682 | - | 1,042,249 | - | 1,899,895 | 5,045,231 |
| Assigned | 84,498 | - | 474,774 | - | - | 897,144 | 1,456,416 |
| Unassigned (Deficits) | 3,703,704 | - | - | - | (30) | (598,489) | 3,105,185 |
| **Total Fund Balances (Deficits)** | 3,790,607 | 2,100,682 | 474,774 | 1,042,249 | (30) | 2,256,180 | 9,664,462 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)** | $ 8,451,103 | $ 2,100,682 | $ 1,120,920 | $ 1,264,209 | $ - | $ 2,908,734 | $ 15,845,648 |

See Accompanying Notes

**CITY OF BERLIN, WISCONSIN**
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
As of December 31, 2025

| | | |
|---|---|---|
| **Total Fund Balances (Deficits) - Governmental Funds** | | $ 9,664,462 |
| ***Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:*** | | |
| Capital assets used in government 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: | | |
| Governmental Capital Assets | $ 36,647,753 | |
| Governmental Accumulated Depreciation | (19,851,128) | 16,796,625 |
| Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements. | | |
| Special Assessments | | 71,494 |
| The City's proportionate share of the Wisconsin Retirement System pension plan and Other Post-Employment Benefits are not an available financial resource; therefore, they are not reported in the fund financial statements. | | |
| Deferred Outflows Related to Pension | 1,645,221 | |
| Deferred Outflows Related to Other Post-Employment Benefits | 94,266 | |
| Deferred Inflows Related to Pension | (845,882) | |
| Deferred Inflows Related to Other Post-Employment Benefits | (110,622) | 782,983 |
| Net pension liability not payable in the current period therefore not reported in the fund financial statements | | (281,314) |
| Post-employment benefit liability not payable in the current period therefore not reported in the fund financial statements | | (162,636) |
| Noncurrent liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet | | |
| General Obligation Debt | | (5,123,000) |
| Notes Payable | | (130,000) |
| Accrued Interest on General Obligation Debt | | (59,229) |
| Vested Employee Benefits | | (716,505) |
| **Total Net Position - Governmental Activities** | | $ 20,842,880 |

**CITY OF BERLIN, WISCONSIN**
Statement of Revenues, Expenditures and Change in Fund Balances (Deficit)
Governmental Funds
For the Year Ended December 31, 2025

| | General | CDBG Housing Grant | Revolving Trust | Library Expendable Trust | Ambulance | Capital Projects | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | |
| Taxes | $ 2,443,394 | $ - | $ - | $ - | $ - | $ - | $ - | $ 306,928 | $ 2,750,322 |
| Special Assessments | 7,608 | - | - | - | - | 2,360 | - | - | 9,968 |
| Intergovernmental | 2,961,292 | - | - | - | - | - | - | 265,399 | 3,226,691 |
| Licenses and Permits | 118,640 | - | - | - | - | - | - | - | 118,640 |
| Fines and Forfeitures | 70,279 | - | - | - | - | - | - | - | 70,279 |
| Public Charges for Services | 141,950 | - | - | - | 775,163 | - | - | - | 917,113 |
| Intergovernmental Charges of Services | 574,169 | - | - | - | 1,862,600 | - | - | - | 2,436,769 |
| Investment Income | 183,174 | - | - | 258,064 | - | 677 | - | 31,079 | 472,994 |
| Miscellaneous | 99,337 | - | - | 50,244 | 2,100 | 103,278 | - | 88,224 | 343,183 |
| **Total Revenues** | 6,599,843 | - | - | 308,308 | 2,639,863 | 106,315 | - | 691,630 | 10,345,959 |
| **EXPENDITURES** | | | | | | | | | |
| Current: | | | | | | | | | |
| General Government | 1,055,353 | - | - | - | - | - | - | 126,574 | 1,181,927 |
| Public Safety | 1,835,697 | - | - | - | 2,684,494 | - | - | - | 4,520,191 |
| Public Works | 1,620,543 | - | - | - | - | - | - | - | 1,620,543 |
| Health and Human Services | 199,475 | - | - | - | - | - | - | 118,029 | 317,504 |
| Culture and Recreation | 791,079 | - | - | 27,392 | - | - | - | - | 818,471 |
| Conservation and Development | 149,027 | - | - | - | - | - | - | 417,550 | 566,577 |
| Debt Service: | | | | | | | | | |
| Principal Retirement | - | - | - | - | - | - | 722,000 | - | 722,000 |
| Interest | 1,009 | - | - | - | - | - | 173,526 | - | 174,535 |
| Capital Outlay | - | - | - | - | - | 623,798 | - | 29,397 | 653,195 |
| **Total Expenditures** | 5,652,183 | - | - | 27,392 | 2,684,494 | 623,798 | 895,526 | 691,550 | 10,574,943 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 947,660 | - | - | 280,916 | (44,631) | (517,483) | (895,526) | 80 | (228,984) |
| **OTHER FINANCING SOURCES (USE)** | | | | | | | | | |
| Proceeds of Long-Term Debt | - | - | - | - | 130,000 | - | - | - | 130,000 |
| Transfers In | 184,042 | - | - | - | - | - | 895,496 | - | 1,079,538 |
| Transfers Out | (886,278) | - | - | - | - | - | - | (9,218) | (895,496) |
| **Total Other Financing Sources (Use)** | (702,236) | - | - | - | 130,000 | - | 895,496 | (9,218) | 314,042 |
| **NET CHANGE IN FUND BALANCES** | 245,424 | - | - | 280,916 | 85,369 | (517,483) | (30) | (9,138) | 85,058 |
| **FUND BALANCES - BEGINNING - AS PREVIOUSLY REPORTED** | 4,024,368 | 44,879 | 303,675 | 1,819,766 | 892,925 | 1,559,732 | - | 837,266 | 9,482,611 |
| **CORRECTION OF ERROR** | (479,185) | - | - | - | (503,520) | - | - | 1,079,498 | 96,793 |
| **ADJUSTMENT - MAJOR TO NONMAJOR** | - | (44,879) | (303,675) | - | - | - | - | 348,554 | - |
| **FUND BALANCES - BEGINNING - AS ADJUSTED** | 3,545,183 | - | - | 1,819,766 | 389,405 | 1,559,732 | - | 2,265,318 | 9,579,404 |
| **FUND BALANCES (DEFICIT) - ENDING** | $ 3,790,607 | $ - | $ - | $ 2,100,682 | $ 474,774 | $ 1,042,249 | $ (30) | $ 2,256,180 | $ 9,664,462 |

## CITY OF BERLIN, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances (Deficits) -
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

| | | |
|---|---|---|
| **Net Change in Fund Balances (Deficits) - Total Governmental Funds** | | $ 85,058 |
| ***Amounts reported for governmental activities in the statement of activities are different because:*** | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital Outlay reported in governmental fund statements | $ 1,126,501 | |
| Depreciation expense reported in the statement of activities | (1,129,647) | |
| Amount by which capital outlays are less than depreciation in the current period. | | (3,146) |
| The City disposed of assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net loss and has no affect on the governmental funds balance sheet. | | |
| The value of capital assets disposed of during the year | (28,125) | |
| The amount of depreciation recapture for the year | 32,000 | |
| Amount by which capital disposals are less than depreciation recapture in the current period | | 3,875 |
| Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements. | | (189,985) |
| Amounts related to the other post-employment benefit plan that affect the statement of activities but do not affect the fund financial statements. | | (38,138) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | | |
| Repayments on Special Assessments | | (35,005) |
| Vested employee benefits are reported in the government 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 was less than the amount paid. | | (179,915) |
| 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: | | 722,000 |
| Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities. | | (130,000) |
| Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues. | | 1,947 |
| **Change in Net Position - Governmental Activities** | | $ 236,691 |

**CITY OF BERLIN, WISCONSIN**
Statement of Net Position
Proprietary Funds
As of December 31, 2025

| | Water Utility | Sewer Utility | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Current Assets: | | | |
| Cash and Investments | $ 25 | $ 725,338 | $ 725,363 |
| Receivables: | | | |
| Accounts | 28,230 | 84,570 | 112,800 |
| Accrued Interest | 62,309 | 39,631 | 101,940 |
| Due From Other Funds | 1,587,124 | 317,536 | 1,904,660 |
| Inventories | 33,938 | 4,163 | 38,101 |
| **Total Current Assets** | 1,711,626 | 1,171,238 | 2,882,864 |
| Noncurrent Assets: | | | |
| Restricted Cash and Investments | 217,287 | 1,494,867 | 1,712,154 |
| Long-Term Investments | 3,657,229 | 1,465,944 | 5,123,173 |
| Land | 28,610 | 45,984 | 74,594 |
| Construction Work in Progress | 31,018 | 22,018 | 53,036 |
| Plant in Service | 14,424,916 | 19,480,480 | 33,905,396 |
| Accumulated Depreciation | (6,270,410) | (13,156,712) | (19,427,122) |
| **Total Noncurrent Assets** | 12,088,650 | 9,352,581 | 21,441,231 |
| **TOTAL ASSETS** | 13,800,276 | 10,523,819 | 24,324,095 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred Outflows of Resources Related to Pension | 114,004 | 315,833 | 429,837 |
| Deferred Outflows of Resources Related to Other Post-Employment Benefits | 6,532 | 18,096 | 24,628 |
| **Total Deferred Outflows of Resources** | 120,536 | 333,929 | 454,465 |
| **CURRENT LIABILITIES** | | | |
| Accounts Payable | 30,953 | 39,966 | 70,919 |
| Accrued and Other Current Liabilities | 43,953 | 68,748 | 112,701 |
| Accrued Interest | 1,353 | - | 1,353 |
| Due to Other Funds | 383,917 | 1,731,175 | 2,115,092 |
| Unearned Revenues | 6,245 | - | 6,245 |
| Current Portion of Long-Term Obligations | 77,826 | 28,246 | 106,072 |
| **Total Current Liabilities** | 544,247 | 1,868,135 | 2,412,382 |
| **NONCURRENT LIABILITIES** | | | |
| Net Pension Liability - Wisconsin Retirement System | 19,493 | 54,004 | 73,497 |
| Net Other Post-Employment Benefits Liability | 11,270 | 31,221 | 42,491 |
| Noncurrent Portion of Long-Term Obligations | 371,513 | 84,738 | 456,251 |
| **Total Noncurrent Liabilities** | 402,276 | 169,963 | 572,239 |
| **TOTAL LIABILITIES** | 946,523 | 2,038,098 | 2,984,621 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred Inflows of Resources Related to Pension | 58,614 | 162,384 | 220,998 |
| Deferred Inflows of Resources Related to Other Post-Employment Benefits | 7,665 | 21,236 | 28,901 |
| **Total Deferred Inflows of Resources** | 66,279 | 183,620 | 249,899 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 7,840,117 | 6,391,770 | 14,231,887 |
| Restricted | 253,184 | 1,594,312 | 1,847,496 |
| Unrestricted | 4,814,709 | 649,948 | 5,464,657 |
| **TOTAL NET POSITION** | $ 12,908,010 | $ 8,636,030 | $ 21,544,040 |

See Accompanying Notes

## CITY OF BERLIN, WISCONSIN

Statement of Revenues, Expenses and Change in Net Position

Proprietary Funds

For the Year Ended December 31, 2025

| | Water Utility | Sewer Utility | Total |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for Services | $ 1,407,856 | $ 1,540,336 | $ 2,948,192 |
| Other Operating Revenues | 31,849 | 1,993 | 33,842 |
| **Total Operating Revenues** | 1,439,705 | 1,542,329 | 2,982,034 |
| **OPERATING EXPENSES** | | | |
| Operation and Maintenance | 337,510 | 727,667 | 1,065,177 |
| General and Administrative | 398,821 | 285,498 | 684,319 |
| Depreciation | 372,743 | 512,490 | 885,233 |
| Taxes | 157,315 | 52,085 | 209,400 |
| **Total Operating Expenses** | 1,266,389 | 1,577,740 | 2,844,129 |
| **OPERATING INCOME (LOSS)** | 173,316 | (35,411) | 137,905 |
| **NONOPERATING REVENUES (EXPENSES)** | | | |
| Interest Income | 192,158 | 130,256 | 322,414 |
| Interest Expense | (8,633) | - | (8,633) |
| Miscellaneous Income | 15,412 | 6,350 | 21,762 |
| Merchandising and Jobbing | 1,044 | - | 1,044 |
| **Total Nonoperating Revenues (Expenses)** | 199,981 | 136,606 | 336,587 |
| **INCOME BEFORE TRANSFERS** | 373,297 | 101,195 | 474,492 |
| **TRANSFERS OUT** | (184,042) | - | (184,042) |
| **CHANGE IN NET POSITION** | 189,255 | 101,195 | 290,450 |
| **NET POSITION - BEGINNING - AS PREVIOUSLY REPORTED** | 12,618,755 | 8,498,477 | 21,117,232 |
| **CORRECTION OF ERROR** | 100,000 | 36,358 | 136,358 |
| **NET POSITION - BEGINNING OF YEAR - AS ADJUSTED** | 12,718,755 | 8,534,835 | 21,253,590 |
| **NET POSITION - ENDING** | $ 12,908,010 | $ 8,636,030 | $ 21,544,040 |

**CITY OF BERLIN, WISCONSIN**
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

| | Water Utility | Sewer Utility | Total |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash Received from User Charges | $ 1,436,746 | $ 1,686,188 | $ 3,122,934 |
| Cash Received (Paid) from (to) Municipality | (207,909) | 236,825 | 28,916 |
| Paid to Suppliers for Goods and Services | (572,308) | (772,429) | (1,344,737) |
| Paid to Employees for Operating Payroll | (337,267) | (358,635) | (695,902) |
| **Net Cash Flows From Operating Activities** | 319,262 | 791,949 | 1,111,211 |
| **CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES** | | | |
| Merchandising, Jobbing, and Other Nonoperating Income | 16,456 | 6,350 | 22,806 |
| Transfer from (to) Other Funds | (174,440) | - | (174,440) |
| **Net Cash Flows From Noncapital Financing Activities** | (157,984) | 6,350 | (151,634) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acquisition of Capital Assets | (167,140) | (1,056,883) | (1,224,023) |
| Principal Payments on Long-Term Debt | (57,725) | - | (57,725) |
| Interest and Fiscal Charges | (8,864) | - | (8,864) |
| **Net Cash Flows From Capital and Related Financing Activities** | (233,729) | (1,056,883) | (1,290,612) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Long-Term Investments Redeemed | 119,189 | 1,171,323 | 1,290,512 |
| Investment Income | 170,549 | 118,226 | 288,775 |
| **Net Cash Flows From Investing Activities** | 289,738 | 1,289,549 | 1,579,287 |
| **CHANGE IN CASH AND INVESTMENTS** | 217,287 | 1,030,965 | 1,248,252 |
| **CASH AND INVESTMENTS - BEGINNING** | 3,657,254 | 2,655,184 | 6,312,438 |
| **CASH AND INVESTMENTS - ENDING** | $ 3,874,541 | $ 3,686,149 | $ 7,560,690 |
| **RECONCILIATION OF CASH AND INVESTMENT ACCOUNTS** | | | |
| Cash and Investments | $ 25 | $ 725,338 | $ 725,363 |
| Restricted Cash | 217,287 | 1,494,867 | 1,712,154 |
| Long-Term Investments | 3,657,229 | 1,465,944 | 5,123,173 |
| **Total Reconciliation of Cash Accounts** | $ 3,874,541 | $ 3,686,149 | $ 7,560,690 |

**CITY OF BERLIN, WISCONSIN**
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2025

| | Water Utility | Wastewater Utility | Total |
|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM** | | | |
| Operating Income (Loss) | $ 173,316 | $ (35,411) | $ 137,905 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities: | | | |
| Depreciation | 382,345 | 502,888 | 885,233 |
| Meter Depreciation Charged to Sewer | (9,602) | 9,602 | - |
| Changes in Assets and Liabilities: | | | |
| Customer Accounts Receivable | (9,204) | 143,749 | 134,545 |
| Other Receivables | - | 110 | 110 |
| Materials and Supplies | (509) | (258) | (767) |
| Deferred Outflows Related to Pension | 86,113 | (238,129) | (152,016) |
| Deferred Outflows Related to OPEB | 1,918 | (14,815) | (12,897) |
| Accounts Payable | (72,923) | (68,594) | (141,517) |
| Receivable from Municipality | 11,618 | 8,720 | 20,338 |
| Unearned Revenues | 6,245 | - | 6,245 |
| Other Current Liabilities | 32,500 | 51,568 | 84,068 |
| Accrued Compensated Absences | (31,159) | (4,774) | (35,933) |
| Due from (to) Municipality | (219,527) | 228,105 | 8,578 |
| Net Pension Liability | 19,493 | 54,004 | 73,497 |
| Net OPEB Liability | 11,270 | 21,619 | 32,889 |
| Deferred Inflows Related to Pension | (62,421) | 115,387 | 52,966 |
| Deferred Inflows Related to OPEB | (211) | 18,178 | 17,967 |
| **Net Cash Flows From Operating Activities** | $ 319,262 | $ 791,949 | $ 1,111,211 |

## CITY OF BERLIN, WISCONSIN

Statement of Fiduciary Net Position
Fiduciary Fund
As of December 31, 2025

| | Custodial Fund Tax Collection Fund |
|---|---|
| **ASSETS** | |
| Cash and Investments | $ 1,057,340 |
| Taxes Receivable | 4,154,825 |
| **Total Assets** | 5,212,165 |
| | |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Taxes Levied for Subsequent Period | 5,212,165 |
| | |
| **NET POSITION** | $ - |

See Accompanying Notes

**CITY OF BERLIN, WISCONSIN**
Statement of Change in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2025

| | Custodial Fund<br>Tax Collection Fund |
|---|---|
| **ADDITIONS** | |
| Taxes Collected on Behalf of Other Taxing Entities | $ 5,364,905 |
| **DEDUCTIONS** | |
| Taxes Remitted to Other Taxing Entities | 5,364,905 |
| **CHANGE IN NET POSITION** | - |
| **NET POSITION - BEGINNING** | - |
| **NET POSITION - ENDING** | $ - |

See Accompanying Notes

## Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Berlin, Wisconsin (City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements. The more significant accounting policies established by GAAP and applicable to the City are discussed on the following pages.

### Reporting Entity

The reporting entity for the City is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the City and the governmental entity; control by the City over selection of entity's governing authority or designation of management; the ability of the City to significantly influence operations of the entity; and whether the City is responsible for the accountability for fiscal matters.

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. All significant activities and organizations with which the City exercises oversight responsibility have been considered for inclusion in the basic financial statements. The City has not identified any component units.

### Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Governmental funds include general, special revenue, capital project, debt service, and a permanent fund. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise and internal service funds are reported as separate columns in the fund financial statements.

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

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

a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and

b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

c. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

**Governmental Funds**

Governmental funds are identified as either general, debt service, special revenue, permanent funds or capital projects based upon the following guidelines:

General Fund

The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Permanent Funds

Permanent funds are used to account for financial resources to be used for the purposes identified by the donated funds.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major governmental funds:

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

Library Expendable Trust - This fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to the future needs of the library.

Ambulance Fund - This fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for public safety.

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

Capital Projects Fund - This fund is used to account for property taxes, bond proceeds, and other financial resources available to implement the City's capital improvements plan.

**Proprietary Funds**

The City reports the following major proprietary funds:

Water Utility - The water utility operates the water distribution system within the City.

Sewer Utility - The wastewater utility operates the sewage treatment plant, sewage pumping stations and collection systems within the City.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

**Fiduciary Funds**

Custodial Funds

Custodial Fund - Custodial funds are used to account for assets held by the City as a custodian for individuals, private organizations, and/or other governmental units.

Tax Collection Fund - The tax collection fund accounts for property tax collections.

**Measurement Focus and Basis Accounting**

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

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

**Cash and Investments**

Cash and investments are combined. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purpose of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash.

The City categorizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation of inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

**Restricted Cash and Investments**

Enterprise Fund - Amounts have been set aside to provide for debt retirement and replacement of certain plant equipment.

**Accounts Receivable**

Accounts receivable in the governmental funds are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method.

No provision for uncollectible accounts receivable has been made in water utility or the sewer utility financial statements because the utilities have the right by law to place delinquent bills on the tax roll.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Inventories**

Inventories of proprietary fund types are recorded at cost, which approximates market, using the first-in first-out method of valuation. The cost is recorded as an expense at the time individual inventory items are consumed or capitalized if appropriate.

**Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by a nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**Capital Assets**

Government-Wide Statements

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

Capital assets are generally defined by the Utilities as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Utility plant is recorded at cost or the acquisition value at the time of contribution to the Utility. Major outlays for Utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the Utility plant constructed, net of interest earned on the invested proceeds over the same period.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

| | Years | |
|---|---|---|
| **Assets** | **Governmental Activities** | **Business-Type Activities** |
| Buildings | 25 – 50 | 30 – 50 |
| Improvements Other Than Buildings | 20 – 50 | 30 – 50 |
| Machinery and Equipment | 5 – 50 | 4 – 100 |
| Infrastructure/Utility System | 20 – 40 | 4 – 100 |

Fund Financial Statements

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

Additions to and replacement of utility plant are recorded at original cost, which includes material, labor, and overhead. 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the balance sheet and/or statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has deferred outflows of resources related to the pension plan reported on the statements of net position. The deferred outflows related to the pension plan are explained in more detail in Note 10. The government also has deferred outflows of resources related to the OPEB plan reported on the statements of net position. The deferred outflows related to the OPEB plan are explained in more detail in Note 11.

In addition to liabilities, the statements of net position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide financial statement has three items that qualify for reporting in this category. Accordingly, taxes levied for subsequent period, pension plan, and cost-sharing OPEB plan are deferred inflows. The deferred inflows related to the pension plan and cost-sharing OPEB plan are explained in more detail in Notes 10 and 11, respectively. The governmental funds report taxes levied for subsequent period and special assessments as deferred inflows of resources on the balance sheet.

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

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

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 following:

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

The City adheres to GASB Statement No. 101 which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary funds financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and/or retirements or are payable with expendable available resources.

**Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources, and payments of principal and interest as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Lease Receivable**

The City as a lessor recognizes lease receivables and deferred inflows of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases; unless the lease is short term, or ownership is transferred of the underlying asset. As the lessor, the government continues to recognize assets underlying leases to others. The lease receivables are measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City has no material leases that were required to be disclosed.

**Subscription-Based Information Technology Agreements**

The City follows GASB Statement No. 96, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAS). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the City to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. The City has no material SBITAs that were required to be disclosed.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” on the balance sheet.

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Interfund Transactions**

During the course of normal operations, the City has various transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental funds generally record such transactions as operating transfers if within governmental funds. Transactions between governmental and proprietary funds are usually recorded as revenues and either expenditures or expenses of the respective funds.

**Equity Classifications**

**Government-Wide Statements**

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted net position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

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

**Fund Financial Statements**

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts) or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The City Council is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the City Council for a specific intended purpose. The City has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The City, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned. 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 1 - Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results may differ from these estimates, and such differences may be material.

**Note 2 - Cash and Investments**

The City is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three year or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, or the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Wisconsin Local Government Investment Pool.
- Any security maturing in seven year or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

**Custodial Credit Risk**

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

At December 31, 2025, the City's deposits had bank balances of $15,237,206. The City maintains its cash accounts at several financial institutions. Deposits in each bank are insured by the FDIC up to $250,000 for the combined amounts of all time and savings accounts (including NOW accounts); and up to $250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

The following represents a summary of deposits as of December 31, 2025:

| | | |
|---|---|---|
| Fully Insured Deposits | $ | 11,011,559 |
| Collateralized | | 4,225,647 |
| Total | $ | 15,237,206 |

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2025.

**Note 2 - Cash and Investments (Continued)**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2025, the City's investments were as follows:

| | Remaining Maturity (in Months) | | | |
|---|---|---|---|---|
| Investments | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| Stock | $ 64,558 | $ - | $ - | $ - |
| Mutual Funds | 1,794,709 | - | - | - |
| | $ 1,859,267 | - | - | - |

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Fair Value

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Adjustments necessary to record investments at fair value are recorded as increases or decreases in investment income.

- Level 1 - Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources from market transactions involving identical assets.
- Level 2 - Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 - Measurements that are least observable are estimated from related market data, determined by sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

As of December 31, 2025 the City had the following investments at fair value:

| | Fair Value Measurements Using: | | |
|---|---|---|---|
| Investments | Level 1 | Level 2 | Level 3 |
| Stock | $ 64,558 | $ - | $ - |
| Mutual Funds | - | 1,794,709 | - |
| Total | $ 64,558 | $ 1,794,709 | $ - |

**Note 3 - Property Taxes**

Property taxes consist of taxes on real estate property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are assumed by the County as part of the August tax settlement.

The City bills and collects its own property taxes and also levies and collects taxes for the Berlin School District, Green Lake County, Waushara County and Moraine Park Technical College.

Under 2011 Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

**Note 4 - Interfund Receivables, Payables, Advances and Transfers**

Interfund receivables and payables between individual funds of the City as of December 31, 2025, are as follows:

| Receivable Fund | Payable Fund | Amount | Purpose |
|---|---|---|---|
| Ambulance | General Fund | $ 27,569 | Year End Cash Flow Timing |
| General Fund | Ambulance | 572,015 | Year End Cash Flow Timing |
| General Fund | TID 16 | 100,305 | Year End Cash Flow Timing |
| General Fund | TID 17 | 3,445 | Year End Cash Flow Timing |
| General Fund | Water Utility | 315,859 | Year End Cash Flow Timing |
| General Fund | Sewer Utility | 545,027 | Year End Cash Flow Timing |
| Water Utility | Sewer Utility | 1,186,148 | Year End Cash Flow Timing |
| Water Utility | Capital Projects | 77,895 | Year End Cash Flow Timing |
| Water Utility | TID 16 | 109,265 | Year End Cash Flow Timing |
| Water Utility | General Fund | 213,816 | Year End Cash Flow Timing |
| Sewer Utility | Capital Projects | 143,783 | Year End Cash Flow Timing |
| Sewer Utility | TID 16 | 86,390 | Year End Cash Flow Timing |
| Sewer Utility | Water Utility | 68,058 | Year End Cash Flow Timing |
| Sewer Utility | General Fund | 19,305 | Year End Cash Flow Timing |
| Capital Projects | TID 16 | 287,102 | Year End Cash Flow Timing |
| Capital Projects | General Fund | 460,456 | Year End Cash Flow Timing |
| TID 1 | General Fund | 6,122 | Year End Cash Flow Timing |
| TID 2 | General Fund | 48,687 | Year End Cash Flow Timing |
| TID 15 | TID 16 | 1,313 | Year End Cash Flow Timing |
| TID 15 | General Fund | 475,814 | Year End Cash Flow Timing |
| TID 15 | TID 17 | 907 | Year End Cash Flow Timing |
| | | $ 4,749,281 | |

**Note 4 - Interfund Receivables, Payables, Advances and Transfers (Continued)**

The City has long-term advances as of December 31, 2025 as detailed below:

| Advance From | Advance To | Amount | Purpose |
|---|---|---|---|
| General Fund | TID No.1 | $ 15,884 | Capital Projects |

As of December 31, 2024, the City had an internal service fund and allocated the activity between government-wide and business-type activities. In 2025, the City now reports the internal service activity under the general fund. The City made a transfer to remove the allocated net position from the business-type activities to the governmental activities to reflect the elimination of the internal service fund.

| Transfer To | Transfer From | Amount | Purpose |
|---|---|---|---|
| Business-Type Activities | Governmental Activities | $ 44,401 | Transferred Internal Service Fund Net Position |

Interfund transfers for the year ended December 31, 2025 as shown in the governmental fund statement were as follows:

| Transfer To | Transfer From | Amount | Purpose |
|---|---|---|---|
| General Fund | Water Utility | $ 184,042 | Overpayment of Public Fire Protection |
| Debt Service | General Fund | 886,278 | Tax Levy |
| Debt Service | TID No. 1 | 9,218 | Debit Service Payment |
| | | 1,079,538 | |

## Note 5 - Capital Assets

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | $ 2,633,946 | $ 21,173 | $ - | $ 2,655,119 |
| Construction in Progress | - | 250,210 | - | 250,210 |
| **Total Capital Assets Not Being Depreciated** | 2,633,946 | 271,383 | - | 2,905,329 |
| Capital Assets Being Depreciated | | | | |
| Land Improvements | 2,902,966 | - | - | 2,902,966 |
| Buildings and Improvements | 4,964,373 | 168,827 | - | 5,133,200 |
| Equipment | 8,081,072 | 315,482 | 28,125 | 8,368,429 |
| Infrastructure | 16,967,020 | 370,809 | - | 17,337,829 |
| **Total Capital Assets Being Depreciated** | 32,915,431 | 855,118 | 28,125 | 33,742,424 |
| Less Accumulated Depreciation | (18,753,481) | (1,129,647) | (32,000) | (19,851,128) |
| **Total Capital Assets Being Depreciated, Net of Depreciation** | 14,161,950 | (274,529) | (3,875) | 13,891,296 |
| **Governmental Activities Capital Assets, Net of Accumulated Depreciation** | $ 16,795,896 | $ (3,146) | $ (3,875) | $ 16,796,625 |

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

| | |
|---|---|
| Governmental Activities: | |
| General Government | $ 52,883 |
| Public Safety | 103,187 |
| Public Works | 865,495 |
| Health and Human Services | 37,787 |
| Culture and Recreation | 70,295 |
| Total Depreciation Expense - Governmental Activities | $ 1,129,647 |

**Note 5 - Capital Assets (Continued)**

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Business-Type Activities** | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | $ 74,594 | $ - | $ - | $ 74,594 |
| Construction in Progress | - | 53,036 | - | 53,036 |
| **Total Capital Assets Not Being Depreciated** | 74,594 | 53,036 | - | 127,630 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 4,203,544 | 67,725 | 16,931 | 4,254,338 |
| Equipment and Systems | 28,792,993 | 1,103,262 | 245,197 | 29,651,058 |
| **Total Capital Assets Being Depreciated** | 32,996,537 | 1,170,987 | 262,128 | 33,905,396 |
| Less Accumulated Depreciation | (18,804,018) | (885,233) | (262,129) | (19,427,122) |
| **Total Capital Assets Being Depreciated, Net of Depreciation** | 14,192,519 | 285,754 | (1) | 14,478,274 |
| **Business-Type Activities Capital Assets, Net of Accumulated Depreciation** | $ 14,267,113 | $ 338,790 | $ (1) | $ 14,605,904 |

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

| | |
|---|---|
| Business-Type Activities: | |
| Water Utility | $ 382,345 |
| Less: Share of Meter Depreciation | (9,602) |
| Water Utility Depreciation Expense | 372,743 |
| Sewer Utility | 502,888 |
| Plus: Share of Meter Depreciation | 9,602 |
| Sewer Utility Depreciation Expense | 512,490 |
| Total Depreciation Expense - Business-Type Activities | $ 885,233 |

## Note 6 - Long-Term Obligations

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

| | Beginning Balances | Increases | Decreases | Ending Balances | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General Obligation Debt | | | | | |
| Bonds | $ 1,310,000 | $ - | $ 160,000 | $ 1,150,000 | $ 170,000 |
| Direct Placements | 4,535,000 | - | 562,000 | 3,973,000 | 554,000 |
| Total General Obligation Debt | 5,845,000 | - | 722,000 | 5,123,000 | 724,000 |
| Ambulance Building Notes Payable | - | 130,000 | - | 130,000 | - |
| Compensated Absences | 536,590 | 179,915 | - | 716,505 | 149,453 |
| **Total Governmental Activity Long-Term Liabilities** | $ 6,381,590 | $ 309,915 | $ 722,000 | $ 5,969,505 | $ 873,453 |

| | Beginning Balances | Increases | Decreases | Ending Balances | Due Within One Year |
|---|---|---|---|---|---|
| **Business-Type Activities** | | | | | |
| Direct Borrowing and Placements: | | | | | |
| Water Revenue Bonds | $ 431,742 | $ - | $ 57,725 | $ 374,017 | $ 58,995 |
| Compensated Absences | 171,833 | 16,473 | - | 188,306 | 47,077 |
| **Total Business Activity Long-Term Liabilities** | $ 603,575 | $ 16,473 | $ 57,725 | $ 562,323 | $ 106,072 |

Total interest paid during the year was $183,398.

Additional information on the above outstanding long-term obligations follows:

| | Date of Issuance | Final Maturity | Interest Rate | Original Indebtedness | Balances 12/31/25 |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| **Long-Term Obligations** | | | | | |
| 2013 General Obligation Bonds | 05/01/23 | 03/01/33 | 1.90-3.25% | $ 2,445,000 | $ 1,150,000 |
| 2017 General Obligation Notes | 12/05/17 | 03/01/26 | 3.00% | 1,605,000 | 225,000 |
| 2020 General Obligation Notes | 09/29/20 | 03/01/30 | 1.00-3.00% | 2,000,000 | 1,495,000 |
| 2023 General Obligation Notes | 03/11/23 | 03/01/33 | 2.99% | 518,000 | 433,000 |
| 2024 General Obligation Notes | 03/01/24 | 03/01/34 | 4.00-5.00% | 2,000,000 | 1,820,000 |
| Ambulance Building Note Payable | 12/29/25 | 03/15/35 | 5.50% | 130,000 | 130,000 |
| Total Governmental Activities Long-Term Obligations | | | | | $ 5,253,000 |

| | Date of Issuance | Final Maturity | Interest Rate | Original Indebtedness | Balance 12/31/25 |
|---|---|---|---|---|---|
| **Business Type Activities** | | | | | |
| **Long-Term Obligations** | | | | | |
| 2011 Safe Water Drinking Bond | 05/11/11 | 05/01/31 | 2.20% | $ 1,075,532 | $ 374,017 |

### Note 6 - Long-Term Obligations (Continued)

The above debt issues have been allocated to the City's enterprise fund and governmental funds based on the use of the proceeds. The annual principal and interest maturities are allocated as follows:

| | Governmental Funds | | Enterprise Funds | | Totals | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | $ 724,000 | $ 154,182 | $ 58,995 | $ 7,579 | $ 782,995 | $ 161,761 |
| 2027 | 750,267 | 135,544 | 60,293 | 6,267 | 810,560 | 141,811 |
| 2028 | 774,302 | 108,656 | 61,619 | 4,926 | 835,921 | 113,582 |
| 2029 | 790,997 | 88,757 | 62,975 | 3,556 | 853,972 | 92,313 |
| 2030 | 808,712 | 67,418 | 64,360 | 2,155 | 873,072 | 69,573 |
| 2031-2035 | 1,404,722 | 109,010 | 65,775 | 724 | 1,470,497 | 109,734 |
| | $ 5,253,000 | $ 663,567 | $ 374,017 | $ 25,207 | $ 5,627,017 | $ 688,774 |

### Utility Revenues Pledged

The City has pledged future revenue derived from the Water Utility, net of specified operating expenses, to repay the Safe Drinking Water Fund Loans. Proceeds from the debt provided financing for the construction or acquisition of capital assets used within the utilities. The Safe Drinking Water Fund Loans are payable from Water System net revenues and payable through 2031. The total principal and interest remaining to be paid on the loans is $399,224. Principal and interest paid for the current year and total Water System net revenues were $66,589 and $738,217, respectively. The Water System did meet the Safe Drinking Water Fund Loan revenue requirements in 2025.

### Other Debt Information

The City's outstanding debt from direct borrowings and direct placements related to governmental and business-type activities contain event of default and/or termination provisions with possible finance-related consequences. City management has evaluated the event of default and/or termination provisions with possible finance-related consequences and in the opinion of City management, the likelihood is remote that these provisions will have a significant effect on the City's financial position or results of operations.

The 2025 equalized valuation of the City as certified by the Wisconsin Department of Revenue is $473,648,500. The legal debt limit and margin of indebtedness as of December 31, 2025, in accordance with Section 67.03 of the Wisconsin Statutes as follows:

| | |
|---|---|
| Equalized value of the City | $ 473,648,500 |
| Statutory limitation percentage | 5% |
| General Obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | 23,682,425 |
| Less: net outstanding general obligation debt | (5,123,000) |
| Margin of Indebtedness | $ 18,559,425 |

## Note 7 - Fund Equity

At December 31, 2025 the nonspendable, assigned and restricted fund balances are as follows:

| | | |
|---|---|---|
| **Nonspendable** | | |
| Library Endowment | | |
| Permanent Fund | $ | 57,630 |
| **Restricted** | | |
| General Fund | | |
| Long-Term Loans | $ | 2,405 |
| Capital Projects: | | |
| Capital Projects | $ | 1,042,249 |
| Special Revenue Funds: | | |
| Library Trust | $ | 2,100,682 |
| CBDG Housing Grant | | 890,019 |
| Cemetery Perpetual Care | | 483,150 |
| | | 3,473,851 |
| Tax Incremental Districts: | | |
| TID No. 2 | | 48,687 |
| TID No. 15 | | 478,039 |
| | | 526,726 |
| Total Restricted Fund Balance | $ | 5,045,231 |
| **Assigned** | | |
| General Fund | | |
| Subsequent Year Expenditures | $ | 8,152 |
| EMS Berlin Station Fundraising | | 1,637 |
| EMS Princeton Station Fundraising | | 2,415 |
| Fire Department Fundraising | | 57,880 |
| Fire Prevention Fundraising | | 3,189 |
| Travel and Tourism | | 11,225 |
| | | 84,498 |
| Special Revenue Funds: | | |
| Ambulance | | 474,774 |
| Revolving Loan Fund | | 841,501 |
| Senior Special Account | | 55,643 |
| | | 1,371,918 |
| Total Assigned Fund Balance | $ | 1,456,416 |

## Note 8 - Net Position

### Government-Wide Statements

Net position reported on the government-wide statement of net position at December 31, 2025 includes the following:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Net Investment in Capital Assets | | | |
| Net Capital Assets | $ 16,796,625 | $ 14,605,904 | $ 31,402,529 |
| Less: Related Long-Term Debt | (5,253,000) | (374,017) | (5,627,017) |
| Total Net Investment in Capital Assets | 11,543,625 | 14,231,887 | 25,775,512 |
| Restricted | | | |
| Water Utility | | | |
| Water Tower Fund | - | 217,287 | 217,287 |
| Wastewater Utility | | | |
| Equipment Replacement | - | 1,494,867 | 1,494,867 |
| Pension | 518,025 | 135,342 | 653,367 |
| Loans | 892,424 | - | 892,424 |
| Capital Projects | 1,568,975 | - | 1,568,975 |
| Library Trust | 2,100,682 | - | 2,100,682 |
| Cemetery Perpetual Care | 483,150 | - | 483,150 |
| Total Restricted | 5,563,256 | 1,847,496 | 7,410,752 |
| Unrestricted | 3,735,999 | 5,464,657 | 9,200,656 |
| Total Government-Wide Activities Net Position | $ 20,842,880 | $ 21,544,040 | $ 42,386,920 |

## Note 9 - Individual Funds Disclosures

The following funds had deficit balances as of December 31, 2025:

| | |
|---|---|
| Debt Service Fund | $ 30 |
| TID No. 1 | 9,762 |
| TID No. 16 | 584,375 |
| TID No. 17 | 4,352 |
| Total Funds with Deficits | $ 598,519 |

The deficit balances will be corrected with subsequent years revenues.

## Note 10 - Defined Benefit Pension Plan

### *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 a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

Final average earnings is the average of the participant's three highest 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.

**Note 10 - Defined Benefit Pension Plan (Continued)**

***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 |
|---|---|---|
| 2015 | 2.9% | 2.0% |
| 2016 | 0.5 | (5.0) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17.0 |
| 2019 | 0.0 | (10.0) |
| 2020 | 1.7 | 21.0 |
| 2021 | 5.1 | 13.0 |
| 2022 | 7.4 | 15.0 |
| 2023 | 1.6 | (21.0) |
| 2024 | 3.6 | 15.0 |

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

During the reporting period, the WRS recognized $327,558 in contributions from the City.

Contribution rates as of December 31, 2025 are:

| Employee Category | Employee | Employer |
|---|---|---|
| General (including teachers, executives, and elected officials) | 6.95% | 6.95% |
| Protective with Social Security | 6.95% | 14.95% |
| Protective without Social Security | 6.95% | 18.95% |

**Note 10 - Defined Benefit Pension Plan (Continued)**

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

At December 31, 2025, the City reported a liability of $354,811 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.02159314%, which was an increase of 0.00078034% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $465,458.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between projected and actual experiences | $ 1,101,882 | $ 1,035,423 |
| Changes in assumptions | 105,279 | - |
| Net differences between projected and actual earnings on pension plan investments | 539,154 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,185 | 31,457 |
| Employer contributions subsequent to the measurement date | 327,558 | - |
| Total | $ 2,075,058 | $ 1,066,880 |

The $327,558 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending December 31, | Net Deferred Outflows (Inflows) of Resources |
|---|---|
| 2026 | $ 202,930 |
| 2027 | 725,013 |
| 2028 | (188,618) |
| 2029 | (58,705) |
| | $ 680,620 |

**Note 10 - Defined Benefit Pension Plan (Continued)**

***Actuarial Assumptions.*** The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Actuarial Valuation Date: | December 31, 2023 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2024 |
| Experience Study: | January 1, 2021 – December 31, 2023<br>Published November 19, 2024 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 6.8% |
| Discount Rate: | 6.8% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.7% |
| 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 postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

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

**Note 10 - Defined Benefit Pension Plan (Continued)**

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

**Asset Allocation Targets and Expected Returns[1]**
**As of December 31, 2024**

| Core Fund Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return %[2] |
|---|---|---|---|
| Public Equity | 38% | 7.0% | 4.3% |
| Public Fixed Income | 27 | 6.1 | 3.4 |
| Private Equity/Debt | 20 | 9.5 | 6.7 |
| Inflation Sensitive | 19 | 4.8 | 2.1 |
| Real Estate | 8 | 6.5 | 3.8 |
| Leverage[3] | (12) | 3.7 | 1.1 |
| Total Core Fund | 100% * | 7.5% | 4.8% |
| | | | |
| Variable Fund Asset Class | | | |
| U.S. Equities | 70% | 6.5% | 3.8% |
| International Equities | 30 | 7.4 | 4.7 |
| Total Variable Fund | 100% | 6.9% | 4.2% |

*[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations*
*[2]New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%.*
*[3]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 12% policy leverage is used, subject to an allowable range of up to 20%.*

***Single Discount Rate.*** A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). Because of the unique structure of WRS, the 6.8% 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.

**Note 10 - Defined Benefit Pension Plan (Continued)**

***Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.*** The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

| | 1% Decrease to Discount Rate (5.80%) | Current Discount Rate (6.80%) | 1% Increase to Discount Rate (7.80%) |
|---|---|---|---|
| City's proportionate share of the net pension liability (asset) | $ 3,328,590 | $ 354,811 | $ (1,757,974) |

***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 is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. The amount due to WRS as of December 31, 2025 is $70,490 for December payroll.

**Note 11 - Post-Employment Benefits Other Than Pension Benefits**

***General Information About the Other Post-Employment Benefits Plan***

***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 members.

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

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

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

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

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

### Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Contribution rates as of December 31, 2025 are:

| Coverage Type | Employee |
|---|---|
| 50% Post Retirement Coverage | 40% of Member Contribution |
| 25% Post Retirement Coverage | 20% of Member Contribution |

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

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

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

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

During the reporting period, the LRLIF recognized $1,290 in contributions from the employer.

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

At December 31, 2025, the City reported a liability of $205,127 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the City's proportion was 0.05243200%, which was an increase of 0.00595400% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of $21,154.

**Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between projected and actual experiences | $ - | $ 21,340 |
| Changes in assumptions | 50,333 | 115,051 |
| Net differences between projected and actual earnings on plan investments | 2,818 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 64,453 | 3,132 |
| Employer contributions subsequent to the measurement date | 1,290 | - |
| Total | $ 118,894 | $ 139,523 |

The $1,290 reported as deferred outflows related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending December 31, 2026. 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, | Net Deferred Outflows (Inflows) of Resources |
|---|---|
| 2026 | $ 4,705 |
| 2027 | (4,580) |
| 2028 | (10,691) |
| 2029 | (10,984) |
| 2030 | 2,752 |
| Thereafter | (3,121) |
| | $ (21,919) |

**Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

***Actuarial Assumptions***. The total OPEB liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*Based on the Bond Buyers GO index.

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

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

**Local OPEB Life Insurance**
**Asset Allocation Targets and Expected Returns**
**As of December 31, 2024**

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

**Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

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

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

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

| | 1% Decrease to Discount Rate (3.09%) | Current Discount Rate (4.09%) | 1% Increase to Discount Rate (5.09%) |
|---|---|---|---|
| City's proportionate share of the net OPEB liability | $ 274,182 | $ 205,127 | $ 151,915 |

***Payables to the OPEB Plan.*** The City is required to remit the monthly required contribution for both the employee and City portions by the last day of the following month. The City reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2025.

**Note 12 - Risk Management**

The City has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**Note 13 - Commitments and Contingencies**

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

## Note 14 – Short-Term Debt

The City issued a promissory note in the amount of $293,536 at a 2.75% interest right from Farmers & Merchants Bank. The City owes the full principal amount at December 31, 2026.

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|---|---|---|---|---|
| Promissory note | $ - | $ 293,536 | $ - | $ 293,536 |

## Note 15 – Restatement of Net Position and Fund Balance

The water utility's net position was restated to correct an error related to the Oak Street construction project, which had been improperly recorded between TID 16 and the water utility.

The sewer utility's net position was also restated due to a similar recording error involving the Oak Street construction project. Additionally, the sewer utility required a separate restatement to correct an overstatement of accounts receivable as of December 31, 2024.

As a result of these corrections, the overall net position of business-type activities as of December 31, 2024 increased by $136,358.

| | Business-Type Activities | Water Utility | Sewer Utility |
|---|---|---|---|
| Beginning. Net Position - December 31, 2024 | $ 21,117,232 | $ 12,618,755 | $ 8,498,477 |
| Correction of Error - Accounts Receivable | (40,768) | - | (40,768) |
| Correction of Error - Oak Street Project | 177,126 | 100,000 | 77,126 |
| Beginning Net Position - December 31, 2024, As Restated | $ 21,253,590 | $ 12,718,755 | $ 8,534,835 |

The following governmental funds had their fund balances restated as of December 31, 2024 for the reasons described below. TID 16 was established in 2024; however, no activity was recorded during the year. The General Fund was restated to account for an unrecorded cash account, the recognition of deferred revenues, and an overstatement of accounts receivable. The Ambulance Fund was restated due to an overstatement of ambulance receivables. These restatements resulted in a net decrease to governmental activities net position of $1,370,306 as of December 31, 2024.

The Revolving Loan Fund and CDBG Housing Grant Fund balances were restated to recognize deferred loans as of December 31, 2024. These restatements did not impact governmental activities net position.

| | Governmental Activities | Revolving Loan | CDBG Housing Grant | Ambulance | General Fund | TID#16 |
|---|---|---|---|---|---|---|
| Beginning Fund Balance - December 31, 2024 | $ 21,976,495 | $ 303,675 | $ 44,879 | $ 892,925 | $ 4,024,368 | $ - |
| Correction of Error | | | | | | |
| Deferred Loans | - | 486,409 | 883,633 | - | - | - |
| Unearned Revenue | - | - | - | - | 97,057 | - |
| Certificate of Deposit | 100,000 | - | - | - | 100,000 | - |
| Accounts Receivable | (1,179,762) | - | - | (503,520) | (676,242) | - |
| Oak Street Project | (290,544) | - | - | - | - | (290,544) |
| Beginning Fund Balance - December 31, 2024, As Adjusted | $ 20,606,189 | $ 790,084 | $ 928,512 | $ 389,405 | $ 3,545,183 | $ (290,544) |

## Note 16 – Subsequent Event

On June 10, 2026, the City issued $2,000,000 general obligation promissory notes. The proceeds from these notes will be used to fund capital projects.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF BERLIN, WISCONSIN

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Last 10 Fiscal Years

| WRS Fiscal Year End Date (Measurement Date) | City's Proportion of the Net Pension (Asset)/Liability | City's Proportionate Share of the Net Pension (Asset)/Liability | City's Covered Payroll | City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 12/31/2024 | 0.02159314% | $ 354,811 | $ 3,752,620 | 9.46% | 98.79% |
| 12/31/2023 | 0.02081280% | 309,445 | 3,572,850 | 8.66% | 98.85% |
| 12/31/2022 | 0.01925918% | 1,020,294 | 3,296,460 | 30.95% | 95.72% |
| 12/31/2021 | 0.01810822% | (1,459,555) | 2,710,585 | 53.85% | 106.02% |
| 12/31/2020 | 0.01801936% | (1,124,973) | 2,372,020 | 47.43% | 105.26% |
| 12/31/2019 | 0.01839346% | (593,089) | 2,446,273 | 24.24% | 102.96% |
| 12/31/2018 | 0.01823977% | 648,913 | 2,403,659 | 27.00% | 96.45% |
| 12/31/2017 | 0.01777938% | (527,890) | 2,267,572 | 23.28% | 102.93% |
| 12/31/2016 | 0.01759528% | 145,027 | 2,224,426 | 6.52% | 99.12% |
| 12/31/2015 | 0.01769204% | 287,492 | 2,174,447 | 13.22% | 98.20% |

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)
Last 10 Fiscal Years

| City Year End Date | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 12/31/2025 | $ 327,558 | $ 327,558 | $ - | $ 3,741,844 | 8.75% |
| 12/31/2024 | 310,116 | 310,116 | - | 3,572,850 | 8.68% |
| 12/31/2023 | 287,564 | 287,564 | - | 3,572,850 | 8.05% |
| 12/31/2022 | 254,766 | 254,766 | - | 3,296,460 | 7.73% |
| 12/31/2021 | 220,642 | 220,642 | - | 2,710,585 | 8.14% |
| 12/31/2020 | 193,032 | 193,032 | - | 2,372,020 | 8.14% |
| 12/31/2019 | 191,208 | 191,208 | - | 2,446,273 | 7.82% |
| 12/31/2018 | 193,414 | 193,414 | - | 2,403,659 | 8.05% |
| 12/31/2017 | 183,469 | 183,469 | - | 2,267,572 | 8.09% |
| 12/31/2016 | 169,207 | 169,207 | - | 2,224,426 | 7.61% |

See Accompanying Notes to Required Supplementary Informtation

## CITY OF BERLIN, WISCONSIN

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan
*Last 10 Fiscal Years

| WRS Fiscal Year End Date (Measurement Date) | City's Proportion of the Net OPEB Liability | City's Proportionate Share of the Net OPEB Liability | City's Covered Payroll | City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---|---|---|---|---|---|
| 12/31/2024 | 0.05243200% | $ 205,127 | $ 3,160,000 | 6.49% | 37.20% |
| 12/31/2023 | 0.04647800% | 213,829 | 3,002,000 | 7.12% | 33.90% |
| 12/31/2022 | 0.04056900% | 154,561 | 2,837,000 | 5.45% | 38.81% |
| 12/31/2021 | 0.03571200% | 211,071 | 2,609,000 | 8.09% | 29.57% |
| 12/31/2020 | 0.03346000% | 184,054 | 2,290,000 | 8.04% | 31.36% |
| 12/31/2019 | 0.03633000% | 154,700 | 2,313,000 | 6.69% | 37.58% |
| 12/31/2018 | 0.03694100% | 95,320 | 2,315,000 | 4.12% | 48.69% |
| 12/31/2017 | 0.03925600% | 118,105 | 1,650,827 | 7.15% | 44.81% |

Schedule of Employer Contributions
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan
*Last 10 Fiscal Years

| City Year End Date | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 12/31/2025 | $ 1,290 | $ 1,290 | $ - | $ 3,672,000 | 0.04% |
| 12/31/2024 | 1,125 | 1,125 | - | 3,160,000 | 0.04% |
| 12/31/2023 | 947 | 947 | - | 3,002,000 | 0.03% |
| 12/31/2022 | 830 | 830 | - | 2,837,000 | 0.03% |
| 12/31/2021 | 730 | 730 | - | 2,609,000 | 0.03% |
| 12/31/2020 | 667 | 667 | - | 2,290,000 | 0.03% |
| 12/31/2019 | 656 | 656 | - | 2,313,000 | 0.03% |
| 12/31/2018 | 711 | 711 | - | 2,315,000 | 0.03% |

*Ten years of information will be accumulated and presented beginning with the City's fiscal year ended December 31, 2018.

**CITY OF BERLIN, WISCONSIN**

Schedule of Budgetary Comparison

Budget and Actual

General Fund

For the Year Ended December 31, 2025

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final Amounts | Amounts | (Negative) |
| **REVENUES** | | | | |
| Taxes | $ 2,446,092 | $ 2,446,092 | $ 2,443,394 | $ (2,698) |
| Special Assessments | 2,937 | 2,937 | 7,608 | 4,671 |
| Intergovernmental | 2,923,827 | 2,923,827 | 2,961,292 | 37,465 |
| Licenses and Permits | 76,500 | 142,500 | 118,640 | (23,860) |
| Fines and Forfeitures | 62,500 | 62,500 | 70,279 | 7,779 |
| Public Charges for Services | 159,150 | 159,150 | 141,950 | (17,200) |
| Intergovernmental Charges of Services | 220,718 | 314,063 | 574,169 | 260,106 |
| Investment Income | - | 85,000 | 183,174 | 98,174 |
| Miscellaneous | 128,830 | 43,830 | 99,337 | 55,507 |
| **Total Revenues** | 6,020,554 | 6,179,899 | 6,599,843 | 419,944 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 964,768 | 1,209,768 | 1,055,353 | 154,415 |
| Public Safety | 1,879,006 | 2,056,936 | 1,835,697 | 221,239 |
| Public Works | 1,615,532 | 1,673,032 | 1,620,543 | 52,489 |
| Health and Human Services | 274,080 | 274,080 | 199,475 | 74,605 |
| Culture and Recreation | 866,577 | 866,577 | 791,079 | 75,498 |
| Conservation and Development | 158,132 | 158,132 | 149,027 | 9,105 |
| Debt Service | | | | |
| Principal Repayment | 896,003 | 896,003 | - | 896,003 |
| Interest | - | - | 1,009 | (1,009) |
| **Total Expenditures** | 6,654,098 | 7,134,528 | 5,652,183 | 1,482,345 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | (633,544) | (954,629) | 947,660 | 1,902,289 |
| **OTHER FINANCING SOURCE (USE)** | | | | |
| Transfers In | 190,000 | 190,000 | 184,042 | (5,958) |
| Transfers Out | (44,000) | (44,000) | (886,278) | (842,278) |
| **Total Other Financing Source (Use)** | 146,000 | 146,000 | (702,236) | (848,236) |
| **NET CHANGE IN FUND BALANCE** | (487,544) | (808,629) | 245,424 | 1,054,053 |
| **FUND BALANCES - BEGINNING - AS PREVIOUSLY REPORTED** | 4,024,368 | 4,024,368 | 4,024,368 | - |
| **CORRECTION OF ERROR** | (479,185) | (479,185) | (479,185) | - |
| **FUND BALANCE - BEGINNING - AS ADJUSTED** | 3,545,183 | 3,545,183 | 3,545,183 | - |
| **FUND BALANCE - ENDING** | $ 3,057,639 | $ 2,736,554 | $ 3,790,607 | $ 1,054,053 |

### Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the budgetary schedule:

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

- Budgets are adopted on a basis consistent with generally accepted accounting principles for the general, most special revenue, debt service and capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

- During the year, formal budgetary integration is employed as a management control device for the general, special revenue and debt service funds. Management control over the capital project funds is achieved through project plans.

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

- Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

### Excess Expenditures Over Budget

The following individual functions had an excess of expenditures over the budget for the year ended December 31, 2025:

| General Fund | Excess Expenditures |
|---|---|
| Interest | $ 1,009 |

**Defined Benefit Pension Plan**

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

*Changes of assumptions.*

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

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

**Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan**

*Changes of benefit terms*. There were no recent 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%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

# SUPPLEMENTARY INFORMATION

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**CITY OF BERLIN, WISCONSIN**
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2025

| | Special Revenue Funds | | | | | Capital Projects Funds | |
|---|---|---|---|---|---|---|---|
| | Senior Special Account | Cemetery Expendable Trust | CDBG Housing Grant | Revolving Loan | Total Special Revenue Funds | TID No.1 | TID No. 2 |
| **ASSETS** | | | | | | | |
| Cash and Investments | $ 55,643 | $ 483,150 | $ 23,676 | $ 188,326 | $ 750,795 | $ - | $ - |
| Receivables: | | | | | | | |
| Accounts Receivable | - | - | - | 13,758 | 13,758 | - | - |
| Taxes | - | - | - | - | - | 13,571 | - |
| Loans | - | - | 866,343 | 659,417 | 1,525,760 | - | - |
| Due from Other Funds | - | - | - | - | - | 6,122 | 48,687 |
| **TOTAL ASSETS** | $ 55,643 | $ 483,150 | $ 890,019 | $ 861,501 | $ 2,290,313 | $ 19,693 | $ 48,687 |
| **LIABILITIES** | | | | | | | |
| Accounts Payable | $ - | $ - | $ - | $ 20,000 | $ 20,000 | $ - | $ - |
| Due to Other Funds | - | - | - | - | - | - | - |
| Advance from Other Funds | - | - | - | - | - | 15,884 | - |
| **Total Liabilities** | - | - | - | 20,000 | 20,000 | 15,884 | - |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | |
| Taxes Levied for Subsequent Period | - | - | - | - | - | 13,571 | - |
| **FUND BALANCES (DEFICITS)** | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | - | 483,150 | 890,019 | - | 1,373,169 | - | 48,687 |
| Assigned | 55,643 | - | - | 841,501 | 897,144 | - | - |
| Unassigned (Deficit) | - | - | - | - | - | (9,762) | - |
| **Total Fund Balances (Deficits)** | 55,643 | 483,150 | 890,019 | 841,501 | 2,270,313 | (9,762) | 48,687 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)** | $ 55,643 | $ 483,150 | $ 890,019 | $ 861,501 | $ 2,290,313 | $ 19,693 | $ 48,687 |

**CITY OF BERLIN, WISCONSIN**
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2025

| | Capital Projects Funds | | | | | |
|---|---|---|---|---|---|---|
| | TID No. 15 | TID No. 16 | TID No. 17 | Total Capital Projects Funds | Permanent Fund - Library Endowment Principal | Total Nonmajor Governmental Funds |
| **ASSETS** | | | | | | |
| Cash and Investments | $ 362 | $ - | $ - | $ 362 | $ 57,630 | $ 808,787 |
| Receivables: | | | | | | |
| Accounts Receivable | - | - | - | - | - | 13,758 |
| Taxes | - | 14,015 | - | 27,586 | - | 27,586 |
| Loans | - | - | - | - | - | 1,525,760 |
| Due from Other Funds | 478,034 | - | - | 532,843 | - | 532,843 |
| **TOTAL ASSETS** | $ 478,396 | $ 14,015 | $ - | $ 560,791 | $ 57,630 | $ 2,908,734 |
| **LIABILITIES** | | | | | | |
| Accounts Payable | $ 357 | $ - | $ - | $ 357 | $ - | $ 20,357 |
| Due to Other Funds | - | 584,375 | 4,352 | 588,727 | - | 588,727 |
| Advance from Other Funds | - | - | - | 15,884 | - | 15,884 |
| **Total Liabilities** | 357 | 584,375 | 4,352 | 604,968 | - | 624,968 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Taxes Levied for Subsequent Period | - | 14,015 | - | 27,586 | - | 27,586 |
| **FUND BALANCES (DEFICITS)** | | | | | | |
| Nonspendable | - | - | - | - | 57,630 | 57,630 |
| Restricted | 478,039 | - | - | 526,726 | - | 1,899,895 |
| Assigned | - | - | - | - | - | 897,144 |
| Unassigned (Deficit) | - | (584,375) | (4,352) | (598,489) | - | (598,489) |
| **Total Fund Balances (Deficits)** | 478,039 | (584,375) | (4,352) | (71,763) | 57,630 | 2,256,180 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)** | $ 478,396 | $ 14,015 | $ - | $ 560,791 | $ 57,630 | $ 2,908,734 |

**CITY OF BERLIN, WISCONSIN**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

| | Special Revenue Funds | | | | | | Capital Projects Funds |
|---|---|---|---|---|---|---|---|
| | **ARPA** | **Senior Special Account** | **Cemetery Expendable Trust** | **CDBG Housing Grant** | **Revolving Trust** | **Total Special Revenue Funds** | **TID No. 1** |
| **REVENUES** | | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,212 |
| Intergovernmental | 155,971 | 63,524 | - | - | - | 219,495 | 5,175 |
| Interest on Investments | - | 3 | - | 40 | 30,874 | 30,917 | - |
| Miscellaneous | - | 31,711 | 34,260 | 60 | 22,193 | 88,224 | - |
| **Total Revenues** | 155,971 | 95,238 | 34,260 | 100 | 53,067 | 338,636 | 12,387 |
| **EXPENDITURES** | | | | | | | |
| Current: | | | | | | | |
| General Government | 126,574 | - | - | - | - | 126,574 | - |
| Health and Human Services | - | 90,712 | 27,317 | - | - | 118,029 | - |
| Conservation and Development | - | - | - | 38,593 | 1,650 | 40,243 | 150 |
| Capital Outlay | 29,397 | - | - | - | - | 29,397 | - |
| **Total Expenditures** | 155,971 | 90,712 | 27,317 | 38,593 | 1,650 | 314,243 | 150 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | - | 4,526 | 6,943 | (38,493) | 51,417 | 24,393 | 12,237 |
| **OTHER FINANCING USE** | | | | | | | |
| Transfers Out | - | - | - | - | - | - | (9,218) |
| **NET CHANGE IN FUND BALANCES (DEFICITS)** | - | 4,526 | 6,943 | (38,493) | 51,417 | 24,393 | 3,019 |
| **FUND BALANCES (DEFICITS) - BEGINNING AS PREVIOUSLY REPORTED** | - | 51,117 | 476,207 | - | - | 527,324 | (12,781) |
| **CORRECTION OF AN ERROR** | - | - | - | 883,633 | 486,409 | 1,370,042 | - |
| **ADJUSTMENT - MAJOR TO NONMAJOR** | - | - | - | 44,879 | 303,675 | 348,554 | - |
| **FUND BALANCES (DEFICITS) - BEGINNING - AS ADJUSTED** | - | 51,117 | 476,207 | 928,512 | 790,084 | 2,245,920 | (12,781) |
| **FUND BALANCES (DEFICITS) - ENDING** | $ - | $ 55,643 | $ 483,150 | $ 890,019 | $ 841,501 | $ 2,270,313 | $ (9,762) |

**CITY OF BERLIN, WISCONSIN**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

| | Capital Projects Funds | | | | | Permanent Fund - Library Endowment Principal | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|
| | TID No. 2 | TID No. 15 | TID No. 16 | TID No. 17 | Total Capital Projects Funds | | |
| **REVENUES** | | | | | | | |
| Taxes | $ 13,444 | $ 286,272 | $ - | $ - | $ 306,928 | $ - | $ 306,928 |
| Intergovernmental | - | 40,729 | - | - | 45,904 | - | 265,399 |
| Interest on Investments | - | 162 | - | - | 162 | - | 31,079 |
| Miscellaneous | - | - | - | - | - | - | 88,224 |
| **Total Revenues** | 13,444 | 327,163 | - | - | 352,994 | - | 691,630 |
| **EXPENDITURES** | | | | | | | |
| Current: | | | | | | | |
| General Government | - | - | - | - | - | - | 126,574 |
| Health and Human Services | - | - | - | - | - | - | 118,029 |
| Conservation and Development | 150 | 78,824 | 293,831 | 4,352 | 377,307 | - | 417,550 |
| Capital Outlay | - | - | - | - | - | - | 29,397 |
| **Total Expenditures** | 150 | 78,824 | 293,831 | 4,352 | 377,307 | - | 691,550 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 13,294 | 248,339 | (293,831) | (4,352) | (24,313) | - | 80 |
| **OTHER FINANCING USE** | | | | | | | |
| Transfers Out | - | - | - | - | (9,218) | - | (9,218) |
| **NET CHANGE IN FUND BALANCES (DEFICITS)** | 13,294 | 248,339 | (293,831) | (4,352) | (33,531) | - | (9,138) |
| **FUND BALANCES (DEFICITS) - BEGINNING AS PREVIOUSLY REPORTED** | 35,393 | 229,700 | - | - | 252,312 | 57,630 | 837,266 |
| **CORRECTION OF AN ERROR** | - | - | (290,544) | - | (290,544) | - | 1,079,498 |
| **ADJUSTMENT - MAJOR TO NONMAJOR** | - | - | - | - | - | - | 348,554 |
| **FUND BALANCES (DEFICITS) - BEGINNING - AS ADJUSTED** | 35,393 | 229,700 | (290,544) | - | (38,232) | 57,630 | 2,265,318 |
| **FUND BALANCES (DEFICITS) - ENDING** | $ 48,687 | $ 478,039 | $ (584,375) | $ (4,352) | $ (71,763) | $ 57,630 | $ 2,256,180 |

# OTHER INFORMATION

**CITY OF BERLIN, WISCONSIN**

Schedule of Detailed Budgetary Comparison Revenues and Other Financing Source

General Fund

For the Year Ended December 31, 2025

| | Budgeted Amounts | | Actual | Variance Favorable |
|---|---|---|---|---|
| | Original | Final Amounts | Amounts | (Unfavorable) |
| **TAXES** | | | | |
| General Property Taxes | $ 2,434,092 | $ 2,434,092 | $ 2,434,092 | $ - |
| Room Tax | 11,500 | 11,500 | 8,892 | (2,608) |
| Payment in Lieu of Taxes: | | | | |
| Housing Authority | 500 | 500 | 410 | (90) |
| **Total Taxes** | 2,446,092 | 2,446,092 | 2,443,394 | (2,698) |
| **SPECIAL ASSESSMENTS** | | | | |
| Sidewalks | 2,937 | 2,937 | 7,608 | 4,671 |
| **INTERGOVERNMENTAL** | | | | |
| **Federal Aids** | | | | |
| Taxi Grant | 138,075 | 138,075 | - | (138,075) |
| **State Aids** | | | | |
| Shared and Utility Grants | 2,227,014 | 2,227,014 | 2,188,694 | (38,320) |
| General Transportation and Connecting Highways Aids | 265,703 | 265,703 | 197,928 | (67,775) |
| Recycling | 25,000 | 25,000 | 24,618 | (382) |
| Fire Insurance | 13,700 | 13,700 | 18,731 | 5,031 |
| Exempt Computers | - | - | 16,585 | 16,585 |
| Personal Property Aid | - | - | 42,697 | 42,697 |
| Taxi Grant | 44,619 | 44,619 | 29,807 | (14,812) |
| Senior Center | 58,354 | 58,354 | 53,381 | (4,973) |
| Other State Grants | 2,310 | 2,310 | 261,877 | 259,567 |
| **Local Aids** | | | | |
| Miscellaneous Local Aids | 149,052 | 149,052 | 126,974 | (22,078) |
| **Total Intergovernmental** | 2,923,827 | 2,923,827 | 2,961,292 | 37,465 |
| **LICENSES AND PERMITS** | | | | |
| Cable Television Fees | 27,600 | 27,600 | 22,563 | (5,037) |
| Business Licenses | 11,050 | 11,050 | 11,961 | 911 |
| Nonbusiness Licenses | 850 | 850 | 2,969 | 2,119 |
| Building Inspection Fees and Permits | 30,000 | 96,000 | 73,044 | (22,956) |
| Other Permits | 7,000 | 7,000 | 8,103 | 1,103 |
| **Total Licenses and Permits** | 76,500 | 142,500 | 118,640 | (23,860) |
| **FINES AND FORFEITURES** | | | | |
| Court Penalties and Fines | 52,500 | 52,500 | 64,151 | 11,651 |
| Parking Violations | 10,000 | 10,000 | 6,128 | (3,872) |
| **Total Fines and Forfeitures** | 62,500 | 62,500 | 70,279 | 7,779 |

## CITY OF BERLIN, WISCONSIN

Schedule of Detailed Budgetary Comparison Revenues and Other Financing Source - Continued
General Fund
For the Year Ended December 31, 2025

| | Budgeted Amounts | | Actual | Variance Favorable |
| --- | --- | --- | --- | --- |
| | Original | Final Amounts | Amounts | (Unfavorable) |
| **PUBLIC CHARGES FOR SERVICES** | | | | |
| General Government | $ 6,000 | $ 6,000 | $ 3,843 | $ (2,157) |
| Police Department | 5,400 | 5,400 | 2,646 | (2,754) |
| Fire Department | 2,500 | 2,500 | 16,907 | 14,407 |
| Other Public Works | 3,500 | 3,500 | 2,433 | (1,067) |
| Weed and Nuisance Control | 5,000 | 5,000 | 1,250 | (3,750) |
| Snow Removal | 8,500 | 8,500 | 7,516 | (984) |
| Cemetery Income | 30,000 | 30,000 | 24,645 | (5,355) |
| Library | 3,000 | 3,000 | 3,020 | 20 |
| Parks | 7,000 | 7,000 | 6,255 | (745) |
| Other Culture and Recreation | 88,250 | 88,250 | 73,435 | (14,815) |
| **Total Public Charges for Services** | 159,150 | 159,150 | 141,950 | (17,200) |
| **INTERGOVERNMENTAL CHARGES FOR SERVICES** | | | | |
| Law Enforcement Services | 60,000 | 60,000 | 46,542 | (13,458) |
| Fire Protection Services | 100,000 | 193,345 | 112,486 | (80,859) |
| Other Services | 60,718 | 60,718 | 415,141 | 354,423 |
| **Total Intergovernmental Charges for Services** | 220,718 | 314,063 | 574,169 | 260,106 |
| **MISCELLANEOUS** | | | | |
| Interest Income | 85,000 | 85,000 | 183,174 | 98,174 |
| Rental Income | 13,200 | 13,200 | 18,707 | 5,507 |
| Miscellaneous | 30,630 | 30,630 | 80,630 | 50,000 |
| **Total Miscellaneous** | 128,830 | 128,830 | 282,511 | 153,681 |
| **OTHER FINANCING SOURCE** | | | | |
| Transfers In from Other Funds | 190,000 | 190,000 | 184,042 | (5,958) |
| **TOTAL REVENUES AND OTHER FINANCING SOURCE** | $ 6,210,554 | $ 6,369,899 | $ 6,783,885 | $ 413,986 |

**CITY OF BERLIN, WISCONSIN**
Schedule of Detailed Budgetary Comparison Expenditures and Other Financing Use
General Fund
For the Year Ended December 31, 2025

| | Budgeted Amounts | | Actual | Variance Favorable |
|---|---|---|---|---|
| | Original | Final Amounts | Amounts | (Unfavorable) |
| **GENERAL GOVERNMENT** | | | | |
| City Council | $ 24,382 | $ 24,382 | $ 18,882 | $ 5,500 |
| Legal | 114,392 | 347,392 | 197,636 | 149,756 |
| Mayor | 245,402 | 253,131 | 226,596 | 26,535 |
| City Hall | 172,112 | 184,112 | 138,619 | 45,493 |
| Clerk-Treasurer | 198,548 | 198,548 | 173,740 | 24,808 |
| Elections | 19,200 | 19,200 | 11,120 | 8,080 |
| Central Duplicating | 67,000 | 67,000 | 76,557 | (9,557) |
| Audit | 28,500 | 46,250 | 46,231 | 19 |
| Assessor | 63,232 | 45,482 | 27,434 | 18,048 |
| Insurance | - | - | 133,315 | (133,315) |
| Miscellaneous | 32,000 | 24,271 | 5,223 | 19,048 |
| **Total General Government** | 964,768 | 1,209,768 | 1,055,353 | 154,415 |
| **PUBLIC SAFETY** | | | | |
| Police Salaries and Wages | 1,221,548 | 1,221,548 | 1,175,460 | 46,088 |
| Police Supplies | 85,000 | 94,197 | 54,689 | 39,508 |
| Police Employee Benefits | 242,563 | 242,563 | 280,263 | (37,700) |
| Police Training | 16,560 | 16,560 | 14,063 | 2,497 |
| Police Repairs | 19,000 | 19,000 | 17,227 | 1,773 |
| Police Utilities | 5,000 | 5,000 | 1,892 | 3,108 |
| Fire Department Salaries and Wages | 139,182 | 139,182 | 111,137 | 28,045 |
| Fire Department Supplies | 30,200 | 123,545 | 17,684 | 105,861 |
| Fire Department Employee Benefits | 15,675 | 15,675 | - | 15,675 |
| Fire Department Training | 20,560 | 20,560 | 22,533 | (1,973) |
| Fire Department Repairs | 32,200 | 32,200 | 38,134 | (5,934) |
| Building Inspector | 28,900 | 94,900 | 73,467 | 21,433 |
| Emergency Management | 22,618 | 32,006 | 29,148 | 2,858 |
| **Total Public Safety** | 1,879,006 | 2,056,936 | 1,835,697 | 221,239 |
| **PUBLIC WORKS** | | | | |
| Transportation: | | | | |
| Highway Salaries and Wages | 316,414 | 316,414 | 340,490 | (24,076) |
| Highway Supplies | 120,500 | 120,500 | 107,342 | 13,158 |
| Highway Benefits | 135,341 | 135,341 | 120,686 | 14,655 |
| Highway Training | 23,000 | 23,000 | 20,597 | 2,403 |
| Highway Utilities | 22,000 | 22,000 | 16,765 | 5,235 |
| Other Highway | 94,278 | 101,278 | 99,220 | 2,058 |
| Highway/Street Maintenance | 13,335 | 32,985 | 11,805 | 21,180 |
| Street Lighting | 66,000 | 81,000 | 81,406 | (406) |
| Sidewalk | 10,443 | 10,443 | 4,752 | 5,691 |
| Storm Sewer Construction | 10,943 | 10,943 | 8,132 | 2,811 |
| Taxi | 265,000 | 265,000 | 305,001 | (40,001) |
| Sanitation: | | | | |
| Refuse and Garbage Collection | 256,232 | 273,232 | 250,100 | 23,132 |
| Recycling | 141,754 | 160,254 | 149,171 | 11,083 |
| Weed and Nuisance Control | 52,955 | 52,955 | 33,811 | 19,144 |
| Snow Removal | 87,337 | 67,687 | 71,265 | (3,578) |
| **Total Public Works** | 1,615,532 | 1,673,032 | 1,620,543 | 52,489 |

**CITY OF BERLIN, WISCONSIN**
Schedule of Detailed Budgetary Comparison Expenditures and Other Financing Use - Continued
General Fund
For the Year Ended December 31, 2025

| | Budgeted Amounts | | Actual | Variance Favorable |
|---|---|---|---|---|
| | Original | Final Amounts | Amounts | (Unfavorable) |
| **HEALTH AND HUMAN SERVICES** | | | | |
| Cemetery | 103,270 | 103,270 | 71,000 | 32,270 |
| Senior Center | 170,810 | 170,810 | 128,475 | 42,335 |
| **Total Health and Human Services** | 274,080 | 274,080 | 199,475 | 74,605 |
| **CULTURE AND RECREATION** | | | | |
| Parks | 214,788 | 214,788 | 192,681 | 22,107 |
| Library | 432,178 | 432,178 | 419,242 | 12,936 |
| Museum | 2,000 | 2,000 | - | 2,000 |
| Recreation Programs and Events | 26,706 | 26,706 | 16,214 | 10,492 |
| Swimming Pool | 180,655 | 180,655 | 152,942 | 27,713 |
| Fireworks | 10,250 | 10,250 | 10,000 | 250 |
| **Total Culture and Recreation** | 866,577 | 866,577 | 791,079 | 75,498 |
| **CONSERVATION AND DEVELOPMENT** | | | | |
| Public Housing | 9,219 | 5,219 | (3,715) | 8,934 |
| Economic Development | 122,635 | 126,635 | 127,457 | (822) |
| Other Conservation and Development | 26,278 | 26,278 | 25,285 | 993 |
| **Total Conservation and Development** | 158,132 | 158,132 | 149,027 | 9,105 |
| **DEBT SERVICE** | | | | |
| Principal Retirement | 896,003 | 896,003 | - | 896,003 |
| Interest | - | - | 1,009 | (1,009) |
| **Total Debt Service** | 896,003 | 896,003 | 1,009 | 894,994 |
| **OTHER FINANCING USE** | | | | |
| Transfers Out to Other Funds | 44,000 | 44,000 | 886,278 | (842,278) |
| **TOTAL EXPENDITURES AND OTHER FINANCING USE** | $ 6,698,098 | $ 7,178,528 | $ 6,538,461 | $ 640,067 |