

**CITY OF BRILLION, WISCONSIN**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2020**



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## INDEPENDENT AUDITORS' REPORT

Mayor and City Council  
City of Brillion, Wisconsin

### **Report on the Financial Statements**

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 Brillion, Wisconsin (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Note 1.B, during 2020, the City adopted GASB Statement No. 84, *Fiduciary Activities*. As a result, the City established a custodial fund for taxes and special charges collected for other governments. In prior years, these amounts were reported in the general fund. As described in Note 6, the City presented a prior period adjustment to properly present the Redevelopment Authority as a blended component unit. In prior years, the Redevelopment Authority was reported as a discretely presented component unit. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 54 be presented to supplement the basic financial statements. Such information, although not 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 this missing information.

#### ***Other Information***

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

Mayor and City Council  
City of Brillion, Wisconsin

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
May 24, 2021

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BRILLION, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 3,439,462	\$ 1,183,314	\$ 4,622,776
Receivables:			
Taxes and Special Charges	1,536,852	-	1,536,852
Delinquent Taxes	23,897	-	23,897
Accounts	2,728	199,481	202,209
Special Assessments	28,924	206,291	235,215
Loans	6,381	-	6,381
Inventories and Prepaid Items	-	18,933	18,933
Restricted Assets:			
Cash and Investments	-	877,009	877,009
Net Pension Asset	271,592	14,064	285,656
Capital Assets, Nondepreciable	1,039,042	127,933	1,166,975
Capital Assets, Depreciable	10,635,372	7,155,429	17,790,801
Total Assets	16,984,250	9,782,454	26,766,704
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Advance Refunding	23,525	-	23,525
Pension Related Amounts	636,098	32,483	668,581
Total Deferred Outflows of Resources	659,623	32,483	692,106
<b>LIABILITIES</b>			
Accounts Payable	172,260	40,819	213,079
Accrued and Other Current Liabilities	106,453	553	107,006
Due to Other Governments	1,276	-	1,276
Accrued Interest Payable	38,923	12,824	51,747
Special Deposits	-	5,000	5,000
Short-Term Note Payable	210,000	-	210,000
Long-Term Obligations:			
Due Within One Year	806,706	383,217	1,189,923
Due in More Than One Year	8,978,136	2,684,475	11,662,611
Total Liabilities	10,313,754	3,126,888	13,440,642
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes and Special Charges			
Levied for Subsequent Year	2,529,340	-	2,529,340
Pension Related Amounts	815,425	42,226	857,651
Total Deferred Inflows of Resources	3,344,765	42,226	3,386,991
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,580,810	4,447,043	10,027,853
Restricted for capital projects	104,655	453,104	557,759
Restricted for tourism	17,129	-	17,129
Restricted for debt service	-	179,708	179,708
Restricted for cemetery operations	64,570	-	64,570
Restricted for pension benefits	271,592	14,064	285,656
Unrestricted	(2,053,402)	1,551,904	(501,498)
Total Net Position	\$ 3,985,354	\$ 6,645,823	\$ 10,631,177

See accompanying Notes to Basic Financial Statements.



**CITY OF BRILLION, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 462,135	\$ 28,280	\$ 2,038	\$ -	\$ (431,817)	\$ -	\$ (431,817)
Public Safety	1,344,139	237,565	68,028	-	(1,038,546)	-	(1,038,546)
Public Works	1,091,230	175,358	229,810	22,894	(663,168)	-	(663,168)
Health and Human Services	14,729	3,715	-	-	(11,014)	-	(11,014)
Culture and Recreation	673,459	37,114	33,308	38,324	(564,713)	-	(564,713)
Conservation and Development	1,874,103	-	527,344	532,696	(814,063)	-	(814,063)
Interest and Fiscal Charges	305,254	-	-	-	(305,254)	-	(305,254)
Total Governmental Activities	5,765,049	482,032	860,528	593,914	(3,828,575)	-	(3,828,575)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water Utility	695,830	994,244	-	101,971	-	400,385	400,385
Sewer Utility	706,426	688,177	-	137,886	-	119,637	119,637
Total Business-Type Activities	1,402,256	1,682,421	-	239,857	-	520,022	520,022
Total Primary Government	\$ 7,167,305	\$ 2,164,453	\$ 860,528	\$ 833,771	(3,828,575)	520,022	(3,308,553)
<b>GENERAL REVENUES</b>							
Taxes:							
Property Taxes					1,987,655	-	1,987,655
Property Taxes Levied for Debt Service					397,484	-	397,484
Other Taxes					52,109	-	52,109
Federal and State Grants and Other Contributions Not Restricted to Specific Functions					733,530	-	733,530
Interest and Investment Earnings					23,377	8,072	31,449
Miscellaneous					144,155	-	144,155
Transfers					112,187	(112,187)	-
Total General Revenues and Transfers					3,450,497	(104,115)	3,346,382
<b>CHANGE IN NET POSITION</b>							
					(378,078)	415,907	37,829
Net Position - January 1, as originally stated					4,263,432	6,229,916	10,493,348
Prior Period Adjustment					100,000	-	100,000
Net Position - January 1, as Restated					4,363,432	6,229,916	10,593,348
<b>NET POSITION - END OF YEAR</b>							
					\$ 3,985,354	\$ 6,645,823	\$ 10,631,177

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

<b>ASSETS</b>	General	Capital Improvements	Tax Incremental District No. 3	Tax Incremental District No. 4
Cash and Investments	\$ 1,223,166	\$ 726,074	\$ 450,187	\$ 284,464
Receivables:				
Taxes and Special Charges	744,619	72,092	144,288	176,512
Delinquent Taxes	23,897	-	-	-
Accounts	-	-	-	-
Special Assessments	3,250	25,674	-	-
Loans	-	6,381	-	-
Due from Other Funds	-	-	-	-
	<b>\$ 1,994,932</b>	<b>\$ 830,221</b>	<b>\$ 594,475</b>	<b>\$ 460,976</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 54,458	\$ 4,402	\$ 138	\$ -
Accrued and Other Current Liabilities	106,453	-	-	-
Accrued Interest	233	-	-	-
Due to Other Funds	4,985	-	-	-
Due to Other Governments	1,276	-	-	-
Short-Term Note Payable	210,000	-	-	-
Total Liabilities	377,405	4,402	138	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes and Special Charges				
Levied for Subsequent Year	1,246,100	92,225	238,632	291,927
Loans Receivable	-	6,381	-	-
Special Assessments	3,250	40,519	-	-
Total Deferred Inflows of Resources	1,249,350	139,125	238,632	291,927
<b>FUND BALANCES</b>				
Restricted	-	64,324	355,705	169,049
Committed	-	436,007	-	-
Assigned	-	186,363	-	-
Unassigned	368,177	-	-	-
Total Fund Balances	368,177	686,694	355,705	169,049
	<b>\$ 1,994,932</b>	<b>\$ 830,221</b>	<b>\$ 594,475</b>	<b>\$ 460,976</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2020**

	Tax Incremental District No. 5	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and Investments	\$ 251,211	\$ 504,360	\$ 3,439,462
Receivables:			
Taxes and Special Charges	32,006	367,335	1,536,852
Delinquent Taxes	-	-	23,897
Accounts	-	2,728	2,728
Special Assessments	-	-	28,924
Loans	-	-	6,381
Due from Other Funds	-	4,985	4,985
Total Assets	\$ 283,217	\$ 879,408	\$ 5,043,229
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 111,718	\$ 1,544	\$ 172,260
Accrued and Other Current Liabilities	-	-	106,453
Accrued Interest	-	-	233
Due to Other Funds	-	-	4,985
Due to Other Governments	-	-	1,276
Short-Term Note Payable	-	-	210,000
Total Liabilities	111,718	1,544	495,207
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes and Special Charges			
Levied for Subsequent Year	52,933	607,523	2,529,340
Loans Receivable	-	-	6,381
Special Assessments	-	-	43,769
Total Deferred Inflows of Resources	52,933	607,523	2,579,490
<b>FUND BALANCES</b>			
Restricted	118,566	188,471	896,115
Committed	-	81,870	517,877
Assigned	-	-	186,363
Unassigned	-	-	368,177
Total Fund Balances	118,566	270,341	1,968,532
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 283,217	\$ 879,408	\$ 5,043,229

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances as Shown on Previous Page \$ 1,968,532

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 11,674,414

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

Special Assessments 43,769  
Loans Receivable 6,381

Long-term assets are not considered available; therefore, are not reported in the funds.

Pension Asset 271,592

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Loss on Advance Refunding 23,525  
Deferred Outflows Related to Pensions 636,098  
Deferred Inflows Related to Pensions (815,425)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and Notes Payable (7,476,782)  
Capital Leases (2,279,443)  
Premium on Debt (28,617)  
Accrued Interest on Long-Term Obligations (38,690)

Net Position of Governmental Activities as Reported on the Statement of Net Position (See Page 5) \$ 3,985,354

**CITY OF BRILLION, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEARS ENDED DECEMBER 31, 2020**

	General	Capital Improvements	Tax Incremental District No. 3	Tax Incremental District No. 4
<b>REVENUES</b>				
Taxes	\$ 1,100,057	\$ 11,245	\$ 249,023	\$ 315,561
Special Assessments	-	38,307	-	-
Intergovernmental	948,683	35,555	141	74,842
Licenses and Permits	134,266	-	-	-
Fines and Forfeits	14,308	-	-	-
Public Charges for Services	287,833	-	-	-
Intergovernmental Charges for Services	100,996	8,856	-	-
Miscellaneous	19,952	216,369	-	-
Total Revenues	2,606,095	310,332	249,164	390,403
<b>EXPENDITURES</b>				
Current:				
General Government	372,836	-	-	-
Public Safety	1,245,063	-	-	-
Public Works	531,106	-	-	-
Health and Human Services	11,041	-	-	-
Culture and Recreation	383,527	-	-	-
Conservation and Development	3,155	1,820	2,792	56,707
Debt Service:				
Principal	61,587	45,568	91,599	223,366
Interest and Fiscal Charges	88,921	3,396	19,711	40,832
Capital Outlay	915,000	592,805	138	-
Total Expenditures	3,612,236	643,589	114,240	320,905
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,006,141)	(333,257)	134,924	69,498
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	-	378,671	-	-
Capital Lease Proceeds	915,000	-	-	-
Transfers In	142,187	1,922	-	-
Transfers Out	(15,467)	(142,101)	-	-
Total Other Financing Sources (Uses)	1,041,720	238,492	-	-
<b>NET CHANGE IN FUND BALANCE</b>	35,579	(94,765)	134,924	69,498
Fund Balances - Beginning of Year	332,598	781,459	220,781	99,551
<b>FUND BALANCES - END OF YEAR</b>	\$ 368,177	\$ 686,694	\$ 355,705	\$ 169,049

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2020**

	Tax Incremental District No. 5	Other Governmental Funds	Total
<b>REVENUES</b>			
Taxes	\$ 131,876	\$ 629,486	\$ 2,437,248
Special Assessments	-	-	38,307
Intergovernmental	465,696	187,754	1,712,671
Licenses and Permits	-	-	134,266
Fines and Forfeits	-	-	14,308
Public Charges for Services	-	2,491	290,324
Intergovernmental Charges for Services	-	-	109,852
Miscellaneous	3,960	515,752	756,033
Total Revenues	601,532	1,335,483	5,493,009
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	372,836
Public Safety	-	-	1,245,063
Public Works	-	-	531,106
Health and Human Services	-	-	11,041
Culture and Recreation	-	230,942	614,469
Conservation and Development	38,712	549,601	652,787
Debt Service:			
Principal	77,654	380,660	880,434
Interest and Fiscal Charges	59,835	103,718	316,413
Capital Outlay	1,222,236	-	2,730,179
Total Expenditures	1,398,437	1,264,921	7,354,328
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	(796,905)	70,562	(1,861,319)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	-	-	378,671
Capital Lease Proceeds	-	-	915,000
Transfers In	-	125,646	269,755
Transfers Out	-	-	(157,568)
Total Other Financing Sources (Uses)	-	125,646	1,405,858
<b>NET CHANGE IN FUND BALANCE</b>			
	(796,905)	196,208	(455,461)
Fund Balances - Beginning of Year	915,471	74,133	2,423,993
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 118,566</b>	<b>\$ 270,341</b>	<b>\$ 1,968,532</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances as Shown on Previous Page \$ (455,461)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Capital Outlay in Governmental Fund Statements	1,160,207
Depreciation Expense Reported in the Statement of Activities	(592,736)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

Special Assessments	(15,413)
Loans Receivable	(2,286)
Other Receivable	(68,324)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-Term Debt Issued	(378,671)
Capital Leases Issued	(915,000)
Principal Repaid	773,279
Capital Leases Paid	107,155

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	10,396
Amortization of Premiums, Discounts and Loss on Advance Refunding	763
Net Pension Asset	271,592
Net Pension Liability	297,604
Deferred Outflows of Resources Related to Pensions	(169,499)
Deferred Inflows of Resources Related to Pensions	(401,684)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (See Page 6)	<u>\$ (378,078)</u>
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**CITY OF BRILLION, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,091,738	\$ 1,091,738	\$ 1,100,057	\$ 8,319
Intergovernmental	888,210	888,210	948,683	60,473
Licenses and Permits	74,390	74,390	134,266	59,876
Fines and Forfeits	13,500	13,500	14,308	808
Public Charges for Services	345,805	347,655	287,833	(59,822)
Intergovernmental Charges for Services	118,640	118,640	100,996	(17,644)
Miscellaneous	24,002	24,000	19,952	(4,048)
Total Revenues	<u>2,556,285</u>	<u>2,558,133</u>	<u>2,606,095</u>	<u>47,962</u>
<b>EXPENDITURES</b>				
Current:				
General Government	317,416	317,416	372,836	(55,420)
Public Safety	1,287,134	1,287,134	1,245,063	42,071
Public Works	569,112	569,112	531,106	38,006
Health and Human Services	10,320	10,320	11,041	(721)
Culture and Recreation	425,418	425,418	383,527	41,891
Conservation and Development	5,870	5,870	3,155	2,715
Debt Service:				
Principal	120,000	120,000	61,587	58,413
Interest and Fiscal Charges	3,000	3,000	88,921	(85,921)
Capital Outlay	-	915,000	915,000	-
Total Expenditures	<u>2,738,270</u>	<u>3,653,270</u>	<u>3,612,236</u>	<u>41,034</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(181,985)	(1,095,137)	(1,006,141)	88,996
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Proceeds	-	915,000	915,000	-
Transfers In	105,985	105,985	142,187	36,202
Transfers Out	-	-	(15,467)	(15,467)
Total Other Financing Sources (Uses)	<u>105,985</u>	<u>1,020,985</u>	<u>1,041,720</u>	<u>20,735</u>
<b>NET CHANGE IN FUND BALANCE</b>	(76,000)	(74,152)	35,579	109,731
Fund Balance - Beginning of Year	<u>332,598</u>	<u>332,598</u>	<u>332,598</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 256,598</u>	<u>\$ 258,446</u>	<u>\$ 368,177</u>	<u>\$ 109,731</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF BRILLION, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2020**

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ -	\$ 1,183,314	\$ 1,183,314
Receivables:			
Customer Accounts	105,767	93,714	199,481
Special Assessments	114,212	92,079	206,291
Due from Other Funds	-	34,488	34,488
Inventories and Prepaid Items	18,447	486	18,933
Total Current Assets	<u>238,426</u>	<u>1,404,081</u>	<u>1,642,507</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Investments	371,721	505,288	877,009
Other Assets:			
Net Pension Asset	7,627	6,437	14,064
Capital Assets:			
Nondepreciable	69,012	58,921	127,933
Depreciable	5,303,203	1,852,226	7,155,429
Total Capital Assets	<u>5,372,215</u>	<u>1,911,147</u>	<u>7,283,362</u>
Total Assets	5,989,989	3,826,953	9,816,942
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	<u>17,355</u>	<u>15,128</u>	<u>32,483</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 30,733	\$ 10,086	\$ 40,819
Accrued and Other Current Liabilities	364	189	553
Due to Other Funds	34,488	-	34,488
Special Deposits	2,500	2,500	5,000
Accrued Interest	9,825	2,999	12,824
Current Portion of Long-Term Debt	278,807	104,410	383,217
Total Current Liabilities	<u>356,717</u>	<u>120,184</u>	<u>476,901</u>
Long-Term Obligations, Less Current Portion:			
General Obligation Debt	473,971	-	473,971
Revenue Bonds	1,750,504	460,000	2,210,504
Total Long-Term Liabilities	<u>2,224,475</u>	<u>460,000</u>	<u>2,684,475</u>
Total Liabilities	2,581,192	580,184	3,161,376
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Amounts	<u>22,900</u>	<u>19,326</u>	<u>42,226</u>
Total Deferred Inflows of Resources	<u>22,900</u>	<u>19,326</u>	<u>42,226</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,970,276	1,476,767	4,447,043
Restricted	268,180	378,696	646,876
Unrestricted	164,796	1,387,108	1,551,904
Total Net Position	<u>\$ 3,403,252</u>	<u>\$ 3,242,571</u>	<u>\$ 6,645,823</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Water Utility	Sewer Utility	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 984,032	\$ 672,521	\$ 1,656,553
Other Revenues	10,212	15,656	25,868
Total Operating Revenues	<u>994,244</u>	<u>688,177</u>	<u>1,682,421</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	413,967	457,639	871,606
Depreciation	216,645	230,111	446,756
Total Operating Expenses	<u>630,612</u>	<u>687,750</u>	<u>1,318,362</u>
<b>OPERATING INCOME</b>	363,632	427	364,059
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	3,246	4,826	8,072
Interest and Fiscal Charges	(65,218)	(18,676)	(83,894)
Total Nonoperating Revenues (Expenses)	<u>(61,972)</u>	<u>(13,850)</u>	<u>(75,822)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	301,660	(13,423)	288,237
Capital Contributions	101,971	137,886	239,857
Transfers Out	<u>(112,187)</u>	<u>-</u>	<u>(112,187)</u>
<b>CHANGE IN NET POSITION</b>	291,444	124,463	415,907
Net Position - January 1	<u>3,111,808</u>	<u>3,118,108</u>	<u>6,229,916</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,403,252</u>	<u>\$ 3,242,571</u>	<u>\$ 6,645,823</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Water Utility	Sewer Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 1,014,911	\$ 700,764	\$ 1,715,675
Cash Paid for Employee Wages and Benefits	(53,747)	(56,444)	(110,191)
Cash Paid to Suppliers	(331,893)	(396,740)	(728,633)
Net Cash Provided (Used) by Operating Activities	629,271	247,580	876,851
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Change in Due to/from Other Funds	(146,712)	146,712	-
Transfer Out	(112,187)	-	(112,187)
Net Cash Provided (Used) by Noncapital Financing Activities	(258,899)	146,712	(112,187)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(65,437)	(3,870)	(69,307)
Special Assessment Collections	17,013	53,578	70,591
Proceeds of Long-Term Debt	111,736	-	111,736
Principal Paid on Long-Term Debt	(506,268)	(180,585)	(686,853)
Interest Paid on Long-Term Debt	(67,344)	(19,664)	(87,008)
Net Cash Provided (Used) by Capital and Related Financing Activities	(510,300)	(150,541)	(660,841)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	3,246	4,826	8,072
<b>CHANGE IN CASH AND INVESTMENTS</b>	(136,682)	248,577	111,895
Cash and Investments - Beginning of Year	508,403	1,440,025	1,948,428
<b>CASH AND INVESTMENTS - END OF YEAR</b>	<u>\$ 371,721</u>	<u>\$ 1,688,602</u>	<u>\$ 2,060,323</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	Water Utility	Sewer Utility	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 363,632	\$ 427	\$ 364,059
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	216,645	230,111	446,756
Depreciation Charged to Sewer Utility	7,340	(7,340)	-
Changes in Pension Related Activity:			
Pension Asset/Liability	(15,464)	(13,265)	(28,729)
Deferred Outflows of Resources	4,096	3,419	7,515
Deferred Inflows of Resources	12,005	9,834	21,839
Changes in Operating Assets and Liabilities:			
Accounts Receivables	20,667	12,587	33,254
Inventories and Prepaid Items	5,746	27,902	33,648
Accounts Payable	14,240	(16,284)	(2,044)
Accrued Liabilities	364	189	553
Net Cash Provided (Used) by Operating Activities	<u>\$ 629,271</u>	<u>\$ 247,580</u>	<u>\$ 876,851</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and Cash Equivalents in Current Assets	\$ -	\$ 1,183,314	\$ 1,183,314
Cash and Cash Equivalents in Restricted Assets	371,721	505,288	877,009
Total Cash and Investments	<u>\$ 371,721</u>	<u>\$ 1,688,602</u>	<u>\$ 2,060,323</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Contributions	<u>\$ 76,524</u>	<u>\$ 87,327</u>	<u>\$ 163,851</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
YEAR ENDED DECEMBER 31, 2020**

	<u>Tax Collection Custodial Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,356,864
Taxes Receivable	<u>2,076,793</u>
Total Assets	<u>3,433,657</u>
<b>LIABILITIES</b>	
Due to Other Governments	<u>1,356,864</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes and Special Charges Levied for Subsequent Year	<u>2,076,793</u>
<b>NET POSITION</b>	
Restricted	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BRILLION, WISCONSIN  
 STATEMENT OF CHANGES IN NET POSITON  
 FIDUCIARY FUND  
 YEAR ENDED DECEMBER 31, 2020**

	<u>Tax Collection Custodial Fund</u>
<b>ADDITIONS</b>	
Property Tax Collections	<u>\$ 2,191,330</u>
<b>DEDUCTIONS</b>	
Payments to Taxing Jurisdictions	<u>2,191,330</u>
<b>CHANGE IN NET POSITION</b>	-
Net Position - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

Brillion Redevelopment Authority

The Brillion Redevelopment Authority (the Redevelopment Authority) is governed by a nine member board consisting of six citizen members, one council member, the City Administrator and the Mayor. Although it is legally separate from the City, the Redevelopment Authority is blended and reported as if it were part of the primary government because of the nature of its relationship with the City. The Redevelopment Authority does not issue separate financial statements.

**B. Government-Wide and Fund Financial Statements**

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

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

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

The City reports the following major governmental funds:

**General Fund**

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

**Capital Improvements Fund**

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Tax Incremental District No. 3 Capital Projects Fund**

This fund is used to account for the acquisition or construction of major capital facilities related to the City's Tax Incremental District No. 3.

**Tax Incremental District No. 4 Capital Projects Fund**

This fund is used to account for the acquisition or construction of major capital facilities related to the City's Tax Incremental District No. 4.

**Tax Incremental District No. 5 Capital Projects Fund**

This fund is used to account for the acquisition or construction of major capital facilities related to the City's Tax Incremental District No. 5.

The City reports the following major enterprise funds:

**Water Utility Fund**

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

**Sewer Utility Fund**

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

The City also reports the following fiduciary fund:

**Custodial Fund**

The custodial fund accounts for property taxes and special charges collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, they are now recorded in a custodial fund.



**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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 enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**2. Property Taxes and Special Charges Receivable**

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

In addition to its levy, the City also levies and collects taxes for the Brillion School District, Calumet County, and Fox Valley Technical College.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**3. Accounts Receivable**

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

**4. Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.) Special assessments are subject to collection procedures.

**5. Loans Receivable**

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

**6. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

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

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Inventories**

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

**8. Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

**9. Capital Assets**

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

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

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Land Improvements	20	-
Buildings	25 to 50	25 to 50
Machinery and Equipment	5 to 20	3 to 10
Infrastructure	35 to 80	25 to 100

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Compensated Absences**

The City's policy allows employees to earn varying amounts of vacation time for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for any unused accrued vacation. Vacation time must be taken in the year earned; therefore, no liability exists at year-end.

Sick leave is earned at a rate of one day per month of full-time service. Employees are not compensated for unused sick leave upon termination of employment. Therefore, no accrual for earned sick leave is recorded at year-end.

**11. Deferred Outflows/Inflows of Resources**

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

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

**12. Long-Term Obligations**

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

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

**CITY OF BRILLION, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Defined Contribution Pension Plan

The City contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer fighters, first responders and emergency medical technicians. SAP is administered by UBS Financial.

The City determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2020, the City contributed \$7,750 to the plan, and the City recognized pension expense of \$7,750.

**14. Fund Equity**

Governmental Fund Financial Statements

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

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**14. Fund Equity (Continued)**

Governmental Fund Financial Statements (Continued)

- **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized a specific person to assign fund balance. Residual amounts in any governmental fund, other than the general fund, are also reported as assigned.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

Government-Wide and Proprietary Fund Statements

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

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

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Use of Estimates**

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

**NOTE 2 STEWARDSHIP AND COMPLIANCE**

**A. Budgets and Budgetary Accounting**

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

1. During October, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, debt service, and capital improvements 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.
3. During the year, formal budgetary integration is employed as a management control device for the general debt service, and capital improvements capital projects funds. Management control of the City's tax incremental financing districts is achieved through each District's project plan.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.



**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**A. Budgets and Budgetary Accounting (Continued)**

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

**B. Excess of Expenditures Over Budget Appropriations**

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2020 as follows:

Funds	Excess Expenditures
General Fund:	
General Government:	
City Administrator	\$ 9,119
City Clerk/Treasurer	5,363
Legal	4,845
Assessment of Property	3,481
Elections	2,053
City Hall	25,287
Uncollectible Taxes	9,637
Insurance	1,715
Public Safety:	
Building Inspection	34,868
Public Works:	
Garage	5,278
Machinery	775
Curb and Gutter	252
Storm Sewers	5,104
Solid Waste Collection	397
Compost Site/Chipping	7,418
Trees	772
Leave Pickup	5,405
Health and Human Services:	
Cemetery	1,442
Culture and Recreation:	
Parks	10,316
Debt Service:	
Interest and Fiscal Charges	85,921
Capital Improvements Capital Projects Fund:	
General Government:	
Elections	1,300
Public Safety:	
Fire Department	48,429
Emergency Government	239
Public Works:	
Street Construction and Maintenance	270,762
Weed Control	38
Debt Service:	
Principal	45,568
Interest	3,396

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**C. Property Tax Levy Limit**

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2020 budget was 1.21%. The actual limit for the City for the 2021 budget was -0.14%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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

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

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

The carrying amount of the City's cash and investments totaled \$6,856,649 on December 31, 2020 as summarized below:

Petty Cash and Cash on Hand	\$	900
Deposits with Financial Institutions		6,733,363
Investments:		
Wisconsin Local Government Investment Pool		122,386
Total		<u>\$ 6,856,649</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	4,622,776
Restricted Cash and Investments		877,009
Fiduciary Fund Statement of Net Position		
Custodial Fund		1,356,864
Total		<u>\$ 6,856,649</u>

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City currently has no investments that are subject to fair value measurement.

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

Custodial Credit Risk

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2020, \$5,432,070 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Investments

The City has investments in the Wisconsin local government investment pool of \$122,386 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. The City's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Restricted Assets**

Restricted assets on December 31, 2020 totaled \$877,009 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Funds:		
Water Utility:		
Revenue Bond Reserve Fund	\$ 84,500	To reserve additional funds for debt retirement; to be used if sufficient funds are not available in the revenue bond special redemption fund.
Revenue Bond Special Redemption Fund	149,413	To be used for subsequent year payments of principal and interest on water mortgage revenue bonds.
Depreciation Fund	120,965	To be used for additions to and betterments of the water utility plant.
Unspent Debt Proceeds	<u>16,843</u>	To be used for water capital projects.
Total Water Utility	<u>371,721</u>	
Sewer Utility:		
Revenue Bond Special Redemption Fund	43,121	To be used for subsequent year payments principal and interest on sewer mortgage revenue bonds.
Equipment Replacement Fund	298,194	To be used for replacement of certain assets of the sewage treatment plant.
Revenue Bond Reserve Fund	82,500	To reserve additional funds for debt retirement; to be used if sufficient funds are not available in the revenue bond special redemption fund.
Depreciation Fund	33,943	To be used for additions to and betterments of the sewer utility plant.
Unspent Debt Proceeds	<u>47,530</u>	To be used for sewer capital projects.
Total Sewer Utility	<u>505,288</u>	
Total Restricted Assets	<u>\$ 877,009</u>	

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Nondepreciable:				
Land	\$ 1,039,042	\$ -	\$ -	\$ 1,039,042
Construction in Progress	10,760	-	10,760	-
Total Capital Assets, Nondepreciable	<u>1,049,802</u>	<u>-</u>	<u>10,760</u>	<u>1,039,042</u>
Capital Assets, Depreciable:				
Land Improvements	232,504	-	-	232,504
Buildings and Improvements	5,412,173	-	-	5,412,173
Machinery and Equipment	3,181,194	1,020,000	-	4,201,194
Infrastructure	11,269,332	150,967	35,940	11,384,359
Subtotals	<u>20,095,203</u>	<u>1,170,967</u>	<u>35,940</u>	<u>21,230,230</u>
Less: Accumulated Depreciation for:				
Land Improvements	169,587	6,474	-	176,061
Buildings and Improvements	2,402,670	145,315	-	2,547,985
Machinery and Equipment	1,730,435	176,732	-	1,907,167
Infrastructure	5,735,370	264,215	35,940	5,963,645
Subtotals	<u>10,038,062</u>	<u>592,736</u>	<u>35,940</u>	<u>10,594,858</u>
Total Capital Assets, Depreciable, Net	<u>10,057,141</u>	<u>578,231</u>	<u>-</u>	<u>10,635,372</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,106,943</u>	<u>\$ 578,231</u>	<u>\$ 10,760</u>	11,674,414
Less: Capital Related Debt				6,088,512
Less: Debt Premium				28,617
Add: Deferred Charge on Refunding				<u>23,525</u>
Net Investment in Capital Assets				<u>\$ 5,580,810</u>
<b>Business-Type Activities:</b>				
Capital Assets, Nondepreciable:				
Land	\$ 45,428	\$ -	\$ -	\$ 45,428
Construction in Progress	44,254	38,251	-	82,505
Total Capital Assets, Nondepreciable	<u>89,682</u>	<u>38,251</u>	<u>-</u>	<u>127,933</u>
Capital Assets, Depreciable:				
Buildings and Improvements	2,258,042	-	-	2,258,042
Machinery and Equipment	4,714,019	24,853	5,600	4,733,272
Infrastructure	9,376,183	170,055	4,237	9,542,001
Subtotals	<u>16,348,244</u>	<u>194,908</u>	<u>9,837</u>	<u>16,533,315</u>
Less: Accumulated Depreciation	<u>8,940,966</u>	<u>446,757</u>	<u>9,837</u>	<u>9,377,886</u>
Total Capital Assets, Depreciable, Net	<u>7,407,278</u>	<u>(251,849)</u>	<u>-</u>	<u>7,155,429</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,496,960</u>	<u>\$ (213,598)</u>	<u>\$ -</u>	7,283,362
Less: Capital Related Debt				<u>2,836,319</u>
Net Investment in Capital Assets				<u>\$ 4,447,043</u>

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 73,131
Public Safety	111,663
Public Works	318,225
Culture and Recreation	<u>89,717</u>
Governmental Activities	<u>\$ 592,736</u>
Business-Type Activities:	
Water Utility	\$ 216,645
Sewer Utility	<u>230,112</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 446,757</u>

**D. Interfund Receivable, Payables, and Transfers**

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2020 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Cemetery Perpetual Care Funds Held by Other Funds:		
Governmental Funds:		
General	\$ -	\$ 4,985
Permanent Fund		
Cemetery Perpetual Care	<u>4,985</u>	<u>-</u>
Subtotal	4,985	4,985
Temporary Cash Advances to Finance Operating Cash Deficits:		
Water Utility	-	34,488
Sewer Utility	<u>34,488</u>	<u>-</u>
Subtotal	<u>34,488</u>	<u>34,488</u>
Totals	<u>\$ 39,473</u>	<u>\$ 39,473</u>

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivable, Payables, and Transfers (Continued)**

Interfund transfers for the year ended December 31, 2020 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 142,187	\$ 15,467
Capital Improvements	1,922	142,101
Library	66,861	-
Room Tax	13,545	-
Redevelopment Authority	45,240	-
Water Utility	-	112,187
Totals	<u>\$ 269,755</u>	<u>\$ 269,755</u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to	
General Fund	\$ 112,187
Transfer for Fire Department Surplus	1,922
Transfer of Room Tax	13,545
Transfer of Tax Levy	30,000
Transfer of Reserves	112,101
Total	<u>\$ 269,755</u>

**E. Short-Term Obligations**

The City issued a \$120,000 and a \$90,000 general obligation promissory note in advance of property tax collections. As of December 31, 2020, there was \$210,000 outstanding and due on March 15, 2021 with interest of \$509.



**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt:					
Bonds	\$ 4,965,000	\$ -	\$ 340,000	\$ 4,625,000	\$ 370,000
Notes	1,777,340	-	140,400	1,636,940	146,940
Note from Direct Borrowings	183,980	-	47,895	136,085	49,298
State Trust Fund Loans from Direct Borrowings	945,070	378,671	244,984	1,078,757	152,893
Total General Obligation Debt	7,871,390	378,671	773,279	7,476,782	719,131
Debt Premium	34,608	-	5,991	28,617	-
Capital Leases	1,471,598	915,000	107,155	2,279,443	87,575
Governmental Activities Long-Term Obligations	<u>\$ 9,377,596</u>	<u>\$ 1,293,671</u>	<u>\$ 886,425</u>	<u>\$ 9,784,842</u>	<u>\$ 806,706</u>
<b>Business-Type Activities:</b>					
General Obligation Debt:					
Bonds	\$ 440,000	\$ -	\$ 20,000	\$ 420,000	\$ 25,000
Notes from Direct Borrowings	437,141	111,736	357,516	191,361	112,390
Total General Obligation Debt	877,141	111,736	377,516	611,361	137,390
Revenue Bonds from Direct Borrowings	1,410,668	-	149,337	1,261,331	80,827
Revenue Bonds	1,355,000	-	160,000	1,195,000	165,000
Business-Type Activities Long-Term Obligations	<u>\$ 3,642,809</u>	<u>\$ 111,736</u>	<u>\$ 686,853</u>	<u>\$ 3,067,692</u>	<u>\$ 383,217</u>

Total interest paid during the year on long-term debt totaled \$309,107.

**State Trust Fund Loan**

The City's outstanding notes from direct borrowings related to the governmental activities of \$1,078,757 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the state of Wisconsin.

**Safe Drinking Water and Clean Water Fund Loan Programs**

The City's outstanding notes from direct borrowings related to business type activities of \$1,261,331 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

Bank Notes

The City's outstanding notes from direct borrowings related to governmental and business type activities of \$327,446 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
State Trust Fund Loan from Direct Borrowings	08/15/08	03/15/25	4.75%	\$ 176,979	\$ 65,897
State Trust Fund Loan from Direct Borrowings	02/20/09	03/15/25	4.75%	126,245	50,034
State Trust Fund Loan from Direct Borrowings	07/24/09	03/15/26	4.75%	729,609	319,731
General Obligation Notes	08/16/11	08/01/21	1.20 - 3.25%	1,490,000	220,000
General Obligation Bonds	06/16/15	05/01/35	2.00 - 3.75%	2,590,000	1,840,000
General Obligation Notes	05/17/17	06/01/26	1.65 - 2.50%	1,585,000	1,510,000
General Obligation Notes from Direct Borrowings	10/02/18	10/02/23	3.00%	170,000	104,999
State Trust Fund Loan from Direct Borrowings	12/17/18	03/15/23	4.25%	342,079	264,425
General Obligation Notes from Direct Borrowings	01/10/19	01/10/22	2.75%	46,000	31,086
General Obligation Bonds	10/16/19	12/01/27	2.00%	1,840,000	1,665,000
General Obligation Bonds	12/30/19	12/01/39	2.30 - 4.00%	1,540,000	1,540,000
General Obligation Notes from Direct Borrowings	06/01/20	06/01/25	3.25%	111,736	98,300
State Trust Fund Loan from Direct Borrowings	11/10/20	03/15/30	3.00%	321,481	321,481
State Trust Fund Loan from Direct Borrowings	12/16/20	03/15/22	2.50%	57,190	57,190
Total Outstanding General Obligation Debt					<u>\$ 8,088,143</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$8,088,143 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonds and Notes		Notes from Direct Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 516,940	\$ 158,836	\$ 202,191	\$ 35,951	\$ 719,131	\$ 194,787
2022	525,000	144,820	296,427	42,388	821,427	187,208
2023	605,000	132,958	235,841	27,808	840,841	160,766
2024	650,000	117,533	112,470	18,322	762,470	135,855
2025	675,000	100,170	117,269	13,522	792,269	113,692
2026-2030	2,140,000	264,053	250,644	20,371	2,390,644	284,424
2031-2035	750,000	130,373	-	-	750,000	130,373
2036-2039	400,000	31,125	-	-	400,000	31,125
Total	<u>\$ 6,261,940</u>	<u>\$ 1,079,868</u>	<u>\$ 1,214,842</u>	<u>\$ 158,362</u>	<u>\$ 7,476,782</u>	<u>\$ 1,238,230</u>

Year Ended December 31,	Business-Type Activities					
	Bonds and Notes		Notes from Direct Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 25,000	\$ 13,143	\$ 112,390	\$ 6,002	\$ 137,390	\$ 19,145
2022	25,000	12,518	21,644	2,277	46,644	14,795
2023	25,000	12,205	22,368	1,553	47,368	13,758
2024	25,000	11,205	23,113	807	48,113	12,012
2025	25,000	10,455	11,846	114	36,846	10,569
2026-2029	135,000	40,485	-	-	135,000	40,485
2030-2034	160,000	15,356	-	-	160,000	15,356
Total	<u>\$ 420,000</u>	<u>\$ 115,367</u>	<u>\$ 191,361</u>	<u>\$ 10,753</u>	<u>\$ 611,361</u>	<u>\$ 126,120</u>

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

General Obligation Debt (Continued)

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2020 was \$4,376,412 as follows:

Equalized Valuation of the City	\$ 249,291,100
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	12,464,555
Net Outstanding General Obligation Debt Applicable to Debt Limitation	<u>8,088,143</u>
Legal Margin for New Debt	<u><u>\$ 4,376,412</u></u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2020 totaled \$2,456,331 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
Revenue Bonds from Direct Borrowings - Safe Drinking Water	04/08/15	05/01/34	1.65%	\$ 1,643,812	\$ 1,261,331
Revenue Bonds	06/16/15	05/01/27	1.25 - 3.10%	825,000	530,000
Revenue Bonds	05/17/17	05/01/32	3.0 - 3.50%	930,000	665,000
Total Outstanding Revenue Bonds					<u><u>\$ 2,456,331</u></u>

Annual principal and interest maturities of the outstanding revenue bonds of \$2,456,331 on December 31, 2020 are detailed below:

Year Ended December 31,	Business-Type Activities					
	Bonds and Notes		Notes from Direct Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 165,000	\$ 33,585	\$ 80,827	\$ 20,145	\$ 245,827	\$ 53,730
2022	160,000	29,060	82,161	18,800	242,161	47,860
2023	115,000	25,035	83,517	17,434	198,517	42,469
2024	120,000	21,723	84,895	16,044	204,895	37,767
2025	125,000	18,273	86,295	14,632	211,295	32,905
2026-2029	400,000	44,660	453,311	51,146	853,311	95,806
2030-2034	110,000	3,850	390,325	13,013	500,325	16,863
Total	<u><u>\$ 1,195,000</u></u>	<u><u>\$ 176,186</u></u>	<u><u>\$ 1,261,331</u></u>	<u><u>\$ 151,214</u></u>	<u><u>\$ 2,456,331</u></u>	<u><u>\$ 327,400</u></u>

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the water and sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2034. The total principal and interest remaining to be paid on the bonds is \$2,783,731. Principal and interest paid for the current year and total customer net revenues were \$369,642 and \$753,428, respectively.

Capital Lease

The City is obligated under a lease accounted for as capital lease that was used to finance the acquisition of a capital asset. The cost of the capital assets under the capital lease is \$2,655,417 and the related accumulated depreciation is \$157,670 as of December 31, 2020.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2020:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2021	\$ 238,360
2022	210,929
2023	210,929
2024	210,929
2025	210,929
2026-2030	1,054,644
2031-2035	781,857
2036-2039	370,000
Subtotal	<u>3,288,577</u>
Less: Amount Representing Interest	1,009,134
Present Value of Future Minimum Lease Payments	<u>\$ 2,279,443</u>

**G. Conduit Debt Obligations**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Conduit Debt Obligations (Continued)**

As of December 31, 2020, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$2,037,434.

**H. Pension Plan**

**1. Plan Description**

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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 WRS Financial Report, which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

Employees who retire at or after age 65 (54 for protective occupation employees and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016), if hired on or before December 31, 2016 are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**1. Plan Description (Continued)**

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.

**2. 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:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	0.5%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**3. Contributions**

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

During the year ended December 31, 2020, the WRS recognized \$104,048 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.55%	6.55%
Protective With Social Security	6.55%	10.55%
Protective Without Social Security	6.55%	14.95%

**4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2020, the City reported an asset of \$285,656 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.00885905%, which was an increase of 0.00008173% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$105,872.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

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

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 542,239	\$ 271,355
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	583,982
Changes in Assumptions	22,260	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	34	2,314
Employer Contributions Subsequent to the Measurement Date	104,048	-
Total	\$ 668,581	\$ 857,651

\$104,048 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2021	\$ (87,795)
2022	(64,924)
2023	9,808
2024	(150,207)
Total	\$ (293,118)



**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

\* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9%	6.3%	3.5%
Private Equity/Debt	8%	10.6%	7.6%
Multi-Asset	4%	6.9%	4.0%
Cash	-10%	0.9%	N/A
Total Core Fund	100%	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	8.2%	5.3%
Total Variable Fund	100%	7.8%	4.9%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%

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

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability, for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City’s Proportionate Share of the Net Pension Liability (Asset)	\$ 735,615	\$ (285,656)	\$ (1,049,174)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements found at <http://etf.wi.gov/publications/cafr.htm>.

**6. Payables to the Pension Plan**

At December 31, 2020, the City did not report a payable for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. Fund Equity**

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance was as follows:

Capital Improvements Fund:

Restricted for:

Debt Proceeds:

Truck Replacements	\$ 57,190
Mini Storm Sewers and Building Renovations	7,134
Total	64,324

Tax Incremental Districts No. 3, 4, and 5:

Restricted for:

Tax Incremental District Project Plan	643,320
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Nonmajor Funds:

Restricted for:

Room Tax	17,129
Tax Incremental District Project Plan	104,655
Debt Service	2,117
Cemetery Perpetual Care	64,570
Total	188,471

Total Restricted Fund Balance	\$ 896,115
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Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2020, governmental fund balance was committed as follows:

Special Revenue Funds:

Committed for:

Library	\$ 69,036
Redevelopment Authority	12,834
Total Special Revenue Funds	81,870

Capital Improvements Fund:

Committed for:

Nonlapsing Reserves	436,007
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Total Committed Fund Balance	\$ 517,877
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**CITY OF BRILLION, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. Fund Equity (Continued)**

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

Capital Improvements Fund:

Assigned for Subsequent Year's Expenditures:

Capital Improvements:	<u>\$ 186,363</u>
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Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 25% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2021 General Fund Expenditures	\$ 2,642,578
Minimum Fund Balance %	<u>(x) 25%</u>
Minimum Fund Balance Amount	<u>\$ 660,645</u>

The City's general fund balance of \$368,177 is below the minimum fund balance amount.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 OTHER INFORMATION**

**A. Tax Incremental Financing Districts**

The City has established separate capital projects funds for Tax Incremental District (TID) No. 2, No. 3, No. 4, and No. 5 which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the Districts were “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City’s Districts are still eligible to incur project costs.

Since creation of the above Districts, the City has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the City from any future excess tax increment revenues. As of December 31, 2020, the City can recover \$3,412,113 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 2	\$ 317,643
TID No. 3	424,295
TID No. 4	984,316
TID No. 5	1,685,859

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

	Termination Year
TID No. 2	2033
TID No. 3	2027
TID No. 4	2027
TID No. 5	2047

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The City completes an annual review of its insurance coverage to ensure adequate coverage.

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**CITY OF BRILLION, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Contingencies**

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

**D. Concentrations**

The City has identified the following significant taxpayers and utility customers for 2020:

Significant Taxpayer

The City has one taxpayer who accounts for approximately 10% of the assessed value for 2020.

Significant Customer – Enterprise Funds

The water and sewer utilities has two significant customers who were responsible for 22% and 9%, respectively, of operating revenues in 2020.

**NOTE 5 RISKS AND UNCERTAINTIES**

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations and local communities. Specific to the City, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

**NOTE 6 PRIOR PERIOD ADJUSTMENT**

The City has presented a prior period adjustment in the Statement of Net Position for \$100,000, to properly present the Redevelopment Authority as a blended component unit. Previously, the Redevelopment Authority was presented as a discretely presented component unit.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.00815016%	\$ (200,190)	\$ 971,275	20.61%	102.74%
12/31/15	0.00823739%	133,856	993,855	13.47%	98.20%
12/31/16	0.00843258%	69,506	1,019,953	6.81%	99.12%
12/31/17	0.00860813%	(255,585)	1,017,368	25.12%	102.93%
12/31/18	0.00877732%	312,269	1,038,419	30.07%	96.45%
12/31/19	0.00885905%	(285,656)	1,067,054	-26.77%	102.96%

**SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 80,565	\$ 80,565	\$ -	\$ 993,855	8.11%
12/31/16	81,878	81,878	-	1,019,953	8.03%
12/31/17	90,062	90,062	-	1,017,368	8.85%
12/31/18	91,807	91,807	-	1,029,923	8.91%
12/31/19	93,669	93,669	-	1,066,605	8.78%
12/31/20	104,048	104,048	-	1,114,310	9.34%

See accompanying Notes to Required Supplementary Information.

**CITY OF BRILLION, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

No significant change in assumptions were noted from the prior year.

The City is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many as are available until 10 fiscal years are presented.

## **SUPPLEMENTARY INFORMATION**

**CITY OF BRILLION, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGET AND ACTUAL REVENUES  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Taxes:</b>				
General Property	\$ 1,063,738	\$ 1,063,738	\$ 1,061,874	\$ (1,864)
Housing Authority	18,000	18,000	8,961	(9,039)
Mobile Home	10,000	10,000	11,972	1,972
Omitted Taxes	-	-	17,250	17,250
Total Taxes	<u>1,091,738</u>	<u>1,091,738</u>	<u>1,100,057</u>	<u>8,319</u>
<b>Intergovernmental:</b>				
State:				
State Shared Taxes	622,790	622,790	622,896	106
Transportation	218,804	218,804	218,528	(276)
Exempt Computer Aid	24,585	24,585	24,585	-
Personal Property Aid	6,458	6,458	6,458	-
Video Service Aid	3,573	3,573	3,573	-
Law Enforcement	-	-	2,880	2,880
Recycling	12,000	12,000	11,282	(718)
Other Grants	-	-	58,481	58,481
Total Intergovernmental	<u>888,210</u>	<u>888,210</u>	<u>948,683</u>	<u>60,473</u>
<b>Licenses and Permits:</b>				
Licenses:				
Liquor and Malt Beverages	4,000	4,000	1,718	(2,282)
Operators	2,000	2,000	940	(1,060)
Cigarette	90	90	320	230
Dog	2,300	2,300	2,197	(103)
Bicycle	3,000	3,000	2,450	(550)
Cable Television	22,000	22,000	18,412	(3,588)
Other Licenses/Permits	1,000	1,000	2,900	1,900
Permits:				
Building	40,000	40,000	105,329	65,329
Total Licenses and Permits	<u>74,390</u>	<u>74,390</u>	<u>134,266</u>	<u>59,876</u>
<b>Fines and Forfeits:</b>				
Court Fines and Penalties	12,000	12,000	13,383	1,383
Parking Violations	1,500	1,500	925	(575)
Total Fines and Forfeits	<u>13,500</u>	<u>13,500</u>	<u>14,308</u>	<u>808</u>

**CITY OF BRILLION, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGET AND ACTUAL REVENUES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Public Charges for Services:				
Clerk	\$ 3,100	\$ 3,100	\$ 2,048	\$ (1,052)
License Publication Fees	500	500	195	(305)
Police Department	2,200	2,200	45	(2,155)
Fire Department	-	-	1,334	1,334
Street Department	3,000	3,000	3,030	30
Weed Cutting	700	700	675	(25)
Snow Removal	3,000	3,000	1,798	(1,202)
Solid Waste Disposal	120,000	120,000	110,102	(9,898)
Recycling	69,000	69,000	59,753	(9,247)
Cemetery Lots	330	330	3,415	3,085
Swimming Pool	80,600	80,600	72,512	(8,088)
Community Center	61,325	63,175	31,554	(31,621)
Park Rentals	2,050	2,050	1,372	(678)
Total Public Charges for Services	<u>345,805</u>	<u>347,655</u>	<u>287,833</u>	<u>(59,822)</u>
Intergovernmental Charges for Services:				
Police Services	37,320	37,320	25,023	(12,297)
Fire Department Fees	53,000	53,000	52,478	(522)
Ambulance Service Fees	28,320	28,320	23,495	(4,825)
Total Intergovernmental Charges for Services	<u>118,640</u>	<u>118,640</u>	<u>100,996</u>	<u>(17,644)</u>
Miscellaneous:				
Interest on Investments	8,502	8,500	4,176	(4,324)
Sale of City Property	-	-	1,225	1,225
Insurance Dividends	-	-	5,448	5,448
Donations	5,500	5,500	3,093	(2,407)
Other	10,000	10,000	6,010	(3,990)
Total Miscellaneous	<u>24,002</u>	<u>24,000</u>	<u>19,952</u>	<u>(4,048)</u>
Total Revenues	<u>\$ 2,556,285</u>	<u>\$ 2,558,133</u>	<u>\$ 2,606,095</u>	<u>\$ 47,962</u>

**CITY OF BRILLION, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGET AND ACTUAL EXPENDITURES  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>General Government:</b>				
Municipal Court	\$ 12,508	\$ 12,508	\$ 11,109	\$ 1,399
Council	14,100	14,100	11,811	2,289
Mayor	7,422	7,422	5,975	1,447
City Administrator	56,121	56,121	65,240	(9,119)
City Clerk/Treasurer	89,309	89,309	94,672	(5,363)
Legal	11,000	11,000	15,845	(4,845)
Assessment of Property	10,800	10,800	14,281	(3,481)
Accounting and Auditing	18,701	18,701	17,756	945
Elections	4,734	4,734	6,787	(2,053)
City Hall	19,407	19,407	44,694	(25,287)
Uncollectible Taxes	-	-	9,637	(9,637)
Insurance	73,314	73,314	75,029	(1,715)
Total General Government	317,416	317,416	372,836	(55,420)
<b>Public Safety:</b>				
Police Department	969,807	969,807	895,809	73,998
Fire Department	157,375	157,375	155,973	1,402
Ambulance	116,869	116,869	115,374	1,495
Building Inspection	41,867	41,867	76,735	(34,868)
Emergency Government	1,216	1,216	1,172	44
Total Public Safety	1,287,134	1,287,134	1,245,063	42,071
<b>Public Works:</b>				
<b>Transportation:</b>				
Garage	85,285	85,285	90,563	(5,278)
Machinery	29,766	29,766	30,541	(775)
Street Maintenance	71,020	71,020	45,424	25,596
Street Cleaning	9,826	9,826	5,853	3,973
Snow and Ice Control	50,166	50,166	28,613	21,553
Street Signs	5,586	5,586	4,215	1,371
Street Lighting	72,000	72,000	68,342	3,658
Sidewalks	5,658	5,658	4,430	1,228
Curb and Gutter	-	-	252	(252)
Storm Sewers	14,442	14,442	19,546	(5,104)
Bridges and Culverts	3,543	3,543	3,161	382
Parking Lots	1,453	1,453	378	1,075
<b>Sanitation:</b>				
Solid Waste Collection	120,000	120,000	120,397	(397)
Compost Site/Chipping	8,207	8,207	15,625	(7,418)
Recycling	69,000	69,000	65,625	3,375
Weed Control	9,942	9,942	8,746	1,196
Trees	2,401	2,401	3,173	(772)
Leave Pickup	10,817	10,817	16,222	(5,405)
Total Public Works	569,112	569,112	531,106	38,006

**CITY OF BRILLION, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGET AND ACTUAL EXPENDITURES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Health and Human Services:				
Public Health Services	\$ 1,800	\$ 1,800	\$ 1,079	\$ 721
Cemetery	8,520	8,520	9,962	(1,442)
Total Health and Human Services	<u>10,320</u>	<u>10,320</u>	<u>11,041</u>	<u>(721)</u>
Culture and Recreation:				
Community Center	177,074	177,074	153,833	23,241
Parks	31,671	31,671	41,987	(10,316)
Recreation Programs and Events	72,023	72,023	47,099	24,924
Swimming Pool	144,650	144,650	140,608	4,042
Total Culture and Recreation	<u>425,418</u>	<u>425,418</u>	<u>383,527</u>	<u>41,891</u>
Conservation and Development:				
Economic Development	<u>5,870</u>	<u>5,870</u>	<u>3,155</u>	<u>2,715</u>
Debt Service:				
Principal Retirement	120,000	120,000	61,587	58,413
Interest and Fiscal Charges	3,000	3,000	88,921	(85,921)
Total Debt Service	<u>123,000</u>	<u>123,000</u>	<u>150,508</u>	<u>(27,508)</u>
Capital Outlay:				
Fire Truck	<u>-</u>	<u>915,000</u>	<u>915,000</u>	<u>-</u>
Total Expenditures	<u>\$ 2,738,270</u>	<u>\$ 3,653,270</u>	<u>\$ 3,612,236</u>	<u>\$ 41,034</u>

**CITY OF BRILLION, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – CAPITAL IMPROVEMENTS FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
General Property	\$ -	\$ 11,245	\$ 11,245	\$ -
Special Assessments:				
Curb and Gutter	10,000	10,000	6,335	(3,665)
Driveway	5,000	5,000	2,480	(2,520)
Sidewalk	5,000	5,000	2,517	(2,483)
Mini Storm Sewer	-	40,000	26,975	(13,025)
Total Special Assessments	<u>20,000</u>	<u>60,000</u>	<u>38,307</u>	<u>(21,693)</u>
Intergovernmental:				
State:				
Fire Insurance Tax	11,000	11,000	10,464	(536)
Other	-	-	25,091	25,091
Total Intergovernmental	<u>11,000</u>	<u>11,000</u>	<u>35,555</u>	<u>24,555</u>
Intergovernmental Charges for Services Ambulance	-	-	8,856	8,856
Miscellaneous:				
Interest on Investments	14,000	14,000	18,714	4,714
Sale of City Equipment	-	-	105,000	105,000
Donations	49,162	49,162	87,069	37,907
Other	2,000	2,000	5,586	3,586
Total Miscellaneous	<u>65,162</u>	<u>65,162</u>	<u>216,369</u>	<u>151,207</u>
Total Revenues	96,162	147,407	310,332	162,925
<b>EXPENDITURES</b>				
Capital Outlay:				
General Government:				
Municipal Court	984	984	-	984
Clerk-Treasurer	537	537	-	537
Elections	-	-	1,300	(1,300)
City Hall	88,449	89,027	9,564	79,463
Total General Government	<u>89,970</u>	<u>90,548</u>	<u>10,864</u>	<u>79,684</u>
Public Safety:				
Police Department	15,880	15,880	11,924	3,956
Fire Department	35,671	35,671	84,100	(48,429)
Ambulance	81,656	81,656	-	81,656
Emergency Government	12,142	5,942	6,181	(239)
Total Public Safety	<u>145,349</u>	<u>139,149</u>	<u>102,205</u>	<u>36,944</u>



**CITY OF BRILLION, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGETED AND ACTUAL – CAPITAL IMPROVEMENTS FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public Works:				
Garage	\$ 21,415	\$ 21,415	\$ -	\$ 21,415
Machinery	98,144	97,566	27,415	70,151
Street Construction and Maintenance	38,998	38,998	309,760	(270,762)
Snow and Ice	25,863	25,863	14,795	11,068
Street Signs	2,902	2,902	576	2,326
Storm Sewers	189,277	178,493	20,359	158,134
Landfill	7,001	5,889	5,299	590
Weed Control	-	-	38	(38)
Total Public Works	<u>383,600</u>	<u>371,126</u>	<u>378,242</u>	<u>(7,116)</u>
Health and Human Services:				
Cemetery	6,698	6,698	3,689	3,009
Culture and Recreation:				
Community Center	37,938	37,938	13,717	24,221
Parks	147,648	140,942	71,955	68,987
Swimming Pool	11,448	11,448	9,484	1,964
Library	3,523	-	-	-
Total Culture and Recreation	<u>200,557</u>	<u>190,328</u>	<u>95,156</u>	<u>95,172</u>
Conservation and Development:				
Maps and Plats	4,394	4,394	-	4,394
Economic Development	22,213	22,213	1,820	20,393
Technology	2,684	2,684	2,649	35
Total Conservation and Development	<u>29,291</u>	<u>29,291</u>	<u>4,469</u>	<u>24,822</u>
Debt Service:				
Principal	-	-	45,568	(45,568)
Interest and Fiscal Charges	-	-	3,396	(3,396)
Total Debt Service	<u>-</u>	<u>-</u>	<u>48,964</u>	<u>(48,964)</u>
Total Expenditures	<u>855,465</u>	<u>827,140</u>	<u>643,589</u>	<u>183,551</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(759,303)</b>	<b>(679,733)</b>	<b>(333,257)</b>	<b>346,476</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	-	-	378,671	378,671
Transfers In	-	-	1,922	1,922
Transfers Out	-	-	(142,101)	(142,101)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>238,492</u>	<u>238,492</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(759,303)</b>	<b>(679,733)</b>	<b>(94,765)</b>	<b>584,968</b>
Fund Balance - Beginning of Year	<u>781,459</u>	<u>781,459</u>	<u>781,459</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ 22,156</u></b>	<b><u>\$ 101,726</u></b>	<b><u>\$ 686,694</u></b>	<b><u>\$ 584,968</u></b>

**CITY OF BRILLION, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	Special Revenue			Capital Projects	Debt Service	Permanent	Total
	Library	Room Tax	Redevelopment Authority	Tax Incremental District No. 2		Cemetery Perpetual Care	
<b>ASSETS</b>							
Cash and Investments	\$ 108,475	\$ 14,401	\$ 12,834	\$ 148,275	\$ 160,790	\$ 59,585	\$ 504,360
Receivables:							
Taxes and Special Charges	57,955	-	-	66,711	242,669	-	367,335
Accounts, Net	-	2,728	-	-	-	-	2,728
Due from Other Funds	-	-	-	-	-	4,985	4,985
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 166,430</u>	<u>\$ 17,129</u>	<u>\$ 12,834</u>	<u>\$ 214,986</u>	<u>\$ 403,459</u>	<u>\$ 64,570</u>	<u>\$ 879,408</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 1,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,544
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Taxes Levied for Subsequent Year	95,850	-	-	110,331	401,342	-	607,523
<b>FUND BALANCES</b>							
Restricted	-	17,129	-	104,655	2,117	64,570	188,471
Committed	69,036	-	12,834	-	-	-	81,870
Total Fund Balances	<u>69,036</u>	<u>17,129</u>	<u>12,834</u>	<u>104,655</u>	<u>2,117</u>	<u>64,570</u>	<u>270,341</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 166,430</u>	<u>\$ 17,129</u>	<u>\$ 12,834</u>	<u>\$ 214,986</u>	<u>\$ 403,459</u>	<u>\$ 64,570</u>	<u>\$ 879,408</u>

**CITY OF BRILLION, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Special Revenue			Capital Projects	Debt Service	Permanent Cemetery	Total
	Library	Room Tax	Redevelopment Authority	Tax Incremental District No. 2		Perpetual Care	
<b>REVENUES</b>							
Taxes	\$ 100,915	\$ 13,926	\$ -	\$ 117,161	\$ 397,484	\$ -	\$ 629,486
Intergovernmental	119,719	-	-	68,035	-	-	187,754
Public Charges for Services	2,191	-	-	-	-	300	2,491
Miscellaneous	10,292	-	505,221	-	-	239	515,752
Total Revenues	233,117	13,926	505,221	185,196	397,484	539	1,335,483
<b>EXPENDITURES</b>							
Current:							
Culture and Recreation	230,942	-	-	-	-	-	230,942
Conservation and Development	-	10,342	538,311	948	-	-	549,601
Debt Service:							
Principal	-	-	-	72,364	308,296	-	380,660
Interest and Fiscal Charges	-	-	-	16,647	87,071	-	103,718
Total Expenditures	230,942	10,342	538,311	89,959	395,367	-	1,264,921
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,175	3,584	(33,090)	95,237	2,117	539	70,562
<b>OTHER FINANCING SOURCES</b>							
Transfers In	66,861	13,545	45,240	-	-	-	125,646
<b>NET CHANGE IN FUND BALANCES</b>	69,036	17,129	12,150	95,237	2,117	539	196,208
Fund Balances - Beginning of Year	-	-	684	9,418	-	64,031	74,133
<b>FUND BALANCES - END OF YEAR</b>	\$ 69,036	\$ 17,129	\$ 12,834	\$ 104,655	\$ 2,117	\$ 64,570	\$ 270,341

**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

**OPERATING REVENUES**

Charges for Services:	
Residential	\$ 285,063
Multi-Family	31,697
Commercial	65,539
Industrial	308,858
Public Authority	21,965
Private Fire Protection	17,786
Public Fire Protection	253,124
Total Charges for Services	<u>984,032</u>
Other Revenues:	
Forfeited Discounts	3,530
Miscellaneous Service	1,311
Other Water Revenues	5,371
Total Other Revenues	<u>10,212</u>
Total Operating Revenues	994,244

**OPERATING EXPENSES**

Operation and Maintenance:	
Plant Operation and Maintenance:	
Source of Supply	14,305
Pumping	113,176
Water Treatment	138,633
Transmission and Distribution	67,360
Customer Accounts	22,715
Total Plant Operation and Maintenance	<u>356,189</u>
Administrative and General:	
Salaries and Wages	20,262
Office Supplies and Expenses	3,933
Outside Services Employed	16,150
Insurance Expenses	2,482
Employees Pensions and Benefits	10,898
Transportation	986
Maintenance of General Plant	1,773
Miscellaneous General Expenses	1,294
Total Administrative and General	<u>57,778</u>
Total Operation and Maintenance	413,967
Depreciation	<u>216,645</u>
Total Operating Expenses	<u>630,612</u>

**OPERATING INCOME** \$ 363,632

**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF SEWER UTILITY OPERATING REVENUES AND EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

**OPERATING REVENUES**

Charges for Services:	
Residential	\$ 390,114
Multi-Family	22,861
Commercial	60,168
Industrial	182,962
Public Authority	16,416
Total Charges for Services	672,521
Other Revenues:	
Forfeited Discounts	2,590
Miscellaneous Service	13,066
Total Other Revenues	15,656
Total Operating Revenues	688,177

**OPERATING EXPENSES**

Operation and Maintenance:	
Plant Operation and Maintenance:	
Supervision and Labor	130,995
Power and Fuel for Pumping	79,227
Operating Supplies and Expenses	20,482
Maintenance	88,752
Customer Accounts	20,446
Total Plant Operation and Maintenance	339,902
Administrative and General:	
Salaries and Wages	6,257
Office Supplies and Expenses	8,330
Outside Services Employed	11,726
Insurance Expenses	22,740
Employees Pensions and Benefits	10,460
Transportation	1,429
Maintenance of General Plant	49,088
Miscellaneous General Expenses	7,707
Total Administrative and General	117,737
Total Operation and Maintenance	457,639
Depreciation	230,111
Total Operating Expenses	687,750

**OPERATING INCOME**

\$ 427

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**



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

Mayor and City Council  
City of Brillion, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brillion, Wisconsin, (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 24, 2021.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2020-003 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 to be significant deficiencies.

**Compliance and Other Matters**

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

**City of Brillion, Wisconsin’s Response to Findings**

The City’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
May 24, 2021



**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting***

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<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2020-001	<p><b>Preparation of Annual Financial Report</b></p> <p>Repeat of Finding 2019-001</p>
Type of Finding:	Significant Deficiency in Internal Control Over Financial Reporting
Condition:	<p>Management and the Council of the City share the ultimate responsibility for the City's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.</p> <p>The City engages CLA to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the City's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the City has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the City's activities and operations.</p> <p>The City's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the City's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.</p>
Criteria:	The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.
Cause:	City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020**

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

Management Response: Management believes that the cost of hiring additional staff to prepare year-end adjusting and closing entries and to prepare financial reports outweigh the benefits to be received. Management will continue to review financial statements and information prior to issuance.

**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2020-002	<p><b>Segregation of Duties</b></p> <p>Repeat of Finding 2019-002</p>
Type of Finding:	Significant Deficiency in Internal Control Over Financial Reporting
Condition:	The City has two positions to essentially complete or review and approve all financial and recordkeeping activities of the City. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, it was noted that the City does not have adequate segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the City operations. In addition, the City has not conducted a risk assessment and analysis of its internal controls to identify compensating controls and other potential opportunities to enhance its control structure.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the City Council and other administration employees continue to monitor the transactions and the financial records of the City of Brillion. We further recommend the City complete a risk assessment and analysis of its internal controls to identify opportunities to strengthen and enhance controls over financial reporting.
Management Response:	The City concurs with the recommendation and will continue to establish internal controls when feasible.

**CITY OF BRILLION, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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***Section I – Internal Control Over Financial Reporting (Continued)***

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<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2020-003	<b>Adjustments to the City’s Financial Records</b> Repeat of Finding 2019-003
Type of Finding:	Material Weakness in Internal Control Over Financial Reporting
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the City’s financial statements, including a prior period adjustment.
Context:	While performing audit procedures, it was noted that management does not have sufficient controls in place related to year-end closing procedures.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While City staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the City may contain material misstatements.
Recommendation:	We recommend the City continue to review the adjusting and closing entries. We are available to assist the individual in obtaining the understanding of these entries.
Management Response:	The City Administrator will continue to review adjusting and closing entries.

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***Section II – Compliance and Other Matters***

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There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2020.