



CITY OF DODGEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2019

Johnson Block & Company, Inc.
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CITY OF DODGEVILLE, WISCONSIN
December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Dodgeville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dodgeville, Wisconsin ("City"), as of and for the year ended December 31, 2019, 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.

Auditor's 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. 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2019, the City of Dodgeville adopted the provisions of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. 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 budgetary comparison information, the Wisconsin Retirement System schedules and the Local Retiree Life Insurance Fund Schedules on pages 61-65 be presented to supplement the basic financial statements. Such 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. 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Prior Year Summarized Comparative Information

The prior year summarized information has been derived from the City's 2018 financial statements, and, in our report dated February 21, 2020, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

Other Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc..

July 23, 2020

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Dodgeville, Wisconsin
Statement of Net Position
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Primary Government				Component Unit	
	Governmental	Business-type	Totals			
	Activities	Activities	2019	2018	2019	2018
ASSETS						
Current assets:						
Cash and investments	\$ 6,715,266	\$ 1,699,054	\$ 8,414,320	\$ 8,152,013	\$ 8,317	\$
Cash and investments - restricted	358,704	1,143,321	1,502,025	1,435,365	55,091	65,962
Receivables:						
Taxes	2,120,088		2,120,088	2,715,384		
Customer	22,737	179,436	202,173	190,591		
Accounts receivable	35,854	10,758	46,612	252,153	2,427	22
Ambulance receivable, less allowance for uncollectible accounts of \$7,563	59,928		59,928	73,074		
Due from other governments	34,427		34,427	189,411		
Internal balances	1,230,972	(1,230,972)				
Prepaid insurance	39,528		39,528	427,564		
Unbilled revenue		81,490	81,490	100,478		
Materials and supplies		23,257	23,257	23,467		
Total current assets	10,617,504	1,906,344	12,523,848	13,559,500	65,835	65,984
Noncurrent assets:						
Other assets:						
Special assessments	44,278	463,732	508,010	583,481		
Net pension asset				382,692		
Total other assets	44,278	463,732	508,010	966,173		
Capital assets:						
Property, plant and equipment	27,832,633	29,296,132	57,128,765	54,480,513		
Less: accumulated depreciation	(14,322,323)	(7,217,454)	(21,539,777)	(20,607,264)		
Net book value of capital assets	13,510,310	22,078,678	35,588,988	33,873,249		
Total noncurrent assets	13,554,588	22,542,410	36,096,998	34,839,422		
Total assets	24,172,092	24,448,754	48,620,846	48,398,922	65,835	65,984
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized major repair		264,087	264,087	352,116		
Deferred pension outflows	1,071,262	179,649	1,250,911	699,508		
Deferred OPEB outflows	23,898		23,898			
Deferred amount on refunding	26,989	4,421	31,410	38,390		
Total deferred outflows of resources	1,122,149	448,157	1,570,306	1,090,014		
Total assets and deferred outflows of resources	\$ 25,294,241	\$ 24,896,911	\$ 50,191,152	\$ 49,488,936	\$ 65,835	\$ 65,984

Exhibit A-1 (Continued)
City of Dodgeville, Wisconsin
Statement of Net Position
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Primary Government				Component Unit	
	Governmental	Business-type	Totals		2019	2018
	Activities	Activities	2019	2018	2019	2018
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 652,828	\$ 108,781	\$ 761,609	\$ 1,090,808	\$ 4,524	\$ 2,920
Accrued payroll	107,099	9,516	116,615			
Accrued interest	15,732	14,693	30,425	37,364		
Deposits	4,900		4,900	4,900		
Current portion of:						
General obligation bonds and notes	401,798	272,220	674,018	655,259		
Mortgage revenue bonds		147,136	147,136	142,006		
Capital leases	27,297		27,297			
Compensated absences	35,318		35,318	49,845		
Total current liabilities	1,244,972	552,346	1,797,318	1,980,182	4,524	2,920
Noncurrent liabilities:						
General obligation bonds and notes	1,502,435	538,111	2,040,546	2,695,321		
Less: unamortized debt discount	(4,942)	(1,968)	(6,910)	(8,553)		
Capital leases	132,787		132,787			
Mortgage revenue bonds		2,934,730	2,934,730	3,029,940		
Compensated absences	286,860	43,892	330,752	358,839		
Net pension liability	394,825	66,212	461,037			
Net OPEB liability	92,856		92,856			
Less: current portion of long-term debt	(464,413)	(419,356)	(883,769)	(847,110)		
Total noncurrent liabilities	1,940,408	3,161,621	5,102,029	5,228,437		
Total liabilities	3,185,380	3,713,967	6,899,347	7,208,619	4,524	2,920
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	548,350	91,957	640,307	762,294		
Deferred OPEB inflows	24,839		24,839			
Deferred revenue	3,712,450		3,712,450	3,471,206		
Total deferred inflows of resources	4,285,639	91,957	4,377,596	4,233,500		
NET POSITION						
Net investment in capital assets	12,352,018	18,612,226	30,964,244	28,719,931		
Restricted for:						
TIF district #2	543,204		543,204	258,445		
Debt service	159,649		159,649	231,851		
Donor restricted	221,951		221,951	217,062		
Perpetual care endowment	3,209		3,209	3,209		
Leisure and culture endowment	103,000		103,000	103,000		
Library activities	27,207		27,207	20,152		
Mortgage revenue bonds		46,213	46,213	46,213		
DNR replacement		1,097,108	1,097,108	1,036,010		
Housing assistance payments - component unit					3,620	5,587
WRRP - component unit					51,471	
Unrestricted	4,412,984	1,335,440	5,748,424	7,410,944	6,220	57,477
Total net position	17,823,222	21,090,987	38,914,209	38,046,817	61,311	63,064
Total liabilities, deferred inflows of resources, and net position	\$ 25,294,241	\$ 24,896,911	\$ 50,191,152	\$ 49,488,936	\$ 65,835	\$ 65,984

Exhibit A-2
City of Dodgeville, Wisconsin
Statement of Activities
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals		Component Unit	
					Governmental Activities	Business-type Activities	2019	2018	2019	2018
Primary government:										
Governmental activities:										
General government	\$ 774,220	\$ 56,746	\$	\$ 1,100	\$ (716,374)	\$	\$ (716,374)	\$ (726,475)	\$	\$
Public safety	1,926,114	385,826	42,108	6,020	(1,492,160)		(1,492,160)	(1,204,883)		
Public works	1,114,151	399	276,793	15,381	(821,578)		(821,578)	(787,919)		
Sanitation	239,934	249,974	40,120		50,160		50,160	242		
Health and social services	95,991	12,550			(83,441)		(83,441)	(67,794)		
Leisure activities	893,024	156,288	101,705	2,747	(632,284)		(632,284)	(594,789)		
Conservation & economic development	225,429	81,677	440		(143,312)		(143,312)	(73,765)		
Interest and fiscal charges	57,367				(57,367)		(57,367)	(69,498)		
Total governmental activities	<u>5,326,230</u>	<u>943,460</u>	<u>461,166</u>	<u>25,248</u>	<u>(3,896,356)</u>		<u>(3,896,356)</u>	<u>(3,524,881)</u>		
Business-type activities:										
Water	713,152	1,021,264				308,112	308,112	335,926		
Sewer	917,032	1,237,755		1,540		322,263	322,263	449,731		
Total business-type activities	<u>1,630,184</u>	<u>2,259,019</u>		<u>1,540</u>		<u>630,375</u>	<u>630,375</u>	<u>785,657</u>		
Total primary government	<u>\$ 6,956,414</u>	<u>\$ 3,202,479</u>	<u>\$ 461,166</u>	<u>\$ 26,788</u>	<u>(3,896,356)</u>	<u>630,375</u>	<u>(3,265,981)</u>	<u>(2,739,224)</u>		
Component unit:										
Housing Authority	\$ 260,352	\$	\$ 256,149	\$					(4,203)	6,068
General revenues:										
Property taxes										
General purposes					1,616,172		1,616,172	1,697,969		
Capital projects					915,300		915,300	959,001		
Tax increments					455,782		455,782	417,492		
Debt service					191,943		191,943	192,292		
Library					286,152		286,152	283,319		
Other taxes					19,984		19,984	16,961		
Federal and state aid not restricted for specific purposes					519,375		519,375	461,992		
Interest and investment earnings					133,869	55,388	189,257	160,922	23	217
Unrealized gain on investments					27,883	7,215	35,098	24,900		
Gain (loss) on sale of fixed assets					(13,232)		(13,232)	(10,289)		
Miscellaneous					803		803	8,147	2,427	
Transfers					201,318	(201,318)				
Total general revenues					<u>4,355,349</u>	<u>(138,715)</u>	<u>4,216,634</u>	<u>4,212,706</u>	<u>2,450</u>	<u>217</u>
Changes in net position					458,993	491,660	950,653	1,473,482	(1,753)	6,285
Net position - beginning, as previously reported					17,447,490	20,599,327	38,046,817	36,572,335	63,064	56,779
Implementation of GASB Statement No. 75					(83,261)		(83,261)			
Net position - beginning, as restated					<u>17,364,229</u>	<u>20,599,327</u>	<u>37,963,556</u>	<u>36,572,335</u>	<u>63,064</u>	<u>56,779</u>
Net position - ending					<u>\$ 17,823,222</u>	<u>\$ 21,090,987</u>	<u>\$ 38,914,209</u>	<u>\$ 38,045,817</u>	<u>\$ 61,311</u>	<u>\$ 63,064</u>

Exhibit A-3
City of Dodgeville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	General	Capital Projects	Special Purpose Library	Other Governmental Funds	Totals		
					2019	2018	
ASSETS							
Cash and investments	\$ 4,246,127	\$ 1,750,114	\$ 39,059	\$ 1,038,670	\$ 7,073,970	\$ 5,399,256	
Receivables:							
Taxes	373,846	995,200	289,014	462,028	2,120,088	2,715,384	
Customer	22,737				22,737	20,605	
Accounts receivable	35,854				35,854	243,440	
Due from other governments	34,427				34,427	189,411	
Special assessment receivable	44,278				44,278	44,650	
Ambulance receivable, less allowance for uncollectible accounts of \$7,563	59,928				59,928	73,074	
Due from other funds	201,318				201,318	195,781	
Prepaid insurance	39,528				39,528	427,564	
Advances to other funds		1,137,274			1,137,274	3,358,432	
Total assets	\$ 5,058,043	\$ 3,882,588	\$ 328,073	\$ 1,500,698	\$ 10,769,402	\$ 12,667,597	
LIABILITIES							
Accounts payable	\$ 156,359	\$ 484,117	\$ 3,956	\$ 8,396	\$ 652,828	\$ 1,058,855	
Accrued payroll	99,203		7,896		107,099		
Deposits	4,900				4,900	4,900	
Advance from other funds	107,620				107,620	781,762	
Total liabilities	368,082	484,117	11,852	8,396	872,447	1,845,517	
DEFERRED INFLOWS OF RESOURCES							
Deferred property tax revenue	1,962,046	995,200	289,014	667,508	3,913,768	3,666,987	
Deferred special assessment revenue	44,278				44,278	44,650	
Total deferred inflows of resources	2,006,324	995,200	289,014	667,508	3,958,046	3,711,637	
FUND BALANCES							
Nonspendable	39,528	1,137,274		103,000	1,279,802	3,888,996	
Restricted	221,951		27,207	721,794	970,952	750,510	
Assigned	1,509,699	1,265,997			2,775,696	1,090,709	
Unassigned (deficit)	912,459				912,459	1,380,228	
Total fund balances	2,683,637	2,403,271	27,207	824,794	5,938,909	7,110,443	
Total liabilities, deferred inflows of resources and fund balances	\$ 5,058,043	\$ 3,882,588	\$ 328,073	\$ 1,500,698	\$ 10,769,402	\$ 12,667,597	

Exhibit A-4
City of Dodgeville, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	2019	2018
Total fund balances-governmental funds:	\$ 5,938,909	\$ 7,110,443
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:</p>		
Governmental capital asset	27,832,633	25,707,633
Governmental accumulated depreciation	(14,322,323)	(13,747,620)
	13,510,310	11,960,013
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.</p>		
		326,370
<p>Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p>		
Deferred outflows of resources	1,095,160	596,560
Deferred inflows of resources	(573,189)	(650,105)
<p>Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows on the fund statements.</p>		
Special assessments	44,278	44,650
Subsequent year tax equivalent from utility	201,318	195,781
<p>Payments for bond discounts are reported in the funds statements when expended, but are amortized over the life of the bond in the statement of net position.</p>		
	4,942	6,040
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:</p>		
Bonds payable	(1,502,435)	(1,890,425)
Deferred amount on refunding	26,989	32,987
Accrued interest on general obligation debt	(15,732)	(19,791)
Capital leases	(132,787)	
Net pension liability	(394,825)	
Net OPEB liability	(92,856)	
Compensated absences	(286,860)	(265,033)
Total net position of governmental activities	\$ 17,823,222	\$ 17,447,490

Exhibit A-5
City of Dodgeville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	General	Capital Projects	Special Purpose Library	Other Governmental Funds	Totals	
					2019	2018
REVENUES						
Taxes	\$ 1,715,765	\$ 915,300	\$ 286,152	\$ 647,725	\$ 3,564,942	\$ 3,649,097
Special assessments	372				372	921
Intergovernmental	852,542	15,381	94,969	26,954	989,846	905,999
Licenses and permits	99,617				99,617	103,916
Fines and forfeits	18,313		1,875		20,188	22,746
Public charges for services	399,194		2,583		401,777	377,141
Intergovernmental charges for services	314,056				314,056	406,452
Interest	102,537	25,515	198	5,137	133,387	110,638
Miscellaneous	38,040		1,383		39,423	25,239
Total revenues	3,540,436	956,196	387,160	679,816	5,563,608	5,602,149
EXPENDITURES						
Current:						
General government	707,941				707,941	727,836
Public safety	1,569,877				1,569,877	1,515,415
Public works	624,972				624,972	627,064
Sanitation	239,668				239,668	242,094
Leisure activities	345,807		380,105		725,912	734,728
Conservation & economic development	193,968			31,461	225,429	993,842
Health & social services	92,213			1,030	93,243	85,771
Capital outlay:						
General government	3,002	1,740			4,742	37,015
Public safety	336,653	706,930			1,043,583	73,443
Public works	71,602	1,104,443			1,176,045	159,113
Leisure activities	2,686	52,676			55,362	205,609
Conservation & economic development	225,220				225,220	
Debt service:						
Principal retirement		12,635		387,989	400,624	768,780
Interest and fiscal charges		3,547		50,785	54,332	66,275
Total expenditures	4,413,609	1,881,971	380,105	471,265	7,146,950	6,236,985
Excess (deficiency) of revenues over expenditures	(873,173)	(925,775)	7,055	208,551	(1,583,342)	(634,836)
OTHER FINANCING SOURCES (USES)						
Long-term debt proceeds						400,000
Capital lease proceeds		145,422			145,422	
Transfers in	493,012				493,012	625,340
Transfers out		(297,178)		(53)	(297,231)	(424,633)
Unrealized gain (loss) on investments	27,883				27,883	19,781
Sale of capital assets	34,847	7,875			42,722	52,273
Total other financing sources (uses)	555,742	(143,881)		(53)	411,808	672,761
Net change in fund balances	(317,431)	(1,069,656)	7,055	208,498	(1,171,534)	37,925
Fund balances-beginning	3,001,068	3,472,927	20,152	616,296	7,110,443	7,072,518
Fund balances-ending	\$ 2,683,637	\$ 2,403,271	\$ 27,207	\$ 824,794	\$ 5,938,909	\$ 7,110,443

Exhibit A-6
City of Dodgeville, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	2019	2018
Net change in fund balances-total governmental funds	\$ (1,171,534)	\$ 37,925
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	2,405,484	1,280,802
Depreciation expenses reported in the statement of activities	(751,362)	(682,177)
Amount by which capital outlays are greater (less) than depreciation in the current period.	1,654,122	598,625
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:	(103,825)	(109,322)
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The statement of activities reports values of benefits earned during the year.		(26,623)
Change in compensated absences	(21,827)	
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows	(10,536)	
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities		
The amount of long-term debt principal payments in the current year is:	400,625	768,780
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities.	(145,422)	(400,000)
In governmental funds, special assessment collections are reflected as revenue when received. In the statement of activities, revenue is recognized when assessed.		
Amount assessed		
Amount collected	(372)	(372)
Governmental funds report the effect of debt discounts when the debt is issued. In the statement of activities, these amounts are deferred and amortized.		
The amount of debt discounts amortized in the current year	(7,096)	(7,096)
In governmental funds, the current year utility tax equivalent is deferred and recognized as revenue in the subsequent year. In the statement of activities, this amount is recognized as a transfer in the year accrued.		
Prior year utility tax equivalent recognized as revenue in the governmental funds	(195,781)	(200,715)
Subsequent year utility tax equivalent recognized as a transfer for the statement of activities	201,318	195,781
	5,537	(4,934)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	53,931	61,476
The amount of interest accrued during the current period	(49,872)	(57,884)
Interest paid is greater than interest expensed by	4,059	3,592
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.		
Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit pension plan and the actuarially determined change in net pension liability between years, with adjustments.	(144,738)	(31,545)
Change in net position-governmental activities	\$ 458,993	\$ 829,402

Exhibit A-7
City of Dodgeville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2019	2018
ASSETS				
Current assets:				
Cash and investments	\$ 882,808	\$ 816,246	\$ 1,699,054	\$ 3,105,899
Cash and investments - restricted		1,143,321	1,143,321	1,082,223
Receivables:				
Customers	67,336	112,100	179,436	169,986
Other	59	10,699	10,758	8,713
Inventories	21,759	1,498	23,257	23,467
Unbilled revenue	31,519	49,971	81,490	100,478
Total current assets	1,003,481	2,133,835	3,137,316	4,490,766
Noncurrent assets:				
Other assets:				
Net pension asset				56,322
Special assessments receivable	166,472	297,260	463,732	538,831
Capital assets:				
Property and plant	11,403,922	17,892,210	29,296,132	28,772,880
Less: accumulated provision for depreciation	(3,526,916)	(3,690,538)	(7,217,454)	(6,859,644)
Net book value of capital assets	7,877,006	14,201,672	22,078,678	21,913,236
Total noncurrent assets	8,043,478	14,498,932	22,542,410	22,508,389
Total assets	9,046,959	16,632,767	25,679,726	26,999,155
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized major repair	264,087		264,087	352,116
Deferred pension outflows	108,975	70,674	179,649	102,948
Deferred amount on refunding	3,033	1,388	4,421	5,403
Total deferred outflows of resources	376,095	72,062	448,157	460,467
Total assets and deferred outflows of resources	\$ 9,423,054	\$ 16,704,829	\$ 26,127,883	\$ 27,459,622

Exhibit A-7 (Continued)
City of Dodgeville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2019	2018
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 27,623	\$ 81,158	\$ 108,781	\$ 31,953
Accrued payroll	5,511	4,005	9,516	
Due to other funds	201,318		201,318	195,781
Accrued interest	4,078	10,615	14,693	17,573
Current portion of:				
General obligation bonds and notes	212,222	59,998	272,220	267,016
Mortgage revenue bonds		147,136	147,136	142,006
Compensated absences				49,845
Total current liabilities	450,752	302,912	753,664	704,174
Long-term liabilities:				
General obligation bonds and notes	418,229	119,882	538,111	804,896
Less: unamortized debt discount	(1,932)	(36)	(1,968)	(2,513)
Mortgage revenue bonds		2,934,730	2,934,730	3,029,940
Advances from other funds	645,064	384,590	1,029,654	2,576,670
Compensated absences	23,519	20,373	43,892	93,806
Net pension liability	40,164	26,048	66,212	
Less: current portion	(212,222)	(207,134)	(419,356)	(458,867)
Total long-term liabilities	912,822	3,278,453	4,191,275	6,043,932
Total liabilities	1,363,574	3,581,365	4,944,939	6,748,106
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	55,781	36,176	91,957	112,189
NET POSITION				
Net investment in capital assets	7,463,742	11,148,484	18,612,226	18,086,316
Restricted for:				
Mortgage revenue bonds		46,213	46,213	46,213
DNR replacement		1,097,108	1,097,108	1,036,010
Unrestricted	539,957	795,483	1,335,440	1,430,788
Total net position	8,003,699	13,087,288	21,090,987	20,599,327
Total liabilities, deferred inflows of resources, and net position	\$ 9,423,054	\$ 16,704,829	\$ 26,127,883	\$ 27,459,622

Exhibit A-8
City of Dodgeville, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Enterprise Funds		Totals	
	Water	Sewer	2019	2018
	Utility	Utility		
OPERATING REVENUES				
Sales of water	\$ 994,587	\$	\$ 994,587	\$ 992,171
Measured sewer service		1,206,205	1,206,205	1,230,792
Penalties	3,020	4,748	7,768	7,999
Other	23,657	26,802	50,459	54,595
Total operating revenues	1,021,264	1,237,755	2,259,019	2,285,557
OPERATING EXPENSES				
Operation & maintenance	464,795	556,580	1,021,375	897,436
Depreciation	226,938	291,149	518,087	505,177
Taxes	9,159	8,455	17,614	13,389
Total operating expenses	700,892	856,184	1,557,076	1,416,002
Operating income	320,372	381,571	701,943	869,555
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	26,562	28,826	55,388	50,085
Amortization of debt expense	(1,103)	(425)	(1,528)	(1,528)
Interest expense	(11,157)	(60,423)	(71,580)	(82,370)
Unrealized gain (loss) on investments		7,215	7,215	5,119
Total nonoperating revenues (expenses)	14,302	(24,807)	(10,505)	(28,694)
Income before contributions and transfers	334,674	356,764	691,438	840,861
Receipt of contributed capital		1,540	1,540	
Transfer of tax equivalent	(201,318)		(201,318)	(195,781)
Change in net position	133,356	358,304	491,660	645,080
Net position - beginning	7,870,343	12,728,984	20,599,327	19,954,247
Net position - ending	\$ 8,003,699	\$ 13,087,288	\$ 21,090,987	\$ 20,599,327

Exhibit A-9
City of Dodgeville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2019	2018
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Receipts from customers	\$ 1,023,878	\$ 1,244,679	\$ 2,268,557	\$ 2,285,807
Payments to employees	(190,242)	(126,855)	(317,097)	10,631
Payments for employee benefits	(101,284)	(54,645)	(155,929)	(105,487)
Payments provided by other funds	5,537		5,537	(4,934)
Payments to suppliers	(96,023)	(304,792)	(400,815)	(727,432)
Net cash provided by operating activities	641,866	758,387	1,400,253	1,458,585
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Payment of advance to other funds	(641,136)	(905,880)	(1,547,016)	1,029,654
Paid to municipality for tax equivalent	(201,318)		(201,318)	(195,781)
Net cash (used by) noncapital financing activities	(842,454)	(905,880)	(1,748,334)	833,873
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(539,666)	(160,786)	(700,452)	(1,135,687)
Contributed capital received		1,540	1,540	
Special assessments received	14,501	60,598	75,099	24,544
Proceeds from issuance of long-term debt		46,797	46,797	47,924
Debt retired	(207,743)	(201,049)	(408,792)	(743,456)
Interest paid	(13,134)	(61,327)	(74,461)	(86,470)
Net cash (used by) capital and related financing activities	(746,042)	(314,227)	(1,060,269)	(1,893,145)
CASH FLOWS FROM INVESTING ACTIVITIES				
Unrealized gain (loss) on investments		7,215	7,215	5,119
Marketable securities sold		317,503	317,503	1,279,994
Marketable securities purchased		(324,718)	(324,718)	(317,503)
Investment income	26,562	28,826	55,388	50,085
Net cash from investing activities	26,562	28,826	55,388	1,017,695
Net change in cash and cash equivalents	(920,068)	(432,894)	(1,352,962)	1,417,008
Cash and cash equivalents - beginning of the year	1,802,876	2,067,743	3,870,619	2,453,611
Cash and cash equivalents - end of the year	\$ 882,808	\$ 1,634,849	\$ 2,517,657	\$ 3,870,619
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and investments	\$ 882,808	\$ 816,246	\$ 1,699,054	\$ 3,105,899
Restricted cash and investments		1,143,321	1,143,321	1,082,223
Subtotal	882,808	1,959,567	2,842,375	4,188,122
Less: long-term investments		(324,718)	(324,718)	(317,503)
Cash and cash equivalents	\$ 882,808	\$ 1,634,849	\$ 2,517,657	\$ 3,870,619

Exhibit A-9 (Continued)
City of Dodgeville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2019	2018
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 320,372	\$ 381,571	\$ 701,943	\$ 869,555
Noncash items in operating income:				
Depreciation expense	243,861	291,149	535,010	521,655
Pension expense	11,329	14,272	25,601	9,093
Amortization of major repair	88,029		88,029	88,029
Changes in assets and liabilities:				
Customer accounts receivable	(4,978)	(4,472)	(9,450)	10,114
Other accounts receivable	(5)	(2,040)	(2,045)	(8,131)
Unbilled revenue receivable	7,592	11,396	18,988	(9,864)
Material and supplies	210		210	1,477
Accounts payable	13,550	63,278	76,828	(21,210)
Accrued payroll	5,511	4,005	9,516	
Due to other funds	5,537		5,537	(4,934)
Compensated absences	(49,142)	(772)	(49,914)	2,801
Net cash provided by operating activities	<u>\$ 641,866</u>	<u>\$ 758,387</u>	<u>\$ 1,400,253</u>	<u>\$ 1,458,585</u>

Exhibit A-10
City of Dodgeville, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2019

(With Summarized Financial Information as of December 31, 2018)

	Custodial Fund	
	Tax Collection Fund	
	2019	2018
ASSETS		
Cash and investments	\$ 2,929,985	\$ 2,490,697
Taxes receivable	3,762,446	4,172,738
Total assets	\$ 6,692,431	\$ 6,663,435
LIABILITIES		
Due to other taxing units	\$ 6,692,431	\$ 6,663,435
NET POSITION		
Restricted		
Total liabilities and net position	\$ 6,692,431	\$ 6,663,435

Exhibit A-11
City of Dodgeville, Wisconsin
Statement of Changes in Net Position
Fiduciary Funds
December 31, 2019

(With Summarized Financial Information as of December 31, 2018)

	Custodial Fund	
	Tax Collection Fund	
	2019	2018
ADDITIONS		
Property tax collections for other governments	\$ 5,710,476	\$ 5,049,819
DEDUCTIONS		
Property tax collections paid or owed to other governments	5,710,476	5,049,819
Net increase (decrease) in fiduciary net position		
Net position - beginning of year		
Net position - end of year	\$	\$

NOTES TO BASIC FINANCIAL STATEMENTS

City of Dodgeville, Wisconsin
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 December 31, 2019

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City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Dodgeville, Wisconsin ("City") conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies of the City of Dodgeville are summarized below:

A. Reporting Entity

The report includes all funds and account groups of the City of Dodgeville, Wisconsin. The reporting entity for the City consists of the (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable is defined to include the following considerations: financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, the scope of an organization's public service, and/or special financing relationships.

Included in the Reporting Entity

The City has determined that the Dodgeville Housing Authority is a component unit of the City. The Dodgeville Housing Authority was created by the City of Dodgeville under the provisions of Section 66.40 to 66.404 of the Wisconsin Statutes. The central purpose of the Dodgeville Housing Authority is to provide the opportunity for the City of Dodgeville residents to live in decent, affordable and standard housing. The programs at the Dodgeville Housing Authority are created to enable Dodgeville families to improve their housing conditions. Its governing board is appointed by the City Council. The information presented is for the year ended December 31, 2019.

Financial statements of the Housing Authority can be obtained from its office in Dodgeville, Wisconsin.

Excluded From the Reporting Entity

There were no organizations that have been determined not to be part of the reporting entity based on the above criteria.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Cont.)

Government-Wide Financial Statements (Cont.)

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

Fund Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental Funds:

The City reports the following major governmental funds:

General Fund – The general fund is used to account for all financial resources not accounted for and reported for in another fund.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Cont.)

Capital Projects Fund – Accounts for all financial resources restricted, committed or assigned to expenditure for capital outlays.

Special Purpose Library – Special Revenue Fund – Accounts for the proceeds that are restricted or committed to expenditure for the City’s library program. This fund is designated as major by management.

The City reports the following major enterprise funds:

- Water Utility – Accounts for operations of the water system
- Sewer Utility – Accounts for operations of the sewer system

The City reports the following nonmajor governmental funds:

TIF No. 2 Debt Service Fund – Accounts for the proceeds of tax incremental district No. 2, that are restricted or committed to expenditure for tax incremental district No. 2, including the payment of general long-term debt principal, interest and related costs.

Debt Service Fund – Accounts for all financial resources restricted, committed or assigned to expenditure for principal and interest.

Permanent Funds – Are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs – that is, for the benefit of the City or citizens.

- Smith Trust
- Campbell Trust

In addition, the city reports the following fund type:

Custodial Funds - used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Tax Collection Fund accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 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.

Fund Financial Statements

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

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

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

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration 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.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to Governmental Accounting Standards.

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

D. Cash and Investments

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

All deposits of the City are made in board designated official depositories and are secured as required by State Statute. The City may designate, as an official depository, any bank or savings association. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Cont.)

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

E. Receivables and Allowance for Uncollectible Accounts

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

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale- 2019 delinquent real estate taxes	October 2022

An allowance of \$7,563 for uncollectible ambulance receivable has been reflected in the government financial statements. Delinquent real estate taxes of the City are paid in full by the County, which assumes the responsibility for collection. In addition, delinquent user charges are placed on the tax roll if not collected.

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

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of expendable supplies held for consumption. Such amounts, which are not of a material amount, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet – Governmental Funds.

Inventories of proprietary fund types are valued at cost using the first-in, first-out method and are charged as expenses or are capitalized when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Restricted Assets

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

H. Capital Assets

Government-Wide Statements

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

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

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings	20-40
Machinery and Equipment	5-20
Vehicles	5
Furniture and Fixtures	5-20
Infrastructure	20-50

Fund Financial Statements

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

I. Compensated Absences/Postemployment Benefits

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences/Postemployment Benefits (Cont.)

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on a basis of current salary rates and include salary related payments.

All full-time non-union management employees and full-time employees shall earn one-day sick leave with pay for each calendar month. Unused sick leave may accumulate without limit for the employee's personal use in the event of illness or injury only. For any other purpose unused sick leave may accumulate to a maximum of one hundred fifty (150) working days.

Upon the retirement or death of an eligible employee, the value of up to seventy-five days (600 hours) of accumulated sick leave at \$15.00/hour shall be deposited in the City's retirement HRA plan. The remaining current value, if any, of the employee's accumulated sick days/hours will be deposited in the City's 457 deferred compensation plan as a nonelective employer contribution up to the annual contribution limit or catch-up contribution limit, if applicable. In the event the contribution limit has been reached for an employee in the year of retirement, the remaining value will be paid to the employee in cash. An "eligible employee" under this section means an employee who meets the "rule of 72," i.e., an employee whose age and years of service with the City total at least 72 and who regularly works at least 20 hours per week. Expenditures for these benefits are recognized in the fund statements on a pay-as-you-go-basis.

J. Advances to Other Funds

Long-term interfund advances made by governmental funds are recorded as a receivable as reserved fund balance by the advancing fund. Repayments are credited to fund balance, and corresponding reductions are made in the receivable and the reserve.

K. Long-Term Obligations

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

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

L. Claims and Judgments

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

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 a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance– amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed fund balance– amounts constrained to specific purposes by the Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
- Assigned fund balance– includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) Common Council identification 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- Unassigned fund balance– includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The City Common Council, as the City’s highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Common Council removes or changes the specific use through the same type of formal action taken to establish the commitment. Common Council action to commit fund balance needs to occur within the fiscal reporting period, no later than December 31st; however, the amount can be determined subsequent to the release of the financial statements. At the time of adoption of this policy, the City does not have any reserves that meet this component of fund balance.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Cont.)

The City's policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Clerk/Treasurer for the purpose of reporting these amounts in the annual financial statements.

The City will maintain an economic uncertainty reserve of at least 15% of total General Fund operating expenditures (including other financing). The primary purpose of this reserve is to avoid the need for service level reductions in the event of an economic downturn causes revenues to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated revenue shortfalls (state actions, etc.).

The City considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amount to be reduced first, followed by assigned amounts and then unassigned amounts.

N. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

O. Transfers

Transfers include the payment in lieu of taxes from the water utility to the general fund. See Audit Note #8 for other transfers.

P. Summarized Comparative Information

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Q. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

R. Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows and inflows of resources related to pensions, 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 determine on the same basis as they are reported for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The City has three items that qualify for reporting in this category. The deferred outflows of resources are for the WRS pension system, the Local Retiree Life Insurance Fund, deferred amount on refunding, and unamortized major repairs.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The deferred inflows of resources are related to the WRS pension system, the Local Retiree Life Insurance Fund, and deferred property tax revenue.

T. Other Postemployment Benefits

Group life insurance plan

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Unamortized Major Repairs

The water utility painted the water tower in 2016 at a cost of \$616,205. This amount is being amortized to expense over seven-years per authorization from the PSC. The balance at December 31, 2019 was \$264,087.

V. Change in Accounting Principles

Effective January 1, 2019, the City adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB No. 75 required net position in the governmental activities to be decreased by \$83,261.

Effective January 1, 2019, the City adopted provisions of GASB Statement No. 84, Fiduciary Activities. GASB No. 84 establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. Implementation of GASB No. 84, Fiduciary Activities, replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, Custodial Funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position reports additions and deductions for taxes collected and distributed on behalf of, or to, other governments.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS

At December 31, 2019, cash and investments included the following:

Wisconsin Local Government Investment Pool	\$	334,423
Petty cash		600
Deposits with financial institutions		12,311,253
U.S. agencies - implicitly guaranteed		200,054
Total cash and investments	\$	12,846,330

Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Exhibit A-1:		
Cash and investments	\$	8,414,320
Cash and investments-restricted		1,502,025
Exhibit A-10:		
Cash and investments		2,929,985
Total cash and investments	\$	12,846,330

Investments Authorized by Wisconsin State Statutes

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

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City has chosen to limit its investments to 1 to 3 years in bank Certificates of Deposit or U.S. Treasury obligations of core city funds.

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

Investment Type	Amount	Remaining Maturity	
		12 Months or Less	13 to 24 Months
Certificates of deposit	\$ 1,330,081	\$ 658,385	\$ 671,696
Local Government Investment Pool	334,423	334,423	
U.S. agencies - implicitly guaranteed	200,054	200,054	
Totals	\$ 1,864,558	\$ 1,192,862	\$ 671,696

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City is empowered by statute to invest in the following types of investments:

1. Time deposits in an authorized bank, savings bank, trust company, credit union or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than 3 years.
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
3. The State of Wisconsin Local Government Investment Pool.
4. The Wisconsin Investment Trust.
5. Mortgage backed securities, derivatives, and mutual funds are not permitted.

All investments reported as U.S. agencies – implicitly guaranteed have been rated AA+ by Standard & Poor's. As of December 31, 2019, the City's investments in the Wisconsin Local Government Investment Pool were not rated.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party.

The City's investment policy states that the City shall maintain all cash and investments, which includes authorized investment vehicles that are insured or registered or which are collateralized by or evidenced by securities held by the City, in the City's name. Collateralization in some form shall cover those deposits in excess of \$500,000.

The policy also states that because of the State of Wisconsin and FDIC insurance limits on public deposits, the City of Dodgeville will require financial institutions to secure deposits and investments by pledging as collateral, U.S. Treasury bills, notes, bonds, U. S. Government Agencies or State of Wisconsin general obligation bonds or a bank deposit guaranty bond.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2019, \$8,323,855 of the City's deposits with financial institutions were in excess of federal depository insurance limits. The entire amount was collateralized by securities pledged by financial institutions.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year being exposed to custodial credit risk.

Wisconsin Local Government Investment Pool

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 (SWIB). 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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

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

Investment allocation in the LGIP as of December 31, 2019 was: 88.05% in U.S. Government Securities, 2.70% in Bankers' Acceptances, and 9.25% in Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). TD Ameritrade's SIPC membership provides account protection up to a maximum of \$500,000 per customer. The City's total investment is \$200,054, all of which would be covered by SIPC.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. At December 31, 2019, the City's investments were concentrated as follows:

Issuer	Investment Type	Investment %
FFCB	U.S. agencies - implicitly guaranteed	10.7%

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The District uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the District’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The District uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

	Assets at Fair Value as of December 31, 2019	
	Fair Value	Level 2
U.S. agencies - implicitly guaranteed	\$ 200,054	\$ 200,054

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Removals	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Construction work in progress	\$ 31,073	\$ 635,620	\$ (10,573)	\$ 656,120
Land	2,554,941	225,219		2,780,160
Total capital assets not being depreciated	<u>2,586,014</u>	<u>860,839</u>	<u>(10,573)</u>	<u>3,436,280</u>
Other capital assets:				
Land improvements	260,439			260,439
Buildings and improvements	3,547,943			3,547,943
Equipment	2,928,091	578,426	(82,286)	3,424,231
Vehicles	3,101,546	734,017	(198,198)	3,637,365
Furniture and fixtures	98,539			98,539
Infrastructure	13,185,061	242,775		13,427,836
Total other capital assets at historical costs	<u>23,121,619</u>	<u>1,555,218</u>	<u>(280,484)</u>	<u>24,396,353</u>
Less accumulated depreciation for:				
Land improvements	28,796	8,769		37,565
Buildings and improvements	1,731,915	84,003		1,815,918
Equipment	1,828,670	208,905	(39,123)	1,998,452
Vehicles	2,517,540	132,042	(137,536)	2,512,046
Furniture and fixtures	98,539			98,539
Infrastructure	7,542,160	317,643		7,859,803
Total accumulated depreciation	<u>13,747,620</u>	<u>751,362</u>	<u>(176,659)</u>	<u>14,322,323</u>
Net other capital assets	<u>9,373,999</u>	<u>803,856</u>	<u>(103,825)</u>	<u>10,074,030</u>
Total net capital assets	<u>\$ 11,960,013</u>	<u>\$ 1,664,695</u>	<u>\$ (114,398)</u>	<u>\$ 13,510,310</u>

Depreciation expense was charged to functions as follows:

<u>Governmental activities</u>	
General government	\$ 35,479
Public safety	233,326
Public works, which includes the depreciation of infrastructure	379,304
Leisure activities	100,505
Health and human services	2,748
Total governmental activities depreciation expense	<u>\$ 751,362</u>

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 4

CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated:				
Land and land rights:				
Sewer	\$ 35,255	\$	\$	\$ 35,255
Water	17,799			17,799
Construction work in progress				
Total capital assets not being depreciated	53,054			53,054
Capital assets being depreciated:				
Water:				
Source of supply	419,275			419,275
Pumping	1,239,654			1,239,654
Water treatment	21,430			21,430
Transmission and distribution	9,104,028	539,666	(82,500)	9,561,194
General	144,570			144,570
Sewer:				
Collecting system	7,418,250	138,016	(85,800)	7,470,466
Collecting system pumping plant	539,706	16,120	(8,900)	546,926
Treatment and disposal plant	8,810,613	6,650		8,817,263
General plant	1,022,300			1,022,300
Total capital assets being depreciated	28,719,826	700,452	(177,200)	29,243,078
Total accumulated depreciation	6,859,644	535,010	(177,200)	7,217,454
Net capital assets being depreciated	21,860,182	165,442		22,025,624
Total net capital assets	\$21,913,236	\$ 165,442	\$	\$22,078,678

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer utility	\$ 291,149
Water utility	243,861
Total depreciation expense	<u>535,010</u>
Less: water depreciation expense allocated to sewer	<u>(16,923)</u>
Total depreciation expense per exhibit A-8	<u>\$ 518,087</u>

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 5

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<u>Governmental activities</u>					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 658,493	\$	\$ (69,977)	\$ 588,516	\$ 71,681
General obligation bonds	1,231,932		(318,013)	913,919	330,117
Less: deferred amount on refunding	(32,987)		5,998	(26,989)	
Less: unamortized debt discount	(6,040)		1,098	(4,942)	
Total bonds and notes payable	<u>1,851,398</u>		<u>(380,894)</u>	<u>1,470,504</u>	<u>401,798</u>
Other liabilities:					
Capital lease		145,422	(12,635)	132,787	27,297
Compensated absences	265,033	26,752	(4,925)	286,860	35,318
Total other liabilities	<u>265,033</u>	<u>172,174</u>	<u>(17,560)</u>	<u>419,647</u>	<u>62,615</u>
Total governmental activities long-term liabilities	<u>\$ 2,116,431</u>	<u>\$ 172,174</u>	<u>\$ (398,454)</u>	<u>\$ 1,890,151</u>	<u>\$ 464,413</u>
<u>Business-type activities</u>					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 516,828	\$	\$ (169,797)	\$ 347,031	\$ 172,337
General obligation bonds	288,068		(96,988)	191,080	99,883
Less: deferred amount on refunding	(5,403)		982	(4,421)	
Less: unamortized debt discount	(2,513)		545	(1,968)	
Mortgage revenue bonds-direct	3,029,940	46,797	(142,007)	2,934,730	147,136
Total bonds and notes payable	<u>3,826,920</u>	<u>46,797</u>	<u>(407,265)</u>	<u>3,466,452</u>	<u>419,356</u>
Other liabilities:					
Compensated absences	93,806		(49,914)	43,892	
Total business-type activities long-term liabilities	<u>\$ 3,920,726</u>	<u>\$ 46,797</u>	<u>\$ (457,179)</u>	<u>\$ 3,510,344</u>	<u>\$ 419,356</u>

The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2019 was \$20,070,870. Total general obligation debt outstanding at year-end was \$2,040,546.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
<u>Governmental activities</u>					
General obligation debt:					
General obligation bonds	7/1/10	3/1/24	3.50-4.00%	\$ 2,760,233	\$ 468,919
General obligation refunding bond	4/26/12	3/1/24	2.75-3.45%	975,000	445,000
General obligation notes	9/30/16	9/29/26	1.79%	250,000	179,752
General obligation notes	6/30/17	6/29/27	2.20%	500,000	408,764
Total governmental activities - general obligation debt					\$ 1,502,435
	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/19
<u>Business-type activities</u>					
General obligation debt:					
General obligation bonds	7/1/10	3/1/24	3.50-4.00%	\$ 1,124,767	\$ 191,080
General obligation notes	6/1/16	6/1/21	1.35%	850,000	347,031
Total business-type activities - general obligation debt					\$ 538,111

Debt service requirements to maturity are as follows for governmental activities:

Years	Governmental Activities			
	Notes from Direct Borrowings and Direct Placements		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 71,681	\$ 12,224	\$ 330,117	\$ 25,833
2021	73,162	10,743	138,286	18,074
2022	74,674	9,231	146,839	13,284
2023	76,217	7,688	150,391	8,102
2024	77,792	6,113	148,286	2,704
2025-2029	214,990	9,426		
Totals	\$ 588,516	\$ 55,425	\$ 913,919	\$ 67,997

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

Debt service requirements to maturity are as follows for business-type activities:

Years	Business-Type Activities			
	Notes from Direct Borrowings and Direct Placements		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 172,337	\$ 4,710	\$ 99,883	\$ 5,329
2021	174,694	2,369	21,714	3,163
2022			23,161	2,299
2023			24,609	1,361
2024			21,713	434
Totals	\$ 347,031	\$ 7,079	\$ 191,080	\$ 12,586

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utility.

Revenue debt payable at December 31, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Amount	Balance 12/31/19
<u>Business-type activities</u>					
Revenue debt					
Revenue bonds	12/28/16	5/1/36	1.96%	\$3,221,580	\$ 2,934,730

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Total
2020	\$ 147,136	\$ 56,079	\$ 203,215
2021	150,020	53,167	203,187
2022	152,960	50,197	203,157
2023	155,958	47,170	203,128
2024	159,015	44,083	203,098
2025-2029	843,065	171,956	1,015,021
2030-2034	928,989	85,191	1,014,180
2035-2036	397,587	7,831	405,418
Totals	\$ 2,934,730	\$ 515,674	\$ 3,450,404

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases, As Lessee

The following is an analysis of the original cost of leased property under capital leases by major classes as of December 31, 2019:

Street machinery cost	\$ 145,422
Accumulated depreciation	<u>(14,542)</u>
	<u>\$ 130,880</u>

The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the set minimum lease payments as of December 31, 2019:

Year ended December 31,	
2020	\$ 32,497
2021	32,497
2022	32,497
2023	32,497
2024	<u>16,316</u>
Total payments	146,304
Less: amount representing interest	<u>(13,517)</u>
Present value of net minimum lease payments	<u>\$ 132,787</u>

Other Liabilities Information

Estimated payments of compensated absences are not included in the debt service requirement schedules.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 6

DEFINED BENEFIT PENSION PLAN

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1%)	(42%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17

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

During the reporting period, the WRS recognized \$136,330 in contributions from the employer. Contribution rates as of December 31, 2019 are:

	<u>2019</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%

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

At December 31, 2019, the City reported a liability (asset) of \$461,037 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.01295890%, which was an increase of 0.00006982% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$309,076.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the City.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2019, 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 experiences	\$ 359,078	\$ 634,720
Net differences between projected and actual earnings on pension plan investments	673,313	
Changes of assumptions	77,714	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,854	5,587
Employer contributions subsequent to the measurement date	138,952	
Total	\$ 1,250,911	\$ 640,307

\$138,952 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	Net Outflows (Inflows) of Resources
2020	\$ 169,321
2021	42,281
2022	75,178
2023	184,872
Total	\$ 471,652

Actuarial assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
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%

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

** 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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

Asset Allocation Targets and Expected Returns As of December 31, 2018			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. 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 member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Dodgeville'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 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) 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)	\$1,832,209	\$461,037	\$(558,536)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

NOTE 7

OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN

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

OPEB Plan Fiduciary Net Position. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

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

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

Contribution rates as of December 31, 2019 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a wavier-of-premium benefit		

During the reporting period, the LRLIF recognized \$693 in contributions from the employer.

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

At December 31, 2019, the LRLIF Employer reported a liability (asset) of \$92,856 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net OPEB liability (asset) was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City’s proportion was .03598600%, which was an increase of .004273% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$11,234.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 4,711
Changes of assumptions	8,860	20,128
Net differences between projected and actual earnings on OPEB plan investments	2,219	
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,121	
Employer contributions subsequent to the measurement date	698	
Totals	\$ 23,898	\$ 24,839

\$698 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Outflows (Inflows) of Resources
Year ended December 31:	
2020	\$ 182
2021	182
2022	182
2023	(130)
2024	(451)
Thereafter	(1,604)
Total	\$ (1,639)

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

Single Discount rate. A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City’s proportionate share of the net OPEB liability (asset)	\$132,094	\$92,856	\$62,593

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 8

INTERFUND ACCOUNTS

Interfund receivables and payables as of December 31, 2019 were as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General	Water utility	\$ 201,318

The following is a schedule of interfund advances at December 31, 2019:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
Capital projects	General	\$ 107,620
Capital projects	Water	645,064
Capital projects	Sewer	384,590
	Total	\$ 1,137,274

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
Governmental Funds:		
General	Water utility-tax equivalent	\$ 195,781
General	Smith trust	53
General	Capital projects	297,178
	Total	\$ 493,012
Proprietary Funds:		
General	Water utility tax equivalent	\$ 201,318

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization and (3) move fund balances whose designated purpose has been removed.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 9

RESTRICTED CASH

Mortgage Revenue Bond Funds: Certain proceeds of the sewer utility's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The following mortgage revenue bond funds are required:

- Operation and Maintenance Fund - Used for the payment of current expenses.
- Debt Service Fund - Used to segregate resources accumulated for debt service payments as they become due.
- Surplus Fund - Any amount remaining after the requirements above have been completed.

Sewer Replacement Fund: The Wisconsin Department of Natural Resources required as a condition of the sewer grant that a replacement fund be established and funded on an annual basis. The sewer utility maintains its fund to replace equipment for the utility as needs arise.

At December 31, 2019, restricted cash was as follows:

	<u>Restricted Cash</u>
Mortgage revenue bond funds	\$ 46,213
DNR replacement fund	<u>1,097,108</u>
Total	<u><u>\$ 1,143,321</u></u>

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 10

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2019 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$ 3,243,109
Tax increment receivable	469,341
Special assessments not yet due	44,278
2019 tax equivalent from water utility	201,318
Total	\$ 3,958,046

Postponed special assessments are generally collectible in annual installments over five years while others have been deferred until the property is sold or placed in service.

NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION/GOVERNMENTAL FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2019 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets:	
Land and construction work in progress	\$ 3,436,280
Other capital assets, net of accumulated depreciation	10,074,030
Less: related long-term debt outstanding	(1,190,223)
Add: deferred amount on refunding	26,989
Add: unamortized debt discount	4,942
Total net investment in capital assets	12,352,018
Restricted for:	
TIF District #2	543,204
Debt service	159,649
Donor restricted	221,951
Perpetual care endowment:	
Expendable	3,209
Leisure and culture endowment:	
Nonexpendable	103,000
Library activities	27,207
Total restricted	1,058,220
Unrestricted	4,412,984
Total government activities net position	\$ 17,823,222

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION/GOVERNMENTAL FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2019 includes the following:

Major Funds:

General Fund:

Nonspendable:

Prepaid expenditures	\$ 39,528
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Restricted for:

Harris Park donation	\$ 221,951
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Assigned for:

City attorney	\$ 7,033
Codification of ordinances	24,002
Elections	6,105
Assessment of property	24,791
General building and plant	18,037
Public notices	1,439
Property and liability insurance	32,829
Flex plan administration	2,047
Police department	221,059
Police training	1,639
Criminal justice scholarship	1,435
Fire department	125,292
Emergency warning system	9,823
Taxi cab	48,335
Engineering	21,259
Cemetery	92,662
Parks	132,381
Historic preservation walking tour	1,277
Recreation	32,649
Swimming pool	4,988
Swimming pool concessions	827
Swim team	4,676
Historic preservation	1,598
Harris park fund	11,414

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION/GOVERNMENTAL FUND BALANCES (CONTINUED)

Assigned for (continued):	
Assessor outlay	\$ 10,762
Ambulance outlay (building-equipment)	115,387
Fire outlay (equipment)	24,767
Fire outlay (building)	15,981
Cemetery outlay	15,472
Wilson park outlay	28,718
Parks outlay	1,664
Park improvement outlay	19,211
Wilson park donations	3,098
Forestry outlay (Iowa street trees)	1,834
Harris park outlay	200,538
Sick Leave:	
Clerk	16,638
Assessor	33,801
Utility clerk	24,564
Deputy clerk	2,391
Finance/HR	5,462
EMS	571
Police	45,099
Public works	45,787
Streets	70,357
Total assigned	<u>\$ 1,509,699</u>
Capital Improvements Fund:	
Nonspendable:	
Advances to other funds	<u>\$ 1,137,274</u>
Assigned for:	
Capital projects	<u>\$ 1,265,997</u>

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION/ GOVERNMENTAL FUND BALANCES (CONTINUED)

Special Purpose Library:

Restricted for:

Library technology & equipment	\$ 7,477
Library - building project	4,480
Library - other	15,250
Total restricted	<u>\$ 27,207</u>

Non-major Funds:

Campbell Trust:

Nonspendable:

Permanent	<u>\$ 103,000</u>
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Smith Trust:

Restricted for:

Perpetual care	<u>\$ 3,209</u>
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TIF District #2

Restricted for:

TIF expenditures	<u>\$ 543,204</u>
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Debt Service:

Restricted for:

Debt service	<u>\$ 175,381</u>
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City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 12

NET POSITION RESTRICTION – PROPRIETARY FUNDS

Portions of net position are restricted and are not available for current expenses as follows:

Proprietary Funds:	
Sewer utility	
Restricted for mortgage revenue bonds	\$ 46,213
Restricted for DNR replacement	<u>1,097,108</u>
 Total	 <u><u>\$ 1,143,321</u></u>

NOTE 13

CONCENTRATION OF RISK

Approximately 10.8% of the City's tax revenue is provided by one taxpayer.

NOTE 14

TAX LEVY LIMIT

Wisconsin Act 32 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. All exceptions and modifications to levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the City adopts a new fee or a fee increase for covered services such as garbage collection, fire protection, snow plowing, and street sweeping (which were partly or wholly funded by property tax levy), the City must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 15

TAX INCREMENTAL FINANCING DISTRICT

The City of Dodgeville, Wisconsin Tax Incremental Financing District (TID) was created under the provisions of Wisconsin Statute Section 66.46. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

Project costs may not be incurred up to five years before the District's mandatory termination date. Statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum of 27 years (TIDs created before October 1, 1995). TIDs created after September 30, 1995 but before October 1, 2004 have a maximum life of 27 years for blight elimination districts and 23 years for industrial and mixed-use TIDs. TIDs created after October 1, 2004 will have a maximum life of 27 years for blight elimination districts and 20 years for industrial and mixed-use TIDs. An industrial and mixed-use TID has the option to extend the maximum life by 5 years. Project costs uncollected at the dissolution date are absorbed by the municipality.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Final Dissolution Date</u>
District #2	9/28/98	9/28/16	3/17/21

Following is the cumulative status of the TID as of December 31, 2019:

	<u>TID #2</u>
Revenues	
Taxes	\$ 5,061,467
Interest	44,814
Intergovernmental-computer aid	131,424
Intergovernmental-personal property aid	18,539
Developer repayments	39,207
Total revenues	<u>5,295,451</u>
Expenditures	
Construction	3,338,620
Administration	165,130
Professional services	63,250
Interest and refunding costs	1,509,467
Total expenditures	<u>5,076,467</u>
Amount to be (recovered) through future increments	<u>\$ 218,984</u>
Cash	\$ (551,600)
Accounts Payable	8,396
Long-term debt outstanding	324,220
Amount to be recovered through future increments	<u>\$ (218,984)</u>

The amount to be recovered shown above will be increased by interest payments made in the future and may be increased by interest charged on the advances from other funds.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 16

PURCHASE COMMITMENTS/SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the City approved the following purchases:

- Vehicle for \$38,795
- Vehicle for \$73,976
- Planning costs for creation of TID #3 for \$15,000
- Street reconstruction costs of \$2,489,011. A portion of the project will be funded by a grant
- Paving for \$70,650

The recent spread of the novel coronavirus (COVID-19) has created economic uncertainty domestically and internationally. The potential of COVID-19 having a financial and economic impact on the City is a possibility, although the impact is unknown at this time.

NOTE 17

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

GASB has adopted GASB Statement No. 87, *Leases*. When this becomes effective, application of the standard may restate portions of these financial statements.

NOTE 18

PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been recorded effective January 1, 2019, as follows:

	Governmental Activities
Total net position as previously reported	\$ 17,447,490
Cumulative effect of change in accounting principle (GASB Statement No. 75)	(83,261)
Net position, January 1, as restated	\$ 17,364,229

Implementation of GASB Statement No. 75 required net position in the governmental activities to be decreased. The decrease in net position was to reflect the OPEB liability balance as of January 1, 2019 and beginning deferred outflows or resources for City contributions to the OPEB plan after the actuarial measurement date.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 19

COMPONENT UNIT

A. Cash and Investments

At December 31, 2019, the cash and investments included the following:

Deposits with financial institutions	<u>\$ 63,408</u>
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Cash and investments as of December 31, 2019 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 59,788
Cash and investments - restricted	<u>3,620</u>
Total	<u>\$ 63,408</u>

Investments Authorized by Wisconsin State Statutes

See Note 3 for list of authorized investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Housing Authority 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.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Housing Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Housing Authority would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Housing Authority would not be able to recover the value of its investment of collateral securities that are in possession of another party. The Housing Authority does not have an investment policy for custodial credit risk.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2019

NOTE 19

COMPONENT UNIT (CONTINUED)

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

At December 31, 2019, all deposits were covered by FDIC insurance.

Concentration of Credit Risk

The Housing Authority places no limit on the amount the Housing Authority may invest in any one issuer.

B. Net Position Restriction – Component Unit

Portions of net position are restricted and are not available for current expenses as follows:

Component Unit:	
Housing Authority	
Restricted for housing assistance payments	\$ 3,620
Restricted for WRRP	<u>51,471</u>
Total	<u><u>\$ 55,091</u></u>

Required Supplementary Information

Exhibit B-1
Required Supplementary Information
City of Dodgeville, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 1,650,172	\$ 1,650,172	\$ 1,715,765	\$ 65,593	\$ 65,593
Special assessments			372	372	372
Intergovernmental	826,219	826,219	852,542	26,323	26,323
Licenses and permits	97,700	97,700	99,617	1,917	1,917
Fines and forfeitures	19,500	19,500	18,313	(1,187)	(1,187)
Public charges for services	411,501	411,501	399,194	(12,307)	(12,307)
Intergovernmental charges for services	440,500	440,500	314,056	(126,444)	(126,444)
Interest income	21,340	21,340	102,537	81,197	81,197
Miscellaneous	27,600	27,600	38,040	10,440	10,440
Total revenues	<u>3,494,532</u>	<u>3,494,532</u>	<u>3,540,436</u>	<u>45,904</u>	<u>45,904</u>
EXPENDITURES					
Current:					
General government	792,597	792,597	707,941	84,656	84,656
Public safety	2,119,121	2,119,121	1,569,877	549,244	549,244
Public works	658,396	658,396	624,972	33,424	33,424
Sanitation	244,000	244,000	239,668	4,332	4,332
Leisure activities	473,605	473,605	345,807	127,798	127,798
Conservation & economic development	266,200	266,200	193,968	72,232	72,232
Health & social services	157,914	157,914	92,213	65,701	65,701
Capital outlay	378,778	378,778	639,163	(260,385)	(260,385)
Total expenditures	<u>5,090,611</u>	<u>5,090,611</u>	<u>4,413,609</u>	<u>677,002</u>	<u>677,002</u>
Excess (deficiency) of revenues over over expenditures	<u>(1,596,079)</u>	<u>(1,596,079)</u>	<u>(873,173)</u>	<u>722,906</u>	<u>722,906</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	219,000	219,000	493,012	274,012	274,012
Unrealized gain on investments			27,883	27,883	27,883
Sale of capital assets	51,500	51,500	34,847	(16,653)	(16,653)
Total other financing sources	<u>270,500</u>	<u>270,500</u>	<u>555,742</u>	<u>285,242</u>	<u>285,242</u>
Net change in fund balance	<u>(1,325,579)</u>	<u>(1,325,579)</u>	<u>(317,431)</u>	<u>1,008,148</u>	<u>1,008,148</u>
Fund balances-beginning	<u>3,001,068</u>	<u>3,001,068</u>	<u>3,001,068</u>		
Fund balances-ending	<u>\$ 1,675,489</u>	<u>\$ 1,675,489</u>	<u>\$ 2,683,637</u>	<u>\$ 1,008,148</u>	<u>\$ 1,008,148</u>

Exhibit B-2
Required Supplementary Information
City of Dodgeville, Wisconsin
Budgetary Comparison Schedule for the Special Purpose Library Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original	Final
	to Actual	to Actual		to Actual	to Actual
REVENUES					
Taxes	\$ 286,152	\$ 286,152	\$ 286,152	\$	\$
Intergovernmental	92,522	92,522	94,969	2,447	2,447
Fines and forfeits	2,000	2,000	1,875	(125)	(125)
Public charges for services	3,000	3,000	2,583	(417)	(417)
Interest income	150	150	198	48	48
Miscellaneous	1,000	1,000	1,383	383	383
Total revenues	<u>384,824</u>	<u>384,824</u>	<u>387,160</u>	<u>2,336</u>	<u>2,336</u>
EXPENDITURES					
Current:					
Leisure activities	384,824	384,824	380,105	4,719	4,719
Capital outlay:					
Leisure activities	5,000	5,000		5,000	5,000
Total expenditures	<u>389,824</u>	<u>389,824</u>	<u>380,105</u>	<u>9,719</u>	<u>9,719</u>
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	7,055	12,055	12,055
Fund balances-beginning	<u>20,152</u>	<u>20,152</u>	<u>20,152</u>		
Fund balances-ending	<u>\$ 15,152</u>	<u>\$ 15,152</u>	<u>\$ 27,207</u>	<u>\$ 12,055</u>	<u>\$ 12,055</u>

Exhibit B-3
City of Dodgeville, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2019

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.01295890%	\$ 461,037	\$ 1,666,681	27.66%	96.45%
2017	(0.01288908%)	(382,692)	1,618,689	(23.64%)	(102.93%)
2016	0.01267260%	104,452	1,597,156	6.54%	99.12%
2015	0.01259840%	204,722	1,638,029	12.50%	98.20%
2014	(0.01223579%)	(300,462)	1,515,979	(19.82%)	(102.74%)

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 138,952	(138,952)		\$ 1,667,160	8.33%
2018	136,821	(136,821)		1,666,681	8.21%
2017	132,303	(132,303)		1,618,689	8.17%
2016	120,945	(120,945)		1,597,156	7.57%
2015	126,698	(126,698)		1,638,029	7.73%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

Exhibit B-4
City of Dodgeville, Wisconsin
Local Retiree Life Insurance Fund Schedules
December 31, 2019

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2018	0.03598600%	\$ 92,856	\$ 1,341,000	6.92%	48.69%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 698	\$ (698)		\$ 1,370,000	0.05%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that calendar year.

City of Dodgeville, Wisconsin
Notes to the Required Supplementary Information
December 31, 2019

NOTE 1

BUDGET SCHEDULE

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

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution and designated carryovers from the prior year. Revisions to the original budget are required by a statutory provision which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Revisions require a majority vote of the Common Council. Appropriations for the general fund lapse at year end unless specifically carried forward by council action. A formal budget is not required for TIF district No. 2. Control for the TIF district fund is maintained by comparison to the project plan.

The City does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

NOTE 2

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2019:

<u>Expenditures</u>	<u>Excess</u>
Capital outlay	\$ 260,385

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 5 preceding years.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

NOTE 4

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 9 preceding years.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

Supplementary Information

Exhibit C-1
City of Dodgeville, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Permanent Funds				Total
	Smith Trust	Campbell Trust	TIF District #2	Debt Service	
ASSETS					
Cash and investments	\$ 3,209	\$ 103,000	\$ 757,080	\$ 175,381	\$ 1,038,670
Taxes receivable			263,861	198,167	462,028
 Total assets	 \$ 3,209	 \$ 103,000	 \$ 1,020,941	 \$ 373,548	 \$ 1,500,698
LIABILITIES					
Accounts payable	\$	\$	\$ 8,396	\$	\$ 8,396
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue			469,341	198,167	667,508
FUND BALANCES					
Nonspendable		103,000			103,000
Restricted	3,209		543,204	175,381	721,794
 Total fund balances	 3,209	 103,000	 543,204	 175,381	 824,794
 Total liabilities, deferred inflows of resources and fund balances	 \$ 3,209	 \$ 103,000	 \$ 1,020,941	 \$ 373,548	 \$ 1,500,698

Exhibit C-2
City of Dodgeville, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Permanent Funds		TIF District #2	Debt Service	Total
	Smith Trust	Campbell Trust			
REVENUES					
Taxes	\$	\$	\$ 455,782	\$ 191,943	\$ 647,725
Intergovernmental			26,954		26,954
Interest income	53	1,030	4,054		5,137
Total revenues	53	1,030	486,790	191,943	679,816
EXPENDITURES					
Current:					
Cemetery expenditures		1,030			1,030
Conservation & economic development			31,461		31,461
Debt service:					
Principal retirement			164,566	223,423	387,989
Interest and fiscal charges			6,004	44,781	50,785
Total expenditures		1,030	202,031	268,204	471,265
Excess (deficiency) of revenues over expenditures	53		284,759	(76,261)	208,551
OTHER FINANCING SOURCES (USES)					
Transfers out	(53)				(53)
Net change in fund balances			284,759	(76,261)	208,498
Fund balances-beginning	3,209	103,000	258,445	251,642	616,296
Fund balances-ending	\$ 3,209	\$ 103,000	\$ 543,204	\$ 175,381	\$ 824,794