



CITY OF DODGEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2020

Johnson Block and Company, Inc.
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CITY OF DODGEVILLE, WISCONSIN
December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Dodgeville, Wisconsin

Report on Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020, 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.

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 60-64 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 2019 financial statements, and, in our report dated July 23, 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.

Other Reporting Required by *Government Auditing Standards*

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 14, 2021

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Dodgeville, Wisconsin
Statement of Net Position
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	Primary Government				Component Unit	
	Governmental	Business-type	Totals			
	Activities	Activities	2020	2019	2020	2019
ASSETS						
Current assets:						
Cash and investments	\$ 6,992,405	\$ 369,710	\$ 7,362,115	\$ 8,414,320	\$ 14,515	\$ 8,317
Cash and investments - restricted	359,924	1,242,629	1,602,553	1,502,025	63,958	55,091
Receivables:						
Taxes	2,115,102		2,115,102	2,120,088		
Customer	24,895	174,235	199,130	202,173		
Accounts receivable	615,398	82,180	697,578	46,612		2,427
Ambulance receivable, less allowance for uncollectible accounts of \$24,059	99,109		99,109	59,928		
Due from other governments				34,427		
Internal balances	196,046	(196,046)				
Prepaid insurance	43,851		43,851	39,528		
Unbilled revenue		82,385	82,385	81,490		
Materials and supplies		26,221	26,221	23,257		
Total current assets	10,446,730	1,781,314	12,228,044	12,523,848	78,473	65,835
Noncurrent assets:						
Other assets:						
Special assessments	43,481	463,732	507,213	508,010		
Net pension asset	360,044	58,761	418,805			
Total other assets	403,525	522,493	926,018	508,010		
Capital assets:						
Property, plant and equipment	29,911,902	30,195,365	60,107,267	57,128,765		
Less: accumulated depreciation	(15,064,254)	(7,463,220)	(22,527,474)	(21,539,777)		
Net book value of capital assets	14,847,648	22,732,145	37,579,793	35,588,988		
Total noncurrent assets	15,251,173	23,254,638	38,505,811	36,096,998		
Total assets	25,697,903	25,035,952	50,733,855	48,620,846	78,473	65,835
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized major repair		176,058	176,058	264,087		
Deferred pension outflows	849,896	138,708	988,604	1,250,911		
Deferred OPEB outflows	69,005		69,005	23,898		
Deferred amount on refunding	20,991	3,438	24,429	31,410		
Total deferred outflows of resources	939,892	318,204	1,258,096	1,570,306		
Total assets and deferred outflows of resources	\$ 26,637,795	\$ 25,354,156	\$ 51,991,951	\$ 50,191,152	\$ 78,473	\$ 65,835

Exhibit A-1 (Continued)
City of Dodgeville, Wisconsin
Statement of Net Position
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	Primary Government				Component Unit	
	Governmental	Business-type	Totals		2020	2019
	Activities	Activities	2020	2019	2020	2019
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 415,826	\$ 36,892	\$ 452,718	\$ 761,609	\$ 1,896	\$ 4,524
Accrued payroll	55,006		55,006	116,615		
Accrued interest	11,464	11,680	23,144	30,425		
Deposits	2,300		2,300	4,900		
Current portion of:						
General obligation bonds and notes	211,448	196,447	407,895	674,018		
Mortgage revenue bonds		150,020	150,020	147,136		
Capital leases	28,479		28,479	27,297		
Compensated absences		25,296	25,296	35,318		
Total current liabilities	724,523	420,335	1,144,858	1,797,318	1,896	4,524
Noncurrent liabilities:						
General obligation bonds and notes	1,100,848	265,930	1,366,778	2,040,546		
Less: unamortized debt discount	(3,844)	(1,503)	(5,347)	(6,910)		
Capital leases	105,490		105,490	132,787		
Mortgage revenue bonds		2,787,594	2,787,594	2,934,730		
Compensated absences	265,249	53,200	318,449	330,752		
Net pension liability				461,037		
Net OPEB liability	150,152		150,152	92,856		
Less: current portion of long-term debt	(239,927)	(371,763)	(611,690)	(883,769)		
Total noncurrent liabilities	1,377,968	2,733,458	4,111,426	5,102,029		
Total liabilities	2,102,491	3,153,793	5,256,284	6,899,347	1,896	4,524
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	1,081,482	176,503	1,257,985	640,307		
Deferred OPEB inflows	25,085		25,085	24,839		
Deferred revenue	3,659,983		3,659,983	3,712,450		
Total deferred inflows of resources	4,766,550	176,503	4,943,053	4,377,596		
NET POSITION						
Net investment in capital assets	14,026,144	19,683,562	33,709,706	30,964,244		
Restricted for:						
TIF district #2	852,536		852,536	543,204		
Debt service	100,889		100,889	159,649		
Donor restricted	223,047		223,047	221,951		
Perpetual care endowment	3,209		3,209	3,209		
Leisure and culture endowment	103,000		103,000	103,000		
Library activities	49,664		49,664	27,207		
Mortgage revenue bonds		46,492	46,492	46,213		
DNR replacement		1,196,137	1,196,137	1,097,108		
Housing assistance payments - component unit					1,715	3,620
WRRP - component unit					51,517	51,471
CARES Act - component unit					10,726	
Unrestricted	4,410,265	1,097,669	5,507,934	5,748,424	12,619	6,220
Total net position	19,768,754	22,023,860	41,792,614	38,914,209	76,577	61,311
Total liabilities, deferred inflows of resources, and net position	\$ 26,637,795	\$ 25,354,156	\$ 51,991,951	\$ 50,191,152	\$ 78,473	\$ 65,835

Exhibit A-2
City of Dodgeville, Wisconsin
Statement of Activities
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

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	2020	2019	2020	2019
Primary government:										
Governmental activities:										
General government	\$ 754,960	\$ 87,754	\$	\$ 113,039	\$ (554,167)	\$	\$ (554,167)	\$ (716,374)	\$	\$
Public safety	2,016,826	571,940	40,954		(1,403,932)		(1,403,932)	(1,492,160)		
Public works	1,216,412	2,297	299,107	1,146,698	231,690		231,690	(821,578)		
Sanitation	258,768	255,447	15,119		11,798		11,798	50,160		
Health and social services	164,289	23,700			(140,589)		(140,589)	(83,441)		
Leisure activities	781,566	116,901	114,622	1,147	(548,896)		(548,896)	(632,284)		
Conservation & economic development	175,732	69,166			(106,566)		(106,566)	(143,312)		
Interest and fiscal charges	46,696				(46,696)		(46,696)	(57,367)		
Total governmental activities	<u>5,415,249</u>	<u>1,127,205</u>	<u>469,802</u>	<u>1,260,884</u>	<u>(2,557,358)</u>		<u>(2,557,358)</u>	<u>(3,896,356)</u>		
Business-type activities:										
Water	720,611	1,053,385		142,198		474,972	474,972	308,112		
Sewer	802,364	1,223,559		220,273		641,468	641,468	322,263		
Total business-type activities	<u>1,522,975</u>	<u>2,276,944</u>		<u>362,471</u>		<u>1,116,440</u>	<u>1,116,440</u>	<u>630,375</u>		
Total primary government	<u>\$ 6,938,224</u>	<u>\$ 3,404,149</u>	<u>\$ 469,802</u>	<u>\$ 1,623,355</u>	<u>(2,557,358)</u>	<u>1,116,440</u>	<u>(1,440,918)</u>	<u>(3,265,981)</u>		
Component unit:										
Housing Authority	\$ 281,759	\$	\$ 296,979	\$					15,220	(4,203)
General revenues:										
Property taxes										
General purposes					1,760,067		1,760,067	1,616,172		
Capital projects					995,200		995,200	915,300		
Tax increments					469,341		469,341	455,782		
Debt service					198,167		198,167	191,943		
Library					289,014		289,014	286,152		
Other taxes					8,740		8,740	19,984		
Federal and state aid not restricted for specific purposes					602,080		602,080	519,375		
Interest and investment earnings					52,429	5,882	58,311	189,257	46	23
Unrealized gain on investments					25,491	6,597	32,088	35,098		
Gain (loss) on sale of fixed assets					(98,073)		(98,073)	(13,232)		
Miscellaneous					4,388		4,388	803		2,427
Transfers					196,046	(196,046)				
Total general revenues					<u>4,502,890</u>	<u>(183,567)</u>	<u>4,319,323</u>	<u>4,216,634</u>	<u>46</u>	<u>2,450</u>
Changes in net position					1,945,532	932,873	2,878,405	950,653	15,266	(1,753)
Net position - beginning					<u>17,823,222</u>	<u>21,090,987</u>	<u>38,914,209</u>	<u>37,963,556</u>	<u>61,311</u>	<u>63,064</u>
Net position - ending					<u>\$ 19,768,754</u>	<u>\$ 22,023,860</u>	<u>\$ 41,792,614</u>	<u>\$ 38,914,209</u>	<u>\$ 76,577</u>	<u>\$ 61,311</u>

Exhibit A-3
City of Dodgeville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	General	Capital Projects	Special Purpose Library	TIF District #2	Other Governmental Funds	Totals	
						2020	2019
ASSETS							
Cash and investments	\$ 4,126,561	\$ 1,891,655	\$ 56,283	\$ 1,059,268	\$ 218,562	\$ 7,352,329	\$ 7,073,970
Receivables:							
Taxes	568,797	794,583	304,586	264,164	182,972	2,115,102	2,120,088
Customer	24,895					24,895	22,737
Accounts receivable	78,268	537,130				615,398	35,854
Due from other governments							34,427
Special assessment receivable	43,481					43,481	44,278
Ambulance receivable, less allowance for uncollectible accounts of \$24,059	99,109					99,109	59,928
Due from other funds	196,046					196,046	201,318
Prepaid insurance	43,851					43,851	39,528
Advances to other funds	17,529					17,529	1,137,274
Total assets	\$ 5,198,537	\$ 3,223,368	\$ 360,869	\$ 1,323,432	\$ 401,534	\$ 10,507,740	\$ 10,769,402
LIABILITIES							
Accounts payable	\$ 106,863	\$ 302,344	\$ 6,619	\$	\$	\$ 415,826	\$ 652,828
Accrued payroll	55,006					55,006	107,099
Deposits	2,300					2,300	4,900
Advance from other funds					17,529	17,529	107,620
Total liabilities	164,169	302,344	6,619		17,529	490,661	872,447
DEFERRED INFLOWS OF RESOURCES							
Deferred property tax revenue	2,102,992	794,583	304,586	470,896	182,972	3,856,029	3,913,768
Deferred special assessment revenue	43,481					43,481	44,278
Total deferred inflows of resources	2,146,473	794,583	304,586	470,896	182,972	3,899,510	3,958,046
FUND BALANCES							
Nonspendable	61,380				103,000	164,380	1,279,802
Restricted	223,047		49,664	852,536	115,562	1,240,809	970,952
Assigned	1,744,732	2,126,441				3,871,173	2,775,696
Unassigned (deficit)	858,736				(17,529)	841,207	912,459
Total fund balances	2,887,895	2,126,441	49,664	852,536	201,033	6,117,569	5,938,909
Total liabilities, deferred inflows of resources and fund balances	\$ 5,198,537	\$ 3,223,368	\$ 360,869	\$ 1,323,432	\$ 401,534	\$ 10,507,740	\$ 10,769,402

Exhibit A-4
City of Dodgeville, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
Total fund balances-governmental funds:	\$ 6,117,569	\$ 5,938,909
Amounts reported for governmental activities in the statement of net position are different because:		
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:		
Governmental capital asset	29,911,902	27,832,633
Governmental accumulated depreciation	<u>(15,064,254)</u>	<u>(14,322,323)</u>
	14,847,648	13,510,310
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.	360,044	
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.		
Deferred outflows of resources	918,901	1,095,160
Deferred inflows of resources	<u>(1,106,567)</u>	<u>(573,189)</u>
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows on the fund statements.		
Special assessments	43,481	44,278
Subsequent year tax equivalent from utility	196,046	201,318
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.	3,844	4,942
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:		
Bonds payable	(1,100,848)	(1,502,435)
Deferred amount on refunding	20,991	26,989
Accrued interest on general obligation debt	(11,464)	(15,732)
Capital leases	(105,490)	(132,787)
Net pension liability		(394,825)
Net OPEB liability	(150,152)	(92,856)
Compensated absences	<u>(265,249)</u>	<u>(286,860)</u>
Total net position of governmental activities	<u>\$ 19,768,754</u>	<u>\$ 17,823,222</u>

Exhibit A-5
City of Dodgeville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	General	Capital Projects	Special Purpose Library	TIF District #2	Other Governmental Funds	Totals	
						2020	2019
REVENUES							
Taxes	\$ 1,814,281	\$ 995,200	\$ 289,014	\$ 469,341	\$ 198,167	\$ 3,766,003	\$ 3,564,942
Special assessments	797					797	372
Intergovernmental	1,555,150	619,723	108,815	17,024		2,300,712	989,846
Licenses and permits	108,336					108,336	99,617
Fines and forfeits	26,360		653			27,013	20,188
Public charges for services	415,574		1,818			417,392	401,777
Intergovernmental charges for services	490,810					490,810	314,056
Interest	45,914	2,313	111	2,519	1,457	52,314	133,387
Miscellaneous	71,699		3,035			74,734	39,423
Total revenues	4,528,921	1,617,236	403,446	488,884	199,624	7,238,111	5,563,608
EXPENDITURES							
Current:							
General government	742,328					742,328	707,941
Public safety	1,730,771					1,730,771	1,569,877
Public works	673,052					673,052	624,972
Sanitation	258,768					258,768	239,668
Leisure activities	317,958		374,812			692,770	725,912
Conservation & economic development	68,294			1,032	17,529	86,855	225,429
Health & social services	103,359				864	104,223	93,243
Capital outlay:							
General government	15,593					15,593	4,742
Public safety	133,028	1,080				134,108	1,043,583
Public works	22,921	2,036,032				2,058,953	1,176,045
Leisure activities	43,779	158,620	6,177			208,576	55,362
Conservation & economic development	88,877					88,877	225,220
Health & social services	55,776					55,776	
Debt service:							
Principal retirement		27,297		169,479	232,108	428,884	400,624
Interest and fiscal charges		5,200		9,041	29,627	43,868	54,332
Total expenditures	4,254,504	2,228,229	380,989	179,552	280,128	7,323,402	7,146,950
Excess (deficiency) of revenues over expenditures	274,417	(610,993)	22,457	309,332	(80,504)	(85,291)	(1,583,342)
OTHER FINANCING SOURCES (USES)							
Capital lease proceeds							145,422
Transfers in	201,371	334,163				535,534	493,012
Transfers out	(334,163)				(53)	(334,216)	(297,231)
Unrealized gain (loss) on investments	25,491					25,491	27,883
Sale of capital assets	37,142					37,142	42,722
Total other financing sources (uses)	(70,159)	334,163			(53)	263,951	411,808
Net change in fund balances	204,258	(276,830)	22,457	309,332	(80,557)	178,660	(1,171,534)
Fund balances-beginning	2,683,637	2,403,271	27,207	543,204	281,590	5,938,909	7,110,443
Fund balances-ending	\$ 2,887,895	\$ 2,126,441	\$ 49,664	\$ 852,536	\$ 201,033	\$ 6,117,569	\$ 5,938,909

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, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	2020	2019
Net change in fund balances-total governmental funds	\$ 178,660	\$(1,171,534)
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	2,339,154	2,405,484
Depreciation expenses reported in the statement of activities	(866,603)	(751,362)
Amount by which capital outlays are greater (less) than depreciation in the current period.	1,472,551	1,654,122
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:		
	(135,213)	(103,825)
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.		
Change in compensated absences	21,611	(21,827)
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows	(12,435)	(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:	428,884	400,625
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)
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	(797)	(372)
	(797)	(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	(201,318)	(195,781)
Subsequent year utility tax equivalent recognized as a transfer for the statement of activities	196,046	201,318
	(5,272)	5,537
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	43,468	53,931
The amount of interest accrued during the current period	(39,200)	(49,872)
Interest paid is greater than interest expensed by	4,268	4,059
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.	371	(144,738)
Change in net position-governmental activities	\$ 1,945,532	\$ 458,993

Exhibit A-7
City of Dodgeville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2020	2019
ASSETS				
Current assets:				
Cash and investments	\$ 75,190	\$ 294,520	\$ 369,710	\$ 1,699,054
Cash and investments - restricted		1,242,629	1,242,629	1,143,321
Receivables:				
Customers	64,369	109,866	174,235	179,436
Other	32,443	49,737	82,180	10,758
Inventories	24,723	1,498	26,221	23,257
Unbilled revenue	33,096	49,289	82,385	81,490
Total current assets	229,821	1,747,539	1,977,360	3,137,316
Noncurrent assets:				
Other assets:				
Net pension asset	31,034	27,727	58,761	
Special assessments receivable	166,472	297,260	463,732	463,732
Capital assets:				
Property and plant	11,881,114	18,314,251	30,195,365	29,296,132
Less: accumulated provision for depreciation	(3,743,125)	(3,720,095)	(7,463,220)	(7,217,454)
Net book value of capital assets	8,137,989	14,594,156	22,732,145	22,078,678
Total noncurrent assets	8,335,495	14,919,143	23,254,638	22,542,410
Total assets	8,565,316	16,666,682	25,231,998	25,679,726
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized major repair	176,058		176,058	264,087
Deferred pension outflows	73,258	65,450	138,708	179,649
Deferred amount on refunding	2,359	1,079	3,438	4,421
Total deferred outflows of resources	251,675	66,529	318,204	448,157
Total assets and deferred outflows of resources	\$ 8,816,991	\$ 16,733,211	\$ 25,550,202	\$ 26,127,883

Exhibit A-7 (Continued)
City of Dodgeville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 11,748	\$ 25,144	\$ 36,892	\$ 108,781
Accrued payroll				9,516
Due to other funds	196,046		196,046	201,318
Accrued interest	2,057	9,623	11,680	14,693
Current portion of:				
General obligation bonds and notes	143,030	53,417	196,447	272,220
Mortgage revenue bonds		150,020	150,020	147,136
Compensated absences	12,648	12,648	25,296	
Total current liabilities	365,529	250,852	616,381	753,664
Long-term liabilities:				
General obligation bonds and notes	206,036	59,894	265,930	538,111
Less: unamortized debt discount	(1,503)		(1,503)	(1,968)
Mortgage revenue bonds		2,787,594	2,787,594	2,934,730
Advances from other funds				1,029,654
Compensated absences	25,732	27,468	53,200	43,892
Net pension liability				66,212
Less: current portion	(155,678)	(216,085)	(371,763)	(419,356)
Total long-term liabilities	74,587	2,658,871	2,733,458	4,191,275
Total liabilities	440,116	2,909,723	3,349,839	4,944,939
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	93,219	83,284	176,503	91,957
NET POSITION				
Net investment in capital assets	7,935,815	11,747,747	19,683,562	18,612,226
Restricted for:				
Mortgage revenue bonds		46,492	46,492	46,213
DNR replacement		1,196,137	1,196,137	1,097,108
Unrestricted	347,841	749,828	1,097,669	1,335,440
Total net position	8,283,656	13,740,204	22,023,860	21,090,987
Total liabilities, deferred inflows of resources, and net position	\$ 8,816,991	\$ 16,733,211	\$ 25,550,202	\$ 26,127,883

Exhibit A-8
City of Dodgeville, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2020	2019
OPERATING REVENUES				
Sales of water	\$ 1,029,000	\$	\$ 1,029,000	\$ 994,587
Measured sewer service		1,201,493	1,201,493	1,206,205
Penalties	1,102	1,746	2,848	7,768
Other	23,283	20,320	43,603	50,459
Total operating revenues	1,053,385	1,223,559	2,276,944	2,259,019
OPERATING EXPENSES				
Operation & maintenance	470,211	438,876	909,087	1,021,375
Depreciation	234,757	294,957	529,714	518,087
Taxes	8,376	11,206	19,582	17,614
Total operating expenses	713,344	745,039	1,458,383	1,557,076
Operating income	340,041	478,520	818,561	701,943
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	1,031	4,851	5,882	55,388
Amortization of debt expense	(1,103)	(344)	(1,447)	(1,528)
Interest expense	(6,164)	(56,981)	(63,145)	(71,580)
Unrealized gain (loss) on investments		6,597	6,597	7,215
Total nonoperating revenues (expenses)	(6,236)	(45,877)	(52,113)	(10,505)
Income before contributions and transfers	333,805	432,643	766,448	691,438
Capital grants and contributions	142,198	220,273	362,471	1,540
Transfer of tax equivalent	(196,046)		(196,046)	(201,318)
Change in net position	279,957	652,916	932,873	491,660
Net position - beginning	8,003,699	13,087,288	21,090,987	20,599,327
Net position - ending	\$ 8,283,656	\$ 13,740,204	\$ 22,023,860	\$ 21,090,987

Exhibit A-9
City of Dodgeville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2020	2019
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Receipts from customers	\$ 1,054,775	\$ 1,226,475	\$ 2,281,250	\$ 2,268,557
Payments to employees	(176,213)	(156,506)	(332,719)	(317,097)
Payments for employee benefits	(47,051)	(25,661)	(72,712)	(155,929)
Payments provided by other funds	(5,272)		(5,272)	5,537
Payments to suppliers	(202,626)	(361,320)	(563,946)	(400,815)
Net cash provided by operating activities	623,613	682,988	1,306,601	1,400,253
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Payment of advance from other funds	(645,064)	(384,590)	(1,029,654)	(1,547,016)
Paid to municipality for tax equivalent	(196,046)		(196,046)	(201,318)
Net cash (used by) noncapital financing activities	(841,110)	(384,590)	(1,225,700)	(1,748,334)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(512,972)	(687,441)	(1,200,413)	(700,452)
Capital grants and contributions received	142,198	220,273	362,471	1,540
Special assessments received				75,099
Proceeds from issuance of long-term debt				46,797
Debt retired	(212,193)	(207,124)	(419,317)	(408,792)
Interest paid	(8,185)	(57,972)	(66,157)	(74,461)
Net cash (used by) capital and related financing activities	(591,152)	(732,264)	(1,323,416)	(1,060,269)
CASH FLOWS FROM INVESTING ACTIVITIES				
Unrealized gain (loss) on investments		6,597	6,597	7,215
Marketable securities sold		324,718	324,718	317,503
Marketable securities purchased		(331,315)	(331,315)	(324,718)
Investment income	1,031	4,851	5,882	55,388
Net cash from investing activities	1,031	4,851	5,882	55,388
Net change in cash and cash equivalents	(807,618)	(429,015)	(1,236,633)	(1,352,962)
Cash and cash equivalents - beginning of the year	882,808	1,634,849	2,517,657	3,870,619
Cash and cash equivalents - end of the year	\$ 75,190	\$ 1,205,834	\$ 1,281,024	\$ 2,517,657
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and investments	\$ 75,190	\$ 294,520	\$ 369,710	\$ 1,699,054
Restricted cash and investments		1,242,629	1,242,629	1,143,321
Subtotal	75,190	1,537,149	1,612,339	2,842,375
Less: long-term investments		(331,315)	(331,315)	(324,718)
Cash and cash equivalents	\$ 75,190	\$ 1,205,834	\$ 1,281,024	\$ 2,517,657

Exhibit A-9 (Continued)
City of Dodgeville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2020	2019
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 340,041	\$ 478,520	\$ 818,561	\$ 701,943
Noncash items in operating income:				
Depreciation expense	251,989	294,957	546,946	535,010
Pension expense	1,957	(1,443)	514	25,601
Amortization of major repair	88,029		88,029	88,029
Changes in assets and liabilities:				
Customer accounts receivable	2,967	2,234	5,201	(9,450)
Other accounts receivable	(32,384)	(39,038)	(71,422)	(2,045)
Unbilled revenue receivable	(1,577)	682	(895)	18,988
Material and supplies	(2,964)		(2,964)	210
Accounts payable	(15,875)	(56,014)	(71,889)	76,828
Accrued payroll	(5,511)	(4,005)	(9,516)	9,516
Due to other funds	(5,272)		(5,272)	5,537
Compensated absences	2,213	7,095	9,308	(49,914)
Net cash provided by operating activities	<u>\$ 623,613</u>	<u>\$ 682,988</u>	<u>\$ 1,306,601</u>	<u>\$ 1,400,253</u>

Exhibit A-10
City of Dodgeville, Wisconsin
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	Custodial Fund	
	Tax Collection Fund	
	2020	2019
ASSETS		
Cash and investments	\$ 3,013,372	\$ 2,929,985
Taxes receivable	3,850,507	3,762,446
Total assets	\$ 6,863,879	\$ 6,692,431
LIABILITIES		
Due to other taxing units	\$ 6,863,879	\$ 6,692,431
NET POSITION		
Restricted		
Total liabilities and net position	\$ 6,863,879	\$ 6,692,431

Exhibit A-11
City of Dodgeville, Wisconsin
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	Custodial Fund	
	Tax Collection Fund	
	2020	2019
ADDITIONS		
Property tax collections for other governments	\$ 5,091,650	\$ 5,710,476
DEDUCTIONS		
Property tax collections paid or owed to other governments	5,091,650	5,710,476
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, 2020

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City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020.

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, 2020

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, 2020

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.

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.

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. 3 – Accounts for the proceeds of tax incremental district No. 3, that are restricted or committed to expenditure for tax incremental district No. 3, 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

Fiduciary Funds (Not included in Government-Wide Statements)

Fiduciary funds consists of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government’s own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government’s delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government’s reporting entity.

The City reports the following fiduciary fund:

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 City accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020

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, 2020

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 - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale- 2020 delinquent real estate taxes	October 2024

An allowance of \$24,059 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, 2020

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, 2020

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, 2020 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, 2020

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, 2020

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, 2019, 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, 2020

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, 2020 was \$176,058.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020

NOTE 3

CASH AND INVESTMENTS

At December 31, 2020, cash and investments included the following:

Wisconsin Local Government Investment Pool	\$	336,073
Petty cash		600
Deposits with financial institutions		11,641,367
Total cash and investments	\$	11,978,040

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Exhibit A-1:		
Cash and investments	\$	7,362,115
Cash and investments-restricted		1,602,553
Exhibit A-10:		
Cash and investments		3,013,372
Total cash and investments	\$	11,978,040

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, 2020

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	\$ 987,916	\$ 777,041	\$ 210,875
Local Government Investment Pool	336,073	336,073	
Totals	\$ 1,323,989	\$ 1,113,114	\$ 210,875

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.

As of December 31, 2020, 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, 2020

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, 2020, \$8,146,932 of the City's deposits with financial institutions were in excess of federal depository insurance limits. \$8,024,230 was collateralized by securities pledged by financial institutions. The remaining deposits of \$122,702 are considered uninsured and uncollateralized. The State of Wisconsin Guarantee Fund would provide coverage for this amount, provided funds are available at the time of any potential loss.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020, 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, 2020 was: 86.76% in U.S. Government Securities, 2.39% in Bankers' Acceptances, and 10.85% 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.

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.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 4

CAPITAL ASSETS

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

	<u>Beginning</u> Balance	<u>Additions</u>	<u>Removals</u>	<u>Ending</u> Balance
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Construction work in progress	\$ 656,120	\$ 42,873	\$ (626,320)	\$ 72,673
Land	2,865,161		(135,213)	2,729,948
Total capital assets not being depreciated	3,521,281	42,873	(761,533)	2,802,621
Other capital assets:				
Land improvements	175,438	89,945		265,383
Buildings and improvements	3,547,943	26,595		3,574,538
Equipment	3,424,231	111,620		3,535,851
Vehicles	3,637,365	186,838	(124,672)	3,699,531
Furniture and fixtures	98,539			98,539
Infrastructure	13,427,836	2,507,603		15,935,439
Total other capital assets at historical costs	24,311,352	2,922,601	(124,672)	27,109,281
Less accumulated depreciation for:				
Land improvements	37,565	11,251		48,816
Buildings and improvements	1,815,918	85,198		1,901,116
Equipment	1,998,452	248,637		2,247,089
Vehicles	2,512,046	158,121	(124,672)	2,545,495
Furniture and fixtures	98,539			98,539
Infrastructure	7,859,803	363,396		8,223,199
Total accumulated depreciation	14,322,323	866,603	(124,672)	15,064,254
Net other capital assets	9,989,029	2,055,998		12,045,027
Total net capital assets	\$ 13,510,310	\$ 2,098,871	\$ (761,533)	\$ 14,847,648

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 37,066
Public safety	272,771
Public works, which includes the depreciation of infrastructure	447,749
Leisure activities	104,727
Health and human services	4,290
Total governmental activities depreciation expense	\$ 866,603

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<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		40,123		40,123
Total capital assets not being depreciated	53,054	40,123		93,177
Capital assets being depreciated:				
Water:				
Source of supply	419,275			419,275
Pumping	1,239,654			1,239,654
Water treatment	21,430	4,143	(2,500)	23,073
Transmission and distribution	9,561,194	508,829	(33,280)	10,036,743
General	144,570			144,570
Sewer:				
Collecting system	7,470,466	632,098	(260,000)	7,842,564
Collecting system pumping plant	546,926			546,926
Treatment and disposal plant	8,817,263	6,535		8,823,798
General plant	1,022,300	8,685	(5,400)	1,025,585
Total capital assets being depreciated	29,243,078	1,160,290	(301,180)	30,102,188
Total accumulated depreciation	7,217,454	546,946	(301,180)	7,463,220
Net capital assets being depreciated	22,025,624	613,344		22,638,968
Total net capital assets	\$22,078,678	\$ 653,467	\$	\$22,732,145

Depreciation expense was charged to functions as follows:

Business-type activities:

Sewer utility	\$ 294,957
Water utility	251,989
Total depreciation expense	546,946
Less: water depreciation expense allocated to sewer	(17,232)
Total depreciation expense per exhibit A-8	\$ 529,714

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 5

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020 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	\$ 588,516	\$	\$ (71,470)	\$ 517,046	\$ 73,162
General obligation bonds	913,919		(330,117)	583,802	138,286
Less: deferred amount on refunding	(26,989)		5,998	(20,991)	
Less: unamortized debt discount	(4,942)		1,098	(3,844)	
Total bonds and notes payable	<u>1,470,504</u>		<u>(394,491)</u>	<u>1,076,013</u>	<u>211,448</u>
Other liabilities:					
Capital lease	132,787		(27,297)	105,490	28,479
Compensated absences	286,860	36,805	(58,416)	265,249	
Total other liabilities	<u>419,647</u>	<u>36,805</u>	<u>(85,713)</u>	<u>370,739</u>	<u>28,479</u>
Total governmental activities long-term liabilities	<u>\$ 1,890,151</u>	<u>\$ 36,805</u>	<u>\$ (480,204)</u>	<u>\$ 1,446,752</u>	<u>\$ 239,927</u>
<u>Business-type activities</u>					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 347,031	\$	\$ (172,298)	\$ 174,733	\$ 174,733
General obligation bonds	191,080		(99,883)	91,197	21,714
Less: deferred amount on refunding	(4,421)		983	(3,438)	
Less: unamortized debt discount	(1,968)		465	(1,503)	
Mortgage revenue bonds-direct	2,934,730		(147,136)	2,787,594	150,020
Total bonds and notes payable	<u>3,466,452</u>		<u>(417,869)</u>	<u>3,048,583</u>	<u>346,467</u>
Other liabilities:					
Compensated absences	43,892	9,308		53,200	25,296
Total business-type activities long-term liabilities	<u>\$ 3,510,344</u>	<u>\$ 9,308</u>	<u>\$ (417,869)</u>	<u>\$ 3,101,783</u>	<u>\$ 371,763</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, 2020

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, 2020 was \$21,394,615. Total general obligation debt outstanding at year-end was \$1,366,778.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/20
<u>Governmental activities</u>					
General obligation debt:					
General obligation bonds	7/1/10	3/1/24	3.85-4.00%	\$ 2,760,233	\$ 223,802
General obligation refunding bond	4/26/12	3/1/24	3.00-3.45%	975,000	360,000
General obligation notes	9/30/16	9/29/26	1.79%	250,000	155,405
General obligation notes	6/30/17	6/29/27	2.20%	500,000	361,641
Total governmental activities - general obligation debt					<u>\$ 1,100,848</u>
	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/20
<u>Business-type activities</u>					
General obligation debt:					
General obligation bonds	7/1/10	3/1/24	3.85-4.00%	\$ 1,124,767	\$ 91,197
General obligation notes	6/1/16	6/1/21	1.35%	850,000	174,733
Total business-type activities - general obligation debt					<u>\$ 265,930</u>

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

Governmental Activities						
Years	Notes from Direct Borrowings and Direct Placements			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 73,162	\$ 10,743	\$ 83,905	\$ 138,286	\$ 18,074	\$ 156,360
2022	74,674	9,231	83,905	146,839	13,284	160,123
2023	76,217	7,688	83,905	150,391	8,102	158,493
2024	77,792	6,113	83,905	148,286	2,704	150,990
2025	79,400	4,505	83,905			
2026-2030	135,801	4,944	140,745			
Totals	<u>\$ 517,046</u>	<u>\$ 43,224</u>	<u>\$ 560,270</u>	<u>\$ 583,802</u>	<u>\$ 42,164</u>	<u>\$ 625,966</u>

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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	Total	Principal	Interest	Total
2021	\$ 174,733	\$ 2,369	\$ 177,102	\$ 21,714	\$ 3,163	\$ 24,877
2022				23,161	2,299	25,460
2023				24,609	1,361	25,970
2024				21,713	434	22,147
Totals	\$ 174,733	\$ 2,369	\$ 177,102	\$ 91,197	\$ 7,257	\$ 98,454

Revenue Debt

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

Revenue debt payable at December 31, 2020 consists of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Amount	Balance 12/31/20
<u>Business-type activities</u>					
Revenue debt					
Revenue bonds	12/28/16	5/1/36	1.96%	\$3,221,580	\$ 2,787,594

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Total
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	162,132	40,936	203,068
2026-2030	859,590	155,270	1,014,860
2031-2035	947,197	66,804	1,014,001
2036	200,722	1,967	202,689
Totals	\$ 2,787,594	\$ 459,594	\$ 3,247,188

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020:

Street machinery cost	\$	145,422
Accumulated depreciation		(43,627)
		\$ 101,795
		\$ 101,795

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, 2020:

Year ended December 31,		
2021	\$	32,497
2022		32,497
2023		32,497
2024		16,316
Total payments		113,807
Less: amount representing interest		(8,317)
Present value of net minimum lease payments	\$	105,490

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, 2020

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 issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2019	0.0	(10)

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 \$133,632 in contributions from the employer. Contribution rates as of December 31, 2020 are:

	<u>2020</u>	
	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with social security	6.75%	11.65%
Protective without social security	6.75%	16.25%

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

At December 31, 2020, the City reported a liability (asset) of (\$418,805) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension 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, 2019, the City's proportion was 0.01298842%, which was an increase of 0.00002952% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$154,856.

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, 2020

NOTE 6

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 794,989	\$ 397,839
Net differences between projected and actual earnings on pension plan investments		856,188
Changes of assumptions	32,636	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,205	3,958
Employer contributions subsequent to the measurement date	159,774	
Total	\$ 988,604	\$ 1,257,985

\$159,774 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2021	\$ (128,167)
2022	(95,197)
2023	14,744
2024	(220,535)
Total	\$ (429,155)

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

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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, 2020

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. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Asset Allocation Targets and Expected Returns			
As of December 31, 2019			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
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, 2020

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 for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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)	\$1,078,500	(\$418,805)	(\$1,538,214)

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

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, 2020

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, 2020 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2019		
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 \$637 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, 2020, the LRLIF Employer reported a liability (asset) of \$150,152 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net 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, 2019, the City’s proportion was .03526200%, which was a decrease of .000724% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$17,608.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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

At December 31, 2020, 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	\$	\$ 6,727
Changes of assumptions	55,392	16,516
Net differences between projected and actual earnings on OPEB plan investments	2,833	
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,112	1,842
Employer contributions subsequent to the measurement date	668	
Totals	\$ 69,005	\$ 25,085

\$668 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, 2021. 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:	
2021	\$ 7,689
2022	7,689
2023	7,384
2024	7,069
2025	5,941
Thereafter	7,480
Total	\$ 43,252

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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

Actuarial assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	2.87%
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. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 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, 2019**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

Single Discount rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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 2.87 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 (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City’s proportionate share of the net OPEB liability (asset)	\$207,335	\$150,152	\$106,647

OPEB plan fiduciary net position. Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 8

INTERFUND ACCOUNTS

Interfund receivables and payables as of December 31, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	Water utility	\$ 196,046

The general fund advanced cash to TIF district #3 to pay project costs. TIF district #3 will repay the general fund with future tax increments. No interest is charged on the advance and no repayment terms have been established. The following is a schedule of interfund advances at December 31, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	TIF District #3	\$ 17,529

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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Funds:		
General	Water utility-tax equivalent	\$ 201,318
General	Smith trust	53
Capital projects	General	334,163
	Total	\$ 535,534
Proprietary Funds:		
General	Water utility tax equivalent	\$ 196,046

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, 2020

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, 2020, restricted cash was as follows:

	<u>Restricted Cash</u>
Mortgage revenue bond funds	\$ 46,492
DNR replacement fund	<u>1,196,137</u>
Total	<u><u>\$ 1,242,629</u></u>

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$	3,188,904
Tax increment receivable		470,896
Special assessments not yet due		43,481
Garbage and recycling penalties		183
2020 tax equivalent from water utility		196,046
Total		\$ 3,899,510

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, 2020 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets:		
Land and construction work in progress	\$	2,802,621
Other capital assets, net of accumulated depreciation		12,045,027
Less: related long-term debt outstanding		(846,339)
Add: deferred amount on refunding		20,991
Add: unamortized debt discount		3,844
Total net investment in capital assets		14,026,144
Restricted for:		
TIF District #2		852,536
Debt service		100,889
Donor restricted		223,047
Perpetual care endowment:		
Expendable		3,209
Leisure and culture endowment:		
Nonexpendable		103,000
Library activities		49,664
Total restricted		1,332,345
Unrestricted		4,410,265
Total government activities net position	\$	19,768,754

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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, 2020 includes the following:

Major Funds:

General Fund:

Nonspendable:

Prepaid expenditures	\$ 43,851
Advance to other funds	17,529
Total nonspendable	<u>\$ 61,380</u>

Restricted for:

Harris Park donation	<u>\$ 223,047</u>
----------------------	-------------------

Assigned for:

Codification of ordinances	\$ 22,432
Law - outside services	250
Mayor	4,644
Clerk	20,437
Treasurer	14,205
General building and plant	17,206
Public notices	939
Property and liability insurance	72,317
Flex plan administration	2,047
Police department	284,891
Police training	4,160
Criminal justice scholarship	1,435
Fire department	156,280
Ambulance	5,725
Emergency warning system	10,858
Taxi cab	57,227
Public works director	4,239
Engineering	22,274
Machinery and equipment	2,721
Curb and gutter	69
Snow and ice	26,918
Tree and brush	2,218
Sidewalk	5,864
Storm sewer	1,006
Weed control	9,102
Cemetery	82,203
Cable TV educational programs	11,802
Website development	4,160
Parks	184,539
Historic preservation walking tour	1,277

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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

Assigned for (continued):	
Recreation	\$ 46,855
Swimming pool	9,145
Swimming pool concessions	910
Swim team	10,660
Housing authority	2,573
Economic development	25,634
Historic preservation	2,198
Harris park fund	11,414
Assessor outlay	10,762
Municipal building outlay	2,407
Ambulance outlay (building-equipment)	106,636
Police outlay	4,577
Fire outlay (equipment)	24,767
Fire outlay (building)	21,899
Storm sewer outlay	3,000
Wilson park outlay	28,718
Park improvement outlay	17,668
Wilson park donations	3,098
Forestry outlay (Iowa street trees)	1,834
Harris park outlay	200,538
Sick Leave:	
Clerk	13,982
Utility clerk	25,296
Deputy clerk	2,266
Finance/HR	6,792
EMS	2,287
Police	38,439
Public works	41,193
Streets	45,739
Total assigned	\$ 1,744,732
Capital Improvements Fund:	
Assigned for:	
Capital projects	\$ 2,126,441
Special Purpose Library:	
Restricted for:	
Library technology & equipment	\$ 1,300
Library - building project	4,480
Library - other	43,884
Total restricted	\$ 49,664
TIF District #2	
Restricted for:	
TIF expenditures	\$ 852,536

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

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

Non-major Funds:	
Campbell Trust:	
Nonspendable:	
Permanent	\$ 103,000
	<u> </u>
Smith Trust:	
Restricted for:	
Perpetual care	\$ 3,209
	<u> </u>
Debt Service:	
Restricted for:	
Debt service	\$ 112,353
	<u> </u>

The following nonmajor fund had a fund balance deficit at December 31, 2020:

TIF District #3	\$ 17,529
	<u> </u>

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	\$ 46,492
Restricted for DNR replacement	1,196,137
	<u> </u>
Total	\$ 1,242,629
	<u> </u>

NOTE 13 CONCENTRATION OF RISK

Approximately 10.3% 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, 2020

NOTE 15

TAX INCREMENTAL FINANCING DISTRICT

The City of Dodgeville, Wisconsin Tax Incremental Financing Districts (TID) were 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 number of years. 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	9/28/1998	9/28/2016	3/16/2021
District #3	7/21/2020	7/21/2035	7/21/2040

Following is the cumulative status of the TIDs as of December 31, 2020:

	<u>TID #2</u>	<u>TID #3</u>
Revenues		
Taxes	\$ 5,530,808	\$
Interest	47,331	
Intergovernmental-computer aid	148,448	
Intergovernmental-personal property aid	18,539	
Developer repayments	39,207	
Total revenues	<u>5,784,333</u>	
Expenditures		
Construction	3,338,620	
Administration	165,280	
Professional services	64,133	17,529
Interest and refunding costs	1,518,505	
Total expenditures	<u>5,086,538</u>	<u>17,529</u>
Amount to be recovered through future increments	<u>\$ (697,795)</u>	<u>\$ 17,529</u>
Cash	\$ (852,536)	\$
Advance from other funds		17,529
Long-term debt outstanding	154,741	
Amount to be recovered through future increments	<u>\$ (697,795)</u>	<u>\$ 17,529</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.

During 2020, the City adopted an affordable housing resolution for District #2. On March 16, 2021, the City adopted a resolution to terminate District #2.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 16

PURCHASE COMMITMENTS/SUBSEQUENT EVENTS

Prior to December 31, 2020, the City approved the following purchases:

- Truck box for \$20,412
- Truck box for \$39,013
- Assessor/revaluation for \$143,000

Subsequent to December 31, 2020, the City approved the following purchases:

- Water system study for \$19,000
- Police vehicle for \$37,217
- Street reconstruction for \$1,398,883
- Lift station pump for \$20,675

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. The full financial impact on the City is unknown.

NOTE 17

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021, and GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. When these become effective, application of these standards may restate portions of these financial statement.

NOTE 18

COMPONENT UNIT

A. Cash and Investments

At December 31, 2020, the cash and investments included the following:

Deposits with financial institutions	\$ 78,473
	<u> </u>

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 14,515
Cash and investments - restricted	<u>63,958</u>
Total	<u>\$ 78,473</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.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 18

COMPONENT UNIT (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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.

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, 2020, 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.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2020

NOTE 18

COMPONENT UNIT (CONTINUED)

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	\$	1,715
Restricted for WRRP		51,517
Restricted for CARES Act purchases		<u>10,726</u>
Total	\$	<u><u>63,958</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, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 1,796,067	\$ 1,796,067	\$ 1,814,281	\$ 18,214	\$ 18,214
Special assessments			797	797	797
Intergovernmental	951,567	951,567	1,555,150	603,583	603,583
Licenses and permits	98,025	98,025	108,336	10,311	10,311
Fines and forfeitures	19,500	19,500	26,360	6,860	6,860
Public charges for services	414,625	414,625	415,574	949	949
Intergovernmental charges for services	452,000	452,000	490,810	38,810	38,810
Interest income	22,500	22,500	45,914	23,414	23,414
Miscellaneous	29,100	29,100	71,699	42,599	42,599
Total revenues	<u>3,783,384</u>	<u>3,783,384</u>	<u>4,528,921</u>	<u>745,537</u>	<u>745,537</u>
EXPENDITURES					
Current:					
General government	623,069	623,069	742,328	(119,259)	(119,259)
Public safety	2,269,084	2,269,084	1,730,771	538,313	538,313
Public works	768,367	768,367	673,052	95,315	95,315
Sanitation	251,500	251,500	258,768	(7,268)	(7,268)
Leisure activities	592,696	586,196	317,958	274,738	268,238
Conservation & economic development	103,435	103,435	68,294	35,141	35,141
Health & social services	185,562	185,562	103,359	82,203	82,203
Capital outlay	566,746	566,746	359,974	206,772	206,772
Total expenditures	<u>5,360,459</u>	<u>5,353,959</u>	<u>4,254,504</u>	<u>1,105,955</u>	<u>1,099,455</u>
Excess (deficiency) of revenues over over expenditures	<u>(1,577,075)</u>	<u>(1,570,575)</u>	<u>274,417</u>	<u>1,851,492</u>	<u>1,844,992</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	205,000	205,000	201,371	(3,629)	(3,629)
Transfers out			(334,163)	(334,163)	(334,163)
Unrealized gain on investments	15,000	15,000	25,491	10,491	10,491
Sale of capital assets	8,000	8,000	37,142	29,142	29,142
Total other financing sources	<u>228,000</u>	<u>228,000</u>	<u>(70,159)</u>	<u>(298,159)</u>	<u>(298,159)</u>
Net change in fund balance	<u>(1,349,075)</u>	<u>(1,342,575)</u>	<u>204,258</u>	<u>1,553,333</u>	<u>1,546,833</u>
Fund balances-beginning	<u>2,683,637</u>	<u>2,683,637</u>	<u>2,683,637</u>		
Fund balances-ending	<u>\$ 1,334,562</u>	<u>\$ 1,341,062</u>	<u>\$ 2,887,895</u>	<u>\$ 1,553,333</u>	<u>\$ 1,546,833</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, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 289,014	\$ 289,014	\$ 289,014	\$	\$
Intergovernmental	108,868	108,868	108,815	(53)	(53)
Fines and forfeits	1,500	1,500	653	(847)	(847)
Public charges for services	3,000	3,000	1,818	(1,182)	(1,182)
Interest income	150	150	111	(39)	(39)
Miscellaneous	1,000	1,000	3,035	2,035	2,035
Total revenues	403,532	403,532	403,446	(86)	(86)
EXPENDITURES					
Current:					
Leisure activities	403,532	403,532	374,812	28,720	28,720
Capital outlay:					
Leisure activities	5,000	5,000	6,177	(1,177)	(1,177)
Total expenditures	408,532	408,532	380,989	27,543	27,543
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	22,457	27,457	27,457
Fund balances-beginning	27,207	27,207	27,207		
Fund balances-ending	\$ 22,207	\$ 22,207	\$ 49,664	\$ 27,457	\$ 27,457

Exhibit B-3
City of Dodgeville, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2020

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	Collective net pension liability (asset) as a percentage of the employer's covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	(0.01298842%)	\$ (418,805)	\$ 1,670,185	(25.08%)	(102.96%)
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
2020	\$ 159,774	\$ (159,774)	\$	\$ 1,861,552	8.58%
2019	138,952	(138,952)		1,670,185	8.32%
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, 2020

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	Collective net OPEB liability (asset) as a percentage of the employer's covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2019	0.03526200%	\$ 150,152	\$ 1,370,000	10.96%	37.58%
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
2020	\$ 668	\$ (668)	\$	\$ 1,350,000	0.05%
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, 2020

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, 2020:

Expenditures	Excess
General fund:	
General government	\$ 119,259
Sanitation	7,268
Special purpose library	
Capital outlay	1,177

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 4 preceding years.

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

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

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 8 preceding years.

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

Changes of assumptions. Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

Supplementary Information

Exhibit C-1
City of Dodgeville, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Permanent Funds				Total
	Smith Trust	Campbell Trust	TIF District #3	Debt Service	
ASSETS					
Cash and investments	\$ 3,209	\$ 103,000	\$	\$ 112,353	\$ 218,562
Taxes receivable				182,972	182,972
Total assets	\$ 3,209	\$ 103,000	\$	\$ 295,325	\$ 401,534
LIABILITIES					
Advance from other funds	\$	\$	\$ 17,529	\$	\$ 17,529
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue				182,972	182,972
FUND BALANCES					
Nonspendable		103,000			103,000
Restricted	3,209			112,353	115,562
Unassigned (deficit)			(17,529)		(17,529)
Total fund balances	3,209	103,000	(17,529)	112,353	201,033
Total liabilities, deferred inflows of resources and fund balances	\$ 3,209	\$ 103,000	\$	\$ 295,325	\$ 401,534

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, 2020

	Permanent Funds		TIF District #3	Debt Service	Total
	Smith Trust	Campbell Trust			
REVENUES					
Taxes	\$	\$	\$	\$ 198,167	\$ 198,167
Interest income	53	864		540	1,457
	<hr/>				
Total revenues	53	864		198,707	199,624
	<hr/>				
EXPENDITURES					
Current:					
Cemetery expenditures		864			864
Conservation & economic development			17,529		17,529
Debt service:					
Principal retirement				232,108	232,108
Interest and fiscal charges				29,627	29,627
	<hr/>				
Total expenditures		864	17,529	261,735	280,128
	<hr/>				
Excess (deficiency) of revenues over expenditures	53		(17,529)	(63,028)	(80,504)
	<hr/>				
OTHER FINANCING SOURCES (USES)					
Transfers out	(53)				(53)
	<hr/>				
Net change in fund balances			(17,529)	(63,028)	(80,557)
	<hr/>				
Fund balances-beginning	3,209	103,000		175,381	281,590
	<hr/>				
Fund balances-ending	\$ 3,209	\$ 103,000	\$ (17,529)	\$ 112,353	\$ 201,033
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