

# PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 13, 2023

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Bonds shall be designated as "qualified tax-exempt obligations".

**New Issue**

**Rating Application Made: S&P Global Ratings**

## CITY OF DODGEVILLE, WISCONSIN (Iowa County)

### \$1,170,000\* GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS, SERIES 2023C

**BID OPENING:** November 21, 2023, 10:30 A.M., C.T.      **CONSIDERATION:** November 21, 2023, 5:30 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,170,000\* General Obligation Community Development Bonds, Series 2023C (the "Bonds") are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City of Dodgeville, Wisconsin (the "City"), for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes, by paying the costs of projects listed in the project plans for the City's Tax Incremental Districts. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** December 13, 2023

**MATURITY:** March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$100,000	2031	\$105,000	2035	\$110,000
2028	105,000	2032	105,000	2036	110,000
2029	105,000	2033	105,000	2037	110,000
2030	105,000	2034	110,000		

**\*MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** March 1, 2024 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on March 1, 2032 and thereafter are subject to call for prior optional redemption on March 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

**MINIMUM BID:** \$1,155,375.

**MAXIMUM BID:** \$1,263,600.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$23,400 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation.

**BOND COUNSEL AND**

**DISCLOSURE COUNSEL:** Quarles & Brady LLP.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. *This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles and Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **CITY OF DODGEVILLE COMMON COUNCIL**

		<u>Term Expires</u>
Todd D. Novak	Mayor	April 2024
Dan Meuer	Council President	April 2025
Tom DeVoss	Aldersperson	April 2025
Jerry Johnson	Aldersperson	April 2024
Julie Johnson-Solberg	Aldersperson	April 2025
Roxanne Reynolds-Lair	Aldersperson	April 2024
Shaun Sersch	Aldersperson	April 2025
Larry Tremelling	Aldersperson	April 2024
Jeff Weber	Aldersperson	April 2024

## **ADMINISTRATION**

Grace Gervasi, Finance/Human Resources Specialist

Lauree Aulik, City Clerk/Treasurer

## **PROFESSIONAL SERVICES**

Eric Hagen, Boardman & Clark, LLP, City Attorney, Fennimore, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other office located in Roseville, Minnesota)*

# INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Dodgeville, Wisconsin (the "City") and the issuance of its \$1,170,000\* General Obligation Community Development Bonds, Series 2023C (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on November 21, 2023.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 13, 2023. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2024, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2032 shall be subject to optional redemption prior to maturity on March 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

\*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City, for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes, by paying the costs of projects listed in the project plans for the City’s Tax Incremental Districts.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	\$1,170,000	
Estimated Interest Earnings	<u>9,408</u>	
<b>Total Sources</b>		<b>\$1,179,408</b>
<b>Uses</b>		
Estimated Underwriter's Discount	\$14,625	
Costs of Issuance	59,300	
Deposit to Capitalized Interest Fund	158,925	
Deposit to Project Construction Fund	940,845	
Project Contingency	5,000	
Rounding Amount	<u>713</u>	
<b>Total Uses</b>		<b>\$1,179,408</b>

\*Preliminary, subject to change.

**SECURITY**

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

## **RATING**

General obligation debt of the City is currently rated "AA-" by S&P Global Ratings ("S&P").

The City has requested an underlying rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Bonds, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City did not timely file the audited financial statements for the fiscal years ended December 31, 2017 and December 31, 2018. A notice of financial obligation for debt incurred in November of 2022 was not filed timely. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL MATTERS**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

## **TAX EXEMPTION**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.



## **ORIGINAL ISSUE DISCOUNT**

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the

compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2022 have been audited by Johnson Block & Company, Inc., Mineral Point, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should read this Official Statement, including the appendices, in its entirety.

**Taxes:** The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

**Impact of the Spread of COVID-19:** The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the City and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the City, including the duration of the outbreak and future measures taken to address the outbreak.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$76,589. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half received in 2022. The City's allocation was \$491,419.

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

## CURRENT PROPERTY VALUATIONS

2023 Equalized Value	\$519,200,700
2023 Equalized Value Reduced by Tax Increment Valuation	\$513,436,800
2023 Assessed Value	\$490,689,600

## 2023 EQUALIZED VALUE BY CLASSIFICATION

	<b>2023 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$355,804,900	68.529%
Commercial	149,231,800	28.743%
Manufacturing	3,899,200	0.751%
Agricultural	178,400	0.034%
Undeveloped	21,200	0.004%
Ag Forest	88,200	0.017%
Personal Property	<u>9,977,000</u>	<u>1.922%</u>
Total	<u><u>\$519,200,700</u></u>	<u><u>100.000%</u></u>

## TREND OF VALUATIONS

<b>Year</b>	<b>Assessed Value</b>	<b>Equalized Value<sup>1</sup></b>	<b>Percent Increase/Decrease in Equalized Value</b>
2019	\$357,777,200	\$401,417,400	3.93%
2020	358,916,200	427,892,300	6.60%
2021	360,122,500	440,173,600	2.87%
2022	482,039,500	511,136,200	16.12%
2023	490,689,600	519,200,700	1.58%

**Source:** Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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<sup>1</sup> Includes tax increment valuation.

## LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2022 Equalized Value <sup>1</sup>	Percent of City's Total Equalized Value
Lands End Inc	Retail / Corporate Headquarters	\$39,201,123	7.67%
Walmart	Retail	8,238,525	1.61%
Keenan Properties LLC	Rental Property	5,298,688	1.04%
Crestridge Assisted Living	Assisted Living	3,394,487	0.66%
KT Real Estate Holdings LLC	Real Estate	3,166,420	0.62%
James Thomas LLC	Assisted Living	2,948,960	0.58%
C and C Real Estate LLC	Real Estate	2,842,883	0.56%
CF WAG MH LLC	Retail	2,758,020	0.54%
Memorial Hospital of Iowa County	Hospital	2,651,943	0.52%
Mission Village of Dodgeville LLC	Affordable Housing	2,115,826	0.41%
Total		\$72,616,875	14.21%
City's Total 2022 Equalized Value <sup>2</sup>		\$511,136,200	

**Source:** The City.

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<sup>1</sup> Calculated by dividing the 2022 Assessed Values by the 2022 Aggregate Ratio of assessment for the City. Information for 2023 is not yet available.

<sup>2</sup> Includes tax increment valuation.

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u><u>\$6,794,603</u></u>
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#### Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u><u>\$2,328,656</u></u>
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Total revenue debt secured by water revenues	<u><u>\$2,208,649</u></u>
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### DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

### FUTURE FINANCING

The City has no current plans for additional financing in the next 12 months.

### DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$519,200,700
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$25,960,035
Less: General Obligation Debt*	<u><u>(6,794,603)</u></u>
Unused Debt Limit*	<u><u>\$19,165,432</u></u>

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.



City of Dodgeville, Wisconsin  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 12/13/2023)

	Refunding Bonds Series 2010		Taxable Refunding Bonds Series 2012A		Bank Note		Bank Note		Community Development Bonds Series 2021A		Taxable Refunding Bonds Series 2022A	
Dated	07/01/2010		04/26/2012		09/30/2016		06/30/2017		12/16/2021		03/17/2022	
Amount	\$3,885,000		\$975,000		\$250,000		\$500,000		\$1,880,000		\$770,000	
Maturity	03/01		03/01		09/30 Final Maturity 9/29		06/29		03/01		03/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	75,000	1,500	95,000	1,639	26,142	1,422	51,665	4,676	25,000	36,000	25,000	20,831
2025					26,610	954	52,802	3,539	25,000	35,800	25,000	20,144
2026					26,682	478	53,963	2,378	75,000	35,400	25,000	19,456
2027							54,115	1,191	100,000	34,100	25,000	18,769
2028									100,000	32,100	25,000	18,081
2029									100,000	30,100	25,000	17,394
2030									110,000	28,000	25,000	16,706
2031									120,000	25,700	25,000	16,019
2032									125,000	23,250	25,000	15,331
2033									130,000	20,700	25,000	14,644
2034									110,000	18,300	50,000	13,613
2035									120,000	16,000	50,000	12,238
2036									125,000	13,550	50,000	10,863
2037									125,000	11,050	55,000	9,419
2038									115,000	8,650	75,000	7,631
2039									125,000	6,250	75,000	5,569
2040									130,000	3,700	80,000	3,438
2041									120,000	1,200	85,000	1,169
	75,000	1,500	95,000	1,639	79,434	2,853	212,545	11,784	1,880,000	379,850	770,000	241,313

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City of Dodgeville, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 12/13/2023)

Dated Amount	Bank Note		Bank Note		Bank Note		Community Development Bonds Series 2023C		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	11/30/2022 \$600,000		04/20/2023 \$1,139,544		04/20/2023 \$822,354		12/13/2023 \$1,170,000*							
Maturity	11/30 Final Maturity 11/29		04/20 Final Maturity 04/19		04/20 Final Maturity 4/19		03/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest						
2024	51,333	23,796	0	42,750	69,254	30,851	0	41,925	418,394	205,389	623,783	6,376,209	6.16%	2024
2025	53,610	21,519	108,838	42,633	71,929	28,175	0	58,500	363,789	211,265	575,053	6,012,420	11.51%	2025
2026	55,920	19,209	112,910	38,561	74,620	25,484	0	58,500	424,095	199,466	623,561	5,588,325	17.75%	2026
2027	58,330	16,799	117,134	34,337	77,412	22,693	100,000	56,000	531,991	183,888	715,879	5,056,334	25.58%	2027
2028	60,804	14,325	121,434	30,037	80,253	19,851	105,000	50,875	492,492	165,269	657,761	4,563,843	32.83%	2028
2029	63,463	11,666	126,060	25,412	83,310	16,794	105,000	45,625	502,833	146,990	649,823	4,061,010	40.23%	2029
2030	66,198	8,931	130,776	20,695	86,427	13,677	105,000	40,375	523,401	128,385	651,786	3,537,609	47.94%	2030
2031	69,050	6,079	135,669	15,803	89,660	10,444	105,000	35,125	544,379	109,169	653,548	2,993,230	55.95%	2031
2032	72,017	3,103	140,715	10,756	92,995	7,109	105,000	29,875	560,727	89,425	650,151	2,432,503	64.20%	2032
2033			146,009	5,448	96,494	3,610	105,000	24,625	502,503	69,026	571,529	1,930,000	71.60%	2033
2034							110,000	19,250	270,000	51,163	321,163	1,660,000	75.57%	2034
2035							110,000	13,750	280,000	41,988	321,988	1,380,000	79.69%	2035
2036							110,000	8,250	285,000	32,663	317,663	1,095,000	83.88%	2036
2037							110,000	2,750	290,000	23,219	313,219	805,000	88.15%	2037
2038									190,000	16,281	206,281	615,000	90.95%	2038
2039									200,000	11,819	211,819	415,000	93.89%	2039
2040									210,000	7,138	217,138	205,000	96.98%	2040
2041									205,000	2,369	207,369	0	100.00%	2041
	550,725	125,427	1,139,544	266,432	822,354	178,687	1,170,000	485,425	6,794,603	1,694,909	8,489,512			

\* Preliminary, subject to change.

City of Dodgeville, Wisconsin  
 Schedule of Bonded Indebtedness  
 Revenue Debt Secured by Sewerage Revenues  
 (As of 12/13/2023)

Sewerage System Revenue Bonds  
 (CWFL)  
 Series 2016

Dated	12/28/2016
Amount	\$3,268,378
Maturity	05/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	159,015	44,083	159,015	44,083	203,098	2,169,641	6.83%	2024
2025	162,132	40,936	162,132	40,936	203,068	2,007,509	13.79%	2025
2026	165,310	37,727	165,310	37,727	203,037	1,842,200	20.89%	2026
2027	168,550	34,455	168,550	34,455	203,005	1,673,650	28.13%	2027
2028	171,853	31,119	171,853	31,119	202,973	1,501,797	35.51%	2028
2029	175,221	27,718	175,221	27,718	202,940	1,326,575	43.03%	2029
2030	178,656	24,250	178,656	24,250	202,906	1,147,919	50.70%	2030
2031	182,157	20,714	182,157	20,714	202,872	965,762	58.53%	2031
2032	185,728	17,109	185,728	17,109	202,837	780,034	66.50%	2032
2033	189,368	13,433	189,368	13,433	202,801	590,666	74.63%	2033
2034	193,080	9,685	193,080	9,685	202,765	397,587	82.93%	2034
2035	196,864	5,863	196,864	5,863	202,727	200,723	91.38%	2035
2036	200,723	1,967	200,723	1,967	202,690	0	100.00%	2036
	2,328,656	309,060	2,328,656	309,060	2,637,716			

**City of Dodgeville, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Water Revenues  
(As of 12/13/2023)**

**Water System Revenue Bonds  
(SDW) 1  
Series 2023**

<b>Dated Amount</b>	09/27/2023 \$2,208,649							
<b>Maturity</b>	05/01							
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
<b>2024</b>	0	51,850	0	51,850	51,850	2,208,649	.00%	<b>2024</b>
<b>2025</b>	95,387	46,353	95,387	46,353	141,739	2,113,262	4.32%	<b>2025</b>
<b>2026</b>	97,433	44,285	97,433	44,285	141,717	2,015,829	8.73%	<b>2026</b>
<b>2027</b>	99,523	42,172	99,523	42,172	141,695	1,916,306	13.24%	<b>2027</b>
<b>2028</b>	101,658	40,014	101,658	40,014	141,672	1,814,649	17.84%	<b>2028</b>
<b>2029</b>	103,838	37,811	103,838	37,811	141,649	1,710,810	22.54%	<b>2029</b>
<b>2030</b>	106,066	35,559	106,066	35,559	141,625	1,604,745	27.34%	<b>2030</b>
<b>2031</b>	108,341	33,260	108,341	33,260	141,600	1,496,404	32.25%	<b>2031</b>
<b>2032</b>	110,665	30,911	110,665	30,911	141,576	1,385,740	37.26%	<b>2032</b>
<b>2033</b>	113,038	28,512	113,038	28,512	141,550	1,272,701	42.38%	<b>2033</b>
<b>2034</b>	115,463	26,061	115,463	26,061	141,524	1,157,238	47.60%	<b>2034</b>
<b>2035</b>	117,940	23,558	117,940	23,558	141,498	1,039,299	52.94%	<b>2035</b>
<b>2036</b>	120,469	21,001	120,469	21,001	141,470	918,829	58.40%	<b>2036</b>
<b>2037</b>	123,054	18,389	123,054	18,389	141,443	795,775	63.97%	<b>2037</b>
<b>2038</b>	125,693	15,721	125,693	15,721	141,414	670,082	69.66%	<b>2038</b>
<b>2039</b>	128,389	12,996	128,389	12,996	141,385	541,693	75.47%	<b>2039</b>
<b>2040</b>	131,143	10,213	131,143	10,213	141,356	410,550	81.41%	<b>2040</b>
<b>2041</b>	133,956	7,370	133,956	7,370	141,326	276,594	87.48%	<b>2041</b>
<b>2042</b>	136,830	4,465	136,830	4,465	141,295	139,764	93.67%	<b>2042</b>
<b>2043</b>	139,764	1,499	139,764	1,499	141,263	0	100.00%	<b>2043</b>
	2,208,649	531,999	2,208,649	531,999	2,740,648			

1) Pursuant to the Wisconsin Capital Finance Office, Project No. 4759-09, the amount of disbursements as of November 1, 2023, is \$92,250.

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2023 Equalized Value<sup>2</sup></b>	<b>% In City</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>City's Proportionate Share</b>
Iowa County	\$3,221,832,100	16.1151%	\$28,069,697	\$4,523,460
Dodgeville School District	1,112,441,211	46.6722%	24,425,000	11,399,685
Southwest Technical College District	13,117,644,361	3.9580%	19,960,000	<u>790,017</u>
City's Share of Total Overlapping Debt				<u><u>\$16,713,161</u></u>

**DEBT RATIOS**

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$519,200,700</b>	<b>Debt/ Per Capita 5,046<sup>4</sup></b>
Total General Obligation Debt*	\$6,794,603	1.31%	\$1,346.53
City's Share of Total Overlapping Debt	<u>16,713,161</u>	<u>3.22%</u>	<u>\$3,312.16</u>
Total*	\$23,507,764	4.53%	\$4,658.69

\*Preliminary, subject to change.

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<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup> Includes tax increment valuation.

<sup>3</sup> Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

<sup>4</sup> Estimated 2023 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2018/19	\$3,009,567	100%	\$8.16
2019/20	3,242,448	100%	8.46
2020/21	3,188,904	100%	7.80
2021/22	3,373,977	100%	7.67
2022/23	3,483,830	100%	6.83

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

## PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Total</b>
2018/19	\$12.14	\$5.93	\$8.16	\$26.23
2019/20	11.32	6.14	8.46	25.92
2020/21	10.65	6.14	7.80	24.59
2021/22	10.55	6.14	7.67	24.36
2022/23	9.10	5.85	6.83	21.78

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

## LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent

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<sup>1</sup> The Schools tax rate reflects the composite rate of all local school districts and technical college district.

increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

## **REVENUE FROM THE STATE**

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$296,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$156,000 received in 2023. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.



# THE ISSUER

## CITY GOVERNMENT

The City was incorporated in May, 1858 and is governed by a Mayor and an eight-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to staggered two-year terms. The appointed City Clerk-Treasurer and Finance/Human Resources Specialist are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 34 full-time, 18 part-time, and 43 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the fiscal year ended December 31, 2021 ("Fiscal Year 2021") and the fiscal year ended December 31, 2022 ("Fiscal Year 2022"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$159,774, \$173,435 and \$186,835, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2021, the total pension liability of the WRS was calculated as \$133.79 billion and the fiduciary net position of the WRS was calculated as \$141.85 billion, resulting in a net pension asset of \$8.06 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2022, the City reported an asset of \$1,125,420 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2021 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.01396271% of the aggregate WRS net pension asset as of December 31, 2021.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 7 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

**Recognized and Certified Bargaining Units**

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Teamsters-Dodgeville Police Department	December 31, 2024

**OTHER POST EMPLOYMENT BENEFITS**

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to former employees and their dependents through a single employer defined benefit plan. Membership of the plan consisted of three retirees receiving benefits and 35 active eligible plan members as of December 31, 2021, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Key Benefit Concepts LLC in June 2023 with an actuarial valuation date of December 31, 2021.

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

For Fiscal Year 2021, benefit payments for the plan totaled \$3,761. The City's current funding practice is to pay the cost of yearly benefits on a pay-as-you-go basis.

As of December 31, 2021, the total OPEB liability of the plan was \$189,587 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$189,587.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding actuarial assumptions, see Note 9 in "Appendix A - Financial Statements." The OPEB Actuarial Report is available from the City upon request.

The City also participates in the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2022, the City of Dodgeville's portion of contributions to the LRLIF totaled \$691. For Fiscal Year 2022, the City reported a liability of \$199,694 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2021 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City of Dodgeville's proportion was 0.03378700% of the aggregate LRLIF net OPEB liability as of December 31, 2021.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note 8 "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

## **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would

involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

**FUNDS ON HAND** (as of October 25, 2023)

<b>Fund</b>	<b>Total Cash and Investments</b>
General (Pooled Checking with Water/Sewer/General)	\$3,231,179
Ambulance Checking (Part of General Fund)	1,500,405
Capital Projects - Mound City	1,073,337
LGIP	270,077
IntraFi Investments (CDARS)	1,534,270
Ehlers Investments	370,911
WWTP Replacement Fund (LGIP)	232,106
American Rescue Plan Funds	<u>259,198</u>
 Total Funds on Hand	 <u><u>\$8,471,482</u></u>

**ENTERPRISE FUNDS**

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	<b>2020 Audited</b>	<b>2021 Audited</b>	<b>2022 Audited</b>
<b>Water</b>			
Total Operating Revenues	\$1,053,385	\$1,091,814	\$1,100,213
Less: Operating Expenses	<u>(713,344)</u>	<u>(819,284)</u>	<u>(835,794)</u>
Operating Income	\$340,041	\$272,530	\$264,419
Plus: Depreciation	234,757	245,353	263,164
Interest Income	<u>1,031</u>	<u>128</u>	<u>2,403</u>
Revenues Available for Debt Service	<u><u>\$575,829</u></u>	<u><u>\$518,011</u></u>	<u><u>\$529,986</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$1,223,559	\$1,295,499	\$1,295,662
Less: Operating Expenses	<u>(745,039)</u>	<u>(825,911)</u>	<u>(877,192)</u>
Operating Income	\$478,520	\$469,588	\$418,470
Plus: Depreciation	294,957	302,245	309,895
Interest Income	<u>4,851</u>	<u>1,107</u>	<u>7,840</u>
Revenues Available for Debt Service	<u><u>\$778,328</u></u>	<u><u>\$772,940</u></u>	<u><u>\$736,205</u></u>

## SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31						
COMBINED STATEMENT	2019	2020	2021	2022	2023	2024
	Audited	Audited	Audited	Audited	Adopted Budget 1)	Proposed Budget 2)
<b>Revenues</b>						
Taxes & Special assessments	\$1,716,137	\$1,815,078	\$2,022,540	\$2,153,273	\$2,512,305	\$2,333,288
Intergovernmental	852,542	1,555,150	951,820	1,400,467	945,531	1,236,192
Licenses and permits	99,617	108,336	132,362	104,045	92,571	131,396
Fines and forfeitures	18,313	26,360	22,820	359,071	20,500	20,500
Public charges for services	399,194	415,574	428,125	506,707	454,399	497,939
Intergovernmental charges for services	314,056	490,810	584,028	568,128	509,000	555,440
Interest	102,537	45,914	9,628	59,289	21,000	170,000
Miscellaneous	38,040	71,699	90,966	62,527	703,592	329,500
<b>Total Revenues</b>	<u>\$3,540,436</u>	<u>\$4,528,921</u>	<u>\$4,242,289</u>	<u>\$5,213,507</u>	<u>\$5,258,898</u>	<u>\$5,274,255</u>
<b>Expenditures</b>						
Current:						
General government	\$707,941	\$742,328	\$706,035	\$651,446	\$1,085,298	\$708,453
Public safety	1,569,877	1,730,771	1,933,248	2,033,702	2,475,688	2,820,864
Public works	624,972	673,052	642,917	710,000	738,750	736,150
Sanitation	239,668	258,768	254,107	254,800	271,300	274,750
Leisure activities	345,807	317,958	350,311	358,211	434,140	428,400
Conservation & economic development	193,968	68,294	174,224	359,004	78,150	126,388
Health & social services	92,213	103,359	92,659	97,994	104,700	110,250
Capital outlay	0	0	0	0	0	69,000
General government	3,002	15,593	46,158	1,553	21,900	269,344
Public safety	336,653	133,028	71,788	313,759	30,472	0
Public works	71,602	22,921	7,037	0	60,000	0
Leisure activities	2,686	43,779	2,716	12,477	9,000	0
Conservation & economic development	225,220	88,877	0	0	0	0
Health & social services	0	55,776	0	0	0	0
<b>Total Expenditures</b>	<u>\$4,413,609</u>	<u>\$4,254,504</u>	<u>\$4,281,200</u>	<u>\$4,792,946</u>	<u>\$5,309,398</u>	<u>\$5,543,599</u>
<b>Excess of revenues over (under) expenditures</b>	(\$873,173)	\$274,417	(\$38,911)	\$420,561	(\$50,500)	(\$269,344)
<b>Other Financing Sources (Uses)</b>						
Transfers in	493,012	201,371	409,166	202,532		
Transfers (out)	0	(334,163)	(576,766)	(468,528)		
Unrealized gain (loss) on investments	27,883	25,491	(1,608)	6,486		
Sale of capital asset	34,847	37,142	299,976	46,761		
<b>Total Other Financing Sources (Uses)</b>	<u>555,742</u>	<u>(70,159)</u>	<u>130,768</u>	<u>(212,749)</u>		
<b>Net changes in Fund Balances</b>	(\$317,431)	\$204,258	\$91,857	\$207,812		
General Fund Balance January 1	\$3,001,068	\$2,683,637	\$2,887,895	\$2,979,752		
General Fund Balance December 31	\$2,683,637	\$2,887,895	\$2,979,752	\$3,187,564		
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>						
Nonspendable	\$39,528	\$61,380	\$48,839	\$55,696		
Restricted	221,951	223,047	223,176	374,475		
Assigned	1,509,699	1,744,732	2,010,123	922,436		
Unassigned (deficit)	912,459	858,736	697,614	1,834,957		
<b>Total</b>	<u>\$2,683,637</u>	<u>\$2,887,895</u>	<u>\$2,979,752</u>	<u>\$3,187,564</u>		

1) The 2023 budget was adopted on November 22, 2022.

2) The 2024 budget will be adopted on November 21, 2023.

## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 4,984 and a current estimated population of 5,046 comprises an area of 2,515 acres and is located approximately 40 miles west of Madison, Wisconsin.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Land's End	Clothing distributor	4,000
Upland Hill's Health, Inc.	Hospital and nursing home	249
Iowa County	County government and services	186
Dodgeville School District	Elementary and secondary education	164
Walmart	Retail	119
Piggly Wiggly	Grocery store	100
The City	Municipal government and services	95
Walnut Hollow Farm	Manufacturer unfinished wood products	60
UPS	Delivery/mailing services	60
Mc Donald's	Fast food establishment	50

**Source:** Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

## BUILDING PERMITS

	2019	2020	2021	2022	2023 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	4	7	0	4	4
Valuation	\$918,000	\$2,254,000	\$0	\$1,056,000	\$1,558,400
<u>New Multiple Family Buildings</u>					
No. of building permits	2	6	3	3	0
Valuation	\$500,000	\$1,450,000	\$4,350,000	\$900,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	2	4	3	1
Valuation	\$111,807	\$27,136,029	\$2,722,000	\$430,000	\$44,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	140	155	166	157	178
Valuation	\$14,283,651	\$33,000,619	\$10,753,584	\$5,587,502	\$8,976,338

**Source:** The City.

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<sup>1</sup> As of October 25, 2023.



## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census Population	4,693
2020 U.S. Census Population	4,984
Percent of Change 2010 - 2020	6.20%
2023 Estimated Population	5,046

### Income and Age Statistics

	The City	Iowa County	State of Wisconsin	United States
2021 per capita income	\$33,260	\$36,329	\$36,754	\$37,638
2021 median household income	\$64,844	\$73,716	\$67,080	\$69,021
2021 median family income	\$100,313	\$94,187	\$85,623	\$85,028
2021 median gross rent	\$876	\$828	\$916	\$1,163
2021 median value owner occupied units	\$184,500	\$203,400	\$200,400	\$244,900
2021 median age	39.9 yrs.	43.1 yrs.	39.6 yrs.	38.4 yrs.
		State of Wisconsin	United States	
City % of 2021 per capita income		90.49%	88.37%	
City % of 2021 median family income		117.16%	117.98%	

### Housing Statistics

	<u>The City</u>		
	2020	2021	Percent of Change
All Housing Units	2,238	2,351	5.05%

**Source:** 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center ([https://doa.wi.gov/Pages/LocalGovtsGrants/Population\\_Estimates.aspx](https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx)) and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Iowa County	Iowa County	Iowa County	State of Wisconsin
2019	13,324	2.7%	3.2%	
2020	12,683	6.2%	6.4%	
2021	13,116	3.4%	3.8%	
2022	13,211	2.6%	2.9%	
2023, September <sup>1</sup>	13,311	2.7%	3.2%	

**Source:** Wisconsin Department of Workforce Development.

<sup>1</sup> Preliminary.

**FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



**CITY OF DODGEVILLE, WISCONSIN**

**FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the year ended December 31, 2022

Johnson Block & Company, Inc.  
Certified Public Accountants  
2500 Business Park Road  
Mineral Point, Wisconsin 53565  
(608) 987-2206

CITY OF DODGEVILLE, WISCONSIN  
December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Dodgeville, Wisconsin

### Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with general accepted auditing standards we:

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

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

## **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, effective January 1, 2022, the City adopted the provisions of GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

## **Required Supplementary Information**

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

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

## **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 Information**

### *Prior Year Summarized Comparative Information*

The prior year summarized information has been derived from the City's 2021 financial statements, and, in our report dated May 31, 2022, 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.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
August 21, 2023

## BASIC FINANCIAL STATEMENTS



Exhibit A-1  
City of Dodgeville, Wisconsin  
Statement of Net Position  
December 31, 2022  
(With Summarized Financial Information as of December 31, 2021)

	Primary Government				Component Unit	
	Governmental Activities	Business-type Activities	Totals		2022	2021
			2022	2021		
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 6,906,038	\$ 456,316	\$ 7,362,354	\$ 8,092,864	\$ 28,231	\$ 18,081
Cash and investments - restricted	364,169	1,356,812	1,720,981	2,364,655	54,279	60,022
Receivables:						
Taxes	2,015,190		2,015,190	1,943,889		
Customer	22,701	191,156	213,857	207,801		
Accounts receivable	160,287	3,798	164,085	69,542		
Ambulance receivable, less allowance for uncollectible accounts of \$5,366	87,183		87,183	49,582		
Leases	8,097	1,053	9,150			
Internal balances	697,098	(697,098)				
Prepaid insurance	55,696		55,696	48,839		
Unbilled revenue		99,198	99,198	94,621		
Materials and supplies		24,680	24,680	25,963		
Total current assets	10,316,459	1,435,915	11,752,374	12,897,756	82,510	78,103
Noncurrent assets:						
Other assets:						
Special assessments	21,566	371,206	392,772	392,772		
Lease receivable	60,653	1,085	61,738			
Net pension asset	969,887	155,533	1,125,420	838,563		
Total other assets	1,052,106	527,824	1,579,930	1,231,335		
Capital assets:						
Property, plant and equipment	33,171,862	32,874,990	66,046,852	62,720,291		
Less: accumulated depreciation	(16,467,503)	(8,238,052)	(24,705,555)	(23,691,824)		
Right to use leased assets, net of accumulated amortization	43,627		43,627			
Net book value of capital assets	16,747,986	24,636,938	41,384,924	39,028,467		
Total noncurrent assets	17,800,092	25,164,762	42,964,854	40,259,802		
Total assets	28,116,551	26,600,677	54,717,228	53,157,558	82,510	78,103
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized major repair				88,029		
Pension outflows	1,913,800	306,901	2,220,701	1,413,900		
OPEB - group life insurance plan outflows	69,730		69,730	85,089		
Deferred amount on refunding	8,995	1,473	10,468	17,448		
Total deferred outflows of resources	1,992,525	308,374	2,300,899	1,604,466		
Total assets and deferred outflows of resources	\$ 30,109,076	\$ 26,909,051	\$ 57,018,127	\$ 54,762,024	\$ 82,510	\$ 78,103

Exhibit A-1 (Continued)  
City of Dodgeville, Wisconsin  
Statement of Net Position  
December 31, 2022  
(With Summarized Financial Information as of December 31, 2021)

	Primary Government				Component Unit	
	Governmental Activities	Business-type Activities	Totals		2022	2021
			2022	2021		
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 239,089	\$ 28,247	\$ 267,336	\$ 306,405	\$ 3,338	\$ 5,470
Accrued payroll	70,303		70,303	39,201		
Accrued interest	34,160	8,734	42,894	20,319		
Deposits	2,300		2,300	2,000		
Unearned revenue	377,085		377,085	219,692		
Current portion of:						
General obligation bonds and notes	275,884	24,609	300,493	244,674		
Mortgage revenue bonds		155,958	155,958	152,960		
Lease liability	31,106		31,106	29,746		
Compensated absences	65,162		65,162	41,183		
Total current liabilities	1,095,089	217,548	1,312,637	1,056,180	3,338	5,470
Noncurrent liabilities:						
General obligation bonds and notes	3,917,718	46,322	3,964,040	3,538,524		
Less: unamortized debt discount	(1,648)	(644)	(2,292)	(3,819)		
Lease liability	47,265		47,265	77,011		
Mortgage revenue bonds		2,484,614	2,484,614	2,637,574		
Compensated absences	243,341	31,655	274,996	297,574		
OPEB - group life insurance plan	199,694		199,694	189,043		
OPEB - health insurance plan	189,587		189,587			
Less: current portion of long-term debt	(372,152)	(180,567)	(552,719)	(468,563)		
Total noncurrent liabilities	4,223,805	2,381,380	6,605,185	6,267,344		
Total liabilities	5,318,894	2,598,928	7,917,822	7,323,524	3,338	5,470
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension inflows	2,283,360	366,164	2,649,524	1,837,725		
OPEB - group life insurance plan inflows	25,115		25,115	26,039		
Lease inflows	69,707	2,170	71,877			
Deferred revenue	3,508,391		3,508,391	3,375,405		
Total deferred inflows of resources	5,886,573	368,334	6,254,907	5,239,169		
<b>NET POSITION</b>						
Net investment in capital assets	12,978,646	22,108,119	35,086,765	33,983,547		
Restricted for:						
Net pension asset	969,887	155,533	1,125,420	838,563		
Debt service	144,337		144,337	210,961		
Donor restricted	232,116		232,116	223,176		
Perpetual care endowment	3,209		3,209	3,209		
Leisure and culture endowment	103,000		103,000	103,000		
Library activities	48,034		48,034	68,136		
Affordable housing	320,866		320,866	320,866		
Environmental projects	142,359		142,359			
Mortgage revenue bonds		46,492	46,492	46,492		
DNR replacement		1,257,882	1,257,882	1,257,882		
Housing assistance payments - component unit					2,684	4,578
WRRP - component unit					51,595	51,551
CARES Act - component unit						3,893
Unrestricted	3,961,155	373,763	4,334,918	5,143,499	24,893	12,611
Total net position	18,903,609	23,941,789	42,845,398	42,199,331	79,172	72,633
Total liabilities, deferred inflows of resources, and net position	\$ 30,109,076	\$ 26,909,051	\$ 57,018,127	\$ 54,762,024	\$ 82,510	\$ 78,103

Exhibit A-2  
City of Dodgeville, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2022  
(With Summarized Financial Information for the Year Ended December 31, 2021)

FUNCTIONS/PROGRAMS	Net (Expenses), Revenues and Changes in Net Position											
	Program Revenues					Net (Expenses), Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Totals	2021	2022	Component Unit	
Primary government:												
Governmental activities:												
General government	\$ 765,995	\$ 82,889	\$ 250,600	\$	\$ (432,506)	\$	\$ (432,506)	\$ (1,132,825)	\$	\$	\$	
Public safety	2,257,351	680,585	84,712		(1,492,054)		(1,492,054)	(1,371,250)				
Public works	1,421,595	4,546	806,394		(610,655)		(610,655)	(1,398,509)				
Sanitation	254,627	258,016	15,136		18,525		18,525	14,344				
Health and social services	113,095	28,950			(84,145)		(84,145)	(70,294)				
Leisure activities	925,658	155,195	119,273	705	(650,485)		(650,485)	(581,192)				
Conservation & economic development	1,105,207	101,527			(1,003,680)		(1,003,680)	(568,896)				
Interest and fiscal charges	120,797				(120,797)		(120,797)	(119,012)				
Total governmental activities	6,964,325	1,311,708	1,276,115	705	(4,375,797)		(4,375,797)	(5,227,634)				
Business-type activities:												
Water	838,711	1,100,213		144,164		405,666	405,666	745,523				
Sewer	927,385	1,295,662		137,446		505,723	505,723	640,421				
Total business-type activities	1,766,096	2,395,875		281,610		911,389	911,389	1,385,944				
Total primary government	\$ 8,730,421	\$ 3,707,583	\$ 1,276,115	\$ 282,315	(4,375,797)	911,389	(3,464,408)	(3,841,690)				
Component unit:												
Housing Authority	\$ 313,836	\$	\$ 320,326	\$					6,490		(3,978)	
General revenues:												
Property taxes												
General purposes						2,044,546		1,906,763				
Capital projects						794,583		794,583				
Tax increments						1,401		470,896				
Debt service						201,228		182,972				
Library						333,620		304,586				
Other taxes						12,651		11,658				
Federal and state aid not restricted for specific purposes						681,303		634,259				
Interest and investment earnings						77,845	10,243	15,407		49	34	
Unrealized gain on investments						6,486	1,678	(2,024)				
Gain (loss) on sale of fixed assets						(61,153)		(123,564)				
Debt premium								49,858				
Miscellaneous						6,044		3,013				
Transfers						189,626	(189,626)					
Total general revenues						4,288,180	(177,705)	4,110,475	4,248,407	49	34	
Changes in net position						(87,617)	733,684	646,067	406,717	6,539	(3,944)	
Net position - beginning						18,991,226	23,208,105	42,199,331	41,792,614	72,633	76,577	
Net position - ending						\$ 18,903,609	\$ 23,941,789	\$ 42,845,398	\$ 42,199,331	\$ 79,172	\$ 72,633	

Exhibit A-3  
City of Dodgeville, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

	General	Capital Projects	Special Purpose Library	TIF District #3	Other Governmental Funds	Totals	
						2022	2021
<b>ASSETS</b>							
Cash and investments	\$ 3,464,496	\$ 2,510,450	\$ 50,964	\$	\$ 880,128	\$ 6,906,038	\$ 7,552,242
Cash and investments - restricted	257,960				106,209	364,169	1,060,281
Receivables:							
Taxes	946,329	415,411	365,751	13,836	273,863	2,015,190	1,943,889
Customer	22,701					22,701	22,133
Accounts receivable	160,287					160,287	66,291
Leases	68,750					68,750	
Special assessment receivable	21,566					21,566	21,566
Ambulance receivable, less allowance for uncollectible accounts of \$5,366	87,183					87,183	49,582
Due from other funds	999,352					999,352	202,518
Prepaid insurance	55,696					55,696	48,839
<b>Total assets</b>	<b>\$ 6,084,320</b>	<b>\$ 2,925,861</b>	<b>\$ 416,715</b>	<b>\$ 13,836</b>	<b>\$ 1,260,200</b>	<b>\$ 10,700,932</b>	<b>\$ 10,967,341</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 114,444	\$ 113,551	\$ 2,930	\$ 4,484	\$ 3,680	\$ 239,089	\$ 264,842
Accrued payroll	70,303					70,303	39,201
Due to other funds				302,254		302,254	
Unearned revenue					377,085	377,085	219,692
Deposits	2,300					2,300	2,000
<b>Total liabilities</b>	<b>187,047</b>	<b>113,551</b>	<b>2,930</b>	<b>306,738</b>	<b>380,765</b>	<b>991,031</b>	<b>525,735</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred property tax revenue	2,618,436	415,411	365,751	24,556	273,863	3,698,017	3,577,923
Deferred special assessment revenue	21,566					21,566	21,566
Deferred lease inflows	69,707					69,707	
<b>Total deferred inflows of resources</b>	<b>2,709,709</b>	<b>415,411</b>	<b>365,751</b>	<b>24,556</b>	<b>273,863</b>	<b>3,789,290</b>	<b>3,599,489</b>
<b>FUND BALANCES</b>							
Nonspendable	55,696				103,000	158,696	151,839
Restricted	374,475		48,034	(317,458)	502,572	607,623	1,731,564
Assigned	922,436	2,396,899				3,319,335	4,261,100
Unassigned (deficit)	1,834,957					1,834,957	697,614
<b>Total fund balances</b>	<b>3,187,564</b>	<b>2,396,899</b>	<b>48,034</b>	<b>(317,458)</b>	<b>605,572</b>	<b>5,920,611</b>	<b>6,842,117</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,084,320</b>	<b>\$ 2,925,861</b>	<b>\$ 416,715</b>	<b>\$ 13,836</b>	<b>\$ 1,260,200</b>	<b>\$ 10,700,932</b>	<b>\$ 10,967,341</b>

Exhibit A-4  
City of Dodgeville, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
December 31, 2022  
(With Summarized Financial Information as of December 31, 2021)

	2022	2021
Total fund balances-governmental funds:	\$ 5,920,611	\$ 6,842,117
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use leased 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	33,273,657	31,286,973
Governmental accumulated depreciation	(16,569,298)	(15,777,349)
Right-to-use leased assets, net of accumulated amortization	43,627	
	16,747,986	15,509,624
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.		
	969,887	715,630
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	1,983,530	1,291,711
Deferred inflows of resources	(2,308,475)	(1,594,354)
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	21,566	21,566
Subsequent year tax equivalent from utility	189,626	202,518
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.		
	1,648	2,746
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	(3,917,718)	(3,469,041)
Deferred amount on refunding	8,995	14,993
Accrued interest on general obligation debt	(34,160)	(10,788)
Lease liability	(47,265)	(77,011)
Net OPEB liability	(199,694)	(189,043)
Total OPEB liability	(189,587)	
Compensated absences	(243,341)	(269,442)
Total net position of governmental activities	\$ 18,903,609	\$ 18,991,226

Exhibit A-5  
City of Dodgeville, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022  
(With Summarized Financial Information for the Year Ended December 31, 2021)

	General	Capital Projects	Special Purpose Library	TIF District #3	Other Governmental Funds	Totals	
						2022	2021
<b>REVENUES</b>							
Taxes	\$ 2,153,273	\$ 794,583	\$ 333,620	\$ 1,401	\$ 201,228	\$ 3,484,105	\$ 3,753,662
Special assessments							21,915
Intergovernmental	1,400,467		96,489		88,317	1,585,273	1,111,187
Licenses and permits	104,045					104,045	132,362
Fines and forfeits	359,071		361			359,432	22,863
Public charges for services	506,707		2,678			509,385	429,247
Intergovernmental charges for services	568,128					568,128	584,028
Interest	59,289	7,637	37	934	247	68,144	12,817
Miscellaneous	62,527		705			63,232	91,456
<b>Total revenues</b>	<b>5,213,507</b>	<b>802,220</b>	<b>433,890</b>	<b>2,335</b>	<b>289,792</b>	<b>6,741,744</b>	<b>6,159,537</b>
<b>EXPENDITURES</b>							
Current:							
General government	651,446			3,144	88,317	742,907	1,213,526
Public safety	2,033,702					2,033,702	1,933,248
Public works	710,000					710,000	642,917
Sanitation	254,800					254,800	254,107
Leisure activities	358,211		452,628			810,839	738,050
Conservation & economic development	359,004			744,306		1,103,310	522,424
Health & social services	97,994				233	98,227	92,994
Capital outlay:							
General government	1,553					1,553	46,158
Public safety	313,759	3,223				316,982	110,073
Public works		1,626,280		472,360		2,098,640	2,433,123
Leisure activities	12,477	62,817	1,364			76,658	31,363
Conservation & economic development							188,399
Debt service:							
Principal retirement		29,746			221,324	251,070	240,286
Interest and fiscal charges		2,760		64,411	23,156	90,327	112,593
<b>Total expenditures</b>	<b>4,792,946</b>	<b>1,724,826</b>	<b>453,992</b>	<b>1,284,221</b>	<b>333,030</b>	<b>8,589,015</b>	<b>8,559,261</b>
Excess (deficiency) of revenues over expenditures	420,561	(922,606)	(20,102)	(1,281,886)	(43,238)	(1,847,271)	(2,399,724)
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt proceeds		600,000				600,000	2,580,000
Other financing source - refunding bonds				770,000		770,000	
Current refunding of debt principal				(700,000)		(700,000)	
Lease proceeds							49,858
Transfers in	202,532	468,528				671,060	1,581,672
Transfers out	(468,528)				(14)	(468,542)	(1,385,626)
Unrealized gain (loss) on investments	6,486					6,486	(1,608)
Sale of capital assets	46,761					46,761	299,976
<b>Total other financing sources (uses)</b>	<b>(212,749)</b>	<b>1,068,528</b>		<b>70,000</b>	<b>(14)</b>	<b>925,765</b>	<b>3,124,272</b>
Net change in fund balances	207,812	145,922	(20,102)	(1,211,886)	(43,252)	(921,506)	724,548
Fund balances-beginning	2,979,752	2,250,977	68,136	894,428	648,824	6,842,117	6,117,569
Fund balances-ending	\$ 3,187,564	\$ 2,396,899	\$ 48,034	\$ (317,458)	\$ 605,572	\$ 5,920,611	\$ 6,842,117

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, 2022  
(With Summarized Financial Information for the Year Ended December 31, 2021)

	2022	2021	
Net change in fund balances-total governmental funds	\$ (921,506)	\$ 724,548	
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/lease outlay reported in governmental fund statements	3,076,302	2,024,367	
Depreciation expenses reported in the statement of activities	(946,405)	(938,851)	
Amortization expense reported in the statement of activities	(29,084)		
Amount by which capital outlays are greater (less) than depreciation in the current period.	2,100,813	1,085,516	
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:	(862,451)	(423,540)	
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	26,101	(4,193)	
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows	(25,086)	(23,761)	
Change in OPEB - group health insurance plan liability and related deferred outflows and inflows	(189,587)		
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			
Principal payments on lease liabilities	29,746		
The amount of long-term debt principal payments in the current year is:	921,323	240,286	
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.	(1,370,000)	(2,580,000)	
In governmental funds, special assessment collections are reflected as revenue when received. In the statement of activities, revenue is recognized when assessed.			
Amount assessed			
Amount collected		(21,915)	(21,915)
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	(202,518)	(196,046)	
Subsequent year utility tax equivalent recognized as a transfer for the statement of activities	189,626	(12,892) 202,518	6,472
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	54,583	32,477	
The amount of interest accrued during the current period	(77,955)	(31,801)	
Interest paid is greater than interest expensed by	(23,372)		676
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 asset/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 asset/liability between years, with adjustments.	246,390	225,479	
Change in net position-governmental activities	\$ (87,617)	\$ (777,528)	

Exhibit A-7  
City of Dodgeville, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2022  
(With Summarized Financial Information as of December 31, 2021)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2022	2021
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 100	\$ 456,216	\$ 456,316	\$ 540,622
Cash and investments - restricted		1,356,812	1,356,812	1,304,374
Receivables:				
Customers	83,058	108,098	191,156	185,668
Leases	1,053		1,053	
Other	508	3,290	3,798	3,251
Inventories	23,182	1,498	24,680	25,963
Unbilled revenue	45,496	53,702	99,198	94,621
Total current assets	153,397	1,979,616	2,133,013	2,154,499
Noncurrent assets:				
Receivables:				
Lease	1,085		1,085	
Other assets:				
Net pension asset	81,142	74,391	155,533	122,933
Special assessments receivable	107,446	263,760	371,206	371,206
Capital assets:				
Property and plant	13,696,600	19,178,390	32,874,990	31,433,318
Less: accumulated provision for depreciation	(4,189,952)	(4,048,100)	(8,238,052)	(7,914,475)
Net book value of capital assets	9,506,648	15,130,290	24,636,938	23,518,843
Total noncurrent assets	9,696,321	15,468,441	25,164,762	24,012,982
Total assets	9,849,718	17,448,057	27,297,775	26,167,481
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized major repair				88,029
Pension outflows	160,113	146,788	306,901	207,278
Deferred amount on refunding	1,011	462	1,473	2,455
Total deferred outflows of resources	161,124	147,250	308,374	297,762
Total assets and deferred outflows of resources	\$ 10,010,842	\$ 17,595,307	\$ 27,606,149	\$ 26,465,243



Exhibit A-7 (Continued)  
City of Dodgeville, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2022  
(With Summarized Financial Information as of December 31, 2020)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2022	2021
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 19,650	\$ 8,597	\$ 28,247	\$ 41,563
Due to other funds	697,098		697,098	202,518
Accrued interest	560	8,174	8,734	9,531
Current portion of:				
General obligation bonds and notes	22,315	2,294	24,609	23,161
Mortgage revenue bonds		155,958	155,958	152,960
<b>Total current liabilities</b>	<b>739,623</b>	<b>175,023</b>	<b>914,646</b>	<b>429,733</b>
Long-term liabilities:				
General obligation bonds and notes	42,004	4,318	46,322	69,483
Less: unamortized debt discount	(644)		(644)	(1,073)
Mortgage revenue bonds		2,484,614	2,484,614	2,637,574
Compensated absences	13,741	17,914	31,655	28,132
Less: current portion	(22,315)	(158,252)	(180,567)	(176,121)
<b>Total long-term liabilities</b>	<b>32,786</b>	<b>2,348,594</b>	<b>2,381,380</b>	<b>2,557,995</b>
<b>Total liabilities</b>	<b>772,409</b>	<b>2,523,617</b>	<b>3,296,026</b>	<b>2,987,728</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension inflows	191,031	175,133	366,164	269,410
Lease inflows	2,170		2,170	
<b>Total deferred inflows of resources</b>	<b>193,201</b>	<b>175,133</b>	<b>368,334</b>	<b>269,410</b>
<b>NET POSITION</b>				
Net investment in capital assets	9,466,299	12,641,820	22,108,119	20,815,314
Restricted for:				
Net pension asset	81,142	74,391	155,533	122,933
Mortgage revenue bonds		46,492	46,492	46,492
DNR replacement		1,257,882	1,257,882	1,257,882
Unrestricted	(502,209)	875,972	373,763	965,484
<b>Total net position</b>	<b>9,045,232</b>	<b>14,896,557</b>	<b>23,941,789</b>	<b>23,208,105</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 10,010,842</b>	<b>\$ 17,595,307</b>	<b>\$ 27,606,149</b>	<b>\$ 26,465,243</b>

Exhibit A-8  
City of Dodgeville, Wisconsin  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022  
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2022	2021
<b>OPERATING REVENUES</b>				
Sales of water	\$ 1,068,550	\$	\$ 1,068,550	\$ 1,061,929
Measured sewer service		1,255,896	1,255,896	1,235,709
Penalties	3,221	4,163	7,384	5,325
Other	28,442	35,603	64,045	84,350
<b>Total operating revenues</b>	<b>1,100,213</b>	<b>1,295,662</b>	<b>2,395,875</b>	<b>2,387,313</b>
<b>OPERATING EXPENSES</b>				
Operation & maintenance	558,396	553,411	1,111,807	1,073,870
Depreciation	263,164	309,895	573,059	547,598
Taxes	14,234	13,886	28,120	23,727
<b>Total operating expenses</b>	<b>835,794</b>	<b>877,192</b>	<b>1,712,986</b>	<b>1,645,195</b>
<b>Operating income</b>	<b>264,419</b>	<b>418,470</b>	<b>682,889</b>	<b>742,118</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest on investments	2,403	7,840	10,243	1,235
Amortization of debt expense	(1,103)	(308)	(1,411)	(1,411)
Interest expense	(1,814)	(49,885)	(51,699)	(56,545)
Unrealized gain (loss) on investments		1,678	1,678	(416)
<b>Total nonoperating revenues (expenses)</b>	<b>(514)</b>	<b>(40,675)</b>	<b>(41,189)</b>	<b>(57,137)</b>
<b>Income before contributions and transfers</b>	<b>263,905</b>	<b>377,795</b>	<b>641,700</b>	<b>684,981</b>
Capital grants and contributions	144,164	137,446	281,610	701,782
Transfer of tax equivalent	(189,626)		(189,626)	(202,518)
<b>Change in net position</b>	<b>218,443</b>	<b>515,241</b>	<b>733,684</b>	<b>1,184,245</b>
Net position - beginning	8,826,789	14,381,316	23,208,105	22,023,860
<b>Net position - ending</b>	<b>\$ 9,045,232</b>	<b>\$ 14,896,557</b>	<b>\$ 23,941,789</b>	<b>\$ 23,208,105</b>

Exhibit A-9  
City of Dodgeville, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022  
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2022	2021
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,097,411	\$ 1,288,399	\$ 2,385,810	\$ 2,363,644
Payments to employees	(188,445)	(191,241)	(379,686)	(376,158)
Payments for employee benefits	(30,516)	(31,576)	(62,092)	(96,579)
Payments provided by other funds	494,580		494,580	6,472
Payments to suppliers	(265,533)	(370,304)	(635,837)	(499,858)
Net cash provided by operating activities	1,107,497	695,278	1,802,775	1,397,521
<b>CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent			(189,626)	(202,518)
<b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(928,403)	(542,884)	(1,471,287)	(650,532)
Special assessments received				92,526
Proceeds from the sale of fixed assets		42,966	42,966	
Debt retired	(21,002)	(155,119)	(176,121)	(346,465)
Interest paid	(2,084)	(50,412)	(52,496)	(58,694)
Net cash (used by) capital and related financing activities	(951,489)	(705,449)	(1,656,938)	(963,165)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Unrealized gain (loss) on investments		1,678	1,678	(416)
Marketable securities sold		242,295	242,295	331,315
Marketable securities purchased		(74,166)	(74,166)	(242,295)
Investment income	2,403	7,840	10,243	1,235
Net cash from investing activities	2,403	177,647	180,050	89,839
Net change in cash and cash equivalents	(31,215)	167,476	136,261	321,677
Cash and cash equivalents - beginning of the year	31,315	1,571,386	1,602,701	1,281,024
Cash and cash equivalents - end of the year	\$ 100	\$ 1,738,862	\$ 1,738,962	\$ 1,602,701
<b>Reconciliation of cash and cash equivalents to statement of net position accounts</b>				
Cash and investments	\$ 100	\$ 456,216	\$ 456,316	\$ 540,622
Restricted cash and investments		1,356,812	1,356,812	1,304,374
Subtotal	100	1,813,028	1,813,128	1,844,996
Less: long-term investments		(74,166)	(74,166)	(242,295)
Cash and cash equivalents	\$ 100	\$ 1,738,862	\$ 1,738,962	\$ 1,602,701

Exhibit A-9 (Continued)  
City of Dodgeville, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022  
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Enterprise Funds		Totals	
	Water Utility	Sewer Utility	2022	2021
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 264,419	\$ 418,470	\$ 682,889	\$ 742,118
Noncash items in operating income:				
Depreciation expense	281,941	309,895	591,836	565,616
Pension expense	(17,502)	(17,967)	(35,469)	(39,835)
Amortization of major repair	88,029		88,029	88,029
Changes in assets and liabilities:				
Customer accounts receivable	(1,311)	(4,177)	(5,488)	(11,433)
Other accounts receivable	865	(1,412)	(547)	78,929
Leases	32		32	
Unbilled revenue receivable	(1,491)	(3,086)	(4,577)	(12,236)
Material and supplies	1,283		1,283	258
Accounts payable	(4,550)	(8,766)	(13,316)	4,671
Due to other funds	494,580		494,580	6,472
Compensated absences	1,202	2,321	3,523	(25,068)
Net cash provided by operating activities	<u>\$ 1,107,497</u>	<u>\$ 695,278</u>	<u>\$ 1,802,775</u>	<u>\$ 1,397,521</u>
<b>Noncash capital financing activities:</b>				
Capital additions financed by developers	\$ 103,180	\$ 116,103	\$ 219,283	\$ 75,354
Capital additions financed by TID 3	40,984	21,343	62,327	\$ 626,428
Total noncash capital financing activities	<u>\$ 144,164</u>	<u>\$ 137,446</u>	<u>\$ 281,610</u>	<u>\$ 701,782</u>

Exhibit A-10  
City of Dodgeville, Wisconsin  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2022

(With Summarized Financial Information as of December 31, 2021)

	Custodial Fund	
	Tax Collection Fund	
	2022	2021
<b>ASSETS</b>		
Cash and investments	\$ 3,327,371	\$ 3,239,800
Taxes receivable	4,294,484	4,104,211
Total assets	\$ 7,621,855	\$ 7,344,011
<b>LIABILITIES</b>		
Due to other taxing units	\$ 7,621,855	\$ 7,344,011
<b>NET POSITION</b>		
Restricted		
Total liabilities and net position	\$ 7,621,855	\$ 7,344,011

Exhibit A-11  
 City of Dodgeville, Wisconsin  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 December 31, 2022  
 (With Summarized Financial Information as of December 31, 2021)

	Custodial Fund	
	Tax Collection Fund	
	2022	2021
<b>ADDITIONS</b>		
Property tax collections for other governments	\$ 5,320,761	\$ 5,120,750
<b>DEDUCTIONS</b>		
Property tax collections paid or owed to other governments	5,320,761	5,120,750
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, 2022

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City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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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, 2022.

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, 2022

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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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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. 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.

The City reports the following nonmajor governmental funds:

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

Special Revenue Funds – Accounts for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Affordable Housing
- Local Fiscal Recovery Fund

Enterprise Funds:

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.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**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. Resources (typically cash) received before all eligibility requirements have been met are reported as assets and offset by unearned revenue (a liability) unless only a time requirement has not been met. In that case, deferred inflows of resources are reported rather than a liability.

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.

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. In subsequent periods, when both revenue recognition criteria are met, 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.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale- 2022 delinquent real estate taxes	October 2026

An allowance of \$5,366 for uncollectible ambulance receivable has been reflected in the government financial statements. Delinquent user charges are placed on the tax roll if not collected. Delinquent special assessments and charges are not paid in full by Iowa County.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Allowance for Uncollectible Accounts (Continued)

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.

*Lease Receivable*

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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.

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.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

*Right to Use Leased Assets*

The City has recorded a right to use leased asset as a result of implementing GASB 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary changes necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

I. Unearned Revenue

The City reports unearned revenue on its governmental funds balance sheet. Unearned revenue arises 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 the City has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.



City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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J. 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.

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, 2022 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.

K. 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.

L. 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.

M. 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, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 31<sup>st</sup>; 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, 2022

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

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.

O. 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.

P. Transfers

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

Q. 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, 2021, from which the summarized information was derived.

R. 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.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Use of Estimates (Continued)

*Change in Accounting Estimate*

As of December 31, 2021, the estimate for the other postemployment benefit (OPEB) liability related to the single employer health insurance plan was not material to the financial statements. For the reporting year ended December 31, 2022, the City obtained an actuarial valuation with current census data, discount rate, and other assumptions. As of December 31, 2022, the OPEB liability is material to the financial statements and is reported prospectively as a change in accounting estimate.

S. Pensions

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

T. 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 four 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.

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

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 1                    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Other Postemployment Benefits (Continued)

*City health insurance plan*

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information of the City's Other Postemployment Benefit Plan (the Plan) has been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms.

V. Change in Accounting Principle

Effective January 1, 2022, the City adopted GASB Statement No. 87, Leases. GASB 87 replaces previous lease accounting methodology and establishes a single model for lease accounting based on the foundation principle that leases are a financing right to use an underlying asset. GASB No. 87 requires recognition of certain lease assets and liabilities for lessee agreements and lease receivables and deferred inflow of resources for lessor agreements. The adoption of GASB 87 has no effect on the beginning balance on the statement of activities.

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, 2022

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NOTE 3

CASH AND INVESTMENTS

At December 31, 2022, cash and investments included the following:

Deposits with financial institutions	\$ 11,708,892
Wisconsin Local Government Investment Pool	341,662
U.S. Agencies - implicitly guaranteed	169,937
U.S. Treasury securities	189,615
Petty cash	600
Total cash and investments	\$ 12,410,706

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 7,362,354
Cash and investments-restricted	1,720,981
Exhibit A-10:	
Cash and investments	3,327,371
Total cash and investments	\$ 12,410,706

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, 2022

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:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity</u>	
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>
Certificates of deposit	\$ 106,209	\$ 103,000	\$ 3,209
Local Government Investment Pool	341,662	341,662	
U.S. Agencies - implicitly guaranteed	169,937	169,937	
U.S. Treasury securities	189,615	189,615	
Totals	<u>\$ 807,423</u>	<u>\$ 804,214</u>	<u>\$ 3,209</u>

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, 2021, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Value</u>	<u>Standard &amp; Poor's Credit Ratings</u>	
		<u>A-1+</u>	<u>Not Rated</u>
Certificates of deposit	\$ 106,209	\$	\$ 106,209
Local Government Investment Pool	341,662		341,662
U.S. Agencies - implicitly guaranteed	169,937	169,937	
U.S. Treasury securities	189,615	189,615	

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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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.



City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2022, \$9,702,662 of the City's deposits with financial institutions were in excess of federal depository insurance limits. \$8,694,172 was collateralized by securities pledged by financial institutions. The remaining deposits of \$1,008,490 are considered uninsured and uncollateralized. The State of Wisconsin Guarantee Fund would provide coverage up to \$400,000 for this amount, provided funds are available at the time of any potential loss.

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, 2022, 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, 2022 was: 88.0% in U.S. Government Securities, 2.0% in Bankers' Acceptances, and 10.0% 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. As of December 31, 2022, the investment portfolio had no concentrations of investments greater than 5% of the total portfolio.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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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 City 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 City’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

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

	Assets at Fair Value as of December 31, 2022	
	Fair Value	Level 2
U.S. Agencies - implicitly guaranteed	\$ 169,937	\$ 169,937
U.S Treasury bills	189,615	189,615
Total	\$ 359,552	\$ 359,552

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Removals	Ending Balance
<b><u>Governmental activities</u></b>				
Capital assets not being depreciated:				
Construction work in progress	\$ 753,126	\$ 38,386	\$ (726,040)	\$ 65,472
Land	2,364,837		(110,006)	2,254,831
Total capital assets not being depreciated	<u>3,117,963</u>	<u>38,386</u>	<u>(836,046)</u>	<u>2,320,303</u>
Capital assets being depreciated:				
Land improvements	285,383			285,383
Buildings and improvements	3,585,000	88,381		3,673,381
Equipment	3,201,423	276,096	(114,244)	3,363,275
Vehicles	3,800,193		(95,701)	3,704,492
Furniture and fixtures	98,539			98,539
Infrastructure	17,053,050	2,673,439		19,726,489
Total capital assets being depreciated	<u>28,023,588</u>	<u>3,037,916</u>	<u>(209,945)</u>	<u>30,851,559</u>
Less accumulated depreciation for:				
Land improvements	63,049	14,733		77,782
Buildings and improvements	1,987,858	89,300		2,077,158
Equipment	2,198,772	218,076	(87,839)	2,329,009
Vehicles	2,711,335	140,622	(95,701)	2,756,256
Furniture and fixtures	98,539			98,539
Infrastructure	8,645,085	483,674		9,128,759
Total accumulated depreciation	<u>15,704,638</u>	<u>946,405</u>	<u>(183,540)</u>	<u>16,467,503</u>
Net capital assets being depreciated	<u>12,318,950</u>	<u>2,091,511</u>	<u>(26,405)</u>	<u>14,384,056</u>
Right-to-use leased assets being amortized				
Equipment	145,422			145,422
Less accumulated amortization:				
Equipment	72,711	29,084		101,795
Net right-to-use leased assets being amortized	<u>72,711</u>	<u>(29,084)</u>		<u>43,627</u>
Total net capital assets	<u>\$ 15,509,624</u>	<u>\$ 2,100,813</u>	<u>\$ (862,451)</u>	<u>\$ 16,747,986</u>

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

**Governmental activities**

General government	\$ 36,236
Public safety	254,080
Public works, which includes the depreciation of infrastructure	543,052
Leisure activities	101,962
Health and human services	11,075
Total governmental activities depreciation expense	\$ 946,405

Amortization expense was charged to functions as follows:

Public works	\$ 29,084
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	Beginning Balance	Additions	Cost of Removal	Removals	Ending Balance
<b><u>Business-type activities:</u></b>					
Capital assets not being depreciated:					
Land and land rights:					
Sewer	\$ 35,255	\$	\$	\$	\$ 35,255
Water	17,799				17,799
Construction work in progress		107,325			107,325
Total capital assets not being depreciated	53,054	107,325			160,379
Capital assets being depreciated:					
Water:					
Source of supply	419,275				419,275
Pumping	1,244,954				1,244,954
Water treatment	23,073				23,073
Transmission and distribution	10,834,087	949,298		(59,725)	11,723,660
General	144,570	15,945			160,515
Sewer:					
Collecting system	8,234,936	550,132		(55,000)	8,730,068
Collecting system pumping plant	551,312	11,986			563,298
Treatment and disposal plant	8,823,798				8,823,798
General plant	1,104,259	118,211		(196,500)	1,025,970
Total capital assets being depreciated	31,380,264	1,645,572		(311,225)	32,714,611
Total accumulated depreciation	7,914,475	591,836	42,966	(311,225)	8,238,052
Net capital assets being depreciated	23,465,789	1,053,736	(42,966)		24,476,559
Total net capital assets	\$23,518,843	\$1,161,061	\$ (42,966)	\$	\$ 24,636,938

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

**Business-type activities:**

Sewer utility	\$ 309,895
Water utility	281,941
Total depreciation expense	<u>591,836</u>
Less: water depreciation expense allocated to sewer	(18,777)
Total depreciation expense per exhibit A-8	<u><u>\$ 573,059</u></u>

NOTE 5

LEASES

Lease Receivable

The City has entered into lease agreements where the City leases land for commercial and agricultural use and water tower space for wireless broadband communication services operations. In the statement of activities, lease revenue for the year ended December 31, 2022 was as follow:

	Year Ending
Lease-related revenue	December 31, 2022
Lease revenue:	
Land	\$ 8,934
Water tower space	1,085
Total lease revenue	<u>10,019</u>
Interest revenue	2,221
Total	<u><u>\$ 12,240</u></u>

Aggregate cash flows for the revenue generated by the lease receivable and interest at December 31, 2022 are as follows:

<b>Governmental Activities</b>			
Years Ended	Principal	Interest	Total
December 31,			
2023	\$ 8,097	\$ 9,085	\$ 17,181
2024	4,051	5,103	9,154
2025	3,303	1,722	5,025
2026	3,404	1,621	5,025
2027	3,507	1,518	5,025
2028 - 2032	19,204	5,921	25,125
2033 - 2037	22,307	2,818	25,125
2038 - 2042	4,877	148	5,025
Totals	<u>\$ 68,750</u>	<u>\$ 27,936</u>	<u>\$ 96,686</u>

  

<b>Business-Type Activities</b>			
Years Ended	Principal	Interest	Total
December 31,			
2023	\$ 1,053	\$ 65	\$ 1,118
2024	1,085	33	1,118
Totals	<u>\$ 2,138</u>	<u>\$ 98</u>	<u>\$ 2,236</u>

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 6

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<b><u>Governmental activities</u></b>					
Bonds and notes payable:					
Notes from direct borrowings and direct placements	\$ 1,143,525	\$ 600,000	\$ (774,485)	\$ 969,040	\$ 125,492
General obligation bonds	2,325,516	770,000	(146,838)	2,948,678	150,392
Less: deferred amount on refunding	(14,993)		5,998	(8,995)	
Less: unamortized debt discount	(2,746)		1,098	(1,648)	
Total bonds and notes payable	<u>3,451,302</u>	<u>1,370,000</u>	<u>(914,227)</u>	<u>3,907,075</u>	<u>275,884</u>
Other liabilities:					
Lease liability	77,011		(29,746)	47,265	31,106
Compensated absences	269,442	40,735	(66,836)	243,341	65,162
Total other liabilities	<u>346,453</u>	<u>40,735</u>	<u>(96,582)</u>	<u>290,606</u>	<u>96,268</u>
Total governmental activities long-term liabilities	<u>\$ 3,797,755</u>	<u>\$ 1,410,735</u>	<u>\$ (1,010,809)</u>	<u>\$ 4,197,681</u>	<u>\$ 372,152</u>
<b><u>Business-type activities</u></b>					
Bonds and notes payable:					
General obligation bonds	\$ 69,483	\$	\$ (23,161)	\$ 46,322	\$ 24,609
Less: deferred amount on refunding	(2,455)		983	(1,472)	
Less: unamortized debt discount	(1,073)		430	(643)	
Mortgage revenue bonds-direct	2,637,574		(152,960)	2,484,614	155,958
Total bonds and notes payable	<u>2,703,529</u>		<u>(174,708)</u>	<u>2,528,821</u>	<u>180,567</u>
Other liabilities:					
Compensated absences	28,132	3,523		31,655	
Total business-type activities long-term liabilities	<u>\$ 2,731,661</u>	<u>\$ 3,523</u>	<u>\$ (174,708)</u>	<u>\$ 2,560,476</u>	<u>\$ 180,567</u>

In addition to the City's governmental debt service fund, debt service payments are being made by the City's capital projects fund and TIF District #3.

The lease liability attributed to governmental activities is typically being liquidated by the capital projects fund. 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, 2022

NOTE 6

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, 2022 was \$25,556,810. Total general obligation debt outstanding at year-end was \$3,964,040.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/22
<u>Governmental activities</u>					
General obligation debt:					
General obligation bonds	7/1/10	3/1/24	3.85-4.00%	\$ 2,760,233	\$ 113,678
General obligation refunding bond	4/26/12	3/1/24	3.30-3.45%	975,000	185,000
General obligation notes	9/30/16	9/29/26	1.79%	250,000	105,403
General obligation notes	6/30/17	6/29/27	2.20%	500,000	263,637
General obligation notes	11/16/21	1/4/23	1.50%	700,000	600,000
General obligation bonds	12/16/21	3/1/41	0.8-2.0%	1,880,000	1,880,000
General obligation refunding bond	3/17/22	3/1/41	2.75%	770,000	770,000
Total governmental activities - general obligation debt					<u>\$ 3,917,718</u>
<u>Business-type activities</u>					
General obligation debt:					
General obligation bonds	7/1/10	3/1/24	3.85-4.00%	\$ 1,124,767	<u>\$ 46,322</u>

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

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

Years	Governmental Activities					
	Notes from Direct Borrowings and Direct Placements			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 125,492	\$ 7,688	\$ 133,180	\$ 150,392	\$ 75,023	\$ 225,415
2024	129,125	6,113	135,238	198,286	59,536	257,822
2025	133,010	4,505	137,515	50,000	55,944	105,944
2026	136,898	2,862	139,760	100,000	54,856	154,856
2027	112,984	2,223	115,207	125,000	52,869	177,869
2028-2032	331,531		331,531	680,000	222,681	902,681
2033-2037				840,000	140,375	980,375
2038-2042				805,000	37,606	842,606
Totals	\$ 969,040	\$ 23,391	\$ 992,431	\$ 2,948,678	\$ 698,890	\$ 3,647,568

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

Years	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 24,609	\$ 1,361	\$ 25,970
2024	21,713	434	22,147
Totals	\$ 46,322	\$ 1,795	\$ 48,117

Revenue Debt

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

Revenue debt payable at December 31, 2022 consists of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Amount	Balance 12/31/22
<u>Business-type activities</u>					
Revenue debt					
Revenue bonds	12/28/16	5/1/36	1.96%	\$3,221,580	\$ 2,484,614



City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt (Continued)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Total
2023	\$ 155,958	\$ 47,170	\$ 203,128
2024	159,015	44,083	203,098
2025	162,132	40,936	203,068
2026	165,310	37,727	203,037
2027	168,550	34,455	203,005
2028-2032	893,616	120,910	1,014,526
2033-2037	780,033	30,948	810,981
Totals	<u>\$ 2,484,614</u>	<u>\$ 356,229</u>	<u>\$ 2,840,843</u>

Lease Liability

The City has entered into lease agreements that allow the right-to-use equipment over the terms of the leases.

Aggregate cash flow requirements for the retirement of the lease liability and interest at December 31, 2022 were as follows:

Years	Lease Liability		
	Principal	Interest	Total
2023	\$ 31,106	\$ 1,392	\$ 32,498
2024	16,159	157	16,316
Totals	<u>\$ 47,265</u>	<u>\$ 1,549</u>	<u>\$ 48,814</u>

Other Liabilities Information

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

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 7

DEFINED BENEFIT PENSION PLAN

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

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

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 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  
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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$172,150 in contributions from the employer. Contribution rates as of December 31, 2022 are:

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

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

At December 31, 2022, the City reported a liability (asset) of (\$1,125,420) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.01396271%, which was an increase of 0.00053095% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of (\$96,059).

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,818,059	\$ (131,101)
Net differences between projected and actual earnings on pension plan investments		(2,517,658)
Changes in assumptions	209,964	
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,843	(765)
Employer contributions subsequent to the measurement date	186,835	
Total	\$ 2,220,701	\$ (2,649,524)

\$186,835 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2023	\$ (50,584)
2024	(303,494)
2025	(132,901)
2026	(128,679)
Total	\$ (615,658)

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Actuarial assumptions.** The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments	1.7%*

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Asset Allocation Targets and Expected Returns <sup>1</sup>			
As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % <sup>2</sup>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Multi-Asset	4	5.8	3.3
Total Core Fund <sup>3</sup>	115	6.6	4.0
Variable Fund Asset Class			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2
<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.			
<sup>2</sup> New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%			
<sup>3</sup> The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, as asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.			

City of Dodgeville, Wisconsin  
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NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Single Discount rate.** A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (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, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax- exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City 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 6.80 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase to Discount Rate (7.80%)</b>
City's proportionate share of the net pension liability (asset)	\$ 798,565	\$ (1,125,420)	\$ (2,510,331)

**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 8

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 members.

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

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

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

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 8 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, 2022 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating 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, 2021 are as listed below:

<b>Life Insurance Employee Contribution Rates* For the year ended December 31, 2021</b>		
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 waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$691 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, 2022, the LRLIF Employer reported a liability (asset) of \$199,694 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2021, 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, 2021. 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, 2021, the City’s proportion was 0.03378700%, which was a decrease of 0.00058% from its proportion measured as of December 31, 2020.



City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

For the year ended December 31, 2022, the City recognized OPEB expense of \$25,786.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$ (10,158)
Net differences between projected and actual earnings on plan investments	2,597	
Changes in actuarial assumptions	60,334	(9,679)
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,096	(5,278)
Employer contributions subsequent to the measurement date	703	
Totals	\$ 69,730	\$ (25,115)

\$703 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2023	\$ 10,753
2024	10,451
2025	9,363
2026	9,929
2027	3,747
Thereafter	(331)
Total	\$ 43,912

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Actuarial assumptions.** The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	2.17%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 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.

<b>Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021</b>			
Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5%	1.82%
US Mortgages	Bloomberg US MBS	50%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (CONTINUED)

**Single Discount rate.** A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. 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 2.17 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 (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
City's proportionate share of the net OPEB liability (asset)	\$ 270,912	\$ 199,694	\$ 146,105

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN

**Plan Description** – The City operates a single employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees. Benefits and eligibility are established and amended by the City Council. The plan does not issue stand-alone financial statements. Current approved benefits are as follows:

**Employees Retiring from the City that are also eligible for the Wisconsin Retirement System:** Retirees may choose to remain on the City’s group medical plan indefinitely provided they self-pay the full (100%) amount of all required premiums.

**Funding Policy** – The City will fund the OPEB with a pay-as-you go basis. There are no assets accumulated in a trust that meet the criteria in Governmental Accounting Standards to pay related benefits.

**Employees Covered by Benefit Terms** – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	40
	<u>43</u>

City of Dodgeville, Wisconsin  
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NOTE 9 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Total OPEB Liability** – The City’s total OPEB liability of \$189,587 was measured at December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

Inflation	2.0 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	2.25 percent
Healthcare cost trend rates	6.50% decreasing by 0.10% per year down to 5%.
Retirees' share of benefit-related costs	Retirees are responsible for the full (100%) amount of premiums.

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Index as of the week of the measurement date. Implicit in this rate is a 2.00% assumed rate of inflation.

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2021 valuation were based on a study conducted in 2018 using the Wisconsin Retirement System (WRS) experience from 2015-2017.

***Changes in the Total OPEB Liability:***

	<u>Total OPEB Liability</u>
<b>Balance at 12/31/20</b>	<u>\$ 164,131</u>
<b>Changes for the year:</b>	
Service cost	25,282
Interest	3,935
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	
Benefit payments	<u>(3,761)</u>
<b>Net Changes</b>	<u>25,456</u>
<b>Balance at 12/31/2021</b>	<u><u>\$ 189,587</u></u>

There were no changes of benefit terms, differences between expected and actual results, or changes in assumptions or other inputs.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 9 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

		1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	12/31/2021	<u>\$ 206,212</u>	<u>\$ 189,587</u>	<u>\$ 174,219</u>

**Sensitivity of the total OPEB liability to changes in healthcare cost trend rates**

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

		1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	12/31/2021	<u>\$ 167,287</u>	<u>\$ 189,587</u>	<u>\$ 216,630</u>

***OPEB Expense***

For the year ended December 31, 2022, the City recognized OPEB expense of \$29,217.

NOTE 10

INTERFUND ACCOUNTS

Interfund receivables and payables as of December 31, 2022 were as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:			
General		Water utility	\$ 697,098
General		TIF District #3	302,254
Total			<u>\$ 999,352</u>

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

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 10

INTERFUND ACCOUNTS (CONTINUED)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
Governmental Funds:		
General	Water utility-tax equivalent	\$ 202,518
General	Smith trust	14
	Total	<u>\$ 671,060</u>
Proprietary Funds:		
General	Water utility-tax equivalent	<u>\$ 189,626</u>

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.

NOTE 11

RESTRICTED CASH

General, Smith Trust, and Campbell Trust funds report \$257,960, \$3,209, and \$103,000, respectively, of restricted cash which will be used for Harris Park, perpetual care, and permanent fund.

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, 2022, enterprise fund restricted cash was as follows:

	<u>Restricted Cash</u>
Mortgage revenue bond funds	\$ 46,492
DNR replacement fund	1,310,320
Total	<u>\$ 1,356,812</u>

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 12

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, 2022 the various components of deferred inflows of resources were as follows:

Property tax receivable	\$ 3,483,830
Tax increment receivable	24,556
Special assessments not yet due	21,566
Garbage and recycling penalties	5
2022 tax equivalent from water utility	189,626
Leases	69,707
Total	<u>\$ 3,789,290</u>

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 13

GOVERNMENTAL FUND BALANCES

**GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2022 includes the following:

Major Funds:	
<b>General Fund:</b>	
Nonspendable:	
Prepaid expenditures	<u>\$ 55,696</u>
Restricted for:	
Harris Park donation	\$ 232,116
Environmental projects	142,359
Total restricted	<u>\$ 374,475</u>
Assigned for:	
Elections	\$ 10,000
Police donations	24,860
Criminal justice scholarship	1,435
Snow and ice	95,205
Historic preservation walking tour	3,925
Love Dodgeville	14
Assessor outlay	50,000
Police outlay - contingency	147,315
Fire outlay - contingency	190,875
Sick leave - general fund	398,807
Total assigned	<u>\$ 922,436</u>

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
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NOTE 13

GOVERNMENTAL FUND BALANCES (CONTINUED)

**Capital Improvements Fund:**

Assigned for:

Building fund outlay	\$ 326,868
Police outlay	200,000
Fire outlay - vehicle	299,136
Fire outlay - building	50,000
Emergency warning system	13,493
Ambulance outlay - vehicle	308,845
Street machinery outlay	148,801
Street construction outlay	215,481
Street lighting outlay	27,601
Cemetery outlay	230,552
Pool outlay	155,685
Parks outlay	420,437
Total assigned	<u><u>\$ 2,396,899</u></u>

**Special Purpose Library:**

Restricted for:

Library - building project	\$ 4,480
Library - other	43,554
Total restricted	<u><u>\$ 48,034</u></u>

**Non-major Funds:**

**Campbell Trust:**

Nonspendable:

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

Restricted for:

Perpetual care	<u><u>\$ 3,209</u></u>
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**Debt Service:**

Restricted for:

Debt service	<u><u>\$ 178,497</u></u>
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**Affordable Housing:**

Restricted for:

Affordable housing expenditures	<u><u>\$ 320,866</u></u>
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City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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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.

NOTE 15

TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City, through its TID #3, has entered into tax abatement agreements in the form of developer incentives to stimulate economic development. The abatements are authorized through the TID #3 project plan. For the year ended December 31, 2022, the City abated property taxes totaling \$700,000 related to TID #3 developer agreements.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 16

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 #3	7/21/2020	7/21/2035	7/21/2040

TID #2 terminated in 2021 and all excess increments were refunded to overlying taxing jurisdictions.

Following is the cumulative status of the City's active TID as of December 31, 2022:

	<u>TID #3</u>
Revenues	
Taxes	\$ 1,401
Interest	1,119
Debt premium	49,858
Total revenues	<u>52,378</u>
Expenditures	
Construction	1,930,042
Professional services	55,968
Developer incentives	888,399
DOR fees	1,300
Interest and fiscal charges	144,127
Total expenditures	<u>3,019,836</u>
Amount to be recovered through future increments	<u>\$ 2,967,458</u>
Cash	\$ 312,974
Accounts payable	4,484
Long-term debt outstanding	2,650,000
Amount to be recovered through future increments	<u>\$ 2,967,458</u>

The amount to be recovered shown above will be increased by interest payments made in the future.

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

NOTE 17      EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Government Accounting Standards Board (GASB) has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. When this becomes effective, application of this standard may restate portions of these financial statements.

NOTE 18      PURCHASE COMMITMENTS/SUBSEQUENT EVENTS

The City has the following purchase commitments:

- 2022 street reconstruction costs remaining \$91,653
- EMS command vehicle \$64,723
- Police radios \$49,000
- Well #6 \$2,177,562
- Sewer truck \$44,768
- 2023 street reconstruction \$1,961,898
- Generator for EMS \$46,200
- Pickleball courts \$111,000
- Refurbish fire truck \$247,148

On April 18, 2023, the City approved the issuance of \$1,961,898 general obligation notes to pay for 2023 street reconstruction costs. The notes are dated April 20, 2023 with an interest rate of 3.69%. Debt requirements are as follows:

Years	Notes from Direct Borrowings and Direct Placements					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Totals	Principal	Interest	Totals
2023	\$	\$	\$	\$	\$	\$
2024	701	42,049	42,750	69,759	30,345	100,104
2025	109,448	42,023	151,471	72,333	27,771	100,104
2026	113,487	37,985	151,472	75,002	25,102	100,104
2027	117,674	33,797	151,471	77,770	22,334	100,104
2028-2032	656,798	100,558	757,356	434,073	66,447	500,520
2033	141,436	5,219	146,655	93,417	3,447	96,864
	\$ 1,139,544	\$ 261,631	\$ 1,401,175	\$ 822,354	\$ 175,446	\$ 997,800

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 19

COMPONENT UNIT

A. Cash and Investments

At December 31, 2022, the cash and investments included the following:

Deposits with financial institutions	<u>\$ 82,510</u>
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Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 28,231
Cash and investments - restricted	<u>54,279</u>
Total	<u>\$ 82,510</u>

Investments Authorized by Wisconsin State Statutes

See Note 3 for list of authorized investments.

Interest Rate Risk

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

The Housing Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

Custodial Credit Risk

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

City of Dodgeville, Wisconsin  
Notes to Basic Financial Statements  
December 31, 2022

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NOTE 19

COMPONENT UNIT (CONTINUED)

*Federal Deposit Insurance Corporation (FDIC) Insurance*

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

*Collateralization of Public Unit Deposits*

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

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

At December 31, 2022, 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.

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, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 2,131,396	\$ 2,131,396	\$ 2,153,273	\$ 21,877	\$ 21,877
Intergovernmental	969,967	969,967	1,400,467	430,500	430,500
Licenses and permits	91,300	91,300	104,045	12,745	12,745
Fines and forfeitures	20,500	20,500	359,071	338,571	338,571
Public charges for services	431,050	431,050	506,707	75,657	75,657
Intergovernmental charges for services	520,000	520,000	568,128	48,128	48,128
Interest income	9,600	9,600	59,289	49,689	49,689
Miscellaneous	58,350	58,350	62,527	4,177	4,177
Total revenues	<u>4,232,163</u>	<u>4,232,163</u>	<u>5,213,507</u>	<u>981,344</u>	<u>981,344</u>
<b>EXPENDITURES</b>					
Current:					
General government	883,872	883,872	651,446	232,426	232,426
Public safety	2,717,622	2,717,622	2,033,702	683,920	683,920
Public works	973,530	973,530	710,000	263,530	263,530
Sanitation	263,000	263,000	254,800	8,200	8,200
Leisure activities	784,177	784,177	358,211	425,966	425,966
Conservation & economic development	70,000	70,000	359,004	(289,004)	(289,004)
Health & social services	189,226	189,226	97,994	91,232	91,232
Capital outlay	626,359	626,359	327,789	298,570	298,570
Total expenditures	<u>6,507,786</u>	<u>6,507,786</u>	<u>4,792,946</u>	<u>1,714,840</u>	<u>1,714,840</u>
Excess (deficiency) of revenues over over expenditures	<u>(2,275,623)</u>	<u>(2,275,623)</u>	<u>420,561</u>	<u>2,696,184</u>	<u>2,696,184</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	210,500	210,500	202,532	(7,968)	(7,968)
Transfers out			(468,528)	(468,528)	(468,528)
Unrealized gain (loss) on investments	15,000	15,000	6,486	(8,514)	(8,514)
Sale of capital assets	40,000	40,000	46,761	6,761	6,761
Total other financing sources	<u>265,500</u>	<u>265,500</u>	<u>(212,749)</u>	<u>(478,249)</u>	<u>(478,249)</u>
Net change in fund balance	<u>(2,010,123)</u>	<u>(2,010,123)</u>	<u>207,812</u>	<u>2,217,935</u>	<u>2,217,935</u>
Fund balances-beginning	<u>2,979,752</u>	<u>2,979,752</u>	<u>2,979,752</u>		
Fund balances-ending	<u>\$ 969,629</u>	<u>\$ 969,629</u>	<u>\$ 3,187,564</u>	<u>\$ 2,217,935</u>	<u>\$ 2,217,935</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, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 333,620	\$ 333,620	\$ 333,620	\$	\$
Intergovernmental	90,010	90,010	96,489	6,479	6,479
Fines and forfeits			361	361	361
Public charges for services	3,000	3,000	2,678	(322)	(322)
Interest income	50	50	37	(13)	(13)
Miscellaneous	3,347	3,347	705	(2,642)	(2,642)
Total revenues	430,027	430,027	433,890	3,863	3,863
<b>EXPENDITURES</b>					
Current:					
Leisure activities	430,027	430,027	452,628	(22,601)	(22,601)
Capital outlay:					
Leisure activities			1,364	(1,364)	(1,364)
Total expenditures	430,027	430,027	453,992	(23,965)	(23,965)
Excess (deficiency) of revenues over expenditures			(20,102)	(20,102)	(20,102)
Fund balances-beginning	68,136	68,136	68,136		
Fund balances-ending	\$ 68,136	\$ 68,136	\$ 48,034	\$ (20,102)	\$ (20,102)



Exhibit B-3  
City of Dodgeville, Wisconsin  
Wisconsin Retirement System Schedules  
December 31, 2022

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2021	0.01396271%	\$ (1,125,420)	\$ 1,969,807	(57.13%)	106.02%
2020	0.01298842%	(838,563)	1,866,323	(44.93%)	105.26%
2019	0.01295890%	(418,805)	1,670,185	(25.08%)	102.96%
2018	0.01288908%	461,037	1,666,681	27.66%	96.45%
2017	0.01267260%	(382,692)	1,618,689	(23.64%)	102.93%
2016	0.01259840%	104,452	1,597,156	6.54%	99.12%
2015	0.01259840%	204,722	1,638,089	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
2022	\$ 186,835	\$ (186,835)	\$	\$ 2,094,566	8.92%
2021	173,435	(173,435)		1,969,872	8.80%
2020	159,774	(159,774)		1,866,323	8.56%
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, 2022

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2021	0.03378700%	\$ 199,694	\$ 1,566,000	12.75%	29.57%
2020	0.03436700%	189,043	1,289,000	14.67%	31.36%
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
2022	\$ 703	\$ (703)	\$	\$ 1,604,000	0.04%
2021	694	(694)		1,566,000	0.04%
2020	668	(668)		1,289,000	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.

Exhibit B-5  
City of Dodgeville, Wisconsin  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
December 31, 2022

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	<b>2021</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 25,282
Interest	3,935
Changes in benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	
Benefit payments	(3,761)
Net change in total OPEB	\$ 25,456
Total OPEB Liability- Beginning	164,131
Total OPEB Liability- Ending	\$ 189,587
<b>Covered Employee Payroll</b>	<b>\$ 2,324,352</b>
<b>Total OPEB liability as a percentage of of covered-employee payroll</b>	<b>8.16%</b>

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is only presented for the years for which the required supplementary information is available.

City of Dodgeville, Wisconsin  
Notes to the Required Supplementary Information  
December 31, 2022

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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, 2022:

<u>Expenditures</u>	<u>Excess</u>
General fund:	
Conservation & economic development	\$ 289,004
Special purpose library	
Leisure activities	22,601
Capital outlay	1,364

City of Dodgeville, Wisconsin  
Notes to the Required Supplementary Information  
December 31, 2022

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NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES

***Changes in Benefit Terms and Assumptions related to Pension Liabilities (Assets)***

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

*Changes of assumptions:*

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

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

City of Dodgeville, Wisconsin  
Notes to the Required Supplementary Information  
December 31, 2022

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

**Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed	Level Percent of Payroll-Closed
Amortization Period:	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS	Amortization Period 30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.40%	5.40%	5.50%	5.50%	5.50%
Weighted based on assumed rate for:					
Pre-retirement:	7.00%	7.00%	7.20%	7.20%	7.20%
Post-retirement:	5.00%	5.00%	5.00%	5.00%	5.00%
Salary Increases					
Wage Inflation:	3.00%	3.00%	3.20%	3.20%	3.20%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.90%	1.90%	2.10%	2.10%	2.10%
Retirement Age:	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015- 2017.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience -based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

City of Dodgeville, Wisconsin  
Notes to the Required Supplementary Information  
December 31, 2022

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

**Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period	Level Percent of Payroll- Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return:	5.50%	5.50%	5.50%	5.50%
Weighted based on assumed rate for:				
Pre-retirement:	7.20%	7.20%	7.20%	7.20%
Post-retirement:	5.00%	5.00%	5.00%	5.00%
Salary Increases				
Wage Inflation:	3.20%	3.20%	3.20%	3.20%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.10%	2.10%	2.10%	2.10%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2006 - 2008.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

City of Dodgeville, Wisconsin  
Notes to the Required Supplementary Information  
December 31, 2022

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NOTE 4

LOCAL RETIREE LIFE INSURANCE SCHEDULES

***Changes in Benefit Terms and Assumptions related to LRLIF OPEB Liabilities (Assets)***

*Benefit Terms:* There were no recent changes in benefit terms.

*Assumptions:* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

NOTE 5 OTHER POSTEMPLOYMENT BENEFITS PLAN – SINGLE EMPLOYER HEALTH INSURANCE PLAN

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 5 preceding years.

*Changes of benefit terms.* There were no changes of benefit terms during the year.

*Assets.* There are no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.



Supplementary Information

Exhibit C-1  
City of Dodgeville, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022

	Permanent Funds		Debt Service	Special Revenue		Total
	Smith Trust	Campbell Trust		Affordable Housing	Local Fiscal Recovery Fund	
<b>ASSETS</b>						
Cash and investments	\$	\$	\$ 178,497	\$ 320,866	\$ 380,765	\$ 880,128
Cash and investments - restricted	3,209	103,000				106,209
Taxes receivable			273,863			273,863
Total assets	\$ 3,209	\$ 103,000	\$ 452,360	\$ 320,866	\$ 380,765	\$ 1,260,200
<b>LIABILITIES</b>						
Accounts payable	\$	\$	\$	\$	\$ 3,680	\$ 3,680
Unearned revenue					377,085	377,085
Total liabilities					380,765	\$ 380,765
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred property tax revenue			273,863			273,863
<b>FUND BALANCES</b>						
Nonspendable		103,000				103,000
Restricted	3,209		178,497	320,866		502,572
Total fund balances	3,209	103,000	178,497	320,866		605,572
Total liabilities, deferred inflows of resources and fund balances	\$ 3,209	\$ 103,000	\$ 452,360	\$ 320,866	\$ 380,765	\$ 1,260,200

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, 2022

	Permanent Funds		Debt Service	Special Revenue		Total
	Smith Trust	Campbell Trust		Affordable Housing	Local Fiscal Recovery Fund	
<b>REVENUES</b>						
Taxes	\$	\$	\$ 201,228	\$	\$	\$ 201,228
Intergovernmental				88,317		88,317
Interest income	14	233				247
Total revenues	14	233	201,228	88,317		289,792
<b>EXPENDITURES</b>						
Current:						
General government				88,317		88,317
Cemetery expenditures		233				233
Debt service:						
Principal retirement			221,324			221,324
Interest and fiscal charges			23,156			23,156
Total expenditures		233	244,480	88,317		333,030
Excess (deficiency) of revenues over expenditures	14		(43,252)			(43,238)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(14)					(14)
Total other financing sources (uses)	(14)					(14)
Net change in fund balances			(43,252)			(43,252)
Fund balances-beginning	3,209	103,000	221,749	320,866		648,824
Fund balances-ending	\$ 3,209	\$ 103,000	\$ 178,497	\$ 320,866	\$	\$ 605,572

**FORM OF LEGAL OPINION**

(See following pages)

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

December 13, 2023

Re: City of Dodgeville, Wisconsin ("Issuer")  
\$1,170,000 General Obligation Community Development Bonds, Series 2023C,  
dated December 13, 2023 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$100,000	___%
2028	105,000	___
2029	105,000	___
2030	105,000	___
2031	105,000	___
2032	105,000	___
2033	105,000	___
2034	110,000	___
2035	110,000	___
2036	110,000	___
2037	110,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2024.

The Bonds maturing on March 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2031 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.



**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Dodgeville, Iowa County, Wisconsin (the "Issuer") in connection with the issuance of \$1,170,000 General Obligation Community Development Bonds, Series 2023C, dated December 13, 2023 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on October 17, 2023 and November 21, 2023 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 21, 2023 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Dodgeville, Iowa County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk/Treasurer of the Issuer who can be contacted at 100 East Fountain Street, Dodgeville, Wisconsin 53533, phone (608) 930-5228, fax (608) 930-3520.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2023, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference financial information and operating data that is customarily prepared and publicly available, to wit:

1. Audited Financial Statements; and
2. The Issuer's adopted annual budget.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a

Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 13th day of December, 2023.

---

Todd D. Novak  
Mayor

(SEAL)

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Lauree Aulik  
City Clerk/Treasurer

**NOTICE OF SALE**

**\$1,170,000\* GENERAL OBLIGATION COMMUNITY DEVELOPMENT BONDS, SERIES 2023C  
CITY OF DODGEVILLE, WISCONSIN**

Bids for the purchase of \$1,170,000\* General Obligation Community Development Bonds, Series 2023C (the "Bonds") of the City of Dodgeville, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on November 21, 2023, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 5:30 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

**AUTHORITY; PURPOSE; SECURITY**

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City, for the public purpose of providing financial assistance to community development projects under Section 66.1105 of the Wisconsin Statutes, by paying the costs of projects listed in the project plans for the City's Tax Incremental Districts. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

**DATES AND MATURITIES**

The Bonds will be dated December 13, 2023, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$100,000	2031	\$105,000	2035	\$110,000
2028	105,000	2032	105,000	2036	110,000
2029	105,000	2033	105,000	2037	110,000
2030	105,000	2034	110,000		

**ADJUSTMENT OPTION**

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BOND OPTION**

Bids for the Bonds may contain a maturity schedule providing for any combination of serial Bonds and term Bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.



## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2024, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## **PAYING AGENT**

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

## **OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after March 1, 2032 shall be subject to optional redemption prior to maturity on March 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

## **DELIVERY**

On or about December 13, 2023, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in the Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

## SUBMISSION OF BIDS

Bids must not be for less than \$1,155,375, nor more \$1,263,600, plus accrued interest on the principal sum of \$1,170,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$23,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

### **AWARD**

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

### **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

### **CUSIP NUMBERS**

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds shall be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

### **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing

issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Lauree Aulik, Clerk/Treasurer  
City of Dodgeville, Wisconsin

# BID FORM

The Common Council  
City of Dodgeville, Wisconsin (the "City")

November 21, 2023

RE: \$1,170,000\* General Obligation Community Development Bonds, Series 2023C (the "Bonds")  
DATED: December 13, 2023

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$1,155,375, nor more than \$1,263,600) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2031	_____ % due	2035
_____ % due	2028	_____ % due	2032	_____ % due	2036
_____ % due	2029	_____ % due	2033	_____ % due	2037
_____ % due	2030	_____ % due	2034		

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$23,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 13, 2023.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES:  NO: .

If the competitive sale requirements are not met, we elect to use either the:  10% test, or the  hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_

Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 13, 2023 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_ %.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Dodgeville, Wisconsin, on November 21, 2023.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_