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CITY OF DODGEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2023

CITY OF DODGEVILLE, WISCONSIN
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Dodgeville,
Dodgeville, Wisconsin

Opinions

We have audited the 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, 2023, 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 accompanying financial statements 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, 2023, 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 opinions.

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.

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.

Required Supplementary Information (Continued)

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

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements presented are 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 2022 financial statements, and, in our report dated August 21, 2023, 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.
July 29, 2024

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Dodgeville, Wisconsin
Statement of Net Position
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | Primary Government | | | | Component Unit | |
|--|----------------------------|-----------------------------|---------------|---------------|----------------|-----------|
| | Governmental Activities | Business-type Activities | Totals | | | |
| | | | 2023 | 2022 | 2023 | 2022 |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 7,591,522 | \$ 1,112,634 | \$ 8,704,156 | \$ 7,362,354 | \$ 33,610 | \$ 28,231 |
| Cash and investments - restricted | 377,435 | 1,252,279 | 1,629,714 | 1,720,981 | 56,915 | 54,279 |
| Receivables: | | | | | | |
| Taxes | 2,145,760 | | 2,145,760 | 2,015,190 | | |
| Customer | 22,583 | 218,913 | 241,496 | 213,857 | | |
| Accounts receivable | 80,107 | 7,079 | 87,186 | 164,085 | | |
| Ambulance receivable, less allowance for uncollectible accounts of \$62,033 | 279,078 | | 279,078 | 87,183 | | |
| Leases | 4,052 | 1,085 | 5,137 | 9,150 | | |
| Internal balances | 201,612 | (201,612) | | | | |
| Prepaid insurance | 48,386 | | 48,386 | 55,696 | | |
| Unbilled revenue | | 109,856 | 109,856 | 99,198 | | |
| Materials and supplies | | 37,581 | 37,581 | 24,680 | | |
| Total current assets | 10,750,535 | 2,537,815 | 13,288,350 | 11,752,374 | 90,525 | 82,510 |
| Noncurrent assets: | | | | | | |
| Other assets: | | | | | | |
| Special assessments | 21,566 | | 21,566 | 392,772 | | |
| Lease receivable | 56,602 | | 56,602 | 61,738 | | |
| Net pension asset | | | | 1,125,420 | | |
| Total other assets | 78,168 | | 78,168 | 1,579,930 | | |
| Capital assets: | | | | | | |
| Property, plant and equipment | 37,124,009 | 34,263,287 | 71,387,296 | 66,046,852 | | |
| Less: accumulated depreciation | (17,473,072) | (8,770,439) | (26,243,511) | (24,705,555) | | |
| Right to use leased assets Net of accumulated amortization | 22,171 | | 22,171 | 43,627 | | |
| Net book value of capital assets | 19,673,108 | 25,492,848 | 45,165,956 | 41,384,924 | | |
| Total noncurrent assets | 19,751,276 | 25,492,848 | 45,244,124 | 42,964,854 | | |
| Total assets | 30,501,811 | 28,030,663 | 58,532,474 | 54,717,228 | 90,525 | 82,510 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension outflows | 2,631,549 | 354,775 | 2,986,324 | 2,220,701 | | |
| OPEB - group life insurance plan outflows | 58,082 | | 58,082 | 69,730 | | |
| Deferred amount on refunding | 2,997 | 491 | 3,488 | 10,468 | | |
| Total deferred outflows of resources | 2,692,628 | 355,266 | 3,047,894 | 2,300,899 | | |
| Total assets and deferred outflows of resources | \$ 33,194,439 | \$ 28,385,929 | \$ 61,580,368 | \$ 57,018,127 | \$ 90,525 | \$ 82,510 |

Exhibit A-1 (Continued)
City of Dodgeville, Wisconsin
Statement of Net Position
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | Primary Government | | | | Component Unit | |
|---|----------------------------|-----------------------------|---------------|---------------|----------------|-----------|
| | Governmental Activities | Business-type Activities | Totals | | | |
| | | | 2023 | 2022 | 2023 | 2022 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 183,841 | \$ 76,640 | \$ 260,481 | \$ 267,336 | \$ 2,803 | \$ 3,338 |
| Accrued payroll | 89,590 | | 89,590 | 70,303 | | |
| Accrued interest | 59,504 | 29,251 | 88,755 | 42,894 | | |
| Deposits | 2,600 | | 2,600 | 2,300 | | |
| Unearned revenue | 217,112 | | 217,112 | 377,085 | | |
| Current portion of: | | | | | | |
| General obligation bonds and notes | 327,413 | 43,426 | 370,839 | 300,493 | | |
| Mortgage revenue bonds | | 159,015 | 159,015 | 155,958 | | |
| Lease liability | 18,008 | | 18,008 | 31,106 | | |
| Compensated absences | | | | 65,162 | | |
| Total current liabilities | 898,068 | 308,332 | 1,206,400 | 1,312,637 | 2,803 | 3,338 |
| Noncurrent liabilities: | | | | | | |
| General obligation bonds and notes | 5,846,381 | 844,067 | 6,690,448 | 3,964,040 | | |
| Less: unamortized debt discount | (550) | (215) | (765) | (2,292) | | |
| Unamortized debt premium | 73,355 | | 73,355 | | | |
| Net pension liability | 698,572 | 94,179 | 792,751 | | | |
| Lease liability | 23,900 | | 23,900 | 47,265 | | |
| Mortgage revenue bonds | | 2,580,726 | 2,580,726 | 2,484,614 | | |
| Compensated absences | 199,847 | 26,621 | 226,468 | 274,996 | | |
| OPEB - group life insurance plan | 132,022 | | 132,022 | 199,694 | | |
| OPEB - health insurance plan | 179,493 | | 179,493 | 189,587 | | |
| Less: current portion of long-term debt | (345,421) | (202,441) | (547,862) | (552,719) | | |
| Total noncurrent liabilities | 6,807,599 | 3,342,937 | 10,150,536 | 6,605,185 | | |
| Total liabilities | 7,705,667 | 3,651,269 | 11,356,936 | 7,917,822 | 2,803 | 3,338 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension inflows | 1,479,491 | 199,459 | 1,678,950 | 2,649,524 | | |
| OPEB - group life insurance plan inflows | 95,081 | | 95,081 | 25,115 | | |
| OPEB - health insurance plan inflows | 30,222 | | 30,222 | | | |
| Lease inflows | 60,774 | 1,085 | 61,859 | 71,877 | | |
| Deferred revenue | 3,651,397 | | 3,651,397 | 3,508,391 | | |
| Total deferred inflows of resources | 5,316,965 | 200,544 | 5,517,509 | 6,254,907 | | |
| NET POSITION | | | | | | |
| Net investment in capital assets | 14,624,287 | 22,068,761 | 36,693,048 | 35,086,765 | | |
| Restricted for: | | | | | | |
| Net pension asset | | | | 1,125,420 | | |
| Debt service | 74,929 | | 74,929 | 144,337 | | |
| Donor restricted | 271,226 | | 271,226 | 232,116 | | |
| Perpetual care endowment | 3,209 | | 3,209 | 3,209 | | |
| Leisure and culture endowment | 103,000 | | 103,000 | 103,000 | | |
| Library activities | 61,949 | | 61,949 | 48,034 | | |
| Affordable housing | 300,866 | | 300,866 | 320,866 | | |
| Environmental projects | 39,249 | | 39,249 | 142,359 | | |
| Mortgage revenue bonds | | 1,605 | 1,605 | 46,492 | | |
| DNR replacement | | 1,235,224 | 1,235,224 | 1,257,882 | | |
| Housing assistance payments - component unit | | | | | 2,684 | 2,684 |
| WRRP - component unit | | | | | 51,595 | 51,595 |
| Unrestricted | 4,693,092 | 1,228,526 | 5,921,618 | 4,334,918 | 33,443 | 24,893 |
| Total net position | 20,171,807 | 24,534,116 | 44,705,923 | 42,845,398 | 87,722 | 79,172 |
| Total liabilities, deferred inflows of resources, and net position | \$ 33,194,439 | \$ 28,385,929 | \$ 61,580,368 | \$ 57,018,127 | \$ 90,525 | \$ 82,510 |

Exhibit A-2
City of Dodgeville, Wisconsin
Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| FUNCTIONS/PROGRAMS | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | | | | |
|--|------------------|-------------------------|--|--|---|-----------------------------|-------------|--------------|----------------|--------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Totals | | Component Unit | |
| | | | | | Governmental Activities | Business-type Activities | 2023 | 2022 | 2023 | 2022 |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 780,646 | \$ 74,505 | \$ | \$ 1,500,000 | \$ 793,859 | \$ | \$ 793,859 | \$ (432,506) | \$ | \$ |
| Public safety | 2,816,790 | 858,979 | 59,946 | | (1,897,865) | | (1,897,865) | (1,492,054) | | |
| Public works | 1,686,267 | 28,150 | 357,795 | | (1,300,322) | | (1,300,322) | (610,655) | | |
| Sanitation | 265,836 | 257,734 | 15,143 | | 7,041 | | 7,041 | 18,525 | | |
| Health and social services | 120,011 | 17,050 | | | (102,961) | | (102,961) | (84,145) | | |
| Leisure activities | 1,011,304 | 159,463 | 118,314 | 3,465 | (730,062) | | (730,062) | (650,485) | | |
| Conservation & economic development | 218,244 | 91,854 | 1,350 | | (125,040) | | (125,040) | (1,003,680) | | |
| Interest and fiscal charges | 217,316 | | | | (217,316) | | (217,316) | (120,797) | | |
| Total governmental activities | 7,116,414 | 1,487,735 | 552,548 | 1,503,465 | (3,572,666) | | (3,572,666) | (4,375,797) | | |
| Business-type activities: | | | | | | | | | | |
| Water | 821,165 | 1,249,276 | | 229,543 | | 657,654 | 657,654 | 405,666 | | |
| Sewer | 977,461 | 1,298,129 | | 89,704 | | 410,372 | 410,372 | 505,723 | | |
| Total business-type activities | 1,798,626 | 2,547,405 | | 319,247 | | 1,068,026 | 1,068,026 | 911,389 | | |
| Total primary government | \$ 8,915,040 | \$ 4,035,140 | \$ 552,548 | \$ 1,822,712 | (3,572,666) | 1,068,026 | (2,504,640) | (3,464,408) | | |
| Component unit: | | | | | | | | | | |
| Housing Authority | \$ 355,732 | \$ | \$ 363,019 | \$ | | | | | 7,287 | 6,490 |
| General revenues: | | | | | | | | | | |
| Property taxes | | | | | | | | | | |
| General purposes | | | | | 2,428,805 | | 2,428,805 | 2,044,546 | | |
| Capital projects | | | | | 415,411 | | 415,411 | 794,583 | | |
| Tax increments | | | | | 24,556 | | 24,556 | 1,401 | | |
| Debt service | | | | | 273,863 | | 273,863 | 201,228 | | |
| Library | | | | | 365,751 | | 365,751 | 333,620 | | |
| Other taxes | | | | | 14,139 | | 14,139 | 12,651 | | |
| Federal and state aid not restricted for specific purposes | | | | | 679,616 | | 679,616 | 681,303 | | |
| Interest and investment earnings | | | | | 258,282 | 81,232 | 339,514 | 88,088 | 1,263 | 49 |
| Unrealized gain on investments | | | | | 14,550 | 3,766 | 18,316 | 8,164 | | |
| Gain (loss) on sale of fixed assets | | | | | 162,333 | | 162,333 | (61,153) | | |
| Miscellaneous | | | | | 14,067 | | 14,067 | 6,044 | | |
| Transfers | | | | | 189,491 | (189,491) | | | | |
| Uncollectible special assessments | | | | | | (371,206) | (371,206) | | | |
| Total general revenues | | | | | 4,840,864 | (475,699) | 4,365,165 | 4,110,475 | 1,263 | 49 |
| Changes in net position | | | | | 1,268,198 | 592,327 | 1,860,525 | 646,067 | 8,550 | 6,539 |
| Net position - beginning of year | | | | | 18,903,609 | 23,941,789 | 42,845,398 | 42,199,331 | 79,172 | 72,633 |
| Net position - end of year | \$ 20,171,807 | \$ 24,534,116 | \$ 44,705,923 | \$ 42,845,398 | \$ 87,722 | \$ 79,172 | | | | |

Exhibit A-3
City of Dodgeville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | General | Capital Projects | Special Purpose Library | TIF District #3 | Other Governmental Funds | Totals | |
|--|---------------------|---------------------|-------------------------------|--------------------|--------------------------------|----------------------|----------------------|
| | | | | | | 2023 | 2022 |
| ASSETS | | | | | | | |
| Cash and investments | \$ 3,779,147 | \$ 2,583,747 | \$ 64,834 | \$ 511,383 | \$ 652,411 | \$ 7,591,522 | \$ 6,906,038 |
| Cash and investments - restricted | 271,226 | | | | 106,209 | 377,435 | 364,169 |
| Receivables: | | | | | | | |
| Taxes | 779,505 | 591,972 | 421,039 | 68,721 | 284,523 | 2,145,760 | 2,015,190 |
| Customer | 22,583 | | | | | 22,583 | 22,701 |
| Accounts receivable | 80,107 | | | | | 80,107 | 160,287 |
| Leases | 60,654 | | | | | 60,654 | 68,750 |
| Special assessment receivable | 21,566 | | | | | 21,566 | 21,566 |
| Ambulance receivable, less allowance for uncollectible accounts of \$62,033 | 279,078 | | | | | 279,078 | 87,183 |
| Due from other funds | 201,612 | | | | | 201,612 | 999,352 |
| Prepaid insurance | 48,386 | | | | | 48,386 | 55,696 |
| Advance to other funds | 203,791 | | | | | 203,791 | |
| Total assets | \$ 5,747,655 | \$ 3,175,719 | \$ 485,873 | \$ 580,104 | \$ 1,043,143 | \$ 11,032,494 | \$ 10,700,932 |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 114,654 | \$ 31,561 | \$ 2,885 | \$ 34,741 | \$ | \$ 183,841 | \$ 239,089 |
| Accrued payroll | 89,590 | | | | | 89,590 | 70,303 |
| Advance from other funds | | | | 203,791 | | 203,791 | 302,254 |
| Unearned revenue | | | | | 217,112 | 217,112 | 377,085 |
| Deposits | 2,600 | | | | | 2,600 | 2,300 |
| Total liabilities | 206,844 | 31,561 | 2,885 | 238,532 | 217,112 | 696,934 | 991,031 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred property tax revenue | 2,424,279 | 591,972 | 421,039 | 119,075 | 284,523 | 3,840,888 | 3,698,017 |
| Deferred special assessment revenue | 21,566 | | | | | 21,566 | 21,566 |
| Deferred lease inflows | 60,774 | | | | | 60,774 | 69,707 |
| Total deferred inflows of resources | 2,506,619 | 591,972 | 421,039 | 119,075 | 284,523 | 3,923,228 | 3,789,290 |
| FUND BALANCES | | | | | | | |
| Nonspendable | 252,177 | | | | 103,000 | 355,177 | 158,696 |
| Restricted | 310,475 | | 61,949 | 222,497 | 438,508 | 1,033,429 | 607,623 |
| Assigned | 341,357 | 2,552,186 | | | | 2,893,543 | 3,319,335 |
| Unassigned (deficit) | 2,130,183 | | | | | 2,130,183 | 1,834,957 |
| Total fund balances | 3,034,192 | 2,552,186 | 61,949 | 222,497 | 541,508 | 6,412,332 | 5,920,611 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 5,747,655 | \$ 3,175,719 | \$ 485,873 | \$ 580,104 | \$ 1,043,143 | \$ 11,032,494 | \$ 10,700,932 |

Exhibit A-4
City of Dodgeville, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | 2023 | 2022 |
|---|---------------|---------------|
| Total fund balances-governmental funds: | \$ 6,412,332 | \$ 5,920,611 |
| 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 | 37,124,009 | 33,273,657 |
| Governmental accumulated depreciation | (17,473,072) | (16,569,298) |
| Right-to-use leased assets, net of accumulated amortization | 22,171 | 43,627 |
| | 19,673,108 | 16,747,986 |
| The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements. | | |
| | | 969,887 |
| 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 | 2,689,631 | 1,983,530 |
| Deferred inflows of resources | (1,604,794) | (2,308,475) |
| 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 | 189,491 | 189,626 |
| 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. | | |
| | 550 | 1,648 |
| 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 | (5,846,381) | (3,917,718) |
| Bond premium | (73,355) | |
| Deferred amount on refunding | 2,997 | 8,995 |
| Net pension liability | (698,572) | |
| Accrued interest on general obligation debt | (59,504) | (34,160) |
| Lease liability | (23,900) | (47,265) |
| Net OPEB liability | (132,022) | (199,694) |
| Total OPEB liability | (179,493) | (189,587) |
| Compensated absences | (199,847) | (243,341) |
| Total net position of governmental activities | \$ 20,171,807 | \$ 18,903,609 |

Exhibit A-5
City of Dodgeville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| | General | Capital Projects | Special Purpose Library | TIF District #3 | Other Governmental Funds | Totals | |
|--|---------------------|---------------------|-------------------------------|--------------------|--------------------------------|---------------------|---------------------|
| | | | | | | 2023 | 2022 |
| REVENUES | | | | | | | |
| Taxes | \$ 2,533,201 | \$ 415,411 | \$ 365,751 | \$ 24,556 | \$ 273,863 | \$ 3,612,782 | \$ 3,484,105 |
| Special assessments | 114 | | | | | 114 | |
| Intergovernmental | 942,061 | | 104,284 | | 159,973 | 1,206,318 | 1,585,273 |
| Licenses and permits | 118,757 | | | | | 118,757 | 104,045 |
| Fines and forfeits | 19,763 | | 350 | | | 20,113 | 359,432 |
| Public charges for services | 458,053 | | 2,051 | | | 460,104 | 509,385 |
| Intergovernmental charges for services | 777,534 | | | | | 777,534 | 568,128 |
| Interest | 190,775 | 66,433 | | | 776 | 257,984 | 68,144 |
| Miscellaneous | 59,717 | | 4,816 | | | 64,533 | 63,232 |
| Total revenues | 5,099,975 | 481,844 | 477,252 | 24,556 | 434,612 | 6,518,239 | 6,741,744 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 683,239 | | | 3,216 | 149,445 | 835,900 | 742,907 |
| Public safety | 2,479,487 | | | | 10,528 | 2,490,015 | 2,033,702 |
| Public works | 731,030 | | | | | 731,030 | 710,000 |
| Sanitation | 265,719 | | | | | 265,719 | 254,800 |
| Leisure activities | 399,228 | | 470,816 | | | 870,044 | 810,839 |
| Conservation & economic development | 289,359 | | | 11,995 | 20,000 | 321,354 | 1,103,310 |
| Health & social services | 104,785 | | | | 762 | 105,547 | 98,227 |
| Capital outlay: | | | | | | | |
| General government | 3,450 | 5,063 | | | | 8,513 | 1,553 |
| Public safety | 1,625 | 568,165 | | | | 569,790 | 316,982 |
| Public works | 1,659 | 1,258,827 | | 647,360 | | 1,907,846 | 2,098,640 |
| Leisure activities | 4,161 | 98,788 | | | | 102,949 | 76,658 |
| Debt service: | | | | | | | |
| Principal retirement | | 31,106 | 1,795 | | 275,612 | 308,513 | 251,070 |
| Interest and fiscal charges | | 1,392 | 262 | 150,713 | 42,315 | 194,682 | 90,327 |
| Total expenditures | 4,963,742 | 1,963,341 | 472,873 | 813,284 | 498,662 | 8,711,902 | 8,589,015 |
| Excess (deficiency) of revenues over expenditures | 136,233 | (1,481,497) | 4,379 | (788,728) | (64,050) | (2,193,663) | (1,847,271) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Long-term debt proceeds | | 1,139,544 | | 1,065,000 | | 2,204,544 | 600,000 |
| Other financing source - refunding bonds | | | | | | | 770,000 |
| Current refunding of debt principal | | | | | | | (700,000) |
| Debt premium | | | | 73,355 | | 73,355 | |
| Lease proceeds | | | 9,536 | | | 9,536 | |
| Transfers in | 189,640 | 497,240 | | | | 686,880 | 671,060 |
| Transfers out | (497,240) | | | | (14) | (497,254) | (468,542) |
| Unrealized gain (loss) on investments | 14,550 | | | | | 14,550 | 6,486 |
| Sale of capital assets | 3,445 | | | 190,328 | | 193,773 | 46,761 |
| Total other financing sources (uses) | (289,605) | 1,636,784 | 9,536 | 1,328,683 | (14) | 2,685,384 | 925,765 |
| Net change in fund balances | (153,372) | 155,287 | 13,915 | 539,955 | (64,064) | 491,721 | (921,506) |
| Fund balances - beginning of year | 3,187,564 | 2,396,899 | 48,034 | (317,458) | 605,572 | 5,920,611 | 6,842,117 |
| Fund balances - end of year | \$ 3,034,192 | \$ 2,552,186 | \$ 61,949 | \$ 222,497 | \$ 541,508 | \$ 6,412,332 | \$ 5,920,611 |

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, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| | 2023 | 2022 |
|--|-------------|--------------|
| Net change in fund balances-total governmental funds | \$ 491,721 | \$ (921,506) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| The acquisition of capital assets and right-to-use leased 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 or the applicable lease term as annual depreciation or amortization expenss in the statement of activities. | | |
| Capital/lease outlay reported in governmental fund statements | 2,524,957 | 3,076,302 |
| Donated capital assets | 1,500,000 | |
| Depreciation expenses reported in the statement of activities | (1,005,569) | (946,405) |
| Amortization expense reported in the statement of activities | (30,992) | (29,084) |
| Amount by which capital outlays are greater (less) than depreciation in the current period. | 2,988,396 | 2,100,813 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position: | (63,275) | (862,451) |
| 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 | 43,494 | 26,101 |
| Change in OPEB - group life insurance plan liability and related deferred outflows and inflows | (13,942) | (25,086) |
| Change in OPEB - City health insurance plan liability and related deferred outflows and inflows | (20,128) | (189,587) |
| Long-term proceeds provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the statement of neet position. 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 | 32,901 | 29,746 |
| Principal payments on long-term debt | 275,881 | 921,323 |
| Proceeds from lease liabilities | (9,536) | |
| Proceeds from long-term debt | (2,204,544) | (1,370,000) |
| Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue as amortization expense in the statement of activities. | | |
| Amount of debt premium received in the current year | (73,355) | |
| 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) |

Exhibit A-6 (Continued)
OPEB - group life insurance plan outflows
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, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| | 2023 | | 2022 | |
|---|--------------|--------------|--------------|-------------|
| In governmental funds, the current year utility tax equivalent is deferred and 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 | \$ (189,626) | | \$ (202,518) | |
| Subsequent year utility tax equivalent recognized as a transfer for the statement of activities | 189,491 | (135) | 189,626 | (12,892) |
| 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 | 79,136 | | 54,583 | |
| The amount of interest accrued during the current period | (104,480) | | (77,955) | |
| Interest paid is greater than interest expensed by | | (25,344) | | (23,372) |
| 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 plan and the actuarially determined change in net pension asset/liability between years, with adjustments. | | | | |
| | | (146,840) | | 246,390 |
| Change in net position-governmental activities | | \$ 1,268,198 | | \$ (87,617) |

Exhibit A-7
City of Dodgeville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | Enterprise Funds | | Totals | |
|---|------------------|------------------|---------------|---------------|
| | Water Utility | Sewer Utility | 2023 | 2022 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ | \$ 1,112,634 | \$ 1,112,634 | \$ 456,316 |
| Cash and investments - restricted | | 1,252,279 | 1,252,279 | 1,356,812 |
| Receivables: | | | | |
| Customers | 110,112 | 108,801 | 218,913 | 191,156 |
| Leases | 1,085 | | 1,085 | 1,053 |
| Other | 1,163 | 5,916 | 7,079 | 3,798 |
| Inventories | 36,083 | 1,498 | 37,581 | 24,680 |
| Unbilled revenue | 58,028 | 51,828 | 109,856 | 99,198 |
| Total current assets | 206,471 | 2,532,956 | 2,739,427 | 2,133,013 |
| Noncurrent assets: | | | | |
| Receivables: | | | | |
| Lease | | | | 1,085 |
| Special assessments | | | | 371,206 |
| Other assets: | | | | |
| Net pension asset | | | | 155,533 |
| Capital assets: | | | | |
| Property and plant | 14,631,668 | 19,631,619 | 34,263,287 | 32,874,990 |
| Less: accumulated provision for depreciation | (4,426,162) | (4,344,277) | (8,770,439) | (8,238,052) |
| Net book value of capital assets | 10,205,506 | 15,287,342 | 25,492,848 | 24,636,938 |
| Total noncurrent assets | 10,205,506 | 15,287,342 | 25,492,848 | 25,164,762 |
| Total assets | 10,411,977 | 17,820,298 | 28,232,275 | 27,297,775 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension outflows | 197,695 | 157,080 | 354,775 | 306,901 |
| Deferred amount on refunding | 337 | 154 | 491 | 1,473 |
| Total deferred outflows of resources | 198,032 | 157,234 | 355,266 | 308,374 |
| Total assets and deferred outflows of resources | \$ 10,610,009 | \$ 17,977,532 | \$ 28,587,541 | \$ 27,606,149 |

Exhibit A-7 (Continued)
City of Dodgeville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | Enterprise Funds | | Totals | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Water Utility | Sewer Utility | 2023 | 2022 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 26,411 | \$ 50,229 | \$ 76,640 | \$ 28,247 |
| Due to other funds | 201,612 | | 201,612 | 697,098 |
| Accrued interest | 13,801 | 15,450 | 29,251 | 8,734 |
| Current portion of: | | | | |
| General obligation bonds and notes | 39,378 | 4,048 | 43,426 | 24,609 |
| Mortgage revenue bonds | | 159,015 | 159,015 | 155,958 |
| Total current liabilities | 281,202 | 228,742 | 509,944 | 914,646 |
| Long-term liabilities: | | | | |
| General obligation bonds and notes | 528,792 | 315,275 | 844,067 | 46,322 |
| Less: unamortized debt discount | (215) | | (215) | (644) |
| Mortgage revenue bonds | 252,070 | 2,328,656 | 2,580,726 | 2,484,614 |
| Net pension liability | 52,481 | 41,698 | 94,179 | |
| Compensated absences | 16,811 | 9,810 | 26,621 | 31,655 |
| Less: current portion | (39,378) | (163,063) | (202,441) | (180,567) |
| Total long-term liabilities | 810,561 | 2,532,376 | 3,342,937 | 2,381,380 |
| Total liabilities | 1,091,763 | 2,761,118 | 3,852,881 | 3,296,026 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension inflows | 111,147 | 88,312 | 199,459 | 366,164 |
| Lease inflows | 1,085 | | 1,085 | 2,170 |
| Total deferred inflows of resources | 112,232 | 88,312 | 200,544 | 368,334 |
| NET POSITION | | | | |
| Net investment in capital assets | 9,425,196 | 12,643,565 | 22,068,761 | 22,108,119 |
| Restricted for: | | | | |
| Net pension asset | | | | 155,533 |
| Mortgage revenue bonds | | 1,605 | 1,605 | 46,492 |
| DNR replacement | | 1,235,224 | 1,235,224 | 1,257,882 |
| Unrestricted | (19,182) | 1,247,708 | 1,228,526 | 373,763 |
| Total net position | 9,406,014 | 15,128,102 | 24,534,116 | 23,941,789 |
| Total liabilities, deferred inflows of resources, and net position | \$ 10,610,009 | \$ 17,977,532 | \$ 28,587,541 | \$ 27,606,149 |

Exhibit A-8
City of Dodgeville, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| | Enterprise Funds | | Totals | |
|--|---------------------|----------------------|----------------------|----------------------|
| | Water Utility | Sewer Utility | 2023 | 2022 |
| OPERATING REVENUES | | | | |
| Sales of water | \$ 1,217,496 | \$ | \$ 1,217,496 | \$ 1,068,550 |
| Measured sewer service | | 1,278,077 | 1,278,077 | 1,255,896 |
| Penalties | 3,870 | 4,499 | 8,369 | 7,384 |
| Other | 27,910 | 15,553 | 43,463 | 64,045 |
| Total operating revenues | 1,249,276 | 1,298,129 | 2,547,405 | 2,395,875 |
| OPERATING EXPENSES | | | | |
| Operation & maintenance | 517,809 | 581,157 | 1,098,966 | 1,111,807 |
| Depreciation | 276,115 | 328,523 | 604,638 | 573,059 |
| Taxes | 11,663 | 12,900 | 24,563 | 28,120 |
| Total operating expenses | 805,587 | 922,580 | 1,728,167 | 1,712,986 |
| Operating income | 443,689 | 375,549 | 819,238 | 682,889 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest on investments | 65 | 81,167 | 81,232 | 10,243 |
| Amortization of debt expense | (1,103) | (308) | (1,411) | (1,411) |
| Interest expense | (14,475) | (54,573) | (69,048) | (51,699) |
| Unrealized gain (loss) on investments | | 3,766 | 3,766 | 1,678 |
| Uncollectible special assessments | (107,446) | (263,760) | (371,206) | |
| Total nonoperating revenues (expenses) | (122,959) | (233,708) | (356,667) | (41,189) |
| Income before contributions and transfers | 320,730 | 141,841 | 462,571 | 641,700 |
| Capital grants and contributions | 229,543 | 89,704 | 319,247 | 281,610 |
| Transfer of tax equivalent | (189,491) | | (189,491) | (189,626) |
| Change in net position | 360,782 | 231,545 | 592,327 | 733,684 |
| Net position - beginning of year | 9,045,232 | 14,896,557 | 23,941,789 | 23,208,105 |
| Net position - end of year | \$ 9,406,014 | \$ 15,128,102 | \$ 24,534,116 | \$ 23,941,789 |

Exhibit A-9
City of Dodgeville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| | Enterprise Funds | | Totals | |
|--|------------------|------------------|--------------|--------------|
| | Water Utility | Sewer Utility | 2023 | 2022 |
| CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 1,209,690 | \$ 1,299,300 | \$ 2,508,990 | \$ 2,385,810 |
| Payments to employees | (212,528) | (168,547) | (381,075) | (379,686) |
| Payments for employee benefits | (62,590) | (58,766) | (121,356) | (62,092) |
| Payments to other funds | (495,486) | | (495,486) | 494,580 |
| Payments to suppliers | (222,859) | (316,866) | (539,725) | (635,837) |
| Net cash provided by operating activities | 216,227 | 755,121 | 971,348 | 1,802,775 |
| CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES | | | | |
| Paid to municipality for tax equivalent | | | (189,491) | (189,626) |
| CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (764,525) | (395,871) | (1,160,396) | (1,471,287) |
| Proceeds from the sale of fixed assets | | | | 42,966 |
| Debt proceeds | 761,173 | 313,251 | 1,074,424 | |
| Debt retired | (22,315) | (158,252) | (180,567) | (176,121) |
| Interest paid | (1,234) | (47,297) | (48,531) | (52,496) |
| Net cash (used by) capital and related financing activities | (26,901) | (288,169) | (315,070) | (1,656,938) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Unrealized gain (loss) on investments | | 3,766 | 3,766 | 1,678 |
| Marketable securities sold | | 74,166 | 74,166 | 242,295 |
| Marketable securities purchased | | (77,663) | (77,663) | (74,166) |
| Investment income | 65 | 81,167 | 81,232 | 10,243 |
| Net cash from investing activities | 65 | 81,436 | 81,501 | 180,050 |
| Net change in cash and cash equivalents | (100) | 548,388 | 548,288 | 136,261 |
| Cash and cash equivalents - beginning of the year | 100 | 1,738,862 | 1,738,962 | 1,602,701 |
| Cash and cash equivalents - end of the year | \$ | \$ 2,287,250 | \$ 2,287,250 | \$ 1,738,962 |
| Reconciliation of cash and cash equivalents to statement of net position accounts | | | | |
| Cash and investments | \$ | \$ 1,112,634 | \$ 1,112,634 | \$ 456,316 |
| Restricted cash and investments | | 1,252,279 | 1,252,279 | 1,356,812 |
| Subtotal | | 2,364,913 | 2,364,913 | 1,813,128 |
| Less: long-term investments | | (77,663) | (77,663) | (74,166) |
| Cash and cash equivalents | \$ | \$ 2,287,250 | \$ 2,287,250 | \$ 1,738,962 |

Exhibit A-9 (Continued)
City of Dodgeville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

| | Enterprise Funds | | Totals | |
|--|-------------------|-------------------|-------------------|---------------------|
| | Water Utility | Sewer Utility | 2023 | 2022 |
| Reconciliation of operating income to net cash provided | | | | |
| by operating activities: | | | | |
| Operating income | \$ 443,689 | \$ 375,549 | \$ 819,238 | \$ 682,889 |
| Noncash items in operating income: | | | | |
| Depreciation expense | 295,210 | 328,523 | 623,733 | 591,836 |
| Pension expense | 16,157 | 18,976 | 35,133 | (35,469) |
| Amortization of major repair | | | | 88,029 |
| Changes in assets and liabilities: | | | | |
| Customer accounts receivable | (27,054) | (703) | (27,757) | (5,488) |
| Other accounts receivable | (655) | (2,626) | (3,281) | (547) |
| Leases | (32) | | (32) | 32 |
| Unbilled revenue receivable | (12,532) | 1,874 | (10,658) | (4,577) |
| Material and supplies | (12,901) | | (12,901) | 1,283 |
| Accounts payable | 6,761 | 41,632 | 48,393 | (13,316) |
| Due to other funds | (495,486) | | (495,486) | 494,580 |
| Compensated absences | 3,070 | (8,104) | (5,034) | 3,523 |
| Net cash provided by operating activities | <u>\$ 216,227</u> | <u>\$ 755,121</u> | <u>\$ 971,348</u> | <u>\$ 1,802,775</u> |
| Noncash capital financing activities: | | | | |
| Capital additions financed by developers | \$ | \$ | \$ | \$ 219,283 |
| Capital additions financed by TID 3 | 229,543 | 89,704 | 319,247 | 62,327 |
| Total noncash capital financing activities | <u>\$ 229,543</u> | <u>\$ 89,704</u> | <u>\$ 319,247</u> | <u>\$ 281,610</u> |

Exhibit A-10
City of Dodgeville, Wisconsin
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

(With Summarized Financial Information as of December 31, 2022)

| | Custodial Fund | |
|------------------------------------|---------------------|--------------|
| | Tax Collection Fund | |
| | 2023 | 2022 |
| ASSETS | | |
| Cash and investments | \$ 2,991,717 | \$ 3,327,371 |
| Taxes receivable | 4,082,926 | 4,294,484 |
| | | |
| Total assets | \$ 7,074,643 | \$ 7,621,855 |
| | | |
| LIABILITIES | | |
| Due to other taxing units | \$ 7,074,643 | \$ 7,621,855 |
| | | |
| NET POSITION | | |
| Restricted | | |
| | | |
| Total liabilities and net position | \$ 7,074,643 | \$ 7,621,855 |
| | | |

Exhibit A-11
City of Dodgeville, Wisconsin
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

| | Custodial Fund | |
|--|---------------------|--------------|
| | Tax Collection Fund | |
| | 2023 | 2022 |
| ADDITIONS | | |
| Property tax collections for other governments | \$ 5,183,424 | \$ 5,320,761 |
| DEDUCTIONS | | |
| Property tax collections paid or owed to other governments | 5,183,424 | 5,320,761 |
| 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, 2023

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City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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, 2023.

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, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Continued)

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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 - 2023 tax roll:

| | |
|---|------------------|
| Lien date and levy date | December 2023 |
| Tax bills mailed | December 2023 |
| Payment in full, or | January 31, 2024 |
| First installment due | January 31, 2024 |
| Second installment due | July 31, 2024 |
| Personal property taxes in full | January 31, 2024 |
| Tax sale- 2023 delinquent real estate taxes | October 2027 |

An allowance of \$62,033 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, 2023

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 – in the governmental funds, when the year-end receivable balance exceeds the deferred inflow of resources, the difference is presented as nonspendable fund balance.

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, 2023

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, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 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, 2023

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 31st; however, the amount can be determined subsequent to the release of the financial statements. At the time of adoption of this policy, the City does not have any reserves that meet this component of fund balance.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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 #10 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, 2022, 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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pensions

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

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

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

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

OPEB 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 following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Relating to Other Postemployment Benefits, and
- OPEB Expense (Revenue).

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

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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, 2023, the City adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB 96 was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The City does not have any material SBITAs requiring disclosure in the financial statements.

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, 2023

NOTE 3

CASH AND INVESTMENTS

At December 31, 2023, cash and investments included the following:

| | | |
|--|----|------------|
| Deposits with financial institutions | \$ | 11,875,835 |
| Wisconsin Local Government Investment Pool | | 1,449,152 |
| Petty cash | | 600 |
| Total cash and investments | \$ | 13,325,587 |

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

| | | |
|---------------------------------|----|------------|
| Exhibit A-1: | | |
| Cash and investments | \$ | 8,704,156 |
| Cash and investments-restricted | | 1,629,714 |
| Exhibit A-10: | | |
| Cash and investments | | 2,991,717 |
| Total cash and investments | \$ | 13,325,587 |

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, 2023

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

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

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

| Investment Type | Amount | <u>Remaining Maturity</u> |
|----------------------------------|--------------|---------------------------|
| | | 12 Months or Less |
| Certificates of deposit | \$ 2,038,322 | \$ 2,038,322 |
| Local Government Investment Pool | 1,449,152 | 1,449,152 |
| Totals | \$ 3,487,474 | \$ 3,487,474 |

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, 2023, the City's investments were rated as follows:

| Investment Type | Value | <u>Standard & Poor's Credit Ratings</u> |
|----------------------------------|--------------|---|
| | | Not Rated |
| Certificates of deposit | \$ 2,038,322 | \$ 2,038,322 |
| Local Government Investment Pool | 1,449,152 | 1,449,152 |
| Total | \$ 3,487,474 | \$ 3,487,474 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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, 2023

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2023, \$8,509,886 of the City's deposits with financial institutions were in excess of federal depository insurance limits. \$8,121,771 of deposits were collateralized by securities pledged by financial institutions. The State of Wisconsin Guarantee Fund would provide additional coverage up to \$400,000 to cover the remaining \$388,115 of uncollateralized deposits, 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, 2023, 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, 2023 was: 94.0% in U.S. Government Securities and 6.0% in Commercial Paper, CDs, and Time Deposits. 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, 2023, 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, 2023

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, 2023 | | |
|--------------------------|--|---------|--------------|
| | Fair Value | Level 1 | Level 2 |
| Certificates of deposits | \$ 2,038,322 | \$ | \$ 2,038,322 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|---------------------|--------------------|----------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Construction work in progress | \$ 65,472 | \$ 851,620 | \$ (31,834) | \$ 885,258 |
| Land | 2,254,831 | | (31,440) | 2,223,391 |
| Total capital assets not being depreciated | 2,320,303 | 851,620 | (63,274) | 3,108,649 |
| Capital assets being depreciated: | | | | |
| Land improvements | 285,383 | 80,595 | | 365,978 |
| Buildings and improvements | 3,673,381 | 1,505,062 | | 5,178,443 |
| Equipment | 3,363,275 | 249,516 | | 3,612,791 |
| Vehicles | 3,704,492 | 41,115 | | 3,745,607 |
| Furniture and fixtures | 98,539 | | | 98,539 |
| Infrastructure | 19,726,489 | 1,287,513 | | 21,014,002 |
| Total capital assets being depreciated | 30,851,559 | 3,163,801 | | 34,015,360 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (77,782) | (17,420) | | (95,202) |
| Buildings and improvements | (2,077,158) | (106,560) | | (2,183,718) |
| Equipment | (2,329,009) | (217,285) | | (2,546,294) |
| Vehicles | (2,756,256) | (116,255) | | (2,872,511) |
| Furniture and fixtures | (98,539) | | | (98,539) |
| Infrastructure | (9,128,759) | (548,049) | | (9,676,808) |
| Total accumulated depreciation | (16,467,503) | (1,005,569) | | (17,473,072) |
| Net capital assets being depreciated | 14,384,056 | 2,158,232 | | 16,542,288 |
| Right-to-use leased assets being amortized | | | | |
| Equipment | 145,422 | 9,535 | | 154,957 |
| Less accumulated amortization: | | | | |
| Equipment | 101,795 | 30,991 | | 132,786 |
| Net right-to-use leased assets being amortized | 43,627 | (21,456) | | 22,171 |
| Total net capital assets | \$ 16,747,986 | \$ 2,988,396 | \$ (63,274) | \$ 19,673,108 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

| Governmental activities | |
|---|----------------------------|
| General government | \$ 48,616 |
| Public safety | 233,544 |
| Public works, which includes the depreciation of infrastructure | 602,528 |
| Leisure activities | 106,820 |
| Health and human services | 14,061 |
| Total governmental activities depreciation expense | <u><u>\$ 1,005,569</u></u> |

Amortization expense was charged to functions as follows:

| | |
|--------------------|-------------------------|
| Public works | \$ 29,084 |
| Leisure activities | 1,907 |
| Total | <u><u>\$ 30,991</u></u> |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------------|--------------------------|------------------|-----------------------------|
| <u>Business-type activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land and land rights: | | | | |
| Sewer | \$ 35,255 | \$ | \$ | \$ 35,255 |
| Water | 17,799 | | | 17,799 |
| Construction work in progress | 107,326 | 482,735 | | 590,061 |
| Total capital assets not being depreciated | <u>160,379</u> | <u>482,735</u> | | <u>643,114</u> |
| Capital assets being depreciated: | | | | |
| Water: | | | | |
| Source of supply | 419,275 | | | 419,275 |
| Pumping | 1,244,954 | | | 1,244,954 |
| Water treatment | 23,073 | 4,031 | | 27,104 |
| Transmission and distribution | 11,723,660 | 597,005 | (59,000) | 12,261,665 |
| General | 160,515 | | | 160,515 |
| Sewer: | | | | |
| Collecting system | 8,730,068 | 349,740 | (32,346) | 9,047,462 |
| Collecting system pumping plant | 563,298 | | | 563,298 |
| Treatment and disposal plant | 8,823,798 | | | 8,823,798 |
| General plant | 1,025,970 | 46,132 | | 1,072,102 |
| Total capital assets being depreciated | <u>32,714,611</u> | <u>996,908</u> | <u>(91,346)</u> | <u>33,620,173</u> |
| Total accumulated depreciation | <u>(8,238,052)</u> | <u>(623,733)</u> | <u>91,346</u> | <u>(8,770,439)</u> |
| Net capital assets being depreciated | <u>24,476,559</u> | <u>373,175</u> | | <u>24,849,734</u> |
| Total net capital assets | <u><u>\$24,636,938</u></u> | <u><u>\$ 855,910</u></u> | <u><u>\$</u></u> | <u><u>\$ 25,492,848</u></u> |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Business-type activities:

| | |
|---|------------|
| Sewer utility | \$ 328,523 |
| Water utility | 295,210 |
| Total depreciation expense | 623,733 |
| Less: water depreciation expense allocated to sewer | (19,095) |
| Total depreciation expense per exhibit A-8 | \$ 604,638 |

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, 2023 was as follow:

| | Year Ending December 31, 2023 |
|-----------------------|----------------------------------|
| Lease-related revenue | |
| Lease revenue: | |
| Land | \$ 8,934 |
| Water tower space | 1,085 |
| Total lease revenue | 10,019 |
| Interest revenue | 2,021 |
| Total | \$ 12,040 |

Aggregate cash flows for the revenue generated by the lease receivable and interest at December 31, 2023 are as follows:

| Governmental Activities | | | |
|---------------------------------|-----------|-----------|-----------|
| Years Ended December 31, | Principal | Interest | Total |
| 2024 | \$ 4,052 | \$ 5,103 | \$ 9,155 |
| 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 | \$ 60,654 | \$ 18,851 | \$ 79,505 |
| Business-Type Activities | | | |
| Years Ended December 31, | Principal | Interest | Total |
| 2024 | \$ 1,085 | \$ 33 | \$ 1,118 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 6

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2023 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due within One Year |
|---|----------------------|---------------------|---------------------|---------------------|-----------------------------------|
| <u>Governmental activities</u> | | | | | |
| Bonds and notes payable: | | | | | |
| Notes from direct borrowings and direct placements | \$ 969,040 | \$ | \$ (125,491) | \$ 843,549 | \$ 129,125 |
| General obligation bonds | 2,948,678 | 2,204,544 | (150,390) | 5,002,832 | 198,288 |
| Less: deferred amount on refunding | (8,995) | | 5,998 | (2,997) | |
| Less: unamortized debt discount | (1,648) | | 1,098 | (550) | |
| Unamortized debt premium | | 73,355 | | 73,355 | |
| Total bonds and notes payable | <u>3,907,075</u> | <u>2,277,899</u> | <u>(268,785)</u> | <u>5,916,189</u> | <u>327,413</u> |
| Other liabilities: | | | | | |
| Lease liability | 47,265 | 9,536 | (32,901) | 23,900 | 18,008 |
| Compensated absences | 243,341 | 66,407 | (109,900) | 199,847 | |
| Total other liabilities | <u>290,606</u> | <u>75,943</u> | <u>(142,801)</u> | <u>223,747</u> | <u>18,008</u> |
| Total governmental activities long-term liabilities | <u>\$ 4,197,681</u> | <u>\$ 2,353,842</u> | <u>\$ (411,586)</u> | <u>\$ 6,139,936</u> | <u>\$ 345,421</u> |
| <u>Business-type activities</u> | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation bonds | \$ 46,322 | \$ 822,354 | \$ (24,609) | \$ 844,067 | \$ 43,426 |
| Less: deferred amount on refunding | (1,472) | | 981 | (491) | |
| Less: unamortized debt discount | (643) | | 428 | (215) | |
| Mortgage revenue bonds-direct | 2,484,614 | 252,070 | (155,958) | 2,580,726 | 159,015 |
| Total bonds and notes payable | <u>2,528,821</u> | <u>1,074,424</u> | <u>(179,158)</u> | <u>3,424,087</u> | <u>202,441</u> |
| Other liabilities: | | | | | |
| Compensated absences | 31,655 | | (5,034) | 26,621 | |
| Total business-type activities long-term liabilities | <u>\$ 2,560,476</u> | <u>\$ 1,074,424</u> | <u>\$ (184,192)</u> | <u>\$ 3,450,708</u> | <u>\$ 202,441</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, 2023

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, 2023 was \$25,960,035. Total general obligation debt outstanding at year-end was \$6,690,448.

| | Date of Issue | Final Maturity | Interest Rates | Original Amount | Balance 12/31/23 |
|---|------------------|-------------------|----------------|--------------------|---------------------|
| <u>Governmental activities</u> | | | | | |
| General obligation debt: | | | | | |
| General obligation bonds | 7/1/10 | 3/1/24 | 3.85-4.00% | \$ 2,760,233 | \$ 53,288 |
| General obligation refunding bonds | 4/26/12 | 3/1/24 | 3.30-3.45% | 975,000 | 95,000 |
| General obligation notes | 9/30/16 | 9/29/26 | 1.79% | 250,000 | 79,740 |
| General obligation notes | 6/30/17 | 6/29/27 | 2.20% | 500,000 | 213,084 |
| General obligation notes | 11/16/21 | 1/4/23 | 1.50% | 700,000 | 550,725 |
| General obligation bonds | 12/16/21 | 3/1/41 | 0.8-2.0% | 1,880,000 | 1,880,000 |
| General obligation refunding bonds | 3/17/22 | 3/1/41 | 2.75% | 770,000 | 770,000 |
| General obligation notes | 4/18/23 | 4/19/33 | 3.69% | 1,139,544 | 1,139,544 |
| General obligation bonds | 12/13/23 | 3/1/37 | 4.00-5.00% | 1,065,000 | 1,065,000 |
| Total governmental activities - general obligation debt | | | | | \$ 5,846,381 |

| | Date of Issue | Final Maturity | Interest Rates | Original Amount | Balance 12/31/23 |
|--|------------------|-------------------|----------------|--------------------|---------------------|
| <u>Business-type activities</u> | | | | | |
| General obligation debt: | | | | | |
| General obligation bonds | 7/1/10 | 3/1/24 | 3.85-4.00% | \$ 1,124,767 | \$ 21,713 |
| General obligation notes | 4/18/23 | 4/19/33 | 3.69% | 822,354 | 822,354 |
| Total business type activities - general obligation debt | | | | | \$ 844,067 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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 |
| 2024 | \$ 129,125 | \$ 29,909 | \$ 159,034 | \$ 198,288 | \$ 137,582 | \$ 335,870 |
| 2025 | 133,010 | 26,024 | 159,034 | 158,838 | 147,827 | 306,665 |
| 2026 | 136,898 | 22,071 | 158,969 | 212,911 | 142,668 | 355,579 |
| 2027 | 112,984 | 19,022 | 132,006 | 307,134 | 134,831 | 441,965 |
| 2028 | 60,804 | 14,325 | 75,129 | 346,434 | 123,718 | 470,152 |
| 2029-2033 | 270,728 | 29,779 | 300,507 | 1,889,227 | 428,457 | 2,317,684 |
| 2034-2038 | | | | 1,275,000 | 153,313 | 1,428,313 |
| 2039-2043 | | | | 615,000 | 21,325 | 636,325 |
| Totals | \$ 843,549 | \$ 141,130 | \$ 984,679 | \$ 5,002,832 | \$ 1,289,721 | \$ 6,292,553 |

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

| Years | Business-Type Activities | | |
|-----------|--------------------------|------------|--------------|
| | General Obligation Bonds | | |
| | Principal | Interest | Total |
| 2024 | \$ 43,426 | \$ 30,940 | \$ 74,366 |
| 2025 | 76,560 | 29,990 | 106,550 |
| 2026 | 79,424 | 27,126 | 106,550 |
| 2027 | 82,396 | 24,154 | 106,550 |
| 2028 | 85,420 | 21,128 | 106,548 |
| 2029-2033 | 476,841 | 54,946 | 531,787 |
| Totals | \$ 844,067 | \$ 188,284 | \$ 1,032,351 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt

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

Revenue debt payable at December 31, 2023 consists of the following:

| | Date of Issue | Final Maturity | Interest Rate | Original Amount | Balance 12/31/23 |
|--|------------------|-------------------|------------------|--------------------|---------------------|
| <u>Business-type activities</u> | | | | | |
| Revenue debt | | | | | |
| Clean water revenue bonds | 12/28/16 | 5/1/36 | 1.96% | \$3,221,580 | \$ 2,328,656 |
| Safe drinking water revenue bonds | 9/27/23 | 5/1/43 | 2.15% | 252,070 | 252,070 |
| Total business activities - revenue debt | | | | | \$ 2,580,726 |

Safe drinking water revenue bonds have a maximum loan amount of \$2,208,649. As of December 31, 2023, the utility has up to \$1,956,579 of loan disbursements available.

Debt service requirements to maturity are as follows:

| Years | Business-type Activities Revenue Debt | | |
|-----------|--|------------|--------------|
| | Principal | Interest | Total |
| 2024 | \$ 159,015 | \$ 49,144 | \$ 208,159 |
| 2025 | 173,018 | 46,226 | 219,244 |
| 2026 | 176,429 | 42,781 | 219,210 |
| 2027 | 179,908 | 39,268 | 219,176 |
| 2028 | 183,455 | 35,686 | 219,141 |
| 2029-2033 | 972,982 | 122,175 | 1,095,157 |
| 2034-2038 | 659,442 | 29,468 | 688,910 |
| 2039-2043 | 76,477 | 4,171 | 80,648 |
| Totals | \$ 2,580,726 | \$ 364,748 | \$ 2,868,997 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

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, 2023 were as follows:

| Years | Lease Liability | | |
|--------|-----------------|----------|-----------|
| | Principal | Interest | Total |
| 2024 | \$ 18,008 | \$ 364 | \$ 18,372 |
| 2025 | 1,905 | 151 | 2,056 |
| 2026 | 1,964 | 92 | 2,056 |
| 2027 | 2,023 | 33 | 2,056 |
| Totals | \$ 23,900 | \$ 640 | \$ 24,540 |

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, 2023

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.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

| Year | Core Fund Adjustment (%) | Variable Fund Adjustment (%) |
|------|-----------------------------|------------------------------------|
| 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 |
| 2022 | 7.4 | 15.0 |

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 \$186,469 in contributions from the employer. Contribution rates as of December 31, 2023 are:

| Employee Category | Employee | Employer |
|--|----------|----------|
| General (including teachers, executives and elected officials) | 6.80% | 6.80% |
| Protective with Social Security | 6.80% | 13.20% |
| Protective without Social Security | 6.80% | 18.10% |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2023, the City reported a liability (asset) of \$792,751 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the City's proportion was 0.01496405%, which was an increase of 0.00100134% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense (revenue) of \$399,478.

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, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 1,262,606 | \$ (1,658,781) |
| Net differences between projected and actual earnings on pension plan investments | 1,346,700 | |
| Changes in assumptions | 155,887 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 3,443 | (20,169) |
| Employer contributions subsequent to the measurement date | 217,688 | |
| Total | \$ 2,986,324 | \$ (1,678,950) |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$217,688 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:

| Year Ended December 31: | Net Deferred Outflows (Inflows) of Resources |
|------------------------------------|---|
| 2024 | \$ 41,905 |
| 2025 | 224,757 |
| 2026 | 229,375 |
| 2027 | 593,649 |
| Total | <u>\$ 1,089,686</u> |

Actuarial assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Actuarial Valuation Date: | December 31, 2021 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2022 |
| 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. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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 ¹ | | | |
|--|--------------------|---|---|
| As of December 31, 2022 | | | |
| Core Fund Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % ² |
| Public Equity | 48 | 7.6 | 5.0 |
| Public Fixed Income | 25 | 5.3 | 2.7 |
| Inflation Sensitive | 19 | 3.6 | 1.1 |
| Real Estate | 8 | 5.2 | 2.6 |
| Private Equity/Debt | 15 | 9.6 | 6.9 |
| Total Core Fund ³ | 115 | 7.4 | 4.8 |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70 | 7.2 | 4.6 |
| International Equities | 30 | 8.1 | 5.5 |
| Total Variable Fund | 100 | 7.7 | 5.1 |

¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, as asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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 for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (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, 2022. 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:

| | 1% Decrease to Discount Rate (5.80%) | Current Discount Rate (6.80%) | 1% Increase to Discount Rate (7.80%) |
|---|---|--|---|
| City's proportionate share of the net pension liability (asset) | \$ 2,631,114 | \$ 792,751 | \$ (471,885) |

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
December 31, 2023

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, 2023 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, 2022 are as listed below:

| Life Insurance Employee Contribution Rates* For the year ended December 31, 2022 | | |
|---|--------|--------------|
| 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 \$695 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, 2023, the LRLIF Employer reported a liability (asset) of \$132,022 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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, 2022, the City’s proportion was 0.03465300%, which was an increase of 0.000866% from its proportion measured as of December 31, 2021.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN(CONTINUED)

For the year ended December 31, 2023, the City recognized OPEB expense of \$14,587.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ | \$ (12,920) |
| Net differences between projected and actual earnings on plan investments | 2,477 | |
| Changes in actuarial assumptions | 47,432 | (77,929) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 7,519 | (4,232) |
| Employer contributions subsequent to the measurement date | 654 | |
| Totals | \$ 58,082 | \$ (95,081) |

\$654 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:

| Year Ended December 31: | Net Deferred Outflows (Inflows) of Resources |
|------------------------------------|---|
| 2024 | \$ (1,317) |
| 2025 | (2,428) |
| 2026 | (1,807) |
| 2027 | (8,147) |
| 2028 | (12,572) |
| Thereafter | (11,382) |
| Total | \$ (37,653) |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN(CONTINUED)

Actuarial assumptions. The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|---|
| Actuarial Valuation Date: | January 1, 2022 |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2022 |
| 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*: | 3.72% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 3.76% |
| Salary Increases | |
| Wage Inflation: | 3.00% |
| Seniority/Merit: | 0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |

*Based on the Bond Buyers GO index

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. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

| Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2022 | | | |
|--|----------------------------|-------------------|--|
| Asset Class | Index | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
| US Intermediate Credit Bonds | Bloomberg US Interm Credit | 50% | 2.45% |
| US Mortgages | Bloomberg US MBS | 50% | 2.83% |
| 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 remained unchanged from the prior year at 2.30%.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN(CONTINUED)

Single Discount rate. A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2037.

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

Sensitivity of the City’s proportionate share of the net OPEB liability (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 3.76 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 (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

| | 1% Decrease to Discount Rate (2.76%) | Current Discount Rate (3.76%) | 1% Increase to Discount Rate (4.76%) |
|--|---|--|---|
| City's proportionate share of the net OPEB liability (asset) | \$ 179,998 | \$ 132,022 | \$ 95,254 |

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:

Employes 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, 2022, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefit payments | 3 |
| Active employees | 40 |
| | <u>43</u> |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN
(CONTINUED)

Total OPEB Liability – The City’s total OPEB liability of \$179,493 was measured at December 31, 2021, and was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

| | |
|--|--|
| Valuation date | December 31, 2021 |
| Measurement date | December 31, 2022 |
| Inflation | 2.5 percent |
| Salary increases | 3.0 percent, average, including inflation |
| Discount rate | 4.31 percent |
| Healthcare cost trend rates | 6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter |
| 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 2.50% 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, 2022 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> |
|--|---------------------------------|
| Balances at 12/31/2021 | <u>\$ 189,587</u> |
| Changes for the year: | |
| Service cost | 25,282 |
| Interest | 4,484 |
| Changes of benefit terms | |
| Differences between expected and actual experience | |
| Changes in assumptions or other inputs | (34,000) |
| Benefit payments | (5,860) |
| Net Changes | <u>(10,094)</u> |
| Balances at 12/31/2022 | <u>\$ 179,493</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
December 31, 2023

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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current discount rate:

| | | 1% Decrease 3.31% | Current Discount Rate 4.31% | 1% Increase 5.31% |
|----------------------|------------|----------------------|-----------------------------------|----------------------|
| Total OPEB Liability | 12/31/2022 | <u>\$ 195,236</u> | <u>\$ 179,493</u> | <u>\$ 165,133</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 | 12/31/2022 | <u>\$ 159,237</u> | <u>\$ 179,493</u> | <u>\$ 203,873</u> |

OPEB Expense

For the year ended December 31, 2023, the City recognized OPEB expense of \$25,988

NOTE 10 INTERFUND ACCOUNTS

Interfund receivables and payables as of December 31, 2023 were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| Governmental Funds: | | |
| General | Water utility | <u>\$ 201,612</u> |

The general fund advance to TIF District #3 to pay project costs. TIF District #3 will repay the general fund with future debt borrowing and future tax increments. No interest is charged on the advance and no repayment terms have been established. The following is a schedule of interfund advances at December 31, 2023:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| Governmental Funds: | | |
| General | TIF District #3 | <u>\$ 203,791</u> |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 10

INTERFUND ACCOUNTS (CONTINUED)

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

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> |
|----------------------------|------------------------------|-------------------|
| Governmental Funds: | | |
| General | Water utility-tax equivalent | \$ 189,626 |
| General | Smith trust | 14 |
| Capital projects | General | 497,240 |
| | Total | <u>\$ 686,880</u> |
| Proprietary Funds: | | |
| General | Water utility-tax equivalent | <u>\$ 189,491</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 \$271,226 \$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 and water 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, 2023, proprietary fund restricted cash was as follows:

| | <u>Restricted Cash</u> |
|-----------------------------|------------------------|
| Mortgage revenue bond funds | \$ 17,055 |
| DNR replacement fund | 1,235,224 |
| Total | <u>\$ 1,252,279</u> |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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, 2023 the various components of deferred inflows of resources were as follows:

| | |
|--|--------------|
| Property tax receivable | \$ 3,532,322 |
| Tax increment receivable | 119,075 |
| Special assessments not yet due | 21,566 |
| 2023 tax equivalent from water utility | 189,491 |
| Leases | 60,774 |
| Total | \$ 3,923,228 |

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, 2023 includes the following:

Major Funds:

General Fund:

Nonspendable:

| | |
|------------------------|------------|
| Prepaid expenditures | \$ 48,386 |
| Advance to other funds | 203,791 |
| Total nonspendable | \$ 252,177 |

Restricted for:

| | |
|------------------------|------------|
| Harris Park donation | \$ 271,226 |
| Environmental projects | 39,249 |
| Total restricted | \$ 310,475 |

Assigned for:

| | |
|------------------------------------|------------|
| Police donations | \$ 35,094 |
| Criminal justice scholarship | 1,435 |
| Snow and ice | 50,000 |
| Historic preservation walking tour | 2,875 |
| Love Dodgeville | 1,719 |
| Police outlay - contingency | 52,072 |
| Sick leave - general fund | 198,162 |
| Total assigned | \$ 341,357 |

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 13

GOVERNMENTAL FUND BALANCES (CONTINUED)

Capital Improvements Fund:

Assigned for:

| | | |
|----------------------------|----|-------------------------|
| Building fund outlay | \$ | 359,776 |
| Police outlay | | 200,000 |
| Fire outlay - vehicle | | 231,014 |
| Fire outlay - building | | 291,500 |
| Emergency warning system | | 10,000 |
| Ambulance outlay - vehicle | | 334,095 |
| Street machinery outlay | | 211,529 |
| Street construction outlay | | 80,434 |
| Street lighting outlay | | 27,601 |
| Cemetery outlay | | 230,552 |
| Pool outlay | | 155,685 |
| Parks outlay | | 420,000 |
| Total assigned | \$ | <u><u>2,552,186</u></u> |

Special Purpose Library:

Restricted for:

| | | |
|----------------------------|----|----------------------|
| Library - building project | \$ | 4,480 |
| Library - other | | 57,469 |
| Total restricted | \$ | <u><u>61,949</u></u> |

Non-major Funds:

Campbell Trust:

Nonspendable:

| | | |
|-----------|----|-----------------------|
| Permanent | \$ | <u><u>103,000</u></u> |
|-----------|----|-----------------------|

Smith Trust:

Restricted for:

| | | |
|----------------|----|---------------------|
| Perpetual care | \$ | <u><u>3,209</u></u> |
|----------------|----|---------------------|

Debt Service:

Restricted for:

| | | |
|--------------|----|-----------------------|
| Debt service | \$ | <u><u>134,433</u></u> |
|--------------|----|-----------------------|

Affordable Housing:

Restricted for:

| | | |
|---------------------------------|----|-----------------------|
| Affordable housing expenditures | \$ | <u><u>300,866</u></u> |
|---------------------------------|----|-----------------------|

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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, 2023, the City abated property taxes totaling \$0 related to TID #3 developer agreements.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

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, 2023:

| | <u>TID #3</u> |
|--|---------------|
| Revenues | |
| Taxes | \$ 25,957 |
| Interest | 1,119 |
| Proceeds from sale of capital assets | 190,328 |
| Debt premium | 123,213 |
| Total revenues | 340,617 |
| Expenditures | |
| Construction | 2,578,317 |
| Administrative | 91 |
| Professional services | 70,023 |
| Developer incentives | 888,399 |
| DOR fees | 1,450 |
| Interest and fiscal charges | 294,840 |
| Total expenditures | 3,833,120 |
| Amount to be recovered through future increments | \$ 3,492,503 |
| Cash | \$ (257,238) |
| Accounts payable | 34,741 |
| Long-term debt outstanding | 3,715,000 |
| Amount to be recovered through future increments | \$ 3,492,503 |

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, 2023

NOTE 17 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for periods beginning June 15, 2023, and GASB Statement No. 101, *Compensated Absences*, effective for periods beginning December 15, 2023. When these become effective, application of these standards may restate portions of these financial statements.

NOTE 18 PURCHASE COMMITMENTS/SUBSEQUENT EVENTS

Prior to December 31, 2023, the City Council approved the Well #6 project for \$2,177,562. As of December 31, 2023, \$147,714 had been expended and \$2,029,848 remains to be expended.

Subsequent to December 31, 2023, the City Council approved a 2024 street construction project for \$612,797.

City of Dodgeville, Wisconsin
Notes to Basic Financial Statements
December 31, 2023

NOTE 19

COMPONENT UNIT

A. Cash and Investments

At December 31, 2023, the cash and investments included the following:

| | |
|--------------------------------------|------------------|
| Deposits with financial institutions | <u>\$ 90,525</u> |
|--------------------------------------|------------------|

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

| | |
|-----------------------------------|------------------|
| Exhibit A-1: | |
| Cash and investments | \$ 33,610 |
| Cash and investments - restricted | <u>56,915</u> |
| Total | <u>\$ 90,525</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.

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

| Investment Type | Amount | <u>Remaining Maturity</u> 12 Months or Less |
|------------------------|-----------|--|
| Certificate of deposit | \$ 50,075 | \$ 50,075 |

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, 2023

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, 2023, 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, 2023

| | Budgeted Amounts | | Actual | Variances- Positive (Negative) | |
|---|---------------------|---------------------|---------------------|-----------------------------------|--------------------|
| | Original | Final | | Original to Actual | Final to Actual |
| | | | | | |
| REVENUES | | | | | |
| Taxes | \$ 2,512,305 | \$ 2,194,576 | \$ 2,533,201 | \$ 20,896 | \$ 338,625 |
| Special assessments | | | 114 | 114 | 114 |
| Intergovernmental | 945,531 | 945,531 | 942,061 | (3,470) | (3,470) |
| Licenses and permits | 92,571 | 92,571 | 118,757 | 26,186 | 26,186 |
| Fines and forfeitures | 20,500 | 20,500 | 19,763 | (737) | (737) |
| Public charges for services | 454,399 | 683,944 | 458,053 | 3,654 | (225,891) |
| Intergovernmental charges for services | 509,000 | 509,000 | 777,534 | 268,534 | 268,534 |
| Interest income | 21,000 | 21,000 | 190,775 | 169,775 | 169,775 |
| Miscellaneous | 460,592 | 460,592 | 59,717 | (400,875) | (400,875) |
| Total revenues | <u>5,015,898</u> | <u>4,927,714</u> | <u>5,099,975</u> | <u>84,077</u> | <u>172,261</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 1,095,298 | 1,095,298 | 683,239 | 412,059 | 412,059 |
| Public safety | 2,501,983 | 2,413,799 | 2,479,487 | 22,496 | (65,688) |
| Public works | 833,955 | 833,955 | 731,030 | 102,925 | 102,925 |
| Sanitation | 271,300 | 271,300 | 265,719 | 5,581 | 5,581 |
| Leisure activities | 438,079 | 438,079 | 399,228 | 38,851 | 38,851 |
| Conservation & economic development | 78,150 | 78,150 | 289,359 | (211,209) | (211,209) |
| Health & social services | 104,700 | 104,700 | 104,785 | (85) | (85) |
| Capital outlay | 509,562 | 509,562 | 10,895 | 498,667 | 498,667 |
| Total expenditures | <u>5,833,027</u> | <u>5,744,843</u> | <u>4,963,742</u> | <u>869,285</u> | <u>781,101</u> |
| Excess (deficiency) of revenues over over expenditures | <u>(817,129)</u> | <u>(817,129)</u> | <u>136,233</u> | <u>953,362</u> | <u>953,362</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 203,000 | 203,000 | 189,640 | (13,360) | (13,360) |
| Unrealized gain (loss) on investments | | | 14,550 | 14,550 | 14,550 |
| Sale of capital assets | 40,000 | 40,000 | 3,445 | (36,555) | (36,555) |
| Total other financing sources | <u>243,000</u> | <u>243,000</u> | <u>(289,605)</u> | <u>(532,605)</u> | <u>(532,605)</u> |
| Net change in fund balance | (574,129) | (574,129) | (153,372) | 420,757 | 420,757 |
| Fund balances - beginning of year | 3,187,564 | 3,187,564 | 3,187,564 | | |
| Fund balances - end of year | <u>\$ 2,613,435</u> | <u>\$ 2,613,435</u> | <u>\$ 3,034,192</u> | <u>\$ 420,757</u> | <u>\$ 420,757</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, 2023

| | Budgeted Amounts | | Actual | Variances- | |
|---|------------------|------------------|------------------|--------------------|--------------------|
| | | | | Original | Final |
| | Original | Final | Actual | to Actual | to Actual |
| REVENUES | | | | | |
| Taxes | \$ 365,751 | \$ 365,751 | \$ 365,751 | \$ | \$ |
| Intergovernmental | 104,034 | 104,034 | 104,284 | 250 | 250 |
| Fines and forfeits | | | 350 | 350 | 350 |
| Public charges for services | 2,300 | 2,300 | 2,051 | (249) | (249) |
| Miscellaneous | | | 4,816 | 4,816 | 4,816 |
| Total revenues | <u>472,085</u> | <u>472,085</u> | <u>477,252</u> | <u>5,167</u> | <u>5,167</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Leisure activities | <u>472,085</u> | <u>472,085</u> | <u>470,816</u> | <u>1,269</u> | <u>1,269</u> |
| Debt service: | | | | | |
| Principal retirement | | | 1,795 | (1,795) | (1,795) |
| Interest and fiscal charges | | | 262 | (262) | (262) |
| Total expenditures | <u>472,085</u> | <u>472,085</u> | <u>472,873</u> | <u>(788)</u> | <u>(788)</u> |
| Excess (deficiency) of revenues over expenditures | | | <u>4,379</u> | <u>4,379</u> | <u>4,379</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | 9,536 | (9,536) | (9,536) |
| Net change in fund balance | | | 13,915 | (13,915) | (13,915) |
| Fund balances - beginning of year | <u>48,034</u> | <u>48,034</u> | <u>48,034</u> | | |
| Fund balances - end of year | <u>\$ 48,034</u> | <u>\$ 48,034</u> | <u>\$ 61,949</u> | <u>\$ (13,915)</u> | <u>\$ (13,915)</u> |

Exhibit B-3
City of Dodgeville, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2023

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

| Year ended December 31, | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered- employee payroll | Collective net pension liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability (asset) |
|------------------------------------|--|---|--------------------------------------|---|---|
| 2022 | 0.01496405% | \$ 792,751 | \$ 2,094,565 | 37.85% | 95.72% |
| 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 |
|------------------------------------|---|--|---|--------------------------------------|---|
| 2023 | \$ 217,688 | \$ (217,688) | \$ | \$ 2,243,059 | 9.70% |
| 2022 | 186,835 | (186,835) | | 2,094,565 | 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) | | 1,638,089 | 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, 2023

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Last 10 Calendar Years*

| Year ended December 31, | Proportion of the net OPEB liability (asset) | Proportionate share of the net OPEB liability (asset) | Covered- employee payroll | Collective net OPEB liability (asset) as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total OPEB liability (asset) |
|----------------------------|--|--|------------------------------|--|---|
| 2022 | 0.03465300% | \$ 132,022 | \$ 1,675,000 | 7.88% | 38.81% |
| 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 |
|----------------------------|--|---|--|------------------------------|---|
| 2023 | \$ 654 | \$ (654) | \$ | \$ 1,718,000 | 0.04% |
| 2022 | 703 | (703) | | 1,675,000 | 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% |
| 2018 | 637 | (637) | | 1,341,000 | 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, 2023

| | Fiscal Year Ending | |
|--|---------------------------|--------------|
| | 2022 | 2021 |
| Total OPEB Liability | | |
| Service cost | \$ 25,282 | \$ 25,282 |
| Interest | 4,484 | 3,935 |
| Changes in benefit terms | | |
| Differences between expected and actual experience | | |
| Changes of assumptions or other inputs | (34,000) | |
| Benefit payments | (5,860) | (3,761) |
| Net change in total OPEB | \$ (10,094) | \$ 25,456 |
| Total OPEB Liability- Beginning | 189,587 | 164,131 |
| Total OPEB Liability- Ending | \$ 179,493 | \$ 189,587 |
| Covered Employee Payroll | \$ 2,324,352 | \$ 2,324,352 |
| Total OPEB liability as a percentage of of covered-employee payroll | 7.72% | 8.16% |

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, 2023

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. 3. 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, 2023:

| Expenditures | Excess |
|-------------------------------------|-----------|
| General fund: | |
| Public safety | \$ 65,688 |
| Conservation & economic development | 211,209 |
| Health and social services | 85 |
| Special purpose library | |
| Principal retirement | 1,795 |
| Interest and fiscal charges | 262 |

City of Dodgeville, Wisconsin
Notes to the Required Supplementary Information
December 31, 2023

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, 2023

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

| Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions: | | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Valuation Date: | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 |
| 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 Amortization Period | 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 | 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% | 5.40% | 5.50% | 5.50% |
| Weighted based on assumed rate for: | | | | | |
| Pre-retirement: | 7.00% | 7.00% | 7.00% | 7.20% | 7.20% |
| Post-retirement: | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.00% | 3.00% | 3.00% | 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% | 1.90% | 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 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. |
| 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 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%). |
| <p>*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.</p> | | | | | |

City of Dodgeville, Wisconsin
Notes to the Required Supplementary Information
December 31, 2023

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

| Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions: | | | | | |
|--|---|--|--|--|--|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Valuation Date: | December 31, 2015 | 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 | 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: | 30 Year closed from date of participation | 30 Year closed from date of participation | 30 Year closed from date of participation | 30 Year closed from date of participation | 30 Year closed from date of participation |
| 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 | | | | | |
| Return: | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |
| Weighted based on assumed rate for: | | | | | |
| Pre-retirement: | 7.20% | 7.20% | 7.20% | 7.20% | 7.20% |
| Post-retirement: | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.20% | 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% | 0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 2.10% | 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 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 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 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 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, 2023

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 8 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, 2023

| | Permanent Funds | | Debt Service | Special Revenue | | Total |
|---|-----------------|-------------------|-------------------|-----------------------|-------------------------------|---------------------|
| | Smith Trust | Campbell Trust | | Affordable Housing | Local Fiscal Recovery Fund | |
| ASSETS | | | | | | |
| Cash and investments | \$ | \$ | \$ 134,433 | \$ 300,866 | \$ 217,112 | \$ 652,411 |
| Cash and investments - restricted | 3,209 | 103,000 | | | | 106,209 |
| Taxes receivable | | | 284,523 | | | 284,523 |
| Total assets | \$ 3,209 | \$ 103,000 | \$ 418,956 | \$ 300,866 | \$ 217,112 | \$ 1,043,143 |
| LIABILITIES | | | | | | |
| Unearned revenue | \$ | \$ | \$ | \$ | \$ 217,112 | \$ 217,112 |
| Total liabilities | | | | | 217,112 | 217,112 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred property tax revenue | | | 284,523 | | | 284,523 |
| FUND BALANCES | | | | | | |
| Nonspendable | | 103,000 | | | | 103,000 |
| Restricted | 3,209 | | 134,433 | 300,866 | | 438,508 |
| Total fund balances | 3,209 | 103,000 | 134,433 | 300,866 | | 541,508 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 3,209 | \$ 103,000 | \$ 418,956 | \$ 300,866 | \$ 217,112 | \$ 1,043,143 |

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, 2023

| | Permanent Funds | | Debt Service | Special Revenue | | Total |
|---|-----------------|-------------------|-----------------|-----------------------|-------------------------------|------------|
| | Smith Trust | Campbell Trust | | Affordable Housing | Local Fiscal Recovery Fund | |
| REVENUES | | | | | | |
| Taxes | \$ | \$ | \$ 273,863 | \$ | \$ | \$ 273,863 |
| Intergovernmental | | | | | 159,973 | 159,973 |
| Interest income | 14 | 762 | | | | 776 |
| | <hr/> | | | | | |
| Total revenues | 14 | 762 | 273,863 | | 159,973 | 434,612 |
| | <hr/> | | | | | |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | 149,445 | 149,445 |
| Public safety | | | | | 10,528 | 10,528 |
| Cemetery expenditures | | 762 | | | | 762 |
| Conservation & economic development | | | | 20,000 | | 20,000 |
| Debt service: | | | | | | |
| Principal retirement | | | 275,612 | | | 275,612 |
| Interest and fiscal charges | | | 42,315 | | | 42,315 |
| | <hr/> | | | | | |
| Total expenditures | | 762 | 317,927 | 20,000 | 159,973 | 498,662 |
| | <hr/> | | | | | |
| Excess (deficiency) of revenues over expenditures | 14 | | (44,064) | (20,000) | | (64,050) |
| | <hr/> | | | | | |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | (14) | | | | | (14) |
| | <hr/> | | | | | |
| Total other financing sources (uses) | (14) | | | | | (14) |
| | <hr/> | | | | | |
| Net change in fund balances | | | (44,064) | (20,000) | | (64,064) |
| Fund balances - beginning of year | 3,209 | 103,000 | 178,497 | 320,866 | | 605,572 |
| | <hr/> | | | | | |
| Fund balances - end of year | \$ 3,209 | \$ 103,000 | \$ 134,433 | \$ 300,866 | \$ | \$ 541,508 |
| | <hr/> <hr/> | | | | | |