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DODGEVILLE

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CITY OF DODGEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2022

Johnson Block & Company, Inc.
Certified Public Accountants
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CITY OF DODGEVILLE, WISCONSIN
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Dodgeville, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dodgeville, Wisconsin ("City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Change in Accounting Principle

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Prior Year Summarized Comparative Information

The prior year summarized information has been derived from the City's 2021 financial statements, and, in our report dated May 31, 2022, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 21, 2023

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

FUNCTIONS/PROGRAMS	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	2022	2021	2022	2021
Primary government:										
Governmental activities:										
General government	\$ 765,995	\$ 82,889	\$ 250,600	\$	\$ (432,506)	\$	\$ (432,506)	\$ (1,132,825)	\$	\$
Public safety	2,257,351	680,585	84,712		(1,492,054)		(1,492,054)	(1,371,250)		
Public works	1,421,595	4,546	806,394		(610,655)		(610,655)	(1,398,509)		
Sanitation	254,627	258,016	15,136		18,525		18,525	14,344		
Health and social services	113,095	28,950			(84,145)		(84,145)	(70,294)		
Leisure activities	925,658	155,195	119,273	705	(650,485)		(650,485)	(581,192)		
Conservation & economic development	1,105,207	101,527			(1,003,680)		(1,003,680)	(568,896)		
Interest and fiscal charges	120,797				(120,797)		(120,797)	(119,012)		
Total governmental activities	<u>6,964,325</u>	<u>1,311,708</u>	<u>1,276,115</u>	<u>705</u>	<u>(4,375,797)</u>		<u>(4,375,797)</u>	<u>(5,227,634)</u>		
Business-type activities:										
Water	838,711	1,100,213		144,164		405,666	405,666	745,523		
Sewer	927,385	1,295,662		137,446		505,723	505,723	640,421		
Total business-type activities	<u>1,766,096</u>	<u>2,395,875</u>		<u>281,610</u>		<u>911,389</u>	<u>911,389</u>	<u>1,385,944</u>		
Total primary government	<u>\$ 8,730,421</u>	<u>\$ 3,707,583</u>	<u>\$ 1,276,115</u>	<u>\$ 282,315</u>	<u>(4,375,797)</u>	<u>911,389</u>	<u>(3,464,408)</u>	<u>(3,841,690)</u>		
Component unit:										
Housing Authority	\$ 313,836	\$	\$ 320,326	\$					6,490	(3,978)
General revenues:										
Property taxes										
General purposes					2,044,546		2,044,546	1,906,763		
Capital projects					794,583		794,583	794,583		
Tax increments					1,401		1,401	470,896		
Debt service					201,228		201,228	182,972		
Library					333,620		333,620	304,586		
Other taxes					12,651		12,651	11,658		
Federal and state aid not restricted for specific purposes					681,303		681,303	634,259		
Interest and investment earnings					77,845	10,243	88,088	15,407	49	34
Unrealized gain on investments					6,486	1,678	8,164	(2,024)		
Gain (loss) on sale of fixed assets					(61,153)		(61,153)	(123,564)		
Debt premium								49,858		
Miscellaneous					6,044		6,044	3,013		
Transfers					189,626	(189,626)				
Total general revenues					<u>4,288,180</u>	<u>(177,705)</u>	<u>4,110,475</u>	<u>4,248,407</u>	<u>49</u>	<u>34</u>
Changes in net position					(87,617)	733,684	646,067	406,717	6,539	(3,944)
Net position - beginning					18,991,226	23,208,105	42,199,331	41,792,614	72,633	76,577
Net position - ending					<u>\$ 18,903,609</u>	<u>\$ 23,941,789</u>	<u>\$ 42,845,398</u>	<u>\$ 42,199,331</u>	<u>\$ 79,172</u>	<u>\$ 72,633</u>

Exhibit A-3
City of Dodgeville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2022
(With Summarized Financial Information as of December 31, 2021)

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

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

	2022	2021
Total fund balances-governmental funds:	\$ 5,920,611	\$ 6,842,117
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use leased assets used in governmental funds are not financial resources and therefore are not reported in the fund statements.		
Amounts reported for governmental activities in the statement of net position:		
Governmental capital asset	33,273,657	31,286,973
Governmental accumulated depreciation	(16,569,298)	(15,777,349)
Right-to-use leased assets, net of accumulated amortization	43,627	
	16,747,986	15,509,624
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements.	969,887	715,630
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan.		
These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities.		
The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources	1,983,530	1,291,711
Deferred inflows of resources	(2,308,475)	(1,594,354)
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows on the fund statements.		
Special assessments	21,566	21,566
Subsequent year tax equivalent from utility	189,626	202,518
Payments for bond discounts are reported in the funds statements when expended, but are amortized over the life of the bond in the statement of net position.	1,648	2,746
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
Bonds payable	(3,917,718)	(3,469,041)
Deferred amount on refunding	8,995	14,993
Accrued interest on general obligation debt	(34,160)	(10,788)
Lease liability	(47,265)	(77,011)
Net OPEB liability	(199,694)	(189,043)
Total OPEB liability	(189,587)	
Compensated absences	(243,341)	(269,442)
Total net position of governmental activities	\$ 18,903,609	\$ 18,991,226

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

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

Exhibit A-6
City of Dodgeville, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>	
Net change in fund balances-total governmental funds	\$ (921,506)	\$ 724,548	
Amounts reported for governmental activities in the statement of activities are different because:			
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.			
Capital/lease outlay reported in governmental fund statements	3,076,302	2,024,367	
Depreciation expenses reported in the statement of activities	(946,405)	(938,851)	
Amortization expense reported in the statement of activities	<u>(29,084)</u>	<u> </u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.	2,100,813	1,085,516	
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:	(862,451)	(423,540)	
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The statement of activities reports values of benefits earned during the year.			
Change in compensated absences	26,101	(4,193)	
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows	(25,086)	(23,761)	
Change in OPEB - group health insurance plan liability and related deferred outflows and inflows	(189,587)		
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities			
Principal payments on lease liabilities	29,746		
The amount of long-term debt principal payments in the current year is:	921,323	240,286	
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities.	(1,370,000)	(2,580,000)	
In governmental funds, special assessment collections are reflected as revenue when received. In the statement of activities, revenue is recognized when assessed.			
Amount assessed			
Amount collected	<u> </u>	<u>(21,915)</u>	(21,915)
Governmental funds report the effect of debt discounts when the debt is issued. In the statement of activities, these amounts are deferred and amortized.			
The amount of debt discounts amortized in the current year	(7,096)	(7,096)	
In governmental funds, the current year utility tax equivalent is deferred and recognized as revenue in the subsequent year. In the statement of activities, this amount is recognized as a transfer in the year accrued.			
Prior year utility tax equivalent recognized as revenue in the governmental funds	(202,518)	(196,046)	
Subsequent year utility tax equivalent recognized as a transfer for the statement of activities	<u>189,626</u>	<u>202,518</u>	6,472
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.			
The amount of interest paid during the current period	54,583	32,477	
The amount of interest accrued during the current period	<u>(77,955)</u>	<u>(31,801)</u>	
Interest paid is greater than interest expensed by	(23,372)	676	
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.			
Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset/liability from the prior year to the current year, with some adjustments.			
Difference between the required contributions into the defined benefit pension plan and the actuarially determined change in net pension asset/liability between years, with adjustments.	<u>246,390</u>	<u>225,479</u>	
Change in net position-governmental activities	<u>\$ (87,617)</u>	<u>\$ (777,528)</u>	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Custodial Fund	
	Tax Collection Fund	
	2022	2021
ADDITIONS		
Property tax collections for other governments	\$ 5,320,761	\$ 5,120,750
DEDUCTIONS		
Property tax collections paid or owed to other governments	5,320,761	5,120,750
Net increase (decrease) in fiduciary net position		
Net position - beginning of year		
Net position - end of year	\$	\$

NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Included in the Reporting Entity

The City has determined that the Dodgeville Housing Authority is a component unit of the City. The Dodgeville Housing Authority was created by the City of Dodgeville under the provisions of Section 66.40 to 66.404 of the Wisconsin Statutes. The central purpose of the Dodgeville Housing Authority is to provide the opportunity for the City of Dodgeville residents to live in decent, affordable and standard housing. The programs at the Dodgeville Housing Authority are created to enable Dodgeville families to improve their housing conditions. Its governing board is appointed by the City Council. The information presented is for the year ended December 31, 2022.

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

Excluded From the Reporting Entity

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Cont.)

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

Fund Financial Statements

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Funds:

The City reports the following major governmental funds:

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

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

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

TIF No. 3 – Accounts for the proceeds of tax incremental district No. 3, that are restricted or committed to expenditure for tax incremental district No. 3, including the payment of general long-term debt principal, interest and related costs.

The City reports the following nonmajor governmental funds:

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

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

- Smith Trust
- Campbell Trust

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

- Affordable Housing
- Local Fiscal Recovery Fund

Enterprise Funds:

The City reports the following major enterprise funds:

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary Funds (Not included in Government-Wide Statements)

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

The City reports the following fiduciary fund:

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

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

Government-Wide Financial Statements

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

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

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Resources (typically cash) received before all eligibility requirements have been met are reported as assets and offset by unearned revenue (a liability) unless only a time requirement has not been met. In that case, deferred inflows of resources are reported rather than a liability.

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

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

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Cash and Investments

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

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

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

E. Receivables and Allowance for Uncollectible Accounts

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

Property tax calendar - 2022 tax roll:

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

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Allowance for Uncollectible Accounts (Continued)

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

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

Lease Receivable

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

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

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

F. Inventories and Prepaid Items

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

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

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

G. Restricted Assets

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

Right to Use Leased Assets

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

I. Unearned Revenue

The City reports unearned revenue on its governmental funds balance sheet. Unearned revenue arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

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

J. Compensated Absences/Postemployment Benefits

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on a basis of current salary rates and include salary related payments.

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

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

K. Advances to Other Funds

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

L. Long-Term Obligations

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

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

M. Claims and Judgments

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

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

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, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity Classifications (Continued)

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

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

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

O. Risk Management

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

P. Transfers

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

Q. Summarized Comparative Information

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

R. Use of Estimates

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Use of Estimates (Continued)

Change in Accounting Estimate

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

S. Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

T. Deferred Outflows and Inflows of Resources

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

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

U. Other Postemployment Benefits

Group life insurance plan

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Other Postemployment Benefits (Continued)

City health insurance plan

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

V. Change in Accounting Principle

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

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

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

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

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

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

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

NOTE 3

CASH AND INVESTMENTS

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

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

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

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

Investments Authorized by Wisconsin State Statutes

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

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

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

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

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

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

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

Credit Risk

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

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

As of December 31, 2021, the City's investments were rated as follows:

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

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

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

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

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

Federal Deposit Insurance Corporation (FDIC) Insurance

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

Collateralization of Public Unit Deposits

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

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

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

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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

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

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

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

Investment allocation in the LGIP as of December 31, 2022 was: 88.0% in U.S. Government Securities, 2.0% in Bankers' Acceptances, and 10.0% in Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. As of December 31, 2022, the investment portfolio had no concentrations of investments greater than 5% of the total portfolio.

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

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

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

The City uses the following hierarchical disclosure framework:

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

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

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

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

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

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

NOTE 4

CAPITAL ASSETS

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

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

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

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities

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

Amortization expense was charged to functions as follows:

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

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

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Business-type activities:

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

NOTE 5

LEASES

Lease Receivable

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

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

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

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

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

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

NOTE 6

LONG-TERM OBLIGATIONS

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

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

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

The lease liability attributed to governmental activities is typically being liquidated by the capital projects fund. The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund.

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

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2022 was \$25,556,810. Total general obligation debt outstanding at year-end was \$3,964,040.

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

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

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

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

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

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

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

Revenue Debt

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

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

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

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

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt (Continued)

Debt service requirements to maturity are as follows:

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

Lease Liability

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

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

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

Other Liabilities Information

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

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

NOTE 7

DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

During the reporting period, the WRS recognized \$172,150 in contributions from the employer. Contribution rates as of December 31, 2022 are:

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

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

At December 31, 2022, the City reported a liability (asset) of (\$1,125,420) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.01396271%, which was an increase of 0.00053095% from its proportion measured as of December 31, 2020.

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

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

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

\$186,835 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

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

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Multi-Asset	4	5.8	3.3
Total Core Fund ³	115	6.6	4.0
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2
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, 2022

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Single Discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax- exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	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)	\$ 798,565	\$ (1,125,420)	\$ (2,510,331)

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

NOTE 8

OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN

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

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

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

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

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

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

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

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

Contribution rates as of December 31, 2022 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2021 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2021		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$691 in contributions from the employer.

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

At December 31, 2022, the LRLIF Employer reported a liability (asset) of \$199,694 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net OPEB liability (asset) was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the City’s proportion was 0.03378700%, which was a decrease of 0.00058% from its proportion measured as of December 31, 2020.

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

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

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

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

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

\$703 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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

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

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

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

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

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

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

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

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

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

Single Discount rate. A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the City’s proportionate share of the net OPEB liability (asset) to changes in the discount rate.

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in the Total OPEB Liability:

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

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

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

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

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

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

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

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

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

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

OPEB Expense

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

NOTE 10 INTERFUND ACCOUNTS

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

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

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

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

NOTE 10

INTERFUND ACCOUNTS (CONTINUED)

The following is a schedule of interfund transfers:

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

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

NOTE 11

RESTRICTED CASH

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

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

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

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

At December 31, 2022, enterprise fund restricted cash was as follows:

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

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

NOTE 12

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2022 the various components of deferred inflows of resources were as follows:

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

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

NOTE 13

GOVERNMENTAL FUND BALANCES

GOVERNMENTAL FUND BALANCES

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

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

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

NOTE 13

GOVERNMENTAL FUND BALANCES (CONTINUED)

Capital Improvements Fund:

Assigned for:

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

Special Purpose Library:

Restricted for:

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

Non-major Funds:

Campbell Trust:

Nonspendable:

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

Restricted for:

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

Restricted for:

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

Restricted for:

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

NOTE 14

TAX LEVY LIMIT

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

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

NOTE 15

TAX ABATEMENTS

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

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

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

NOTE 16

TAX INCREMENTAL FINANCING DISTRICT

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

Project costs may not be incurred up to five years before the District's mandatory termination date. Statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum number of years. An industrial and mixed-use TID has the option to extend the maximum life by 5 years. Project costs uncollected at the dissolution date are absorbed by the municipality.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Final Dissolution Date</u>
District #3	7/21/2020	7/21/2035	7/21/2040

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

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

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

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

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

NOTE 17 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

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

NOTE 18 PURCHASE COMMITMENTS/SUBSEQUENT EVENTS

The City has the following purchase commitments:

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

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

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

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

NOTE 19

COMPONENT UNIT

A. Cash and Investments

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

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

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

Investments Authorized by Wisconsin State Statutes

See Note 3 for list of authorized investments.

Interest Rate Risk

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

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

Credit Risk

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

Custodial Credit Risk

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

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

NOTE 19

COMPONENT UNIT (CONTINUED)

Federal Deposit Insurance Corporation (FDIC) Insurance

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

Collateralization of Public Unit Deposits

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

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

At December 31, 2022, all deposits were covered by FDIC insurance.

Concentration of Credit Risk

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

Required Supplementary Information

Exhibit B-1
Required Supplementary Information
City of Dodgeville, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2022

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

Exhibit B-2
Required Supplementary Information
City of Dodgeville, Wisconsin
Budgetary Comparison Schedule for the Special Purpose Library Fund
For the Year Ended December 31, 2022

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

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

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2021	0.01396271%	\$ (1,125,420)	\$ 1,969,807	(57.13%)	106.02%
2020	0.01298842%	(838,563)	1,866,323	(44.93%)	105.26%
2019	0.01295890%	(418,805)	1,670,185	(25.08%)	102.96%
2018	0.01288908%	461,037	1,666,681	27.66%	96.45%
2017	0.01267260%	(382,692)	1,618,689	(23.64%)	102.93%
2016	0.01259840%	104,452	1,597,156	6.54%	99.12%
2015	0.01259840%	204,722	1,638,089	12.50%	98.20%
2014	0.01223579%	(300,462)	1,515,979	(19.82%)	102.74%

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2022	\$ 186,835	\$ (186,835)	\$	\$ 2,094,566	8.92%
2021	173,435	(173,435)		1,969,872	8.80%
2020	159,774	(159,774)		1,866,323	8.56%
2019	138,952	(138,952)		1,670,185	8.32%
2018	136,821	(136,821)		1,666,681	8.21%
2017	132,303	(132,303)		1,618,689	8.17%
2016	120,945	(120,945)		1,597,156	7.57%
2015	126,698	(126,698)		1,638,029	7.73%

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

Exhibit B-4
City of Dodgeville, Wisconsin
Local Retiree Life Insurance Fund Schedules
December 31, 2022

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2021	0.03378700%	\$ 199,694	\$ 1,566,000	12.75%	29.57%
2020	0.03436700%	189,043	1,289,000	14.67%	31.36%
2019	0.03526200%	150,152	1,370,000	10.96%	37.58%
2018	0.03598600%	92,856	1,341,000	6.92%	48.69%

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2022	\$ 703	\$ (703)	\$	\$ 1,604,000	0.04%
2021	694	(694)		1,566,000	0.04%
2020	668	(668)		1,289,000	0.05%
2019	698	(698)		1,370,000	0.05%

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

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

	2021
Total OPEB Liability	
Service cost	\$ 25,282
Interest	3,935
Changes in benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	
Benefit payments	(3,761)
Net change in total OPEB	\$ 25,456
Total OPEB Liability- Beginning	164,131
Total OPEB Liability- Ending	\$ 189,587
Covered Employee Payroll	\$ 2,324,352
Total OPEB liability as a percentage of of covered-employee payroll	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, 2022

NOTE 1

BUDGET SCHEDULE

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

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

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

NOTE 2

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2022:

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

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

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES

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

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

Changes of assumptions:

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

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

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

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

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

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

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

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

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

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

NOTE 3

WISCONSIN RETIREMENT SYSTEM SCHEDULES (CONTINUED)

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

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

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

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

NOTE 4

LOCAL RETIREE LIFE INSURANCE SCHEDULES

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

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

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

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

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

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

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

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

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

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

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

Supplementary Information

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

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

Exhibit C-2
City of Dodgeville, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

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