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CITY OF PLATTEVILLE, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2019

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

CITY OF PLATTEVILLE, WISCONSIN
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Platteville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Platteville, Wisconsin ("City"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2019, the City of Platteville adopted the provisions of GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, and the budgetary comparison information, the Local Retiree Life Insurance Fund schedules, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and Wisconsin Retirement System schedules on pages 70 through 75, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Prior Year Summarized Information

We have previously audited the City's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated July 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information (Continued)

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Platteville, Wisconsin'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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The schedules of insurance and other utility information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
June 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

On behalf of Platteville’s management team, I am pleased to offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that can be found in our annual audit report issued by Johnson Block and Company, Inc. Copies may be obtained at the Municipal Building at 75 North Bonson St. or the City Web Site at www.platteville.org.

Financial Highlights

- The assets of the City of Platteville exceeded its liabilities as of December 31, 2019. The total net position of the City is categorized by investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire these assets still outstanding, restricted net position (resources subject to external restrictions on how they may be used) and unrestricted net position (may be used to meet the City’s ongoing obligations to citizens and creditors). Over the last two years, the following changes have occurred:

<u>Year</u>	<u>Net Position*</u>	<u>\$ Change (+/-)</u>
2019	\$68,406,345	\$ 2,333,459
2018	\$66,072,886	(\$ 627,511)

**see net position-pg 15*

- As of December 31, 2019, the City of Platteville's governmental activities reported total current assets of \$13,424,297 (page 14, Exhibit A-1). This compares to the prior year as follows:

<u>Year</u>	<u>Current Assets</u>	<u>\$ Change (+/-)</u>
2019	\$13,424,297	\$ 798,394
2018	\$12,625,903	\$ 1,051,191

About 60.9 percent of this total, or \$8,172,358 represents cash and investments.

- The City’s general fund balance decreased by \$154,111 from 2018 to 2019. In the past 2 years, changes have been as follows:

<u>Year</u>	<u>General Fund Bal.</u>	<u>% Change (+/-)</u>
2019	\$4,333,911	(3.4%)
2018	\$4,488,022	4.2%

**Exhibit A-3, Page 17*

- In 2019, the City’s long-term obligations decreased by \$223,169, as compared to a decrease of \$233,391 during 2018 (page 45). General obligation bonds of \$1,125,000 and utility revenue bond of \$1,625,000 were issued in 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an overview of the City of Platteville's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this report contains supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Platteville's finances, in a manner similar to a private-sector business.

The *statement of net position (Exhibit A-1)* presents information on all of the City of Platteville's assets and liabilities, with the difference between the two reported as *net position (page 15)*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Platteville is improving or deteriorating.

The *statement of activities (Exhibit A-2)* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Platteville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Platteville include general government, public safety, public works, community enrichment services, and conservation and development. The business-type activities of the City of Platteville include the Water and Wastewater Utility.

The government-wide financial statements include not only the City of Platteville itself (known as the *primary government*), but also a legally separate Housing Authority for which the City of Platteville is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. A separate audited financial statement report is also issued for the Housing Authority.

The government-wide financial statements can be found on pages 14-16 of this report. Supplementary information is included starting on page 76.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Platteville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Platteville can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Platteville maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Major categories include the General Fund, the Capital Projects Fund, the Community Development Block Grant fund, and Debt Service.

The basic governmental fund financial statements can be found on pages 17-21 of this report.

Proprietary funds. Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Platteville Water and Wastewater Utility, which is considered to be a major fund of the City of Platteville.

The basic proprietary fund financial statements can be found on pages 22-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Platteville's programs. The fiduciary fund maintained by the City of Platteville is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Platteville.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund, information on the Wisconsin Retirement System pension plan, and information on the City's OPEB plans for the Local Retiree Insurance Fund and retiree health insurance. The budgetary comparison schedules, Wisconsin Retirement System Schedules, and OPEB Schedules are on pages 70-75. The budgetary comparison schedules demonstrate compliance with the budget and complements the statement included in the basic governmental fund financial statements. The Wisconsin Retirement System, Local Retiree Life Insurance Fund, and retiree health insurance schedules present 10-year plan trend information.

The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 76-77 of this report.

Government-wide Financial Analysis

Changes in net position can serve as a useful indicator of a government's financial position over time. In the case of the City of Platteville, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$66,072,886 at the close of 2018, which increased to \$68,406,345 at the end of 2019.

TABLE 1: CITY OF PLATTEVILLE'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current/other assets	\$ 15,400,208	\$ 15,626,561	\$ 7,198,114	\$ 7,052,483	\$ 22,598,322	\$ 22,679,044
Capital Assets	57,889,583	57,302,646	36,631,572	35,174,937	94,521,155	92,477,583
Total Assets	\$ 73,289,791	\$ 72,929,207	\$ 43,829,686	\$ 42,227,420	\$117,119,477	\$115,156,627
Deferred outflows of resources	\$ 2,604,853	\$ 1,516,866	\$ 500,943	\$ 300,685	\$ 3,105,796	\$ 1,817,551
Current Liabilities	\$ 3,264,883	\$ 3,057,963	\$ 1,256,488	\$ 1,236,206	\$ 4,521,371	\$ 4,294,169
Other Liabilities	23,521,106	23,741,762	15,167,092	14,287,795	38,688,198	38,029,557
Total Liabilities	\$ 26,785,989	\$ 26,799,725	\$ 16,423,580	\$ 15,524,001	\$ 43,209,569	\$ 42,323,726
Deferred inflows of resources	\$ 8,328,891	\$ 8,275,654	\$ 280,468	\$ 301,912	\$ 8,609,359	\$ 8,577,566
Net Position:						
Net investment in capital assets	\$ 37,582,134	\$ 36,261,521	\$ 21,747,892	\$ 20,551,716	\$ 59,330,026	\$ 56,813,237
Restricted	2,925,181	2,945,042	4,359,114	4,166,396	7,284,295	7,111,438
Unrestricted	272,449	164,131	1,519,575	1,984,080	1,792,024	2,148,211
Total Net Position	\$ 40,779,764	\$ 39,370,694	\$ 27,626,581	\$ 26,702,192	\$ 68,406,345	\$ 66,072,886

Source: Rows 1-3 Exhibit A-1 page 14, Rows 4-6 page 15, Rows 7-10 page 15

The largest portion of the City of Platteville's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt against those assets (approximately 87 percent). The City uses these capital assets to provide services to citizens; subsequently these assets are not available for future spending. Although Platteville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Platteville's net position (approximately 11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$1,792,024 may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities have the potential to increase or decrease the City’s net position during the course of the year. The following chart establishes baseline numbers for comparison in future years.

TABLE 2: CITY OF PLATTEVILLE’S PRIMARY GOVERNMENT STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Service	\$ 1,376,998	\$ 1,692,216	\$ 4,847,604	\$ 4,764,256	\$ 6,224,602	\$ 6,456,472
Operating grants and contributions	1,948,214	1,978,764			1,948,214	1,978,764
Capital grants and contributions	2,410,209	572,665			2,410,209	572,665
Property taxes	6,535,387	6,002,977			6,535,387	6,002,977
Other taxes	284,851	292,900			284,851	292,900
Intergovernmental rev’s not restricted to specific programs	2,622,233	2,589,826			2,622,233	2,589,826
Investment income	190,051	132,741	151,782	85,700	341,833	218,441
Other	(162,169)	(227,986)	12,085	18,753	(150,084)	(209,233)
Total revenues	15,205,774	13,034,103	5,011,471	4,868,709	20,217,245	17,902,812
Expenses						
General Gov’t	1,247,365	1,297,603			1,247,365	1,297,603
Public safety	3,752,551	3,471,312			3,752,551	3,471,312
Public works	5,027,021	5,026,039			5,027,021	5,026,039
Hlth & Hum Serv.	154,023	127,651			154,023	127,651
Leisure Activities	2,355,433	2,166,235			2,355,433	2,166,235
Conservation and Development	980,565	2,168,611			980,565	2,168,611
Interest and Fiscal Charges	701,186	703,798			701,186	703,798
Water and Sewer			3,665,642	3,569,074	3,665,642	3,569,074
Total expenses	14,218,144	14,961,249	3,665,642	3,569,074	17,883,786	18,530,323
Incr.(Decr.) in net position before Transfers	987,630	(1,927,146)	1,345,829	1,299,635	2,333,459	(627,511)
Transfers	421,440	407,005	(421,440)	(407,005)		
Incr.(Decr.) in net position	1,409,070	(1,520,141)	924,389	892,630	2,333,459	(627,511)
Net position – beginning of year	39,370,694	40,890,835	26,702,192	25,809,562	66,072,886	66,700,397
Net position – end of year	\$ 40,779,764	\$ 39,370,694	\$ 27,626,581	\$ 26,702,192	\$ 68,406,345	\$ 66,072,886

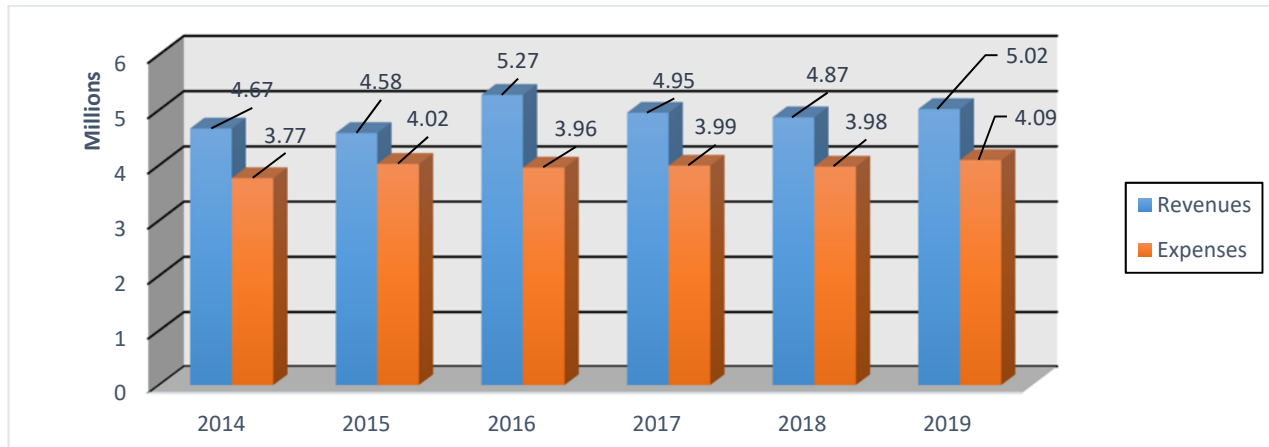
Source: Exhibit A-2, Page 16

General Government decreased by approximately \$50,238, or 4% from 2018. Public Safety expenses increased by approximately \$281,239, or 8% from 2018. Public works expenditures increased by approximately \$982, or .02% from 2018. Health and Human Services expenses increased by \$26,372, or 21% from 2018. Leisure expenses increased by \$189,198, or 9% from 2018. Conservation and development expenses decreased by approximately \$1,188,046, or 55% from 2018.

Business-type activities (Proprietary Funds).

In 2019, net position in the proprietary funds increased by \$924,389. This compares to an \$892,630 increase in 2018. Major water and sewer line replacements and improvements and upgrades to the utility’s facilities increased net position. The Platteville Water and Wastewater Utility is fairly unique in that it is a combined utility. While rates are established separately for water and sewer, revenues and expenses are combined into a single operating unit. Rates are monitored and set according to the policies of the Wisconsin Public Service Commission. In 2020, the City approved deregulation of the Wastewater Utility. A sewer rate increase took effect on August 15, 2016. The last time the PSC allowed a water rate increase was on January 15, 2013.

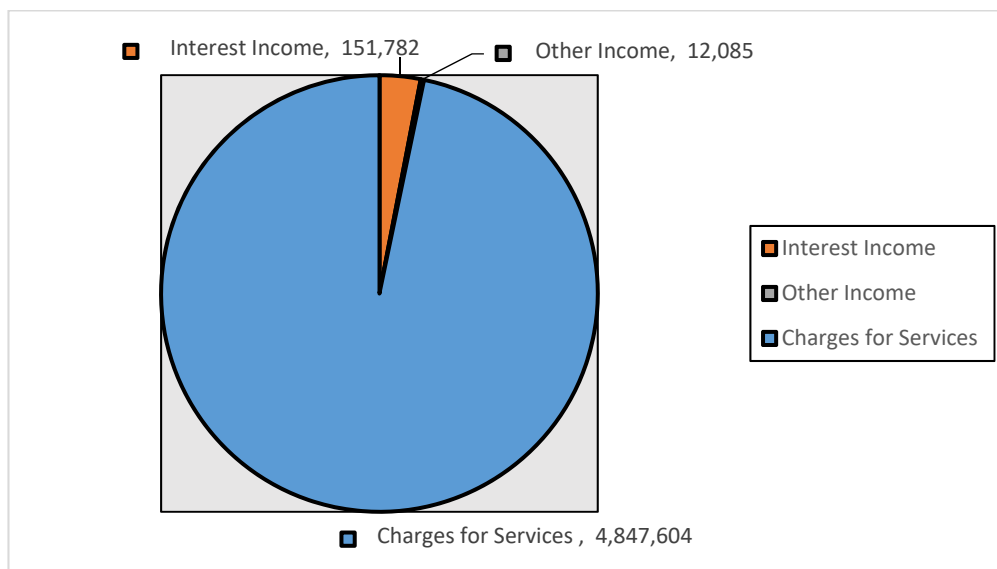
Figure 3: Comparison of Utility Revenues to Expenses, By Year



Source: Exhibit A-2, Page 16

As shown on the following chart, the revenues of the Platteville Water and Wastewater Utility consisted primarily of charges for services (operating revenues). Any investment income and miscellaneous revenues are not identified specifically to an individual program but to the fund as a whole.

Figure 4: Revenues by Source - Business-type Activities



Source: Exhibit A-2, Page 16

Financial Analysis of the Government's Funds

As noted earlier, the City of Platteville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Platteville's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Platteville's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Please note that major funds may change from year to year depending on whether the fund meets the definition of major fund for the year or established by governmental standards.

Over the last 2 years, the governmental funds have reported the following balances (*Exhibit A-5, page 19*):

<u>Year</u>	<u>Governmental Fund Balance*</u>	<u>\$ Change (+/-)</u>
2019	\$5,269,142	\$ 262,196
2018	\$5,006,946	\$ 558,670

**As of the end of the year.*

The fund balance gives the overall total funds, and includes positive and negative balances in individual allocations. This is a useful tool for examining the fiscal changes in the City's major funds, which may otherwise be masked by being included in totals. The primary reason for the increase in fund balance as of December 31, 2019 was due to a large net income in TIF District No. 7. TIF District No. 7's increment revenue increased significantly during 2019 and TIF District No. 5 continued to share its excess increment revenue with TIF District No. 7. The primary reasons for the increase in fund balance as of December 31, 2018 was due to actual revenues exceeding budget and actual expenditures being under budget, debt borrowings not being fully expended by December 31, and receipt of \$200,000 from the partial repayment of a long-term Community Development Block Grant receivable.

The *General Fund* is the main operating fund of the City of Platteville. In the past two years this fund has seen the following changes (*Exhibit A-5, page 19*):

<u>Year</u>	<u>General Fund Balance*</u>	<u>\$ Change (+/-)</u>
2019	\$4,333,911	\$ (154,111)
2018	\$4,488,022	\$ 181,457

**As of the end of the year.*

The balance in the general fund accounts for 82% of the overall governmental funds balance.

The *Capital Projects Fund* provides funding for capital projects of the City of Platteville or other unique expenditures, which are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds (example-large equipment acquisition). The total fund balance as of December 31, 2019, is \$327,279. This is a decrease of \$87,609 from 2018 (*Exhibit A-5, page 19*).

Proprietary fund. The City of Platteville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the Water and Wastewater Utility at the end of 2019 amounted to \$27,626,581, up \$924,389 from the year before.

The financial statements and a statement of cash flows for the enterprise funds can be found on pages 22-26 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. Actual revenue exceeded budget by \$166,977. Actual expenditures were under budget by \$389,136.

Capital Asset and Debt Administration

Capital assets- The City of Platteville's investment in capital assets for its governmental and business type activities is considerable. Recent changes are as follows (*Notes to Financial Statements-Page 43-44*):

<u>Year</u>	<u>Capital Assets</u>	<u>\$ Change (+/-)</u>
2019	\$94,521,155	2,043,572
2018	\$92,477,583	(\$272,445)

Capital assets include land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress.

TABLE 3: CITY OF PLATTEVILLE'S GOVERNMENTAL CAPITAL ASSETS

	Governmental Activities		Business Activities		Total	
	2019	2018	2019	2018	2019	2018
Land**	\$ 3,558,698	\$ 3,540,998			\$ 3,558,698	\$ 3,540,998
Land improvements	3,646,500	3,621,841			3,646,500	3,621,841
Buildings and improvements	9,403,134	9,299,119			9,403,134	9,299,119
Machinery and Equipment	5,241,435	5,236,435			5,241,435	5,236,435
Vehicles	4,653,079	4,586,391			4,653,079	4,586,391
Infrastructure	64,890,309	62,090,960			64,890,309	62,090,960
Intangible Plant			8,978	8,978	8,978	8,978
Land & Land Rights			40,438	40,438	40,438	40,438
Const. in Progress	1,181,761	589,828	436,227	458,189	1,617,988	1,048,017
Water:						
Source of supply			1,574,639	765,539	1,574,639	765,539
Pumping			2,064,852	2,079,252	2,064,852	2,079,252
Water treatment			1,413,694	1,413,694	1,413,694	1,413,694
Transmis. & Distr.			20,288,427	19,605,219	20,288,427	19,605,219
General plant			811,591	795,621	811,591	795,621
Sewer:						
Collection system			16,769,294	16,261,383	16,769,294	16,261,383
Treatment and disp.			10,244,440	10,245,812	10,244,440	10,245,812
General plant			1,148,061	1,146,235	1,148,061	1,146,235
Total capital assets	92,574,916	88,965,572	54,800,641	52,820,360	147,375,557	141,785,932
Less accumulated depreciation	(34,685,333)	(31,662,926)	(18,169,069)	(17,645,423)	(52,854,402)	(49,308,349)
Capital assets net of depreciation	\$ 57,889,583	\$ 57,302,646	\$ 36,631,572	\$ 35,174,937	\$ 94,521,155	\$ 92,477,583

Source: Notes to the Basic Financial Statements-Note 4, pages 43-44

**Note that land is not depreciated.

The total increase in the City of Platteville's governmental-type activities capital assets totals \$2,043,572 net of depreciation, or a 2% increase.

In Business Type Activities, the biggest gains have been seen in the investment into the water source of supply, water distribution, and sewer collection and treatment systems. The water source of supply plant and transmission and distribution plant had additions of \$809,100 and \$683,208, respectively. The sewer collection system accounted for \$507,911 of additions.

Long-term debt. At the end of 2019, the City of Platteville had total bonded debt outstanding of \$20,963,398 entirely backed by the full faith and credit of the government (general obligation bonds).

The City of Platteville issued debt in 2019, in the amount of \$1,125,000 to pay the cost of street improvement projects.

TABLE 4: CITY OF PLATTEVILLE OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
G.O. debt	\$ 20,963,398	\$ 21,585,415	\$	\$	\$20,963,398	\$21,585,415
Revenue Bonds –						
Utility			15,221,974	14,351,279	15,221,974	14,351,279
Tax Increment	2,440,982	2,917,031			2,440,982	2,917,031
Anticipation notes						
Taxable note						
Other Long-term						
Liabilities	380,042	382,160	144,523	138,113	524,565	520,273
Total	\$ 23,784,332	\$ 24,884,606	\$15,366,497	\$14,489,392	\$39,150,829	\$39,373,998

Source: Notes to the Basic Financial Statements, Note 5, pages 45-48

The City of Platteville maintains an "AA-" rating from Standards and Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The debt limitation as of 12/31/19 for the City of Platteville was \$35,394,570, which significantly exceeds the City of Platteville's current outstanding general obligation debt. As of December 31, 2019, the City of Platteville's outstanding general obligation debt equaled 59.3 percent of the state authorized debt limit.

The Platteville Water and Wastewater Utility generally have used borrowed funds for capital improvements. A replacement fund that was established as part of the 1982 bond issue will be continued voluntarily, and proceeds from it are used to pay for allowable costs of maintenance and improvement. This allows the utility to do larger projects while reducing debt load.

Additional information of the City of Platteville's long-term debt can be found in note 5 beginning on page 45.

Economic Factors and Next Year's Budgets and Rates

- In early 2020, a novel strain of coronavirus (COVID-19) spread throughout the world, including in the United States and Wisconsin. The extent to which COVID-19 impacts the financial condition of the City will depend on future developments at the federal and state level as well as with the virus itself. The City is monitoring changes to revenues and expenditures in 2020 and has taken measures to restrain spending where possible. The City will also be submitting COVID-19 related eligible expenses for reimbursement through programs including the Coronavirus Aid, Relief and Economic Security (CARES) Act.
- The unemployment rate as of December 2019, for Grant County, which includes the City of Platteville, was 3.2 percent. This compares to a rate of 3.5 percent for the State of Wisconsin. (Source: Bureau of Labor Statistics)
- The rate of inflation for 2019 was 2.3 percent before seasonal adjustment. The equalized tax rate for taxes collected for 2020 operations (2019 tax bill) increased from 7.42 to 7.51 per thousand of equalized valuation. The taxes to be collected increased by 3.8% percent.

Requests for Information

This financial report is designed to provide a general overview of the City of Platteville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Administration Director or the Office of the City Manager, 75 N. Bonson Street, PO Box 780, Platteville, WI 53818. General information relating to the City of Platteville, Wisconsin, can be found at the City's website, <http://www.platteville.org>.

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Platteville, Wisconsin
Statement of Net Position
December 31, 2019
(With summarized financial information as of December 31, 2018)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2019	2018	2019	2018
ASSETS						
Current assets:						
Cash and investments	\$ 8,172,358	\$ 1,530,964	\$ 9,703,322	\$ 9,116,674	\$ 18,252	\$ 14,970
Receivables						
Taxes	4,764,299		4,764,299	4,840,326		
Customer		757,289	757,289	716,459		
Due from other governmental units	216,568		216,568	416,437		
Other	167,011	6,946	173,957	197,017	4,154	1,787
Special assessments	9,150		9,150	9,155		
Prepaid expenses					115	268
Internal balances	79,106	(79,106)				
Inventory	15,805	31,423	47,228	63,473		
Total current assets	13,424,297	2,247,516	15,671,813	15,359,541	22,521	17,025
Noncurrent assets:						
Restricted assets:						
Net pension asset				951,149		
Cash and investments	42,699	4,950,598	4,993,297	4,370,513	1,606	28,583
Other assets:						
Mortgages receivable	1,473,886		1,473,886	1,488,011		
Loans receivable	459,326		459,326	509,830		
Capital assets:	92,574,916	54,800,641	147,375,557	141,785,932		7,820
Less: Accumulated depreciation	34,685,333	18,169,069	52,854,402	49,308,349		7,820
Net book value of capital assets	57,889,583	36,631,572	94,521,155	92,477,583		
Total noncurrent assets	59,865,494	41,582,170	101,447,664	99,797,086	1,606	28,583
Total assets	73,289,791	43,829,686	117,119,477	115,156,627	24,127	45,608
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	2,549,169	482,055	3,031,224	1,735,652		
OPEB - group life insurance plan outflows	20,217	8,294	28,511	35,891		
OPEB - City health insurance plan outflows	35,467	10,594	46,061	46,008		
Total deferred outflows of resources	2,604,853	500,943	3,105,796	1,817,551		
Total assets and deferred outflows of resources	\$ 75,894,644	\$ 44,330,629	\$ 120,225,273	\$ 116,974,178	\$ 24,127	\$ 45,608

Exhibit A-1 (Continued)
City of Platteville, Wisconsin
Statement of Net Position
December 31, 2019
(With summarized financial information as of December 31, 2018)

	Governmental Activities	Business-Type Activities	Total Governmental and Business-Type activities		Component Unit Housing Authority	
			2019	2018	2019	2018
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 646,651	\$ 268,300	\$ 914,951	\$ 901,615	\$ 1,298	\$ 412
Accrued wages	186,957	39,409	226,366	209,382	1,490	1,088
Accrued interest	220,194	76,846	297,040	293,493		
Unearned revenue	1,191		1,191	637		
Current portion of:						
Long-term debt	2,134,384	856,825	2,991,209	2,811,697		
Compensated absences	74,976	15,108	90,084	76,885		
Deposits	530		530	460		
Total current liabilities	3,264,883	1,256,488	4,521,371	4,294,169	2,788	1,500
Noncurrent liabilities:						
General obligation debt	20,963,398		20,963,398	21,585,415		
Tax increment revenue bonds	2,440,892		2,440,892	2,917,031		
Water and Sewer revenue bonds		15,221,974	15,221,974	14,351,279		
Unamortized bond premium	255,481	253,190	508,671	477,751		
Net pension liability	942,627	178,253	1,120,880			
OPEB - group life insurance plan	158,230	64,912	223,142	313,858		
OPEB - City health insurance plan	589,796	176,173	765,969	752,532		
Compensated absences	380,042	144,523	524,565	520,273		
Less current portion of long-term debt	(2,209,360)	(871,933)	(3,081,293)	(2,888,582)		
Total noncurrent liabilities	23,521,106	15,167,092	38,688,198	38,029,557		
Total liabilities	26,785,989	16,423,580	43,209,569	42,323,726	2,788	1,500
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	1,297,737	245,406	1,543,143	1,872,544		
OPEB - group life insurance plan inflows	73,142	30,006	103,148	6,348		
OPEB - City health insurance plan inflows	16,927	5,056	21,983			
Deferred revenue	6,941,085		6,941,085	6,698,674		
Total deferred inflows of resources	8,328,891	280,468	8,609,359	8,577,566		
NET POSITION						
Net investment in capital assets	37,582,134	21,747,892	59,330,026	56,813,237		
Restricted for:						
Redevelopment authority	276,858		276,858	277,346		
Housing conservation	84,820		84,820	84,488		
Donor specified	317,585		317,585	312,334		
Impact fees	86,487		86,487	103,208		
Community development receivables	1,481,360		1,481,360	1,484,458		
Library endowment	5,905		5,905	6,248		
Perpetual care	564,737		564,737	558,827		
Taxi/bus	41,364		41,364	17,332		
TIF expenditures	66,065		66,065	100,801		
Debt service - revenue bond funds		1,876,001	1,876,001	1,884,095		
Equipment replacement		2,483,113	2,483,113	2,282,301		
Housing assistance payments					1,606	28,583
Unrestricted	272,449	1,519,575	1,792,024	2,148,211	19,733	15,525
Total net position	40,779,764	27,626,581	68,406,345	66,072,886	21,339	44,108
Total liabilities, deferred inflows of resources, and net position	\$ 75,894,644	\$ 44,330,629	\$ 120,225,273	\$ 116,974,178	\$ 24,127	\$ 45,608

Exhibit A-2
City of Platteville, Wisconsin
Statement of Activities
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Totals		Component Unit Housing Authority	
							2019	2018	2019	2018
Primary Government:										
Governmental activities:										
General government	\$ 1,247,365	\$ 110,640	\$ 5,765	\$	\$ (1,130,960)	\$	\$ (1,130,960)	\$ (1,074,592)	\$	\$
Public safety	3,752,551	380,636	281,309		(3,090,606)		(3,090,606)	(2,692,396)		
Public works	5,027,021	606,439	1,359,120	1,977,389	(1,084,073)		(1,084,073)	(2,514,001)		
Health and human services	154,023	43,343	3,305		(107,375)		(107,375)	(87,478)		
Leisure activities	2,355,433	213,875	298,715	17,700	(1,825,143)		(1,825,143)	(1,604,834)		
Conservation and development	980,565	22,065		415,120	(543,380)		(543,380)	(2,040,505)		
Interest, issuance costs, and fiscal charges	701,186				(701,186)		(701,186)	(703,798)		
Total governmental activities	<u>14,218,144</u>	<u>1,376,998</u>	<u>1,948,214</u>	<u>2,410,209</u>	<u>(8,482,723)</u>		<u>(8,482,723)</u>	<u>(10,717,604)</u>		
Business-type activities:										
Water and sewer	<u>3,665,642</u>	<u>4,847,604</u>				1,181,962	1,181,962	1,195,182		
Total business-type activities	<u>3,665,642</u>	<u>4,847,604</u>				1,181,962	1,181,962	1,195,182		
Total primary government	<u>\$ 17,883,786</u>	<u>\$ 6,224,602</u>	<u>\$ 1,948,214</u>	<u>\$ 2,410,209</u>	<u>(8,482,723)</u>	1,181,962	<u>(7,300,761)</u>	<u>(9,522,422)</u>		
Component Unit:										
Housing Authority	<u>454,324</u>		<u>431,497</u>						<u>(22,827)</u>	<u>26,852</u>
Total component unit	<u>454,324</u>		<u>431,497</u>						<u>(22,827)</u>	<u>26,852</u>
General revenues and transfers:										
Property taxes										
General purposes					2,963,792		2,963,792	3,032,274		
Debt service					1,486,964		1,486,964	1,226,854		
Tax increments					2,084,631		2,084,631	1,743,849		
Other taxes					284,851		284,851	292,900		
Federal and State aid not restricted for specific purposes										
General					2,622,233		2,622,233	2,589,826		
Interest and investment earnings					190,051	151,782	341,833	218,441	58	52
Loss on sale/disposal of fixed assets					(225,756)	(6,668)	(232,424)	(271,384)		
Miscellaneous					63,587	18,753	82,340	62,151		
Transfers					421,440	(421,440)				
Total general revenues and transfers					<u>9,891,793</u>	<u>(257,573)</u>	<u>9,634,220</u>	<u>8,894,911</u>	<u>58</u>	<u>52</u>
Changes in net position					1,409,070	924,389	2,333,459	(627,511)	(22,769)	26,904
Net position - beginning of year					<u>39,370,694</u>	<u>26,702,192</u>	<u>66,072,886</u>	<u>66,700,397</u>	<u>44,108</u>	<u>17,204</u>
Net position-end of year					<u>\$ 40,779,764</u>	<u>\$ 27,626,581</u>	<u>\$ 68,406,345</u>	<u>\$ 66,072,886</u>	<u>\$ 21,339</u>	<u>\$ 44,108</u>

Exhibit A-3
City of Platteville, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2019

(With summarized financial information as of December 31, 2018)

	General	Capital Projects	Community Development Block Grant	Debt Service	Other Governmental Funds	Total Governmental Funds	
						2019	2018
ASSETS							
Cash and investments	\$ 5,842,253	\$ 418,624	\$ 84,514	\$ 92,861	\$ 1,734,106	\$ 8,172,358	\$ 7,666,798
Restricted cash and investments					42,699	42,699	204,117
Receivables:							
Taxes	3,332,907				1,431,392	4,764,299	4,840,326
Other accounts	127,236				39,775	167,011	191,602
Other governments	131,219	8,210			77,139	216,568	416,437
Special assessments	9,150					9,150	9,155
Mortgages			1,402,073		71,813	1,473,886	1,488,011
Loans	237,845				221,481	459,326	509,830
Inventory					15,805	15,805	29,534
Due from other funds	426,667					426,667	419,547
Advances to other funds	378,724			62,673		441,397	867,551
Total assets	\$ 10,486,001	\$ 426,834	\$ 1,486,587	\$ 155,534	\$ 3,634,210	\$ 16,189,166	\$ 16,642,908
LIABILITIES							
Accounts payable	\$ 399,585	\$ 99,555			\$ 147,511	\$ 646,651	\$ 544,071
Accrued payroll	186,884				73	186,957	172,227
Due to other funds	14,476		5,227			19,703	26,496
Advances from other funds					769,255	769,255	1,788,551
Unearned revenue					1,191	1,191	637
Deposits	530					530	460
Total liabilities	601,475	99,555	5,227		918,030	1,624,287	2,532,442
DEFERRED INFLOWS OF RESOURCES							
Deferred revenues	5,550,615		1,402,073		2,343,049	9,295,737	9,103,520
FUND BALANCES							
Nonspendable	390,838			62,673	15,805	469,316	905,728
Restricted	404,072		79,287	92,861	1,037,064	1,613,284	1,701,781
Assigned	579,608	327,279				906,887	942,021
Unassigned (deficit)	2,959,393				(679,738)	2,279,655	1,457,416
Total fund balance	4,333,911	327,279	79,287	155,534	373,131	5,269,142	5,006,946
Total liabilities, deferred outflow of resources and fund balance	\$ 10,486,001	\$ 426,834	\$ 1,486,587	\$ 155,534	\$ 3,634,210	\$ 16,189,166	\$ 16,642,908

Exhibit A-4
City of Platteville, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2019
(With summarized financial information as of December 31, 2018)

	2019	2018
Total fund balances-governmental funds:	\$ 5,269,142	\$ 5,006,946
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:</p>		
Governmental capital asset	92,574,916	88,965,572
Governmental accumulated depreciation	<u>(34,685,333)</u>	<u>(31,662,926)</u>
	57,889,583	57,302,646
<p>The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements</p>		
		798,700
<p>Pension and OPEB deferred outflows and inflows of resources are actuarially determined by the plans. These items are reflected in the statement of net position and are being amortized with pension and OPEB expense in the statement of activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.</p>		
Deferred outflows of resources	2,604,853	1,516,866
Deferred inflows of resources	(1,387,806)	(1,576,980)
<p>Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred inflows for the fund statements.</p>		
Long-term notes and loans	1,933,212	1,997,841
Subsequent year tax equivalent from utility	421,440	407,005
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:</p>		
Bonds and notes payable	(20,963,398)	(21,585,415)
Tax increment revenue bonds	(2,440,892)	(2,917,031)
Bond premium	(255,481)	(205,809)
Accrued interest	(220,194)	(216,809)
OPEB - group life insurance plan	(158,230)	(225,758)
OPEB - City health insurance plan	(589,796)	(549,348)
Net pension liability	(942,627)	
Compensated absences	<u>(380,042)</u>	<u>(382,160)</u>
Net position of governmental activities	<u>\$ 40,779,764</u>	<u>\$ 39,370,694</u>

Exhibit A-5
City of Platteville, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

	General	Capital Projects	Community Development Block Grant	Debt Service	Other Governmental Funds	Total Governmental Funds	
						2019	2018
REVENUES							
Taxes	\$ 3,007,396	\$ 196,600	\$	\$ 1,486,964	\$ 2,129,279	\$ 6,820,239	\$ 6,295,877
Special assessments	14,891					14,891	10,429
Intergovernmental	3,805,192	121,231			795,301	4,721,724	4,615,624
Licenses and permits	105,553					105,553	215,773
Fines and forfeitures	129,611				3,108	132,719	184,798
Public charges for services	700,031	112,883			492,912	1,305,826	1,409,454
Interest income	153,729		2,129	17,784	13,359	187,001	129,092
Loan repayments	12,565		48,901		49,629	111,095	279,866
Miscellaneous	211,395			3,061		214,456	156,189
Total revenues	8,140,363	430,714	51,030	1,507,809	3,483,588	13,613,504	13,297,102
EXPENDITURES							
Current:							
General government	1,162,404					1,162,404	1,188,708
Public safety	3,140,725					3,140,725	3,081,498
Public works	1,469,067				936,312	2,405,379	2,325,549
Health and social services	148,501					148,501	124,869
Leisure activities	1,898,011				839	1,898,850	1,826,167
Conservation and development	322,336		40,003		325,450	687,789	2,034,513
Capital outlay	57,861	2,123,955			397,041	2,578,857	2,615,556
Debt service:							
Principal retirement				1,190,000	1,033,156	2,223,156	2,008,355
Interest and fiscal charges				297,764	377,702	675,466	636,428
Debt issuance costs		35,225		12,012		47,237	51,522
Total expenditures	8,198,905	2,159,180	40,003	1,499,776	3,070,500	14,968,364	15,893,165
Excess (deficiency) of revenues over over expenditures	(58,542)	(1,728,466)	11,027	8,033	413,088	(1,354,860)	(2,596,063)
OTHER FINANCING SOURCES (USES)							
Long-term debt proceeds		1,125,000				1,125,000	2,545,000
Other financing source—refunding bonds							1,720,000
Current refunding of debt principal							(1,720,000)
Debt premium				71,768		71,768	17,092
Proceeds from sale of capital assets	5,274	8,009				13,283	192,325
Transfer to other funds	(557,848)	(50,000)			(594,530)	(1,202,378)	(1,366,731)
Transfer from other funds	50,000	557,848			594,530	1,202,378	1,366,731
Transfer from utility-tax equivalent	407,005					407,005	400,316
Total other financing sources (uses)	(95,569)	1,640,857		71,768		1,617,056	3,154,733
Net change in fund balances	(154,111)	(87,609)	11,027	79,801	413,088	262,196	558,670
Fund balance-beginning of year	4,488,022	414,888	68,260	75,733	(39,957)	5,006,946	4,448,276
Fund balance-end of year	\$ 4,333,911	\$ 327,279	\$ 79,287	\$ 155,534	\$ 373,131	\$ 5,269,142	\$ 5,006,946

Exhibit A-6
City of Platteville, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

	2019	2018
Net change in fund balances-total governmental funds	\$ 262,196	\$ 558,670
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	4,126,368	2,494,214
Depreciation expenses reported in the statement of activities	<u>(3,299,942)</u>	<u>(3,177,948)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period	826,426	(683,734)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position:	(239,489)	(463,709)
Compensated absences and OPEB are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year.		
Change in OPEB - group life insurance plan liability and related deferred outflows and inflows of resources	(6,648)	(22,151)
Change in OPEB - City health insurance plan liability and related deferred outflows and inflows of resources	(55,494)	(26,352)
Change in compensated absences	2,118	43,324
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities		
The amount of long-term debt principal payments in the current year is:	2,223,156	3,728,355
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	(1,125,000)	(4,265,000)
Repayments of economic development loans receivable are reflected as revenue in governmental funds, but are reported as a reduction of notes receivable in the statement of net position and does not affect the statement of activities	(99,406)	(267,136)
Additional economic development loans are reflected as expenditures in governmental funds, but are reported as additions to loans receivable in statement of net position and does not affect the statement of activities	34,777	23,636

Exhibit A-6 (Continued)
City of Platteville, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

	2019	2018
Debt premiums are reported in the governmental funds as revenues when those amounts are received. However, the premium is shown in the statement of net position and allocated over the life of the debt issue as amortization expense in the statement of activities		
Amount of debt premium received in the current year	(71,768)	(17,092)
Amount of debt premium amortized in the current year	22,096	18,913
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 current year in the governmental funds	(407,005)	(400,316)
Current year utility tax equivalent recognized as a transfer in for the statement of activities	421,440	407,005
	14,435	6,689
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	674,666	636,428
The amount of interest accrued during the current period	(678,051)	(674,189)
Interest paid is greater (less) than interest expensed by	(3,385)	(37,761)
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension liability between years, with adjustments	(374,944)	(116,793)
Change in net position-governmental activities	\$ 1,409,070	\$ (1,520,141)

Exhibit A-7
City of Platteville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019

(With summarized financial information as of December 31, 2018)

	Water and Sewer Utility	
	2019	2018
ASSETS		
Current assets:		
Cash	\$ 1,530,764	\$ 1,449,676
Petty cash	200	200
Customer accounts receivable	757,289	716,459
Other accounts receivable	6,946	5,415
Due from other funds	14,476	13,954
Inventories	31,423	33,939
Total current assets	2,341,098	2,219,643
Noncurrent assets:		
Restricted assets:		
Net pension asset		152,449
Cash and Investments:		
Bond proceeds - unspent	591,484	
Replacement fund	2,483,113	2,282,301
Depreciation fund	849,839	831,118
Debt reserve fund	1,026,162	1,052,977
Total restricted assets	4,950,598	4,318,845
Capital assets:		
Property and plant	54,800,641	52,820,360
Less: accumulated provision for depreciation	18,169,069	17,645,423
Net property and plant	36,631,572	35,174,937
Other assets:		
Advances due from other funds	327,858	921,000
Total noncurrent assets	41,910,028	40,414,782
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	482,055	278,189
OPEB - Group life insurance plan outflows	8,294	10,074
OPEB - City health insurance plan outflows	10,594	12,422
Total deferred outflows of resources	500,943	300,685
Total assets and deferred outflows of resources	\$ 44,752,069	\$ 42,935,110

Exhibit A-7 (Continued)
City of Platteville, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2019

(With summarized financial information as of December 31, 2018)

	Water and Sewer Utility	
	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 268,300	\$ 357,544
Accrued payroll	39,409	37,155
Accrued interest	76,846	76,684
Current portion of:		
Revenue bonds	856,825	754,305
Compensated absences	15,108	10,518
Due to other funds	421,440	407,005
	1,677,928	1,643,211
Non-current liabilities		
Revenue bonds	15,221,974	14,351,279
Unamortized bond premium	253,190	271,942
Net pension liability	178,253	
OPEB - Group life insurance plan	64,912	88,100
OPEB - City health insurance plan	176,173	203,184
Compensated absences	144,523	138,113
Less current portion of long-term debt	(871,933)	(764,823)
	15,167,092	14,287,795
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	245,406	300,130
OPEB - Group life insurance plan inflows	30,006	1,782
OPEB - City health insurance plan inflows	5,056	
	280,468	301,912
NET POSITION		
Net investment in capital assets	21,747,892	20,551,716
Restricted		
Debt service - revenue bond funds	1,876,001	1,884,095
Equipment replacement	2,483,113	2,282,301
Unrestricted	1,519,575	1,984,080
Total net position	27,626,581	26,702,192
Total liabilities, deferred inflows of resources, and net position	\$ 44,752,069	\$ 42,935,110

Exhibit A-8
City of Platteville, Wisconsin
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

	Water	Sewer	Total	
			2019	2018
OPERATING REVENUES				
Metered sales	\$ 1,340,861	\$	\$ 1,340,861	\$ 1,325,874
Private fire protection	88,521		88,521	88,247
Public fire protection	623,811		623,811	619,517
Public authorities	258,652		258,652	248,413
Measured sewer service		2,342,419	2,342,419	2,296,662
Forfeited discounts	7,032	7,057	14,089	15,456
Miscellaneous	159,080	20,171	179,251	170,087
	<u>2,477,957</u>	<u>2,369,647</u>	<u>4,847,604</u>	<u>4,764,256</u>
OPERATING EXPENDITURES				
Pumping expenses	178,701		178,701	191,279
Treatment expenses	106,758	445,226	551,984	550,833
Transmission and distribution	172,331		172,331	214,853
Customer accounts expense	44,311	13,018	57,329	54,872
Administrative and general	332,510	427,624	760,134	718,611
Rent	1,080	6,160	7,240	8,921
Transportation expenses	181	34,403	34,584	26,030
Maintenance of sewage system		186,617	186,617	148,845
Depreciation	537,160	602,254	1,139,414	1,121,045
Taxes	8,923	51,738	60,661	61,148
	<u>1,381,955</u>	<u>1,767,040</u>	<u>3,148,995</u>	<u>3,096,437</u>
Total operating expenses				
Operating income	<u>\$ 1,096,002</u>	<u>\$ 602,607</u>	<u>1,698,609</u>	<u>1,667,819</u>
NONOPERATING REVENUES (EXPENSES)				
*Interest and dividends on investments			151,782	85,700
*Interest expense			(457,373)	(472,637)
*Amortization of debt premium			18,753	18,753
*Debt issuance costs			(59,274)	
*Loss on sale/disposal of fixed assets			(6,668)	
*Transfer of tax equivalent			(421,440)	(407,005)
			<u>(774,220)</u>	<u>(775,189)</u>
Total nonoperating revenues (expenses)				
Change in net position			<u>924,389</u>	<u>892,630</u>
Net position - beginning of year			<u>26,702,192</u>	<u>25,809,562</u>
Net position-end of year			<u>\$ 27,626,581</u>	<u>\$ 26,702,192</u>
* Not allocated				

Exhibit A-9
City of Platteville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

	2019	2018
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Received from customers	\$ 4,805,243	\$ 4,802,175
Payments to employees	(771,859)	(756,013)
Payment for employee benefits	(360,097)	(348,168)
Payment to suppliers	(882,975)	(852,733)
	2,790,312	2,845,261
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES		
Repayment of advanced funds from TIF #7	593,142	
Paid to municipality for tax equivalent	(421,440)	(407,005)
	171,702	(407,005)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,572,867)	(1,514,787)
Cost of removal	(29,850)	
Debt retired	(754,305)	(741,961)
Debt issuance costs	(59,274)	
Debt proceeds	1,625,000	
Interest paid	(457,210)	(475,645)
	(2,248,506)	(2,732,393)
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Purchase of investments		(1,750,837)
Receipt of investments maturing	1,890,455	1,854,501
Investment income	151,782	85,700
	2,042,237	189,364
Net cash flows from (used by) from investing activities	2,042,237	189,364
Net change in cash and cash equivalents	2,755,745	(104,773)
Cash and cash equivalents - beginning of year	1,965,435	2,070,208
Cash and cash equivalents - end of year	\$ 4,721,180	\$ 1,965,435
Reconciliation of cash and cash equivalents to statement of net position accounts		
Cash	\$ 1,530,764	\$ 1,449,676
Petty cash	200	200
Restricted cash and investments	4,950,598	4,166,396
Less: long-term investments	(1,760,382)	(3,650,837)
	\$ 4,721,180	\$ 1,965,435
Total cash and cash equivalents	\$ 4,721,180	\$ 1,965,435

Exhibit A-9 (Continued)
City of Platteville, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

	2019	2018
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 1,698,609	\$ 1,667,819
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,139,414	1,121,045
Pension expense	72,112	21,834
Life insurance OPEB expense	6,816	8,645
Health insurance OPEB expense	(20,127)	9,747
Amortization of major repairs		15,602
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	(40,830)	39,582
(Increase) decrease in other accounts receivable	(1,531)	(1,663)
(Increase) decrease in due from other funds	(522)	(3,693)
(Increase) decrease in inventories	2,516	(6,021)
Increase (decrease) in accounts payable	(89,244)	(57,972)
Increase (decrease) in accrued payroll	2,254	8,398
Increase (decrease) in due other funds	14,435	6,689
Increase (decrease) in compensated absences	6,410	15,249
	<u>\$ 2,790,312</u>	<u>\$ 2,845,261</u>
Net cash provided by operating activities		

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

(With summarized financial information as of December 31, 2018)

	Custodial Fund		
	Tax Collection	Total	
	Fund	2019	2018
ASSETS			
Cash and investments	\$ 2,698,828	\$ 2,698,828	\$ 3,580,687
Taxes receivable	6,247,263	6,247,263	5,243,968
Total assets	\$ 8,946,091	\$ 8,946,091	\$ 8,824,655
LIABILITIES			
Due to other taxing units	\$ 8,946,091	\$ 8,946,091	\$ 8,824,655
NET POSITION			
Restricted			
Total liabilities and net position	\$ 8,946,091	\$ 8,946,091	\$ 8,824,655

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

(With summarized financial information as of December 31, 2018)

	Custodial Fund	Total	
	Tax Collection Fund	2019	2018
ASSETS			
Property tax collections for other governments	\$ 5,660,501	\$ 5,660,501	\$ 5,904,724
DEDUCTIONS			
Property tax collections paid or owed to other governments	5,660,501	5,660,501	5,904,724
Net increase (decrease) in fiduciary net position			
Net position - beginning of year			
Net position - end of year	\$	\$	\$

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Platteville, Wisconsin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected seven-member council. This report includes all of the funds of the City of Platteville. The reporting entity for the City consists of the (a) the 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. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The City has identified the following component unit that is required to be included in the financial statements in accordance with standards established in GASB standards.

Discretely Presented Component Unit

The Platteville Housing Authority was created by the City of Platteville under the provisions of Section 66.40 to 66.404 of the Wisconsin Statutes. The central purpose of the Platteville Housing Authority is to provide the opportunity for the City of Platteville residents to live in decent, affordable and standard housing. The programs at the Platteville Housing Authority are created to enable Platteville families to improve their housing conditions. Its governing board is appointed by the City Council.

Separate audited financial statements of the Platteville Housing Authority may be obtained at City Hall of the City of Platteville.

B. Government-Wide and Fund 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.

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.

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

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

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

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

Major Governmental Funds:

The City reports the following major governmental funds:

General Fund – Accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvements Capital Project Fund – Accounts for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Community Development Block Grant Fund – Accounts for financial resources to be used to provide financial assistance to develop communities by providing housing.

General Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major Enterprise Funds:

The City reports the following major enterprise funds:

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

Non-Major Governmental Funds:

The City reports the following non-major governmental funds:

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

Airport
Redevelopment Authority
Housing Conservation Program
Library (Littlefield)
Zeigert Trust
Boll Cemetery
Taxi/Bus

TIF District No. 4 – Accounts for the activity of tax incremental district No. 4, including the payment of general long-term debt principal, interest and related costs.

TIF District No. 5 – Accounts for the activity of tax incremental district No. 5, including the payment of general long-term debt principal, interest and related costs.

TIF District No. 6 – Accounts for the activity of tax incremental district No. 6, including the payment of general long-term debt principal, interest and related costs.

TIF District No. 7 – Accounts for the activity of tax incremental district No. 7, including the payment of general long-term debt principal, interest and related costs.

Permanent Funds – Are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

-Cemetery perpetual care

Fiduciary Funds

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.

-Tax collection

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. Deferred inflows of resources also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflows of resources are 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.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the standards in 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalent/Investments

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 non-money market investments are carried at fair value as determined by quoted market prices.

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.

E. Receivables

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 custodial fund statement of net position.

Property tax calendar - 2019 tax roll:

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

No provision for uncollectible accounts receivable has been made for customer accounts receivable since the Water and Sewer Utility has the right by law to place delinquent bills on the tax roll.

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 nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of airport fuel and expendable supplies held for consumption. Expendable supplies, which are not material, 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.

G. Restricted Assets

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

H. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are reported 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 renewals and betterments relating to retirement units is added to plant accounts. 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:

Buildings	20-50 Years
Machinery and Equipment	3-40 Years
Utility System	10-100 Years

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.

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations 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, 2019 are determined on the basis of current salary rates and include salary related payments.

J. Long-Term Obligations/Conduit Debt

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) 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.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$23,477,156, made up of two issues.

K. 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.

L. Risk Management

The City is exposed to various risks of loss related to tort; 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.

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

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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.

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable – includes amounts that are not in a spendable form (such as inventory and advances) or are required to be maintained intact.
- Restricted – includes 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 – includes amounts constrained to specific purposes by the City Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City Council takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the City Council intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed may be assigned. Assignments may take place after the end of the reporting period.
- Unassigned – 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's fund balance policy is to strive to maintain an unassigned fund balance equal to 20% of the General Fund budget.

The Council may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Council. Commitments of fund balance, once made, can be modified only by majority vote of the Council.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

N. Transfers

Transfers include the payment in lieu of taxes from the water and sewer utility to the general fund.

O. Housing Conservation and Community Development Block Grant

Long-term loans receivable under the Housing Conservation and Community Development Block Program are shown as loans receivable and deferred inflows of resources in the governmental fund statements.

P. Summarized Comparative Information

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

Q. Pensions

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

R. Other Postemployment Benefits

Group life insurance plan

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The City has items that qualify for reporting in this category. The deferred outflows of resources were derived from the OPEB plans and the WRS pension system.

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 that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The City has items that qualify for reporting in this category. Deferred inflows of resources related to the OPEB plans are discussed in Note 7 and Note 8, deferred inflows of resources related to the WRS pension system are discussed in Note 9, and the remaining deferred inflows of resources are discussed in Note 14.

T. Change in Accounting Principle

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

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 district-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 Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 3

CASH AND INVESTMENTS

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

Deposits with financial institutions	\$ 4,907,855
Wisconsin Local Government Investment Pool	12,486,211
Petty cash	<u>1,381</u>
Total	<u><u>\$ 17,395,447</u></u>

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

Exhibit A-1:	
Cash and investments	\$ 9,703,322
Restricted cash and investments	4,993,297
Exhibit A-10:	
Cash and investments	<u>2,698,828</u>
Total cash and investments	<u><u>\$ 17,395,447</u></u>

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. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
- 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.
- Bond issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

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's investment policy limits investments to securities with maturities of less than five years from the date of purchase.

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

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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	12 months or less	13 to 24 months
Certificates of deposit	\$ 3,588,103	\$ 3,535,011	\$ 53,092
Local Government Investment Pool	12,486,211	12,486,211	
Totals	\$ 16,074,314	\$ 16,021,222	\$ 53,092

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's investment policy limits investments to those authorized by Wisconsin State Statutes. As of December 31, 2019, the City's investments were rated as follows:

	Amount	Rating
Wisconsin Local Government Investment Pool	\$ 12,486,211	Not Rated

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.

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 event of the failure of an insured bank.

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

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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. Additionally, deposits in each local and area credit union are insured by the NCUA in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts.

The City's investment policy requires collateralization on certificate of deposits which exceed the FDIC and State Deposit Guaranty Fund insurance limits and on repurchase agreements. The collateral is limited to securities of the U.S. Treasury and its agencies.

As of December 31, 2019, \$3,894,596 of the City's deposits were insured by the FDIC or NCUA, \$756,960 were insured by a federal home loan bank letter of credit, and \$1,206 were in excess of federal depository insurance limits, national credit union insurance limits, and pledged collateral. The Wisconsin State Guaranty Fund would provide coverage for this amount, providing 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 significantly exceeding uninsured amounts at the balance sheet date.

Wisconsin Local Government Investment Pool

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments.

Detailed information about the SIF is available in separately issued financial statements available at <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

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

Investment allocation in the local government investment pool as of December 31, 2019 was: 88.05% in U.S. Government Securities, 2.70% in Bankers' Acceptances and 9.25% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk

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

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

NOTE 4

CAPITAL ASSETS

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

	Balance 1/1/19	Additions	Deletions	Balance 12/31/19
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,540,998	\$ 17,700		\$ 3,558,698
Construction in progress	589,828	1,065,922	(473,989)	1,181,761
Total capital asset not being depreciated	<u>4,130,826</u>	<u>1,083,622</u>	<u>(473,989)</u>	<u>4,740,459</u>
Other capital assets				
Land improvements	3,621,841	24,659		3,646,500
Buildings and improvements	9,299,119	104,015		9,403,134
Machinery and equipment	5,236,435	5,000		5,241,435
Vehicles	4,586,391	165,680	(98,992)	4,653,079
Infrastructure	62,090,960	3,217,381	(418,032)	64,890,309
Total other capital assets at historical costs	<u>84,834,746</u>	<u>3,516,735</u>	<u>(517,024)</u>	<u>87,834,457</u>
Less accumulated depreciation for:				
Land improvements	931,813	166,442		1,098,255
Buildings and improvements	4,290,003	207,723		4,497,726
Machinery and equipment	2,464,318	463,888		2,928,206
Vehicles	2,439,527	294,640	(86,291)	2,647,876
Infrastructure	21,537,265	2,167,249	(191,244)	23,513,270
Total accumulated depreciation	<u>31,662,926</u>	<u>3,299,942</u>	<u>(277,535)</u>	<u>34,685,333</u>
Net other capital assets	<u>53,171,820</u>	<u>216,793</u>	<u>(239,489)</u>	<u>53,149,124</u>
Total net capital assets	<u>\$ 57,302,646</u>	<u>\$ 1,300,415</u>	<u>\$ (713,478)</u>	<u>\$ 57,889,583</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 60,623
Public safety	282,719
Public works, which includes the depreciation of infrastructure	2,520,591
Leisure activities	426,568
Health and human services	5,522
Conservation and development	3,919
Total governmental activities depreciation expense	<u>\$ 3,299,942</u>

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

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Intangible plant	\$ 8,978	\$	\$	\$ 8,978
Land and land rights	40,438			40,438
Construction in progress	458,189	436,227	(458,189)	436,227
Total capital assets not being depreciated	<u>507,605</u>	<u>436,227</u>	<u>(458,189)</u>	<u>485,643</u>
Capital assets being depreciated:				
Water:				
Source of supply	765,539	895,328	(86,228)	1,574,639
Pumping	2,079,252	15,600	(30,000)	2,064,852
Water treatment	1,413,694			1,413,694
Transmission and distribution	19,605,219	991,908	(308,700)	20,288,427
General plant	795,621	15,970		811,591
Sewer:				
Collection system	16,261,383	604,736	(96,825)	16,769,294
Treatment and disposal	10,245,812	32,069	(33,441)	10,244,440
General plant	1,146,235	115,220	(113,394)	1,148,061
Total capital assets being depreciated	<u>52,312,755</u>	<u>2,670,831</u>	<u>(668,588)</u>	<u>54,314,998</u>
Less: accumulated depreciation for:				
Water:				
Source of supply	270,381	33,662	(116,078)	187,965
Pumping	1,041,141	62,662	(30,000)	1,073,803
Water treatment	412,070	44,206		456,276
Transmission and distribution	4,495,779	379,629	(308,700)	4,566,708
General plant	653,116	57,134		710,250
Sewer:				
Collection system	1,942,202	194,328	(90,158)	2,046,372
Treatment and disposal	8,089,015	282,082	(32,937)	8,338,160
General plant	741,719	85,711	(37,895)	789,535
Total accumulated depreciation	<u>17,645,423</u>	<u>1,139,414</u>	<u>(615,768)</u>	<u>18,169,069</u>
Net capital assets being depreciated	<u>34,667,332</u>	<u>1,531,417</u>	<u>(52,820)</u>	<u>36,145,929</u>
Total net capital assets	<u>\$ 35,174,937</u>	<u>\$ 1,967,644</u>	<u>\$ (511,009)</u>	<u>\$ 36,631,572</u>

Depreciation expense consisted of the following:

Business-Type Activities:

Water and sewer depreciation (Per Exhibit A-8) \$ 1,139,414

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

NOTE 5

LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<u>Governmental Activities</u>					
General obligation debt-nondirect	\$ 20,140,000	\$ 1,125,000	\$ (1,690,000)	\$ 19,575,000	\$ 1,590,000
Bonds and Notes from direct borrowings and direct placements	1,445,415		(57,017)	1,388,398	52,882
Tax increment revenue bonds-direct borrowings and direct placements	2,917,031		(476,139)	2,440,892	491,502
Other liabilities:					
Compensated absences	382,160		(2,118)	380,042	74,976
Total governmental activities long-term liabilities	<u>\$ 24,884,606</u>	<u>\$ 1,125,000</u>	<u>\$ (2,225,274)</u>	<u>\$ 23,784,332</u>	<u>\$ 2,209,360</u>
<u>Business-type Activities</u>					
Revenue bonds - nondirect	\$ 10,360,000	\$ 1,625,000	\$ (440,000)	\$ 11,545,000	\$ 321,825
Revenue bonds - direct borrowings and direct placements	3,991,279		(314,305)	3,676,974	535,000
Other liabilities:					
Compensated absences	138,113	6,410		144,523	15,108
Total business-type activities long-term liabilities	<u>\$ 14,489,392</u>	<u>\$ 1,631,410</u>	<u>\$ (754,305)</u>	<u>\$ 15,366,497</u>	<u>\$ 871,933</u>

The compensated absences liability attributed to governmental activities are typically being liquidated in the general fund. In addition to the City's governmental debt service fund, debt service payments are also being made by the City's redevelopment authority fund and TIF District funds.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. In accordance with Wisconsin statutes, 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 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit per Wisconsin Statutes as of December 31, 2019 was \$35,394,570. Total general obligation debt outstanding at year-end was \$20,963,398. City policy limits general obligation indebtedness to 3.5% of the equalized value of taxable property within the city's jurisdiction, or \$24,776,199. As of December 31, 2019, outstanding general obligation debt was within the limits established by Wisconsin Statutes and City policy.

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

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Debt (Continued)

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
<u>Governmental Activities</u>					
General obligation debt:					
General obligation bonds	3/7/2012	3/1/2023	2.0-3.0%	\$ 1,725,000	\$ 1,050,000
General obligation notes	3/28/2013	10/1/2021	2.125-2.25	935,000	200,000
General obligation bonds	3/28/2013	10/1/2028	2.25-3.0	3,240,000	3,240,000
General obligation notes	10/1/2013	10/1/2023	2.5-3.25	5,000,000	2,375,000
General obligation notes	2/12/2014	10/1/2020	2.00	5,000,000	380,000
General obligation notes	4/6/2015	4/6/2022	1.98	172,000	137,770
General obligation bonds	12/29/2015	3/1/2033	1.875-3.8	3,790,000	3,450,000
General obligation bonds	6/2/2016	12/1/2025	1.05-1.85	2,520,000	2,160,000
General obligation bonds	6/1/2017	9/1/2036	1.55-3.35	1,375,000	1,375,000
General obligation bonds	10/4/2017	10/1/2029	2.5-3.0	2,975,000	2,975,000
State trust fund loan	4/27/2018	3/15/2038	4.00	1,300,000	1,250,628
General obligation bonds	5/10/2018	3/1/2026	3.0-3.25	1,245,000	1,245,000
General obligation bonds	5/30/2019	9/1/2034	3.0-4.0	1,125,000	1,125,000
Total governmental activities – general obligation debt					<u><u>\$ 20,963,398</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities					
	Bonds and Notes - Nondirect			Bonds and Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,590,000	\$ 529,686	\$ 2,119,686	\$ 52,882	\$ 52,816	\$ 105,698
2021	1,965,000	484,641	2,449,641	54,978	50,720	105,698
2022	2,045,000	435,849	2,480,849	170,927	47,138	218,065
2023	2,160,000	382,245	2,542,245	50,863	44,384	95,247
2024	1,750,000	327,490	2,077,490	52,781	42,466	95,247
2025-2029	7,325,000	972,263	8,297,263	297,849	178,387	476,236
2030-2034	2,540,000	236,388	2,776,388	362,406	113,830	476,236
2035-2038	200,000	10,050	210,050	345,712	35,277	380,989
Totals	<u>\$ 19,575,000</u>	<u>\$ 3,378,612</u>	<u>\$ 22,953,612</u>	<u>\$ 1,388,398</u>	<u>\$ 565,018</u>	<u>\$ 1,953,416</u>

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

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Tax Increment Revenue Bonds

Tax increment revenue bonds are not a general obligation of the City and are payable solely from available tax increments. Available tax increments consist of the annual gross tax increment revenue which is generated by the increment value of the property (as noted in the development agreements underlying the bond issues) in the Tax Incremental Districts which said revenue is in excess value of the property plus any supplemental payment as defined in the development agreements.

Tax increment revenue bonds payable at December 31, 2019 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
Tax increment revenue bonds	9/12/2013	9/12/2026	4.303%	\$ 2,000,000	\$ 1,214,551
Tax increment revenue bonds	3/29/2018	3/31/2023	2.49%	1,720,000	1,226,341
Total governmental activities – tax increment revenue bonds					<u>\$ 2,440,892</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities		
	Tax Increment Revenue Debt - Direct		
	Borrowing and Direct Placements		
	Principal	Interest	Total
2020	\$ 491,502	\$ 80,633	\$ 572,135
2021	506,633	65,502	572,135
2022	522,175	49,960	572,135
2023	354,205	33,905	388,110
2024	179,842	24,229	204,071
2025-2026	386,535	24,910	411,445
Totals	<u>\$ 2,440,892</u>	<u>\$ 279,139</u>	<u>\$ 2,720,031</u>

Water and Sewer Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utility. Revenue debt payable at December 31, 2019 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2019
Clean water revenue bonds	12/10/2008	5/1/2028	2.339%	\$ 2,473,498	\$ 1,264,386
Clean water revenue bonds	11/1/2010	5/1/2030	2.428	3,964,010	2,412,588
Revenue bonds	3/7/2012	5/1/2032	3.0-4.0	6,750,000	5,350,000
Revenue bonds	6/24/2015	5/1/2035	3.0-4.0	5,425,000	4,570,000
Revenue bonds	12/4/2019	5/1/2038	2.0-4.0	1,625,000	1,625,000
Total					<u>\$ 15,221,974</u>

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

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	Business-type Activities					
	Revenue Bonds - Nondirect			Revenue Bonds from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 535,000	\$ 390,613	\$ 925,613	\$ 321,825	\$ 84,302	\$ 406,127
2021	540,000	377,793	917,793	329,526	76,509	406,035
2022	580,000	360,293	940,293	337,410	68,530	405,940
2023	615,000	341,618	956,618	345,483	60,361	405,844
2024	620,000	322,343	942,343	353,750	51,995	405,745
2025-2029	3,725,000	1,272,015	4,997,015	1,742,413	129,161	1,871,574
2030-2034	4,170,000	447,370	4,617,370	246,567	2,993	249,560
2034-2035	760,000	28,004	788,004			
Totals	\$ 11,545,000	\$ 3,540,049	\$ 15,085,049	\$ 3,676,974	\$ 473,851	\$ 4,150,825

Water and Sewer System Mortgage Revenue Bonds

Under the terms of the bond resolutions, local officials must comply with certain requirements specified therein as discussed below:

Section 4 provides that income and revenues of the water and sewer utility shall be set aside into separate and special funds as follows:

Account	Amount	Purpose
Operation and Maintenance Fund		Paying current expenses in the operation and maintenance of system.
Special Redemption Fund	Amount sufficient to pay principal and interest on all revenue bonds and notes and to meet the reserve requirement.	Paying current interest and principal on bonds and maintaining minimum reserve requirement.
Depreciation Fund	Amount determined by the Governing Body to be sufficient to provide a proper and adequate depreciation account for the system.	New construction, repairs, replacements, extensions, or additions to the system

Section 6 requires that the "net revenues" of the system for each year be not less than 1.25 times the sum of the annual debt service requirement and the annual debt service on all other revenue bonds and notes. For the year ended December 31, 2019, the "net revenues" of the system were \$2,989,805 or 2.25 times the annual debt service requirement.

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

NOTE 6

LONG-TERM ADVANCES

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

Receivable Fund	Payable Fund	Amount
Debt service	Airport	\$ 62,673
General	TIF #6	378,724
Water and sewer utility	TIF #6	65,552
Water and sewer utility	TIF #7	262,306
	Total	\$ 769,255

On December 31, 2019 the airport was obligated to the debt service fund for \$62,673 on long-term advances for improvements which matures as follows:

Year	Principal	Interest	Total
2020	\$ 14,662	\$ 2,438	\$ 17,100
2021	15,314	1,786	17,100
2022	15,993	1,107	17,100
2023	16,704	396	17,100
Total	\$ 62,673	\$ 5,727	\$ 68,400

The final payment on the \$62,673 advance is due December 1, 2023 with monthly payments of \$1,425 at 4.35% interest until maturity.

The City has also advanced funds to the TIF districts to pay for project costs incurred over and above amounts that had been originally borrowed to pay for these project costs. No repayment schedule has been established for these advances. The repayment of these advances is subject to the tax incremental financing districts generating sufficient increments to pay the debt service for funds borrowed and advanced.

NOTE 7

OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER LIFE INSURANCE PLAN

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

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

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

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

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

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

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

Contribution rates as of December 31, 2019 are:

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

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

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

During the reporting period, the LRLIF recognized \$1,666 in contributions from the employer.

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

At December 31, 2019, the LRLIF Employer reported a liability (asset) of \$223,142 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net OPEB liability (asset) was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City’s proportion was .08647800%, which was a decrease of .0178435% from its proportion measured as of December 31, 2017.

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

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$15,071.

OPEB 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 OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 11,319
Changes of assumptions	21,291	48,368
Net differences between projected and actual earnings on OPEB plan investments	5,333	
Changes in proportion and differences between employer contributions and proportionate share of contributions		43,461
Employer contributions subsequent to the measurement date	1,887	
Totals	\$ 28,511	\$ 103,148

\$1,887 reported as deferred outflows related to OPEB resulting from the City employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Outflows (Inflows) of Resources
Year ended December 31:	
2020	\$ (11,488)
2021	(11,488)
2022	(11,488)
2023	(12,237)
2024	(13,009)
Thereafter	(16,814)
Total	\$ (76,524)

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

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

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

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

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

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

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

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City’s proportionate share of the net OPEB liability (asset)	\$317,435	\$223,142	\$150,417

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

NOTE 8 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 until age 65 provided they self-pay the full (100%) amount of all required premiums. Eligible retirees also receive an HRA benefit for reimbursement of a portion of the high deductible health plan up to \$1,100 for single and \$2,200 for family coverage.

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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	68
	<u>78</u>

Total OPEB Liability – The City’s total OPEB Liability of \$765,969 was measured at December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial date and the measurement date.

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2017
Measurement date	December 31, 2018
Actuarial cost method	Entry age normal (level percent of salary)
Inflation	2.5 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	3.5 percent
Healthcare cost trend rates	4.50% in the first year then 7.0% decreasing by 0.50% per year down to 6.50%, then down by 0.10% per year down to 5.0%, and level thereafter
Retirees' share of benefit-related costs	Retirees are responsible for the full (100%) amount of premiums.

The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the December 31, 2017 valuation were based on a study conducted in 2015 using the Wisconsin Retirement System (WRS) experience from 2012-2014.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at 12/31/2017	<u>\$ 752,532</u>
Changes for the year:	
Service cost	57,334
Interest	26,537
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(24,426)
Benefit payments	<u>(46,008)</u>
Net Changes	<u>13,437</u>
Balance at 12/31/2018	<u><u>\$ 765,969</u></u>

There were no changes of benefit terms.

The discount rate was increased to be reflective of a 20-year AA municipal bond rate (4.00%) as of the measurement date in order to be compliant with GASB 75. All other assumptions and methods remained unchanged from the valuation performed as of December 31, 2017.

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

		1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	12/31/2018	\$ 815,555	\$ 765,969	\$ 719,409

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

The following represents 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 (6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.0 decreasing to 6.0 percent) than the current healthcare cost trend rates:

		1% Decrease (3.5% in First Year, then 6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (4.5% in First Year, then 7.0% decreasing to 5.0%)	1% Increase (5.5% in First Year, then 8.0% decreasing to 6.0%)
Total OPEB Liability	12/31/2018	\$ 695,795	\$ 765,969	\$ 849,525

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$81,428.

OPEB 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 OPEB plan made by the proprietary fund and business-type activities relative to the total contributions made by the City.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ -
Changes of assumptions or other inputs	-	21,983
Contributions after the measurement date	46,061	-
Total	<u>\$ 46,061</u>	<u>\$ 21,983</u>

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER HEALTH INSURANCE PLAN (CONTINUED)

\$46,061 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2020	\$ (2,443)
2021	(2,443)
2022	(2,443)
2023	(2,443)
2024	(2,443)
Thereafter	<u>(9,768)</u>
Total	<u>\$ (21,983)</u>

NOTE 9 DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

During the reporting period, the WRS recognized \$316,289 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

	<u>2019</u>	
	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with social security	6.55%	10.55%
Protective without social security	6.55%	14.95%

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

NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2019, the City reported a liability (asset) of \$1,120,880 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.03150589%, which was a decrease of 0.00052886% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$765,426.

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, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 872,996	\$ 1,543,143
Changes of assumptions	188,939	
Net differences between projected and actual earnings on pension plan investments	1,636,970	
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,999	
Employer contributions subsequent to the measurement date	320,320	
Total	\$ 3,031,224	\$ 1,543,143

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

NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$320,320 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an increase or reduction of the net pension asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Net Outflows (Inflows) of Resources
2020	\$ 425,537
2021	109,226
2022	184,424
2023	448,574
Total	\$ 1,167,761

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

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

NOTE 9

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 arithmetic real rates of return for each major asset class are summarized in the following table:

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

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 9

DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the City of Platteville's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$4,454,497	\$1,120,880	(\$1,357,921)

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

NOTE 10

CONTINGENT LIABILITIES

The City has identified the following items as potential liabilities not recorded on the financial statements:

1. The City participates in a number of federal and state assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
2. From time to time, the City is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

NOTE 11

COMPENSATED ABSENCES

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Upon termination or retirement, a City employee is paid any vested accrued vacation or sick leave benefits. As of December 31, 2019, the compensated absences consisted of:

Sick leave	\$ 434,481
Vacation	90,084
Total	<u>\$ 524,565</u>

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

NOTE 12

TAX INCREMENTAL DISTRICTS

Transactions of the tax incremental district to December 31, 2019 are summarized below:

	<u>TIF #4</u>	<u>TIF #5</u>	<u>TIF #6</u>	<u>TIF #7</u>
Project expenditures to 12/31/19	\$ 4,286,936	\$ 12,093,044	\$ 9,063,656	\$ 11,928,292
Accumulated credits to project expenditures:				
Tax increments collected	2,906,288	10,738,526	3,425,877	1,422,418
Developer agreement payments			112,247	433,756
EDA grant	1,366,543		382,667	178,808
Community development block grant				909,276
WEDC grants				392,279
Tax exempt computer aid	24,960	105,964	5,445	47,556
Tax exempt personal property aid	1,854	5,369	3,001	2,568
Interest income			215,010	92,164
Miscellaneous income	3,303	24,198	15,176	107,506
Transfer from other funds				1,898,977
Total accumulated credits	<u>4,302,948</u>	<u>10,874,057</u>	<u>4,159,423</u>	<u>5,485,308</u>
Excess of project expenditures over accumulated credits to 12/31/19	<u>\$ (16,012)</u>	<u>\$ 1,218,987</u>	<u>\$ 4,904,233</u>	<u>\$ 6,442,984</u>
Notes payable				
outstanding 12/31/19	\$	\$ 1,226,341	\$ 4,459,551	\$ 6,250,627
Fund balance (positive) 12/31/19	<u>(16,012)</u>	<u>(7,354)</u>	<u>444,682</u>	<u>192,357</u>
Project expenditures to be recovered subsequent to 12/31/19	<u>\$ (16,012)</u>	<u>\$ 1,218,987</u>	<u>\$ 4,904,233</u>	<u>\$ 6,442,984</u>

Tax Incremental Financing Districts 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.

In 2017, TIF #5 began increment sharing with TIF #7. The increment sharing is recorded as a TIF #5 project expenditure in the table above and reflected as a transfer in the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

Project costs may be incurred up to five years before the District's mandatory termination date. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum of years. Project cost 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 #4	11/12/96	11/12/14	3/24/20
District #5	6/28/05	6/28/20	6/28/25
District #6	3/28/06	3/28/21	3/28/26
District #7	3/28/06	3/28/28	3/28/33

The life of District #6 is expected to be extended to allow additional time to recover its project costs.

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

NOTE 13

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

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

GOVERNMENTAL ACTIVITIES

Net investment in capital assets	
Land and construction work in progress	\$ 4,740,459
Other capital assets, net of accumulated depreciation	53,149,124
Less: long-term capital debt outstanding	(20,051,968)
Less: unamortized bond premium	(255,481)
Total net investment in capital assets	37,582,134
Restricted for:	
Redevelopment authority	276,858
Housing conservation	84,820
Donor specified	317,585
Impact fees	86,487
Community development grant restricted	1,481,360
Library endowment	5,905
Perpetual care	564,737
Taxi/Bus	41,364
TIF expenditures	66,065
Total restricted	2,925,181
Unrestricted	
Total governmental activities net position	\$ 40,779,764

GOVERNMENTAL FUND BALANCES

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

Nonspendable:

Major Funds:

General Fund:

Advances to other funds	\$ 378,724
Delinquent taxes	12,114

Debt Service:

Advances to other funds	62,673
Total Major Funds	453,511

Non-Major Funds:

Airport:

Fuel inventory	15,805
Total Non-Major Funds	15,805

Total nonspendable	\$ 469,316
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City of Platteville, Wisconsin
Notes to the Basic Financial Statements
December 31, 2019

NOTE 13 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES (Continued)

Restricted (Continued):

Non-Major Funds:

Airport	152,839
Redevelopment authority	193,147
Perpetual care	564,737
Housing conservation	13,007
Library	5,905
Taxi/Bus	41,364
TIF District No. 4	16,012
TIF District No. 5	7,354
TIF District No. 7	42,699
Total Non-Major Funds	1,037,064
Total restricted	\$ 1,613,284

Assigned:

Major Funds:

General Fund:

Police funds	\$ 249
Museum funds	46,976
Fire department	3,253
Library building	18,448
Ambulance outlay	4,209
Ambulance services	4,679
Senior center	7,841
Street maintenance	14,200
Capital outlay	479,753
Capital Projects:	327,279
Total assigned	\$ 906,887

The following funds had (deficit) unassigned fund balances at December 31, 2019:

Non-Major Funds:

TIF District No. 6	(444,682)
TIF District No. 7	(235,056)
Total non-major funds	(679,738)
Total (deficit)	\$ (679,738)

Deficits are expected to be eliminated by increment revenues in future years.

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

NOTE 14

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 revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2019 the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable and tax roll special charges	\$ 4,780,915
Tax increment receivable	2,049,756
Tax Equivalent	421,440
Payment in lieu of taxes received for subsequent year	110,414
Loans receivable	459,326
Mortgages receivable	<u>1,473,886</u>
Total deferred inflows of resources for governmental funds	<u><u>\$ 9,295,737</u></u>

The mortgages receivable of \$1,473,886 represent loans to local businesses originally financed from economic development grants received by the city from the State of Wisconsin. Repayment of principal and interest on the mortgages is recorded as revenue in the community development block grant and housing conservation program special revenue funds and is used to finance additional development loans.

The loans receivable of \$459,326 represents various economic development loans that are being paid to the City, including interest, on an installment basis. Repayment of principal and interest on the loans is recorded as revenue when received in the funds statements.

NOTE 15

RESTRICTED ASSETS

DNR Replacement Account

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 balance in this account at December 31, 2019 was \$2,483,113.

Tax Incremental Financing Borrowed Funds

Restricted cash and investments in the governmental activities and governmental fund statements represents funds that were borrowed by Tax Incremental Financing District #7 which have yet to be expended.

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

NOTE 16 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Purpose
Governmental Funds:			
General	Water and sewer	\$ 421,440	Tax Equivalent
General	Community Development Block Grant	5,227	Cash flow
	Total	<u>\$ 426,667</u>	
Enterprise Funds:			
Water and sewer	General Fund	<u>\$ 14,476</u>	Tax roll items

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

The following is a schedule of interfund transfers:

Fund Transfer To	Fund Transfer From	Amount	Purpose
Governmental Funds:			
Capital projects	General	\$ 557,848	Various outlays
General	Capital projects	50,000	Event center contribution
TIF #7	TIF #5	594,530	Tax increment sharing
	Total	<u>\$ 1,202,378</u>	
Proprietary Funds			
General	Water utility	<u>\$ 421,440</u>	Tax equivalent

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 authorizations and (3) move fund balances whose designated purpose has been removed.

NOTE 17 COMMITMENTS/ SUBSEQUENT EVENTS

The following items were approved and will be purchased or completed subsequent to December 31, 2019:

1. Utility digester cleaning for \$95,470.
2. The City is in the process of renovating City Hall. The total project is estimated to cost \$750,000. Costs of approximately \$403,000 were incurred through December 31, 2019, leaving approximately \$347,000 remaining to be completed after yearend.
3. Deregulation of the sewer utility.
4. Replacing up to 10 manholes at a cost of approximately \$87,000.
5. Market Street reconstruction for approximately \$764,000.
6. S. Court Street and N. 3rd Street water main replacement for approximately \$200,000.
7. Bradford and Irene Street reconstruction for approximately \$843,000.
8. Rountree Branch steambank repairs up to approximately \$146,000.
9. Awarded street maintenance contract for approximately \$139,000.
10. Water tower painting for \$184,000.

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

NOTE 17

COMMITMENTS/ SUBSEQUENT EVENTS (CONTINUED)

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

NOTE 18

TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results 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 of Platteville, through its Tax Incremental Financing District No. 6, has entered into a tax abatement agreement with a developer in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the Tax Incremental Financing District No. 6 project plan. The agreement requires the City to make annual repayments of property taxes collected within the TID to the developer based upon the terms of the agreements.

For the year ended December 31, 2019, the City abated property taxes totaling \$70,243 related to a Tax Incremental Financing District No. 6 agreement.

NOTE 19

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 of the 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 (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. Covered services include garbage collection, snow plowing, and street sweeping.

The City has the ability to increase tax levies through the unutilized debt service adjustment.

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

NOTE 20

COMPONENT UNIT – HOUSING AUTHORITY

A. Cash and Investments

At year-end, the carrying amount of the housing authority's deposits was \$19,858 and the bank balance was \$21,342. All the bank balance was covered by federal depository insurance.

B. Changes in Fixed Assets

A summary of changes in the housing authority's fixed assets is as follows:

	Balance 1/1/19	Additions	Retirements	Balance 12/31/19
Cost:				
Land, structures, equipment	\$ 7,820	\$	\$ (7,820)	\$
Accumulated depreciation	\$ 7,820	\$	\$ (7,820)	\$

C. Line of Credit

The Housing Authority has a \$10,000 line of credit with a local bank. No draws on the line of credit were made during the year.

NOTE 21 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*. When this standard becomes effective, portions of these financial statements may be restated.

Required Supplementary Information

Exhibit B-1
Required Supplementary Information

City of Platteville, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variances-	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 2,973,905	\$ 2,973,905	\$ 3,007,396	\$ 33,491	\$ 33,491
Special assessments	12,680	12,680	14,891	2,211	2,211
Intergovernmental	3,851,629	3,851,629	3,805,192	(46,437)	(46,437)
Licenses and permits	163,200	163,200	105,553	(57,647)	(57,647)
Fines and forfeitures	162,500	162,500	129,611	(32,889)	(32,889)
Public charges for services	618,997	618,997	700,031	81,034	81,034
Interest income	86,090	86,090	153,729	67,639	67,639
Loan repayments	12,565	12,565	12,565		
Miscellaneous	91,820	91,820	211,395	119,575	119,575
Total revenues	7,973,386	7,973,386	8,140,363	166,977	166,977
EXPENDITURES					
General government	1,276,000	1,267,098	1,162,404	113,596	104,694
Public safety	3,383,191	3,383,191	3,140,725	242,466	242,466
Public Works	1,619,513	1,625,149	1,526,928	92,585	98,221
Health and social services	158,524	158,524	148,501	10,023	10,023
Leisure activities	1,809,368	1,823,390	1,898,011	(88,643)	(74,621)
Conservation and development	330,689	330,689	322,336	8,353	8,353
Total expenditures	8,577,285	8,588,041	8,198,905	378,380	389,136
Excess (deficiency) of revenues over over expenditures	(603,899)	(614,655)	(58,542)	545,357	556,113
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	600	600	5,274	4,674	4,674
Transfer to other funds	(492,033)	(499,119)	(557,848)	(65,815)	(58,729)
Transfer from other funds	2,520	2,520	50,000	47,480	47,480
Transfer from utility-tax equivalent	400,320	400,320	407,005	6,685	6,685
Total other financing sources (uses)	(88,593)	(95,679)	(95,569)	(6,976)	110
Net change in fund balances	(692,492)	(710,334)	(154,111)	538,381	556,223
Fund balance-beginning of year	4,488,022	4,488,022	4,488,022		
Fund balance-end of year	\$ 3,795,530	\$ 3,777,688	\$ 4,333,911	\$ 538,381	\$ 556,223

Exhibit B-2
City of Platteville, Wisconsin
Local Retiree Life Insurance Fund Schedules
December 31, 2019

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

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2018	0.08647800%	\$ 223,142	\$ 3,904,000	5.72%	48.69%
2017	0.10432100%	313,858	4,386,996	7.15%	44.81%

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 1,887	\$ (1,887)	\$	\$ 3,988,169	0.05%
2018	1,948	(1,948)		3,904,000	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-3
City of Platteville, Wisconsin
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2019

	2018	2017
Total OPEB Liability		
Service cost	\$ 57,334	\$ 57,334
Interest	26,537	24,773
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	(24,426)	-
Benefit payments	(46,008)	(17,427)
Net change in total OPEB	\$ 13,437	\$ 64,680
Total OPEB Liability- Beginning	752,532	687,852
Total OPEB Liability- Ending	\$ 765,969	\$ 752,532
Covered Employee Payroll	\$ 3,718,609	\$ 3,718,609
Total OPEB liability as a percentage of covered-employee payroll	20.60%	20.24%

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.

Exhibit B-4
City of Platteville, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2019

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

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.03150589%	\$ 1,120,880	\$ 4,040,929	27.74%	96.45%
2017	(0.03203475%)	(951,149)	4,148,866	(22.93%)	(102.93%)
2016	0.03215436%	265,028	4,094,108	6.47%	99.12%
2015	0.03277933%	532,658	4,139,057	12.87%	98.20%
2014	(0.03337575%)	(819,574)	4,080,595	(20.08%)	(102.74%)

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

SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2019	\$ 320,320	\$ (320,320)	\$	\$ 3,988,169	8.03%
2018	318,909	(318,909)		4,040,929	7.89%
2017	328,551	(328,551)		4,148,866	7.92%
2016	301,725	(301,725)		4,094,108	7.37%
2015	313,084	(313,084)		4,139,057	7.56%

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

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

NOTE 1

BUDGET SCHEDULE

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

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution, assigned carryovers from prior years, and subsequent revisions authorized by the City Council. Such revisions 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. Changes to the overall budget must be approved by a two-thirds vote of the Common Council.

Control for the TIF district funds (capital projects funds) are maintained by comparison to the project plan. Budgetary comparisons are not required for proprietary funds. No budget is required for the Community Development Block Grant fund.

Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

NOTE 2

WISCONSIN RETIREMENT SYSTEM SCHEDULES

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

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

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

NOTE 3

LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

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

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

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

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS PLAN – CITY HEALTH INSURANCE PLAN

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

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

Changes of assumptions. The discount rate was changed to be reflective of a 20-year AA municipal bond rate (4.00%) as of the measurement date in order to be compliant with GASB 75. All other assumptions and methods remained unchanged from the valuation performed as of December 31, 2017.

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

NOTE 5 EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund:

<u>Expenditure</u>	<u>Excess Expenditure</u>
Leisure activities	\$ 74,621

Supplementary Information

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

	Special Revenue Funds							Capital Projects Funds				Permanent Fund	Total
	Airport	Redevelopment Authority	Housing Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus	TIF No. 4	TIF No. 5	TIF No. 6	TIF No. 7	Cemetery Perpetual Care	Non-Major Governmental Funds
ASSETS													
Cash and investments	\$ 308,249	\$ 190,637	\$ 13,007	\$ 5,905	\$ 158,147	\$ 137,015	\$ 9,091	\$ 86,355	\$ 276,647	\$ 170,406	\$ 109,072	\$ 269,575	\$ 1,734,106
Restricted cash and investments											42,699		42,699
Receivables:													
Taxes								161,962	622,494	394,456	252,480		1,431,392
Other accounts	9,042	3,108									27,625		39,775
Other governments												77,139	77,139
Mortgages			71,813										71,813
Loans		221,481											221,481
Inventory	15,805												15,805
Total assets	\$ 333,096	\$ 415,226	\$ 84,820	\$ 5,905	\$ 158,147	\$ 137,015	\$ 86,230	\$ 248,317	\$ 899,141	\$ 564,862	\$ 431,876	\$ 269,575	\$ 3,634,210
LIABILITIES													
Accounts payable	\$ 100,515	\$ 598	\$	\$	\$	\$	\$ 44,866	\$ 376	\$ 375	\$ 406	\$ 375	\$	\$ 147,511
Accrued payroll	73												73
Advances from other funds	62,673									444,276	262,306		769,255
Unearned revenue	1,191												1,191
Total liabilities	164,452	598					44,866	376	375	444,682	262,681		918,030
DEFERRED INFLOWS OF RESOURCES													
Deferred revenue		221,481	71,813					231,929	891,412	564,862	361,552		2,343,049
FUND BALANCES													
Nonspendable	15,805												15,805
Restricted	152,839	193,147	13,007	5,905	158,147	137,015	41,364	16,012	7,354		42,699	269,575	1,037,064
Unassigned (deficit)										(444,682)	(235,056)		(679,738)
Total fund balances	168,644	193,147	13,007	5,905	158,147	137,015	41,364	16,012	7,354	(444,682)	(192,357)	269,575	373,131
Total liabilities, deferred inflows of resources, and fund balances	\$ 333,096	\$ 415,226	\$ 84,820	\$ 5,905	\$ 158,147	\$ 137,015	\$ 86,230	\$ 248,317	\$ 899,141	\$ 564,862	\$ 431,876	\$ 269,575	\$ 3,634,210

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

	Special Revenue Funds							Capital Projects Funds				Permanent Fund	Total
	Airport	Housing Redevelopment Authority	Conservation Program	Library (Littlefield)	Zeigert Trust	Boll Cemetery	Taxi/Bus	TIF No. 4	TIF No. 5	TIF No. 6	TIF No. 7	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES													
Taxes	\$	\$	\$	\$	\$	\$	\$ 44,647	\$ 173,045	\$ 969,956	\$ 546,375	\$ 395,256	\$	\$ 2,129,279
Intergovernmental							527,643	2,335	12,550	4,014	248,759		795,301
Fines and forfeitures		3,108											3,108
Public charges for services	315,352						1,600			1,019	172,841	2,100	492,912
Interest Income	7,780		332	496	821	2,989					941		13,359
Loan repayments		49,629											49,629
Total revenues	323,132	52,737	332	496	821	2,989	573,890	175,380	982,506	551,408	817,797	2,100	3,483,588
EXPENDITURES													
Current:													
Public works	386,454						549,858						936,312
Leisure activities				839									839
Conservation and development								6,557	19,912	22,269	276,712		325,450
Capital outlay		6,444								148,318	242,279		397,041
Debt service:													
Principal retirement		7,644						200,000	331,334	244,805	249,373		1,033,156
Interest and fiscal charges		2,807						4,500	36,730	148,616	185,049		377,702
Total expenditures	386,454	16,895		839			549,858	211,057	387,976	564,008	953,413		3,070,500
Excess (deficiency) of revenues over expenditures	(63,322)	35,842	332	(343)	821	2,989	24,032	(35,677)	594,530	(12,600)	(135,616)	2,100	413,088
OTHER FINANCING SOURCES (USES)													
Transfer to other funds									(594,530)				(594,530)
Transfer from other funds											594,530		594,530
Total other financing sources (uses)									(594,530)		594,530		
Net change in fund balances	(63,322)	35,842	332	(343)	821	2,989	24,032	(35,677)		(12,600)	458,914	2,100	413,088
Fund balance-beginning of year	231,966	157,305	12,675	6,248	157,326	134,026	17,332	51,689	7,354	(432,082)	(651,271)	267,475	(39,957)
Fund balance-End of year	\$ 168,644	\$ 193,147	\$ 13,007	\$ 5,905	\$ 158,147	\$ 137,015	\$ 41,364	\$ 16,012	\$ 7,354	\$ (444,682)	\$ (192,357)	\$ 269,575	\$ 373,131

City of Platteville, Wisconsin Schedule of Insurance
December 31, 2019

Company	Type	Coverage	Term
Employers	Workers Compensation	\$500,000/Accident \$500,000/Disease/Employee \$500,000 Disease/Policy Limit	1/1/1-12/31/19
Employers	Inland Marine	\$1,334,210 Contractors Equipment, \$500 Deductible \$90,000 Fine Arts, \$500 Deductible \$75,000 Miscellaneous Property, \$500 Deductible	1/1/1-12/31/19
Employers	Linebacker	\$1,000,000 Each Loss \$1,000,000 Aggregate \$3,000 Deductible Per Loss	1/1/1-12/31/19
Employers	Umbrella Liability	\$8,000,000 Occurrence \$8,000,000 Aggregate \$0 Retained Limit	1/1/1-12/31/19
Employers	General Liability	\$1,000,000 Each Occurrence \$300,000 Damage to Premises Rented to You \$1,000,000 Personal/Advertising Injury \$2,000,000 General Aggregate \$2,000,000 Products/Completed Operations Aggregate	1/1/1-12/31/19
Employers	Automobile	\$1,000,000 Liability \$10,000 Medical Payment \$500,000 Uninsured Motorists \$500,000 Underinsured Motorists \$1000 Deductible Comprehensive Per Schedule \$1000 Deductible Collision Per Schedule Hired Autos & Non-Owned Auto Liability	1/1/1-12/31/19
Employers	Property	\$39,544,909 Blanket Buildings & Property in the Open \$10,794,893 Blanket Business Personal Property & Property in the Open \$55,000 Blanket Personal Property of Others \$5,000 Deductible	1/1/1-12/31/19
Employers	Commercial Crime	\$100,000 Employee Theft, \$1,000 Deductible \$25,000 Theft of Money Securities Inside \$250 Deductible; \$25,000 Outside \$250 Deductible \$100,000 Computer & Funds Transfer Fraud, \$1,000 Deductible; \$100,000 Fraudulent Impersonation, \$1,000 Deductible	1/1/1-12/31/19
Ohio Casualty	Fidelity Bond	\$10,000 Chief of Police \$10,000 City Clerk \$10,000 City Assessor \$250,000 Finance Director	6/1/19-6/1/21
Employers	Employee Benefit Liability	\$1,000,000 Each Employee \$2,000,000 Aggregate \$1,000 Deductible Each Employee	1/1/1-12/31/19
Employers	Law Enforcement Liability	\$1,000,000 Occurrence \$1,000,000 Aggregate \$2,500 Deductible Per Loss	1/1/1-12/31/19
Employers	Cybersolutions	Data Compromise-\$100,000 Response Expense Limit \$1,000 Deductible, \$100,000 Defense & Liability \$1,000 Deductible, \$25,000 Identity Recovery \$0 Deductible Cyber Coverage-\$100,000 Computer Attack \$1,000 Deductible, \$100,000 Network Security Defense & Liability \$1,000 Deductible, \$100,000 Electronic Media Liability \$1,000 Deductible	1/1/1-12/31/19

Schedule 2
 Platteville Water and Sewer Utility
 Other Information
 December 31, 2019

1. The number of customers at the end of the year was as follows:

	2019	2018
Residential	3,570	3,557
Commercial	362	360
Multifamily residential	70	71
Public authority	93	95
Industrial	9	8
Interdepartmental	3	3
Total	4,107	4,094

2. Volume of water used as a basis for computing the sewer service charge was as follows:

Gallons	
2019	2018
271,359,000	262,208,000