

CITY OF DODGEVILLE



Audit Presentation for the Common Council

For the Year Ended
December 31, 2023

Presented by
Shawn Roelli, CPA



JOHNSON BLOCK
CPAs

*Prepared by:
Johnson Block and Company, Inc.
Certified Public Accountants*

CITY OF DODGEVILLE

Audit Overview

- We have completed our audit of the City of Dodgeville for the year ended December 31, 2023 and have issued our independent auditor's reports. Our reports and the audited financial statements are presented in a bound document.
- We issued an unmodified opinion on the financial statements.
- A separate audit communications document designed for the Common Council has also been submitted and should be read in conjunction with the audited financial statements
- We prepared the following regulatory reports for 2023:
 - Water utility PSC annual report
 - Municipal financial report - Form C
 - TIF District #3 annual report

CITY OF DODGEVILLE

2023 FINANCIAL HIGHLIGHTS

- Governmental funds of the City reported an increase in overall fund balance of \$491,721.
 - General fund decreased \$153,372
 - Capital projects increased \$155,287
 - Special purpose library increased \$13,915
 - TIF district #3 increased \$539,955
 - Other governmental funds decreased \$64,064

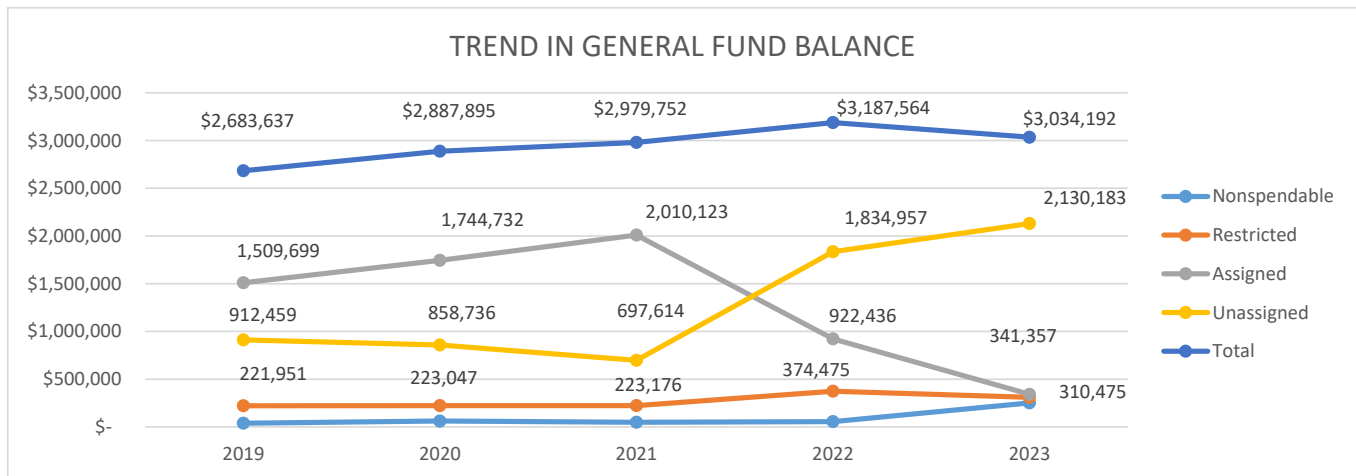
- The General fund, on an overall basis, reported favorable variances as compared to budget.

- The Water utility reported an increase in net position of \$360,782, and the Sewer utility showed an increase in net position of \$231,545 in 2023.
 - Water rates have been effective since August 15, 2023
 - Sewer rates effective November 15, 2016

CITY OF DODGEVILLE

TREND IN GENERAL FUND BALANCE

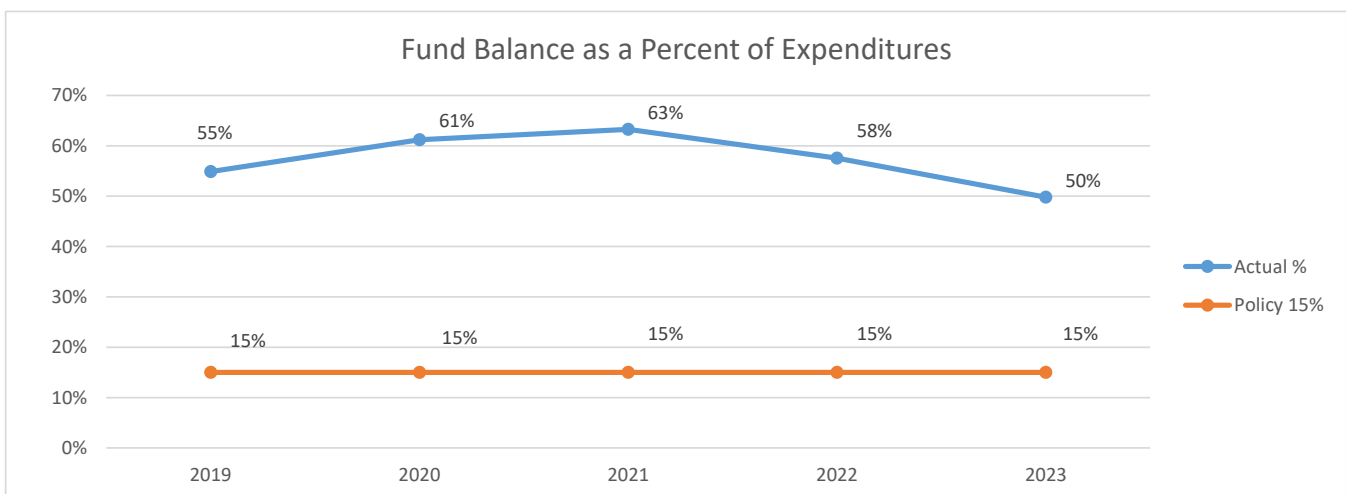
	2019	2020	2021	2022	2023
Nonspendable	\$ 39,528	\$ 61,380	\$ 48,839	\$ 55,696	\$ 252,177
Restricted	221,951	223,047	223,176	374,475	310,475
Assigned	1,509,699	1,744,732	2,010,123	922,436	341,357
Unassigned	912,459	858,736	697,614	1,834,957	2,130,183
Total	\$ 2,683,637	\$ 2,887,895	\$ 2,979,752	\$ 3,187,564	\$ 3,034,192



The City's fund balance policy is to maintain a reserve of at least 15% of expenditures.

	2019	2020	2021	2022	2023
Available fund balance ¹	\$ 2,422,158	\$ 2,603,468	\$ 2,707,737	\$ 2,757,393	\$ 2,471,540
Expenditures	4,413,609	4,254,504	4,281,200	4,792,946	4,963,742
Actual %	55%	61%	63%	58%	50%
Policy 15%	15%	15%	15%	15%	15%

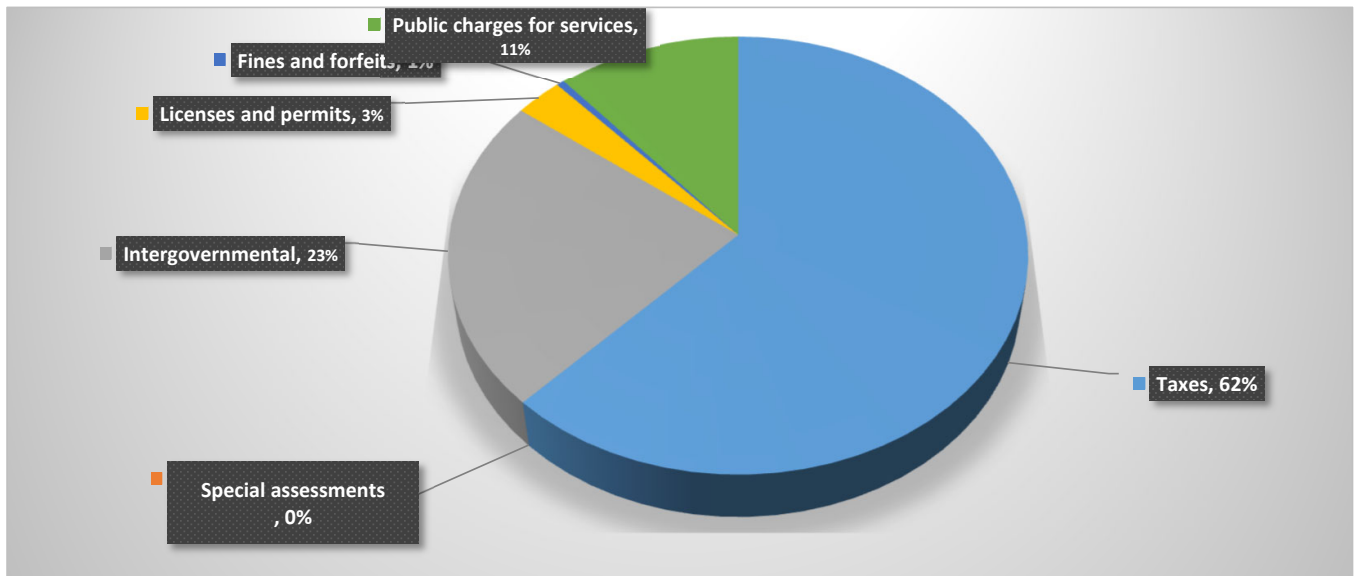
¹ Assigned and unassigned fund balance



CITY OF DODGEVILLE

GENERAL FUND REVENUES

	2021	%	2022	%	2023	%
Taxes	\$ 2,000,625	47%	\$ 2,153,273	41%	\$ 2,533,201	50%
Special assessments	21,915	1%	-	0%	114	0%
Intergovernmental	951,820	22%	1,400,467	27%	942,061	18%
Licenses and permits	132,362	3%	104,045	2%	118,757	2%
Fines and forfeits	22,820	1%	359,071	7%	19,763	0%
Public charges for services	428,125	10%	506,707	10%	458,053	9%
Intergovernmental charges for services	584,028	14%	568,128	11%	777,534	15%
Interest and miscellaneous	100,594	2%	121,816	2%	250,492	5%
Total revenues	\$ 4,242,289	100%	\$ 5,213,507	100%	\$ 5,099,975	100%



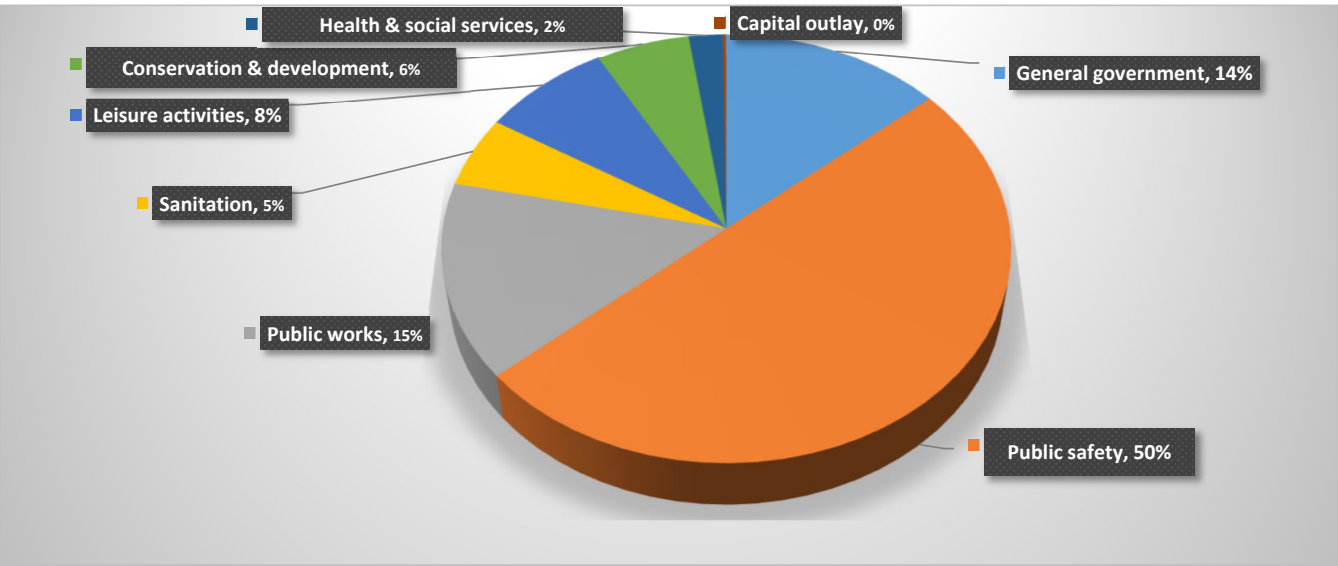
OBSERVATIONS AND COMMENTS:

- Taxes and intergovernmental revenues are the largest portion of revenues
- Tax revenues have increased 26.6% from 2021 to 2023
- Equalized value of property excluding TID increments has increased 17% from 2021 to 2023
- Equalized value of property including TID increments has increased 18% from 2021 to 2023
- Shared revenues including expenditure restraint, computer aid, and personal property aid have decreased 15.0% from 2021 to 2023. 14.6%, or \$88,912, of this decrease is attributed to not qualifying for the expenditure restraint program for 2023.
- In 2022, the City received a WEDC grant for \$250,000 and passed the award on to Access Health
- In 2022, the City received a one-time transmission line environmental impact fee of \$142,359

CITY OF DODGEVILLE

GENERAL FUND EXPENDITURES

	2021	%	2022	%	2023	%
General government	\$ 706,035	16%	\$ 651,446	14%	\$ 683,239	14%
Public safety	1,933,248	45%	2,033,702	42%	2,479,487	50%
Public works	642,917	15%	710,000	15%	731,030	15%
Sanitation	254,107	6%	254,800	5%	265,719	5%
Leisure activities	350,311	8%	358,211	7%	399,228	8%
Conservation & development	174,224	4%	359,004	7%	289,359	6%
Health & social services	92,659	2%	97,994	2%	104,785	2%
Capital outlay	127,699	3%	327,789	7%	10,895	0%
Total expenditures	\$ 4,281,200	100%	\$ 4,792,946	100%	\$ 4,963,742	100%



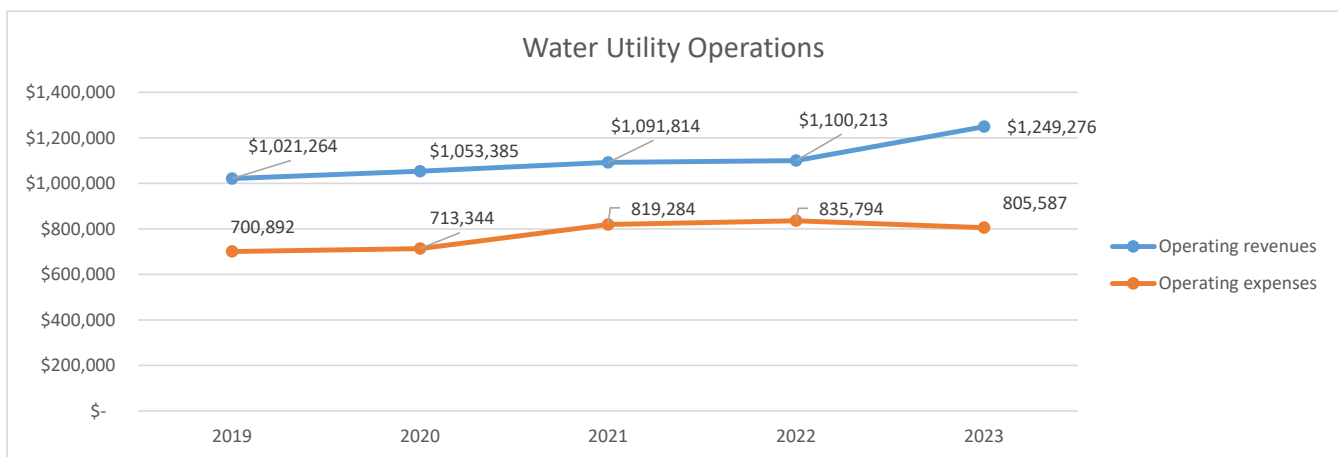
OBSERVATIONS AND COMMENTS:

- Public safety increases related to the following:
 - Increases in Police and EMS wages and fringes of \$382,904

CITY OF DODGEVILLE

WATER UTILITY

	2019	2020	2021	2022	2023
Operating revenues	\$ 1,021,264	\$ 1,053,385	\$ 1,091,814	\$ 1,100,213	\$ 1,249,276
Operating expenses	700,892	713,344	819,284	835,794	805,587
Net operating income (loss)	\$ 320,372	\$ 340,041	\$ 272,530	\$ 264,419	\$ 443,689
Cashflow from operations	\$ 641,866	\$ 623,613	\$ 611,053	\$ 1,107,497	\$ 216,952
PSC rate of return	3.36%	2.93%	1.41%	1.24%	4.18%



Days of cash on hand

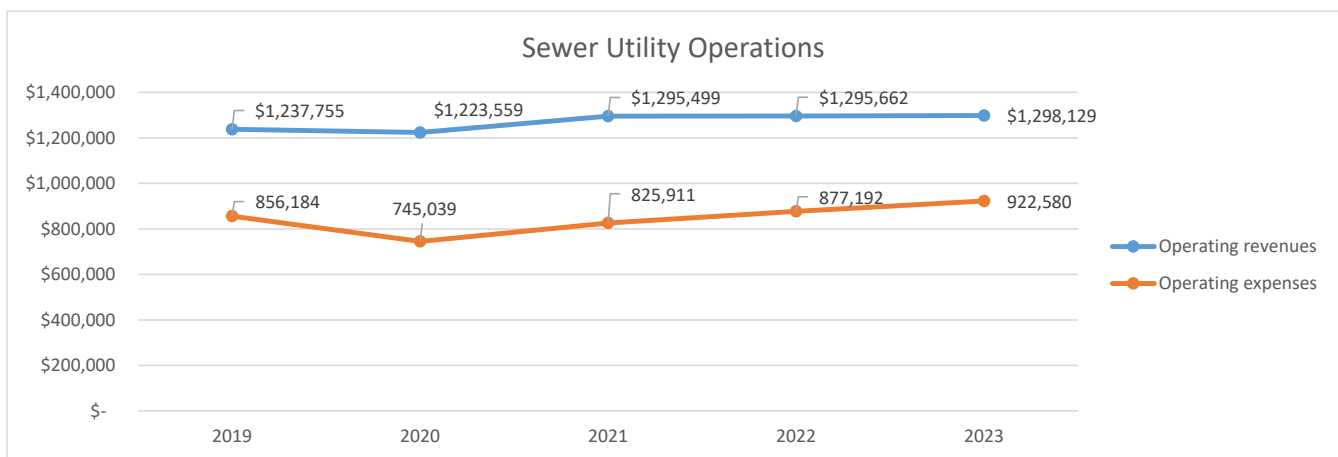
	2019	2020	2021	2022	2023
Unrestricted cash	\$ 882,808	\$ 75,190	\$ 31,315	\$ 100	\$ -
Oper exp plus tax equivalent*	\$ 902,210	\$ 909,390	\$ 1,021,802	\$ 1,027,234	\$ 995,078
Days cash on hand	357	30	11	-	-

*Excludes principal and interest payments, which can be paid with restricted assets.

CITY OF DODGEVILLE

SEWER UTILITY

	2019	2020	2021	2022	2023
Operating revenues	\$ 1,237,755	\$ 1,223,559	\$ 1,295,499	\$ 1,295,662	\$ 1,298,129
Operating expenses	856,184	745,039	825,911	877,192	922,580
Net operating income (loss)	\$ 381,571	\$ 478,520	\$ 469,588	\$ 418,470	\$ 375,549
Cashflow from operations	\$ 758,387	\$ 682,988	\$ 786,468	\$ 695,278	\$ 755,121
Rate of return	2.69%	3.28%	3.17%	2.77%	2.46%



Days of cash on hand

	2019	2020	2021	2022	2023
Unrestricted cash	\$ 816,246	\$ 294,520	\$ 509,307	\$ 456,216	\$ 1,129,689
Operating expenses*	\$ 856,184	\$ 745,039	\$ 825,911	\$ 877,192	\$ 922,580
Days cash on hand	348	144	225	190	447

*Excludes principal and interest payments, which can be paid with restricted assets.

CITY OF DODGEVILLE

CHANGES IN LONG-TERM OBLIGATIONS

- The following table is a summary of long-term obligations for the year ended December 31, 2023:

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

OBSERVATIONS AND COMMENTS:

- General obligation debt limitation totaled \$25,960,035 and debt subject to limitation totaled \$6,690,448. The City had 74% of its debt capacity remaining at December 31, 2023.

CITY OF DODGEVILLE

TAX INCREMENTAL DISTRICTS

District #3	<u>Creation Date</u> 7/21/2020	<u>Last Date to Incur Project Costs</u> 7/21/2035	<u>Final Dissolution Date</u> 7/21/2040
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- The following is the cumulative status of the TIF Districts as of December 31, 2023:

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

OBSERVATIONS AND COMMENTS:

- Fund balance changed in 2023 as follows:
 - TID 3 increased \$539,955
 - TID 3 tax increment revenue increased \$94,519 in 2024
 - 2023 tax increment \$24,556
 - 2024 tax increment \$119,075

Other Matters

- Required audit communications document.
 - This is written to the Common Council and contains internal control communications and other considerations.
 - Safe Drinking Water Loan debt service fund should be established and funded
- We want to extend thanks to Lauree, Grace, Emily, Danielle, Greg and all City personnel for their help during the audit.
- We received full and complete cooperation from everyone.