CITY OF DODGEVILLE

DODGEVILLE
At the heart of it all!

Audit Presentation
for the Common Council

For the Year Ended
December 31, 2025

Presented by
Shawn Roelli, CPA

JBC
JOHNSON BLOCK
CPAs

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

CITY OF DODGEVILLE

Audit Overview

- We issued an unmodifed opinion on the financial statements.

- We performed a federal grant audit for the Flexible Facilities Grant.

- A separate audit communications document designed for the Common Council has also been provided

- We prepared the following regulatory reports for 2025:
  - Water utility PSC annual report
  - Municipal financial report - Form C
  - TIF District #3 annual report

- Other accounting assistance
  - Closed out street and utility projects, settled taxes, and reflected bond proceeds, premium, investments, and related costs
  - Prepared financial statements and the schedule of grant expenditures
  - Updated and maintained depreciation and lease schedules and calculated compensated absences liabilities
  - Prepared the data collection form and submitted to the federal audit clearinghouse

2025 FINANCIAL HIGHLIGHTS

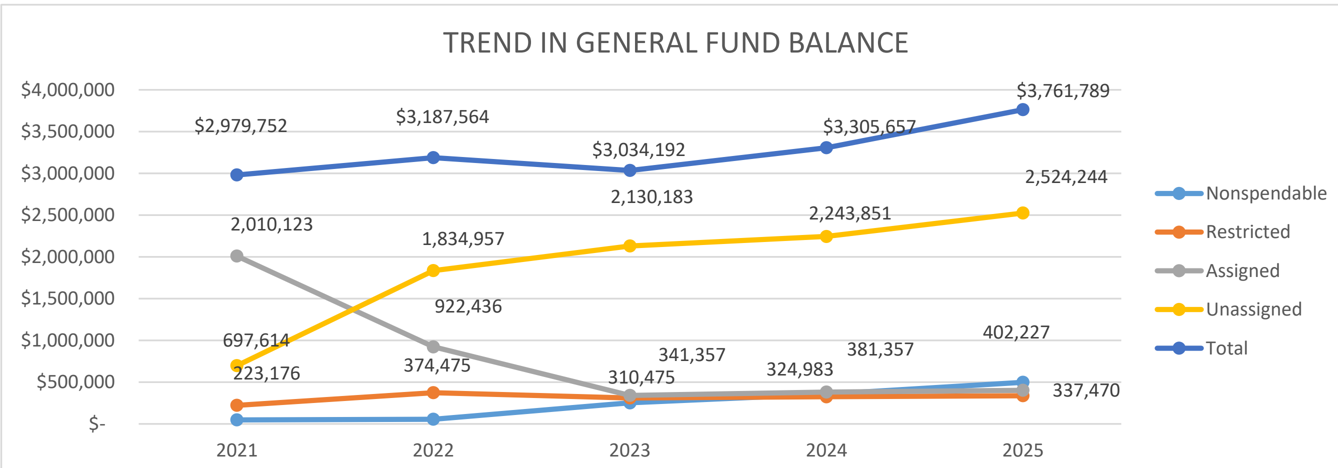
- Governmental funds of the City reported an increase in overall fund balance of $1,394,466.
  - General fund increased $456,132
  - Capital projects increased $829,712
  - TIF district #3 decreased $216,126

- The Water utility reported an increase in net position of $712,721, and the Sewer utility showed an increase in net position of $451,192 in 2025.
  - Water rates have been effective since January 16, 2025
  - Sewer rates effective November 15, 2016

CITY OF DODGEVILLE

TREND IN GENERAL FUND BALANCE

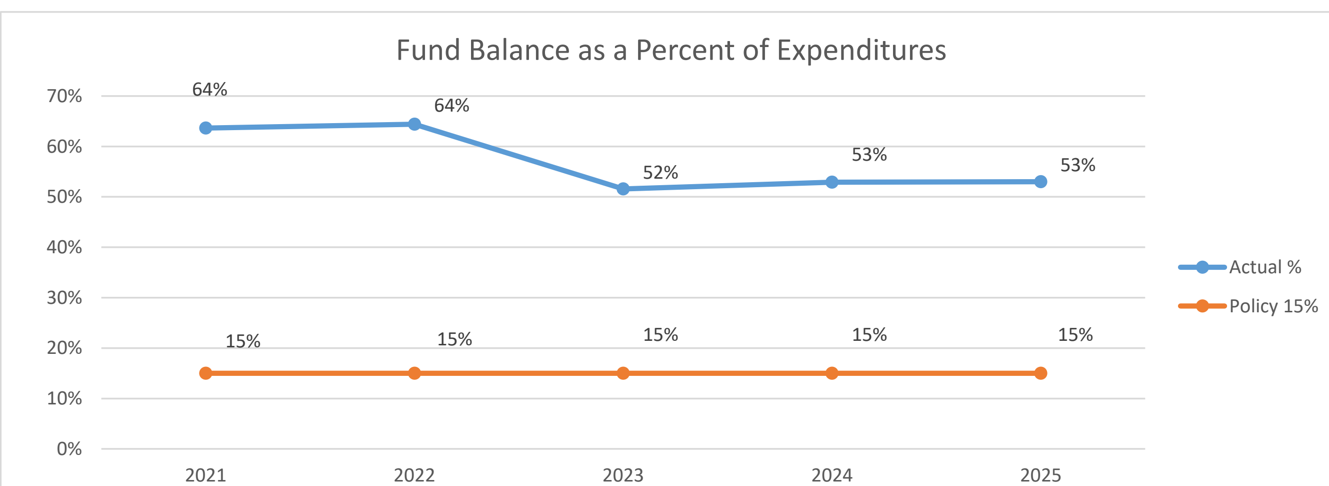
		2021		2022		2023		2024		2025
Nonspendable	$	48,839	$	55,696	$	252,177	$	355,466	$	497,848
Restricted		223,176		374,475		310,475		324,983		337,470
Assigned		2,010,123		922,436		341,357		381,357		402,227
Unassigned		697,614		1,834,957		2,130,183		2,243,851		2,524,244
Total	$	2,979,752	$	3,187,564	$	3,034,192	$	3,305,657	$	3,761,789



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

		2021		2022		2023		2024		2025
Available fund balance [1]	$	2,707,737	$	2,757,393	$	2,471,540	$	2,625,208	$	2,926,471
Expenditures		4,254,504		4,281,200		4,792,946		4,963,742		5,521,964
Actual %		64%		64%		52%		53%		53%
Policy 15%		15%		15%		15%		15%		15%

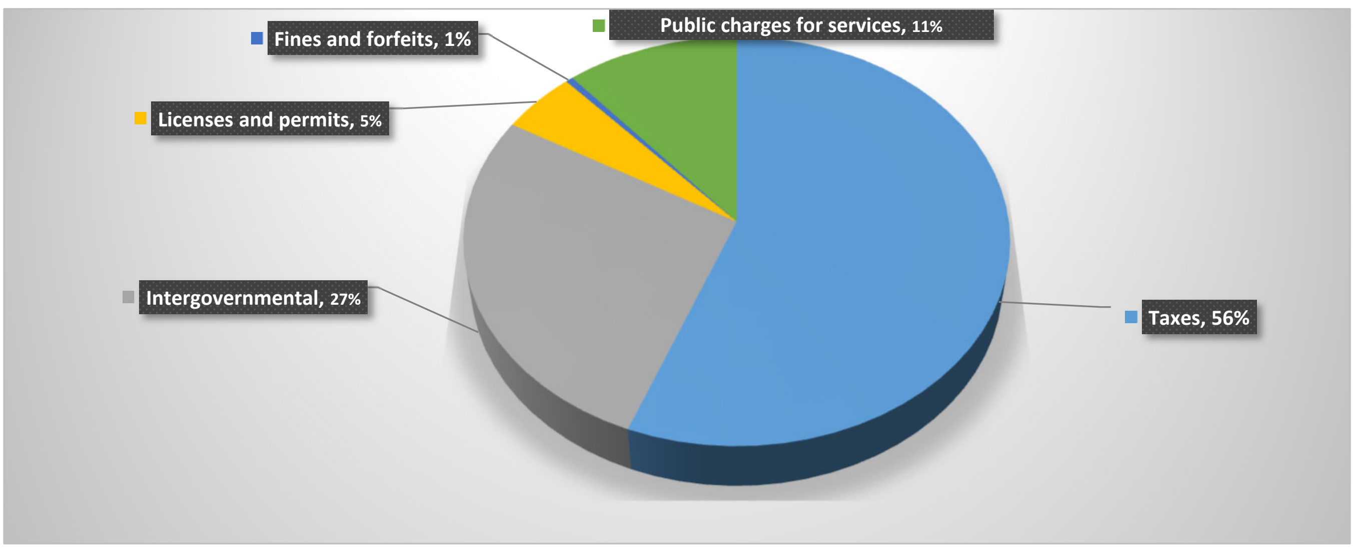
[1] Assigned and unassigned fund balance



CITY OF DODGEVILLE

GENERAL FUND REVENUES

	2023	%	2024	%	2025	%
Taxes	$ 2,533,201	50%	$ 2,319,971	46%	$ 2,807,572	49%
Special assessments	114	0%	188	0%		0%
Intergovernmental	942,061	18%	1,333,315	26%	1,376,653	24%
Licenses and permits	118,757	2%	141,896	3%	246,851	4%
Fines and forfeits	19,763	0%	18,941	0%	24,116	0%
Public charges for services	458,053	9%	514,589	10%	564,062	10%
Intergovernmental charges for services	777,534	15%	522,433	10%	547,654	9%
Interest and miscellaneous	250,492	5%	201,234	4%	213,671	4%
Total revenues	$ 5,099,975	100%	$ 5,052,567	100%	$ 5,780,579	100%

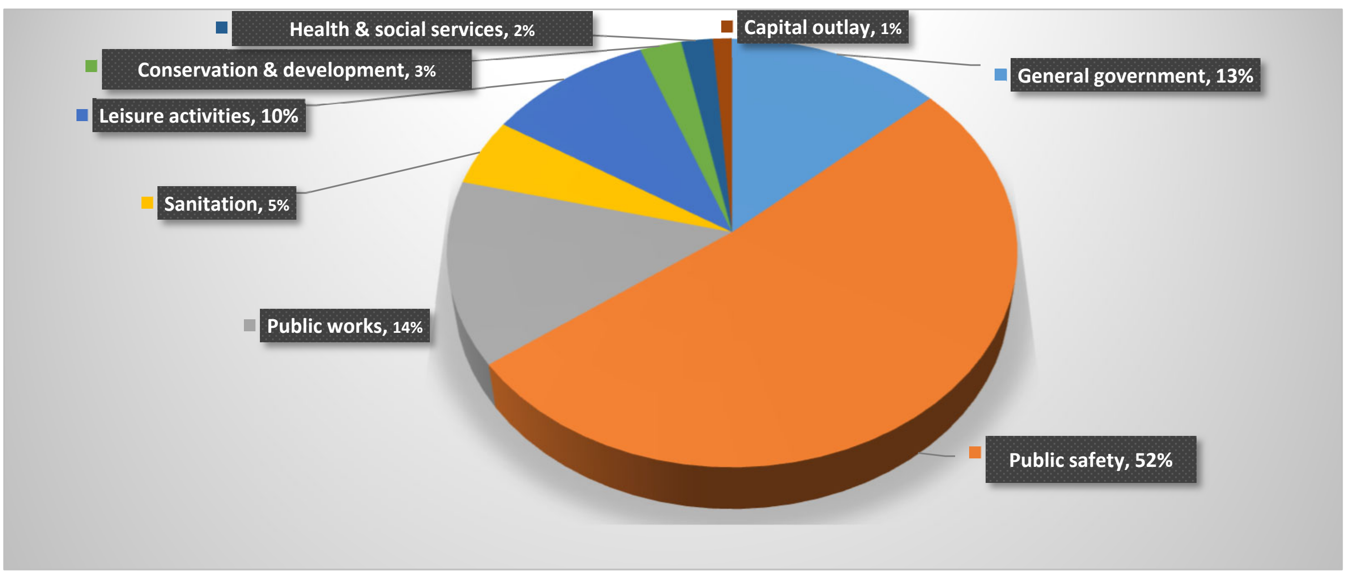


OBSERVATIONS AND COMMENTS:
-Taxes and intergovernmental revenues are the largest portion of revenues
-Tax revenues have increased 10.8% from 2022 to 2025
-Equalized value of property including TID increments has increased 23% from 2022 to 2025
-Shared revenues were $814,922 in 2025

CITY OF DODGEVILLE

GENERAL FUND EXPENDITURES

		2023	%		2024	%		2025	%
General government	$	683,239	14%	$	674,235	14%	$	735,610	13%
Public safety		2,479,487	50%		2,550,784	52%		2,852,365	52%
Public works		731,030	15%		701,634	14%		767,701	14%
Sanitation		265,719	5%		273,272	6%		279,400	5%
Leisure activities		399,228	8%		420,214	9%		569,931	10%
Conservation & development		289,359	6%		161,792	3%		143,107	3%
Health & social services		104,785	2%		77,791	2%		107,951	2%
Capital outlay		10,895	0%		36,699	1%		65,899	1%
Total expenditures	$	4,963,742	100%	$	4,896,421	100%	$	5,521,964	100%

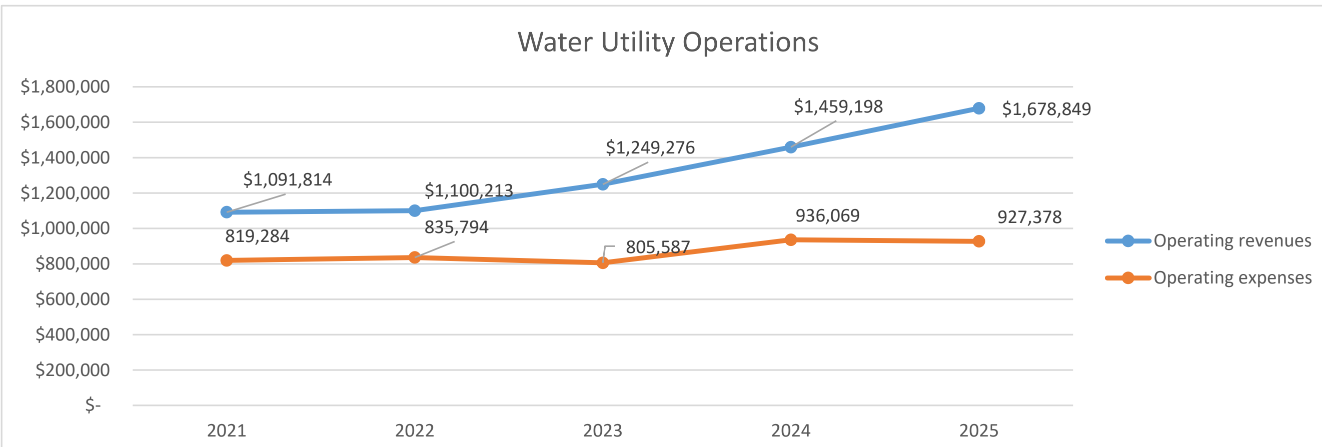


OBSERVATIONS AND COMMENTS:

- -Public safety - building inspector costs increased, health insurance costs increased across departments
- -Beginning in 2023, most capital outlays were moved out of the general fund and into the capital projects fund.
- -Major outlays for the capital projects fund include:
  - -City Hall building $3,460,944
  - -Street-related construction $1,481,520
  - -Library renovation and expansion $3,011,006

WATER UTILITY

		2021		2022		2023		2024		2025
Operating revenues	$	1,091,814	$	1,100,213	$	1,249,276	$	1,459,198	$	1,678,849
Operating expenses		819,284		835,794		805,587		936,069		927,378
Net operating income (loss)	$	272,530	$	264,419	$	443,689	$	523,129	$	751,471
Cashflow from operations	$	611,053	$	1,107,497	$	216,952	$	1,099,451	$	899,935
PSC rate of return		1.41%		1.24%		4.18%		4.54%		5.98%



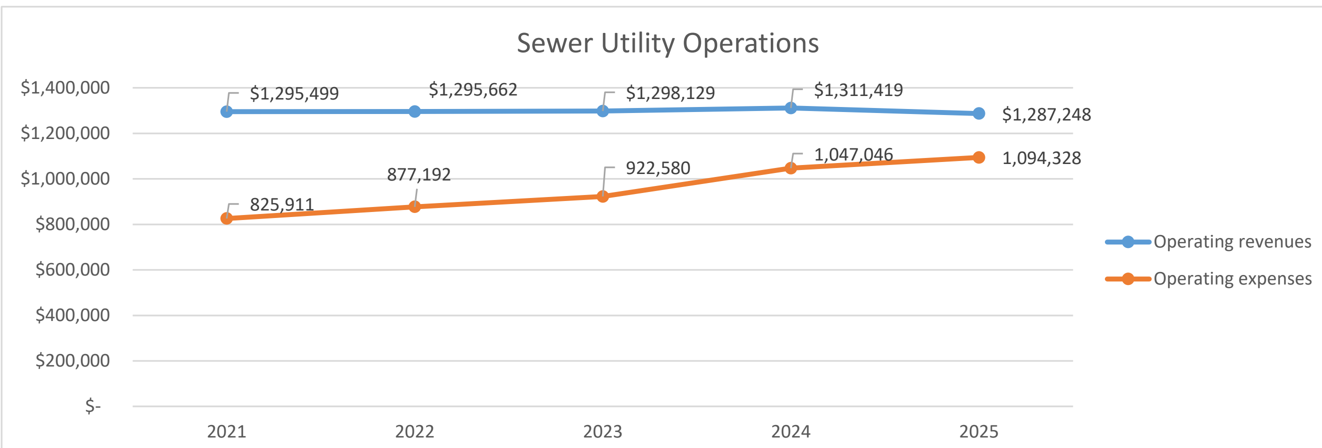
Days of cash on hand

		2021		2022		2023		2024		2025
Unrestricted cash	$	31,315	$	100	$	-	$	206,142	$	886,836
Oper exp plus tax equivalent*	$	1,021,802	$	1,027,234	$	995,078	$	1,106,528	$	1,127,925
Days cash on hand		11		0		-		68		287

*Excludes principal and interest payments.

SEWER UTILITY

	2021	2022	2023	2024	2025
Operating revenues	$ 1,295,499	$ 1,295,662	$ 1,298,129	$ 1,311,419	$ 1,287,248
Operating expenses	825,911	877,192	922,580	1,047,046	1,094,328
Net operating income (loss)	$ 469,588	$ 418,470	$ 375,549	$ 264,373	$ 192,920
Cashflow from operations	$ 786,468	$ 695,278	$ 755,121	$ 564,864	$ 544,696
Rate of return	3.17%	2.77%	2.46%	1.75%	1.26%



Days of cash on hand

	2021	2022	2023	2024	2025
Unrestricted cash	$ 509,307	$ 456,216	$ 1,129,689	$ 1,234,050	$ 1,525,446
Operating expenses*	$ 825,911	$ 877,192	$ 922,580	$ 1,047,046	$ 1,094,328
Days cash on hand	225	190	447	430	509

*Excludes principal and interest payments.

CHANGES IN LONG-TERM OBLIGATIONS

➢ The following table is a summary of long-term obligations for the year ended December 31, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Bonds and notes payable:				
Notes from direct borrowings and direct placements	$ 714,712	$	$ (132,980)	$ 581,
General obligation bonds	4,804,078	6,805,000	(158,388)	11,450,
Unamortized debt premium	66,019	281,171	(14,365)	332,
Total bonds and notes payable	5,584,809	7,086,171	(305,733)	12,365,
Other liabilities:				
Lease liability	67,131		(33,233)	33,
Compensated absences*	251,749		(20,766)	230,
Total other liabilities	318,880		(53,999)	264,
Total governmental activities long-term liabilities	$ 5,903,689	$ 7,086,171	$ (359,732)	$ 12,630,
Business-type activities				
Bonds and notes payable:				
General obligation bonds	$ 752,764	$ 1,230,000	$ (71,929)	$ 1,910,
Unamortized debt premium		62,095	(1,552)	60,
Mortgage revenue bonds-direct	3,664,820	512,996	(235,384)	3,942,
Total bonds and notes payable	4,417,584	1,805,091	(308,865)	5,913,
Other liabilities:				
Compensated absences*	23,418		(884)	22,
Total business-type activities long-term liabilities	$ 4,441,002	$ 1,805,091	$ (309,749)	$ 5,936,

OBSERVATIONS AND COMMENTS:

➢ General obligation debt limitation totaled $31,352,305 and debt subject to limitation totaled $13,943,257. The City had 55% of its debt capacity remaining at December 31, 2025.

TAX INCREMENTAL DISTRICTS

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

- The following is the cumulative status of the TIF Districts as of December 31, 2025:

	TID #3
Revenues	
Taxes	$ 262,567
Intergovernmental	642
Interest	31,658
Proceeds from sale of capital assets	190,328
Miscellaneous	7,148
Debt premium	123,213
Total revenues	615,556
Expenditures	
Construction	2,825,152
Administrative	16,859
Professional services	116,645
Developer incentives	1,057,800
DOR fees	1,750
Interest and fiscal charges	531,536
Transfers to other funds	190,328
Total expenditures	4,740,070
Amount to be recovered through future increments	$ 4,124,514
Cash	$ 509,514
Long-term debt outstanding	3,615,000
Amount to be recovered through future increments	$ 4,124,514

OBSERVATIONS AND COMMENTS:

- Fund balance decreased $216,126
- Tax increment revenue is as follows:

  2025 tax increment $117,535
  2026 tax increment $223,553

Other Matters

- Required audit communications document.
  - This is written to the Common Council and contains internal control communications and other considerations.
    - (Repeat) Cybersecurity Improvements - establish security policy, review cyber insurance, test backups, and test restoration
    - (Repeat) Clean Water and Safe Drinking Water Loan - debt service funds should be established and funded
    - (New) Capitalization Policy - federal guidance suggests that the threshold should be $10,000
    - (New) GASB 103 - budget should be reviewed and amended as needed throughout the year due to an upcoming change in the reporting model
    - (New) Bank Reconciliation - the LGIP account should be reconciled monthly
    - (New) Debt Service Levy - revenue gap may materialize when the City is no longer allowed to levy for debt service that is paid with tax increments and utility revenues
- We want to extend thanks to all City personnel for their help during the audit and especially to Emily.
- We received full and complete cooperation from everyone.