

CITY OF DODGEVILLE



Audit Presentation for the Common Council

For the Year Ended
December 31, 2024

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, 2024 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 provided
- We prepared the following regulatory reports for 2024:
 - Water utility PSC annual report
 - Municipal financial report - Form C
 - TIF District #3 annual report
 - WEDC attestation
 - Water utility - filed step 2 of the rate case after completing projects

CITY OF DODGEVILLE

2024 FINANCIAL HIGHLIGHTS

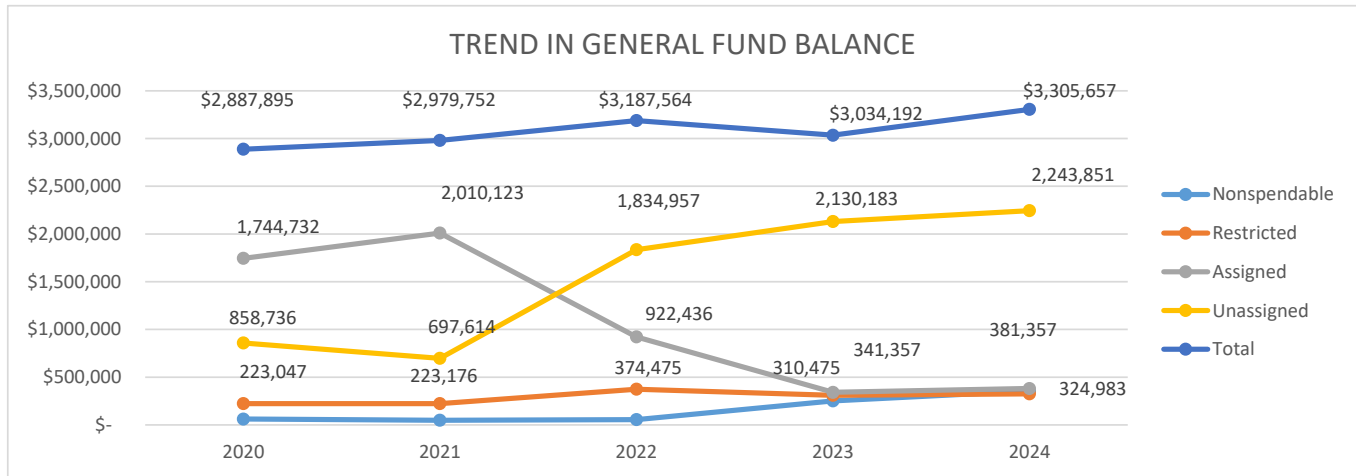
- Governmental funds of the City reported a decrease in overall fund balance of \$497,817.
 - General fund increased \$271,465
 - Capital projects decreased \$127,831
 - Special purpose library increased \$59,868
 - TIF district #3 decreased \$515,885
 - Other governmental funds decreased \$185,434

- The Water utility reported an increase in net position of \$466,927, and the Sewer utility showed an increase in net position of \$350,224 in 2024.
 - Water rates have been effective since August 15, 2023
Water rates increased again on January 16, 2025
 - Sewer rates effective November 15, 2016

CITY OF DODGEVILLE

TREND IN GENERAL FUND BALANCE

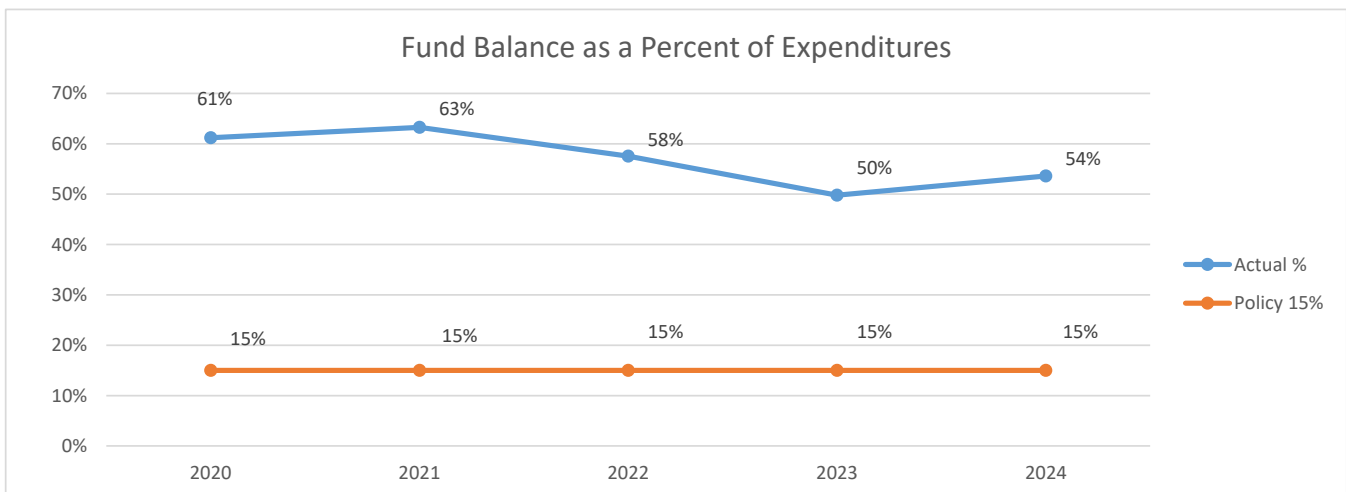
	2020	2021	2022	2023	2024
Nonspendable	\$ 61,380	\$ 48,839	\$ 55,696	\$ 252,177	\$ 355,466
Restricted	223,047	223,176	374,475	310,475	324,983
Assigned	1,744,732	2,010,123	922,436	341,357	381,357
Unassigned	858,736	697,614	1,834,957	2,130,183	2,243,851
Total	\$ 2,887,895	\$ 2,979,752	\$ 3,187,564	\$ 3,034,192	\$ 3,305,657



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

	2020	2021	2022	2023	2024
Available fund balance ¹	\$ 2,603,468	\$ 2,707,737	\$ 2,757,393	\$ 2,471,540	\$ 2,625,208
Expenditures	4,254,504	4,281,200	4,792,946	4,963,742	4,896,421
Actual %	61%	63%	58%	50%	54%
Policy 15%	15%	15%	15%	15%	15%

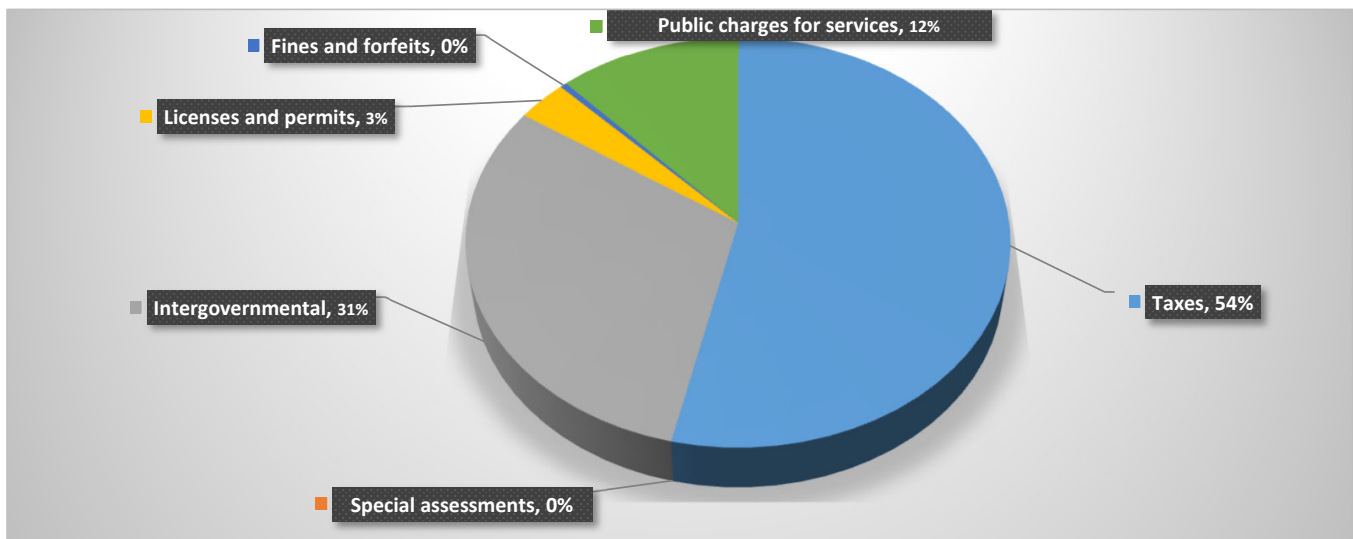
¹ Assigned and unassigned fund balance



CITY OF DODGEVILLE

GENERAL FUND REVENUES

	2022	%	2023	%	2024	%
Taxes	\$ 2,153,273	41%	\$ 2,533,201	50%	\$ 2,319,971	46%
Special assessments	-	0%	114	0%	188	0%
Intergovernmental	1,400,467	27%	942,061	18%	1,333,315	26%
Licenses and permits	104,045	2%	118,757	2%	141,896	3%
Fines and forfeits	359,071	7%	19,763	0%	18,941	0%
Public charges for services	506,707	10%	458,053	9%	514,589	10%
Intergovernmental charges for services	568,128	11%	777,534	15%	522,433	10%
Interest and miscellaneous	121,816	2%	250,492	5%	201,234	4%
Total revenues	<u>\$ 5,213,507</u>	100%	<u>\$ 5,099,975</u>	100%	<u>\$ 5,052,567</u>	100%



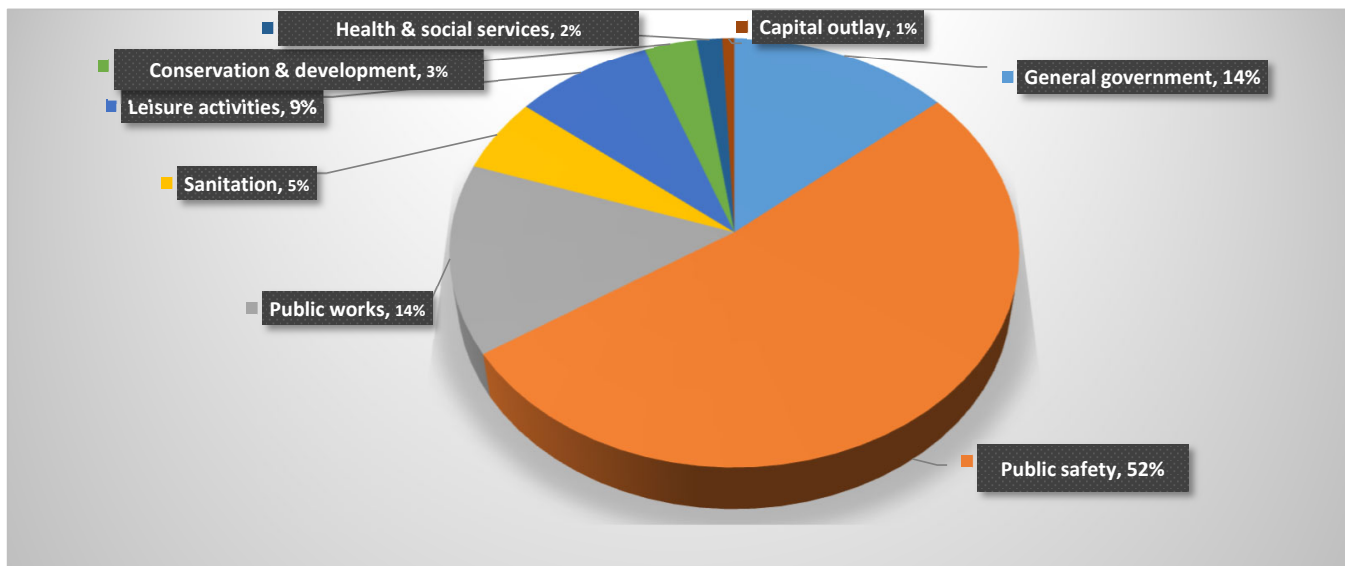
OBSERVATIONS AND COMMENTS:

- Taxes and intergovernmental revenues are the largest portion of revenues
- Tax revenues have increased 7.7% from 2022 to 2024
- Equalized value of property *excluding* TID increments has increased 17% from 2022 to 2024
- Equalized value of property *including* TID increments has increased 18% from 2022 to 2024
- Shared revenues were \$740,135 in 2024 including new supplement shared revenue of \$140,133

CITY OF DODGEVILLE

GENERAL FUND EXPENDITURES

	2022	%	2023	%	2024	%
General government	\$ 651,446	14%	\$ 683,239	14%	\$ 674,235	14%
Public safety	2,033,702	42%	2,479,487	50%	2,550,784	52%
Public works	710,000	15%	731,030	15%	701,634	14%
Sanitation	254,800	5%	265,719	5%	273,272	6%
Leisure activities	358,211	7%	399,228	8%	420,214	9%
Conservation & development	359,004	7%	289,359	6%	161,792	3%
Health & social services	97,994	2%	104,785	2%	77,791	2%
Capital outlay	327,789	7%	10,895	0%	36,699	1%
Total expenditures	<u>\$ 4,792,946</u>	100%	<u>\$ 4,963,742</u>	100%	<u>\$ 4,896,421</u>	100%



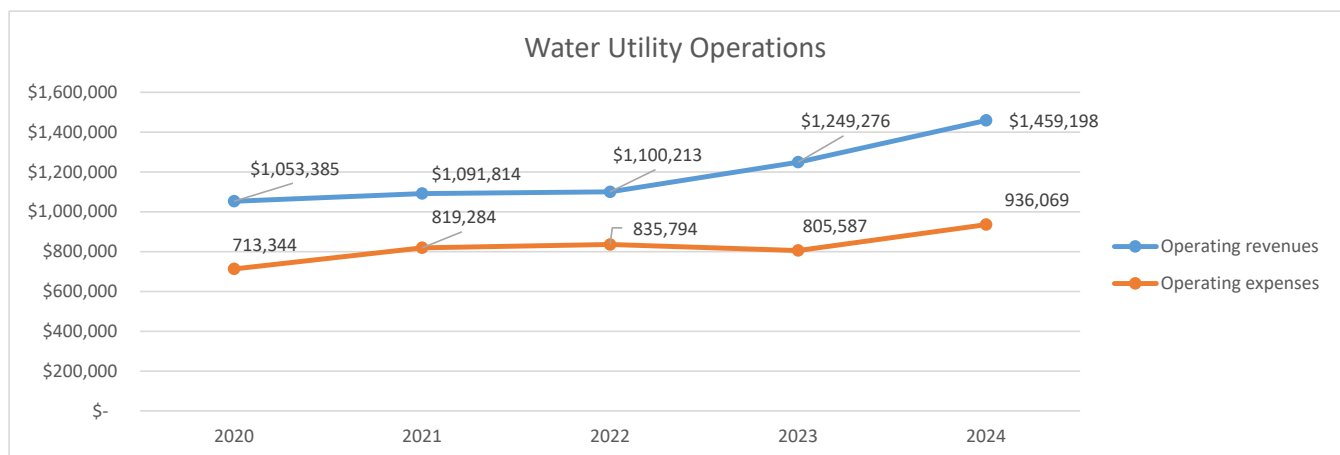
OBSERVATIONS AND COMMENTS:

-Beginning in 2023, most capital outlays have been moved out of the general fund and into the capital projects fund.

CITY OF DODGEVILLE

WATER UTILITY

	2020	2021	2022	2023	2024
Operating revenues	\$ 1,053,385	\$ 1,091,814	\$ 1,100,213	\$ 1,249,276	\$ 1,459,198
Operating expenses	713,344	819,284	835,794	805,587	936,069
Net operating income (loss)	\$ 340,041	\$ 272,530	\$ 264,419	\$ 443,689	\$ 523,129
Cashflow from operations	\$ 623,613	\$ 611,053	\$ 1,107,497	\$ 216,952	\$ 1,099,451
PSC rate of return	2.93%	1.41%	1.24%	4.18%	4.54%



Days of cash on hand

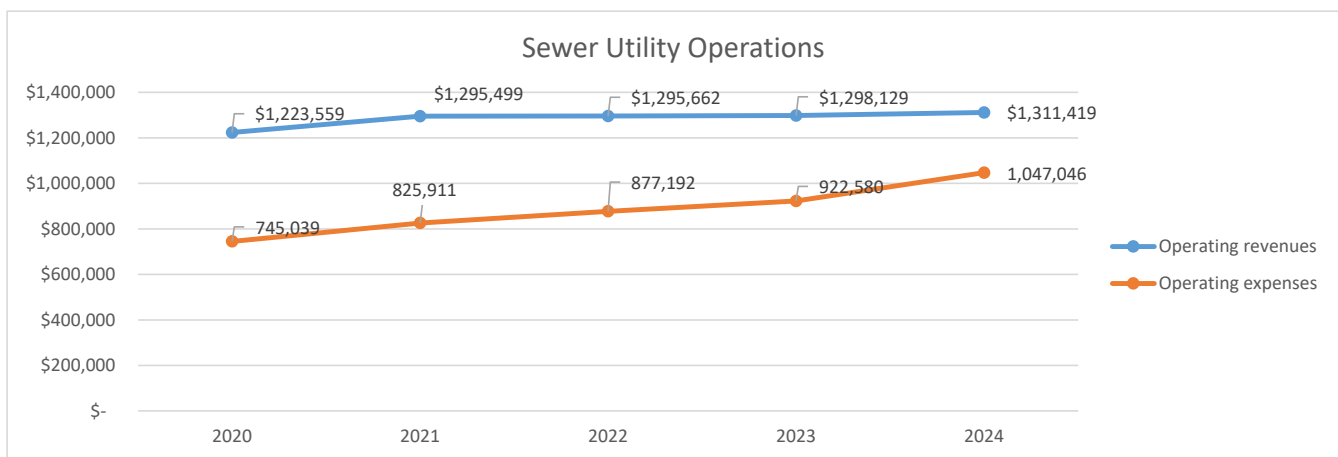
	2020	2021	2022	2023	2024
Unrestricted cash	\$ 75,190	\$ 31,315	\$ 100	\$ -	\$ 206,142
Oper exp plus tax equivalent*	\$ 909,390	\$ 1,021,802	\$ 1,027,234	\$ 995,078	\$ 1,106,528
Days cash on hand	30	11	0	-	68

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

CITY OF DODGEVILLE

SEWER UTILITY

	2020	2021	2022	2023	2024
Operating revenues	\$ 1,223,559	\$ 1,295,499	\$ 1,295,662	\$ 1,298,129	\$ 1,311,419
Operating expenses	745,039	825,911	877,192	922,580	1,047,046
Net operating income (loss)	\$ 478,520	\$ 469,588	\$ 418,470	\$ 375,549	\$ 264,373
Cashflow from operations	\$ 682,988	\$ 786,468	\$ 695,278	\$ 755,121	\$ 564,864
Rate of return	3.28%	3.17%	2.77%	2.46%	1.75%



Days of cash on hand

	2020	2021	2022	2023	2024
Unrestricted cash	\$ 294,520	\$ 509,307	\$ 456,216	\$ 1,129,689	\$ 1,234,050
Operating expenses*	\$ 745,039	\$ 825,911	\$ 877,192	\$ 922,580	\$ 1,047,046
Days cash on hand	144	225	190	447	430

*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, 2024:

	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	\$ 843,549	\$	\$ (128,837)	\$ 714,712	\$ 133,010
General obligation bonds	5,002,832		(198,754)	4,804,078	158,838
Less: deferred amount on refunding	(2,997)		2,997		
Less: unamortized debt discount	(550)		550		
Unamortized debt premium	73,355		(7,336)	66,019	
Total bonds and notes payable	<u>5,916,189</u>		<u>(331,380)</u>	<u>5,584,809</u>	<u>291,848</u>
Other liabilities:					
Lease liability	23,900	75,160	(31,929)	67,131	33,177
Compensated absences	199,847	51,901		251,748	35,667
Total other liabilities	<u>223,747</u>	<u>127,061</u>	<u>(31,929)</u>	<u>318,879</u>	<u>68,844</u>
Total governmental activities long-term liabilities	<u>\$ 6,139,936</u>	<u>\$ 127,061</u>	<u>\$ (363,309)</u>	<u>\$ 5,903,688</u>	<u>\$ 360,692</u>
<u>Business-type activities</u>					
Bonds and notes payable:					
General obligation bonds	\$ 844,067	\$	\$ (91,303)	\$ 752,764	\$ 71,929
Less: deferred amount on refunding	(491)		491		
Less: unamortized debt discount	(215)		215		
Mortgage revenue bonds-direct	2,580,726	1,243,109	(159,015)	3,664,820	226,705
Total bonds and notes payable	<u>3,424,087</u>	<u>1,243,109</u>	<u>(249,612)</u>	<u>4,417,584</u>	<u>298,634</u>
Other liabilities:					
Compensated absences	26,621		(3,203)	23,418	3,318
Total business-type activities long-term liabilities	<u>\$ 3,450,708</u>	<u>\$ 1,243,109</u>	<u>\$ (252,815)</u>	<u>\$ 4,441,002</u>	<u>\$ 301,952</u>

OBSERVATIONS AND COMMENTS:

- General obligation debt limitation totaled \$29,039,420 and debt subject to limitation totaled \$6,271,554. The City had 78% of its debt capacity remaining at December 31, 2024.

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
-------------	-----------------------------------	--	--

- The following is the cumulative status of the TIF Districts as of December 31, 2024:

	<u>TID #3</u>
Revenues	
Taxes	\$ 145,032
Interest	18,864
Proceeds from sale of capital assets	190,328
Debt premium	123,213
	<hr/>
Total revenues	477,437
	<hr/>
Expenditures	
Construction	2,872,764
Administrative	7,433
Professional services	85,243
Developer incentives	923,142
DOR fees	1,600
Interest and fiscal charges	400,720
Transfers to other funds	190,328
	<hr/>
Total expenditures	4,481,230
	<hr/>
Amount to be recovered through future increments	\$ 4,003,793
	<hr/>
Cash	\$ 335,553
Accounts payable	3,240
Long-term debt outstanding	3,665,000
	<hr/>
Amount to be recovered through future increments	\$ 4,003,793
	<hr/>

OBSERVATIONS AND COMMENTS:

- Fund balance decreased \$515,885
- Tax increment revenue is as follows:
 - 2024 tax increment \$119,075
 - 2025 tax increment \$117,535
- Approximately 30% of planned expenditures were done as of year-end

CITY OF DODGEVILLE

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) Safe Drinking Water Loan - debt service fund should be established and funded
 - (New) Construction Contract Overpayment - compare pay applications to amounts paid
- We want to extend thanks to all City personnel for their help during the audit. Special thanks to Emily for her help finalizing the audit.
- We received full and complete cooperation from everyone.