

CITY OF RICHLAND CENTER

Audit Presentation to the
City Council

For the Year Ended
December 31, 2025

October 6, 2026

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

CITY OF RICHLAND CENTER

2025 AUDIT OVERVIEW

- We have completed our audit of the City of Richland Center for the year ended December 31, 2025, and have issued our independent auditor's report on the financial statements of the City. Our report and the audited financial statements are presented in a bound document.
- We did not audit the financial statements of the Electric, Water and Sewer Enterprise Funds, which represent the amounts shown as the business-type activities. Those statements were audited by other auditors whose report has been furnished to us.
- Management has reviewed and accepted the financial statements and adjusting journal entries.
- A separate audit communications document designed for the City Council was also submitted and should be read in conjunction with the audited financial statements.
- We also prepared a regulatory report for 2025 that was filed with the Wisconsin Department of Revenue.

CITY OF RICHLAND CENTER

2025 FINANCIAL HIGHLIGHTS

- The City continues to maintain a strong financial position, with cash liquidity and healthy fund balances.
- The City's General Fund recorded an increase to fund balance of \$650,035. Overall governmental fund balance increased by \$731,930.
- Tax Incremental Financing District No. 6 revenues totaled \$131,086 for 2025, which includes \$128,985 in taxes and special assessments, \$1,314 in intergovernmental revenues, and \$787 in interest income. TIF District expenditures totaled \$83,310 on eligible projects and debt service.
- The City's Economic Development and Housing Loan Programs had loans receivable totaling \$587,243 outstanding as of December 31, 2025. These loans have been made to City property owners for improvement and development projects. The December 31, 2025 loan balance consisted of \$67,076 for the Revolving Loan Fund, \$462,851 for the Housing Fund, and \$57,316 for the General Fund. Loan loss reserves of \$79,965 have been recorded as an allowance against the outstanding balance.
- The City's General Fund has committed and assigned fund balances of \$2,728,623 set aside for future projects.

CITY OF RICHLAND CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – 2025 GOVERNMENTAL FUNDS

	Major General Fund	Nonmajor Funds	Total
REVENUES			
Taxes and special assessments	\$ 2,427,015	\$ 243,643	\$ 2,670,658
Intergovernmental	2,840,939	145,149	2,986,088
Licenses and permits	69,792	-	69,792
Penalties and forfeitures	37,220	-	37,220
Public charges for services	872,624	7,428	880,052
Interest	417,146	8,600	425,746
Miscellaneous general revenues	297,150	10,544	307,694
Total revenues	<u>6,961,886</u>	<u>415,364</u>	<u>7,377,250</u>
EXPENDITURES			
Current:			
General government	996,830	-	996,830
Public safety	1,990,367	-	1,990,367
Public works	1,616,685	-	1,616,685
Culture and recreation	929,984	557,128	1,487,112
Conservation and development	393,490	14,785	408,275
Capital outlay	204,634	-	204,634
Debt service:			
Principal	308,061	50,000	358,061
Interest and fiscal charges	111,857	18,525	130,382
Total expenditures	<u>6,551,908</u>	<u>640,438</u>	<u>7,192,346</u>
Excess (deficiency) of revenues over expenditures	<u>409,978</u>	<u>(225,074)</u>	<u>184,904</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	17,479	306,969	324,448
Transfers in - utility tax equivalent	529,547	-	529,547
Transfers out	(306,969)	-	(306,969)
Total other financing sources (uses)	<u>240,057</u>	<u>306,969</u>	<u>547,026</u>
Net change in fund balances	<u>650,035</u>	<u>81,895</u>	<u>731,930</u>
Fund balances - January 1, as previously presented	9,631,702	1,067,809	10,699,511
Reclassification to establish tourism fund	(40,123)	40,123	-
Fund balance - January 1, restated	<u>9,591,579</u>	<u>1,107,932</u>	<u>10,699,511</u>
Fund balances - December 31	<u>\$ 10,241,614</u>	<u>\$ 1,189,827</u>	<u>\$ 11,431,441</u>

CITY OF RICHLAND CENTER

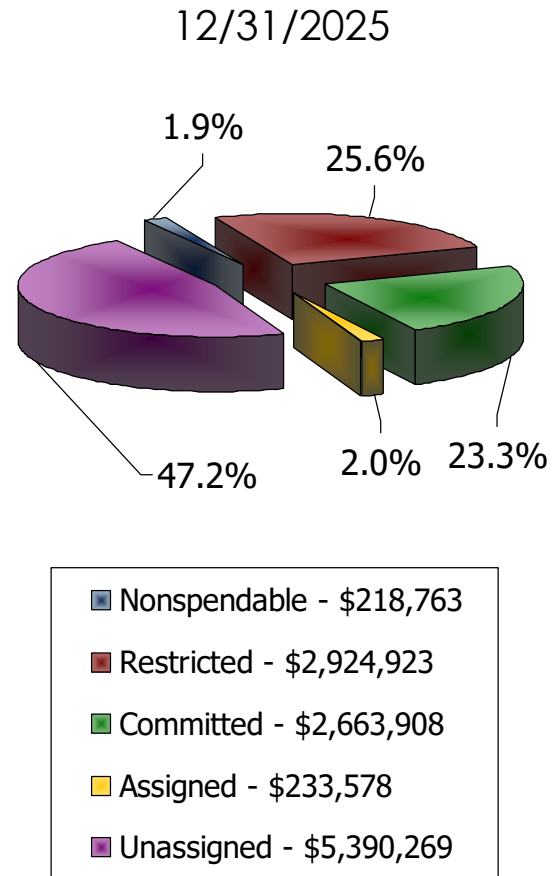
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE 2025 BUDGET AND ACTUAL – GENERAL FUND

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes and special assessments	\$ 2,494,527	\$ 2,494,527	\$ 2,427,015	\$ (67,512)
Intergovernmental	5,808,483	5,808,483	2,840,939	(2,967,544)
Licenses and permits	48,747	48,747	69,792	21,045
Penalties and forfeitures	40,000	40,000	37,220	(2,780)
Public charges for services	740,849	740,849	872,624	131,775
Interest	248,500	248,500	417,146	168,646
Miscellaneous general revenues	176,281	176,281	297,150	120,869
Total revenues	<u>9,557,387</u>	<u>9,557,387</u>	<u>6,961,886</u>	<u>(2,595,501)</u>
EXPENDITURES				
Current:				
General government	1,365,043	1,365,043	996,830	368,213
Public safety	1,953,864	1,953,864	1,990,367	(36,503)
Public works	1,625,001	1,625,001	1,616,685	8,316
Culture and recreation	1,007,426	1,007,426	929,984	77,442
Conservation and development	370,745	370,745	393,490	(22,745)
Capital outlay	3,789,550	3,789,550	204,634	3,584,916
Debt service:				
Principal	305,059	305,059	308,061	(3,002)
Interest and fiscal charges	111,325	111,325	111,857	(532)
Total expenditures	<u>10,528,013</u>	<u>10,528,013</u>	<u>6,551,908</u>	<u>3,976,105</u>
Excess (deficiency) of revenues over expenditures	<u>(970,626)</u>	<u>(970,626)</u>	<u>409,978</u>	<u>1,380,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	341,725	341,725	17,479	(324,246)
Transfers in - utility tax equivalent	500,000	500,000	529,547	29,547
Transfers out	(306,969)	(306,969)	(306,969)	-
Total other financing sources (uses)	<u>534,756</u>	<u>534,756</u>	<u>240,057</u>	<u>(294,699)</u>
Net change in fund balance	<u>(435,870)</u>	<u>(435,870)</u>	<u>650,035</u>	<u>1,085,905</u>
Fund balance - January 1, as previously presented	9,631,702	9,631,702	9,631,702	-
Reclassification to establish tourism fund	-	-	(40,123)	(40,123)
Fund balance - January 1, restated	<u>9,631,702</u>	<u>9,631,702</u>	<u>9,591,579</u>	<u>(40,123)</u>
Fund balance - December 31	<u>\$ 9,195,832</u>	<u>\$ 9,195,832</u>	<u>\$ 10,241,614</u>	<u>\$ 1,045,782</u>

CITY OF RICHLAND CENTER

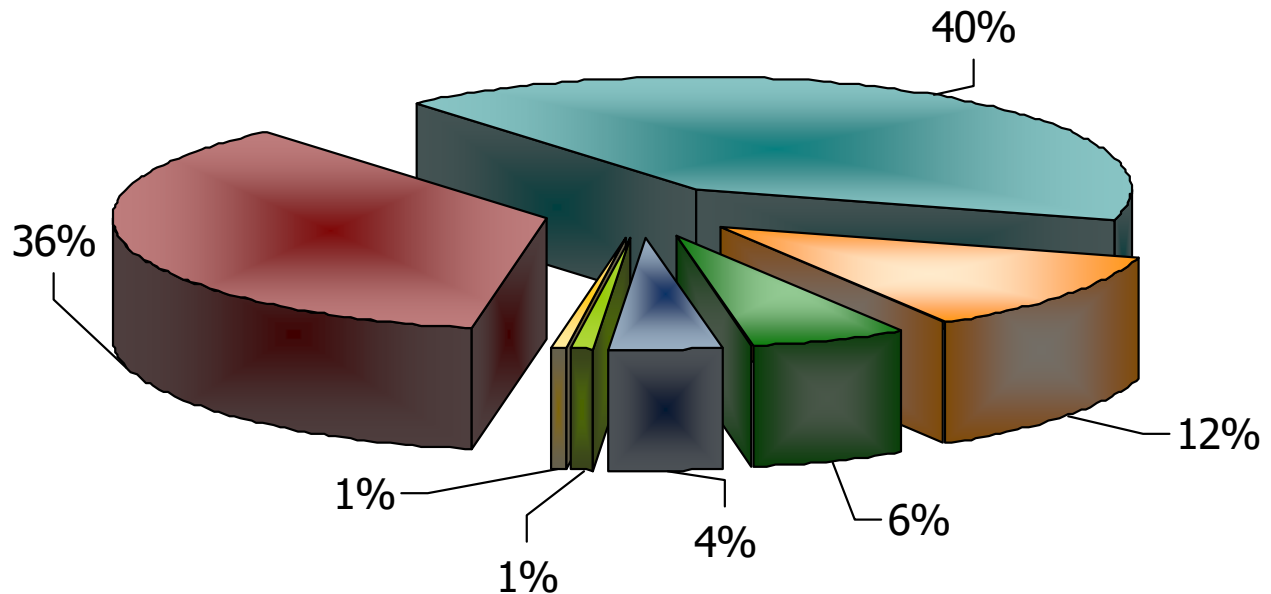
GOVERNMENTAL FUND BALANCES

	2025	2024
Nonspendable		
General Fund:		
Prepayments	\$ 111,307	\$ 114,461
Economic development loans	57,316	75,138
Delinquent personal property taxes	45,300	45,300
Library Fund:		
Prepayments	4,840	-
Total nonspendable	218,763	234,899
Restricted		
General Fund:		
Landfill closure costs	629,903	621,179
Room tax	7,519	-
Tourism expenditures	-	116,747
Affordable housing	873,342	836,774
Renew Richland Center	80,541	-
Aquatic center	242,187	199,959
Future rural development	75,307	72,719
Nonmajor Funds:		
Housing economic development loans	628,365	622,493
Library subsequent year expenditures	246,635	221,455
Tourism expenditures	37,458	-
Conservation and development	103,666	55,890
Total restricted	2,924,923	2,747,216
Committed		
General Fund:		
Aquatic center	60,000	15,000
Data processing	135,730	54,714
Airport	65,000	37,000
Parks	278,922	203,922
Building maintenance	60,000	60,000
Library projects	7,750	4,000
Public safety equipment	108,967	109,822
Forestry	800	800
Equipment replacement	491,466	465,837
Street projects and miscellaneous	1,455,273	1,614,700
Total committed	2,663,908	2,565,795
Assigned		
General Fund:		
Park and community center	12,330	11,907
Cemetery perpetual care	4,186	4,148
Canine units	48,062	47,495
Child safety	137	137
Nonmajor Funds:		
Revolving economic development loans	168,863	167,971
Total assigned	233,578	231,658
Unassigned		
General Fund	5,390,269	4,919,943
Total unassigned	5,390,269	4,919,943
Total governmental fund balances	\$ 11,431,441	\$ 10,699,511



CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2025 REVENUES



■ Taxes & Assessments	(\$2,670,658)
■ Intergovernmental	(\$2,986,088)
■ Public Charges for Services	(\$880,052)
■ Interest Income	(\$425,746)
■ Miscellaneous General Revenues	(\$307,694)
■ Licenses & Permits	(\$69,792)
■ Penalties & Forfeitures	(\$37,220)

OBSERVATIONS AND COMMENTS:

- Property taxes are collected in January and August.
- Intergovernmental revenues comprised 40% of total revenues in 2025.

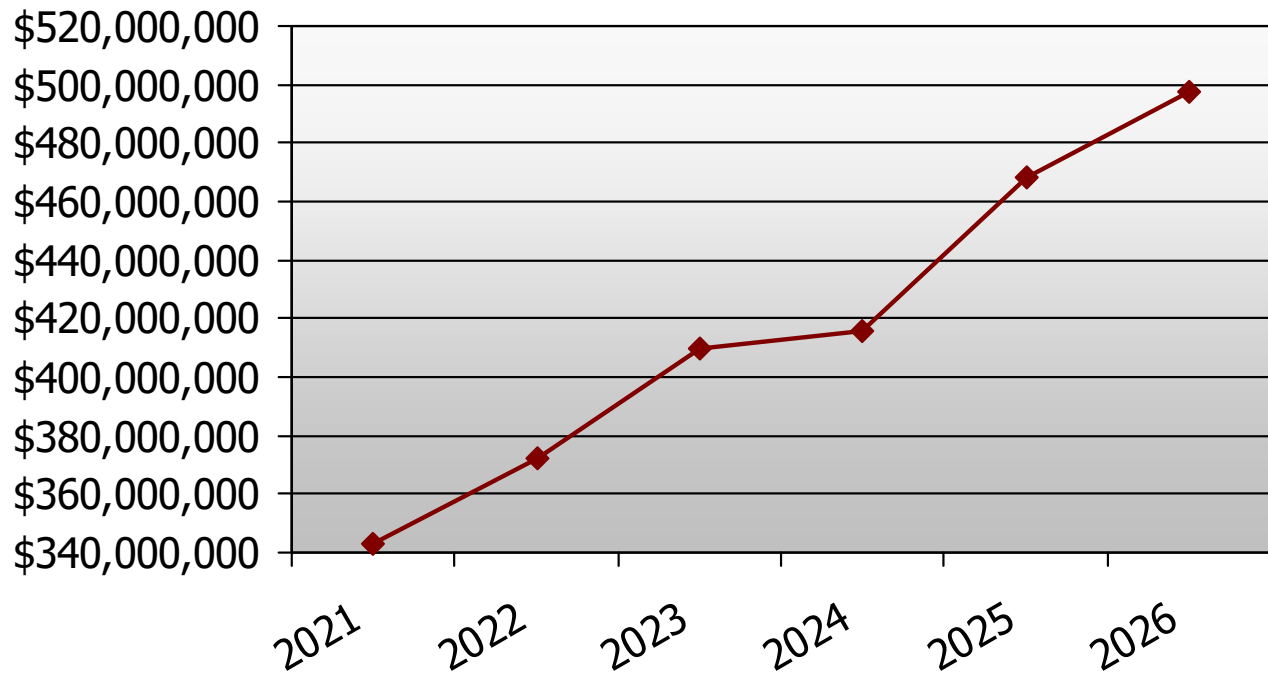
The most significant intergovernmental revenues are:

Shared taxes	\$ 1,650,139
Transportation grants	\$ 489,356

SOURCE: 12/31/2025 AUDITED FINANCIAL STATEMENTS

CITY OF RICHLAND CENTER

TREND IN EQUALIZED VALUE OF PROPERTY



Total Equalized Value (Includes TIF Increment)

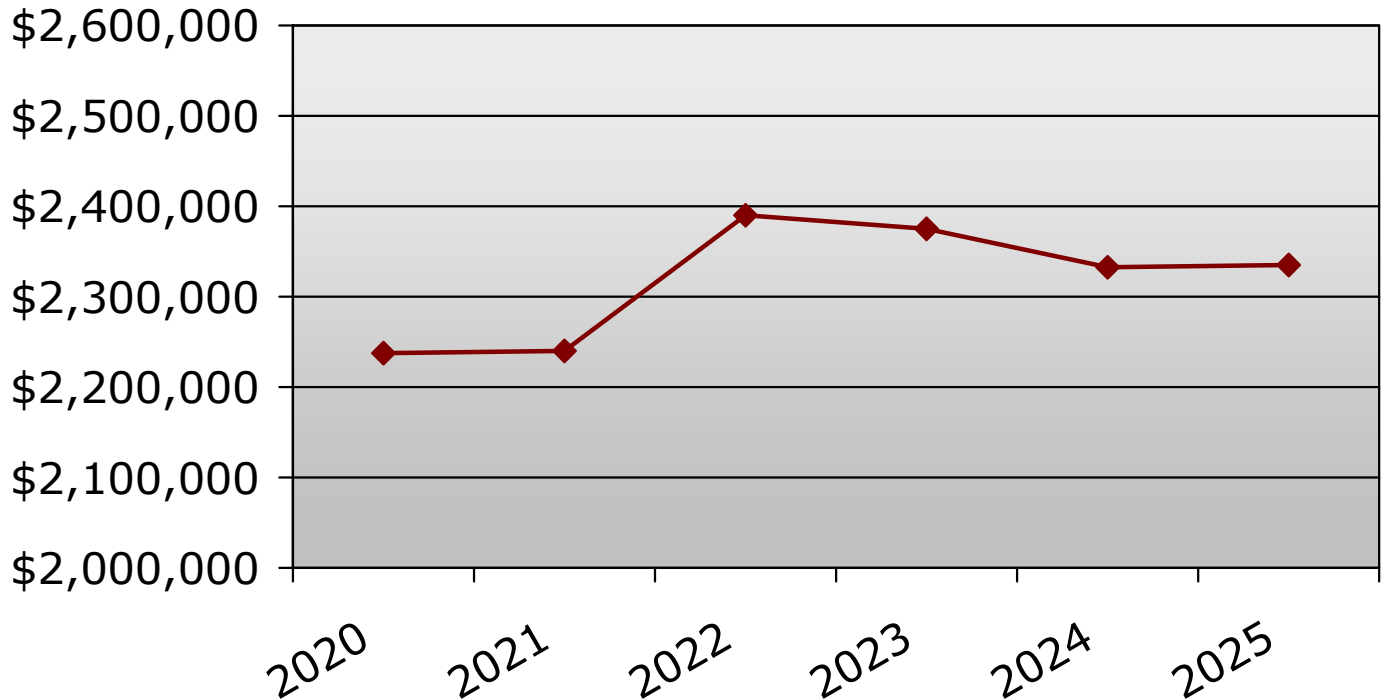
2021	\$ 343,120,200	2024	\$ 415,852,500
2022	\$ 372,268,100	2025	\$ 468,309,100
2023	\$ 409,554,700	2026	\$ 497,590,300

OBSERVATIONS AND COMMENTS:

- The City's overall valuation has increased 45% in the six-year period presented here.

CITY OF RICHLAND CENTER

PROPERTY TAXES – EXCLUDING TAX INCREMENT LEVIES



Local Property Tax Levy (Excludes TIF)

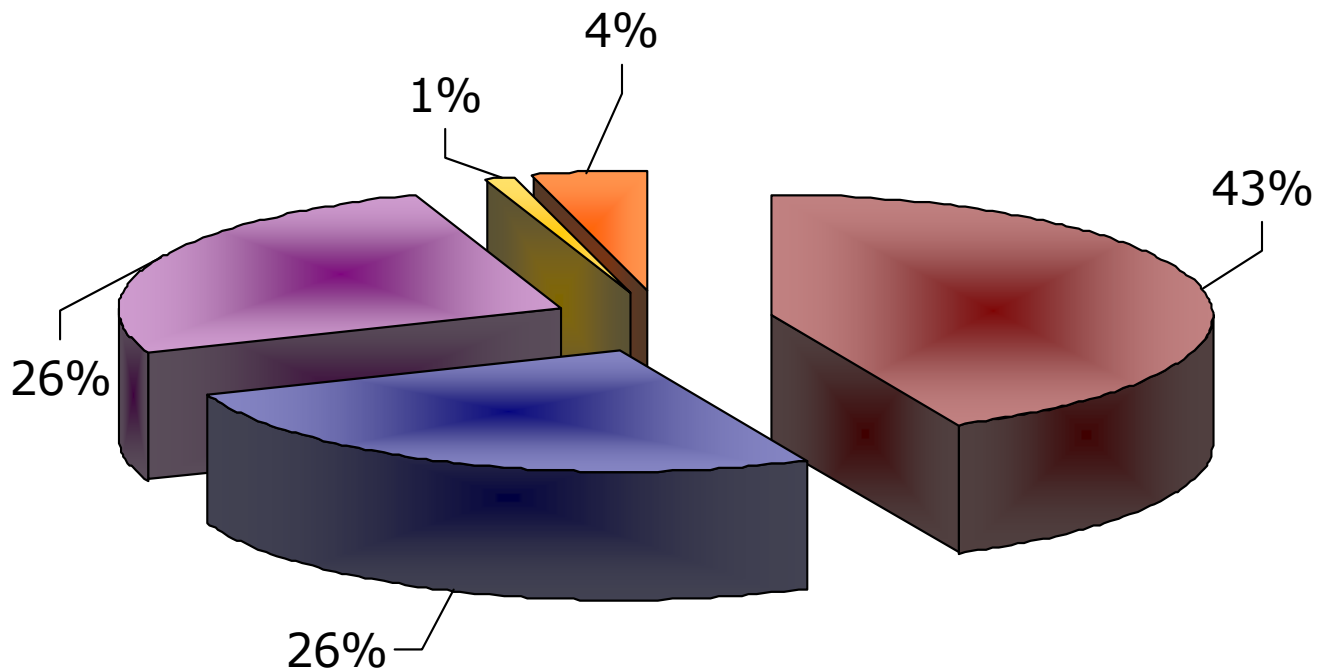
2020	\$ 2,237,787
2021	\$ 2,240,967
2022	\$ 2,390,266
2023	\$ 2,375,000
2024	\$ 2,332,552
2025	\$ 2,335,854

OBSERVATIONS AND COMMENTS:

- The City complied fully with the state-imposed property tax levy limits.

CITY OF RICHLAND CENTER

PROPERTY TAX ROLL 2025 LEVY COLLECTED 2026

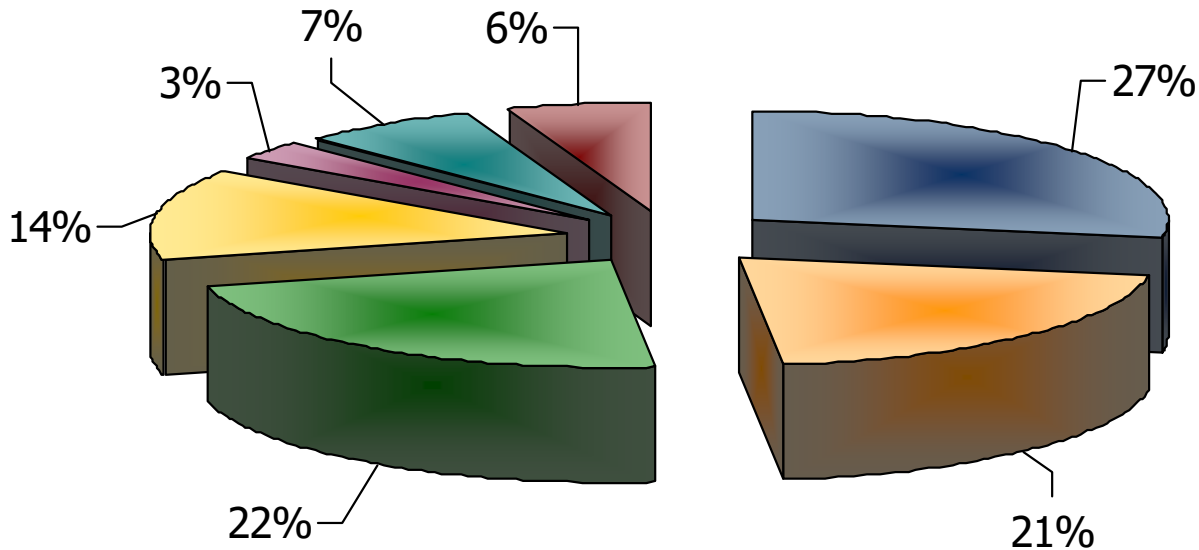


- Local School (\$3,872,317)
- City (\$2,335,854)
- County (\$2,291,377)
- TIF (\$116,740)
- VTAE (\$366,255)

SOURCE: 2025 STATEMENT OF TAXES –
FILED WITH WISCONSIN DEPARTMENT OF REVENUE

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2025 EXPENDITURES



- Public Safety (\$1,990,367)
(includes police, fire, emergency service)
- Culture & Recreation (\$1,487,112)
(includes library, parks and recreation programming)
- Public Works (\$1,616,685)
(includes street construction, taxi and waste collection)
- General Government (\$996,830)
- Capital Outlay (\$204,634)
(includes public safety, road construction, parks)
- Debt Service (\$488,443)
- Conservation & Development (\$408,275)
(includes economic development and room tax)

CITY OF RICHLAND CENTER

CHANGES IN LONG-TERM OBLIGATIONS

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

	1/1/2025			12/31/2025	Amounts Due Within
	Balance	Increases	Decreases	Balance	One Year
Governmental Activities					
Direct borrowings and					
direct placements	\$ 465,502	\$ -	\$ (108,061)	\$ 357,441	\$ 107,059
Bonds	3,995,000	-	(250,000)	3,745,000	255,000
Bond premium	176,189	-	(11,746)	164,443	-
Subtotal	<u>4,636,691</u>	<u>-</u>	<u>(369,807)</u>	<u>4,266,884</u>	<u>362,059</u>
Other liabilities:					
Compensated absences*	344,222	-	(2,594)	341,628	61,075
Termination benefits*	69,837	-	(51,620)	18,217	18,217
Landfill post-closure					
care costs	402,825	-	(102,017)	300,808	15,600
Subtotal	<u>816,884</u>	<u>-</u>	<u>(156,231)</u>	<u>660,653</u>	<u>94,892</u>
Total governmental					
activities long-term					
liabilities	<u>\$ 5,453,575</u>	<u>\$ -</u>	<u>\$ (526,038)</u>	<u>\$ 4,927,537</u>	<u>\$ 456,951</u>
Business-Type Activities					
Direct borrowings and					
direct placements	\$ 18,183,632	\$ -	\$ (729,024)	\$17,454,608	\$ 743,873
Bonds	905,000	-	(295,000)	610,000	305,000
Subtotal	<u>19,088,632</u>	<u>-</u>	<u>(1,024,024)</u>	<u>18,064,608</u>	<u>1,048,873</u>
Other accrued liabilities:					
Compensated absences	294,070	59,855	(27,422)	326,503	-
Subtotal	<u>294,070</u>	<u>59,855</u>	<u>(27,422)</u>	<u>326,503</u>	<u>-</u>
Total business-type					
activities long-term					
liabilities	<u>\$ 19,382,702</u>	<u>\$ 59,855</u>	<u>\$(1,051,446)</u>	<u>\$18,391,111</u>	<u>\$1,048,873</u>

OBSERVATIONS AND COMMENTS:

➤ The City's outstanding debt is structured favorably with interest rates at or below current market.

➤ General obligation debt limitation totals \$23,415,455 and debt subject to limitation totals \$4,102,441. The City has 82% of its debt capacity remaining at December 31, 2025.

CITY OF RICHLAND CENTER

SUMMARY OF TAX INCREMENTAL FINANCING DISTRICT

- The City established TIF District No. 6 in 2017. The following is the cumulative status of the District as of December 31, 2025:

	Administration Expenses	Project Costs	Debt Service	Cumulative Expense/Cost Total	Cumulative District Revenues
TIF District No. 6	\$ 98,473	\$ 961,646	\$ 722,730	\$ 1,782,849	\$ 1,886,515

- The financial activity of the District has been financed by general obligation debt and TIF increment.

- The 2025 equalized property valuations of the TIF District is as follows:

	Current Value	Base Value	Increment
TIF District No. 6	\$ 6,114,600	\$ 28,300	\$ 6,086,300