VILLAGE OF SPRING GREEN

Audit Presentation
To the Village Board

For the Year Ended
December 31, 2018

August 14, 2019

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

JBC JOHNSON BLOCK CPAs

AUDIT OVERVIEW

- We have completed our audit of the Village of Spring Green for the year ended December 31, 2018, and have issued our independent auditor's report on the financial statements of the Village. Our report and the audited financial statements are presented in a bound document.
- We issued unmodified opinions on the financial statements and notes.
  - There was an additional paragraph to our audit opinion this year related to prior period restatements for Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. A new governmental accounting standard (Statement #75) was required to be implemented for 2018 related to the City's participation in the ETF's Group Life Insurance Plan.
- Management has reviewed and accepted the financial statements and adjusting journal entries.
- A separate audit communications document designed for the Village Board has also been submitted and should be read in conjunction with the audited financial statements.

2018 FINANCIAL HIGHLIGHTS

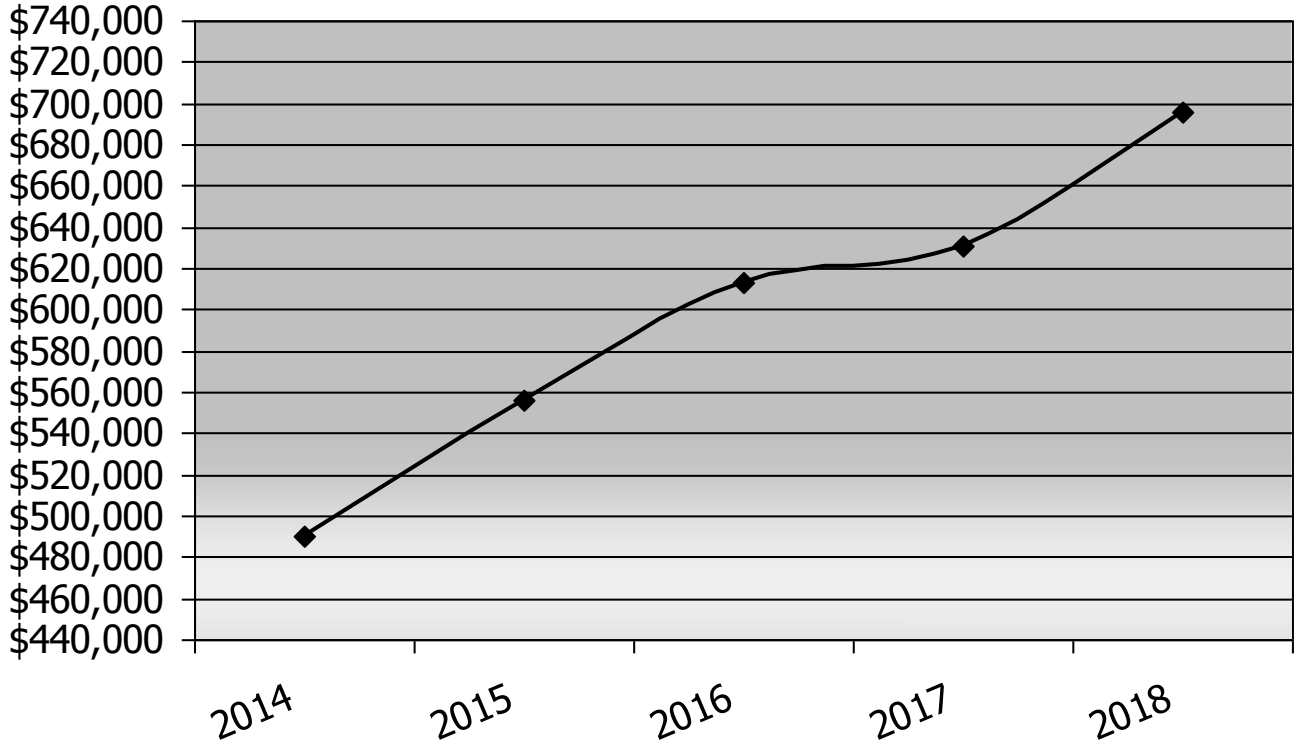
- Governmental funds of the Village reported an increase in overall fund balance of $119,252.
  - General Fund increased $64,311.
  - Capital Improvement Fund increased $234,903.
  - TIF #6 decreased $167,071.
  - Other Governmental Funds decreased $12,891.

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

- December 31, 2018 ending fund balances in various governmental funds are as follows:
  - General fund $695,546
  - Capital Improvements Fund $1,043,124
  - TIF #6 ($379,549)
  - Library $100,523
  - Lamb Trust $517,025
  - Other Governmental Funds $121,190

- The Water utility reported a decrease in net position of $58,827, and the Sewer utility showed an increase in net position of $75,736 in 2018.

TREND IN GENERAL FUND BALANCE



General Fund Balances as of December 31

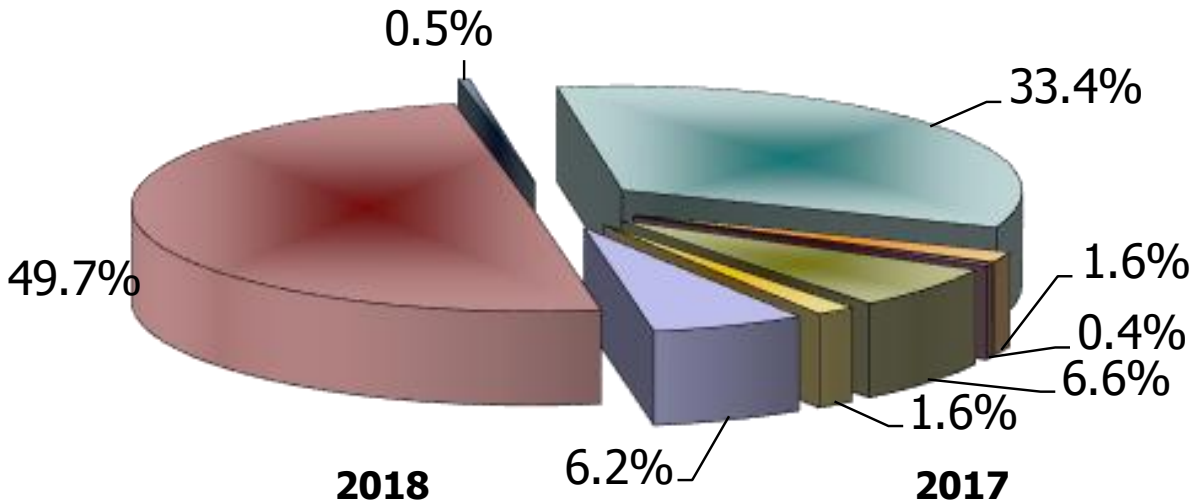
2014	$ 490,452
2015	$ 555,587
2016	$ 613,367
2017	$ 631,145
2018	$ 695,456

OBSERVATIONS AND COMMENTS:

- Unassigned general fund balance ($338,247) represents 29% of general fund expenditures.
- The Village's minimum fund balance policy is to maintain an economic uncertainty reserve of at least 30% of general fund expenditures (including other financing).
- $351,370 of General Fund balance as of December 31, 2018 is considered nonspendable. $350,897 of which is advance amounts owed to TIF #6. Unassigned General Fund balance will increase if/when TIF #6 repays those amounts.

VILLAGE OF SPRING GREEN

GOVERNMENTAL FUNDS
2018 REVENUES



	2018	2017
Taxes ($1,085,622)		$1,076,285
Special assessments ($9,878)		$ 5,766
Intergovernmental ($729,007)		$ 358,007
Licenses and permits ($35,708)		$ 61,944
Fines and forfeits ($8,036)		$ 10,170
Public charges for services ($144,779)		$ 139,457
Interest ($34,902)		$ 85,299
Miscellaneous ($135,967)		$ 110,945

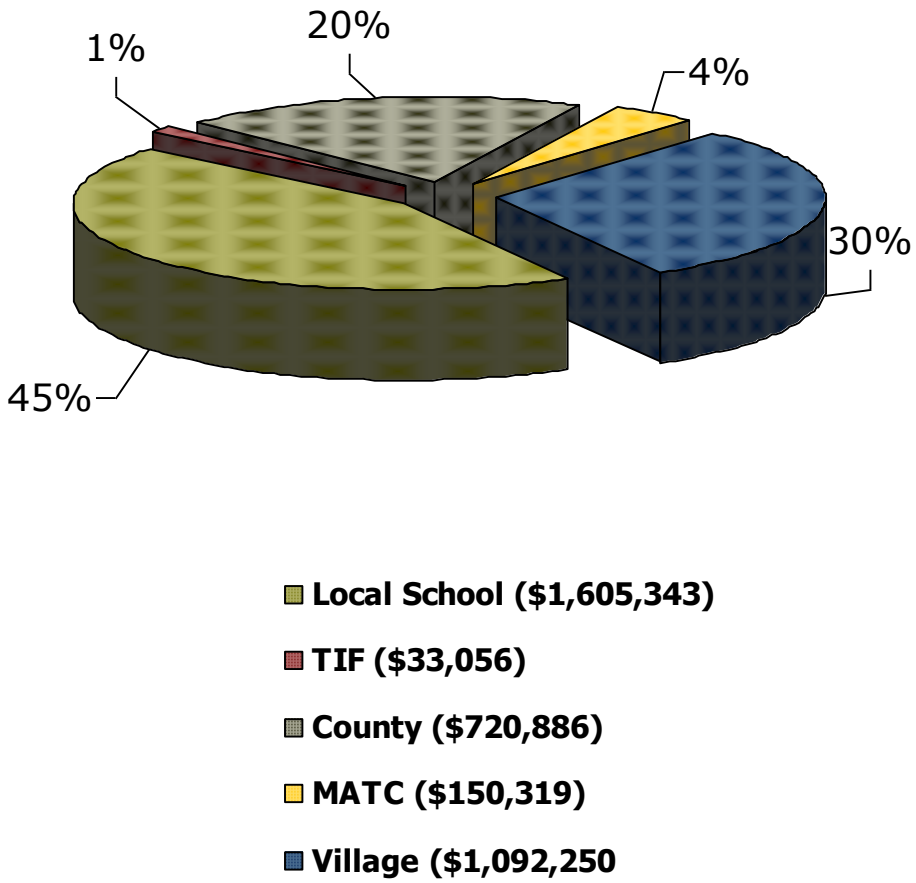
OBSERVATIONS AND COMMENTS:

- Significant changes in total governmental revenue between 2018 and 2017:
  - Intergovernmental – TIF #6 received $343,961 of road aid
- Tax revenue was 50% of total revenues in 2018 and 58% in 2017.

SOURCE: 12/31/18 AUDITED FINANCIAL STATEMENTS

VILLAGE OF SPRING GREEN

PROPERTY TAX ROLL
2018 LEVY COLLECTED 2019



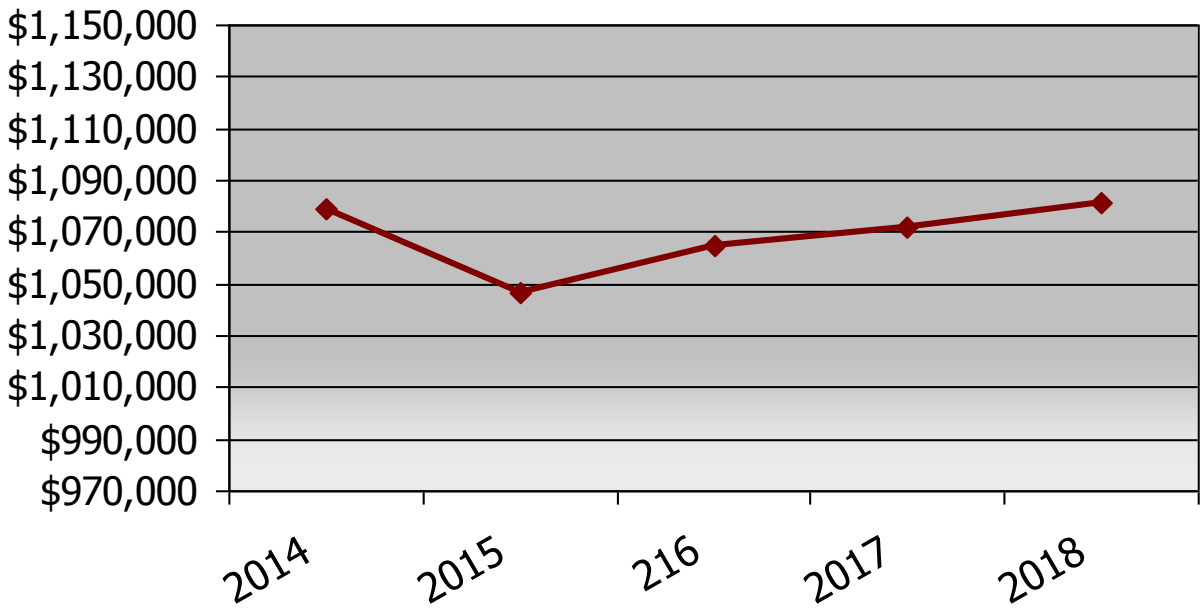
OBSERVATIONS AND COMMENTS:

- 2018 tax roll was the first year that had an increment generate for TIF #6
- Village levy increased $10,750 or 1%.
- Local School levy increased $16,721 or 1%.
- County levy increased $6,661 or <1%.
- VTAE levy increased $1,466 or 1%.

SOURCE: 2018 STATEMENT OF TAXES – FILED WITH WISCONSIN DEPARTMENT OF REVENUE

VILLAGE OF SPRING GREEN

LOCAL PROPERTY TAXES – EXCLUDING TAX INCREMENTS



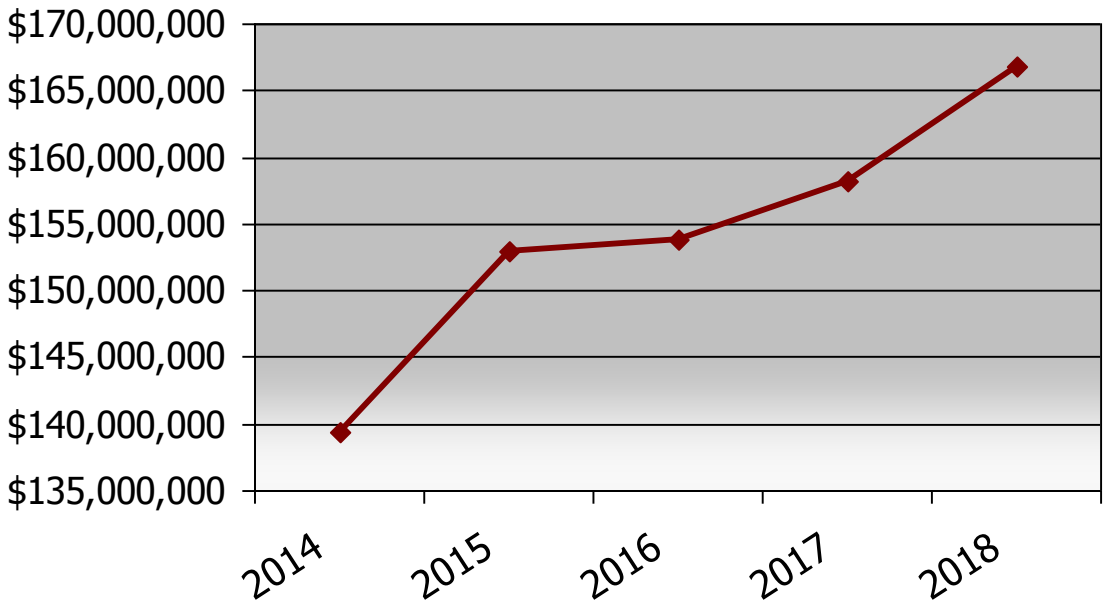
Local Property Tax Levy

2014	$ 1,079,096
2015	$ 1,046,900
2016	$ 1,064,987
2017	$ 1,071,806
2018	$ 1,081,500

OBSERVATIONS AND COMMENTS:

- Over the five year time frame presented, the levy increased <1%.

TREND IN EQUALIZED VALUE OF PROPERTY



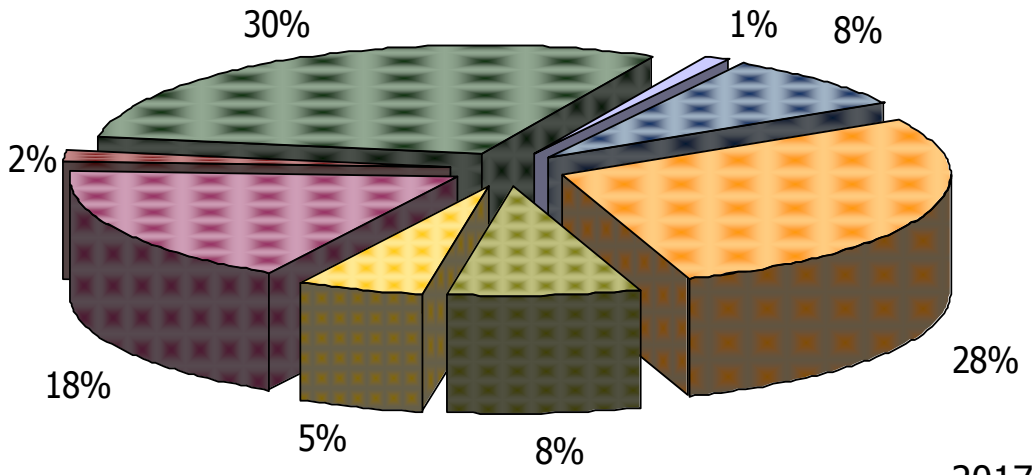
Total Equalized Value

2014	$139,351,100	2017	$158,159,700
2015	$153,001,500	2018	$166,790,100
2016	$153,863,200		

OBSERVATIONS AND COMMENTS:

- The Village's valuation over a five year period has increased by approximately 20%.

GOVERNMENTAL FUNDS
2018 EXPENDITURES



2018	2017
General Government ($175,389)	$ 168,686
Public Safety ($595,053)	$ 586,107
Public Works ($169,493)	$ 180,574
Sanitation ($113,846)	$ 108,805
Leisure Activities ($377,224)	$ 354,425
Conservation & Economic Development ($33,236)	$ 55,940
Capital Outlay ($634,571)	$ 1,429,980
Debt Service ($21,020)	$ 0

OBSERVATIONS AND COMMENTS:

Major changes between years:

- Capital Outlay decrease driven primarily by TIF #6. Outlays of $1,142,478 were incurred for TIF #6 in 2017 compared to $488,812 in 2018.

SOURCE: 12/31/18 AUDITED FINANCIAL STATEMENTS

CHANGES IN LONG-TERM OBLIGATIONS

- The following table is a summary of long-term obligations for the year ended December 31, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Notes Payable:					
General obligation debt	$ 930,000	$	$	$ 930,000	$
Other Liabilities:					
Compensated absences	38,326	27,088	(26,450)	38,964	28,833
Total governmental activities long-term liabilities	$ 38,326	$ 27,088	$ (26,450)	$ 968,964	$ 28,833

OBSERVATIONS AND COMMENTS:

- General obligation debt limitation totaled $8,339,505. Total general obligation debt outstanding at year-end was $930,000.

SOURCE: NOTE 5 TO THE 12/31/18 AUDITED FINANCIAL STATEMENTS

SUMMARY

- Overall, the Village has a healthy fund balance. The Village has significant borrowing capacity when comparing existing outstanding debt to the WI State Statute limits.
- Village operations remained relatively constant. General fund balance is being maintained at a consistent level.
- Water Utility rate of return for 2018 was -2.65%. New rates went into effect January 1, 2017, which provided a 3% increase in rates. Another simplified rate increase of 3% went into effect January 1, 2019. In 2019, the Village approved moving forward with a full conventional rate case
- Audit Communication document: Management letter comments on Pages 9 and 10.
  - Administrative Costs of TIF – consider charging a reasonable amount of staff time to the TIF
  - Water Utility rates – Includes financial and rate considerations
  - Water Inventory – Perform a yearend physical inventory count and adjust the general ledger to the count's values during closing of the financial records for the year.
  - Significant Utility Customer Refund due to 2018 billing errors
  - Fiduciary Activities – New Governmental Accounting Standard effective for 2019
- Thanks to Village staff for their help during the audit. We received full and complete cooperation from Village personnel.