

# VILLAGE OF SPRING GREEN

## Audit Presentation To the Village Board

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For the Year Ended  
December 31, 2022

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October 25, 2023

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JOHNSON BLOCK  
CPAs

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

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# VILLAGE OF SPRING GREEN

## Audit Overview

- We have completed our audit of the Village of Spring Green for the year ended December 31, 2022 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.
- 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.
- We prepared the following regulatory reports for 2022:
  - Form C annual report filed with the Wisconsin Department of Revenue
  - PSC annual financial report filed with the Public Service Commission
  - TID annual report filed with the Wisconsin Department of Revenue

# VILLAGE OF SPRING GREEN

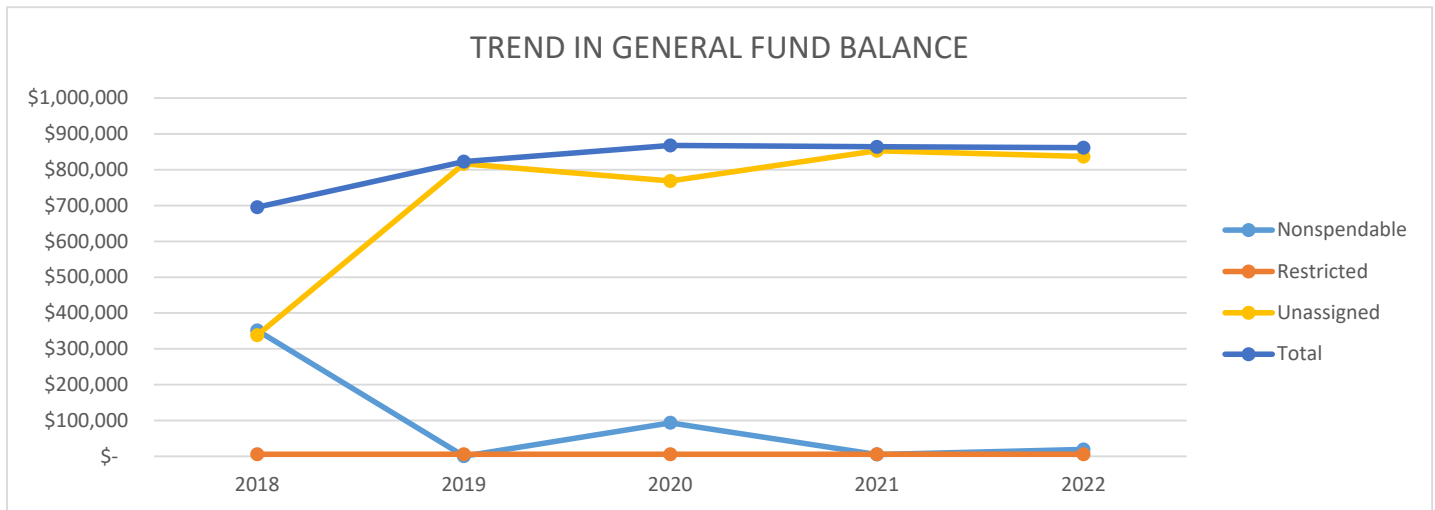
## 2022 FINANCIAL HIGHLIGHTS

- Governmental funds of the Village reported an increase in overall fund balance of \$60,688
  - General fund decreased by \$2,502
  - Capital Improvements Fund increased \$42,655
  - TIF #6 increased \$151,198
  - Library Fund decreased \$2,733
  - Other governmental funds decreased \$127,930
    - The majority of this decrease was due to an unrealized loss on investments in the Lamb Fund in 2022.
- The Water Utility reported an increase in net position of \$195,028, and the Sewer Utility showed an increase in net position of \$30,846 in 2022.

# VILLAGE OF SPRING GREEN

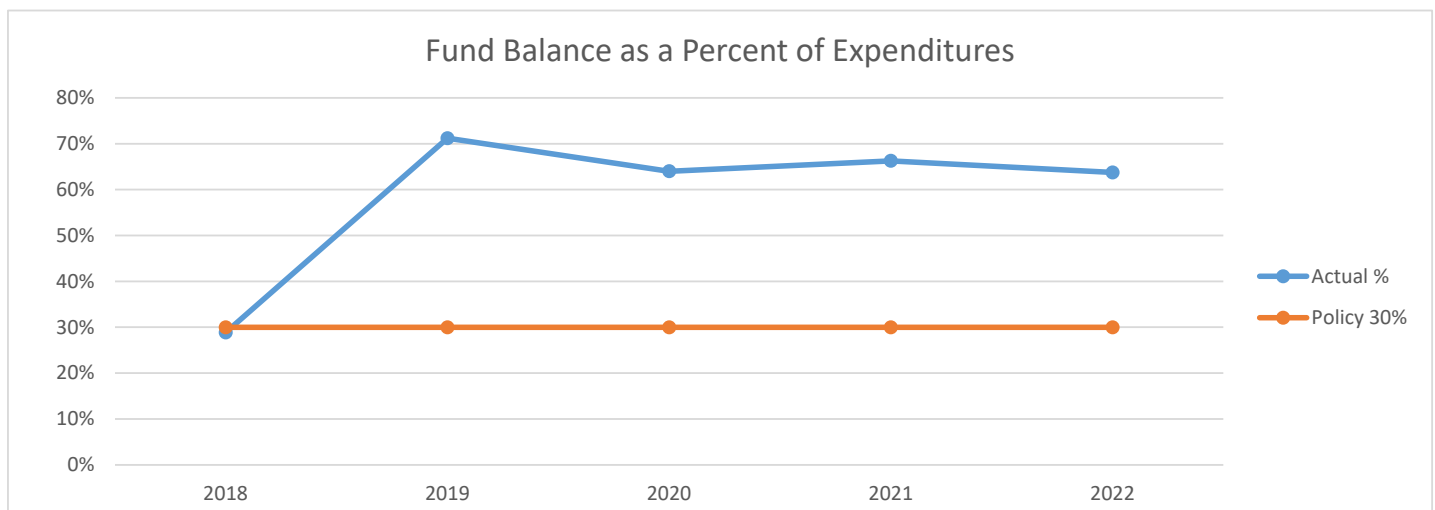
## TREND IN GENERAL FUND BALANCE

	2018	2019	2020	2021	2022
Nonspendable	\$ 351,370	\$ 338	\$ 93,538	\$ 5,170	\$ 19,045
Restricted	5,839	5,748	5,748	5,748	5,748
Unassigned	338,247	816,561	768,562	853,165	836,788
<b>Total</b>	<b>\$ 695,456</b>	<b>\$ 822,647</b>	<b>\$ 867,848</b>	<b>\$ 864,083</b>	<b>\$ 861,581</b>



The Village's fund balance policy is for unassigned fund balance to be at least 30% of expenditures.

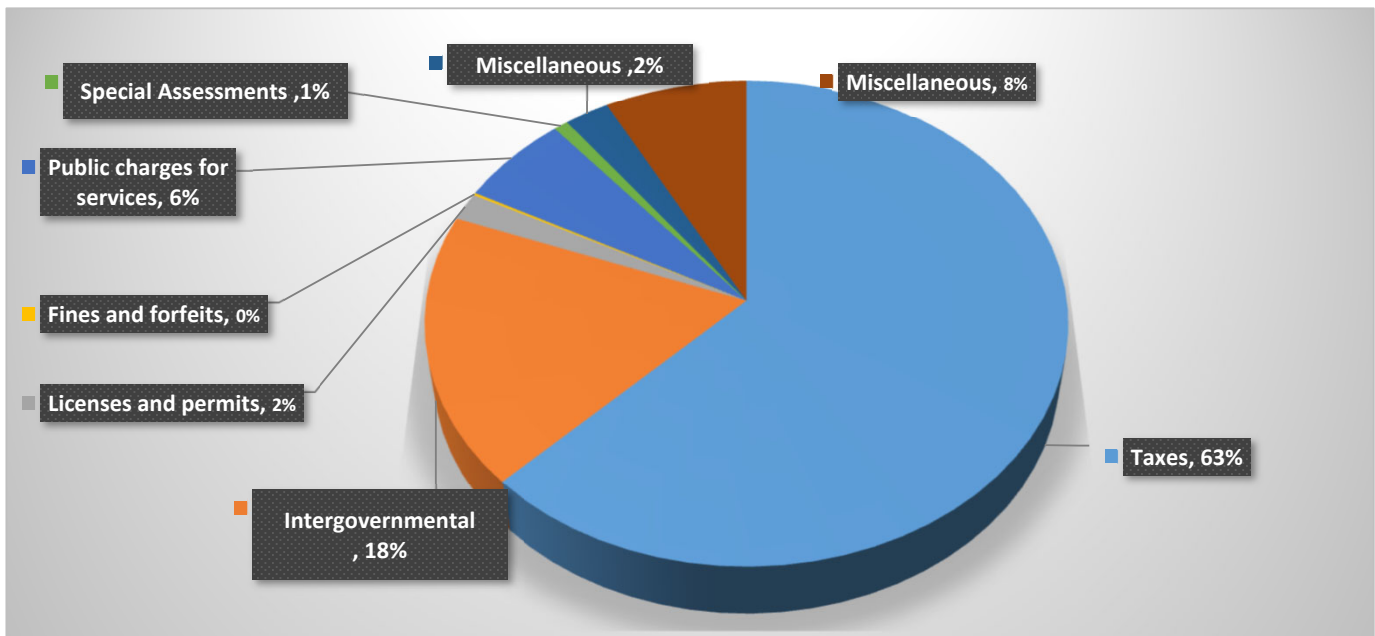
	2018	2019	2020	2021	2022
Available fund balance	\$ 338,247	\$ 816,561	\$ 768,562	\$ 853,165	\$ 836,788
Expenditures	1,171,041	1,146,484	1,200,640	1,286,960	1,312,482
Actual %	29%	71%	64%	66%	64%
Policy 30%	30%	30%	30%	30%	30%



# VILLAGE OF SPRING GREEN

## GOVERNMENTAL FUND REVENUES

	<b>2020</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2022</b>	<b>%</b>
Taxes	\$ 1,259,097	59%	\$ 1,407,162	58%	\$ 1,512,672	63%
Intergovernmental	458,205	22%	444,614	18%	438,687	18%
Licenses and permits	27,716	1%	33,253	1%	44,420	2%
Fines and forfeits	5,308	0%	6,272	0%	3,717	0%
Public charges for services	126,764	6%	141,686	6%	149,361	6%
Special Assessments	1,631	0%	106,138	4%	19,176	1%
Investment income	122,399	6%	164,574	7%	59,638	2%
Miscellaneous	118,543	6%	140,970	6%	189,472	8%
<b>Total revenues</b>	<b>\$ 2,119,663</b>	<b>100%</b>	<b>\$ 2,444,669</b>	<b>100%</b>	<b>\$ 2,417,143</b>	<b>100%</b>



### OBSERVATIONS AND COMMENTS:

-Taxes revenue was 63% of the total revenues in 2022 and 58% in 2021.

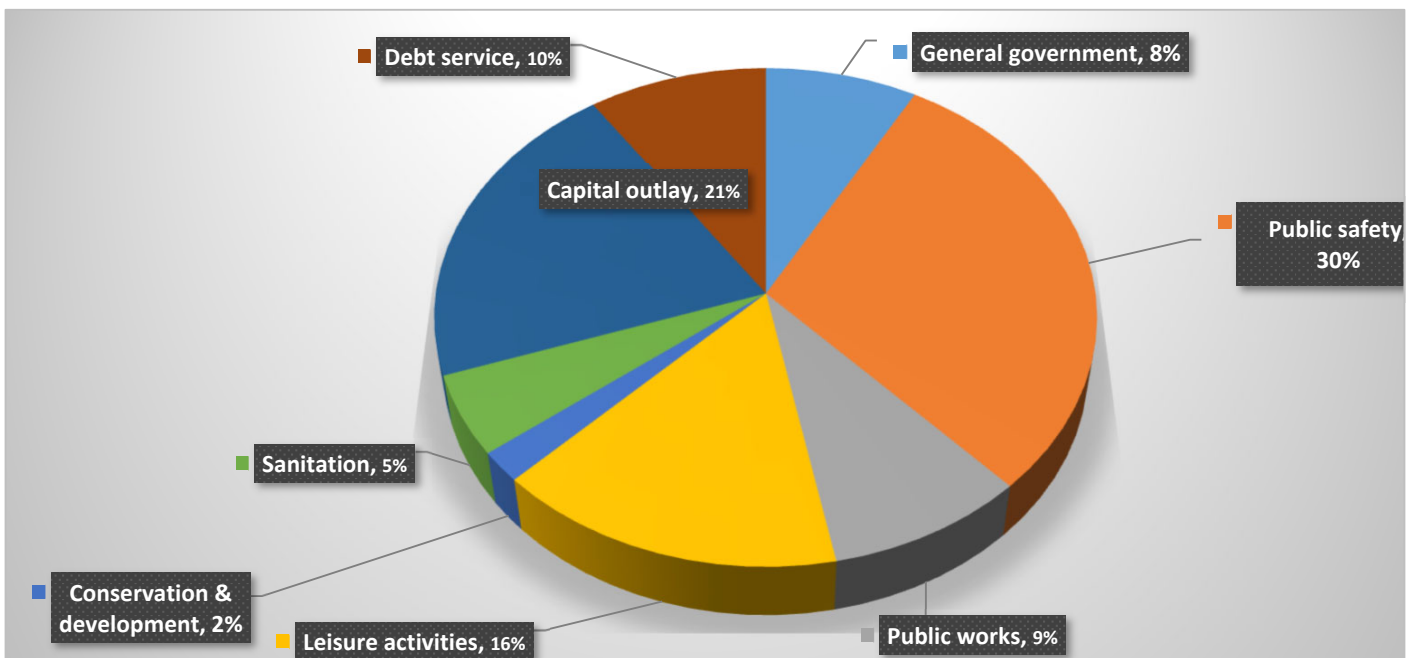
-Investment income decreased due to an unrealized loss in 2022, while 2021 reported an unrealized gain on investments.

-Special assessment revenue decreased as there were no street projects in 2022 that had new special assessments.

# VILLAGE OF SPRING GREEN

## GOVERNMENTAL EXPENDITURES

	<b>2020</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2022</b>	<b>%</b>
General government	\$ 186,168	5%	\$ 181,884	9%	\$ 185,867	8%
Public safety	584,097	16%	648,543	33%	682,018	30%
Public works	212,844	6%	209,680	11%	205,759	9%
Leisure activities	347,153	9%	395,661	20%	358,780	16%
Conservation & development	29,652	1%	30,251	2%	45,651	2%
Sanitation	120,042	3%	116,399	6%	118,941	5%
Capital outlay	2,079,798	55%	164,223	8%	473,195	21%
Debt service	192,520	5%	222,032	11%	218,706	10%
<b>Total expenditures</b>	<b>\$ 3,752,274</b>	<b>100%</b>	<b>\$ 1,968,673</b>	<b>100%</b>	<b>\$ 2,288,917</b>	<b>100%</b>



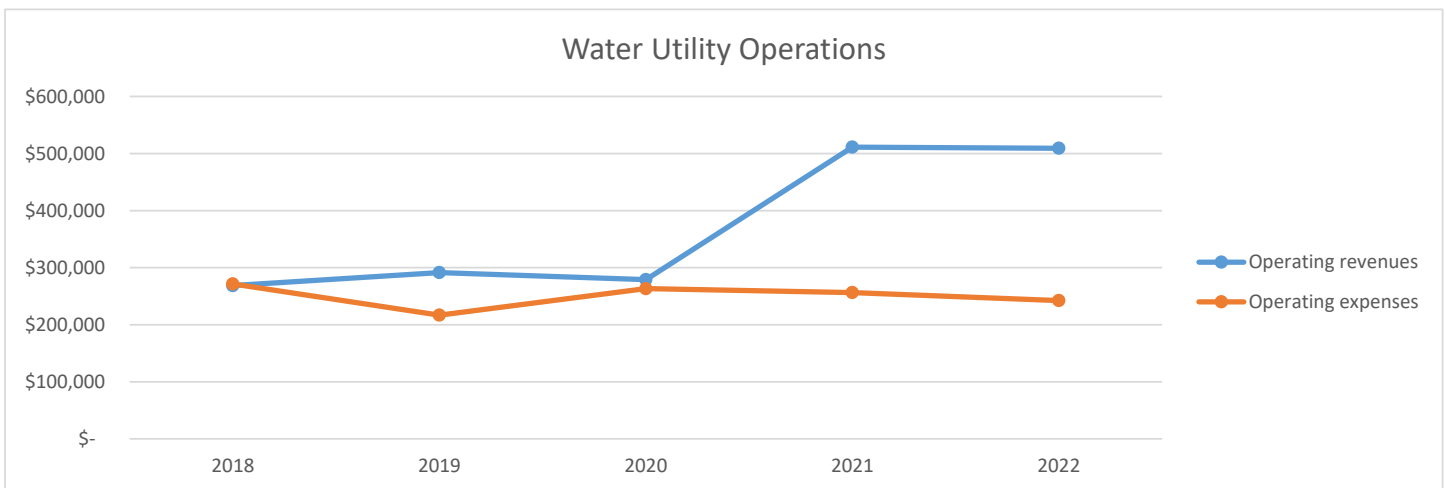
## OBSERVATIONS AND COMMENTS:

- Capital Outlay increased significantly in 2022 due to the purchase of a squad car and street sweeper, pickleball and tennis court work completed, alley paving, and preliminary engineering for the 2023 street project.

# VILLAGE OF SPRING GREEN

## WATER UTILITY

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Operating revenues	\$ 268,558	\$ 291,370	\$ 279,019	\$ 511,235	\$ 509,412
Operating expenses	271,474	216,871	263,222	256,283	242,253
Net operating income (loss)	<u>\$ (2,916)</u>	<u>\$ 74,499</u>	<u>\$ 15,797</u>	<u>\$ 254,952</u>	<u>\$ 267,159</u>
Cashflow from operations	\$ 133,863	\$ 143,776	\$ 132,090	\$ 307,402	\$ 385,772



## Days of cash on hand

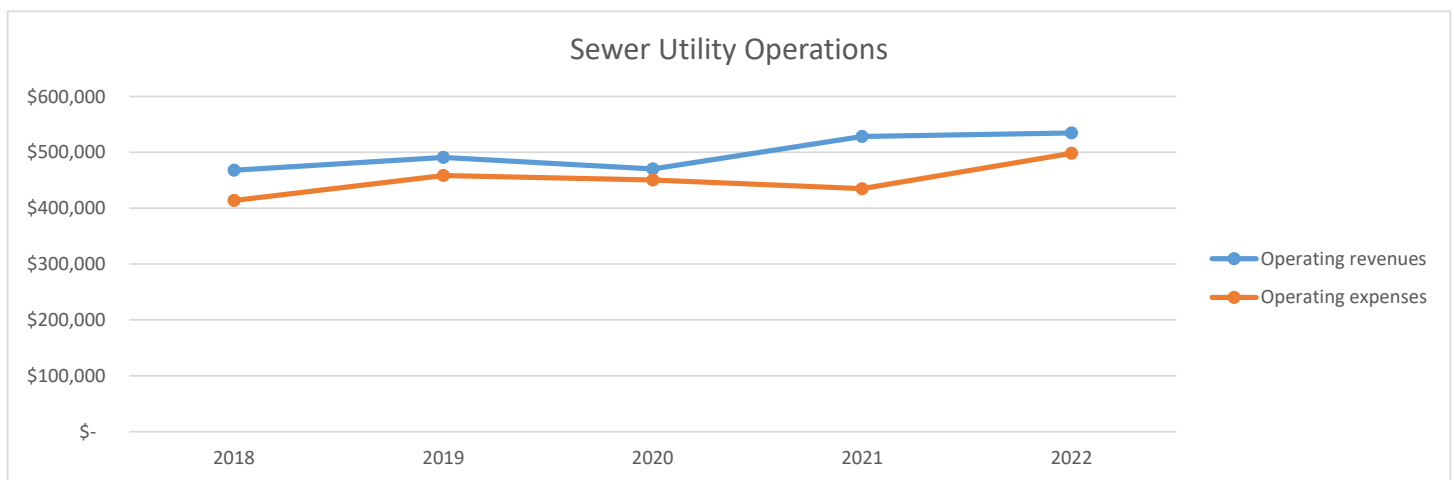
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Unrestricted cash	\$ 392,866	\$ 1,049,056	\$ 578,235	\$ 812,538	\$ 1,101,235
Oper exp plus tax equivalent*	\$ 329,716	\$ 277,990	\$ 328,676	\$ 327,333	\$ 305,207
Days cash on hand	435	1,377	642	906	1,317

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

# VILLAGE OF SPRING GREEN

## SEWER UTILITY

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Operating revenues	\$ 467,966	\$ 490,772	\$ 470,301	\$ 528,459	\$ 534,733
Operating expenses	413,932	458,603	450,505	434,848	498,414
Net operating income (loss)	<u>\$ 54,034</u>	<u>\$ 32,169</u>	<u>\$ 19,796</u>	<u>\$ 93,611</u>	<u>\$ 36,319</u>
Cashflow from operations	\$ 282,295	\$ 164,684	\$ 231,156	\$ 264,745	\$ 266,187



## Days of cash on hand

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Unrestricted cash	\$ 1,211,664	\$ 2,142,990	\$ 1,600,939	\$ 1,584,825	\$ 1,662,417
Operating expenses*	\$ 413,932	\$ 458,603	\$ 450,505	\$ 434,848	\$ 498,414
Days cash on hand	1,068	1,706	1,297	1,330	1,217

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



# VILLAGE OF SPRING GREEN

## CHANGES IN LONG-TERM OBLIGATIONS

- The following table is a summary of long-term obligations for the year ended December 31, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 5,025,000	\$	\$ (80,000)	\$ 4,945,000	\$ 145,000
Unamortized premium	194,028		(11,035)	182,993	
Other liabilities:					
Compensated absences	49,680	29,183	(19,006)	59,857	25,082
Total governmental activities long-term liabilities	<u>\$ 5,268,708</u>	<u>\$ 29,183</u>	<u>\$ (110,041)</u>	<u>\$ 5,187,850</u>	<u>\$ 170,082</u>
<u>Business-type Activities</u>					
General obligation bonds	\$ 1,300,000	\$	\$ (60,000)	\$ 1,240,000	\$ 60,000
Total business-type activities long-term liabilities	<u>\$ 1,300,000</u>	<u>\$</u>	<u>\$ (60,000)</u>	<u>\$ 1,240,000</u>	<u>\$ 60,000</u>

## OBSERVATIONS AND COMMENTS:

- General obligation debt limitation totaled \$10,761,985. Total general obligation debt outstanding at year-end was \$6,185,000.

# VILLAGE OF SPRING GREEN

## TAX INCREMENTAL DISTRICTS

	Creation Date	Last Date to Incur Project Cost	Final Dissolution Date
District #6	4/12/17	4/12/33	4/12/38

- The following is the cumulative status of the TIF District as of December 31, 2022:

### Revenues:

Tax increment	\$ 520,653
Intergovernmental	343,961
Debt premium	131,181
Total revenues	<u>995,795</u>

### Expenditures:

Construction	3,598,519
Administrative	2,705
Professional services	78,629
Interest and fiscal charges	294,189
Debt issuance costs	69,640
Total expenditures	<u>4,043,682</u>

Amount to be recovered through future increments	<u>\$ 3,047,887</u>
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Cash	\$ (87,113)
Long-term debt outstanding	3,135,000
Amount to be recovered through future increments	<u>\$ 3,047,887</u>

# VILLAGE OF SPRING GREEN

## SUMMARY

- Overall, the Village has a healthy fund balance. The Village has approximately \$4.5 million of 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 2022 was 9.79%.
- Audit Communication Document: Material Weaknesses on Page 4:
  - Segregation of Duties - The size of the office staff precludes a proper segregation of functions to assure adequate internal control. Management should be aware of this risk and monitor matters relating to the Village's operations.
  - Material Adjustments - Material adjusting entries not prepared by the Village prior to the audit or not otherwise provided by the Village are considered an internal control weakness.
- Audit Communication Document: Management letter comments on Page 9:
  - Subscription-Based Information Technology Arrangements - New Governmental Accounting Standard effective for 2023.
  - Journal Entry Review - Journal entries are not currently being reviewed and approved. We recommend that these entries, along with any supporting documentation be reviewed and approved by another individual prior to being recorded.
  - Capitalization Policy - The Village uses a capitalization threshold of \$2,000 for machinery and equipment and \$2,500 for vehicles. We recommend increasing these thresholds to \$5,000 to align with federal guidance.
- Thanks to the Village staff for their help during the audit. We received full and complete cooperation from Village personnel.