

VILLAGE OF SPRING GREEN

Audit Presentation
To the Village Board

For the Year Ended
December 31, 2024

August 27, 2025



JOHNSON BLOCK
CPAs

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

VILLAGE OF SPRING GREEN

Audit Overview

- We have completed our audit of the Village of Spring Green 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.
- 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 2024:
 - 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

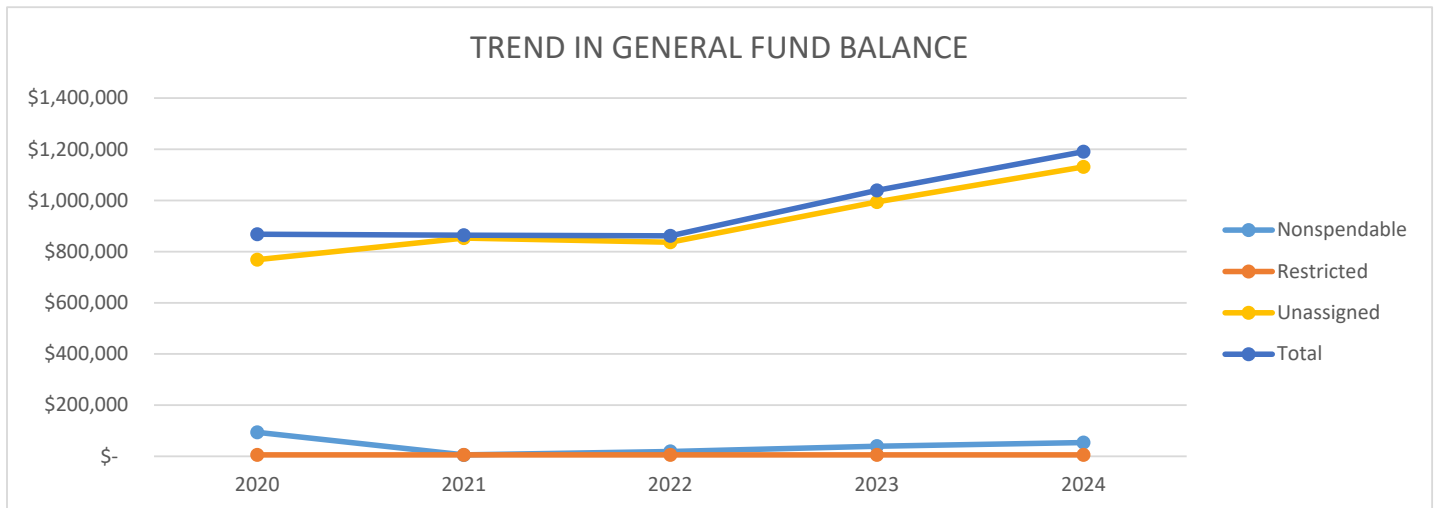
2024 FINANCIAL HIGHLIGHTS

- Governmental funds of the Village reported an increase in overall fund balance of \$309,530
 - General Fund increased \$151,298
 - Capital Improvements Fund increased \$245,787 due to the tax levy being larger than the cost of capital projects in 2024
 - Lamb Fund increased \$28,964 due to an unrealized gain on investments of \$187,882 and a transfer to the Library Fund of \$158,918 to cover roof costs
 - Other governmental funds decreased \$21,479
- The Water Utility reported an increase in net position of \$168,998, and the Sewer Utility showed an increase in net position of \$46,339 in 2024.

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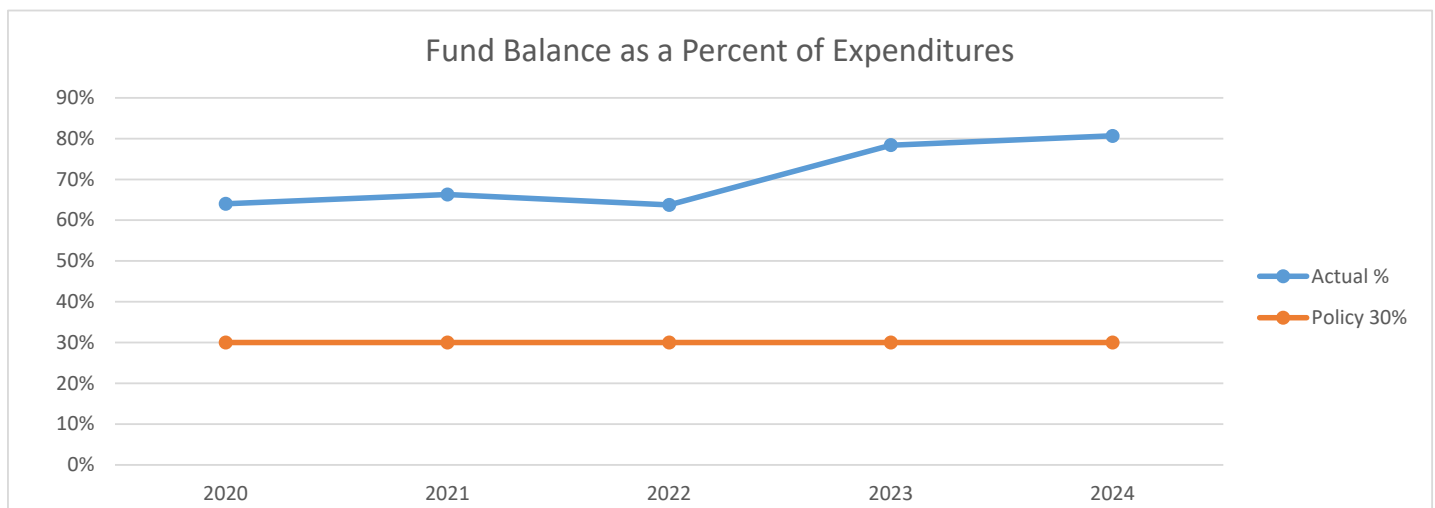
TREND IN GENERAL FUND BALANCE

	2020	2021	2022	2023	2024
Nonspendable	\$ 93,538	\$ 5,170	\$ 19,045	\$ 39,620	\$ 53,851
Restricted	5,748	5,748	5,748	5,748	5,748
Unassigned	768,562	853,165	836,788	993,983	1,131,050
Total	\$ 867,848	\$ 864,083	\$ 861,581	\$ 1,039,351	\$ 1,190,649



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

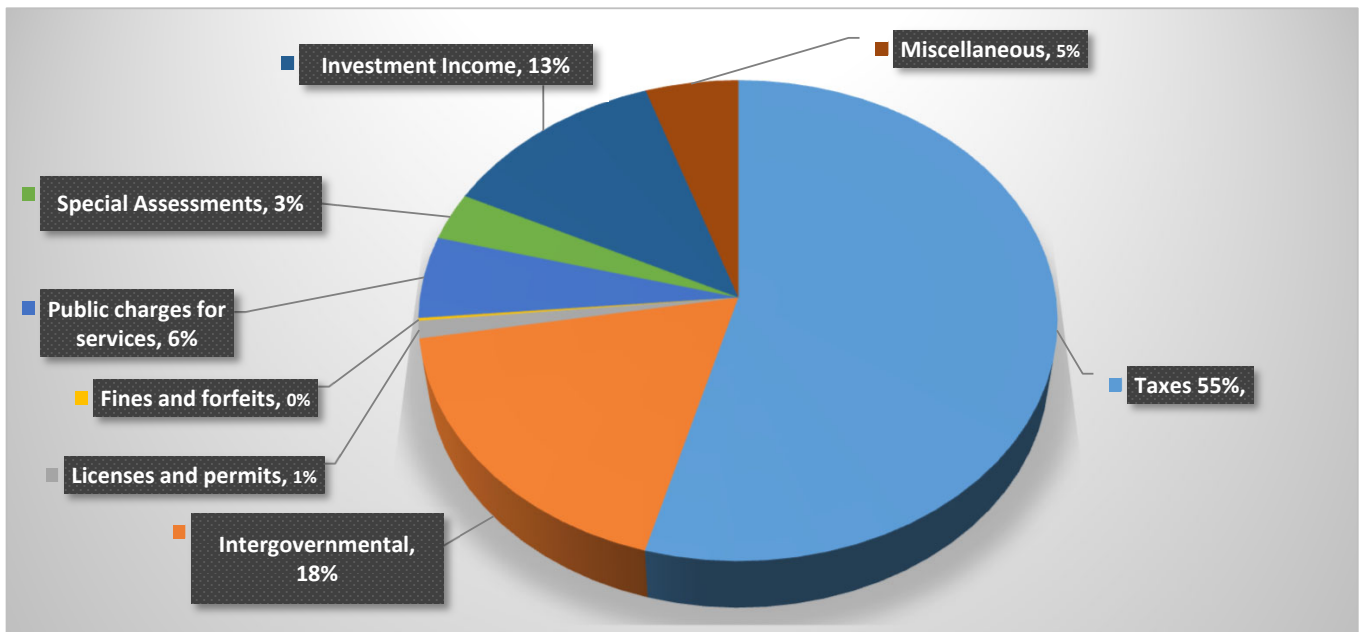
	2020	2021	2022	2023	2024
Available fund balance	\$ 768,562	\$ 853,165	\$ 836,788	\$ 993,983	\$ 1,131,050
Expenditures	1,200,640	1,286,960	1,312,482	1,267,656	1,401,838
Actual %	64%	66%	64%	78%	81%
Policy 30%	30%	30%	30%	30%	30%



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GOVERNMENTAL FUND REVENUES

	2022	%	2023	%	2024	%
Taxes	\$ 1,512,672	63%	\$ 1,452,829	56%	\$ 1,573,528	55%
Intergovernmental	438,687	18%	470,094	18%	521,829	18%
Licenses and permits	44,420	2%	22,744	1%	34,051	1%
Fines and forfeits	3,717	0%	5,440	0%	4,970	0%
Public charges for services	149,361	6%	152,017	6%	159,213	5%
Special assessments	19,176	1%	14,355	1%	92,660	3%
Investment income	59,638	2%	347,237	13%	362,885	13%
Miscellaneous	189,472	8%	139,623	5%	149,224	5%
Total revenues	<u>\$ 2,417,143</u>	100%	<u>\$ 2,604,339</u>	100%	<u>\$ 2,898,360</u>	100%



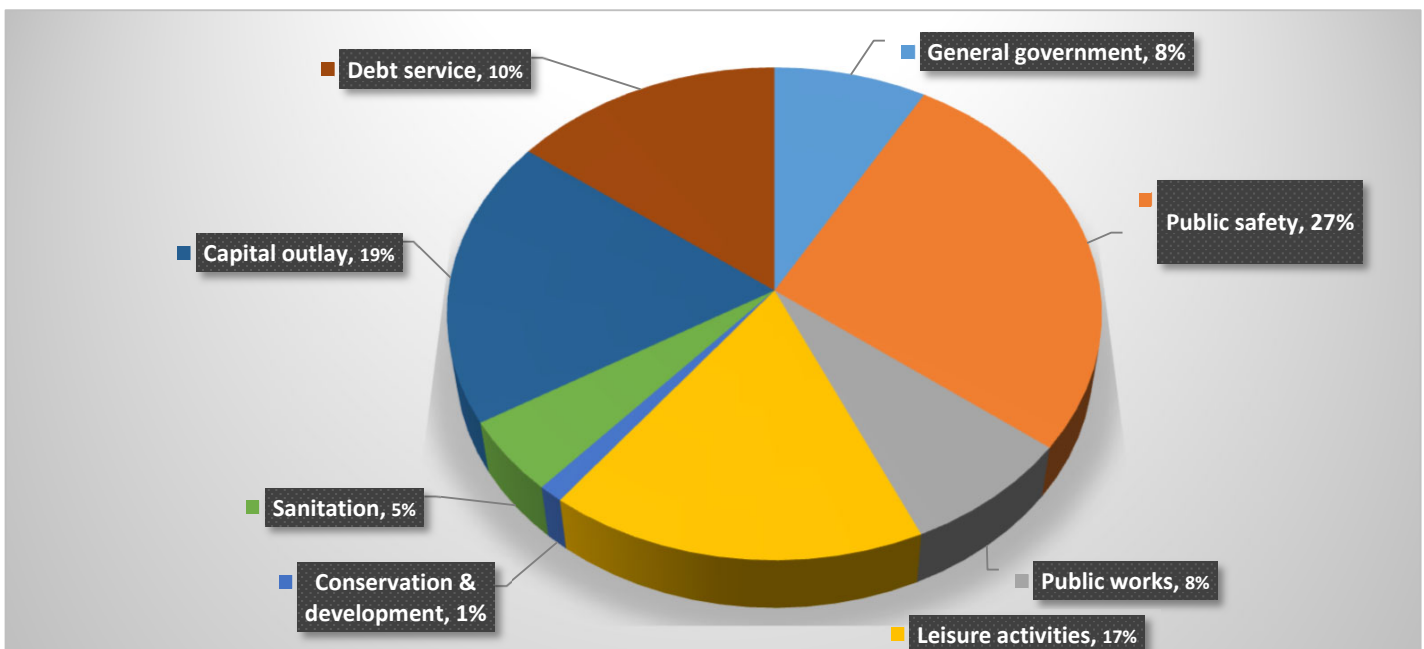
OBSERVATIONS AND COMMENTS:

- Taxes revenue was 55% of the total revenues in 2024 and 56% in 2023.
- Intergovernmental revenue increased due to approximately \$56,800 received in supplemental county and municipal aid in 2024.

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GOVERNMENTAL EXPENDITURES

	2022	%	2023	%	2024	%
General government	\$ 185,867	8%	\$ 187,860	6%	\$ 219,280	8%
Public safety	682,018	29%	636,356	19%	717,638	27%
Public works	205,759	9%	197,690	6%	208,919	8%
Leisure activities	358,780	16%	407,749	12%	453,524	17%
Conservation & development	45,651	2%	21,151	1%	30,072	1%
Sanitation	118,941	5%	124,608	4%	128,475	5%
Capital outlay	473,195	21%	1,469,773	44%	500,617	19%
Debt service	218,706	10%	280,506	8%	389,706	15%
Total expenditures	<u>\$ 2,288,917</u>	100%	<u>\$ 3,325,693</u>	100%	<u>\$ 2,648,231</u>	100%



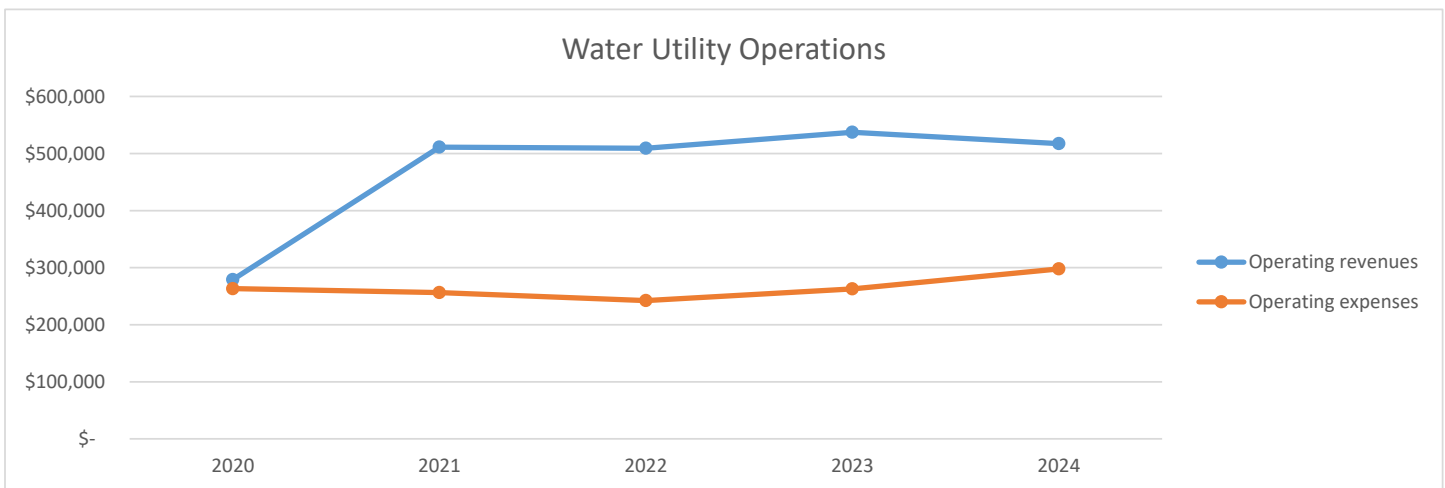
OBSERVATIONS AND COMMENTS:

- Public safety increased due to the addition of a police officer and purchase of body cameras.
- Capital Outlay decreased significantly in 2024 due mainly to the street project being completed in 2023.
- Debt service increased due to an increase in scheduled debt payments.

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WATER UTILITY

	2020	2021	2022	2023	2024
Operating revenues	\$ 279,019	\$ 511,235	\$ 509,412	\$ 537,206	\$ 517,426
Operating expenses	263,222	256,283	242,253	262,708	297,814
Net operating income (loss)	<u>\$ 15,797</u>	<u>\$ 254,952</u>	<u>\$ 267,159</u>	<u>\$ 274,498</u>	<u>\$ 219,612</u>
Cashflow from operations	\$ 132,090	\$ 307,402	\$ 385,772	\$ 419,637	\$ 326,876



Days of cash on hand

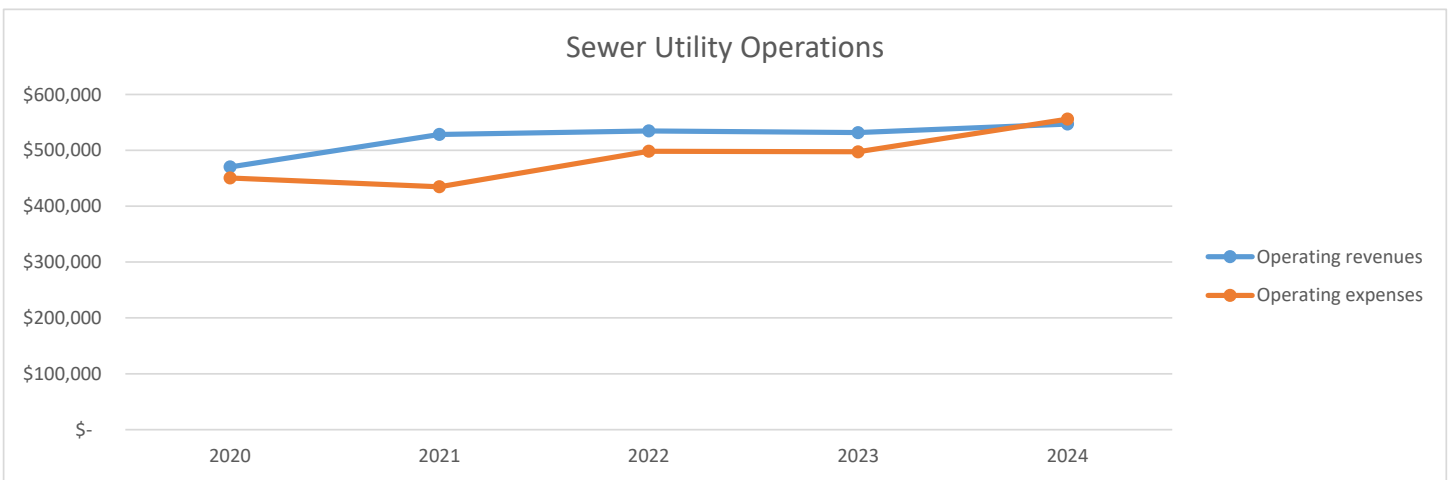
	2020	2021	2022	2023	2024
Unrestricted cash	\$ 578,235	\$ 812,538	\$ 1,101,235	\$ 1,087,354	\$ 1,299,458
Oper exp plus tax equivalent*	\$ 328,676	\$ 327,333	\$ 305,207	\$ 322,109	\$ 359,467
Days cash on hand	642	906	1,317	1,232	1,319

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

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SEWER UTILITY

	2020	2021	2022	2023	2024
Operating revenues	\$ 470,301	\$ 528,459	\$ 534,733	\$ 531,696	\$ 546,965
Operating expenses	450,505	434,848	498,414	497,300	555,813
Net operating income (loss)	<u>\$ 19,796</u>	<u>\$ 93,611</u>	<u>\$ 36,319</u>	<u>\$ 34,396</u>	<u>\$ (8,848)</u>
Cashflow from operations	\$ 231,156	\$ 264,745	\$ 266,187	\$ 274,180	\$ 207,764



Days of cash on hand

	2020	2021	2022	2023	2024
Unrestricted cash	\$ 1,600,939	\$ 1,584,825	\$ 1,662,417	\$ 1,594,815	\$ 1,774,881
Operating expenses*	\$ 450,505	\$ 434,848	\$ 498,414	\$ 497,300	\$ 555,813
Days cash on hand	1,297	1,330	1,217	1,171	1,166

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

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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>					
General obligation bonds	\$ 4,800,000	\$	\$ (260,000)	\$ 4,540,000	\$ 260,000
Unamortized premium	171,958		(11,035)	160,923	
Other liabilities:					
Compensated absences	95,417	10,377		105,794	56,386
Total governmental activities long-term liabilities	<u>\$5,067,375</u>	<u>\$ 10,377</u>	<u>\$ (271,035)</u>	<u>\$4,806,717</u>	<u>\$ 316,386</u>
<u>Business-type Activities</u>					
General obligation bonds	\$1,180,000	\$	\$ (60,000)	\$1,120,000	\$ 60,000
Other liabilities:					
Compensated absences	24,976	4,238		29,214	15,351
Total business-type activities long-term liabilities	<u>\$1,204,976</u>	<u>\$ 4,238</u>	<u>\$ (60,000)</u>	<u>\$1,149,214</u>	<u>\$ 75,351</u>

OBSERVATIONS AND COMMENTS:

- General obligation debt limitation totaled \$12,708,595. Total general obligation debt outstanding at year-end was \$5,660,000.

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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, 2024:

Revenues:

Tax increment	\$ 925,906
Intergovernmental	343,961
Debt premium	131,181
Interest	9,140
Total revenues	<u>1,410,188</u>

Expenditures:

Construction	3,598,519
Administrative	4,755
Professional services	83,779
Interest and fiscal charges	462,389
Debt issuance costs	69,640
Total expenditures	<u>4,219,082</u>

Amount to be recovered through future increments	<u><u>\$ 2,808,894</u></u>
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Cash	\$ (96,106)
Long-term debt outstanding	<u>2,905,000</u>
Amount to be recovered through future increments	<u><u>\$ 2,808,894</u></u>

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SUMMARY

- Overall, the Village has a healthy fund balance. The Village has approximately \$7 million of borrowing capacity when comparing existing outstanding debt to the WI State Statute limits.
- General fund balance is being maintained at a consistent level. Village operations remained relatively constant.
- Water Utility rate of return for 2024 was 6.99%.
- Audit Communication Document: Material Weaknesses on Pages 5 & 6:
 - Limited 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 10:
 - 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 \$10,000 to align with federal guidance.
 - Fraud Risk Controls - The Village Board is aware of the various fraud risks that exist in a smaller entity, especially with limited opportunity to segregate all duties due to staff size. The Board believes that it has conveyed to Village employees the importance of communicating any fraudulent activity to management. We recommend that the Village consider adopting a policy related to fraud activities that addresses how an employee would report any possible fraud activity and the consequences of such activity.
- Thanks to the Village staff for their help during the audit. We received full and complete cooperation from Village personnel.