

# CITY OF NEW RICHMOND

THE CITY BEAUTIFUL

2<sup>nd</sup> QUARTER 2019 FINANCIAL REPORT



Safety First | Family First



## OPERATING REVENUE – GENERAL FUND

### 2019 Year-to-Date Actual Revenue Compared to Budget

As of June 30, 2019, approximately 49.2% (\$3,279,316) of budgeted revenue was collected, trending above the 5-year average of 45.5% (\$2,815,402). Year-to-date property tax collections as a percentage of total YTD revenue are 48.3%, lower than what we typically see at 55-59%, due to the sale of the Park Building in January 2019 and the balance of insurance recoveries from the 2017 hail storm, which together account for 12.1% (\$395K) of YTD revenue. If Park Building and insurance recovery revenue is excluded, property taxes would account for 55.2% of actual revenue collected through second quarter, which is comparable to the five-year average.

Revenue Category	2018 Actual	2019 YTD	2019 Budget	% Actual to Budget	% Revenue by Source
Taxes (Levy & taxes other than property)	3,882,716	1,640,122	3,920,119	42%	50%
Intergovernmental	1,714,712	712,118	1,499,890	47%	22%
Regulation & Compliance	625,648	258,755	486,065	53%	8%
Public charges for services	434,380	103,203	332,241	31%	3%
Special assessments	17,218	9,021	3,200	282%	0%
Investment income	112,707	90,765	54,020	168%	3%
Miscellaneous	255,615	465,332	295,710	157%	14%
Operating Transfers In	50,000	-	70,000	0%	0%
<b>Total Revenue</b>	<b>\$7,092,996</b>	<b>\$3,279,316</b>	<b>\$6,661,245</b>	<b>49.2%</b>	<b>100%</b>

The Park Building sale was finalized in January 2019, accounting for \$365,000 in revenue. The sale is an unbudgeted revenue for 2019 as it was anticipated that the sale would close in 2018. However, the favorable revenue variance is partially offset by a transfer out of \$70,000 to the Parkland Trust Fund, \$15,000 to the sustainability fund, and \$30,000 carried forward for future public works facility needs.

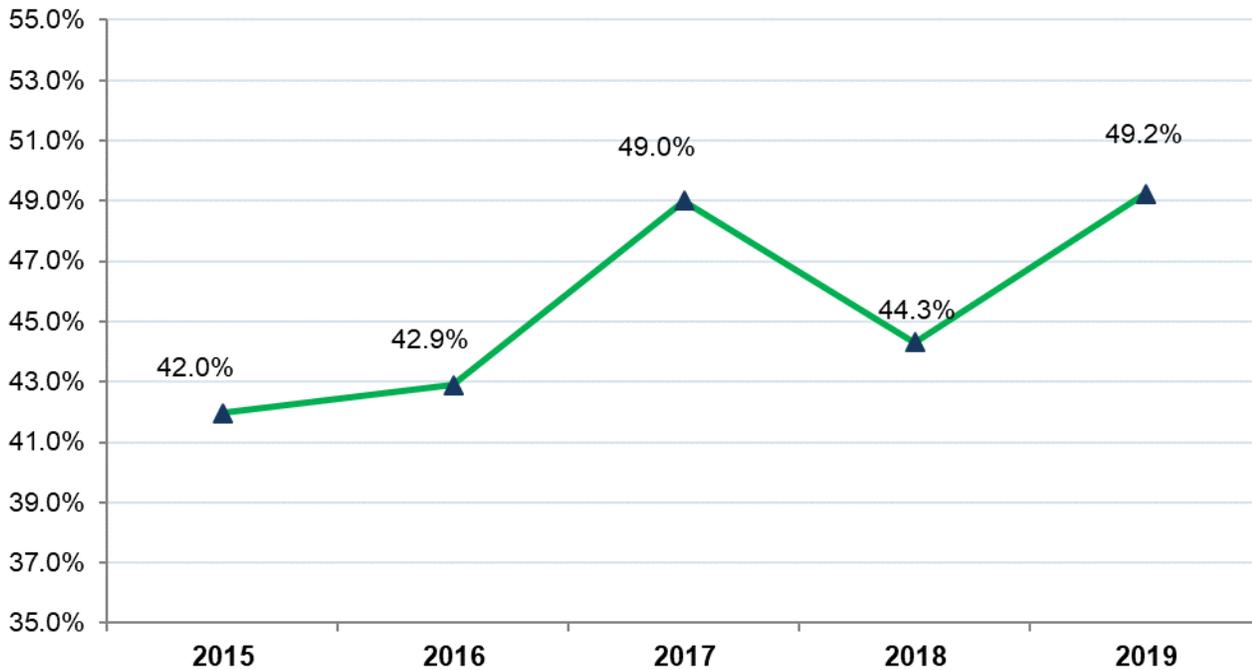
Excluding the non-recurring revenues discussed above, overall 2Q revenue is tracking to budget. Notable variances include library earnings which are tracking slightly below budget at 37.5% a shortfall of \$2K when compared to budget. Additionally, Airport hangar lease collections are slightly lower when compared to the same time last year by \$6K. However, it is anticipated that hangar lease collections will meet budget as lease payments are due by July 31, 2019. Favorable variances to budget include: municipal court penalties and interest on investments at 65.5% (\$58,957) and 179% (\$89,699) of budgeted revenues collected, respectively.

Building permit and inspection revenue collected through 2Q was \$153,263, which is a decrease of 37% (\$90,348) compared to prior year. However, permit revenue is still performing strong compared to historical averages and is tracking to budget. As of June 30, 2019, there were 266 permits including 78 dwelling permits issued compared to 444 permits including 85 dwelling permits during the same period in 2018.

## 5-Year Revenue Trend

Actual revenue collected through second quarter has been relatively consistent over the last five years, averaging 45.5% of budget or \$2.81M. Revenues collected during 2Q19 were higher than average at 49.2% of budget or \$3.28M. This increase is attributable to the sale of the Park Building for \$365,000 and the balance of 2017 hail damage insurance recoveries. If these one-time revenues are excluded, collections would have been 43.3% of budget, which aligns with historical averages. Property tax collections through 2Q were \$1.58M or 55.2% of budget, if one-time revenues are excluded. This amount trends slightly below the 5-year average of 57.3%. This is attributable to a higher number of taxpayers remitting payment in December instead of January. It is not uncommon to see this trend as property tax collections can fluctuate slightly from year to year depending upon taxpayer elections.

### 2Q Revenue as a Percentage of Budget



## OPERATING EXPENSES – GENERAL FUND

### Expenditures Actual to Budget

As of June 30, 2019, actual expenditures are tracking to budget at \$3,386,760, or 50.8% of budget. Note that some operating expenses are front-loaded or incurred unevenly throughout the year, which can create positive or negative variances depending on the expenditure category and time of year. For example, ambulance services and police uniform expenses are fully incurred in first quarter, while the taxi program operates on a grant reimbursement basis. However, these types of expenses are generally offset by lower than budgeted expenses in other areas.

Expenditure by Dept	2018 Actual	2019 YTD	2019 Budget	% YTD to Budget	% Expense by Dept
Police	2,316,463	1,119,101	2,346,410	48%	33%
General Government	1,112,233	599,550	1,133,344	53%	18%
Streets	1,237,089	482,871	1,002,940	48%	14%
Parks	592,418	173,657	384,300	45%	5%
Library	773,641	353,538	830,925	43%	10%
Fire	279,442	120,510	279,783	43%	4%
Airport	166,301	78,488	186,625	42%	2%
Economic Development	171,747	94,021	181,725	52%	3%
Ambulance & Emer. Gov't	132,600	129,434	134,530	96%	4%
Culture	117,556	60,662	134,000	45%	2%
Taxi	130,309	76,462	10,000	765%	2%
Health & Social Services	7,008	3,659	5,900	62%	0%
Outlay Expenditures	15,530	3,073	15,763	19%	0%
Transfers	21,864	91,733	15,000	612%	3%
<b>Total Expenditures</b>	<b>\$7,074,201</b>	<b>\$3,386,760</b>	<b>\$6,661,245</b>	<b>51%</b>	<b>100%</b>

While expenses are not evenly incurred depending on the department and expense type, overall General Fund expenses average around 50% through second quarter. As noted above, expenditures are currently tracking at 50.8% of budget, which aligns with 2017 and 2018 percentages of 50.6% and 50.4%, but is slightly higher than the historical average. Notable variances include snow removal, PD building roof repairs, expenses related to legal expenses, and an unbudgeted transfer to the Parkland Trust Fund, which are explained in detail below.

Multiple back-to-back snow events throughout February and March required an additional 648 hours of snow removal and increased fuel, supply, and maintenance costs. Note that while the Streets Department stands at 48% of budgeted expenses through second quarter, the majority of annual street and sidewalk maintenance expenses are not incurred until third quarter. It is anticipated that public

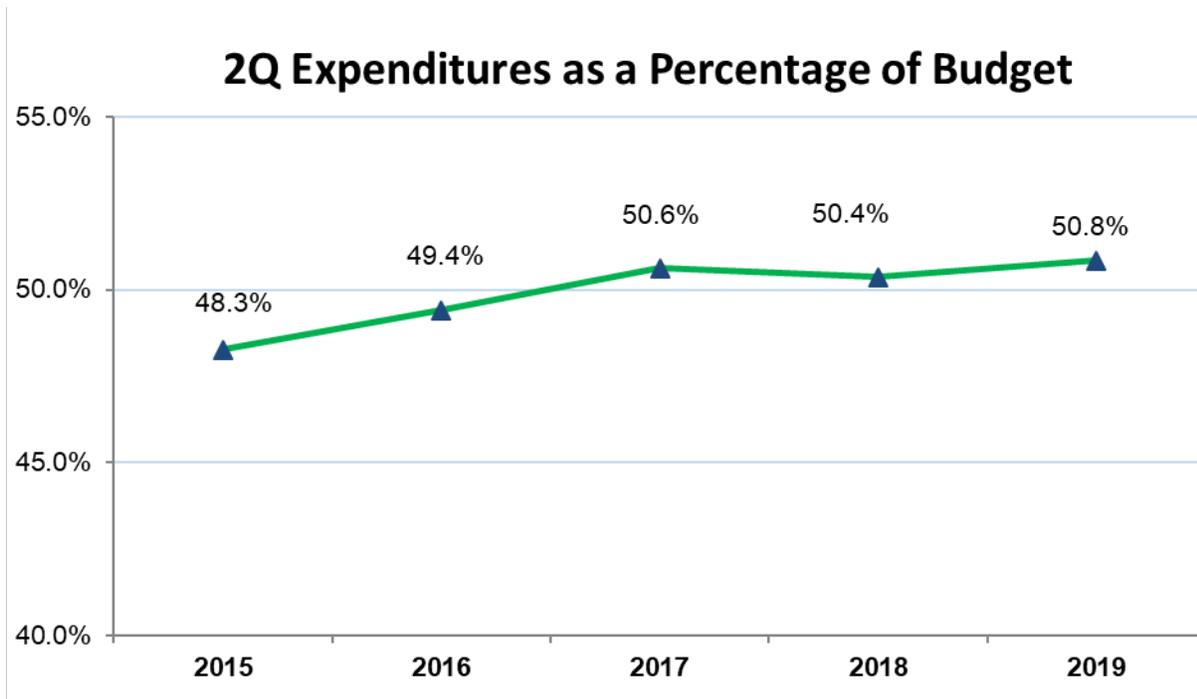
works salaries will be a budget variance for the duration of 2019 but will be offset by lower than budgeted spending in other areas.

Roof repairs to the PD building that were completed earlier this year will show as a variance of \$35,900 until year-end when insurance proceeds are appropriated into the budget.

The City anticipated closing on the Park Building in 2018, but the sale actually occurred in January 2019. As such, the 2019 budget does not reflect \$70,000 in sale proceeds being transferred to the Parkland Trust Fund. The transfer from the sale of the Park building will be a variance for the duration of 2019 but is offset by unbudgeted revenue from the sale.

### 5-Year Expenditure Trend

Historically, expenditures have averaged 49.9% of budget over the last five years. Expenditures in 2Q19 are tracking slightly above average at 50.8%. However, when the transfer to the Parkland Trust Fund, PD roof repairs, and ICA application related expenses are excluded, expenses were 48.9% of budget, which is slightly below the five-year average.



## GENERAL OBLIGATION DEBT

### General Obligation Debt Payments

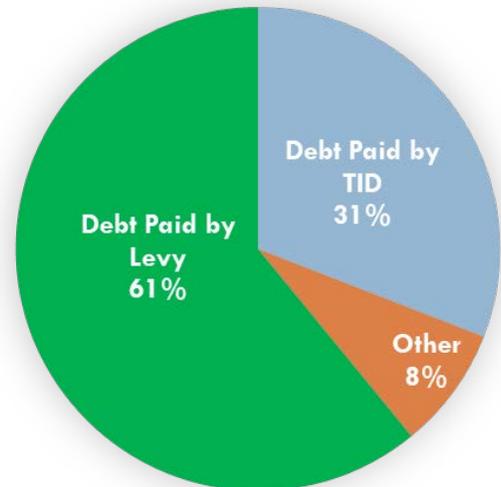
Principal and interest payments of \$616,392 and \$229,988, respectively, were made through second quarter, representing 28.1% of the total year’s general obligation payments. The table below outlines principal and interest payments made as of June 30, 2019 as well as remaining payments for the year:

Payment Type	Payments Made thru 6/30/19	Payments Remaining thru 12/31/19	% of Budget thru 6/30/19
Principal	\$616,392	\$1,942,735	24.1%
Interest	\$229,988	\$219,921	51.1%
<b>Total</b>	<b>\$846,380</b>	<b>\$2,162,656</b>	<b>28.1%</b>

### Sources of Debt Repayment

The City has various revenue sources that are used to repay debt obligations, including property taxes, Storm Water Utility revenue, Tax Increment District (TID) revenue, or revenue generated by the electric, water, or sewer utilities.

In 2019, 61% or \$1,833,177 of debt payments are paid by general property taxes. Tax Increment Districts (TID) pay \$929,942 or 31% of debt, followed by 8% or \$245,918 of debt repaid by storm water, water and sewer utilities and golf course revenue.

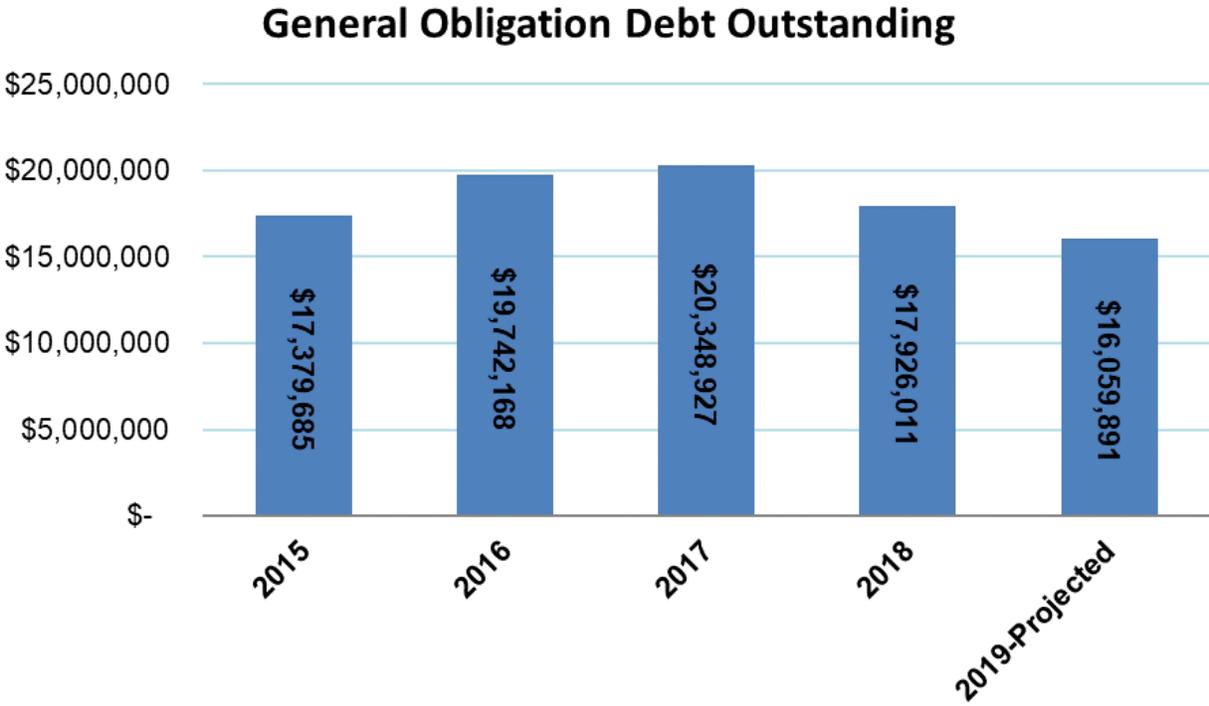


### Debt Outstanding

The City’s general obligations have been structured to aggressively repay debt. Principal debt obligations are reduced by approximately \$2M annually.

The 2019 capital improvement plan (CIP) outlines \$650K in financing requirements to facilitate capital improvements. Financing of adopted projects is anticipated to occur in 3Q19/4Q19.

The following graph shows debt outstanding at the end of the year for the last four years and provides the projected 2019 balance, which includes the additional planned debt of \$650K.



## INVESTMENTS

As of June 30, 2019, total funds inclusive of operating and investments are as follows:

INVESTMENT	June 30, 2019	June 30, 2018
<b>GENERAL CITY INVESTMENTS</b>	4,211,561	3,914,152
<b>RESTRICTED INVESTMENTS</b>		
Stock Funds	10,486	10,247
Future Outlay	15,778	10,646
Future Retirements	43,368	42,384
Police Department	-	-
Sustainability Funds	22,500	27,500
Sports Center	118,126	107,673
Library	569,475	519,881
Impact Fees	729,290	567,704
Cemetery	42,233	46,335
Revolving Loan Fund	65,114	47,585
Capital Projects Investments	233,599	941,854
Landfill Cleanup Investments	24,908	39,749
Stormwater Investments	6,157	6,080
Park Land Trust	399,429	183,431
Library Trust	300,113	279,672
Flex Benefits	20,771	16,022
Recycling & Compost Fund	41,495	-
Armed Services Memorial	1,821	1,189
<b>TOTAL INVESTMENTS</b>	<b>\$ 6,856,226</b>	<b>\$ 6,762,101</b>
<b>CITY OPERATING CASH BALANCE</b>	<b>\$ 76,881</b>	<b>\$ 202,472</b>
<b>TOTAL CITY INVESTMENTS &amp; CASH</b>	<b>\$ 6,933,106</b>	<b>\$ 6,964,573</b>
<b>UTILITIES - RESTRICTED INVESTMENTS</b>	<b>\$ 9,502,493</b>	<b>\$ 9,260,245</b>
<b>UTILITY OPERATING CASH BALANCE</b>	<b>\$ 207,363</b>	<b>\$ 186,028</b>
<b>TOTAL UTILITY INVESTMENTS &amp; CASH</b>	<b>\$ 9,709,856</b>	<b>\$ 9,446,274</b>

**K9 Fund**

As of June 30, 2019, the ending fund balance for the K9 fund is \$18,763.63.

<b>K9 Fund Activity</b>		
	Current Quarter	Fiscal YTD 7/1/18 - 6/30/19
<b>Beginning Fund Balance</b>	\$17,682.37	\$14,446.15
<b>CONTRIBUTIONS</b>		
Tax Deductible Gifts and Bequests	1,030.00	7,864.70
Non Tax Deductible Gifts	20.00	105.00
Transfers In	0.00	0.00
<b>Total Contributions</b>	1,050.00	7,969.70
<b>INVESTMENT ACTIVITY</b>		
Realized Income	101.89	339.44
Unrealized Gains (Losses)	0.00	0.00
<b>Total Investment Activity</b>	101.89	339.44
<b>DISBURSEMENTS</b>		
Grants and Scholarships	0.00	3,635.78
Administrative and Investment Fees	70.63	355.88
Fund Project Expenses	0.00	0.00
Transfers Out	0.00	0.00
<b>Total Disbursements</b>	70.63	3,991.66
<b>Ending Fund Balance as of 6/30/2019</b>	<b>\$18,763.63</b>	<b>\$18,763.63</b>