

CITY OF NEW RICHMOND



THE CITY BEAUTIFUL

4th Quarter 2017 FINANCIAL REPORT

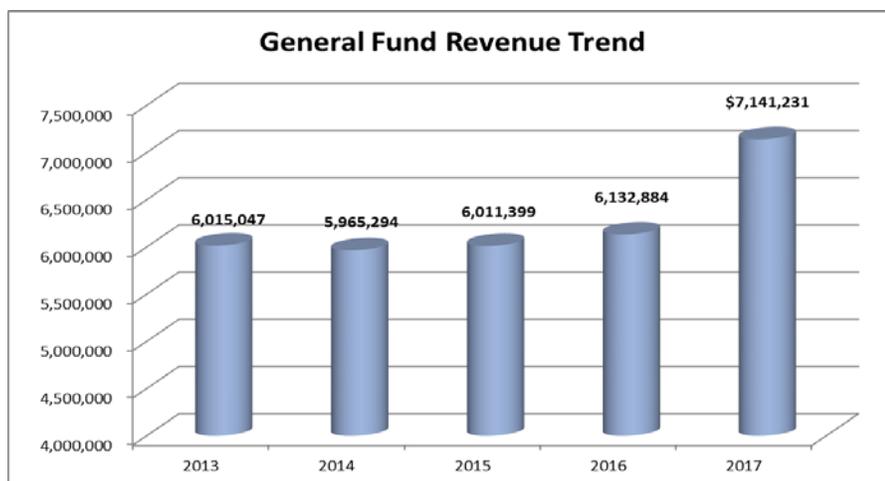
City of New Richmond

OPERATING REVENUE – GENERAL FUND

2017 Actual Revenue Compared to Budget

As of December 31, 2017, 114% of budgeted revenue has been collected, which is significantly higher when compared to the average fourth quarter revenue trend of 102.9%. The higher than usual revenue collected is due to the following one-time unbudgeted drivers: sale of property in the business and Technical Park (\$457,380) and insurance recoveries from the June hailstorm (\$343,789). Additionally, \$419,760 in building permit and inspection fees was collected in 2017; which is a favorable variance of \$217,757 when compared to budget. The increase in building and inspection fees was driven by increased residential building and permits related to storm damage repair and increased residential growth. Excluding the above-mentioned land sale and insurance proceeds, revenues in 4Q17 would have been \$6,340,062.

| Revenue Category | 2016 | 2017YTD | 2017 Amended Budget | % Act to Budget | % Revenue by Source |
|--|---------------------|---------------------|---------------------|-----------------|---------------------|
| Taxes (Levy & taxes other than property) | \$ 3,122,286 | \$ 2,999,651 | \$ 2,977,574 | 101% | 48% |
| Intergovernmental | \$ 1,566,280 | \$ 1,604,336 | \$ 1,593,683 | 101% | 25% |
| Licenses and permits | \$ 272,554 | \$ 491,904 | \$ 269,168 | 183% | 4% |
| Fines, forfeitures, and penalties | \$ 86,665 | \$ 98,411 | \$ 98,000 | 100% | 2% |
| Public charges for services | \$ 302,184 | \$ 287,088 | \$ 270,398 | 106% | 4% |
| Intergovernmental charges for services | \$ 26,149 | \$ 28,019 | \$ 24,000 | 117% | 0% |
| Special assessments | \$ 13,978 | \$ 8,008 | \$ 3,196 | 251% | 0% |
| Investment income | \$ 36,676 | \$ 53,106 | \$ 54,114 | 98% | 1% |
| Miscellaneous | \$ 161,834 | \$ 973,445 | \$ 129,767 | 750% | 2% |
| Operating Transfers In | \$ 544,278 | \$ 597,263 | \$ 837,270 | 71% | 13% |
| Total Revenue | \$ 6,132,884 | \$ 7,141,231 | \$ 6,257,170 | 114% | 100% |



5- Year Revenue Trend

Historically, revenues over the last five years have been consistent but have experienced increases in revenue from room tax collections and transportation aids.

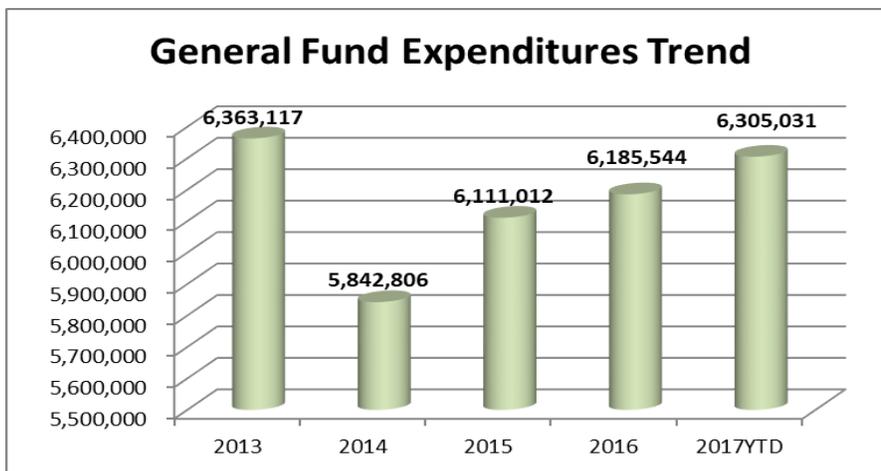
Additionally, increased commercial and residential construction have positively affected building permit revenue collected.

OPERATING EXPENSES – GENERAL FUND

Through the first two quarter of 2017, unforeseen one-time expenditures, which included a palpable assessment error, retirement benefits paid due to an unbudgeted retirement of an employee in 1Q17, contracted custodial services, and contracted building inspection expenses resulted in higher than budgeted expenses. However, we forecasted these expenses would be offset by lower than budgeted expenses in other areas and increased revenue. At year end, actual expenditures were \$6,305,031 which was slightly lower than the amended budget expenditures of \$6,338,629.

| Expenditure by Department | 2016 | 2017YTD | 2017 Amended Budget | % Act to Budget | % Expense by Dept |
|-------------------------------------|------------------|------------------|---------------------|-----------------|-------------------|
| Police | \$ 1,935,225 | \$ 2,115,972 | \$ 2,116,022 | 100% | 33% |
| General Government | \$ 1,317,467 | \$ 1,069,234 | \$ 1,069,234 | 100% | 17% |
| Streets | \$ 993,104 | \$ 1,072,350 | \$ 1,085,708 | 99% | 17% |
| Parks | \$ 375,071 | \$ 404,026 | \$ 404,026 | 100% | 6% |
| Library | \$ 695,567 | \$ 763,007 | \$ 763,007 | 100% | 12% |
| Fire | \$ 288,206 | \$ 264,247 | \$ 264,319 | 100% | 4% |
| Airport | \$ 141,074 | \$ 163,663 | \$ 164,216 | 100% | 3% |
| Economic Development | \$ 99,882 | \$ 93,465 | \$ 99,312 | 94% | 2% |
| Ambulance & Emer. Gov't | \$ 106,010 | \$ 120,874 | \$ 120,874 | 100% | 2% |
| Culture | \$ 59,095 | \$ 71,627 | \$ 82,953 | 86% | 1% |
| Taxi | \$ 99,872 | \$ 113,438 | \$ 114,000 | 100% | 2% |
| Health & Social Services | \$ 11,855 | \$ 5,632 | \$ 7,250 | 78% | 0% |
| Outlay Expenditures | \$ 48,044 | \$ 33,882 | \$ 33,945 | 100% | 1% |
| Transfers | \$ 15,072 | \$ 13,614 | \$ 13,763 | 99% | 0% |
| Total Expenditures | 6,185,544 | 6,305,031 | 6,338,629 | 99% | 100% |

Public safety, which includes Police, Fire and EMS represents 39% of expenditures, followed by public works at 23% and general government at 17% which is consistent with prior years.



5-Year Expenditure Trend

Excluding one-time expenses outlined above 2017 expenditures would have been \$6,226,015 or 0.65% more than 2016. However, 2017 expenditures are \$58,086 or 0.90% lower than 2013.

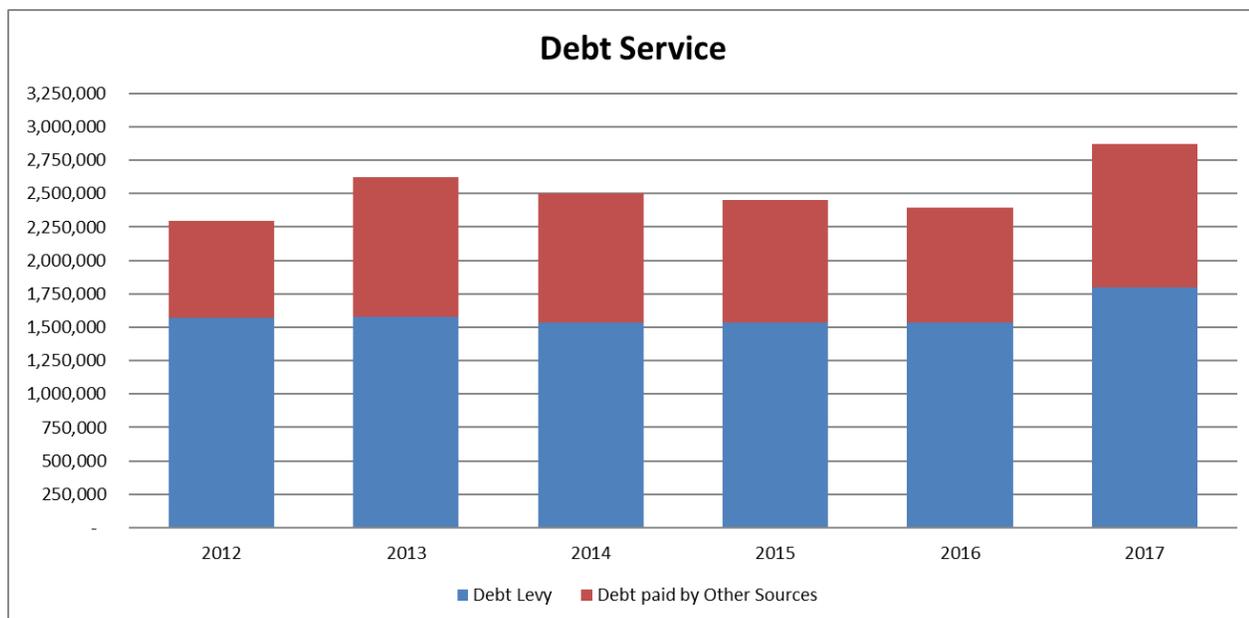
GENERAL OBLIGATION DEBT

General Obligation Debt

Principal and interest payments of \$1,740,024 and \$510,660 respectively, were made in 2017. The City also issued new General Obligation (GO) Bonds in the amount of \$3,235,00 of which \$1,290,000 was related to water, sewer and storm water construction which is repaid through rates charged for these services. The 2017 new bond issuance was structured with a 15 year payback while the repayment schedule for the 2007 and 2008 debt issuances remained unchanged.

5-Year Debt Service Trend

The general obligations of the City are repaid by a variety of sources, based upon the use of the borrowed funds, including: property taxes, storm water revenue, tax increment or revenue generated by the electric, water and sewer utility. The City’s debt levy has remained consistent over the last five years, with a slight increase in 2017 due to structuring repayment of new debt over a 15-year payback period instead of the previous 20-year schedule.



INVESTMENT

Beginning in 4Q17, the City began collateralizing funds through an irrevocable letter of credit instead of the previous repurchase agreement. Collateralizing funds through the letter of credit provided greater administrative efficiencies, higher rate of earning and secures City funds up to ten million dollars. With this change where funds are classified has changed as well when comparing 2016 to 2017. This classification can be noted under the investments account and operating cash balances when comparing 2016 to 2017. However, when comparing total investments and cash year-end balances are similar.

Below is an overview of operating and investment funds as of December 31, 2017:

| INVESTMENT | December 31, 2017 | December 31, 2016 |
|---|---------------------|---------------------|
| GENERAL CITY INVESTMENTS | 2,165,210 | 6,410,305 |
| RESTRICTED INVESTMENTS | | |
| Stock Funds | 10,165 | 10,080 |
| Future Outlay | 10,561 | 6,436 |
| Future Retirements | 40,036 | 39,700 |
| Police Department | 501 | 501 |
| Sports Center | 99,243 | 90,710 |
| Library | 498,805 | 462,570 |
| Impact Fees | 394,696 | 329,341 |
| Cemetery | 40,384 | 12,095 |
| Revolving Loan Fund | 64,457 | 65,842 |
| Capital Projects Investments | 1,119,994 | 79,569 |
| Landfill Cleanup Investments | 21,342 | 8,609 |
| Stormwater Investments | 6,080 | |
| Park Land Trust | 129,105 | 149,715 |
| Library Trust | 266,562 | 233,259 |
| Flex Benefits | 27,246 | 23,311 |
| Armed Services Memorial | 3,844 | 4,421 |
| TOTAL INVESTMENTS | \$ 4,898,230 | \$ 7,926,464 |
| CITY OPERATING CASH BALANCE | \$ 3,585,729 | \$ 427,368 |
| TOTAL CITY INVESTMENTS & CASH | \$ 8,483,959 | \$ 8,353,832 |
| UTILITIES - RESTRICTED INVESTMENTS | \$ 9,293,015 | \$ 8,900,990 |
| UTILITY OPERATING CASH BALANCE | \$ 141,001 | \$ 157,327 |
| TOTAL UTILITY INVESTMENTS & CASH | \$ 9,434,016 | \$ 9,058,317 |

K9 Fund

As of December 31, 2017, the ending fund balance for the K9 fund is \$12,543.09.

In December, funds in the amount of \$65,558.50 were withdrawn to cover \$11,928 of expenses related to K9 purchases which included construction of kennel, dog supplies, camera and dog. The remaining \$53,630 of funds were expended in 1Q18 for the K9 vehicle and training.

| FUND ACTIVITY | | |
|---|------------------|---|
| | Current Quarter | Fiscal YTD 07/01/2017- 12/31/2017 |
| Beginning Fund Balance | 76,943.27 | 39,751.19 |
| CONTRIBUTIONS | | |
| (a) Tax Deductible Gifts and Bequests | 1,033.50 | 37,154.40 |
| (b) Non Tax Deductible Contributions | 298.00 | 1,739.19 |
| (c) Transfers In | 0.00 | 0.00 |
| Total Contributions | 1,331.50 | 38,893.59 |
| INVESTMENT ACTIVITY | | |
| (d) Realized Income | 116.11 | 178.11 |
| (e) Unrealized Gains (Losses) | 0.00 | 0.00 |
| Total Investment Activity | 116.11 | 178.11 |
| DISBURSEMENTS | | |
| (f) Grants and Scholarships | 65,558.50 | 65,558.50 |
| (g) Administrative and Investment Fees | 289.29 | 678.91 |
| (h) Fund Project Expenses | 0.00 | 42.39 |
| (i) Transfers Out | 0.00 | 0.00 |
| Total Disbursements | 65,847.79 | 66,279.80 |
| Ending Fund Balance as of 12/31/2017 | 12,543.09 | 12,543.09 |