

# CITY OF NEW RICHMOND

## Financial Report

2Q20



CITY OF NEW RICHMOND  
THE CITY BEAUTIFUL

***NR Strong Together***  
Efficient | Inclusive | Transparent

July 21, 2020

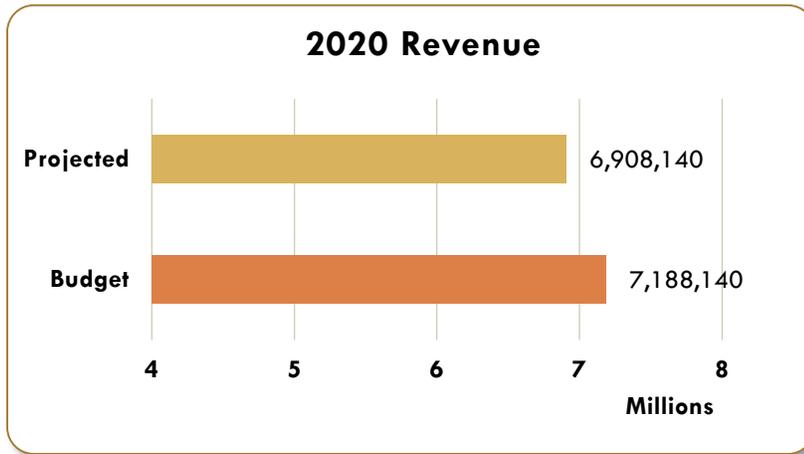
## OPERATING REVENUE – GENERAL FUND

### 2020 Year-to-Date Actual Revenue Compared to Budget

As of June 30, 2020, \$3,443,017 in revenue was collected accounting for 48.0% of budget. Trending above the 5-year average of \$3,021,019 or 46.0%.

Revenue Category	<u>2019</u>	2020 YTD	2020B	% Actual to Budget	% Revenue by Source
Taxes - Property & Other	3,932,165	2,190,890	4,423,667	50%	64%
Intergovernmental	1,634,693	753,589	1,554,740	48%	22%
Regulation & Compliance	555,571	254,054	493,079	52%	7%
Public Charges for Services	343,709	132,390	426,464	31%	4%
Special Assessments	18,787	6,328	4,202	151%	0%
Investment Income	158,742	53,649	76,744	70%	2%
Miscellaneous	521,219	42,117	73,450	57%	1%
Operating Transfers In	120,750	-	140,000	0%	0%
<b>Total Revenue</b>	<b>\$ 7,285,636</b>	<b>\$ 3,433,017</b>	<b>\$ 7,192,346</b>	<b>48%</b>	<b>100%</b>

Revenue continues to be closely monitored in light of the COVID 19 pandemic. Initial projections in March anticipated revenue shortfalls of \$450,00. However, these projections have been refined based upon current trends to a projected shortfall of \$255,000-\$280,000.



The City’s two largest funding sources, property taxes and shared state revenue, are *not* anticipated to experience significant shortfalls. Revenue sources with higher volatility such as building permit revenue, room tax and clerk, fines and other fees are areas of anticipated shortfall for this year.

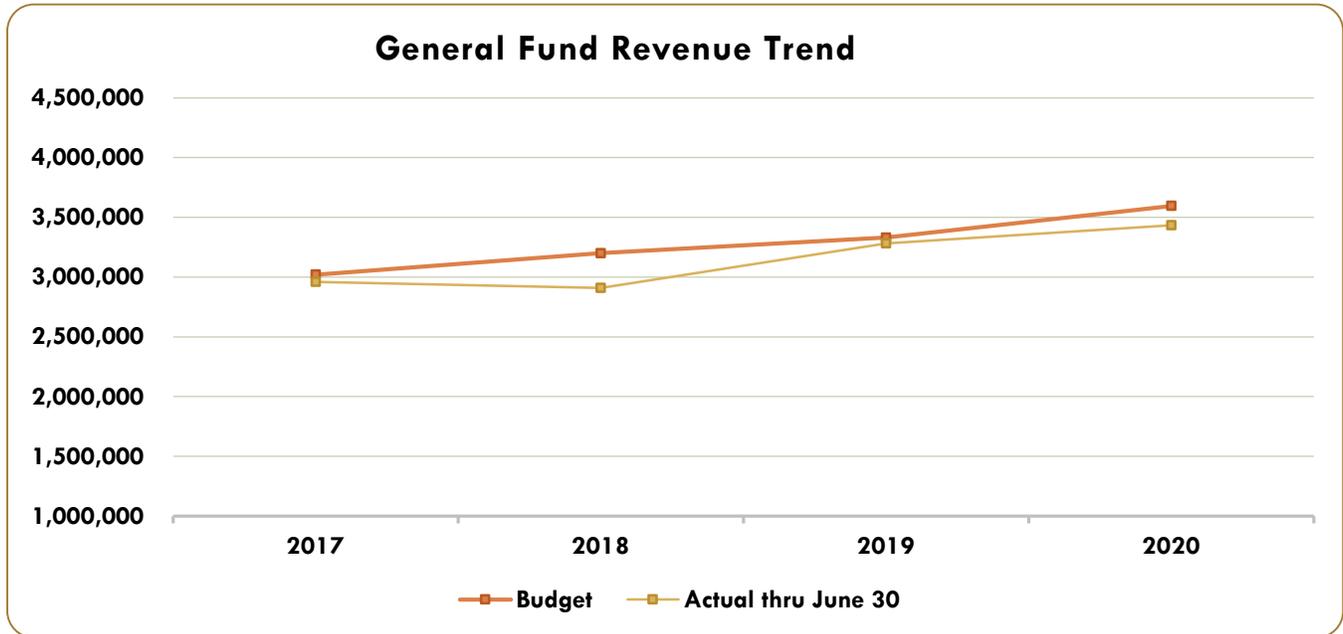
Building permit revenue through 2Q20 remained stable with \$158,707 in collections. This is similar to 2Q19

collections of \$153,263. While, permit revenue remains stable we continue to be conservative in projections and forecast a shortfall of \$100,000-\$150,000.

Likewise, room tax through 2Q20 remained stable with \$20,964 in collections. This is similar to 2Q19 collections of \$20,761. However, room tax reporting and collection has a considerable lag time with collections through June 30 reflecting only the first quarter of the year. As such, the impact of the

pandemic on room tax will not be fully seen until later in the year. However, early projections anticipate a revenue shortfall of \$55,000.

The City has been allotted \$151,000 in federal assistance to aid in expenses associated with response to the COVID 19 pandemic. These federal funds are administered through the Wisconsin Department of Administration as part of the Routes to Recovery program. In early July, the City submitted an application for the full reimbursement amount of \$151,000. The City anticipates receipt of these funds in 3Q20 and will be reflected as revenue when received.



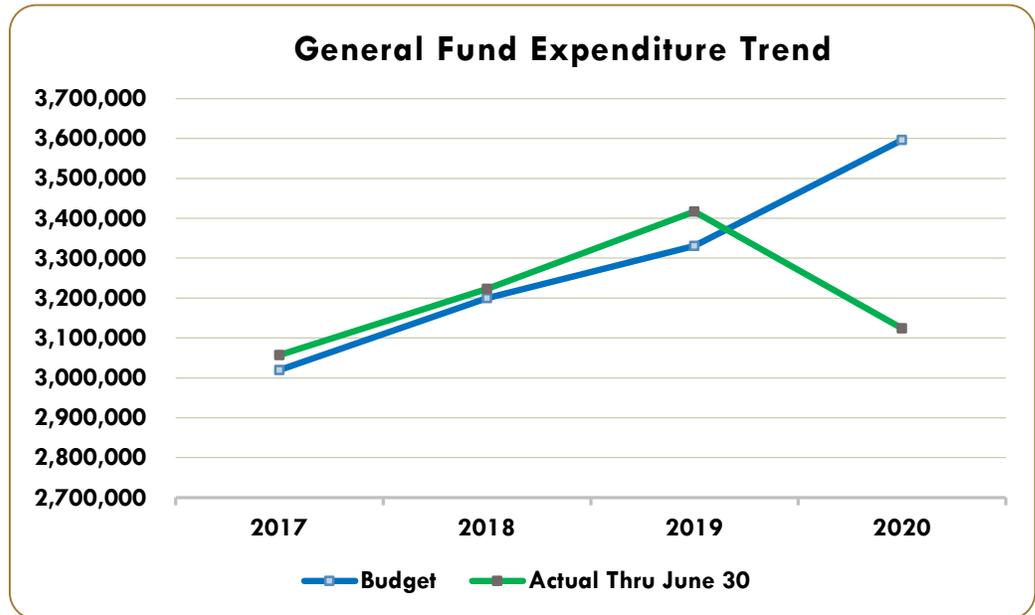
In light of the continued pandemic and economic uncertainty, revenue projections continue to remain fluid and could change depending upon future circumstances. However, it is encouraging that actual revenues through June 30 are comparable to prior years.

## OPERATING EXPENSES – GENERAL FUND

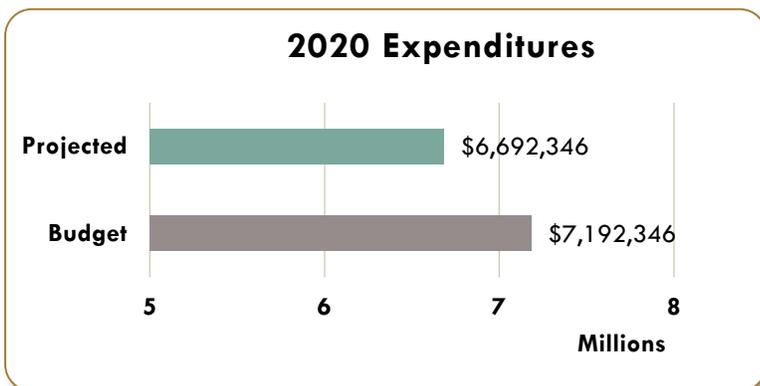
### Expenditures Actual to Budget

As of June 30, 2020, actual expenditures are \$3,124,105 or 43% of budget, approximately 8.6% less than the same period expenditures of \$3,417,141. The significant reduction in expenditures is due to cost containment strategies implemented in March 2020 as part of the City’s response to the COVID 19 pandemic and include: operating budget reductions of 25%, hiring freezes for intern, seasonal and vacant positions, cancellation or postponement of non-essential contracts and training, wellness and staff development budgets suspended.

These cost reduction strategies, which remain in place through 2020, provide a balanced approach designed to safeguard financial reserves, bridge anticipated revenue shortfalls, continue delivery of essential services and maintain future financial capacity.



Historically, expenditures are slightly higher than budget at the end of second quarter. This is due to some operating expenses being front-loaded or incurred unevenly throughout the year, which can create a positive or negative variance 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, in 2020 these expenses are more than offset by reduced spending in other areas.



To date, expenditure reduction strategies have significantly offset potential revenue shortfalls while preserving the City’s fund reserves. Continuation of cost containment strategies through the end of this year are projected to reduce expenditures by \$500,000 from \$7.2M to \$6.7M.

The table below provides an overview of actual expenditures by department compared to budget. Most departments are at or below 43% of budgeted expenditures aligning with overall budget expenditures.

Expenditure by Department	2019	2020 YTD	2020B	% YTD to Budget	% Expense by Dept
Police	2,475,560	1,074,994	2,574,947	42%	36%
General Government	1,166,230	630,625	1,241,495	51%	17%
Streets	1,136,538	424,023	1,063,481	40%	15%
Parks	438,569	159,795	416,521	38%	6%
Library	771,604	301,651	847,050	36%	12%
Fire	257,059	131,478	298,239	44%	4%
Airport	191,301	72,141	194,921	37%	3%
Economic Development	202,911	83,608	227,589	37%	3%
Ambulance & Emer. Gov't	138,300	112,736	137,248	82%	2%
Culture	103,808	62,143	154,700	40%	2%
Taxi	166,328	67,859	10,000	679%	0%
Health & Social Services	4,469	3,052	5,900	52%	0%
Outlay Expenditures	7,881	-	5,255	0%	0%
Transfers	103,866	-	15,000	0%	0%
<b>Total Expenditures</b>	<b>\$ 7,164,424</b>	<b>\$ 3,124,105</b>	<b>\$ 7,192,346</b>	<b>43%</b>	<b>100%</b>

## GENERAL OBLIGATION DEBT

### General Obligation Debt Payments

The City's 2020 general obligation principal and interest payments total \$2,698,201. As of June 30, 2020 principal and interest payments of \$610,272 were made representing 22.6% of the total year's general obligation payments.

In response to the pandemic, \$917,000 in capital projects were postponed. While, postponing capital projects does not have an immediate impact on the City's expenditure it does provide greater financial flexibility as we enter 2021.

However, there were projects deemed critical and were authorized to continue. These projects did require financing and in June 2020, the City issued a General Obligation Promissory Note in the amount of \$2,695,000 to fund the reconstruction of street and utilities on Jefferson and Marshall, extension of water main on GG and municipal equipment including self-contained breathing apparatuses and a snow blower. The debt will be repaid over a 10-year period at an interest rate of .99%-1.89%.

Additionally, later this year the City will finance the Waste Water Treatment Plant upgrades under the State of Wisconsin’s DNR Clear Water Fund Program. The plant upgrades require \$3.3M in borrowing and the debt will be repaid from sewer revenues.

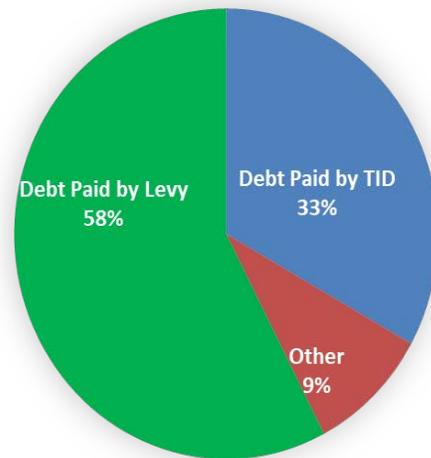
## Sources of Debt

### 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 2020, 58% or \$1,555,077 of debt payments are paid by general property taxes. Tax Increment Districts (TID) pay \$893,528 or 33% of debt, followed by 9% or \$249,866 of debt repaid by storm water, water and sewer utilities and golf course revenue.

Sources of Debt Payment



### Debt Outstanding

The City’s general obligations have been structured to aggressively repay debt. Principal debt obligations are reduced by approximately \$2M annually. The graph below shows debt outstanding at the end of the year since 2010, which includes the additional planned debt of \$650K.



**INVESTMENTS**

As of June 30, 2020, total funds inclusive of operating and investments are as follows:

<b>INVESTMENT</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>GENERAL CITY INVESTMENTS</b>	5,449,165	4,211,561
<b>RESTRICTED INVESTMENTS</b>		
Stock Funds	10,592	10,486
Future Outlay	15,938	15,778
Future Retirements	43,808	43,368
Sustainability Funds	15,000	22,500
Sports Center	126,500	118,126
Library	598,171	569,474
Impact Fees	979,753	729,292
Cemetery	30,797	42,233
Revolving Loan Fund	87,911	65,114
Capital Projects Investments	196,546	233,599
Landfill Cleanup Investments	1,214	24,908
Stormwater Investments	6,329	6,157
Park Land Trust	323,406	399,429
Library Trust	313,164	300,113
Flex Benefits	21,514	20,771
Recycling & Compost Fund	1,829	41,495
Armed Services Memorial	-	1,821
<b>TOTAL INVESTMENTS</b>	<b>\$ 8,221,637</b>	<b>\$ 6,856,226</b>
<b>CITY OPERATING CASH BALANCE</b>	<b>\$ 390,874</b>	<b>\$ 76,880</b>
<b>TOTAL CITY INVESTMENTS &amp; CASH</b>	<b>\$ 8,612,510</b>	<b>\$ 6,933,106</b>
<b>UTILITIES - RESTRICTED INVESTMENTS</b>	<b>\$ 10,825,903</b>	<b>\$ 9,502,492</b>
<b>UTILITY OPERATING CASH BALANCE</b>	<b>\$ 248,130</b>	<b>\$ 151,842</b>
<b>TOTAL UTILITY INVESTMENTS &amp; CASH</b>	<b>\$ 11,074,033</b>	<b>\$ 9,654,334</b>