

# CITY OF NEW RICHMOND

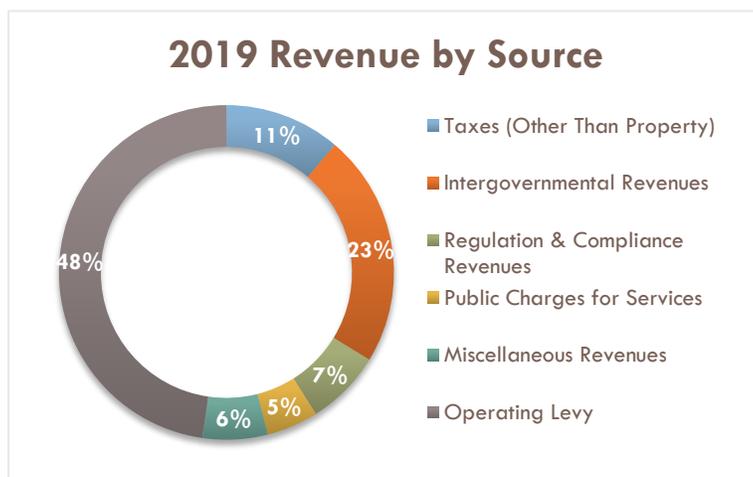
THE CITY BEAUTIFUL

1<sup>st</sup> QUARTER 2019 FINANCIAL REPORT



# City of New Richmond

## OPERATING REVENUE – GENERAL FUND



### 2019 Revenue by Source

Property taxes are the largest source of revenue for the City, providing 48% of budgeted revenues. Intergovernmental revenues, such as state transportation aid and county library funding, account for 23% of revenues. The remaining 27% of revenues are received from building permit fees, municipal court fines, leases, and various licensing and PILOT (payment in lieu of taxes) payments.

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

As of March 31, 2019, 38.5% or \$2,565,549 of budgeted revenue was collected. Revenues are collected at various times throughout the year and collection fluctuates depending upon the source. Property taxes are the largest source of revenue collected during the first quarter, accounting for 58% of total revenue collected in 1Q19. Year-to-date property tax collections as a percentage of total YTD revenue are slightly lower than the five-year average of 67.1%, due to the sale of the Park building in January 2019, which accounts for 15% of YTD revenue. If the Park building sale is excluded, property taxes would account for 66.7% of actual revenue collected, which is comparable to the five-year average.

Revenue Category	2018	2019 YTD	2019B	% Actual to Budget	% Revenue by Source
Taxes - Property & Other	3,882,716	1,487,970	3,350,119	44%	58%
Intergovernmental	1,714,712	502,808	1,499,890	34%	20%
Regulation & Compliance	625,648	95,829	486,065	20%	4%
Public Charges for Services	434,380	23,393	258,901	9%	1%
Special Assessments	17,218	8,626	3,200	270%	0%
Investment Income	112,707	53,624	54,020	99%	2%
Miscellaneous	255,615	393,299	369,050	107%	15%
Operating Transfers In	50,000	-	640,000	0%	0%
<b>Total Revenue</b>	<b>\$ 7,092,996</b>	<b>\$ 2,565,549</b>	<b>\$ 6,661,245</b>	<b>39%</b>	<b>100%</b>

Intergovernmental revenues account for 19.6% of actual revenues collected in 1Q. Intergovernmental collections in 1Q include full receipt of county library funding (\$352,767) and collection of one-fourth of transportation aid (\$142,331). When compared to prior year, library and transportation aids increased slightly by 5.8% (\$19,352) and 3.0% (\$4,117), respectively.

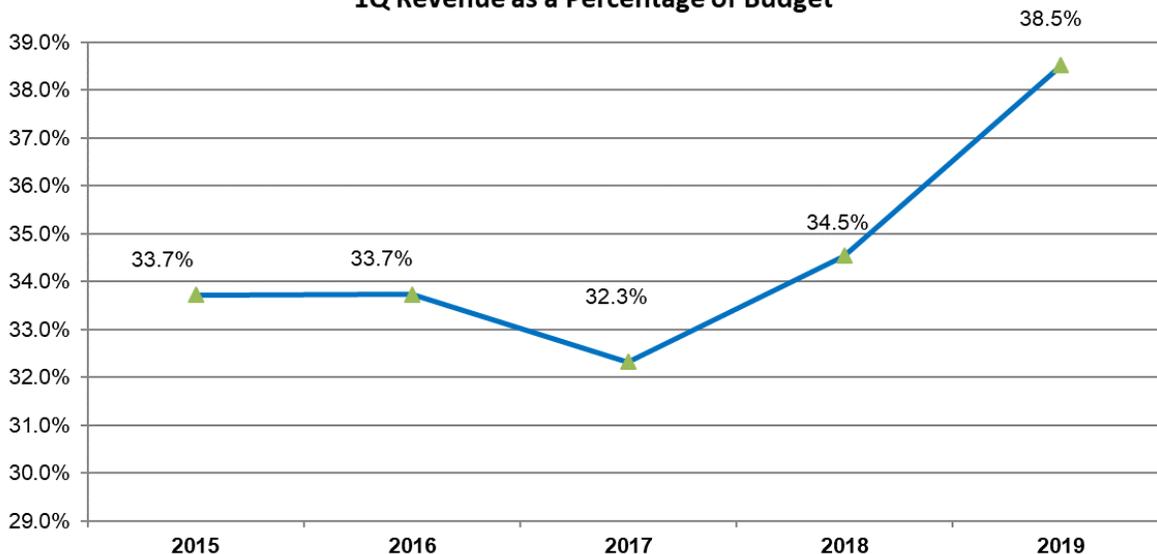
The Park Building sale was finalized in January 2019, accounting for \$365,000 in revenue. The sale is an unbudgeted revenue for 2019 as it was anticipated that the sale would close in 2018. However, the favorable revenue variance is partially offset by a transfer out of \$70,000 to the Parkland Trust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

Building permit and inspection revenue collected in 1Q was \$52,623, which is an increase of 17% compared to prior year of \$44,968. Building permit and inspection revenue has remained strong during the first quarter and residential development is anticipated to remain strong through the year. As of March 31, 2019, there were 79 permits and 32 dwelling permits issued compared to 81 permits and 16 dwelling permits during the same period in 2018.

### 5-Year Revenue Trend

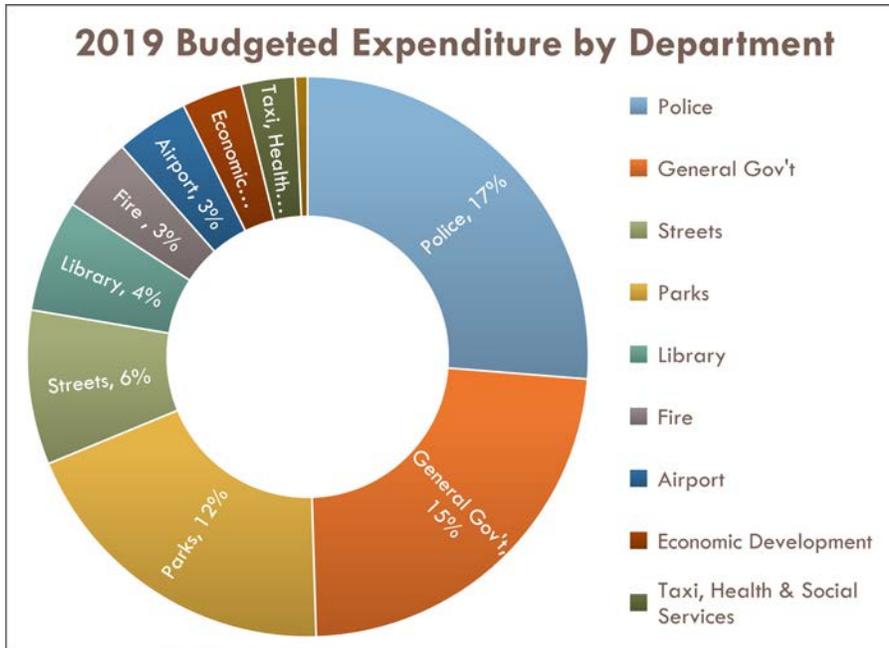
Actual revenue collected in the first quarter of each year has been relatively consistent over the last five years, averaging 34.6% or \$2.1M of budget. However, revenues collected during 1Q were higher than average at 38.5% or \$2.5M budget. This increase is attributable to the sale of the Park Building for \$365,000, which if excluded collections would have been 33% of budget. Property tax collections in 1Q were \$1.46M or 66.7% of budget, which trended below the five-year average of 69.0%. 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 year over year depending upon taxpayer elections.

1Q Revenue as a Percentage of Budget



## OPERATING EXPENSES – GENERAL FUND

### 2019 Expenditure by Department



2019 budgeted operating expenditures are \$6,661,245, with expenses related to Public Safety (Police, Fire and Ambulance) accounting for \$2.78M of budget, followed by Public Works at \$1.39M, General Government at \$1.13M, Library at \$830K and Airport, Economic Development and Culture/Other comprising \$533K.

2019 budgeted expenditures (\$6,661,245) are an increase of 4.09% when compared to 2018 budgeted expenditures of

\$6,399,671. The increase in 2019 expenditures support seasonal limited term public works positions to accommodate increasing seasonal demands, particularly for the park services, professional internships to aid in increased workloads while cultivating talent the New Richmond Way, the addition of one patrol officer to complement the School Resource Officer position and the addition of a Planning Director which replaces contracted planning services.

### Expenditures Actual to Budget

As of March 31, 2019, actual expenditures are tracking to budget at \$1,747,323 or 26.2% of budget. Operating expenses are not incurred evenly throughout the year, which can create positive and/or negative budget variances. For example, ambulance services, property and general liability insurance, and police uniform allowances are expenses fully incurred during 1Q. However, fully funded expenses are offset by lower than budgeted expenses in other areas. When the fully funded expenses are smoothed evenly over the year expenditures track to budget.

The below table provides a comparison, by service, of actual to budget expenditures through March 31, 2019.

Expenditure by Department	2018	2019 YTD	2019B	% YTD to Budget	% Expense by Dept
Police	2,316,463	540,164	2,346,410	23%	35%
General Government	1,112,233	311,225	1,133,345	27%	17%
Streets	1,146,510	239,123	1,002,940	24%	15%
Parks	592,418	67,090	384,300	17%	6%
Library	773,641	177,312	830,925	21%	12%
Fire	279,442	57,159	279,783	20%	4%
Airport	166,301	36,756	186,625	20%	3%
Economic Development	171,747	46,849	181,725	26%	3%
Ambulance & Emer. Gov't	132,600	118,417	134,530	88%	2%
Culture	117,556	52,873	134,000	39%	2%
Taxi	220,888	29,644	10,000	296%	0%
Health & Social Services	7,008	712	5,900	12%	0%
Outlay Expenditures	15,530	-	15,763	0%	0%
Transfers	21,864	70,000	15,000	467%	0%
<b>Total Expenditures</b>	<b>\$ 7,074,201</b>	<b>\$ 1,747,323</b>	<b>\$ 6,661,245</b>	<b>26%</b>	<b>100%</b>

While expenses are not equally incurred, they should be approximately 25% of budget during the first quarter. However, as noted above, expenditures are currently tracking at 26.2% of budget. The increase in expenditures is mainly attributable to transfers related to the unbudgeted Park Building sale and snow removal expenses. These notable variances to budget are explained in detail below.

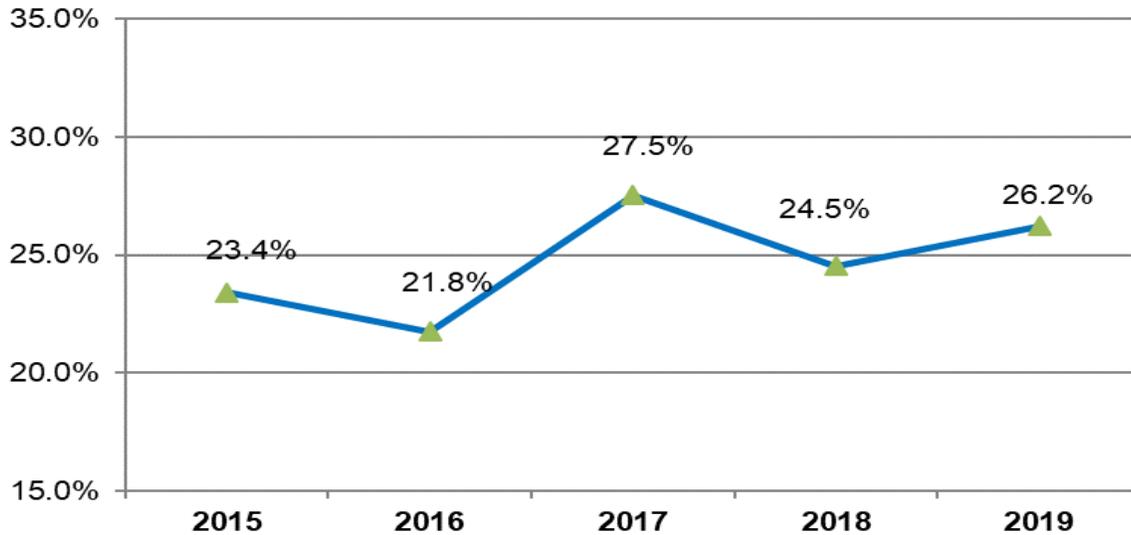
The winter of 2019 was one of the snowiest in history. Multiple back-to-back snow events throughout February and March required an additional 648 hours of snow removal. These additional hours totaled \$26,620 in overtime costs, resulting in costs tracking 7% above budget. It is anticipated that public works salaries will be a budget variance for the duration of 2019 but will be offset by lower than budgeted spending in other areas.

The City anticipated closing on the Park Building in 2018, however 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 Comparison of Expenditures during First Quarter

Historically, expenditures have averaged 24.7% of budget over the last five years. Expenditures in 1Q19 are tracking slightly above average at 26.2%. However, when the transfer to the Parkland Trust Fund is excluded, expenses are 25.2% of budget, which aligns with the five-year average.

### 1Q Expenditures as a Percentage of Budget



## GENERAL OBLIGATION DEBT

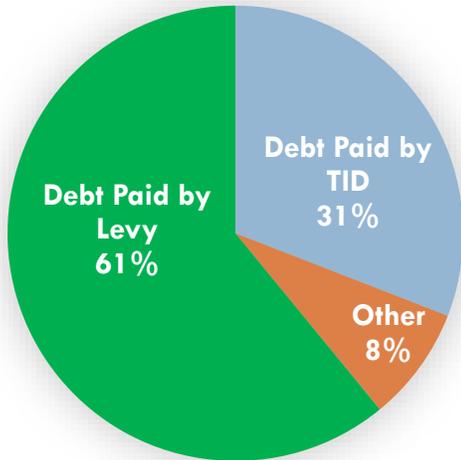
### General Obligation Debt

Principal and interest payments of \$561,487 and \$205,504, respectively, were made in 1Q representing 25.5% of the total year’s general obligation payments. The table below outlines principal and interest payments made as of March 31, 2019 as well as remaining payments for this year.

Payments	Actual Payments Made thru 3/31/19	Remaining Payment for Balance of 2019	Percent of Budget
Principal	\$561,487	\$1,997,640	21.9%
Interest	\$205,504	\$244,405	45.7%
Total Debt Service	\$766,991	\$2,242,046	25.5%

## Sources of Debt Repayment

### Sources of Debt Payment



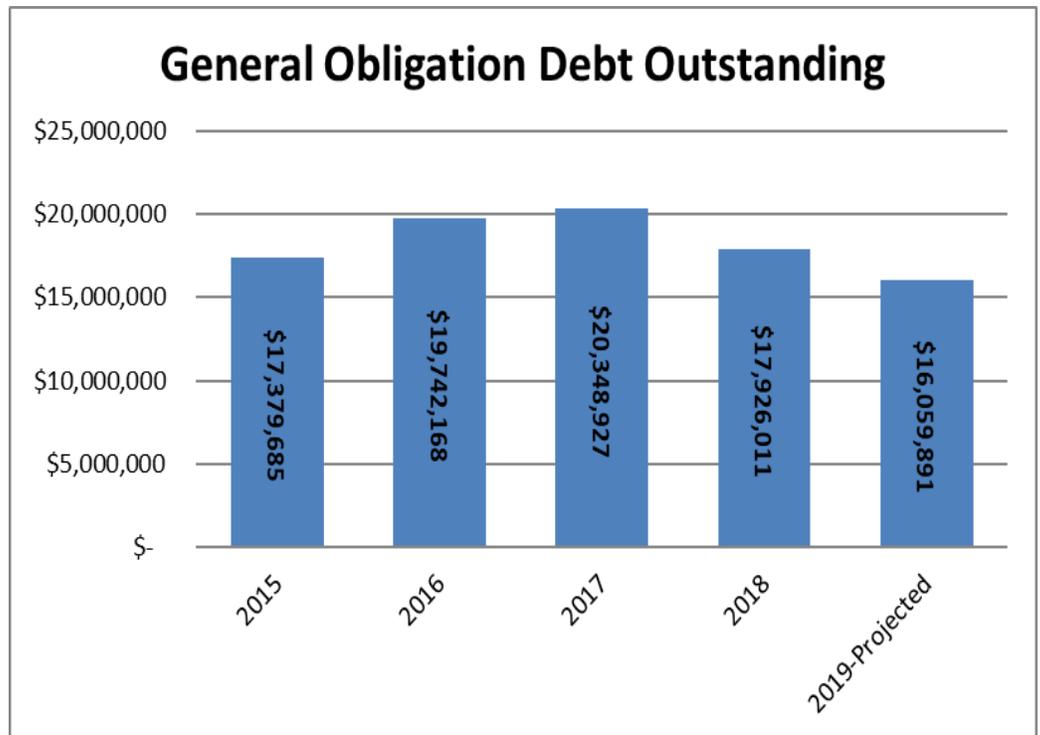
The general debt obligations of the City are repaid by a variety of sources, based upon the use of the borrowed funds, including: property taxes, storm water revenue, tax increment or revenue generated by the electric, water and sewer utility.

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.

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.

The chart to the right provides an overview of general obligation 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.



**INVESTMENT**

As of March 31, 2019, total funds inclusive of operating and investments are as follows:

<b>INVESTMENT</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
<b>GENERAL CITY INVESTMENTS</b>	5,025,760	4,309,212
<b>RESTRICTED INVESTMENTS</b>		
Stock Funds	10,422	10,201
Future Outlay	15,682	10,598
Future Retirements	43,104	42,193
Police Department	-	-
Sustainability Funds	22,500	27,500
Sports Center	116,037	107,251
Library	556,525	498,828
Impact Fees	641,190	423,117
Cemetery	52,888	44,144
Revolving Loan Fund	65,571	64,330
Capital Projects Investments	232,277	1,123,557
Landfill Cleanup Investments	1,728	2,951
Stormwater Investments	6,157	6,080
Park Land Trust	361,177	135,862
Library Trust	289,178	267,338
Flex Benefits	21,924	20,174
Recycling & Compost Fund	17,962	
Armed Services Memorial	1,411	3,857
<b>TOTAL INVESTMENTS</b>	<b>\$ 7,481,493</b>	<b>\$ 7,097,193</b>
<b>CITY OPERATING CASH BALANCE</b>	<b>\$ 115,937</b>	<b>\$ 281,152</b>
<b>TOTAL CITY INVESTMENTS &amp; CASH</b>	<b>\$ 7,597,430</b>	<b>\$ 7,378,345</b>
<b>UTILITIES - RESTRICTED INVESTMENTS</b>	<b>\$ 9,548,412</b>	<b>\$ 9,869,325</b>
<b>UTILITY OPERATING CASH BALANCE</b>	<b>\$ 170,487</b>	<b>\$ 4,294</b>
<b>TOTAL UTILITY INVESTMENTS &amp; CASH</b>	<b>\$ 9,718,899</b>	<b>\$ 9,873,619</b>

**K9 Fund**

As of March 31, 2019, the ending fund balance for the K9 fund is \$17,682.37.

<b>FUND ACTIVITY</b>		
	Current Quarter	Fiscal YTD 07/01/2018- 03/31/2019
<b>Beginning Fund Balance</b>	16,234.04	14,446.15
<b>CONTRIBUTIONS</b>		
(a) Tax Deductible Gifts and Bequests	2,702.00	6,834.70
(b) Non Tax Deductible Contributions	0.00	85.00
(c) Transfers In	0.00	0.00
<b>Total Contributions</b>	<u>2,702.00</u>	<u>6,919.70</u>
<b>INVESTMENT ACTIVITY</b>		
(d) Realized Income	96.66	237.55
(e) Unrealized Gains (Losses)	0.00	0.00
<b>Total Investment Activity</b>	<u>96.66</u>	<u>237.55</u>
<b>DISBURSEMENTS</b>		
(f) Grants and Scholarships	1,281.83	3,635.78
(g) Administrative and Investment Fees	68.50	285.25
(h) Fund Project Expenses	0.00	0.00
(i) Transfers Out	0.00	0.00
<b>Total Disbursements</b>	<u>1,350.33</u>	<u>3,921.03</u>
<b>Ending Fund Balance as of 03/31/2019</b>	<b>17,682.37</b>	<b>17,682.37</b>