

CITY OF NEW RICHMOND

THE CITY BEAUTIFUL

3rd QUARTER 2019 FINANCIAL REPORT



Safety First | Family First



OPERATING REVENUE – GENERAL FUND

2019 Year-to-Date Actual Revenue Compared to Budget

As of September 30, 2019, approximately 85.6% (\$5,702,823) of budgeted revenue was collected, trending above the 5-year average of 82.4% (\$5,096,418). Year-to-date property tax collections as a percentage of total YTD revenue are 55.7%, slightly lower than the typical range of 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 6.9% (\$395K) of YTD revenue. If Park Building and insurance recovery revenue is excluded, property taxes would account for 59.9% of actual revenue collected through third quarter, which is comparable to the five-year average.

Revenue Category	2018 Actual	2019 Thru 9.30.19	2019 Budget	% Actual to Budget	% Revenue by Source
Taxes - Property & Other	3,882,716	3,283,372	3,920,119	84%	58%
Intergovernmental	1,714,712	1,055,036	1,499,890	70%	19%
Regulation & Compliance	625,648	430,295	486,065	89%	8%
Public Charges for Services	434,380	285,815	332,241	86%	5%
Special Assessments	17,218	11,132	3,200	348%	0%
Investment Income	112,707	130,942	54,020	242%	2%
Miscellaneous	255,615	506,231	295,710	171%	9%
Operating Transfers In	50,000	-	70,000	0%	0%
Total Revenue	\$ 7,092,996	\$ 5,702,823	\$ 6,661,245	85.6%	100%

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.

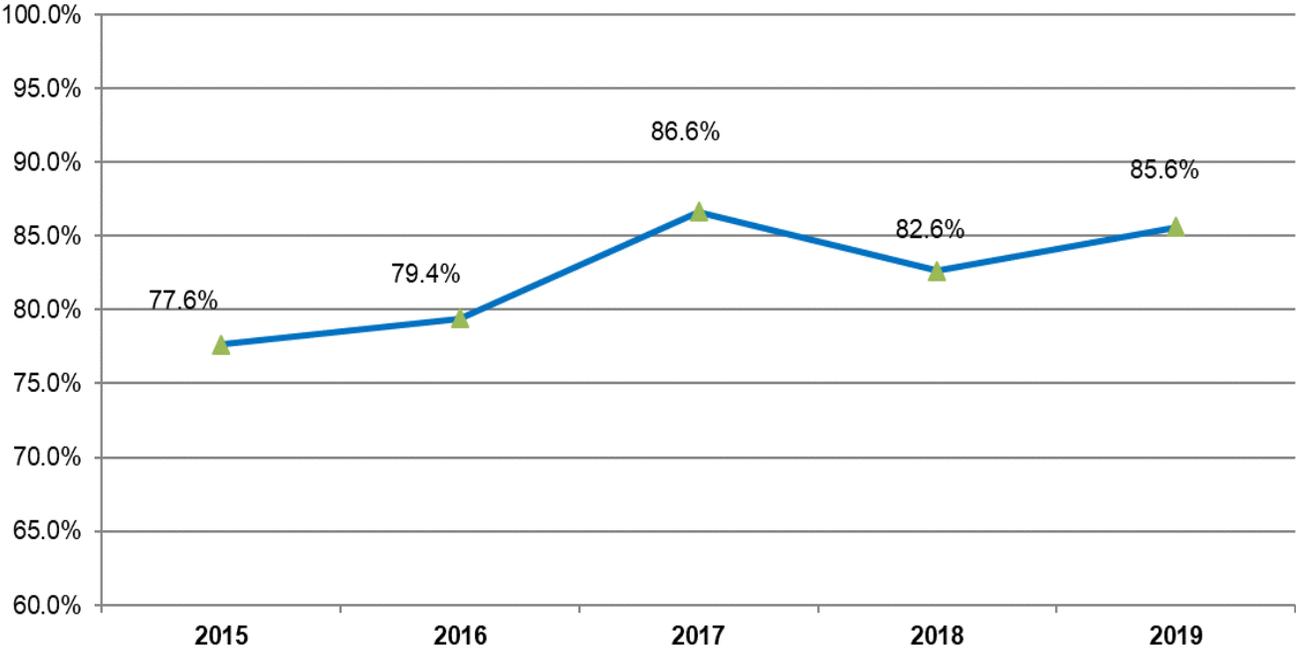
Excluding the non-recurring revenues discussed above, overall 3Q revenue is favorable to budget. Favorable notable variances include: interest on investments at 242.4% (\$130,942), Airport hangar lease collections at 103.4% (\$71,095) and municipal court penalties at 107.9% (\$97,160). Room tax revenues are slightly higher when compared to the same time last year by \$9K or 16.4%.

Building permit and inspection revenue collected through 3Q was \$270,316, which is a decrease of 18% (\$61,221) compared to prior year. However, permit revenue is still performing strong compared to historical averages and is tracking slightly above budget. As of September 30, 2019, there were 421 permits issued including 191 new dwelling permits compared to same period in 2018 with 651 permits issued including 112 new dwelling permits.

5-Year Revenue Trend

Actual revenue collected through third quarter has been relatively consistent over the last five years, averaging 82.4% of budget or \$5.1M. Revenues collected during 3Q19 were higher than average at 85.6% of budget or \$5.7M. 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 80.1% of budget, which is slightly lower than historical averages. Property taxes were fully collected at \$3.17M or 100% of budget as of September 30.

3Q Revenue as a Percentage of Budget



OPERATING EXPENSES – GENERAL FUND

Expenditures Actual to Budget

As of September 30, 2019, actual expenditures are tracking to budget at \$5,105,660, or 76.6% 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 Department	2018 Actual	2019 Thru 9.30.19	2019 Budget	% YTD to Budget	% Expense by Dept
Police	2,316,463	1,779,659	2,346,410	76%	35%
General Government	1,112,233	779,079	1,133,345	69%	17%
Streets	1,146,510	707,044	1,002,940	70%	15%
Parks	592,418	350,701	384,300	91%	6%
Library	773,641	557,893	830,925	67%	12%
Fire	279,442	197,965	279,783	71%	4%
Airport	166,301	129,453	186,625	69%	3%
Economic Development	171,747	148,491	181,725	82%	3%
Ambulance & Emer. Gov't	132,600	134,883	134,530	100%	2%
Culture	117,556	84,316	134,000	63%	2%
Taxi	220,888	123,108	10,000	1231%	0%
Health & Social Services	7,008	4,182	5,900	71%	0%
Outlay Expenditures	15,530	5,021	15,763	32%	0%
Transfers	21,864	103,866	15,000	692%	0%
Total Expenditures	\$ 7,074,201	\$ 5,105,661	\$ 6,661,245	77%	100%

While expenses are not evenly incurred depending on the department and expense type, overall General Fund expenses average around 75% through third quarter. As noted above, expenditures are currently tracking at 76.6% of budget, which aligns with 2017 and 2018 percentages of 75.6% and 80.1%, but is slightly higher than the 5 year average of 75.7%. Notable variances include snow removal, PD building roof and siding repairs, Centre hail repairs, street lighting, 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. 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.

Street lighting expenses are tracking higher than budget and are anticipated to be a variance through the balance of the year. Conversion to LED street lighting has reduced energy costs; however, the number of streetlights within the City has grown relative to residential development thus increasing operational costs.

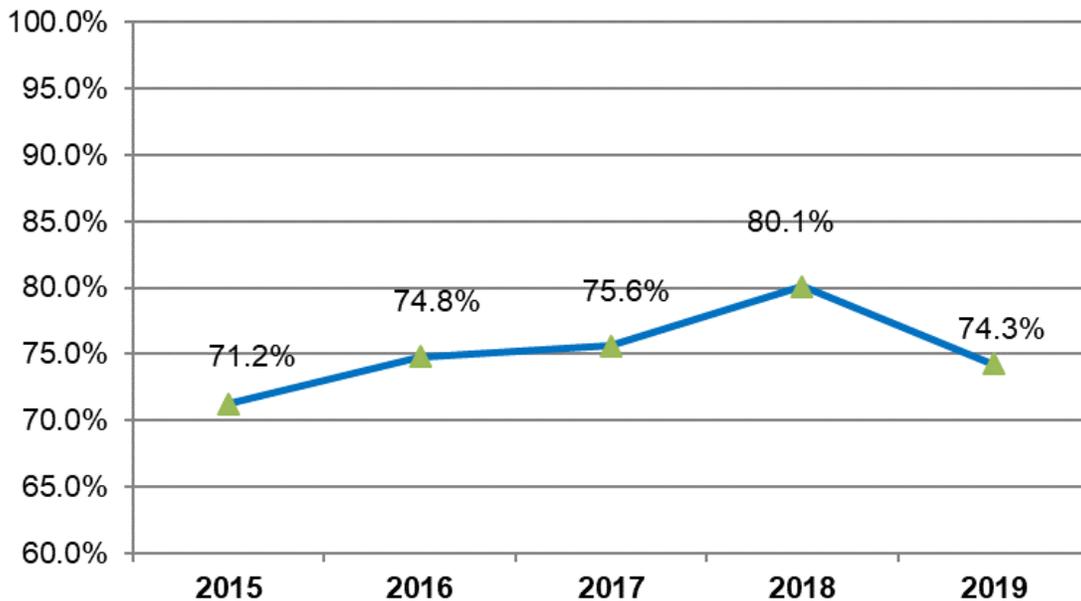
Roof and siding repairs, due to hail damage in 2017, were completed at the Police building this summer. The repair expenses of \$62,719 will be a budget variance until year-end when insurance proceeds are appropriated into the budget. Likewise, \$25,382 in HVAC hail repairs were completed at the Centre and will be a budget variance until year-end.

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 75.7% of budget over the last five years. Expenditures in 3Q19 are tracking slightly above average at 76.6%. However, when the transfer to the Parkland Trust Fund and hail repair related expenses are excluded, expenses were 74.3% of budget, which is slightly below the five-year average.

3Q Expenditures as a Percentage of Budget



GENERAL OBLIGATION DEBT

General Obligation Debt Payments

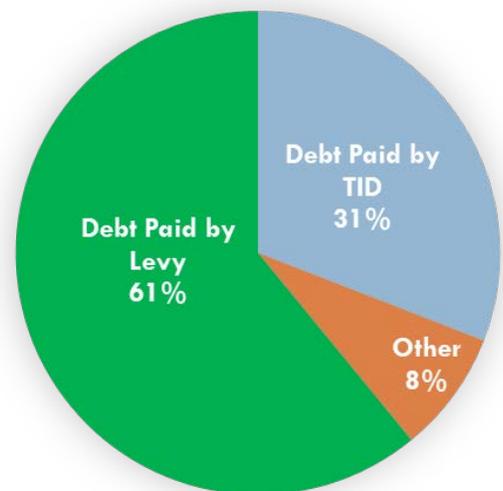
Principal and interest payments of \$2,138,892 and \$402,369, respectively, were made through third quarter, representing 84.5% of the total year’s general obligation payments. The table below outlines principal and interest payments made as of September 30, 2019, as well as remaining payments for the year:

Payment Type	Payments Made thru 9/30/19	Payments Remaining thru 9/30/19	% of Budget thru 9/30/19
Principal	\$2,138,892	\$420,235	83.6%
Interest	\$402,369	\$449,909	89.4%
Total	\$2,541,261	\$469,776	84.5%

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, and revenue generated by the electric, water, and 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.

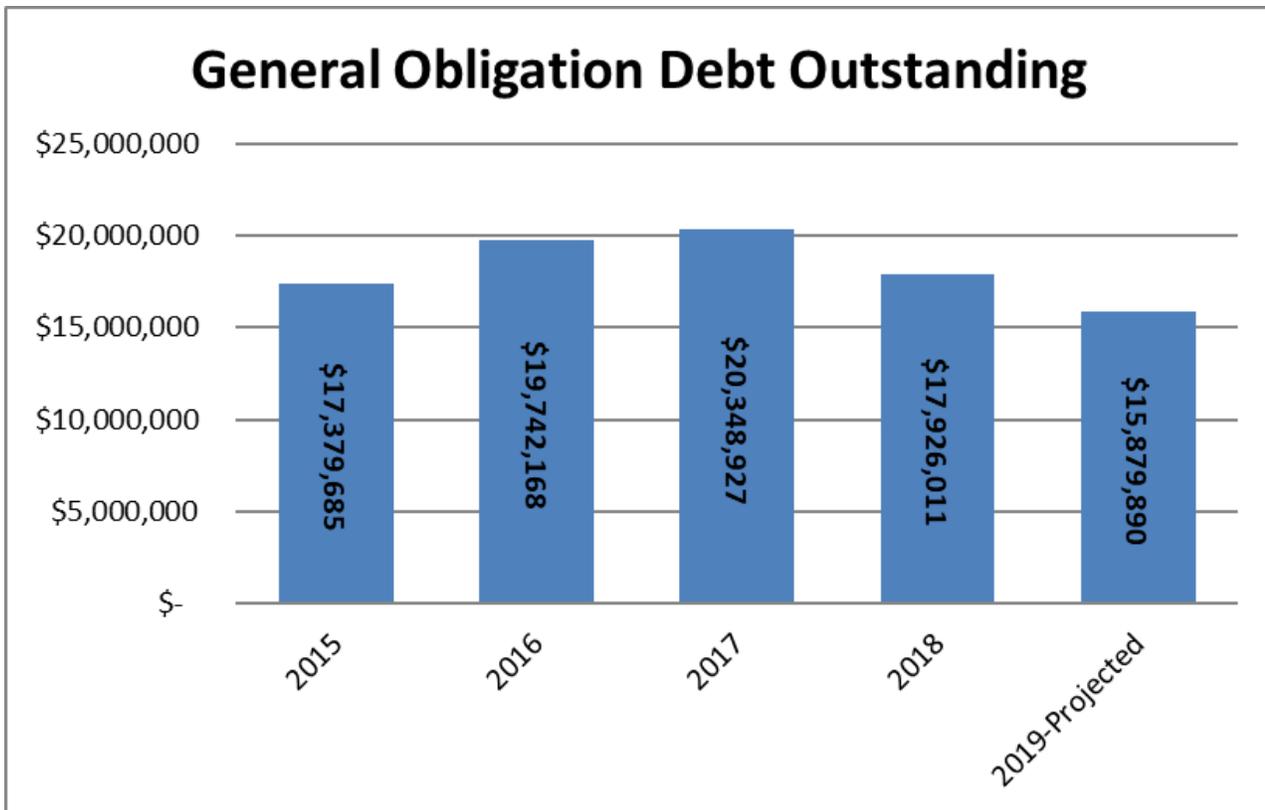


Debt Outstanding

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 budget identified \$650K in financing requirements to facilitate capital improvements. However, actual financing requirements for 2019 are \$470K, this is mainly due to project timing crossing into 2020. The 2019 general obligation promissory note issuance is anticipated to occur in 4Q.

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 \$470K.



INVESTMENTS

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

INVESTMENT	Sept 30, 2019	Sept 30, 2018
GENERAL CITY INVESTMENTS	3,790,644	2,924,001
RESTRICTED INVESTMENTS		
Stock Funds	10,545	10,299
Future Outlay	15,868	10,699
Future Retirements	43,614	42,597
Police Department	-	-
Sustainability Funds	22,500	27,500
Sports Center	118,323	107,679
Library	585,517	531,192
Impact Fees	926,430	614,492
Cemetery	34,464	50,018
Revolving Loan Fund	86,013	54,494
Capital Projects Investments	101,264	853,938
Landfill Cleanup Investments	19,454	30,871
Stormwater Investments	6,306	6,157
Park Land Trust	361,597	205,469
Library Trust	308,658	288,132
Flex Benefits	24,451	25,328
Recycling & Compost Fund	15,527	
K9 Fund	19,284	14,781
Armed Services Memorial	1,832	1,295
TOTAL INVESTMENTS	\$ 6,492,291	\$ 5,798,942
CITY OPERATING CASH BALANCE	\$ 141,449	\$ 223,634
TOTAL CITY INVESTMENTS & CASH	\$ 6,633,739	\$ 6,022,576
UTILITIES - RESTRICTED INVESTMENTS	\$ 9,316,872	\$ 9,173,100
UTILITY OPERATING CASH BALANCE	\$ 374,234	\$ 245,534
TOTAL UTILITY INVESTMENTS & CASH	\$ 9,691,106	\$ 9,418,634