

CITY OF RICHLAND CENTER

Audit Presentation to the
City Council

For the Year Ended
December 31, 2019

September 1, 2020

*Prepared by:
Johnson Block & Company, Inc.
Certified Public Accountants*

CITY OF RICHLAND CENTER

2019 AUDIT OVERVIEW

- We have completed our audit of the City of Richland Center for the year ended December 31, 2019, and have issued our independent auditor's report on the financial statements of the City. Our report and the audited financial statements are presented in a bound document.
- We did not audit the financial statements of the Electric, Water and Sewer Enterprise Funds, which represent the amounts shown as the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us.
- Management has reviewed and accepted the financial statements and adjusting journal entries.
- A separate audit communications document designed for the City Council has also been submitted and should be read in conjunction with the audited financial statements.
- We also prepared a regulatory report for 2019 that was filed with the Wisconsin Department of Revenue.

CITY OF RICHLAND CENTER

2019 FINANCIAL HIGHLIGHTS

- The City continues to have a strong financial position, cash liquidity and fund balances.
- The City's General Fund recorded an increase to fund balance of \$879,548. Overall governmental fund balance increased by \$485,695.
- Revenues from the Tax Incremental Financing Districts totaled \$89,434 for 2019, which includes \$75,404 in taxes and special assessments and \$14,030 in intergovernmental grants. TIF District expenditures totaled \$300,355 on eligible projects and debt service.
- The City's Economic Development and Housing Loan Programs had loans receivable totaling \$680,737 outstanding as of December 31, 2019. These loans have been made to City property owners for improvement and development projects. The December 31, 2019 loan balance consisted of \$119,601 for the Revolving Loan Fund and \$561,136 for the Housing Fund. Loan loss reserves of \$98,401 have been recorded as an allowance against the outstanding balance.
- The City's General Fund has committed and assigned fund balances of \$3,844,031 set aside for future projects and future expenditures.

CITY OF RICHLAND CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – 2019 GOVERNMENTAL FUNDS

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>Tax Incremental Financing Districts</u>	<u>Nonmajor Funds</u>	
REVENUES				
Taxes and special assessments	\$ 2,400,479	\$ 75,404	\$ -	\$ 2,475,883
Intergovernmental	1,963,788	14,030	123,998	2,101,816
Licenses and permits	75,479	-	-	75,479
Penalties and forfeitures	43,229	-	-	43,229
Public charges for services	472,543	-	11,435	483,978
Interest	220,123	-	9,683	229,806
Miscellaneous general revenues	576,904	-	11,118	588,022
Total revenues	<u>5,752,545</u>	<u>89,434</u>	<u>156,234</u>	<u>5,998,213</u>
EXPENDITURES				
Current:				
General government	853,437	-	5,047	858,484
Public safety	1,535,002	-	-	1,535,002
Public works	1,175,723	-	-	1,175,723
Culture and recreation	742,614	-	352,119	1,094,733
Conservation and development	90,943	9,201	-	100,144
Capital outlay	5,034,758	2,810	-	5,037,568
Debt service:				
Principal	4,583,607	261,176	-	4,844,783
Interest and fiscal charges	148,068	27,168	-	175,236
Total expenditures	<u>14,164,152</u>	<u>300,355</u>	<u>357,166</u>	<u>14,821,673</u>
Excess (deficiency) of revenues over expenditures	<u>(8,411,607)</u>	<u>(210,921)</u>	<u>(200,932)</u>	<u>(8,823,460)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	267,720	-	268,000	535,720
Transfers in - utility tax equivalent	529,558	-	-	529,558
Transfer out	(268,000)	-	(250,000)	(518,000)
Long-term debt proceeds	8,928,466	-	-	8,928,466
Contributions to utilities	(166,589)	-	-	(166,589)
Total other financing sources (uses)	<u>9,291,155</u>	<u>-</u>	<u>18,000</u>	<u>9,309,155</u>
Net change in fund balance	879,548	(210,921)	(182,932)	485,695
Fund balance (deficit) - January 1	9,612,480	(132,786)	1,620,896	11,100,590
Fund balance (deficit) - December 31	<u>\$ 10,492,028</u>	<u>\$ (343,707)</u>	<u>\$ 1,437,964</u>	<u>\$ 11,586,285</u>

CITY OF RICHLAND CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – 2019 BUDGET AND ACTUAL – GENERAL FUND

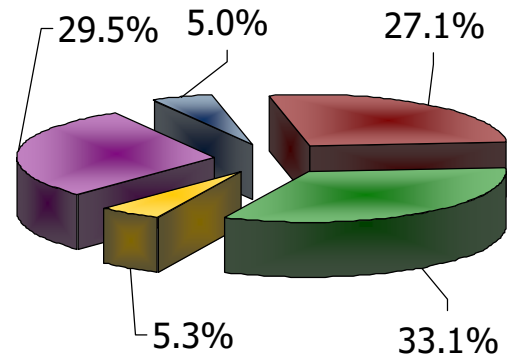
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 2,338,027	\$ 2,338,027	\$ 2,400,479	\$ 62,452
Intergovernmental	1,701,165	1,701,165	1,963,788	262,623
Licenses and permits	98,353	98,353	75,479	(22,874)
Penalties and forfeitures	46,000	46,000	43,229	(2,771)
Public charges for services	502,575	502,575	472,543	(30,032)
Interest	6,700	6,700	220,123	213,423
Miscellaneous general revenues	36,625	36,625	576,904	540,279
Total revenues	<u>4,729,445</u>	<u>4,729,445</u>	<u>5,752,545</u>	<u>1,023,100</u>
EXPENDITURES				
Current:				
General government	775,763	775,763	853,437	(77,674)
Public safety	1,516,177	1,516,177	1,535,002	(18,825)
Public works	1,204,619	1,204,619	1,175,723	28,896
Culture and recreation	871,105	871,105	742,614	128,491
Conservation and development	63,400	63,400	90,943	(27,543)
Capital outlay	5,073,405	5,073,405	5,034,758	38,647
Debt service:				
Principal	155,000	155,000	4,583,607	(4,428,607)
Interest and fiscal charges	140,417	140,417	148,068	(7,651)
Total expenditures	<u>9,799,886</u>	<u>9,799,886</u>	<u>14,164,152</u>	<u>(4,364,266)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,070,441)</u>	<u>(5,070,441)</u>	<u>(8,411,607)</u>	<u>(3,341,166)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	267,720	267,720
Transfers in - utility tax equivalent	439,380	439,380	529,558	90,178
Transfers out	(268,000)	(268,000)	(268,000)	-
Long-term debt proceeds	4,000,000	4,000,000	8,928,466	4,928,466
Contributions to utilities	-	-	(166,589)	(166,589)
Total other financing sources (uses)	<u>4,171,380</u>	<u>4,171,380</u>	<u>9,291,155</u>	<u>5,119,775</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(899,061)</u>	<u>(899,061)</u>	<u>879,548</u>	<u>1,778,609</u>
Fund balance - January 1	<u>9,612,480</u>	<u>9,612,480</u>	<u>9,612,480</u>	<u>-</u>
Fund balance - December 31	<u>\$ 8,713,419</u>	<u>\$ 8,713,419</u>	<u>\$ 10,492,028</u>	<u>\$ 1,778,609</u>

CITY OF RICHLAND CENTER

GOVERNMENTAL FUND BALANCES

	<u>2019</u>	<u>2018</u>
Nonspendable		
General Fund:		
Prepayments	\$ 114,372	\$ 126,765
Advances to other funds	343,707	232,479
Economic development loans	74,885	79,382
Delinquent personal property taxes	51,741	52,516
Total nonspendable	<u>584,705</u>	<u>491,142</u>
Restricted		
General Fund:		
Landfill closure costs	583,915	577,944
Tourism expenditures	75,972	74,982
Unspent bond proceeds	474,310	-
Affordable housing	970,254	-
Aquatic center	199,495	-
Tax Incremental Financing Districts:		
Conservation and development	-	99,693
Nonmajor Funds:		
Revolving economic development loans	-	842,697
Housing economic development loans	628,844	633,198
Library subsequent year expenditures	207,433	145,001
Total restricted	<u>3,140,223</u>	<u>2,373,515</u>
Committed		
General Fund:		
Pool maintenance	27,988	31,671
Data processing	34,174	24,174
Historic preservation	10,648	10,648
Airport property	27,119	27,119
Industrial park development	181,297	181,297
Streets, roof and other projects	797,982	2,445,956
Building maintenance	63,158	72,407
Library projects	4,000	4,000
Police equipment	33,642	33,642
Forestry	15,800	16,300
Playground	-	14,000
Flood mitigation	23,965	22,965
Snow removal	-	30,000
Equipment replacement	720,267	922,500
Parking lots	508,000	-
Aquatic center	1,382,102	-
Total committed	<u>3,830,142</u>	<u>3,836,679</u>
Assigned		
General Fund:		
Park and community center	9,892	38,864
Cemetery perpetual care	3,997	3,953
Nonmajor Fund:		
Revolving economic development loans	601,687	-
Total assigned	<u>615,576</u>	<u>42,817</u>
Unassigned		
General Fund	3,759,346	4,588,916
Tax Incremental Financing Districts (deficit)	(343,707)	(232,479)
Total unassigned	<u>3,415,639</u>	<u>4,356,437</u>
Total governmental fund balance	<u>\$ 11,586,285</u>	<u>\$ 11,100,590</u>

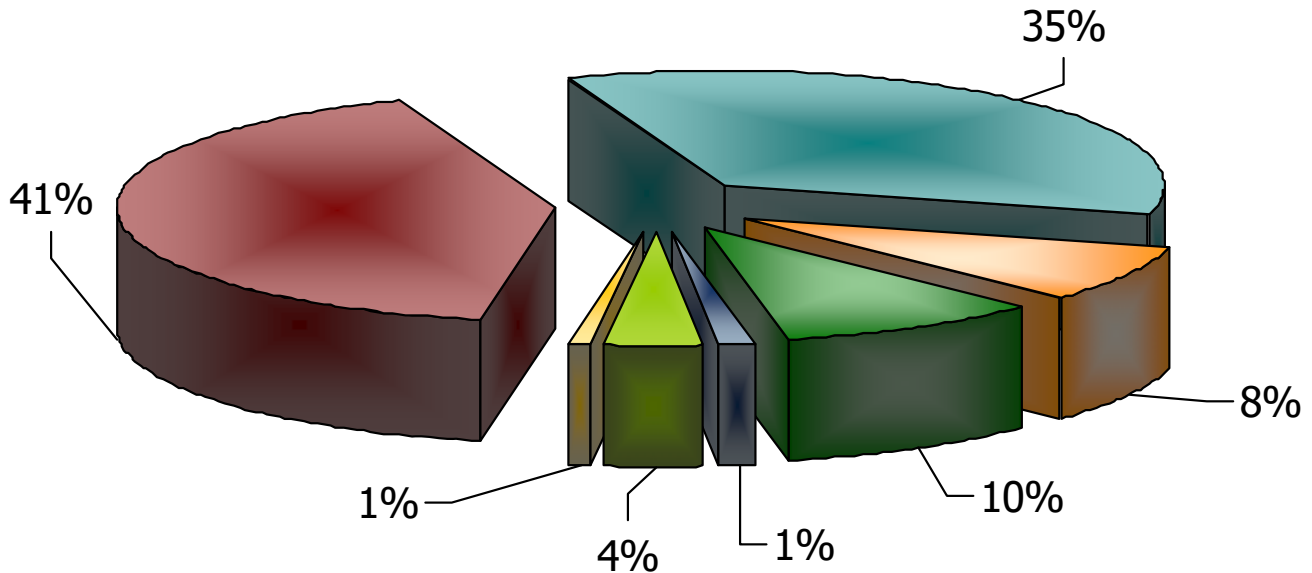
12/31/2019



■ Nonspendable - \$584,705
■ Restricted - \$3,140,223
■ Committed - \$3,830,142
■ Assigned - \$615,576
■ Unassigned - \$3,415,639

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2019 REVENUES



■ Taxes & Assessments	(\$2,475,883)
■ Intergovernmental	(\$2,101,816)
■ Public Charges for Services	(\$483,978)
■ Miscellaneous General Revenues	(\$588,022)
■ Licenses & Permits	(\$75,479)
■ Interest Income	(\$229,806)
■ Penalties & Forfeitures	(\$43,229)

OBSERVATIONS AND COMMENTS:

- Property taxes are collected in January and August.
- Intergovernmental revenues comprised 35% of total revenues in 2017.

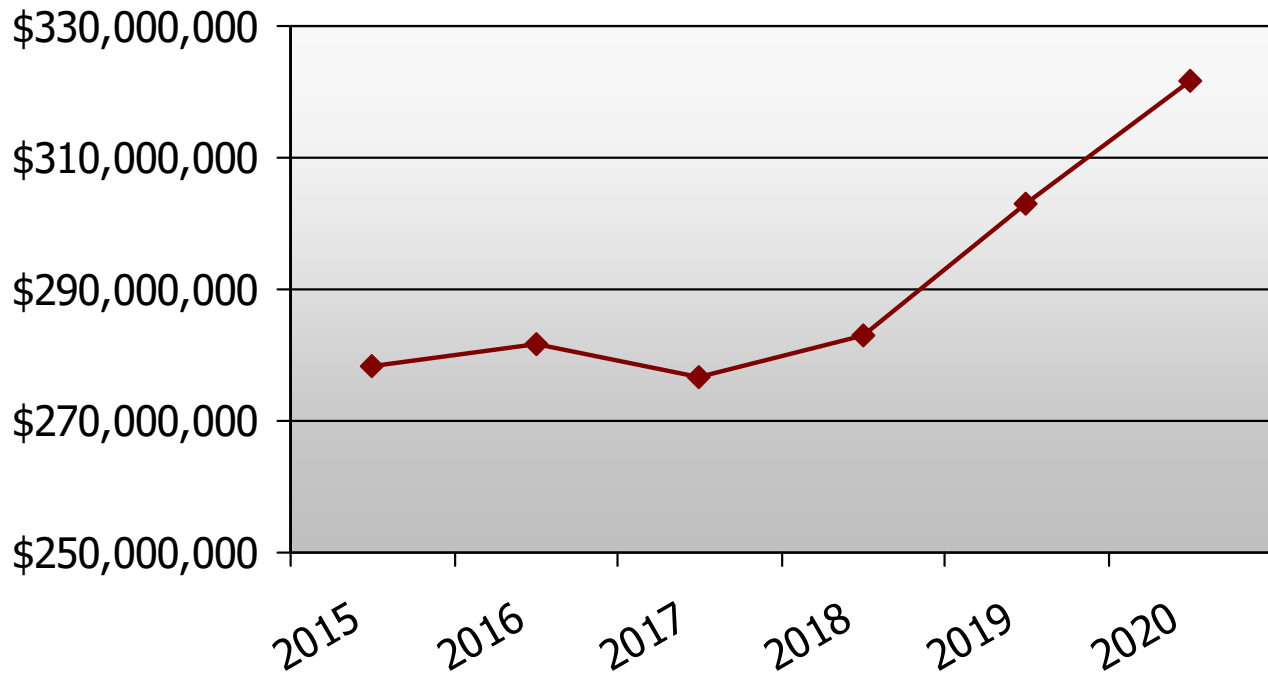
The most significant intergovernmental revenues are:

Shared taxes	\$ 1,296,178
General transportation aids	\$ 279,865

SOURCE: 12/31/2019 AUDITED FINANCIAL STATEMENTS

CITY OF RICHLAND CENTER

TREND IN EQUALIZED VALUE OF PROPERTY



Total Equalized Value (Includes TIF Increment)

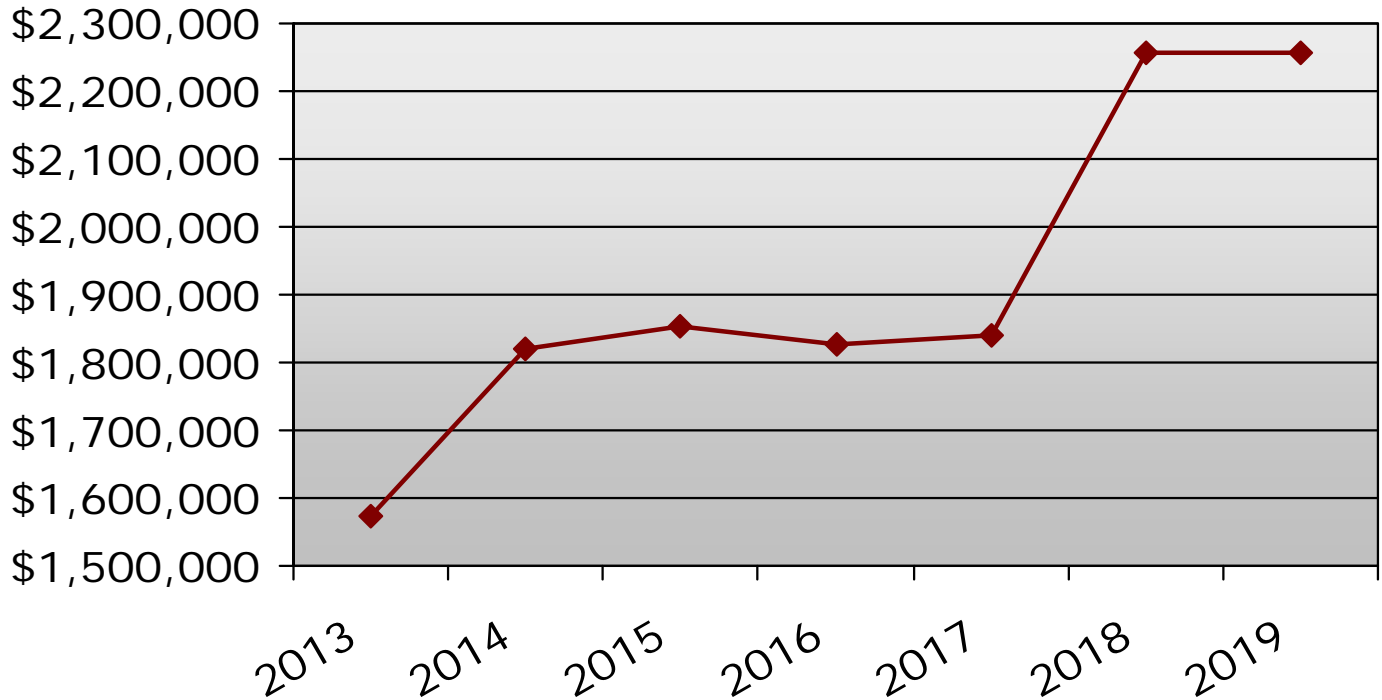
2015	\$ 278,256,200	2018	\$ 282,932,000
2016	\$ 281,656,200	2019	\$ 303,111,800
2017	\$ 276,551,100	2020	\$ 321,772,700

OBSERVATIONS AND COMMENTS:

- The City's overall valuation has increased 18% in the six year period presented here.

CITY OF RICHLAND CENTER

PROPERTY TAXES – EXCLUDING TAX INCREMENT LEVIES



Local Property Tax Levy (Excludes TIF)

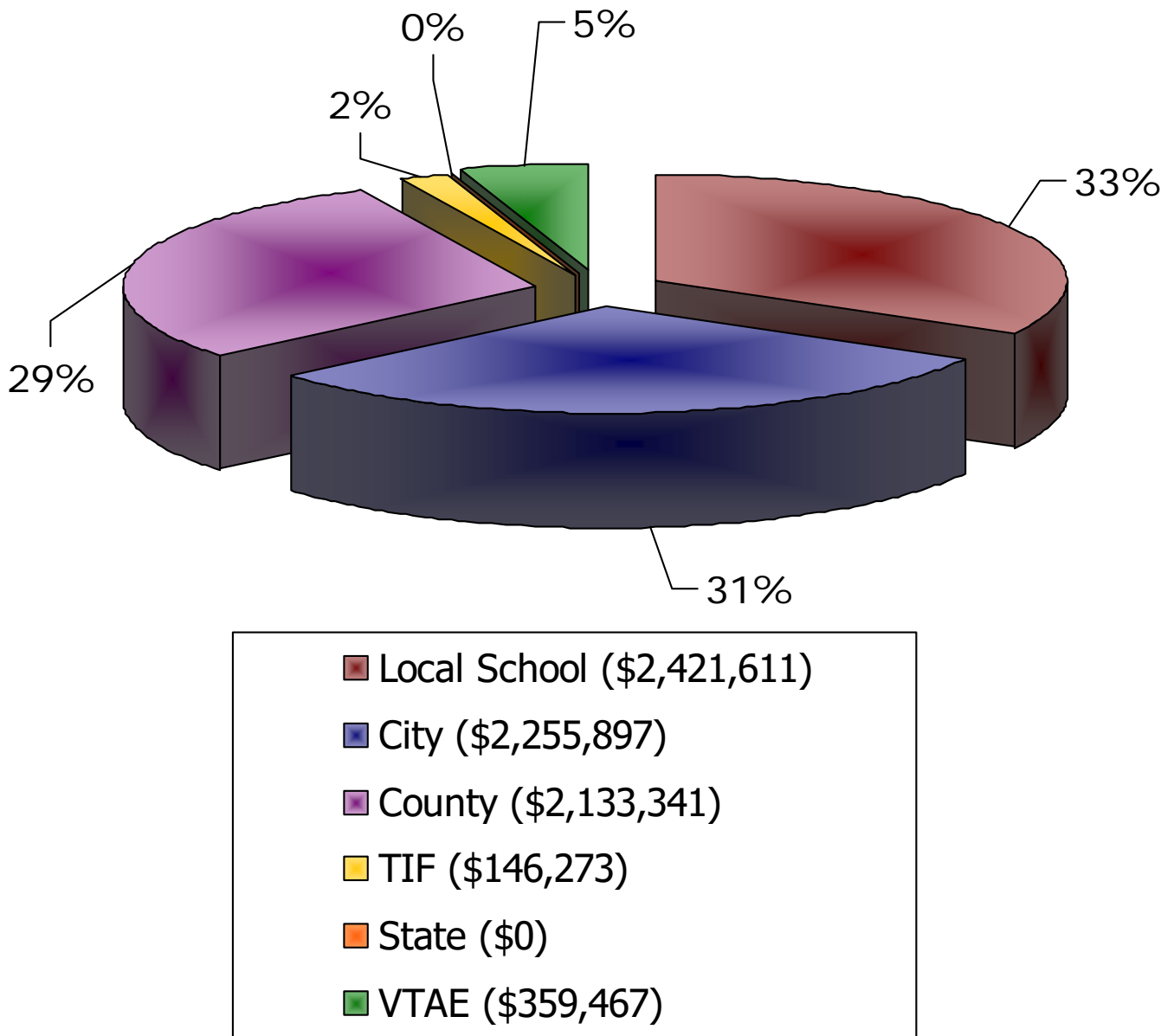
2013	\$ 1,571,889
2014	\$ 1,820,949
2015	\$ 1,854,419
2016	\$ 1,826,777
2017	\$ 1,840,090
2018	\$ 2,256,617
2019	\$ 2,255,897

OBSERVATIONS AND COMMENTS:

- The City complied fully with the state imposed property tax levy limits.

CITY OF RICHLAND CENTER

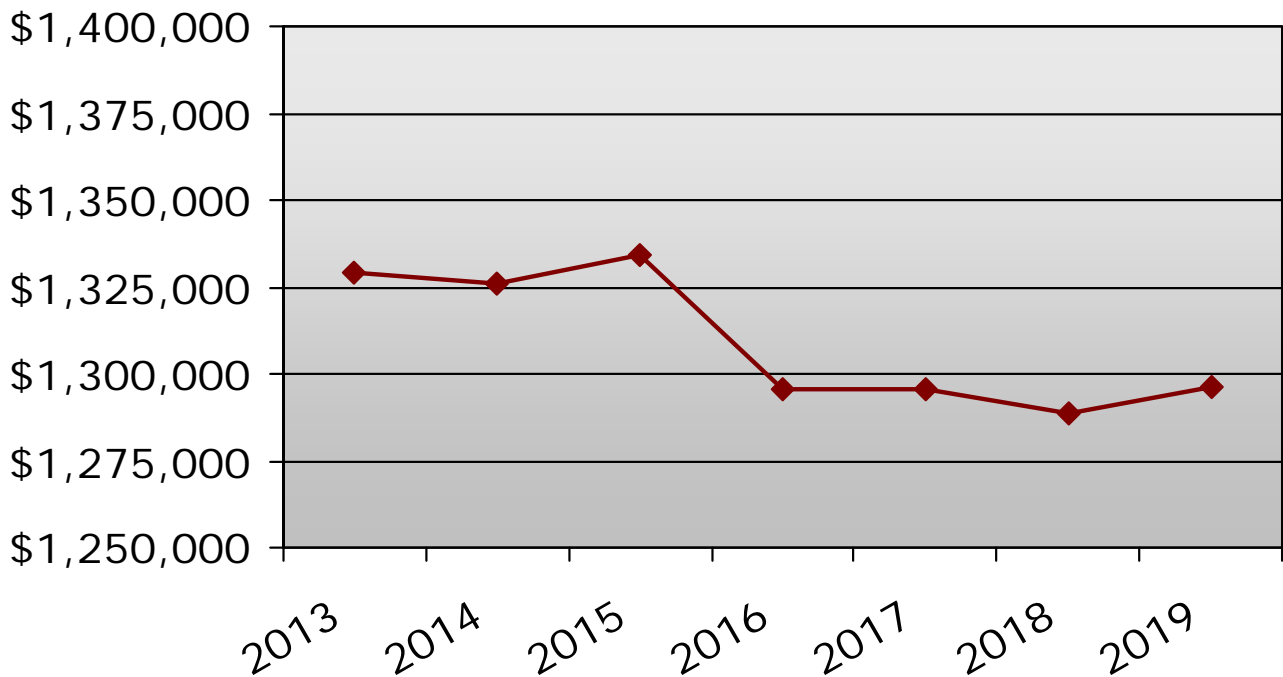
PROPERTY TAX ROLL 2019 LEVY COLLECTED 2020



SOURCE: 2019 STATEMENT OF TAXES –
FILED WITH WISCONSIN DEPARTMENT OF REVENUE

CITY OF RICHLAND CENTER

TREND IN SHARED REVENUES

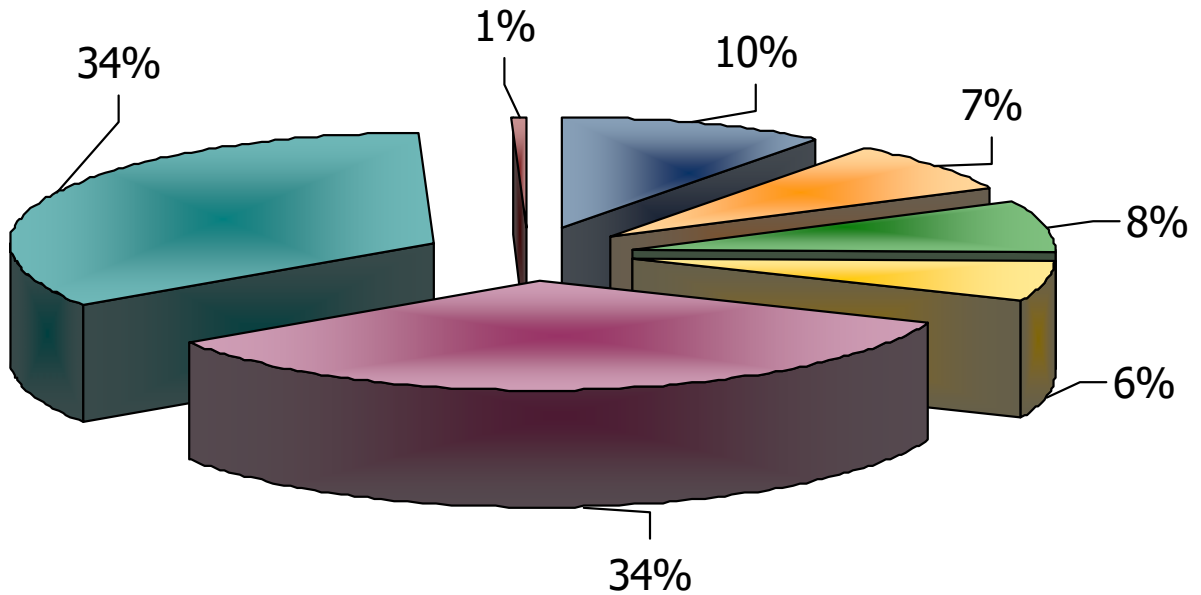


Shared Revenues

2013	\$ 1,328,975
2014	\$ 1,325,969
2015	\$ 1,334,134
2016	\$ 1,295,285
2017	\$ 1,295,324
2018	\$ 1,288,628
2019	\$ 1,296,178

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2019 EXPENDITURES



- Public Safety (\$1,535,002)
(includes police, fire, emergency service)
- Culture & Recreation (\$1,094,733)
(includes library, parks and recreation programming)
- Public Works (\$1,175,723)
(includes street construction, taxi and waste collection)
- General Government (\$858,484)
- Capital Outlay (\$5,037,568)
(includes public safety, public works, culture and recreation)
- Debt Service (\$5,020,019)
- Conservation & Economic Development (\$100,144)
(includes economic development and room tax)

CITY OF RICHLAND CENTER

CHANGES IN LONG-TERM OBLIGATIONS

➤ The following is a summary of long-term obligations for the year ended December 31, 2019:

	1/1/2019 Balance	Increases	Decreases	12/31/2019 Balance	Amounts Due Within One Year
Governmental Activities					
Direct borrowings and direct placements	\$ 1,461,271	\$ 4,428,547	\$ 4,844,784	\$ 1,045,034	\$ 144,877
Bonds	795,000	4,265,000	-	5,060,000	175,000
Bond premium	-	234,919	-	234,919	-
Subtotal	<u>2,256,271</u>	<u>8,928,466</u>	<u>4,844,784</u>	<u>6,339,953</u>	<u>319,877</u>
Other liabilities:					
Compensated absences	303,897	356	3,012	301,241	-
Landfill post-closure care costs	452,803	35,832	13,825	474,810	14,000
Subtotal	<u>756,700</u>	<u>36,188</u>	<u>16,837</u>	<u>776,051</u>	<u>14,000</u>
Total governmental activities long-term liabilities	<u>\$ 3,012,971</u>	<u>\$ 8,964,654</u>	<u>\$ 4,861,621</u>	<u>\$ 7,116,004</u>	<u>\$ 333,877</u>
Business-Type Activities					
Direct borrowings and direct placements	\$ 18,817,100	\$ 2,140,155	\$ 994,167	\$ 19,963,088	\$ 569,489
Bonds	2,510,000	-	250,000	2,260,000	255,000
Subtotal	<u>21,327,100</u>	<u>2,140,155</u>	<u>1,244,167</u>	<u>22,223,088</u>	<u>824,489</u>
Other accrued liabilities:					
Vested compensated absences	233,247	51,698	53,599	231,346	-
Subtotal	<u>233,247</u>	<u>51,698</u>	<u>53,599</u>	<u>231,346</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 21,560,347</u>	<u>\$ 2,191,853</u>	<u>\$ 1,297,766</u>	<u>\$ 22,454,434</u>	<u>\$ 824,489</u>

OBSERVATIONS AND COMMENTS:

➤ The City's outstanding debt is structured favorably with interest rates at or below current market.

➤ General obligation debt limitation totals \$15,155,950 and debt subject to limitation totals \$6,105,034. The City has 59.7% of its debt capacity remaining at December 31, 2019.

CITY OF RICHLAND CENTER

SUMMARY OF TAX INCREMENTAL FINANCING DISTRICTS

- The City established TIF District No. 4 in 1995 and TIF District No. 6 in 2017. The following is the cumulative status of the Districts as of December 31, 2019:

	Administration Expenses	Project Costs	Debt Service	Cumulative Expense/Cost Total	Cumulative District Revenues
TIF District No. 4	\$ 11,187	\$ 1,899,804	\$ 702,493	\$ 2,613,484	\$ 2,461,460
TIF District No. 6	32,700	939,721	338,535	1,310,956	1,119,273

- The financial activity of the Districts has been financed by general obligation debt and advances from the General Fund.

- The 2019 equalized property valuations of the TIF Districts are as follows:

	Current Value	Base Value	Increment
TIF District No. 4	\$ 19,056,200	\$ 15,091,600	\$ 3,964,600
TIF District No. 6	2,123,200	28,300	2,094,900