

CITY OF RICHLAND CENTER

Audit Presentation to the
City Council

For the Year Ended
December 31, 2023

December 3, 2024

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

CITY OF RICHLAND CENTER

2023 AUDIT OVERVIEW

- We have completed our audit of the City of Richland Center for the year ended December 31, 2023, 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 report has 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 was also submitted and should be read in conjunction with the audited financial statements.
- We also prepared a regulatory report for 2023 that was filed with the Wisconsin Department of Revenue.

CITY OF RICHLAND CENTER

2023 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 \$295,006. Overall governmental fund balance increased by \$360,480.
- Tax Incremental Financing District No. 6 revenues totaled \$170,533 for 2023, which includes \$127,712 in taxes and special assessments and \$42,821 in developer contributions. TIF District expenditures totaled \$92,068 on eligible projects and debt service.
- The City's Economic Development and Housing Loan Programs had loans receivable totaling \$653,604 outstanding as of December 31, 2023. These loans have been made to City property owners for improvement and development projects. The December 31, 2023 loan balance consisted of \$67,076 for the Revolving Loan Fund, \$497,600 for the Housing Fund, and \$88,928 for the General Fund. Loan loss reserves of \$75,332 have been recorded as an allowance against the outstanding balance.
- The City's General Fund has committed and assigned fund balances of \$1,730,533 set aside for future projects.

CITY OF RICHLAND CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – 2023 GOVERNMENTAL FUNDS

	<u>Major</u>		
	<u>General</u>	<u>Nonmajor</u>	
	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
REVENUES			
Taxes and special assessments	\$ 2,586,541	\$ 127,712	\$ 2,714,253
Intergovernmental	2,098,785	147,743	2,246,528
Licenses and permits	62,254	-	62,254
Penalties and forfeitures	39,878	-	39,878
Public charges for services	673,882	6,203	680,085
Interest	468,784	11,969	480,753
Miscellaneous general revenues	213,541	54,968	268,509
Total revenues	<u>6,143,665</u>	<u>348,595</u>	<u>6,492,260</u>
EXPENDITURES			
Current:			
General government	978,545	-	978,545
Public safety	1,745,746	-	1,745,746
Public works	1,086,071	-	1,086,071
Culture and recreation	1,037,070	448,873	1,485,943
Conservation and development	219,712	45,414	265,126
Capital outlay	656,945	9,100	666,045
Debt service:			
Principal	295,059	50,000	345,059
Interest and fiscal charges	128,287	21,067	149,354
Total expenditures	<u>6,147,435</u>	<u>574,454</u>	<u>6,721,889</u>
Excess (deficiency) of revenues over expenditures	<u>(3,770)</u>	<u>(225,859)</u>	<u>(229,629)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	25,364	288,153	313,517
Transfers in - utility tax equivalent	561,565	-	561,565
Transfer out	(288,153)	-	(288,153)
Proceeds from sale of capital asset	-	3,180	3,180
Total other financing sources (uses)	<u>298,776</u>	<u>291,333</u>	<u>590,109</u>
Net change in fund balances	295,006	65,474	360,480
Fund balances (deficit) - January 1	<u>9,542,830</u>	<u>1,335,245</u>	<u>10,878,075</u>
Fund balances (deficit) - December 31	<u>\$ 9,837,836</u>	<u>\$ 1,400,719</u>	<u>\$ 11,238,555</u>

CITY OF RICHLAND CENTER

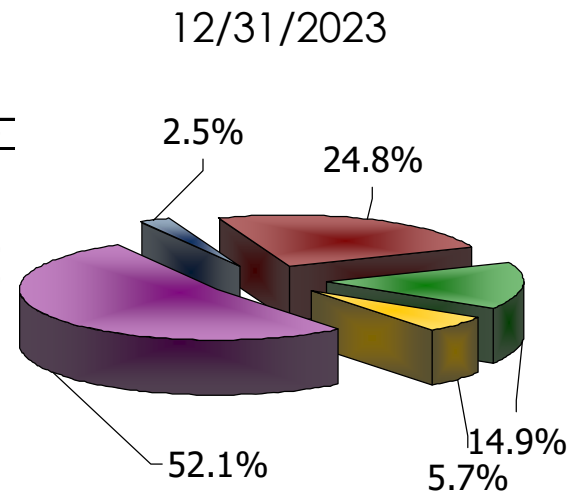
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – 2023 BUDGET AND ACTUAL – GENERAL FUND

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes and special assessments	\$ 2,438,771	\$ 2,438,771	\$ 2,586,541	\$ 147,770
Intergovernmental	1,809,449	1,809,449	2,098,785	289,336
Licenses and permits	60,701	60,701	62,254	1,553
Penalties and forfeitures	44,900	44,900	39,878	(5,022)
Public charges for services	509,182	509,182	673,882	164,700
Interest	32,300	32,300	468,784	436,484
Miscellaneous general revenues	2,061,760	2,061,760	213,541	(1,848,219)
Total revenues	<u>6,957,063</u>	<u>6,957,063</u>	<u>6,143,665</u>	<u>(813,398)</u>
EXPENDITURES				
Current:				
General government	1,285,697	1,285,697	978,545	307,152
Public safety	1,706,778	1,706,778	1,745,746	(38,968)
Public works	1,214,330	1,214,330	1,086,071	128,259
Culture and recreation	871,343	871,343	1,037,070	(165,727)
Conservation and development	210,720	210,720	219,712	(8,992)
Capital outlay	4,068,600	4,068,600	656,945	3,411,655
Debt service:				
Principal	290,000	290,000	295,059	(5,059)
Interest and fiscal charges	129,711	129,711	128,287	1,424
Total expenditures	<u>9,777,179</u>	<u>9,777,179</u>	<u>6,147,435</u>	<u>3,629,744</u>
Excess (deficiency) of revenues over expenditures	<u>(2,820,116)</u>	<u>(2,820,116)</u>	<u>(3,770)</u>	<u>2,816,346</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,364	25,364
Transfers in - utility tax equivalent	628,728	628,728	561,565	(67,163)
Transfers out	<u>(288,153)</u>	<u>(288,153)</u>	<u>(288,153)</u>	<u>-</u>
Total other financing sources (uses)	<u>340,575</u>	<u>340,575</u>	<u>298,776</u>	<u>(41,799)</u>
Net change in fund balance	(2,479,541)	(2,479,541)	295,006	2,774,547
Fund balance - January 1	<u>9,542,830</u>	<u>9,542,830</u>	<u>9,542,830</u>	<u>-</u>
Fund balance - December 31	<u>\$ 7,063,289</u>	<u>\$ 7,063,289</u>	<u>\$ 9,837,836</u>	<u>\$ 2,774,547</u>

CITY OF RICHLAND CENTER

GOVERNMENTAL FUND BALANCES

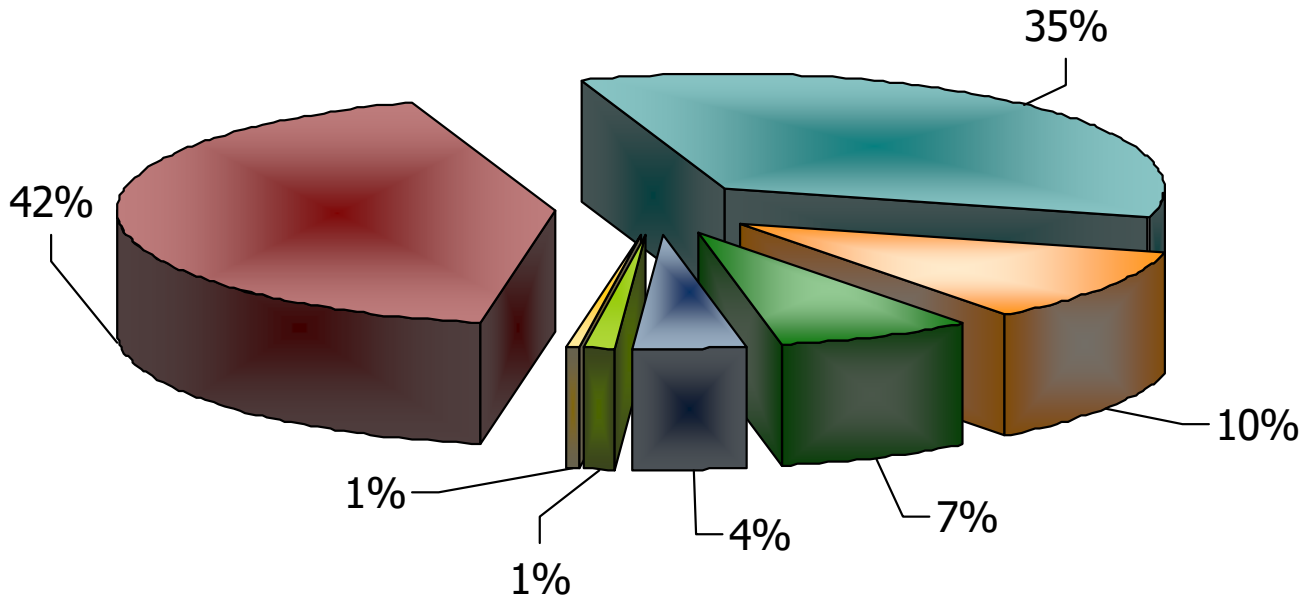
	<u>2023</u>	<u>2022</u>
Nonspendable		
General Fund:		
Prepayments	\$ 133,056	\$ 187,608
Advances to other funds	-	63,207
Economic development loans	88,928	103,499
Delinquent personal property taxes	46,491	52,975
Total nonspendable	<u>268,475</u>	<u>407,289</u>
Restricted		
General Fund:		
Landfill closure costs	612,882	607,461
Tourism expenditures	135,917	101,050
Affordable housing	1,037,545	844,590
Aquatic center	125,549	59,072
Future rural development	69,727	67,011
Nonmajor Funds:		
Housing economic development loans	620,590	615,691
Library subsequent year expenditures	178,141	172,768
Tax Incremental Financing Districts:		
Conservation and development	15,258	-
Total restricted	<u>2,795,609</u>	<u>2,467,643</u>
Committed		
General Fund:		
Pool maintenance	7,988	7,988
Data processing	30,933	30,933
Historic preservation	10,648	10,648
Industrial park development	181,297	181,297
Building maintenance	63,158	63,158
Library projects	4,000	4,000
Police equipment	33,587	33,587
Forestry	800	800
Flood mitigation	36,216	36,216
Equipment replacement	396,651	396,651
Parking lots	403,855	403,855
Parks storage shed	92,475	92,475
Street projects and miscellaneous	411,398	337,946
Total committed	<u>1,673,006</u>	<u>1,599,554</u>
Assigned		
General Fund:		
Park and community center	11,417	9,849
Cemetery perpetual care	4,078	4,059
Canine units	41,895	41,326
Child safety	137	137
Nonmajor Funds:		
Revolving economic development loans	586,730	609,993
Total assigned	<u>644,257</u>	<u>665,364</u>
Unassigned		
General Fund	5,857,208	5,801,432
Tax Incremental Financing Districts (deficit)	-	(63,207)
Total unassigned	<u>5,857,208</u>	<u>5,738,225</u>
Total governmental fund balances	<u>\$ 11,238,555</u>	<u>\$ 10,878,075</u>



■ Nonspendable - \$268,475
■ Restricted - \$2,780,351
■ Committed - \$1,673,006
■ Assigned - \$644,257
■ Unassigned - \$5,857,208

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2023 REVENUES



■ Taxes & Assessments	(\$2,714,253)
■ Intergovernmental	(\$2,246,528)
■ Public Charges for Services	(\$680,085)
■ Interest Income	(\$480,753)
■ Miscellaneous General Revenues	(\$268,509)
■ Licenses & Permits	(\$62,254)
■ Penalties & Forfeitures	(\$39,878)

OBSERVATIONS AND COMMENTS:

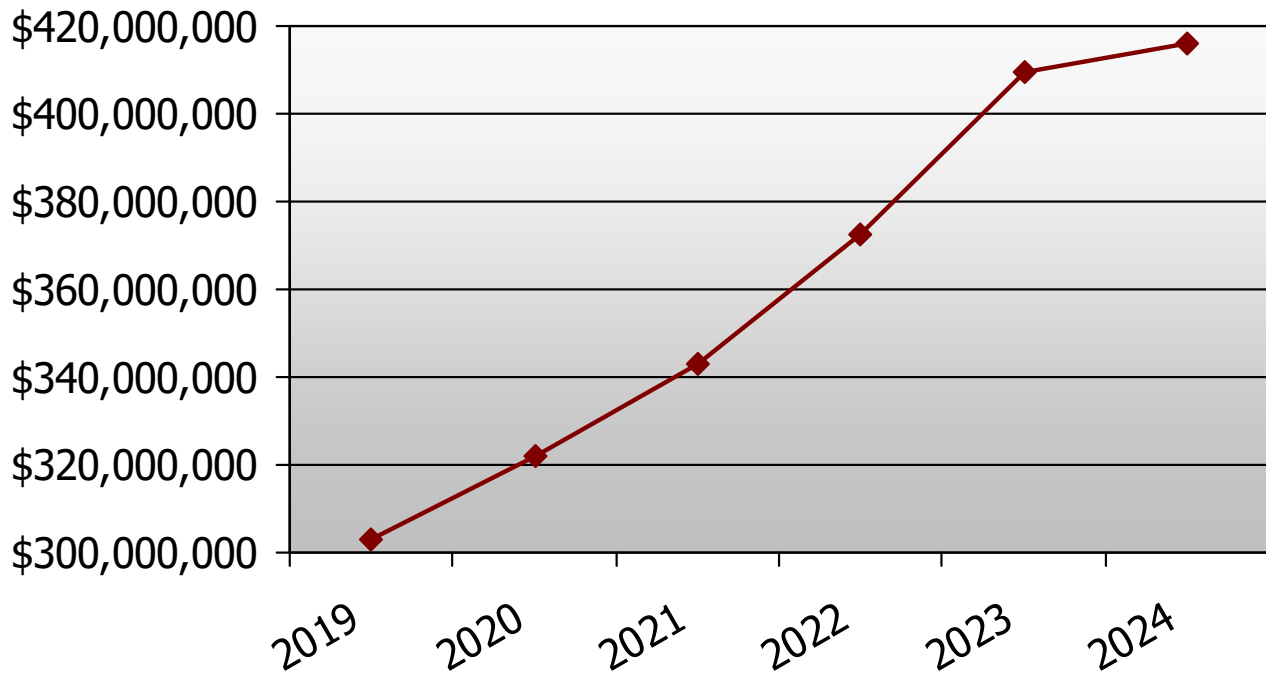
- Property taxes are collected in January and August.
- Intergovernmental revenues comprised 35% of total revenues in 2023.

The most significant intergovernmental revenues are:

Shared taxes	\$ 1,357,686
Transportation grants	\$ 468,432

CITY OF RICHLAND CENTER

TREND IN EQUALIZED VALUE OF PROPERTY



Total Equalized Value (Includes TIF Increment)

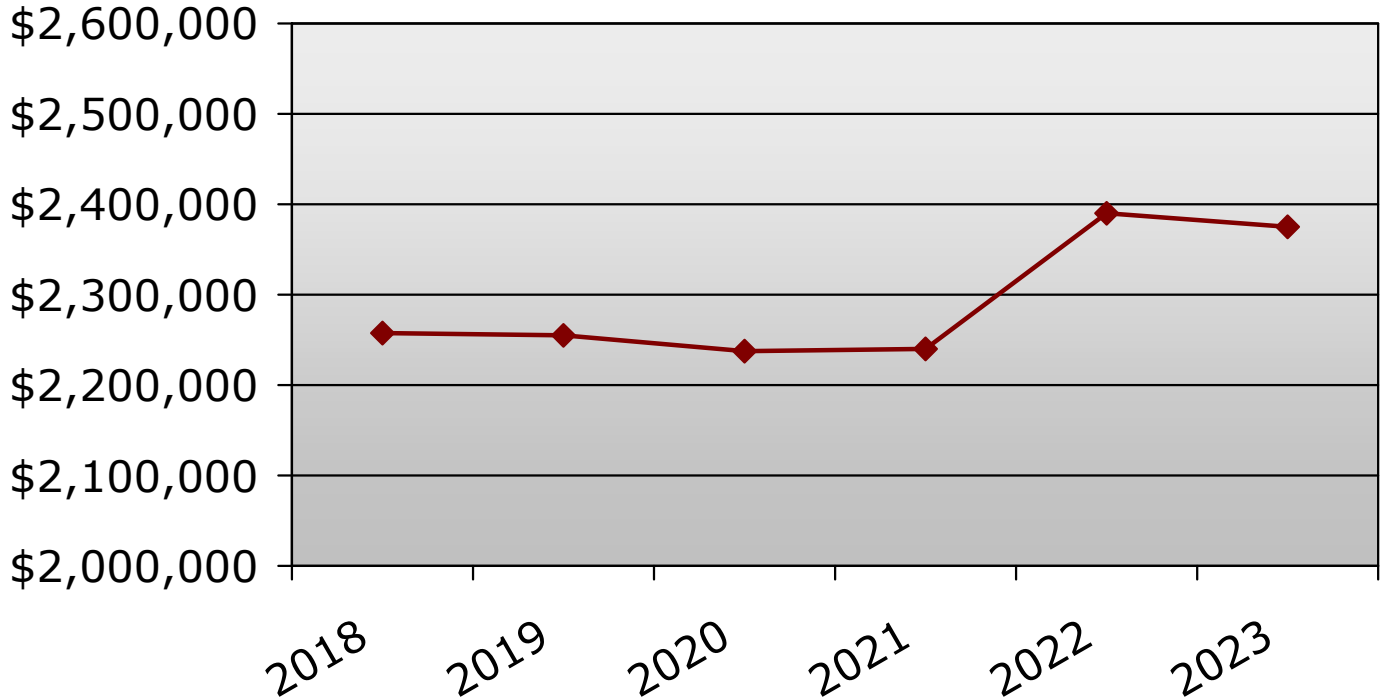
2019	\$ 303,111,800	2022	\$ 372,268,100
2020	\$ 321,772,700	2023	\$ 409,554,700
2021	\$ 343,120,200	2024	\$ 415,852,500

OBSERVATIONS AND COMMENTS:

- The City's overall valuation has increased 37% in the six year period presented here.

CITY OF RICHLAND CENTER

PROPERTY TAXES – EXCLUDING TAX INCREMENT LEVIES



Local Property Tax Levy (Excludes TIF)

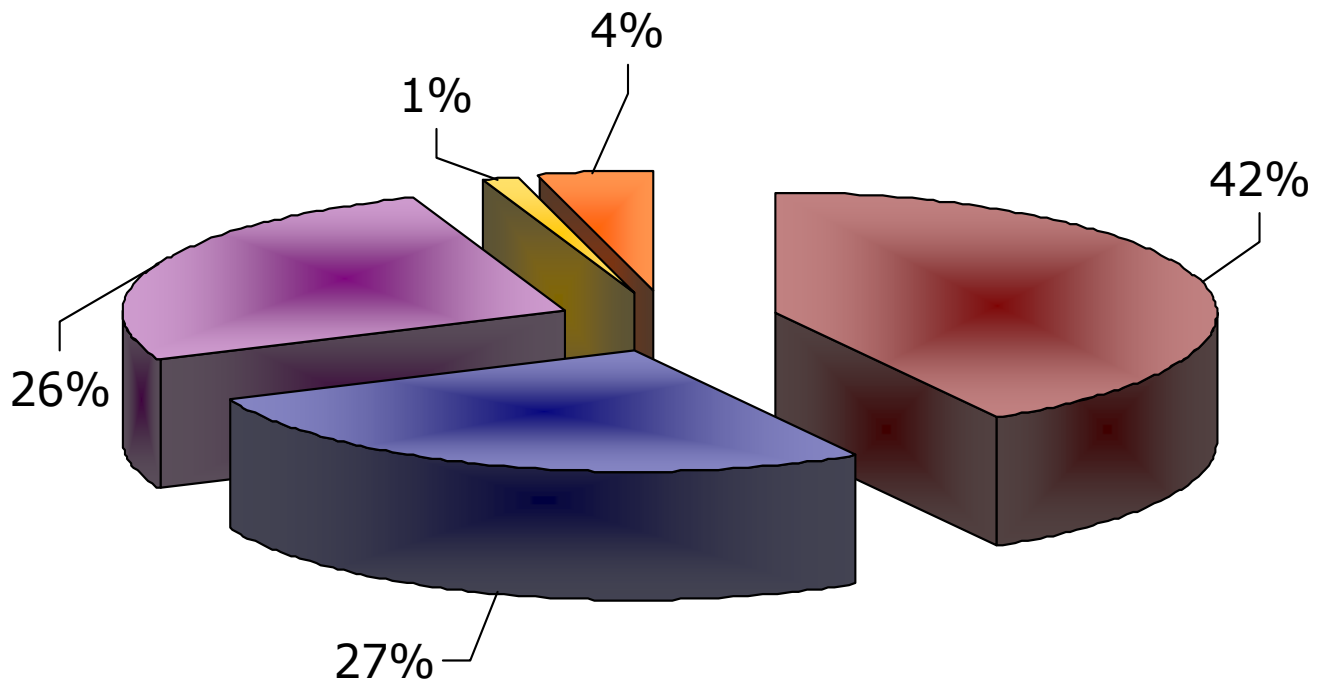
2018	\$ 2,256,617
2019	\$ 2,255,897
2020	\$ 2,237,787
2021	\$ 2,240,967
2022	\$ 2,390,266
2023	\$ 2,375,000

OBSERVATIONS AND COMMENTS:

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

CITY OF RICHLAND CENTER

PROPERTY TAX ROLL 2023 LEVY COLLECTED 2024

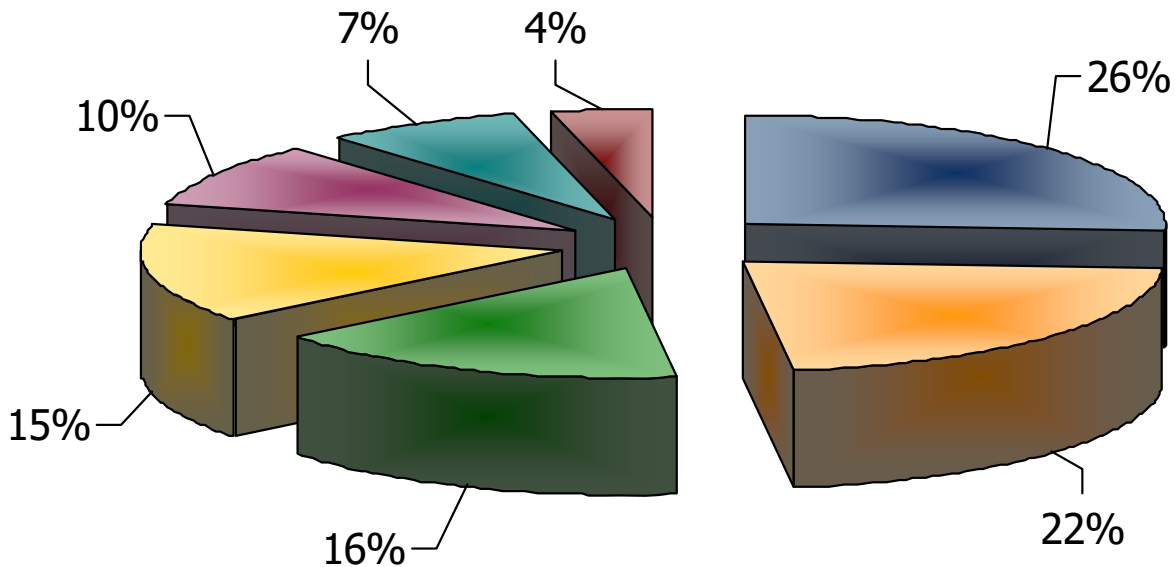


Local School	(\$3,680,116)
City	(\$2,375,000)
County	(\$2,297,992)
TIF	(\$130,478)
VTAE	(\$373,739)

SOURCE: 2023 STATEMENT OF TAXES –
FILED WITH WISCONSIN DEPARTMENT OF REVENUE

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2023 EXPENDITURES



- Public Safety (\$1,745,746)
(includes police, fire, emergency service)
- Culture & Recreation (\$1,485,943)
(includes library, parks and recreation programming)
- Public Works (\$1,086,071)
(includes street construction, taxi and waste collection)
- General Government (\$978,545)
- Capital Outlay (\$666,045)
(includes public safety, road construction, parks)
- Debt Service (\$494,413)
- Conservation & Development (\$265,126)
(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, 2023:

	1/1/2023 Balance	Increases	Decreases	12/31/2023 Balance	Amounts Due Within One Year
Governmental Activities					
Direct borrowings and direct placements	\$ 675,621	\$ -	\$ (105,059)	\$ 570,562	\$ 105,059
Bonds	4,480,000	-	(240,000)	4,240,000	245,000
Bond premium	199,681	-	(11,746)	187,935	-
Subtotal	<u>5,355,302</u>	<u>-</u>	<u>(356,805)</u>	<u>4,998,497</u>	<u>350,059</u>
Other liabilities:					
Compensated absences	333,619	418	(92,232)	241,805	36,700
Termination benefits	-	95,068	(7,754)	87,314	38,098
Landfill post-closure care costs	318,712	39,327	(12,413)	345,626	12,000
Subtotal	<u>652,331</u>	<u>134,813</u>	<u>(112,399)</u>	<u>674,745</u>	<u>86,798</u>
Total governmental activities long-term liabilities	<u>\$ 6,007,633</u>	<u>\$ 134,813</u>	<u>\$ (469,204)</u>	<u>\$ 5,673,242</u>	<u>\$ 436,857</u>
Business-Type Activities					
Direct borrowings and direct placements	\$ 19,034,479	\$ -	\$ (652,333)	\$ 18,382,146	\$ 666,513
Bonds	1,465,000	-	(275,000)	1,190,000	285,000
Subtotal	<u>20,499,479</u>	<u>-</u>	<u>(927,333)</u>	<u>19,572,146</u>	<u>951,513</u>
Other accrued liabilities:					
Vested compensated absences	214,155	158,862	(74,445)	298,572	-
Subtotal	<u>214,155</u>	<u>158,862</u>	<u>(74,445)</u>	<u>298,572</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 20,713,634</u>	<u>\$ 158,862</u>	<u>\$ (1,001,778)</u>	<u>\$ 19,870,718</u>	<u>\$ 951,513</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 \$20,477,735 and debt subject to limitation totals \$4,810,562. The City has 76% of its debt capacity remaining at December 31, 2023.

CITY OF RICHLAND CENTER

SUMMARY OF TAX INCREMENTAL FINANCING DISTRICTS

➤ The City established TIF District No. 6 in 2017. The following is the cumulative status of the Districts as of December 31, 2023:

	<u>Administration Expenses</u>	<u>Project Costs</u>	<u>Debt Service</u>	<u>Cumulative Expense/Cost Total</u>	<u>Cumulative District Revenues</u>
TIF District No. 6	\$ 75,889	\$ 948,821	\$ 584,630	\$ 1,609,340	\$ 1,624,598

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

➤ The 2023 equalized property valuations of the TIF Districts are as follows:

	<u>Current Value</u>	<u>Base Value</u>	<u>Increment</u>
TIF District No. 6	\$ 6,061,500	\$ 28,300	\$ 6,033,200