

CITY OF RICHLAND CENTER

Audit Presentation to the
City Council

For the Year Ended
December 31, 2021

December 20, 2022

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

CITY OF RICHLAND CENTER

2021 AUDIT OVERVIEW

- We have completed our audit of the City of Richland Center for the year ended December 31, 2021, 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 2021 that was filed with the Wisconsin Department of Revenue.

CITY OF RICHLAND CENTER

2021 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 \$141,570. Overall governmental fund balance increased by \$335,194.
- Revenues from the Tax Incremental Financing Districts totaled \$241,302 for 2021, which includes \$220,390 in taxes and special assessments and \$10,643 in developer contributions. TIF District expenditures totaled \$51,046 on eligible projects and debt service.
- The City's Economic Development and Housing Loan Programs had loans receivable totaling \$671,207 outstanding as of December 31, 2021. These loans have been made to City property owners for improvement and development projects. The December 31, 2021 loan balance consisted of \$112,340 for the Revolving Loan Fund and \$558,867 for the Housing 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 \$1,934,472 set aside for future projects.

CITY OF RICHLAND CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – 2021 GOVERNMENTAL FUNDS

	Major			
	General	Tax	Nonmajor	
	Fund	Incremental	Funds	Total
		Financing		
		Districts		
REVENUES				
Taxes and special assessments	\$ 2,325,237	\$ 220,390	\$ -	\$ 2,545,627
Intergovernmental	2,116,237	10,262	131,039	2,257,538
Licenses and permits	63,198	-	-	63,198
Penalties and forfeitures	45,424	-	-	45,424
Public charges for services	540,059	-	4,215	544,274
Interest	20,590	7	1,610	22,207
Miscellaneous general revenues	277,940	10,643	4,710	293,293
Total revenues	<u>5,388,685</u>	<u>241,302</u>	<u>141,574</u>	<u>5,771,561</u>
EXPENDITURES				
Current:				
General government	685,488	-	3,988	689,476
Public safety	1,596,541	-	-	1,596,541
Public works	1,295,877	-	-	1,295,877
Culture and recreation	881,234	-	402,218	1,283,452
Conservation and development	135,358	11,200	-	146,558
Capital outlay	554,889	-	-	554,889
Debt service:				
Principal	280,059	14,006	-	294,065
Interest and fiscal charges	144,409	25,840	-	170,249
Total expenditures	<u>5,573,855</u>	<u>51,046</u>	<u>406,206</u>	<u>6,031,107</u>
Excess (deficiency) of revenues over expenditures	<u>(185,170)</u>	<u>190,256</u>	<u>(264,632)</u>	<u>(259,546)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	11,274	-	268,000	279,274
Transfers in - utility tax equivalent	583,466	-	-	583,466
Transfer out	(268,000)	-	-	(268,000)
Total other financing sources (uses)	<u>326,740</u>	<u>-</u>	<u>268,000</u>	<u>594,740</u>
Net change in fund balances	141,570	190,256	3,368	335,194
Fund balances (deficit) - January 1	9,556,340	(227,201)	1,407,924	10,737,063
Fund balances (deficit) - December 31	<u>\$ 9,697,910</u>	<u>\$ (36,945)</u>	<u>\$ 1,411,292</u>	<u>\$ 11,072,257</u>

CITY OF RICHLAND CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – 2021 BUDGET AND ACTUAL – GENERAL FUND

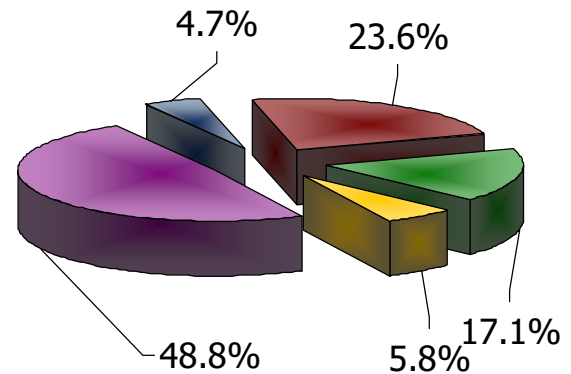
	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes and special assessments	\$ 2,291,119	\$ 2,291,119	\$ 2,325,237	\$ 34,118
Intergovernmental	1,830,618	1,830,618	2,116,237	285,619
Licenses and permits	57,109	57,109	63,198	6,089
Penalties and forfeitures	38,946	38,946	45,424	6,478
Public charges for services	440,400	440,400	540,059	99,659
Interest	9,596	9,596	20,590	10,994
Miscellaneous general revenues	1,704,963	1,704,963	277,940	(1,427,023)
Total revenues	<u>6,372,751</u>	<u>6,372,751</u>	<u>5,388,685</u>	<u>(984,066)</u>
EXPENDITURES				
Current:				
General government	790,698	790,698	685,488	105,210
Public safety	1,616,078	1,616,078	1,596,541	19,537
Public works	1,207,160	1,207,160	1,295,877	(88,717)
Culture and recreation	936,773	936,773	881,234	55,539
Conservation and development	79,412	79,412	135,358	(55,946)
Capital outlay	4,488,979	4,488,979	554,889	3,934,090
Debt service:				
Principal	275,000	275,000	280,059	(5,059)
Interest and fiscal charges	143,817	143,817	144,409	(592)
Total expenditures	<u>9,537,917</u>	<u>9,537,917</u>	<u>5,573,855</u>	<u>3,964,062</u>
Excess (deficiency) of revenues over expenditures	<u>(3,165,166)</u>	<u>(3,165,166)</u>	<u>(185,170)</u>	<u>2,979,996</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	11,274	11,274
Transfers in - utility tax equivalent	529,558	529,558	583,466	53,908
Transfers out	<u>(268,000)</u>	<u>(268,000)</u>	<u>(268,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>261,558</u>	<u>261,558</u>	<u>326,740</u>	<u>65,182</u>
Net change in fund balance	<u>(2,903,608)</u>	<u>(2,903,608)</u>	<u>141,570</u>	<u>3,045,178</u>
Fund balance - January 1	<u>9,556,340</u>	<u>9,556,340</u>	<u>9,556,340</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 6,652,732</u></u>	<u><u>\$ 6,652,732</u></u>	<u><u>\$ 9,697,910</u></u>	<u><u>\$ 3,045,178</u></u>

CITY OF RICHLAND CENTER

GOVERNMENTAL FUND BALANCES

	2021	2020
Nonspendable		
General Fund:		
Prepayments	\$ 170,931	\$ 95,962
Advances to other funds	102,690	227,200
Economic development loans	190,481	135,571
Delinquent personal property taxes	51,546	51,717
Total nonspendable	515,648	510,450
Restricted		
General Fund:		
Landfill closure costs	602,136	592,966
Tourism expenditures	60,042	75,828
Affordable housing	835,697	903,172
Aquatic center	188,007	250,666
Future rural development	59,696	70,424
Tax Incremental Financing Districts:		
Conservation and development	65,745	-
Nonmajor Funds:		
Housing economic development loans	614,835	618,797
Library subsequent year expenditures	188,730	182,984
Total restricted	2,614,888	2,694,837
Committed		
General Fund:		
Pool maintenance	7,988	7,988
Data processing	30,933	30,933
Historic preservation	10,648	10,648
Airport property	-	18,786
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	439,164
Parking lots	435,530	435,530
Parks storage shed	92,475	-
Street projects and miscellaneous	601,247	727,438
Total committed	1,894,530	1,989,545
Assigned		
General Fund:		
Park and community center	9,755	9,697
Cemetery perpetual care	4,052	4,044
Canine units	25,998	4,245
Child safety	137	137
Nonmajor Funds:		
Revolving economic development loans	607,727	606,143
Total assigned	647,669	624,266
Unassigned		
General Fund	5,502,212	5,145,166
Tax Incremental Financing Districts (deficit)	(102,690)	(227,201)
Total unassigned	5,399,522	4,917,965
Total governmental fund balances	\$ 11,072,257	\$ 10,737,063

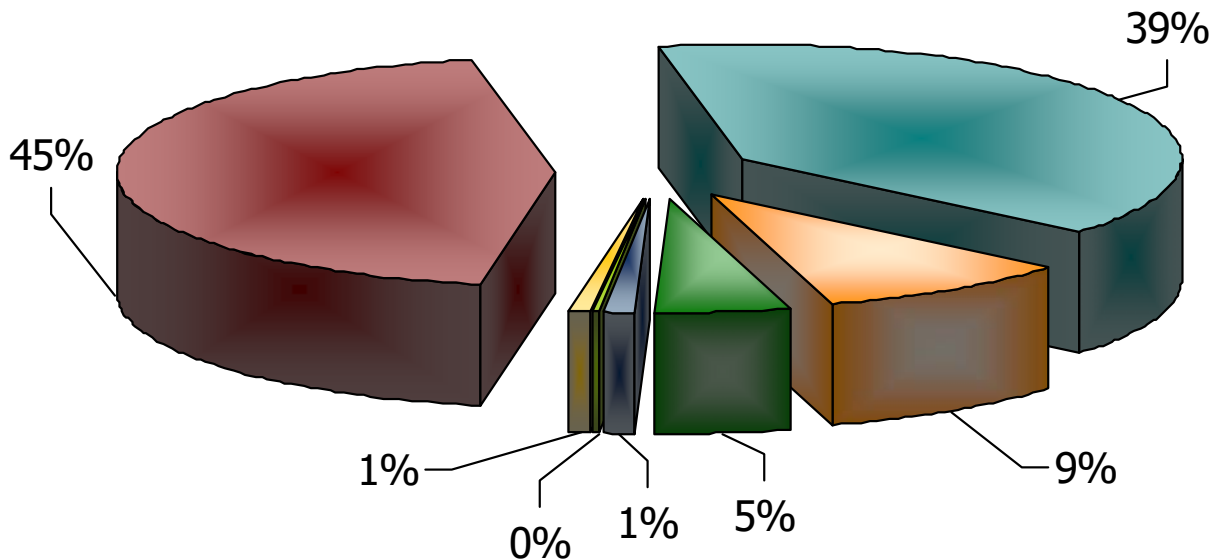
12/31/2021



- Nonspendable - \$515,648
- Restricted - \$2,614,888
- Committed - \$1,894,530
- Assigned - \$647,669
- Unassigned - \$5,399,522

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2021 REVENUES



■ Taxes & Assessments	(\$2,545,627)
■ Intergovernmental	(\$2,257,538)
■ Public Charges for Services	(\$544,274)
■ Miscellaneous General Revenues	(\$293,293)
■ Licenses & Permits	(\$63,198)
■ Interest Income	(\$22,207)
■ Penalties & Forfeitures	(\$45,424)

OBSERVATIONS AND COMMENTS:

- Property taxes are collected in January and August.
- Intergovernmental revenues comprised 39% of total revenues in 2021.

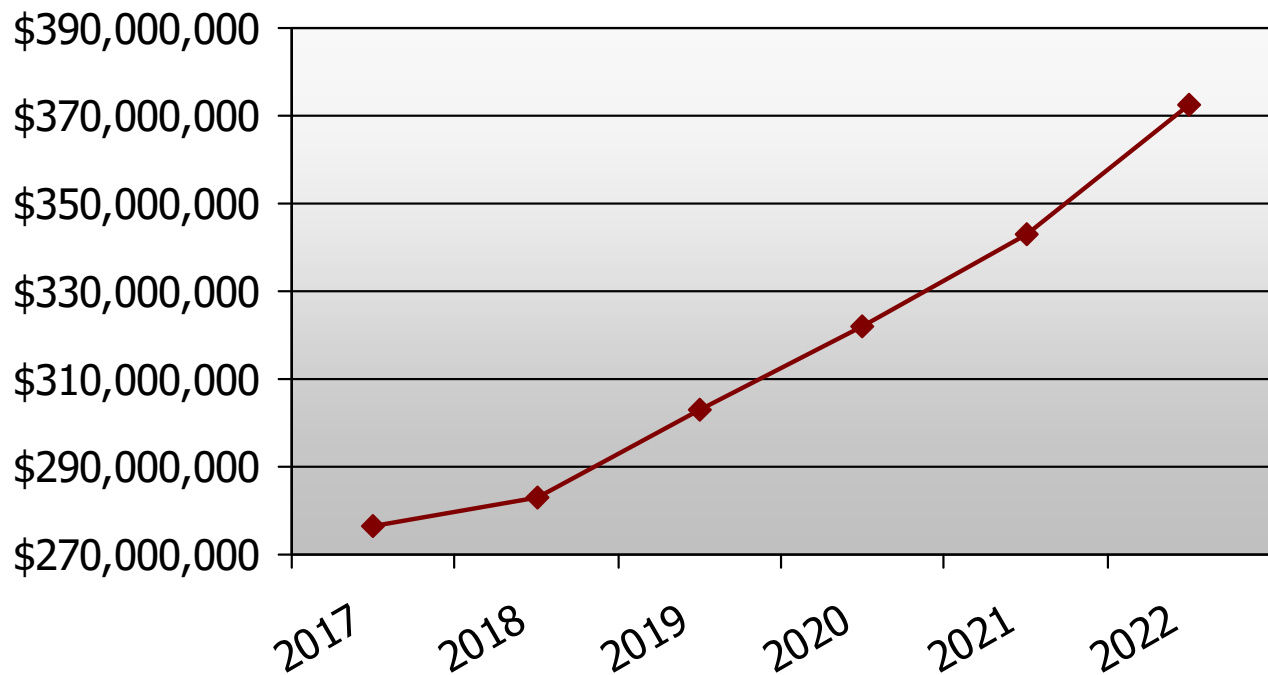
The most significant intergovernmental revenues are:

Shared taxes	\$ 1,356,571
Transportation grants	\$ 682,822

SOURCE: 12/31/2021 AUDITED FINANCIAL STATEMENTS

CITY OF RICHLAND CENTER

TREND IN EQUALIZED VALUE OF PROPERTY



Total Equalized Value (Includes TIF Increment)

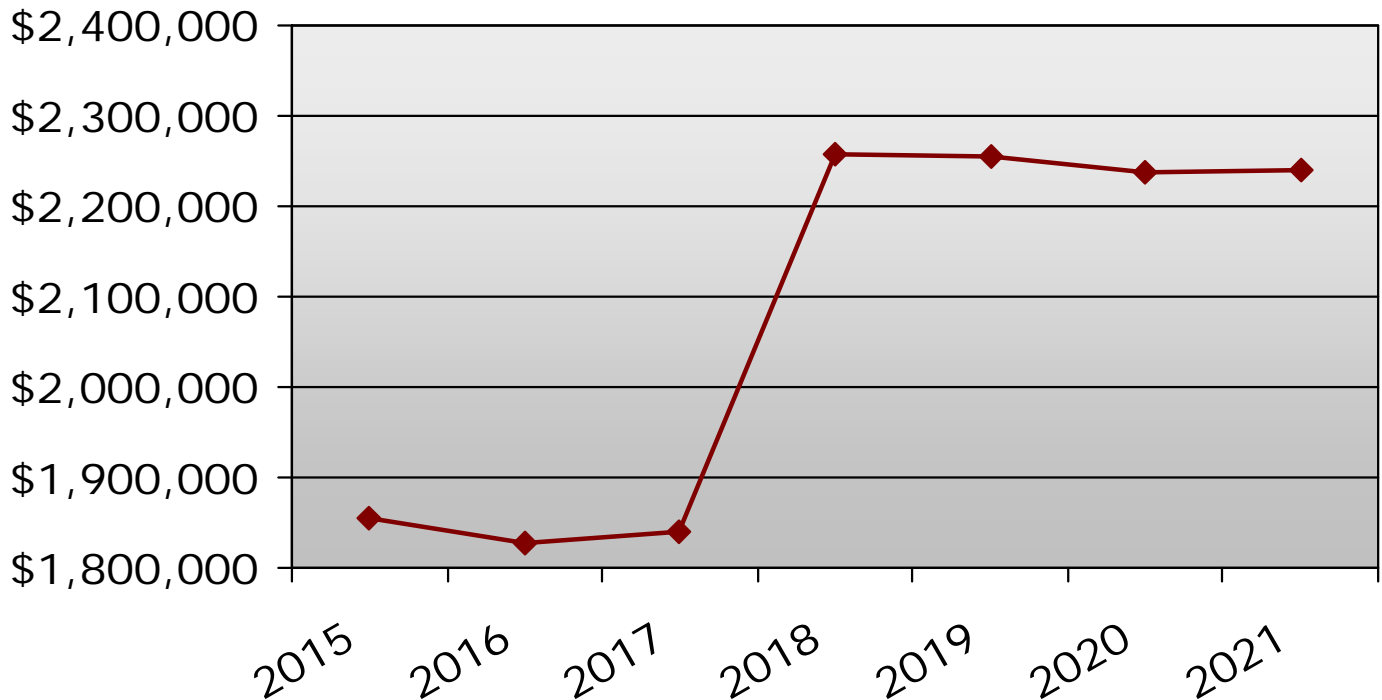
2017	\$ 276,551,100	2020	\$ 321,772,700
2018	\$ 282,932,000	2021	\$ 343,120,200
2019	\$ 303,111,800	2022	\$ 372,268,100

OBSERVATIONS AND COMMENTS:

- The City's overall valuation has increased 34.6% in the six year period presented here.

CITY OF RICHLAND CENTER

PROPERTY TAXES – EXCLUDING TAX INCREMENT LEVIES



Local Property Tax Levy (Excludes TIF)

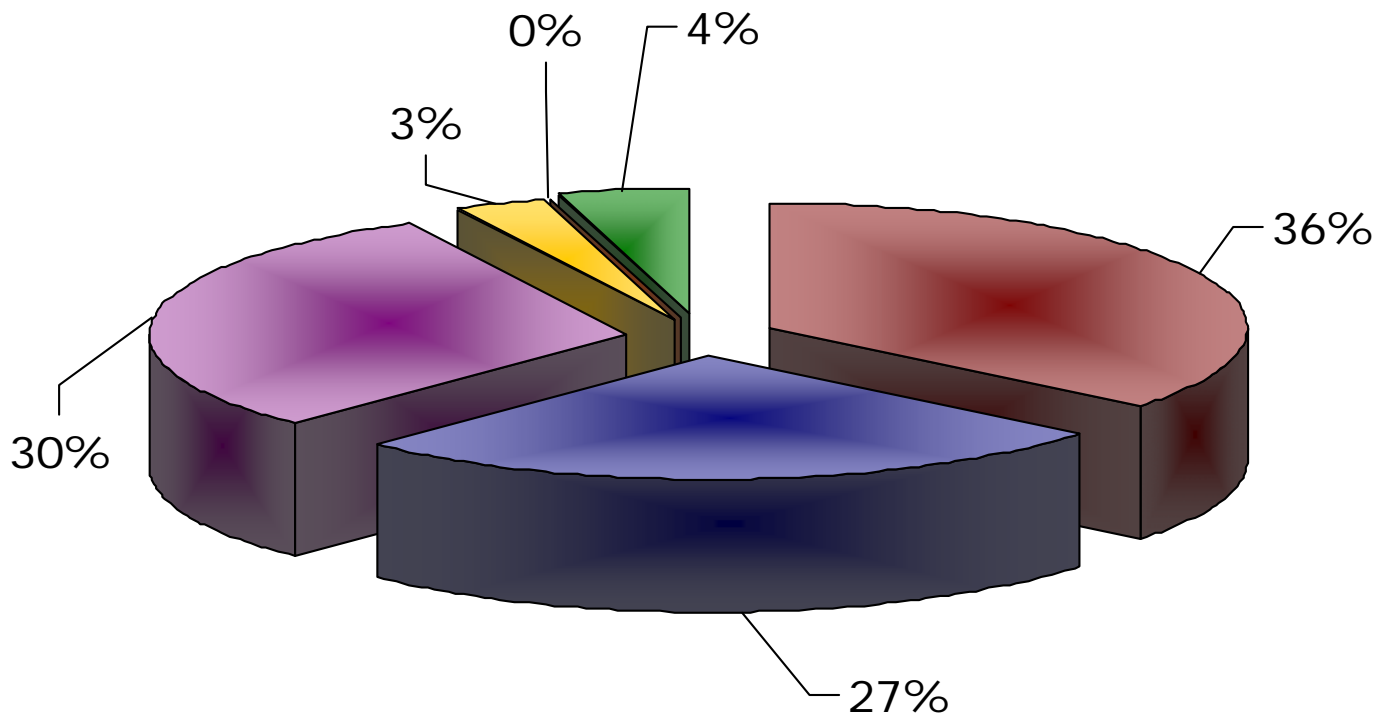
2015	\$ 1,854,419
2016	\$ 1,826,777
2017	\$ 1,840,090
2018	\$ 2,256,617
2019	\$ 2,255,897
2020	\$ 2,237,787
2021	\$ 2,240,967

OBSERVATIONS AND COMMENTS:

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

CITY OF RICHLAND CENTER

PROPERTY TAX ROLL 2021 LEVY COLLECTED 2022

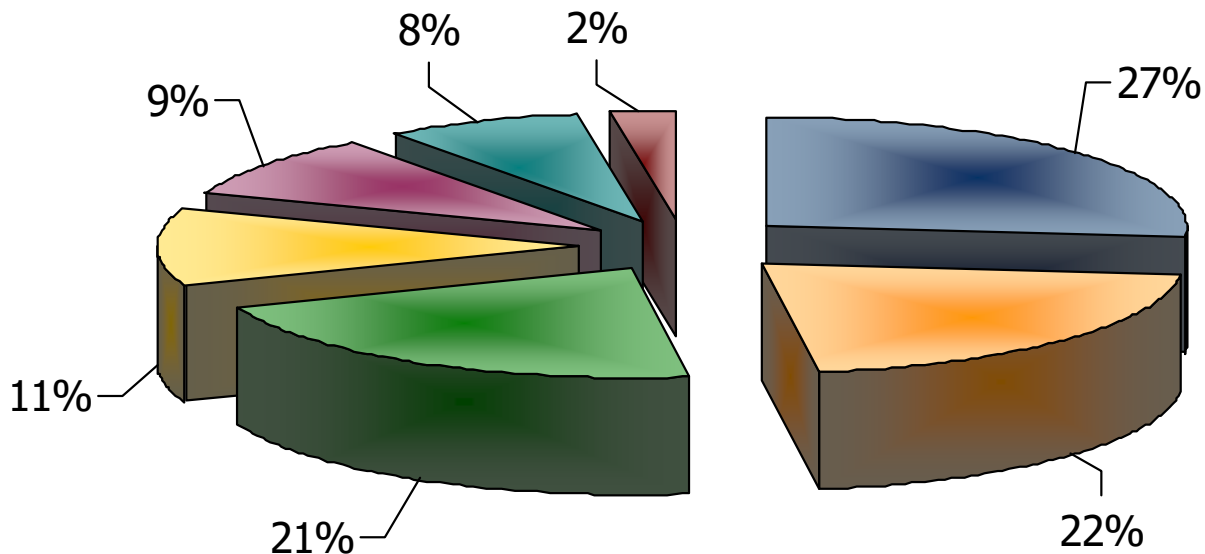


Local School	(\$3,029,424)
City	(\$2,240,967)
County	(\$2,538,181)
TIF	(\$269,665)
State	(\$0)
VTAE	(\$374,492)

SOURCE: 2021 STATEMENT OF TAXES –
FILED WITH WISCONSIN DEPARTMENT OF REVENUE

CITY OF RICHLAND CENTER

GOVERNMENTAL FUNDS 2021 EXPENDITURES



- Public Safety (\$1,596,541)
(includes police, fire, emergency service)
- Culture & Recreation (\$1,283,452)
(includes library, parks and recreation programming)
- Public Works (\$1,295,877)
(includes street construction, taxi and waste collection)
- General Government (\$689,476)
- Capital Outlay (\$554,889)
(includes public safety, road construction, parks)
- Debt Service (\$464,314)
- Conservation & Development (\$146,558)
(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, 2021:

	1/1/2021 Balance	Increases	Decreases	12/31/2021 Balance	Amounts Due Within One Year
Governmental Activities					
Direct borrowings and direct placements	\$ 900,157	\$ -	\$ 119,065	\$ 781,092	\$ 105,059
Bonds	4,885,000	-	175,000	4,710,000	230,000
Bond premium	223,173	-	11,746	211,427	-
Subtotal	6,008,330	-	305,811	5,702,519	335,059
Other liabilities:					
Compensated absences	332,339	41,043	37,002	336,380	57,383
Landfill post-closure care costs	388,946	-	22,944	366,002	12,000
Subtotal	721,285	41,043	59,946	702,382	69,383
Total governmental activities long-term liabilities	\$ 6,729,615	\$ 41,043	\$ 365,757	\$ 6,404,901	\$ 404,442
Business-Type Activities					
Direct borrowings and direct placements	\$ 20,091,253	\$ 197,764	\$ 616,063	\$ 19,672,954	\$ 638,475
Bonds	2,005,000	-	265,000	1,740,000	275,000
Subtotal	22,096,253	197,764	881,063	21,412,954	913,475
Other accrued liabilities:					
Vested compensated absences	212,831	53,438	61,824	204,445	-
Subtotal	212,831	53,438	61,824	204,445	-
Total business-type activities long-term liabilities	\$ 22,309,084	\$ 251,202	\$ 942,887	\$ 21,617,399	\$ 913,475

OBSERVATIONS AND COMMENTS:

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

➤ General obligation debt limitation totals \$17,156,010 and debt subject to limitation totals \$5,491,092. The City has 68% of its debt capacity remaining at December 31, 2021.

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, 2021:

	Administration Expenses	Project Costs	Debt Service	Cumulative Expense/Cost Total	Cumulative District Revenues
TIF District No. 4	\$ 16,687	\$ 1,899,804	\$ 705,545	\$ 2,622,036	\$ 2,687,780
TIF District No. 6	41,600	939,721	445,230	1,426,551	1,323,861

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

- The 2021 equalized property valuations of the TIF Districts are as follows:

	Current Value	Base Value	Increment
TIF District No. 4	\$ 20,968,800	\$ 15,091,600	\$ 5,877,200
TIF District No. 6	5,097,700	28,300	5,069,400