



**CITY OF PRINCETON**

*JULY 25, 2024*

# AUDIT

- Audit Opinion
  - Provides reasonable, but not absolute, assurance that financials are free of material misstatement
  - Unmodified opinion – Financial Statements fairly stated in all material respects in accordance with GAAP
- Minnesota Legal Compliance
  - No exceptions noted in 2023

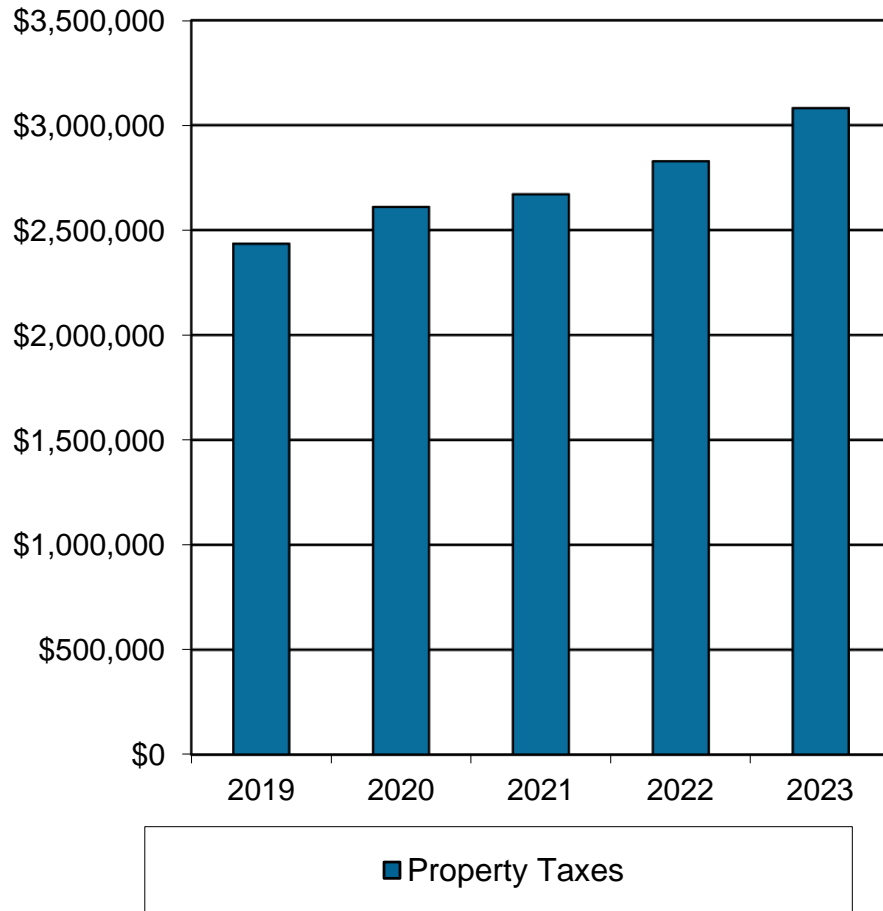
# FUND TYPES

- **Governmental**
  - General Fund
  - Special Revenue Funds
  - Debt Service Funds
  - Capital Projects Funds
- **Enterprise**
  - Airport Fund
  - Sanitary Sewer Fund
  - Municipal Liquor Fund
- **Component Unit**
  - Public Utilities Commission

# GOVERNMENTAL FUNDS

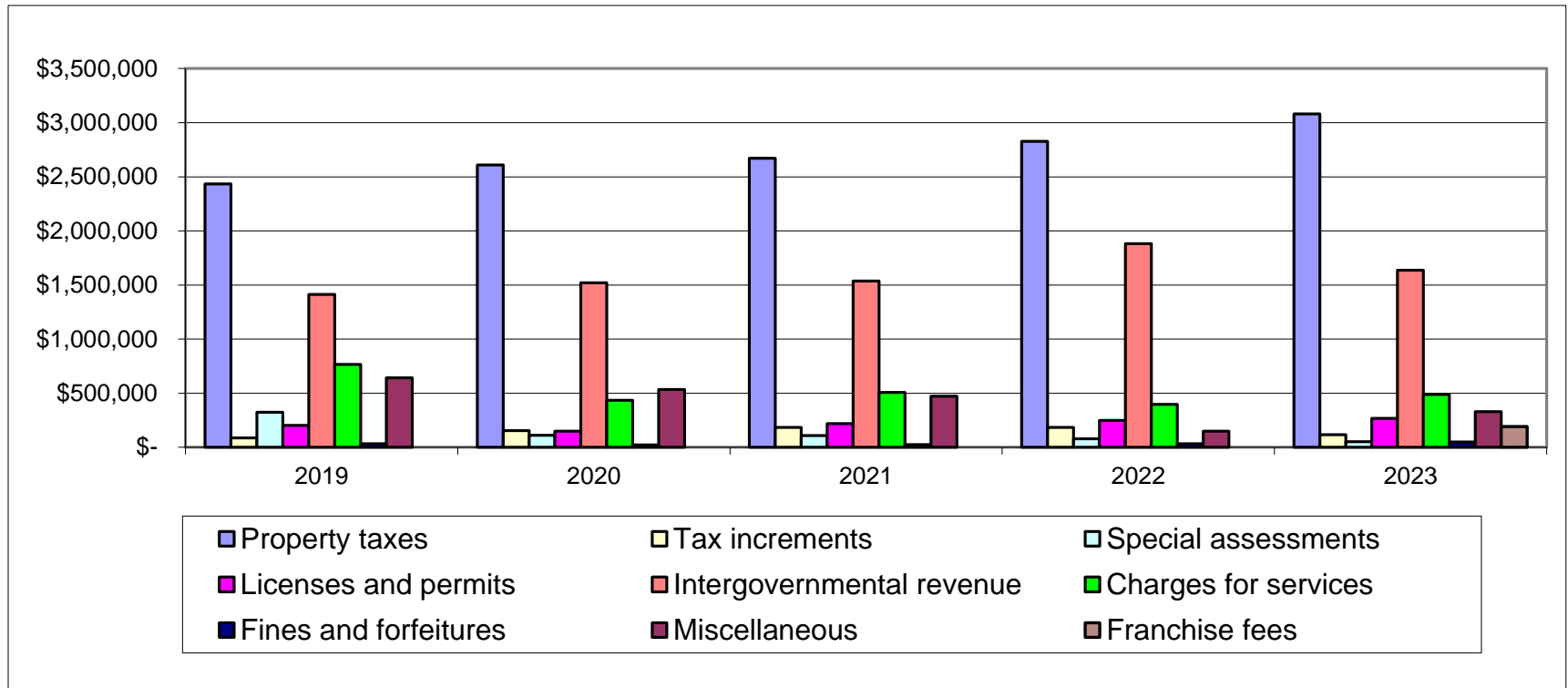
## REVENUES

# PROPERTY TAX REVENUES



- Property tax revenues increased by 9% in 2023
- In 2023, property tax revenues represent 50% of governmental revenues excluding transfers and sale of assets
- Increase in 2023 was due primarily to an increase in the tax levy of approximately 8%

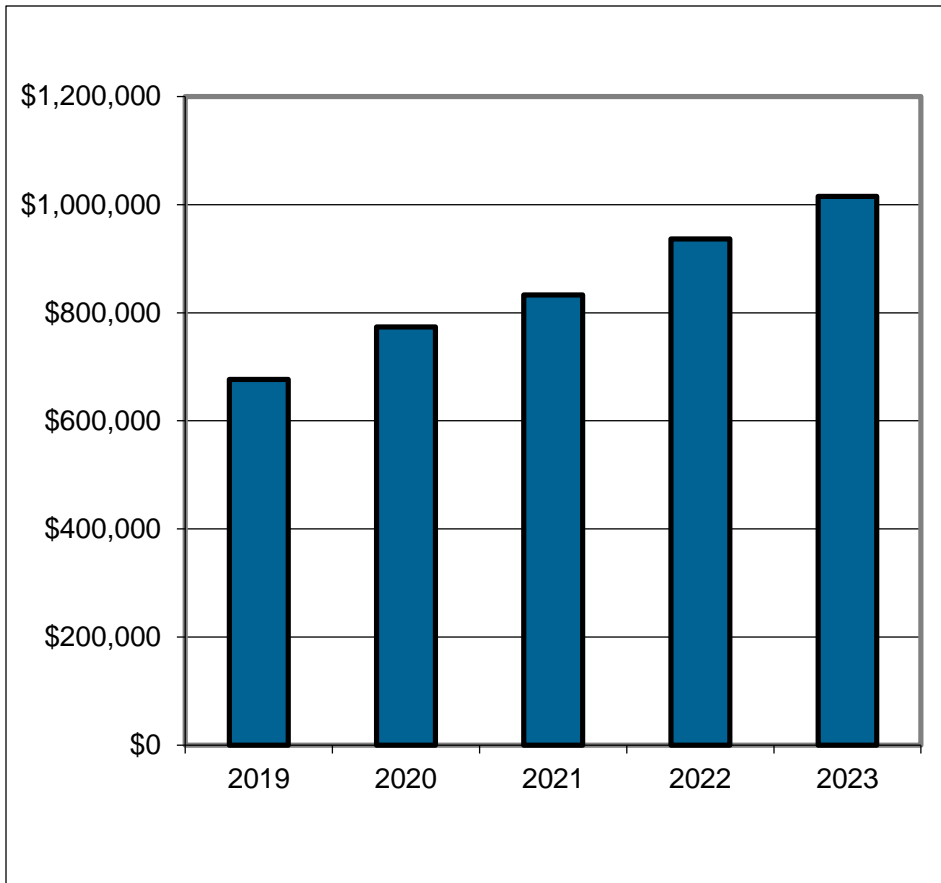
# GOVERNMENTAL FUND REVENUES



# GOVERNMENTAL FUNDS

## EXPENDITURES

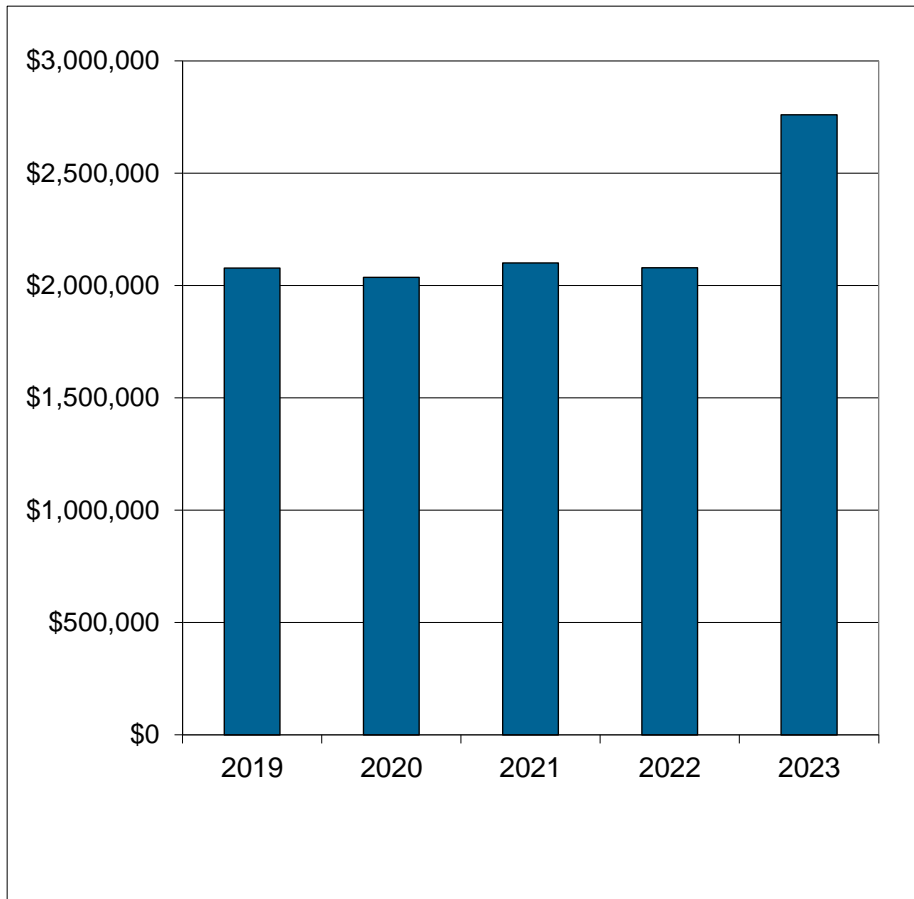
# GENERAL GOVERNMENT EXPENDITURES



- Includes mayor and council, administration, finance and other general government
- Represents 15% of governmental expenditures (excluding capital projects and debt service) in 2023
- Totaled \$1,015,148 in 2023, an increase of \$78,502 (8%) from 2022
- Increase in 2023 due primarily to increased engineering and other professional services costs

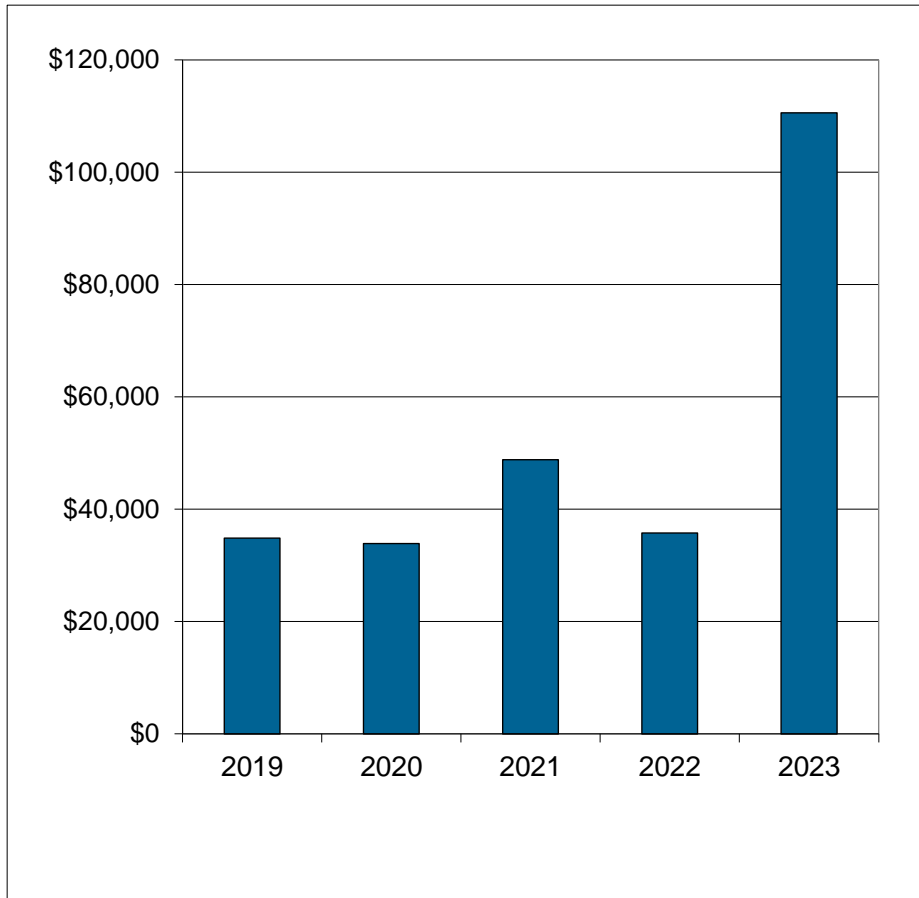


# PUBLIC SAFETY EXPENDITURES



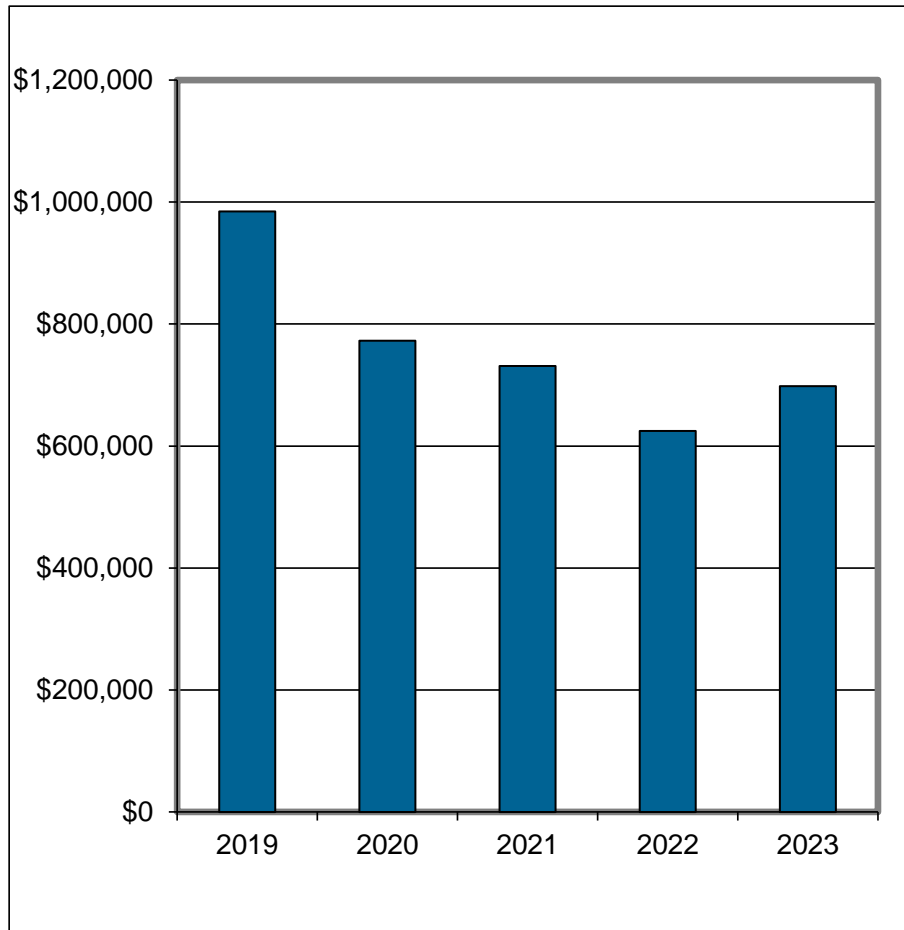
- Includes police, fire and other public safety
- Public Safety represented about 42% of total governmental expenditures (excluding capital projects and debt service) in 2023
- Totaled \$2,761,267 in 2023, an increase of \$681,657 (33%) from 2022
- Increase primarily related to small equipment and supply costs as well as across-the-board cost increases

# CEMETERY EXPENDITURES



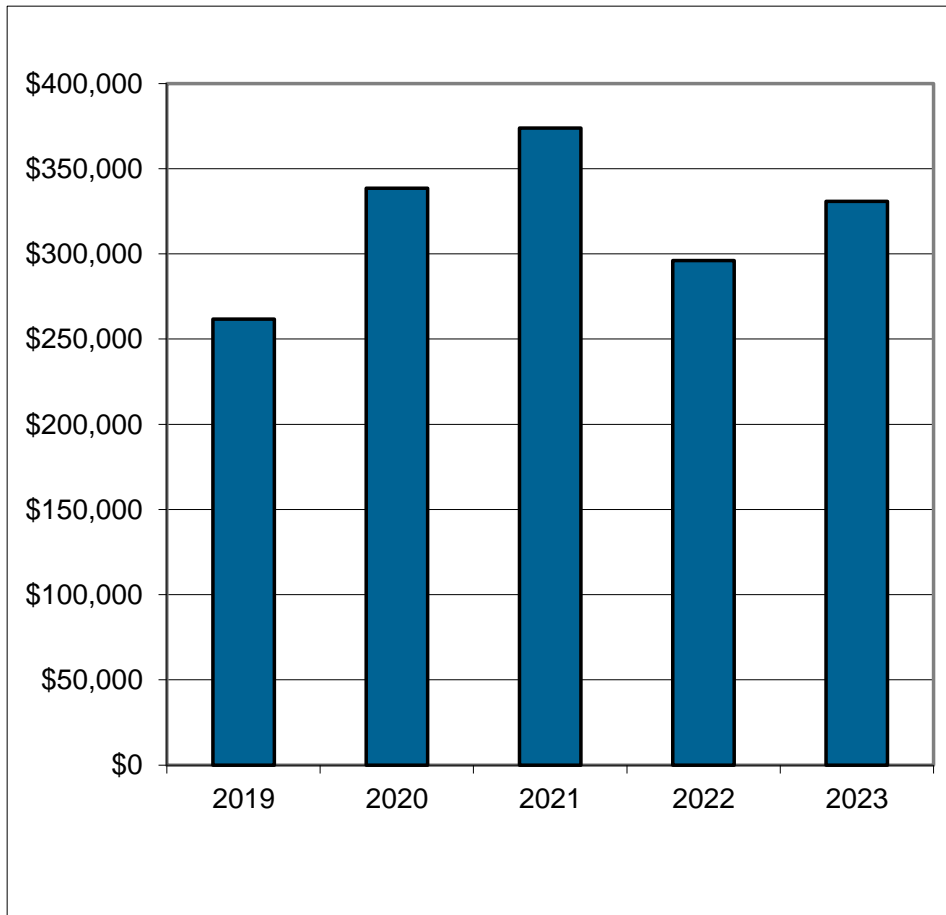
- Cemetery represented about 2% of total governmental expenditures (excluding capital projects and debt service) in 2023
- Totaled \$110,594 in 2023, an increase of \$74,835 (209%) from 2022
- Large increase related to increased staffing and related costs

# PUBLIC WORKS EXPENDITURES



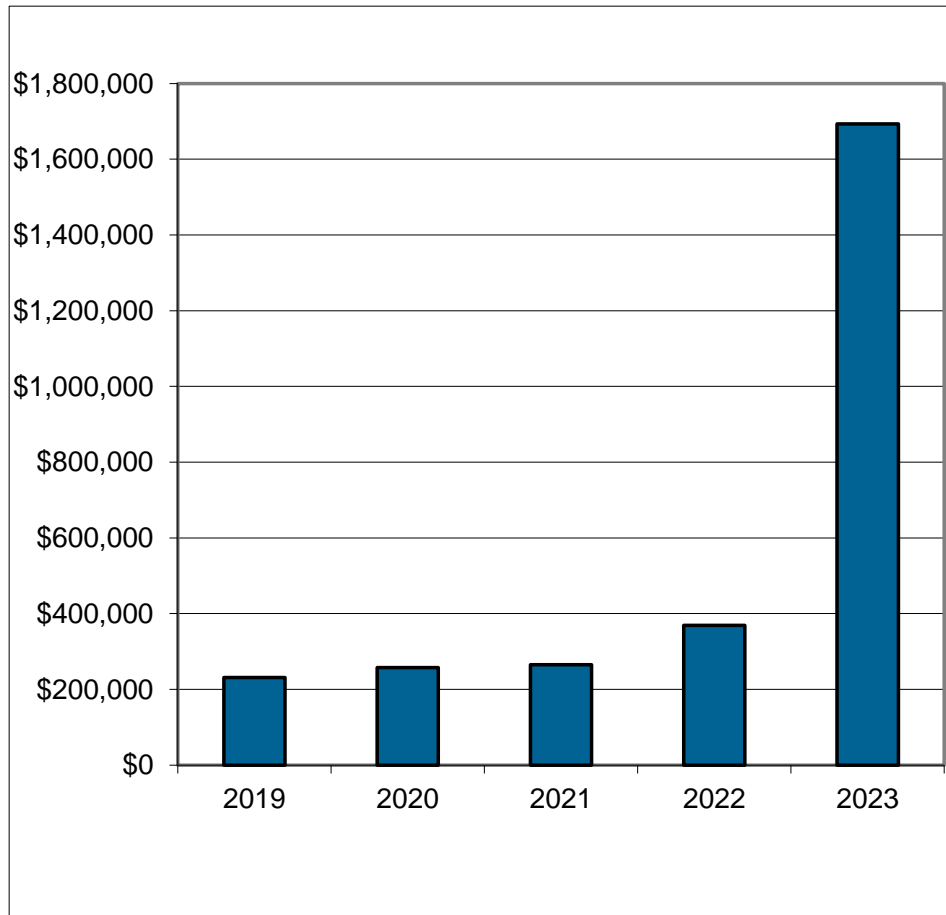
- Includes street maintenance, storm sewer and capital outlay
- Represented approximately 10% of total governmental expenditures (excluding capital projects and debt service) in 2023
- Totaled \$698,285 in 2023 and \$624,865 in 2022, an increase of \$73,420 (12%)
- Increase in 2023 due primarily to increased insurance and supply costs

# PARKS AND RECREATION EXPENDITURES



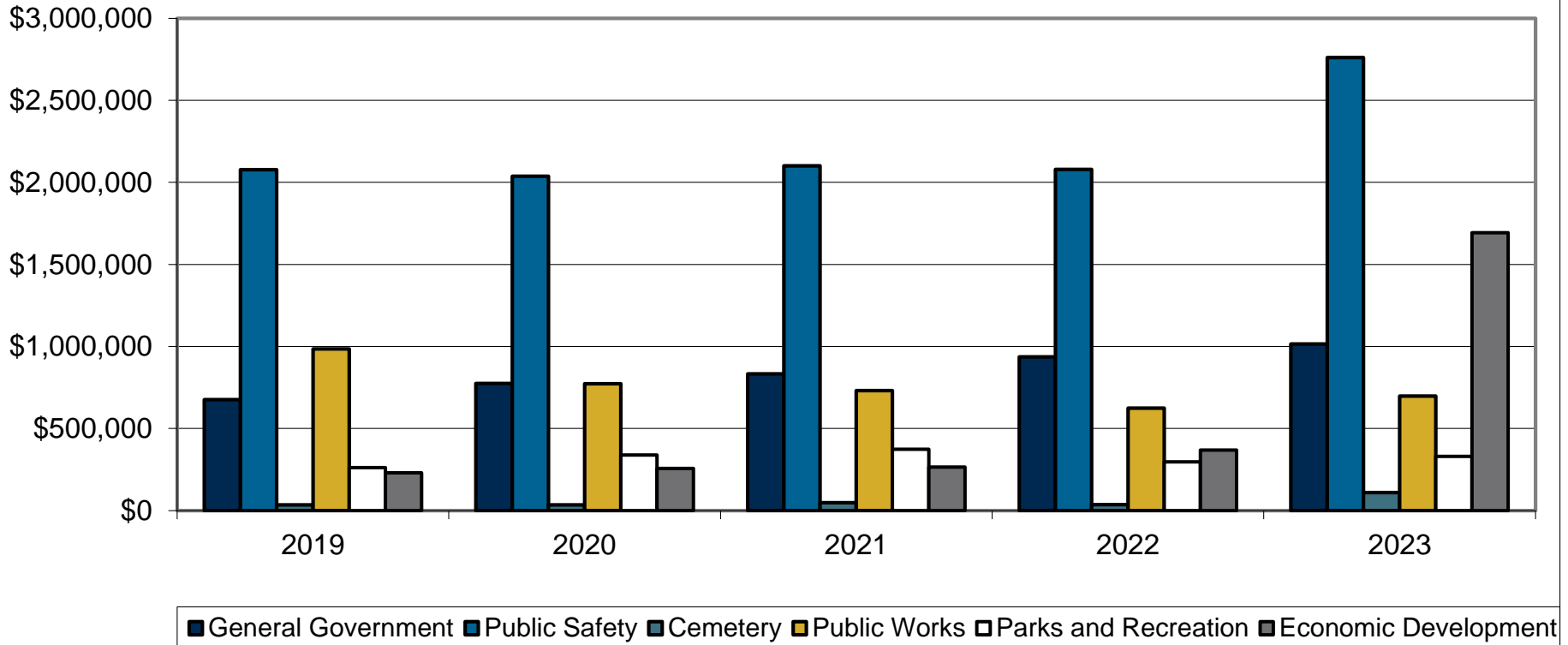
- Includes parks and recreation and libraries
- Totaled \$330,766 in 2023, an increase of \$34,620 (12%) from 2022
- Increase due primarily to an increase in park maintenance wages and related expenditures

# ECONOMIC DEVELOPMENT EXPENDITURES



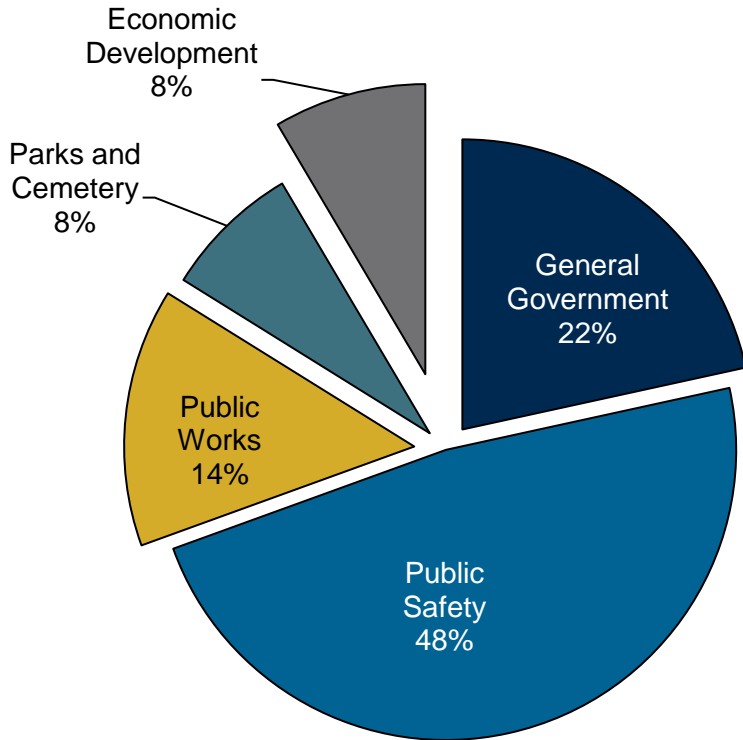
- Totaled \$1,693,742 in 2023, an increase of \$1,324,778 (359%) from 2022
- Increase due primarily to expenses related to development of the Princeton Business Park

# GOVERNMENTAL FUND EXPENDITURES

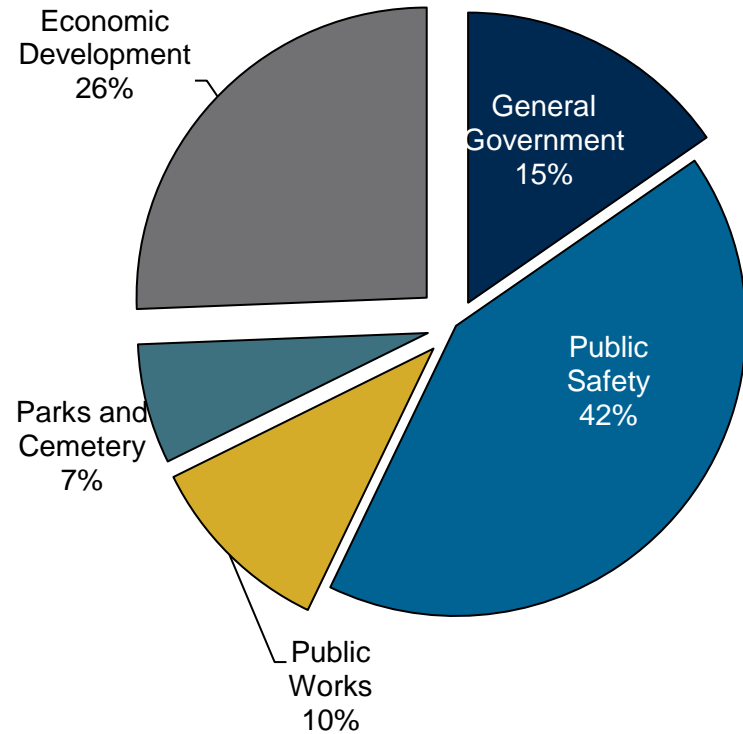


# GOVERNMENTAL FUND EXPENDITURES

**2022**



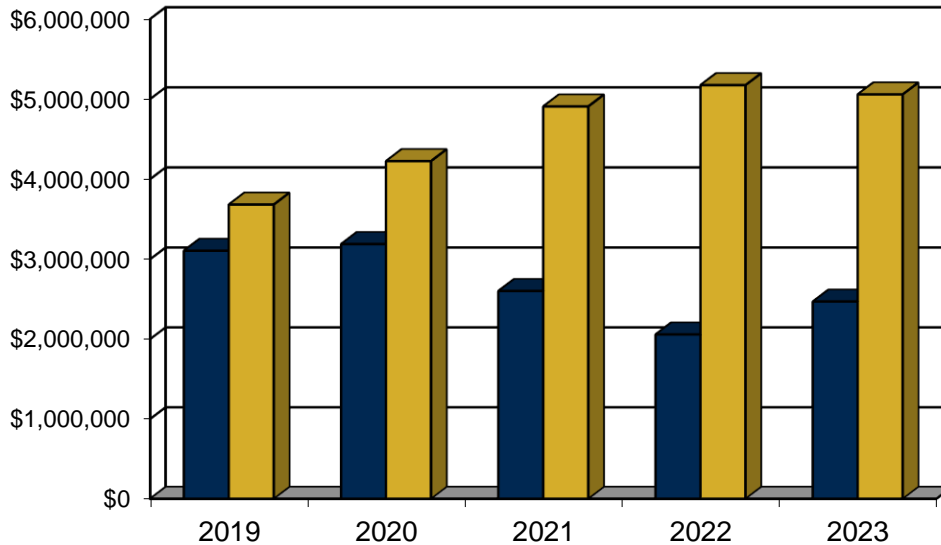
**2023**



# GENERAL FUND RESERVES



# GENERAL FUND RESERVES



■ General Fund Balance

■ General Fund Expenditures

- Assigned and unassigned General Fund balance as a % of General Fund expenditures
  - 2023 49%
  - 2022 40%
  - 2021 53%
  - 2020 76%
  - 2019 84%
- State Auditor recommendation is 35% to 50% in fund balance

# PURPOSES AND BENEFITS OF RESERVES

## Purpose of Reserves

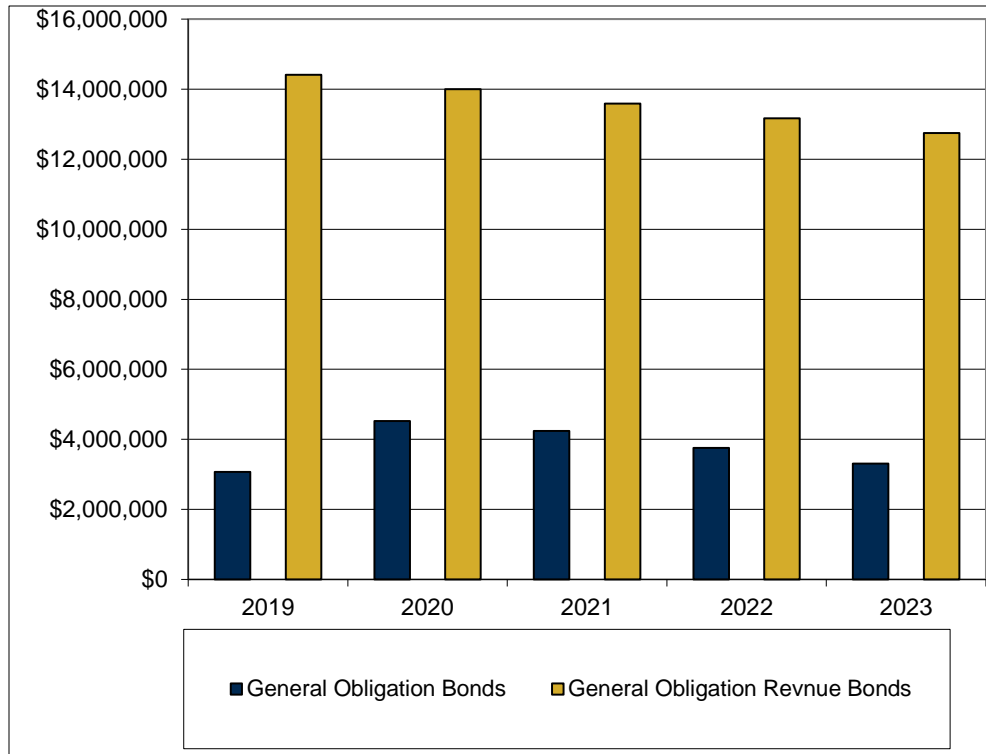
- Cash flow timing differences
- Intergovernmental revenue cutbacks
- Capital outlay replacement
- Emergency or unanticipated expenditures
- Special City Council projects

## Benefits of Reserves

- Favorable bond rating
- Higher investment earnings
- Provides resources for minor projects or feasibility reports
- Avoids temporary overdrafts prior to major receipts
- Allows time to study effects of revenue cuts
- Avoids overburdening of annual budgets for certain capital outlay
- Provides the City greater options to deal with unexpected events

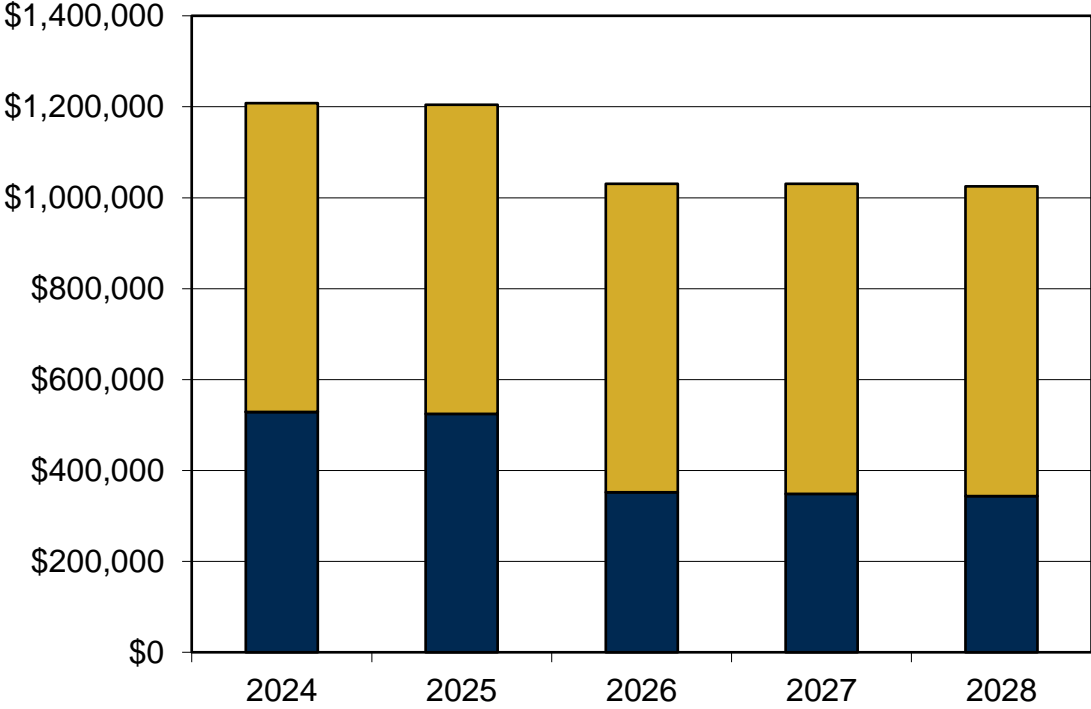
# DEBT SERVICE

# GO BONDS, CERTIFICATES AND NOTES PAYABLE

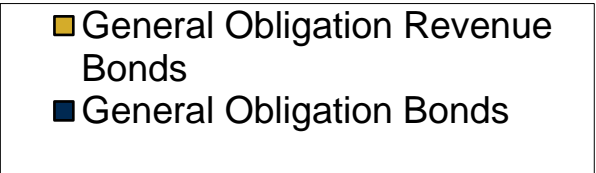


- GO Bonds at 12/31/23
  - Improvement Bonds 2015A (\$525,000)
  - Capital Improvement Bonds 2016A (\$1,415,000)
  - Improvement Bonds 2020A (\$875,000)
  - Tax Abatement Bonds 2020B (\$491,000)
  - Sewer Revenue Refunding Bonds 2012B (\$610,000)
  - Sewer Bonds 2013A&B (\$12,135,147)
- Supported by property taxes, special assessments and municipal state aid
- All payments are being made on a timely basis

# 5-YEAR DEBT SERVICE REQUIREMENTS

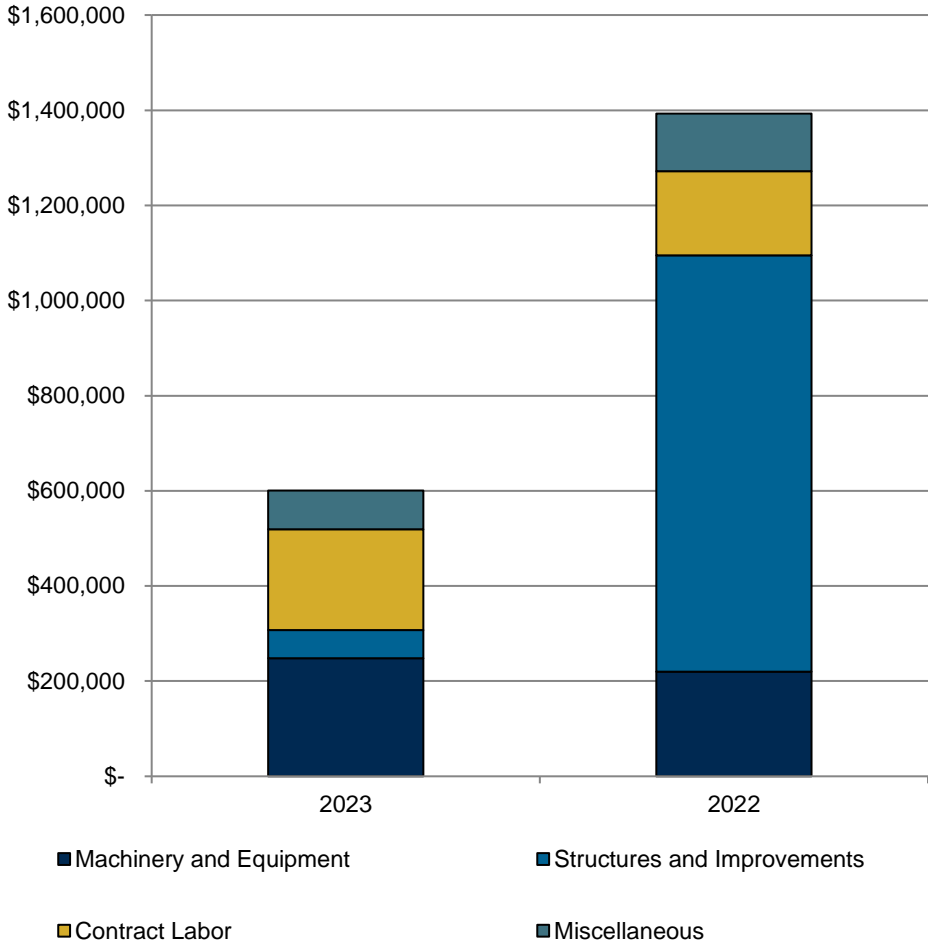


- Includes principal and interest



# CAPITAL PROJECTS

# CAPITAL PROJECTS



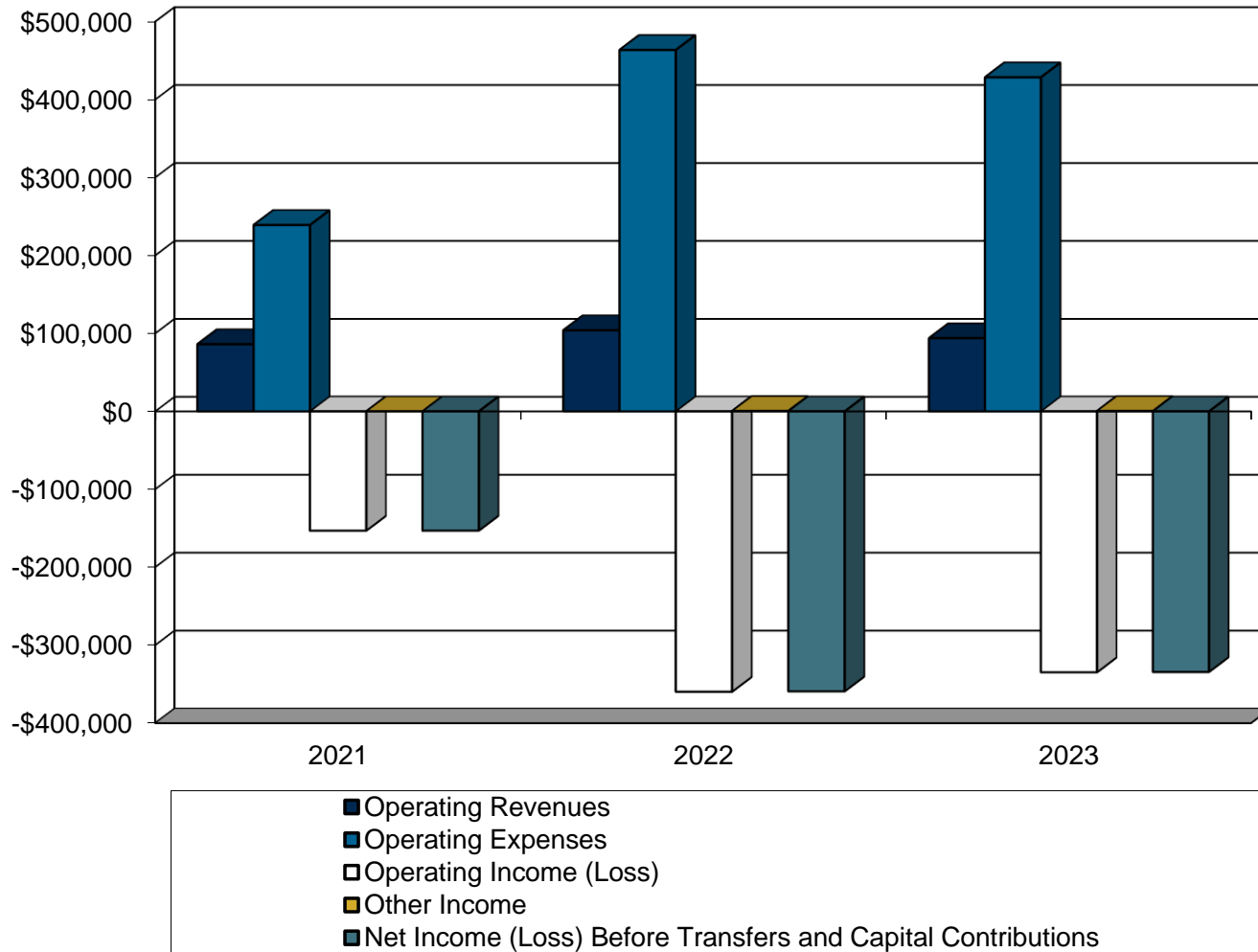
- Major capital projects in 2023 were:
  - Freightliner Tandem
  - Chevy Silverado
  - Ford F150
- Major capital projects in 2022 were:
  - Completion of 19<sup>th</sup> Avenue street extension project
  - Upgrade to finance software
  - Foam trailer

# **ENTERPRISE FUNDS**

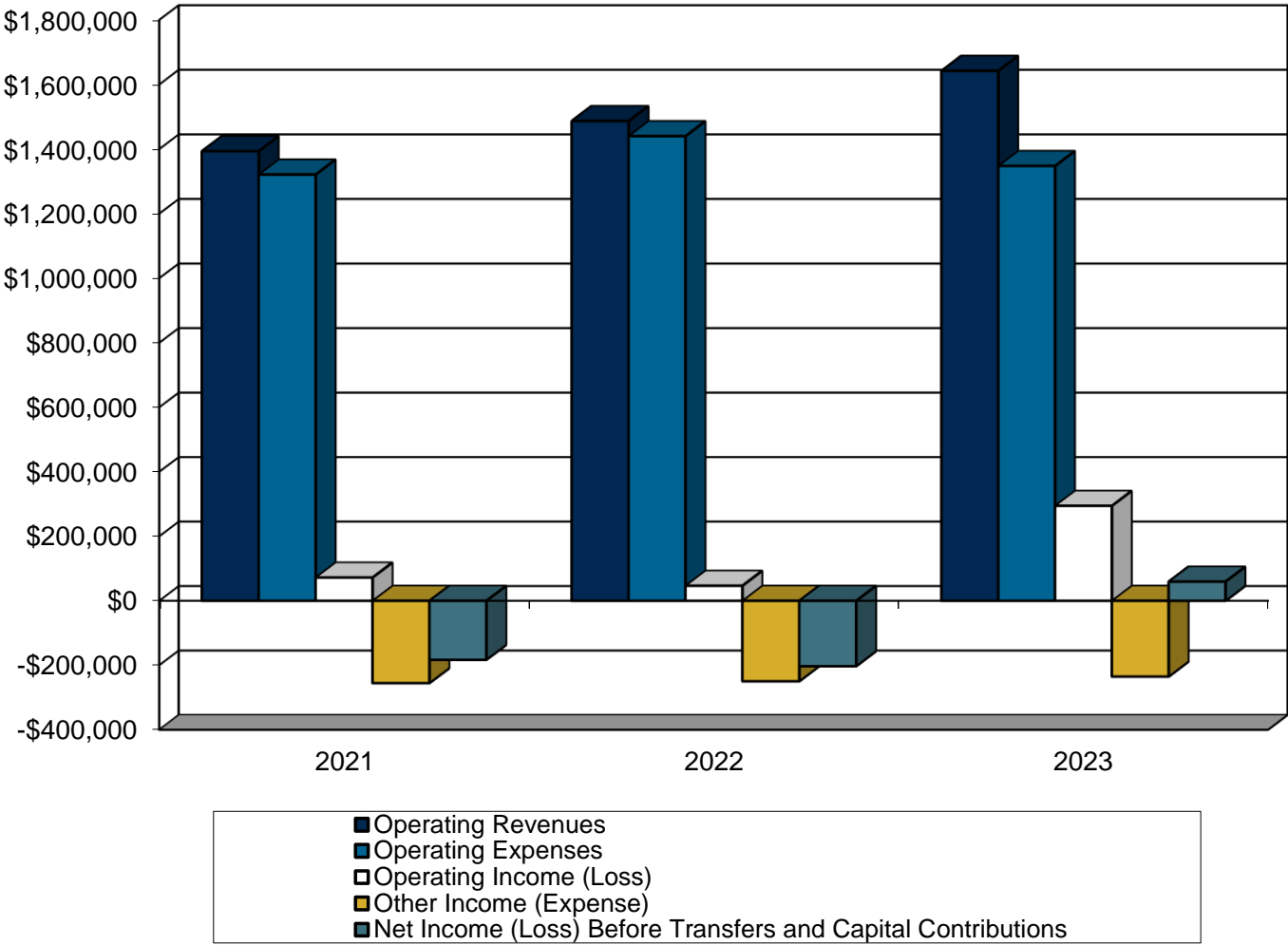
## **OPERATIONAL TRENDS**



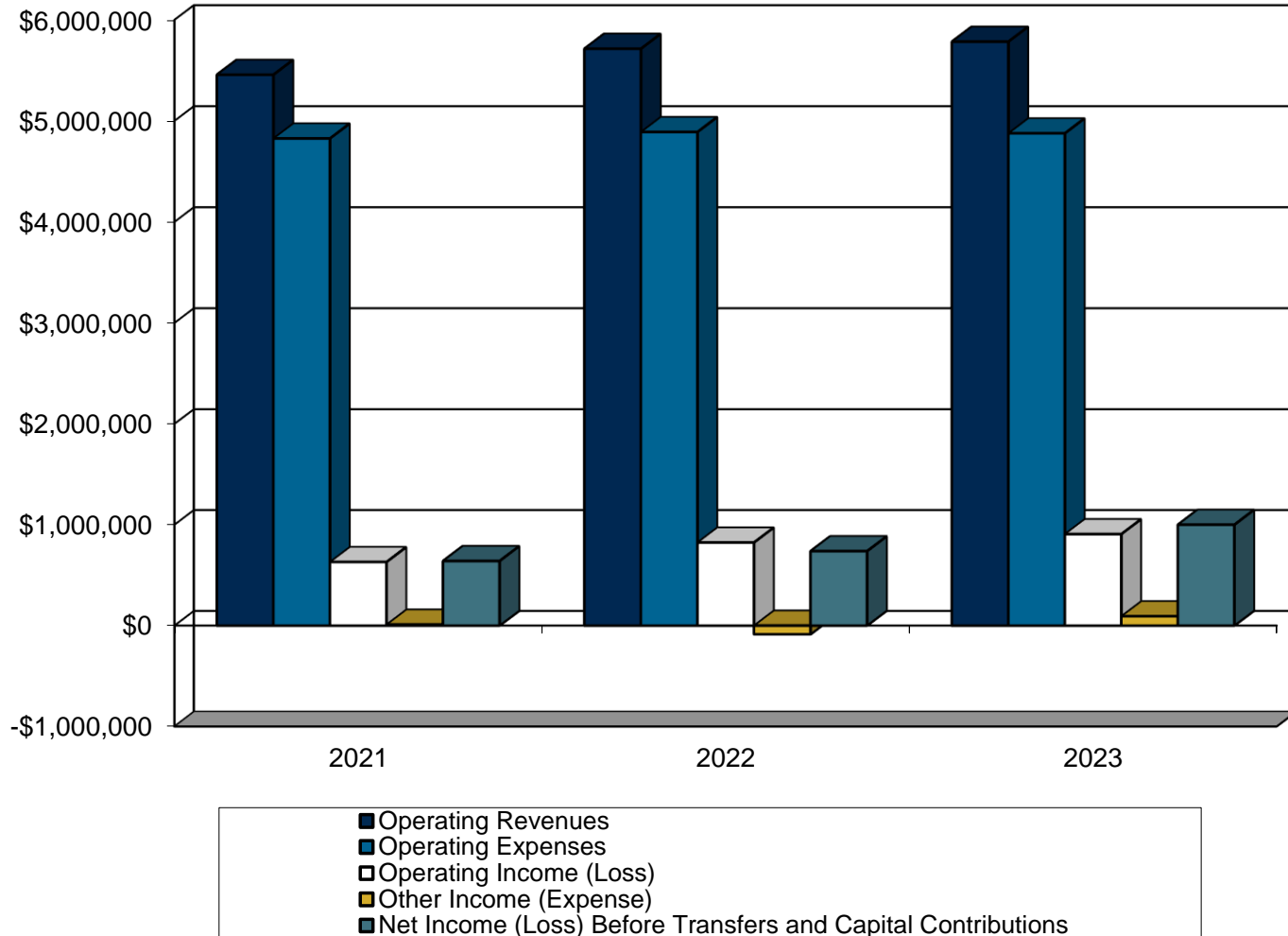
# AIRPORT FUND



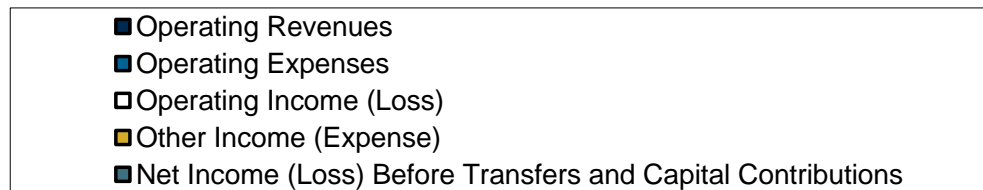
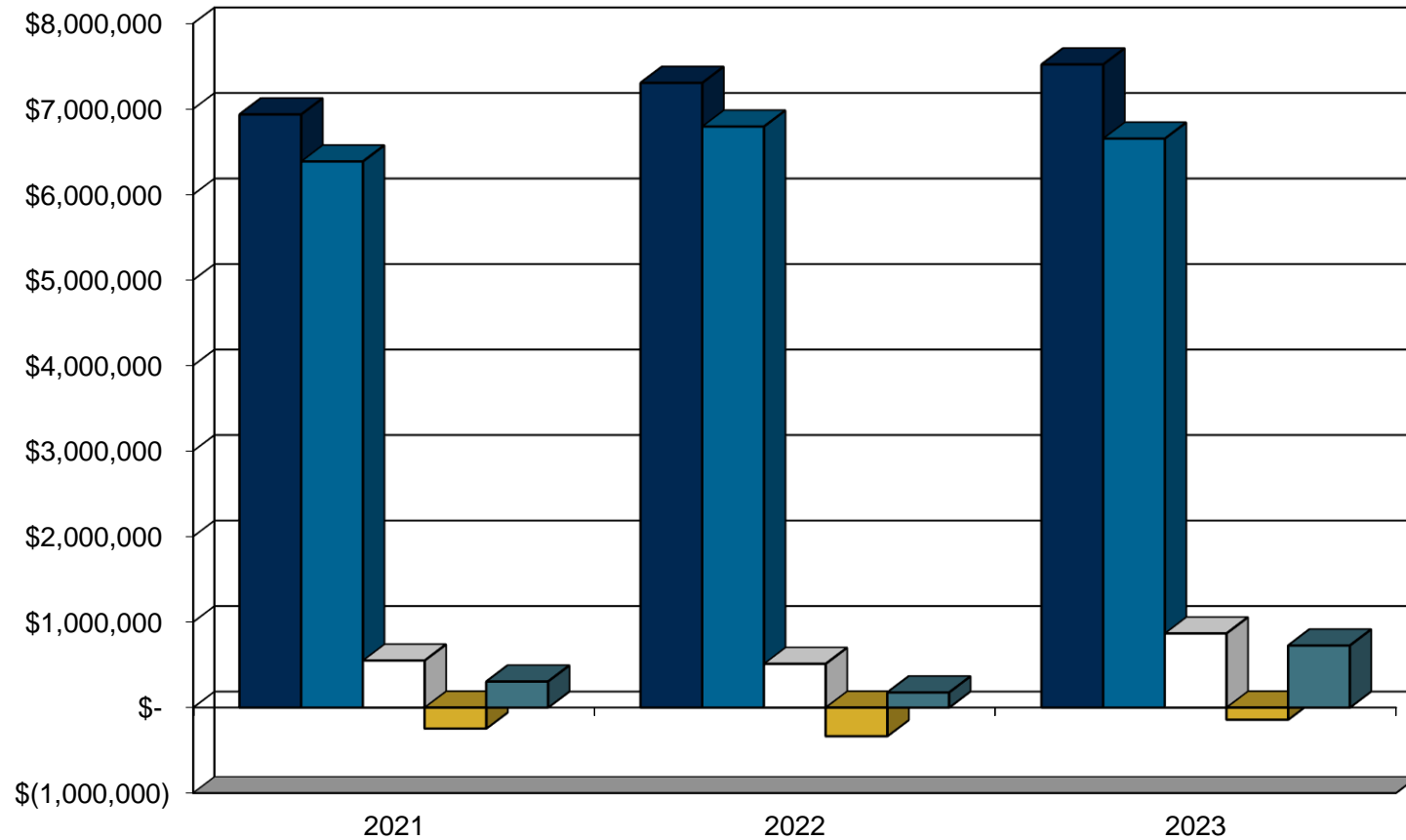
# SANITARY SEWER FUND



# MUNICIPAL LIQUOR FUND



# ENTERPRISE FUNDS - COMBINED



# ENTERPRISE FUNDS

- Enterprise fund services supported by ratepayers
- Other income (expense) includes rental income, intergovernmental revenue, investment earnings (loss) and interest expense
- Overall net position increased \$898,211 from 2022 to 2023
- Net position balances (comprised mostly of investment in capital assets, net of related debt) are positive for all funds

# SUMMARY

- Unmodified audit opinion
- No Minnesota Legal Compliance exceptions in 2023
- Assigned and unassigned general fund balance of \$2,468,952 (49% of 2023 expenditures)
- Bonds outstanding of \$16,051,147 at 12/31/23