

**Richland County Finance and Personnel Committee**

**Agenda Item Cover**

**Agenda Item Name:** Pine Valley report on uses of excess funds 2018-2021

<b>Department</b>	Pine Valley	<b>Presented By:</b>	Tom Rislow/Therese Deckert
<b>Date of Meeting:</b>	May 4, 2021	<b>Action Needed:</b>	No Action Needed
<b>Disclosure:</b>	Open Session	<b>Authority:</b>	
<b>Date submitted:</b>	April 26, 2021	<b>Referred by:</b>	F+P Chair request

**Recommendation and/or action language:** Informational report only

**Background:** WIPFLI's forecast of the estimated annual profits from Pine Valley for 2018, 2019, and 2020 were met. However, those profits weren't put toward Debt Service. So the question was asked "where did the funds go". The answer to that question is that the excess funds began to be put into a 'Debt Service Fund' on Pine Valley's balance sheet. That is until 2018 when the auditors from Johnson Block strongly advised against this. They advised instead that Pine Valley build up its reserves, which at that time were equivalent to barely more than only one month's worth of operating expenses. So since 2018 the excess funds have been used to build up Pine Valley's operating cash reserves and capital improvement fund balance. During a recent phone call with Carol Ann Wirth from Wisconsin Public Finance Professionals, Carol characterized the Pine Valley Trustees' action in this regard as following good basic business practice; a practice that has been confirmed with the recent occupancy challenges and decline in revenues at Pine Valley brought on by the pandemic.

The current balance of Pine Valley's Debt Service fund is \$254,996.24.

Pine Valley, since 2019, has also contributed \$842,000 to the county's general fund.

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**Attachments and References:**

Use of Excess Funds report	Document that references Pine Valley's forecasted potential for debt service contributions

**Approval:**

**Review:**



Department Head

Administrator, or Elected Office (if applicable)

**PINE VALLEY COMMUNITY VILLAGE**

	Pre Audit 2018	Pre Audit 2019	Pre Audit 2020	January 2021
TOTAL INCOME/LOSS	1,028,364	936,199	1,085,632	9,214
Use of Surplus Funds				
Contribution to General Fund		(300,000)	(200,000)	(342,000)
Moved to PV Capital Improvement Fund			(301,150)	
<b>REMAINING SURPLUS FUNDS/ADDED TO OPERATING RESERVES</b>	<b>\$ 1,028,364</b>	<b>\$ 636,199</b>	<b>\$ 584,482</b>	<b>\$ (332,786)</b>

January 2018- Pine Valley received Operational Tax Levy \$126,631 (Received -0- in 2019, 2020, 2021)

	2017	2018	2019	Pre Audit 2020	January 2021
Operating Cash Reserves	954,505	1,858,040	2,704,399	3,214,422	2,894,194
Capital Improvement Fund Balance	620,100	620,100	620,100	921,250	921,250

4/7/2021

## Update to May 28, 2015 Report on Potential Tax Impact

The information below appeared in the May 28, 2015 Report to the County Board and has been updated with the actual debt service figures for all three phases of the Pine Valley financings. The information regarding Pine Valley Est. Profit is the same information contained in the May report as included in the May 2015 Wipfli forecast.

<b>Budget Year</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020-2036</u></b>
<b>Debt Payment:</b>					
Principal & Interest	<u>\$372,083</u>	<u>\$719,665</u>	<u>\$1,371,500</u>	<u>\$1,465,900</u>	<u>\$1,482,912</u>
<b>Source of Funding:</b>					
Interest Borrowed	\$372,083	\$361,407			
Pine Valley Equity		\$358,258			
Pine Valley Est. Profit From Prior Year (Est.)			\$ 652,016	\$ 746,277	\$ 770,812
County Operating Levy Contribution			\$ 200,000	\$ 200,000	\$ 200,000
*County Debt Tax Levy (Est.) _____			<u>\$ 519,484</u>	<u>\$ 519,623</u>	<u>\$ 512,100</u>
<b>Total Funding Sources</b>	<u><b>\$372,083</b></u>	<u><b>\$719,665</b></u>	<u><b>\$1,371,500</b></u>	<u><b>\$1,465,900</b></u>	<u><b>\$1,482,912</b></u>

--- No Tax Impact ---      - - - - - Tax Rate Impact - - - -

County's 2015 Equalized Value - \$1,023,336,700      Approx. 51 cents or \$51 on \$100,000