

VILLAGE OF MENOMONEE FALLS 2012 FINANCIAL RESULTS

Summary presentation

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Finance Director



Comprehensive Annual Financial Report (CAFR)

CAFR

- **Report on the financial position of the Village as of 12/31/12 and the results of 2012 operations**
 - The overwhelming length of the CAFR is due to compliance with generally accepted accounting principles
 - The transmittal letter as well as management's discussion and analysis (MD&A) are good sources to find summarized information and can be found at the beginning of the CAFR
- **Required to be prepared and audited annually**
 - Audited by Reilly, Penner & Benton LLP

CAFR

- **Contents summary:**
 - **Transmittal Letter**
 - **Independent Auditor's Report**
 - **Management's Discussion & Analysis (MD&A)**
 - **Financial Statements (part 1 of 2)**
 - **Notes supporting the Financial Statements**
 - **Financial Statements (part 2 of 2)**
 - **Statistical information**
- **The 2011 CAFR received an award for excellence in reporting.**
 - **I expect the 2012 CAFR to also receive this award**



General Fund

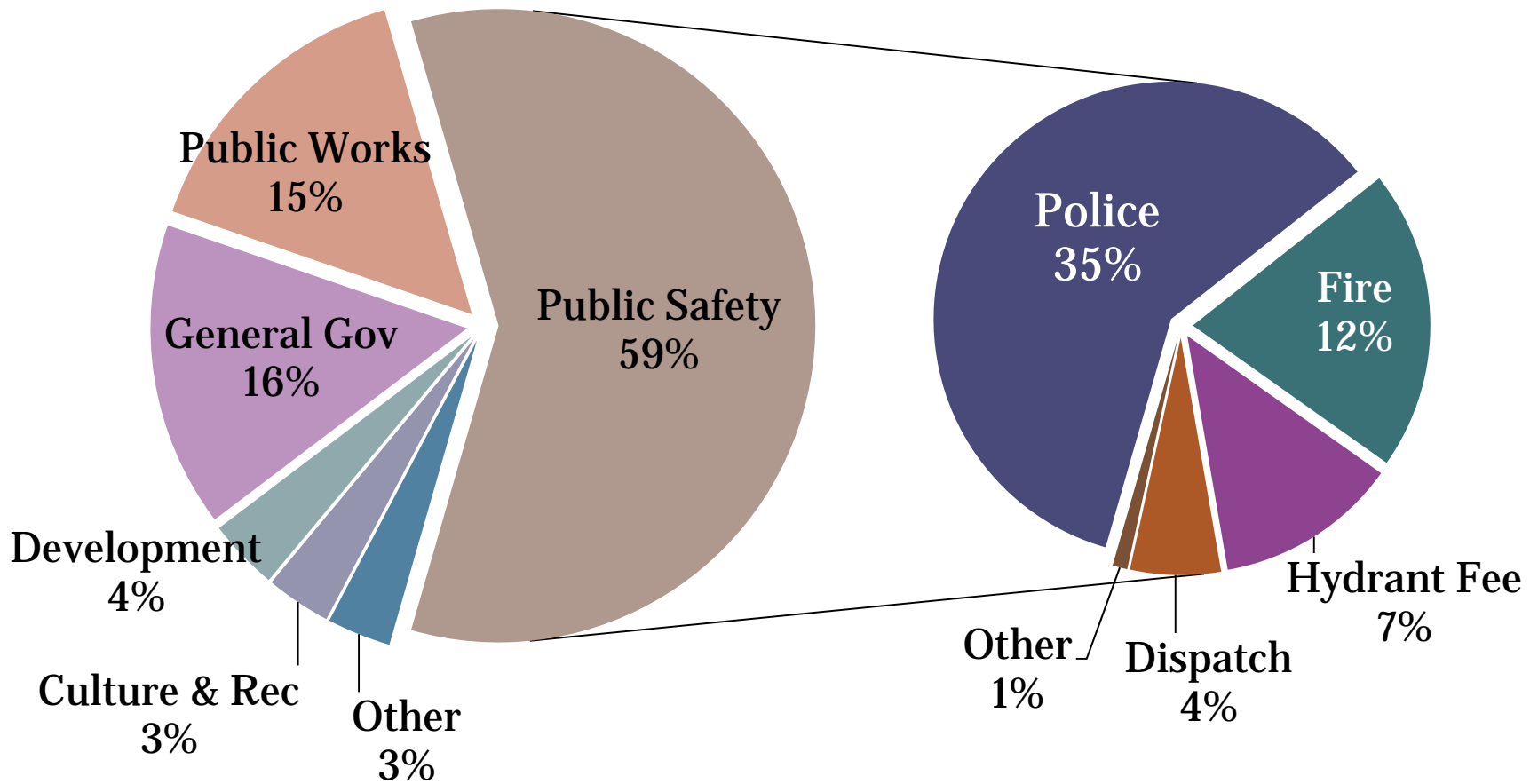




General Fund

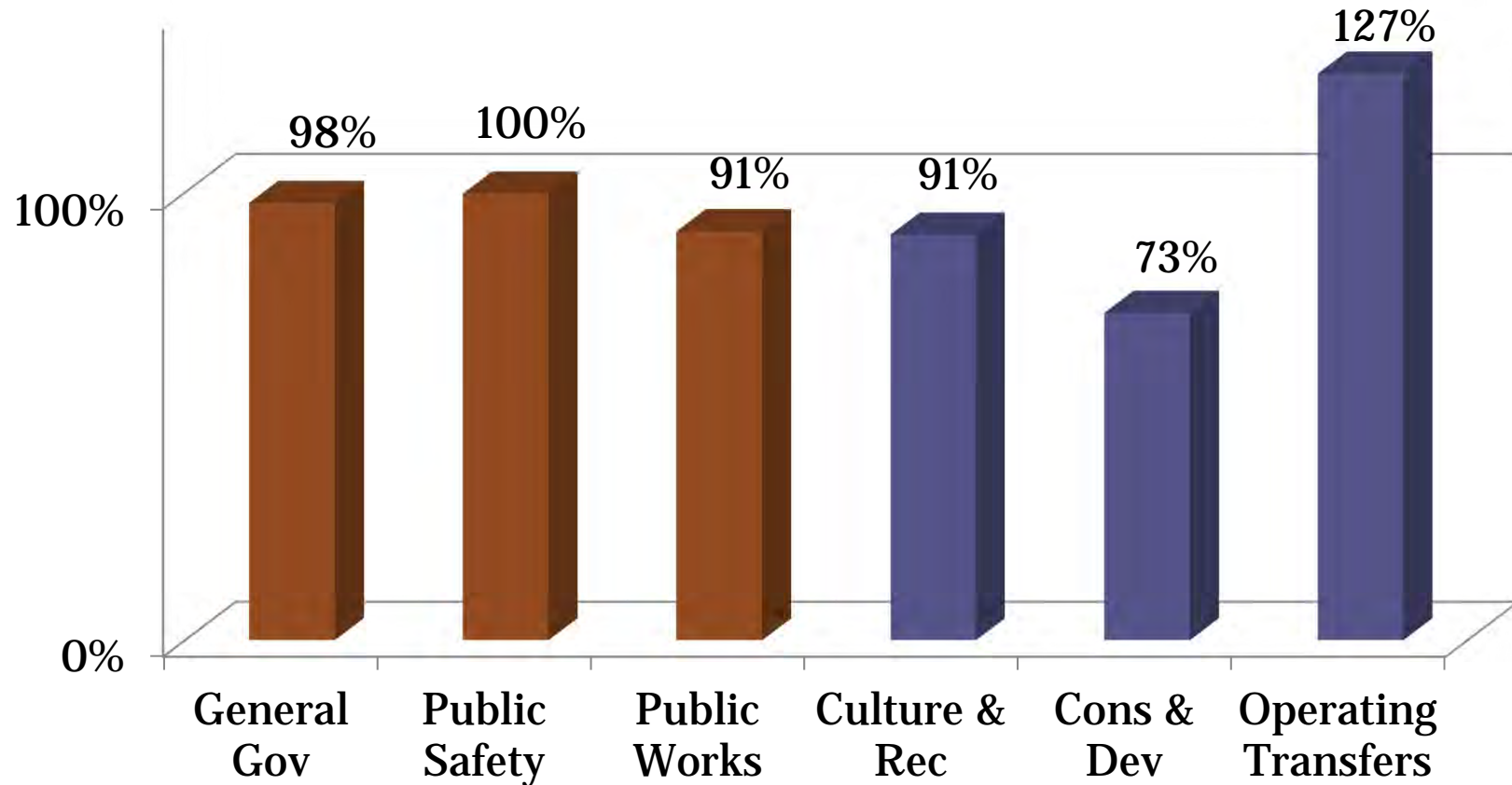
- The main operating fund of the Village including:
 - Public Safety (Police, Fire, Dispatch)
 - Public Works (Street and Equipment Maintenance)
 - Culture & Recreation (Parks, Old Falls Village)
 - Development (Community Dev, Planning, Engineering)
 - General Government
 - Village Manager, Attorney, Court, Clerk Services, Human Resources, Building Maintenance, Financial Services, IT

General Fund (Expenditures)



General Fund Expenditures (Budget vs Actual)

Percent of Budget Used

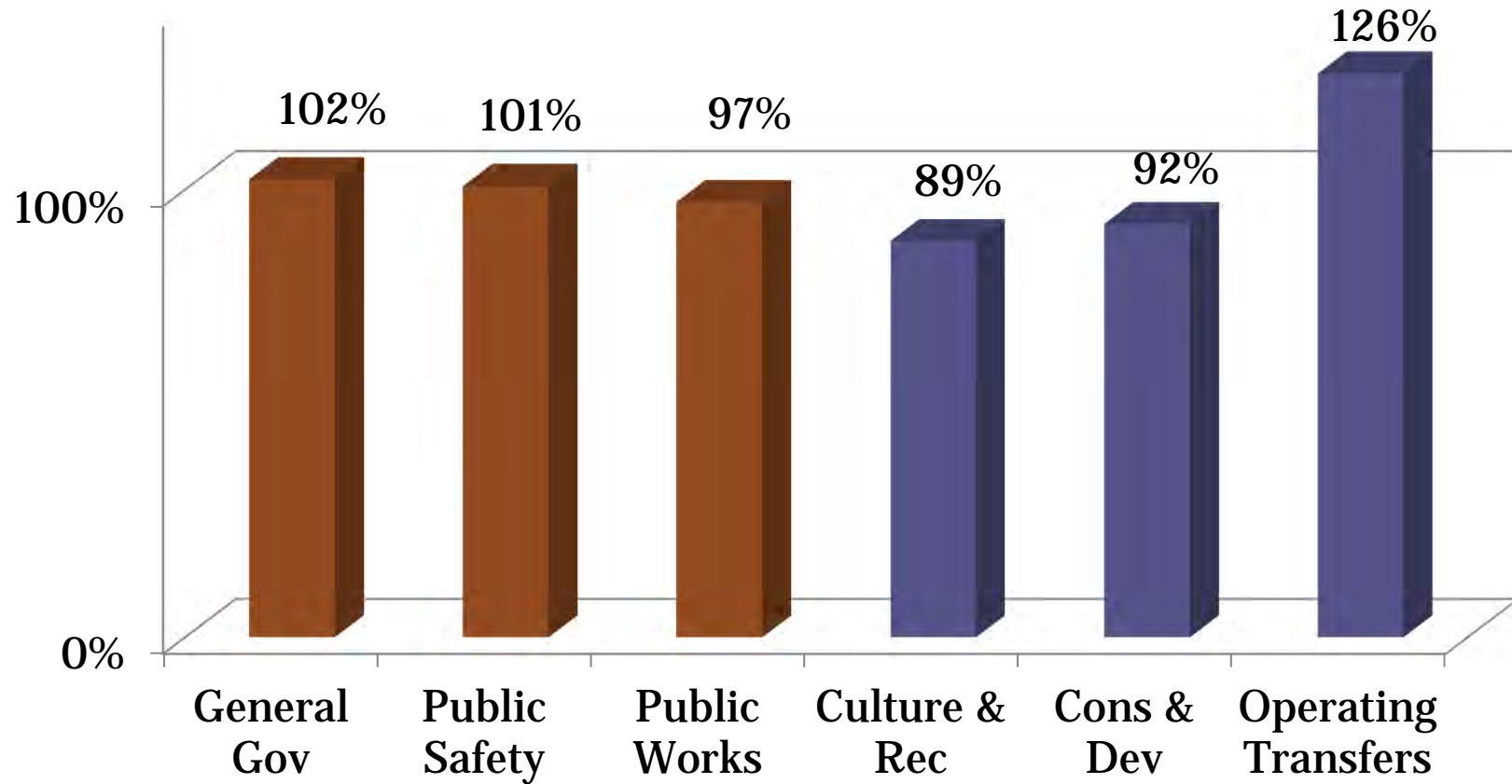


General Fund Expenditures (Budget vs Actual)

- Overall, expenditures were under budget by 3% or \$665,000. Savings were realized from:
 - Layoffs (7) in the following departments:
 - Building Maintenance (1), Streets (5), Parks (1)
 - Higher than expected engineering work done for:
 - Village Water, Sewer, and Storm Water utilities
 - External developments
 - Lower than expected fuel costs
- Transfer to the Solid Waste Collection Fund was greater than budgeted
 - Lower commodity prices on recyclable materials

General Fund Expenditures (2012 vs 2011)

Percent of Prior Year



General Fund Expenditures (2012 vs 2011)

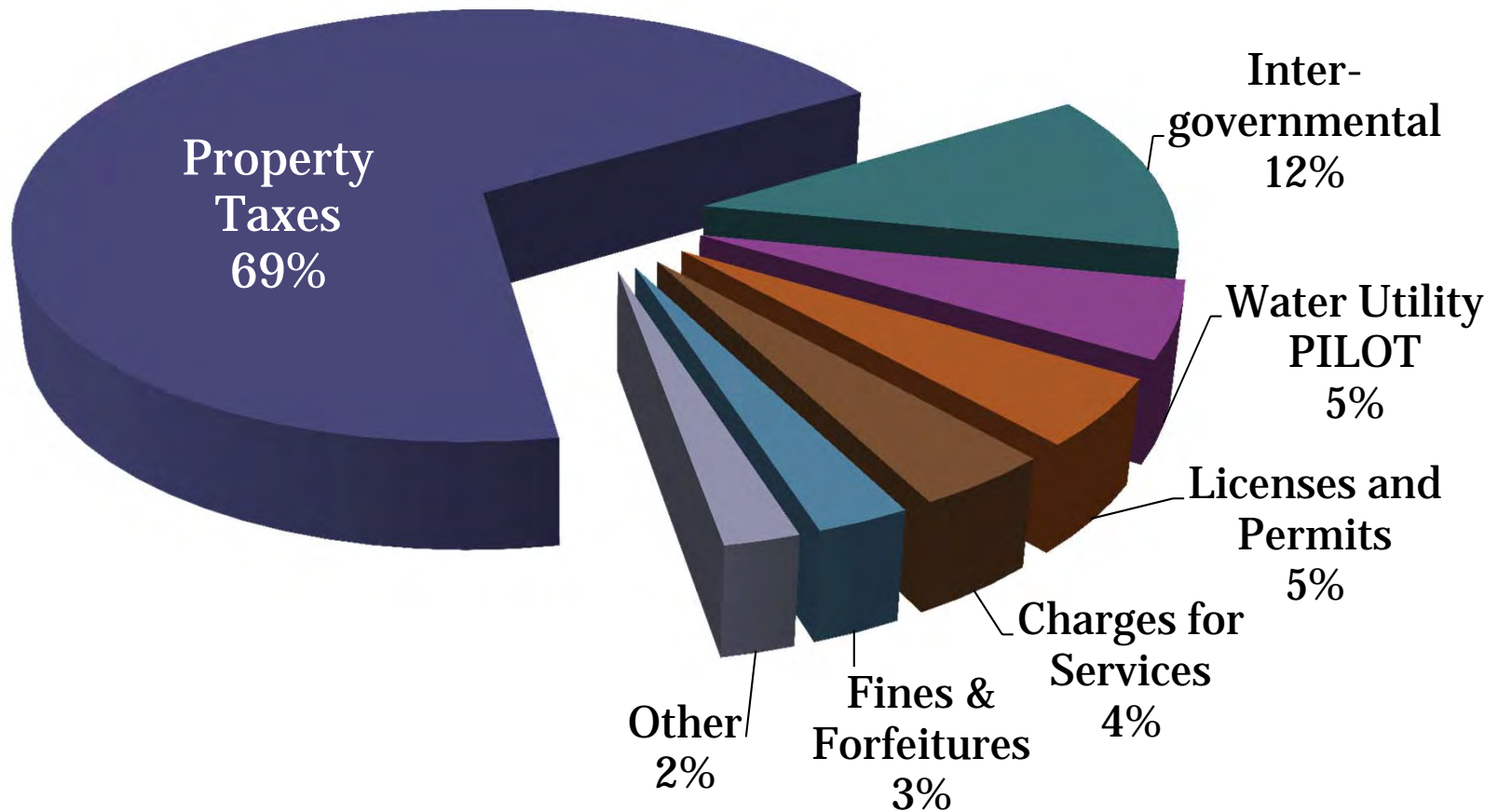
- Overall, expenditures increased 0.3% or \$78,000.
- The most significant savings were realized from:
 - Public Works personnel costs
 - Greater amount of engineering work done for:
 - Village Water, Sewer, and Storm Water utilities
 - External developments
 - Lower fuel costs



General Fund Expenditures (2012 vs 2011)

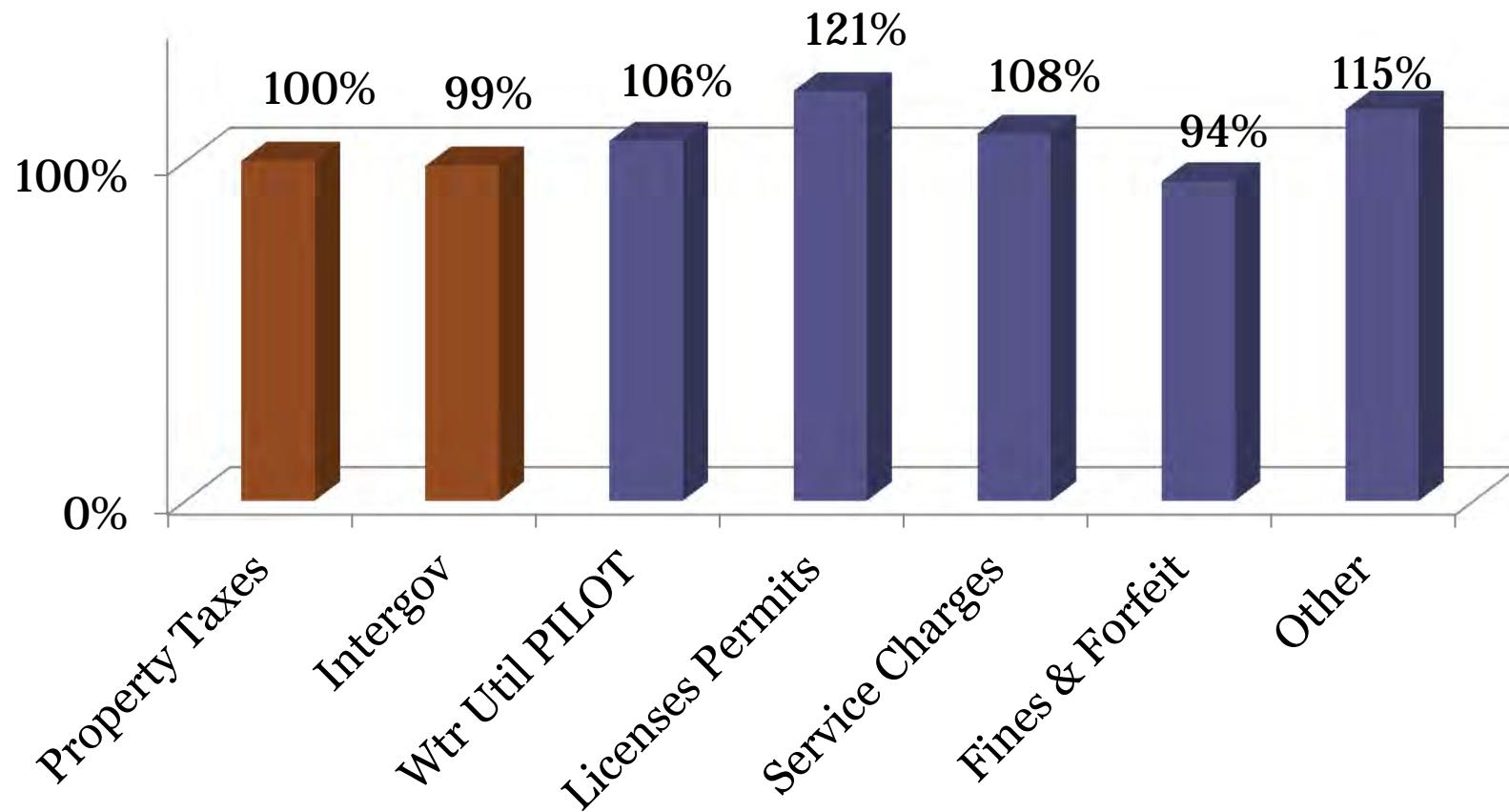
- The most significant increases included:
 - Protective Services personnel costs
 - Costs associated with numerous elections
 - Accounting system and networking upgrades
 - Support for the Solid Waste Collection Fund
 - Lower commodity prices on recyclable materials

General Fund (Revenues)



General Fund Revenues (Budget vs Actual)

Percent of Budget Attained



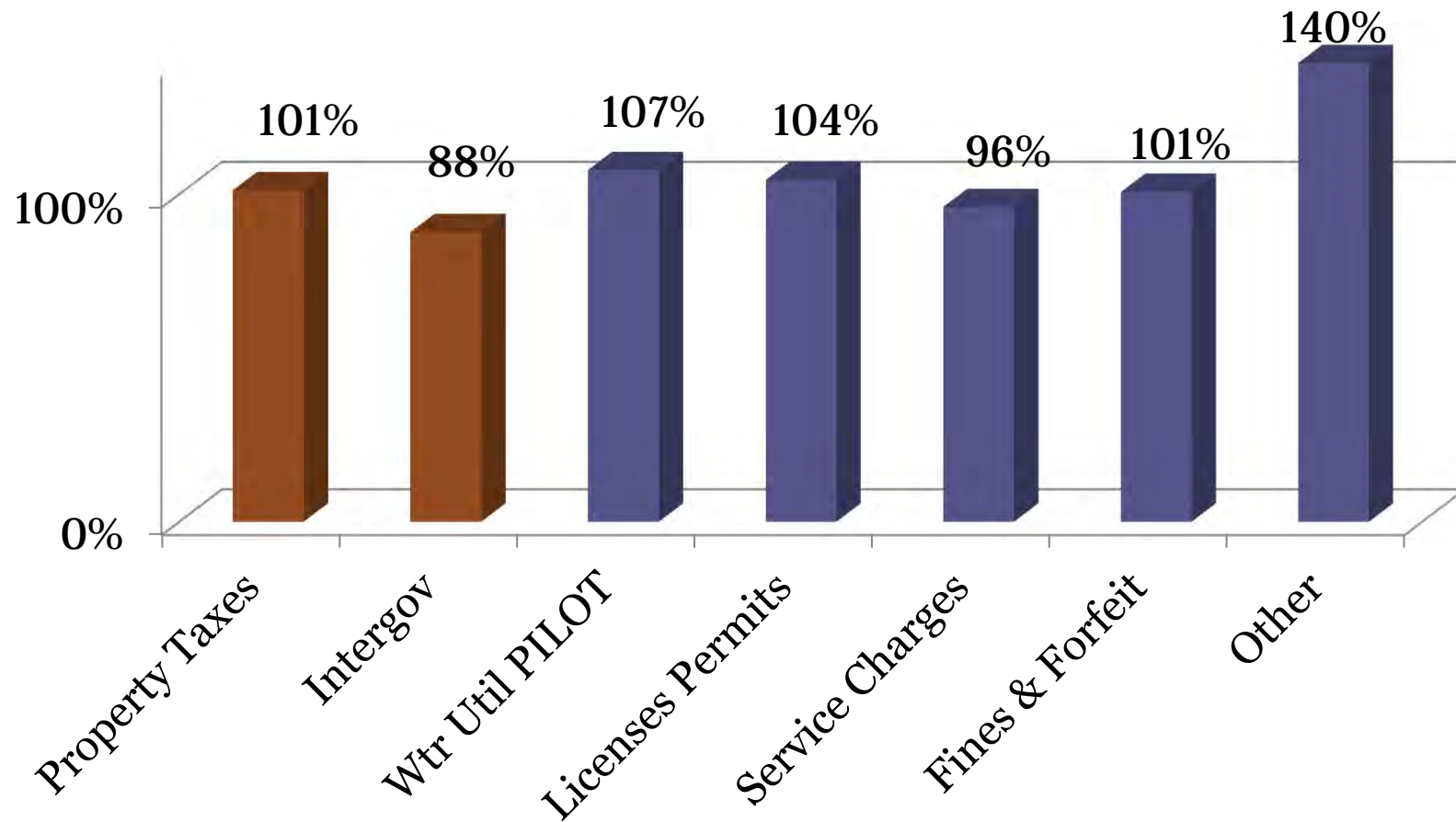


General Fund Revenues (Budget vs Actual)

- Overall, revenues were greater than budget by 1.4% or \$330,000.
 - Building permit volume was greater than expected
 - Additional interest was received on advances to TID funds

General Fund Revenues (2012 vs 2011)

Percent of Prior Year



General Fund Revenues (2012 vs 2011)

- Overall, revenues increased 0.3% or \$71,000.
- The most significant decreases were from:
 - Reduced state shared revenues
 - Reduced state transportation aid
- The most significant increases were from:
 - Increased taxes (due to net new construction)
 - Interest on advances to TID funds

General Fund (Fund Balance)

Revenues	\$23,576,476
Less (expenditures)	- 21,861,438
Less (net operating transfers)	- 720,886
Operating surplus	994,152
Transfer-in (Park Impact Fees)	524,662
Transfer-out (2012 Capital Budget)	-1,000,000
Change before surplus transfer	518,814
Transfer to Muni Fac (2012 surplus)	-500,000
➔ Change in fund balance	18,814

General Fund (Fund Balance)

Fund balance (beginning of year)	\$9,246,770
Change in fund balance	18,814
Fund balance (December 31, 2012)	\$9,265,584

Fund Balance Breakdown

Nonspendable	\$2,498,367
Restricted	91,526
Unassigned	6,675,691

Monthly expenditures (based on 2013 budget)	\$2,156,918
Months of working capital	3.1 



Municipal Facilities & Equipment Fund

Municipal Facilities & Equipment Fund (MFEF)

- The MFEF continues to be a strong asset to the Village.
- During 2012 the MFEF added \$2.7 million to its fund balance which totaled over \$8.8 million.
- Landfill tipping fees were unexpectedly strong at \$4.5 million for 2012, \$1.7 million higher than budget.
 - The unexpected increase was due to the landfill's acceptance of material from a couple of large-volume construction projects, one of which was the TID #8 cleanup.



Sewer Utility



Sewer Utility (Balance Sheet Highlights)

Unrestricted cash	\$4,998,410
Taxes and tax roll charges	694,458
Cash readily available	5,692,868

Accounts payable and accrued liabilities	621,039
Advance payable	521,259
Outstanding debt (plus accrued interest)	2,322,203
Liabilities available for payment	3,464,501

Net cash readily available	\$2,228,367
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Sewer Utility (Income Statement Highlights)

User service charges	\$8,526,609
Operating expenses (less depreciation)	8,745,692
Operating loss	-219,083

Net nonoperating revenues	363,295
Net income (w/o depreciation or contributions)	\$144,212

Financial Statement Reconciling Info:

Depreciation expense	\$1,302,939
Capital contributions revenue	243,151

Sewer Utility (Comments)

- The Sewer Utility continues to operate at a financial statement loss; however, from a cash perspective still remains financially viable.
- There are no significant infrastructure projects scheduled for the near future, so that should help keep cash demands manageable.
- A little over \$6.9 million was paid to MMSD for contracted services in 2012. That's an increase of 10% or \$640,000 over 2011. Increases in MMSD costs will likely be the driving factor behind potential future rate increases.
 - MMSD fixed capital charges increased 13% or \$590,000
 - MMSD volume charges increased 2.9% or \$50,000



Water Utility



Water Utility (Balance Sheet Highlights)

Unrestricted cash	\$2,218,696
Tax roll charges	191,156
Cash readily available	2,409,852

Accounts payable and accrued liabilities	1,063,417
Outstanding debt (plus accrued interest)	4,881,462
Liabilities available for payment	5,944,879

Liab. covered by future cash flow	\$3,535,027
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Water Utility (Income Statement Highlights)

User service charges	\$7,097,796
Operating expenses (less depreciation)	4,886,236
Operating income	2,211,560

Net nonoperating expenses (w/o non-cash items)	-91,233
Net income (w/o depreciation or contributions)	\$2,120,327

Financial Statement Reconciling Info:

Depreciation expense	\$1,520,796
Amortization of debt items and loss on sale	72,119
Capital contributions revenue	577,939

Water Utility (Comments)

- The Water Utility is governed by the Wisconsin Public Service Commission (PSC)
 - The last rate increase occurred in 2011 as a result of increased Milwaukee water rates.
- The Water Utility had positive results due to the increased water demand throughout the drought conditions in 2012.
 - User charges increased 7.9% or \$520,000
- There are significant infrastructure projects in the near future, so it's important for the Utility to remain financially healthy.

Water Utility (Comments)

- Around 90% of the Village's water supply comes from Milwaukee.
 - The Water Utility paid almost \$1.6 million to Milwaukee for water in 2012; an increase of 7% or \$104,000 over 2011.
 - The increase is due to the extra drought demand.
- The Utility also paid \$1.3 million in tax equivalent charges to the Village in 2012.
 - This amount is determined based on a PSC formula.



Storm Water Utility



Storm Water Utility (Balance Sheet Highlights)

Unrestricted cash	\$2,035,609
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Accounts payable and accrued liabilities	284,110
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Advance payable	145,762
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Outstanding debt (plus accrued interest)	3,542,183
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Liabilities available for payment	3,972,055
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Liab. covered by future cash flow	\$1,936,446
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Storm Water Utility (Activity Highlights)

Property taxes and permit fees	\$959,510
Operating expenses (less depreciation)	739,652
Operating income	219,858

Net nonoperating revenues (w/o non-cash items)	88,035
Net income (w/o depreciation or contributions)	\$131,823

Financial Statement Reconciling Info:

Depreciation expense	\$526,441
Amortization of debt items	848

Storm Water Utility (Comments)

- The Storm Water Utility continues to operate at a financial statement loss; however, from a cash perspective is currently performing sufficiently.
- The Storm Water Utility is handicapped in that it is still supported almost entirely by the tax levy.
 - A provision in the 2013-2015 State Budget may prevent a switch to a more sustainable fee structure.
- Infrastructure demands for the near future are significant.
 - With levy limits in place, it may get difficult to fund necessary storm water projects in the Village.