

# VILLAGE OF MENOMONEE FALLS 2021 FINANCIAL RESULTS

Summary Presentation

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Director of Finance



# Annual Financial Report

# Comprehensive Annual Financial Report (CAFR)

- Report on the financial position of the Village as of 12/31/21 and the results of 2021 operations
  - The overwhelming length of the CAFR (approx. 150 pages) is due to compliance with accounting standards
  - The transmittal (intro) 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 (WI Tax 16.05)
  - Audited by Reilly, Penner & Benton LLP
- Will be posted to the Village website

# Major Report Components

- Transmittal Letter (Village profile and policies)
- Independent Auditor's Report
- Management's Discussion & Analysis (MD&A)
- Financial Statements
- Footnotes (plus other required statements)
- Statistical information

# What are Funds?

- In simple terms, funds are like separate entities, with each tracking a separate type of activity.
  - Some Funds are mandatory (such as the General Fund)
  - Others are discretionary (such as Special Assessments Fund)
  - By tracking activities in separate funds, we can more easily see the financial benefit or burden an activity is providing.

# Fund Types

- Most of our funds fall into two categories:
  - Proprietary funds
    - These funds operate like a business where service fees provide a majority of the revenues to keep the fund operating.
    - Examples: Water Utility, Sewer Utility, Solid Waste Collection
  - Governmental funds
    - These funds are focused on reporting the results of specific activities and are largely supported by taxes.
    - Examples: General Fund, Municipal Facilities & Equipment Fund



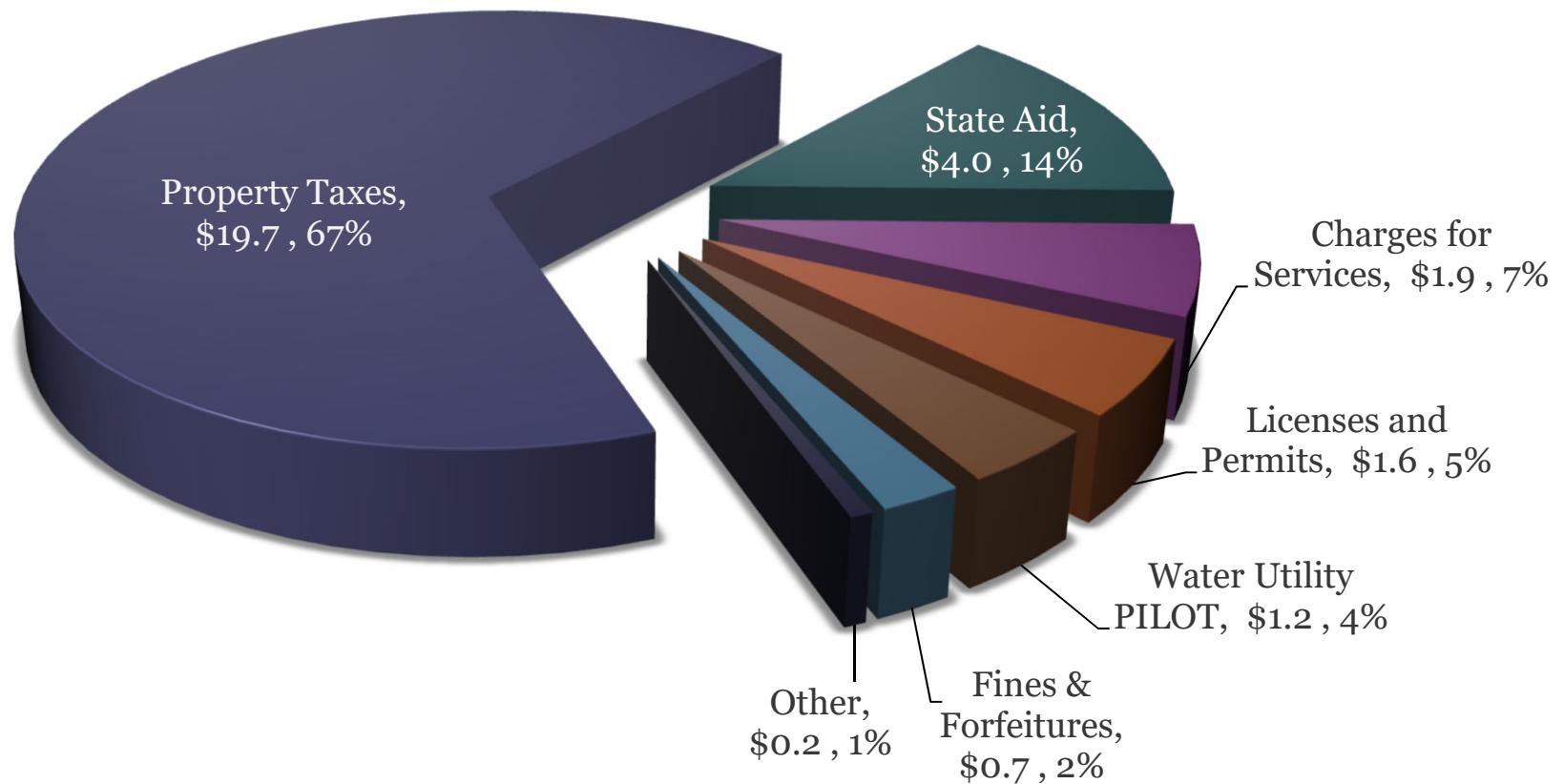
# General Fund

# General Fund

- The main operating fund of the Village which includes:
  - Public Safety (Police, Fire/EMS)
  - Public Works (Right-of-Way & Equipment Maint.)
  - Culture & Recreation (Parks, Old Falls Village)
  - Development (Zoning, Permits, Planning, Engineering)
  - General Government Supportive Services
    - Village Manager, Attorney, Court, Clerk Services, Human Resources, Building Maintenance, Financial Services, IT

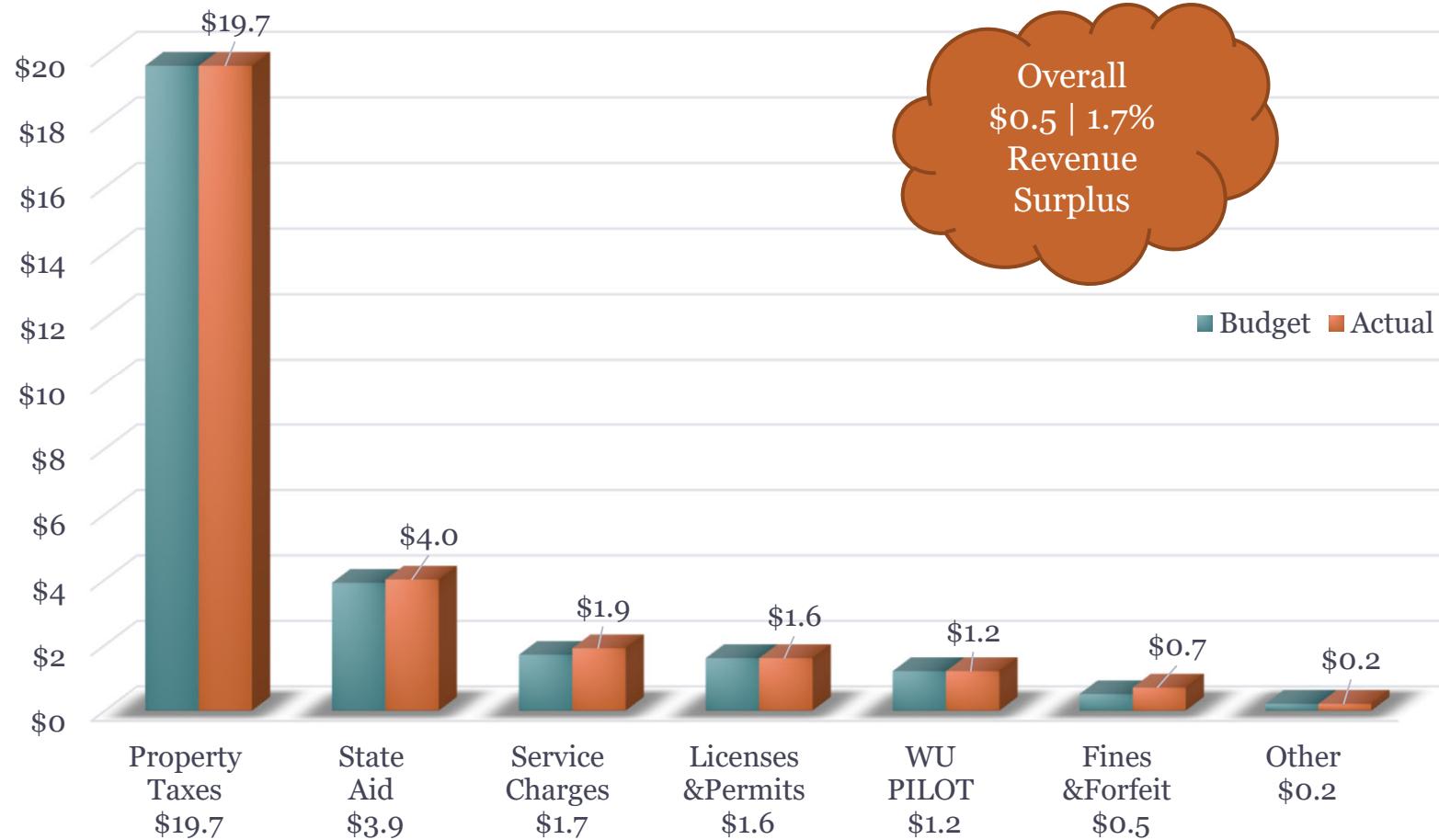
# General Fund Revenues (\$29.3 million)

(in millions)



# General Fund Revenues (Budget vs Actual)

(in millions)

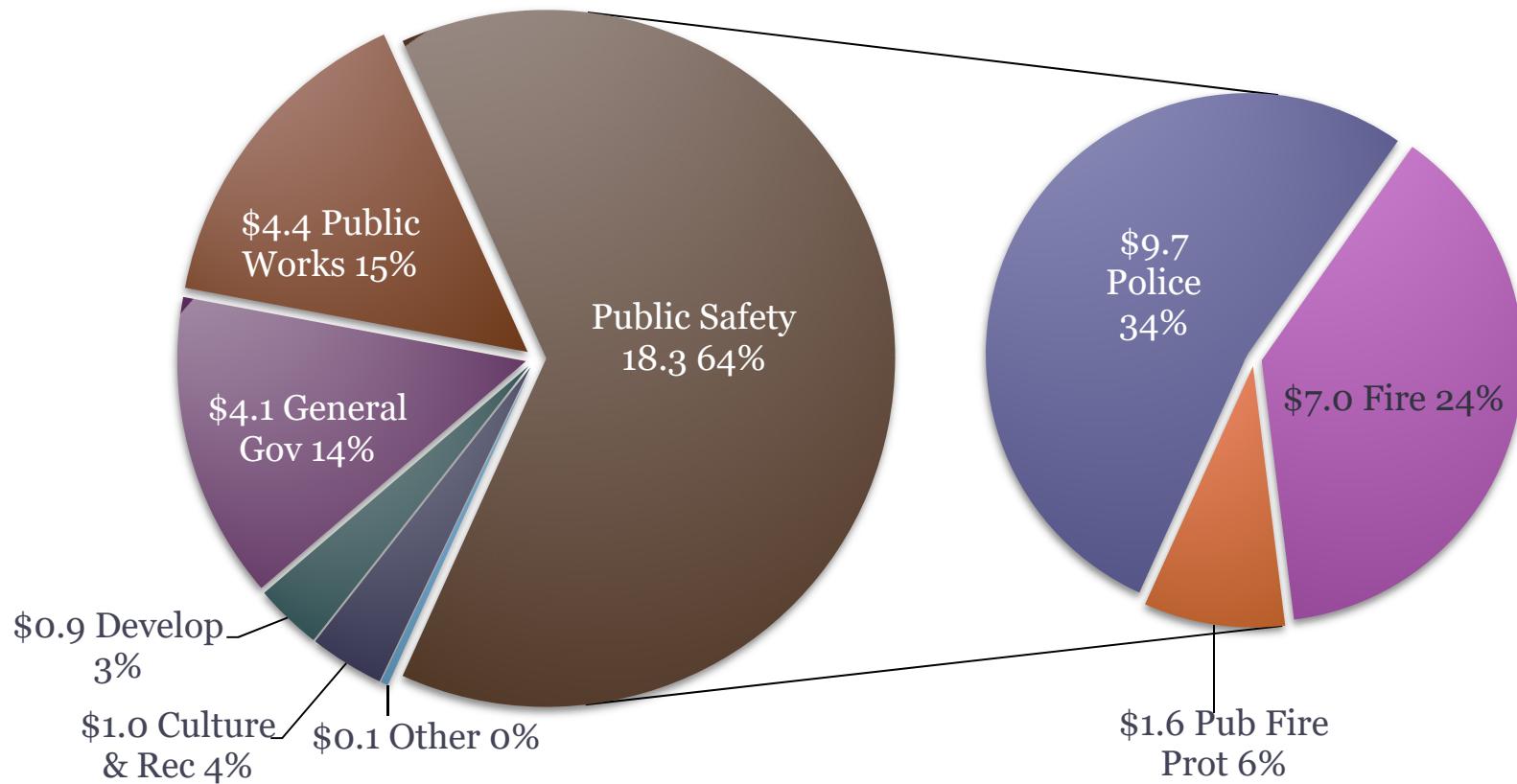


## General Fund Revenues (Budget vs Actual)

- Overall, revenues were higher than budget by \$0.5 million.
  - The most significant reasons for the surplus is due to:
    - Court Receipts \$130k higher than budgeted – SDC
    - Ambulance revenue \$240k higher than budgeted
    - Miscellaneous amounts make up the remainder

# General Fund Expenditures (\$28.8 million)\*

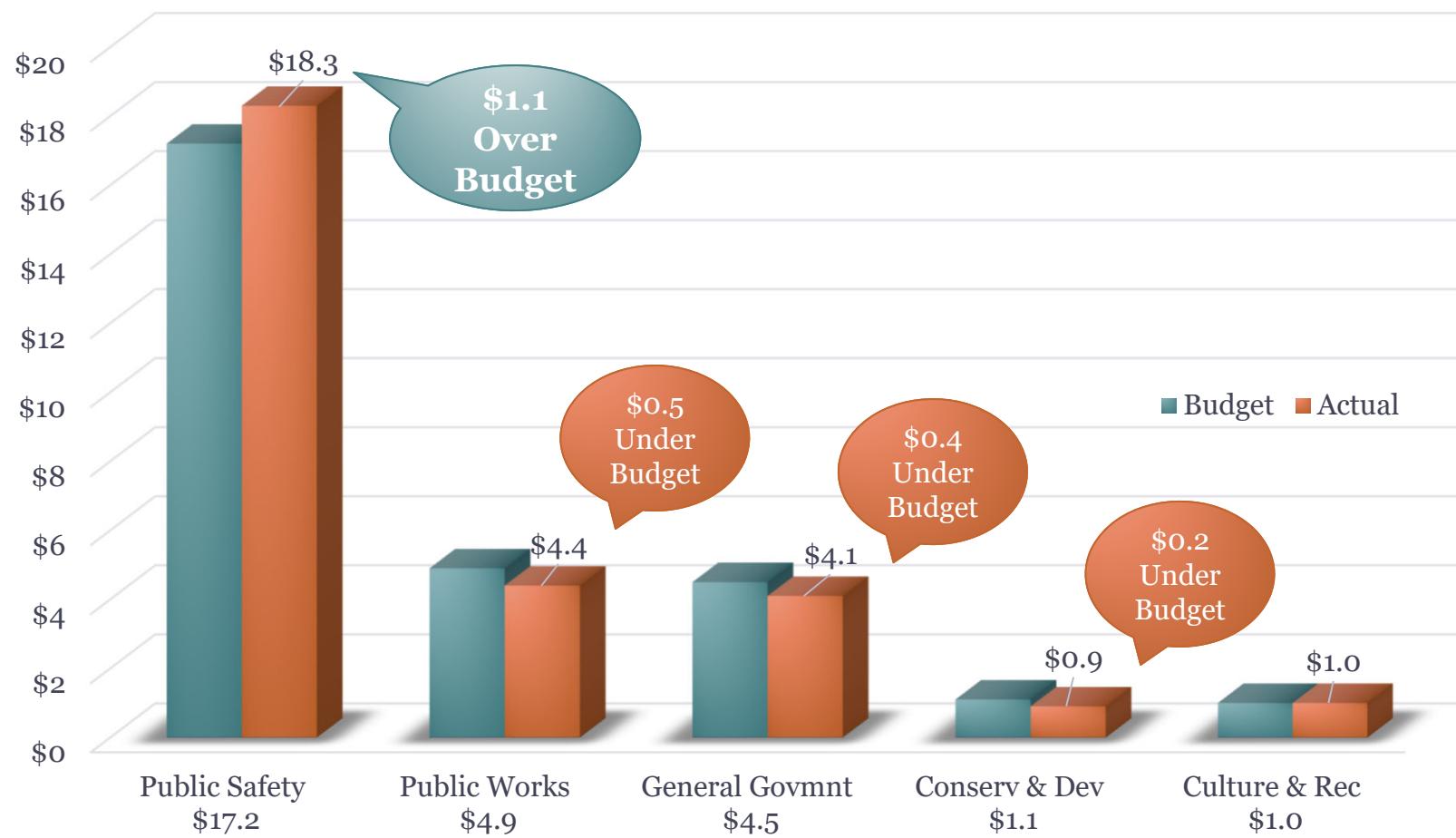
(in millions)



\* Does not include the surplus transfer of \$0.5 million

# General Fund Expenditures (Budget vs Actual)

(in millions)



# General Fund Expenditures (Budget vs Actual)

- Overall, expenditures were under budget by \$10k.
  - The significant savings occurred in several areas such as:
    - Legal Services - \$85k
    - Police Department – \$90K (health insurance and wage savings)
    - Health Insurance - \$135k
    - IT Operations and Projects - \$200k
    - Salt Inventory - \$537k
      - Budget \$445k
      - Inventory adjustment from prior years: \$370k
      - Expense in 2021 \$277k
  - The most significant overage occurred in the Fire Department - \$1.2 million
    - Salaries and Overtime - \$600k
    - Operational Expenses - \$560k

## General Fund (Surplus) (in Millions)

Revenues	\$29.3
Expenditures	- 28.8
<b>Overall surplus</b> (4% of budget)	<b>0.5</b>



Transfer to Municipal Facilities Fund	- 0.5
<b>Change in fund balance</b>	<b>\$0</b>

# General Fund (Fund Balance) (in Millions)

Fund balance (beginning of year)	\$10.5
Change in fund balance	0
<b>Fund balance (December 31, 2021)</b>	<b>\$10.5</b>

## Fund Balance Breakdown

Nonspendable	2.8
<b>Unassigned</b>	<b>\$7.8</b>

Monthly expenditures (based on 2022 budget)\* \$2.5

**Months of working capital =** 3.1



# Tax Rate Comparison (2021 tax bills)



Municipality	Size in Acres	Population	Eq Val (billion)	Assd Val (billion)	Asmnt Ratio	Oper Tax Levy (million)	TID Tax Levy (million)	Total Muni Levy (million)	Total Tax Levy (million)	Muni Tax Rate	Overall Tax Rate
City of Pewaukee	2,112	14,948	3.741	3.7	0.9806	10.3	0.0	10.3	48.7	2.82	11.35
Town of Lisbon	506	10,731	1.551	1.5	0.9687	4.5	0.0	4.5	19.3	3.00	11.16
Village of Wales	2,970	2,669	0.483	0.5	0.9924	0.7	0.6	1.3	6.9	3.05	12.92
Village of Lannon	1,773	1,473	0.182	0.2	0.9250	0.2	0.3	0.5	2.4	3.26	13.04
Village of North Prairie	890	2,252	0.290	0.3	1.0533	1.0	0.0	1.0	3.9	3.27	11.75
Town of Mukwonago	2,099	8,061	1.107	0.9	0.8003	3.1	0.0	3.1	14.0	3.51	14.17
Village of Merton	3,526	3,756	0.523	0.4	0.8306	1.5	0.0	1.5	6.0	3.55	12.89
Village of Chenequa	659	593	0.563	0.5	0.9696	2.0	0.0	2.0	6.9	3.67	11.61
Village of Oconomowoc Lake	1,594	607	0.430	0.4	1.0151	1.6	0.0	1.6	6.2	3.68	12.88
City of Muskego	21,312	25,704	3.696	3.7	0.9980	12.2	1.4	13.6	47.7	3.81	11.95
Village of Nashotah	2,170	1,359	0.231	0.2	0.9062	0.8	0.0	0.8	2.6	3.92	11.38
Town of Brookfield	5,261	6,789	1.442	1.4	0.9414	1.0	3.4	4.4	19.7	3.94	13.82
Village of Eagle	1,062	2,155	0.234	0.2	0.8885	0.8	0.0	0.8	3.2	4.03	13.34
Village of Lac La Belle	1,779	299	0.133	0.1	1.0205	0.6	0.0	0.6	2.0	4.23	13.27
Village of Hartland	2,074	9,434	1.536	1.4	0.9293	6.4	0.2	6.6	19.8	4.67	12.28
City of Delafield	2,931	7,536	1.761	1.4	0.8132	6.5	0.1	6.7	24.3	4.69	14.90
City of Oconomowoc	15,366	17,808	2.802	2.8	0.9990	11.4	1.3	12.8	42.7	4.71	13.84
Village of Pewaukee	5132.8	7,235	1.129	1.1	0.9342	5.1	0.1	5.2	17.6	4.99	14.94
Village of Menomonee Falls	20928	39,379	6.150	5.1	0.8260	20.4	4.7	25.0	88.8	5.20	15.67
Village of Sussex	2067	11,587	1.662	1.6	0.9532	7.5	0.8	8.4	25.1	5.47	13.93
Village of Dousman	14720	2,377	0.235	0.2	0.9902	1.3	0.0	1.3	3.9	5.51	14.98
City of New Berlin	17702	40,821	6.271	5.4	0.8636	29.2	0.5	29.7	90.3	5.52	15.31
City of Brookfield	7,066	40,276	8.192	7.6	0.9229	38.3	3.7	41.9	132.9	5.71	15.10
Village of Elm Grove	23,021	6,035	1.299	1.3	0.9816	6.8	0.6	7.4	21.9	6.01	15.54
Village of Mukwonago	23,603	8,061	1.038	0.9	0.9288	5.3	1.1	6.4	16.3	7.64	16.59
Village of Big Bend	7,955	1,513	0.211	0.2	0.8536	1.5	0.0	1.5	3.5	8.27	17.95
Village of Butler	13,581	1,810	0.273	0.3	0.9317	2.2	0.0	2.2	5.0	8.79	17.92
City of Waukesha	16,512	71,856	7.763	6.8	0.8739	64.5	7.7	72.1	149.6	11.20	20.68

# Garbage/Recycling Fund

## Garbage/Recycling Fund (in millions)

Operating Revenues	\$ 2.02
Operating Expenditures	- 2.06
Non Operating Revenues	0.08
	<hr/>

Change in Fund Balance \$ 0.04 



# Municipal Facilities & Equipment Fund

# Municipal Facilities & Equipment Fund (MFEF)

- Landfill tipping fees are the major revenue source for the MFEF. Total fees for 2021 were \$2.7 million, which is \$.45 million over the \$2.25 million budgeted.
  - The landfill was not able to maintain typical volumes during expansion activities.
  - Tipping fees increased in 2021(\$2.7M) compared to 2020 (\$2.4M).
- Our current projections go out to the year 2040.
  - The future funds available can eventually be used as an internal revolving loan fund available to the Village for our annual capital budgets.
- During 2021 the General Fund transferred in \$0.5 million in surplus.



# Water Utility

# Water Utility (Income Stmt Highlights) (in Millions)

	<b>2021</b>	<b>2020</b>	<b>2019</b>
User service charges	\$7.0	\$7.0	\$6.9
Operating expenses (less depreciation, plus PILOT)	5.1	5.2	5.2
<b>Operating income</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>
Net nonoperating revenues (less contributions)	0.5	0.6	0.6
<b>Net income</b> (less depreciation and contributions)	<b>\$2.4</b>	<b>\$2.4</b>	<b>\$2.3</b>

## *Financial Statement Reconciling Info:*

Depreciation expense	\$1.9	\$1.9	\$1.8
Capital contributions	1.0	1.0	1.1

## Water Utility (Comments)

- The Water Utility is governed by the Wisconsin Public Service Commission (PSC)
  - Rates were updated as of January 1, 2017 in response to an increase in Milwaukee's wholesale supply rates.
- The Water Utility completed the year with positive results.
  - User charges remained consistent with 2020.
  - Overall consumption was slightly higher than 2020.
- There are significant infrastructure projects in the near future, so it's important for the Utility to remain financially healthy.

## Water Utility (Major Expenses)

- Around 90% of the Village's water supply comes from Milwaukee.
  - The Water Utility paid \$1.7 million to Milwaukee for water in 2021, which closely matches the amount paid in 2020.
- The Utility also paid \$1.2 million in tax equivalent charges to the Village in 2021.
  - This amount is determined based on a PSC formula.

# Sewer Utility

## Sewer Utility (Income Statement Highlights) (in Millions)

	<b>2021</b>	<b>2020</b>	<b>2019</b>
User service charges	\$9.5	\$9.5	\$9.6
Operating expenses (less depreciation)	9.0	8.9	9.4
<b>Operating Income (Loss)</b>	<b>0.5</b>	<b>0.6</b>	<b>0.2</b>
Net nonoperating revenues (less contributions)	0.5	0.7	0.6
<b>Net Income (Loss)</b> (less depreciation and contributions)	<b>\$1.0</b>	<b>\$1.3</b>	<b>\$0.8</b>

### Financial Statement Reconciling Info:

Depreciation expense	\$1.6	\$1.5	\$1.5
Capital contributions	0.8	0.7	1.2

## Sewer Utility (Comments)

- Cash reserves continue to grow after a 1% fee increase in 2020.
  - A 1% rate increase was implemented as of January 1, 2020
  - The need for additional rate increases is evaluated annually.
- There is \$0.5M of Sewer Utility infrastructure projects scheduled for the near future in conjunction with Water Utility projects.
- \$7.4 million was paid to MMSD for contracted services in 2021, a \$0.2 million increase from 2020.
  - MMSD volume charges increased 1% or \$27,000
  - MMSD fixed capital charges increased 4.2% or \$200,000



# Storm Water Utility

## Storm Water Utility (Income Stmt Highlights) (in Millions)

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Property taxes and permit fees	\$1.0	\$1.0	\$1.0
Operating expenses (less depreciation)	0.8	0.7	0.7
<b>Operating income</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
Net nonoperating expenses (less contributions)	-0-	-0-	-0-
<b>Net income</b> (less depreciation and contributions)	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$0.3</b>

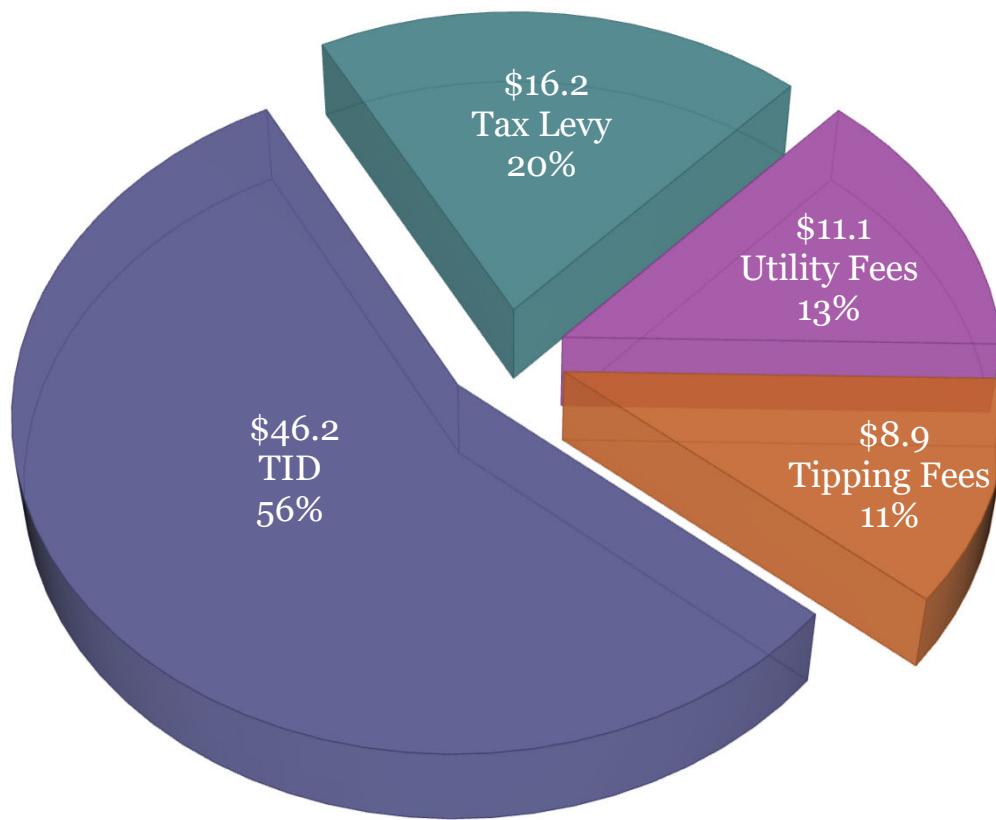
### *Financial Statement Reconciling Info:*

Depreciation expense	\$0.8	\$0.8	\$0.7
Capital contributions	1.1	1.8	1.4

# Storm Water Utility (Comments)

- The Storm Utility does not pay for its own capital infrastructure
  - Since 2015, new debt for Storm infrastructure has been placed on the general debt levy.
- The Storm Water Utility is handicapped in that it is still supported almost entirely by the tax levy.
  - 2013 Wisconsin ACT 20 deters a switch to a more sustainable fee structure. Although, 2017 Wisconsin ACT 317 now limits the loss incurred when switching to a fee-based structure.
- Infrastructure demands for the near future are significant.
  - With levy limits in place, it is difficult to fund necessary storm water projects in the Village.
  - A Storm Water fee would help fund anticipated expenses (2023 for 2024)

# Outstanding Debt by Revenue Source (\$82.4 million)



GO debt rated Aa2 by Moody's

(in millions)