

# VILLAGE OF MENOMONEE FALLS 2022 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 12/31/22 and the results of 2022 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



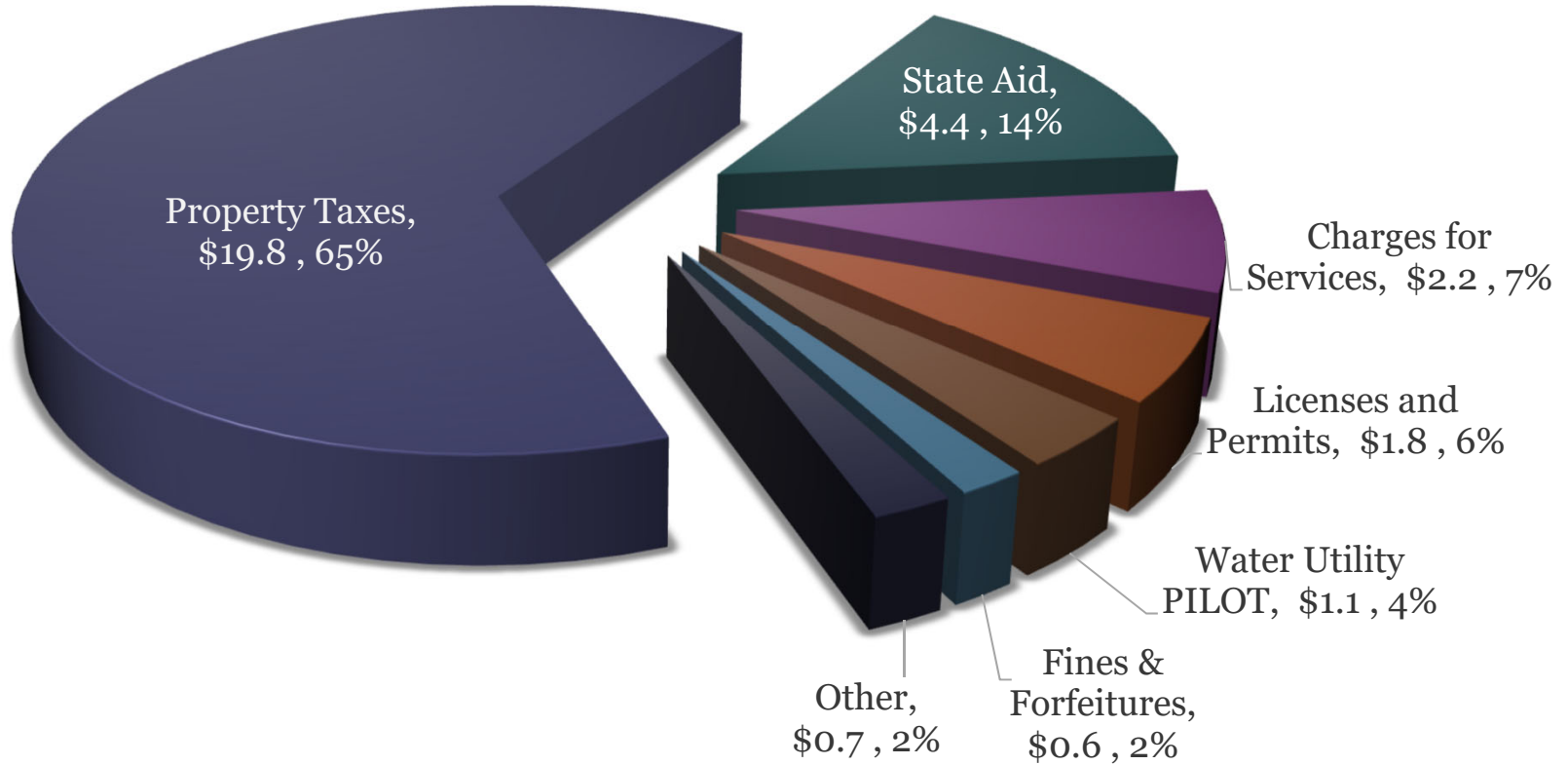
# General Fund

- 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



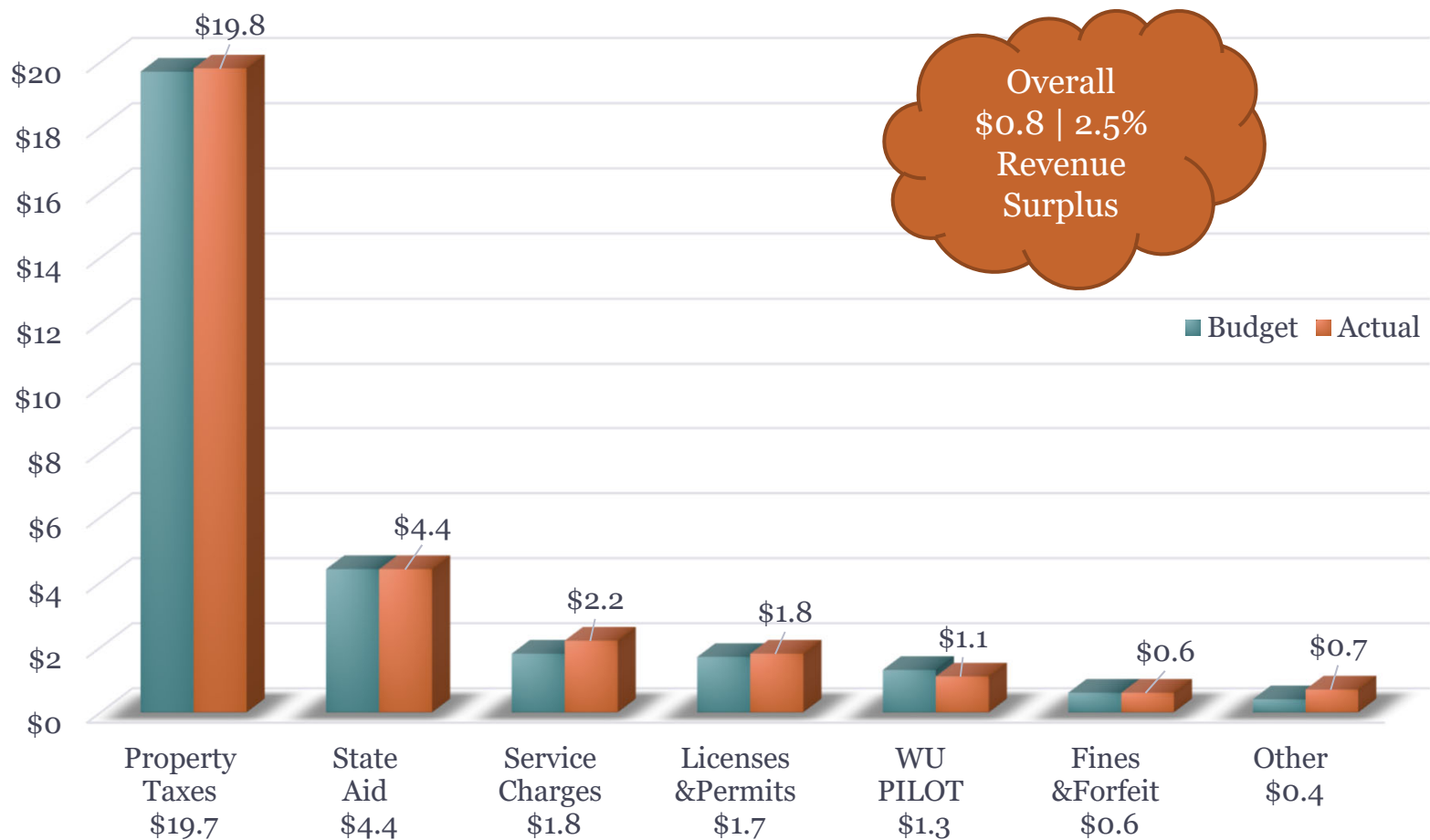
# General Fund Revenues (\$30.6 million)

(in millions)




# General Fund Revenues (Budget vs Actual)

(in millions)



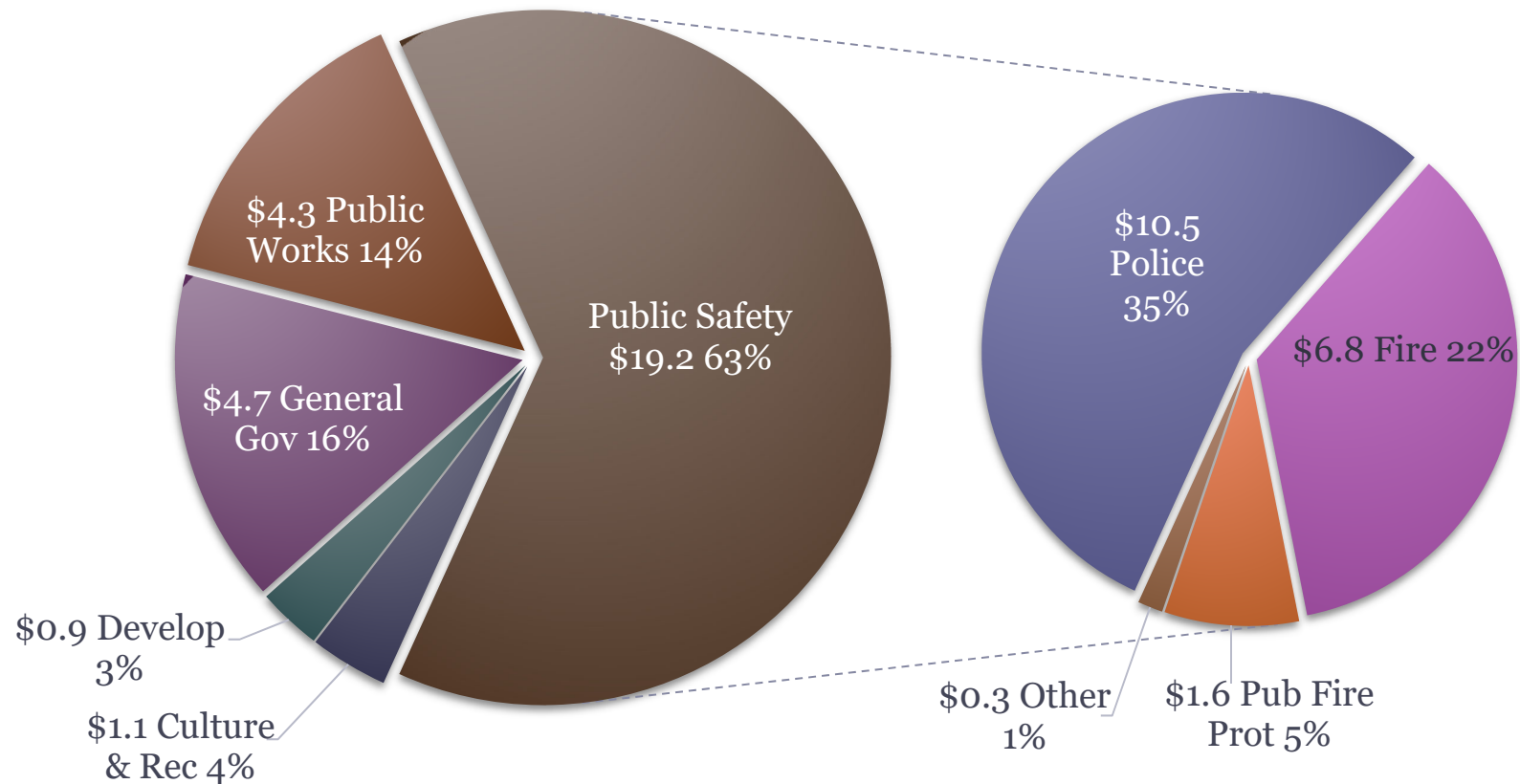


## General Fund Revenues (Budget vs Actual)

- Overall, revenues were higher than budget by \$0.8 million.
    - The most significant reason for the surplus is due to:
      - Interest income - \$120k higher than budgeted
      - Ambulance revenue - \$320k higher than budgeted
      - Permit revenue - \$100k higher than budgeted
      - Miscellaneous amounts make up the remainder
- 

# General Fund Expenditures (\$30.0 million)\*

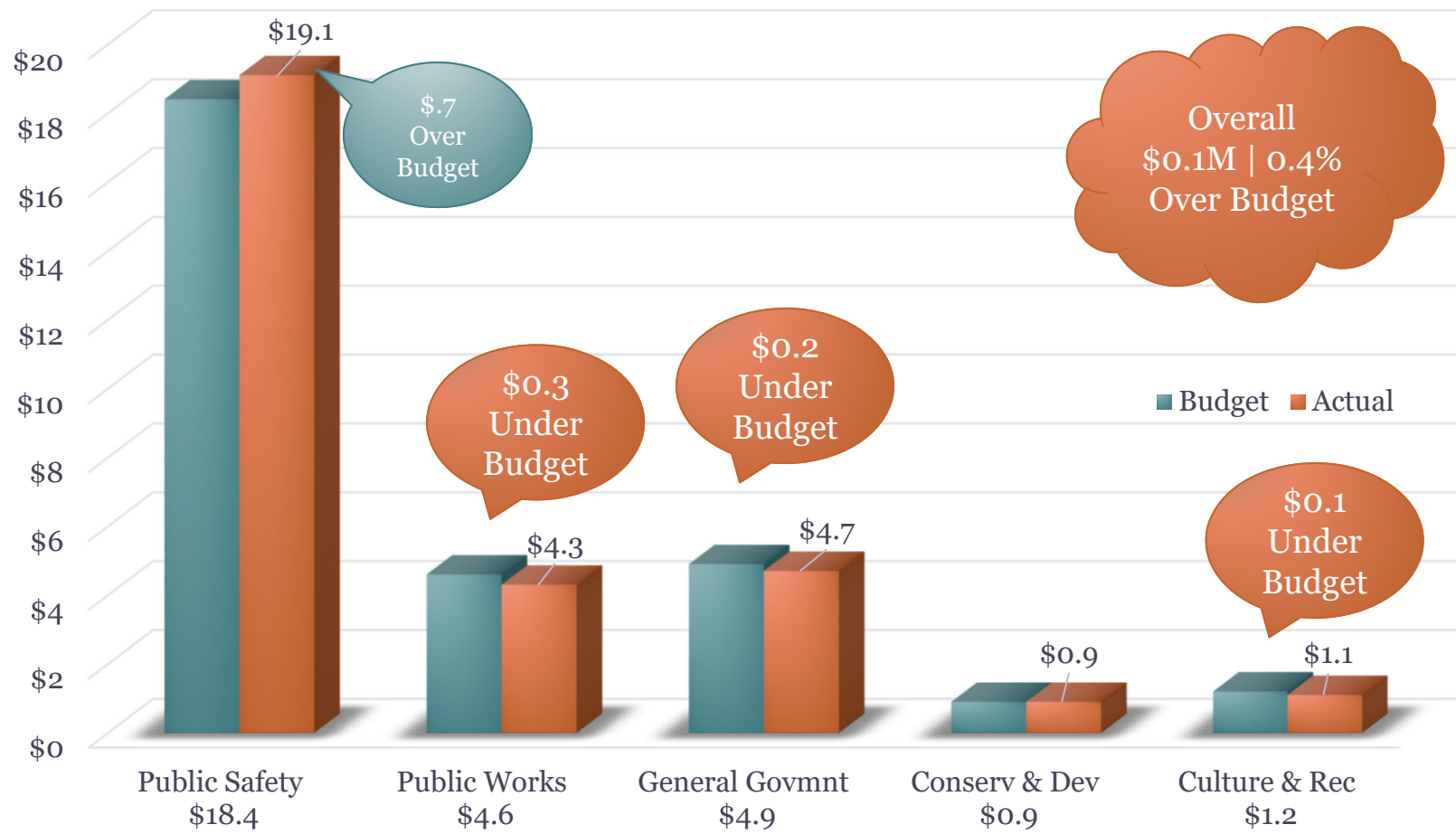
(in millions)



\* Does not include the surplus transfer of \$0.6 million

# General Fund Expenditures (Budget vs Actual)

(in millions)



## General Fund Expenditures (Budget vs Actual)

- Overall, expenditures were over budget by \$0.1 million.
  - The significant savings occurred in several areas such as:
    - IT Operations and Projects - \$0.3 million
    - Police - \$0.1 million – unfilled positions
    - Salt Expense - \$0.2 million – less snow events combined with inventory on hand
  - The most significant overages occurred in
    - Fire - \$0.7 million - Salaries and Overtime account for this overage

## General Fund (Surplus) (in Millions)

|                                       |               |
|---------------------------------------|---------------|
| Revenues                              | \$30.6        |
| Expenditures                          | <u>- 30.0</u> |
| <b>Overall surplus</b> (2% of budget) | <b>0.6</b>    |



|                                       |              |
|---------------------------------------|--------------|
| Transfer to Municipal Facilities Fund | <u>-0.6</u>  |
| <b>Change in fund balance</b>         | <b>\$0.0</b> |

## General Fund (Fund Balance) (in Millions)

|   |               |
|---|---------------|
| Fund balance (beginning of year)        | \$10.5        |
| Change in fund balance                  | 0.0           |
| <b>Fund balance (December 31, 2022)</b> | <b>\$10.5</b> |

### Fund Balance Breakdown

|                   |            |
|-------------------|------------|
| Nonspendable      | \$2.2      |
| <b>Unassigned</b> | <b>8.3</b> |


Monthly expenditures (based on 2023 budget)\* \$2.6

**Months of working capital = 3.2**





# Tax Rate Comparison (2022 tax bills)

| Municipality               | Population | Eq Val (billion) | Assd Val (billion) | Asmnt Ratio | 2022 Oper Tax Levy (million) | 2022 TID Tax Levy (million) | 2022 Total Muni Levy (million) | 2022 Total Tax Levy (million) |  Muni Tax Rate | Overall Tax Rate |
|----------------------------|------------|------------------|--------------------|-------------|------------------------------|-----------------------------|--------------------------------|-------------------------------|---|------------------|
| Town of Lisbon             | 10,564     | 1.782            | 1.6                | 0.8740      | 4.6                          | 0.1                         | 4.7                            | 20.3                          | 3.01  | 11.37            |
| City of Pewaukee           | 14,775     | 4.138            | 3.7                | 0.9054      | 11.3                         | 0.0                         | 11.3                           | 48.6                          | 3.01  | 11.29            |
| Village of Wales           | 2,616      | 0.508            | 0.5                | 0.9552      | 0.8                          | 0.6                         | 1.4                            | 6.5                           | 3.04  | 11.91            |
| Village of North Prairie   | 2,234      | 0.318            | 0.3                | 0.9638      | 1.0                          | 0.0                         | 1.0                            | 3.8                           | 3.26  | 11.49            |
| Village of Chenequa        | 588        | 0.602            | 0.6                | 1.0194      | 2.0                          | 0.0                         | 2.0                            | 6.7                           | 3.27  | 9.86             |
| Town of Brookfield         | 6,744      | 1.580            | 1.5                | 0.9705      | 1.6                          | 2.9                         | 4.5                            | 18.2                          | 3.47  | 11.25            |
| City of Muskego            | 25,271     | 4.193            | 3.7                | 0.8854      | 12.6                         | 1.2                         | 13.8                           | 48.0                          | 3.81  | 11.80            |
| City of Delafield          | 7,181      | 1.938            | 1.8                | 0.9377      | 6.9                          | 0.1                         | 7.0                            | 24.2                          | 3.87  | 11.89            |
| Village of Oconomowoc Lake | 598        | 0.488            | 0.5                | 1.0057      | 1.9                          | 0.0                         | 1.9                            | 6.9                           | 3.90  | 12.93            |
| Village of Lannon          | 1,264      | 0.235            | 0.2                | 0.8428      | 0.2                          | 0.8                         | 0.6                            | 3.1                           | 3.91  | 14.33            |
| Village of Eagle           | 2,104      | 0.267            | 0.2                | 0.7886      | 0.9                          | 0.0                         | 0.9                            | 2.9                           | 4.05  | 12.65            |
| Town of Mukwonago          | 7,979      | 1.260            | 0.9                | 0.7092      | 4.0                          | 0.0                         | 4.0                            | 14.8                          | 4.45  | 14.93            |
| Village of Lac La Belle    | 296        | 0.150            | 0.1                | 0.9980      | 0.7                          | 0.0                         | 0.7                            | 2.2                           | 4.55  | 13.50            |
| Village of Nashotah        | 1,350      | 0.247            | 0.2                | 0.8460      | 1.0                          | 0.0                         | 1.0                            | 2.7                           | 4.65  | 11.99            |
| Village of Hartland        | 9,286      | 1.744            | 1.5                | 0.8404      | 6.6                          | 0.2                         | 6.8                            | 19.8                          | 4.69  | 12.20            |
| Village of Pewaukee        | 7,883      | 1.177            | 1.1                | 0.9303      | 5.2                          | 0.2                         | 5.3                            | 17.0                          | 4.94  | 13.94            |
| City of Oconomowoc         | 17,501     | 3.161            | 3.1                | 0.9899      | 13.6                         | 1.8                         | 15.4                           | 47.8                          | 5.11  | 13.97            |
| Village of Menomonee Falls | 38,948     | 6.939            | 5.1                | 0.7360      | 19.6                         | 5.4                         | 25.0                           | 92.8                          | 5.20  | 16.48            |
| Village of Sussex          | 11,373     | 1.921            | 1.8                | 0.9323      | 7.6                          | 1.3                         | 9.0                            | 27.6                          | 5.26  | 13.10            |
| Village of Elm Grove       | 5,857      | 1.481            | 1.4                | 0.9705      | 6.9                          | 0.6                         | 7.5                            | 21.4                          | 5.37  | 13.47            |
| City of Brookfield         | 40,044     | 9.028            | 7.6                | 0.8456      | 38.5                         | 3.8                         | 42.3                           | 127.1                         | 5.71  | 14.50            |
| City of New Berlin         | 40,600     | 7.105            | 5.5                | 0.7702      | 31.8                         | 0.7                         | 32.4                           | 94.6                          | 5.97  | 15.58            |
| Village of Dousman         | 2,353      | 0.267            | 0.2                | 0.8862      | 1.6                          | 0.0                         | 1.6                            | 4.2                           | 6.85  | 16.60            |
| Village of Big Bend        | 1,419      | 0.233            | 0.2                | 0.7852      | 1.5                          | 0.0                         | 1.5                            | 3.5                           | 8.40  | 17.52            |
| Village of Mukwonago       | 7,916      | 1.243            | 0.9                | 0.7953      | 5.9                          | 1.3                         | 7.2                            | 17.5                          | 8.43  | 17.61            |
| Village of Butler          | 1,803      | 0.308            | 0.2                | 0.8095      | 2.4                          | 0.0                         | 2.4                            | 5.3                           | 9.45  | 19.64            |
| City of Waukesha           | 71,952     | 8.702            | 6.8                | 0.7850      | 69.2                         | 6.3                         | 75.5                           | 146.5                         | 11.56   | 20.06            |



# Garbage/Recycling Fund

## Garbage/Recycling Fund (in millions)

|                        |            |
|------------------------|------------|
| Operating Revenues     | \$ 2.1     |
| Operating Expenditures | - 2.1      |
| Non Operating Revenues | <u>0.1</u> |

|                        |          |
|------------------------|----------|
| Change in Fund Balance | \$ 0.1 ← |
|------------------------|----------|



# Municipal Facilities & Equipment Fund

# Municipal Facilities & Equipment Fund (MFEF)

- Landfill tipping fees are the major revenue source for the MFEF. Total fees for 2022 were \$2.4 million, which is \$.1 million less than the \$2.5 million budgeted.
  - The landfill has not been able to maintain typical volumes during expansion activities.
  - Tipping fees are projected to remain static during the time of the landfill Eastern and Boundary Road expansion
- 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 2022 the General Fund transferred in \$0.6 million in surplus.



# Water Utility

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

|   | 2022         | 2021         | 2020         |
|---|--------------|--------------|--------------|
| User service charges                                    | \$6.8        | \$6.7        | \$7.0        |
| Operating expenses (less depreciation, plus PILOT)      | 5.4          | 5.1          | 5.2          |
| <b>Operating income</b>                                 | <b>1.4</b>   | <b>1.6</b>   | <b>1.8</b>   |
| Net nonoperating revenues (less contributions)          | 2.2          | 0.8          | 0.6          |
| <b>Net income</b> (less depreciation and contributions) | <b>\$3.6</b> | <b>\$2.4</b> | <b>\$2.4</b> |

### Financial Statement Reconciling Info:

|                       |       |       |       |
|-----------------------|-------|-------|-------|
| Depreciation expense  | \$2.0 | \$1.9 | \$1.9 |
| Capital contributions | 1.0   | 1.0   | 1.0   |



## 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 2021.
  - Overall consumption was consistent with 2021 as well.
- 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 \$1.8 million to Milwaukee for water in 2022, which closely matches the amount paid in 2021.
- The Utility also paid \$1.1 million in tax equivalent charges to the Village in 2022.
  - This amount is determined based on a PSC formula.



# Sewer Utility



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

|  | 2022         | 2021         | 2020         |
|--|--------------|--------------|--------------|
| User service charges   | \$9.6        | \$9.5        | \$9.5        |
| Operating expenses (less depreciation)                         | 9.0          | 9.0          | 8.9          |
| <b>Operating Income (Loss)</b>                                 | <b>0.6</b>   | <b>0.5</b>   | <b>0.6</b>   |
| Net nonoperating revenues (less contributions)                 | 0.6          | 0.5          | 0.7          |
| <b>Net Income (Loss) (less depreciation and contributions)</b> | <b>\$1.2</b> | <b>\$1.0</b> | <b>\$1.3</b> |

### Financial Statement Reconciling Info:

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



## 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.
- \$7.7 million was paid to MMSD for contracted services in 2022, a \$0.3 million increase from 2021.
  - MMSD volume charges increased 17% or \$0.4 million
  - MMSD fixed capital charges decreased 2% or \$0.1 million



# Storm Water Utility

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

|   | 2022         | 2021         | 2020         |
|---|--------------|--------------|--------------|
| Property taxes and permit fees                          | \$1.0        | \$1.0        | \$1.0        |
| Operating expenses (less depreciation)                  | 0.8          | 0.8          | 0.7          |
| <b>Operating income</b>                                 | <b>0.2</b>   | <b>0.2</b>   | <b>0.3</b>   |
| Net nonoperating expenses (less contributions)          | 0.1          | -0-          | -0-          |
| <b>Net income</b> (less depreciation and contributions) | <b>\$0.1</b> | <b>\$0.2</b> | <b>\$0.3</b> |

### Financial Statement Reconciling Info:

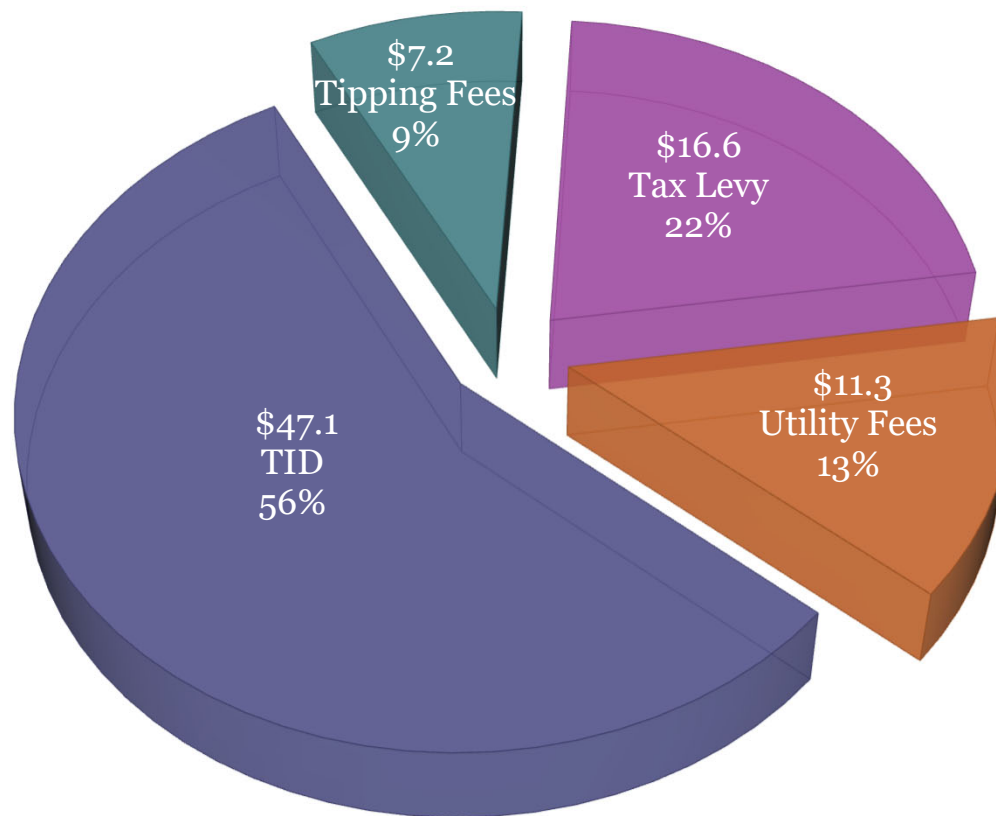
|                       |       |       |       |
|-----------------------|-------|-------|-------|
| Depreciation expense  | \$0.8 | \$0.8 | \$0.8 |
| Capital contributions | 1.0   | 1.1   | 1.8   |

## 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.
- In 2022 the Storm Water Utility was 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.

# Outstanding Debt by Revenue Source

(\$86.8 million)



GO debt rated Aa2 by Moody's

(in millions)