

VILLAGE OF MENOMONEE FALLS 2022 FINANCIAL RESULTS

Summary Presentation

By Julie Multhauf
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



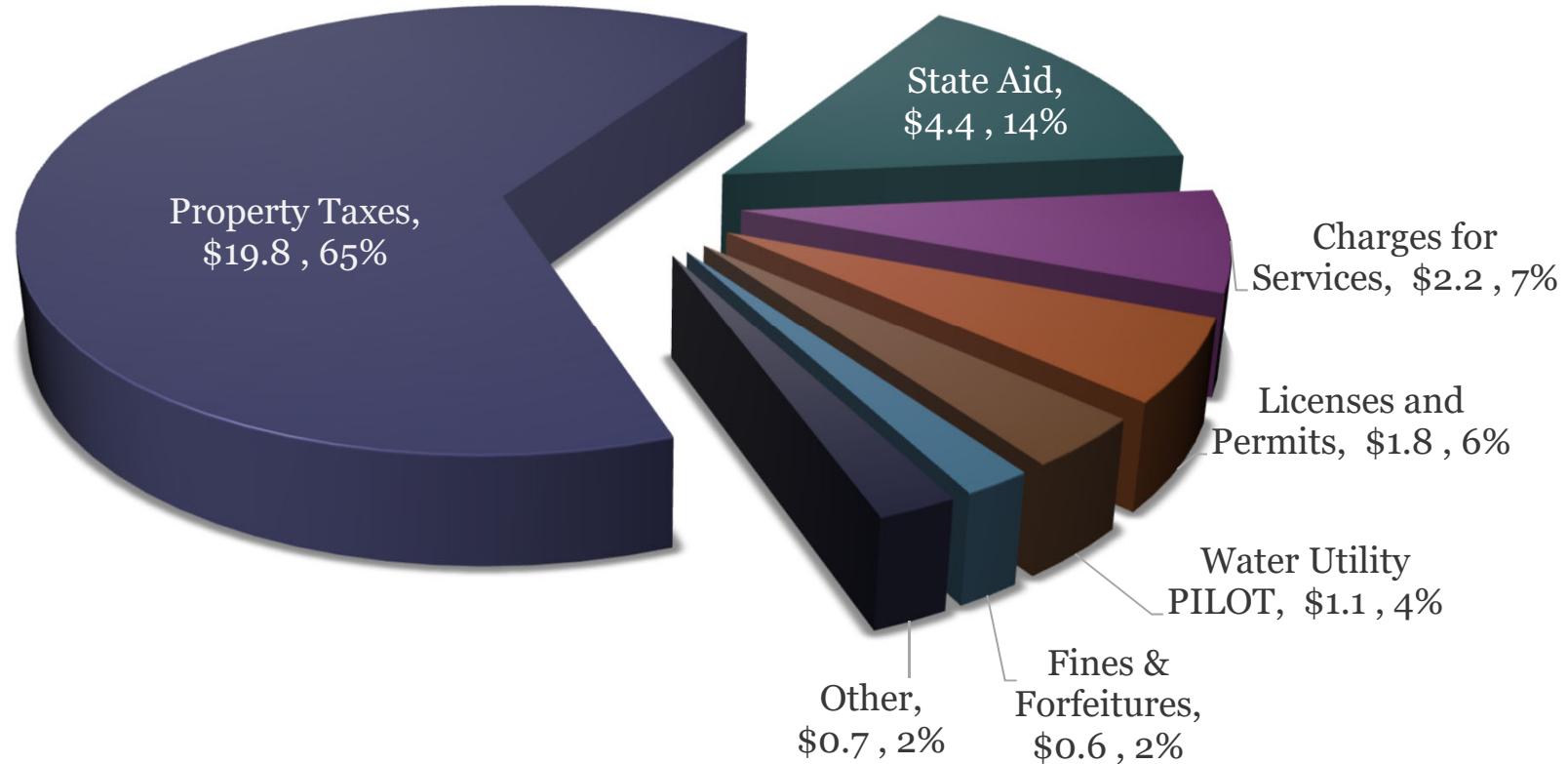
General Fund

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

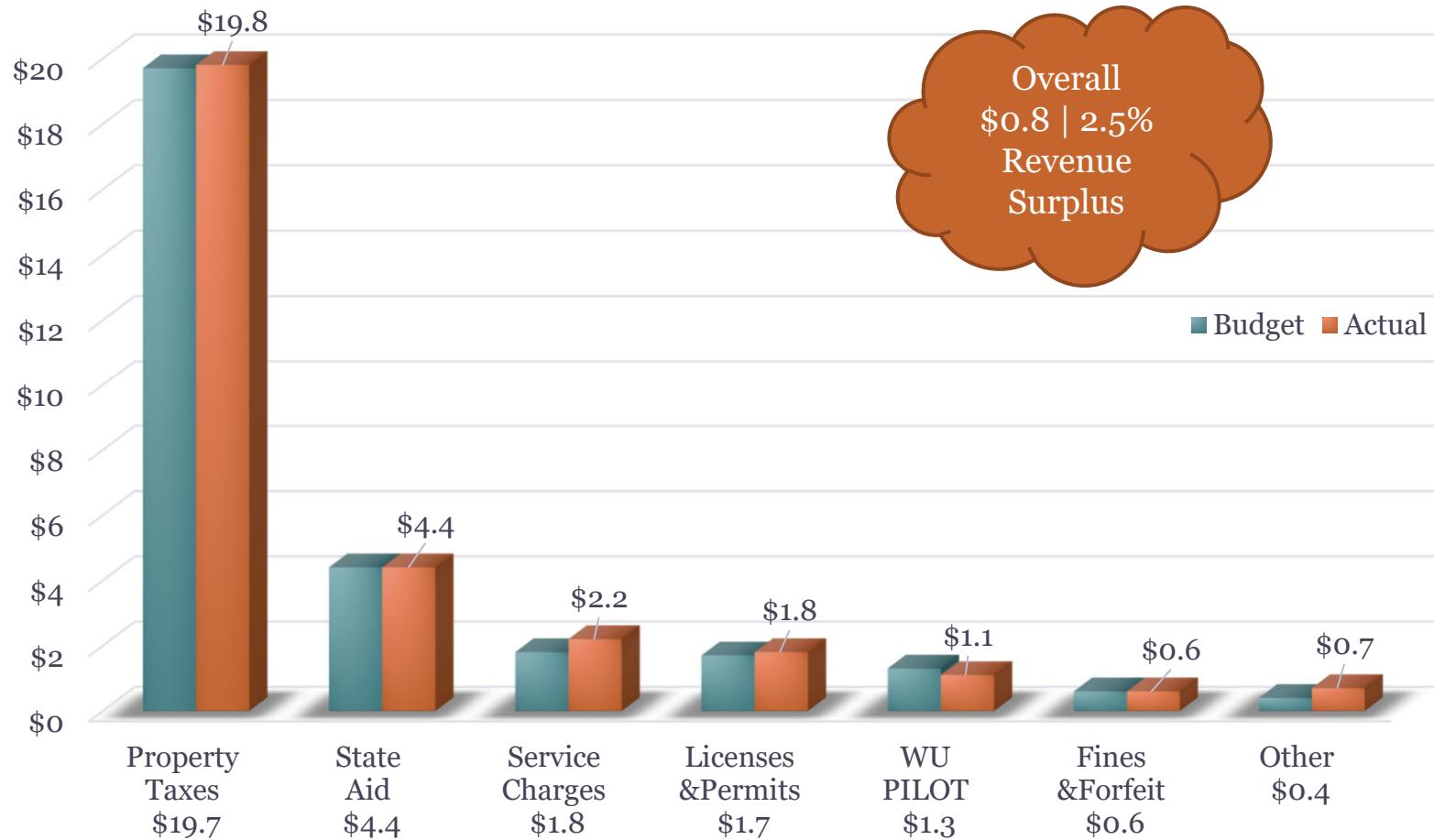
General Fund Revenues (\$30.6 million)

(in millions)



General Fund Revenues (Budget vs Actual)

(in millions)

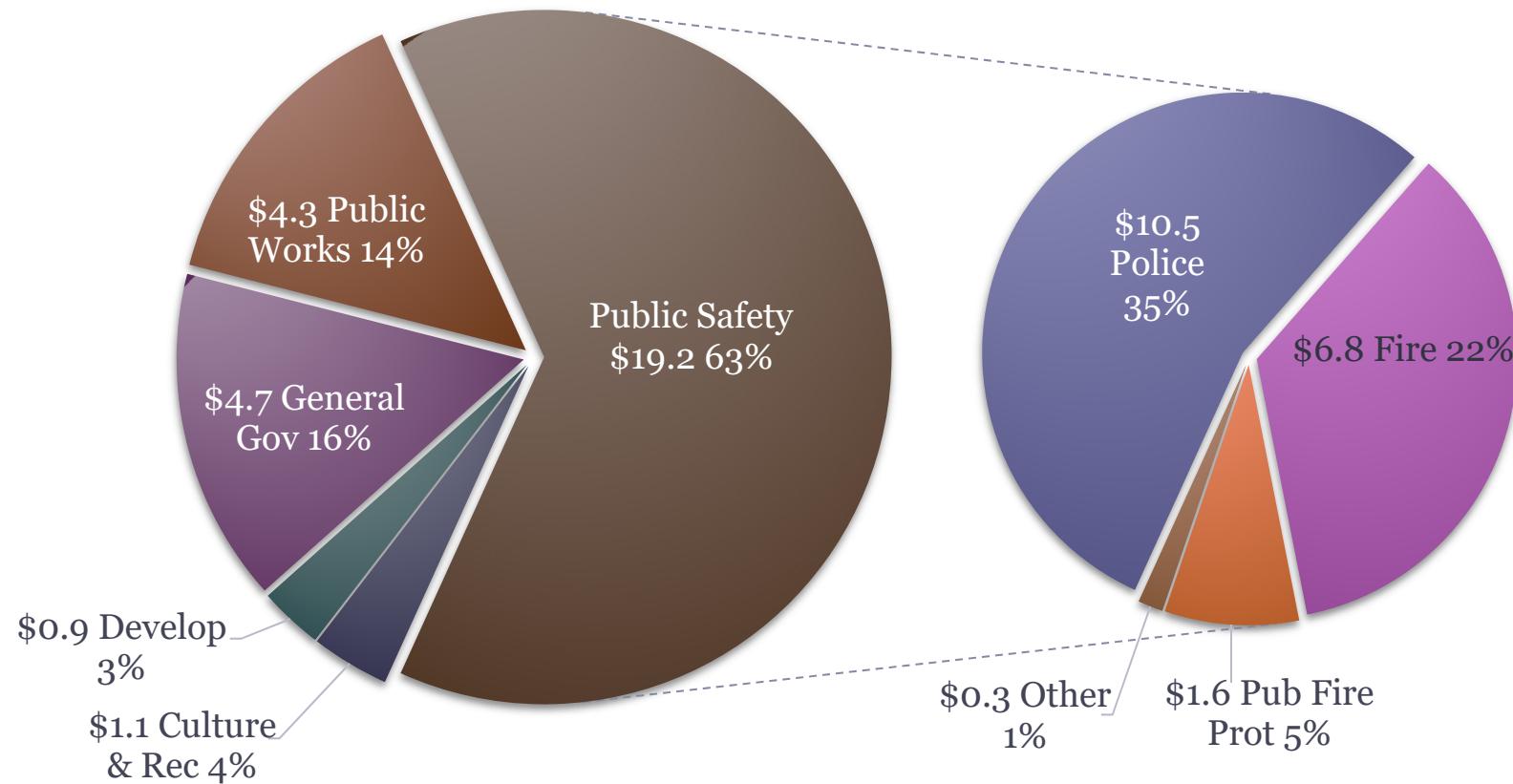


General Fund Revenues (Budget vs Actual)

- 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)*

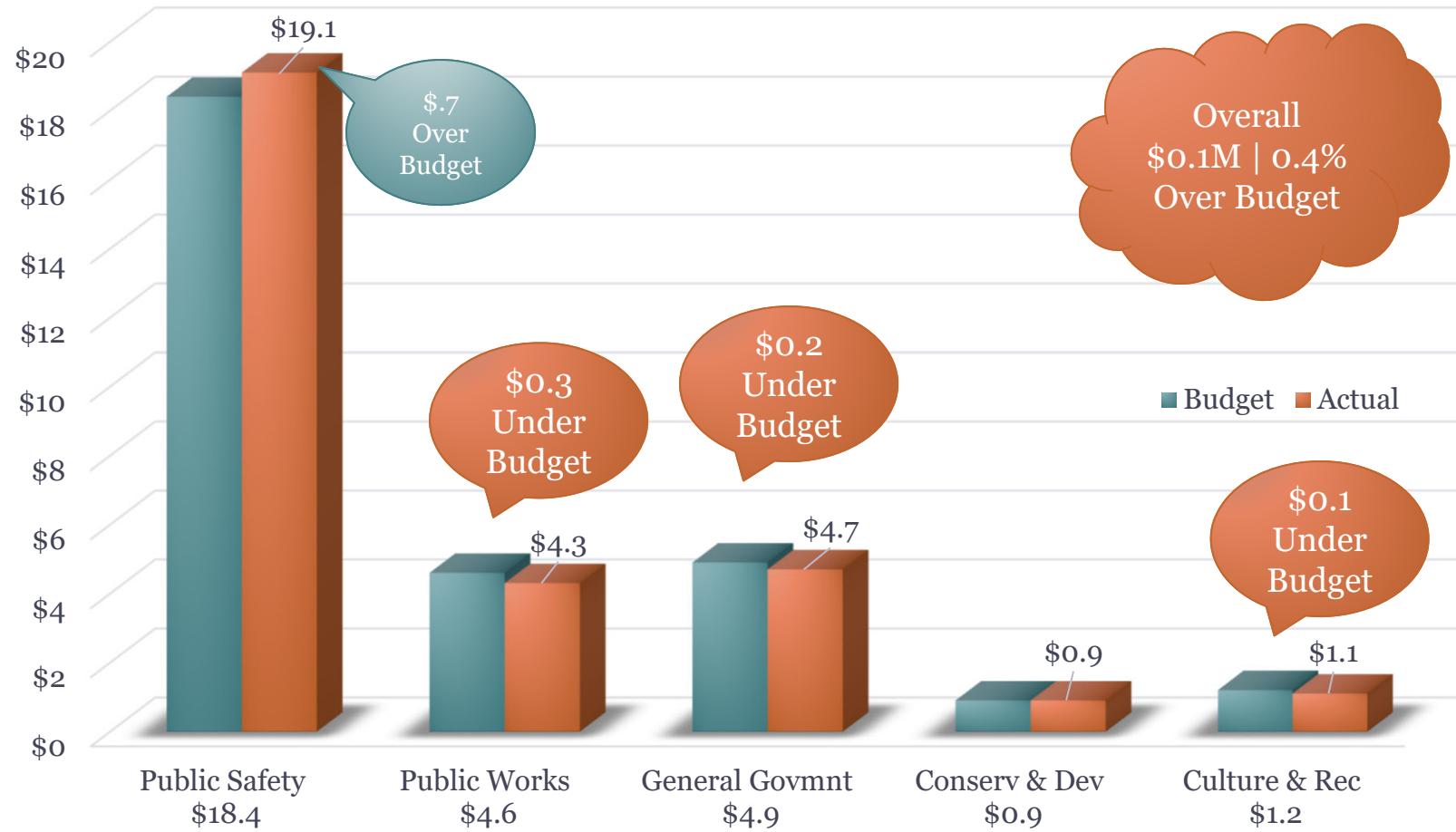
(in millions)



* 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 | - 30.0 |
| Overall surplus (2% of budget) | 0.6 |



| | |
|---------------------------------------|--------------|
| Transfer to Municipal Facilities Fund | -0.6 |
| Change in fund balance | \$0.0 |

General Fund (Fund Balance) (in Millions)

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

Fund Balance Breakdown

| | |
|-------------------|------------|
| Nonspendable | \$2.2 |
| Unassigned | 8.3 |

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 | 0.1 |
| <hr/> | |

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 |
| Operating income | 1.4 | 1.6 | 1.8 |
| | | | |
| Net nonoperating revenues (less contributions) | 2.2 | 0.8 | 0.6 |
| Net income (less depreciation and contributions) | \$3.6 | \$2.4 | \$2.4 |

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 |
| Operating Income (Loss) | 0.6 | 0.5 | 0.6 |
| Net nonoperating revenues (less contributions) | 0.6 | 0.5 | 0.7 |
| Net Income (Loss) (less depreciation and contributions) | \$1.2 | \$1.0 | \$1.3 |

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 Stmtn 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 |
| Operating income | 0.2 | 0.2 | 0.3 |
| Net nonoperating expenses (less contributions) | 0.1 | -0- | -0- |
| Net income (less depreciation and contributions) | \$0.1 | \$0.2 | \$0.3 |

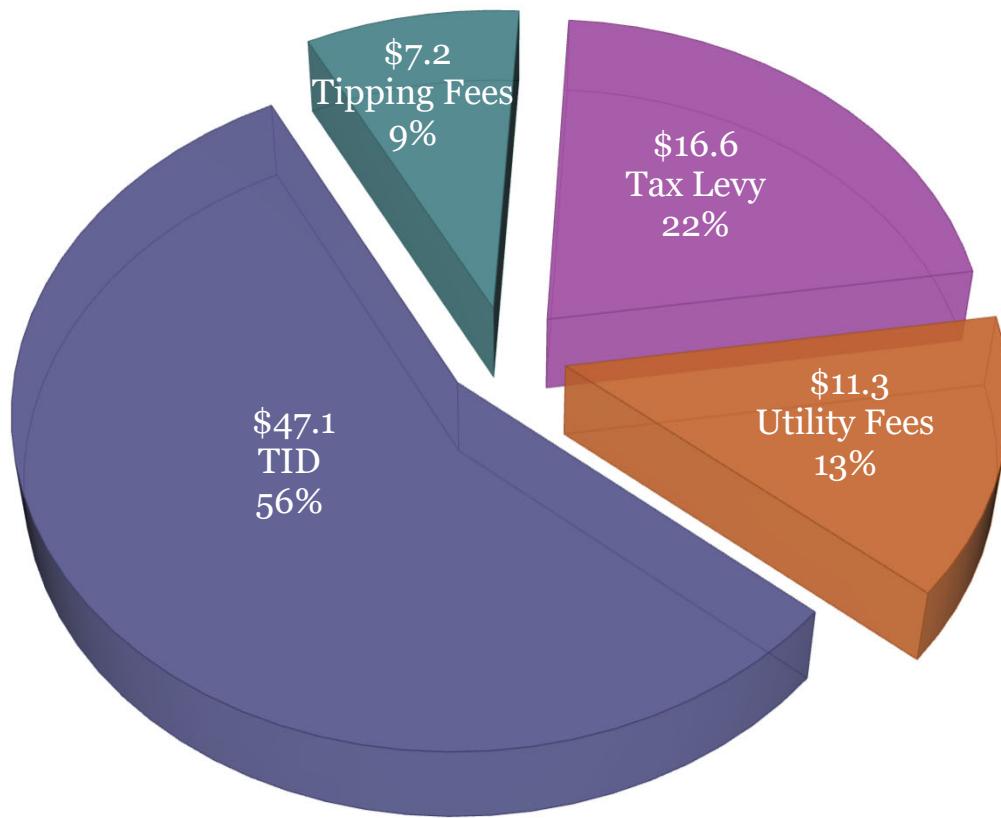
Financial Statement Reconciling Info:

| | | | |
|-----------------------|-------|-------|-------|
| 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)