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# VILLAGE OF MENOMONEE FALLS 2023 FINANCIAL RESULTS

SUMMARY PRESENTATION





# ANNUAL FINANCIAL REPORT



# ANNUAL FINANCIAL REPORT

- Report on the financial position of the Village as of 12/31/23 and the results of 2023 operations
- Required to be prepared and audited annually
  - Compliance with accounting standards
  - New audit firm, Baker Tilly
- Will be included on the Village website

# MAJOR REPORT COMPONENTS

- Transmittal Letter (Village profile and policies)
- Independent Auditor's Report
- Financial Statements
  - Statement of Net Position
    - Assets – what the Village owns or controls
    - Liabilities – what the Village owes
    - Net Position – what remains after the assets have been used to meet the liabilities
  - Statement of Activities
    - Revenues, expenses and results for a fiscal year
- Footnotes (plus other required statements)

# FUND TYPES

Most of our funds fall into two categories:

## Governmental Funds

- Focused on reporting the results of specific activities
- Largely supported by taxes
- Examples – General Fund, Municipal Facilities & Equipment Fund

## Enterprise 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



GENERAL FUND

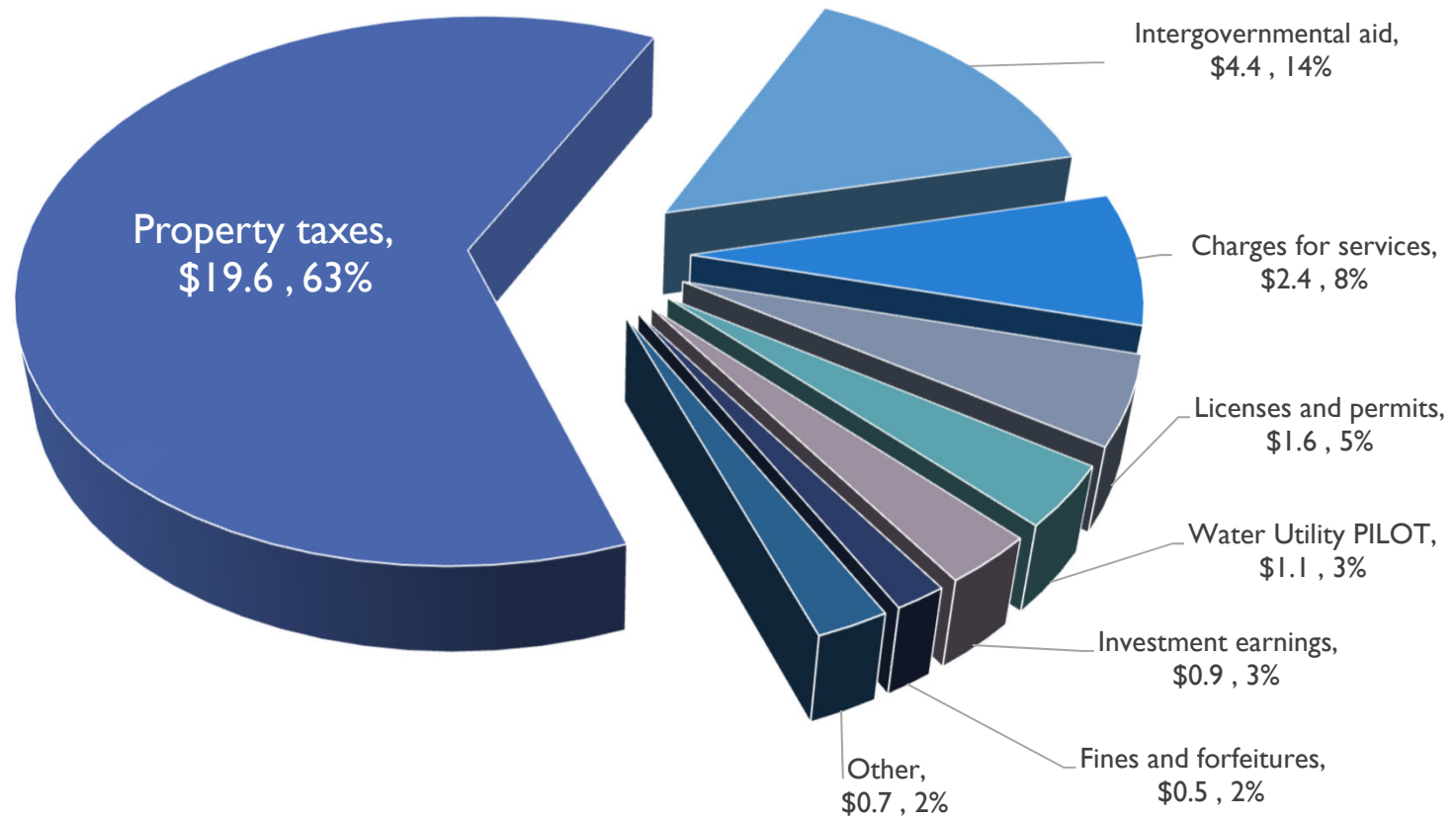


# GENERAL FUND

- Main operating fund of the Village which includes:
  - Public Safety (Police, Fire, EMS)
  - Public Works (Street, building & equipment maintenance)
  - Culture & Recreation (Parks, Old Falls Village)
  - Conservation & Development (Engineering, Permits, Planning, Zoning)
  - General Government Supportive Services
    - Village Manager, Attorney, Court, Clerk Services, Human Resources, Building Maintenance, Financial Services, IT

# GENERAL FUND REVENUES (\$31.2 million)

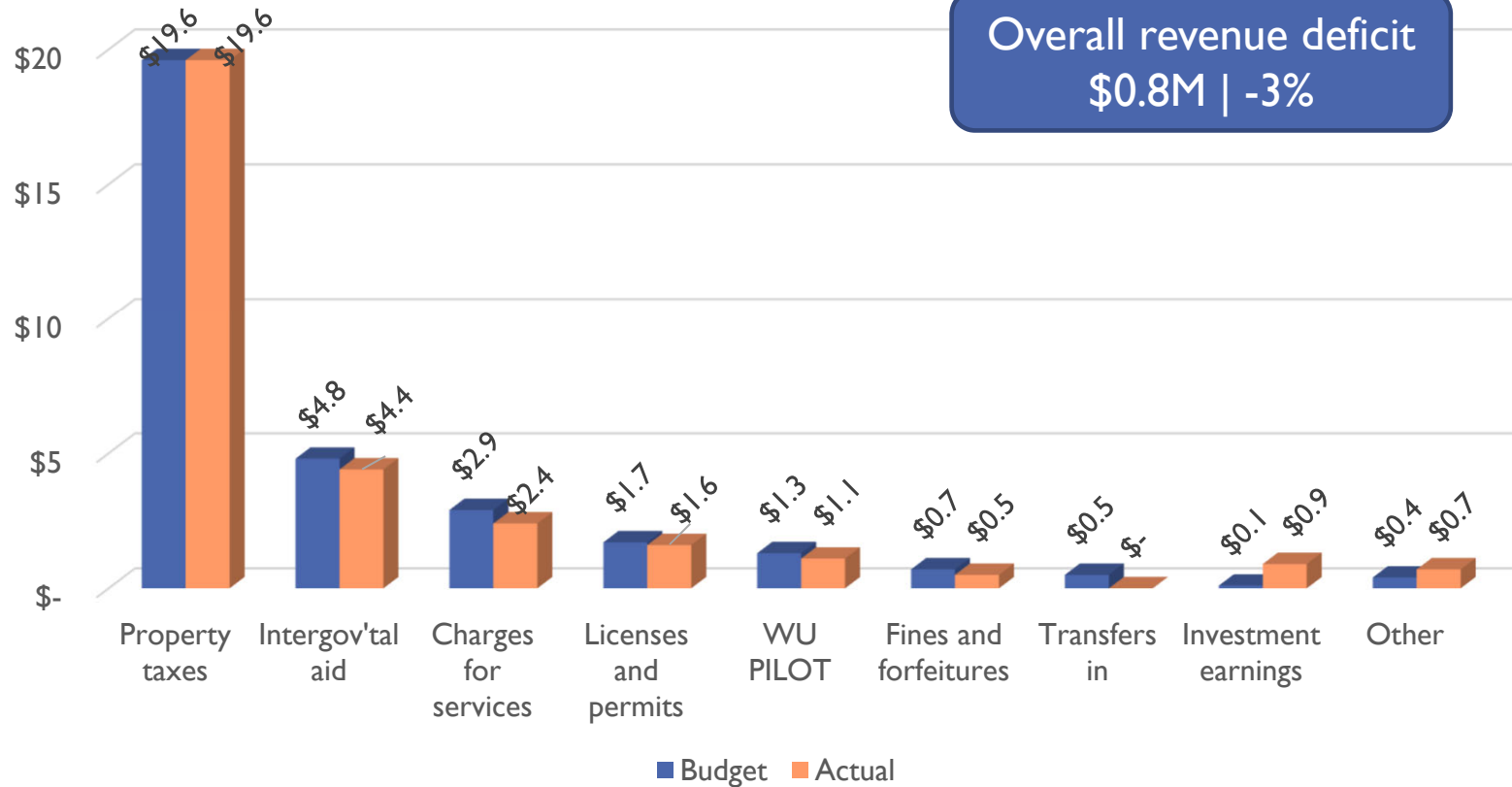
*Numbers shown in millions*





# GENERAL FUND REVENUES (Budget vs Actual)

Numbers shown in millions



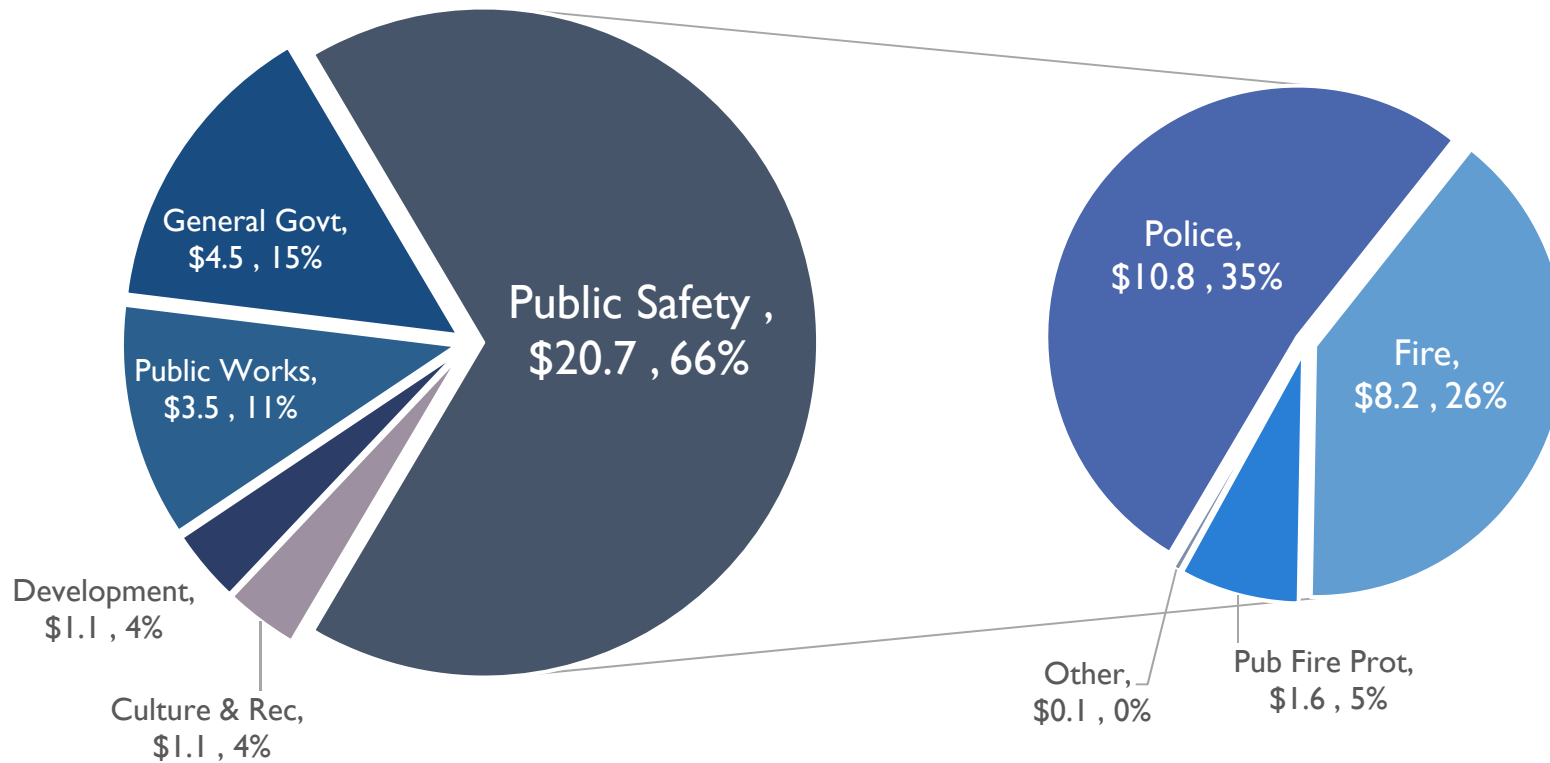
# GENERAL FUND

## REVENUES (Budget vs Actual)

- Budget to actual variances driven by
  - (+) \$0.8M Investment earnings
  - (+) \$0.2M Early buyout of billboard agreement
  - (+) \$0.1M Project review fees
  - (-) \$0.2M Fines and penalties
  - (-) \$0.2M Water Utility PILOT
  - (-) \$0.4M Net ambulance fee revenue
    - Increase in fee revenue offset by insurance adjustments
  - (-) \$0.5M SAFER grant revenue deferred to 2024
  - (-) \$0.5M Transfer from Fund 605 not needed

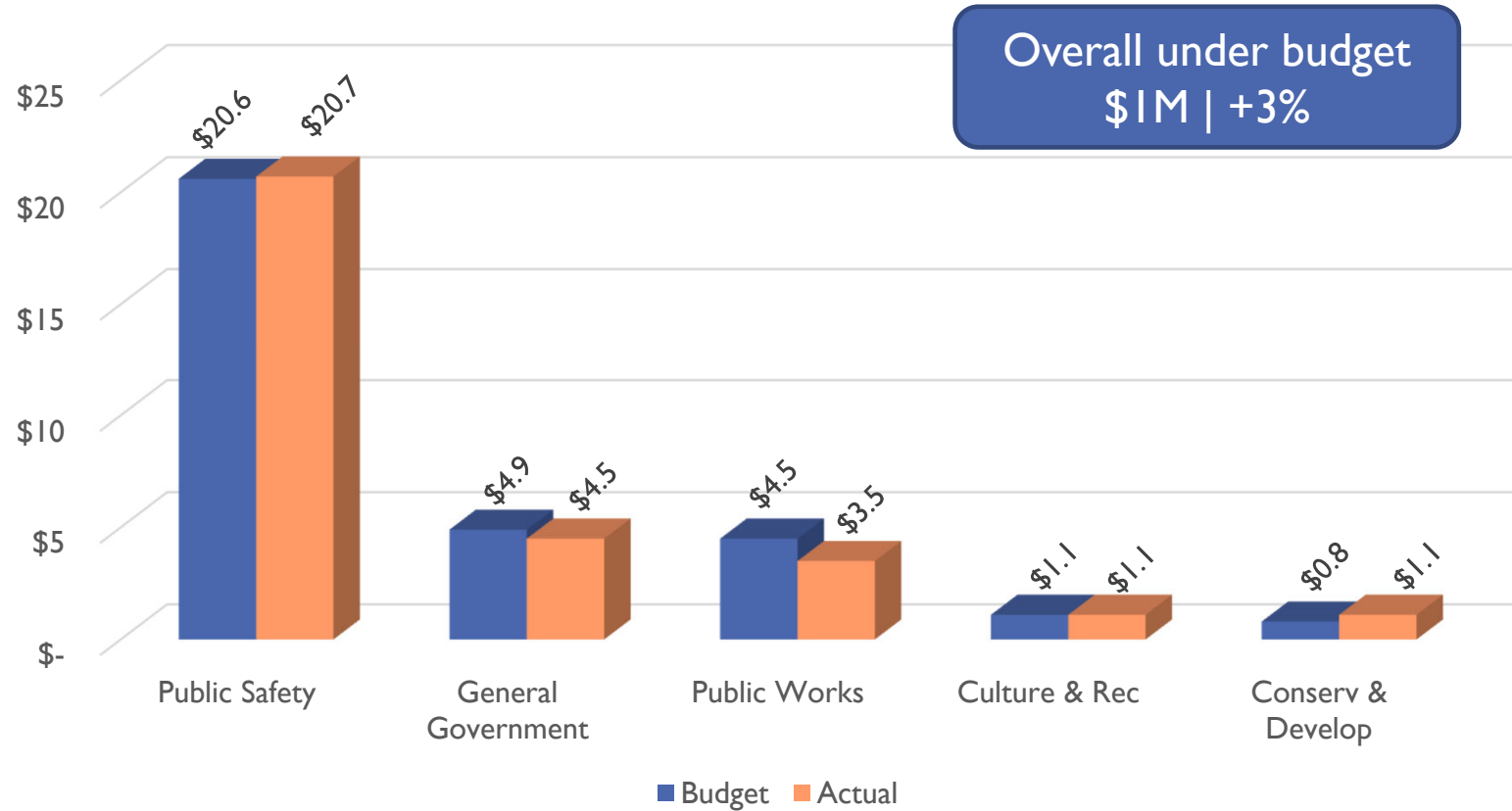
# GENERAL FUND EXPENDITURES (\$30.9 million)

*Numbers shown in millions*



# GENERAL FUND EXPENDITURES (Budget vs Actual)

Numbers shown in millions



# GENERAL FUND

## EXPENDITURES (Budget vs Actual)

- Savings occurred in several areas including:
  - \$1.1M Transfer to Capital Projects for street maintenance not needed
  - \$0.5M IT – Operations and projects
  - \$0.3M Police – Unfilled positions
- The most significant overages occurred in:
  - \$0.4M Fire – Salaries and overtime
  - \$0.3M Conservation & development
  - \$0.1M Clerk services – Salaries
  - \$0.1M Insurances – Claim settlements

# GENERAL FUND SURPLUS



Fund balance (beginning of year)	\$ 10.5
Change in fund balance	0.3
<b>Fund balance (December 31, 2023)</b>	<b>\$ 10.8</b>

Unassigned fund balance	\$ 8.5
Divided by monthly expenditures (based on 2024 budget)	3.2

<b>= Months of working capital*</b>	<b>2.7</b>
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*\* Best practice is to maintain around three months of budgetary expenditures in reserve*



# MUNICIPAL FACILITIES & EQUIPMENT FUND



# MUNICIPAL FACILITIES & EQUIPMENT FUND (MFEF)

- Landfill tipping fees are the major revenue source for the MFEF. Total fees for 2023 were \$2.4 million, which is \$0.4 million less than the \$2.9 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 intention for the future is to use MFEF funds as an internal revolving loan fund available to the Village for annual capital budgets





WATER UTILITY



# WATER UTILITY INCOME STATEMENT HIGHLIGHTS

Numbers shown in millions

	2023	2022	2021
User service charges	\$ 7.4	\$ 6.8	\$ 6.7
Operating expenses (less depreciation, plus PILOT)	6.2	5.4	5.1
<b>Operating income</b>	<b>1.2</b>	<b>1.4</b>	<b>1.6</b>
Net nonoperating revenues (less contributions)	0.8	2.2	0.8
<b>Net income</b> (less depreciation and contributions)	<b>\$ 2.0</b>	<b>\$ 3.6</b>	<b>\$ 2.4</b>

## Financial Statement Reconciling Info:

Depreciation expense	\$ 2.1	\$ 2.0	\$ 1.9
Capital contributions	3.1	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
  - Water rate case study with the PSC will begin in 2024, effective in 2025
- The Water Utility completed the year with positive results
  - User charges and overall consumption increased from 2022
  - Important to maintain historical positive trend to continue funding infrastructure projects

## WATER UTILITY MAJOR EXPENSES

- Around 90% of the Village's water supply comes from Milwaukee
  - The Water Utility paid \$2.1 million to Milwaukee for water in 2023, which increased \$0.3 million from the prior year
- The Utility also paid \$1.1 million in tax equivalent charges to the Village in 2023
  - This amount is determined based on a PSC formula



SEWER UTILITY



# SEWER UTILITY INCOME STATEMENT HIGHLIGHTS

Numbers shown in millions

	2023	2022	2021
User service charges	\$ 10.1	\$ 9.6	\$ 9.5
Operating expenses (less depreciation)	10.2	9.0	9.0
<b>Operating income</b>	<b>(0.1)</b>	<b>0.6</b>	<b>0.5</b>
Net nonoperating revenues (less contributions)	1.5	0.6	0.5
<b>Net income</b> (less depreciation and contributions)	<b>\$ 1.4</b>	<b>\$ 1.2</b>	<b>\$ 1.0</b>

## Financial Statement Reconciling Info:

Depreciation expense	\$ 1.6	\$ 1.6	\$ 1.6
Capital contributions	3.6	1.2	0.8

## SEWER UTILITY COMMENTS

- Cash reserves continue to grow after a 1% fee increase in 2020
  - The need for additional rate increases is evaluated annually
  - Internal sewer rate study will begin in 2024, effective in 2025
- \$7.6 million was paid to MMSD for contracted services in 2023, a \$0.7 million increase from 2022
  - MMSD volume charges increased \$0.3 million (14%)
  - MMSD fixed capital charges increased \$0.4 million (1%)



# STORM WATER UTILITY





# STORM WATER UTILITY

## INCOME STATEMENT HIGHLIGHTS

Numbers shown in millions

	2023	2022	2021
Property taxes and permit fees	\$ 1.0	\$ 1.0	\$ 1.0
Operating expenses (less depreciation)	1.0	0.8	0.8
<b>Operating income</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>
Net nonoperating revenues (less contributions)	(0.2)	(0.1)	-
<b>Net income</b> (less depreciation and contributions)	<b>\$ (0.2)</b>	<b>\$ 0.1</b>	<b>\$ 0.2</b>

### Financial Statement Reconciling Info:

Depreciation expense	\$ 0.9	\$ 0.8	\$ 0.8
Capital contributions	2.6	1.0	1.1

## SEWER UTILITY COMMENTS

- The Storm Water Utility did not pay for its own capital infrastructure in 2023
  - Since 2015, new debt for Storm infrastructure has been placed on the general debt levy
- Infrastructure and operating demands for the near future are significant and can no longer be supported within levy limits
  - A Storm Water Utility fee was implemented in the first quarter of 2024

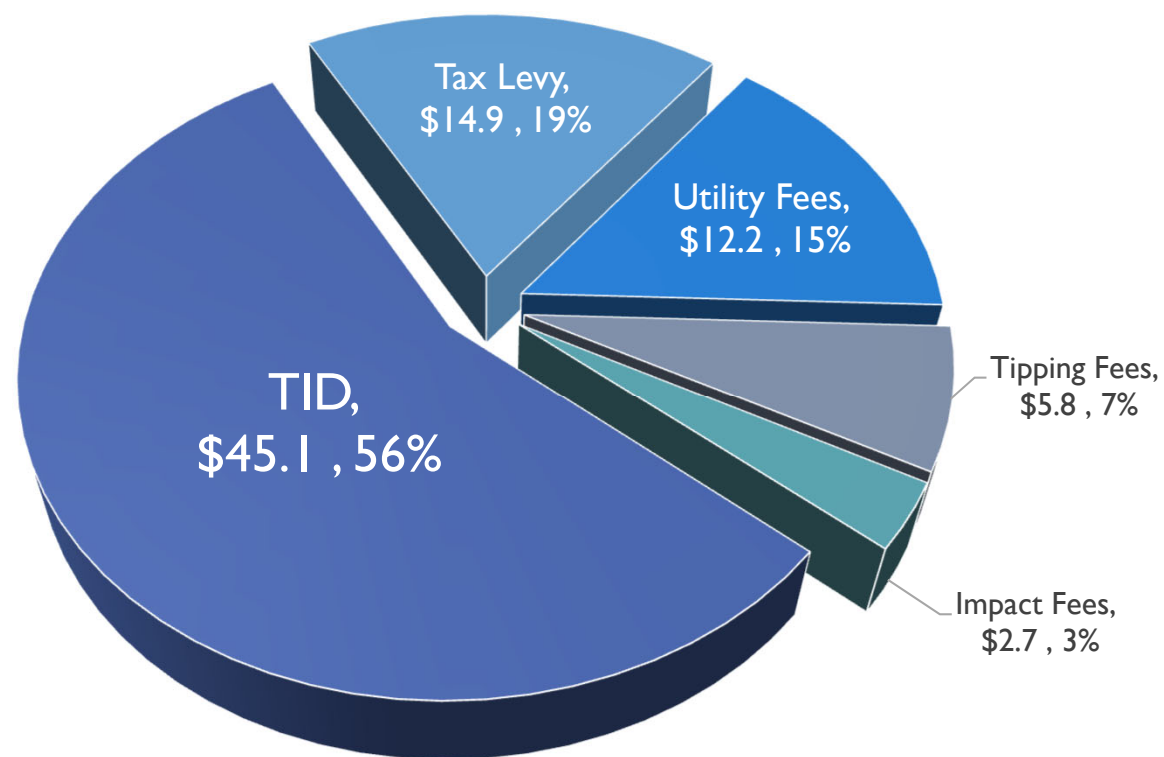


OUTSTANDING DEBT



# OUTSTANDING DEBT BY REVENUE SOURCE (\$80.7 million)

*Numbers shown in millions*



GO debt rated Aa2 by Moody's