

# VILLAGE OF MENOMONEE FALLS 2012 FINANCIAL RESULTS

Summary presentation

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# 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

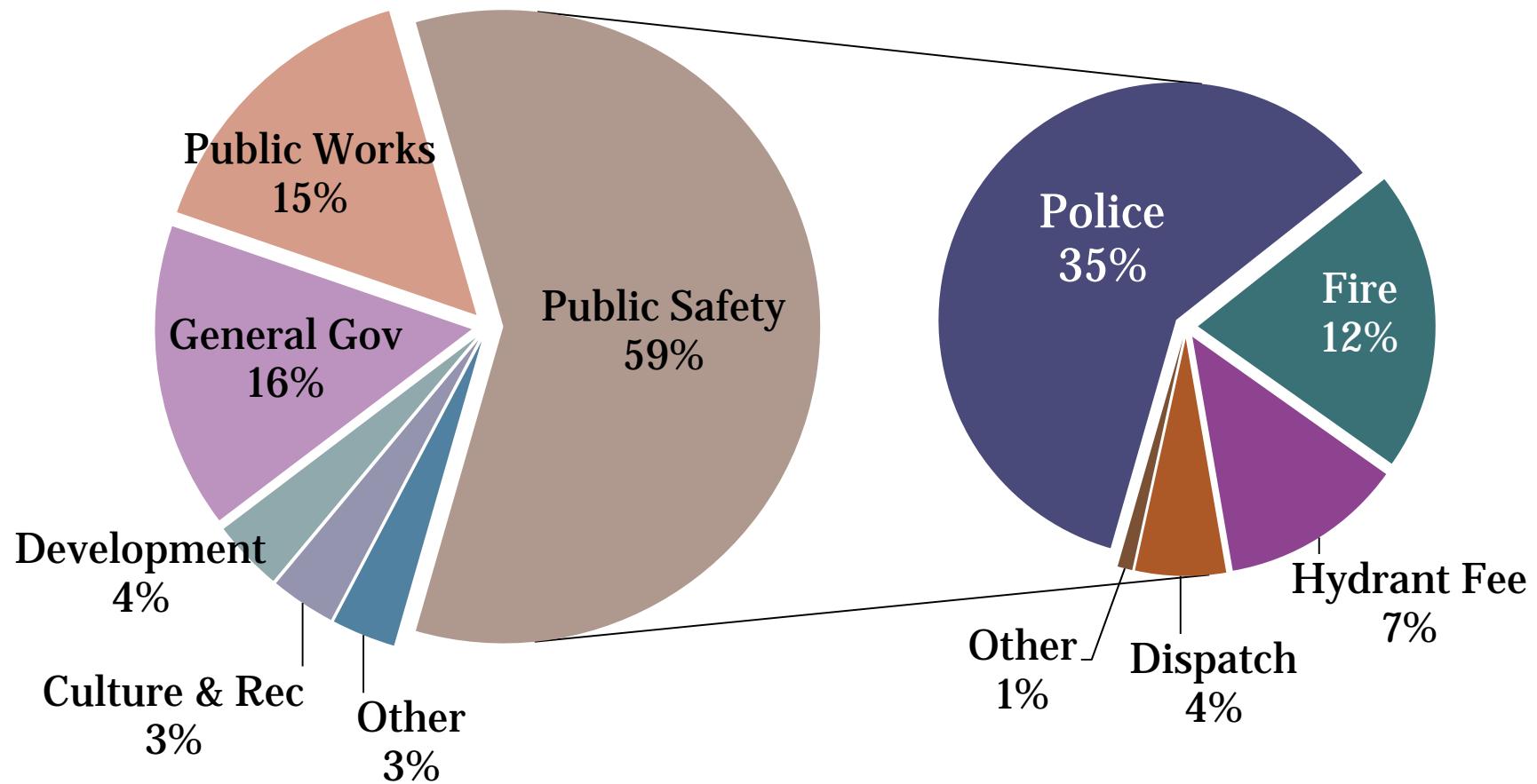
- **Contents summary:**
  - Transmittal Letter
  - Independent Auditor's Report
  - Management's Discussion & Analysis (MD&A)
  - Financial Statements (part 1 of 2)
  - Notes supporting the Financial Statements
  - Financial Statements (part 2 of 2)
  - Statistical information
- The 2011 CAFR received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

# General Fund

# General Fund

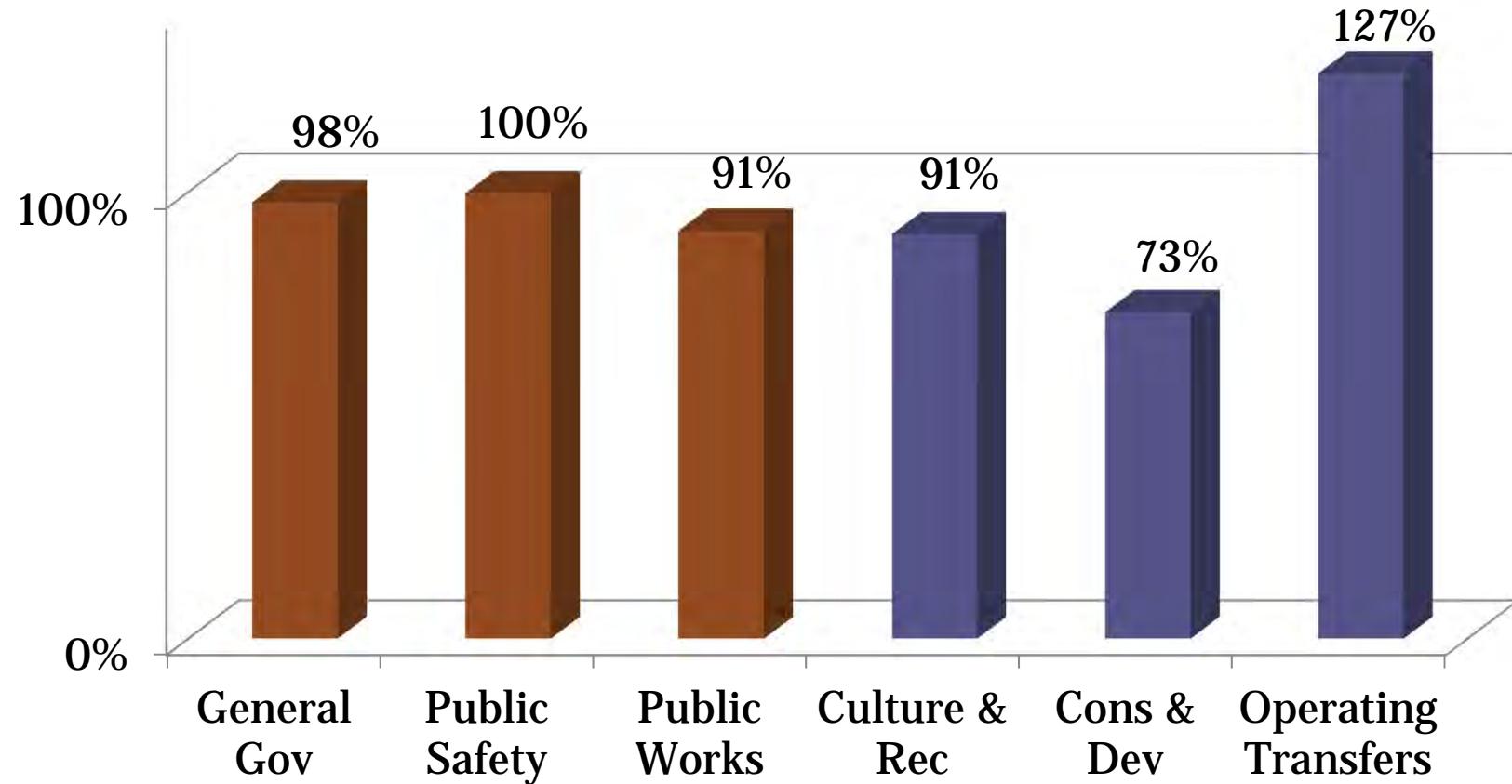
- The main operating fund of the Village including:
  - Public Safety (Police, Fire, Dispatch)
  - Public Works (Street and Equipment Maintenance)
  - Culture & Recreation (Parks, Old Falls Village)
  - Development (Community Dev, Planning, Engineering)
  - General Government
    - Village Manager, Attorney,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

# General Fund (Expenditures)



# General Fund Expenditures (Budget vs Actual)

## Percent of Budget Used

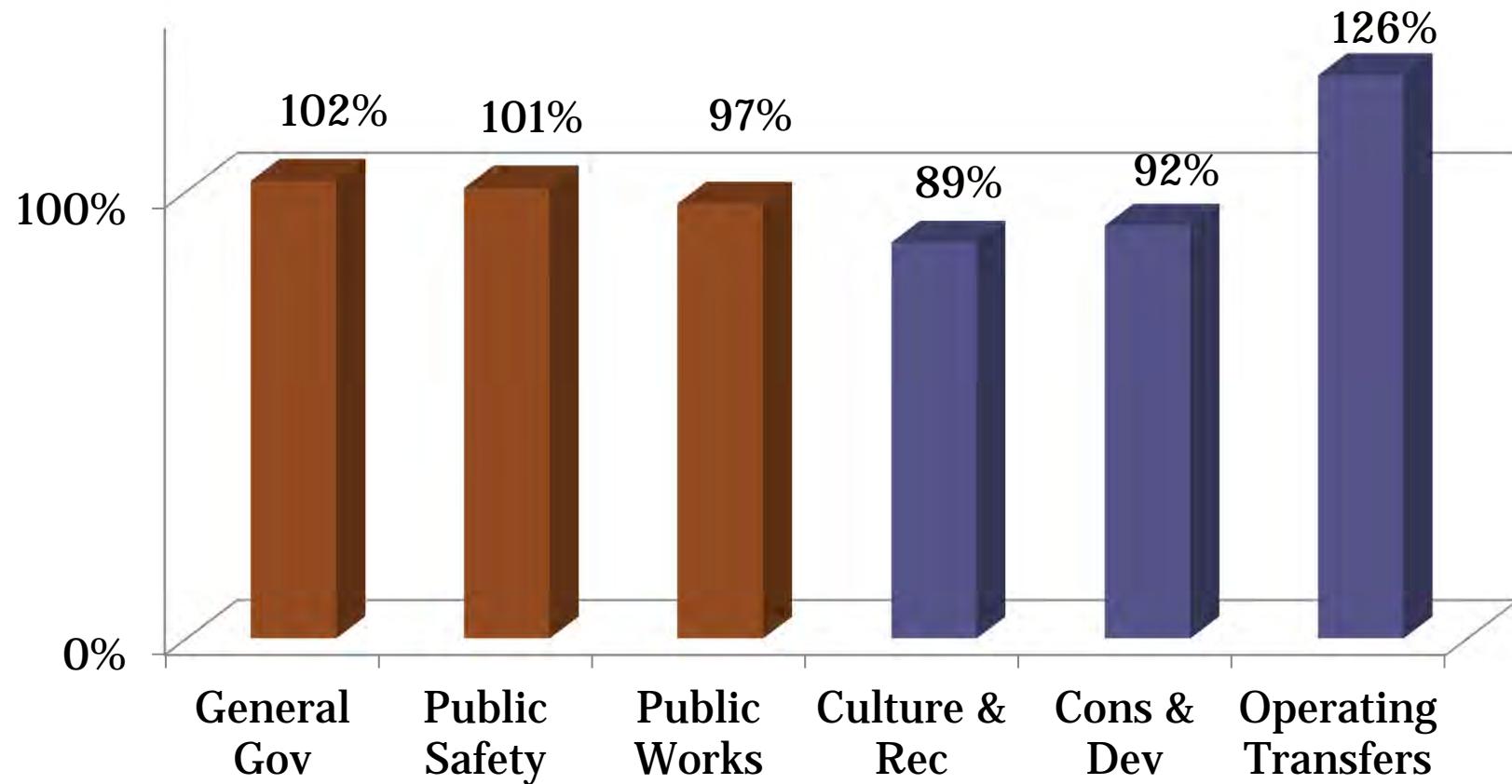


# General Fund Expenditures (Budget vs Actual)

- 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



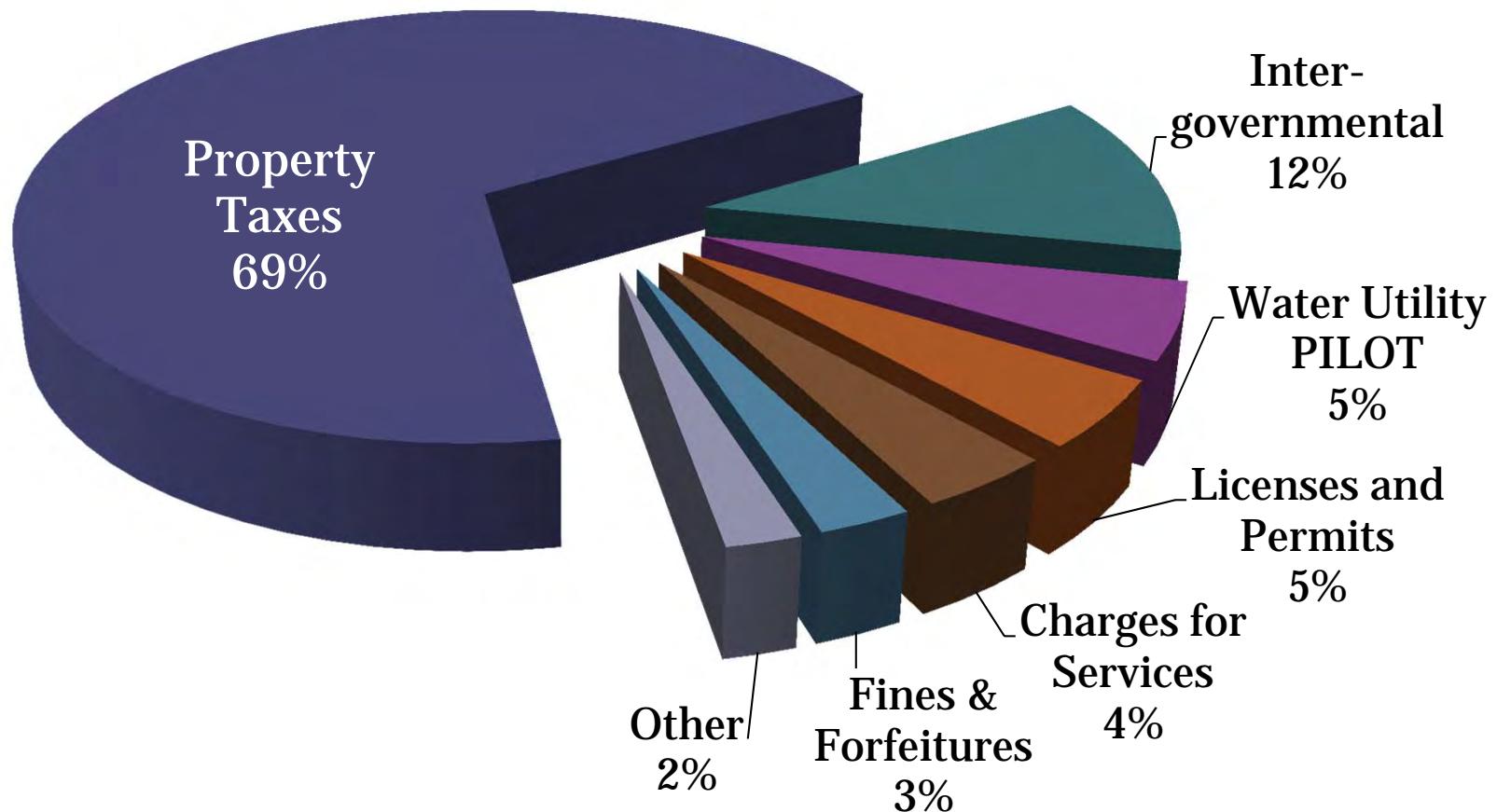
## General Fund Expenditures (2012 vs 2011)

- 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)

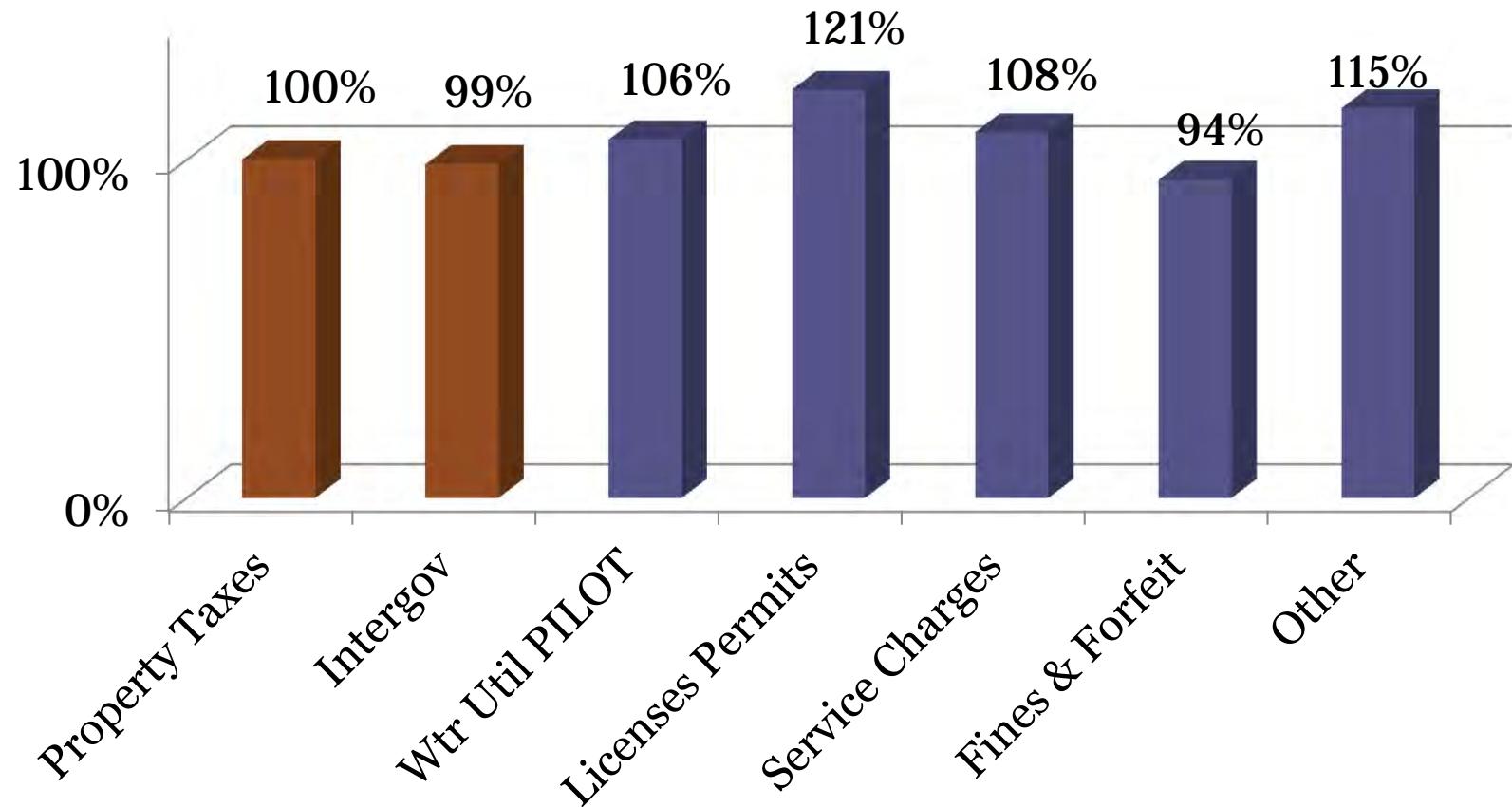
- The most significant increases included:
  - Protective Services personnel costs
  - Costs associated with numerous elections
  - Accounting system and networking upgrades
  - Support for the Solid Waste Collection Fund
    - Lower commodity prices on recyclable materials

## General Fund (Revenues)



# General Fund Revenues (Budget vs Actual)

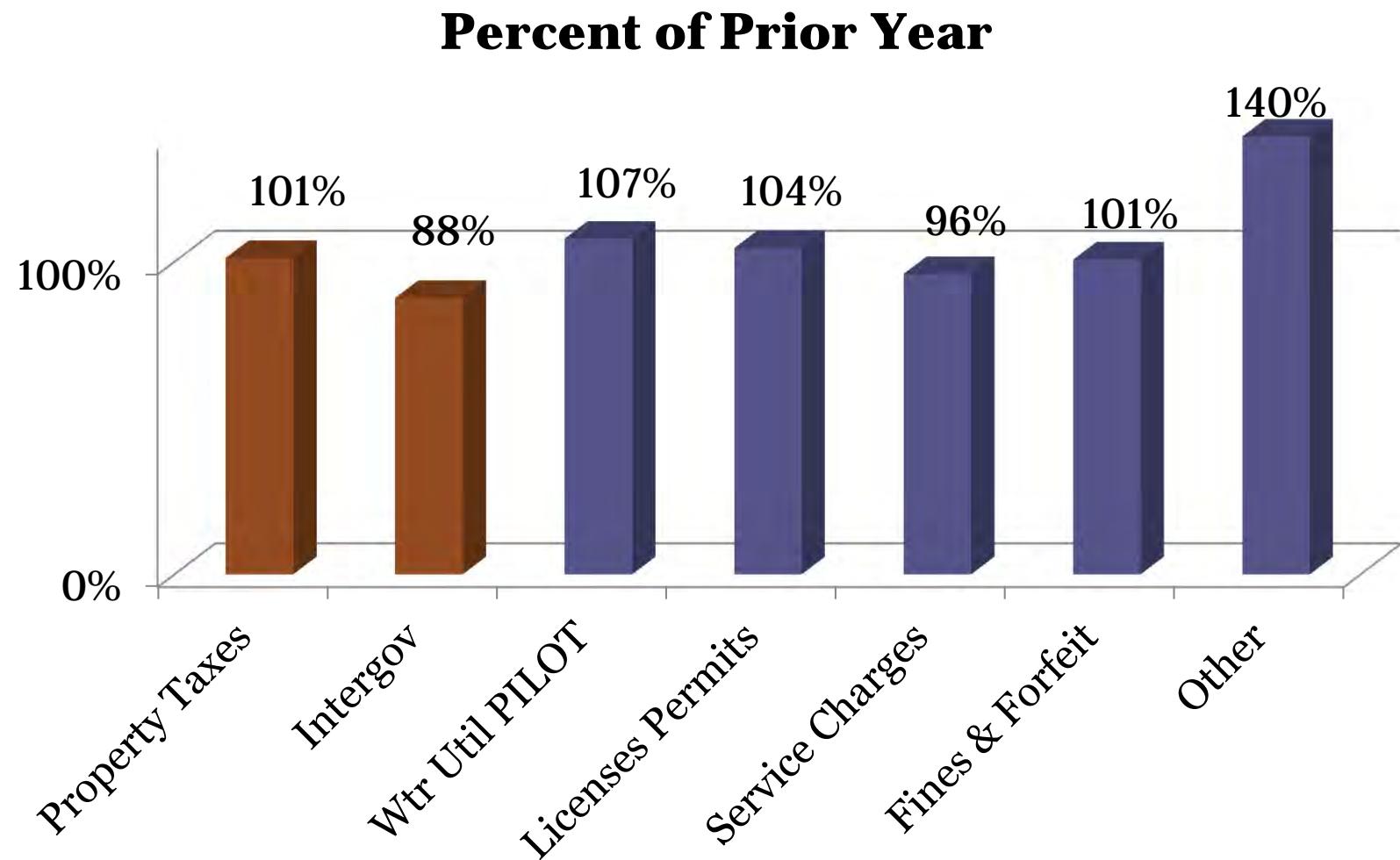
## Percent of Budget Attained



## 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)



## 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
<b>Operating surplus</b>	<b>994,152</b>

Transfer-in (Park Impact Fees)	524,662
Transfer-out (2012 Capital Budget)	-1,000,000
<b>Change before surplus transfer</b>	<b>518,814</b>

Transfer to Muni Fac (2012 surplus)	-500,000
<b>Change in fund balance</b>	<b>18,814</b>

# General Fund (Fund Balance)

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

## Fund Balance Breakdown

Nonspendable	\$2,498,367
Restricted	91,526
<b>Unassigned</b>	<b>6,675,691</b>

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



# 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
<b>Cash readily available</b>	<b>5,692,868</b>

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

<b>Net cash readily available</b>	<b>\$2,228,367</b>
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# Sewer Utility (Income Statement Highlights)

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

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

## 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
<b>Cash readily available</b>	<b>2,409,852</b>

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

**Liab. covered by future cash flow** **\$3,535,027**

# Water Utility (Income Statement Highlights)

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

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

## 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)

<b>Unrestricted cash</b>	<b>\$2,035,609</b>
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Accounts payable and accrued liabilities	284,110
Advance payable	145,762
Outstanding debt (plus accrued interest)	<u>3,542,183</u>
<b>Liabilities available for payment</b>	<b>3,972,055</b>

<b>Liab. covered by future cash flow</b>	<b>\$1,936,446</b>
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# Storm Water Utility (Activity Highlights)

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

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

## 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.