

# VILLAGE OF MENOMONEE FALLS 2014 FINANCIAL RESULTS

Summary presentation

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Finance Director

# Comprehensive Annual Financial Report (CAFR)

# CAFR

- Report on the financial position of the Village as of 12/31/14 and the results of 2014 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
  - Reilly, Penner & Benton LLP audited the 2014 CAFR

# CAFR (Major Components)

- Contents summary:
  - Transmittal Letter (Village profile and policies)
  - Independent Auditor's Report
  - Management's Discussion & Analysis (MD&A) (CAFR summary)
  - Financial Statements (part 1 of 2)
  - Notes supporting the Financial Statements
  - Financial Statements (part 2 of 2)
  - Statistical information

# What are Funds?

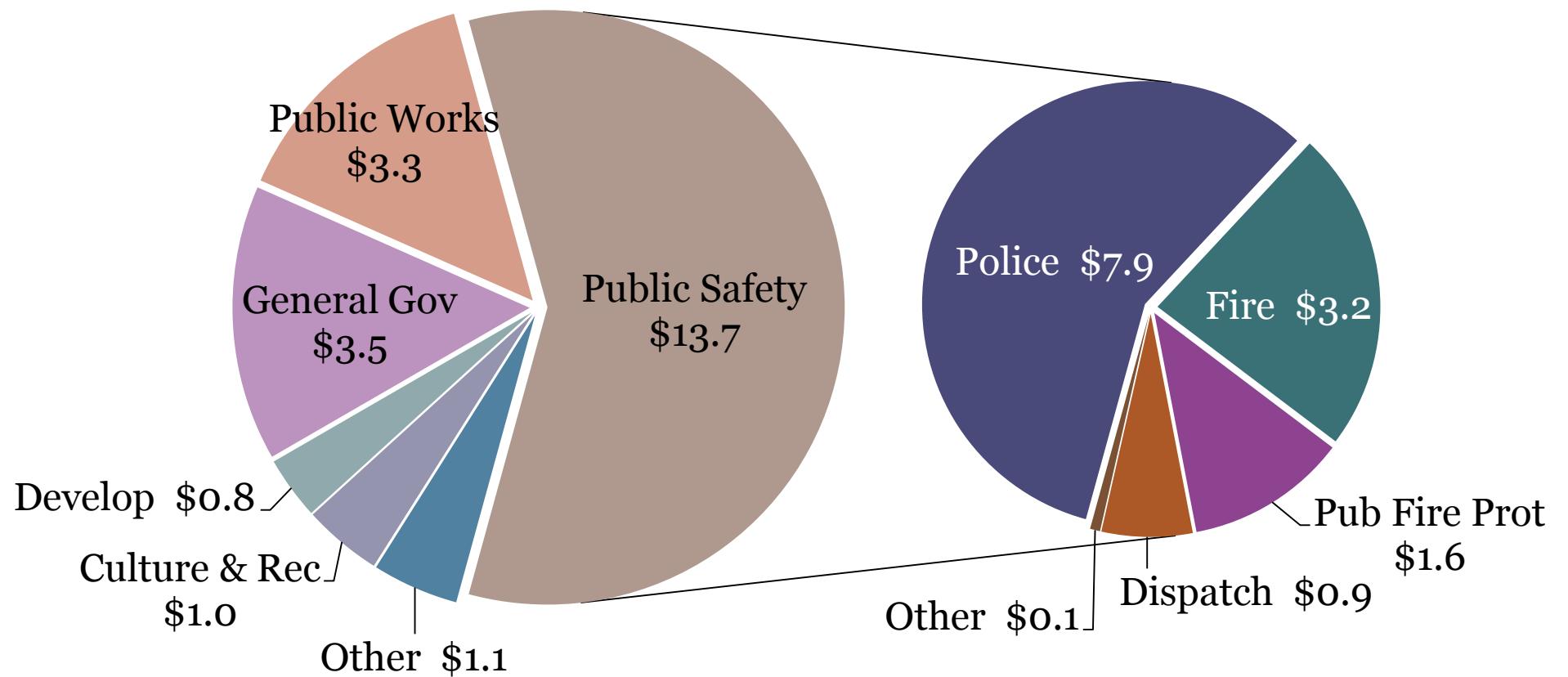
- In simple terms, funds are like separate entities, with each tracking a separate type of activity.
  - Some Funds are mandatory (such as the General Fund)
  - Others are discretionary (such as the Solid Waste Fund)
  - By tracking activities in separate funds, we can more easily see the financial benefit or burden an activity is providing.
- 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
      - The Storm Water Utility is setup as a proprietary fund; however, this is currently supported by the tax levy.
  - 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 including:
  - Public Safety (**Police, Fire, Dispatch**)
  - Public Works (Equipment and **Street Maintenance**)
  - Culture & Recreation (**Parks, Old Falls Village**)
  - Development (**Community Dev, Planning, Engineering**)
  - General Government (i.e. supportive services)
    - Village Manager, Attorney, Court, Clerk Services, Human Resources, Building Maintenance, Financial Services, IT

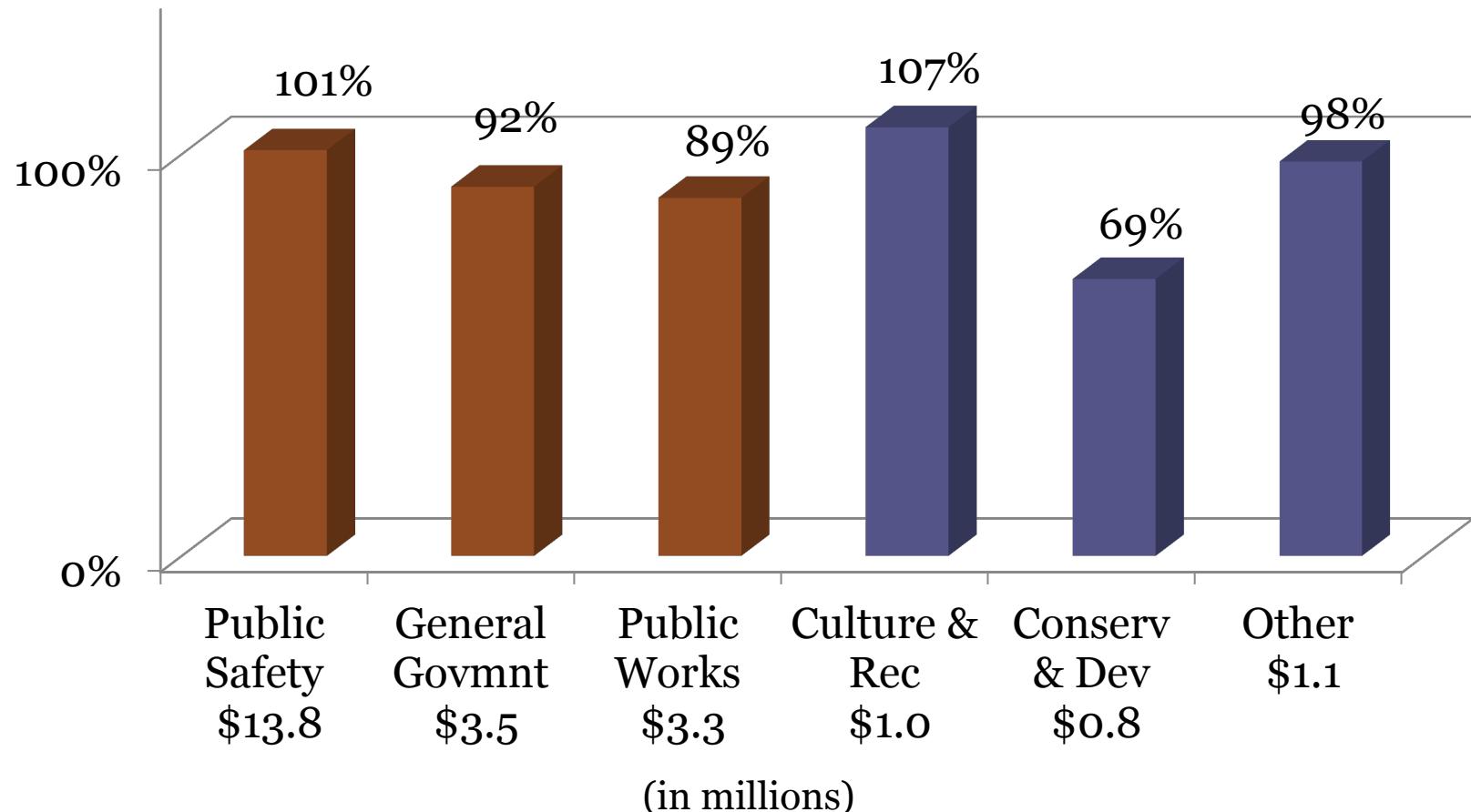
# General Fund Expenditures (in Millions)



# General Fund Expenditures (Budget vs Actual)

## Percent of Budget Used

(Additional details provided on next slide)



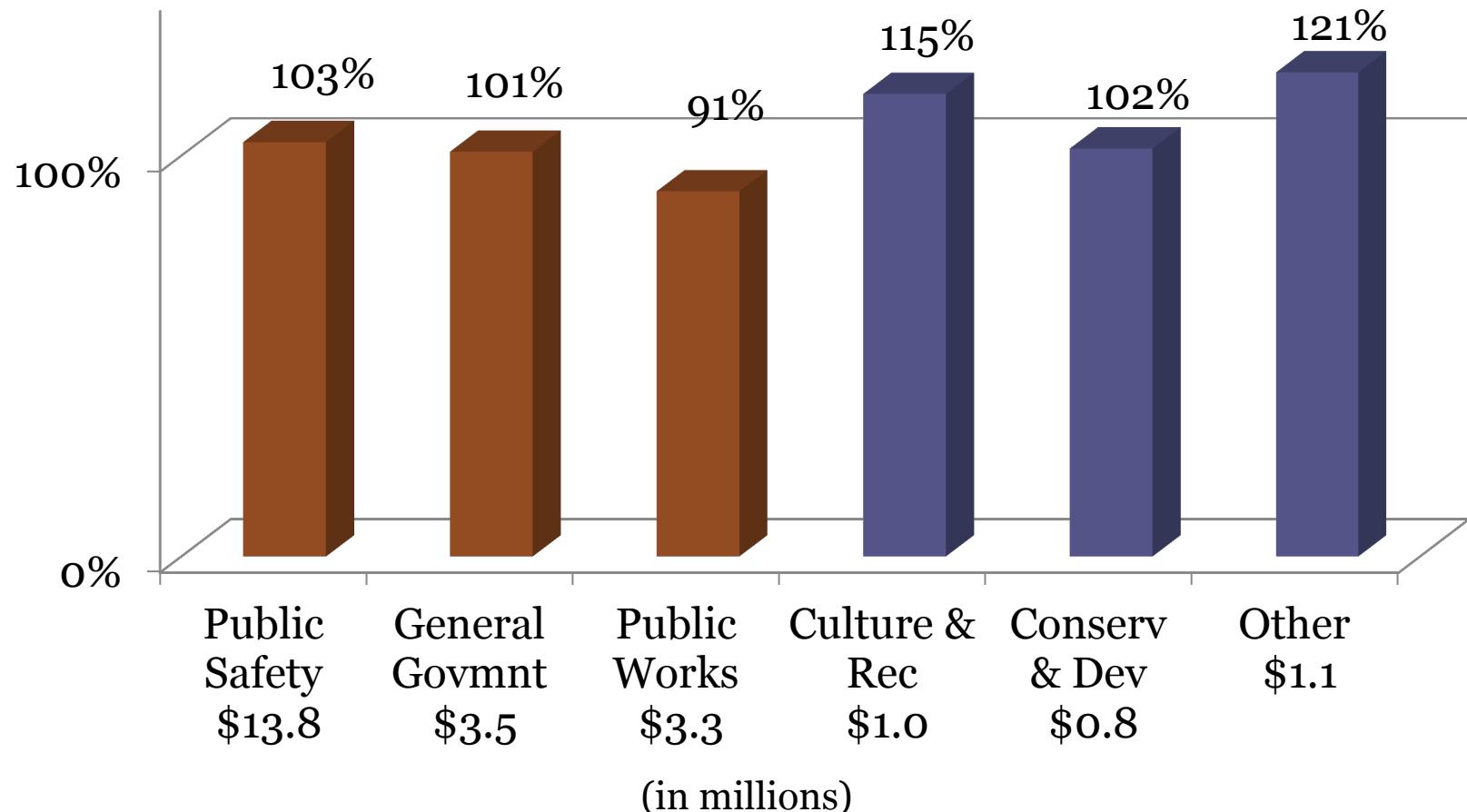
# General Fund Expenditures (Budget vs Actual)

- Overall, expenditures were under budget by 3.6% or \$0.9 million. The most significant savings were realized from:
  - A higher focus of engineering time on billable developer projects
  - Lower salt expenditures than expected
  - Open Police Department positions not immediately filled

# General Fund Expenditures (2014 vs 2013)

## Percent of Prior Year

(Additional details provided on next slide)



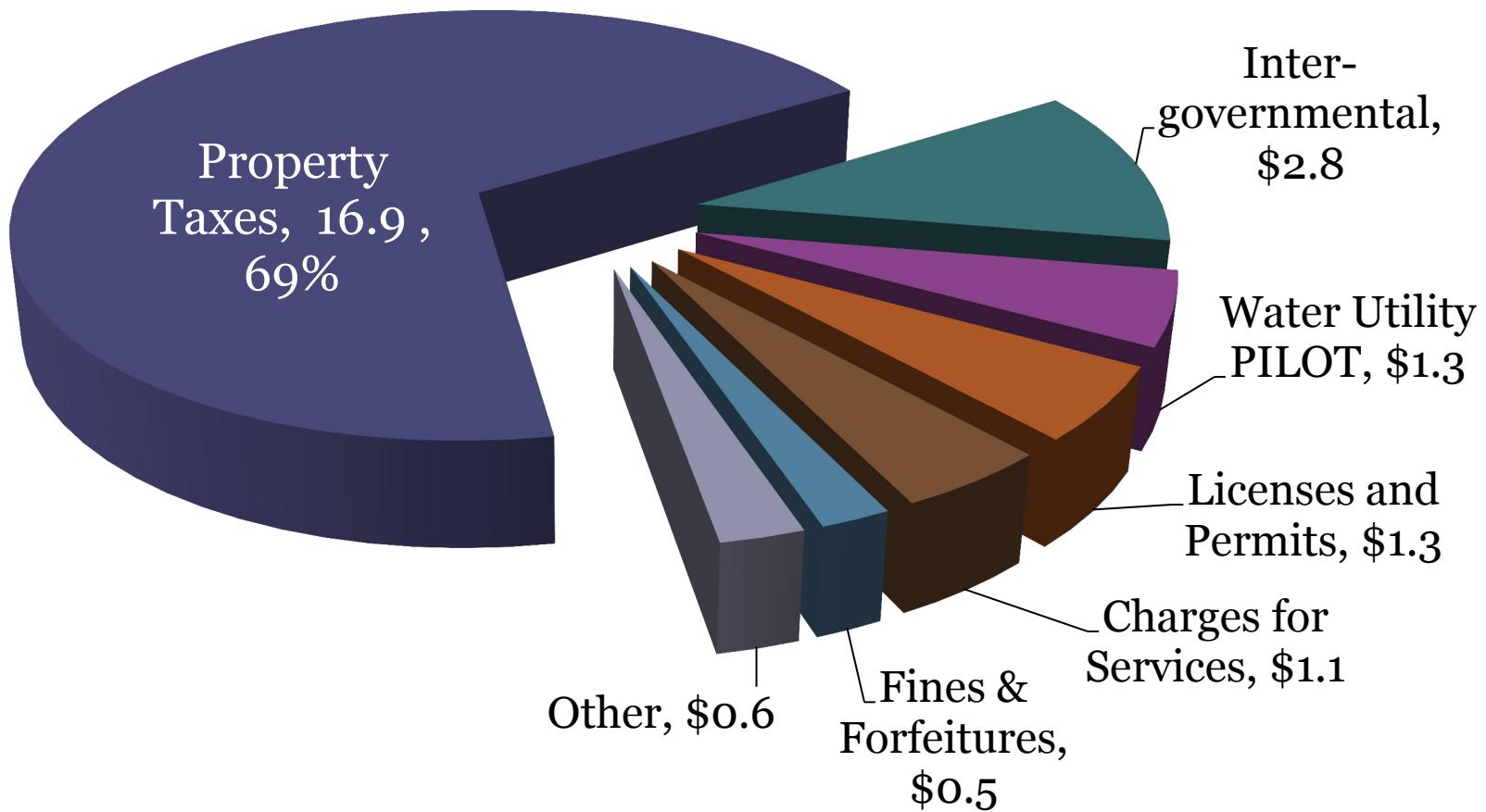
# General Fund Expenditures (2014 vs 2013)

- Overall, expenditures increased 2.1% or \$0.5 million.
- The most significant savings were realized from:
  - Decrease in contracted long-term expenses (assessors)
  - Lower salt expenditures than expected
  - Open Police Department positions not immediately filled

# General Fund Expenditures (2014 vs 2013)

- The most significant increases included:
  - Planned post-budget expenditure for the Advanced Waste Services, Inc. transaction - \$105K
  - One time land purchase for Rotary Park - \$143K

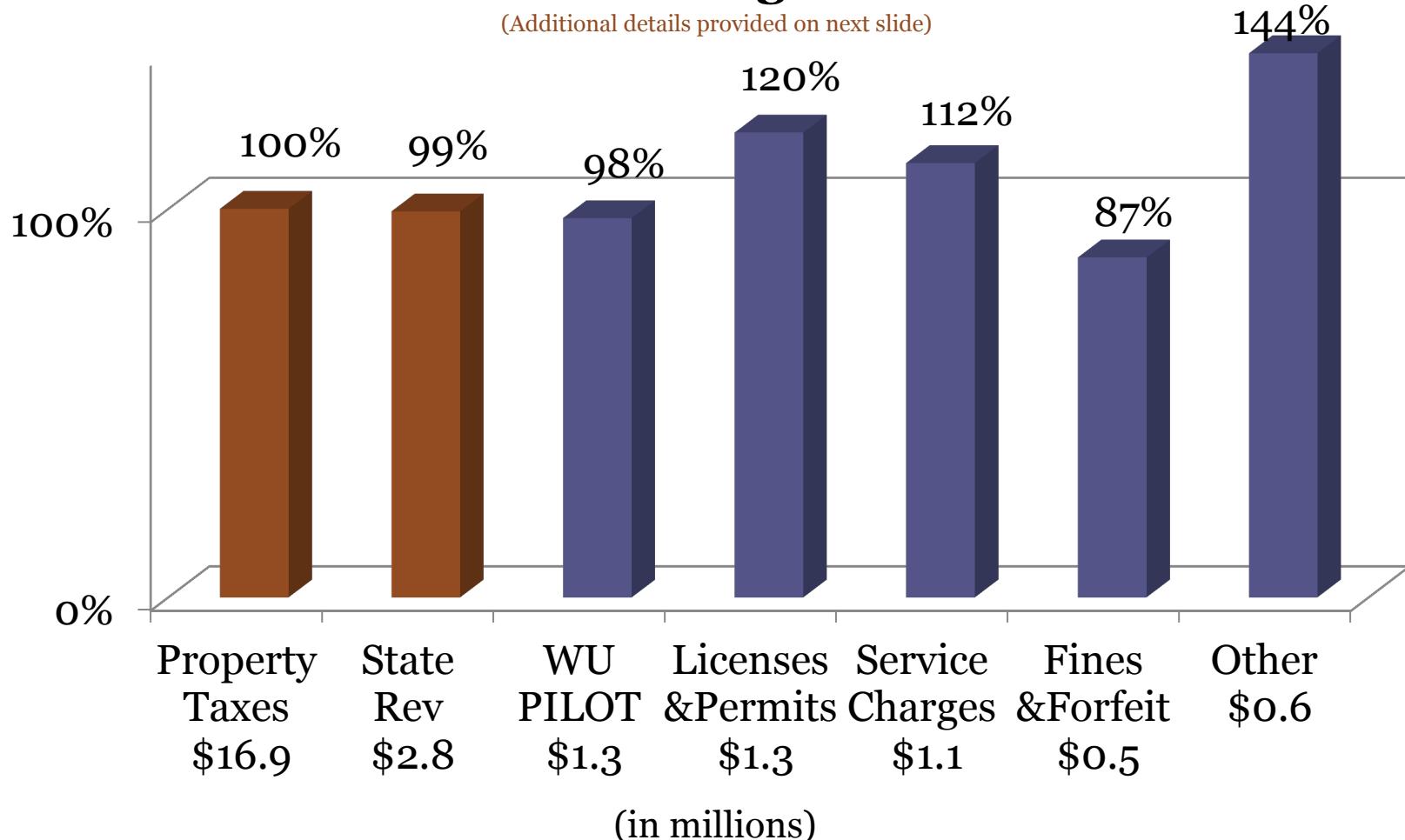
# General Fund Revenues (in Millions)



# General Fund Revenues (Budget vs Actual)

## Percent of Budget Attained

(Additional details provided on next slide)



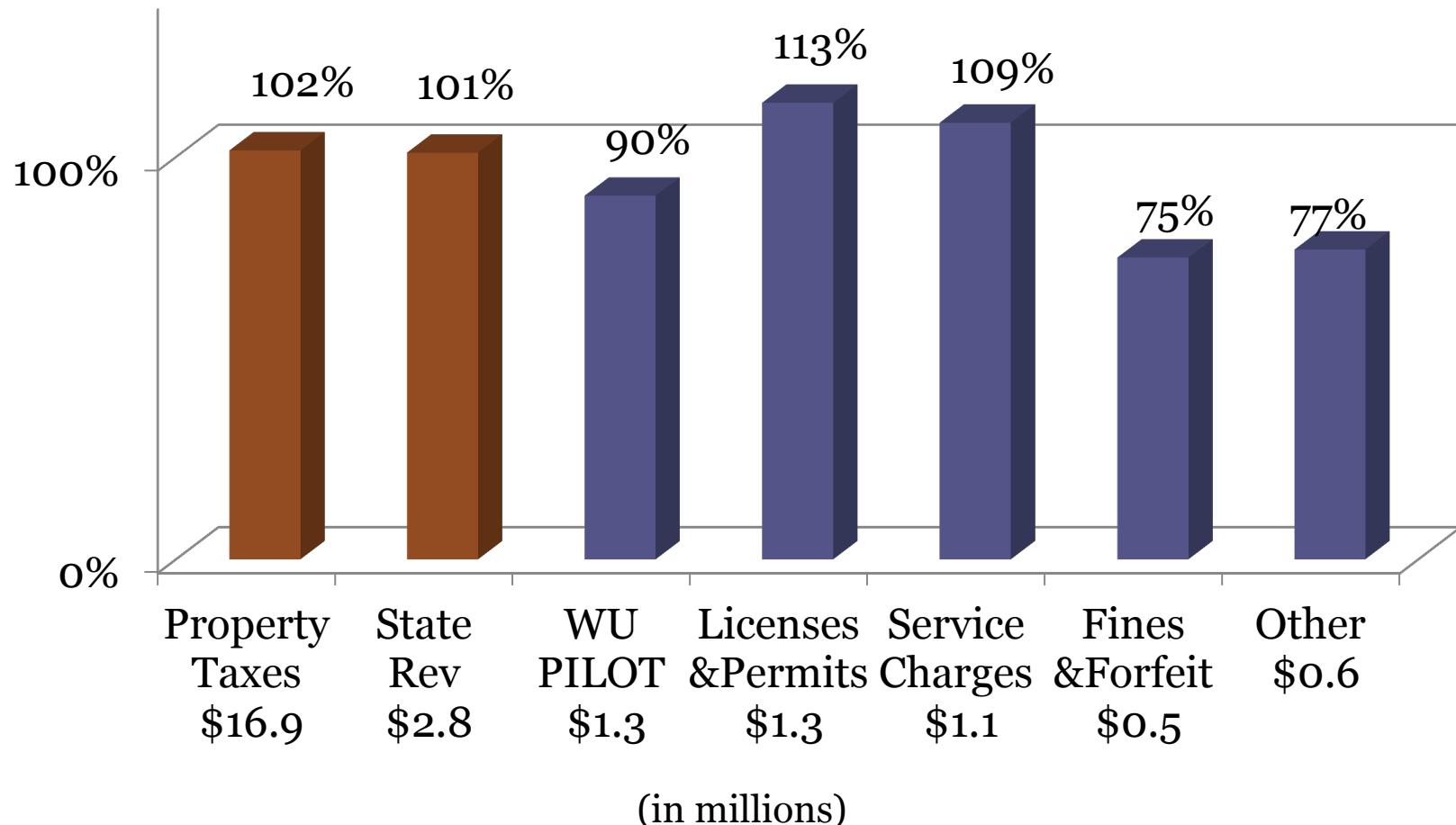
## General Fund Revenues (Budget vs Actual)

- Overall, revenues were higher than budget by 1.7% or \$0.4 million. The most significant difference was:
  - Permit revenues from new construction increased significantly, coming in 40% higher than budgeted.

# General Fund Revenues (2014 vs 2013)

## Percent of Prior Year

(Additional details provided on next slide)



# General Fund Revenues (2014 vs 2013)

- Overall, revenues increased 0.1% or \$0.03 million.
- The most significant decreases were from:
  - Fines & Forfeitures
  - Water Utility payment in-lieu of taxes
  - Other – interest on advance from other government funds
- The most significant increases were from:
  - Increased taxes (due to net new construction)
  - Licenses and permits

# General Fund (Surplus)

Revenues	\$24,490,440
Less (expenditures)	- 22,519,390
Less (net operating transfers)	- 947,875
<b>Operating surplus</b> (within 6% of budget)	<b>1,023,175</b>

Transfer to 605 Municipal Facilities Fund	- 913,175
<b>Change in fund balance</b>	<b>110,000</b>

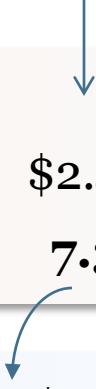


# General Fund (Fund Balance) (in Millions)

Fund balance (beginning of year)	\$9.5
Change in fund balance	0.1
<b>Fund balance (December 31, 2014)</b>	<b>\$9.6</b>

## Fund Balance Breakdown

Nonspendable	\$2.4
<b>Unassigned</b>	<b>7.3</b>

Monthly expenditures (based on 2015 budget)   \$2.1

**Months of working capital =**  3.5

# Tax Rate Comparison

Municipality	Size in Acres	Population	Eq Val (billion)	Assd Val (billion)	Asmnt Ratio	2014 Oper Tax Levy (million)	2014 TID Tax Levy (million)	2014 Total Muni Levy (million)	2014 Total Tax Levy (million)	Muni Tax Rate	Overall Tax Rate
Village of Merton	16,448	3,353	0.4	0.4	1.0349	1.2	0.0	1.2	6.0	3.04	13.72
City of Pewaukee	12,480	13,195	2.7	2.7	0.9944	8.2	0.0	8.2	42.3	3.06	15.04
Village of Wales	2,099	2,549	0.4	0.3	0.9757	1.2	0.2	1.4	5.9	3.50	15.44
Village of Nashotah	1,069	1,395	0.2	0.2	0.9841	0.7	0.0	0.7	2.7	4.08	14.04
Village of Chenequa	2,266	590	0.5	0.4	0.9650	1.8	0.0	1.8	7.4	4.12	15.48
Village of Oconomowoc Lake	1,267	595	0.3	0.3	1.0169	1.3	0.0	1.3	5.4	4.18	15.03
Village of North Prairie	1,798	2,141	0.2	0.2	0.9503	0.9	0.0	0.9	3.5	4.20	15.90
Village of Lac La Belle	627	290	0.1	0.1	1.0182	0.5	0.0	0.5	1.9	4.47	15.46
City of Delafield	6,022	7,085	1.3	1.3	1.0057	5.9	0.1	6.0	22.2	4.47	15.05
Village of Hartland	3,277	9,110	1.2	1.2	0.9981	5.2	0.0	5.2	20.8	4.49	16.83
Village of Lannon	1,562	1,107	0.1	0.1	1.0832	0.5	0.0	0.5	1.9	4.50	15.53
Village of Eagle	851	1,950	0.1	0.2	1.0441	0.7	0.0	0.7	2.8	4.79	16.76
City of Muskego	20,224	24,135	2.6	2.6	0.9669	12.2	1.2	13.4	47.6	4.90	16.90
Village of Dousman	1,651	2,302	0.2	0.2	1.0270	0.9	0.0	0.9	3.2	5.06	16.41
Village of Sussex	4,877	10,518	1.2	1.2	0.9667	6.0	0.1	6.0	20.9	5.17	16.96
Village of Menomonee Falls	21,120	35,626	4.5	4.5	1.0103	22.4	4.5	26.9	85.6	5.20	17.56
City of Oconomowoc	18,752	15,759	1.9	1.9	1.0140	10.1	0.1	10.2	33.7	5.37	16.34
Village of Pewaukee	2,643	8,166	0.9	0.9	0.9757	4.8	0.0	4.8	16.9	5.42	17.36
City of New Berlin	23,616	39,584	4.7	4.5	0.9523	24.7	0.0	24.7	90.2	5.51	18.41
City of Brookfield	17,658	37,920	6.3	6.6	1.0495	36.5	1.4	37.9	117.0	5.58	15.77
Village of Elm Grove	2,093	5,934	1.1	1.0	0.9946	6.6	0.5	7.1	20.2	6.48	17.68
Village of Big Bend	2,016	1,297	0.1	0.2	1.0479	1.0	0.0	1.0	2.7	6.53	16.32
Village of Mukwonago	5,056	7,355	0.7	0.7	0.9826	5.1	0.7	5.9	13.8	7.84	18.39
Village of Butler	499	1,841	0.2	0.2	0.9993	1.8	0.5	2.3	5.1	8.24	20.09
City of Waukesha	14,528	70,718	5.5	5.4	0.9812	54.5	4.7	59.3	121.8	10.43	20.91

# Municipal Facilities & Equipment Fund

# Municipal Facilities & Equipment Fund (MFEF)

- The MFEF continues to be a strong asset to the Village.
- Landfill tipping fees are the major revenue source for the MFEF. These fees were lower than estimated at \$2.7 million for 2014, \$0.1 million lower than budget.
- Our current projections go out to the year 2033, and show an estimated cash balance of over \$30 million.
  - The future funds available will eventually be used as an internal revolving loan available to the Village for our annual capital budget.
- During 2014 the General Fund transferred in \$0.9 million in surplus.

# Water Utility

# Water Utility (Balance Sheet Highlights) (in Millions)

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Unrestricted cash	\$4.0	\$3.3	\$2.2
Tax roll charges	0.2	0.2	0.2
<b>Cash readily available</b>	<b>4.2</b>	<b>3.5</b>	<b>2.4</b>
Accounts payable and accrued liabilities	0.6	0.8	1.1
Outstanding debt (plus accrued interest)	5.9	5.6	4.8
<b>Liabilities available for payment</b>	<b>6.5</b>	<b>6.4</b>	<b>5.9</b>
<b>Liab. covered by future cash flow</b>	<b>-\$2.3</b>	<b>-\$2.9</b>	<b>-\$3.5</b>

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
User service charges	\$6.5	\$6.6	\$7.1
Operating expenses (less depreciation)	4.9	4.9	4.9
<b>Operating income</b>	<b>1.6</b>	<b>1.7</b>	<b>2.2</b>
Net nonoperating expenses (w/o non-cash items)	0.2	-0.1	-0.1
<b>Net income</b> (w/o depreciation or contributions)	<b>\$1.8</b>	<b>\$1.6</b>	<b>\$2.1</b>

## Financial Statement Reconciling Info:

Depreciation expense	\$1.6	\$1.6	\$1.5
Capital contributions revenue	2.2	0.2	0.6

# Water Utility (Comments)

- The Water Utility is governed by the Wisconsin Public Service Commission (PSC)
  - There were two rate increases in June and November of 2014 as a result of increased Milwaukee water rates.
- Despite the drop in consumption (2014 vs 2013), the Water Utility completed the year with positive results.
  - User charges decreased slightly by \$0.1 million or 1.6%.
- 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 \$1.5 million to Milwaukee for water in 2014; an increase of 7% from 2013.
    - Despite the lower consumption, the Village paid more for water in 2014 due to rate increases. Village water rates were increased in 2014 to cover the additional supply costs.
- The Utility also paid \$1.3 million in tax equivalent charges to the Village in 2014.
  - This amount is determined based on a PSC formula.

# Sewer Utility

## Sewer Utility (Balance Sheet Highlights) (in Millions)

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Unrestricted cash	\$4.6	\$4.8	\$5.0
Taxes and tax roll charges	0.7	0.7	0.7
<b>Cash readily available</b>	<b>5.3</b>	<b>5.5</b>	<b>5.7</b>
Accounts payable and accrued liabilities	1.3	0.9	0.6
Advance payable	0.4	0.4	0.5
Outstanding debt (plus accrued interest)	1.9	2.2	2.3
<b>Liabilities available for payment</b>	<b>3.6</b>	<b>3.5</b>	<b>3.4</b>
<b>Net cash readily available</b>	<b>\$1.7</b>	<b>\$2.0</b>	<b>\$2.3</b>

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
User service charges	\$8.1	\$8.2	\$8.5
Operating expenses (less depreciation)	8.8	8.7	8.7
<b>Operating Income (Loss)</b>	<b>-0.7</b>	<b>-0.5</b>	<b>-0.2</b>
Net nonoperating revenues	0.6	0.4	0.4
<b>Net Income (Loss)</b> (w/o depreciation or contributions)	<b>-\$0.1</b>	<b>-0.1</b>	<b>0.2</b>

## Financial Statement Reconciling Info:

Depreciation expense	\$1.3	\$1.3	\$1.2
Capital contributions revenue	1.2	0.1	0.2

# 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 \$7.2 million was paid to MMSD for contracted services in 2014. That's an increase of 2% or \$0.1 million over 2013. Increases in MMSD costs will likely be the driving factor behind potential future rate increases.
  - MMSD volume charges increased 1.8% or \$32K
  - MMSD fixed capital charges increased 1.7% or \$90K

# Storm Water Utility

## Storm Utility (Balance Sheet Highlights) (in Millions)

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Unrestricted cash	\$0.9	\$2.2	\$2.0
Taxes	0.9	0.9	0.9
<b>Cash readily available</b>	<b>1.8</b>	<b>3.1</b>	<b>2.9</b>
Accounts payable and accrued liabilities	0.2	0.3	0.4
Outstanding debt (plus accrued interest)	4.0	4.4	3.5
<b>Liabilities available for payment</b>	<b>4.2</b>	<b>4.7</b>	<b>3.9</b>
<b>Liab. covered by future cash flow</b>	<b>-\$2.4</b>	<b>-\$1.6</b>	<b>-\$1.0</b>

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Property taxes and permit fees	\$1.0	\$1.0	\$1.0
Operating expenses (less depreciation)	0.6	0.6	0.7
<b>Operating income</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>
Net nonoperating expenses (w/o non-cash items)	-0.1	-0.1	-0.1
<b>Net income</b> (w/o depreciation or contributions)	<b>\$0.3</b>	<b>0.3</b>	<b>0.2</b>

## Financial Statement Reconciling Info:

Depreciation expense	\$0.6	\$0.6	\$0.5
Capital contributions revenue	1.4	1.1	-0-

# 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.
  - 2013 Wisconsin ACT 20 deters 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.