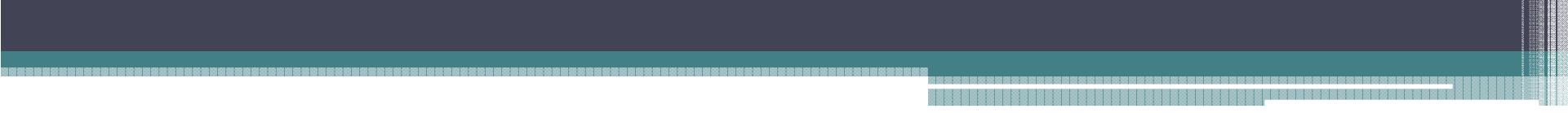


# VILLAGE OF MENOMONEE FALLS 2016 FINANCIAL RESULTS

Summary presentation

by Jason Kaczmarek, CPA  
Finance Director



# Comprehensive Annual Financial Report (CAFR)

# CAFR

- Report on the financial position of the Village as of 12/31/16 and the results of 2016 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 2016 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?

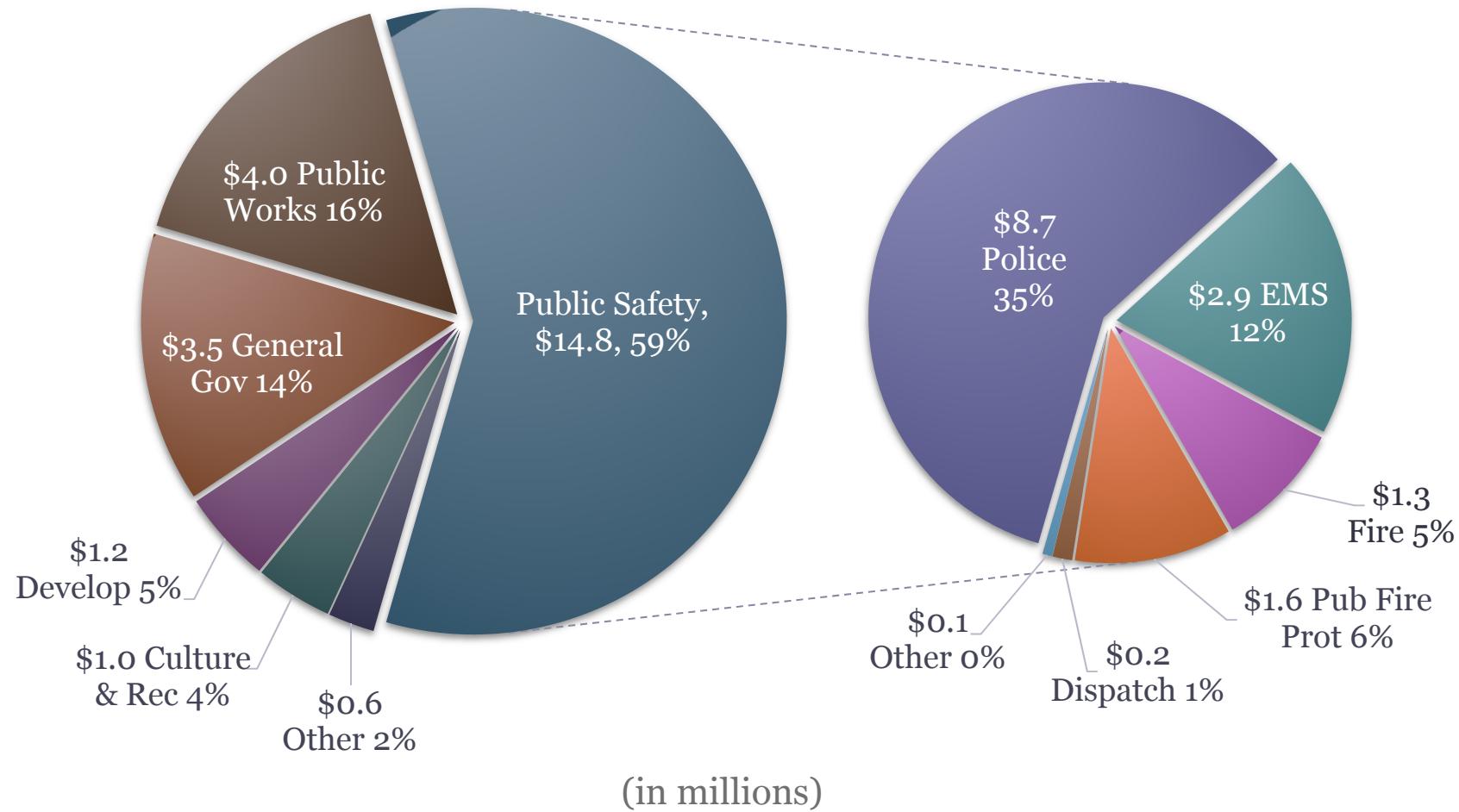
- In simple terms, funds are like separate entities, with each tracking a separate type of activity.
  - Some Funds are mandatory (such as the General Fund)
  - Others are discretionary (such as the Solid Waste Fund)
  - By tracking activities in separate funds, we can more easily see the financial benefit 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
  - 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, EMS, 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

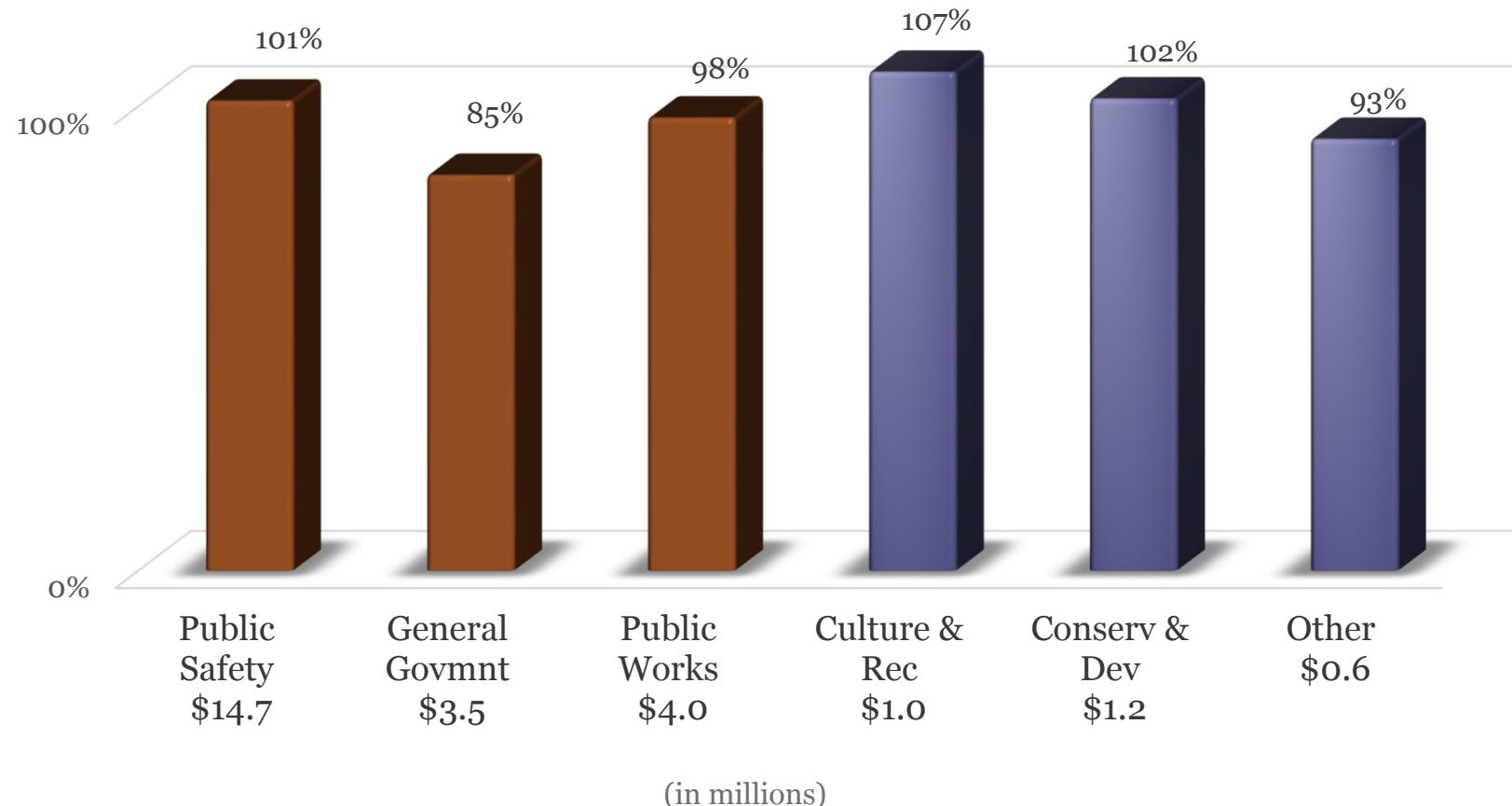
# General Operating Expenditures (\$25.1 million)



# General Operating Expenditures (Budget vs Actual)

## Percent of Budget Used

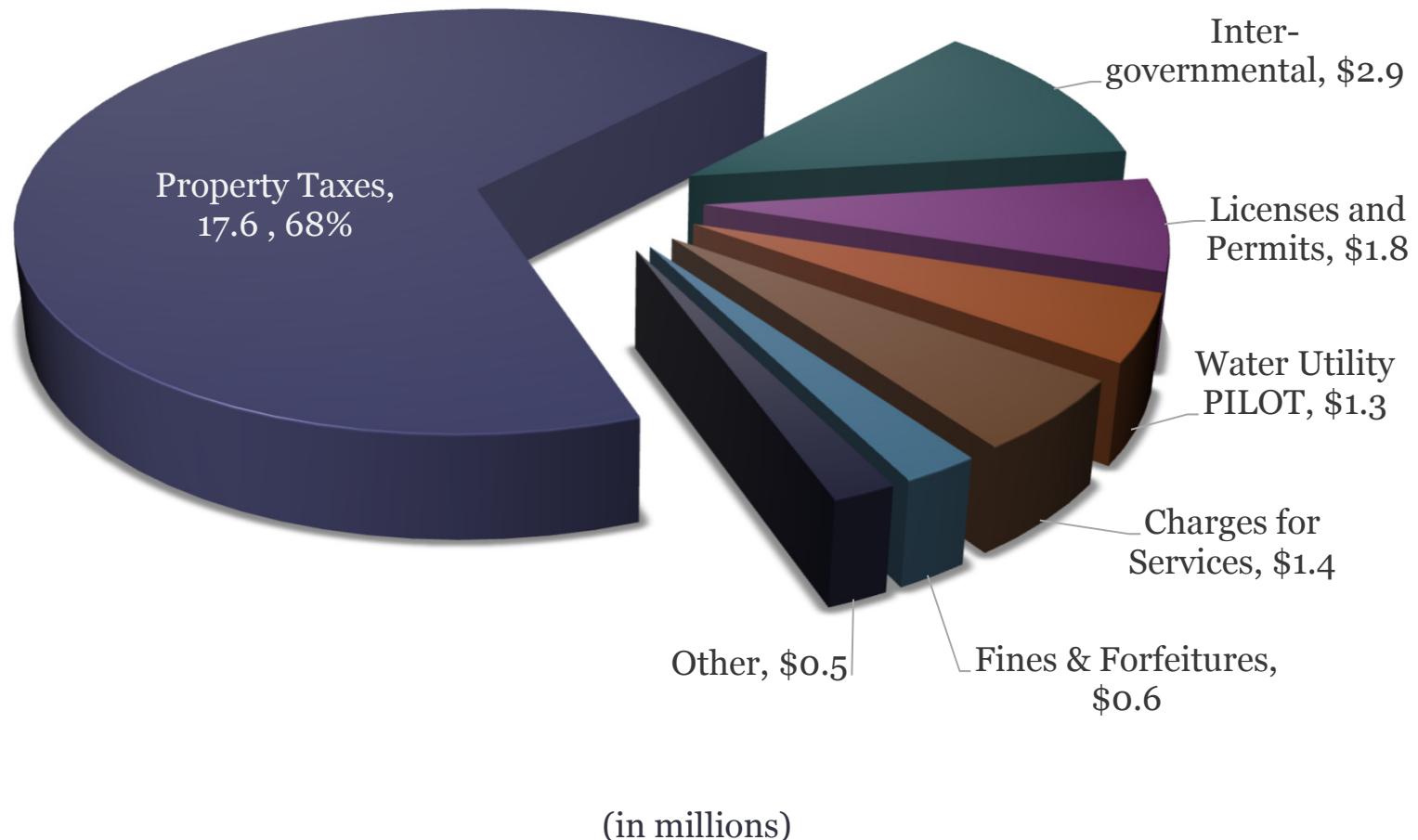
(Additional details provided on next slide)



## General Operating Expenditures (Budget vs Actual)

- Overall, expenditures were under budget by 1.9% or \$0.5 million. The most significant savings were realized from:
  - Delayed IT projects
    - Accounting System Upgrade
    - Fire Department Scheduling / Electronic Payroll
    - Data Center Hosting

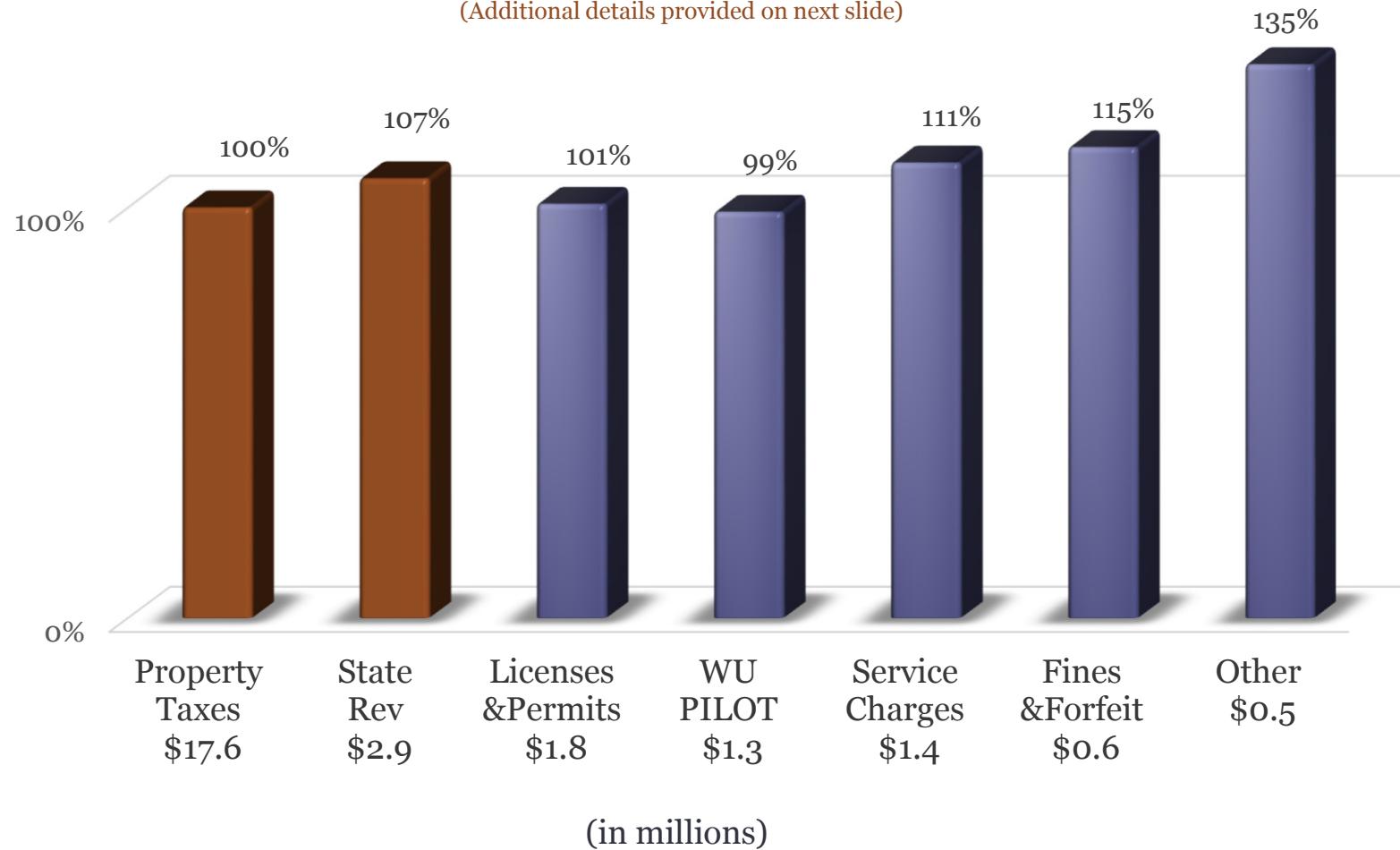
## General Operating Revenues (\$26.1 million)



# General Operating Revenues (Budget vs Actual)

## Percent of Budget Attained

(Additional details provided on next slide)



## General Operating Revenues (Budget vs Actual)

- Overall, revenues were greater than budget by 2.1% or \$0.5 million.
- The most significant surpluses were a result of:
  - Greater ambulance billings than expected
  - Intergovernmental revenue – road aids higher than expected

# General Fund (Surplus)

Operating Revenues	\$26,110,730
Operating Expenditures	- 25,071,602
Net Non-Operating Revenues	<u>405,946</u>
<b>Overall surplus</b> (7% of budget)	<b>1,445,074</b>

Transfer to 605 Municipal Facilities Fund	<u>- 1,400,000</u>
<b>Change in fund balance</b>	<b>\$45,074</b>

# General Fund (Fund Balance) (in Millions)

Fund balance (beginning of year)	\$9.6
Change in fund balance	-0-
<b>Fund balance (December 31, 2016)</b>	<b>\$9.6</b>

## Fund Balance Breakdown

Nonspendable	\$2.2
<b>Unassigned</b>	<b>7.4</b>

Monthly expenditures (based on 2017 budget) \$2.2

**Months of working capital =** 3.4



# Tax Rate Comparison



Municipality	Size in Acres	Population	Eq Val (billion)	Assd Val (billion)	Asmnt Ratio	2016 Oper Tax Levy (million)	2016 TID Tax Levy (million)	2016 Muni Levy (million)	2016 Total Tax Levy (million)	Muni Tax Rate	Overall Tax Rate
City of Pewaukee	12,480	13,195	2.9	2.8	0.9468	8.6	0.0	8.6	44.2	3.09	14.83
Village of Merton	1,920	3,353	0.4	0.4	0.9947	1.3	0.0	1.3	6.2	3.16	13.44
Village of Wales	2,099	2,549	0.4	0.4	0.9875	1.2	0.4	1.6	6.1	3.65	15.17
Village of North Prairie	1,798	2,141	0.2	0.2	0.9340	0.8	0.0	0.8	3.5	3.93	15.48
Village of Lannon	1,562	1,107	0.1	0.1	0.9839	0.5	0.0	0.5	2.0	4.11	15.87
Village of Nashotah	1,069	1,395	0.2	0.2	0.9742	0.7	0.0	0.7	2.6	4.12	13.50
Village of Oconomowoc Lake	1,267	595	0.3	0.3	0.9982	1.4	0.0	1.4	5.6	4.19	15.05
City of Delafield	6,022	7,085	1.4	1.4	1.0090	6.0	0.1	6.1	22.5	4.42	14.40
Village of Chenequa	2,266	590	0.5	0.5	0.9907	2.1	0.0	2.1	7.5	4.49	14.96
Village of Lac La Belle	627	290	0.1	0.1	1.0023	0.5	0.0	0.5	1.9	4.53	15.31
Village of Hartland	3,277	9,110	1.2	1.2	0.9828	5.5	0.0	5.5	20.7	4.60	15.89
Village of Eagle	851	1,950	0.2	0.2	0.9685	0.7	0.0	0.7	2.9	4.79	16.62
City of Muskego	20,224	24,135	2.8	2.6	0.9459	12.4	1.3	13.7	47.8	4.87	16.39
Village of Menomonee Falls	21,120	35,626	4.7	4.7	0.9985	23.0	5.4	28.4	88.7	5.17	16.22
City of New Berlin	23,322	39,584	5.0	4.8	0.9716	25.3	0.0	25.3	92.9	5.24	17.38
City of Oconomowoc	7,386	15,759	2.0	2.0	0.9703	10.5	0.3	10.8	35.3	5.44	16.44
Village of Pewaukee	2,643	8,166	1.0	0.9	0.9162	4.8	0.1	4.9	17.1	5.51	17.40
Village of Sussex	4,845	10,518	1.3	1.2	0.9728	6.8	0.3	7.1	21.5	5.61	16.86
City of Brookfield	17,338	37,920	6.8	6.8	0.9981	37.4	2.0	39.4	121.5	5.62	15.78
Village of Dousman	1,651	2,302	0.2	0.2	1.0035	1.1	0.0	1.1	3.5	6.31	17.56
Village of Elm Grove	2,093	5,934	1.1	1.1	0.9725	6.8	0.7	7.5	20.7	6.53	17.55
Village of Big Bend	1,990	1,290	0.1	0.2	1.0225	1.1	0.0	1.1	2.8	7.50	17.05
Village of Mukwonago	5,056	7,355	0.8	0.7	0.9358	5.6	1.1	6.6	14.9	8.16	18.82
Village of Butler	499	1,841	0.3	0.3	0.9975	1.8	0.7	2.5	5.2	8.44	19.68
City of Waukesha	15,878	70,718	5.9	5.7	0.9694	58.3	5.3	63.6	126.7	10.68	20.71



# Solid Waste Collection Fund

# Solid Waste Collection Fund

Operating Revenues	\$ 1,343,738
Operating Expenditures	- 1,890,022
<b>Overall deficit</b>	<b>-546,284</b>

Transfer in from General Fund	549,653
<b>Change in Fund Balance</b>	<b>\$3,369</b>



# 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 \$0.2 million higher than estimated, totaling \$3 million for 2016.
- Our current projections go out to the year 2040, and show an estimated cash balance of over \$75 million.
  - The future funds available will eventually be used as an internal revolving loan fund available to the Village for our annual capital budget.
- During 2016 the General Fund transferred in \$1.4 million in surplus.



# Water Utility

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

	2016	2015	2014
User service charges	\$6.8	\$6.8	\$6.5
Operating expenses (less depreciation)	5.0	4.9	4.9
<b>Operating income</b>	<b>1.8</b>	<b>1.9</b>	<b>1.6</b>
Net nonoperating revenues (w/o non-cash items)	0.5	0.6	0.2
<b>Net income</b> (w/o depreciation or contributions)	<b>\$2.3</b>	<b>\$2.5</b>	<b>\$1.8</b>

## *Financial Statement Reconciling Info:*

Depreciation expense	\$1.7	\$1.6	\$1.6
Capital contributions	0.9	0.6	2.2

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash & equivalents	\$6.4	\$5.5	\$3.8
Tax roll charges	0.2	0.2	0.2
<b>Cash readily available</b>	<b>6.6</b>	<b>5.7</b>	<b>4.0</b>
Accounts payable and accrued liabilities	0.2	0.6	0.4
Outstanding debt (plus accrued interest)	7.1	6.5	6.0
<b>Liabilities available for payment</b>	<b>7.3</b>	<b>7.1</b>	<b>6.4</b>
<b>Liab. covered by future cash flow</b>	<b>-\$0.5</b>	<b>-\$1.4</b>	<b>-\$2.4</b>

## Water Utility (Comments)

- The Water Utility is governed by the Wisconsin Public Service Commission (PSC)
  - There were no rate increases in 2016.
- The Water Utility completed the year with positive results.
  - User charges remained consistent with 2015.
  - Consumption was also similar to 2015.
- 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 \$1.6 million to Milwaukee for water in 2016; similar to 2015.
- The Utility also paid \$1.3 million in tax equivalent charges to the Village in 2016.
  - This amount is determined based on a PSC formula.

# Sewer Utility

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
User service charges	\$8.4	\$8.3	\$8.1
Operating expenses (less depreciation)	8.1	8.9	8.8
<b>Operating Income (Loss)</b>	<b>0.3</b>	<b>-0.6</b>	<b>-0.7</b>
Net nonoperating revenues	0.6	0.9	0.6
<b>Net Income (Loss) (w/o depreciation or contributions)</b>	<b>\$0.9</b>	<b>\$0.3</b>	<b>\$-0.1</b>

### Financial Statement Reconciling Info:

Depreciation expense	\$1.4	\$1.4	\$1.3
Capital contributions	2.8	0.5	1.2

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash & equivalents	\$2.8	\$3.9	\$4.5
Taxes and tax roll charges	0.4	0.3	0.7
<b>Cash readily available</b>	<b>3.2</b>	<b>4.2</b>	<b>5.2</b>
Accounts payable and accrued liabilities	0.2	0.7	1.1
Advance payable	0.2	0.3	0.4
Outstanding debt (plus accrued interest)	1.5	1.7	1.9
<b>Liabilities available for payment</b>	<b>1.9</b>	<b>2.7</b>	<b>3.4</b>
<b>Net cash readily available</b>	<b>\$1.3</b>	<b>\$1.5</b>	<b>\$1.8</b>

## Sewer Utility (Comments)

- The Sewer Utility continues to spend down cash reserves
  - An increase in rates may be required. A rate study is underway to determine the need/extent of any rate increase.
  - The last rate change was actually a reduction back in 2010.
- There are no significant infrastructure projects scheduled for the near future, so that helps keep cash demands manageable.
- A little over \$6.4 million was paid to MMSD for contracted services in 2016. Overall total payments to MMSD were slightly lower by \$0.7 million when compared to 2015. Increases in MMSD costs will likely be the driving factor behind potential future rate increases.
  - MMSD volume charges increased 2% or \$43K
  - MMSD fixed capital charges decreased 14% or \$726K



# Storm Water Utility

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Property taxes and permit fees	\$1.0	\$1.0	\$1.0
Operating expenses (less depreciation)	0.6	0.7	0.6
<b>Operating income</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</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>0.2</b>	<b>0.3</b>

### *Financial Statement Reconciling Info:*

Depreciation expense	\$0.7	\$0.6	\$0.6
Capital contributions	2.2	0.6	1.4

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash & equivalents	\$0.8	\$0.9	\$0.8
Taxes	0.9	0.9	0.9
<b>Cash readily available</b>	<b>1.7</b>	<b>1.8</b>	<b>1.7</b>
Accounts payable and accrued liabilities	0.1	0.2	0.1
Advance payable	1.4	1.0	-0-
Outstanding debt (plus accrued interest)	3.1	3.6	4.0
<b>Liabilities available for payment</b>	<b>4.6</b>	<b>4.8</b>	<b>4.1</b>
<b>Liab. covered by future cash flow</b>	<b>-\$2.9</b>	<b>-\$3.0</b>	<b>-\$2.4</b>

## Storm Water Utility (Comments)

- The finances of the Storm Utility seem to have stabilized.
  - Since 2014, new debt for Storm infrastructure has been placed on the general debt levy.
- 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.

# Outstanding Debt by Revenue Source (\$94.9 million)

