



PRESERVING  
QUALITY OF LIFE

2017

POPULAR ANNUAL  
FINANCIAL REPORT



ANNUAL REPORT TO THE CITIZENS OF  
MEQUON FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 2017

20

POPULAR ANNUAL FINANCIAL REPORT

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The City of Mequon strives to provide useful financial information to our residents. As part of this goal, the City is publishing this Popular Annual Financial Report (PAFR). The PAFR places beneficial financial information in a clear, concise and more simplified format for the general public. The PAFR contains fiscal data from the City's Governmental funds, including the General Fund, Debt Service Fund, Capital Projects Fund, and other Non-Major Funds. Major definitions can be found to the side. Enterprise funds are not represented in the PAFR.

The financial information found in this report is extracted directly from the City's Comprehensive Annual Financial Report (CAFR). The CAFR contains performance metrics, as well as discussion and analysis by management regarding the City's financial performance across all funds, including enterprise funds. Financial statements presented in the CAFR are prepared by Generally Accepted Accounting Principles (GAAP) and audited by the public accounting firm Baker Tilly Virchow Krause, LLP.

The City of Mequon's comprehensive annual financial report for the year ended 2016 from which the information on pages 8-9 have been drawn was awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

■ A copy of the 2017 CAFR can be obtained at the City's website at: [www.ci.mequon.wi.us](http://www.ci.mequon.wi.us) or by contacting the City's Finance Department at (262) 236-2947.

## DEFINITIONS

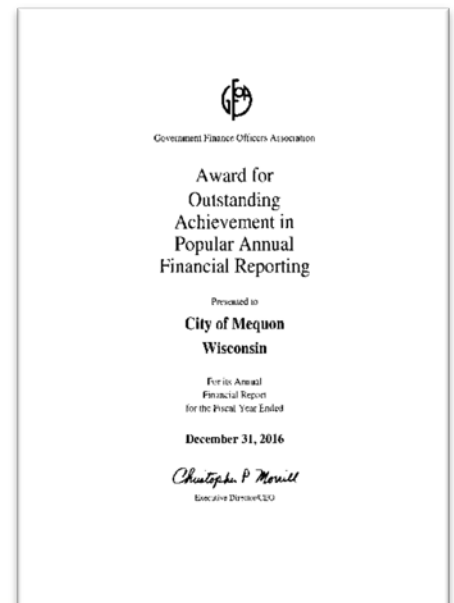
**General Fund:** General accounting fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund:** Used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

**Capital Project Fund:** Used to account for acquisition of equipment, vehicles, land, and infrastructure greater than \$1,000.

**Non-Major Funds:** Used to account for the Park and Open Space, Revolving Loan and Policy Reserve special revenue funds.

**Enterprise Funds:** Primarily based on user fees, these funds are operated much like a private business.



Dear Citizens



On behalf of the Mequon Common Council, I am pleased to present the City's Annual Citizen's Report to the Mequon community. This report provides you with an overview of the current financial condition of the City; and a report of significant ongoing and future activities affecting our City. This administration and staff consider it an honor to serve our citizens and we believe that this report enhances the level of our accountability to you, our taxpayers.

The City is a very desirable location to live, work, raise a family and enjoy a great quality of life. In fact, *MSN Money* ranked Mequon 40<sup>th</sup> on a list of the top 50 suburbs in America. Additionally, *Niche.com* ranked Mequon the 10<sup>th</sup> best place to live in Wisconsin and Mequon is ranked as one of the top 20 safest cities in Wisconsin by *Safewise.com*.

We have worked diligently to maintain a dynamic economy in our community through proactive planning and management of the City's finances. These efforts have been recognized by Standard and Poor's Rating service which assigned their third highest bond rating of AA to the City in 2017. This superior rating allows the City to obtain lower interest rates when issuing debt for capital projects, saving thousands of dollars in borrowing costs over time. These savings are used to help keep Mequon taxes at some of the lowest amongst any developed municipality in Wisconsin.

Thank you for taking the time to read this report as I hope you find it informative and useful. For more information, I invite you to join myself, your elected officials, and city staff at one of our monthly meetings where we work to ensure the City of Mequon remains one of the best places to live, work and play.

Respectfully,

Dan Abendroth  
Mayor

Taste of Mequon - 2017

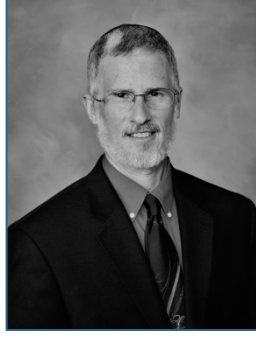


Views of Lake Michigan in Mequon

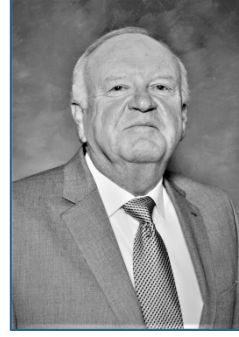
# City of Mequon Common Council



**Alderman  
Robert Strzelczyk  
District #1**



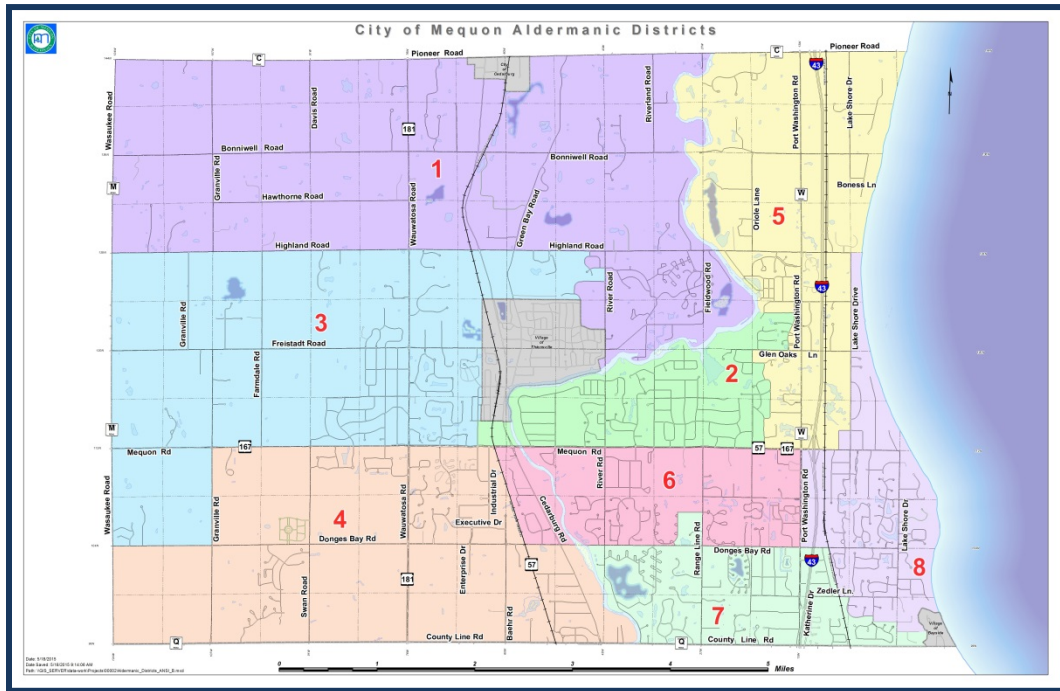
**Alderman  
Glenn Bushee  
District #2**



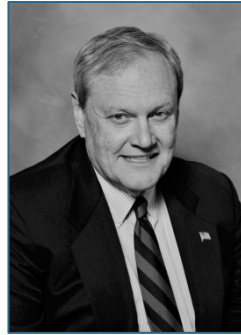
**Alderman  
Dale Mayr  
District #3**



**Alderman  
John Wirth  
District #4**



**Alderman  
Mark Gierl  
District #5**



**Alderman  
John Hawkins  
District #6**



**Alderwoman  
Kathleen Schneider  
District #7**



**Alderman  
Andrew Nerbun  
District #8**

Dear Residents,



This Popular Annual Financial Report (PAFR), prepared by City of Mequon’s Finance Department, provides an overview of the City’s Comprehensive Financial Report (CAFR) for the year ended on December 31, 2017. The CAFR details the City’s financial statements, notes, schedules and reports, has been audited by an outside independent public accounting firm and received an unmodified opinion. An unmodified opinion means that the general purpose financial statements of the City are fairly presented in accordance with Generally Accepted Accounting Principals (GAAP). The City’s PAFR is designed as a concise and easy-to-read version of the City’s 154-page CAFR that is published by the City on an annual basis. While the City recognizes that analyzing financial statements can be challenging, especially for those who do not do so on a regular basis, it is the City’s hope that you find this PAFR to be digestible and informative.

On an annual basis, it is the City of Mequon’s goal to attain all three of the Government Finance Officer Association’s (GFOA) awards presented to local governments, including: the Distinguished Budget Presentation Award, a Certificate of Achievement for Excellence in Financial Reporting (CAFR), and the Award for Outstanding Achievement in Popular Annual Finance Reporting (PAFR). It is the City’s view that participation in GFOA’s awards program enhances transparency and accountability of the City’s financial information. The City of Mequon has received the Distinguished Budget Presentation award in each of the last nine years, won the Excellence in Financial Reporting Award four times and was awarded the Outstanding Achievement in Popular Annual Finance Reporting Award for the third time in 2016. The awards mentioned here are only achieved by a very small number of Wisconsin cities, towns and villages. In fact, during 2017, Mequon was one of only three municipalities throughout the State of Wisconsin to earn all three of the awards; the City is honored to be among these select few communities that have been recognized for such excellence in both financial management and reporting.

In the past year, the City has continued its efforts in the Town Center and expanded appropriate areas for additional single-family residential development. At this time, the neighborhood maintains high occupancy rates for the currently leased apartments. Market studies suggest that there is still a greater demand in the City’s competitive market for additional market rate and senior housing apartments. As projects are constructed, the City continues to invest further in streetscape improvements by establishing a public/private partnership with the developers.

The upcoming year will see major development within the Town Center neighborhood. Construction on Spur 16, a mixed-use project valued at \$26 million, will begin in late spring. This project will deliver 156 new residential dwellings and new commercial businesses that are currently not part of the Mequon business community. Of particular interest is a public market proposed with several vendors. Additionally, a master planned mixed-use development consuming approximately 17 acres of blighted conditions and non-conforming uses, was conceptually approved by the City for the Town Center neighborhood. This project is valued at approximately \$50 million and will be phased in over the course of 5 years.

Both the PAFR and CAFR are available online at [www.ci.mequon.wi.us](http://www.ci.mequon.wi.us) or by contacting the Finance Department at City Hall. The City invites you to share your comments and suggestions about this document, as well as how the City can continue to improve its financial reporting. The City of Mequon always can and will strive to better serve its residents and the community.

Sincerely,

William H. Jones, Jr.  
City Administrator

Located on the western shores of Lake Michigan, just north of Milwaukee, the City of Mequon boasts majestic lakeshore bluffs, stately homes, lush farmland, and expansive open space. The community enjoys many parks, five golf courses, the winding Milwaukee River, and easy access to the interstate system for a convenient commute to Milwaukee. Mequon’s rural heritage is preserved by high development standards and low-density zoning requirements. Fifty percent of the land within the City is undeveloped and still mostly farmed.



Mequon has one of the lowest crime rates and one of the lowest tax rates in the Metropolitan Milwaukee area. Property values have increased by an average of five percent each year for the last ten years. The K-12 school system is ranked one of the best in Wisconsin. Concordia University and the North Campus of the Milwaukee Area Technical College are located in Mequon and offer a broad range of programs. Prime healthcare facilities and services are readily available throughout the City and include Ascension Hospital. Mequon is also a business-friendly community with over 300 businesses and two industrial parks with small and mid-sized firms as well as large firms like Rockwell Automation.

### CITY OF MEQUON AT A GLANCE

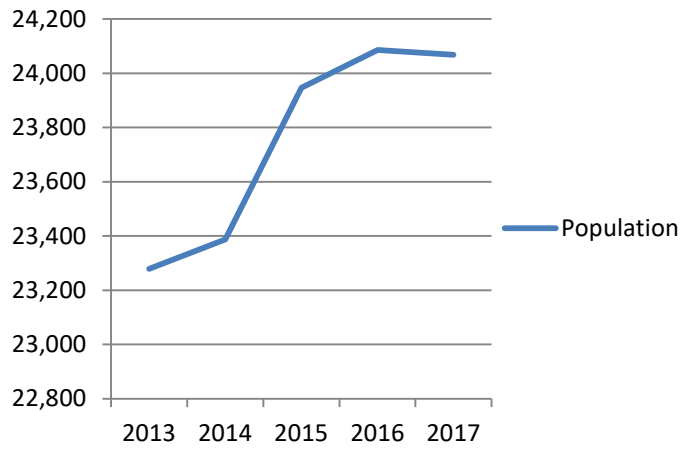
Largest Property Taxpayers (2017)	Assessed Values
Centro Bradley SPE 1 LLP	\$ 43,048,830
Mequon Trail Townhomes LP	23,938,180
CJF4 LLC	20,094,957
Mequon Joint Venture	18,584,248
Glen Oaks Office Park LLC	14,580,890
Advanced Healthcare	12,975,963
Centerpoint Property Trust	12,953,963
PJL Group	9,862,098
Lichter Martial Trust	9,304,307
Schmidt Mequon LLC	9,285,510

	FY 2016	FY 2017
City Property Tax Rate (per/1,000 of assessed value)	3.16	3.16
Total Property Tax Rate (M-T Schools)	14.98	14.85
Total Property Tax Rate (Cedarburg Schools)	14.35	13.96
Equalized Value	\$ 4,361,728,700	\$ 4,478,909,700
Assessed Value	\$ 4,434,357,420	\$ 4,496,425,740
Bond Rating	Aa3	AA

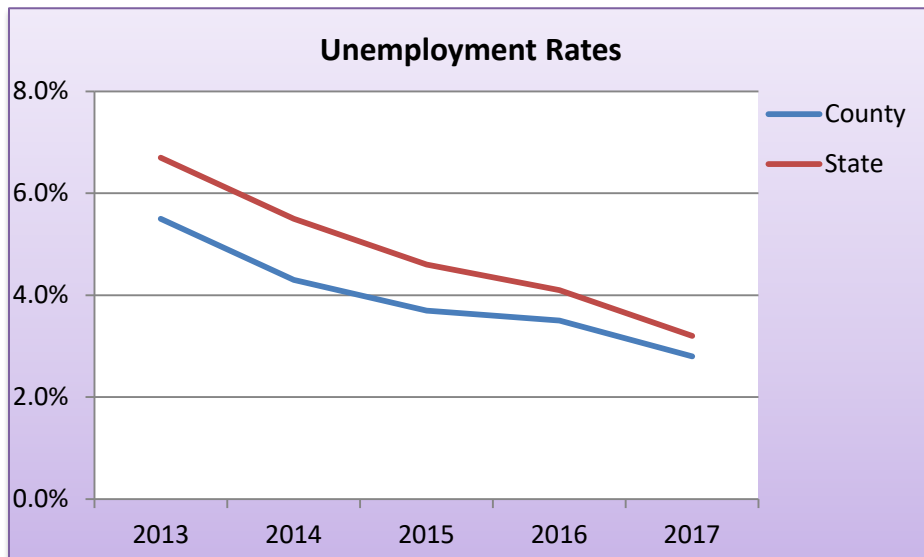
## Top Five Employers

NAME OF EMPLOYER	PRODUCT/SERVICE	APPROX. # OF EMPLOYEES
Rockwell Automation	Machinery Manufacturer	1,000
Concordia University	Post-Secondary Education	1,000
Ascension	Healthcare	750
Mequon-Theinsville School District	Elementary and Secondary Education	402
Kleen Test Products	Contract Manufacturer & Packager	300

### Population



### Unemployment Rates



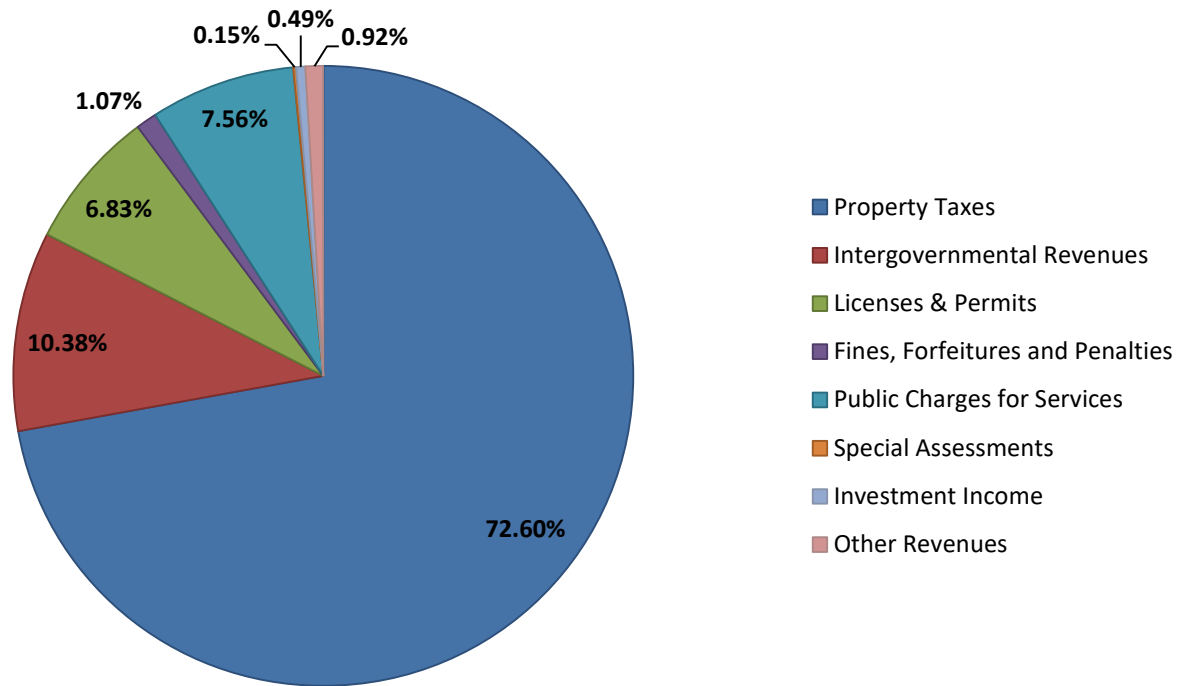


The Financial Review section is designed to provide information on the financial health and stability of the City of Mequon. This information should provide the reader with an increased level of understanding of how available resources are utilized to provide services. The following charts summarize the City’s largest sources of revenues (“Where the Money Came From”) and expenditures (“Where the Money Went”) for the general fund, debt service fund, capital projects fund, and non-major governmental funds.

## WHERE THE MONEY COMES FROM

	<u>FY 2016</u>	<u>FY 2017</u>
Property Taxes	\$ 14,160,513	\$ 14,854,309
Intergovernmental Revenues	\$ 2,436,368	\$ 2,137,470
Licenses & Permits	\$ 1,455,967	\$ 1,497,568
Fines, Forfeitures and Penalties	\$ 240,345	\$ 221,269
Public Charges for Services	\$ 1,825,212	\$ 1,556,486
Special Assessments	\$ 33,156	\$ 30,793
Investment Income	\$ 119,876	\$ 100,920
Other Revenues	\$ 87,132	\$ 188,390
<b>TOTAL REVENUES</b>	<b><u>\$ 20,358,569</u></b>	<b><u>\$ 20,587,205</u></b>

## 2017 REVENUES

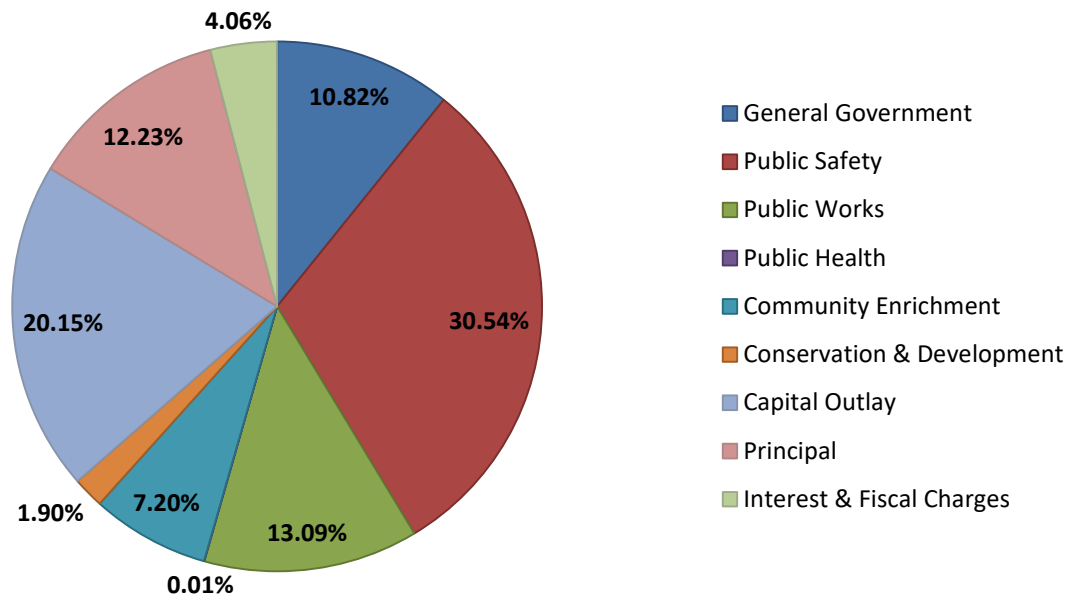


## WHERE THE MONEY GOES

	<u>FY 2016</u>	<u>FY 2017</u>
General Government	\$ 2,740,072	\$ 2,693,991
Public Safety	\$ 7,550,543	\$ 7,617,243
Public Works	\$ 3,282,736	\$ 3,265,774
Public Health	\$ 1,667	\$ 6,926
Community Enrichment	\$ 1,755,805	\$ 1,796,970
Conservation & Development	\$ 471,934	\$ 473,213
Capital Outlay	\$ 10,109,039	\$ 5,026,578
Debt Service		
Principal	\$ 2,540,000	\$ 3,050,000
Interest & Fiscal Charges	\$ 996,576	\$ 1,013,703
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 29,448,372</u></b>	<b><u>\$ 24,944,398</u></b>

Total expenditures for the year were down \$4,503,974 from the previous year. The major difference is due to a decrease in Capital Outlays. This decrease was recognized because of the completion of the new DPW facility which was funded through a bond issuance in 2016. This bond issue also caused an increase in expenditures for the debt service fund. The small decrease in General Government is due to a decrease in membership fees and a decrease in the number of elections in 2017 compared to 2016. The City ended the year with a favorable expenditure variance of \$213,741. This can be attributable to open positions within departments and the Fire Department experiencing lower call volumes than expected. Negative variances were realized in the Highway and Parks departments due to retirement payouts.

## 2017 EXPENDITURES



# Where Do Your Tax Dollars Go?

Each dollar

of property tax collected in the City is allocated between the various governmental activities in the City as shown below.



A home valued at \$350,000 in the City of Mequon generates \$1,095.50 in annual property taxes for the City. That equates to \$91.29 per month in property taxes.

### What Could You Buy With \$91.29 Per Month?

#### ONE OF THESE

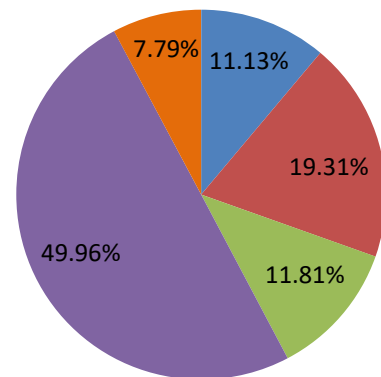
- One Month of Internet Service
- One Month of Cell Phone Service
- A Golf Lesson
- A One Month Gym Membership
- Dinner for Two

#### OR ALL OF THESE

- 24/7/365 Police Protection
- 24/7/365 Fire Protection
- Snow and Ice Removal
- Well Groomed Parks
- Street Lighting
- Paved & Maintained City Streets
- Special Events

### Breakdown of 2017 Tax Rate by Jurisdiction

- City of Mequon: 19.31%
- Sewer Utility Division: 11.81%
- Mequon Thiensville School District: 49.96%
- Ozaukee County: 11.13%
- Milwaukee Area Technical College: 7.79%



# Public Safety



## FUNCTIONS

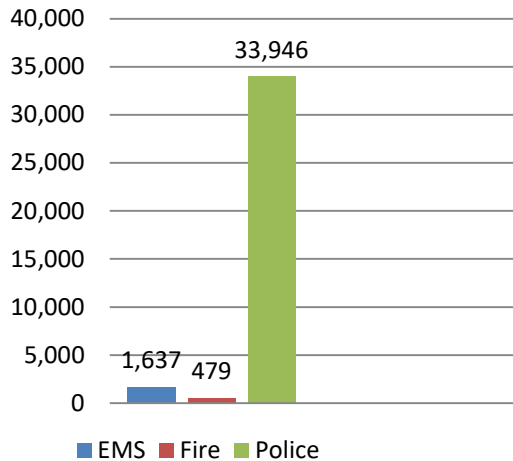
Public Safety functions within the City of Mequon are comprised of:

- **The Police Department**
- **Police Reserves**
- **Communications**
- **Building Inspections**
- **The Fire Department**

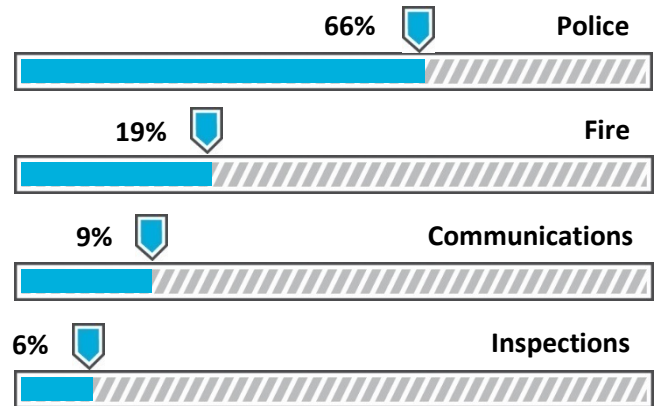
## EXPENDITURES

- Total expenditures for Public Safety during 2017 were \$7,617,243.
- The largest expenditures in this area continue to be salaries and benefits, although staffing levels have remained level.

## 2017 CALLS FOR SERVICE



## 2017 PUBLIC SAFETY EXPENDITURES



# Public Works



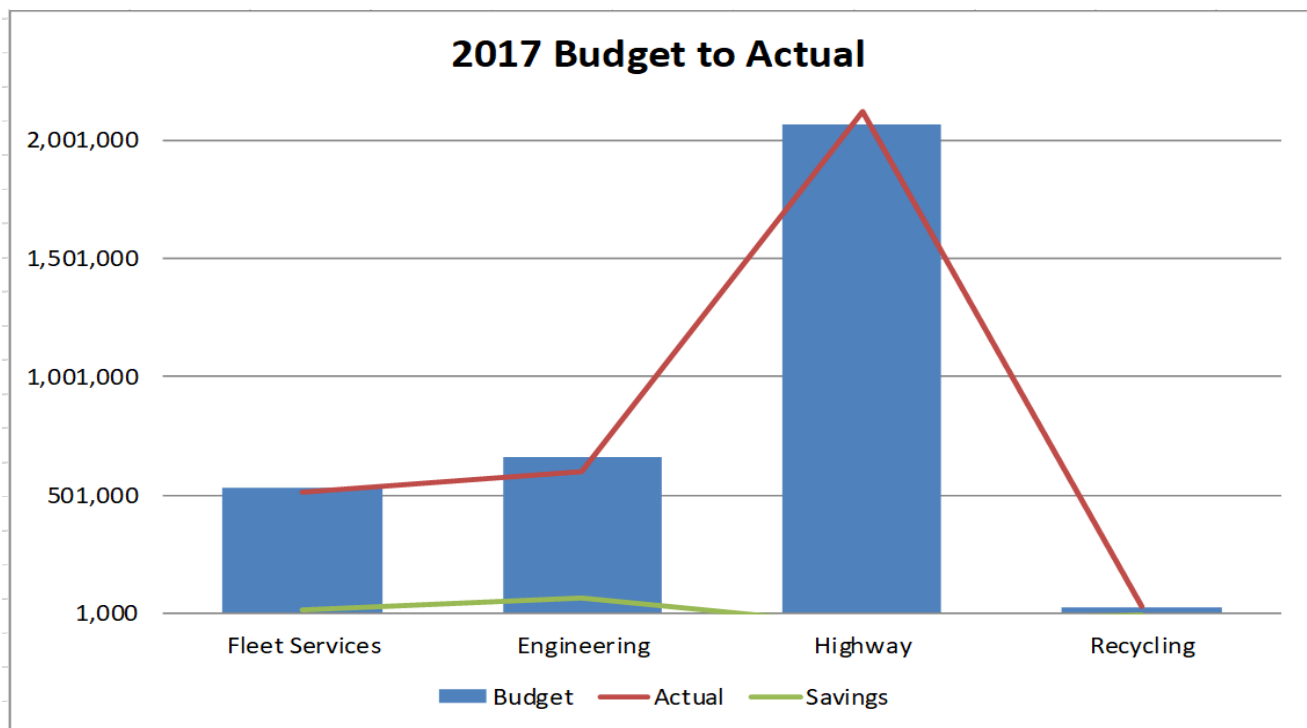
## FUNCTIONS

Public Works is comprised of:

- Fleet
- Engineering
- Highway
- Recycling

Public Works is responsible for snow removal, fleet repair and maintenance, road maintenance, road repair and striping, and much more.

**FISCAL YEAR 2017** saw a budget surplus of \$17,362 for the Public Works Department.



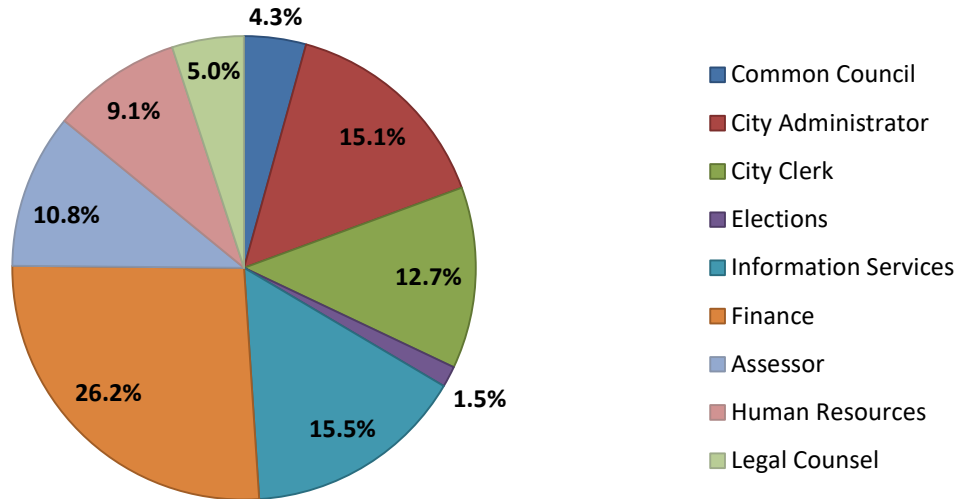
**Fiscal Year 2017 saw a number of accomplishments for the Public Works Department including:**

- Completion of 900-950 repairs and preventative maintenance requests for all departments.
- Completed over 6,250 feet of ditching and restoration as well as 1,400 feet of culvert/storm sewer installation.
- New roads were installed in the Highlander Estates and Enclave Mequon Preserve Subdivisions.
- Maintained operation of the Recycling Facility for resident use with no increase in fees.

## FUNCTIONS

General Government accounts for the day-to-day operation of Mequon’s leadership, administrative responsibilities, and the central duties of the City.

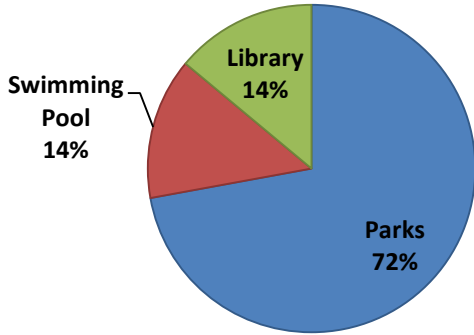
### 2017 Actual General Government Expenditures



	<u>2017 Budget</u>	<u>2017 Actual</u>
Common Council	\$ 81,893	\$ 88,880
City Administrator	\$ 274,310	\$ 309,889
City Clerk	\$ 265,179	\$ 260,299
Elections	\$ 36,597	\$ 30,070
Information Services	\$ 300,627	\$ 318,004
Finance	\$ 501,455	\$ 538,259
Assessor	\$ 222,692	\$ 221,779
Human Resources	\$ 188,163	\$ 186,603
Legal Counsel	\$ 103,300	\$ 102,932
<b>TOTAL</b>	<b>\$ 1,974,216</b>	<b>\$ 2,056,715</b>

Community Enrichment includes Parks, Swimming Pool, and the Weyenberg Library. The City of Mequon shares the fiscal responsibility for the community library with the Village of Thiensville. These services are provided to the community as a means to improve the overall quality of life in the City of Mequon.

## 2017 Enrichment Expenditures

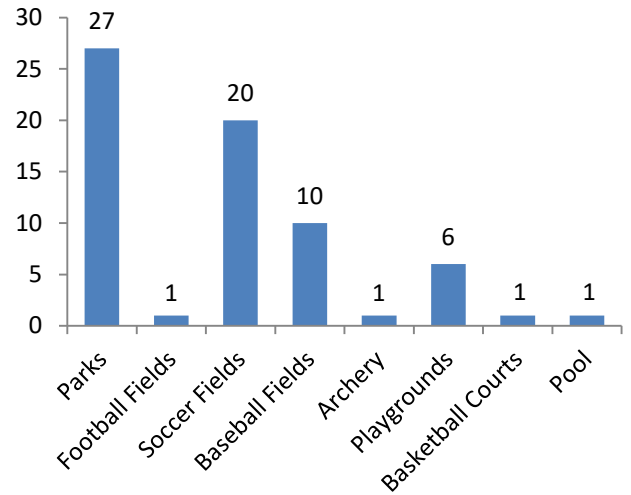


Gathering on the Green at Rotary Park



Weyenberg Library

## Park Amenities





**Mequon Nature Preserve**

The City's conservation and development efforts are coordinated by the Department of Community Development, which is responsible for policy analysis, long-range planning, development site plan review, zoning code administration, economic development, landmarks administration, zoning code enforcement, geographic information systems (GIS), census/demographic updates and general information processing relative to development and redevelopment within the community. This Department is also responsible for management of the City's Tax Increment Financing Districts and for attracting new businesses to the community. The total expenditures for this department in 2017 were \$473,213. The majority of these funds were spent on salaries and benefits for 3.5 full-time equivalent employees that staff the department.

- **The City's Public Health Inspector is responsible for providing inspections to all eating and drinking establishments (i.e., restaurants and bars) in Mequon.**



**Mequon Town Center**



**Katherine Kearney Carpenter Park**



**The Reserve**



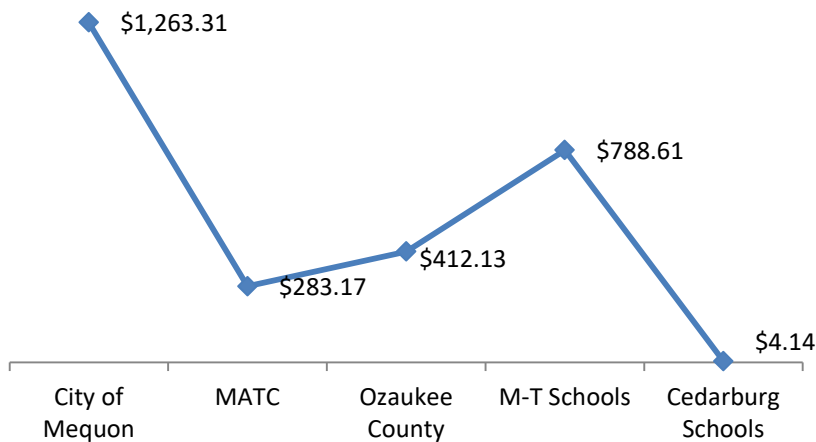
## 2017 REVENUES

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Taxes	\$ 3,637,879	\$ 967,374
Intergovernmental	\$ 117,184	\$ 161,361
Public Charges for Service	\$ 0	\$ 91,366
Special Assessments	\$ 0	\$ 30,793
Investment Income	\$ 7,328	\$ 32,070
Miscellaneous	\$ 0	\$ 71,183
<b>TOTAL</b>	<b>\$ 3,762,391</b>	<b>\$ 1,354,147</b>

## 2017 EXPENDITURES

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
General Government	\$ 0	\$ 0
Capital Outlay	\$ 0	\$ 5,026,578
Debt Service	\$ 4,051,473	\$ 12,230
<b>TOTAL</b>	<b>\$ 4,051,473</b>	<b>\$ 5,038,808</b>

### Overlapping Debt Per Capita



■ Debt per capita is calculated by taking the total outstanding debt for the entity as of year end, multiplying the amount by the percent of equalized property in the City of Mequon, and then dividing it by the City's total population.

This metric is used to depict the relative amount of debt the City, and other taxing jurisdictions have incurred, on a per resident basis.

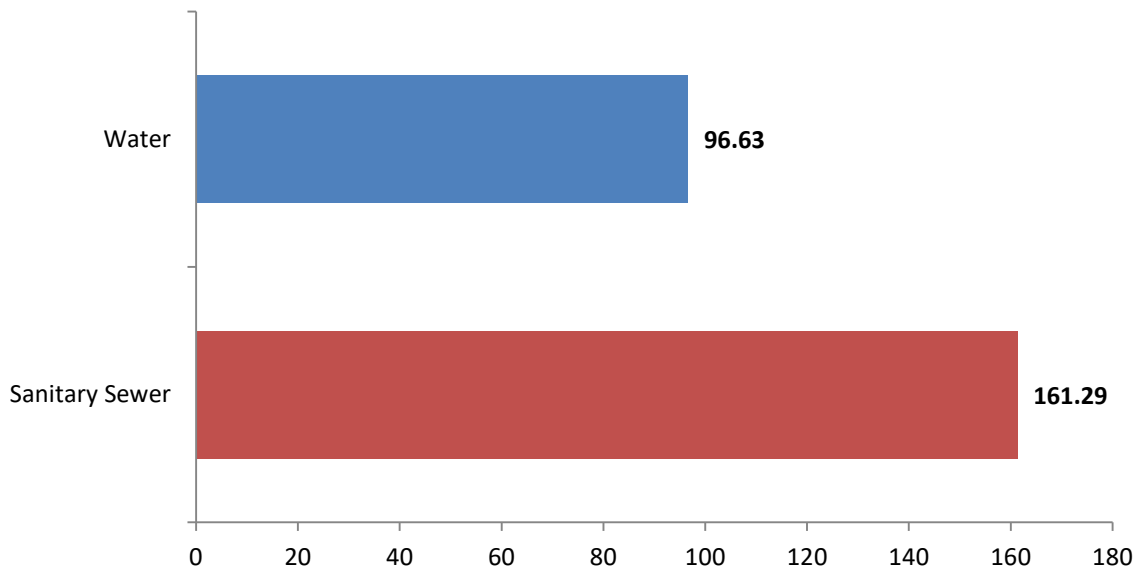
# Sewer and Water

■ The Sewer fund is an enterprise fund established for the operations of the Mequon Sewer Utility. Enterprise funds are used for major governmental activities which function as separate business type units. The operations budget of the Sewer Utility is funded entirely by user fees.

■ The Water Utility Fund is also an enterprise fund established for operations of the City's water utility. Like the Sewer Utility, the Water utility is funded entirely by user fees. The Water Utility also maintains the City's 1,079 fire hydrants on a year-round basis. Additionally, the City's Water Utility also provides water to the Villages of Thiensville and Bayside, which are located to the north and south of Mequon, respectively.



**Miles of Main**



The City's website ([www.ci.mequon.wi.us](http://www.ci.mequon.wi.us)) provides information about City services, community events, construction alerts, new businesses, weather, public safety tips, and much, much more. Residents may also take advantage of many online services on the website including:

- [Utility Bill Payments](#)
- [Meeting Agendas and Minutes](#)
- [Elections Information](#)
- [City Forms and Documents](#)
- [City Budgets and Annual Audit](#)
- [And Much More...](#)

■ If you have any questions, comments, or suggestions regarding the 2017 Popular Annual Financial Report, please contact the City of Mequon Finance Department at (262) 236-2947

## Administrative Staff

**William Jones**  
City Administrator

**Justin Schoenemann**  
Assistant City Administrator

**David Bialk**  
Fire Chief

**Kirsten Lundeen**  
Public Works Director/City Engineer

**Steve Graff**  
Police Chief

**Caroline Fochs**  
City Clerk

**Kim Tollefson**  
Community Development Director

**Thomas Watson**  
Finance Director

**Shawn Hart**  
Assistant Finance Director



Jonathon Clark House