



11333 N. Cedarburg Road, 60W
Mequon, Wisconsin 53092
(262) 242-3100

For The Year Ended December 31, 2018

Comprehensive Annual Financial Report



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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018**



**CITY OF MEQUON
WISCONSIN**

Prepared by:

William Jones
City Administrator

Thomas Watson
Finance Director

Published May 22, 2018

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City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1 – 7
Directory of City Officials	8
GFOA Certificate	9
Table of Organization.....	10

FINANCIAL SECTION

Independent Auditors' Report	11 – 13
Management's Discussion and Analysis (required supplementary information)	14 – 26

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28 – 29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	30 – 31
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	33 – 34
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Net Position – Proprietary Funds.....	36 – 37
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	38
Statement of Cash Flows – Proprietary Funds	39 – 40

**City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2018**

TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued):

Statement of Assets and Liabilities – Agency Fund.....	41
Index to Notes to the Financial Statements	42
Notes to Financial Statements	43 – 92

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	93
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	94
Schedule of Changes in the Total Pension Liability – Single Employer Defined Benefit Pension Plan	95
Schedule of the Total Pension Liability and Covered-Employee Payroll – Single Employer Defined Benefit Pension Plan	95
Schedule of Changes in the Total OPEB Liability and Related Ratios – OPEB Plan.....	96
Schedule of Proportionate Share of the Net OPEB Liability – Local Retiree Life Insurance Fund	97
Schedule of Employer Contributions – Local Retiree Life Insurance Fund	97
Notes to Required Supplementary Information	98

SUPPLEMENTARY INFORMATION

Schedule of Expenditures – Budget and Actual – General Fund	99
Combining Balance Sheet – Nonmajor Governmental Funds.....	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	101

City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION (continued)

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Debt Service Fund 102

Statement of Changes in Assets and Liabilities – Tax Collection Agency Fund 103

STATISTICAL SECTION

Table 1 – Net Position by Component 104

Table 2 – Changes in Net Position 105 – 106

Table 3 – Fund Balances, Governmental Funds..... 107

Table 4 – Changes in Fund Balance, Governmental Funds 108 – 109

Table 5 – General Governmental Revenues by Source 110– 111

Table 6 – General Governmental Expenditures by Function 112 – 113

Table 7 – Assessed and Equalized Value of Taxable Property 114

Table 8 – Comparative Tax Rates for All Direct and Overlapping Governments
Properties within the Mequon-Thiensville School District..... 115

Table 9 – Comparative Tax Rates for All Direct and Overlapping Governments
Properties within the Cedarburg School District..... 116

Table 10 – Ten Largest Taxpayers – 2018 and 2009 117

Table 10 – Ten Largest Employers – 2018 and 2009 118

Table 11 – Property Tax Levies & Collections 119

Table 12 – History of Assessed Values 120

Table 13 – History of Equalized Values 121

Table 14 – Net Equalized Value of Taxable Property (As Reduced by TID)..... 122

Table 15 – Assessed and Equalized Valuations for School Districts Within the City ... 123

City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2018

TABLE OF CONTENTS

STATISTICAL SECTION (continued)

Table 16 – Comparative Tax Levies for All Direct and Overlapping Governments	124 – 126
Table 17 – Ratio of Net General Obligation (G.O.) Debt to Equalized Value	127
Table 18 – Ratios of Outstanding Debt by Type	128
Table 19 – Legal Debt Margin Information	129
Table 20 – Computation of Direct and Overlapping Debt	130
Table 21 – Debt Service for General Obligation Debt vs. General Governmental Expenditures	131
Table 22 – Schedule of General Obligation Debt Principal Payments	132
Table 23 – Schedule of General Obligation Debt Interest Payments	133
Table 24 – Current Debt Service for the Years 2017 – 2026	134
Table 25 – Pledged Revenue Coverage – Water Utility	135
Table 26 – Demographic Profile	136
Table 27 – Additional Demographic Information	137
Table 28 – Other Community Information	138
Table 29 – Operating Indicators by Program/Function	139
Table 30 – Building Permits and Valuations	140
Table 31 – Capital Asset Statistics by Function/Program	141



INTRODUCTORY SECTION

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11333 N. Cedarburg Rd 60W
Mequon, WI 53092-1930
Phone: 262/236-2955
Fax: 262/242-9819

www.ci.mequon.wi.us

FINANCE DEPARTMENT

Thomas W. Watson, CMA, CFM, CPFO Finance Director/Treasurer
Kaitlyn M. Crawford, Assistant to the Finance Director

May 22, 2019

To the Citizens, Honorable Mayor and Common Council of the City of Mequon, Wisconsin:

The Comprehensive Annual Financial Report for the City of Mequon, Wisconsin, for the fiscal year ended December 31, 2018, is hereby submitted. This report consists of management's representations concerning the finances of the City of Mequon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mequon has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mequon's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Mequon's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Baker Tilly Virchow Krause, LLP, a firm of certified public accountants and consultants, has audited the City of Mequon's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mequon for the fiscal year ended December 31, 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that based upon the audit, the City's financial statements for the year ended December 31, 2018 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement MD&A and should be read in conjunction with it. The City of Mequon's MD&A can be found immediately following the report of the independent auditors.

This report includes all funds of the City. It includes all governmental organizations and activities for which the City's Common Council is financially accountable. The City provides a full range of municipal services normally associated with a municipality including general administration, police and fire protection, the construction and maintenance of highways, streets, and related infrastructure, recreational activities, cultural events, and economic development. In addition to general activities, the Common Council exercises authority over the Mequon Sewer Utility and Mequon Water Utility; therefore these activities are included in the financial statements. However, the Mequon-Thiensville (M-T) and Cedarburg School Districts and the Milwaukee Area Technical College are autonomous entities and have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

COMMUNITY PROFILE

The City is located in Ozaukee County, bordering Milwaukee County to its south and Lake Michigan to its east, and covers 47 square miles. The City was incorporated in 1957 and has a 2018 population of 23,950 (per State Department of Administration).

The eight-member Council is elected by ward for overlapping three-year terms. The mayor is elected at large for a three-year term. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as the appointment of members of various statutory and advisory boards and the City Administrator. As Chief Administrative Officer, the City Administrator has the responsibility of administering programs in accordance with policies established by the City Council and within the guidelines of the annual budget adopted by the City Council.

All departments of the City of Mequon are required to submit requests for appropriation for all governmental activities to the City Administrator on or before the last Monday in July of each year. The City Administrator uses these requests as the starting point for developing a proposed budget for governmental activities. The City Administrator presents the proposed budget for all governmental activities to the Common Council, meeting as the Appropriations Committee, in early October for review. The Appropriations Committee meets with the City Administrator and all department heads over a series of meetings shortly after receiving the proposed budget. The City is required to hold a public hearing on the proposed budget, which is held the second Tuesday in November. The governmental activities budget is generally adopted at the first Common Council meeting in November at which time the required property tax levy is established.

ECONOMIC CONDITION AND OUTLOOK

Unemployment has historically been very low in the Milwaukee metropolitan area. In Ozaukee County the unemployment rates were 2.8 percent in 2017 and 2.5 percent in 2018. This still compares favorably with the Wisconsin unemployment rates of 3.3 and 3.0 percent respectively.

Mequon's 2018 equalized property value stands at almost \$4.8 billion. Housing values on a full market basis continue a recent upward trend, increasing 4.1% over the previous year. In 2018, the City realized over \$105 million in construction permit activity; a 24% increase from 2017. The City maintains an AA (Stable) bond rating from Standard & Poors Global Ratings Service, based in part on the relatively strong economic climate of the City.

MAJOR INITIATIVES FOR THE YEAR (2018)

Economic Development

The Common Council continues its implementation efforts for the Town Center and expanded appropriate areas for additional single-family residential development served by public water and sewer. As a result of rezoning efforts for conservation subdivisions at one acre densities, the City has approved over 60 new single family lots. Given the opportunity for mixed-use residential development, another 96 new dwelling units were approved for construction within the Town Center. At this time, the neighborhood maintains high occupancy rates for currently leased apartments. In addition, projects completing construction are on-target with expected leasing rates. Market studies suggest there is still a greater demand in the City's competitive market for additional market-rate and senior housing apartments. With the approval of two new mixed-use development on 17 acres within the Town Center, the project delivers additional unique retail, service, wellness, restaurant, entertainment and office to the neighborhood and is valued at over \$50M in new development value. The City amended the Town Center TID Project Plan to authorize an incentive to assist this development with the removal of blighted, undervalued, and non-conforming, environmentally contaminated site. Because of this project, including the incentive, the TID will close on time in 2028, even if no other development occurs within the district. Furthermore, the addition of the project provides the City with the financial capacity to cash finance an additional \$2.75M in TID eligible expenditures or debt to finance an additional \$15M in TID eligible expenditures before closure.

The City's Economic Development Board and Staff sought out business visits with 6-12 industrial business owners to build public/private relationships and better understand the challenge facing this particular sector. While each operation is unique and with its own set of strengths, a common challenge among these employers is workforce transportation. Because staff was successful in attracting a commercial bus company to the business park and due to staff's representation on a County Transportation Advisory Planning Committee, the Board is

seeking a four-party agreement in which commercial transportation program will provide a customized approach to transporting employees into Mequon's business park as needed.

In October 2018, the City hosted an event in honor of Manufacturing Month in order to foster interaction and collaboration among industrial businesses, a local technical college, the County and the local Chamber of Commerce. The event showcased our Homestead High School Robotics team, ranked 6th in the world, displayed offerings by the technical college, and introduced new programs, technology and future employees to local employers.

Planning staff, in conjunction with the Common Council, supported a major redevelopment effort of one of the City's neighborhood commercial nodes. The area serves as a gateway to the City as well as the Mequon business park. Staff worked closely with approximately thirty property owners to consolidate commercial zoning acreage, address non-conformities, establish additional security measures and completed a market analysis of the area. In 2019 it is anticipated that specific economic development tools will be provided to the neighborhood to promote reinvestment that may not otherwise occur or at the same rate of change.

Development Approvals

Major commercial development for 2018 includes reinvestment in the City's commercial areas (Port Washington Road and Town Center) and within areas dedicated for industrial uses. In addition, institutional entities expanded their campuses to better serve their students, furthering the positive economic benefit of high quality education in the community. These projects are evidence that appropriately planned commercial development is assisting in the City's goal of rebalancing the commercial tax base. These private investments in the community include:

- Redevelopment and expansion of existing office developments.
- Concordia University of Wisconsin added new academic facilities.
- Two conservation subdivisions providing over 20 new lots for single-family home construction in 2019.
- Construction and/or renovation of new commercial developments, including office complexes, religious institutions, fitness studios and convenience gas stations.
- Specific development approvals for multi-phased mixed use development projects located within the Town Center.

FOR THE FUTURE (2019):

Business Outreach and Programs

The Economic Development Board has established a work program for 2019 which includes implementation of a Business Retention and Outreach plan as well as focus groups with existing commercial entities within the retail, service and industrial sectors. In addition, the Board facilitates and makes recommendations related to economic incentives for businesses and economic development. These programs include a Revolving Loan Program, TID development

incentives and a Town Center Business Loan Program. The Board will also execute business loans and consider development objectives for specific commercial neighborhoods that are in need of reinvestment.

Tax Increment Finance Districts (TID's)

The City has four TID's to manage and promote redevelopment opportunities. These efforts include long-term financial strategies, data monitoring, private/public partnerships to accomplish infrastructure and streetscape enhancements, coordination with consultants and the Wisconsin Department of Transportation and pursuing and evaluating the type of redevelopment desired for these neighborhoods.

The City intends to make necessary public infrastructure improvements to better serve an increase in customers utilizing Town Center business goods and services. The major improvements slated for 2019 include providing pedestrian and bicycle enhancements for safer and more comfortable access for such non-motorized users. In addition, reconstruction of a public road to include streetscaping, new water and sewer and burial of utilities will occur.

The City will begin to develop a strategy for redevelopment of its East Side Business District including an area that is currently undeveloped. In 2013-14, the City completed a Neighborhood Land Use Plan and market analysis of the same area, but, due to a lack of and/or aging sewer infrastructure, the City instead focused its efforts towards public works projects so as to remove one major obstacle related to new investment. In the latter part of 2019 and throughout 2020, City staff and the Planning Commission will seek to achieve consensus regarding proper use of the land within the 750 acre study area and prepare for implementation.

City Real Estate Needs

The Economic Development Board will continue to serve the Common Council and provide advice on matters relating to real estate opportunities, as well as the evaluation of any development proposal in which economic incentives are requested. In 2019, the Board will conduct business outreach visits with 6-12 retail and service companies and hold an open house for retailers to build and strengthen the public/private relationship and understand how the City may best serve businesses for retention and expansion. The City continues to provide education and outreach for County-sponsored programs for housing rehabilitation for the City's older housing stock.

FINANCIAL MANAGEMENT

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Activities of the general fund, debt service fund, and sewer utility fund are included in the annual appropriated budget. The budget is

adopted at the object level of expenditure; however, it is monitored by department heads at the departmental level within an individual fund.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

RISK MANAGEMENT

Third-party insurance coverage is currently maintained for health, dental and life insurance, worker's compensation, property, liability and other potential losses.

CASH MANAGEMENT

During the year, temporarily idle cash was invested in demand deposits, an investment pool and a privately managed trust. The investment pool utilized by the City was the State of Wisconsin Local Government Investment Pool, a part of the State Investment Fund, which invests primarily in U.S. Treasury securities, repurchase agreements, and agency securities backed by the full faith and credit of the U.S. Government. In addition, the City utilized the services of Ziegler Investment Services. The City's portfolio at Ziegler consists primarily of U.S. Treasury securities, repurchase agreements, and agency securities backed by the full faith and credit of the U.S. Government. The City had investment income of approximately \$533,000 on all investments for the year ended December 31, 2018. The average return on investment was approximately two percent.

The City's investment policy directs staff to maximize security, liquidity, and return, in that order, when considering investment alternatives.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mequon for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the fifth year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

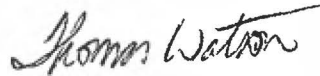
ACKNOWLEDGEMENTS

We wish to thank the Mayor and the Common Council. Their leadership and continued support is invaluable toward advancing the goals of the City. Preparation of this report was made possible with the assistance of Baker Tilly Virchow Krause, LLP.

Respectfully submitted,



William Jones
City Administrator



Thomas Watson
Director of Finance

CITY OF MEQUON, WISCONSIN
DIRECTORY OF OFFICIALS

As of December 31, 2018

ELECTED OFFICIALS

Mayor Dan Abendroth

Common Council

District 1	Alderman Robert Strzelczyk	District 2	Alderman Glenn Bushee
District 3	Alderman Dale Mayr	District 4	Alderman John Wirth
District 5	Alderman Mark Gierl	District 6	Alderman Brian Schneider
District 7	Alderwoman Kathleen Schneider	District 8	Alderman Andrew Nerbun

.....

APPOINTED OFFICIALS

William Jones, City Administrator
Justin Schoenemann, Assistant City Administrator
Caroline Fochs, City Clerk
Daniel Buntrock, Police Chief
David Bialk, Fire Chief
Thomas Watson, Finance Director
Kristen Lundeen, Public Works Director/City Engineer
Kim Tollefson, Planning and Community Development Director
Mike Grota, City Assessor



Government Finance Officers Association

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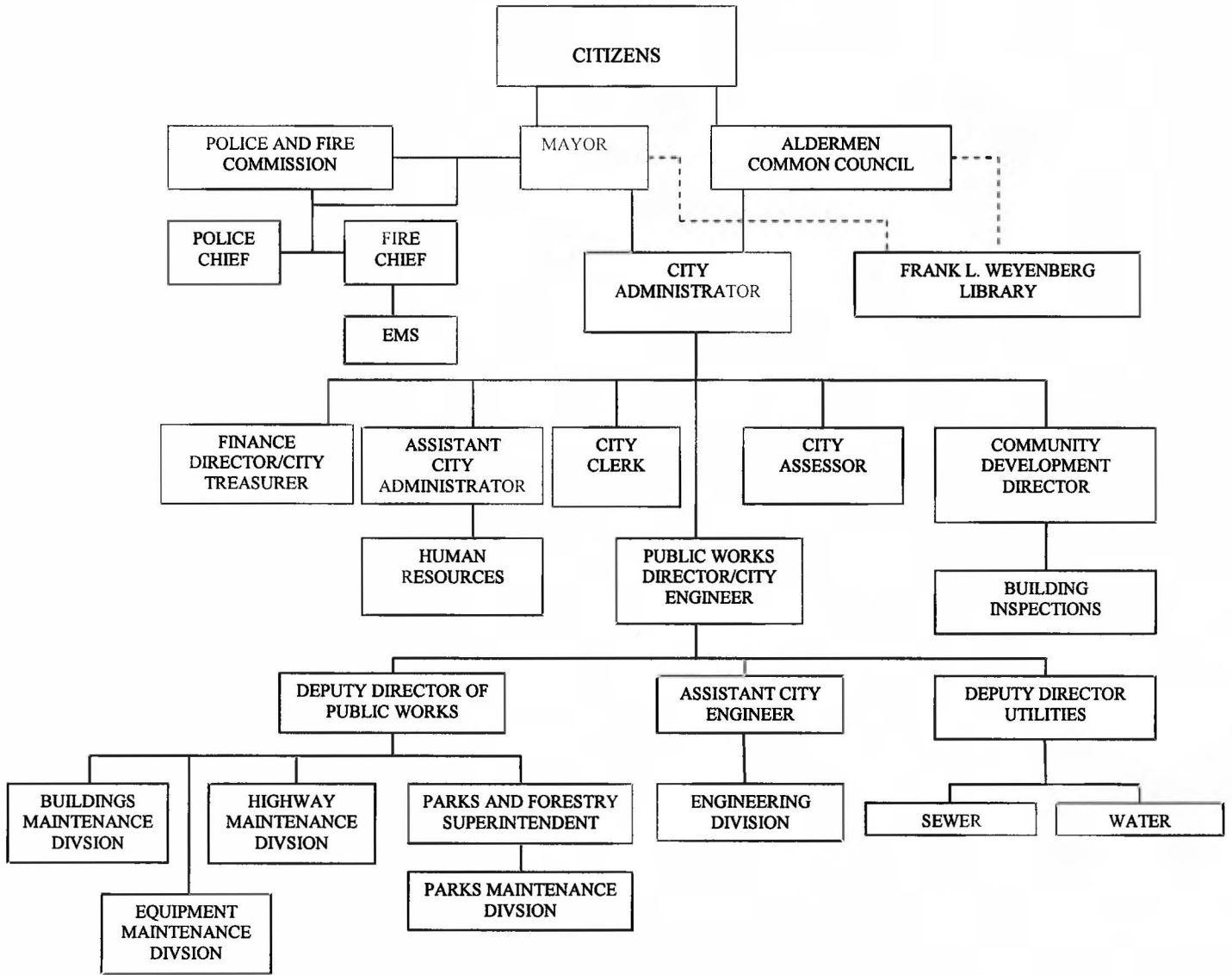
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

City of Mequon Organization Chart





FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of Mequon
Mequon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mequon, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Mequon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Mequon's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Mequon's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Common Council
City of Mequon

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mequon, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mequon's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Common Council
City of Mequon

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mequon's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 22, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF MEQUON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

This discussion and analysis of the City of Mequon's financial performance is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2018. Please consider it in conjunction with the City's financial statements, which begin on page 27, following this narrative.

FINANCIAL HIGHLIGHTS

- ✓ With total assets and deferred outflows of resources of \$168 million and total liabilities and deferred inflows of resources of \$92 million, the total net position of the City of Mequon stood at approximately \$76 million at the close of the 2018 fiscal year, an increase of 9% from the previous year.
- ✓ As of December 31, 2018, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$5.2 million, virtually unchanged from the prior year. Approximately \$1,207,000 or 23.1% of the total fund balances are available for spending at the government's discretion (unassigned fund balance).
- ✓ At the close of the fiscal year, the City of Mequon's unassigned general fund balance totaled approximately \$2.1 million, an increase of 21% from the previous fiscal year. This represents 13% of the \$16 million adopted 2018 General Fund budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City of Mequon's basic financial statements are comprised of three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities.

The *Statement of Net Position* presents information on all of the City of Mequon's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation).

The government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as *governmental activities*, from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges, called *business-type activities*.

The governmental activities of the City of Mequon include general government, public safety, public works, public health, community enrichment services, conservation and development, capital outlay, and interest and fiscal charges.

The business-type activities of the City consist of a Sewer Utility and Water Utility.

The government-wide financial statements can be found on pages 27 through 29 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mequon, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. All of the funds of the City of Mequon can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the municipality's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Mequon maintains six governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major governmental funds or funds for which separate reporting has been determined to be helpful in fulfilling other legal reporting requirements. Data from the other governmental funds are combined into a single, aggregated presentation. Disaggregated fund data for these other governmental funds is provided in the form of combining statements in the supplementary information section.

Compliance with the City's annual operating budget for the year ended December 31, 2018 is reported in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* which is found on page 93.

The governmental fund financial statements can be found beginning on page 30 of this report.

Proprietary Funds. Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's proprietary fund financial statements present information for the Sewer Utility and Water Utility. The Sewer and Water Utilities are considered to be major proprietary funds of the City of Mequon.

The proprietary fund financial statements can be found beginning on page 36 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Mequon's own programs. The accounting for fiduciary funds is similar to that used for governmental funds. The City of Mequon uses fiduciary funds to account for taxes collected for the benefit of overlapping tax jurisdictions for which the City is the fiscal agent.

The fiduciary fund financial statements can be found on page 41 of this report.

Notes to the Financial Statements. The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found beginning on page 42 of this report.

Required Supplementary Information. Following the basic government-wide and fund financial statements and accompanying notes, required supplementary information has been provided as part of this report. The required supplementary information includes information on the City's budget to actual comparison for the General Fund and on the City's pension and other postemployment benefits.

The required supplementary information section of the report begins on page 93.

Supplementary Information. Following the required supplementary information additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the non-major governmental funds.

The supplementary information section of the report begins on page 99.

Government-wide Financial Analysis

The City of Mequon's statement of net position is summarized in the table on the following page. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$76.4 million at the close of 2018. The majority of total assets (65.2%) reflect the City's investment in capital assets including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Mequon, Wisconsin
Summary Statement of Net Position
December 31, 2018 and 2017**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current & Other Assets	\$ 27,675,965	\$ 25,763,096	\$ 26,731,724	\$ 16,053,230	\$ 54,407,689	\$ 41,816,326
Capital Assets (net)	45,357,897	46,180,651	64,489,197	52,702,611	109,847,094	98,883,262
Total Assets	\$ 73,033,862	\$ 71,943,747	\$ 91,220,921	\$ 68,755,841	\$ 164,254,783	\$ 140,699,588
Deferred Outflows of Resources	\$ 3,541,161	\$ 3,955,902	\$ 695,867	\$ 746,306	\$ 4,237,028	\$ 4,702,208
Current Liabilities	\$ 1,716,962	\$ 2,314,671	\$ 2,227,881	\$ 1,141,720	\$ 3,944,843	\$ 3,456,391
Non-Current Liabilities	28,114,196	32,622,223	31,759,780	14,480,943	59,873,976	47,103,166
Total Liabilities	\$ 29,831,158	\$ 34,936,894	\$ 33,987,661	\$ 15,622,663	\$ 63,818,819	\$ 50,559,557
Deferred Inflows of Resources	\$ 20,306,835	\$ 16,950,466	\$ 7,965,199	\$ 7,525,430	\$ 28,272,034	\$ 24,475,896
Net Position						
Net investment in capital assets	\$ 21,767,611	\$ 19,537,989	\$ 41,396,535	\$ 40,433,327	62,267,602	\$ 58,932,820
Restricted	2,585,210	767,466	436,074	319,156	3,021,284	1,086,622
Unrestricted	2,084,209	3,706,834	8,131,319	5,601,571	11,112,072	10,346,901
Total Net Position	\$ 26,437,030	\$ 24,012,289	\$ 49,963,928	\$ 46,354,054	\$ 76,400,958	\$ 70,366,343
Total Net Position as a % of Total Liabilities and Deferred Inflows	52.7%	46.3%	119.1%	200.2%	83.0%	93.8%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows	4.2%	7.1%	19.4%	24.2%	12.1%	13.8%
The net position section includes an adjustment for capital assets owned by the business type activities by financed by the debt of the governmental activities. Amounts will not cross-foot as a result. See note I-D.10						

A portion of the City's net position (4%) represents resources that are subject to other restrictions as to how they may be used. The remainder of total net position may be used to meet the City's on-going obligations to its citizens and creditors.

At the end of 2018, the City is able to report positive balances in all of the categories of net position for the governmental activities and the government as a whole as well as all categories for business-type activities.

As comparable data is accumulated and reported by governmental units over time, a sense of what level of net position is typical or appropriate will begin to develop. Total net position at the end of 2018 was approximately \$26.4 million or approximately 53% of the total liabilities and deferred inflows for governmental activities.

Statement of Activities

Total net position of the City of Mequon increased by \$6,034,615 (8.6%) in 2018, due primarily to expansion of the Mequon Sewer Utility.

Net position of the City's governmental activities totaled \$26,437,030 as of December 31, 2018. Governmental activities for the year increased net position by \$2,424,741. Operating grants and contributions increased \$289,702 and Capital grants and contributions increased \$532,840. Governmental expenses increased \$713,107. The City's unrestricted net position for governmental activities, that part of net position that can be used to finance day-to-day activities, was \$2,084,209. Restricted net position for governmental activities included \$706,314 for revolving loan programs, and \$1,878,896 for pensions.

Net position of the City's business-type activities totaled \$49,963,928, an increase of \$3,609,874, due primarily to expansion of the Mequon Sewer Utility. Business-type activities unrestricted net position was \$8,131,319. Restricted net position for business-type activities included \$337,441 for debt service and \$98,633 for pensions.

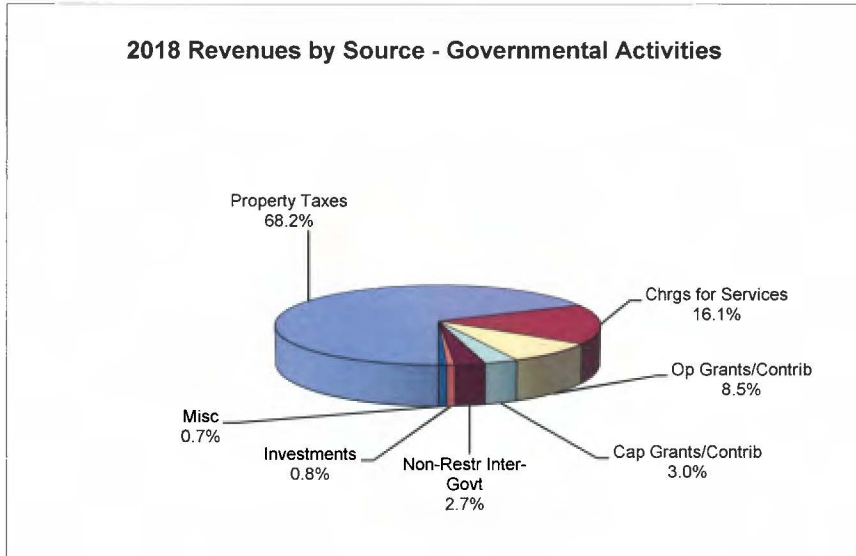
The following table illustrates the change in net position for the City of Mequon for fiscal years ended December 31, 2018 and 2017:

STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2018 and 2017

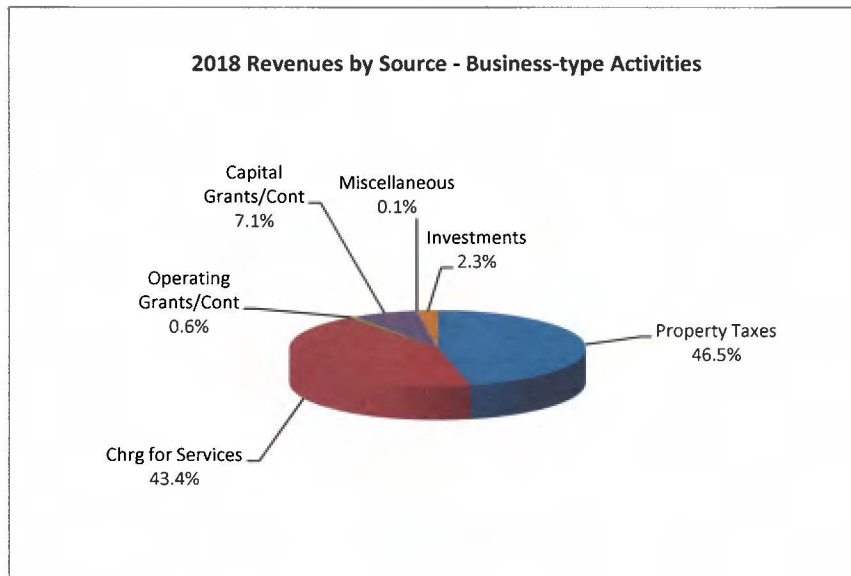
	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services	\$ 3,610,457	\$ 3,274,750	\$ 6,963,042	\$ 6,474,127	\$ 10,573,499	\$ 9,748,877
Operating grants and contributions	1,916,352	1,626,650	94,183	301,029	2,010,535	1,927,679
Capital grants and contributions	684,896	152,056	1,155,325	753,121	1,840,221	905,177
General Revenues						
Property Taxes	15,314,922	14,854,309	7,452,593	7,268,822	22,767,515	22,123,131
Intergovernmental revenues not restricted to specific programs	612,054	461,761	-	-	612,054	461,761
Investment income	170,494	91,353	362,909	59,664	533,403	151,017
Other	162,923	91,752	10,154	251,882	173,077	343,634
Total Revenues	<u>\$ 22,472,098</u>	<u>\$ 20,552,631</u>	<u>\$ 16,038,206</u>	<u>\$ 15,108,645</u>	<u>\$ 38,510,304</u>	<u>\$ 35,661,276</u>
Expenses						
General government	\$ 2,698,859	\$ 2,780,944	\$ -	\$ -	\$ 2,698,859	\$ 2,780,944
Public safety	8,238,012	8,489,852	-	-	8,238,012	8,489,852
Public works	5,276,583	4,808,412	-	-	5,276,583	4,808,412
Public health	1,160	6,926	-	-	1,160	6,926
Community enrichment services	2,193,244	1,846,292	-	-	2,193,244	1,846,292
Conservation and development	855,566	650,285	-	-	855,566	650,285
Interest and fiscal charges	783,933	751,539	-	-	783,933	751,539
Sewer utility	-	-	9,810,571	9,172,956	9,810,571	9,172,956
Water utility	-	-	2,617,761	2,492,821	2,617,761	2,492,821
Total Expenses	<u>\$ 20,047,357</u>	<u>\$ 19,334,250</u>	<u>\$ 12,428,332</u>	<u>\$ 11,665,777</u>	<u>\$ 32,475,689</u>	<u>\$ 31,000,027</u>
Change in net position	\$ 2,424,741	\$ 1,218,381	\$ 3,609,874	\$ 3,442,868	\$ 6,034,615	\$ 4,661,249
Net Position - beginning of year	24,012,289	24,639,027	46,354,054	43,120,197	70,366,343	67,759,224
Restatement	-	(1,845,119)	-	(209,011)	-	(2,054,130)
Net Position - end of year	<u>\$ 26,437,030</u>	<u>\$ 24,012,289</u>	<u>\$ 49,963,928</u>	<u>\$ 46,354,054</u>	<u>\$ 76,400,958</u>	<u>\$ 70,366,343</u>

Governmental Activities

An examination of the statement of activities can provide a concise picture of how the various activities of the City are funded. The following pie charts draw data from the statement of activities. Percentages may not total 100% due to rounding. For governmental services, the City is highly dependent upon the property tax for funding, deriving 68.2% of its revenue from this single source. State aids not restricted to specific programs comprise only 2.7% of the City’s revenues while other operating and capital grants and contributions comprise 8.5%. Charges for services continue to be of significant importance, accounting for 16.1% of revenues.

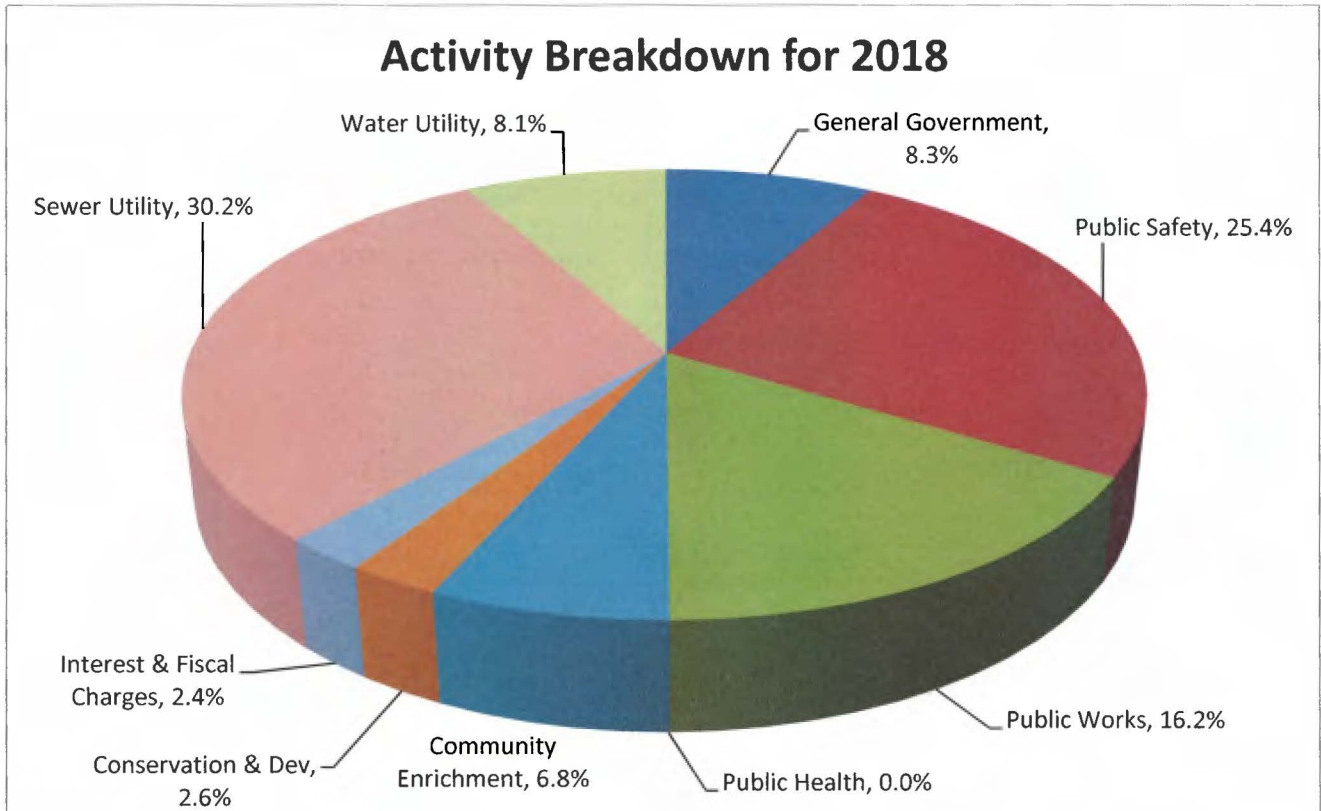


In the case of business-type activities, historically, property tax is the largest single component of revenues. Property taxes are levied in order to fund the Milwaukee Metropolitan Sewerage District (MMSD) annual capital charge, and repayment of the debt associated with the 2018-19 East Trunk Sewer Project and comprise 46.5% of total revenues. Funding of the utility’s annual operation and maintenance costs is covered primarily by user fees, accounting for 43.4% of total revenues. The balance of revenue is made up of capital grants and contributions, operating grants and contributions, investments and other earnings.



Governmental activities. Total Governmental activity expenses increased \$713,107 from a year ago. Increases were realized in Community Enrichment: \$346,952, Public Works: \$468,171, Conservation and Development: \$205,281 and Interest and Fiscal Charges, \$32,394. Decreases were realized in General Government: \$82,085, Public Safety: \$251,840, and Public Health: \$5,766.

Presented below is a chart depicting the relative percentage of expenses for the City's major functions for 2018:



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$5.2 million, virtually unchanged from the previous year. Of this total, approximately \$191 thousand is nonspendable and an additional \$1.1 million is restricted for specific legal requirements and other commitments, leaving total unrestricted governmental fund balances of approximately \$3.9 million available for use at the discretion of the City's elected officials. As the result of past actions and policy decisions, approximately \$2.7 million (65%) of this balance have been assigned for specific uses (assignment of fund balance for capital projects, leaving a combined unassigned fund balance of \$1.2 million in the general, debt service and other non-major governmental funds.

The *General* fund is the primary operating fund used to account for the governmental operations of the City, with approximately \$15.7 million of direct expenditures from this fund accounting for approximately 72.1% of the City's approximately \$21.8 million total governmental fund expenditures as reported on the *Statement of Revenues Expenditures and Changes in Fund Balances*. The total year-end 2018 unassigned General fund balance of approximately \$2.1 million increased \$375 thousand from the previous year and represents 13.5% of the \$15.7 million 2018 General Fund expenditures reported on the *Statement of Revenues Expenditures and Changes in Fund Balances*.

Traditionally in Mequon, this year-end unassigned balance has been considered in proportion to the subsequent year's budgeted general fund expenditures. This is used to measure the adequacy of the City's operating reserve, with a stated target ratio of 10%. The adopted 2019 General fund budget authorizes expenditures of \$16.4 million. Therefore, the 2018 year-end unassigned General fund balance of \$2.1 million represents 13% of the 2019 operating budget and therefore exceeds the target ratio.

The *Debt Service* fund has a total deficit fund balance of (\$919,234) which is due primarily for debt related to the City's TID#3.

The *Capital Projects* fund is a governmental fund used to account for long-term capital acquisitions, such as squad cars and contractor equipment, land acquisition, and large-scale infrastructure projects, such as roadways. The fund balance in this fund is primarily derived from funds set aside for projects to be completed in a subsequent period. The \$2.9 million fund balance is restricted or assigned entirely for such projects. The reason for the approximately \$250 thousand increase in fund balance is due to the timing of project spending from revenues sources such as taxes and intergovernmental revenues.

The aggregated *Non-major Governmental Funds* column includes various park, revolving loan, and endowment funds used to account for the proceeds of specific revenue sources or that are legally restricted to expenditures for specific purposes. The combined fund balances increased from \$696,000 to approximately \$957,000 during 2018.

Proprietary Funds

The City's *Proprietary funds* provide the same type of information found in the government-wide financial statements. The net position of the *Enterprise-type* proprietary funds at the end of 2018 totaled approximately \$50 million, an increase of approximately \$3.6 million from the previous year. Income before contributions of approximately \$2.4 million accounted for most of this increase, followed by Contributed Capital of \$1.2 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Required Supplementary Information section, *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual* for the General Fund, the original 2018 general fund budget authorized expenditures of approximately \$15.9 million.

The City ended the year with a favorable expenditure variance of \$176,729. Public Safety contributed to the majority of this variance due to the Police department having open positions at various points in the year and the Fire Department experiencing lower call volume than projected.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets

In accordance with the implementation requirements of GASB #34, the City has recorded historical costs and depreciation expense associated with all of its capital assets, including infrastructure. As summarized in the table below, the City's reported investment in capital assets for governmental and business type activities as of December 31, 2018 totaled over \$195 million. Of this total cost, approximately \$62 million (31.8%) was related to governmental infrastructure, with the City's street network comprising the most significant component.

Total accumulated depreciation was calculated to be almost \$85.2 million, or approximately 43.7% of the historical cost of depreciable capital assets. Net of accumulated depreciation, the City's investment in capital assets exceeded \$109.8 million.

City of Mequon, Wisconsin
Capital Assets, Net of Accumulated Depreciation
December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 9,820,930	\$ 9,849,515	\$ 19,125	\$ 19,125	\$ 9,840,055	\$ 9,868,640
Construction in progress	-	-	11,573,879	-	11,573,879	-
Buildings	19,752,097	20,413,098	-	-	19,752,097	20,413,098
Machinery and Equipment	11,513,055	11,407,326	4,860,068	5,225,484	16,373,123	16,632,810
Infrastructure	61,959,542	60,731,530	67,467,653	65,943,318	129,427,195	126,674,848
Structure and Improvements	-	-	8,033,714	7,961,156	8,033,714	7,961,156
Subtotal	\$ 103,045,624	\$ 102,401,469	\$ 91,954,439	\$ 79,149,083	\$ 195,000,063	\$ 181,550,552
Less:						
Accumulated Depreciation	(57,687,727)	(56,220,818)	(27,465,242)	(26,446,472)	(85,152,969)	(82,667,290)
	\$ 45,357,897	\$ 46,180,651	\$ 64,489,197	\$ 52,702,611	\$ 109,847,094	\$ 98,883,262

Some of the more significant additions to the City's capital assets during 2018, excluding retirements and disposals included:

Roads	\$1,205,228
Sewer Construction in Progress	11,573,879
Sewer Utility additions	1,058,360
Water Utility additions	655,178

Additional information related to the City of Mequon's capital assets is reported in Note III-D following the financial statements.

Long-Term Debt

On December 31, 2018, the City of Mequon had \$59,873,976 of long-term notes, bonds and other long-term obligations outstanding, as summarized in the following table:

**City of Mequon, Wisconsin
Long-Term Obligations Outstanding
December 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds & Notes	\$ 25,095,000	\$ 28,235,000	\$ 18,855,000	\$ 1,310,000	\$ 43,950,000	\$ 29,545,000
Revenue Bonds	-	-	11,040,000	11,840,000	11,040,000	11,840,000
Bond Premiums	358,819	394,571	1,690,026	1,049,991	2,048,845	1,444,562
Capital Leases	179,318	339,022	-	-	179,318	339,022
Net OPEB liability	826,025	1,683,661	82,168	180,858	908,193	1,864,519
Net pension liability	409,708	433,483	43,829	46,565	453,537	480,048
Compensated absences	730,424	1,026,137	29,492	32,241	759,916	1,058,378
Net pension liability-WRS	-	510,349	-	21,288	-	531,637
Net pension liability-LRLIF	514,902	-	19,265	-	534,167	-
	<u>\$ 28,114,196</u>	<u>\$ 32,622,223</u>	<u>\$ 31,759,780</u>	<u>\$ 14,480,943</u>	<u>\$ 59,873,976</u>	<u>\$ 47,103,166</u>

Under Wisconsin State Statutes, the outstanding long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Outstanding general obligation debt, less amounts to be paid from funds restricted for debt retirement, totaled \$43,950,000, or 18.3% of the maximum legal limit of \$239,892,850.

Additional information related to the City of Mequon's long-term debt is reported in Note III-F following the financial statements.

CURRENTLY KNOWN FACTS

The 2018 general government budget adopted by the Mequon Common Council in November, 2018 increased total General, Capital, and Debt Service Fund expenditures by \$77,000 or .4%. However, the net result is that the 2018 tax levy increases by \$689,000 (3.2%) in these areas. This increase is partially offset by a projected \$397,000 decrease in all other revenue sources, but forgoes the assignment of fund balance. It is anticipated the City will continue to work to maintain the general fund balance to a level of at least 10% of next year's general and debt service fund budgets.

Five Year Expenditure History

Fiscal Year	Amount	Percent Increase/ (Decrease)
2019	\$21,355,114	0.36
2018	\$21,278,752	2.07
2017	\$20,847,297	4.61
2016	\$19,928,995	3.82
2015	\$19,195,664	3.23

As presented in the table below, compared to the previous year, salaries and benefits increased by 2.3%. This is due to programming staff pay increases and reflects increases in benefit costs such as health insurance. Materials and supplies increased 4.8% and purchased services increased by 5.7%. Debt service costs decreased 3.4%. Budgeted Capital expenditures decreased 16.1%, due, primarily to the City reducing self-funding for road reconstruction projects. In 2019, the City plans to issue approximately \$5 million in general obligation notes to fund local and arterial road reconstruction projects over the next three years. The resulting debt service will be structured to not impact the FY2019 budget. The City continues to explore alternative financing methods for its capital program. Support for the Mequon-Thiensville joint library is virtually unchanged, yet still meets various state and local funding requirements.

Change in Expenditure Budget by Function

Expenditures	2019 Adopted	2018 Adopted	Net Increase (Decrease)	Percent Change
Salaries/Fringes	\$12,254,986	\$11,981,083	\$273,903	2.3
Materials/Supplies	976,363	931,807	44,556	4.8
Purchased Services/ Other	2,075,215	1,963,052	112,163	5.7
Debt Service	3,843,550	3,976,991	(133,441)	(3.4)
Capital *	1,155,000	1,376,819	(221,819)	(16.1)
Library *	1,050,000	1,049,000	1,000	0.1
Total	\$21,355,114	\$21,278,752	\$76,362	.4%

* Capital projects and Library expenditures are shown only to the extent of the offsetting amounts of the current year City of Mequon tax levy.

In developing the 2019 budget, several guiding principles applied:

- The State of Wisconsin’s 2011 Act 32, imposes a property tax limit on all city levies. Act 32 allows municipal levies to increase by either zero percent, or the percentage change in the city’s equalized value due to net new construction, whichever is greater. The City’s increase in net new construction was 1.51 percent.
- The following goals were emphasized while developing the FY2019 budget. They include:
 - Maintaining low property taxes
 - Maintaining city infrastructure, roads and public works
 - Maintaining high quality public safety services
 - Maintaining the city’s fiscal vitality with a strong and diverse tax base by encouraging community-sensitive economic development

REQUESTS FOR INFORMATION

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to provide accountability for the financial resources it receives. If you have questions about the information contained in this report or need additional financial information concerning the City of Mequon, please contact the Finance Department, 11333 N Cedarburg Road, Mequon, Wisconsin, 53092. Our staff can be reached by telephone at (262)-236-2947. You are also invited to visit the City’s web site at <http://www.ci.mequon.wi.us>.

BASIC FINANCIAL STATEMENTS

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CITY OF MEQUON

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 6,039,798	\$ 8,518,800	\$ 14,558,598
Receivables (net)			
Taxes	15,897,459	7,688,776	23,586,235
Accounts	-	1,747,937	1,747,937
Special assessments	167,199	30,204	197,403
Other	563,748	205,846	769,594
Loans	216,493	-	216,493
Inventories and prepaids	1,372	51,935	53,307
Restricted assets			
Cash and investments	-	8,389,593	8,389,593
Net pension asset	1,878,896	98,633	1,977,529
Investment in joint venture	2,911,000	-	2,911,000
Capital Assets			
Land	9,820,930	19,125	9,840,055
Construction in progress	-	11,573,879	11,573,879
Other capital assets, net of accumulated depreciation	35,536,967	52,896,193	88,433,160
Total Assets	73,033,862	91,220,921	164,254,783
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	3,635	419	4,054
Pension related amounts - WRS	3,478,578	177,972	3,656,550
OPEB related amounts - LRLIF	58,948	2,205	61,153
Deferred charge on refunding	-	515,271	515,271
Total Deferred Outflows of Resources	3,541,161	695,867	4,237,028
LIABILITIES			
Accounts payable and accrued liabilities	1,090,622	2,067,198	3,157,820
Accrued Interest payable	239,110	160,683	399,793
Deposits	387,230	-	387,230
Noncurrent Liabilities			
Due within one year	3,659,946	2,479,492	6,139,438
Due in more than one year	24,454,250	29,280,288	53,734,538
Total Liabilities	29,831,158	33,987,661	63,818,819
DEFERRED INFLOWS OF RESOURCES			
Subsequent year's tax revenue	15,939,203	7,692,408	23,631,611
Pension related amounts	34,557	3,977	38,534
Pension related amounts - WRS	3,740,797	201,729	3,942,526
OPEB related amounts - Health	578,504	66,570	645,074
OPEB related amounts - LRLIF	13,774	515	14,289
Total Deferred Inflows of Resources	20,306,835	7,965,199	28,272,034
NET POSITION			
Net investment in capital assets	21,767,611	41,396,535	62,267,602
Restricted for			
Debt service	-	337,441	337,441
Loan programs	706,314	-	706,314
Pensions	1,878,896	98,633	1,977,529
Unrestricted	2,084,209	8,131,319	11,112,072
TOTAL NET POSITION	\$ 26,437,030	\$ 49,963,928	\$ 76,400,958

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 2,698,859	\$ 848,191	\$ 37,657	\$ -
Public safety	8,238,012	1,743,705	182,958	32,620
Public works	5,276,583	620,124	1,695,737	652,276
Public health	1,160	-	-	-
Community enrichment services	2,193,244	334,494	-	-
Conservation and development	855,566	63,943	-	-
Interest and fiscal charges	783,933	-	-	-
Total Governmental Activities	<u>20,047,357</u>	<u>3,610,457</u>	<u>1,916,352</u>	<u>684,896</u>
Business-type Activities				
Sewer Utility	9,810,571	3,603,075	94,183	641,653
Water Utility	2,617,761	3,359,967	-	513,672
Total Business-type Activities	<u>12,428,332</u>	<u>6,963,042</u>	<u>94,183</u>	<u>1,155,325</u>
Total	<u>\$ 32,475,689</u>	<u>\$ 10,573,499</u>	<u>\$ 2,010,535</u>	<u>\$ 1,840,221</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for capital projects

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,813,011)	\$ -	\$ (1,813,011)
(6,278,729)	-	(6,278,729)
(2,308,446)	-	(2,308,446)
(1,160)	-	(1,160)
(1,858,750)	-	(1,858,750)
(791,623)	-	(791,623)
<u>(783,933)</u>	<u>-</u>	<u>(783,933)</u>
<u>(13,835,652)</u>	<u>-</u>	<u>(13,835,652)</u>
-	(5,471,660)	(5,471,660)
-	<u>1,255,878</u>	<u>1,255,878</u>
-	<u>(4,215,782)</u>	<u>(4,215,782)</u>
<u>(13,835,652)</u>	<u>(4,215,782)</u>	<u>(18,051,434)</u>
10,837,077	7,452,593	18,289,670
2,815,353	-	2,815,353
1,076,859	-	1,076,859
585,633	-	585,633
612,054	-	612,054
9,496	-	9,496
170,494	362,909	533,403
<u>153,427</u>	<u>10,154</u>	<u>163,581</u>
<u>16,260,393</u>	<u>7,825,656</u>	<u>24,086,049</u>
2,424,741	3,609,874	6,034,615
<u>24,012,289</u>	<u>46,354,054</u>	<u>70,366,343</u>
<u>\$ 26,437,030</u>	<u>\$ 49,963,928</u>	<u>\$ 76,400,958</u>

See accompanying notes to financial statements.

CITY OF MEQUON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Cash and investments	\$ 3,224,988	\$ 575,516	\$ 1,271,453
Receivables (net)			
Ensuuing year levy	10,833,423	3,684,432	1,379,604
Special assessments	2,157	-	165,042
Other	371,411	-	192,337
Loans	-	-	-
Prepayments	1,372	-	-
Advances to other funds	-	-	1,494,750
Equity in joint venture	154,000	-	-
	<u>\$ 14,587,351</u>	<u>\$ 4,259,948</u>	<u>\$ 4,503,186</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 315,205	\$ -	\$ 76,225
Accrued liabilities	693,246	-	-
Deposits	382,880	-	-
Advances from other funds	-	1,494,750	-
Total Liabilities	<u>1,391,331</u>	<u>1,494,750</u>	<u>76,225</u>
Deferred Inflows of Resources			
Subsequent year's tax revenue	10,875,167	3,684,432	1,379,604
Unavailable revenues	2,330	-	165,043
Total Deferred Inflows of Resources	<u>10,877,497</u>	<u>3,684,432</u>	<u>1,544,647</u>
Fund Balances (Deficit)			
Nonspendable	191,360	-	-
Restricted	-	-	226,633
Committed	-	-	-
Assigned	-	-	2,655,681
Unassigned (Deficit)	2,127,163	(919,234)	-
Total Fund Balances (Deficit)	<u>2,318,523</u>	<u>(919,234)</u>	<u>2,882,314</u>
	<u>\$ 14,587,351</u>	<u>\$ 4,259,948</u>	<u>\$ 4,503,186</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 967,841	\$ 6,039,798
-	15,897,459
-	167,199
-	563,748
216,493	216,493
-	1,372
-	1,494,750
-	154,000
<u>\$ 1,184,334</u>	<u>\$ 24,534,819</u>

\$ 5,946	\$ 397,376
-	693,246
4,350	387,230
-	1,494,750
<u>10,296</u>	<u>2,972,602</u>

-	15,939,203
216,493	383,866
<u>216,493</u>	<u>16,323,069</u>

-	191,360
712,458	939,091
245,087	245,087
-	2,655,681
-	1,207,929
<u>957,545</u>	<u>5,239,148</u>

<u>\$ 1,184,334</u>	<u>\$ 24,534,819</u>
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See accompanying notes to financial statements.

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CITY OF MEQUON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

Total Fund Balances - Governmental Funds	\$ 5,239,148
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	9,820,930
Other capital assets	93,224,694
Less: Accumulated depreciation	(57,687,727)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	383,866
--	---------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,482,213
---	-----------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(3,775,354)
--	-------------

Deferred outflows of resources related to LRLIF do not relate to current financial resources and are not reported in the governmental funds.	58,948
--	--------

Deferred inflows of resources related to LRLIF do not relate to current financial resources and are not reported in the governmental funds.	(13,774)
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Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(578,504)
--	-----------

Joint ventures containing capital assets used in the governmental funds are not financial resources and therefore are not reported in the funds.	2,757,000
--	-----------

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds, notes payable, and unamortized premium	(25,453,819)
Compensated absences	(730,424)
Accrued interest	(239,110)
Capital leases	(179,318)
Total OPEB liability	(826,025)
Total pension liability	(409,708)
Net pension asset - WRS	1,878,896
Net pension liability - LRLIF	<u>(514,902)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 26,437,030</u>
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See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund
REVENUES			
Taxes	\$ 10,045,891	\$ 3,702,183	\$ 1,566,848
Intergovernmental	2,027,999	113,679	394,690
Licenses and permits	1,573,748	-	-
Fines, forfeitures and penalties	231,307	-	-
Public charges for services	1,355,460	-	123,525
Investment income	117,471	13,897	31,616
Miscellaneous revenues	90,417	-	90,737
Total Revenues	<u>15,442,293</u>	<u>3,829,759</u>	<u>2,207,416</u>
EXPENDITURES			
Current			
General government	2,681,516	-	-
Public safety	7,750,098	-	-
Public works	3,066,293	-	-
Public health	1,160	-	-
Community enrichment services	1,819,622	-	21,415
Conservation and development	431,024	-	-
Capital Outlay	-	-	2,013,027
Debt Service			
Principal	-	3,140,000	-
Interest and fiscal charges	-	836,390	6,496
Total Expenditures	<u>15,749,713</u>	<u>3,976,390</u>	<u>2,040,938</u>
Excess (deficiency) of revenues over expenditures	<u>(307,420)</u>	<u>(146,631)</u>	<u>166,478</u>
OTHER FINANCING SOURCES			
Sales of capital assets	-	-	84,907
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>84,907</u>
Net Change in Fund Balances	(307,420)	(146,631)	251,385
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2,625,943</u>	<u>(772,603)</u>	<u>2,630,929</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 2,318,523</u>	<u>\$ (919,234)</u>	<u>\$ 2,882,314</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 15,314,922
-	2,536,368
-	1,573,748
-	231,307
254,320	1,733,305
70,796	233,780
<u>13,382</u>	<u>194,536</u>
<u>338,498</u>	<u>21,817,966</u>
-	2,681,516
13,098	7,763,196
-	3,066,293
-	1,160
52,994	1,894,031
960	431,984
10,300	2,023,327
-	3,140,000
-	<u>842,886</u>
<u>77,352</u>	<u>21,844,393</u>
<u>261,146</u>	<u>(26,427)</u>
-	<u>84,907</u>
-	<u>84,907</u>
261,146	58,480
<u>696,399</u>	<u>5,180,668</u>
<u>\$ 957,545</u>	<u>\$ 5,239,148</u>

See accompanying notes to financial statements.

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CITY OF MEQUON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$	58,480
--	----	--------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		2,023,327
Some items reported as capital outlay were not capitalized		(1,117,733)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		708,256
Depreciation is reported in the government-wide financial statements		(2,303,153)
Net book value of assets retired		(133,452)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments		(10,963)
Collection of loans		(63,285)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid		3,140,000
Capital lease paid		159,704

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of debt premium		35,752
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		295,713
Total OPEB liability		857,636
Net OPEB liability - LRLIF		(514,902)
Accrued interest on debt		23,200
Total pension liability		23,775
Net pension liability - WRS		2,389,245
Deferred outflows of resources related to pensions		(473,689)
Deferred inflows of resources related to pensions		(2,139,840)
Deferred outflows of resources related to LRLIF		58,948
Deferred inflows of resources related to OPEB		(578,504)
Deferred inflows of resources related to LRLIF		(13,774)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>2,424,741</u>
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See accompanying notes to financial statements.

CITY OF MEQUON

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2018**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 6,112,599	\$ 2,406,201	\$ 8,518,800
Receivables			
Taxes	7,688,776	-	7,688,776
Customer accounts receivable	957,900	790,037	1,747,937
Other	118,404	87,442	205,846
Special assessments	30,204	-	30,204
Inventories	-	51,935	51,935
Restricted Assets			
Cash and investments	<u>6,782,482</u>	<u>412,500</u>	<u>7,194,982</u>
Total Current Assets	<u>21,690,365</u>	<u>3,748,115</u>	<u>25,438,480</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	-	1,194,611	1,194,611
Net pension asset	89,962	8,671	98,633
Capital Assets			
Land	18,775	350	19,125
Construction in progress	11,573,879	-	11,573,879
Other capital assets	49,228,136	31,133,299	80,361,435
Less: Accumulated depreciation	<u>(21,440,965)</u>	<u>(6,024,277)</u>	<u>(27,465,242)</u>
Total Noncurrent Assets	<u>39,469,787</u>	<u>26,312,654</u>	<u>65,782,441</u>
Total Assets	<u>61,160,152</u>	<u>30,060,769</u>	<u>91,220,921</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	307	112	419
Pension related amounts - WRS	164,872	13,100	177,972
OPEB related amounts - Health	-	515,271	515,271
OPEB related amounts - LRLIF	<u>2,132</u>	<u>73</u>	<u>2,205</u>
Total Deferred Outflows of Resources	<u>167,311</u>	<u>528,556</u>	<u>695,867</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	1,720,182	83,687	1,803,869
Accrued wages	39,262	-	39,262
Accrued interest payable	160,683	-	160,683
Accrued compensated absences	29,492	-	29,492
Other current liabilities	93,897	55,111	149,008
Current portion of general obligation debt	1,625,000	-	1,625,000
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	825,000	825,000
Accrued interest payable	-	75,059	75,059
Total Current Liabilities	<u>3,668,516</u>	<u>1,038,857</u>	<u>4,707,373</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	18,000,641	-	18,000,641
Revenue bonds	-	11,134,385	11,134,385
Total OPEB liability - Health	68,080	14,088	82,168
Net OPEB liability - LRLIF	18,628	637	19,265
Total pension liability	<u>34,143</u>	<u>9,686</u>	<u>43,829</u>
Total Noncurrent Liabilities	<u>18,121,492</u>	<u>11,158,796</u>	<u>29,280,288</u>
Total Liabilities	<u>21,790,008</u>	<u>12,197,653</u>	<u>33,987,661</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year's tax revenue	7,692,408	-	7,692,408
Pension related amounts	2,914	1,063	3,977
Pension related amounts - WRS	180,326	21,403	201,729
OPEB related amounts - Health	48,781	17,789	66,570
OPEB related amounts - LRLIF	<u>498</u>	<u>17</u>	<u>515</u>
Total Deferred Inflows of Resources	<u>7,924,927</u>	<u>40,272</u>	<u>7,965,199</u>
NET POSITION			
Net investment in capital assets	26,536,665	14,859,870	41,396,535
Restricted for			
Debt service	-	337,441	337,441
Pensions	89,962	8,671	98,633
Unrestricted	<u>4,985,901</u>	<u>3,145,418</u>	<u>8,131,319</u>
TOTAL NET POSITION	<u>\$ 31,612,528</u>	<u>\$ 18,351,400</u>	<u>\$ 49,963,928</u>

See accompanying notes to financial statements.

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CITY OF MEQUON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
OPERATING REVENUES	<u>\$ 3,603,075</u>	<u>\$ 3,359,967</u>	<u>\$ 6,963,042</u>
OPERATING EXPENSES			
Public works	8,394,645	1,468,952	9,863,597
Depreciation	<u>777,368</u>	<u>566,444</u>	<u>1,343,812</u>
Total Operating Expenses	<u>9,172,013</u>	<u>2,035,396</u>	<u>11,207,409</u>
Operating Income (Loss)	<u>(5,568,938)</u>	<u>1,324,571</u>	<u>(4,244,367)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	303,778	59,131	362,909
Taxes	7,452,593	-	7,452,593
Miscellaneous revenues	96,860	9,978	106,838
Loss on Disposal	-	(157,019)	(157,019)
Interest expense	(469,533)	(510,302)	(979,835)
Amortization of debt premium	21,865	84,957	106,822
Debt Issuance costs	<u>(193,392)</u>	<u>-</u>	<u>(193,392)</u>
Total Nonoperating Revenues (Expenses)	<u>7,212,171</u>	<u>(513,255)</u>	<u>6,698,916</u>
Income Before Contributions	<u>1,643,233</u>	<u>811,316</u>	<u>2,454,549</u>
CONTRIBUTIONS			
Capital Contributions	<u>641,653</u>	<u>513,672</u>	<u>1,155,325</u>
Change in Net Position	2,284,886	1,324,988	3,609,874
NET POSITION - Beginning of Year	<u>29,327,642</u>	<u>17,026,412</u>	<u>46,354,054</u>
NET POSITION - END OF YEAR	<u><u>\$ 31,612,528</u></u>	<u><u>\$ 18,351,400</u></u>	<u><u>\$ 49,963,928</u></u>

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 3,927,870	\$ 3,381,350	\$ 7,309,220
Customer deposits received	93,750	-	93,750
Paid to suppliers for goods and services	(7,881,663)	(1,245,858)	(9,127,521)
Paid to employees for services	(574,630)	(138,411)	(713,041)
Net Cash Flows From Operating Activities	<u>(4,434,673)</u>	<u>1,997,081</u>	<u>(2,437,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>303,778</u>	<u>59,131</u>	<u>362,909</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes received	<u>7,452,593</u>	<u>-</u>	<u>7,452,593</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	19,400,000	-	19,400,000
Premium on debt issued	746,857	-	746,857
Debt retired	(1,855,000)	(800,000)	(2,655,000)
Interest paid	(512,671)	(517,913)	(1,030,584)
Special assessments received	5,036	-	5,036
Acquisition and construction of capital assets	(11,152,831)	(172,558)	(11,325,389)
Contribution received for construction	44,666	31,052	75,718
Net Cash Flows From Capital and Related Financing Activities	<u>6,676,057</u>	<u>(1,459,419)</u>	<u>5,216,638</u>
Net Change in Cash and Cash Equivalents	9,997,755	596,793	10,594,548
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,897,326</u>	<u>3,416,519</u>	<u>6,313,845</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,895,081</u>	<u>\$ 4,013,312</u>	<u>\$ 16,908,393</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (5,568,938)	\$ 1,324,571	\$ (4,244,367)
Nonoperating revenue	96,860	9,978	106,838
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	777,368	566,444	1,343,812
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivables	226,971	11,405	238,376
Other receivables	(238,304)	-	(238,304)
Accounts payable	(68,022)	31,701	(36,321)
Other current liabilities	1,278	-	1,278
Inventories	-	9,580	9,580
Net OPEB liability	(19,907)	(25,735)	(45,642)
Pension related deferrals and liabilities	25,003	20,728	45,731
Customer deposits	93,750	-	93,750
Deferred outflow of resources	-	48,409	48,409
Deferred Inflow of resources	239,268	-	239,268
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (4,434,673)	\$ 1,997,081	\$ (2,437,592)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 6,112,599	\$ 2,406,201	\$ 8,518,800
Restricted cash and investments			
Redemption account	6,782,482	412,500	7,194,982
Reserve account	-	1,194,611	1,194,611
CASH AND CASH EQUIVALENTS	\$ 12,895,081	\$ 4,013,312	\$ 16,908,393
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	\$ 596,987	\$ 482,620	
Amortization of debt premium	\$ 21,865	\$ 84,957	
Capital assets financed by accounts payable	\$ 882,422	\$ -	

See accompanying notes to financial statements.

CITY OF MEQUON

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2018**

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 39,589,770
Receivables	
Taxes	11,030,477
Other	<u>105,704</u>
TOTAL ASSETS	<u>\$ 50,725,951</u>
LIABILITIES	
Accounts payable	\$ 148,339
Due to other governments	<u>50,577,612</u>
TOTAL LIABILITIES	<u>\$ 50,725,951</u>

See accompanying notes to financial statements.

CITY OF MEQUON

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE	Page
I Summary of Significant Accounting Policies	43
A. Reporting Entity	43
B. Government-Wide and Fund Financial Statements	43
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	45
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	47
1. Deposits and Investments	47
2. Receivables	48
3. Inventories and Prepaid Items	49
4. Restricted Assets	49
5. Capital Assets	50
6. Deferred Outflows of Resources	50
7. Compensated Absences	51
8. Long-Term Obligations/Conduit Debt	51
9. Deferred Inflows of Resources	52
10. Equity Classifications	52
11. Pension	54
12. Postemployment Benefits Other Than Pensions (OPEB)	54
13. Basis for Existing Rates	54
II Stewardship, Compliance, and Accountability	55
A. Deficit Balances	55
B. Limitations on the City's Tax Levy	55
III Detailed Notes on All Funds	56
A. Deposits and Investments	56
B. Receivables	59
C. Restricted Assets	61
D. Capital Assets	61
E. Interfund Advances	65
F. Long-Term Obligations	65
G. Lease Disclosures	71
H. Net Position/Fund Balances	71
IV Other Information	73
A. Employees' Retirement System	73
B. Risk Management	79
C. Commitments and Contingencies	79
D. Joint Ventures	80
E. Other Postemployment Benefits	80
F. Subsequent Event	88
G. Tax Abatement	88
H. Effect of New Accounting Standards on Current-Period Financial Statements	89
I. Single-Employer Defined Benefit Pension Plan	90

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Mequon (the "City"), Wisconsin, conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the city. The reporting entity for the city consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The city has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.
- Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The city reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system.
- Sewer Utility - accounts for operations of the sanitary sewer system.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Park Fund	Other Committed Funds
Revolving Loan Fund	

In addition, the city reports the following fund type:

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2018, there were \$380,448 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The city has adopted an investment policy. That policy contains the following guidelines for allowable investments.

- a. Investments in all funds shall be made in maturities of twelve months or less.
- b. Investments for reserve funds may be made for up to five years.
- c. Investment securities shall be held in third-party safekeeping by an institution designated as primary agent.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- d. Deposit type securities (i.e., certificates of deposit, etc.) shall be collateralized at 110% of the face value.
- e. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer or water utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

The city has received state grant funds for economic development loan programs to various businesses and individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on average cost, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	50 Years
Machinery and Equipment	7 Years
Utility System	7-80 Years
Infrastructure	20-50 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources. The total amount outstanding at year end to be paid in the future is \$759,916 and is included in the government-wide statement of net position.

Sick leave is earned at the rate of one working day for each month of service. Employees are compensated for sick leave days accumulated over 180 days at a defined rate per day. Certain employees are eligible to have their accumulated sick leave converted to a termination benefit and payable to employees in accordance with the terms of the applicable contract upon an employee's retirement or death.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences, pension liabilities and OPEB liabilities.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$3,130,000, made up of 2 issues.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 21,767,611	\$ 41,396,535	\$ (896,544)	\$ 62,267,602
Unrestricted	2,084,209	8,131,319	896,544	11,112,072

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Common Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Common Council that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has adopted a financial policy authorizing the Common Council to assign amounts for a specific purpose; Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a minimum fund balance policy. That policy is to maintain an unassigned General Fund fund balance between 10% - 12% of the current General Fund operating budget. Unassigned General Fund fund balance at year end was \$2,127,163, or 13.4% of the 2018 General Fund expenditure budget.

See Note III. H. for further information.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Basis for Existing Rates

Water Utility

Water Utility rates were approved by the Public Service Commission of Wisconsin effective December 31, 2014.

Sewer Utility

Current sewer rates were approved by the City's common council on November 11, 2017.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2018, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service Fund	<u>\$ 919,234</u>	TIF debt service shortfall

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Debt service fund deficits are anticipated to be funded with future contributions, general tax revenues, tax increment tax revenues or long-term borrowing.

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 54,087,072	\$ 54,144,608	Custodial credit
US Treasuries	2,575,176	2,575,176	Custodial credit, interest rate and investments highly sensitive to interest rate changes
US Agencies - implicitly guaranteed	1,113,641	1,113,641	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
Asset backed securities	2,698,343	2,698,343	Custodial credit, interest rate and investments highly sensitive to interest rate changes
Corporatate bonds	2,058,243	2,058,243	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
LGIP	2,536	2,536	Credit risk
Petty cash	2,950	-	N/A
Total Deposits and Investments	\$ 62,537,961	\$ 62,592,547	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 14,558,598		
Restricted cash and investments	8,389,593		
Per statement of assets and liabilities - agency fund			
Tax Collection Fund	39,589,770		
Total Deposits and Investments	\$ 62,537,961		

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Market value

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
US Treasuries	\$ 2,575,176	\$ -	\$ -	\$ 2,575,176
US Agencies - implicitly guaranteed	-	1,113,641	-	1,113,641
Asset backed securities	-	2,698,343	-	2,698,343
Corporate bonds	-	2,058,243	-	2,058,243
Total	\$ 2,575,176	\$ 5,870,227	\$ -	\$ 8,445,403

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

The city does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

As of December 31, 2018, the city's investments were exposed to custodial credit risk as follows:

<u>US Treasuries and US Agencies - implicitly guaranteed</u>	
Neither insured nor registered and held by counterparty	<u>\$ 3,688,817</u>
<u>Asset backed securities</u>	
Neither insured nor registered and held by counterparty	<u>\$ 2,698,343</u>
<u>Corporate bonds</u>	
Neither insured nor registered and held by counterparty	<u>\$ 2,058,243</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2018, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investors Services</u>
US Agencies - implicitly guaranteed	Aaa
Corporate bonds	A2-Aaa

The city also held investments in the following external pool which is not rated:

LGIP

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2018, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Farm Credit Banks	US Agency - implicitly guaranteed	6.42%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2018, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1 year	1 - 3 years
US Agencies - implicitly guaranteed	\$ 1,113,641	\$ 319,248	\$ 794,393
US Treasuries	2,575,176	-	2,575,179
Asset Backed Securities	2,698,343	618,438	2,097,905
Corporate bonds	2,058,243	978,151	1,080,092
Totals	\$ 8,445,403	\$ 1,915,837	\$ 6,547,569

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2018, the city held \$1,113,641, \$2,575,176, \$2,698,343, and \$2,058,243 in US Agencies, US Treasuries, Asset backed securities and Corporate bonds, respectively, which matures on 2019 through 2021. With all fixed income securities, as interest rates rise, the values will fall. The longer time to maturity, the more sensitive the value will be to a change in interest rates. The market value of this investment at December 31, 2018, was \$8,445,403.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$167,199 of special assessments in the general fund and capital projects fund, and \$216,493 of loans in the revolving loan program fund.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 15,861,291	\$ -
Special assessment interest	-	167,373
Loan receivable	-	216,493
Payment in lieu of taxes	77,912	-
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 15,939,203	 \$ 383,866

At the end of the current fiscal year, the various components of unearned revenue in the proprietary funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 7,644,478
Payment in lieu of taxes	47,930
 Total Unearned Revenue for Proprietary Funds	 \$ 7,692,408

For economic development loans, the city is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2018, the city has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2018:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 412,500	\$ 75,059	\$ 337,441
Bond reserve account	1,194,611	N/A	-
Net pension asset	1,977,529	-	1,977,529
Construction	<u>6,782,482</u>	<u>-</u>	<u>n/a</u>
 Total	 <u>\$ 10,367,122</u>	 <u>\$ 75,059</u>	 <u>\$ 2,314,970</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,849,515	\$ 21,415	\$ 50,000	\$ 9,820,930
Total Capital Assets Not Being Depreciated	<u>9,849,515</u>	<u>21,415</u>	<u>50,000</u>	<u>9,820,930</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

<i>D. CAPITAL ASSETS</i> (cont.)	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Buildings	20,413,098	137,373	798,374	19,752,097
Roads	56,972,992	1,205,228	-	58,178,220
Bridges	3,758,538	-	-	3,758,538
Parking Lots	-	22,784	-	22,784
Equipment, vehicles, and miscellaneous	<u>11,407,326</u>	<u>227,051</u>	<u>121,322</u>	<u>11,513,055</u>
Total Capital Assets Being Depreciated	<u>92,551,954</u>	<u>1,592,436</u>	<u>919,696</u>	<u>93,224,694</u>
Total Capital Assets	<u>102,401,469</u>	<u>1,613,851</u>	<u>969,696</u>	<u>103,045,624</u>
Less: Accumulated depreciation for				
Buildings	(7,120,620)	(380,466)	714,922	(6,786,164)
Roads	(39,768,890)	(1,282,766)	-	(41,051,656)
Bridges	(1,499,930)	(89,566)	-	(1,589,496)
Parking Lots	-	(684)	-	(684)
Equipment, vehicles, and miscellaneous	<u>(7,831,378)</u>	<u>(549,671)</u>	<u>121,322</u>	<u>(8,259,727)</u>
Total Accumulated Depreciation	<u>(56,220,818)</u>	<u>(2,303,153)</u>	<u>836,244</u>	<u>(57,687,727)</u>
Net Capital Assets Being Depreciated	<u>36,331,136</u>	<u>(710,717)</u>	<u>83,452</u>	<u>35,536,967</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,180,651</u>	<u>\$ (689,302)</u>	<u>\$ 133,452</u>	<u>\$ 45,357,897</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 97,383
Public safety	387,166
Public works	<u>1,818,604</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,303,153</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land	\$ 18,775	\$ -	\$ -	\$ 18,775
Construction in progress	-	11,573,879	-	11,573,879
Total Capital Assets Not Being Depreciated	18,775	11,573,879	-	11,592,654
Capital assets being depreciated				
Structure improvements	7,961,156	72,558	-	8,033,714
Sewer collection system	36,520,543	937,083	1,416	37,456,210
Machinery and equipment	3,822,267	48,719	132,774	3,738,212
Total Capital Assets Being Depreciated	48,303,966	1,058,360	134,190	49,228,136
Total Capital Assets	48,322,741	12,632,239	134,190	60,820,790
Less: Accumulated depreciation for				
Structure improvements	(1,571,846)	(160,694)	-	(1,732,540)
Sewer collection system	(15,955,812)	(509,484)	1,416	(16,463,880)
Machinery and equipment	(3,270,129)	(107,190)	132,774	(3,244,545)
Total Accumulated Depreciation	(20,797,787)	(777,368)	134,190	(21,440,965)
Net Capital Assets Being Depreciated	27,506,179	280,992	-	27,787,171
Net Sewer Capital Assets	\$ 27,524,954	\$ 11,854,871	\$ -	\$ 39,379,825

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land	\$ 350	\$ -	\$ -	\$ 350
Total Capital Assets Not Being Depreciated	350	-	-	350
Capital assets being depreciated				
Intangible plant	786	-	-	786
Source of supply	215,707	-	215,707	-
Pumping	776,381	-	132,164	644,217
Transmission and distribution	29,422,775	588,668	-	30,011,443
Administrative and general	410,343	66,510	-	476,853
Total Capital Assets Being Depreciated	30,825,992	655,178	347,871	31,133,299
Total Capital Assets	30,826,342	655,178	347,871	31,133,649
Less: Accumulated depreciation for				
Intangible plant	(786)	-	-	(786)
Source of supply	(58,688)	-	58,688	-
Pumping	(436,786)	(24,236)	132,164	(328,858)
Transmission and distribution	(4,783,213)	(526,155)	-	(5,309,368)
Administrative and general	(369,212)	(16,053)	-	(385,265)
Total Accumulated Depreciation	(5,648,685)	(566,444)	190,852	(6,024,277)
Net Capital Assets Being Depreciated	25,177,307	88,734	157,019	25,109,022
Net Water Capital Assets	\$ 25,177,657	\$ 88,734	\$ 157,019	\$ 25,109,372
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 52,702,611	\$ 11,943,605	\$ 157,019	\$ 64,489,197

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 777,368
Water	566,444
Total Business-type Activities Depreciation Expense	\$ 1,343,812

CITY OF MEQUON

**NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND ADVANCES

Advances

The Capital Projects Fund is advancing funds to the Debt Service Fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources needed to make debt payments. A repayment schedule has not been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Capital Projects Fund	Debt Service Fund	\$ 1,494,750	\$ 1,494,750
Total - Fund Financial Statements		1,494,750	
Less: Fund eliminations		<u>(1,494,750)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u>\$ -</u>	

The principal purpose of this advance is to assist with debt repayments related to the City's Tax Increment District No. 3.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 28,235,000	\$ -	\$ 3,140,000	\$ 25,095,000	\$ 3,100,000
(Discounts)/Premiums	394,571	-	35,752	358,819	-
Sub-totals	<u>28,629,571</u>	<u>-</u>	<u>3,175,752</u>	<u>25,453,819</u>	<u>3,100,000</u>
Other Liabilities					
Capital leases	339,022	-	159,704	179,318	152,443
Total OPEB liability	1,683,661	-	857,636	826,025	-
Total pension liability	433,483	-	23,775	409,708	-
Compensated absences	1,026,137	109,868	405,581	730,424	407,503
Net pension liability - WRS	510,349	-	510,349	-	-
Net OPEB liability - LRLIF	-	514,902	-	514,902	-
Total Other Liabilities	<u>3,992,652</u>	<u>624,770</u>	<u>1,957,045</u>	<u>2,660,377</u>	<u>559,946</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,622,223</u>	<u>\$ 624,770</u>	<u>\$ 5,132,797</u>	<u>\$ 28,114,196</u>	<u>\$ 3,659,946</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,310,000	\$ 19,400,000	\$ 1,855,000	\$ 18,855,000	\$ 1,625,000
Revenue bonds	11,840,000	-	800,000	11,040,000	825,000
(Discounts)/Premiums	1,049,991	746,857	106,822	1,690,026	-
Sub-totals	14,199,991	20,146,857	2,761,822	31,585,026	2,450,000
Other Liabilities					
Compensated absences	32,241	14,407	17,156	29,492	29,492
Total OPEB liability	180,858	-	98,690	82,168	-
Total pension liability	46,565	-	2,736	43,829	-
Net pension liability - WRS	21,288	-	21,288	-	-
Net OPEB liability - LRLIF	-	19,265	-	19,265	-
Total Other Liabilities	280,952	33,672	139,870	174,754	29,492
Total Business-type Activities Long-Term Liabilities	\$ 14,480,943	\$ 20,180,529	\$ 2,901,692	\$ 31,759,780	\$ 2,479,492

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2018, was \$239,892,850. Total general obligation debt outstanding at year end was \$43,950,000.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
Tax Incremental Build America Bonds	8/5/09	8/1/28	4.0-6.0%	\$ 6,950,000	\$ 6,000,000
G.O. Promissory Notes 2009	4/30/09	4/1/19	2.0-3.5%	5,105,000	600,000
G.O. Refunding Bonds 2011A	2/3/11	4/1/23	0.8-3.25%	3,160,000	1,400,000
G.O. Promissory Notes 2011B	4/5/11	4/1/21	3.0%	4,230,000	1,630,000
G.O. Promissory Notes 2013A	5/2/13	4/1/23	1.5-2.0%	3,710,000	2,000,000
G.O. Refunding Bonds	5/2/13	4/1/21	0.4-1.75%	1,280,000	500,000
G.O. Corporate Purpose Bonds	6/3/15	5/1/27	2.0-3.0%	5,740,000	5,165,000
G.O. Promissory Notes 2016	3/24/16	3/1/31	2.0-2.25%	8,905,000	<u>7,800,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 25,095,000</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
G.O. Corporate Purpose Bonds	6/3/15	5/1/25	2.0-3.0%	\$ 1,310,000	\$ 1,150,000
G.O. Corporate Purpose Bonds	4/26/18	10/1/2031	3.0-4.0%	19,400,000	<u>17,705,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 18,855,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 3,100,000	\$ 739,050	\$ 1,625,000	\$ 625,213
2020	2,650,000	657,603	1,325,000	561,738
2021	2,790,000	582,540	1,355,000	522,813
2022	2,470,000	509,403	1,405,000	471,088
2023	2,535,000	434,628	1,455,000	416,538
2024-2028	9,565,000	1,143,225	7,470,000	1,353,569
2029-2031	1,985,000	65,916	4,220,000	237,150
Totals	<u>\$ 25,095,000</u>	<u>\$ 4,132,365</u>	<u>\$ 18,855,000</u>	<u>\$ 4,188,109</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water utility.

The City has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2009 and 2017. Proceeds from the bonds provided financing for the purchase of the Water Utility from WE Energies. The bonds are payable solely from water revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 68.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$13,647,225. Principal and interest paid for the current year and total customer net revenues were \$1,266,350 and \$1,947,867, respectively.

Revenue debt payable at December 31, 2018, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
<u>Water Utility</u>					
2009 Revenue Bonds	4/29/09	5/1/29	1.4-5.0%	\$ 17,125,000	\$ 2,575,000
2017 Revenue Refunding Bonds	7/10/17	5/1/29	4.0	8,465,000	<u>8,465,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 11,040,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 825,000	\$ 433,850
2020	850,000	398,225
2021	900,000	358,850
2022	935,000	319,900
2023	970,000	281,800
2024-2028	5,365,000	790,700
2029-2031	<u>1,195,000</u>	<u>23,900</u>
Totals	<u>\$ 11,040,000</u>	<u>\$ 2,607,225</u>

Capital Leases

Refer to Note III. G.

Other Debt Information

Estimated payments of compensated absences, OPEB and pension liabilities are not included in the debt service requirement schedules. The compensated absences, OPEB, and pensions liabilities attributable to governmental activities will be liquidated primarily by the general fund.

Prior-Year Defeasance of Debt

In prior years, the city defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the city's financial statements. At December 31, 2018, \$8,925,000 of bonds outstanding are considered defeased. The bonds are callable on 5/1/2019.

Bond Covenant Disclosures

Insurance

The utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

The utility is covered under the following insurance policies at December 31, 2018:

Type	Coverage	Expiration
Personal and Advertising Injury	\$ 3,000,000 M3 Insurance	12/31/19
Premises Medical Payments	10,000 M3 Insurance	12/31/19
Errors and Omissions	3,000,000 M3 Insurance	12/31/19
Employee Benefits Liability	3,000,000 M3 Insurance	12/31/19
Auto Coverage	3,000,000 M3 Insurance	12/31/19
Automobile Medical Payments Coverage	10,000 M3 Insurance	12/31/19
Public Employee Dishonesty	250,000 M3 Insurance	12/31/19
Workers' Compensation	500,000 M3 Insurance	12/31/19
Umbrella Liability Coverage	8,000,000 M3 Insurance	12/31/19

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	4,111	4,065	227,830	230,775
Commercial	274	266	97,430	102,397
Irrigation	89	87	12,584	16,047
Public authority	8	10	2,400	2,214
Wholesale	31	30	23,647	25,778
Totals	<u>4,513</u>	<u>4,458</u>	<u>363,891</u>	<u>377,211</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2014 through 2016, the acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$967,557, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2018, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 152,443	\$ 4,547	\$ 156,990
2020	<u>26,875</u>	<u>565</u>	<u>27,440</u>
 Totals	 <u>\$ 179,318</u>	 <u>\$ 5,112</u>	 <u>\$ 184,430</u>

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 9,820,930
Other capital assets, net of accumulated depreciation	35,536,967
Less: Long-term debt outstanding	(25,633,137)
Plus: Unspent capital related debt proceeds	14,207
Plus: Noncapital debt proceeds	<u>2,028,644</u>
 Total Net Investment in Capital Assets	 <u>\$ 21,767,611</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Fund Balances					
Nonspendable:					
Delinquent personal property taxes	\$ 35,988	\$ -	\$ -	\$ -	\$ 35,988
Equity in joint venture - library	154,000	-	-	-	154,000
Prepaid	<u>1,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,372</u>
Sub-total	<u>191,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,360</u>
Restricted for:					
Capital projects	-	-	14,207	-	14,207
TID development purposes	-	-	212,426	-	212,426
Economic development loan program	-	-	-	489,821	489,821
Parks	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,637</u>	<u>222,637</u>
Sub-total	<u>-</u>	<u>-</u>	<u>226,633</u>	<u>712,458</u>	<u>939,091</u>
Committed to:					
Police reserve	-	-	-	12,710	12,710
Special events	-	-	-	5,837	5,837
Other activities	-	-	-	131,425	131,425
Police seized asset forfeitures	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,115</u>	<u>95,115</u>
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,087</u>	<u>245,087</u>
Assigned to:					
Capital projects	-	-	2,655,681	-	2,655,681
Unassigned (deficit):	<u>2,127,163</u>	<u>(919,234)</u>	<u>-</u>	<u>-</u>	<u>1,207,929</u>
Total Fund Balances (Deficit)	<u>\$ 2,318,523</u>	<u>\$ (919,234)</u>	<u>\$ 2,882,314</u>	<u>\$ 957,545</u>	<u>\$ 5,239,148</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 19,125
Construction in progress	11,573,879
Other capital assets, net of accumulated depreciation	52,896,193
Less: Long-term debt outstanding	(31,585,026)
Plus: Unspent capital related debt proceeds	6,782,482
Plus: Noncapital debt proceeds	1,194,611
Plus: Unamortized loss on advance refunding	<u>515,271</u>
Total Net Investment in Capital Assets	<u>\$ 41,396,535</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$686,253 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Pension Liability (asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the city reported a liability (asset) of (\$1,977,529) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability (asset) was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.06660325%, which was an increase of 0.00210282% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$924,321.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,512,500	\$ 1,175,264
Changes in assumptions	390,721	-
Net differences between projected and actual earnings on pension plan investments	-	2,717,930
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,791	49,332
Employer contributions subsequent to the measurement date	<u>743,538</u>	<u>-</u>
Totals	<u>\$ 3,656,550</u>	<u>\$ 3,942,526</u>

\$743,538 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2019	\$ 205,631
2020	(30,036)
2021	(690,656)
2022	(519,151)
2023	4,698

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	<u>\$5,116,544</u>	<u>\$(1,977,529)</u>	<u>\$(7,369,244)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2018, the city reported a payable to the pension plan of \$149,804 which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Mequon-Thiensville Joint Library

The City of Mequon and the Village of Thiensville jointly operate the Frank L. Weyenberg Library of Mequon-Thiensville, which is called the Weyenberg Library (Library) and provides library services.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the Library. The city is obligated by the joint venture agreement to remit an amount annually to the Library. The city made a payment to the Library of \$1,049,000 in 2018.

Financial information of the Library as of December 31, 2018 is available directly from the Library's office.

The city accounts for its share of the operation in the general fund. The city has an equity interest in the organization equal to its percentage share of participation. The equity interest relative to financial assets is reported in the general fund.

The equity interest is also reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities.

Mid-Moraine Municipal Court

The sixteen communities of Ozaukee and Washington Counties jointly operate the local municipal court, which is called the Mid-Moraine Municipal Court and provides non-criminal citation processing.

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2018 is available directly from the municipal court in West Bend, Wisconsin.

The City of Mequon does not have an equity interest in the Mid-Moraine Municipal Court.

E. OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The city's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the city. RBP is a single-employer defined benefit OPEB plan administered by the city. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Benefits provided. For non-represented employees (including command staff), the RBP provides monthly contributions towards the premium in the amount of the group health insurance coverage for the plan in effect on January 1, 2013. For each ten days of accumulated unused sick leave (up to 180 days), the RBP will provide one month of medical coverage. For police employees, the RBP provides monthly contributions towards the premium in the amount of the group health insurance coverage for the plan currently in effect. For each ten days of accumulated unused sick leave (up to 180 days), the RBP will provide one month of family medical coverage subject to the employer maximum payment condition. The contribution is based upon the same employer contribution for active employees (currently 88%).

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	7
Active plan members	112
	119

TOTAL OPEB LIABILITY

The city's total OPEB liability of \$908,193 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

The discount rate was based on Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2012 Mortality Table

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period 2012-14.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2017	\$ 1,864,519
Changes for the year:	
Service cost	90,779
Interest	70,572
Changes of benefit terms	(344,930)
Differences between expected and actual experience	(623,831)
Changes in assumptions or other inputs	(92,918)
Benefit payments	(55,998)
Net changes	(956,326)
Balances at December 31, 2018	\$ 908,193

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.8 percent) or 1-percentage-point higher (4.8 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Net OPEB liability	\$ 960,032	\$ 908,193	\$ 859,014

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the city, as well as what the city's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability	\$ 850,273	\$ 908,193	\$ 975,969

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018, the city recognized OPEB expense of \$(956,326). At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 561,448
Changes of assumptions or other inputs	83,626
Total	\$ 645,074

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Inflows of Resources
2018	\$ (71,675)
2019	(71,675)
2020	(71,675)
2021	(71,675)
2022	(71,675)
Thereafter	(286,699)

Local Retiree Life Insurance Fund (LRLIF)

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are as listed below:

Life Insurance Employee Contribution Rates For the Plan Year

Attained Age	Basic
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

During the reporting period, the LRLIF recognized \$3,371 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2018, the city reported a liability of \$534,167 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net OPEB liability was based on the city's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.17754800%, which was an decrease of (0.00321200)% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized OPEB expense of \$55,151.

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,526
Net differences between projected and actual earnings on OPEB plan investments	6,151	-
Changes in assumptions	51,618	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,763
Employer contributions subsequent to the measurement date	3,384	-
Total	\$ 61,153	\$ 14,289

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$ 3,384 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a \$ 3,384 of the net OPEB liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2018	\$ 7,254
2019	7,254
2020	7,254
2021	7,254
2022	5,716
Thereafter	8,748

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.0

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the city's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the city's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the city's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
City's proportionate share of the net OPEB liability	\$754,981	\$534,167	\$364,716

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://efw.wi.gov/publications/cafr.htm>.

F. SUBSEQUENT EVENT

On Wednesday, March 06, 2019 the City issued general obligation promissory notes in the amount of \$5,085,000 with an interest rate of 3%. This amount will be used for public works projects.

G. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City is disclosing all abatement agreements individually.

The City through its Tax Incremental Financing District (TID) No. 3 has entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on a fixed annual payment of \$25,270 for 13 years and the developer commitment includes that the project will result in a minimum value of \$3,000,000. Incentive payments for the year ended December 31, 2018 were \$25,270. The remaining obligation under this agreement as of December 31, 2018 is \$248,496

The City through its Tax Incremental Financing District (TID) No. 5 has entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on annual payments and the developer commitment includes that the project will result in a minimum value of \$1,555,100. Incentive payments for the year ended December 31, 2018 were \$28,236. The remaining obligation under this agreement as of December 31, 2018 is \$309,332.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

G. TAX ABATEMENT (cont.)

The City through its Tax Incremental Financing District (TID) No. 5 has entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on annual payments and the developer commitment includes that the project will result in a minimum value of \$1,500,000. Incentive payments for the year ended December 31, 2018 were \$29,968. The remaining obligation under this agreement as of December 31, 2018 is \$70,627.

The City through its Tax Incremental Financing Districts (TID) No. 3 has entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plans. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on annual payments and the developer commitment includes that the project will result in a minimum value of \$8,000,000. Incentive payments for the year ended December 31, 2018 were \$-. The remaining obligation under this agreement as of December 31, 2017 is \$647,427.

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

I. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Plan description. The City reports a single employer defined benefit pension plan ("the Stipend plan"). The plan is administered by the City and provides eligible employees with two full working days (three for the Fire Chief and police employees if retiring due to illness or injury) of pay for each year of continuous service, up to 30 years with the City. The rate of pay shall be determined by the employee's regular rate as of January 1, 2012 except for police as to which the rate of pay shall be determined by the employee's regular rate as of the date of their retirement. Benefit provisions are established through contractual agreements with employee groups, local ordinances, or employee benefit groups and may be amended through the City board.

At December 31, 2018, plan's membership consisted of:

Retirees and beneficiaries		2	
Inactive, non-retired members		49	
Active members		<u>26</u>	
Total		<u><u>77</u></u>	

The City paid \$-0- for pension benefits as they came due during the reporting period. The City is funding these benefits on a pay-as-you-go basis.

Changes in total pension liability

		<u>Total Pension Liability</u>	
Beginning of Year Balance	\$	<u>480,048</u>	
Service cost		23,234	
Interest on total pension liability		17,888	
Differences between expected and actual experience		(42,816)	
Changes of assumptions or other input		4,504	
Benefit payments		<u>(29,321)</u>	
Net change		<u>(26,511)</u>	
End of Year Balance	\$	<u><u>453,537</u></u>	

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

I. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

Assumptions. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date:	December 31, 2017
Actuarial Valuation Date:	January 1, 2017
Inflation:	2.50%
Salary Changes:	3.00% plus merit increases ranging from 0.4% to 4.8% depending on years of service
Discount Rate:	3.50%
Source of Discount Rate:	Bond Buyer Go 20-Year AA Bond Index
Dates of Experience Studies:	Wisconsin Retirement System Experience from 2012-2014

The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the current discount rate of 3.50% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total Pension Liability	\$ <u>471,849</u>	\$ <u>453,537</u>	\$ <u>435,561</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the City recognized negative pension expense of \$(37,290).

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

I. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 38,534
Net differences between projected and actual earnings on OPEB plan investments	-	-
Changes in assumptions	4,054	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 4,054	\$ 38,534

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2018	\$ (3,832)
2019	(3,832)
2020	(3,832)
2021	(3,832)
2022	(3,832)
Thereafter	(15,320)

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEQUON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	<u>Original</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 9,969,115	\$ 9,969,115	\$ 9,969,088	\$ (27)
State shared revenues	532,195	532,195	517,401	(14,794)
Intergovernmental	1,508,182	1,508,182	1,514,140	5,958
Licenses	56,450	56,450	50,590	(5,860)
Permits	843,500	843,500	925,112	81,612
General government fees	77,500	77,500	94,620	17,120
Public safety fees	870,300	870,300	899,428	29,128
Public works fees	97,500	97,500	143,859	46,359
Parks and pool fees	113,200	113,200	118,171	4,971
Development fees	61,500	61,500	76,043	14,543
Special assessments	4,000	4,000	4,845	845
Internal service fees	320,000	320,000	288,992	(31,008)
Other general revenue	761,500	761,500	727,378	(34,122)
Investment revenue	60,000	60,000	112,626	52,626
Total Revenues	<u>15,274,942</u>	<u>15,274,942</u>	<u>15,442,293</u>	<u>167,351</u>
EXPENDITURES				
Current:				
Salaries and fringe benefits	11,981,083	12,029,083	11,594,515	434,568
Materials and supplies	933,807	933,807	906,204	27,603
Purchased services	2,440,662	2,366,662	2,571,430	(204,768)
Plant and equipment	570,890	596,890	677,564	(80,674)
Total Expenditures	<u>15,926,442</u>	<u>15,926,442</u>	<u>15,749,713</u>	<u>176,729</u>
Net Change in Fund Balance	<u>\$ (651,500)</u>	<u>\$ (651,500)</u>	(307,420)	<u>\$ 344,080</u>
FUND BALANCE - Beginning of Year			<u>2,625,943</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,318,523</u>	

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF MEQUON

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018**

<u>WRS Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/14	0.06193554%	\$ (1,521,306)	\$ 7,251,806	20.98%	102.74%
12/31/15	0.06304942%	1,024,541	7,970,262	12.85%	98.20%
12/31/16	0.06450043%	531,637	7,966,468	6.67%	99.12%
12/31/17	0.06660325%	(1,977,529)	7,986,271	24.76%	102.93%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018**

<u>City Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 649,417	\$ 649,417	\$ -	\$ 7,970,262	8.15%
12/31/16	641,381	641,381	-	7,966,468	8.05%
12/31/17	716,787	716,787	-	7,966,469	9.00%
12/31/18	743,538	743,538	-	8,109,538	9.17%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF MEQUON

**SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
For the Year Ended December 31, 2018**

	<u>2017</u>	<u>2018</u>
Total Pension Liability		
Service Cost	\$ 23,234	\$ 23,234
Interest	17,854	17,888
Changes in benefit terms	-	-
Difference between expected and actual experience	-	(42,816)
Changes in assumptions	-	4,504
Benefit payments	<u>(51,040)</u>	<u>(29,321)</u>
Net change in total pension liability	(9,952)	(26,511)
Total Pension Liability - beginning	<u>490,000</u>	<u>480,048</u>
Total Pension Liability - ending	<u>\$ 480,048</u>	<u>\$ 453,537</u>

**SCHEDULE OF THE TOTAL PENSION LIABILITY AND COVERED-EMPLOYEE PAYROLL
SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
For the Year Ended December 31, 2018**

	<u>2017</u>	<u>2018</u>
Total Pension Liability	\$ 480,048	\$ 453,537
Covered-employee payroll	\$ 5,829,406	\$ 5,474,769
Total pension liability as a percentage of covered-employee payroll	8.23%	8.28%

Notes to schedule:

The city is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Accumulation of assets. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Benefit changes. None.

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

CITY OF MEQUON

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS OPEB PLAN

For the Year Ended December 31, 2018

	2017	2018
Total OPEB Liability		
Service Cost	\$ 90,779	\$ 90,779
Interest	66,810	70,572
Changes in benefit terms	-	(344,930)
Difference between expected and actual experience	-	(623,831)
Changes in assumptions	-	(92,918)
Benefit payments	(58,561)	(55,998)
Net change in total OPEB liability	99,028	(956,326)
Total OPEB Liability - beginning	1,765,491	1,864,519
Total OPEB Liability - ending	\$ 1,864,519	\$ 908,193
Covered-employee payroll	\$ 6,750,611	\$ 7,402,010
Total OPEB liability as a percentage of covered-employee payroll	27.62%	12.27%

Notes to schedule:

The city is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Benefit changes . None.

Changes of assumptions . Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

A schedule of employer contributions has not been presented because an actuarially determined contribution for the city has not been determined.

CITY OF MEQUON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
LOCAL RETIREE LIFE INSURANCE FUND
For the Year Ended December 31, 2018

WRS Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.17754800%	\$ 534,167	\$ 7,466,401	7.15%	44.81%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND
For the Year Ended December, 2018

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 3,384	\$ 3,384	-	\$ 8,109,538	0.04%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF MEQUON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2018

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. Management may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Budget to actual comparisons at the department level are presented on page 99 as supplementary information.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the object level of expenditure. The legal or statutory level of budgetary control is established at the level in which the budget is published for the budget hearing.

WISCONSIN RETIREMENT SYSTEM PENSION

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in Wisconsin Retirement System.

Change of assumptions. There were no changes in the assumptions.

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many year as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes in assumptions. There were no changes in assumptions.

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SUPPLEMENTARY INFORMATION

CITY OF MEQUON

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CURRENT				
General Government				
Common Council	\$ 81,838	\$ 81,838	\$ 98,538	\$ (16,700)
Personnel	150,320	151,944	182,404	(30,460)
City Administrator	327,642	255,800	277,520	(21,720)
City Clerk	270,636	273,489	298,056	(24,567)
Elections	67,568	67,568	68,014	(446)
Information services	289,290	289,290	309,959	(20,669)
Finance	500,101	504,372	531,785	(27,413)
Assessor	221,450	222,119	219,299	2,820
Legal counsel	99,480	99,480	100,897	(1,417)
Building maintenance	607,023	614,849	595,044	19,805
Total General Government	<u>2,615,348</u>	<u>2,560,749</u>	<u>2,681,516</u>	<u>(120,767)</u>
Public Safety				
Police	5,441,670	5,448,994	5,203,965	245,029
Fire protection	1,466,740	1,469,451	1,402,245	67,206
Communications	660,025	668,059	651,359	16,700
Police Reserve	7,402	7,402	4,918	2,484
Inspections	463,391	468,327	487,611	(19,284)
Total Public Safety	<u>8,039,228</u>	<u>8,062,233</u>	<u>7,750,098</u>	<u>312,135</u>
Public Works				
Fleet services	506,707	510,012	537,096	(27,084)
Engineering	611,517	613,344	593,029	20,315
Highway	1,951,953	1,968,100	1,909,873	58,227
Recycling	22,256	22,256	26,295	(4,039)
Total Public Works	<u>3,092,433</u>	<u>3,113,712</u>	<u>3,066,293</u>	<u>47,419</u>
Public Health				
Cemetery	1,500	1,500	1,160	340
Total Public Health	<u>1,500</u>	<u>1,500</u>	<u>1,160</u>	<u>340</u>
Community Enrichment Services				
Library	1,049,000	1,049,000	1,094,000	(45,000)
Swimming pool	117,843	117,843	118,137	(294)
Parks	586,305	591,835	607,485	(15,650)
Total Community Enrichment Services	<u>1,753,148</u>	<u>1,758,678</u>	<u>1,819,622</u>	<u>(60,944)</u>
Conservation and Development				
Planning	423,285	428,070	431,024	(2,954)
Total Conservation and Development	<u>423,285</u>	<u>428,070</u>	<u>431,024</u>	<u>(2,954)</u>
TOTAL EXPENDITURES	<u><u>\$ 15,924,942</u></u>	<u><u>\$ 15,924,942</u></u>	<u><u>\$ 15,749,713</u></u>	<u><u>\$ 175,229</u></u>

CITY OF MEQUON

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018**

	Special Revenue Funds			Total
	Park Fund	Revolving Loan Fund	Other Committed Funds	Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 232,933	\$ 489,821	\$ 245,087	\$ 967,841
Receivables				
Loans	-	216,493	-	216,493
TOTAL ASSETS	\$ 232,933	\$ 706,314	\$ 245,087	\$ 1,184,334
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5,946	\$ -	\$ -	\$ 5,946
Deposits	4,350	-	-	4,350
Total Liabilities	10,296	-	-	10,296
Deferred Inflows of Resources				
Unavailable revenues	-	216,493	-	216,493
Fund Balances				
Restricted	222,637	489,821	-	712,458
Committed	-	-	245,087	245,087
Total Fund Balances	222,637	489,821	245,087	957,545
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 232,933	\$ 706,314	\$ 245,087	\$ 1,184,334

CITY OF MEQUON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	<u>Park Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Committed Funds</u>	
REVENUES				
Public charges for services	\$ 216,322	\$ -	\$ 37,998	\$ 254,320
Investment income	1,218	67,914	1,664	70,796
Miscellaneous revenues	-	-	13,382	13,382
Total Revenues	<u>217,540</u>	<u>67,914</u>	<u>53,044</u>	<u>338,498</u>
EXPENDITURES				
Current				
Public safety	-	-	13,098	13,098
Community enrichment services	48,973	-	4,021	52,994
Conservation and development	-	960	-	960
Capital Outlay	10,300	-	-	10,300
Total Expenditures	<u>59,273</u>	<u>960</u>	<u>17,119</u>	<u>77,352</u>
Excess of revenues over expenditures	<u>158,267</u>	<u>66,954</u>	<u>35,925</u>	<u>261,146</u>
FUND BALANCES - Beginning of Year	<u>64,370</u>	<u>422,867</u>	<u>209,162</u>	<u>696,399</u>
FUND BALANCES - END OF YEAR	<u>\$ 222,637</u>	<u>\$ 489,821</u>	<u>\$ 245,087</u>	<u>\$ 957,545</u>

CITY OF MEQUON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended December 31, 2018

	Original & Final	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,715,741	\$ 3,702,183	\$ (13,558)
Intergovernmental	117,500	113,679	(3,821)
Miscellaneous	238,000	-	(238,000)
Investment income	8,000	13,897	5,897
Total Revenues	<u>4,079,241</u>	<u>3,829,759</u>	<u>(249,482)</u>
EXPENDITURES			
Debt Service			
Principal	3,140,000	3,140,000	-
Interest and fiscal charges	<u>836,991</u>	<u>836,390</u>	<u>601</u>
Total Expenditures	<u>3,976,991</u>	<u>3,976,390</u>	<u>601</u>
Net Change in Fund Balance	<u>\$ 102,250</u>	(146,631)	<u>\$ (248,881)</u>
FUND BALANCE (DEFICIT) - Beginning of Year		<u>(772,603)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR		<u>\$ (919,234)</u>	

CITY OF MEQUON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTION AGENCY FUND
As of December 31, 2018

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
ASSETS				
Cash and investments	\$ 44,315,345	\$ 39,672,549	\$ 44,398,124	\$ 39,589,770
Taxes receivable	6,283,408	11,030,477	6,283,408	11,030,477
Other receivables	82,779	105,704	82,779	105,704
TOTAL ASSETS	\$ 50,681,532	\$ 50,808,730	\$ 50,764,311	\$ 50,725,951
LIABILITIES				
Accounts payable	\$ 137,711	\$ 148,329	\$ 137,711	\$ 148,329
Due to other governments				
State of Wisconsin	-	-	-	-
Ozaukee County	8,166,759	8,337,014	8,166,759	8,337,014
Mequon-Thiensville School District	36,481,483	36,270,601	36,481,483	36,270,601
Cedarburg School District	183,623	189,052	183,623	189,052
Milwaukee Area Technical College District	5,711,956	5,780,945	5,711,956	5,780,945
TOTAL LIABILITIES	\$ 50,681,532	\$ 50,725,941	\$ 50,681,532	\$ 50,725,941



STATISTICAL SECTION

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CITY OF MEQUON

Statistical Section

This part of the City of Mequon's Comprehensive Annual Financial Report (CAFR) presents additional information intended to provide a better understanding of what the information in the financial statements note disclosures, and the required supplementary information, indicates about the overall financial well being of the City.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue new debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is obtained from the annual financial reports for the given year.

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**CITY OF MEQUON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

Table 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017**	2018
Governmental Activities										
Net investment in capital assets	\$ 24,486,433	\$ 24,847,985	\$ 25,157,617	\$ 21,415,193	\$ 20,244,055	\$ 20,105,141	\$ 16,159,417	\$ 17,083,161	\$ 19,537,989	\$ 21,767,611
Restricted	1,354,442	1,019,828	6,674,351	5,516,016	1,799,470	1,067,412	2,277,291	995,817	767,466	2,585,210
Unrestricted (deficit)	2,990,407	1,348,175	(4,729,276)	(93,988)	4,386,175	2,176,255	5,878,837	6,560,049	3,706,834	2,084,209
Total governmental activities net position	\$ 28,831,282	\$ 27,215,988	\$ 27,102,692	\$ 26,837,221	\$ 26,429,700	\$ 23,348,808	\$ 24,315,545	\$ 24,639,027	\$ 24,012,289	\$ 26,437,030
Business-type Activities										
Net investment in capital assets	\$ 26,275,107	\$ 26,156,658	\$ 26,242,471	\$ 27,667,737	\$ 30,059,026	\$ 30,361,789	\$ 37,426,354	\$ 38,624,081	\$ 40,433,327	\$ 41,396,535
Restricted	205,353	232,166	246,988	273,879	301,144	329,024	410,727	375,150	319,156	436,074
Unrestricted (deficit)	(10,046,126)	(7,689,539)	(5,940,164)	(5,018,302)	(3,599,573)	(1,300,683)	1,159,223	4,120,966	5,601,571	8,131,319
Total business-type activities net position	\$ 16,434,334	\$ 18,699,285	\$ 20,549,295	\$ 22,923,314	\$ 26,760,597	\$ 29,390,130	\$ 38,996,304	\$ 43,120,197	\$ 46,354,054	\$ 49,963,928
Primary Government										
Net investment in capital assets	* \$ 49,791,864	\$ 49,966,147	\$ 50,361,592	\$ 48,044,434	\$ 50,303,081	\$ 49,428,434	\$ 52,547,275	\$ 55,707,242	\$ 59,029,945	\$ 62,267,602
Restricted	1,559,795	1,251,994	6,921,339	5,789,895	2,100,614	1,396,436	2,688,018	1,370,967	1,086,622	3,021,284
Unrestricted (deficit)	* (6,086,043)	(5,302,868)	(9,630,944)	(4,073,794)	786,602	1,914,068	8,076,556	10,681,015	10,249,776	11,112,072
Total primary government net position	\$ 45,265,616	\$ 45,915,273	\$ 47,651,987	\$ 49,760,535	\$ 53,190,297	\$ 52,738,938	\$ 63,311,849	\$ 67,759,224	\$ 70,366,343	\$ 76,400,958

* Includes an adjustment for utility assets financed with governmental activities debt

** The City implemented GASB Statement No. 73 and No. 75 effective January 1, 2017

Info from Statement of Net Position

**CITY OF MEQUON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Expenses	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
General Government	\$ 2,901,113	\$ 3,015,265	\$ 2,826,782	\$ 2,578,452	\$ 2,561,910	\$ 2,866,025	\$ 2,827,161	\$ 2,926,703	\$ 2,780,944	\$ 2,698,959
Public Safety	7,106,793	7,181,642	7,243,829	6,951,642	7,155,872	7,180,846	7,658,522	8,568,616	8,489,852	8,238,012
Public Works	6,324,874	7,198,886	7,779,419	6,445,104	6,807,814	7,097,071	6,510,601	5,590,695	4,808,412	5,276,583
Public Health	29,726	2,375	846	1,930	4,211	3,606	2,692	1,667	6,926	1,160
Community Enrichment	2,101,069	1,837,201	1,944,084	1,886,522	1,991,055	2,051,348	1,832,803	1,760,253	1,846,292	2,193,244
Conservation & Development	885,745	607,140	555,349	556,569	431,959	2,194,912	1,963,424	635,097	650,285	855,566
Interest & Fiscal Charges	802,613	925,877	984,173	859,007	766,527	785,985	916,642	1,174,400	751,539	783,933
Total government activities expense	20,151,933	20,768,386	21,334,482	19,279,226	19,719,348	22,179,793	21,711,845	20,657,431	19,334,250	20,047,357
Business-type Activities:										
Water Utility	1,394,217	2,085,110	2,215,531	2,258,364	2,251,136	2,252,945	2,448,115	2,563,582	2,492,821	2,617,761
Sewer Utility	8,175,180	7,881,371	8,216,356	8,394,444	8,215,337	8,339,805	9,052,567	8,990,263	9,172,956	9,810,571
Total business-type activities expense	9,569,397	9,966,481	10,431,887	10,652,808	10,466,473	10,592,750	11,500,682	11,553,845	11,665,777	12,428,332
Total Primary Government Expense	\$ 29,721,330	\$ 30,734,867	\$ 31,766,369	\$ 29,932,034	\$ 30,185,821	\$ 32,772,543	\$ 33,212,527	\$ 32,211,276	\$ 31,000,027	\$ 32,475,689
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 2,494,153	\$ 2,525,797	\$ 2,750,636	\$ 3,035,119	\$ 3,024,230	\$ 3,114,438	\$ 3,172,991	\$ 3,497,183	\$ 3,274,750	\$ 3,610,457
Operating Grants and Contributions	1,560,663	2,102,773	1,709,970	1,446,983	1,559,021	1,699,459	1,984,048	1,931,549	1,626,650	1,916,352
Capital Grants and Contributions	1,265,378	181,607	2,508,141	511,194	330,906	37,592	122,435	653,730	152,056	684,896
Total governmental activities program revenues	5,320,194	4,810,177	6,968,747	4,993,296	4,914,157	4,851,489	5,279,474	6,082,462	5,053,456	6,211,705
Business-type activities:										
Charges for Services	4,111,511	5,005,461	5,139,176	5,836,210	5,896,086	6,325,368	6,141,213	6,409,901	6,474,127	6,963,042
Operating Grants and Contributions	-	-	-	-	-	-	-	-	301,029	94,183
Capital Grants and Contributions	137,058	151,213	150,897	208,726	2,228,424	250,456	7,733,127	2,034,162	753,121	1,155,325
Total business-type activities program revenues	4,248,569	5,156,674	5,290,073	6,044,936	8,124,510	6,575,824	13,874,340	8,444,063	7,528,277	8,212,550
Total Primary Government Program Revenues	\$ 9,568,763	\$ 9,966,851	\$ 12,258,820	\$ 11,038,232	\$ 13,038,667	\$ 11,427,313	\$ 19,153,814	\$ 14,526,525	\$ 12,581,733	\$ 14,424,255
Net (Expense)/Revenue										
Governmental Activities	(14,831,739)	(15,958,209)	(14,365,735)	(14,285,930)	(14,805,191)	(17,328,304)	(16,432,371)	(14,574,969)	(14,280,794)	(13,835,652)
Business-type Activities	(5,320,828)	(4,809,807)	(5,141,814)	(4,607,872)	(2,341,963)	(4,016,926)	2,373,658	(3,109,782)	(4,137,500)	(4,215,782)
Total Primary Government Net Expense	\$ (20,152,567)	\$ (20,768,016)	\$ (19,507,549)	\$ (18,893,802)	\$ (17,147,154)	\$ (21,345,230)	\$ (14,058,713)	\$ (17,684,751)	\$ (18,418,294)	\$ (18,051,434)

**CITY OF MEQUON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

General Revenues and Other changes in Net Position	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Property Taxes	\$ 13,012,008	\$ 13,607,270	\$ 13,568,659	\$ 13,260,969	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286	\$ 14,160,513	\$ 14,854,309	\$ 15,314,922
Intergov't Revenues Not Restricted to Specific Programs	516,656	530,106	463,388	551,045	585,891	520,889	483,431	606,519	461,761	612,054
Public Gifts and Grants	-	-	-	-	-	-	-	-	-	9,496
Investment Income	193,804	175,951	170,010	109,478	56,705	111,539	71,707	93,214	91,353	170,494
Miscellaneous	46,759	98,208	47,781	53,488	25,682	15,651	79,054	38,205	91,752	153,427
Gain on Sale of Capital Assets	-	-	2,601	45,479	239,804	-	65,000	-	-	-
Transfers	(969,676)	(68,620)	-	-	-	-	-	-	-	-
Total Governmental Activities	12,799,551	14,342,915	14,252,439	14,020,459	14,397,670	14,247,412	14,411,478	14,898,451	15,499,175	16,260,393
Business-type Activities:										
Property Taxes	7,170,029	6,934,932	6,936,508	6,960,399	6,645,737	6,573,910	7,066,677	7,190,003	7,268,822	7,452,593
Investment Income	57,291	67,852	51,642	20,214	5,369	8,063	14,976	42,067	59,664	362,909
Miscellaneous	-	3,354	2,371	1,278	27,407	64,486	18,243	1,605	251,882	10,154
Transfers	969,676	68,620	-	-	-	-	-	-	-	-
Total Business-type Activities	8,196,996	7,074,758	6,990,521	6,981,891	6,678,513	6,646,459	7,099,896	7,233,675	7,580,368	7,825,656
Total Primary Government	\$ 20,996,547	\$ 21,417,673	\$ 21,242,960	\$ 21,002,350	\$ 21,076,183	\$ 20,893,871	\$ 21,511,374	\$ 22,132,126	\$ 23,079,543	\$ 24,086,049
Change in Net Position										
Governmental Activities	(2,032,188)	(1,615,294)	(113,296)	(265,471)	(407,521)	(3,080,892)	(2,020,893)	323,482	1,218,381	2,424,741
Business-type Activities	2,876,168	2,264,951	1,848,707	2,374,019	4,336,550	2,629,533	9,473,554	4,123,893	3,442,868	3,609,874
Total Primary Government	\$ 843,980	\$ 649,657	\$ 1,735,411	\$ 2,108,548	\$ 3,929,029	\$ (451,359)	\$ 7,452,661	\$ 4,447,375	\$ 4,661,249	\$ 6,034,615

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CITY OF MEQUON
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 40,054	\$ 41,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,295,092	1,687,022	-	-	-	-	-	-	-	-
Non-spendable	-	-	-	4,014	179,218	595,505	559,000	190,177	222,046	191,360
Restricted	-	-	48,786	14,621	10,410	6,804	9,043	7,377	451	-
Assigned	-	-	-	186,000	286,000	301,000	301,500	701,500	651,500	-
Unassigned	-	-	2,244,258	3,092,712	3,571,508	2,534,313	2,499,862	2,248,092	1,751,946	2,127,163
Total General Fund	<u>1,335,146</u>	<u>1,729,000</u>	<u>2,293,044</u>	<u>3,297,347</u>	<u>4,047,136</u>	<u>3,437,622</u>	<u>3,369,405</u>	<u>3,147,146</u>	<u>2,625,943</u>	<u>2,318,523</u>
All Other Governmental Funds										
Reserved	2,382,338	1,490,466	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special Revenue Funds	515,594	459,834	-	-	-	-	-	-	-	-
Capital Projects Funds	10,058,625	6,187,099	-	-	-	-	-	-	-	-
Non-spendable	-	-	-	-	-	753,750	-	-	-	-
Restricted	-	-	7,968,864	5,287,651	7,282,804	3,099,716	3,830,472	4,102,539	943,502	939,091
Committed	-	-	158,474	161,555	162,079	164,009	2,406,525	189,672	209,162	245,087
Assigned	-	-	-	2,398,957	2,397,020	1,493,283	182,466	2,565,453	2,174,664	2,655,681
Unassigned	-	-	1,794,965	(398,750)	(567,319)	(545,298)	(511,223)	(527,237)	(772,603)	(919,234)
Total All Other Governmental Funds	<u>12,956,557</u>	<u>8,137,399</u>	<u>9,922,303</u>	<u>7,449,413</u>	<u>9,274,584</u>	<u>4,965,460</u>	<u>5,908,240</u>	<u>6,330,427</u>	<u>2,554,725</u>	<u>2,920,625</u>
Total Fund Balances	<u>\$ 14,291,703</u>	<u>\$ 9,866,399</u>	<u>\$ 12,215,347</u>	<u>\$ 10,746,760</u>	<u>\$ 13,321,720</u>	<u>\$ 8,403,082</u>	<u>\$ 9,277,645</u>	<u>\$ 9,477,573</u>	<u>\$ 5,180,668</u>	<u>\$ 5,239,148</u>

The City implemented GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions in 2011. This statement establishes new fund balance classifications, which are based primarily on the extent to which the City is bound to observe constraints on the use of the resources reported in governmental funds. As a result of implementing this standard, the fund balance categories used beginning in 2011 are not directly comparable to the fund balance categories used prior to 2011.

CITY OF MEQUON
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 13,012,008	\$ 13,607,270	\$ 13,568,659	\$ 13,260,969	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286	\$ 14,160,513	\$ 14,854,309	\$ 15,314,922
Intergovernmental Revenues	2,888,511	2,545,498	1,997,915	2,533,394	1,947,547	2,118,275	2,174,623	2,436,368	2,137,470	2,503,748
Licenses & Permits	1,101,106	1,165,138	1,170,613	1,257,439	1,273,998	1,378,270	1,322,093	1,455,967	1,497,568	1,573,748
Fines, Forfeitures and Penalties	-	-	159,798	183,561	184,068	190,347	167,015	240,345	221,269	231,307
Public Charges for Services	1,518,183	1,240,937	1,288,601	1,315,941	1,489,731	1,602,653	1,682,838	1,825,212	1,556,486	1,765,925
Intergovernmental Charges for Services	109,067	182,286	106,774	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	1,895	66,674	33,156	30,793	-
Investment Income	194,187	176,734	174,997	108,638	60,715	119,292	102,244	119,876	100,920	233,780
Other Revenues	166,023	111,137	123,755	119,871	386,589	69,804	127,201	87,132	188,390	194,536
Total Revenues	18,989,085	19,029,000	18,591,112	18,779,813	18,832,236	19,079,869	19,354,974	20,358,569	20,587,205	21,817,966
Expenditures										
Current										
General Government	2,796,046	2,716,066	2,536,080	2,469,334	2,386,454	2,679,908	2,636,148	2,740,072	2,693,991	2,681,516
Public Safety	6,588,793	6,520,263	6,586,480	6,550,281	6,651,414	6,767,586	7,108,172	7,550,543	7,617,243	7,763,196
Public Works	3,470,061	3,586,628	3,487,367	3,162,346	3,142,843	3,290,198	3,261,237	3,282,736	3,265,774	3,066,293
Public Health	29,726	2,375	846	1,930	4,211	3,606	2,692	1,667	6,926	1,160
Community Enrichment	1,981,720	1,700,327	1,681,913	1,661,202	1,807,428	1,846,667	1,778,292	1,755,805	1,796,970	1,894,031
Conservation and Development	817,181	567,802	555,349	556,569	393,109	411,582	412,059	471,934	473,213	431,984
Library	-	-	-	-	-	-	-	-	-	-
Capital Outlay	6,861,097	5,784,174	4,587,815	2,194,148	3,195,577	6,427,077	6,879,764	10,109,039	5,026,578	2,023,327
Debt Service										
Principal	1,120,219	1,743,077	1,224,118	1,534,554	3,141,988	2,061,994	2,220,000	2,540,000	3,050,000	3,140,000
Interest and Fiscal Charges	550,271	890,011	797,705	807,696	934,751	833,039	835,175	996,576	1,013,703	842,886
Payment to WRS for Unfunded Liability	-	-	-	1,355,819	-	-	-	-	-	-
Total Expenditures	24,215,114	23,510,723	21,457,673	20,293,879	21,657,775	24,321,657	25,133,539	29,448,372	24,944,398	21,844,393
Excess of Revenues										
Over/(Under) Expenditures	(5,226,029)	(4,481,723)	(2,866,561)	(1,514,066)	(2,825,539)	(5,241,788)	(5,778,565)	(9,089,803)	(4,357,193)	(26,427)

CITY OF MEQUON
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources/(Uses)										
Transfers In	1,676,627	136,063	667,449	147,463	29,497	639,000	404	-	-	-
Transfers Out	(1,676,627)	(136,063)	(667,449)	(147,463)	(29,497)	(639,000)	(404)	-	-	-
Debt										
General obligation debt issued	12,055,000	-	8,745,000	-	3,710,000	-	5,740,000	8,905,000	-	-
Refunding debt issued	-	-	-	-	1,280,000	-	-	-	-	-
Refunded general obligation debt	-	-	(3,956,423)	-	-	-	-	-	-	-
Discount on debt issued	-	-	(73,556)	-	-	-	-	-	-	-
Premium on debt issued	91,542	-	192,393	-	151,717	-	237,972	197,652	-	-
Proceeds of capital leases	-	-	235,193	-	-	-	-	-	-	-
Proceeds of capital leases	-	-	-	-	-	219,929	604,191	130,454	-	-
Sale of capital assets	48,690	56,419	72,902	45,479	258,782	51,928	70,965	56,625	60,288	84,907
Total Other Financing Sources/(Uses)	<u>12,195,232</u>	<u>56,419</u>	<u>5,215,509</u>	<u>45,479</u>	<u>5,400,499</u>	<u>271,857</u>	<u>6,653,128</u>	<u>9,289,731</u>	<u>60,288</u>	<u>84,907</u>
Net Change in Fund Balances	<u>\$ 6,969,203</u>	<u>\$ (4,425,304)</u>	<u>\$ 2,348,948</u>	<u>\$ (1,468,587)</u>	<u>\$ 2,574,960</u>	<u>\$ (4,969,931)</u>	<u>\$ 874,563</u>	<u>\$ 199,928</u>	<u>\$ (4,296,905)</u>	<u>\$ 58,480</u>
Debt Service as a % of non-capital expenditures*	9.63%	14.85%	11.98%	20.43%	22.08%	16.18%	16.74%	18.29%	20.40%	20.09%
*Calculated by dividing total debt service expenditures by total noncapital expenditures										

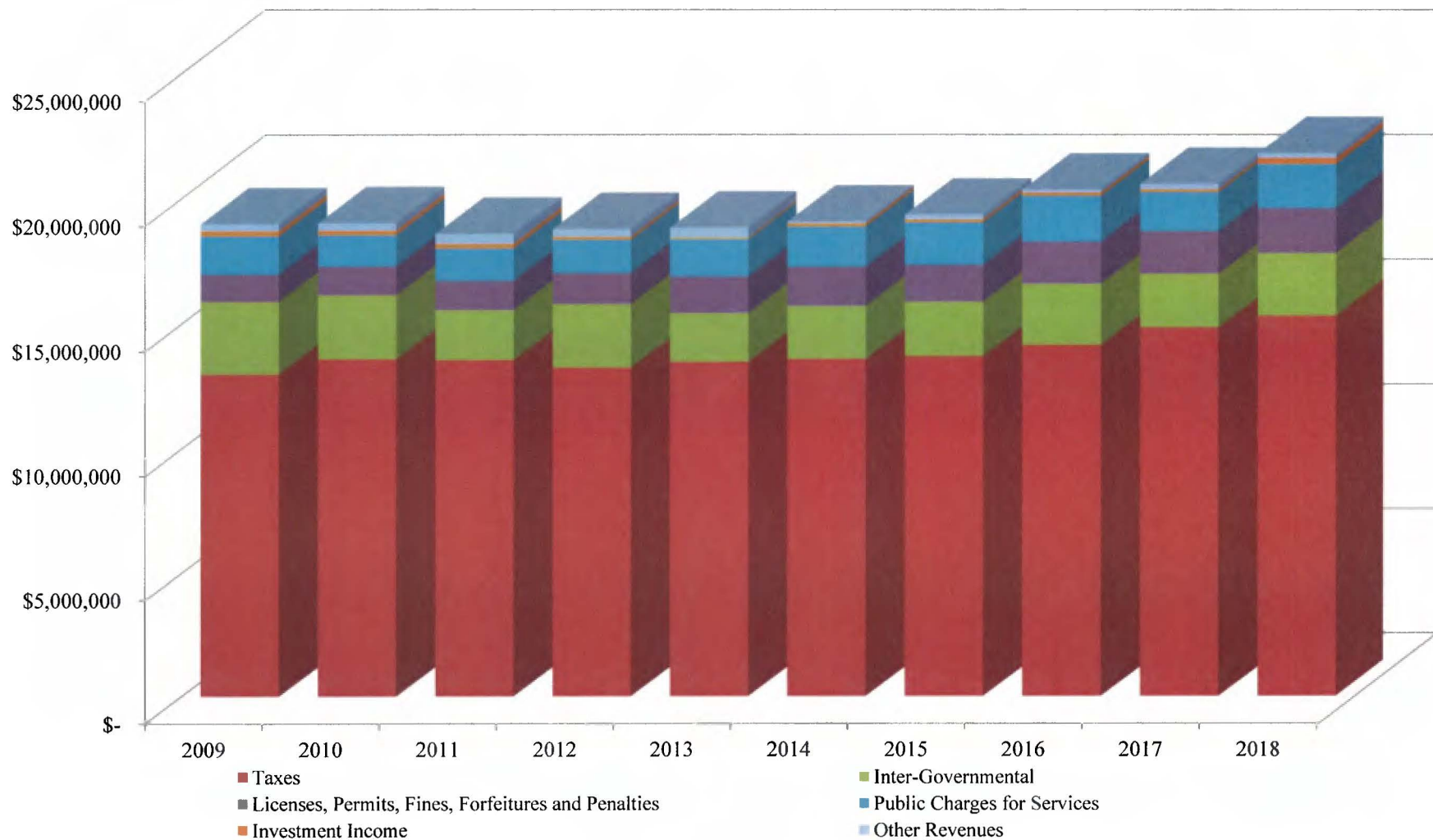
**CITY OF MEQUON, WISCONSIN
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year	Taxes		Inter-Governmental		Licenses, Permits, Fines, Forfeitures and Penalties		Public Charges for Services		Investment Income		Other Revenues		Total Revenues
2009	\$ 13,012,008	68.5%	\$ 2,888,511	15.2%	\$ 1,101,106	5.8%	\$ 1,518,183	8.0%	\$ 194,187	1.0%	\$ 275,090	1.4%	\$ 18,989,085
2010	13,607,270	71.5%	2,545,498	13.4%	1,165,138	6.1%	1,240,937	6.5%	176,734	0.9%	293,423	1.5%	19,029,000
2011	13,568,659	73.0%	1,997,915	10.7%	1,170,613	6.3%	1,288,601	6.9%	174,997	0.9%	390,327	2.1%	18,591,112
2012	13,260,969	70.6%	2,533,394	13.5%	1,257,439	6.7%	1,315,941	7.0%	108,638	0.6%	303,432	1.6%	18,779,813
2013	13,489,588	71.6%	1,947,547	10.3%	1,458,066	7.7%	1,489,731	7.9%	60,715	30.0%	386,589	2.1%	18,832,236
2014	13,599,333	71.3%	2,118,275	11.1%	1,568,617	8.2%	1,602,653	8.4%	119,292	0.6%	71,699	0.4%	19,079,869
2015	13,712,286	70.8%	2,174,623	11.2%	1,489,108	7.7%	1,682,838	8.7%	102,244	0.5%	193,875	1.0%	19,354,974
2016	14,160,513	69.6%	2,436,368	12.0%	1,696,312	8.3%	1,825,212	9.0%	119,876	0.6%	120,288	0.6%	20,358,569
2017	14,854,309	72.2%	2,137,470	10.4%	1,718,837	8.3%	1,556,486	7.6%	100,920	0.5%	219,183	1.1%	20,587,205
2018	15,314,922	70.2%	2,536,368	11.6%	1,805,055	8.3%	1,733,305	7.9%	233,780	1.1%	194,536	0.9%	21,817,966

Includes General, Special Revenue, Debt Service, and Capital Project Funds. Since 2010, certain revenues have been reclassified.

City of Mequon General Governmental Revenues By Source



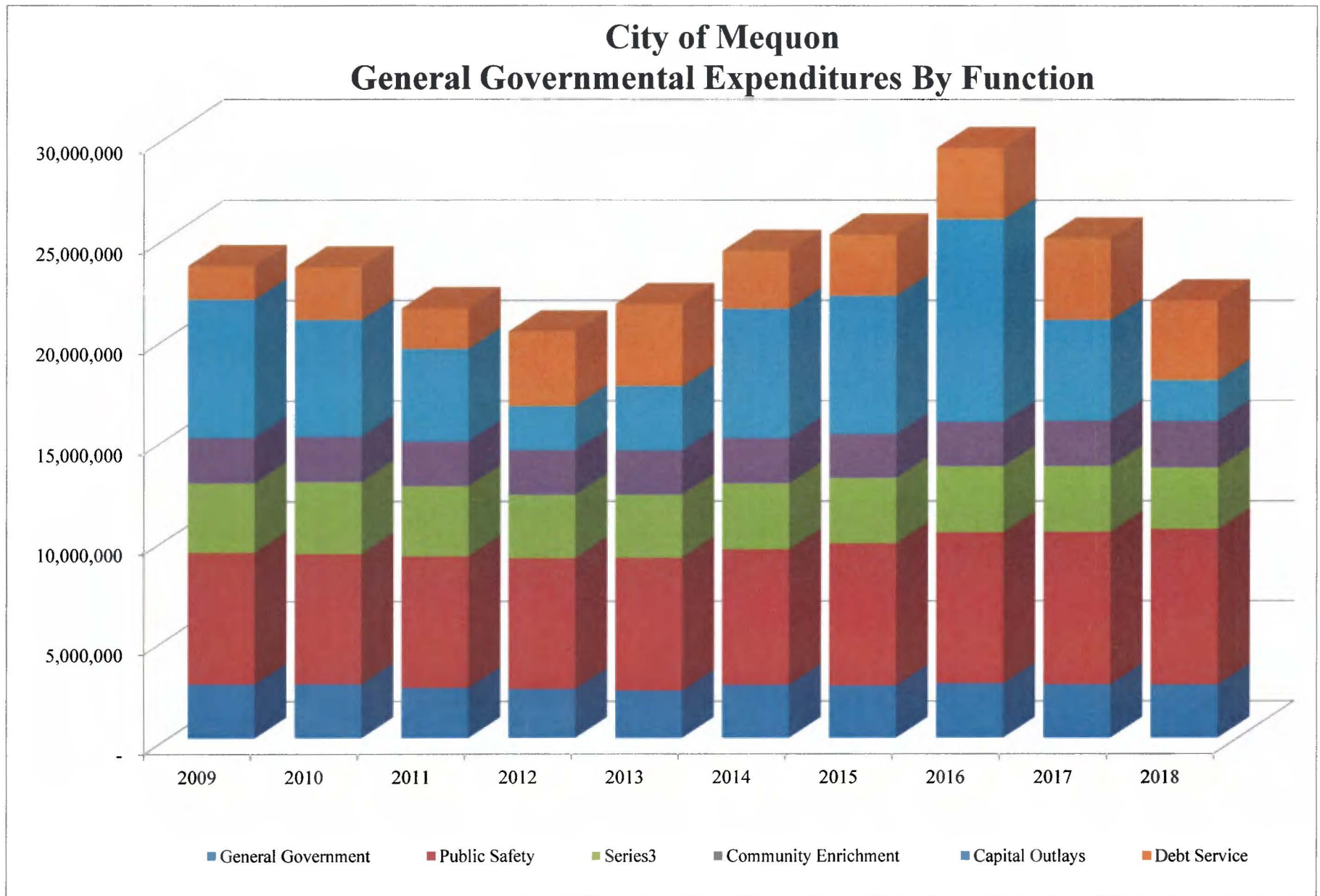
CITY OF MEQUON, WISCONSIN
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

Table 6

Fiscal Year	General Government		Public Safety		Public Works		Community Enrichment		Capital Outlays		Debt Service		Total Expenditures
2009	\$ 2,718,441	\$ 0	6,588,793	27.9%	\$ 3,470,061	14.7%	\$ 2,268,129	9.6%	\$ 6,861,097	29.1%	\$ 1,670,490	7.1%	\$ 23,577,011
2010	2,718,441	11.6%	6,520,263	27.7%	3,586,628	15.3%	2,268,129	9.6%	5,784,174	24.6%	2,633,088	11.2%	23,510,723
2011	2,536,926	11.8%	6,586,480	30.7%	3,487,367	16.3%	2,237,262	10.4%	4,587,815	21.4%	2,021,823	9.4%	21,457,673
2012	2,471,264	12.2%	6,550,281	32.3%	3,162,346	15.6%	2,217,771	10.9%	2,194,148	10.8%	3,698,069	18.2%	20,293,879
2013	2,386,454	11.0%	6,651,414	30.7%	3,142,843	14.5%	2,204,748	10.2%	3,195,577	14.8%	4,076,739	18.8%	21,567,775
2014	2,679,908	11.0%	6,767,586	27.8%	3,290,198	13.5%	2,261,855	9.3%	6,427,077	26.4%	2,895,033	11.9%	24,321,657
2015	2,636,148	10.5%	7,108,172	28.3%	3,261,237	13.0%	2,193,043	8.7%	6,879,764	27.4%	3,055,175	12.2%	25,133,539
2016	2,740,072	9.3%	7,550,543	25.6%	3,282,736	11.1%	2,229,406	7.6%	10,109,039	34.3%	3,536,576	12.0%	29,448,372
2017	2,693,991	10.8%	7,617,243	30.5%	3,265,774	13.1%	2,277,109	9.1%	5,026,578	20.2%	4,063,703	16.3%	24,944,398
2018	2,681,516	12.3%	7,763,196	35.5%	3,066,293	14.0%	2,327,175	10.7%	2,023,327	9.3%	3,982,886	18.2%	21,844,393

Includes General, Special Revenue, Debt Service, and Capital Project Funds.

Public Health and Conservation and Development expenditures are reported under General Government in this schedule.



**CITY OF MEQUON
 ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Table 7

Levy Year	Fiscal Year	Real Property		Personal Property		Total		Net Tax Rate M-T SD	Net Tax Rate Cedarburg SD	Ratio of Assessed to Equalized Value
		Assessed Value	Equalized Value	Assessed Value	Equalized Value	Assessed Value	Equalized Value			
2009	2010	\$ 4,257,032,100	\$ 4,316,553,200	\$ 59,588,580	\$ 51,002,200	\$ 4,316,620,680	\$ 4,367,555,400	\$ 18.47	\$ 17.18	98.83%
2010	2011	4,253,484,800	4,156,726,000	57,834,840	66,441,500	4,311,319,640	4,223,167,500	15.98	15.29	102.07%
2011	2012	4,238,554,800	4,043,965,700	59,695,260	51,865,000	4,298,250,060	4,095,830,700	15.43	14.32	104.83%
2012	2013	4,240,369,050	3,908,363,100	51,407,900	63,804,400	4,291,776,950	3,972,167,500	15.47	14.36	108.81%
2013	2014	4,262,904,650	3,887,126,100	70,198,200	62,342,400	4,333,102,850	3,949,468,500	15.50	14.84	109.83%
2014	2015	4,307,459,260	4,060,808,700	74,219,200	65,952,800	4,381,678,460	4,126,761,500	14.82	13.97	106.26%
2015	2016	4,367,465,300	4,284,684,700	66,892,120	77,044,000	4,434,357,420	4,361,728,700	14.84	14.65	101.67%
2016	2017	4,421,334,200	4,410,741,800	75,091,540	68,167,900	4,496,425,740	4,478,909,700	14.98	14.35	100.39%
2017	2018	4,470,466,700	4,528,827,400	76,198,600	81,665,900	4,546,665,300	4,610,493,300	13.96	12.92	98.62%
2018	2019	4,634,113,860	4,748,202,700	63,001,160	49,654,300	4,697,115,020	4,797,857,000	14.30	13.27	96.59%

Source: "Statistical Report of Property Valuations" Published by Bureau of Property Tax, Wisconsin Department of Revenue

CITY OF MEQUON, WISCONSIN
COMPARATIVE TAX RATES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTIES WITHIN THE MEQUON-THIENSVILLE SCHOOL DISTRICT
LAST TEN FISCAL YEARS

PER \$1,000 OF ASSESSED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Sewer Utility	M-T Schools	MATC	Total	State School Credit	Net Tax Rate	Assessed Valuation
2009	2010	\$ 0.2064	\$ 1.9829	\$ 3.4139	\$ 2.2344	\$ 10.3060	\$ 2.2317	\$ 20.3752	\$ 1.9008	\$ 18.4744	\$ 3,701,157,810
2010	2011	0.1717	1.6995	3.0569	1.8618	8.8362	1.9332	17.5593	1.5787	15.9806	4,292,782,940
2011	2012	0.1617	1.6864	3.0360	1.8769	8.2742	1.8543	16.8895	1.4630	15.4265	4,279,672,560
2012	2013	0.1565	1.7036	3.0414	1.7854	8.2186	1.9532	16.8587	1.3893	15.4694	4,289,391,450
2013	2014	0.1553	1.7699	3.0863	1.4951	8.1902	1.9412	16.6380	1.3200	15.3180	4,314,641,750
2014	2015	0.1598	1.7673	3.0612	1.8924	8.0397	1.1964	16.1168	1.2904	14.8264	4,381,678,460
2015	2016	0.1669	1.8058	3.0741	1.9126	8.0808	1.2367	16.2771	1.4389	14.8381	4,434,357,420
2016	2017	0.1690	1.7968	3.1498	1.8921	8.1219	1.2549	16.3844	1.4032	14.9812	4,496,425,740
2017	2018	-	1.8230	3.1612	1.9331	8.1800	1.2751	16.3724	1.5226	14.8498	4,526,766,000
2018	2019	-	1.8296	3.2068	1.9728	7.9971	1.2687	16.2751	1.4960	14.7791	4,612,885,960

PER \$1,000 OF EQUALIZED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Sewer Utility	M-T Schools	MATC	Total	State School Credit	Net Tax Rate	Equalized Valuation
2009	2010	\$ 0.2039	\$ 1.9597	\$ 3.3740	\$ 2.2082	\$ 10.1854	\$ 2.2056	\$ 20.1368	\$ 1.8786	\$ 18.2583	\$ 3,744,974,006
2010	2011	0.1753	1.7347	3.1202	1.9003	9.0191	1.9732	17.9228	1.6114	16.3114	4,205,724,444
2011	2012	0.1695	1.7679	3.1826	1.9676	8.6738	1.9438	17.7052	1.5337	16.1716	4,082,488,372
2012	2013	0.1703	1.8537	3.3093	1.9427	8.9427	2.1252	18.3440	1.5117	16.8323	3,942,093,052
2013	2014	0.1706	1.9439	3.3897	1.6421	8.9953	2.1320	18.2735	1.4498	16.8238	3,928,472,867
2014	2015	0.1698	1.8779	3.2528	2.0108	8.5430	1.2713	17.1257	1.3711	15.7546	4,123,544,570
2015	2016	0.1697	1.8359	3.1253	1.9445	8.2154	1.2573	16.5481	1.4629	15.0852	4,361,728,700
2016	2017	0.17	1.8038	3.1621	1.8995	8.1537	1.2598	16.4485	1.4087	15.0398	4,478,909,700
2017	2018	-	1.8068	3.1331	1.9159	8.1072	1.2637	16.2267	1.5091	14.7176	4,610,493,300
2018	2019	-	1.77	3.1032	1.9090	7.7388	1.2277	15.7494	1.4476	14.3017	4,797,857,000

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CITY OF MEQUON, WISCONSIN
COMPARATIVE TAX RATES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTIES WITHIN THE CEDARBURG SCHOOL DISTRICT
LAST TEN FISCAL YEARS

Table 9

PER \$1,000 OF ASSESSED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Assessed Valuation
2009	2010	\$ 0.2064	\$ 1.9829	\$ 3.4139	\$ 11.2476	\$ 2.2317	\$ 19.0825	\$ 1.9008	\$ 17.1817	\$ 15,749,050
2010	2011	0.1717	1.6995	3.0569	10.0098	1.9332	16.8711	1.5787	15.2924	18,328,600
2011	2012	0.1617	1.6864	3.0360	9.0496	1.8543	15.7880	1.4630	14.3250	18,577,500
2012	2013	0.1565	1.7036	3.0414	8.8914	1.9532	15.7461	1.3893	14.3568	18,432,700
2013	2014	0.1553	1.7699	3.0863	9.2681	1.9412	16.2208	1.3200	14.9008	18,461,100
2014	2015	0.1598	1.7673	3.0612	9.0800	1.1964	15.2647	1.2904	13.9744	19,253,600
2015	2016	0.1669	1.8058	3.0740	9.8011	1.2367	16.0846	1.4389	14.6456	19,247,300
2016	2017	0.1690	1.7968	3.1498	9.3852	1.2549	15.7556	1.4032	14.3524	19,753,500
2017	2018	-	1.8230	3.1612	9.2276	1.2751	15.4868	1.5226	13.9642	19,899,300
2018	2019	-	1.8296	3.2068	8.9058	1.2687	15.2110	1.4960	13.7150	21,227,900

PER \$1,000 OF EQUALIZED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Equalized Valuation
2009	2010	\$ 0.2039	\$ 1.9597	\$ 3.3740	\$ 11.1160	\$ 2.2056	\$ 18.8592	\$ 1.8786	\$ 16.9807	\$ 15,935,495
2010	2011	0.1753	1.7347	3.1202	10.2170	1.9732	17.2203	1.6114	15.6090	17,956,892
2011	2012	0.1695	1.7679	3.1826	9.4867	1.9438	16.5505	1.5337	15.0169	17,721,549
2012	2013	0.1703	1.8537	3.3093	9.6748	2.1252	17.1333	1.5117	15.6216	16,940,263
2013	2014	0.1706	1.9439	3.3897	10.1792	2.1320	17.8153	1.4498	16.3655	16,808,795
2014	2015	0.1698	1.8779	3.2528	9.6484	1.2713	16.2203	1.3711	14.8492	18,119,330
2015	2016	0.1697	1.8359	3.1252	9.9643	1.2573	16.3524	1.4629	14.8895	18,932,056
2016	2017	0.1697	1.8038	3.1621	9.4219	1.2598	15.8173	1.4087	14.4086	19,676,549
2017	2018	-	1.8068	3.1331	9.1455	1.2637	15.3491	1.5091	13.8400	20,077,942
2018	2019	-	1.7705	3.1032	8.6182	1.2277	14.7196	1.4476	13.2720	20,978,646

CITY OF MEQUON, WISCONSIN
TEN LARGEST TAXPAYERS - 2018

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Mequon WI Senior Property LLC	Commercial	\$ 37,920,200	560,478	0.74%
Centro Bradley SPE 1LP	Commercial	32,653,000	482,528	0.64%
MMAC 150 Aurora LLC	Healthcare	24,813,900	366,673	0.49%
Mequon Trail Townhomes	Residential	23,638,800	349,090	0.46%
11430 N Port Washington Road LLC	Commercial	21,193,484	295,049	0.39%
FFII WI Mequon LLC	Industrial	19,981,600	295,256	0.39%
RL Mequon LLC	Industrial	18,943,200	279,909	0.37%
Mequon Reserve Dakota	Commercial	16,077,100	237,551	0.32%
Wmi Milwaukee LLC	Commercial	15,711,000	232,140	0.31%
St Mary's Hospital of Milwaukee	Healthcare	12,982,300	191,813	0.25%
		<u>\$ 223,914,584</u>	<u>\$ 3,290,486</u>	<u>4.37%</u>

Source: City of Mequon Assessment and Tax Rolls

TEN LARGEST TAXPAYERS - 2009

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Centro Bradley SPE 1 LLP	Retail	\$ 42,851,228	\$ 648,124	0.87%
Mequon Trail Townhomes LP	Apartments	28,587,273	\$ 432,382	0.58%
CJF4 LLC	Manufacturing	23,050,934	\$ 348,645	0.47%
Mequon Joint Venture	Office Building	22,300,110	\$ 337,289	0.45%
St Marys Hospital	Healthcare	20,718,823	\$ 313,372	0.42%
PJL Group	Retail	19,993,160	\$ 302,396	0.41%
Lifestyle Development	Apartments	17,178,209	\$ 259,820	0.35%
Centerpoint Property Trust	Manufacturing	15,317,088	\$ 231,671	0.31%
Glen Oaks Office Park	Office Building	15,082,081	\$ 228,116	0.31%
Schmidt Mequon LLC	Retail	12,204,593	\$ 184,594	0.25%
		<u>\$ 217,283,499</u>	<u>\$ 3,286,409</u>	4.43%

Source: City of Mequon Assessment and Tax Rolls

**CITY OF MEQUON, WISCONSIN
TEN LARGEST EMPLOYERS - 2018**

Name of Employer	Product/Service	Approximate Number of Employees
Rockwell Automation	General Purpose machinery manufacturer	1,000
Concordia University Wisconsin	Post-secondary education	1,000
Columbia St. Mary's	Health care	750
Mequon-Thiensville School District	Elementary and secondary education	425
Telesmith Inc	Manufacturer of large rock crushing Equipmant	275
Kleen Test Products	Contract manufacturer and packager	250
HB Performance Systems	Manufacturer of braking systems	250
Aurora Advanced Health Care	Health care	222
City of Mequon	Municipal government and services	170
Metro-Mart	Grocery store	160

Source: Infogroup, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development

TEN LARGEST EMPLOYERS - 2009

Name of Employer	Product/Service	Approximate Number of Employees
Mequon-Thiensville School District	Elementary and secondary education	439
HB Performance Systems	Industrial Brakes and cylinders	320
City of Mequon	Municipal government and services	230
Milwaukee Area Technical College	Higher Education	185
North Shore Country Club	Private Country Club	180
Highland at Newcastle Place	Elderly Healthcare	171
SPI Lighting	Commercial indirect lighting equipment	140
Piggly Wiggly	Grocery Store	128
Johnson Level and Tools	Manufacturer of measuring tools	100
Granit Microsystems	Computer design and integration	92

**CITY OF MEQUON
PROPERTY TAX LEVIES & COLLECTIONS
LAST TEN FISCAL YEARS**

Levy Year	Collection Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2009	\$ 12,595,713	\$ 12,395,036	98.41%	\$ 198,782	\$ 12,593,818	99.98%
2009	2010	13,151,619	13,090,531	99.54%	59,336	13,149,867	99.99%
2010	2011	13,145,491	13,120,344	99.81%	12,704	13,133,048	99.91%
2011	2012	13,049,595	13,024,446	99.81%	423	13,024,869	99.81%
2012	2013	13,101,821	13,048,291	99.59%	5,836	13,054,127	99.64%
2013	2014	13,202,145	13,178,023	99.82%	19,533	13,197,556	99.97%
2014	2015	13,357,908	13,334,800	99.83%	18,077	13,352,877	99.96%
2015	2016	13,522,527	13,508,263	99.89%	2,124	13,510,387	99.91%
2016	2017	13,988,232	13,945,014	99.69%	10,801	13,955,815	99.77%
2017	2018	14,161,287	14,115,909	99.68%	-	14,115,909	99.68%

Table 12

**CITY OF MEQUON
HISTORY OF ASSESSED VALUES
LAST TEN FISCAL YEARS**

REAL ESTATE	2009 R.E. ASSESSED VALUE	2010 R.E. ASSESSED VALUE	2011 R.E. ASSESSED VALUE	2012 R.E. ASSESSED VALUE	2013 R.E. ASSESSED VALUE	2014 R.E. ASSESSED VALUE	2015 R.E. ASSESSED VALUE	2016 R.E. ASSESSED VALUE	2017 R.E. ASSESSED VALUE	2018 R.E. ASSESSED VALUE
RESIDENTIAL										
LAND	\$ 1,301,196,900	\$ 1,278,046,500	\$ 1,271,080,100	\$ 1,258,885,650	\$ 1,260,254,050	\$ 1,259,185,650	\$ 1,259,227,200	\$ 1,260,035,900	\$ 1,267,062,600	\$ 1,275,073,200
IMP.	2,305,497,300	2,318,384,600	2,331,235,100	2,340,713,100	2,362,968,200	2,383,313,510	2,423,856,700	2,446,799,800	2,469,753,400	2,509,516,500
TOTAL	3,606,694,200	3,596,431,100	3,602,315,200	3,599,598,750	3,623,222,250	3,642,499,160	3,683,083,900	3,706,835,700	3,736,816,000	3,784,589,700
COMMERCIAL										
LAND	166,065,700	165,722,700	160,267,600	160,556,700	159,697,800	161,202,800	162,990,200	166,242,500	168,413,300	172,498,700
IMP.	373,292,400	378,365,500	361,506,800	364,192,800	363,306,600	389,061,100	407,396,900	434,053,500	452,495,800	494,374,300
TOTAL	539,358,100	544,088,200	521,774,400	524,749,500	523,004,400	550,263,900	570,387,100	600,296,000	620,909,100	666,873,000
MANUFACTURING										
LAND	16,832,100	17,505,700	18,024,600	18,704,400	18,901,800	18,329,900	17,409,600	18,251,500	17,876,400	17,171,800
IMP.	59,424,100	60,658,100	62,066,200	63,624,800	64,278,400	62,592,100	64,447,800	64,568,200	63,240,400	71,409,700
TOTAL	76,256,200	78,163,800	80,090,800	82,329,200	83,180,200	80,922,000	81,857,400	82,819,700	81,116,800	88,581,500
AGRICULTURAL										
LAND/TOTAL	1,405,900	1,386,600	1,398,100	2,196,100	2,186,700	2,198,400	1,396,000	1,383,600	1,519,300	1,548,500
UNDEVELOPED										
LAND/TOTAL	11,608,300	11,554,200	11,214,600	9,860,700	9,793,800	9,717,500	8,952,100	8,965,300	8,980,300	8,930,200
AG FOREST										
LAND/TOTAL	1,711,600	1,789,700	1,789,700	1,699,200	1,698,100	1,771,000	1,771,000	1,672,200	1,672,200	1,672,200
FOREST										
LAND/TOTAL	444,300	424,300	424,300	426,000	426,000	426,000	426,000	426,000	426,000	426,000
OTHER										
LAND	7,943,400	7,943,400	7,866,200	7,873,800	7,873,800	7,912,800	7,912,400	7,591,900	7,591,900	7,345,800
IMP.	11,610,100	11,703,500	11,681,500	11,635,800	11,519,400	11,748,500	11,679,400	11,343,800	11,435,100	11,145,800
TOTAL	19,553,500	19,646,900	19,547,700	19,509,600	19,393,200	19,661,300	19,591,800	18,935,700	19,027,000	18,491,600
TOTAL REAL ESTATE										
LAND	1,507,208,200	1,484,373,100	1,472,065,200	1,460,202,550	1,460,832,050	1,460,744,050	1,460,084,500	1,464,568,900	1,473,542,000	1,484,666,400
IMP.	2,749,823,900	2,769,111,700	2,766,489,600	2,780,166,500	2,802,072,600	2,846,715,210	2,907,380,800	2,956,765,300	2,996,924,700	3,086,446,300
TOTAL	4,257,032,100	4,253,484,800	4,238,554,800	4,240,369,050	4,262,904,650	4,307,459,260	4,367,465,300	4,421,334,200	4,470,466,700	4,571,112,700
TOTAL PERSONAL										
	59,588,580	57,834,840	59,695,260	51,407,900	70,198,200	74,219,200	66,892,120	75,091,540	76,198,600	63,001,160
TOTAL ASSESSED	\$ 4,316,620,680	\$ 4,311,319,640	\$ 4,298,250,060	\$ 4,291,776,950	\$ 4,333,102,850	\$ 4,381,678,460	\$ 4,434,357,420	\$ 4,496,425,740	\$ 4,546,665,300	\$ 4,634,113,860

Source: "Statistical Report of Property Valuations" Published by Bureau of Property Tax, Wisconsin Department of Revenue

Table 13

**CITY OF MEQUON
HISTORY OF EQUALIZED VALUES
LAST TEN FISCAL YEARS**

REAL ESTATE	2009 R.E. EQUALIZED VALUE	2010 R.E. EQUALIZED VALUE	2011 R.E. EQUALIZED VALUE	2012 R.E. EQUALIZED VALUE	2013 R.E. EQUALIZED VALUE	2014 R.E. EQUALIZED VALUE	2015 R.E. EQUALIZED VALUE	2016 R.E. EQUALIZED VALUE	2017 R.E. EQUALIZED VALUE	2018 R.E. EQUALIZED VALUE
RESIDENTIAL										
LAND	\$ 1,217,495.600	\$ 1,139,954.800	\$ 1,188,142.400	\$ 1,144,914.300	\$ 1,145,606.200	\$ 1,196,754.300	\$ 1,255,956.400	\$ 1,251,699.600	\$ 1,281,391.700	\$ 1,335,844.600
IMP.	2,427,509.100	2,359,106.500	2,217,519.700	2,155,116.100	2,142,209.900	2,258,054.700	2,386,928.900	2,431,341.400	2,501,686.600	2,600,763.600
TOTAL	3,645,004.700	3,499,061.300	3,405,662.100	3,300,030.400	3,287,816.100	3,454,809.000	3,642,885.300	3,683,041.000	3,783,078.300	3,936,608.200
COMMERCIAL										
LAND	150,340.300	146,252.000	139,297.200	129,575.500	130,072.100	129,280.700	142,509.200	155,787.400	159,511.600	170,610.400
IMP.	408,365.500	403,141.500	385,477.300	373,653.200	363,525.500	371,603.400	390,139.400	462,667.200	478,211.600	517,587.000
TOTAL	558,705.800	549,393.500	524,774.500	503,228.700	493,597.600	500,884.100	532,648.600	618,454.600	637,723.200	688,197.400
MANUFACTURING										
LAND	17,030.500	17,149.900	17,194.300	17,189.300	17,208.600	17,250.200	17,125.000	18,036.700	18,036.700	17,743.700
IMP.	60,125.400	59,426.300	59,208.100	58,470.100	58,520.700	58,904.700	63,394.500	63,808.200	63,808.200	73,788.300
TOTAL	77,155.900	76,576.200	76,402.400	75,659.400	75,729.300	76,154.900	80,519.500	81,844.900	81,844.900	91,532.000
AGRICULTURAL										
LAND/TOTAL	1,373.500	1,360.700	1,333.300	1,297.800	1,247.400	1,228.900	1,238.500	1,686.700	1,512.900	1,539.700
UNDEVELOPED										
LAND/TOTAL	8,048.000	6,314.300	11,683.000	4,523.200	5,216.000	5,166.000	4,963.900	4,175.300	4,493.000	9,055.000
AG FOREST										
LAND/TOTAL	4,459.000	3,939.500	4,056.500	4,056.500	4,068.700	3,817.700	3,612.000	3,533.200	2,685.600	3,375.800
FOREST										
LAND/TOTAL	1,560.000	1,366.400	1,366.400	1,366.400	1,390.800	1,299.500	1,186.500	1,186.500	960.500	1,186.500
OTHER										
LAND	8,495.900	7,416.100	7,712.900	7,665.100	7,630.000	7,227.000	7,260.000	7,062.000	6,390.000	6,390.000
IMP.	11,750.400	11,298.000	10,974.600	10,535.600	10,430.200	10,221.600	10,370.400	9,757.600	10,139.000	10,318.100
TOTAL	20,246.300	18,714.100	18,687.500	18,200.700	18,060.200	17,448.600	17,630.400	16,819.600	16,529.000	16,708.100
TOTAL REAL ESTATE										
LAND	1,408,802.800	1,323,753.700	1,370,786.000	1,310,588.100	1,312,439.800	1,362,024.300	1,433,851.500	1,443,167.400	1,474,982.000	1,545,745.700
IMP.	2,907,750.400	2,832,972.300	2,673,179.700	2,597,775.000	2,574,686.300	2,698,784.400	2,850,833.200	2,967,574.400	3,053,845.400	3,202,457.000
TOTAL	4,316,553.200	4,156,726.000	4,043,965.700	3,908,363.100	3,887,126.100	4,060,808.700	4,284,684.700	4,410,741.800	4,528,827.400	4,748,202.700
TOTAL PERSONAL										
	51,002.200	66,441.500	51,865.000	63,804.400	62,342.400	65,952.800	77,044.000	68,167.900	81,665.900	49,654.300
TOTAL EQUALIZED										
	\$ 4,367,555.400	\$ 4,223,167.500	\$ 4,095,830.700	\$ 3,972,167.500	\$ 3,949,468.500	\$ 4,126,761.500	\$ 4,361,728.700	\$ 4,478,909.700	\$ 4,610,493.300	\$ 4,797,857.000
ASSESSMENT RATIO										
	98.83%	102.07%	104.83%	108.81%	109.83%	106.26%	101.67%	100.39%	98.62%	96.59%

Source "Statistical Report of Property Valuations" Published by Bureau of Property Tax, Wisconsin Department of Revenue

CITY OF MEQUON
NET EQUALIZED VALUE OF TAXABLE PROPERTY (AS REDUCED BY TID)
LAST TEN FISCAL YEARS

Table 14

Levy Year	Fiscal Year	Real Property			Personal Property			Total		
		Equalized Value	Equalized Value	Equalized Value	Equalized Value	Equalized Value	Equalized Value	Ratio of Assessed to Equalized Value	TID Value Increments	Net Equalized Value (As Reduced by TID)
2009	2010	\$ 4,316,553,200	\$ 51,002,200	\$ 4,367,555,400	98.83%	\$ 14,478,000	\$ 4,353,077,400			
2010	2011	4,156,726,000	66,441,500	4,223,167,500	102.07%	14,428,500	4,208,739,000			
2011	2012	4,043,965,700	51,865,000	4,095,830,700	104.83%	11,801,600	4,084,029,100			
2012	2013	3,908,363,100	63,804,400	3,972,167,500	108.81%	11,785,700	3,960,381,800			
2013	2014	3,887,126,100	62,342,400	3,949,468,500	109.83%	12,334,700	3,937,133,800			
2014	2015	4,060,808,700	65,952,800	4,126,761,500	106.26%	16,970,700	4,109,790,800			
2015	2016	4,284,684,700	77,044,000	4,361,728,700	101.67%	15,095,900	4,346,632,800			
2016	2017	4,410,741,800	68,167,900	4,478,909,700	100.39%	55,150,600	4,423,759,100			
2017	2018	4,528,827,400	81,665,900	4,610,493,300	98.62%	67,856,300	4,542,637,000			
2018	2019	4,748,202,700	49,654,300	4,797,857,000	96.59%	80,914,200	4,716,942,800			

Source: "Statistical Report of Property Valuations" Published by Bureau of Property Tax, Wisconsin Department of Revenue

CITY OF MEQUON, WISCONSIN
ASSESSED AND EQUALIZED VALUATIONS FOR SCHOOL DISTRICTS WITHIN THE CITY
LAST TEN FISCAL YEARS

Mequon-Thiensville School District				Cedarburg School District			Totals		
As of January 1	Assessed Valuation	Equalized Valuation Without TID	TID Value Increments	Total Equalized Value	Assessed Valuation	Equalized Valuation	Assessed Valuation	Equalized Valuation Without TID	Total Equalized Value
2009	\$ 4,298,292,080	\$ 4,334,553,432	\$ 14,478,000	\$ 4,349,031,432	\$ 18,328,600	\$ 18,523,968	\$ 4,316,620,680	\$ 4,353,077,400	\$ 4,367,555,400
2010	4,292,782,940	4,176,153,097	14,428,500	4,190,581,597	18,536,700	18,157,403	4,311,319,640	4,194,310,500	4,208,739,000
2011	4,279,672,500	4,054,629,155	11,801,600	4,066,430,755	18,577,500	17,598,345	4,298,250,000	4,072,227,500	4,084,029,100
2012	4,289,391,450	3,943,225,926	11,785,700	3,955,011,626	18,432,700	17,155,874	4,307,824,150	3,960,381,800	3,972,167,500
2013	4,314,641,750	3,920,245,581	12,334,700	3,932,580,281	18,461,100	16,888,219	4,333,102,850	3,937,133,800	3,949,468,500
2014	4,362,424,860	4,092,200,221	16,970,700	4,109,170,921	19,253,600	17,590,579	4,381,678,460	4,109,790,800	4,126,761,500
2015	4,415,110,120	4,307,720,146	34,832,000	4,342,552,146	19,247,300	19,176,554	4,434,357,420	4,326,896,700	4,361,728,700
2016	4,476,672,240	4,404,324,727	55,150,600	4,459,475,327	19,753,500	19,434,373	4,496,425,740	4,423,759,100	4,478,909,700
2017	4,526,766,000	4,522,456,038	67,856,300	4,590,312,338	19,899,300	20,180,962	4,546,665,300	4,542,637,000	4,610,493,300
2018	4,612,885,960	4,695,964,154	80,914,200	4,776,878,354	21,227,900	20,978,646	4,634,113,860	4,716,942,800	4,797,857,000

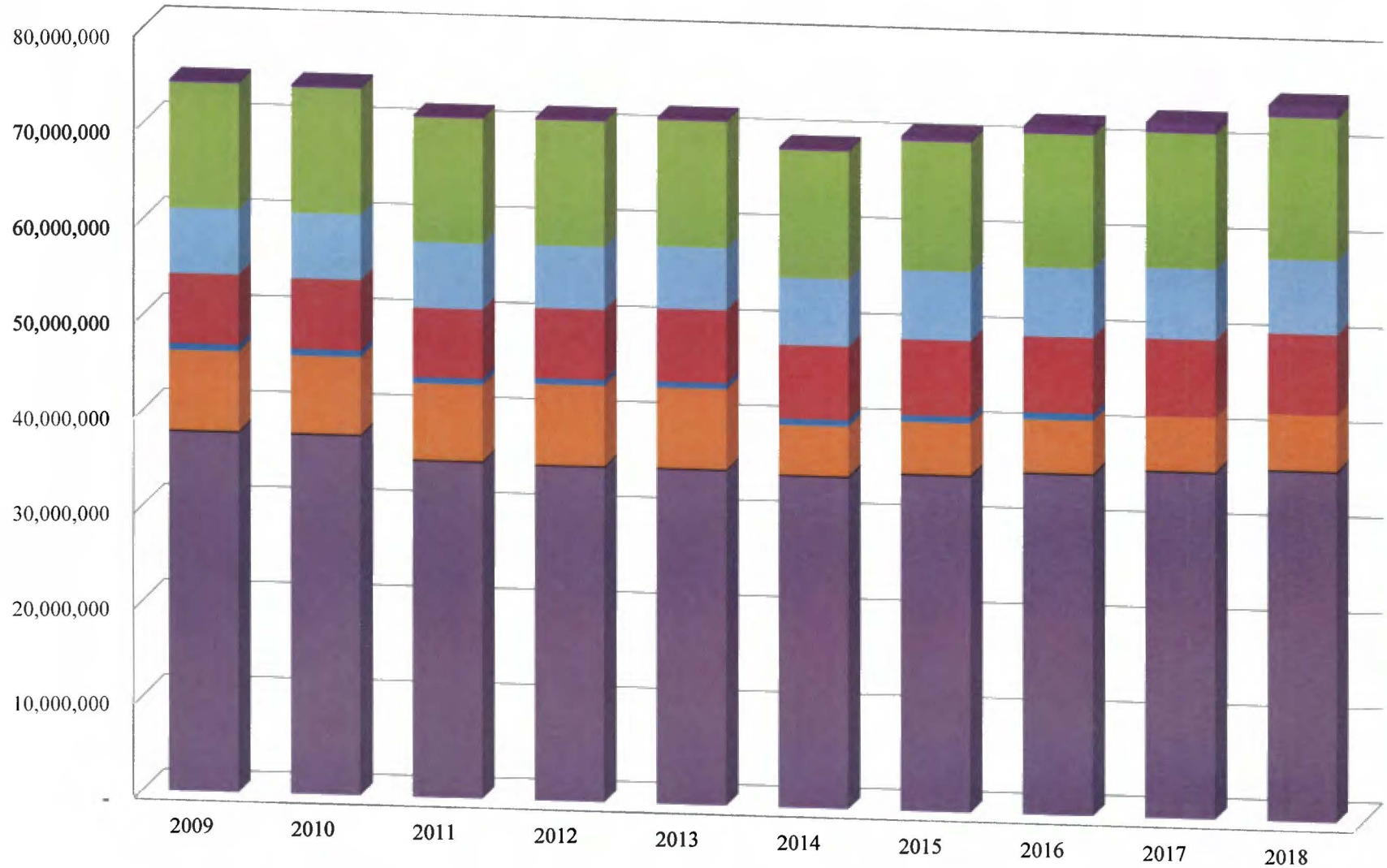
Source: "Statement of Assessments and Tax Levy Certifications from the Mequon-Thiensville School District and School District of Cedarburg"

CITY OF MEQUON, WISCONSIN
COMPARATIVE TAX LEVIES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	MATC	Mequon-Thien. Schools	Cedarburg Schools	Sewer Utility	Tax Incremental Revenue	Gross Tax Levy
2009	2010	\$ 741,200	\$ 7,311,380	\$ 13,151,619	\$ 8,317,409	\$ 37,854,117	\$ 183,466	\$ 6,805,924	\$ 249,548	\$ 74,614,663
2010	2011	716,696	7,357,720	13,145,491	8,104,005	37,823,292	189,173	6,833,351	254,948	74,424,676
2011	2012	695,088	7,248,580	13,049,595	7,970,077	35,411,226	168,119	6,857,888	183,923	71,584,497
2012	2013	674,101	7,338,957	13,101,821	8,413,845	35,252,866	163,893	6,544,013	213,560	71,703,056
2013	2014	670,249	7,660,519	13,202,145	8,401,902	35,277,251	171,100	6,474,560	225,838	72,083,564
2014	2015	700,336	7,711,888	13,357,908	5,220,552	34,927,646	174,823	7,025,377	287,535	69,406,065
2015	2016	740,212	7,943,686	13,522,527	5,440,218	35,391,666	188,644	7,215,099	502,773	70,944,824
2016	2017	760,098	7,979,502	13,988,227	5,572,955	35,909,626	185,391	7,226,437	793,004	72,415,239
2017	2018	-	8,166,759	14,161,287	5,711,956	36,481,483	183,623	7,406,174	1,076,858	73,188,140
2018	2019	-	8,480,025	14,863,013	5,880,110	36,895,567	189,052	7,775,613	1,248,936	75,332,315

Source: "Statement of Taxes and Tax District Treasurer's Settlements"

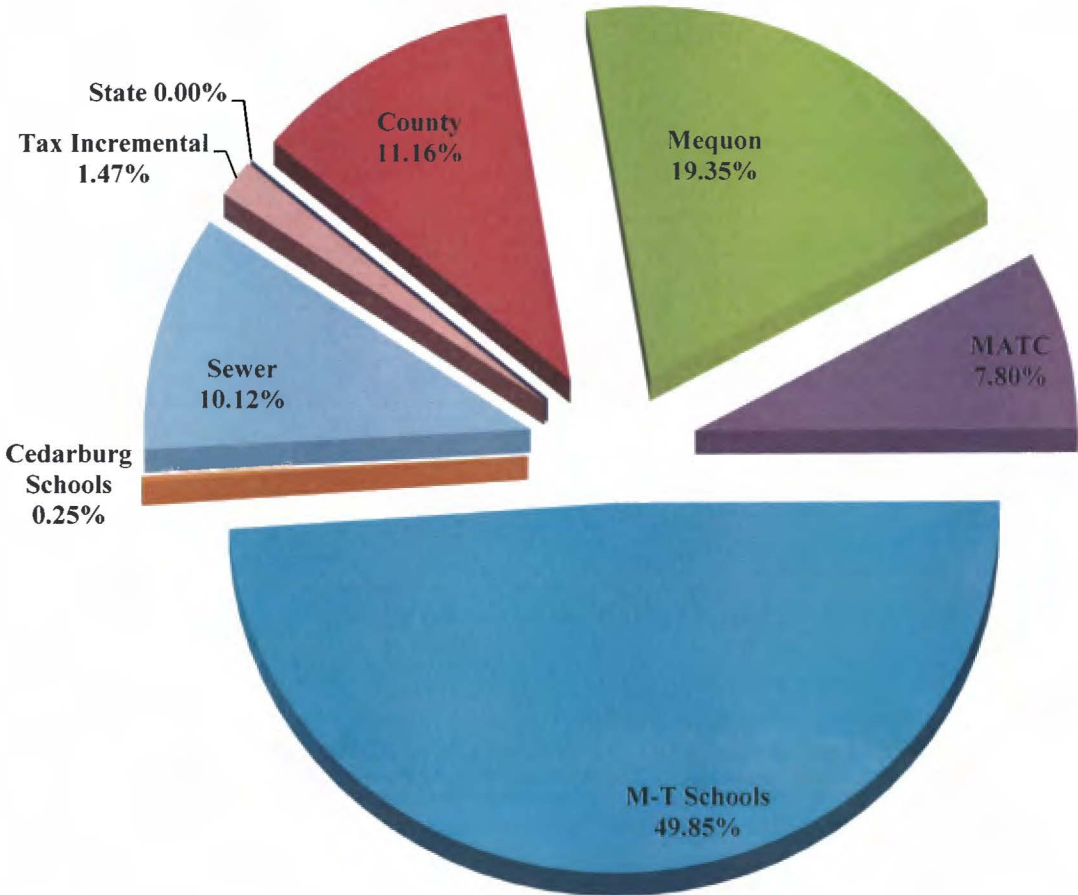
Comparative Tax Levies Last Ten Fiscal Years



■ Mequon-Thien. Schools ■ Cedarburg Schools ■ MATC ■ State of Wisconsin ■ Ozaukee County ■ Sewer Utility ■ City of Mequon ■ Tax Incremental Revenue

City of Mequon 2018 Tax Levy Distribution (2019 Budget Year)

Mequon-Thiensville School District with Sewer



2018 Tax Levy information

<u>State</u>	<u>County</u>	<u>MATC</u>	<u>Mequon</u>	<u>Sewer</u>	<u>M-T School</u>	<u>Cedarburg School</u>	<u>Tax Increment</u>	<u>Total</u>
\$0	\$8,480,025	\$5,880,110	\$14,863,013	\$7,775,613	\$36,895,567	\$189,052	\$1,248,936	\$75,332,315

CITY OF MEQUON, WISCONSIN
RATIO OF NET GENERAL OBLIGATION (G.O.) DEBT TO EQUALIZED VALUE
LAST TEN FISCAL YEARS

As of Dec. 31	Total G.O. Debt Outstanding	Less: Funds Available for Debt Service	Net Debt Outstanding	Equalized Value	Statutory Debt Capacity (5% of Equalized Value)	Ratio of Net Debt to Debt Capacity	Population	Net Debt Per Capita	Net Debt Per \$1,000 of Equalized Vaue
2009	\$ 34,502,799	\$ 1,266,906	\$ 33,235,893	\$ 4,515,586,123	\$ 225,779,306	14.72%	23,660	\$ 1,405	\$ 7.36
2010	30,963,913	921,502	30,042,411	4,310,296,791	215,514,840	13.94%	23,132	1,299	6.97
2011	33,120,027	1,799,769	31,320,258	4,296,176,093	214,808,805	14.58%	23,191	1,351	7.29
2012	29,906,141	-	29,906,141	3,972,167,500	198,608,375	15.06%	23,226	1,288	7.53
2013	30,174,291	-	30,174,291	3,949,468,500	197,473,425	15.28%	23,279	1,296	7.64
2014	26,524,469	-	26,524,469	4,126,761,500	206,338,075	12.85%	23,387	1,134	6.43
2015	29,931,420	-	29,931,420	4,361,728,700	218,086,435	13.72%	23,946	1,250	6.86
2016	34,771,373	-	34,771,373	4,478,909,700	223,945,485	15.53%	24,086	1,444	7.76
2017	29,590,947	-	29,590,947	4,610,493,300	230,524,665	12.84%	24,159	1,225	6.42
2018	43,950,000	-	43,950,000	4,797,857,000	239,892,850	18.32%	24,220	1,815	9.16

Source: City of Mequon Annual Financial Reports; State of Wisconsin Department of Administration, Demographic Services Center; and State of Wisconsin Department of Revenue, Bureau of Property Tax.

Note: Equalized value is used in lieu of assessed value, as the statutory debt capacity in Wisconsin is based on equalized value. Total G.O. Debt Outstanding only includes the unamortized premium on the outstanding Sewer Utility debt.

CITY OF MEQUON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business Activities		Total Primary Government	Total Property Equalized Value	Debt per \$1,000 of Equalized Value	Total Debt as Percentage of Income	Total Debt per Capita
	General Obligation Bonds/Notes	Tax Increment Project Revenue Bonds Payable	Capital Leases	General Obligation Bonds/Notes	Revenue Bonds					
2009	13,735,000	6,950,000	112,252	13,817,799	17,090,969	51,706,020	4,515,586,123	11.45	3.629%	\$2,185.38
2010	12,035,000	6,950,000	69,175	11,978,913	16,617,729	47,650,817	4,310,296,791	11.06	3.297%	\$2,059.95
2011	15,985,000	6,950,000	215,250	10,185,027	16,119,489	49,454,766	4,296,176,093	11.51	3.169%	\$2,132.50
2012	14,520,000	6,950,000	145,696	8,436,141	15,596,249	45,648,086	3,972,167,500	11.49	2.817%	\$1,965.39
2013	16,415,000	6,950,000	98,708	6,809,291	15,180,559	45,453,558	3,949,468,500	11.51	2.798%	\$1,952.56
2014	14,450,000	6,950,000	221,643	5,124,469	14,547,044	41,293,156	4,126,761,500	10.01	2.452%	\$1,765.65
2015	18,357,972	6,800,000	599,808	4,773,448	13,863,530	44,394,758	4,361,728,700	10.18	2.493%	\$1,853.95
2016	25,161,009	6,550,000	527,341	3,060,364	13,155,014	48,453,728	4,478,909,700	10.82	2.610%	\$2,011.70
2017	21,935,000	6,300,000	339,022	1,355,947	21,768,562	51,698,531	4,610,493,300	11.21	2.700%	\$2,139.93
2018	19,095,000	6,000,000	179,318	18,855,000	11,040,000	55,169,318	4,797,857,000	11.50	2.822%	\$2,277.84

**CITY OF MEQUON
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Values in thousands of dollars

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Value of Real and Personal Property	\$ 4,500,403	\$ 4,367,555	\$ 4,241,473	\$ 3,972,167	\$ 3,949,469	\$ 4,126,762	\$ 4,361,729	\$ 4,478,910	\$ 4,610,493	\$ 4,797,857
General Obligation (G.O.) Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	\$ 225,020	\$ 218,378	\$ 212,074	\$ 198,608	\$ 197,473	\$ 206,338	\$ 218,086	\$ 223,945	\$ 230,525	\$ 239,893
Amount of Debt Applicable to Debt Limitation General Obligation Bonds/Notes	34,030	30,550	32,765	29,610	29,875	26,300	29,490	34,220	29,545	43,950
Net O/S G.O. Debt Applicable to Debt Limitation	<u>\$ 34,030</u>	<u>\$ 30,550</u>	<u>\$ 32,765</u>	<u>\$ 29,610</u>	<u>\$ 29,875</u>	<u>\$ 26,300</u>	<u>\$ 29,490</u>	<u>\$ 34,220</u>	<u>\$ 29,545</u>	<u>\$ 43,950</u>
Legal margin for New Debt	<u>\$ 190,990</u>	<u>\$ 187,828</u>	<u>\$ 179,309</u>	<u>\$ 168,998</u>	<u>\$ 167,598</u>	<u>\$ 180,038</u>	<u>\$ 188,596</u>	<u>\$ 189,725</u>	<u>\$ 200,980</u>	<u>\$ 195,943</u>
Total net debt applicable to the limit as a percentage of debt limit	15.12%	13.99%	15.45%	14.91%	15.13%	12.75%	13.52%	15.28%	12.82%	18.32%

CITY OF MEQUON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2018

Taxing Authority	Debt as of 12/31/18	Percent Applicable to City	Direct Debt	Overlapping Debt	Total Direct and Overlapping Debt	Total Debt per Capita
City of Mequon	\$ 43,950,000	100.000%	\$ 43,950,000	\$ -	\$ 43,950,000	1,819.20
MATC	105,045,000	6.003%	-	6,306,061	6,306,061	261.02
Ozaukee County	24,535,000	39.008%	-	9,570,490	9,570,490	396.15
Mequon-Thiensville Schools	19,810,000	93.032%	-	18,429,580	18,429,580	762.85
Cedarburg School District	49,400,000	0.851%	-	420,147	420,147	17.39
Totals	<u>\$ 242,740,000</u>		<u>\$ 43,950,000</u>	<u>\$ 34,726,278</u>	<u>\$ 78,676,278</u>	<u>\$ 3,256.60</u>

Source: City of Mequon Annual Financial Reports and Ehlers, Incorporated Final Official Statements

*Overlapping debt is calculated by taking total outstanding debt for the overlapping entity as of year-end, and multiplying the amount by the percent of equalized property value of the overlapping entity in Mequon to determine the City's share.

**CITY OF MEQUON
DEBT SERVICE FOR GENERAL OBLIGATION DEBT
VS.
GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Debt Service (A)			Total General Governmental Expenditures (B)	Debt Service % of Total General Expenditures
	Principal	Interest and Fiscal Charges	Total		
2009	\$ 965,000	\$ 340,286	\$ 1,305,286	\$ 15,265,795	8.55%
2010	1,265,000	893,330	2,158,330	16,335,590	13.21%
2011	1,135,000	787,658	1,922,658	15,640,671	12.29%
2012	1,465,000	801,018	2,266,018	16,946,228	13.37%
2013	575,000	685,225	1,260,225	18,267,240	6.90%
2014	1,965,000	824,037	2,789,037	17,935,217	15.55%
2015	2,220,000	732,434	2,952,434	18,095,726	16.32%
2016	2,540,000	872,260	3,412,260	19,185,995	17.79%
2017	3,050,000	1,001,473	4,051,473	19,788,558	20.47%
2018	3,140,000	836,390	3,976,390	19,726,103	20.16%

(A) Includes only City portion of debt service

(B) Includes General Fund and Debt Service Fund

**CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT**

**10 YEAR PRINCIPAL PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2018**

Year	2009A G.O. Notes	2009C G.O. Bonds	2011A G.O. Bonds	2011B G.O. Bonds	2013A G.O. Notes	2013 Refunding Bonds	2015A G.O. Corp. Purp. Bonds	2016A G.O. Bonds	Totals
2019	\$ 600,000	\$ 350,000	\$ 250,000	\$ 530,000	\$ 400,000	\$ 165,000	\$ 275,000	\$ 530,000	\$ 3,100,000
2020	-	400,000	250,000	550,000	400,000	165,000	345,000	540,000	2,650,000
2021	-	450,000	300,000	550,000	400,000	170,000	370,000	550,000	2,790,000
2022	-	550,000	300,000	-	400,000	-	655,000	565,000	2,470,000
2023	-	600,000	300,000	-	400,000	-	660,000	575,000	2,535,000
2024	-	650,000	-	-	-	-	990,000	585,000	2,225,000
2025	-	675,000	-	-	-	-	990,000	600,000	2,265,000
2026	-	725,000	-	-	-	-	590,000	610,000	1,925,000
2027	-	775,000	-	-	-	-	290,000	625,000	1,690,000
2028	-	825,000	-	-	-	-	-	635,000	1,460,000
Totals	\$ 600,000	\$ 6,000,000	\$ 1,400,000	\$ 1,630,000	\$ 2,000,000	\$ 500,000	\$ 5,165,000	\$ 5,815,000	\$ 23,110,000

**CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT**

**10 YEAR INTEREST PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2018**

Year	2009A G.O. Notes	2009C G.O. Bonds	2011A G.O. Bonds	2011B G.O. Bonds	2013A G.O. Notes	2013B Refunding Bonds	2015A G.O. Corp. Purp. Bonds	2016A G.O. Bonds	Totals
2019	\$ 10,500	\$ 332,750	\$ 38,700	\$ 40,950	\$ 32,000	\$ 6,523	\$ 123,925	\$ 153,702	\$ 739,050
2020	-	315,250	31,762	24,750	24,000	4,213	114,625	143,003	657,603
2021	-	295,250	23,700	8,250	16,000	1,488	105,750	132,102	582,540
2022	-	272,750	14,475	-	9,000	-	92,225	120,953	509,403
2023	-	244,700	4,875	-	3,000	-	72,500	109,553	434,628
2024	-	212,900	-	-	-	-	52,700	97,953	363,553
2025	-	176,500	-	-	-	-	31,663	86,103	294,266
2026	-	137,688	-	-	-	-	13,887	74,002	225,577
2027	-	96,000	-	-	-	-	3,625	61,653	161,278
2028	-	49,500	-	-	-	-	-	49,053	98,553
Totals	\$ 10,500	\$ 2,133,288	\$ 113,512	\$ 73,950	\$ 84,000	\$ 12,224	\$ 610,900	\$ 1,028,074	\$ 4,066,448

CITY OF MEQUON
Current Schedule of Debt Service 2019-2028

Table 24

UNPAID PRINCIPAL BALANCE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>TOTAL 12/31 PRINCIPAL</u>
2019	\$ 15,195,000	\$ 17,230,000	\$ 10,215,000	\$ 1,150,000	\$ 5,650,000	\$ 49,440,000
2020	13,195,000	15,905,000	9,365,000	900,000	5,250,000	44,615,000
2021	11,155,000	14,550,000	8,465,000	600,000	4,800,000	39,570,000
2022	9,535,000	13,145,000	7,530,000	300,000	4,250,000	34,760,000
2023	7,900,000	11,690,000	6,560,000	-	3,650,000	29,800,000
2024	6,325,000	10,195,000	5,550,000	-	3,000,000	25,070,000
2025	4,735,000	8,650,000	4,525,000	-	2,325,000	20,235,000
2026	3,535,000	7,225,000	3,460,000	-	1,600,000	15,820,000
2027	2,620,000	5,745,000	2,355,000	-	825,000	11,545,000
2028	1,985,000	4,220,000	1,195,000	-	-	7,400,000

UNPAID INTEREST DUE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>TOTAL 12/31 INT. PAYABLE</u>
2019	\$ 367,600	\$ 625,213	\$ 433,851	\$ 38,700	\$ 332,750	\$ 1,798,114
2020	310,590	561,738	398,225	31,763	315,250	1,617,565
2021	263,590	522,813	358,850	23,700	295,250	1,464,203
2022	222,178	471,088	319,900	14,475	272,750	1,300,390
2023	185,053	416,538	281,800	4,875	244,700	1,132,965
2024	150,653	373,713	242,200	-	212,900	979,465
2025	117,765	317,006	201,500	-	176,500	812,771
2026	156,734	273,750	159,700	-	68,844	659,028
2027	65,278	216,750	116,300	-	96,000	494,328
2028	101,253	172,350	71,000	-	49,500	394,103

UNPAID PRINCIPAL & INTEREST DUE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>TOTAL 12/31 INTEREST</u>
2019	\$ 15,562,600	\$ 17,855,213	\$ 10,648,851	\$ 1,188,700	\$ 5,982,750	\$ 51,238,114
2020	13,505,590	16,466,738	9,763,225	931,763	5,565,250	46,232,565
2021	11,418,590	15,072,813	8,823,850	623,700	5,095,250	41,034,203
2022	9,757,178	13,616,088	7,849,900	314,475	4,522,750	36,060,390
2023	8,085,053	12,106,538	6,841,800	4,875	3,894,700	30,932,965
2024	6,475,653	10,568,713	5,792,200	-	3,212,900	26,049,465
2025	4,852,765	8,967,006	4,726,500	-	2,501,500	21,047,771
2026	3,691,734	7,498,750	3,619,700	-	1,668,844	16,479,028
2027	2,685,278	5,961,750	2,471,300	-	921,000	12,039,328
2028	2,086,253	4,392,350	1,266,000	-	49,500	7,794,103

**CITY OF MEQUON
PLEDGED REVENUE COVERAGE - WATER UTILITY
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Maximum Annual Debt Service Requirement		
				Principal	Interest	Coverage
2009	\$ 1,657,208	\$ 704,545	\$ 952,663	\$ -	\$ 363,706	2.62
2010	2,365,112	970,731	1,394,381	475,000	716,094	1.17
2011	2,475,848	1,119,423	1,356,425	500,000	708,019	1.12
2012	2,806,469	1,194,568	1,611,901	525,000	697,625	1.32
2013	2,725,172	1,196,563	1,528,609	575,000	685,225	1.21
2014	3,041,988	1,186,461	1,855,527	625,000	669,875	1.43
2015	2,952,168	1,326,869	1,625,299	675,000	649,469	1.23
2016	3,405,056	1,395,684	2,009,372	700,000	625,406	1.52
2017	3,366,388	1,423,989	1,942,399	750,000	482,855	1.58
2018	3,429,076	1,468,952	1,960,124	800,000	466,350	1.55

Source: City of Mequon Annual Financial Reports

Notes:

Gross revenues are operating revenues plus interest

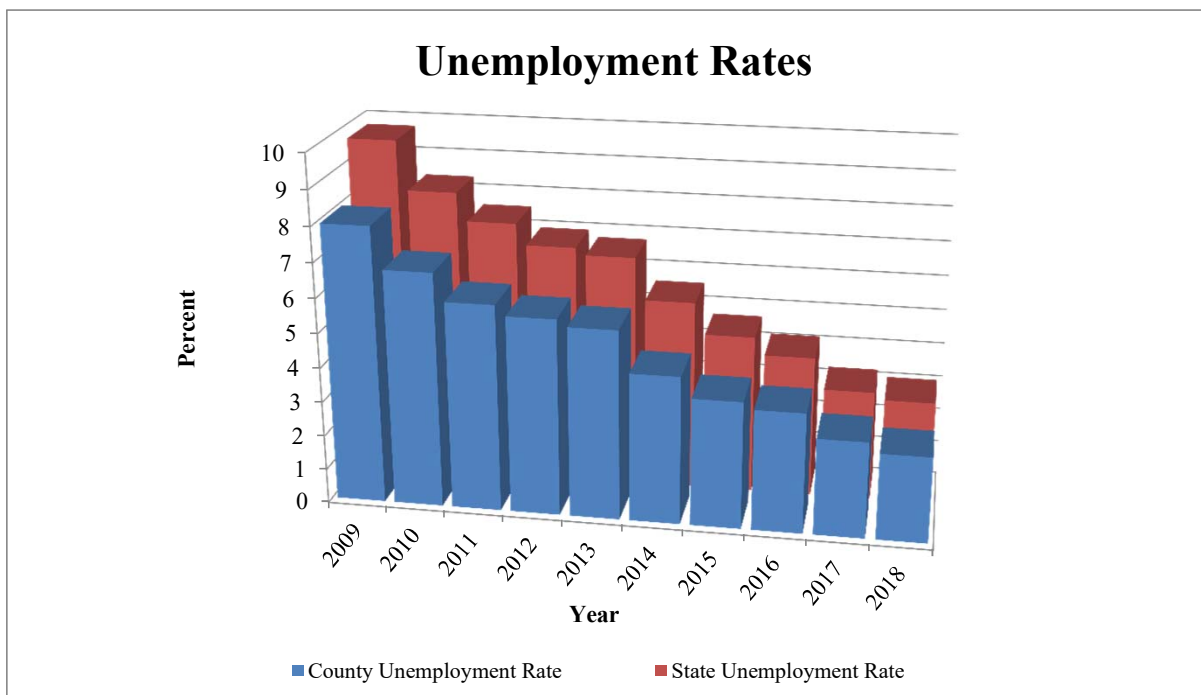
Operating expenses do not include interest or depreciation

CITY OF MEQUON, WISCONSIN DEMOGRAPHIC & ECONOMIC PROFILE LAST TEN FISCAL YEARS

Employment Information (Ozaukee County)

Year	Labor Force (1)	Average Employed (1)	Average Unemployed (1)	Per Capita Personal Income (2)	Total Personal Income
2009	46,327	42,642	3,685	\$60,225	\$1,424,923,500
2010	46,751	43,552	3,199	\$62,479	\$1,445,264,228
2011	47,022	44,203	2,819	\$67,298	\$1,560,707,918
2012	46,917	44,249	2,668	\$69,777	\$1,620,640,602
2013	47,006	44,432	2,574	\$69,772	\$1,624,222,388
2014	47,929	45,856	2,073	\$71,994	\$1,683,723,678
2015	48,136	46,342	1,794	\$74,365	\$1,780,744,290
2016	48,705	47,015	1,690	\$77,080	\$1,856,548,880
2017	49,035	47,666	1,369	\$79,255	\$1,914,721,545
2018	49,109	47,869	1,240	\$80,716	\$1,954,941,520

Notes: (1) Source - Wisconsin Department of Workforce Development
(2) Source - Federal Reserve Economic Data (2018 is estimate)



Source: Wisconsin Department of Workforce Development

CITY OF MEQUON
ADDITIONAL DEMOGRAPHIC INFORMATION

Breakdown of Housing Units	2010	2015	(%)	Housing Valuations	2010
Total Dwelling Units	9,283	9,876		\$0 - \$99,000	62.00%
Single Family	7,041	7,251	73%	\$100,000 - \$199,000	8.23%
Plex (2-4 units/bldg.)	1,551	1,555	16%	\$200,000 - \$299,000	30.60%
Multi-Family (5+ units/bldg.)	689	730	7%	\$300,000 - \$399,000	19.76%
				\$400,000 - \$499,000	13.29%
				\$500,000 - \$799,000	18.79%
				\$800,000 - \$1,000,000	3.83%
				\$1,000,000 and up	4.21%
Gender Composition	2010	2016		Average Assessed Value	\$429,800
Female	51.4%	52.0%		Median Assessed Value	\$341,200
Male	48.6%	48.0%		Average Persons Per Household	
Race Comparison	2010	2016		Educational Attainment*	
White	93.0%	92.8%		Ninth Grade Education or lower	
Black or African American	2.8%	2.4%		High School Diploma or higher	
American Indian, Eskimo	1.0%	0.2%		Bachelors degree or higher	
Asian or Pacific Islander	3.1%	3.2%		* Population 25 years and older	
Other	1.0%	1.4%		Occupational Composition	
Age Composition	2010	2016		Managerial & Professional	
Under 5 years	4.3%	4.7%		Service Occupations	
5 - 14 years	14.0%	12.6%		Sales and office occupations	
15 - 19 years	9.1%	7.8%		Farming, fishing and forestry	
20 - 24 years	5.2%	2.9%		Production and transportation	
25 - 34 years	5.0%	5.7%			
35 - 44 years	11.0%	10.3%			
45 - 54 years	18.0%	16.0%			
55 - 64 years	16.4%	18.3%			
Over 64 years	17.0%	21.7%			
Household Income	2010	2016		Population:	
Less than \$10,000	3.6%	2.9%		1960	8,543
\$10,000 - \$20,000	4.6%	1.8%		1970	12,150
\$20,000 - \$30,000	5.9%	5.3%		1980	16,193
\$30,000 - \$40,000	11.7%	7.3%		1990	18,885
\$40,000 - \$74,999	12.5%	21.3%		2000	21,823
\$75,000 - \$99,999	13.4%	10.4%		2010	23,132
\$100,000 - 149,999	23.2%	21.2%		2015	23,946
\$150,000 +	25.1%	29.8%		2016	24,086
Median Household Income	\$106,519	\$101,986		2017	24,159
				2018	24,220

Source: U.S. Census Bureau, Wisconsin Department of Revenue, Wisconsin Department of Administration, City of Mequon Financial Reports, and City of Mequon Comprehensive (Master) Plan
Housing valuations are per City Assessor records.

**CITY OF MEQUON
OTHER COMMUNITY INFORMATION**

Table 28

GENERAL:	2014	2015	2016	2017	2018
Area in Square Miles	46.88	46.88	46.88	46.88	46.88
Households	9,402	9,402	9,536	9,612	9,685
Population	23,387	23,946	24,086	24,159	24,220
Equalized Valuations (\$000)	\$ 4,126,761	\$ 4,361,729	\$ 4,478,910	\$ 4,610,493	\$ 4,797,857

PUBLIC SAFETY	2014	2015	2016	2017	2018
Number of Police Stations	1	1	1	1	1
Number of Sworn Police Officers	38	38	38	39	39
Number of Fire Stations	2	2	2	2	2

PARKS	2014	2015	2016	2017	2018
Acres of Parkland	1,318.4	1,318.4	1,318.4	1,318.4	1,318.4
Number of Parks	27	27	27	27	27

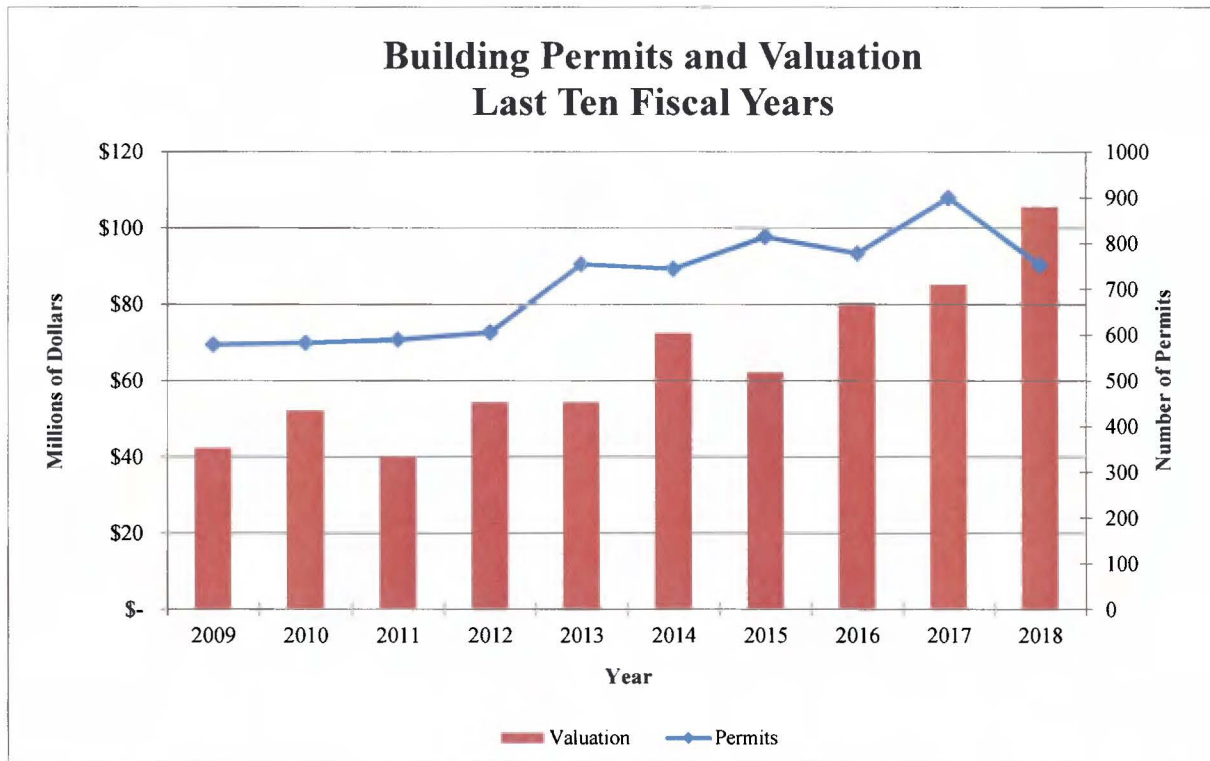
INFRASTRUCTURE	2014	2015	2016	2017	2018
Miles of State Highway System	15.45	15.45	15.45	15.45	15.45
Miles of County Highway System	9.77	9.77	9.77	9.77	9.77
Miles of Local Roads and Streets	209.73	209.73	210.92	211.82	212.94
Miles of Sanitary Sewer Main	159.22	159.93	161.29	162.3	163.14
Miles of Water Main	83.91	95.50	96.63	97.56	98.26
Number of Bridges	17	17	17	17	17
Miles of Bike Trails	12.29	12.29	12.29	12.29	12.29

CITY OF MEQUON
Operating Indicators by Program/Function
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building Permits Issued	579	583	590	606	755	745	815	779	900	753
Valuation (Thousands \$)	\$ 42,411	\$ 52,219	\$ 40,128	\$ 54,390	\$ 54,365	\$ 72,473	\$ 62,197	\$ 80,464	\$ 85,268	\$ 105,698
Number of Employees	27	26	24	24	24	24	24	26	28	29
Police										
Calls for service	16,352	17,597	20,665	23,927	22,488	24,337	26,920	27,720	33,946	34,995
Physical Arrests	968	842	781	697	662	563	651	791	747	728
Reportable Traffic crashes	259	276	260	267	370	350	309	284	292	315
Number of Employees	48	46	46	46	46	48	48	50	52	51
Fire / EMS										
Fire calls for service	318	341	312	392	394	469	496	450	479	453
EMS calls for service	1,003	992	1,020	1,112	1,214	1,261	1,421	1,657	1,637	1,715
Number of Employees	71	52	62	62	62	62	60	72	62	66
Parks										
Acres of Parkland maintained	1,177	1,177	1,177	1,177	1,177	1,318	1,318	1318.4	1318.4	1318.4
Pavillion Rentals	58	65	65	72	59	67	79	82	81	94
Pool Attendance	19,184	22,068	19,188	21,482	13,071	11,374	10,701	12,943	9,735	10,928
Number of Employees	37	35	35	35	35	35	35	35	39	41

**CITY OF MEQUON
BUILDING PERMITS AND VALUATION
LAST TEN FISCAL YEARS**

	Number of Permits	Valuation (\$mil)
2009	579	\$42.41
2010	583	\$52.22
2011	590	\$40.13
2012	606	\$54.39
2013	755	\$54.37
2014	745	\$72.47
2015	815	\$62.20
2016	779	\$80.46
2017	900	\$85.26
2018	753	\$105.70



City of Mequon, Wisconsin
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 31

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Marked Patrol Vehicles	11	11	11	11	11	11	11	11	11	11
Fire Stations	2	2	2	2	2	2	2	2	2	2
Ambulances	3	3	3	3	3	3	3	3	3	3
Fire Engines	3	3	3	3	3	3	3	3	3	3
Ladder Trucks	2	2	2	2	2	2	2	2	2	2
Tanker Trucks	2	2	2	2	2	2	2	2	2	2
Public Works										
Off-Road Nike Trail (miles)	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29
Bridges	17	17	17	17	17	17	17	17	17	17
Miles of Road (miles)	211.40	211.40	211.40	211.77	209.73	209.73	209.73	210.92	211.82	212.94
Culture & Recreation										
Parks	25	25	25	25	25	27	27	27	27	27
Football Fields	1	1	1	1	1	1	1	1	1	1
Soccer Fields	20	20	20	20	20	20	20	20	20	20
Baseball Fields	9	9	9	9	10	10	10	10	10	10
Archery	1	1	1	1	1	1	1	1	1	1
Playgrounds	6	6	6	6	6	6	6	6	6	6
Basketball Courts	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Water*										
Water Mains (feet)	395,705	397,241	398,539	408,066	443,061	444,685	504,259	510,211	515,109	518,802
Fire Hydrants	865	870	876	876	949	955	1,079	1,098	1,112	1,122
Sewer										
Sanitary Sewer (miles)	152.87	152.87	152.87	153.21	159.22	159.22	159.93	161.29	162.3	163.1

Source: City of Mequon Department Directors and capital asset inventory records