



PRESERVING  
QUALITY OF LIFE

2018

POPULAR ANNUAL  
FINANCIAL REPORT



**ANNUAL REPORT TO THE CITIZENS OF  
MEQUON FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2018**

20

POPULAR ANNUAL FINANCIAL REPORT

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

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

The City of Mequon's comprehensive annual financial report (CAFR) for the year ended 2018, from which the information on pages 8-9 has been drawn, has been submitted for the Certificate of Achievement for Excellence in Financial Reporting Award by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

■ **A copy of the 2018 CAFR can be obtained on the City's website at: [www.ci.mequon.wi.us](http://www.ci.mequon.wi.us) or by contacting the City's Finance Department at (262) 236-2947.**

## DEFINITIONS

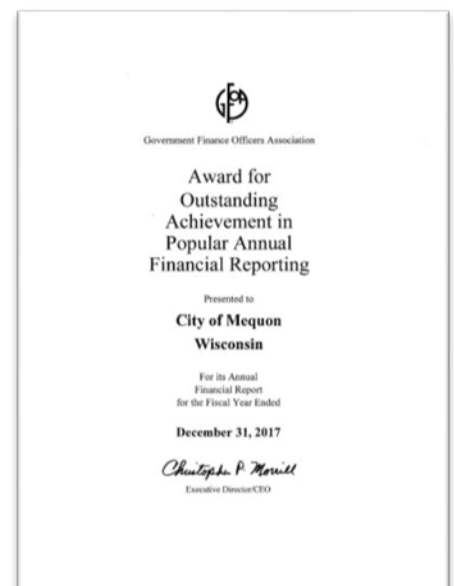
**General Fund:** General accounting fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

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



Dear Citizens,



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

The City is a very desirable location to live, work, raise a family and enjoy a great quality of life. In fact, *Niche.com* ranked Mequon the 7<sup>th</sup> best place to live in Wisconsin for 2019. Additionally, Mequon is ranked as the 29<sup>th</sup> safest city in Wisconsin by *Safewise.com*.

We have worked diligently to maintain a dynamic economy in our community through proactive planning and management of the City's finances. These efforts have been recognized by Standard and Poor's Rating service which confirmed their third highest bond rating of AA to the City in 2018. This superior rating allows the City to obtain lower interest rates when issuing debt for capital projects, saving thousands of dollars in borrowing costs over time. These savings are used to help keep Mequon taxes amongst some of the lowest of any developed municipality in Wisconsin.

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

Respectfully,

A handwritten signature in black ink, appearing to be 'DA' followed by a long horizontal stroke.

Dan Abendroth  
Mayor

Vintage Mequon Fire Truck



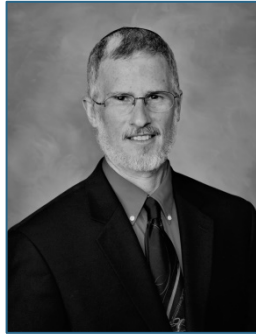
Interurban Trail



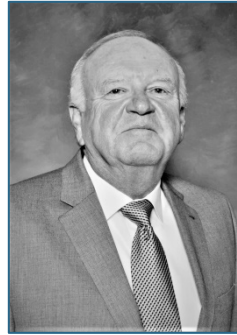
# City of Mequon Common Council



Alderman  
**Robert Strzelczyk**  
District #1



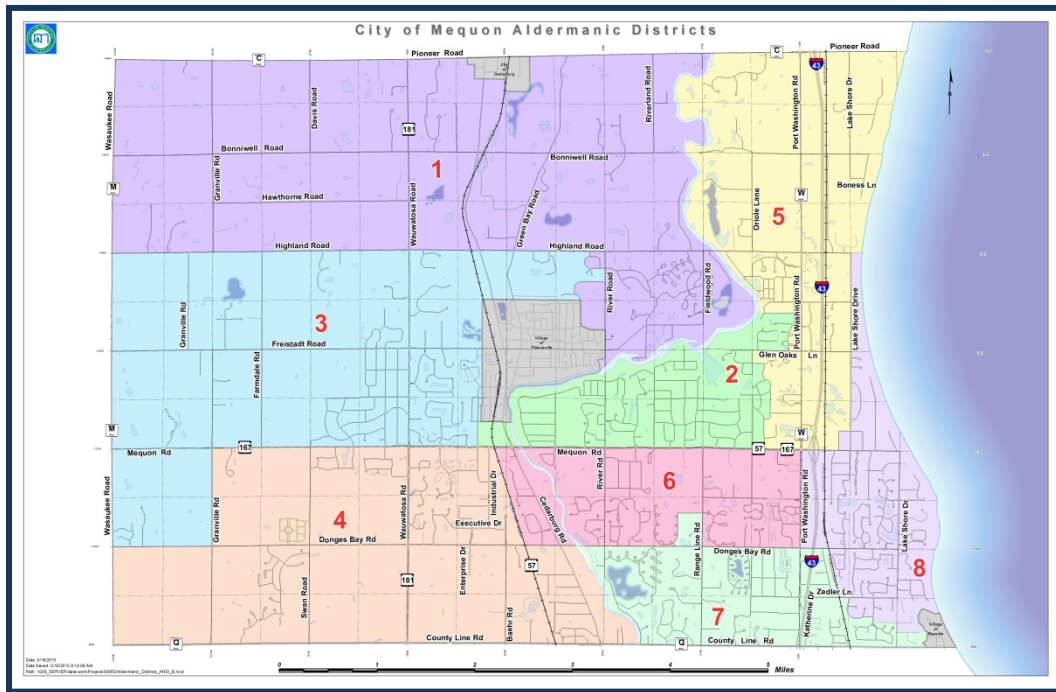
Alderman  
**Glenn Bushee**  
District #2



Alderman  
**Dale Mayr**  
District #3



Alderman  
**John Wirth**  
District #4



Alderman  
**Mark Gierl**  
District #5



Alderman  
**Brian Schneider**  
District #6



Alderwoman  
**Kathleen Schneider**  
District #7



Alderman  
**Andrew Nerbun**  
District #8

Dear Residents,



This Popular Annual Financial Report (PAFR), prepared by City of Mequon’s Finance Department, provides an overview of the City’s Comprehensive Financial Report (CAFR) for the year ended December 31, 2018. The City’s PAFR is designed as a concise and easy-to-read version of the City’s 141-page CAFR that is published by the City on an annual basis. While the City recognizes that analyzing financial statements can be challenging, especially for those who do not do so on a regular basis, it is the City’s hope that you find this PAFR to be digestible and informative.

On an annual basis, it is the City of Mequon’s goal to attain all three of the Government Finance Officer Association’s (GFOA) awards presented to local governments, including: the Distinguished Budget Presentation Award, a Certificate of Achievement for Excellence in Financial Reporting (CAFR), and the Award for Outstanding Achievement in Popular Annual Finance Reporting (PAFR). It is the City’s view that participation in GFOA’s awards program enhances transparency and accountability of the City’s financial information. The City of Mequon has received the Distinguished Budget Presentation award in each of the last ten years, won the Excellence in Financial Reporting Award five times and was awarded the Outstanding Achievement in Popular Annual Finance Reporting Award for the fifth time in 2018. The awards mentioned here are only achieved by a very small number of Wisconsin cities, towns and villages. In fact, during 2018, Mequon was one of only five municipalities throughout the State of Wisconsin to earn all three of the awards; the City is honored to be among these select few communities that have been recognized for such excellence in both financial management and reporting.

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

This upcoming year will see continued development in the Town Center including Foxtown and necessary public infrastructure improvements. The major improvements slated for 2019 include a study and financial commitment to provide pedestrian and bicycle enhancements for safer and more comfortable access to and within the neighborhood. The City will also begin to develop a strategy for redevelopment and expansion of the business area on the east side of the City along I-43. The Planning Commission and City staff will seek to achieve consensus regarding future land use decisions within the 750-acre study area.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'William H. Jones, Jr.' with a stylized flourish at the end.

William H. Jones, Jr.  
City Administrator

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



Additionally, Mequon has one of the lowest crime rates and one of the lowest tax rates in the Metropolitan Milwaukee area. Property values have increased by an average of five percent each year for the last ten years. The K-12 school system is ranked one of the best in Wisconsin. Concordia University and the North Campus of the Milwaukee Area Technical College are located in Mequon and offer a broad range of programs. Prime healthcare facilities and services are readily available throughout the City and include Ascension Hospital. Mequon is also a business-friendly community with over 500 businesses and two industrial parks with small and mid-sized firms as well as larger companies like Rockwell Automation.

### CITY OF MEQUON AT A GLANCE

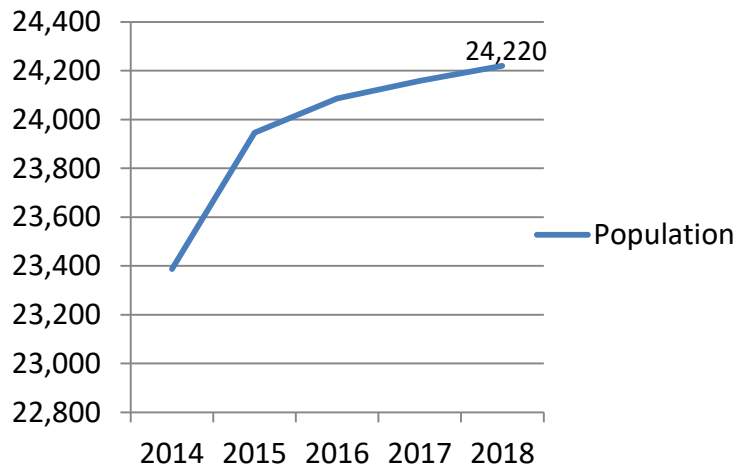
|  | <u>FY 2017</u>   | <u>FY 2018</u>   |
|--|------------------|------------------|
| City Property Tax Rate (per/1,000 of assessed value) | \$ 3.16          | \$ 3.21          |
| Total Property Tax Rate (M-T Schools)                | \$ 14.85         | \$ 14.78         |
| Total Property Tax Rate (Cedarburg Schools)          | \$ 13.96         | \$ 13.72         |
| Equalized Value                                      | \$ 4,478,909,700 | \$ 4,610,493,300 |
| Assessed Value                                       | \$ 4,496,425,740 | \$ 4,546,665,300 |
| Bond Rating  | AA               | AA (Stable)      |

| Largest Property Taxpayers (2018) | Assessed Values |
|-----------------------------------|-----------------|
| Mequon WI Senior Property LLC     | \$37,920,200    |
| Centro Bradley SPE 1LP            | \$32,653,000    |
| MMAC 150 Aurora LLC               | \$24,813,900    |
| Mequon Tail Townhomes             | \$23,638,800    |
| 11430 N Port Washington Road LLC  | \$21,193,484    |
| FFII WI Mequon LLC                | \$19,981,600    |
| RL Mequon LLC                     | \$18,943,200    |
| Mequon Reserve Dakota             | \$16,077,100    |
| WMI Milwaukee LLC                 | \$15,711,000    |
| Ascension                         | \$12,982,300    |

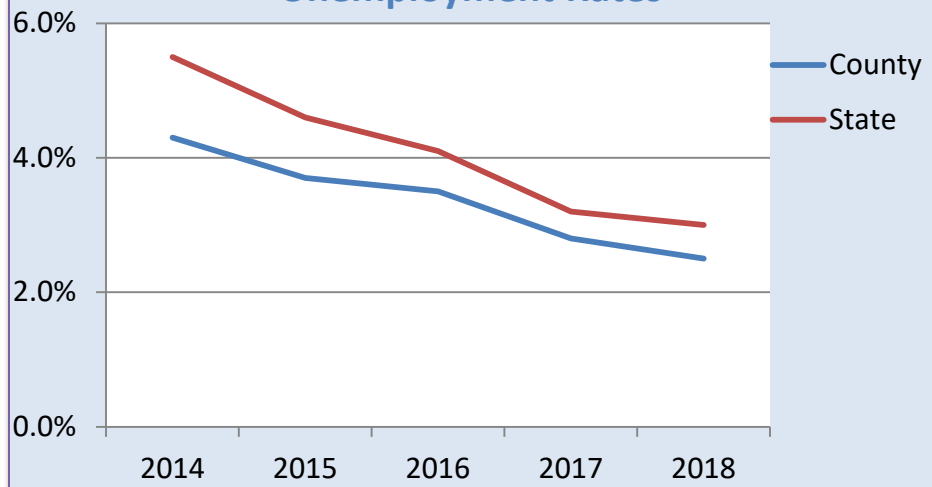
### Top Five Employers

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

### Population



### Unemployment Rates



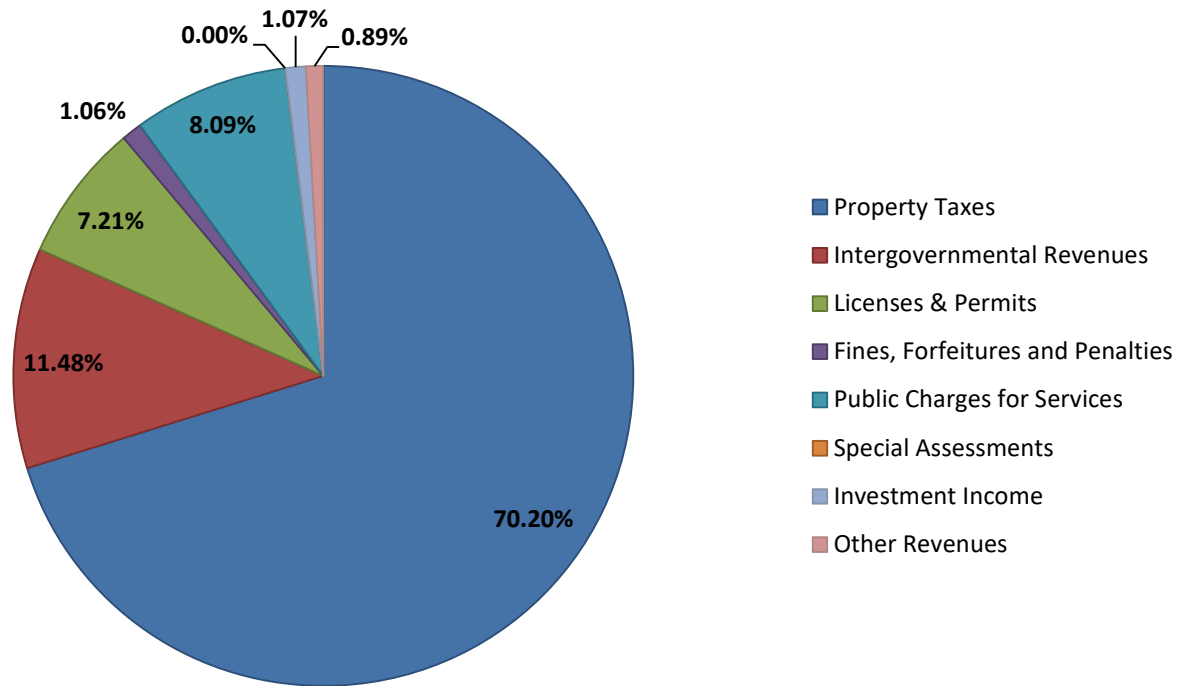


This section is designed to provide information on the financial health and stability of the City of Mequon and provide readers with an increased level of understanding of how available resources are utilized to provide services. The following charts summarize the City’s largest sources of revenues (“Where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

## WHERE THE MONEY COMES FROM

|                                  | <u>FY 2017</u>              | <u>FY 2018</u>              |
|----------------------------------|-----------------------------|-----------------------------|
| Property Taxes                   | \$ 14,854,309               | \$ 15,314,922               |
| Intergovernmental Revenues       | \$ 2,137,470                | \$ 2,503,748                |
| Licenses & Permits               | \$ 1,497,568                | \$ 1,573,748                |
| Fines, Forfeitures and Penalties | \$ 221,269                  | \$ 231,307                  |
| Public Charges for Services      | \$ 1,556,486                | \$ 1,765,925                |
| Special Assessments              | \$ 30,793                   | \$ 0                        |
| Investment Income                | \$ 100,920                  | \$ 233,780                  |
| Other Revenues                   | \$ 188,390                  | \$ 194,536                  |
| <b>TOTAL REVENUES</b>            | <b><u>\$ 20,587,205</u></b> | <b><u>\$ 21,817,966</u></b> |

## 2018 REVENUES

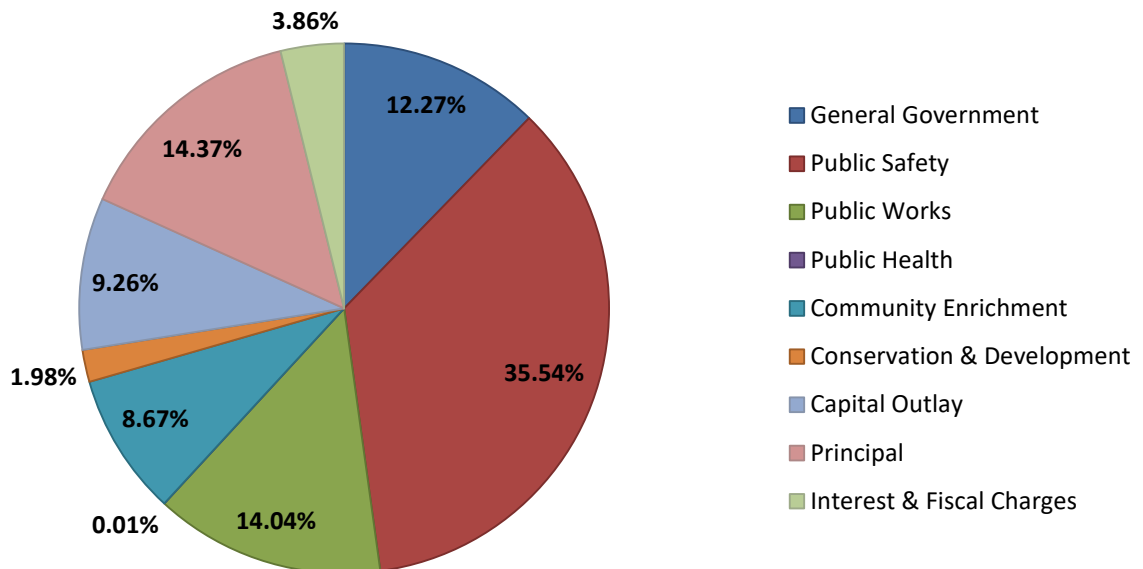


## WHERE THE MONEY GOES

|                            | <u>FY 2017</u>              | <u>FY 2018</u>              |
|----------------------------|-----------------------------|-----------------------------|
| General Government         | \$ 2,693,991                | \$ 2,681,516                |
| Public Safety              | \$ 7,617,243                | \$ 7,763,196                |
| Public Works               | \$ 3,265,774                | \$ 3,066,293                |
| Public Health              | \$ 6,926                    | \$ 1,160                    |
| Community Enrichment       | \$ 1,796,970                | \$ 1,894,031                |
| Conservation & Development | \$ 473,213                  | \$ 431,984                  |
| Capital Outlay             | \$ 5,026,578                | \$ 2,023,327                |
| Debt Service               | \$ 4,063,703                | \$ 3,982,886                |
| <b>TOTAL EXPENDITURES</b>  | <b><u>\$ 24,944,398</u></b> | <b><u>\$ 21,844,393</u></b> |

Total expenditures for 2018 were down \$3,100,005 from the previous year. The major difference is due to a decrease in Capital Outlays. This decrease was recognized because of the completion of the new Public Works facility which was funded through a bond issuance in 2016. This bond issue also caused an increase in expenditures for the debt service fund. The City ended the year with a favorable General Fund expenditure variance of \$175,229. This can be attributable to open positions within departments and the Fire Department experiencing lower call volumes than expected. Negative variances were realized in the Highway and Parks departments due to the retirement of several long-serving employees, and the cost of paying associated termination benefits.

## 2018 EXPENDITURES



# Where Do Your Tax Dollars Go?

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



A home valued at \$350,000 in the City of Mequon generates \$1,086.12 in annual property taxes for the City. That equates to \$90.51 per month in property taxes.

## What Could You Buy With \$90.51 Per Month?

### ONE OF THESE

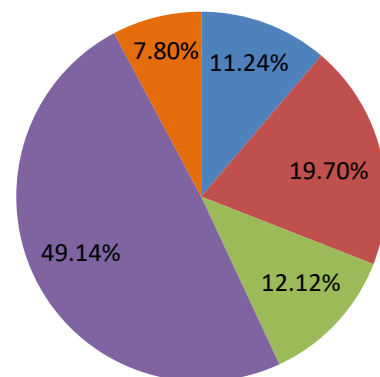
- One Month of Internet Service
- One Month of Cell Phone Service
- A Golf Lesson
- A One Month Gym Membership
- Dinner for Two

### OR ALL OF THESE

- 24/7/365 Police Protection
- 24/7/365 Fire Protection
- Snow and Ice Removal
- Maintaining 1,200 Acres of Parks
- Street Lighting
- Paved & Maintained City Streets

## Breakdown of 2018 Tax Rate by Jurisdiction

- City of Mequon: 19.70%
- Sewer Utility Division: 12.12%
- Mequon Thiensville School District: 49.14%
- Ozaukee County: 11.24%
- Milwaukee Area Technical College: 7.80%



# Public Safety



## FUNCTIONS

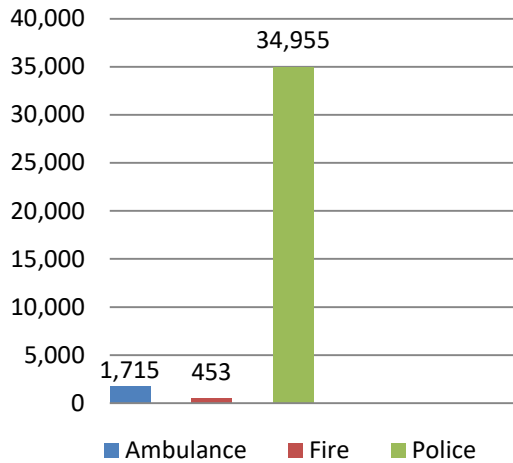
Public Safety functions within the City of Mequon are comprised of:

- Law Enforcement
- Investigation
- Emergency Communications (911)
- Emergency Response (Fire & EMS)
- Traffic Enforcement
- Building Inspections

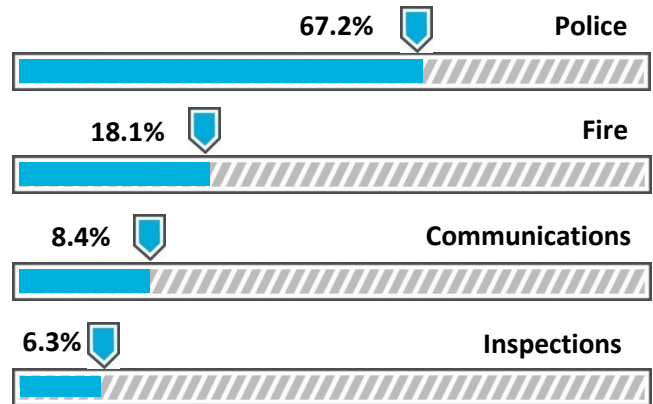
## EXPENDITURES

- Total expenditures for Public Safety during 2018 were \$7,750,098.
- The largest expenditures in this area continue to be salaries and benefits, although staffing levels have remained level.

## 2018 CALLS FOR SERVICE



## 2018 PUBLIC SAFETY EXPENDITURES





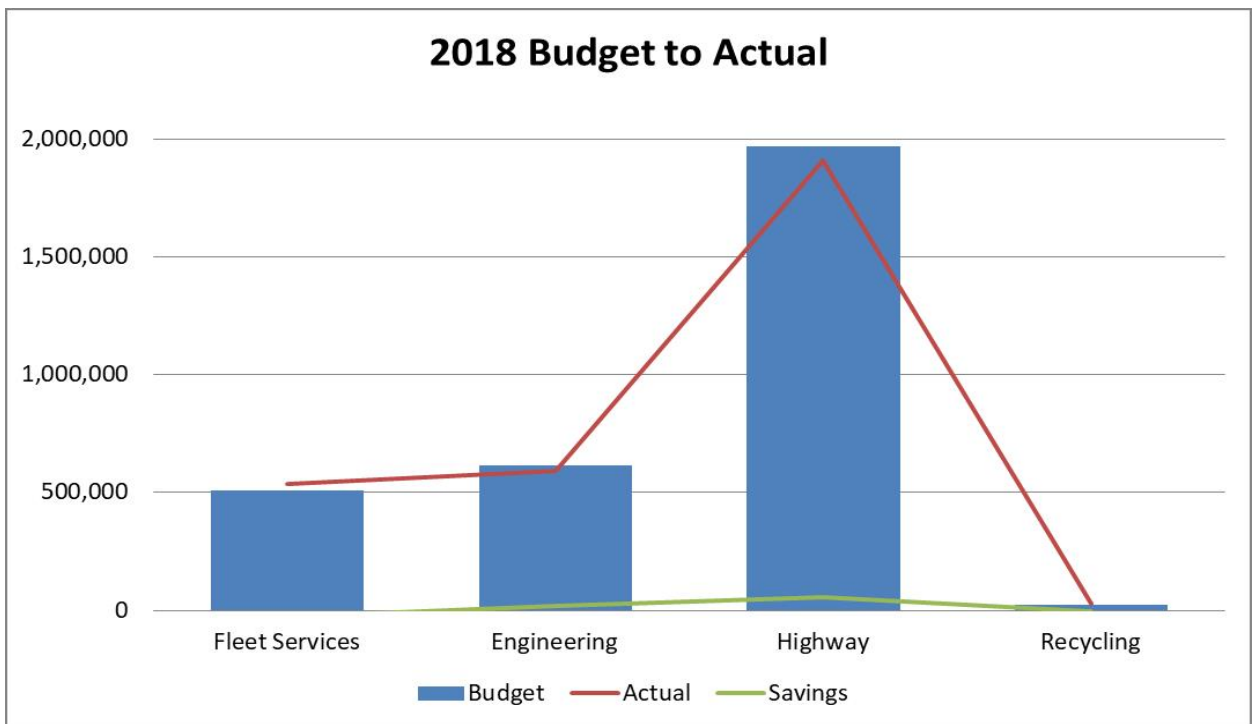
## FUNCTIONS

The Department of Public Works is comprised of the following Divisions:

- Fleet
- Engineering
- Highway
- Recycling

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

**FISCAL YEAR 2018** saw a budget surplus of \$47,419 for the Department.



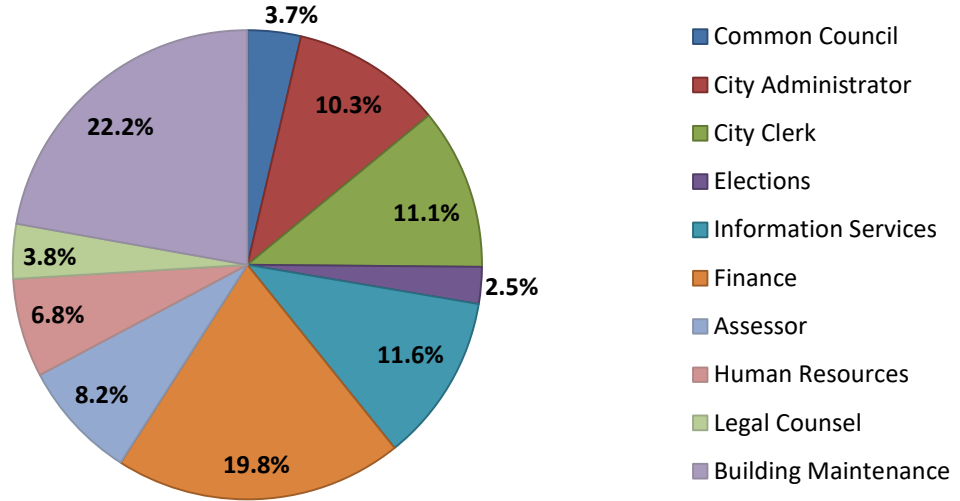
**Fiscal Year 2018 saw a number of accomplishments for the Public Works Department including:**

- Completion of 900-950 repairs and preventative maintenance requests for all departments.
- 3,200 Ash trees removed in the public right of way as part of the Emerald Ash Borer Program.
- Installed or replaced 7,600 feet of storm water and culverts to improve drainage.
- Maintained operation of the brush site for resident use with no increase in fees.



## FUNCTIONS

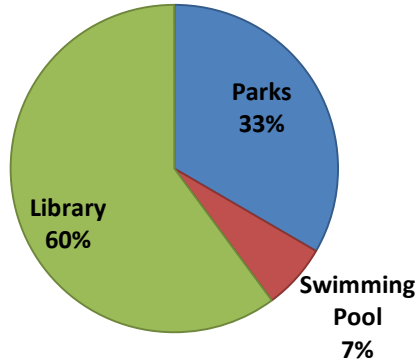
General Government accounts for the day-to-day operation of Mequon’s administrative and leadership responsibilities including administration, finance, legal and human resources.



|                      | <u>2017 Actual</u>         | <u>2018 Actual</u>         |
|----------------------|----------------------------|----------------------------|
| Common Council       | \$ 88,880                  | \$98,538                   |
| City Administrator   | \$ 309,889                 | \$277,520                  |
| City Clerk           | \$ 260,299                 | \$298,056                  |
| Elections            | \$ 30,070                  | \$68,014                   |
| Information Services | \$ 318,004                 | \$309,959                  |
| Finance              | \$ 538,258                 | \$531,785                  |
| Assessor             | \$ 221,779                 | \$219,299                  |
| Human Resources      | \$ 186,602                 | \$182,404                  |
| Legal Counsel        | \$ 102,932                 | \$100,897                  |
| Building Maintenance | \$ 637,278                 | \$595,044                  |
| <b>TOTAL</b>         | <b><u>\$ 2,693,991</u></b> | <b><u>\$ 2,681,516</u></b> |

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

## 2018 Enrichment Expenditures

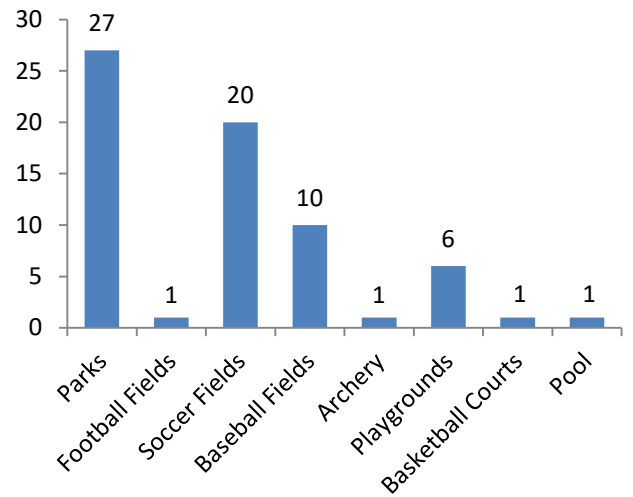


Virmond Park on Lake Michigan



Weyenberg Library

## Park Amenities



The City's conservation and development efforts are coordinated by the Department of Community Development, which is responsible for policy analysis, long-range planning, development site plan review, zoning code administration, economic development, landmark administration, zoning code enforcement, geographic information systems (GIS) and census/demographic updates. This Department is also responsible for management of the City's Tax Increment Financing Districts and for attracting new business to the community. The total expenditures for this Department in 2018 were \$432,184. The majority of these funds were spent on salaries and benefits for 3.5 full-time equivalent employees that staff the department.

- **The City's Public Health Inspector is responsible for following up on code violations and complaints addressing possible health and safety concerns.**



**Mequon Town Center**



**Aster Memory Care**



**Children's Hospital**



**Lexington Square Office Building**

## 2018 REVENUES

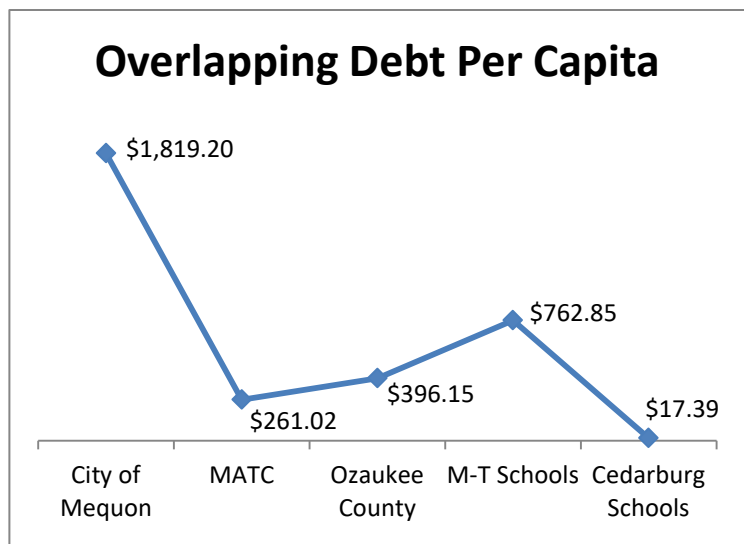
|                            | <u>Debt Service Fund</u>   | <u>Capital Projects Fund</u> |
|----------------------------|----------------------------|------------------------------|
| Taxes                      | \$ 3,702,183               | \$1,566,848                  |
| Intergovernmental          | \$ 113,679                 | \$ 394,690                   |
| Public Charges for Service | \$ 0                       | \$ 123,525                   |
| Special Assessments        | \$ 0                       | \$ 0                         |
| Investment Income          | \$ 13,897                  | \$ 31,616                    |
| Miscellaneous              | \$ 0                       | \$ 90,737                    |
| <b>TOTAL</b>               | <b><u>\$ 3,829,759</u></b> | <b><u>\$ 2,207,416</u></b>   |

## 2018 EXPENDITURES

|                    | <u>Debt Service Fund</u>   | <u>Capital Projects Fund</u> |
|--------------------|----------------------------|------------------------------|
| General Government | \$ 0                       | \$ 21,415                    |
| Capital Outlay     | \$ 0                       | \$ 2,013,027                 |
| Debt Service       | \$ 3,976,390               | \$ 6,496                     |
| <b>TOTAL</b>       | <b><u>\$ 3,976,390</u></b> | <b><u>\$ 2,040,938</u></b>   |

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

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





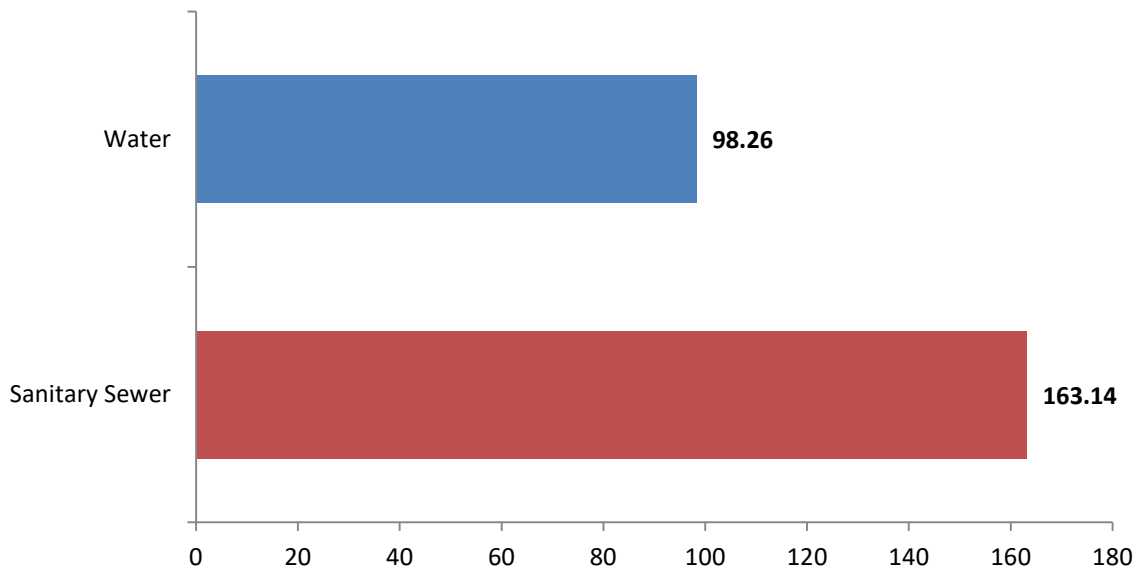
# Sewer and Water

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

■ The Water Utility Fund is also an enterprise fund established for operations of the City's water utility. Like the Sewer Utility, the Water utility is funded entirely by user fees. The Water Utility also maintains the City's 1,089 fire hydrants on a year-round basis. Additionally, the City's Water Utility also provides water to the Villages of Thiensville and Bayside, which are located to the north and south of Mequon, respectively.



**Miles of Main**





# Getting More Information

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

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

■ If you have any questions, comments, or suggestions regarding the 2018 Popular Annual Financial Report, please contact the City of Mequon Finance Department at (262) 236-2947.

## Administrative Staff

**William Jones**  
City Administrator

**Justin Schoenemann**  
Assistant City Administrator

**Caroline Fochs**  
City Clerk

**Dan Buntrock**  
Police Chief

**David Bialk**  
Fire Chief

**Kim Tollefson**  
Community Development Director

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

**Thomas Watson**  
Finance Director



City of Mequon Public Works Building