

POPULAR ANNUAL FINANCIAL REPORT 2020



**ANNUAL REPORT TO THE
CITIZENS OF MEQUON
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

**Preserving Quality
of Life**

20

POPULAR ANNUAL FINANCIAL REPORT

20

Contents

INSIDE THIS PUBLICATION

- 2** Introduction
- 3** Message from the Mayor
- 4** Mequon Common Council
- 5** Message from the City Administrator
- 6** About Mequon
- 8** Financial Review of Fiscal Year 2020
- 10** Where Do Your Tax Dollars Go?
- 11** General Government
- 12** Public Safety
- 13** Public Works
- 14** Community Enrichment
- 15** Conservation & Development/Public Health
- 16** Capital Projects/Debt Service Funds
- 17** Sewer/Water Utilities
- 18** Getting More Information

The City of Mequon strives to provide useful financial information to its residents. As part of this goal, the City annually publishes 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. The Comprehensive Annual Financial Report 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 Comprehensive Annual Financial Report are prepared by Generally Accepted Accounting Principles (GAAP) and audited by the public accounting firm Baker Tilly Virchow Krause, LLP.

The City of Mequon's Comprehensive Annual Financial Report for the year ended 2020, from which the information on pages 8-9 has been drawn, has been submitted for the Excellence in Financial Reporting Award through the Government Finance Officers Association of the United States and Canada (GFOA). This award is the highest form of recognition for excellence in state and local government financial reporting.

In order to receive this award, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with content that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Excellence in Financial Reporting Award is valid for a period of one year only. The City believes that its current Comprehensive Annual Financial Report continues to conform to the Program's requirements and is submitting it to GFOA to determine its eligibility for continued recognition.

■ **A copy of the 2020 Comprehensive Annual Financial Report can be obtained on the City's website at: www.ci.mequon.wi.us or by contacting the City's Finance Department at (262) 236-2947.**

DEFINITIONS

General Fund: The 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 the payment of, general long-term debt principal, interest and related costs.

Capital Project Fund: Used to account for the 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



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to
City of Mequon
Wisconsin

For its Annual Financial Report
for the Fiscal Year Ended

December 31, 2019

Christopher P. Merrill
Executive Director/CEO

Friends and Neighbors:



On behalf of the City of Mequon, I am pleased to present this Annual Citizen's Report to the Mequon community. The report provides you with an overview of both the current financial condition of the City and significant ongoing and future activities affecting our community.

2020 was a very challenging year, but the City made it through in great shape. I am confident that 2021 and the future will be bright.

The City is committed to financial transparency. This report is a tool to ensure transparency and enhance the level of the City's accountability to you, the City's taxpayers.

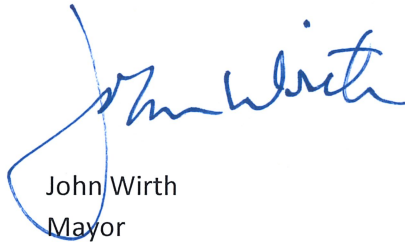
Mequon is the best place to live, work, raise a family, live out golden years and enjoy a great quality of life. The credit for Mequon's success belongs to its people; however, good government is one ingredient of the recipe for a great city.

The City is frugal with your money while at the same time planning proactively for the future. Through good planning and sound management, and with your support, we can ensure that the City continues to keep taxes low, to provide excellent safety services, to maintain roads, to improve services and facilities and to help foster a sense of community.

Thank you for taking the time to review this report. Please contact me or your alderman for more information or with comments and suggestions. The best ideas usually come from residents rather than from the government.

I know I speak for the City's Common Council and staff in saying that it is an honor to serve you.

Best Regards,



John Wirth
Mayor

Vintage Mequon Fire Truck

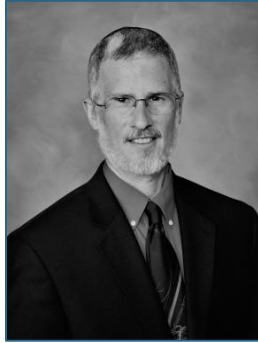


Riverbarn Park

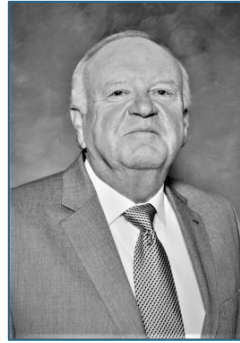
Mequon Common Council



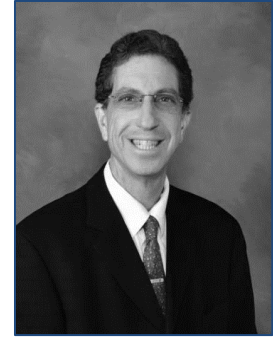
Alderman
Robert Strzelczyk
District #1



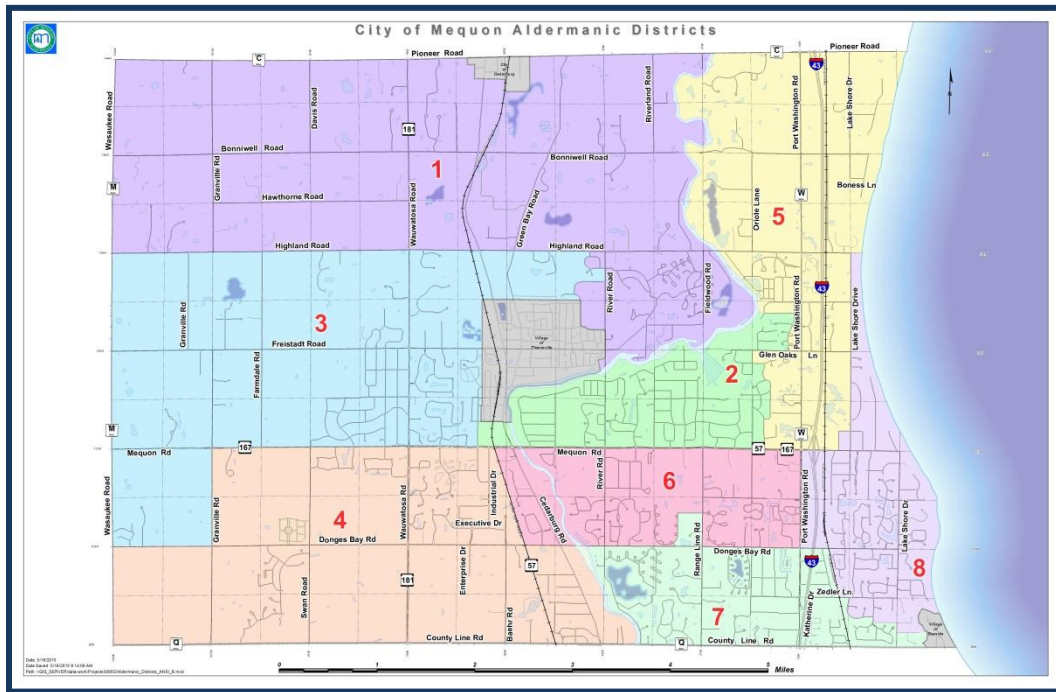
Alderman
Glenn Bushee
District #2



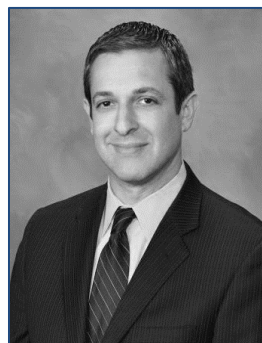
Alderman
Dale Mayr
District #3



Alderman
Jeffrey Hansher
District #4



Alderman
Mark Gierl
District #5



Alderman
Brian Parrish
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 Annual Financial Report (AFR) for the year ended December 31, 2020. The City’s PAFR is designed to be a concise and easy-to-read version of the City’s 142-page AFR 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 this PAFR will provide a brief and easy-to-understand overview of the City’s financial position at the conclusion of 2020.

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, which include the Distinguished Budget Presentation Award, a Certificate of Achievement for Excellence in Financial Reporting, and the Award for Outstanding Achievement in Popular Annual Finance Reporting. It is the City’s view that participation in GFOA’s awards program enhances transparency and accountability of the City’s financial information. Most recently, the City has received the Distinguished Budget Presentation award in each of the last eleven years, the Excellence in Financial Reporting Award six times and the Outstanding Achievement in Popular Annual Finance Reporting Award over six consecutive years. The awards mentioned here are only achieved by a very small number of Wisconsin cities, towns and villages. In fact, during 2019, Mequon was one of only five municipalities across the entire State of Wisconsin to earn all three awards, and the City is honored to be amongst such a select group of communities that have consistently demonstrated a commitment to excellence in the realm of public finance.

In the past year, the City has seen continued development within the Town Center neighborhood. In addition to Spur 16, a mixed-use project valued at over \$28 million, the Foxtown neighborhood development continued apace, with the ongoing construction and/or renovation of several buildings dedicated to residential, office and retail uses. Between these two projects alone, more than 70 new jobs have been created. Additionally, and in connection with the City’s ongoing commitment to ensuring excellent public safety services on behalf of all who live, work or play in Mequon, a blue-ribbon committee recommended the addition of three full-time battalion chief positions in the Fire Department, which are slated to be filled during the first half of 2021.

This upcoming year will also see continued development in the Town Center including necessary public infrastructure improvements. Major initiatives slated for 2021 include a financial commitment to provide pedestrian and bicycle enhancements for safer and more comfortable access to and within the neighborhood. The City will also develop and implement a strategy for an expansion of the business area on the east side of the City along the I-43 corridor. Additionally, the Planning Commission and City staff will seek to adopt further zoning changes to support additional residential development within this designated 750-acre study area.

Both the PAFR and AFR are available online at www.ci.mequon.wi.us or by contacting the Finance Department at (262) 236-2947. 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 taking a few minutes to review the information contained in this report, and for your interest in the City of Mequon, Wisconsin!

Sincerely,

William H. Jones, Jr.
City Administrator

Located on the western shores of Lake Michigan, just north of Milwaukee, the City of Mequon boasts majestic lakeshore bluffs, stately homes, lush farmland, and expansive open space. The community enjoys many parks, five golf courses, the winding Milwaukee River, and easy access to the I-43 interstate 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.

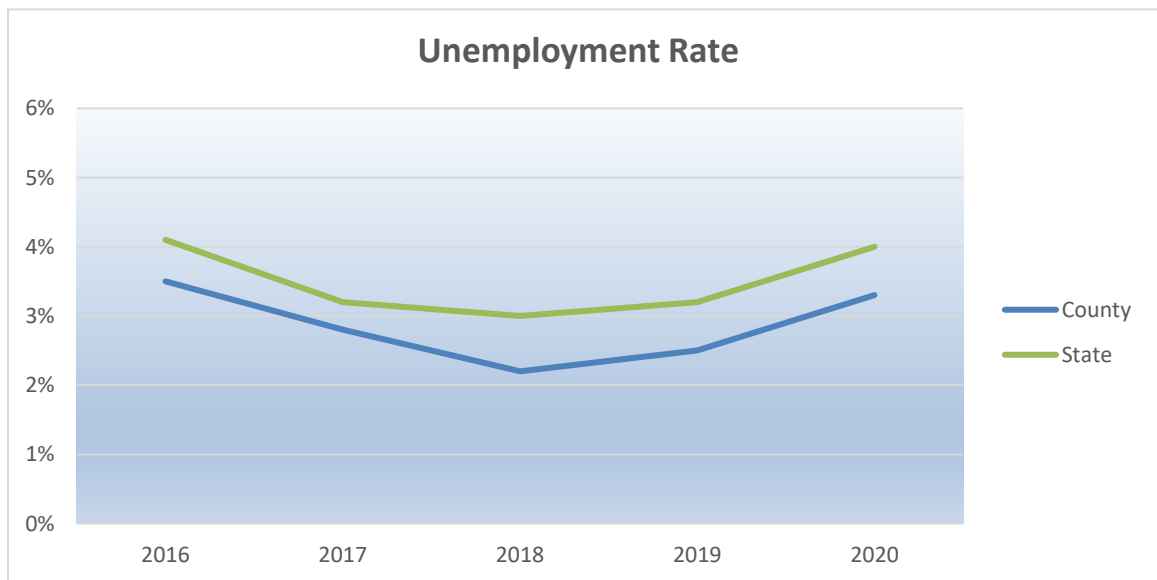
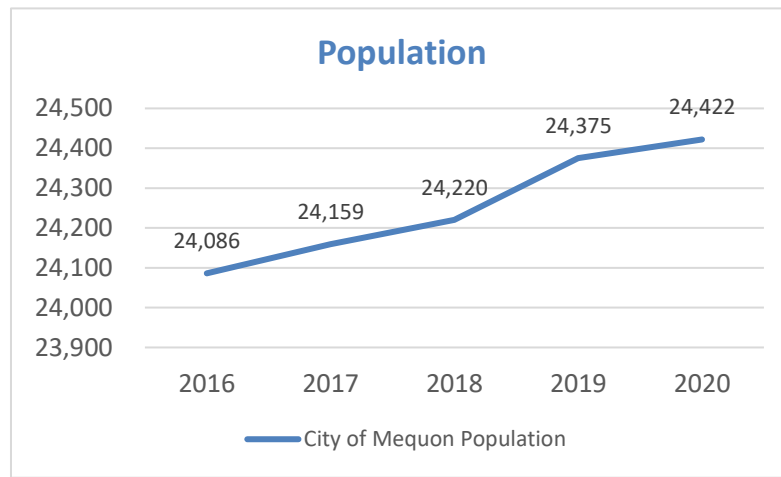
CITY OF MEQUON AT A GLANCE

	<u>FY 2019</u>	<u>FY 2020</u>
City Property Tax Rate (per/1,000 of assessed value)	\$ 3.28	\$ 3.44
Total Property Tax Rate (M-T Schools)	\$ 14.98	\$ 15.58
Total Property Tax Rate (Cedarburg Schools)	\$ 14.00	\$ 14.67
Equalized Value	\$ 4,797,857,000	\$ 5,048,795,100
Assessed Value	\$ 4,697,115,020	\$ 4,695,007,360
Bond Rating	AA (Stable)	AA (Stable)

Largest Property Taxpayers (2020)	Assessed Values
Mequon WI Senior Property LLC	\$38,257,080
Centro Bradley SPE 1LP	\$33,178,000
FFII WI Mequon LLC	\$30,271,500
Mequon Spur 16 LLC	\$28,288,100
MMAC 150 Aurora LLC	\$24,978,640
Mequon Trail Townhomes	\$24,091,170
11430 N Port Washington Road LLC	\$21,145,620
Mequon Reserve Dakota	\$16,302,890
RL Mequon LLC	\$15,773,610
Wmi Milwaukee LLC	\$15,711,000

Top Five Employers

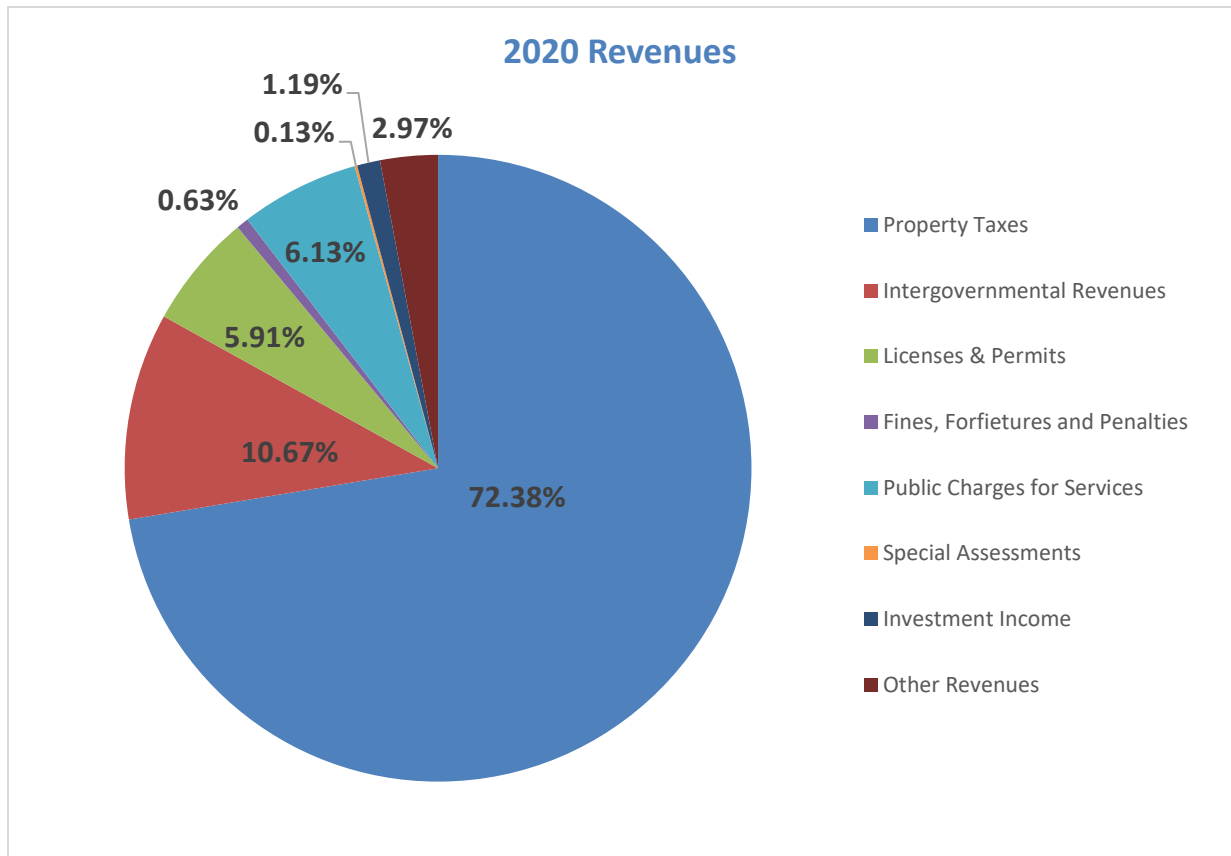
NAME OF EMPLOYER	PRODUCT/SERVICE	APPROX. # OF EMPLOYEES
Rockwell Automation	Machinery Manufacturer	1,000
Concordia University	Post-Secondary Education	1,000
Ascension	Healthcare	750
Mequon-Thiensville School District	Elementary and Secondary Education	425
Telsmith Inc	Equipment Manufacturer	275



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 revenue (“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

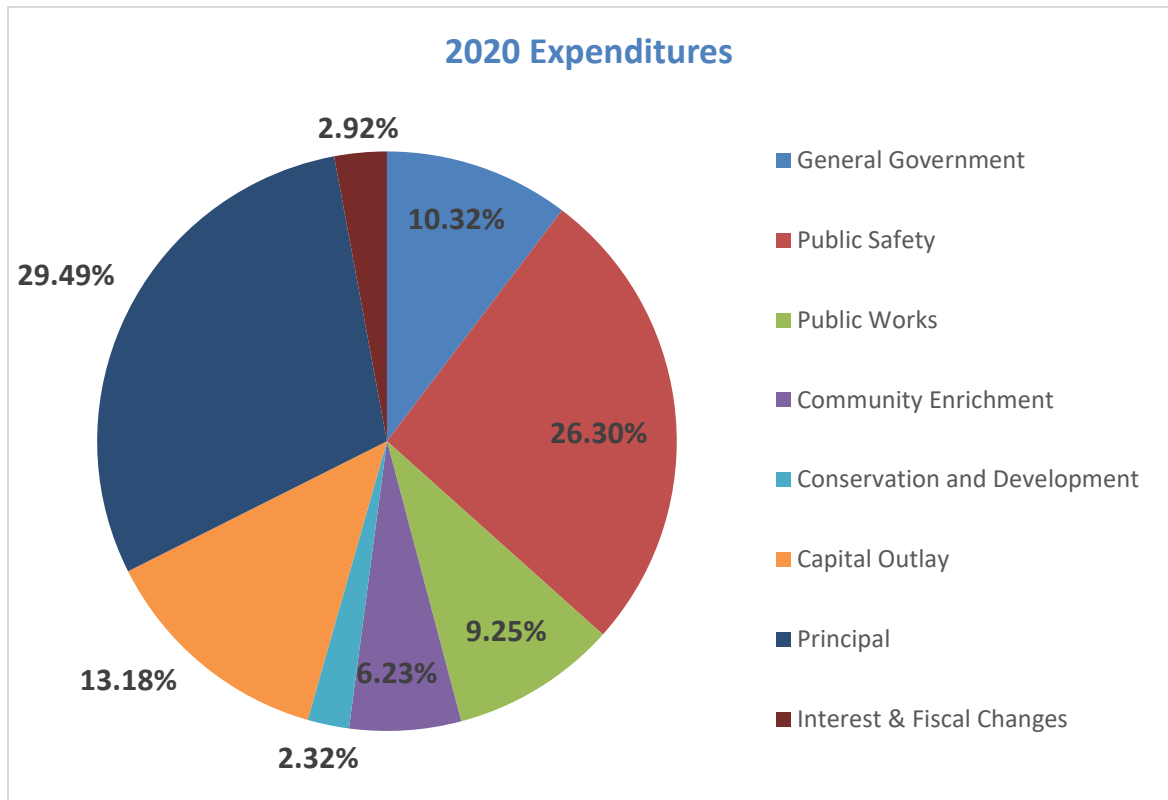
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Property Taxes	\$ 15,314,922	\$ 15,941,941	\$ 17,191,976
Intergovernmental Revenues	\$ 2,503,748	\$ 3,189,179	\$ 2,533,207
Licenses & Permits	\$ 1,573,748	\$ 1,565,059	\$ 1,403,824
Fines, Forfeitures and Penalties	\$ 231,307	\$ 219,554	\$ 149,638
Public Charges for Services	\$ 1,765,925	\$ 1,769,439	\$ 1,455,313
Special Assessments	\$ 0	\$ 40,445	\$ 30,490
Investment Income	\$ 233,780	\$ 382,602	\$ 282,252
Other Revenues	\$ 194,536	\$ 151,691	\$ 705,481
TOTAL REVENUES	<u>\$21,817,966</u>	<u>\$ 23,259,910</u>	<u>\$ 23,752,181</u>



WHERE THE MONEY GOES

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
General Government	\$ 2,681,516	\$ 2,765,802	\$ 3,266,926
Public Safety	\$ 7,763,196	\$ 8,361,409	\$ 8,321,663
Public Works	\$ 3,066,293	\$ 3,210,284	\$ 2,926,942
Public Health	\$ 1,160	\$ 0	\$ 0
Community Enrichment	\$ 1,894,031	\$ 1,921,220	\$ 1,969,988
Conservation & Development	\$ 431,984	\$ 462,723	\$ 733,858
Capital Outlay	\$ 2,023,327	\$ 4,468,526	\$ 4,169,921
Debt Service	\$ 3,982,886	\$ 3,903,373	\$ 10,256,062
TOTAL EXPENDITURES	<u>\$ 21,844,393</u>	<u>\$ 25,093,337</u>	<u>\$ 31,645,360</u>

Total expenditures for 2020 were up nearly \$6,552,023 from the previous year. The major differences are related to debt service refunding. Despite the hard economic toll of the COVID-19 pandemic, the City ended the year with a favorable General Fund expenditure variance of \$3,099. This can be attributed to grant funding provided by the State of Wisconsin, expenditure restraints put in place and a hiring freeze that was implemented across all departments.



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 \$1,204 in annual property taxes for the City. That equates to \$100.33 per month in property taxes.

What Could You Buy With \$100 Per Month?

ONE OF THESE

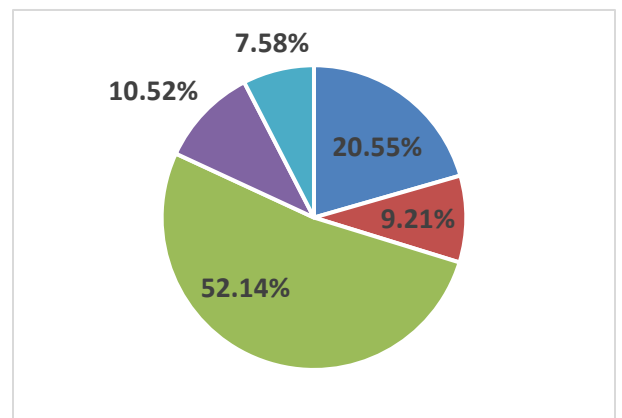
- One Month of Internet Service
- One Month of Cell Phone Service
- A Golf Lesson
- A One Month Gym Membership
- Dinner for Two

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 2020 Tax Rate by Jurisdiction

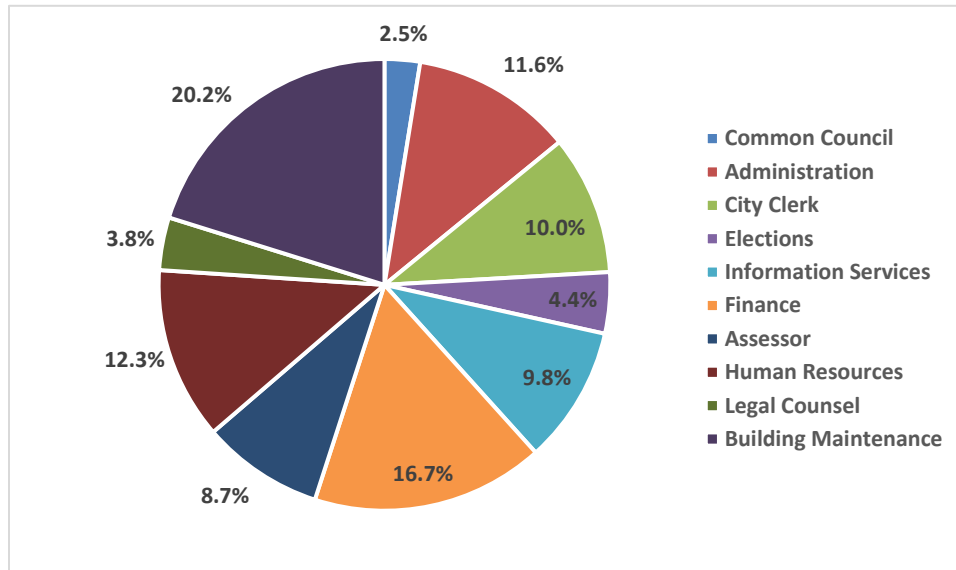
- Sewer Utility Division: 9.21%
- Mequon Thiensville School District: 52.14%
- Ozaukee County: 10.52%
- City of Mequon: 20.55%
- Milwaukee Area Technical College: 7.58%



General Government

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>2019 Actual</u>	<u>2020 Actual</u>
Common Council	\$ 103,142	\$ 83,045
Administration	\$ 278,224	\$ 377,760
City Clerk	\$ 268,168	\$ 326,426
Elections	\$ 34,349	\$ 143,051
Information Services	\$ 333,233	\$ 321,637
Finance	\$ 571,519	\$ 544,469
Assessor	\$ 227,833	\$ 284,770
Human Resources	\$ 198,975	\$ 403,213
Legal Counsel	\$ 101,055	\$ 123,321
Building Maintenance	\$ 649,304	\$ 659,234
TOTAL	<u>\$ 2,765,802</u>	<u>\$ 3,266,926</u>

Public Safety



FUNCTIONS

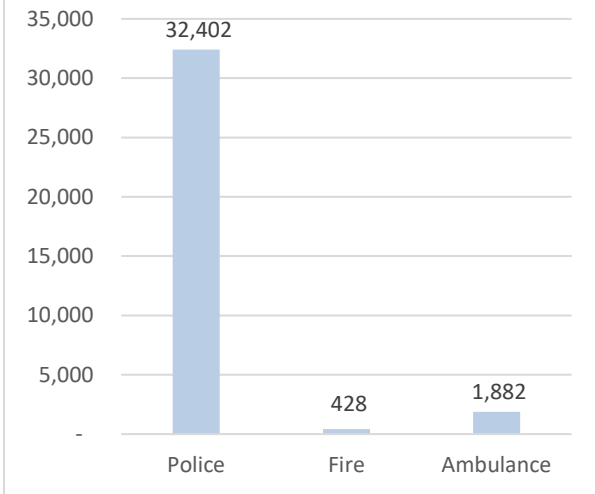
Public Safety functions within the City of Mequon are comprised of:

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

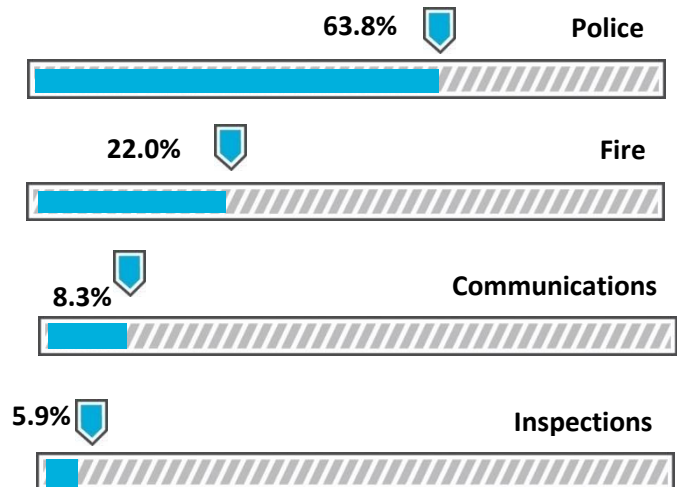
EXPENDITURES

- Total expenditures for Public Safety during 2020 were **\$8,391,080**.
- The largest expenditures in this area continue to be salaries and benefits, although staffing levels have remained level.

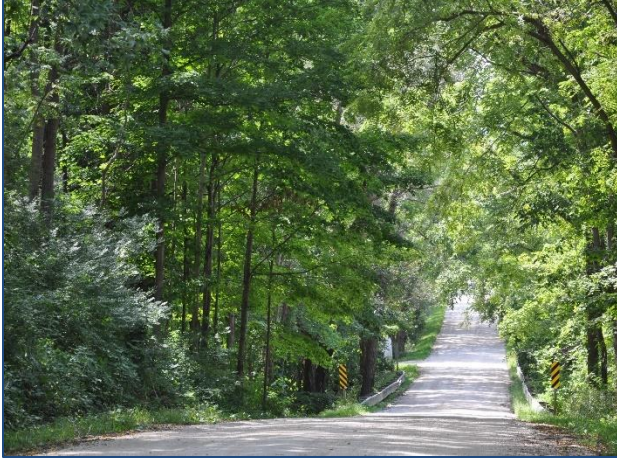
2020 Calls for Service



2020 PUBLIC SAFETY EXPENDITURES



Public Works



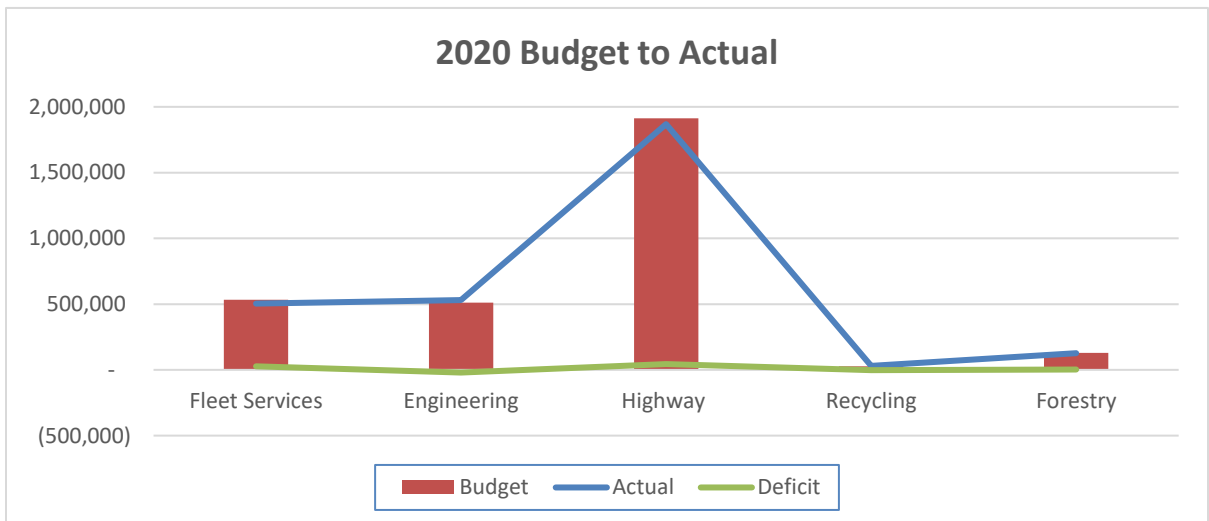
FUNCTIONS

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

- Fleet
- Engineering
- Highway
- Forestry
- Recycling

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

FISCAL YEAR 2020 saw a budget surplus of 1.7% for the Department.

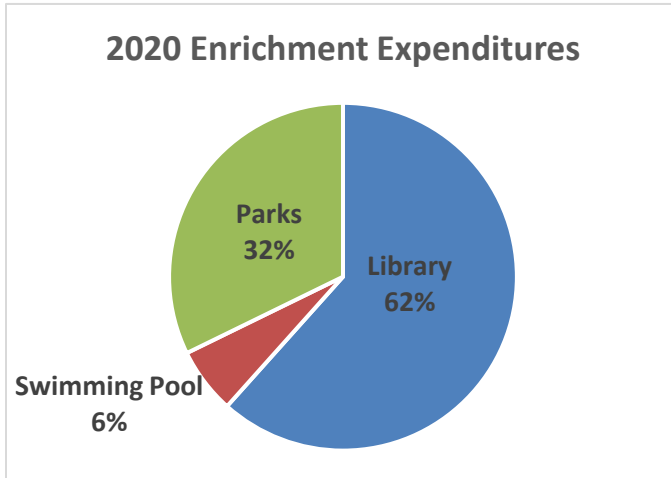


Fiscal Year 2020 saw a number of accomplishments within the Public Works Department including:

- Establishment of a new Forestry Division with two full-time positions and an intern position.
- Removal of 2,850 ash trees affected by Emerald Ash Borer and the planting of 277 new trees.
- Completion of the City's first ever Annual Report of the Park and Open Space Board. This was a major accomplishment for the DPW Parks Division as well as for the thirteen-member Park and Open Space Board following 2019's completion of the long-term Comprehensive Plan and three community park Master Plans.
- Rotary Park Pavilion improvements including siding, fascia, interior and exterior painting, floors, windows, countertops, and LED lighting conversion.
- Snow removal and maintenance of 213+ miles of local roadways and contract administration for pavement maintenance and rehabilitation for 65 miles of local roadways.

Community Enrichment

Community Enrichment includes Parks, the Community 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.

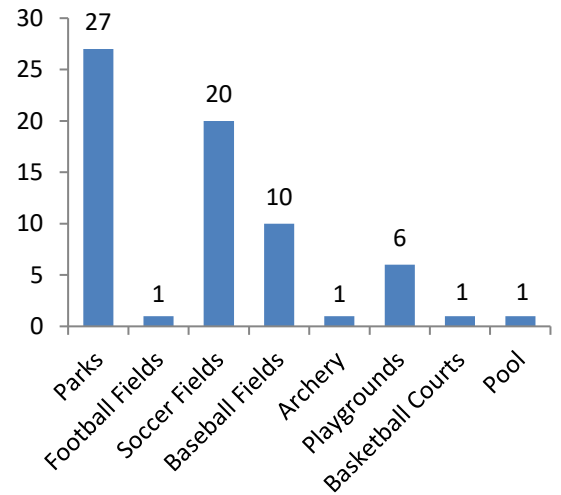


City of Mequon Swimming Pool



Weyenberg Library

Park Amenities



The City's conservation and development efforts are coordinated by the Department of Community Development's Planning Division, which is responsible for policy analysis, long-range planning, site plan review, zoning code administration, economic development, landmark administration, 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 Division in 2020 were \$474,017. The majority of these funds were spent on salaries and benefits for 3.5 full-time equivalent employees that staff the Planning Division.

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



Mequon Town Center



Highlands at Riverwalk Senior Living



Rotary Park



Riverwalk

Capital Projects / Debt Service Funds

2020 REVENUES

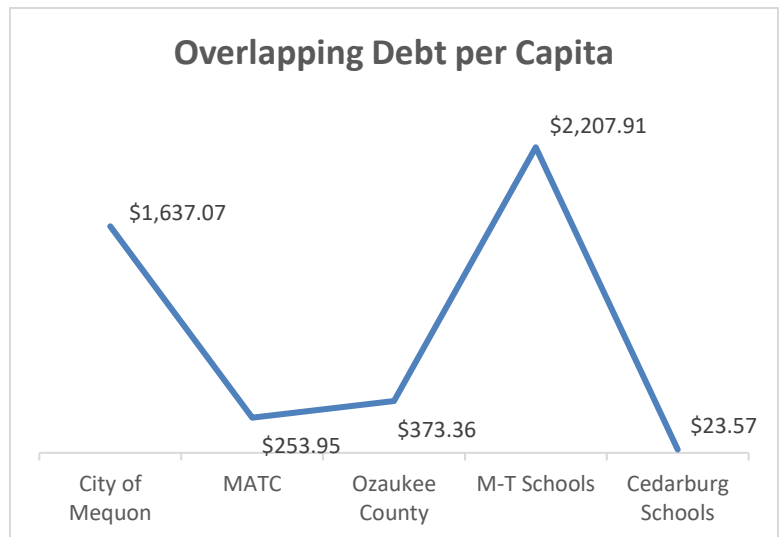
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Taxes	\$ 4,516,511	\$1,686,123
Intergovernmental	\$ 57,394	\$ 199,463
Public Charges for Service	\$ 0	\$ 50,498
Special Assessments	\$ 0	\$ 30,490
Investment Income	\$ 23,800	\$ 89,078
Miscellaneous	\$ 0	\$ 203,834
TOTAL	<u>\$ 4,597,705</u>	<u>\$ 2,259,486</u>

2019 EXPENDITURES

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
General Government	\$ 0	\$ 0
Capital Outlay	\$ 0	\$ 4,169,921
Debt Service	\$ 10,209,542	\$ 46,520
TOTAL	<u>\$ 10,209,542</u>	<u>\$ 4,216,441</u>

■ Debt per capita is calculated by taking the total outstanding debt for the entity at 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.

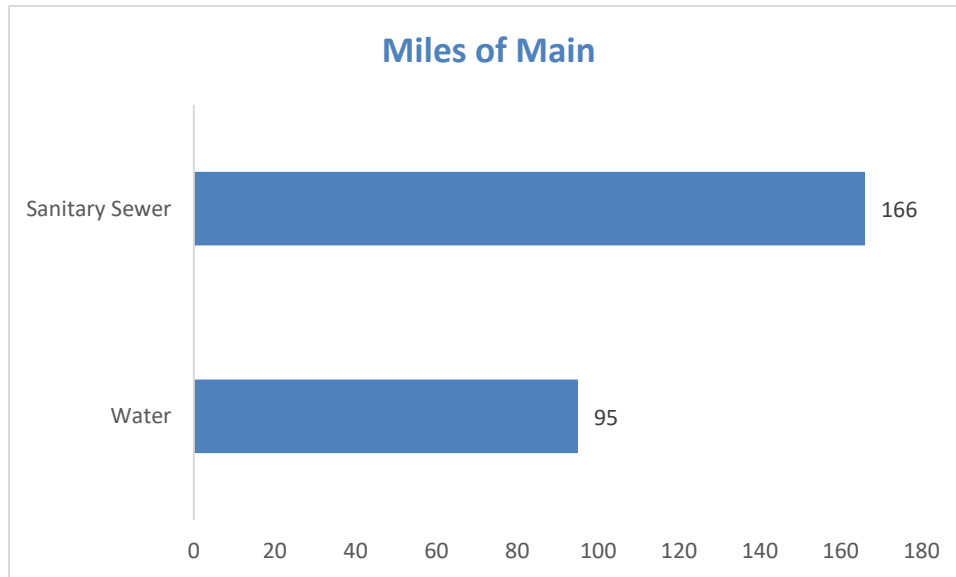
This metric is used to depict the relative amount of debt the City and other taxing jurisdictions have incurred, on a per resident basis.



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 1,136 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 inside and south of Mequon, respectively.



The City's website (www.ci.mequon.wi.us) provides information about City services, community events, construction projects, new businesses, weather alerts, public safety tips, and 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 Audits
 - Comprehensive Plan
 - Events Calendar
 - Weekly Bulletin
 - Staff Directory
- If you have any questions, comments, or suggestions regarding the 2020 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

David Biak
Fire Chief

Kaitlyn Krueger
Finance Director

Kristen Lundeen
Public Works Director/City Engineer

Patrick Pryor
Police Chief

Kimberly Tollefson
Community Development Director



Mequon City Hall