

CITY OF MEQUON



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2022

11333 N. Cedarburg Road
Mequon, WI 53092
262-242-3100
www.ci.mequon.wi.us



Prepared by the City of Mequon Finance Department

City of Mequon
Annual Comprehensive Financial Report
As of and for the Year Ended December 31, 2022

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INTRODUCTORY SECTION



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Mequon, Wisconsin 53092
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FINANCE DEPARTMENT

Jennifer L. Engroff, CPA, Finance Director/Treasurer

June 2, 2023

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

The Annual Comprehensive Financial Report for the City of Mequon, Wisconsin, for the fiscal year ended December 31, 2022, is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the City's management team 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 sufficiently reliable information for preparation of the City'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 its 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 US, LLP, a firm of certified public accountants and consultants, has audited the City of Mequon's financial statements for Fiscal Year 2022. The goal of this independent audit is to provide reasonable assurance that the financial statements of the City for Fiscal Year 2022 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has concluded based upon the audit, that the City's financial statements for the year ended December 31, 2022 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 a Management Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the 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 and Mequon Water Utilities; therefore, these activities are included in the financial statements. However, Mequon-Thiensville (M-T) and Cedarburg School Districts and Milwaukee Area Technical College are autonomous entities and have not met the established criteria for inclusion herein, 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 48 square miles. The City was incorporated in 1957 and has an estimated 2022 population of 25,141 (per State Department of Administration).

The eight-member Common 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 City departments submit annual requests for appropriation for all governmental activities to the City Administrator in August 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 September. The Appropriations Committee meets with the City Administrator and all department heads in early October to review and discuss the proposed budget. Thereafter, the City is required to hold a public hearing

on the proposed budget, which is held on 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 annual property tax levy is also established.

ECONOMIC CONDITION AND OUTLOOK

Unemployment has historically been very low in the Milwaukee metropolitan area. In Ozaukee County, the unemployment rates were 2.4 percent at the end of 2021 and 2.1 percent at the end of 2022. This compares favorably with unemployment rates across Wisconsin of 3.2 and 2.7 percent, respectively.

Mequon's 2022 equalized property value stands at over \$6.0 billion. In 2022, the City realized more than \$119.4 million in new construction valuation. The City maintains an AA (Stable) bond rating from Standard & Poor's Global Ratings Service, based in part on the relatively strong economic climate of the City.

MAJOR INITIATIVES DURING 2022

Economic Development

The City's new mixed-use, traditional neighborhood, known as Town Center, continues to flourish. Based on values as of January 1, 2022, the incremental value of the district was \$157M with approximately \$19M expected to come online in 2022-23. The growth and diversity of uses, both residential and commercial, add vitality to the neighborhood. Single-family homes have exceeded projected values and the attraction of residents expands the market for commercial entities including new restaurants, fitness and retail. The financial success of the district has allowed the City to sponsor further public investments in the Town Center.

Statistically, the Town Center (TIF #3) ranks highly when compared to other Tax Increment Districts (TIF's) throughout the State of Wisconsin. On a combined basis, all four of the City's TIF's have generated increment in excess of \$211.6M.

New commercial development near Interstate 43 has also resulted in nearly \$12M of new investment in the City's Port Washington Road commercial corridor. Projects include a neighborhood hospital, a multi-tenant service building, a new medical office, food and entertainment facilities and a self-storage facility, along with major reconstruction of the I-43 interstate that enhances existing access points to the City's commercial corridor. This project also adds a new access point at Highland Road, gaining further attraction to Concordia University and the City's new Ulao Creek neighborhood, which is slated for a mix of residential uses and low scale commercial uses. A new single-family subdivision for that neighborhood was approved in 2022 and concept plans for a senior housing development are under consideration.

Substantially sized new single-family neighborhoods were approved and will begin construction in 2023. The locations are distinct; one being at the intersection of Washington Road and Highland Roads, on the fringe of the city commercial corridor on the east side. The second, located in the southwestern portion of the community, provides connectivity and continuity of newly developed residential neighborhoods and the established neighborhood of Huntington Park. A major attraction to this area is the Mequon Nature Preserve. Both projects expand municipal water service, and the projects combine for a total of 120 lots.

MAJOR INITIATIVES PLANNED FOR 2023

The City's Economic Development Board has established a work program for 2023 which includes the following objectives: expansion of industrially zoned land of approximately 200 acres located near a major highway corridor with workforce attraction from two distinct job markets. Modifications of zoning along the City's commercial corridor (North Port Washington Road), adjacent to I-43, in which interstate improvements by Federal Highway Administration and WisDOT are well underway, are also a focus for desired redevelopment of underutilized and undervalued properties. The interstate improvements enhance and expand access to the City's primary commercial corridor. Analysis, inclusive of the zoning, will address the City's interests in clustering retail/service distinct from office development, both mid and large-size complexes, and explore opportunities for hospitality and entertainment venues. Additionally, the Board will consider development of 2-3 Neighborhood Strategic Plans, and continue to monitor the City's Revolving Loan Fund Program.

Tax Increment 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 complete infrastructure and streetscape enhancements, coordination with the Wisconsin Department of Transportation and the pursuit and evaluation of redevelopment opportunities that are desired within these neighborhoods.

As mentioned above, the City has initiated a major infrastructure and streetscape project for the Town Center, spending over \$5M to create a the unified theme for the neighborhood as previously implemented through private investment. The project builds pedestrian and bicycle improvements for safer and more comfortable access for non-motorized uses, the acquisition of land for conservancy and the redevelopment and reconstruction of a public road to include streetscaping, traffic signals, traffic calming and the burial of all utilities. Through this project, the City is committed to reducing barriers for accessing businesses and encouraging safe movement throughout the neighborhood, and providing a centralized, downtown setting for community gatherings.

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 proposals in which economic incentives are requested. In 2023, the Board will meet with the owners of key and high priority redevelopment sites to align private market objectives with new economic programs and tools. The Board also administers the City's Revolving Loan Fund, which delivers HUD Community Block Grant dollars to businesses to bridge any conventional financing based on the creation of new jobs in the City. Furthermore, the City will continue to provide education and outreach regarding county, regional and state-sponsored programs that may assist in the rehabilitation of its older building stock, as well as commercial expansion and/or retention. This includes enhanced partnership and communications with Milwaukee 7 and the Wisconsin Economic Development Corporation (WEDC).

FINANCIAL MANAGEMENT

Budgetary Controls

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

CASH MANAGEMENT

During the year, temporarily idle cash was invested in demand deposits, an investment pool and a privately managed trust as well as interest bearing accounts within the City's treasury platform with Port Washington State Bank. The investment pool utilized by the City is 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 Dana Investment Advisors and Ehlers Investment Advisors. The City's portfolios 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 expense of approximately \$188,000 on all investments for the year ended December 31, 2022. Although the returns were negative due to a decline in bond prices and mark-to-market accounting practices, the City's average return on investment continues to be approximately 2%. The City's investment policy directs staff to maximize security, liquidity, and return, in that order, when considering investment alternatives. This investment loss was offset by nearly \$117,000 of money market interest resulting in an overall loss of approximately \$71,000.

AWARDS

Last year, the Government Finance Officers Association of the United States & Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending December 31, 2021. This was the ninth year the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 ACFR continues to meet the Certificate of Achievement Program's requirements and staff will be submitting it to GFOA to determine the City's eligibility for another certificate for Fiscal Year 2022.

ACKNOWLEDGEMENTS

As always, we wish to thank the Mayor and the Common Council. Their leadership and continued support are invaluable toward advancing the goals of the City. In addition, preparation of this report was made possible with the assistance of Baker Tilly US, LLP.

Respectfully submitted,



William H. Jones, Jr.
City Administrator



Jennifer L. Engroff
Director of Finance

CITY OF MEQUON, WISCONSIN

DIRECTORY OF OFFICIALS

As of December 31, 2022

ELECTED OFFICIALS

Mayor Andrew Nerbun

Common Council

District 1	Alderman Robert Strzelczyk	District 2	Alderman Glenn Bushee
District 3	Alderman Dale Mayr	District 4	Alderman Jeffrey Hansher
District 5	Alderman Mark Gierl	District 6	Alderman Brian Parrish
District 7	Alderwoman Kathleen Schneider	District 8	Vacant

APPOINTED OFFICIALS

William Jones, City Administrator

Justin Schoenemann, Assistant City Administrator

Caroline Fochs, City Clerk

Patrick Pryor, Police Chief

David Bialk, Fire Chief

Jennifer Engroff, Finance Director

Kristen Lundeen, Public Works Director/City Engineer

Kimberly Tollefson, Planning and Community Development Director

Mike Grota, City Assessor



Government Finance Officers Association

Certificate of
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for Excellence
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**City of Mequon
Wisconsin**

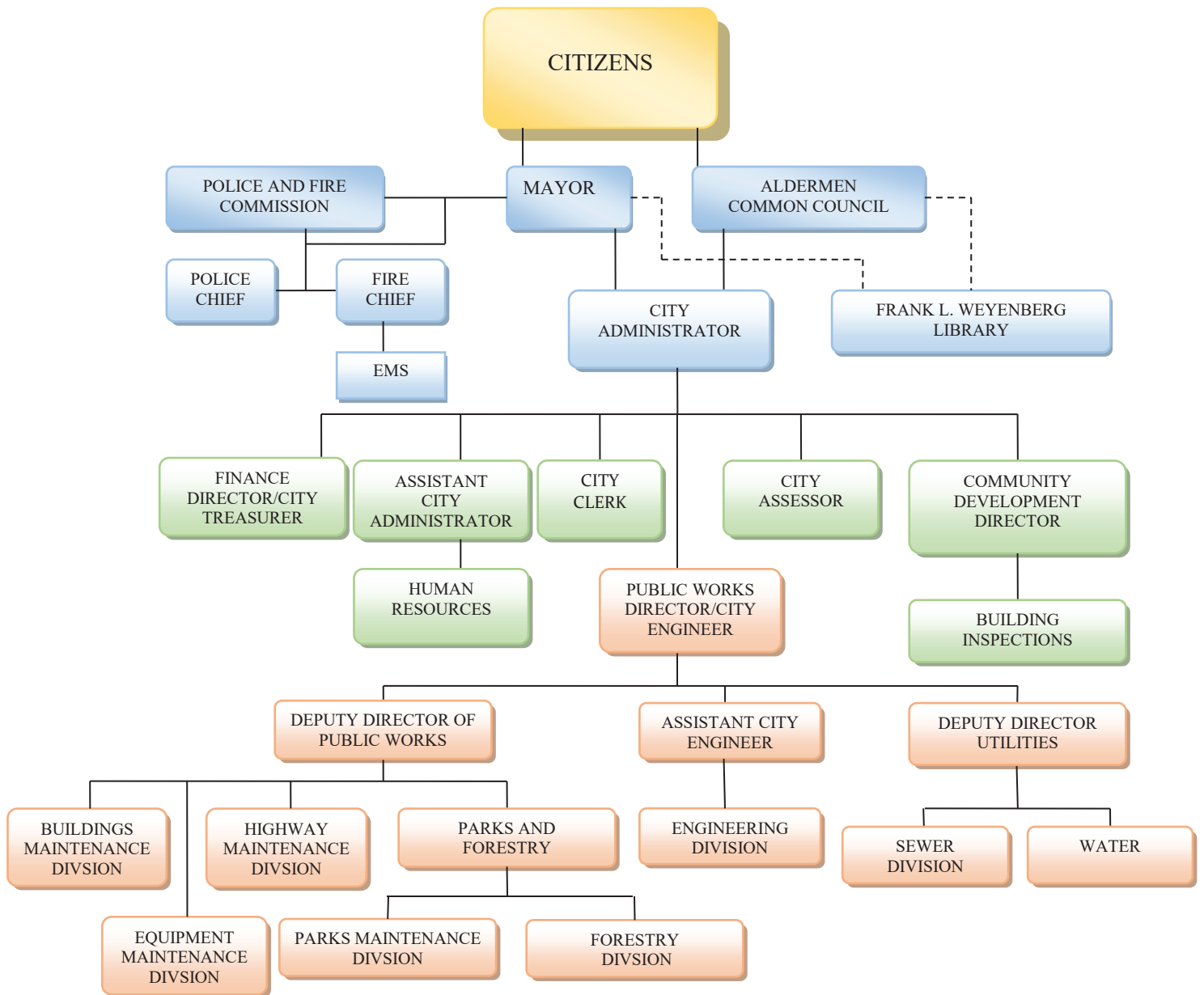
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

City of Mequon Organization Chart



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Common Council of
City of Mequon

Opinions

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 (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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'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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Baker Tilly US, LLP

Milwaukee, Wisconsin
June 2, 2023

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, 2022. Please consider it in conjunction with the City's financial statements, which begin on page 26, following this narrative.

FINANCIAL HIGHLIGHTS

- ✓ With total assets and deferred outflows of resources of \$210.3 million and total liabilities and deferred inflows of resources of \$103.5 million, the total net position of the City of Mequon stood at approximately \$106.9 million at the close of the 2022 fiscal year, an increase of 8.7% from the previous year.
- ✓ As of December 31, 2022, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$13.9 million, an increase of 69.7% from 2021. Approximately \$1.6 million or 11.8% 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 \$1.6 million, a decrease of 29% from the previous fiscal year of which 14% is attributable to a 2022 spending deficit and 15% is related to the timing of a 2023 prepaid expense. Over 12% of the 14% attributable to the 2022 spending deficit was approved by Council to fund non-recurring projects and a one-time inflation adjustment. The \$1.6 million represents 9.0% of the \$18.1 million adopted 2022 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, 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 26 through 27 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 a *fiduciary fund*.

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. These funds 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, 2022 is reported in the *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* which is found on page 89.

The governmental fund financial statements can be found beginning on page 28 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 34 of this report.

Fiduciary Fund. A *fiduciary fund* is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is 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 a fiduciary fund is similar to that used for governmental funds. The City of Mequon uses a fiduciary fund 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 39 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 89.

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 96.

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 \$106.9 million at the close of 2022. The majority of total assets (62.5%) 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, 2022 and 2021**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current & Other Assets	\$ 49,809,082	\$ 36,934,013	\$ 24,526,772	\$ 21,915,905	\$ 74,335,854	\$ 58,849,918
Capital Assets (net)	50,201,453	45,985,753	73,700,666	73,636,394	123,902,119	119,622,147
Total Assets	\$ 100,010,535	\$ 82,919,766	\$ 98,227,438	\$ 95,552,299	\$ 198,237,973	\$ 178,472,065
Deferred Outflows of Resources	\$ 11,231,697	\$ 7,379,117	\$ 870,734	\$ 737,218	\$ 12,102,431	\$ 8,116,335
Current Liabilities	\$ 5,293,959	\$ 2,987,706	\$ 904,203	\$ 1,152,719	\$ 6,198,162	\$ 4,140,425
Non-Current Liabilities	30,666,605	23,964,036	21,990,611	24,415,972	52,657,216	48,380,008
Total Liabilities	\$ 35,960,564	\$ 26,951,742	\$ 22,894,814	\$ 25,568,691	\$ 58,855,378	\$ 52,520,433
Deferred Inflows of Resources	\$ 35,811,943	\$ 28,073,035	\$ 8,808,191	\$ 7,718,599	\$ 44,620,134	\$ 35,791,634
Net Position						
Net Investment in Capital Assets	\$ 23,478,574	\$ 25,978,177	\$ 54,851,813	\$ 52,346,376	\$ 77,681,887	\$ 77,552,031
Restricted	9,067,228	9,293,962	1,594,047	1,516,891	10,661,275	10,810,853
Unrestricted	6,923,923	1,967	10,949,307	9,138,960	18,521,730	9,913,449
Total Net Position	\$ 39,469,725	\$ 35,274,106	\$ 67,395,167	\$ 63,002,227	\$ 106,864,892	\$ 98,276,333
Total Net Position as a % of Total Liabilities and Deferred Inflows	55.0%	64.1%	212.6%	189.3%	103.3%	111.3%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows	9.6%	0.0%	34.5%	27.5%	17.9%	11.2%
The net position section includes an adjustment for capital assets owned by the business type activities financed by the debt of the governmental activities. Amounts will not cross-foot as a result.						

A portion of the City's net position (10%) 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 2022, 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 2022 was approximately \$39.5 million or approximately 55.0% of the total liabilities and deferred inflows for governmental activities.

Statement of Activities

Total net position of the City of Mequon increased by \$8,588,559 (8.7%) in 2022, due primarily to the fund balance surplus increases in the Capital Projects and Debt Service Funds, continued capital improvements, and the expansion of the Mequon Sewer Utility.

Net position of the City's governmental activities totaled \$39,469,725 as of December 31, 2022. Governmental activities for the year increased net position by \$4,195,619. Operating grants and contributions decreased \$58,547 and governmental expenses increased \$2,459,625. The City's unrestricted net position for governmental activities, the part of net position that can be used to finance day-to-day activities, was \$6,923,923. Restricted net position for governmental activities included \$715,130 for revolving loan programs, \$396,775 for parks, \$5,411,495 for pensions, and \$2,543,828 for debt service.

Net position of the City's business-type activities totaled \$67,395,167, an increase of \$4,392,940, due primarily to expansion of the Mequon Sewer Utility. Business-type activities' unrestricted net position was \$10,949,307. Restricted net position for business-type activities included \$1,353,246 for debt service and \$240,801 for pensions.

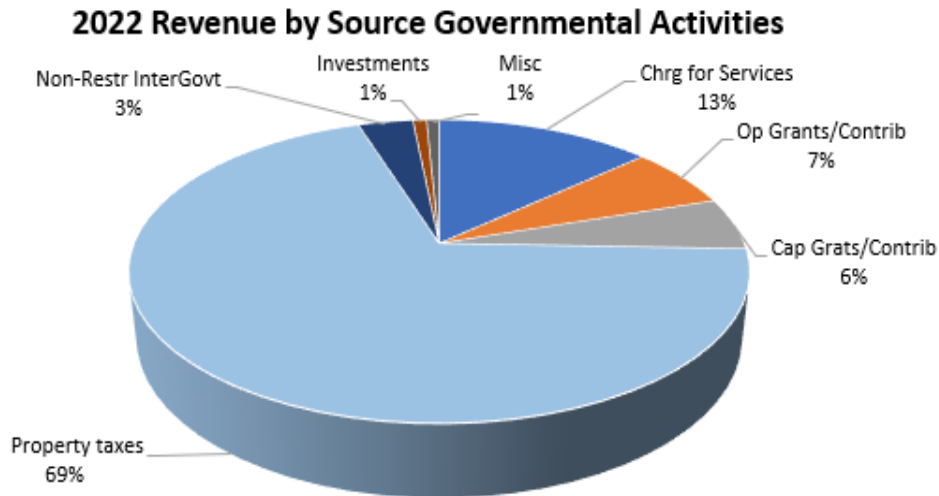
The following table illustrates the change in net position for the City of Mequon for fiscal years ended December 31, 2022 and 2021:

**City of Mequon, Wisconsin
Statement of Activities
For the Years Ending December 31, 2022 and 2021**

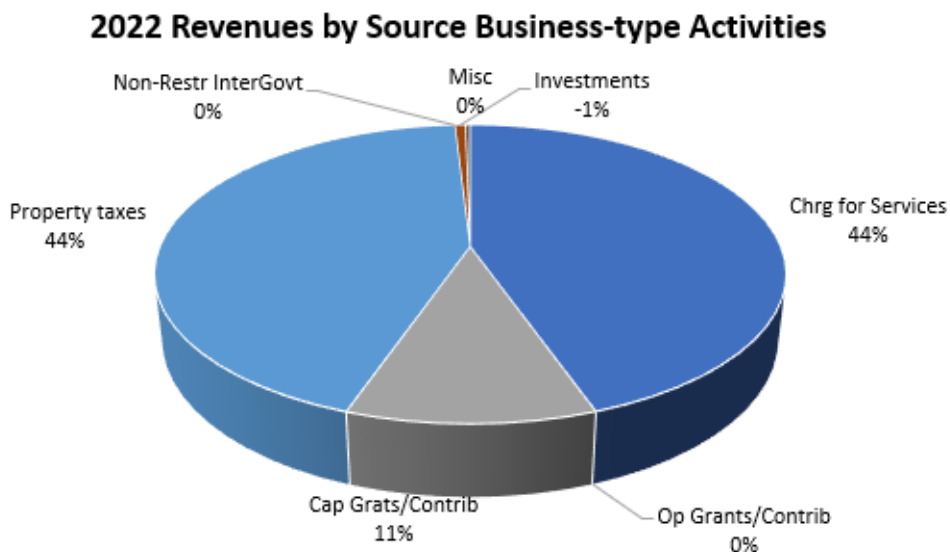
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	\$ 3,610,636	\$ 3,892,194	\$ 7,365,662	\$ 7,634,851	\$ 10,976,298	\$ 11,527,045
Operating grants and contributions	1,768,486	1,827,033	-	-	1,768,486	1,827,033
Capital grants and contributions	1,491,689	68,710	1,778,171	2,518,287	3,269,860	2,586,997
General Revenues						
Property taxes	18,629,802	18,693,415	7,224,141	7,110,670	25,853,943	25,804,085
Intergovernmental revenues not restricted to specific programs	916,342	552,895	-	-	916,342	552,895
Investment income	227,231	231,307	(104,847)	(5,571)	122,384	225,736
Other	211,877	53,780	48,782	16,156	260,659	69,936
Total Revenues	\$ 26,856,063	\$ 25,319,334	\$ 16,311,909	\$ 17,274,393	\$ 43,167,972	\$ 42,593,727
Expenses						
General Government	\$ 3,225,747	\$ 2,934,899	\$ -	\$ -	\$ 3,225,747	\$ 2,934,899
Public safety	8,990,707	8,382,307	-	-	8,990,707	8,382,307
Public works	6,369,703	5,862,578	-	-	6,369,703	5,862,578
Public health	-	-	-	-	-	-
Community enrichment services	1,847,327	1,804,298	-	-	1,847,327	1,804,298
Conservation and development	1,633,163	904,916	-	-	1,633,163	904,916
Interest and fiscal charges	593,797	311,821	-	-	593,797	311,821
Capital Outlay						
Sewer utility	-	-	9,139,664	9,018,900	9,139,664	9,018,900
Water utility	-	-	2,779,305	2,661,692	2,779,305	2,661,692
Total Expenses	\$ 22,660,444	\$ 20,200,819	\$ 11,918,969	\$ 11,680,592	\$ 34,579,413	\$ 31,881,411
Change in Net Position	4,195,619	5,118,515	4,392,940	5,593,801	8,588,559	10,712,316
Net Position - beginning of year	\$ 35,274,106	\$ 30,155,591	\$ 63,002,227	\$ 57,408,426	\$ 98,276,333	\$ 87,564,017
Restatement	-	-	-	-	-	-
Net Position - end of year	\$ 39,469,725	\$ 35,274,106	\$ 67,395,167	\$ 63,002,227	\$ 106,864,892	\$ 98,276,333

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. For governmental services, the City is highly dependent upon the property tax for funding, deriving 69% of its revenue from this single source. State aids not restricted to specific programs comprise only 3% of the City's revenues while other operating and capital grants and contributions comprise 13%. Charges for services continue to be of significant importance, accounting for 13% of revenues.

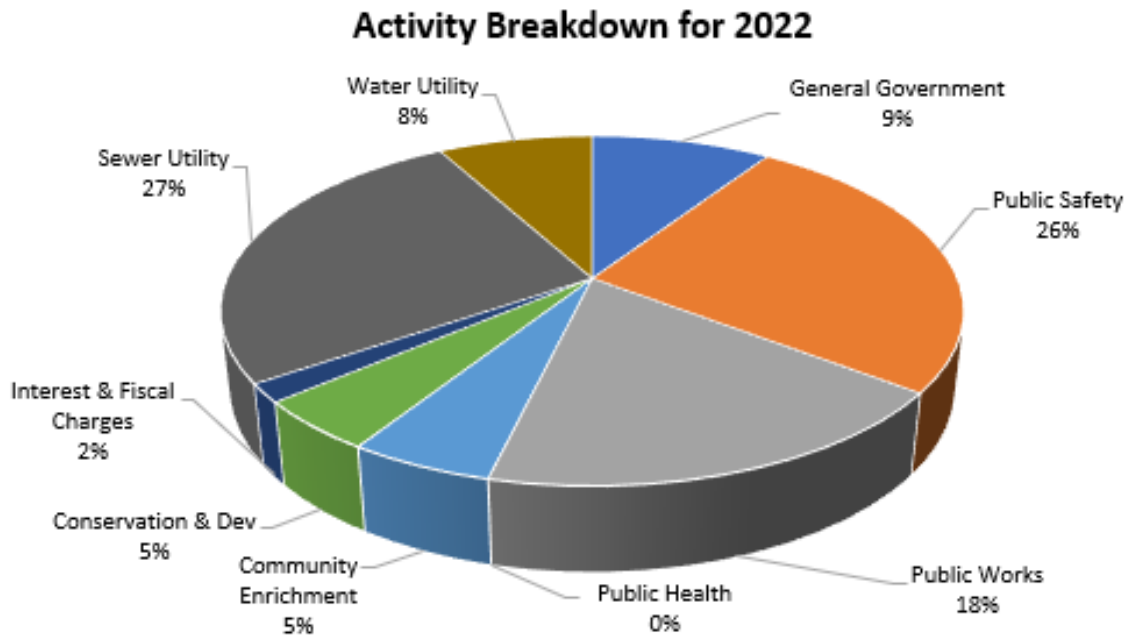


In the case of business-type activities, historically, property tax is the largest single component of revenues. Property taxes are levied in order to fund the Milwaukee Metropolitan Sewerage District (MMSD) annual capital charge and for the repayment of debt associated with the 2018-19 East Trunk Sewer Project, which comprises 44% of total revenues. Funding of the utility's annual operation and maintenance costs is covered primarily by user fees, accounting for 44% of total revenues. The balance of revenue is comprised of capital grants and contributions, operating grants and contributions, investments, and other earnings.



Governmental activities. Total Governmental activity expenses increased \$2.5 million from a year ago. Increases were realized across the board in General Government: \$290,848, Public Safety: \$608,400, Public Works: \$507,125, Conservation and Development: \$728,247, Community Enrichment: \$43,029, and Interest and Fiscal Charges: \$281,976.

Presented below is a chart depicting the relative percentage of expenses for the City's major functions for 2022:



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, 2022, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$13.9 million, an increase of 70.0% from 2021. Of this total, approximately \$626.7 thousand is non-spendable and an additional \$11.6 million is restricted for specific legal requirements and other commitments, leaving total assigned and unassigned governmental fund balances of approximately \$1.6 million available for use at the discretion of the City's elected officials.

The *General* fund is the primary operating fund used to account for the governmental operations of the City, with approximately \$18.2 million of direct expenditures from this fund accounting for approximately 58.1% of the City's approximately \$31.4 million total governmental fund expenditures as reported on the *Statement of Revenues Expenditures and Changes in Fund Balances*. The total year-end 2022 unassigned General fund balance of approximately \$1.6 million decreased \$676 thousand from the previous year and represents 9.0% of the \$18.2 million 2022 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 between 10-12%. The adopted 2023 General fund budget authorizes expenditures of \$17.4 million. Therefore, the 2022 year-end unassigned General fund balance of \$1.6 million represents 9.5% of the 2023 operating budget, falling short of the target range. However, 15% or \$339,000 of the 29% or \$676,000 decrease in unassigned General fund balance is due to the timing of a significant prepaid 2023 operating expense. Therefore, the prepaid-adjusted General fund unassigned fund balance is \$2.0 million, representing 11.4% of the 2023 operating budget (which falls within the target range). Over 12% or \$286,000 of the 14% attributable to the 2022 spending deficit was approved by Council to fund the following:

- ✓ One-time inflation-related wage adjustment to all City full-time and permanent part-time employees \$95,000
- ✓ Network equipment and personal computers recommended from the 2021 IT Strategic Plan \$64,000
- ✓ Assessing services final payment the for City-wide revaluation \$55,000
- ✓ Land Management System evaluation consulting \$50,000
- ✓ Police flock camera system \$16,000
- ✓ New median plantings \$6,000

The *Debt Service* fund has a total surplus fund balance of \$2,847,423 which is due primarily to debt related to the City's Town Center Zoning District (Tax Increment District (TID) #3).

The *Capital Projects* fund is a governmental fund used to account for long-term capital acquisitions, such as squad cars and heavy 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 \$7.8 million fund balance is restricted or assigned entirely for such projects. The reason for the \$4.6 million increase in fund balance is due to spending only half of the \$9.5 million of debt proceeds received in 2022.

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 \$883,891 to \$975,566 during 2022.

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 2022 totaled approximately \$67.4 million, an increase of approximately \$4.4 million from the previous year. Income before contributions of approximately \$2.6 million accounted for most of this increase, followed by Contributed Capital of \$1.8 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 2022 general fund budget authorized expenditures of approximately \$18.1 million. The City ended the year with a negative variance of \$308,822. 12% or \$285,856 of the spending deficit was planned fund balance usage approved by Council to fund non-recurring initiatives including an inflation wage adjustment, an IT network upgrade, a Land Management System evaluation, assessing services related to a City-wide revaluation, a police flock camera system, and new median plantings.

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, 2022 totaled over \$224 million. Of this total, approximately \$73.1 million (32.6%) was related to governmental infrastructure, with the City's street network comprising the most significant component.

Total accumulated depreciation was calculated to be approximately \$100.5 million, or approximately 44.8% of the historical cost of depreciable capital assets. Net of accumulated depreciation, the City's investment in capital assets exceeded \$123.9 million.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 10,302,853	\$ 10,302,853	\$ 19,125	\$ 19,125	\$ 10,321,978	\$ 10,321,978
Construction in progress	-	-	230,146	628,706	230,146	628,706
Buildings	20,322,522	20,221,068	-	-	20,322,522	20,221,068
Machinery and Equipment	14,007,047	13,131,426	5,198,709	4,989,614	19,205,756	18,121,040
Infrastructure	73,067,308	67,207,108	92,933,744	91,245,528	166,001,052	158,452,636
Structure and Improvements	-	-	8,303,676	8,303,676	8,303,676	8,303,676
Total Gross Capital Assets	\$ 117,699,730	\$ 110,862,455	\$ 106,685,400	\$ 105,186,649	\$ 224,385,130	\$ 216,049,104
Less: Accumulated Depreciation	(67,498,277)	(64,876,702)	(32,984,734)	(31,550,255)	(100,483,011)	(96,426,957)
Total Net Capital Assets	\$ 50,201,453	\$ 45,985,753	\$ 73,700,666	\$ 73,636,394	\$ 123,902,119	\$ 119,622,147

Some of the more significant additions to the City's capital assets during 2022, excluding retirements and disposals included:

Roads	\$5,827,501
Sewer Utility additions	\$1,354,449
Water Utility additions	\$1,051,082

Additional information related to the City of Mequon's capital assets is reported in the notes following the financial statements.

Long-Term Debt

On December 31, 2022, the City of Mequon had \$52,657,216 of long-term notes, bonds, and other long-term obligations outstanding, as summarized in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds & notes	\$ 26,690,000	\$ 20,495,000	\$ 13,145,000	\$ 14,550,000	\$ 39,835,000	\$ 35,045,000
Revenue bonds	-	-	7,530,000	8,465,000	7,530,000	8,465,000
Bond premiums	884,738	793,113	1,089,442	1,239,017	1,974,180	2,032,130
Capital leases	253,860	36,645	-	-	253,860	36,645
Net OPEB liability	881,181	769,147	107,799	53,919	988,980	823,066
Net pension liability	330,413	389,253	40,421	38,291	370,834	427,544
Compensated absences	802,463	631,754	-	-	802,463	631,754
Net pension liability-WRS	-	-	44,981	35,563	44,981	35,563
Net pension liability-LRLIF	823,950	849,124	32,968	34,182	856,918	883,306
Total Gross Capital Assets	\$ 30,666,605	\$ 23,964,036	\$ 21,990,611	\$ 24,415,972	\$ 52,657,216	\$ 48,380,008

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 \$39,835,000, or 13.3% of the maximum legal limit of \$299.9 million.

Additional information related to the City of Mequon's long-term debt is reported under the *Long-Term Obligations* note beginning on page 63 of this report.

CURRENTLY KNOWN FACTS

The 2023 general government budget adopted by the Mequon Common Council in November 2022 decreased total General, Capital, and Debt Service Fund expenditures by \$208,469 or 0.9%. However, the net result is that the 2023 tax levy increased by \$428,393 (2.66%) in these areas primarily supported by net new construction. It is anticipated the City will continue to work to maintain the general fund balance to a level between 10-12% of next year's general and debt service fund budgets.

Five Year Expenditure History

Fiscal Year	Amount	Percent Change
2023	\$22,930,924	-0.90%
2022	\$23,139,393	3.19%
2021	\$22,423,636	-0.59%
2020	\$22,555,951	5.62%
2019	\$21,355,114	0.36%

As presented in the table below, compared to the previous year, salaries and benefits decreased by 12.42%. This is largely attributable to the establishment of the Southern Ozaukee Fire & EMS Department, wherein expenses were transferred away from the City along with its ambulance and state shared revenues. Also at the start of 2023, the Police Department had a reduction of four positions when it migrated emergency dispatching to Ozaukee County. Materials and supplies and purchased services decreased by 8.79% and 12.82% respectively due to the consolidation efforts mentioned above. Debt service costs increased by 12.51%. New debt was issued in March of 2022 to fund the three-year Road Program, the Highland Road Interchange project, and various Town Center (TID 3) projects. These additional costs to service the debt are supported by new tax increment from TID 3 and do not result in an increase to the levy. The City continues to explore alternative financing methods for its capital program. Support for the Mequon-Thiensville joint library increased by 4.31% and meets various state and local funding requirements.

Change in Budgeted Expenditure by Function

Expenditures	2023 Adopted	2022 Adopted	Dollars Increase (Decrease)	Percent Change
Salaries/Fringes	\$11,883,272	\$13,567,831	(\$1,684,559)	-12.42%
Materials/Supplies	906,702	994,056	(87,354)	-8.79%
Purchased Services/Other	2,096,035	2,404,253	(308,218)	-12.82%
Debt Service	4,257,825	3,784,253	473,572	12.51%
Capital *	1,328,000	1,328,000	0	0.00%
Library *	1,106,716	1,061,000	45,716	4.31%
Fire & EMS *	1,352,374	0	1,352,374	0.00%
Total	\$22,930,924	\$23,139,393	(\$208,469)	-0.90%

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

In developing the 2023 budget, several guiding principles applied:

- The State of Wisconsin's 2011 Act 32 imposes a property tax limit on all municipal levies. Act 32 allows municipal levies to increase by either zero percent, or the percentage change in a city's equalized value due to net new construction, whichever is greater. The City's increase in net new construction was 2.21 percent.
- The following goals were emphasized while developing the FY2023 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 Mequon's 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, 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

City of Mequon

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 17,716,529	\$ 10,005,112	\$ 27,721,641
Receivables (net):			
Taxes	19,456,601	7,258,254	26,714,855
Customer	-	1,853,643	1,853,643
Special assessments	74,764	4,001	78,765
Other	3,587,195	214,362	3,801,557
Loans	331,414	-	331,414
Inventories and prepaid items	339,084	33,910	372,994
Other assets	-	919,011	919,011
Restricted assets:			
Cash and investments	-	3,997,678	3,997,678
Net pension asset	5,411,495	240,801	5,652,296
Investment in joint venture	2,892,000	-	2,892,000
Capital assets:			
Land	10,302,853	19,125	10,321,978
Construction in progress	-	230,146	230,146
Other capital assets, net of accumulated depreciation	39,898,600	73,451,395	113,349,995
Total assets	<u>100,010,535</u>	<u>98,227,438</u>	<u>198,237,973</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	321,633	321,633
Pension related amounts, WRS	10,613,725	494,860	11,108,585
Pension related amounts, Stipend	25,558	3,127	28,685
OPEB related amounts, Health	326,584	39,952	366,536
OPEB related amounts, LRLIF	265,830	11,162	276,992
Total deferred outflows of resources	<u>11,231,697</u>	<u>870,734</u>	<u>12,102,431</u>
Liabilities			
Accounts payable and accrued expenses	2,195,785	726,412	2,922,197
Accrued Interest payable	303,595	159,996	463,591
Deposits	605,635	17,795	623,430
Unearned revenue	2,188,944	-	2,188,944
Noncurrent liabilities:			
Due within one year	4,258,835	2,457,968	6,716,803
Due in more than one year	26,407,770	19,532,643	45,940,413
Total liabilities	<u>35,960,564</u>	<u>22,894,814</u>	<u>58,855,378</u>
Deferred Inflows of Resources			
Subsequent year's tax revenue	19,377,611	7,220,736	26,598,347
Unearned lease revenue	3,121,550	919,011	4,040,561
Pension related amounts, WRS	12,699,944	607,105	13,307,049
Pension related amounts, Stipend	78,733	9,631	88,364
OPEB related amounts, Health	369,309	45,179	414,488
OPEB related amounts, LRLIF	164,796	6,529	171,325
Total deferred inflows of resources	<u>35,811,943</u>	<u>8,808,191</u>	<u>44,620,134</u>
Net Position			
Net investment in capital assets	23,478,574	54,851,813	77,681,887
Restricted for:			
Loan programs	715,130	-	715,130
Parks	396,775	-	396,775
Debt service	2,543,828	1,353,246	3,897,074
Pension	5,411,495	240,801	5,652,296
Unrestricted	6,923,923	10,949,307	18,521,730
Total net position	<u>\$ 39,469,725</u>	<u>\$ 67,395,167</u>	<u>\$ 106,864,892</u>

See notes to financial statements

City of Mequon

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 3,225,747	\$ 907,686	\$ 39,773	\$ -	\$ (2,278,288)	\$ -	\$ (2,278,288)
Public safety	8,990,707	1,853,947	197,379	57,493	(6,881,888)	-	(6,881,888)
Public works	6,369,703	436,739	1,531,334	1,434,196	(2,967,434)	-	(2,967,434)
Community enrichment services	1,847,327	314,271	-	-	(1,533,056)	-	(1,533,056)
Conservation and development	1,633,163	97,993	-	-	(1,535,170)	-	(1,535,170)
Interest and fiscal charges	593,797	-	-	-	(593,797)	-	(593,797)
Total governmental activities	<u>22,660,444</u>	<u>3,610,636</u>	<u>1,768,486</u>	<u>1,491,689</u>	<u>(15,789,633)</u>	<u>-</u>	<u>(15,789,633)</u>
Business-Type Activities							
Sewer utility	9,139,664	3,774,861	-	55,649	-	(5,309,154)	(5,309,154)
Water utility	2,779,305	3,590,801	-	1,722,522	-	2,534,018	2,534,018
Total business-type activities	<u>11,918,969</u>	<u>7,365,662</u>	<u>-</u>	<u>1,778,171</u>	<u>-</u>	<u>(2,775,136)</u>	<u>(2,775,136)</u>
Total	<u>\$ 34,579,413</u>	<u>\$ 10,976,298</u>	<u>\$ 1,768,486</u>	<u>\$ 3,269,860</u>	<u>(15,789,633)</u>	<u>(2,775,136)</u>	<u>(18,564,769)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purposes					11,939,400	7,224,141	19,163,541
Property taxes, levied for debt service					2,820,253	-	2,820,253
Property taxes, levied for TIF districts					2,522,849	-	2,522,849
Property taxes, levied for capital projects					1,347,300	-	1,347,300
Intergovernmental revenues not restricted to specific programs					916,342	-	916,342
Public gifts and grants					28,559	-	28,559
Investment income (loss)					227,231	(104,847)	122,384
Gain on disposal of assets					70,348	-	70,348
Miscellaneous					112,970	48,782	161,752
Total general revenues					<u>19,985,252</u>	<u>7,168,076</u>	<u>27,153,328</u>
Change in net position					4,195,619	4,392,940	8,588,559
Net Position, Beginning					<u>35,274,106</u>	<u>63,002,227</u>	<u>98,276,333</u>
Net Position, Ending					<u>\$ 39,469,725</u>	<u>\$ 67,395,167</u>	<u>\$ 106,864,892</u>

See notes to financial statements

City of Mequon

Balance Sheet
 Governmental Funds
 December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Assets			
Cash and investments	\$ 2,725,621	\$ 4,518,470	\$ 7,241,695
Receivables (net):			
Ensuing year levy	12,480,236	5,263,098	1,713,267
Special assessments	1,694	-	73,070
Leases receivable	3,121,550	-	-
Other	465,533	-	112
Loans	-	-	-
Prepayments:	339,084	-	-
Due from other funds	176,297	-	-
Advances to other funds	-	-	1,494,750
Equity in joint venture	234,000	-	-
	<u>\$ 19,544,015</u>	<u>\$ 9,781,568</u>	<u>\$ 10,522,894</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 265,253	\$ -	\$ 985,371
Accrued liabilities	883,278	-	-
Deposits	601,285	-	-
Due to other funds	-	176,297	-
Advances from other funds	-	1,494,750	-
Unearned revenues	-	-	-
	<u>1,749,816</u>	<u>1,671,047</u>	<u>985,371</u>
Deferred Inflows of Resources			
Subsequent year's tax revenue	12,401,246	5,263,098	1,713,267
Unearned lease revenue	3,121,550	-	-
Unavailable revenues	1,694	-	47,142
	<u>15,524,490</u>	<u>5,263,098</u>	<u>1,760,409</u>
Fund Balances			
Nonspendable	626,748	-	-
Restricted	-	2,847,423	1,667,134
Committed	-	-	-
Assigned	-	-	6,109,980
Unassigned (deficit)	1,642,961	-	-
	<u>2,269,709</u>	<u>2,847,423</u>	<u>7,777,114</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,544,015</u>	<u>\$ 9,781,568</u>	<u>\$ 10,522,894</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ 3,230,743	\$ 17,716,529
-	19,456,601
-	74,764
-	3,121,550
-	465,645
331,414	331,414
-	339,084
-	176,297
-	1,494,750
-	234,000
<u>\$ 3,562,157</u>	<u>\$ 43,410,634</u>

\$ 61,883	\$ 1,312,507
-	883,278
4,350	605,635
-	176,297
-	1,494,750
<u>2,188,944</u>	<u>2,188,944</u>
<u>2,255,177</u>	<u>6,661,411</u>

-	19,377,611
-	3,121,550
<u>331,414</u>	<u>380,250</u>
<u>331,414</u>	<u>22,879,411</u>

-	626,748
780,491	5,295,048
196,952	196,952
-	6,109,980
<u>(1,877)</u>	<u>1,641,084</u>
<u>975,566</u>	<u>13,869,812</u>
<u>\$ 3,562,157</u>	<u>\$ 43,410,634</u>

City of Mequon

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds \$ 13,869,812

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	10,302,853
Other capital assets	107,396,877
Less accumulated depreciation	(67,498,277)

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. 380,250

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 5,411,495

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 10,639,283

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (12,778,677)

Deferred outflows of resources related to LRIF do not relate to current financial resources and are not reported in the governmental funds. 265,830

Deferred inflows of resources related to LRIF do not relate to current financial resources and are not reported in the governmental fund. (164,796)

Joint ventures containing capital assets used in the governmental funds are not financial resources and therefore are not reported in the funds. 2,658,000

Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental fund. (369,309)

Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental fund. 326,584

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	(27,574,738)
Compensated absences	(802,463)
Accrued interest	(303,595)
Leases	(253,860)
Total OPEB liability	(881,181)
Total pension liability	(330,413)
Net OPEB liability, LRLIF	<u>(823,950)</u>

Net Position of Governmental Activities \$ 39,469,725

City of Mequon

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Revenues			
Taxes	\$ 11,958,700	\$ 4,968,401	\$ 1,702,702
Intergovernmental	2,192,096	-	89,729
Licenses and permits	975,540	-	-
Fines, forfeitures and penalties	117,210	-	-
Public charges for services	1,889,119	-	1,583,037
Special assessments	-	-	23,451
Investment income (loss)	(44,286)	45,762	38,345
Miscellaneous revenues	656,350	-	184,750
	<u>17,744,729</u>	<u>5,014,163</u>	<u>3,622,014</u>
Total revenues			
	<u>17,744,729</u>	<u>5,014,163</u>	<u>3,622,014</u>
Expenditures			
Current:			
General government	3,141,660	-	-
Public safety	9,445,343	-	-
Public works	3,362,686	-	-
Community enrichment services	1,779,783	-	-
Conservation and development	477,418	-	-
Capital outlay	-	-	8,886,923
Debt service:			
Principal	-	3,295,000	49,889
Interest and fiscal charges	-	563,560	1,449
	<u>18,206,890</u>	<u>3,858,560</u>	<u>8,938,261</u>
Total expenditures			
	<u>18,206,890</u>	<u>3,858,560</u>	<u>8,938,261</u>
Excess (deficiency) of revenues over expenditures	<u>(462,161)</u>	<u>1,155,603</u>	<u>(5,316,247)</u>
Other Financing Sources (Uses)			
Proceeds from lease	-	-	285,000
Debt issued	-	-	9,490,000
Proceeds from sale of capital assets	-	-	60,746
Premium on debt issued	-	200,220	-
Transfers in	200,000	-	36,661
Transfers out	(46,661)	-	-
	<u>153,339</u>	<u>200,220</u>	<u>9,872,407</u>
Total other financing sources (uses)			
	<u>153,339</u>	<u>200,220</u>	<u>9,872,407</u>
Net change in fund balances	(308,822)	1,355,823	4,556,160
Fund Balances, Beginning	<u>2,578,531</u>	<u>1,491,600</u>	<u>3,220,954</u>
Fund Balances, Ending	<u>\$ 2,269,709</u>	<u>\$ 2,847,423</u>	<u>\$ 7,777,114</u>

See notes to financial statements

Nonmajor Governmental Funds	Total
\$ -	\$ 18,629,803
389,553	2,671,378
-	975,540
-	117,210
140,270	3,612,426
-	23,451
80,893	120,714
19,781	860,881
630,497	27,011,403
-	3,141,660
214,907	9,660,250
-	3,362,686
30,995	1,810,778
102,920	580,338
-	8,886,923
-	3,344,889
-	565,009
348,822	31,352,533
281,675	(4,341,130)
-	285,000
-	9,490,000
-	60,746
-	200,220
10,000	246,661
(200,000)	(246,661)
(190,000)	10,035,966
91,675	5,694,836
883,891	8,174,976
\$ 975,566	\$ 13,869,812

City of Mequon

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 5,694,836

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	8,886,923
Some items reported as capital outlay were not capitalized	(1,956,372)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	174,383
Depreciation is reported in the government-wide financial statements	(2,884,582)
Net book value of assets retired	(4,652)

The proportionate share of the change in net position related to joint ventures reported in the statement of activities.	(1,000)
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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	(208,201)
Collection of loans	(78,233)
Loans Issued	98,200

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.

Debt issued	(9,490,000)
Capital lease issued	(285,000)
Principal repaid	3,295,000
Lease paid	67,785

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. 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.

Premium on new debt	(200,220)
Amortization of debt premium	108,595

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	(170,709)
Total OPEB liability	(112,034)
Net OPEB liability, LRLIF	25,174
Accrued interest on debt	(137,383)
Total pension liability	58,840
Net pension asset, WRS	1,296,401
Deferred outflows of resources related to pensions	3,754,955
Deferred inflows of resources related to pensions	(3,775,676)
Deferred outflows of resources related to LRLIF	(78,788)
Deferred inflows of resources related to LRLIF	(20,126)
Deferred outflows of resources related to OPEB	176,413
Deferred inflows of resources related to OPEB	(38,910)

Change in Net Position of Governmental Activities \$ 4,195,619

City of Mequon

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 5,852,913	\$ 4,152,199	\$ 10,005,112
Receivables:			
Taxes	7,258,254	-	7,258,254
Customer accounts receivable	978,447	875,196	1,853,643
Other	89,632	124,730	214,362
Special assessments	4,001	-	4,001
Lease receivable	-	64,751	64,751
Inventories	-	33,910	33,910
Restricted assets:			
Cash and investments	-	485,000	485,000
Total current assets	<u>14,183,247</u>	<u>5,735,786</u>	<u>19,919,033</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	2,593,956	918,722	3,512,678
Net pension asset	211,009	29,792	240,801
Capital assets:			
Land	18,775	350	19,125
Construction in progress	230,146	-	230,146
Other capital assets	70,293,502	36,142,627	106,436,129
Less accumulated depreciation	(25,125,386)	(7,859,348)	(32,984,734)
Other assets:			
Lease receivable	-	854,260	854,260
Total noncurrent assets	<u>48,222,002</u>	<u>30,086,403</u>	<u>78,308,405</u>
Total assets	<u>62,405,249</u>	<u>35,822,189</u>	<u>98,227,438</u>
Deferred Outflows of Resources			
Pension related amounts, WRS	450,850	44,010	494,860
Pension related amounts, Stipend	1,994	1,133	3,127
OPEB related amounts, Health	25,474	14,478	39,952
OPEB related amounts, LRLIF	11,364	(202)	11,162
Deferred charge on refunding	-	321,633	321,633
Total deferred outflows of resources	<u>489,682</u>	<u>381,052</u>	<u>870,734</u>

See notes to financial statements

City of Mequon

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 482,790	\$ 190,532	\$ 673,322
Accrued wages	47,817	-	47,817
Accrued interest payable	109,520	-	109,520
Accrued compensated absences	32,968	-	32,968
Other current liabilities	-	5,273	5,273
Deposits	17,795	-	17,795
Current portion of general obligation debt	1,455,000	-	1,455,000
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	970,000	970,000
Accrued interest payable	-	50,476	50,476
Total current liabilities	<u>2,145,890</u>	<u>1,216,281</u>	<u>3,362,171</u>
Noncurrent liabilities:			
Long-term debt:			
General obligation debt	12,211,275	-	12,211,275
Revenue bonds	-	7,128,167	7,128,167
Total OPEB liability, Health	68,734	39,065	107,799
Net OPEB liability, LRLIF	39,023	5,958	44,981
Total pension liability, Stipend	<u>25,773</u>	<u>14,648</u>	<u>40,421</u>
Total noncurrent liabilities	<u>12,344,805</u>	<u>7,187,838</u>	<u>19,532,643</u>
Total liabilities	<u>14,490,695</u>	<u>8,404,119</u>	<u>22,894,814</u>
Deferred Inflows of Resources			
Subsequent year's tax revenue	7,220,736	-	7,220,736
Unearned lease revenue	-	919,011	919,011
Pension related amounts, WRS	554,706	52,399	607,105
Pension related amounts, Stipend	6,141	3,490	9,631
OPEB related amounts, Health	28,807	16,372	45,179
OPEB related amounts, LRLIF	<u>6,205</u>	<u>324</u>	<u>6,529</u>
Total deferred inflows of resources	<u>7,816,595</u>	<u>991,596</u>	<u>8,808,191</u>
Net Position			
Net investment in capital assets	34,344,718	20,507,095	54,851,813
Restricted for:			
Debt service	-	1,353,246	1,353,246
Pensions	211,009	29,792	240,801
Unrestricted	<u>6,031,914</u>	<u>4,917,393</u>	<u>10,949,307</u>
Total net position	<u>\$ 40,587,641</u>	<u>\$ 26,807,526</u>	<u>\$ 67,395,167</u>

See notes to financial statements

City of Mequon

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
Operating Revenues	<u>\$ 3,774,861</u>	<u>\$ 3,590,801</u>	<u>\$ 7,365,662</u>
Operating Expenses			
Operation and maintenance	7,701,887	1,833,542	9,535,429
Depreciation	<u>1,041,997</u>	<u>670,556</u>	<u>1,712,553</u>
Total operating expenses	<u>8,743,884</u>	<u>2,504,098</u>	<u>11,247,982</u>
Operating income (loss)	<u>(4,969,023)</u>	<u>1,086,703</u>	<u>(3,882,320)</u>
Nonoperating Revenues (Expenses)			
Investment income (loss)	(71,975)	(32,872)	(104,847)
Taxes	7,224,141	-	7,224,141
Miscellaneous revenues	40,350	8,432	48,782
Amortization of debt premium	62,342	87,235	149,577
Interest expense	<u>(458,122)</u>	<u>(362,442)</u>	<u>(820,564)</u>
Total nonoperating revenues (expenses)	<u>6,796,736</u>	<u>(299,647)</u>	<u>6,497,089</u>
Income before contributions	<u>1,827,713</u>	<u>787,056</u>	<u>2,614,769</u>
Contributions			
Capital contributions	<u>55,649</u>	<u>1,722,522</u>	<u>1,778,171</u>
Change in net position	1,883,362	2,509,578	4,392,940
Net Position, Beginning	<u>38,704,279</u>	<u>24,297,948</u>	<u>63,002,227</u>
Net Position, Ending	<u>\$ 40,587,641</u>	<u>\$ 26,807,526</u>	<u>\$ 67,395,167</u>

City of Mequon

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
Cash Flows From Operating Activities			
Received from customers	\$ 3,907,388	\$ 3,551,903	\$ 7,459,291
Customer deposits received	3,007	-	3,007
Paid to suppliers for goods and services	(7,040,301)	(1,906,280)	(8,946,581)
Paid to employees for services	(626,407)	(190,483)	(816,890)
Net cash flows from operating activities	<u>(3,756,313)</u>	<u>1,455,140</u>	<u>(2,301,173)</u>
Cash Flows From Investing Activities			
Investment income (loss)	<u>(71,975)</u>	<u>(32,872)</u>	<u>(104,847)</u>
Net cash flows from investing activities	<u>(71,975)</u>	<u>(32,872)</u>	<u>(104,847)</u>
Cash Flows From Noncapital Financing Activities			
Taxes received	<u>7,224,141</u>	<u>-</u>	<u>7,224,141</u>
Net cash flows from noncapital financing activities	<u>7,224,141</u>	<u>-</u>	<u>7,224,141</u>
Cash Flows From Capital and Related Financing Activities			
Debt retired	(1,405,000)	(935,000)	(2,340,000)
Interest paid	(471,488)	(320,300)	(791,788)
Special assessments received	2,000	-	2,000
Acquisition and construction of capital assets	(1,277,082)	(224,362)	(1,501,444)
Contribution received for construction	-	1,502,790	1,502,790
Net cash flows from capital and related financing activities	<u>(3,151,570)</u>	<u>23,128</u>	<u>(3,128,442)</u>
Net change in cash and cash equivalents	244,283	1,445,396	1,689,679
Cash and Cash Equivalents, Beginning	<u>8,202,586</u>	<u>4,110,525</u>	<u>12,313,111</u>
Cash and Cash Equivalents, Ending	<u>\$ 8,446,869</u>	<u>\$ 5,555,921</u>	<u>\$ 14,002,790</u>

See notes to financial statements

City of Mequon

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities			
Operating income (loss)	\$ (4,969,023)	\$ 1,086,703	\$ (3,882,320)
Nonoperating revenue	40,350	8,432	48,782
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	1,041,997	670,556	1,712,553
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resource:			
Accounts receivables	95,582	(47,330)	48,252
Accounts payable	60,261	(292,620)	(232,359)
Other current liabilities	(743)	-	(743)
Inventories	1,112	1,385	2,497
Pension and OPEB related deferrals and liabilities/assets	(28,856)	28,014	(842)
Customer deposits	3,007	-	3,007
	<u>\$ (3,756,313)</u>	<u>\$ 1,455,140</u>	<u>\$ (2,301,173)</u>
Net cash flows from operating activities			
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds			
Cash and investments	\$ 5,852,913	\$ 4,152,199	\$ 10,005,112
Restricted cash and investments	<u>2,593,956</u>	<u>1,403,722</u>	<u>3,997,678</u>
Cash and cash equivalents	<u>\$ 8,446,869</u>	<u>\$ 5,555,921</u>	<u>\$ 14,002,790</u>
Noncash Capital and Related Financing Activities			
Capital contributions	<u>\$ 55,649</u>	<u>\$ 219,732</u>	
Amortization of debt premium	<u>\$ 62,342</u>	<u>\$ 87,235</u>	

See notes to financial statements

City of Mequon

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2022

	Tax Collection Fund
Assets	
Cash and investments	\$ 40,393,942
Receivables:	
Taxes	13,846,756
Other	<u>30,336</u>
Total assets	<u>54,271,034</u>
Liabilities	
Accounts payable	60,912
Due to other governments	<u>54,210,122</u>
Total liabilities	<u>54,271,034</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

City of Mequon

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2022

	<u>Tax Collection Fund</u>
Additions	
Tax collections	<u>\$ 40,373,198</u>
Deductions	
Payments to overlying districts	<u>40,373,198</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

City of Mequon

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December 31, 2022

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City of Mequon

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the City of Mequon, Wisconsin (the City) 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).

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.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

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
December 31, 2022

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

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

Debt Service Fund is 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

Capital Projects Fund is 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.

Enterprise Funds

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.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are 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	ARPA Fund

In addition, the City reports the following fund type:

Custodial Funds

Custodial Fund is used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection

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.

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.

City of Mequon

Notes to Financial Statements
December 31, 2022

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to 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.

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 and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

City of Mequon

Notes to Financial Statements
December 31, 2022

- 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.

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions: (1) A security with declining credit may be sold early to minimize loss of principal. (2) A security swap would improve the quality, yield, or target duration in the portfolio. (3) Liquidity needs of the portfolio require that the security be sold.

City funds may be invested in United States government bonds or securities with maturities less than ten years from the date of investment. Such investments may also include securities of open-end management investment companies (as further defined in Wisconsin statutes), without limitation to maturity of the underlying investments in the investment portfolio.

City funds may be invested in repurchase agreements with financial institutions approved as public depositories, provided that the underlying collateral consist of obligations of the United States Government, its agencies and instrumentalities, and the City of Mequon takes delivery of the collateral either directly or through an authorized custodian. The City shall be informed of the specific collateral and investments in repurchase agreements shall be collateralized at 102% of the value of the City's investment.

City funds will not be invested in derivative type investments such as collateralized mortgage obligations, strips, floaters, etc. Certain types of such investments may qualify under state statute but are not deemed appropriate for use by the City.

The City shall obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments purchased on the secondary market.

The City will seek to collateralize certificates of deposit or any other time deposit in an amount equal to 100% of the investment less the amount (\$650,000) insured by the State of Wisconsin and the FDIC with appropriate collateral instruments and at levels per recommended practices of the Government Finance Officers Association. Where practicable, collateral shall be held by the City or an independent third party custodian with whom the City has a current custodial agreement. Where this is not practicable, verifiable evidence of specific pledged securities must be supplied to the City.

Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase. Reserve funds may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

City of Mequon

Notes to Financial Statements
December 31, 2022

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 3. 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, 2022, 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 3 for further information.

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 county government 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 fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale, 2022 delinquent real estate taxes	October 2025

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.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

City of Mequon

Notes to Financial Statements
December 31, 2022

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.

Inventories

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.

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.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), 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 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 and overhead. 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

Lease assets are typically amortized over the lease term.

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.

Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave, vacations and paid time off 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 \$802,483 and is included in the government-wide statement of net position.

Sick leave is earned by Police contract employees 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. Non-represented employees are able to convert unused paid time off balances at the end of the year to sick leave. Certain employees are eligible to have their accumulated sick leave converted to a termination benefit and payable to employees in accordance with 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, 2022, are determined on the basis of current salary rates and include salary related payments.

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.

City of Mequon

Notes to Financial Statements
December 31, 2022

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 \$1,250,000, made up of 2 issues.

Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

Deferred Inflows of Resources

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

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."

City of Mequon

Notes to Financial Statements
December 31, 2022

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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 23,478,574	\$ 54,851,813	\$ (648,500)	\$ 77,681,887
Unrestricted	6,923,923	10,949,307	648,500	18,521,730

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.

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.

City of Mequon

Notes to Financial Statements
December 31, 2022

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 \$1,642,961, or 9.06% of the 2022 General Fund expenditure budget.

See Note 3 for further information.

Pension

For purposes of measuring the net pension liability (asset), 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.

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.

Basis for Existing Rates

Water Utility

Water Utility rates were approved by the Public Service Commission of Wisconsin effective April 2020.

Sewer Utility

Current sewer rates were approved by the City's common council on November 9, 2021 and were effective January 1, 2022.

2. Stewardship, Compliance and Accountability

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 1.

A budget has been adopted for the general fund and the debt service fund. A budget has not been formally adopted for capital projects, the park, revolving loan program, other committed, or the ARPA fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

City of Mequon

Notes to Financial Statements
December 31, 2022

The budgeted amounts presented include any amendments made. The City 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.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

Excess Expenditures and Other Financing Uses Over Budget

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt service fund	\$ 3,784,253	\$ 3,858,560	\$ 74,307

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special revenue, ARPA Fund	\$ 1,877	Deficit resulted from investment losses

ARPA Fund deficits are anticipated to be funded with future investment earnings or grant revenue.

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 net 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
December 31, 2022

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 52,781,395	\$ 43,512,591	Custodial credit
US Treasuries	1,735,772	1,735,772	Custodial credit, interest rate and investments highly sensitive to interest rate changes
US Agencies, implicitly guaranteed	7,518,522	7,518,522	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
Asset backed securities	5,284,321	5,284,321	Custodial credit, interest rate and investments highly sensitive to interest rate changes
Corporate bonds	440,551	440,551	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
LGIP	1,677	1,677	Credit risk
State and local bonds	4,346,291	4,346,291	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
Petty cash	<u>4,732</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 72,113,261</u>	<u>\$ 62,839,725</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 27,721,641		
Restricted cash and investments	3,997,678		
Per statement of net position, fiduciary fund:			
Tax Collection Fund	<u>40,393,942</u>		
Total deposits and investments	<u>\$ 72,113,261</u>		

City of Mequon

Notes to Financial Statements
December 31, 2022

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 Approach** - prices or other information from market transactions involving identical or similar assets.

Investment Type	December 31, 2022			Total
	Level 1	Level 2	Level 3	
US Agencies, implicitly guaranteed	\$ 383,156	\$ 7,135,366	\$ -	\$ 7,518,522
Asset backed securities	-	5,284,321	-	5,284,321
Corporate bonds	196,386	244,165	-	440,551
US Treasuries	1,735,772	-	-	1,735,772
State and local bonds	137,530	4,208,761	-	4,346,291
Total	<u>\$ 2,452,844</u>	<u>\$ 16,872,613</u>	<u>\$ -</u>	<u>\$ 19,325,457</u>

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.

As of December 31, 2022, the City's investments were exposed to custodial credit risk as follows:

US Agencies, Implicitly Guaranteed

Neither insured nor registered and held by counterparty \$ 7,518,522

Asset Backed Securities

Neither insured nor registered and held by counterparty \$ 5,284,321

City of Mequon

Notes to Financial Statements
December 31, 2022

Corporate bonds

Neither insured nor registered and held by counterparty \$ 440,551

US Treasuries

Neither insured nor registered and held by counterparty \$ 1,735,772

State and local bonds

Neither insured nor registered and held by counterparty \$ 4,346,291

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, 2022, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>
US Agencies, implicitly guaranteed	AA
Corporate bonds	A+
State and local bonds	AAA-AA-

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.

At December 31, 2022, the City's investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	US Agency, implicitly guaranteed	10.10 %
Federal Home Loan Bank	US Agency, implicitly guaranteed	47.70
Federal National Mortgage Association	US Agency, implicitly guaranteed	25.10

City of Mequon

Notes to Financial Statements
December 31, 2022

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, 2022, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			Greater Than 10 years
		Less Than 1 year	1 - 5 years	6 - 10 years	
US Agencies, implicitly guaranteed	\$ 7,518,522	\$ 3,839,251	\$ 3,679,271	\$ -	\$ -
US Treasuries	1,735,722	1,555,788	179,934	-	-
Asset backed securities	5,284,321	-	-	513,312	4,771,009
Corporate bonds	440,551	-	440,551	-	-
State and local bonds	4,346,291	3,497,185	849,106	-	-
Total	<u>\$ 19,325,407</u>	<u>\$ 8,892,224</u>	<u>\$ 5,148,862</u>	<u>\$ 513,312</u>	<u>\$ 4,771,009</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2022, the City held \$7,518,522, \$1,735,772, \$5,284,321, \$440,551 and \$4,346,291 in US Agencies, US Treasuries, Asset backed securities, Corporate bonds and State and Local bonds, respectively, which matures on . 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 these investments at December 31, 2022, was \$19,325,457.

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

Receivables

All of the receivables on the balance sheet are expected to be collected within one year except for \$74,764 of special assessments in the general fund and capital projects fund, and \$331,414 of loans in the revolving loan program fund.

City of Mequon

Notes to Financial Statements
December 31, 2022

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	\$ 19,377,611	\$ -
Special assessment interest	-	48,836
Loan receivable	-	331,414
ARPA (unearned liability)	2,188,944	-
Lease revenue	<u>3,121,550</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 24,688,105</u>	<u>\$ 380,250</u>
Unearned revenue included in liabilities	\$ 2,188,944	
Unearned revenue included in deferred inflows	<u>22,499,161</u>	
Total unearned revenue for governmental funds	<u>\$ 24,688,105</u>	

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	\$ 7,220,736
Lease revenue	<u>919,011</u>
Total unearned revenue for proprietary funds	<u>\$ 8,139,747</u>

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, 2022, 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.

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.

City of Mequon

Notes to Financial Statements
December 31, 2022

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, 2022:

	<u>Restricted Assets</u>	<u>Liabilities Payable From Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 485,000	\$ 50,476	\$ 434,524
Bond reserve account	918,722	-	918,722
Net pension asset	5,652,296	-	5,652,296
Construction	2,593,956	-	n/a
Total	<u>\$ 9,649,974</u>	<u>\$ 50,476</u>	<u>\$ 7,005,542</u>

Capital Assets

Capital asset activity for the year ended December 31, 2022, 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	\$ 10,302,853	\$ -	\$ -	\$ 10,302,853
Total capital assets not being depreciated	<u>10,302,853</u>	<u>-</u>	<u>-</u>	<u>10,302,853</u>
Capital assets being depreciated:				
Buildings	20,221,068	101,454	-	20,322,522
Roads	62,437,075	5,827,501	-	68,264,576
Bridges	3,758,538	32,699	-	3,791,237
Parking lots	1,011,495	-	-	1,011,495
Equipment, vehicles and miscellaneous	13,131,426	1,143,280	267,659	14,007,047
Total capital assets being depreciated	<u>100,559,602</u>	<u>7,104,934</u>	<u>267,659</u>	<u>107,396,877</u>
Total capital assets	<u>110,862,455</u>	<u>7,104,934</u>	<u>267,659</u>	<u>117,699,730</u>
Less accumulated depreciation for:				
Buildings	(7,890,263)	(376,216)	-	(8,266,479)
Roads	(45,332,425)	(1,692,552)	-	(47,024,977)
Bridges	(1,859,465)	(89,072)	-	(1,948,537)
Parking lots	(125,733)	(41,683)	-	(167,416)
Equipment, vehicles and miscellaneous	(9,668,816)	(685,059)	263,007	(10,090,868)
Total accumulated depreciation	<u>(64,876,702)</u>	<u>(2,884,582)</u>	<u>263,007</u>	<u>(67,498,277)</u>
Net capital assets being depreciated	<u>35,682,900</u>	<u>4,220,352</u>	<u>4,652</u>	<u>39,898,600</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 45,985,753</u>	<u>\$ 4,220,352</u>	<u>\$ 4,652</u>	<u>\$ 50,201,453</u>

City of Mequon

Notes to Financial Statements
December 31, 2022

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 49,899
Public safety	434,289
Public works	<u>2,400,394</u>
Total governmental activities depreciation expense	<u>\$ 2,884,582</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated:				
Land	\$ 18,775	\$ -	\$ -	\$ 18,775
Construction in progress	<u>21,718</u>	<u>230,146</u>	<u>21,718</u>	<u>230,146</u>
Total capital assets not being depreciated	<u>40,493</u>	<u>230,146</u>	<u>21,718</u>	<u>248,921</u>
Capital assets being depreciated:				
Structure improvements	8,303,676	-	-	8,303,676
Sewer collection system	57,125,415	874,319	-	57,999,734
Machinery and equipment	<u>3,780,997</u>	<u>249,984</u>	<u>40,889</u>	<u>3,990,092</u>
Total capital assets being depreciated	<u>69,210,088</u>	<u>1,124,303</u>	<u>40,889</u>	<u>70,293,502</u>
Total capital assets	<u>69,250,581</u>	<u>1,354,449</u>	<u>62,607</u>	<u>70,542,423</u>
Less accumulated depreciation for:				
Structure improvements	(2,308,413)	(170,936)	-	(2,479,349)
Sewer collection system	(18,674,267)	(769,106)	-	(19,443,373)
Machinery and equipment	<u>(3,141,598)</u>	<u>(101,955)</u>	<u>40,889</u>	<u>(3,202,664)</u>
Total accumulated depreciation	<u>(24,124,278)</u>	<u>(1,041,997)</u>	<u>40,889</u>	<u>(25,125,386)</u>
Net capital assets being depreciated	<u>45,085,810</u>	<u>82,306</u>	<u>-</u>	<u>45,168,116</u>
Net sewer capital assets	<u>\$ 45,126,303</u>	<u>\$ 312,452</u>	<u>\$ 21,718</u>	<u>\$ 45,417,037</u>

City of Mequon

Notes to Financial Statements
December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated:				
Land	\$ 350	\$ -	\$ -	\$ 350
Construction in progress	606,988	-	606,988	-
Total capital assets not being depreciated	607,338	-	606,988	350
Capital assets being depreciated:				
Intangible plant	786	-	-	786
Pumping	644,217	-	-	644,217
Transmission and distribution	34,120,113	1,051,082	237,185	34,934,010
Administrative and general	563,614	-	-	563,614
Total capital assets being depreciated	35,328,730	1,051,082	237,185	36,142,627
Total capital assets	35,936,068	1,051,082	844,173	36,142,977
Less accumulated depreciation for:				
Intangible plant	(786)	-	-	(786)
Pumping	(401,570)	(24,237)	-	(425,807)
Transmission and distribution	(6,554,076)	(615,502)	237,185	(6,932,393)
Administrative and general	(469,545)	(30,817)	-	(500,362)
Total accumulated depreciation	(7,425,977)	(670,556)	237,185	(7,859,348)
Net capital assets being depreciated	27,902,753	380,526	-	28,283,279
Net water capital assets	<u>\$ 28,510,091</u>	<u>\$ 380,526</u>	<u>\$ 606,988</u>	<u>\$ 28,283,629</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 73,636,394</u>	<u>\$ 692,978</u>	<u>\$ 628,706</u>	<u>\$ 73,700,666</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Sewer	\$ 1,041,997
Water	670,556
Total business-type activities depreciation expense	<u>\$ 1,712,553</u>

Additional disclosures of the lease assets are included in the Lease Disclosure note.

City of Mequon

Notes to Financial Statements
December 31, 2022

Interfund Advances and Transfers

Advances

The general fund is advancing funds to the Debt Service Fund. The amount advanced is 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
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.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Special Revenue Funds, other committed funds	General fund	\$ 10,000	Move committed funds out of general fund
Capital Projects Fund	General fund	36,661	Fund capital projects
General Fund	Special Revenue Fund - ARPA Fund	<u>200,000</u>	Fund EMS salaries
Total, fund financial statements		246,661	
Less fund eliminations		<u>(246,661)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Mequon

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 20,495,000	\$ 9,490,000	\$ 3,295,000	\$ 26,690,000	\$ 3,555,000
(Discounts)/Premiums	<u>793,113</u>	<u>200,220</u>	<u>108,595</u>	<u>884,738</u>	<u>-</u>
Total bonds and notes payable	<u>21,288,113</u>	<u>9,690,220</u>	<u>3,403,595</u>	<u>27,574,738</u>	<u>3,555,000</u>
Other liabilities:					
Total OPEB liability	769,147	112,034	-	881,181	-
Total pension liability	389,253	-	58,840	330,413	-
Compensated absences	631,754	413,270	242,561	802,463	640,802
Net OPEB liability, LRLIF	849,124	-	25,174	823,950	-
Leases	<u>36,645</u>	<u>285,000</u>	<u>67,785</u>	<u>253,860</u>	<u>63,033</u>
Total other liabilities	<u>2,675,923</u>	<u>810,304</u>	<u>394,360</u>	<u>3,091,867</u>	<u>703,835</u>
Total governmental activities long-term liabilities	<u>\$ 23,964,036</u>	<u>\$ 10,500,524</u>	<u>\$ 3,797,955</u>	<u>\$ 30,666,605</u>	<u>\$ 4,258,835</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 14,550,000	\$ -	\$ 1,405,000	\$ 13,145,000	\$ 1,455,000
Revenue bonds	8,465,000	-	935,000	7,530,000	970,000
(Discounts)/Premiums	<u>1,239,019</u>	<u>-</u>	<u>149,577</u>	<u>1,089,442</u>	<u>-</u>
Subtotal	<u>24,254,019</u>	<u>-</u>	<u>2,489,577</u>	<u>21,764,442</u>	<u>2,425,000</u>
Other liabilities:					
Total OPEB liability	53,919	53,880	-	107,799	-
Total pension liability	38,291	2,130	-	40,421	-
Net OPEB liability, LRLIF	35,563	9,418	-	44,981	-
Compensated absences	<u>34,182</u>	<u>14,972</u>	<u>16,186</u>	<u>32,968</u>	<u>32,968</u>
Total other liabilities	<u>161,955</u>	<u>80,400</u>	<u>16,186</u>	<u>226,169</u>	<u>32,968</u>
Total business-type activities long-term liabilities	<u>\$ 24,415,974</u>	<u>\$ 80,400</u>	<u>\$ 2,505,763</u>	<u>\$ 21,990,611</u>	<u>\$ 2,457,968</u>

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, 2022, was \$299,850,470. Total general obligation debt outstanding at year end was \$39,835,000.

City of Mequon

Notes to Financial Statements
December 31, 2022

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt 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.

<u>Governmental Activities</u>					Balance
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2022
G.O. Promissory Notes	05/02/13	04/01/23	1.5-2.0%	\$ 3,710,000	\$ 400,000
G.O. Corporate Purpose Bonds	06/03/15	05/01/27	2.0-3.0	5,740,000	3,520,000
G.O. Promissory Notes	03/24/16	03/01/31	2.0-2.25	8,905,000	5,615,000
G.O. Promissory Notes	03/06/19	03/01/29	2.0	5,035,000	3,325,000
G.O. Refunding Bonds	02/06/20	08/01/28	2.0	5,900,000	4,340,000
G.O. Promissory Notes	03/22/22	03/01/32	2.0-3.0	9,490,000	9,490,000
Total governmental activities, general obligation debt					<u>\$ 26,690,000</u>

<u>Business-Type Activities</u>					Balance
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2022
G.O. Corporate Purpose Bonds, sewer	06/03/15	05/01/25	2.0-3.0%	\$ 1,310,000	\$ 495,000
G.O. Corporate Purpose Bonds, sewer	04/26/18	10/01/31	3.0-4.0	19,400,000	12,650,000
Total business-type activities, general obligation debt					<u>\$ 13,145,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt</u>		<u>Business-Type Activities</u> <u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,555,000	\$ 697,876	\$ 1,455,000	\$ 416,538
2024	3,420,000	506,553	1,495,000	373,713
2025	3,600,000	382,625	1,545,000	317,006
2026	3,315,000	321,440	1,425,000	273,750
2027	3,370,000	247,578	1,480,000	216,750
2028-2032	9,430,000	385,969	5,745,000	409,500
Total	<u>\$ 26,690,000</u>	<u>\$ 2,542,041</u>	<u>\$ 13,145,000</u>	<u>\$ 2,007,257</u>

Revenue Debt

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

City of Mequon

Notes to Financial Statements
December 31, 2022

The City has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 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 \$8,626,400. Principal and interest paid for the current year and total customer net revenues were \$1,255,300 and \$1,732,819, respectively.

Revenue debt payable at December 31, 2022, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<u>Water Utility</u>					
2017 Revenue Refunding Bonds	07/10/17	05/01/29	4.0%	\$ 8,465,000	\$ 7,530,000
Total business-type activities, revenue debt					<u>\$ 7,530,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 970,000	\$ 281,800
2024	1,010,000	242,200
2025	1,025,000	201,500
2026	1,065,000	159,700
2027	1,105,000	116,300
2028-2029	<u>2,355,000</u>	<u>94,900</u>
Total	<u>\$ 7,530,000</u>	<u>\$ 1,096,400</u>

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.

Bond Covenant Disclosures

Insurance

The water 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
December 31, 2022

The utility is covered under the following insurance policies at December 31, 2022:

Type	Coverage	Expiration
Personal and Advertising Injury	\$ 3,000,000 M3 Insurance	12/31/23
Premises Medical Payments	10,000 M3 Insurance	12/31/23
Errors and Omissions	3,000,000 M3 Insurance	12/31/23
Employee Benefits Liability	3,000,000 M3 Insurance	12/31/23
Auto Coverage	3,000,000 M3 Insurance	12/31/23
Automobile Medical Payments Coverage	10,000 M3 Insurance	12/31/23
Public Employee Dishonesty	250,000 M3 Insurance	12/31/23
Workers' Compensation	500,000 M3 Insurance	12/31/23

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2022 and 2021:

	Customers		Sales (000 gals)	
	2022	2021	2022	2021
Residential	4,288	4,240	236,826	252,926
Commercial	293	294	99,987	103,931
Irrigation	88	86	16,268	19,273
Public authority	20	12	4,796	2,087
Multi Family	39	36	28,609	26,161
Total	<u>4,728</u>	<u>4,668</u>	<u>386,486</u>	<u>404,378</u>

Lease Disclosures

Lessee - Lease Liabilities

Governmental Activities

Lease Liabilities Description	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2022
2021 Chevrolet Malibus (4)	9/10/20	9/10/23	4.8%	\$ 73,372	\$ 18,749
2022 Caterpillar	4/20/22	4/20/27	3.0	285,000	<u>235,111</u>
Total governmental activities lease liabilities					<u>\$ 253,860</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities		
	Principal	Interest	Total
2023	\$ 63,033	\$ 7,948	\$ 70,981
2024	45,614	5,725	51,339
2025	46,981	4,356	51,337
2026	48,390	2,947	51,337
2027	<u>49,842</u>	<u>1,495</u>	<u>51,337</u>
Total	<u>\$ 253,860</u>	<u>\$ 22,471</u>	<u>\$ 276,331</u>

City of Mequon

Notes to Financial Statements
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Lessor - Lease Receivables

<u>Governmental Activities</u>				Receivable Balance December 31, 2022
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
US Cellular cell tower	03/11/03	03/11/47	4.55%	\$ 1,091,874
Verizon cell tower	01/04/97	01/04/42	4.55	469,679
SBA land lease	12/20/17	12/20/72	4.55	1,293,924
Indus Inc. building tower lease	09/24/99	09/24/23	4.55	46,441
T Mobile, East Fire Station	01/15/97	01/15/26	4.55	82,362
T Mobile, Public Safety building	02/15/97	02/15/26	4.55	<u>137,270</u>
Total governmental activities				<u>\$ 3,121,550</u>
<u>Business-Type Activities</u>				Receivable Balance December 31, 2022
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
US Cellular cell tower	10/26/16	10/26/40	4.55%	\$ 632,464
T-Mobile cell tower	01/30/16	01/30/30	4.55	<u>286,547</u>
Total business-type activities				<u>\$ 919,011</u>

The City recognized \$208,581 of lease revenue during the fiscal year.

The City recognized \$35,962 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 10,302,853
Other capital assets, net of accumulated depreciation	39,898,600
Less long-term debt outstanding	(26,690,000)
Plus noncapital debt proceeds	1,105,719
Less unamortized debt premium	(884,738)
Less capital lease liability outstanding	<u>(253,860)</u>

Total net investment in capital assets \$ 23,478,574

City of Mequon

Notes to Financial Statements
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Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund Balances					
Nonspendable:					
Prepaid items	\$ 339,084	\$ -	\$ -	\$ -	\$ 339,084
Delinquent personal property taxes	53,664	-	-	-	53,664
Equity in joint venture, library	234,000	-	-	-	234,000
Subtotal	<u>626,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,748</u>
Restricted for:					
Debt Service	-	2,847,423	-	-	2,847,423
TID development purposes	-	-	1,667,134	-	1,667,134
Economic development loan program	-	-	-	-	383,716
Parks	-	-	-	383,716	780,491
ARPA Funds	-	-	-	396,775	396,775
Subtotal	<u>-</u>	<u>2,847,423</u>	<u>1,667,134</u>	<u>780,491</u>	<u>6,075,539</u>
Committed to:					
Police reserve	-	-	-	13,559	27,118
Special events	-	-	-	2,442	4,884
Other activities	-	-	-	164,446	328,892
Police seized asset forfeitures	-	-	-	16,505	33,010
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,952</u>	<u>393,904</u>
Assigned to:					
Capital projects	-	-	6,109,980	-	6,109,980
Subtotal	<u>-</u>	<u>-</u>	<u>6,109,980</u>	<u>-</u>	<u>6,109,980</u>
Unassigned (deficit):	<u>1,642,961</u>	<u>-</u>	<u>-</u>	<u>(1,877)</u>	<u>1,639,207</u>
Total fund balances	<u>\$ 2,269,709</u>	<u>\$ 2,847,423</u>	<u>\$ 7,777,114</u>	<u>\$ 975,566</u>	<u>\$ 14,845,378</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 19,125
Construction in progress	230,146
Other capital assets, net of accumulated depreciation	73,451,395
Less Long-term debt outstanding	(20,675,000)
Plus unspent debt proceeds	2,593,956
Less unamortized debt premium	(1,089,442)
Plus unamortized loss on advance refunding	321,633
	<u>321,633</u>

Total net investment in capital assets \$ 54,851,813

4. Other Information

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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

City of Mequon

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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:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was 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 \$832,617 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

City of Mequon

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Pension Asset, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported an asset of \$5,652,296 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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 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, 2021, the City's proportion was 0.07012615%, which was an increase of 0.00123501% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense (revenue) of \$(548,352).

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 9,130,999	\$ 658,443
Changes in assumptions	1,054,525	-
Net differences between projected and actual earnings on pension plan investments	-	12,644,658
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,736	3,948
Employer contributions subsequent to the measurement date	<u>910,325</u>	<u>-</u>
Total	<u>\$ 11,108,585</u>	<u>\$ 13,307,049</u>

\$910,325 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (260,374)
2024	(1,529,064)
2025	(672,118)
2026	(647,233)

City of Mequon

Notes to Financial Statements
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Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

City of Mequon

Notes to Financial Statements
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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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

** *New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%*

*** *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.*

City of Mequon

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Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 4,010,705</u>	<u>\$ (5,652,296)</u>	<u>\$ (12,607,860)</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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the City reported a payable to the pension plan \$149,158 which represents contractually required contributions outstanding as of the end of the year.

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.

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.

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 \$1,061,000 in 2022.

Financial information of the Library as of December 31, 2022 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.

City of Mequon

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The communities share in the annual operation of the municipal court based on the joint venture agreement as follows:

<u>Municipality</u>	<u>% Expenses Paid</u>
City of Cedarburg	4.03 %
Village of Grafton	5.68
Village of Thiensville	2.42
City of West Bend	20.05
Village of Germantown	10.44
City of Hartford	12.47
Village of Kewaskum	3.17
Village of Slinger	8.23
Village of Jackson	5.09
City of Port Washington	8.30
Village of Saukville	5.74
Town of Hartford	0.34
City of Mequon	11.44
Town of Trenton	1.41
Village of Fredonia	0.65
Village of Newburg	0.54
Total	<u>100.00 %</u>

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, 2022 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.

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 Common Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

City of Mequon

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Benefits Provided

For nonrepresented 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, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Active plan members	<u>112</u>
Total	<u><u>142</u></u>

Total OPEB Liability

The City's total OPEB liability of \$988,980 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Discount rate	2.25%
Healthcare cost trend rates	6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter

The discount rate was based on all years of projected payments discounted at a municipal bond rate of 2.25%.

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study 2015-17.

City of Mequon

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Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2021	\$ 823,066
Changes for the year:	
Service cost	51,626
Interest	17,893
Differences between expected and actual experience	248,994
Changes in assumptions or other inputs	(45,294)
Benefit payments	<u>(107,305)</u>
Net changes	<u>165,914</u>
Balances at December 31, 2022	<u>\$ 988,980</u>

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 (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 1,036,021</u>	<u>\$ 988,980</u>	<u>\$ 943,507</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 930,043</u>	<u>\$ 988,980</u>	<u>\$ 1,058,003</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the City recognized OPEB expense of \$38,949. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 309,559	\$ 311,916
Changes of assumptions or other inputs	<u>56,977</u>	<u>102,572</u>
Total	<u>\$ 366,536</u>	<u>\$ 414,488</u>

City of Mequon

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

<u>Years ending December 31:</u>	<u>Amount</u>
2023	\$ (30,570)
2024	(30,570)
2025	(30,570)
2026	(30,570)
2027	(30,569)
Thereafter	<u>104,897</u>
Total	<u>\$ (47,952)</u>

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a cost-sharing 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

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 member 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, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

City of Mequon

Notes to Financial Statements
December 31, 2022

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

Life Insurance Member Contribution Rates *For the Plan Year

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$3,009 in contributions from the employer.

OPEB Liability, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the City reported a liability of \$868,931 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. 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, 2021, the City's proportion was 0.14701800%, which was an decrease of 0.01381300% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense (revenue) of \$88,428.

The aggregate amount of OPEB liabilities is \$1,857,911, OPEB deferred outflows \$643,528, OPEB deferred inflows \$585,813 and OPEB expense of \$127,377.

City of Mequon

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 44,203
Net differences between projected and investment earnings on plan investments	11,306	-
Changes in actuarial assumptions	262,534	42,117
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	85,005
Employer contributions subsequent to the measurement date	<u>3,152</u>	<u>-</u>
Total	<u>\$ 276,992</u>	<u>\$ 171,325</u>

\$3,152 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 26,255
2024	24,944
2025	21,473
2026	32,037
2027	5,588
Thereafter	(7,782)

City of Mequon

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020. Published November
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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.

**State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

City of Mequon

Notes to Financial Statements
December 31, 2022

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 2.17%, 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 (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
City's proportionate share of the net OPEB liability	<u>\$ 1,178,826</u>	<u>\$ 868,931</u>	<u>\$ 635,748</u>

At December 31, 2022, the City reported a payable to the OPEB plan of \$275, which represents contractually required contributions outstanding as of the end of the year.

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 Common Council.

At December 31, 2022, the City plan's membership consisted of:

Retirees and beneficiaries	5
Active members	<u>67</u>
Total	<u>72</u>

The City paid \$27,202 for pension benefits as they came due during the reporting period. The City is funding these benefits on a pay-as-you-go basis.

City of Mequon

Notes to Financial Statements
December 31, 2022

Changes in Total Pension Liability

The City's change in total pension liability for the fiscal year ended December 31, 2022 was as follows:

	<u>Total Pension Liability</u>
Beginning of Year Balance	\$ 427,544
Service cost	28,665
Interest	9,636
Differences between expected and actual experience	(65,985)
Changes in assumptions or other inputs	(1,824)
Benefit payments	<u>(27,202)</u>
End of Year Balance	<u>\$ 370,834</u>

The aggregate amount of pension liabilities is \$370,834, pension deferred outflows \$11,137,270, pension deferred inflows \$13,395,413 and net pension revenue of \$517,281.

Assumptions

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

Measurement Date:	December 31, 2021
Actuarial Valuation Date:	December 31, 2021
Inflation:	2.00%
Discount Rate:	2.25%
Salary Changes:	3.00% plus merit increases ranging from 0.1% to 4.8% depending on years of service
Source of Discount Rate:	S&P Municipal Bond 20 Year High Grade Index
Source of Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)
Dates of Experience Studies	Experience study conducted in 2018 using WRS experience from 2015-2017

City of Mequon

Notes to Financial Statements
December 31, 2022

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

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 2.25% 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 (1.25%) or 1-percentage-point higher (3.25%) that the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 387,981	\$ 370,834	\$ 353,978

Pension Expense, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

For the Year ended December 31, 2022, the City recognized pension expense of \$31,071. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,009	\$ 81,392
Changes in assumptions	21,676	6,972
Total	<u>\$ 28,685</u>	<u>\$ 88,364</u>

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

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (7,230)
2024	(7,230)
2025	(7,230)
2026	(7,230)
2027	(7,222)
Thereafter	(23,537)

Subsequent Event

On January 1, 2023, the Thiensville Fire Department and the Mequon Fire Department merged to create the Southern Ozaukee Fire and Emergency Medical Services Department (the Department). The Department will be governed by a Board of Directors comprised of five (5) members, the Village of Thiensville President, a Village of Thiensville Trustee, the City of Mequon Mayor, the City of Mequon Common Council President and one City of Mequon resident nominated by the City of Mequon Mayor. The Board of Directors will also serve as the Joint Fire Commission as provided by Wisconsin Statutes Sections 61.65 and 62.13(2)(b). Net operating and capital improvement expenses of the Department will be allocated 84.43% to the City of Mequon and 15.57% to the Village of Thiensville for the first five (5) years of the Department's operation until December 31, 2027. At that time and every five (5) years thereafter, either municipality may request that the percentages be renegotiated in accordance with the terms of the agreement.

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, 2022 were \$25,270. The remaining obligation under this agreement as of December 31, 2022 is \$147,416.

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, 2022 were \$58,916. The remaining obligation under this agreement as of December 31, 2022 is \$194,426.

City of Mequon

Notes to Financial Statements
December 31, 2022

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, 2022 were \$40,835. The remaining obligation under this agreement as of December 31, 2022 is \$606,592.

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 \$50,000,000. Incentive payments for the year ended December 31, 2022 were \$885,131. The remaining obligation under this agreement as of December 31, 2022 is \$1,487,988.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Mequon

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2022

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 12,029,401	\$ 12,029,401	\$ 11,958,700	\$ (70,701)
Intergovernmental	2,378,589	2,378,589	2,192,096	(186,493)
Licenses and permits	1,047,100	1,047,100	975,540	(71,560)
Fines, forfeitures and penalties	132,000	132,000	117,210	(14,790)
Public charges for services	1,555,000	1,575,000	1,889,119	314,119
Investment Income (loss)	44,000	44,000	(44,286)	(88,286)
Other general revenue	<u>841,050</u>	<u>935,656</u>	<u>656,350</u>	<u>(279,306)</u>
Total revenues	<u>18,027,140</u>	<u>18,141,746</u>	<u>17,744,729</u>	<u>(397,017)</u>
Expenditures				
Current:				
General government	3,129,158	3,141,124	3,141,660	(536)
Public safety	9,296,777	9,349,997	9,445,343	(95,346)
Public works	3,353,122	3,377,059	3,362,686	14,373
Culture, recreation and education	1,734,040	1,756,104	1,779,783	(23,679)
Conservation and development	<u>514,043</u>	<u>517,462</u>	<u>477,418</u>	<u>40,044</u>
Total expenditures	<u>18,027,140</u>	<u>18,141,746</u>	<u>18,206,890</u>	<u>(65,144)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(462,161)</u>	<u>(462,161)</u>
Other Financing Uses				
Transfers in	-	-	200,000	200,000
Transfers out	<u>-</u>	<u>-</u>	<u>(46,661)</u>	<u>(46,661)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(308,822)</u>	<u>\$ (308,822)</u>
Fund Balance, Beginning			<u>2,578,531</u>	
Fund Balance, Ending			<u>\$ 2,269,709</u>	

See notes to required supplementary information

City of Mequon

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Wisconsin Retirement System

Year Ended December 31, 2022

<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)	7,966,469	24.76%	102.93%
12/31/18	0.06721460%	2,391,284	8,109,538	29.49%	96.45%
12/31/19	0.06778436%	(2,185,677)	8,445,497	25.88%	102.96%
12/31/20	0.06889114%	(4,300,969)	8,806,723	48.84%	105.26%
12/31/21	0.07012615%	(5,652,296)	8,998,347	62.81%	106.02%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

<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%
12/31/19	739,213	739,213	-	8,445,499	8.75%
12/31/20	814,933	814,933	-	8,806,723	9.25%
12/31/21	843,522	843,522	-	8,998,348	9.37%
12/31/22	910,325	910,325	-	9,739,653	9.34%

See notes to required supplementary information

City of Mequon

Schedule of Changes in the Total Pension Liability
 Single Employer Defined Benefit Pension Plan
 Year Ended December 31, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Pension Liability						
Service cost	\$ 23,234	\$ 23,234	\$ 22,532	\$ 20,899	\$ 26,108	\$ 28,665
Interest	17,854	17,888	15,480	16,314	11,462	9,636
Changes in benefit terms	-	-	-	4,153	-	-
Difference between expected and actual experience	-	(42,816)	-	10,012	-	(65,985)
Changes in assumptions	-	4,504	(8,854)	17,785	8,718	(1,824)
Benefit payments	(51,040)	(29,321)	(45,012)	(80,578)	(45,012)	(27,202)
Net change in total pension liability	(9,952)	(26,511)	(15,854)	(11,415)	1,276	(56,710)
Total Pension Liability, Beginning	<u>490,000</u>	<u>480,048</u>	<u>453,537</u>	<u>437,683</u>	<u>426,268</u>	<u>427,544</u>
Total Pension Liability, Ending	<u>\$ 480,048</u>	<u>\$ 453,537</u>	<u>\$ 437,683</u>	<u>\$ 426,268</u>	<u>\$ 427,544</u>	<u>\$ 370,834</u>

Schedule of the Total Pension Liability and Covered-Employee Payroll
 Single Employer Defined Benefit Pension Plan
 Year Ended December 31, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Pension Liability	\$ 480,048	\$ 453,537	\$ 437,683	\$ 426,268	\$ 427,544	\$ 370,834
Covered-employee payroll	\$ 5,829,406	\$ 5,474,769	\$ 5,474,769	\$ 7,751,248	\$ 7,751,248	\$ 8,236,671
Total pension liability as a percentage of covered-employee payroll	8.23%	8.28%	7.99%	5.50%	5.52%	4.50%

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 . None.

See notes to required supplementary information

City of Mequon

Schedule of Changes in the Total OPEB Liability and Related Ratios

OPEB Plan

Year Ended December 31, 2022

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability						
Service cost	\$ 90,779	\$ 90,779	\$ 54,099	\$ 50,090	\$ 46,851	\$ 51,626
Interest	66,810	70,572	31,065	32,945	24,308	17,893
Changes in benefit terms	-	(344,930)	-	-	-	-
Difference between expected and actual experience	-	(623,831)	-	128,196	-	248,994
Changes in assumptions	-	(92,918)	(25,581)	57,294	24,147	(45,294)
Benefit payments	<u>(58,561)</u>	<u>(55,998)</u>	<u>(95,323)</u>	<u>(147,754)</u>	<u>(265,464)</u>	<u>(107,305)</u>
Net change in total OPEB liability	99,028	(956,326)	(35,740)	120,771	(170,158)	165,914
Total OPEB Liability, Beginning	<u>1,765,491</u>	<u>1,864,519</u>	<u>908,193</u>	<u>872,453</u>	<u>993,224</u>	<u>823,066</u>
Total OPEB Liability, Ending	<u>\$ 1,864,519</u>	<u>\$ 908,193</u>	<u>\$ 872,453</u>	<u>\$ 993,224</u>	<u>\$ 823,066</u>	<u>\$ 988,980</u>
Covered-employee payroll	\$ 6,750,611	\$ 7,402,010	\$ 7,402,010	\$ 7,751,248	\$ 7,751,248	\$ 8,236,671
Total OPEB liability as a percentage of covered-employee payroll	27.62%	12.27%	11.79%	12.81%	10.62%	12.01%

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.

Accumulation of assets. No assets have been accumulated in a trust that meets the criteria in GASB Statement No. 75.

Changes of assumptions. None.

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

See notes to required supplementary information

City of Mequon

Schedule of Proportionate Share of the Net OPEB Liability

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

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%
12/31/18	0.17551600%	452,891	8,109,538	5.54%	48.69%
12/31/19	0.17426600%	742,059	8,476,000	8.75%	37.58%
12/31/20	0.16083100%	884,687	8,503,000	10.40%	31.36%
12/31/21	0.14701800%	868,931	9,101,000	9.55%	29.57%

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2022

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%
12/31/19	3,446	3,446	-	8,445,499	0.04%
12/31/20	3,162	3,162	-	8,806,723	0.04%
12/31/21	2,917	2,917	-	8,998,348	0.04%
12/31/22	3,152	3,152	-	9,739,653	0.03%

See notes to required supplementary information

City of Mequon

Notes to Required Supplementary Information
December 31, 2022

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 1.

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 89 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 years of data; however, accounting standards allow the presentation of as many years 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 the Wisconsin Retirement System.

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

City of Mequon

Notes to Required Supplementary Information
December 31, 2022

Local Retiree Life Insurance Fund (LRLIF)

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

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.

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

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

City of Mequon

Schedule of Expenditures - Budget and Actual -
 General Fund
 Year Ended December 31, 2022

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Current				
General Government:				
Common Council	\$ 86,058	\$ 86,058	\$ 103,734	\$ (17,676)
Personnel	232,373	234,082	262,405	(28,323)
City Administrator	286,045	287,755	323,111	(35,356)
City Clerk	305,569	308,133	290,919	17,214
Elections	105,136	105,136	87,579	17,557
Information services	525,372	526,227	467,371	58,856
Finance	520,760	523,324	537,195	(13,871)
Assessor	290,820	291,675	293,001	(1,326)
Legal counsel	102,483	102,483	117,334	(14,851)
Building maintenance	674,542	676,251	659,011	17,240
Total general government	<u>3,129,158</u>	<u>3,141,124</u>	<u>3,141,660</u>	<u>(536)</u>
Public Safety:				
Police	5,953,769	5,990,454	5,997,665	(7,211)
Fire protection	2,227,113	2,234,245	2,360,973	(126,728)
Communications	591,590	597,574	587,550	10,024
Inspections	524,305	527,724	499,155	28,569
Total public safety	<u>9,296,777</u>	<u>9,349,997</u>	<u>9,445,343</u>	<u>(95,346)</u>
Public Works:				
Fleet services	531,921	534,485	597,894	(63,409)
Engineering	584,453	589,583	604,523	(14,940)
Highway	2,041,065	2,055,598	1,963,300	92,298
Forestry	195,683	197,393	196,969	424
Total public works	<u>3,353,122</u>	<u>3,377,059</u>	<u>3,362,686</u>	<u>14,373</u>
Community Enrichment Services:				
Library	1,061,000	1,061,000	1,038,000	23,000
Swimming pool	101,323	101,323	140,380	(39,057)
Parks	571,717	593,781	601,403	(7,622)
Total community enrichment services	<u>1,734,040</u>	<u>1,756,104</u>	<u>1,779,783</u>	<u>(23,679)</u>
Conservation and Development:				
Planning	514,043	517,462	477,418	40,044
Total conservation and development	<u>514,043</u>	<u>517,462</u>	<u>477,418</u>	<u>40,044</u>
Total expenditures	<u>\$ 18,027,140</u>	<u>\$ 18,141,746</u>	<u>\$ 18,206,890</u>	<u>\$ (65,144)</u>

City of Mequon

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Park Fund</u>	<u>Revolving Loan Fund</u>	<u>Other Committed Funds</u>	<u>ARPA Fund</u>	
Assets					
Cash and investments	\$ 401,124	\$ 384,837	\$ 198,047	\$ 2,246,735	\$ 3,230,743
Receivables:					
Loans	-	331,414	-	-	331,414
Total assets	<u>\$ 401,124</u>	<u>\$ 716,251</u>	<u>\$ 198,047</u>	<u>\$ 2,246,735</u>	<u>\$ 3,562,157</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 1,120	\$ 1,095	\$ 59,668	\$ 61,883
Deposits	4,350	-	-	-	4,350
Unearned revenue	-	-	-	2,188,944	2,188,944
Total liabilities	<u>4,350</u>	<u>1,120</u>	<u>1,095</u>	<u>2,248,612</u>	<u>2,255,177</u>
Deferred Inflows of Resources					
Unavailable revenues	-	331,414	-	-	331,414
Fund Balances					
Restricted	396,775	383,716	-	-	780,491
Committed	-	-	196,952	-	196,952
Unassigned (deficit)	-	-	-	(1,877)	(1,877)
Total fund balances	<u>396,775</u>	<u>383,716</u>	<u>196,952</u>	<u>(1,877)</u>	<u>975,566</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 401,125</u>	<u>\$ 716,250</u>	<u>\$ 198,047</u>	<u>\$ 2,246,735</u>	<u>\$ 3,562,157</u>

City of Mequon

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Fund	Other Committed Funds	ARPA Fund	
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 389,553	\$ 389,553
Public charges for services	140,270	-	-	-	140,270
Investment income (loss)	3,118	82,541	(2,498)	(2,268)	80,893
Miscellaneous revenues	-	-	19,781	-	19,781
Total revenues	143,388	82,541	17,283	387,285	630,497
Expenditures					
Current:					
Public safety	-	-	25,354	189,553	214,907
Community enrichment services	30,470	-	525	-	30,995
Conservation and development	-	102,920	-	-	102,920
Total expenditures	30,470	102,920	25,879	189,553	348,822
Excess of revenues over expenditures	112,918	(20,379)	(8,596)	197,732	281,675
Other Financing Sources (Uses)					
Transfers in	-	-	10,000	-	10,000
Transfers out	-	-	-	(200,000)	(200,000)
Net change in fund balances	112,918	(20,379)	1,404	(2,268)	91,675
Fund Balances, Beginning	283,857	404,095	195,548	391	883,891
Fund Balances (Deficit), Ending	\$ 396,775	\$ 383,716	\$ 196,952	\$ (1,877)	\$ 975,566

City of Mequon

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Debt Service Fund
Year Ended December 31, 2022

	<u>Original & Final</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes	\$ 5,008,253	\$ 4,968,401	\$ (39,852)
Investment income	<u>1,000</u>	<u>45,762</u>	<u>44,762</u>
Total revenues	<u>5,009,253</u>	<u>5,014,163</u>	<u>4,910</u>
Expenditures			
Debt service:			
Principal	3,295,000	3,295,000	-
Interest and fiscal charges	<u>489,253</u>	<u>563,560</u>	<u>(74,307)</u>
Total expenditures	<u>3,784,253</u>	<u>3,858,560</u>	<u>(74,307)</u>
Excess (deficiency) of revenues over (under) expenditures	1,225,000	1,155,603	(69,397)
Other Financing Sources			
Premium on debt issued	<u>-</u>	<u>200,220</u>	<u>200,220</u>
Net change in fund balance	<u>\$ 1,225,000</u>	1,355,823	<u>\$ 130,823</u>
Fund Balance, Beginning		<u>1,491,600</u>	
Fund Balance, Ending		<u>\$ 2,847,423</u>	

STATISTICAL SECTION

CITY OF MEQUON

Statistical Section

This part of the City of Mequon's Annual Comprehensive Financial Report (ACFR) 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.

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

Table 1

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017**</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities										
Net investment in capital assets	\$ 20,244,055	\$ 20,105,141	\$ 16,159,417	\$ 17,083,161	\$ 19,537,989	\$ 21,767,611	\$ 22,015,781	\$ 23,811,511	\$ 25,978,177	23,478,574
Restricted	1,799,470	1,067,412	2,277,291	995,817	767,466	2,585,210	1,047,981	3,043,786	9,293,962	9,067,228
Unrestricted (deficit)	4,386,175	2,176,255	5,878,837	6,560,049	3,706,834	2,084,209	4,734,730	3,300,294	1,967	6,923,923
Total governmental activities net position	<u>\$ 26,429,700</u>	<u>\$ 23,348,808</u>	<u>\$ 24,315,545</u>	<u>\$ 24,639,027</u>	<u>\$ 24,012,289</u>	<u>\$ 26,437,030</u>	<u>\$ 27,798,492</u>	<u>\$ 30,155,591</u>	<u>\$ 35,274,106</u>	<u>\$ 39,469,725</u>
Business-type Activities										
Net investment in capital assets	\$ 30,059,026	\$ 30,361,789	\$ 37,426,354	\$ 38,624,081	\$ 40,433,327	\$ 41,396,535	\$ 43,744,757	\$ 46,465,099	\$ 52,346,376	54,851,813
Restricted	301,144	329,024	410,727	375,150	319,156	436,074	355,442	493,330	1,516,891	1,594,047
Unrestricted (deficit)	(3,599,573)	(1,300,683)	1,159,223	4,120,966	5,601,571	8,131,319	9,215,244	10,449,997	9,138,960	10,949,307
Total business-type activities net position	<u>\$ 26,760,597</u>	<u>\$ 29,390,130</u>	<u>\$ 38,996,304</u>	<u>\$ 43,120,197</u>	<u>\$ 46,354,054</u>	<u>\$ 49,963,928</u>	<u>\$ 53,315,443</u>	<u>\$ 57,408,426</u>	<u>\$ 63,002,227</u>	<u>\$ 67,395,167</u>
Primary Government										
Net investment in capital assets	* \$ 50,303,081	\$ 49,428,434	\$ 52,547,275	\$ 55,707,242	\$ 59,971,316	\$ 63,164,146	\$ 65,760,538	\$ 70,276,610	\$ 78,324,553	\$ 77,681,887
Restricted	2,100,614	1,396,436	2,688,018	1,370,967	1,086,622	3,021,284	1,403,423	3,537,116	10,810,853	10,661,275
Unrestricted (deficit)	* 786,602	1,914,068	8,076,556	10,681,015	9,308,405	10,215,528	13,949,974	13,750,291	9,140,927	18,521,730
Total primary government net position	<u>\$ 53,190,297</u>	<u>\$ 52,738,938</u>	<u>\$ 63,311,849</u>	<u>\$ 67,759,224</u>	<u>\$ 70,366,343</u>	<u>\$ 76,400,958</u>	<u>\$ 81,113,935</u>	<u>\$ 87,564,017</u>	<u>\$ 98,276,333</u>	<u>\$ 106,864,892</u>

* 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

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

Table 2

Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General Government	\$ 2,561,910	\$ 2,866,025	\$ 2,827,161	\$ 2,926,703	\$ 2,780,944	\$ 2,698,859	\$ 2,902,503	\$ 2,698,961	\$ 2,934,899	\$ 3,225,747
Public Safety	7,155,872	7,180,846	7,658,522	8,568,616	8,489,852	8,238,012	9,380,627	8,843,804	8,382,307	8,990,707
Public Works	6,807,814	7,097,071	6,510,601	5,590,695	4,808,412	5,276,583	5,838,630	5,821,246	5,862,578	6,369,703
Public Health	4,211	3,606	2,692	1,667	6,926	1,160	-	-	-	-
Community Enrichment	1,991,055	2,051,348	1,832,803	1,760,253	1,846,292	2,193,244	2,029,714	1,966,429	1,804,298	1,847,327
Conservation & Development	431,959	2,194,912	1,963,424	635,097	650,285	855,566	885,179	1,694,734	904,916	1,633,163
Interest & Fiscal Charges	766,527	785,985	916,642	1,174,400	751,539	783,933	872,978	814,496	311,821	593,797
Total government activities expense	19,719,348	22,179,793	21,711,845	20,657,431	19,334,250	20,047,357	21,909,631	21,839,670	20,200,819	22,660,444
Business-type Activities:										
Water Utility	\$ 2,251,136	\$ 2,252,945	\$ 2,448,115	\$ 2,563,582	\$ 2,492,821	\$ 2,617,761	\$ 2,511,031	\$ 2,469,727	\$ 2,661,692	\$ 2,779,305
Sewer Utility	8,215,337	8,339,805	9,052,567	8,990,263	9,172,956	9,810,571	10,373,965	9,137,871	9,018,900	9,139,664
Total business-type activities expense	10,466,473	10,592,750	11,500,682	11,553,845	11,665,777	12,428,332	12,884,996	11,607,598	11,680,592	11,918,969
Total Primary Government Expense	\$ 30,185,821	\$ 32,772,543	\$ 33,212,527	\$ 32,211,276	\$ 31,000,027	\$ 32,475,689	\$ 34,794,627	\$ 33,447,268	\$ 31,881,411	\$ 34,579,413
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 3,024,230	\$ 3,114,438	\$ 3,172,991	\$ 3,497,183	\$ 3,274,750	\$ 3,610,457	\$ 3,526,506	\$ 3,422,717	\$ 3,892,194	\$ 3,610,636
Operating Grants and Contributions	1,559,021	1,699,459	1,984,048	1,931,549	1,626,650	1,916,352	2,355,607	1,941,753	1,827,033	1,768,486
Capital Grants and Contributions	330,906	37,592	122,435	653,730	152,056	684,896	31,152	85,105	68,710	1,491,689
Total governmental activities program revenues	4,914,157	4,851,489	5,279,474	6,082,462	5,053,456	6,211,705	5,913,265	5,449,575	5,787,937	6,870,811
Business-type activities:										
Charges for Services	\$ 5,896,086	\$ 6,325,368	\$ 6,141,213	\$ 6,409,901	\$ 6,474,127	\$ 6,963,042	\$ 7,078,425	\$ 7,230,375	\$ 7,634,851	\$ 7,365,662
Operating Grants and Contributions	-	-	-	-	301,029	94,183	15,960	-	-	-
Capital Grants and Contributions	2,228,424	250,456	7,733,127	2,034,162	753,121	1,155,325	903,468	1,197,090	2,518,287	1,778,171
Total business-type activities program revenues	8,124,510	6,575,824	13,874,340	8,444,063	7,528,277	8,212,550	7,997,853	8,427,465	10,153,138	9,143,833
Total Primary Government Program Revenues	\$ 13,038,667	\$ 11,427,313	\$ 19,153,814	\$ 14,526,525	\$ 12,581,733	\$ 14,424,255	\$ 13,911,118	\$ 13,877,040	\$ 15,941,075	\$ 16,014,644
Net (Expense)/Revenue										
Governmental Activities	(14,805,191)	(17,328,304)	(16,432,371)	(14,574,969)	(14,280,794)	(13,835,652)	(15,996,366)	(16,390,095)	(14,412,882)	(15,789,633)
Business-type Activities	(2,341,963)	(4,016,926)	2,373,658	(3,109,782)	(4,137,500)	(4,215,782)	(4,887,143)	(3,180,133)	(1,527,454)	(2,775,136)
Total Primary Government Net Expense	\$ (17,147,154)	\$ (21,345,230)	\$ (14,058,713)	\$ (17,684,751)	\$ (18,418,294)	\$ (18,051,434)	\$ (20,883,509)	\$ (19,570,228)	\$ (15,940,336)	\$ (18,564,769)

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

Table 2

General Revenues and Other changes in Net Position

Governmental Activities:

Property Taxes	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286	\$ 14,160,513	\$ 14,854,309	\$ 15,314,922	\$ 15,961,194	\$ 17,191,975	\$ 18,693,415	\$ 18,629,802
Intergov't'l Revenues Not Restricted to Specific Programs	585,891	520,889	483,431	606,519	461,761	612,054	875,062	509,311	552,895	916,342
Public Gifts and Grants	-	-	-	-	-	9,496	26,290	101,414	19,046	28,559
Investment Income	56,705	111,539	71,707	93,214	91,353	170,494	323,828	282,252	231,307	227,231
Miscellaneous	25,682	15,651	79,054	38,205	91,752	153,427	101,496	662,242	34,734	112,970
Gain on Sale of Capital Assets	239,804	-	65,000	-	-	-	69,958	-	-	70,348
Total Governmental Activities	14,397,670	14,247,412	14,411,478	14,898,451	15,499,175	16,260,393	17,357,828	18,747,194	19,531,397	19,985,252

Business-type Activities:

Property Taxes	6,645,737	6,573,910	7,066,677	7,190,003	7,268,822	7,452,593	7,692,408	7,078,676	7,110,670	\$ 7,224,141
Investment Income	5,369	8,063	14,976	42,067	59,664	362,909	497,314	189,924	(5,571)	(104,847)
Miscellaneous	27,407	64,486	18,243	1,605	406,047	10,154	53,645	4,516	16,156	48,782
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	6,678,513	6,646,459	7,099,896	7,233,675	7,734,533	7,825,656	8,243,367	7,273,116	7,121,255	7,168,076
Total Primary Government	\$ 21,076,183	\$ 20,893,871	\$ 21,511,374	\$ 22,132,126	\$ 23,233,708	\$ 24,086,049	\$ 25,601,195	\$ 26,020,310	\$ 26,652,652	\$ 27,153,328

Change in Net Position

Governmental Activities	(407,521)	(3,080,892)	(2,020,893)	323,482	1,218,381	2,424,741	1,361,462	2,357,099	5,118,515	4,195,619
Business-type Activities	4,336,550	2,629,533	9,473,554	4,123,893	3,442,868	3,609,874	3,356,224	4,092,983	5,593,801	4,392,940
Total Primary Government	\$ 3,929,029	\$ (451,359)	\$ 7,452,661	\$ 4,447,375	\$ 4,661,249	\$ 6,034,615	\$ 4,717,686	\$ 6,450,082	\$ 10,712,316	\$ 8,588,559

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

Table 3

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-spendable	\$ 179,218	\$ 595,505	\$ 559,000	\$ 190,177	\$ 222,046	\$ 191,360	\$ 232,092	\$ 173,884	\$ 259,617	\$ 626,748
Restricted	10,410	6,804	9,043	7,377	451	-	-	-	-	-
Assigned	286,000	301,000	301,500	701,500	651,500	-	-	-	-	-
Unassigned	3,571,508	2,534,313	2,499,862	2,248,092	1,751,946	2,127,163	2,251,246	2,312,554	2,318,914	1,642,961
Total General Fund	<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>	<u>2,483,338</u>	<u>2,486,438</u>	<u>2,578,531</u>	<u>2,269,709</u>
All Other Governmental Funds										
Non-spendable	-	753,750	-	-	-	-	-	-	-	-
Restricted	7,282,804	3,099,716	3,830,472	4,102,539	943,502	939,091	2,209,049	1,579,466	5,064,678	5,295,048
Committed	162,079	164,009	2,406,525	189,672	209,162	245,087	849,180	222,713	195,548	196,952
Assigned	2,397,020	1,493,283	182,466	2,565,453	2,174,664	-	3,922,374	3,026,066	336,219	6,109,980
Unassigned	(567,319)	(545,298)	(511,223)	(527,237)	(772,603)	1,736,447	(678,020)	(77,743)	-	(1,877)
Total All Other Governmental Funds	<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>	<u>6,302,583</u>	<u>4,750,502</u>	<u>5,596,445</u>	<u>11,600,103</u>
Total Fund Balances	<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>	<u>\$ 8,785,921</u>	<u>\$ 7,236,940</u>	<u>\$ 8,174,976</u>	<u>\$ 13,869,812</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes										
Intergovernmental Revenues	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286	\$ 14,160,513	\$ 14,854,309	\$ 15,314,922	\$ 15,941,941	\$ 17,191,976	\$ 18,693,416	\$ 18,629,803
Licenses & Permits	1,947,547	2,118,275	2,174,623	2,436,368	2,137,470	2,503,748	3,189,179	2,533,207	2,335,157	2,671,378
Fines, Forfeitures and Penalties	1,273,998	1,378,270	1,322,093	1,455,967	1,497,568	1,573,748	1,565,059	1,403,824	1,111,185	975,540
Public Charges for Services	184,068	190,347	167,015	240,345	221,269	231,307	219,554	149,638	929,686	117,210
Intergovernmental Charges for Services	1,489,731	1,602,653	1,682,838	1,825,212	1,556,486	1,765,925	1,769,439	1,455,313	944,138	3,612,426
Special Assessments	-	-	-	-	-	-	-	-	-	-
Investment Income	-	1,895	66,674	33,156	30,793	-	40,445	30,490	23,514	23,451
Other Revenues	60,715	119,292	102,244	119,876	100,920	233,780	382,602	282,252	231,308	305,464
Total Revenues	<u>386,589</u>	<u>69,804</u>	<u>127,201</u>	<u>87,132</u>	<u>188,390</u>	<u>194,536</u>	<u>151,691</u>	<u>705,481</u>	<u>618,756</u>	<u>676,131</u>
	<u>18,832,236</u>	<u>19,079,869</u>	<u>19,354,974</u>	<u>20,358,569</u>	<u>20,587,205</u>	<u>21,817,966</u>	<u>23,259,910</u>	<u>23,752,181</u>	<u>24,887,160</u>	<u>27,011,403</u>
Expenditures										
Current										
General Government										
Public Safety	2,386,454	2,679,908	2,636,148	2,740,072	2,693,991	2,681,516	2,765,802	3,266,926	3,149,699	3,141,660
Public Works	6,651,414	6,767,586	7,108,172	7,550,543	7,617,243	7,763,196	8,361,409	8,321,663	8,949,494	9,660,250
Public Health	3,142,843	3,290,198	3,261,237	3,282,736	3,265,774	3,066,293	3,210,284	2,926,942	2,974,261	3,362,686
Community Enrichment	4,211	3,606	2,692	1,667	6,926	1,160	-	-	-	-
Conservation and Development	1,807,428	1,846,667	1,778,292	1,755,805	1,796,970	1,894,031	1,921,220	1,969,988	1,692,557	1,810,778
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service	1,987,197	3,040,656	3,329,073	9,213,544	4,975,254	1,613,850	3,255,985	2,713,365	2,222,123	8,886,923
Principal										
Interest and Fiscal Charges	3,141,988	2,061,994	2,220,000	2,540,000	3,050,000	3,140,000	3,100,000	9,331,520	3,150,000	3,344,889
Payment to WRS for Unfunded Liability	934,751	833,039	835,175	996,576	1,013,703	842,886	803,373	924,542	572,390	565,009
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues	<u>20,449,395</u>	<u>20,935,236</u>	<u>21,582,848</u>	<u>28,552,877</u>	<u>24,893,074</u>	<u>21,434,916</u>	<u>23,880,796</u>	<u>30,188,804</u>	<u>23,326,140</u>	<u>31,352,533</u>
Over/(Under) Expenditures										

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

Table 4

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	<u>(1,617,159)</u>	<u>(1,855,367)</u>	<u>(2,227,874)</u>	<u>(8,194,308)</u>	<u>(4,305,869)</u>	<u>383,050</u>	<u>(620,886)</u>	<u>(6,436,623)</u>	<u>1,561,020</u>	<u>(4,341,130)</u>
Other Financing Sources/(Uses)										
Transfers In										
Transfers Out	29,497	639,000	404	-	-	-	-	10,000	231,215	246,661
Debt	(29,497)	(639,000)	(404)	-	-	-	-	(10,000)	(231,215)	(246,661)
General obligation debt issued										
Refunding debt issued	3,710,000	-	5,740,000	8,905,000	-	-	5,035,000	-	-	9,490,000
Refunded general obligation debt	1,280,000	-	-	-	-	-	-	5,900,000	-	-
Discount on debt issued	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-
Proceeds of capital leases	151,717	-	237,972	197,652	-	-	275,242	312,114	-	200,220
Proceeds of capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	219,929	604,191	130,454	-	-	-	73,372	-	285,000
Total Other Financing Sources/(Uses)	<u>258,782</u>	<u>51,928</u>	<u>70,965</u>	<u>56,625</u>	<u>60,288</u>	<u>84,907</u>	<u>69,958</u>	<u>58,712</u>	<u>105,600</u>	<u>60,746</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>	<u>5,380,200</u>	<u>6,344,198</u>	<u>105,600</u>	<u>10,035,966</u>
Net Change in Fund Balances										
	<u>\$ 3,783,340</u>	<u>\$ (1,583,510)</u>	<u>\$ 4,425,254</u>	<u>\$ 1,095,423</u>	<u>\$ (4,245,581)</u>	<u>\$ 467,957</u>	<u>\$ 4,759,314</u>	<u>\$ (92,425)</u>	<u>\$ 1,666,620</u>	<u>\$ 5,694,836</u>
Debt Service as a % of non-capital expenditures	18.82%	11.90%	12.16%	12.01%	16.29%	18.23%	15.56%	32.41%	15.47%	12.47%

**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							
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%		2,503,748	11.5%		1,805,055	8.3%		1,765,925	8.1%		233,780	1.1%		194,536	0.9%		21,817,966
2019		15,941,941	68.5%		3,189,179	13.7%		1,784,613	7.7%		1,769,439	7.6%		382,602	1.6%		192,136	0.8%		23,259,910
2020		17,191,976	72.4%		2,533,207	10.7%		1,553,462	6.5%		1,455,313	6.1%		282,252	1.2%		735,971	3.1%		23,752,181
2021		18,693,416	75.1%		2,335,157	9.4%		2,040,871	8.2%		944,138	3.8%		231,308	0.9%		642,270	2.6%		24,887,160
2022		18,629,803	69.0%		2,671,378	9.9%		1,092,750	4.0%		3,612,426	13.4%		305,464	1.1%		699,582	2.6%		27,011,403

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

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							
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%	\$	21,657,775
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
2019		2,765,802	11.0%		8,361,409	33.3%		3,210,284	12.8%		2,383,943	9.5%		4,468,526	17.8%		3,903,373	15.6%		25,093,337
2020		3,266,926	10.3%		8,321,663	26.3%		2,926,942	9.2%		2,703,846	8.5%		4,169,921	13.2%		10,256,062	32.4%		31,645,360
2021		3,149,699	13.1%		8,949,494	37.2%		2,974,261	12.4%		2,308,173	9.6%		2,950,707	12.3%		3,722,390	15.5%		24,054,724
2022		3,141,660	10.0%		9,660,250	30.8%		3,362,686	10.7%		2,391,116	7.6%		8,886,923	28.3%		3,909,898	12.5%		31,352,533

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			
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%
2019	2020	4,625,646,400	4,968,591,800	69,360,960	80,203,300	4,695,007,360	5,048,795,100	13.93	13.18	92.99%
2020	2021	4,684,679,700	5,160,524,700	67,789,030	71,906,300	4,752,468,730	5,232,431,000	14.15	13.34	90.83%
2021	2022	5,323,796,900	5,328,057,400	70,968,480	75,092,900	5,394,765,380	5,403,150,300	13.74	11.63	99.84%
2022	2023	5,444,597,100	5,926,592,900	68,697,170	70,416,500	5,513,294,270	5,997,009,400	12.53	10.49	91.93%

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
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
2019	2020	-	1.8300	3.2809	1.8100	8.2634	1.2724	16.4566	1.4753	14.9813	4,672,228,560
2020	2021	-	1.7578	3.4357	1.8105	8.7590	1.2667	17.0296	1.4458	15.5839	4,752,468,730
2021	2022	-	1.5014	3.0780	1.6244	7.8263	1.0110	15.0412	1.2777	13.7634	5,394,765,380
2022	2023	-	1.5187	3.1051	1.5950	7.6976	0.9787	14.8951	1.2654	13.6297	5,513,294,270

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	Assess. Ratio
2013	2014	\$ 0.1706	\$ 1.9439	\$ 3.3897	\$ 1.6421	\$ 8.9953	\$ 2.1320	\$ 18.2735	\$ 1.4498	\$ 16.8238	\$ 3,949,468,500	\$ 1.0983
2014	2015	0.1698	1.8779	3.2528	2.0108	8.5430	1.2713	17.1257	1.3711	15.7546	4,126,761,500	1.0626
2015	2016	0.1697	1.8359	3.1253	1.9445	8.2154	1.2573	16.5481	1.4629	15.0852	4,361,728,700	1.0167
2016	2017	0.1697	1.8038	3.1621	1.8995	8.1537	1.2598	16.4485	1.4087	15.0398	4,478,909,700	1.0039
2017	2018	-	1.7978	3.1174	1.9063	8.0667	1.2574	16.1457	1.5015	14.6442	4,610,493,300	0.9862
2018	2019	-	1.7672	3.0974	1.9054	7.7242	1.2254	15.7196	1.4449	14.2747	4,797,857,000	0.9659
2019	2020	-	1.7018	3.0510	1.6831	7.6844	1.1832	15.3035	1.3719	13.9315	5,048,795,100	0.9299
2020	2021	-	1.5966	3.1205	1.6444	7.9555	1.1505	15.4675	1.3132	14.1544	5,232,431,000	0.9083
2021	2022	-	1.4991	3.0732	1.6219	7.8142	1.0094	15.0178	1.2758	13.7421	5,403,150,300	0.9984
2022	2023	-	1.3962	2.8547	1.4663	7.0767	0.8998	13.6937	1.1634	12.5303	5,997,009,400	0.9193

**Assessed Value from Statement of Assessment - available in Audit folder
 **Equalized Value from Levy Certificates <https://www.revenue.wi.gov/Pages/SLF/EqualizedValue.aspx>
 Use 2022 Tax Information TAX.11 Mill Rate Worksheet in Audit folder - Assessed
 State school credit <https://www.co.ozaukee.wi.us/DocumentCenter/View/698/Tax-Rates-by-Jurisdictions?bidId=>

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
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
2019	2020	-	1.8300	3.2088	9.1617	1.2724	15.4729	1.4753	13.9976	22,778,800
2020	2021	-	1.7578	3.4357	9.6580	1.2667	16.1182	1.4458	14.6724	23,135,200
2021	2022	-	1.5014	3.0780	7.3107	1.0110	12.9011	1.2777	11.6234	26,710,500
2022	2023	-	1.5187	3.1051	7.0729	0.9787	12.6754	1.2654	11.4100	26,717,000

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	Assess. Ratio
2013	2014	\$ 0.1706	\$ 1.9439	\$ 3.3897	\$ 10.1792	\$ 2.1320	\$ 17.8153	\$ 1.4498	\$ 16.3655	\$ 16,808,795	1.0983
2014	2015	0.1698	1.8779	3.2528	9.6484	1.2713	16.2203	1.3711	14.8492	18,119,330	1.0626
2015	2016	0.1697	1.8359	3.1252	9.9643	1.2573	16.3524	1.4629	14.8895	18,932,056	1.0167
2016	2017	0.1697	1.8038	3.1621	9.4219	1.2598	15.8173	1.4087	14.4086	19,676,549	1.0039
2017	2018	-	1.8068	3.1331	9.1455	1.2637	15.3491	1.5091	13.8400	20,077,942	0.9911
2018	2019	-	1.7705	3.1032	8.6182	1.2277	14.7196	1.4476	13.2720	20,978,646	0.9677
2019	2020	-	1.7226	3.0205	8.6241	1.1977	14.5650	1.3887	13.1762	23,155,791	0.9413
2020	2021	-	1.5977	3.1227	8.7782	1.1513	14.6500	1.3141	13.3359	25,402,043	0.9089
2021	2022	-	1.5027	3.0807	7.3171	1.0119	12.9123	1.2789	11.6335	26,293,550	1.0009
2022	2023	-	1.3958	2.8538	6.5004	0.8995	11.6494	1.1630	10.4864	29,065,012	0.9191

**Assessed Value from Statement of Assessment - available in Audit folder TAX.6

**Equalized Value from Tax Levy Certificates

CITY OF MEQUON, WISCONSIN
TEN LARGEST TAXPAYERS - 2022

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Newcastle Place, LLC	Senior Living	\$ 62,807,000	\$ 855,981	1.06%
HRSE Froedtert Health Mequon MOB LLC	Healthcare	38,837,200	529,279	0.66%
Centro Bradley SPE 1 LLC	Commercial	35,288,200	480,908	0.60%
Mequon Spur 16, LLC	Mixed Use	32,770,600	446,473	0.55%
MMAC 150 Aurora LLC	Healthcare	28,795,900	392,419	0.49%
RA Mequon Fee Owner LLC	Manufacturing	28,573,700	389,391	0.48%
5401 W Donges Bay Owner LP	Manufacturing	21,697,000	295,664	0.37%
Foxtown Apartments LLC	Residential Living	20,488,500	279,192	0.35%
HRSE Childrens Mequon MOB LLC	Healthcare	19,788,900	269,657	0.33%
RL Mequon LLC, AK 4 Holdings LLC, Et al	Mixed Use	<u>16,679,700</u>	<u>227,279</u>	0.28%
		<u>\$ 305,726,700</u>	<u>\$ 4,166,243</u>	5.16%

Source: City of Mequon Assessment and Tax Rolls - from assessing dept.

TEN LARGEST TAXPAYERS - 2013

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Centro Bradley SPE 1LP	Shopping Center	\$30,633,000	\$ 475,065	0.73%
HTA Wisconsin	Medical Offices	18,494,300	283,016	0.44%
KTR WIS II, LLC	Manufacturing	18,677,700	289,538	0.45%
St. Mary's Hospital	Medical Clinic	14,690,500	201,231	0.31%
Centerpoint Property Trust	Manufacturing	11,774,700	182,508	0.28%
Vogel Real Estate, LLC	Commercial	8,834,600	136,933	0.21%
SNH FM Financing	Assisted Living Facility	8,684,300	134,591	0.21%
Newcastle Place	Apartments	8,672,300	134,405	0.21%
B & G Realty	Commercial	8,307,200	132,022	0.20%
Mequon Joint Venture	Commercial	<u>8,188,900</u>	<u>126,910</u>	0.20%
		<u>\$ 136,957,500</u>	<u>\$ 2,096,219</u>	3.23%

Source: City of Mequon Assessment and Tax Rolls

CITY OF MEQUON, WISCONSIN
TEN LARGEST EMPLOYERS - January 2022

Name of Employer	Product/Service	Approximate Number of Employees
Concordia University Wisconsin	Post-secondary education	1,057
Rockwell Automation	General Purpose machinery manufacturer	1,000
Charter Manufacturing	Steel & cast iron components manufacturer	911
Ascension Columbia St. Mary's	Health care	659
School District of Mequon-Thiensville	Elementary and secondary education	509
Kleen Test Products	Contract manufacturer and packager	300
HB Performance Systems	Manufacturer of braking systems	250
Metro-Mart	Grocery store	200
City of Mequon	Municipal government and services	154
Aurora Advanced Health Care	Health care	111

Source: Infogroup, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development, Preliminary Official Statement from 2022 debt issue

TEN LARGEST EMPLOYERS - 2013

Name of Employer	Product/Service	Approximate Number of Employees
Concordia University Wisconsin	Post-secondary education	1,000
Columbia St. Mary's	Health care	750
Mequon-Thiensville School District	Elementary and secondary education	398
Kleen Test Products	Contract manufacturer and packager	300
HB Performance Systems	Manufacturer of braking systems	250
City of Mequon	Municipal government and services	227
Telsmith Inc.	Manufacturer of large rock crushing equipment	221
Aurora Advanced Health Care	Health care	161
Pick 'N Save	Grocery store	160
Strategem Inc.	Information technology and project consultants	160

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
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%	35,908	13,980,922	99.95%
2017	2018	14,161,287	14,115,909	99.68%	3,286	14,119,195	99.70%
2018	2019	14,863,013	14,820,000	99.71%	17,522	14,837,522	99.83%
2019	2020	14,994,497	14,933,337	99.59%	-	14,933,337	99.59%
2020	2021	15,759,673	15,697,453	99.61%	-	15,697,453	99.61%
2021	2022	16,087,654	16,011,063	99.52%	-	16,011,063	99.52%

Table 12

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

REAL ESTATE	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	2019 R.E. ASSESSED VALUE	2020 R.E. ASSESSED VALUE	2021 R.E. ASSESSED VALUE	2022 R.E. ASSESSED VALUE
RESIDENTIAL										
LAND	\$ 1,260,254,050	\$ 1,259,185,650	\$ 1,259,227,200	\$ 1,260,035,900	\$ 1,267,062,600	\$ 1,275,073,200	\$ 1,286,181,300	\$ 1,287,623,600	\$ 1,332,205,800	\$ 1,338,277,300
IMP.	2,362,968,200	2,383,313,510	2,423,856,700	2,446,799,800	2,469,753,400	2,509,516,500	2,536,140,800	2,564,513,000	3,023,166,600	3,064,302,500
TOTAL	<u>3,623,222,250</u>	<u>3,642,499,160</u>	<u>3,683,083,900</u>	<u>3,706,835,700</u>	<u>3,736,816,000</u>	<u>3,784,589,700</u>	<u>3,822,322,100</u>	<u>3,852,136,600</u>	<u>4,355,372,400</u>	<u>4,402,579,800</u>
COMMERCIAL										
LAND	159,697,800	161,202,800	162,990,200	166,242,500	168,413,300	172,498,700	176,798,900	178,288,900	199,748,800	202,169,500
IMP.	363,306,600	389,061,100	407,396,900	434,053,500	452,495,800	494,374,300	510,179,300	539,048,400	637,663,200	707,512,700
TOTAL	<u>523,004,400</u>	<u>550,263,900</u>	<u>570,387,100</u>	<u>600,296,000</u>	<u>620,909,100</u>	<u>666,873,000</u>	<u>686,978,200</u>	<u>717,337,300</u>	<u>837,412,000</u>	<u>909,682,200</u>
MANUFACTURING										
LAND	18,901,800	18,329,900	17,409,600	18,251,500	17,876,400	17,171,800	16,494,300	16,366,400	22,524,700	22,343,600
IMP.	64,278,400	62,592,100	64,447,800	64,568,200	63,240,400	71,409,700	69,477,900	68,707,100	75,927,600	77,472,700
TOTAL	<u>83,180,200</u>	<u>80,922,000</u>	<u>81,857,400</u>	<u>82,819,700</u>	<u>81,116,800</u>	<u>88,581,500</u>	<u>85,972,200</u>	<u>85,073,500</u>	<u>98,452,300</u>	<u>99,816,300</u>
AGRICULTURAL										
LAND/TOTAL	<u>2,186,700</u>	<u>2,198,400</u>	<u>1,396,000</u>	<u>1,383,600</u>	<u>1,519,300</u>	<u>1,548,500</u>	<u>1,553,500</u>	<u>1,553,700</u>	<u>1,659,200</u>	<u>1,733,300</u>
UNDEVELOPED										
LAND/TOTAL	<u>9,793,800</u>	<u>9,717,500</u>	<u>8,952,100</u>	<u>8,965,300</u>	<u>8,980,300</u>	<u>8,930,200</u>	<u>8,265,500</u>	<u>8,227,400</u>	<u>8,659,000</u>	<u>8,486,000</u>
AG FOREST										
LAND/TOTAL	<u>1,698,100</u>	<u>1,771,000</u>	<u>1,771,000</u>	<u>1,672,200</u>	<u>1,672,200</u>	<u>1,672,200</u>	<u>1,616,700</u>	<u>1,575,700</u>	<u>1,631,300</u>	<u>1,713,100</u>
FOREST										
LAND/TOTAL	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>443,100</u>	<u>394,100</u>
OTHER										
LAND	7,873,800	7,912,800	7,912,400	7,591,900	7,591,900	7,345,800	7,345,800	7,132,200	7,200,700	7,200,700
IMP.	11,519,400	11,748,500	11,679,400	11,343,800	11,435,100	11,145,800	11,166,400	11,217,300	12,966,900	12,991,600
TOTAL	<u>19,393,200</u>	<u>19,661,300</u>	<u>19,591,800</u>	<u>18,935,700</u>	<u>19,027,000</u>	<u>18,491,600</u>	<u>18,512,200</u>	<u>18,349,500</u>	<u>20,167,600</u>	<u>20,192,300</u>
TOTAL REAL ESTATE										
LAND	1,460,832,050	1,460,744,050	1,460,084,500	1,464,568,900	1,473,542,000	1,484,666,400	1,498,682,000	1,501,193,900	1,574,072,600	1,582,317,600
IMP.	2,802,072,600	2,846,715,210	2,907,380,800	2,956,765,300	2,996,924,700	3,086,446,300	3,126,964,400	3,183,485,800	3,749,724,300	3,862,279,500
TOTAL	<u>4,262,904,650</u>	<u>4,307,459,260</u>	<u>4,367,465,300</u>	<u>4,421,334,200</u>	<u>4,470,466,700</u>	<u>4,571,112,700</u>	<u>4,625,646,400</u>	<u>4,684,679,700</u>	<u>5,323,796,900</u>	<u>5,444,597,100</u>
TOTAL PERSONAL										
	<u>70,198,200</u>	<u>74,219,200</u>	<u>66,892,120</u>	<u>75,091,540</u>	<u>76,198,600</u>	<u>63,001,160</u>	<u>69,360,960</u>	<u>67,789,030</u>	<u>70,968,480</u>	<u>68,697,170</u>
TOTAL ASSESSED										
	<u>\$ 4,333,102,850</u>	<u>\$ 4,381,678,460</u>	<u>\$ 4,434,357,420</u>	<u>\$ 4,496,425,740</u>	<u>\$ 4,546,665,300</u>	<u>\$ 4,634,113,860</u>	<u>\$ 4,695,007,360</u>	<u>\$ 4,752,468,730</u>	<u>\$ 5,394,765,380</u>	<u>\$ 5,513,294,270</u>

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	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	2019 R.E. EQUALIZED VALUE	2020 R.E. EQUALIZED VALUE	2021 R.E. EQUALIZED VALUE	2022 R.E. EQUALIZED VALUE
RESIDENTIAL										
LAND	\$ 1,145,606,200	\$ 1,196,754,300	\$ 1,255,956,400	\$ 1,251,699,600	\$ 1,281,391,700	\$ 1,335,844,600	\$ 1,362,617,800	\$ 1,416,705,200	\$ 1,458,272,200	\$ 1,503,478,900
IMP.	2,142,209,900	2,258,054,700	2,386,928,900	2,431,341,400	2,501,686,600	2,600,763,600	2,713,417,300	2,815,487,300	2,928,865,400	3,364,531,400
TOTAL	3,287,816,100	3,454,809,000	3,642,885,300	3,683,041,000	3,783,078,300	3,936,608,200	4,076,035,100	4,232,192,500	4,387,137,600	4,868,010,300
COMMERCIAL										
LAND	130,072,100	129,280,700	142,509,200	155,787,400	159,511,600	170,610,400	178,275,100	180,267,200	180,250,300	203,910,800
IMP.	363,525,500	371,603,400	390,139,400	462,667,200	478,211,600	517,587,000	590,688,900	621,223,100	628,149,200	712,269,300
TOTAL	493,597,600	500,884,100	532,648,600	618,454,600	637,723,200	688,197,400	768,964,000	801,490,300	808,399,500	916,180,100
MANUFACTURING										
LAND	17,208,600	17,250,200	17,125,000	18,036,700	18,036,700	17,743,700	17,522,400	18,006,500	23,344,800	23,471,500
IMP.	58,520,700	58,904,700	63,394,500	63,808,200	63,808,200	73,788,300	73,808,600	75,593,300	75,861,600	84,295,700
TOTAL	75,729,300	76,154,900	80,519,500	81,844,900	81,844,900	91,532,000	91,331,000	93,599,800	99,206,400	107,767,200
AGRICULTURAL										
LAND/TOTAL	1,247,400	1,228,900	1,238,500	1,686,700	1,512,900	1,539,700	1,565,600	1,654,000	1,674,000	1,707,100
UNDEVELOPED										
LAND/TOTAL	5,216,000	5,166,000	4,963,900	4,175,300	4,493,000	9,055,000	9,230,900	8,641,700	8,727,100	8,748,100
AG FOREST										
LAND/TOTAL	4,068,700	3,817,700	3,612,000	3,533,200	2,685,600	3,375,800	3,336,500	3,494,000	3,493,300	3,605,500
FOREST										
LAND/TOTAL	1,390,800	1,299,500	1,186,500	1,186,500	960,500	1,186,500	1,186,500	1,243,000	1,288,000	1,230,500
OTHER										
LAND	7,630,000	7,227,000	7,260,000	7,062,000	6,390,000	6,390,000	6,547,500	7,348,500	7,023,000	7,236,000
IMP.	10,430,200	10,221,600	10,370,400	9,757,600	10,139,000	10,318,100	10,394,700	10,860,900	11,108,500	12,108,100
TOTAL	18,060,200	17,448,600	17,630,400	16,819,600	16,529,000	16,708,100	16,942,200	18,209,400	18,131,500	19,344,100
TOTAL REAL ESTATE										
LAND	1,312,439,800	1,362,024,300	1,433,851,500	1,443,167,400	1,474,982,000	1,545,745,700	1,580,282,300	1,637,360,100	1,684,072,700	1,753,388,400
IMP.	2,574,686,300	2,698,784,400	2,850,833,200	2,967,574,400	3,053,845,400	3,202,457,000	3,388,309,500	3,523,164,600	3,643,984,700	4,173,204,500
TOTAL	3,887,126,100	4,060,808,700	4,284,684,700	4,410,741,800	4,528,827,400	4,748,202,700	4,968,591,800	5,160,524,700	5,328,057,400	5,926,592,900
TOTAL PERSONAL										
	62,342,400	65,952,800	77,044,000	68,167,900	81,665,900	49,654,300	80,203,300	71,906,300	75,092,900	70,416,500
TOTAL EQUALIZED										
	\$ 3,949,468,500	\$ 4,126,761,500	\$ 4,361,728,700	\$ 4,478,909,700	\$ 4,610,493,300	\$ 4,797,857,000	\$ 5,048,795,100	\$ 5,232,431,000	\$ 5,403,150,300	\$ 5,997,009,400
ASSESSMENT RATIO										
	109.83%	106.26%	101.67%	100.39%	98.62%	96.59%	92.99%	90.83%	99.84%	91.93%

Source: "Statistical Report of Property Valuations" Published by Bureau of Property Tax, Wisconsin Department of Revenue
<https://www.revenue.wi.gov/slfreportsassessor/2022socozaukee.pdf>

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)
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			
2019	2020	4,968,591,800	80,203,300	5,048,795,100	92.99%	134,140,300	4,914,654,800			
2020	2021	5,160,524,700	71,906,300	5,232,431,000	90.83%	182,450,100	5,049,980,900			
2021	2022	5,328,057,400	75,092,900	5,403,150,300	99.84%	168,412,400	5,234,737,900			
2022	2023	5,926,592,900	70,416,500	5,997,009,400	91.93%	211,393,000	5,785,616,400			

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	
2013	\$ 4,314,641,750	\$ 3,937,133,800	\$ 12,334,700	\$ 3,949,468,500	\$ 18,461,100	\$ 16,808,795	\$ 4,333,102,850	\$ 3,953,942,595	\$ 3,966,277,295	
2014	4,362,424,860	4,109,790,800	16,970,700	4,126,761,500	19,253,600	18,119,330	4,381,678,460	4,127,910,130	4,144,880,830	
2015	4,415,110,120	4,346,632,800	15,095,900	4,361,728,700	19,247,300	18,932,056	4,434,357,420	4,365,564,856	4,380,660,756	
2016	4,476,672,240	4,423,759,100	55,150,600	4,478,909,700	19,753,500	19,676,549	4,496,425,740	4,443,435,649	4,498,586,249	
2017	4,526,766,000	4,542,637,000	67,856,300	4,610,493,300	19,899,300	20,077,942	4,546,665,300	4,562,714,942	4,630,571,242	
2018	4,612,885,960	4,716,942,800	80,914,200	4,797,857,000	21,227,900	20,978,646	4,634,113,860	4,737,921,446	4,818,835,646	
2019	4,672,228,560	4,914,654,800	134,140,300	5,048,795,100	22,778,800	23,155,791	4,695,007,360	4,937,810,591	5,071,950,891	
2020	4,752,468,730	5,049,980,900	182,450,100	5,232,431,000	23,135,200	25,402,043	4,775,603,930	5,075,382,943	5,257,833,043	
2021	5,394,765,380	5,234,737,900	168,412,400	5,403,150,300	26,710,500	26,293,550	5,421,475,880	5,261,031,450	5,429,443,850	
2022	5,513,294,270	5,785,616,400	211,393,000	5,997,009,400	26,717,000	29,065,012	5,540,011,270	5,814,681,412	6,026,074,412	

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

Table 16

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
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
2019	2020	-	8,363,677	14,994,497	5,815,056	37,578,039	208,694	7,033,788	2,018,738	76,012,489
2020	2021	-	8,063,311	15,759,673	5,810,420	39,975,203	223,440	7,063,475	2,777,375	79,672,898
2021	2022	-	7,847,202	16,087,654	5,283,970	40,696,348	195,273	7,213,956	2,488,012	79,812,415
2022	2023	-	8,077,795	16,516,047	5,205,820	40,737,542	188,966	7,213,956	2,848,365	80,788,490

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

**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	Plus: (Discounts)/ Premiums	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 Value
2013	\$ 29,875,000	\$ 429,850	\$ -	\$ 30,304,850	\$ 3,949,468,500	\$ 197,473,425	15.35%	23,279	\$ 1,302	\$ 7.67
2014	26,300,000	346,513	-	26,646,513	4,126,761,500	206,338,075	12.91%	23,387	1,139	6.46
2015	29,490,000	554,950	-	30,044,950	4,361,728,700	218,086,435	13.78%	23,946	1,255	6.89
2016	34,220,000	656,388	-	34,876,388	4,478,909,700	223,945,485	15.57%	24,086	1,448	7.79
2017	29,545,000	1,444,562	-	30,989,562	4,610,493,300	230,524,665	13.44%	24,159	1,283	6.72
2018	43,950,000	2,048,845	-	45,998,845	4,797,857,000	239,892,850	19.17%	24,220	1,899	9.59
2019	44,260,000	2,136,479	-	46,396,479	5,048,795,100	252,439,755	18.38%	24,375	1,903	9.19
2020	39,550,000	2,264,293	-	41,814,293	5,232,431,000	261,621,550	15.98%	24,376	1,715	7.99
2021	35,045,000	2,032,130	-	37,077,130	5,403,150,300	270,157,515	13.72%	25,051	1,480	6.86
2022	39,835,000	1,974,180	-	41,809,180	5,997,009,400	299,850,470	13.94%	25,141	1,663	6.97

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
	General Obligation Bonds/Notes	Tax Increment Project Revenue Bonds Payable	(Discounts)/ Premiums	Capital Leases	General Obligation Bonds/Notes	Revenue Bonds	(Discounts)/ Premiums			
2013	\$ 16,415,000	\$ 6,950,000	\$ -	\$ 98,708	\$ 6,510,000	\$ 15,050,000	\$ 429,850	\$ 45,453,558	\$ 3,949,468,500	\$ 11.51
2014	14,450,000	6,950,000	-	221,643	4,900,000	14,425,000	346,513	41,293,156	4,126,761,500	10.01
2015	18,120,000	6,800,000	237,972	599,808	4,570,000	13,750,000	316,978	44,394,758	4,361,728,700	10.18
2016	24,735,000	6,550,000	426,009	527,341	2,935,000	13,050,000	230,379	48,453,729	4,478,909,700	10.82
2017	21,935,000	6,300,000	394,571	339,022	1,310,000	11,840,000	1,049,991	43,168,584	4,610,493,300	9.36
2018	19,095,000	6,000,000	358,819	179,318	18,855,000	11,040,000	1,690,026	57,218,163	4,797,857,000	11.93
2019	21,380,000	5,650,000	598,308	26,875	17,230,000	10,215,000	1,538,171	56,638,354	5,048,795,100	11.22
2020	18,615,000	5,030,000	875,699	53,727	15,905,000	9,365,000	1,388,594	51,233,020	5,232,431,000	9.79
2021	15,905,000	4,590,000	793,113	36,645	14,550,000	8,465,000	1,239,017	45,578,775	5,403,150,300	8.44
2022	19,920,000	6,770,000	884,738	253,860	13,145,000	7,530,000	1,089,442	49,593,040	5,997,009,400	8.27

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

Table 19

	Values in thousands of dollars									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Value of Real and Personal Property	\$ 3,949,469	\$ 4,126,762	\$ 4,361,729	\$ 4,478,910	\$ 4,610,493	\$ 4,797,857	\$ 5,048,795	\$ 5,232,431	\$ 5,403,150	\$ 5,997,009
General Obligation (G.O.) Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes Amount of Debt Applicable to Debt Limitation General Obligation Bonds/Notes	\$ 197,473	\$ 206,338	\$ 218,086	\$ 223,945	\$ 230,525	\$ 239,893	\$ 252,440	\$ 261,622	\$ 270,158	\$ 299,850
	29,875	26,300	29,490	34,220	29,545	43,950	44,260	39,550	35,045	39,835
Net O/S G.O. Debt Applicable to Debt Limitation	<u>\$ 29,875</u>	<u>\$ 26,300</u>	<u>\$ 29,490</u>	<u>\$ 34,220</u>	<u>\$ 29,545</u>	<u>\$ 43,950</u>	<u>\$ 44,260</u>	<u>\$ 39,550</u>	<u>\$ 35,045</u>	<u>\$ 39,835</u>
Legal margin for New Debt	<u>\$ 167,598</u>	<u>\$ 180,038</u>	<u>\$ 188,596</u>	<u>\$ 189,725</u>	<u>\$ 200,980</u>	<u>\$ 195,943</u>	<u>\$ 208,180</u>	<u>\$ 222,072</u>	<u>\$ 235,113</u>	<u>\$ 260,015</u>
Total net debt applicable to the limit as a percentage of debt limit	15.13%	12.75%	13.52%	15.28%	12.82%	18.32%	17.53%	15.12%	12.97%	13.28%

CITY OF MEQUON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2022

Taxing Authority	Debt as of 12/31/22	Percent Applicable to City	Direct Debt	Overlapping Debt	Total Direct and Overlapping Debt	Total Debt per Capita
City of Mequon	\$ 27,828,598	100.000%	\$ 27,828,598	\$ -	\$ 27,828,598	\$ 1,110.88
MATC	97,950,000	5.643%	-	5,527,416	5,527,416	220.65
Ozaukee County	23,595,000	37.812%	-	8,921,671	8,921,671	356.14
Mequon-Thiensville Schools	71,165,000	92.860%	-	66,083,819	66,083,819	2,637.97
Cedarburg School District	55,660,000	0.880%	-	489,808	489,808	19.55
Totals	\$ 276,198,598		\$ 27,828,598	\$ 81,022,714	\$ 108,851,312	\$ 4,345.19

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		
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%
2019	3,100,000	742,850	3,842,850	20,317,860	18.91%
2020	3,385,000	924,542	4,309,542	21,056,491	20.47%
2021	3,150,000	572,390	3,722,390	20,900,385	17.81%
2022	3,295,000	563,560	3,858,560	22,065,450	17.49%

(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, 2022

Year	2013A G.O. Notes	2015A G.O. Corp. Purp. Bonds	2016A G.O. Bonds	2019A G.O. Notes	2020A Refunding Bonds	2022A G.O. Notes	Totals
2023	\$ 400,000	\$ 660,000	\$ 575,000	\$ 340,000	\$ 875,000	\$ 705,000	\$ 3,555,000
2024	-	990,000	585,000	445,000	630,000	770,000	3,420,000
2025	-	990,000	600,000	525,000	650,000	835,000	3,600,000
2026	-	590,000	610,000	325,000	695,000	1,095,000	3,315,000
2027	-	290,000	625,000	530,000	730,000	1,195,000	3,370,000
2028	-	-	635,000	630,000	760,000	1,400,000	3,425,000
2029	-	-	650,000	530,000	-	880,000	2,060,000
2030	-	-	660,000	-	-	880,000	1,540,000
2031	-	-	675,000	-	-	880,000	1,555,000
2032	-	-	-	-	-	850,000	850,000
Totals	\$ 400,000	\$ 3,520,000	\$ 5,615,000	\$ 3,325,000	\$ 4,340,000	\$ 9,490,000	\$ 26,690,000

CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT

10 YEAR INTEREST PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2022

Year	2013A G.O. Notes	2015A G.O. Corp. Purp. Bonds	2016A G.O. Bonds	2019A G.O. Notes	2020A Refunding Bonds	2022A G.O. Note	Totals
2023	\$ 3,000	\$ 72,500	\$ 109,553	\$ 109,300	\$ 108,350	\$ 295,173	\$ 697,876
2024	-	52,700	97,953	93,600	82,100	180,200	506,553
2025	-	31,663	86,103	74,200	63,200	156,125	411,290
2026	-	13,887	74,003	57,200	43,700	132,650	321,440
2027	-	3,625	61,653	42,750	29,800	109,750	247,578
2028	-	-	49,053	25,350	15,200	83,800	173,403
2029	-	-	36,040	7,950	-	61,000	104,990
2030	-	-	22,283	-	-	43,400	65,683
2031	-	-	7,594	-	-	25,800	33,394
2032	-	-	-	-	-	8,500	8,500
Totals	\$ 3,000	\$ 174,375	\$ 544,232	\$ 410,350	\$ 342,350	\$ 1,096,398	\$ 2,570,705

CITY OF MEQUON
Current Schedule of Debt Service 2023-2032

Table 24

<u>OUTSTANDING PRINCIPAL</u>							TOTAL 12/31
<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>PRINCIPAL</u>	
2023	\$ 17,250,000	\$ 11,690,000	\$ 6,560,000	\$ -	\$ 5,885,000	\$	41,385,000
2024	14,860,000	10,195,000	5,550,000	-	4,855,000		35,460,000
2025	12,410,000	8,650,000	4,525,000	-	3,705,000		29,290,000
2026	10,290,000	7,225,000	3,460,000	-	2,510,000		23,485,000
2027	8,150,000	5,745,000	2,355,000	-	1,280,000		17,530,000
2028	6,005,000	4,220,000	1,195,000	-	-		11,420,000
2029	3,945,000	2,650,000	-	-	-		6,595,000
2030	2,405,000	1,035,000	-	-	-		3,440,000
2031	850,000	-	-	-	-		850,000
2032	-	-	-	-	-		-

<u>OUTSTANDING INTEREST</u>							TOTAL 12/31
<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>INTEREST PAYABLE</u>	
2023	\$ 373,053	\$ 373,413	\$ 242,200	\$ -	\$ 133,500	\$	1,122,166
2024	310,190	317,006	201,500	-	101,100		929,796
2025	252,340	273,750	159,700	-	69,100		754,890
2026	202,378	216,750	116,300	-	45,200		580,628
2027	153,003	172,350	71,000	-	20,400		416,753
2028	104,990	126,600	23,900	-	-		255,490
2029	65,683	79,500	-	-	-		145,183
2030	33,394	31,050	-	-	-		64,444
2031	8,500	-	-	-	-		8,500
2032	-	-	-	-	-		-

<u>PRINCIPAL & INTEREST</u>							TOTAL 12/31
<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>PRINCIPAL & INTEREST</u>	
2023	\$ 17,623,053	\$ 12,063,413	\$ 6,802,200	\$ -	\$ 6,018,500	\$	42,507,166
2024	15,170,190	10,512,006	5,751,500	-	4,956,100		36,389,796
2025	12,662,340	8,923,750	4,684,700	-	3,774,100		30,044,890
2026	10,492,378	7,441,750	3,576,300	-	2,555,200		24,065,628
2027	8,303,003	5,917,350	2,426,000	-	1,300,400		17,946,753
2028	6,109,990	4,346,600	1,218,900	-	-		11,675,490
2029	4,010,683	2,729,500	-	-	-		6,740,183
2030	2,438,394	1,066,050	-	-	-		3,504,444
2031	858,500	-	-	-	-		858,500
2032	-	-	-	-	-		-

**CITY OF MEQUON
PLEGGED 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
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
2019	3,444,696	1,508,625	1,936,071	825,000	433,850	1.54
2020	3,630,110	1,518,561	2,111,549	850,000	398,225	1.69
2021	3,654,008	1,705,884	1,948,124	900,000	358,850	1.55
2022	3,566,361	1,833,542	1,732,819	935,000	319,900	1.38

Source: City of Mequon Annual Financial Reports

Notes:

Gross revenues are operating revenues plus interest

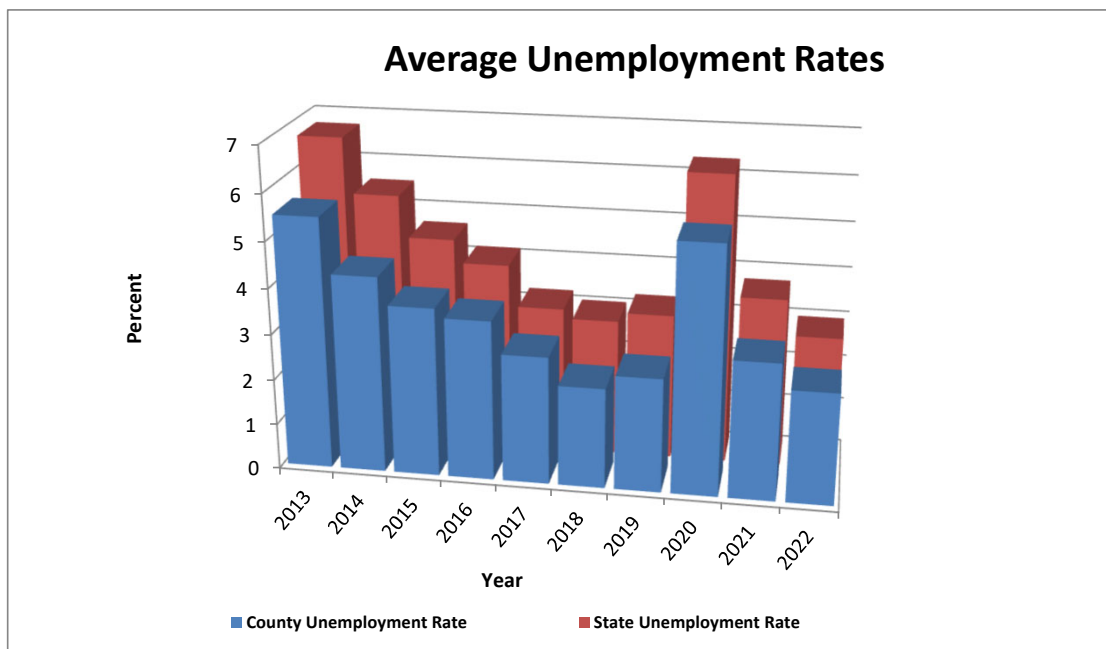
Operating expenses do not include interest or depreciation

**CITY OF MEQUON, WISCONSIN
DEMOGRAPHIC PROFILE
LAST TEN FISCAL YEARS**

Employment Information (Ozaukee County)			
Year	Labor Force	Average Employed	Average Unemployed
2013	47,006	44,432	2,574
2014	47,929	45,856	2,073
2015	48,136	46,342	1,794
2016	48,705	47,015	1,690
2017	49,035	47,666	1,369
2018	49,109	47,869	1,240
2019	49,030	47,625	1,405
2020	47,576	45,802	1,774
2021	49,349	47,862	1,487
2022	48,795	47,593	1,202

Source: Wisconsin Department of Workforce Development; US Bureau of Labor Statistics

Year	County Unemployment Rate	State Unemployment Rate
2013	5.5	6.7
2014	4.3	5.5
2015	3.7	4.6
2016	3.5	4.1
2017	2.8	3.2
2018	2.2	3.0
2019	2.5	3.2
2020	5.4	6.3
2021	3.0	3.7
2022	2.5	2.9



Source: Wisconsin Department of Workforce Development

CITY OF MEQUON
ADDITIONAL DEMOGRAPHIC INFORMATION

Gender Composition	2016	2022	Population	1960	8,543
Female	52.0%	51.3%		1970	12,150
Male	48.0%	48.7%		1980	16,193
				1990	18,885
				2000	21,823
				2010	23,132
				2018	24,238
				2021	25,142
Race Comparison	2016	2022	Housing Valuations	2016	2022
White	92.8%	89.8%	\$0 - \$99,000	0.52%	3.26%
Black or African American	2.4%	1.8%	\$100,000 - \$199,000	8.78%	6.40%
American Indian, Eskimo	0.2%	0.1%	\$200,000 - \$299,000	30.12%	19.72%
Asian or Pacific Islander	3.2%	3.5%	\$300,000 - \$399,000	19.81%	22.11%
Other	1.4%	4.8%	\$400,000 - \$499,000	13.59%	12.93%
			\$500,000 - \$799,000	19.05%	23.49%
			\$800,000 - \$999,000	3.78%	5.42%
			\$1,000,000 & up	4.36%	6.66%
Age Composition	2016	2022	Assessed Value	2016	2022
Under 5 years	4.3%	6.3%	Average	\$ 439,270	\$ 560,842
6-17 years	20.4%	23.4%	Median	\$ 340,000	\$ 392,200
18-64 years	53.6%	48.1%			
65 and over years	21.7%	22.2%			
Average Persons Per Household	2016	2022	Household Income	2016	2022
	2.49	2.63	Less than \$10,000	2.9%	1.8%
			\$10,000 - \$20,000	1.8%	4.1%
			\$20,000 - \$30,000	5.3%	5.0%
			\$30,000 - \$40,000	7.3%	4.9%
			\$40,000 - \$74,999	21.3%	15.6%
			\$75,000 - \$99,999	10.4%	8.1%
			\$100,000 - 149,999	21.2%	17.7%
			\$150,000 +	29.8%	42.8%
Educational Attainment*	2016	2022	Median Household Income	2016	2021
High School Diploma or higher	97.9%	98.4%		\$ 101,986	\$ 135,425
Bachelors degree or higher	63.3%	70.6%			
Population 25 years and older*					
Occupational Composition	2016	2022			
Managerial & Professional	64.4%	64.5%			
Service Occupations	11.9%	10.0%			
Sales and Office Occupations	17.3%	18.9%			
Construction & Repair Occupations	3.2%	2.3%			
Production and Transportation	3.2%	4.3%			
Breakdown of Housing Units	2016	2022			
Total Dwelling Units	10,007	10,077			
Single Family	8,808	8,877			
Plex (2-4 units/bldg.)	198	199			
Multi-Family (5+ units/bldg.)	1,001	1,001			

Sources: U.S. Census Bureau, Data USA
Housing Valuations per 2022 Real Estate Tax Roll

**CITY OF MEQUON
OTHER COMMUNITY INFORMATION**

Table 28

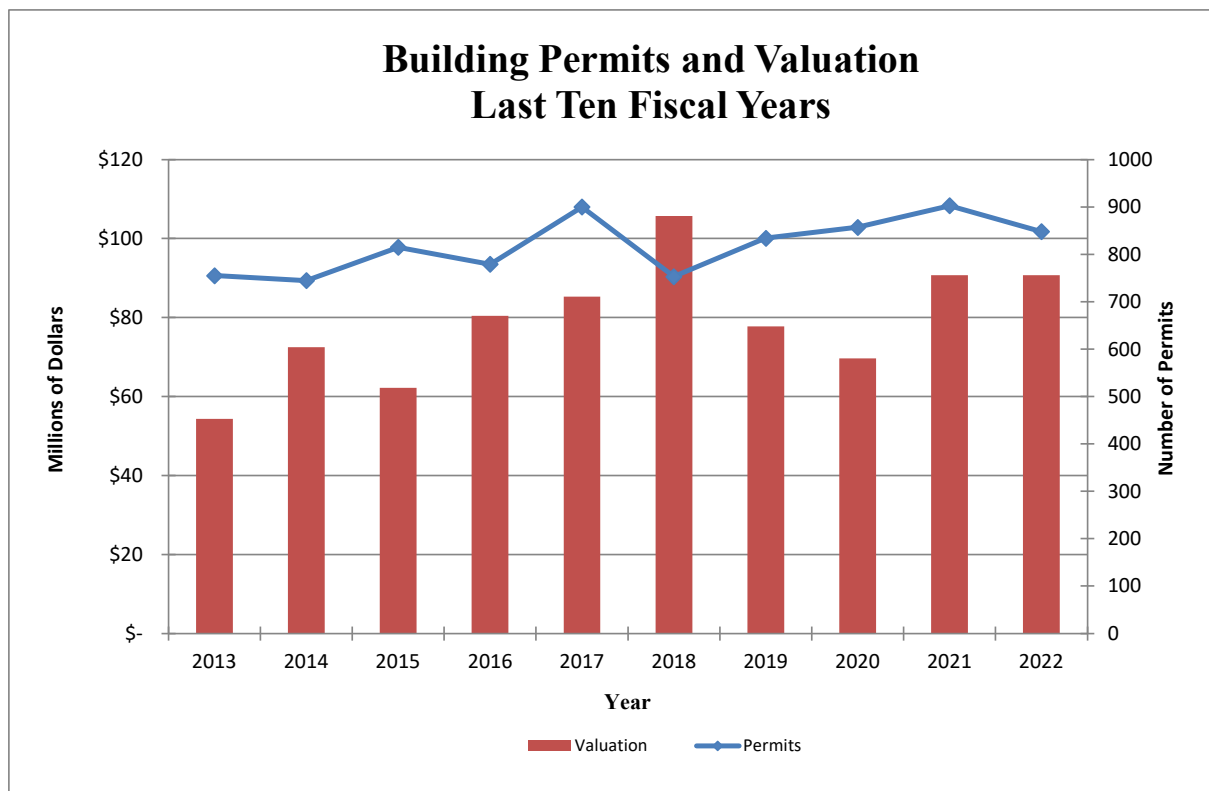
GENERAL:	2017	2018	2019	2020	2021	2022
Area in Square Miles	46.88	46.88	46.88	46.88	46.88	46.88
Households	9,990	10,035	10,090	10,090	10,146	10,188
Population	24,159	24,220	24,375	24,376	25,051	25,200
Equalized Valuations (\$000)	\$ 4,610,493	\$ 4,797,857	\$ 5,048,795	\$ 5,232,431	\$ 5,403,150	\$ 5,997,009
PUBLIC SAFETY	2017	2018	2019	2020	2021	2022
Number of Police Stations	1	1	1	1	1	1
Number of Sworn Police Officers	39	39	39	39	39	39
Number of Fire Stations	2	2	2	2	2	2
PARKS	2017	2018	2019	2020	2021	2022
Acres of Parkland	1,318.4	1,318.4	1,318.4	1,318.4	1,318.4	1,318.4
Number of Parks	27	27	27	27	27	27
INFRASTRUCTURE	2017	2018	2019	2020	2021	2022
Miles of State Highway System	15.45	15.45	17.54	17.54	17.54	17.54
Miles of County Highway System	9.77	9.77	9.77	9.77	9.77	9.77
Miles of Local Roads and Streets	211.82	212.94	212.98	212.98	213.32	213.32
Miles of Sanitary Sewer Main	162.3	163.14	165.49	165.91	166.24	166.27
Miles of Water Main	93.10	93.80	94.59	95.01	95.72	95.97
Number of Bridges	17	17	17	17	17	17
Miles of Bike Trails	12.29	12.29	12.29	12.29	12.29	12.29

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Building Permits Issued	755	745	815	779	900	753	834	857	903	848
Valuation (Thousands \$)	\$ 54,365	\$ 72,473	\$ 62,197	\$ 80,464	\$ 85,268	\$ 105,698	\$ 77,777	\$ 69,662	\$ 90,723	\$ 90,723
Number of Employees	24	24	24	26	28	29	29	29	31	22
Police										
Calls for service	22,488	24,337	26,920	27,720	33,946	34,995	32,039	32,402	34,764	35,399
Physical Arrests	662	563	651	791	747	728	764	591	567	615
Reportable Traffic crashes	370	350	309	284	292	315	337	241	331	308
Number of Employees	46	48	48	50	52	51	54	54	53	52
Fire / EMS										
Fire calls for service	394	469	496	450	479	453	489	428	423	582
EMS calls for service	1,214	1,261	1,421	1,657	1,637	1,715	1,834	1,788	2,120	2,308
Number of Employees	62	62	60	72	62	66	68	71	74	74
Parks										
Acres of Parkland maintained	1,177	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
Pavillion Rentals	59	67	79	82	81	94	83	30	80	95
Pool Attendance	13,071	11,374	10,701	12,943	9,735	10,928	9,233	8,010	8,801	10,491
Number of Employees	35	35	35	35	39	41	44	42	40	41

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

	Number of Permits	Valuation (\$mil)
2013	755	\$54.37
2014	745	\$72.47
2015	815	\$62.20
2016	779	\$80.46
2017	900	\$85.26
2018	753	\$105.70
2019	834	\$77.78
2020	857	\$69.66
2021	903	\$90.72
2022	848	\$90.72



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

Table 31

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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 Bike 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)	209.73	209.73	209.73	210.92	211.82	212.94	212.98	212.98	213.32	213.32
Culture & Recreation										
Parks	25	27	27	27	27	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	10	10	10	10	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)	408,066	411,206	486,658	486,658	491,568	495,264	499,435	501,653	505,393	506,722
Fire Hydrants	949	955	1,079	1,098	1,112	1,122	1,130	1,136	1,148	1,249
Sewer										
Sanitary Sewer (miles)	159.22	159.22	159.93	161.29	162.3	163.1	165.49	165.91	166.24	166.27

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