

# POPULAR ANNUAL FINANCIAL REPORT 2019



**ANNUAL REPORT TO THE  
CITIZENS OF MEQUON  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2019**

**Preserving Quality  
of Life**



20  
POPULAR ANNUAL FINANCIAL REPORT  
19

# Contents

## INSIDE THIS PUBLICATION

- 2** Introduction
- 3** Message from the Mayor
- 4** Mequon Common Council
- 5** Message from the City Administrator
- 6** About Mequon
- 8** Financial Review of Fiscal Year 2019
- 10** Where Do Your Tax Dollars Go?
- 11** General Government
- 12** Public Safety
- 13** Public Works
- 14** Community Enrichment
- 15** Conservation & Development/Public Health
- 16** Capital Projects/Debt Service Funds
- 17** Sewer/Water Utilities
- 18** Getting More Information

# Introduction

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

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

The City of Mequon's Comprehensive Annual Financial Report for the year ended 2019, from which the information on pages 8-9 has been drawn, has been submitted for the Certificate of Achievement for Excellence in Financial Reporting Award through the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with content that conforms to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

■ A copy of the 2019 CAFR can be obtained on the City's website at: [www.ci.mequon.wi.us](http://www.ci.mequon.wi.us) or by contacting the City's Finance Department at (262) 236-2947.

## DEFINITIONS

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

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

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

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

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



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to  
**City of Mequon  
Wisconsin**

For its Annual  
Financial Report  
for the Fiscal Year Ended

December 31, 2018

*Christopher P. Morill*  
Executive Director/CEO

## Friends and Neighbors:



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

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

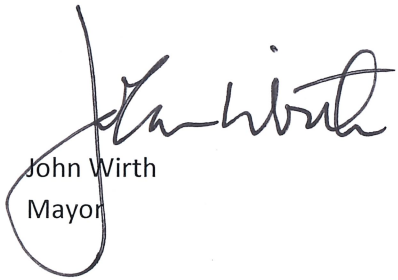
Mequon is the best place to live, work, raise a family, live out golden years and enjoy a great quality of life. The credit for Mequon's success belongs to its people; however, good government is one ingredient of the recipe for a great city.

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

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

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

Best Regards,



John Wirth  
Mayor

Vintage Mequon Fire Truck



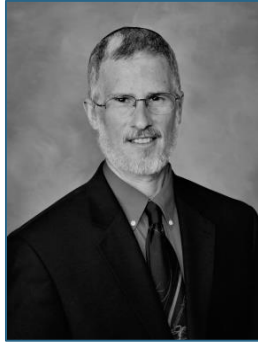
Interurban Trail



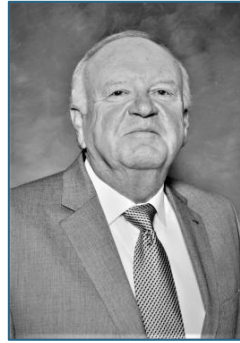
# Mequon Common Council



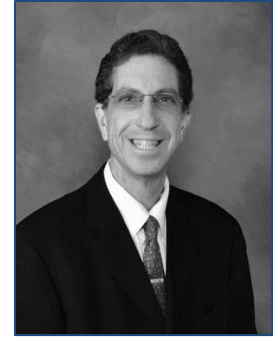
Alderman  
**Robert Strzelczyk**  
District #1



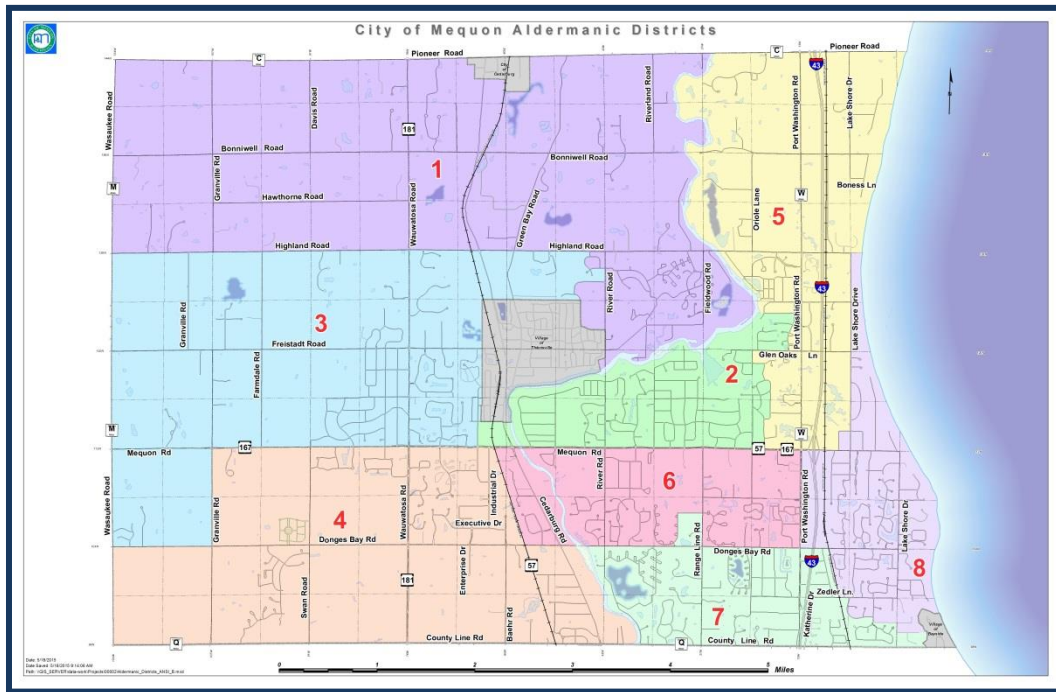
Alderman  
**Glenn Bushee**  
District #2



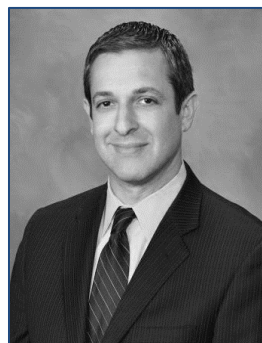
Alderman  
**Dale Mayr**  
District #3



Alderman  
**Jeffrey Hansher**  
District #4



Alderman  
**Mark Gierl**  
District #5



Alderman  
**Brian Parrish**  
District #6



Alderwoman  
**Kathleen Schneider**  
District #7



Alderman  
**Andrew Nerbun**  
District #8

Dear Residents,



This Popular Annual Financial Report (PAFR), prepared by City of Mequon’s Finance Department, provides an overview of the City’s Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019. The City’s PAFR is designed to be a concise and easy-to-read version of the City’s 155-page CAFR that is published by the City on an annual basis. While the City recognizes that analyzing financial statements can be challenging, especially for those who do not do so on a regular basis, it is the City’s hope that you find this PAFR to be digestible and informative.

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

In the past year, the City has seen major development within the Town Center neighborhood. Spur 16, a mixed-use project valued at over \$32 million, completed construction on 156 new residential dwellings, two personal health and wellness entities and a Public Market containing 10 local vendors. Additionally, the largely anticipated Foxtown Brewery, a local microbrew, opened its doors after extensive renovation to a former, early-1900’s brewery. Between these two projects, over 70 new jobs have been created. The City also approved construction of an additional 300 multiple-family dwellings in the neighborhood and projected occupancy rates remain high. Public investments in the Town Center include a new surface parking lot, which has expanded the supply of centrally located parking spaces within the commercial and civic portions of the area.

This upcoming year will see continued development in the Town Center including necessary public infrastructure improvements. Major initiatives slated for 2020 include a study and financial commitment to provide pedestrian and bicycle enhancements for safer and more comfortable access to and within the neighborhood. The City will also continue to develop a strategy for redevelopment and expansion of the business area on the east side of the City along the I-43 corridor. The Planning Commission and City staff will seek to achieve consensus regarding future land use decisions within this 750-acre study area.

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

Sincerely,

William H. Jones, Jr.  
City Administrator



# About Mequon

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



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

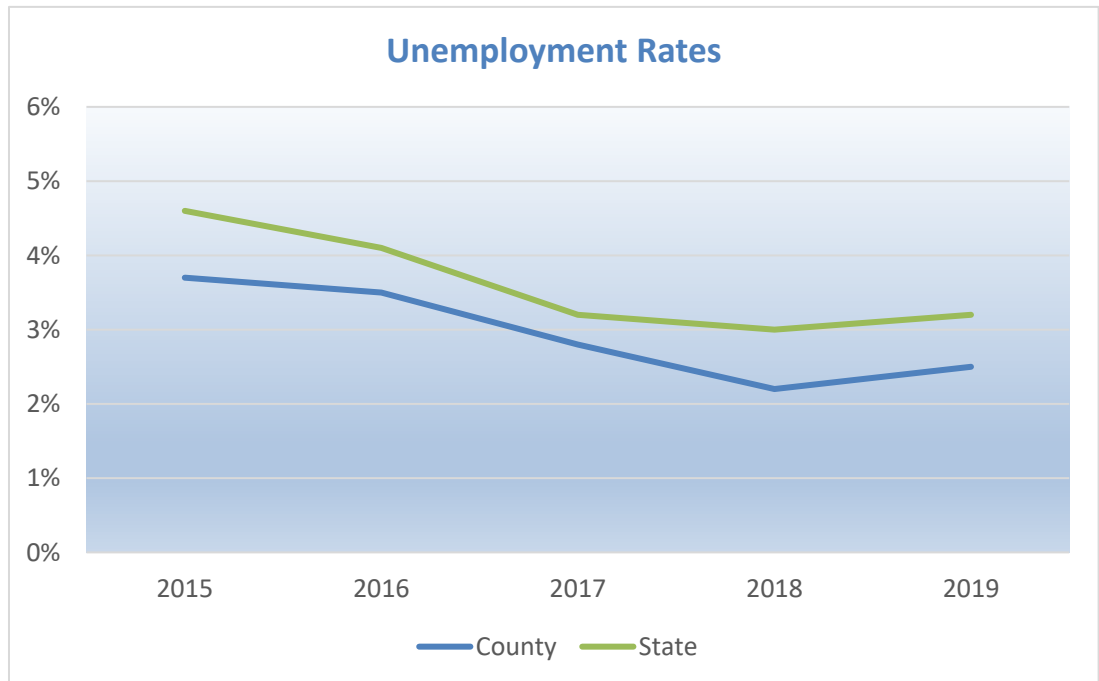
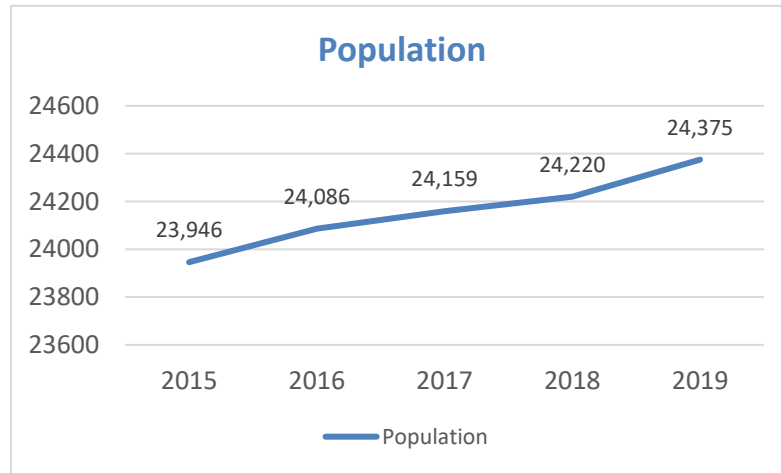
## CITY OF MEQUON AT A GLANCE

	<u>FY 2018</u>	<u>FY 2019</u>
City Property Tax Rate (per/1,000 of assessed value)	\$ 3.21	\$ 3.28
Total Property Tax Rate (M-T Schools)	\$ 14.78	\$ 14.98
Total Property Tax Rate (Cedarburg Schools)	\$ 13.72	\$ 14.00
Equalized Value	\$ 4,610,493,300	\$ 4,797,857,000
Assessed Value	\$ 4,546,665,300	\$ 4,697,115,020
Bond Rating	AA (Stable)	AA (Stable)

Largest Property Taxpayers (2019)	Assessed Values
Mequon WI Senior Property LLC	\$37,920,200
Centro Bradley SPE 1LP	\$32,828,000
MMAC 150 Aurora LLC	\$24,813,900
Mequon Tail Townhomes	\$23,638,800
11430 N Port Washington Road LLC	\$19,967,600
FFII WI Mequon LLC	\$19,435,700
RL Mequon LLC	\$18,943,200
Mequon Reserve Dakota	\$16,077,100
WMI Milwaukee LLC	\$15,711,000
Vogel Real Estate LLC	\$15,665,300

## Top Five Employers

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

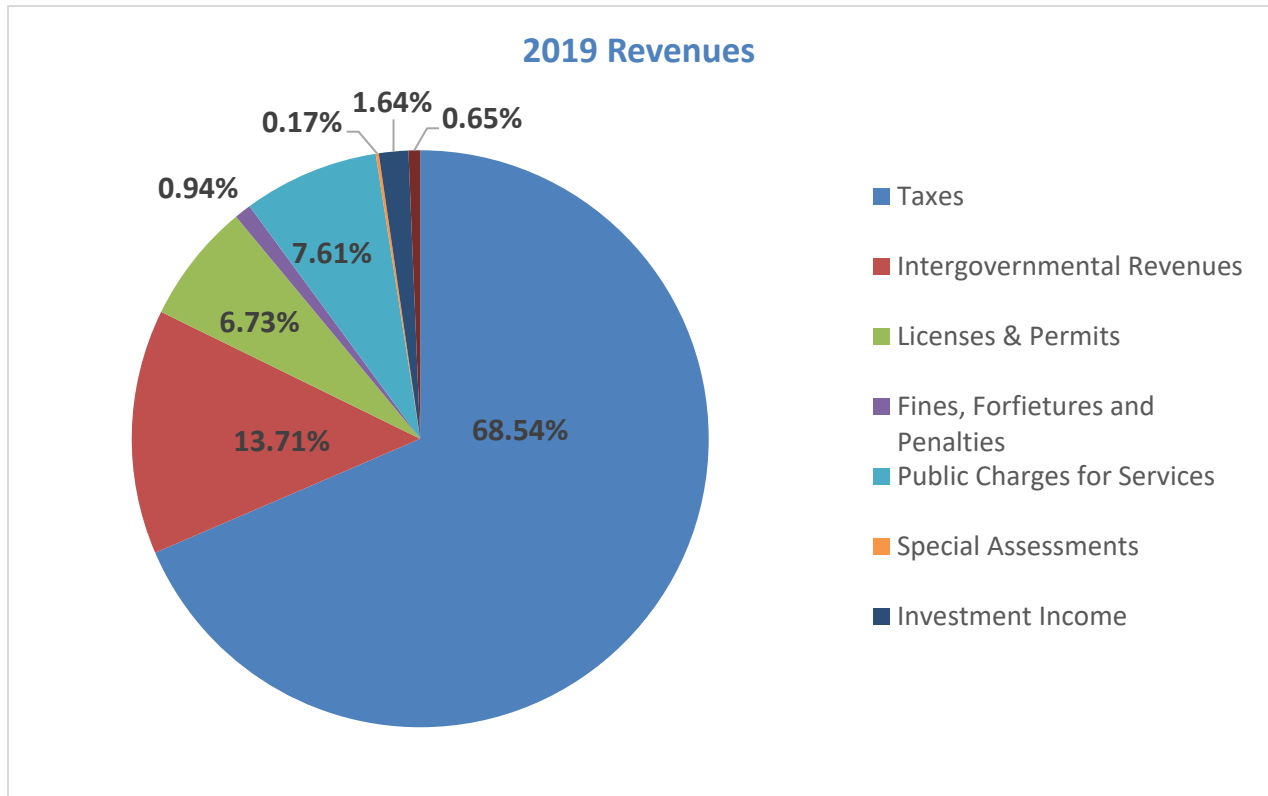




This section is designed to provide information on the financial health and stability of the City of Mequon and provide readers with an increased level of understanding of how available resources are utilized to provide services. The following charts summarize the City’s largest sources of revenues (“Where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

## WHERE THE MONEY COMES FROM

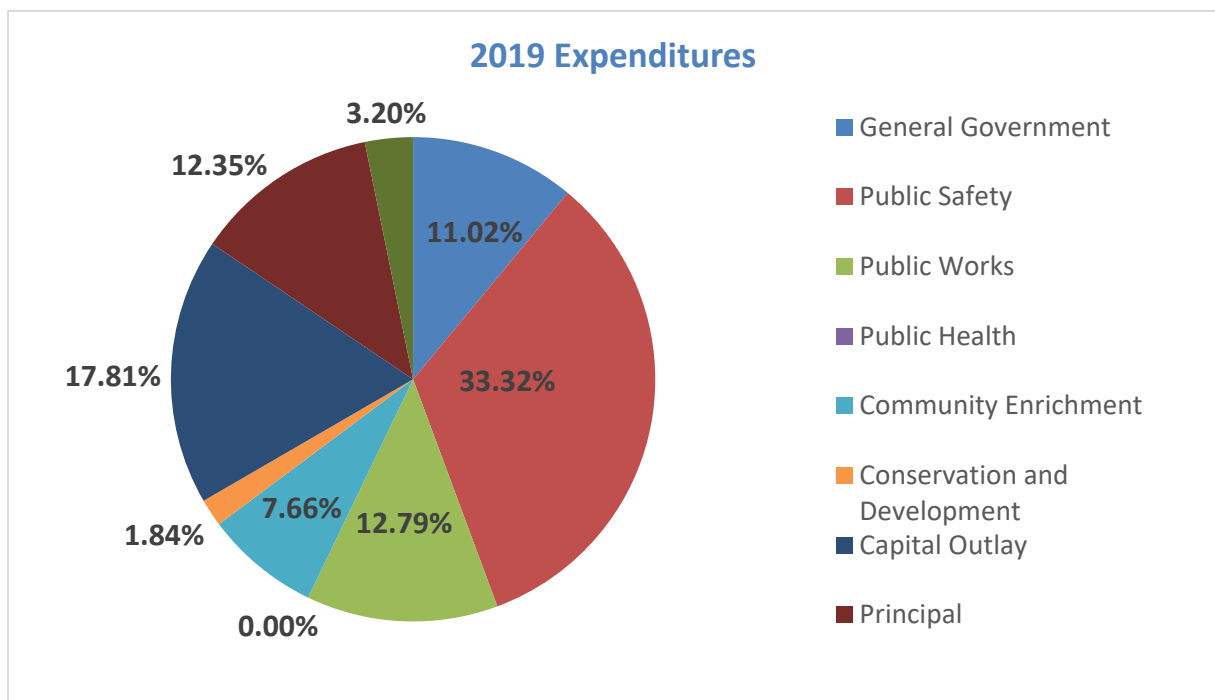
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Property Taxes	\$ 14,854,309	\$ 15,314,922	\$ 15,941,941
Intergovernmental Revenues	\$ 2,137,470	\$ 2,503,748	\$ 3,189,179
Licenses & Permits	\$ 1,497,568	\$ 1,573,748	\$ 1,565,059
Fines, Forfeitures and Penalties	\$ 221,269	\$ 231,307	\$ 219,554
Public Charges for Services	\$ 1,556,486	\$ 1,765,925	\$ 1,769,439
Special Assessments	\$ 30,793	\$ 0	\$ 40,445
Investment Income	\$ 100,920	\$ 233,780	\$ 382,602
Other Revenues	\$ 188,390	\$ 194,536	\$ 151,691
<b>TOTAL REVENUES</b>	<b><u>\$20,587,205</u></b>	<b><u>\$ 21,817,966</u></b>	<b><u>\$ 23,259,910</u></b>



## WHERE THE MONEY GOES

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
General Government	\$ 2,693,991	\$ 2,681,516	\$ 2,765,802
Public Safety	\$ 7,617,243	\$ 7,763,196	\$ 8,361,409
Public Works	\$ 3,265,774	\$ 3,066,293	\$ 3,210,284
Public Health	\$ 6,926	\$ 1,160	\$ 0
Community Enrichment	\$ 1,796,970	\$ 1,894,031	\$ 1,921,220
Conservation & Development	\$ 473,213	\$ 431,984	\$ 462,723
Capital Outlay	\$ 5,026,578	\$ 2,023,327	\$ 4,468,526
Debt Service	\$ 4,063,703	\$ 3,982,886	\$ 3,903,373
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 24,944,398</u></b>	<b><u>\$ 21,844,393</u></b>	<b><u>\$ 25,093,337</u></b>

Total expenditures for 2019 were up nearly \$3,250,000 from the previous year. The major differences are related to increases in Capital Outlays and Public Safety expenditures. The capital increase was recognized because of annual road work that resumed during 2019. The City ended the year with an unfavorable General Fund expenditure variance of \$118,446. This can be attributable to negative variances across several departments. For example, there were unbudgeted increases for Fire Department paid-on-call employee compensation. Positive variances were realized in the Police Department and Inspections Division due to vacancies within a few authorized positions.





# Where Do Your Tax Dollars Go?

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



A home valued at \$350,000 in the City of Mequon generates \$1,148.32 in annual property taxes for the City. That equates to \$95.69 per month in property taxes.

## What Could You Buy With \$95.69 Per Month?

### ONE OF THESE

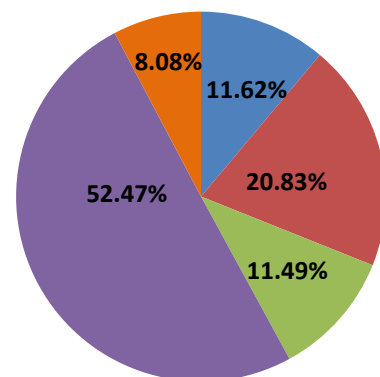
- One Month of Internet Service
- One Month of Cell Phone Service
- A Golf Lesson
- A One Month Gym Membership
- Dinner for Two

### OR ALL OF THESE

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

## Breakdown of 2019 Tax Rate by Jurisdiction

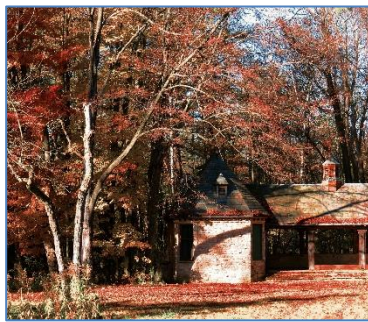
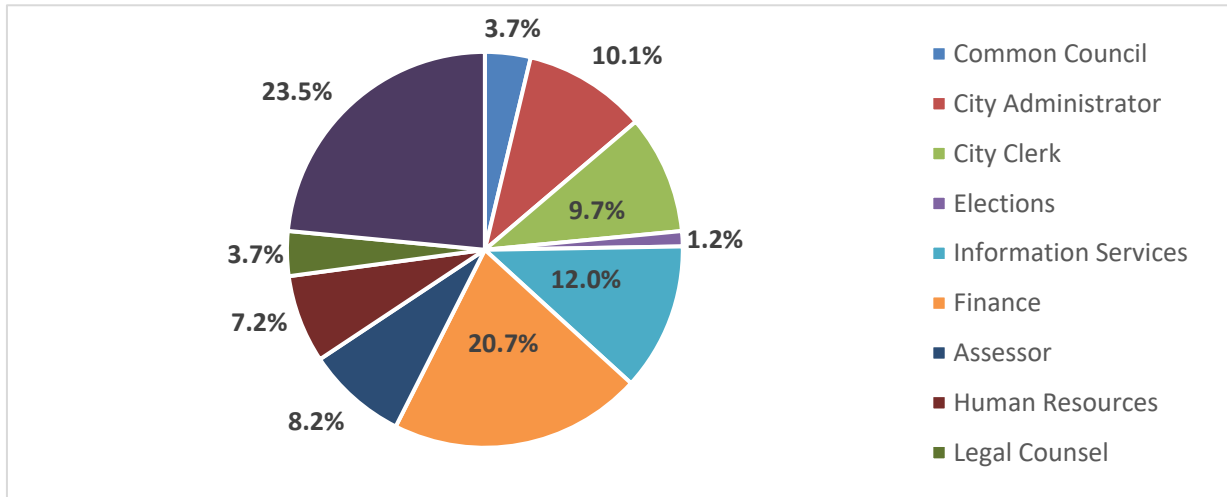
- City of Mequon: 20.83%
- Sewer Utility Division: 11.49%
- Mequon Thiensville School District: 52.47%
- Ozaukee County: 11.62%
- Milwaukee Area Technical College: 8.08%



# General Government

## FUNCTIONS

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



	<u>2018 Actual</u>	<u>2019 Actual</u>
Common Council	\$ 98,538	\$ 103,142
City Administrator	\$ 277,520	\$ 278,224
City Clerk	\$ 298,056	\$ 268,168
Elections	\$ 68,014	\$ 34,349
Information Services	\$ 309,959	\$ 333,233
Finance	\$ 531,785	\$ 571,519
Assessor	\$ 219,299	\$ 227,833
Human Resources	\$ 182,404	\$ 198,975
Legal Counsel	\$ 100,897	\$ 101,055
Building Maintenance	\$ 595,044	\$ 649,304
<b>TOTAL</b>	<b><u>\$ 2,681,516</u></b>	<b><u>\$ 2,765,802</u></b>



# Public Safety



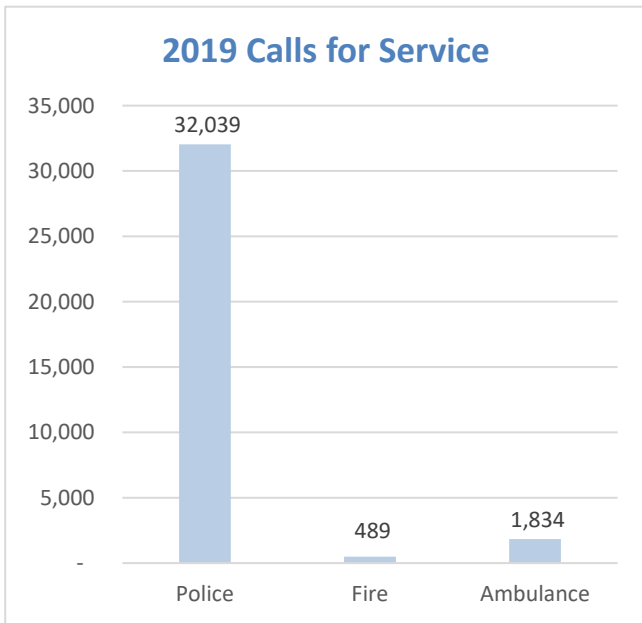
## FUNCTIONS

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

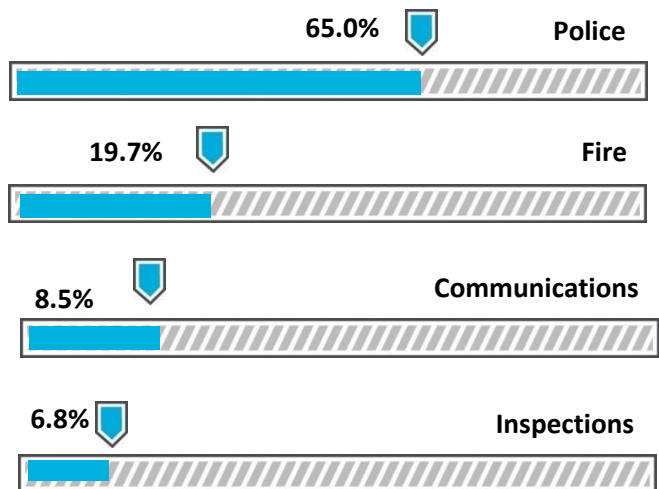
- Law Enforcement
- Investigations
- Emergency Communications (911)
- Emergency Response (Fire & EMS)
- Traffic Enforcement
- Building Inspections

## EXPENDITURES

- Total expenditures for Public Safety during 2019 were **\$8,361,409**.
- The largest expenditures in this area continue to **be salaries and benefits, although** staffing levels have remained level.



## 2019 PUBLIC SAFETY EXPENDITURES



# Public Works



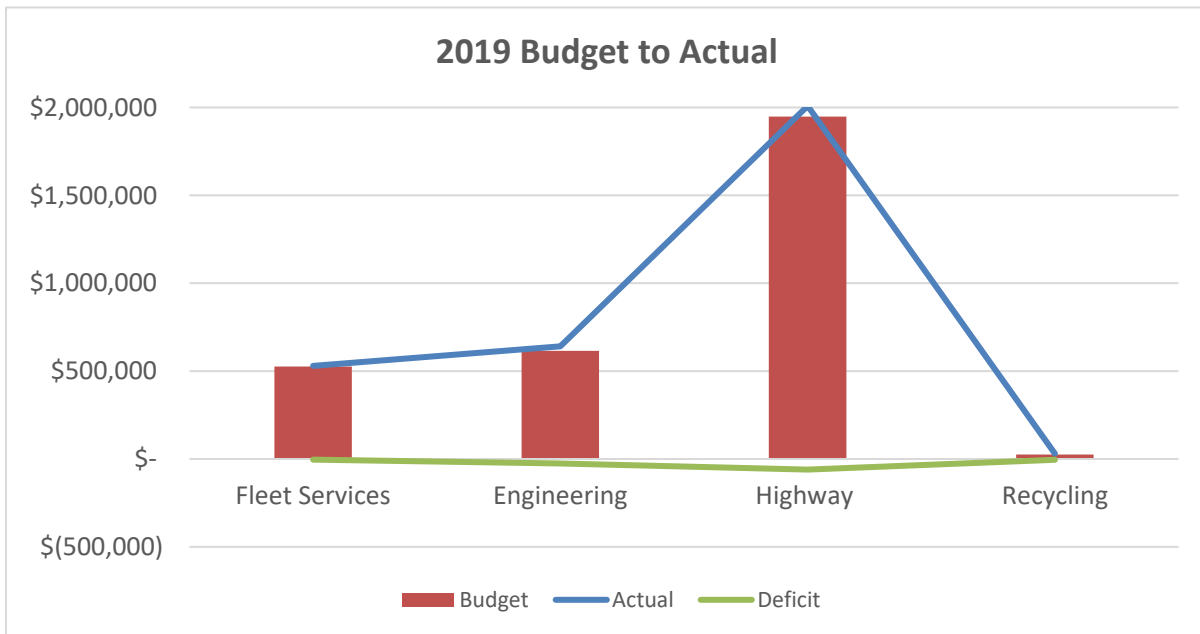
## FUNCTIONS

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

- Fleet
- Engineering
- Highway
- Recycling

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

**FISCAL YEAR 2019** saw a budget deficit of (3.1%) for the Department.

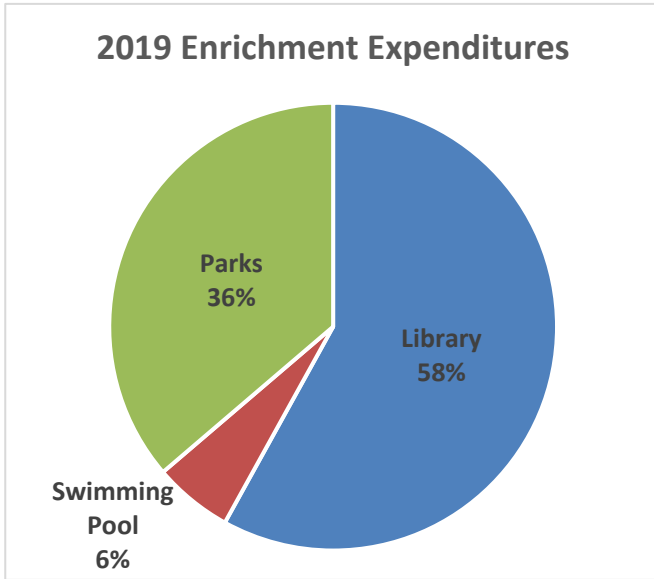


**Fiscal Year 2019 saw a number of accomplishments for the Public Works Department including:**

- Facility improvements including City Hall Boiler Replacement, Security Upgrades to the Public Safety Building and Fire Station 2, upgrades to Rotary Park Pavilions, and second reconstruction of the Civic Campus Parking Lot.
- Snow removal and maintenance of 211+ miles of local roadways and contract administration for pavement maintenance and rehabilitation for 70 miles of local roadways.
- Removal of 2,800 ash trees affected by Emerald Ash Borer and the planting of 124 new trees.
- Completion of a major update to the Comprehensive Park, Recreation and Open Space Plan and completion of three Community Park Master Plans.

# Community Enrichment

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

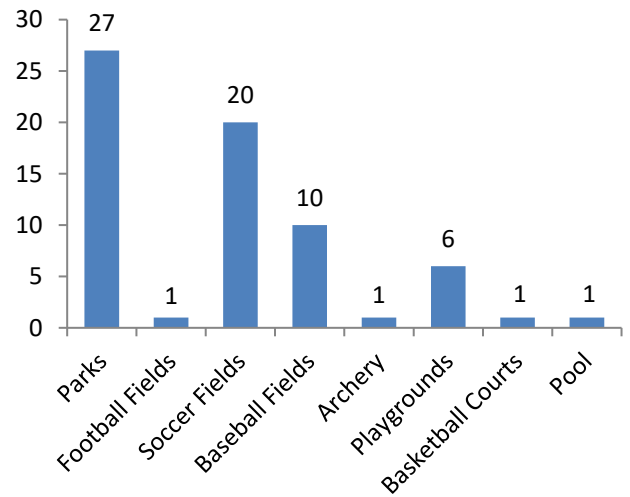


Shoreline along Lake Michigan



Weyenberg Library

### Park Amenities





The City's conservation and development efforts are coordinated by the Department of Community Developments Planning Division, which is responsible for policy analysis, long-range planning, development site plan review, zoning code administration, economic development, landmark administration, zoning code enforcement, geographic information systems (GIS) and census/ demographic updates. This Department is also responsible for management of the City's Tax Increment Financing Districts and for attracting new business to the community. The total expenditures for this Division in 2019 were \$434,023. The majority of these funds were spent on salaries and benefits for 3.5 full-time equivalent employees that staff the Planning Division.

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



**Mequon Town Center**



**Aster Memory Care**



**Virmond Park**



**Lexington Square Office Building**



## 2019 REVENUES

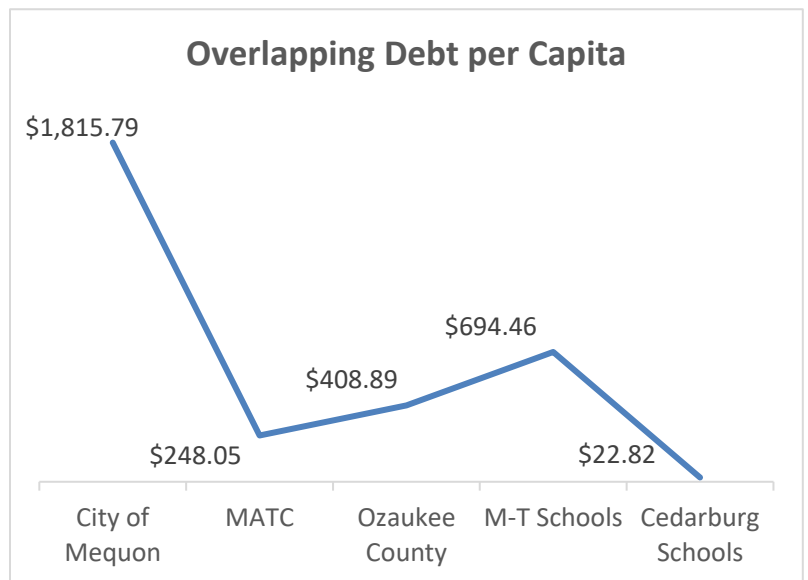
	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Taxes	\$ 3,686,687	\$1,380,086
Intergovernmental	\$ 109,241	\$ 913,489
Public Charges for Service	\$ 0	\$ 74,801
Special Assessments	\$ 0	\$ 40,445
Investment Income	\$ 12,894	\$ 117,587
Miscellaneous	\$ 0	\$ 7,987
<b>TOTAL</b>	<b><u>\$ 3,808,822</u></b>	<b><u>\$ 2,534,395</u></b>

## 2019 EXPENDITURES

	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
General Government	\$ 0	\$ 117,619
Capital Outlay	\$ 0	\$ 4,468,526
Debt Service	\$ 3,842,850	\$ 60,523
<b>TOTAL</b>	<b><u>\$ 3,842,850</u></b>	<b><u>\$ 4,646,668</u></b>

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

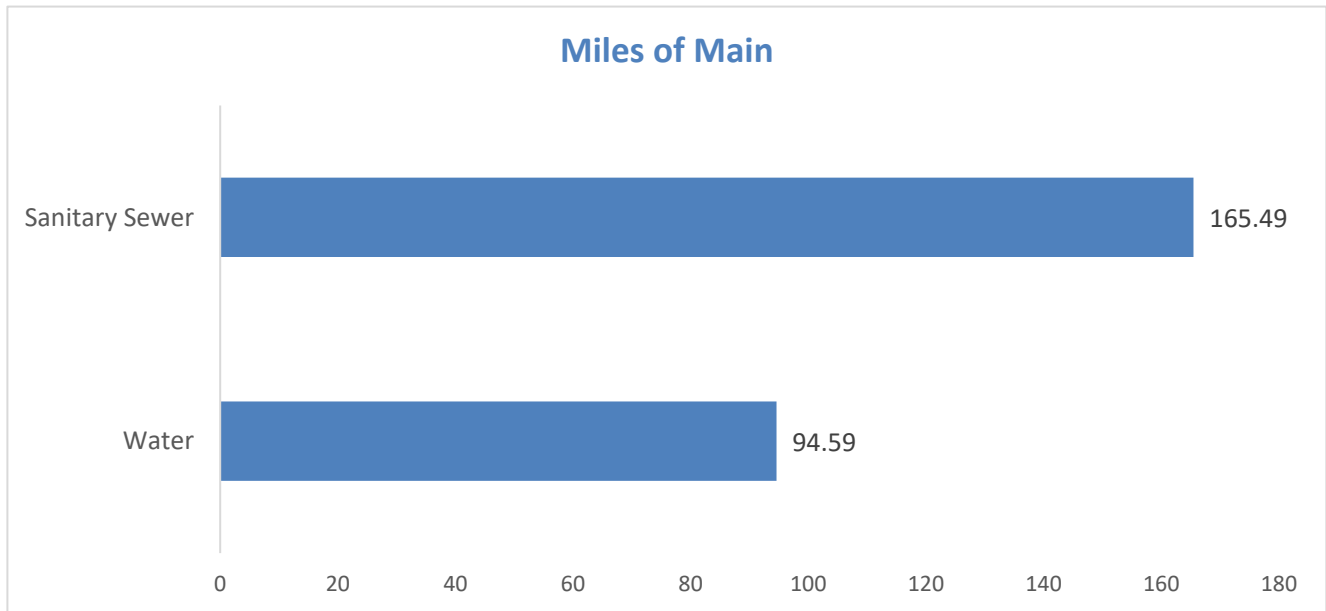
This metric is used to depict the relative amount of debt the City, and other taxing jurisdictions have incurred, on a per resident basis.



# Sewer and Water

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

■ The Water Utility Fund is also an enterprise fund established for operations of the City's water utility. Like the Sewer Utility, the Water utility is funded entirely by user fees. The Water Utility also maintains the City's 1,130 fire hydrants on a year-round basis. Additionally, the City's Water Utility also provides water to the Villages of Thiensville and Bayside, which are located to the north and south of Mequon, respectively.



# Getting More Information

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

- Utility Bill Payments
- Meeting Agendas and Minutes
- Elections Information
- City Forms and Documents
- City Budgets and Annual Audit
- Comprehensive Plan
- Events Calendar
- Weekly Bulletin
- Staff Directory

■ If you have any questions, comments, or suggestions regarding the 2019 Popular Annual Financial Report, please contact the City of Mequon Finance Department at (262) 236-2947.

## Administrative Staff

**William Jones**  
City Administrator

**Justin Schoenemann**  
Assistant City Administrator

**Caroline Fochs**  
City Clerk

**David Bialk**  
Fire Chief

**Kaitlyn Krueger**  
Finance Director

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

**Patrick Pryor**  
Police Chief

**Kim Tollefson**  
Community Development Director



Mequon City Hall