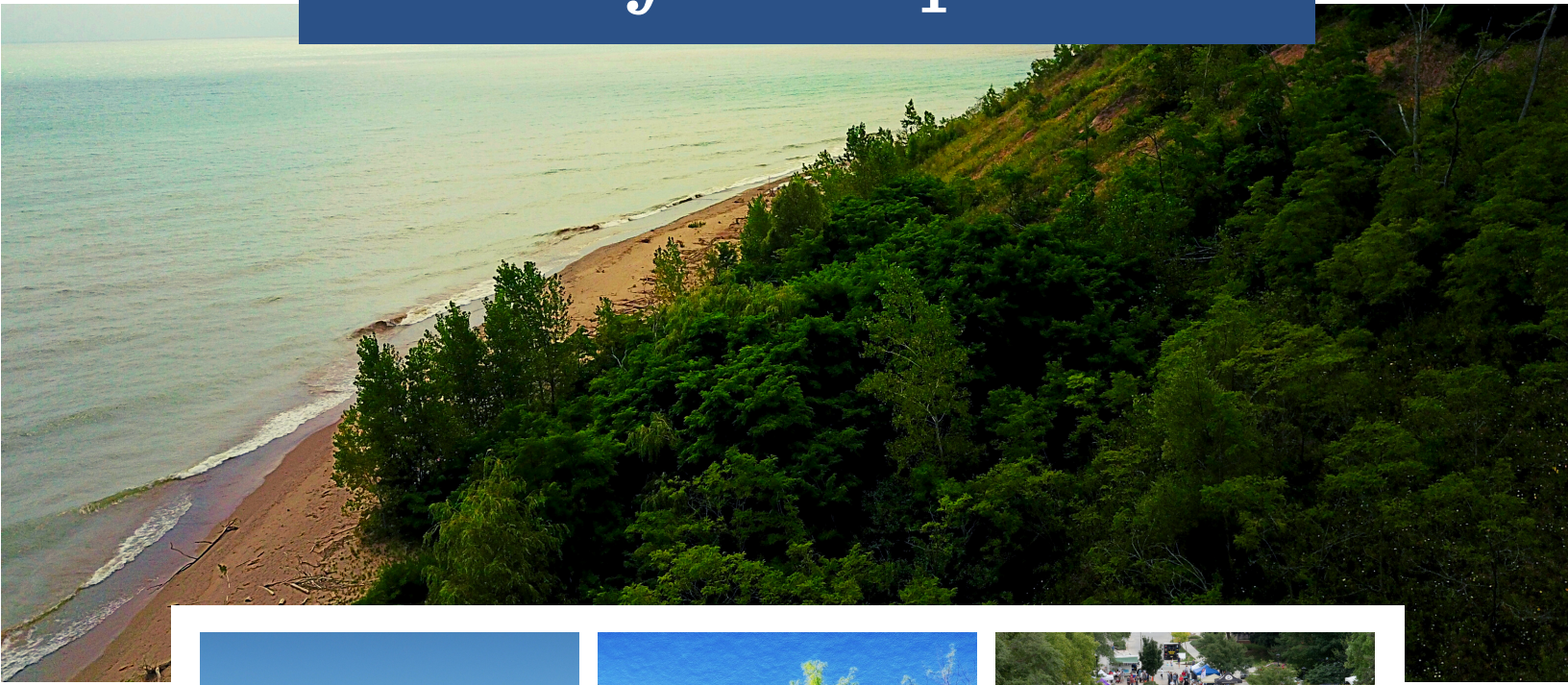


City of Mequon



Comprehensive Annual Financial Report

For the Year Ended December 31, 2020

11333 N. Cedarburg Road, 53092
262-242-3100

www.ci.mequon.wi.us

City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2020
TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|-----------------------------------|-------|
| Letter of Transmittal | 1 – 6 |
| Directory of City Officials | 7 |
| GFOA Certificate | 8 |
| Table of Organization | 9 |

FINANCIAL SECTION

| | |
|---|---------|
| Independent Auditors' Report | 10 – 12 |
| Management's Discussion and Analysis (required supplementary information).... | 13 – 25 |

BASIC FINANCIAL STATEMENTS

| | |
|--|---------|
| Government-Wide Financial Statements: | |
| Statement of Net Position | 26 |
| Statement of Activities | 27 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds..... | 28 - 29 |
| Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position | 30 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 31 – 32 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities..... | 33 |
| Statement of Net Position – Proprietary Funds | 34 – 35 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 36 |
| Statement of Cash Flows – Proprietary Funds..... | 37 – 38 |

City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2020
TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued):

| | |
|---|----|
| Statement of Fiduciary Net Position..... | 39 |
| Statement of Changes in Fiduciary Net Position..... | 40 |
| Index to Notes to the Financial Statements..... | 41 |
| Notes to Financial Statements | 42 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|--|----|
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 85 |
| Schedule of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System | 86 |
| Schedule of Changes in the Total Pension Liability – Single Employer Defined Benefit Pension Plan..... | 87 |
| Schedule of the Total Pension Liability and Covered-Employee Payroll – Single Employer Defined Benefit Pension Plan..... | 87 |
| Schedule of Changes in the Total OPEB Liability and Related Ratios – OPEB Plan | 88 |
| Schedule of Proportionate Share of the Net OPEB Liability – Local Retiree Life Insurance Fund | 89 |
| Schedule of Employer Contributions – Local Retiree Life Insurance Fund | 89 |
| Notes to Required Supplementary Information | 90 |

SUPPLEMENTARY INFORMATION

| | |
|---|----|
| Schedule of Expenditures – Budget and Actual – General Fund | 91 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 92 |

City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2020
TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION (continued)

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds..... 93

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Debt Service Fund 94

STATISTICAL SECTION

Table 1 – Net Position by Component..... 95

Table 2 – Changes in Net Position ... 96 – 97

Table 3 – Fund Balances, Governmental Funds 98

Table 4 – Changes in Fund Balance, Governmental Funds..... 99 – 100

Table 5 – General Governmental Revenues by Source 101 - 102

Table 6 – General Governmental Expenditures by Function..... 103 – 104

Table 7 – Assessed and Equalized Value of Taxable Property..... 105

Table 8 – Comparative Tax Rates for All Direct and Overlapping Governments
Properties within the Mequon-Thiensville School District 106

Table 9 – Comparative Tax Rates for All Direct and Overlapping Governments
Properties within the Cedarburg School District 107

Table 10 – Ten Largest Taxpayers 108

Table 10 – Ten Largest Employers 109

Table 11 – Property Tax Levies & Collections..... 110

Table 12 – History of Assessed Values..... 111

Table 13 – History of Equalized Values..... 112

Table 14 – Net Equalized Value of Taxable Property (As Reduced by TID) 113

Table 15 – Assessed and Equalized Valuations for School Districts Within the City... 114

City of Mequon
Comprehensive Annual Financial Report
As of and for the Year Ended December 31, 2020
TABLE OF CONTENTS

STATISTICAL SECTION (continued)

| | |
|---|-----------|
| Table 16 – Comparative Tax Levies for All Direct and Overlapping Governments | 115 – 117 |
| Table 17 – Ratio of Net General Obligation (G.O.) Debt to Equalized Value | 118 |
| Table 18 – Ratios of Outstanding Debt by Type..... | 119 |
| Table 19 – Legal Debt Margin Information | 120 |
| Table 20 – Computation of Direct and Overlapping Debt..... | 121 |
| Table 21 – Debt Service for General Obligation Debt vs. General Governmental Expenditures | 122 |
| Table 22 – Schedule of General Obligation Debt Principal Payments | 123 |
| Table 23 – Schedule of General Obligation Debt Interest Payments | 124 |
| Table 24 – Current Debt Service for the Years 2017 – 2026..... | 125 |
| Table 25 – Pledged Revenue Coverage – Water Utility | 126 |
| Table 26 – Demographic Profile | 127 |
| Table 27 – Additional Demographic Information | 128 |
| Table 28 – Other Community Information | 129 |
| Table 29 – Operating Indicators by Program/Function..... | 130 |
| Table 30 – Building Permits and Valuations..... | 131 |
| Table 31 – Capital Asset Statistics by Function/Program..... | 132 |



INTRODUCTORY SECTION



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

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FINANCE DEPARTMENT

Kaitlyn M. Krueger, CPA, Finance Director/Treasurer

May 20, 2021

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

The Comprehensive Annual Financial Report for the City of Mequon, Wisconsin, for the fiscal year ended December 31, 2020, 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 sufficient reliable information for the 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 2020. The goal of this independent audit is to provide reasonable assurance that the financial statements of the City for Fiscal Year 2020 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 used 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, 2020 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 Utility and Mequon Water Utility; therefore, these activities are included in the financial statements. However, the Mequon-Thiensville (M-T) and Cedarburg School Districts and the Milwaukee Area Technical College are autonomous entities and have not met the established criteria for inclusion 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 2020 population of 24,422 (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 are required to submit requests for appropriation for all governmental activities to the City Administrator on or before the last Monday in July of each year. The City Administrator uses these requests as the starting point for developing a proposed budget for governmental activities. The City Administrator presents the proposed budget for all governmental activities to the Common Council, meeting as the Appropriations Committee, in early October for review. The Appropriations Committee meets with the City Administrator and all department heads over a series of meetings shortly after receiving the proposed budget. The City is required to hold a public hearing on the proposed budget, which is held 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 2.5 percent at the end of 2019 and 3.3 percent at the end of 2020. This compares favorably with the Wisconsin unemployment rates of 3.2 and 4.0 percent, respectively.

Mequon's 2020 equalized property value stands at over \$5.2 billion. In 2020, the City realized more than \$74.6 million in new construction valuation. The City maintains an AA (Stable) bond rating from Standard & Poors Global Ratings Service, based in part on the relatively strong economic climate of the City.

MAJOR INITIATIVES DURING 2020

Economic Development

The City's new mixed-use, traditional neighborhood, known as Town Center, continues to flourish. Based on the January 1, 2021 value, the incremental value of the district is expected to reach \$160M. Thirty-five new businesses have been established and were able to keep doors open during the worldwide COVID pandemic, thanks in part to walkable, open space gathering areas and dining patios accompanied by firepits. The opening of the Spur 16 and Foxtown developments, which include apartment and townhouse-style housing, have achieved nearly full occupancy. Between these two projects, over 70 new jobs have been created. City sponsored public investments in the Town Center are planned over the course of the next three years adding unique amenities to create a unified, comprehensive and cohesive neighborhood in which to live, work and socialize. A 2021 outreach effort to developers suggests an interest and willingness for continued investment as additional redevelopment opportunities become available.

Statistically, the Town Center (TIF #3) ranks highly when compared to other Tax Increment Districts (TIF's) throughout the State of Wisconsin, as illustrated below:

- TIF #3 ranks 1 of 16 TIF's in Ozaukee County in terms of increment created
- TIF #3 is estimated to have achieved over \$160M of increment
- TIF #3 has 7 of the 10 highest assessed value per acre sites in the City

Furthermore, expansion of the residential component continues with the addition of 22 new homes, which in turn has expanded other areas for development served by the efficiency of existing investments made in public water and sewer infrastructure.

New commercial development near Interstate 43 also anticipates nearly \$15M of new investment in the City's Port Washington Road commercial corridor. Planned projects include two new financial institutions, a multi-tenant service building, a new medical office, food and entertainment facilities and a self-storage facility. In addition, the City approved two, infill residential developments with a total of 12 lots and two new subdivisions totaling approximately 100 new lots. A major fitness training facility, Athlete Performance, was constructed in the Mequon Business Park. The Mequon-Thiensville School District has initiated renovation of six school facilities and will begin construction in early 2021. Other private market investments include the renovation of two restaurants located in pocket neighborhoods and the demolition of several dilapidated, blighted properties making way for new investment to occur.

MAJOR INITIATIVES PLANNED FOR 2021

The Economic Development Board has established a work program for 2020-2023 which includes the following objectives: promotion & marketing, evaluation of two recent community surveys, establishing community partnerships related to other objectives, sponsoring an Economic Summit, assisting in the assessment of new zoning opportunities along the Port Washington Road corridor and exploring a partnership with the Wisconsin Economic Development Corporation (WEDC) to ensure program alignment. Additionally, the Board will be considering development of 2-3 Neighborhood Strategic Plans and continue to monitor the City's Revolving Loan Fund Program.

Tax Increment Finance Districts (TIDS)

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 pursuing and evaluating the type of redevelopment desired for these neighborhoods.

Moving forward, the City will continue to make necessary public infrastructure improvements to better serve an increase in customers utilizing the Town Center. Major initiatives slated in 2021 include providing pedestrian and bicycle improvements for safer and more comfortable access for non-motorized uses, the acquisition of land for conservancy and redevelopment and the reconstruction of a public road to include streetscaping, traffic signals, traffic calming and the burial of all utilities. Ultimately, the City is committed to reducing barriers for accessing businesses and encouraging safe movement throughout the neighborhood.

In addition, the City has developed and will adopt four new zoning districts centered on single-family, senior housing and low intensity commercial uses for an undeveloped area along I-43. This study area encompasses 750 acres and will capture commuter traffic via a new interchange

that is to be constructed by 2025. Eventually, these efforts will provide additional, developable land for single-family neighborhoods on the east side of the City with access to public water.

City Real Estate Needs

The Economic Development Board will continue to serve the Common Council and provide advice on matters relating to real estate opportunities, as well as the evaluation of any development proposal in which economic incentives are requested. In 2021, the Board will finalize recommendations related to zoning, design standards and incentives through two TIF districts to encourage reinvestment but also with the intent of creating a diversity of land uses within the City's Port Washington Road corridor. Furthermore, the City will continue to provide education and outreach regarding County-sponsored programs that may assist in the rehabilitation of the City's older housing stock.

FINANCIAL MANAGEMENT

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Activities of the general fund, debt service fund, and sewer utility fund are included in the annual appropriated budget. The budget is adopted at the object level of expenditure; however, it is monitored by department heads at the departmental level within an individual fund.

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

RISK MANAGEMENT

Third-party insurance coverage is currently maintained for health, dental and life insurance, worker's compensation, 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. 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. The City's portfolio at Dana consists primarily of U.S. Treasury securities, repurchase agreements, and agency securities backed by the full faith and credit of the U.S. Government. The City had investment income of approximately \$191,000 on all investments for the year ended December 31, 2020. The average return on investment was approximately 2%. The City's

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

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 Financial Report (AFR) for the fiscal year ending on December 31, 2019. This was the seventh 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 AFR. 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 AFR 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 2020.

ACKNOWLEDGEMENTS

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 Virchow Krause, LLP.

Respectfully submitted,



William H. Jones, Jr.
City Administrator



Kaitlyn M. Krueger
Director of Finance

CITY OF MEQUON, WISCONSIN

DIRECTORY OF OFFICIALS

As of December 31, 2020

ELECTED OFFICIALS

Mayor John Wirth

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 | Alderman Andrew Nerbun |

APPOINTED OFFICIALS

William Jones, City Administrator

Justin Schoenemann, Assistant City Administrator

Caroline Fochs, City Clerk

Patrick Pryor, Police Chief

David Bialk, Fire Chief

Kaitlyn Krueger, Finance Director

Kristen Lundeen, Public Works Director/City Engineer

Kim Tollefson, Planning and Community Development Director

Mike Grota, City Assessor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mequon
Wisconsin**

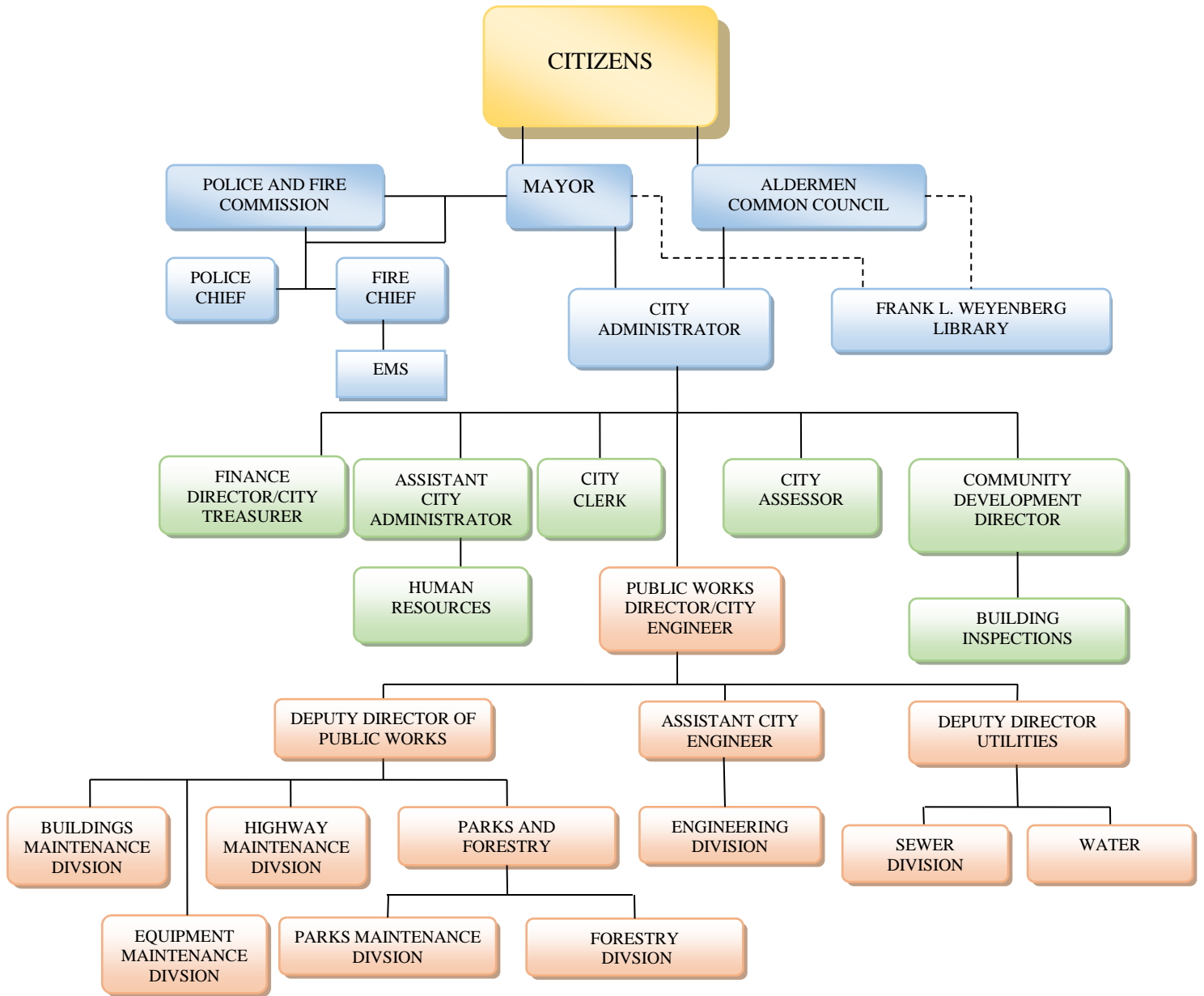
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

City of Mequon Organization Chart





FINANCIAL SECTION

Independent Auditors' Report

To the Common Council of
City of Mequon
Mequon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mequon, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Mequon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Common Council
City of Mequon

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mequon, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

To the Common Council
City of Mequon

Other Information

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
May 20, 2021

**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, 2020. 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 \$177.5 million and total liabilities and deferred inflows of resources of \$89.9 million, the total net position of the City of Mequon stood at approximately \$87.6 million at the close of the 2020 fiscal year, an increase of 8.0% from the previous year.
- ✓ As of December 31, 2020, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$7.2 million, a decrease of 17.6% from 2019. Approximately \$2.24 million or 30.9% of the total fund balances are available for spending at the government's discretion (unassigned fund balance).
- ✓ At the close of the fiscal year, the City of Mequon's unassigned general fund balance totaled approximately \$2.3 million, an increase of 2.7% from the previous fiscal year. This represents 13.2% of the \$17.2 million adopted 2020 General Fund budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 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 *fiduciary funds*.

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

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

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

Compliance with the City's annual operating budget for the year ended December 31, 2020 is reported in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* which is found on page 85.

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

The fiduciary fund financial statements can be found on page 39-40 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 41 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 85.

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 91.

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 \$87.6 million at the close of 2020. The majority of total assets (68.0%) 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, 2020 and 2019

| | Governmental | | Business-type | | Totals | |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current & Other Assets | \$ 32,925,001 | \$ 30,644,695 | \$ 21,956,054 | \$ 21,860,398 | \$ 54,881,055 | \$ 52,505,093 |
| Capital Assets (net) | 46,422,810 | 46,220,274 | 70,111,285 | 68,088,483 | 116,534,095 | 114,308,757 |
| Total Assets | <u>\$ 79,347,811</u> | <u>\$ 76,864,969</u> | <u>\$ 92,067,339</u> | <u>\$ 89,948,881</u> | <u>\$ 171,415,150</u> | <u>\$ 166,813,850</u> |
| Deferred Outflows of Resources | \$ 5,346,659 | \$ 6,248,140 | \$ 691,985 | \$ 779,588 | \$ 6,038,644 | \$ 7,027,728 |
| Current Liabilities | \$ 1,888,536 | \$ 2,086,890 | \$ 1,017,111 | \$ 820,209 | \$ 2,905,647 | \$ 2,907,099 |
| Non-Current Liabilities | 27,243,461 | 32,266,510 | 26,845,666 | 29,274,258 | 54,089,127 | 61,540,768 |
| Total Liabilities | <u>\$ 29,131,997</u> | <u>\$ 34,353,400</u> | <u>\$ 27,862,777</u> | <u>\$ 30,094,467</u> | <u>\$ 56,994,774</u> | <u>\$ 64,447,867</u> |
| Deferred Inflows of Resources | \$ 25,406,882 | \$ 20,961,217 | \$ 7,488,121 | \$ 7,318,559 | \$ 32,895,003 | \$ 28,279,776 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | \$ 23,811,511 | \$ 22,015,781 | \$ 46,465,099 | \$ 43,744,757 | 70,276,610 | \$ 65,760,538 |
| Restricted | 3,044,386 | 1,047,981 | 493,330 | 355,442 | 3,537,716 | 1,403,423 |
| Unrestricted | 3,299,694 | 4,734,730 | 10,449,997 | 9,215,244 | 13,749,691 | 13,949,974 |
| Total Net Position | <u>\$ 30,155,591</u> | <u>\$ 27,798,492</u> | <u>\$ 57,408,426</u> | <u>\$ 53,315,443</u> | <u>\$ 87,564,017</u> | <u>\$ 81,113,935</u> |
| Total Net Position as a % of Total Liabilities and Deferred Inflows | 55.3% | 50.3% | 162.4% | 142.5% | 97.4% | 87.5% |
| Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows | 6.1% | 8.6% | 29.6% | 24.6% | 15.3% | 15.0% |

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. See note I-D.10

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

At the end of 2020, 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 2020 was approximately \$30.2 million or approximately 55.3% of the total liabilities and deferred inflows for governmental activities.

Statement of Activities

Total net position of the City of Mequon increased by \$6,450,082 (8.0%) in 2020, due primarily to the decrease of the fund balance deficit in the Debt Service Fund, continued capital improvements, and the expansion of the Mequon Sewer Utility.

Net position of the City's governmental activities totaled \$30,155,591 as of December 31, 2020. Governmental activities for the year increased net position by \$2,357,099. Operating grants and contributions decreased \$413,854 and governmental expenses decreased \$69,961. 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 \$3,299,294. Restricted net position for governmental activities included \$712,366 for revolving loan programs, \$253,203 for parks, and \$2,078,217 for pensions.

Net position of the City's business-type activities totaled \$57,408,426, an increase of \$4,092,983, due primarily to expansion of the Mequon Sewer Utility. Business-type activities' unrestricted net position was \$10,449,997. Restricted net position for business-type activities included \$386,470 for debt service and \$106,860 for pensions.

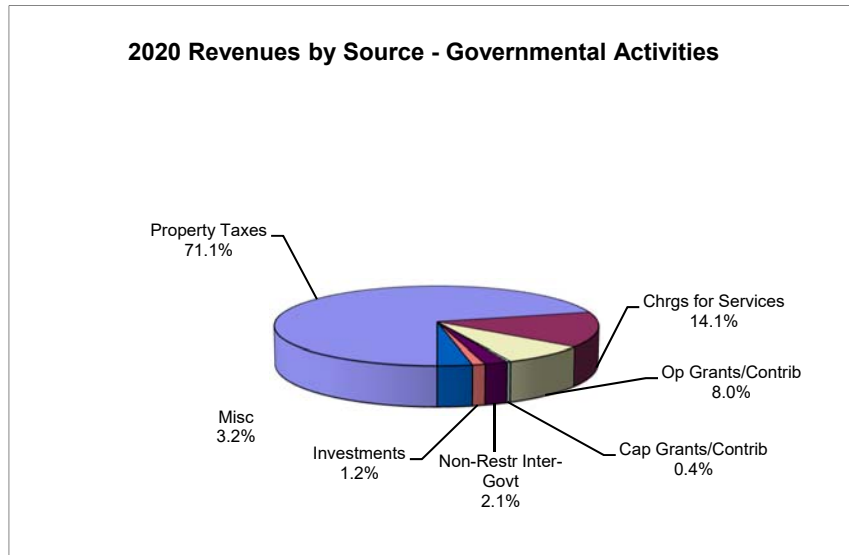
The following table illustrates the change in net position for the City of Mequon for fiscal years ended December 31, 2020 and 2019:

STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2020 and 2019

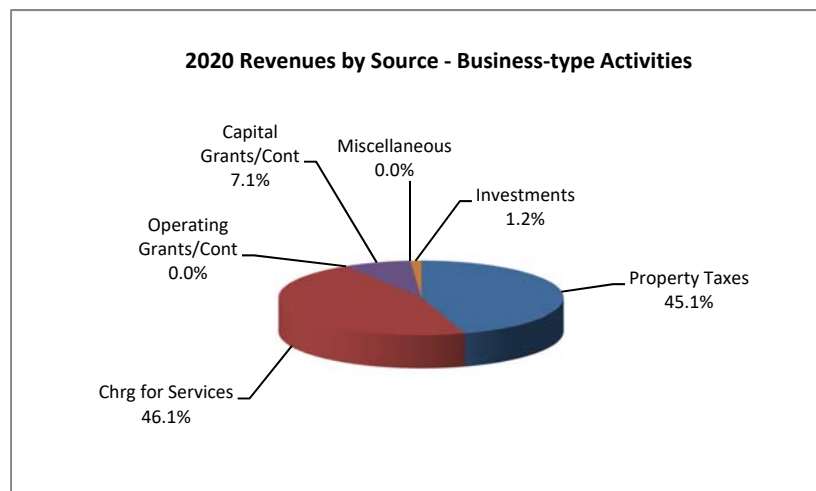
| | Governmental | | Business-type | | Totals | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 3,422,717 | \$ 3,526,506 | \$ 7,230,375 | \$ 7,078,425 | \$ 10,653,092 | \$ 10,604,931 |
| Operating grants and contributions | 1,941,753 | 2,355,607 | - | 15,960 | 1,941,753 | 2,371,567 |
| Capital grants and contributions | 85,105 | 31,152 | 1,197,090 | 903,468 | 1,282,195 | 934,620 |
| General Revenues | | | | | | |
| Property Taxes | 17,191,975 | 15,961,194 | 7,078,676 | 7,692,408 | 24,270,651 | 23,653,602 |
| Intergovernmental revenues not restricted to specific programs | 509,311 | 875,062 | - | - | 509,311 | 875,062 |
| Investment income | 282,252 | 323,828 | 189,924 | 497,314 | 472,176 | 821,142 |
| Other | 763,656 | 197,744 | 4,516 | 48,936 | 768,172 | 246,680 |
| Total Revenues | \$ 24,196,769 | \$ 23,271,093 | \$ 15,700,581 | \$ 16,236,511 | \$ 39,897,350 | \$ 39,507,604 |
| Expenses | | | | | | |
| General government | \$ 2,698,961 | \$ 2,902,503 | \$ - | \$ - | \$ 2,698,961 | \$ 2,902,503 |
| Public safety | 8,843,804 | 9,380,627 | - | - | 8,843,804 | 9,380,627 |
| Public works | 5,821,246 | 5,838,630 | - | - | 5,821,246 | 5,838,630 |
| Public health | - | - | - | - | - | - |
| Community enrichment services | 1,966,429 | 2,029,714 | - | - | 1,966,429 | 2,029,714 |
| Conservation and development | 1,694,734 | 885,179 | - | - | 1,694,734 | 885,179 |
| Interest and fiscal charges | 814,496 | 872,978 | - | - | 814,496 | 872,978 |
| Sewer utility | - | - | 9,137,871 | 10,373,965 | 9,137,871 | 10,373,965 |
| Water utility | - | - | 2,469,727 | 2,511,031 | 2,469,727 | 2,511,031 |
| Total Expenses | 21,839,670 | 21,909,631 | 11,607,598 | 12,884,996 | 33,447,268 | 34,794,627 |
| Change in net position | 2,357,099 | 1,361,462 | 4,092,983 | 3,351,515 | 6,450,082 | 4,712,977 |
| Net Position - beginning of year | 27,798,492 | 26,437,030 | 53,315,443 | 49,963,928 | 81,113,935 | 76,400,958 |
| Net Position - end of year | \$ 30,155,591 | \$ 27,798,492 | \$ 57,408,426 | \$ 53,315,443 | \$ 87,564,017 | \$ 81,113,935 |

Governmental Activities

An examination of the statement of activities can provide a concise picture of how the various activities of the City are funded. The following pie charts draw data from the statement of activities. Percentages may not total 100% due to rounding. For governmental services, the City is highly dependent upon the property tax for funding, deriving 71.1% of its revenue from this single source. State aids not restricted to specific programs comprise only 2.1% of the City's revenues while other operating and capital grants and contributions comprise 8.4%. Charges for services continue to be of significant importance, accounting for 14.2% of revenues.

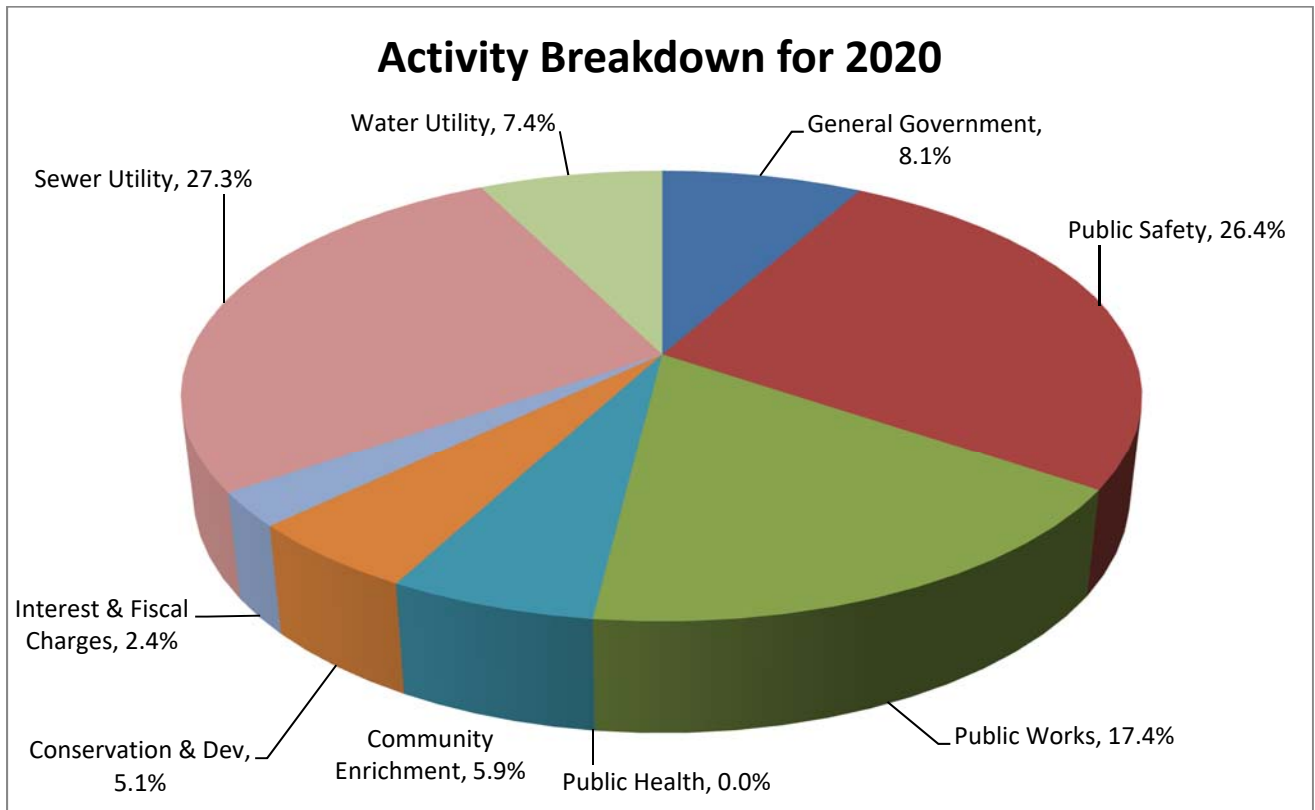


In the case of business-type activities, historically, property tax is the largest single component of revenues. Property taxes are levied in order to fund the Milwaukee Metropolitan Sewerage District (MMSD) annual capital charge and repayment of the debt associated with the 2018-19 East Trunk Sewer Project, and comprise 45.1% of total revenues. Funding of the utility's annual operation and maintenance costs is covered primarily by user fees, accounting for 46.1% of total revenues. The balance of revenue is made up of capital grants and contributions, operating grants and contributions, investments and other earnings.



Governmental activities. Total Governmental activity expenses decreased \$69,961 from a year ago. An increase was realized in Conservation and Development: \$809,555. Decreases were realized in General Government: \$203,542, Public Safety: \$536,823, Public Works: \$17,384, Community Enrichment: \$63,285, and Interest and Fiscal Charges: \$58,482.

Presented below is a chart depicting the relative percentage of expenses for the City's major functions for 2020:



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, 2020, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$7.2 million, a decrease of 17.6% from 2019. Of this total, approximately \$174 thousand is nonspendable and an additional \$1.8 million is restricted for specific legal requirements and other commitments, leaving total unrestricted governmental fund balances of approximately \$5.3 million available for use at the discretion of the City's elected officials. As the result of past actions and policy decisions, approximately \$3 million (58%) of this balance have been assigned for specific uses (assignment of fund balance for capital projects, leaving a combined unassigned fund balance of \$2.2 million in the general, debt service and other non-major governmental funds.

The *General* fund is the primary operating fund used to account for the governmental operations of the City, with approximately \$16.7 million of direct expenditures from this fund accounting for approximately 52.9% of the City's approximately \$31.6 million total governmental fund expenditures as reported on the *Statement of Revenues Expenditures and Changes in Fund Balances*. The total year-end 2020 unassigned General fund balance of approximately \$2.3 million increased \$61 thousand from the previous year and represents 13.8% of the \$16.7 million 2020 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 2021 General fund budget authorizes expenditures of \$17.5 million. Therefore, the 2020 year-end unassigned General fund balance of \$2.3 million represents 13.2% of the 2021 operating budget, therefore exceeding the target range.

The *Debt Service* fund has a total deficit fund balance of \$77,743 which is due primarily to debt related to the City's Town Center Zoning District (i.e. 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 \$4.1 million fund balance is restricted or assigned entirely for such projects. The reason for the approximately \$1.8 million decrease in fund balance is due to the spending of the 2019 debt proceeds on road improvements.

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 decreased from \$1,106,000 to approximately \$778,117 during 2020.

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 2020 totaled approximately \$57 million, an increase of approximately \$4.1 million from the previous year. Income before contributions of approximately \$2.9 million accounted for most of this increase, followed by Contributed Capital of \$1.2 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Required Supplementary Information section, *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual* for the General Fund, the original 2020 general fund budget authorized expenditures of approximately \$17.2 million. The City ended the year with a positive variance of \$3,100.

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, 2020 totaled over \$209 million. Of this total cost, approximately \$65.6 million (31.4%) was related to governmental infrastructure, with the City's street network comprising the most significant component.

Total accumulated depreciation was calculated to be about \$92.5 million, or approximately 44.3% of the historical cost of depreciable capital assets. Net of accumulated depreciation, the City's investment in capital assets exceeded \$116.5 million.

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------|--------------------------|---------------|----------------|-----------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 10,302,853 | \$ 9,820,930 | \$ 19,125 | \$ 19,125 | \$ 10,321,978 | \$ 9,840,055 |
| Construction in progress | - | - | 116,361 | - | 116,361 | - |
| Buildings | 20,006,877 | 19,844,930 | - | - | 20,006,877 | 19,844,930 |
| Machinery and Equipment | 12,785,144 | 12,108,055 | 4,891,266 | 4,764,143 | 17,676,410 | 16,872,198 |
| Infrastructure | 65,647,167 | 64,458,715 | 87,210,873 | 83,918,199 | 152,858,040 | 148,376,914 |
| Structure and Improvements | - | - | 8,105,486 | 8,094,780 | 8,105,486 | 8,094,780 |
| Subtotal | \$ 108,742,041 | \$ 106,232,630 | \$ 100,343,111 | \$ 96,796,247 | \$ 209,085,152 | \$ 203,028,877 |
| Less: | | | | | | |
| Accumulated Depreciation | (62,319,231) | (60,012,356) | (30,231,826) | (28,707,764) | (92,551,057) | \$ (88,720,120) |
| | \$ 46,422,810 | \$ 46,220,274 | \$ 70,111,285 | \$ 68,088,483 | \$ 116,534,095 | \$ 114,308,757 |

Some of the more significant additions to the City's capital assets during 2020, excluding retirements and disposals included:

| | |
|-------------------------|-------------|
| Roads | \$1,188,452 |
| Sewer Utility additions | \$2,156,164 |
| Water Utility additions | \$1,460,303 |

Additional information related to the City of Mequon's capital assets is reported in Note 3 following the financial statements.

Long-Term Debt

On December 31, 2020, the City of Mequon had \$54,089,127 of long-term notes, bonds and other long-term obligations outstanding, as summarized in the following table:

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General Obligation Bonds & Notes | \$ 23,645,000 | \$ 27,030,000 | \$ 15,905,000 | \$ 17,230,000 | \$ 39,550,000 | \$ 44,260,000 |
| Revenue Bonds | - | - | 9,365,000 | 10,215,000 | 9,365,000 | 10,215,000 |
| Bond Premiums | 875,699 | 598,308 | 1,388,594 | 1,538,171 | 2,264,293 | 2,136,479 |
| Capital Leases | 53,727 | 26,875 | - | - | 53,727 | 26,875 |
| Net OPEB liability | 919,348 | 794,482 | 73,876 | 77,971 | 993,224 | 872,453 |
| Net pension liability | 386,118 | 395,716 | 40,150 | 41,967 | 426,268 | 437,683 |
| Compensated absences | 654,682 | 716,942 | - | 31,161 | 654,682 | 748,103 |
| Net pension liability-WRS | - | 2,267,490 | 33,172 | 123,794 | 33,172 | 2,391,284 |
| Net pension liability-LRLIF | 708,887 | 436,697 | 39,874 | 16,194 | 748,761 | 452,891 |
| | <u>\$ 27,243,461</u> | <u>\$ 32,266,510</u> | <u>\$ 26,845,666</u> | <u>\$ 29,274,258</u> | <u>\$ 54,089,127</u> | <u>\$ 61,540,768</u> |

Under Wisconsin State Statutes, the outstanding long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Outstanding general obligation debt, less amounts to be paid from funds restricted for debt retirement, totaled \$39,550,000, or 15.12% of the maximum legal limit of \$261.6 million.

Additional information related to the City of Mequon's long-term debt is reported in Note 3 following the financial statements.

CURRENTLY KNOWN FACTS

The 2021 general government budget adopted by the Mequon Common Council in November 2020 decreased total General, Capital, and Debt Service Fund expenditures by \$132,315 or 0.59%. However, the net result is that the 2021 tax levy increases by \$765,176 (5.1%) in these areas. This increase is in addition to a projected \$483,728 decrease in all other revenue sources and has planned use of fund balance of \$128,210. 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 Increase/ (Decrease) |
|-------------|--------------|---------------------------------|
| 2021 | \$22,423,636 | (0.59) |
| 2020 | \$22,555,951 | 5.62 |
| 2019 | \$21,355,114 | 0.36 |
| 2018 | \$21,278,752 | 2.07 |
| 2017 | \$20,847,297 | 4.61 |

As presented in the table below, compared to the previous year, salaries and benefits increased by 3.84%. This is primarily due to the addition of three new Battalion Chief positions and increased contract pay for paid-on-call staff in the Fire Department. Materials and supplies decreased 7.04% and purchased services decreased by 2.66%. Debt service costs decreased 8.07%. Budgeted Capital expenditures decreased 11.43%, with all capital budget allocations realizing decreases due to budget constraints caused by the downturn of revenues seen since the pandemic started. There are no plans to issue new debt in 2021. The City continues to explore alternative financing methods for its capital program. Support for the Mequon-Thiensville joint library decreased by 1.58% and meets various state and local funding requirements.

Change in Expenditure Budget by Function

| Expenditures | 2021 Adopted | 2020 Adopted | Net Increase (Decrease) | Percent Change |
|---------------------------|---------------------|---------------------|--------------------------------|-----------------------|
| Salaries/Fringes | \$13,355,161 | \$12,861,013 | \$494,148 | 3.84% |
| Materials/Supplies | 918,173 | 987,758 | (69,585) | (7.04) |
| Purchased Services/ Other | 2,180,012 | 2,239,647 | (59,635) | (2.66) |
| Debt Service | 3,722,290 | 4,049,033 | (326,743) | (8.07) |
| Capital * | 1,190,000 | 1,343,500 | (153,500) | (11.43) |
| Library * | 1,058,000 | 1,075,000 | (17,000) | (1.58) |
| Total | \$22,423,636 | \$22,555,951 | (\$132,315) | (.59%) |

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

In developing the 2021 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 1.51 percent.
- The following goals were emphasized while developing the FY2021 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. City staff can be reached by telephone at (262) 236-2947. You are also invited to visit the City’s web site at <http://www.ci.mequon.wi.us>.

City of Mequon

Statement of Net Position December 31, 2020

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and investments | \$ 8,193,274 | \$ 8,399,232 | \$ 16,592,506 |
| Receivables (net): | | | |
| Taxes | 18,577,933 | 7,107,773 | 25,685,706 |
| Customer | - | 1,781,893 | 1,781,893 |
| Special assessments | 123,730 | 8,040 | 131,770 |
| Other | 499,747 | 226,914 | 726,661 |
| Loans | 615,165 | - | 615,165 |
| Inventories and prepaids | 335 | 30,901 | 31,236 |
| Restricted assets: | | | |
| Cash and investments | - | 4,294,441 | 4,294,441 |
| Net pension asset | 2,078,817 | 106,860 | 2,185,677 |
| Investment in joint venture | 2,836,000 | - | 2,836,000 |
| Capital assets: | | | |
| Land | 10,302,853 | 19,125 | 10,321,978 |
| Construction in progress | - | 116,361 | 116,361 |
| Other capital assets, net of accumulated depreciation | <u>36,119,957</u> | <u>69,975,799</u> | <u>106,095,756</u> |
| Total assets | <u>79,347,811</u> | <u>92,067,339</u> | <u>171,415,150</u> |
| Deferred Outflows of Resources | | | |
| Pension related amounts | 27,758 | 413 | 28,171 |
| Pension related amounts - WRS | 4,892,574 | 241,596 | 5,134,170 |
| OPEB related amounts - LRLIF | 278,512 | 12,398 | 290,910 |
| OPEB related amounts - Health | 147,815 | 19,126 | 166,941 |
| Deferred charge on refunding | - | 418,452 | 418,452 |
| Total deferred outflows of resources | <u>5,346,659</u> | <u>691,985</u> | <u>6,038,644</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 1,163,237 | 797,623 | 1,960,860 |
| Accrued Interest payable | 322,869 | 199,000 | 521,869 |
| Deposits | 402,430 | 20,488 | 422,918 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,640,748 | 2,294,874 | 5,935,622 |
| Due in more than one year | <u>23,602,713</u> | <u>24,550,792</u> | <u>48,153,505</u> |
| Total liabilities | <u>29,131,997</u> | <u>27,862,777</u> | <u>56,994,774</u> |
| Deferred Inflows of Resources | | | |
| Subsequent year's tax revenue | 18,626,612 | 7,110,670 | 25,737,282 |
| Pension related amounts | 25,133 | 4,838 | 29,971 |
| Pension related amounts - WRS | 6,246,249 | 318,094 | 6,564,343 |
| OPEB related amounts - Health | 386,653 | 50,029 | 436,682 |
| OPEB related amounts - LRLIF | <u>122,235</u> | <u>4,490</u> | <u>126,725</u> |
| Total deferred inflows of resources | <u>25,406,882</u> | <u>7,488,121</u> | <u>32,895,003</u> |
| Net Position | | | |
| Net investment in capital assets | 23,811,511 | 46,465,099 | 69,395,008 |
| Restricted for: | | | |
| Loan programs | 712,366 | - | 712,366 |
| Parks | 253,203 | - | 253,203 |
| Debt service | - | 386,470 | 386,470 |
| Pension | 2,078,817 | 106,860 | 2,185,677 |
| Unrestricted | <u>3,299,694</u> | <u>10,449,997</u> | <u>14,631,293</u> |
| Total net position | <u>\$ 30,155,591</u> | <u>\$ 57,408,426</u> | <u>\$ 87,564,017</u> |

See notes to financial statements

City of Mequon

Statement of Activities

Year Ended December 31, 2020

| 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 | \$ 2,698,961 | \$ 902,289 | \$ 43,240 | \$ - | \$ (1,753,432) | \$ - | \$ (1,753,432) |
| Public safety | 8,843,804 | 1,303,591 | 198,947 | 85,105 | (7,256,161) | - | (7,256,161) |
| Public works | 5,821,246 | 1,029,983 | 1,699,566 | - | (3,091,697) | - | (3,091,697) |
| Community enrichment services | 1,966,429 | 121,090 | - | - | (1,845,339) | - | (1,845,339) |
| Conservation and development | 1,694,734 | 65,764 | - | - | (1,628,970) | - | (1,628,970) |
| Interest and fiscal charges | 814,496 | - | - | - | (814,496) | - | (814,496) |
| Total governmental activities | <u>21,839,670</u> | <u>3,422,717</u> | <u>1,941,753</u> | <u>85,105</u> | <u>(16,390,095)</u> | <u>-</u> | <u>(16,390,095)</u> |
| Business-type activities: | | | | | | | |
| Sewer Utility | 9,137,871 | 3,668,585 | - | 363,293 | - | (5,105,993) | (5,105,993) |
| Water Utility | 2,469,727 | 3,561,790 | - | 833,797 | - | 1,925,860 | 1,925,860 |
| Total business-type activities | <u>11,607,598</u> | <u>7,230,375</u> | <u>-</u> | <u>1,197,090</u> | <u>-</u> | <u>(3,180,133)</u> | <u>(3,180,133)</u> |
| Total | <u>\$ 33,447,268</u> | <u>\$ 10,653,092</u> | <u>\$ 1,941,753</u> | <u>\$ 1,282,195</u> | <u>(16,390,095)</u> | <u>(3,180,133)</u> | <u>(19,570,228)</u> |
| General Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 11,257,975 | 7,078,676 | 18,336,651 |
| Property taxes, levied for debt service | | | | | 2,743,020 | - | 2,743,020 |
| Property taxes, levied for TIF districts | | | | | 2,053,576 | - | 2,053,576 |
| Property taxes, levied for capital projects | | | | | 1,137,404 | - | 1,137,404 |
| Intergovernmental revenues not restricted to specific programs | | | | | 509,311 | - | 509,311 |
| Public gifts and grants | | | | | 101,414 | - | 101,414 |
| Investment income | | | | | 282,252 | 189,924 | 472,176 |
| Miscellaneous | | | | | 662,242 | 4,516 | 666,758 |
| Total general revenues | | | | | <u>18,747,194</u> | <u>7,273,116</u> | <u>26,020,310</u> |
| Change in net position | | | | | 2,357,099 | 4,092,983 | 6,450,082 |
| Net Position, Beginning | | | | | <u>27,798,492</u> | <u>53,315,443</u> | <u>81,113,935</u> |
| Net Position, Ending | | | | | <u>\$ 30,155,591</u> | <u>\$ 57,408,426</u> | <u>\$ 87,564,017</u> |

See notes to financial statements

City of Mequon

Balance Sheet
 Governmental Funds
 December 31, 2020

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> |
|---|----------------------|--------------------------|------------------------------|------------------------------------|
| Assets | | | | |
| Cash and investments | \$ 3,319,183 | \$ 1,417,007 | \$ 2,631,488 | \$ 825,596 |
| Receivables (net): | | | | |
| Ensuing year levy | 11,785,518 | 5,244,660 | 1,547,755 | - |
| Special assessments | 1,694 | - | 122,036 | - |
| Other | 497,476 | - | 2,271 | - |
| Loans | - | - | 205,000 | 410,165 |
| Prepayments | 335 | - | - | - |
| Advances to other funds | - | - | 1,494,750 | - |
| Equity in joint venture | 130,000 | - | - | - |
| | <u>\$ 15,734,206</u> | <u>\$ 6,661,667</u> | <u>\$ 6,003,300</u> | <u>\$ 1,235,761</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 250,828 | \$ - | \$ 106,310 | \$ 43,129 |
| Accrued liabilities | 762,969 | - | - | - |
| Deposits | 398,080 | - | - | 4,350 |
| Advances from other funds | - | 1,494,750 | - | - |
| | <u>1,411,877</u> | <u>1,494,750</u> | <u>106,310</u> | <u>47,479</u> |
| Deferred Inflows of Resources: | | | | |
| Subsequent year's tax revenue | 11,834,197 | 5,244,660 | 1,547,755 | - |
| Unavailable revenues | 1,694 | - | 299,107 | 410,165 |
| | <u>11,835,891</u> | <u>5,244,660</u> | <u>1,846,862</u> | <u>410,165</u> |
| Fund Balances (Deficit): | | | | |
| Nonspendable | 173,884 | - | - | - |
| Restricted | - | - | 1,024,062 | 555,404 |
| Committed | - | - | - | 222,713 |
| Assigned | - | - | 3,026,066 | - |
| Unassigned (deficit) | 2,312,554 | (77,743) | - | - |
| | <u>2,486,438</u> | <u>(77,743)</u> | <u>4,050,128</u> | <u>778,117</u> |
| | <u>\$ 15,734,206</u> | <u>\$ 6,661,667</u> | <u>\$ 6,003,300</u> | <u>\$ 1,235,761</u> |

See notes to financial statements

Total

\$ 8,193,274
18,577,933
123,730
499,747
615,165
335
1,494,750
130,000
\$ 29,634,934

\$ 400,267
762,969
402,430
1,494,750
3,060,416

18,626,612
710,966
19,337,578

173,884
1,579,466
222,713
3,026,066
2,234,811
7,236,940
\$ 29,634,934

City of Mequon

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds \$ 7,236,940

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 | 98,439,188 |
| Less accumulated depreciation | (62,319,231) |

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. 710,966

The net pension asset does not relate to current financial resources and is not
reported in the governmental funds. 2,078,817

Deferred outflows of resources related to pensions do not relate to current financial
resources and are not reported in the governmental funds. 4,920,332

Deferred inflows of resources related to pensions do not relate to current financial
resources and are not reported in the governmental funds. (6,271,382)

Deferred outflows of resources related to LRIF do not relate to current financial
resources and are not reported in the governmental funds 278,512

Deferred inflows of resources related to LRIF do not relate to current financial
resources and are not reported in the governmental fund (122,235)

Joint ventures containing capital assets used in the governmental funds are not
financial resources and therefore are not reported in the funds.. 2,706,000

Deferred inflows of resources related to OPEB do not relate to current financial
resources and are not reported in the governmental fund (386,653)

Deferred outflows of resources related to OPEB do not relate to current financial
resources and are not reported in the governmental fund 147,815

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 | (24,520,699) |
| Compensated absences | (654,682) |
| Accrued interest | (322,870) |
| Capital leases | (53,727) |
| Total OPEB liability | (919,348) |
| Total pension liability | (386,118) |
| Net OPEB liability - LRLIF | <u>(708,887)</u> |

Net Position of Governmental Activities \$ 30,155,591

City of Mequon

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2020

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> |
|---|---------------------|------------------------------|--------------------------------------|--|
| Revenues | | | | |
| Taxes | \$ 10,989,342 | \$ 4,516,511 | \$ 1,686,123 | \$ - |
| Intergovernmental | 2,276,350 | 57,394 | 199,463 | - |
| Licenses and permits | 1,403,824 | - | - | - |
| Fines, forfeitures and penalties | 149,638 | - | - | - |
| Public charges for services | 1,329,885 | - | 50,498 | 74,930 |
| Special assessments | - | - | 30,490 | - |
| Investment income | 110,085 | 23,800 | 89,078 | 59,289 |
| Miscellaneous revenues | 500,925 | - | 203,834 | 722 |
| | <u>16,760,049</u> | <u>4,597,705</u> | <u>2,259,486</u> | <u>134,941</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,266,926 | - | - | - |
| Public safety | 8,273,793 | - | - | 47,870 |
| Public works | 2,926,942 | - | - | - |
| Community enrichment services | 1,809,510 | - | - | 160,478 |
| Conservation and development | 469,778 | - | - | 264,080 |
| Capital Outlay | - | - | 4,169,921 | - |
| Debt Service: | | | | |
| Principal | - | 9,285,000 | 46,520 | - |
| Interest and fiscal charges | - | 924,542 | - | - |
| | <u>16,746,949</u> | <u>10,209,542</u> | <u>4,216,441</u> | <u>472,428</u> |
| Excess (deficiency) of revenues over expenditures | <u>13,100</u> | <u>(5,611,837)</u> | <u>(1,956,955)</u> | <u>(337,487)</u> |
| Other Financing Sources | | | | |
| Proceeds from capital lease | - | - | 73,372 | - |
| Debt issued | - | 5,900,000 | - | - |
| Proceeds from sale of capital assets | - | - | 58,712 | - |
| Premium on debt issued | - | 312,114 | - | - |
| Transfers Out | (10,000) | - | - | - |
| Transfers in | - | - | - | 10,000 |
| | <u>(10,000)</u> | <u>6,212,114</u> | <u>132,084</u> | <u>10,000</u> |
| Net change in fund balances | 3,100 | 600,277 | (1,824,871) | (327,487) |
| Fund Balances (Deficit), Beginning | <u>2,483,338</u> | <u>(678,020)</u> | <u>5,874,999</u> | <u>1,105,604</u> |
| Fund Balances (Deficit), Ending | <u>\$ 2,486,438</u> | <u>\$ (77,743)</u> | <u>\$ 4,050,128</u> | <u>\$ 778,117</u> |

See notes to financial statements

| <u>Total</u> | |
|--------------|-------------------------|
| \$ | 17,191,976 |
| | 2,533,207 |
| | 1,403,824 |
| | 149,638 |
| | 1,455,313 |
| | 30,490 |
| | 282,252 |
| | <u>705,481</u> |
| | <u>23,752,181</u> |
| | 3,266,926 |
| | 8,321,663 |
| | 2,926,942 |
| | 1,969,988 |
| | 733,858 |
| | 4,169,921 |
| | 9,331,520 |
| | <u>924,542</u> |
| | <u>31,645,360</u> |
| | <u>(7,893,179)</u> |
| | 73,372 |
| | 5,900,000 |
| | 58,712 |
| | 312,114 |
| | (10,000) |
| | <u>10,000</u> |
| | <u>6,344,198</u> |
| | (1,548,981) |
| | <u>8,785,921</u> |
| \$ | <u><u>7,236,940</u></u> |

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, 2020

Net Change in Fund Balances, Total Governmental Funds \$ (1,548,981)

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 | 4,169,921 |
| Some items reported as capital outlay were not capitalized | (1,848,393) |
| Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements | 391,837 |
| Depreciation is reported in the government-wide financial statements | (2,510,829) |

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 | (167,947) |
| Collection of loans | (50,236) |
| Loans Issued | 466,600 |

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 | (5,900,000) |
| Capital lease issued | (73,372) |
| Principal repaid | 9,285,000 |
| Capital lease paid | 46,520 |

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 | (312,114) |
| Amortization of debt premium | 63,943 |

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 | 62,260 |
| Total OPEB liability | (124,866) |
| Net OPEB liability - LRLIF | (272,190) |
| Accrued interest on debt | 21,598 |
| Total pension liability | 9,598 |
| Net pension asset - WRS | 4,346,307 |
| Deferred outflows of resources related to pensions | (1,297,007) |
| Deferred inflows of resources related to pensions | (3,063,727) |
| Deferred outflows of resources related to LRLIF | 370,949 |
| Deferred inflows of resources related to LRLIF | 4,688 |
| Deferred outflows of resources related to OPEB | 147,814 |
| Deferred inflows of resources related to OPEB | 139,726 |

Change in Net Position of Governmental Activities \$ 2,357,099

See notes to financial statements

City of Mequon

Statement of Net Position
 Proprietary Funds
 December 31, 2020

| | Business-Type Activities - Enterprise Funds | | |
|---------------------------------------|--|----------------------|---------------------|
| | Sewer Utility | Water Utility | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 5,308,164 | \$ 3,091,068 | \$ 8,399,232 |
| Receivables: | | | |
| Taxes | 7,107,773 | - | 7,107,773 |
| Customer accounts receivable | 952,067 | 829,826 | 1,781,893 |
| Other | 126,613 | 100,301 | 226,914 |
| Special assessments | 8,040 | - | 8,040 |
| Inventories | - | 30,901 | 30,901 |
| Restricted assets: | | | |
| Cash and investments | <u>2,593,956</u> | <u>450,000</u> | <u>3,043,956</u> |
| Total current assets | <u>16,096,613</u> | <u>4,502,096</u> | <u>20,598,709</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and investments | - | 1,250,485 | 1,250,485 |
| Net pension asset | 99,947 | 6,913 | 106,860 |
| Capital assets: | | | |
| Land | 18,775 | 350 | 19,125 |
| Construction in progress | 116,361 | - | 116,361 |
| Other capital assets | 67,058,234 | 33,149,391 | 100,207,625 |
| Less accumulated depreciation | <u>(23,093,848)</u> | <u>(7,137,978)</u> | <u>(30,231,826)</u> |
| Total noncurrent assets | <u>44,199,469</u> | <u>27,269,161</u> | <u>71,468,630</u> |
| Total assets | <u>60,296,082</u> | <u>31,771,257</u> | <u>92,067,339</u> |
| Deferred Outflows of Resources | | | |
| Pension related amounts | 272 | 141 | 413 |
| Pension related amounts - WRS | 226,165 | 15,431 | 241,596 |
| OPEB related amounts - Health | 12,592 | 6,534 | 19,126 |
| OPEB related amounts - LRLIF | 12,129 | 269 | 12,398 |
| Deferred charge on refunding | <u>-</u> | <u>418,452</u> | <u>418,452</u> |
| Total deferred outflows of resources | <u>251,158</u> | <u>440,827</u> | <u>691,985</u> |

City of Mequon

Statement of Net Position
 Proprietary Funds
 December 31, 2020

| | Business-Type Activities - Enterprise Funds | | |
|---|--|----------------------|----------------------|
| | Sewer Utility | Water Utility | Total |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 643,553 | \$ 112,548 | \$ 756,101 |
| Accrued wages | 38,981 | 57 | 39,038 |
| Accrued interest payable | 135,470 | - | 135,470 |
| Accrued compensated absences | 39,574 | - | 39,574 |
| Other current liabilities | - | 2,784 | 2,784 |
| Deposits | 20,488 | - | 20,488 |
| Current portion of general obligation debt | 1,355,000 | - | 1,355,000 |
| Liabilities payable from restricted assets: | | | |
| Current portion of revenue bonds | - | 900,000 | 900,000 |
| Accrued interest payable | - | 63,530 | 63,530 |
| | <u>2,233,066</u> | <u>1,078,919</u> | <u>3,311,985</u> |
| Total current liabilities | | | |
| Noncurrent liabilities: | | | |
| Long-term debt: | | | |
| General obligation debt | 15,195,958 | - | 15,195,958 |
| Revenue bonds | - | 9,207,636 | 9,207,636 |
| Total OPEB liability - Health | 62,662 | 11,214 | 73,876 |
| Net OPEB liability - LRLIF | 32,526 | 646 | 33,172 |
| Total pension liability | 31,739 | 8,411 | 40,150 |
| | <u>15,322,885</u> | <u>9,227,907</u> | <u>24,550,792</u> |
| Total noncurrent liabilities | | | |
| Total liabilities | | | |
| | <u>17,555,951</u> | <u>10,306,826</u> | <u>27,862,777</u> |
| Deferred Inflows of Resources | | | |
| Subsequent year's tax revenue | 7,110,670 | - | 7,110,670 |
| Pension related amounts | 3,185 | 1,653 | 4,838 |
| Pension related amounts - WRS | 295,996 | 22,098 | 318,094 |
| OPEB related amounts - Health | 32,937 | 17,092 | 50,029 |
| OPEB related amounts - LRLIF | 4,339 | 151 | 4,490 |
| | <u>7,447,127</u> | <u>40,994</u> | <u>7,488,121</u> |
| Total deferred inflows of resources | | | |
| Net Position | | | |
| Net investment in capital assets | 30,142,520 | 16,322,579 | 46,465,099 |
| Restricted for: | | | |
| Debt service | - | 386,470 | 386,470 |
| Pensions | 99,947 | 6,913 | 106,860 |
| Unrestricted | 5,301,695 | 5,148,302 | 10,449,997 |
| | <u>5,301,695</u> | <u>5,148,302</u> | <u>10,449,997</u> |
| Total net position | | | |
| | <u>\$ 35,544,162</u> | <u>\$ 21,864,264</u> | <u>\$ 57,408,426</u> |

City of Mequon

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2020

| | Business-Type Activities - Enterprise Funds | | |
|---|---|----------------------|----------------------|
| | <u>Sewer Utility</u> | <u>Water Utility</u> | <u>Total</u> |
| Operating Revenues | <u>\$ 3,668,585</u> | <u>\$ 3,561,790</u> | <u>\$ 7,230,375</u> |
| Operating Expenses | | | |
| Public works | 7,651,535 | 1,518,561 | 9,170,096 |
| Depreciation | <u>996,143</u> | <u>596,919</u> | <u>1,593,062</u> |
| Total operating expenses | <u>8,647,678</u> | <u>2,115,480</u> | <u>10,763,158</u> |
| Operating income (loss) | <u>(4,979,093)</u> | <u>1,446,310</u> | <u>(3,532,783)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Investment income | 126,121 | 63,803 | 189,924 |
| Taxes | 7,078,675 | - | 7,078,675 |
| Miscellaneous revenues | - | 4,517 | 4,517 |
| Amortization of debt premium | 62,342 | 87,235 | 149,577 |
| Interest expense | <u>(552,535)</u> | <u>(441,482)</u> | <u>(994,017)</u> |
| Total non-operating revenues (expenses) | <u>6,714,603</u> | <u>(285,927)</u> | <u>6,428,676</u> |
| Income (loss) before contributions | <u>1,735,510</u> | <u>1,160,383</u> | <u>2,895,893</u> |
| Contributions | | | |
| Capital contributions | <u>363,293</u> | <u>833,797</u> | <u>1,197,090</u> |
| Change in net position | 2,098,803 | 1,994,180 | 4,092,983 |
| Net Position, Beginning | <u>33,445,359</u> | <u>19,870,084</u> | <u>53,315,443</u> |
| Net Position, Ending | <u>\$ 35,544,162</u> | <u>\$ 21,864,264</u> | <u>\$ 57,408,426</u> |

See notes to financial statements

City of Mequon

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

| | Business-Type Activities - Enterprise Funds | | |
|---|---|----------------------|----------------------|
| | <u>Sewer Utility</u> | <u>Water Utility</u> | <u>Total</u> |
| Cash Flows From Operating Activities | | | |
| Received from customers | \$ 3,670,454 | \$ 3,507,847 | \$ 7,178,301 |
| Customer deposits paid | 20,488 | - | 20,488 |
| Paid to suppliers for goods and services | (6,768,026) | (1,350,544) | (8,118,570) |
| Paid to employees for services | <u>(609,992)</u> | <u>(129,862)</u> | <u>(739,854)</u> |
| Net cash flows from operating activities | <u>(3,687,076)</u> | <u>2,027,441</u> | <u>(1,659,635)</u> |
| Cash Flows From Investing Activities | | | |
| Investment income | <u>126,121</u> | <u>63,803</u> | <u>189,924</u> |
| Net cash flows from investing activities | <u>126,121</u> | <u>63,803</u> | <u>189,924</u> |
| Cash Flows From Noncapital Financing Activities | | | |
| Taxes received | <u>7,078,675</u> | <u>-</u> | <u>7,078,675</u> |
| Net cash flows from noncapital financing activities | <u>7,078,675</u> | <u>-</u> | <u>7,078,675</u> |
| Cash Flows From Capital and Related Financing Activities | | | |
| Debt retired | (1,325,000) | (850,000) | (2,175,000) |
| Interest paid | (562,137) | (449,788) | (1,011,925) |
| Connection fees received | 5,246 | - | 5,246 |
| Acquisition and construction of capital assets | (2,232,449) | (666,878) | (2,899,327) |
| Contribution received for construction | <u>363,293</u> | <u>43,253</u> | <u>406,546</u> |
| Net cash flows from capital and related financing activities | <u>(3,751,047)</u> | <u>(1,923,413)</u> | <u>(5,674,460)</u> |
| Net change in cash and cash equivalents | (233,327) | 167,831 | (65,496) |
| Cash and Cash Equivalents, Beginning | <u>8,135,447</u> | <u>4,623,721</u> | <u>12,759,168</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 7,902,120</u> | <u>\$ 4,791,552</u> | <u>\$ 12,693,672</u> |

See notes to financial statements

City of Mequon

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

| | 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) | \$ (4,979,093) | \$ 1,446,310 | \$ (3,532,783) |
| Nonoperating revenue | - | 4,517 | 4,517 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | |
| Depreciation | 996,143 | 596,919 | 1,593,062 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resource: | | | |
| Accounts receivables | 2,683 | - | 2,683 |
| Other receivables | (29,687) | (58,460) | (88,147) |
| Accounts payable | 278,358 | (15,364) | 262,994 |
| Other current liabilities | 14,047 | - | 14,047 |
| Pension related deferrals and liabilities/assets | (31,863) | (19,529) | (51,392) |
| Customer deposits | 20,488 | - | 20,488 |
| OPEB related deferrals and liabilities | 41,848 | 47,121 | 88,969 |
| Inventories | - | 25,927 | 25,927 |
| Net cash flows from operating activities | <u>\$ (3,687,076)</u> | <u>\$ 2,027,441</u> | <u>\$ (1,659,635)</u> |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds | | | |
| Cash and investments | \$ 5,308,164 | \$ 3,091,068 | \$ 8,399,232 |
| Restricted cash and investments | 2,593,956 | 450,000 | 3,043,956 |
| Reserve account | - | 1,250,484 | 1,250,484 |
| Cash and cash equivalents | <u>\$ 7,902,120</u> | <u>\$ 4,791,552</u> | <u>\$ 12,693,672</u> |
| Noncash Capital and Related Financing Activities | | | |
| Capital contributions | <u>\$ -</u> | <u>\$ 793,425</u> | |
| Amortization of debt premium | <u>\$ 62,342</u> | <u>\$ 87,235</u> | |

City of Mequon

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2020

| | Tax Collection Fund |
|--------------------------|------------------------------------|
| Assets | |
| Cash and investments | \$ 39,550,899 |
| Receivables: | |
| Taxes | 14,527,164 |
| Other | <u>135,929</u> |
| Total assets | <u>54,213,992</u> |
| Liabilities | |
| Accounts payable | 141,618 |
| Due to other governments | <u>54,072,374</u> |
| Total liabilities | <u>54,213,992</u> |
| Net Position | |
| Total net position | <u><u>\$ -</u></u> |

City of Mequon

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

| | <u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u> |
|----------------------------------|---|
| Additions | |
| Tax collections | \$ 38,774,718 |
| Deductions | |
| Payments to overlying districts | 38,774,718 |
| Change in fiduciary net position | - |
| Net Position, Beginning | - |
| Net Position, Ending | <u>\$ -</u> |

See notes to financial statements

City of Mequon

Index to Notes to Financial Statements
December 31, 2020

| | <u>Page</u> |
|---|-------------|
| 1. Summary of Significant Accounting Policies | 42 |
| Reporting Entity | 42 |
| Government-Wide and Fund Financial Statements | 42 |
| Measurement Focus, Basis of Accounting and Financial Statement Presentation | 44 |
| Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity | 45 |
| Deposits and Investments | 45 |
| Receivables | 46 |
| Inventories and Prepaid Items | 47 |
| Restricted Assets | 47 |
| Capital Assets | 47 |
| Deferred Outflows of Resources | 48 |
| Compensated Absences | 48 |
| Long-Term Obligations/Conduit Debt | 49 |
| Deferred Inflows of Resources | 49 |
| Equity Classifications | 49 |
| Pension | 51 |
| Postemployment Benefits Other Than Pensions (OPEB) | 51 |
| Basis for Existing Rates | 51 |
| 2. Stewardship, Compliance and Accountability | 51 |
| Budgetary Information | 51 |
| Excess Expenditures and Other Financing Uses Over Appropriations | 52 |
| Deficit Balances | 52 |
| Limitations on the City's Tax Levy | 52 |
| 3. Detailed Notes on All Funds | 53 |
| Deposits and Investments | 53 |
| Receivables | 56 |
| Restricted Assets | 56 |
| Capital Assets | 57 |
| Interfund Advances and Transfers | 60 |
| Long-Term Obligations | 61 |
| Lease Disclosures | 65 |
| Net Position/Fund Balances | 65 |
| 4. Other Information | 67 |
| Employees' Retirement System | 67 |
| Risk Management | 72 |
| Commitments and Contingencies | 72 |
| Joint Ventures | 72 |
| Other Postemployment Benefits | 74 |
| Single-Employer Defined Benefit Pension Plan | 81 |
| Tax Abatement | 83 |
| Effect of New Accounting Standards on Current-Period Financial Statements | 84 |

City of Mequon

Notes to Financial Statements
December 31, 2020

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.

Fiduciary Component Units

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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 percent of the corresponding total for all funds of that category or type, and

City of Mequon

Notes to Financial Statements
December 31, 2020

- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent 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.

Governmental Funds

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
Revolving Loan Fund

Other Committed Funds

City of Mequon

Notes to Financial Statements
December 31, 2020

In addition, the City reports the following fund type:

Custodial Fund

Custodial Fund are 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.

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

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 Fund

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.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

- a. Investment in all funds shall be made in maturities of twelve months or less.

City of Mequon

Notes to Financial Statements
December 31, 2020

- b. Investments for reserve funds must be made for up to five years.
- c. Investment securities shall be held in third-party safekeeping by an institution designated as primary agent.
- d. Deposit type securities (i.e., certificates of deposit, etc.) shall be collateralized at 110% of the face value.
- e. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, 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 state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2020 tax roll:

| | |
|--|------------------|
| Lien date and levy date | December 2020 |
| Tax bills mailed | December 2020 |
| Payment in full, or | January 31, 2021 |
| First installment due | January 31, 2021 |
| Second installment due | July 31, 2021 |
| Personal property taxes in full | January 31, 2021 |
| Tax sale - 2020 delinquent real estate taxes | October 2023 |

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.

City of Mequon

Notes to Financial Statements
December 31, 2020

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

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

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

Inventories and Prepaid Items

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

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

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 Statements

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

City of Mequon

Notes to Financial Statements

December 31, 2020

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

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

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

Fund Financial Statements

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

Deferred Outflows of Resources

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

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 \$694,556 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 compensated absences will be made at rates in effect when the benefits are used. Accumulated compensated absence liabilities at December 31, 2020, 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.

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 \$2,190,000, made up of 2 issues.

Deferred Inflows of Resources

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

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, 2020

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 | \$ 23,811,511 | \$ 46,465,099 | \$ (881,602) | \$ 69,395,008 |
| Unrestricted | 3,299,694 | 10,449,997 | 881,602 | 14,631,293 |

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, 2020

The City has a minimum fund balance policy. That policy is to maintain an unassigned General Fund fund balance between 10% - 12% of the current General Fund operating budget. Unassigned General Fund fund balance at year end was \$2,312,554, or 13.5% of the 2020 General Fund expenditure budget.

See Note 3. for further information.

Pension

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

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 December 26, 2017.

Sewer Utility

Current sewer rates were approved by the City's common council on November 12, 2019 and were effective January 1, 2020.

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, and police reserve funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

City of Mequon

Notes to Financial Statements
December 31, 2020

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 Appropriations

| <u>Fund</u> | <u>Budgeted Expenditures</u> | <u>Actual Expenditures</u> | <u>Excess Expenditures Over Budget</u> |
|-------------------|------------------------------|----------------------------|--|
| Debt Service Fund | \$ 4,049,033 | \$ 10,209,542 | \$ 6,160,509 |

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, 2020, the following individual funds held a deficit balance:

| <u>Fund</u> | <u>Amount</u> | <u>Reason</u> |
|-------------------|---------------|----------------------------|
| Debt Service Fund | \$ 77,743 | TIF debt service shortfall |

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

Limitations on the City's Tax Levy

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

City of Mequon

Notes to Financial Statements
December 31, 2020

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 | \$ 51,212,838 | \$ 50,472,654 | Custodial credit |
| US Treasuries | 591,759 | 591,759 | Custodial credit, interest rate and investments highly sensitive to interest rate changes |
| US Agencies - implicitly guaranteed | 400,052 | 400,052 | Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes |
| Asset backed securities | 6,655,029 | 6,655,029 | Custodial credit, interest rate and investments highly sensitive to interest rate changes |
| Corporporate bonds | 1,573,776 | 1,573,776 | Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes |
| LGIP | 9 | 9 | Credit risk |
| Petty cash | <u>4,383</u> | <u>-</u> | N/A |
| Total deposits and investments | <u>\$ 60,437,846</u> | <u>\$ 59,693,279</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 16,592,506 | | |
| Restricted cash and investments | 4,294,441 | | |
| Per statement of net position - fiduciary fund | | | |
| Tax Collection Fund | <u>39,550,899</u> | | |
| Total deposits and investments | <u>\$ 60,437,846</u> | | |

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.

City of Mequon

Notes to Financial Statements
December 31, 2020

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, 2020 | | | |
|-------------------------------------|-------------------|---------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| US Agencies - implicitly guaranteed | \$ - | \$ 400,052 | \$ - | \$ 400,052 |
| Asset backed securities | - | 6,655,029 | - | 6,655,029 |
| Corporate bonds | - | 1,573,776 | - | 1,573,776 |
| US Treasuries | 591,759 | - | - | 591,759 |
| Total | <u>\$ 591,759</u> | <u>\$ 8,628,857</u> | <u>\$ -</u> | <u>\$ 9,220,616</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, 2020, the City's investments were exposed to custodial credit risk as follows:

US Treasuries

Neither insured nor registered and held by counterparty \$ 591,759

US Agencies - implicitly guaranteed

Neither insured nor registered and held by counterparty \$ 400,052

Asset backed securities

Neither insured nor registered and held by counterparty \$ 6,655,029

Corporate bonds

Neither insured nor registered and held by counterparty \$ 1,573,776

City of Mequon

Notes to Financial Statements
December 31, 2020

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, 2020, the City's investments were rated as follows:

| Investment Type | Moody's Investors Services |
|-------------------------------------|----------------------------------|
| US Agencies - implicitly guaranteed | Aaa |
| Corporate bonds | A2-Aaa |

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

LGIP

Concentration of Credit Risk

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

At December 31, 2020, the investment portfolio was concentrated as follows:

| Issuer | Investment Type | Percentage of Portfolio |
|---------------------------|-----------------------------------|----------------------------|
| Federal Farm Credit Banks | US Agency - implicitly guaranteed | 6.31 % |

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, 2020, the City's investments were as follows:

| Investment Type | Fair Value | Maturity (In Years) | | | |
|-------------------------------------|---------------------|---------------------|---------------------|-------------------|-------------------------|
| | | Less than 1 year | 1 - 3 years | 3 - 5 years | Greater than 5 years |
| US Agencies - implicitly guaranteed | \$ 400,052 | \$ - | \$ 400,052 | \$ - | \$ - |
| US Treasuries | 591,759 | 142,214 | 449,524 | - | - |
| Asset Backed Securities | 6,655,029 | 326,442 | 989,910 | - | 5,338,698 |
| Corporate bonds | 1,573,776 | 1,148,216 | 208,686 | 216,874 | - |
| Total | <u>\$ 9,220,616</u> | <u>\$ 1,616,872</u> | <u>\$ 2,048,172</u> | <u>\$ 216,874</u> | <u>\$ 5,338,698</u> |

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2020, the City held \$400,052, \$591,759, \$6,655,029, and \$1,573,776 in US Agencies, US Treasuries, Asset backed securities and Corporate bonds, respectively, which matures in 2021-2049. 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, 2020, was \$9,220,616.

City of Mequon

Notes to Financial Statements
December 31, 2020

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 \$123,730 of special assessments in the general fund and capital projects fund, and \$615,165 of loans in the revolving loan program fund.

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 | \$ 18,537,051 | \$ - |
| Special assessment interest | - | 95,801 |
| Loan receivable | - | 615,165 |
| Interest on loan receivable | <u>89,561</u> | <u>-</u> |
| Total unearned/unavailable revenue for governmental funds | <u>\$ 18,626,612</u> | <u>\$ 710,966</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 | <u>\$ 7,110,670</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, 2020, 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, 2020

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, 2020:

| | <u>Restricted Assets</u> | <u>Liabilities Payable from Restricted Assets</u> | <u>Restricted Net Position</u> |
|-------------------------|------------------------------|---|------------------------------------|
| Bond redemption account | \$ 450,000 | \$ 63,530 | \$ 386,470 |
| Bond reserve account | 1,250,485 | N/A | 1,250,485 |
| Net pension asset | 2,185,677 | N/A | 2,185,677 |
| Construction | <u>2,593,956</u> | <u>N/A</u> | <u>-</u> |
| Total | <u>\$ 6,480,118</u> | <u>\$ 63,530</u> | <u>\$ 3,822,632</u> |

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,820,930 | \$ 481,923 | \$ - | \$ 10,302,853 |
| Total capital assets not being depreciated / amortized | <u>9,820,930</u> | <u>481,923</u> | <u>-</u> | <u>10,302,853</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 19,844,930 | 161,947 | - | 20,006,877 |
| Roads | 59,688,682 | 1,188,452 | - | 60,877,134 |
| Bridges | 3,758,538 | - | - | 3,758,538 |
| Parking Lots | 1,011,495 | - | - | 1,011,495 |
| Equipment, vehicles, and miscellaneous | <u>12,108,055</u> | <u>881,043</u> | <u>203,954</u> | <u>12,785,144</u> |
| Total capital assets being depreciated / amortized | <u>96,411,700</u> | <u>2,231,442</u> | <u>203,954</u> | <u>98,439,188</u> |
| Total capital assets | <u>106,232,630</u> | <u>2,713,365</u> | <u>203,954</u> | <u>108,742,041</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (7,148,338) | (369,531) | - | (7,517,869) |
| Roads | (42,413,259) | (1,425,228) | - | (43,838,487) |
| Bridges | (1,679,746) | (90,250) | - | (1,769,996) |
| Parking Lots | (42,367) | (41,683) | - | (84,050) |
| Equipment, vehicles, and miscellaneous | <u>(8,728,646)</u> | <u>(584,137)</u> | <u>203,954</u> | <u>(9,108,829)</u> |
| Total accumulated depreciation / amortization | <u>(60,012,356)</u> | <u>(2,510,829)</u> | <u>203,954</u> | <u>(62,319,231)</u> |
| Net capital assets being depreciated | <u>36,399,344</u> | <u>(279,387)</u> | <u>-</u> | <u>36,119,957</u> |
| Total governmental activities capital assets, net of accumulated depreciation | <u>\$ 46,220,274</u> | <u>\$ 202,536</u> | <u>\$ -</u> | <u>\$ 46,422,810</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|--------------------|------------------|
| General government | \$ 61,795 |
| Public safety | 372,964 |
| Public works | <u>2,076,070</u> |

| | |
|---|----------------------------|
| Total governmental activities depreciation / amortization expense | <u><u>\$ 2,510,829</u></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>-</u> | <u>116,361</u> | <u>-</u> | <u>116,361</u> |
| Total capital assets not being depreciated / amortized | <u>18,775</u> | <u>116,361</u> | <u>-</u> | <u>135,136</u> |
| Capital assets being depreciated: | | | | |
| Structure improvements | 8,094,780 | 10,706 | - | 8,105,486 |
| Sewer collection system | 53,281,364 | 1,936,424 | - | 55,217,788 |
| Machinery and equipment | <u>3,642,287</u> | <u>92,673</u> | <u>-</u> | <u>3,734,960</u> |
| Total capital assets being depreciated / amortized | <u>65,018,431</u> | <u>2,039,803</u> | <u>-</u> | <u>67,058,234</u> |
| Total capital assets | <u>65,037,206</u> | <u>2,156,164</u> | <u>-</u> | <u>67,193,370</u> |
| Less accumulated depreciation for: | | | | |
| Structure improvements | (1,969,143) | (162,129) | - | (2,131,272) |
| Sewer collection system | (17,171,610) | (736,193) | - | (17,907,803) |
| Machinery and equipment | <u>(2,956,952)</u> | <u>(97,821)</u> | <u>-</u> | <u>(3,054,773)</u> |
| Total accumulated depreciation / amortization | <u>(22,097,705)</u> | <u>(996,143)</u> | <u>-</u> | <u>(23,093,848)</u> |
| Net capital assets being depreciated / amortized | <u>42,920,726</u> | <u>1,043,660</u> | <u>-</u> | <u>43,964,386</u> |
| Net sewer capital assets | <u><u>\$ 42,939,501</u></u> | <u><u>\$ 1,160,021</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 44,099,522</u></u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|------------------------------|---------------------|------------------|---------------------------|
| Water | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 350 | \$ - | \$ - | \$ 350 |
| Total capital assets not being depreciated / amortized | <u>350</u> | <u>-</u> | <u>-</u> | <u>350</u> |
| Capital assets being depreciated: | | | | |
| Intangible plant | 786 | - | - | 786 |
| Pumping | 644,217 | - | - | 644,217 |
| Transmission and distribution | 30,636,835 | 1,420,853 | 64,603 | 31,993,085 |
| Administrative and general | 476,853 | 39,450 | 5,000 | 511,303 |
| Total capital assets being depreciated / amortized | <u>31,758,691</u> | <u>1,460,303</u> | <u>69,603</u> | <u>33,149,391</u> |
| Total capital assets | <u>31,759,041</u> | <u>1,460,303</u> | <u>69,603</u> | <u>33,149,741</u> |
| Less accumulated depreciation for | | | | |
| Intangible plant | (786) | - | - | (786) |
| Pumping | (353,095) | (24,237) | - | (377,332) |
| Transmission and distribution | (5,822,963) | (559,295) | 64,603 | (6,317,655) |
| Administrative and general | (433,215) | (13,387) | 5,000 | (441,602) |
| Total accumulated depreciation / amortization | <u>(6,610,059)</u> | <u>(596,919)</u> | <u>69,603</u> | <u>(7,137,375)</u> |
| Net capital assets being depreciated / amortized | <u>25,148,632</u> | <u>863,384</u> | <u>-</u> | <u>26,012,016</u> |
| Net water capital assets | <u>\$ 25,148,982</u> | <u>\$ 863,384</u> | <u>\$ -</u> | <u>\$ 26,012,366</u> |
| Business-type capital assets, net of accumulated depreciation | <u>\$ 68,088,483</u> | <u>\$ 2,023,405</u> | <u>\$ -</u> | <u>\$ 70,111,888</u> |

Depreciation expense was charged to functions as follows:

Business-Type Activities

| | |
|---|---------------------|
| Sewer | \$ 996,143 |
| Water | <u>596,919</u> |
| Total business-type activities depreciation expense | <u>\$ 1,593,062</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

Interfund Advances and Transfers

Advances

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

The following is a schedule of interfund advances:

| <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 |
| Less fund eliminations | | <u>(10,000)</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, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|---------------------|----------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation debt | \$ 27,030,000 | \$ 5,900,000 | \$ 9,285,000 | \$ 23,645,000 | \$ 3,150,000 |
| (Discounts)/Premiums: | 627,528 | 312,114 | 63,943 | 875,699 | - |
| Subtotal | <u>27,657,528</u> | <u>6,212,114</u> | <u>9,348,943</u> | <u>24,520,699</u> | <u>3,150,000</u> |
| Other liabilities: | | | | | |
| Capital leases | 26,875 | 73,372 | 46,520 | 53,727 | 17,082 |
| Total OPEB liability | 794,482 | 124,866 | - | 919,348 | - |
| Total pension liability | 395,716 | - | 9,598 | 386,118 | - |
| Compensated absences | 716,942 | 312,265 | 374,525 | 654,682 | 473,666 |
| Net pension liability - WRS | 2,267,490 | - | 2,267,490 | - | - |
| Net OPEB liability - LRLIF | 436,697 | 272,190 | - | 708,887 | - |
| Total other liabilities | <u>4,638,202</u> | <u>782,693</u> | <u>2,698,133</u> | <u>2,722,762</u> | <u>490,748</u> |
| Total governmental activities long-term liabilities | <u>\$ 32,295,730</u> | <u>\$ 6,994,807</u> | <u>\$ 12,047,076</u> | <u>\$ 27,243,461</u> | <u>\$ 3,640,748</u> |
| Business-Type Activities | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation debt | \$ 17,230,000 | \$ - | \$ 1,325,000 | \$ 15,905,000 | \$ 1,355,000 |
| Revenue bonds | 10,215,000 | - | 850,000 | 9,365,000 | 900,000 |
| (Discounts)/Premiums | 1,538,171 | - | 149,577 | 1,388,594 | - |
| Subtotal | <u>28,983,171</u> | <u>-</u> | <u>2,324,577</u> | <u>26,658,594</u> | <u>2,255,000</u> |
| Other liabilities: | | | | | |
| Total OPEB liability | 77,971 | - | 4,095 | 73,876 | - |
| Total pension liability | 41,967 | - | 1,817 | 40,150 | - |
| Net pension liability - WRS | 123,794 | - | 123,794 | - | - |
| Net OPEB liability - LRLIF | 16,194 | 16,978 | - | 33,172 | - |
| Compensated absences | 31,161 | 26,570 | 17,857 | 39,874 | 39,874 |
| Total other liabilities | <u>291,087</u> | <u>43,548</u> | <u>147,563</u> | <u>187,072</u> | <u>39,874</u> |
| Total business-type activities long-term liabilities | <u>\$ 29,274,258</u> | <u>\$ 43,548</u> | <u>\$ 2,472,140</u> | <u>\$ 26,845,666</u> | <u>\$ 2,294,874</u> |

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5 percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$261,621,550. Total general obligation debt outstanding at year end was \$39,550,000.

City of Mequon

Notes to Financial Statements
December 31, 2020

General Obligation Debt

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

| <u>Governmental Activities</u> | | | | | <u>Balance</u> |
|--|----------------------|-----------------------|-----------------------|------------------------------|--------------------------|
| <u>General Obligation Debt</u> | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>December 31, 2020</u> |
| G.O. Promissory Notes | 4/5/11 | 4/1/21 | 3.0% | \$ 4,230,000 | \$ 550,000 |
| G.O. Promissory Notes | 5/2/13 | 4/1/23 | 1.5-2.0% | 3,710,000 | 1,200,000 |
| G.O. Refunding Bonds | 5/2/13 | 4/1/21 | 0.4-1.75% | 1,280,000 | 170,000 |
| G.O. Corporate Purpose Bonds | 6/3/15 | 5/1/27 | 2.0-3.0% | 5,740,000 | 4,545,000 |
| G.O. Promissory Notes | 3/24/16 | 3/1/31 | 2.0-2.25% | 8,905,000 | 6,730,000 |
| G.O. Promissory Notes | 3/6/19 | 3/1/29 | 2.0% | 5,035,000 | 4,550,000 |
| G.O. Refunding Bonds | 2/6/20 | 8/1/28 | 2.0% | 5,900,000 | 5,900,000 |
| Total governmental activities, general obligation debt | | | | | <u>\$ 23,645,000</u> |

| <u>Business-Type Activities</u> | | | | | <u>Balance</u> |
|---|----------------------|-----------------------|-----------------------|------------------------------|--------------------------|
| <u>General Obligation Debt</u> | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>December 31, 2020</u> |
| G.O. Corporate Purpose Bonds - sewer | 6/3/15 | 5/1/25 | 2.0-3.0% | \$ 1,310,000 | \$ 825,000 |
| G.O. Corporate Purpose Bonds - sewer | 4/26/18 | 10/1/31 | 3.0-4.0% | 19,400,000 | 15,080,000 |
| Total business-type activities, general obligation debt | | | | | <u>\$ 15,905,000</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|--------------|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 3,150,000 | \$ 567,790 | \$ 1,355,000 | \$ 522,813 |
| 2022 | 3,295,000 | 484,203 | 1,405,000 | 471,088 |
| 2023 | 2,850,000 | 402,703 | 1,455,000 | 416,538 |
| 2024 | 2,650,000 | 326,353 | 1,495,000 | 373,713 |
| 2025 | 2,765,000 | 226,500 | 1,545,000 | 317,006 |
| 2026-2030 | 8,260,000 | 482,493 | 7,615,000 | 868,950 |
| 2031 | 675,000 | 7,594 | 1,035,000 | 31,050 |
| Total | <u>\$ 23,645,000</u> | <u>\$ 2,497,636</u> | <u>\$ 15,905,000</u> | <u>\$ 3,001,158</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, 2020

The City has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2009 and 2017. Proceeds from the bonds provided financing for the purchase of the Water Utility from WE Energies. The bonds are payable solely from water revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 64.00 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,140,150. Principal and interest paid for the current year and total customer net revenues were \$1,248,225 and \$2,107,032, respectively.

Revenue debt payable at December 31, 2020, 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, 2020</u> |
|--|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Water Utility | | | | | |
| 2009 Revenue Bonds | 4/29/09 | 5/1/29 | 1.4-5.0% | \$ 17,125,000 | \$ 900,000 |
| 2017 Revenue Refunding Bonds | 7/10/17 | 5/1/29 | 4.0% | 8,465,000 | <u>8,465,000</u> |
| Total business-type activities, revenue debt | | | | | <u>\$ 9,365,000</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> |
| 2021 | \$ 900,000 | \$ 358,850 |
| 2022 | 935,000 | 319,900 |
| 2023 | 970,000 | 281,800 |
| 2024 | 1,010,000 | 242,200 |
| 2025 | 1,025,000 | 201,500 |
| 2026-2029 | <u>4,525,000</u> | <u>370,900</u> |
| Total | <u>\$ 9,365,000</u> | <u>\$ 1,775,150</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.

Current Refunding

On February 6, 2020, the City issued \$5,900,000 in general obligation bonds with an average coupon rate of 2.00 percent to refund \$6,800,000 of outstanding bonds with an average coupon rate of 6.00 percent. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

City of Mequon

Notes to Financial Statements
December 31, 2020

The cash flow requirements on the refunded debt prior to the current refunding was \$7,273,341 from 2020 through 2028. The cash flow requirements on the refunding bonds are \$6,606,170 from 2020 through 2028. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$667,171.

Bond Covenant Disclosures

Insurance

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

The utility is covered under the following insurance policies at December 31, 2020:

| <u>Type</u> | | <u>Coverage</u> | <u>Expiration</u> |
|--------------------------------------|--------------|-----------------|-------------------|
| Personal and Advertising Injury | \$ 3,000,000 | M3 Insurance | 12/31/21 |
| Premises Medical Payments | 10,000 | M3 Insurance | 12/31/21 |
| Errors and Omissions | 3,000,000 | M3 Insurance | 12/31/21 |
| Employee Benefits Liability | 3,000,000 | M3 Insurance | 12/31/21 |
| Auto Coverage | 3,000,000 | M3 Insurance | 12/31/21 |
| Automobile Medical Payments Coverage | 10,000 | M3 Insurance | 12/31/21 |
| Public Employee Dishonesty | 250,000 | M3 Insurance | 12/31/21 |
| Workers' Compensation | 500,000 | M3 Insurance | 12/31/21 |

Number of Customers and Billed Volumes, Water

The utility has the following number of customers and billed volumes for 2020 and 2019:

| | <u>Customers</u> | | <u>Sales (000 gals)</u> | |
|------------------|------------------|--------------|-------------------------|----------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Residential | 4,193 | 4,150 | 261,560 | 215,912 |
| Commercial | 285 | 279 | 92,014 | 99,444 |
| Industrial | 87 | 87 | 16,349 | 11,955 |
| Public authority | 8 | 8 | 1,490 | 1,830 |
| Wholesale | 36 | 36 | 28,175 | 23,347 |
| Total | <u>4,609</u> | <u>4,560</u> | <u>399,588</u> | <u>352,488</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

Lease Disclosures

Lessee, Capital Leases

In 2020, the City acquired vehicles through a lease/purchase agreement. The gross amount of these assets under capital leases is \$73,372, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2020, are as follows:

| <u>Years</u> | <u>Governmental Activities</u> | | |
|--------------|--------------------------------|-----------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2021 | \$ 17,082 | \$ 2,564 | \$ 19,646 |
| 2022 | 17,895 | 1,749 | 19,644 |
| 2023 | <u>18,750</u> | <u>895</u> | <u>19,645</u> |
| Total | <u>\$ 53,727</u> | <u>\$ 5,208</u> | <u>\$ 58,935</u> |

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

| | |
|---|----------------------|
| Land | \$ 10,302,853 |
| Other capital assets, net of accumulated depreciation | 36,119,957 |
| Less long-term debt outstanding, including premium | (24,574,426) |
| Plus unspent capital related debt proceeds | 289,960 |
| Plus noncapital debt proceeds | <u>1,673,167</u> |
| Total net investment in capital assets | <u>\$ 23,811,511</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, 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 (Deficits) | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | \$ 335 | \$ - | \$ - | \$ - | \$ 335 |
| Delinquent personal property taxes | 43,549 | - | - | - | 43,549 |
| Equity in joint venture - library | 130,000 | - | - | - | 130,000 |
| Subtotal | <u>173,884</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>173,884</u> |
| Restricted for: | | | | | |
| TID development purposes | - | - | 1,024,062 | - | 1,024,062 |
| Economic development loan program | - | - | - | 302,201 | 302,201 |
| Parks | - | - | - | 253,203 | 253,203 |
| Subtotal | <u>-</u> | <u>-</u> | <u>1,024,062</u> | <u>555,404</u> | <u>1,579,466</u> |
| Committed to: | | | | | |
| Police reserve | - | - | - | 13,545 | 13,545 |
| Special events | - | - | - | 8,975 | 8,975 |
| Other activities | - | - | - | 163,189 | 163,189 |
| Police seized asset forfeitures | - | - | - | 37,004 | 37,004 |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>222,713</u> | <u>222,713</u> |
| Assigned to: | | | | | |
| Capital projects | - | - | 3,026,066 | - | 3,026,066 |
| Subtotal | <u>-</u> | <u>-</u> | <u>3,026,066</u> | <u>-</u> | <u>3,026,066</u> |
| Unassigned (deficit): | <u>2,312,554</u> | <u>(77,743)</u> | <u>-</u> | <u>-</u> | <u>2,234,811</u> |
| Total fund balances (deficit) | <u>\$ 2,486,438</u> | <u>\$ (77,743)</u> | <u>\$ 4,050,128</u> | <u>\$ 778,117</u> | <u>\$ 7,236,940</u> |

Business-Type Activities

Net investment in capital assets:

| | |
|---|----------------|
| Land | \$ 19,125 |
| Construction in progress | 116,361 |
| Other capital assets, net of accumulated depreciation | 69,975,799 |
| Less Long-term debt outstanding, including premiums | (26,658,594) |
| Plus unspent capital related debt proceeds | 2,593,956 |
| Plus Unamortized loss on advance refunding | <u>418,452</u> |

Total net investment in capital assets \$ 46,465,099

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, and expected to work at least 1,200 hours a year (880 hours 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 Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and 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

Notes to Financial Statements
December 31, 2020

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> |
|-------------|-----------------------------|---------------------------------|
| 2010 | (1.3)% | 22.0% |
| 2011 | (1.2) | 11.0 |
| 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) |

City of Mequon

Notes to Financial Statements
December 31, 2020

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 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 \$708,691 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2020 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (Executives & Elected Officials) | 6.55 % | 6.55 % |
| Protective with Social Security | 6.55 % | 10.55 % |
| Protective without Social Security | 6.55 % | 14.95 % |

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

At December 31, 2020, the City reported an asset of \$2,185,677 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 contribution of all participating employers. At December 31, 2019, the City's proportion was 0.06778436 percent, which was an increase of 0.00056976 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$764,762.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 4,148,915 | \$ 2,076,254 |
| Changes in assumptions | 170,322 | - |
| Net differences between projected and actual earnings on pension plan investments | - | 4,468,302 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 19,787 |
| Employer contributions subsequent to the measurement date | <u>814,933</u> | <u>-</u> |
| Total | <u>\$ 5,134,170</u> | <u>\$ 6,564,343</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

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:

| Core Fund Asset Class | Current Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------------|-----------------------------------|--|---|
| Global Equities | 49 % | 8.0 % | 5.1 % |
| Fixed Income | 24.5 | 4.9 | 2.1 |
| Inflation Sensitive Assets | 15.5 | 4.0 | 1.2 |
| Real Estate | 9 | 6.3 | 3.5 |
| Private Equity/Debt | 8 | 10.6 | 7.6 |
| Multi-Asset | 4 | 6.9 | 4.0 |
| Total Core Fund | 110 | 7.5 | 4.6 |
| Variable Fund Asset Class | | | |
| U.S Equities | 70 | 7.5 | 4.6 |
| International Equities | 30 | 8.2 | 5.3 |
| Total Variable Fund | 100 | 7.8 | 4.9 |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75 percent
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (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, 2019. 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 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Mequon

Notes to Financial Statements
December 31, 2020

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | <u>1% Decrease to Discount Rate (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase to Discount Rate (8.00%)</u> |
|---|---|--|---|
| City's proportionate share of the net pension liability (asset) | \$ 5,628,509 | \$ (2,185,677) | \$ (8,027,680) |

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, 2020, the City reported a payable to the pension plan \$143,490 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 band 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.

City of Mequon

Notes to Financial Statements
December 31, 2020

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 \$1,075,000 in 2020.

Financial information of the Library as of December 31, 2020 is available directly from the Library's office.

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

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

Mid-Moraine Municipal Court

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

The 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 | 3.97 % |
| Village of Grafton | 5.39 |
| Village of Thiensville | 1.57 |
| City of West Bend | 25.27 |
| Village of Germantown | 11.89 |
| City of Hartford | 9.75 |
| Village of Kewaskum | 1.70 |
| Village of Slinger | 6.58 |
| Village of Jackson | 3.67 |
| City of Port Washington | 7.95 |
| Village of Saukville | 4.58 |
| Town of Hartford | 0.34 |
| City of Mequon | 15.42 |
| Town of Trenton | 1.22 |
| Village of Newburg | 0.52 |
| Village of Fredonia | 0.18 |
| Total | <u>100.00 %</u> |

The governing committee is made up of local (staff) representatives 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, 2020 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 Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Employees covered by benefit terms.

At December 31, 2020, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 34 |
| Active plan members | <u>114</u> |
| | <u><u>148</u></u> |

The City's total OPEB liability of \$993,224 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Discount rate | 2.75% |
| Inflation | 2.50% |
| Salary increases | 4.0% |
| Healthcare cost trend rates | 6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter |

The discount rate of 2.75% was based upon all years of projected payments discounted at a municipal bond rate of 2.75%.

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%).

City of Mequon

Notes to Financial Statements
December 31, 2020

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period 2015-17.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Balances at December 31, 2019 | \$ 872,453 |
| Changes for the year: | |
| Service cost | 50,090 |
| Interest | 32,945 |
| Differences between expected and actual experience | 128,196 |
| Changes in assumptions or other inputs | 57,294 |
| Benefit payments | <u>(147,754)</u> |
| Net changes | <u>120,771</u> |
| Balances at December 31, 2020 | <u>\$ 993,224</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 (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

| | <u>1% Decrease (1.75%)</u> | <u>Discount Rate (2.75%)</u> | <u>1% Increase (3.75%)</u> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability | \$ 1,042,424 | \$ 993,224 | \$ 946,218 |

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 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

| | <u>1% Decrease (5.5% Decreasing to 4.0%)</u> | <u>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</u> | <u>1% Increase (7.5% Decreasing to 6.0%)</u> |
|----------------------|--|--|--|
| Total OPEB liability | \$ 935,963 | \$ 993,224 | \$ 1,059,938 |

City of Mequon

Notes to Financial Statements
December 31, 2020

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

For the year ended December 31, 2020, the City recognized negative OPEB expense of \$120,771. At December 31, 2020, 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 | \$ 115,376 | \$ 436,682 |
| Changes of assumptions or other inputs | <u>51,565</u> | <u>-</u> |
| Total | <u>\$ 166,941</u> | <u>\$ 436,682</u> |

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

| <u>Year Ended December 31:</u> | <u>Deferred Outflows of Resources and Deferred Inflows of Resources</u> |
|--------------------------------|---|
| 2021 | \$ (53,623) |
| 2022 | (53,623) |
| 2023 | (53,623) |
| 2024 | (53,623) |
| 2025 | (53,623) |
| Thereafter | (1,626) |

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 Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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.

City of Mequon

Notes to Financial Statements
December 31, 2020

Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2020 are:

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

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

During the reporting period, the LRLIF recognized \$3,381 in contributions from the employer.

City of Mequon

Notes to Financial Statements
December 31, 2020

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

At December 31, 2020, the City reported a liability of \$742,059 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. 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, 2019, the City's proportion was 0.17426600 percent, which was a decrease of 0.00125000 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$50,832.

At December 31, 2020, 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 | \$ - | \$ 33,243 |
| Net differences between projected and actual earnings on OPEB plan investments | 273,749 | 81,621 |
| Changes in assumptions | 13,998 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 11,861 |
| Employer contributions subsequent to the measurement date | <u>3,163</u> | <u>-</u> |
| Total | <u>\$ 290,910</u> | <u>\$ 126,725</u> |

\$3,163 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, 2021. 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>Year Ended December 31:</u> | <u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u> |
|------------------------------------|---|
| 2021 | \$ 27,236 |
| 2022 | 27,236 |
| 2023 | 25,726 |
| 2024 | 24,173 |
| 2025 | 19,969 |
| Thereafter | 36,682 |

City of Mequon

Notes to Financial Statements
December 31, 2020

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--------------------------------|
| Actuarial Valuation Date: | January 1, 2019 |
| Measurement Date of Net OPEB Liability | December 31, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield | 2.74% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 2.87% |
| Salary Increases: | |
| Inflation | 3.00% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 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.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019**

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return %</u> |
|-----------------------------------|----------------------|--------------------------|---|
| US Credit Bonds | Barclays Credit | 45 % | 2.12 % |
| US Long Credit Bonds | Barclays Long Credit | 5 | 2.90 |
| US Mortgages | Barclays MBS | 50 | 1.53 |
| Inflation | | | 2.20 |
| Long-Term Expected Rate of Return | | | 4.25 % |

The long-term expected rate of return decreased slightly from 5.00 percent in the prior year to 4.25 percent in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30 percent in the prior year to 2.20 percent in the current year. 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.

Single Discount Rate

A single discount rate of 2.87 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10 percent as of December 31, 2018 to 2.74 percent as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. 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, 2020

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 2.87 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

| | <u>1% Decrease to Discount Rate (1.87%)</u> | <u>Current Discount Rate (2.87%)</u> | <u>1% Increase to Discount Rate (3.87%)</u> |
|--|---|--|---|
| City's proportionate share of the net OPEB liability | <u>\$ 1,024,659</u> | <u>\$ 742,059</u> | <u>\$ 527,055</u> |

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, 2020, plan's membership consisted of:

| | |
|-------------------------------|-----------|
| Retirees and beneficiaries | 8 |
| Inactive, non-retired members | 41 |
| Active members | <u>35</u> |
| Total | <u>84</u> |

The City paid \$45,012 for pension benefits as they came due during the reporting period. The City is funding these benefits on a pay-as-you-go basis.

Changes in total pension liability

| | <u>Total Pension Liability</u> |
|---------------------------------------|------------------------------------|
| Beginning of Year Balance | \$ 437,683 |
| Service cost | 20,899 |
| Interest on total pension liability | 16,314 |
| Changes of benefit terms | 4,153 |
| Changes of assumptions or other input | 17,785 |
| Benefit payments | <u>(80,578)</u> |
| End of Year Balance | <u>\$ 426,268</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

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

| | |
|------------------------------|--|
| Measurement Date: | December 31, 2019 |
| Actuarial Valuation Date: | December 31, 2017 |
| Inflation: | 2.50% |
| Salary Changes: | 3.00% plus merit increases ranging from 0.4% to 4.8% depending on years of service |
| Discount Rate: | 2.75% |
| Source of Discount Rate: | Bond Buyer Go 20-Year AA Bond Index |
| Dates of Experience Studies: | Wisconsin Retirement System Experience from 2015-2017 |

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 1.75% 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 (3.75%) or 1 percentage point higher (5.00%) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|-------------------------|--------------------|------------------------------|--------------------|
| Total Pension Liability | \$ <u>443,637</u> | \$ <u>426,268</u> | \$ <u>409,186</u> |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2020, the City recognized pension expense of \$39,429.

At December 31, 2020, 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 | \$ 9,011 | \$ 29,971 |
| Changes in assumptions | <u>19,160</u> | <u>-</u> |
| Total | <u>\$ 28,171</u> | <u>\$ 29,971</u> |

City of Mequon

Notes to Financial Statements
December 31, 2020

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

| Year ended December 31: | Deferred Outflows of Resources and Deferred Inflows of Resources (net) |
|----------------------------|---|
| 2021 | \$ (392) |
| 2022 | (392) |
| 2023 | (392) |
| 2024 | (392) |
| 2025 | (392) |
| Thereafter | 160 |

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, 2020 were \$25,270. The remaining obligation under this agreement as of December 31, 2020 is \$197,956.

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, 2020 were \$28,488. The remaining obligation under this agreement as of December 31, 2020 is \$252,741.

City of Mequon

Notes to Financial Statements
December 31, 2020

The City through its Tax Incremental Financing District (TID) No. 5 has entered into a tax abatement agreement with a developer in the form of a tax incremental financing incentive payment to stimulate economic development. The abatement is authorized through the TID project plan. The developer pays property taxes as they become due, and after meeting the criteria established in the development agreement, is entitled to a future incentive payment that directly correlates to the taxes paid. The incentive is calculated based on annual payments and the developer commitment includes that the project will result in a minimum value of \$1,500,000. Incentive payments for the year ended December 31, 2020 were \$30,235. The remaining obligation under this agreement as of December 31, 2020 is \$10,566.

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, 2020 were \$0. The remaining obligation under this agreement as of December 31, 2020 is \$647,427.

Effect of New Accounting Standards on Current-Period Financial Statements

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

Statement No. 87, *Leases*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Statement No. 96, *Subscription-Based Information Technology Arrangements*

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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, 2020

| | <u>Original</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------|---------------------|---------------------|---------------------------------------|
| Revenues | | | | |
| Taxes | \$ 10,985,977 | \$ 10,985,977 | \$ 10,989,342 | \$ 3,365 |
| Intergovernmental | 2,278,841 | 2,278,841 | 2,276,350 | (2,491) |
| Licenses and permits | 1,635,050 | 1,399,930 | 1,403,824 | 3,894 |
| Fines, forfeitures and penalties | 232,100 | 151,850 | 149,638 | (2,212) |
| Public charges for services | 1,373,350 | 1,171,855 | 1,329,885 | 158,030 |
| Investment Income | 173,500 | 108,500 | 110,085 | 1,585 |
| Other general revenue | <u>474,600</u> | <u>852,113</u> | <u>500,925</u> | <u>(351,188)</u> |
| Total revenues | <u>17,153,418</u> | <u>16,949,066</u> | <u>16,760,049</u> | <u>(189,017)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,035,101 | 3,226,663 | 3,266,926 | (40,263) |
| Public safety | 8,688,532 | 8,456,346 | 8,273,793 | 182,553 |
| Public works | 3,107,585 | 2,982,912 | 2,926,942 | 55,970 |
| Culture, recreation and education | 1,828,779 | 1,768,506 | 1,809,510 | (41,004) |
| Conservation and development | <u>492,921</u> | <u>514,639</u> | <u>469,778</u> | <u>44,861</u> |
| Total expenditures | <u>17,152,918</u> | <u>16,949,066</u> | <u>16,746,949</u> | <u>202,117</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>500</u> | <u>-</u> | <u>13,100</u> | <u>13,100</u> |
| Other Financing Uses | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(10,000)</u> | <u>(10,000)</u> |
| Net change in fund balance | <u>\$ 500</u> | <u>\$ -</u> | <u>3,100</u> | <u>\$ 3,100</u> |
| Fund Balance, Beginning | | | <u>2,483,338</u> | |
| Fund Balance, Ending | | | <u>\$ 2,486,438</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, 2020

| WRS Fiscal Year Ending | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------------------|--|---|----------------------------|--|---|
| 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% |

Schedule of Employer Contributions - Wisconsin Retirement System
 Year Ended December 31, 2020

| 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 |
|--|---|--|---|----------------------------|---|
| 12/31/15 | \$ 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% |

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, 2020

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 23,234 | \$ 23,234 | \$ 22,532 | \$ 20,899 |
| Interest | 17,854 | 17,888 | 15,480 | 16,314 |
| Changes in benefit terms | - | - | - | 4,153 |
| Difference between expected and actual experience | - | (42,816) | - | 10,012 |
| Changes in assumptions | - | 4,504 | (8,854) | 17,785 |
| Benefit payments | <u>(51,040)</u> | <u>(29,321)</u> | <u>(45,012)</u> | <u>(80,578)</u> |
| Net change in total pension liability | (9,952) | (26,511) | (15,854) | (11,415) |
| Total Pension Liability, Beginning | <u>490,000</u> | <u>480,048</u> | <u>453,537</u> | <u>437,683</u> |
| Total Pension Liability, Ending | <u>\$ 480,048</u> | <u>\$ 453,537</u> | <u>\$ 437,683</u> | <u>\$ 426,268</u> |

Schedule of the Total Pension Liability and Covered-Employee Payroll
 Single Employer Defined Benefit Pension Plan
 Year Ended December 31, 2020

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|--------------|--------------|--------------|--------------|
| Total Pension Liability | \$ 480,048 | \$ 453,537 | \$ 437,683 | \$ 426,268 |
| Covered-employee payroll | \$ 5,829,406 | \$ 5,474,769 | \$ 5,474,769 | \$ 7,751,248 |
| Total pension liability as a percentage of covered-employee payroll | 8.23% | 8.28% | 7.99% | 5.50% |

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. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. A discount rate of 2.75% was used for this study compared to the previous study that used a rate of 2.50%

City of Mequon

Schedule of Changes in the Total OPEB Liability and Related Ratios

OPEB Plan

Year Ended December 31, 2020

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|---------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 90,779 | \$ 90,779 | \$ 54,099 | \$ 50,090 |
| Interest | 66,810 | 70,572 | 31,065 | 32,945 |
| Changes in benefit terms | - | (344,930) | - | - |
| Difference between expected and actual experience | - | (623,831) | - | 128,196 |
| Changes in assumptions | - | (92,918) | (25,581) | 57,294 |
| Benefit payments | <u>(58,561)</u> | <u>(55,998)</u> | <u>(95,323)</u> | <u>(147,754)</u> |
| Net change in total OPEB liability | 99,028 | (956,326) | (35,740) | 120,771 |
| Total OPEB Liability, Beginning | <u>1,765,491</u> | <u>1,864,519</u> | <u>908,193</u> | <u>872,453</u> |
| Total OPEB Liability, Ending | <u>\$ 1,864,519</u> | <u>\$ 908,193</u> | <u>\$ 872,453</u> | <u>\$ 993,224</u> |
| Covered-employee payroll | \$ 6,750,611 | \$ 7,402,010 | \$ 7,402,010 | \$ 7,751,248 |
| Total OPEB liability as a percentage of covered-employee payroll | 27.62% | 12.27% | 11.79% | 12.81% |

Notes to schedule:

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

Benefit changes . None.

Changes of assumptions . Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

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

A discount rate of 2.75% was used for this study compared to the previous study that used a rate of 2.50%

City of Mequon

Schedule of Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund

Year Ended December 31, 2020

| <u>WRS Fiscal Year Ending</u> | <u>Proportion of the Net OPEB Liability</u> | <u>Proportionate Share of the Net OPEB Liability</u> | <u>Covered Payroll</u> | <u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u> |
|---------------------------------------|---|--|----------------------------|---|--|
| 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% |

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2020

| <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> |
|--|---|--|---|----------------------------|---|
| 12/31/18 | \$ 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% |

See notes to required supplementary information

City of Mequon

Notes to Required Supplementary Information
December 31, 2020

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 99 as supplementary information.

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

Wisconsin Retirement System Pension

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

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

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

Change of assumptions. No significant change in assumptions were noted from the prior year.

Local Retiree Life Insurance Fund (LRLIF)

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

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

Change of assumptions. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

City of Mequon

Schedule of Expenditures and Other Financing Uses - Budget and Actual
 General Fund
 Year Ended December 31, 2020

| | <u>Original</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-------------------------------------|----------------------|----------------------|----------------------|---------------------------------------|
| Current | | | | |
| General Government: | | | | |
| Common Council | \$ 95,132 | \$ 92,182 | \$ 83,045 | \$ 9,137 |
| Personnel | 264,144 | 361,394 | 403,213 | (41,819) |
| City Administrator | 289,069 | 368,419 | 377,760 | (9,341) |
| City Clerk | 311,810 | 322,060 | 326,426 | (4,366) |
| Elections | 149,143 | 142,846 | 143,051 | (205) |
| Information services | 325,282 | 319,982 | 321,637 | (1,655) |
| Finance | 559,719 | 548,586 | 544,469 | 4,117 |
| Assessor | 283,974 | 283,974 | 284,770 | (796) |
| Legal counsel | 99,455 | 122,545 | 123,321 | (776) |
| Building maintenance | <u>657,383</u> | <u>664,675</u> | <u>659,234</u> | <u>5,441</u> |
| Total general government | <u>3,035,111</u> | <u>3,226,663</u> | <u>3,266,926</u> | <u>(40,263)</u> |
| Public Safety: | | | | |
| Police | 5,657,254 | 5,484,481 | 5,340,833 | 143,648 |
| Fire protection | 1,707,562 | 1,749,358 | 1,744,019 | 5,339 |
| Communications | 708,442 | 708,442 | 696,992 | 11,450 |
| Police reserve | 5,811 | 3,261 | 2,796 | 465 |
| Inspections | <u>609,463</u> | <u>510,804</u> | <u>489,153</u> | <u>21,651</u> |
| Total public safety | <u>8,688,532</u> | <u>8,456,346</u> | <u>8,273,793</u> | <u>182,553</u> |
| Public Works: | | | | |
| Fleet services | 539,997 | 532,105 | 504,459 | 27,646 |
| Engineering | 590,640 | 510,364 | 530,806 | (20,442) |
| Highway | 1,949,060 | 1,912,555 | 1,861,144 | 51,411 |
| Recycling | <u>27,888</u> | <u>27,888</u> | <u>30,533</u> | <u>(2,645)</u> |
| Total public works | <u>3,107,585</u> | <u>2,982,912</u> | <u>2,926,942</u> | <u>55,970</u> |
| Community Enrichment Services: | | | | |
| Library | 1,065,000 | 1,075,000 | 1,140,000 | (65,000) |
| Swimming pool | 114,408 | 114,408 | 107,163 | 7,245 |
| Parks | <u>649,371</u> | <u>579,098</u> | <u>562,347</u> | <u>16,751</u> |
| Total community enrichment services | <u>1,828,779</u> | <u>1,768,506</u> | <u>1,809,510</u> | <u>(41,004)</u> |
| Conservation and Development: | | | | |
| Planning | <u>492,921</u> | <u>514,639</u> | <u>469,778</u> | <u>44,861</u> |
| Total conservation and development | <u>492,921</u> | <u>514,639</u> | <u>469,778</u> | <u>44,861</u> |
| Total expenditures | <u>\$ 17,152,928</u> | <u>\$ 16,949,066</u> | <u>\$ 16,746,949</u> | <u>\$ 202,117</u> |

City of Mequon

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

| | <u>Special Revenue Funds</u> | | | <u>Total Nonmajor Governmental Funds</u> |
|---|------------------------------|--------------------------------|--------------------------------------|--|
| | <u>Park Fund</u> | <u>Revolving Loan Fund</u> | <u>Other Committed Funds</u> | |
| Assets | | | | |
| Cash and investments | \$ 259,658 | \$ 302,201 | \$ 263,738 | \$ 825,597 |
| Receivables: | | | | |
| Loans | <u>-</u> | <u>410,165</u> | <u>-</u> | <u>410,165</u> |
| Total assets | <u>\$ 259,658</u> | <u>\$ 712,366</u> | <u>\$ 263,738</u> | <u>\$ 1,235,762</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,105 | \$ - | \$ 41,025 | \$ 43,130 |
| Deposits | <u>4,350</u> | <u>-</u> | <u>-</u> | <u>4,350</u> |
| Total liabilities | <u>6,455</u> | <u>-</u> | <u>41,025</u> | <u>47,480</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | <u>-</u> | <u>410,165</u> | <u>-</u> | <u>410,165</u> |
| Fund Balances: | | | | |
| Restricted | 253,203 | 302,201 | - | 555,404 |
| Committed | <u>-</u> | <u>-</u> | <u>222,713</u> | <u>222,713</u> |
| Total fund balances | <u>253,203</u> | <u>302,201</u> | <u>222,713</u> | <u>778,117</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 259,658</u> | <u>\$ 712,366</u> | <u>\$ 263,738</u> | <u>\$ 1,235,762</u> |

City of Mequon

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

| | Special Revenue Funds | | | Total Nonmajor Governmental Funds |
|--------------------------------------|------------------------------|--------------------------------|--------------------------------------|--|
| | Park Fund | Revolving Loan Fund | Other Committed Funds | |
| Revenues | | | | |
| Public charges for services | \$ 73,344 | \$ - | \$ 1,586 | \$ 74,930 |
| Investment income | 3,132 | 53,620 | 2,538 | 59,290 |
| Miscellaneous revenues | - | - | 722 | 722 |
| | <u>76,476</u> | <u>53,620</u> | <u>4,846</u> | <u>134,942</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | - | - | 47,870 | 47,870 |
| Community enrichment services | 159,792 | - | 687 | 160,479 |
| Conservation and development | - | 264,080 | - | 264,080 |
| | <u>159,792</u> | <u>264,080</u> | <u>48,557</u> | <u>472,429</u> |
| Excess of revenues over expenditures | <u>(83,316)</u> | <u>(210,460)</u> | <u>(43,711)</u> | <u>(337,487)</u> |
| Other Financing Sources | | | | |
| Transfers in | - | - | 10,000 | 10,000 |
| Net change in fund balances | (83,316) | (210,460) | (33,711) | (327,487) |
| Fund Balances, Beginning | <u>336,519</u> | <u>512,661</u> | <u>256,424</u> | <u>1,105,604</u> |
| Fund Balances, Ending | <u>\$ 253,203</u> | <u>\$ 302,201</u> | <u>\$ 222,713</u> | <u>\$ 778,117</u> |

City of Mequon

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Debt Service Fund
Year Ended December 31, 2020

| | <u>Original & Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|---------------------------------|--------------------|---------------------------------------|
| Revenues | | | |
| Taxes | \$ 4,365,020 | \$ 4,516,511 | \$ 151,491 |
| Intergovernmental | 103,800 | 57,394 | (46,406) |
| Investment income | <u>11,000</u> | <u>23,800</u> | <u>12,800</u> |
| Total revenues | <u>4,479,820</u> | <u>4,597,705</u> | <u>117,885</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal | 3,135,000 | 9,285,000 | (6,150,000) |
| Interest and fiscal charges | <u>914,033</u> | <u>924,542</u> | <u>(10,509)</u> |
| Total expenditures | <u>4,049,033</u> | <u>10,209,542</u> | <u>(6,160,509)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>430,787</u> | <u>(5,611,837)</u> | <u>(6,042,624)</u> |
| Other Financing Sources | | | |
| Debt issued | 48,263 | 5,900,000 | 5,851,737 |
| Transfers in | 300,000 | - | (300,000) |
| Premium on debt issued | <u>-</u> | <u>312,114</u> | <u>312,114</u> |
| Net change in fund balance | <u>\$ 779,050</u> | 600,277 | <u>\$ (178,773)</u> |
| Fund Balance (Deficit), Beginning | | <u>(678,020)</u> | |
| Fund Balance (Deficit), Ending | | <u>\$ (77,743)</u> | |



STATISTICAL SECTION

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

Table 1

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017**</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 25,157,617 | \$ 21,415,193 | \$ 20,244,055 | \$ 20,105,141 | \$ 16,159,417 | \$ 17,083,161 | \$ 19,537,989 | \$ 21,767,611 | \$ 22,015,781 | \$ 23,811,511 |
| Restricted | 6,674,351 | 5,516,016 | 1,799,470 | 1,067,412 | 2,277,291 | 995,817 | 767,466 | 2,585,210 | 1,047,981 | 3,044,386 |
| Unrestricted (deficit) | <u>(4,729,276)</u> | <u>(93,988)</u> | <u>4,386,175</u> | <u>2,176,255</u> | <u>5,878,837</u> | <u>6,560,049</u> | <u>3,706,834</u> | <u>2,084,209</u> | <u>4,734,730</u> | <u>3,299,694</u> |
| Total governmental activities net position | <u>\$ 27,102,692</u> | <u>\$ 26,837,221</u> | <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> |
| Business-type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 26,242,471 | \$ 27,667,737 | \$ 30,059,026 | \$ 30,361,789 | \$ 37,426,354 | \$ 38,624,081 | \$ 40,433,327 | \$ 41,396,535 | \$ 43,744,757 | \$ 46,465,099 |
| Restricted | 246,988 | 273,879 | 301,144 | 329,024 | 410,727 | 375,150 | 319,156 | 436,074 | 355,442 | 493,330 |
| Unrestricted (deficit) | <u>(5,940,164)</u> | <u>(5,018,302)</u> | <u>(3,599,573)</u> | <u>(1,300,683)</u> | <u>1,159,223</u> | <u>4,120,966</u> | <u>5,601,571</u> | <u>8,131,319</u> | <u>9,215,244</u> | <u>10,449,997</u> |
| Total business-type activities net position | <u>\$ 20,549,295</u> | <u>\$ 22,923,314</u> | <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> |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | * \$ 50,361,592 | \$ 48,044,434 | \$ 50,303,081 | \$ 49,428,434 | \$ 52,547,275 | \$ 55,707,242 | \$ 59,971,316 | \$ 63,164,146 | \$ 65,760,538 | \$ 69,395,008 |
| Restricted | 6,921,339 | 5,789,895 | 2,100,614 | 1,396,436 | 2,688,018 | 1,370,967 | 1,086,622 | 3,021,284 | 1,403,423 | 3,537,716 |
| Unrestricted (deficit) | * <u>(9,630,944)</u> | <u>(4,073,794)</u> | <u>786,602</u> | <u>1,914,068</u> | <u>8,076,556</u> | <u>10,681,015</u> | <u>9,308,405</u> | <u>10,215,528</u> | <u>13,949,974</u> | <u>14,631,293</u> |
| Total primary government net position | <u>\$ 47,651,987</u> | <u>\$ 49,760,535</u> | <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> |

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

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

Info from Statement of Net Position

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

| Expenses | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 2,826,782 | \$ 2,578,452 | \$ 2,561,910 | \$ 2,866,025 | \$ 2,827,161 | \$ 2,926,703 | \$ 2,780,944 | \$ 2,698,859 | \$ 2,902,503 | \$ 2,698,961 |
| Public Safety | 7,243,829 | 6,951,642 | 7,155,872 | 7,180,846 | 7,658,522 | 8,568,616 | 8,489,852 | 8,238,012 | 9,380,627 | 8,843,804 |
| Public Works | 7,779,419 | 6,445,104 | 6,807,814 | 7,097,071 | 6,510,601 | 5,590,695 | 4,808,412 | 5,276,583 | 5,838,630 | 5,821,246 |
| Public Health | 846 | 1,930 | 4,211 | 3,606 | 2,692 | 1,667 | 6,926 | 1,160 | - | - |
| Community Enrichment | 1,944,084 | 1,886,522 | 1,991,055 | 2,051,348 | 1,832,803 | 1,760,253 | 1,846,292 | 2,193,244 | 2,029,714 | 1,966,429 |
| Conservation & Development | 555,349 | 556,569 | 431,959 | 2,194,912 | 1,963,424 | 635,097 | 650,285 | 855,566 | 885,179 | 1,694,734 |
| Interest & Fiscal Charges | 984,173 | 859,007 | 766,527 | 785,985 | 916,642 | 1,174,400 | 751,539 | 783,933 | 872,978 | 814,496 |
| Total government activities expense | 21,334,482 | 19,279,226 | 19,719,348 | 22,179,793 | 21,711,845 | 20,657,431 | 19,334,250 | 20,047,357 | 21,909,631 | 21,839,670 |
| Business-type Activities: | | | | | | | | | | |
| Water Utility | 2,215,531 | 2,258,364 | 2,251,136 | 2,252,945 | 2,448,115 | 2,563,582 | 2,492,821 | 2,617,761 | 2,511,031 | 2,469,727 |
| Sewer Utility | 8,216,356 | 8,394,444 | 8,215,337 | 8,339,805 | 9,052,567 | 8,990,263 | 9,172,956 | 9,810,571 | 10,373,965 | 9,137,871 |
| Total business-type activities expense | 10,431,887 | 10,652,808 | 10,466,473 | 10,592,750 | 11,500,682 | 11,553,845 | 11,665,777 | 12,428,332 | 12,884,996 | 11,607,598 |
| Total Primary Government Expense | \$ 31,766,369 | \$ 29,932,034 | \$ 30,185,821 | \$ 32,772,543 | \$ 33,212,527 | \$ 32,211,276 | \$ 31,000,027 | \$ 32,475,689 | \$ 34,794,627 | \$ 33,447,268 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services | \$ 2,750,636 | \$ 3,035,119 | \$ 3,024,230 | \$ 3,114,438 | \$ 3,172,991 | \$ 3,497,183 | \$ 3,274,750 | \$ 3,610,457 | \$ 3,526,506 | \$ 3,422,717 |
| Operating Grants and Contributions | 1,709,970 | 1,446,983 | 1,559,021 | 1,699,459 | 1,984,048 | 1,931,549 | 1,626,650 | 1,916,352 | 2,355,607 | 1,941,753 |
| Capital Grants and Contributions | 2,508,141 | 511,194 | 330,906 | 37,592 | 122,435 | 653,730 | 152,056 | 684,896 | 31,152 | 85,105 |
| Total governmental activities program revenues | 6,968,747 | 4,993,296 | 4,914,157 | 4,851,489 | 5,279,474 | 6,082,462 | 5,053,456 | 6,211,705 | 5,913,265 | 5,449,575 |
| Business-type activities: | | | | | | | | | | |
| Charges for Services | 5,139,176 | 5,836,210 | 5,896,086 | 6,325,368 | 6,141,213 | 6,409,901 | 6,474,127 | 6,963,042 | 7,078,425 | 7,230,375 |
| Operating Grants and Contributions | - | - | - | - | - | - | 301,029 | 94,183 | 15,960 | - |
| Capital Grants and Contributions | 150,897 | 208,726 | 2,228,424 | 250,456 | 7,733,127 | 2,034,162 | 753,121 | 1,155,325 | 903,468 | 1,197,090 |
| Total business-type activities program revenues | 5,290,073 | 6,044,936 | 8,124,510 | 6,575,824 | 13,874,340 | 8,444,063 | 7,528,277 | 8,212,550 | 7,997,853 | 8,427,465 |
| Total Primary Government Program Revenues | \$ 12,258,820 | \$ 11,038,232 | \$ 13,038,667 | \$ 11,427,313 | \$ 19,153,814 | \$ 14,526,525 | \$ 12,581,733 | \$ 14,424,255 | \$ 13,911,118 | \$ 13,877,040 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (14,365,735) | (14,285,930) | (14,805,191) | (17,328,304) | (16,432,371) | (14,574,969) | (14,280,794) | (13,835,652) | (15,996,366) | (16,390,095) |
| Business-type Activities | (5,141,814) | (4,607,872) | (2,341,963) | (4,016,926) | 2,373,658 | (3,109,782) | (4,137,500) | (4,215,782) | (4,887,143) | (3,180,133) |
| Total Primary Government Net Expense | \$ (19,507,549) | \$ (18,893,802) | \$ (17,147,154) | \$ (21,345,230) | \$ (14,058,713) | \$ (17,684,751) | \$ (18,418,294) | \$ (18,051,434) | \$ (20,883,509) | \$ (19,570,228) |

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

General Revenues and Other changes in Net Position

Governmental Activities:

| | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Taxes | \$ 13,568,659 | \$ 13,260,969 | \$ 13,489,588 | \$ 13,599,333 | \$ 13,712,286 | \$ 14,160,513 | \$ 14,854,309 | \$ 15,314,922 | \$ 15,961,194 | \$ 17,191,975 |
| Intergov'tl Revenues Not Restricted to Specific Programs | 463,388 | 551,045 | 585,891 | 520,889 | 483,431 | 606,519 | 461,761 | 612,054 | 875,062 | 509,311 |
| Public Gifts and Grants | - | - | - | - | - | - | - | 9,496 | 26,290 | 101,414 |
| Investment Income | 170,010 | 109,478 | 56,705 | 111,539 | 71,707 | 93,214 | 91,353 | 170,494 | 323,828 | 282,252 |
| Miscellaneous | 47,781 | 53,488 | 25,682 | 15,651 | 79,054 | 38,205 | 91,752 | 153,427 | 101,496 | 662,242 |
| Gain on Sale of Capital Assets | 2,601 | 45,479 | 239,804 | - | 65,000 | - | - | - | 69,958 | - |
| Total Governmental Activities | <u>14,252,439</u> | <u>14,020,459</u> | <u>14,397,670</u> | <u>14,247,412</u> | <u>14,411,478</u> | <u>14,898,451</u> | <u>15,499,175</u> | <u>16,260,393</u> | <u>17,357,828</u> | <u>18,747,194</u> |

Business-type Activities:

| | | | | | | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Property Taxes | 6,936,508 | 6,960,399 | 6,645,737 | 6,573,910 | 7,066,677 | 7,190,003 | 7,268,822 | 7,452,593 | 7,692,408 | 7,078,676 |
| Investment Income | 51,642 | 20,214 | 5,369 | 8,063 | 14,976 | 42,067 | 59,664 | 362,909 | 497,314 | 189,924 |
| Miscellaneous | 2,371 | 1,278 | 27,407 | 64,486 | 18,243 | 1,605 | 406,047 | 10,154 | 53,645 | 4,516 |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Business-type Activities | <u>6,990,521</u> | <u>6,981,891</u> | <u>6,678,513</u> | <u>6,646,459</u> | <u>7,099,896</u> | <u>7,233,675</u> | <u>7,734,533</u> | <u>7,825,656</u> | <u>8,243,367</u> | <u>7,273,116</u> |
| Total Primary Government | <u>\$ 21,242,960</u> | <u>\$ 21,002,350</u> | <u>\$ 21,076,183</u> | <u>\$ 20,893,871</u> | <u>\$ 21,511,374</u> | <u>\$ 22,132,126</u> | <u>\$ 23,233,708</u> | <u>\$ 24,086,049</u> | <u>\$ 25,601,195</u> | <u>\$ 26,020,310</u> |

Change in Net Position

| | | | | | | | | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | (113,296) | (265,471) | (407,521) | (3,080,892) | (2,020,893) | 323,482 | 1,218,381 | 2,424,741 | 1,361,462 | 2,357,099 |
| Business-type Activities | 1,848,707 | 2,374,019 | 4,336,550 | 2,629,533 | 9,473,554 | 4,123,893 | 3,442,868 | 3,609,874 | 3,356,224 | 4,092,983 |
| Total Primary Government | <u>\$ 1,735,411</u> | <u>\$ 2,108,548</u> | <u>\$ 3,929,029</u> | <u>\$ (451,359)</u> | <u>\$ 7,452,661</u> | <u>\$ 4,447,375</u> | <u>\$ 4,661,249</u> | <u>\$ 6,034,615</u> | <u>\$ 4,717,686</u> | <u>\$ 6,450,082</u> |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Non-spendable | \$ - | \$ 4,014 | \$ 179,218 | \$ 595,505 | \$ 559,000 | \$ 190,177 | \$ 222,046 | \$ 191,360 | \$ 232,092 | \$ 173,884 |
| Restricted | 48,786 | 14,621 | 10,410 | 6,804 | 9,043 | 7,377 | 451 | - | - | - |
| Assigned | - | 186,000 | 286,000 | 301,000 | 301,500 | 701,500 | 651,500 | - | - | - |
| Unassigned | 2,244,258 | 3,092,712 | 3,571,508 | 2,534,313 | 2,499,862 | 2,248,092 | 1,751,946 | 2,127,163 | 2,251,246 | 2,312,554 |
| Total General Fund | <u>2,293,044</u> | <u>3,297,347</u> | <u>4,047,136</u> | <u>3,437,622</u> | <u>3,369,405</u> | <u>3,147,146</u> | <u>2,625,943</u> | <u>2,318,523</u> | <u>2,483,338</u> | <u>2,486,438</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Non-spendable | - | - | - | 753,750 | - | - | - | - | - | - |
| Restricted | 7,968,864 | 5,287,651 | 7,282,804 | 3,099,716 | 3,830,472 | 4,102,539 | 943,502 | 939,091 | 2,209,049 | 1,579,466 |
| Committed | 158,474 | 161,555 | 162,079 | 164,009 | 2,406,525 | 189,672 | 209,162 | 245,087 | 849,180 | 222,713 |
| Assigned | - | 2,398,957 | 2,397,020 | 1,493,283 | 182,466 | 2,565,453 | 2,174,664 | - | 3,922,374 | 3,026,066 |
| Unassigned | 1,794,965 | (398,750) | (567,319) | (545,298) | (511,223) | (527,237) | (772,603) | 1,736,447 | (678,020) | (77,743) |
| Total All Other Governmental Funds | <u>9,922,303</u> | <u>7,449,413</u> | <u>9,274,584</u> | <u>4,965,460</u> | <u>5,908,240</u> | <u>6,330,427</u> | <u>2,554,725</u> | <u>2,920,625</u> | <u>6,302,583</u> | <u>4,750,502</u> |
| Total Fund Balances | <u>\$ 12,215,347</u> | <u>\$ 10,746,760</u> | <u>\$ 13,321,720</u> | <u>\$ 8,403,082</u> | <u>\$ 9,277,645</u> | <u>\$ 9,477,573</u> | <u>\$ 5,180,668</u> | <u>\$ 5,239,148</u> | <u>\$ 8,785,921</u> | <u>\$ 7,236,940</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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 13,568,659 | \$ 13,260,969 | \$ 13,489,588 | \$ 13,599,333 | \$ 13,712,286 | \$ 14,160,513 | \$ 14,854,309 | \$ 15,314,922 | \$ 15,941,941 | \$ 17,191,976 |
| Intergovernmental Revenues | 1,997,915 | 2,533,394 | 1,947,547 | 2,118,275 | 2,174,623 | 2,436,368 | 2,137,470 | 2,503,748 | 3,189,179 | 2,533,207 |
| Licenses & Permits | 1,170,613 | 1,257,439 | 1,273,998 | 1,378,270 | 1,322,093 | 1,455,967 | 1,497,568 | 1,573,748 | 1,565,059 | 1,403,824 |
| Fines, Forfeitures and Penalties | 159,798 | 183,561 | 184,068 | 190,347 | 167,015 | 240,345 | 221,269 | 231,307 | 219,554 | 149,638 |
| Public Charges for Services | 1,288,601 | 1,315,941 | 1,489,731 | 1,602,653 | 1,682,838 | 1,825,212 | 1,556,486 | 1,765,925 | 1,769,439 | 1,455,313 |
| Intergovernmental Charges for Services | 106,774 | - | - | - | - | - | - | - | - | - |
| Special Assessments | - | - | - | 1,895 | 66,674 | 33,156 | 30,793 | - | 40,445 | 30,490 |
| Investment Income | 174,997 | 108,638 | 60,715 | 119,292 | 102,244 | 119,876 | 100,920 | 233,780 | 382,602 | 282,252 |
| Other Revenues | 123,755 | 119,871 | 386,589 | 69,804 | 127,201 | 87,132 | 188,390 | 194,536 | 151,691 | 705,481 |
| Total Revenues | 18,591,112 | 18,779,813 | 18,832,236 | 19,079,869 | 19,354,974 | 20,358,569 | 20,587,205 | 21,817,966 | 23,259,910 | 23,752,181 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General Government | 2,536,080 | 2,469,334 | 2,386,454 | 2,679,908 | 2,636,148 | 2,740,072 | 2,693,991 | 2,681,516 | 2,765,802 | 3,266,926 |
| Public Safety | 6,586,480 | 6,550,281 | 6,651,414 | 6,767,586 | 7,108,172 | 7,550,543 | 7,617,243 | 7,763,196 | 8,361,409 | 8,321,663 |
| Public Works | 3,487,367 | 3,162,346 | 3,142,843 | 3,290,198 | 3,261,237 | 3,282,736 | 3,265,774 | 3,066,293 | 3,210,284 | 2,926,942 |
| Public Health | 846 | 1,930 | 4,211 | 3,606 | 2,692 | 1,667 | 6,926 | 1,160 | - | - |
| Community Enrichment | 1,681,913 | 1,661,202 | 1,807,428 | 1,846,667 | 1,778,292 | 1,755,805 | 1,796,970 | 1,894,031 | 1,921,220 | 1,969,988 |
| Conservation and Development | 555,349 | 556,569 | 393,109 | 411,582 | 412,059 | 471,934 | 473,213 | 431,984 | 462,723 | 733,858 |
| Capital Outlay | 4,587,815 | 2,194,148 | 3,195,577 | 6,427,077 | 6,879,764 | 10,109,039 | 5,026,578 | 2,023,327 | 4,468,526 | 4,169,921 |
| Debt Service | | | | | | | | | | |
| Principal | 1,224,118 | 1,534,554 | 3,141,988 | 2,061,994 | 2,220,000 | 2,540,000 | 3,050,000 | 3,140,000 | 3,100,000 | 9,331,520 |
| Interest and Fiscal Charges | 797,705 | 807,696 | 934,751 | 833,039 | 835,175 | 996,576 | 1,013,703 | 842,886 | 803,373 | 924,542 |
| Payment to WRS for Unfunded Liability | - | 1,355,819 | - | - | - | - | - | - | - | - |
| Total Expenditures | 21,457,673 | 20,293,879 | 21,657,775 | 24,321,657 | 25,133,539 | 29,448,372 | 24,944,398 | 21,844,393 | 25,093,337 | 31,645,360 |
| Excess of Revenues | | | | | | | | | | |
| Over/(Under) Expenditures | (2,866,561) | (1,514,066) | (2,825,539) | (5,241,788) | (5,778,565) | (9,089,803) | (4,357,193) | (26,427) | (1,833,427) | (7,893,179) |

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

Table 4

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|-----------------------|------------------|---------------------|-----------------------|
| Other Financing Sources/(Uses) | | | | | | | | | | |
| Transfers In | 667,449 | 147,463 | 29,497 | 639,000 | 404 | - | - | - | 10,000 | 10,000 |
| Transfers Out | (667,449) | (147,463) | (29,497) | (639,000) | (404) | - | - | - | (10,000) | (10,000) |
| Debt | | | | | | | | | | |
| General obligation debt issued | 8,745,000 | - | 3,710,000 | - | 5,740,000 | 8,905,000 | - | - | 5,035,000 | - |
| Refunding debt issued | - | - | 1,280,000 | - | - | - | - | - | - | 5,900,000 |
| Refunded general obligation debt | (3,956,423) | - | - | - | - | - | - | - | - | - |
| Discount on debt issued | (73,556) | - | - | - | - | - | - | - | - | - |
| Premium on debt issued | 192,393 | - | 151,717 | - | 237,972 | 197,652 | - | - | 275,242 | 312,114 |
| Proceeds of capital leases | 235,193 | - | - | - | - | - | - | - | - | - |
| Proceeds of capital leases | - | - | - | 219,929 | 604,191 | 130,454 | - | - | - | 73,372 |
| Sale of capital assets | 72,902 | 45,479 | 258,782 | 51,928 | 70,965 | 56,625 | 60,288 | 84,907 | 69,958 | 58,712 |
| Total Other Financing Sources/(Uses) | <u>5,215,509</u> | <u>45,479</u> | <u>5,400,499</u> | <u>271,857</u> | <u>6,653,128</u> | <u>9,289,731</u> | <u>60,288</u> | <u>84,907</u> | <u>5,380,200</u> | <u>6,344,198</u> |
| Net Change in Fund Balances | <u>\$ 2,348,948</u> | <u>\$ (1,468,587)</u> | <u>\$ 2,574,960</u> | <u>\$ (4,969,931)</u> | <u>\$ 874,563</u> | <u>\$ 199,928</u> | <u>\$ (4,296,905)</u> | <u>\$ 58,480</u> | <u>\$ 3,546,773</u> | <u>\$ (1,548,981)</u> |
| Debt Service as a % of non-capital expenditures | 12.06% | 20.65% | 20.49% | 12.96% | 14.02% | 13.54% | 20.40% | 20.09% | 18.93% | 37.33% |

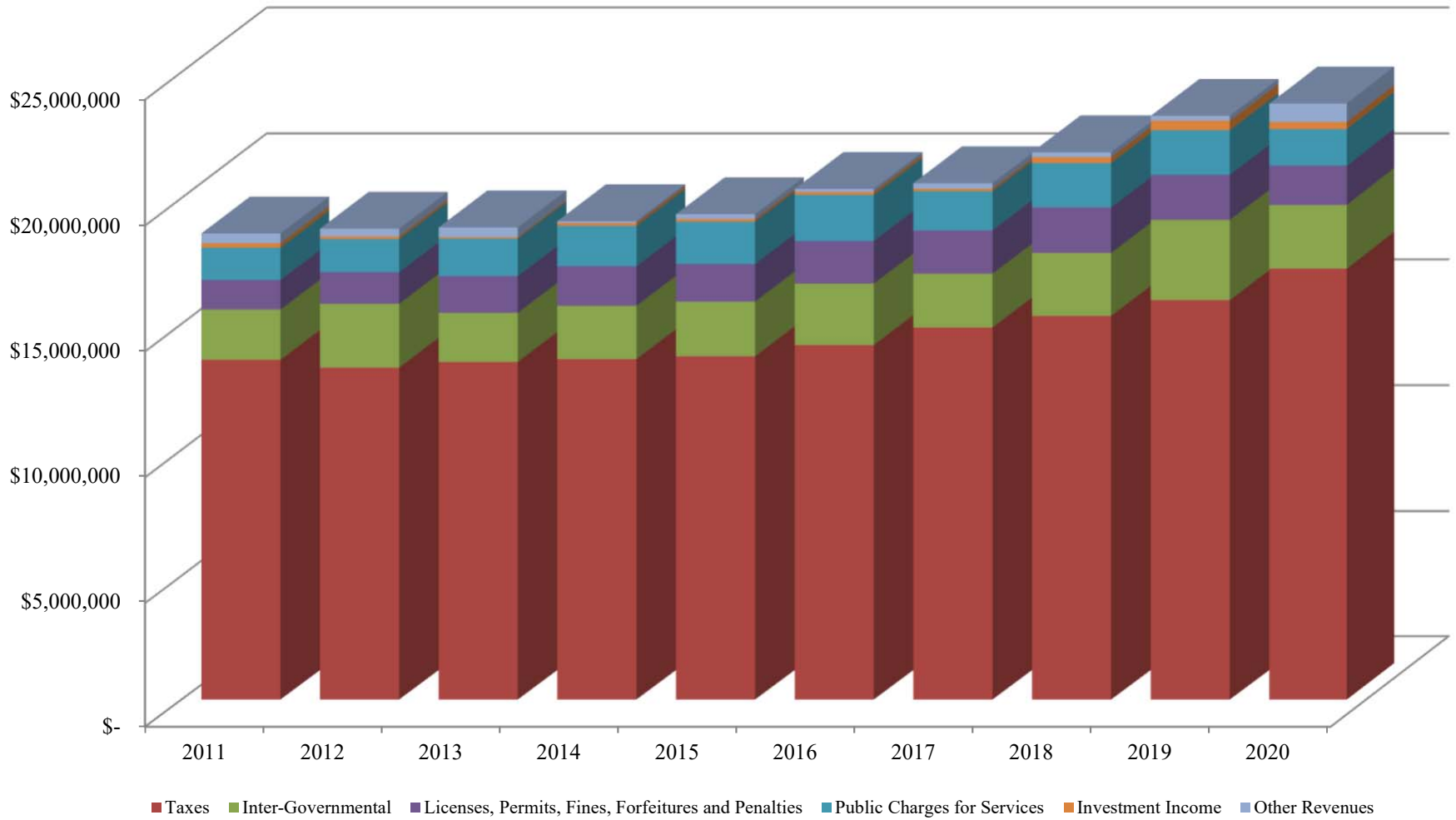
**CITY OF MEQUON, WISCONSIN
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Table 5

| Fiscal Year | Taxes | | Inter-Governmental | | Licenses, Permits, Fines, Forfeitures and Penalties | | Public Charges for Services | | Investment Income | | Other Revenues | | Total Revenues | | | | | | | |
|-------------|-------|------------|--------------------|----|---|-------|-----------------------------|-----------|-------------------|----|----------------|------|----------------|---------|-------|----|---------|------|----|------------|
| 2011 | \$ | 13,568,659 | 73.0% | \$ | 1,997,915 | 10.7% | \$ | 1,170,613 | 6.3% | \$ | 1,288,601 | 6.9% | \$ | 174,997 | 0.9% | \$ | 390,327 | 2.1% | \$ | 18,591,112 |
| 2012 | | 13,260,969 | 70.6% | | 2,533,394 | 13.5% | | 1,257,439 | 6.7% | | 1,315,941 | 7.0% | | 108,638 | 0.6% | | 303,432 | 1.6% | | 18,779,813 |
| 2013 | | 13,489,588 | 71.6% | | 1,947,547 | 10.3% | | 1,458,066 | 7.7% | | 1,489,731 | 7.9% | | 60,715 | 30.0% | | 386,589 | 2.1% | | 18,832,236 |
| 2014 | | 13,599,333 | 71.3% | | 2,118,275 | 11.1% | | 1,568,617 | 8.2% | | 1,602,653 | 8.4% | | 119,292 | 0.6% | | 71,699 | 0.4% | | 19,079,869 |
| 2015 | | 13,712,286 | 70.8% | | 2,174,623 | 11.2% | | 1,489,108 | 7.7% | | 1,682,838 | 8.7% | | 102,244 | 0.5% | | 193,875 | 1.0% | | 19,354,974 |
| 2016 | | 14,160,513 | 69.6% | | 2,436,368 | 12.0% | | 1,696,312 | 8.3% | | 1,825,212 | 9.0% | | 119,876 | 0.6% | | 120,288 | 0.6% | | 20,358,569 |
| 2017 | | 14,854,309 | 72.2% | | 2,137,470 | 10.4% | | 1,718,837 | 8.3% | | 1,556,486 | 7.6% | | 100,920 | 0.5% | | 219,183 | 1.1% | | 20,587,205 |
| 2018 | | 15,314,922 | 70.2% | | 2,503,748 | 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 |

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

City of Mequon General Governmental Revenues By Source



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

Table 6

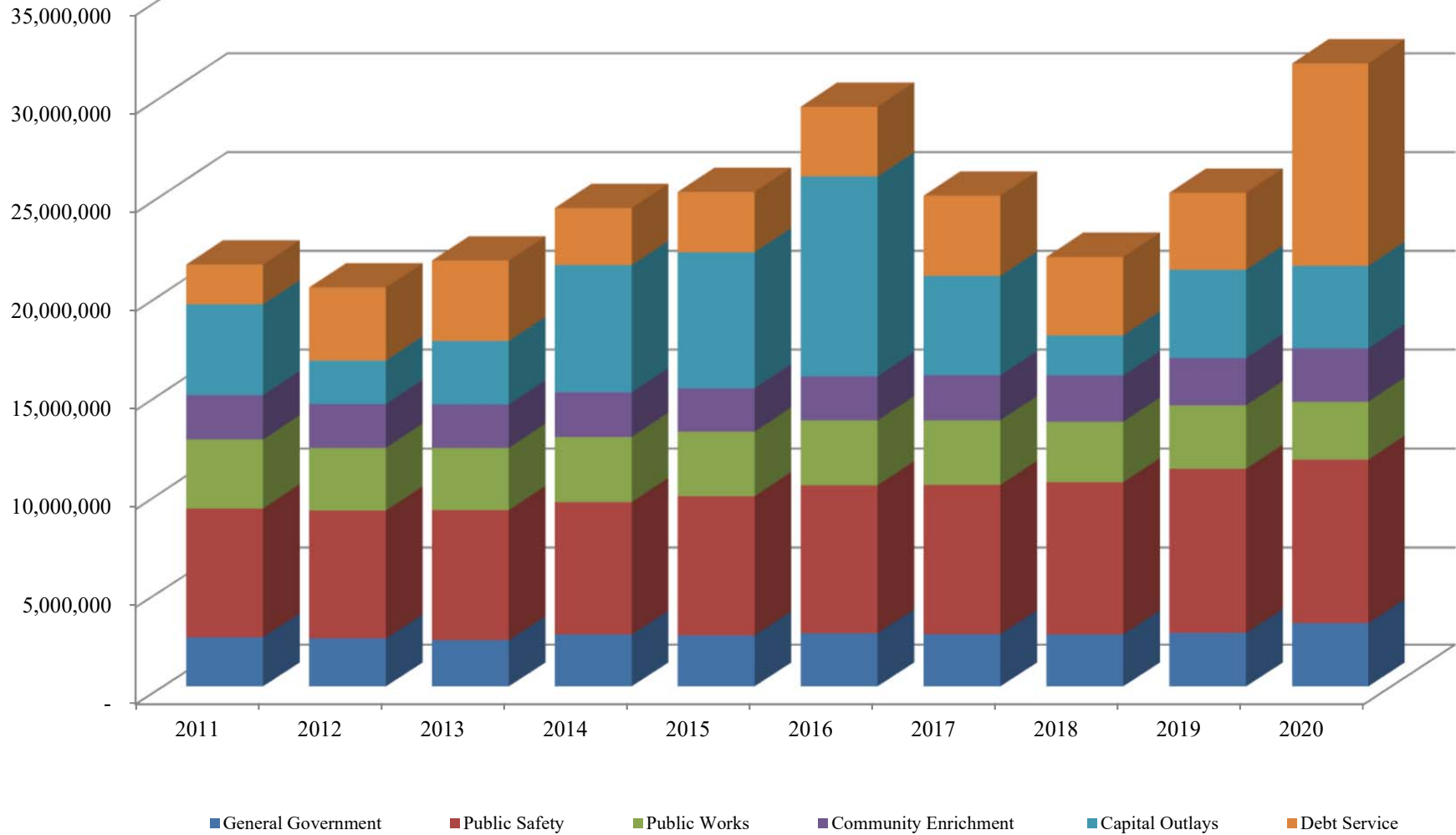
| Fiscal Year | General Government | | Public Safety | | Public Works | | Community Enrichment | | Capital Outlays | | Debt Service | | Total Expenditures |
|-------------|--------------------|-------|---------------|-------|--------------|-------|----------------------|-------|-----------------|-------|--------------|-------|--------------------|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

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.

**Make sure formulas pulled down correctly - Information from Table 4

City of Mequon General Governmental Expenditures By Function



**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 | | | |
| 2011 | 2012 | \$ 4,238,554,800 | \$ 4,043,965,700 | \$ 59,695,260 | \$ 51,865,000 | \$ 4,298,250,060 | \$ 4,095,830,700 | 15.43 | 14.32 | 104.83% |
| 2012 | 2013 | 4,240,369,050 | 3,908,363,100 | 51,407,900 | 63,804,400 | 4,291,776,950 | 3,972,167,500 | 15.47 | 14.36 | 108.81% |
| 2013 | 2014 | 4,262,904,650 | 3,887,126,100 | 70,198,200 | 62,342,400 | 4,333,102,850 | 3,949,468,500 | 15.50 | 14.84 | 109.83% |
| 2014 | 2015 | 4,307,459,260 | 4,060,808,700 | 74,219,200 | 65,952,800 | 4,381,678,460 | 4,126,761,500 | 14.82 | 13.97 | 106.26% |
| 2015 | 2016 | 4,367,465,300 | 4,284,684,700 | 66,892,120 | 77,044,000 | 4,434,357,420 | 4,361,728,700 | 14.84 | 14.65 | 101.67% |
| 2016 | 2017 | 4,421,334,200 | 4,410,741,800 | 75,091,540 | 68,167,900 | 4,496,425,740 | 4,478,909,700 | 14.98 | 14.35 | 100.39% |
| 2017 | 2018 | 4,470,466,700 | 4,528,827,400 | 76,198,600 | 81,665,900 | 4,546,665,300 | 4,610,493,300 | 13.96 | 12.92 | 98.62% |
| 2018 | 2019 | 4,634,113,860 | 4,748,202,700 | 63,001,160 | 49,654,300 | 4,697,115,020 | 4,797,857,000 | 14.30 | 13.27 | 96.59% |
| 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% |

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 |
|-----------|-----------------|--------------------|----------------|----------------|---------------|-------------|--------|---------|---------------------|--------------|--------------------|
| 2011 | 2012 | 0.1617 | 1.6864 | 3.0360 | 1.8769 | 8.2742 | 1.8543 | 16.8895 | 1.4630 | 15.4265 | \$ 4,279,672,560 |
| 2012 | 2013 | 0.1565 | 1.7036 | 3.0414 | 1.7854 | 8.2186 | 1.9532 | 16.8587 | 1.3893 | 15.4694 | 4,289,391,450 |
| 2013 | 2014 | 0.1553 | 1.7699 | 3.0863 | 1.4951 | 8.1902 | 1.9412 | 16.6380 | 1.3200 | 15.3180 | 4,314,641,750 |
| 2014 | 2015 | 0.1598 | 1.7673 | 3.0612 | 1.8924 | 8.0397 | 1.1964 | 16.1168 | 1.2904 | 14.8264 | 4,381,678,460 |
| 2015 | 2016 | 0.1669 | 1.8058 | 3.0741 | 1.9126 | 8.0808 | 1.2367 | 16.2771 | 1.4389 | 14.8381 | 4,434,357,420 |
| 2016 | 2017 | 0.1690 | 1.7968 | 3.1498 | 1.8921 | 8.1219 | 1.2549 | 16.3844 | 1.4032 | 14.9812 | 4,496,425,740 |
| 2017 | 2018 | - | 1.8230 | 3.1612 | 1.9331 | 8.1800 | 1.2751 | 16.3724 | 1.5226 | 14.8498 | 4,526,766,000 |
| 2018 | 2019 | - | 1.8296 | 3.2068 | 1.9728 | 7.9971 | 1.2687 | 16.2751 | 1.4960 | 14.7791 | 4,612,885,960 |
| 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 | 4,729,646,230 |

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 |
|-----------|-----------------|--------------------|----------------|----------------|---------------|-------------|--------|---------|---------------------|--------------|---------------------|
| 2011 | 2012 | 0.1695 | 1.7679 | 3.1826 | 1.9676 | 8.6738 | 1.9438 | 17.7052 | 1.5337 | 16.1716 | \$ 4,082,488,372 |
| 2012 | 2013 | 0.1703 | 1.8537 | 3.3093 | 1.9427 | 8.9427 | 2.1252 | 18.3440 | 1.5117 | 16.8323 | 3,942,093,052 |
| 2013 | 2014 | 0.1706 | 1.9439 | 3.3897 | 1.6421 | 8.9953 | 2.1320 | 18.2735 | 1.4498 | 16.8238 | 3,928,472,867 |
| 2014 | 2015 | 0.1698 | 1.8779 | 3.2528 | 2.0108 | 8.5430 | 1.2713 | 17.1257 | 1.3711 | 15.7546 | 4,123,544,570 |
| 2015 | 2016 | 0.1697 | 1.8359 | 3.1253 | 1.9445 | 8.2154 | 1.2573 | 16.5481 | 1.4629 | 15.0852 | 4,361,728,700 |
| 2016 | 2017 | 0.1697 | 1.8038 | 3.1621 | 1.8995 | 8.1537 | 1.2598 | 16.4485 | 1.4087 | 15.0398 | 4,478,909,700 |

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

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

PER \$1,000 OF EQUALIZED VALUE

| <u>Levy Year</u> | <u>Collection Year</u> | <u>State of Wisconsin</u> | <u>Ozaukee County</u> | <u>City of Mequon</u> | <u>Cedarburg Schools</u> | <u>MATC</u> | <u>Total</u> | <u>State School Credit</u> | <u>Net Tax Rate</u> | <u>Equalized Valuation</u> |
|------------------|------------------------|---------------------------|-----------------------|-----------------------|--------------------------|-------------|--------------|----------------------------|---------------------|----------------------------|
| 2011 | 2012 | 0.1695 | 1.7679 | 3.1826 | 9.4867 | 1.9438 | 16.5505 | 1.5337 | 15.0169 | \$ 17,721,549 |
| 2012 | 2013 | 0.1703 | 1.8537 | 3.3093 | 9.6748 | 2.1252 | 17.1333 | 1.5117 | 15.6216 | 16,940,263 |
| 2013 | 2014 | 0.1706 | 1.9439 | 3.3897 | 10.1792 | 2.1320 | 17.8153 | 1.4498 | 16.3655 | 16,808,795 |
| 2014 | 2015 | 0.1698 | 1.8779 | 3.2528 | 9.6484 | 1.2713 | 16.2203 | 1.3711 | 14.8492 | 18,119,330 |
| 2015 | 2016 | 0.1697 | 1.8359 | 3.1252 | 9.9643 | 1.2573 | 16.3524 | 1.4629 | 14.8895 | 18,932,056 |
| 2016 | 2017 | 0.1697 | 1.8038 | 3.1621 | 9.4219 | 1.2598 | 15.8173 | 1.4087 | 14.4086 | 19,676,549 |

CITY OF MEQUON, WISCONSIN
TEN LARGEST TAXPAYERS - 2020

| Name of Taxpayer | Nature of Business | Assessed Value | Net Taxes Paid | Percent of Total Taxes Levied |
|----------------------------------|--------------------|-----------------------|---------------------|-------------------------------|
| Mequon WI Senior Property LLC | Commercial | \$ 38,257,080 | \$ 596,136 | 0.75% |
| Centro Bradley SPE 1LP | Commercial | 33,178,000 | 516,985 | 0.65% |
| FFII WI Mequon LLC | Industrial | 30,271,500 | 471,690 | 0.59% |
| Mequon Spur 16 LLC | Mixed-Use | 28,288,100 | 440,668 | 0.55% |
| MMAC 150 Aurora LLC | Healthcare | 24,978,640 | 389,207 | 0.49% |
| Mequon Trail Townhomes | Residential | 24,091,170 | 375,151 | 0.47% |
| 11430 N Port Washington Road LLC | Commercial | 21,145,620 | 330,016 | 0.41% |
| Mequon Reserve Dakota | Commercial | 16,302,890 | 254,005 | 0.32% |
| RL Mequon LLC | Industrial | 15,773,610 | 245,757 | 0.31% |
| Wmi Milwaukee LLC | Commercial | 15,711,000 | 244,781 | 0.31% |
| | | <u>\$ 247,997,610</u> | <u>\$ 3,864,398</u> | 4.85% |

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

TEN LARGEST TAXPAYERS - 2011

| Name of Taxpayer | Nature of Business | Assessed Value | Net Taxes Paid | Percent of Total Taxes Levied |
|----------------------------|--------------------|-----------------------|---------------------|-------------------------------|
| Centro Bradley SPE 1 LLP | Commercial | \$ 30,633,000 | \$ 472,503 | 0.73% |
| HTA Wisconsin | Commercial | 18,257,100 | \$ 281,585 | 0.43% |
| St Marys Hospital | Healthcare | 12,982,300 | \$ 200,213 | 0.31% |
| Centerpoint Property Trust | Industrial | 11,774,700 | \$ 181,584 | 0.28% |
| SNH FM Financing | Commercial | 8,684,300 | \$ 133,910 | 0.21% |
| Newcastle Place | Residential | 8,672,300 | \$ 133,725 | 0.21% |
| B & G Realty | Commercial | 8,307,200 | \$ 128,092 | 0.20% |
| Mequon Joint Venture | Commercial | 8,188,900 | \$ 126,267 | 0.19% |
| Glen Oaks Office Park LLC | Commercial | 7,818,800 | \$ 120,558 | 0.19% |
| Stern Real Estate LLC | Commercial | <u>7,576,800</u> | <u>\$ 116,825</u> | 0.18% |
| | | <u>\$ 122,895,400</u> | <u>\$ 1,895,262</u> | 2.91% |

Source: City of Mequon Assessment and Tax Rolls

CITY OF MEQUON, WISCONSIN
TEN LARGEST EMPLOYERS - 2020

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

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

TEN LARGEST EMPLOYERS - 2011

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

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

| Levy Year | Collection Year | Total Tax Levy | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-----------|-----------------|----------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2010 | 2011 | \$ 13,145,491 | \$ 13,120,344 | 99.81% | \$ 12,704 | \$ 13,133,048 | 99.91% |
| 2011 | 2012 | 13,049,595 | 13,024,446 | 99.81% | 423 | 13,024,869 | 99.81% |
| 2012 | 2013 | 13,101,821 | 13,048,291 | 99.59% | 5,836 | 13,054,127 | 99.64% |
| 2013 | 2014 | 13,202,145 | 13,178,023 | 99.82% | 19,533 | 13,197,556 | 99.97% |
| 2014 | 2015 | 13,357,908 | 13,334,800 | 99.83% | 18,077 | 13,352,877 | 99.96% |
| 2015 | 2016 | 13,522,527 | 13,508,263 | 99.89% | 2,124 | 13,510,387 | 99.91% |
| 2016 | 2017 | 13,988,232 | 13,945,014 | 99.69% | 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 | 14,761,353 | 99.32% | - | 14,761,353 | 99.32% |
| 2019 | 2020 | 14,994,497 | 14,932,277 | 99.59% | - | 14,932,277 | 99.59% |

**

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

| REAL ESTATE | 2011 R.E. ASSESSED VALUE | 2012 R.E. ASSESSED VALUE | 2013 R.E. ASSESSED VALUE | 2014 R.E. ASSESSED VALUE | 2015 R.E. ASSESSED VALUE | 2016 R.E. ASSESSED VALUE | 2017 R.E. ASSESSED VALUE | 2018 R.E. ASSESSED VALUE | 2019 R.E. ASSESSED VALUE | 2020 R.E. ASSESSED VALUE |
|--------------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------|
| RESIDENTIAL | | | | | | | | | | |
| LAND | \$ 1,271,080,100 | \$ 1,258,885,650 | \$ 1,260,254,050 | \$ 1,259,185,650 | \$ 1,259,227,200 | \$ 1,260,035,900 | \$ 1,267,062,600 | \$ 1,275,073,200 | \$ 1,286,181,300 | \$ 1,287,623,600 |
| IMP. | 2,331,235,100 | 2,340,713,100 | 2,362,968,200 | 2,383,313,510 | 2,423,856,700 | 2,446,799,800 | 2,469,753,400 | 2,509,516,500 | 2,536,140,800 | 2,564,513,000 |
| TOTAL | 3,602,315,200 | 3,599,598,750 | 3,623,222,250 | 3,642,499,160 | 3,683,083,900 | 3,706,835,700 | 3,736,816,000 | 3,784,589,700 | 3,822,322,100 | 3,852,136,600 |
| COMMERCIAL | | | | | | | | | | |
| LAND | 160,267,600 | 160,556,700 | 159,697,800 | 161,202,800 | 162,990,200 | 166,242,500 | 168,413,300 | 172,498,700 | 176,798,900 | 178,288,900 |
| IMP. | 361,506,800 | 364,192,800 | 363,306,600 | 389,061,100 | 407,396,900 | 434,053,500 | 452,495,800 | 494,374,300 | 510,179,300 | 539,048,400 |
| TOTAL | 521,774,400 | 524,749,500 | 523,004,400 | 550,263,900 | 570,387,100 | 600,296,000 | 620,909,100 | 666,873,000 | 686,978,200 | 717,337,300 |
| MANUFACTURING | | | | | | | | | | |
| LAND | 18,024,600 | 18,704,400 | 18,901,800 | 18,329,900 | 17,409,600 | 18,251,500 | 17,876,400 | 17,171,800 | 16,494,300 | 16,366,400 |
| IMP. | 62,066,200 | 63,624,800 | 64,278,400 | 62,592,100 | 64,447,800 | 64,568,200 | 63,240,400 | 71,409,700 | 69,477,900 | 68,707,100 |
| TOTAL | 80,090,800 | 82,329,200 | 83,180,200 | 80,922,000 | 81,857,400 | 82,819,700 | 81,116,800 | 88,581,500 | 85,972,200 | 85,073,500 |
| AGRICULTURAL | | | | | | | | | | |
| LAND/TOTAL | 1,398,100 | 2,196,100 | 2,186,700 | 2,198,400 | 1,396,000 | 1,383,600 | 1,519,300 | 1,548,500 | 1,553,500 | 1,553,700 |
| UNDEVELOPED | | | | | | | | | | |
| LAND/TOTAL | 11,214,600 | 9,860,700 | 9,793,800 | 9,717,500 | 8,952,100 | 8,965,300 | 8,980,300 | 8,930,200 | 8,265,500 | 8,227,400 |
| AG FOREST | | | | | | | | | | |
| LAND/TOTAL | 1,789,700 | 1,699,200 | 1,698,100 | 1,771,000 | 1,771,000 | 1,672,200 | 1,672,200 | 1,672,200 | 1,616,700 | 1,575,700 |
| FOREST | | | | | | | | | | |
| LAND/TOTAL | 424,300 | 426,000 | 426,000 | 426,000 | 426,000 | 426,000 | 426,000 | 426,000 | 426,000 | 426,000 |
| OTHER | | | | | | | | | | |
| LAND | 7,866,200 | 7,873,800 | 7,873,800 | 7,912,800 | 7,912,400 | 7,591,900 | 7,591,900 | 7,345,800 | 7,345,800 | 7,132,200 |
| IMP. | 11,681,500 | 11,635,800 | 11,519,400 | 11,748,500 | 11,679,400 | 11,343,800 | 11,435,100 | 11,145,800 | 11,166,400 | 11,217,300 |
| TOTAL | 19,547,700 | 19,509,600 | 19,393,200 | 19,661,300 | 19,591,800 | 18,935,700 | 19,027,000 | 18,491,600 | 18,512,200 | 18,349,500 |
| TOTAL REAL ESTATE | | | | | | | | | | |
| LAND | 1,472,065,200 | 1,460,202,550 | 1,460,832,050 | 1,460,744,050 | 1,460,084,500 | 1,464,568,900 | 1,473,542,000 | 1,484,666,400 | 1,498,682,000 | 1,501,193,900 |
| IMP. | 2,766,489,600 | 2,780,166,500 | 2,802,072,600 | 2,846,715,210 | 2,907,380,800 | 2,956,765,300 | 2,996,924,700 | 3,086,446,300 | 3,126,964,400 | 3,183,485,800 |
| TOTAL | 4,238,554,800 | 4,240,369,050 | 4,262,904,650 | 4,307,459,260 | 4,367,465,300 | 4,421,334,200 | 4,470,466,700 | 4,571,112,700 | 4,625,646,400 | 4,684,679,700 |
| TOTAL PERSONAL | | | | | | | | | | |
| | 59,695,260 | 51,407,900 | 70,198,200 | 74,219,200 | 66,892,120 | 75,091,540 | 76,198,600 | 63,001,160 | 69,360,960 | 67,789,030 |
| TOTAL ASSESSED | | | | | | | | | | |
| | \$ 4,298,250,060 | \$ 4,291,776,950 | \$ 4,333,102,850 | \$ 4,381,678,460 | \$ 4,434,357,420 | \$ 4,496,425,740 | \$ 4,546,665,300 | \$ 4,634,113,860 | \$ 4,695,007,360 | \$ 4,752,468,730 |

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

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

| REAL ESTATE | 2011 R.E. EQUALIZED VALUE | 2012 R.E. EQUALIZED VALUE | 2013 R.E. EQUALIZED VALUE | 2014 R.E. EQUALIZED VALUE | 2015 R.E. EQUALIZED VALUE | 2016 R.E. EQUALIZED VALUE | 2017 R.E. EQUALIZED VALUE | 2018 R.E. EQUALIZED VALUE | 2019 R.E. EQUALIZED VALUE | 2020 R.E. EQUALIZED VALUE |
|--------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| RESIDENTIAL | | | | | | | | | | |
| LAND | \$ 1,188,142,400 | \$ 1,144,914,300 | \$ 1,145,606,200 | \$ 1,196,754,300 | \$ 1,255,956,400 | \$ 1,251,699,600 | \$ 1,281,391,700 | \$ 1,335,844,600 | \$ 1,362,617,800 | \$ 1,416,705,200 |
| IMP. | 2,217,519,700 | 2,155,116,100 | 2,142,209,900 | 2,258,054,700 | 2,386,928,900 | 2,431,341,400 | 2,501,686,600 | 2,600,763,600 | 2,713,417,300 | 2,815,487,300 |
| TOTAL | <u>3,405,662,100</u> | <u>3,300,030,400</u> | <u>3,287,816,100</u> | <u>3,454,809,000</u> | <u>3,642,885,300</u> | <u>3,683,041,000</u> | <u>3,783,078,300</u> | <u>3,936,608,200</u> | <u>4,076,035,100</u> | <u>4,232,192,500</u> |
| COMMERCIAL | | | | | | | | | | |
| LAND | 139,297,200 | 129,575,500 | 130,072,100 | 129,280,700 | 142,509,200 | 155,787,400 | 159,511,600 | 170,610,400 | 178,275,100 | 180,267,200 |
| IMP. | 385,477,300 | 373,653,200 | 363,525,500 | 371,603,400 | 390,139,400 | 462,667,200 | 478,211,600 | 517,587,000 | 590,688,900 | 621,223,100 |
| TOTAL | <u>524,774,500</u> | <u>503,228,700</u> | <u>493,597,600</u> | <u>500,884,100</u> | <u>532,648,600</u> | <u>618,454,600</u> | <u>637,723,200</u> | <u>688,197,400</u> | <u>768,964,000</u> | <u>801,490,300</u> |
| MANUFACTURING | | | | | | | | | | |
| LAND | 17,194,300 | 17,189,300 | 17,208,600 | 17,250,200 | 17,125,000 | 18,036,700 | 18,036,700 | 17,743,700 | 17,522,400 | 18,006,500 |
| IMP. | 59,208,100 | 58,470,100 | 58,520,700 | 58,904,700 | 63,394,500 | 63,808,200 | 63,808,200 | 73,788,300 | 73,808,600 | 75,593,300 |
| TOTAL | <u>76,402,400</u> | <u>75,659,400</u> | <u>75,729,300</u> | <u>76,154,900</u> | <u>80,519,500</u> | <u>81,844,900</u> | <u>81,844,900</u> | <u>91,532,000</u> | <u>91,331,000</u> | <u>93,599,800</u> |
| AGRICULTURAL | | | | | | | | | | |
| LAND/TOTAL | <u>1,333,300</u> | <u>1,297,800</u> | <u>1,247,400</u> | <u>1,228,900</u> | <u>1,238,500</u> | <u>1,686,700</u> | <u>1,512,900</u> | <u>1,539,700</u> | <u>1,565,600</u> | <u>1,654,000</u> |
| UNDEVELOPED | | | | | | | | | | |
| LAND/TOTAL | <u>11,683,000</u> | <u>4,523,200</u> | <u>5,216,000</u> | <u>5,166,000</u> | <u>4,963,900</u> | <u>4,175,300</u> | <u>4,493,000</u> | <u>9,055,000</u> | <u>9,230,900</u> | <u>8,641,700</u> |
| AG FOREST | | | | | | | | | | |
| LAND/TOTAL | <u>4,056,500</u> | <u>4,056,500</u> | <u>4,068,700</u> | <u>3,817,700</u> | <u>3,612,000</u> | <u>3,533,200</u> | <u>2,685,600</u> | <u>3,375,800</u> | <u>3,336,500</u> | <u>3,494,000</u> |
| FOREST | | | | | | | | | | |
| LAND/TOTAL | <u>1,366,400</u> | <u>1,366,400</u> | <u>1,390,800</u> | <u>1,299,500</u> | <u>1,186,500</u> | <u>1,186,500</u> | <u>960,500</u> | <u>1,186,500</u> | <u>1,186,500</u> | <u>1,243,000</u> |
| OTHER | | | | | | | | | | |
| LAND | 7,712,900 | 7,665,100 | 7,630,000 | 7,227,000 | 7,260,000 | 7,062,000 | 6,390,000 | 6,390,000 | 6,547,500 | 7,348,500 |
| IMP. | 10,974,600 | 10,535,600 | 10,430,200 | 10,221,600 | 10,370,400 | 9,757,600 | 10,139,000 | 10,318,100 | 10,394,700 | 10,860,900 |
| TOTAL | <u>18,687,500</u> | <u>18,200,700</u> | <u>18,060,200</u> | <u>17,448,600</u> | <u>17,630,400</u> | <u>16,819,600</u> | <u>16,529,000</u> | <u>16,708,100</u> | <u>16,942,200</u> | <u>18,209,400</u> |
| TOTAL REAL ESTATE | | | | | | | | | | |
| LAND | 1,370,786,000 | 1,310,588,100 | 1,312,439,800 | 1,362,024,300 | 1,433,851,500 | 1,443,167,400 | 1,474,982,000 | 1,545,745,700 | 1,580,282,300 | 1,637,360,100 |
| IMP. | 2,673,179,700 | 2,597,775,000 | 2,574,686,300 | 2,698,784,400 | 2,850,833,200 | 2,967,574,400 | 3,053,845,400 | 3,202,457,000 | 3,388,309,500 | 3,523,164,600 |
| TOTAL | <u>4,043,965,700</u> | <u>3,908,363,100</u> | <u>3,887,126,100</u> | <u>4,060,808,700</u> | <u>4,284,684,700</u> | <u>4,410,741,800</u> | <u>4,528,827,400</u> | <u>4,748,202,700</u> | <u>4,968,591,800</u> | <u>5,160,524,700</u> |
| TOTAL PERSONAL | | | | | | | | | | |
| | <u>51,865,000</u> | <u>63,804,400</u> | <u>62,342,400</u> | <u>65,952,800</u> | <u>77,044,000</u> | <u>68,167,900</u> | <u>81,665,900</u> | <u>49,654,300</u> | <u>80,203,300</u> | <u>71,906,300</u> |
| TOTAL EQUALIZED | | | | | | | | | | |
| | <u>\$ 4,095,830,700</u> | <u>\$ 3,972,167,500</u> | <u>\$ 3,949,468,500</u> | <u>\$ 4,126,761,500</u> | <u>\$ 4,361,728,700</u> | <u>\$ 4,478,909,700</u> | <u>\$ 4,610,493,300</u> | <u>\$ 4,797,857,000</u> | <u>5,048,795,100</u> | <u>5,232,431,000</u> |
| ASSESSMENT RATIO | | | | | | | | | | |
| | 104.83% | 108.81% | 109.83% | 106.26% | 101.67% | 100.39% | 98.62% | 96.59% | 92.99% | 90.83% |

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

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

Table 14

| Levy Year | Fiscal Year | Real Property | | | Personal Property | | | Total | | |
|-----------|-------------|------------------|-----------------|------------------|-------------------|-----------------|------------------|--------------------------------------|----------------------|---|
| | | Equalized Value | Equalized Value | Equalized Value | Equalized Value | Equalized Value | Equalized Value | Ratio of Assessed to Equalized Value | TID Value Increments | Net Equalized Value (As Reduced by TID) |
| 2011 | 2012 | \$ 4,043,965,700 | \$ 51,865,000 | \$ 4,095,830,700 | 104.83% | \$ 11,801,600 | \$ 4,084,029,100 | | | |
| 2012 | 2013 | 3,908,363,100 | 63,804,400 | 3,972,167,500 | 108.81% | 11,785,700 | 3,960,381,800 | | | |
| 2013 | 2014 | 3,887,126,100 | 62,342,400 | 3,949,468,500 | 109.83% | 12,334,700 | 3,937,133,800 | | | |
| 2014 | 2015 | 4,060,808,700 | 65,952,800 | 4,126,761,500 | 106.26% | 16,970,700 | 4,109,790,800 | | | |
| 2015 | 2016 | 4,284,684,700 | 77,044,000 | 4,361,728,700 | 101.67% | 15,095,900 | 4,346,632,800 | | | |
| 2016 | 2017 | 4,410,741,800 | 68,167,900 | 4,478,909,700 | 100.39% | 55,150,600 | 4,423,759,100 | | | |
| 2017 | 2018 | 4,528,827,400 | 81,665,900 | 4,610,493,300 | 98.62% | 67,856,300 | 4,542,637,000 | | | |
| 2018 | 2019 | 4,748,202,700 | 49,654,300 | 4,797,857,000 | 96.59% | 80,914,200 | 4,716,942,800 | | | |
| 2019 | 2020 | 4,968,591,800 | 80,203,300 | 5,048,795,100 | 92.99% | 117,443,514 | 4,931,351,586 | | | |
| 2020 | 2021 | 5,160,524,700 | 71,906,300 | 5,232,431,000 | 90.83% | 182,450,100 | 5,049,980,900 | | | |

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 | |
| 2011 | \$ 4,279,672,500 | \$ 4,054,629,155 | \$ 11,801,600 | \$ 4,066,430,755 | \$ 18,577,500 | \$ 17,598,345 | \$ 4,298,250,000 | \$ 4,072,227,500 | \$ 4,084,029,100 | |
| 2012 | 4,289,391,450 | 3,943,225,926 | 11,785,700 | 3,955,011,626 | 18,432,700 | 17,155,874 | 4,307,824,150 | 3,960,381,800 | 3,972,167,500 | |
| 2013 | 4,314,641,750 | 3,920,245,581 | 12,334,700 | 3,932,580,281 | 18,461,100 | 16,888,219 | 4,333,102,850 | 3,937,133,800 | 3,949,468,500 | |
| 2014 | 4,362,424,860 | 4,092,200,221 | 16,970,700 | 4,109,170,921 | 19,253,600 | 17,590,579 | 4,381,678,460 | 4,109,790,800 | 4,126,761,500 | |
| 2015 | 4,415,110,120 | 4,307,720,146 | 34,832,000 | 4,342,552,146 | 19,247,300 | 19,176,554 | 4,434,357,420 | 4,326,896,700 | 4,361,728,700 | |
| 2016 | 4,476,672,240 | 4,404,324,727 | 55,150,600 | 4,459,475,327 | 19,753,500 | 19,434,373 | 4,496,425,740 | 4,423,759,100 | 4,478,909,700 | |
| 2017 | 4,526,766,000 | 4,522,456,038 | 67,856,300 | 4,590,312,338 | 19,899,300 | 20,180,962 | 4,546,665,300 | 4,542,637,000 | 4,610,493,300 | |
| 2018 | 4,612,885,960 | 4,695,964,154 | 80,914,200 | 4,776,878,354 | 21,227,900 | 20,978,646 | 4,634,113,860 | 4,716,942,800 | 4,797,857,000 | |
| 2019 | 4,672,228,560 | 4,891,499,009 | 117,443,514 | 5,008,942,523 | 22,778,800 | 23,155,791 | 4,695,007,360 | 4,914,654,800 | 5,032,098,314 | |
| 2020 | 4,729,646,230 | 5,024,578,857 | 182,450,100 | 5,207,028,957 | 23,135,200 | 25,402,043 | 4,752,781,430 | 5,049,980,900 | 5,232,431,000 | |

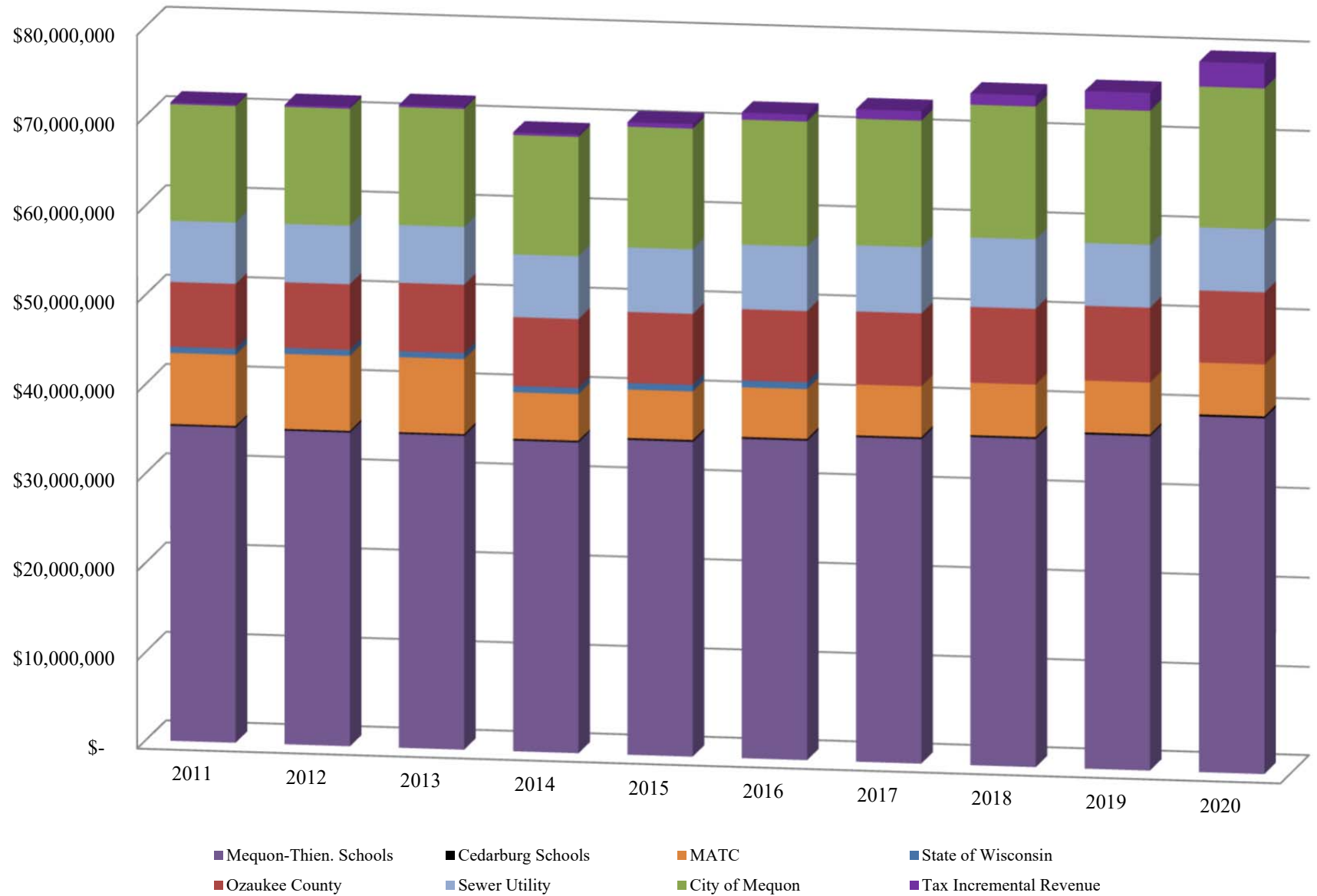
Source: "Statement of Assessments and Tax Levy Certifications from the Mequon-Thiensville School District and School District of Cedarburg"

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

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

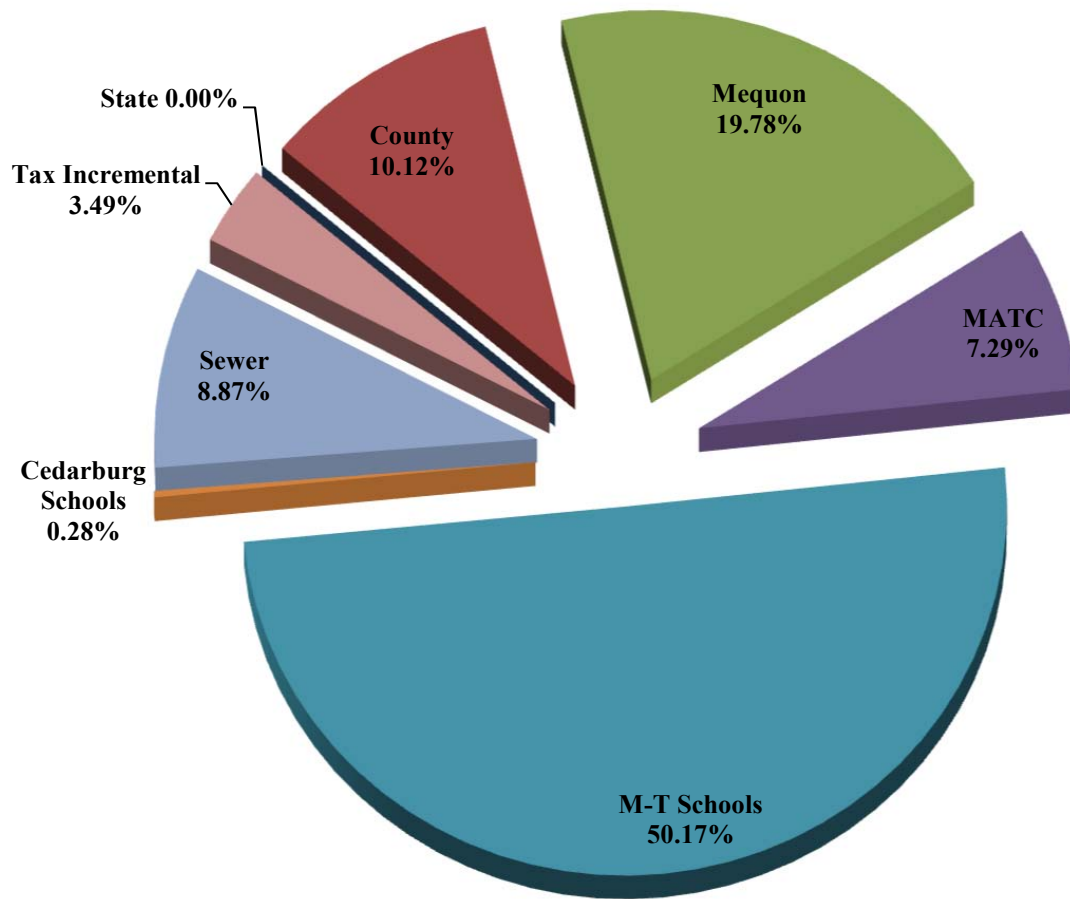
Source: "Statement of Taxes and Tax District Treasurer's Settlements"

Comparative Tax Levies Last Ten Fiscal Years



City of Mequon 2020 Tax Levy Distribution (2021 Budget Year)

Mequon-Thiensville School District with Sewer



2019 Tax Levy information

| <u>State</u> | <u>County</u> | <u>MATC</u> | <u>Mequon</u> | <u>Sewer</u> | <u>M-T School</u> | <u>Cedarburg School</u> | <u>Tax Increment</u> | <u>Total</u> |
|--------------|---------------|-------------|---------------|--------------|-------------------|-------------------------|----------------------|--------------|
| \$0 | \$8,363,677 | \$5,815,056 | \$14,994,497 | \$7,033,788 | \$37,578,039 | \$208,694 | \$2,018,738 | \$76,012,489 |

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

| As of Dec. 31 | Total G.O. Debt Outstanding | Less: Funds Available for Debt Service | Net Debt Outstanding | Equalized Value | Statutory Debt Capacity (5% of Equalized Value) | Ratio of Net Debt to Debt Capacity | Population | Net Debt Per Capita | Net Debt Per \$1,000 of Equalized Vaue |
|------------------|-----------------------------------|--|-------------------------|--------------------|--|--|------------|---------------------------|---|
| 2011 | \$ 33,120,027 | \$ 1,799,769 | \$ 31,320,258 | \$ 4,296,176,093 | \$ 214,808,805 | 14.58% | 23,191 | \$ 1,351 | 7.29 |
| 2012 | 29,906,141 | - | 29,906,141 | 3,972,167,500 | 198,608,375 | 15.06% | 23,226 | 1,288 | 7.53 |
| 2013 | 30,174,291 | - | 30,174,291 | 3,949,468,500 | 197,473,425 | 15.28% | 23,279 | 1,296 | 7.64 |
| 2014 | 26,524,469 | - | 26,524,469 | 4,126,761,500 | 206,338,075 | 12.85% | 23,387 | 1,134 | 6.43 |
| 2015 | 29,931,420 | - | 29,931,420 | 4,361,728,700 | 218,086,435 | 13.72% | 23,946 | 1,250 | 6.86 |
| 2016 | 34,771,373 | - | 34,771,373 | 4,478,909,700 | 223,945,485 | 15.53% | 24,086 | 1,444 | 7.76 |
| 2017 | 29,590,947 | - | 29,590,947 | 4,610,493,300 | 230,524,665 | 12.84% | 24,159 | 1,225 | 6.42 |
| 2018 | 43,950,000 | - | 43,950,000 | 4,797,857,000 | 239,892,850 | 18.32% | 24,220 | 1,815 | 9.16 |
| 2019 | 44,260,000 | - | 44,260,000 | 5,048,795,100 | 252,439,755 | 17.53% | 24,375 | 1,816 | 8.77 |
| 2020 | 39,550,000 | - | 39,550,000 | 5,232,431,000 | 261,621,550 | 15.12% | 24,376 | 1,622 | 7.56 |

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 | Capital Leases | General Obligation Bonds/Notes | Revenue Bonds | | | |
| 2011 | \$ 15,985,000 | \$ 6,950,000 | \$ 215,250 | \$ 10,185,027 | \$ 16,119,489 | \$ 49,454,766 | \$ 4,296,176,093 | 11.51 |
| 2012 | 14,520,000 | 6,950,000 | 145,696 | 8,436,141 | 15,596,249 | 45,648,086 | 3,972,167,500 | 11.49 |
| 2013 | 16,415,000 | 6,950,000 | 98,708 | 6,809,291 | 15,180,559 | 45,453,558 | 3,949,468,500 | 11.51 |
| 2014 | 14,450,000 | 6,950,000 | 221,643 | 5,124,469 | 14,547,044 | 41,293,156 | 4,126,761,500 | 10.01 |
| 2015 | 18,357,972 | 6,800,000 | 599,808 | 4,773,448 | 13,863,530 | 44,394,758 | 4,361,728,700 | 10.18 |
| 2016 | 25,161,009 | 6,550,000 | 527,341 | 3,060,364 | 13,155,014 | 48,453,728 | 4,478,909,700 | 10.82 |
| 2017 | 21,935,000 | 6,300,000 | 339,022 | 1,355,947 | 21,768,562 | 51,698,531 | 4,610,493,300 | 11.21 |
| 2018 | 19,095,000 | 6,000,000 | 179,318 | 18,855,000 | 11,040,000 | 55,169,318 | 4,797,857,000 | 11.50 |
| 2019 | 21,380,000 | 5,650,000 | 26,875 | 17,230,000 | 10,215,000 | 54,501,875 | 5,048,795,100 | 10.80 |
| 2020 | 17,745,000 | 5,900,000 | 53,727 | 15,905,000 | 9,365,000 | 48,968,727 | 5,232,431,000 | 9.36 |

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

Table 19

| | Values in thousands of dollars | | | | | | | | | |
|---|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Equalized Value of Real and Personal Property | \$ 4,241,473 | \$ 3,972,167 | \$ 3,949,469 | \$ 4,126,762 | \$ 4,361,729 | \$ 4,478,910 | \$ 4,610,493 | \$ 4,797,857 | \$ 5,048,795 | \$ 5,232,431 |
| General Obligation (G.O.) Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes | \$ 212,074 | \$ 198,608 | \$ 197,473 | \$ 206,338 | \$ 218,086 | \$ 223,945 | \$ 230,525 | \$ 239,893 | \$ 252,440 | \$ 261,622 |
| Amount of Debt Applicable to Debt Limitation General Obligation Bonds/Notes | 32,765 | 29,610 | 29,875 | 26,300 | 29,490 | 34,220 | 29,545 | 43,950 | 44,260 | 39,550 |
| Net O/S G.O. Debt Applicable to Debt Limitation | <u>\$ 32,765</u> | <u>\$ 29,610</u> | <u>\$ 29,875</u> | <u>\$ 26,300</u> | <u>\$ 29,490</u> | <u>\$ 34,220</u> | <u>\$ 29,545</u> | <u>\$ 43,950</u> | <u>\$ 44,260</u> | <u>\$ 39,550</u> |
| Legal margin for New Debt | <u>\$ 179,309</u> | <u>\$ 168,998</u> | <u>\$ 167,598</u> | <u>\$ 180,038</u> | <u>\$ 188,596</u> | <u>\$ 189,725</u> | <u>\$ 200,980</u> | <u>\$ 195,943</u> | <u>\$ 208,180</u> | <u>\$ 222,072</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 15.45% | 14.91% | 15.13% | 12.75% | 13.52% | 15.28% | 12.82% | 18.32% | 17.53% | 15.12% |

**CITY OF MEQUON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2020**

| Taxing Authority | Debt as of 12/31/20 | Percent Applicable to City | Direct Debt | Overlapping Debt | Total Direct and Overlapping Debt | Total Debt per Capita |
|----------------------------|-----------------------|----------------------------------|----------------------|----------------------|--------------------------------------|--------------------------|
| City of Mequon | \$ 39,550,000 | 100.000% | \$ 39,550,000 | \$ - | \$ 39,550,000 | 1,637.07 |
| MATC | 100,970,000 | 6.076% | - | 6,135,098 | 6,135,098 | 253.95 |
| Ozaukee County | 24,742,638 | 36.455% | - | 9,019,933 | 9,019,933 | 373.36 |
| Mequon-Thiensville Schools | 57,545,000 | 92.694% | - | 53,341,008 | 53,341,008 | 2,207.91 |
| Cedarburg School District | 61,785,000 | 0.921% | - | 569,348 | 569,348 | 23.57 |
| Totals | \$ 284,592,638 | | \$ 39,550,000 | \$ 69,065,386 | \$ 108,615,386 | \$ 4,495.86 |

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 | | |
| 2011 | \$ 1,135,000 | \$ 787,658 | \$ 1,922,658 | \$ 15,640,671 | 12.29% |
| 2012 | 1,465,000 | 801,018 | 2,266,018 | 16,946,228 | 13.37% |
| 2013 | 575,000 | 685,225 | 1,260,225 | 18,267,240 | 6.90% |
| 2014 | 1,965,000 | 824,037 | 2,789,037 | 17,935,217 | 15.55% |
| 2015 | 2,220,000 | 732,434 | 2,952,434 | 18,095,726 | 16.32% |
| 2016 | 2,540,000 | 872,260 | 3,412,260 | 19,185,995 | 17.79% |
| 2017 | 3,050,000 | 1,001,473 | 4,051,473 | 19,788,558 | 20.47% |
| 2018 | 3,140,000 | 836,390 | 3,976,390 | 19,726,103 | 20.16% |
| 2019 | 3,100,000 | 742,850 | 3,842,850 | 20,317,860 | 18.91% |
| 2020 | 3,385,000 | 825,843 | 4,210,843 | 20,957,792 | 20.09% |

(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, 2020**

| Year | 2011B G.O. Bonds | 2013A G.O. Notes | 2013 Refunding Bonds | 2015A G.O. Corp. Purp. Bonds | 2016A G.O. Bonds | 2019A G.O. Notes | 2020A Refunding Bonds | Totals |
|---------------|------------------------|------------------------|----------------------------|------------------------------------|------------------------|------------------------|-----------------------------|----------------------|
| 2021 | \$ 550,000 | \$ 400,000 | \$ 170,000 | \$ 370,000 | \$ 550,000 | \$ 380,000 | \$ 730,000 | \$ 3,150,000 |
| 2022 | - | 400,000 | - | 655,000 | 565,000 | 845,000 | 830,000 | 3,295,000 |
| 2023 | - | 400,000 | - | 660,000 | 575,000 | 340,000 | 875,000 | 2,850,000 |
| 2024 | - | - | - | 990,000 | 585,000 | 445,000 | 630,000 | 2,650,000 |
| 2025 | - | - | - | 990,000 | 600,000 | 525,000 | 650,000 | 2,765,000 |
| 2026 | - | - | - | 590,000 | 610,000 | 325,000 | 695,000 | 2,220,000 |
| 2027 | - | - | - | 290,000 | 625,000 | 530,000 | 730,000 | 2,175,000 |
| 2028 | - | - | - | - | 635,000 | 630,000 | 760,000 | 2,025,000 |
| 2029 | - | - | - | - | 650,000 | 530,000 | - | 1,180,000 |
| 2030 | - | - | - | - | 660,000 | - | - | 660,000 |
| Totals | \$ 550,000 | \$ 1,200,000 | \$ 170,000 | \$ 4,545,000 | \$ 6,055,000 | \$ 4,550,000 | \$ 5,900,000 | \$ 22,970,000 |

CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT

10 YEAR INTEREST PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2020

| Year | 2011B G.O. Bonds | 2013A G.O. Notes | 2013B Refunding Bonds | 2015A G.O. Corp. Purp. Bonds | 2016A G.O. Bonds | 2019A G.O. Notes | 2020A Refunding Bonds | Totals |
|---------------|------------------------|------------------------|-----------------------------|------------------------------------|------------------------|------------------------|-----------------------------|---------------------|
| 2021 | \$ 8,250 | \$ 16,000 | \$ 1,488 | \$ 105,750 | \$ 132,102 | \$ 149,050 | \$ 155,150 | \$ 567,790 |
| 2022 | - | 9,000 | - | 92,225 | 120,953 | 128,775 | 133,250 | 484,203 |
| 2023 | - | 3,000 | - | 72,500 | 109,553 | 109,300 | 108,350 | 402,703 |
| 2024 | - | - | - | 52,700 | 97,953 | 93,600 | 82,100 | 326,353 |
| 2025 | - | - | - | 31,663 | 86,103 | 74,200 | 63,200 | 255,165 |
| 2026 | - | - | - | 13,887 | 74,002 | 57,200 | 43,700 | 188,789 |
| 2027 | - | - | - | 3,625 | 61,653 | 42,750 | 29,800 | 137,828 |
| 2028 | - | - | - | - | 49,053 | 25,350 | 15,200 | 89,603 |
| 2029 | - | - | - | - | 36,040 | 7,950 | - | 43,990 |
| 2030 | - | - | - | - | 22,283 | - | - | 22,283 |
| Totals | \$ 8,250 | \$ 28,000 | \$ 1,488 | \$ 372,350 | \$ 767,409 | \$ 688,175 | \$ 630,750 | \$ 2,518,704 |

CITY OF MEQUON
Current Schedule of Debt Service 2021-2030

Table 24

OUTSTANDING PRINCIPAL

| <u>YEAR</u> | <u>G.O.</u> | <u>SEWER</u> | <u>WATER</u> | <u>TIF #2</u> | <u>TIF #3</u> | <u>TOTAL 12/31 PRINCIPAL</u> |
|--------------------|--------------------|---------------------|---------------------|----------------------|----------------------|---|
| 2021 | \$ 15,325,000 | \$ 14,550,000 | \$ 8,465,000 | \$ 580,000 | \$ 4,590,000 | \$ 43,510,000 |
| 2022 | 12,860,000 | 13,145,000 | 7,530,000 | 290,000 | 4,050,000 | 37,875,000 |
| 2023 | 10,885,000 | 11,690,000 | 6,560,000 | - | 3,465,000 | 32,600,000 |
| 2024 | 8,865,000 | 10,195,000 | 5,550,000 | - | 2,835,000 | 27,445,000 |
| 2025 | 6,750,000 | 8,650,000 | 4,525,000 | - | 2,185,000 | 22,110,000 |
| 2026 | 5,225,000 | 7,225,000 | 3,460,000 | - | 1,490,000 | 17,400,000 |
| 2027 | 3,780,000 | 5,745,000 | 2,355,000 | - | 760,000 | 12,640,000 |
| 2028 | 2,515,000 | 4,220,000 | 1,195,000 | - | - | 7,930,000 |
| 2029 | 1,335,000 | 2,650,000 | - | - | - | 3,985,000 |
| 2030 | 675,000 | 1,035,000 | - | - | - | 1,710,000 |

OUTSTANDING INTEREST

| <u>YEAR</u> | <u>G.O.</u> | <u>SEWER</u> | <u>WATER</u> | <u>TIF #2</u> | <u>TIF #3</u> | <u>TOTAL 12/31 INTEREST PAYABLE</u> |
|--------------------|--------------------|---------------------|---------------------|----------------------|----------------------|--|
| 2021 | \$ 350,953 | \$ 471,088 | \$ 319,900 | \$ 14,950 | \$ 118,300 | \$ 1,275,191 |
| 2022 | 294,353 | 416,538 | 281,800 | 7,240 | 101,110 | 1,101,041 |
| 2023 | 244,253 | 373,413 | 242,200 | - | 82,100 | 941,966 |
| 2024 | 191,965 | 317,006 | 201,500 | - | 63,200 | 773,671 |
| 2025 | 145,090 | 273,750 | 159,700 | - | 43,700 | 622,240 |
| 2026 | 108,028 | 216,750 | 116,300 | - | 29,800 | 470,878 |
| 2027 | 74,403 | 172,350 | 71,000 | - | 15,200 | 332,953 |
| 2028 | 43,990 | 126,600 | 23,900 | - | - | 194,490 |
| 2029 | 22,283 | 79,500 | - | - | - | 101,783 |
| 2030 | 7,594 | 31,050 | - | - | - | 38,644 |

PRINCIPAL & INTEREST

| <u>YEAR</u> | <u>G.O.</u> | <u>SEWER</u> | <u>WATER</u> | <u>TIF #2</u> | <u>TIF #3</u> | <u>TOTAL 12/31 INTEREST</u> |
|--------------------|--------------------|---------------------|---------------------|----------------------|----------------------|--|
| 2021 | \$ 15,675,953 | \$ 15,021,088 | \$ 8,784,900 | \$ 594,950 | \$ 4,708,300 | \$ 44,785,191 |
| 2022 | 13,154,353 | 13,561,538 | 7,811,800 | 297,240 | 4,151,110 | 38,976,041 |
| 2023 | 11,129,253 | 12,063,413 | 6,802,200 | - | 3,547,100 | 33,541,966 |
| 2024 | 9,056,965 | 10,512,006 | 5,751,500 | - | 2,898,200 | 28,218,671 |

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

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

Source: City of Mequon Annual Financial Reports

Notes:

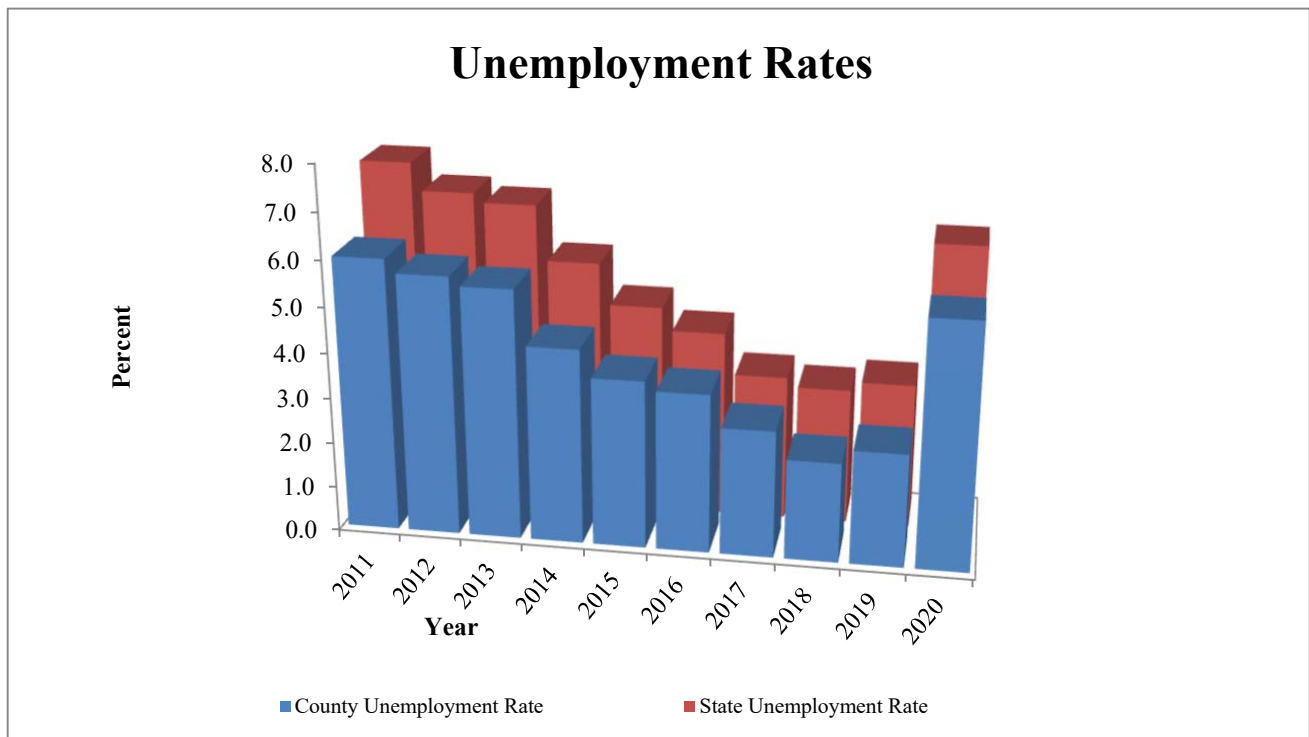
Gross revenues are operating revenues plus interest

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 |
|------|----------------|---------------------|-----------------------|
| 2009 | 46,327 | 42,642 | 3,685 |
| 2010 | 46,751 | 43,552 | 3,199 |
| 2011 | 47,022 | 44,203 | 2,819 |
| 2012 | 46,917 | 44,249 | 2,668 |
| 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 |



Source: Wisconsin Department of Workforce Development

CITY OF MEQUON
ADDITIONAL DEMOGRAPHIC INFORMATION

| Breakdown of Housing Units | 2010 | 2015 | (%) | Housing Valuations | 2010 |
|-----------------------------------|-------------|-------------|-----|---------------------------------|-------------|
| Total Dwelling Units | 9,283 | 9,876 | | \$0 - \$99,000 | 62.00% |
| Single Family | 7,041 | 7,251 | 73% | \$100,000 - \$199,000 | 8.23% |
| Plex (2-4 units/bldg.) | 1,551 | 1,555 | 16% | \$200,000 - \$299,000 | 30.60% |
| Multi-Family (5+ units/bldg.) | 689 | 730 | 7% | \$300,000 - \$399,000 | 19.76% |
| | | | | \$400,000 - \$499,000 | 13.29% |
| | | | | \$500,000 - \$799,000 | 18.79% |
| | | | | \$800,000 - \$1,000,000 | 3.83% |
| | | | | \$1,000,000 and up | 4.21% |
| Gender Composition | 2010 | 2016 | | Average Assessed Value | \$429,800 |
| Female | 51.4% | 52.0% | | Median Assessed Value | \$341,200 |
| Male | 48.6% | 48.0% | | Average Persons Per Household | |
| Race Comparison | 2010 | 2016 | | Educational Attainment* | |
| White | 93.0% | 92.8% | | Ninth Grade Education or lower | |
| Black or African American | 2.8% | 2.4% | | High School Diploma or higher | |
| American Indian, Eskimo | 1.0% | 0.2% | | Bachelors degree or higher | |
| Asian or Pacific Islander | 3.1% | 3.2% | | * Population 25 years and older | |
| Other | 1.0% | 1.4% | | Occupational Composition | |
| Age Composition | 2010 | 2016 | | Managerial & Professional | |
| Under 5 years | 4.3% | 4.7% | | Service Occupations | |
| 5 - 14 years | 14.0% | 12.6% | | Sales and office occupations | |
| 15 - 19 years | 9.1% | 7.8% | | Farming, fishing and forestry | |
| 20 - 24 years | 5.2% | 2.9% | | Production and transportation | |
| 25 - 34 years | 5.0% | 5.7% | | | |
| 35 - 44 years | 11.0% | 10.3% | | | |
| 45 - 54 years | 18.0% | 16.0% | | | |
| 55 - 64 years | 16.4% | 18.3% | | | |
| Over 64 years | 17.0% | 21.7% | | | |
| Household Income | 2010 | 2016 | | Population: | |
| Less than \$10,000 | 3.6% | 2.9% | | 1960 | 8,543 |
| \$10,000 - \$20,000 | 4.6% | 1.8% | | 1970 | 12,150 |
| \$20,000 - \$30,000 | 5.9% | 5.3% | | 1980 | 16,193 |
| \$30,000 - \$40,000 | 11.7% | 7.3% | | 1990 | 18,885 |
| \$40,000 - \$74,999 | 12.5% | 21.3% | | 2000 | 21,823 |
| \$75,000 - \$99,999 | 13.4% | 10.4% | | 2010 | 23,132 |
| \$100,000 - 149,999 | 23.2% | 21.2% | | 2017 | 24,159 |
| \$150,000 + | 25.1% | 29.8% | | 2018 | 24,220 |
| Median Household Income | \$ 106,519 | \$ 101,986 | | 2019 | 24,375 |
| | | | | 2020 | 24,422 |

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

**CITY OF MEQUON
OTHER COMMUNITY INFORMATION**

Table 28

| GENERAL: | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Area in Square Miles | 46.88 | 46.88 | 46.88 | 46.88 | 46.88 |
| Households | 9,952 | 9,990 | 10,035 | 10,090 | 10,090 |
| Population | 24,086 | 24,159 | 24,220 | 24,375 | 24,422 |
| Equalized Valuations (\$000) | \$ 4,478,910 | \$ 4,610,493 | \$ 4,797,857 | \$ 5,048,795 | \$ 5,232,431 |

| PUBLIC SAFETY | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of Police Stations | 1 | 1 | 1 | 1 | 1 |
| Number of Sworn Police Officers | 38 | 39 | 39 | 39 | 39 |
| Number of Fire Stations | 2 | 2 | 2 | 2 | 2 |

| PARKS | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Acres of Parkland | 1,318.4 | 1,318.4 | 1,318.4 | 1,318.4 | 1,318.4 |
| Number of Parks | 27 | 27 | 27 | 27 | 27 |

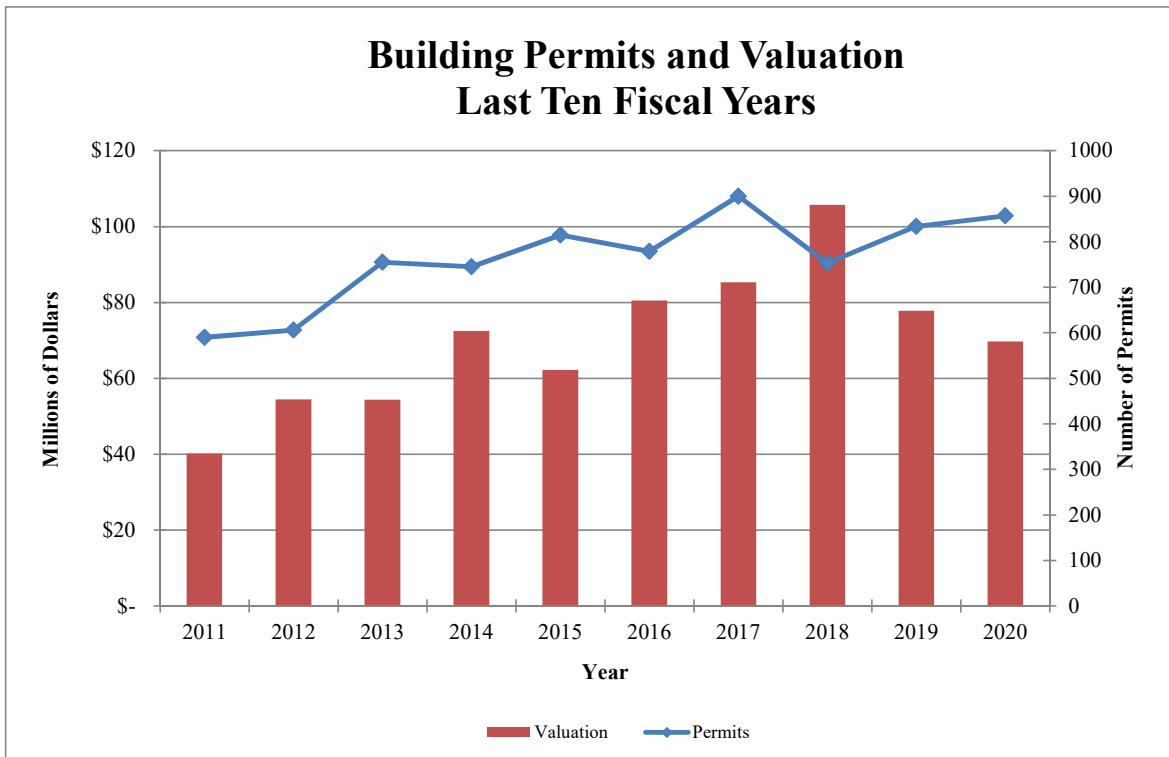
| INFRASTRUCTURE | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Miles of State Highway System | 15.45 | 15.45 | 15.45 | 17.54 | 17.54 |
| Miles of County Highway System | 9.77 | 9.77 | 9.77 | 9.77 | 9.77 |
| Miles of Local Roads and Streets | 210.92 | 211.82 | 212.94 | 212.98 | 212.98 |
| Miles of Sanitary Sewer Main | 161.29 | 162.3 | 163.14 | 165.49 | 165.91 |
| Miles of Water Main | 92.17 | 93.10 | 93.80 | 94.59 | 95.01 |
| Number of Bridges | 17 | 17 | 17 | 17 | 17 |
| Miles of Bike Trails | 12.29 | 12.29 | 12.29 | 12.29 | 12.29 |

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|
| General Government | | | | | | | | | | |
| Building Permits Issued | 590 | 606 | 755 | 745 | 815 | 779 | 900 | 753 | 834 | 857 |
| Valuation (Thousands \$) | 40,128 | 54,390 | 54,365 | 72,473 | 62,197 | 80,464 | 85,268 | 105,698 | 77,777 | 69,662 |
| Number of Employees | 24 | 24 | 24 | 24 | 24 | 26 | 28 | 29 | 29 | 29 |
| Police | | | | | | | | | | |
| Calls for service | 20,665 | 23,927 | 22,488 | 24,337 | 26,920 | 27,720 | 33,946 | 34,995 | 32,039 | 32,402 |
| Physical Arrests | 781 | 697 | 662 | 563 | 651 | 791 | 747 | 728 | 764 | 591 |
| Reportable Traffic crashes | 260 | 267 | 370 | 350 | 309 | 284 | 292 | 315 | 337 | 241 |
| Number of Employees | 46 | 46 | 46 | 48 | 48 | 50 | 52 | 51 | 54 | 54 |
| Fire / EMS | | | | | | | | | | |
| Fire calls for service | 312 | 392 | 394 | 469 | 496 | 450 | 479 | 453 | 489 | 428 |
| EMS calls for service | 1,020 | 1,112 | 1,214 | 1,261 | 1,421 | 1,657 | 1,637 | 1,715 | 1,834 | 1,788 |
| Number of Employees | 62 | 62 | 62 | 62 | 60 | 72 | 62 | 66 | 68 | 71 |
| Parks | | | | | | | | | | |
| Acres of Parkland maintained | 1,177 | 1,177 | 1,177 | 1,318 | 1,318 | 1,318 | 1,318 | 1,318 | 1,318 | 1,318 |
| Pavillion Rentals | 65 | 72 | 59 | 67 | 79 | 82 | 81 | 94 | 83 | 30 |
| Pool Attendance | 19,188 | 21,482 | 13,071 | 11,374 | 10,701 | 12,943 | 9,735 | 10,928 | 9,233 | 8,010 |
| Number of Employees | 35 | 35 | 35 | 35 | 35 | 35 | 39 | 41 | 44 | 42 |

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

| | Number of Permits | Valuation (\$mil) |
|------|-------------------|-------------------|
| 2011 | 590 | \$40.13 |
| 2012 | 606 | \$54.39 |
| 2013 | 755 | \$54.37 |
| 2014 | 745 | \$72.47 |
| 2015 | 815 | \$62.20 |
| 2016 | 779 | \$80.46 |
| 2017 | 900 | \$85.26 |
| 2018 | 753 | \$105.70 |
| 2019 | 834 | \$77.78 |
| 2020 | 857 | \$69.66 |



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

Table 31

| Function/Program | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 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) | 211.40 | 211.77 | 209.73 | 209.73 | 209.73 | 210.92 | 211.82 | 212.94 | 212.98 | 212.98 |
| Culture & Recreation | | | | | | | | | | |
| Parks | 25 | 25 | 25 | 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 | 9 | 9 | 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) | 398,539 | 408,066 | 408,066 | 411,206 | 486,658 | 486,658 | 491,568 | 495,264 | 499,435 | 501,653 |
| Fire Hydrants | 876 | 876 | 949 | 955 | 1,079 | 1,098 | 1,112 | 1,122 | 1,130 | 1,136 |
| Sewer | | | | | | | | | | |
| Sanitary Sewer (miles) | 152.87 | 153.21 | 159.22 | 159.22 | 159.93 | 161.29 | 162.3 | 163.1 | 165.49 | 165.91 |

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