



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

For The Year Ended December 31, 2017

Comprehensive Annual Financial Report



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017**



**CITY OF MEQUON
WISCONSIN**

Prepared by:

William Jones
City Administrator

Thomas Watson
Finance Director

Published May 15, 2018

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INTRODUCTORY SECTION

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FINANCE DEPARTMENT

Thomas W. Watson, CMA, CFM, CPFO Finance Director/Treasurer
Shawn E. Hart, CPA, Assistant to the Finance Director

May 15, 2018

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, 2017, is hereby submitted. This report consists of management's representations concerning the finances of the City of Mequon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mequon 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 of Mequon'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 the 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 Virchow Krause, LLP, a firm of certified public accountants and consultants has audited the City of Mequon's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mequon for the fiscal year ended December 31, 2017, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the 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 concluded, based upon the audit that the City's financial statements for the year ended December 31, 2017 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 Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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 in the reporting entity, 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 47 square miles. The City was incorporated in 1957 and has a 2017 population of 23,856 (per state Department of Administration).

The eight-member 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 departments of the City of Mequon 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 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 property tax levy is established.

ECONOMIC CONDITION AND OUTLOOK

Unemployment has historically been very low in the Milwaukee metropolitan area. In Ozaukee County the unemployment rates were 3.5 percent in 2016 and 2.8 percent in 2017. This still compares favorably with the Wisconsin unemployment rates of 4 and 3.3 percent respectively.

Mequon's 2017 equalized property value stands at over \$4.6 billion. Housing values on a full market basis continue a recent upward trend, increasing 2.7% over the previous year. In 2017, the City had over \$80 million valuation in construction permits; a 4% increase from 2016 valuation for construction permits. 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 FOR THE YEAR (2017)

Economic Development

The Common Council continues its implementation efforts for the Town Center and expanded appropriate areas for additional single-family residential development served by public water and sewer. As a result of rezoning efforts for conservation subdivisions at one acre densities, the City has approved approximately 250 new lots through platting efforts by residential developers. Given the opportunity for mixed-use residential development, another 156 new dwelling units were approved for construction within the Town Center. At this time, the neighborhood maintains high occupancy rates for the currently leased apartments. In addition, projects completing construction are on-target with expected leasing rates. Market studies suggest there is still a greater demand in the City's competitive market for additional market-rate and senior housing apartments. With the approval of mixed-use development on a City-owned, 13 acre parcel, the Spur 16 development is expected to secure an additional \$26 million dollars in new development value for Town Center. New one acre single-family development and mixed residential development will significantly influence the success of the redevelopment success of the City's traditional neighborhood. As projects are constructed, the City continues to invest further in streetscape improvements by establishing a public/private partnership with the developers of these Town Center sites.

Development Approvals

Major commercial development for 2017 include reinvestment in the City's commercial areas (Port Washington Road and Town Center) and within areas dedicated for industrial uses. In addition, institutional entities expanded their campuses to better serve their students, furthering the positive economic benefit of high quality education in the community. These projects are evidence that appropriately planned commercial development is assisting in the City's goal of rebalancing the commercial tax base. These private investments in the community include the following:

- The Mequon-Thiensville School District made improvements to all of their facilities as well as enhancing sports facilities.
- Concordia University of Wisconsin added sports facilities.
- Riteway Bus Company, which serves the school district for student transportation developed a new transportation terminal in the City's industrial business park.
- Gateway Plastics constructed a 70,000 square foot addition to their existing industrial facility.
- Splash, which is an existing swim and wellness school located in the City's Business Park, was approved and will construct in 2018 a substantial addition for increasing services to customers.
- The Town Center neighborhood continues to expand with new development projects approved in 2017 for 2018 construction including Spur 16, a mixed-use project valued at \$26M. The project will deliver 156 new residential dwellings and new commercial businesses that are currently not part of the Mequon business community. Of particular interest is a public market proposed with several vendors. According to a recent report by Cushman & Wakefield, public markets are expected to increase by 154% across the country by 2020. The project is projected to allow the City to close the Town Center TID, with a positive cash flow, two years prior to TID's expiration.
- A master planned mixed-use development consuming approximately 17 acres of blighted conditions and non-conforming uses, was conceptually approved by the City for the Town Center neighborhood. This project is valued at approximately \$50M and will be phased in over the course of 5 years.
- The construction of a number of new commercial development projects, including renovation of new office complexes, daycare facilities, fitness studios and convenience gas stations.
- The City of Mequon was host to the 2017 Parade of Homes. It featured recently developed single-family residential neighborhoods in the western part of the City. Several new land developers and home builders invested in the area after the City proactively rezoned 380 acres and served the neighborhood with public water and sewer. The new opportunity for development has served the pent up demand for new housing in the City and has added value to the community. During the 18 months from January of 2016 through June of 2017, 44 new single-family homes have been built with an average home cost of \$342,150 (this does not include land cost). The total permit revenue generated by the 44 new homes during the same timeframe is \$180,400, \$39,600 has been collected for Park Impact fees and the total new home construction value of \$15.1M.

FOR THE FUTURE (2018):

Business Outreach and Programs

The Economic Development Board has set a work program for 2018 which includes implementation of a Business Retention and Outreach plan as well as focus groups with existing commercial entities within the of retail and service and industrial sectors. In addition, the Board facilitates and makes recommendations related to economic incentives for businesses and economic development. These programs include a Revolving Loan Program, TID development incentives and a Town Center Business Loan Program. The Board will facilitate an amendment to an existing TID in order to continue to offer incentives as an eligible expenditure.

The Board successfully negotiated a contract and development agreement for a 13-acre site sold by the City, as well as managed a Request for Proposals process for a redevelopment site. City representatives serve on the Advisory Committee for the Ozaukee County Transit Development Plan. The Committee is considering alternatives and implementation of programs and tools to potentially improve services for County residents and for County employers seeking works.

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 accomplish infrastructure and streetscape enhancements, coordination with consultants and the Wisconsin Department of Transportation and pursuing and evaluating the type of redevelopment desired for these neighborhoods.

The City intends to make necessary public infrastructure improvements to better serve an increase in customers utilizing Town Center business's goods and services. The major improvements slated for 2018 include reconstruction of a public lot in order to increase parking supply and provide pedestrian and bicycle improvements for safer and more comfortable access for non-motorized uses. In addition, the long intended gateway feature for the Town Center will be constructed through a public/private partnership. The feature will signalize the distinct neighborhood of Town Center and capture the attention of both consumers and those interested in the community park, such as the city pool, and public uses, such as the Mequon-Thiensville library, that are at the center of neighborhood.

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 2018, the Board will conduct business outreach visits with six industrial companies and hold an open house for retailers to build and strengthen the public/private relationship and understand how the City may best serve businesses for retention and expansion. The City continues to provide education and outreach for County-sponsored programs for housing rehabilitation for 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, property, liability and other potential losses.

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 was 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 Ziegler Investment Services. The City's portfolio at Ziegler 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 \$151,000 on all investments for the year ended December 31, 2017. The average return on investment was approximately one half of one percent.

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

AWARDS

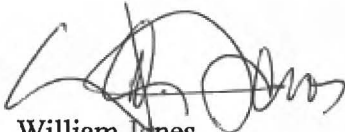
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mequon for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. This was the fourth year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine the City's eligibility for another certificate.

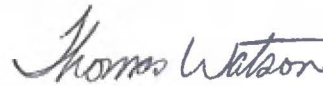
ACKNOWLEDGEMENTS

We wish to thank the Mayor and the Common Council. Their leadership and continued support is invaluable toward advancing the goals of the City. Preparation of this report was made possible with the assistance of Baker Tilly Virchow Krause, LLP.

Respectfully submitted,



William Jones
City Administrator



Thomas Watson
Director of Finance

CITY OF MEQUON, WISCONSIN

DIRECTORY OF OFFICIALS

As of December 31, 2017

ELECTED OFFICIALS

Mayor Dan Abendroth

Common Council

District 1	Alderman Robert Strzelczyk	District 2	Alderman Glenn Bushee
District 3	Alderman Dale Mayr	District 4	Alderman John Wirth
District 5	Alderman Mark Gierl	District 6	Alderman John Hawkins
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

Steve Graff, Police Chief

David Bialk, Fire Chief

Thomas Watson, Finance Director

Kristen Lundeen, Public Works Director/City Engineer

Kim Tollefson, Planning and Community Development Director

Vacant, Director of Parks and Operations

Mike Grotz, City Assessor



Government Finance Officers Association

Certificate of
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**City of Mequon
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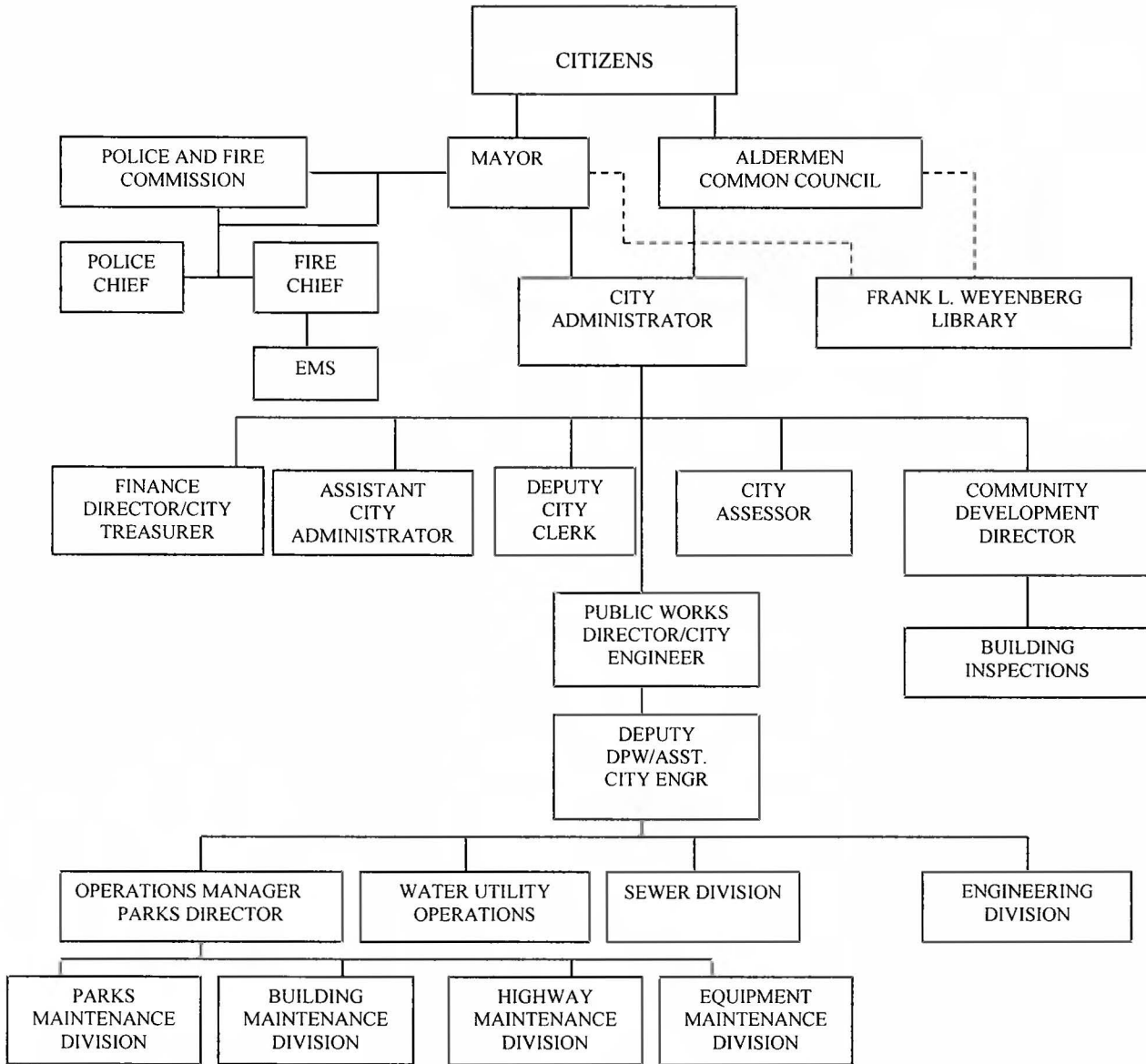
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

City of Mequon Organizational Chart





FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Common Council
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, 2017, 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, 2017 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.

Emphasis of Matter

As discussed in Note I, the City of Mequon adopted the provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective January 1, 2017. Our opinions are not modified with respect to this matter.

As discussed in Note I, the City of Mequon adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2017. Our opinions are not modified with respect to this matter.

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 Matters (continued)

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 Virchow Krause, LLP

Milwaukee, Wisconsin
May 15, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF MEQUON, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

This discussion and analysis of the City of Mequon's financial performance is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2017. Please consider it in conjunction with the City's financial statements, which begin on page 27, following this narrative.

FINANCIAL HIGHLIGHTS

- ✓ With total assets and deferred outflows of resources of \$145 million and total liabilities and deferred inflows of resources of \$75 million, the total net position of the City of Mequon stood at approximately \$70 million at the close of the 2017 fiscal year, an increase of 7% from the previous year after restating the beginning net position for implementing GASB Statements No. 73 and No. 75.
- ✓ As of December 31, 2017 the City of Mequon's governmental funds reported combined ending fund balances of approximately \$5.2 million, a decrease of \$4.3 million (45.2%) compared to the prior year. Approximately \$979 thousand or 18.9% 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 \$1.8 million, a decrease of 20% from the previous fiscal year. This represents 11% of the \$16 million adopted 2017 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 27 through 29 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, 2017 is reported in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* which is found on page 91.

The governmental fund financial statements can be found beginning on page 30 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 36 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 41 of this report.

Notes to the Financial Statements. The notes to the financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found beginning on page 42 of this report.

Required Supplementary Information. Following the basic government-wide and fund financial statements and accompanying notes, required supplementary information has been provided as part of this report. The required supplementary information includes information on the City's budget to actual comparison for the General Fund and on the City's pension and other postemployment benefits.

The required supplementary information section of the report begins on page 91.

Supplementary Information. Following the required supplementary information additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the non-major governmental funds.

The supplementary information section of the report begins on page 96.

Government-wide Financial Analysis

The City of Mequon's statement of net position is summarized in the table on the following page. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$71 million at the close of 2017. The majority of total assets (67.7%) 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, 2017 and 2016

	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current & Other Assets	\$ 25,763,096	\$ 30,535,015	\$ 16,053,230	\$ 15,559,310	\$ 41,816,326	\$ 46,094,325
Capital Assets (net)	46,180,651	43,431,397	52,702,611	51,721,940	98,883,262	95,153,337
Total Assets	\$ 71,943,747	\$ 73,966,412	\$ 68,755,841	\$ 67,281,250	\$ 140,699,588	\$ 141,247,662
Deferred Outflows of Resources	\$ 3,955,902	\$ 5,508,971	\$ 746,306	\$ 240,066	\$ 4,702,208	\$ 5,749,037
Current Liabilities	\$ 2,314,671	\$ 1,595,139	\$ 1,141,720	\$ 526,962	\$ 3,456,391	\$ 2,122,101
Non-Current Liabilities	32,622,223	36,310,385	14,480,943	16,514,544	47,103,166	52,824,929
Total Liabilities	\$ 34,936,894	\$ 37,905,524	\$ 15,622,663	\$ 17,041,506	\$ 50,559,557	\$ 54,947,030
Deferred Inflows of Resources	\$ 16,950,466	\$ 16,930,832	\$ 7,525,430	\$ 7,359,614	\$ 24,475,896	\$ 24,290,446
Net Position						
Net investment in capital assets	\$ 19,537,989	\$ 17,083,161	\$ 40,433,327	\$ 38,624,081	\$ 59,029,945	\$ 54,668,746
Restricted	767,466	995,817	319,156	375,150	1,086,622	1,370,967
Unrestricted	3,706,834	4,714,930	5,601,571	3,911,955	10,249,776	9,665,381
Total Net Position	\$ 24,012,289	\$ 22,793,908	\$ 46,354,054	\$ 42,911,186	\$ 70,366,343	\$ 65,705,094
Total Net Position as a % of Total Liabilities and Deferred Inflows	46.3%	41.6%	200.2%	175.9%	93.8%	82.9%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows	7.1%	8.6%	24.2%	16.0%	13.7%	12.2%
The net position section includes an adjustment for capital assets owned by the business type activities by 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 (2%) 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 2017, 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 2017 was approximately \$24.7 million or approximately 48% of the total liabilities and deferred inflows for governmental activities.

Statement of Activities

Total net position of the City of Mequon increased by \$4,661,249 (7.1%) in 2017, due primarily to expansion of the Mequon Sewer Utility.

Net position of the City's governmental activities totaled \$24,012,289 as of December 31, 2017. Governmental activities for the year increased net position by \$1,218,381. Operating grants and contributions decreased \$304,899 and Capital grants and contributions decreased \$501,674. Governmental expenses decreased \$2,004,217. The City's unrestricted net position for governmental activities, that part of net position that can be used to finance day-to-day activities, was \$3,706,834. Restricted net position for governmental activities included \$702,645 for revolving loan programs, \$64,370 for parks, and \$451 for cemetery maintenance.

Net position of the City's business-type activities totaled \$46,354,054, an increase of \$3,442,868, due primarily to expansion of the Mequon Sewer Utility.

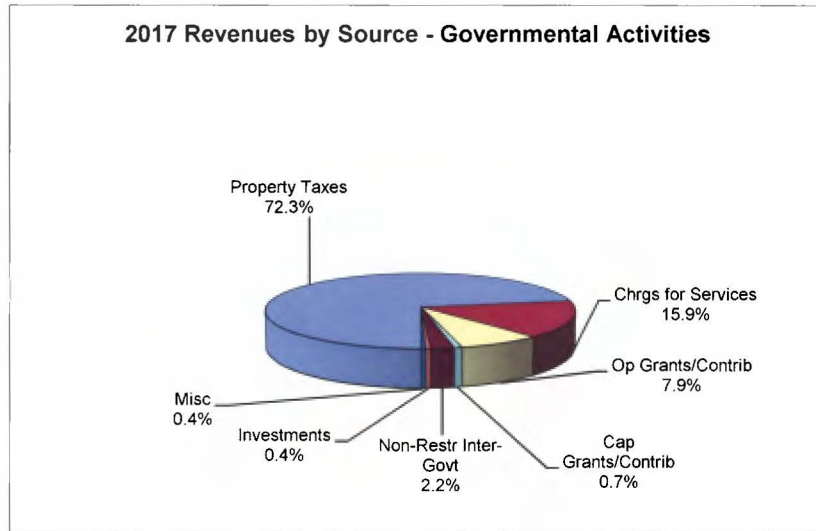
The following table illustrates the change in net position for the City of Mequon for fiscal years ended December 31, 2017 and 2016:

STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2017 and 2016

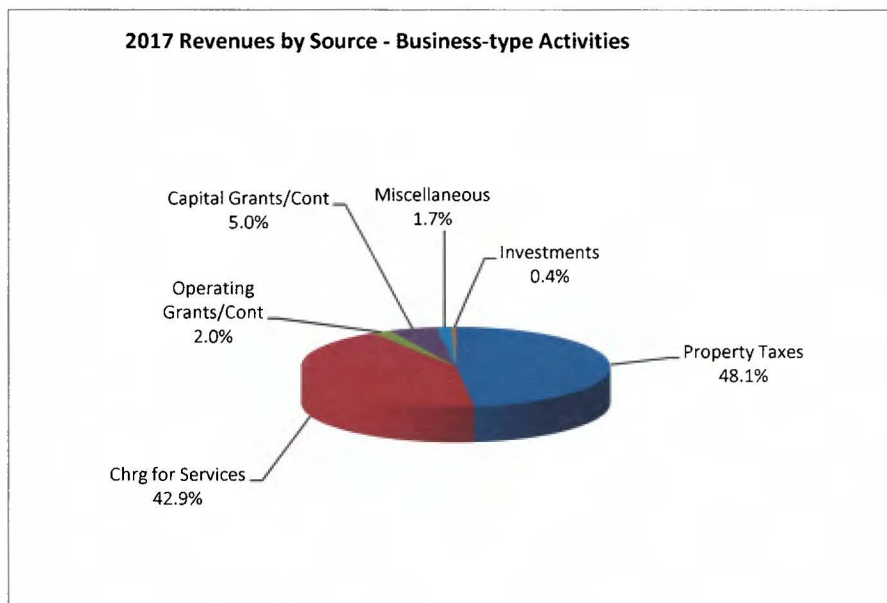
	Governmental		Business-type		Totals	
	Activities		Activities		2017	2016
	2017	2016	2017	2016		
Revenues						
Program Revenues						
Charges for services	\$ 3,274,750	\$ 3,497,183	\$ 6,474,127	\$ 6,409,901	\$ 9,748,877	\$ 9,907,084
Operating grants and contributions	1,626,650	1,931,549	301,029	-	1,927,679	1,931,549
Capital grants and contributions	152,056	653,730	753,121	2,034,162	905,177	2,687,892
General Revenues						
Property Taxes	14,854,309	14,160,513	7,268,822	7,190,003	22,123,131	21,350,516
Intergovernmental revenues not restricted to specific programs	461,761	606,519	-	-	461,761	606,519
Investment income	91,353	93,214	59,664	42,067	151,017	135,281
Other	91,752	38,205	251,882	1,605	343,634	39,810
Total Revenues	\$ 20,552,631	\$ 20,980,913	\$ 15,108,645	\$ 15,677,738	\$ 35,661,276	\$ 36,658,651
Expenses						
General government	\$ 2,780,944	\$ 2,926,703	\$ -	\$ -	\$ 2,780,944	\$ 2,926,703
Public safety	8,489,852	8,568,616	-	-	8,489,852	8,568,616
Public works	4,808,412	5,590,695	-	-	4,808,412	5,590,695
Public health	6,926	1,667	-	-	6,926	1,667
Community enrichment services	1,846,292	1,760,253	-	-	1,846,292	1,760,253
Conservation and development	650,285	635,097	-	-	650,285	635,097
Interest and fiscal charges	751,539	1,174,400	-	-	751,539	1,174,400
Sewer utility	-	-	9,172,956	8,990,263	9,172,956	8,990,263
Water utility	-	-	2,492,821	2,563,582	2,492,821	2,563,582
Total Expenses	\$ 19,334,250	\$ 20,657,431	\$ 11,665,777	\$ 11,553,845	\$ 31,000,027	\$ 32,211,276
Change in net position	\$ 1,218,381	\$ 323,482	\$ 3,442,868	\$ 4,123,893	\$ 4,661,249	\$ 4,447,375
Net Position - beginning of year	24,639,027	24,315,545	43,120,197	38,996,304	67,759,224	63,311,849
Restatement	(1,845,119)	-	(209,011)	-	(2,054,130)	-
Net Position - end of year	\$ 24,012,289	\$ 24,639,027	\$ 46,354,054	\$ 43,120,197	\$ 70,366,343	\$ 67,759,224

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 72.3% of its revenue from this single source. State aids not restricted to specific programs comprise only 2.2% of the City's revenues while other operating and capital grants and contributions comprise 7.9%. Charges for services continue to be of significant importance, accounting for 15.9% of revenues.

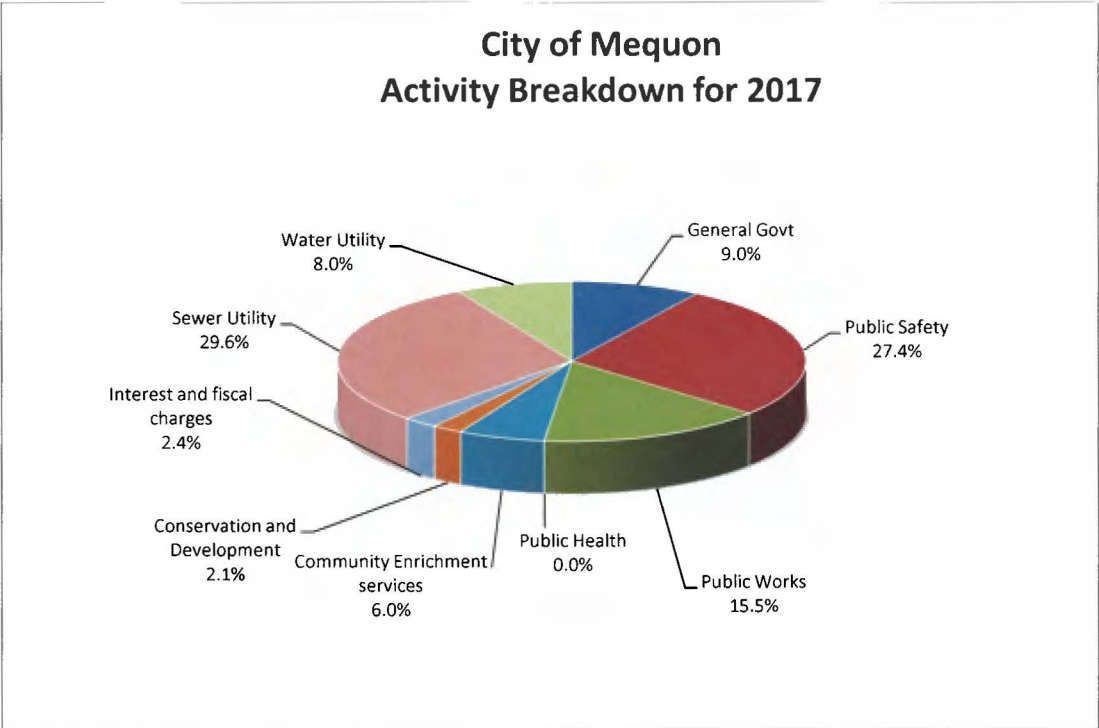


In the case of business-type activities, historically, property tax is the largest single component of revenues. Property taxes are levied in order to fund the Milwaukee Metropolitan Sewerage District (MMSD) annual capital charge, and repayment of the debt associated with the 1997 MMSD settlement and comprise 48.1% of total revenues. Funding of the utility's annual operation and maintenance costs is covered primarily by user fees, accounting for 42.9% 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 \$1,323,181 from a year ago. Increases were realized in Community Enrichment: \$86,039, Public Health: \$5,259 and Conservation and Development: \$15,188. Decreases were realized in General Government: \$145,759, Public Safety: \$78,764, Public Works: \$782,172 and Interest and fiscal charges, \$422,861.

Presented below is a chart depicting the relative percentage of expenses for the City's major functions for 2017:



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, 2017, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$5.2 million, a decrease of approximately \$4.3 million from the previous year. Of this total, approximately \$222 thousand is nonspendable and an additional \$943 thousand is restricted for specific legal requirements and other commitments, leaving total unrestricted governmental fund balances of approximately \$4 million available for use at the discretion of the City's elected officials. As the result of past actions and policy decisions, approximately \$650 thousand (16%) of this balance have been assigned for specific uses (assignment of fund balance for the following year's budget) and \$2.2 million for capital projects, leaving a combined unassigned fund balance of \$979 thousand 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 \$15.7 million of direct expenditures from this fund accounting for approximately 63.1% of the City's approximately \$24.9 million total governmental fund expenditures as reported on the *Statement of Revenues Expenditures and Changes in Fund Balances*. The total year-end 2017 unassigned General fund balance of approximately \$1.7 million is down \$496 thousand from the previous year and represents 11.1% of the \$15.7 million 2017 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, including debt service. This is used to measure the adequacy of the City's operating reserve, with a stated target ratio of 10%. The adopted 2018 General fund budget authorizes expenditures of \$15.9 million. Therefore, the 2017 year-end unassigned General fund balance of \$1.7 million represents 11% of the 2018 operating budget and therefore exceeds the target ratio.

The *Debt Service* fund has a total deficit fund balance of (\$772,603) which is due primarily for debt related to the City's TID#3.

The *Capital Projects* fund is a governmental fund used to account for long-term capital acquisitions, such as squad cars and contractor 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 \$2.6 million fund balance is restricted or assigned entirely for such projects. The reason for the approximately \$3.6 million decrease in fund balance is due to the use of project funds for infrastructure improvements previously financed from debt proceeds.

The aggregated *Non-major Governmental Funds* column includes various park, revolving loan, and endowment funds used to account for the proceeds of specific revenue sources or that are legally restricted to expenditures for specific purposes. The combined fund balances increased from \$138,000 to approximately \$696,000 during 2017.

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 2017 totaled approximately \$46 million, an increase of approximately \$3.4 million from the previous year. Income before contributions of approximately \$2.4 million accounted for most of this increase, followed by Contributed Capital of \$1 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 2017 general fund budget authorized expenditures of approximately \$15.9 million.

The City ended the year with a favorable expenditure variance of \$213,741. Public Safety contributed to the majority of this variance due to the Police department having open positions at various points in the year and the Fire Department experiencing lower call volume than projected. The Building Maintenance department had a positive variance due to the decision not to backfill an open position. Negative variances were realized in the Highway and Parks departments due to retirement payouts.

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, 2017 totaled over \$181 million. Of this total cost, approximately \$60.7 million (33.4%) was related to governmental infrastructure, with the City's street network comprising the most significant component.

Total accumulated depreciation was calculated to be just over \$82.7 million, or approximately 45.5% of the historical cost of depreciable capital assets. Net of accumulated depreciation, the City's investment in capital assets exceeded \$98.8 million.

City of Mequon, Wisconsin
Capital Assets, Net of Accumulated Depreciation
December 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 9,849,515	\$ 9,836,352	\$ 19,125	\$ 19,125	\$ 9,868,640	\$ 9,855,477
Construction in progress	-	6,902,356	-	62,274	-	6,964,630
Buildings	20,413,098	11,900,189	-	-	20,413,098	11,900,189
Machinery and Equipment	11,407,326	10,472,023	5,225,484	5,517,619	16,632,810	15,989,642
Infrastructure	60,731,530	59,277,356	65,948,018	64,128,676	126,679,548	123,406,032
Structure and Improvements	-	-	7,961,156	7,442,138	7,961,156	7,442,138
Subtotal	\$ 102,401,469	\$ 98,388,276	\$ 79,153,783	\$ 77,169,832	\$ 181,555,252	\$ 175,558,108
Less:						
Accumulated Depreciation	(56,220,818)	(54,956,879)	(26,451,301)	(25,447,892)	(82,672,119)	\$ (80,404,771)
	\$ 46,180,651	\$ 43,431,397	\$ 52,702,482	\$ 51,721,940	\$ 98,883,133	\$ 95,153,337

Some of the more significant additions to the City's capital assets during 2017, excluding retirements and disposals included:

Buildings	\$9,474,970
Roads	1,454,174
Equipment & Vehicles	935,303
Sewer Utility additions	1,702,573
Water Utility additions	682,174

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

Long-Term Debt

On December 31, 2017, the City of Mequon had \$47,103,166 of long-term notes, bonds and other long-term obligations outstanding, as summarized in the following table:

**City of Mequon, Wisconsin
Long-Term Obligations Outstanding
December 31, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds & Notes	\$ 28,235,000	\$ 31,285,000	\$ 1,310,000	\$ 2,935,000	\$ 29,545,000	\$ 34,220,000
Revenue Bonds	-	-	11,840,000	13,050,000	11,840,000	13,050,000
Bond Premiums	394,571	426,009	1,049,991	230,379	1,444,562	656,388
Capital Leases	339,022	527,341	-	-	339,022	527,341
Net OPEB liability	1,683,661	1,594,239	180,858	171,252	1,864,519	1,765,491
Net pension liability	433,483	442,470	46,565	47,530	480,048	490,000
Compensated absences	1,026,137	1,053,654	32,241	37,514	1,058,378	1,091,168
Net pension liability-WRS	510,349	981,672	21,288	42,869	531,637	1,024,541
	<u>\$ 32,622,223</u>	<u>\$ 36,310,385</u>	<u>\$ 14,480,943</u>	<u>\$ 16,514,544</u>	<u>\$ 47,103,166</u>	<u>\$ 52,824,929</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 \$29,545,000, or 12.8% of the maximum legal limit of \$230,524,665.

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

CURRENTLY KNOWN FACTS

The 2018 general government budget adopted by the Mequon Common Council in November, 2017 increased total General, Capital, and Debt Service Fund expenditures by \$431,000 or 2.1%. However, the net result is that the 2017 tax levy increases by \$353,000 (1.7%) in these areas. This increase is aided by a projected \$180,000 increase in all other revenue sources, and includes the assignment of \$650,000 of fund balance. It is anticipated the City will continue to work to maintain the general fund balance to a level of at least 10% of next year's general and debt service fund budgets.

Five Year Expenditure History

Fiscal Year	Amount	Percent Increase/ (Decrease)
2018	\$21,278,752	2.07
2017	\$20,847,297	4.61
2017	\$19,928,995	3.82
2015	\$19,195,664	3.23
2014	\$18,594,199	1.20

As presented in the table below, compared to the previous year, salaries and benefits increased by 1.3%. This is due to programming staff pay increases and reflects increases in benefit costs such as health insurance. Materials and supplies decreased 7.8% and purchased services decreased by 5.1%. Debt service costs increased 1.8% Budgeted Capital expenditures increased 14.1%, due, primarily to the City self-funding a road reconstruction project. The City continues to explore alternative financing methods for its capital program. Support for the Mequon-Thiensville joint library is virtually unchanged, yet still meets various state and local funding requirements.

Change in Expenditure Budget by Function

Expenditures	2018 Adopted	2017 Adopted	Net Increase (Decrease)	Percent Change
Salaries/Fringes	\$11,996,083	\$11,838,170	\$157,913	1.3
Materials/Supplies	931,807	1,010,906	(79,099)	(7.8)
Purchased Services/ Other	1,948,052	2,052,821	(104,769)	(5.1)
Debt Service	3,976,991	4,048,469	(71,478)	(1.8)
Capital *	1,376,819	848,002	528,817	62.4
Library *	1,049,000	1,048,929	71	0.0
Total	\$21,278,752	\$20,847,297	\$431,455	2.1%

* 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 2018 budget, several guiding principles applied:

- The State of Wisconsin’s 2011 Act 32, imposes a property tax limit on all city levies. Act 32 allows municipal levies to increase by either zero percent, or the percentage change in the city’s equalized value due to net new construction, whichever is greater. The City’s increase in net new construction was 1.46 percent.
- The following goals were emphasized while developing the FY2018 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 our 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. Our 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>.

BASIC FINANCIAL STATEMENTS

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CITY OF MEQUON

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 6,577,668	\$ 4,546,689	\$ 11,124,357
Receivables (net)			
Taxes	15,272,509	7,450,472	22,722,981
Accounts	-	1,662,590	1,662,590
Special assessments	170,165	35,239	205,404
Other	498,976	529,569	1,028,545
Loans	279,778	-	279,778
Inventories	-	61,515	61,515
Restricted assets			
Cash and investments	-	1,767,156	1,767,156
Investment in joint venture	2,964,000	-	2,964,000
Capital Assets			
Land	9,849,515	19,125	9,868,640
Other capital assets, net of accumulated depreciation	<u>36,331,136</u>	<u>52,683,486</u>	<u>89,014,622</u>
Total Assets	<u>71,943,747</u>	<u>68,755,841</u>	<u>140,699,588</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	3,955,902	182,626	4,138,528
Deferred charge on refunding	-	563,680	563,680
Total Deferred Outflows of Resources	<u>3,955,902</u>	<u>746,306</u>	<u>4,702,208</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,419,420	1,050,899	2,470,319
Accrued interest payable	262,311	90,821	353,132
Deposits	632,940	-	632,940
Noncurrent Liabilities			
Due within one year	3,834,380	992,241	4,826,621
Due in more than one year	<u>28,787,843</u>	<u>13,488,702</u>	<u>42,276,545</u>
Total Liabilities	<u>34,936,894</u>	<u>15,622,663</u>	<u>50,559,557</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year's tax revenue	15,314,952	7,453,140	22,768,092
Pension related amounts	<u>1,635,514</u>	<u>72,290</u>	<u>1,707,804</u>
Total Deferred Inflows of Resources	<u>16,950,466</u>	<u>7,525,430</u>	<u>24,475,896</u>
NET POSITION			
Net investment in capital assets	19,537,989	40,433,327	59,029,945
Restricted for			
Debt service	-	319,156	319,156
Loan programs	702,645	-	702,645
Cemetery	451	-	451
Parks	64,370	-	64,370
Unrestricted	<u>3,706,834</u>	<u>5,601,571</u>	<u>10,249,776</u>
TOTAL NET POSITION	<u>\$ 24,012,289</u>	<u>\$ 46,354,054</u>	<u>\$ 70,366,343</u>

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,780,944	\$ 798,268	\$ 36,549	\$ -
Public safety	8,489,852	1,623,970	191,689	49,556
Public works	4,808,412	493,255	1,398,412	100,000
Public health	6,926	-	-	-
Community enrichment services	1,846,292	274,927	-	-
Conservation and development	650,285	84,330	-	2,500
Interest and fiscal charges	751,539	-	-	-
Total Governmental Activities	<u>19,334,250</u>	<u>3,274,750</u>	<u>1,626,650</u>	<u>152,056</u>
Business-type Activities				
Sewer Utility	9,172,956	3,228,210	301,029	192,416
Water Utility	2,492,821	3,245,917	-	560,705
Total Business-type Activities	<u>11,665,777</u>	<u>6,474,127</u>	<u>301,029</u>	<u>753,121</u>
Total	<u>\$ 31,000,027</u>	<u>\$ 9,748,877</u>	<u>\$ 1,927,679</u>	<u>\$ 905,177</u>

General Revenues

Taxes

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for TIF districts
- Property taxes, levied for capital projects
- Intergovernmental revenues not restricted to specific programs
- Investment income
- Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,946,127)	\$ -	\$ (1,946,127)
(6,624,637)	-	(6,624,637)
(2,816,745)	-	(2,816,745)
(6,926)	-	(6,926)
(1,571,365)	-	(1,571,365)
(563,455)	-	(563,455)
<u>(751,539)</u>	<u>-</u>	<u>(751,539)</u>
<u>(14,280,794)</u>	<u>-</u>	<u>(14,280,794)</u>
-	(5,451,301)	(5,451,301)
-	<u>1,313,801</u>	<u>1,313,801</u>
-	<u>(4,137,500)</u>	<u>(4,137,500)</u>
<u>(14,280,794)</u>	<u>(4,137,500)</u>	<u>(18,418,294)</u>
10,178,465	7,268,822	17,447,287
2,964,247	-	2,964,247
793,004	-	793,004
918,593	-	918,593
461,761	-	461,761
91,353	59,664	151,017
<u>91,752</u>	<u>251,882</u>	<u>343,634</u>
<u>15,499,175</u>	<u>7,580,368</u>	<u>23,079,543</u>
1,218,381	3,442,868	4,661,249
<u>22,793,908</u>	<u>42,911,186</u>	<u>65,705,094</u>
<u>\$ 24,012,289</u>	<u>\$ 46,354,054</u>	<u>\$ 70,366,343</u>

See accompanying notes to financial statements.

CITY OF MEQUON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Cash and investments	\$ 3,609,323	\$ 722,121	\$ 1,532,880
Receivables (net)			
Taxes	10,003,479	3,702,183	1,566,847
Special assessments	2,157	-	168,008
Other	385,264	26	112,961
Loans	-	-	-
Advances to other funds	-	-	1,494,750
Equity in joint venture	199,000	-	-
	<u>\$ 14,199,223</u>	<u>\$ 4,424,330</u>	<u>\$ 4,875,446</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 193,211	\$ -	\$ 509,662
Accrued liabilities	703,227	-	-
Deposits	628,590	-	-
Advances from other funds	-	1,494,750	-
Total Liabilities	<u>1,525,028</u>	<u>1,494,750</u>	<u>509,662</u>
Deferred Inflows of Resources			
Subsequent year's tax revenue	10,045,922	3,702,183	1,566,847
Unavailable revenues	2,330	-	168,008
Total Deferred Inflows of Resources	<u>10,048,252</u>	<u>3,702,183</u>	<u>1,734,855</u>
Fund Balances (Deficit)			
Nonspendable	222,046	-	-
Restricted	451	-	456,265
Committed	-	-	-
Assigned	651,500	-	2,174,664
Unassigned (Deficit)	1,751,946	(772,603)	-
Total Fund Balances (Deficit)	<u>2,625,943</u>	<u>(772,603)</u>	<u>2,630,929</u>
	<u>\$ 14,199,223</u>	<u>\$ 4,424,330</u>	<u>\$ 4,875,446</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

Nonmajor Governmental Funds	Totals
\$ 713,344	\$ 6,577,668
-	15,272,509
-	170,165
725	498,976
279,778	279,778
-	1,494,750
-	199,000
<u>\$ 993,847</u>	<u>\$ 24,492,846</u>

\$ 13,320	\$ 716,193
-	703,227
4,350	632,940
-	1,494,750
<u>17,670</u>	<u>3,547,110</u>

-	15,314,952
279,778	450,116
<u>279,778</u>	<u>15,765,068</u>

-	222,046
487,237	943,953
209,162	209,162
-	2,826,164
-	979,343
<u>696,399</u>	<u>5,180,668</u>

<u>\$ 993,847</u>	<u>\$ 24,492,846</u>
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CITY OF MEQUON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

Total Fund Balances - Governmental Funds	\$	5,180,668
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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		9,849,515
Other capital assets		92,551,954
Less: Accumulated depreciation		(56,220,818)

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.		450,116
--	--	---------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		3,955,902
---	--	-----------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(1,635,514)
--	--	-------------

Joint ventures containing capital assets used in the governmental funds are not financial resources and therefore are not reported in the funds.		2,765,000
--	--	-----------

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		(28,629,571)
Compensated absences		(1,026,137)
Accrued interest		(262,311)
Capital leases		(339,022)
Net OPEB liability		(1,683,661)
Net pension liability		(433,483)
Net pension liability - WRS		<u>(510,349)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 24,012,289</u>
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CITY OF MEQUON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Capital Projects Fund
REVENUES			
Taxes	\$ 10,249,056	\$ 3,637,879	\$ 967,374
Intergovernmental	1,858,925	117,184	161,361
Licenses and permits	1,497,568	-	-
Fines, forfeitures and penalties	221,269	-	-
Public charges for services	1,289,835	-	91,366
Special assessments	-	-	30,793
Investment income	55,083	7,328	32,070
Miscellaneous	44,146	-	71,183
Total Revenues	15,215,882	3,762,391	1,354,147
EXPENDITURES			
Current			
General government	2,693,991	-	-
Public safety	7,611,189	-	-
Public works	3,265,774	-	-
Public health	6,926	-	-
Community enrichment services	1,738,392	-	-
Conservation and development	420,813	-	-
Capital Outlay	-	-	5,026,578
Debt Service			
Principal	-	3,050,000	-
Interest and fiscal charges	-	1,001,473	12,230
Total Expenditures	15,737,085	4,051,473	5,038,808
Excess (deficiency) of revenues over expenditures	(521,203)	(289,082)	(3,684,661)
OTHER FINANCING SOURCES			
Sales of capital assets	-	-	60,288
Total Other Financing Sources	-	-	60,288
Net Change in Fund Balances	(521,203)	(289,082)	(3,624,373)
FUND BALANCES (DEFICIT) - Beginning of Year	3,147,146	(483,521)	6,255,302
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 2,625,943	\$ (772,603)	\$ 2,630,929

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 14,854,309
-	2,137,470
-	1,497,568
-	221,269
175,285	1,556,486
-	30,793
6,439	100,920
73,061	188,390
<u>254,785</u>	<u>20,587,205</u>
-	2,693,991
6,054	7,617,243
-	3,265,774
-	6,926
58,578	1,796,970
52,400	473,213
-	5,026,578
-	3,050,000
-	1,013,703
<u>117,032</u>	<u>24,944,398</u>
<u>137,753</u>	<u>(4,357,193)</u>
-	60,288
-	60,288
137,753	(4,296,905)
<u>558,646</u>	<u>9,477,573</u>
<u>\$ 696,399</u>	<u>\$ 5,180,668</u>

See accompanying notes to financial statements.

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CITY OF MEQUON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	(4,296,905)
--	----	-------------

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		5,026,578
Some items reported as capital outlay were not capitalized		(51,324)
Depreciation is reported in the government-wide financial statements		(2,204,085)
Net book value of assets retired		(21,915)

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		(37,395)
Collection of loans		(57,467)
Loans issued		50,000

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.

Principal repaid		3,050,000
Capital lease paid		188,319

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

Amortization of debt premium		31,438
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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		27,517
Net OPEB liability		(89,422)
Accrued interest on debt		232,274
Net pension liability		8,987
Net pension liability - WRS		471,323
Deferred outflows of resources related to pensions		(1,553,069)
Deferred inflows of resources related to pensions		443,527

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1,218,381</u>
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CITY OF MEQUON

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2017**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 2,897,326	\$ 1,649,363	\$ 4,546,689
Receivables			
Taxes	7,450,472	-	7,450,472
Accounts	872,642	789,948	1,662,590
Other	430,633	98,936	529,569
Special assessments	35,239	-	35,239
Inventories	-	61,515	61,515
Restricted Assets			
Cash and investments	-	400,000	400,000
Total Current Assets	<u>11,686,312</u>	<u>2,999,762</u>	<u>14,686,074</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	-	1,367,156	1,367,156
Capital Assets			
Land	18,775	350	19,125
Other capital assets	48,303,966	30,825,992	79,129,958
Less: Accumulated depreciation	<u>(20,797,787)</u>	<u>(5,648,685)</u>	<u>(26,446,472)</u>
Total Noncurrent Assets	<u>27,524,954</u>	<u>26,544,813</u>	<u>54,069,767</u>
Total Assets	<u>39,211,266</u>	<u>29,544,575</u>	<u>68,755,841</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	179,483	3,143	182,626
Deferred charge on refunding	<u>-</u>	<u>563,680</u>	<u>563,680</u>
Total Deferred Outflows of Resources	<u>179,483</u>	<u>566,823</u>	<u>746,306</u>

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	905,782	105,629	1,011,411
Accrued wages	35,741	-	35,741
Accrued interest payable	10,429	-	10,429
Accrued compensated absences	32,241	-	32,241
Other current liabilities	-	3,747	3,747
Current portion of general obligation debt	160,000	-	160,000
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	800,000	800,000
Accrued interest payable	-	80,392	80,392
Total Current Liabilities	<u>1,144,193</u>	<u>989,768</u>	<u>2,133,961</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	1,195,650	-	1,195,650
Revenue bonds	-	12,044,341	12,044,341
Net pension liability - WRS	21,288	-	21,288
Net OPEB liability	140,398	40,460	180,858
Net pension liability	36,148	10,417	46,565
Total Noncurrent Liabilities	<u>1,393,484</u>	<u>12,095,218</u>	<u>13,488,702</u>
Total Liabilities	<u>2,537,677</u>	<u>13,084,986</u>	<u>15,622,663</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year's tax revenue	7,453,140	-	7,453,140
Pension related amounts	<u>72,290</u>	-	<u>72,290</u>
Total Deferred Inflows of Resources	<u>7,525,430</u>	-	<u>7,525,430</u>
NET POSITION			
Net investment in capital assets	26,169,304	14,264,023	40,433,327
Restricted for			
Debt service	-	319,156	319,156
Unrestricted	<u>3,158,338</u>	<u>2,443,233</u>	<u>5,601,571</u>
TOTAL NET POSITION	<u>\$ 29,327,642</u>	<u>\$ 17,026,412</u>	<u>\$ 46,354,054</u>

See accompanying notes to financial statements.

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CITY OF MEQUON

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
OPERATING REVENUES	<u>\$ 3,228,210</u>	<u>\$ 3,245,917</u>	<u>\$ 6,474,127</u>
OPERATING EXPENSES			
Operation and maintenance	8,434,710	1,423,989	9,858,699
Depreciation	<u>782,746</u>	<u>559,056</u>	<u>1,341,802</u>
Total Operating Expenses	<u>9,217,456</u>	<u>1,983,045</u>	<u>11,200,501</u>
Operating Income (Loss)	<u>(5,989,246)</u>	<u>1,262,872</u>	<u>(4,726,374)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	40,371	19,293	59,664
Taxes	7,268,822	-	7,268,822
Miscellaneous	304,869	101,178	406,047
Interest expense	(35,214)	(458,487)	(493,701)
Debt issue costs	-	(197,741)	(197,741)
Amortization of debt premium	79,714	43,913	123,627
Amortization of loss on advance refunding	-	(20,276)	(20,276)
Total Nonoperating Revenues (Expenses)	<u>7,658,562</u>	<u>(512,120)</u>	<u>7,146,442</u>
Income Before Contributions	<u>1,669,316</u>	<u>750,752</u>	<u>2,420,068</u>
CONTRIBUTIONS			
Capital Contributions	<u>433,705</u>	<u>589,095</u>	<u>1,022,800</u>
Change in Net Position	2,103,021	1,339,847	3,442,868
NET POSITION - Beginning of Year (as restated)	<u>27,224,621</u>	<u>15,686,565</u>	<u>42,911,186</u>
NET POSITION - END OF YEAR	<u>\$ 29,327,642</u>	<u>\$ 17,026,412</u>	<u>\$ 46,354,054</u>

CITY OF MEQUON

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,956,617	\$ 3,522,730	\$ 6,479,347
Paid to suppliers for goods and services	(7,769,308)	(1,164,645)	(8,933,953)
Paid to employees for services	(543,301)	(147,973)	(691,274)
Net Cash Flows From Operating Activities	<u>(5,355,992)</u>	<u>2,210,112</u>	<u>(3,145,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>43,726</u>	<u>19,293</u>	<u>63,019</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes received	<u>3,361,242</u>	<u>-</u>	<u>3,361,242</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt retired	(1,625,000)	(750,000)	(2,375,000)
Interest paid	(62,297)	(480,288)	(542,585)
Special assessments received	72,159	-	72,159
Acquisition and construction of capital assets	(1,088,672)	(136,494)	(1,225,166)
Contribution received for construction	377,540	10,435	387,975
Payment to advance refunding escrow agent	<u>-</u>	<u>(298,458)</u>	<u>(298,458)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,326,270)</u>	<u>(1,654,805)</u>	<u>(3,981,075)</u>
Net Change in Cash and Cash Equivalents	(4,277,294)	574,600	(3,702,694)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,174,620</u>	<u>2,841,919</u>	<u>10,016,539</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,897,326</u>	<u>\$ 3,416,519</u>	<u>\$ 6,313,845</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (5,989,246)	\$ 1,385,558	\$ (4,603,688)
Nonoperating revenue	18,891	6,753	25,644
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	782,746	559,185	1,341,931
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts receivables	(127,992)	-	(127,992)
Other receivables	(162,492)	270,060	107,568
Accounts payable	118,607	(8,253)	110,354
Other current liabilities	(23,715)	-	(23,715)
Inventories	-	(1,981)	(1,981)
Net OPEB liability	7,457	2,149	9,606
Pension related deferrals and liabilities	19,752	(3,359)	16,393
	<u>19,752</u>	<u>(3,359)</u>	<u>16,393</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (5,355,992)</u>	<u>\$ 2,210,112</u>	<u>\$ (3,145,880)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 2,897,326	\$ 1,649,363	\$ 4,546,689
Restricted cash and investments			
Redemption account	-	400,000	400,000
Reserve account	-	1,367,156	1,367,156
	<u>-</u>	<u>1,367,156</u>	<u>1,367,156</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,897,326</u>	<u>\$ 3,416,519</u>	<u>\$ 6,313,845</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Refunding debt issued	\$ -	\$ 8,465,000	
Premium on refunding debt issued	\$ -	\$ 1,019,480	
Principal amount of debt refunded	\$ -	\$ 8,925,000	
Debt issue costs paid by escrow	\$ -	\$ 197,741	
Loss on refunding	\$ -	\$ 583,956	
Unamortized debt premium on refunded debt	\$ -	\$ 76,241	
Amortization of debt premium	\$ 79,714	\$ 43,913	
Amortization of loss on refunding	\$ -	\$ 20,276	
Special assessments levied	\$ 56,165	\$ -	
Capital assets financed by accounts payable	\$ 468,271	\$ -	

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2017

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 44,315,345
Receivables	
Taxes	6,283,408
Other	<u>82,779</u>
TOTAL ASSETS	<u>\$ 50,681,532</u>
LIABILITIES	
Accounts payable	\$ 137,711
Due to other governments	<u>50,543,821</u>
TOTAL LIABILITIES	<u>\$ 50,681,532</u>

See accompanying notes to financial statements.

CITY OF MEQUON

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CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for accounting and financial reporting and disclosures for governments that have defined benefit and defined contribution pension plans not administered through a trust. This standard was implemented January 1, 2017.

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2017.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- General Fund - 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 - 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 - 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.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental funds:

Special Revenue Funds - 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

In addition, the City reports the following fund type:

Agency Fund - used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection

C. 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

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.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2017, there were \$425,113 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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 fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

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.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. 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 maturing in three years or less.
- 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. Investments in all funds shall be made in maturities of twelve months or less.
- b. Investments for reserve funds may be made for up to five years.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2017, 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 III. A. for further information.

2. 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 assets and liabilities - agency fund.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer or water utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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.

3. Inventories

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. 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.

5. 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.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. 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.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations 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 \$534,676 and is included in the government-wide statement of net position.

The City provides postemployment health insurance benefits for all eligible employees. Eligibility is based on full-time employment with the City. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert various amounts of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the City. Funding for those costs is provided out of the current operating budget of the City. The contributions are financed on a pay-as-you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is . The total amount outstanding at year end to be paid in the future is \$491,461 and is included in the government-wide statement of net position.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences, pension liabilities and OPEB liabilities.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

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 \$3,600,000, made up of 2 issues.

9. 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. 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."

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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 19,537,989	\$ 40,433,327	\$ (941,371)	\$ 59,029,945
Unrestricted	3,706,834	5,601,571	941,371	10,249,776

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

The City has a minimum fund balance policy. That policy is to maintain an unassigned General Fund fund balance between 10% - 15% of the current General Fund operating budget. Unassigned General Fund fund balance at year end was \$1,751,946, or 11.0% of the 2017 General Fund expenditure budget.

See Note III. H. for further information.

11. 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

12. Basis for Existing Rates

Water Utility

Water Utility rates were approved by the Public Service Commission of Wisconsin effective December 31, 2014.

Sewer Utility

Current sewer rates were approved by the City's common council on January 1, 2017.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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	\$ 4,048,469	\$ 4,051,473	\$ 3,004

B. DEFICIT BALANCES

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

As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service Fund	\$ 772,603	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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. 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
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 49,315,099	\$ 48,168,087	Custodial credit
US Treasuries	2,451,156	2,451,156	Custodial credit, interest rate and investments highly sensitive to interest rate changes
US Agencies - implicitly guaranteed	689,786	689,786	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
Asset backed securities	2,431,003	2,431,003	Custodial credit, interest rate and investments highly sensitive to interest rate changes
Corporporate bonds	2,314,852	2,314,852	Credit, custodial credit, concentration of credit, interest rate and investments highly sensitive to interest rate changes
LGIP	2,466	2,466	Credit risk
Petty cash	2,496	-	N/A
Total Deposits and Investments	\$ 57,206,858	\$ 56,057,350	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 11,124,357		
Restricted cash and investments	1,767,156		
Per statement of assets and liabilities - agency fund			
Tax Collection Fund	44,315,345		
Total Deposits and Investments	\$ 57,206,858		

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Market value

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
US Treasuries	\$ 2,451,156	\$ -	\$ -	\$ 2,451,156
US Agencies - implicitly guaranteed	-	689,786	-	689,786
Asset backed securities	-	2,431,003	-	2,431,003
Corporate bonds	-	2,314,852	-	2,314,852
Total	\$ 2,451,156	\$ 5,435,641	\$ -	\$ 7,886,797

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.

As of December 31, 2017, \$1,226,379 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,226,379
Total	\$ 1,226,379

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

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, 2017, the City's investments were exposed to custodial credit risk as follows:

<u>US Treasuries and US Agencies - implicitly guaranteed</u>	
Neither insured nor registered and held by counterparty	<u>\$ 3,140,942</u>
<u>Asset backed securities</u>	
Neither insured nor registered and held by counterparty	<u>\$ 2,431,003</u>
<u>Corporate bonds</u>	
Neither insured nor registered and held by counterparty	<u>\$ 2,314,852</u>

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, 2017, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investors Services</u>
US Agencies - implicitly guaranteed	Aaa
Corporate bonds	A2 - Aaa

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

LGIP

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2017, 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, 2017, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1 year	1 - 3 years
US Agencies - implicitly guaranteed	\$ 689,786	\$ -	\$ 689,786
US Treasuries	2,451,156	846,414	1,604,742
Asset Backed Securities	2,431,003	703,362	1,727,641
Corporate bonds	2,314,852	809,958	1,504,894
Totals	<u>\$ 7,886,797</u>	<u>\$ 2,359,734</u>	<u>\$ 5,527,063</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2017, the City held \$689,786, \$2,451,156, \$2,431,003 and \$2,314,852 in US Agencies, US Treasuries, Asset backed securities and Corporate bonds, respectively, which mature from 2018 through 2020. 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, 2017, was \$7,886,797.

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$170,165 of special assessments in the general fund and capital projects fund, and \$279,778 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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 15,238,149	\$ -
Special assessments not yet due	-	170,338
Loan receivable	-	279,778
Payment in lieu of taxes	76,803	-
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 15,314,952	 \$ 450,116

At the end of the current fiscal year, the various components of unearned revenue in the proprietary funds were as follows:

	Unearned
Property taxes receivable for subsequent year	\$ 7,406,174
Payment in lieu of taxes	46,966
 Total Unearned Revenue for Proprietary Funds	 \$ 7,453,140

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, 2017, 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. 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.

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 400,000	\$ 80,392	\$ 319,608
Bond reserve account	1,367,156	N/A	-
Total	\$ 1,767,156	\$ 80,392	\$ 319,608

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,836,352	\$ 13,163	\$ -	\$ 9,849,515
Construction in progress	6,902,356	-	6,902,356	-
Total Capital Assets Not Being Depreciated	16,738,708	13,163	6,902,356	9,849,515
Capital assets being depreciated				
Buildings	11,900,189	9,474,970	962,061	20,413,098
Roads	55,518,818	1,454,174	-	56,972,992
Bridges	3,758,538	-	-	3,758,538
Equipment, vehicles, and miscellaneous	10,472,023	935,303	-	11,407,326
Total Capital Assets Being Depreciated	81,649,568	11,864,447	962,061	92,551,954
Total Capital Assets	98,388,276	11,877,610	7,864,417	102,401,469

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings	(7,686,835)	(373,931)	940,146	(7,120,620)
Roads	(38,553,168)	(1,215,722)	-	(39,768,890)
Bridges	(1,409,680)	(90,250)	-	(1,499,930)
Equipment, vehicles, and miscellaneous	(7,307,196)	(524,182)	-	(7,831,378)
Total Accumulated Depreciation	(54,956,879)	(2,204,085)	940,146	(56,220,818)
Net Capital Assets Being Depreciated	26,692,689	9,660,362	21,915	36,331,136
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 43,431,397	\$ 9,673,525	\$ 6,924,271	\$ 46,180,651

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 94,691
Public safety	392,737
Public works	1,716,657
Total Governmental Activities Depreciation Expense	\$ 2,204,085

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land	\$ 18,775	\$ -	\$ -	\$ 18,775
Construction in progress	62,274	-	62,274	-
Total Capital Assets Not Being Depreciated	81,049	-	62,274	18,775
Capital assets being depreciated				
Structure improvements	7,442,138	519,018	-	7,961,156
Sewer collection system	35,383,375	1,137,168	-	36,520,543
Machinery and equipment	4,076,303	46,387	300,423	3,822,267
Total Capital Assets Being Depreciated	46,901,816	1,702,573	300,423	48,303,966
Total Capital Assets	46,982,865	1,702,573	362,697	48,322,741
Less: Accumulated depreciation for				
Structure improvements	(1,412,603)	(159,243)	-	(1,571,846)
Sewer collection system	(15,460,984)	(494,828)	-	(15,955,812)
Machinery and equipment	(3,441,877)	(128,675)	300,423	(3,270,129)
Total Accumulated Depreciation	(20,315,464)	(782,746)	300,423	(20,797,787)
Net Capital Assets Being Depreciated	26,586,352	919,827	-	27,506,179
Net Sewer Capital Assets	\$ 26,667,401	\$ 919,827	\$ 62,274	\$ 27,524,954

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land	\$ 350	\$ -	\$ -	\$ 350
Total Capital Assets Not Being Depreciated	350	-	-	350
Capital assets being depreciated				
Intangible plant	786	-	-	786
Source of supply	215,707	-	-	215,707
Pumping	814,480	-	38,099	776,381
Transmission and distribution	28,745,301	682,174	4,700	29,422,775
Administrative and general	410,343	-	-	410,343
Total Capital Assets Being Depreciated	30,186,617	682,174	42,799	30,825,992
Total Capital Assets	30,186,967	682,174	42,799	30,826,342
Less: Accumulated depreciation for				
Intangible plant	(786)	-	-	(786)
Source of supply	(51,785)	(6,903)	-	(58,688)
Pumping	(444,868)	(30,017)	38,099	(436,786)
Transmission and distribution	(4,277,407)	(510,506)	4,700	(4,783,213)
Administrative and general	(357,582)	(11,630)	-	(369,212)
Total Accumulated Depreciation	(5,132,428)	(559,056)	42,799	(5,648,685)
Net Capital Assets Being Depreciated	25,054,189	123,118	-	25,177,307
Net Water Capital Assets	\$ 25,054,539	\$ 123,118	\$ -	\$ 25,177,657
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 51,721,940	\$ 1,042,945	\$ 62,274	\$ 52,702,611

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 782,746
Water	559,056

Total Business-type Activities Depreciation Expense \$ 1,341,802

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND ADVANCES

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
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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 31,285,000	\$ -	\$ 3,050,000	\$ 28,235,000	\$ 3,140,000
(Discounts)/Premiums	<u>426,009</u>	<u>-</u>	<u>31,438</u>	<u>394,571</u>	<u>-</u>
Sub-totals	<u>31,711,009</u>	<u>-</u>	<u>3,081,438</u>	<u>28,629,571</u>	<u>3,140,000</u>
Other Liabilities					
Capital leases	527,341	-	188,319	339,022	159,704
Total OPEB liability	1,594,239	89,422	-	1,683,661	-
Total pension liability	442,470	-	8,987	433,483	-
Compensated absences	1,053,654	226,800	254,317	1,026,137	534,676
Net pension liability - WRS	<u>981,672</u>	<u>-</u>	<u>471,323</u>	<u>510,349</u>	<u>-</u>
Total Other Liabilities	<u>4,599,376</u>	<u>316,222</u>	<u>922,946</u>	<u>3,992,652</u>	<u>694,380</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 36,310,385</u>	<u>\$ 316,222</u>	<u>\$ 4,004,384</u>	<u>\$ 32,622,223</u>	<u>\$ 3,834,380</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,935,000	\$ -	\$ 1,625,000	\$ 1,310,000	\$ 160,000
Revenue bonds	13,050,000	8,465,000	9,675,000	11,840,000	800,000
(Discounts)/Premiums	230,379	1,019,480	199,868	1,049,991	-
Sub-totals	<u>16,215,379</u>	<u>9,484,480</u>	<u>11,499,868</u>	<u>14,199,991</u>	<u>960,000</u>
Other Liabilities					
Compensated absences	37,514	6,436	11,709	32,241	32,241
Total OPEB liability	171,252	9,606	-	180,858	-
Total pension liability	47,530	-	965	46,565	-
Net pension liability - WRS	42,869	-	21,581	21,288	-
Total Other Liabilities	<u>299,165</u>	<u>16,042</u>	<u>34,255</u>	<u>280,952</u>	<u>32,241</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 16,514,544</u>	<u>\$ 9,500,522</u>	<u>\$ 11,534,123</u>	<u>\$ 14,480,943</u>	<u>\$ 992,241</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2017, was \$230,524,665. Total general obligation debt outstanding at year end was \$29,545,000.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
G.O. Promissory Notes 2008	12/9/08	12/1/18	3.0-4.1%	\$ 2,400,000	\$ 215,000
Tax Incremental Build America Bonds	8/5/09	8/1/28	4.0-6.0	6,950,000	6,300,000
G.O. Promissory Notes 2009	4/30/09	4/1/19	2.0-3.5	5,105,000	1,200,000
G.O. Refunding Bonds 2011A	2/3/11	4/1/23	0.8-3.25	3,160,000	1,625,000
G.O. Promissory Notes 2011B	4/5/11	4/1/21	3.0	4,230,000	2,130,000
G.O. Promissory Notes 2013A	5/2/13	4/1/23	1.5-2.0	3,710,000	2,400,000
G.O. Refunding Bonds	5/2/13	4/1/21	0.4-1.75	1,280,000	660,000
G.O. Corporate Purpose Bonds	6/3/15	5/1/27	2.0-3.0	5,740,000	5,385,000
G.O. Promissory Notes 2016	3/24/16	3/1/31	2.0-2.25	8,905,000	<u>8,320,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 28,235,000</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
G.O. Corporate Purpose Bonds	6/3/15	5/1/25	2.0-3.0%	\$ 1,310,000	<u>\$ 1,310,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 1,310,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 3,140,000	\$ 832,590	\$ 160,000	\$ 32,363
2019	3,100,000	739,050	160,000	27,562
2020	2,650,000	657,603	165,000	22,688
2021	2,790,000	582,540	165,000	18,563
2022	2,470,000	509,403	165,000	14,437
2023-2027	10,640,000	1,479,300	495,000	16,706
2028-2031	<u>3,445,000</u>	<u>164,469</u>	-	-
Totals	<u>\$ 28,235,000</u>	<u>\$ 4,964,955</u>	<u>\$ 1,310,000</u>	<u>\$ 132,319</u>

Revenue Debt

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

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 67.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$14,913,575. Principal and interest paid for the current year and total customer net revenues were \$1,232,855 and \$1,972,722, respectively.

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
<u>Water Utility</u>					
2009 Revenue Bonds	4/29/09	5/1/29	1.4-5.0%	\$ 17,125,000	\$ 3,375,000
2017 Revenue Refunding Bonds	7/10/17	5/1/29	4.0	8,465,000	<u>8,465,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

Total Business-type Activities - Revenue Debt \$ 11,840,000

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2018	\$ 800,000	\$ 466,350
2019	825,000	433,850
2020	850,000	398,225
2021	900,000	358,850
2022	935,000	319,900
2023-2027	5,175,000	1,001,500
2028-2029	2,355,000	94,900
Totals	<u>\$ 11,840,000</u>	<u>\$ 3,073,575</u>

Capital Leases

Refer to Note III. G.

Other Debt Information

Estimated payments of compensated absences, OPEB, and pensions 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.

Advance Refunding

On July 10, 2017, the city issued \$8,465,000 in revenue refunding bonds with an average coupon rate of 4% to advance refund \$8,925,000 of outstanding bonds with an average coupon rate of 5%. The net proceeds along with existing funds of the city were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded debt prior to the advance refunding was \$12,648,386 from 2017 through 2029. The cash flow requirements on the 2017 refunding bonds are \$11,340,102 from 2017 through 2029. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$949,239.

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 Sunday, December 31, 2017:

Type	Coverage	Expiration
Personal and Advertising Injury	\$ 3,000,000 M3 Insurance	12/31/18
Premises Medical Payments	10,000 M3 Insurance	12/31/18
Errors and Omissions	3,000,000 M3 Insurance	12/31/18
Employee Benefits Liability	3,000,000 M3 Insurance	12/31/18
Auto Coverage	3,000,000 M3 Insurance	12/31/18
Automobile Medical Payments Coverage	10,000 M3 Insurance	12/31/18
Public Employee Dishonesty	250,000 M3 Insurance	12/31/18
Workers' Compensation	500,000 M3 Insurance	12/31/18
Umbrella Liability Coverage	8,000,000 M3 Insurance	12/31/18

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2017 and 2016:

	Customers		Sales (000 gals)	
	2017	2016	2017	2016
Residential	4,065	3,703	230,775	261,689
Commercial	266	320	102,397	91,047
Irrigation	87	82	16,047	18,263
Public authority	10	13	2,214	2,223
Multi-family	30	30	25,778	23,167
Totals	<u>4,458</u>	<u>4,148</u>	<u>377,211</u>	<u>396,389</u>

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2014 through 2016, the city acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$967,557, 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, 2017, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2018	\$ 159,704	\$ 8,532	\$ 168,236
2019	152,443	4,547	156,990
2020	<u>26,875</u>	<u>565</u>	<u>27,440</u>
Totals	<u>\$ 339,022</u>	<u>\$ 13,644</u>	<u>\$ 352,666</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 9,849,515
Other capital assets, net of accumulated depreciation	36,331,136
Less: Long-term debt outstanding	(28,968,593)
Plus: Unspent capital related debt proceeds	60,855
Plus: Noncapital debt proceeds	<u>2,265,076</u>
Total Net Investment in Capital Assets	<u>\$ 19,537,989</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Delinquent personal property taxes	\$ 23,046	\$ -	\$ -	\$ -	\$ 23,046
Equity in joint venture - library	199,000	-	-	-	199,000
Restricted for:					
Cemetery	451	-	-	-	451
Capital projects	-	-	60,855	-	60,855
TID development purposes	-	-	395,410	-	395,410
Economic development loan program	-	-	-	422,867	422,867
Parks	-	-	-	64,370	64,370
Committed to:					
Police reserve	-	-	-	10,375	10,375
Special events	-	-	-	5,433	5,433
Other activities	-	-	-	151,332	151,332
Police seized asset forfeitures	-	-	-	42,022	42,022
Assigned to:					
Fund balance applied to subsequent year's budget	651,500	-	-	-	651,500
Capital projects	-	-	2,174,664	-	2,174,664
Unassigned (deficit):	1,751,946	(772,603)	-	-	979,343
Total Fund Balances (Deficit)	\$ 2,625,943	\$ (772,603)	\$ 2,630,929	\$ 696,399	\$ 5,180,668

Business-type Activities

Net Investment in Capital Assets

Land	\$ 19,125
Other capital assets, net of accumulated depreciation	52,683,357
Less: Long-term debt outstanding	(14,199,991)
Plus: Noncapital debt proceeds	1,367,156
Plus: Unamortized loss on advance refunding	563,680
Total Net Investment in Capital Assets	\$ 40,433,327

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

I. RESTATEMENT OF NET POSITION

Net position has been restated to reflect the implementation of GASB Statements Nos. 73 and 75.

Governmental Activities Net Position - December 31, 2016 (as reported)	\$ 24,639,027
Add: Net OPEB liability reported under GASB No. 45	191,590
Less: Net OPEB liability reported under GASB No. 75	(1,594,239)
Net pension liability reported under GASB No. 73	<u>(442,470)</u>
Net Position - December 31, 2016 (as restated)	<u>\$ 22,793,908</u>
Business-type Activities Net Position - December 31, 2016 (as reported)	\$ 43,120,197
Add: Net OPEB liability reported under GASB No. 45	8,237
Net pension liability reported under GASB No. 68	1,534
Less: Net OPEB liability reported under GASB No. 75	(171,252)
Net pension liability reported under GASB No. 73	<u>(47,530)</u>
Net Position - December 31, 2016 (as restated)	<u>\$ 42,911,186</u>
Sewer Utility Net Position - December 31, 2016 (as reported)	\$ 27,384,688
Add: Net OPEB liability reported under GASB No. 45	8,237
Net pension liability reported under GASB No. 68	1,534
Less: Net OPEB liability reported under GASB No. 75	(132,941)
Net pension liability reported under GASB No. 73	<u>(36,897)</u>
Net Position - December 31, 2016 (as restated)	<u>\$ 27,224,621</u>
Water Utility Net Position - December 31, 2016 (as reported)	\$ 15,735,509
Less: Net OPEB liability reported under GASB No. 75	(38,311)
Net pension liability reported under GASB No. 73	<u>(10,633)</u>
Net Position - December 31, 2016 (as restated)	<u>\$ 15,686,565</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION

A. 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 1200 hours a year 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 (CAFR), 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 State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and 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 \$627,510 in contributions from the City.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the City reported a liability of \$531,637 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.06450043%, which was an increase of 0.00145101% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$1,372,364.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, 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	\$ 202,714	\$ 1,671,954
Changes in assumptions	555,848	-
Net differences between projected and actual earnings on pension plan investments	2,646,323	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,856	35,850
Employer contributions subsequent to the measurement date	<u>716,787</u>	<u>-</u>
Totals	<u>\$ 4,138,528</u>	<u>\$ 1,707,804</u>

\$716,787 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 1,245,852	\$ 543,402
2019	1,245,851	543,402
2020	1,017,487	543,402
2021	(88,373)	77,295
2022	924	303

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$6,994,033	\$531,637	\$(4,444,699)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2017, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. 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.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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.

D. JOINT VENTURES

Mequon-Thiensville Joint Library

The City of Mequon and the Village of Thiensville jointly operate the Frank L. Weyenberg Library of Mequon-Thiensville, which is called the Weyenberg Library (Library) and provides library services.

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the Library. The City is obligated by the joint venture agreement to remit an amount annually to the Library. The City made a payment to the Library of \$1,034,929 in 2017.

Financial information of the Library as of December 31, 2017 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 governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2017 is available directly from the municipal court in West Bend, Wisconsin.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Mid-Moraine Municipal Court (cont.)

The City of Mequon does not have an equity interest in the Mid-Moraine Municipal Court.

E. 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 City Board. 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, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	6
Active plan members	<u>103</u>
Total	109

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,864,519 was measured as of December 31, 2016, and was determined by an actuarial valuation as of that date.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount rate	3.75%
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

The discount rate was based on Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2012 Mortality Table

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period 2009-2011.

CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balances at December 31, 2016	\$ 1,765,491
Changes for the year:	
Service cost	90,779
Interest	66,810
Benefit payments	<u>(58,561)</u>
Net changes	<u>99,028</u>
Balances at December 31, 2017	<u>\$ 1,864,519</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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	<u>1% Decrease (2.75%)</u>	<u>Discount Rate (3.75%)</u>	<u>1% Increase (4.75%)</u>
Total OPEB liability	\$ 1,978,291	\$ 1,864,519	\$ 1,757,354

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB liability	\$ 1,728,830	\$ 1,864,519	\$ 2,021,073

***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES
RELATED TO OPEB***

For the year ended December 31, 2017, the City recognized OPEB expense of \$99,028. At December 31, 2017, the City did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

F. 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, 2017 were \$25,270. The remaining obligation under this agreement as of December 31, 2017 is \$273,766.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

F. TAX ABATEMENT (cont.)

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 [describe the terms as a percentage or specific dollars] 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, 2017 were \$28,488. The remaining obligation under this agreement as of December 31, 2017 is \$337,568.

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 [describe the terms as a percentage or specific dollars] 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, 2017 were \$30,234. The remaining obligation under this agreement as of December 31, 2017 is \$100,595.

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 [describe the terms as a percentage or specific dollars] 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, 2017 were \$-. The remaining obligation under this agreement as of December 31, 2017 is \$647,427.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

H. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Plan description. The City of 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 City board.

At December 31, 2017, plan's membership consisted of:

Retirees and beneficiaries	2
Inactive, non-retired members	58
Active members	<u>27</u>
Total	87

The City paid \$-0- for pension benefits as they came due during the reporting period. The City is funding these benefits on a pay-as-you-go basis.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

H. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (cont.)

Changes in total pension liability

	Total Pension Liability
Beginning of Year Balance	\$ 490,000
Service cost	23,234
Interest on total pension liability	17,854
Benefit payments	(51,040)
Net change	(9,952)
End of Year Balance	\$ 480,048

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

Measurement Date:	December 31, 2016
Actuarial Valuation Date:	January 1, 2016
Inflation:	2.50%
Salary Changes:	3.00% plus merit increases ranging from 0.4% to 4.8% depending on years of service
Discount Rate:	3.75%
Source of Discount Rate:	Bond Buyer Go 20-Year AA Bond Index
Dates of Experience Studies:	Wisconsin Retirement System Experience from 2009-2011

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 3.75% 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 (2.75%) or 1 percentage point higher (4.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$ 500,513	\$ 480,048	\$ 459,848

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the City recognized negative pension expense of \$9,952. The City does not reported any deferred outflows and inflows of resources related to pension.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEQUON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 10,175,983	\$ 10,175,983	\$ 10,178,465	\$ 2,482
State shared revenue	514,318	514,318	523,131	8,813
Intergovernmental	1,330,950	1,330,950	1,336,142	5,192
Licenses	58,400	58,400	44,804	(13,596)
Permits	834,000	834,000	893,361	59,361
General government fees	84,250	84,250	96,053	11,803
Public safety fees	894,725	894,725	842,059	(52,666)
Public works fees	137,500	137,500	109,028	(28,472)
Parks and pool fees	115,200	115,200	114,605	(595)
Development fees	75,000	75,000	62,152	(12,848)
Special assessments	2,500	2,500	2,326	(174)
Internal service fees	325,000	325,000	295,219	(29,781)
Other general revenue	680,500	680,500	665,780	(14,720)
Investment revenue	21,000	21,000	52,757	31,757
Total Revenues	<u>15,249,326</u>	<u>15,249,326</u>	<u>15,215,882</u>	<u>(33,444)</u>
EXPENDITURES				
Current:				
Salaries and fringe benefits	11,838,170	11,912,337	11,705,352	206,985
Materials and supplies	1,010,906	1,008,256	926,796	81,460
Purchased services	2,484,468	2,410,301	2,451,844	(41,543)
Plant and equipment	617,282	619,932	653,093	(33,161)
Total Expenditures	<u>15,950,826</u>	<u>15,950,826</u>	<u>15,737,085</u>	<u>213,741</u>
Net Change in Fund Balance	(701,500)	(701,500)	(521,203)	180,297
FUND BALANCE - Beginning of Year	<u>3,147,146</u>	<u>3,147,146</u>	<u>3,147,146</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,445,646</u>	<u>\$ 2,445,646</u>	<u>\$ 2,625,943</u>	<u>\$ 180,297</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF MEQUON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

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%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF MEQUON

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN For the Year Ended December 31, 2017

	2017
Total Pension Liability	
Service Cost	\$ 23,234
Interest	17,854
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(51,040)
Net change in total pension liability	(9,952)
Total Pension Liability - beginning	490,000
Total Pension Liability - ending	\$ 480,048

SCHEDULE OF THE TOTAL PENSION LIABILITY AND COVERED-EMPLOYEE PAYROLL SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN For the Year Ended December 31, 2017

	2017
Total Pension Liability	\$ 480,048
Covered-employee payroll	\$ 5,829,406
Total pension liability as a percentage of covered-employee payroll	8.23%

Notes to schedule:

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

Accumulation of assets. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

Benefit changes. None.

Changes of assumptions. None

CITY OF MEQUON

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS OPEB PLAN

For the Year Ended December 31, 2017

	2017
Total OPEB Liability	
Service Cost	\$ 90,779
Interest	66,810
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(58,561)
Net change in total OPEB liability	99,028
Total OPEB Liability - beginning	1,765,491
Total OPEB Liability - ending	\$ 1,864,519
Covered-employee payroll	\$ 6,750,611
Total OPEB liability as a percentage of covered-employee payroll	27.62%

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 . None

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

CITY OF MEQUON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2017

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 I. C.

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 87 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. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

CITY OF MEQUON

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
General Government				
Common Council	\$ 81,893	\$ 81,893	\$ 88,880	\$ (6,987)
City Administrator	345,165	274,310	309,889	(35,579)
City Clerk	262,406	265,179	260,299	4,880
Elections	36,597	36,597	30,070	6,527
Information services	300,627	300,627	318,004	(17,377)
Finance	497,266	501,455	538,258	(36,803)
Assessor	222,033	222,692	221,779	913
Human resources	186,159	188,163	186,602	1,561
Legal counsel	103,300	103,300	102,932	368
Building maintenance	733,980	738,699	637,278	101,421
Total General Government	<u>2,769,426</u>	<u>2,712,915</u>	<u>2,693,991</u>	<u>18,924</u>
Public Safety				
Police	5,135,480	5,142,431	5,004,703	137,728
Fire protection	1,528,659	1,531,077	1,456,775	74,302
Communications	653,087	660,386	672,175	(11,789)
Police Reserve	7,909	7,909	6,133	1,776
Inspections	464,222	469,049	471,403	(2,354)
Total Public Safety	<u>7,789,357</u>	<u>7,810,852</u>	<u>7,611,189</u>	<u>199,663</u>
Public Works				
Fleet services	524,719	527,952	515,797	12,155
Engineering	656,385	662,446	599,376	63,070
Highway	2,054,747	2,070,356	2,122,597	(52,241)
Recycling	22,381	22,381	28,004	(5,623)
Total Public Works	<u>3,258,232</u>	<u>3,283,135</u>	<u>3,265,774</u>	<u>17,361</u>
Public Health				
Cemetery	1,500	1,500	6,926	(5,426)
Total Public Health	<u>1,500</u>	<u>1,500</u>	<u>6,926</u>	<u>(5,426)</u>
Community Enrichment Services				
Library	1,048,929	1,048,929	1,034,929	14,000
Swimming pool	114,356	114,356	113,909	447
Parks	561,362	566,377	589,554	(23,177)
Total Community Enrichment Services	<u>1,724,647</u>	<u>1,729,662</u>	<u>1,738,392</u>	<u>(8,730)</u>
Conservation and Development				
Planning	407,664	412,762	420,813	(8,051)
Total Conservation and Development	<u>407,664</u>	<u>412,762</u>	<u>420,813</u>	<u>(8,051)</u>
TOTAL EXPENDITURES	<u><u>\$ 15,950,826</u></u>	<u><u>\$ 15,950,826</u></u>	<u><u>\$ 15,737,085</u></u>	<u><u>\$ 213,741</u></u>

CITY OF MEQUON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Funds			
	Park Fund	Revolving Loan Fund	Other Committed Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 81,734	\$ 422,867	\$ 208,743	\$ 713,344
Receivables				
Other	306	-	419	725
Loans	<u>-</u>	<u>279,778</u>	<u>-</u>	<u>279,778</u>
TOTAL ASSETS	<u>\$ 82,040</u>	<u>\$ 702,645</u>	<u>\$ 209,162</u>	<u>\$ 993,847</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 13,320	\$ -	\$ -	\$ 13,320
Deposits	<u>4,350</u>	<u>-</u>	<u>-</u>	<u>4,350</u>
Total Liabilities	<u>17,670</u>	<u>-</u>	<u>-</u>	<u>17,670</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>-</u>	<u>279,778</u>	<u>-</u>	<u>279,778</u>
Fund Balances				
Restricted	64,370	422,867	-	487,237
Committed	<u>-</u>	<u>-</u>	<u>209,162</u>	<u>209,162</u>
Total Fund Balances	<u>64,370</u>	<u>422,867</u>	<u>209,162</u>	<u>696,399</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 82,040</u>	<u>\$ 702,645</u>	<u>\$ 209,162</u>	<u>\$ 993,847</u>

CITY OF MEQUON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Fund	Other Committed Funds	
REVENUES				
Public charges for services	\$ 159,350	\$ -	\$ 15,935	\$ 175,285
Investment income	561	5,110	768	6,439
Miscellaneous	972	57,467	14,622	73,061
Total Revenues	<u>160,883</u>	<u>62,577</u>	<u>31,325</u>	<u>254,785</u>
EXPENDITURES				
Current				
Public safety	-	-	6,054	6,054
Community enrichment services	52,797	-	5,781	58,578
Conservation and development	-	52,400	-	52,400
Total Expenditures	<u>52,797</u>	<u>52,400</u>	<u>11,835</u>	<u>117,032</u>
Excess of revenues over expenditures	<u>108,086</u>	<u>10,177</u>	<u>19,490</u>	<u>137,753</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(43,716)</u>	<u>412,690</u>	<u>189,672</u>	<u>558,646</u>
FUND BALANCES - END OF YEAR	<u>\$ 64,370</u>	<u>\$ 422,867</u>	<u>\$ 209,162</u>	<u>\$ 696,399</u>

CITY OF MEQUON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		
	<u>Original & Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 3,763,247	\$ 3,637,879	\$ (125,368)
Intergovernmental	120,979	117,184	(3,795)
Investment income	<u>1,945</u>	<u>7,328</u>	<u>5,383</u>
Total Revenues	<u>3,886,171</u>	<u>3,762,391</u>	<u>(123,780)</u>
EXPENDITURES			
Debt Service			
Principal	3,050,000	3,050,000	-
Interest and fiscal charges	<u>998,469</u>	<u>1,001,473</u>	<u>(3,004)</u>
Total Expenditures	<u>4,048,469</u>	<u>4,051,473</u>	<u>(3,004)</u>
Net Change in Fund Balance	(162,298)	(289,082)	(126,784)
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(483,521)</u>	<u>(483,521)</u>	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (645,819)</u></u>	<u><u>\$ (772,603)</u></u>	<u><u>\$ (126,784)</u></u>

CITY OF MEQUON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TAX COLLECTION AGENCY FUND
 For the Year Ended December 31, 2017

	Balance 1/1/2017	Additions	Deductions	Balance 12/31/2017
ASSETS				
Cash and investments	\$ 27,096,710	\$ 44,315,345	\$ 27,096,710	\$ 44,315,345
Taxes receivable	23,433,802	6,283,408	23,433,802	6,283,408
Other receivables	-	82,779	-	82,779
TOTAL ASSETS	<u>\$ 50,530,512</u>	<u>\$ 50,681,532</u>	<u>\$ 50,530,512</u>	<u>\$ 50,681,532</u>
LIABILITIES				
Accounts payable	\$ 122,940	\$ 137,711	\$ 122,940	\$ 137,711
Due to other governments				
State of Wisconsin	760,098	-	760,098	-
Ozaukee County	7,979,502	8,166,759	7,979,502	8,166,759
Mequon-Thiensville School District	35,909,626	36,481,483	35,909,626	36,481,483
Cedarburg School District	185,391	183,623	185,391	183,623
Milwaukee Area Technical College District	5,572,955	5,711,956	5,572,955	5,711,956
TOTAL LIABILITIES	<u>\$ 50,530,512</u>	<u>\$ 50,681,532</u>	<u>\$ 50,530,512</u>	<u>\$ 50,681,532</u>



STATISTICAL SECTION

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CITY OF MEQUON

Statistical Section

This part of the City of Mequon's Comprehensive Annual Financial Report (CAFR) presents additional information intended to provide a better understanding of what the information in the financial statements note disclosures, and the required supplementary information, indicates about the overall financial well being of the City.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue new debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is obtained from the annual financial reports for the given year.

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

Table 1

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 **</u>
Governmental Activities										
Net investment in capital assets	\$ 27,262,961	\$ 24,486,433	\$ 24,847,985	\$ 25,157,617	\$ 21,415,193	\$ 20,244,055	\$ 20,105,141	\$ 16,159,417	\$ 17,083,161	\$ 19,537,989
Restricted	1,136,688	1,354,442	1,019,828	6,674,351	5,516,016	1,799,470	1,067,412	2,277,291	995,817	767,466
Unrestricted (deficit)	<u>2,463,821</u>	<u>2,990,407</u>	<u>1,348,175</u>	<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>
Total governmental activities net position	<u>\$ 30,863,470</u>	<u>\$ 28,831,282</u>	<u>\$ 27,215,988</u>	<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>
Business-type Activities										
Net investment in capital assets	\$ 26,429,765	\$ 26,275,107	\$ 26,156,658	\$ 26,242,471	\$ 27,667,737	\$ 30,059,026	\$ 30,361,789	\$ 37,426,354	\$ 38,624,081	\$ 40,433,327
Restricted	115,255	205,353	232,166	246,988	273,879	301,144	329,024	410,727	375,150	319,156
Unrestricted (deficit)	<u>(12,986,854)</u>	<u>(10,046,126)</u>	<u>(7,689,539)</u>	<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>
Total business-type activities net position	<u>\$ 13,558,166</u>	<u>\$ 16,434,334</u>	<u>\$ 18,699,285</u>	<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>
Primary Government										
Net investment in capital assets	* \$ 53,692,726	\$ 49,791,864	\$ 49,966,147	\$ 50,361,592	\$ 48,044,434	\$ 50,303,081	\$ 49,428,434	\$ 52,547,275	\$ 55,707,242	\$ 59,029,945
Restricted	1,251,943	1,559,795	1,251,994	6,921,339	5,789,895	2,100,614	1,396,436	2,688,018	1,370,967	1,086,622
Unrestricted (deficit)	* <u>(10,523,033)</u>	<u>(6,086,043)</u>	<u>(5,302,868)</u>	<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>10,249,776</u>
Total primary government net position	<u>\$ 44,421,636</u>	<u>\$ 45,265,616</u>	<u>\$ 45,915,273</u>	<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>

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

** The City implemented GASB Statements 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**

Table 2

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
General Government	\$ 2,800,453	\$ 2,901,113	\$ 3,015,265	\$ 2,826,782	\$ 2,578,452	\$ 2,561,910	\$ 2,866,025	\$ 2,827,161	\$ 2,926,703	\$ 2,780,944
Public Safety	6,906,734	7,106,793	7,181,642	7,243,829	6,951,642	7,155,872	7,180,846	7,658,522	8,568,616	8,489,852
Public Works	6,990,267	6,324,874	7,198,886	7,779,419	6,445,104	6,807,814	7,097,071	6,510,601	5,590,695	4,808,412
Public Health	70,859	29,726	2,375	846	1,930	4,211	3,606	2,692	1,667	6,926
Community Enrichment	1,846,261	2,101,069	1,837,201	1,944,084	1,886,522	1,991,055	2,051,348	1,832,803	1,760,253	1,846,292
Conservation & Development	451,213	885,745	607,140	555,349	556,569	431,959	2,194,912	1,963,424	635,097	650,285
Interest & Fiscal Charges	413,812	802,613	925,877	984,173	859,007	766,527	785,985	916,642	1,174,400	751,539
Total government activities expense	19,479,599	20,151,933	20,768,386	21,334,482	19,279,226	19,719,348	22,179,793	21,711,845	20,657,431	19,334,250
Business-type Activities:										
Water Utility	-	1,394,217	2,085,110	2,215,531	2,258,364	2,251,136	2,252,945	2,448,115	2,563,582	2,492,821
Sewer Utility	8,310,045	8,175,180	7,881,371	8,216,356	8,394,444	8,215,337	8,339,805	9,052,567	8,990,263	9,172,956
Total business-type activities expense	8,310,045	9,569,397	9,966,481	10,431,887	10,652,808	10,466,473	10,592,750	11,500,682	11,553,845	11,665,777
Total Primary Government Expense	\$ 27,789,644	\$ 29,721,330	\$ 30,734,867	\$ 31,766,369	\$ 29,932,034	\$ 30,185,821	\$ 32,772,543	\$ 33,212,527	\$ 32,211,276	\$ 31,000,027
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 2,807,641	\$ 2,494,153	\$ 2,525,797	\$ 2,750,636	\$ 3,035,119	\$ 3,024,230	\$ 3,114,438	\$ 3,172,991	\$ 3,497,183	\$ 3,274,750
Operating Grants and Contributions	1,390,950	1,560,663	2,102,773	1,709,970	1,446,983	1,559,021	1,699,459	1,984,048	1,931,549	1,626,650
Capital Grants and Contributions	201,967	1,265,378	181,607	2,508,141	511,194	330,906	37,592	122,435	653,730	152,056
Total governmental activities program revenues	4,400,558	5,320,194	4,810,177	6,968,747	4,993,296	4,914,157	4,851,489	5,279,474	6,082,462	5,053,456
Business-type activities:										
Charges for Services	2,537,641	4,111,511	5,005,461	5,139,176	5,836,210	5,896,086	6,325,368	6,141,213	6,409,901	6,474,127
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	301,029
Capital Grants and Contributions	342,099	137,058	151,213	150,897	208,726	2,228,424	250,456	7,733,127	2,034,162	753,121
Total business-type activities program revenues	2,879,740	4,248,569	5,156,674	5,290,073	6,044,936	8,124,510	6,575,824	13,874,340	8,444,063	7,528,277
Total Primary Government Program Revenues	\$ 7,280,298	\$ 9,568,763	\$ 9,966,851	\$ 12,258,820	\$ 11,038,232	\$ 13,038,667	\$ 11,427,313	\$ 19,153,814	\$ 14,526,525	\$ 12,581,733
Net (Expense)/Revenue										
Governmental Activities	\$ (15,079,041)	\$ (14,831,739)	\$ (15,958,209)	\$ (14,365,735)	\$ (14,285,930)	\$ (14,805,191)	\$ (17,328,304)	\$ (16,432,371)	\$ (14,574,969)	\$ (14,280,794)
Business-type Activities	(5,430,305)	(5,320,828)	(4,809,807)	(5,141,814)	(4,607,872)	(2,341,963)	(4,016,926)	2,373,658	(3,109,782)	(4,137,500)
Total Primary Government Net Expense	\$ (20,509,346)	\$ (20,152,567)	\$ (20,768,016)	\$ (19,507,549)	\$ (18,893,802)	\$ (17,147,154)	\$ (21,345,230)	\$ (14,058,713)	\$ (17,684,751)	\$ (18,418,294)

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

Table 2

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 12,781,935	\$ 13,012,008	\$ 13,607,270	\$ 13,568,659	\$ 13,260,969	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286	\$ 14,160,513	\$ 14,854,309
Intergov't'l Revenues Not Restricted to Specific Programs	564,524	516,656	530,106	463,388	551,045	585,891	520,889	483,431	606,519	461,761
Investment Income	672,135	193,804	175,951	170,010	109,478	56,705	111,539	71,707	93,214	91,353
Miscellaneous	394,909	46,759	98,208	47,781	53,488	25,682	15,651	79,054	38,205	91,752
Gain on Sale of Capital Assets	14,623	-	-	2,601	45,479	239,804	-	65,000	-	-
Transfers	-	(969,676)	(68,620)	-	-	-	-	-	-	-
Total Governmental Activities	14,428,126	12,799,551	14,342,915	14,252,439	14,020,459	14,397,670	14,247,412	14,411,478	14,898,451	15,499,175
Business-type Activities:										
Property Taxes	7,097,470	7,170,029	6,934,932	6,936,508	6,960,399	6,645,737	6,573,910	7,066,677	7,190,003	7,268,822
Investment Income	211,832	57,291	67,852	51,642	20,214	5,369	8,063	14,976	42,067	59,664
Miscellaneous	27,787	-	3,354	2,371	1,278	27,407	64,486	18,243	1,605	251,882
Transfers	-	969,676	68,620	-	-	-	-	-	-	-
Total Business-type Activities	7,337,089	8,196,996	7,074,758	6,990,521	6,981,891	6,678,513	6,646,459	7,099,896	7,233,675	7,580,368
Total Primary Government	\$ 21,765,215	\$ 20,996,547	\$ 21,417,673	\$ 21,242,960	\$ 21,002,350	\$ 21,076,183	\$ 20,893,871	\$ 21,511,374	\$ 22,132,126	\$ 23,079,543
Change in Net Position										
Governmental Activities	\$ (650,915)	\$ (2,032,188)	\$ (1,615,294)	\$ (113,296)	\$ (265,471)	\$ (407,521)	\$ (3,080,892)	\$ (2,020,893)	\$ 323,482	\$ 1,218,381
Business-type Activities	1,906,784	2,876,168	2,264,951	1,848,707	2,374,019	4,336,550	2,629,533	9,473,554	4,123,893	3,442,868
Total Primary Government	\$ 1,255,869	\$ 843,980	\$ 649,657	\$ 1,735,411	\$ 2,108,548	\$ 3,929,029	\$ (451,359)	\$ 7,452,661	\$ 4,447,375	\$ 4,661,249

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

Table 3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 40,304	\$ 40,054	\$ 41,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	676,941	1,295,092	1,687,022	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	4,014	179,218	595,505	559,000	190,177	222,046
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
Total General Fund	717,245	1,335,146	1,729,000	2,293,044	3,297,347	4,047,136	3,437,622	3,369,405	3,147,146	2,625,943
All Other Governmental Funds										
Reserved	1,683,640	2,382,338	1,490,466	-	-	-	-	-	-	-
Unreserved, reported in										
Special Revenue Funds	1,017,682	515,594	459,834	-	-	-	-	-	-	-
Capital Projects Funds	3,637,816	10,058,625	6,187,099	-	-	-	-	-	-	-
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
Committed	-	-	-	158,474	161,555	162,079	164,009	2,406,525	189,672	209,162
Assigned	-	-	-	-	2,398,957	2,397,020	1,493,283	182,466	2,565,453	2,174,664
Unassigned	-	-	-	1,794,965	(398,750)	(567,319)	(545,298)	(511,223)	(527,237)	(772,603)
Total All Other Governmental Funds	6,339,138	12,956,557	8,137,399	9,922,303	7,449,413	9,274,584	4,965,460	5,908,240	6,330,427	2,554,725
Total Fund Balances	\$ 7,056,383	\$ 14,291,703	\$ 9,866,399	\$ 12,215,347	\$ 10,746,760	\$ 13,321,720	\$ 8,403,082	\$ 9,277,645	\$ 9,477,573	\$ 5,180,668

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 12,781,935	\$ 13,012,008	\$ 13,607,270	\$ 13,568,659	\$ 13,260,969	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286	\$ 14,160,513	\$ 14,854,309
Intergovernmental Revenues	1,778,612	2,888,511	2,545,498	1,997,915	2,533,394	1,947,547	2,118,275	2,174,623	2,436,368	2,137,470
Licenses & Permits	1,177,444	1,101,106	1,165,138	1,170,613	1,257,439	1,273,998	1,378,270	1,322,093	1,455,967	1,497,568
Fines, Forfeitures and Penalties	-	-	-	159,798	183,561	184,068	190,347	167,015	240,345	221,269
Public Charges for Services	1,863,998	1,518,183	1,240,937	1,288,601	1,315,941	1,489,731	1,602,653	1,682,838	1,825,212	1,556,486
Intergovernmental Charges for Services	106,928	109,067	182,286	106,774	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	1,895	66,674	33,156	30,793
Investment Income	741,986	194,187	176,734	174,997	108,638	60,715	119,292	102,244	119,876	100,920
Other Revenues	209,300	166,023	111,137	123,755	119,871	386,589	69,804	127,201	87,132	188,390
Total Revenues	18,660,203	18,989,085	19,029,000	18,591,112	18,779,813	18,832,236	19,079,869	19,354,974	20,358,569	20,587,205
Expenditures										
Current										
General Government	2,728,441	2,796,046	2,716,066	2,536,080	2,469,334	2,386,454	2,679,908	2,636,148	2,740,072	2,693,991
Public Safety	6,521,197	6,588,793	6,520,263	6,586,480	6,550,281	6,651,414	6,767,586	7,108,172	7,550,543	7,617,243
Public Works	5,329,775	3,470,061	3,586,628	3,487,367	3,162,346	3,142,843	3,290,198	3,261,237	3,282,736	3,265,774
Public Health	70,859	29,726	2,375	846	1,930	4,211	3,606	2,692	1,667	6,926
Leisure Activities	-	-	-	-	-	-	-	-	-	-
Community Enrichment	1,776,535	1,981,720	1,700,327	1,681,913	1,661,202	1,807,428	1,846,667	1,778,292	1,755,805	1,796,970
Conservation and Development	419,263	817,181	567,802	555,349	556,569	393,109	411,582	412,059	471,934	473,213
Library	-	-	-	-	-	-	-	-	-	-
Capital Outlay	3,981,521	6,861,097	5,784,174	4,587,815	2,194,148	3,195,577	6,427,077	6,879,764	10,109,039	5,026,578
Debt Service										
Principal	851,964	1,120,219	1,743,077	1,224,118	1,534,554	3,141,988	2,061,994	2,220,000	2,540,000	3,050,000
Interest and Fiscal Charges	315,929	550,271	890,011	797,705	807,696	934,751	833,039	835,175	996,576	1,013,703
Payment to WRS for Unfunded Liability	-	-	-	-	1,355,819	-	-	-	-	-
Total Expenditures	21,995,484	24,215,114	23,510,723	21,457,673	20,293,879	21,657,775	24,321,657	25,133,539	29,448,372	24,944,398
Excess of Revenues										
Over/(Under) Expenditures	(3,335,281)	(5,226,029)	(4,481,723)	(2,866,561)	(1,514,066)	(2,825,539)	(5,241,788)	(5,778,565)	(9,089,803)	(4,357,193)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources/(Uses)										
Transfers In	1,978,335	1,676,627	136,063	667,449	147,463	29,497	639,000	404	-	-
Transfers Out	(1,978,335)	(1,676,627)	(136,063)	(667,449)	(147,463)	(29,497)	(639,000)	(404)	-	-
Debt										
General obligation debt issued	2,400,000	12,055,000	-	8,745,000	-	3,710,000	-	5,740,000	8,905,000	-
Refunding debt issued	-	-	-	-	-	1,280,000	-	-	-	-
Refunded general obligation debt	-	-	-	(3,956,423)	-	-	-	-	-	-
Discount on debt issued	-	-	-	(73,556)	-	-	-	-	-	-
Premium on debt issued	-	91,542	-	192,393	-	151,717	-	237,972	197,652	-
Proceeds of capital leases	-	-	-	235,193	-	-	-	-	-	-
Proceeds of capital leases	-	-	-	-	-	-	219,929	604,191	130,454	-
Sale of capital assets	23,268	48,690	56,419	72,902	45,479	258,782	51,928	70,965	56,625	60,288
Total Other Financing Sources/(Uses)	2,423,268	12,195,232	56,419	5,215,509	45,479	5,400,499	271,857	6,653,128	9,289,731	60,288
Net Change in Fund Balances	\$ (912,013)	\$ 6,969,203	\$ (4,425,304)	\$ 2,348,948	\$ (1,468,587)	\$ 2,574,960	\$ (4,969,931)	\$ 874,563	\$ 199,928	\$ (4,296,905)
Debt Service as a % of non-capital expenditures	6.75%	8.88%	13.99%	10.60%	19.96%	20.73%	13.60%	14.01%	17.48%	20.35%

Notes: In 2006, the functional areas were realigned to separate Parks from the Conservation and Development area and then creating the Community Enrichment functional area by combining the Parks, Library, and Leisure Activities (swimming pool) components.

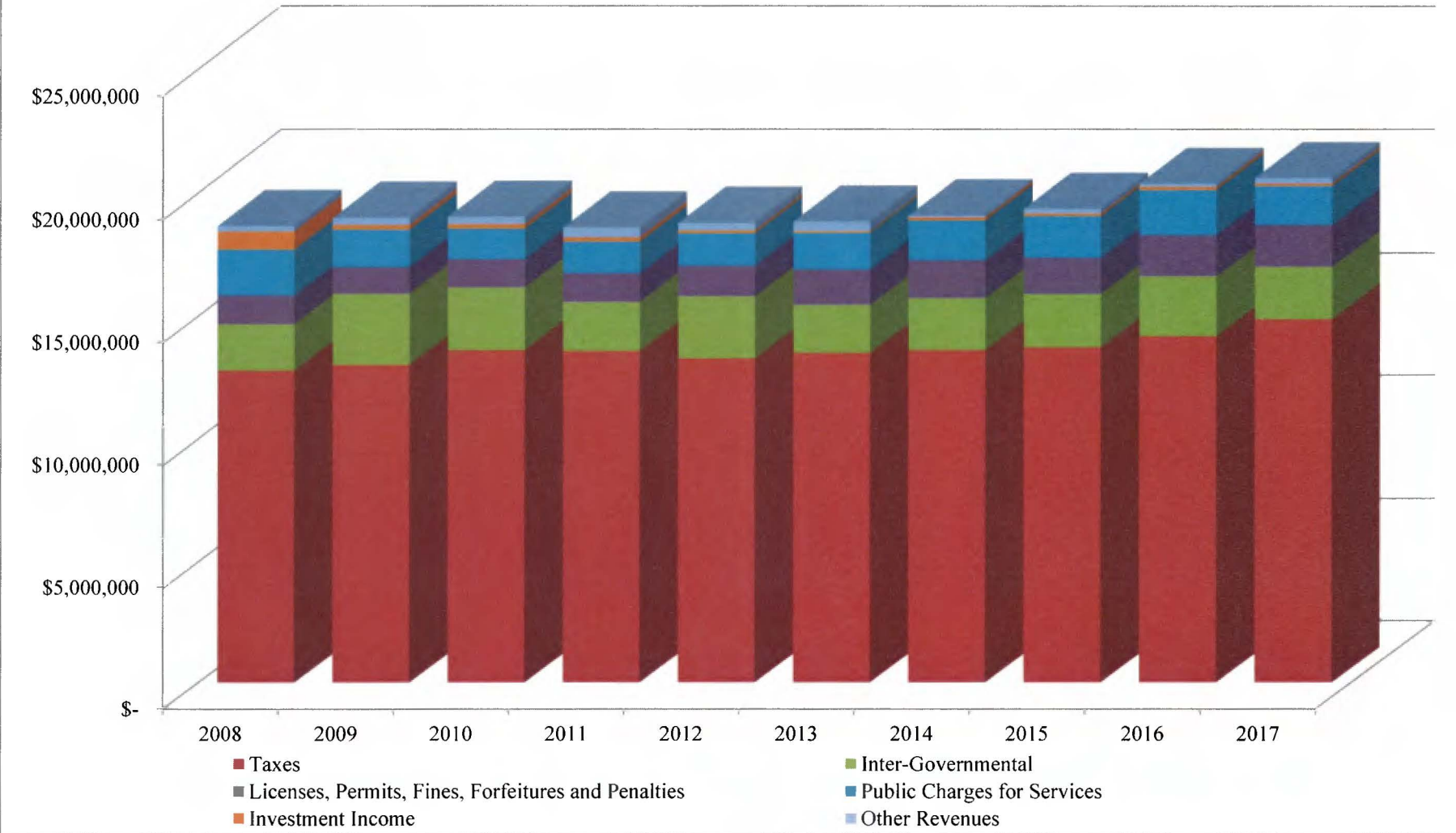
**CITY OF MEQUON, WISCONSIN
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year	Taxes		Inter-Governmental		Licenses, Permits, Fines, Forfeitures and Penalties		Public Charges for Services		Investment Income		Other Revenues		Total Revenues
2008	\$ 12,781,935	68.5%	\$ 1,885,540	10.1%	\$ 1,177,444	6.3%	\$ 1,863,998	10.0%	\$ 741,986	4.0%	\$ 209,300	1.1%	\$ 18,660,203
2009	13,012,008	68.5%	2,888,511	15.2%	1,101,106	5.8%	1,518,183	8.0%	194,187	1.0%	275,090	1.4%	18,989,085
2010	13,607,270	71.5%	2,545,498	13.4%	1,165,138	6.1%	1,240,937	6.5%	176,734	0.9%	293,423	1.5%	19,029,000
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

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

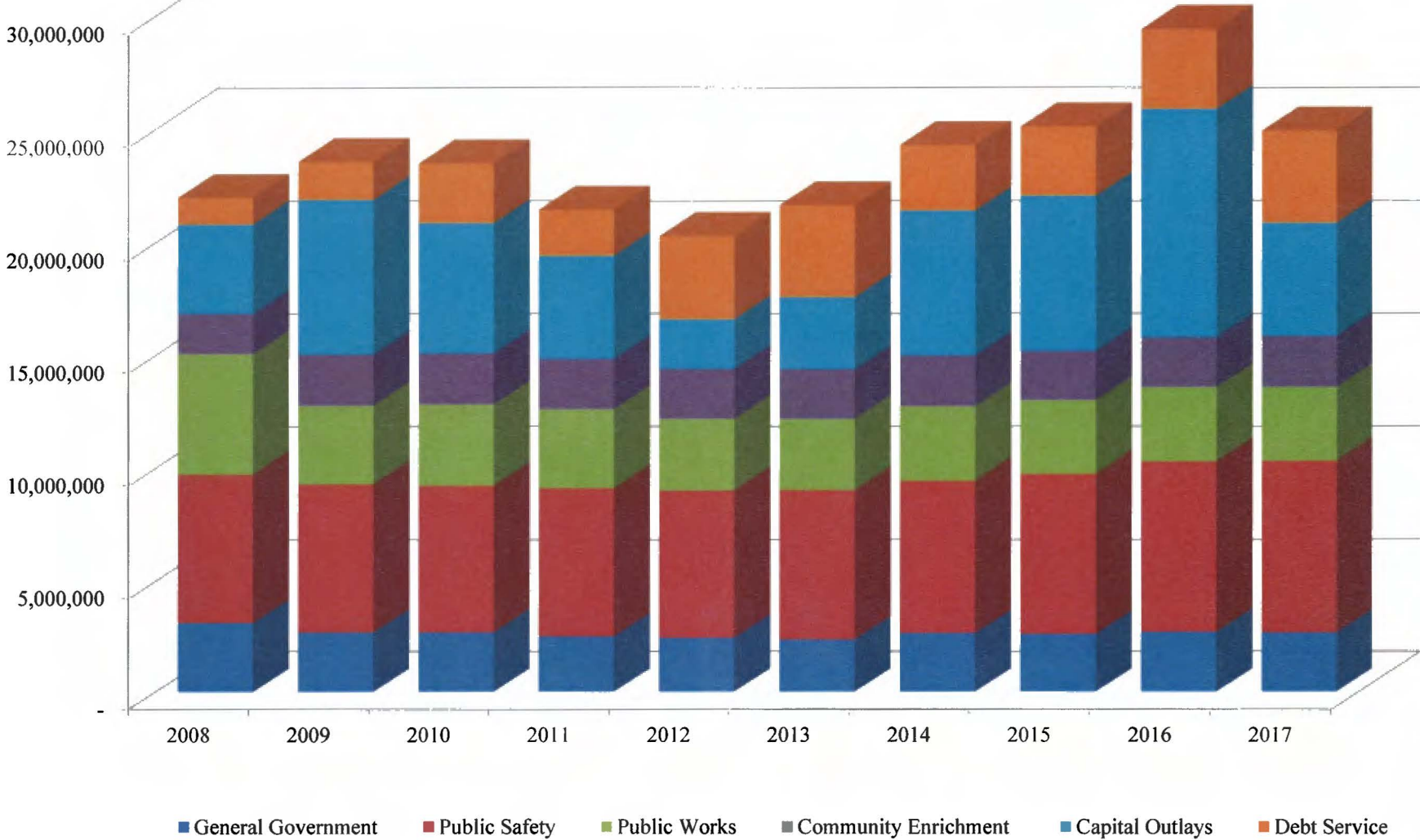
Table 6

Fiscal Year	General Government		Public Safety		Public Works		Community Enrichment		Capital Outlays		Debt Service		Total Expenditures
2008	\$ 3,147,704	14.3%	\$ 6,592,056	30.0%	\$ 5,329,775	24.2%	\$ 1,776,535	8.1%	\$ 3,981,521	18.1%	\$ 1,167,893	5.3%	\$ 21,995,484
2009	2,718,441	11.5%	6,588,793	27.9%	3,470,061	14.7%	2,268,129	9.6%	6,861,097	29.1%	1,670,490	7.1%	23,577,011
2010	2,718,441	11.6%	6,520,263	27.7%	3,586,628	15.3%	2,268,129	9.6%	5,784,174	24.6%	2,633,088	11.2%	23,510,723
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

Includes General, Special Revenue, Debt Service, and Capital Project Funds.

Public Health and Conservation and Development expenditures are reported under General Government in this schedule.

City of Mequon 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			
2007	2008	\$ 3,587,551,600	\$ 4,508,754,200	\$ 49,002,630	\$ 60,456,500	\$ 3,636,554,230	\$ 4,569,210,700	\$ 18.14	\$ 16.44	79.64%
2008	2009	3,644,645,900	4,431,816,900	68,573,110	68,585,800	3,713,219,010	4,500,402,700	18.54	16.30	81.87%
2009	2010	4,257,032,100	4,316,553,200	59,588,580	51,002,200	4,316,620,680	4,367,555,400	18.47	17.18	98.83%
2010	2011	4,253,484,800	4,156,726,000	57,834,840	66,441,500	4,311,319,640	4,223,167,500	15.98	15.29	102.07%
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%

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
2008	2009	\$ 0.2132	\$ 2.0258	\$ 3.4058	\$ 2.2441	\$ 10.1886	\$ 2.2266	\$ 20.3041	\$ 1.7641	\$ 18.5400	\$ 3,636,554,230
2009	2010	0.2064	1.9829	3.4139	2.2344	10.3060	2.2317	20.3752	1.9008	18.4744	3,701,157,810
2010	2011	0.1717	1.6995	3.0569	1.8618	8.8362	1.9332	17.5593	1.5787	15.9806	4,292,782,940
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	4,546,665,300

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
2008	2009	\$ 0.1746	\$ 1.6586	\$ 2.7885	\$ 1.8374	\$ 8.3419	\$ 1.8230	\$ 16.6239	\$ 1.4444	\$ 15.1796	\$ 4,441,609,227
2009	2010	0.2039	1.9597	3.3740	2.2082	10.1854	2.2056	20.1368	1.8786	18.2583	3,744,974,006
2010	2011	0.1753	1.7347	3.1202	1.9003	9.0191	1.9732	17.9228	1.6114	16.3114	4,205,724,444
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

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Assessed Valuation
2008	2009	\$ 0.2130	\$ 2.0258	\$ 3.4058	\$ 10.1886	\$ 2.2266	\$ 18.0598	\$ 1.7641	\$ 16.2957	\$ 15,199,500
2009	2010	0.2064	1.9829	3.4139	11.2476	2.2317	19.0825	1.9008	17.1817	15,749,050
2010	2011	0.1717	1.6995	3.0569	10.0098	1.9332	16.8711	1.5787	15.2924	18,328,600
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

PER \$1,000 OF EQUALIZED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Equalized Valuation
2008	2009	\$ 0.1744	\$ 1.6586	\$ 2.7885	\$ 8.3419	\$ 1.8230	\$ 14.7864	\$ 1.4444	\$ 13.3421	\$ 18,564,343
2009	2010	0.2039	1.9597	3.3740	11.1160	2.2056	18.8592	1.8786	16.9807	15,935,495
2010	2011	0.1753	1.7347	3.1202	10.2170	1.9732	17.2203	1.6114	15.6090	17,956,892
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
2017	2018	-	1.8068	3.1331	9.1455	1.2637	15.3491	1.5091	13.8400	20,077,942

**CITY OF MEQUON, WISCONSIN
TEN LARGEST TAXPAYERS - 2017**

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Mequon WI Senior Property LLC	Commercial	\$ 37,920,200	\$ 563,051	0.77%
Centro Bradley SPE 1LP	Commercial	32,433,000	481,567	0.66%
FFII WI Mequon LLC	Industrial	20,297,800	301,362	0.41%
RL Mequon LLC	Industrial	18,790,600	278,981	0.38%
MMAC 150 Aurora LLC	Healthcare	18,257,100	271,059	0.37%
Wmi Milwaukee LLC	Commercial	15,711,000	233,250	0.32%
St. Mary's Hospital of Milwaukee	Healthcare	12,982,300	192,729	0.26%
1655 Mequon Road LLC	Commercial	11,580,500	171,913	0.23%
Highlands at Riverwalk LLC	Residential	9,264,500	137,521	0.19%
B and G Realty LLC	Residential	8,383,400	124,437	0.17%
		<u>\$ 185,620,400</u>	<u>\$ 2,755,869</u>	3.77%

Source: City of Mequon Assessment and Tax Rolls

TEN LARGEST TAXPAYERS - 2008

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Centro Bradley SPE 1 LLP	Commercial	\$ 43,048,830	\$ 590,800	0.80%
Mequon Trail Townhomes LP	Townhomes	23,938,180	361,000	0.49%
CJF4 LLC	Commercial	20,094,957	304,000	0.41%
Mequon Joint Venture	Commercial	18,584,248	298,000	0.40%
Glen Oaks Office Park LLC	Commercial	14,580,890	206,000	0.28%
Advanced Healthcare	Healthcare	12,975,963	193,500	0.26%
Centerpoint Property Trust	Commercial	12,953,612	193,500	0.26%
PJL Group	Commercial	9,862,098	146,000	0.20%
Lichter Marital Trust	Commercial	9,304,307	121,000	0.16%
Schmidt Mequon LLC	Commercial	9,285,510	117,300	0.16%
		<u>\$ 174,628,595</u>	<u>\$ 2,292,800</u>	3.41%

Source: City of Mequon Assessment and Tax Rolls

CITY OF MEQUON, WISCONSIN
TEN LARGEST EMPLOYERS - 2017

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	402 *
Kleen Test Products	Contract manufacturer and packager	300
HB Performance Systems	Manufacturer of braking systems	250
Aurora Advanced Health Care	Health care	222
Telesmith Inc	Manufacturer of large rock crushing Equipmant	221
Metro-Mart	Grocery store	200
MATC	Post-secondary education	250

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

*Does not include seasonal.

TEN LARGEST EMPLOYERS - 2008

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
2006	2007	\$ 12,139,552	\$ 11,957,195	98.50%	\$ 38,954	\$ 11,996,149	98.82%
2007	2008	12,348,739	12,246,123	99.17%	32,555	12,278,678	99.43%
2008	2009	12,595,713	12,395,036	98.41%	135,917	12,530,953	99.49%
2009	2010	13,151,619	13,090,531	99.54%	37,106	13,127,637	99.82%
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%	-	13,024,446	99.81%
2012	2013	13,101,821	13,048,291	99.59%	-	13,048,291	99.59%
2013	2014	13,202,145	13,178,023	99.82%	-	13,178,023	99.82%
2014	2015	13,357,908	13,334,800	99.83%	-	13,334,800	99.83%
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%	-	13,945,014	99.69%

Table 12

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

REAL ESTATE	2008 K.E. ASSESSED VALUE	2009 K.E. ASSESSED VALUE	2010 K.E. ASSESSED VALUE	2011 K.E. ASSESSED VALUE	2012 K.E. ASSESSED VALUE	2013 K.E. ASSESSED VALUE	2014 K.E. ASSESSED VALUE	2015 K.E. ASSESSED VALUE	2016 K.E. ASSESSED VALUE	2017 K.E. ASSESSED VALUE
RESIDENTIAL										
LAND	\$ 1,042,087,200	\$ 1,301,196,900	\$ 1,278,046,500	\$ 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
IMP.	2,079,365,800	2,305,497,300	2,318,384,600	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
TOTAL	3,121,453,000	3,606,694,200	3,596,431,100	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
COMMERCIAL										
LAND	114,323,700	166,065,700	165,722,700	160,267,600	160,556,700	159,697,800	161,202,800	162,990,200	166,242,500	168,413,300
IMP.	319,911,000	373,292,400	378,365,500	361,006,800	364,192,000	363,306,600	389,061,100	407,396,900	434,053,500	452,495,800
TOTAL	434,234,700	539,358,100	544,088,200	521,274,400	524,749,500	523,004,400	550,263,900	570,387,100	600,296,000	620,909,100
MANUFACTURING										
LAND	13,816,400	16,832,100	17,505,700	18,024,600	18,704,400	18,901,800	18,329,900	17,409,600	18,251,500	17,876,400
IMP.	52,654,800	59,424,100	60,658,100	62,066,200	63,624,800	64,278,400	62,592,100	64,447,800	64,568,200	63,240,400
TOTAL	66,471,200	76,256,200	78,163,800	80,090,800	82,329,200	83,180,200	80,922,000	81,857,400	82,819,700	81,116,800
AGRICULTURAL										
LAND/TOTAL	1,089,400	1,405,900	1,386,600	1,398,100	2,196,100	2,186,700	2,198,400	1,396,000	1,383,600	1,519,300
UNDEVELOPED										
LAND/TOTAL	1,961,000	11,608,300	11,554,200	11,214,600	9,860,700	9,793,800	9,717,500	8,952,100	8,965,300	8,980,300
AG FOREST										
LAND/TOTAL	1,005,900	1,711,600	1,789,700	1,789,700	1,699,200	1,698,100	1,771,000	1,771,000	1,672,200	1,672,200
FOREST										
LAND/TOTAL	244,400	444,300	424,300	424,300	426,000	426,000	426,000	426,000	426,000	426,000
OTHER										
LAND	6,617,400	7,943,400	7,943,400	7,866,200	7,873,800	7,873,800	7,912,800	7,912,400	7,591,900	7,591,900
IMP.	11,568,900	11,610,100	11,703,500	11,681,500	11,635,800	11,519,400	11,748,500	11,679,400	11,343,800	11,435,100
TOTAL	18,186,300	19,553,500	19,646,900	19,547,700	19,509,600	19,393,200	19,661,300	19,591,800	18,935,700	19,027,000
TOTAL REAL ESTATE										
LAND	1,181,145,400	1,507,208,200	1,484,373,100	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
IMP.	2,463,500,500	2,749,823,900	2,769,111,700	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
TOTAL	3,644,645,900	4,257,032,100	4,253,484,800	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
TOTAL PERSONAL										
	68,573,110	59,588,580	57,834,840	59,695,260	51,407,900	70,198,200	74,219,200	66,892,120	75,091,540	76,198,600
TOTAL ASSESSED										
	\$ 3,713,219,010	\$ 4,316,620,680	\$ 4,311,319,640	\$ 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

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	2008 K.E. EQUALIZED VALUE	2009 K.E. EQUALIZED VALUE	2010 K.E. EQUALIZED VALUE	2011 K.E. EQUALIZED VALUE	2012 K.E. EQUALIZED VALUE	2013 K.E. EQUALIZED VALUE	2014 K.E. EQUALIZED VALUE	2015 K.E. EQUALIZED VALUE	2016 K.E. EQUALIZED VALUE	2017 K.E. EQUALIZED VALUE
RESIDENTIAL										
LAND	\$ 1,251,357,800	\$ 1,217,495,600	\$ 1,139,954,800	\$ 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
IMP.	2,530,569,300	2,427,509,100	2,359,106,500	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
TOTAL	3,781,927,100	3,645,004,700	3,499,061,300	3,405,662,100	3,300,030,400	3,287,816,100	3,454,809,000	3,642,885,300	3,683,041,000	3,783,078,300
COMMERCIAL										
LAND	147,769,200	150,340,300	146,252,000	139,297,200	129,575,500	130,072,100	129,280,700	142,509,200	155,787,400	159,511,600
IMP.	382,630,100	408,365,500	403,141,500	385,477,300	373,653,200	363,525,500	371,603,400	390,139,400	462,667,200	478,211,600
TOTAL	530,399,300	558,705,800	549,393,500	524,774,500	503,228,700	493,597,600	500,884,100	532,648,600	618,454,600	637,723,200
MANUFACTURING										
LAND	16,875,400	17,030,500	17,149,900	17,194,300	17,189,300	17,208,600	17,250,200	17,125,000	18,036,700	18,036,700
IMP.	64,311,400	60,125,400	59,426,300	59,208,100	58,470,100	58,520,700	58,904,700	63,394,500	63,808,200	63,808,200
TOTAL	81,186,800	77,155,900	76,576,200	76,402,400	75,659,400	75,729,300	76,154,900	80,519,500	81,844,900	81,844,900
AGRICULTURAL										
LAND/TOTAL	1,306,800	1,373,500	1,360,700	1,333,300	1,297,800	1,247,400	1,228,900	1,238,500	1,686,700	1,512,900
UNDEVELOPED										
LAND/TOTAL	4,625,100	8,048,000	6,314,300	11,683,000	4,523,200	5,216,000	5,166,000	4,963,900	4,175,300	4,493,000
AG FOREST										
LAND/TOTAL	5,245,000	4,459,000	3,939,500	4,056,500	4,056,500	4,068,700	3,817,700	3,612,000	3,533,200	2,685,600
FOREST										
LAND/TOTAL	2,129,000	1,560,000	1,366,400	1,366,400	1,366,400	1,390,800	1,299,500	1,186,500	1,186,500	960,500
OTHER										
LAND	12,246,000	8,495,900	7,416,100	7,712,900	7,665,100	7,630,000	7,227,000	7,260,000	7,062,000	6,390,000
IMP.	12,751,800	11,750,400	11,298,000	10,974,600	10,535,600	10,430,200	10,721,600	10,370,400	9,757,600	10,130,000
TOTAL	24,997,800	20,246,300	18,714,100	18,687,500	18,200,700	18,060,200	17,448,600	17,630,400	16,819,600	16,520,000
TOTAL REAL ESTATE										
LAND	1,441,554,300	1,408,802,800	1,323,753,700	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
IMP.	2,990,262,600	2,907,750,400	2,832,972,300	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
TOTAL	4,431,816,900	4,316,553,200	4,156,726,000	4,043,965,700	3,908,363,100	3,887,126,100	4,060,808,700	4,284,684,700	4,410,741,800	4,528,827,400
TOTAL PERSONAL										
	68,585,800	51,002,200	66,441,500	51,865,000	63,804,400	62,342,400	65,952,800	77,044,000	68,167,900	81,665,900
TOTAL EQUALIZED										
	\$ 4,500,402,700	\$ 4,367,555,400	\$ 4,223,167,500	\$ 4,095,830,700	\$ 3,972,167,500	\$ 3,949,468,500	\$ 4,126,761,500	\$ 4,361,728,700	\$ 4,478,909,700	\$ 4,610,493,300
ASSESSMENT RATIO										
	81.87%	98.83%	102.07%	104.83%	108.81%	109.83%	106.26%	101.67%	100.39%	98.62%

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)
2008	2009	\$ 4,431,816,900	\$ 68,585,800	\$ 4,500,402,700	81.87%	\$ 14,171,900	\$ 4,486,230,800			
2009	2010	4,316,553,200	51,002,200	4,367,555,400	98.83%	14,478,000	4,353,077,400			
2010	2011	4,156,726,000	66,441,500	4,223,167,500	102.07%	14,428,500	4,208,739,000			
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%	12,705,700	4,597,787,600			

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
2008	\$ 3,701,157,810	\$ 4,467,085,116	\$ 14,171,900	\$ 4,481,257,016	\$ 15,749,050	\$ 19,145,684	\$ 3,716,906,860	\$ 4,486,230,800	\$ 4,500,402,700
2009	4,298,292,080	4,334,553,432	14,478,000	4,349,031,432	18,328,600	18,523,968	4,316,620,680	4,353,077,400	4,367,555,400
2010	4,292,782,940	4,176,153,097	14,428,500	4,190,581,597	18,536,700	18,157,403	4,311,319,640	4,194,310,500	4,208,739,000
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	12,705,700	4,535,161,738	19,899,300	20,180,962	4,546,665,300	4,542,637,000	4,610,493,300

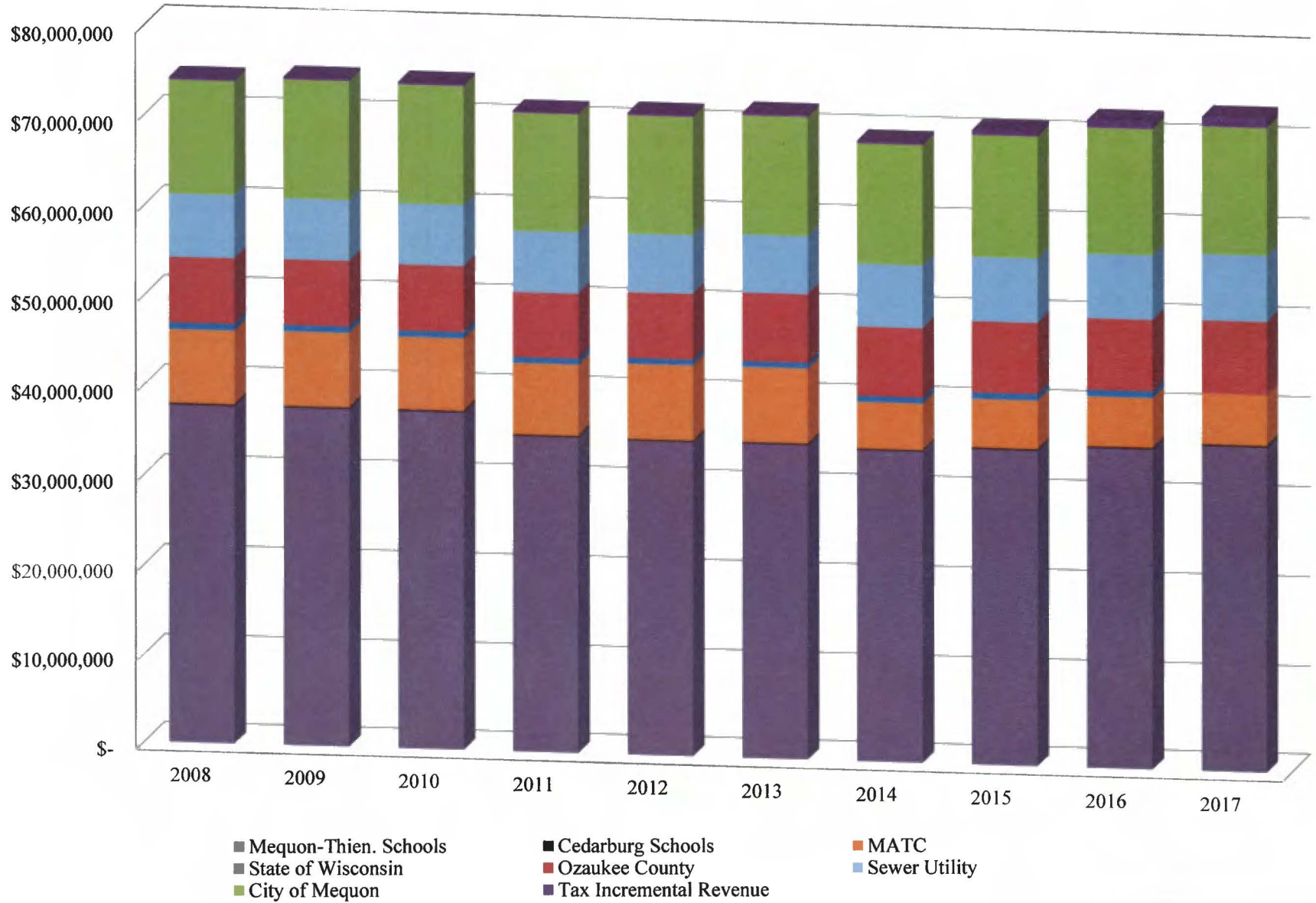
Source: "Statement of Assessments and Tax Levy Certifications from the Mequon-Thiensville School District and School District of Cedarburg"

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
2008	2009	\$ 763,746	\$ 7,316,059	\$ 12,595,713	\$ 8,233,771	\$ 37,861,589	\$ 177,139	\$ 7,054,699	\$ 240,841	\$ 74,243,557
2009	2010	741,200	7,311,380	13,151,619	8,317,409	37,854,117	183,466	6,805,924	249,548	74,614,663
2010	2011	716,696	7,357,720	13,145,491	8,104,005	37,823,292	189,173	6,833,351	254,948	74,424,676
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

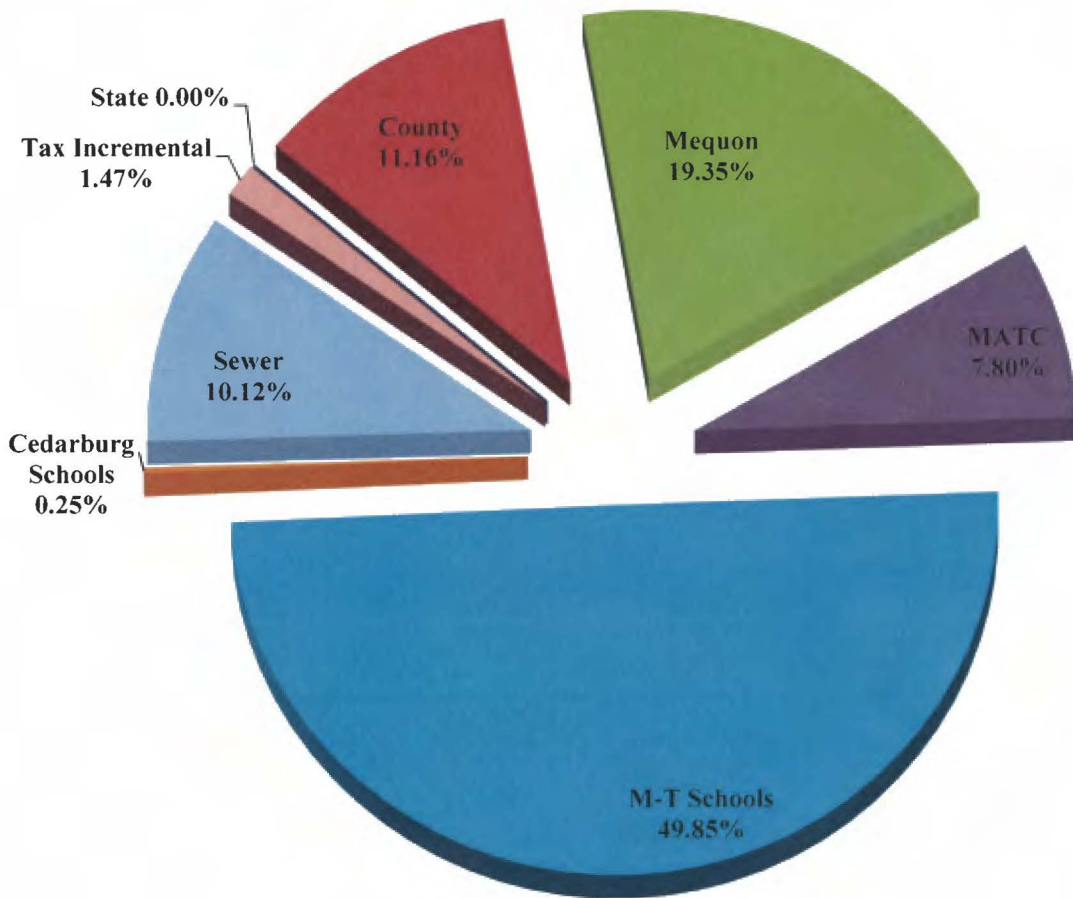
Source: "Statement of Taxes and Tax District Treasurer's Settlements"

Comparative Tax Levies Last Ten Fiscal Years



City of Mequon 2016 Tax Levy Distribution (2017 Budget Year)

Mequon-Thiensville School District with Sewer



2016 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>
\$760,098	\$7,979,502	\$5,572,955	\$13,988,227	\$7,226,437	\$35,909,326	\$185,391	\$793,004	\$72,415,239

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
2008	\$ 25,405,797	\$ 541,533	\$ 24,864,264	\$ 4,569,210,700	\$ 228,460,535	10.88%	23,670	\$ 1,050	\$ 5.44
2009	34,502,799	1,266,906	33,235,893	4,515,586,123	225,779,306	14.72%	23,660	1,405	7.36
2010	30,963,913	921,502	30,042,411	4,310,296,791	215,514,840	13.94%	23,132	1,299	6.97
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%	23,793	1,258	6.86
2016	34,771,373	-	34,771,373	4,478,909,700	223,945,485	15.53%	23,870	1,457	7.76
2017	29,590,947	-	29,590,947	4,610,493,300	230,524,665	12.84%	24,086	1,229	6.42

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			
2008	\$ 9,729,111	\$ -	\$ -	\$ 15,676,686	\$ -	\$ 25,405,797	\$ 4,569,210,700	\$ 5.56
2009	13,735,000	6,950,000	112,252	13,817,799	17,090,969	51,706,020	4,515,586,123	11.45
2010	12,035,000	6,950,000	69,175	11,978,913	16,617,729	47,650,817	4,310,296,791	11.06
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

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

Table 19

	Values in thousands of dollars									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Value of Real and Personal Property	\$ 4,569,211	\$ 4,500,403	\$ 4,367,555	\$ 4,241,473	\$ 3,972,167	\$ 3,949,469	\$ 4,126,762	\$ 4,361,728,700	\$ 4,478,909,700	\$ 4,610,493,300
General Obligation (G.O.) Debt Limit Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes	\$ 228,461	\$ 225,020	\$ 218,378	\$ 212,074	\$ 198,608	\$ 197,473	\$ 206,338	\$ 218,086	\$ 223,945	\$ 230,525
Amount of Debt Applicable to Debt Limitation General Obligation Bonds/Notes	24,874	34,030	30,550	32,765	29,610	29,875	26,300	29,490	34,220	29,545
Net O/S G.O. Debt Applicable to Debt Limitation	<u>\$ 24,874</u>	<u>\$ 34,030</u>	<u>\$ 30,550</u>	<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>
Legal margin for New Debt	<u>\$ 203,586</u>	<u>\$ 190,990</u>	<u>\$ 187,828</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	10.89%	15.12%	13.99%	15.45%	14.91%	15.13%	12.75%	13.52%	15.28%	12.82%

**CITY OF MEQUON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2017**

Taxing Authority	Debt as of 12/31/17	Percent Applicable to City	Direct Debt	Overlapping Debt	Total Direct and Overlapping Debt	Total Debt per Capita
City of Mequon	\$ 29,545,000	100.00%	\$ 29,545,000	\$ -	\$ 29,545,000	\$ 1,263.31
MATC	109,955,000	6.02%	-	6,622,590	6,622,590	283.17
Ozaukee County	24,535,000	39.29%	-	9,638,599	9,638,599	412.13
Mequon-Thiensville Schools	19,810,000	93.10%	-	18,443,249	18,443,249	788.61
Cedarburg School District	11,405,000	0.85%	-	96,760	96,760	4.14
Totals	<u>\$ 195,250,000</u>		<u>\$ 29,545,000</u>	<u>\$ 34,801,198</u>	<u>\$ 64,346,198</u>	<u>\$ 2,751.37</u>

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		
2008	\$ 845,000	\$ 288,725	\$ 1,133,725	\$ 16,715,258	6.78%
2009	965,000	340,286	1,305,286	15,265,795	8.55%
2010	1,265,000	893,330	2,158,330	16,335,590	13.21%
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%

(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, 2016**

Year	2008A G.O. Notes	2009A G.O. Notes	2009C G.O. Bonds	2011A G.O. Bonds	2011B G.O. Bonds	2013A G.O. Notes	2013 Refunding Bonds	2015A G.O. Corp. Purp. Bonds	2016A G.O. Bonds	Totals
2018	\$ 215,000	\$ 600,000	\$ 300,000	\$ 225,000	\$ 500,000	\$ 400,000	\$ 160,000	\$ 220,000	\$ 520,000	\$ 3,140,000
2019	-	600,000	350,000	250,000	530,000	400,000	165,000	275,000	530,000	3,100,000
2020	-	-	400,000	250,000	550,000	400,000	165,000	345,000	540,000	2,650,000
2021	-	-	450,000	300,000	550,000	400,000	170,000	370,000	550,000	2,790,000
2022	-	-	550,000	300,000	-	400,000	-	655,000	565,000	2,470,000
2023	-	-	600,000	300,000	-	400,000	-	660,000	575,000	2,535,000
2024	-	-	650,000	-	-	-	-	990,000	585,000	2,225,000
2025	-	-	675,000	-	-	-	-	990,000	600,000	2,265,000
2026	-	-	725,000	-	-	-	-	590,000	610,000	1,925,000
2027	-	-	775,000	-	-	-	-	290,000	625,000	1,690,000
Totals	\$ 215,000	\$ 1,200,000	\$ 5,475,000	\$ 1,625,000	\$ 2,130,000	\$ 2,400,000	\$ 660,000	\$ 5,385,000	\$ 5,700,000	\$ 24,790,000

**CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT**

**10 YEAR INTEREST PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2016**

Year	2008A G.O. Notes	2009A G.O. Notes	2009C G.O. Bonds	2011A G.O. Bonds	2011B G.O. Bonds	2013A G.O. Notes	2013B Refunding Bonds	2015A G.O. Corp. Purp. Bonds	2016A G.O. Bonds	Totals
2018	\$ 8,815	\$ 30,750	\$ 347,750	\$ 44,887	\$ 56,400	\$ 40,000	\$ 8,435	\$ 131,350	\$ 164,203	\$ 832,590
2019	-	10,500	332,750	38,700	40,950	32,000	6,523	123,925	153,702	739,050
2020	-	-	315,250	31,762	24,750	24,000	4,213	114,625	143,003	657,603
2021	-	-	295,250	23,700	8,250	16,000	1,488	105,750	132,102	582,540
2022	-	-	272,750	14,475	-	9,000	-	92,225	120,953	509,403
2023	-	-	244,700	4,875	-	3,000	-	72,500	109,553	434,628
2024	-	-	212,900	-	-	-	-	52,700	97,953	363,553
2025	-	-	176,500	-	-	-	-	31,663	81,351	289,514
2026	-	-	137,688	-	-	-	-	13,887	74,002	225,577
2027	-	-	96,000	-	-	-	-	3,625	61,653	161,278
Totals	\$ 8,815	\$ 41,250	\$ 2,431,538	\$ 158,399	\$ 130,350	\$ 124,000	\$ 20,659	\$ 742,250	\$ 1,138,473	\$ 4,795,733

CITY OF MEQUON
Current Schedule of Debt Service 2018-2028

Table 24

UNPAID PRINCIPAL BALANCE

<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>
2018	\$ 17,695,000	\$ 1,150,000	\$ 11,040,000	\$ 1,400,000	\$ 6,000,000	\$ 37,285,000
2019	15,195,000	990,000	10,215,000	1,150,000	5,650,000	33,200,000
2020	13,195,000	825,000	9,365,000	900,000	5,250,000	29,535,000
2021	11,155,000	660,000	8,465,000	600,000	4,800,000	25,680,000
2022	9,535,000	495,000	7,530,000	300,000	4,250,000	22,110,000
2023	7,900,000	330,000	6,560,000	-	3,650,000	18,440,000
2024	6,325,000	165,000	5,550,000	-	3,000,000	15,040,000
2025	4,735,000	-	4,525,000	-	2,325,000	11,585,000
2026	3,535,000	-	3,460,000	-	1,600,000	8,595,000
2027	2,620,000	-	2,355,000	-	825,000	5,800,000

UNPAID INTEREST DUE

<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 INT. PAYABLE</u>
2018	\$ 439,953	\$ 32,363	\$ 466,350	\$ 44,888	\$ 347,750	\$ 1,331,303
2019	367,600	27,563	433,851	38,700	332,750	1,200,464
2020	310,590	22,688	398,225	31,763	315,250	1,078,515
2021	263,590	18,563	358,850	23,700	295,250	959,953
2022	222,178	14,438	319,900	14,475	272,750	843,740
2023	185,053	9,488	281,800	4,875	244,700	725,915
2024	150,653	5,363	242,200	-	212,900	611,115
2025	117,765	1,856	201,500	-	176,500	497,621
2026	156,734	-	159,700	-	68,844	385,278
2027	65,278	-	116,300	-	96,000	277,578

UNPAID PRINCIPAL & INTEREST DUE

<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>
2018	\$ 18,134,953	\$ 1,182,363	\$ 11,506,350	\$ 1,444,888	\$ 6,347,750	\$ 38,616,303
2019	15,562,600	1,017,563	10,648,851	1,188,700	5,982,750	34,400,464
2020	13,505,590	847,688	9,763,225	931,763	5,565,250	30,613,515
2021	11,418,590	678,563	8,823,850	623,700	5,095,250	26,639,953
2022	9,757,178	509,438	7,849,900	314,475	4,522,750	22,953,740
2023	8,085,053	339,488	6,841,800	4,875	3,894,700	19,165,915
2024	6,475,653	170,363	5,792,200	-	3,212,900	15,651,115

**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
2008	\$ -	\$ -	\$ -	\$ -	\$ -	-
2009	1,657,208	704,545	952,663	-	363,706	2.62
2010	2,365,112	970,731	1,394,381	475,000	716,094	1.17
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

Source: City of Mequon Annual Financial Reports

Notes:

Prior to 2009, the City did not have any outstanding revenue bond debt

Gross revenues are operating revenues plus interest

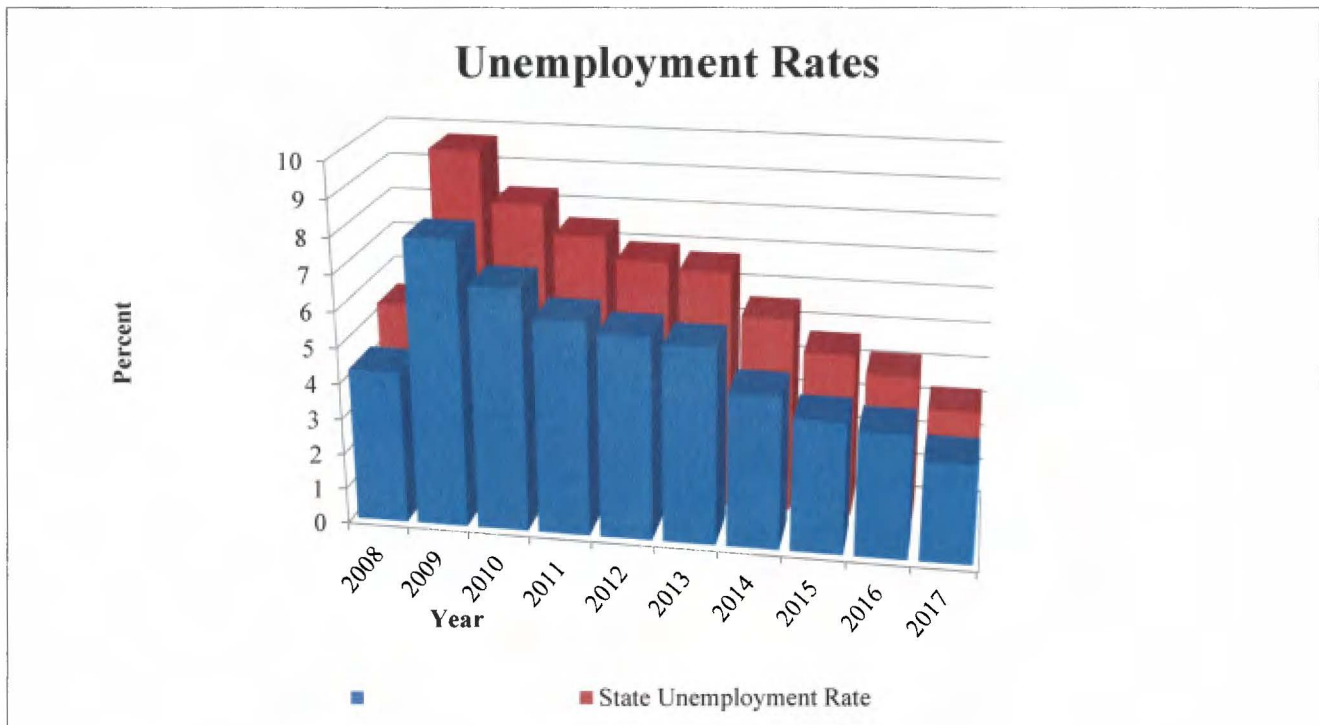
Operating expenses do not include interest or depreciation

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

Employment Information (Ozaukee County)

<u>Year</u>	<u>Labor Force</u>	<u>Average Employed</u>	<u>Average Unemployed</u>
2008	48,407	46,117	2,290
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

Source: Wisconsin Department of Workforce Development



Source: Wisconsin Department of Workforce Development

CITY OF MEQUON

ADDITIONAL DEMOGRAPHIC INFORMATION

Breakdown of Housing Units	2015	2017	(%)	Housing Valuations		2016	2017	
Total Dwelling Units	9,536	9,606		\$0	-	\$99,000	0.50%	0.52%
Single Family	7,089	7,321	76%	\$100,000	-	\$199,000	8.90%	8.78%
Plex (2-4 units/bldg.)	1,555	1,555	16%	\$200,000	-	\$299,000	30.80%	30.12%
Multi-Family (5+ units/bldg.)	727	730	8%	\$300,000	-	\$399,000	19.90%	19.81%
				\$400,000	-	\$499,000	13.40%	13.59%
				\$500,000	-	\$799,000	18.60%	19.05%
				\$800,000	-	\$1,000,000	3.76%	3.78%
				\$1,000,000 and up			4.10%	4.36%
Gender Composition	2015	2017		Average Assessed Value		\$439,270		\$470,815
Female	52.0%	48.1%		Median Assessed Value		\$340,000		\$393,358
Male	48.0%	51.9%		Average Persons Per Household				2.43
Race Comparison	2013	2016		Educational Attainment*			2017	
White	93.2%	90.2%		Ninth Grade Education or lower			2.1%	
Black or African American	3.1%	2.3%		High School Diploma or higher			97.9%	
American Indian, Eskimo	0.3%	0.3%		Bachelors degree or higher			63.3%	
Asian or Pacific Islander	4.3%	3.2%		* Population 25 years and older				
Other	0.1%	3.7%		Occupational Composition			2016	
Age Composition	2015	2017		Managerial & Professional			25.0%	
Under 5 years	4.0%	4.5%		Service Occupations			6.0%	
5 - 14 years	13.1%	10.5%		Sales and office occupations			12.0%	
15 - 19 years	8.3%	7.7%		Farming, fishing and forestry			15.0%	
20 - 24 years	3.6%	4.2%		Construction and maintenance			2.7%	
25 - 34 years	5.6%	5.6%		Production and transportation			6.3%	
35 - 44 years	10.7%	10.1%						
45 - 54 years	16.4%	15.5%						
55 - 64 years	18.4%	17.4%						
Over 64 years	20.1%	24.4%						
Household Income	2015	2015		Population:		1970	12,150	
Less than \$10,000	3.6%	3.6%				1980	16,193	
\$10,000 - \$25,000	5.7%	7.1%				1990	18,885	
\$25,000 - \$40,000	5.3%	10.2%				2000	21,823	
\$40,000 - \$60,000	4.6%	9.5%				2010	23,132	
\$60,000 - \$100,000	17.6%	17.6%				2011	23,191	
\$100,000 - \$150,000	13.3%	20.8%				2012	23,226	
\$150,000 - \$200,000	25.2%	19.1%				2013	23,279	
\$200,000 plus	25.2%	12.1%				2014	23,387	
Median Household Income	\$ 105,475	\$ 113,590				2015	23,793	
						2016	23,870	

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.
Housing valuations are per City Assessor records

**CITY OF MEQUON
OTHER COMMUNITY INFORMATION**

Table 28

GENERAL:	2013	2014	2015	2016
Area in Square Miles	46.88	46.88	46.88	46.88
Households	9,336	9,402	9,402	9,536
Population	23,279	23,387	23,793	23,870
Equalized Valuations (\$000)	\$ 3,949,469	\$ 4,126,761	\$ 4,434,357	\$ 4,410,742

PUBLIC SAFETY	2013	2014	2015	2016
Number of Police Stations	1	1	1	1
Number of Sworn Police Officers	38	38	38	38
Number of Fire Stations	2	2	2	2

PARKS	2013	2014	2015	2016
Acres of Parkland	1,177.8	1,318.4	1,318.4	1,318.4
Number of Parks	25	27	27	27

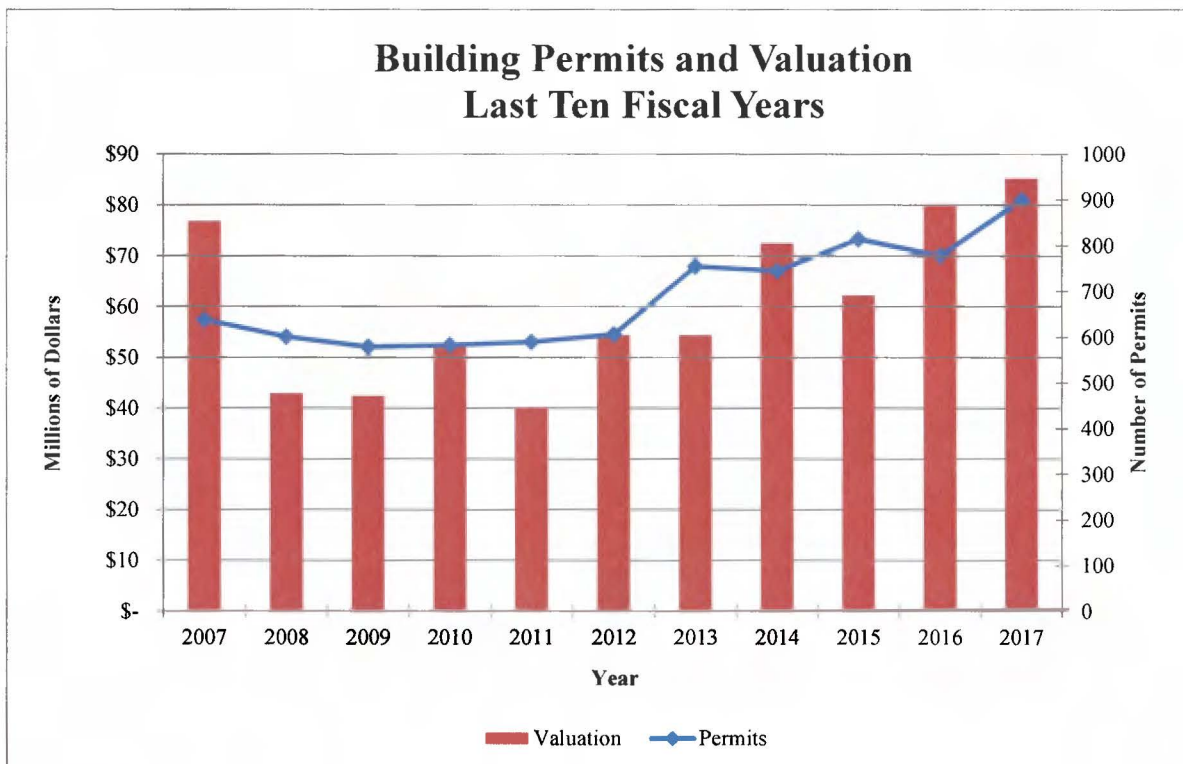
INFRASTRUCTURE	2013	2014	2015	2016
Miles of State Highway System	15.45	15.45	15.45	15.45
Miles of County Highway System	7.73	9.77	9.77	9.77
Miles of Local Roads and Streets	211.77	209.73	209.73	210.92
Miles of Sanitary Sewer Main	153.21	159.22	159.93	161.29
Miles of Water Main	77.88	83.91	95.50	96.63
Number of Bridges	17	17	17	17
Miles of Bike Trails	12.29	12.29	12.29	12.29

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government									
Building Permits Issued	601	579	583	590	606	755	745	815	779
Valuation (Thousands \$)	42,970	42,411	52,219	40,128	54,390	54,365	72,473	62,197	80,464
Number of Employees	29	27	26	24	24	24	24	24	26
Police									
Calls for service	17,321	16,352	17,597	20,665	23,927	22,488	24,337	26,920	27,720
Physical Arrests	1,076	968	842	781	697	662	563	651	791
Reportable Traffic crashes	267	259	276	260	267	370	350	309	284
Number of Employees	48	48	46	46	46	46	48	48	50
Fire / EMS									
Fire calls for service	324	318	341	312	392	394	469	496	450
EMS calls for service	1,165	1,003	992	1,020	1,112	1,214	1,261	1,421	1,657
Number of Employees	67	71	52	62	62	62	62	60	72
Parks									
Acres of Parkland maintained	1,177	1,177	1,177	1,177	1,177	1,177	1,318	1,318	1318.4
Pavillion Rentals	81	58	65	65	72	59	67	79	82
Pool Attendance	21,509	19,184	22,068	19,188	21,482	13,071	11,374	10,701	12,943
Number of Employees	37	37	35	35	35	35	35	35	35

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

	Number of Permits	Valuation (\$mil)
2007	638	\$76.82
2008	601	\$42.97
2009	579	\$42.41
2010	583	\$52.22
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



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

Table 31

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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 Nike 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	211.40	211.40	211.40	211.77	209.73	209.73	209.73	209.73	209.73
Culture & Recreation										
Parks	25	25	25	25	25	25	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	9	9	9	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)	0	395,705	397,241	398,539	408,066	443,061	444,685	504,259	510,211	515,109
Fire Hydrants	0	865	870	876	876	949	955	1,079	1,098	1,112
Sewer										
Sanitary Sewer (miles)	152.87	152.87	152.87	152.87	153.21	159.22	159.22	159.93	161.29	162.3

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

*City did not assume operation of Water Utility until 2009. Previously, the Water Utility was owned by WE Energies.