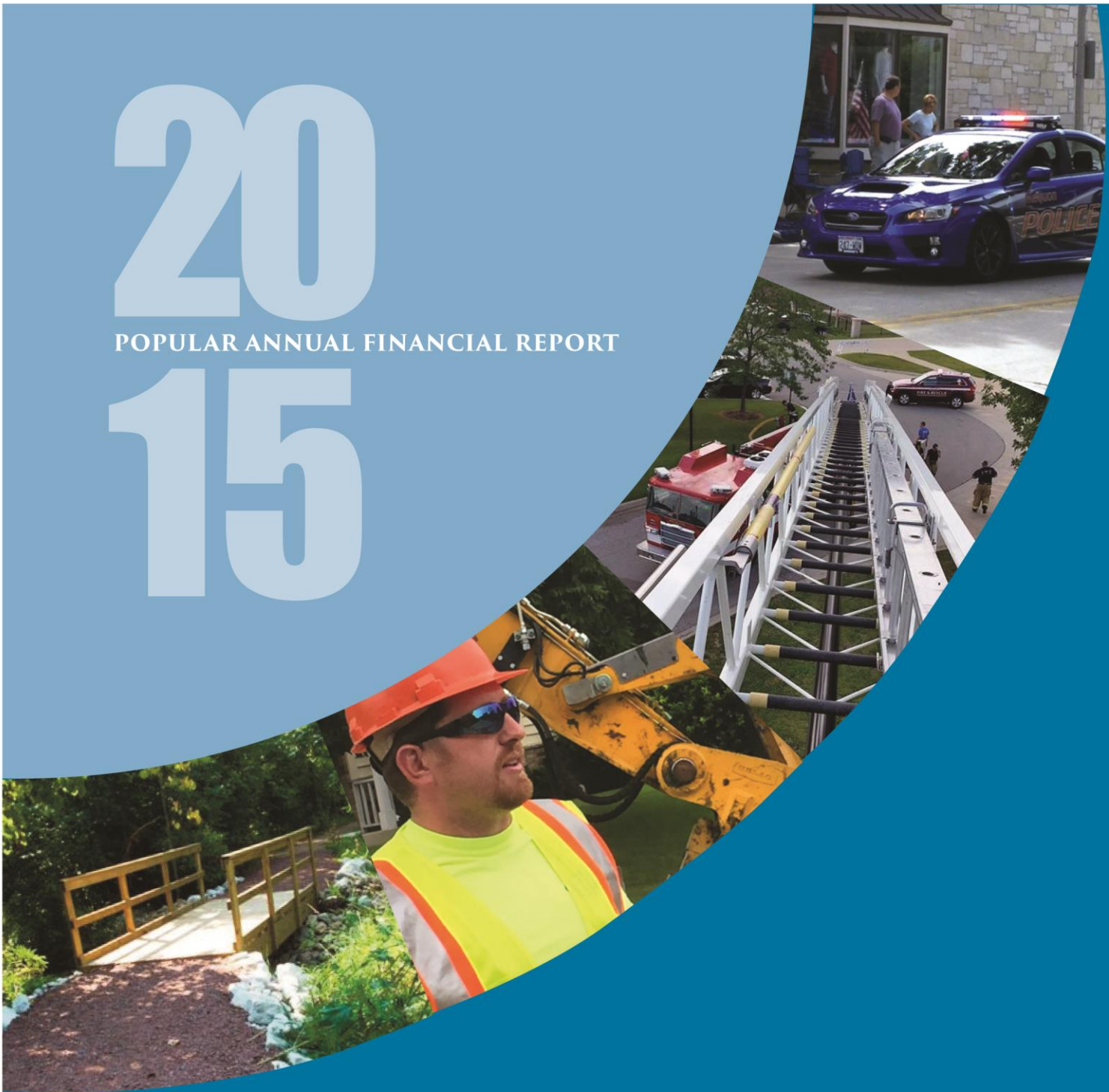


20 15

POPULAR ANNUAL FINANCIAL REPORT



PRESERVING QUALITY OF LIFE

ANNUAL REPORT TO THE CITIZENS OF MEQUON FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

20
POPULAR ANNUAL FINANCIAL REPORT
15

POPULAR ANNUAL FINANCIAL REPORT

Contents

INSIDE THIS PUBLICATION

- 2** Introduction
- 3** About Mequon
- 4** Message from the Mayor
- 5** Mequon Common Council
- 6** Message from the City Administrator
- 7** Financial Review of Fiscal Year 2015
- 9** Where Do Your Tax Dollars Go?
- 10** Public Safety
- 11** Public Works
- 12** General Government
- 13** Community Enrichment
- 14** Conservation & Development/Public Health
- 15** Capital Projects/Debt Service Funds
- 16** Water/Sewer

Introduction

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

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

In 2013, the City of Mequon was awarded its first Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is the highest form of recognition for excellence in state and local government financial reporting.

The City of Mequon believes that its current 2015 CAFR continues to meet the program's requirements, and has submitted it to the GFOA to determine eligibility for another certificate of achievement.

■ A copy of the 2015 CAFR can be obtained at the City's website at: www.ci.mequon.wi.us or by contacting the City's Finance Department at (262) 236-2947.

DEFINITIONS

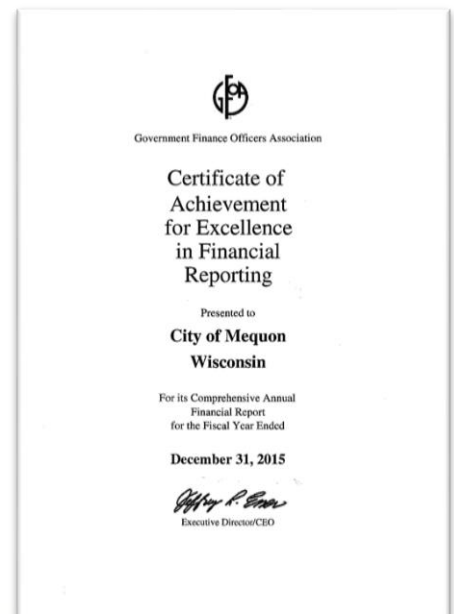
General Fund: General accounting fund of the City. This fund is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

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



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



Mequon has one of the lowest crime rates and one of the lowest tax rates in the Metropolitan Milwaukee area. Property values have increased by an average of five percent each year for the last ten years. The K-12 school system is ranked one of the best in Wisconsin. Concordia University and the North Campus of the Milwaukee Area Technical College are located in Mequon and offer a broad range of programs. Prime healthcare facilities and services are readily available throughout the City and include Columbia St. Mary’s Hospital. Mequon is also a business-friendly community with over 300 businesses and two industrial parks with small and mid-sized firms as well as large firms like Rockwell Automation.

CITY OF MEQUON AT A GLANCE

	FY 2014	FY 2015
City Property Tax Rate	3.06	3.07
Total Property Tax Rate (M-T Schools)	14.83	14.84
Total Property Tax Rate (Cedarburg Schools)	13.97	14.65
Equalized Value	4,126,761,500	4,361,728,700
Assessed Value	4,381,678,460	4,434,357,420
Bond Rating	Aa1	Aa1

Message from the Mayor

Dear Citizens,



On behalf of the Mequon Common Council, I am pleased to present the City's Annual Citizen's Report to the Mequon community. This report provides you with an overview of the current financial condition of the City; and a report of significant ongoing and future activities affecting our City. This administration and staff consider it an honor to serve our citizens and we believe that this report enhances the level of our accountability to you, our taxpayers.

The City is a very desirable location to live, work, raise a family and enjoy a great quality of life. In fact, *MSN Money* ranked Mequon 23rd on a list of the top 50 suburbs in America. *Movoto Real Estate* ranked Mequon the best place to live in Wisconsin and Mequon was ranked the 6th best place to raise a family in Wisconsin according to *Local.Niche.com*. To top it off, Mequon was ranked one of the top 10 safest cities in Wisconsin by *Safewise.com*.

We have worked diligently to maintain a dynamic economy in our community through proactive planning and management of the City's finances. These efforts have been recognized by Moody's Rating service which has assigned their second highest bond rating of Aa1 to the City in 2015. This superior rating allows the City to obtain lower interest rates when issuing debt for capital projects, saving thousands of dollars in borrowing costs over time. These savings are used to help keep Mequon taxes some of the lowest amongst any developed municipality in Wisconsin.

Thank you for taking the time to read this report as I hope you find it informative and useful. For more information, I invite you to join myself, your elected officials, and city staff at one of our monthly meetings where we work to ensure the City of Mequon remains one of the best places to live, work and play.

Respectfully,



Dan Abendroth
Mayor

Taste of Mequon - 2015



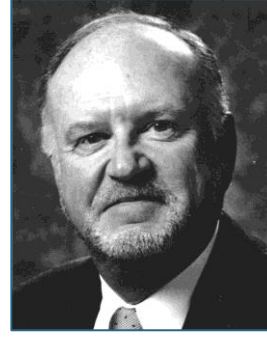
City of Mequon Common Council



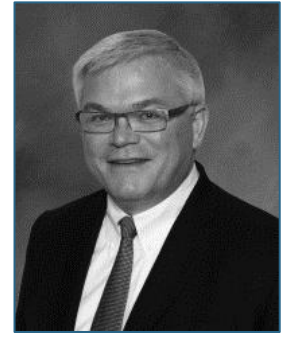
Alderman
Robert Strzelczyk
District #1



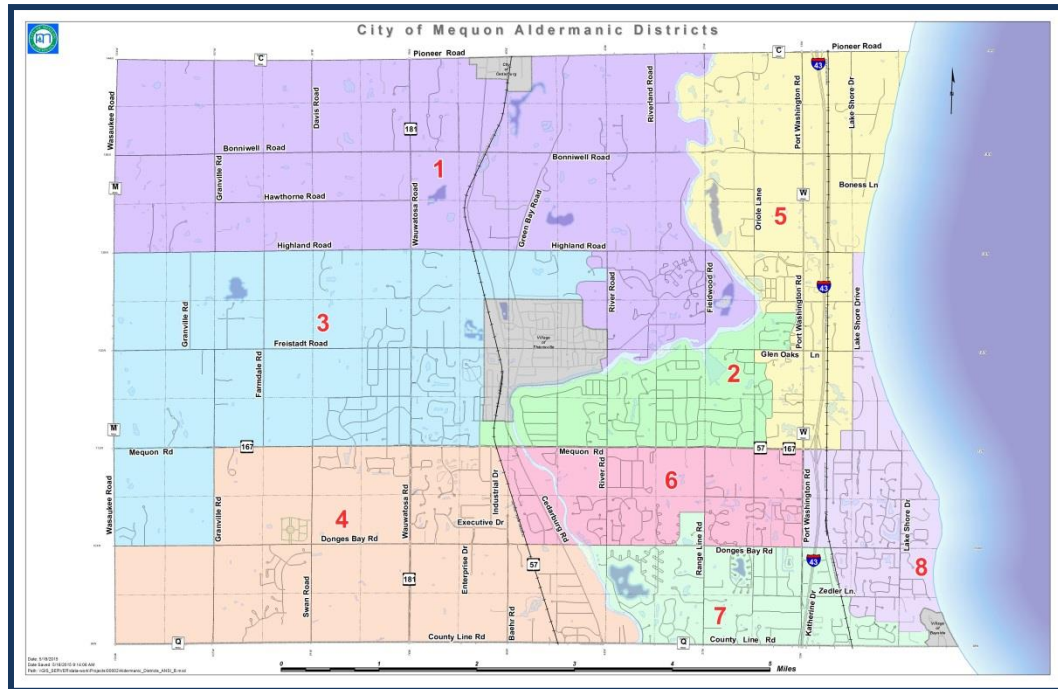
Alderman
Connie Pukaite
District #2



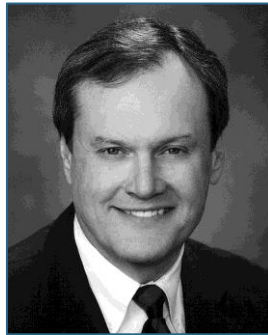
Alderman
Dale Mayr
District #3



Alderman
John Wirth
District #4



Alderman
Mark Gierl
District #5



Alderman
John Hawkins
District #6



Alderman
Andrew Nerbun
District #7



Alderman
Pam Adams
District #8

Dear Residents,



This Popular Annual Financial Report (PAFR), prepared by City of Mequon's Finance Department, provides an overview of the City's Comprehensive Financial Report (CAFR) for the year ended on December 31, 2015. The CAFR details the City's financial statements, notes, schedules and reports, has been audited by an outside independent public accounting firm and received an unmodified opinion. An unmodified opinion means that the general purpose financial statements of the City are fairly presented in accordance with Generally Accepted Accounting Principals (GAAP). The City's PAFR is designed as a concise and easy-to-read version of the City's 154-page CAFR that is published by the City on an annual basis. While the City recognizes that analyzing financial statements can be challenging, especially for those who do not do so on a regular basis, it is the City's hope that you find this PAFR to be digestible and informative.

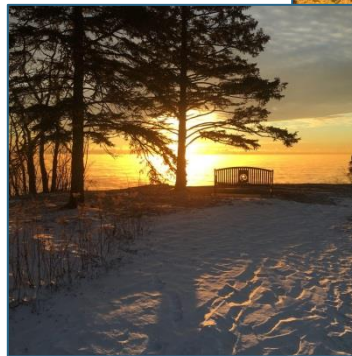
On an annual basis, it is the City of Mequon's goal to attain all three of the Government Finance Officer Association's (GFOA) awards presented to local governments, including: the Distinguished Budget Presentation Award, a Certificate of Achievement for Excellence in Financial Reporting (CAFR), and the Award for Outstanding Achievement in Popular Annual Finance Reporting (PAFR). It is the City's view that participation in GFOA's awards program enhances transparency and accountability of the City's financial information. The City of Mequon has received the Distinguished Budget Presentation award in each of the last eight years, won the Excellence in Financial Reporting Award three times and was awarded the Outstanding Achievement in Popular Annual Finance Reporting Award for the first time in 2014. The awards mentioned here are only achieved by a very small number of Wisconsin cities, towns and villages. In fact, during 2015, Mequon was one of only three municipalities throughout the State of Wisconsin to earn all three of the awards; the City is honored to be among these select few communities that have been recognized for such excellence in both financial management and reporting.

Both the PAFR and CAFR are available online at www.ci.mequon.wi.us or by contacting the Finance Department at City Hall. The City invites you to share your comments and suggestions about this document, as well as how the City can continue to improve its financial reporting. The City of Mequon always can and will strive to better serve its residents and the community.

Sincerely,

A handwritten signature in black ink, appearing to read 'William H. Jones, Jr.'.

William H. Jones, Jr.
City Administrator



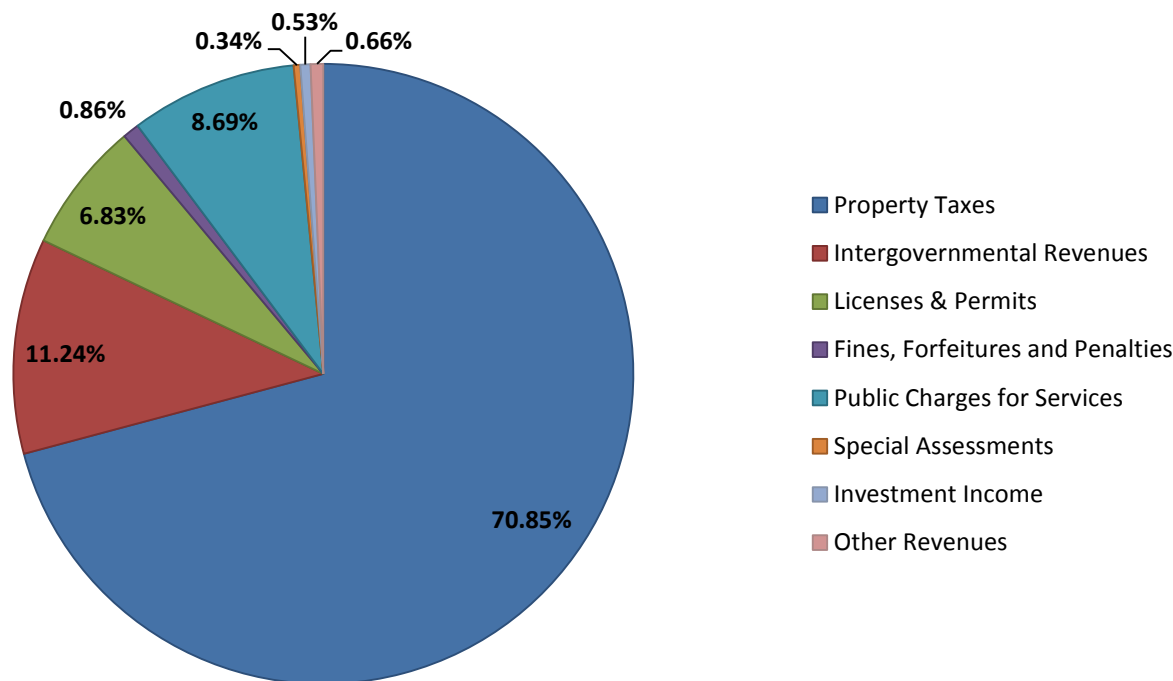
Views of Mequon

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

WHERE THE MONEY CAME FROM

	FY 2014	FY 2015
Property Taxes	\$ 13,599,333	\$ 13,712,286
Intergovernmental Revenues	\$ 2,118,275	\$ 2,174,623
Licenses & Permits	\$ 1,378,270	\$ 1,322,093
Fines, Forfeitures and Penalties	\$ 190,347	\$ 167,015
Public Charges for Services	\$ 1,602,653	\$ 1,682,838
Special Assessments	\$ 1,895	\$ 66,674
Investment Income	\$ 119,292	\$ 102,244
Other Revenues	\$ 69,804	\$ 69,804
TOTAL REVENUES	<u>\$ 19,079,869</u>	<u>\$19,354,974</u>

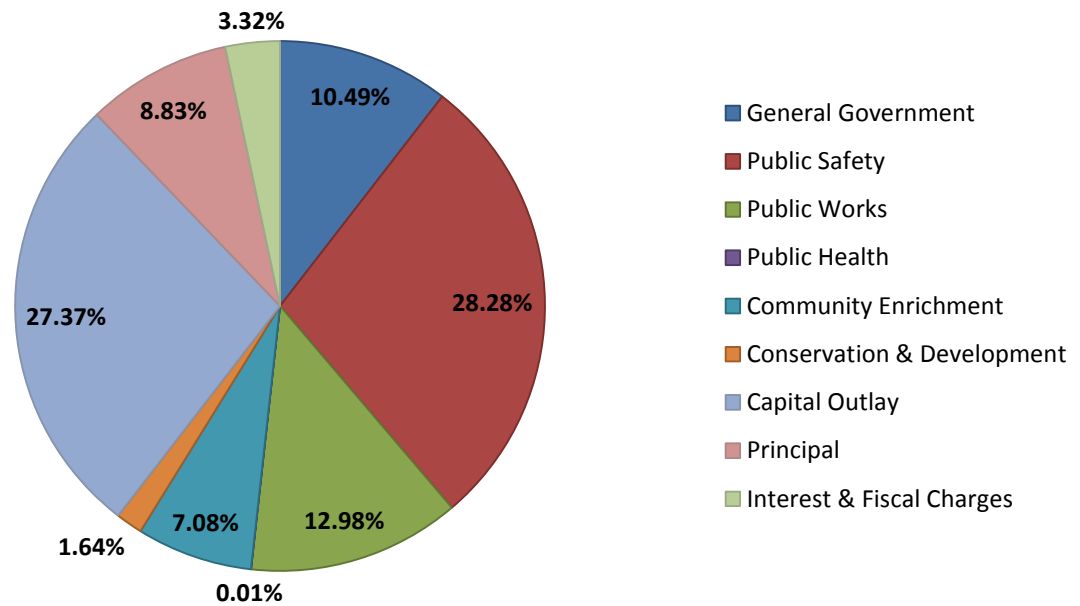
2015 REVENUES



WHERE THE MONEY WENT

	FY 2014	FY 2015
General Government	\$ 2,679,908	\$ 2,636,148
Public Safety	\$ 6,767,586	\$ 7,108,172
Public Works	\$ 3,290,198	\$ 3,261,237
Public Health	\$ 3,606	\$ 2,692
Community Enrichment	\$ 1,846,667	\$ 1,778,292
Conservation & Development	\$ 411,582	\$ 412,059
Capital Outlay	\$ 6,427,077	\$ 6,879,764
Debt Service		
Principal	\$ 2,013,548	\$ 2,220,000
Interest & Fiscal Charges	\$ 830,192	\$ 835,175
TOTAL EXPENDITURES	<u>\$ 24,270,364</u>	<u>\$ 25,133,539</u>

2015 EXPENDITURES



Where Do Your Tax Dollars Go?

Each dollar

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



A home valued at \$350,000 in the City of Mequon generates \$1,074.50 in annual property taxes for the City. That equates to \$89.54 per month in property taxes.

What Could You Buy With \$89.54 Per Month?

ONE OF THESE

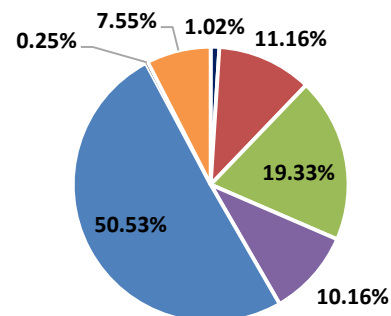
- One Month of Internet Service
- One Month of Cell Phone Service
- A Golf Lesson
- A one Month Gym Membership
- Dinner for Two

OR ALL OF THESE

- 24/7/365 Police Protection
- 24/7/365 Fire Protection
- Snow and Ice Removal
- Well Groomed Parks
- Street Lighting
- Paved & Maintained City Streets
- Special Events

Breakdown of 2015 Tax Rate by Jurisdiction

- State of Wisconsin: 1.02%
- Ozaukee County: 11.16%
- City of Mequon: 19.33%
- Sewer Utility Division: 10.16%
- Mequon-Thiensville School District: 49.89%
- Cedarburg Schools: 0.25%
- Milwaukee Area Technical College: 7.55%



Public Safety



FUNCTIONS

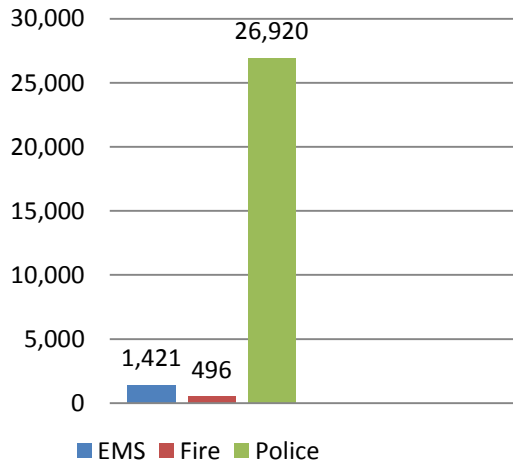
Public Safety functions within the City of Mequon are comprised of:

- The Police Department
- Police Reserves
- Communications
- Inspections
- The Fire Department

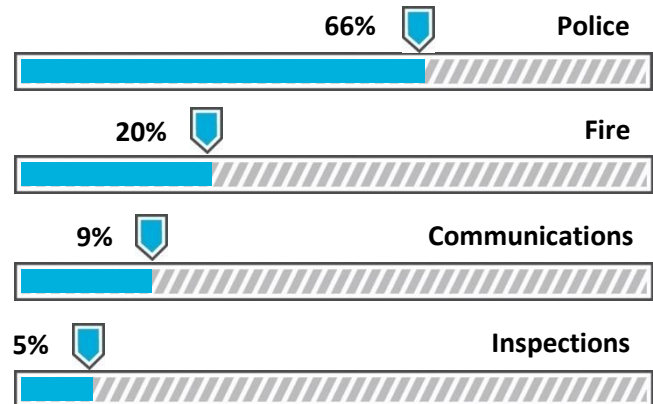
EXPENDITURES

- Total expenditures for Public Safety during 2015 were \$7,100,941.
- The largest expenditures in this area continue to be salaries and benefits, although staffing levels have remained level.

2015 CALLS FOR SERVICE



2015 PUBLIC SAFETY EXPENDITURES



Public Works



FUNCTIONS

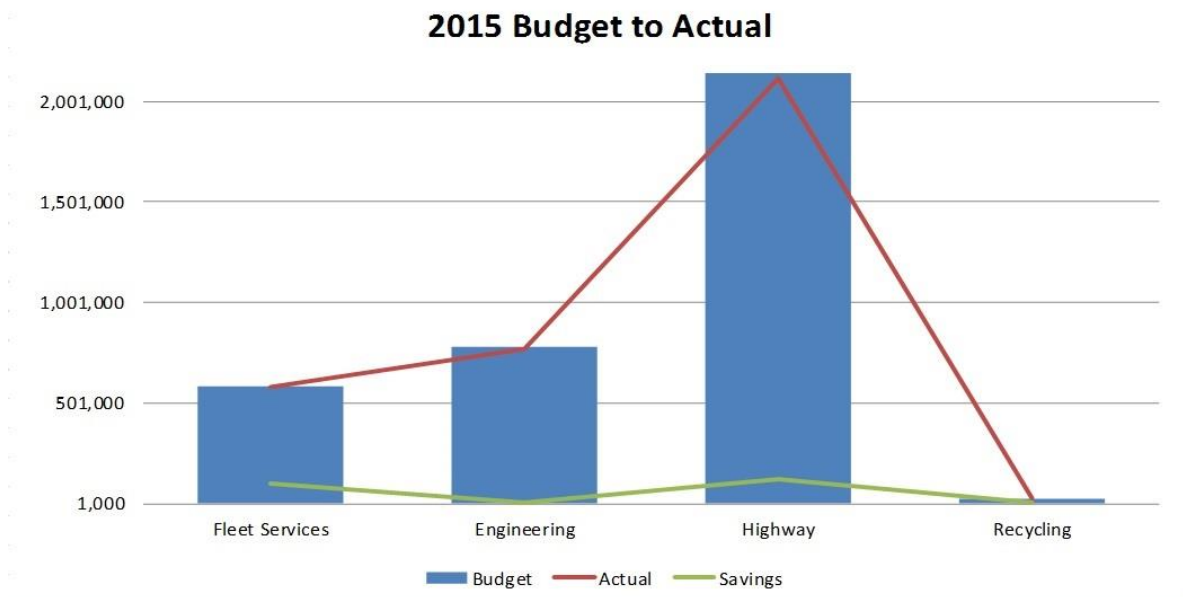
Public Works is comprised of:

- Fleet
- Engineering
- Highway
- Recycling
- Facilities

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

FISCAL YEAR 2015 saw a budget surplus of \$229,367 for the Public Works Department.

2015 Budget to Actual



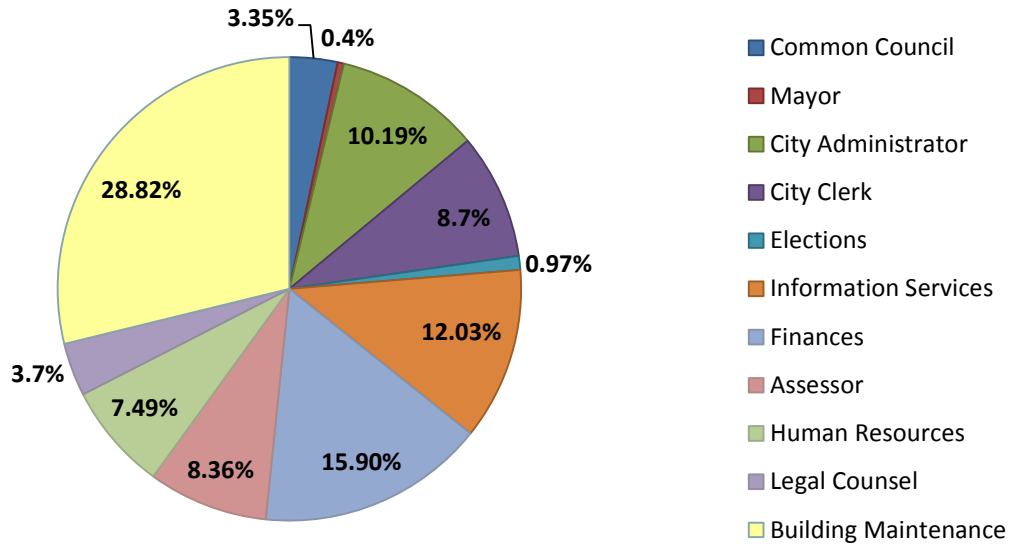
Fiscal Year 2015 saw a number of accomplishments for the Public Works Department including:

- Completed roughly 4,225 works orders. That is a 19% increase from 2014.
- Completed both Phase 3 Safety Building Lighting and DPW Maintenance Garage Lighting Upgrade projects.
- Updated the City’s Capital Improvements Plan Schedule based on the City’s needs through 2015.

FUNCTIONS

General Government accounts for the day-to-day operation of Mequon’s leadership, administrative responsibilities, and the central duties of the City.

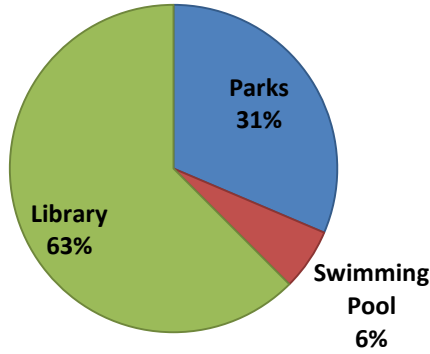
2015 Actual General Government Expenditures



	2015 Budget	2015 Actual
Common Council	\$ 73,557	\$ 88,332
Mayor	\$ 11,820	\$ 11,449
City Administrator	\$ 123,145	\$ 268,540
City Clerk	\$ 257,970	\$ 230,824
Elections	\$ 40,706	\$ 25,536
Information Services	\$ 324,095	\$ 317,192
Finance	\$ 466,267	\$ 419,239
Assessor	\$ 219,741	\$ 220,359
Human Resources	\$ 190,965	\$ 197,354
Legal Counsel	\$ 130,600	\$ 97,584
Building Maintenance	\$ 814,558	\$ 759,749
TOTAL	\$ 2,653,424	\$ 2,636,148

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

2015 Enrichment Expenditures

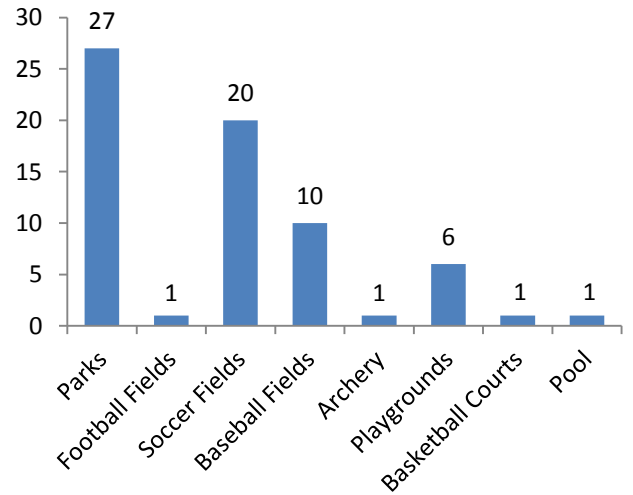


Gathering on the Green



Homestead High School's Tartan & Treble Choirs at Weyenberg Library

Park Amenities





Mequon Nature Preserve

The City's conservation and Development efforts are coordinated by the Department of Community Development, which is responsible for policy analysis, long-range planning, development site plan review, zoning code administration, economic development, landmarks administration, zoning code enforcement, geographic information systems (GIS), census/demographic updates and general information processing relative to development and redevelopment within the community. This department is also responsible for management of the City's Tax Increment Financing Districts and for attracting new businesses to the community. The total expenditures for this department in 2015 were \$419,597. The majority of these funds were spent on salaries and benefits for 3.5 full-time equivalent employees that staff the department.

■The City's Public Health Inspector is responsible for providing inspections to all eating and drinking establishments (i.e., restaurants and bars) in Mequon.



Café Hollander



Katherine Kearney Carpenter Park



Colectivo Coffee

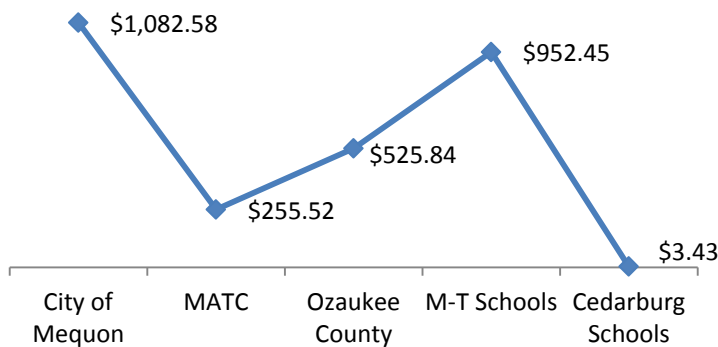
2015 REVENUES

	Debt Service Fund	Capital Projects Fund
Taxes	\$2,618,856	\$ 868,047
Intergovernmental	\$ 126,387	\$ 156,363
Public Charges for Service	\$ 0	\$ 280,122
Special Assessments	\$ 0	\$ 63,560
Investment Income	\$ 9,942	\$ 17,078
Miscellaneous	\$ 0	\$ 8,168
TOTAL	<u>\$ 2,755,185</u>	<u>\$ 1,393,338</u>

2015 EXPENDITURES

	Debt Service Fund	Capital Projects Fund
General Government	\$ 0	\$ 0
Capital Outlay	\$ 0	\$ 6,878,841
Debt Service	\$ 2,959,758	\$ 95,417
TOTAL	<u>\$ 2,959,758</u>	<u>\$ 6,974,258</u>

Overlapping Debt Per Capita



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

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

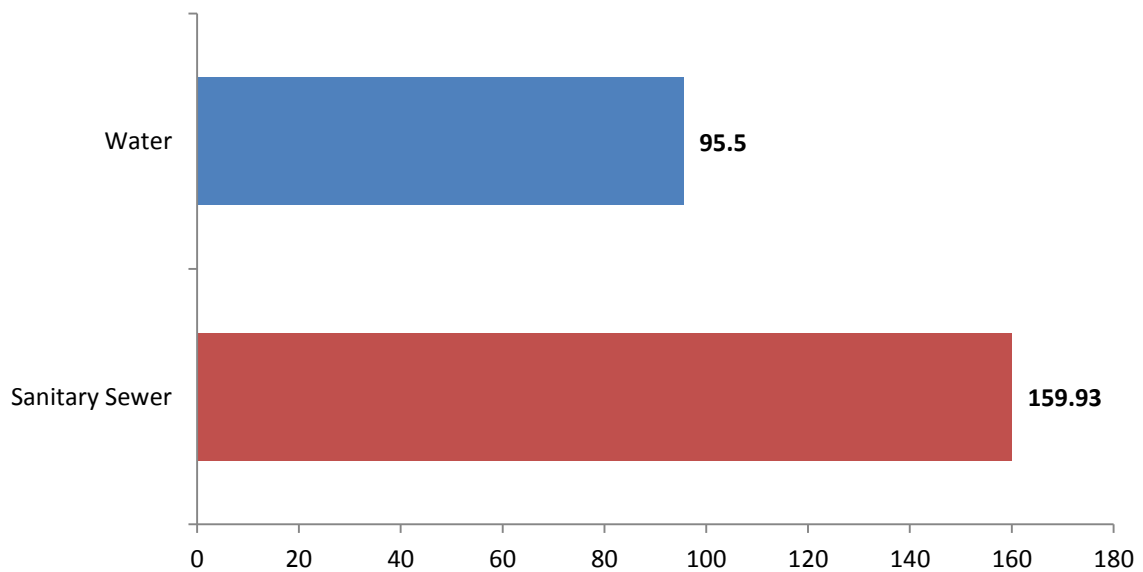
Sewer and Water

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

■ The Water Utility Fund is also an enterprise fund established for operations of the City's water utility. Like the sewer utility, the water utility is funded entirely by user fees. The water utility also maintains the City's 1,079 fire hydrants on a year-round basis. Additionally, the City's water utility also provides water to the Village of Bayside, which is located to the south of Mequon in Milwaukee County.



Miles of Main



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

- Utility Bill Payments
- Meeting Agendas and Minutes
- Elections Information
- City Forms and Documents
- City Budgets and Annual Finance Report
- And Much More...

■ If you have any questions, comments, or suggestions regarding the 2015 Popular Annual Financial Report, please contact the City of Mequon Finance Department at (262) 236-2947

Administrative Staff

William Jones

City Administrator

Justin Schoenemann

Assistant City Administrator/HR Director

David Biak

Fire Chief

Kirsten Lundeen

Public Works Director/City Engineer

Don Curran

Operations Manager/Parks Director

Steve Graff

Policy Chief

Caroline Fochs

City Clerk

Kim Tollefson

Planning and Community Development Director

Thomas Watson

Finance Director



Gathering on the Green