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For The Year Ended December 31, 2009

Comprehensive Annual Financial Report



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2009**



**CITY OF MEQUON
WISCONSIN**

Prepared by:

Lee Szymborski
City Administrator

Thomas Watson
Finance Director

Published May 28, 2010

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INTRODUCTORY SECTION

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May 28, 2010

To the Citizens of the City of Mequon, Wisconsin:

The Comprehensive Annual Financial Report for the City of Mequon, Wisconsin, for the fiscal year ended December 31, 2009, 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.

In 1999, the Governmental Accounting Standards Board (GASB) adopted Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. The City of Mequon opted to implement GASB No. 34 as of January 1, 2003.

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, 2009, 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 there was a reasonable basis for rendering a qualified opinion on the City of Mequon's financial statements for the fiscal year ended December 31, 2009, as there was an omission of the discretely presented component unit. The independent auditor's 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 Common Council is financially accountable. The City provides the full range of municipal services normally associated with a municipality including general administration, police and fire protection, sanitation services, the construction and maintenance of highways, streets, and related infrastructure, recreational activities, cultural events, and economic development. In addition to general activities, the City 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 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 population of 23,660.

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, approximately in early November 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 generally held the last Tuesday in November. The governmental activities budget is generally adopted at the first Common Council meeting in December 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 7.4 percent in 2009 and 3.8 percent in 2008. This still compares favorably with the Wisconsin unemployment rates of 8.5 and 4.8 percent respectively.

The City's tax base fell, with a decrease in equalized valuation from 2008 to 2009 being approximately \$133 million, or an overall decrease of 2.9 percent. In 2009, the City had over \$42 million valuation in construction permits, which is just slightly less than the building permit valuation in 2008.

MAJOR INITIATIVES FOR THE YEAR (2009):

Town Center

The City took additional steps to further implement the Town Center planning efforts including reconstructing Cedarburg Road, north of Mequon Road to Division Street. The reconstruction included a new alignment to the road to allow for greater pedestrian-oriented features adjacent to the road and the Milwaukee River. In addition, the City funded the burial of all overhead utilities thereby reducing the visual clutter of this scenic area. In October of 2009, the City was awarded a \$250,000 matching grant by the Wisconsin Department of Natural Resources in support of the City's commitment to the establishment of a riverfront park along the Milwaukee River which allows for greater access and recreational opportunities.

Development Approvals

Major commercial development initiatives continued in 2009 including several for the Port Washington Road commercial corridor such as Sendik's grocery store, The Feed Bag, a new, 60,000 square foot Metro Market, upgrades to the Marcus Theatre, a major renovation and addition of Elite Fitness Sports Club, a new medial and spa facility, and redevelopment of other Mequon medical offices. Residential developments included Winding Hollow, a duplex condominium development and a conservation subdivision.

Smart Growth Initiative

In April of 2009, the Common Council approved the comprehensive plan, "A 2035 Comprehensive Plan for the City of Mequon", in compliance with the Wisconsin State Smart Growth Initiatives. The plan includes several components including an introduction, inventories and chapters related to the following elements; Issues and Opportunities, Economic Development, Agricultural, Natural and Cultural Resources Element, Land Use Element, Housing Element, Transportation Element, Utilities and Community Facilities Element and Intergovernmental Cooperation. The plan also includes a chapter related to Implementation and a summary.

FOR THE FUTURE (2010)

Town Center

The Common Council continues their implementation efforts for the Town Center. As a result of the contracts in 2008 with JJR and Bonestroo, the City is working with the Wisconsin Department of Transportation to reconstruct Mequon Road from the Milwaukee River to Wauwatosa Road in a manner that fosters pedestrian activities. The plan includes reducing speed limits, allowing for on-street parking, creating community gathering spaces and enhanced landscaping, lighting and signage. This effort includes the major initiative of burying all overhead utilities as was done on Cedarburg Road in 2009.

Economic Development

The City has initiated an economic development strategy in an effort to improve Mequon's business climate. The strategies focus on business retention and proactively seeking new development opportunities for our industrial base and commercial activities related to retail and service trades. The initial phase includes fostering an environment for open participation, to define economic development goals and understand the strengths, weaknesses, opportunities and threats of our market. The second phase will include building consensus among community stakeholders and local government agencies on the type of economic development tools that would best suit the Mequon community. The third phase will focus on implementation.

Development Initiatives

The City of Mequon is fortunate to host sites for several major institutions including Columbia St Mary's hospital, Milwaukee Area Technical College and Concordia University of Wisconsin (CUW). CUW is preparing for the groundbreaking of the new School of Pharmacy. This 57,000 square foot facility will be the only Lutheran based pharmacy school in the state. The continued improvement and investment the University is making to the campus is an asset to the community from an educational, cultural and economic standpoint.

FINANCIAL MANAGEMENT

Budgetary controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, special revenue funds, debt service fund, capital improvement funds, and sewer utility fund are included in the annual appropriated budget. The budget is adopted at the functional 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

Cash temporarily idle during the year 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 \$251,000 on all investments for the year ended December 31, 2009. The average return on investment was approximately one percent.

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

ACKNOWLEDGEMENTS

We wish to thank the Mayor and the City Common Council. Without their leadership and continued support, preparation of this report would not have been possible. Preparation of this report was made possible with the assistance of Baker Tilly Virchow Krause, LLP.

Respectfully submitted,



Lee Szymborski
City Administrator



Thomas Watson
Director of Finance

CITY OF MEQUON, WISCONSIN
DIRECTORY OF OFFICIALS

ELECTED OFFICIALS:

Mayor Christine Nuernberg

Common Council

District 1	Alderman Dan Abendroth	District 2	Alderman Ken Zganjar
District 3	Alderman Dale Mayr	District 4	Alderman John Wirth
District 5	Alderman Mark Seider	District 6	Alderman John Hawkins
District 7	Alderman Daniel Gannon	District 8	Alderman Pamela Adams



APPOINTED OFFICIALS:

Lee Szymborski, City Administrator/City Clerk

Diane Kowalchuk/Deputy City Clerk

Steve Graff, Police Chief

Thomas Watson, Finance Director

Don Curran, Parks Director

Jon Garms, Public Works Director

William Hoppe, City Engineer

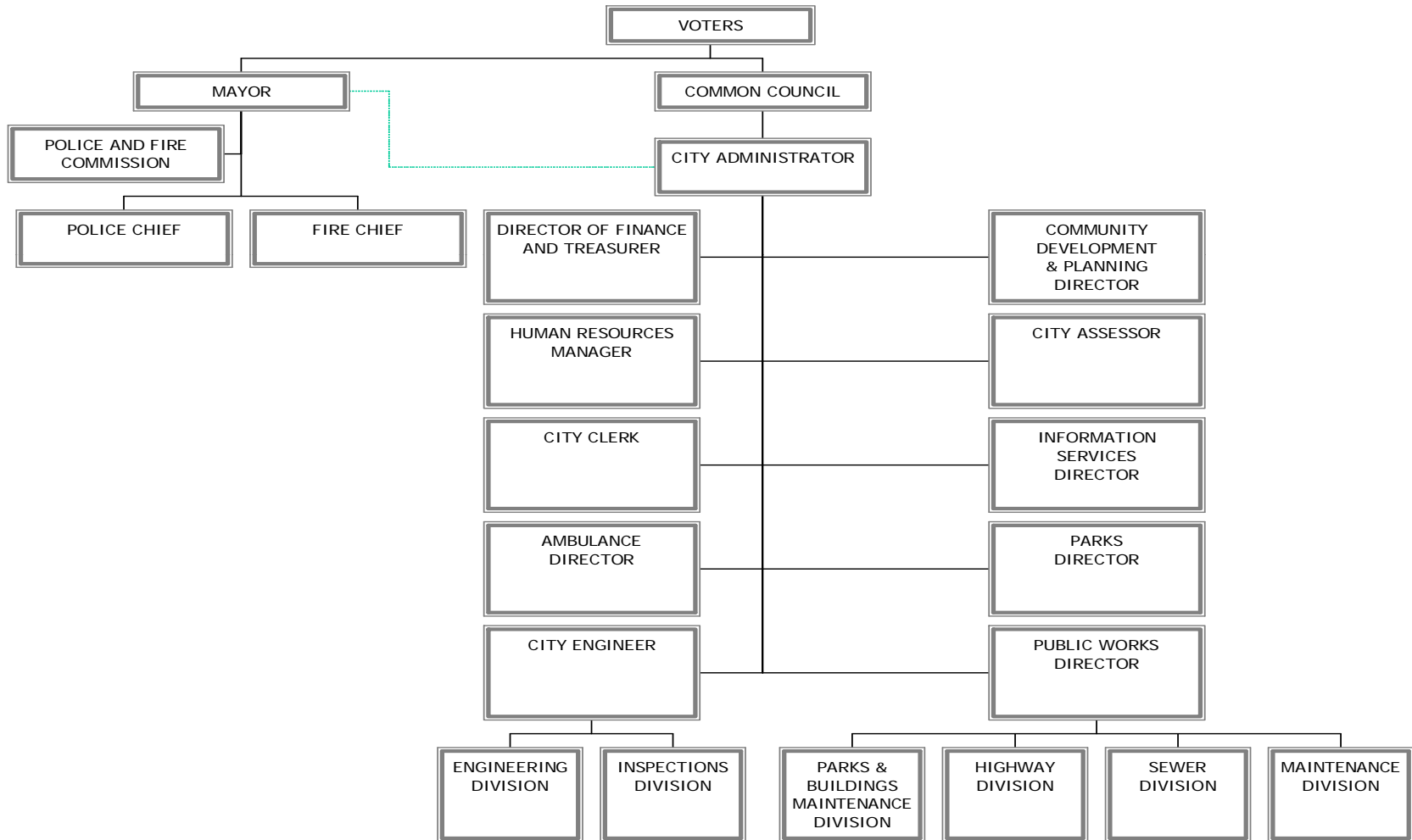
Michael Grota, City Assessor

Kim Tollefson, Planning and Community Development Director

David Bialk, Fire Chief

Lisa Koeper, Human Resources Manager

CITY OF MEQUON



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Mequon
Mequon, Wisconsin

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, 2009, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statement for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. The amount by which this departure from accounting principles generally accepted in the United States of America would affect the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component unit is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of the City of Mequon, Wisconsin, as of December 31, 2009, or the changes in financial position thereof for the year then ended.

To the City Council
City of Mequon

Further, in our opinion, the financial statements referred to previously 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and other required supplementary information as listed on the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 combining statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Mequon. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
May 28, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**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, 2009. Please consider it in conjunction with the City's financial statements, which begin on page 22, following this narrative.

FINANCIAL HIGHLIGHTS

- ✓ With total assets of \$122.0 million and total liabilities of \$76.7 million, the total net assets of the City of Mequon stood at approximately \$45.3 million at the close of the 2009 fiscal year, an increase of 1.9% over the previous year.
- ✓ As of December 31, 2009, the City of Mequon's governmental funds reported combined ending fund balances of \$14.3 million, an increase of 102% compared to the prior year. Most of this increase was due to the issuance of \$5.1 million of new debt for road construction. \$11.8 million or 83% percent of the total fund balances are available for spending at the government's discretion (unreserved fund balance).
- ✓ At the close of the fiscal year the City of Mequon's unreserved, undesignated general fund balance totaled approximately \$1.3 million, an increase of 91.7% from the previous fiscal year. This represents 7.9% of the \$16.3 million adopted 2010 general fund and Debt service budgets.
- ✓ The City of Mequon's total general obligation debt increased from 24.8 million to 34.0 million, or 37% during 2009. The city issued \$5.1 million of bonds for road construction and \$6.95 million of bonds for the redevelopment of the Tax Incremental District #3 near the intersections of Mequon and Cedarburg roads in 2009.

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 Assets* presents information on all of the City of Mequon's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 22 through 24 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 seven 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, 2009 is reported in the *Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* which is found on page 70.

The governmental fund financial statements can be found beginning on page 25 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 31 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.

The fiduciary fund financial statements can be found beginning on page 36 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 37 of this report.

Supplementary Information. Following the basic government-wide and fund financial statements and accompanying notes 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 72.

Government-wide Financial Analysis

The City of Mequon's statement of net assets is summarized in the table on the following page. The City's assets exceeded liabilities by approximately \$45.3 million at the close of 2009. The majority of total assets (65%) 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 Assets
December 31, 2009 and 2008**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current & Other Assets	\$ 29,232,455	\$ 20,776,960	\$ 13,332,762	\$ 10,487,554	\$ 42,565,217	\$ 31,264,514
Capital Assets (net)	37,740,786	35,603,496	41,698,894	26,429,765	79,439,680	62,033,261
Total Assets	\$ 66,973,241	\$ 56,380,456	\$ 55,031,656	\$ 36,917,319	\$ 122,004,897	\$ 93,297,775
Current Liabilities	\$ 15,189,630	\$ 14,767,114	\$ 7,688,554	\$ 9,482,467	\$ 22,878,184	\$ 24,249,581
Non-Current Liabilities	22,952,329	10,749,872	30,908,768	13,876,686	53,861,097	24,626,558
Total Liabilities	\$ 38,141,959	\$ 25,516,986	\$ 38,597,322	\$ 23,359,153	\$ 76,739,281	\$ 48,876,139
Net Assets						
Invested in Capital Assets, net of related debt	\$ 24,486,433	\$ 27,262,961	\$ 26,275,107	\$ 26,429,765	\$ 49,791,864	\$ 53,692,726
Restricted	1,354,442	1,136,688	205,353	115,255	1,559,795	1,251,943
Unrestricted (deficit)	2,990,407	2,463,821	(10,046,126)	(12,986,854)	(6,086,043)	(10,523,033)
Total Net Assets	\$ 28,831,282	\$ 30,863,470	\$ 16,434,334	\$ 13,558,166	\$ 45,265,616	\$ 44,421,636
Total Net Assets as a % of Total Liabilities	75.6%	121.0%	42.6%	58.0%	59.0%	90.9%
Unrestricted Net Assets as a % of Total Liabilities	7.8%	9.7%	-26.0%	-55.6%	-7.9%	-21.5%

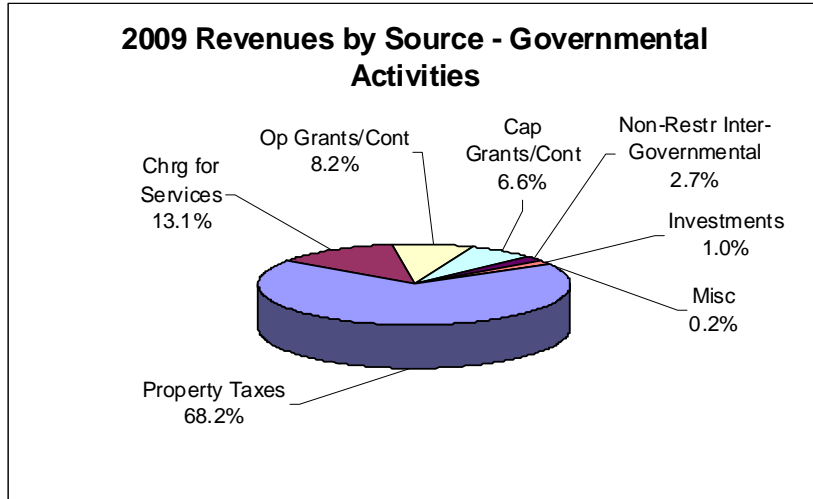
A relatively small portion of the City's net assets (3.4%) represents resources that are subject to other restrictions as to how they may be used. The remainder of total net assets may be used to meet the City's on-going obligations to its citizens and creditors.

At the end of 2009, the City is able to report positive balances in all of the three categories of net assets for the governmental activities and for two of three categories for the government as a whole and the business-type activities.

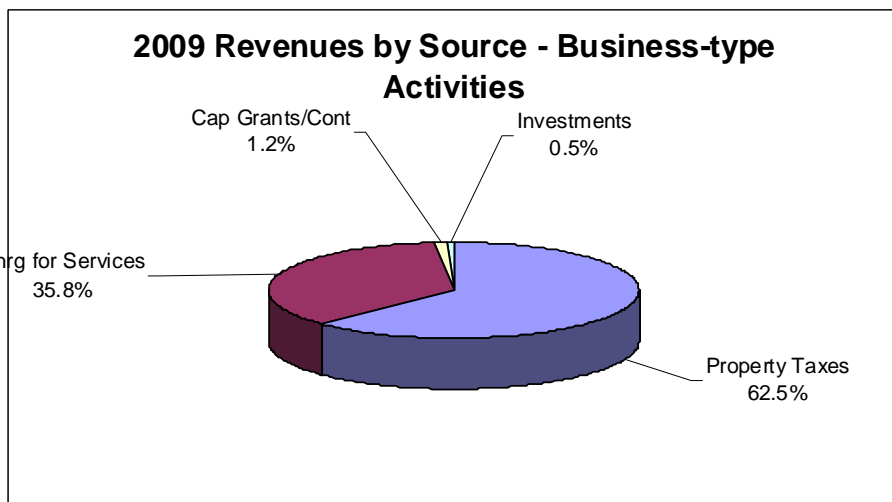
The deficit in the Business-Type Activities group is related to a settlement with the Metropolitan Milwaukee Sewerage District (MMSD) made in 1997. There had been a long-running dispute with MMSD and suburban users of the treatment system. MMSD wanted suburban users to pay sewerage capital charges based upon valuation, while the communities continued to make capital payments based on usage. It was determined via the courts that valuation was the proper method of contribution, which resulted in Mequon having an additional balance due to MMSD in excess of \$20 million. Since there is no related asset associated with the debt the City incurred to cover the additional amount owed to MMSD, the result is a deficit. It is anticipated this debt will be retired by 2017.

As comparable data is accumulated and reported by governmental units over time, a sense of what level of net assets is typical or appropriate will begin to develop. Total net assets exceeded total liabilities at the end of 2009 for the governmental activities. Unrestricted net assets stood at 7.8% of total liabilities for governmental activities.

An examination of the statement of activities can provide a concise picture of how the various activities of the City are funded. The following pie charts draw data from the statement of activities. For governmental services, the City is highly dependent upon the property tax for funding, deriving 68.2% of its revenue from this single source. State aids not restricted to specific programs comprise only 2.7% of the City's revenues while other grants comprise 8.2%. Charges for services continue to be of significant importance, accounting for 13.1% of revenues.



In the case of business-type activities, the property tax is still the largest component of revenue, making up 62.5% of all revenues received. However, 100% of these tax revenues relate directly to the MMSD annual capital charge, and repayment of the debt associated with the 1997 MMSD settlement. Funding of the utility's annual operation and maintenance costs is covered primarily by user fees, accounting for 35.8% of total revenues. The balance of revenue is made up of capital grants and contributions, and investment earnings.

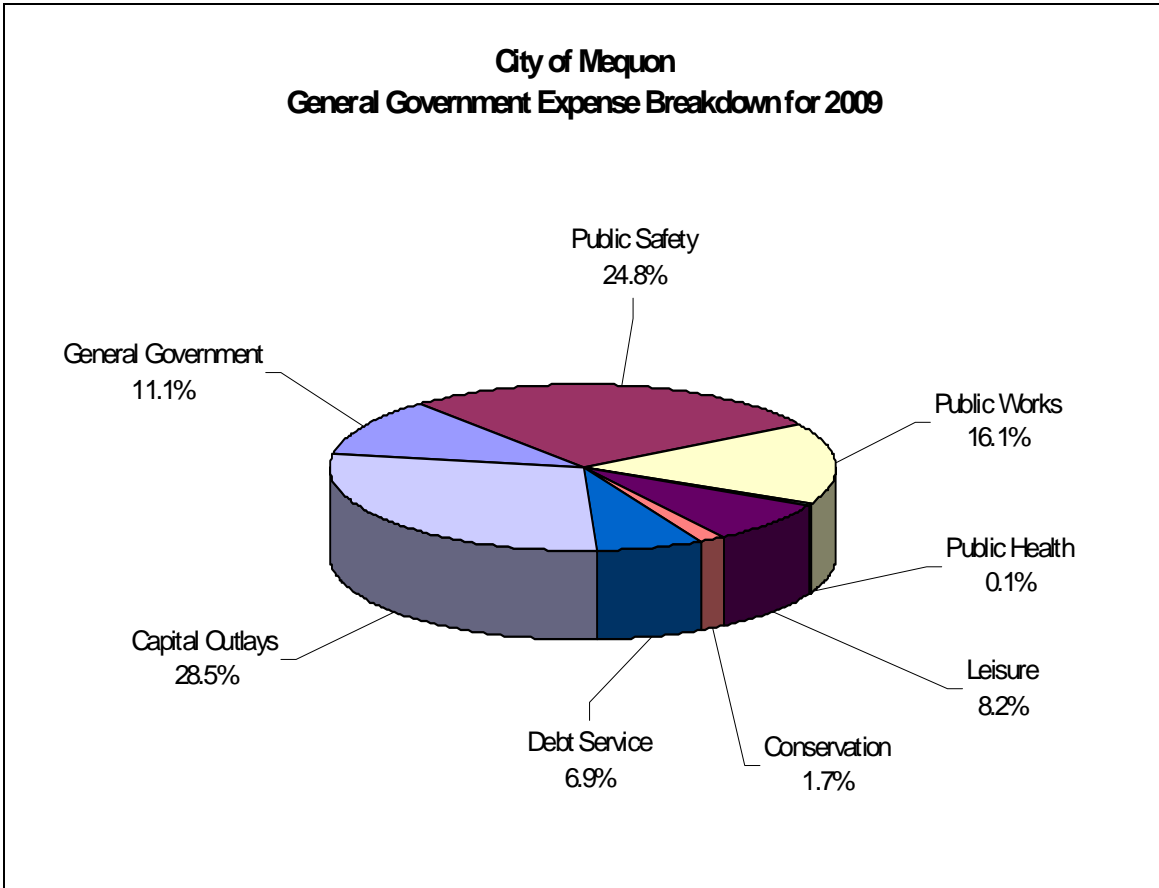


Governmental activities. Total Governmental activity expenses increased \$672,334 from a year ago. Increases were incurred in General Government, \$100,660, Public Safety, \$200,059, and Community Enrichment, \$254,808, Conservation and Development, \$434,532, and Interest and Fiscal Charges, \$388,801. Savings were realized in the following programs: Public Works, \$665,393, and Health and Sanitation, \$41,133.

The table below illustrates the change in net assets for the City of Mequon for fiscal years ended December 31, 2009 and 2008:

	Governmental		Business-type		Totals	
	Activities		Activities		2009	2008
	2009	2008	2009	2008		
Revenues						
Program Revenues						
Charges for services	\$ 2,494,153	\$ 2,807,641	\$ 4,111,511	\$ 2,537,641	\$ 6,605,664	\$ 5,345,282
Operating grants and contributions	1,560,663	1,390,950	-	-	1,560,663	1,390,950
Capital grants and contributions	1,265,378	201,967	137,058	342,099	1,402,436	544,066
General Revenues						
Property Taxes	12,833,818	12,594,499	7,170,029	7,097,470	20,003,847	19,691,969
Other Taxes	178,190	187,436	-	-	178,190	187,436
Intergovernmental revenues not restricted to specific programs	516,656	564,524	-	-	516,656	564,524
Investment Income	193,804	672,135	57,291	211,832	251,095	883,967
Other	46,759	409,532	-	27,787	46,759	437,319
Total Revenues	\$ 19,089,421	\$ 18,828,684	\$ 11,475,889	\$ 10,216,829	\$ 30,565,310	\$ 29,045,513
Expenses						
General government	2,901,113	2,800,453	-	-	\$ 2,901,113	\$ 2,800,453
Public Safety	7,106,793	6,906,734	-	-	7,106,793	6,906,734
Public Works	6,324,874	6,990,267	-	-	6,324,874	6,990,267
Public Health	29,726	70,859	-	-	29,726	70,859
Community enrichment services	2,101,069	1,846,261	-	-	2,101,069	1,846,261
Conservation and development	885,745	451,213	-	-	885,745	451,213
Interest and fiscal charges	802,613	413,812	-	-	802,613	413,812
Sewer utility	-	-	8,175,180	8,310,045	8,175,180	8,310,045
Water utility	-	-	1,394,217	-	1,394,217	-
Total expenses	\$ 20,151,933	\$ 19,479,599	\$ 9,569,397	\$ 8,310,045	\$ 29,721,330	\$ 27,789,644
Change in net assets before transfers	(1,062,512)	(650,915)	1,906,492	1,906,784	843,980	1,255,869
Transfers	(969,676)	-	969,676	-	-	-
Change in net assets	\$ (2,032,188)	\$ (650,915)	\$ 2,876,168	\$ 1,906,784	\$ 843,980	\$ 1,255,869
Net Assets - beginning of year	30,863,470	31,514,385	13,558,166	11,651,382	44,421,636	43,165,767
Net Assets - end of year	\$ 28,831,282	\$ 30,863,470	\$ 16,434,334	\$ 13,558,166	\$ 45,265,616	\$ 44,421,636

Presented below is a chart depicting the relative percentage of expenses for the City's major functions for 2009.



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, 2009, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$14.29 million, a increase of \$7.23 million from the previous year. Of this total, \$2.42 million is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$11.87 million available for use at the discretion of the City's elected officials. As the result of past actions and policy decisions, \$10.57 million (89%) of these unreserved balances have been segregated or otherwise designated for specific uses (primarily capital projects), leaving an unreserved, undesignated fund balance of \$1.3 million in the general fund.

The *General fund* is the primary operating fund used to account for the governmental operations of the City, with the 13.96 million of direct expenditures of this fund accounting for nearly 58% of the City's 24.08 million total governmental fund expenditures as reported on the *Statement of revenues expenditures and changes in fund balances*. The total year-end 2009 unreserved General fund balance of \$1.29 million represents 9.3% of the \$13.96 million 2009 General Fund expenditures reported on the *Statement of Revenues Expenditures and Changes in fund balances*.

Traditionally in Mequon, this year-end unreserved 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 2010 General fund budget authorizes expenditures of \$16.28 million. Therefore, the 2009 year-end unreserved, undesignated General fund balance of \$1.29 million represents only 7.9% of the 2010 operating budget and fails to meet the target ratio.

The *Debt Service* fund had a total fund balance of \$1.27 million, all of which is reserved for the payment of debt service. This balance has accumulated over time through the transfers from other funds for the payment of future, scheduled long-term indebtedness.

The *Capital Projects* fund is a governmental fund used to account for long-term capital acquisitions, such as squad cars and contractor equipment, acquisition of land, 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 \$10.06 million fund balance is designated entirely for such projects.

The aggregated *Nonmajor Governmental* Funds column includes various park, revolving loan, endowment and library special revenue funds used to account for the proceeds of specific revenue sources or that are legally restricted to expenditures for specific purposes. The accumulated fund balances decreased from \$2.2 million to \$1.6 million during 2009.

Proprietary Funds

The City's *proprietary funds* provide the same type of information found in the government-wide financial statements. The net assets of the *enterprise-type* proprietary funds at the end of 2009 totaled \$16.4 million, an increase of \$2.9 million from the previous year. Net operating income before contributions of \$1.8 million along with developer capital contributions of \$1.1 million accounted for the increase.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Required Supplemental Information section, *Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual* for the General Fund, the original 2009 general fund budget authorized expenditures of approximately \$13.95 million, along with transfers of \$898,263 to the project balances in the Capital Projects and Special Revenue funds. The general fund anticipated revenues of \$14.64 million, and a transfer from other governmental funds of \$203,209 of prior year surplus funds. During the year, no changes were made to the total original revenue budget by the Common Council. However, \$566,252 of capital funding was undesignated due to unanticipated savings in 2009 roads construction program and transferred to the general fund to supplement existing fund balance reserves.

The City ended the year with an unfavorable general fund budget revenue variance of \$69,813 which was offset by a favorable expenditure variance of \$121,462. The net favorable variance of \$51,649 represents 0.3% of the original general fund expenditure budget. This 2009 budgetary result occurred due to a variety of factors during the course of the year.

While overall revenues were lower than expected in 2009, there were several notable offsetting favorable and unfavorable outcomes that are included in that variance. The most significant unfavorable outcome was a \$237 thousand shortfall in investment income due to declining market interest rates. The most significant favorable outcomes were a \$38 thousand more than expected Insurance dividend, and a \$32 thousand favorable increase in General highway aid.

Other favorable revenue outcomes included \$47 thousand in Engineering fees, \$26 thousand in Ambulance fees, and a net increase of \$61 thousand in Utility charge backs. While these items did generate favorable revenue outcomes, they do also have a fairly direct correlation to similar offsetting unfavorable increases in the expenditure levels of the services that were the basis for these charges.

In 2009, there were also a variety of favorable and unfavorable variances in the levels of expenditures as well. Favorable variance occurred as a result of a \$93 thousand savings in insurance costs, \$85 thousand in motor fuel costs, \$75 thousand in highway department work supplies, and over \$50 thousand in salary costs due to vacant positions. Unfavorable results of \$65 thousand over budget in special legal service costs, and \$125 thousand of labor costs due to the settlement of the Fire and EMS contract.

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, 2009 totaled over \$138 million. Of this total cost, (34%), 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 \$59 million, or approximately 43% of the historical cost of depreciable capital assets. Net of accumulated depreciation, the City's investment in capital assets exceeded \$79 million.

City of Mequon, Wisconsin
Capital Assets, Net of Accumulated Depreciation
December 31, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,459,680	\$ 6,459,680	\$ 350	\$ -	\$ 6,460,030	\$ 6,459,680
Construction in progress	-	1,136,445	-	-	-	1,136,445
Buildings	14,543,517	14,601,653	-	-	14,543,517	14,601,653
Library Collection	3,465,641	3,494,889	-	-	3,465,641	3,494,889
Machinery and Equipment	7,001,086	6,331,700	4,984,416	3,572,007	11,985,502	9,903,707
Infrastructure	47,755,589	42,050,918	50,558,076	33,808,681	98,313,665	75,859,599
Structure and Improvements	-	-	3,822,624	3,786,844	3,822,624	3,786,844
Subtotal	\$ 79,225,513	\$ 74,075,285	\$ 59,365,466	\$ 41,167,532	\$ 138,590,979	\$ 115,242,817
Less:						
Accumulated Depreciation	(41,484,727)	(38,471,789)	(17,666,572)	(14,737,767)	(59,151,299)	(53,209,556)
	\$ 37,740,786	\$ 35,603,496	\$ 41,698,894	\$ 26,429,765	\$ 79,439,680	\$ 62,033,261

Some of the more significant additions to the City's capital assets during 2009 included:

Water Utility	\$17,933,170
Street network additions	\$5,633,474
Equipment & Vehicles	\$771,256
Sewer Utility additions	\$284,764

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, 2009, the City of Mequon had \$53,861,097 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, 2009 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds & Notes	\$ 20,685,000	\$ 9,729,410	\$ 13,345,000	\$ 15,145,000	\$ 34,030,000	\$ 24,874,410
Revenue Bonds	-	-	17,125,000	-	17,125,000	-
Bond Premiums	-	-	438,768	-	438,768	-
Unfunded retirement liability	1,410,674	1,386,346	-	-	1,410,674	1,386,346
Capital Leases	112,252	-	-	-	112,252	-
Compensated absences	744,403	685,514	-	-	744,403	685,514
	<u>\$ 22,952,329</u>	<u>\$ 11,801,270</u>	<u>\$ 30,908,768</u>	<u>\$ 15,145,000</u>	<u>\$ 53,861,097</u>	<u>\$ 26,946,270</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 \$34,030,000, 15.6% of the maximum legal limit of \$218,377,770. The City of Mequon issued \$12 million of new General Obligation debt during 2009. \$5.1 million was to fund the 2009 and 2010 road projects and \$6.9 million was to fund development in the TIF #3 district.

CURRENTLY KNOWN FACTS

The 2010 general government budget adopted by the Mequon Common Council in November, 2009 increased total General, Capital, Library, and Debt Service Fund expenditures by 1.23%. Due to these increases and a projected \$350 thousand decline in other revenue sources, the 2010 tax levy increases by 4.4% in these areas. It is anticipated the City will continue to work to rebuild the general fund balance to a level of at least 10% of next year's general fund and debt service budgets.

Five Year Expenditure History

Fiscal Year	Amount	Percent Increase
2010	\$ 17,851,248	1.23%
2009	\$ 17,633,199	0.43%
2008	\$ 17,570,714	3.87%
2007	\$ 16,915,324	3.28%
2006	\$ 16,378,106	2.54%

As presented in the table below, Salaries and benefits increased 2.3% primarily as a result of rising benefit costs. Materials and supplies decreased 1.1% and purchased services decreased by 2.6%. Debt service costs increased 30.1% due to the issuance of \$12 million of General Obligation bonds in 2009, and Capital costs will decrease by 22.3% primarily due to that the annual road projects budget will be supplemented by residual proceeds from a 5.1 million 2009 debt issue.

Change in Expenditure Budget by Function

Expenditures	2010 Adopted	2009 Adopted	Net Increase (Decrease)	Percent Change
Salaries/Fringes	\$10,983,731	\$10,740,019	\$243,712	2.3%
Materials/Supplies	1,070,120	1,081,566	(11,446)	(1.1)%
Purchased Services/ other	2,071,972	2,127,325	(55,353)	(2.6)%
Capital	1,182,500	1,522,055	(339,555)	(22.3)%
Library	898,263	898,263	0	0.0%
Debt Service	1,644,662	1,263,971	380,691	30.1%
Total	\$17,851,248	\$17,633,199	\$218,049	1.23%

In the 2010 budget, several guiding principles applied:

- The State of Wisconsin's biennial budget, known as Act 28, imposes a two-year property tax limit on all city levies in 2009 and 2010, i.e., FY 2010 and FY 2011. Act 28 allows municipal levies to increase by either three percent, or the percentage change in the city's equalized value due to net new construction, whichever is greater.
- City of Mequon Resolution 2748 passed by the Common Council in August 2007 set forth a property tax levy cap for three years in which the levy is not allowed to increase except for growth due to new development and additional debt service.
- Under Act 28, the property tax levy cap permitted an increase in FY2010 of 3.0 percent or \$589,512. The actual total adopted tax levy, which also includes the sewer tax levy, was an increase of \$307,134 or a 1.56 percent increase of the total tax levy for 2010.

The FY2009 Budget continues to focus on meeting the organizational goals such as maintaining the city's infrastructure and facilities, preserving open space, progressing on a town center plan and addressing storm water needs.

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 262-242-3100. 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 ASSETS December 31, 2009

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 15,240,273	\$ 3,076,590	\$ 18,316,863
Receivables			
Taxes receivable	13,418,237	6,948,465	20,366,702
Delinquent personal property taxes	22,658	-	22,658
Accounts	-	1,094,912	1,094,912
Special assessments	49,346	14,574	63,920
Other	454,364	143,387	597,751
Accrued interest	39,920	12,396	52,316
Inventories and prepaid items	7,657	50,000	57,657
Unamortized debt issuance expense	-	300,026	300,026
Restricted assets			
Cash and investments	-	1,692,412	1,692,412
Capital assets			
Land	6,459,680	350	6,460,030
Other capital assets, net of accumulated depreciation	<u>31,281,106</u>	<u>41,698,544</u>	<u>72,979,650</u>
Total Assets	<u>66,973,241</u>	<u>55,031,656</u>	<u>122,004,897</u>
LIABILITIES			
Accounts payable and accrued expenses	1,130,050	406,576	1,536,626
Accrued interest payable	313,108	327,236	640,344
Unearned revenue	13,620,913	6,954,742	20,575,655
Deposits	125,559	-	125,559
Noncurrent liabilities			
Due within one year	1,382,154	2,255,000	3,637,154
Due in more than one year	<u>21,570,175</u>	<u>28,653,768</u>	<u>50,223,943</u>
Total Liabilities	<u>38,141,959</u>	<u>38,597,322</u>	<u>76,739,281</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,486,433	26,275,107	49,791,864
Restricted for			
Debt service	224,069	117,597	341,666
Loan programs	664,524	-	664,524
Cemetery reserve	17,396	-	17,396
Equipment replacement	-	87,756	87,756
Parks	338,114	-	338,114
Library operations	110,339	-	110,339
Unrestricted (deficit)	<u>2,990,407</u>	<u>(10,046,126)</u>	<u>(6,086,043)</u>
TOTAL NET ASSETS	<u>\$ 28,831,282</u>	<u>\$ 16,434,334</u>	<u>\$ 45,265,616</u>

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2009

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,901,113	\$ 504,142	\$ 59,603	\$ -
Public safety	7,106,793	1,158,509	142,273	40,917
Public works	6,324,874	632,135	1,215,595	1,058,334
Public health	29,726	-	-	-
Community enrichment services	2,101,069	199,367	110,507	166,127
Conservation and development	885,745	-	32,685	-
Interest and fiscal charges	<u>802,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>20,151,933</u>	<u>2,494,153</u>	<u>1,560,663</u>	<u>1,265,378</u>
Business-type Activities				
Sewer Utility	8,175,180	2,465,170	-	85,107
Water Utility	<u>1,394,217</u>	<u>1,646,341</u>	<u>-</u>	<u>51,951</u>
Total Business-type Activities	<u>9,569,397</u>	<u>4,111,511</u>	<u>-</u>	<u>137,058</u>
 Total	 <u>\$ 29,721,330</u>	 <u>\$ 6,605,664</u>	 <u>\$ 1,560,663</u>	 <u>\$ 1,402,436</u>

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for other purposes

 Property taxes, levied for capital projects

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Miscellaneous

Transfers

 Total General Revenues and Transfers

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,337,368)	\$ -	\$ (2,337,368)
(5,765,094)	-	(5,765,094)
(3,418,810)	-	(3,418,810)
(29,726)	-	(29,726)
(1,625,068)	-	(1,625,068)
(853,060)	-	(853,060)
<u>(802,613)</u>	<u>-</u>	<u>(802,613)</u>
<u>(14,831,739)</u>	<u>-</u>	<u>(14,831,739)</u>
-	(5,624,903)	(5,624,903)
-	<u>304,075</u>	<u>304,075</u>
-	<u>(5,320,828)</u>	<u>(5,320,828)</u>
<u>(14,831,739)</u>	<u>(5,320,828)</u>	<u>(20,152,567)</u>
10,063,202	7,170,029	17,233,231
1,274,311	-	1,274,311
178,190	-	178,190
1,496,305	-	1,496,305
516,656	-	516,656
193,804	57,291	251,095
<u>46,759</u>	<u>-</u>	<u>46,759</u>
<u>(969,676)</u>	<u>969,676</u>	<u>-</u>
<u>12,799,551</u>	<u>8,196,996</u>	<u>20,996,547</u>
(2,032,188)	2,876,168	843,980
<u>30,863,470</u>	<u>13,558,166</u>	<u>44,421,636</u>
<u>\$ 28,831,282</u>	<u>\$ 16,434,334</u>	<u>\$ 45,265,616</u>

See accompanying notes to financial statements.

CITY OF MEQUON

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
ASSETS			
Cash and investments	\$ 1,724,738	\$ 1,266,906	\$ 10,470,414
Receivables			
Taxes	9,707,293	1,660,481	1,152,200
Delinquent personal property tax	22,658	-	-
Special assessments	49,346	-	-
Accrued interest	6,297	2,455	23,550
Other	344,418	-	27,732
Due from other governments	-	-	82,214
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 11,854,750</u>	<u>\$ 2,929,842</u>	<u>\$ 11,756,110</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 166,472	\$ -	\$ 545,285
Accrued liabilities	253,374	-	-
Deposits	125,559	-	-
Deferred revenues	<u>9,974,199</u>	<u>1,660,481</u>	<u>1,152,200</u>
Total Liabilities	<u>10,519,604</u>	<u>1,660,481</u>	<u>1,697,485</u>
Fund Balances			
Reserved			
Delinquent personal property taxes	22,658	-	-
Cemetery	17,396	-	-
Debt service	-	1,269,361	-
Park	-	-	-
Revolving loan program	-	-	-
Library	-	-	-
Unreserved, reported in:			
General fund undesignated	1,295,092	-	-
Special revenue funds designated	-	-	-
Capital project funds designated	-	-	10,058,625
Total Fund Balances	<u>1,335,146</u>	<u>1,269,361</u>	<u>10,058,625</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,854,750</u>	<u>\$ 2,929,842</u>	<u>\$ 11,756,110</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,778,215	\$ 15,240,273
898,263	13,418,237
-	22,658
-	49,346
7,618	39,920
-	372,150
-	82,214
<u>7,657</u>	<u>7,657</u>
<u>\$ 2,691,753</u>	<u>\$ 29,232,455</u>

\$ 151,947	\$ 863,704
12,972	266,346
-	125,559
<u>898,263</u>	<u>13,685,143</u>
<u>1,063,182</u>	<u>14,940,752</u>

-	22,658
-	17,396
-	1,269,361
338,114	338,114
664,524	664,524
110,339	110,339
-	1,295,092
515,594	515,594
-	<u>10,058,625</u>
<u>1,628,571</u>	<u>14,291,703</u>

<u>\$ 2,691,753</u>	<u>\$ 29,232,455</u>
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See accompanying notes to financial statements.

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CITY OF MEQUON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2009

Total Fund Balances - Governmental Funds	\$ 14,291,703
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III.D.	37,740,786
Special assessments are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	64,230
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds	(313,108)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note III.F.	<u>(22,952,329)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 28,831,282</u>

CITY OF MEQUON

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

For the Year Ended December 31, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
REVENUES			
Taxes	\$ 10,241,392	\$ 1,274,311	\$ 1,496,305
Intergovernmental	1,790,924	-	676,318
Licenses and permits	1,101,106	-	-
Public charges for services	1,269,260	-	179,553
Intergovernmental charges for services	-	-	-
Investment income	89,268	14,032	75,769
Miscellaneous	<u>82,201</u>	<u>-</u>	<u>27,250</u>
Total Revenues	<u>14,574,151</u>	<u>1,288,343</u>	<u>2,455,195</u>
EXPENDITURES			
Current			
General government	2,662,985	-	-
Public safety	6,550,738	-	-
Public works	3,470,061	-	-
Public health	29,726	-	-
Community enrichment services	689,107	-	-
Conservation and development	401,161	-	-
Capital Outlay	133,061	-	6,610,694
Debt Service			
Principal	20,808	965,000	-
Interest and fiscal charges	<u>2,862</u>	<u>340,286</u>	<u>203,862</u>
Total Expenditures	<u>13,960,509</u>	<u>1,305,286</u>	<u>6,814,556</u>
Excess (deficiency) of revenues over expenditures	<u>613,642</u>	<u>(16,943)</u>	<u>(4,359,361)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of general obligation debt	-	732,184	11,322,816
Transfers in	769,461	7,486	-
Transfers out	(898,263)	-	(682,878)
Sale of general capital assets	-	-	48,690
Premium on debt issued	-	-	91,542
Capital leases	<u>133,061</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,259</u>	<u>739,670</u>	<u>10,780,170</u>
Net Change in Fund Balances	617,901	722,727	6,420,809
FUND BALANCES - Beginning of Year	<u>717,245</u>	<u>546,634</u>	<u>3,637,816</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,335,146</u>	<u>\$ 1,269,361</u>	<u>\$ 10,058,625</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 13,012,008
421,269	2,888,511
-	1,101,106
69,370	1,518,183
109,067	109,067
15,118	194,187
<u>56,572</u>	<u>166,023</u>
<u>671,396</u>	<u>18,989,085</u>
-	2,662,985
38,055	6,588,793
-	3,470,061
-	29,726
1,292,613	1,981,720
416,025	817,186
117,342	6,861,097
134,411	1,120,219
<u>3,261</u>	<u>550,271</u>
<u>2,001,707</u>	<u>24,082,058</u>
<u>(1,330,311)</u>	<u>(5,092,973)</u>
-	12,055,000
899,680	1,676,627
(95,486)	(1,676,627)
-	48,690
-	91,542
-	<u>133,061</u>
<u>804,194</u>	<u>12,328,293</u>
(526,117)	7,235,320
<u>2,154,688</u>	<u>7,056,383</u>
<u>\$ 1,628,571</u>	<u>\$ 14,291,703</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, 2009

Net change in fund balances - total governmental funds \$ 7,235,320

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets 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	6,861,097
Some items reported as capital outlay were not capitalized	(1,450,802)
Depreciation is reported in the government-wide financial statements	(3,222,964)
Net book value of assets retired	(113,614)

Contributed capital assets are reported as revenues in the government-wide financial statements.	63,573
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Special assessments	(11,544)
Interest on special assessments	(383)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt issued	(12,188,061)
Principal repaid	1,120,219

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	(58,889)
Unfunded prior service cost	(24,328)
Accrued interest on debt	(241,812)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,032,188)</u>
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CITY OF MEQUON

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 December 31, 2009

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 2,620,045	\$ 456,545	\$ 3,076,590
Receivables			
Taxes	6,939,839	8,626	6,948,465
Accounts	658,664	436,248	1,094,912
Accrued interest	12,396	-	12,396
Other	141,264	2,123	143,387
Inventories	-	50,000	50,000
Restricted Assets			
Cash and investments	-	237,500	237,500
Total Current Assets	<u>10,372,208</u>	<u>1,191,042</u>	<u>11,563,250</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	87,756	1,367,156	1,454,912
Capital Assets			
Property and equipment	41,432,296	17,933,170	59,365,466
Less: Accumulated depreciation	(15,445,141)	(2,221,431)	(17,666,572)
Other Assets			
Special assessments receivable	14,574	-	14,574
Unamortized debt issuance expenses	-	300,026	300,026
Total Noncurrent Assets	<u>26,089,485</u>	<u>17,378,921</u>	<u>43,468,406</u>
Total Assets	<u>36,461,693</u>	<u>18,569,963</u>	<u>55,031,656</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
LIABILITIES			
Current Liabilities			
Current portion of general obligation debt	\$ 1,780,000	\$ -	\$ 1,780,000
Accounts payable	318,471	74,473	392,944
Accrued wages	13,588	-	13,588
Accrued interest	207,333	-	207,333
Unearned revenue	6,954,742	-	6,954,742
Other current liabilities	44	-	44
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds payable	-	475,000	475,000
Accrued interest payable	-	119,903	119,903
Total Current Liabilities	<u>9,274,178</u>	<u>669,376</u>	<u>9,943,554</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt payable	12,037,799	-	12,037,799
Revenue bonds payable	-	16,615,969	16,615,969
Total Noncurrent Liabilities	<u>12,037,799</u>	<u>16,615,969</u>	<u>28,653,768</u>
Total Liabilities	<u>21,311,977</u>	<u>17,285,345</u>	<u>38,597,322</u>
NET ASSETS			
Invested in capital assets net of related debt	25,987,155	287,952	26,275,107
Restricted for			
Equipment replacement	87,756	-	87,756
Debt service	-	117,597	117,597
Unrestricted (deficit)	<u>(10,925,195)</u>	<u>879,069</u>	<u>(10,046,126)</u>
TOTAL NET ASSETS	<u>\$ 15,149,716</u>	<u>\$ 1,284,618</u>	<u>\$ 16,434,334</u>

See accompanying notes to financial statements.

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CITY OF MEQUON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
OPERATING REVENUES	<u>\$ 2,465,170</u>	<u>\$ 1,646,341</u>	<u>\$ 4,111,511</u>
OPERATING EXPENSES			
Operation and maintenance	6,846,745	702,119	7,548,864
Depreciation	715,770	188,867	904,637
Taxes	-	2,426	2,426
Total Operating Expenses	<u>7,562,515</u>	<u>893,412</u>	<u>8,455,927</u>
Operating Income (Loss)	<u>(5,097,345)</u>	<u>752,929</u>	<u>(4,344,416)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	46,424	10,867	57,291
Taxes	7,170,029	-	7,170,029
Miscellaneous	2,845	-	2,845
Loss on disposal of capital assets	(11,600)	-	(11,600)
Interest expense	<u>(601,065)</u>	<u>(495,128)</u>	<u>(1,096,193)</u>
Total Nonoperating Revenues (Expenses)	<u>6,606,633</u>	<u>(484,261)</u>	<u>6,122,372</u>
Income Before Contributions	<u>1,509,288</u>	<u>268,668</u>	<u>1,777,956</u>
CONTRIBUTIONS			
Capital contributions	<u>82,262</u>	<u>1,015,950</u>	<u>1,098,212</u>
Change in Net Assets	1,591,550	1,284,618	2,876,168
NET ASSETS - Beginning of Year	<u>13,558,166</u>	<u>-</u>	<u>13,558,166</u>
NET ASSETS - END OF YEAR	<u>\$ 15,149,716</u>	<u>\$ 1,284,618</u>	<u>\$ 16,434,334</u>

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2009

	<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	\$ 2,441,903	\$ 1,199,344	\$ 3,641,247
Paid to suppliers for goods and services	(6,163,539)	(459,395)	(6,622,934)
Paid to employees for services	(637,117)	(220,677)	(857,794)
Net Cash Flows From Operating Activities	<u>(4,358,753)</u>	<u>519,272</u>	<u>(3,839,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>57,918</u>	<u>10,867</u>	<u>68,785</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes received	<u>7,170,029</u>	<u>-</u>	<u>7,170,029</u>
Net Cash Flows From Noncapital Financing Activities	<u>7,170,029</u>	<u>-</u>	<u>7,170,029</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	-	17,125,000	17,125,000
Debt retired	(1,800,000)	-	(1,800,000)
Interest paid	(682,700)	(363,706)	(1,046,406)
Debt issuance costs	-	(345,576)	(345,576)
Special assessments received	8,773	-	8,773
Connection fees received	82,262	46,274	128,536
Acquisition and construction of capital assets	<u>(254,975)</u>	<u>(14,930,930)</u>	<u>(15,185,905)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,646,640)</u>	<u>1,531,062</u>	<u>(1,115,578)</u>
Net Change in Cash and Cash Equivalents	222,554	2,061,201	2,283,755
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,485,247</u>	<u>-</u>	<u>2,485,247</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,707,801</u>	<u>\$ 2,061,201</u>	<u>\$ 4,769,002</u>

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (5,097,345)	\$ 752,929	\$ (4,344,416)
Nonoperating revenue	2,845	-	2,845
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	715,770	188,867	904,637
Changes in assets and liabilities			
Customer receivables	(149,613)	(446,997)	(596,610)
Other receivables	364,916	-	364,916
Accounts payable and other current liabilities	46,089	74,473	120,562
Unearned revenue	(241,415)	-	(241,415)
Inventories	-	(50,000)	(50,000)
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (4,358,753)</u></u>	<u><u>\$ 519,272</u></u>	<u><u>\$ (3,839,481)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets	\$ 2,620,045	\$ 456,545	\$ 3,076,590
Restricted cash and investments - current - statement of net assets	-	237,500	237,500
Restricted cash and investments - noncurrent - statement of net assets	<u>87,756</u>	<u>1,367,156</u>	<u>1,454,912</u>
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS	<u><u>\$ 2,707,801</u></u>	<u><u>\$ 2,061,201</u></u>	<u><u>\$ 4,769,002</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Cost of utility plant additions financed by others	<u><u>\$ -</u></u>	<u><u>\$ 969,676</u></u>	

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND December 31, 2009

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 38,984,460
Receivables - (net)	
Taxes	15,511,191
Other	<u>329,594</u>
TOTAL ASSETS	<u>\$ 54,825,245</u>
LIABILITIES	
Accounts payable	\$ 1,123
Due to other taxing units	<u>54,824,122</u>
TOTAL LIABILITIES	<u>\$ 54,825,245</u>

See accompanying notes to financial statements.

CITY OF MEQUON

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CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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 of Mequon. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

Component Unit Not Presented

Weyenberg Public Library Foundation Inc.

The government-wide financial statements do not include the Weyenberg Public Library Foundation Inc. ("Foundation") as a component unit. The Foundation is a legally separate, tax exempt organization which should be reported as a component unit based on criteria noted in previous paragraphs. The Foundation is not audited and financial information for the year ended December 31, 2009 is not available.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

Financial statements of the reporting entity 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, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major 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, liabilities, 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Fund Financial Statements (cont.)

- 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 and 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 all financial resources except those required to be accounted for in another fund.
- Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.
- Capital Projects Fund - accounts for resources legally restricted to supporting expenditures for the acquisition of equipment or construction of major capital facilities.

The City reports the following major enterprise fund:

- Sewer Utility - accounts for operations of the sanitary sewer system
- Water Utility - accounts for operations of the water system

The City reports the following non-major governmental funds:

- Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Park
- Revolving Loan Program
- Non Lapsing Appropriations
- Frank L. Weyenberg Library

In addition, the City reports the following fund types:

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

- Tax Collection

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Government-Wide Financial Statements

The government-wide statement of net assets 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 unearned revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 deferred revenues.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

Fund Financial Statements (cont.)

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.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) 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 enterprise fund follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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, or by the University of Wisconsin Hospitals and Clinics 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 any reserve funds may be made for up to five years.
- c. Investment securities shall be held in third-party safekeeping by an institution designated as primary agent.
- d. Deposit type securities (i.e., certificates of deposit, etc.) shall be collateralized at 110% of the face value.
- e. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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 quoted market prices. 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, 2009, 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 agency fund statement of fiduciary net assets.

Property tax calendar - 2009 tax roll:

Lien date and levy date	December 2009
Tax bills mailed	December 2009
Payment in full, or	January 31, 2010
First installment due	January 31, 2010
Second installment due	July 31, 2010
Personal property taxes in full	January 31, 2010
Tax sale - 2009 delinquent real estate taxes	October 2012

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

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 assets. 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 city does not have any outstanding economic development loans at year end.

It is the City's policy to record deferred 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 designated fund balance in the fund financial statements.

3. Inventories and Prepaid Items

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

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

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 assets.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

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 fair 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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. 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.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

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 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 \$42,607. The number of participants currently eligible to receive benefits is 21. The total amount outstanding at year end to be paid in the future is \$352,718 and is included in the government-wide statement of net assets.

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, 2009, 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 and accrued compensated absences.

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

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

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. At year end, the aggregate principal amount for the 1999 and 2003 series outstanding could not be determined; however, their original issue amounts totaled \$17,200,000.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

The net asset 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 "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. *Equity Classifications (cont.)*

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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. except for capital lease transactions which are not budgeted.

A budget has been adopted for the general fund, Frank L. Weyenberg Library special revenue fund and the debt service fund. Budgets have not been formally adopted for the park, revolving loan program and non lapsing appropriations special revenue funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Frank L. Weyenberg Library Fund	\$ 1,071,226	\$ 1,112,264	\$ 41,038

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

C. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 28 (2009), legislation was passed that 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 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

D. VIOLATION OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The city was not in compliance with Section 7(b) of Resolution No. 2876 which provided for the issuance and sale of water system revenue bonds and other details and covenants. Section 7(b) requires quarterly deposits to a special redemption fund account for the scheduled principal and interest payments of the revenue bonds. This report reflects that the required amounts are available and are restricted for this purpose; however the city has not made the required deposits to a separate account as required by the resolution.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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	\$ 48,836,167	\$ 48,866,598	Custodial credit risk
US agencies	6,145,443	6,145,443	Custodial credit, credit and interest rate risk
US treasuries	3,406,759	3,406,759	Custodial credit and interest rate risk
LGIP	132,551	132,551	Credit and interest rate risk
Asset backed securities	471,415	471,415	Custodial credit risk
Petty cash	1,400	-	
Total Deposits and Investments	<u>\$ 58,993,735</u>	<u>\$ 59,022,766</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 18,316,863		
Restricted cash and investments	1,692,412		
Per statement of net assets- fiduciary funds			
Agency Fund	38,984,460		
Total Deposits and Investments	<u>\$ 58,993,735</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2009, \$48,150,974 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,639,598
Uninsured and collateral held by the pledging financial institution	<u>35,511,376</u>
Total	<u>\$ 48,150,974</u>

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, 2009, the City's investments were exposed to custodial credit risk as follows:

<u>US agencies</u>	
Neither insured nor registered and held by counterparty	<u>\$ 6,145,443</u>
<u>US treasuries</u>	
Neither insured nor registered and held by counterparty	<u>\$ 3,406,759</u>
<u>Asset backed securities</u>	
Neither insured nor registered and held by counterparty	<u>\$ 471,415</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2009, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
US agencies	AAA	AAA, Aaa

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

LGIP

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, 2009, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1 year	1 year - 3 years	3 years - 9 years	9+ years
US agencies	\$ 6,145,443	\$ 612,095	\$ 2,750,684	\$ 2,782,664	\$ -
US treasuries	3,406,759	-	3,406,759	-	-
LGIP	<u>132,551</u>	<u>132,551</u>	-	-	-
Totals	<u>\$ 9,684,753</u>	<u>\$ 744,646</u>	<u>\$ 6,157,443</u>	<u>\$ 2,782,664</u>	<u>\$ -</u>

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$22,658 of delinquent personal property taxes and \$49,346 of special assessments reported in the general fund and \$14,574 of special assessments reported in the sewer utility.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

B. RECEIVABLES (cont.)

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ 15,347	\$ 13,620,913	\$ 13,636,260
Special assessments not yet due	48,883	-	48,883
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 64,230	 \$ 13,620,913	 \$ 13,685,143

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	\$ 6,939,182
Special assessments	15,560
 Total Unearned Revenue for Proprietary Funds	 \$ 6,954,742

For economic development loans, the City is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans that it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the City may generally retain \$750,000.

At December 31, 2009, the City has not exceeded the maximum amount that it may retain. However, it has recognized a liability for the estimated amount that will exceed the maximum amount it may retain.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

C. RESTRICTED ASSETS (cont.)

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2009:

	<u>Restricted Assets</u>
Bond redemption account	\$ 237,500
Bond reserve account	1,367,156
Equipment replacement account	<u>87,756</u>
Total Restricted Assets	<u><u>\$ 1,692,412</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,459,680	\$ -	\$ -	\$ 6,459,680
Construction in progress	<u>1,136,445</u>	<u>-</u>	<u>1,136,445</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>7,596,125</u>	<u>-</u>	<u>1,136,445</u>	<u>6,459,680</u>
Capital assets being depreciated				
Buildings	14,601,653	70,972	129,108	14,543,517
Roads	39,472,887	5,633,474	-	45,106,361
Bridges	2,578,031	71,197	-	2,649,228
Library Collection	3,494,889	63,414	92,662	3,465,641
Equipment, Vehicles, and Miscellaneous	<u>6,331,700</u>	<u>771,256</u>	<u>101,870</u>	<u>7,001,086</u>
Total Capital Assets Being Depreciated	<u>66,479,160</u>	<u>6,610,313</u>	<u>323,640</u>	<u>72,765,833</u>
Total Capital Assets	<u>74,075,285</u>	<u>6,610,313</u>	<u>1,460,085</u>	<u>79,225,513</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings	\$ (7,362,167)	\$ (254,000)	\$ 15,494	\$ (7,600,673)
Roads	(22,668,954)	(2,263,484)	-	(24,932,438)
Bridges	(618,159)	(54,263)	-	(672,422)
Library Collection	(3,234,715)	(64,695)	92,662	(3,206,748)
Equipment, Vehicles, and Miscellaneous	<u>(4,587,794)</u>	<u>(586,522)</u>	<u>101,870</u>	<u>(5,072,446)</u>
Total Accumulated Depreciation	<u>(38,471,789)</u>	<u>(3,222,964)</u>	<u>210,026</u>	<u>(41,484,727)</u>
Net Capital Assets Being Depreciated	<u>28,007,371</u>	<u>3,387,349</u>	<u>113,614</u>	<u>31,281,106</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 35,603,496</u>	<u>\$ 3,387,349</u>	<u>\$ 1,250,059</u>	<u>\$ 37,740,786</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 87,555
Public safety	407,550
Public works	2,581,912
Community enrichment services	<u>145,947</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,222,964</u>

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer					
Capital assets being depreciated					
Structure improvements	3,786,844	-	35,780	-	3,822,624
Sewer collection system	33,808,681	-	217,992	-	34,026,673
Machinery and equipment	<u>3,572,007</u>	<u>-</u>	<u>30,992</u>	<u>20,000</u>	<u>3,582,999</u>
Total Capital Assets Being Depreciated	<u>41,167,532</u>	<u>-</u>	<u>284,764</u>	<u>20,000</u>	<u>41,432,296</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Sewer (cont.)</u>					
Less: Accumulated depreciation for					
Structure improvements	(545,538)	(1)	(76,473)	-	(622,012)
Sewer collection system	11,728,502	(1)	(491,873)	-	12,220,376
Machinery and equipment	<u>(2,463,727)</u>	<u>(2)</u>	<u>(147,424)</u>	<u>8,400</u>	<u>(2,602,753)</u>
Total Accumulated Depreciation	<u>14,737,767</u>	<u>(4)</u>	<u>(715,770)</u>	<u>8,400</u>	<u>15,445,141</u>
Net Capital Assets Being Depreciated	<u>26,429,765</u>	<u>(4)</u>	<u>(431,006)</u>	<u>11,600</u>	<u>25,987,155</u>
Net Sewer Plant	<u>\$26,429,765</u>	<u>\$ (4)</u>	<u>\$ (431,006)</u>	<u>\$ 11,600</u>	<u>\$25,987,155</u>
	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>					
Capital assets not being depreciated					
Land	\$ -	\$ -	\$ 350	\$ -	\$ 350
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>-</u>	<u>350</u>	<u>-</u>	<u>350</u>
Capital assets being depreciated					
Intangible plant	-	-	796	-	796
Source of supply	-	-	215,707	-	215,707
Pumping	-	-	814,480	-	814,480
Transmission and distribution	-	-	16,531,403	-	16,531,403
Administrative and general	<u>-</u>	<u>-</u>	<u>370,434</u>	<u>-</u>	<u>370,434</u>
Total Capital Assets Being Depreciated	<u>-</u>	<u>-</u>	<u>17,932,820</u>	<u>-</u>	<u>17,932,820</u>
Total Capital Assets	<u>-</u>	<u>-</u>	<u>17,933,170</u>	<u>-</u>	<u>17,933,170</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water (cont.)</u>					
Less: Accumulated depreciation for					
Intangible plant	-	-	(785)	-	(785)
Source of supply	-	-	(3,465)	-	(3,465)
Pumping	-	-	(227,499)	-	(227,499)
Transmission and distribution	-	-	(1,799,488)	-	(1,799,488)
Administrative and general	-	-	(190,194)	-	(190,194)
Total Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>(2,221,431)</u>	<u>-</u>	<u>(2,221,431)</u>
Net Capital Assets Being Depreciated	<u>-</u>	<u>-</u>	<u>15,711,389</u>	<u>-</u>	<u>15,711,389</u>
Net Water Plant	<u>\$ -</u>	<u>\$ -</u>	<u>\$15,711,739</u>	<u>\$ -</u>	<u>\$15,711,739</u>
 Business-type Capital Assets, Net of Accumulated Depreciation	 <u>\$26,429,765</u>	 <u>\$ (4)</u>	 <u>\$15,280,733</u>	 <u>\$ 11,600</u>	 <u>\$41,698,894</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 715,770
Water	<u>188,867</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 904,637</u>

Expense is different from additions because of the accumulated depreciation acquired through the purchase of the net book value of water assets from WE Energies.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

E. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Non lapsing appropriations special revenue	\$ 88,000	Budget appropriations for specific projects
General fund	Capital projects fund	681,461	Budget appropriation for specific projects
Frank L. Weyenberg Library special revenue fund	General fund	898,263	Budget appropriation for specific projects
Debt service fund	Non lapsing appropriations special revenue	7,486	Library impact fees for debt service
Non lapsing appropriations special revenue	Capital projects fund	<u>1,417</u>	Budget appropriation for specific projects
Total - Fund Financial Statements		1,676,627	
Less: Fund eliminations		(1,676,627)	
Capital assets transfered from TID to Water Utility		<u>(969,676)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (969,676)</u>	

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

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 9,729,410	\$ 12,055,000	\$ 1,099,410	\$ 20,685,000	\$ 1,265,000
Other Liabilities					
Unfunded retirement liability	1,386,346	102,071	77,743	1,410,674	77,743
Capital leases	-	133,061	20,809	112,252	39,411
Compensated absences	685,514	58,889	-	744,403	-
Total Other Liabilities	<u>2,071,860</u>	<u>294,021</u>	<u>98,552</u>	<u>2,267,329</u>	<u>117,154</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,801,270</u>	<u>\$ 12,349,021</u>	<u>\$ 1,197,962</u>	<u>\$ 22,952,329</u>	<u>\$ 1,382,154</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 15,145,000	\$ -	\$ 1,800,000	\$ 13,345,000	\$ 1,780,000
Revenue bonds	-	17,125,000	-	17,125,000	475,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	531,686	(35,204)	57,714	438,768	-
Sub-totals	<u>15,676,686</u>	<u>17,089,796</u>	<u>1,857,714</u>	<u>30,908,768</u>	<u>2,255,000</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,676,686</u>	<u>\$ 17,089,796</u>	<u>\$ 1,857,714</u>	<u>\$ 30,908,768</u>	<u>\$ 2,255,000</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, 2009, was \$218,377,770. Total general obligation debt outstanding at year end was \$34,030,000.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
Open Space Preservation 2002	3/12/02	10/1/11	3.0-4.3%	\$ 2,040,000	\$ 515,000
Refunding & New Projects 2002	7/9/02	10/1/11	2.0-4.0	2,030,000	345,000
Tax incremental Improvements Bonds 2003	3/11/03	10/1/18	2.3-3.75	3,925,000	3,685,000
G.O. Promissory Notes 2005	6/18/05	10/1/14	3.25-3.875	1,645,000	1,215,000
Library Refunding Issue 2006	1/15/06	10/1/11	3.3-3.7	1,395,000	520,000
G.O. Promissory Notes 2008	12/9/08	12/1/18	3.0-4.1	2,400,000	2,350,000
Tax Incremental Build America Bonds	8/5/09	8/1/28	4.0-6.0	6,950,000	6,950,000
G.O. Promissory Notes 2009	4/30/09	4/1/19	2.0-3.5	5,105,000	<u>5,105,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 20,685,000</u>
Business-type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
2005 General Obligation Refunding Bonds	6/1/05	9/1/17	3.5-5.0%	\$ 16,965,000	<u>\$ 13,345,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 13,345,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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
2010	\$ 1,265,000	\$ 893,330	\$ 1,780,000	\$ 615,200
2011	1,570,000	789,470	1,735,000	544,000
2012	2,185,000	733,995	1,690,000	474,600
2013	1,365,000	663,743	1,630,000	407,000
2014	1,380,000	619,255	1,610,000	325,500
2015-2019	7,270,000	2,324,583	4,900,000	489,250
2020-2021	2,650,000	1,340,850	-	-
2025-2028	3,000,000	459,688	-	-
Totals	<u>\$ 20,685,000</u>	<u>\$ 7,824,914</u>	<u>\$ 13,345,000</u>	<u>\$ 2,855,550</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 \$17,125,000 in water revenue bonds issued in 2009. 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 145% of net revenues. The total principal and interest remaining to be paid on the bonds is \$26,396,729. Principal and interest paid for the current year and total customer net revenues were \$363,706 and \$941,796, respectively.

Revenue debt payable at December 31, 2009, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/09
<u>Water Utility</u>					
2009 Revenue Bonds	4/29/09	5/1/29	1.4-5.0%	\$ 17,125,000	<u>\$ 17,125,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 17,125,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 475,000	\$ 716,094
2011	500,000	708,019
2012	525,000	697,625
2013	575,000	685,225
2014	625,000	669,875
2015-2019	3,750,000	2,974,844
2020-2024	4,750,000	2,056,906
2025-2029	<u>5,925,000</u>	<u>763,141</u>
Totals	<u>\$ 17,125,000</u>	<u>\$ 9,271,729</u>

Capital Leases

Refer to Note III. G.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the water utility revenue bonds:

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

F. LONG-TERM OBLIGATIONS (cont.)

Insurance

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

The water utility is covered under the following insurance policies at December 31, 2009:

Type	Coverage	Expiration
Bodily Injury and Property Damage	\$ 3,000,000 Wausau Insurance	12/31/10
Personal and Advertising Injury	3,000,000 Wausau Insurance	12/31/10
Premises Medical Payments	10,000 Wausau Insurance	12/31/10
Errors and Omissions	3,000,000 Wausau Insurance	12/31/10
Employee Benefits Liability	3,000,000 Wausau Insurance	12/31/10
Auto Coverage	3,000,000 Wausau Insurance	12/31/10
Automobile Medical Payments Coverage	10,000 Wausau Insurance	12/31/10
Public Employee Dishonesty	250,000 Wausau Insurance	12/31/10
Damage to Premises Rented to You	250,000 Wausau Insurance	12/31/10
Workers Compensation	500,000 Wausau Insurance	12/31/10
Umbrella Liability Coverage	8,000,000 Wausau Insurance	12/31/10

Number of Customers - Water

The utility has the following number of customers and billed volumes for 2009 and 2008:

	Customers		Sales (000 gals)	
	2009	2008	2009	2008
Residential	2,878	-	150,798	1
Commercial	259	-	90,842	-
Totals	3,137	-	241,640	1

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2009 the City acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$133,061, 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, 2009, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 39,411	\$ 3,983	\$ 43,394
2011	44,929	2,411	47,340
2012	<u>27,912</u>	<u>438</u>	<u>28,350</u>
Totals	<u>\$ 112,252</u>	<u>\$ 6,832</u>	<u>\$ 119,084</u>

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2009, includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 6,459,680
Other capital assets, net of accumulated depreciation	31,281,106
Less: Long-term debt outstanding	(20,797,252)
Plus: Unspent capital related debt proceeds	5,841,039
Plus: Non-capital debt proceeds	<u>1,701,860</u>
Total Invested in Capital Assets, Net of Related Debt	<u>24,486,433</u>
Restricted	
Debt service	224,069
Loan programs	664,524
Cemetery	17,396
Parks	338,114
Library operations	<u>110,339</u>
Total Restricted	<u>1,354,442</u>
Unrestricted	<u>2,990,407</u>
Total Governmental Activities Net Assets	<u>\$ 28,831,282</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2009, include the following:

Reserved	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 22,658
Cemetery Reserve	<u>17,396</u>
Total	<u>\$ 40,054</u>
Debt Service Funds	
Reserved for debt service	<u>\$ 1,269,361</u>
Non-Major Funds	
Special Revenue Funds	
Park fund	\$ 338,114
Library fund	110,339
Revolving loan program fund	<u>664,524</u>
Sub-Total	<u>1,112,977</u>
Total Non-Major Funds	<u>\$ 1,112,977</u>
Unreserved (designated)	
Major	
Capital Projects Fund	
Designated for TID projects	4,725,257
Designated for road projects	<u>5,333,368</u>
Sub-Total	<u>10,058,625</u>
Total	<u>\$ 10,058,625</u>
Non-Major Funds	
Special Revenue Fund	
Non-lapsing appropriations special revenue fund	<u>\$ 515,594</u>
Total	<u>\$ 515,594</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (undesignated)

Major Funds

General fund	\$ <u>1,295,092</u>
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Total	\$ <u><u>1,295,092</u></u>
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Business-type Activities

Invested in capital assets, net of related debt

Land	\$ 350
Other capital assets, net of accumulated depreciation	41,698,544
Less: Long-term debt outstanding	(17,090,969)
Plus: Non-capital debt proceeds	<u>1,667,182</u>
Total Invested in Capital Assets, Net of Related Debt	<u><u>26,275,107</u></u>

Restricted

Equipment replacement	87,756
Debt service	<u>117,597</u>
Total Restricted	<u><u>205,353</u></u>

Unrestricted (deficit)	<u>(10,046,126)</u>
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Total Business-type Activities Net Assets	\$ <u><u>16,434,334</u></u>
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NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.0% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The payroll for City employees covered by the system for the year ended December 31, 2009, was \$7,865,010; the employer's total payroll was \$8,244,507. The total required contribution for the year ended December 31, 2009, was \$1,087,234 or 14.6% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2008, and 2007 were \$1,154,941 and \$1,147,067, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension-related debt for the City as of December 31, 2009 was \$1,410,674. This liability was determined in accordance with provisions of GASB Statement No. 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

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

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS December 31, 2009

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of these standards may restate portions of these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEQUON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 10,285,047	\$ 10,285,047	\$ 10,241,392	\$ (43,655)
Intergovernmental	1,762,964	1,762,964	1,790,924	27,960
Licenses and permits	1,081,000	1,081,000	1,101,106	20,106
Public charges for services	1,151,116	1,151,116	1,269,260	118,144
Investment income	327,837	327,837	89,268	(238,569)
Miscellaneous	36,000	36,000	82,201	46,201
Total Revenues	<u>14,643,964</u>	<u>14,643,964</u>	<u>14,574,151</u>	<u>(69,813)</u>
EXPENDITURES				
Current:				
General government	2,691,841	2,662,086	2,662,985	(899)
Public safety	6,479,655	6,500,179	6,550,738	(50,559)
Public works	3,610,048	3,611,984	3,470,061	141,923
Public health	29,622	29,622	29,726	(104)
Community enrichment services	708,758	708,758	689,107	19,651
Conservation and development	428,573	435,868	401,161	34,707
Debt Service				
Principal	413	413	20,808	(20,395)
Interest and fiscal charges	-	-	2,862	(2,862)
Total Expenditures	<u>13,948,910</u>	<u>13,948,910</u>	<u>13,827,448</u>	<u>121,462</u>
Excess of revenues over expenditures	<u>695,054</u>	<u>695,054</u>	<u>746,703</u>	<u>51,649</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	203,209	203,209	769,461	566,252
Transfers out	(898,263)	(898,263)	(898,263)	-
Total Other Financing Sources (Uses)	<u>(695,054)</u>	<u>(695,054)</u>	<u>(128,802)</u>	<u>566,252</u>
Net Change in Fund Balance	-	-	617,901	617,901
FUND BALANCE - Beginning of Year	<u>717,245</u>	<u>717,245</u>	<u>717,245</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 717,245</u>	<u>\$ 717,245</u>	<u>\$ 1,335,146</u>	<u>\$ 617,901</u>

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

CITY OF MEQUON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2009

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting except for capital lease transactions which are not budgeted.

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SUPPLEMENTARY INFORMATION

CITY OF MEQUON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2009

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Program Fund	Non Lapsing Appropriations Fund	Frank L. Weyenberg Library Fund	
ASSETS					
Cash and investments	\$ 338,114	\$ 664,524	\$ 579,572	\$ 196,005	\$ 1,778,215
Receivables					
Taxes	-	-	-	898,263	898,263
Accrued interest	-	-	7,618	-	7,618
Prepaid items	-	-	-	7,657	7,657
TOTAL ASSETS	<u>\$ 338,114</u>	<u>\$ 664,524</u>	<u>\$ 587,190</u>	<u>\$ 1,101,925</u>	<u>\$ 2,691,753</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 69,632	\$ 82,315	\$ 151,947
Accrued liabilities	-	-	1,964	11,008	12,972
Deferred revenues	-	-	-	898,263	898,263
Total Liabilities	<u>-</u>	<u>-</u>	<u>71,596</u>	<u>991,586</u>	<u>1,063,182</u>
Fund Balances					
Reserved for					
Park	338,114	-	-	-	338,114
Revolving loan program	-	664,524	-	-	664,524
Library	-	-	-	110,339	110,339
Unreserved, designated for					
Special revenue funds non-lapsing appropriations	<u>-</u>	<u>-</u>	<u>515,594</u>	<u>-</u>	<u>515,594</u>
Total Fund Balances	<u>338,114</u>	<u>664,524</u>	<u>515,594</u>	<u>110,339</u>	<u>1,628,571</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 338,114</u>	<u>\$ 664,524</u>	<u>\$ 587,190</u>	<u>\$ 1,101,925</u>	<u>\$ 2,691,753</u>

CITY OF MEQUON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Program Fund	Non Lapsing Appropriations Fund	Frank L. Weyenberg Library Fund	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 421,269	\$ -	\$ 421,269
Public charges for services	-	-	17,639	51,731	69,370
Intergovernmental charges for services	-	-	-	109,067	109,067
Investment income	1,613	3,174	9,577	754	15,118
Miscellaneous	<u>16,200</u>	<u>-</u>	<u>32,939</u>	<u>7,433</u>	<u>56,572</u>
Total Revenues	<u>17,813</u>	<u>3,174</u>	<u>481,424</u>	<u>168,985</u>	<u>671,396</u>
EXPENDITURES					
Current					
Public safety	-	-	38,055	-	38,055
Community enrichment services	-	-	243,763	1,048,850	1,292,613
Conservation and development	-	-	416,025	-	416,025
Capital Outlay	-	-	53,928	63,414	117,342
Debt Service					
Principal	-	-	134,411	-	134,411
Interest and fiscal charges	-	-	3,261	-	3,261
Total Expenditures	<u>-</u>	<u>-</u>	<u>889,443</u>	<u>1,112,264</u>	<u>2,001,707</u>
Excess (deficiency) of revenues over expenditures	<u>17,813</u>	<u>3,174</u>	<u>(408,019)</u>	<u>(943,279)</u>	<u>(1,330,311)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,417	898,263	899,680
Transfers out	-	-	(95,486)	-	(95,486)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(94,069)</u>	<u>898,263</u>	<u>804,194</u>
Net Change in Fund Balances	17,813	3,174	(502,088)	(45,016)	(526,117)
FUND BALANCES - Beginning of Year	<u>320,301</u>	<u>661,350</u>	<u>1,017,682</u>	<u>155,355</u>	<u>2,154,688</u>
FUND BALANCES - END OF YEAR	<u>\$338,114</u>	<u>\$664,524</u>	<u>\$ 515,594</u>	<u>\$ 110,339</u>	<u>\$ 1,628,571</u>

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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. The City implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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**CITY OF MEQUON
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS**

Table 1

	2003	2004	2005	2006	2007	2008	2009
Governmental Activities							
Invested in capital assets, net of related debt	\$ 22,725,214	\$ 23,880,322	\$ 23,336,951	\$ 25,692,983	\$ 25,489,910	\$ 27,262,961	\$ 24,486,433
Restricted	902,038	790,646	783,620	939,229	1,044,875	1,136,688	1,354,442
Unrestricted	<u>3,401,739</u>	<u>3,127,464</u>	<u>5,477,565</u>	<u>5,384,516</u>	<u>4,979,600</u>	<u>2,463,821</u>	<u>2,990,407</u>
Total governmental activities net assets	<u>\$ 27,028,991</u>	<u>\$ 27,798,432</u>	<u>\$ 29,598,136</u>	<u>\$ 32,016,728</u>	<u>\$ 31,514,385</u>	<u>\$ 30,863,470</u>	<u>\$ 28,831,282</u>
Business-type Activities							
Invested in capital assets, net of related debt	\$ 25,499,171	\$ 25,548,786	\$ 26,680,572	\$ 26,417,775	\$ 26,419,092	\$ 26,429,765	\$ 26,275,107
Restricted	188,589	176,672	300,294	199,449	119,214	115,255	205,353
Unrestricted (deficit)	<u>(17,911,016)</u>	<u>(17,958,902)</u>	<u>(18,304,072)</u>	<u>(16,082,981)</u>	<u>(14,886,924)</u>	<u>(12,986,854)</u>	<u>(10,046,126)</u>
Total business-type activities net assets	<u>\$ 7,776,744</u>	<u>\$ 7,766,556</u>	<u>\$ 8,676,794</u>	<u>\$ 10,534,243</u>	<u>\$ 11,651,382</u>	<u>\$ 13,558,166</u>	<u>\$ 16,434,334</u>
Primary Government							
Invested in capital assets, net of related debt	\$ 48,224,385	\$ 49,429,108	\$ 50,017,523	\$ 52,110,758	\$ 51,909,002	\$ 53,692,726	\$ 49,791,864
Restricted	1,090,627	967,318	1,083,914	1,138,678	1,164,089	1,251,943	1,559,795
Unrestricted (deficit)	<u>(14,509,277)</u>	<u>(14,831,438)</u>	<u>(12,826,507)</u>	<u>(10,698,465)</u>	<u>(9,907,324)</u>	<u>(10,523,033)</u>	<u>(6,086,043)</u>
Total primary government net assets	<u>\$ 34,805,735</u>	<u>\$ 35,564,988</u>	<u>\$ 38,274,930</u>	<u>\$ 42,550,971</u>	<u>\$ 43,165,767</u>	<u>\$ 44,421,636</u>	<u>\$ 45,265,616</u>

(1) According to GASB 34, a ten year trend should be shown. We implemented GASB 34 in the 2003 fiscal year. Until a 10 year trend is compiled, we will show the trend of the most current years reflecting GASB 34 standards.

**CITY OF MEQUON
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS**

Expenses	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
General Government	\$ 2,647,853	\$ 2,961,674	\$ 2,531,578	\$ 2,371,545	\$ 2,935,063	\$ 2,800,453	\$ 2,901,113
Public Safety	5,328,554	5,495,463	5,706,356	6,344,911	6,712,991	6,906,734	7,106,793
Public Works	7,304,719	5,491,973	5,581,372	5,934,382	5,841,355	6,990,267	6,324,874
Public Health	-	-	24,924	27,040	69,080	70,859	29,726
Community Enrichment	1,780,985	1,268,776	1,103,123	1,715,473	1,729,884	1,846,261	2,101,069
Conservation & development	882,130	1,324,091	1,074,075	578,174	782,014	451,213	885,745
Interest & Fiscal Charges	<u>382,908</u>	<u>364,608</u>	<u>393,407</u>	<u>467,978</u>	<u>420,005</u>	<u>413,812</u>	<u>802,613</u>
Total government activities expense	<u>18,327,149</u>	<u>16,906,585</u>	<u>16,414,835</u>	<u>17,439,503</u>	<u>18,490,392</u>	<u>19,479,599</u>	<u>20,151,933</u>
Business-type Activities:							
Water Utility	3,763	-	-	-	-	-	1,394,217
Sewer Utility	<u>5,757,945</u>	<u>6,335,818</u>	<u>8,745,619</u>	<u>9,131,324</u>	<u>8,267,629</u>	<u>8,310,045</u>	<u>8,175,180</u>
Total business-type activities expense	<u>5,761,708</u>	<u>6,335,818</u>	<u>8,745,619</u>	<u>9,131,324</u>	<u>8,267,629</u>	<u>8,310,045</u>	<u>9,569,397</u>
Total Primary Government Expense	<u>\$ 24,088,857</u>	<u>\$ 23,242,403</u>	<u>\$ 25,160,454</u>	<u>\$ 26,570,827</u>	<u>\$ 26,758,021</u>	<u>\$ 27,789,644</u>	<u>\$ 29,721,330</u>
Program Revenues							
Governmental Activities:							
Charges for Services	\$ 1,716,144	\$ 2,009,907	\$ 2,098,629	\$ 2,150,602	\$ 2,054,591	\$ 2,807,641	\$ 2,494,153
Operating Grants and Contributions	2,037,135	1,298,634	1,264,517	1,475,873	1,322,915	1,390,950	1,560,663
Capital Grants and Contributions	<u>1,123,047</u>	<u>1,848,972</u>	<u>1,779,050</u>	<u>2,437,878</u>	<u>391,706</u>	<u>201,967</u>	<u>1,265,378</u>
Total governmental activities program revenues	<u>4,876,326</u>	<u>5,157,513</u>	<u>5,142,196</u>	<u>6,064,353</u>	<u>3,769,212</u>	<u>4,400,558</u>	<u>5,320,194</u>
Business-type activities:							
Charges for Services	1,933,145	1,936,823	2,162,963	2,167,798	2,306,485	2,537,641	4,111,511
Capital Grants and Contributions	<u>549,966</u>	<u>38,841</u>	<u>712,291</u>	<u>253,060</u>	<u>224,846</u>	<u>342,099</u>	<u>137,058</u>
Total business-type activities program revenues	<u>2,483,111</u>	<u>1,975,664</u>	<u>2,875,254</u>	<u>2,420,858</u>	<u>2,531,331</u>	<u>2,879,740</u>	<u>4,248,569</u>
Total Primary Government Program Revenues	<u>\$ 7,359,437</u>	<u>\$ 7,133,177</u>	<u>\$ 8,017,450</u>	<u>\$ 8,485,211</u>	<u>\$ 6,300,543</u>	<u>\$ 7,280,298</u>	<u>\$ 9,568,763</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (13,450,823)	\$ (11,749,072)	\$ (11,272,639)	\$ (11,375,150)	\$ (14,721,180)	\$ (15,079,041)	\$ (14,831,739)
Business-type Activities	<u>(3,278,597)</u>	<u>(4,360,154)</u>	<u>(5,870,365)</u>	<u>(6,710,466)</u>	<u>(5,736,298)</u>	<u>(5,430,305)</u>	<u>(5,320,828)</u>
Total Primary Government Net Expense	<u>\$ (16,729,420)</u>	<u>\$ (16,109,226)</u>	<u>\$ (17,143,004)</u>	<u>\$ (18,085,616)</u>	<u>\$ (20,457,478)</u>	<u>\$ (20,509,346)</u>	<u>\$ (20,152,567)</u>

General Revenues and Other changes in Net Assets

Governmental Activities:							
Property Taxes	\$ 11,051,027	\$ 11,491,198	\$ 11,970,360	\$ 12,275,733	\$ 12,475,502	\$ 12,781,935	\$ 13,012,008
Intergov't'l revenues not restr to spec programs	694,101	491,975	499,970	498,368	491,521	564,524	516,656
Investment Income	169,825	89,782	322,162	734,174	951,509	672,135	193,804
Miscellaneous	617,796	182,154	240,426	263,644	249,947	394,909	46,759
Gain on sale/disposal of capital assets	-	-	39,425	21,823	50,357	14,623	-
Transfers	-	(4,551)	-	-	-	-	(969,676)
Total Governmental Activities	12,532,749	12,250,558	13,072,343	13,793,742	14,218,836	14,428,126	12,799,551
Business-type Activities:							
Property Taxes	3,669,133	4,285,524	6,325,088	7,720,789	6,197,955	7,097,470	7,170,029
Investment Income	86,919	52,000	442,473	842,084	652,407	211,832	57,291
Miscellaneous	15,239	7,891	13,042	5,042	3,075	27,787	-
Transfers	-	4,551	-	-	-	-	969,676
Total Business-type Activities	3,771,291	4,349,966	6,780,603	8,567,915	6,853,437	7,337,089	8,196,996
Total Primary Government	\$ 16,304,040	\$ 16,600,524	\$ 19,852,946	\$ 22,361,657	\$ 21,072,273	\$ 21,765,215	\$ 20,996,547
Change in Net Assets							
Governmental Activities	\$ (918,074)	\$ 501,486	\$ 1,799,704	\$ 2,418,592	\$ (502,344)	\$ (650,915)	\$ (2,032,188)
Business-type Activities	492,694	(10,188)	910,238	1,857,449	1,117,139	1,906,784	2,876,168
Total Primary Government	\$ (425,380)	\$ 491,298	\$ 2,709,942	\$ 4,276,041	\$ 614,795	\$ 1,255,869	\$ 843,980

(1) According to GASB 34, a ten year trend should be shown. We implemented GASB 34 in the 2003 fiscal year. Until a 10 year trend is compiled, we will show the the trend of the most current years reflecting GASB 34 standards.

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

Table 3

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 399,584	\$ 45,734	\$ 54,913	\$ 62,805	\$ 50,217	\$ 49,048	\$ 112,036	\$ 47,464	\$ 40,304	\$ 40,054
Unreserved	<u>2,259,736</u>	<u>2,052,526</u>	<u>1,636,979</u>	<u>1,513,374</u>	<u>1,536,585</u>	<u>1,689,413</u>	<u>2,059,663</u>	<u>1,348,673</u>	<u>676,941</u>	<u>1,295,092</u>
Total General Fund	<u>2,659,320</u>	<u>2,098,260</u>	<u>1,691,892</u>	<u>1,576,179</u>	<u>1,586,802</u>	<u>1,738,461</u>	<u>2,171,699</u>	<u>1,396,137</u>	<u>717,245</u>	<u>1,335,146</u>
All Other Governmental Funds										
Reserved	1,037,429	1,307,412	1,468,897	1,662,112	1,568,086	1,146,685	1,370,268	1,603,822	1,683,640	2,382,338
Unreserved, reported in:										
Special Revenue Funds	-	71,863	61,862	(390)	(3,519)	1,059,482	1,123,316	1,105,618	1,017,682	515,594
Capital Projects Funds	<u>1,974,370</u>	<u>2,266,332</u>	<u>2,365,508</u>	<u>2,743,418</u>	<u>2,422,942</u>	<u>4,230,240</u>	<u>3,536,770</u>	<u>3,862,819</u>	<u>3,637,816</u>	<u>10,058,625</u>
Total All Other Governmental Funds	<u>3,011,799</u>	<u>3,645,607</u>	<u>3,896,267</u>	<u>4,405,140</u>	<u>3,987,509</u>	<u>6,436,407</u>	<u>6,030,354</u>	<u>6,572,259</u>	<u>6,339,138</u>	<u>12,956,557</u>
Total Fund Balances	<u>\$ 5,671,119</u>	<u>\$ 5,743,867</u>	<u>\$ 5,588,159</u>	<u>\$ 5,981,319</u>	<u>\$ 5,574,311</u>	<u>\$ 8,174,868</u>	<u>\$ 8,202,053</u>	<u>\$ 7,968,396</u>	<u>\$ 7,056,383</u>	<u>\$ 14,291,703</u>

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

Table 4

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 11,194,446	\$ 10,320,370	\$ 10,378,009	\$ 11,051,026	\$ 11,491,198	\$ 11,970,360	\$ 12,275,733	\$ 12,475,502	\$ 12,781,935	\$ 13,012,008
Intergovernmental Revenues	1,956,748	2,713,954	3,488,835	2,731,237	1,975,663	1,971,573	2,336,159	1,710,032	1,778,612	2,888,511
Licenses & Permits	842,387	1,057,465	939,880	1,155,894	1,244,284	1,188,351	1,203,755	1,113,504	1,177,444	1,101,106
Public Charges for Services	688,094	568,443	592,185	694,775	875,964	926,186	978,734	1,025,262	1,863,998	1,518,183
Intergovernmental Charges for services	-	-	-	-	-	-	101,017	104,404	106,928	109,067
Investment Income	907,774	852,450	517,163	169,825	89,782	322,162	735,420	950,518	741,986	194,187
Other Revenues	372,702	430,230	330,164	617,796	476,669	955,777	449,649	380,545	209,300	166,023
Total Revenues	15,962,151	15,942,912	16,246,236	16,420,553	16,153,560	17,334,409	18,080,467	17,759,767	18,660,203	18,989,085
Expenditures										
Current										
General Government	2,287,801	2,365,605	2,473,709	2,579,842	2,562,126	2,492,204	2,367,786	2,877,301	2,728,441	2,662,985
Public Safety	3,502,445	3,679,440	4,734,563	4,831,245	5,156,645	5,350,414	5,997,403	6,350,569	6,521,197	6,588,793
Public Works	3,171,827	3,522,679	4,248,399	4,080,782	3,886,527	4,492,379	4,600,183	4,598,917	5,329,775	3,470,061
Public Health	-	-	-	-	-	24,924	27,040	69,080	70,859	29,726
Liesure Activities	1,244,810	809,478	852,355	144,298	90,395	98,164	-	-	-	-
Community Enrichment	-	-	-	-	-	-	1,603,463	1,661,876	1,776,535	1,981,720
Conservation and development	505,240	1,213,069	3,447,285	1,265,883	964,906	1,013,414	453,315	423,079	419,263	817,186
Fringe Benefits	1,453,794	1,697,141	-	-	-	-	-	-	-	-
Library	747,886	995,188	913,169	993,513	1,001,444	905,273	-	-	-	-
Capital Outlay	1,767,417	1,129,456	2,461,839	4,972,238	1,570,367	880,763	1,886,940	923,356	3,981,521	6,861,097
Debt Service										
Principal	1,185,000	450,000	540,000	855,000	1,059,245	795,663	835,850	811,808	851,964	1,120,219
Interest and fiscal charges	397,993	200,898	192,860	326,555	374,084	365,079	401,859	327,795	315,929	550,271
Total Expenditures	16,264,213	16,062,954	19,864,179	20,049,356	16,665,739	16,418,277	18,173,839	18,043,781	21,995,484	24,082,058

Table 4

Excess of Revenues										
Over/(Under) Expenditures	<u>(302,062)</u>	<u>(120,042)</u>	<u>(3,617,943)</u>	<u>(3,628,803)</u>	<u>(512,179)</u>	<u>916,132</u>	<u>(93,372)</u>	<u>(284,014)</u>	<u>(3,335,281)</u>	<u>(5,092,973)</u>
Other Financing Sources/(Uses)										
Transfers In	2,740,930	1,429,480	1,596,968	1,871,952	1,514,436	1,599,980	1,931,994	1,907,915	1,978,335	1,676,627
Transfers Out	(2,848,172)	(1,429,480)	(1,596,968)	(1,871,952)	(1,518,987)	(1,599,980)	(1,931,994)	(1,907,915)	(1,978,335)	(1,676,627)
Debt										
General obligation debt issued	88,000	-	4,070,000	4,099,759	109,722	1,645,000	-	-	2,400,000	12,055,000
Refunding debt issued	-	-	-	-	-	-	1,477,942	-	-	-
Refunded general obligation Debt	(2,700,493)	-	(567,609)	(80,796)	-	-	(1,370,000)	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	91,542
Capital Leases	-	-	-	-	-	-	-	-	-	133,061
Sale of Capital Assets	-	-	-	-	-	39,425	12,615	50,357	23,268	48,690
Total Other Financing Sources/(Uses)	<u>(2,719,735)</u>	<u>-</u>	<u>3,502,391</u>	<u>4,018,963</u>	<u>105,171</u>	<u>1,684,425</u>	<u>120,557</u>	<u>50,357</u>	<u>2,423,268</u>	<u>12,328,293</u>
Net Change in Fund Balances	<u>\$ (3,021,797)</u>	<u>\$ (120,042)</u>	<u>\$ (115,552)</u>	<u>\$ 390,160</u>	<u>\$ (407,008)</u>	<u>\$ 2,600,557</u>	<u>\$ 27,185</u>	<u>\$ (233,657)</u>	<u>\$ (912,013)</u>	<u>\$ 7,235,320</u>
Debt Service as a % of noncapital expenditures	10.92%	4.36%	4.21%	7.84%	9.50%	7.47%	7.60%	6.66%	6.48%	9.70%

Notes: In 2000 and 2001, fringe benefits were reported separately and are now included in the functional area totals. 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 Liesure Activities (swimming pool) components.

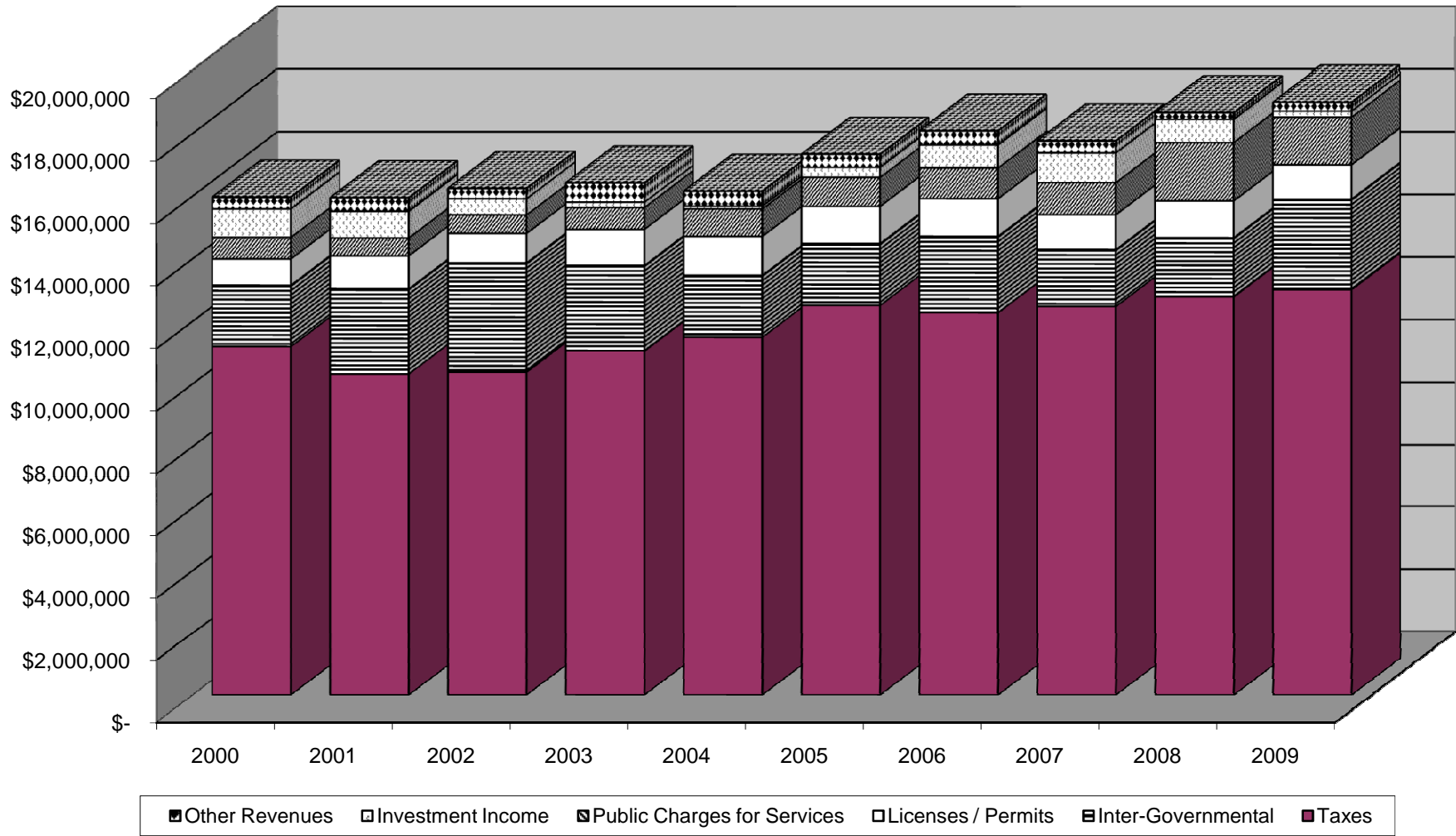
**CITY OF MEQUON, WISCONSIN
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes		Inter-Governmental		Licenses and Permits		Public Charges for Services		Investment Income		Other Revenues		Total Revenues
2000	\$ 11,194,446	70.1%	\$ 1,956,748	12.3%	\$ 842,387	5.3%	\$ 688,094	4.3%	\$ 907,774	5.7%	\$ 372,702	2.3%	\$ 15,962,151
2001	10,320,370	64.7%	2,713,954	17.0%	1,057,465	6.6%	568,443	3.6%	852,450	5.3%	430,230	2.7%	15,942,912
2002	10,378,009	63.9%	3,488,835	21.5%	939,880	5.8%	592,185	3.6%	517,163	3.2%	330,164	2.0%	16,246,236
2003	11,051,026	67.3%	2,731,237	16.6%	1,155,894	7.0%	694,775	4.2%	169,825	1.0%	617,796	3.8%	16,420,553
2004	11,491,198	71.1%	1,975,663	12.2%	1,244,284	7.7%	875,964	5.4%	89,782	0.6%	476,669	3.0%	16,153,560
2005	12,510,360	72.2%	1,971,573	11.4%	1,188,351	6.9%	926,186	5.3%	322,162	1.9%	415,777	2.4%	17,334,409
2006	12,275,733	67.9%	2,437,176	13.5%	1,203,755	6.7%	978,734	5.4%	735,420	4.1%	449,649	2.5%	18,080,467
2007	12,475,502	70.2%	1,814,436	10.2%	1,113,504	6.3%	1,025,262	5.8%	950,518	5.4%	380,545	2.1%	17,759,767
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

Includes General, Special Revenue, Debt Service, and Capital Project Funds. GASB No. 34 was implemented in 2003. Therefore, general government revenues for the year 2003 and later include funds presented as trust funds in previous years.

Source: City of Mequon Annual Financial Reports

**City of Mequon
General Governmental Revenues By Source**



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

Table 6

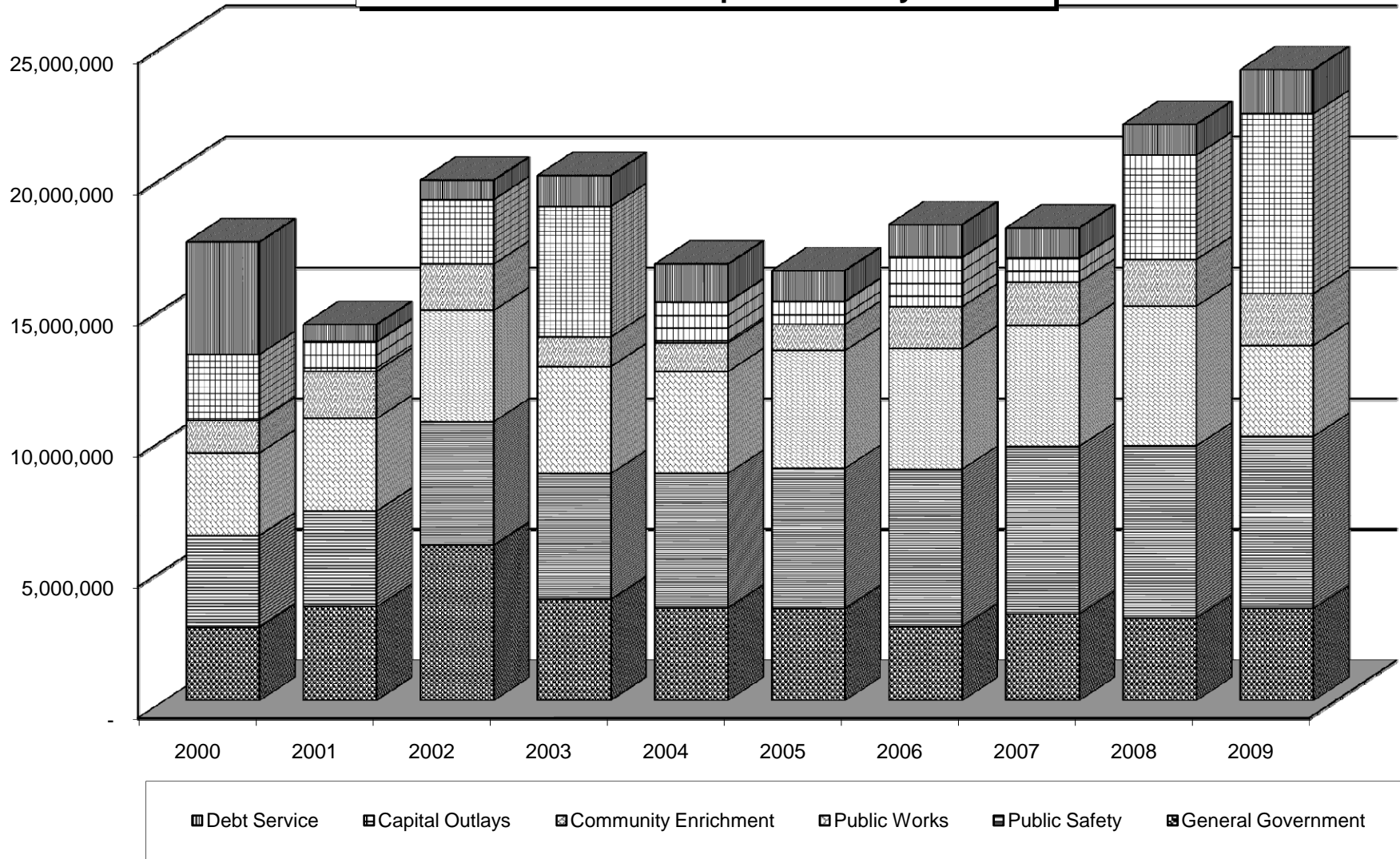
Fiscal Year	General Government		Public Safety		Public Works		Community Enrichment		Fringe Benefits		Capital Outlays		Debt Service		Total Expenditures
2000	\$ 2,793,041	14.7%	\$ 3,502,445	18.5%	\$ 3,171,827	16.7%	\$ 1,244,810	6.6%	\$ 1,453,794	7.7%	\$ 2,515,303	13.3%	\$ 4,283,486	22.6%	\$ 18,964,706
2001	3,578,674	22.3%	3,679,440	22.9%	3,522,679	21.9%	1,804,666	11.2%	1,697,141	10.6%	1,129,456	7.0%	650,898	4.1%	16,062,954
2002	5,920,994	29.8%	4,734,563	23.8%	4,248,399	21.4%	1,765,524	8.9%	-	0.0%	2,461,839	12.4%	732,860	3.7%	19,864,179
2003	3,845,725	19.2%	4,831,245	24.1%	4,080,782	20.4%	1,137,811	5.7%	-	0.0%	4,972,238	24.8%	1,181,555	5.9%	20,049,356
2004	3,527,032	21.2%	5,156,645	30.9%	3,886,527	23.3%	1,091,839	6.6%	-	0.0%	1,570,367	9.4%	1,433,329	8.6%	16,665,739
2005	3,505,618	21.4%	5,375,338	32.7%	4,492,379	27.4%	1,003,437	6.1%	-	0.0%	880,763	5.4%	1,160,742	7.1%	16,418,277
2006	2,821,101	15.5%	6,024,443	33.1%	4,600,183	25.3%	1,603,463	8.8%	-	0.0%	1,886,940	10.4%	1,237,709	6.8%	18,173,839
2007	3,300,380	18.3%	6,419,649	35.6%	4,598,917	25.5%	1,661,876	9.2%	-	0.0%	923,356	5.1%	1,139,603	6.3%	18,043,781
2008	3,147,704	14.3%	6,592,056	30.0%	5,329,775	24.2%	1,776,535	8.1%	-	0.0%	3,981,521	18.1%	1,167,893	5.3%	21,995,484
2009	3,509,897	14.6%	6,588,793	27.4%	3,470,061	14.4%	1,981,720	8.2%	-	0.0%	6,861,097	28.5%	1,670,490	6.9%	24,082,058

Includes General, Special Revenue, Debt Service, and Capital Project Funds. GASB No. 34 was implemented in 2003. Therefore, general government expenditures for the year 2003 and later include funds presented as trust funds in previous years. Public Health and Conservation and Development expenditures are reported under General government in this schedule.

In 2000 and 2001 fringe benefits were reported separately and are now included in the functional area totals. 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 Liesure Activities (swimming pool) components.

Source: City of Mequon Annual Financial Reports

**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		Ratio of Assessed to Equalized Value
		Assessed Value	Equalized Value	Assessed Value	Equalized Value	Assessed Value	Equalized Value	
1999	2000	\$ 2,375,435,460	\$ 2,465,785,200	\$ 59,492,430	\$ 61,227,300	\$ 2,434,927,890	\$ 2,527,012,500	96.36%
2000	2001	2,433,225,430	2,738,553,900	64,040,800	71,029,300	2,497,266,230	2,809,583,200	88.88%
2001	2002	2,511,627,870	2,925,505,000	55,749,640	65,545,200	2,567,377,510	2,991,050,200	85.84%
2002	2003	3,248,643,705	3,140,019,800	65,559,660	68,484,300	3,314,203,365	3,208,504,100	103.29%
2003	2004	3,312,672,300	3,383,595,000	61,012,490	61,299,300	3,373,684,790	3,444,894,300	97.93%
2004	2005	3,386,172,144	3,696,625,500	56,158,740	62,305,700	3,442,330,884	3,758,931,200	91.58%
2005	2006	3,442,763,100	3,933,107,700	56,028,120	64,279,800	3,498,791,220	3,997,387,500	87.53%
2006	2007	3,527,171,900	4,151,967,000	52,989,510	62,946,800	3,580,161,410	4,214,913,800	84.94%
2007	2008	3,587,551,600	4,508,754,200	49,002,630	60,456,500	3,636,554,230	4,569,210,700	79.59%
2008	2009	3,632,572,010	4,431,816,900	68,585,800	83,769,223	3,701,157,810	4,515,586,123	81.87%

Effective January 1, 1996, the equalized to assessed ratio developed by the Wisconsin Department of Revenue does not include agricultural land values.

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
1999	2000	\$ 0.2076	\$ 1.5505	\$ 3.9603	\$ 2.2677	\$ 12.1462	\$ 2.1180	\$ 22.2502	\$ 1.8628	\$ 20.3874	\$ 2,428,063,080
2000	2001	0.2250	2.1039	4.1282	1.6666	11.7102	2.2820	22.1159	1.8605	20.2555	2,490,013,630
2001	2002	0.2330	2.4311	4.0457	1.9648	11.9047	2.3608	22.9400	1.8260	21.1140	2,559,654,710
2002	2003	0.1936	1.8680	3.3026	1.2725	9.5728	1.9431	18.1526	1.4187	16.7340	3,303,333,765
2003	2004	0.2042	1.9797	3.3838	1.4513	9.7903	2.0163	18.8256	1.3809	17.4447	3,361,418,690
2004	2005	0.2184	2.0000	3.3943	2.0955	9.9193	2.1173	19.7449	1.3449	18.4000	3,428,838,984
2005	2006	0.2143	2.0307	3.4077	2.5077	10.0809	2.1505	20.3918	1.2989	19.0928	3,484,259,320
2006	2007	0.2068	1.9898	3.3994	1.9865	10.0674	2.0842	19.7341	1.5972	18.1369	3,564,890,610
2007	2008	0.2132	2.0258	3.4058	2.2441	10.1886	2.2266	20.3041	1.7641	18.5400	3,636,554,230
2008	2009	0.2064	1.9829	3.4139	2.2344	10.3060	2.2317	20.3752	1.9008	18.4744	3,701,157,810

PER \$1,000 OF EQUALIZED VALUE

Assess. Ratio	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
0.968	1999	2000	\$ 0.2009	\$ 1.5008	\$ 3.8336	\$ 2.1952	\$ 11.7575	\$ 2.0502	\$ 21.5382	\$ 1.8032	\$ 19.7350	\$ 2,519,547,369
0.8888	2000	2001	0.2000	1.8700	3.6692	1.4812	10.4080	2.0283	19.6566	1.6536	18.0031	2,801,423,621
0.858	2001	2002	0.1999	2.0858	3.4712	1.6858	10.2142	2.0256	19.6825	1.5667	18.1158	2,980,381,190
1.0341	2002	2003	0.2002	1.9317	3.4153	1.3159	9.8992	2.0093	18.7716	1.4671	17.3046	3,198,869,298
0.981	2003	2004	0.2003	1.9421	3.3195	1.4237	9.6042	1.9780	18.4679	1.3547	17.1132	3,433,535,652
0.9178	2004	2005	0.2004	1.8356	3.1153	1.9233	9.1039	1.9433	18.1218	1.2343	16.8875	3,744,197,440
0.8753	2005	2006	0.1876	1.7774	2.9827	2.1950	8.8238	1.8824	17.8489	1.1369	16.7120	3,980,784,727
0.8494	2006	2007	0.1757	1.6901	2.8875	1.6873	8.5512	1.7703	16.7621	1.3567	15.4055	4,196,936,406
0.7964	2007	2008	0.1698	1.6133	2.7123	1.7871	8.1139	1.7732	16.1696	1.4049	14.7647	4,549,677,732
0.8187	2008	2009	0.1689	1.6235	2.7951	1.8294	8.4380	1.8272	16.6822	1.5563	15.1259	4,481,257,016

**CITY OF MEQUON, WISCONSIN
COMPARATIVE TAX RATES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTIES WITHIN THE CEDARBURG 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	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Assessed Valuation
1999	2000	\$0.2076	\$1.5505	\$3.9603	\$0.0000	\$13.1367	\$2.1180	\$20.9730	\$1.8628	\$19.1102	\$ 6,864,800
2000	2001	0.2250	2.1039	4.1282	0.0000	11.9825	2.2820	20.7217	1.8605	18.8612	7,252,600
2001	2002	0.2330	2.4311	4.0457	0.0000	15.7087	2.3608	24.7792	1.8260	22.9532	7,722,800
2002	2003	0.1936	1.8680	3.3026	0.0000	9.7132	1.9431	17.0205	1.4187	15.6018	10,869,600
2003	2004	0.2042	1.9797	3.3838	0.0000	10.4198	2.0163	18.0038	1.3809	16.6230	12,266,100
2004	2005	0.2184	2.0000	3.3943	0.0000	10.8943	2.1173	18.6244	1.3449	17.2795	13,491,900
2005	2006	0.2143	2.0307	3.4077	0.0000	10.7007	2.1505	18.5039	1.2989	17.2050	14,531,900
2006	2007	0.2068	1.9898	3.3994	0.0000	10.3527	2.0842	18.0329	1.5972	16.4357	15,270,800
2007	2008	0.2130	2.0258	3.4058	0.0000	10.1886	2.2266	18.0598	1.7641	16.2957	15,199,500
2008	2009	0.2064	1.9829	3.4139	0.0000	11.2476	2.2317	19.0825	1.9008	17.1817	15,749,050

PER \$1,000 OF EQUALIZED VALUE

Assess. Ratio	Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Sewer Utility	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Equalized Valuation
0.968	1999	2000	\$0.2009	\$1.5008	\$3.8336	\$0.0000	\$12.7163	\$2.0502	\$20.3019	\$1.8032	\$18.4987	\$ 7,465,131
0.8888	2000	2001	0.2000	1.8700	3.6692	0.0000	10.6500	2.0283	18.4174	1.6536	16.7638	8,159,579
0.858	2001	2002	0.1999	2.0858	3.4712	0.0000	13.4780	2.0256	21.2605	1.5667	19.6939	10,669,010
1.0341	2002	2003	0.2002	1.9317	3.4153	0.0000	10.0444	2.0093	17.6009	1.4671	16.1339	9,634,802
0.981	2003	2004	0.2003	1.9421	3.3195	0.0000	10.2218	1.9780	17.6618	1.3547	16.3071	11,358,648
0.9178	2004	2005	0.2004	1.8356	3.1153	0.0000	9.9988	1.9433	17.0935	1.2343	15.8591	14,733,760
0.8753	2005	2006	0.1876	1.7774	2.9827	0.0000	9.3663	1.8824	16.1965	1.1369	15.0595	16,602,773
0.8495	2006	2007	0.1757	1.6903	2.8878	0.0000	8.7946	1.7705	15.3189	1.3568	13.9621	17,977,394
0.79637	2007	2008	0.1696	1.6133	2.7123	0.0000	8.1139	1.7732	14.3823	1.4049	12.9774	19,532,968
0.81875	2008	2009	0.1689	1.6235	2.7951	0.0000	9.2089	1.8272	15.6237	1.5563	14.0674	19,145,684

**CITY OF MEQUON, WISCONSIN
TEN LARGEST TAXPAYERS - 2009**

Name of Taxpayer	Nature of Business	Equalized Value	Net Taxes Paid	Percent of Total Taxes Levied
Centro Bradley SPE 1LP	Shopping Center	\$42,851,228	\$ 648,124	0.87%
Mequon Trail Townhomes	Apartments	28,587,273	432,382	0.58%
CJF4 LLC	Manufacturing	23,050,934	348,645	0.47%
Mequon Joint Venture	Office Building	22,300,110	337,289	0.45%
St. Mary's Hospital	Medical Clinic	20,718,823	313,372	0.42%
PJL Group	Retail Complex	19,993,160	302,396	0.41%
Lifestyle Development	Apartments	17,178,209	259,820	0.35%
Centerpoint Property Trust	Manufacturing	15,317,088	231,671	0.31%
Glen Oaks Office Park	Office Building	15,082,081	228,116	0.31%
Schmidt Mequon LLC	Retail Complex	12,204,593	184,594	0.25%
Total for Largest Taxpayers		<u>\$217,283,498</u>	<u>\$3,286,411</u>	<u>4.43%</u>

Source: City of Mequon Assessment and Tax Rolls

TEN LARGEST EMPLOYERS - 2009

Name of Employer	Product/Service	Approximate Number of Employees
Mequon-Thiensville School District	Public 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 lighting equipment	140
Piggly Wiggly	Grocery store	128
Johnson Level & Tool	Manufacturer of measuring tools	100
Granit Microsystems	Computer design and integration	92

Source: 2008 Wisconsin State Business Directory, and the 2008 Wisconsin Manufacturers Register

**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
1999	2000	\$ 9,316,858	\$ 9,329,849	100.14%	\$ 43,741	\$ 9,373,590	100.61%
2000	2001	10,309,323	10,217,225	99.11%	76,044	10,293,269	99.84%
2001	2002	10,386,758	10,277,525	98.95%	60,605	10,338,130	99.53%
2002	2003	10,945,618	10,895,240	99.54%	14,331	10,909,571	99.67%
2003	2004	11,415,897	11,243,734	98.49%	62,941	11,306,675	99.04%
2004	2005	11,663,419	11,470,430	98.35%	70,511	11,540,941	98.95%
2005	2006	11,892,706	11,732,325	98.65%	46,612	11,778,937	99.04%
2006	2007	12,139,552	11,957,195	98.50%	38,954	11,996,149	98.82%
2007	2008	12,385,261	12,246,123	98.88%	32,555	12,278,678	99.14%
2008	2009	12,595,701	12,395,036	98.41%	135,917	12,530,953	99.49%

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

REAL ESTATE	2000 R.E. ASSESSED VALUE	2001 R.E. ASSESSED VALUE	2002 R.E. ASSESSED VALUE	2003 R.E. ASSESSED VALUE	2004 R.E. ASSESSED VALUE	2005 R.E. ASSESSED VALUE	2006 R.E. ASSESSED VALUE	2007 R.E. ASSESSED VALUE	2008 R.E. ASSESSED VALUE	2009 R.E. ASSESSED VALUE
RESIDENTIAL										
LAND	\$ 697,254,100	\$ 713,002,700	\$ 982,182,300	\$ 998,800,800	\$ 1,004,146,500	\$ 1,012,033,000	\$ 1,039,998,400	\$ 1,035,685,500	\$ 1,042,087,200	\$ 1,301,196,900
IMP	1,382,074,800	1,432,787,000	1,771,160,105	1,823,864,900	1,878,559,444	1,933,457,600	1,985,967,000	2,040,248,100	2,079,365,800	2,305,497,300
TOTAL	2,079,328,900	2,145,789,700	2,753,342,405	2,822,665,700	2,882,705,944	2,945,490,600	3,025,965,400	3,075,933,600	3,121,453,000	3,606,694,200
COMMERCIAL										
LAND	81,620,800	80,893,400	100,240,300	104,162,400	108,695,200	108,083,800	107,943,400	111,959,900	114,323,700	166,065,700
IMP	185,256,200	193,061,400	272,086,200	275,430,300	290,386,600	292,741,600	300,162,000	311,522,700	319,911,000	373,292,400
TOTAL	266,877,000	273,954,800	372,326,500	379,592,700	399,081,800	400,825,400	408,105,400	423,482,600	434,234,700	539,358,100
MANUFACTURING										
LAND	9,947,100	11,255,000	14,881,400	14,050,900	14,172,300	14,847,200	15,484,100	13,775,600	13,816,400	16,832,100
IMP	57,824,900	61,545,000	80,757,200	70,543,600	64,969,800	57,849,100	54,946,200	51,482,700	52,654,400	59,424,100
TOTAL	67,772,000	72,800,000	95,638,600	84,594,500	79,142,100	72,696,300	70,430,300	65,258,300	66,471,200	76,256,200
AGRICULTURAL										
LAND/TOTAL	3,988,930	3,773,070	2,039,500	1,382,500	1,235,500	1,153,500	1,059,000	1,107,300	1,089,400	1,405,900
UNDEVELOPED										
LAND/TOTAL	979,500	920,100	2,794,900	2,823,400	2,141,800	2,103,200	2,037,000	1,970,400	1,961,000	11,608,300
AG FOREST										
LAND/TOTAL	-	-	-	-	-	929,100	884,100	1,010,100	1,005,900	1,711,600
FOREST										
LAND/TOTAL	539,800	498,200	1,400,800	1,324,800	1,377,200	20,000	20,000	244,400	244,400	444,300
OTHER										
LAND	3,648,000	3,696,800	8,167,800	7,678,000	7,755,600	7,174,900	6,894,000	6,696,400	6,617,400	7,943,400
IMP	10,091,300	10,195,200	12,933,200	12,610,700	12,732,200	12,370,100	11,776,700	11,848,500	11,568,900	11,610,100
TOTAL	13,739,300	13,892,000	21,101,000	20,288,700	20,487,800	19,545,000	18,670,700	18,544,900	18,186,300	19,553,500
TOTAL REAL ESTATE										
LAND	797,978,230	814,039,270	1,111,707,000	1,130,222,800	1,139,524,100	1,146,344,700	1,174,320,000	1,172,449,600	1,181,145,400	1,507,208,200
IMP	1,635,247,200	1,697,588,600	2,136,936,705	2,182,449,500	2,246,648,044	2,296,418,400	2,352,851,900	2,415,102,000	2,463,500,500	2,749,823,900
TOTAL	2,433,225,430	2,511,627,870	3,248,643,705	3,312,672,300	3,386,172,144	3,442,763,100	3,527,171,900	3,587,551,600	3,644,645,900	4,257,032,100
TOTAL PERSONALTY										
	64,040,800	55,749,640	65,559,660	61,012,490	56,158,740	56,028,120	52,989,510	49,002,630	68,573,110	59,588,580
TOTAL ASSESSED										
	2,497,266,230	2,567,377,510	3,314,203,365	3,373,684,790	3,442,330,884	3,498,791,220	3,580,161,410	3,636,554,230	3,713,219,010	4,316,620,680
ASSESSMENT RATIO										
	88.88%	85.80%	103.41%	98.10%	91.78%	87.53%	84.95%	79.64%	81.87%	98.83%

Effective January 1, 1996, the equalized to assessed ratio developed by the Wisconsin Department of Revenue does not include agricultural land values.

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	2000 R.E. EQUALIZED VALUE	2001 R.E. EQUALIZED VALUE	2002 R.E. EQUALIZED VALUE	2003 R.E. EQUALIZED VALUE	2004 R.E. EQUALIZED VALUE	2005 R.E. EQUALIZED VALUE	2006 R.E. EQUALIZED VALUE	2007 R.E. EQUALIZED VALUE	2008 R.E. EQUALIZED VALUE	2009 R.E. EQUALIZED VALUE
RESIDENTIAL										
LAND	\$ 758,648,600	\$ 818,545,600	\$ 876,896,700	\$ 1,010,222,200	\$ 1,105,446,300	\$ 1,167,557,400	\$ 1,240,727,700	\$ 1,340,202,700	\$ 1,251,357,800	\$ 1,217,495,600
IMP	1,568,135,800	1,653,753,100	1,777,067,100	1,874,956,400	2,049,235,300	2,213,296,300	2,350,089,800	2,554,164,200	2,530,569,300	2,427,509,100
TOTAL	2,326,784,400	2,472,298,700	2,653,963,800	2,885,178,600	3,154,681,600	3,380,853,700	3,590,817,500	3,894,366,900	3,781,927,100	3,645,004,700
COMMERCIAL										
LAND	84,774,800	89,469,800	88,366,300	92,890,000	117,175,800	120,347,500	124,238,600	127,866,200	147,769,200	150,340,300
IMP	229,563,100	254,640,200	277,240,100	288,063,100	311,116,400	319,530,600	324,966,600	370,447,700	382,630,100	408,365,500
TOTAL	314,337,900	344,110,000	365,606,400	380,953,100	428,292,200	439,878,100	449,205,200	498,313,900	530,399,300	558,705,800
MANUFACTURING										
LAND	11,191,300	13,117,800	14,390,700	14,323,100	15,441,000	16,963,000	18,266,800	17,297,800	16,875,400	17,030,500
IMP	65,056,300	71,730,600	78,094,200	71,911,500	70,785,300	66,093,100	64,820,300	64,646,500	64,311,400	60,125,400
TOTAL	76,247,600	84,848,400	92,484,900	86,234,600	86,226,300	83,056,100	83,087,100	81,944,300	81,186,800	77,155,900
AGRICULTURAL										
LAND/TOTAL	3,437,300	3,891,100	1,963,800	1,392,000	1,353,200	1,337,300	1,299,800	1,385,700	1,306,800	1,373,500
UNDEVELOPED										
LAND/TOTAL	4,195,800	4,201,600	4,901,600	7,333,600	4,575,300	5,553,600	5,152,100	5,431,300	4,625,100	8,048,000
AG FOREST										
LAND/TOTAL FOREST	-	-	-	-	-	2,478,000	2,567,500	2,962,500	5,245,000	4,459,000
OTHER										
LAND/TOTAL	2,151,300	2,304,300	2,876,100	3,242,400	3,157,500	60,000	65,000	75,000	2,129,000	1,560,000
LAND	2,527,000	2,739,200	8,341,000	6,748,700	7,103,000	7,832,300	7,005,600	10,803,000	12,246,000	8,495,900
IMP	8,872,600	11,111,700	9,882,200	12,512,000	11,236,400	12,058,600	12,767,200	13,471,600	12,751,800	11,750,400
TOTAL	11,399,600	13,850,900	18,223,200	19,260,700	18,339,400	19,890,900	19,772,800	24,274,600	24,997,800	20,246,300
TOTAL REAL ESTATE										
LAND	866,926,100	934,269,400	997,736,200	1,136,152,000	1,254,252,100	1,322,129,100	1,399,323,100	1,506,024,200	1,441,554,300	1,408,802,800
IMP	1,871,627,800	1,991,235,600	2,142,283,600	2,247,443,000	2,442,373,400	2,610,978,600	2,752,643,900	3,002,730,000	2,990,262,600	2,907,750,400
TOTAL	2,738,553,900	2,925,505,000	3,140,019,800	3,383,595,000	3,696,625,500	3,933,107,700	4,151,967,000	4,508,754,200	4,431,816,900	4,316,553,200
TOTAL PERSONALTY										
	71,029,300	65,545,200	68,484,300	61,299,300	62,305,700	64,279,800	62,946,800	60,456,500	68,585,800	51,002,200
TOTAL EQUALIZED	2,809,583,200	2,991,050,200	3,208,504,100	3,444,894,300	3,758,931,200	3,997,387,500	4,214,913,800	4,569,210,700	4,500,402,700	4,367,555,400

Effective January 1, 1999, business computers are exempt from property taxes.

Effective January 1, 1996, the equalized to assessed ratio developed by the Wisconsin Department of Revenue does not include agricultural land values.

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

**CITY OF MEQUON
EQUALIZED VALUE OF TAXABLE PROPERTY REDUCED BY TID
LAST TEN FISCAL YEARS**

Levy Year	Fiscal Year	Real Property		Personal Property		Total		Ratio of Assessed to Equalized Value	TID Value Increments	Equalized Value Reduced by TID
		Equalized Value	Equalized Value	Equalized Value	Equalized Value	Equalized Value	Equalized Value			
1999	2000	\$ 2,465,785,200	\$ 61,227,300	\$ 2,527,012,500	96.80%	\$ 85,463,800	\$ 2,441,548,700			
2000	2001	2,738,553,900	71,029,300	2,809,583,200	88.88%	-	2,809,583,200			
2001	2002	2,925,505,000	65,545,200	2,991,050,200	85.80%	-	2,991,050,200			
2002	2003	3,140,019,800	68,484,300	3,208,504,100	103.41%	-	3,208,504,100			
2003	2004	3,383,595,000	61,299,300	3,444,894,300	98.10%	-	3,444,894,300			
2004	2005	3,696,625,500	62,305,700	3,758,931,200	91.78%	6,737,700	3,752,193,500			
2005	2006	3,933,107,700	64,279,800	3,997,387,500	87.53%	10,058,400	3,987,329,100			
2006	2007	4,151,967,000	62,946,800	4,214,913,800	84.94%	10,728,600	4,204,185,200			
2007	2008	4,508,754,200	60,456,500	4,569,210,700	79.64%	13,473,600	4,555,737,100			
2008	2009	4,432,109,100	68,293,600	4,500,402,700	81.87%	14,171,900	4,486,230,800			

Effective January 1, 1996, the equalized to assessed ratio developed by the Wisconsin Department of Revenue does not include agricultural land values.

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	
2000	\$ 2,490,013,630	\$ 2,801,423,621	\$ -	\$ 2,801,423,621	\$ 7,252,600	\$ 8,159,579	\$ 2,497,266,230	\$ 2,809,583,200	\$ 2,809,583,200	
2001	2,559,654,710	2,980,381,190	-	2,980,381,190	7,722,800	10,669,010	2,567,377,510	2,991,050,200	2,991,050,200	
2002	3,303,333,765	3,198,869,298	-	3,198,869,298	10,869,600	9,634,802	3,314,203,365	3,208,504,100	3,208,504,100	
2003	3,361,418,690	3,433,535,652	-	3,433,535,652	12,266,100	11,358,648	3,373,684,790	3,444,894,300	3,444,894,300	
2004	3,428,838,984	3,737,459,740	6,737,700	3,744,197,440	13,491,900	14,733,760	3,442,330,884	3,752,193,500	3,758,931,200	
2005	3,484,259,320	3,970,726,327	10,058,400	3,980,784,727	14,531,900	16,602,773	3,498,791,220	3,987,329,100	3,997,387,500	
2006	3,564,890,610	4,186,207,806	10,728,600	4,196,936,406	15,270,800	17,977,394	3,580,161,410	4,204,185,200	4,214,913,800	
2007	3,636,554,230	4,536,204,132	13,473,600	4,549,677,732	15,199,500	19,532,968	3,651,753,730	4,555,737,100	4,569,210,700	
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	

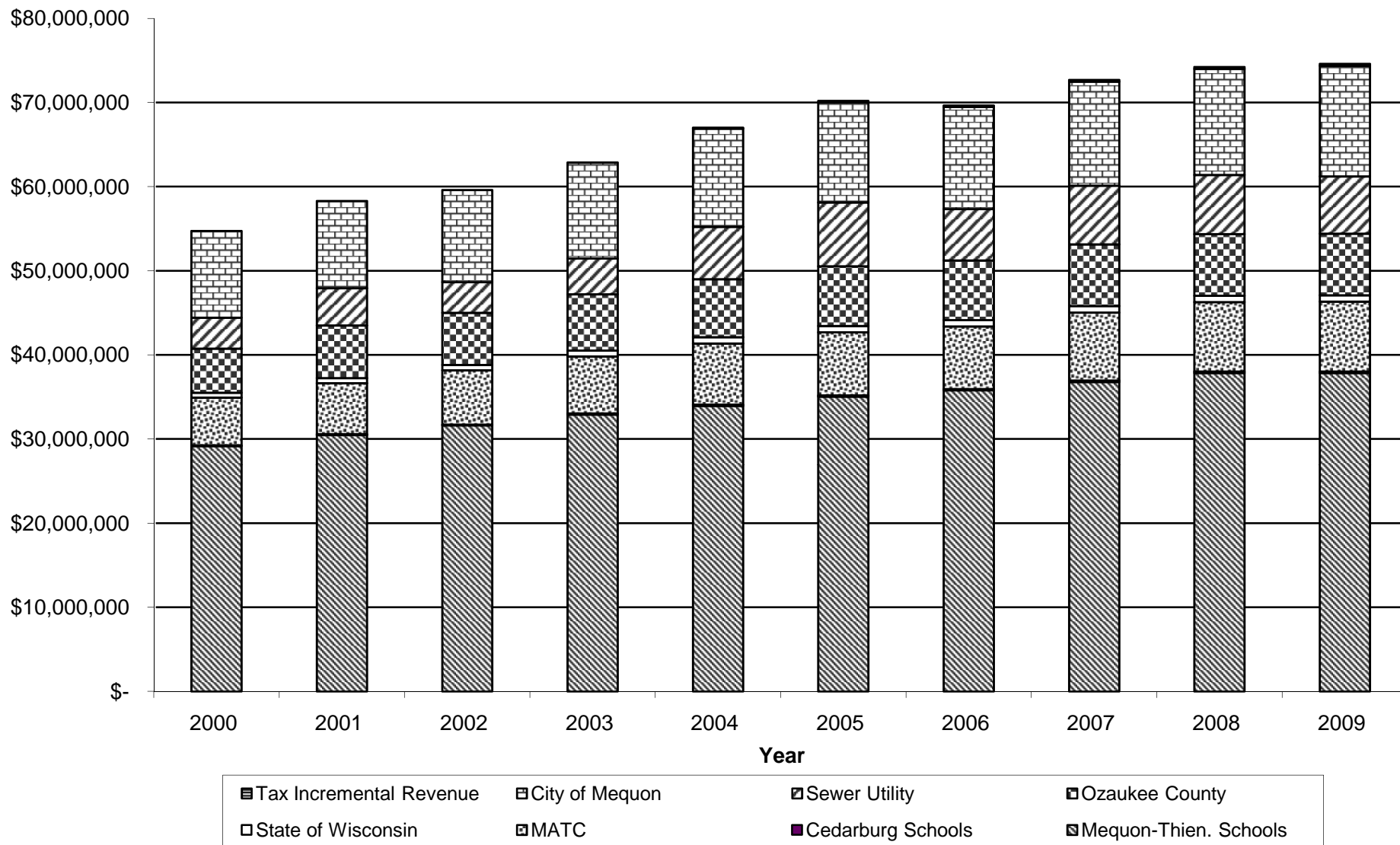
Source: " Statement of Assessments and Tax Levy Certifications from the Mequon-Thiensville School District and School District of Cedarburg

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

<u>Collection Year</u>	<u>Levy Year</u>	<u>State of Wisconsin</u>	<u>Ozaukee County</u>	<u>City of Mequon</u>	<u>MATC</u>	<u>Mequon-Thien. Schools</u>	<u>Cedarburg Schools</u>	<u>Sewer Utility</u>	<u>Tax Incremental Revenue</u>	<u>Gross Tax Levy</u>
2001	2000	\$ 561,917	\$ 5,254,074	\$ 10,309,323	\$ 5,698,818	\$ 29,158,495	\$ 86,904	\$ 3,666,332	\$ -	\$ 54,735,863
2002	2001	598,210	6,241,430	10,386,758	6,061,061	30,471,961	121,315	4,433,458	-	58,314,194
2003	2002	641,701	6,190,950	10,945,618	6,439,790	31,622,141	105,578	3,662,652	-	59,608,430
2004	2003	688,979	6,678,829	11,415,897	6,802,419	32,909,140	127,810	4,250,300	-	62,873,374
2005	2004	751,786	6,872,392	11,663,419	7,275,495	33,950,486	146,985	6,249,013	120,512	67,030,088
2006	2005	749,830	7,087,007	11,892,706	7,505,333	35,035,576	155,502	7,594,021	177,641	70,197,616
2007	2006	740,185	7,105,496	12,139,552	7,442,929	35,797,542	158,094	6,099,913	177,914	69,661,625
2008	2007	775,423	7,345,515	12,348,739	8,073,075	36,787,236	173,880	6,981,068	221,639	72,706,575
2009	2008	763,746	7,316,059	12,595,713	8,233,771	37,861,589	177,139	7,054,699	240,841	74,243,557
2010	2009	741,200	7,311,380	13,151,619	8,317,409	37,854,117	183,466	6,805,924	249,548	74,614,663

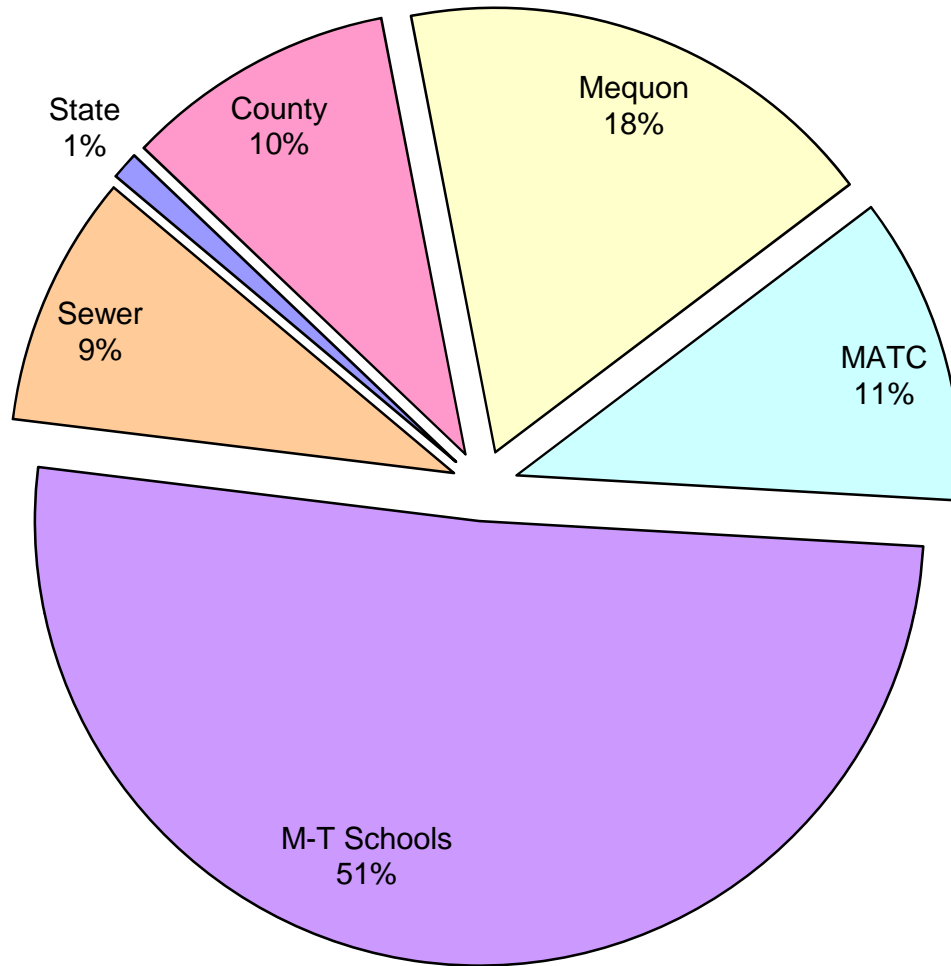
Source: " Statement of Taxes and Tax District Treasurer's Settlements"

Comparative Tax Levies Last Ten Fiscal Years



City of Mequon 2009 Tax Levy Distribution

Mequon-Thiensville School District with sewer



2009 Tax Levy information

<u>State</u>	<u>County</u>	<u>MATC</u>	<u>Mequon</u>	<u>Sewer</u>	<u>M-T School</u>	<u>Total</u>
\$741,200	\$7,311,380	\$8,317,409	\$13,151,619	\$6,805,924	\$37,854,117	\$74,181,649

**CITY OF MEQUON, WISCONSIN
RATIO OF NET GENERAL OBLIGATION DEBT TO EQUALIZED VALUE
LAST TEN FISCAL YEARS**

As of 31-Dec	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
2000	\$ 27,351,882	\$ -	\$ 27,351,882	\$ 2,809,583,200	\$ 140,479,160	19.47%	21,823	\$ 1,253	\$ 9.74
2001	26,423,967	-	26,423,967	2,991,050,200	149,552,510	17.67%	22,631	1,168	8.83
2002	29,010,796	-	29,010,796	3,208,504,100	160,425,205	18.08%	23,121	1,255	9.04
2003	31,737,289	408,521	31,328,768	3,444,894,300	172,244,715	18.19%	23,222	1,349	9.09
2004	30,214,419	279,505	29,934,914	3,758,931,200	187,946,560	15.93%	23,416	1,278	7.96
2005	47,370,000	286,840	47,083,160	3,997,387,500	199,869,375	23.56%	23,468	2,006	11.78
2006	44,485,000	388,331	44,096,669	4,214,913,800	210,745,690	20.92%	23,485	1,878	10.46
2007	25,146,374	490,020	24,656,354	4,569,210,700	228,460,535	10.79%	23,565	1,046	5.40
2008	24,874,411	541,533	24,332,878	4,500,402,700	225,020,135	10.81%	23,670	1,028	5.41
2009	34,030,000	1,266,906	32,763,094	4,367,555,400	218,377,770	15.00%	23,660	1,385	7.50

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.

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	General Obligation Bonds/Notes				
2000	\$ 7,860,000	\$ -	\$ 24,410,000	\$ 32,270,000	\$ 2,527,012,500	\$ 12.77	
2001	6,675,000	-	22,775,000	29,450,000	2,809,583,200	10.48	
2002	6,630,000	-	22,300,000	28,930,000	2,991,050,200	9.67	
2003	9,872,289	-	21,865,000	31,737,289	3,208,504,100	9.89	
2004	8,839,419	-	21,375,000	30,214,419	3,444,894,300	8.77	
2005	9,565,000	-	37,805,000	47,370,000	3,758,931,200	12.60	
2006	8,845,000	-	35,640,000	44,485,000	3,997,387,500	11.13	
2007	8,181,374	-	16,965,000	25,146,374	4,214,913,800	5.97	
2008	9,729,111	-	15,145,000	24,874,111	4,584,669,290	5.43	
2009	13,735,000	6,950,000	13,345,000	34,030,000	4,367,555,400	7.79	

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

Table 19

Values in thousands of dollars

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Equalized Value of Real and Personal Property	\$ 2,809,583	\$ 2,991,050	\$ 3,208,504	\$ 3,444,894	\$ 3,758,931	\$ 3,997,388	\$ 4,214,914	\$ 4,569,211	\$ 4,500,403	\$ 4,367,555
General Obligation Debt Limit	\$ 140,479	\$ 149,553	\$ 160,425	\$ 172,245	\$ 187,947	\$ 199,869	\$ 210,746	\$ 228,461	\$ 225,020	\$ 218,378
Five (5) Percent of Equalized Valuation per Section 67.03 of the Wisconsin Statutes										
Amount of Debt Applicable to Debt Limitation:										
General Obligation Bonds/Notes	<u>27,352</u>	<u>26,424</u>	<u>29,011</u>	<u>31,737</u>	<u>30,214</u>	<u>47,370</u>	<u>44,485</u>	<u>25,146</u>	<u>24,874</u>	<u>34,030</u>
Net O/S GO Debt Applicable to Debt Limitation	<u>27,352</u>	<u>26,424</u>	<u>29,011</u>	<u>31,737</u>	<u>30,214</u>	<u>47,370</u>	<u>44,485</u>	<u>25,146</u>	<u>24,874</u>	<u>34,030</u>
Legal margin for New Debt	<u>\$ 113,127</u>	<u>\$ 123,129</u>	<u>\$ 131,414</u>	<u>\$ 140,507</u>	<u>\$ 157,732</u>	<u>\$ 152,499</u>	<u>\$ 166,261</u>	<u>\$ 203,314</u>	<u>\$ 200,146</u>	<u>\$ 184,348</u>
Total net debt applicable to the limit as a percentage of debt limit.	19.47%	17.67%	18.08%	18.43%	16.08%	23.70%	21.11%	11.01%	11.05%	15.58%

**CITY OF MEQUON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2009**

Taxing Authority	Debt as of 12/31/09	Percent Applicable to City	Direct and Overlapping Debt	Total Debt per Capita
City of Mequon	\$ 34,030,000	100.00%	\$ 34,030,000	\$ 1,438
MATC	94,630,000	5.60%	5,299,280	224
Ozaukee County	17,511,580	39.51%	6,918,825	292
Mequon-Thiensville School	22,587,573	93.56%	21,131,804	893
Cedarburg School District	24,382,000	0.84%	203,834	9
Totals	<u>\$ 193,141,153</u>		<u>\$ 67,583,743</u>	<u>\$ 2,855</u>

Source: City of Mequon Annual Financial Reports and Ehlers Incorporated Final Official Statements

**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		
2000	\$ 1,185,000	\$ 397,993	\$ 1,582,993	\$ 13,585,468	11.65%
2001	450,000	200,898	650,898	13,448,454	4.84%
2002	540,000	192,860	732,860	13,853,291	5.29%
2003	855,000	326,555	1,181,555	13,741,816	8.60%
2004	1,025,000	365,002	1,390,002	14,021,684	9.91%
2005	755,000	327,966	1,082,966	14,534,216	7.45%
2006	2,115,000	393,446	2,508,446	16,138,155	15.54%
2007	805,000	316,587	1,121,587	15,886,472	7.06%
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%

(A) Includes only City portion of debt service.

(B) Includes General Fund and Debt Service Fund.

**CITY OF MEQUON
COMPUTATION OF LEGAL DEBT MARGIN
AS OF DECEMBER 31, 2009**

Equalized Value of Real and Personal Property	<u>\$4,367,555,400</u>
Real Property	\$4,307,263,694
Personal Property	\$60,291,706
Legal Debt Limit, 5% of Equalized Valuation (Wisconsin Statutory Limitation)	\$218,377,770
<u>Amount of Debt Applicable to Debt Limitation:</u>	
Total General Obligation Bonds, Notes, Purchase Contracts Outstanding December 31, 2009	<u>\$34,030,000</u>
Remaining Legal Debt Margin	<u>\$184,347,770</u>
Percent of Debt Outstanding to Equalized Value	0.78%
Percent of Legal Debt Limit Used	15.58%
Percent of Legal Debt Limit Available	84.42%

ADDITIONAL DIRECT AND OVERLAPPING DEBT INFORMATION

<u>Taxing Authority</u>	<u>Debt as of 12/31/09</u>	<u>% Applicable to City</u>	<u>Direct and Overlapping Debt</u>	<u>Total Debt per Capita</u>
City of Mequon	\$ 34,030,000	100.00%	\$ 34,030,000	\$ 1,438
MATC	94,630,000	5.60%	5,299,280	224
Ozaukee County	17,511,580	39.51%	6,918,825	292
Mequon-Thiensville School	22,587,573	93.56%	21,131,804	893
Cedarburg School District	<u>24,382,000</u>	0.84%	<u>203,834</u>	<u>9</u>
Totals:	\$ 193,141,153		\$ 67,583,743	\$ 2,855

Source: City of Mequon Annual Financial Reports and Ehlers Official Statements

**CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT
PRINCIPAL PAYMENTS
DECEMBER 31, 2009**

Year	Totals	2006A Library Bonds	2002A G.O. Bonds	2002B G.O. Bonds	2003A G.O. Bonds	2005A G.O. Notes	2005B Refunding Bonds	2008 G.O. Notes	2009A G.O. Notes	2009B G.O. Bonds
2010	3,045,000	250,000	250,000	175,000	235,000	60,000	1,780,000	125,000	170,000	-
2011	3,305,000	270,000	265,000	170,000	290,000	55,000	1,735,000	200,000	320,000	-
2012	3,875,000	-	-	-	320,000	620,000	1,690,000	735,000	510,000	-
2013	2,995,000	-	-	-	350,000	280,000	1,630,000	215,000	520,000	-
2014	2,990,000	-	-	-	380,000	200,000	1,610,000	215,000	585,000	-
2015	3,020,000	-	-	-	415,000	-	1,640,000	215,000	600,000	150,000
2016	3,220,000	-	-	-	520,000	-	1,635,000	215,000	600,000	250,000
2017	3,255,000	-	-	-	565,000	-	1,625,000	215,000	600,000	250,000
2018	1,725,000	-	-	-	610,000	-	-	215,000	600,000	300,000
2019	950,000	-	-	-	-	-	-	-	600,000	350,000
2020	400,000	-	-	-	-	-	-	-	-	400,000
2021	450,000	-	-	-	-	-	-	-	-	450,000
2022	550,000	-	-	-	-	-	-	-	-	550,000
2023	600,000	-	-	-	-	-	-	-	-	600,000
2024	650,000	-	-	-	-	-	-	-	-	650,000
2025	675,000	-	-	-	-	-	-	-	-	675,000
2026	725,000	-	-	-	-	-	-	-	-	725,000
2027	775,000	-	-	-	-	-	-	-	-	775,000
2028	825,000	-	-	-	-	-	-	-	-	825,000
Totals	<u>\$ 34,030,000</u>	<u>\$ 520,000</u>	<u>\$ 515,000</u>	<u>\$ 345,000</u>	<u>\$ 3,685,000</u>	<u>\$ 1,215,000</u>	<u>\$ 13,345,000</u>	<u>\$ 2,350,000</u>	<u>\$ 5,105,000</u>	<u>\$ 6,950,000</u>

**CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT
INTEREST PAYMENTS
DECEMBER 31, 2009**

Year	Totals	2006A Library Bonds	2002A G.O. Bonds	2002B G.O. Bonds	2003A G.O. Bonds	2005A G.O. Notes	2005B Refunding Bonds	2008 G.O. Notes	2009A G.O. Notes	2009B G.O. Bonds
2010	\$ 1,508,530	\$ 18,990	\$ 21,895	\$ 13,538	\$ 127,010	\$ 45,525	\$ 615,200	\$ 81,475	\$ 212,210	\$ 372,688
2011	1,333,470	9,990	11,395	6,800	119,960	43,425	544,000	77,725	143,300	376,875
2012	1,208,595	-	-	-	110,970	41,500	474,600	71,725	132,925	376,875
2013	1,070,743	-	-	-	100,730	18,250	407,000	47,838	120,050	376,875
2014	944,755	-	-	-	89,005	7,750	325,500	40,850	104,775	376,875
2015	818,475	-	-	-	76,275	-	245,000	33,325	87,000	376,875
2016	690,095	-	-	-	61,958	-	163,000	25,263	69,000	370,875
2017	551,823	-	-	-	43,498	-	81,250	17,200	50,250	359,625
2018	410,190	-	-	-	22,875	-	-	8,815	30,750	347,750
2019	343,250	-	-	-	-	-	-	-	10,500	332,750
2020	315,250	-	-	-	-	-	-	-	-	315,250
2021	295,250	-	-	-	-	-	-	-	-	295,250
2022	272,750	-	-	-	-	-	-	-	-	272,750
2023	244,700	-	-	-	-	-	-	-	-	244,700
2024	212,900	-	-	-	-	-	-	-	-	212,900
2025	176,500	-	-	-	-	-	-	-	-	176,500
2026	137,688	-	-	-	-	-	-	-	-	137,688
2027	96,000	-	-	-	-	-	-	-	-	96,000
2028	49,500	-	-	-	-	-	-	-	-	49,500
Totals	<u>\$ 10,680,463</u>	<u>\$ 28,980</u>	<u>\$ 33,290</u>	<u>\$ 20,338</u>	<u>\$ 752,280</u>	<u>\$ 156,450</u>	<u>\$ 2,855,550</u>	<u>\$ 404,215</u>	<u>\$ 960,760</u>	<u>\$ 5,468,601</u>

CITY OF MEQUON
Current Schedule of Debt Service 2009 - 2019

UNPAID PRINCIPAL BAL

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL 12/31 PRINCIPAL BAL</u>
2009	\$20,685,000	\$ 13,345,000	\$ 17,125,000	\$ 51,155,000
2010	19,420,000	11,565,000	16,650,000	47,635,000
2011	17,850,000	9,830,000	16,150,000	43,830,000
2012	15,665,000	8,140,000	15,625,000	39,430,000
2013	14,300,000	6,510,000	15,050,000	35,860,000
2014	12,920,000	4,900,000	14,425,000	32,245,000
2015	11,540,000	3,260,000	13,750,000	28,550,000
2016	9,555,000	1,625,000	13,050,000	24,230,000
2017	8,325,000	-	12,300,000	20,625,000
2018	6,600,000	-	11,500,000	18,100,000
2019	5,650,000	-	10,675,000	16,325,000

UNPAID INTEREST BALANCES

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL 12/31 INT PAYABLE</u>
2010	\$ 7,824,913	\$ 2,855,505	\$ 9,271,728	\$ 19,952,145
2010	6,931,583	2,240,305	8,555,634	17,727,521
2011	6,142,113	1,696,305	7,847,615	15,686,033
2012	5,408,158	1,221,705	7,149,990	13,779,853
2013	4,744,416	814,705	6,464,765	12,023,886
2014	4,125,161	489,205	5,794,890	10,409,255
2015	3,551,686	244,205	5,145,421	8,941,312
2016	3,024,591	81,250	4,520,015	7,625,856
2017	2,554,018	-	3,921,859	6,475,877
2018	2,143,828	-	3,354,703	5,498,531
2019	1,800,578	-	2,820,047	4,620,624

UNPAID PRINCIPAL & INTEREST DUE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL 12/31 PRIN & INTEREST</u>
2010	\$28,509,913	\$ 16,200,505	\$ 26,396,728	\$ 71,107,145
2010	26,351,583	13,805,305	25,205,634	65,362,521
2011	23,992,113	11,526,305	23,997,615	59,516,033
2012	21,073,158	9,361,705	22,774,990	53,209,853
2013	19,044,416	7,324,705	21,514,765	47,883,886
2014	17,045,161	5,389,205	20,219,890	42,654,255
2015	15,091,686	3,504,205	18,895,421	37,491,312
2016	12,579,591	1,706,250	17,570,015	31,855,856
2017	10,879,018	-	16,221,859	27,100,877
2018	8,743,828	-	14,854,703	23,598,531
2019	7,450,578	-	13,495,047	20,945,624

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

Fiscal Year	Net Revenues	Current Expense	Net Revenue Available for Debt Service	Maximum Annual Debt Service Coverage			
				Principal	Interest	Total	Coverage
2009	\$ 1,657,208	\$ 704,545	\$ 952,663	\$ -	\$ 363,706	\$ 363,706	2.62

2009 is the first year that we had revenue bonds outstanding. Until a 10 year trend is compiled, we will show the trend of the most current years.

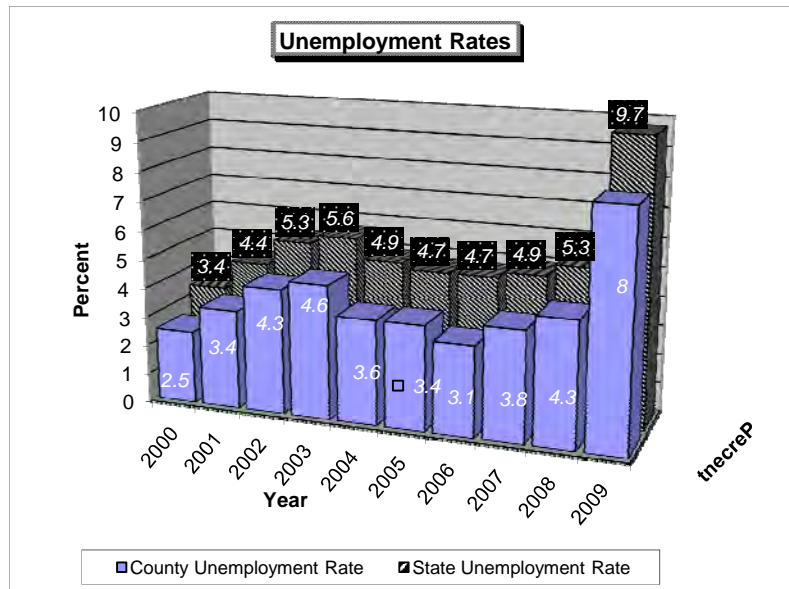
Note: As defined by the bond resolution, net revenues are operating revenues of the water system plus investment income and current expenses are operating expenses of the water system but do not include depreciation.

**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>
2000	47,644	46,465	1,179
2001	47,928	46,315	1,613
2002	47,661	45,598	2,063
2003	48,006	45,780	2,226
2004	47,815	46,087	1,728
2005	47,761	46,019	1,742
2006	48,467	46,975	1,492
2007	48,874	47,026	1,848
2008	48,407	46,117	2,290
2009	46,327	42,642	3,685

Source: Wisconsin Department of Workforce Development



Source: Wisconsin Department of Workforce Development

CITY OF MEQUON

ADDITIONAL DEMOGRAPHIC INFORMATION

Breakdown of Housing Units	2008	2009	(%)	Population:		
Total Dwelling Units	9,229	9,258		1960		8,543
Single Family	6,995	7,020	76%	1970		12,150
Plex (2-4 units/bldg.)	1,545	1,549	17%	1980		16,193
Multi-Family (5+ units/bldg.)	689	689	7%	1990		18,885
				2000		21,823
				2005		23,468
				2006		23,485
				2007		23,565
				2008		23,670
				2009		23,660
Gender Composition	1990	2000				
Female	50.0%	50.7%				
Male	50.0%	49.3%				
Race Comparison	1990	2000				
White	96.2%	94.2%				
Black or African American	2.3%	2.3%				
American Indian, Eskimo	0.1%	0.1%				
Asian or Pacific Islander	1.3%	2.4%				
Other	0.1%	1.0%				
Age Composition	1990	2000				
Under 5 years	8.8%	5.5%				
5 - 14 years	13.5%	17.2%				
15 - 19 years	7.6%	7.3%				
20 - 24 years	5.3%	2.3%				
25 - 34 years	10.9%	6.0%				
35 - 44 years	19.0%	16.9%				
45 - 54 years	13.6%	19.3%				
55 - 64 years	10.4%	11.9%				
Over 64 years	10.9%	13.6%				
Median Age (yrs)		42.5				
Household Income Information	1990	2000				
Less than \$15,000	5.9%	3.3%				
\$15,000 - \$24,999	7.1%	4.0%				
\$25,000 - \$34,999	10.2%	6.3%				
\$35,000 - \$49,999	15.0%	9.1%				
\$50,000 - \$74,999	23.3%	16.8%				
\$75,000 - \$99,999	14.5%	16.0%				
\$100,000 - 149,999	10.7%	19.7%				
\$150,000 +	13.3%	24.8%				
Median Household Income	\$60,900	\$90,733				
				Housing Valuations	2008	2009
				\$0 - \$99,000	0.78%	0.48%
				\$100,000 - \$199,000	18.16%	8.82%
				\$200,000 - \$299,000	33.18%	30.21%
				\$300,000 - \$399,000	15.76%	20.18%
				\$400,000 - \$499,000	12.24%	13.74%
				\$500,000 - \$799,000	14.35%	18.63%
				\$800,000 - \$1,000,000	2.99%	3.91%
				\$1,000,000 and up	2.54%	4.02%
				Average Assessed Value	\$368,147	\$424,854
				Median Assessed Value	\$281,300	\$342,800
				Average Persons Per Household		2.56
				Educational Attainment - 2000*		
				Ninth Grade Education or lower		1.6%
				High School Diploma or higher		96.1%
				Bachelors degree or higher		59.6%
				* Population 25 years and older		
				Occupational Composition - 2000		
				Managerial & Professional		59.3%
				Service Occupations		6.7%
				Sales and office occupations		24.3%
				Farming, fishing and forestry		0.2%
				Construction and maintenance		3.4%
				Production and transportation		6.1%

Source: U.S. Census Bureau, Wisconsin Department of Revenue, Wisconsin Department of Administration,
 Note: Housing counts are based on 2000 U.S. Census + annual building permits between Jan. 1, 2000 and Dec. 31, 2009.
 Population numbers from 2001 - 2009 are based on State of Wisconsin estimates.
 Housing values are per City Assessor records.

**CITY OF MEQUON
MISCELLANEOUS STATISTICS**

Table 29

GENERAL:	2004	2005	2006	2007	2008	2009
Area in Square Miles	46.88	46.88	46.88	46.88	46.88	46.88
Population	23,416	23,468	23,485	23,565	23,670	23,660
Equalized Valuations (\$000)	3,758,951	3,997,388	4,214,913	4,569,211	4,500,403	4,367,555

PUBLIC SAFETY	2004	2005	2006	2007	2008	2009
Number of Police Stations	1	1	1	1	1	1
Number of Sworn Police Officers	36	34	34	38	38	38
Number of Fire Stations	2	2	2	2	2	2

PARKS	2004	2005	2006	2007	2008	2009
Acres of Parkland	948.40	1,080.90	1080.9	1080.9	1177.8	1177.8
Number of Parks	20	22	22	22	25	25

LIBRARY:	2004	2005	2006	2007	2008	2009
Circulation	340,943	325,097	331,816	323,299	327,760	335,654
Total Items Owned	134,625	137,923	132,520	124,159	115,521	128,515

INFRASTRUCTURE	2004	2005	2006	2007	2008	2009
Miles of State Highway System	17.2	17.2	17.2	17.2	17.2	15.45
Miles of County Highway System	6.08	6.08	6.08	6.08	6.08	7.7
Miles of Local Roads and Streets	204.87	209.06	210.67	212.4	212.4	211.4
Miles of Sanitary Sewer Main	150	151.5	152.17	152.17	152.82	152.87
Miles of Water Main	N/A	N/A	N/A	N/A	N/A	76.92
Number of Bridges	23	23	23	23	23	23
Miles of Bike Trails	45.7	46.37	48.7	48.7	49.43	49.43

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

	2003	2004	2005	2006	2007	2008	2009
General Government							
Building Permits Issued	689	729	697	715	638	601	579
Valuation (Thousands)	94,623	80,111	94,420	69,570	76,820	42,970	42,411
Police							
Calls for service	n/a	17,773	16,388	17,194	17,548	17,321	16,352
Physical Arrests	n/a	851	1,063	963	970	1,076	968
Reportable Traffic crashes	n/a	298	343	275	290	267	259
Fire							
Calls for service	348	362	334	348	345	324	318
Ambulance							
Calls for service	945	999	1,036	1,114	1,163	1,165	955
Parks							
Acres of Parkland maintained	948	948	1,080	1,080	1,080	1,177	1,177
Pavillion Rentals	63	84	81	76	77	81	58
Pool Attendance	25,336	19,076	28,228	24,201	20,101	21,509	19,184
Library							
Library Visits	179,758	190,008	160,290	162,045	154,869	155,418	150,481
Circulation	348,775	340,943	325,097	331,816	322,300	326,586	335,654
Summer Programs Attendance	3,862	4,129	3,714	4,352	4,445	5,712	5,793

(1) According to GASB 34, a ten year trend should be shown. We implemented GASB 34 in the 2003 fiscal year. Until a 10 year trend is compiled, we will show the the trend of the most current years reflecting GASB 34 standards.

(2) Various City departments provided the information shown above.

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

	Valuation (\$mil)	# Permits
2000	\$ 67.56	641
2001	\$ 87.02	576
2002	\$ 55.33	606
2003	\$ 94.62	689
2004	\$ 80.11	729
2005	\$ 94.42	697
2006	\$ 69.57	715
2007	\$ 76.82	638
2008	\$ 42.97	601
2009	\$ 42.41	579

