



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

For The Year Ended December 31, 2015

Comprehensive Annual Financial Report



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015**



**CITY OF MEQUON
WISCONSIN**

Prepared by:

William Jones
City Administrator

Thomas Watson
Finance Director

Published June 6, 2016

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As of and for the Year Ended December 31, 2015

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INTRODUCTORY SECTION

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FINANCE DEPARTMENT

Thomas W. Watson, CMA, CFM, CPFO Finance Director/Treasurer
Veronica Rudychev, Assistant Finance Director

June 6, 2016

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

The Comprehensive Annual Financial Report for the City of Mequon, Wisconsin, for the fiscal year ended December 31, 2015, is hereby submitted. This report consists of management's representations concerning the finances of the City of Mequon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mequon has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mequon's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Mequon's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Baker Tilly Virchow Krause, LLP, a firm of certified public accountants and consultants has audited the City of Mequon's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mequon for the fiscal year ended December 31, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that the City's financial statements for the year ended December 31, 2015 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mequon's MD&A can be found immediately following the report of the independent auditors.

This report includes all funds of the City. It includes all governmental organizations and activities for which the City's Common Council is financially accountable. The City provides a full range of municipal services normally associated with a municipality including general administration, police and fire protection, the construction and maintenance of highways, streets, and related infrastructure, recreational activities, cultural events, and economic development. In addition to general activities, the Common Council exercises authority over the Mequon Sewer Utility and Mequon Water Utility; therefore these activities are included in the financial statements. However, the Mequon-Thiensville (M-T) and Cedarburg School Districts and the Milwaukee Area Technical College are autonomous entities and have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

COMMUNITY PROFILE

The City is located in Ozaukee County, bordering Milwaukee County to its south and Lake Michigan to its east, and covers 47 square miles. The City was incorporated in 1957 and has a 2015 population of 23,793 (per state Department of Administration).

The eight-member Council is elected by ward for overlapping three-year terms. The mayor is elected at large for a three-year term. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as the appointment of members of various statutory and advisory boards and the City Administrator. As Chief Administrative Officer, the City Administrator has the responsibility of administering programs in accordance with policies established by the City Council and within the guidelines of the annual budget adopted by the City Council.

All departments of the City of Mequon are required to submit requests for appropriation for all governmental activities to the City Administrator each year. The City Administrator uses these requests as the starting point for developing a proposed budget for governmental activities. The City Administrator presents the proposed budget for all governmental activities to the Common Council, meeting as the Appropriations Committee, in early October for review. The Appropriations Committee meets with the City Administrator and all department heads shortly after receiving the proposed budget. The City is required to hold a public hearing on the proposed budget, which is held the second Tuesday in November. The governmental activities budget is generally adopted at the first Common Council meeting in November at which time the required property tax levy is established.

ECONOMIC CONDITION AND OUTLOOK

Unemployment has historically been very low in the Milwaukee metropolitan area. In Ozaukee County the unemployment rates were 4.2 percent in 2014 and 3.7 percent in 2015. This still compares favorably with the Wisconsin unemployment rates of 5.4 and 4.6 percent respectively.

Mequon's 2015 equalized property value stands at over \$4.3 billion. Housing values on a full market basis reversed a recent downward trend, increasing 5.7% over the previous year. In 2015, the City generated over \$62 million worth of valuation in construction permits. The City maintains an Aa1 bond rating from Moody's Investors Service, based in part on the relatively strong economic climate of the City.

MAJOR INITIATIVES FOR THE YEAR (2015):

Mequon Town Center

The Common Council continues their implementation efforts for the Town Center and expanded appropriate areas for additional single-family residential development served by public water and sewer. As a result of rezoning efforts for conservation subdivisions at one acre densities, the City has approved approximately 250 new lots through platting efforts by residential developers. The City expects 25-30 new lots to come into the market each year for the next 5-8 years. With the addition of mixed-use residential development, 170 new dwelling units were added to the Town Center. Market studies suggest there is still a greater demand in the City's competitive markets for additional market-rate and senior housing apartments. Given the approved developments that are pending construction, the City expects to secure an additional \$24 million dollars in new development value for Town Center. The new one acre single-family development and mixed residential development will significantly influence the success of the redevelopment of the City's traditional neighborhood. As projects are constructed the City continues to invest further in streetscape improvements by establishing a public/private partnership with the developers of these Town Center sites.

Development Approvals

Major commercial development initiatives for 2016 include development in both of the City's commercial areas (Port Washington Road and Town Center). The estimated new tax base value based on the major projects below total \$12,000,000. These projects are evidence that appropriately planned commercial development is assisting in the City's goal of rebalancing the commercial tax base. These private invests in our community include the following:

- The establishment of several new retailers and service oriented uses including Leo & Lou, Get Happy Chocolates, Elements Massage, Collectivo Cofee, Café Hollander, Ruby Tap, Super Cuts and Orange Theory Fitness.
- Major investment by Froedert Hospital in the opening of a new medical office and rehabilitation center.
- The construction of a new office development for a local, family-owned business, Richmond Investment Advisors.
- Adaptive reuse of a historic landmark for commercial operations.

FOR THE FUTURE (2016)

Business Outreach and Programs

The Economic Development Board has set a work program for 2016 with includes implementation of a Business Retention and Outreach plan as well as focus groups with existing commercial entities within sectors of retail and service and industrial. In addition the Board facilitates and makes recommendations related to economic incentives for business and development. These programs include the following: Revolving Loan Program, TID development incentives and a Town Center Business Loan Program. The Board is looking to establish another community reinvestment program with a local financial institution with the goal of attracting new businesses to the City.

Community-Wide Survey

The City will continue to develop programs that implement development goals and objectives as a result of the community-wide survey. These results will also assist staff in the reevaluation of the City's Zoning Code, Architectural Design Standards for commercial development and expansion of areas to be developed for single and multiple-family residential development within portions of the community that can be served with expanded public water and sewer infrastructure.

Tax Increment Finance Districts

The City has four TID's to manage and promote redevelopment opportunities. These efforts include long-term financial strategies, data monitoring, private/public partnerships to accomplish infrastructure and streetscape enhancements, coordination with consultants and the Wisconsin Department of Transportation and pursuing and evaluating the type of redevelopment desired for these neighborhoods.

City Real Estate Needs

The Economic Development Board will serve the Common Council and provide advice on several matters relating to real estate opportunities, as well as the evaluation of any development proposal in which economic incentives are requested. The City continues to provide education and outreach for County sponsored programs for housing rehabilitation related to the City's older housing stock.

FINANCIAL MANAGEMENT

Budgetary Controls

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

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

RISK MANAGEMENT

Third-party insurance coverage is currently maintained for health, dental and life insurance, worker's compensation, property, liability and other potential losses.

CASH MANAGEMENT

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 \$87,000 on all investments for the year ended December 31, 2015. The average return on investment was approximately one quarter of one percent.

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mequon for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This was the second year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine the City's eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



William Jones
City Administrator



Thomas Watson
Director of Finance

CITY OF MEQUON, WISCONSIN
DIRECTORY OF OFFICIALS

As of December 31, 2015

ELECTED OFFICIALS

Mayor Dan Abendroth

Common Council

District 1	Alderman Robert Strzelczyk	District 2	Alderman Connie Pukaite
District 3	Alderman Dale Mayr	District 4	Alderman John Leszczynski
District 5	Alderman Mark Gierl	District 6	Alderman John Hawkins
District 7	Alderman Andrew Nerbun	District 8	Alderman Pamela Adams

.....
APPOINTED OFFICIALS

William Jones, City Administrator/City Clerk

Jesse Thyges, Assistant City Administrator

Caroline Fochs, Deputy City Clerk

Steve Graff, Police Chief

David Bialk, Fire Chief

Thomas Watson, Finance Director

Kristen Lundeen, Public Works Director/City Engineer

Kim Tollefson, Planning and Community Development Director

Don Curran, Director of Parks and Operations

Mike Grota, City Assessor



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
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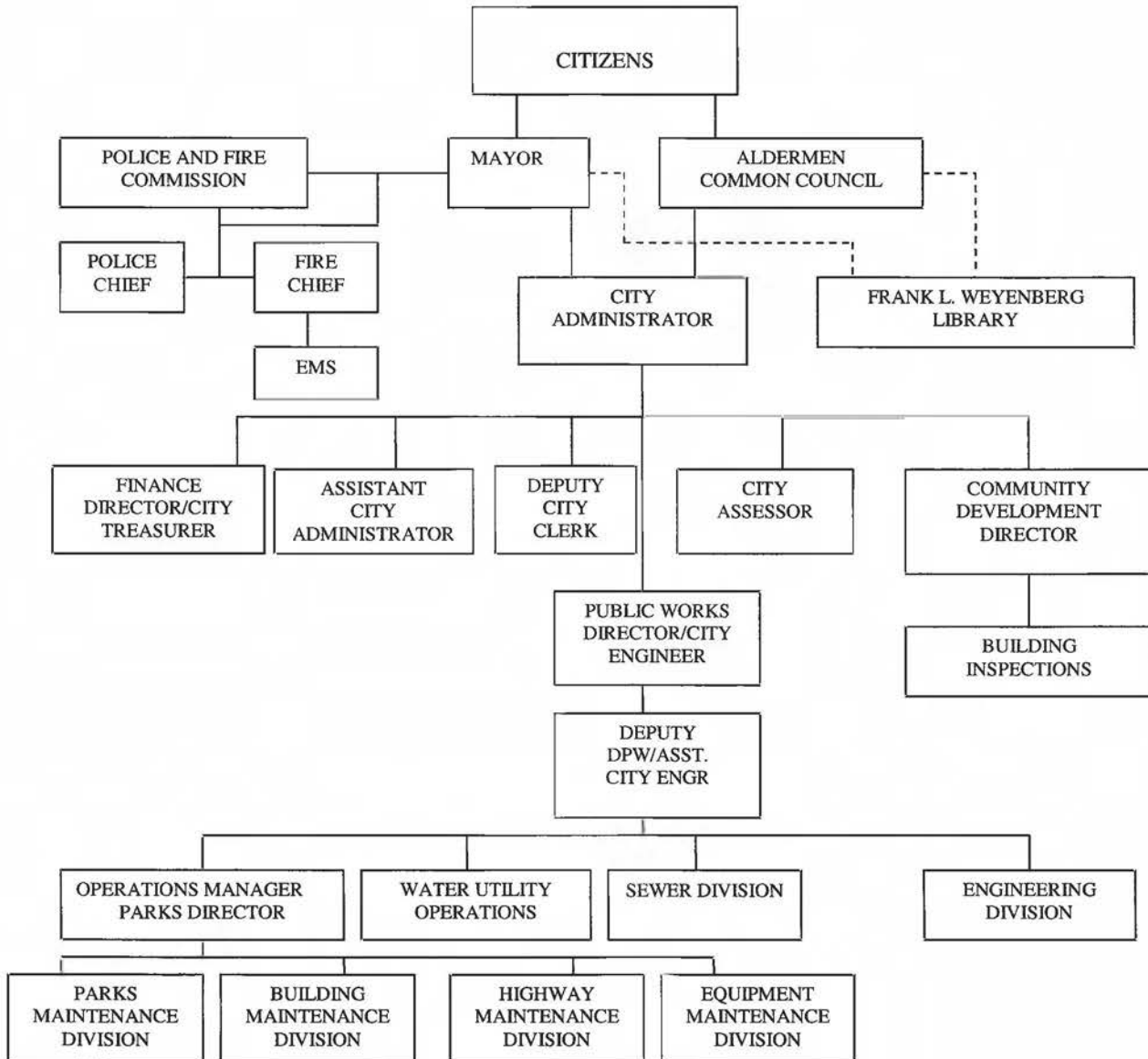
**City of Mequon
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City of Mequon Organizational Chart



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of Mequon
Mequon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mequon, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Mequon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Common Council
City of Mequon

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mequon, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Mequon adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

To the Common Council
City of Mequon

Other Information

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

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
June 6, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This discussion and analysis of the City of Mequon's financial performance is intended to provide an overview of the City's financial activities for the fiscal year ended December 31, 2015. Please consider it in conjunction with the City's financial statements, which begin on page 26, following this narrative.

FINANCIAL HIGHLIGHTS

- ✓ With total assets and deferred outflows of \$133.4 million and total liabilities and deferred inflows of \$70.1 million, the total net position of the City of Mequon stood at approximately \$63.3 million at the close of the 2015 fiscal year, an increase of 20% from the previous year.
- ✓ As of December 31, 2015 the City of Mequon's governmental funds reported combined ending fund balances of approximately \$9.3 million, an increase of \$875 thousand (10.4%) compared to the prior year. This increase was related to the issuance of debt for major capital projects. Approximately \$2 million or 21.4% of the total fund balances are available for spending at the government's discretion (unassigned fund balance).
- ✓ At the close of the fiscal year the City of Mequon's unassigned general fund balance totaled approximately \$2.5 million, a decrease of 1.4% from the previous fiscal year. This represents 15.8% of the \$15.8 million adopted 2016 General Fund budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 26 through 28 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mequon, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. All of the funds of the City of Mequon can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

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

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

Compliance with the City's annual operating budget for the year ended December 31, 2015 is reported in the *Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual - General Fund* which is found on page 82.

The governmental fund financial statements can be found beginning on page 29 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 35 of this report.

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

The fiduciary fund financial statements can be found on page 40 of this report.

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

The notes to the financial statements can be found beginning on page 41 of this report.

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 85.

Government-wide Financial Analysis

The City of Mequon's statement of net position is summarized in the table on the following page. The City's assets exceeded liabilities by approximately \$63.3 million at the close of 2015. The majority of total assets (66.1%) reflect the City's investment in capital assets including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Mequon, Wisconsin
Summary Statement of Net Position
December 31, 2015 and 2014

	Governmental		Business-type		Totals	
	Activities		Activities		2015	2014
	2015	2014	2015	2014		
Current & Other Assets	\$ 30,124,045	\$ 27,211,464	\$ 14,526,337	\$ 13,388,949	\$ 44,650,382	\$ 40,600,413
Capital Assets (net)	35,857,117	34,641,617	51,232,727	43,541,677	87,089,844	78,183,294
Total Assets	\$ 65,981,162	\$ 61,853,081	\$ 65,759,064	\$ 56,930,626	\$ 131,740,226	\$ 118,783,707
Deferred Outflows of Resources	\$ 1,569,572	\$ -	\$ 68,061	\$ -	\$ 1,637,633	\$ -
Current Liabilities	\$ 2,271,623	\$ 2,337,771	\$ 966,775	\$ 840,294	\$ 3,238,398	\$ 3,178,065
Non-Current Liabilities	26,801,679	22,515,701	18,673,801	19,671,513	45,475,480	42,187,214
Total Liabilities	\$ 29,073,302	\$ 24,853,472	\$ 19,640,576	\$ 20,511,807	\$ 48,713,878	\$ 45,365,279
Deferred Inflows of Resources	\$ 14,161,887	\$ 13,650,801	\$ 7,190,245	\$ 7,028,689	\$ 21,352,132	\$ 20,679,490
Net Position						
Net investment in capital assets	\$ 16,159,417	\$ 20,105,141	\$ 37,426,354	\$ 30,361,789	\$ 52,547,275	\$ 49,428,434
Restricted	2,277,291	1,067,412	410,727	329,024	2,688,018	1,396,436
Unrestricted (deficit)	5,878,837	2,176,255	1,159,223	(1,300,683)	8,076,556	1,914,068
Total Net Position	\$ 24,315,545	\$ 23,348,808	\$ 38,996,304	\$ 29,390,130	\$ 63,311,849	\$ 52,738,938
Total Net Position as a % of Total Liabilities and Deferred Inflows	56.2%	60.6%	145.3%	106.7%	90.4%	79.9%
Unrestricted Net Position as a % of Total Liabilities and Deferred Inflows	13.6%	5.7%	4.3%	-4.7%	11.5%	2.9%

The net position section includes an adjustment for capital assets owned by the business-type activities but financed by the debt of the governmental activities. Amounts will not cross-foot as a result. See Note I.D.10.

A portion of the City's net position (4.2%) represents resources that are subject to other restrictions as to how they may be used. The remainder of total net position may be used to meet the City's on-going obligations to its citizens and creditors.

At the end of 2015, the City is able to report positive balances in all of the categories of net position for the governmental activities and the government as a whole as well as all categories for business-type activities.

The former deficit in the Business-Type Activities group was 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 position is typical or appropriate will begin to develop. Total net position at the end of 2015 was approximately \$24.3 million or approximately 56% of the total liabilities and deferred inflows for governmental activities.

In June 2012, the GASB issued statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. These standards were implemented January 1, 2015. Therefore, the City has restated beginning net position related to the implementation. The City's 2014 comparative data as presented in this Management's Discussion and Analysis does not reflect the restatement. The restatement of net position resulted in an increase of governmental activities' net position at January 1, 2015 of \$2,987,630 and an increase of business-type activities' net position at January 1, 2015 of \$132,620.

Statement of Activities

Total net position of the City of Mequon increased by \$7,452,661 (13%) in 2015, due primarily to the capital contributions noted from the Bayside Water Expansion and Bayside Hermitage Road extension for \$7.4 million.

Net position of the City's governmental activities totaled \$24,315,545 as of December 31, 2015. Governmental activities for the year decreased net position by \$2,020,893. Operating grants and contributions increased \$284,589 and Capital grants and contributions increased \$84,843. Governmental expenses decreased \$467,948. The City's unrestricted net position for governmental activities, that part of net position that can be used to finance day-to-day activities, was \$5,878,837. Restricted net position for governmental activities included \$696,191 for revolving loan programs, \$115,411 for Tax Increment District development purposes, \$9,043 for cemetery maintenance and \$1,456,646 for pension liabilities.

Net position of the City's business-type activities totaled \$38,996,304, an increase of \$9,473,554, due primarily to expansion of the Mequon Water Utility.

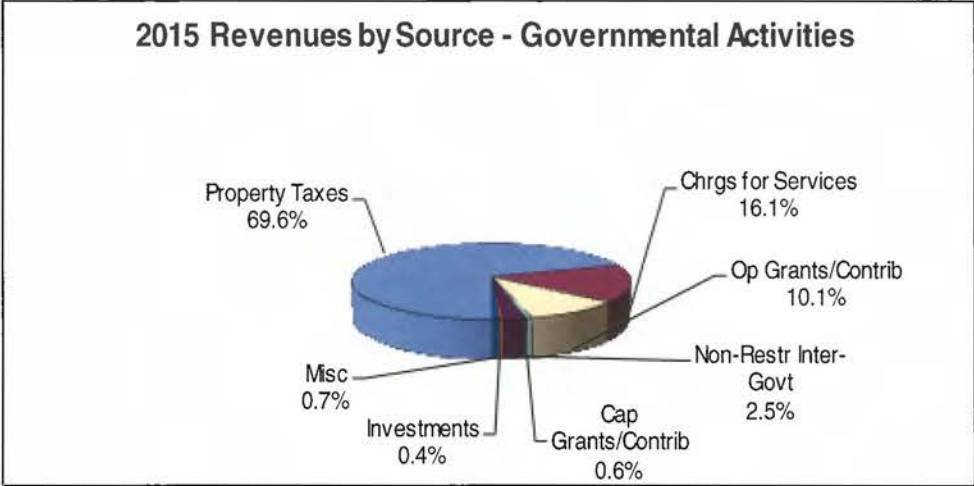
The following table illustrates the change in net position for the City of Mequon for fiscal years ended December 31, 2015 and 2014:

STATEMENT OF ACTIVITIES
For The Years Ended December 31, 2015 and 2014

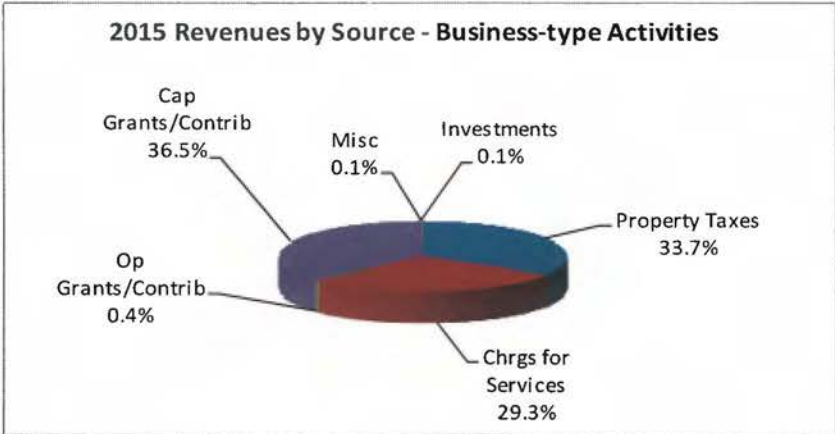
	Governmental		Business-type		Totals	
	Activities		Activities		2015	2014
	2015	2014	2015	2014		
Revenues						
Program Revenues						
Charges for services	\$ 3,172,991	\$ 3,114,438	\$ 6,141,213	\$ 6,325,368	\$ 9,314,204	\$ 9,439,806
Operating grants and contributions	1,984,048	1,699,459	82,334	-	2,066,382	1,699,459
Capital grants and contributions	122,435	37,592	7,650,793	250,456	7,773,228	288,048
General Revenues						
Property Taxes	13,712,286	13,599,333	7,066,677	6,573,910	20,778,963	20,173,243
Intergovernmental revenues not restricted to specific programs	483,431	520,889	-	-	483,431	520,889
Investment income	71,707	111,539	14,976	8,063	86,683	119,602
Other	144,054	15,651	18,243	64,486	162,297	80,137
Total Revenues	\$ 19,690,952	\$ 19,098,901	\$ 20,974,236	\$ 13,222,283	\$ 40,665,188	\$ 32,321,184
Expenses						
General government	\$ 2,827,161	\$ 2,866,025	\$ -	\$ -	\$ 2,827,161	\$ 2,866,025
Public safety	7,658,522	7,180,846	-	-	7,658,522	7,180,846
Public works	6,510,601	7,097,071	-	-	6,510,601	7,097,071
Public health	2,692	3,606	-	-	2,692	3,606
Community enrichment services	1,832,803	2,051,348	-	-	1,832,803	2,051,348
Conservation and development	1,963,424	2,194,912	-	-	1,963,424	2,194,912
Interest and fiscal charges	916,642	785,985	-	-	916,642	785,985
Sewer utility	-	-	9,052,567	8,339,805	9,052,567	8,339,805
Water utility	-	-	2,448,115	2,252,945	2,448,115	2,252,945
Total Expenses	\$ 21,711,845	\$ 22,179,793	\$ 11,500,682	\$ 10,592,750	\$ 33,212,527	\$ 32,772,543
Change in net position	\$ (2,020,893)	\$ (3,080,892)	\$ 9,473,554	\$ 2,629,533	\$ 7,452,661	\$ (451,359)
Net Position - beginning of year (restated)	26,336,438	26,429,700	29,522,750	26,760,597	55,859,188	53,190,297
Net Position - end of year	\$ 24,315,545	\$ 23,348,808	\$ 38,996,304	\$ 29,390,130	\$ 63,311,849	\$ 52,738,938

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 69.6% of its revenue from this single source. State aids not restricted to specific programs comprise only 2.5% of the City’s revenues while other operating and capital grants and contributions comprise 10.1%. Charges for services continue to be of significant importance, accounting for 16.1% of revenues.

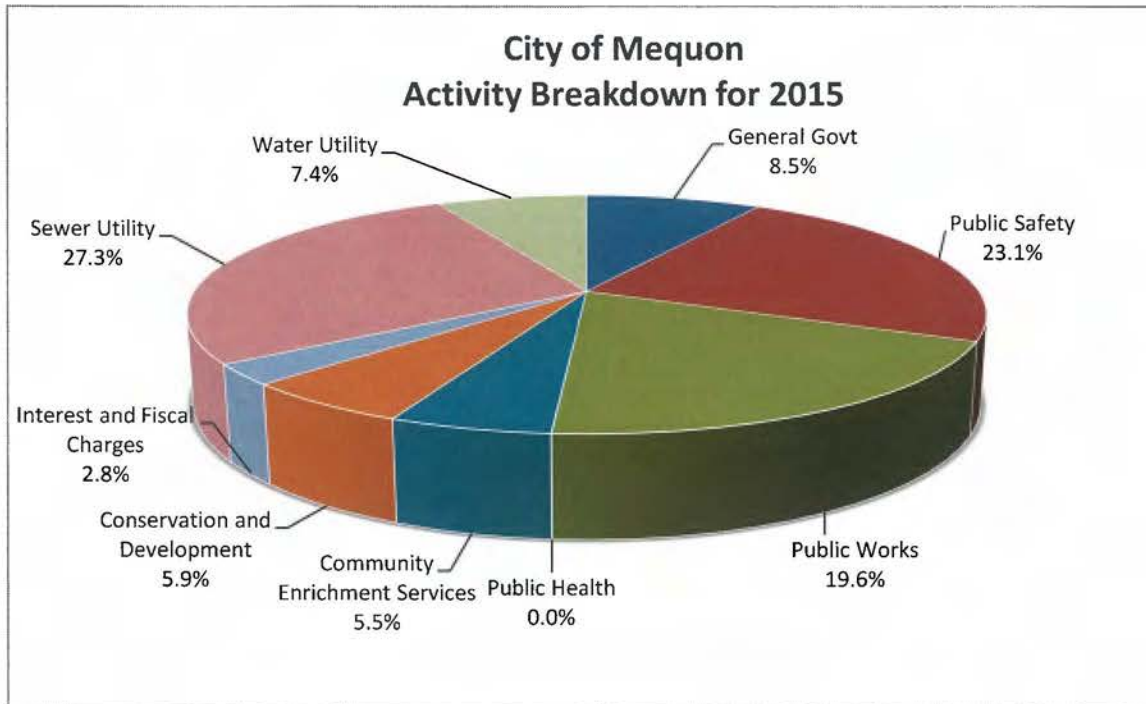


In the case of business-type activities, historically, property tax is the largest single component of revenues. However, for 2015, capital contributions related to the expansion of the Mequon Water Utility mark an exception, making up 36.5% of all revenues received. Property taxes are levied in order to fund the Milwaukee Metropolitan Sewerage District (MMSD) annual capital charge, and repayment of the debt associated with the 1997 MMSD settlement and comprise 33.7% to total revenues. Funding of the utility’s annual operation and maintenance costs is covered primarily by user fees, accounting for 29.3% of total revenues. The balance of revenue is made up of operating grants and contributions, investments and other earnings.



Governmental activities. Total Governmental activity expenses decreased \$467,948 from a year ago. Increases were realized in Public Safety: \$477,676 and Interest and Fiscal Charges: \$130,657. Decreases were realized in General Government: \$38,864, Public Works: \$586,470, Community Enrichment: \$218,545, Conservation and Development: \$231,488 and Public Health, \$914.

Presented below is a chart depicting the relative percentage of expenses for the City's major functions for 2015.



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, 2015, the City of Mequon's governmental funds reported combined ending fund balances of approximately \$9.3 million, an increase of approximately \$875,000 from the previous year. Of this total, \$559,000 is nonspendable and approximately \$3.8 million is restricted for specific legal requirements and other commitments, leaving total unrestricted governmental fund balances of approximately \$4.9 million available for use at the discretion of the City's elected officials. As the result of past actions and policy decisions, approximately \$2.7 million (29%) of this balance has been assigned for specific uses (assignment of fund balance for the following year's budget), leaving a combined unassigned fund balance of \$2 million in the general, debt service and other non-major governmental funds.

The *General fund* is the primary operating fund used to account for the governmental operations of the City, with approximately \$15.1 million of direct expenditures from this fund accounting for approximately 60.2% of the City's approximately \$25.1 million total governmental fund expenditures as reported on the *Statement of Revenues Expenditures and Changes in Fund Balances*. The total year-end 2015 unassigned General fund balance of approximately \$2.5 million is virtually unchanged and represents 16.5% of the \$15.1 million 2015 General Fund expenditures reported on the *Statement of Revenues Expenditures and Changes in fund balances*.

Traditionally in Mequon, this year-end unassigned balance has been considered in proportion to the subsequent year's budgeted general fund expenditures, including debt service. This is used to measure the adequacy of the City's operating reserve, with a stated target ratio of between 10%-15%. The adopted 2016 General fund budget authorizes expenditures of \$15.8 million. Therefore, the 2015 year-end unassigned General fund balance of \$2.5 million represents 15.8% of the 2016 operating budget and therefore exceeds the target ratio.

The *Debt Service* fund has a total deficit fund balance of (\$295,347) which is all for debt related to the City's TID#3.

The *Capital Projects* fund is a governmental fund used to account for long-term capital acquisitions, such as squad cars and contractor equipment, land acquisition, and large-scale infrastructure projects, such as roadways. The fund balance in this fund is primarily derived from funds set aside for projects to be completed in a subsequent period. The \$5.83 million fund balance is restricted or assigned entirely for such projects or non-spendable for non-current receivables. The reason for the approximately \$834,000 increase in fund balance is due to an increase in project funds for infrastructure improvements financed from debt proceeds.

The aggregated *Non-major Governmental Funds* column includes various park, revolving loan, and endowment funds used to account for the proceeds of specific revenue sources or that are legally restricted to expenditures for specific purposes. The combined fund balances increased from \$297,000 to approximately \$372,000 during 2015.

Proprietary Funds

The City's *Proprietary funds* provide the same type of information found in the government-wide financial statements. The net position of the *Enterprise-type* proprietary funds at the end of 2015 totaled approximately \$39 million, an increase of approximately \$9.5 million from the previous year. Contributed capital of approximately \$7.7 million accounted for most of this increase, followed by income before contributions of \$1.7 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the Required Supplementary Information section, *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual* for the General Fund, the original 2015 general fund budget authorized expenditures of approximately \$15.3 million. During the year, no changes were made to the total original revenue or expenditure budget by the Common Council.

The City ended the year with a favorable general fund budget revenue variance of \$110,297 and a favorable expenditure variance of \$122,890. However, a budgeted transfer from fund balance of \$301,000 was not made; leaving the general fund with a total net deficit for the year at (\$68,217). The total unfavorable variance of \$68,217 represents .4% of the original general fund expenditure budget.

This 2015 budgetary result occurred due to a variety of factors during the course of the year. While overall revenues were higher than expected in 2015, there were several notable offsetting outcomes that are included in that variance. The most significant favorable outcomes were approximately \$65,000 in higher-than-anticipated revenues in general government fees. Other Revenues such as cell tower leases, Workers' Compensation insurance dividends and cable TV franchise revenues combined for a favorable variance of \$68,000. The most significant unfavorable outcomes were a \$65,000 shortfall in building permit fees and \$28,000 in internal service fees due to lower than expected administrative chargebacks to the Mequon Sewer Utility.

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, 2015 totaled over \$165 million. Of this total cost, approximately \$58.1 million (35.2%) was related to governmental infrastructure, with the City's street network comprising the most significant component.

Total accumulated depreciation was calculated to be \$78.2 million, or approximately 47.3% of the historical cost of depreciable capital assets. Net of accumulated depreciation, the City's investment in capital assets exceeded \$87.1 million.

City of Mequon, Wisconsin
Capital Assets, Net of Accumulated Depreciation
December 31, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 9,836,352	\$ 9,856,352	\$ 19,125	\$ 19,125	\$ 9,855,477	\$ 9,875,477
Construction in progress	-	-	62,274	62,274	62,274	62,274
Buildings	11,757,565	11,739,085	-	-	11,757,565	11,739,085
Machinery and Equipment	10,144,064	9,011,123	5,495,856	5,361,719	15,639,920	14,372,842
Infrastructure	58,135,118	56,030,628	62,484,491	54,888,595	120,619,609	110,919,223
Structure and Improvements	-	-	7,349,985	6,162,418	7,349,985	6,162,418
Subtotal	\$ 89,873,099	\$ 86,637,188	\$ 75,411,731	\$ 66,494,131	\$ 165,284,830	\$ 153,131,319
Less:						
Accumulated Depreciation	(54,015,982)	(51,995,571)	(24,179,004)	(22,952,454)	(78,194,986)	(74,948,025)
	\$ 35,857,117	\$ 34,641,617	\$ 51,232,727	\$ 43,541,677	\$ 87,089,844	\$ 78,183,294

Some of the more significant additions to the City's capital assets during 2015 included:

Roads	\$2,104,490
Equipment & Vehicles	1,206,103
Sewer Utility additions	1,314,270
Water Utility additions	7,604,530

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, 2015, the City of Mequon had \$45,475,481 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, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2013
General Obligation Bonds & Notes	\$ 24,920,000	\$ 21,400,000	\$ 4,570,000	\$ 4,900,000	\$ 29,490,000	\$ 26,300,000
Revenue Bonds	-	-	13,750,000	14,425,000	13,750,000	14,425,000
Bond Premiums	237,972	-	316,978	346,513	554,950	346,513
Capital Leases	599,808	221,643	-	-	599,808	221,643
Compensated absences	1,043,899	894,058	36,824	-	1,080,723	894,058
	<u>\$ 26,801,679</u>	<u>\$ 22,515,701</u>	<u>\$ 18,673,802</u>	<u>\$ 19,671,513</u>	<u>\$ 45,475,481</u>	<u>\$ 42,187,214</u>

Under Wisconsin State Statutes, the outstanding long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. Outstanding general obligation debt, less amounts to be paid from funds restricted for debt retirement, totaled \$29,490,000, or 13.3% of the maximum legal limit of \$218,086,435.

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

CURRENTLY KNOWN FACTS

The 2016 general government budget adopted by the Mequon Common Council in November, 2015 increased total General, Capital, and Debt Service Fund expenditures by \$823,000 or 4.3%. However, the net result is that the 2015 tax levy increases by \$255,000 (1.2%) in these areas. This increase is aided by a projected \$568,000 increase in all other revenue sources, including the use of \$300,000 of fund balance. It is anticipated the City will continue to work to maintain the general fund balance to a level between 10% - 15% of next year's general and debt service fund budgets.

Five Year Expenditure History

Fiscal Year	Amount	Percent Increase/ (Decrease)
2016	\$20,018,995	4.29
2015	\$19,195,664	3.23
2014	\$18,594,199	1.20
2013	\$18,377,191	0.84
2012	\$18,224,239	0.41

As presented in the table below, compared to the previous year, salaries and benefits increased by 4.7%. Personnel cost increases were kept to a minimum as savings were realized from staff vacancies and increases in employee contributions towards fringe benefits. Materials and supplies decreased 6.3% and purchased services increased by 3.9%. Debt service costs increased 10%, and capital expenditures were unchanged. The City continues to explore alternative financing methods for its capital program. Support for the Mequon-Thiensville joint library is unchanged, yet still meets various state and local funding requirements.

Change in Expenditure Budget by Function

Expenditures	2016 Adopted	2015 Adopted	Net Increase (Decrease)	Percent Change
Salaries/Fringes	\$11,374,785	\$10,867,470	\$507,315	4.7
Materials/Supplies	1,146,371	1,222,907	(76,536)	(6.3)
Purchased Services/ Other	2,202,989	2,120,166	82,823	3.9
Debt Service	3,413,535	3,103,709	309,826	10.0
Capital *	833,000	833,097	(97)	0.0
Library *	1,048,315	1,048,315	0	0.0
Total	\$20,018,995	\$19,195,664	\$823,331	4.3%

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

In developing the 2016 budget, several guiding principles applied:

- The State of Wisconsin’s 2011 Act 32, imposes a property tax limit on all city levies. Act 32 allows municipal levies to increase by either zero percent, or the percentage change in the city’s equalized value due to net new construction, whichever is greater. The City’s increase in net new construction was 0.65 percent.
- The following goals were emphasized while developing the FY2016 budget. They include:
 - Maintaining low property taxes
 - Maintaining city infrastructure, roads and public works
 - Maintaining high quality public safety services
 - Maintaining the city’s fiscal vitality with a strong and diverse tax base by encouraging community-sensitive economic development

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to provide accountability for the financial resources it receives. If you have questions about the information contained in this report or need additional financial information concerning the City of Mequon, please contact the Finance Department, 11333 N. Cedarburg Road, Mequon, Wisconsin, 53092. City staff can be reached by telephone at (262)-242-3100. You are also invited to visit the City’s website at <http://www.ci.mequon.wi.us>.

BASIC FINANCIAL STATEMENTS

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CITY OF MEQUON

STATEMENT OF NET POSITION
As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 18,004,615	\$ 6,776,100	\$ 24,780,715
Receivables			
Taxes	6,520,546	3,523,562	10,044,108
Accounts	5,062	1,810,489	1,815,551
Special assessments	203,320	81,923	285,243
Accrued interest	30,400	-	30,400
Other	347,927	390,001	737,928
Loans	690,529	-	690,529
Inventories	-	60,103	60,103
Restricted assets			
Cash and investments	-	1,819,499	1,819,499
Net pension asset	1,456,646	64,660	1,521,306
Investment in joint venture	2,865,000	-	2,865,000
Capital Assets			
Land	9,836,352	19,125	9,855,477
Construction in progress	-	62,274	62,274
Other capital assets, net of accumulated depreciation	26,020,765	51,151,328	77,172,093
Total Assets	<u>65,981,162</u>	<u>65,759,064</u>	<u>131,740,226</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>1,569,572</u>	<u>68,061</u>	<u>1,637,633</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,602,820	787,162	2,389,982
Accrued interest payable	310,406	179,613	490,019
Deposits	358,397	-	358,397
Noncurrent Liabilities			
Due within one year	3,216,244	2,371,824	5,588,068
Due in more than one year	23,585,435	16,301,977	39,887,412
Total Liabilities	<u>29,073,302</u>	<u>19,640,576</u>	<u>48,713,878</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year's tax revenue	<u>14,161,887</u>	<u>7,190,245</u>	<u>21,352,132</u>
NET POSITION			
Net investment in capital assets	16,159,417	37,426,354	52,547,275
Restricted for			
Debt service	-	243,724	243,724
Loan programs	696,191	-	696,191
Cemetery	9,043	-	9,043
Equipment replacement	-	102,343	102,343
TID development purposes	115,411	-	115,411
Pensions	1,456,646	64,660	1,521,306
Unrestricted	<u>5,878,837</u>	<u>1,159,223</u>	<u>8,076,556</u>
TOTAL NET POSITION	<u>\$ 24,315,545</u>	<u>\$ 38,996,304</u>	<u>\$ 63,311,849</u>

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,827,161	\$ 871,886	\$ 34,487	\$ -
Public safety	7,658,522	1,239,374	162,537	109,440
Public works	6,510,601	726,871	1,536,024	12,995
Public health	2,692	-	-	-
Community enrichment services	1,832,803	145,898	251,000	-
Conservation and development	1,963,424	188,962	-	-
Interest and fiscal charges	916,642	-	-	-
Total Governmental Activities	<u>21,711,845</u>	<u>3,172,991</u>	<u>1,984,048</u>	<u>122,435</u>
Business-type Activities				
Sewer Utility	9,052,567	3,195,415	82,334	129,700
Water Utility	2,448,115	2,945,798	-	7,521,093
Total Business-type Activities	<u>11,500,682</u>	<u>6,141,213</u>	<u>82,334</u>	<u>7,650,793</u>
Total	<u>\$ 33,212,527</u>	<u>\$ 9,314,204</u>	<u>\$ 2,066,382</u>	<u>\$ 7,773,228</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Property taxes, levied for capital projects

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Totals
\$ (1,920,788)	\$ -	\$ (1,920,788)
(6,147,171)	-	(6,147,171)
(4,234,711)	-	(4,234,711)
(2,692)	-	(2,692)
(1,435,905)	-	(1,435,905)
(1,774,462)	-	(1,774,462)
(916,642)	-	(916,642)
<u>(16,432,371)</u>	<u>-</u>	<u>(16,432,371)</u>
-	(5,645,118)	(5,645,118)
-	8,018,776	8,018,776
-	<u>2,373,658</u>	<u>2,373,658</u>
<u>(16,432,371)</u>	<u>2,373,658</u>	<u>(14,058,713)</u>
10,156,776	7,066,677	17,223,453
2,366,271	-	2,366,271
287,535	-	287,535
901,704	-	901,704
483,431	-	483,431
71,707	14,976	86,683
65,000	-	65,000
79,054	18,243	97,297
<u>14,411,478</u>	<u>7,099,896</u>	<u>21,511,374</u>
(2,020,893)	9,473,554	7,452,661
<u>26,336,438</u>	<u>29,522,750</u>	<u>55,859,188</u>
<u>\$ 24,315,545</u>	<u>\$ 38,996,304</u>	<u>\$ 63,311,849</u>

See accompanying notes to financial statements.

CITY OF MEQUON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General Fund	Debt Service Fund	Capital Projects Fund
ASSETS			
Cash and investments	\$ 7,298,699	\$ 3,181,998	\$ 6,935,924
Receivables			
Taxes	6,222,463	180,155	81,527
Special assessments	3,598	-	236,123
Accrued interest	30,400	-	-
Other	332,450	21	14,855
Loans	400,000	-	-
Due from other funds	213,562	-	-
Advances to other funds	-	-	753,750
Equity in joint venture	159,000	-	-
	\$ 14,660,172	\$ 3,362,174	\$ 8,022,179
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 141,329	\$ -	\$ 1,033,981
Accrued liabilities	424,016	-	-
Deposits	354,047	-	-
Due to other funds	-	-	-
Advances from other funds	-	753,750	-
Total Liabilities	919,392	753,750	1,033,981
Deferred Inflows of Resources			
Unearned revenue	10,337,377	2,903,771	920,739
Unavailable revenues	33,998	-	236,123
Total Deferred Inflows of Resources	10,371,375	2,903,771	1,156,862
Fund Balances (Deficit)			
Nonspendable	559,000	-	-
Restricted	9,043	-	3,424,811
Committed	-	-	-
Assigned	301,500	-	2,406,525
Unassigned (Deficit)	2,499,862	(295,347)	-
Total Fund Balances (Deficit)	3,369,405	(295,347)	5,831,336
	\$ 14,660,172	\$ 3,362,174	\$ 8,022,179

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 587,994	\$ 18,004,615
-	6,484,145
-	239,721
-	30,400
5,663	352,989
290,529	690,529
-	213,562
-	753,750
-	159,000
<u>\$ 884,186</u>	<u>\$ 26,928,711</u>
\$ 3,494	\$ 1,178,804
-	424,016
4,350	358,397
213,562	213,562
-	753,750
<u>221,406</u>	<u>2,928,529</u>
-	14,161,887
<u>290,529</u>	<u>560,650</u>
<u>290,529</u>	<u>14,722,537</u>
-	559,000
405,661	3,839,515
182,466	182,466
-	2,708,025
<u>(215,876)</u>	<u>1,988,639</u>
<u>372,251</u>	<u>9,277,645</u>
<u>\$ 884,186</u>	<u>\$ 26,928,711</u>

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 POSITION As of December 31, 2015

Total Fund Balances - Governmental Funds	\$ 9,277,645
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Land	9,836,352
Other capital assets	80,036,747
Less: Accumulated depreciation	(54,015,982)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,456,646
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,569,572
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	560,650
Joint ventures containing capital assets used in the governmental funds are not financial resources and therefore are not reported in the funds.	2,706,000
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(25,157,972)
Compensated absences	(1,043,899)
Accrued interest	(310,406)
Capital leases	(599,808)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 24,315,545</u>

CITY OF MEQUON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	General Fund	Debt Service Fund	Capital Projects Fund
REVENUES			
Taxes	\$ 10,225,383	\$ 2,618,856	\$ 868,047
Intergovernmental	1,891,873	126,387	156,363
Licenses and permits	1,322,093	-	-
Fines, forfeitures and penalties	167,015	-	-
Public charges for services	1,349,129	-	280,122
Special assessments	3,114	-	63,560
Investment income	18,145	9,942	17,078
Miscellaneous	91,403	-	8,168
Total Revenues	15,068,155	2,755,185	1,393,338
EXPENDITURES			
Current			
General government	2,636,148	-	-
Public safety	7,100,914	-	-
Public works	3,261,237	-	-
Public health	2,692	-	-
Community enrichment services	1,723,518	-	-
Conservation and development	411,459	-	-
Capital Outlay	-	-	6,878,841
Debt Service			
Principal	-	2,220,000	-
Interest and fiscal charges	-	739,758	95,417
Total Expenditures	15,135,968	2,959,758	6,974,258
Excess (deficiency) of revenues over expenditures	(67,813)	(204,573)	(5,580,920)
OTHER FINANCING SOURCES (USES)			
Capital lease	-	-	604,191
General obligation debt issued	-	-	5,740,000
Proceeds from the sale of capital assets	-	-	70,965
Premium on debt issued	-	237,972	-
Transfers in	-	-	-
Transfers out	(404)	-	-
Total Other Financing Sources (Uses)	(404)	237,972	6,415,156
Net Change in Fund Balances	(68,217)	33,399	834,236
FUND BALANCES (DEFICIT) - Beginning of Year	3,437,622	(328,746)	4,997,100
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 3,369,405	\$ (295,347)	\$ 5,831,336

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ -	\$ 13,712,286
-	2,174,623
-	1,322,093
-	167,015
53,587	1,682,838
-	66,674
57,079	102,244
<u>27,630</u>	<u>127,201</u>
<u>138,296</u>	<u>19,354,974</u>
-	2,636,148
7,258	7,108,172
-	3,261,237
-	2,692
54,774	1,778,292
600	412,059
923	6,879,764
-	2,220,000
-	835,175
<u>63,555</u>	<u>25,133,539</u>
<u>74,741</u>	<u>(5,778,565)</u>
-	604,191
-	5,740,000
-	70,965
-	237,972
404	404
-	(404)
<u>404</u>	<u>6,653,128</u>
75,145	874,563
<u>297,106</u>	<u>8,403,082</u>
<u>\$ 372,251</u>	<u>\$ 9,277,645</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, 2015

Net change in fund balances - total governmental funds	\$	874,563
--	----	---------

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		6,879,764
Some items reported as capital outlay were not capitalized		(3,550,691)
Depreciation is reported in the government-wide financial statements		(2,058,745)
Net book value of assets retired		(54,828)

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		(31,538)
Loans receivable		(49,849)
Interest receivable on loan		30,400

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(5,740,000)
Capital lease issued		(604,191)
Principal repaid		2,446,026

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Premium of new debt		(237,972)
---------------------	--	-----------

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		(149,841)
Accrued interest on debt		(63,579)
Net pension asset		(917,733)
Deferred outflows of resources related to pensions		956,321

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

		<u>251,000</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	\$	<u>(2,020,893)</u>
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CITY OF MEQUON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 6,012,192	\$ 763,908	\$ 6,776,100
Receivables			
Taxes	3,505,844	17,718	3,523,562
Accounts	1,071,928	738,561	1,810,489
Other	90,466	299,535	390,001
Inventories	-	60,103	60,103
Restricted Assets			
Cash and investments	-	350,000	350,000
Total Current Assets	<u>10,680,430</u>	<u>2,229,825</u>	<u>12,910,255</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	102,343	1,367,156	1,469,499
Net pension asset	64,660	-	64,660
Capital Assets			
Land	18,775	350	19,125
Construction in progress	62,274	-	62,274
Other capital assets	45,855,018	29,475,314	75,330,332
Less: Accumulated depreciation	(19,594,815)	(4,584,189)	(24,179,004)
Other Assets			
Special assessments receivable	81,923	-	81,923
Total Noncurrent Assets	<u>26,590,178</u>	<u>26,258,631</u>	<u>52,848,809</u>
Total Assets	<u>37,270,608</u>	<u>28,488,456</u>	<u>65,759,064</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>68,061</u>	<u>-</u>	<u>68,061</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	\$ 1,635,000	\$ -	\$ 1,635,000
Accounts payable	437,841	325,487	763,328
Accrued wages	23,834	-	23,834
Accrued interest payable	73,337	-	73,337
Accrued compensated absences	36,824	-	36,824
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	700,000	700,000
Accrued interest payable	-	106,276	106,276
Total Current Liabilities	<u>2,206,836</u>	<u>1,131,763</u>	<u>3,338,599</u>
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt	3,138,448	-	3,138,448
Revenue bonds	-	13,163,529	13,163,529
Total Noncurrent Liabilities	<u>3,138,448</u>	<u>13,163,529</u>	<u>16,301,977</u>
Total Liabilities	<u>5,345,284</u>	<u>14,295,292</u>	<u>19,640,576</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property taxes for subsequent year	<u>7,190,245</u>	<u>-</u>	<u>7,190,245</u>
NET POSITION			
Net investment in capital assets	25,031,252	12,395,102	37,426,354
Restricted for			
Debt service	-	243,724	243,724
Equipment replacement	102,343	-	102,343
Pensions	64,660	-	64,660
Unrestricted (deficit)	<u>(395,115)</u>	<u>1,554,338</u>	<u>1,159,223</u>
TOTAL NET POSITION	<u>\$ 24,803,140</u>	<u>\$ 14,193,164</u>	<u>\$ 38,996,304</u>

See accompanying notes to financial statements.

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CITY OF MEQUON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
OPERATING REVENUES	<u>\$ 3,195,415</u>	<u>\$ 2,945,798</u>	<u>\$ 6,141,213</u>
OPERATING EXPENSES			
Operation and maintenance	8,126,568	1,326,869	9,453,437
Depreciation	<u>743,278</u>	<u>484,472</u>	<u>1,227,750</u>
Total Operating Expenses	<u>8,869,846</u>	<u>1,811,341</u>	<u>10,681,187</u>
Operating Income (Loss)	<u>(5,674,431)</u>	<u>1,134,457</u>	<u>(4,539,974)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	10,735	4,241	14,976
Taxes	7,066,677	-	7,066,677
Miscellaneous	16,114	2,129	18,243
Interest expense	<u>(182,721)</u>	<u>(636,774)</u>	<u>(819,495)</u>
Total Nonoperating Revenues (Expenses)	<u>6,910,805</u>	<u>(630,404)</u>	<u>6,280,401</u>
Income Before Contributions	<u>1,236,374</u>	<u>504,053</u>	<u>1,740,427</u>
CONTRIBUTIONS			
Contributed capital	<u>212,034</u>	<u>7,521,093</u>	<u>7,733,127</u>
Total Contributions	<u>212,034</u>	<u>7,521,093</u>	<u>7,733,127</u>
Change in Net Position	<u>1,448,408</u>	<u>8,025,146</u>	<u>9,473,554</u>
NET POSITION - Beginning of Year (as restated)	<u>23,354,732</u>	<u>6,168,018</u>	<u>29,522,750</u>
NET POSITION - END OF YEAR	<u>\$ 24,803,140</u>	<u>\$ 14,193,164</u>	<u>\$ 38,996,304</u>

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,961,525	\$ 2,740,814	\$ 5,702,339
Paid to suppliers for goods and services	(7,571,730)	(1,244,259)	(8,815,989)
Paid to employees for services	(587,693)	-	(587,693)
Net Cash Flows From Operating Activities	<u>(5,197,898)</u>	<u>1,496,555</u>	<u>(3,701,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	10,378	4,241	14,619
Net Cash Flows From Investing Activities	<u>10,378</u>	<u>4,241</u>	<u>14,619</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes received	7,066,677	-	7,066,677
Net Cash Flows From Noncapital Financing Activities	<u>7,066,677</u>	<u>-</u>	<u>7,066,677</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	1,310,000	-	1,310,000
Premium on debt issued	53,802	-	53,802
Debt retired	(1,640,000)	(675,000)	(2,315,000)
Interest paid	(245,000)	(649,832)	(894,832)
Debt issuance costs	(21,776)	-	(21,776)
Special assessments received	47,777	-	47,777
Acquisition and construction of capital assets	(1,152,714)	(22,308)	(1,175,022)
Connection fees received	-	66,114	66,114
Contribution received for construction	82,334	-	82,334
Net Cash Flows From Capital and Related Financing Activities	<u>(1,565,577)</u>	<u>(1,281,026)</u>	<u>(2,846,603)</u>
Net Change in Cash and Cash Equivalents	313,580	219,770	533,350
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,800,955</u>	<u>2,261,294</u>	<u>8,062,249</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,114,535</u>	<u>\$ 2,481,064</u>	<u>\$ 8,595,599</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (5,674,431)	\$ 1,134,457	\$ (4,539,974)
Nonoperating revenue	16,114	2,129	18,243
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	743,278	484,472	1,227,750
Changes in assets and liabilities			
Taxes receivable	-	(6,508)	(6,508)
Customer receivables	(94,749)	-	(94,749)
Other receivables	(155,255)	(200,605)	(355,860)
Accounts payable and other current liabilities	(32,754)	82,591	49,837
Pension related deferrals and asset	(101)	-	(101)
Inventories	-	19	19
	<u>-</u>	<u>19</u>	<u>19</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (5,197,898)</u>	<u>\$ 1,496,555</u>	<u>\$ (3,701,343)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	\$ 6,012,192	\$ 763,908	\$ 6,776,100
Restricted cash and investments	<u>102,343</u>	<u>1,717,156</u>	<u>1,819,499</u>
CASH AND CASH EQUIVALENTS	<u>\$ 6,114,535</u>	<u>\$ 2,481,064</u>	<u>\$ 8,595,599</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Cost of utility plant additions financed by others	\$ -	\$ 7,454,979	
Amortization of debt premium	\$ 74,822	\$ 8,515	
Special assessments levied	\$ 129,700	\$ -	

See accompanying notes to financial statements.

CITY OF MEQUON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 27,128,819
Receivables	
Taxes	<u>22,903,536</u>
TOTAL ASSETS	<u>\$ 50,032,355</u>
LIABILITIES	
Accounts payable	\$ 327,929
Due to other governments	<u>49,704,426</u>
TOTAL LIABILITIES	<u>\$ 50,032,355</u>

See accompanying notes to financial statements.

CITY OF MEQUON

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CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Mequon, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The City has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

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

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements

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

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

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

The City reports the following major governmental funds:

- General Fund - accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.
- Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The City reports the following major enterprise funds:

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Park Fund	Other Committed Funds
Revolving Loan Fund	

In addition, the City reports the following fund type:

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

Tax Collection

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2015, there were \$1,290,146 of unrecorded anticipated future assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

- c. Investment securities shall be held in third-party safekeeping by an institution designated as primary agent.
- d. Deposit type securities (i.e., certificates of deposit, etc.) shall be collateralized at 110% of the face value.
- e. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

2. Receivables (cont.)

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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

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

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

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

3. Inventories

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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 position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

6. Deferred Outflows of Resources

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The City provides postemployment health insurance benefits for all eligible employees. Eligibility is based on full-time employment with the City. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert various amounts of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the City. Funding for those costs is provided out of the current operating budget of the City. The contributions are financed on a pay-as-you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is 21. The total amount outstanding at year end to be paid in the future is \$511,932 and is included in the government-wide statement of net position.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015, 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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. 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. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 16,159,417	\$ 37,426,354	\$ (1,038,496)	\$ 52,547,275
Unrestricted	5,878,837	1,159,223	1,038,496	8,076,556

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Common Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Common Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following: 1) The City has adopted a financial policy authorizing the Common Council to assign amounts for a specific purpose; 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a minimum fund balance policy. That policy is to maintain an unassigned General Fund fund balance between 10% - 15% of the current General Fund operating budget. Unassigned General Fund fund balance at year end was \$2,499,862, or 15.8% of the 2016 General Fund expenditure budget.

See Note III. H. for further information.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

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

As of December 31, 2015, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt service fund	\$ 295,347	TIF debt service shortfall
Park fund	215,876	Expenditures exceeded available resources

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEFICIT BALANCES (cont.)

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

B. LIMITATIONS ON THE CITY'S TAX LEVY

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

C. VIOLATION OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The City was not in compliance with Section 9(d) of Resolution No. 2876 which provided for the issuance and sale of water system revenue bonds and other details and covenants. Section 9(d) requires a good faith effort so that the net revenues from the system for each year any bonds are outstanding will be 1.25 times the amount required for payment of principal and interest on the bonds. For 2015, the net revenues from the system were 1.23 times the amount of principal and interest paid on the bonds.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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	\$ 45,219,395	\$ 45,644,307	Custodial credit risk
US Treasuries	2,740,217	2,740,217	Custodial credit and interest rate risk
US Agencies	5,754,010	5,754,010	Credit, custodial credit, concentration of credit and interest rate risk
LGIP	13,111	13,111	Credit risk
Petty cash	2,300	-	N/A
Total Deposits and Investments	<u>\$ 53,729,033</u>	<u>\$ 54,151,645</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 24,780,715		
Restricted cash and investments	1,819,499		
Per statement of assets and liabilities - agency fund			
Agency Fund	27,128,819		
Total Deposits and Investments	<u>\$ 53,729,033</u>		

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

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2015, the City's investments were exposed to custodial credit risk as follows:

US Agencies

Neither insured nor registered and held by counterparty	\$ <u>5,754,010</u>
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US Treasuries

Neither insured nor registered and held by counterparty	\$ <u>2,740,217</u>
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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, 2015, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investors Services</u>
US Agencies	Aaa

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

LGIP

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

At December 31, 2015, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Fannie Mae	US Government Agency	14.07%
FHLB	US Government Agency	33.51%
FNMA	US Government Agency	20.05%

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, 2015, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1 year	1 - 3 years
US Agencies	\$ 5,754,010	\$ 3,309,033	\$ 2,444,977
US Treasuries	2,740,217	500,995	2,239,222
Totals	<u>\$ 8,494,227</u>	<u>\$ 3,810,028</u>	<u>\$ 4,684,199</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 \$200,186 of special assessments in the capital projects fund, \$196,348 loan in the revolving loan program fund, and a \$430,400 loan in the general fund.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 14,093,023	\$ -
Special assessments not yet due	-	239,721
Loan receivable - principal	-	290,529
Interest on loan receivable	-	30,400
Payment in lieu of taxes	68,864	-
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 14,161,887	 \$ 560,650

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

	Unearned
Property taxes receivable for subsequent year	\$ 7,190,245
 Total Unearned Revenue for Proprietary Funds	 \$ 7,190,245

For economic development loans, the City is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2015, the City has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

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.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

Long Term Debt Accounts (cont.)

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

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.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2015:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 350,000	\$ 106,276	\$ 243,724
Bond reserve account	1,367,156	N/A	
Equipment replacement account	102,343	-	102,343
Pensions	1,521,306	-	1,521,306
Total	\$ 3,340,805	\$ 106,276	\$ 1,867,373

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 9,856,352	\$ -	\$ 20,000	\$ 9,836,352
Total Capital Assets Not Being Depreciated	9,856,352	-	20,000	9,836,352

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Buildings	11,739,085	18,480	-	11,757,565
Roads	52,328,871	2,104,490	-	54,433,361
Bridges	3,701,757	-	-	3,701,757
Equipment, vehicles, and miscellaneous	9,011,123	1,206,103	73,162	10,144,064
Total Capital Assets Being Depreciated	76,780,836	3,329,073	73,162	80,036,747
Total Capital Assets	86,637,188	3,329,073	93,162	89,873,099
Less: Accumulated depreciation for				
Buildings	(7,166,137)	(200,471)	-	(7,366,608)
Roads	(37,032,013)	(1,110,033)	-	(38,142,046)
Bridges	(1,230,414)	(89,016)	-	(1,319,430)
Equipment, vehicles, and miscellaneous	(6,567,007)	(659,225)	38,334	(7,187,898)
Total Accumulated Depreciation	(51,995,571)	(2,058,745)	38,334	(54,015,982)
Net Capital Assets Being Depreciated	24,785,265	1,270,328	34,828	26,020,765
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 34,641,617	\$ 1,270,328	\$ 54,828	\$ 35,857,117

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 212,850
Public safety	399,012
Public works	1,446,883
Total Governmental Activities Depreciation Expense	\$ 2,058,745

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Construction in progress	\$ 62,274	\$ -	\$ -	\$ 62,274
Land	18,775	-	-	18,775
Total Capital Assets Not Being Depreciated	81,049	-	-	81,049
Capital assets being depreciated				
Structure improvements	6,162,418	1,187,567	-	7,349,985
Sewer collection system	34,450,493	-	-	34,450,493
Machinery and equipment	3,927,837	126,703	-	4,054,540
Total Capital Assets Being Depreciated	44,540,748	1,314,270	-	45,855,018
Total Capital Assets	44,621,797	1,314,270	-	45,936,067
Less: Accumulated depreciation for				
Structure improvements	(1,116,720)	(147,020)	-	(1,263,740)
Sewer collection system	(14,538,147)	(464,481)	-	(15,002,628)
Machinery and equipment	(3,196,670)	(131,777)	-	(3,328,447)
Total Accumulated Depreciation	(18,851,537)	(743,278)	-	(19,594,815)
Net Capital Assets Being Depreciated	25,689,211	570,992	-	26,260,203
Net Sewer Capital Assets	\$ 25,770,260	\$ 570,992	\$ -	\$ 26,341,252

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</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>350</u>	<u>-</u>	<u>-</u>	<u>350</u>
Capital assets being depreciated				
Intangible plant	786	-	-	786
Source of supply	215,707	-	-	215,707
Pumping	814,480	-	-	814,480
Transmission and distribution	20,438,102	7,597,096	1,200	28,033,998
Administrative and general	402,909	7,434	-	410,343
Total Capital Assets Being Depreciated	<u>21,871,984</u>	<u>7,604,530</u>	<u>1,200</u>	<u>29,475,314</u>
Total Capital Assets	<u>21,872,334</u>	<u>7,604,530</u>	<u>1,200</u>	<u>29,475,664</u>
Less: Accumulated depreciation for				
Intangible plant	(786)	-	-	(786)
Source of supply	(37,979)	(6,903)	-	(44,882)
Pumping	(383,150)	(30,859)	-	(414,009)
Transmission and distribution	(3,350,533)	(429,228)	1,200	(3,778,561)
Administrative and general	(328,469)	(17,482)	-	(345,951)
Total Accumulated Depreciation	<u>(4,100,917)</u>	<u>(484,472)</u>	<u>1,200</u>	<u>(4,584,189)</u>
Net Capital Assets Being Depreciated	<u>17,771,067</u>	<u>7,120,058</u>	<u>-</u>	<u>24,891,125</u>
Net Water Capital Assets	<u>\$ 17,771,417</u>	<u>\$ 7,120,058</u>	<u>\$ -</u>	<u>\$ 24,891,475</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,541,677</u>	<u>\$ 7,691,050</u>	<u>\$ -</u>	<u>\$ 51,232,727</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 743,278
Water	<u>484,472</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,227,750</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Park fund	\$ 213,562
Less: Fund eliminations		<u>(213,562)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>

All amounts are due within one year.

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Through the action of Common Council, the payment in lieu of taxes from the water utility has been waived.

Advances

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

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Capital projects fund	Debt service fund	\$ 753,750	\$ 753,750
Less: Fund eliminations		<u>(753,750)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>	

The principal purpose of this advance is to assist with debt repayments related to the City's tax increment district #3.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

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>
Other committed funds	General fund	\$ 404	Move committed funds out of general fund
Less: Fund eliminations		(404)	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 21,400,000	\$ 5,740,000	\$ 2,220,000	\$ 24,920,000	\$ 2,540,000
(Discounts)/Premiums	-	237,972	-	237,972	-
Sub-totals	<u>21,400,000</u>	<u>5,977,972</u>	<u>2,220,000</u>	<u>25,157,972</u>	<u>2,540,000</u>
Other Liabilities					
Capital leases	221,643	604,191	226,026	599,808	144,277
Compensated absences	<u>894,058</u>	<u>397,977</u>	<u>248,136</u>	<u>1,043,899</u>	<u>531,967</u>
Total Other Liabilities	<u>1,115,701</u>	<u>1,002,168</u>	<u>474,162</u>	<u>1,643,707</u>	<u>676,244</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,515,701</u>	<u>\$ 6,980,140</u>	<u>\$ 2,694,162</u>	<u>\$ 26,801,679</u>	<u>\$ 3,216,244</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,900,000	\$ 1,310,000	\$ 1,640,000	\$ 4,570,000	\$ 1,635,000
Revenue bonds	14,425,000	-	675,000	13,750,000	700,000
(Discounts)/Premiums	<u>346,513</u>	<u>53,802</u>	<u>83,337</u>	<u>316,978</u>	<u>-</u>
Sub-totals	<u>19,671,513</u>	<u>1,363,802</u>	<u>2,398,337</u>	<u>18,636,978</u>	<u>2,335,000</u>
Other Liabilities					
Compensated absences	<u>-</u>	<u>50,366</u>	<u>13,542</u>	<u>36,824</u>	<u>36,824</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 19,671,513</u>	<u>\$ 1,414,168</u>	<u>\$ 2,411,879</u>	<u>\$ 18,673,802</u>	<u>\$ 2,371,824</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, 2015, was \$218,086,435. Total general obligation debt outstanding at year end was \$29,490,000.

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
As of and for the Year Ended December 31, 2015

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 December 31, 2015
G.O. Promissory Notes 2008	12/9/08	12/1/18	3.0-4.1%	\$ 2,400,000	\$ 645,000
Tax Incremental Build America Bonds	8/5/09	8/1/28	4.0-6.0	6,950,000	6,800,000
G.O. Promissory Notes 2009	4/30/09	4/1/19	2.0-3.5	5,105,000	2,400,000
G.O. Refunding Bonds 2011A	2/3/11	4/1/23	0.8-3.25	3,160,000	2,075,000
G.O. Promissory Notes 2011B	4/5/11	4/1/21	3.0	4,230,000	3,130,000
G.O. Promissory Notes 2013A	5/2/13	4/1/23	1.5-2.0	3,710,000	3,150,000
G.O. Refunding Bonds	5/2/13	4/1/21	0.4-1.75	1,280,000	980,000
G.O. Corporate Purpose Bonds	6/3/15	5/1/27	2.0-3.0	5,740,000	<u>5,740,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 24,920,000</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
2005 General Obligation Refunding Bonds	6/1/05	9/1/17	3.5-5.0%	\$ 16,965,000	\$ 3,260,000
G.O. Corporate Purpose Bonds	6/3/15	5/1/25	2.0-3.0	1,310,000	<u>1,310,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 4,570,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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
2016	\$ 2,540,000	\$ 872,260	\$ 1,635,000	\$ 212,054
2017	2,465,000	742,940	1,625,000	116,013
2018	2,620,000	668,388	160,000	32,363
2019	2,570,000	585,348	160,000	27,563
2020	2,110,000	514,600	165,000	22,688
2021-2025	9,410,000	1,637,725	825,000	49,706
2026-2028	<u>3,205,000</u>	<u>300,700</u>	-	-
Totals	<u>\$ 24,920,000</u>	<u>\$ 5,321,961</u>	<u>\$ 4,570,000</u>	<u>\$ 460,387</u>

Revenue Debt

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

The City has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. 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 87.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$18,895,421. Principal and interest paid for the current year and total customer net revenues were \$1,324,469 and \$1,625,299, respectively.

Revenue debt payable at December 31, 2015, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
<u>Water Utility</u>					
2009 Revenue Bonds	4/29/09	5/1/29	1.4-5.0%	\$ 17,125,000	<u>\$ 13,750,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 13,750,000</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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>
2016	\$ 700,000	\$ 625,406
2017	750,000	598,156
2018	800,000	567,156
2019	825,000	534,656
2020	850,000	499,031
2021-2025	4,975,000	1,822,422
2026-2029	<u>4,850,000</u>	<u>498,594</u>
Totals	<u>\$ 13,750,000</u>	<u>\$ 5,145,421</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.

Bond Covenant Disclosures

Insurance

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

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

The utility is covered under the following insurance policies at Thursday, December 31, 2015:

Type	Coverage	Expiration
Personal and Advertising Injury	\$ 3,000,000 M3 Insurance	12/31/16
Premises Medical Payments	10,000 M3 Insurance	12/31/16
Errors and Omissions	3,000,000 M3 Insurance	12/31/16
Employee Benefits Liability	3,000,000 M3 Insurance	12/31/16
Auto Coverage	3,000,000 M3 Insurance	12/31/16
Automobile Medical Payments Coverage	10,000 M3 Insurance	12/31/16
Public Employee Dishonesty	250,000 M3 Insurance	12/31/16
Workers' Compensation	\$ 500,000 M3 Insurance	12/31/16
Umbrella Liability Coverage	8,000,000 M3 Insurance	12/31/16

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2015 and 2014:

	Customers		Sales (000 gals)	
	2015	2014	2015	2014
Residential	3,686	3,371	185,477	220,639
Commercial	247	236	102,959	105,566
Irrigation	80	78	16,816	15,050
Public authority	11	11	952	2,098
Multi-family	28	28	16,061	26,949
Totals	<u>4,052</u>	<u>3,724</u>	<u>322,265</u>	<u>370,302</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2011, the City acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$889,120, 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, 2015, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2016	\$ 176,056	\$ 16,032	\$ 192,088
2017	163,384	11,147	174,531
2018	134,138	6,657	140,795
2019	<u>126,230</u>	<u>37,156</u>	<u>163,386</u>
Totals	<u>\$ 599,808</u>	<u>\$ 70,992</u>	<u>\$ 670,800</u>

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 9,836,352
Other capital assets, net of accumulated depreciation	26,020,765
Less: Long-term debt outstanding	(25,757,780)
Plus: Unspent capital related debt proceeds	3,309,400
Plus: Noncapital debt proceeds	<u>2,750,680</u>
Total Net Investment in Capital Assets	<u>16,159,417</u>
Restricted	
Loan programs	696,191
Cemetery	9,043
TID development purposes	115,411
Pensions	<u>1,456,646</u>
Total Restricted	<u>2,277,291</u>
Unrestricted	<u>5,878,837</u>
Total Governmental Activities Net Position	<u>\$ 24,315,545</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Equity in joint venture - library	\$ 159,000	\$ -	\$ -	\$ -	\$ 159,000
Loan	400,000	-	-	-	400,000
Restricted for:					
Cemetery	9,043	-	-	-	9,043
Capital projects	-	-	3,309,400	-	3,309,400
TID development purposes	-	-	115,411	-	115,411
Revolving Loan Fund - economic development loan programs	-	-	-	405,661	405,661
Committed to:					
Police Reserve	-	-	-	161,778	161,778
Special events	-	-	-	3,682	3,682
Other activities	-	-	-	2,364	2,364
Police Seized Asset Forfeitures	-	-	-	14,642	14,642
Assigned to:					
Fund balance applied to subsequent year's budget	301,500	-	-	-	301,500
Capital projects	-	-	2,406,525	-	2,406,525
Unassigned (deficit):	<u>2,499,862</u>	<u>(295,347)</u>	<u>-</u>	<u>(215,876)</u>	<u>1,988,639</u>
Total Fund Balances	<u>\$ 3,369,405</u>	<u>\$ (295,347)</u>	<u>\$ 5,831,336</u>	<u>\$ 372,251</u>	<u>\$ 9,277,645</u>

Business-type Activities

Net Investment in Capital Assets

Land	\$ 19,125
Construction in progress	62,274
Other capital assets, net of accumulated depreciation	51,151,328
Less: Long-term debt outstanding	(18,636,977)
Plus: Noncapital debt proceeds	4,830,604
Total Net Investment in Capital Assets	<u>37,426,354</u>

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities (cont.)

Restricted		
Debt service		243,724
Equipment replacement		102,343
Pensions		64,660
Total Restricted		410,727
 Unrestricted		 1,159,223
Total Business-type Activities Net Position		\$ 38,996,304

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Sewer Utility
Net Position - December 31, 2014 (as reported)	\$ 23,348,808	\$ 29,390,130	\$ 23,222,112
Add: Net pension asset	2,374,379	105,398	105,398
Add: Deferred outflows related to pensions	613,251	27,222	27,222
Net position - December 31, 2014 (as restated)	\$ 26,336,438	\$ 29,522,750	\$ 23,354,732

The Business-type Activities column includes both the Sewer Utility and Water Utility. The Water Utility is not shown separately because no restatement of net position was required.

J. LOAN RECEIVABLE FROM DEVELOPER

In 2014, the City entered into a loan agreement with a developer for \$400,000 at an interest rate of 4.8%. The developer has 10 years to pay off the loan. The balance on the loan receivable including accrued interest at 12/31/15 is \$430,400.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$605,233 in contributions from the City.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the City reported an asset of \$1,521,306 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City's proportion was 0.06193554%, which was a decrease of 0.00096308% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$601,784.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 220,542
Net differences between projected and actual earnings on pension plan investments	736,690
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,984
Employer contributions subsequent to the measurement date	<u>649,417</u>
Totals	<u>\$ 1,637,633</u>

\$649,417 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>		<u>Deferred Outflows of Resources</u>
2016	\$	241,518
2017		241,518
2018		241,518
2019		241,516
2020		22,146

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension asset (liability)	\$(4,291,867)	\$1,521,306	\$6,112,316

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the City reported a payable to the pension plan of \$155,390, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Mequon-Thiensville Joint Library

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

The governing body is made up of citizens from each community. Local representatives are appointed by the mayor. The governing body has authority to adopt its own budget and control the financial affairs of the Library. The City is obligated by the joint venture agreement to remit an amount annually to the Library. The City made a payment to the Library of \$1,077,315 in 2015.

Financial information of the Library as of December 31, 2015 is available directly from the Library's office.

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

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

Mid-Moraine Municipal Court

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

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

Financial information of the court as of December 31, 2015 is available directly from the municipal court in West Bend, Wisconsin.

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

E. SUBSEQUENT EVENT

On March 1, 2016, the City issued \$8,905,000 of General Obligation Public Works Facility Bonds, Series 2016A to be used to finance a new public works facility. The bonds mature in increments of \$520,000 to \$675,000 from 2017 to 2031 and bear interest of 2.00% to 2.25%.

CITY OF MEQUON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

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

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

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

When they become effective, 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 AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 10,158,540	\$ 10,158,540	\$ 10,156,776	\$ (1,764)
State shared revenue	474,367	474,367	502,135	27,768
Intergovernmental	1,373,000	1,373,000	1,389,738	16,738
Licenses	49,319	49,319	55,470	6,151
Permits	718,500	718,500	653,203	(65,297)
General government fees	66,445	66,445	131,268	64,823
Public safety fees	701,625	701,625	701,348	(277)
Public works fees	126,200	126,200	132,404	6,204
Parks and pool fees	87,000	87,000	94,518	7,518
Development fees	72,000	72,000	72,691	691
Special assessments	3,550	3,550	6,319	2,769
Internal service fees	465,000	465,000	436,491	(28,509)
Other general revenue	652,312	652,312	720,854	68,542
Investment revenue	<u>10,000</u>	<u>10,000</u>	<u>14,940</u>	<u>4,940</u>
Total Revenues	<u>14,957,858</u>	<u>14,957,858</u>	<u>15,068,155</u>	<u>110,297</u>
EXPENDITURES				
Current:				
Salaries and fringe benefits	10,867,510	10,961,277	11,267,024	(305,747)
Materials and supplies	1,222,867	1,206,267	874,613	331,654
Purchased services	2,362,549	2,285,382	2,233,959	51,423
Plant and equipment	<u>805,932</u>	<u>805,932</u>	<u>760,372</u>	<u>45,560</u>
Total Expenditures	<u>15,258,858</u>	<u>15,258,858</u>	<u>15,135,968</u>	<u>122,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(301,000)</u>	<u>(301,000)</u>	<u>(67,813)</u>	<u>233,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(404)	(404)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(404)</u>	<u>(404)</u>
Net Change in Fund Balance	(301,000)	(301,000)	(68,217)	232,783
FUND BALANCE - Beginning of Year	<u>3,437,622</u>	<u>3,437,622</u>	<u>3,437,622</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,136,622</u>	<u>\$ 3,136,622</u>	<u>\$ 3,369,405</u>	<u>\$ 232,783</u>

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

CITY OF MEQUON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.06193554%	\$ 1,521,306	\$ 7,251,806	20.98%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 649,417	\$ 649,417	\$ -	\$ 7,974,075	8.14%

CITY OF MEQUON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2015

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. Management may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. Budget to actual comparisons at the department level are presented on page 82 as supplementary information.

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

WISCONSIN RETIREMENT SYSTEM PENSION

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

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

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

Change of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

CITY OF MEQUON

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CURRENT				
General Government				
Common Council	\$ 73,557	\$ 73,557	\$ 88,322	\$ (14,765)
Mayor	11,820	11,820	11,449	371
City Administrator	123,145	265,824	268,540	(2,716)
City Clerk	257,970	254,946	230,824	24,122
Elections	40,706	40,706	25,536	15,170
Information services	324,095	324,095	317,192	6,903
Finance	466,267	460,774	419,239	41,535
Assessor	219,741	168,725	220,359	(51,634)
Human resources	190,965	188,063	197,354	(9,291)
Legal counsel	130,600	130,600	97,584	33,016
Building maintenance	814,558	808,494	759,749	48,745
Total General Government	<u>2,653,424</u>	<u>2,727,604</u>	<u>2,636,148</u>	<u>91,456</u>
Public Safety				
Police	4,698,349	4,689,667	4,698,089	(8,422)
Fire protection	1,220,335	1,217,125	1,436,632	(219,507)
Communications	624,463	614,405	605,291	9,114
Police Reserve	10,367	10,367	4,548	5,819
Inspections	378,049	373,504	356,354	17,150
Total Public Safety	<u>6,931,563</u>	<u>6,905,068</u>	<u>7,100,914</u>	<u>(195,846)</u>
Public Works				
Fleet services	586,315	582,112	483,391	98,721
Engineering	779,211	771,781	765,764	6,017
Highway	2,136,471	2,113,277	1,991,606	121,671
Recycling	23,434	23,434	20,476	2,958
Total Public Works	<u>3,525,431</u>	<u>3,490,604</u>	<u>3,261,237</u>	<u>229,367</u>
Public Health				
Cemetery	1,000	1,000	2,692	(1,692)
Total Public Health	<u>1,000</u>	<u>1,000</u>	<u>2,692</u>	<u>(1,692)</u>
Community Enrichment Services				
Library	1,048,315	1,048,315	1,077,315	(29,000)
Swimming pool	132,948	132,948	105,028	27,920
Parks	539,928	533,722	541,175	(7,453)
Total Community Enrichment Services	<u>1,721,191</u>	<u>1,714,985</u>	<u>1,723,518</u>	<u>(8,533)</u>
Conservation and Development				
Planning	426,249	419,597	411,459	8,138
Total Conservation and Development	<u>426,249</u>	<u>419,597</u>	<u>411,459</u>	<u>8,138</u>
TOTAL EXPENDITURES	<u><u>\$ 15,258,858</u></u>	<u><u>\$ 15,258,858</u></u>	<u><u>\$ 15,135,968</u></u>	<u><u>\$ 122,890</u></u>

CITY OF MEQUON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Special Revenue Funds			
	Park Fund	Revolving Loan Fund	Other Committed Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ 405,661	\$ 182,333	\$ 587,994
Receivables				
Other	5,316	-	347	5,663
Loans	<u>-</u>	<u>290,529</u>	<u>-</u>	<u>290,529</u>
TOTAL ASSETS	<u>\$ 5,316</u>	<u>\$ 696,190</u>	<u>\$ 182,680</u>	<u>\$ 884,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 3,280	\$ -	\$ 214	\$ 3,494
Deposits	4,350	-	-	4,350
Due to other funds	<u>213,562</u>	<u>-</u>	<u>-</u>	<u>213,562</u>
Total Liabilities	<u>221,192</u>	<u>-</u>	<u>214</u>	<u>221,406</u>
Deferred Inflows of Resources				
Unavailable revenues	<u>-</u>	<u>290,529</u>	<u>-</u>	<u>290,529</u>
Fund Balances (Deficit)				
Restricted	-	405,661	-	405,661
Committed	-	-	182,466	182,466
Unassigned (Deficit)	<u>(215,876)</u>	<u>-</u>	<u>-</u>	<u>(215,876)</u>
Total Fund Balances (deficit)	<u>(215,876)</u>	<u>405,661</u>	<u>182,466</u>	<u>372,251</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,316</u>	<u>\$ 696,190</u>	<u>\$ 182,680</u>	<u>\$ 884,186</u>

CITY OF MEQUON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Park Fund	Revolving Loan Fund	Other Committed Funds	
REVENUES				
Public charges for services	\$ 38,945	\$ -	\$ 14,642	\$ 53,587
Investment income	199	56,612	268	57,079
Miscellaneous	12,435	-	15,195	27,630
Total Revenues	<u>51,579</u>	<u>56,612</u>	<u>30,105</u>	<u>138,296</u>
EXPENDITURES				
Current				
Public safety	-	-	7,258	7,258
Community enrichment services	49,980	-	4,794	54,774
Conservation and development	-	600	-	600
Capital Outlay	923	-	-	923
Total Expenditures	<u>50,903</u>	<u>600</u>	<u>12,052</u>	<u>63,555</u>
Excess of revenues over expenditures	<u>676</u>	<u>56,012</u>	<u>18,053</u>	<u>74,741</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	404	404
Net Change in Fund Balances	676	56,012	18,457	75,145
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(216,552)</u>	<u>349,649</u>	<u>164,009</u>	<u>297,106</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (215,876)</u>	<u>\$ 405,661</u>	<u>\$ 182,466</u>	<u>\$ 372,251</u>

CITY OF MEQUON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,621,271	\$ 2,621,271	\$ 2,618,856	\$ (2,415)
Intergovernmental	122,400	122,400	126,387	3,987
Investment income	1,800	1,800	9,942	8,142
Total Revenues	<u>2,745,471</u>	<u>2,745,471</u>	<u>2,755,185</u>	<u>9,714</u>
EXPENDITURES				
Debt Service				
Principal	2,370,000	2,370,000	2,220,000	150,000
Interest and fiscal charges	733,709	733,709	739,758	(6,049)
Total Expenditures	<u>3,103,709</u>	<u>3,103,709</u>	<u>2,959,758</u>	<u>143,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(358,238)</u>	<u>(358,238)</u>	<u>(204,573)</u>	<u>153,665</u>
OTHER FINANCING SOURCES				
Premium on debt issued	-	-	237,972	237,972
Net Change in Fund Balance	(358,238)	(358,238)	33,399	391,637
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(328,746)</u>	<u>(328,746)</u>	<u>(328,746)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (686,984)</u>	<u>\$ (686,984)</u>	<u>\$ (295,347)</u>	<u>\$ 391,637</u>

CITY OF MEQUON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TAX COLLECTION AGENCY FUND
 For the Year Ended December 31, 2015

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
ASSETS				
Cash and investments	\$ 26,278,280	\$ 27,128,819	\$ 26,278,280	\$ 27,128,819
Taxes receivable	22,620,034	22,903,536	22,620,034	22,903,536
TOTAL ASSETS	\$ 48,898,314	\$ 50,032,355	\$ 48,898,314	\$ 50,032,355
LIABILITIES				
Accounts payable	\$ 163,069	\$ 327,929	\$ 163,069	\$ 327,929
Due to other governments				
State of Wisconsin	700,336	740,212	700,336	740,212
Ozaukee County	7,711,888	7,943,686	7,711,888	7,943,686
Mequon-Thiensville School District	34,927,646	35,391,666	34,927,646	35,391,666
Cedarburg School District	174,823	188,644	174,823	188,644
Milwaukee Area Technical College District	5,220,552	5,440,218	5,220,552	5,440,218
TOTAL LIABILITIES	\$ 48,898,314	\$ 50,032,355	\$ 48,898,314	\$ 50,032,355



STATISTICAL SECTION

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CITY OF MEQUON

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 25,692,983	\$ 25,489,910	\$ 27,262,961	\$ 24,486,433	\$ 24,847,985	\$ 25,157,617	\$ 21,415,193	\$ 20,244,055	\$ 20,105,141	\$ 16,159,417
Restricted	939,229	1,044,875	1,136,688	1,354,442	1,019,828	6,674,351	5,516,016	1,799,470	1,067,412	2,277,291
Unrestricted (deficit)	5,384,516	4,979,600	2,463,821	2,990,407	1,348,175	(4,729,276)	(93,988)	4,386,175	2,176,255	5,878,837
Total governmental activities net position	\$ 32,016,728	\$ 31,514,385	\$ 30,863,470	\$ 28,831,282	\$ 27,215,988	\$ 27,102,692	\$ 26,837,221	\$ 26,429,700	\$ 23,348,808	\$ 24,315,545
Business-type Activities										
Net investment in capital assets	\$ 26,417,775	\$ 26,419,092	\$ 26,429,765	\$ 26,275,107	\$ 26,156,658	\$ 26,242,471	\$ 27,667,737	\$ 30,059,026	\$ 30,361,789	\$ 37,426,354
Restricted	199,449	119,214	115,255	205,353	232,166	246,988	273,879	301,144	329,024	410,727
Unrestricted (deficit)	(16,082,981)	(14,886,924)	(12,986,854)	(10,046,126)	(7,689,539)	(5,940,164)	(5,018,302)	(3,599,573)	(1,300,683)	1,159,223
Total business-type activities net position	\$ 10,534,243	\$ 11,651,382	\$ 13,558,166	\$ 16,434,334	\$ 18,699,285	\$ 20,549,295	\$ 22,923,314	\$ 26,760,597	\$ 29,390,130	\$ 38,996,304
Primary Government										
Net investment in capital assets	* \$ 52,110,758	\$ 51,909,002	\$ 53,692,726	\$ 49,791,864	\$ 49,966,147	\$ 50,361,592	\$ 48,044,434	\$ 50,303,081	\$ 49,428,434	\$ 52,547,275
Restricted	1,138,678	1,164,089	1,251,943	1,559,795	1,251,994	6,921,339	5,789,895	2,100,614	1,396,436	2,688,018
Unrestricted (deficit)	* (10,698,465)	(9,907,324)	(10,523,033)	(6,086,043)	(5,302,868)	(9,630,944)	(4,073,794)	786,602	1,914,068	8,076,556
Total primary government net position	\$ 42,550,971	\$ 43,165,767	\$ 44,421,636	\$ 45,265,616	\$ 45,915,273	\$ 47,651,987	\$ 49,760,535	\$ 53,190,297	\$ 52,738,938	\$ 63,311,849

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

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

Table 2

Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government	\$ 2,371,545	\$ 2,935,063	\$ 2,800,453	\$ 2,901,113	\$ 3,015,265	\$ 2,826,782	\$ 2,578,452	\$ 2,561,910	\$ 2,866,025	\$ 2,827,161
Public Safety	6,344,911	6,712,991	6,906,734	7,106,793	7,181,642	7,243,829	6,951,642	7,155,872	7,180,846	7,658,522
Public Works	5,934,382	5,841,355	6,990,267	6,324,874	7,198,886	7,779,419	6,445,104	6,807,814	7,097,071	6,510,601
Public Health	27,040	69,080	70,859	29,726	2,375	846	1,930	4,211	3,606	2,692
Community Enrichment	1,715,473	1,729,884	1,846,261	2,101,069	1,837,201	1,944,084	1,886,522	1,991,055	2,051,348	1,832,803
Conservation & Development	578,174	782,014	451,213	885,745	607,140	555,349	556,569	431,959	2,194,912	1,963,424
Interest & Fiscal Charges	467,978	420,005	413,812	802,613	925,877	984,173	859,007	766,527	785,985	916,642
Total government activities expense	17,439,503	18,490,392	19,479,599	20,151,933	20,768,386	21,334,482	19,279,226	19,719,348	22,179,793	21,711,845
Business-type Activities:										
Water Utility	-	-	-	1,394,217	2,085,110	2,215,531	2,258,364	2,251,136	2,252,945	2,448,115
Sewer Utility	9,131,324	8,267,629	8,310,045	8,175,180	7,881,371	8,216,356	8,394,444	8,215,337	8,339,805	9,052,567
Total business-type activities expense	9,131,324	8,267,629	8,310,045	9,569,397	9,966,481	10,431,887	10,652,808	10,466,473	10,592,750	11,500,682
Total Primary Government Expense	\$ 26,570,827	\$ 26,758,021	\$ 27,789,644	\$ 29,721,330	\$ 30,734,867	\$ 31,766,369	\$ 29,932,034	\$ 30,185,821	\$ 32,772,543	\$ 33,212,527
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 2,150,602	\$ 2,054,591	\$ 2,807,641	\$ 2,494,153	\$ 2,525,797	\$ 2,750,636	\$ 3,035,119	\$ 3,024,230	\$ 3,114,438	\$ 3,172,991
Operating Grants and Contributions	1,475,873	1,322,915	1,390,950	1,560,663	2,102,773	1,709,970	1,446,983	1,559,021	1,699,459	1,984,048
Capital Grants and Contributions	2,437,878	391,706	201,967	1,265,378	181,607	2,508,141	511,194	330,906	37,592	122,435
Total governmental activities program revenues	6,064,353	3,769,212	4,400,558	5,320,194	4,810,177	6,968,747	4,993,296	4,914,157	4,851,489	5,279,474
Business-type activities:										
Charges for Services	2,167,798	2,306,485	2,537,641	4,111,511	5,005,461	5,139,176	5,836,210	5,896,086	6,325,368	6,141,213
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	82,334
Capital Grants and Contributions	253,060	224,846	342,099	137,058	151,213	150,897	208,726	2,228,424	250,456	7,650,793
Total business-type activities program revenues	2,420,858	2,531,331	2,879,740	4,248,569	5,156,674	5,290,073	6,044,936	8,124,510	6,575,824	13,874,340
Total Primary Government Program Revenues	\$ 8,485,211	\$ 6,300,543	\$ 7,280,298	\$ 9,568,763	\$ 9,966,851	\$ 12,258,820	\$ 11,038,232	\$ 13,038,667	\$ 11,427,313	\$ 19,153,814
Net (Expense)/Revenue										
Governmental Activities	(11,375,150)	(14,721,180)	(15,079,041)	(14,831,739)	(15,958,209)	(14,365,735)	(14,285,930)	(14,805,191)	(17,328,304)	(16,432,371)
Business-type Activities	(6,710,466)	(5,736,298)	(5,430,305)	(5,320,828)	(4,809,807)	(5,141,814)	(4,607,872)	(2,341,963)	(4,016,926)	2,373,658
Total Primary Government Net Expense	\$ (18,085,616)	\$ (20,457,478)	\$ (20,509,346)	\$ (20,152,567)	\$ (20,768,016)	\$ (19,507,549)	\$ (18,893,802)	\$ (17,147,154)	\$ (21,345,230)	\$ (14,058,713)

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

Table 2

General Revenues and Other changes in Net Position

Governmental Activities:

Property Taxes	\$ 12,275,733	\$ 12,475,502	\$ 12,781,935	\$ 13,012,008	\$ 13,607,270	\$ 13,568,659	\$ 13,260,969	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286
Intergov'tl Revenues Not Restricted to Specific Programs	498,368	491,521	564,524	516,656	530,106	463,388	551,045	585,891	520,889	483,431
Investment Income	734,174	951,509	672,135	193,804	175,951	170,010	109,478	56,705	111,539	71,707
Miscellaneous	263,644	249,947	394,909	46,759	98,208	47,781	53,488	25,682	15,651	79,054
Gain on Sale of Capital Assets	21,823	50,357	14,623	-	-	2,601	45,479	239,804	-	65,000
Transfers	-	-	-	(969,676)	(68,620)	-	-	-	-	-
Total Governmental Activities	13,793,742	14,218,836	14,428,126	12,799,551	14,342,915	14,252,439	14,020,459	14,397,670	14,247,412	14,411,478

Business-type Activities:

Property Taxes	7,720,789	6,197,955	7,097,470	7,170,029	6,934,932	6,936,508	6,960,399	6,645,737	6,573,910	7,066,677
Investment Income	842,084	652,407	211,832	57,291	67,852	51,642	20,214	5,369	8,063	14,976
Miscellaneous	5,042	3,075	27,787	-	3,354	2,371	1,278	27,407	64,486	18,243
Transfers	-	-	-	969,676	68,620	-	-	-	-	-
Total Business-type Activities	8,567,915	6,853,437	7,337,089	8,196,996	7,074,758	6,990,521	6,981,891	6,678,513	6,646,459	7,099,896
Total Primary Government	\$ 22,361,657	\$ 21,072,273	\$ 21,765,215	\$ 20,996,547	\$ 21,417,673	\$ 21,242,960	\$ 21,002,350	\$ 21,076,183	\$ 20,893,871	\$ 21,511,374

Change in Net Position

Governmental Activities	2,418,592	(502,344)	(650,915)	(2,032,188)	(1,615,294)	(113,296)	(265,471)	(407,521)	(3,080,892)	(2,020,893)
Business-type Activities	1,857,449	1,117,139	1,906,784	2,876,168	2,264,951	1,848,707	2,374,019	4,336,550	2,629,533	9,473,554
Total Primary Government	\$ 4,276,041	\$ 614,795	\$ 1,255,869	\$ 843,980	\$ 649,657	\$ 1,735,411	\$ 2,108,548	\$ 3,929,029	\$ (451,359)	\$ 7,452,661

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 112,036	\$ 47,464	\$ 40,304	\$ 40,054	\$ 41,978	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,059,663	1,348,673	676,941	1,295,092	1,687,022	-	-	-	-	-
Non-spendable	-	-	-	-	-	-	4,014	179,218	595,505	559,000
Restricted	-	-	-	-	-	48,786	14,621	10,410	6,804	9,043
Assigned	-	-	-	-	-	-	186,000	286,000	301,000	301,500
Unassigned	-	-	-	-	-	2,244,258	3,092,712	3,571,508	2,534,313	2,499,862
Total General Fund	2,171,699	1,396,137	717,245	1,335,146	1,729,000	2,293,044	3,297,347	4,047,136	3,437,622	3,369,405
All Other Governmental Funds										
Reserved	1,370,268	1,603,822	1,683,640	2,382,338	1,490,466	-	-	-	-	-
Unreserved, reported in										
Special Revenue Funds	1,123,316	1,105,618	1,017,682	515,594	459,834	-	-	-	-	-
Capital Projects Funds	3,536,770	3,862,819	3,637,816	10,058,625	6,187,099	-	-	-	-	-
Non-spendable	-	-	-	-	-	-	-	-	753,750	-
Restricted	-	-	-	-	-	7,968,864	5,287,651	7,282,804	3,099,716	3,830,472
Committed	-	-	-	-	-	158,474	161,555	162,079	164,009	182,466
Assigned	-	-	-	-	-	-	2,398,957	2,397,020	1,493,283	2,406,525
Unassigned	-	-	-	-	-	1,794,965	(398,750)	(567,319)	(545,298)	(511,223)
Total All Other Governmental Funds	6,030,354	6,572,259	6,339,138	12,956,557	8,137,399	9,922,303	7,449,413	9,274,584	4,965,460	5,908,240
Total Fund Balances	\$ 8,202,053	\$ 7,968,396	\$ 7,056,383	\$ 14,291,703	\$ 9,866,399	\$ 12,215,347	\$ 10,746,760	\$ 13,321,720	\$ 8,403,082	\$ 9,277,645

The City implemented GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions in 2011. This statement establishes new fund balance classifications, which are based primarily on the extent to which the City is bound to observe constraints on the use of the resources reported in governmental funds. As a result of implementing this standard, the fund balance categories used beginning in 2011 are not directly comparable to the fund balance categories used prior to 2011.

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

Table 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 12,275,733	\$ 12,475,502	\$ 12,781,935	\$ 13,012,008	\$ 13,607,270	\$ 13,568,659	\$ 13,260,969	\$ 13,489,588	\$ 13,599,333	\$ 13,712,286
Intergovernmental Revenues	2,336,159	1,710,032	1,778,612	2,888,511	2,545,498	1,997,915	2,533,394	1,947,547	2,118,275	2,174,623
Licenses & Permits	1,203,755	1,113,504	1,177,444	1,101,106	1,165,138	1,170,613	1,257,439	1,273,998	1,378,270	1,322,093
Fines, Forfeitures and Penalties	-	-	-	-	-	159,798	183,561	184,068	190,347	167,015
Public Charges for Services	978,734	1,025,262	1,863,998	1,518,183	1,240,937	1,288,601	1,315,941	1,489,731	1,602,653	1,682,838
Intergovernmental Charges for Services	101,017	104,404	106,928	109,067	182,286	106,774	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	1,895	66,674
Investment Income	735,420	950,518	741,986	194,187	176,734	174,997	108,638	60,715	119,292	102,244
Other Revenues	449,649	380,545	209,300	166,023	111,137	123,755	119,871	386,589	69,804	127,201
Total Revenues	18,080,467	17,759,767	18,660,203	18,989,085	19,029,000	18,591,112	18,779,813	18,832,236	19,079,869	19,354,974
Expenditures										
Current										
General Government	2,367,786	2,877,301	2,728,441	2,796,046	2,716,066	2,536,080	2,469,334	2,386,454	2,679,908	2,636,148
Public Safety	5,997,403	6,350,569	6,521,197	6,588,793	6,520,263	6,586,480	6,550,281	6,651,414	6,767,586	7,108,172
Public Works	4,600,183	4,598,917	5,329,775	3,470,061	3,586,628	3,487,367	3,162,346	3,142,843	3,290,198	3,261,237
Public Health	27,040	69,080	70,859	29,726	2,375	846	1,930	4,211	3,606	2,692
Community Enrichment	1,603,463	1,661,876	1,776,535	1,981,720	1,700,327	1,681,913	1,661,202	1,807,428	1,846,667	1,778,292
Conservation and Development	453,315	423,079	419,263	817,181	567,802	555,349	556,569	393,109	411,582	412,059
Capital Outlay	1,886,940	923,356	3,981,521	6,861,097	5,784,174	4,587,815	2,194,148	3,195,577	6,427,077	6,879,764
Debt Service										
Principal	835,850	811,808	851,964	1,120,219	1,743,077	1,224,118	1,534,554	3,141,988	2,013,548	2,220,000
Interest and Fiscal Charges	401,859	327,795	315,929	550,271	890,011	797,705	807,696	934,751	830,192	835,175
Payment to WRS for Unfunded Liability	-	-	-	-	-	-	1,355,819	-	-	-
Total Expenditures	18,173,839	18,043,781	21,995,484	24,215,114	23,510,723	21,457,673	20,293,879	21,657,775	24,270,364	25,133,539
Excess of Revenues										
Over/(Under) Expenditures	(93,372)	(284,014)	(3,335,281)	(5,226,029)	(4,481,723)	(2,866,561)	(1,514,066)	(2,825,539)	(5,190,495)	(5,778,565)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources/(Uses)										
Transfers In	1,931,994	1,907,915	1,978,335	1,676,627	136,063	667,449	147,463	29,497	639,000	404
Transfers Out	(1,931,994)	(1,907,915)	(1,978,335)	(1,676,627)	(136,063)	(667,449)	(147,463)	(29,497)	(639,000)	(404)
Debt										
General obligation debt issued	-	-	2,400,000	12,055,000	-	8,745,000	-	3,710,000	-	5,740,000
Refunding debt issued	1,477,942	-	-	-	-	-	-	1,280,000	-	-
Refunded general obligation debt	(1,370,000)	-	-	-	-	(3,956,423)	-	-	-	-
Discount on debt issued	-	-	-	-	-	(73,556)	-	-	-	-
Premium on debt issued	-	-	-	91,542	-	192,393	-	151,717	-	237,972
Proceeds of capital leases	-	-	-	-	-	235,193	-	-	-	-
Proceeds of capital leases	-	-	-	-	-	-	-	-	219,929	604,191
Sale of capital assets	12,615	50,357	23,268	48,690	56,419	72,902	45,479	258,782	51,928	70,965
Total Other Financing Sources/(Uses)	120,557	50,357	2,423,268	12,195,232	56,419	5,215,509	45,479	5,400,499	271,857	6,653,128
Net Change in Fund Balances	\$ 27,185	\$ (233,657)	\$ (912,013)	\$ 6,969,203	\$ (4,425,304)	\$ 2,348,948	\$ (1,468,587)	\$ 2,574,960	\$ (4,918,638)	\$ 874,563
Debt Service as a % of non-capital expenditures	7.58%	7.34%	5.71%	8.55%	14.55%	12.06%	20.65%	20.49%	13.40%	14.02%

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

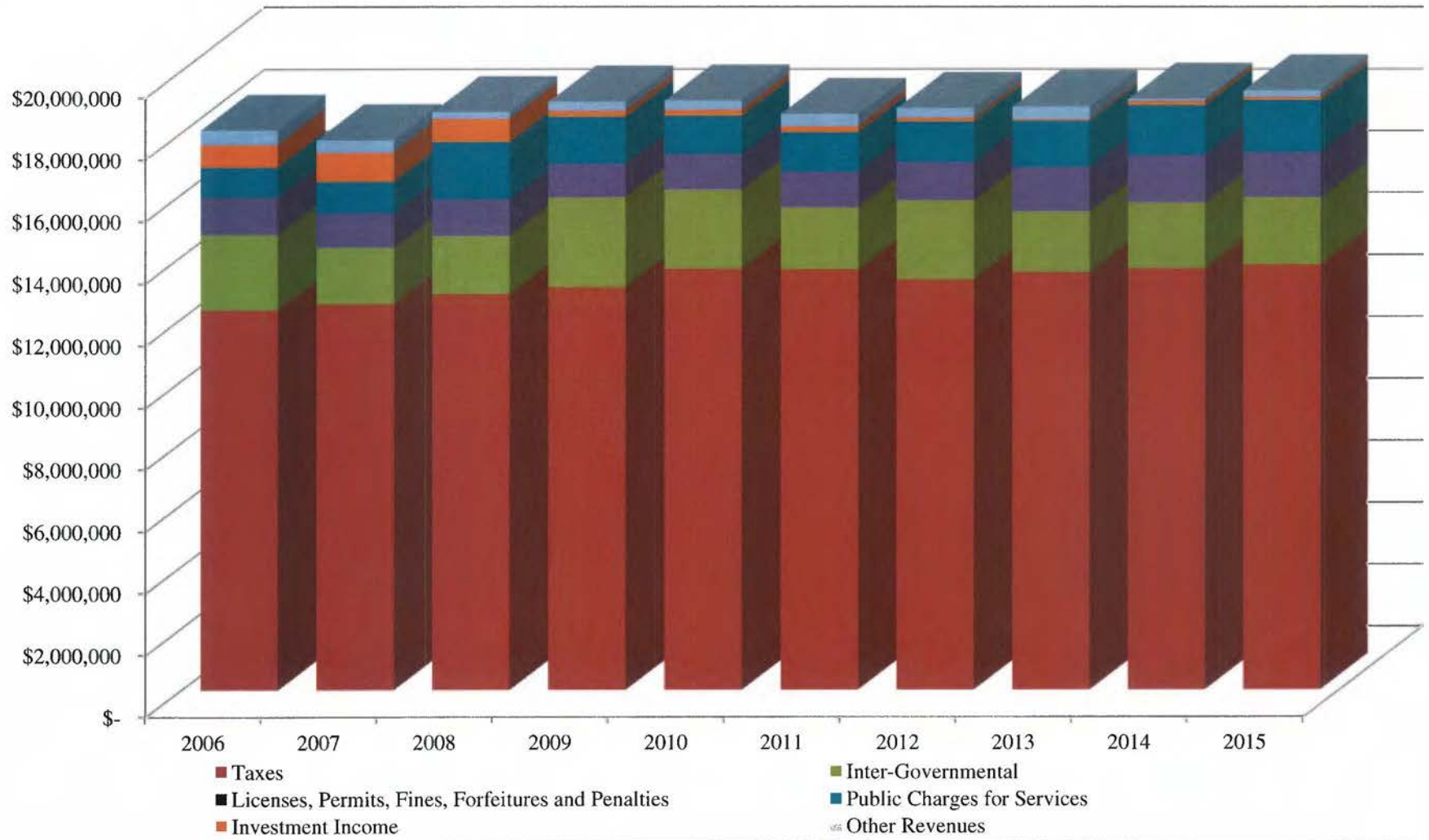
CITY OF MEQUON
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Table 5

Fiscal Year	Taxes		Inter-Governmental		Licenses, Permits, Fines, Forfeitures and Penalties		Public Charges for Services		Investment Income		Other Revenues		Total Revenues
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
2010	13,607,270	71.5%	2,545,498	13.4%	1,165,138	6.1%	1,240,937	6.5%	176,734	0.9%	293,423	1.5%	19,029,000
2011	13,568,659	73.0%	1,997,915	10.7%	1,170,613	6.3%	1,288,601	6.9%	174,997	0.9%	390,327	2.1%	18,591,112
2012	13,260,969	70.6%	2,533,394	13.5%	1,257,439	6.7%	1,315,941	7.0%	108,638	0.6%	303,432	1.6%	18,779,813
2013	13,489,588	71.6%	1,947,547	10.3%	1,458,066	7.7%	1,489,731	7.9%	60,715	30.0%	386,589	2.1%	18,832,236
2014	13,599,333	71.3%	2,118,275	11.1%	1,568,617	8.2%	1,602,653	8.4%	119,292	0.6%	71,699	0.4%	19,079,869
2015	13,712,286	70.8%	2,174,623	11.2%	1,489,108	7.7%	1,682,838	8.7%	102,244	0.5%	193,875	1.0%	19,354,974

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

City of Mequon General Governmental Revenues By Source



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

Table 6

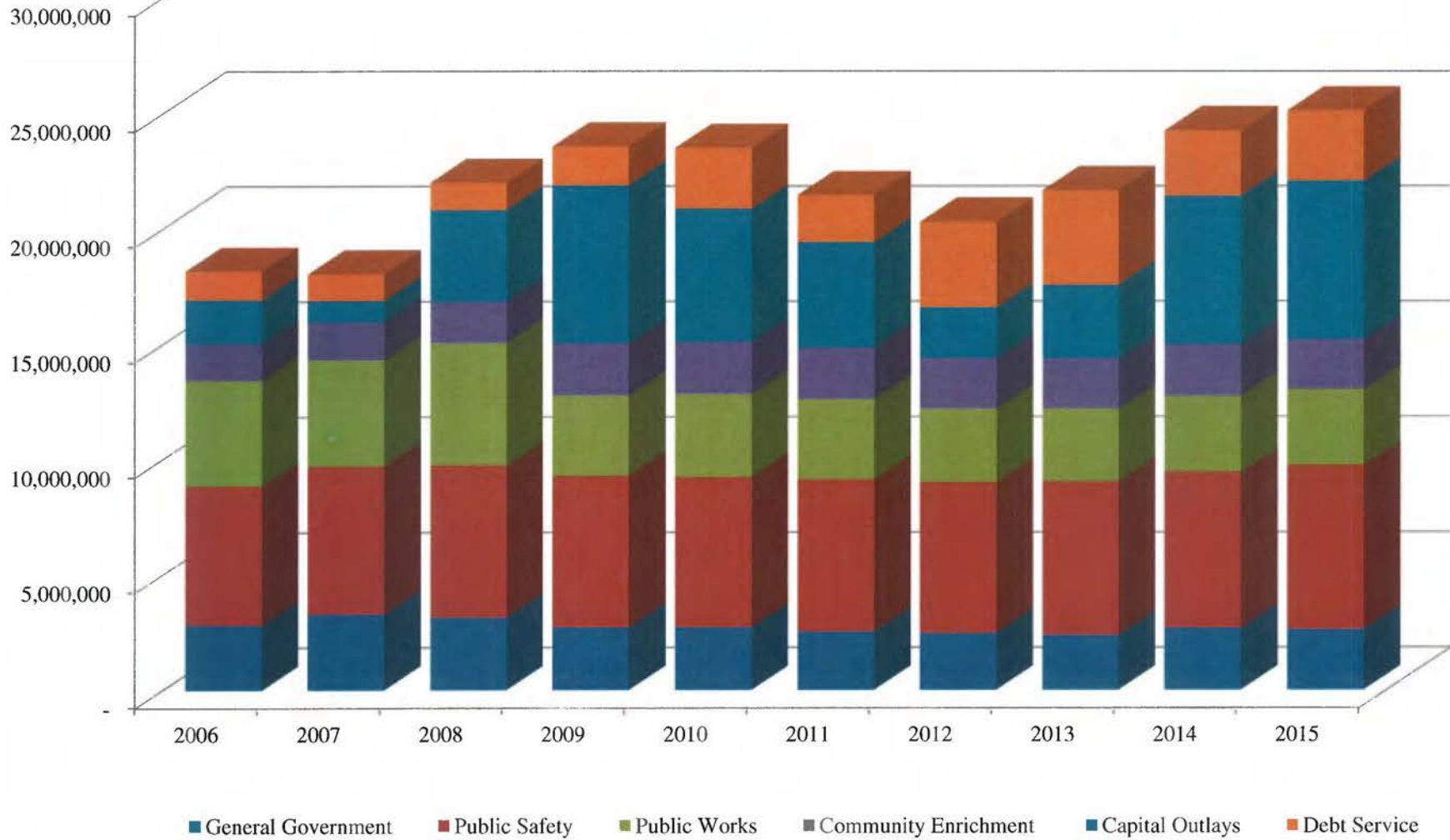
Fiscal Year	General Government		Public Safety		Public Works		Community Enrichment		Capital Outlays		Debt Service		Total Expenditures
2006	\$ 2,821,101	15.5%	\$ 6,024,443	33.1%	\$ 4,600,183	25.3%	\$ 1,603,463	8.8%	\$ 1,886,940	10.4%	\$ 1,237,709	6.8%	\$ 18,173,839
2007	3,300,380	18.3%	6,419,649	35.6%	4,598,917	25.5%	1,661,876	9.2%	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%	3,981,521	18.1%	1,167,893	5.3%	21,995,484
2009	2,718,441	11.5%	6,588,793	27.9%	3,470,061	14.7%	2,268,129	9.6%	6,861,097	29.1%	1,670,490	7.1%	23,577,011
2010	2,718,441	11.6%	6,520,263	27.7%	3,586,628	15.3%	2,268,129	9.6%	5,784,174	24.6%	2,633,088	11.2%	23,510,723
2011	2,536,926	11.8%	6,586,480	30.7%	3,487,367	16.3%	2,237,262	10.4%	4,587,815	21.4%	2,021,823	9.4%	21,457,673
2012	2,471,264	12.2%	6,550,281	32.3%	3,162,346	15.6%	2,217,771	10.9%	2,194,148	10.8%	3,698,069	18.2%	20,293,879
2013	2,386,454	11.0%	6,651,414	30.7%	3,142,843	14.5%	2,204,748	10.2%	3,195,577	14.8%	4,076,739	18.8%	21,567,775
2014	2,679,908	11.0%	6,767,586	27.9%	3,290,198	13.6%	2,261,855	9.3%	6,427,077	26.5%	2,843,740	11.7%	24,270,364
2015	2,636,148	10.5%	7,108,172	28.3%	3,261,237	13.0%	2,193,043	8.7%	6,879,764	27.4%	3,055,175	12.2%	25,133,539

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

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

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

City of Mequon General Governmental Expenditures By Function



**CITY OF MEQUON
 ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Table 7

Levy Year	Fiscal Year	Real Property		Personal Property		Total		Net Tax Rate M-T SD	Net Tax Rate Cedarburg SD	Ratio of Assessed to Equalized Value
		Assessed Value	Equalized Value	Assessed Value	Equalized Value	Assessed Value	Equalized Value			
2006	2007	\$ 3,527,171,900	\$ 4,151,967,000	\$ 52,989,510	\$ 62,946,800	\$ 3,580,161,410	\$ 4,214,913,800	19.09	17.20	84.95%
2007	2008	3,587,551,600	4,508,754,200	49,002,630	60,456,500	3,636,554,230	4,569,210,700	18.14	16.44	79.64%
2008	2009	3,644,645,900	4,431,816,900	68,573,110	68,585,800	3,713,219,010	4,500,402,700	18.54	16.30	81.87%
2009	2010	4,257,032,100	4,316,553,200	59,588,580	51,002,200	4,316,620,680	4,367,555,400	18.47	17.18	98.83%
2010	2011	4,253,484,800	4,156,726,000	57,834,840	66,441,500	4,311,319,640	4,223,167,500	15.98	15.29	102.07%
2011	2012	4,238,554,800	4,043,965,700	59,695,260	51,865,000	4,298,250,060	4,095,830,700	15.43	14.32	104.83%
2012	2013	4,240,369,050	3,908,363,100	51,407,900	63,804,400	4,291,776,950	3,972,167,500	15.47	14.36	108.81%
2013	2014	4,262,904,650	3,887,126,100	70,198,200	62,342,400	4,333,102,850	3,949,468,500	15.50	14.84	109.83%
2014	2015	4,307,459,260	4,060,808,700	74,219,200	65,952,800	4,381,678,460	4,126,761,500	14.82	13.97	106.26%
2015	2016	4,367,465,300	4,284,684,700	66,892,120	77,044,000	4,434,357,420	4,361,728,700	14.84	14.65	101.67%

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

CITY OF MEQUON
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
2006	2007	0.2143	2.0307	3.4077	2.5077	10.0809	2.1505	20.3918	1.2989	19.0928	3,484,259,320
2007	2008	0.2068	1.9898	3.3994	1.9865	10.0674	2.0842	19.7341	1.5972	18.1369	3,564,890,610
2008	2009	0.2132	2.0258	3.4058	2.2441	10.1886	2.2266	20.3041	1.7641	18.5400	3,636,554,230
2009	2010	0.2064	1.9829	3.4139	2.2344	10.3060	2.2317	20.3752	1.9008	18.4744	3,701,157,810
2010	2011	0.1717	1.6995	3.0569	1.8618	8.8362	1.9332	17.5593	1.5787	15.9806	4,292,782,940
2011	2012	0.1617	1.6864	3.0360	1.8769	8.2742	1.8543	16.8895	1.4630	15.4265	4,279,672,560
2012	2013	0.1565	1.7036	3.0414	1.7854	8.2186	1.9532	16.8587	1.3893	15.4694	4,289,391,450
2013	2014	0.1553	1.7699	3.0863	1.4951	8.1902	1.9412	16.6380	1.3200	15.3180	4,314,641,750
2014	2015	0.1598	1.7673	3.0612	1.8924	8.0397	1.1964	16.1168	1.2904	14.8264	4,381,678,460
2015	2016	0.1669	1.8058	3.0741	1.9126	8.0808	1.2367	16.2771	1.4389	14.8381	4,434,357,420

PER \$1,000 OF EQUALIZED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Sewer Utility	M-T Schools	MATC	Total	State School Credit	Net Tax Rate	Equalized Valuation
2006	2007	0.1820	1.7249	2.8945	2.1301	8.5627	1.8267	17.3208	1.1033	16.2175	4,102,024,158
2007	2008	0.1647	1.5846	2.7073	1.5820	8.0177	1.6599	15.7162	1.2720	14.4442	4,476,425,041
2008	2009	0.1746	1.6586	2.7885	1.8374	8.3419	1.8230	16.6239	1.4444	15.1796	4,441,609,227
2009	2010	0.2039	1.9597	3.3740	2.2082	10.1854	2.2056	20.1368	1.8786	18.2583	3,744,974,006
2010	2011	0.1753	1.7347	3.1202	1.9003	9.0191	1.9732	17.9228	1.6114	16.3114	4,205,724,444
2011	2012	0.1695	1.7679	3.1826	1.9676	8.6738	1.9438	17.7052	1.5337	16.1716	4,082,488,372
2012	2013	0.1703	1.8537	3.3093	1.9427	8.9427	2.1252	18.3440	1.5117	16.8323	3,942,093,052
2013	2014	0.1706	1.9439	3.3897	1.6421	8.9953	2.1320	18.2735	1.4498	16.8238	3,928,472,867
2014	2015	0.1698	1.8779	3.2528	2.0108	8.5430	1.2713	17.1257	1.3711	15.7546	4,123,544,570
2015	2016	0.1697	1.8359	3.1253	1.9445	8.2154	1.2573	16.5481	1.4629	15.0852	4,361,728,700

CITY OF MEQUON
COMPARATIVE TAX RATES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTIES WITHIN THE CEDARBURG SCHOOL DISTRICT
LAST TEN FISCAL YEARS

Table 9

PER \$1,000 OF ASSESSED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Assessed Valuation
2006	2007	0.2143	2.0307	3.4077	10.7007	2.1505	18.5039	1.2989	17.2050	14,531,900
2007	2008	0.2068	1.9898	3.3994	10.3527	2.0842	18.0329	1.5972	16.4357	15,270,800
2008	2009	0.2130	2.0258	3.4058	10.1886	2.2266	18.0598	1.7641	16.2957	15,199,500
2009	2010	0.2064	1.9829	3.4139	11.2476	2.2317	19.0825	1.9008	17.1817	15,749,050
2010	2011	0.1717	1.6995	3.0569	10.0098	1.9332	16.8711	1.5787	15.2924	18,328,600
2011	2012	0.1617	1.6864	3.0360	9.0496	1.8543	15.7880	1.4630	14.3250	18,577,500
2012	2013	0.1565	1.7036	3.0414	8.8914	1.9532	15.7461	1.3893	14.3568	18,432,700
2013	2014	0.1553	1.7699	3.0863	9.2681	1.9412	16.2208	1.3200	14.9008	18,461,100
2014	2015	0.1598	1.7673	3.0612	9.0800	1.1964	15.2647	1.2904	13.9744	19,253,600
2015	2016	0.1669	1.8058	3.0740	9.8011	1.2367	16.0846	1.4389	14.6456	19,247,300

PER \$1,000 OF EQUALIZED VALUE

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	Cedarburg Schools	MATC	Total	State School Credit	Net Tax Rate	Equalized Valuation
2006	2007	0.1820	1.7249	2.8945	9.0892	1.8267	15.7172	1.1033	14.6139	17,108,429
2007	2008	0.1647	1.5846	2.7072	8.2446	1.6598	14.3609	1.2720	13.0889	19,175,509
2008	2009	0.1744	1.6586	2.7885	8.3419	1.8230	14.7864	1.4444	13.3421	18,564,343
2009	2010	0.2039	1.9597	3.3740	11.1160	2.2056	18.8592	1.8786	16.9807	15,935,495
2010	2011	0.1753	1.7347	3.1202	10.2170	1.9732	17.2203	1.6114	15.6090	17,956,892
2011	2012	0.1695	1.7679	3.1826	9.4867	1.9438	16.5505	1.5337	15.0169	17,721,549
2012	2013	0.1703	1.8537	3.3093	9.6748	2.1252	17.1333	1.5117	15.6216	16,940,263
2013	2014	0.1706	1.9439	3.3897	10.1792	2.1320	17.8153	1.4498	16.3655	16,808,795
2014	2015	0.1698	1.8779	3.2528	9.6484	1.2713	16.2203	1.3711	14.8492	18,119,330
2015	2016	0.1697	1.8359	3.1252	9.9643	1.2573	16.3524	1.4629	14.8895	18,932,056

CITY OF MEQUON
TEN LARGEST TAXPAYERS - 2015

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
LCS - Westminster Newcastle LLC	Commercial	\$ 37,908,200	\$ 562,474	0.81%
Centro Bradley SPE 1LP	Commercial	30,633,000	454,594	0.65%
Mequon Trail Townhomes Limited Part.	Commercial	23,404,400	347,321	0.50%
FFII WI Mequon LLC	Industrial	20,820,300	308,973	0.44%
Hta-Wisconsin Mob 2 LLC	Commercial	18,257,100	270,935	0.39%
Wmi Milwaukee LLC	Commercial	15,711,000	233,151	0.34%
St. Mary's Hospital of Milwaukee	Healthcare	14,338,800	212,788	0.31%
PJL Group	Commercial	13,543,740	200,989	0.29%
Rockwell Automation Inc.	Industrial	10,787,800	160,091	0.23%
Telesmith Inc.	Commercial	9,297,500	137,975	0.20%
		<u>\$ 194,701,840</u>	<u>\$ 2,889,292</u>	4.16%

Source: City of Mequon Assessment and Tax Rolls

TEN LARGEST TAXPAYERS - 2006

Name of Taxpayer	Nature of Business	Assessed Value	Net Taxes Paid	Percent of Total Taxes Levied
Centro Bradley SPE 1 LLP	Commercial	\$ 22,398,900	\$ 427,659	0.63%
Mequon Trail Townhomes LP	Townhomes	19,554,000	354,649	0.52%
Kasch Building Partnership	Wholesale Toy Distributor	10,474,200	194,192	0.28%
Advanced Healthcare Properties	Healthcare	8,246,000	152,340	0.22%
Mequon Joint Venture	Commercial	7,599,400	121,443	0.18%
P L J Group	Commercial	7,552,500	116,508	0.17%
Glen Oaks Office Park LLC	Commercial	7,371,300	114,030	0.17%
Lee A. Doerr Jr	Commercial	7,113,600	110,295	0.16%
Stern Real Estate LLC	Commercial	6,947,700	102,965	0.15%
St Mary's Hospital of Milwaukee	Healthcare	6,682,400	99,167	0.15%
		<u>\$ 103,940,000</u>	<u>\$ 1,793,247</u>	2.62%

Source: City of Mequon Assessment and Tax Rolls

CITY OF MEQUON
TEN LARGEST EMPLOYERS - 2015

Name of Employer	Product/Service	Approximate Number of Employees
Concordia University Wisconsin	Post-secondary education	1,000
Columbia St. Mary's	Health care	750
Mequon-Thiensville School District	Elementary and secondary education	402*
Kleen Test Products	Contract manufacturer and packager	300
HB Performance Systems	Manufacturer of braking systems	250
City of Mequon	Municipal government and services	236*
Aurora Advanced Health Care	Health care	222
Telsmith Inc.	Manufacturer of large rock crushing equipment	221
Metro-Mart	Grocery store	160
Strategem Inc.	Information technology and project consultants	160

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

*Does not include seasonal

TEN LARGEST EMPLOYERS - 2006

Name of Employer	Product/Service	Approximate Number of Employees
Columbia St. Mary's	Health care provider	1,020
Rockwell Automation	Electrical DC drives & systems	890
Mequon-Thiensville School District	Elementary and secondary education	472
HB Performance Systems	Manufacturer of braking systems	350
Concordia University Wisconsin	Post-secondary education	284
Telsmith Inc.	Manufacture of large rock crushing equipment	253
City of Mequon	Municipal government and services	228*
Wage Works	Employee benefits administration	160
Johnson Level & Tool	Manufacturer of measuring and layout tools	150
SPI Lighting	Commercial indirect lighting equipment	146

*Does not include seasonal

**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
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	12,348,739	12,246,123	99.17%	32,555	12,278,678	99.43%
2008	2009	12,595,713	12,395,036	98.41%	135,917	12,530,953	99.49%
2009	2010	13,151,619	13,090,531	99.54%	37,106	13,127,637	99.82%
2010	2011	13,145,491	13,120,344	99.81%	12,704	13,133,048	99.91%
2011	2012	13,049,595	13,024,446	99.81%	-	13,024,446	99.81%
2012	2013	13,101,821	13,048,291	99.59%	-	13,048,291	99.59%
2013	2014	13,202,145	13,178,023	99.82%	-	13,178,023	99.82%
2014	2015	13,357,908	13,334,800	99.83%	-	13,610,937	99.85%

Table 12

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

REAL ESTATE	2006 R.E. ASSESSED VALUE	2007 R.E. ASSESSED VALUE	2008 R.E. ASSESSED VALUE	2009 R.E. ASSESSED VALUE	2010 R.E. ASSESSED VALUE	2011 R.E. ASSESSED VALUE	2012 R.E. ASSESSED VALUE	2013 R.E. ASSESSED VALUE	2014 R.E. ASSESSED VALUE	2015 R.E. ASSESSED VALUE
RESIDENTIAL										
LAND	\$ 1,039,998,400	\$ 1,035,685,500	\$ 1,042,087,200	\$ 1,301,196,900	\$ 1,278,046,500	\$ 1,271,080,100	\$ 1,258,885,650	\$ 1,260,254,050	\$ 1,259,185,650	\$ 1,259,227,200
IMP.	1,985,967,000	2,040,248,100	2,079,365,800	2,305,497,300	2,318,384,600	2,331,235,100	2,340,713,100	2,362,968,200	2,383,313,510	2,423,856,700
TOTAL	3,025,965,400	3,075,933,600	3,121,453,000	3,606,694,200	3,596,431,100	3,602,315,200	3,599,598,750	3,623,222,250	3,642,499,160	3,683,083,900
COMMERCIAL										
LAND	107,943,400	111,959,900	114,323,700	166,065,700	165,722,700	160,267,600	160,556,700	159,697,800	161,202,800	162,990,200
IMP.	300,162,000	311,522,700	319,911,000	373,292,400	378,365,500	361,506,800	364,192,800	363,306,600	389,061,100	407,396,900
TOTAL	408,105,400	423,482,600	434,234,700	539,358,100	544,088,200	521,774,400	524,749,500	523,004,400	550,263,900	570,387,100
MANUFACTURING										
LAND	15,484,100	13,775,600	13,816,400	16,832,100	17,505,700	18,024,600	18,704,400	18,901,800	18,329,900	17,409,600
IMP.	54,946,200	51,482,700	52,654,800	59,424,100	60,658,100	62,066,200	63,624,800	64,278,400	62,592,100	64,447,800
TOTAL	70,430,300	65,258,300	66,471,200	76,256,200	78,163,800	80,090,800	82,329,200	83,180,200	80,922,000	81,857,400
AGRICULTURAL										
LAND/TOTAL	1,059,000	1,107,300	1,089,400	1,405,900	1,386,600	1,398,100	2,196,100	2,186,700	2,198,400	1,396,000
UNDEVELOPED										
LAND/TOTAL	2,037,000	1,970,400	1,961,000	11,608,300	11,554,200	11,214,600	9,860,700	9,793,800	9,717,500	8,952,100
AG FOREST										
LAND/TOTAL	884,100	1,010,100	1,005,900	1,711,600	1,789,700	1,789,700	1,699,200	1,698,100	1,771,000	1,771,000
FOREST										
LAND/TOTAL	20,000	244,400	244,400	444,300	424,300	424,300	426,000	426,000	426,000	426,000
OTHER										
LAND	6,894,000	6,696,400	6,617,400	7,943,400	7,943,400	7,866,200	7,873,800	7,873,800	7,912,800	7,912,400
IMP.	11,776,700	11,848,500	11,568,900	11,610,100	11,703,500	11,681,500	11,635,800	11,519,400	11,748,500	11,679,400
TOTAL	18,670,700	18,544,900	18,186,300	19,553,500	19,646,900	19,547,700	19,509,600	19,393,200	19,661,300	19,591,800
TOTAL REAL ESTATE										
LAND	1,174,320,000	1,172,449,600	1,181,145,400	1,507,208,200	1,484,373,100	1,472,065,200	1,460,202,550	1,460,832,050	1,460,744,050	1,460,084,500
IMP.	2,352,851,900	2,415,102,000	2,463,500,500	2,749,823,900	2,769,111,700	2,766,489,600	2,780,166,500	2,802,072,600	2,846,715,210	2,907,380,800
TOTAL	3,527,171,900	3,587,551,600	3,644,645,900	4,257,032,100	4,253,484,800	4,238,554,800	4,240,369,050	4,262,904,650	4,307,459,260	4,367,465,300
TOTAL PERSONAL	52,989,510	49,002,630	68,573,110	59,588,580	57,834,840	59,695,260	51,407,900	70,198,200	74,219,200	66,892,120
TOTAL ASSESSED	\$ 3,580,161,410	\$ 3,636,554,230	\$ 3,713,219,010	\$ 4,316,620,680	\$ 4,311,319,640	\$ 4,298,250,060	\$ 4,291,776,950	\$ 4,333,102,850	\$ 4,381,678,460	\$ 4,434,357,420

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

Table 13

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

REAL ESTATE	2006 R.E. EQUALIZED VALUE	2007 R.E. EQUALIZED VALUE	2008 R.E. EQUALIZED VALUE	2009 R.E. EQUALIZED VALUE	2010 R.E. EQUALIZED VALUE	2011 R.E. EQUALIZED VALUE	2012 R.E. EQUALIZED VALUE	2013 R.E. EQUALIZED VALUE	2014 R.E. EQUALIZED VALUE	2015 R.E. EQUALIZED VALUE
RESIDENTIAL										
LAND	\$ 1,240,727,700	\$ 1,340,202,700	\$ 1,251,357,800	\$ 1,217,495,600	\$ 1,139,954,800	\$ 1,188,142,400	\$ 1,144,914,300	\$ 1,145,606,200	\$ 1,196,754,300	\$ 1,255,956,400
IMP.	2,350,089,800	2,554,164,200	2,530,569,300	2,427,509,100	2,359,106,500	2,217,519,700	2,155,116,100	2,142,209,900	2,258,054,700	2,386,928,900
TOTAL	3,590,817,500	3,894,366,900	3,781,927,100	3,645,004,700	3,499,061,300	3,405,662,100	3,300,030,400	3,287,816,100	3,454,809,000	3,642,885,300
COMMERCIAL										
LAND	124,238,600	127,866,200	147,769,200	150,340,300	146,252,000	139,297,200	129,575,500	130,072,100	129,280,700	142,509,200
IMP.	324,966,600	370,447,700	382,630,100	408,365,500	403,141,500	385,477,300	373,653,200	363,525,500	371,603,400	390,139,400
TOTAL	449,205,200	498,313,900	530,399,300	558,705,800	549,393,500	524,774,500	503,228,700	493,597,600	500,884,100	532,648,600
MANUFACTURING										
LAND	18,266,800	17,297,800	16,875,400	17,030,500	17,149,900	17,194,300	17,189,300	17,208,600	17,250,200	17,125,000
IMP.	64,820,300	64,646,500	64,311,400	60,125,400	59,476,300	59,208,100	58,470,100	58,520,700	58,904,700	63,394,500
TOTAL	83,087,100	81,944,300	81,186,800	77,155,900	76,626,200	76,402,400	75,659,400	75,729,300	76,154,900	80,519,500
AGRICULTURAL										
LAND/TOTAL	1,299,800	1,385,700	1,306,800	1,373,500	1,360,700	1,333,300	1,297,800	1,247,400	1,228,900	1,238,500
UNDEVELOPED										
LAND/TOTAL	5,152,100	5,431,300	4,625,100	8,048,000	6,314,300	11,683,000	4,523,200	5,216,000	5,166,000	4,963,900
AG FOREST										
LAND/TOTAL	2,967,500	2,962,500	5,245,000	4,459,000	3,939,500	4,056,500	4,056,500	4,068,700	3,817,700	3,612,000
FOREST										
LAND/TOTAL	65,000	75,000	2,129,000	1,560,000	1,366,400	1,366,400	1,366,400	1,390,800	1,299,500	1,186,500
OTHER										
LAND	7,005,600	10,803,000	12,246,000	8,495,900	7,416,100	7,712,900	7,665,100	7,630,000	7,227,000	7,260,000
IMP.	12,767,200	13,471,600	12,751,800	11,750,400	11,298,000	10,974,600	10,535,600	10,430,200	10,221,600	10,370,400
TOTAL	19,772,800	24,274,600	24,997,800	20,246,300	18,714,100	18,687,500	18,200,700	18,060,200	17,448,600	17,630,400
TOTAL REAL ESTATE										
LAND	1,399,323,100	1,506,024,200	1,441,554,300	1,408,802,800	1,323,753,700	1,370,786,000	1,310,588,100	1,312,439,800	1,362,024,300	1,433,851,500
IMP.	2,752,643,900	3,002,730,000	2,990,262,600	2,907,750,400	2,832,972,300	2,673,179,700	2,597,775,000	2,574,686,300	2,698,784,400	2,850,833,200
TOTAL	4,151,967,000	4,508,754,200	4,431,816,900	4,316,553,200	4,156,726,000	4,043,965,700	3,908,363,100	3,887,126,100	4,060,808,700	4,284,684,700
TOTAL PERSONAL										
	62,946,800	60,456,500	68,585,800	51,002,200	66,441,500	51,865,000	63,804,400	62,342,400	65,952,800	77,044,000
TOTAL EQUALIZED	\$ 4,214,913,800	\$ 4,569,210,700	\$ 4,500,402,700	\$ 4,367,555,400	\$ 4,223,167,500	\$ 4,095,830,700	\$ 3,972,167,500	\$ 3,949,468,500	\$ 4,126,761,500	\$ 4,361,728,700
ASSESSMENT RATIO	84.95%	79.64%	81.87%	98.83%	102.07%	104.83%	108.81%	109.83%	106.26%	101.67%

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

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

Table 14

Levy Year	Fiscal Year	Real Property	Personal Property	Total	Ratio of Assessed to Equalized Value	TID Value Increments	Net Equalized Value (As Reduced by TID)
		Equalized Value	Equalized Value	Equalized Value			
2006	2007	\$ 4,151,967,000	\$ 62,946,800	\$ 4,214,913,800	84.95%	\$ 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	4,431,816,900	68,585,800	4,500,402,700	81.87%	14,171,900	4,486,230,800
2009	2010	4,316,553,200	51,002,200	4,367,555,400	98.83%	14,478,000	4,353,077,400
2010	2011	4,156,726,000	66,441,500	4,223,167,500	102.07%	14,428,500	4,208,739,000
2011	2012	4,043,965,700	51,865,000	4,095,830,700	104.83%	11,801,600	4,084,029,100
2012	2013	3,908,363,100	63,804,400	3,972,167,500	108.81%	11,785,700	3,960,381,800
2013	2014	3,887,126,100	62,342,400	3,949,468,500	109.83%	12,334,700	3,937,133,800
2014	2015	4,060,808,700	65,952,800	4,126,761,500	106.26%	16,970,700	4,109,790,800
2015	2016	4,284,684,700	77,044,000	4,361,728,700	101.67%	15,095,900	4,346,632,800

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

CITY OF MEQUON
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
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
2010	4,292,782,940	4,176,153,097	14,428,500	4,190,581,597	18,536,700	18,157,403	4,311,319,640	4,194,310,500	4,208,739,000
2011	4,279,672,500	4,054,629,155	11,801,600	4,066,430,755	18,577,500	17,598,345	4,298,250,000	4,072,227,500	4,084,029,100
2012	4,289,391,450	3,943,225,926	11,785,700	3,955,011,626	18,432,700	17,155,874	4,307,824,150	3,960,381,800	3,972,167,500
2013	4,314,641,750	3,920,245,581	12,334,700	3,932,580,281	18,461,100	16,888,219	4,333,102,850	3,937,133,800	3,949,468,500
2014	4,362,424,860	4,092,200,221	16,970,700	4,109,170,921	19,253,600	17,590,579	4,381,678,460	4,109,790,800	4,126,761,500
2015	4,415,110,120	4,307,720,146	34,832,000	4,342,552,146	19,247,300	3,044,687	4,434,357,420	4,310,764,833	4,361,728,700

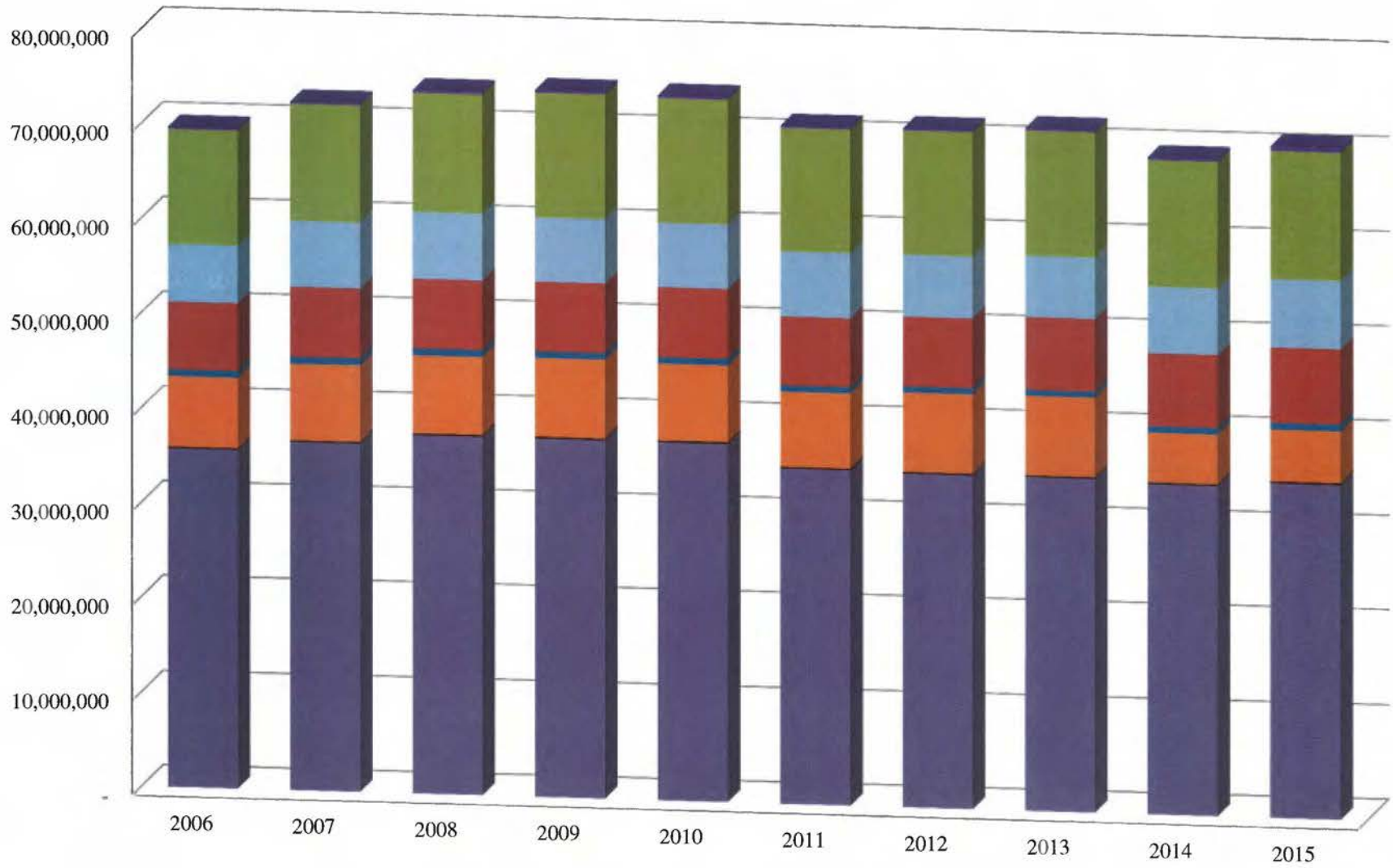
Source: "Statement of Assessments and Tax Levy Certifications from the Mequon-Thiensville School District and School District of Cedarburg"

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

Levy Year	Collection Year	State of Wisconsin	Ozaukee County	City of Mequon	MATC	Mequon-Thien. Schools	Cedarburg Schools	Sewer Utility	Tax Incremental Revenue	Gross Tax Levy
2006	2007	740,185	7,105,496	12,139,552	7,442,929	35,797,542	158,094	6,099,913	177,914	69,661,625
2007	2008	775,423	7,345,515	12,348,739	8,073,075	36,787,236	173,880	6,981,068	221,639	72,706,575
2008	2009	763,746	7,316,059	12,595,713	8,233,771	37,861,589	177,139	7,054,699	240,841	74,243,557
2009	2010	741,200	7,311,380	13,151,619	8,317,409	37,854,117	183,466	6,805,924	249,548	74,614,663
2010	2011	716,696	7,357,720	13,145,491	8,104,005	37,823,292	189,173	6,833,351	254,948	74,424,676
2011	2012	695,088	7,248,580	13,049,595	7,970,077	35,411,226	168,119	6,857,888	183,923	71,584,497
2012	2013	674,101	7,338,957	13,101,821	8,413,845	35,252,866	163,893	6,544,013	213,560	71,703,056
2013	2014	670,249	7,660,519	13,202,145	8,401,902	35,277,251	171,100	6,474,560	225,838	72,083,564
2014	2015	700,336	7,711,888	13,357,908	5,220,552	34,927,646	174,823	7,025,377	287,535	69,406,065
2015	2016	740,212	7,943,686	13,522,527	5,440,218	35,391,666	188,644	7,215,099	502,773	70,944,824

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

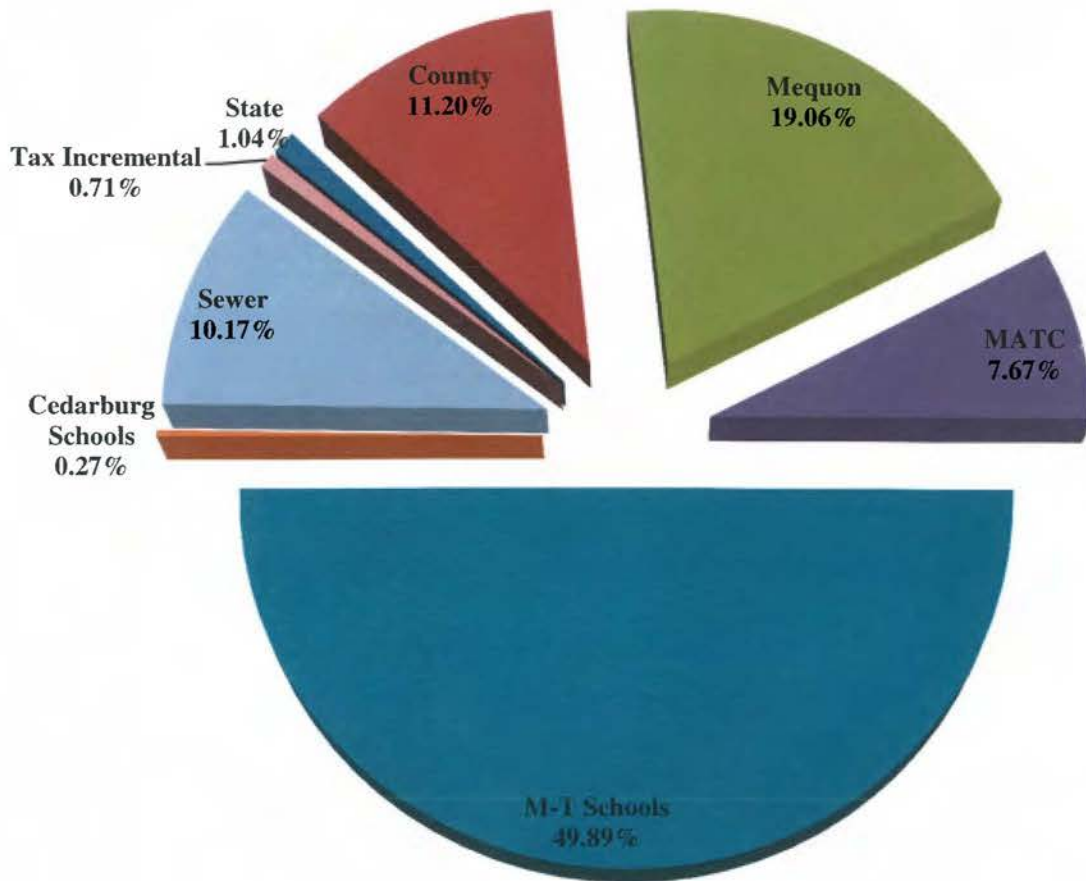
Comparative Tax Levies Last Ten Fiscal Years



Mequon-Thien. Schools
 Cedarburg Schools
 MATC
 State of Wisconsin
 Ozaukee County
 Sewer Utility
 City of Mequon
 Tax Incremental Revenue

City of Mequon 2015 Tax Levy Distribution (2016 Budget Year)

Mequon-Thiensville School District with Sewer



2015 Tax Levy information

<u>State</u>	<u>County</u>	<u>MATC</u>	<u>Mequon</u>	<u>Sewer</u>	<u>M-T School</u>	<u>Cedarburg School</u>	<u>Tax Increment</u>	<u>Total</u>
\$740,212	\$7,943,686	\$5,440,218	\$13,522,527	\$7,215,099	\$35,391,666	\$188,644	\$502,773	\$70,944,824

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

As of Dec. 31	Total G.O. Debt Outstanding	Less: Funds Available for Debt Service	Net Debt Outstanding	Equalized Value	Statutory Debt Capacity (5% of Equalized Value)	Ratio of Net Debt to Debt Capacity	Population	Net Debt Per Capita	Net Debt Per \$1,000 of Equalized Vaue
2006	\$ 45,126,426	\$ 388,331	\$ 44,738,095	\$ 3,997,387,500	\$ 199,869,375	22.38%	23,485	\$ 1,905	\$ 11.19
2007	25,733,081	490,020	25,243,061	4,214,913,800	210,745,690	11.98%	23,565	1,071	5.99
2008	25,405,797	541,533	24,864,264	4,569,210,700	228,460,535	10.88%	23,670	1,050	5.44
2009	34,502,799	1,266,906	33,235,893	4,515,586,123	225,779,306	14.72%	23,660	1,405	7.36
2010	30,963,913	921,502	30,042,411	4,310,296,791	215,514,840	13.94%	23,132	1,299	6.97
2011	33,120,027	1,799,769	31,320,258	4,296,176,093	214,808,805	14.58%	23,191	1,351	7.29
2012	29,906,141	-	29,906,141	3,972,167,500	198,608,375	15.06%	23,226	1,288	7.53
2013	30,174,291	-	30,174,291	3,949,468,500	197,473,425	15.28%	23,279	1,296	7.64
2014	26,524,469	-	26,524,469	4,126,761,500	206,338,075	12.85%	23,387	1,134	6.43
2015	29,931,420	-	29,931,420	4,361,728,700	218,086,435	13.72%	23,793	1,258	6.86

Source: City of Mequon Annual Financial Reports; State of Wisconsin Department of Administration, Demographic Services Center; and State of Wisconsin Department of Revenue, Bureau of Property Tax.

Note: Equalized value is used in lieu of assessed value, as the statutory debt capacity in Wisconsin is based on equalized value. Total G.O. Debt Outstanding only includes the unamortized premium on the outstanding Sewer Utility debt.

CITY OF MEQUON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business Activities		Total Primary Government	Total Property Equalized Value	Debt per \$1,000 of Equalized Value
	General Obligation Bonds/Notes	Tax Increment Project Revenue Bonds Payable	Capital Leases	General Obligation Bonds/Notes	Revenue Bonds			
2006	\$ 8,845,000	\$ -	\$ 15,893	\$ 36,281,426	\$ -	\$ 45,142,319	\$ 3,997,387,500	\$ 11.29
2007	8,181,374	-	-	17,551,707	-	25,733,081	4,214,913,800	6.11
2008	9,729,111	-	-	15,676,686	-	25,405,797	4,569,210,700	5.56
2009	13,735,000	6,950,000	112,252	13,817,799	17,090,969	51,706,020	4,515,586,123	11.45
2010	12,035,000	6,950,000	69,175	11,978,913	16,617,729	47,650,817	4,310,296,791	11.06
2011	15,985,000	6,950,000	215,250	10,185,027	16,119,489	49,454,766	4,296,176,093	11.51
2012	14,520,000	6,950,000	145,696	8,436,141	15,596,249	45,648,086	3,972,167,500	11.49
2013	16,415,000	6,950,000	98,708	6,809,291	15,180,559	45,453,558	3,949,468,500	11.51
2014	14,450,000	6,950,000	221,643	5,124,469	14,547,044	41,293,156	4,126,761,500	10.01
2015	18,357,972	6,800,000	599,808	4,773,448	13,863,530	44,394,758	4,361,728,700	10.18

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

Table 19

	Values in thousands of dollars									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equalized Value of Real and Personal Property	\$ 3,997,388	\$ 4,214,914	\$ 4,569,211	\$ 4,500,403	\$ 4,367,555	\$ 4,241,473	\$ 3,972,167	\$ 3,949,469	\$ 4,126,762	\$ 4,361,728,700
General Obligation (G.O.) Debt Limit	\$ 199,869	\$ 210,746	\$ 228,461	\$ 225,020	\$ 218,378	\$ 212,074	\$ 198,608	\$ 197,473	\$ 206,338	\$ 218,086
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	44,485	25,146	24,874	34,030	30,550	32,765	29,610	29,875	26,300	29,490
Net O/S G.O. Debt Applicable to Debt Limitation	\$ 44,485	\$ 25,146	\$ 24,874	\$ 34,030	\$ 30,550	\$ 32,765	\$ 29,610	\$ 29,875	\$ 26,300	\$ 29,490
Legal margin for New Debt	\$ 155,384	\$ 185,599	\$ 203,586	\$ 190,990	\$ 187,828	\$ 179,309	\$ 168,998	\$ 167,598	\$ 180,038	\$ 188,596
Total net debt applicable to the limit as a percentage of debt limit	22.26%	11.93%	10.89%	15.12%	13.99%	15.45%	14.91%	15.13%	12.75%	13.52%

Note: In accordance with state statutes, only the outstanding principal amount of debt is applicable to the debt limitation.

CITY OF MEQUON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2015

Taxing Authority	Debt as of 12/31/15	Percent Applicable to City	Direct Debt	Overlapping Debt	Total Direct and Overlapping Debt	Total Debt per Capita
City of Mequon	\$ 25,757,780	100.00%	\$ 25,757,780	\$ -	\$ 25,757,780	\$ 1,082.58
MATC	105,825,000	5.74%	-	6,079,540	6,079,540	\$ 255.52
Ozaukee County	32,090,000	38.99%	-	12,511,378	12,511,378	\$ 525.84
Mequon-Thiensville Schools	24,385,000	92.93%	-	22,661,590	22,661,590	\$ 952.45
Cedarburg School District	10,010,000	0.81%	-	81,571	81,571	\$ 3.43
Totals	\$ 198,067,780		\$ 25,757,780	\$ 41,334,080	\$ 67,091,860	\$ 2,819.82

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

*Overlapping debt is calculated by taking total outstanding debt for the overlapping entity as of year-end, and multiplying the amount by the percent of equalized property value of the overlapping entity in Mequon to determine the City's share.

**CITY OF MEQUON
DEBT SERVICE FOR GENERAL OBLIGATION DEBT
VS.
GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Debt Service (A)			Total Total General Governmental Expenditures (B)	Debt Service % of Total General Expenditures
	Principal	Interest and Fiscal Charges	Total		
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%
2010	1,265,000	893,330	2,158,330	16,335,590	13.21%
2011	1,135,000	787,658	1,922,658	15,640,671	12.29%
2012	1,465,000	801,018	2,266,018	16,946,228	13.37%
2013	575,000	685,225	1,260,225	18,267,240	6.90%
2014	1,965,000	824,037	2,789,037	17,715,288	15.74%
2015	2,220,000	732,434	2,952,434	18,095,726	16.32%

(A) Includes only City portion of debt service

(B) Includes General Fund and Debt Service Fund

CITY OF MEQUON
SCHEDULE OF GENERAL OBLIGATION DEBT

10 YEAR PRINCIPAL PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2015

Year	2005B Refunding Bonds	2008A G.O. Notes	2009A G.O. Notes	2009C G.O. Bonds	2011A G.O. Bonds	2011B G.O. Bonds	2013A G.O. Notes	2013 Refunding Bonds	2015A G.O. Corp. Purp. Bonds	Totals
2016	\$ 1,635,000	\$ 215,000	\$ 600,000	\$ 250,000	\$ 225,000	\$ 500,000	\$ 350,000	\$ 160,000	\$ 240,000	\$ 4,175,000
2017	1,625,000	215,000	600,000	250,000	225,000	500,000	400,000	160,000	115,000	4,090,000
2018	-	215,000	600,000	300,000	225,000	500,000	400,000	160,000	380,000	2,780,000
2019	-	-	600,000	350,000	250,000	530,000	400,000	165,000	435,000	2,730,000
2020	-	-	-	400,000	250,000	550,000	400,000	165,000	510,000	2,275,000
2021	-	-	-	450,000	300,000	550,000	400,000	170,000	535,000	2,405,000
2022	-	-	-	550,000	300,000	-	400,000	-	820,000	2,070,000
2023	-	-	-	600,000	300,000	-	400,000	-	825,000	2,125,000
2024	-	-	-	650,000	-	-	-	-	1,155,000	1,805,000
2025	-	-	-	675,000	-	-	-	-	1,155,000	1,830,000
Totals	\$ 3,260,000	\$ 645,000	\$ 2,400,000	\$ 4,475,000	\$ 2,075,000	\$ 3,130,000	\$ 3,150,000	\$ 980,000	\$ 6,170,000	\$ 26,285,000

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

**10 YEAR INTEREST PAYMENTS SCHEDULE
AS OF DECEMBER 31, 2015**

Year	2005B Refunding Bonds	2008A G.O. Notes	2009A G.O. Notes	2009C G.O. Bonds	2011A G.O. Bonds	2011B G.O. Bonds	2013A G.O. Notes	2013B Refunding Bonds	2015A G.O. Corp. Purp. Bonds	Totals
2016	\$ 163,000	\$ 25,263	\$ 69,000	\$ 370,875	\$ 54,900	\$ 86,400	\$ 55,500	\$ 11,075	\$ 248,302	\$ 1,084,315
2017	81,250	17,200	50,250	359,625	50,175	71,400	48,000	9,915	171,138	858,953
2018	-	8,815	30,750	347,750	44,887	56,400	40,000	8,435	163,713	700,750
2019	-	-	10,500	332,750	38,700	40,950	32,000	6,523	151,488	612,911
2020	-	-	-	315,250	31,762	24,750	24,000	4,213	137,313	537,288
2021	-	-	-	295,250	23,700	8,250	16,000	1,488	124,313	469,001
2022	-	-	-	272,750	14,475	-	9,000	-	106,663	402,888
2023	-	-	-	244,700	4,875	-	3,000	-	81,988	334,563
2024	-	-	-	212,900	-	-	-	-	58,063	270,963
2025	-	-	-	176,500	-	-	-	-	33,519	210,019
Totals	\$ 244,250	\$ 51,278	\$ 160,500	\$ 2,928,350	\$ 263,474	\$ 288,150	\$ 227,500	\$ 41,649	\$ 1,276,500	\$ 5,481,651

CITY OF MEQUON
Current Schedule of Debt Service 2015-2025

Table 24

UNPAID PRINCIPAL BALANCE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>TOTAL 12/31 PRINCIPAL</u>
2015	\$ 16,045,000	\$ 4,570,000	\$ 13,750,000	\$ 2,075,000	\$ 6,800,000	\$ 43,240,000
2016	13,980,000	2,935,000	13,050,000	1,850,000	6,550,000	38,365,000
2017	11,990,000	1,310,000	12,300,000	1,625,000	6,300,000	33,525,000
2018	9,895,000	1,150,000	11,500,000	1,400,000	6,000,000	29,945,000
2019	7,925,000	990,000	10,675,000	1,150,000	5,650,000	26,390,000
2020	6,465,000	825,000	9,825,000	900,000	5,250,000	23,265,000
2021	4,975,000	660,000	8,925,000	600,000	4,800,000	19,960,000
2022	3,920,000	495,000	7,975,000	300,000	4,250,000	16,940,000
2023	2,860,000	330,000	6,975,000	-	3,650,000	13,815,000
2024	1,870,000	165,000	5,925,000	-	3,000,000	10,960,000
2025	880,000	-	4,850,000	-	2,325,000	8,055,000

UNPAID INTEREST DUE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>TOTAL 12/31 INT. PAYABLE</u>
2015	\$ 296,496	\$ 245,000	\$ 649,469	\$ 59,063	\$ 376,875	\$ 1,626,903
2016	446,485	212,054	625,406	54,900	370,875	1,709,721
2017	333,140	116,013	598,156	50,175	359,625	1,457,109
2018	275,750	32,363	567,156	44,888	347,750	1,267,907
2019	213,898	27,563	534,656	38,700	332,750	1,147,567
2020	167,588	22,688	499,031	31,763	315,250	1,036,320
2021	131,488	18,563	459,656	23,700	295,250	928,657
2022	101,225	14,438	415,656	14,475	272,750	818,544
2023	75,500	9,488	366,906	4,875	244,700	701,469
2024	52,700	5,363	315,656	-	212,900	586,619
2025	31,663	1,856	264,547	-	176,500	474,566

UNPAID PRINCIPAL & INTEREST DUE

<u>YEAR</u>	<u>G.O.</u>	<u>SEWER</u>	<u>WATER</u>	<u>TIF #2</u>	<u>TIF #3</u>	<u>TOTAL 12/31 INTEREST</u>
2015	\$ 16,341,496	\$ 4,815,000	\$ 14,399,469	\$ 2,134,063	\$ 7,176,875	\$ 44,866,903
2016	14,426,485	3,147,054	13,675,406	1,904,900	6,920,875	40,074,721
2017	12,323,140	1,426,013	12,898,156	1,675,175	6,659,625	34,982,109
2018	10,170,750	1,182,363	12,067,156	1,444,888	6,347,750	31,212,907
2019	8,138,898	1,017,563	11,209,656	1,188,700	5,982,750	27,537,567
2020	6,632,588	847,688	10,324,031	931,763	5,565,250	24,301,320
2021	5,106,488	678,563	9,384,656	623,700	5,095,250	20,888,657
2022	4,021,225	509,438	8,390,656	314,475	4,522,750	17,758,544
2023	2,935,500	339,488	7,341,906	4,875	3,894,700	14,516,469
2024	1,922,700	170,363	6,240,656	-	3,212,900	11,546,619
2025	911,663	1,856	5,114,547	-	2,501,500	8,529,566

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

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Maximum Annual Debt Service Requirement		
				Principal	Interest	Coverage
2006	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	1,657,208	704,545	952,663	-	363,706	2.62
2010	2,365,112	970,731	1,394,381	475,000	716,094	1.17
2011	2,475,848	1,119,423	1,356,425	500,000	708,019	1.12
2012	2,806,469	1,194,568	1,611,901	525,000	697,625	1.32
2013	2,725,172	1,196,563	1,528,609	575,000	685,225	1.21
2014	3,041,988	1,186,461	1,855,527	625,000	669,875	1.43
2015	2,952,168	1,326,869	1,625,299	675,000	649,832	1.23

Source: City of Mequon Annual Financial Reports

Notes:

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

Gross revenues are operating revenues plus interest

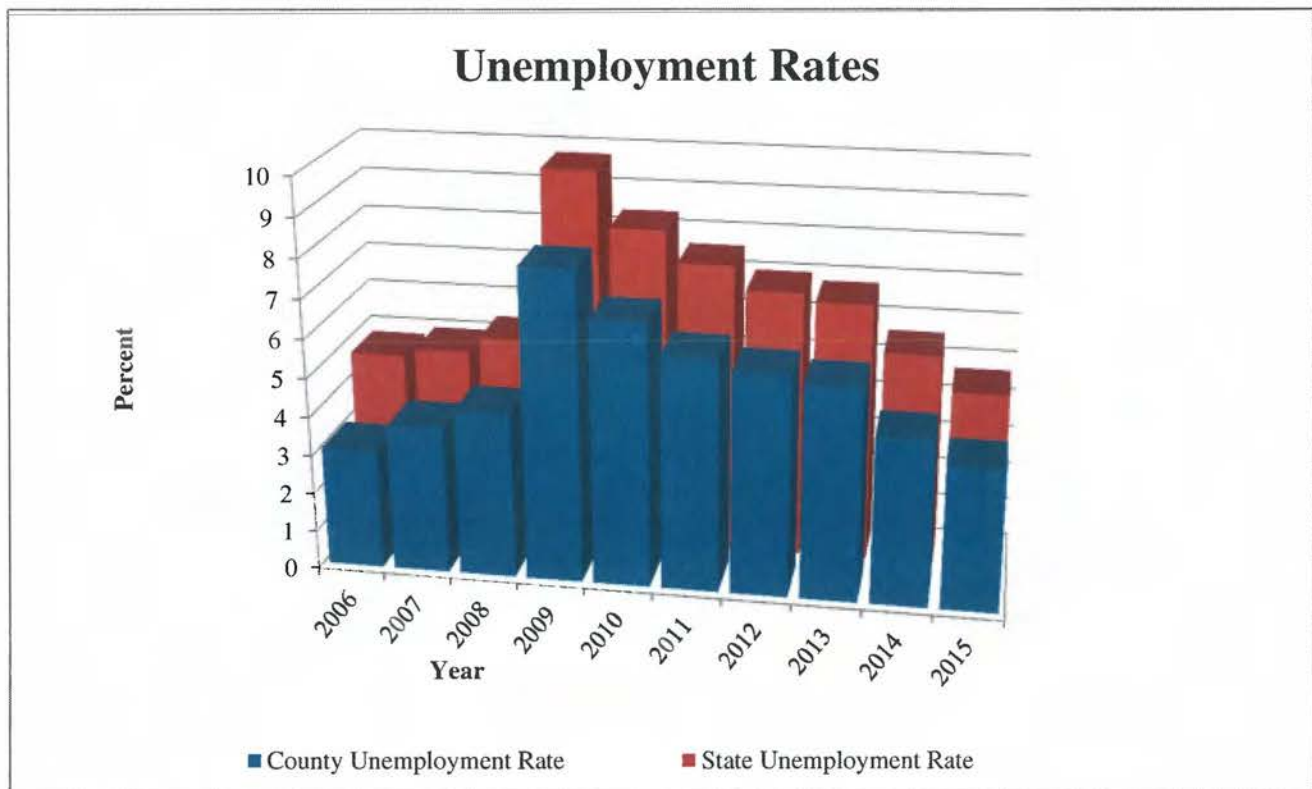
Operating expenses do not include interest or depreciation

CITY OF MEQUON, WISCONSIN DEMOGRAPHIC PROFILE LAST TEN FISCAL YEARS

Employment Information (Ozaukee County)

Year	Labor Force	Average Employed	Average Unemployed
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
2010	46,751	43,552	3,199
2011	47,022	44,203	2,819
2012	46,917	44,249	2,668
2013	47,006	44,432	2,574
2014	47,929	45,856	2,073
2015	48,136	46,342	1,794

Source: Wisconsin Department of Workforce Development



Source: Wisconsin Department of Workforce Development

CITY OF MEQUON

ADDITIONAL DEMOGRAPHIC INFORMATION

Breakdown of Housing Units	2012	2013	(%)	Housing Valuations		2012	2013
Total Dwelling Units	9,309	9,371		\$0	\$99,000	0.5%	0.5%
Single Family	7,065	7,089	75%	\$100,000	\$199,000	9.0%	8.9%
Plex (2-4 units/bldg.)	1,555	1,555	17%	\$200,000	\$299,000	30.9%	30.8%
Multi-Family (5+ units/bldg.)	689	727	7%	\$300,000	\$399,000	20.0%	19.9%
				\$400,000	\$499,000	13.3%	13.4%
				\$500,000	\$799,000	18.5%	18.6%
				\$800,000	\$1,000,000	3.8%	3.8%
				\$1,000,000 and up		4.1%	4.1%
				Average Assessed Value		\$423,700	\$424,300
				Median Assessed Value		\$338,800	\$340,000
				Average Persons Per Household			2.50
				Educational Attainment*			2013
				Ninth Grade Education or lower			1.3%
				High School Diploma or higher			36.8%
				Bachelors degree or higher			61.80%
				* Population 25 years and older			
				Occupational Composition			2013
				Managerial & Professional			58.6%
				Service Occupations			8.8%
				Sales and office occupations			25.7%
				Farming, fishing and forestry			0.0%
				Construction and maintenance			1.5%
				Production and transportation			5.3%
				Population:	1960	8,543	
					1970	12,150	
					1980	16,193	
					1990	18,885	
					2000	21,823	
					2010	23,132	
					2011	23,191	
					2012	23,226	
					2013	23,279	
					2014	23,387	
					2015	23,793	
Household Income	2010	2013					
Less than \$15,000	3.6%	3.6%					
\$15,000 - \$24,999	4.6%	4.6%					
\$25,000 - \$34,999	5.9%	5.9%					
\$35,000 - \$49,999	11.7%	11.7%					
\$50,000 - \$74,999	12.5%	12.5%					
\$75,000 - \$99,999	13.4%	13.4%					
\$100,000 - 149,999	23.2%	23.2%					
\$150,000 +	25.1%	25.1%					
Median Household Income	\$106,519	\$90,733					

Source: U.S. Census Bureau, Wisconsin Department of Revenue, Wisconsin Department of Administration, City of Mequon Financial Reports, and City of Mequon Comprehensive (Master) Plan

Notes:

Housing counts are based on 2000 U.S. Census + building permits between Jan. 1, 2000 and Dec. 31, 2014

Population numbers are based on State of Wisconsin estimates

Housing valuations are per City Assessor records

**CITY OF MEQUON
OTHER COMMUNITY INFORMATION**

Table 28

GENERAL:	2011	2012	2013	2014	2015
Area in Square Miles	46.88	46.88	46.88	46.88	46.88
Households	9,304	9,336	9,336	9,402	9,402
Population	23,191	23,226	23,279	23,387	23,793
Equalized Valuations (\$000)	\$ 4,095,830	\$ 3,972,167	\$ 3,949,469	\$ 4,126,761	\$ 4,434,357

PUBLIC SAFETY	2011	2012	2013	2014	2015
Number of Police Stations	1	1	1	1	1
Number of Sworn Police Officers	38	38	38	38	38
Number of Fire Stations	2	2	2	2	2

PARKS	2011	2012	2013	2014	2015
Acres of Parkland	1,177.8	1,177.8	1,177.8	1,178.4	1,178.4
Number of Parks	25	25	25	26	26

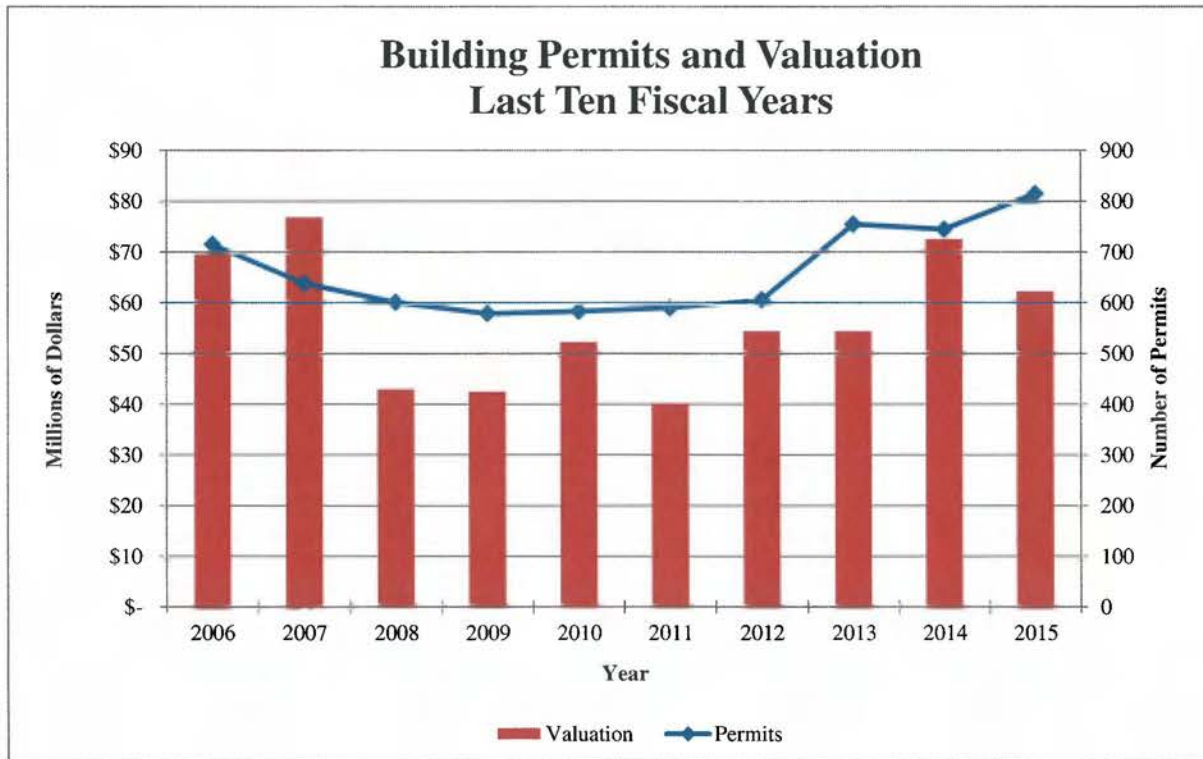
INFRASTRUCTURE	2011	2012	2013	2014	2015
Miles of State Highway System	15.45	15.45	15.45	15.45	15.45
Miles of County Highway System	7.7	7.73	7.73	9.77	9.77
Miles of Local Roads and Streets	211.4	211.77	211.77	209.73	209.73
Miles of Sanitary Sewer Main	152.87	153.21	153.21	159.22	159.93
Miles of Water Main	77.13	77.88	77.88	83.91	95.50
Number of Bridges	17	17	17	17	17
Miles of Bike Trails	12.29	12.29	12.29	12.29	12.29

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Building Permits Issued	715	638	601	579	583	590	606	755	745	815
Valuation (Thousands \$)	69,570	76,820	42,970	42,411	52,219	40,128	54,390	54,365	72,473	62,197
Number of Employees	30	29	29	27	26	24	24	24	24	24
Police										
Calls for service	17,194	17,548	17,321	16,352	17,597	20,665	23,927	22,488	24,337	26,920
Physical Arrests	963	970	1,076	968	842	781	697	662	563	651
Reportable Traffic crashes	275	290	267	259	276	260	267	370	350	309
Number of Employees	47	47	48	48	46	46	46	46	48	48
Fire / EMS										
Fire calls for service	348	345	324	318	341	312	392	394	469	496
EMS calls for service	1,114	1,163	1,165	1,003	992	1,020	1,112	1,214	1,261	1,421
Number of Employees	63	63	67	71	52	62	62	62	62	60
Parks										
Acres of Parkland maintained	1,080	1,080	1,177	1,177	1,177	1,177	1,177	1,177	1,178	1,178
Pavillion Rentals	76	77	81	58	65	65	72	59	67	79
Pool Attendance	24,201	20,101	21,509	19,184	22,068	19,188	21,482	13,071	11,374	10,701
Number of Employees	37	37	37	37	35	35	35	35	35	35

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

	Number of Permits	Valuation (\$mil)
2005	697	\$94.42
2006	715	\$69.57
2007	638	\$76.82
2008	601	\$42.97
2009	579	\$42.41
2010	583	\$52.22
2011	590	\$40.13
2012	606	\$54.39
2013	755	\$54.37
2014	745	\$72.47
2015	815	\$62.20



CITY OF MEQUON
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 31

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Marked Patrol Vehicles	10	11	11	11	11	11	11	11	11	11
Fire Stations	2	2	2	2	2	2	2	2	2	2
Ambulances	3	3	3	3	3	3	3	3	3	3
Fire Engines	4	4	3	3	3	3	3	3	3	3
Ladder Trucks	3	3	2	2	2	2	2	2	2	2
Tanker Trucks	2	2	2	2	2	2	2	2	2	2
Public Works										
Off-Road Bike Trail (miles)	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29
Bridges	17	17	17	17	17	17	17	17	17	17
Miles of Road (miles)	211.40	211.40	211.40	211.40	211.40	211.40	211.77	209.73	209.73	209.73
Culture & Recreation										
Parks	25	25	25	25	25	25	25	25	27	27
Football Fields	1	1	1	1	1	1	1	1	1	1
Soccer Fields	20	20	20	20	20	20	20	20	20	20
Baseball Fields	9	9	9	9	9	9	9	10	10	10
Archery	1	1	1	1	1	1	1	1	1	1
Playgrounds	6	6	6	6	6	6	6	6	6	6
Basketball Courts	1	1	1	1	1	1	1	1	1	1
Pool	1	1	1	1	1	1	1	1	1	1
Water*										
Water Mains (feet)	0	0	0	395,705	397,241	398,539	408,066	443,061	444,685	504,259
Fire Hydrants	0	0	0	865	870	876	876	949	955	1,079
Sewer										
Sanitary Sewer (miles)	152.87	152.87	152.87	152.87	152.87	152.87	153.21	159.22	159.22	159.93

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

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