

Village of Grafton Annual Report to the Citizens

For the year ending December 31, 2014

Grafton, Wisconsin



Village of Grafton Page 2

Dear Village of Grafton Residents and Taxpayers:

I am pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2014. This report is intended to provide transparency and accountability of Village information, both financial and non-financial.

The Village of Grafton has received all three of the Government Finance Officers' Association (GFOA) award for local government financial reporting which are:

- Certificate of Achievement for Excellence in Financial Reporting (CAFR), 21 years,
- Distinguished Budget Presentation Award, 23 years, and
- Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR), 5 years.

Participation in the GFOA award programs enhances the Village's residents and taxpayers understanding of Village finances. The sharing of financial information is consistent with the highest standards in governmental financial reporting and the best way to achieve financial transparency. Receiving the above mentioned award and certificates currently have been achieved only by three Wisconsin cities, villages and towns.

The PAFR is designed to provide a summary of the financial activities of the Village. Throughout the year the Village works on budgets, audits, financial policies, financial reviews, financial forecasts and financial management in an effort to better serve the residents and taxpayers through the services and projects that are supported by their tax dollars.

Throughout the year I welcome you to stay informed as to the status of Village services and projects through a variety of methods.

- Webpage at QualityLifeGrafton.com,
- Facebook account Village of Grafton,
- Twitter account at [GraftonVillage](https://twitter.com/GraftonVillage), and
- Village Voice, a constant contact—based biweekly newsletter.

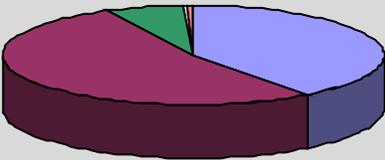
Sincerely,

Darrell Hofland

Darrell Hofland
Village Administrator

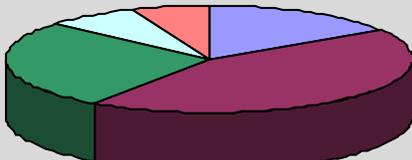
Residents give high marks for Village services.

In October, the Village received results of the 2014 community survey. This survey, which is conducted yearly, is an important tool for the Village in providing a snapshot of the thoughts and opinions of the Village residents. For complete survey results, visit the Village’s website at www.QualityLifeGrafton.com



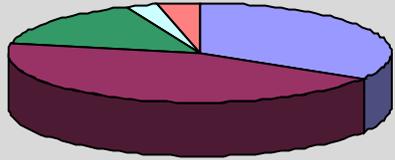
Quality of Life in Grafton

| | |
|-----------|--------|
| Excellent | 39.65% |
| Good | 52.86% |
| Average | 6.61% |
| Fair | 0.44% |
| Poor | 0.44% |



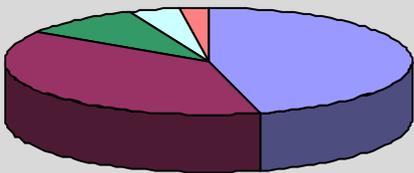
Effective Communication

| | |
|-----------|--------|
| Excellent | 16.09% |
| Good | 43.48% |
| Average | 26.96% |
| Fair | 7.39% |
| Poor | 6.09% |



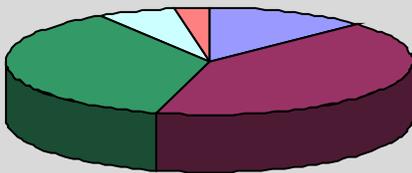
Public Works Services

| | |
|-----------|--------|
| Excellent | 28.76% |
| Good | 38.05% |
| Average | 13.27% |
| Fair | 2.21% |
| Poor | 5.78% |



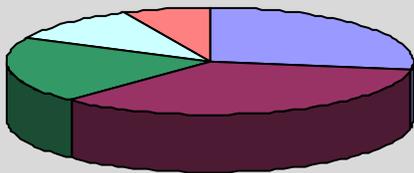
Police Services

| | |
|-----------|--------|
| Excellent | 37.72% |
| Good | 31.85% |
| Average | 7.89% |
| Fair | 3.51% |
| Poor | 1.75% |



Recreation Programs

| | |
|-----------|--------|
| Excellent | 13.12% |
| Good | 41.05% |
| Average | 37% |
| Fair | 6.13% |
| Poor | 2.73% |



Snow Plowing/Ice Control

| | |
|-----------|--------|
| Excellent | 27.19% |
| Good | 34.65% |
| Average | 20.18% |
| Fair | 10.96% |
| Poor | 7.02% |

Who are the people in your neighborhood?

The Village of Grafton has continued to grow in population and industry. The slow (1.0 percent annual) growth has been consistent in the past 10 years.

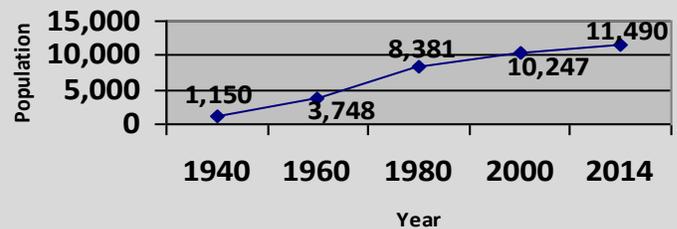
The Village's top 10 employers have not changed from 2013 to 2014. The top 10 taxpayers changed due to the addition of Meijer in 2014.



2014 Estimated Demographics

| | |
|---------------------|--------|
| Total population | 11,490 |
| Female population | 51.46% |
| Male population | 48.54% |
| Total housing units | 5,109 |
| Unemployment rate | 4.5% |

Population growth 1940-2014



Race (2013)

| | |
|-----------------------------------|-------|
| White* | 95.0% |
| Asian | 2.0% |
| Black or African American | 1.5% |
| Two or More Races | 1.1% |
| Some Other Race | 0.6% |
| American Indian and Alaska Native | 0.3% |
| *Including Hispanic | 2.3% |

Major Employers (2014)

| | |
|-------------------------|-------|
| Aurora Medical Center | 1,067 |
| Pace Industries | 500 |
| Grafton School District | 338 |
| Kapco | 300 |
| Rexnord Corporation | 258 |
| Calibre | 250 |
| Costco | 175 |
| Target | 170 |
| Sendik's | 155 |
| Kohl's Department Store | 150 |

Largest Property Taxpayers (2014)

| | |
|--|--------------|
| Inland American (Grafton Commons) | \$16,182,200 |
| Costco | 13,579,700 |
| Grafton LLC (Highland Ridge) | 10,951,600 |
| Tillmann Corporation (apartments) | 9,809,100 |
| AMC Holdings LLC (Aurora Medical Center) | 9,125,200 |
| Arrowhead Apartments LLC | 8,761,800 |
| Home Depot | 8,370,100 |
| Arrowhead Associates LLC (apartments) | 7,780,700 |
| Dayton Hudson Corp (Target) | 7,948,600 |
| Meijer Stores Limited Partnership | 7,445,000 |

Equalized Value

Financial Review of Fiscal Year 2014

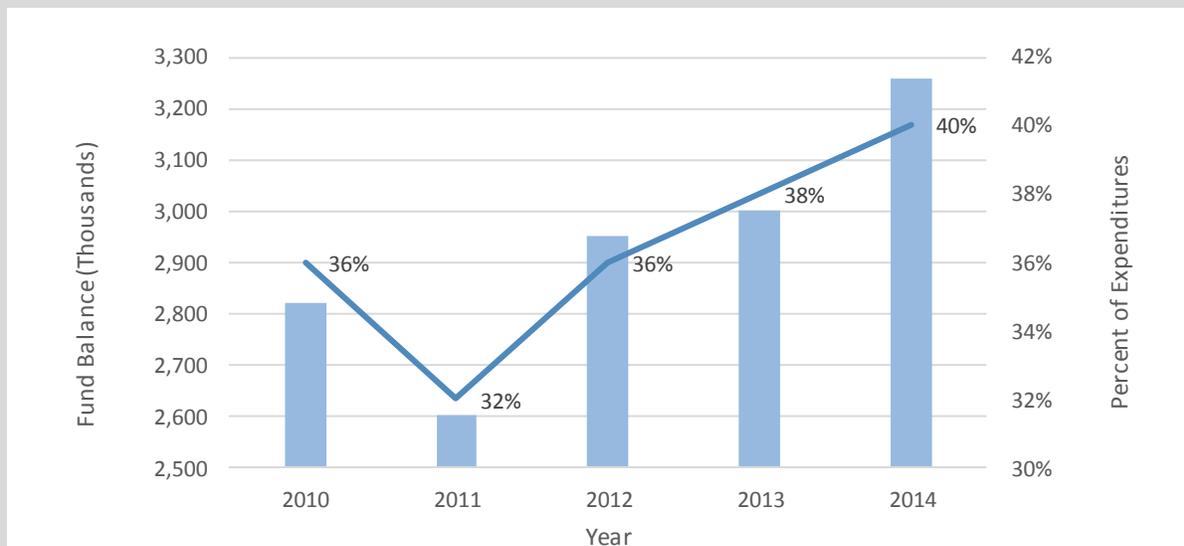
The financial review section features financial information adapted from the Village of Grafton Comprehensive Annual Financial Report (CAFR) for the fiscal year end December 31, 2014. The CAFR is produced by the Village’s Administrative Services Department and contains detailed information regarding the Village’s financial performance. The CAFR is presented in accordance with generally accepted accounting principles and is audited by the firm of Baker Tilly Virchow Krause, LLP. A copy of the [complete CAFR](#) may be obtained from Village Hall or downloaded from the Village website.

The following presents the financial information for the Village in an easy-to-read and understand format. This information is un-audited and is presented on a non-GAAP basis. Non-GAAP means that the statements do not comply with generally accepted accounting principles and include summarizations and combinations of accounting data that would not be allowed by GAAP.

It is the Village’s goal to provide a means of communicating the financial operations of the Village in an easy to understand financial report. The focus of this section is on the funds of interest to most citizens: the General Fund and Proprietary Fund. The General Fund is the Village’s primary operating fund and accounts for revenues and expenditures that are not required to be accounted for in other funds. The Proprietary Fund accounts for the Water and Wastewater Utility. Proprietary Funds typically report operations which show a profit or loss similar to private businesses.

Fund Balance of the General Fund

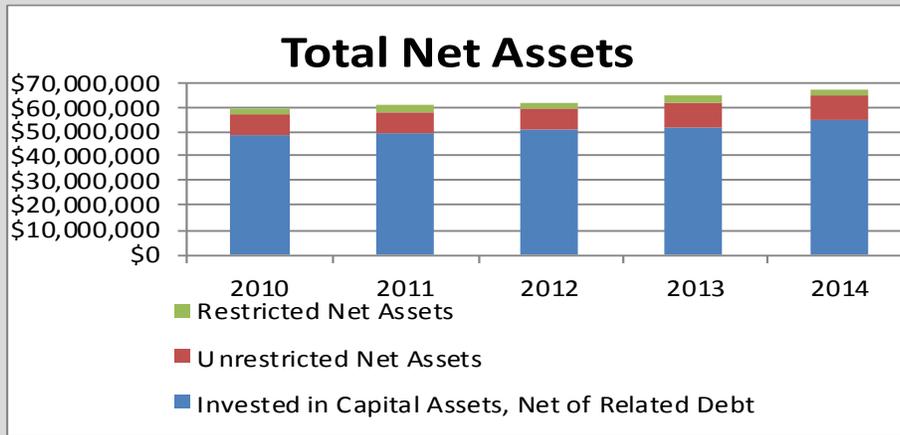
Fund Balance is the difference between assets (what the Village owns) and liabilities (what the Village owes). At the end of fiscal year 2014 assigned and unassigned general fund balance (expendable available financial resources) was \$3,258,286 or 40 percent of 2014 expenditures. A key factor in the growth of fund balance was efforts by department heads to remain within their budget constraints and stronger than anticipated development-related revenues. The original 2014 budget identified \$631,549 of applied fund balance to balance the budget. However, there was an actual gain in fund balance in 2014 of \$266,744. The chart depicts a five-year history of the fund balance of the General Fund.



Note : Graph does not have a baseline of zero.

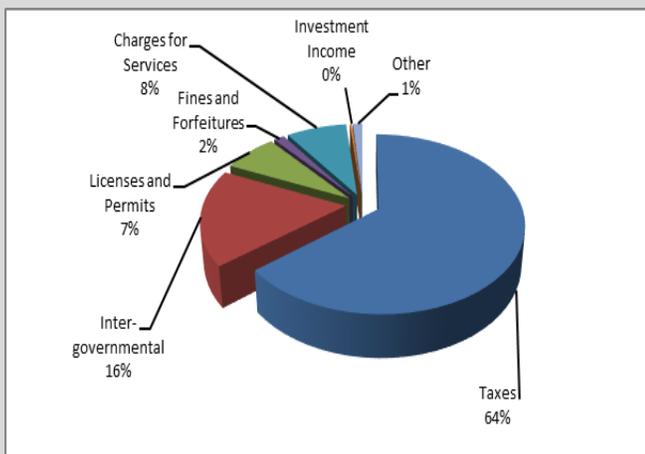
Net Assets

The total net assets of the Village are categorized by investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire these assets still outstanding, restricted net assets (resources subject to external restrictions on how they may be used) and unrestricted net assets (may be used to meet the Village's ongoing obligations to citizens and creditors). The total net assets of the Village, as of December 31, 2014, totaled \$66,893,756. The largest portion (\$54,901,898 or 82 percent) is invested in capital assets. The Village's restricted net assets were \$2,470,006, and unrestricted net assets were \$9,521,852.



General Fund Revenues

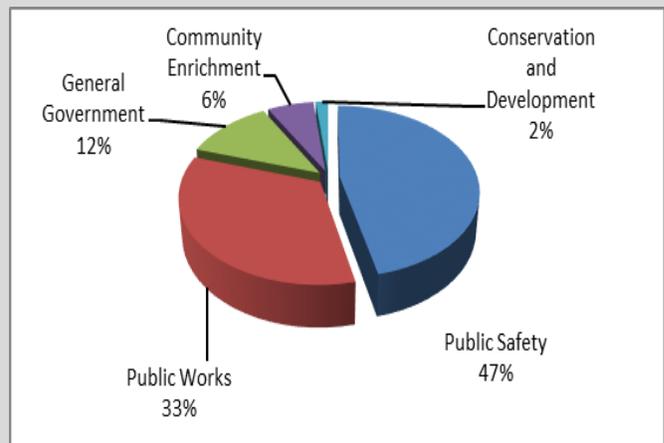
This chart depicts the General Fund revenues of the Village. Total General Fund revenues totaled \$8,125,005 in 2014.



Taxes decreased, as a percentage of revenue by 4 percent, in 2014. The decrease is due to an increase in charges for services (a percentage increase of 2 percent). In addition to development related fees and licenses in permits (a percentage increase of 2 percent).

General Fund Expenditures

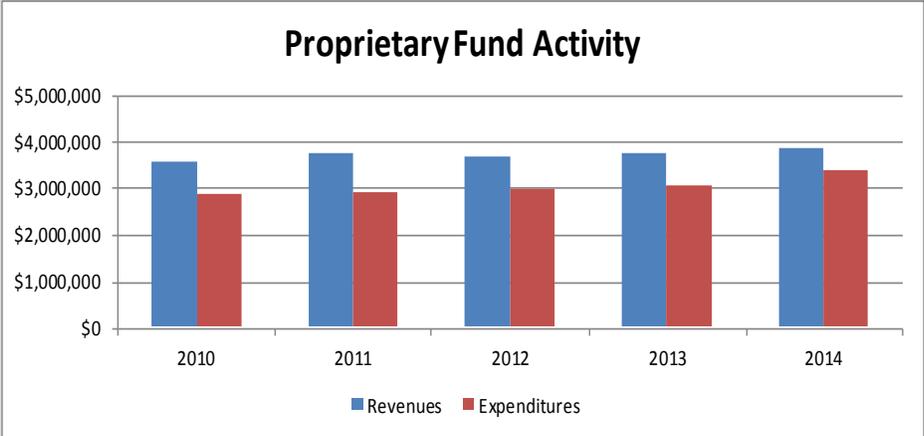
The following chart depicts the General Fund expenditures of the Village. Total General Fund expenditures totaled \$8,070,419 in 2014, an increase of 1.5 percent from 2013.



In 2014, Public Safety and Public Works activities account for 80 percent of the General Fund expenditures, a decrease of 1 percent from 2013. This is due to an off-setting increase in Conservation and Development of 1 percent as a result of positions being staffed for the full year in 2014 compared to 2013.

Proprietary Fund

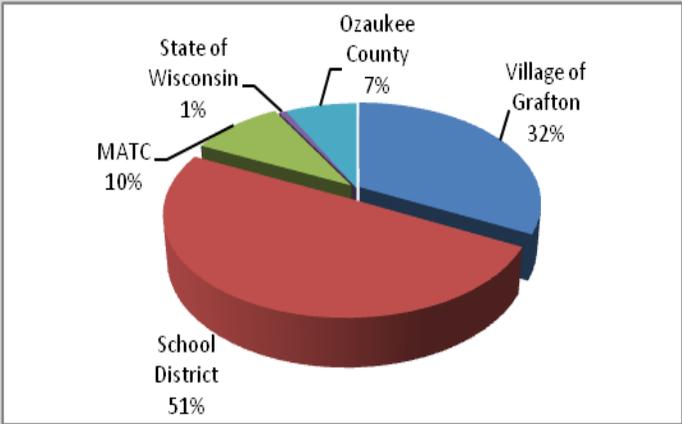
The Village’s Water and Wastewater Utility has generally experienced steady growth. The increase in general operating expenses in 2014, as shown on the graph, was due to major system maintenance. The operating income of the utility in 2014 was \$329,816 as compared with an operating income of \$498,310 in 2013. The net assets of the utility are \$34,030,585, consisting mostly of water and wastewater plant infrastructure and facilities.



The above chart depicts a five year history of the operating revenues and expenditures of the Proprietary Fund.

Property Taxes

Property taxes are based on the assessed value of property and the tax levy of the tax districts located within the Village of Grafton. Besides Village taxes, a property owner also pays taxes to the State of Wisconsin, Ozaukee County, Milwaukee Area Technical College and either the Grafton School District or the Cedarburg School District, depending on the location of the property.



Approximately 36 percent of a property owner’s tax bill stays in the Village with the remaining 64 percent transferred to another tax district (school, county, state, or technical college).

Residents receive Village services at an affordable price

In 2014, the average Village of Grafton property owner paid \$138.58 each month for non-utility services (based on assessed home value of \$250,000). The table below illustrates how this property tax amount is divided among various Village departments.

| | |
|---|-------------|
| Police protection | \$ 48.00 |
| Public works and engineering | 17.83 |
| Capital improvement projects | 15.50 |
| General government and administrative services | 15.00 |
| Fire protections and emergency medical services | 11.33 |
| Debt service | 8.67 |
| Parks and recreation | 7.83 |
| Library | 7.83 |
| Sanitation | 5.92 |
| Community development | <u>0.67</u> |
| | \$138.58 |

ELECTED OFFICIALS

TITLE
Village President
Village Trustee
Village Trustee
Village Trustee
Village Trustee
Village Trustee
Village Trustee

NAME
James Brunnuell
David Antoine
Lisa Harbeck
Thomas Krueger
David Liss
Susan Meinecke
Dean Proefrock

