



# **VILLAGE OF GRAFTON**

## **Popular Annual Financial Report**

For the year ending December 31, 2020

Grafton, Wisconsin

## What is the Popular Annual Financial Report?

The report provides an overview of the Village of Grafton's financial position, including sources of revenues and uses of expenditures, as well as economic information about the Village. The Popular Annual Financial Report (PAFR) of the Village is published to increase public awareness regarding the Village's financial condition. The goal of this report is to provide information that is easy to read and understand.

The summarized financial activity presented in this report draws information from the 2020 Annual Comprehensive Financial Report (ACFR). However, only financial data for the General Fund (principal operating fund of the Village), and Proprietary Funds (Water and Sewer) is included, and therefore the Village's Special Revenue Funds and Capital Funds are excluded. Additionally information is presented in a summarized manner and certain financial statements and note disclosures required by Generally Accepted Accounting Principles (GAAP) are omitted.

The ACFR was prepared in conformance with GAAP and includes financial statements audited by Baker Tilly USA, LLP. The Village received an unmodified (clean) opinion that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities (Proprietary Funds); and the disclosure of all material financial and non-financial matters in the notes to the financial statements.

The PAFR is unaudited and is presented on a non-GAAP basis. The differences between the GAAP basis presentation in the ACFR and the non-GAAP presentation in the PAFR are as follows: the use of prescribed accounting methods and financial statement formats; the presentation of segregated funds; and the disclosure of all material and financial and non-financial matters in notes to the financial statements.

Last year's 2019 PAFR was the 12<sup>th</sup> consecutive year that the Village was recognized for outstanding achievement by the Government Finance Officers Association (GFOA).

Please refer to the Village's website at [www.QualityLifeGrafton.com](http://www.QualityLifeGrafton.com) to review the audited GAAP based, full disclosure financial statements. The ACFR, PAFR and budget are located on the Finance Department page in the Government link.

# The Village of Grafton

The Village was incorporated in 1896 consisting mainly of 145 acres of land purchased in 1838 by Timothy Wooden. At that time Grafton was predominantly a lumber oriented based community. Today the Village is approximately five square miles with a 2020 population of 11,989.

The Village operated under a “Council-Manager” form of government. Policymaking and legislative authority are vested in the elected governing body, which consists of seven part-time Board of Trustees (Board) including a Village President. The Village Administrator is responsible for recommending and carrying out the policies and ordinances of the Board, appointing Department Heads (confirmed by the Board) and overseeing the day-to-day operations.

The departments of the Village include Administration, Administrative Services (Finance and Clerk), Police, Public Works, Water and Sewer Utility, Parks and Recreation, Fire and Emergency Services and Community Development (Planning, Inspections and Assessments). The Village is also served by the U.S.S. Liberty Memorial Public Library which is governed by a Library Board whose members include residents of the Village of Grafton and Town of Grafton.

The Village is also served by the Grafton School District and Cedarburg School District, offering comprehensive educational programs for student grades K-12. The Village is also served by Milwaukee Area Technical College which provides excellent secondary educational opportunities for Grafton’s residents and workforce.



# AWARDS

The Village of Grafton's ACFR for the year ended December 31, 2019 was awarded the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting and was the Village's 27<sup>th</sup> consecutive award.



Government Finance Officers Association

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

Presented to

**Village of Grafton**

**Wisconsin**

For its Annual Financial Report  
for the Fiscal Year Ended

**December 31, 2019**

*Christopher P. Morill*

Executive Director/CEO

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Village believes that the 2020 ACFR continues to conform to the Certificate of Achievement Program’s requirements, and have submitted to GFOA to determine eligibility for another Certificate.

The Village of Grafton received the Government Finance Officers Association Distinguished Budget Presentation Award for its budget year beginning January 1, 2020 and was the Village’s 29<sup>th</sup> consecutive award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide and a communication medium.

The Village has received the Special Triple Crown medallion recognizing that the Village has received all three GFOA Awards for Fiscal Year Ending 2019.

## Quick Facts

Population	11,989
Incorporation	1896
Area – Square Miles*	5.15
Households	5,362
Number of Parks	17
Miles of Streets*	53
Miles of Sidewalks*	83
Miles of Water Mains*	71.27
Miles of Sanitary Sewer Mains*	55.31
Water Pumped, Treated & Distributed (gallons)*	348,700,000
Wastewater Inflow & Treatment (gallons)*	602,000,000



\*Approximate



# Financial Information

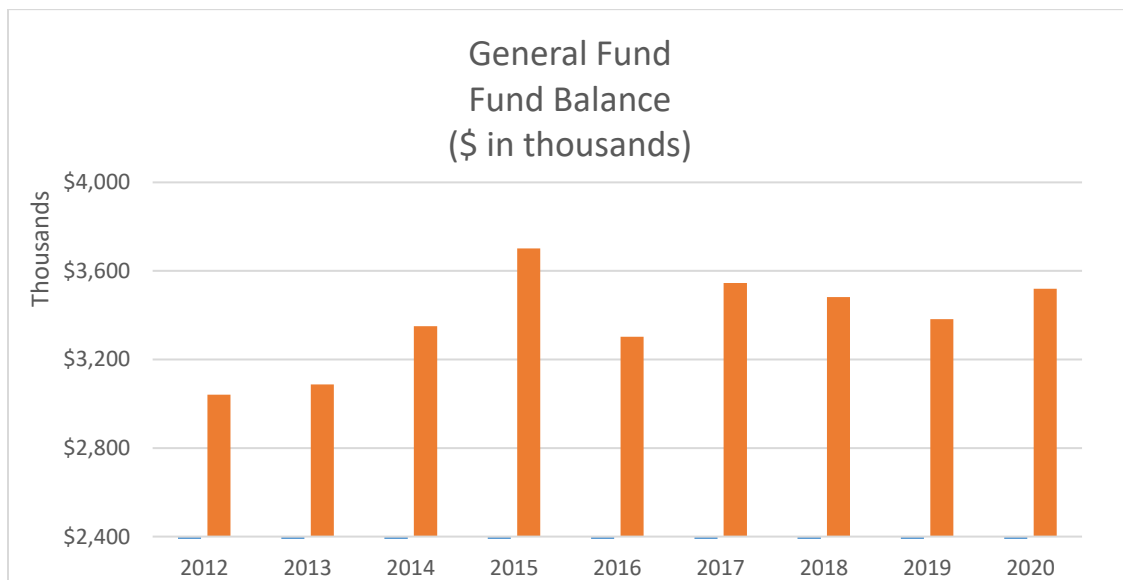
## General Fund

The focus of this section is the General Fund which is the primary operating fund of the Village which includes All departments, except the Fire and Rescue Services Fund, Library, and the Village’s Utility (Water and Sewer Funds).

## Fund Balance of the General Fund

Fund Balance is the difference between assets (what the Village owns) and liabilities (what the Village owes). At December 31, 2020, the total General Fund balance was \$3,519,090 or 42 percent of the 2020 expenditures. Monies are allocated each year in the Village’s budget to various departments, program and activities. However, if those monies have not been expended at the end of the fiscal year, they automatically revert to the General Fund’s fund balance rather than being carried forward as a departmental surplus.

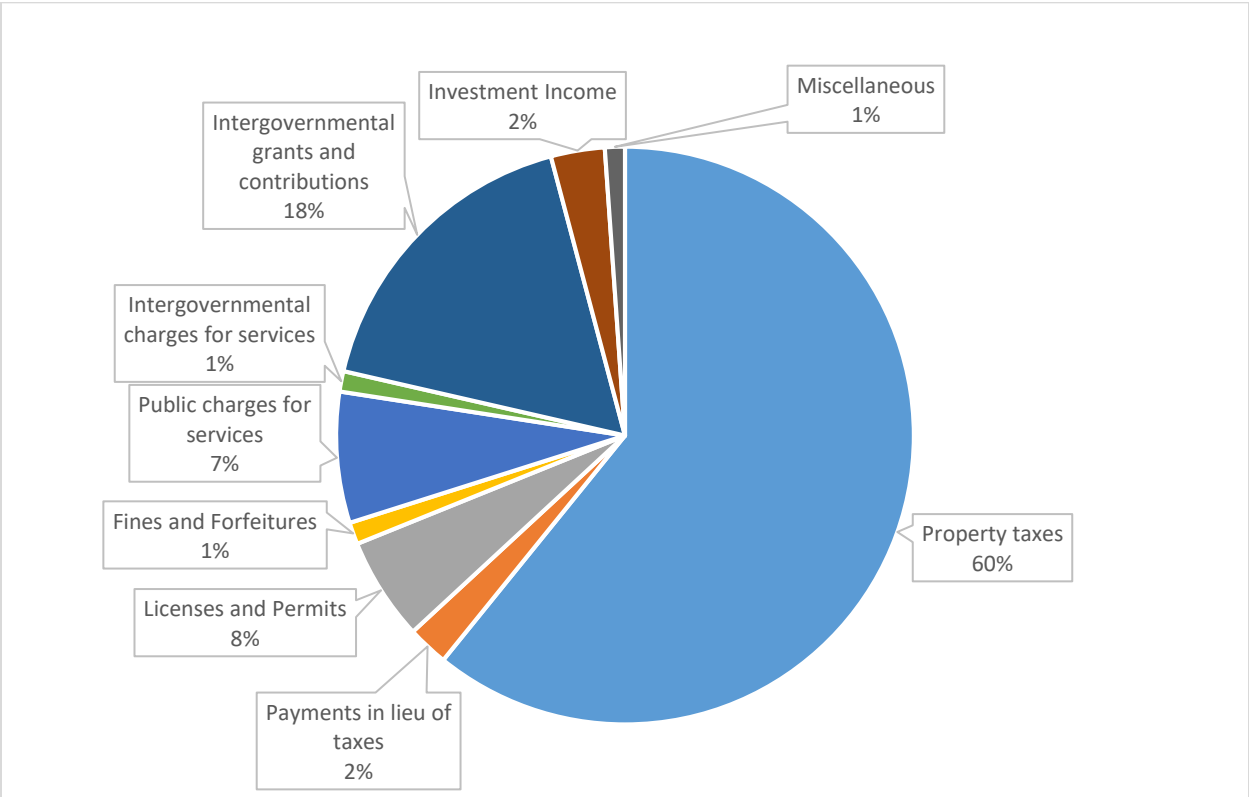
The following chart depicts a nine year history of the fund balance of the General Fund. In each year the fund balance exceeds the Village’s policy of a minimum of 25 percent of the General Fund’s budgeted expenditures. Stable General Fund fund balance is a key factor addressed by ratings agencies for bond ratings, ensuring monies are borrowed at low rates.



# Revenues - Where Does the Money Come From?

General Fund revenue increased \$134,092 or 1.7 percent in 2020. The increase is mainly due to a \$105,606 increase in investment income as the rate of return on investments was favorable in comparison to the prior year. Property tax revenue is the largest source of revenue at 60 percent.

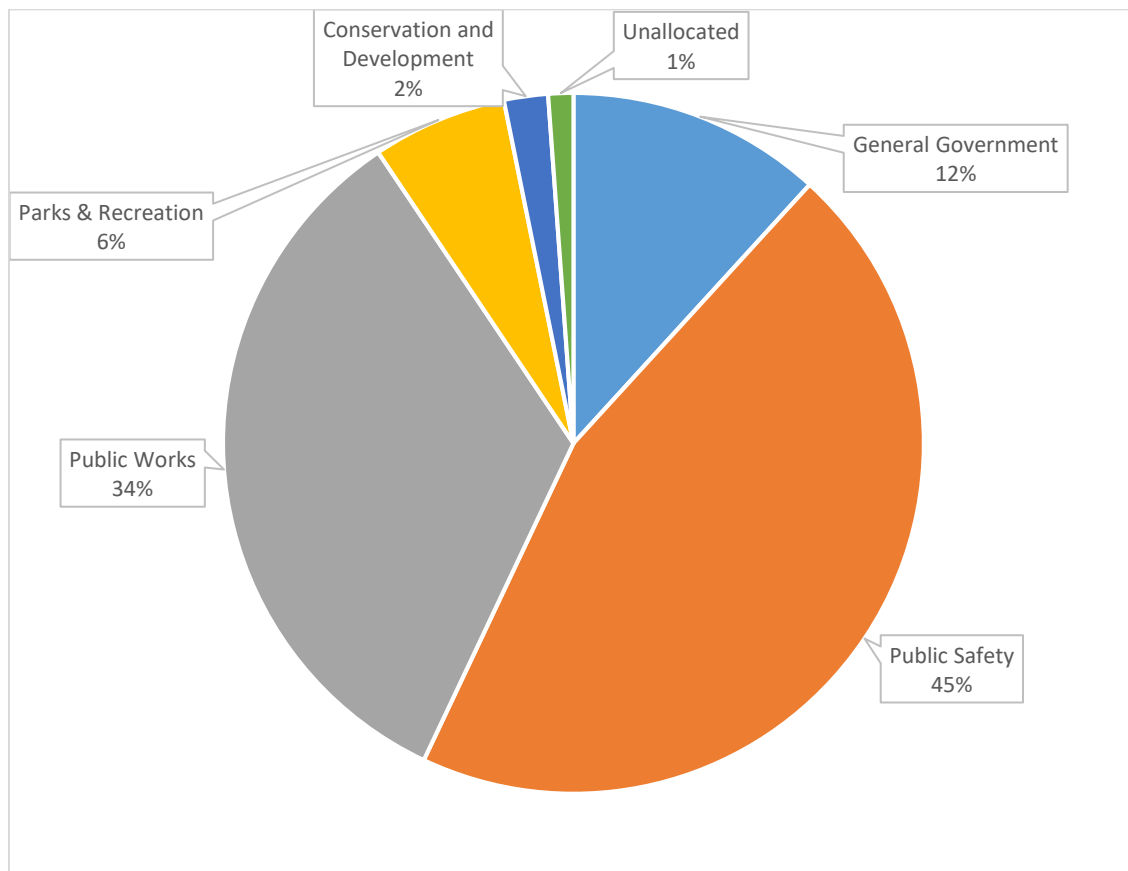
General Fund Revenues			
Source	2020	2019	2018
Property taxes	\$ 4,977,395	\$ 4,924,034	\$ 4,858,245
Payments in lieu of taxes	188,118	185,513	180,339
Licenses and Permits	678,341	466,307	463,105
Fines and Forfeitures	52,391	99,573	108,309
Public charges for services	551,695	593,045	628,943
Intergovernmental charges for services	66,222	92,521	146,302
Intergovernmental grants and contributions	1,448,796	1,399,184	1,323,822
Investment Income	161,288	244,045	138,439
Miscellaneous	104,498	90,430	140,245
<b>Total Revenues</b>	<b>\$ 8,228,744</b>	<b>\$ 8,094,652</b>	<b>\$ 7,987,749</b>



## Expenditures – Where Does the Money Go?

General Fund expenditures decreased \$90,652 or 1.1 percent in 2020. Public Safety and Public Works combine for 79 percent of the General Fund expenditures.

General Fund Expenditures			
Function	2020	2019	2018
General Government	\$ 975,712	\$ 1,008,461	\$ 967,076
Public Safety	3,748,275	3,610,481	3,784,743
Public Works	2,780,812	3,042,535	2,783,738
Parks & Recreation	515,074	535,704	503,791
Conservation and Development	168,343	172,893	155,450
Unallocated	95,844	4,638	53,517
<b>Total Expenditures</b>	<b>\$ 8,284,060</b>	<b>\$ 8,374,712</b>	<b>\$ 8,248,315</b>





## Water and Sewer Funds (Proprietary Funds)

The focus of this section is the Water and Sewer Funds which provide water and sewer service to Village customers.

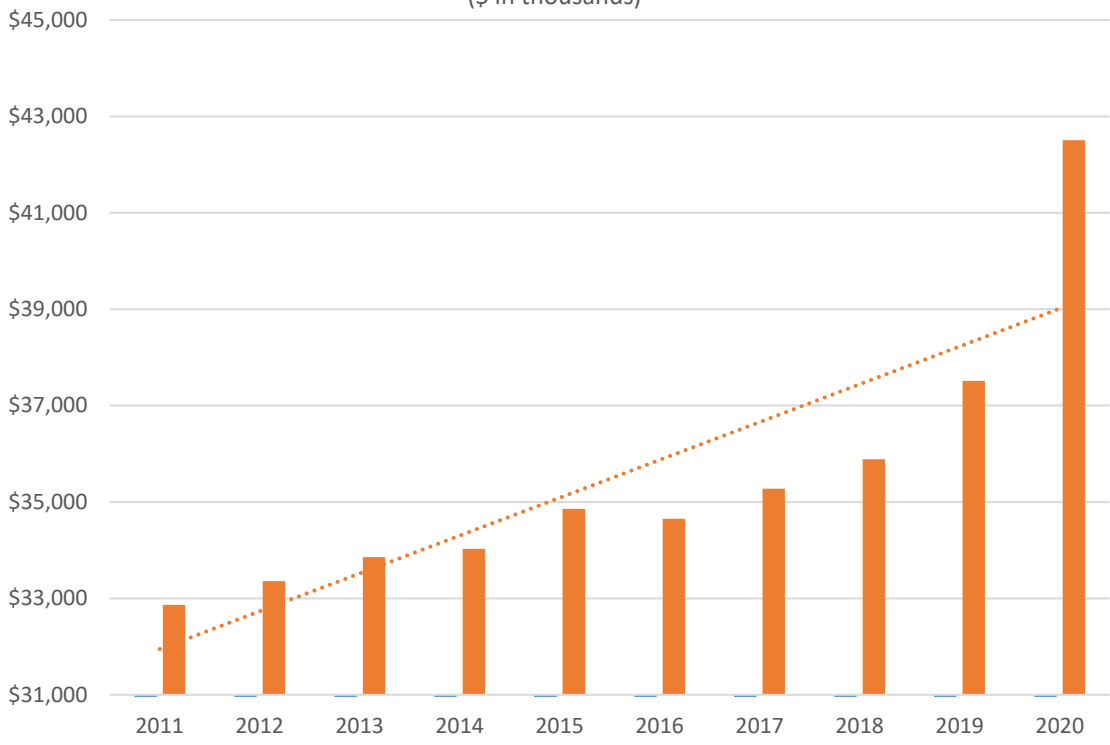
### Net Position of the Water and Sewer Funds

Net Position (assets and deferred outflows of resources minus liabilities and deferred inflow of resources) may serve as an indicator of the funds financial condition over time. Net investment in capital assets (88 percent) makes up the biggest portion of net position. Capital assets are acquired to provide services over several periods or indefinitely this portion is not available for future spending. A smaller portion of net position represents net position that is legally restricted such as debt reserves, capital equipment reserves or bond proceeds. Deferred outflow of resources is a consumption of net assets applicable to a future reporting period such as pensions. Deferred inflows is an acquisition of net assets that is applicable to a future reporting period. The following schedule is intended to demonstrate the differences between assets and liabilities as of December 31, 2020 compared to December 31, 2019 and December 31, 2018.

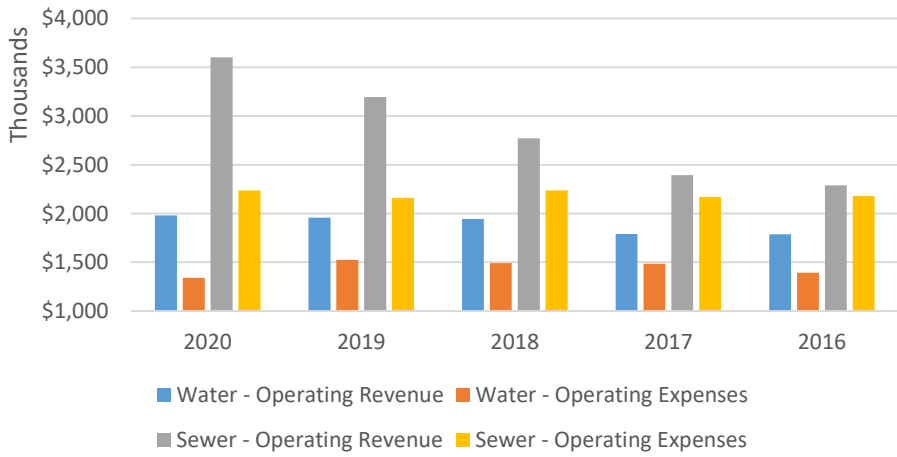
CONDENSED STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS (WATER AND SEWER FUNDS)  
 For the Years Ended December 31, 2018, 2019 and 2020

	Water and Sewer Funds Activities		
	2020	2019	2018
Current and other assets	\$ 6,553,065	\$ 4,659,044	\$ 5,491,134
Capital assets, net of accum. Depreciation	47,488,054	40,961,915	37,974,551
Total Assets	<u>54,041,119</u>	<u>45,620,959</u>	<u>43,465,685</u>
Deferred outflow of resources	309,955	407,483	251,217
Current liabilities	3,084,618	1,289,353	1,128,199
Long-term liabilities	8,716,945	7,040,118	6,497,656
Total Liabilities	<u>11,801,563</u>	<u>8,329,471</u>	<u>7,625,855</u>
Deferred inflows of resources	341,931	187,565	205,618
Net Position:			
Net investment in capital assets	37,924,235	33,502,227	30,858,712
Restricted	1,825,906	1,288,028	1,781,228
Unrestricted	2,457,439	2,721,151	3,245,489
Total Net Position	<u>\$ 42,207,580</u>	<u>\$ 37,511,406</u>	<u>\$ 35,885,429</u>

### Proprietary Funds Net Position (\$ in thousands)



### Operating Revenues and Expenditures - Proprietary Funds



# 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. Approximately 32 percent of a property owner’s tax bill stays in the Village. The remaining 68 percent is transferred to the following tax districts: Ozaukee County, Grafton School District, Cedarburg School District and Milwaukee Area Technical College.



# By the Numbers

Top 10 Taxpayers in 2020				
Taxpayer	Nature of Business	Taxable Assessed Value	Net Taxes Paid	% of Total Taxes Levied
Village Point Commons LLC	Senior Housing	\$ 29,509,900	\$ 493,295	1.77%
BMA PW60 Grafton Commons LLC	Retail	21,099,900	352,626	1.27%
Meijer Store Limited Partnership	Retail	19,161,200	320,281	1.15%
Costco	Retail	13,642,900	228,022	0.82%
WRA – 1505 Apartments LLC	Multi-Family Residential	12,246,400	201,675	0.73%
Tillmann Corporation	Residential Developer	11,200,100	186,090	0.67%
Arrowhead Apartments LLC	Multi-Family Residential	10,943,900	182,976	0.66%
Exchanged Net Lease Portfolio	Retail	10,917,400	182,869	0.66%
Arrowhead Associates	Multi-Family Residential	9,984,100	167,419	0.60%
Kacmarcik Family Trust LLC	Metal Stamping & Fabrication	9,094,800	151,984	0.55%
Total Top 10 Taxpayers		\$ 147,621,600	\$ 2,466,967	8.88%

## Where Do My Village Property Tax Dollars Go?

These costs are based on a 2020 assessed home value of \$250,000 that pays \$1,460 for Village of Grafton services.

<b>Police Protection.</b> Twenty-two sworn police officers and six support staff along with five crossing guards and Police Reserves keep Grafton safe around the clock. Activities include traffic enforcement, crime investigation, education programs, special events planning and safety and emergency management.	<b>\$ 490</b>
<b>Capital Improvement Projects.</b> Includes streets, curbs, gutters, storm sewers, sidewalks, and vehicle and equipment replacement for the Departments of Public Works, Park and Police.	<b>\$ 227</b>
<b>Public Works / Engineering.</b> Includes maintenance programs such as storm sewer maintenance, pothole patching, street cleaning, snow removal, flood control, street painting and weed cutting. The Engineering Division provides for design, maintenance and rehabilitation of infrastructure and community facilities.	<b>\$ 214</b>
<b>Fire Protection / Emergency Medical Services.</b> This department was approved in 2012 by referendum funded by the Village and Town of Grafton. Protects the lives and properties of citizens and businesses by providing fire prevention, fire suppression, emergency medical services around the clock and funding of capital equipment purchases for Fire and EMS services.	<b>\$ 153</b>
<b>Library.</b> The U.S.S. Liberty Memorial Public Library is funded by the Village and Town of Grafton. Books, videos, DVDs, Internet access, magazines and programs are provided by the Library.	<b>\$ 107</b>
<b>Parks / Recreation.</b> Oversees programs to meet leisure and recreation needs of the community. Recreation activities include sports, aquatics, fitness, senior, and teen programming. There are 17 developed parks and facilities including pavilions walking/biking trails, tennis courts, swimming pool, and athletic fields.	<b>\$ 95</b>
<b>Sanitation.</b> Encompasses the trash collection and disposal program. This includes seasonal brush collection, curbside leaf pickup, and environmental groundwater monitoring	<b>\$ 64</b>
<b>Debt Service.</b> Includes debt payments for prior year capital projects. Types of projects include infrastructure improvements and facility construction and improvements.	<b>\$ 59</b>
<b>General Government / Administrative Services.</b> Includes the following program areas: Village Board, Village Administration, Legal, Assessing, Clerk, and Finance.	<b>\$ 51</b>
<b>Community Development / Inspections.</b> The Planning and Development Department plans for the orderly development of Grafton, which includes processing development plans. The Inspections Department administers and enforces local, state, and national codes related to building design and construction.	<b>\$ 0</b>



**G**RAFTON  
QUALITY LIFE. NATURALLY.