

*****ATTACHMENTS*****

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: Res. No. 40-19-20 by Alderpersons Donohue and Bohren. A resolution authorizing the City of Sheboygan to enter into a Municipal Advisory Agreement regarding the issuance of municipal bonds in 2019.

REPORT PREPARED BY: Darrell Hofland, City Administrator

REPORT DATE: June 6, 2019

MEETING DATE: June 17, 2019

FISCAL SUMMARY:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

The City of Sheboygan is in the process of issuing municipal bonds relative to the 2019 capital improvements projects. Financial advisory services for the organization of the sale of these municipal bonds and related details are conducted by Wisconsin Public Finance Professionals (WFPF). City staff is entering a contract with WFPF for Municipal Advisor services.

STAFF COMMENTS:

The City of Sheboygan has utilized the services of WFPF for a number of years. The advice and support provided by WFPF has enabled the city to make prudent decisions regarding financial decisions related to its borrowed funds for capital improvements projects.

ACTION REQUESTED:

Move to recommend the Common Council adopt the resolution.

ATTACHMENTS:

- I. Res. No. 40-19-20
- II. Municipal Advisory Agreement

III

DIRECT REFERRAL TO FINANCE AND PERSONNEL COMMITTEE

Res. No. 40 - 19 - 20. By Alderpersons Donohue and Bohren. June 17, 2019.

A RESOLUTION authorizing the City of Sheboygan to enter into a Municipal Advisory Agreement for Municipal Advisor services regarding the sale of municipal bonds in 2019.

WHEREAS, the city requires advisory services with respect to the issuance of \$6,665,000 in General Obligation Corporate Purpose Bonds, Series 2019A, and \$4,225,000 General Obligation Community Development Bonds, Series 2019B, and \$3,315,000 Taxable General Obligation Refunding Bonds - 2019; and

WHEREAS, the Municipal Advisor services will be provided by Wisconsin Public Finance Professionals, LLC (WFPF), Brookfield, WI, 53005; and

WHEREAS, WFPF will provide professional aid and guidance in arranging the sale of the bonds.

NOW, THEREFORE, BE IT RESOLVED: That the City of Sheboygan is hereby authorized to enter into contract with Wisconsin Public Finance Professionals, LLC to provide Municipal Advisor services with respect to the issuance of the 2019 Bonds, with fees to be paid out of the Bond proceeds.

Finance + Personnel

I HEREBY CERTIFY that the foregoing Resolution was duly passed by the Common Council of the City of Sheboygan, Wisconsin, on the _____ day of _____, 20____.

Dated _____ 20____. _____, City Clerk

Approved _____ 20____. _____, Mayor



WISCONSIN PUBLIC FINANCE PROFESSIONALS, LLC
1025 SOUTH MOORLAND ROAD, SUITE 504
BROOKFIELD, WI 53005
414-434-9644
FAX: 414-226-2014

Municipal Advisory Agreement

City of Sheboygan, Sheboygan County, Wisconsin

Wisconsin Public Finance Professionals, LLC ("WPFP") is a "municipal advisor" as defined by the Securities and Exchange Commission ("SEC") Final Rule adopted September 18, 2013. WPFP is registered and regulated by the SEC and the Municipal Securities Rulemaking Board ("MSRB"). The City of Sheboygan, Sheboygan County, Wisconsin ("City"), hereby retains WPFP to serve as its Municipal Advisor in accordance with the terms and conditions of this Municipal Advisory Agreement ("Agreement") effective the date of execution (the "Effective Date"). As Municipal Advisor, WPFP will have fiduciary duties, including a duty of care and a duty of loyalty. WPFP is required to act in the City's best interests without regard to its own financial and other interests.

MSRB Rule G-10 and G-42 Notifications, Disclosures of Conflicts of Interest and Other Information

As a Municipal Advisor registered with the MSRB and the SEC, WPFP is required to provide certain notifications, disclosures and information to the City, in writing, no less than once each calendar year. Included on the last page of the Agreement are notifications and disclosures in accordance with MSRB Rule G-10 regarding a brochure available on the MSRB's website at www.msrb.org that describes the protections available under MSRB rules and how to file a complaint with an appropriate regulatory authority; and, disclosures in accordance with MSRB Rule G-42 related to conflicts of interest and other information. All municipal advisory services are performed by employees of WPFP. WPFP has no relationships with other firms, or employees of the City, that could present a real or perceived conflict of interest. Carol Ann Wirth is the responsible party for WPFP in its relationship with the City.

Scope of Municipal Advisory Services

WPFP is engaged by the City as its Municipal Advisor to provide services with respect to the issuance of \$6,655,000* General Obligation Corporate Purpose Bonds, Series 2019A, and \$4,225,000* General Obligation Community Development Bonds, Series 2019B, and \$3,315,000* Taxable General Obligation Refunding Bonds - 2019 (collectively referred to as the "Issues"), as follows:

*Preliminary

(a) Services to be Provided:

1. Prepare and/or evaluate structuring options or alternatives with respect to the proposed new Issues
2. Review financial and other information regarding City, the proposed Issues and any source of repayment of or security for the Issues
3. Consult with and/or advise City on actual or potential changes in market place practices, market conditions, regulatory requirements or other matters that may have an impact on the City and its financing plans, or related to its outstanding issues
4. Assist City in establishing a plan of finance

5. Assist City in establishing the structure, timing, terms and other similar matters concerning the Issues
6. Prepare the financing timeline
7. Consult and meet with representatives of City and its agents or consultants with respect to the Issues
8. Attend meetings of City's governing body, as requested
9. Advise City on the manner of sale of the Issues
10. Assist in the gathering of information with respect to financial, statistical and factual information relating to City in connection with the preparation of the Preliminary and Final Official Statement
11. For Issues to be sold on a competitive bid basis, prepare the Preliminary and Final Official Statement, Official Notices of Sale and bid forms, obtain CUSIP numbers and provide an electronic version of the Official Statement to the winning underwriters
12. Advise City with regard to any continuing disclosure undertaking required to be entered into in connection with the Issues
13. In a competitive bid sale, assist City in collecting and verifying bids submitted by underwriters and in connection with City's selection of a winning bidder
14. At the time of sale, provide City with relevant data on comparable issues recently or currently being sold nationally and by comparable municipalities
15. Respond to questions from bidders, underwriters or potential investors
16. Prepare materials for, and participate in, presentation to rating agency
17. Work with bond counsel and other transaction participants to prepare and/or review necessary authorizing documentation of City and other documents necessary to finalize and close the Issues, and to issue an unqualified opinion approving the legality and tax status of the Issue
18. Coordinate closing, delivery of the new Issues and transfer of funds
19. Prepare a closing memorandum or transaction summary, together with general guidance for City with respect to the use of bond proceeds and the payment of debt service
20. Provide such other usual and customary municipal advisory services as may be requested by City including services related to debt management, structuring potential issues, credit management and continuing disclosure requirements
21. Advise City on potential refinancing opportunities of its outstanding issues
22. Advise City on potential exercise of optional call rights for outstanding issues
23. Assist City with dissemination and publication of notices of call for issues being refunded

(b) Limitations on Scope of Municipal Advisory Services. The Scope of Municipal Advisory Services is subject to the following limitations:

(i) The scope of services is limited solely to the services described herein and is subject to any limitations set forth within the description of the Scope of Municipal Advisory Services.

(ii) Unless otherwise provided in the Scope of Municipal Advisory Services described herein, Municipal Advisor is not responsible for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Municipal Advisor provided by Municipal Advisor for inclusion in such documents.

(iii) The Scope of Municipal Advisory Services does not include tax, legal, accounting or engineering advice with respect to any Issue or in connection with any opinion or certificate rendered by counsel or any other person at closing; and, does not include review or advice on any feasibility study.

(c) Amendment to Scope of Municipal Advisory Services

The Scope of Municipal Advisory Services may be changed only by written amendment or supplement to the Scope of Municipal Advisory Services described herein. The parties agree to amend or supplement the Scope of Municipal Advisory Services described herein promptly to reflect any material changes or additions to the Scope of Municipal Advisory Services

Municipal Advisor's Regulatory Duties When Servicing City

MSRB Rule G-42 requires that Municipal Advisor make a reasonable inquiry as to the facts that are relevant to City's determination whether to proceed with a course of action with a course of action or that form the basis for and advice provided by Municipal Advisor to City. The rule also requires that Municipal Advisor undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Municipal Advisor is also required under the rule to use reasonable diligence to know the essential facts about City and the authority of each person acting on City's behalf. The City agrees to cooperate, and to cause its agents to cooperate, with Municipal Advisor in carrying out these regulatory duties, including providing to Municipal Advisor accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties.

Term of this Engagement

The term of this Agreement begins on the Effective Date and ends, unless earlier terminated as provided below, on December 31, 2019. This Agreement may be terminated with or without cause by either party upon the giving of at least sixty (60) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of termination, the Municipal Advisor shall be paid in full for any services performed to the date of that termination at the normal hourly rates (\$75/hour professional staff, \$50/hour support staff) for time actually spent. WFPF may not assign this Agreement without the City's prior written consent. The laws of the State of Wisconsin shall apply to this Agreement.

Compensation - Fees and Expenses

WFPF's fee for services performed under this Agreement shall be \$15,055 for the General Obligation Corporate Purpose Bonds, Series 2019A, and \$12,625 for the General Obligation Community Development Bonds Series 2019B, and \$11,750 for the Taxable General Obligation Refunding Bonds. WFPF's fee includes all necessary in-state travel and general out-of-pocket expenses i.e. supplies and copying. WFPF's fee is due and payable upon the closing of the Issue. The City shall pay the fees and expenses determined by each respective financing team participant (i.e. bond counsel, rating agency and underwriter), and costs associated with the printing and distribution of Official Statements (\$1,000). If WFPF performs services under this Agreement, and, a financing is not consummated, WFPF shall be compensated at our normal hourly rates (\$75/hour professional staff, \$50/hour support staff) for time actually spent.

Limitation of Liability/Insurance

In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Municipal Advisor, Municipal Advisor shall have no liability to City for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, or for any financial or other damages resulting from City's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Municipal Advisor to the City. No recourse shall be had against Municipal Advisor for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of City arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with the Issue or otherwise relating to the tax treatment of the Issue, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by the City of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived, nor shall it constitute a waiver or diminution of Municipal Advisor's fiduciary duty to City under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

WPPF shall maintain, throughout the term of this Agreement, professional general liability insurance in the amount of \$1,000,000 per occurrence, having a \$5,000 deductible.

The City acknowledges that the City is responsible for the contents of Preliminary and Final Official Statements prepared for the Issue, and, is subject to, and may be held liable under, federal or state securities laws for misleading or incomplete disclosure.

Authority

The undersigned represents and warrants that he/she has full legal authority to execute this Agreement on behalf of the City. The following individuals have the authority to direct Municipal Advisor's performance of its activities under this Agreement: Darrell Hofland, City Administrator, Marty Halverson, Finance Director.

WISCONSIN PUBLIC FINANCE
PROFESSIONALS, LLC

CITY OF SHEBOYGAN
SHEBOYGAN COUNTY, WISCONSIN

By *Carol Ann Smith*

By: _____

Title: _____

Date: _____

Wisconsin Public Finance Professionals, LLC

MSRB Rule G-10 Disclosure - Notifications

- Wisconsin Public Finance Professionals, LLC (“WFPF”) is a Municipal Advisor registered with the Municipal Securities Rulemaking Board (“MSRB”) and the Securities and Exchange Commission (“SEC”).
- The MSRB’s website address is as follows: www.msrb.org.
- A brochure is available on the MSRB website that describes protections available under MSRB rules and how to file a complaint with an appropriate regulatory authority.

MSRB Rule G-42 Disclosure

1. Wisconsin Public Finance Professionals, LLC (“WFPF”) is an MSRB Registered Municipal Advisor that conducts all municipal advisory activities subject to the fiduciary standards of conduct.
2. The Form MA of WFPF along with the most recent Form MA-I for each MSRB associated person is posted in the Edgar Database located on the US Securities and Exchange Commission website (www.sec.gov/edgar/searchedgar/companysearch.htm) searching under the name “Wisconsin Public Finance Professionals, LLC.” If you require a hard-copy of any of these forms, please send a written request to the Firm’s Chief Compliance Officer’s attention at the address below.
3. To the best of our knowledge and belief, neither WFPF nor any Associated Person has any material undisclosed conflict of interest.
 - A. WFPF has no financial interest in, nor does WFPF receive any undisclosed compensation from, any firm or person that WFPF may use in providing any advice, service, or product to or on behalf of any WFPF client.
 - B. WFPF does not pay MSRB registered solicitors or other MSRB Registered Municipal Advisors directly or indirectly in order to obtain or retain an engagement to perform municipal advisory services for any municipal entity.
 - C. WFPF does not receive any payments from a third party to enlist WFPF’s recommendation of services, municipal securities transactions, or any municipal financial product or service.
 - D. WFPF does not have any undisclosed fee-splitting arrangements with any provider of investments or services to any municipal entity.
 - E. WFPF does not have any conflicts of interest arising from compensation for municipal activities to be performed that are contingent on the size or closing of any transaction for which WFPF is providing advice.
 - F. There is no other actual or potential conflict of interest that could reasonably be anticipated to impair WFPF’s ability to provide advice to any municipal entity in accordance with the standards of fiduciary conduct.
4. WFPF (“the Firm”) nor any of its Associated Person are not currently subject to or have been subject to any legal or disciplinary event that could be material to a client’s evaluation of the Firm or the integrity of its management or Associated Persons.

1025 South Moorland Road, Suite 504, Brookfield, WI 53005

City of Sheboygan, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2018

DRAFT

INTRODUCTORY SECTION

DRAFT

City of Sheboygan, Wisconsin

DECEMBER 31, 2018

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2019

TO: The Mayor, Common Council members and the residents of Sheboygan

The Comprehensive Annual Financial Report (CAFR) for the City of Sheboygan, Wisconsin for the fiscal year ending December 31, 2018 is hereby submitted. The report consists of management's representation concerning the finances of the City of Sheboygan. Consequently, responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and results of operations of the various completeness. All disclosures necessary to enable the reader to gain an understanding of the activities of the City of Sheboygan have been included.

Community Profile

The City of Sheboygan was incorporated as a city on April 5, 1846. Located in Sheboygan County, the boundary encompasses 15.78 miles and has a population of 48,329. The city provides the full range of municipal services, including police and fire protection, parks and cultural activities, public works operations, parking and transit utilities, water and sewer utilities, community development and general administrative services.

The City of Sheboygan is a municipal corporation operating under a "Council/Mayor" form of government, with a City Administrator responsible for the day-to-day responsibilities of supervision, coordination, and administration of the city departmental activities, formulation, presentation and administration of the budget. Policy making and legislative authority are vested in a Common Council consisting of 10 members. The council members elect the president of the council at the annual organizational meeting. The standing committees of the council are: Finance and Personnel Committee, Licensing, Hearings and Public Safety Committee, and Public Works Committee. The Common 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.

The annual program budget serves as the foundation of the city's financial planning, control and support to the city's Strategic Plan. All departments are required to submit requests for appropriations for all government activities to the City Administrator. The departmental requests are used to develop the proposed budget, which is presented to the Common Council. The standing committees of the Common Council review proposed budgets with department managers. A public hearing is held on the proposed budget prior to adoption by the Common Council. The annual program budget serves as a communication tool providing the public and other entities with additional documentation supporting the financial requests. Ultimately, the tax levy is established based on the adopted budget.

Factors Affecting the Local Economy

The city's moderate economic growth has contributed to the community's low unemployment rate of 2.1 percent (February 2019) compared to the State of Wisconsin's unemployment rate of 2.9 percent. With historic low unemployment rates, recruiting talented workforce continues to be a major problem with most local companies. To assist with recruiting workforce, the need for housing has been at the forefront of the city's recent economic development strategy. The low unemployment rate has also contributed to the areas' low poverty rate. An analysis of poverty rates across the United States has found Sheboygan to have the lowest poverty rate in the nation in 2017- 5.4 percent

FINANCE DEPARTMENT

828 Center Avenue,
Suite 205
Sheboygan, WI 53081

920-459-3311 (Phone)
www.sheboyganwi.gov

The City of Sheboygan is located on the west shore of Lake Michigan and is substantially surrounded by the developed areas of the Towns of Wilson and Sheboygan and the Village of Kohler. As such, the City has limited opportunities for geographic expansion. Five annexations occurred in 2017 for a total of 559 acres including a proposed golf course and a municipally-developed business park. The City continues to promote redevelopment of older sections of the community into higher density uses.

Residential units totaling \$52.2 million are in various phases of construction to address both market rate housing and affordable housing needs. 7th/Penn Apartments began construction in November 2018 of 66 market rate apartments with 7,000 square feet of commercial space, Water's Edge Condominiums began construction in December 2018 and consists of 33 units, and Badger State Lofts received approval to convert a former tannery building into 118 affordable apartments and 8,700 square feet of commercial space. Also completing construction in 2019 are the Luxe apartments which consists of 47 units valued at \$8 million. Ten single-family homes were constructed in 2018 at a value of \$2.1 million.

New industrial development was slower in 2018 with one project starting construction of an \$8 million FedEx Freight Distribution Center in the Sheboygan Business Park. Although, the city has become directly involved in attracting new development by investing in the construction of SouthPointe Enterprise Campus, a new business park on the southwest side of the city. With the creation of a new tax incremental district (TID 18), "shovel-ready" sites were available in December 2018.

New commercial development included the start of construction on a \$20 million John Michael Kohler 54,000 square foot state of the art visual storage facility on the western edge of the city limits. This project is scheduled to be completed in 2020. Prevea started construction on a 60,000 square foot medical office building valued at \$17 million on the campus of the St. Nicholas Hospital. Fairfield Inn and Suites began construction on a 108 room hotel valued at \$6.5 million. In addition a 159,253 square foot Meijer store valued at \$12.2 million was substantially completed in 2018 while officially opening in 2019.

The median household income for the city as of 2018 was \$44,710 in comparison to \$54,392 for the State of Wisconsin per the American Community Survey. Median home value in the city is \$110,016, significantly less than the State of Wisconsin value of the \$179,000. However, existing properties for two consecutive years since the Great Recession, existing residential properties have appreciated with a six percent increase in valuation.

The City of Sheboygan and the Sheboygan County Economic Development continue to advance the FreshTech Innovation District with a mission to provide the core programming and coordination necessary to catalyze, support and invigorate the local innovation ecosystem. Multiple facets of the project are underway in the Indiana Avenue Corridor include the recruitment and retention of young professionals to Sheboygan County.

Policies affecting the current financial position

The City of Sheboygan is fiscally conservative, typically budgeting modest revenue expectations and actual expenditures below budgeted appropriations. The 2018 property tax rate for city purposes decreased .40 cents for city residents. State reimbursement for state mandated programs and revenue sharing continue at level amounts. The city participates and receives expenditure restraint funding annually. Revenues are estimated to remain stable. Constant monitoring and emphasis on the budget ensured that overall expenditures were within budget.

The city bargains with four unions and associations, the Sheboygan Professional Police Officers Association; Sheboygan Professional Police Officers Supervisory Association, International Association of Firefighters Local 483 and Amalgamated Transit Union #998. The contract terms for the two Police Associations and the Transit Union expire on December 31, 2019 and the Association of Firefighters expires on December 31, 2020.

The city maintains a Aa2 credit rating by Moody's rating service. General obligation outstanding debt at year end 2018 is \$44.9 million. The ratio of net outstanding debt to debt capacity is 18.09 percent. The city's debt policy has established a limit of an amount not to exceed 60 percent of the city's aggregate statutory borrowing limit as prescribed by State Statute 67.03 (1)(a), in order to maintain a borrowing appropriate with credit rating objectives and

the city's desire to preserve its financial flexibility by maintaining an adequate unused margin to be available for extreme emergencies. The capital improvement program for 2019 includes \$5.2 million of debt to be issued.

The General Fund unassigned fund balance as of December 31, 2018 is \$16.5 million, or 42.7 percent of the 2019 General Fund budget expenditures. The Common Council by resolution established to maintain a minimum of 25 percent. For a more detailed examination of fund balance and results of operations consult the Management Discussion and Analysis section in the Financial Section.

Financial Information

The City of Sheboygan is required to prepare financial statements in conformity with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Major federal and state programs impose additional audit requirements.

Financial planning and control is maintained through the annual budget process. The city tax levy includes operation of the General Fund, Mead Public Library, General Obligation Debt Service, Capital Projects and Transit Utility. All departments are required to submit a requested budget to the City Administrator. The City Administrator's budget is presented to the Common Council in September for review by the Standing Committees and Committee of the Whole prior to the public hearing and formal adoption of the budget. Budget amendments during the year require approval by the Common Council for transfers between departments or from fund reserves. Approval requires two thirds majority vote of the Common Council. Transfers within a department may not require Common Council approval depending on the amount. Internal controls protect the assets from loss, theft of misuse and to compile sufficient, reliable data for the presentation of financial statements. Internal controls are designed not to outweigh the benefit; therefore controls have been designed to provide reasonable but not absolute assurance.

Cash temporarily idle during the year is invested with the objectives of safeguarding assets, maintaining liquidity for cash flow requirements, and return on investments. All investments must be insured and/or collateralized. Investments are generally within money market accounts, certificates of deposit, repurchase agreements, the State of Wisconsin Investment Pool, and US government agency obligations.

The City Administrator monitors all borrowing plans of the city. All new indebtedness requires a simple majority vote of the Common Council for budgeted borrowing passage. Non-budgeted borrowing requires a two third majority vote for passage. Wisconsin state statute limits general obligation borrowing to an amount equivalent to five percent of the equalized valuation of taxable property. At December 31, 2018, the city had 81.91 percent of the limit available. Equalized value for all property within the city was \$2.810 billion. The statutory debt limit is \$140.5 million and City net debt outstanding (less funds available for debt service) is \$25.4 million.

The city self-insures for workers compensation and health insurance. The city is a member of Cities and Villages Mutual Insurance Company, an organization uniquely designed to overcome the challenges facing Wisconsin municipalities in relation to diverse insurance and service needs. Members utilize insurance products, human resources, safety training and numerous other risk management services to build a successful program. All insurance is funded at the departmental level.

The city annually establishes a five-year Capital Improvement Program to identify and fund capital projects. Departments submit requests to the City Administrator, who presents his recommendations to the Capital Improvements Commission. The commission rates the projects on a variety of measurements. The Common Council approves the final Capital Improvement Program for funding.

The fund balance in the General Fund includes nonspendable, restricted, committed, assigned and unassigned. Fund balance in the Special Revenue, Debt Service, Capital Projects and Fiduciary funds are categorized as nonspendable, restricted, assigned or unassigned (deficit). Net position in the Business-type activities is either restricted or unrestricted. Unassigned funds are available for use and assigned funds are management's intended use, both accounted for separately from committed, includes self-imposed legal restrictions and restricted funds which are imposed by an outside party.

Other Information

The accounting firm of Clifton Larson Allen was engaged to conduct an audit of the basic financial statements and to issue a report on internal controls. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Sheboygan are free of material misrepresentation. 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 any significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concludes, based on the audit, there was a reasonable basis for rendering an unmodified opinion that the City of Sheboygan's financial statements for the fiscal year ending December 31, 2018, are fairly presented in conformity with GAAP and GASB. The independent auditor's report is presented as the first component of the financial section of the CAFR.

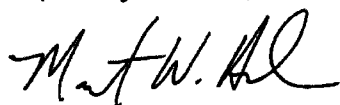
The city is required by federal mandate to undergo a "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require not only a report on the fair presentation of the financial statements but also on the internal controls and compliance with the legal requirements pertaining to internal controls and the administration of federal and state awards.

GAAP and GASB require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it. The City of Sheboygan's MD&A can be found immediately following the report of the independent auditor.

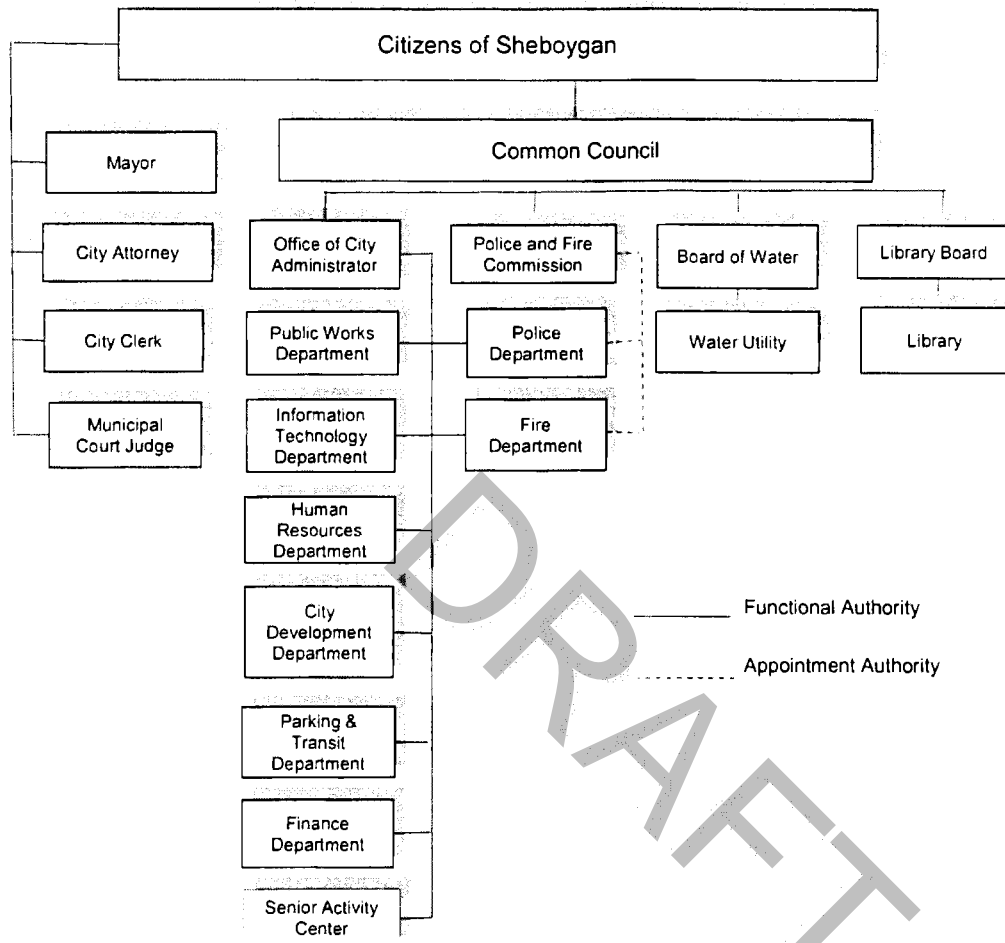
Acknowledgement

The preparation of this report would not have been possible without the dedicated service of the staff of the city, and especially the City Administrator and Common Council members for their support and commitment to maintaining the highest standards of professionalism.

Respectfully submitted,



Marty Halverson
Finance Director, City of Sheboygan



Name

Darrell Hofland
 David Biebel
 Eric Bushman
 Sandra Rohrick
 Chad Pelishek
 Derek Muench
 Marty Halverson
 Christopher Domagalski
 Michael Romas
 Joseph Trueblood
 Garrett Erickson
 Wendy Schmitz

Elected Officials

Mike Vandersteen
 Chuck Adams
 Meredith DeBruin
 Natasha Torry

Title

City Administrator
 Director of Public Works
 Information Technology Director
 Director of Human Resources and Labor Relations
 Director of Planning and Development
 Director of Parking and Transit
 Finance Director
 Police Chief
 Fire Chief
 Water Utility Superintendent
 Library Director
 Senior Activity Center Supervisor

Title

Mayor
 City Attorney
 City Clerk
 Municipal Court Judge

FINANCIAL SECTION

DRAFT



To the City Common Council
City of Sheboygan, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sheboygan, Wisconsin (the "City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of the Water Utility Enterprise Fund, which is both a major fund and 59 percent, 62 percent, and 43 percent of the assets, net position, and revenues of the City's business-type activities. We also did not audit the financial statements of the Housing Authority of the City of Sheboygan, Wisconsin. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water Utility Enterprise Fund and the Housing Authority of the City of Sheboygan, Wisconsin, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Water Utility Enterprise Fund were not audited in accordance with *Government Auditing Standards*.

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 auditors consider internal control relevant to the City'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'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.

OPINIONS

In our opinion based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 3. H. to the financial statements, in 2018 the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated May 2, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 21 and the schedules relating to pensions and other postemployment benefits on pages 85 through 88 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the financial information listed in the table of contents as supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed above, and the reports of other auditors, the supplementary information and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Schenck SC previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Sheboygan, Wisconsin's basic financial statements for the year ended December 31, 2017, which are not presented with the accompanying financial statements and expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sheboygan, Wisconsin's basic financial statements as a whole. The 2017 actual amounts in the combining nonmajor fund financial statements and the combining statement of net position for the agency funds are presented for purposes of additional analysis and are 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 used to prepare the 2017 basic financial statements. The report of Schenck SC stated that the information has been subjected to the auditing procedures applied in the audit of those 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 their opinion, the 2017 actual amounts in the combining nonmajor fund financial statements and the combining statement of net position for the agency funds were fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
_____, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

The management's discussion and analysis and financial statements for the fiscal year December 31, 2018 are designed to assist the reader in focusing on significant fiscal issues; provide an overview of the city's financial activity; identify changes in the city's financial position as well as any material deviations from the financial plan (approved budget) and issues and concerns.

The management's discussion and analysis is designed to focus on the current year's activities, resulting changes and currently known facts.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Sheboygan exceeded liabilities and deferred inflows by \$206,812,244 (total net position) for the fiscal year reported, which is an increase of \$2,929,387 from the previous year.
- The 2018 results of governmental activities increased net position by \$1,893,871 and business-type activities increased net position by \$1,035,516, net of the impact of the change in accounting principle due to the implementation of Governmental Accounting Standards Board (GASB) Statement Number 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.
- As of December 31, 2018, the fund balance for the governmental funds totaled \$53,328,004 and proprietary funds net position totaled \$70,887,401.
- The unassigned fund balance for the general fund was \$16,458,166, which represents 42.8 percent of the total general fund expenditures budgeted in 2019.
- The city's total net general obligation debt at December 31, 2018 was \$44.9 million, an increase of \$9,680,049 from the December 31, 2017 level of \$35.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The basic financial statements include three components: 1) **government-wide** financial statements, 2) **fund** financial statements, 3) **notes** to the basic financial statements. The report also contains other supplementary and required supplementary information in addition to the basic financial statement.

Government-Wide Financial Statements

The government-wide financial statements (pages 22 - 24) are designed to be corporate-like in that governmental and business type activities are consolidated for a total of the primary government.

The *statement of net position* presents information on all of the city's assets, liabilities and deferred outflows/inflows of resources with the difference reported as net position. Net position is presented in three categories. The categories listed below are presented in order of increasing liquidity:

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

Increasing or decreasing trends in net position may represent an indicator of the city's improving or deteriorating financial position.

The *statement of activities* presents information showing how the city's net position changed during the reported year. Both the gross and net cost of various activities (including governmental and business-type) and funding sources are summarized. All changes in net position are matched to the event in the fiscal period in which it occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statements for some events that will result in future cash flows.

Both of these government-wide financial statements distinguish functions of the City of Sheboygan that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a material portion of the costs through user fees and charges (business-type activities). The governmental activities of the city include general government, public safety, public works, health and human services, culture and recreation and conservation and development. The business-type activities include proprietary funds water utility, sewerage system, transit commission, parking facility, and boat facility and internal service funds health self-insurance, worker compensation self-insurance, motor vehicle, data processing and general liability self-insurance.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The city, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This traditional presentation focuses on the sources and uses of liquid resources and represents the basis for development of the financial plan (the budget). All of the funds can be divided into three categories: governmental, proprietary and fiduciary.

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 financial 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 fiscal year-end. Such information may be meaningful in evaluating the city'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 government'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 government-wide activities.

The city maintains 21 active individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the major funds: General Fund, Capital Projects TIF Districts, Capital Projects Bonded, Capital Projects Tax Levy, Debt Service TIF Districts, and the Debt Service GO Debt Fund. Information from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of the non-major government funds is provided in the form of combining statements elsewhere in the report.

The city adopts an annual appropriated budget for governmental funds including the general fund, certain special revenue funds, debt service funds, capital project funds and fiduciary funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 25 - 31 in the report.

Proprietary funds: The city maintains two different types of proprietary funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for water utility, sewerage system, transit commission, parking facility, and boat facility. Internal service funds are used to accumulate and allocate funds internally among the city's various functions. Internal service funds are used to account for health self-insurance, worker compensation self-insurance, motor vehicle, data processing and general liability self-insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewerage system, water utility and transit commission, which are considered to be major funds. Information on the other enterprise funds are combined in a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 32 - 41 in the report.

Fiduciary funds: Fiduciary and Agency funds are used to account for resources held for the benefit of parties outside the government. Fiduciary and agency funds are included in the government-wide financial statements.

The basic agency fund financial statements can be found on page 42 of the report.

NOTES TO THE BASIC FINANCIAL STATEMENTS:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 43 - 84 of the report.

Other information: The required supplementary information relating to pensions and other post-employment benefits and the combining statements are presented immediately following the notes to the basic financial statements. The required supplementary information, combining and individual fund statements and schedules can be found on pages 85 - 125 of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The discussion and analysis requires focus on the current-year results in comparison with the prior year and discussion on any positive or negative variance.

The net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sheboygan, assets and deferred outflows exceed liabilities and deferred inflows by \$206.8 million at the close of the most recent fiscal year.

The largest portion of the city's net position (63 percent) reflects the net investment in capital assets (e.g. land, buildings, improvements, infrastructure, machinery, etc.) at historic cost, less any outstanding related debt used to acquire the assets. The city uses the capital assets to provide services to the citizens; consequently, the assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate the liabilities.

City of Sheboygan
Condensed Statements of Net Position
For the Year Ended December 31, 2018 and 2017
(in thousand of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 115,798	\$ 95,756	\$ 24,575	\$ 21,104	\$ 140,373	\$ 116,860
Capital assets, net	131,846	107,992	74,146	70,992	205,992	178,984
Total Assets	247,644	203,748	98,721	92,096	346,365	295,844
Deferred outflows of resources	11,323	13,017	1,986	2,298	13,309	15,315
Long-term liabilities outstanding	75,104	44,501	23,745	21,496	98,849	65,997
Other liabilities	8,664	6,752	3,380	1,528	12,044	8,280
Total Liabilities	83,768	51,253	27,125	23,024	110,893	74,277
Deferred inflows of resources	39,327	31,534	2,642	1,465	41,969	32,999
Net Position						
Net investment in capital assets	77,579	73,584	53,254	51,043	130,833	124,607
Restricted	35,153	18,798	1,497	366	36,650	19,164
Unrestricted	23,140	41,616	16,189	18,496	39,330	60,112
Total Net Position	\$ 135,872	\$ 133,978	\$ 70,940	\$ 69,905	\$ 206,812	\$ 203,883

The city's unrestricted position of \$39.3 million may be used to meet the ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the city is able to report positive balances in all categories of net positions; for the city as a whole, as well as for the separate governmental and business-type activities.

City of Sheboygan
Statement of Activities and Change in Net Position
For the Year Ended December 31, 2018 and 2017
(in thousand of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 7,976	\$ 7,867	\$ 18,875	\$ 17,073	\$ 26,851	\$ 24,940
Operating grants and contributions	6,216	5,725	2,853	2,800	9,069	8,525
Capital grants and contributions	143	1,125	79	327	222	1,452
General revenues:						
Taxes	25,880	24,116	512	512	26,392	24,628
Other taxes	1,966	1,894			1,966	1,894
Grants and contributions not restricted to specific programs	12,121	12,127			12,121	12,127
Other	2,049	1,116	326	206	2,375	1,322
Total revenue	56,351	53,970	22,645	20,918	78,996	74,888
Expenses:						
General government	4,652	4,708			4,652	4,708
Public safety	23,713	23,940			23,713	23,940
Public works	11,262	14,121			11,262	14,121
Health and human services	220	255			220	255
Culture and recreation	6,877	6,773			6,877	6,773
Conservation and development	5,060	8,172			5,060	8,172
Interest on long-term debt	1,234	1,066			1,234	1,066
Sewerage system			8,128	7,363	8,128	7,363
Water utility			6,430	5,982	6,430	5,982
Transit commission			4,157	4,385	4,157	4,385
Parking utility			444	461	444	461
Boat facility			143	190	143	190
Total expense	53,018	59,035	19,302	18,381	72,320	77,416
Increase (decrease) in net position before transfers	3,333	(5,065)	3,343	2,537	6,676	(2,528)
Net transfers	1,377	1,381	(1,377)	(1,381)	-	-
Change in net position	4,710	(3,684)	1,966	1,156	6,676	(2,528)
Net Position - January 1, as originally stated	133,978	137,662	69,905	68,749	203,883	206,411
Cummulative effect of change in accounting principle	(2,815)		(931)		(3,746)	
Net Position - January 1, as restated	131,163		68,974		200,137	
Net Position - December 31	\$ 135,873	\$ 133,978	\$ 70,940	\$ 69,905	\$ 206,813	\$ 203,883

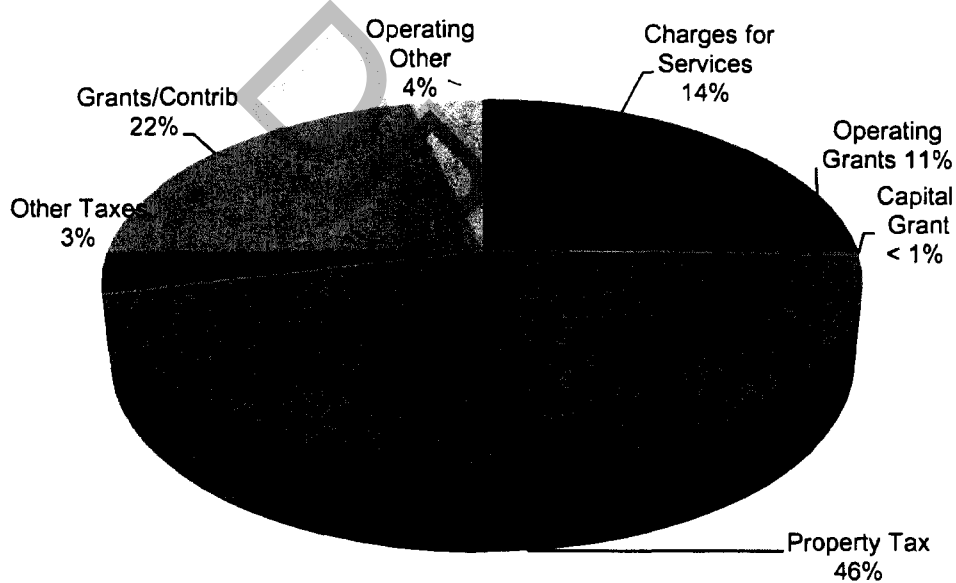
Governmental Activities

Governmental activities increased the city's net position by \$1.9 million (pages 23 - 24), net of the impact of the change in accounting principle due to the implementation of GASB Statement No. 75. Details of significant changes are listed below.

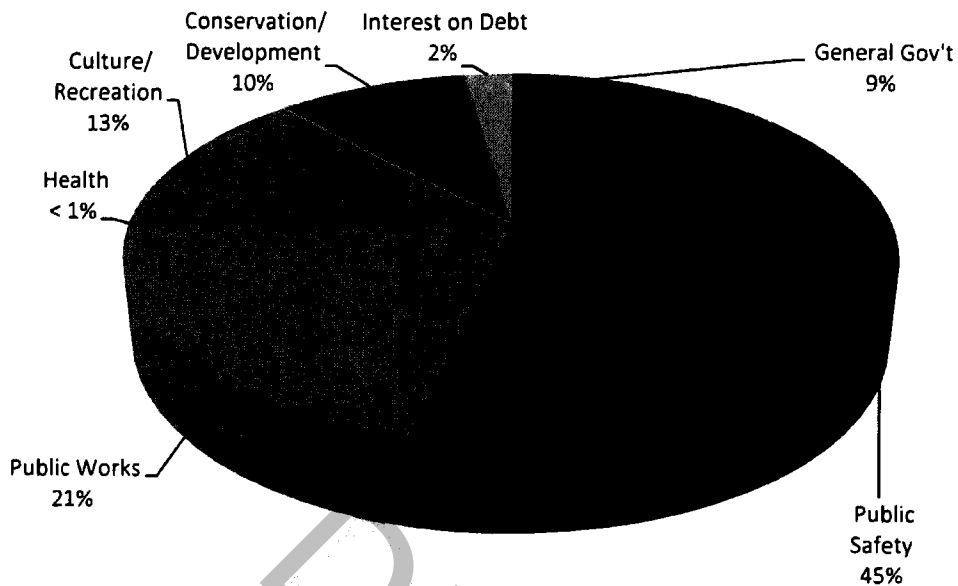
Key elements of change are as follows:

- Governmental activity general revenue taxes increased \$1.8 million, within property taxes and tax increment.
- Governmental activity expenses decreased \$6.0 million over 2017.
 - Public works activities decreased \$2.9 million, largely due to a reduction in noncapital street maintenance and repairs
 - Conservation and development decreased \$3.1 million, primarily due to a reduction in development project expenses and developer incentives.

Governmental activities operating revenue by source include \$25.9 million of tax revenue or 46 percent of total revenue. Operating grants and contribution revenues total \$6.2 million or 11 percent of revenues. The chart below illustrates the revenues by source.



Governmental activities operating expenses totaled \$53 million, a decrease of \$6 million over 2017. The chart below illustrates the largest expense of the city is 45 percent of total expenses for Public Safety.



Business-type Activities

Business-type activities increased the city's net position by \$1.0 million, net of the impact of the implementation of GASB Statement No. 75. Key elements of this change are as follows:

- The Water Utility recorded an increase in net position of \$1.9 million. Operating revenue exceeded operating expenses by \$3.6 million.
- The Sewerage System recorded an operating income of \$544 thousand.
- The Transit Commission, Parking Facility and Boat Facility each experienced reductions in net position totaling \$808 thousand, net of the impact of the implementation of GASB Statement No. 75.

Financial Analysis of the City of Sheboygan's Funds:

The city utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of city government is to provide information on near-term inflows, outflows and balances of spendable resources. The information is useful to assess financial requirements. The unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, the city's governmental funds reported combined ending fund balances of \$53.3 million, an increase of \$10.6 million. The unassigned fund balance, net of the Harbor Centre Marina and Capital Projects TIF Districts deficits, of \$16.5 million is available for spending at the Common Council's discretion. The remainder of the fund balance is categorized as follows:

- Non-spendable balances in the general fund for inventories and prepaid items (\$163 thousand); long-term accounts and interfund receivables (\$1.8 million); inventories and prepaid items in nonmajor governmental funds (\$98 thousand); cemetery perpetual care (\$909 thousand) and library trust (\$600 thousand).
- Restricted in the amount of \$23.1 million as a result of external restrictions or enabling legislation.
- Committed by the Common Council for development purposes in the amount of \$350 thousand.
- Assigned by the Common Council in the amount of \$14.1 million. In the general fund, \$1,165,778 is assigned for subsequent year expenditures.

The General Fund is the main operating fund of the city. At the end of the current year the assigned and unassigned fund balance of the General Fund was \$17.6 million and the total fund balance was \$20.0 million. As a measure of funds liquidity, it may be useful to compare both assigned and unassigned fund balances and total fund balance to the total fund's expenditures. Liquid fund balance represents 48 percent of the total fund expenditures, while total fund balance represents 55 percent of the same amount.

The Common Council by resolution established a policy to maintain the General Fund unassigned fund balance at an amount of 25 percent of the subsequent years general fund expenditures, not including debt service. The objective of the city is to preserve the credit worthiness of the city for issuing debt at favorable interest rates and to provide working capital to meet cash flow needs during the year.

Proprietary Funds: The statements of the proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of all the proprietary operations at the end of the year amounted to \$16.1 million, a decrease of \$2.1 million from 2017. Factors concerning the operational results of these funds have already been discussed in the discussion of the city's business-type activities.

General Fund Budgetary Highlights

General Fund revenues exceeded the final budget by \$970 thousand, of which \$399 thousand is attributable to intergovernmental revenues and \$327 thousand is attributable to licenses and permits. Operating expenditures were \$1.3 million under budgeted, of which \$547 thousand was general government and \$630 thousand was public safety.

Capital Assets and Debt Administration

Capital assets: The city's investment in capital assets for the governmental and business-type activities at the end of the current year totaled \$206 million (net of depreciation). The investment in assets include land, building, machinery, equipment and infrastructure. The chart below compares 2018 to 2017 capital assets.

City of Sheboygan Capital Assets
For the Year Ended December 31, 2018 and 2017
 (in thousand of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 18,959	\$ 16,364	\$ 1,129	\$ 948	\$ 20,088	\$ 17,312
Building and improvements	16,429	16,443	6,605	7,155	23,034	23,598
Improvements other than buildings	7,870	8,131	6,310	6,382	14,180	14,513
Machinery and equipment	8,104	6,938	7,640	7,867	15,744	14,805
Infrastructure	62,805	60,076	47,915	39,480	110,720	99,556
Construction in progress	17,879	40	4,547	9,160	22,226	9,200
Total Capital Assets	\$ 131,846	\$ 107,992	\$ 74,146	\$ 70,992	\$ 205,992	\$ 178,984

Additional information on the city's capital assets can be found on Note 3. C of the notes to the financial statements on pages 57 - 58 of the report.

Long-term Debt: The City of Sheboygan's total general obligation debt outstanding at fiscal year-end 2018 was \$44.9 million, all backed by the full faith and credit of the government. The city maintains a Aa2 credit rating by Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of the total equalized valuation. The outstanding debt limit for the City of Sheboygan as of December 31, 2018 was \$140 million based on the 2018 equalized valuation of \$2.8 billion. The Common Council has established a policy to maintain outstanding debt in an amount not exceeding 60 percent of the city's aggregate statutory borrowing limited prescribed by State Statute.

The city issued \$6.335 million of general obligation notes, \$5.015 million refunding bonds and \$3.8 million of taxable refunding bonds with the refunding taking place January 2019. General obligation debt totaled \$44.9 million at fiscal year-end 2018, which is 1.6 percent of the city's equalized valuation.

Additional information on the city's long-term debt can be found in Note 3.E on pages 61 - 62 of the report.

Economic Factors and Next Year's Budget Rates

The city's annual unemployment rate of 2.1 percent for December 2018 is favorable in comparison to the State of Wisconsin's rate of 2.9 percent. The economic outlook is slow steady growth.

- Residential units totaling \$52.2 million are in various phases of construction to address both market rate housing and affordable housing needs. Ten single-family homes were constructed in 2018 at a value of \$2.1 million.
- City wage rates are budgeted to increase 2.25 percent in 2019 and the health insurance budgeted 3 percent increase. All employees contribute to the WI Retirement defined benefit plan, with the city matching the employer share of contribution.
- The city bargains with four unions and associations, the Sheboygan Professional Police Officers Association; Sheboygan Professional Police Officers Supervisory Association, International Association of Firefighters Local 483 and Amalgamated Transit Union #998. The contract terms for the two Police Associations and the Transit Union expire on December 31, 2019 and the Association of Firefighters expires on December 31, 2020.
- The city anticipates Moody's Investors Service will retain the Aa2 level.
- The capital improvement plan for 2018 anticipates borrowing \$5.2 million in 2019.

All of the above factors were consideration in preparation of the 2019 budget.

Requests for Information

The financial report is designed to provide a general overview of the City of Sheboygan's finances for all those with an interest. Additional information on items provided in the report can be requested in writing addressed to the City of Sheboygan Finance Department, 828 Center Avenue, Sheboygan WI 53081 or viewed on the city website www.sheboyganwi.gov under the Finance Department.

City of Sheboygan, Wisconsin

**STATEMENT OF NET POSITION
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	Governmental Activities	Business-type Activities	Totals		Component Unit Housing Authority
			2018	2017	
ASSETS					
Cash and investments	\$ 68,218,975	\$ 18,322,185	\$ 86,541,160	\$ 68,335,725	\$ 4,154,873
Receivables					
Taxes and special charges	27,350,936	652,992	28,003,928	26,971,621	-
Delinquent taxes	46,371	-	46,371	24,263	-
Accounts, net	1,654,219	2,702,764	4,356,983	3,622,980	29,836
Special assessments	702,224	534,003	1,236,227	1,323,432	-
Loans	7,746,585	-	7,746,585	8,751,921	-
Other	635	25,114	25,749	107,246	-
Internal balances	1,164,439	(1,164,439)	-	-	-
Due from other governments	275,987	477,159	753,146	3,417,346	47,167
Inventories and prepaid items	310,182	273,740	583,922	1,153,269	34,578
Investment in CVMIC	2,205,665	-	2,205,665	2,205,665	-
Restricted assets					
Cash and investments	-	1,675,291	1,675,291	947,375	103,622
Net pension asset	6,121,397	1,076,471	7,197,868	-	72,435
Capital assets, nondepreciable	36,637,870	5,676,056	42,313,926	26,511,584	499,026
Capital assets, depreciable	95,208,252	68,469,615	163,677,867	152,472,424	2,566,405
Total assets	247,643,737	98,720,951	346,364,688	295,844,851	7,507,942
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	11,169,489	1,939,364	13,108,853	15,315,762	113,338
Other postemployment related amounts	153,356	46,625	199,981	-	-
Total deferred outflows of resources	11,322,845	1,985,989	13,308,834	15,315,762	113,338
LIABILITIES					
Accounts payable	5,325,047	2,853,438	8,178,485	4,039,622	8,697
Accrued and other current liabilities	2,632,151	383,825	3,015,976	3,099,806	112,275
Due to other governments	11,105	2,798	13,903	425,117	-
Accrued interest payable	414,602	101,088	515,690	433,084	-
Special deposits	170,975	27,717	198,692	106,973	80,270
Unearned revenues	109,664	11,109	120,773	176,723	5,412
Long-term obligations					
Due within one year	6,172,487	1,553,507	7,725,994	8,787,243	-
Due in more than one year					
Long-term debt	64,196,125	21,192,374	85,388,499	53,587,100	-
Net pension liability	-	-	-	1,988,213	-
Other postemployment benefits	4,735,628	999,161	5,734,789	1,634,963	-
Total liabilities	83,767,784	27,125,017	110,892,801	74,278,844	206,654
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for subsequent year	27,212,673	511,547	27,724,220	26,713,233	-
Pension related amounts	12,071,356	2,122,795	14,194,151	6,285,679	151,362
Other postemployment related amounts	42,612	7,494	50,106	-	-
Total deferred inflows of resources	39,326,641	2,641,836	41,968,477	32,998,912	151,362
NET POSITION					
Net investment in capital assets	77,578,773	53,253,767	130,832,540	124,606,952	3,065,431
Restricted					
Debt service	18,758,359	420,518	19,178,877	7,130,954	-
Pension	6,121,397	1,076,471	7,197,868	-	-
Tax incremental financing districts	-	-	-	1,971,450	-
Community development	7,827,915	-	7,827,915	8,034,681	17,940
Library	936,724	-	936,724	550,088	-
Nonexpendable					
Cemetery care	908,758	-	908,758	876,888	-
Library trust	600,000	-	600,000	600,000	-
Unrestricted	23,140,231	16,189,331	39,329,562	60,111,844	4,179,893
Total net position	\$ 135,872,157	\$ 70,940,087	\$ 206,812,244	\$ 203,882,857	\$ 7,263,264

The notes to the basic financial statements are an integral part of this statement.

City of Sheboygan, Wisconsin

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,651,889	\$ 1,315,736	\$ 60	\$ -
Public safety	23,712,829	2,909,828	704,521	-
Public works	11,262,180	2,244,020	3,027,536	133,547
Health and human services	220,436	110,246	-	-
Culture and recreation	6,877,001	701,704	1,322,813	9,846
Conservation and development	5,059,653	694,191	1,160,854	-
Interest and fiscal charges	1,234,017	-	-	-
Total governmental activities	53,018,005	7,975,725	6,215,784	143,393
BUSINESS-TYPE ACTIVITIES				
Sewerage system	8,127,548	8,359,683	-	78,955
Water utility	6,429,683	9,308,950	305,253	-
Transit commission	4,157,262	748,552	2,547,839	-
Parking facility	444,173	400,588	-	-
Boat facility	142,896	57,198	-	-
Total business-type activities	19,301,562	18,874,971	2,853,092	78,955
Total primary government	\$ 72,319,567	\$ 26,850,696	\$ 9,068,876	\$ 222,348
Component Unit				
Housing Authority	\$ 2,295,763	\$ 1,145,040	\$ 981,421	\$ 637,108
General revenues				
Taxes				
Property taxes				
Tax increments				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - January 1, as originally reported				
Cumulative effect of change in accounting principle				
Net position - January 1, as restated				
Net position - December 31				

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				Component Unit
Governmental Activities	Business-type Activities	Totals		Housing Authority
		2018	2017	
\$ (3,336,093)	\$ -	\$ (3,336,093)	\$ (2,935,332)	\$ -
(20,098,480)	-	(20,098,480)	(20,668,119)	-
(5,857,077)	-	(5,857,077)	(8,548,687)	-
(110,190)	-	(110,190)	(148,289)	-
(4,842,638)	-	(4,842,638)	(5,155,865)	-
(3,204,608)	-	(3,204,608)	(5,796,511)	-
(1,234,017)	-	(1,234,017)	(1,066,364)	-
<u>(38,683,103)</u>	<u>-</u>	<u>(38,683,103)</u>	<u>(44,319,167)</u>	<u>-</u>
-	311,090	311,090	(154,516)	-
-	3,184,520	3,184,520	3,111,532	-
-	(860,871)	(860,871)	(938,911)	-
-	(43,585)	(43,585)	(69,983)	-
-	(85,698)	(85,698)	(127,954)	-
-	<u>2,505,456</u>	<u>2,505,456</u>	<u>1,820,168</u>	<u>-</u>
<u>(38,683,103)</u>	<u>2,505,456</u>	<u>(36,177,647)</u>	<u>(42,498,999)</u>	<u>-</u>
-	-	-	-	<u>467,806</u>
22,812,930	511,547	23,324,477	22,150,349	-
3,066,752	-	3,066,752	2,477,794	-
1,965,685	-	1,965,685	1,894,134	-
12,120,530	-	12,120,530	12,127,317	-
1,217,610	253,399	1,471,009	853,109	23,044
129,223	55,993	185,216	233,714	-
702,034	16,983	719,017	234,916	-
1,377,226	(1,377,226)	-	-	-
<u>43,391,990</u>	<u>(539,304)</u>	<u>42,852,686</u>	<u>39,971,333</u>	<u>23,044</u>
<u>4,708,887</u>	<u>1,966,152</u>	<u>6,675,039</u>	<u>(2,527,666)</u>	<u>490,850</u>
133,978,286	69,904,571	203,882,857	206,410,523	6,772,414
<u>(2,815,016)</u>	<u>(930,636)</u>	<u>(3,745,652)</u>	<u>-</u>	<u>-</u>
<u>131,163,270</u>	<u>68,973,935</u>	<u>200,137,205</u>	<u>206,410,523</u>	<u>6,772,414</u>
<u>\$ 135,872,157</u>	<u>\$ 70,940,087</u>	<u>\$ 206,812,244</u>	<u>\$ 203,882,857</u>	<u>\$ 7,263,264</u>

City of Sheboygan, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	General	Capital Projects TIF Districts	Capital Projects Bonded	Capital Projects Tax Levy
ASSETS				
Cash and investments	\$ 17,569,865	\$ 3,072,322	\$ 2,463,486	\$ 9,044,572
Receivables				
Taxes and special charges	16,573,968	-	-	892,025
Delinquent taxes	46,371	-	-	-
Accounts, net	550,549	-	-	34,991
Special assessments	142,387	-	-	-
Loans	10,000	-	-	467,966
Other	-	-	-	-
Due from other funds	1,217,125	-	-	-
Advance to other funds	2,380,220	-	-	456,761
Due from other governments	103,524	-	31,900	140,563
Inventories and prepaid items	162,865	-	-	-
Total assets	\$ 38,756,874	\$ 3,072,322	\$ 2,495,386	\$ 11,036,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 574,155	\$ 2,618,240	\$ 1,094,148	\$ 541,620
Accrued and other current liabilities	1,537,052	298	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	1,534,317	-	-
Due to other governments	11,105	-	-	-
Special deposits	88,087	-	-	-
Unearned revenues	-	-	-	109,664
Total liabilities	2,210,399	4,152,855	1,094,148	651,284
Deferred inflows of resources				
Property taxes levied for subsequent year	16,435,705	-	-	892,025
Accounts receivable	-	-	-	-
Loans receivable	-	-	-	467,966
Special assessments	135,996	-	-	-
Total deferred inflows of resources	16,571,701	-	-	1,359,991
Fund balances				
Nonspendable	2,000,830	-	-	-
Restricted	-	-	1,401,238	-
Committed	350,000	-	-	-
Assigned	1,165,778	-	-	9,025,603
Unassigned	16,458,166	(1,080,533)	-	-
Total fund balances	19,974,774	(1,080,533)	1,401,238	9,025,603
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,756,874	\$ 3,072,322	\$ 2,495,386	\$ 11,036,878

The notes to the basic financial statements are an integral part of this statement.

Debt Service GO Debt	Debt Service TIF Districts	Other Governmental Funds	Totals	
			2018	2017
\$ 9,330,236	\$ 7,748,122	\$ 7,853,738	\$ 57,082,341	\$ 41,741,615
3,421,889	3,953,733	2,509,321	27,350,936	26,342,880
-	-	-	46,371	24,263
-	10,099	955,340	1,550,979	1,620,833
-	-	559,837	702,224	829,819
-	103,448	7,165,171	7,746,585	8,751,921
-	587	48	635	64,059
2,811,581	-	-	4,028,706	5,423,262
382,379	-	-	3,219,360	3,044,963
-	-	-	275,987	1,424,461
-	-	98,161	261,026	782,192
<u>\$ 15,946,085</u>	<u>\$ 11,815,989</u>	<u>\$ 19,141,616</u>	<u>\$ 102,265,150</u>	<u>\$ 90,050,268</u>
\$ -	\$ -	\$ 328,298	\$ 5,156,461	\$ 2,748,237
-	-	136,689	1,674,039	1,826,492
-	-	2,811,581	2,811,581	4,256,785
-	1,110,043	575,000	3,219,360	3,044,963
-	-	-	11,105	421,967
-	-	82,888	170,975	99,473
-	-	-	109,664	166,041
-	1,110,043	3,934,456	13,153,185	12,563,958
3,421,889	3,953,733	2,509,321	27,212,673	26,201,686
-	-	142,564	142,564	168,512
-	103,448	7,165,171	7,736,585	7,545,156
-	-	556,143	692,139	819,845
<u>3,421,889</u>	<u>4,057,181</u>	<u>10,373,199</u>	<u>35,783,961</u>	<u>34,735,199</u>
-	-	1,606,919	3,607,749	4,476,668
12,524,196	6,648,765	2,478,187	23,052,386	12,425,360
-	-	-	350,000	350,000
-	-	3,859,872	14,051,253	9,231,180
-	-	(3,111,017)	12,266,616	16,267,903
<u>12,524,196</u>	<u>6,648,765</u>	<u>4,833,961</u>	<u>53,328,004</u>	<u>42,751,111</u>
<u>\$ 15,946,085</u>	<u>\$ 11,815,989</u>	<u>\$ 19,141,616</u>	<u>\$ 102,265,150</u>	<u>\$ 90,050,268</u>

City of Sheboygan, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 53,328,004	\$ 42,751,111
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	127,164,361	103,041,392
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	8,571,288	8,533,513
Net position of the internal service fund is reported in the statement of net position as governmental activities	17,106,197	16,985,746
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	10,840,709	12,624,709
Deferred inflows related to pensions	(11,705,992)	(5,167,993)
Deferred outflows related to other postemployment benefits	148,715	-
Deferred inflows related to other postemployment benefits	(41,322)	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(64,799,238)	(36,198,965)
Premium on debt	(942,270)	(296,050)
Discount on debt	46,053	52,896
Capital leases	(718,978)	(928,938)
Compensated absences	(3,954,179)	(3,808,477)
Net pension liability (asset)	5,936,120	(1,634,679)
Other postemployment benefit	(4,692,709)	(1,634,963)
Accrued interest on long-term obligations	(414,602)	(341,016)
Net position of governmental activities as reported on the Statement of Net Position (see page 22)	<u>\$ 135,872,157</u>	<u>\$ 133,978,286</u>

The notes to the basic financial statements are an integral part of this statement.

City of Sheboygan, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Capital Projects TIF Districts	Capital Projects Bonded	Capital Projects Tax Levy
REVENUES				
Taxes	\$ 16,469,774	\$ -	\$ -	\$ 1,661,306
Special assessments	-	-	-	-
Intergovernmental	14,637,627	-	31,899	670,606
Licenses and permits	1,206,901	-	-	-
Fines and forfeits	275,140	-	-	-
Public charges for services	1,592,665	-	-	-
Intergovernmental charges for services	292,357	-	-	-
Miscellaneous	616,860	129,840	156,471	600,349
Total revenues	35,091,324	129,840	188,370	2,932,261
EXPENDITURES				
Current				
General government	3,523,721	-	-	-
Public safety	21,258,978	-	-	-
Public works	8,550,172	-	-	-
Health and human services	188,887	-	-	-
Culture and recreation	2,589,426	-	-	-
Conservation and development	348,915	1,018,476	45,650	441,500
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	55,843	61,968	-
Capital outlay	-	14,348,851	9,578,341	4,527,920
Total expenditures	36,460,099	15,423,170	9,685,959	4,969,420
Excess of revenues under expenditures	(1,368,775)	(15,293,330)	(9,497,589)	(2,037,159)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	15,220,000	10,020,000	-
Premium on debt issued	-	-	-	-
Proceeds from sale of capital assets	20,147	-	166,500	510,186
Transfers in	2,928,072	-	-	5,712,500
Transfers out	(5,505,575)	-	(949,000)	(4,669)
Total other financing sources (uses)	(2,557,356)	15,220,000	9,237,500	6,218,017
Net change in fund balances	(3,926,131)	(73,330)	(260,089)	4,180,858
Fund balances - January 1	23,900,905	(1,007,203)	1,661,327	4,844,745
Fund balances - December 31	\$ 19,974,774	\$ (1,080,533)	\$ 1,401,238	\$ 9,025,603

The notes to the basic financial statements are an integral part of this statement.

Debt Service GO Debt	Debt Service TIF Districts	Other Governmental Funds	Totals	
			2018	2017
\$ 3,196,889	\$ 3,147,970	\$ 4,094,227	\$ 28,570,166	\$ 26,756,102
-	-	226,253	226,253	434,350
-	54,428	1,413,445	16,808,005	17,836,401
-	-	554,735	1,761,636	1,639,596
-	-	922,173	1,197,313	1,060,330
-	-	2,384,215	3,976,880	4,182,988
-	-	-	292,357	243,797
<u>573,255</u>	<u>119,890</u>	<u>1,188,291</u>	<u>3,384,956</u>	<u>2,160,750</u>
<u>3,770,144</u>	<u>3,322,288</u>	<u>10,783,339</u>	<u>56,217,566</u>	<u>54,314,314</u>
150	-	503,261	4,027,132	3,658,688
-	-	641,036	21,900,014	20,768,135
-	-	995,336	9,545,508	9,108,029
-	-	16,570	205,457	233,765
-	-	3,530,475	6,119,901	6,030,421
-	390,000	1,516,653	3,761,194	4,815,415
3,437,772	2,134,951	91,964	5,664,687	5,248,574
879,863	375,595	14,492	1,387,761	1,103,002
-	-	622,942	29,078,054	11,356,340
<u>4,317,785</u>	<u>2,900,546</u>	<u>7,932,729</u>	<u>81,689,708</u>	<u>62,322,369</u>
<u>(547,641)</u>	<u>421,742</u>	<u>2,850,610</u>	<u>(25,472,142)</u>	<u>(8,008,055)</u>
5,015,000	3,800,000	-	34,055,000	5,400,000
260,406	483,573	-	743,979	118,130
-	-	-	696,833	706,515
915,434	-	229,367	9,785,373	7,318,731
<u>(225,000)</u>	<u>(28,000)</u>	<u>(2,519,906)</u>	<u>(9,232,150)</u>	<u>(6,761,269)</u>
<u>5,965,840</u>	<u>4,255,573</u>	<u>(2,290,539)</u>	<u>36,049,035</u>	<u>6,782,107</u>
5,418,199	4,677,315	560,071	10,576,893	(1,225,948)
<u>7,105,997</u>	<u>1,971,450</u>	<u>4,273,890</u>	<u>42,751,111</u>	<u>43,977,059</u>
<u>\$ 12,524,196</u>	<u>\$ 6,648,765</u>	<u>\$ 4,833,961</u>	<u>\$ 53,328,004</u>	<u>\$ 42,751,111</u>

City of Sheboygan, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 10,576,893	\$ (1,225,948)
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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	28,653,741	6,286,753
Depreciation expense reported in the statement of activities	(4,530,772)	(4,178,205)
Net book value of disposals	-	(517,400)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	37,775	(457,815)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(34,055,000)	(5,400,000)
Premium on debt issued	(743,979)	(118,130)
Principal repaid	5,454,727	5,045,588
Capital leases paid	209,960	202,986
Some expenses reported 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:		
Accrued interest on long-term debt	(73,586)	3,398
Amortization of premiums, discounts and loss on advance refunding	90,916	33,690
Compensated absences	(145,702)	(764,528)
Net pension liability / asset	7,570,799	1,643,342
Deferred outflows of resources related to pensions	(1,784,000)	(5,597,627)
Deferred inflows of resources related to pensions	(6,537,999)	1,762,219
Other postemployment benefits	(242,730)	(129,102)
Deferred outflows of resources related to other postemployment benefits	148,715	-
Deferred inflows of resources related to other postemployment benefits	(41,322)	-
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>120,451</u>	<u>(272,665)</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 23 - 24)	<u>\$ 4,708,887</u>	<u>\$ (3,683,444)</u>

The notes to the basic financial statements are an integral part of this statement.

City of Sheboygan, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
REVENUES					
Taxes	\$ 16,444,228	\$ 16,444,228	\$ 16,469,774	\$ 25,546	\$ 15,617,479
Intergovernmental	14,235,784	14,238,293	14,637,627	399,334	14,258,858
Licenses and permits	879,850	879,850	1,206,901	327,051	1,069,635
Fines and forfeits	269,000	288,789	275,140	(13,649)	354,853
Public charges for services	1,586,196	1,587,059	1,592,665	5,606	1,690,374
Intergovernmental charges for services	262,000	262,000	292,357	30,357	243,797
Miscellaneous	393,615	421,422	616,860	195,438	430,267
Total revenues	34,070,673	34,121,641	35,091,324	969,683	33,665,263
EXPENDITURES					
Current					
General government	3,968,519	4,070,953	3,523,721	547,232	3,221,641
Public Safety	20,792,897	21,889,330	21,258,978	630,352	20,153,962
Public Works	8,615,207	8,670,456	8,550,172	120,284	8,359,079
Health and human services	192,440	193,622	188,887	4,735	221,626
Culture and Recreation	2,566,224	2,603,334	2,589,426	13,908	2,502,128
Conservation and development	333,009	351,003	348,915	2,088	646,478
Total expenditures	36,468,296	37,778,698	36,460,099	1,318,599	35,104,914
Excess of revenues over (under) expenditures	(2,397,623)	(3,657,057)	(1,368,775)	2,288,282	(1,439,651)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	175	20,147	19,972	10,065
Transfers in	2,895,454	2,895,454	2,928,072	32,618	2,811,255
Transfers out	(1,180,878)	(5,502,601)	(5,505,575)	(2,974)	(7,860)
Total other financing sources (uses)	1,714,576	(2,606,972)	(2,557,356)	49,616	2,813,460
Net change in fund balance	(683,047)	(6,264,029)	(3,926,131)	2,337,898	1,373,809
Fund balances - January 1	23,900,905	23,900,905	23,900,905	-	22,527,096
Fund balances - December 31	\$ 23,217,858	\$ 17,636,876	\$ 19,974,774	\$ 2,337,898	\$ 23,900,905

The notes to the basic financial statements are an integral part of this statement.

City of Sheboygan, Wisconsin

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	Enterprise Funds			
	Sewerage System	Water Utility	Transit Commission	Nonmajor Funds
ASSETS				
Current assets				
Cash and investments	\$ 6,848,371	\$ 7,991,388	\$ 3,004,402	\$ 478,024
Receivables				
Taxes and special charges	119,751	-	511,547	21,694
Customer accounts, net	1,433,935	1,218,756	3,404	46,669
Special assessments	-	-	-	84,676
Other	-	25,114	-	-
Due from other governments	-	203,366	273,793	-
Inventories and prepaid items	-	265,536	8,204	-
Total current assets	8,402,057	9,704,160	3,801,350	631,063
Noncurrent assets				
Restricted assets				
Cash and investments	-	1,675,291	-	-
Other assets				
Deferred special assessments	-	449,327	-	-
Investment in CVMIC	-	-	-	-
Net pension asset	278,914	387,084	392,227	18,246
Total other assets	278,914	836,411	392,227	18,246
Capital assets				
Nondepreciable	2,324,858	2,599,186	35,754	716,258
Depreciable	22,515,683	44,388,095	439,132	1,126,705
Total capital assets	24,840,541	46,987,281	474,886	1,842,963
Total noncurrent assets	25,119,455	49,498,983	867,113	1,861,209
Total assets	33,521,512	59,203,143	4,668,463	2,492,272
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	501,651	699,746	704,602	33,365
Other postemployment related amounts	6,987	29,355	9,826	457
Total deferred outflows of resources	508,638	729,101	714,428	33,822

The notes to the basic financial statements are an integral part of this statement.

Totals		Governmental Activities - Internal Service Funds	
2018	2017	2018	2017
\$ 18,322,185	\$ 15,667,999	\$ 11,136,634	\$ 10,926,111
652,992	628,741	-	-
2,702,764	1,973,037	103,240	29,110
84,676	130,430	-	-
25,114	29,827	-	13,360
477,159	1,992,885	-	-
273,740	323,654	49,156	47,423
22,538,630	20,746,573	11,289,030	11,016,004
1,675,291	947,375	-	-
449,327	363,183	-	-
-	-	2,205,665	2,205,665
1,076,471	-	185,277	-
1,525,798	363,183	2,390,942	2,205,665
5,676,056	10,107,397	-	-
68,469,615	60,884,139	4,681,761	4,951,080
74,145,671	70,991,536	4,681,761	4,951,080
77,346,760	72,302,094	7,072,703	7,156,745
99,885,390	93,048,667	18,361,733	18,172,749
1,939,364	2,298,326	328,780	392,727
46,625	-	4,641	-
1,985,989	2,298,326	333,421	392,727

City of Sheboygan, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Enterprise Funds			
	Sewerage System	Water Utility	Transit Commission	Nonmajor Funds
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,568,809	\$ 185,797	\$ 69,947	\$ 28,885
Accrued and other current liabilities	122,852	143,850	112,156	4,967
Due to other funds	-	1,158,106	-	59,019
Due to other governments	-	-	-	2,798
Accrued interest	36,274	6,017	-	-
Deposits	-	-	6,492	21,225
Unearned revenue	11,019	-	-	90
Current portion of compensated absences	-	11,197	-	-
Current portion of long-term debt	551,344	16,138	-	-
Payable from restricted assets	-	-	-	-
Current portion of long-term debt	-	974,828	-	-
Accrued interest	-	58,797	-	-
Total current liabilities	3,290,298	2,554,730	188,595	116,984
Long-term obligations, less current portion				
General obligation debt	-	169,253	-	-
Revenue bonds	8,827,011	11,734,697	-	-
Capital lease payable	-	-	-	-
Compensated absences	-	461,413	-	-
Net pension liability	-	-	-	-
Other postemployment benefits	180,341	299,388	515,205	4,227
Total long-term liabilities	9,007,352	12,664,751	515,205	4,227
Total liabilities	12,297,650	15,219,481	703,800	121,211
DEFERRED INFLOWS OF RESOURCES				
Special charges on subsequent year tax roll				
	-	-	511,547	-
Pension related amounts	550,017	763,328	773,470	35,980
Other postemployment related amounts	1,942	2,695	2,730	127
Total deferred inflows of resources	551,959	766,023	1,287,747	36,107
NET POSITION				
Net investment in capital assets	15,462,186	34,277,756	474,886	1,842,963
Restricted				
Debt service	-	420,518	-	-
Pension	278,914	387,084	392,227	18,246
Unrestricted	5,439,441	7,665,406	2,524,231	507,567
Total net position	\$ 21,180,541	\$ 43,946,740	\$ 3,391,344	\$ 2,368,776

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net position as reported on the Statement of Net Position in the government-wide financial statements

The notes to the basic financial statements are an integral part of this statement.

Totals		Governmental Activities - Internal Service Funds	
2018	2017	2018	2017
\$ 2,853,438	\$ 1,144,718	\$ 168,586	\$ 146,667
383,825	270,892	958,112	1,002,422
1,217,125	1,166,477	-	-
2,798	3,150	-	-
42,291	42,309	-	-
27,717	7,500	-	-
11,109	10,682	-	-
11,197	53,448	-	-
567,482	532,504	-	-
974,828	887,574	-	-
58,797	49,759	-	-
<u>6,150,607</u>	<u>4,169,013</u>	<u>1,126,698</u>	<u>1,149,089</u>
169,253	185,390	-	-
20,561,708	19,075,614	-	-
-	-	-	-
461,413	460,279	-	-
-	301,501	-	52,033
999,161	-	42,919	-
<u>22,191,535</u>	<u>20,022,784</u>	<u>42,919</u>	<u>52,033</u>
<u>28,342,142</u>	<u>24,191,797</u>	<u>1,169,617</u>	<u>1,201,122</u>
511,547	511,547	-	-
2,122,795	953,187	365,364	164,499
7,494	-	1,290	-
<u>2,641,836</u>	<u>1,464,734</u>	<u>366,654</u>	<u>164,499</u>
53,253,767	51,042,712	4,681,761	4,951,080
420,518	365,973	-	-
1,076,471	-	185,277	-
16,136,645	18,281,777	12,291,845	12,248,775
\$ 70,887,401	\$ 69,690,462	\$ 17,158,883	\$ 17,199,855
52,686	214,109	(52,686)	(214,109)
<u>\$ 70,940,087</u>	<u>\$ 69,904,571</u>	<u>\$ 17,106,197</u>	<u>\$ 16,985,746</u>

City of Sheboygan, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Enterprise Funds			
	Sewerage System	Water Utility	Transit Commission	Nonmajor Funds
OPERATING REVENUES				
Charges for services	\$ 8,285,470	\$ 9,094,681	\$ 673,550	\$ 451,666
Interdepartmental charges for services	-	-	-	-
Other	74,213	214,269	75,002	6,120
Total operating revenues	8,359,683	9,308,950	748,552	457,786
OPERATING EXPENSES				
Personal services	2,063,164	2,071,499	2,932,438	191,729
Contractual services	2,455,110	1,490,259	239,035	272,833
Supplies and materials	925,190	262,272	581,718	43,221
Insurance	53,069	83,147	109,193	647
Other	719,405	278,398	81	5,594
Depreciation	1,599,543	1,527,005	235,856	66,368
Total operating expenses	7,815,481	5,712,580	4,098,321	580,392
Operating income (loss)	544,202	3,596,370	(3,349,769)	(122,606)
NONOPERATING REVENUES (EXPENSES)				
General property taxes	-	-	511,547	-
Interest income	156,261	60,544	33,426	3,168
Nonoperating grants	-	305,253	2,547,839	-
Nonoperating grants expense	-	(304,278)	-	-
Gain on disposal of capital assets	12,609	-	-	4,374
Interest and fiscal charges	(216,262)	(441,959)	-	-
Amortization of debt discount/premium	-	29,134	-	-
Interest charged to construction	-	-	-	-
Other nonoperating revenues	-	-	55,993	-
Total nonoperating revenues (expenses)	(47,392)	(351,306)	3,148,805	7,542
Income (loss) before contributions and transfers	496,810	3,245,064	(200,964)	(115,064)
Capital contributions	78,955	-	-	-
Transfers in	-	-	-	5,877
Transfers out	(256,329)	(1,126,774)	-	-
Change in net position	319,436	2,118,290	(200,964)	(109,187)
Net position - January 1, as originally stated	21,028,837	42,093,392	4,086,781	2,481,452
Cumulative effect of change in accounting principle	(167,732)	(264,942)	(494,473)	(3,489)
Net position - January 1, as restated	20,861,105	41,828,450	3,592,308	2,477,963
Net position - December 31	\$ 21,180,541	\$ 43,946,740	\$ 3,391,344	\$ 2,368,776

Change in net position, as reported above

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position as reported on the Statement of Activities in the government-wide financial statements

The notes to the basic financial statements are an integral part of this statement.

Totals		Governmental Activities - Internal Service Funds	
2018	2017	2018	2017
\$ 18,505,367	\$ 16,784,985	\$ -	\$ -
369,604	288,458	10,145,399	9,571,693
18,874,971	17,073,443	65,546	66,953
7,258,830	7,123,695	10,210,945	9,638,646
4,457,237	4,429,202	1,290,090	1,327,160
1,812,401	1,808,451	1,224,599	1,292,979
246,056	268,897	311,588	278,422
1,003,478	839,215	7,070,120	6,861,587
3,428,772	2,980,716	397,566	506,841
18,206,774	17,450,176	961,434	858,005
668,197	(376,733)	11,255,397	11,124,994
511,547	511,547	(1,044,452)	(1,486,348)
253,399	138,866	-	-
2,853,092	2,800,772	145,782	77,527
(304,278)	(199,008)	-	-
16,983	8,465	-	-
(658,221)	(518,661)	61,608	90,573
29,134	4,447	-	-
-	2,814	-	-
55,993	58,209	7,515	1,000
2,757,649	2,807,451	214,905	169,100
3,425,846	2,430,718	(829,547)	(1,317,248)
78,955	327,105	-	-
5,877	10,015	949,000	949,000
(1,383,103)	(1,391,477)	(125,000)	(125,000)
2,127,575	1,376,361	(5,547)	(493,248)
69,690,462	68,314,101	17,199,855	17,693,103
(930,636)	-	(35,425)	-
68,759,826	68,314,101	17,164,430	17,693,103
\$ 70,887,401	\$ 69,690,462	\$ 17,158,883	\$ 17,199,855
\$ 2,127,575	\$ 1,376,361	\$ (5,547)	\$ (493,248)
(161,423)	(220,583)	161,423	220,583
\$ 1,966,152	\$ 1,155,778	\$ 155,876	\$ (272,665)

City of Sheboygan, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Enterprise Funds			
	Sewerage System	Water Utility	Transit Commission	Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,769,093	\$ 9,507,716	\$ 758,311	\$ 452,890
Cash received from other departments	-	-	-	-
Cash paid for employee wages and benefits	(2,078,900)	(2,588,865)	(2,849,302)	(190,071)
Cash paid to suppliers	(2,133,610)	(1,619,331)	(927,959)	(328,734)
Net cash provided (used) by operating activities	<u>3,556,583</u>	<u>5,299,520</u>	<u>(3,018,950)</u>	<u>(65,915)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property taxes	-	-	511,547	-
Intergovernmental revenues	-	975	3,831,604	-
Nonoperating revenue	-	-	55,993	-
Collection of assessments for customer owned laterals	-	(86,144)	-	-
Advances from other funds	-	(15,225)	-	59,019
Interest on advance from other funds	-	(7,623)	-	-
Transfer in (out)	(256,329)	(1,135,145)	-	5,877
Net cash provided (used) by noncapital financing activities	<u>(256,329)</u>	<u>(1,243,162)</u>	<u>4,399,144</u>	<u>64,896</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(2,880,151)	(3,541,523)	(18,400)	(303,672)
Capital contributions	78,955	-	-	-
Sale of capital assets	12,609	-	-	4,374
Special assessments assessed	-	-	-	45,754
Proceeds of capital debt	376,161	4,705,000	-	-
Principal paid on long-term debt	(517,279)	(3,212,574)	-	-
Debt issuance premium	-	209,153	-	-
Interest paid on long-term debt	(216,262)	(349,229)	-	-
Net cash used by capital and related financing activities	<u>(3,145,967)</u>	<u>(2,189,173)</u>	<u>(18,400)</u>	<u>(253,544)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>156,261</u>	<u>60,544</u>	<u>33,426</u>	<u>3,168</u>
Change in cash and cash equivalents	<u>310,548</u>	<u>1,927,729</u>	<u>1,395,220</u>	<u>(251,395)</u>
Cash and cash equivalents - January 1	<u>6,537,823</u>	<u>7,738,950</u>	<u>1,609,182</u>	<u>729,419</u>
Cash and cash equivalents - December 31	<u>\$ 6,848,371</u>	<u>\$ 9,666,679</u>	<u>\$ 3,004,402</u>	<u>\$ 478,024</u>

The notes to the basic financial statements are an integral part of this statement.

Totals		Governmental Activities - Internal Service Funds	
2018	2017	2018	2017
\$ 18,488,010	\$ 16,935,327	\$ -	\$ -
-	-	10,141,273	9,619,698
(7,707,138)	(6,388,722)	(1,299,034)	(1,062,755)
<u>(5,009,634)</u>	<u>(7,437,523)</u>	<u>(8,987,408)</u>	<u>(9,240,331)</u>
5,771,238	3,109,082	(145,169)	(683,388)
511,547	511,547	-	-
3,832,579	1,235,630	-	-
55,993	58,209	7,515	1,000
(86,144)	93,015	-	-
43,794	431,550	-	-
(7,623)	(7,603)	-	-
<u>(1,385,597)</u>	<u>(1,366,785)</u>	<u>824,000</u>	<u>824,000</u>
2,964,549	955,563	831,515	825,000
(6,743,746)	(3,905,224)	(692,115)	(977,972)
78,955	77,105	-	-
16,983	8,465	61,608	90,573
45,754	(6,577)	-	-
5,081,161	634,056	-	-
(3,729,853)	(1,356,572)	-	-
209,153	-	-	-
<u>(565,491)</u>	<u>(516,619)</u>	<u>-</u>	<u>-</u>
(5,607,084)	(5,065,366)	(630,507)	(887,399)
253,399	138,866	154,684	77,527
3,382,102	(861,855)	210,523	(668,260)
<u>16,615,374</u>	<u>17,477,229</u>	<u>10,926,111</u>	<u>11,594,371</u>
\$ 19,997,476	\$ 16,615,374	\$ 11,136,634	\$ 10,926,111

City of Sheboygan, Wisconsin

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Enterprise Funds			
	Sewerage System	Water Utility	Transit Commission	Nonmajor Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 544,202	\$ 3,596,370	\$ (3,349,769)	\$ (122,606)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,599,543	1,527,005	235,856	66,368
Depreciation charged to sewer utility	-	148,564	-	-
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	33,604	47,175	69,500	319
Other postemployment benefits	7,564	7,786	13,636	408
Change in operating assets and liabilities				
Accounts receivables	(591,018)	(143,246)	10,767	(25,768)
Due from other governments	-	231,961	-	-
Inventories and prepaid items	-	35,313	14,601	-
Accounts payable	1,950,777	(193,110)	(30,233)	(6,439)
Accrued and other current liabilities	68,387	-	17,700	931
Due to other governments	-	-	-	(352)
Deposits	-	-	(1,008)	21,225
Unearned revenue	428	-	-	(1)
Compensated absences	(56,904)	41,702	-	-
Net cash provided (used) by operating activities	<u>\$ 3,556,583</u>	<u>\$ 5,299,520</u>	<u>\$ (3,018,950)</u>	<u>\$ (65,915)</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ 6,848,371	\$ 7,991,388	\$ 3,004,402	\$ 478,024
Cash and cash equivalents in restricted assets	-	1,675,291	-	-
Total cash and cash equivalents	<u>\$ 6,848,371</u>	<u>\$ 9,666,679</u>	<u>\$ 3,004,402</u>	<u>\$ 478,024</u>
Noncash capital and related financing activities				
Amortization of premium	\$ -	\$ 29,134	\$ -	\$ -
Capital contributions	\$ -	\$ -	\$ -	\$ -
Interest charged to construction	\$ -	\$ -	\$ -	\$ -
Construction related accounts payable	\$ -	\$ 76,391	\$ -	\$ -

The notes to the basic financial statements are an integral part of this statement.

<u>Totals</u>		<u>Governmental Activities - Internal Service Funds</u>	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
\$ 668,197	\$ (376,733)	\$ (1,044,452)	\$ (1,486,348)
3,428,772	2,980,716	961,434	858,005
148,564	119,740	-	-
150,598	379,706	27,502	72,813
29,394	-	4,143	-
(749,265)	56,237	(69,672)	(18,948)
231,961	(279,732)	-	-
49,914	1,564	(1,733)	(1,239)
1,720,995	156,821	21,919	(164,804)
87,018	4,625	(44,310)	57,133
(352)	171	-	-
20,217	(1,584)	-	-
427	205	-	-
(15,202)	67,346	-	-
<u>\$ 5,771,238</u>	<u>\$ 3,109,082</u>	<u>\$ (145,169)</u>	<u>\$ (683,388)</u>
\$ 18,322,185	\$ 15,667,999	\$ 11,136,634	\$ 10,926,111
1,675,291	947,375	-	-
<u>\$ 19,997,476</u>	<u>\$ 16,615,374</u>	<u>\$ 11,136,634</u>	<u>\$ 10,926,111</u>
\$ 29,134	\$ 4,447	\$ -	\$ -
\$ -	\$ 250,000	\$ -	\$ -
\$ -	\$ 2,814	\$ -	\$ -
\$ 76,391	\$ 61,009	\$ -	\$ -

City of Sheboygan, Wisconsin

STATEMENT OF NET POSITION

AGENCY FUNDS

DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 22,530,156	\$ 21,751,043
Receivables		
Taxes	19,293,333	19,449,746
Special assessments	-	489
Other	-	20
	<u> </u>	<u> </u>
Total assets	<u>\$ 41,823,489</u>	<u>\$ 41,201,298</u>
LIABILITIES		
Accounts payable	\$ 15,530	\$ 13,760
Due to other governments	<u>41,807,959</u>	<u>41,187,538</u>
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 41,823,489</u>	<u>\$ 41,201,298</u>

The notes to the basic financial statements are an integral part of this statement.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Sheboygan, Wisconsin (the "City"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected mayor and sixteen member council. In accordance with GAAP, the basic financial statements are required to include the City and any separate component units that have a significant operational or financial relationship with the City. The City has identified the following component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Discretely Presented Component Unit

The component unit columns in the government-wide financial statements represent the financial data of the Housing Authority of the City of Sheboygan (the "Housing Authority"). The component unit is reported in a separate column to emphasize that it is legally separate from the City. The governing body of the organization is appointed by the City's Common Council. Wisconsin Statutes also provide for circumstances where the City can impose its will on the organization and also create a potential burden on the City. The financial information presented is for the Housing Authority is for the fiscal year ended March 31, 2018. Complete financial statements for the Housing Authority can be obtained from their office at 611 North Water Street, P.O. Box 1052, Sheboygan, WI 53081-1052.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Governmental funds include general, special revenue, debt service, capital projects and permanent funds. Proprietary funds include enterprise and internal service funds. 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

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Capital Project TIF Districts Fund

This fund accounts for financial resources to be used for the acquisition of equipment or construction of major capital facilities within the City's tax incremental districts.

Capital Projects Bonded Fund

This fund accounts for financial resources to be used for the acquisition of equipment or construction of major capital facilities that are financed with long-term debt.

Capital Projects Tax Levy Fund

This fund is used to account for financial resources to be used for the acquisition of equipment or construction of major capital facilities that are financed with tax levy. The Capital Projects Tax Levy is reported as a nonmajor capital projects fund.

Debt Service General Obligation Debt Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds, except debt issued to finance project plan expenditures of the City's tax incremental financing districts.

Debt Service TIF Districts Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of debt issued to finance project plan expenditures of the City's tax incremental financing districts.

The City reports the following major enterprise funds:

Sewerage System

This fund is used to account for the operations of the City's sanitary sewer system.

Water Utility

This fund is used to account for the operations of the City's water treatment and distribution system.

Transit Commission

This fund is used to account for the operations of the City's transit system.

The City reports the following nonmajor funds:

Special Revenue Funds

Special revenue fund are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Nonmajor special revenue funds consist of the following:

Community Development Block Grant	Police Meg Unit
Revolving Loan Funds	Special Assessment
Lead Based Abatement Program	Redevelopment Authority
Mead Library	Municipal Court
Cable TV	Ambulance
Tourism Promotion	Storm Water
Harbor Center Marina	Park Impact Fees
	Park, Forestry & Open Space

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earning, and not principal, may be used for purposes that support the reporting government's programs. The City's cemetery perpetual care and library trust are reported as nonmajor permanent funds.

Enterprise Funds

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services, and must be used for activities which meet certain debt or cost recovery criteria. Nonmajor enterprise funds consist of the following:

Parking Facility

Boat Facility

Additionally, the City reports the following fund types:

- ▶ *Internal service fund* accounts for services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City reports the following internal service funds:

Motor Vehicle
Data Processing
Health Self Insurance

Workers Compensation Self Insurance
General Liability Self Insurance

- ▶ The City accounts for assets held for individuals by various departments and funds held for other governmental agencies in an *agency fund*. The Property Tax Collection and Business Improvement District are accounted for as agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements (other than agency funds). Agency funds follow the accrual basis of accounting and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the City. Special charges not paid by January 31 are held in trust by the County and remitted to the City, including interest, when collected by the County.

The City bills and collects its own property taxes and also levies and collects taxes for the Sheboygan Area School District, Kohler School District, Sheboygan County, Lakeshore Technical College and the State of Wisconsin. Collections and remittances of taxes for other entities are accounted for in the property tax agency fund.

3. Accounts Receivable

Accounts receivable have been shown net of an allowance of \$285,532 for uncollectible accounts. Delinquent real estate taxes are assumed by Sheboygan County as of July 31; therefore, no allowance is considered necessary. Delinquent personal property taxes remain the collection responsibility of the City; accordingly, an allowance for uncollectible accounts has been established. The City is able to recover a portion of these delinquent personal property taxes from other taxing jurisdictions.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2018 tax roll are recognized as revenue in 2019.)

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

5. Loans Receivable

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The City records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the City records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

7. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Buildings and improvements	25 - 45	25 - 45
Improvements other than buildings	20 - 40	20 - 40
Machinery and equipment	3 - 25	3 - 25
Infrastructure	20 - 50	20 - 100

10. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

11. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for special assessments, loan receivables and accounts receivable. These inflows are recognized as revenues in the government-wide financial statements.

12. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Pensions

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.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

14. Other Postemployment Benefits Other Than Pensions (OPEB)

Defined Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Common Council through the passage of an ordinance or resolution, as each is equally difficult to remove the constraint. These constraints can only be removed or changed by the Common Council using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of City management. The Common Council has not authorized an employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Government-Wide and Proprietary Fund Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, City management submits to the Common Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Common Council action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all general, certain special revenue and debt service funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

3. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds and debt service funds except for the Community Development Block Grant, Revolving Loan Funds, Lead Based Abatement Program, and Park Impact Fee Funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
4. Expenditures may not exceed appropriations provided at the major function level of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Common Council. The City's finance committee or the City's Finance Director can approve transfers within departments while transfers between departments and changes in the overall budget require approval by two-thirds of the Common Council.
5. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2018.

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2018 as follows:

Funds	Excess Expenditures
Special Revenue Funds	
Mead Library	
Culture and recreation	\$ 98,172
Tourism Promotion	
Conservation and development	77,374
Harbor Center Marina	
Public works	185,236
Police MEG unit	
Capital outlay	612
Redevelopment Authority	
Capital outlay	101,200
Ambulance	
Debt service	
Principal	91,964
Interest and fiscal charges	14,492
Park Forestry & Open Space	
Capital outlay	4,630
Debt Service Funds	
Debt Service GO Debt	
General government	150
Debt service	
Interest and fiscal charges	39,976
Debt Service TIF Districts	
Conservation and development	91,059
Debt service	
Principal	435,000

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Funds	Excess Expenditures
Capital Projects Funds	
Capital Projects Tax Levy	
Conservation and development	441,500
Capital Projects TIF Districts	
Conservation and development	26,116
Permenant Funds	
Cemetery Perpetual Care	
Health and human services	15,820
Library Trust	
Culture and recreation	91,420

C. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2018:

Funds	Deficit Fund Balance
Capital Projects TIF Districts	\$ 1,080,533
Harbor Center Marina	2,625,645
Redevelopment Authority	448,496

The City anticipates funding the above deficits from future revenues of the funds or from resources available in the general fund.

D. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, village's, towns and counties. For the 2018 and 2019 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2018 budget was 3.84%. The actual limit for the City for the 2019 budget was 1.57%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. In addition, investment of most trust funds including cemetery perpetual care funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. These sections give broad authority to use such funds to acquire various kinds of investments, including common stock.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

The carrying amount of the City's cash and investments totaled \$110,746,607 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 7,475
Deposits with financial institutions	27,022,759
Investments	
Negotiable certificates of deposit	7,450,511
Wisconsin local government investment pool	24,138,736
Federal Home Loan Bank	4,690,893
Federal National Mortgage Association	9,884,542
Federal Home Loan Mortgage Corporation	14,413,769
Federal Farm Credit Bank	9,633,343
Municipal bonds	1,730,556
Fixed income mutual funds	1,176,178
Money market mutual funds	6,176,747
U.S. Treasury notes	4,421,098
	<u>\$ 110,746,607</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 86,541,160
Restricted cash and investments	1,675,291
Fiduciary fund statement of net position	
Agency funds	22,530,156
	<u>\$ 110,746,607</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2018:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Negotiable certificates of deposit	\$ -	\$ 7,450,511	\$ -
Federal Home Loan Bank	-	4,690,893	-
Federal National Mortgage Association	-	9,884,542	-
Federal Home Loan Mortgage Corporation	-	14,413,769	-
Federal Farm Credit Bank	-	9,633,343	-
Municipal bonds	-	1,730,556	-
Fixed income mutual funds	-	1,176,178	-
Money market mutual funds	-	6,176,747	-
U.S. Treasury notes	-	4,421,098	-
	<u>\$ -</u>	<u>\$ 59,577,637</u>	<u>\$ -</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

The valuation methods for recurring fair value measurements are as follows:

<u>Investment Type</u>	<u>Valuation Method</u>
U.S. Treasury securities	Institutional bond quotes - evaluations based on various market and industry inputs
Federal Farm Credit Bank	Institutional bond quotes - evaluations based on various market and industry inputs
Mutual funds, negotiable certificates of deposit, and municipal bonds	Institutional quotes - evaluations based on various market and industry inputs
Federal Home Loan Bank	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Federal National Mortgage Association	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Federal Home Loan Mortgage Corporation	Mortgage backed securities pricing - evaluations based on various market and industry inputs

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the City's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2018, \$20,193,577 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Negotiable certificates of deposit	\$ 7,450,511	\$ -	\$ 2,197,585	\$ -	\$ 2,901,913
Wisconsin local government investment pool	24,138,736	-	-	-	24,138,736
Federal Home Loan Bank	4,690,893	-	4,690,893	-	-
Federal National Mortgage Association	9,884,542	-	9,884,542	-	-
Federal Home Loan Mortgage Corporation	14,413,769	-	14,413,769	-	-
Federal Farm Credit Bank	9,633,343	-	9,633,343	-	-
Municipal bonds	1,730,556	-	640,870	1,079,671	10,015
Fixed income mutual funds	1,176,178	-	-	-	1,176,178
Money market mutual funds	6,176,747	-	-	-	6,176,747
U.S. Treasury notes	4,421,098	4,421,098	-	-	-
Totals	<u>\$83,716,373</u>	<u>\$4,421,098</u>	<u>\$41,461,002</u>	<u>\$1,079,671</u>	<u>\$34,403,589</u>

Concentration of Credit Risk

The investment policy of the City states that the funds of the City will be invested in accordance with Wisconsin State Statutes. The City's investment policy shall limit the investments to the following investment instruments and shall diversify the portfolio by instruments, financial institutions and maturities:

Instruments	Maximum % of Portfolio
U.S. Treasury obligations (bills, notes and bonds)	100%
U.S. government agency securities and Instruments of government sponsored operations	75%
Certificates of deposit in commercial banks	50%
State investment pool	100%

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal Farm Credit Bank	Federal agency securities	\$ 9,633,343	12%
Federal National Mortgage Association	Federal agency securities	9,884,542	12%
Federal Home Loan Bank	Federal agency securities	4,690,893	6%
Federal Home Loan Mortgage Corporation	Federal agency securities	14,413,769	17%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (In Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Negotiable certificates of deposit	\$ 7,450,511	\$ 3,510,805	\$ 3,939,706	\$ -	\$ -
Wisconsin local government investment pool	24,138,736	24,138,736	-	-	-
Federal Home Loan Bank	4,690,893	995,310	1,493,405	2,202,178	-
Federal National Mortgage Association	9,884,542	6,544,419	3,340,123	-	-
Federal Home Loan Mortgage Corporation	14,413,769	1,357,408	7,245,050	5,571,610	239,701
Federal Farm Credit Bank	9,633,343	6,564,844	88,624	2,979,875	-
Municipal bonds	1,730,556	233,702	834,452	30,469	631,933
Fixed income mutual funds	1,176,178	1,176,178	-	-	-
Money market mutual funds	6,176,747	6,176,747	-	-	-
U.S. Treasury notes	4,421,098	2,190,883	2,230,215	-	-
Totals	\$83,716,373	\$52,889,032	\$19,171,575	\$10,784,132	\$ 871,634

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 38,622,547

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$24,138,736 at year-end. The 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, 2018, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. The City's investment in the Wisconsin Local Government Investment Pool is not rated.

Interest rate is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater then sensitivity of its fair value to change in market interest rate. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin Local Government Investment Pool mature in 12 months or less.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

B. RESTRICTED ASSETS

Restricted assets on December 31, 2018 totaled \$1,194,563 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Fund		
Water Utility		
Redemption account	\$ 479,315	To segregate resources accumulated for debt service payments over the next twelve months.
Reserve account	715,248	To report resources set aside to make up potential future deficiencies in the redemption account.
Construction account	480,728	To report debt proceeds that are restricted for use in construction
Total Restricted Assets	<u>\$ 1,675,291</u>	

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 16,364,187	\$ 2,595,149	\$ -	\$ 18,959,336
Construction in progress	40,000	17,638,534	-	17,678,534
Total capital assets, nondepreciable	<u>16,404,187</u>	<u>20,233,683</u>	<u>-</u>	<u>36,637,870</u>
Capital assets, depreciable:				
Buildings and improvements	33,538,374	720,997	-	34,259,371
Improvements other than buildings	20,033,149	188,354	-	20,221,503
Machinery and equipment	22,162,781	2,675,941	344,299	24,494,423
Infrastructure	124,488,821	5,526,881	-	130,015,702
Subtotals	<u>200,223,125</u>	<u>9,112,173</u>	<u>344,299</u>	<u>208,990,999</u>
Less accumulated depreciation for:				
Land improvements	17,095,554	735,130	-	17,830,684
Buildings and improvements	11,901,678	450,054	-	12,351,732
Machinery and equipment	15,224,964	1,509,312	344,299	16,389,977
Infrastructure	64,412,644	2,797,710	-	67,210,354
Subtotals	<u>108,634,840</u>	<u>5,492,206</u>	<u>344,299</u>	<u>113,782,747</u>
Total capital assets, depreciable, net	<u>91,588,285</u>	<u>3,619,967</u>	<u>-</u>	<u>95,208,252</u>
Governmental activities capital assets, net	<u>\$ 107,992,472</u>	<u>\$ 23,853,650</u>	<u>\$ -</u>	<u>131,846,122</u>
Less: Capital related debt				<u>54,267,349</u>
Net investment in capital assets				<u>\$ 77,578,773</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 947,913	\$ 180,787	\$ -	\$ 1,128,700
Construction in progress	9,159,484	5,752,266	10,364,394	4,547,356
Total capital assets, nondepreciable	<u>10,107,397</u>	<u>5,933,053</u>	<u>10,364,394</u>	<u>5,676,056</u>
Capital assets, depreciable:				
Buildings and improvements	22,306,519	33,760	27,227	22,313,052
Improvements other than buildings	27,393,089	355,370	-	27,748,459
Machinery and equipment	33,581,585	703,944	101,631	34,183,898
Infrastructure	66,786,181	10,069,741	37,858	76,818,064
Subtotals	<u>150,067,374</u>	<u>11,162,815</u>	<u>166,716</u>	<u>161,063,473</u>
Less accumulated depreciation for:				
Buildings and improvements	15,151,925	583,518	27,224	15,708,219
Improvements other than buildings	21,010,704	427,259	-	21,437,963
Machinery and equipment	25,714,375	931,615	101,631	26,544,359
Infrastructure	27,306,231	1,634,944	37,858	28,903,317
Subtotals	<u>89,183,235</u>	<u>3,577,336</u>	<u>166,713</u>	<u>92,593,858</u>
Total capital assets, depreciable, net	<u>60,884,139</u>	<u>7,585,479</u>	<u>3</u>	<u>68,469,615</u>
Business-type activities capital assets, net	<u>\$ 70,991,536</u>	<u>\$ 13,518,532</u>	<u>\$ 10,364,397</u>	<u>74,145,671</u>
Less: Capital related debt				<u>20,891,904</u>
Net investment in capital assets				<u>\$ 53,253,767</u>

Depreciation expense was charged to functions of the City as follows:

Governmental activities	
General government	\$ 511,468
Public safety	631,974
Public works	2,817,161
Culture and recreation	556,851
Conservation and development	13,318
Subtotal	<u>4,530,772</u>
Capital assets held by City's internal service fund are charged to various functions based on their usage of the assets	
Total depreciation expense - governmental activities	<u>961,434</u> <u>\$ 5,492,206</u>
Business-type activities	
Sewerage system	\$ 1,599,543
Water utility	
Depreciation expense	1,527,005
Depreciation expense allocated to clearing accounts	148,564
Transit commission	235,856
Parking facility	11,347
Boat facility	55,021
Total depreciation expense - business-type activities	<u>\$ 3,577,336</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General	\$ 1,217,125	\$ -
Special revenue funds		
Harbor center marina	-	2,811,581
Debt service funds		
GO Debt	2,811,581	-
Enterprise fund		
Water utility	-	1,158,106
Boat facility	-	59,019
Totals	<u>\$ 4,028,706</u>	<u>\$ 4,028,706</u>

The principal purpose of these interfunds is to account for the 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.

Interfund advances between funds as of December 31, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds		
General	\$ 2,380,220	\$ -
Special revenue fund		
Redevelopment authority	-	575,000
Debt service fund		
GO Debt	382,379	-
TIF districts	-	1,110,043
Capital projects funds		
Tax levy	456,761	-
TIF districts	-	1,534,317
Totals	<u>\$ 3,219,360</u>	<u>\$ 3,219,360</u>

The principal purpose of these interfund advances was financing debt service maturities of the City's tax incremental financing districts and capital acquisitions.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated. A reconciliation to the statement of net position follows:

Due from other funds	\$ 1,217,125
Internal service fund allocation to business-type activities	<u>(52,686)</u>
Total internal balances - government wide Statement of Net Position	<u>\$ 1,164,439</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Interfund transfers for the year ended December 31, 2018 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 2,928,072	\$ 5,505,575
Special revenue		
Community Development Block Grant	220	-
Mead Library	-	31,967
Cable TV	-	425,000
Tourism Promotion	-	885,332
Police Meg Unit	4,147	-
Special Assessment	-	300,529
Municipal Court	-	424,723
Ambulance	-	451,102
Capital projects		
Tax Levy	5,712,500	4,669
Debt service		
GO Debt	915,434	225,000
TIF Districts	-	28,000
Permanent		
Cemetery Perpetual Care	-	1,250
Enterprise		
Sewerage System	-	256,329
Water Utility	-	1,126,774
Parking Facility	5,877	-
Internal service		
Motor Vehicle	949,000	125,000
	<u>\$ 10,740,250</u>	<u>\$ 10,740,250</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 1,126,774
Tax equivalent payment made by sewer utility to general fund	256,329
Transfer from cemetery fund to reimburse general fund for operating costs	1,250
Transfer from cable TV to general fund for operating costs	425,000
Transfer from mead public library for pay off of health insurance balances	31,967
Transfer from tourism promotion to reimburse the general fund for operating costs	57,927
Transfer from municipal court to general fund for operating costs	424,723
Transfer from ambulance fund to general fund for operating costs	451,102
Transfer from motor vehicle to general fund for operating costs	125,000
Transfer from general fund to reimburse MEG unit fund for operating costs	4,147
Transfer to debt service fund from tourism promotion	827,405
Transfer to debt service fund from assessments	88,029
Transfer from TID 11 debt service fund to general fund	28,000
Transfer from general fund to reimburse parking facility for operating costs	1,208
Transfer to reimburse parking facility for operating costs	4,669
Transfer to capital project fund from assessments	212,500
Transfer to capital project fund from general fund	5,500,000
Transfer from general fund for CDBG operating costs	220
Transfer to motor vehicle for equipment bonded in capital projects	949,000
Transfer to Harbor Center Marina from debt service	225,000
	<u>\$ 10,740,250</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 13,749,386	\$ 8,815,000	\$ 2,420,636	\$ 20,143,750	\$ 1,729,775
Notes	21,224,579	6,335,000	3,034,091	24,525,488	3,059,951
Total general obligation debt	<u>34,973,965</u>	<u>15,150,000</u>	<u>5,454,727</u>	<u>44,669,238</u>	<u>4,789,726</u>
Note anticipation notes	-	18,905,000	-	18,905,000	-
Debt premium	296,050	743,979	97,759	942,270	139,518
Debt discount	(52,896)	-	(6,843)	(46,053)	(6,843)
Mortgage notes	225,000	-	-	225,000	-
Capital leases	928,938	-	209,960	718,978	217,188
Sheboygan County	1,000,000	-	-	1,000,000	-
Compensated absences	3,808,477	3,954,179	3,808,477	3,954,179	1,032,898
Governmental activities Long-term obligations	<u>\$ 41,179,534</u>	<u>\$ 38,753,158</u>	<u>\$ 9,564,080</u>	<u>\$ 70,368,612</u>	<u>\$ 6,172,487</u>
Business-type activities:					
General obligation debt					
Bonds	\$ 200,615	\$ -	\$ 15,224	\$ 185,391	\$ 16,138
Revenue bonds	20,439,128	5,081,161	3,729,854	21,790,435	1,526,172
Debt premium	41,339	285,240	29,134	297,445	-
Compensated absences	513,727	26,984	68,101	472,610	11,197
Business-type activities Long-term obligations	<u>\$ 21,194,809</u>	<u>\$ 5,393,385</u>	<u>\$ 3,842,313</u>	<u>\$ 22,745,881</u>	<u>\$ 1,553,507</u>

Total interest paid during the year on long-term debt totaled \$1,564,316.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
General obligation debt					
General obligation bonds					
General obligation bonds	9/1/07	10/1/26	4.50-5.00%	\$ 8,000,000	\$ 6,225,000
Taxable refunding bonds	6/23/10	4/1/27	3.50-5.25%	8,325,000	3,605,000
Refunding bonds	8/25/16	10/1/22	1.00-2.00%	2,720,000	1,685,000
Refunding bonds	11/5/18	12/1/38	3.00-4.00%	5,015,000	5,015,000
Taxable refunding bonds	11/5/18	12/1/38	3.15-4.45%	3,800,000	3,800,000
General obligation notes					
Land recycling loan	12/23/02	5/1/22	0%	2,700,000	320,517
Land recycling loan	4/14/04	5/1/23	0%	756,625	199,112
Promissory notes					
(Build America Bonds)	6/23/10	4/1/20	3.50-4.20%	2,045,000	455,000
Promissory notes	5/10/12	4/1/22	2.00-2.125%	4,745,000	1,980,000
Promissory notes	8/4/15	10/1/24	2.00-2.125%	4,310,000	2,065,000
Promissory notes	4/12/16	10/1/25	1.00-2.00%	3,400,000	2,580,000
Promissory notes	4/20/16	10/1/25	1.00-2.30%	7,525,000	5,615,000
Promissory notes	5/15/17	4/1/27	1.50-2.50%	5,000,000	4,575,000
State trust fund loan	9/12/17	3/15/22	3.50%	400,000	400,000
Promissory notes	7/2/18	12/1/27	3.00%	6,335,000	6,335,000
Total outstanding general obligation debt					\$ 44,854,629

Annual principal and interest maturities of the outstanding general obligation debt of \$44,854,629 on December 31, 2018 are detailed below:

<u>Year Ended</u> <u>December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 4,789,726	\$ 1,142,743	\$ 16,138	\$ 7,601	\$ 4,805,864	\$ 1,150,344
2020	4,762,873	1,048,612	17,079	7,193	4,779,952	1,055,805
2021	5,161,820	939,296	18,131	6,696	5,179,951	945,992
2022	5,200,733	823,727	19,219	7,046	5,219,952	830,773
2023	4,024,450	702,405	20,372	7,152	4,044,822	709,557
2024 - 2028	15,409,636	1,722,263	94,452	12,091	15,504,088	1,734,354
2029 - 2033	2,585,000	884,552	-	-	2,585,000	884,552
2034 - 2038	2,735,000	340,963	-	-	2,735,000	340,963
	<u>\$ 44,669,238</u>	<u>\$ 7,604,561</u>	<u>\$ 185,391</u>	<u>\$ 47,779</u>	<u>\$ 44,854,629</u>	<u>\$ 7,652,340</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Build America Bond

The general obligation debt issued on June 23, 2010 qualifies as Build America Bonds, as described in Section 54AA of the Internal Revenue Code. The interest on the debt is taxable as set forth in the regulations. The City is eligible to receive a 35% subsidy of the annual interest payment from the Federal government. In order to receive this subsidy it is necessary for the City to file a claim form annually.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2018 was \$114,813,457 as follows:

Equalized valuation of the City		\$2,809,902,500
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>140,495,125</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 44,854,629	
Less: Amounts available for financing general obligation debt		
Debt service funds	<u>19,172,961</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>25,681,668</u>
Legal margin for new debt		<u>\$ 114,813,457</u>

Mortgage Notes

Mortgage notes currently outstanding consist of a note with the Sheboygan Development Corporation. A repayment schedule does not exist as of December 31, 2018.

Amount due to Sheboygan County, Wisconsin

Sheboygan County, Wisconsin, provided funding to assist in the development and construction of the infrastructure of the Marina Boatworks facility. To the extent the City does not recover its initial taxpayer funding contribution through tax incremental revenues, the City will share any surplus cash with Sheboygan County in proportion to the initial taxpayer funding contributions excluding tax incremental revenue effects until the \$1,000,000 has been returned.

Revenue Bonds

Revenue bonds outstanding on December 31, 2018 totaled \$21,790,435 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
Sewerage system					
Clean Water Fund Loan	5/26/10	5/1/30	2.40%	\$ 2,747,622	\$ 1,875,992
Clean Water Fund Loan	10/23/13	5/1/33	2.63%	8,901,537	7,502,363
Water utility					
Revenue bonds	3/10/04	5/15/23	2.75%	3,152,000	993,528
Revenue bonds	4/3/13	5/1/33	2.00-3.50%	3,000,000	2,420,000
Revenue bonds	5/13/15	5/1/35	1.65%	2,990,520	2,658,552
Revenue bonds	4/20/16	4/20/25	1.00-2.00%	2,115,000	1,635,000
Revenue bonds	5/1/18	5/1/33	3.00-4.00%	4,705,000	<u>4,705,000</u>
Total outstanding revenue bonds					<u>\$ 21,790,435</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$21,790,435 on December 31, 2018 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2019	\$ 1,526,172	\$ 569,330	\$ 2,095,502
2020	1,577,765	528,893	2,106,658
2021	1,614,902	486,665	2,101,567
2022	1,657,598	443,082	2,100,680
2023	1,700,865	397,497	2,098,362
2024 - 2028	7,091,545	1,357,231	8,448,776
2029 - 2033	6,269,095	446,929	6,716,024
2034 - 2035	<u>352,493</u>	<u>5,840</u>	<u>358,333</u>
	<u>\$ 21,790,435</u>	<u>\$ 4,235,467</u>	<u>\$ 26,025,902</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the water and sewerage system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water and sewer customer net revenues and are payable through 2034. The total principal and interest remaining to be paid on the bonds is \$26,025,902. Principal and interest paid for the current year and total customer net revenues for the water utility were \$3,395,345 and \$6,093,129, respectively. Principal and interest paid for the current year and total customer net revenues for the sewerage system were \$713,343 and \$2,496,759, respectively.

Other Debt Information

There are a number of limitations and restrictions contained in the various bond and note obligations. The City believes it is substantially in compliance with all material limitations and restrictions.

Capital Lease

The City is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital leases are \$1,590,282 and the related accumulated depreciation is \$871,304 as of December 31, 2018.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2018:

Year Ending	Governmental Activities
2019	\$ 240,707
2020	240,715
2021	181,953
2022	106,456
Subtotal	<u>769,831</u>
Less: Amount representing interest	50,853
Present value of future minimum lease payments	<u>\$ 718,978</u>

F. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018, there were 5 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$12,224,676.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

G. PENSION PLAN

1. 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. 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:

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	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
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

3. 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, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 year ending December 31, 2018, the WRS recognized \$2,502,629 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the City reported an asset of \$7,197,868 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the City's proportion was 0.24242440%, which was an increase of 0.00120632% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$3,139,827.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,145,070	\$ 4,277,761
Net differences between projected and actual earnings on pension plan investments	-	9,892,800
Changes in assumptions	1,422,158	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,996	23,590
Employer contributions subsequent to the measurement date	2,502,629	-
Total	<u>\$ 13,108,853</u>	<u>\$ 14,194,151</u>

\$2,502,629 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2019	\$ 796,368
2020	(62,904)
2021	(2,470,835)
2022	(1,867,824)
2023	17,268
Total	<u>\$ (3,587,927)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2016
Measurement date of net pension liability:	December 31, 2017
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% - 5.6%
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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
Global equities	50%	8.2%	5.3%
Fixed income	24.5%	4.2%	1.4%
Inflation sensitive assets	15.5%	3.8%	1.0%
Real estate	8%	6.5%	3.6%
Private equity/debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	7.8%	4.9%
Total Variable Fund	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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 3.31%. 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 members 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 Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share of the net pension liability (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 liability (asset)	\$ 18,623,342	\$ (7,197,868)	\$ (26,822,786)

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://etf.wi.gov/publications/cafr.htm>.

6. Payables to the Pension Plan

At December 31, 2018, the City reported a payable of \$443,469 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

H. OTHER POSTEMPLOYMENT BENEFITS

The City has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by \$3,745,652 as follows:

Single-employer defined post employment benefit plan - City Plan			
Other postemployment liability			
OPEB liability balance previously reported	\$ 1,634,963		
Actuarially determined balance	3,813,442		
Change in other postemployment liability			\$ (2,178,479)
Single-employer defined post employment benefit plan - Water Utility Plan			
Other postemployment liability			
OPEB liability balance previously reported	\$ -		
Actuarially determined balance	207,998		
Change in other postemployment liability			(207,998)
Deferred outflows of resources			17,067
Local retiree life insurance fund			
Other postemployment liability			
OPEB asset balance previously reported	\$ -		
Actuarially determined balance	1,376,242		
Change in other postemployment liability			(1,376,242)
To cumulative effect of change in accounting principle			<u>\$ (3,745,652)</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

The City reports OPEB related balances at December 31, 2018 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Local Retiree Life Insurance Fund (LRLIF)	\$ 1,667,391	\$ 181,260	\$ 50,106
Single-employer defined OPEB plan - City	3,857,678	-	-
Single-employer defined OPEB plan - Water	209,720	18,721	-
Total pension liability	<u>\$ 5,734,789</u>	<u>\$ 199,981</u>	<u>\$ 50,106</u>

1. Single-employer Defined Postemployment Benefit Plan - City Plan

Plan Description

The Plan is a single-employer defined benefit postemployment healthcare plan that covers retired employees of the City. Benefit terms including eligibility and benefit offerings vary by employee classification and length of service with the City. Eligible retired employees have access to medical coverage through the City's plan. There are no assets that have been accumulated in a trust.

Benefits Provided

The City provides healthcare and insurance benefits for retirees and their dependents. However, since the City has a self-insured plan, it should be determine its pay-as-you-go benefit based upon the actual retiree paid claims plus administration and stop-loss premiums minus the amount the retirees' paid for continued coverage and stop-loss reimbursement.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	57
Active employees	338
	<u>395</u>

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly based upon the premium equivalent rates.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increases:	3.0%
Investment rate of return:	4.0%
Healthcare cost trend rates:	7.5% initial decreasing by .5% per year to 6.5% and then decreasing by .10% per year down to 5.0%, and level thereafter

Mortality rates are based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions were based on the Wisconsin Retirement System 2012 - 2014 Experience Study.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Discount Rate. The discount rate used to measure the total OPEB liability was 4.0%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 3,813,442
Changes for the year:	
Service cost	157,135
Interest	150,414
Benefit payments	(263,313)
Net changes	<u>44,236</u>
Balance at December 31, 2018	<u>\$ 3,857,678</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current rate:

	1% Decrease to Discount Rate (3.0%)	Current Discount Rate (4.0%)	1% Increase to Discount Rate (5.0%)
Total OPEB liability	\$ 4,020,024	\$ 3,857,678	\$ 3,700,718

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.50% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ 3,621,572	\$ 3,857,678	\$ 4,125,369

OPEB Expense

For the year ended December 31, 2018, the City recognized OPEB expense of \$307,549.

Payable to the OPEB Plan

At December 31, 2018, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

2. Single-employer Defined Postemployment Benefit Plan - Water Utility Plan

Plan Description

The utility's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general employees of the utility. RBP is a single-employer defined benefit OPEB plan administered by the Water Utility. Article 11 of the State Complied Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Utility Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Benefits Provided

The RBP provides healthcare and life insurance benefits for retirees and their dependents. However, since the Utility has a self-insured health plan, it should be determine its pay-as-you-go benefit based upon the actual retiree paid claims plus administration and stop-loss premiums minus the amount the retirees' paid for continued coverage and stop-loss reimbursement.

Contributions

The Water Utility determines retiree contributions based upon the premium equivalent rates.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	29
	<u>32</u>

Total OPEB Liability

The Water Utility's total OPEB liability of \$209,720 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increases:	3.0%
Healthcare cost trend rates:	7.5% initial decreasing by .5% per year to 6.5% and then decreasing by .10% per year down to 5.0%, and level thereafter

The discount rate was based on all years of projected payments discounted at a municipal bond rate of 3.5%

Mortality rates are based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions were based on the Wisconsin Retirement System 2012 - 2014 Experience Study.

Changes in the Total OPEB Liability

Balance at December 31, 2016	\$ 207,998
Changes for the year:	
Service cost	10,894
Interest	7,184
Benefit payments	(16,356)
Net changes	1,722
Balance at December 31, 2017	<u>\$ 209,720</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Water Utility, as well as what the Water Utility's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (3.5%) than the current rate:

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Total OPEB liability	\$ 221,055	\$ 209,720	\$ 198,879

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Water Utility, as well as what the Water Utility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.50% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB liability	\$ 194,274	\$ 209,720	\$ 227,672

OPEB Expense and Deferred Outflows of Resources Related to OPEB – Water Utility

For the year ended December 31, 2018, the Water Utility recognized OPEB expense of \$18,078. At December 31, 2018, the Water Utility reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Employer contributions subsequent to the measurement date	\$ 18,721

Deferred outflows related to OPEB resulting from the employer's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the total OPEB liability in the subsequent year.

3. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$10,524 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the City reported a liability of \$1,667,391 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the City's proportion was 0.55421200%, which was a decrease of 0.01264% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized OPEB expense of \$172,365.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,492
Net differences between projected and actual earnings on OPEB plan investments	19,199	-
Changes in assumptions	161,124	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	26,614
Employer contributions subsequent to the measurement date	937	-
Total	<u>\$ 181,260</u>	<u>\$ 50,106</u>

\$937 reported as deferred outflows of resources related to OPEB resulting from LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Expense
2019	\$ 21,801
2020	21,801
2021	21,801
2022	21,800
2023	21,801
Thereafter	21,213
	<u>\$ 130,217</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2017
Measurement date of net OPEB liability (asset):	December 31, 2017
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	3.44%
Long-term expected rate of return:	5.00%
Discount rate:	3.63%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the City's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63%) or 1-percentage-point higher (4.63%) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
City's proportionate share of the net OPEB liability (asset)	\$ 2,356,657	\$ 1,667,391	\$ 1,138,452

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payable to the OPEB Plan

At December 31, 2018, the City reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

I. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2018, nonspendable fund balance was as follows:

	<u>General</u>	<u>Nonmajor</u>
Nonspendable		
Inventories and prepaid items	\$ 162,865	\$ 98,161
Long-term accounts and interfund receivables	1,837,965	-
Principal of endowment	-	1,508,758
	<u> </u>	<u> </u>
Total Nonspendable Fund Balance	<u>\$ 2,000,830</u>	<u>\$ 1,606,919</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2018, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Community development	\$ 1,526,037
Lead based abatement program	15,426
Total Special Revenue Funds Restricted Fund Balance	<u>1,541,463</u>
Debt Service Funds	
Restricted for	
Debt service	12,524,196
Tax incremental financing districts	6,648,765
Total Debt Service Funds Restricted Fund Balance	<u>19,172,961</u>
Capital Projects Funds	
Restricted for	
Capital improvements	<u>1,401,238</u>
Permanent Fund	
Restricted for	
Library trust	<u>936,724</u>
Total Restricted Fund Balance	<u>\$ 23,052,386</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2018, General Fund balance was committed as follows:

General Fund	
Committed for	
Development	<u>\$ 350,000</u>

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2018, fund balance was assigned as follows:

General Fund	
Assigned for subsequent years budget	<u>\$ 1,165,778</u>
Special Revenue Funds	
Library activities and programs	927,735
Cable TV program	745,111
Tourism and promotion activities	299,753
Public safety - MEG unit	23,785
Special assessments	954,472
Ambulance services	655,364
Storm water	124,223
Park and recreation	<u>129,429</u>
Subtotal	<u>3,859,872</u>
Capital Projects Funds	
Assigned for	
Capital Improvements	<u>9,025,603</u>
Total	<u>\$ 14,051,253</u>

Minimum General Fund Balance Policy

The City has also adopted a minimum fund balance policy of 25% of subsequent year budgeted expenditures not including debt service, for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2019 General Fund Expenditures	\$ 38,477,572
Minimum Fund Balance %	(x) 25%
Minimum Fund Balance Amount	<u>\$ 9,619,393</u>

The City's unassigned general fund balance of \$16,458,166 is above the minimum fund balance amount.

NOTE 4: OTHER INFORMATION

A. COMPONENT UNIT

This report contains the Housing Authority of the City of Sheboygan (the "Housing Authority"), which is included as a component unit. Financial information for the Housing Authority is presented as a separate column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Information related to the Housing Authority is as follows:

Significant Accounting Policies

The Housing Authority follows the accrual basis of accounting.

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value.

Capital assets are stated at cost at the date of acquisition. The provision for depreciation was computed under the straight-line method over the useful lives of the assets.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Deposits and Investments

The carrying amount of the Housing Authority's cash and investments totaled \$4,258,495 on March 31, 2018 as summarized below:

Deposits with financial institutions	\$ 677,264
Investments	
Government debt securities	2,400,927
Exchange traded funds	1,180,304
	<u>\$ 4,258,495</u>

Reconciliation to the basic financial statements

Combining Statement of Net Position	
Cash and investments	\$ 4,154,873
Cash and cash equivalents - restricted	103,622
	<u>\$ 4,258,495</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of March 31, 2018, none of the Housing Authority's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Fair Value Measurements

The Housing Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The Housing Authority has the following fair value measurements as of December 31, 2018:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Federal National Mortgage Association	\$ -	\$ 272,093	\$ -
Federal Home Loan Mortgage Corporation	-	929,677	-
Federal Farm Credit Bank	-	436,793	-
Federal Home Loan Bank	-	339,980	-
U.S. Treasury securities	-	172,279	-
Negotiable certificates of deposit	-	250,105	-
Exchange traded funds	1,180,304	-	-
Total investments by fair value level	\$ 1,180,304	\$ 2,400,927	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organization. The Authority does not have an additional credit risk policy. Presented below is the actual rating as of March 31, 2018, for each investment type.

Investment Type	Amount	Exempt from Disclosure			Not Rated
		AAA	Aa		
Federal National Mortgage Association	\$ 272,093	\$ -	\$ 272,093	\$ -	\$ -
Federal Home Loan Mortgage Corporation	929,677	-	929,677	-	-
Federal Farm Credit Bank	436,793	-	436,793	-	-
Federal Home Loan Bank	339,980	-	339,980	-	-
U.S. Treasury securities	172,279	172,279	-	-	-
Negotiable certificates of deposit	250,105	-	-	-	250,105
Exchange traded funds	1,180,304	-	1,180,304	-	-
Totals	\$ 3,581,231	\$ 172,279	\$ 3,158,847	\$ -	\$ 250,105

Concentration of Credit Risk

Concentration of credit risk refers to risk of loss attributed to investments in a single issuer. The Housing Authority does not have an additional investment policy regarding concentration of credit risk.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Housing Authority's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 1,978,543

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Housing Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Housing Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Housing Authority's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 272,093	\$ -	\$ 272,093	\$ -	\$ -
Federal Home Loan Mortgage Corporation	929,677	-	-	929,677	-
Federal Farm Credit Bank	436,793	-	-	436,793	-
Federal Home Loan Bank	339,980	-	-	97,597	242,383
U.S. Treasury securities	172,279	-	172,279	-	-
Negotiable certificates of deposit	250,105	-	-	250,105	-
Exchange traded funds	1,180,304	-	-	136,203	1,044,101
Totals	\$ 3,581,231	\$ -	\$ 444,372	\$ 1,850,375	\$ 1,286,484

Capital Assets

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, nondepreciable:					
Land	\$ 346,943	\$ -	\$ -	\$ -	\$ 346,943
Construction in progress	133,001	637,108	-	(618,026)	152,083
Total capital assets, nondepreciable	479,944	637,108	-	(618,026)	499,026
Capital assets, depreciable:					
Buildings and improvements	9,059,463	99,018	-	618,026	9,776,507
Machinery and equipment	921,927	21,596	39,350	-	904,173
Total capital assets, depreciable	9,981,390	120,614	39,350	618,026	10,680,680
Less accumulated depreciation	7,833,151	311,401	30,277	-	8,114,275
Net capital assets, depreciable	2,148,239	(190,787)	9,073	618,026	2,566,405
Total capital assets, net of accumulated depreciation	\$ 2,628,183	\$ 446,321	\$ 9,073	\$ -	\$ 3,065,431

Accumulated depreciation is not available by class or function.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

B. TAX INCREMENTAL FINANCING DISTRICTS

The City has established one capital projects fund and one debt service fund to account for Tax Incremental Districts (the "TID") which were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the TIDs were created, the property tax base within each TID was "frozen" and increment taxes resulting from increases to the property tax base are used to finance TID improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's Districts are still eligible to incur project costs.

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the City prior thereto, each TID has a statutory termination year as follows:

	<u>Termination Year</u>
TID No. 6	2023
TID No. 10	2024
TID No. 11	2021
TID No. 12	2027
TID No. 13	2032
TID No. 14	2031
TID No. 15	2031
TID No. 16	2035
TID No. 17	2046
TID No. 18	2039
TID No. 19	2039
TID No. E1	2025

C. TAX ABATEMENTS

The City has created tax incremental financing districts (the "TIDs") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the TIDs, the City entered into agreements with developers for a creation of tax base within the TIDs. The agreements require the City to make annual repayments of property taxes collected within the TIDs to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2018, the City abated property taxes totaling \$322,004 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$167,118 to a developer for retail development within Tax Incremental District No. 14.
- ▶ A property tax abatement of \$154,886 to a developer for retail development within Tax Incremental District No. 15.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

D. 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. The City participates in a public entity risk pool called Cities and Villages Mutual Insurance Company to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission. However, other risks, such as workers compensation and health care of its employees are accounted for and financed by the City in health self-insurance internal service fund and the workers compensation self-insurance internal service fund.

Self-Insurance Fund

For health insurance claims, the uninsured risk of loss is \$150,000 per person. In addition, there is a minimum aggregate deductible for the current policy year which is the greater of \$6,874,632 or 90% of the monthly aggregate deductible for the first month of the policy year, multiplied by twelve months. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have exceeded the commercial coverage for the individual stop-loss, but not the aggregate deductible during any of the past three years.

For workers compensation claims, the uninsured risk of loss is \$500,000 per incident. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable to the internal service funds are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$8,883,093 was available for that reserve at year end, and is included in unrestricted net position of the internal service funds.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for health insurance, workers compensation, and general liability claims that have been incurred but not reported.

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
Health Insurance				
2018	\$ 721,268	\$ 6,733,113	\$ 6,796,776	\$ 657,605
2017	667,743	6,396,154	6,342,629	721,268
Workers Compensation				
2018	61,509	192,636	196,357	57,788
2017	55,993	298,397	292,881	61,509
General Liability				
2018	185,703	144,370	144,370	185,703
2017	185,703	167,036	167,036	185,703

Wisconsin Municipal Insurance Commission (WMIC)

Cities and Villages Mutual Insurance company (CVMIC)

CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC that was established under Section 66.30 of the Wisconsin Statutes governing intergovernmental cooperation commissions.

City of Sheboygan, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

CVMIC insures the municipalities up to \$5,000,000 per occurrence above the self-insured retention amount selected by each individual city or City. CVMIC also provides excess insurance of \$5,000,000 over the CVMIC layer thru a group purchase program paid proportionately by members for a total limit of \$10,000,000 per occurrence. Members pay premiums based on their self-insured retention amount, claims experience and population.

Management of CVMIC and WMIC consists of a board of directors and officers elected by the membership from each class of participants based on population. The board of directors hires the company executive director who in turn hires the management staff of CVMIC. The City does not exercise any control over the activities of CVMIC and WMIC beyond the election of the officer and board.

Financial statements of CVMIC can be obtained directly from CVMIC's offices. The City's Mutual Member Participation Calculation for 2018 is calculated at 2.941%. This calculation is based on premiums, claims and self-insured retention of the city as compared to the entire membership. The City's participation portion of available funds would be distributed upon dissolution. WMIC is not required to have an audit.

The City pays an annual premium to CVMIC for its general liability insurance as noted. The City's self-insured retention amount annually is \$125,000 per occurrence and \$500,000 in the aggregate. An actuarially determined estimate for outstanding losses and incurred but not reported losses related to the City is \$27,348 as of December 31, 2018.

E. CONTINGENCIES

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance has been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the legal counsel 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.

F. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2018. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

G. SUBSEQUENT EVENTS

During May of 2019, the City approved the sale of \$4,225,000 Community Development Bonds, \$6,655,000 General Obligation Bonds, and \$3,315,000 Taxable General Obligation Refunding Bonds. The Community Development Bonds are to be used for tax incremental district development initiatives. The general obligation bonds will be used to finance part of the cost of capital improvements. The taxable refunding bonds will be used to refinance existing debt.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

City of Sheboygan, Wisconsin

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - CITY PLAN LAST 10 FISCAL YEARS *

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 157,135
Interest	150,414
Benefit payments	<u>(263,313)</u>
Net change in total OPEB liability	44,236
Total OPEB liability - beginning	<u>3,813,442</u>
Total OPEB liability - ending	<u>\$ 3,857,678</u>
Covered payroll	\$ 22,756,975
City's total OPEB liability as a percentage of covered payroll	16.95%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

DRAFT

City of Sheboygan, Wisconsin

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - WATER UTILITY PLAN LAST 10 FISCAL YEARS

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 10,894
Interest	7,184
Benefit payments	<u>(16,356)</u>
Net change in total OPEB liability	1,722
Total OPEB liability - beginning	<u>207,998</u>
Total OPEB liability - ending	<u>\$ 209,720</u>
Covered payroll	\$ 1,874,682
Water Utility's total OPEB liability as a percentage of covered payroll	11.19%

See notes to required supplementary information.

DRAFT

City of Sheboygan, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.24125991%	\$ (5,926,003)	\$ 26,387,532	22.46%	102.74%
12/31/15	0.24324242%	3,952,640	27,577,423	14.33%	98.20%
12/31/16	0.24121808%	1,988,213	26,123,451	7.61%	99.12%
12/31/17	0.24242440%	(7,197,868)	26,534,421	27.13%	102.93%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 2,385,841	\$ 2,385,841	\$ -	\$ 27,577,423	8.65%
12/31/16	2,235,521	2,235,521	-	26,123,451	8.56%
12/31/17	2,515,080	2,515,080	-	26,534,421	9.48%
12/31/18	2,502,629	2,502,629	-	27,492,935	9.10%

See notes to required supplementary information.

City of Sheboygan, Wisconsin

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<u>Plan Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.55421200%	\$ 1,667,391	\$ 23,306,200	7.15%	44.81%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

<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>
12/31/18	\$ 9,782	\$ 9,782	\$ -	\$ 27,492,935	0.03558005%

See notes to required supplementary information.

City of Sheboygan, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

A. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The City implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2018. Information for prior years is not available.

Health Insurance Benefit - City Plan and Water Utility Plan

The data presented in the Schedule of Changes in Total OPEB Liability and Related Ratios was taken from the reports issued by the actuary.

There were no changes of benefit terms.

There were no changes in assumptions.

Local Retiree Life Insurance Fund

There were no changes of benefit terms for any participating employer in LRLIF.

There were no changes in assumptions.

B. WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms for any participating employer in the WRS.

There were no changes in assumptions.

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.

SUPPLEMENTARY INFORMATION

DRAFT

City of Sheboygan, Wisconsin

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Special Revenue						Harbor Center Marina
	Community Development Block Grant	Revolving Loan Funds	Lead Based Abatement Program	Mead Library	Cable TV	Tourism Promotion	
ASSETS							
Cash and investments	\$ 1,000,218	\$ 551,612	\$ 15,426	\$ 1,080,438	\$ 608,127	\$ 220,067	\$ 239,487
Receivables							
Taxes and special charges	-	-	-	2,399,321	-	-	-
Accounts	-	-	-	5,331	144,610	233,486	36,555
Special assessments	-	-	-	-	-	-	-
Loans	3,206,750	3,018,417	-	-	-	-	-
Other	-	-	-	-	-	48	-
Due from other funds	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventories and prepaid items	61,285	-	-	-	-	-	36,876
Total assets	\$ 4,268,253	\$ 3,570,029	\$ 15,426	\$ 3,485,090	\$ 752,737	\$ 453,601	\$ 312,918
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 20,178	\$ -	\$ -	\$ 52,256	\$ 3,299	\$ 153,682	\$ 44,094
Accrued and other current liabilities	5,615	-	-	105,778	4,327	166	-
Due to other funds	-	-	-	-	-	-	2,811,581
Advance from other funds	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Special deposits	-	-	-	-	-	-	82,888
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	25,793	-	-	158,034	7,626	153,848	2,938,563
Deferred inflows of resources							
Property taxes levied for subsequent year	-	-	-	2,399,321	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Loans receivable	3,206,750	3,018,417	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Total deferred inflows of resources	3,206,750	3,018,417	-	2,399,321	-	-	-
Fund balances							
Nonspendable	61,285	-	-	-	-	-	36,876
Restricted	974,425	551,612	15,426	-	-	-	-
Assigned	-	-	-	927,735	745,111	299,753	-
Unassigned	-	-	-	-	-	-	(2,662,521)
Total fund balances	1,035,710	551,612	15,426	927,735	745,111	299,753	(2,625,645)
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,268,253	\$ 3,570,029	\$ 15,426	\$ 3,485,090	\$ 752,737	\$ 453,601	\$ 312,918

City of Sheboygan, Wisconsin

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Special Revenue							
	Police Meg Unit	Special Assessment	Redevelopment Authority	Municipal Court	Ambulance	Storm Water	Park Impact Fees	Park, Forestry & Open Space
ASSETS								
Cash and Investments	\$ 16,118	\$ 910,381	\$ 136,911	\$ 30,462	\$ 345,687	\$ 124,223	\$ 82,934	\$ 46,495
Receivables								
Taxes and special charges	-	-	-	-	-	-	-	110,000
Accounts	9,652	40,397	-	-	484,979	-	-	-
Special assessments	-	559,837	-	-	-	-	-	-
Loans	-	-	940,004	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-	-	-
Total assets	\$ 25,770	\$ 1,510,615	\$ 1,076,915	\$ 30,462	\$ 830,666	\$ 124,223	\$ 82,934	\$ 156,495
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 1,563	\$ -	\$ 10,407	\$ 23,957	\$ 18,862	\$ -	\$ -	\$ -
Accrued and other current liabilities	422	-	-	6,505	13,876	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Advance from other funds	-	-	575,000	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Special deposits	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-
Total liabilities	1,985	-	585,407	30,462	32,738	-	-	-
Deferred inflows of resources								
Property taxes levied for subsequent year	-	-	-	-	-	-	-	110,000
Accounts receivable	-	-	-	-	142,564	-	-	-
Loans receivable	-	-	940,004	-	-	-	-	-
Special assessments	-	556,143	-	-	-	-	-	-
Total deferred inflows of resources	-	556,143	940,004	-	142,564	-	-	110,000
Fund balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Assigned	23,785	954,472	-	-	655,364	124,223	82,934	46,495
Unassigned	-	-	(448,496)	-	-	-	-	-
Total fund balances	23,785	954,472	(448,496)	-	655,364	124,223	82,934	46,495
Total liabilities, deferred inflows of resources, and fund balances	\$ 25,770	\$ 1,510,615	\$ 1,076,915	\$ 30,462	\$ 830,666	\$ 124,223	\$ 82,934	\$ 156,495

City of Sheboygan, Wisconsin

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Permanent Funds		Totals	
	Cemetery Perpetual Care	Library Trust	2018	2017
ASSETS				
Cash and investments	\$ 908,428	\$ 1,536,724	\$ 7,853,738	\$ 16,345,766
Receivables				
Taxes and special charges	-	-	2,509,321	6,764,092
Accounts	330	-	955,340	1,231,313
Special assessments	-	-	559,837	689,418
Loans	-	-	7,165,171	8,741,921
Other	-	-	48	18,725
Due from other funds	-	-	-	600,000
Advance to other funds	-	-	-	472,563
Due from other governments	-	-	-	1,384,779
Inventories and prepaid items	-	-	98,161	595,405
Total assets	\$ 908,758	\$ 1,536,724	\$ 19,141,616	\$ 36,843,982
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 328,298	\$ 1,917,862
Accrued and other current liabilities	-	-	136,689	105,642
Due to other funds	-	-	2,811,581	4,256,785
Advance from other funds	-	-	575,000	3,044,963
Due to other governments	-	-	-	416,765
Special deposits	-	-	82,888	59,730
Unearned revenues	-	-	-	131,664
Total liabilities	-	-	3,934,456	9,933,411
Deferred inflows of resources				
Property taxes levied for subsequent year	-	-	2,509,321	6,764,092
Accounts receivable	-	-	142,564	168,512
Loans receivable	-	-	7,165,171	7,545,156
Special assessments	-	-	556,143	688,602
Total deferred inflows of resources	-	-	10,373,199	15,166,362
Fund balances				
Nonspendable	908,758	600,000	1,606,919	2,072,293
Restricted	-	936,724	2,478,187	5,319,363
Assigned	-	-	3,859,872	8,546,300
Unassigned	-	-	(3,111,017)	(4,193,747)
Total fund balances	908,758	1,536,724	4,833,961	11,744,209
Total liabilities, deferred inflows of resources, and fund balances	\$ 908,758	\$ 1,536,724	\$ 19,141,616	\$ 36,843,982

City of Sheboygan, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue						
	Community Development Block Grant	Revolving Loan Funds	Lead Based Abatement Program	Mead Library	Cable TV	Tourism Promotion	Harbor Center Marina
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 2,335,829	\$ -	\$ 1,626,213	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	673,404	-	-	692,023	-	-	-
Licenses and permits	-	-	-	-	554,735	-	-
Fines and forfeits	-	-	-	-	-	45	-
Public charges for services	-	-	-	44,027	924	-	897,717
Miscellaneous	121,209	332,956	6,785	77,311	6,010	-	5,047
Total revenues	794,613	332,956	6,785	3,149,190	561,669	1,626,258	902,764
EXPENDITURES							
Current							
General government	-	-	-	-	-	5,686	-
Public safety	-	-	-	-	-	28,079	-
Public works	-	-	-	-	-	-	995,336
Health and human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	3,243,921	165,647	29,487	-
Conservation and development	387,850	500,000	-	-	-	584,033	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	280,474	-	-	19,471	49,687	-	33,104
Total expenditures	668,324	500,000	-	3,263,392	215,334	647,285	1,028,440
Excess of revenues over (under) expenditures	126,289	(167,044)	6,785	(114,202)	346,335	978,973	(125,676)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	220	-	-	-	-	-	225,000
Transfers out	-	-	-	(31,967)	(425,000)	(885,335)	-
Total other financing sources (uses)	220	-	-	(31,967)	(425,000)	(885,335)	225,000
Net change in fund balances	126,509	(167,044)	6,785	(146,169)	(78,665)	93,638	99,324
Fund balances - January 1	909,201	718,656	8,641	1,073,904	823,776	206,115	(2,724,969)
Fund balances - December 31	\$ 1,035,710	\$ 551,612	\$ 15,426	\$ 927,735	\$ 745,111	\$ 299,753	\$ (2,625,645)

City of Sheboygan, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue							
	Police Meg Unit	Special Assessment	Redevelopment Authority	Municipal Court	Ambulance	Storm Water	Park Impact Fees	Park, Forestry & Open Space
REVENUES								
Taxes	\$ -	\$ -	\$ 22,185	\$ -	\$ -	\$ -	\$ -	\$ 110,000
Special assessments	-	226,253	-	-	-	-	-	-
Intergovernmental	40,063	-	-	-	7,955	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	922,128	-	-	-	-
Public charges for services	-	-	-	-	1,396,874	19,991	9,846	-
Miscellaneous	93	23,371	100,459	437	795	306	264	338
Total revenues	40,156	249,624	122,644	922,565	1,405,624	20,297	10,110	110,338
EXPENDITURES								
Current								
General government	-	-	-	497,575	-	-	-	-
Public safety	34,138	-	-	-	578,819	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	44,770	-	-	-	-	-
Debt service								
Principal	-	-	-	-	91,964	-	-	-
Interest and fiscal charges	-	-	-	-	14,492	-	-	-
Capital outlay	10,612	-	101,200	1,264	-	-	-	127,130
Total expenditures	44,750	-	145,970	498,839	685,275	-	-	127,130
Excess of revenues over (under) expenditures	(4,594)	249,624	(23,326)	423,726	720,349	20,297	10,110	(16,792)
OTHER FINANCING SOURCES (USES)								
Long-term debt issued	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	4,147	-	-	-	-	-	-	-
Transfers out	-	(300,529)	-	(424,723)	(451,102)	-	-	-
Total other financing sources (uses)	4,147	(300,529)	-	(424,723)	(451,102)	-	-	-
Net change in fund balances	(447)	(50,905)	(23,326)	(997)	269,247	20,297	10,110	(16,792)
Fund balances - January 1	24,232	1,005,377	(425,170)	997	386,117	103,926	72,824	63,287
Fund balances - December 31	\$ 23,785	\$ 954,472	\$ (448,496)	\$ -	\$ 655,364	\$ 124,223	\$ 82,934	\$ 46,495

City of Sheboygan, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Permanent Funds		Totals	
	Cemetery Perpetual Care	Library Trust	2018	2017
REVENUES				
Taxes	\$ -	\$ -	\$ 4,094,227	\$ 8,251,734
Special assessments	-	-	226,253	434,350
Intergovernmental	-	-	1,413,445	3,577,543
Licenses and permits	-	-	554,735	569,961
Fines and forfeits	-	-	922,173	705,477
Public charges for services	14,836	-	2,384,215	2,492,614
Miscellaneous	34,854	478,056	1,188,291	1,173,686
Total revenues	49,690	478,056	10,783,339	17,205,365
EXPENDITURES				
Current				
General government	-	-	503,261	436,597
Public safety	-	-	641,036	614,173
Public works	-	-	995,336	748,950
Health and human services	16,570	-	16,570	12,139
Culture and recreation	-	91,420	3,530,475	3,528,293
Conservation and development	-	-	1,516,653	4,168,937
Debt service				
Principal	-	-	91,964	1,824,262
Interest and fiscal charges	-	-	14,492	264,332
Capital outlay	-	-	622,942	11,356,340
Total expenditures	16,570	91,420	7,932,729	22,954,023
Excess of revenues over (under) expenditures	33,120	386,636	2,850,610	(5,748,658)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	5,400,000
Premium on debt issued	-	-	-	-
Proceeds from sale of capital assets	-	-	-	696,450
Transfers in	-	-	229,367	3,406,050
Transfers out	(1,250)	-	(2,519,906)	(6,007,496)
Total other financing sources (uses)	(1,250)	-	(2,290,539)	3,495,004
Net change in fund balances	31,870	386,636	560,071	(2,253,654)
Fund balances - January 1	876,888	1,150,088	4,273,890	13,997,863
Fund balances - December 31	\$ 908,758	\$ 1,536,724	\$ 4,833,961	\$ 11,744,209

City of Sheboygan, Wisconsin

**MEAD LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,335,829	\$ 2,335,829	\$ 2,335,829	\$ -
Intergovernmental	689,299	689,299	692,023	2,724
Public charges for services	62,800	62,800	44,027	(18,773)
Miscellaneous	66,000	66,000	77,311	11,311
Total revenues	3,153,928	3,153,928	3,149,190	(4,738)
EXPENDITURES				
Current				
Culture and recreation	3,134,428	3,145,749	3,243,921	(98,172)
Capital outlay	19,500	19,500	19,471	29
Total expenditures	3,153,928	3,165,249	3,263,392	(98,143)
Net change in fund balance	-	(11,321)	(146,169)	(134,848)
Fund balance - January 1	1,073,904	1,073,904	1,073,904	-
Fund balance - December 31	\$ 1,073,904	\$ 1,062,583	\$ 927,735	\$ (134,848)

City of Sheboygan, Wisconsin

**CABLE TV SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 625,000	\$ 625,000	\$ 554,735	\$ (70,265)
Public charges for services	650	650	924	274
Miscellaneous	4,500	4,500	6,010	1,510
Total revenues	630,150	630,150	561,669	(68,481)
EXPENDITURES				
Current				
Culture and recreation	196,197	196,197	165,647	30,550
Capital outlay	119,050	119,050	49,687	69,363
Total expenditures	315,247	315,247	215,334	99,913
Excess of revenues over expenditures	314,903	314,903	346,335	31,432
OTHER FINANCING USES				
Transfers out	(425,000)	(425,000)	(425,000)	-
Net change in fund balance	(110,097)	(110,097)	(78,665)	31,432
Fund balance - January 1	823,776	823,776	823,776	-
Fund balance - December 31	\$ 713,679	\$ 713,679	\$ 745,111	\$ 31,432

City of Sheboygan, Wisconsin

**TOURISM PROMOTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,460,000	\$ 1,460,000	\$ 1,626,213	\$ 166,213
Fines and forfeits	-	-	45	45
Miscellaneous	3,000	3,000	-	(3,000)
Total revenues	<u>1,463,000</u>	<u>1,463,000</u>	<u>1,626,258</u>	<u>163,258</u>
EXPENDITURES				
Current				
General government	3,150	5,825	5,686	139
Public safety	31,147	31,147	28,079	3,068
Culture and recreation	54,860	66,860	29,487	37,373
Conservation and development	506,659	506,659	584,033	(77,374)
Capital outlay	1,500	583	-	583
Total expenditures	<u>597,316</u>	<u>611,074</u>	<u>647,285</u>	<u>(36,211)</u>
Excess of revenues over expenditures	<u>865,684</u>	<u>851,926</u>	<u>978,973</u>	<u>127,047</u>
OTHER FINANCING USES				
Transfers out	<u>(867,930)</u>	<u>(867,930)</u>	<u>(885,335)</u>	<u>(17,405)</u>
Net change in fund balance	(2,246)	(16,004)	93,638	109,642
Fund balance - January 1	<u>206,115</u>	<u>206,115</u>	<u>206,115</u>	<u>-</u>
Fund balance - December 31	<u>\$ 203,869</u>	<u>\$ 190,111</u>	<u>\$ 299,753</u>	<u>\$ 109,642</u>

City of Sheboygan, Wisconsin

HARBOR CENTER MARINA SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public charges for services	\$ 854,100	\$ 854,100	\$ 897,717	\$ 43,617
Miscellaneous	-	-	5,047	5,047
Total revenues	854,100	854,100	902,764	48,664
EXPENDITURES				
Current				
Public works	810,100	810,100	995,336	(185,236)
Debt service				
Interest and fiscal charges	4,000	4,000	-	4,000
Capital outlay	40,000	40,000	33,104	6,896
Total expenditures	854,100	854,100	1,028,440	(174,340)
Net change in fund balance	-	-	99,324	99,324
Fund balance - January 1	(2,724,969)	(2,724,969)	(2,724,969)	-
Fund balance - December 31	\$ (2,724,969)	\$ (2,724,969)	\$ (2,625,645)	\$ 99,324

City of Sheboygan, Wisconsin

**POLICE MEG UNIT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 53,827	\$ 53,827	\$ 40,063	\$ (13,764)
Miscellaneous	-	-	93	93
Total revenues	53,827	53,827	40,156	(13,671)
EXPENDITURES				
Current				
Public safety	53,827	43,827	34,138	9,689
Capital outlay	-	10,000	10,612	(612)
Total expenditures	53,827	53,827	44,750	9,077
Deficiency of revenues under expenditures	-	-	(4,594)	(4,594)
OTHER FINANCING SOURCES				
Transfers in	-	-	4,147	4,147
Net change in fund balance	-	-	(447)	(447)
Fund balance - January 1	24,232	24,232	24,232	-
Fund balance - December 31	\$ 24,232	\$ 24,232	\$ 23,785	\$ (447)

City of Sheboygan, Wisconsin

**SPECIAL ASSESSMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 257,606	\$ 257,606	\$ 226,253	\$ (31,353)
Miscellaneous	15,963	15,963	23,371	7,408
Total revenues	<u>273,569</u>	<u>273,569</u>	<u>249,624</u>	<u>(23,945)</u>
OTHER FINANCING USES				
Transfers out	<u>(300,529)</u>	<u>(300,529)</u>	<u>(300,529)</u>	<u>-</u>
Net change in fund balance	(26,960)	(26,960)	(50,905)	(23,945)
Fund balance - January 1	<u>1,005,377</u>	<u>1,005,377</u>	<u>1,005,377</u>	<u>-</u>
Fund balance - December 31	<u>\$ 978,417</u>	<u>\$ 978,417</u>	<u>\$ 954,472</u>	<u>\$ (23,945)</u>

City of Sheboygan, Wisconsin

**REDEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 22,000	\$ 22,000	\$ 22,185	\$ 185
Miscellaneous	100,000	100,000	100,459	459
Total revenues	<u>122,000</u>	<u>122,000</u>	<u>122,644</u>	<u>644</u>
EXPENDITURES				
Current				
Conservation and development	50,000	50,000	44,770	5,230
Capital outlay	-	-	101,200	(101,200)
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>145,970</u>	<u>(95,970)</u>
Net change in fund balance	72,000	72,000	(23,326)	(95,326)
Fund balance - January 1	<u>(425,170)</u>	<u>(425,170)</u>	<u>(425,170)</u>	<u>-</u>
Fund balance - December 31	<u>\$ (353,170)</u>	<u>\$ (353,170)</u>	<u>\$ (448,496)</u>	<u>\$ (95,326)</u>

City of Sheboygan, Wisconsin

MUNICIPAL COURT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeits	\$ 902,000	\$ 900,000	\$ 922,128	\$ 22,128
Public charges for services	5,000	5,000	-	(5,000)
Miscellaneous	-	-	437	437
Total revenues	907,000	905,000	922,565	17,565
EXPENDITURES				
Current				
General government	543,022	543,022	497,575	45,447
Capital outlay	-	-	1,264	(1,264)
Total expenditures	543,022	543,022	498,839	44,183
Excess of revenues over expenditures	363,978	361,978	423,726	61,748
OTHER FINANCING USES				
Transfers out	(363,978)	(363,978)	(424,723)	(60,745)
Net change in fund balance	-	(2,000)	(997)	1,003
Fund balance - January 1	997	997	997	-
Fund balance - December 31	\$ 997	\$ (1,003)	\$ -	\$ 1,003

City of Sheboygan, Wisconsin

**AMBULANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 7,955	\$ 7,955
Public charges for services	1,000,000	1,000,000	1,396,874	396,874
Miscellaneous	-	-	795	795
Total revenues	1,000,000	1,000,000	1,405,624	405,624
EXPENDITURES				
Current				
Public safety	696,717	696,717	578,819	117,898
Debt service				
Principal	-	-	91,964	(91,964)
Interest and fiscal charges	-	-	14,492	(14,492)
Total expenditures	696,717	696,717	685,275	11,442
Excess of revenues over expenditures	303,283	303,283	720,349	417,066
OTHER FINANCING USES				
Transfers out	(303,283)	(303,283)	(451,102)	(147,819)
Net change in fund balance	-	-	269,247	269,247
Fund balance - January 1	386,117	386,117	386,117	-
Fund balance - December 31	\$ 386,117	\$ 386,117	\$ 655,364	\$ 269,247

City of Sheboygan, Wisconsin

**STORM WATER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public charges for services	\$ 1,200	\$ 1,200	\$ 19,991	\$ 18,791
Miscellaneous	-	-	306	306
Total revenues	1,200	1,200	20,297	19,097
EXPENDITURES				
Capital outlay	-	1,464	-	1,464
Net change in fund balance	(7,604)	(9,068)	20,297	29,365
Fund balance - January 1	103,926	103,926	103,926	-
Fund balance - December 31	\$ 96,322	\$ 94,858	\$ 124,223	\$ 29,365

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City of Sheboygan, Wisconsin

**PARK FORESTRY & OPEN SPACE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Intergovernmental	12,500	12,500	-	(12,500)
Miscellaneous	-	-	338	338
Total revenues	122,500	122,500	110,338	(12,162)
EXPENDITURES				
Capital outlay	122,500	122,500	127,130	(4,630)
Net change in fund balance	-	-	(16,792)	(16,792)
Fund balance - January 1	63,287	63,287	63,287	-
Fund balance - December 31	\$ 63,287	\$ 63,287	\$ 46,495	\$ (16,792)

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City of Sheboygan, Wisconsin

CAPITAL PROJECTS TAX LEVY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,728,257	\$ 1,728,257	\$ 1,661,306	\$ (66,951)
Intergovernmental	1,024,641	921,000	670,606	(250,394)
Miscellaneous	5,077,500	5,090,000	600,349	(4,489,651)
Total revenues	7,865,398	7,774,257	2,932,261	(4,841,996)
EXPENDITURES				
Current				
Conservation and development	-	-	441,500	(441,500)
Capital outlay	10,927,018	14,704,273	4,527,920	10,176,353
Total expenditures	10,927,018	14,704,273	4,969,420	9,734,853
Excess of revenues over (under) expenditures	(3,061,620)	(6,930,016)	(2,037,159)	4,892,857
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	51,000	51,000	510,186	459,186
Transfers in	212,500	5,712,500	5,712,500	-
Transfers out	(1,912,387)	(1,912,387)	(4,669)	1,907,718
Total other financing sources (uses)	(1,648,887)	3,851,113	6,218,017	2,366,904
Net change in fund balance	(4,710,507)	(3,078,903)	4,180,858	7,259,761
Fund balance - January 1	4,844,745	4,844,745	4,844,745	-
Fund balance - December 31	\$ 134,238	\$ 1,765,842	\$ 9,025,603	\$ 7,259,761

City of Sheboygan, Wisconsin

CAPITAL PROJECTS TIF DISTRICTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 533,000	\$ 533,000	\$ -	\$ (533,000)
Miscellaneous	400,000	400,000	129,840	(270,160)
Total revenues	<u>933,000</u>	<u>933,000</u>	<u>129,840</u>	<u>(803,160)</u>
EXPENDITURES				
Current				
Conservation and development	91,192	992,360	1,018,476	(26,116)
Capital outlay	6,129,837	18,653,535	14,348,851	4,304,684
Total expenditures	<u>6,221,029</u>	<u>19,645,895</u>	<u>15,423,170</u>	<u>4,222,725</u>
Excess of revenues over (under) expenditures	<u>(5,288,029)</u>	<u>(18,712,895)</u>	<u>(15,293,330)</u>	<u>3,419,565</u>
OTHER FINANCING SOURCES				
Long-term debt issued	2,789,400	15,237,941	15,220,000	(17,941)
Transfers in	2,631,192	2,631,192	-	(2,631,192)
Total other financing sources	<u>5,420,592</u>	<u>17,869,133</u>	<u>15,220,000</u>	<u>(2,649,133)</u>
Net change in fund balance	<u>132,563</u>	<u>(843,762)</u>	<u>(73,330)</u>	<u>770,432</u>
Fund balance - January 1	<u>(1,007,203)</u>	<u>(1,007,203)</u>	<u>(1,007,203)</u>	<u>-</u>
Fund balance - December 31	<u>\$ (874,640)</u>	<u>\$ (1,850,965)</u>	<u>\$ (1,080,533)</u>	<u>\$ 770,432</u>

City of Sheboygan, Wisconsin

CAPITAL PROJECTS BONDED FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 117,000	\$ 117,000	\$ 31,899	(85,101)
Miscellaneous	85,000	85,000	156,471	71,471
Total revenues	202,000	202,000	188,370	(13,630)
EXPENDITURES				
Current				
Conservation and development	-	45,650	45,650	-
Capital outlay	9,795,363	11,061,198	9,578,341	1,482,857
Total expenditures	9,795,363	11,106,848	9,685,959	1,420,889
Excess of revenues over (under) expenditures	(9,593,363)	(10,904,848)	(9,497,589)	1,407,259
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	10,250,863	10,000,000	10,020,000	20,000
Proceeds from sale of capital assets	-	-	166,500	166,500
Transfers out	(940,500)	(940,500)	(949,000)	(8,500)
Total other financing sources (uses)	9,310,363	9,059,500	9,237,500	178,000
Net change in fund balance	(283,000)	(1,845,348)	(260,089)	1,585,259
Fund balance - January 1	1,661,327	1,661,327	1,661,327	-
Fund balance - December 31	\$ 1,378,327	\$ (184,021)	\$ 1,401,238	\$ 1,585,259

City of Sheboygan, Wisconsin

**DEBT SERVICE GO DEBT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,196,889	\$ 3,196,889	\$ 3,196,889	\$ -
Miscellaneous	507,965	507,965	573,255	65,290
Total revenues	3,704,854	3,704,854	3,770,144	65,290
EXPENDITURES				
Current				
General government	-	-	150	(150)
Debt service				
Principal	3,822,996	3,822,996	3,437,772	385,224
Interest and fiscal charges	839,887	839,887	879,863	(39,976)
Total expenditures	4,662,883	4,662,883	4,317,785	345,098
Excess of revenues over (under) expenditures	(958,029)	(958,029)	(547,641)	410,388
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	5,015,000	5,015,000
Premium on debt issued	-	-	260,406	260,406
Transfers in	898,029	898,029	915,434	17,405
Transfers out	(382,379)	(382,379)	(225,000)	157,379
Total other financing sources (uses)	515,650	515,650	5,965,840	5,450,190
Net change in fund balance	(442,379)	(442,379)	5,418,199	5,860,578
Fund balance - January 1	7,105,997	7,105,997	7,105,997	-
Fund balance - December 31	\$ 6,663,618	\$ 6,663,618	\$ 12,524,196	\$ 5,860,578

City of Sheboygan, Wisconsin

DEBT SERVICE TIF DISTRICTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,578,776	\$ 3,578,776	\$ 3,147,970	\$ (430,806)
Intergovernmental	54,202	54,202	54,428	226
Miscellaneous	54,452	24,616	119,890	95,274
Total revenues	3,687,430	3,657,594	3,322,288	(335,306)
EXPENDITURES				
Current				
Conservation and development	298,941	298,941	390,000	(91,059)
Debt service				
Principal	1,699,951	1,699,951	2,134,951	(435,000)
Interest and fiscal charges	626,138	626,138	375,595	250,543
Total expenditures	2,625,030	2,625,030	2,900,546	(275,516)
Excess of revenues over expenditures	1,062,400	1,032,564	421,742	(610,822)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	3,800,000	3,800,000
Premium on debt issued	-	-	483,573	483,573
Transfers in	382,379	397,496	-	(397,496)
Transfers out	(927,180)	(927,180)	(28,000)	899,180
Total other financing sources (uses)	(544,801)	(529,684)	4,255,573	4,785,257
Net change in fund balance	517,599	502,880	4,677,315	4,174,435
Fund balance - January 1	1,971,450	1,971,450	1,971,450	-
Fund balance - December 31	\$ 2,489,049	\$ 2,474,330	\$ 6,648,765	\$ 4,174,435

City of Sheboygan, Wisconsin

CEMETERY PERPETUAL CARE PERMANENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public charges for services	\$ 9,400	\$ 9,400	\$ 14,836	\$ 5,436
Miscellaneous	2,000	2,000	34,854	32,854
Total revenues	11,400	11,400	49,690	38,290
EXPENDITURES				
Current				
Health and human services	750	750	16,570	(15,820)
Excess of revenues over expenditures	10,650	10,650	33,120	22,470
OTHER FINANCING USES				
Transfers out	(1,250)	(1,250)	(1,250)	-
Net change in fund balance	9,400	9,400	31,870	22,470
Fund balance - January 1	876,888	876,888	876,888	-
Fund balance - December 31	\$ 886,288	\$ 886,288	\$ 908,758	\$ 22,470

City of Sheboygan, Wisconsin

**LIBRARY TRUST PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 5,864	\$ 5,864	\$ 478,056	\$ 472,192
EXPENDITURES				
Current				
Culture and recreation	-	-	91,420	(91,420)
Net change in fund balance	5,864	5,864	386,636	380,772
Fund balance - January 1	1,150,088	1,150,088	1,150,088	-
Fund balance - December 31	\$ 1,155,952	\$ 1,155,952	\$ 1,536,724	\$ 380,772

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City of Sheboygan, Wisconsin

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Parking Facility	Boat Facility	Totals	
			2018	2017
ASSETS				
Current assets				
Cash and investments	\$ 478,024	\$ -	\$ 478,024	\$ 729,419
Receivables				
Taxes and special charges	21,694	-	21,694	14,777
Customer accounts	46,669	-	46,669	27,011
Special assessments	84,676	-	84,676	130,430
Other	-	-	-	807
Total current assets	<u>631,063</u>	<u>-</u>	<u>631,063</u>	<u>902,444</u>
Other assets				
Net pension asset	18,246	-	18,246	-
Capital assets				
Nondepreciable	716,258	-	716,258	716,258
Depreciable	486,181	640,524	1,126,705	889,401
Total capital assets	<u>1,202,439</u>	<u>640,524</u>	<u>1,842,963</u>	<u>1,605,659</u>
Total noncurrent assets	<u>1,220,685</u>	<u>640,524</u>	<u>1,861,209</u>	<u>1,605,659</u>
Total assets	<u>1,851,748</u>	<u>640,524</u>	<u>2,492,272</u>	<u>2,508,103</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	33,365	-	33,365	33,184
Other postemployment related amounts	457	-	457	-
Total deferred outflows of resources	<u>33,822</u>	<u>-</u>	<u>33,822</u>	<u>33,184</u>
LIABILITIES				
Current liabilities				
Accounts payable	26,809	2,076	28,885	35,324
Accrued and other current liabilities	4,967	-	4,967	4,036
Due to other funds	-	59,019	59,019	-
Due to other governments	2,798	-	2,798	3,150
Special deposits	21,225	-	21,225	-
Unearned revenue	-	90	90	91
Total current liabilities	<u>55,799</u>	<u>61,185</u>	<u>116,984</u>	<u>42,601</u>
Long-term obligations, less current portion				
Net pension liability	-	-	-	4,141
Other postemployment benefits	4,227	-	4,227	-
Total long-term liabilities	<u>4,227</u>	<u>-</u>	<u>4,227</u>	<u>4,141</u>
Total liabilities	<u>60,026</u>	<u>61,185</u>	<u>121,211</u>	<u>46,742</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	35,980	-	35,980	13,093
Other postemployment related amounts	127	-	127	-
Total deferred inflows of resources	<u>36,107</u>	<u>-</u>	<u>36,107</u>	<u>13,093</u>
NET POSITION				
Net investment in capital assets	1,202,439	640,524	1,842,963	1,605,659
Restricted for pension	18,246	-	18,246	-
Unrestricted	568,752	(61,185)	507,567	875,793
Total net position	<u>\$ 1,789,437</u>	<u>\$ 579,339</u>	<u>\$ 2,368,776</u>	<u>\$ 2,481,452</u>

City of Sheboygan, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Parking Facility	Boat Facility	Totals	
			2018	2017
OPERATING REVENUES				
Charges for services	\$ 394,468	\$ 57,198	\$ 451,666	\$ 447,256
Other	6,120	-	6,120	6,181
Total operating revenues	<u>400,588</u>	<u>57,198</u>	<u>457,786</u>	<u>453,437</u>
OPERATING EXPENSES				
Personal services	191,729	-	191,729	181,428
Contractual services	184,958	87,875	272,833	338,639
Supplies and materials	43,221	-	43,221	43,902
Insurance	647	-	647	696
Other	5,594	-	5,594	34,505
Depreciation	11,347	55,021	66,368	43,023
Total operating expenses	<u>437,496</u>	<u>142,896</u>	<u>580,392</u>	<u>642,193</u>
Operating income (loss)	<u>(36,908)</u>	<u>(85,698)</u>	<u>(122,606)</u>	<u>(188,756)</u>
NONOPERATING REVENUES				
Interest income	2,979	189	3,168	9,188
Gain on disposal of capital assets	4,374	-	4,374	2,666
Other nonoperating revenues	-	-	-	15
Total nonoperating revenues	<u>7,353</u>	<u>189</u>	<u>7,542</u>	<u>11,869</u>
Income (loss) before transfers	<u>(29,555)</u>	<u>(85,509)</u>	<u>(115,064)</u>	<u>(176,887)</u>
Transfers in	<u>5,877</u>	<u>-</u>	<u>5,877</u>	<u>10,015</u>
Change in net position	<u>(23,678)</u>	<u>(85,509)</u>	<u>(109,187)</u>	<u>(166,872)</u>
Net position - January 1, as originally stated	1,816,604	664,848	2,481,452	2,648,324
Cumulative effect of change in accounting principle	<u>(3,489)</u>	<u>-</u>	<u>(3,489)</u>	<u>-</u>
Net position - January 1, as restated	<u>1,813,115</u>	<u>664,848</u>	<u>2,477,963</u>	<u>2,648,324</u>
Net position - December 31	<u>\$ 1,789,437</u>	<u>\$ 579,339</u>	<u>\$ 2,368,776</u>	<u>\$ 2,481,452</u>

City of Sheboygan, Wisconsin

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Parking Facility	Boat Facility	Totals	
			2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 395,483	\$ 57,407	\$ 452,890	\$ 449,114
Cash paid for employee wages and benefits	(190,071)	-	(190,071)	(176,949)
Cash paid to suppliers	(227,081)	(101,653)	(328,734)	(414,178)
Net cash used by operating activities	<u>(21,669)</u>	<u>(44,246)</u>	<u>(65,915)</u>	<u>(142,013)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Nonoperating revenues	-	-	-	15
Transfer in (out)	5,877	-	5,877	10,015
Advances to other funds	-	59,019	59,019	445,913
Net cash provided by noncapital financing activities	<u>5,877</u>	<u>59,019</u>	<u>64,896</u>	<u>455,943</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(18,157)	(285,515)	(303,672)	(371,177)
Sale of capital assets	4,374	-	4,374	2,666
Special assessments assessed	45,754	-	45,754	(6,577)
Net cash provided (used) by capital and related financing activities	<u>31,971</u>	<u>(285,515)</u>	<u>(253,544)</u>	<u>(375,088)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,979	189	3,168	9,188
Change in cash and cash equivalents	19,158	(270,553)	(251,395)	(51,970)
Cash and cash equivalents - January 1	<u>458,866</u>	<u>270,553</u>	<u>729,419</u>	<u>781,389</u>
Cash and cash equivalents - December 31	<u>\$ 478,024</u>	<u>\$ -</u>	<u>\$ 478,024</u>	<u>\$ 729,419</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (36,908)	\$ (85,698)	\$ (122,606)	\$ (188,756)
Adjustments to reconcile operating income (loss) to net cash used by operating activities				
Depreciation	11,347	55,021	66,368	43,023
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	319	-	319	4,035
Other postemployment benefits	408	-	408	-
Change in operating assets and liabilities				
Accounts receivables	(25,978)	210	(25,768)	(4,494)
Accounts payable	7,339	(13,778)	(6,439)	3,564
Accrued and other current liabilities	931	-	931	444
Due to other governments	(352)	-	(352)	171
Customer deposits	21,225	-	21,225	-
Unearned revenue	-	(1)	(1)	-
Net cash used by operating activities	<u>\$ (21,669)</u>	<u>\$ (44,246)</u>	<u>\$ (65,915)</u>	<u>\$ (142,013)</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	<u>\$ 478,024</u>	<u>\$ -</u>	<u>\$ 478,024</u>	<u>\$ 729,419</u>
Noncash capital and related financing activities				
None				

City of Sheboygan, Wisconsin

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2018

	Motor Vehicle	Data Processing	Health Self Insurance
ASSETS			
Current assets			
Cash and investments	\$ 3,247,438	\$ 826,528	\$ 4,470,415
Receivables			
Accounts	-	-	-
Inventories and prepaid items	-	-	-
Total current assets	<u>3,247,438</u>	<u>826,528</u>	<u>4,470,415</u>
Other assets			
Investment in CVMIC	-	-	-
Net pension asset	<u>78,367</u>	<u>77,386</u>	<u>16,862</u>
Total other assets	<u>78,367</u>	<u>77,386</u>	<u>16,862</u>
Capital assets			
Depreciable	<u>4,362,394</u>	<u>319,367</u>	<u>-</u>
Total assets	<u>7,688,199</u>	<u>1,223,281</u>	<u>4,487,277</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	138,561	136,655	30,540
Other postemployment related amounts	<u>1,963</u>	<u>1,939</u>	<u>422</u>
Total deferred outflows of resources	<u>140,524</u>	<u>138,594</u>	<u>30,962</u>
LIABILITIES			
Current liabilities			
Accounts payable	89,693	52,676	10,372
Accrued and other current liabilities	<u>28,724</u>	<u>28,292</u>	<u>657,605</u>
Total current liabilities	<u>118,417</u>	<u>80,968</u>	<u>667,977</u>
Long-term obligations,			
Other postemployment benefits	<u>18,154</u>	<u>17,926</u>	<u>3,906</u>
Total liabilities	<u>136,571</u>	<u>98,894</u>	<u>671,883</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	154,538	152,604	33,252
Other postemployment related amounts	<u>546</u>	<u>539</u>	<u>117</u>
Total deferred inflows of resources	<u>155,084</u>	<u>153,143</u>	<u>33,369</u>
NET POSITION			
Net investment in capital assets	4,362,394	319,367	-
Restricted for pension	78,367	77,386	16,862
Unrestricted	<u>3,096,307</u>	<u>713,085</u>	<u>3,796,125</u>
Total net position	<u>\$ 7,537,068</u>	<u>\$ 1,109,838</u>	<u>\$ 3,812,987</u>

Workers Compensation Self Insurance	General Liability Self Insurance	Total
\$ 2,091,810	\$ 500,443	\$ 11,136,634
-	103,240	103,240
-	49,156	49,156
<u>2,091,810</u>	<u>652,839</u>	<u>11,289,030</u>
-	2,205,665	2,205,665
12,662	-	185,277
<u>12,662</u>	<u>2,205,665</u>	<u>2,390,942</u>
-	-	4,681,761
<u>2,104,472</u>	<u>2,858,504</u>	<u>18,361,733</u>
23,024	-	328,780
317	-	4,641
<u>23,341</u>	<u>-</u>	<u>333,421</u>
-	15,845	168,586
57,788	185,703	958,112
<u>57,788</u>	<u>201,548</u>	<u>1,126,698</u>
2,933	-	42,919
<u>60,721</u>	<u>201,548</u>	<u>1,169,617</u>
24,970	-	365,364
88	-	1,290
<u>25,058</u>	<u>-</u>	<u>366,654</u>
-	-	4,681,761
12,662	-	185,277
<u>2,029,372</u>	<u>2,656,956</u>	<u>12,291,845</u>
<u>\$ 2,042,034</u>	<u>\$ 2,656,956</u>	<u>\$ 17,158,883</u>

City of Sheboygan, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Motor Vehicle	Data Processing	Health Self Insurance
OPERATING REVENUES			
Interdepartmental charges for services	\$ 1,814,595	\$ 880,618	\$ 6,608,964
Other	1,295	-	419
Total operating revenues	1,815,890	880,618	6,609,383
OPERATING EXPENSES			
Personal services	528,883	539,109	127,988
Contractual services	609,490	277,396	236,779
Supplies and materials	308,025	3,499	64
Insurance	-	-	6,733,114
Other	49,547	777	347,242
Depreciation	910,640	50,794	-
Total operating expenses	2,406,585	871,575	7,445,187
Operating income (loss)	(590,695)	9,043	(835,804)
NONOPERATING REVENUES			
Interest income	37,381	11,072	66,506
Gain on disposal of capital assets	61,608	-	-
Other nonoperating revenues	-	7,515	-
Total nonoperating revenues	98,989	18,587	66,506
Income (loss) before transfers	(491,706)	27,630	(769,298)
Transfers in	949,000	-	-
Transfers out	(125,000)	-	-
Change in net position	332,294	27,630	(769,298)
Net position - January 1, as originally stated	7,219,758	1,097,004	4,585,509
Cumulative effect of change in accounting principle	(14,984)	(14,796)	(3,224)
Net position - January 1, as restated	7,204,774	1,082,208	4,582,285
Net position - December 31	\$ 7,537,068	\$ 1,109,838	\$ 3,812,987

Workers Compensation Self Insurance	General Liability Self Insurance	Total
\$ 610,752	\$ 230,470	\$ 10,145,399
20	63,812	65,546
<u>610,772</u>	<u>294,282</u>	<u>10,210,945</u>
94,110	-	1,290,090
72,361	28,573	1,224,599
-	-	311,588
192,636	144,370	7,070,120
-	-	397,566
-	-	<u>961,434</u>
<u>359,107</u>	<u>172,943</u>	<u>11,255,397</u>
<u>251,665</u>	<u>121,339</u>	<u>(1,044,452)</u>
29,602	1,221	145,782
-	-	61,608
-	-	<u>7,515</u>
<u>29,602</u>	<u>1,221</u>	<u>214,905</u>
281,267	122,560	(829,547)
-	-	949,000
-	-	<u>(125,000)</u>
<u>281,267</u>	<u>122,560</u>	<u>(5,547)</u>
1,763,188	2,534,396	17,199,855
<u>(2,421)</u>	<u>-</u>	<u>(35,425)</u>
<u>1,760,767</u>	<u>2,534,396</u>	<u>17,164,430</u>
<u>\$ 2,042,034</u>	<u>\$ 2,656,956</u>	<u>\$ 17,158,883</u>

City of Sheboygan, Wisconsin

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Motor Vehicle</u>	<u>Data Processing</u>	<u>Health Self Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other departments	\$ 1,818,853	\$ 881,672	\$ 6,609,383
Cash paid for employee wages and benefits	(501,406)	(516,031)	(189,221)
Cash paid to suppliers	(971,946)	(255,743)	(7,325,115)
Net cash provided (used) by operating activities	<u>345,501</u>	<u>109,898</u>	<u>(904,953)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating revenues	-	7,515	-
Transfer in (out)	824,000	-	-
Net cash provided by noncapital financing activities	<u>824,000</u>	<u>7,515</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(511,263)	(180,852)	-
Sale of capital assets	61,608	-	-
Net cash provided (used) by capital and related financing activities	<u>(449,655)</u>	<u>(180,852)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	37,381	11,072	73,322
Change in cash and cash equivalents	757,227	(52,367)	(831,631)
Cash and cash equivalents - January 1	<u>2,490,211</u>	<u>878,895</u>	<u>5,302,046</u>
Cash and cash equivalents - December 31	<u>\$ 3,247,438</u>	<u>\$ 826,528</u>	<u>\$ 4,470,415</u>

<u>Workers Compensation Self Insurance</u>	<u>General Liability Self Insurance</u>	<u>Total</u>
\$ 610,772	\$ 220,593	\$ 10,141,273
(92,376)	-	(1,299,034)
<u>(268,718)</u>	<u>(165,886)</u>	<u>(8,987,408)</u>
<u>249,678</u>	<u>54,707</u>	<u>(145,169)</u>
-	-	7,515
-	-	<u>824,000</u>
-	-	<u>831,515</u>
-	-	(692,115)
-	-	<u>61,608</u>
-	-	<u>(630,507)</u>
<u>31,688</u>	<u>1,221</u>	<u>154,684</u>
281,366	55,928	210,523
<u>1,810,444</u>	<u>444,515</u>	<u>10,926,111</u>
<u>\$ 2,091,810</u>	<u>\$ 500,443</u>	<u>\$ 11,136,634</u>

City of Sheboygan, Wisconsin

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Motor Vehicle</u>	<u>Data Processing</u>	<u>Health Self Insurance</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (590,695)	\$ 9,043	\$ (835,804)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	910,640	50,794	-
Change in liability (asset) and deferred outflows and inflows of resources			
Pension	13,741	10,257	2,053
Other postemployment benefits	1,753	1,730	377
Change in operating assets and liabilities			
Accounts receivables	2,963	1,054	-
Inventories and prepaid items	-	-	-
Accounts payable	(4,884)	25,929	(7,916)
Accrued and other current liabilities	11,983	11,091	(63,663)
 Net cash provided (used) by operating activities	 <u>\$ 345,501</u>	 <u>\$ 109,898</u>	 <u>\$ (904,953)</u>
 Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents in current assets	<u>\$ 3,247,438</u>	<u>\$ 826,528</u>	<u>\$ 4,470,415</u>
 Noncash capital and related financing activities			
None			

<u>Workers Compensation Self Insurance</u>	<u>General Liability Self Insurance</u>	<u>Total</u>
\$ 251,665	\$ 121,339	\$ (1,044,452)
-	-	961,434
1,451	-	27,502
283	-	4,143
-	(73,689)	(69,672)
-	(1,733)	(1,733)
-	8,790	21,919
<u>(3,721)</u>	<u>-</u>	<u>(44,310)</u>
<u>\$ 249,678</u>	<u>\$ 54,707</u>	<u>\$ (145,169)</u>
<u>\$ 2,091,810</u>	<u>\$ 500,443</u>	<u>\$ 11,136,634</u>

City of Sheboygan, Wisconsin

COMBINING STATEMENT OF NET POSITION

AGENCY FUNDS

DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Property Tax Collection	Business Improvement District	Totals	
			2018	2017
ASSETS				
Cash and investments	\$ 22,520,694	\$ 9,462	\$ 22,530,156	\$ 21,751,043
Receivables				
Taxes	19,152,642	140,691	19,293,333	19,449,746
Special assessments	-	-	-	489
Other	-	-	-	20
TOTAL ASSETS	<u>\$ 41,673,336</u>	<u>\$ 150,153</u>	<u>\$ 41,823,489</u>	<u>\$ 41,201,298</u>
LIABILITIES				
Accounts payable	\$ 9,061	\$ 6,469	\$ 15,530	\$ 13,760
Due to other governments	41,664,275	143,684	41,807,959	41,187,538
TOTAL LIABILITIES	<u>\$ 41,673,336</u>	<u>\$ 150,153</u>	<u>\$ 41,823,489</u>	<u>\$ 41,201,298</u>

STATISTICAL SECTION

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Statistical Section

This part of the City of Sheboygan, Wisconsin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Category</u>	<u>Table Numbers</u>
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.	1, 2, 3, 4, 5, 6
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue source, property taxes.	7, 8, 9, 10, 11, 12
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 additional future debt.	13, 14, 15, 16, 17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	18, 19, 20, 21, 22, 23

City of Sheboygan, Wisconsin

Table 1
Net Position by Component
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 41,488,124	\$ 58,606,360	\$ 62,034,386	\$ 62,614,199	\$ 61,686,120	\$ 65,499,602	\$ 68,762,742	\$ 72,566,789	\$ 73,564,240	\$ 77,578,773
Restricted	10,493,524	11,657,598	13,430,825	10,025,353	10,281,124	15,388,499	26,080,482	19,788,354	18,798,088	35,153,153
Unrestricted	28,086,580	32,800,773	28,444,039	38,723,736	42,265,308	37,210,360	42,348,123	45,306,587	41,615,958	23,140,231
Total Governmental Activities Net Position	\$ 80,068,228	\$ 103,064,731	\$ 103,909,250	\$ 111,363,288	\$ 114,232,552	\$ 118,098,461	\$ 137,191,347	\$ 137,661,730	\$ 133,978,286	\$ 135,872,157
Business-type Activities										
Net investment in capital assets	\$ 55,832,054	\$ 43,048,680	\$ 44,776,929	\$ 46,036,580	\$ 47,127,812	\$ 46,101,809	\$ 49,034,460	\$ 49,659,932	\$ 51,042,712	\$ 53,253,767
Restricted	249,998	224,414	250,873	263,213	327,984	354,742	1,085,229	362,790	365,973	1,496,989
Unrestricted	10,878,800	11,014,009	11,169,275	13,397,149	14,623,418	16,873,324	16,791,423	18,726,071	18,495,886	16,189,331
Total Business-Type Activities Net Position	\$ 66,960,852	\$ 54,287,103	\$ 56,197,077	\$ 59,696,942	\$ 62,079,214	\$ 63,329,875	\$ 66,911,112	\$ 68,748,793	\$ 69,904,571	\$ 70,940,087
Primary Government										
Net investment in capital assets	\$ 97,320,178	\$ 101,655,040	\$ 106,811,315	\$ 108,650,779	\$ 108,813,932	\$ 111,601,411	\$ 117,797,202	\$ 122,226,721	\$ 124,606,952	\$ 130,832,540
Restricted	10,743,522	11,882,012	13,681,698	10,288,566	10,609,108	15,743,241	27,165,711	20,151,144	19,164,061	36,650,142
Unrestricted	38,965,380	43,814,782	39,613,314	52,120,885	56,888,726	54,083,684	59,139,546	64,032,658	60,111,844	39,329,562
Total Primary Government Net Position	\$ 147,029,080	\$ 157,351,834	\$ 160,106,327	\$ 171,060,230	\$ 176,311,766	\$ 181,428,336	\$ 204,102,459	\$ 206,410,523	\$ 203,882,857	\$ 206,812,244

Data Source:
 City of Sheboygan Annual Financial Reports

City of Sheboygan, Wisconsin

Table 2
Changes in Net Position
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	\$ 7,071,443	\$ 5,183,018	\$ 5,326,674	\$ 4,254,073	\$ 5,171,405	\$ 4,144,176	\$ 4,564,930	\$ 5,444,768	\$ 4,708,434	\$ 4,651,889
Public Safety	21,408,702	20,716,281	20,581,232	19,556,679	21,006,290	22,111,836	21,536,099	25,225,575	23,939,749	23,712,829
Public Works	12,177,337	9,903,725	12,584,958	10,758,639	12,174,901	10,790,187	10,487,907	11,717,027	14,121,062	11,262,180
Health and Human Services	450,730	406,364	385,895	237,296	172,242	304,209	248,554	227,450	255,113	220,436
Culture and Recreation	7,120,598	6,712,200	5,707,005	5,770,952	6,032,967	6,543,709	6,351,971	6,044,438	6,772,787	6,877,001
Conservation and Development	2,072,271	3,315,157	6,296,295	7,363,068	4,171,513	4,884,854	3,794,389	6,814,846	8,173,750	5,059,653
Interest on Debt	2,797,690	2,746,639	2,525,082	2,035,610	1,715,905	1,633,489	1,560,094	1,500,390	1,066,364	1,234,017
Total Governmental Activities Expenses	53,098,771	48,983,384	53,407,141	49,976,317	50,445,223	50,412,460	48,543,944	56,974,494	59,037,259	53,018,005
Business Type Activities										
Sewerage System	6,250,337	5,837,214	6,376,121	5,897,388	5,883,145	6,890,509	6,581,820	6,953,152	7,362,528	8,127,548
Water Utility	4,871,023	5,089,016	4,701,580	4,613,636	5,018,488	5,716,087	5,696,692	5,686,315	5,982,391	6,429,683
Storm Water Utility	429,384	-	-	-	-	-	-	-	-	-
Transit Commission	4,241,882	4,492,552	4,647,465	4,034,267	4,312,550	4,438,191	4,484,699	4,248,573	4,384,859	4,157,262
Parking Facility	382,162	400,498	406,036	370,262	435,586	370,770	389,148	448,263	461,015	444,173
Boat Facility	76,693	77,220	185,309	85,492	108,672	80,927	84,605	96,892	190,374	142,896
Total Business-type Activities Expenses	16,251,481	15,896,500	16,316,511	15,001,045	15,758,441	17,496,484	17,236,964	17,433,195	18,381,167	19,301,562
Total Primary Government Expenses	\$ 69,350,252	\$ 64,879,884	\$ 69,723,652	\$ 64,977,362	\$ 66,203,664	\$ 67,908,944	\$ 65,780,908	\$ 74,407,689	\$ 77,418,426	\$ 72,319,567
Program Revenues										
Governmental Activities										
General Government	\$ 16,519,291	\$ 1,539,460	\$ 1,295,691	\$ 1,418,870	\$ 1,563,935	\$ 1,578,668	\$ 1,208,973	\$ 1,193,456	\$ 1,773,102	\$ 1,315,796
Public Safety	2,758,086	3,128,755	2,781,001	3,050,100	3,112,144	2,956,480	3,194,409	3,016,040	3,271,630	3,614,349
Public Works	2,520,781	4,759,933	4,865,155	5,421,157	5,113,945	5,869,381	6,463,775	10,324,602	5,572,375	5,405,103
Health and Human Services	95,415	113,975	125,782	123,786	128,532	110,999	101,684	118,574	106,824	110,246
Culture and Recreation	1,638,305	1,563,793	1,584,176	1,581,452	1,661,455	1,574,901	1,778,329	1,568,531	1,616,922	2,034,363
Conservation and Development	1,897,337	2,020,572	1,724,009	5,519,903	2,523,342	1,005,269	1,066,224	1,309,647	2,377,239	1,855,045
Interest on Debt	-	226,647	19,600	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	25,429,215	13,353,135	12,395,414	17,115,278	14,103,353	13,095,698	13,813,394	17,530,850	14,718,092	14,334,902

City of Sheboygan, Wisconsin

Table 2
Changes in Net Position
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business Type Activities										
Sewerage System	56,488,530	56,413,528	57,346,232	57,133,549	56,903,941	57,149,216	57,096,664	57,251,287	57,208,012	58,438,638
Water Utility	5,653,700	6,841,264	7,005,029	7,649,532	7,735,297	8,161,634	8,840,779	8,885,067	9,093,923	9,614,203
Storm Water Utility	960,129									
Transit Commission	3,324,942	5,515,551	3,609,075	3,675,718	3,566,870	3,667,944	3,481,367	3,448,376	3,445,948	3,296,391
Parking Facility	412,999	424,829	428,909	388,697	400,132	361,313	377,104	364,862	391,017	400,588
Boat Facility	134,889	114,165	104,637	102,109	96,943	74,705	96,004	61,400	62,420	57,198
Total Business Type Activities Program Revenues	16,975,189	19,309,337	18,493,882	18,949,605	18,703,183	19,414,812	19,891,918	20,010,992	20,201,320	21,807,018
Total Primary Government Program Revenues	\$ 42,404,404	\$ 32,662,472	\$ 30,889,296	\$ 36,064,883	\$ 32,806,536	\$ 32,510,510	\$ 33,705,312	\$ 37,541,842	\$ 34,919,412	\$ 36,141,920
Net (Expense)Revenue										
Governmental Activities	\$ (27,669,556)	\$ (35,630,249)	\$ (41,011,727)	\$ (32,861,039)	\$ (36,341,870)	\$ (37,316,762)	\$ (34,730,550)	\$ (39,443,644)	\$ (44,319,167)	\$ (38,683,103)
Business Type Activities	723,708	3,412,837	2,177,371	3,948,560	2,944,742	1,918,328	2,654,954	2,577,797	1,820,153	2,505,456
Total Primary Government Net Expenses	\$ (26,945,848)	\$ (32,217,412)	\$ (38,834,356)	\$ (28,912,479)	\$ (33,397,128)	\$ (35,398,434)	\$ (32,075,596)	\$ (36,865,847)	\$ (42,499,014)	\$ (36,177,647)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes	\$ 26,990,776	\$ 27,788,931	\$ 26,969,653	\$ 26,433,662	\$ 25,373,427	\$ 25,979,122	\$ 26,730,996	\$ 25,554,735	\$ 26,010,730	\$ 27,845,367
Federal and State Grants and other Contributions not restricted to specific functions	133,506	12,715,780	12,620,057	11,979,429	11,941,310	11,965,361	12,148,337	12,065,160	12,127,317	12,120,530
Interest and Investment Earnings	596,435	1,130,629	824,677	875,581	480,981	1,787,042	1,095,318	504,160	714,243	1,217,610
Miscellaneous	524,887	294,826	109,605	49,806	148,729	145,502	246,267	160,041	175,520	129,223
Gain on Sale of Capital Asset		164,471	164,471					170,150	226,451	702,034
Transfers	1,734,284	16,696,586	1,167,783	1,219,980	1,266,687	1,305,644	1,445,191	1,459,781	1,381,462	1,377,226
Total Governmental Activities General Revenues	29,979,888	58,626,752	41,856,246	40,558,458	39,211,134	41,182,671	41,666,109	39,914,027	40,635,723	43,391,990
Business Type Activities										
Taxes	658,345	638,595	638,595	511,559	511,547	511,547	511,547	511,547	511,547	511,547
Interest and Investment Earnings	182,488	220,511	157,950	157,704	99,438	110,229	180,976	126,959	138,866	253,399
Miscellaneous	118,908	69,508	99,605	95,058	88,357	1,732	63,038	79,641	58,209	55,993
Gain on Sale of Capital Asset			4,236	6,964	4,875	14,469	9,535	1,518	8,465	16,983
Transfers	(1,734,284)	(16,696,586)	(1,167,783)	(1,219,980)	(1,266,687)	(1,305,644)	(1,445,191)	(1,459,781)	(1,381,462)	(1,377,226)
Total Business Type Activities General Revenues	(774,543)	(15,767,972)	(267,397)	(448,695)	(562,470)	(667,667)	(680,095)	(740,116)	(664,375)	(539,304)
Total primary Government General Revenues	\$ 29,205,345	\$ 42,858,780	\$ 41,588,849	\$ 40,109,763	\$ 38,648,664	\$ 40,515,004	\$ 40,986,014	\$ 39,173,911	\$ 39,971,348	\$ 42,852,686
Change in Net Position										
Governmental Activities	\$ 2,310,332	\$ 22,996,503	\$ 844,519	\$ 7,697,419	\$ 2,869,264	\$ 3,865,909	\$ 6,935,559	\$ 470,383	\$ (3,683,444)	\$ 4,708,887
Business Type Activities	(50,835)	(12,355,135)	1,909,974	3,499,865	2,382,272	1,250,661	1,974,859	1,837,681	1,155,778	1,966,152
Total Primary Government	\$ 2,259,497	\$ 10,641,368	\$ 2,754,493	\$ 11,197,284	\$ 5,251,536	\$ 5,116,570	\$ 8,910,418	\$ 2,308,064	\$ (2,527,666)	\$ 6,675,039

Data Source: City of Sheboygan Annual Financial Reports

City of Sheboygan, Wisconsin

Table 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,977,023	\$ 2,014,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	1,625,695	1,619,045	1,654,485	1,590,841	1,804,028	1,432,804	2,404,375	2,000,830
Designated	4,614,000	4,014,000	-	-	-	-	-	-	-	-
Committed	-	-	-	-	992,144	836,003	2,936,649	350,000	350,000	350,000
Assigned	-	-	-	-	-	870,682	914,984	65,413	684,880	1,165,778
Unassigned	3,855,949	5,664,409	11,545,830	15,489,844	15,852,144	17,707,173	17,905,924	20,678,879	20,461,650	16,458,166
Total General Fund	<u>\$ 11,446,972</u>	<u>\$ 11,692,957</u>	<u>\$ 13,171,525</u>	<u>\$ 17,108,889</u>	<u>\$ 18,498,773</u>	<u>\$ 21,004,699</u>	<u>\$ 23,561,585</u>	<u>\$ 22,527,096</u>	<u>\$ 23,900,905</u>	<u>\$ 19,974,774</u>
Other Governmental Funds										
Reserved	\$ 10,513,107	\$ 11,511,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	5,150,811	5,347,879	5,579,340	4,728,499	1,473,070	1,562,662	2,072,293	1,606,919
Designated	268,275	209,681	-	-	-	-	-	-	-	-
Restricted	-	-	5,827,697	9,408,259	5,885,019	7,369,740	13,484,081	15,041,081	12,425,360	23,052,386
Committed	-	-	-	-	-	-	40,000	-	-	-
Assigned	-	-	7,180,948	7,171,609	7,108,882	5,543,581	7,890,953	8,183,988	8,546,300	12,885,475
Unassigned	3,937,896	7,141,434	(2,485,070)	(2,596,664)	(2,837,406)	(3,028,343)	(3,275,599)	(3,337,768)	(4,193,747)	(4,191,550)
Total Other Funds	<u>\$ 14,719,278</u>	<u>\$ 18,862,832</u>	<u>\$ 15,674,386</u>	<u>\$ 19,331,083</u>	<u>\$ 15,735,835</u>	<u>\$ 14,613,477</u>	<u>\$ 19,612,505</u>	<u>\$ 21,449,963</u>	<u>\$ 18,850,206</u>	<u>\$ 33,353,230</u>
Total Governmental Funds										
Reserved	\$ 13,490,130	\$ 13,526,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	6,776,506	6,966,924	7,233,825	6,319,340	3,277,098	2,995,466	4,476,668	3,607,749
Designated	4,882,275	4,223,681	-	-	-	-	-	-	-	-
Restricted	-	-	5,827,697	9,408,259	5,885,019	7,369,740	13,484,081	15,041,081	12,425,360	23,052,386
Committed	-	-	-	-	992,144	836,003	2,976,649	350,000	350,000	350,000
Assigned	-	-	7,180,948	7,171,609	7,108,882	6,414,263	8,805,937	8,249,401	9,231,180	14,051,253
Unassigned	7,793,845	12,805,843	9,060,760	12,893,180	13,014,738	14,678,830	14,630,325	17,341,111	16,267,903	12,266,616
Total Governmental Funds	<u>\$ 26,166,250</u>	<u>\$ 30,555,789</u>	<u>\$ 28,845,911</u>	<u>\$ 36,439,972</u>	<u>\$ 34,234,608</u>	<u>\$ 35,618,176</u>	<u>\$ 43,174,090</u>	<u>\$ 43,977,059</u>	<u>\$ 42,751,111</u>	<u>\$ 53,328,004</u>

Data Source: City of Sheboygan Annual Financial Reports

Note: In 2011 the City implemented GASB Statement No. 54, which changed the classifications of fund balances. Prior periods have not been reclassified to this new standard.

City of Sheboygan, Wisconsin

Table 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 26,990,775	\$ 27,788,931	\$ 26,969,653	\$ 26,433,662	\$ 25,373,427	\$ 25,979,122	\$ 26,730,996	\$ 26,233,311	\$ 26,756,102	\$ 28,570,166
Special Assessments	407,400	210,612	185,639	291,643	307,802	483,427	257,859	208,188	434,350	226,253
Intergovernmental	18,366,110	18,272,517	18,927,296	20,726,417	17,731,503	16,229,810	16,470,674	15,833,146	17,836,401	16,808,005
Licenses and Permits	1,118,548	1,286,772	1,408,946	1,453,238	1,317,384	1,660,357	1,886,566	1,801,012	1,639,596	1,761,636
Fines and Forfeitures	1,774,039	1,710,250	1,208,976	1,357,149	1,568,882	1,616,499	1,175,917	1,041,267	1,060,330	1,197,313
Public Charges for Services	2,489,582	2,536,148	2,282,986	4,128,604	3,789,661	3,563,671	3,713,333	3,638,828	4,182,988	3,976,880
Intergovernmental Charges for Services	214,067	247,733	243,003	233,382	232,904	221,402	234,997	227,937	243,797	292,357
Miscellaneous	2,539,641	2,444,809	2,099,211	2,109,361	2,371,918	2,531,868	2,393,852	2,085,307	2,160,750	3,384,956
Realized/Unrealized Gain(Loss) on Investments	-	-	-	-	(1,179,021)	1,476,448	-	-	-	-
Total Revenues	53,900,162	54,497,772	53,325,710	56,733,456	51,514,460	53,762,604	52,864,194	51,068,996	54,314,314	56,217,566
Expenditures										
General Government	6,088,555	5,159,248	4,747,553	4,456,399	4,431,964	4,753,677	4,409,762	5,149,710	3,658,688	4,027,132
Public Safety	20,441,353	20,575,797	20,392,386	19,776,946	20,553,971	21,367,246	21,063,504	22,485,711	20,768,135	21,900,014
Public Works	8,775,515	8,130,896	8,111,058	7,399,144	7,953,580	7,814,736	7,720,406	8,486,569	9,108,029	9,545,508
Health and Human Services	702,021	394,006	370,949	275,459	340,304	302,082	234,405	233,901	233,765	205,457
Culture and Recreation	7,169,897	6,262,894	5,924,214	5,760,169	5,863,342	5,805,461	5,540,481	5,575,667	6,030,421	6,119,901
Conservation and Development	3,250,971	3,149,704	3,854,765	2,422,061	3,011,655	2,867,851	2,737,786	4,559,225	4,815,415	3,761,194
Debt Service										
Principal	6,234,295	5,867,860	6,250,130	6,593,010	5,531,141	5,251,521	5,149,585	5,141,963	5,248,574	5,664,687
Interest and Fiscal Charges	2,861,514	2,988,749	2,479,650	2,668,736	1,898,993	1,696,911	1,599,422	1,534,676	1,103,002	1,387,761
Retirement of Unfunded Pension Liability	-	-	-	-	-	-	-	-	-	-
Capital Outlay	3,181,279	1,364,721	5,642,987	5,979,749	5,555,217	4,648,350	2,621,067	6,263,323	11,356,340	29,078,054
Total Expenditures	58,705,400	53,893,955	57,673,692	55,331,673	55,140,167	54,507,835	51,076,418	59,430,745	62,322,369	81,689,708
Excess of Revenues										
Over (Under) Expenditures	(4,805,238)	603,817	(4,347,982)	1,401,783	(3,625,707)	(745,231)	1,787,776	(8,361,749)	(8,008,055)	(25,472,142)
Other Financing Sources (Uses)										
Long Term Debt Issued	800,000	12,900,000	670,000	4,745,000	-	-	6,685,000	13,645,000	5,400,000	34,055,000
Premium on Long-Term Debt Issued	-	-	-	92,343	-	-	80,646	108,350	118,130	743,979
Refunding Debt Principal Payments	-	(1,440,000)	-	-	-	-	-	-	-	-
Payment to Current Noteholder	-	(9,325,000)	-	-	-	-	(3,615,000)	(6,940,000)	-	-
Capital Leases	-	455,736	-	44,555	-	470,546	-	664,000	-	-
Sale of Capital Assets	-	29,374	214,900	-	28,656	227,609	483,412	1,102,587	706,515	696,833
Transfers In	4,231,206	4,290,426	3,462,970	5,235,118	4,760,545	6,791,285	4,428,951	5,242,639	7,318,731	10,035,373
Transfers Out	(2,496,922)	(3,124,814)	(2,127,934)	(3,924,738)	(3,368,858)	(5,360,641)	(4,294,871)	(4,657,858)	(6,761,269)	(9,482,150)
Total Other Financing Sources (Uses)	2,534,284	3,785,222	2,219,936	6,192,278	1,420,343	2,128,799	3,768,138	9,164,718	6,782,107	36,049,035
Net Change in Fund Balances	\$ (2,270,954)	\$ 4,389,539	\$ (2,128,046)	\$ 7,594,061	\$ (2,205,364)	\$ 1,383,568	\$ 5,555,914	\$ 802,969	\$ (1,225,948)	\$ 10,576,893
Debt Service as a Percentage of										
Non-Capital Outlay Expenditures	16.2%	16.8%	16.8%	16.8%	13.9%	13.4%	14.4%	11.8%	11.3%	13.3%

Data Source: City of Sheboygan Annual Financial Reports

City of Sheboygan, Wisconsin

Table 5
General Governmental Expenditures by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>		<u>Public Safety</u>		<u>Public Works</u>		<u>Health and Human Services</u>		<u>Culture and Recreation</u>		<u>Conservation and Development</u>		<u>Debt Service</u>		<u>Capital Outlay</u>		<u>Total Expenditures</u>	
2009	\$ 6,088,555	10.4%	\$ 20,441,353	34.8%	\$ 8,775,515	14.9%	\$ 702,021	1.2%	\$ 7,169,897	12.2%	\$ 3,250,971	5.5%	\$ 9,095,809	15.5%	\$ 3,181,279	5.4%	\$ 58,705,400	
2010	5,159,248	9.6%	20,575,797	38.2%	8,130,896	15.1%	394,006	0.7%	6,262,894	11.6%	3,149,784	5.8%	8,856,609	16.4%	1,364,721	2.5%	53,893,955	
2011	4,747,553	8.2%	20,392,386	35.4%	8,111,058	14.1%	370,949	0.6%	5,924,214	10.3%	3,854,765	6.7%	8,729,780	15.1%	5,542,987	9.6%	57,673,692	
2012	4,456,399	8.1%	19,776,946	35.7%	7,399,144	13.4%	275,459	0.5%	5,760,169	10.4%	2,422,061	4.4%	9,261,746	16.7%	5,979,749	10.8%	55,331,673	
2013	4,431,964	8.0%	20,553,971	37.3%	7,953,580	14.4%	340,304	0.6%	5,863,342	10.6%	3,011,655	5.5%	7,430,134	13.5%	5,555,217	10.1%	55,140,167	
2014	4,753,677	8.7%	21,367,246	39.2%	7,814,736	14.3%	302,082	0.6%	5,805,461	10.7%	2,867,851	5.3%	6,948,432	12.7%	4,648,350	8.5%	54,507,835	
2015	4,409,762	8.6%	21,063,504	41.2%	7,720,406	15.1%	234,405	0.5%	5,540,481	10.8%	2,737,786	5.4%	6,749,007	13.2%	2,621,067	5.1%	51,076,418	
2016	5,149,710	8.7%	22,485,711	37.8%	8,486,569	14.3%	233,901	0.4%	5,575,667	9.4%	4,559,225	7.7%	6,676,639	11.2%	6,263,323	10.5%	59,430,745	
2017	3,658,688	5.9%	20,768,135	33.3%	9,108,029	14.6%	233,765	0.4%	6,030,421	9.7%	4,815,415	7.7%	6,351,576	10.2%	11,356,340	18.2%	62,322,369	
2018	4,027,132	4.9%	21,900,014	26.8%	9,545,508	11.7%	205,457	0.3%	6,119,901	7.5%	3,761,194	4.6%	7,052,448	8.6%	29,078,054	35.6%	81,689,708	

Data Source:
 City of Sheboygan Annual Financial Reports

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City of Sheboygan, Wisconsin

Table 6
General Governmental Revenues by Source
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>		<u>Special Assessments</u>		<u>Intergovernmental</u>		<u>Licenses and Permits</u>		<u>Fines and Forfeitures</u>		<u>Public Charges for Services</u>		<u>Intergovernmental Charges for Services</u>		<u>Miscellaneous</u>		<u>Total Revenues</u>
2009	\$ 26,990,775	50.1%	\$ 407,400	0.8%	\$ 18,366,110	34.1%	\$ 1,118,548	2.1%	\$ 1,774,039	3.3%	\$ 2,489,582	4.6%	\$ 214,067	0.4%	\$ 2,539,641	4.7%	\$ 53,900,162
2010	27,788,931	51.0%	210,612	0.4%	18,272,517	33.5%	1,286,772	2.4%	1,710,250	3.1%	2,536,148	4.7%	247,733	0.5%	2,444,809	4.5%	54,497,772
2011	26,969,653	50.6%	185,639	0.3%	18,927,296	35.5%	1,408,946	2.6%	1,208,976	2.3%	2,282,986	4.3%	243,003	0.5%	2,099,211	3.9%	53,325,710
2012	26,433,662	46.6%	291,643	0.5%	20,726,417	36.5%	1,453,238	2.6%	1,357,149	2.4%	4,128,604	7.3%	233,382	0.4%	2,109,361	3.7%	56,733,456
2013	25,373,427	49.3%	307,802	0.6%	17,731,503	34.4%	1,317,384	2.6%	1,568,882	3.0%	3,789,661	7.4%	232,904	0.5%	1,192,897	2.3%	51,514,460
2014	25,979,122	48.3%	483,427	0.9%	16,229,810	30.2%	1,660,357	3.1%	1,616,499	3.0%	3,563,671	6.6%	221,402	0.4%	4,008,316	7.5%	53,762,604
2015	26,730,996	50.6%	257,859	0.5%	16,470,674	31.2%	1,886,566	3.6%	1,175,917	2.2%	3,713,333	7.0%	234,997	0.4%	2,393,852	4.5%	52,864,194
2016	26,233,311	51.4%	208,188	0.4%	15,833,146	31.0%	1,801,012	3.5%	1,041,267	2.0%	3,638,828	7.1%	227,937	0.4%	2,085,307	4.1%	51,068,996
2017	26,756,102	49.3%	434,350	0.8%	17,836,401	32.8%	1,639,596	3.0%	1,060,330	2.0%	4,182,988	7.7%	243,797	0.4%	2,160,750	4.0%	54,314,314
2018	28,570,166	50.8%	226,253	0.4%	16,808,005	29.9%	1,761,636	3.1%	1,197,313	2.1%	3,976,880	7.1%	292,357	0.5%	3,384,956	6.0%	56,217,566

Data Source:
 City of Sheboygan Annual Financial Reports

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City of Sheboygan, Wisconsin

Table 7
Comparative Tax Levies for All Direct and
Overlapping Governments and Total Collections
Last Ten Fiscal Years

Levy Year	Collection Year	State of Wisconsin	Sheboygan County	City of Sheboygan	Sheboygan Schools	Kohler Schools	LTC	Tax Incremental Districts	Gross Tax Levy	Total Collections	Percent Collected
2009	2010	\$ 486,282	\$ 12,682,076	\$ 20,843,745	\$ 26,836,449	\$ 916,150	\$ 3,915,829	\$ 5,917,089	\$ 71,597,620	\$ 71,597,620	100.00%
2010	2011	459,951	12,824,858	21,184,245	27,732,475	1,000,282	3,919,068	5,139,868	72,260,747	72,260,747	100.00%
2011	2012	438,905	12,480,070	21,184,245	27,451,042	929,266	3,796,475	4,249,814	70,529,817	70,529,817	100.00%
2012	2013	420,263	12,510,127	21,384,245	26,451,078	1,070,256	3,814,940	2,795,965	68,446,874	68,444,066	100.00%
2013	2014	415,405	12,775,443	21,677,093	26,277,339	1,052,565	3,834,719	2,978,357	69,010,921	69,006,883	99.99%
2014	2015	420,038	12,873,736	21,677,093	27,373,900	1,097,271	1,828,142	3,572,018	68,842,198	68,837,712	99.99%
2015	2016	408,573	12,921,384	21,728,810	25,993,399	1,184,439	1,840,990	3,062,794	67,140,389	67,131,005	99.99%
2016	2017	415,134	12,802,569	22,150,349	23,774,891	1,496,426	1,871,939	3,199,528	65,710,836	65,700,109	99.98%
2017	2018	-	13,110,710	23,324,477	23,620,293	2,257,361	2,047,676	3,388,756	67,749,273	67,737,998	99.98%
2018	2019*	-	13,587,854	23,770,487	23,970,770	1,991,035	2,114,616	3,953,734	69,388,496	48,312,356	69.63%

* Collections to date are in process

Data Source:
 Statement of taxes and Tax District Treasurer's Settlements

City of Sheboygan, Wisconsin

Table 8
 Property Valuations
 Assessed Valuations
 Last Ten Fiscal Years

Year	Residential	Commercial	Manufacturing	Agricultural, Swamp & Forest	Other	Total Real Estate	Personal Property	Total Assessed	Assessed Direct Tax Rate
2009	\$ 1,815,358,500	\$ 673,286,400	\$ 138,647,000	\$ 41,900	\$ 400	\$ 2,627,334,200	\$ 92,815,250	\$ 2,720,149,450	\$ 8.3596
2010	1,815,800,600	665,474,500	143,191,100	43,900	400	2,624,510,500	88,191,290	2,712,701,790	8.4118
2011	1,795,550,000	650,083,800	142,128,200	43,300	400	2,587,805,700	92,217,640	2,680,023,340	8.4167
2012	1,782,914,100	652,973,000	150,309,000	43,700	100	2,586,239,900	104,952,820	2,691,192,720	8.2861
2013	1,775,422,700	652,996,800	161,709,800	44,300	100	2,590,173,700	111,225,050	2,701,398,750	8.3879
2014	1,523,132,000	633,126,800	141,649,900	40,700	100	2,297,949,500	99,829,340	2,397,778,840	9.5374
2015	1,520,317,600	632,164,300	149,081,600	40,500	100	2,301,604,100	96,441,540	2,398,045,640	9.4958
2016	1,521,114,200	671,761,200	147,841,700	41,100	100	2,340,758,300	97,163,820	2,437,922,120	9.5531
2017	1,524,637,700	745,819,300	152,772,900	41,600	2,499,500	2,425,771,000	98,049,400	2,523,820,400	9.7278
2018	1,535,706,700	768,527,600	145,750,800	43,300	3,175,300	2,453,203,700	89,435,320	2,542,639,020	9.9094

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

City of Sheboygan, Wisconsin

Table 9
Assessed and Equalized Value of Taxable Property
Last Ten Fiscal Years

Levy Year	Collection Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Ratio of Assessed to Equalized Value	Computer Exemption Equalized Value
		Assessed Value	Equalized Value	Assessed Value	Equalized Value	Assessed Value	Equalized Value		
2009	2010	\$ 2,627,334,200	\$ 2,766,933,800	\$ 92,815,250	\$ 98,500,200	\$ 2,720,149,450	\$ 2,865,434,000	0.9492	\$ 13,915,642
2010	2011	2,624,510,500	2,617,856,800	88,191,290	92,428,100	2,712,701,790	2,710,284,900	1.0001	15,290,394
2011	2012	2,587,805,700	2,499,443,800	92,217,640	86,820,500	2,680,023,340	2,586,264,300	1.0363	16,171,149
2012	2013	2,586,239,900	2,376,332,800	104,952,820	100,083,000	2,691,192,720	2,476,415,800	1.0867	15,576,708
2013	2014	2,590,173,700	2,338,932,200	111,225,050	108,862,000	2,701,398,750	2,447,794,200	1.0679	15,609,007
2014	2015	2,297,949,500	2,373,772,400	99,829,340	101,322,600	2,397,778,840	2,475,095,000	0.9691	14,743,031
2015	2016	2,301,604,100	2,309,391,900	96,441,540	98,140,100	2,398,045,640	2,407,532,000	0.9956	14,622,801
2016	2017	2,340,758,300	2,348,933,000	97,163,820	97,260,900	2,437,922,120	2,446,193,900	0.9966	19,904,206
2017	2018	2,425,771,000	2,520,552,000	98,049,400	99,053,000	2,523,820,400	2,619,605,000	0.9620	18,712,372
2018	2019	2,453,203,700	2,717,791,000	89,435,320	92,111,500	2,542,639,020	2,809,902,500	0.9048	17,599,643

City of Sheboygan, Wisconsin

Table 10
Comparative Tax Rates for All Direct and Overlapping Governments
Per \$1,000 of Assessed Value
Last Ten Fiscal Years

Properties within the Sheboygan Area School District

Levy Year	Collection Year	State of Wisconsin	Sheboygan County	City of Sheboygan	Sheboygan Schools	LTC	Total	School State Credit	Net Tax Rate	Assessed Valuation
2009	2010	\$ 0.1788	\$ 5.0863	\$ 8.3596	\$ 11.1628	\$ 1.5705	\$ 26.3580	\$ 1.7330	\$ 24.6250	\$ 2,609,553,230
2010	2011	0.1696	5.0925	8.4118	11.4205	1.5562	26.6506	1.7004	24.9502	2,602,126,910
2011	2012	0.1638	4.9584	8.4167	11.3060	1.5084	26.3533	1.6927	24.6606	2,569,068,350
2012	2013	0.1562	4.8475	8.2861	10.7021	1.4782	25.4701	1.6942	23.7759	2,582,032,930
2013	2014	0.1538	4.9435	8.3879	10.6231	1.4838	25.5921	1.6690	23.9231	2,590,682,750
2014	2015	0.1752	5.6641	9.5374	12.6487	0.8043	28.8297	1.8493	26.9804	2,288,493,860
2015	2016	0.1704	5.6469	9.4958	11.9467	0.8045	28.0643	2.0965	25.9678	2,285,576,950
2016	2017	0.1703	5.5215	9.5531	10.9473	0.8073	26.9995	2.0256	24.9739	2,291,016,700
2017	2018	-	5.4680	9.7278	10.8246	0.8540	26.8743	2.0787	24.7956	2,308,201,040
2018	2019	-	5.6645	9.9090	11.0279	0.8815	27.4829	1.9715	25.5114	2,317,507,400

Properties within the Kohler School District

Levy Year	Collection Year	State of Wisconsin	Sheboygan County	City of Sheboygan	Kohler Schools	LTC	Total	School State Credit	Net Tax Rate	Assessed Valuation
2009	2010	\$ 0.1788	\$ 5.0863	\$ 8.3596	\$ 10.2591	\$ 1.5705	\$ 25.4543	\$ 1.7330	\$ 23.7213	\$ 110,596,220
2010	2011	0.1696	5.0925	8.4118	11.1108	1.5562	26.3409	1.7004	24.6405	110,574,880
2011	2012	0.1638	4.9584	8.4167	10.4384	1.5084	25.4857	1.6927	23.7930	110,860,990
2012	2013	0.1562	4.8475	8.2861	9.8045	1.4782	24.5725	1.6942	22.8783	109,159,790
2013	2014	0.1538	4.9435	8.3879	9.1521	1.8385	24.4758	1.6690	22.8068	110,716,000
2014	2015	0.1752	5.6641	9.5374	10.0405	0.8043	26.2215	1.8493	24.3722	109,284,980
2015	2016	0.1704	5.6469	9.4958	10.5313	0.8045	26.6489	2.0965	24.5524	112,468,690
2016	2017	0.1703	5.5215	9.5531	10.1863	0.8073	26.2385	2.0256	24.2129	146,905,420
2017	2018	-	5.4680	9.7278	10.4692	0.8540	26.5189	2.0787	24.4402	215,619,360
2018	2019	-	5.6645	9.9090	8.8439	0.8815	25.2989	1.9710	23.3279	225,131,620

Source: Tax Levy from Direct and Overlapping Governments: Tax Increment Calculation Worksheet; and Tax Rate Calculations certified to tax roll

City of Sheboygan, Wisconsin

Table 11
Comparative Tax Rates for All Direct and Overlapping Governments
Per \$1,000 of Equalized Value
Last Ten Fiscal Years

Properties within the Sheboygan Area School District										
Levy Year	Collection Year	State of Wisconsin	Sheboygan County	City of Sheboygan	Sheboygan Schools	LTC	Total	School State Credit	Net Tax Rate	Equalized Valuation
2009	2010	\$ 0.1697	\$ 4.8279	\$ 7.9349	\$ 10.5957	\$ 1.4907	\$ 25.0190	\$ 1.6450	\$ 23.3741	\$ 2,609,553,230
2010	2011	0.1696	5.0930	8.4126	11.4216	1.5564	26.6533	1.7006	24.9527	2,602,126,910
2011	2012	0.1697	5.1384	8.7222	11.7164	1.5632	27.3099	1.7541	25.5558	2,569,068,350
2012	2013	0.1697	5.2678	9.0045	11.6300	1.6064	27.6784	1.8411	25.8373	2,375,969,208
2013	2014	0.1642	5.2792	8.9574	11.3444	1.5846	27.3298	1.7823	25.5475	2,347,764,504
2014	2015	0.1698	5.4891	9.2427	12.2579	0.7794	27.9389	1.7922	26.1467	2,373,657,055
2015	2016	0.1697	5.6221	9.4540	11.8941	0.8010	27.9408	2.0873	25.8535	2,294,582,853
2016	2017	0.1697	5.5028	9.5206	10.9100	0.8046	26.9077	2.0187	24.8890	2,299,016,541
2017	2018	-	5.2607	9.3590	10.4142	0.8216	25.8555	1.9999	23.8556	2,264,908,548
2018	2019	-	5.1252	8.9660	9.9780	0.7976	24.8668	1.7837	23.0831	2,402,124,575

Properties within the Kohler School District										
Levy Year	Collection Year	State of Wisconsin	Sheboygan County	City of Sheboygan	Kohler Schools	LTC	Total	School State Credit	Net Tax Rate	Equalized Valuation
2009	2010	\$ 0.1697	\$ 4.8279	\$ 7.9349	\$ 9.7379	\$ 1.4907	\$ 24.1612	\$ 1.6450	\$ 22.5163	\$ 110,596,220
2010	2011	0.1696	5.0930	8.4126	11.1119	1.5564	26.3435	1.7006	24.6430	110,574,880
2011	2012	0.1697	5.1384	8.7222	10.8173	1.5632	26.4108	1.7541	24.6567	110,860,990
2012	2013	0.1697	5.2678	9.0045	10.6546	1.6064	26.7029	1.8411	24.8618	100,446,592
2013	2014	0.1642	5.2792	8.9574	9.7735	1.5846	25.7589	1.7823	23.9766	100,029,696
2014	2015	0.1698	5.4891	9.2427	9.7302	0.7794	25.4113	1.7922	23.6191	101,437,945
2015	2016	0.1697	5.6221	9.4540	10.4850	0.8010	26.5316	2.0873	24.4444	112,949,147
2016	2017	0.1697	5.5028	9.5206	10.1517	0.8046	26.1493	2.0187	24.1306	147,177,359
2017	2018	-	5.2607	9.3590	10.0723	0.8216	25.5137	1.9999	23.5137	223,814,652
2018	2019	-	5.1252	8.9660	8.0019	0.7976	22.8907	1.7837	21.1070	248,797,125

Source: Tax Levy from Direct and Overlapping Governments; Tax Increment Calculation Worksheet; and Tax Rate Calculations certified to tax roll

City of Sheboygan, Wisconsin

Table 12
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year Amount	Collected within the Fiscal Year Percentage of Levy	Subsequent Years Collections	Total Collected to Date Amount	Total Collected to Date Percentage of Levy
2009	\$ 71,597,620	\$ 71,452,653	99.80%	\$ 144,967	\$ 71,597,620	100.00%
2010	72,260,747	72,125,852	99.81%	134,895	72,260,747	100.00%
2011	70,529,817	70,396,637	99.81%	133,180	70,529,817	100.00%
2012	68,446,874	68,314,917	99.81%	129,149	68,444,066	100.00%
2013	69,010,921	68,918,479	99.87%	88,404	69,006,883	99.99%
2014	68,842,198	68,705,359	99.80%	132,353	68,837,712	99.99%
2015	67,140,389	67,063,519	99.89%	67,486	67,131,005	99.99%
2016	65,710,836	65,576,770	99.80%	123,339	65,700,109	99.98%
2017	67,749,273	67,737,998	99.98%	-	67,737,998	99.98%
2018*	69,946,485	48,312,356	69.07%	-	48,312,356	69.07%

* Collections to date are in process

Data Source:

Statement of Taxes and Tax District Treasurer's Settlement

City of Sheboygan, Wisconsin

Table 13
Ratio of Net General Obligation Debt to Equalized Value
Last Ten Fiscal Years

As of December 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 Value
2009	\$ 56,376,126	\$ 1,397,537	\$ 54,978,589	\$ 2,865,434,000	\$ 143,271,700	38.37%	50,400	\$ 1,091	19.19%
2010	52,713,129	6,082,644	46,630,485	2,710,284,900	135,514,245	34.41%	49,288	946	17.21%
2011	47,241,852	6,857,907	40,383,945	2,586,264,300	129,313,215	31.23%	49,230	820	15.61%
2012	45,507,184	7,579,122	37,928,062	2,476,415,800	123,820,790	30.63%	49,110	772	15.32%
2013	40,094,063	7,728,872	32,365,191	2,447,794,200	122,389,710	26.44%	48,965	661	13.22%
2014	34,965,437	7,033,064	27,932,373	2,475,095,000	123,754,750	22.57%	48,897	571	11.29%
2015	33,075,255	10,364,975	22,710,280	2,407,532,000	120,376,600	18.87%	48,806	465	9.43%
2016	34,834,531	9,926,651	24,907,880	2,446,193,900	122,309,695	20.36%	48,653	512	10.18%
2017	35,174,580	9,077,447	26,097,133	2,619,605,000	130,980,250	19.92%	48,402	539	9.96%
2018	44,854,629	19,443,694	25,410,935	2,809,902,500	140,495,125	18.09%	48,329	526	9.04%

Data Source:

City of Sheboygan Annual Financial Reports
 State of Wisconsin Department of Administration, Demographic Service Center
 State of Wisconsin Department of Revenue, Bureau of Property Tax

Note:

Equalized value is used instead of assessed value due to the fact that the statutory debt capacity in Wisconsin is based on equalized value.

City of Sheboygan, Wisconsin

Table 14
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	GOVERNMENTAL ACTIVITIES							BUSINESS-TYPE ACTIVITIES				Total	Population	Net Debt Per Capita	Per Capita Personal Income*	Percentage of Personal Income
	General Obligation Debt	Note Anticipation Note	Bond Premium	Bond Discount	Mortgage Notes	Capital Lease	Other	Revenue Bonds	General Obligation Debt	Bond Premium	Alliant Energy Notes					
2009	\$ 56,081,030	\$ -	\$ 2,207	\$ -	\$ 225,000	\$ 460,255	\$ 1,000,000	\$ 13,323,629	\$ 295,096	\$ 3,247	\$ 73,128	\$ 71,463,592	50,400	\$ 1,418	N/A	N/A
2010	52,427,589	-	-	-	225,000	846,130	1,000,000	14,430,308	285,540	3,050	1,225,484	70,443,101	49,288	1,429	42,708	335%
2011	46,966,441	-	-	-	225,000	737,277	1,000,000	14,080,502	275,411	2,854	987,694	64,275,179	49,230	1,306	43,203	302%
2012	45,242,466	-	86,865	(87,111)	225,000	623,935	1,000,000	12,936,655	264,718	2,657	745,105	61,040,290	49,110	1,243	42,549	292%
2013	39,840,723	-	77,474	(80,268)	225,000	505,915	1,000,000	17,498,222	253,340	14,542	497,619	59,832,567	48,965	1,222	43,533	281%
2014	34,724,159	-	68,083	(73,425)	225,000	853,566	1,000,000	21,107,993	241,278	13,720	249,760	58,410,134	48,897	1,195	43,107	277%
2015	32,846,762	-	135,672	(66,582)	225,000	664,163	1,000,000	21,077,578	228,493	12,899	-	56,123,985	48,806	1,150	43,381	265%
2016	34,619,553	-	218,453	(59,739)	225,000	1,131,924	1,000,000	21,161,644	214,978	45,786	-	58,557,599	48,653	1,204	43,381	277%
2017	34,973,965	-	296,050	(52,896)	225,000	928,938	1,000,000	20,439,128	200,615	41,339	-	58,052,139	48,402	1,199	45,635	263%
2018	44,669,238	18,905,000	942,270	(46,053)	225,000	718,978	1,000,000	21,790,435	185,391	297,445	-	88,687,704	48,329	1,835	45,729	401%

Data Source:

City of Sheboygan Annual Financial Reports
 State of Wisconsin Department of Administration, Demographic Service Center
 State of Wisconsin Department of Revenue, Bureau of Property Tax
 * U. S. Census Bureau, American Community Survey 2010 - 2015, Prior data not available



City of Sheboygan, Wisconsin

Table 15
 Computation of Overlapping Debt
 December 31, 2018

	<u>Number of Taxing Entities</u>	<u>Amount of Debt Net of Sinking Funds</u>	<u>Applicable to City</u>	<u>Overlapping Debt</u>
DIRECT DEBT:				
City of Sheboygan				
General obligation debt		\$ 44,669,238	100.00%	\$ 44,669,238
Note anticipation note		18,905,000	100.00%	18,905,000
Premium / discount		896,217	100.00%	896,217
Capital lease		718,978	100.00%	718,978
Mortgage notes and other		<u>1,225,000</u>	100.00%	<u>1,225,000</u>
Total Direct Debt		<u>\$ 66,414,433</u>		<u>\$ 66,414,433</u>
OVERLAPPING DEBT:				
Sheboygan Area School District	1	\$ 52,048,000	65.95%	\$ 34,325,656
Kohler School District	1	4,100,000	34.20%	1,402,200
Lakeshore Technical College	1	29,755,000	17.81%	5,299,366
Sheboygan County	1	<u>36,820,000</u>	28.95%	<u>10,659,390</u>
Total Overlapping Debt		<u>\$ 122,723,000</u>		<u>\$ 51,686,612</u>
Total Direct and Overlapping Debt		<u>\$ 189,137,433</u>		<u>\$ 118,101,045</u>

Source: Confirmations with the respective municipalities

City of Sheboygan, Wisconsin

Table 16
Computation of Legal Debt Margin
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Value submit to Debt	\$2,865,434	\$2,710,285	\$2,586,264	\$2,476,416	\$2,447,794	\$2,475,095	\$2,407,532	\$2,446,194	\$2,619,605	\$2,809,903
Legal Debt Limit (5%)	143,272	135,514	129,313	123,821	122,390	123,755	120,377	122,310	130,980	140,495
Amount of Debt applicable to Limitation										
General Obligation Bonds:										
Governmental	29,000	36,665	33,855	30,875	28,345	25,780	23,275	16,195	13,950	20,330
General Obligation Notes:										
Governmental	27,376	16,048	13,387	14,633	11,749	9,185	9,800	18,640	21,225	24,525
Total General Obligation Debt	56,376	52,713	47,242	45,508	40,094	34,965	33,075	34,835	35,175	44,855
Amount Available for financing general obligation debt										
Debt Service Fund Reserves	1,398	6,063	6,858	7,579	7,729	7,033	10,365	9,927	9,077	19,444
Net Outstanding GO Debt										
Applicable to Debt Limitation	54,978	46,630	40,384	37,929	32,365	27,932	22,710	24,908	26,098	25,411
Percent of Debt to Legal Limit	38.37%	34.41%	31.23%	30.63%	26.44%	22.57%	18.87%	20.36%	19.93%	18.09%
Legal Margin For New Debt	88,294	88,884	88,929	85,892	90,025	95,823	97,667	97,402	104,882	115,084
Percentage of legal margin remaining	62%	66%	69%	69%	74%	77%	81%	80%	80%	82%
Governmental Percent	62%	66%	69%	69%	74%	77%	81%	80%	80%	82%
Population	50,400	49,288	49,230	49,110	48,965	48,806	48,806	48,653	48,402	48,329
Per Capita Debt	\$1,118.57	\$1,069.49	\$959.62	\$926.65	\$818.83	\$716.41	\$677.68	\$715.99	\$726.73	\$928.12

All dollar amounts are represented in thousands except Per Capita Debt
 Wisconsin State Statute 67.03 limits total debt be no greater than 5 percent of the equalized real property of the City.

City of Sheboygan, Wisconsin

Table 17
Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (3)			Coverage
				Principal	Interest	Total	
2018	\$18,190,691	\$10,401,513	\$7,789,178	\$3,729,853	\$565,491	\$4,295,344	181.34%
2017	16,088,274	9,939,904	6,148,370	2,548,699	470,862	3,019,561	203.62%
2016	15,887,042	9,726,466	6,160,576	1,488,107	582,352	2,070,459	297.55%
2015	15,272,630	9,242,550	6,030,080	1,672,214	621,635	2,293,849	262.88%
2014	15,298,362	9,763,240	5,535,122	1,293,418	580,216	1,873,634	295.42%
2013	14,602,721	8,284,188	6,318,533	1,180,805	430,992	1,611,797	392.02%
2012	14,801,829	8,012,182	6,789,647	1,143,846	471,198	1,615,044	420.40%
2011	14,457,633	8,654,944	5,802,689	1,067,956	492,245	1,560,201	371.92%
2010	13,314,362	8,624,057	4,690,305	1,006,347	476,844	1,483,191	316.23%
2009	12,155,804	8,958,047	3,197,757	973,828	510,037	1,483,865	215.50%

- Notes:
- (1) Total operating revenues plus interest on investments and intergovernmental nonoperating revenues
 - (2) Total operating expenses less depreciation
 - (3) Includes interest and principal on revenue bonds issued for water and wastewater

City of Sheboygan, Wisconsin

Table 18
Principal Taxpayers Current Year and Nine Years Ago
Ten Largest Taxpayers - 2018

Name of Taxpayer	Nature of Business	Equalized Value	Net Taxes Paid	Percent of Total Taxes Levied
Acuity Mutual Insurance Co	Insurance	\$165,137,798	\$3,486,567	4.98%
Aurora Medical Group/Sheboygan Clinic	Medical Clinic	24,458,344	564,393	0.81%
Sheboygan Acquisitions LLC	Hospitality resort (Blue Harbor)	19,922,071	469,217	0.67%
J.L. French Corp	Aluminum die castings	18,414,014	46,974	0.07%
PJR Properties LLC	Nonresidential building operators	16,364,058	377,385	0.54%
Plastics Engineering Co	Manufacturer of phenolid epoxy	15,543,546	358,515	0.51%
Wal-Mart	Department and grocery store	15,497,336	327,047	0.47%
Country Village Apartments	Real Estate	15,421,508	355,768	0.51%
St. Nicholas Hospital	Hospital/surgery facilities	13,485,378	310,936	0.44%
Vollrath Co LLC	Manufacturer of stainless steel	12,136,936	287,457	0.41%
American Orthodontics	Manufacturer of orthodontic appliances	12,450,044	287,247	0.41%
Total for Ten Largest Taxpayers		\$328,831,034	\$6,871,506	9.82%

Ten Largest Taxpayers - 2009

Name of Taxpayer	Nature of Business	Equalized Value	Net Taxes Paid	Percent of Total Taxes Levied
Acuity Mutual Insurance Co	Insurance	\$51,794,722	\$1,189,136	1.76%
Blue Harbor Resort Sheboygan LLC	Hotel/Convention Center	40,329,077	908,075	1.34%
Aurora Medical Group/Sheboygan Clinic	Medical Clinic	22,189,444	499,632	0.74%
Wal-Mart	Retail	18,094,669	415,518	0.61%
Plastics Engineering Co	Manufacturer of phenolid epoxy	17,234,619	388,066	0.57%
JFM1 LLC	Real Estate	15,555,626	350,260	0.52%
Country Village Apartments	Real Estate	14,923,894	336,036	0.50%
Fresh Brands Distributing, Inc	Wholesale/Retail Grocer	14,730,678	331,685	0.49%
J.L.French Corp	Aluminum die castings	14,679,625	330,633	0.49%
Development 3000 LLC	Real Estate	11,129,583	258,021	0.38%
Total for Ten Largest Taxpayers		\$220,661,936	\$5,007,062	7.39%

City of Sheboygan, Wisconsin

Table 19
Principal Employers Current Year and Nine Years Ago
Ten Largest Employers - 2018

Name of Employer	Nature of Business	Approximate Number of Employees Full Time
Aurora Medical Group/ Aurora Health Care	Sheboygan Memorial Medical Center and Sheboygan Clinic	1370
Nemak	Aluminum die castings	1279
Acuity Mutual Insurance Co	Insurance	1253
Sheboygan Area School District	Education	1198
Rockline Industries Inc	Manufacturer	870
Sheboygan County	County employees	842
Piggly Wiggly Midwest LLC	Wholesale/retail grocers	580
The Vollrath Company	Manufacturer	560
American Orthodontics	Manufacturer	515
City of Sheboygan	Government	494

Ten Largest Employers - 2009

Name of Employer	Nature of Business	Approximate Number of Employees Full Time
Sheboygan Area School District	Education	1526
Nemak(Formerly J.L. French)	Aluminum die castings	1242
Sheboygan Clinic	Medical Clinic	1090
Acuity Mutual Insurance Co	Insurance	870
The Vollrath Company, LLC	Manufacturer	731
Fresh Brands Distributing Inc	Wholesale/retail grocers	672
St. Nicholas Hospital	Hospital	567
Plastics Engineering Company	Manufacturer	546
City of Sheboygan	Government	538
Nemschoff	Manufacturer	412

City of Sheboygan, Wisconsin

Table 20
Demographics

Area- Square Miles

2018	15.80
2017	15.78
2016	14.81
2015	14.81
2014	14.71
2013	14.53
2012	14.52
2011	14.46
2010	14.19
2009	14.19
2008	14.19

Age (2018)

Under 5 years	7.30%
5 to 9 years	6.80%
10 to 14 years	6.50%
15 to 19 years	6.70%
20 to 24 years	6.30%
25 to 29 years	7.40%
30 to 34 years	6.70%
40 to 44 years	6.60%
45 to 49 years	7.40%
50 to 54 years	6.90%
55 to 59 years	5.90%
60 to 64 years	4.80%
65 to 69 years	3.80%
70 to 74 years	2.90%
75 to 79 years	2.70%
80 to 84 years	2.60%
85 years and older	2.60%

Race (2018)

White	79.28%
Black or African American	1.76%
American Indian - Alaskan Native	5.00%
Hispanic - Latino	9.90%

Major Employers (2018)

Aurora Medical Group	1,370
Nemak	1,279
Acuity Mutual Insurance	1,253
Sheboygan Area School District	1,198
Rockline Industries	870
Sheboygan County	842
The Vollrath Company	560
American Orthodontics	515
Piggly Wiggly Midwest LLC	580
City of Sheboygan, Wisconsin	494

Population

2018	48,329
2017	48,402
2016	48,653
2015	50,650
2014	50,600
2013	50,580
2012	50,400
2011	49,288
2010	49,288
2009	49,110
2008	48,965

Housing Units (2018)

Total Dwelling Units	21,602
Single Family	15,276
Two Family	4,760
Three Family	180
Condominiums	744
Apartment Units	642

Building Permits

Year	Number	Value in Millions
2018	3394	110.6
2017	3497	110.2
2016	3323	114.4
2015	3331	144.0
2014	3238	273.3
2013	3384	28.5
2012	3288	45.9
2011	3235	55.1
2010	3166	29.1

Water/Wastewater (2018)

Active Accounts Serviced	19,252
Water Treated/Distrib.	3,881,393
Miles of Sanitary Sewers	170
Miles of Water Main	205

Largest Property Taxpayers (2018)

	Assessed Value
Acuity Mutual Insurance	\$ 149,754,280
Aurora Medical Group	\$ 24,389,110
Sheboygan Acquisitions LLC	\$ 18,025,490
Nemak USA, Inc	\$ 16,661,000
PJR Properties LLC	\$ 14,806,200
Plastics Engineering Co.	\$ 14,063,800
Wal-Mart	\$ 14,021,990
Country Village Apartments	\$ 13,953,380
St. Nicholas Hospital	\$ 12,201,570
American Orthodontics	\$ 11,264,800

City of Sheboygan, Wisconsin

Table 20
Demographics

Employment Trends - Sheboygan County

Year	Employment	Unemployment Rate
2018	62,749	2.1
2017	62,123	2.5
2016	60,905	3.7
2015	59,614	3.8
2014	57,860	5.2
2013	54,490	7.5
2012	54,420	8.4

Parks

Year	Developed Parks	Acres Maintained
2018	38	705.00
2017	38	675.00
2016	38	614.04
2015	38	614.04
2014	38	614.04
2013	36	557.25
2012	36	557.25
2011	36	557.25
2010	36	557.25

Infrastructure(2018)

Miles of State Highway System	17
Miles of County Highway System	17
Miles of Local Roads & Streets	200
Miles of Sidewalks	375
Number of City-owned Street Lights	4505

Elections (2018)

Registered Voters	Turn-Out	Percent	
February	19,635	3,658	18.63%
Spring	19,863	6,283	31.63%
August	20,472	6,640	32.43%
November	23,250	18,170	78.15%

Public Safety- Police

Number of Sworn Officers	
2018	83
2017	82
2016	82
2015	81
2014	81
2013	81
2012	81
2011	81
2010	78

Number of Police Stations	1
Number of Fire Stations	5
ISO Rating	2

Public Safety- Firefighter

Number of Sworn Officers	
2018	73
2017	73
2016	72
2015	69
2014	72
2013	72
2012	72
2011	72
2010	76

School Registration (2018-2019)

Elementary Schools	5,088
Middle Schools	2,043
High Schools	3,022

Education Attainment (2018)

(Population 25 years and older)	
High School Graduate	92.60%
Associates Degree	6.00%
Bachelor's Degree	23.80%
Graduate or Professional Degree	4.90%

City of Sheboygan, Wisconsin

Table 21
Authorized Permanent Positions
Last Ten Calendar Years

	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
GENERAL FUND										
General Government	30.00	30.00	30.00	25.00	25.00	24.75	24.75	22.81	21.95	21.95
Public Safety	190.40	186.40	189.40	186.40	185.40	190.90	192.40	179.40	181.90	174.90
Public Works	94.00	94.00	94.00	60.00	60.00	59.00	58.00	59.00	62.00	61.00
Culture and Recreation	37.00	37.00	37.00	23.00	23.00	22.28	22.28	22.28	21.28	22.30
Development and Conservation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	12.00
Total General Fund	355.40	351.40	354.40	298.40	297.40	300.93	301.43	287.49	291.13	292.15
Mead Public Library	39.00	39.00	39.00	39.00	38.00	36.63	34.44	38.50	39.50	39.50
Municipal Court	2.50	2.50	2.50	2.50	2.50	2.50	2.13	2.23	2.50	2.50
Ambulance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Cable Television Division	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50
Transit Utility	58.00	58.00	58.00	56.00	56.00	55.45	55.45	51.45	51.45	51.45
Parking Utility	3.00	3.00	3.00	3.00	2.30	2.30	2.30	2.30	2.30	2.30
Water Utility*	31.00	31.00	31.00	31.00	31.00	31.00	30.00	30.00	30.00	30.00
Wastewater Utility	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Information Technology Department	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Motor Vehicle Fund	9.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
	523.90	518.90	521.90	462.90	460.20	461.81	458.75	444.97	448.38	449.40

*Approval authorized by Board of Water Commissioners

City of Sheboygan, Wisconsin

Table 22
 Select Operating Indicators by Function / Program
 Last Ten Calendar Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Arrests	8,503	8,552	7,600	7,677	10,306	7,046	5,998	6,118	7,675	7,915
Parking citations	8,993	7,517	6,616	8,164	12,898	10,991	8,745	9,842	10,476	9,032
Fire										
Total fire calls	3,551	3,751	3,865	4,503	5,011	5,026	5,034	5,007	5,007	5,369
EMS calls	2,215	2,218	2,548	3,005	3,318	3,310	3,316	3,506	3,867	4,220
Building Inspection										
Permits issued	2,160	3,166	3,145	3,288	3,384	3,238	3,331	3,323	3,417	3,394
Public Works										
Refuse curbside collection (tons)	12,715	12,925	12,454	12,287	11,984	12,144	12,510	11,248	11,273	11,102
Recycling curbside collection (tons)	2,777	3,049	3,310	3,297	3,398	3,547	3,232	3,207	3,337	3,582
Salt (tonnage)	*	*	*	5,012	4,667	2,302	4,552	4,133	4,133	4,167
Municipal Court										
Cases	6,321	7,240	7,042	7,173	6,905	6,008	5,732	5,974	7,089	6,931
Mead Library										
Annual visits	358,267	356,491	345,852	338,399	316,764	308,293	316,162	335,999	319,693	346,769
Material checkout	903,265	897,531	841,853	757,380	711,743	648,034	604,841	570,709	813,117	557,824
Digital content checkout	42	148	3,435	14,895	22,375	38,634	50,425	69,802	78,272	76,913
Shoreline Metro										
Fixed route passengers	457,183	440,780	468,361	475,173	520,860	538,802	537,765	527,775	543,561	599,714
Paratransit passengers	65,708	64,259	56,737	47,565	41,892	37,062	35,492	34,317	35,589	34,658
Water and Wastewater Utility										
Active accounts	19,053	19,088	19,028	19,003	18,974	18,833	18,797	18,857	18,774	18,787

* Information is not available

Source: City Finance Department

City of Sheboygan, Wisconsin

Table 23
Capital Asset Statistics by Function/Program
Last Ten Calendar Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
General Government:										
City Hall	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Facility	1	1	1	1	1	1	1	1	1	1
Fire Stations	5	5	5	5	5	5	5	5	5	5
Patrol Units	46	46	46	46	46	46	46	46	46	46
Fire Engines	13	13	13	13	13	13	13	13	13	13
Ambulances	4	4	4	4	4	4	4	4	4	4
Public Works:										
Office and Maintenance Shop	1	1	1	1	1	1	1	1	1	1
Bridges	16	16	16	16	16	16	16	16	16	16
Salt storage shed	1	1	1	1	1	1	1	1	1	1
Signalized Intersections	39	39	39	39	39	39	39	39	39	39
Health and Human Services										
Wildwood Cemetery	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks	36	36	36	36	36	36	36	36	36	36
Park Shelters	18	18	18	18	18	18	18	18	18	18
Maywood Environmental Park	1	1	1	1	1	1	1	1	1	1
Mead Public Library	1	1	1	1	1	1	1	1	1	1
Senior Activity Center	1	1	1	1	1	1	1	1	1	1
Enterprise:										
Wastewater Plant	1	1	1	1	1	1	1	1	1	1
Water Utility Plant	1	1	1	1	1	1	1	1	1	1
Transit Facility	1	1	1	1	1	1	1	1	1	1
Boat Facilities Docks	123	123	123	123	123	123	123	123	123	123
Parking Lots	22	22	22	22	22	22	22	22	22	22

Source: City Finance Department

SINGLE AUDIT SECTION

DRAFT



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Mayor Michael Vandersteen and the Common Council
City of Sheboygan, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sheboygan, Wisconsin, (the "City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated [REDACTED] 2019. Our report includes a reference to other auditors who audited the financial statements of the Water Utility Enterprise Fund and the Housing Authority of the City of Sheboygan, Wisconsin, as described in our report on the City of Sheboygan, Wisconsin's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Water Utility Enterprise Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Water Utility Enterprise Fund.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, and 2018-003 that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY OF SHEBOYGAN'S RESPONSE TO FINDINGS

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Sheboygan, Wisconsin

██████████, 2019



Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the Mayor Michael Vandersteen and the Common Council
City of Sheboygan, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited City of Sheboygan, Wisconsin's (the "City") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the City's major federal and state programs for the year ended December 31, 2018. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Housing Authority of the City of Sheboygan, Wisconsin, a component unit, which expended \$1,603,213 in federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2018. Our audit, described below, did not include the operations of the Housing Authority of the City of Sheboygan, Wisconsin because the organizational unit engaged other auditors to perform an audit of compliance.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
██████████ 2019

City of Sheboygan, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF COMMERCE		
Costal Zone Management Administration Awards	11.419	WI Department of Administration
Costal Zone Management Administration Awards	11.419	Sheboygan County
Total Costal Zone Management Administrative Awards		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant Entitlements Grants Cluster		
Community Development Block Grant	14.218	Direct Program
Community Development Block Grant - Program Income	14.218	Direct Program
Total Community Development Block Grant Entitlement Grants Cluster		
U.S. DEPARTMENT OF JUSTICE		
Public Safety Partnership and Community Policing Grant	16.710	WI Department of Justice
Justice Assistance Grant	16.738	WI Department of Justice
Justice Assistance Grant	16.738	WI Department of Justice
Total Justice Assistance Grant		
Total U.S. Department of Justice		
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Cluster		
Federal Transit Formula Grants	20.507	WI Department of Transportation
Highway Safety Cluster		
National Priority Safety Programs	20.616	WI Department of Transportation
National Priority Safety Programs	20.616	WI Department of Transportation
Total Highway Safety Cluster		
Total U.S. Department of Transportation		
U.S. DEPARTMENT OF HOMELAND SECURITY		
Assistance to Firefighters Grant	97.044	Direct Program
TOTAL EXPENDITURES OF FEDERAL AWARDS		

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 1/1/18</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 12/31/18</u>	<u>Total Expenditures</u>	<u>Subrecipient Payment</u>
AD179125-018.31 Unknown	\$ -	\$ 28,439	\$ 28,438	\$ 56,877	\$ -
	-	-	3,463	3,463	-
	-	28,439	31,901	60,340	-
N/A	(657,113)	1,222,113	-	565,000	-
N/A	-	432,547	-	432,547	-
	(657,113)	1,654,660	-	997,547	-
Unknown	(6,196)	30,570	-	24,374	2,340
2017-DJ-01-12793	-	8,727	-	8,727	-
2015-DJ-01-12793	-	17,289	-	17,289	-
	-	26,016	-	26,016	-
	(6,196)	56,586	-	50,390	2,340
Unknown	(1,206,561)	2,377,452	-	1,170,891	-
FG-2018-SHEBOYGAN-04217	-	29,539	-	29,539	-
Unknown	-	28,074	-	28,074	-
	-	57,613	-	57,613	-
	(1,206,561)	2,435,065	-	1,228,504	-
N/A	34,377	54,045	-	88,422	-
	\$ (1,835,493)	\$ 4,228,795	\$ 31,901	\$ 2,425,203	\$ 2,340

City of Sheboygan, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	Pass-Through Entity Identifying Number
DEPARTMENT OF NATURAL RESOURCES			
Urban Forestry Grants	370.587	Direct Program	17UF1292
DEPARTMENT OF TRANSPORTATION			
Elderly and Handicapped Transportation Aids	395.101	Sheboygan County	Unknown
Transit Operating Aids	395.104	Direct Program	N/A
Transit Operating Aids - Paratransit	395.104	Direct Program	N/A
Total Department of Transportation			
DEPARTMENT OF HEALTH SERVICES			
EMS-FAB Grant	435.167	Direct Program	EMS-APPR119-286
DEPARTMENT OF JUSTICE			
Drug Crimes Enforcement	455.225	Direct Program	2015-DJ-01-12793
Drug Crimes Enforcement	455.225	Direct Program	2017-DJ-01-12793
Total Drug Crimes Enforcement			
Beat Patrol Grant	455.275	Direct Program	2018-BP-01-11597-3
Total Department of Justice			
DEPARTMENT OF ADMINISTRATION			
Land Information Board	505.110	Sheboygan County	Unknown
TOTAL STATE PROGRAMS			

The notes to the schedule of expenditures of state awards are an integral part of this schedule.

<u>(Accrued) Deferred Revenue 1/1/18</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 12/31/18</u>	<u>Total Expenditures</u>	<u>Subrecipient Payment</u>
\$ (25,000)	\$ 25,000	\$ -	\$ -	\$ -
(158,823)	403,679	81,619	326,475	-
(192,174)	917,899	192,174	917,899	-
-	42,500	-	42,500	-
<u>(350,997)</u>	<u>1,364,078</u>	<u>273,793</u>	<u>1,286,874</u>	<u>-</u>
-	7,955	-	7,955	-
-	12,014	-	12,014	-
-	8,727	-	8,727	-
-	20,741	-	20,741	-
-	121,434	-	121,434	-
-	142,175	-	142,175	-
-	50,000	-	50,000	-
<u>\$ (375,997)</u>	<u>\$ 1,589,208</u>	<u>\$ 273,793</u>	<u>\$ 1,487,004</u>	<u>\$ -</u>

City of Sheboygan, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for the City are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the City. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2018 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Single Audit Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded City expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The City has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3: OVERSIGHT AGENCIES

The federal and state oversight agencies for the City are as follows:

Federal - U.S. Department of Housing and Urban Development

State - Wisconsin Department of Transportation

City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	Yes
▶ Significant deficiency(ies) identified?	None Reported
Noncompliance material to basic financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major program:	
▶ Material weakness(es) identified?	Yes
▶ Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program
20.507	Federal Transit Cluster Federal Transit Formula Grant

Identification of major state programs:

State ID Number	Name of State Program
395.104	Transit Operating Assistance

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000

Auditee qualified as low-risk auditee	Yes
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City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Preparation of Annual Financial Report
Condition:	Current City staff maintain accounting records which reflect the City's financial transactions; however, preparing the City's comprehensive annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the City contracts with us to compile the Wisconsin Municipal Report Form C.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.
Criteria:	The preparation and review of the annual financial report and Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	City management currently does not have the time and experience necessary to prepare a complete comprehensive annual financial report in accordance with applicable accounting standards.
Effect:	Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the City continue reviewing the annual financial report. A thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report and Municipal Financial Report.
Views of responsible officials:	Refer to the management response per the corrective action plan.

City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

FINDING NO.	CONTROL DEFICIENCIES
2018-002	Adjustments to the City's Financial Records
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the City's financial statements.
Context:	While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	Due to turnover within the Finance department, the City has been behind with the preparation of account reconciliations and year end adjusting and closing entries.
Effect:	Year-end financial records prepared by the City may contain material misstatements.
Recommendation:	We recommend the City review its procedures and designate an individual to be responsible for month end and year end account reconciliations and year end adjusting and closing entries.
Views of responsible officials:	Refer to the management response per the corrective action plan.

FINDING NO.	CONTROL DEFICIENCIES
2018-003	General Ledger Reconciliations
Condition:	Bank accounts and other significant balance sheet accounts were not consistently reconciled on a timely basis throughout the year.
Context:	While performing audit procedures, it was noted that management does not have sufficient internal controls in place related to bank reconciliations and reconciliations of significant balance sheet accounts.
Criteria:	Verification of City balances to supporting documentation is a key control intended to prevent or decrease the occurrence of financial reporting errors or intentional fraud.
Cause:	The City had turnover in the Finance Director position in the finance department and did not have an effective transition plan or adequate cross training of employees resulting in delays in completion of general ledger account reconciliations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities.
Recommendation:	We recommend the City implement procedures to ensure that all significant balance sheet accounts are reconciled consistently throughout the year. In addition, the City needs to identify opportunities to cross-train employees.
Views of responsible officials:	Refer to the management response per the corrective action plan.

City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-002: Adjustments to the City's Financial Records

Federal agency: U.S. Department of Transportation

Federal program title: Federal Transit Cluster

CFDA number: 20.507

State agency: Wisconsin Department of Transportation

State program title: Transit operating aids

State ID number: 395.104

Compliance requirement: Activities allowed or unallowed, allowable costs/cost principles, and reporting

Type of Finding:

- Internal control and compliance, Material Weakness
- See Financial Statement Finding 2018-002

Questioned costs: None

2018-003: General Ledger Reconciliations

Federal agency: U.S. Department of Transportation

Federal program title: Federal Transit Cluster

CFDA number: 20.507

State agency: Wisconsin Department of Transportation

State program title: Transit operating aids

State ID number: 395.104

Compliance requirement: Activities allowed or unallowed, allowable costs/cost principles, and reporting

Type of Finding:


- Internal control and compliance, Material Weakness
- See Financial Statement Finding 2018-003

Questioned costs: None

City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION IV - OTHER ISSUES

- | | |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Natural Resources | Yes |
| Department of Transportation | Yes |
| Department of Health Services | Yes |
| Department of Justice | Yes |
| Department of Administration | Yes |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | <hr/> Bryan Grunewald, CPA |
| 5. Date of report |  2019 |

DRAFT

City of Sheboygan Name, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

PRIOR YEAR AUDIT FINDINGS

There were no findings or questioned costs for federal or state awards for the year ended December 31, 2017.

CORRECTIVE ACTION PLAN

<u>Finding No.</u>	<u>Corrective Action Plan</u>
Finding 2018-001	Management agrees with the comment and in early 2019 the City added a senior accountant position within the Finance Department. The intent is to develop additional expertise and experience within the Finance Department. Management will continue to review and approve the annual financial report and Wisconsin Municipal Financial Report Form C prior to issuance.
Finding 2018-002	The City hired a new Finance Director during 2018. The Finance Director has been proactive in reviewing and discussing any proposed adjusting entries. The City expects that the number of journal entries and the significance of any proposed entries will decrease significantly during 2019. Establishing and improving written processes will aid in the controls to ensure a more complete year-end closing procedure.
Finding 2018-003	Management agrees with the comment and in early 2019 the City added a senior accountant position within the Finance Department. The intent is to develop additional expertise and experience within the Finance Department. This additional expertise and experience will lend to improved and defined process improvement related to reconciliations.

Contact for corrective action plan:
Marty Halverson, Finance Director
City of Sheboygan
828 Center Avenue, Room 205
Sheboygan, WI 53081
920-459-3304



City of Sheboygan, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

PRIOR YEAR AUDIT FINDINGS

There were no findings or questioned costs for federal or state awards for the year ended December 31, 2017.

CORRECTIVE ACTION PLAN

<u>Finding No.</u>	<u>Corrective Action Plan</u>
Finding 2018-001	Management agrees with the comment and in early 2019 the City added a senior accountant position within the Finance Department. The intent is to develop additional expertise and experience within the Finance Department. Management will continue to review and approve the annual financial report and Wisconsin Municipal Financial Report Form C prior to issuance.
Finding 2018-002	The City hired a new Finance Director during 2018. The Finance Director has been proactive in reviewing and discussing any proposed adjusting entries. The City expects that the number of journal entries and the significance of any proposed entries will decrease significantly during 2019. Establishing and improving written processes will aid in the controls to ensure a more complete year-end closing procedure.
Finding 2018-003	Management agrees with the comment and in early 2019 the City added a senior accountant position within the Finance Department. The intent is to develop additional expertise and experience within the Finance Department. This additional expertise and experience will tend to improved and defined process improvement related to reconciliations.

Contact for corrective action plan:
Marty Halverson, Finance Director

FINANCE DEPARTMENT

828 Center Avenue,
Suite 205
Sheboygan, WI 53081

920-459-3311 (Phone)
www.sheboyganwi.gov

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: R.O. 35-19-20 - Submitting the Comprehensive Annual Financial Report (CAFR) of the City of Sheboygan for the year ended December 31, 2018, prepared by Clifton Larson Allen (CLA).

REPORT PREPARED BY: Marty Halverson, Finance Director

REPORT DATE: June 11, 2019

MEETING DATE: June 17, 2019

FISCAL SUMMARY:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

Annually the City of Sheboygan contracts with independent auditors to perform an audit of the financial statements. Included in the audit is a report on internal controls and a review of required compliance for Federal and State funding.

STAFF COMMENTS:

The audit of the 2018 financials of the City of Sheboygan was conducted by Clifton Larson Allen (CLA). The City received an unmodified opinion on the basic financial statements, no indication of noncompliance for federal and state financial assistance, but does have three control deficiencies reported. A corrective action plan is being communicated as to how the deficiencies will be addressed and improved going forward.

On June 10, 2019, Bryan Grunewald of CLA presented the 2018 Comprehensive Annual Financial Report to the Finance and Personnel Committee.

The City's general fund balance continues with a strong reserve, the outstanding debt of \$44.9 million is at a low level compared to statutory limit, and working capital for the Health Insurance Fund still remains strong, although has been declining the past several years.

ACTION REQUESTED:

Motion to recommend the Common Council receive the R.O. No. 35-19-20 and adopt the recommendation submitting the Annual Financial Report for the year ended December 31, 2018.

ATTACHMENTS:

- I. R.O. No. 35-19-20.
- II. 2018 Comprehensive Annual Financial Report Draft

II

DIRECT REFERRAL TO FINANCE AND PERSONNEL COMMITTEE

R. O. No. 35 - 19 - 20. By FINANCE DIRECTOR. June 17, 2019.

Submitting the Comprehensive Annual Financial Report of the City of Sheboygan for the year ended December 31, 2018, prepared by CLA.

*Finance +
Personnel*

FINANCE DIRECTOR

CITY OF SHEBOYGAN

REQUEST FOR FINANCE AND PERSONNEL COMMITTEE CONSIDERATION

ITEM DESCRIPTION: R.O. No. 33-19-20. Submitting the findings and management response related to the Comprehensive Annual Financial Report (CAFR) of the City of Sheboygan for the year ended December 31, 2018, prepared by CliftonLarsonAllen, LLP (CLA).

REPORT PREPARED BY: Marty Halverson, Finance Director

REPORT DATE: June 5, 2019

MEETING DATE: June 17, 2019

FISCAL SUMMARY:

Budget Line Item: N/A
Budget Summary: N/A
Budgeted Expenditure: N/A
Budgeted Revenue: N/A

STATUTORY REFERENCE:

Wisconsin Statutes: N/A
Municipal Code: N/A

BACKGROUND / ANALYSIS:

Annually the City of Sheboygan contracts with independent auditors to perform an audit of the financial statements. Included in the audit is a report on internal controls and a review of required compliance for Federal and State funding.

STAFF COMMENTS:

The city received an unmodified opinion on the basic financial statements, no indication of noncompliance for federal and state financial assistance, but does have three control deficiencies reported. A corrective action plan is being communicated as to how the deficiencies will be addressed and improved going forward.

The findings and management response are part of the CAFR. Consequently, action taken by the Finance and Personnel Committee on R.O. No. 35-19-20 incorporates matters identified in R.O. No. 33-19-20.

ACTION REQUESTED:

Motion to recommend the Common Council receive the R.O. and file the recommendation.

ATTACHMENTS:

- I. R.O. No. 33-19-20
- II. Schedule of Prior Year Audit Findings and Corrective Action Plan

II

DIRECT REFERRAL TO FINANCE AND PERSONNEL COMMITTEE

R. O. No. 33 - 19 - 20. By FINANCE DIRECTOR. June 10, 2019.

Submitting the findings and management response related to the Comprehensive Annual Financial Report of the City of Sheboygan for the year ended December 31, 2018, prepared by Clifton Larson Allen, LLP (CLA).

The full report will be released when made available.

*Finance
Personnel*

FINANCE DIRECTOR

City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
THE YEAR ENDED DECEMBER 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Preparation of Annual Financial Report
Condition:	Current City staff maintain accounting records which reflect the City's financial transactions; however, preparing the City's comprehensive annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the City contracts with us to compile the Wisconsin Municipal Report Form C.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.
Criteria:	The preparation and review of the annual financial report and Municipal Financial Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	City management currently does not have the time and experience necessary to prepare a complete comprehensive annual financial report in accordance with applicable accounting standards.
Effect:	Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the City continue reviewing the annual financial report. A thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report and Municipal Financial Report.
Views of responsible officials:	Refer to the management response per the corrective action plan.

City of Sheboygan, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

FINDING NO.	CONTROL DEFICIENCIES
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Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities.
Recommendation:	We recommend the City implement procedures to ensure that all significant balance sheet accounts are reconciled consistently throughout the year. In addition, the City needs to identify opportunities to cross-train employees.
Views of responsible officials:	Refer to the management response per the corrective action plan.

City of Sheboygan, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2018

PRIOR YEAR AUDIT FINDINGS

There were no findings or questioned costs for federal or state awards for the year ended December 31, 2017.

CORRECTIVE ACTION PLAN

<u>Finding No.</u>	<u>Corrective Action Plan</u>
Finding 2018-001	Management agrees with the comment and in May 2019 the City added a senior accountant position within the Finance Department. The intent is to develop additional expertise and experience within the Finance Department through additional training at conferences and seminars. Management will continue to review and approve the annual financial report and Wisconsin Municipal Financial Report Form C prior to issuance.
Finding 2018-002	The City hired a new Finance Director during 2018. The Finance Director has been proactive in reviewing and discussing any proposed adjusting entries. The City expects that the number of journal entries and the significance of any proposed entries will decrease significantly during 2019. Establishing and improving written processes will aid in the controls to ensure a more complete year-end closing procedure.
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