



Popular Annual Financial Report

City of Sheboygan, Wisconsin

For the Fiscal Year Ended December 31, 2016



Dear City of Sheboygan Residents and Taxpayers,

I am pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2016. This report is intended to provide transparency and accountability both financial and non-financial of city information.

By reporting data in this way, it will enhance the residents' and taxpayers' understanding of city finances. The sharing of financial information is consistent with the highest standards of government financial reporting and the best practices to achieve financial transparency.

The PAFR provides a summary of the financial activities of the city. Throughout the year, the city staff works on budgets, audits, financial policies, financial review, financial forecasts and financial management to better serve the residents and taxpayers. The Comprehensive Annual Financial Report (CAFR), which contains the full financial detail, is available on the City of Sheboygan website, or a copy may be obtained at City Hall.

Throughout the year, I welcome you to stay informed by:

- Accessing our website at <http://www.sheboyganwi.gov>
- Joining the Nextdoor social media site at <http://nextdoor.com/cityofsheboygan>
- Following us on Twitter
- Subscribing to Sheboygan Insider, our monthly based e-newsletter
- Visiting City Hall to obtain a paper copy of our documents

Sincerely,

A handwritten signature in black ink that reads "Darrell Hofland".

Darrell Hofland
City Administrator

**OFFICE OF THE
CITY ADMINISTRATOR**

CITY HALL
828 CENTER AVE., STE 202
SHEBOYGAN, WI
53081-4442

920/459-3315
FAX 920/459-2421
darrell.hofland@sheboyganwi.gov

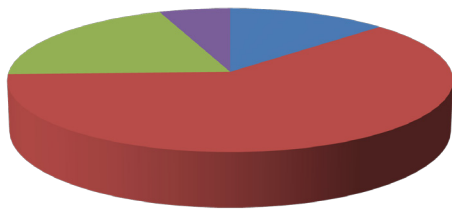
www.sheboyganwi.gov

Residents give high marks to quality of life

The City of Sheboygan appreciates the value of both internal and external communication. Our goal is to strengthen our relationship with citizens by providing more clear, respectful and comprehensive communication. In July 2016, the city implemented our first annual community survey. This survey provides a snapshot of the thoughts and opinions of Sheboygan residents. The survey questionnaire was administered on-line and marketed throughout the community. The City of Sheboygan will continue the survey process annually to keep a finger on the pulse of Sheboygan residents' views and opinions regarding our community.

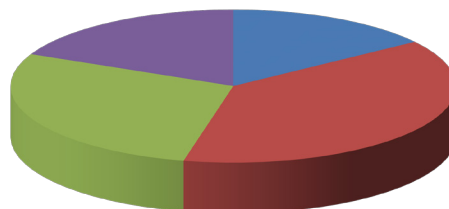


Which of the following best describes your opinion on the quality of life in the City of Sheboygan?



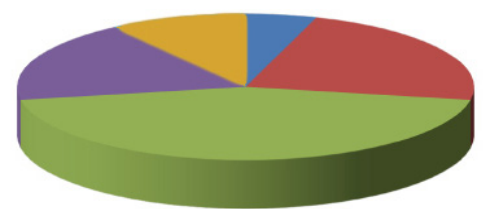
Quality of Life	
Excellent	13%
Good	61%
Fair	20%
Poor	6%

In general, how satisfied are you with your neighborhood's infrastructure, such as streets, sidewalks and landscaping?



Infrastructure and Public Facilities	
Very Satisfied	15%
Somewhat Satisfied	38%
Somewhat Dissatisfied	28%
Very Dissatisfied	18%

How would you rate the job that the City of Sheboygan has done in attracting and keeping businesses in Sheboygan?



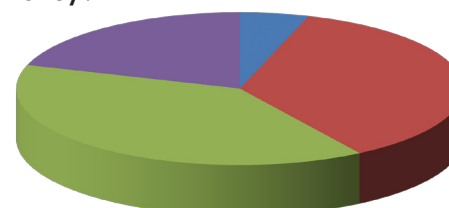
Economic Development	
Excellent	5%
Above Average	23%
Average	44%
Below Average	18%
Failing	10%

In your opinion, what rating would you give the City of Sheboygan for their support of neighborhoods?



Neighborhood Revitalization	
Excellent	6%
Good	22%
Fair	55%
Poor	14%
No Opinion	4%

How would you rate the performance of the City of Sheboygan relative to how well they are managing the taxpayer's money?



Governing and Fiscal Management	
Excellent	5%
Good	36%
Fair	39%
Poor	20%

In your opinion, what rating would you give the City of Sheboygan in the area of keeping their citizens informed?



Communication	
Excellent	10%
Good	42%
Fair	35%
Poor	13%

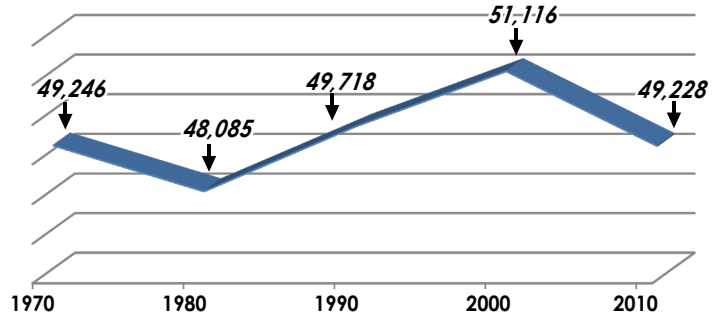
Who we are: a snapshot of Sheboygan

The City of Sheboygan boasts a long, rich history as a leader in Wisconsin's manufacturing industry. Situated at the mouth of the Sheboygan River on the western shore of Lake Michigan, the breathtaking views from Sheboygan's shoreline are some of the best our state has to offer. The City of Sheboygan strives to be a family-oriented and prosperous community with a wide variety of housing, business, cultural and recreational opportunities in safe and attractive neighborhoods. City staff is dedicated to providing residents, the business community and visitors with fiscally-responsible municipal services in an effective and responsive manner to meet the needs of our diverse and thriving community. We are Sheboygan - the Spirit on the Lake.



2010 Census Results - Population		
Total Population	49,228	
Total Housing Units	22,339	
Median Age (years)	41	
Female Population	24,860	50%
Male Population	24,368	50%

Sheboygan's Population 1970-2010



2010 Census Results - Race		
White	39,014	79%
Hispanic-Latino	4,873	10%
Asian	4,430	9%
Black-African American	886	2%
American Indian-Alaskan Native	25	<1%

Ten Largest Employers - 2016 Number of Employees	
Aurora Medical Group	1,434
Nemak	1,259
Sheboygan Area School District	1,257
Acuity Mutual Insurance Company	1,255
Rockline Industries	859
Sheboygan County	833
The Vollrath Company, LLC	527
American Orthodontics	502
Piggly Wiggly Midwest, LLC	500
City of Sheboygan	492

Ten Largest Property Taxpayers - 2016 Value	
Acuity Mutual Insurance Company	\$77,388,090
Aurora Medical Group	\$21,992,410
Nemak	\$18,401,800
PJR Properties, LLC	\$17,732,000
Sheboygan Acquisitions, LLC	\$16,307,530
Plastics Engineering Company	\$15,533,300
Wal-Mart	\$14,517,980
American Orthodontics	\$14,278,200
Country Village Apartments	\$13,956,660
St. Nicholas Hospital	\$12,736,510

Financial Review of Fiscal Year 2016

The financial review section features financial information adapted from the City of Sheboygan Comprehensive Annual Financial Report (CAFR) for the fiscal year end December 31, 2016. The CAFR is produced by the city's Finance Department and contains detailed information regarding the city's financial performance. The CAFR is presented in accordance with generally accepted accounting principles and is audited by the firm of Schenck SC. A copy of the complete CAFR may be obtained from City Hall or from the city's website.

This PAFR report presents the financial information for the city in a summary format. This information is un-audited and presented on a non-GAAP basis. GAAP is the acronym referring to Generally Accepted Accounting Principles used as the framework for financial accounting in business. Non-GAAP means that the statements do not comply with generally accepted accounting principles and include summarizations and a combination of accounting data that would not be allowed in GAAP. It is the city's goal to communicate the financial operations of the City of Sheboygan in an understandable report.

General Fund

The focus of this section is the General Fund. The General Fund is the primary operating fund of the city and accounts for revenues and expenditures that are not required to be accounted for in other funds. The principle sources are property taxes and state aids. All departments are financed through this fund with public safety and public works as the largest expenditures.

Fund Balance of the General Fund

Fund Balance is the difference between assets (what the city owns) and liabilities (what the city owes). At the fiscal year-end of 2016, the General Fund balance was \$22,486,600 or 61 percent of 2016 expenditures. Monies are allocated each year in the city budget to various departments, programs and activities. However, if those monies have not been expended at the end of the fiscal year, they automatically revert to the General Fund's balance rather than being carried forward as a departmental surplus.

The 2016 budget included a committed fund balance of \$2,500,000 for the transfer of funds for shared dispatch services with Sheboygan County. This chart depicts a five year history of the fund balance of the General Fund. The fund balance of 61 percent exceeds the minimum benchmark of 25 percent. A key factor addressed by the rating agencies during bond ratings is stable General Fund reserves similar to the City of Sheboygan's.

Percentage of Unassigned General Fund Balance

General Fund Balance

\$25,000,000
 \$20,000,000
 \$15,000,000
 \$10,000,000
 \$5,000,000

Year

52%

55%

59%

69%

61%

2012

2013

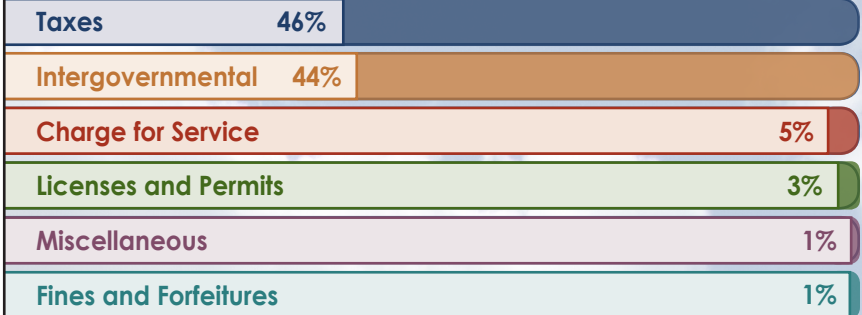
2014

2015

2016

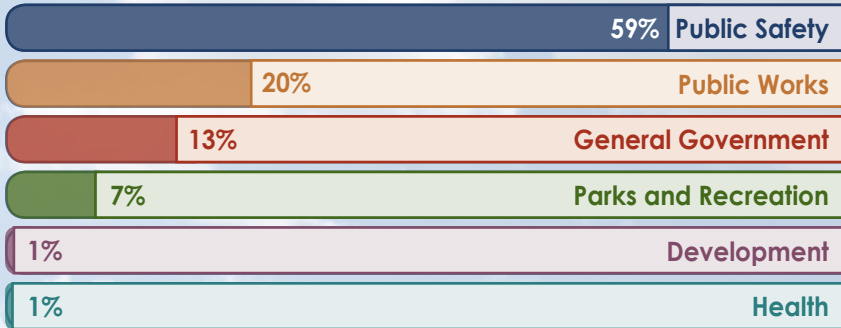
General Fund Revenues

The General Fund revenues for 2016 totaled \$34,426,556, a reduction of \$84,438 from 2015. The greatest source of revenue is taxes at 46 percent.



General Fund Expenditures

The General Fund expenditures for 2016 totaled \$37,065,848. This is an increase of \$2,717,624 over 2015. The expenditures include the \$2,500,000 transfer of funds to Sheboygan County for the city's payment toward the shared dispatch center. The largest expenditure is 59 percent for Public Safety.



Unspent General Fund Balance

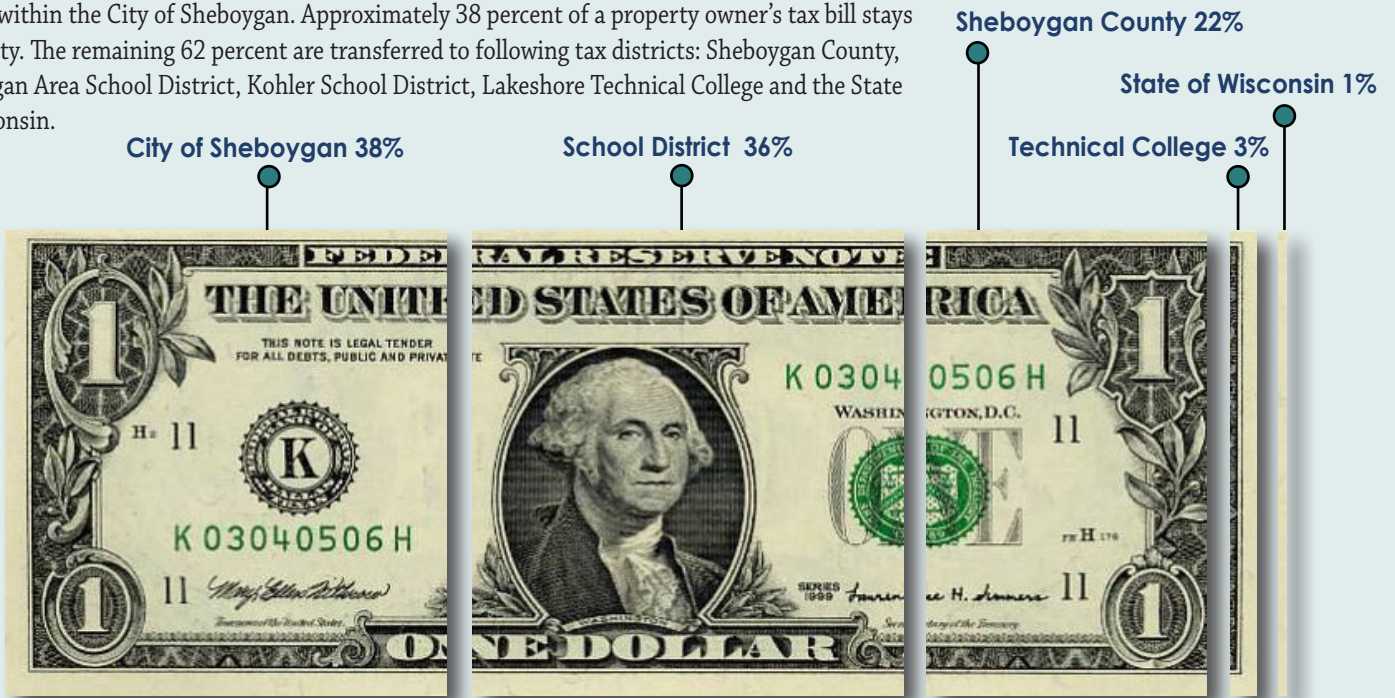
The City of Sheboygan strives to manage the General Fund budget in the most fiscally responsible manner possible. The benchmark percentage for the amount of unspent General Fund balance is a minimum 3.7 percent. This benchmark has been exceeded in four of the past five years.

General Fund Expenditures	2012	2013	2014	2015	2016
Budget	\$ 34,880,592	\$ 35,699,628	\$ 37,171,853	\$ 37,070,049	\$ 39,367,380
Actual	32,560,703	33,814,401	35,859,473	34,348,224	37,065,848
Unspent	2,319,889	1,885,227	1,312,380	2,721,825	2,301,532
Percentage	6.65%	5.28%	3.53%	7.34%	5.85%



Property Taxes

Property taxes are based on the assessed value of property and the tax levy of the tax districts located within the City of Sheboygan. Approximately 38 percent of a property owner's tax bill stays in the city. The remaining 62 percent are transferred to following tax districts: Sheboygan County, Sheboygan Area School District, Kohler School District, Lakeshore Technical College and the State of Wisconsin.



Where do my City tax dollars go?

The following costs are based on an assessed home value of \$108,700. This home paid \$1,038 for City of Sheboygan services. The figures are based on the 2017 Budget adopted by the city and the portion of the budget supported by property taxes net of other sources of revenue.

Police Protection - Traffic enforcement, crime investigation, education, programs, special events, safety and emergency management. 84 sworn officers - 105.4 overall staff keeping the city safe.

\$297

Fire Protection and Emergency Medical Services - Fire prevention, fire suppression, emergency medical services and ambulance. 73 firefighters and paramedics - 74.5 overall staff helping protect city residents and businesses.

\$191

Debt Service - Debt payments for capital projects such as infrastructure improvements, facility construction and equipment improvements.

\$135

Mead Public Library - Books, videos, DVD's, internet access, magazines and programs. 75% of the annual Mead Library budget is funded by taxpayers.

\$108

General Government Administrative Services - All general government administrative services of the Mayor, City Administrator, City Clerk, Finance, Human Resources and City Attorney.

\$101

Parks and Recreation - Provides care for park shelters, the band shell, two splash pads, an archery range, three beaches and 36 parks spanning 536 acres and mowing 130 acres of lawn within these parks.

\$69

Streets and Sanitation - Street repairs, tarring, crack filling, pothole repair, asphaltting and concrete work, garbage and recycling program, drop-off site, sewer maintenance and construction. This is the largest division within the Department of Public Works.

\$60

Capital Improvement Projects - Street and bridge infrastructure improvements, building improvements at fire stations and the Mead Public Library, a fire engine, motor vehicle fund improvements and transit buses.

\$43

Transit Utility - Shoreline Metro services Sheboygan, Kohler and Sheboygan Falls. Each municipality provides a subsidy for daily fixed route bus services.

\$24

Public Works and Engineering - Public Works administration in conjunction with the engineering division provides oversight for design and maintenance of the city's infrastructure.

\$17

City Development - Two divisions, Planning and Development and Building Inspection, review and facilitate expansion, growth and renovation within the city. Licenses and permits managed by this department generate revenue for the city.

\$7

A snapshot of the City of Sheboygan

The City of Sheboygan has identified six key focus areas in its recently adopted Strategic Plan that enable the city to move forward to support the mission and vision statements:

- Quality of Life
- Infrastructure and Public Facilities
- Economic Development
- Neighborhood Revitalization
- Governing and Fiscal Management
- Communication

Although the City of Sheboygan's population has grown 6 percent since 1970, the total area of the city has expanded from 9.64 square miles to 14.46 square miles in 2016. Total miles of city streets have increased 39 percent during this same period from 143.5 miles to 200 miles in 2016. Throughout this nearly 50 year period, park acreage doubled from 347 acres to 675 acres.

We are committed to our city and its residents. In 2016, Sheboygan realized significant economic expansion.

- Building permits for the 16 largest construction projects totaled \$134,608,510
- Construction of 1.3 million square feet of commercial space
- Creation of 310 additional private sector jobs



Recognitions received

Over the past four years the city's ongoing commitment to progress has been recognized by several outside agencies and organizations.

- One of 10 Great Places to Live on Less than \$40K by AARP, 2016
- One of 10 Most Walkable Neighborhoods (Mid-Sized City) by Redfin, 2016
- Tree City USA by Arbor Day Foundation, 2016, 2015, 2014, 2013
- Working Together Award for the Levitt AMP concert series by Sheboygan County Chamber, 2015
- One of 17 Best Beaches for Families by Parents.com, 2014
- 16th Most Innovative Cities in the US by Business Insider, 2013



City of Sheboygan
828 Center Avenue
Sheboygan, WI 53081

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