



2018



Popular Annual Financial Report

City of Sheboygan, Wisconsin

For the Fiscal Year Ended December 31, 2018



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, 2018. 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, can be viewed online at www.sheboyganwi.gov/CAFR and paper copies are available at City Hall, Mead Public Library, and the Senior Activity Center.

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

- Accessing our website at www.sheboyganwi.gov
- Joining www.nextdoor.com
- Following us on [Twitter](#) and [Facebook](#)
- Subscribing to our e-newsletter: "[Sheboygan Insider](#)"
- Visiting City Hall to obtain a paper copy of our documents

Sincerely,

Darrell Hofland
City Administrator

**OFFICE OF THE
CITY ADMINISTRATOR**

CITY HALL
828 CENTER AVE.
SHEBOYGAN, WI 53081

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

www.sheboyganwi.gov



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to
**City of Sheboygan
Wisconsin**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Moriel
Executive Director/CEO

Residents give high marks to quality of life

In March 2018, the City of Sheboygan analyzed results of the community survey. The survey touches on a wide range of topics and issues faced by the city. The results serve as an important device to provide a snapshot of the thoughts and opinions of Sheboygan residents. The response feedback is used to determine the city's effectiveness in providing services and meeting the goals established in the Strategic Plan. The comments serve as necessary tools to improve and advance the city's initiatives and support the six Strategic Plan focus areas.



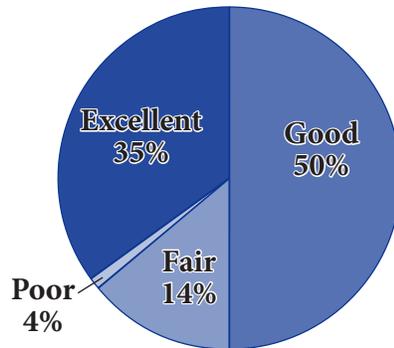
Focus Area 1: Quality of Life

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



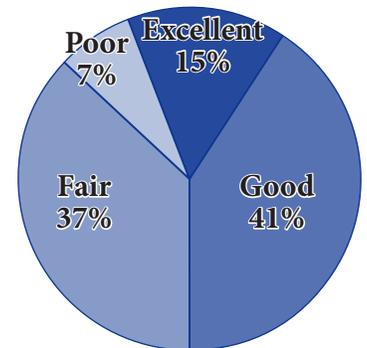
Focus Area 2: Infrastructure & Public Facilities

How would you rate the quality of our drinking water in the City of Sheboygan?



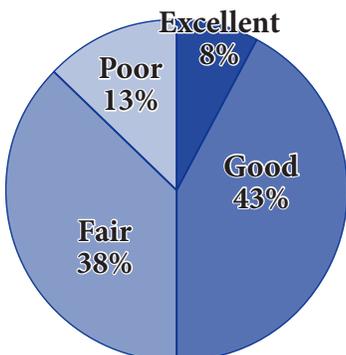
Focus Area 3: Economic Development

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



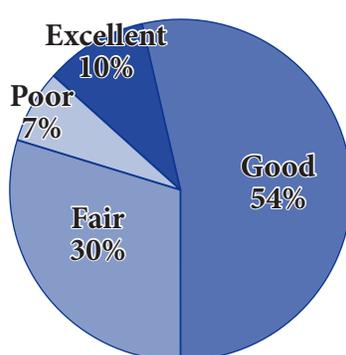
Focus Area 4: Neighborhood Revitalization

What rating would you give the City for their community events to provide support for the neighborhoods?



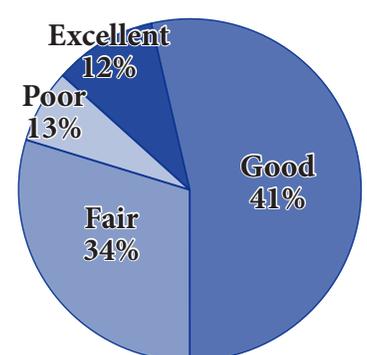
Focus Area 5: Governing & Fiscal Management

How would you rate the performance of the City of Sheboygan relative to delivering services efficiently?



Focus Area 6: Communication

What rating would you give the City of Sheboygan relative to keeping residents informed?



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.

Census – 2010	Number	Percent
Total Population	49,228	
Total Housing Units	22,339	
Median Age (years)	41	
Female Population	24,860	50.50%
Male Population	24,368	49.50%



Bike and Pedestrian Trail – Taylor Drive

Census by Race – 2010	Number	Percent
White	39,014	79.28%
Hispanic/Latino	4,873	9.90%
Asian	4,430	9.00%
Black/African American	886	1.76%
American Indian/Alaskan Native	25	0.05%

Ten Largest Employers – 2018	Number of Employees
Aurora Medical Group	1,370
Nemak	1,278
Acuity Mutual Insurance Company	1,253
Sheboygan Area School District	1,198
Rockline Industries	870
Sheboygan County	842
The Vollrath Company, LLC	560
American Orthodontics	515
Piggly Wiggly Midwest, LLC	480
City of Sheboygan	449

Ten Largest Property Taxpayers – 2018	Value
Acuity Mutual Insurance Company	\$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 Company	\$14,063,800
Wal-Mart Stores Inc.	\$14,021,990
Country Village Apartments	\$13,953,380
St. Nicholas Hospital	\$12,201,570
American Orthodontics	\$11,264,800

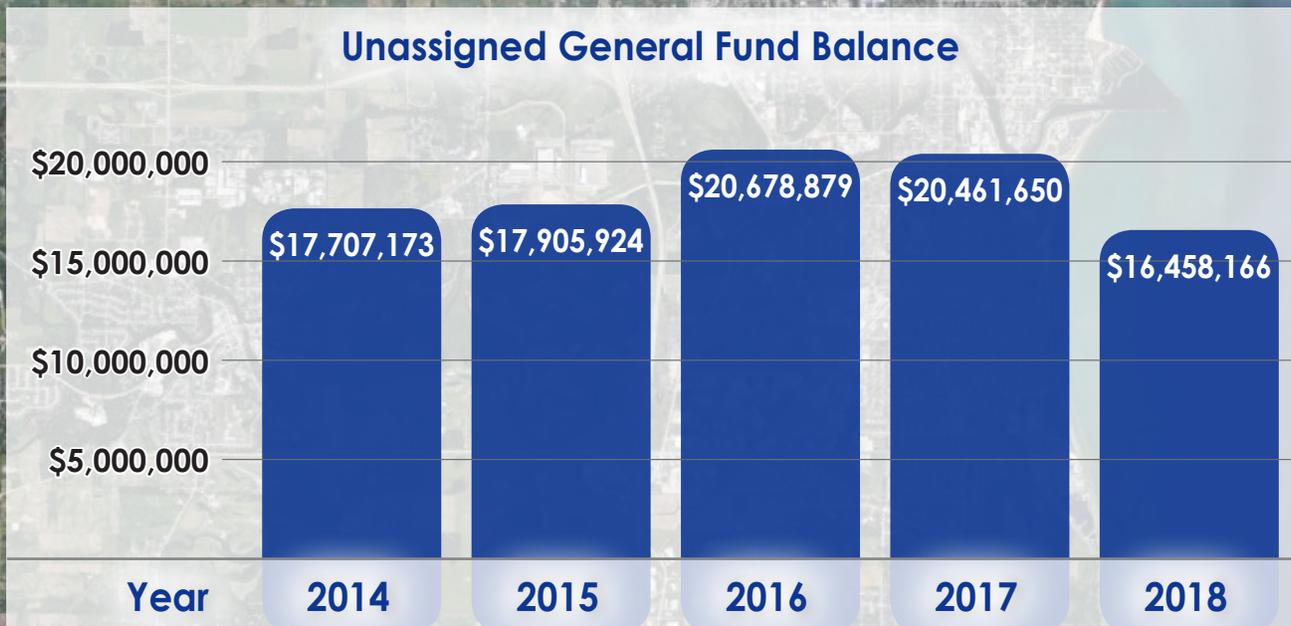
Financial Review of Fiscal Year 2018 | The financial review section features financial information adapted from the City of Sheboygan Comprehensive Annual Financial Report (CAFR) for the fiscal year end December 31, 2018. The CAFR is produced by the city’s Finance Department and contains detailed information regarding the city’s financial performance. The CAFR is presented in accordance with generally accepted accounting principles and is audited by the firm of CliftonLarsonAllen LLP. GAAP is the acronym referring to Generally Accepted Accounting Principles used as the framework for financial accounting in business. The complete CAFR can be viewed online at www.sheboyganwi.gov/CAFR and paper copies are available at City Hall, Mead Public Library, and the Senior Activity Center.

This PAFR report presents the financial information for the city in a summary format. This information is unaudited and presented on a non-GAAP basis. 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. Please note, this PAFR provides a glimpse into the financial status of the city. 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. For information on all other funds, please refer to the [CAFR](#).

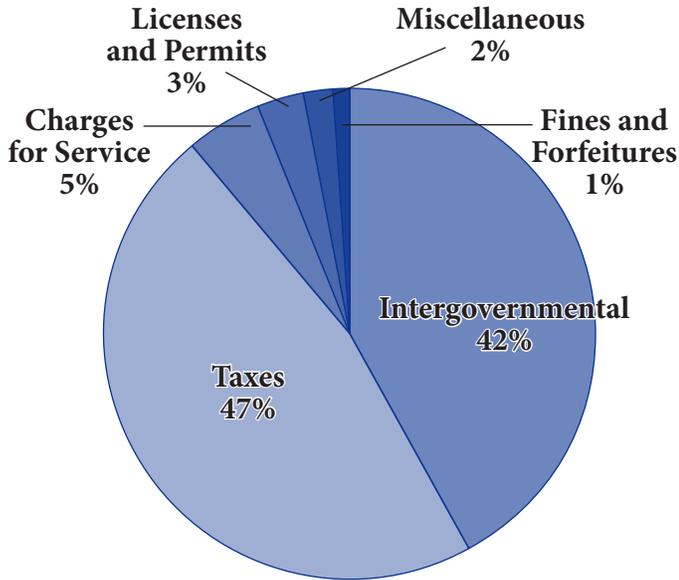
Fund Balance of the General Fund | Fund Balance is the difference between assets (what the city owns) and liabilities (what the city owes). At the fiscal year-end of 2018, the unassigned General Fund balance was \$16,458,166 or 47 percent of 2018 expenditures. Monies are allocated each year in the city 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 chart below depicts a five-year history of the unassigned fund balance of the General Fund. In each year, the fund balance exceeds the city’s 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. During 2018, \$5.5 million in Fund Balance was used to offset nearly half of the cost of renovations to the 102-year-old City Hall building.



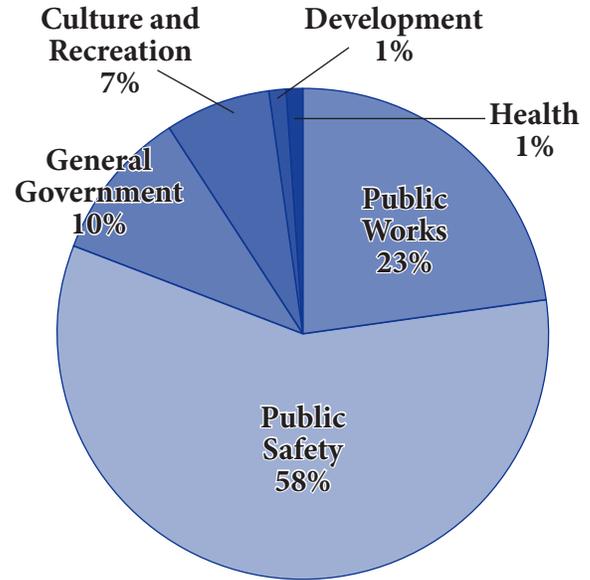
General Fund Revenues

The General Fund revenues for 2018 totaled \$35,091,324. This is an increase of \$1,426,061 from 2017. The greatest source of revenue is taxes at 47 percent.



General Fund Expenditures

The General Fund expenditures for 2018 totaled \$36,460,099. This is an increase of \$1,355,185 from 2017. The largest expenditure is 58 percent for Public Safety.



Total Net Position

Net assets are an indicator of a government's financial position. The total net assets of the City of Sheboygan are categorized by investments in capital assets (land, buildings, infrastructure, machinery and equipment, net of related debt used to acquire these assets still outstanding), restricted net assets (which are resources subject to external restrictions on how they may be used), and unrestricted net assets (which may



John Michael Kohler Art Center Concert

be used to meet the city's ongoing obligations to residents and creditors). The total net position of the city, as of December 31, 2018, totaled \$206,812,244. The largest portion, \$130,832,540 or 63 percent, is invested in capital assets. This is indicative of our support of the Strategic Plan Focus Areas of Infrastructure and Public Facilities and Fiscal Management. For further information on the city's financial status, please consult our [Comprehensive Annual Financial Report \(CAFR\)](#).

	2014	2015	2016	2017	2018
Investment in Capital Assets	\$111,601,411	\$117,797,000	\$122,227,000	\$124,606,952	\$130,832,540
Unrestricted Net Assets	\$54,083,684	\$53,224,000	\$64,033,000	\$60,111,844	\$39,329,562
Restricted Net Assets	\$15,743,241	\$33,081,000	\$20,151,000	\$19,164,061	\$36,650,142
Total Net Position	\$181,428,336	\$204,102,000	\$206,411,000	\$203,882,857	\$206,812,244

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 36 percent of a property owner’s tax bill stays in the city. The remainder is transferred to following tax districts: Sheboygan County, Sheboygan Area School District, Kohler School District, and Lakeshore Technical College.



Where do my City property tax dollars go?

These costs are based on an assessed home value of **\$110,016** that pays **\$1,093** for City of Sheboygan services. The figures are based on the 2019 Budget adopted by the city and the portion of the budget supported by property taxes net of other sources of revenue.

Police Protection	Total department of 104.4 personnel includes 83 sworn police officers. Activities include traffic enforcement, crime investigation, education, programs, special events planning, and safety and emergency management.	\$296
Fire Protection & Emergency Medical Services	Total department of 74.5 personnel of which 73 are fire fighters and paramedics. Activities include fire prevention, fire suppression, emergency medical services, and ambulance.	\$200
Debt Service	Includes debt payments for prior year capital projects. Types of projects include infrastructure improvements and facility construction and improvements as well as equipment.	\$145
General Government Administrative Services	Includes all general government administrative services of Mayor, City Administrator, City Clerk, Finance, Human Resources, and City Attorney.	\$132
Library Services	Taxpayers fund 75 percent of the annual budget for Mead Public Library. Books, videos, DVDs, internet access, magazines, and programs are provided.	\$106
Culture & Recreation	Oversees programs to meet leisure and recreation needs of the community. The parks crew cares for park shelters, a band shell, 19 playgrounds, three splash pads, an archery range, three beaches, and 36 parks with a total acreage of 705. Park lands have 130 acres of grass to mow. Senior Activity Center serves an average of 192 participants daily.	\$67
Streets & Sanitation	The streets and sanitation division is the largest division within the Department of Public Works. Street excavation repairs, tarring or crack filling, pothole repair, asphaltting, and concrete work are some of the most common activities. The sanitation division handles the garbage and recycling program, drop-off site, sewer maintenance, and sewer construction.	\$60
Capital Improvement Projects	Street and bridge infrastructure improvements, building improvements at fire stations and Mead Public Library, and a fire engine, motor vehicle equipment, and transit buses.	\$42
Transit Utility	Shoreline Metro services three communities: the City of Sheboygan, Village of Kohler, and City of Sheboygan Falls. Each municipality provides subsidy to the daily fixed route bus services.	\$23
Public Works & Engineering	The public works administration in conjunction with the engineering department provides oversight for design and maintenance of the infrastructure in the city.	\$22
Community Development & Inspection	The Department of City Development encompasses two divisions: Planning and Development and Building Inspection. The department consists of 12 staff positions.	\$1

2018 accolades received

Over the past year, the city’s ongoing commitment to progress has been recognized by several outside agencies and organizations.

- Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award, gfoa.org, 2018
- International City / County Management Association (ICMA) Certificate of Distinction in Performance Management, icma.org, 2018
- Number 2 – Top ten most Livable U.S. communities – small community population size, AARP, 2018
- Number 15 – Best Places to Retire – 30 Best Cities for Older Americans, USA Today, 2018
- Number 6 – National Corporate Facility Project Development, WEDC.org, 2018
- Number 6 – Leading Metropolitan Areas for Corporate Facility Investment with Population less than 200,000, siteselection.com, 2018
- Number 23 – Safest Cities for Families, securitychoice.com, 2018
- Number 34 – Safest Cities to Retire, securitychoice.com, 2018
- Bronze level – Bicycle Friendly Community, The League of American Bicyclists, 2018 - 2022
- Harbor Center Marina, Elite Fleet Boaters’ Choice Award – Marinas.com, 2018



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



Sheboygan’s strategic growth

In 2018, Sheboygan realized significant economic expansion and accomplishments:

- Creation of TID 17: \$32 million in new development opportunities in the new Innovation District to be centered along the Indiana Avenue corridor
- Creation of TID 19: To accommodate redevelopment of properties as mixed use along the Sheboygan River for the Water’s Edge Condominiums near North 14th Street and Wisconsin Avenue
- SouthPointe Enterprise Campus: The 150-acre business park is 90% complete; landscaping, lighting, and signage will be completed in Summer 2019
- Bronze Level Bicycle Community designation: The League of American Bicyclists recognized Sheboygan with a Bicycle Friendly Community award joining 464 other visionary communities within the United States



City of Sheboygan
 828 Center Avenue
 Sheboygan, WI 53081
 920-459-4000
www.sheboyganwi.gov