



2019 Popular Annual Financial Report

City of Sheboygan, Wisconsin

For the Fiscal Year Ended December 31, 2019



Office of the City Administrator

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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, 2019. 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 viewed at City Hall. The city was presented with an outstanding achievement award by GFOA for the 2018 PAFR.

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

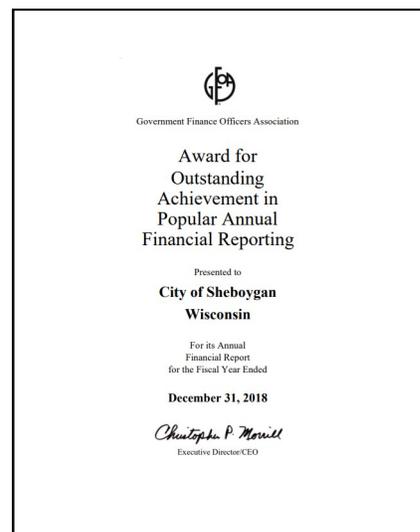


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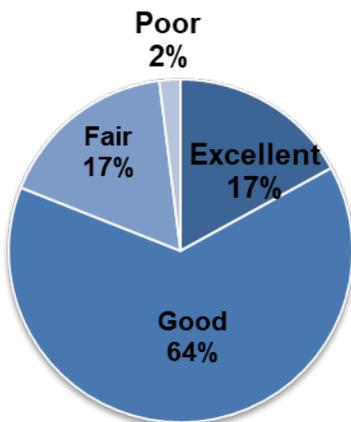
Residents give high marks to quality of life

In January, 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.



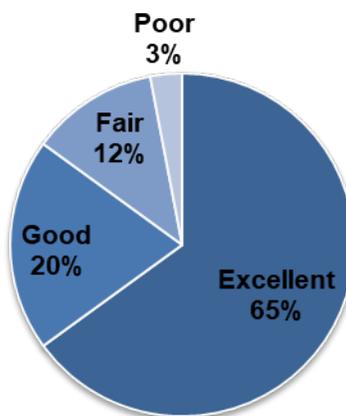
Focus Area 1: Quality of Life

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?



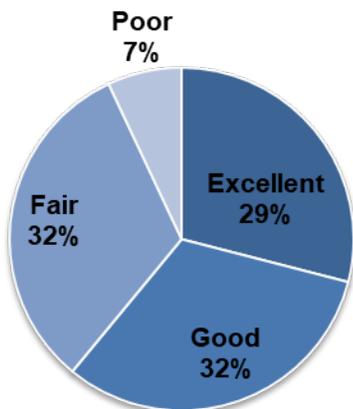
Focus Area 3: Economic Development

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 support of the neighborhoods?



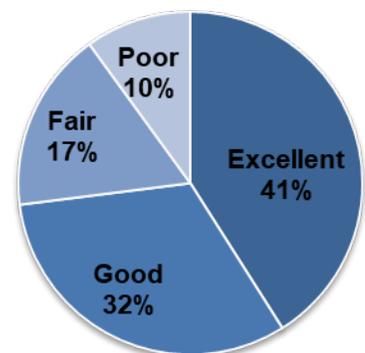
Focus Area 5: Governing & Fiscal Management

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.



Grand Opening—City Hall Renovation

<i>Census by Race - 2010</i>	<i>Number</i>	<i>Percent</i>
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%



<i>Census - 2010</i>	<i>Number</i>	<i>Percent</i>
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%

<i>Ten Largest Employers - 2019</i>	<i>Number of Employees</i>
Aurora Medical Group	1,597
Acuity Mutual Insurance Company	1,441
Sheboygan Areas School District	1,294
Nemak USA, Inc.	1,145
Rockline Industries, Inc.	860
Sheboygan County	846
American Orthodontics	572
The Vollrath Company	540
Piggly Wiggly Midwest LLC	481
City of Sheboygan	451

<i>Ten Largest Property Taxpayers - 2019</i>	<i>Assessed Value</i>
Acuity Mutual Insurance Company	\$ 147,160,930
Aurora Medical Group	\$ 23,997,840
Meijer Stores, LP	\$ 20,881,690
Sheboygan Acquisitions, LLC	\$ 15,178,800
PJR Properties, LLC	\$ 14,806,200
Country Village Apartments	\$ 14,715,850
Plastic Engineering Co.	\$ 14,135,300
Wal-Mart Stores Inc.	\$ 14,014,500
Nemak, USA Inc.	\$ 13,579,800
St Nicholas Hospital	\$ 13,531,760

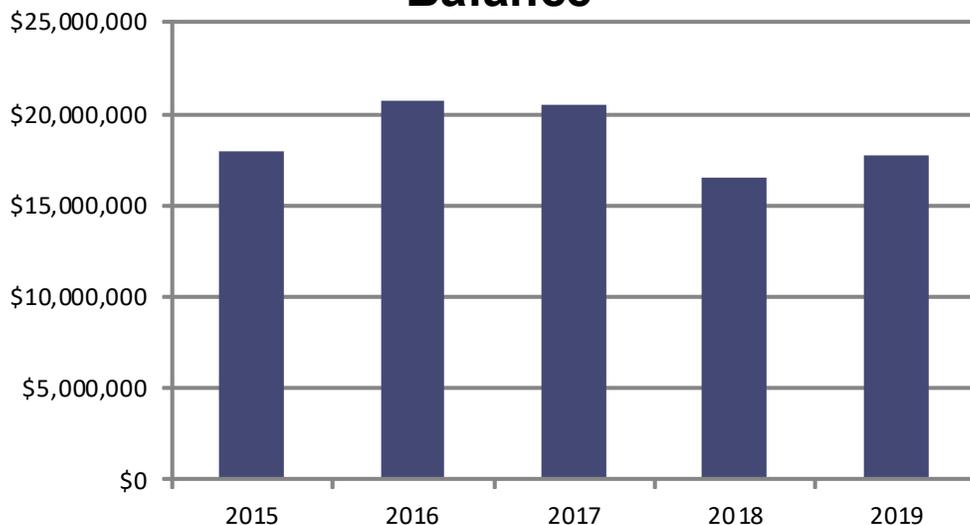
Financial Review of Fiscal year 2019—The financial review section features financial information adapted from the City of Sheboygan Comprehensive Annual Financial Report (CAFR) for the fiscal year end December 31, 2019. The CAFR is produced by the city’s Finance Department and contains detailed information 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 at www.sheboyganwi.gov 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.

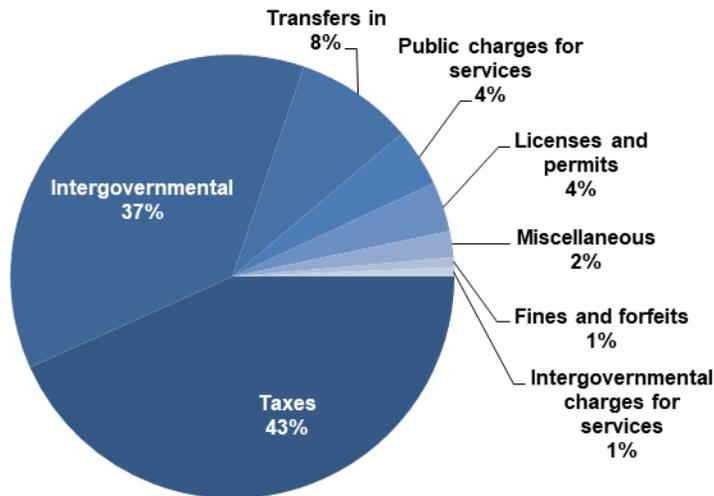
Fund Balance of the General Fund—Fund Balance is the difference between assets (what the city owns) and liabilities (what the city owes). At the fiscal year-end of 2019, the unassigned General Fund balance was \$17,636,540, or 47.8 percent of 2019 expenditures. Monies are allocated each year in the city 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.

Unassigned General Fund Balance



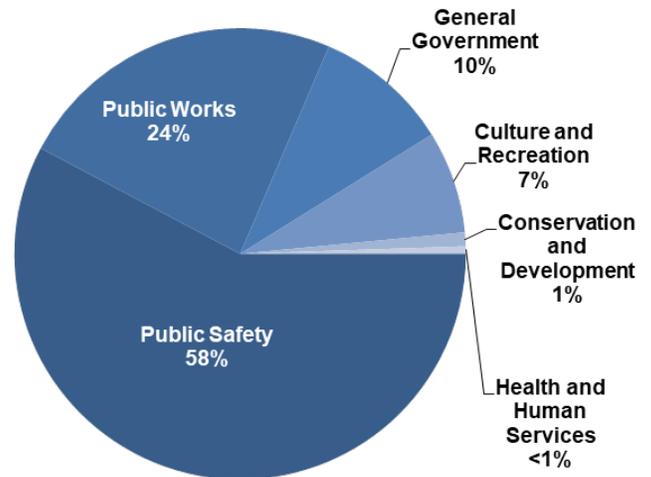
General Fund Revenues

The General Fund revenues for 2019 totaled \$38,510,380. This is an increase of \$3,419,056 from 2018. The greatest source of revenue is taxes at 43 percent.

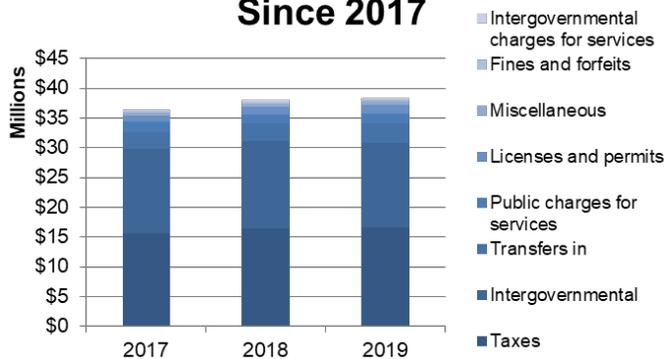


General Fund Expenditures

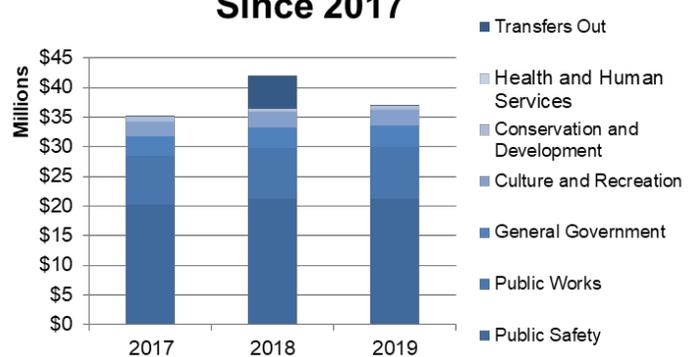
The General Fund expenditures for 2019 totaled \$36,892,156. This is an increase of \$432,057 from 2018. The greatest largest expenditure is Public Safety, at 58 percent.



General Fund Revenues Since 2017



General Fund Expenditures Since 2017



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 be used to meet the city's ongoing obligations to residents and creditors). The total net position of the city, as of December 31, 2019, totaled \$218,092,482. The largest portion, \$139,092,482 or 64 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) at www.sheboyganwi.gov.

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 taxes go?

The costs below are based on an assessed home value of \$113,063. This home would pay \$1,135 for City of Sheboygan services. Figures are based on the 2020 adopted City of Sheboygan budget 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.	\$309
Fire Protection & Emergency Services	Total department of 74.5 personnel of which 73 are firefighters and paramedics. Activities include fire prevention, fire suppression, emergency medical services and ambulance.	\$205
Debt Service	Includes debt payments for prior year capital projects. Types of projects include infrastructure improvements and facility construction and improvement, and other improvements and equipment.	\$147
General Government Administrative Services	Includes all general government administrative services of Common Council, Elections, Mayor, City Administrator, City Clerk, Finance, Human Resources and City Attorney.	\$135
Library Services	Taxpayers fund 70 percent of the annual budget for Mead Public Library. Books, videos, DVDs, internet access, magazines and an extensive variety of programs serving all age groups are provided.	\$109
Parks & Recreation	Oversees programs to meet leisure and recreation needs of the community. The parks crew cares for 18 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.	\$71
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 program, drop-off site and storm sewer maintenance and construction.	\$66
Capital Improvement Projects	2020 improvements include street infrastructure improvements, traffic flow enhancements, building improvements at fire stations, Municipal Service Building, Transit facility and Mead Public Library, police vehicles, and a transit bus.	\$43
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.	\$25
Transit Utility	Shoreline Metro serves 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.	\$24
Community Development & Inspection	The Department of City Development encompasses two divisions: Planning and Development and Building Inspection. The department consists of 13 staff positions.	\$1

2019 Accolades

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, 2019
- International City / County Management Association (ICMA) Certificate of Distinction in Performance Management, icma.org, 2019
- #5—Best Places for Millennials to Move, reviews.org, March 2019
- #7—America's Most Unique Art Towns, cubesmart.com, 2019
- #10—Best Cities for Older Americans in Retirement, 24/7 Wall Street, April 2019
- #18—Best Small Cities for Business, chamberofcommerce.org, March 2019
- Bronze level—Bicycle Friendly Community, The League of American Bicyclists, 2018-2022
- SolSmart Bronze Level for fostering the development of mature local solar markets, 2019
- Harbor Center Marina, Elite Fleet Boaters' Choice Award — Marinas.com, 2019



Sheboygan's Strategic Growth

In 2019, Sheboygan realized significant economic expansion and accomplishments:

- Construction commenced on \$30 million Badger State Loft, a 118-unit apartment complex in the historic tannery building, located between Maryland Avenue and Illinois Avenue
- Construction commenced on \$6 million Kingsburg Village, a 48-unit apartment complex on the former Kingsbury Brewery site, located at the corner of N. Tenth Street and Wisconsin Avenue
- Construction commenced on \$6 million South Pier Riverfront, a 21-unit condominium building, located on South Pier Drive
- Construction completed on \$8 million The Luxe, a 48-unit apartment building, located on Kohler Memorial Drive
- Construction completed on \$13 million 7Penn, a 66-unit apartment building, located on Pennsylvania Avenue
- Construction completed on SouthPointe Enterprise Campus, a 150 acre city-owned business park, located between I-43 and South Business Drive
- Created River Bend Neighborhood Master Plan, including former Mayline property, located on Commerce Street
- Achieved highest Shoreline Metro bus ridership in 18 years with 679,263 passengers, an increase of 79,549 in 2019

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