

**COUNTY OF SHEBOYGAN,
WISCONSIN**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE YEAR ENDED

DECEMBER 31, 2018



WISCONSIN

COUNTY OF SHEBOYGAN, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

PREPARED BY:

Sheboygan County Finance Department

COUNTY OF SHEBOYGAN, WISCONSIN
For the Year Ended December 31, 2018

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INTRODUCTORY SECTION



SHEBOYGAN COUNTY

Wendy A. Charnon
Finance Director

Jeremy Fetterer
Deputy Finance Director

June 25, 2019

Honorable Members of the Board of Supervisors and Citizens
County of Sheboygan
508 New York Ave
Sheboygan, Wisconsin 53081

Ladies and Gentlemen:

State Statute, Administrative Rule 16, and the Securities and Exchange Commission (SEC) require counties to submit audited financial statements within certain time frames based upon their individual rules and regulations. Major federal and state programs impose additional audit requirements. Pursuant to the above, we hereby respectfully submit the Comprehensive Annual Financial Report (CAFR) of Sheboygan County, Wisconsin for the fiscal year ended December 31, 2018.

This report consists of management's representations concerning the finances for Sheboygan County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of Sheboygan County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Sheboygan County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief the financial report is accurate, complete and reliable in all material respects.

CliftonLarsonAllen LLP has audited Sheboygan County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Sheboygan County are free from material misstatement. 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 significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Sheboygan County's financial statements for the fiscal year ended December 31, 2018 are fairly presented in conformity with GAAP. Their report is presented as the first component of the financial section of this report.

The County is required to undergo a federally mandated "Single Audit" designed to meet special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The Single Audit Report is available in the County's separately issued Federal Awards and State Financial Assistance Report.

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

Profile of the Government

The County of Sheboygan is located in the eastern part of the state adjacent to Lake Michigan. It occupies 513 square miles. The County is comprised of 15 towns, 10 villages, and three cities and is 50 miles north of Milwaukee. Several major county highways as well as US highways 141 and 43 serve the County's transportation needs. Airline service to Chicago's O'Hare Airport, as well as other parts of Wisconsin, Illinois, and Iowa are available at Sheboygan County Memorial Airport.

The governing body of Sheboygan County is comprised of 25 County Board Supervisors, each serving two-year terms and elected by a majority of voters from their respective district. At the first session of each two-year term, the County Board elects a Chairperson and Vice-Chairperson to preside over proceedings of the County Board for the next two years.

Sheboygan County provides a full range of services, including police protection (Sheriff's Department), a county jail, nursing home care, highway and other infrastructure construction and repair, ownership and maintenance of the buildings at the University of Green Bay – Sheboygan Campus, recreational facilities, marriage licensing, maintenance of vital records for births, deaths, real estate transfers, administration of the court system, district attorney's office, child support enforcement, health and human services, operation of the municipal airport and other activities. Sheboygan County also maintains a close working relationship with the Monarch Library System and the Sheboygan County Economic Development Corporation.

The annual budget serves as the foundation for financial planning and control. All departments and agencies are required to submit requests to the Finance Committee by mid-September. The Finance Committee's Budget is then sent to the County Board at its regularly scheduled October meeting. A legally required public hearing is held in late October. In early November the budget is formally adopted. The appropriated budget is adopted by appropriation units within departments. Departments are also aggregated into fund groupings. Appropriation units have been designated as "Wages & Benefits", "Operating Expenses", "Interdepartmental Charges", and "Capital Outlay". Departments may transfer funds within appropriation units as they see necessary. Transfers between appropriation units of the same department or between departments, however, need Finance Committee approval. Budget-to-actual comparisons are provided in this report for each department for which an appropriated annual budget has been adopted.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Sheboygan County operates.

Local Economy

The County benefits from a mixed economic base of manufacturing, retail trades, services, agricultural, insurance and tourism. By far the largest economic sector is manufacturing. The unemployment rate as of December 31, 2018 was 2.3%, the same as it was in 2017 at this time.

Economic signs continue to be positive as we move into 2019. The Aurora Health Care construction of a new hospital, outpatient surgery center and medical office in Kohler, Wisconsin, is an investment of \$324 million with an estimated time of completion in 2021. The Kohler Company is undertaking efforts for the construction of another major golf course with a goal to be operational by 2020. Johnsonville Sausage completed construction for an expansion of their corporate headquarters in Sheboygan Falls and Master Gallery's, cheese manufacturing company completed a new 150,000 square foot packaging and distribution facility in Oostburg, Wisconsin. The retail store Meijer has opened their doors for business in Sheboygan and the John Michael Kohler Arts Center is constructing a \$40 million dollar Art Preserve.

Sheboygan County borders Lake Michigan and remains a top tourism destination, with \$240.1 million of direct visitor spending per the State of Wisconsin during 2018. This is an increase of 7.64% over last year. Sheboygan County features attractions of world-class golf, Lake Michigan sport fishing, numerous summer festivals, ice fishing and snowmobiling. In August of 2014, the County finalized the purchase of the Amsterdam Dunes. This purchase preserves for public access one of the last undeveloped stretches of beaches and dunes on the western shores of Lake Michigan. The County has been working with the Wisconsin Department of Natural Resources on the development of the Amsterdam Dunes Wetland Mitigation Bank which would allow the County to sell credits on the 78-acres of wetlands.

Long-term Planning

As part of long range planning, the County employs a five-year capital improvement program. The program identifies major capital improvement projects and the methods to finance them.

The most recent document identifies \$34,418,330 of projects over the next five years. Long-term financing is projected to fund approximately \$26.8 million. The balance will be funded by State and Federal dollars, donations and other internal funding sources. In 2019, the County has funded the beginning stages of a Customs Facility, a new Financial System, a Microsoft upgrade, along with other various Building Improvements.

Major Initiatives

The County Board enacted Ordinance Number 02 (2016/2017); adopting a half cent sales tax effective January 1, 2017. The ordinance also established a Transportation Fund in which all sales tax revenues are to be used for highway roadwork and highway capital equipment. It is the expectation of the County to complete 30 miles of road enhancements per year. Proceeds from the sales tax revenues in 2018 were able to contribute to the completion of 30.07 miles of roadway repairs and reconstruction and in 2017, 31.7 miles. Prior to the enactment of the Sales Tax, the County completed an average of 17.2 miles during the previous five years. In addition, the County instituted a revenue sharing program with the municipalities of the County to aid in their transportation needs. \$1,500,000 was distributed to the municipalities based on their equalized value in both the 2017 and 2018 fiscal years.

The County completed construction on a Transportation Complex that consolidated three Highway Shed locations and one main Administration Headquarters. Cost savings and efficiencies from this location consolidation are expected along with upgraded maintenance areas for the highway equipment.

The County was party to the settlement of a Natural Resource Damage Assessment issued against a local company for the pollution of the Sheboygan River. The settlement entitles Sheboygan County to receive \$1,295,500 over a ten year term which the County began receiving payments in 2018. The funds are part of the reimbursement to the general fund for the purchase of the Amsterdam Dunes.

During 2019, the County will be contracting with a consultant to evaluate Detention Center capacity and alternatives to incarceration. It is the primary goal of this consultation to explore methods aimed at decreasing the average daily population of our correctional facilities.

Major Financial Policies

Fund Balance: The County Board has adopted a minimum fund balance policy to maintain an unassigned fund balance of 5% to 10% of total county expenditures, less capital project expenditures. The Finance Committee in December of 2014 further refined the policy such that the General Fund unassigned fund balance be maintained at a minimum of 15% and a maximum of 30% of total governmental fund expenditures less capital project expenditures. As of the close of 2018, unassigned fund balance is at 23%.

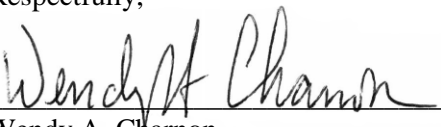
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Sheboygan, Wisconsin, for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This is the fifth consecutive year of being awarded this achievement. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to express my sincere appreciation to all staff that assisted with the preparation for the 2018 audit of Sheboygan County. In addition, I would like to recognize Clifton Larsen Allen for their leadership in their role as independent auditor. The Board of Supervisors, Finance Committee, and County Administrator are to be commended for using sound business practices while conducting the financial operations of the County.

Respectfully,



Wendy A. Charnon
Finance Director



Jeremy J. Fetterer
Deputy Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Sheboygan
Wisconsin**

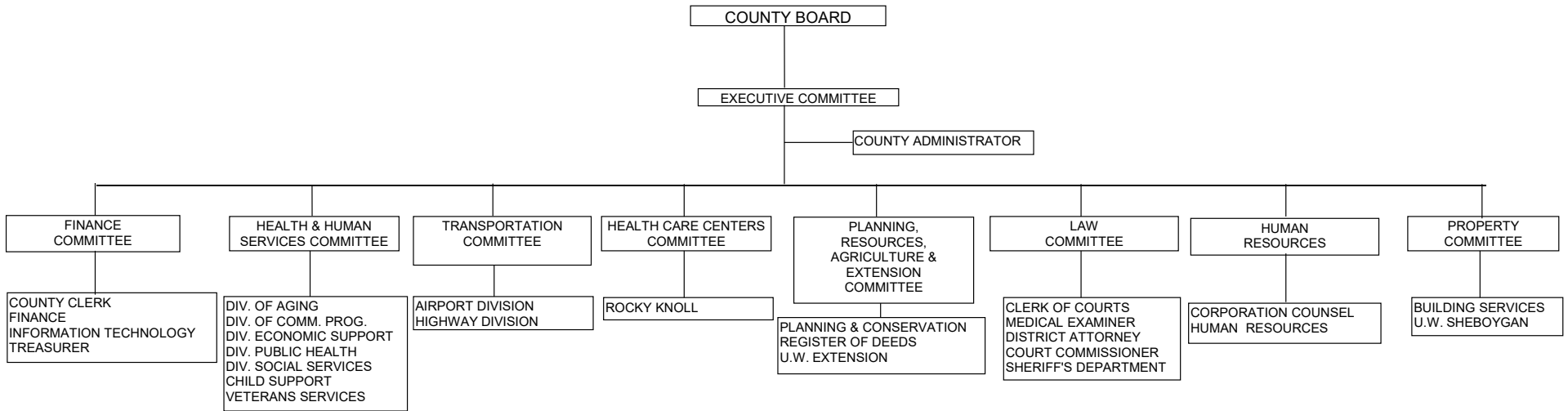
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

**COUNTY OF SHEBOYGAN, WISCONSIN
ORGANIZATIONAL CHART**



COUNTY OF SHEBOYGAN, WISCONSIN

Board of Supervisors

Term Expires April, 2020

Thomas Wegner Chairperson

Vernon Koch..... Vice-Chairperson

Keith Abler

Paul A. Gruber

Steven Bauer

Brian Hilbelink

James Baumgart

Brian C. Hoffmann

Richard C. Bemis

Henry Nelson

Al Bosman

Charlette Nennig

Curt A. Brauer

Michael S. Ogea

Dawn Brulla

Roger R. Otten

Charles W. Conrardy

Edward J. Procek

Fran Damp

Roger L. TeStroete

Thomas V. Epping

Greg Weggeman

Jim Glavan

Robert Ziegelbauer

William C. Goehring

SHEBOYGAN COUNTY OFFICES AND DEPARTMENTS

Chief Administrative Officer

County Administrator Adam N. Payne

Department Heads

Building Services James TeBeest

Clerk of Courts* Melody Lorge

County Clerk* Jon Dolson

Court Commissioner Ryan T. O'Rourke

Corporation Counsel** Atty. Crystal Fieber

District Attorney* Joel Urmanski

Finance Wendy A. Charnon

Health & Human Services Matt Strittmater

Health Care Centers Kayla Clinton

Human Resources Jean Gallimore

Information Technology Chris Lewinski

Medical Examiner David J. Leffin

Planning & Conservation Aaron Brault

Register of Deeds* Ellen Schleicher

Sheriff* Cory Roeseler

Transportation Greg Schnell

Treasurer* Laura M. Henning-Lorenz

University of Wisconsin-Extension*** Cindy Sarkady

University of Wisconsin-Sheboygan*** Jennifer Williamson-Mendez

Veteran's Service Todd Richter

- * Elected Position
- ** Contracted Employee
- *** State Employee

FINANCIAL SECTION



Independent auditors' report

To the County Board
Sheboygan County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sheboygan County, Wisconsin (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County'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 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.

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 County'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 County'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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County 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 and the Public Health and Human Services 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 C.11 to the financial statements, in 2018 the County 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.

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 14 through 26 and the schedules relating to pensions and other postemployment benefits on pages 87 through 89 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 County's basic financial statements. The financial information listed in the table of contents as supplementary information presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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. In our opinion, the supplementary information is 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
June 25, 2019

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

As management of Sheboygan County, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources as of December 31, 2018 by \$184,066,838 (*net position*). Of this amount, \$36,112,289 (*unrestricted*) may be used to meet ongoing obligations to citizens and creditors.
- The County's total net position increased by \$6,391,207 primarily influenced by the completion of \$6,599,794 of Infrastructure Assets and the recognition of restricted other postemployment amounts relating to the County's participation in the State of Wisconsin's Life Insurance Program. This is the result from the implementation of GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.
- The property tax rate decreased \$0.1918 per \$1,000 of property value from the year ended December 31, 2018. A significant part of the 2018 levy rate decrease resulted from the 5.13% increase in equalized property value.
- As of December 31, 2018, the County's governmental funds reported combined ending fund balances of \$28,789,636 an increase of \$3,041,709. This was primarily due to the bonding issued in January 2018 for the activities in the Capital Projects fund and the increase in fund balance of the Transportation Fund. The General Fund reported a transfer of excess fund balance from Health & Human Services of \$690,344 and overall stayed at the prior year level while also contributing \$1,519,371 to the construction of the new Transportation Complex.
- As of December 31, 2018, assigned and unassigned fund balance of the General Fund was \$19,359,281, or approximately 50% of total general fund expenditures.
- The County's total outstanding general obligation debt increased \$35,000.
- The financial statements for the year ended December 31, 2018 reflect a net pension asset of \$8,571,981 along with deferred outflows of resources of \$15,683,769 and deferred inflows of resources of \$16,877,712 related to the County's participation in the Wisconsin Retirement System.
- The Transportation Complex completed construction and was placed into operations. The facility was capitalized for \$21,481,911.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of Sheboygan County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of Sheboygan County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, public health and human services, education, and resource & development. The business-type activity of the County is a skilled health care facility (nursing home).

The government-wide financial statements can be found on pages 27-28 of this report.

Fund financial statements: A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Sheboygan County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 7 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Health & Human Services Special Revenue Fund, the Capital Projects Fund, the Transportation Fund, and the Debt Service Fund, all of which are

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

considered to be major funds. Data from the community development and public safety special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all its major governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general and public health & human services special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 29-37 of this report.

Proprietary funds: Sheboygan County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses the enterprise fund to account for its nursing home. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its various insurance activities, information technology, printing services, and highway operations. Because these services predominantly benefit governmental rather than business-type functions they have been included within the *governmental activities* in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 38-43 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 44 of this 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 45-85 of this report.

Other information: The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, individual fund budget comparison information, and statistical tables are presented immediately following the required supplemental information. The required supplementary information can be found on pages 87-90, supplementary information can be found on pages 93-107, and the statistical tables can be found on pages 110-126.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position: As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$184,066,838 at the close of 2018.

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

Net Position

December 31, 2018 and 2017
(Amounts expressed in \$1,000)

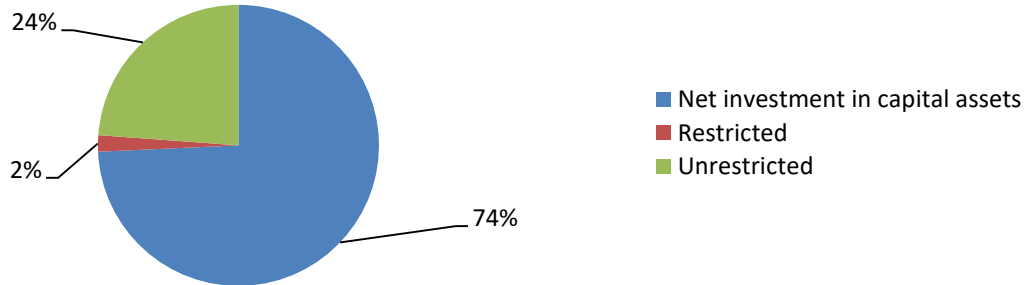
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 115,838	\$ 106,794	\$ 5,750	\$ 3,622	\$ 121,588	\$ 110,416
Capital assets	164,120	158,397	7,280	7,598	171,400	165,995
Total Assets	279,958	265,191	13,030	11,220	292,988	276,411
Deferred Outflows of Resources	13,676	15,609	2,284	2,685	15,960	18,294
Liabilities						
Current and other liabilities	11,011	13,597	601	579	11,612	14,176
Long-term liabilities	45,691	45,688	1,220	1,078	46,911	46,766
Total Liabilities	56,702	59,285	1,821	1,657	58,523	60,942
Deferred Inflows of Resources	63,201	54,313	3,157	1,774	66,358	56,087
Net Position						
Net investment in capital assets	129,443	121,726	7,280	7,598	136,723	129,324
Restricted	9,998	2,777	1,234		11,232	2,777
Unrestricted	34,290	42,699	1,822	2,875	36,112	45,574
Total Net Position	\$ 173,731	\$ 167,202	\$ 10,336	\$ 10,473	\$ 184,067	\$ 177,675

The largest portion of the County's net position (74%) reflects its net investment of \$136.7 million in capital assets (e.g. land, infrastructure, buildings, and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net position, 6%, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws/regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation, including those passed by the County itself. The remaining balance of unrestricted net position, \$36.1 million may be used to meet the County's ongoing obligations to its citizens and creditors.

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

Primary Government Net Position at 2018



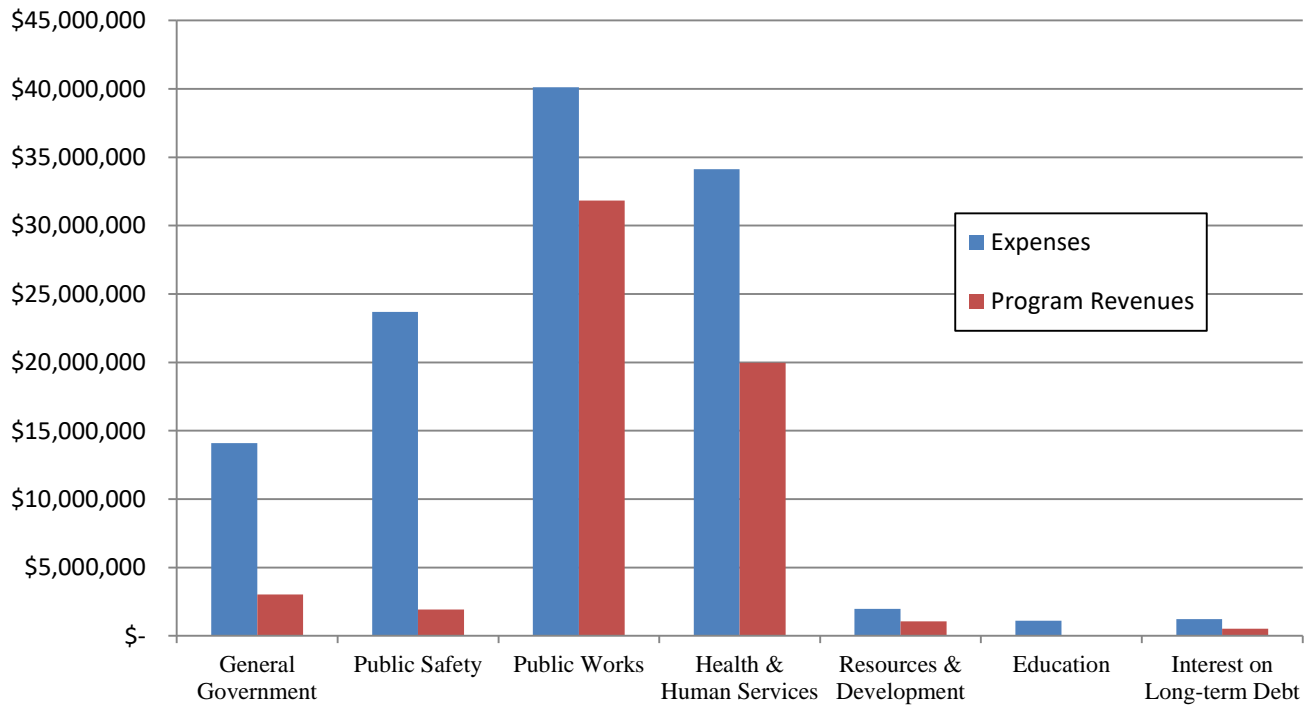
Changes in Net Position
For the Years Ended December 31, 2018 and 2017
(Amounts expressed in \$1,000)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 9,065	\$ 9,533	\$ 11,158	\$ 11,052	\$ 20,223	\$ 20,585
Operating grants & contributions	27,498	26,095	2,233	1,315	29,731	27,410
Capital grants and contributions	21,785	384			21,785	384
Total program revenues	58,348	36,012	13,391	12,367	71,739	48,379
General revenues:						
Property tax	47,855	47,058	671	845	48,526	47,903
Other taxes	10,059	9,412			10,059	9,412
Nonspecific grants and contributions	3,765	3,900	1	1	3,766	3,901
Investment earnings	2,188	1,848	1	1	2,189	1,849
Gain on disposal of capital assets	1,399	1,035	11		1,410	1,035
Miscellaneous	895	937	25	6	920	943
Total general revenues	66,161	64,190	709	853	66,870	65,043
Total Revenues	124,509	100,202	14,100	13,220	138,609	113,422
Expenses:						
General government	14,092	15,379			14,092	15,379
Public safety	23,689	22,182			23,689	22,182
Public works	40,112	17,144			40,112	17,144
Public health and human services	34,126	32,865			34,126	32,865
Resources and development	1,972	3,089			1,972	3,089
Education	1,103	1,101			1,103	1,101
Interest on long-term debt	1,223	1,121			1,223	1,121
Health care centers			13,793	13,814	13,793	13,814
Total Expenses	116,317	92,881	13,793	13,814	130,110	106,695
Excess(deficiency) before transfers	8,192	7,321	307	(594)	8,499	6,727
Transfers	95	(575)	(95)	575		
Change in net position	8,287	6,746	212	(19)	8,499	6,727
Net Position - January 1, as originally stated	167,202	160,456	10,473	10,492	177,675	170,948
Cummulative effect of Acctg Principal	(1,758)		(350)		(2,108)	
Net Position - January 1, restated	165,444	160,456	10,123	10,492	175,567	170,948
Net Position - December 31	\$ 173,731	\$ 167,202	\$ 10,335	\$ 10,473	\$ 184,066	\$ 177,675

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

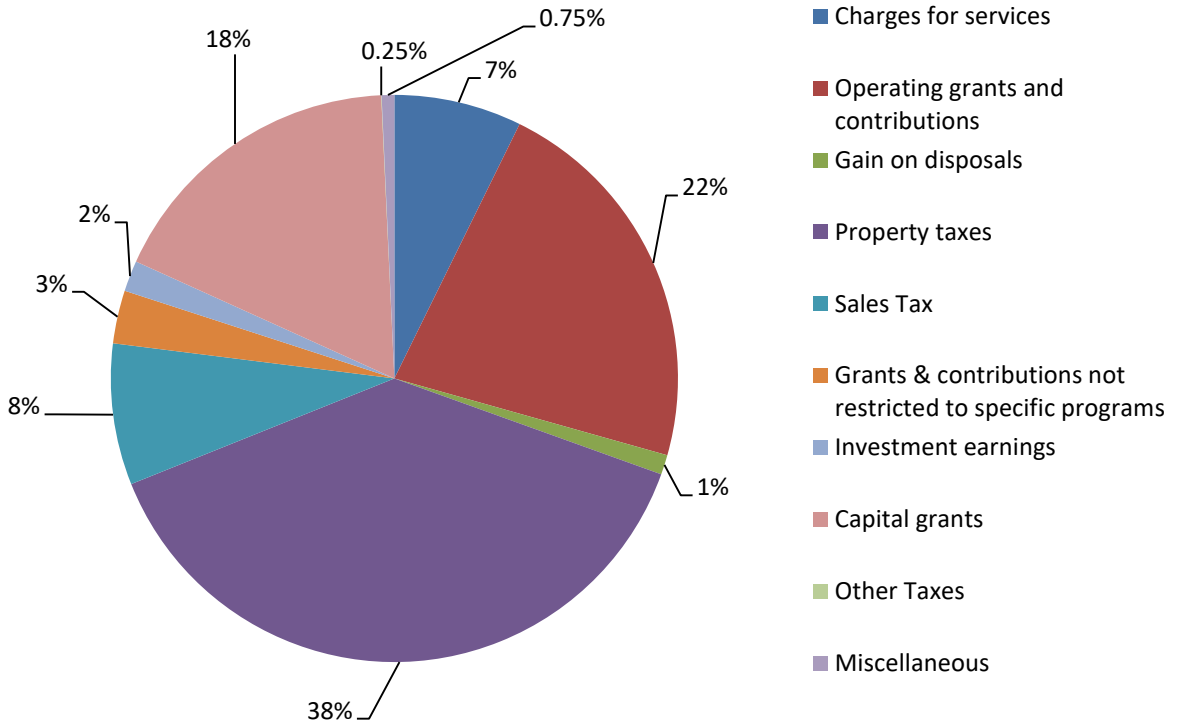
Governmental activities: Governmental activities increased the County's net position by \$8,287,157. Sheboygan County implemented GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions and reported the cumulative effect of this change by reducing the net position as of the beginning of the year by \$1,758,471. Other influencing factors to net position by the governmental activities were:

- Projects not completed in 2018 that will carry over to 2019 resulted and less expenses of \$604,442.
- \$1,398,791 gain on disposal of capital assets which included the sale of the old Main Highway Facility.
- The Transportation fund experienced increased sales tax revenues and reported a positive change to net position of \$438,109.
- Investment earnings of \$2,188,442
- Sale of County owned property on Pennsylvania Avenue to a developer for a new apartment complex for \$400,000.



COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
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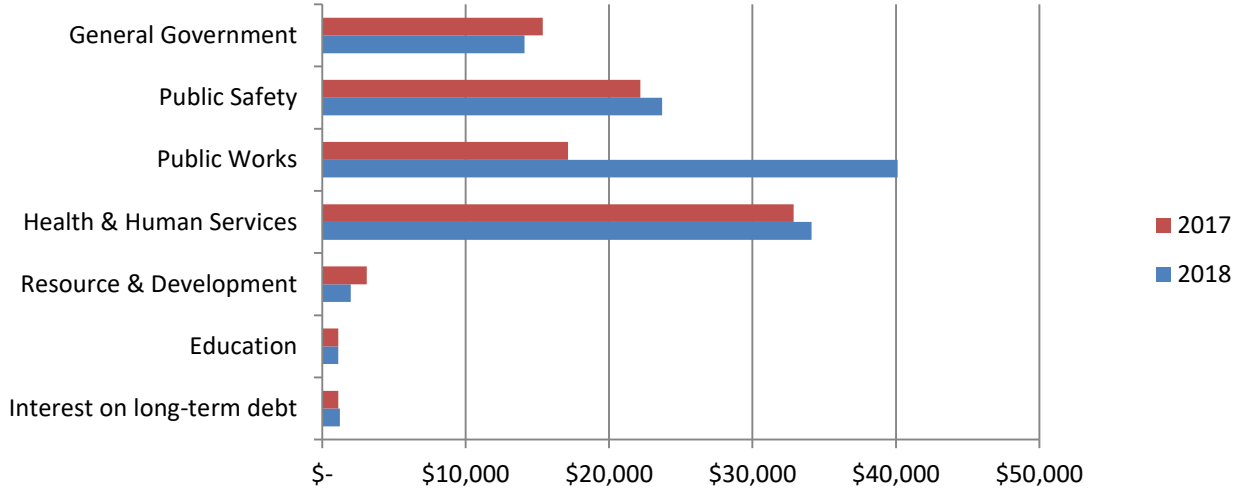
Revenues by Source - Governmental Activities



Governmental Activities compared to 2017 are showing an increase in net expenses of \$1,098,000. Public Safety increased net expenses by \$1,567,000 and continues to be challenged with overtime in the correction facilities and increased inmate populations. Public Health and Human Services also experienced increased net expenses of \$1,115,000. These two increases to net expense were offset by decreases in General Government and Resource and Development.

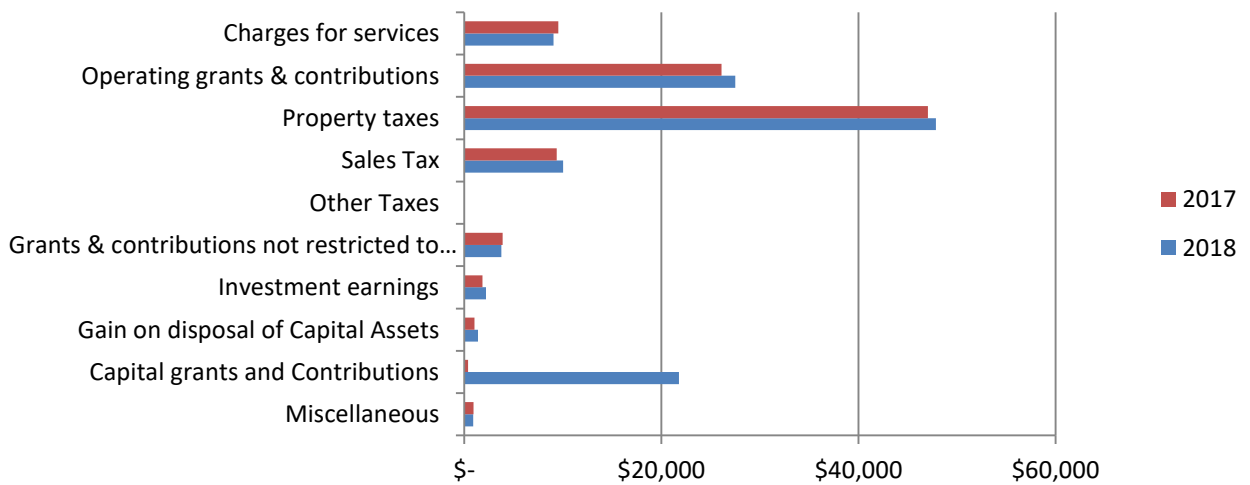
COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
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Governmental Activities Functional Expenses for Years 2018 and 2017
(Shown in Thousands of Dollars)



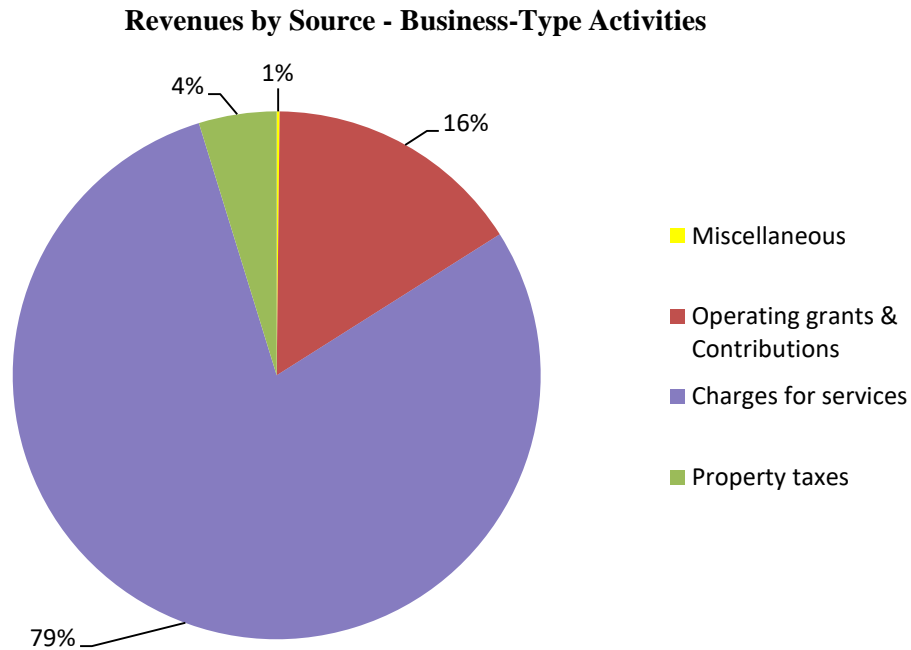
For the Governmental Activities between the 2017 and 2018 fiscal cycle, Public Works increased by \$22,968,538, which reflects the completion of the Transportation Complex.

Governmental Activities Revenues by Source for Years 2018 and 2017
(Shown in Thousands of Dollars)



COUNTY OF SHEBOYGAN, WISCONSIN
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Business-type Activities: Rocky Knoll Health Care Center increased Sheboygan County's net position by \$212,037 compared to a decrease of \$18,397 experienced in 2017. The Rocky Knoll Health Care Center was awarded a Five Star Rating in Quality Measures as recognized by the Centers for Medicare and Medicaid Services and has been successful in implementing the first two phases of the new Mega Rule, also known as the Final Rule issued by the Centers for Medicare and Medicaid Services.



Financial Analysis of Sheboygan County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of Sheboygan County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *assigned and unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the County's governmental funds reported combined ending fund balances of \$28,789,636 an increase of \$3,041,709. Of the combined ending fund balances, \$19,911,922 or 69% constitutes *assigned and unassigned fund balance* that is available for spending at the County's discretion. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been committed for the following: 1) delinquent property taxes (\$978,201), 2) prepayments that benefit periods beyond the end of the current year

COUNTY OF SHEBOYGAN, WISCONSIN
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(\$63,074), 3) various individual fund commitments approved by the County Board (\$3,803,415), and 4) for grant or statutory provisions (\$4,033,024).

The General Fund is the chief operating fund of the County. At the end of the current year, assigned fund balance was \$882,577 and unassigned fund balance was \$18,476,704 while the total fund balance was \$21,486,955. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and the total fund balance to total fund expenditures. Assigned and unassigned fund balance of \$19,359,281 represents 50% of total general fund expenditures, while total fund balance represents 56% of that same amount.

During the current year the County's General Fund balance increased slightly by \$39. Per Fund Balance Policy approved by the Finance Committee, \$690,344 was the year-end transfer of fund balance from the Health & Human Services fund. In addition, by County Board approval, fund balance of \$1,519,371 was utilized for the remaining construction of the new Transportation Complex. This is less than the prior year amount of \$2,407,880 that was in assigned fund balance for the complex. For a more detailed analysis of budgetary variances, please refer to the "General Fund Budgetary Highlights" discussion below.

Public Health and Human Services fund revenues exceed expenditures by \$510,128 due mainly to increase in property tax levy.

The Debt Service fund has a fund balance of \$331,606 a decrease of \$212,477 over the prior year.

The Capital Projects fund has a fund balance of \$2,675,489. These restricted monies will be used to complete capital projects that are in progress at the end of 2018.

The Transportation Capital Projects fund has a fund balance of \$3,578,678. This is an increase of \$438,109 over the prior year. The Transportation Capital Projects fund was established by County Ordinance, and is used to record sales tax revenues for the purpose of repairing and reconstructing the County's transportation infrastructure.

Proprietary funds: Sheboygan County's proprietary funds provide the same type of information found in the County's government-wide financial statements but in more detail.

The Rocky Knoll Health Care Center is the only Enterprise Fund of the County. Rocky Knoll had an increase in net position of \$327,663 compared to a decrease of \$58,785 experienced in 2017. This increase is mainly due to the receipt of a Certified Public Expenditure (CPE) from the State of Wisconsin in the amount of \$764,053. This reimbursement occurs when the Federal Medicaid funds received by the State for Direct Care Medicaid losses are higher than what the State of Wisconsin had budgeted for allocation.

The Internal Service Funds is comprised of the County's Employee Insurances, Information Technology Services and the Highway Department. For 2018, the Internal Service funds increased net position by \$21,595,954 mainly from the contribution for the capitalization of the new Transportation Complex.

General Fund Budgetary Highlights

Difference between the original budget and the final amended budget for expenditures was a \$250,267 increase in appropriations or a 0.66% increase over the original budget.

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During the year, actual expenditures were \$202,947 over budget, a relatively even year of operations. Public Safety did experience a negative variance to budget of \$721,000 which is a result of Correction Officer vacancies which lead to more overtime. Also effecting this negative variance is the increased inmate population. A negative variance to budget of \$175,000 was also experienced in Resource and Development which had an unbudgeted immediate repair to the control gate on the Sheboygan County Marsh Dam. The Clerk of Courts experienced increases in mandated costs and ended with a negative variance to budget of \$128,000. These negative variances were offset by the Building Services positive variance of \$477,000 that resulted from delays in internal repairs and maintenance projects and a positive variance of \$201,000 at the Airport from the delay in purchasing of Security Cameras. Both the repairs and maintenance projects and Security Cameras have been approved to be carried forward for completion in 2019.

Capital Asset and Debt Administration

Capital assets: Sheboygan County's investment in capital assets for its governmental and business-type activities as of December 31, 2018 was \$171,400,196 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure (highways and bridges), and construction in progress.

Major capital asset investment during the current year included the following:

- Highway construction projects at a cost of \$6,630,000.
- Completion of the New Transportation Complex. Capitalization of \$21,482,000.
- Old radio towers have been removed from the equipment listing and accumulated depreciation in 2018 in the amount of \$7,169,777.

Sheboygan County's Capital Assets

(Amounts Expressed in \$1,000)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 17,040	\$ 15,453	\$ 32	\$ 32	\$ 17,072	\$ 15,485
Construction in progress	6,559	23,650			6,559	23,650
Buildings	86,070	69,712	15,817	15,696	101,887	85,408
Other improvements	13,491	11,646	624	624	14,115	12,270
Infrastructure	137,672	131,042			137,672	131,042
Machinery and equipment	21,992	19,745	4,472	4,385	26,464	24,130
Office furniture and equipment	22,837	30,078	980	970	23,817	31,048
Vehicles	14,636	13,740	141	164	14,777	13,904
Less Accumulated depreciation	(156,177)	(156,670)	(14,786)	(14,272)	(170,963)	(170,942)
Total	\$ 164,120	\$ 158,396	\$ 7,280	\$ 7,599	\$ 171,400	\$ 165,995

Additional information on Sheboygan County's capital assets can be found in Note C.5 on pages 64-65.

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
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Long-term debt: At the end of the current fiscal year, Sheboygan County had total debt outstanding of \$36,820,000 backed by the full faith and credit of the County.

Sheboygan County's Outstanding Debt

	2018	2017
General obligation debt:		
Bonds	\$ 1,630,000	\$ 3,895,000
Notes	35,190,000	32,890,000
Total general obligation debt	36,820,000	36,785,000
Capital leases	-	4,548
Total debt	\$ 36,820,000	\$ 36,789,548

On January 10, 2018 the County issued \$6,680,000 General Obligation Promissory Notes to finance part of the cost of capital improvements within the County including the remaining construction on the new Transportation Complex. Standard & Poor's Global Ratings assigned an AA- rating to the County for the 2018 promissory note issuance. Subsequent General Obligation Promissory Notes will be issued in 2020 to finance Capital Projects approved in the Five Year Capital Plan for 2019 and for 2020.

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current legal threshold for new debt for the County is \$448,822,966 which is significantly in excess of the County's \$36,820,000 in general obligation debt. The County's debt service fund has a fund balance of \$331,606 at December 31, 2018.

Additional information on Sheboygan County's long-term debt can be found in Note C.7 on page 67-69 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for December 2018 was 2.3%, the same as it was for the prior year at this time. The average unemployment rate for the State of Wisconsin was 3.0%.

The economic condition and outlook mirrors that of the state and region. The County continues to have a diversified mix of manufacturing, service industries, retailers, health services, and dairy farming. However, all of these activities reflect state and national economies and economic conditions.

In prior years, limits have been imposed on the property tax levy rates and actual levies on Wisconsin counties. The baseline for the first imposed tax rate limit is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. For the 2018 budget year the County was allowed to increase the levy by net new construction under the actual tax levy freeze formula. Adjustments were also allowed for debt service payments and other specific items.

COUNTY OF SHEBOYGAN, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2018

With the adoption of the budget for 2019, the County's operating rate of \$5.3005 represents a \$0.1517 decrease from the prior year and conforms to the state statute requirements.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Sheboygan County's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Finance Director, County of Sheboygan, 508 New York Avenue, Sheboygan, Wisconsin, 53081.

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$47,067,037	\$3,102,836	\$50,169,873
Receivables			
Taxes	48,690,577	716,884	49,407,461
Accounts, net	2,218,400	989,418	3,207,818
Delinquent taxes	1,627,279		1,627,279
Delinquent special certificates			
Interest	602,044		602,044
Loans	2,745,136		2,745,136
Internal balances	339,799	(339,799)	
Due from other governments	3,131,373	11,072	3,142,445
Prepays and inventory	2,077,573	36,140	2,113,713
Capital assets, nondepreciable			
Land	17,039,586	31,750	17,071,336
Construction in progress	6,559,511		6,559,511
Capital assets, depreciable			
Buildings	86,070,459	15,817,543	101,888,002
Improvements other than buildings	13,490,986	624,035	14,115,021
Infrastructure	137,671,719		137,671,719
Machinery and equipment	21,991,714	4,471,845	26,463,559
Office furniture and equipment	22,836,972	979,756	23,816,728
Vehicles	14,635,558	140,915	14,776,473
Less: Accumulated depreciation	(156,176,569)	(14,785,584)	(170,962,153)
Other assets			
Net pension asset	7,338,586	1,233,395	8,571,981
Total Assets	279,957,740	13,030,206	292,987,946
Deferred Outflows of Resources			
Deferred outflows related to pension	13,445,725	2,238,044	15,683,769
Other postemployment related amounts	230,886	45,891	276,777
Total Deferred Outflows of Resources	13,676,611	2,283,935	15,960,546
Liabilities			
Accounts payable	4,192,750	53,519	4,246,269
Accrued compensation	3,328,006	547,573	3,875,579
Accrued and other current liabilities	1,659,466		1,659,466
Accrued interest payable	174,016		174,016
Due to other governments	1,365,247		1,365,247
Unearned revenue	291,623		291,623
Long-term obligations			
Due Within One Year	7,158,821	26,112	7,184,933
Due In More Than One Year	36,397,581	769,405	37,166,986
Other postemployment benefits	2,134,927	424,342	2,559,269
Total Liabilities	56,702,437	1,820,951	58,523,388
Deferred Inflows of Resources			
Property taxes levied for subsequent year	48,690,578	716,884	49,407,462
Deferred inflows related to pension	14,449,232	2,428,480	16,877,712
Other postemployment related amounts	60,973	12,119	73,092
Total Deferred Inflows of Resources	63,200,783	3,157,483	66,358,266
Net Position			
Net investment in capital assets	129,442,784	7,280,260	136,723,044
Restricted For:			
Debt service	157,590		157,590
Land records	591,700		591,700
Jail assessment	269,962		269,962
Community development	1,640,272		1,640,272
Pension benefits	7,338,586	1,233,395	8,571,981
Unrestricted	34,290,237	1,822,052	36,112,289
Total Net Position	\$173,731,131	\$10,335,707	\$184,066,838

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2018

Primary Government

Governmental Activities:

	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
General Government	\$ 14,092,046	\$ 1,815,065	\$ 964,008	\$ 242,740	\$ (11,070,233)	\$ (11,070,233)
Public Safety	23,688,645	1,660,134	270,411		(21,758,100)	(21,758,100)
Public Works	40,112,341	279,134	10,076,512	21,481,910	(8,274,785)	(8,274,785)
Public Health and Human Services	34,125,838	4,284,738	15,624,337	59,771	(14,156,992)	(14,156,992)
Resources and Development	1,971,668	490,862	562,908		(917,898)	(917,898)
Education	1,103,382	21,147			(1,082,235)	(1,082,235)
Interest on Long-term Debt	1,222,653	514,302			(708,351)	(708,351)
	<u>116,316,573</u>	<u>9,065,382</u>	<u>27,498,176</u>	<u>21,784,421</u>	<u>(57,968,594)</u>	<u>(57,968,594)</u>

Business-Type Activities:

Rocky Knoll	13,792,298	11,157,673	2,232,853		(401,772)	(401,772)
Total Primary Government	\$ 130,108,871	\$ 20,223,055	\$ 29,731,029	\$ 21,784,421	(57,968,594)	(58,370,366)

General Revenues

Taxes:						
Property taxes					47,855,302	48,526,185
Sales tax					10,030,109	10,030,109
Other Taxes					28,613	28,613
Grants and Contributions Not Restricted to Specific Functions					3,764,569	3,765,291
Investment Earnings					2,188,442	2,189,548
Gain on disposal of capital assets					1,398,791	1,409,389
Miscellaneous					894,965	920,425
Transfers In (Out)					94,960	(94,960)
Total general revenues and transfers					<u>66,255,751</u>	<u>66,869,560</u>

Change in net position					8,287,157	8,499,194
Net Position - January 1, as originally stated					\$167,202,445	\$177,675,631
Cumulative effect of change in accounting principle					(1,758,471)	(\$2,107,987)
Net Position - January 1, restated					165,443,974	175,567,644
Net Position - December 31					<u>\$173,731,131</u>	<u>\$184,066,838</u>

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

COUNTY OF SHEBOYGAN, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2018

	General	Public Health and Human Services	Debt Service	Capital Projects	Transportation	Other Governmental Fund	Total Governmental Funds
Assets							
Cash and investments	\$ 29,133,313	\$ 795,285	\$ 331,606	\$ 2,898,019	\$ 1,998,710	\$ 216,908	\$ 35,373,841
Receivables							
Taxes	26,540,296	14,011,572	5,261,520				45,813,388
Accounts, net	238,157	368,708			1,579,968		2,186,833
Delinquent taxes	1,537,778						1,537,778
Delinquent special certificates	89,501						89,501
Interest	602,044						602,044
Loans	1,269,131					1,476,005	2,745,136
Due from other governments	425,937	1,346,600					1,772,537
Prepays and inventory	63,075						63,075
Total Assets	\$ 59,899,232	\$ 16,522,165	\$ 5,593,126	\$ 2,898,019	\$ 3,578,678	\$ 1,692,913	\$ 90,184,133
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 2,299,986	\$ 819,698		\$ 222,530			\$ 3,342,214
Accrued compensation	6,715,883						6,715,883
Accrued and other current liabilities	340,627	7,064					347,691
Due to other governments	348,023	1,017,224					1,365,247
Unearned revenue	125,016	166,607					291,623
Total Liabilities	9,829,535	2,010,593		222,530			12,062,658
Deferred Inflows of Resources							
Property taxes levied for susequent year	26,540,296	14,011,572	5,261,520				45,813,388
County portion of delinquent taxes	773,315						773,315
Loans receivable	1,269,131					1,476,005	2,745,136
Total Deferred Inflows of Resources	28,582,742	14,011,572	5,261,520			1,476,005	49,331,839
Fund Balances							
Nonspendable	1,041,275						1,041,275
Restricted	861,662		331,606	2,675,489		164,267	4,033,024
Committed	224,737				3,578,678		3,803,415
Assigned	882,577	500,000				52,641	1,435,218
Unassigned	18,476,704						18,476,704
Total Fund Balances	21,486,955	500,000	331,606	2,675,489	3,578,678	216,908	28,789,636
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,899,232	\$ 16,522,165	\$ 5,593,126	\$ 2,898,019	\$ 3,578,678	\$ 1,692,913	\$ 90,184,133

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

COUNTY OF SHEBOYGAN, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2018

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on the previous page \$ 28,789,636

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 129,063,554

Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds

Delinquent taxes	773,315	
Loans receivable	2,745,136	3,518,451

The County's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements

Net pension asset	7,338,586	
Deferred outflows of resources	13,445,725	
Deferred inflows of resources	(14,449,232)	6,335,079

The County's proportionate share of the Local Retiree Life Insurance Fund OPEB plan is not an available financial resource; therefore, it is not reported in the fund financial statements

Deferred outflows of resources	230,886	
Net pension liability	(2,134,927)	
Deferred inflows of resources	(60,973)	(1,965,014)

Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds

Bonds and notes payable	\$ (36,820,000)	
Compensated absences	(980,354)	
Bond premiums	(1,260,171)	
Accrued interest on long-term obligations	(174,016)	(39,234,541)

Receivable or (payable) to a business-type activity due to the lookback adjustment and consolidation of internal service funds 339,799

Internal service fund activities included in governmental activities 46,884,167

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 27)	\$ 173,731,131

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Public Health and Human Services	Debt Service	Capital Projects	Transportation	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 26,481,008	\$ 13,621,937	\$ 4,780,956				\$ 44,883,901
Other taxes	28,613				10,030,109		10,058,722
Intergovernmental	5,390,938	15,611,337					21,002,275
Licenses and permits	399,118	349,680					748,798
Fines, forfeits and penalties	340,618						340,618
Public charges for services	3,911,022	3,935,057					7,846,079
Miscellaneous	4,488,796	202,769	539,218	97,308		251,245	5,579,336
Total Revenues	41,040,113	33,720,780	5,320,174	97,308	10,030,109	251,245	90,459,729
Expenditures							
Current:							
General government	13,339,756						13,339,756
Public safety	21,034,068					5,772	21,039,840
Public works	422,206				8,000,000		8,422,206
Public health and human services	272,026	33,124,709					33,396,735
Resources and development	2,129,894					1,054,300	3,184,194
Education	558,053						558,053
Debt Service:							
Principal	4,548		6,645,000				6,649,548
Interest and other charges	1,322		1,215,268				1,216,590
Capital Outlay	716,461	85,943		7,204,555			8,006,959
Total Expenditures	38,478,334	33,210,652	7,860,268	7,204,555	8,000,000	1,060,072	95,813,881
Excess (deficiency) of revenues over expenditures	2,561,779	510,128	(2,540,094)	(7,107,247)	2,030,109	(808,827)	(5,354,152)
Other Financing Sources (Uses)							
Premium on long term debt issued			292,211				292,211
Long term debt issued				6,680,000			6,680,000
Transfers in	698,844		2,035,406	4,232,328			6,966,578
Transfers out	(3,260,584)	(690,344)			(1,592,000)		(5,542,928)
Total Other Financing Sources (Uses)	(2,561,740)	(690,344)	2,327,617	10,912,328	(1,592,000)		8,395,861
Net change in fund balances	39	(180,216)	(212,477)	3,805,081	438,109	(808,827)	3,041,709
Fund balances, January 1	21,486,916	680,216	544,083	(1,129,592)	3,140,569	1,025,735	25,747,927
Fund balances, December 31	\$ 21,486,955	\$ 500,000	\$ 331,606	\$ 2,675,489	\$ 3,578,678	\$ 216,908	\$ 28,789,636

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2018

Reconciliation to the Statement of Activities

Net Change in Fund Balances as show on previous page \$ 3,041,709

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 the governmental fund statements	\$ 15,517,062	
Capital assets financed by (transferred to) the Internal Service Fund	(21,953,358)	
Depreciation expense reported in the statement of activities	<u>(9,357,145)</u>	
Amount by which capital outlays are greater than depreciation in current period		(15,793,441)

In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source because they increase the financial resources. In the statement of activities, only the gain (or loss) on the sale of capital assets is reported.

(592,846)

Governmental funds report special assessments as revenue in the year paid. However, special assessments are recognized as revenue in the year assessed on the statement of activities. Change in special assessments in the current year is:

8,474

Changes in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.

(927,978)

Changes in the net OPEB liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the life insurance plan.

(206,543)

Long-term debt proceeds are reported as an other financing source in the governmental funds but increases liabilities in the statement of net position. The amount of long-term debt proceeds in the current year are:

General obligation bonds and promissory notes issued		(6,680,000)
--	--	-------------

Repayment of principal on long-term debt is reported in the governmental funds as expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:

General obligation and notes payable retired	6,645,000	
Capital lease retired	<u>4,548</u>	6,649,548

Some expenses reported in the governmental funds required the use of current financial resources and, therefore, were reported as expenditures in governmental funds. However, the amounts were not included as expenses in the statement of activities since they were expensed in prior years. In addition, 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.

Loan repayment/issuance	726,236	
Compensated absences	164,875	
Accrued interest	(7,385)	
Issuance and amortization of bond premiums	<u>(2,879)</u>	880,847

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The net revenue of the internal service funds is reported with governmental activities.

21,791,761

Additional (loss) revenue due to internal service fund look-back adjustments must be recognized in the government-wide statements.

115,626

Change in Net Position of Governmental Activities as reported in the Statement of Activities (see page 28)

\$ 8,287,157

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

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property taxes	\$ 26,475,975	\$ 26,475,975	\$ 26,481,008	\$ 5,033
Other taxes	7,495	11,895	28,613	16,718
	<u>26,483,470</u>	<u>26,487,870</u>	<u>26,509,621</u>	<u>21,751</u>
Intergovernmental				
General Government	4,423,241	4,423,241	4,544,619	121,378
Public Safety	117,153	233,139	270,411	37,272
Public Health & Human Services	13,000	13,000	13,000	
Resources and Development	418,476	418,476	562,908	144,432
	<u>4,971,870</u>	<u>5,087,856</u>	<u>5,390,938</u>	<u>303,082</u>
Licenses and permits				
General Government	114,000	114,000	115,092	1,092
Resources and Development	276,600	276,600	284,026	7,426
	<u>390,600</u>	<u>390,600</u>	<u>399,118</u>	<u>8,518</u>
Fines, Forfeits and Penalties				
General Government	304,000	304,000	337,423	33,423
Public Safety			270	270
Resources and Development	4,600	4,600	2,925	(1,675)
	<u>308,600</u>	<u>308,600</u>	<u>340,618</u>	<u>32,018</u>
Public Charges for Services				
General Government	1,546,590	1,546,590	1,775,336	228,746
Public Safety	1,702,887	1,787,887	1,659,865	(128,022)
Public Works	243,862	243,862	252,888	9,026
Resources and Development	136,700	136,700	201,786	65,086
Education	22,900	22,900	21,147	(1,753)
	<u>3,652,939</u>	<u>3,737,939</u>	<u>3,911,022</u>	<u>173,083</u>
Miscellaneous				
General Government	2,829,503	2,825,103	4,038,024	1,212,921
Public Safety	362,262	380,262	381,202	940
Public Works	26,140	26,140	9,161	(16,979)
Public Health and Human Services			2,630	2,630
Resources and Development	47,440	47,440	44,667	(2,773)
Education	13,000	13,000	13,112	112
	<u>3,278,345</u>	<u>3,291,945</u>	<u>4,488,796</u>	<u>1,196,851</u>
Total Revenues	<u>39,085,824</u>	<u>39,304,810</u>	<u>41,040,113</u>	<u>1,735,303</u>
EXPENDITURES				
General Government				
Treasurer				
Wages and benefits	418,103	418,103	405,985	12,118
Operating expenses	143,941	153,441	119,890	33,551
Interdepartmental charges	203,252	203,252	185,549	17,703
Capital outlay			104,101	(104,101)
	<u>765,296</u>	<u>774,796</u>	<u>815,525</u>	<u>(40,729)</u>
Register of Deeds				
Wages and benefits	370,773	370,773	389,063	(18,290)
Operating expenses	106,724	106,724	103,301	3,423
Interdepartmental charges	159,104	159,104	159,959	(855)
	<u>636,601</u>	<u>636,601</u>	<u>652,323</u>	<u>(15,722)</u>

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Finance				
Wages and benefits	1,180,363	1,180,363	1,118,969	61,394
Operating expenses	68,569	68,569	42,752	25,817
Interdepartmental charges	332,910	332,910	290,780	42,130
	<u>1,581,842</u>	<u>1,581,842</u>	<u>1,452,501</u>	<u>129,341</u>
Medical Examiner				
Wages and benefits	104,703	104,703	107,618	(2,915)
Operating expenses	64,672	64,672	58,836	5,836
Interdepartmental charges	33,398	33,398	33,497	(99)
	<u>202,773</u>	<u>202,773</u>	<u>199,951</u>	<u>2,822</u>
County Board				
Wages and benefits	127,477	127,477	126,904	573
Operating expenses	47,772	56,272	52,963	3,309
Interdepartmental charges	33,109	33,109	33,282	(173)
	<u>208,358</u>	<u>216,858</u>	<u>213,149</u>	<u>3,709</u>
Court Commissioner				
Wages and benefits	244,922	244,922	245,501	(579)
Operating expenses	51,927	51,927	42,601	9,326
Interdepartmental charges	56,766	56,766	55,671	1,095
	<u>353,615</u>	<u>353,615</u>	<u>343,773</u>	<u>9,842</u>
Clerk of Courts				
Wages and benefits	1,262,853	1,262,853	1,235,659	27,194
Operating expenses	475,458	475,458	683,749	(208,291)
Interdepartmental charges	441,433	441,433	435,418	6,015
Capital outlay		46,737		46,737
	<u>2,179,744</u>	<u>2,226,481</u>	<u>2,354,826</u>	<u>(128,345)</u>
District Attorney				
Wages and benefits	775,500	775,500	776,911	(1,411)
Operating expenses	61,997	61,997	51,425	10,572
Interdepartmental charges	223,637	223,637	216,850	6,787
	<u>1,061,134</u>	<u>1,061,134</u>	<u>1,045,186</u>	<u>15,948</u>
County Clerk				
Wages and benefits	210,883	210,883	184,548	26,335
Operating expenses	154,335	154,335	161,663	(7,328)
Interdepartmental charges	88,933	88,933	84,555	4,378
	<u>454,151</u>	<u>454,151</u>	<u>430,766</u>	<u>23,385</u>
Building Services				
Wages and benefits	1,499,683	1,499,683	1,465,165	34,518
Operating expenses	1,324,904	1,538,817	1,220,138	318,679
Interdepartmental charges	478,018	478,018	446,931	31,087
Capital outlay	198,810	216,810	123,736	93,074
	<u>3,501,415</u>	<u>3,733,328</u>	<u>3,255,970</u>	<u>477,358</u>
Human Resources				
Wages and benefits	407,643	407,643	400,067	7,576
Operating expenses	85,913	85,913	78,772	7,141
Interdepartmental charges	98,535	98,535	104,245	(5,710)
	<u>592,091</u>	<u>592,091</u>	<u>583,084</u>	<u>9,007</u>
Non-Departmental				
Operating expenses	1,893,527	1,614,871	1,648,321	(33,450)
Interdepartmental charges	4,864	4,864	5,096	(232)
Interest and other charges		100	1,028	(928)
	<u>1,898,391</u>	<u>1,619,835</u>	<u>1,654,445</u>	<u>(34,610)</u>

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Corporation Counsel				
Wages and benefits	78,461	78,461	79,928	(1,467)
Operating expenses	223,467	223,467	223,213	254
Interdepartmental charges	21,119	21,119	21,019	100
	<u>323,047</u>	<u>323,047</u>	<u>324,160</u>	<u>(1,113)</u>
County Administrator				
Wages and benefits	195,386	195,386	200,084	(4,698)
Operating expenses	12,160	12,160	8,437	3,723
Interdepartmental charges	34,377	34,377	34,441	(64)
	<u>241,923</u>	<u>241,923</u>	<u>242,962</u>	<u>(1,039)</u>
Total General Government	<u>14,000,381</u>	<u>14,018,475</u>	<u>13,568,621</u>	<u>449,854</u>
Public Safety				
Sheriff				
Wages and benefits	13,284,658	13,332,658	14,039,884	(707,226)
Operating expenses	3,268,162	3,428,228	3,558,346	(130,118)
Interdepartmental charges	3,565,823	3,565,823	3,435,838	129,985
Capital outlay	336,859	347,779	361,281	(13,502)
Total Public Safety	<u>20,455,502</u>	<u>20,674,488</u>	<u>21,395,349</u>	<u>(720,861)</u>
Public Works				
Airport				
Wages and benefits	222,289	222,289	229,760	(7,471)
Operating expenses	110,145	110,145	95,297	14,848
Interdepartmental charges	109,820	109,820	97,149	12,671
Capital outlay	224,250	224,250	43,713	180,537
Total Public Works	<u>666,504</u>	<u>666,504</u>	<u>465,919</u>	<u>200,585</u>
Public Health and Human Services				
Veterans Services				
Wages and benefits	183,193	183,193	183,014	179
Operating expenses	21,613	21,613	19,078	2,535
Interdepartmental charges	61,905	61,905	60,323	1,582
	<u>266,711</u>	<u>266,711</u>	<u>262,415</u>	<u>4,296</u>
Veterans Commission				
Wages and benefits	2,147	2,147	431	1,716
Operating expenses	19,673	19,673	8,582	11,091
Interdepartmental charges	609	609	598	11
	<u>22,429</u>	<u>22,429</u>	<u>9,611</u>	<u>12,818</u>
Total Public Health and Human Services	<u>289,140</u>	<u>289,140</u>	<u>272,026</u>	<u>17,114</u>
Resources and Development				
Planning and Conservation				
Wages and benefits	872,451	905,638	861,409	44,229
Operating expenses	746,828	729,078	879,025	(149,947)
Interdepartmental charges	331,017	331,017	394,008	(62,991)
Interest and other charges			294	(294)
Capital outlay	85,000	77,750	83,630	(5,880)
Total Resources and Development	<u>2,035,296</u>	<u>2,043,483</u>	<u>2,218,366</u>	<u>(174,883)</u>

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Education				
U.W. Green Bay - Sheboygan Campus				
Operating expenses	90,419	95,419	76,953	18,466
Interdepartmental charges	20,042	20,042	20,977	(935)
	<u>110,461</u>	<u>115,461</u>	<u>97,930</u>	<u>17,531</u>
U.W. Extension				
Wages and benefits	127,873	127,873	127,832	41
Operating expenses	261,126	261,126	254,548	6,578
Interdepartmental charges	78,837	78,837	77,743	1,094
	<u>467,836</u>	<u>467,836</u>	<u>460,123</u>	<u>7,713</u>
Total Education	<u>578,297</u>	<u>583,297</u>	<u>558,053</u>	<u>25,244</u>
Total Expenditures	38,025,120	38,275,387	38,478,334	(202,947)
Excess of revenues over expenditures	<u>1,060,704</u>	<u>1,029,423</u>	<u>2,561,779</u>	<u>1,532,356</u>
Other financing sources (uses)				
Transfers in	236,652	245,152	698,844	453,692
Transfers out	(3,935,611)	(4,385,746)	(3,260,584)	1,125,162
Net change in fund balance	<u>(2,638,255)</u>	<u>(3,111,171)</u>	<u>39</u>	<u>3,111,210</u>
Fund balance, January 1	21,486,916	21,486,916	21,486,916	
Fund balance, December 31	<u>\$ 18,848,661</u>	<u>\$ 18,375,745</u>	<u>\$ 21,486,955</u>	<u>\$ 3,111,210</u>

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

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Public Health and Human Services
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 13,621,937	\$ 13,621,937	\$ 13,621,937	\$
Intergovernmental	15,572,365	15,909,089	15,611,337	(297,752)
Licenses and permits	326,286	326,286	349,680	23,394
Public charges for services	3,922,207	3,928,739	3,935,057	6,318
Miscellaneous	209,104	209,104	202,769	(6,335)
Total Revenues	33,651,899	33,995,155	33,720,780	(274,375)
EXPENDITURES				
Community Programs				
Wages and benefits	3,543,347	3,551,949	3,355,347	196,602
Operating expenses	10,860,748	10,998,893	10,675,960	322,933
Interdepartmental charges	2,019,785	2,019,785	1,936,115	83,670
	16,423,880	16,570,627	15,967,422	603,205
Elder Services				
Wages and benefits	386,794	386,794	392,378	(5,584)
Operating expenses	727,691	763,032	748,068	14,964
Interdepartmental charges	308,539	308,539	291,421	17,118
Capital outlay	72,000	72,000	85,943	(13,943)
	1,495,024	1,530,365	1,517,810	12,555
Public Health				
Wages and benefits	1,599,936	1,599,936	1,656,901	(56,965)
Operating expenses	101,004	92,405	109,683	(17,278)
Interdepartmental charges	909,859	909,859	938,674	(28,815)
	2,610,799	2,602,200	2,705,258	(103,058)
Social Services				
Wages and benefits	3,295,519	3,311,339	3,183,784	127,555
Operating expenses	4,010,149	4,264,096	4,167,199	96,897
Interdepartmental charges	1,897,289	1,897,289	1,878,539	18,750
	9,202,957	9,472,724	9,229,522	243,202
Economic Support				
Wages and benefits	2,131,678	2,131,678	2,066,936	64,742
Operating expenses	311,256	311,256	305,496	5,760
Interdepartmental charges	1,468,805	1,468,805	1,404,753	64,052
	3,911,739	3,911,739	3,777,185	134,554
Administration				
Wages and benefits	1,568,178	1,568,178	1,543,196	24,982
Operating expenses	243,918	324,134	342,183	(18,049)
Interdepartmental charges	(1,804,596)	(1,804,596)	(1,871,924)	67,328
	7,500	87,716	13,455	74,261
Total Expenditures	33,651,899	34,175,371	33,210,652	964,719
Excess (deficiency) of revenues over expenditures		(180,216)	510,128	690,344
Other financing uses				
Transfers out			(690,344)	(690,344)
Net change in fund balance		(180,216)	(180,216)	
Fund balance, January 1	680,216	680,216	680,216	
Fund balance, December 31	\$ 680,216	\$ 500,000	\$ 500,000	\$

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2018

	Enterprise Fund Rocky Knoll	Governmental Activities Internal Service Funds
Assets		
Current assets		
Cash and investments	\$ 3,102,836	\$ 11,693,196
Receivables (net)		
Taxes	716,884	2,877,189
Accounts	989,418	31,567
Due from external parties	11,072	1,358,836
Prepays and inventory	36,140	2,014,498
Total Current Assets	4,856,350	17,975,286
Noncurrent assets		
Capital assets, nondepreciable		
Land	31,750	4,948,069
Capital assets, depreciable		
Buildings	15,817,543	19,398,692
Improvements other than buildings	624,035	1,736,034
Infrastructure		29,920
Machinery and equipment	4,471,845	15,994,229
Office furniture and equipment	979,756	5,048,233
Vehicles	140,915	10,847,081
Less Accumulated depreciation	(14,785,584)	(22,945,876)
Other noncurrent assets		
Net pension asset	1,233,395	1,136,740
Total Noncurrent Assets	8,513,655	36,193,122
Total Assets	13,370,005	54,168,408
Deferred Outflows of Resources		
Deferred outflows related to pension	2,238,044	2,075,589
Other postemployment related amounts	45,891	37,227
Total Deferred Outflows of Resources	2,283,935	2,112,816
Liabilities		
Current liabilities		
Accounts payable	53,519	850,536
Accrued and other current liabilities		1,311,775
Accrued compensation	547,573	435,172
Current maturities of long-term obligations	26,112	849
Total Current Liabilities	627,204	2,598,332
Noncurrent liabilities		
Long-term obligations	769,405	671,979
Other postemployment benefits	424,342	344,227
Total Noncurrent Liabilities	1,193,747	1,016,206
Total Liabilities	1,820,951	3,614,538
Deferred Inflows of Resources		
Property taxes levied for subsequent year	716,884	2,877,190
Deferred inflows related to pension	2,428,480	2,238,172
Other postemployment related amounts	12,119	9,831
Total Deferred Inflows of Resources	3,157,483	5,125,193
Net Position		
Net investment in capital assets	7,280,260	35,056,382
Restricted for		
Pension benefits	1,233,395	1,136,740
Unrestricted	2,161,851	11,348,371
Total Net Position	\$ 10,675,506	\$ 47,541,493

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2018

Reconciliation of Proprietary Fund Statement of Net Position to the Government-wide Statement of Net Position

Total Net Position as shown on the previous page \$ 10,675,506

Amounts reported for business-type activities in the government-wide statement of net position are different because:

Change in revenue or expense due to the look-back adjustment resulting from consolidation of the internal service funds (339,799)

Net Position of Business-Type Activities as Reported on the Government-wide Statement of Net Position \$ 10,335,707

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Enterprise Fund Rocky Knoll	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for services	\$ 11,157,673	\$ 29,872,897
Miscellaneous operating revenue	25,460	259,224
Total Operating Revenues	11,183,133	30,132,121
Operating Expenses		
Operation and maintenance	13,085,423	35,460,799
Depreciation	591,249	1,154,188
Total Operating Expenses	13,676,672	36,614,987
Operating loss	(2,493,539)	(6,482,866)
Nonoperating revenues		
Intergovernmental contracts/grants	2,232,853	3,443,406
Property tax appropriation	670,883	2,971,401
Investment income	1,106	
Donations	722	6,301
Rental income		75,161
Gain on disposal of capital assets	10,598	1,172,078
Total nonoperating revenues	2,916,162	7,668,347
Income before contributions and transfers	422,623	1,185,481
Capital contributions - County	14,514	21,724,649
Transfers In		592,000
Transfers Out	(109,474)	(1,906,176)
Change in net position	327,663	21,595,954
Net Position - January 1, as originally stated	10,697,359	26,229,068
Cumulative effect of change in accounting principle	(349,516)	(283,529)
Net Position - January 1, restated	10,347,843	25,945,539
Net Position - December 31	\$ 10,675,506	\$ 47,541,493

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended December 31, 2018

Reconciliation of Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position to the Government-wide Statement of Activities

Change in Net Position as shown on previous page	\$	327,663
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Amounts reported for business-type activities in the government-wide statement of activities are different because:

Change in revenue or expenses due to the look-back adjustment resulting from consolidation of the internal service funds		(115,626)
		(115,626)

Change in Net Position of Business-Type Activities as Reported on the Government-wide Statement of Activities	\$	212,037
		212,037

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Enterprise Fund Rocky Knoll	Governmental Activities - Internal Service Funds
Cash flows from operating activities		
Receipts from customers and users	\$ 11,021,092	\$ 6,025,830
Receipts from interfund services provided	14,785	20,819,306
Other operating cash receipts	25,237	2,679,418
Payments to suppliers	(3,095,624)	(12,251,062)
Payments for wages and benefits	(7,385,286)	(20,144,825)
Payments for interfund services used	(2,278,216)	(2,020,331)
Net cash used by operating activities	<u>(1,698,012)</u>	<u>(4,891,664)</u>
Cash flows from noncapital financing activities		
Intergovernmental contracts/grants	2,232,853	3,443,406
Property tax appropriation received	670,883	2,971,401
Donations	722	6,301
Rental income		75,161
Transfer in		592,000
Transfer out	(109,474)	(1,906,176)
Net cash provided by noncapital financing activities	<u>2,794,984</u>	<u>5,182,093</u>
Cash flows from capital and related financing activities		
Proceeds from sale of equipment	10,598	1,479,879
Purchases of capital assets	(259,074)	(1,846,452)
Net cash used by capital and related financing activities	<u>(248,476)</u>	<u>(366,573)</u>
Cash flows from investing activities		
Investment income	1,106	
Net cash provided by investing activities	<u>1,106</u>	
Net increase in cash and cash equivalents	849,602	(76,144)
Cash and cash equivalents - January 1	2,253,234	11,769,340
Cash and cash equivalents - December 31	<u>\$ 3,102,836</u>	<u>\$ 11,693,196</u>

(Continued)

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2018

	Enterprise Fund Rocky Knoll	Governmental Activities - Internal Service Funds
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (2,493,539)	\$ (6,482,866)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation (net of amortization)	591,249	1,154,188
Change in pension related liabilities (assets) and deferred outflows/inflows of resources	187,877	162,505
Change in other post employment related liabilities (assets) and deferred outflows/inflows of resources	41,054	33,302
Changes in assets and liabilities:		
Accounts receivable	(126,889)	2,924
Due from other external parties	4,869	(610,491)
Prepays and inventory	7,327	(311,411)
Accounts payable	(20,362)	784,346
Accrued compensation	38,012	20,398
Accrued compensated absences	72,390	15,655
Accrued insurance		339,786
Net cash used by operating activities	<u>\$ (1,698,012)</u>	<u>\$ (4,891,664)</u>
Noncash investing, capital and financing activities		
Contribution of capital assets - County	\$ 14,514	\$ 21,724,649

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

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Net Position
Fiduciary Funds
December 31, 2018

	Agency Funds
Assets	
Current Assets	
Cash & Investments	\$ 1,837,741
Receivables (net)	251,649
Total Assets	\$ 2,089,390
 Liabilities	
Current Liabilities	
Accounts Payable	\$ 1,728,558
Deposits	109,183
Due to Other Governments	251,649
Total Liabilities	\$ 2,089,390

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

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Sheboygan County, Wisconsin (“the County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 County are described below:

1. Reporting Entity

Sheboygan County is a municipal corporation governed by an elected 25 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The following circumstances set forth the County’s financial accountability for a legally separate organization:

- a. The County is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County.
- b. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Related Organization

Sheboygan County is a member of the multicounty federated library system named Monarch Library System (formerly the Eastern Shores Library System). The Monarch Library System is the result of a merger between the Eastern Shores Library System which represented Sheboygan County and Ozaukee County, and the Mid-Wisconsin Library System, which comprised of Dodge County and Washington County. Funding for the Monarch Library System comes primarily from the State of Wisconsin, Sheboygan County, Ozaukee County, Dodge County and Washington County. Since the Monarch Library System is a related party organization of multiple counties and exercises substantial control of its own operations, it is not considered to be a component unit of Sheboygan County.

As a member of the Monarch Library System, Sheboygan County has the authority to appoint members to the Library System Board. The membership of the Library System Board is allocated among the member counties in the same proportion as the county’s population is to the total population of all the member counties. Each County appoints a county board member to the Library System board. In addition, one of the members is a member of the Mead Public Library Board, the library system’s resource library. The remaining Library System Board members are representatives of the member library boards and public members at large.

Payments to the Monarch Library System represent related party transactions, which are not considered to be “arm’s length transactions”. In 2018, payments from Sheboygan County to the

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Library System totaled \$1,264,750. Financial statements of the Monarch Library System can be obtained by contacting the Library System at: 4632 S. Taylor Drive, Sheboygan, WI. 53081.

3. 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 County. 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. *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 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, and capital project 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 County reports the following major governmental funds:

GENERAL FUND

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

PUBLIC HEALTH AND HUMAN SERVICES

This fund accounts for federal and state grants (other than capital grants) that are legally restricted for the nutritional, physical, social, mental, and economic needs of individual and families. Significant revenues are intergovernmental grants and public charges for services.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CAPITAL PROJECTS FUND

This fund accounts for the financial resources used for the acquisition or construction of major capital facilities and related assets.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TRANSPORTATION FUND

This fund accounts for the financial resources used for the acquisition or construction of major transportation related capital facilities and related assets.

The County reports the following major enterprise fund:

ROCKY KNOLL HEALTH CARE CENTER

This fund accounts for the operation and maintenance of a long-term skilled care nursing facility.

The County reports the following non-major funds.

SPECIAL REVENUE FUNDS are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Non-major special revenue funds include the public safety and community development funds.

Additionally the County reports the following fund types:

INTERNAL SERVICE FUNDS account for insurance, information technology services, printing, and highway maintenance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

AGENCY FUNDS account for assets held for individuals by various departments and funds held for other governmental agencies. Agency funds include inmate, patient, third party, and other governmental agencies funds.

4. 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 funds. 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 with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers grant revenues to be available if they are collected within 120 days and all other 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. Agency funds have no measurement focus.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes, sales taxes, public charges for services, licenses and interest associated with the current period are considered susceptible to accrual and so have been recognized as revenues of the current period. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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 internal services between governmental activities and business type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 revenue of the County's enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost 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 County's policy to use restricted resources first, and then unrestricted resources as they are needed.

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

a. 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.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$1,294,514.

c. Property Taxes Levied for the 2019 Budget

Property taxes are recorded in the year levied as taxes receivable and as deferred inflow of resources. They are recognized as revenue in full in the succeeding year when services financed

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

by the levy are being provided. The General Fund makes all other funds whole for their tax levies and accounts for any deferred, uncollected, or delinquent amounts.

d. Loans Receivable

The County has received federal and state grant funds for economic development loan programs and has passed the funds to various businesses in the form of loans. The County records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectable 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 government funds, the County 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.

e. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided and 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 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 activities and business-type activities.

f. 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 in the respective fund to indicate that they do not represent spendable available financial resources.

g. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items in both the government-wide and fund financial statements using the consumption method.

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

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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 County as assets with an initial, individual cost of \$5,000 or more except for Rocky Knoll Health Care Center, which must have a unit of cost of \$1,000 or more and an estimated useful life in excess of 1 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.

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

Buildings	25 – 40 years
Improvements other than buildings	15 years
Infrastructure	15 – 50 years
Infrastructure improvements	5 – 15 years
Machinery and equipment	5 – 20 years
Office furniture and equipment	5 – 20 years
Vehicles	3 – 4 years

i. Compensated Absences

The County compensates all employees upon termination for unused vacation time. Generally, vacation pay is earned during the same calendar year it is used. Vacation banks are capped at 280 hours and the employee earns no additional vacation until the bank falls below the cap.

The County provides a Sick Pay Program to all employees. Beginning 1/1/2013 employees are eligible to receive up to nine (9) days per year. Upon termination of employment employees will be paid out 33 1/3% of their earned but unused sick pay. Prior to January 1, 2013, all County union employees except Local 1749 (Highway Department) who had earned but unused sick leave in the employee's bank retain the value of that sick leave bank, converted to dollars at the employee's regular rate of pay as of 12/31/2012. An employee's "old sick leave" account is available for use by the employee as sick pay if the employee's regular sick pay account has become exhausted. Upon termination, any balance remaining in the employee's "old sick leave" account will be paid to the employee at 100% no matter when the termination of employment occurs. As of 12/31/2012, some employees were no longer eligible for the County's Income Protection Program. Those employees (Public Health and Community Programs Professionals and Highway Department) received nineteen (19) days of sick pay in their accounts as a starting balance as of 1/1/2013. Non-union employees are not eligible to accumulate sick leave. For these employees the County provides an income protection plan. Thus, they receive no sick leave compensation upon termination.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation liabilities at December 31, 2018, are determined on the basis of current salary in the government-wide and proprietary funds. Sick leave liabilities are determined on the basis of the dollar value of the “old sick banks” and pay-out value of the “new sick banks”. A liability for these amounts is reported in the governmental funds in the fund financial statements to the extent that the County has provided funding for leave to be taken in future years.

j. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent 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 County reports unavailable revenues for the County portion of delinquent property taxes and loans receivable that will be recognized as inflows of resources in the subsequent year for which it was levied or when the time requirement is met.

k. Long-Term Obligations

In the government-wide financial statements and proprietary fund types 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 type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bonds. Bonds and notes payable are reported net of the applicable debt premium or discount. Debt issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

l. 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.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Other Postemployment Benefits Other Than Pensions Plan (OPEB)

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.

n. 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 (ordinance) of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- Assigned fund balance – Amounts that are constrained for specific purposes by action of County management. By resolution, the County Board has authorized the County Administrator and the Finance Director to assign fund balance. By practice, the County Administrator and Finance Director recommend assigned fund balances to the Finance Committee for their approval. Requests include: 1) unused funds for projects or programs that span multiple calendar years, 2) donations specifically requested to be used for veterans services, and 3) maintenance of county recreational trails.
- Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County considers restricted amounts to be spent first when restricted, committed, assigned, and unassigned fund balances are available unless there are legal documents or contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the County will first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balances when expenditures are made.

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, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.
- 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.

o. 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.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE B – STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. Prior to August 31, County departments, with liaison committee approval, submit their annual budget requests to the Finance Committee of the County Board for the calendar commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. 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 County Board action.
- c. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental and proprietary funds. Budget is defined as the originally approved budget plus or minus approved amendments. 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.
- d. During the year, formal budgetary integration is employed as a management control device for governmental and proprietary funds. The County did not adopt an annual budget for the Community Development and Public Safety Special Revenue Funds.
- e. The budget is prepared by fund and department level. The legal level of budgetary control is by appropriation unit, defined as groups of account classes within a department, including wages and benefits, operating expenses, interdepartmental charges, and capital outlay. Management can make transfers within an appropriation unit without the approval of the County Board. The amounts of the various appropriations and the purposes for such appropriations may not be changed unless authorized by two-thirds (2/3) vote of the Board, in accordance with Wis Stat. 65.90(5)(a), except that the Finance Committee may authorize expenditures, transfers, and variances without Board approval in the following circumstances:
 - Capital Outlay Reprioritizations. Upon request of a liaison committee, the Finance Committee may authorize capital outlay account expenditures for items in substitution for those budgeted, provided the expenditure does not exceed the amount budgeted for the deleted items.
 - Underfunded Appropriation Units. Upon request of a liaison committee, the Finance Committee may transfer funds between appropriation units of a department, so long as such transfers are not in excess of 10% of the funds originally provided for such department in the budget.
 - Contingency Account Transfers. The Finance Committee may, if approved by two-thirds (2/3) vote of the Committee, transfer funds from the Contingency Fund for underfunded or unbudgeted items of up to the lesser of \$25,000 or 10% of the Contingency Fund appropriation. All other transfers from the Contingency Fund may be made only by a majority vote of the County Board.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE B – STEWARDSHIP AND COMPLIANCE (Continued)

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

2. 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:

	Wages & Benefits	Operating Expenses	Interdepartmental Charges	Debt Service Interest	Capital Outlay
General Fund					
General Government					
Treasurer	\$	\$	\$	\$	\$ 104,101
Register of Deeds		18,290		855	
Medical Examiner		2,915		99	
County Board			173		
Court Commissioner		579			
Clerk of Courts			208,291		
District Attorney		1,411			
County Clerk			7,328		
Human Resources				5,710	
Non-Departmental			33,450	232	928
Corporation Counsel		1,467			
County Administrator		4,698		64	
Public Safety					
Sheriff		707,226	130,118		13,502
Public Works					
Airport		7,471			
Resources and Development					
Planning and Conservation			149,947	62,991	294
					5,880
Education					
U.W. Green Bay - Sheboygan Campus			935		
Special Revenue Funds					
Public Health and Human Services					
Elder Services		5,584			13,943
Public Health		56,965	17,278	28,815	
Administration			18,049		
Debt Service Fund					
Interest and other charges				128,661	

The above excess expenditures were funded using favorable revenue variances and other favorable expenditure variances.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The County maintains cash and investment accounts, including pooled funds that are available for use by all funds. Each fund’s portion of these accounts is displayed in the financial statements as “Cash and investments”.

The County maintains its own investment policy which is in accordance with Wisconsin State Statutes. State statutes authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin, the State of Wisconsin Local Government Investment Pool, any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency, securities of an open-end management investment company or investment trust subject to various conditions and investment options and repurchase agreements with public depositories, with certain conditions. The County’s adopted investment policy is more restrictive than the state statutes in that it limits money market funds to maturities of less than one year and corporate debt obligations to 20% of total investible assets and/or 5% of total investible assets with any one corporate issuer.

The carrying amount of the County’s cash and investments totaled \$52,007,614 at December 31, 2018 as summarized below:

Petty cash funds	\$ 14,690
Deposits with financial institutions	14,884,998
Investments	
Certificates of deposit	4,288,017
Federal agency securities	21,466,969
Municipal bonds	6,874,988
Wisconsin local government investment pool	4,477,952
Total	<u>\$52,007,614</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$50,169,873
Fiduciary Fund Statement of Net Position	
Cash and investments	<u>1,837,741</u>
Total	<u>\$52,007,614</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the specific risks and the County’s policy related to the risk.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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 County does not have an additional custodial credit risk 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 per official custodian per depository institution. 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.

As of December 31, 2018, \$14,459,410 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire balance was collateralized with securities held by the same financial institution with which the cash was deposited.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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 investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	Rating as of Year End			
			AAA	AA	A	Not Rated
Federal Home Loan Bank	\$ 8,026,955	\$	\$ 8,026,955	\$	\$	\$
Federal Farm Credit Bank	8,567,394		8,567,394			
Federal Home Loan Mortgage Corp	2,698,708		2,698,708			
Federal National Mortgage Association	1,448,435		1,448,435			
Government National Mortgage Association	725,477					725,477
Certificates of deposit	4,288,017					4,288,017
Municipal bonds	6,874,988		626,832	6,104,346	143,810	
Wisconsin Local Government Investment Pool	4,477,952					4,477,952
Totals	\$ 37,107,926	\$	\$ 21,368,324	\$ 6,104,346	\$ 143,810	\$ 9,491,446

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments are as follows:

Issuer	InvestmentType	Reported Amount	Percent of Total Investments
Federal Home Loan Bank	Federal agency securities	\$ 8,026,955	16.74%
Federal Farm Credit Bank	Federal agency securities	8,567,394	17.87%
Federal Home Loan Mortgage Corp	Federal agency securities	2,698,708	5.63%
State of Wisconsin	Municipal bond	2,707,736	5.65%

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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. The County’s investment portfolio is structured to provide a high total return giving consideration to risk and necessary availability of funds.

Information about the sensitivity of the fair values of the County’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County’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 Home Loan Bank	\$ 8,026,955	\$	\$ 492,850	\$ 6,282,515	\$ 1,251,590
Federal Farm Credit Bank	8,567,394	988,320	1,368,689	4,210,732	1,999,653
Federal Home Loan Mortgage Corp	2,698,708		735,638	1,963,070	
Federal National Mortgage Association	1,448,435			1,448,435	
Government National Mortgage Association	725,477				725,477
Certificates of deposit	4,288,017	1,240,692	1,124,748	1,922,577	
Municipal bonds	6,874,988	2,303,102	399,795	1,456,788	2,715,303
Wisconsin Local Government Investment Pool	4,477,952	4,477,952			
Totals	\$ 37,107,926	\$ 9,010,066	\$ 4,121,720	\$ 17,284,117	\$ 6,692,023

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The County’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 Instruments	Fair Value at Year End
Federal Home Loan Bank	\$ 8,026,955
Federal Farm Credit Bank	8,567,394
Federal Home Loan Mortgage Corp	2,698,708
Federal National Mortgage Association	1,448,435
Government National Mortgage Association	725,477

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$4,477,952 at year-end. The Wisconsin local government investment pool (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 County’s share of the LGIP’s assets was substantially equal to the carrying value.

Fair Value Measurements

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

Investments	Fair Value Measurements Using :		
	Level 1	Level 2	Level 3
Federal Agency Securities	\$	\$ 21,466,969	\$
Certificates of Deposit		4,288,017	
Municipal Bonds		6,874,988	
Total investments by fair value level	\$	\$ 32,629,974	\$

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

Investment Type	Valuation Method
Federal Home Loan Bank	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Federal Farm Credit Bank	Institutional bond quotes - evaluations based on various market and industry inputs
Federal Home Loan Mortgage Corp	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
Government National Mortgage Association	Mortgage backed securities pricing - evaluations based on various market and industry inputs
Certificates of Deposit	Institutional bond quotes - evaluations based on various market and industry inputs
Municipal Bonds	Institutional bond quotes - evaluations based on various market and industry inputs

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred inflow of resources at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2018 for collection in 2019 are for the following:

County apportionment	\$ 49,407,462
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The above County apportionment of \$49,407,462 is for financing 2019 operations and will be transferred in 2019 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes – General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

On December 31, 2018, the County’s general fund showed an investment of \$1,537,778 in delinquent tax certificates. An aging of the delinquent taxes certificates follows:

Year Acquired	Total	County Share	County Purchased
2018	\$ 857,492	\$ 212,961	\$ 644,531
2017	449,958	112,489	337,469
2016	189,180	47,106	142,074
2015	17,500	4,253	13,247
2014	13,837	3,252	10,585
2013	7,726	1,808	5,918
2012	1,267	293	974
2011	640	147	493
2010	2	-	2
2009	2	-	2
2008	174	43	131
Delinquent property taxes at December 31, 2018	\$ 1,537,778	382,352	1,155,426
Less 60 day collections after December 31, 2018		58,607	177,225
County Share of Taxes		323,745	
Interest accrued		449,570	
Deferred Inflow of Resources		\$ 773,315	
Nonspendable Fund Balance (purchased equities of state and local governments)			\$ 978,201

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

4. Loans Receivable

The County's general fund has the following loans receivable detailed as follows:

\$72,609 issued 12/15/2016 to the Bay-Lake Regional Planning Commission. \$8,311 due annually through 2026, interest 3.0%.	\$	58,340
\$17,459 issued 12/22/2016 to the Village of Kohler, Wisconsin. \$3,616 due annually through 2021, interest 1.7%.		10,488
\$2,264 issued 12/22/2016 to the Village of Adell, Wisconsin. \$469 due annually through 2021, interest 1.7%.		1,360
\$20,125 issued 06/30/2017 to the Village of Howards Grove, Wisconsin. \$4,198 due annually through 2022, interest 1.7%.		16,101
\$1,295,500 issued 12/12/2017 to Tecumseh Products Company. Approximately \$37,336 due quarterly through 2027, interest adjusted quarterly to the Long-Term Applicable Federal Rate		1,182,842
Total Outstanding Loans Receivable	\$	1,269,131

Annual principal and interest maturities of the above outstanding loans receivable of \$1,269,131 are detailed below:

Year Ended December 31	Principal	Interest	Total
2019	\$132,243	\$34,666	\$166,909
2020	134,967	30,969	165,938
2021	138,769	27,167	165,938
2022	138,595	23,257	161,853
2023	138,350	19,305	157,655
2024	142,344	15,310	157,655
2025	146,453	11,201	157,655
2026	150,681	6,973	157,655
2027	146,729	2,623	149,344
	\$1,269,131	\$171,471	\$1,440,602

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

5. 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, not being depreciated				
Land	\$ 15,453,174	\$ 1,972,815	\$ 386,403	\$ 17,039,586
Construction in progress	23,650,354	14,389,160	31,480,003	6,559,511
Total capital assets, not being depreciated	39,103,528	16,361,975	31,866,406	23,599,097
Capital assets, being depreciated				
Buildings	69,711,987	17,929,667	1,571,195	86,070,459
Improvements other than buildings	11,646,201	2,118,615	273,830	13,490,986
Infrastructure	131,042,005	7,568,102	938,388	137,671,719
Machinery and equipment	19,744,565	2,967,770	720,621	21,991,714
Office furniture and equipment	30,078,361	571,624	7,813,013	22,836,972
Vehicles	13,740,061	1,394,667	499,170	14,635,558
Subtotals	275,963,180	32,550,445	11,816,217	296,697,408
Less accumulated depreciation for:				
Buildings	(47,999,736)	(1,996,863)	1,284,432	(48,712,167)
Improvements other than buildings	(8,817,802)	(272,772)	93,262	(8,997,312)
Infrastructure	(59,752,985)	(5,015,396)	838,168	(63,930,213)
Machinery and equipment	(12,463,754)	(739,215)	674,654	(12,528,315)
Office furniture and equipment	(18,926,162)	(1,526,133)	7,658,309	(12,793,986)
Vehicles	(8,709,156)	(960,954)	455,534	(9,214,576)
Subtotals	(156,669,595)	(10,511,333)	11,004,359	(156,176,569)
Total capital assets, being depreciated, net	119,293,585	22,039,112	811,858	140,520,839
Governmental activities capital assets, net	\$ 158,397,113	\$ 38,401,087	\$ 32,678,264	164,119,936
Less related long-term debt outstanding				34,677,152
Net investment in capital assets				<u>\$ 129,442,784</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 31,750	\$	\$	\$ 31,750
Capital assets, being depreciated:				
Buildings	15,695,545	121,998		15,817,543
Improvements other than buildings	624,035			624,035
Machinery and equipment	4,384,980	102,167	15,302	4,471,845
Office furniture and equipment	969,799	13,107	3,150	979,756
Vehicles	163,721	36,316	59,122	140,915
Subtotals	21,838,080	273,588	77,574	22,034,094
Less accumulated depreciation for:				
Buildings	(9,008,930)	(442,385)		(9,451,315)
Improvements other than buildings	(452,909)	(20,395)		(473,304)
Machinery and equipment	(3,925,399)	(69,688)	15,302	(3,979,785)
Office furniture and equipment	(747,381)	(33,225)	3,150	(777,456)
Vehicles	(137,290)	(25,556)	59,122	(103,724)
Subtotals	(14,271,909)	(591,249)	77,574	(14,785,584)
Total capital assets, being depreciated, net	7,566,171	(317,661)		7,248,510
Business-type activities capital assets, net	\$ 7,597,921	\$ (317,661)	\$	7,280,260
Less related long-term debt outstanding				
Investment in capital assets				<u>\$ 7,280,260</u>

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 1,064,207
Public safety	2,188,149
Public works	5,085,545
Public health and human services	263,665
Resources and development	214,894
Education	540,685
Total depreciation expense – governmental activities	9,357,145
Capital assets held by the County’s internal service funds are charged to various functions based on their usage of the assets	<u>1,154,188</u>
Total depreciation expense – governmental activities	<u>\$10,511,333</u>
Business-type activities:	
Rocky Knoll	<u>\$ 591,249</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Construction Commitment

The County has several unfinished construction projects in progress as of December 31, 2018. Major projects include construction of a maintenance garage and HVAC controls upgrade at the courthouse. At year-end the County had commitments and contracts outstanding for work to be done of \$643,703. A combination of general obligation bonds and fund balance are financing these projects.

6. Interfund Transfers

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

	Transfer to:				Total
	General Fund	Debt Service	Capital Projects	Governmental Activities - Internal Service Funds	
Transfers from:					
General Fund	\$	\$ 1,035,406	\$ 2,225,178	\$	\$ 3,260,584
Public Health and Human Services	690,344				690,344
Transportation Fund		1,000,000		592,000	1,592,000
Enterprise Fund - Rocky Knoll			109,474		109,474
Governmental Activities - Internal Service Funds	8,500		1,897,676		1,906,176
	<u>\$ 698,844</u>	<u>\$ 2,035,406</u>	<u>\$ 4,232,328</u>	<u>\$ 592,000</u>	<u>\$ 7,558,578</u>

Transfers are used to move unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Obligations

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

	Outstanding 1/1/2018	Issued	Retired	Outstanding 12/31/2018	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 3,895,000	\$	\$ 2,265,000	\$ 1,630,000	\$ 1,630,000
Notes	32,890,000	6,680,000	4,380,000	35,190,000	5,025,000
Total general obligation debt	36,785,000	6,680,000	6,645,000	36,820,000	6,655,000
Capital leases	4,548		4,548		
Bond premiums	1,257,294	292,211	289,334	1,260,171	252,450
Compensated absences	5,627,290	3,695,544	3,846,602	5,476,232	251,371
Governmental activities long-term obligations	<u>\$ 43,674,132</u>	<u>\$ 10,667,755</u>	<u>\$ 10,785,484</u>	<u>\$ 43,556,403</u>	<u>\$ 7,158,821</u>
Business-type activities:					
Compensated absences	\$ 727,387	\$ 703,483	\$ 635,353	\$ 795,517	\$ 26,112
Business-type activities long-term obligations	<u>\$ 727,387</u>	<u>\$ 703,483</u>	<u>\$ 635,353</u>	<u>\$ 795,517</u>	<u>\$ 26,112</u>

Total interest paid during the year on long-term debt totaled \$1,118,222.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Amount
Refunding bonds:	
\$3,455,000 - Series 2010, due May 1, 2019; interest 3.42%	\$ 505,000
\$2,265,000 - Series 2014, due December 1, 2019; interest 2%	470,000
\$3,265,000 - Series 2016, due May 1, 2019; interest 2%	655,000
	1,630,000
Notes:	
\$6,385,000 - Series 2010, issued under the Build America Bond Program, various amounts due through May 1, 2020; interest 3.65% to 3.85%	1,690,000
\$14,575,000 - Series 2014, various amounts due through May 1, 2023; interest 3% to 4%	9,285,000
\$9,500,000 - Series 2015, various amounts due through May 1, 2025; interest 2% to 3%	8,495,000
\$10,000,000 - Series 2017, various amounts due through May 1, 2027; interest 2% to 3%	9,040,000
\$6,680,000 - Series 2018, various amounts due through May 1, 2027; interest 2% to 4%	6,680,000
	35,190,000
Total outstanding general obligation debt	\$ 36,820,000

The annual principal and interest payments on general obligation debt as of December 31, 2018, are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2019	\$ 6,655,000	\$ 988,992
2020	6,165,000	812,284
2021	4,635,000	657,250
2022	4,775,000	518,350
2023	4,925,000	365,400
2024	2,965,000	235,200
2025	3,055,000	141,550
2026	1,800,000	72,775
2027	1,845,000	24,912
	\$ 36,820,000	\$ 3,816,713

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

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Build America Bond

The general obligation debt issued on November 9, 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 County 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 County to file a claim form semi-annually.

Legal Margin for New Debt

The County’s legal margin for creation of additional general obligation debt on December 31, 2018 was \$448,822,966 as follows:

Equalized valuation of the County		\$ 9,706,227,200
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		485,311,360
Total outstanding general obligation debt applicable to debt limitation	\$ 36,820,000	
Less: Amount available for financing general obligation debt		
Debt service fund	<u>331,606</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>36,488,394</u>
Legal Margin for New Debt		<u>\$ 448,822,966</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

8. Fund Equity

The County has a formal minimum fund balance policy. That policy is to maintain a general fund unassigned fund balance of 5% to 10% of total county expenditures, less capital project and transportation fund expenditures. The unassigned fund balance at year end was \$18,476,704 or 13% of 2019 anticipated expenditures. County policy also indicates that the general fund unassigned fund balance be maintained at a minimum of 15% and a maximum of 30% of total governmental fund expenditures less capital project and transportation fund expenditures. The general fund unassigned fund balance at year end was 23% of the total governmental fund expenditures (excluding capital project and transportation fund expenditures).

Fund Statements

In the fund financial statements, portions of governmental fund balances are nonspendable because amounts are not in spendable form (such as inventory, prepaid items, or long-term receivables) or legally or contractually required to remain intact. At December 31, 2018 fund balance was nonspendable as follows:

General Fund	
Nonspendable	
Prepays and inventory	\$ 63,074
Delinquent property taxes	<u>978,201</u>
Total	<u>\$1,041,275</u>

Also in the fund financial statements, portions of governmental fund balances are restricted by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation. At December 31, 2018 fund balance was restricted as follows:

General Fund	
Restricted	
Jail assessment fees	\$269,962
Land record fees	<u>591,700</u>
Total	<u>\$861,662</u>
Debt Service Fund	
Restricted	
Debt Service	<u>\$ 331,606</u>
Capital Project Fund	
Restricted	
Capital Projects	<u>\$ 2,675,489</u>
Community Development Fund	
Restricted	
Community development	<u>\$ 164,267</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Also in the fund financial statements portions of governmental fund balances are committed by County Board action. At December 31, 2018 fund balance was committed as follows:

General Fund	
Committed	
UW Extension funds	\$ 28,853
County airport funds	98,837
Planning and conservation programs	97,047
Total	<u>\$224,737</u>
Transportation Fund	
Committed	
Transportation	<u>\$3,578,678</u>

Also in the fund financial statements portions of governmental fund balances are assigned by County Board action. At December 31, 2018 fund balance was assigned as follows:

General Fund	
Assigned	
Subsequent years' expenditures	\$575,502
Veterans Services programs	7,796
Planning and conservation programs	202,499
Employee picnic expenditures	22,280
Capital Projects 2019 fund balance usage	74,500
Total	<u>\$ 882,577</u>
Public Health and Human Services –	
Assigned	
Public health and human services programs	<u>\$500,000</u>
Public Safety Fund	
Assigned	
Sheriff equipment funds	<u>\$52,641</u>

9. Airport Leases

The County oversees the overall operation of the airport and is lessor of the facility under various operating leases for periods ranging from 2018 through 2057. Although some operating leases extend as far as 2057, rates are re-negotiated annually. The table below represents the current annual negotiated rates by tenant category.

Industrial & commercial	\$ 86,229
Individual	22,317
Agricultural	<u>23,301</u>
	<u>\$131,847</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

10. Pension Plan

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 12/31/16), 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 annual 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.

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:

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	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	(5.0)
2017	2.0	4

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 remained 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 \$2,982,459 in contributions from the County.

Contribution rates for the reporting period are:

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

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

At December 31, 2018, the County reported an asset of \$8,571,981 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 County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the County's proportion was 0.28870457%, which was an increase of 0.00184917% from its proportion measured as of December 31, 2016.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended December 31, 2018, the County recognized pension expense of \$3,776,221.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 10,890,915	\$ 5,094,409
Net differences between projected and actual earnings on pension plan investments		11,781,391
Changes in assumptions	1,693,656	
Changes in proportion and differences between employer contributions and proportionate share of contributions	116,739	1,912
Employer contributions subsequent to the measurement date	2,982,459	
Total	\$ 15,683,769	\$ 16,877,712

\$2,982,459 reported as deferred outflows related to pension resulting from the County’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	\$ 985,381
2020	(32,492)
2021	(2,925,841)
2022	(2,224,012)
2023	20,562
Total	\$ (4,176,402)

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial Assumption

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 (Asset)	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.

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:

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Asset Allocation Targets and Expected Returns

As of December 31, 2017

<u>Core Fund Asset Class</u>	Current Asset <u>Allocation %</u>	Long-Term Expected Nominal <u>Rate of Return %</u>	Long-Term Expected Real <u>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 member 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.

Sensitivity of the County's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the County'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 (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
County's proportionate share of the net pension liability (asset)	\$ 22,178,642	\$ (8,571,981)	\$ (31,943,406)

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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>.

Payable to the WRS

At December 31, 2018 the County reported a payable of \$453,581 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

11. Other Postemployment Benefits

The County 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 \$2,107,987 as follows:

Other postemployment liability			
OPEB asset balance previously reported	\$	-	
Actuarially determined balance		2,107,987	
Change in other postemployment liability			\$ 2,107,987

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.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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.

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 \$16,351 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 County reported a liability of \$2,559,269 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 County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the County's proportion was 0.85065700%, which was a decrease of 0.0175890% from its proportion measured as of December 31, 2016.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended December 31, 2018, the County recognized OPEB expense of \$265,145.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 36,059
Net differences between projected and actual earnings on OPEB plan investments	29,469	-
Changes in assumptions	247,308	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	37,033
Total	<u>\$ 276,777</u>	<u>\$ 73,092</u>

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	\$ 34,047
2020	34,047
2021	34,047
2022	34,048
2023	26,680
Thereafter	40,816
	<u>\$ 203,685</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

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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 County's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.63%, as well as what the County'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%)
County's proportionate share of the net OPEB liability (asset)	\$ 3,617,221	\$ 2,559,269	\$ 1,747,403

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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 County reported no payable for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE D – OTHER INFORMATION

1. Risk Management

The County maintains an insurance program to safeguard its financial security by protecting its human, financial and property assets from the adverse impact of loss. Various techniques and programs are utilized to reduce the possibility of a loss from occurring and manage the adverse consequences should an event occur resulting in a loss, including safety and loss control practices, contractual risk transfer, self-insurance funding and the purchase of insurance.

Public Entity Risk Pool

During 1987, the County together with other counties in the State of Wisconsin, created the Wisconsin County Municipal Mutual Insurance Company (WCMIC), to provide liability insurance to its members. WCMIC also provides bodily and personal injury, and errors and omissions coverage for the County. WCMIC is governed by one entity-one vote and includes counties of varying size. Only member entities participate in governing WCMIC. The actuary for WCMIC determines the charge per \$1,000 of ratable governmental expenditures required to pay the expected losses and loss adjustment expenses on which premiums are based. A separate financial report is issued by WCMIC. The County's self-insured retention limit is \$250,000 aggregate.

Claims Liability - WCMIC	2017	2018
Liability, beginning of year	\$ 58,616	\$ 62,664
Current year claims and changes in estimates	35,594	190,816
Claim payments	(31,546)	(56,196)
Liability, end of year	<u>\$ 62,664</u>	<u>\$ 197,284</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE D – OTHER INFORMATION (Continued)

Self-Insurance – Worker’s Compensation

The County has also established a program for worker’s compensation. All funds of the County participate in this program. Worker’s Compensation is part of the Insurance Internal Service Fund and is maintained to provide for self-insured worker’s compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjudicating worker’s compensation claims. The County’s excess insurance policy covers individual claims in excess of \$500,000. Settled claims have not exceeded the \$500,000 in any of the past four years. Costs associated with the worker’s compensation program are billed to other County departments based on actual wages and include amounts necessary to fund current and prior year claims to be paid in the current year and in the future.

A liability for a claim is established if claim information indicates that it is probable that the liability may have future estimable claims at the date of the financial statements. Liabilities include an amount for claims that have been incurred, but not reported.

Claims Liability - Worker's Compensation	2017	2018
Liability, beginning of year	\$ 341,105	\$ 352,331
Current year claims and changes in estimates	216,705	501,151
Claim payments	(205,479)	(349,612)
Liability, end of year	<u>\$ 352,331</u>	<u>\$ 503,870</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE D – OTHER INFORMATION (Continued)

Self-Insurance – Health and Dental Coverage

In 2016, Sheboygan County became a member of the Wisconsin County Associations/Group Health Trust (WCA/GHT), a third party claims administrator. Sheboygan County pays fees to the Group Health Trust (GHT) for the administration of the health insurance plan. As a participating member, Sheboygan County is not liable for the incurred but reported claims under the GHT plan.

WCA/GHT purchased stop-loss insurance for individual health insurance claims in excess of \$370,000. In addition, the health insurance fee payments shown below include self-funded dental payments of \$763,060.

All funds of the County participate in the health care coverage program. Amounts payable to the Insurance Internal Service Fund are based on estimates of the amounts necessary to pay prior and current year claims.

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 are reasonably estimable. Liabilities include an amount for claims that have been incurred, but not reported.

Claims Liability	2017	2018
Liabilities, beginning of year	\$ 297,319	\$ 288,246
Current year claims and changes in estimates	12,018,533	12,607,913
Claims payments	(12,027,607)	(12,607,913)
Liabilities, end of year	<u>\$ 288,246</u>	<u>\$ 288,246</u>

2. Contingencies

- a. The County 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. Accordingly, the County'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 County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceeding. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operation.

COUNTY OF SHEBOYGAN, WISCONSIN
Notes to the Basic Financial Statements
December 31, 2018

NOTE D – OTHER INFORMATION (Continued)

3. Tax Levy Limit

Wisconsin Act 25 imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period effective July 27, 2005. Subsequent legislation has extended the levy limit through 2018. The current law limits the increase in the maximum allowable tax levy to the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2019 budget was 1.62%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, the Act allows the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

4. Subsequent Event

Community Development Block Grant-Economic Development

Final approvals were received from the United States Department of Housing and Urban Development for the State of Wisconsin's Close-Out Program of the Community Development Block Grant-Economic Development (CDBG-ED). The Close-Out Program became effective February 1, 2019. The CDBG-ED was utilized to establish the Sheboygan County Revolving Loan Fund Program. The State of Wisconsin's Close-Out Program provides for a method to de-federalize the existing CDBG-ED funds by returning them to the State of Wisconsin, and in turn, the State will make available State Grants for projects that meet the National Objectives of the original CDBG. At the April 16, 2019 meeting of the Sheboygan County Board of Supervisors, Resolution No. 29 (2018/19) was adopted which authorized the use of \$1.3 million of general fund unassigned fund balance for the Close-Out Program. The \$1.3 million is equal to the outstanding loan balances in the Sheboygan County Revolving Loan Program. Future payments on the outstanding loan receivables will be used to replenish the general fund.

Amsterdam Dunes

On January 15, 2019 the County received \$401,257 for the final settlement of Lot 3, The Shores of Amsterdam Dune, land along Westshore Drive, Town of Holland, WI.

5. 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 County 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 County is currently evaluating the impact this standard will have on the financial statements when adopted.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF SHEBOYGAN, WISCONSIN
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

Fiscal 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)
12/31/2014	0.292189%	\$ 7,176,953	\$ 38,151,964	18.81%	102.74%
12/31/2015	0.288107%	\$ 4,681,689	\$ 38,308,649	12.22%	98.20%
12/31/2016	0.286855%	\$ 2,364,373	\$ 39,654,337	5.96%	99.12%
12/31/2017	0.288705%	\$ (8,571,981)	\$ 40,662,447	21.08%	102.93%

Notes to Required Supplementary Information

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

Changes of assumptions. The amounts reported for each fiscal year were determined as of the calendar year-end which occurred within the prior fiscal year. The County is required to present the last ten years of financial data; however, accounting standards allow the presentation of as many years as are available until ten years fiscal are presented.

COUNTY OF SHEBOYGAN, WISCONSIN
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
12/31/2015	\$ 2,740,719	\$ 2,740,719	\$ -	\$ 38,308,649	7.15%
12/31/2016	\$ 2,756,258	\$ 2,756,258	\$ -	\$ 39,654,337	6.95%
12/31/2017	\$ 2,962,039	\$ 2,962,039	\$ -	\$ 40,662,447	7.28%
12/31/2018	\$ 2,982,459	\$ 2,982,459	\$ -	\$ 41,022,625	7.27%

Notes to Required Supplementary Information

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

Changes of assumptions. The amounts reported for each fiscal year were determined as of the calendar year-end which occurred within the prior fiscal year. The County is required to present the last ten years of financial data; however, accounting standards allow the presentation of as many years as are available until ten years fiscal are presented.

COUNTY OF SHEBOYGAN, WISCONSIN
Schedule of Proportionate Share of the Net OPEB Liability
Local Retiree Life Insurance Fund
Last 10 Fiscal Years

Plan fiscal year ending	Proportion of the net OPEB liability	Proportionate share of the net OPEB liability	Covered payroll	Proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
12/31/2017	0.850657%	\$ 2,559,269	\$ 35,772,560	7.15%	44.81%

Notes to Required Supplementary Information

The County 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.

COUNTY OF SHEBOYGAN, WISCONSIN
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 (fiscal year)</u>	<u>Contributions as a percentage of covered payroll</u>
12/31/2018	\$ 16,351	\$ 16,351	\$ -	\$ 41,022,625	0.04%

Notes to Required Supplementary Information

The County 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.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes.

Public Safety – To account for donation and certain asset sales restricted for public safety improvements.

Community Development – To account for funds used to create business start-up or expansion. Repayments of approved loans go back into this fund to allow for future loans.

COUNTY OF SHEBOYGAN, WISCONSIN
Combining Balance Sheet
NonMajor Governmental Funds
December 31, 2018

	Special Revenue Funds		Total NonMajor Governmental Funds
	Public Safety	Community Development	
Assets			
Cash and investments	\$ 52,641	\$ 164,267	\$ 216,908
Receivables			
Loans		1,476,005	1,476,005
Total Assets	<u>\$ 52,641</u>	<u>\$ 1,640,272</u>	<u>\$ 1,692,913</u>
Deferred Inflows of Resources and Fund Balances			
Deferred Inflows of Resources			
Loans receivable		\$ 1,476,005	\$ 1,476,005
Fund Balances			
Restricted		164,267	164,267
Assigned	52,641		52,641
Total Fund Balances	<u>52,641</u>	<u>164,267</u>	<u>216,908</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 52,641</u>	<u>\$ 1,640,272</u>	<u>\$ 1,692,913</u>

COUNTY OF SHEBOYGAN, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - NonMajor Governmental Funds
For the Year Ended December 31, 2018

	Special Revenue Funds		Total NonMajor Governmental Funds
	Public Safety	Community Development	
Revenues			
Miscellaneous	\$ 18,912	\$ 232,333	\$ 251,245
Expenditures			
Current:			
Public safety	5,772		5,772
Resources and development		1,054,300	1,054,300
Total Expenditures	<u>5,772</u>	<u>1,054,300</u>	<u>1,060,072</u>
Excess(deficiency) of revenues over(under) expenditures	<u>13,140</u>	<u>(821,967)</u>	<u>(808,827)</u>
Net change in fund balances	13,140	(821,967)	(808,827)
Fund balances, January 1	39,501	986,234	1,025,735
Fund balances, December 31	<u>\$ 52,641</u>	<u>\$ 164,267</u>	<u>\$ 216,908</u>

Debt Service Fund

Debt Service funds account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

COUNTY OF SHEBOYGAN, WI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 4,780,956	\$ 4,780,956	\$ 4,780,956	\$
Miscellaneous	549,302	549,302	539,218	(10,084)
Total Revenues	5,330,258	5,330,258	5,320,174	(10,084)
Expenditures				
Debt service				
Principal	6,645,000	6,645,000	6,645,000	
Interest and other charges	1,086,607	1,086,607	1,215,268	(128,661)
Total Expenditures	7,731,607	7,731,607	7,860,268	(128,661)
Deficiency of revenues under expenditures	(2,401,349)	(2,401,349)	(2,540,094)	(138,745)
Other Financing Sources				
Premium on long-term debt issued			292,211	292,211
Transfer in	2,035,406	2,035,406	2,035,406	
Total Other Financing Sources	2,035,406	2,035,406	2,327,617	292,211
Net Change in Fund Balance	(365,943)	(365,943)	(212,477)	153,466
Fund balance, January 1	544,083	544,083	544,083	
Fund balance, December 31	\$ 178,140	\$ 178,140	\$ 331,606	

Capital Project Funds

Capital project funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities.

COUNTY OF SHEBOYGAN, WI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,360,500	\$ 2,360,500	\$	\$ (2,360,500)
Miscellaneous	10,000	10,000	97,308	87,308
Total Revenues	<u>2,370,500</u>	<u>2,370,500</u>	<u>97,308</u>	<u>(2,273,192)</u>
Expenditures				
Capital outlay	13,614,053	14,173,662	7,204,555	6,969,107
Deficiency of revenues under expenditures	<u>(11,243,553)</u>	<u>(11,803,162)</u>	<u>(7,107,247)</u>	<u>4,695,915</u>
Other Financing Sources				
Long-term debt issued	6,680,000	6,680,000	6,680,000	
Transfer in	4,563,553	5,123,162	4,232,328	(890,834)
Total Other Financing Sources	<u>11,243,553</u>	<u>11,803,162</u>	<u>10,912,328</u>	<u>(890,834)</u>
Net Change in Fund Balance			3,805,081	3,805,081
Fund balance, January 1	<u>(1,129,592)</u>	<u>(1,129,592)</u>	<u>(1,129,592)</u>	
Fund balance, December 31	<u>\$ (1,129,592)</u>	<u>\$ (1,129,592)</u>	<u>\$ 2,675,489</u>	

Transportation Fund

The transportation fund is used to account for financial resources to be used for the acquisition or construction of major transportation related capital facilities and related assets.

COUNTY OF SHEBOYGAN, WI
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Transportation
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
County Sales Tax	\$ 9,000,000	\$ 9,000,000	\$ 10,030,109	\$ 1,030,109
Expenditures				
Public Works:				
Capital Outlay	6,500,000	6,500,000	6,500,000	
Sales Tax Distribution	1,500,000	1,500,000	1,500,000	
Total Expenditures	8,000,000	8,000,000	8,000,000	
Excess of revenues over expenditures	1,000,000	1,000,000	2,030,109	1,030,109
Other Financing Uses				
Transfer out	(1,000,000)	(1,592,000)	(1,592,000)	
Net Change in Fund Balance		(592,000)	438,109	1,030,109
Fund balance, January 1	3,140,569	3,140,569	3,140,569	
Fund balance, December 31	\$ 3,140,569	\$ 2,548,569	\$ 3,578,678	

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis.

Employee Benefits & Insurance – To account for costs associated with the County’s self-insured employee benefits and property insurance funds.

Information Technology & Printing – To account for costs associated with providing hardware, software and printing services to other county departments and other governments.

Highway – To account for costs associated with providing street and highway maintenance to other governments and maintenance of county parking lots and recreational trails.

COUNTY OF SHEBOYGAN, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

Governmental Activities - Internal Service Funds				
	Employee Benefits & Insurance	Information Technology & Printing	Highway	Total
Assets				
Current assets				
Cash and investments	\$ 8,427,588	\$ 1,113,403	\$ 2,152,205	\$ 11,693,196
Receivables (net)				
Taxes			2,877,189	2,877,189
Accounts	2,356	3,606	25,605	31,567
Due from external parties		232	1,358,604	1,358,836
Prepays and inventory	10,264	220,026	1,784,208	2,014,498
Total Current Assets	8,440,208	1,337,267	8,197,811	17,975,286
Noncurrent assets				
Capital assets, nondepreciable				
Land			4,948,069	4,948,069
Capital assets, depreciable				
Buildings		248,291	19,150,401	19,398,692
Land improvements		35,701	1,700,333	1,736,034
Infrastructure			29,920	29,920
Machinery and equipment	5,700	189,702	15,798,827	15,994,229
Office furniture and equipment		4,712,653	335,580	5,048,233
Vehicles		17,149	10,829,932	10,847,081
Less Accumulated depreciation	(5,700)	(4,345,479)	(18,594,697)	(22,945,876)
Other noncurrent assets				
Net pension asset		100,950	1,035,790	1,136,740
Total Noncurrent Assets		958,967	35,234,155	36,193,122
Total Assets	8,440,208	2,296,234	43,431,966	54,168,408
Deferred Outflows of Resources				
Deferred outflows related to pension		183,642	1,891,947	2,075,589
Other postemployment related amounts		3,587	33,640	37,227
Total Deferred Outflows of Resources		187,229	1,925,587	2,112,816
Liabilities				
Current liabilities				
Accounts payable	1,566	32,359	816,611	850,536
Accrued and other current liabilities	1,311,775			1,311,775
Accrued compensation		38,270	396,902	435,172
Current maturities of long-term obligations			849	849
Total Current Liabilities	1,313,341	70,629	1,214,362	2,598,332
Noncurrent liabilities				
Long-term obligations		90,278	581,701	671,979
Other postemployment benefits		33,167	311,060	344,227
Total Noncurrent Liabilities		123,445	892,761	1,016,206
Total Liabilities	1,313,341	194,074	2,107,123	3,614,538
Deferred Inflows of Resources				
Property taxes levied for subsequent year			2,877,190	2,877,190
Deferred inflows related to pension		198,764	2,039,408	2,238,172
Other postemployment related amounts		947	8,884	9,831
Total Deferred Inflows of Resources		199,711	4,925,482	5,125,193
Net Position				
Investment in capital assets		858,017	34,198,365	35,056,382
Restricted for				
Pension benefits		100,950	1,035,790	1,136,740
Unrestricted	7,126,867	1,130,711	3,090,793	11,348,371
Total Net Position	\$ 7,126,867	\$ 2,089,678	\$ 38,324,948	\$ 47,541,493

COUNTY OF SHEBOYGAN, WISCONSIN
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2018

	Governmental Activities - Internal Service Funds			
	Employee Benefits & Insurance	Information Technology & Printing	Highway	Total
Operating Revenues				
Charges for services	\$ 13,605,889	\$ 2,111,785	\$ 14,155,223	\$ 29,872,897
Miscellaneous operating revenue	142,137	3,033	114,054	259,224
Total Operating Revenues	13,748,026	2,114,818	14,269,277	30,132,121
Operating Expenses				
Operation and maintenance	14,533,874	2,094,361	18,832,564	35,460,799
Depreciation		162,233	991,955	1,154,188
Total Operating Expenses	14,533,874	2,256,594	19,824,519	36,614,987
Operating Loss	(785,848)	(141,776)	(5,555,242)	(6,482,866)
Nonoperating revenues				
Intergovernmental contracts/grants			3,443,406	3,443,406
Property tax appropriation			2,971,401	2,971,401
Donations			6,301	6,301
Rental income	65,916		9,245	75,161
Gain on disposal of capital assets			1,172,078	1,172,078
Total nonoperating revenues	65,916		7,602,431	7,668,347
Income (loss) before contributions and transfers	(719,932)	(141,776)	2,047,189	1,185,481
Capital contributions - County		242,739	21,481,910	21,724,649
Transfers In			592,000	592,000
Transfers Out		(8,500)	(1,897,676)	(1,906,176)
Change in net position	(719,932)	92,463	22,223,423	21,595,954
Net Position - January 1, as originally stated	7,846,799	2,024,534	16,357,735	26,229,068
Cumulative effect of change in accounting principle		(27,319)	(256,210)	(283,529)
Net Position - January 1, restated	7,846,799	1,997,215	16,101,525	25,945,539
Net Position - December 31	\$ 7,126,867	\$ 2,089,678	\$ 38,324,948	\$ 47,541,493

COUNTY OF SHEBOYGAN, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

Governmental Activities - Internal Service Funds				
Employee Benefits & Insurance	Information Technology & Printing	Highway	Total	
Cash flows from operating activities				
Receipts from customers and users	\$	\$	\$ 6,025,830	\$ 6,025,830
Receipts from interfund services provided	11,209,705	2,113,731	7,495,870	20,819,306
Other operating cash receipts	2,536,085	3,033	140,300	2,679,418
Payments to suppliers	(750,221)	(1,418,197)	(10,082,644)	(12,251,062)
Payments for wages and benefits	(13,405,013)	(592,679)	(6,147,133)	(20,144,825)
Payments for interfund services used	(51,537)	(108,551)	(1,860,243)	(2,020,331)
Net cash used by operating activities	(460,981)	(2,663)	(4,428,020)	(4,891,664)
Cash flows from noncapital financing activities				
Intergovernmental contracts/grants			3,443,406	3,443,406
Property tax appropriation received			2,971,401	2,971,401
Donations			6,301	6,301
Rental income	65,916		9,245	75,161
Transfer in			592,000	592,000
Transfer out		(8,500)	(1,897,676)	(1,906,176)
Net cash provided (used) by financing activities		(8,500)	5,124,677	5,182,093
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets			1,479,879	1,479,879
Purchases of capital assets		(36,003)	(1,810,449)	(1,846,452)
Net cash used by capital and related financing activities		(36,003)	(330,570)	(366,573)
Net decrease in cash and cash equivalents	(460,981)	(47,166)	366,087	(76,144)
Cash and cash equivalents - January 1	8,822,653	1,160,569	1,786,118	11,769,340
Cash and cash equivalents - December 31	\$ 8,361,672	\$ 1,113,403	\$ 2,152,205	\$ 11,693,196

COUNTY OF SHEBOYGAN, WISCONSIN
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended December 31, 2018

Governmental Activities - Internal Service Funds			
Employee Benefits & Insurance	Information Technology & Printing	Highway	Total

**Reconciliation of operating loss
to net cash used
by operating activities:**

Operating loss	\$	(785,848)	\$	(141,776)	\$	(5,555,242)	\$	(6,482,866)
Adjustments to reconcile operating loss to net cash used by operating activities:								
Depreciation (net of amortization)				162,233		991,955		1,154,188
Change in pension related liabilities (assets) and deferred outflows/inflows of resources				11,898		150,607		162,505
Change in other post employment related liabilities (assets) and deferred outflows/inflows of resources				3,208		30,094		33,302
Changes in assets and liabilities:								
Accounts receivable		(2,236)		1,712		3,448		2,924
Due from external parties				234		(610,725)		(610,491)
Prepays and inventory		6,130		(38,711)		(278,830)		(311,411)
Accounts payable and accrued expenses		(18,813)		891		802,268		784,346
Accrued compensation				2,857		17,541		20,398
Accrued compensated absences				(5,209)		20,864		15,655
Accrued insurance				339,786				339,786
Net cash used by operating activities	\$	(460,981)	\$	(2,663)	\$	(4,428,020)	\$	(4,891,664)

Noncash investing, capital and financing activities

Contribution of capital assets - County	\$	242,739	\$	21,481,910	\$	21,724,649
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Agency Funds

Clerk of Courts Fund – To account for the receipt and disbursement of court-ordered payments to third parties.

Sheriff Inmate Trust – To account for the receipt and disbursement of funds for persons incarcerated in the County jail and eligible for the Huber Law program.

Rocky Knoll Patient Fund – To account for funds deposited by patients and disbursed on their behalf at the Rocky Knoll Health Care Center.

Treasurer Trust Account – To account for collection and payment of funds deposited with the County Treasurer for burial expenses and payment of taxes to other governmental units.

COUNTY OF SHEBOYGAN, WISCONSIN
Statement of Changes in Assets and Liabilities - Fiduciary Fund
Agency Funds
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Clerk of Courts Fund				
Assets				
Cash & investments	\$ 938,224	\$ 7,374,851	\$ 6,584,517	\$ 1,728,558
Total Assets	938,224	7,374,851	6,584,517	1,728,558
Liabilities				
Current Liabilities				
Accounts Payable	938,224	12,448,220	11,657,886	1,728,558
Total Liabilities	938,224	12,448,220	11,657,886	1,728,558
Sheriff Inmate Trust Fund				
Assets				
Cash & investments	90,236	2,164,447	2,172,873	81,810
Total Assets	90,236	2,164,447	2,172,873	81,810
Liabilities				
Current Liabilities				
Deposits	90,236	2,164,447	2,172,873	81,810
Total Liabilities	90,236	2,164,447	2,172,873	81,810
Rocky Knoll Patient Fund				
Assets				
Cash & investments	30,707	446,058	451,727	25,038
Total Assets	30,707	446,058	451,727	25,038
Liabilities				
Current Liabilities				
Deposits	30,707	446,058	451,727	25,038
Total Liabilities	30,707	446,058	451,727	25,038
Treasurer Trust Account				
Assets				
Cash & investments	2,290	371,205	371,160	2,335
Receivables (net)	375,785	251,649	375,785	251,649
Total Assets	378,075	622,854	746,945	253,984
Liabilities				
Current Liabilities				
Deposits	2,290	371,205	371,160	2,335
Due to other governments	375,785	251,649	375,785	251,649
Total Liabilities	378,075	622,854	746,945	253,984
All Agency Funds				
Assets				
Cash & investments	1,061,457	10,356,561	9,580,277	1,837,741
Receivables (net)	375,785	251,649	375,785	251,649
Total Assets	1,437,242	10,356,561	9,580,277	2,089,390
Liabilities				
Current Liabilities				
Accounts payable	938,224	12,448,220	11,657,886	1,728,558
Deposits	123,233	2,981,710	2,995,760	109,183
Due to other governments	375,785	251,649	375,785	251,649
Total Liabilities	\$ 1,437,242	\$ 15,681,579	\$ 15,029,431	\$ 2,089,390

STATISTICAL SECTION

Statistical Section

This part of Sheboygan County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the overall financial well-being of the county.

Contents

Tables

Financial Trends

I-IV

These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

Revenue Capacity

V-VIII

These schedules contain information to help the reader access the county's most significant local revenue source, the property tax.

Debt Capacity

IX-XI

These schedules present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue new debt in the future.

Demographic and Economic Information

XII-XIII

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place.

Operating Information

XIV-XVI

These schedules contain service and infrastructure data to help the reader understand how the information in the county's financial report relates to the services the county provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF SHEBOYGAN, WISCONSIN

**Table I
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(000's)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 86,256	\$ 88,965	\$ 93,177	\$ 94,537	\$ 97,989	\$ 108,499	\$ 113,184	\$ 113,937	\$ 121,726	\$ 129,443
Restricted	685	757	1,995	3,802	2,904	3,215	9,892	3,974	2,777	9,998
Unrestricted	9,110	12,397	15,022	23,610	28,243	26,174	37,668	42,546	42,699	34,290
Total Governmental Activities Net Position	\$ 96,051	\$ 102,119	\$ 110,194	\$ 121,949	\$ 129,136	\$ 137,888	\$ 160,744	\$ 160,457	\$ 167,202	\$ 173,731
Business-type Activities										
Net investment in capital assets	\$ 11,039	\$ 9,651	\$ 9,083	\$ 8,380	\$ 7,899	\$ 7,738	\$ 7,352	\$ 7,483	\$ 7,598	\$ 7,280
Restricted							1,088			1,234
Unrestricted (Deficit)	4,350	1,672	(1,060)	(714)	(14)		1,523	3,008	2,875	1,822
Total Business-type Activities Net Position	\$ 15,389	\$ 11,323	\$ 8,023	\$ 7,666	\$ 7,885	\$ 7,738	\$ 9,963	\$ 10,491	\$ 10,473	\$ 10,336
Total Primary Government										
Net investment in capital assets	\$ 97,295	\$ 98,616	\$ 102,260	\$ 102,917	\$ 105,888	\$ 116,237	\$ 120,536	\$ 121,420	\$ 129,324	\$ 136,723
Restricted	685	757	1,995	3,802	2,904	3,215	10,980	3,974	2,777	11,232
Unrestricted	13,460	14,069	13,962	22,896	28,229	26,174	39,191	45,554	45,574	36,112
Total Primary Government Net Position	\$ 111,440	\$ 113,442	\$ 118,217	\$ 129,615	\$ 137,021	\$ 145,626	\$ 170,707	\$ 170,948	\$ 177,675	\$ 184,067

COUNTY OF SHEBOYGAN, WISCONSIN

**Table II
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(000's)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 12,959	\$ 11,980	\$ 17,749	\$ 13,271	\$ 12,876	\$ 12,042	\$ 14,113	\$ 16,506	\$ 15,380	\$ 14,092
Public safety	19,572	19,067	17,060	18,742	18,387	18,372	18,541	21,007	22,182	23,689
Public works	17,290	15,599	16,819	18,678	14,104	15,319	15,972	16,022	17,144	40,112
Public health and human services	34,716	32,133	30,561	30,664	29,859	31,397	31,210	33,763	32,864	34,126
Resources and development	3,534	2,669	2,976	6,384	2,314	4,035	2,913	2,339	3,089	1,972
Education	1,365	1,372	572	1,220	1,211	1,267	1,213	1,182	1,101	1,103
Interest on long term debt	1,176	1,416	1,091	877	934	1,382	1,106	1,089	1,121	1,223
Total governmental activities expenses	90,612	84,236	86,828	89,836	79,685	83,814	85,068	91,908	92,881	116,317
Business-type activities:										
Rocky Knoll	18,401	17,489	16,449	14,363	13,620	13,671	13,377	13,572	13,815	13,792
Total business-type activities expenses	18,401	17,489	16,449	14,363	13,620	13,671	13,377	13,572	13,815	13,792
Total primary government expenses	\$ 109,013	\$ 101,725	\$ 103,277	\$ 104,199	\$ 93,305	\$ 97,485	\$ 98,445	\$ 105,480	\$ 106,696	\$ 130,109
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 2,854	\$ 2,873	\$ 2,095	\$ 1,154	\$ 1,616	\$ 1,298	\$ 1,961	\$ 1,914	\$ 2,245	\$ 1,815
Public safety	1,545	1,706	1,611	1,159	1,147	1,258	1,334	1,337	1,775	1,660
Public works	2,008	225	4,384	5,995	268	252	349	104	275	279
Public health and human services	3,579	3,116	2,558	2,259	3,645	3,374	4,063	4,235	4,181	4,285
Resources and development	457	90	331	2,118	588	1,312	666	472	519	491
Education	19	20	23	28	26	26	32	21	20	21
Interest on long term debt	548	547	542	515	512	516	518	519	517	514
Operating grants and contributions	37,176	27,226	28,396	29,448	24,233	30,474	30,226	28,141	26,095	27,498
Capital grants and contributions		3,308	2,042	515	2,239	741	223	198	384	21,784
Total governmental activities program revenues	\$ 48,186	\$ 39,111	\$ 41,982	\$ 43,191	\$ 34,274	\$ 39,251	\$ 39,372	\$ 36,941	\$ 36,011	\$ 58,347
Business-type activities:										
Charges for Services:										
Rocky Knoll	12,155	12,161	11,641	11,573	11,334	11,096	11,306	11,481	11,052	11,158
Operating grants and contributions	1,071	1,156	1,403	1,711	1,194	1,100	1,226	1,142	1,315	2,233
Capital grants and contributions		44			57	191		522		
Total business-type activities program revenues	\$ 13,226	\$ 13,361	\$ 13,044	\$ 13,284	\$ 12,585	\$ 12,387	\$ 12,532	\$ 13,145	\$ 12,367	\$ 13,391
Net (expense) revenue										
Governmental activities	(42,426)	(45,125)	(44,846)	(46,645)	(45,411)	(44,563)	(45,696)	(54,967)	(56,870)	(57,970)
Business-type activities	(5,175)	(4,128)	(3,405)	(1,079)	(1,035)	(1,284)	(845)	(427)	(1,448)	(401)
Total primary government net expense	\$ (47,601)	\$ (49,253)	\$ (48,251)	\$ (47,724)	\$ (46,446)	\$ (45,847)	\$ (46,541)	\$ (55,394)	\$ (58,318)	\$ (58,371)

COUNTY OF SHEBOYGAN, WISCONSIN

**Table II
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(000's)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 41,241	\$ 41,873	\$ 44,053	\$ 44,308	\$ 45,126	\$ 45,155	\$ 46,233	\$ 47,548	\$ 47,059	\$ 47,855
Sales tax									9,391	10,030
Other taxes	5	13	7	13	8	4	11	25	21	29
Grants and contributions	404	5,019	4,214	3,558	3,572	3,862	4,416	3,938	3,901	3,765
Investment earnings	1,665	1,409	1,861	1,886	704	2,380	1,971	1,987	1,848	2,188
Miscellaneous	2,004	1,237	1,555	1,518	1,679	1,915	3,603	1,181	1,972	2,294
Special item - Other Post Employment Benefit Adjustment					1,062					
Transfers	(39)	1,642	1,231		(11)		(1)		(576)	95
Total governmental activities	45,280	51,193	52,921	51,283	52,140	53,316	56,233	54,679	63,616	66,256
Business-type activities:										
Property taxes	3,033	2,354	1,327	687	802	846	835	885	845	671
Grants and contributions		45		1	12	262	1	5	1	1
Investment earnings	796	(746)	10			1		2	1	1
Miscellaneous	53	51		34	10	28	35	64	6	36
Special item - Other Post Employment Benefit Adjustment					419					
Transfers	39	(1,642)	(1,231)		11		1		576	(95)
Total business-type activities	3,921	62	106	722	1,254	1,137	872	956	1,429	614
Total primary government	\$ 49,201	\$ 51,255	\$ 53,027	\$ 52,005	\$ 53,394	\$ 54,453	\$ 57,105	\$ 55,635	\$ 65,045	\$ 66,870
Change in Net Position										
Governmental activities	\$ 2,854	\$ 6,068	\$ 8,075	\$ 4,638	\$ 6,729	\$ 8,753	\$ 10,537	\$ (288)	\$ 6,746	\$ 8,287
Cumulative effect of change in accounting principle				(308)			12,318			(1,758)
Prior period adjustment				7,426	457					
Business-type activities	(1,254)	(4,066)	(3,299)	(357)	219	(147)	27	529	(19)	212
Cumulative effect of change in accounting principle							2,199			(350)
Total primary government	\$ 1,600	\$ 2,002	\$ 4,776	\$ 11,399	\$ 7,405	\$ 8,606	\$ 25,081	\$ 241	\$ 6,727	\$ 6,391

COUNTY OF SHEBOYGAN, WISCONSIN

Table III

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Note - Starting January 1, 2011, the County implemented GASB #54

	2009	2010
General Fund		
Reserved	\$ 3,494,013	\$ 4,496,632
Unreserved		
Undesignated	8,540,003	6,699,183
Total General Fund	12,034,016	11,195,815
All Other Governmental Funds		
Reserved	43,828	105,780
Unreserved, Reported in		
Special Revenue	1,590,330	4,172,817
Capital Project	(1,831,905)	9,993,591
Total All Other Governmental Funds	(197,747)	14,272,188
Total Governmental Funds	\$ 11,836,269	\$ 25,468,003

	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable	\$ 3,884,805	\$ 3,264,149	\$ 2,390,304	\$ 1,610,939	\$ 1,428,033	\$ 1,154,224	\$ 1,005,183	1,041,275
Restricted	449,898	575,873	696,990	798,783	880,688	858,852	791,242	861,662
Committed	106,249	193,156	130,075	153,424	172,780	153,973	160,012	224,737
Assigned	491,373	296,114	884,861	524,183	2,643,631	3,767,583	3,344,874	882,577
Unassigned	12,053,878	12,503,137	13,837,437	15,592,319	18,633,273	17,828,037	16,185,605	18,476,704
Total General Fund	16,986,203	16,832,429	17,939,667	18,679,648	23,758,405	23,762,669	21,486,916	21,486,955
All Other Governmental Funds								
Nonspendable	4,514	3,386	3,239	4,446				
Restricted	6,454,266	1,220,854	3,529,076	13,136,812	13,017,557	8,069,238	1,530,317	3,171,362
Committed	91,035						3,140,569 *	3,578,678
Assigned	1,015,533	1,997,444	3,309,914	564,878	726,904	579,835	719,717	552,641
Unassigned (Deficit)		(341,591)	(192,432)				(1,129,592)	
Total All Other Governmental Funds	7,565,348	2,880,093	6,649,797	13,706,136	13,744,461	8,649,073	4,261,011	7,302,681
Total Governmental Funds	\$ 24,551,551	\$ 19,712,522	\$ 24,589,464	\$ 32,385,784	\$ 37,502,866	\$ 32,411,742	\$ 25,747,927	\$ 28,789,636

* 2017 change in All Other Governmental Funds Committed fund balance is due to the implementation of a 5% sales tax in 2017 maintained in the County's Transportation Fund.

COUNTY OF SHEBOYGAN, WISCONSIN
Table IV
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Property taxes	\$ 36,656,290	\$ 37,407,898	\$ 39,709,291	\$ 39,860,037	\$ 40,732,916	\$ 41,090,607	\$ 41,792,813	\$ 43,135,516	\$ 43,237,800	\$ 44,883,901
Other taxes	5,139	13,253	11,321	13,456	45,326	3,967	11,496	24,726	9,412,045	10,058,722
Intergovernmental	28,971,676	26,963,208	25,655,129	26,595,361	20,115,255	25,930,635	24,779,280	22,159,823	20,718,403	21,002,275
Licenses and permits	455,440	636,825	642,810	684,457	638,499	660,638	667,105	675,737	701,477	748,798
Fines, forfeits and penalties	439,987	390,900	347,215	321,971	298,137	293,855	318,962	330,169	336,949	340,618
Public charges for services	6,596,150	6,108,140	5,482,940	5,949,188	6,725,264	6,342,810	7,327,394	7,356,665	7,910,938	7,846,079
Capital contributions		351,211	530,904		1,657,631					
Miscellaneous	5,217,426	4,871,100	4,965,385	5,262,851	3,569,390	6,281,723	7,949,315	5,523,990	5,147,588	5,579,336
Total revenues	78,342,108	76,742,535	77,344,995	78,687,321	73,782,418	80,604,235	82,846,365	79,206,626	87,465,200	90,459,729
EXPENDITURES										
Current:										
General government	12,404,604	12,282,498	12,249,378	12,631,381	12,047,936	11,995,998	13,404,576	14,110,906	14,332,710	13,339,756
Public safety	16,828,653	17,181,813	16,897,512	17,124,160	17,173,428	17,004,800	17,575,231	19,103,312	20,271,273	21,039,840
Public works	406,082	517,580	425,726	417,404	401,438	415,655	528,951	476,568	4,420,486	8,422,206
Public health and human services	34,075,160	31,627,594	31,089,131	31,280,061	30,034,786	31,053,474	31,030,377	33,030,480	32,650,434	33,396,735
Resources and development	3,289,917	2,326,357	3,049,303	6,519,403	2,038,584	3,727,078	2,750,605	2,224,613	2,240,090	3,184,194
Education	659,461	647,719	569,657	575,560	574,150	617,580	602,949	565,076	538,075	558,053
Debt Service										
Principal	5,460,000	8,718,754	5,390,000	5,425,000	5,630,000	6,134,147	6,285,614	5,896,149	5,951,546	6,649,548
Interest and other charges	1,161,564	1,272,110	1,057,895	904,219	932,073	1,328,558	1,129,015	1,079,250	1,103,209	1,216,590
Capital Outlay	8,286,894	8,126,484	8,917,756	8,686,049	8,614,575	16,462,407	14,458,933	8,456,722	24,932,423	8,006,959
Total expenditures	82,572,335	82,700,909	79,646,358	83,563,237	77,446,970	88,739,697	87,766,251	84,943,076	106,440,246	95,813,881
Excess (deficiency) of revenues over expenditures	(4,230,227)	(5,958,374)	(2,301,363)	(4,875,916)	(3,664,552)	(8,135,462)	(4,919,886)	(5,736,450)	(18,975,046)	(5,354,152)
OTHER FINANCING SOURCES (USES)										
Premium on long term debt issued		135,442			245,928	979,694	453,755	72,745	281,725	292,211
Long-term debt issued		17,840,000			9,590,000	16,962,040	9,500,000	3,265,000	10,000,000	6,680,000
Capital leases						26,512		(3,280,000)		
Payment to current noteholder					(1,731,522)	(2,280,000)				
Transfers in	114,066	1,695,207	5,309,182	151,656	938,764	4,724,711	2,873,441	1,800,002	7,828,064	6,966,578
Transfers out	(252,544)	(80,541)	(3,924,271)	(114,769)	(958,669)	(4,481,175)	(2,790,228)	(1,212,421)	(5,798,558)	(5,542,928)
Total other financing sources (uses)	(138,478)	19,590,108	1,384,911	36,887	8,084,501	15,931,782	10,036,968	645,326	12,311,231	8,395,861
Net change in fund balances	\$ (4,368,705)	\$ 13,631,734	\$ (916,452)	\$ (4,839,029)	\$ 4,419,949	\$ 7,796,320	\$ 5,117,082	\$ (5,091,124)	\$ (6,663,815)	\$ 3,041,709
Debt service as a percentage of noncapital expenditures	8.9%	13.4%	9.1%	8.6%	9.8%	10.3%	10.1%	9.1%	8.8%	9.8%

COUNTY OF SHEBOYGAN, WISCONSIN

Table V

Equalized Value of Taxable Property (1)

Last Ten Fiscal Years

Tax Year Ended December 31	Budget Year Ended December 31	Real Estate				Personal Property	Less: Tax Incremental Districts (2)	Total	General County Tax Rate (3)
		Residential	Commercial	Manufacturing	All Other				
2009	2010	6,835,667,000	1,531,815,800	397,398,700	302,209,300	268,449,200	411,537,200	8,924,002,800	4.9554
2010	2011	6,667,282,500	1,431,334,200	400,198,000	267,743,400	259,037,400	356,636,800	8,668,958,700	5.2310
2011	2012	6,600,372,700	1,384,228,500	397,180,600	268,411,100	244,287,700	319,048,600	8,575,432,000	5.2774
2012	2013	6,356,373,400	1,361,176,300	406,929,800	264,626,700	262,221,600	221,203,100	8,430,124,700	5.4105
2013	2014	6,162,019,800	1,407,669,500	416,568,200	270,640,300	269,803,300	228,800,800	8,297,900,300	5.5971
2014	2015	6,220,495,100	1,398,486,000	447,610,000	269,485,700	268,686,100	272,900,200	8,331,862,700	5.6423
2015	2016	6,226,857,900	1,404,001,900	457,888,400	284,921,900	271,416,100	264,542,500	8,380,543,700	5.7705
2016	2017	6,303,790,800	1,426,483,400	464,712,800	286,486,200	273,644,300	290,216,200	8,464,901,300	5.6541
2017	2018	6,620,945,700	1,540,226,300	485,009,400	295,514,100	287,150,600	329,522,100	8,899,324,000	5.4522
2018	2019	7,004,274,000	1,641,736,100	500,307,000	301,156,300	258,753,800	384,910,200	9,321,317,000	5.3005

Source: Bureau of Property Tax, Wisconsin Department of Revenue

(1) Equalized value is actual value determined by the State of Wisconsin Department of Revenue, Bureau of Property Tax

(2) Equalized values are reduced by tax increment district value increments for apportioning County taxes.

(3) Per \$1,000 value

COUNTY OF SHEBOYGAN, WISCONSIN
Table VI
Direct and Aggregated Overlapping Tax Rates
Last Ten Fiscal Years

MUNICIPALITIES	2009 TAX RATE FOR YEAR 2010	2010 TAX RATE FOR YEAR 2011	2011 TAX RATE FOR YEAR 2012	2012 TAX RATE FOR YEAR 2013	2013 TAX RATE FOR YEAR 2014	2014 TAX RATE FOR YEAR 2015	2015 TAX RATE FOR YEAR 2016	2016 TAX RATE FOR YEAR 2017	2017 TAX RATE FOR YEAR 2018	2018 TAX RATE FOR YEAR 2019
Direct Sheboygan County Tax Rate	\$ 4.96	\$ 5.23	\$ 5.28	\$ 5.41	\$ 5.60	\$ 5.64	\$ 5.77	\$ 5.65	\$ 5.45	\$ 5.30
TOWNSHIPS										
Greenbush	17.37 - 19.13	13.59 - 15.35	13.81 - 16.06	14.02 - 16.39	15.22 - 17.95	14.55-17.12	14.76-17.12	14.62-17.18	14.08-16.80	13.05-16.18
Herman	18.62 - 21.34	14.46 - 18.41	14.14 - 17.28	14.94 - 17.98	15.72 - 18.52	15.11-17.48	15.28-17.15	15.52-17.51	15.08-17.13	14.53-16.89
Holland	16.10 - 16.73	16.47 - 16.71	16.43 - 16.78	16.79 - 17.05	17.54 - 17.97	17.35-17.74	17.57-18.15	16.44-17.88	16.02-17.20	16.31-16.70
Lima	15.49 - 16.58	15.24 - 16.05	15.27 - 16.66	16.27 - 16.89	17.72 - 18.78	15.85-17.71	15.52-17.38	15.28-17.26	14.42-16.24	14.38-15.66
Lyndon	18.48 - 19.63	17.08 - 17.67	16.98 - 18.36	17.67 - 18.67	18.46 - 19.78	17.05-18.79	16.86-18.73	16.83-18.81	16.21-18.04	16.17-17.45
Mitchell	16.11 - 17.24	15.86 - 16.24	15.88 - 16.45	16.61 - 17.45	17.30 - 18.33	15.51-17.55	15.23-17.59	15.13-17.67	14.72-17.44	15.17-17.21
Mosel	15.71 - 16.42	18.04 - 18.40	16.87 - 18.02	17.77 - 18.52	18.24 - 18.78	16.75-18.55	16.20-18.14	15.52-17.06	15.45-16.16	14.84-15.55
Plymouth	14.61 - 15.00	13.80 - 15.31	13.61 -15.30	14.61 -16.08	15.13 - 16.54	13.88-14.60	14.41-14.44	14.28-14.30	13.57-13.79	12.87-13.95
Rhine	15.18 - 17.37	14.61 - 18.55	14.49 - 17.64	15.23 - 18.18	15.91 - 18.70	15.29-17.13	15.49-17.02	15.25-16.45	14.39-15.87	13.56-15.84
Russell	20.41 - 22.11	15.58 - 18.04	15.24 -17.88	15.78 -18.20	16.47 - 18.07	16.03-17.61	16.21-17.73	15.90-17.10	14.99-16.47	14.09-15.87
Scott	16.58 - 17.48	16.41 - 16.62	16.32 -16.53	16.85 -18.22	17.44 - 18.21	15.93-17.45	15.71-17.01	15.43-16.20	14.88-15.73	14.88-15.62
Sheboygan	20.22 - 22.52	17.35 - 19.22	18.05 -19.68	17.84 -20.13	18.72 - 19.94	17.88-19.55	17.63-19.23	17.42-18.16	16.83-17.37	14.46-16.44
Sheboygan Falls	15.26 - 17.12	15.33 - 17.77	15.42 -16.96	16.09 -17.26	16.50 - 17.60	15.50-17.37	15.14-17.03	14.79-16.74	14.21-16.03	14.38-15.64
Sherman	14.98 - 15.89	16.40 - 16.90	16.37 - 16.94	16.91 - 17.24	17.89 - 18.33	16.32-17.85	15.91-17.78	15.65-17.35	15.19-16.88	15.33-16.46
Wilson	17.38 - 19.53	15.91 - 18.33	15.91 - 18.68	16.39 - 18.75	17.05 - 18.89	16.56-18.61	16.58-18.48	16.28-17.36	15.87-16.71	14.19-16.17
VILLAGE										
Adell	21.97	21.04	21.09	21.33	21.72	21.47	21.03	20.36	19.71	20.04
Cascade	16.66	18.62	18.57	19.45	20.02	18.07	17.87	17.62	16.92	16.90
Cedar Grove	20.62	21.47	21.42	21.95	22.80	22.62	22.95	22.68	21.95	21.29
Elkhart Lake	17.81	17.57	17.31	17.7	18.53	17.99	18.2	17.86	17.4	16.34
Glenbeulah	17.17	18.11	17.82	19.12	19.71	18.93	19.27	19.44	18.33	17.55
Howards Grove	18.33	19.95	18.92	19.415	20.09	18.66	18.14	17.5	17.34	16.73
Kohler	19.41 - 20.87	18.15 - 20.06	18.45 - 19.95	19.74 - 20.41	21.00 - 22.08	19.14-20.98	19.72-20.46	20.09-20.52	19.10-20.00	17.49-19.10
Oostburg	20.37	19.95	20.36	21.36	22.44	21.51	21.6	21.4	20.64	20.31
Random Lake	20.22	20.30	20.13	20.51	21.06	21.16	20.58	19.17	19.13	19.43
Waldo	25.06	21.78	22.24	22.53	23.68	22.49	21.91	21.77	20.85	20.40
CITY										
Plymouth	19.97	21.22	21.22	22.19	22.72	20.73	20.28	20.22	19.68	19.65
Sheboygan	23.72 - 24.62	24.66 - 24.97	24.66 - 25.56	24.86 - 25.84	25.24 - 26.48	23.62-26.15	24.45-25.85	24.13-24.89	23.51-23.86	21.11-23.08
Sheboygan Falls	18.83	19.99	20.59	20.98	22.01	21.79	21.46	21.18	20.25	19.75

Source: Sheboygan County Treasurer's Office (Tax rate sheet)

COUNTY OF SHEBOYGAN, WISCONSIN

Table VII

**Principal Property Taxpayers
Current Year and Nine Years Ago**

Company	2009			2018		
	Equalized Value	Rank	Percentage of Total County Equalized Value	Equalized Value	Rank	Percentage of Total County Equalized Value
Kohler Co	\$ 146,375,100	1	1.6402%	\$ 148,578,600	1	1.5940%
Acuity Insurance Co	45,614,400	2	0.5111%	130,500,000	2	1.4000%
Sargento Foods Inc				43,925,200	3	0.4712%
Johnsonville Sausage				30,751,800	4	0.3299%
Wal-Mart Stores Inc	40,599,400	3	0.4549%	28,334,200	5	0.3040%
Aurora Health Care	20,137,400	6	0.2257%	21,268,700	6	0.2282%
OCS Plymouth LLC			0.0000%	17,474,300	7	0.1875%
Bemis Mfg Co.	23,596,000	5	0.2644%	15,147,200	8	0.1625%
Nemak (JL French)	15,666,600	7	0.1756%	13,827,300	9	0.1483%
PJR Properties LLC				14,806,200	10	0.1588%
Blue Harbor Resort	32,054,500	4	0.3592%			
JFM1 LLC	15,555,300	9	0.1743%			
St Nicholas Hospital	15,615,100	8	0.1750%			
Morrelle Warehousing LLC	15,231,900	10	0.1707%			
	<u>\$ 370,445,700</u>		<u>4.1511%</u>	<u>\$ 464,613,500</u>		<u>4.9844%</u>
Total Equalized Value Sheboygan County	<u>\$ 8,924,002,800</u>			<u>\$ 9,321,317,000</u>		

Source: Sheboygan County Treasurer's Office for 2009 and 2018

COUNTY OF SHEBOYGAN, WISCONSIN
Table VIII
Property Tax Levied and Collections
Last Ten Fiscal Years

Tax Roll Year	For Fiscal Year Ended December 31	Taxes Levied for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collected To Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2009	183,261,601	181,081,662	98.81%	2,179,937	183,261,599	100.00%
2009	2010	191,439,278	188,640,599	98.54%	2,798,677	191,439,276	100.00%
2010	2011	197,237,966	194,487,393	98.61%	2,749,933	197,237,326	100.00%
2011	2012	195,917,128	193,671,580	98.85%	2,244,281	195,915,861	100.00%
2012	2013	194,572,586	192,894,815	99.14%	1,670,045	194,564,860	100.00%
2013	2014	197,644,230	196,326,845	99.33%	1,303,548	197,630,393	99.99%
2014	2015	193,689,789	192,549,556	99.41%	1,122,733	193,672,289	99.99%
2015	2016	194,144,196	193,200,662	99.51%	754,354	193,955,016	99.90%
2016	2017	191,324,730	190,404,311	99.52%	470,461	190,874,772	99.76%
2017	2018	195,371,642	194,514,150	99.56%		194,514,150	99.56%

Source: Sheboygan County Treasurer's Office - Delinquent Certificate Balances Report

COUNTY OF SHEBOYGAN, WISCONSIN
Table IX
Ratio of Debt by Type Outstanding and General Bonded Debt
Last Ten Fiscal Years

YEAR	Governmental Activities					TOTAL ALL DEBT	EQUALIZED VALUE (000's) (2)	RATIO OF DEBT TO TOTAL EQUALIZED VALUE	ESTIMATED POPULATION	PER CAPITA INCOME \$	PERCENTAGE OF PERSONAL INCOME (1)	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION NOTES	CAPITAL LEASES	NOTE PAYABLE	BOND PREMIUM							
2009	8,355,000	17,465,000			230,537	26,050,537	8,924,003	0.29%	114,560	38,042	0.60%	227.40
2010	7,965,000	27,235,000			323,699	35,523,699	8,668,959	0.41%	115,507	38,516	0.80%	307.55
2011	7,170,000	22,640,000	530,904		272,430	30,613,334	8,575,432	0.36%	115,569	39,910	0.66%	264.89
2012	6,370,000	18,015,000	377,178		221,292	24,983,470	8,430,125	0.30%	114,973	44,779	0.49%	217.30
2013	5,540,000	21,100,000	223,452		375,028	27,238,480	8,297,900	0.33%	114,922	46,508	0.51%	237.02
2014	4,670,000	30,510,000	135,817	122,040	1,161,656	36,599,513	8,331,863	0.44%	115,290	46,328	0.69%	317.46
2015	3,785,000	34,850,000	17,243		1,434,422	40,086,665	8,380,544	0.48%	115,569	45,896	0.76%	346.86
2016	6,130,000	26,600,000	11,094		1,225,483	33,966,577	8,464,901	0.40%	115,427	47,930	0.61%	294.27
2017	3,895,000	32,890,000	4,548		1,257,294	38,046,842	8,899,324	0.43%	115,344	50,081	0.66%	329.86
2018	1,630,000	35,190,000			1,260,171	38,080,171	9,321,317	0.41%	115,456	*	*	329.82

YEAR	TOTAL GROSS BONDED DEBT	LESS DEBT SERVICE FUND @	TOTAL NET BONDED DEBT	NET DEBT		
				TO TOTAL EQUALIZED VALUE	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2009	26,050,537	36,200	26,014,337	0.29%	0.60%	227.08
2010	35,523,699	86,385	35,437,314	0.41%	0.80%	306.80
2011	30,082,430	46,471	30,035,959	0.35%	0.65%	259.90
2012	24,606,292	45,249	24,561,043	0.29%	0.48%	213.62
2013	27,015,028	(192,432)	27,207,460	0.33%	0.51%	236.75
2014	36,341,656	184,989	36,156,667	0.43%	0.68%	313.61
2015	40,069,422	651,997	39,417,425	0.47%	0.74%	341.07
2016	33,955,483	961,740	32,993,743	0.39%	0.60%	285.84
2017	38,042,294	544,083	37,498,211	0.42%	0.65%	325.10
2018	38,080,171	331,606	37,748,565	0.40%	*	326.95

Sources:

(1) - See Table XII - Demographic and Economic Statistics

(2) - Equalized values are reduced by tax increment district value increments for apportioning County taxes.

* Information not available

@ Amount available for repayment of governmental general obligation bonds

COUNTY OF SHEBOYGAN, WISCONSIN

Table X

Legal Debt Margin Information

Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Equalized Value	\$ 8,924,002,800	\$ 8,668,958,700	\$ 8,575,432,000	\$ 8,651,327,800	\$ 8,526,701,100
Debt Limit - 5% of Equalized Value (Wisconsin Statutory Limitation)	446,200,140	433,447,935	428,771,600	432,566,390	426,335,055
Amount of Debt Applicable to Debt Limitation	25,820,000	35,200,000	30,340,904	24,762,178	26,863,452
Less: Amount Available in Debt Service Funds	36,200	86,385	86,385	45,249	
Net Debt Applicable to the Debt Margin	25,783,800	35,113,615	30,254,519	24,716,929	26,863,452
Legal Debt Margin (Debt Capacity)	\$ 420,416,340	\$ 398,334,320	\$ 398,517,081	\$ 407,849,461	\$ 399,471,603
Percent of Debt Capacity Used	5.78%	8.10%	7.06%	5.71%	6.30%

	2014	2015	2016	2017	2018
Equalized Value	\$ 8,604,762,900	\$ 8,645,086,200	\$ 8,755,117,500	\$ 9,228,846,100	\$ 9,706,227,200
Debt Limit - 5% of Equalized Value (Wisconsin Statutory Limitation)	430,238,145	432,254,310	437,755,875	461,442,305	\$ 485,311,360
Amount of Debt Applicable to Debt Limitation	35,180,000	38,635,000	32,730,000	36,785,000	\$ 36,820,000
Less: Amount Available in Debt Service Funds	184,989	651,997	961,740	544,083	331,606
Net Debt Applicable to the Debt Margin	34,995,011	37,983,003	31,768,260	36,240,917	36,488,394
Legal Debt Margin (Debt Capacity)	\$ 395,243,134	\$ 394,271,307	\$ 405,987,615	\$ 425,201,388	\$ 448,822,966
Percent of Debt Capacity Used	8.13%	8.79%	7.26%	7.85%	7.52%

COUNTY OF SHEBOYGAN, WISCONSIN
Table XI
Computation of Direct, Overlapping and Underlying Debt
December 31, 2018

	Number of Entities	Amount of Debt	Applicable to Sheboygan County	
			Percent*	Amount
Sheboygan County				
General obligation debt				\$ 36,820,000
Bond premium				<u>1,260,171</u>
Total Direct Debt				<u>38,080,171</u>
OVERLAPPING DEBT:				
Lakeshore VTAE District	1	\$ 29,755,000	61.02%	18,156,501
Moraine Park Technical College District	1	<u>28,075,000</u>	0.03%	<u>8,423</u>
Total Overlapping Debt	2	<u>57,830,000</u>	32.14%	<u>18,164,924</u>
UNDERLYING DEBT:				
Cities	3	\$ 78,614,627	100%	78,614,627
Villages	10	22,948,203	100%	22,948,203
Townships	15	2,771,208	100%	2,771,208
School Districts	13	225,317,583	varies	149,532,562
Sanitary Districts	4	<u>1,347,161</u>	100%	<u>1,347,161</u>
Total Underlying Debt	45	<u>\$ 330,998,782</u>	varies	<u>255,213,761</u>
TOTAL DIRECT, OVERLAPPING AND UNDERLYING DEBT				<u><u>\$ 311,458,856</u></u>

Source: EMMA website

Note: This summary may not reflect all of the County's outstanding overlapping and underlying indebtedness

*Sheboygan County - Overlap percentage is based upon the number of Sheboygan County residents served as a percentage of total population served.

COUNTY OF SHEBOYGAN, WISCONSIN
Table XII
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income in 000's	Per Capita Personal Income	Unemployment Rate
2009	114,560	4,396,263	38,042	9.30%
2010	115,507	4,447,253	38,516	8.20%
2011	115,569	4,595,577	39,910	6.90%
2012	114,973	5,148,376	44,779	6.10%
2013	114,922	5,344,757	46,508	5.00%
2014	115,290	5,341,196	46,328	3.80%
2015	115,569	5,304,168	45,896	3.40%
2016	115,427	5,532,445	47,930	3.10%
2017	115,344	5,776,492	50,081	2.30%
2018	115,456	*	*	2.30%

Source: Population - US Census Bureau (estimate)

Personal Income - U.S Bureau of Economic Analysis per ALFRED

Unemployment Rate - Bureau of Labor Statistics for Sheboygan County, WI extracted May 17, 2019 for December 2018

* Information not available

COUNTY OF SHEBOYGAN, WISCONSIN

Table XIII

Principal Employers

Current Year and Nine Years Ago

	2018			2010*	
	<u>Estimated Employment</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Estimated Employment</u>	<u>Rank</u>
Kohler Co	7,900	1	12.8%	5,000	1
Bemis Manufacturing	1,650	2	2.7%	1,800	2
Johnsonville Sausage LLC	1,600	3	2.6%	933	5
Aurora Medical Group	1,480	4	2.4%	600	10
Sargento Foods	1,300	5	2.1%		
Nemak (JL French)	1,275	6	2.1%	1,325	4
Acuity Mutual Insurance CO.	1,259	7	2.0%		
Sheboygan Area School District	1,240	8	2.0%	1,432	3
Rockline Industries	870	9	1.4%		
County of Sheboygan	860	10	1.4%	894	7
Piggly Wiggly				900	6
St Nicholas Hospital				848	8
Sheboygan Clinic (Aurora)				750	9
Total Estimated County Workforce	61,872				

Source: Lakeshore Technical College District, Wisconsin official statement dated May 15, 2019, City of Sheboygan official statement dated November 5, 2018, and City of Plymouth official statement dated February 19, 2019 for 2018. Robert W. Baird for 2010* (2009 official statement not available). Estimated County Workforce from Department of Workforce Development website data search for December 2018.

COUNTY OF SHEBOYGAN, WISCONSIN

Table XIV

**Full-time Equivalent County Employees ⁽¹⁾
Last Ten Fiscal Years**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	171	170	169	127	122	119	123	124	125	125
County Treasurer	7	7	10	6	6	5	7	7	7	7
Register of Deeds	8	8	7	7	7	7	7	7	7	7
Finance	10	10	10	15	15	17	15	15	18	17
Medical Examiner	6	6	7	4	4	1	2	2	2	1
County Board	36	36	36	5	4	3	3	3	3	3
Court Commissioner	3	3	3	3	4	5	3	3	3	3
Clerk of Courts	29	28	27	24	22	23	24	24	23	24
District Attorney	15	15	14	13	13	13	13	14	14	14
County Clerk	4	4	4	4	4	4	4	4	4	3
Building Services	31	31	29	30	29	29	30	30	29	30
Human Resources	4	4	4	4	4	4	5	5	5	5
Corporation Counsel	1	1	1	1	1	1	1	1	1	1
County Administrator	2	2	2	2	2	2	2	2	2	2
Information Technology	15	15	15	9	7	5	7	7	7	8
Public Safety	178	177	171	166	168	170	179	186	191	186
Public Works	113	111	102	90	86	82	86	93	93	94
Public Health and Human Services	211	204	207	189	198	198	195	195	194	185
Resources and Development	30	27	26	15	15	14	14	14	15	13
Education	4	4	3	3	3	3	4	4	3	3
Health Care Center	263	264	256	170	158	146	145	137	141	140
Total	970	957	934	760	750	732	746	753	762	746

Source: Sheboygan County Payroll Records

(1) Data shown for 2009 - 2011 represent employee head count. Data shown for 2012 - 2018 represent full-time equivalent (FTE).

COUNTY OF SHEBOYGAN, WISCONSIN
Table XV
Operating Indicators by Program/Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Prisoners bookings - Adult	5,058	4,266	4,093	4,591	3,706	3,742	3,424	3,335	3,411	3,466
Prisoners bookings - Juvenile	399	355	385	318	351	274	430	392	455	400
Total complaints (1)	36,634	33,499		33,221	40,292	39,426	42,814	46,523	31,428	78,113
Courts										
Case filings	17,920	15,294	13,276	14,060	13,312	13,180	13,638	15,389	15,395	14,388
Criminal cases	3,282	2,737	2,273	2,303	2,371	2,330	2,270	2,217	2,190	2,205
Non-criminal cases	7,216	6,044	5,009	5,646	4,848	5,589	6,579	7,823	7,703	6,821
Jury trials	44	41	38	37	29	38	42	33	45	39
Family Court Commissioner hearings	822	771	752	920	989	984	874	835	881	879
Mediation referrals	289	297	270	262	272	252	207	228	232	203
Medical Examiner										
Death Investigations	490	508	523	568	543	262	265	282	266	261
Cremations Permits Issued	424	407	471	502	539	540	577	625	628	673
Register of Deeds										
Real estate documents processed	30,395	27,057	23,950	29,308	27,819	19,056	21,030	22,399	21,609	20,792
Vital records filed	3,404	3,215	3,290	3,255	3,385	3,016	3,329	3,269	3,141	3,215
Military discharge records	123	133	122	150	122	94	83	42	35	45
Genealogical searches	464	727	682	735	717	437	326	363	379	378
Planning and Conservation										
Sanitary permits	156	142	145	137	161	183	180	170	167	152
Shoreland permits	88	83	56	68	87	88	94	106	91	134
Certified Survey Maps Reviewed	39	40	33	45	38	46	46	48	46	51
County Clerk										
Marriage Licenses/Domestic Partnerships	745	620	612	664	669	670	667	631	642	621
Passport Applications	682	770	636	827	844	876	973	844	1,311	1,154
Public Health & Human Services										
Senior Meals Provided	50,918	51,889	52,146	57,146	53,232	53,358	51,083	48,046	46,533	47,391
Health Inspections (2)	1,148	836	1,178	934	846	959	909	718	1,000	1,053
Child Abuse and Neglect Referrals	1,051	1,125	1,109	1,196	1,243	1,092	1,172	1,071	1,268	1,204
Average WIC Participants per Month	2,382	2,284	2,186	2,197	2,127	1,952	1,887	1,823	1,771	1,719
Communicable Disease Cases (Confirmed)	706	624	612	616	638	596	550	707	903	818
Immunizations Given (3) (4)	18,493	12,234	6,853	5,047	2,194	1,418	508	73	10	-
Health Care Centers										
Total Patient Days	59,380	58,480	53,975	52,233	48,815	47,081	47,162	49,166	48,715	46,204
Patient Meals Served	172,479	168,534	153,888	151,710	131,982	140,361	141,006	146,531	145,635	138,612
Highway										
Miles of roads resurfaced	19	14	27	25	20	18	11	13	32	30
Miles of roads seal coated	13	8	10	11	13	-	14	14	13	15
Asphalt Produced (tons)	57,000	48,500	74,161	76,737	68,336	38,479	64,558	62,848	135,791	141,618
Gravel Production (tons)	226,287	180,002	109,810	168,889	150,514	168,668	163,289	207,076	210,040	292,565

(1) In 2011, crime record software was replaced with new system and were unable to retrieve information.

(2) Information not available.

(3) Reduction in immunizations reflects revised program eligibility rules

(4) Due to changes in health care and funding rules, immunizations are now expected to be provided by primary care physicians.

The Lakeshore Community Health Center provides backup for families who do not have a medical home or health insurance.

Source: Sheboygan County Department Annual Reports and Sheboygan County Department Internal Reports

COUNTY OF SHEBOYGAN, WISCONSIN

Table XVI

Capital Assets by Functional Area

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Buildings (excludes Public Safety and Business-type operations)	5	5	5	5	5	5	5	5	5	5
Public Safety										
Facilities	2	2	2	2	2	2	2	2	2	2
Jail Capacity	314	314	314	314	314	314	314	314	314	314
Squads (includes marked and unmarked)	42	43	43	42	42	42	45	45	45	45
Health Care Centers										
Facilities	1	1	1	1	1	1	1	1	1	1
Number of Beds	195	195	175	165	157	155	154	149	149	149
Highway										
County lane miles	451	451	451	451	451	451	451	451	451	451
Garages/Shops	7	7	6	6	6	6	6	6	4	4
County bridges	76	76	76	76	76	75	75	75	75	75

Source: Sheboygan County Department Annual Reports and Sheboygan County Department Internal Reports