

**COUNTY OF SHEBOYGAN,
WISCONSIN**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE YEAR ENDED

DECEMBER 31, 2012



SHEBOYGAN COUNTY, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

PREPARED BY:

Sheboygan County Finance Department

SHEBOYGAN COUNTY, WISCONSIN

For the Year Ended December 31, 2012

TABLE OF CONTENTS

I.	Introductory Section	Page No(s).
a.	Letter of Transmittal	1-4
b.	Organizational Chart.....	5
c.	Sheboygan County Board of Supervisors	6
d.	Sheboygan County Offices and Departments	7
II.	Financial Section	
a.	Independent Auditors' Report.....	8-10
b.	Management's Discussion and Analysis.....	11-23
c.	Basic Financial Statements:	
	Government-Wide Financial Statements:	
	Statement of Net Position	24
	Statement of Activities.....	25
	Fund Financial Statements	
	Balance Sheet – Governmental Funds	26-27
	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	28-29
	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	30-33
	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Health and Human Services	34
	Statement of Net Position – Proprietary Funds.....	35-36
	Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	37-38
	Statement of Cash Flows – Proprietary Funds.....	39-40
	Statement of Net Position – Fiduciary Funds	41
	Notes to the Financial Statements	42-69
d.	Required Supplementary Information	
	Schedule of Funding Progress.....	70
	Schedule of Employer Contributions	71
e.	Supplementary Information	
	Combining Balance Sheet – Nonmajor Governmental Funds	72
	Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds.....	73
	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service.....	74
	Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects	75
	Statement of Net Position – Internal Service Funds	76

SHEBOYGAN COUNTY, WISCONSIN

For the Year Ended December 31, 2012

TABLE OF CONTENTS (Continued)

Statements of Revenues, Expenses and Changes in Net Position – Position – Internal Service Funds	77
Statement of Cash Flows – Internal Service Funds.....	78-79
Schedule of Changes in Assets and Liabilities – Fiduciary Funds	80

III. Statistical Section

Table 1 – Net Position by Component	81
Table 2 – Changes in Net Position	82-83
Table 3 – Fund Balances, Governmental Funds	84
Table 4 – Changes in Fund Balances, Governmental Funds	85
Table 5 – Equalized Value of Taxable Property	86
Table 6 – Direct and Overlapping Tax Rates.....	87
Table 7 – Principal Property Taxpayers.....	88
Table 8 – Property Tax Levied and Collections	89
Table 9 – Ratio of General Bonded Debt Outstanding.....	90
Table 10 – Legal Debt Margin Information.....	91
Table 11 – Computation of Direct, Overlapping and Underlying Debt	92
Table 12 – Demographic and Economic Statistics	93
Table 13 – Principal Employers.....	94

INTRODUCTORY SECTION



SHEBOYGAN COUNTY

Terry A. Hanson
Finance & Information Technology Director

Mary Wegmann
Deputy Finance Director

July 18, 2013

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, 2012.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the County. It is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, our organization chart, list of elected County Board Members, and list of County offices and department heads. The financial section includes the Independent Auditor's Report on Basic Financial Statements, Management's Discussion and Analysis, and the basic financial statements. The required supplementary information includes the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographics information, generally presented on a multi-year basis.

This report consists of management's representations concerning the finances of 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 an internal control framework that is designed both to protect the county's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls have 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 complete and reliable in all material respects.

Schenck SC 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 unqualified opinion that Sheboygan County's financial statements for the fiscal year ended December 31, 2012 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 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 County continues to rank among the top ten quality of life metros in the state.

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 Wisconsin 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, operation of the municipal airport and other activities. Sheboygan County also maintains a close working relationship with the Eastern Shores Library System.

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 fit. 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

As with most areas of the country, Sheboygan County has been affected by the recent economic downturn. The December unemployment rate was 6.5% (as reported by the Wisconsin Department of Workforce Development) which was below the state rate of 7.2%. The County continues to have a diversified workforce. Kohler Company and Bemis Manufacturing are international leaders in their respective industry sectors. Sargento Foods and Johnsonville Sausage are likewise nationally respected firms in the food sector. Acuity Insurance remains a nationally recognized company and was again recognized as the best mid-sized employer in the nation.

American Orthodontics, the largest privately held orthodontic manufacturer in the world, is in the process of consolidating its operations to Sheboygan. The remainder of the company's operations and corporate offices will be in place by the end of the 1st quarter of 2013.

Sheboygan County remains a top tourism destination with attractions of world-class golf, Lake Michigan sport fishing, numerous summer festivals, ice fishing and snowmobiling. The County hosts the longest natural road racing facility at Road America. Golf courses within Sheboygan County are consistently ranked among the top 100 courses by *Golf Magazine*. Whistling Straits, ranked 3rd, will host the PGA and Ryder Cup in 2015 and 2020 respectively. Blackwolf Run, ranked 12th, hosted the LPGA tournament in 2012. With 28-miles of Lake Michigan coastline, the County hosts the largest gathering of freshwater surfers in the world and is also home to one of only four Olympic Sailing Centers in America. The County ranked 14th in the state for tourism dollars with direct spending of \$191 million, a 6.15% increase from 2011.

Equalized valuations for the County have exhibited a decline of 5% over the past five years, from \$8,867,077,200 in 2008 to \$8,430,124,700 in 2012. Building permits have shown a slight increase - 6% (as reported by the US Census Bureau). The population, as estimated is 115,569 with a per capita household income of \$51,127 (as reported by the US Census Bureau – 2010 Census).

Long-term Planning

Sheboygan County maintains a fund balance policy which restricts the unassigned fund balance to between five and ten percent of the budgeted expenditures for the upcoming budget year.

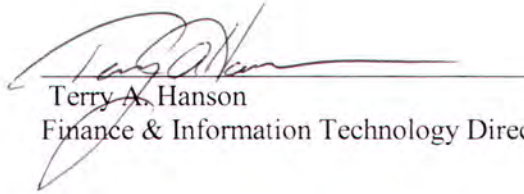
The County maintains a five-year capital improvement plan. The plan identifies major capital projects and the methods to finance them. The plan for the year 2012 included major developments at the County airport and various infrastructure projects at Highway and Information Technology. In 2013 the focus will remain on infrastructure improvements with approximately \$4.3 devoted to highway improvement alone.

Operational studies have been completed at the Health Care Centers, the Department of Health & Human Services, the Sheriff's Department, Highway Department, Child Support and Information Technology. In 2012, the Human Resources and Clerk of Court departments were reviewed. These studies have proved to be a valuable tool to maximize operational efficiencies. Consolidation of the Land Conservation and Planning departments occurred in 2012 and 2013 will see the consolidation of our Airport and Highway departments into a transportation sector to provide more efficient operations.

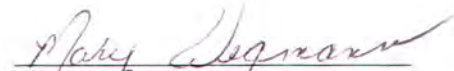
Acknowledgements

We would like to express our sincere appreciation to all staff who assisted with the preparation for the 2012 audit of Sheboygan County. In addition, we would like to recognize Schenck SC, who was invaluable 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,

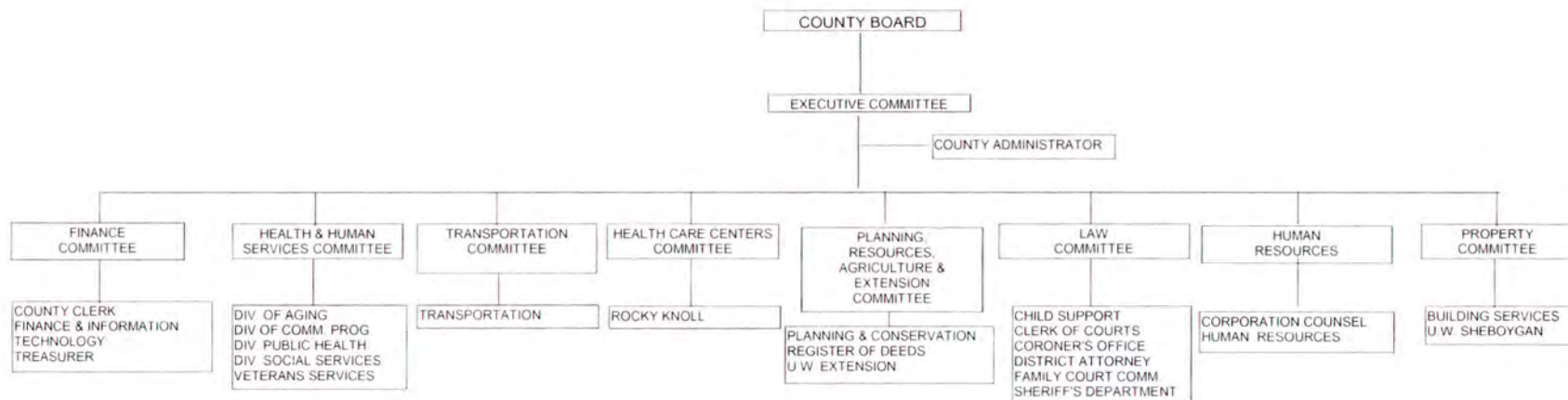


Terry A. Hanson
Finance & Information Technology Director



Mary A. Wegmann
Deputy Finance Director

COUNTY OF SHEBOYGAN, WISCONSIN
ORGANIZATIONAL CHART



SHEBOYGAN COUNTY, WISCONSIN

Board of Supervisors

Term Expires April, 2014

Roger L. Te Stroete Chairperson

Thomas Wegner..... Vice-Chairperson

Keith Abler

Devin LeMahieu

James Baumgart

George Marthenze

Richard C. Bemis

Michael S. Ogea

Al Bosman

Roger R. Otten

Charles W. Conrardy

Edward J. Procek

Fran Damp

Peter Salm

Thomas V. Epping

Jacob Van Dixhorn

Peggy Feider

Michael J. Vandersteen

Jim Glavan

Greg Weggeman

William C. Goehring

Kris Wheeler

Brian C. Hoffmann

Mark S. Winkel

Vernon Koch

**SHEBOYGAN COUNTY, WISCONSIN
OFFICES AND DEPARTMENTS
December 31, 2012**

Chief Administrative Officer

County Administrator	Adam N. Payne
Department Heads	
Building Services.....	James TeBeest
Child Support Enforcement	James J. Graf
Clerk of Courts*	Nan Todd
Coroner*.....	David J. Leffin
County Clerk*	Jon Dolson
Court Commissioner.....	Rebecca Persick
Corporation Counsel**.....	Atty. Carl Buesing
District Attorney*.....	Joe R. DeCecco
Finance & Information Technology	Terry A. Hanson
Health & Human Services	Thomas D. Eggebrecht
Health Care Centers.....	Rachelle Vallesky
Human Resources	Jean Gallimore
Planning & Conservation.....	Aaron Brault
Register of Deeds*.....	Ellen Schleicher
Sheriff*.....	Todd W. Priebe
Transportation	Greg Schnell
Treasurer*.....	Laura M. Henning-Lorenz
University of Wisconsin-Extension	Sarah Tarjeson
University of Wisconsin-Sheboygan***	Jackie Joseph-Silverstein
Veterans Service.....	Charlene Cobb

* 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 the Sheboygan County, Wisconsin ("the County") as of and for the year ended December 31, 2012, 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 auditor considers 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and public health and human service fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A.5.i, the County has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

As described in Note C.10, the County recorded a prior period adjustment in the governmental funds and governmental activities to record an outstanding loans receivable. The adjustment had no effect on governmental fund balance and increased government-wide net position by \$500,000. The County also recorded a prior period adjustment in the internal service funds to correct accrued liabilities. The effect was to decrease internal service fund and governmental activities net position by \$5,289,476. 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, the schedule of funding progress and the schedule of employer contributions on pages 11 through 23 and 70 through 71 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 and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2013 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 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 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.

Certified Public Accountants
Green Bay, Wisconsin
July 16, 2013

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities and deferred inflows of resources as of December 31, 2012 by \$129,614,673 (*net position*). Of this amount, \$22,895,602 (*unrestricted*) may be used to meet ongoing obligations to citizens and creditors.
- The County's total net position increased by \$4,279,904. The biggest contributor to the overall all increase was Resource and Development. Expenditures were underspent by \$1,377,869 due to non-motorized transportation projects not completed at year-end. Public Health and Human Services. Expenditures were under spent by \$1,265,605 due to 1) wages and benefits due to unplanned position retirements throughout the year and 2) program costs associated with the move to third party administration of CLTS (Children's Long Term Services).
- The property tax rate increased \$.0464 per \$1,000 of property value from the year ended December 31, 2012.
- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$19,712,522, a decrease of \$4,839,029. This is due to an advancement to the Capital Project Fund. Typically, the County issues general obligation debt biennially to fund capital projects. The General Fund will be reimbursed when the expected issuance is completed in June of 2013.
- As of December 31, 2012, assigned and unassigned fund balance of the General Fund was \$14,455,104, or approximately 37% of total general fund expenditures.
- The County's outstanding general obligation debt decreased by \$5,425,000.

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.

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 and liabilities, with the difference between the two 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.

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

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 activities of the County include a skilled health care facility (nursing homes).

The government-wide financial statements can be found on pages 24-25 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 6 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 and the Debt Service Fund, all of which are 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 26-34 of this report.

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

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 and 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 35-40 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 own 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 41 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 42-69 of this report.

Required supplementary information: The required supplemental information section presents schedules detailing the County's funding progress and employee contributions for other postemployment benefits. The required supplementary information can be found on pages 70-71 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. This information can be found on pages 72-80.

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 exceeded liabilities and deferred inflows of resources by \$129,614,673 at the close of 2012.

SHEBOYGAN COUNTY, WISCONSIN
 Management's Discussion and Analysis
 (Unaudited)
 December 31, 2012

Net Position

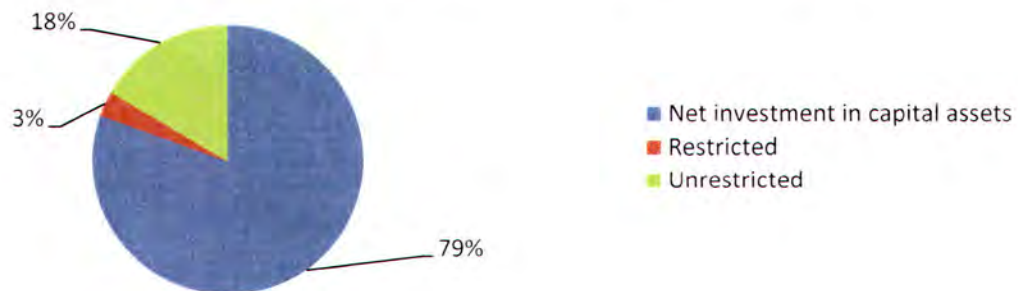
December 31, 2012 and 2011
 (Amounts expressed in \$1,000)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 93,931	\$ 96,156	\$ 2,292	\$ 2,268	\$ 96,223	\$ 98,424
Capital assets	116,795	113,732	8,380	9,083	125,175	122,815
Total Assets	210,726	209,888	10,672	11,351	221,398	221,239
Liabilities						
	43,927	54,292	2,204	2,641	46,131	56,933
Deferred Inflows of Resources	44,850	45,403	802	687	45,652	46,090
Net Position						
Net investment in capital assets	94,537	93,177	8,380	9,083	102,917	102,260
Restricted	3,802	1,994			3,802	1,994
Unrestricted (Deficit)	23,610	15,022	(714)	(1,060)	22,896	13,962
Total Net Postion	\$ 121,949	\$ 110,193	\$ 7,666	\$ 8,023	\$ 129,615	\$ 118,216

The largest portion of the County's net position (79%) reflects its investment of \$103 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 (3%) 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 assets, \$22,895,602, may be used to meet the County's ongoing obligations to its citizens and creditors.

Primary Government Net Position at 2012



SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

Changes in Net Position
For the Years Ended December 31, 2012 and 2011
(Amounts expressed in \$1,000)

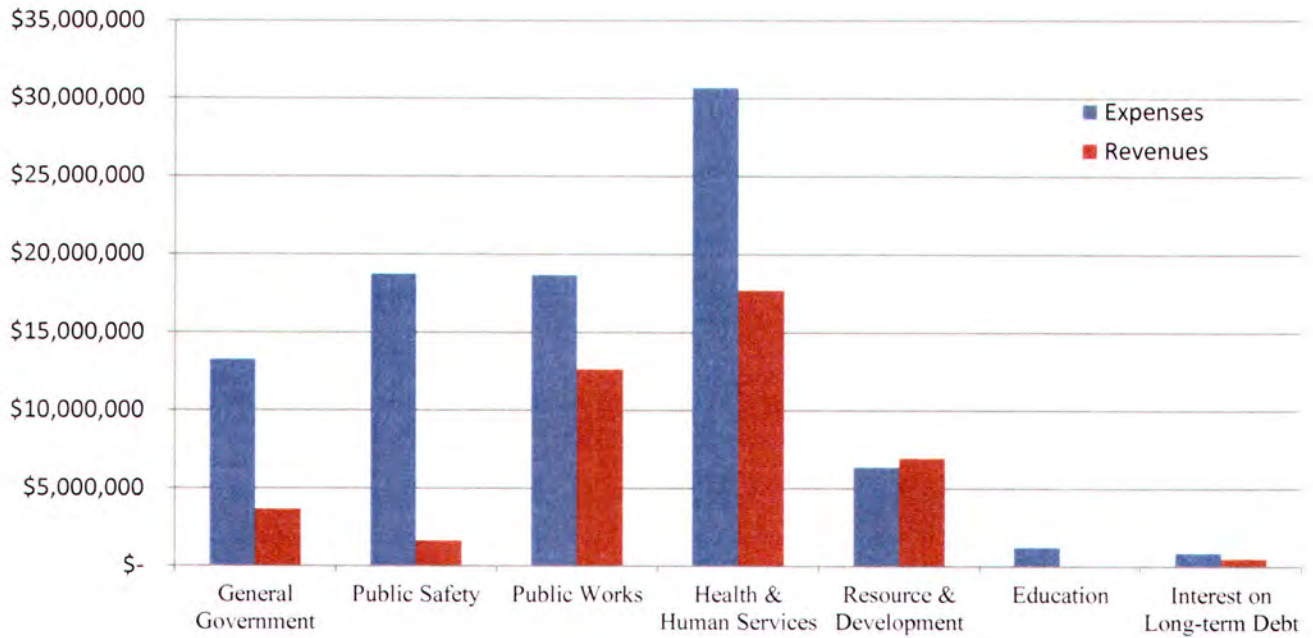
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	\$ 13,227	\$ 11,544	\$ 11,573	\$ 11,641	\$ 24,800	\$ 23,185
Operating grants & contributions	29,448	28,396	1,711	1,403	31,159	29,799
Capital grants and contributions	515	2,042			515	2,042
Total program revenues	43,190	41,982	13,284	13,044	56,474	55,026
General revenues:						
Property tax	44,308	44,053	687	1,327	44,995	45,380
Other taxes	13	7			13	7
Investment earnings	1,886	1,554			1,886	1,554
Nonspecific grants and contributions	3,558	4,214	1		3,559	4,214
Miscellaneous	1,518	1,862	34	10	1,552	1,872
Total general revenues	51,283	51,690	722	1,337	52,005	53,027
Total Revenues	94,473	93,672	14,006	14,381	108,479	108,053
Expenses:						
General government	13,271	17,749			13,271	17,749
Public safety	18,742	17,060			18,742	17,060
Public works	18,678	16,819			18,678	16,819
Public health and human services	30,664	30,562			30,664	30,562
Resources and development	6,384	572			6,384	572
Education	1,220	2,975			1,220	2,975
Interest on long-term debt	877	1,091			877	1,091
Health care centers			14,363	16,450	14,363	16,450
Total Expenses	89,836	86,828	14,363	16,450	104,199	103,278
Excess(deficiency) before transfers	4,637	6,844	(357)	(2,069)	4,280	4,775
Transfers		1,231		(1,231)		
Change in net position	4,637	8,075	(357)	(3,300)	4,280	4,775
Cummulative effect of change in accounting principle	(308)				(308)	
Net Position - January 1	110,194	102,119	8,023	11,323	118,217	113,442
Prior period adjustment	7,426				7,426	
Net Position - January 1 (Restated)	117,620		8,023		125,643	
Net Position - December 31	\$ 121,949	\$ 110,194	\$ 7,666	\$ 8,023	\$ 129,615	\$ 118,217

Governmental activities: Governmental activities increased the County's net assets by \$4,637,096. Key elements of this increase are as follows:

- General Fund:
 - Positive variance of \$302,821 in unspent contingency funds.
 - Positive variance of \$155,000 in TIF closure.
 - Positive variance of \$277,000 in interest on delinquent taxes.
 - Positive variance of \$106,073 for various utilities.
 - Positive variance of \$1,235,620 for non-motorized projects in progress at year-end.

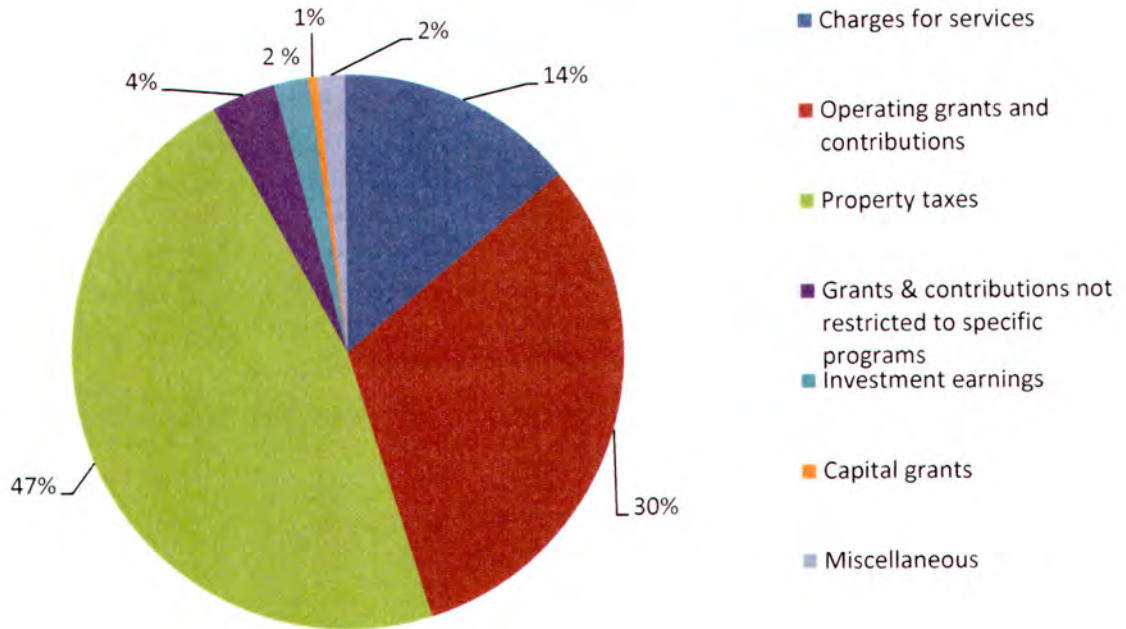
SHEBOYGAN COUNTY, WISCONSIN
 Management's Discussion and Analysis
 (Unaudited)
 December 31, 2012

- Public Health & Human Services:
 - Positive variance of \$451,542 in wages and benefits due to retirements and restructuring of the table of organization
 - Positive variance of \$98,565 in professional services and \$171,642 in supportive home care.

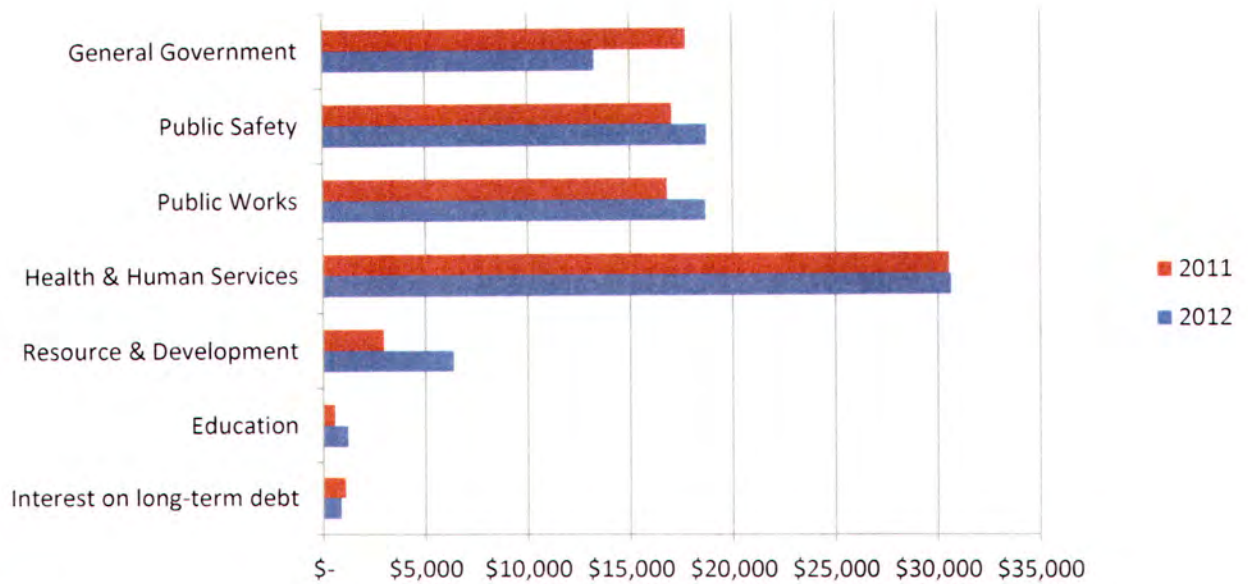


SHEBOYGAN COUNTY, WISCONSIN
 Management's Discussion and Analysis
 (Unaudited)
 December 31, 2012

Revenues by Source - Governmental Activities

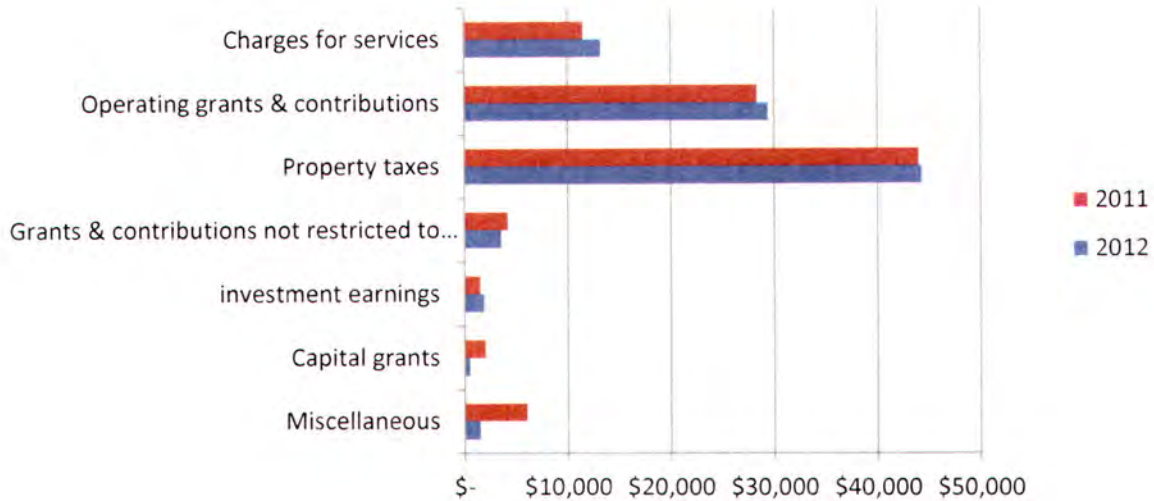


**Governmental Activities Functional Expenses for Years 2012 and 2011
 (Shown in Thousands of Dollars)**



SHEBOYGAN COUNTY, WISCONSIN
 Management's Discussion and Analysis
 (Unaudited)
 December 31, 2012

**Governmental Activities Revenues by Source for Years 2012 and 2011
 (Shown in Thousands of Dollars)**

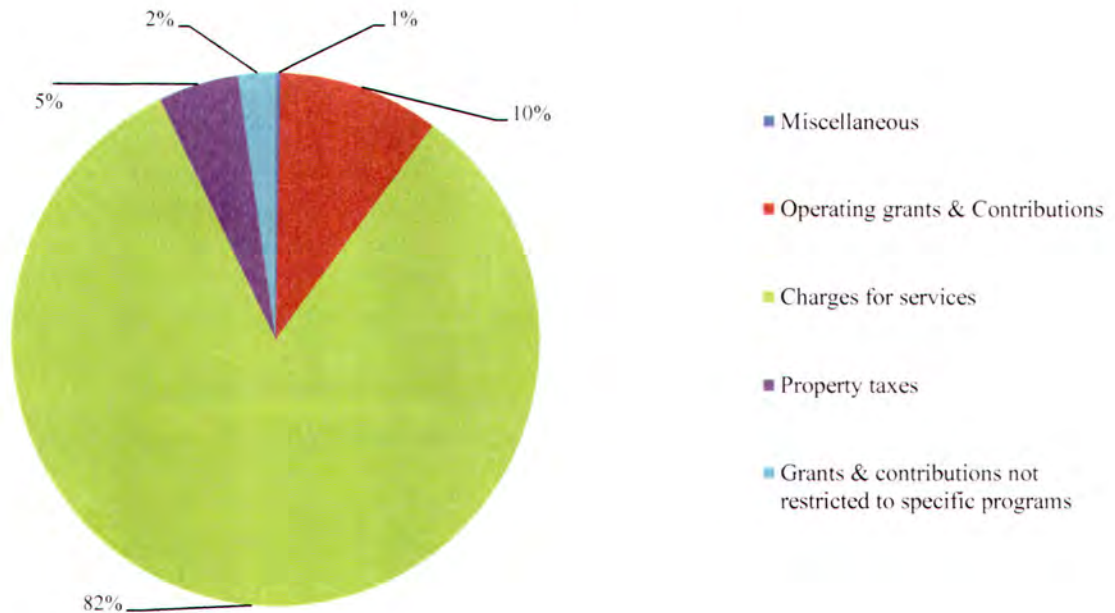


Business-type Activities: Rocky Knoll Health Care Center decreased Sheboygan County's net position by \$357,192. A key element of this loss was a property tax reduction of \$640,292 or 48% and lower census than anticipated throughout the year. This loss was mitigated by:

- Decreasing the total bed capacity to 165
- Staffing reductions to reflect efficiency and productivity
- Implementing a strategic approach to debt collection and aging accounts
- Streamlining of supply inventory
- Receipt of a \$325,531 grant from Centers for Medicare and Medicaid Services (CMS)

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

Revenues by Source - Business-Type Activity



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, 2012, the County's governmental funds reported combined ending fund balances of \$19,712,522 a decrease of \$4,839,029. Of the combined ending fund balances, \$14,455,104 or 73% 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 (\$3,081,430), 2) prepayments that benefit periods beyond the end of the current year (\$186,105), 3) various individual fund commitments approved by the County Board (\$193,156), 4) for payments of interest and principal (\$45,249), and 5) for grant or statutory provisions (\$1,751,478).

The General Fund is the chief operating fund of the County. At the end of the current year, assigned fund balance was \$296,114 and unassigned fund balance was \$12,503,137 while the total fund balance was \$16,832,429. 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

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

fund balance of \$12,799,251 represents 33% of total general fund expenditures, while total fund balance represents 43% of that same amount.

During the current year the County's General Fund balance decreased by \$153,774. This loss was due in part to delinquent tax foreclosures. Please refer to the "General Fund Budgetary Highlights" for a more detailed analysis of budgetary variances.

The Public Health and Human Services fund has a \$1,985,725 total fund balance. The department generated a large surplus in 2012 due to the transition of Children's Long-term Support to a third party administrator and employee retirements that were unknown during the budget cycle.

The Capital Project fund shows a \$341,591 deficient fund balance. Typically the County issues general obligation debt biennially to fund capital projects. This issuance is expected to be finalized in June of 2013.

The nonmajor governmental funds had an overall increase of \$337,918 from the prior year. This is mainly due to repayment of revolving fund loans.

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 unrestricted net position for Rocky Health Care Center showed a deficit of \$375,489. Factors contributing to this deficit net position have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for expenditures was a \$4,751,129 increase in appropriations or a 13% increase over the original budget. Major differences can be summarized as follows:

- \$4,058,541 increase in the resource and development operations for the Sheboygan River/Harbor dredging project. This project enlisted the resources not only of Sheboygan County, but the Environmental Protection Agency, Wisconsin Department of Natural Resources and the City of Sheboygan to remove contaminated sediment from the river and harbor.
- \$338,442 increase in public safety programs.

During the year, actual expenditures were \$1,248,698 under budget. The major reason for the variances are as follows:

- Non-motorized programs underspent \$1,154,284.
- Contingency reserves underspent \$302,821

Differences between the original budget and the final amended budget for revenues amounted to a \$4,258,119 increase in funding sources. Major differences can be briefly summarized as follows:

- \$3,758,192 increase in resource and development due to the Sheboygan River/Harbor cleanup discussed previously.
- \$289,958 increase in public safety programs.

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

During the year, actual revenues were under budget by \$736,087. The primary reason for the variances was the \$1,154,284 in non-motorized transportation projects not completed at year-end. The unfavorable variance was offset by the following:

- \$155,000 for TID (Tax Incremental District) closing
- \$360,092 for interest and penalty on delinquent taxes

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, 2012 was \$125,174,695 (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 \$5,664,666
- Vehicles, mostly Sheriff's squads, purchased at a cost of \$318,566 and disposal of squads totaling \$242,707
- SAFE boat at a cost of \$206,192
- Recreational trail upgrades of \$585,865
- Software for Public Health and Human Services and payroll for \$494,976

Sheboygan County's Capital Assets
(Amounts Expressed in \$1,000)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 9,612	\$ 8,648	\$ 32	\$ 32	\$ 9,644	\$ 8,680
Construction in progress	3,489	5,979			3,489	5,979
Buildings	62,981	62,910	14,615	14,615	77,596	77,525
Other improvements	10,721	10,450	674	674	11,395	11,124
Infrastructure	103,074	93,105			103,074	93,105
Machinery and equipment	16,582	26,533	4,590	4,556	21,172	31,089
Office furniture and equipment	26,920	15,969	855	855	27,775	16,824
Vehicles	10,659	10,070	199	199	10,858	10,269
Less Accumulated depreciation	(127,243)	(119,933)	(12,586)	(11,847)	(139,829)	(131,780)
Total	\$ 116,795	\$ 113,731	\$ 8,379	\$ 9,084	\$ 125,174	\$ 122,815

Additional information on Sheboygan County's capital assets can be found in Note C.4 on pages 56-57.

Long-term debt: At the end of the current fiscal year, Sheboygan County had total debt outstanding of \$24,762,178 backed by the full faith and credit of the County.

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

Sheboygan County's Outstanding Debt

	2012	2011
General obligation debt:		
Bonds	\$ 6,370,000	\$ 7,170,000
Notes	18,015,000	22,640,000
Total general obligation debt	24,385,000	29,810,000
Capital leases	377,178	530,904
Total debt	\$ 24,762,178	\$ 30,340,904

During the current year, Sheboygan County's retired \$5,578,726 of outstanding debt.

The County maintains a Aa2 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$432,566,390 which is significantly in excess of the County's \$24,385,000 in outstanding general obligation debt. The County's outstanding general obligation debt net of the debt service reserve fund of \$45,529 is \$24,339,751.

Additional information on Sheboygan County's long-term debt can be found in Note C.6 on page 58-61 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for 2012 was 6.6% for the County. This is a decrease of 1% from the prior year.

The economic condition and outlook for the County 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 year, 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 2013 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.

With the adoption of the budget for 2013, the County's operating rate of \$5.4105 represents a \$0.1331 increase from the prior year and conforms with the state statute requirements. The County will not utilize fund balance for county operation. This marks the third consecutive year of reduced reliance on fund balance for operations.

SHEBOYGAN COUNTY, WISCONSIN
Management's Discussion and Analysis
(Unaudited)
December 31, 2012

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, WI
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$33,013,030	\$674,108	\$33,687,138
Receivables			
Taxes	44,809,034	801,881	45,610,915
Accounts, net	2,180,314	1,081,732	3,262,046
Delinquent taxes	4,322,073		4,322,073
Interest	1,801,562		1,801,562
Loans	1,034,056		1,034,056
Internal balances	338,685	(338,685)	
Due from other governments	4,135,661	14,877	4,150,538
Prepays and inventory	2,297,394	57,920	2,355,314
Capital assets, nondepreciable			
Land	9,611,552	31,750	9,643,302
Construction in progress	3,489,448		3,489,448
Capital assets, depreciable			
Buildings	62,979,816	14,615,472	77,595,288
Improvements other than buildings	10,721,342	673,700	11,395,042
Infrastructure	103,074,342		103,074,342
Machinery and equipment	16,582,148	4,590,283	21,172,431
Office furniture and equipment	26,920,019	854,767	27,774,786
Vehicles	10,659,409	199,419	10,858,828
Less: Accumulated depreciation	(127,243,237)	(12,585,535)	(139,828,772)
Total Assets	210,726,648	10,671,689	221,398,337
Liabilities			
Accounts payable	3,594,281	220,160	3,814,441
Accrued compensation	2,003,559	335,844	2,339,403
Accrued and other current liabilities	3,790,945		3,790,945
Accrued interest payable	128,882		128,882
Due to other governments	1,490,732		1,490,732
Unearned revenue	119,619		119,619
Long-term obligations			
Due Within One Year	4,178,054	18,243	4,196,297
Due in More Than One Year	28,620,700	1,629,879	30,250,579
Total Liabilities	43,926,772	2,204,126	46,130,898
Deferred Inflows of Resources			
Property taxes	44,809,034	801,881	45,610,915
Grant advances	41,851		41,851
Total Deferred Inflows of Resources	44,850,885	801,881	45,652,766
Net Position			
Net investment in capital assets	94,537,372	8,379,856	102,917,228
Restricted For:			
Debt Service	45,249		45,249
Land Records	727,922		727,922
Jail Assessment	819,011		819,011
Community Development	2,209,661		2,209,661
Unrestricted (Deficit)	23,609,776	(714,174)	22,895,602
Total Net Position	\$121,948,991	\$7,665,682	\$129,614,673

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

County of Sheboygan, WI
Statement of Activities
For the Year Ended December 31, 2012

Primary Government

Governmental Activities:

	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
Expenses				Governmental Activities	Business-Type Activities	Total
General Government	\$ 13,271,017	\$ 1,153,390	\$ 2,055,099	\$ 467,541	\$ (9,594,987)	\$ (9,594,987)
Public Safety	18,742,185	1,158,564	474,893		(17,108,728)	(17,108,728)
Public Works	18,677,961	5,994,939	6,656,071		(6,026,951)	(6,026,951)
Public Health and Human Services	30,664,196	2,259,164	15,413,367	47,850	(12,943,815)	(12,943,815)
Resources and Development	6,383,868	2,117,625	4,837,209		570,966	570,966
Education	1,220,424	28,536	11,558		(1,180,330)	(1,180,330)
Interest on Long-term Debt	876,772	514,881			(361,891)	(361,891)
	89,836,423	13,227,099	29,448,197	515,391	(46,645,736)	(46,645,736)

Business-Type Activities:

Rocky Knoll	14,363,262	11,572,562	1,711,026		(1,079,674)	(1,079,674)
Total Primary Government	\$ 104,199,685	\$ 24,799,661	\$ 31,159,223	\$ 515,391	(46,645,736)	(47,725,410)

General Revenues

Taxes:						
Property taxes, levied for general purposes				38,626,459	686,512	39,312,971
Property taxes, levied for debt service				5,681,302		5,681,302
Other Taxes				13,456		13,456
Grants and Contributions Not Restricted to Specific Functions				3,557,802	1,709	3,559,511
Investment Earnings				1,886,309	55	1,886,364
Gain on disposal of capital assets					28,822	28,822
Miscellaneous				1,517,504	5,384	1,522,888
Total general revenues				51,282,832	722,482	52,005,314
Change in net position				4,637,096	(357,192)	4,279,904
Cumulative Effect of Change in Accounting Principle				(308,406)		(308,406)
Net Position - January 1				110,193,638	8,022,874	118,216,512
Prior Period Adjustment				7,426,663		7,426,663
Net Position - January 1 (Restated)				117,620,301	8,022,874	125,643,175
Net Position - December 31				\$121,948,991	\$7,665,682	\$129,614,673

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

County of Sheboygan, WI
Balance Sheet
Governmental Funds
December 31, 2012

	General	Public Health and Human Services	Debt Service	Capital Projects	Other Governmental Fund	Total Governmental Funds
Assets						
Cash and investments	\$ 17,526,489	\$ 3,214,853	\$ 45,249	\$	\$ 1,190,508	\$ 21,977,099
Receivables						
Taxes	21,497,347	13,331,732	5,634,832			40,463,911
Accounts, net	1,749,869	313,605			202	2,063,676
Delinquent taxes	4,322,073					4,322,073
Interest	1,801,562					1,801,562
Loans					1,034,056	1,034,056
Due from other funds	744,999					744,999
Due from other governments	2,778,542	92,321		467,540		3,338,403
Prepays and inventory	182,719	3,386				186,105
Total Assets	\$ 50,603,600	\$ 16,955,897	\$ 5,680,081	\$ 467,540	\$ 2,224,766	\$ 75,931,884
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities						
Accounts payable	\$ 2,651,445	\$ 459,027	\$	\$ 64,132	\$	\$ 3,174,604
Accrued compensation	5,455,446					5,455,446
Accrued and other current liabilities	1,042,488	30,104				1,072,592
Due to other governments	461,043	1,029,690				1,490,733
Due to other funds				744,999		744,999
Unearned revenue		119,619				119,619
Total Liabilities	9,610,422	1,638,440		809,131		12,057,993
Deferred Inflows of Resources						
Property taxes	21,497,347	13,331,732	5,634,832			40,463,911
County portion of delinquent taxes	2,621,551					2,621,551
Grant advance	41,851					41,851
Loans receivable					1,034,056	1,034,056
Total Deferred Inflows of Resources	24,160,749	13,331,732	5,634,832		1,034,056	44,161,369
Fund Balances						
Nonspendable	3,264,149	3,386				3,267,535
Restricted	575,873		45,249		1,175,605	1,796,727
Committed	193,156					193,156
Assigned	296,114	1,982,339			15,105	2,293,558
Unassigned (deficit)	12,503,137			(341,591)		12,161,546
Total Fund Balances (Deficit)	16,832,429	1,985,725	45,249	(341,591)	1,190,710	19,712,522
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 50,603,600	\$ 16,955,897	\$ 5,680,081	\$ 467,540	\$ 2,224,766	\$ 75,931,884

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

County of Sheboygan, WI
Balance Sheet (Continued)
Governmental Funds
December 31, 2012

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on the previous page \$ 19,712,522

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 107,361,691

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

Delinquent taxes	2,621,551	
Loans receivable	1,034,056	3,655,607

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	\$ (24,385,000)	
Compensated absences	(2,494,480)	
OPEB liability	(857,789)	
Capital leases	(377,178)	
Bond premiums	(221,292)	
Accrued interest on long-term obligations	(128,882)	(28,464,621)

Receivable or (payable) to a business-type activity due to the lookback adjustment and consolidation of internal service funds 338,685

Internal service fund activities included in governmental activities 19,345,107

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 24)	\$ 121,948,991

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

County of Sheboygan, WI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Public Health and Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 20,675,023	\$ 13,503,712	\$ 5,681,302	\$	\$	\$ 39,860,037
Other Taxes	13,456					13,456
Intergovernmental	10,356,281	14,336,796		1,716,284	186,000	26,595,361
Licenses and permits	392,681	291,776				684,457
Fines, forfeits and penalties	321,971					321,971
Public charges for services	3,342,445	2,606,541			202	5,949,188
Miscellaneous	4,011,511	237,441	646,695	13,200	354,004	5,262,851
Total Revenues	39,113,368	30,976,266	6,327,997	1,729,484	540,206	78,687,321
Expenditures						
Current:						
General government	12,631,382					12,631,382
Public safety	17,124,160					17,124,160
Public works	417,404					417,404
Public health and human services	1,275,366	29,997,616			7,078	31,280,060
Resources and development	6,323,342				196,061	6,519,403
Education	575,560					575,560
Debt Service:						
Principal			5,425,000			5,425,000
Interest and other charges			904,219			904,219
Capital Outlay	813,159	88,474		7,784,416		8,686,049
Total Expenditures	39,160,373	30,086,090	6,329,219	7,784,416	203,139	83,563,237
Excess (deficiency) of revenues over expenditures	(47,005)	890,176	(1,222)	(6,054,932)	337,067	(4,875,916)
Other Financing Sources (Uses)						
Transfers in	4,000			142,806	4,850	151,656
Transfers out	(110,769)				(4,000)	(114,769)
Total Other Financing Sources (Uses)	(106,769)			142,806	850	36,887
Net change in fund balance	(153,774)	890,176	(1,222)	(5,912,126)	337,917	(4,839,029)
Fund balance, January 1	16,986,203	1,095,549	46,471	5,570,535	852,793	24,551,551
Fund balance (deficit), December 31	\$ 16,832,429	\$ 1,985,725	\$ 45,249	\$ (341,591)	\$ 1,190,710	\$ 19,712,522

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 Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2012

Reconciliation to the Statement of Activities

Net Change in Fund Balances as show on previous page \$ (4,839,029)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense

Capital assets reported as capital outlay in governmental fund statements	\$ 10,314,211	
Depreciation expense reported in the statement of activities	<u>(6,915,308)</u>	
Amount by which capital outlays are greater than depreciation in current period		3,398,903

Governmental funds report special assessments are 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:

(192,586)

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	5,425,000	
Capital lease retired	<u>153,726</u>	
		5,578,726

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	(127,613)	
Compensated absences	(40,637)	
Accrued interest	27,447	
Amortization of bond premiums	51,138	
Amortization of investment premiums	22,500	
Other post-employment benefits	<u>480,831</u>	
		413,666

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.

321,903

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

(44,487)

Change in Net Position of Governmental Activities as reported in the Statement of Activities (see page 25)

\$ 4,637,096

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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property taxes	\$ 20,933,463	\$ 20,933,463	\$ 20,675,023	\$ (258,440)
Other taxes	19,948	19,948	13,456	(6,492)
Total taxes	20,953,411	20,953,411	20,688,479	(264,932)
Intergovernmental				
General Government	4,063,431	4,137,731	4,142,050	4,319
Public Safety	202,773	492,731	474,893	(17,838)
Public Health & Human Services	1,030,832	1,030,832	1,076,571	45,739
Resources and Development	2,105,521	5,863,713	4,651,209	(1,212,504)
Education	4,322	8,822	11,558	2,736
	7,406,879	11,533,829	10,356,281	(1,177,548)
Licenses and permits				
General Government	105,810	109,810	111,220	1,410
Resources and Development	273,360	273,360	281,461	8,101
	379,170	383,170	392,681	9,511
Fines, Forfeits and Penalties				
General Government	415,000	415,000	317,696	(97,304)
Resources and Development	3,500	3,500	4,275	775
	418,500	418,500	321,971	(96,529)
Public Charges for Services				
General Government	1,691,949	1,689,289	1,760,878	71,589
Public Health and Human Services	32,700	32,700	22,353	(10,347)
Public Safety	1,120,487	1,120,487	1,066,176	(54,311)
Public Works	238,119	238,119	249,471	11,352
Resources and Development	292,275	292,275	213,389	(78,886)
Education	16,375	16,375	30,178	13,803
	3,391,905	3,389,245	3,342,445	(46,800)
Miscellaneous				
General Government	2,632,771	2,692,382	3,421,451	729,069
Public Safety	362,292	432,510	458,061	25,551
Public Works	2,550	2,550	3,569	1,019
Public Health and Human Services			150	150
Resources and Development	37,715	37,715	111,765	74,050
Education	6,143	6,143	16,515	10,372
	3,041,471	3,171,300	4,011,511	840,211
Total Revenues	35,591,336	39,849,455	39,113,368	(736,087)
EXPENDITURES				
General Government				
Treasurer				
Wages and benefits	346,669	346,669	348,634	(1,965)
Operating expenses	97,500	97,560	103,148	(5,588)
Interdepartmental charges	141,456	141,456	146,141	(4,685)
Capital outlay	85,000	85,000	225,290	(140,290)
	670,625	670,685	823,213	(152,528)
Register of Deeds				
Wages and benefits	331,570	331,570	336,182	(4,612)
Operating expenses	169,384	169,384	176,442	(7,058)
Interdepartmental charges	147,167	147,167	149,936	(2,769)
	648,121	648,121	662,560	(14,439)

County of Sheboygan, WI
Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Finance and IT - Finance Division				
Wages and benefits	626,515	694,695	752,914	(58,219)
Operating expenses	62,415	64,415	49,937	14,478
Interdepartmental charges	199,853	214,889	204,749	10,140
Capital outlay		12,438	12,290	148
	888,783	986,437	1,019,890	(33,453)
Coroner				
Wages and benefits	64,202	64,202	75,034	(10,832)
Operating expenses	44,293	44,293	45,801	(1,508)
Interdepartmental charges	5,769	5,769	6,483	(714)
	114,264	114,264	127,318	(13,054)
County Board				
Wages and benefits	154,835	154,835	147,263	7,572
Operating expenses	45,311	45,311	42,714	2,597
Interdepartmental charges	27,148	27,148	27,806	(658)
	227,294	227,294	217,783	9,511
Family Court Commissioner				
Wages and benefits	223,343	223,343	231,432	(8,089)
Operating expenses	50,975	50,975	46,606	4,369
Interdepartmental charges	70,208	70,208	71,971	(1,763)
	344,526	344,526	350,009	(5,483)
Clerk of Courts				
Wages and benefits	1,255,510	1,255,510	1,225,587	29,923
Operating expenses	354,008	354,008	409,847	(55,839)
Interdepartmental charges	468,012	468,012	455,143	12,869
	2,077,530	2,077,530	2,090,577	(13,047)
District Attorney				
Wages and benefits	628,023	628,023	624,385	3,638
Operating expenses	46,019	46,019	56,043	(10,024)
Interdepartmental charges	262,386	262,386	258,676	3,710
	936,428	936,428	939,104	(2,676)
County Clerk				
Wages and benefits	205,659	205,659	205,076	583
Operating expenses	179,395	210,685	199,313	11,372
Interdepartmental charges	74,003	74,003	68,162	5,841
	459,057	490,347	472,551	17,796
Building Services				
Wages and benefits	1,480,593	1,480,593	1,431,197	49,396
Operating expenses	1,058,231	1,023,550	909,573	113,977
Interdepartmental charges	544,241	544,241	543,945	296
Capital outlay	25,800	121,325	67,745	53,580
	3,108,865	3,169,709	2,952,460	217,249
Human Resources				
Wages and benefits	333,147	333,147	328,706	4,441
Operating expenses	77,709	77,709	40,883	36,826
Interdepartmental charges	76,093	76,093	80,250	(4,157)
	486,949	486,949	449,839	37,110
Non-Departmental				
Operating expenses	1,956,142	2,092,659	2,202,655	(109,996)
Interdepartmental charges	101,679	101,679	101,296	383
	2,057,821	2,194,338	2,303,951	(109,613)

(Continued)

County of Sheboygan, WI
Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Corporation Counsel				
Wages and benefits	89,012	89,012	88,324	688
Operating expenses	202,104	202,104	201,489	615
Interdepartmental charges	25,671	25,671	26,352	(681)
	<u>316,787</u>	<u>316,787</u>	<u>316,165</u>	<u>622</u>
County Administrator				
Wages and benefits	169,349	169,349	169,816	(467)
Operating expenses	4,424	4,424	4,694	(270)
Interdepartmental charges	36,251	36,251	36,777	(526)
	<u>210,024</u>	<u>210,024</u>	<u>211,287</u>	<u>(1,263)</u>
Total General Government	<u>12,360,851</u>	<u>12,873,439</u>	<u>12,936,707</u>	<u>(63,268)</u>
Public Safety				
Sheriff				
Wages and benefits	11,410,580	11,551,468	11,797,356	(245,888)
Operating expenses	2,246,265	2,264,038	2,159,272	104,766
Interdepartmental charges	3,179,870	3,198,021	3,167,532	30,489
Capital outlay	274,510	486,140	493,675	(7,535)
Total Public Safety	<u>17,111,225</u>	<u>17,499,667</u>	<u>17,617,835</u>	<u>(118,168)</u>
Public Works				
Airport				
Wages and benefits	248,220	248,220	237,638	10,582
Operating expenses	86,516	86,516	85,163	1,353
Interdepartmental charges	98,003	98,003	94,603	3,400
Total Public Works	<u>432,739</u>	<u>432,739</u>	<u>417,404</u>	<u>15,335</u>
Public Health and Human Services				
Child Support				
Wages and benefits	648,668	646,668	650,182	(3,514)
Operating expenses	78,040	78,040	62,646	15,394
Interdepartmental charges	360,955	360,955	362,711	(1,756)
	<u>1,087,663</u>	<u>1,085,663</u>	<u>1,075,539</u>	<u>10,124</u>
Veterans Services				
Wages and benefits	107,865	107,865	106,809	1,056
Operating expenses	16,393	16,393	16,929	(536)
Interdepartmental charges	25,779	25,779	25,702	77
	<u>150,037</u>	<u>150,037</u>	<u>149,440</u>	<u>597</u>
Veterans Commission				
Wages and benefits	4,387	4,387	4,155	232
Operating expenses	56,576	56,576	45,278	11,298
Interdepartmental charges	949	949	954	(5)
	<u>61,912</u>	<u>61,912</u>	<u>50,387</u>	<u>11,525</u>
Total Public Health and Human Services	<u>1,299,612</u>	<u>1,297,612</u>	<u>1,275,366</u>	<u>22,246</u>
Resources and Development				
Planning and Conservation				
Wages and benefits	869,799	867,799	867,732	67
Operating expenses	2,368,171	6,426,712	4,955,382	1,471,330
Interdepartmental charges	449,575	404,656	500,228	(95,572)
Capital outlay		10,000	7,954	2,046
Total Resources and Development	<u>3,687,545</u>	<u>7,709,167</u>	<u>6,331,296</u>	<u>1,377,871</u>

(Continued)

County of Sheboygan, WI
Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Education				
U.W. Sheboygan				
Operating expenses	90,700	101,200	101,140	60
Interdepartmental charges	17,099	17,099	16,744	355
Capital outlay		6,200	6,205	(5)
	107,799	124,499	124,089	410
U.W. Extension				
Wages and benefits	120,177	120,177	123,840	(3,663)
Operating expenses	273,145	273,145	253,087	20,058
Interdepartmental charges	78,626	78,626	80,749	(2,123)
	471,948	471,948	457,676	14,272
Total Education	579,747	596,447	581,765	14,682
Total Expenditures	35,657,942	40,409,071	39,160,373	1,248,698
Excess (deficiency) of revenues over expenditures	(66,606)	(559,616)	(47,005)	512,611
Other financing sources (uses)				
Transfers in	174,606	174,606	4,000	(170,606)
Transfers out	(181,282)	(181,282)	(110,769)	70,513
Net change in fund balance	(73,282)	(566,292)	(153,774)	412,518
Fund balance, January 1	16,986,203	16,986,203	16,986,203	
Fund balance, December 1	\$ 16,912,921	\$ 16,419,911	\$ 16,832,429	\$ 412,518

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Public Health and Human Services

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 13,503,712	\$ 13,503,712	\$ 13,503,712	\$
Intergovernmental	14,624,824	14,624,824	14,336,796	(288,028)
Licenses and permits	260,000	260,000	291,776	31,776
Public charges for services	2,669,403	2,669,403	2,606,541	(62,862)
Miscellaneous	202,721	202,721	237,441	34,720
Total Revenues	31,260,660	31,260,660	30,976,266	(284,394)
EXPENDITURES				
Community Programs				
Wages and benefits	3,134,481	3,134,481	3,027,462	107,019
Operating expenses	9,057,512	9,148,547	8,683,972	464,575
Interdepartmental charges	1,945,420	1,945,420	1,837,032	108,388
	14,137,413	14,228,448	13,548,466	679,982
Elder Services				
Wages and benefits	304,324	304,324	303,265	1,059
Operating expenses	694,384	694,384	763,575	(69,191)
Interdepartmental charges	263,917	263,917	198,234	65,683
Capital outlay	64,000	64,000	61,172	2,828
	1,326,625	1,326,625	1,326,246	379
Public Health				
Wages and benefits	1,930,316	1,930,316	1,905,719	24,597
Operating expenses	259,229	259,229	226,720	32,509
Interdepartmental charges	1,171,575	1,171,575	1,124,481	47,094
	3,361,120	3,361,120	3,256,920	104,200
Social Services				
Wages and benefits	3,641,257	3,641,257	3,474,658	166,599
Operating expenses	3,775,602	3,775,602	3,625,413	150,189
Interdepartmental charges	1,890,295	1,890,295	1,989,733	(99,438)
	9,307,154	9,307,154	9,089,804	217,350
Economic Support				
Wages and benefits	1,332,620	1,332,620	1,277,916	54,704
Operating expenses	745,888	745,888	682,145	63,743
Interdepartmental charges	798,277	798,277	643,974	154,303
	2,876,785	2,876,785	2,604,035	272,750
Administration				
Wages and benefits	1,408,206	1,408,206	1,310,640	97,566
Operating expenses	568,140	568,140	542,492	25,648
Interdepartmental charges	(1,763,678)	(1,763,678)	(1,619,815)	(143,863)
Capital outlay	38,895	38,895	27,302	11,593
	251,563	251,563	260,619	(9,056)
Total Expenditures	31,260,660	31,351,695	30,086,090	1,265,605
Net change in fund balance		(91,035)	890,176	981,211
Fund balance, January 1	1,095,549	1,095,549	1,095,549	
Fund balance, December 31	\$ 1,095,549	\$ 1,004,514	\$ 1,985,725	\$ 981,211

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

County of Sheboygan, WI
Statement of Net Position
Proprietary Funds
December 31, 2012

	Enterprise Fund Rocky Knoll	Governmental Activities Internal Service Funds
Assets		
Cash and investments	\$ 674,108	\$ 11,035,931
Receivables (net)		
Taxes	801,881	4,345,123
Accounts	1,081,732	116,640
Due from external parties	14,877	797,257
Prepays and inventory	57,920	2,111,289
Capital assets, nondepreciable		
Land	31,750	1,518,169
Capital assets, depreciable		
Buildings	14,615,472	4,228,842
Improvements other than buildings	673,700	717,855
Machinery and equipment	4,590,283	12,341,536
Office furniture and equipment	854,767	10,242,863
Vehicles	199,419	8,147,235
Less Accumulated depreciation	(12,585,535)	(27,763,350)
Total Assets	11,010,374	27,839,390
Liabilities		
Accounts payable	220,160	419,677
Accrued and other current liabilities		2,718,353
Accrued compensation	335,844	316,365
Long-term obligations		
Due within one year	18,243	5,230
Due in more than one year	1,629,879	689,535
Total Liabilities	2,204,126	4,149,160
Deferred Inflows of Resources		
Property taxes	801,881	4,345,123
Net Position		
Net investment in capital assets	8,379,856	9,433,150
Unrestricted (deficit)	(375,489)	9,911,957
Total Net Position	\$ 8,004,367	\$ 19,345,107

County of Sheboygan, WI
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2012

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 \$ 8,004,367

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 (338,685)

Net Position of Business-Type Activities as Reported on the Government-wide Statement of Net Position \$ 7,665,682

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

County of Sheboygan, WI
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Fund Rocky Knoll	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for services	\$ 11,753,877	\$ 23,826,576
Miscellaneous operating revenue	330,915	729,441
Total Operating Revenues	<u>12,084,792</u>	<u>24,556,017</u>
Operating Expenses		
Operation and maintenance	13,850,920	30,100,004
Depreciation	738,144	1,230,666
Total Operating Expenses	<u>14,589,064</u>	<u>31,330,670</u>
Operating loss	<u>(2,504,272)</u>	<u>(6,774,653)</u>
Nonoperating revenues (expenses)		
Intergovernmental contracts/grants	1,385,495	2,685,520
Property tax appropriation	686,512	4,447,725
Investment income	55	
Donations	1,709	
Rental Income		6,410
Gain (loss) on disposal of capital assets	28,822	(6,212)
Total nonoperating revenues	<u>2,102,593</u>	<u>7,133,443</u>
Income (loss) before transfers	(401,679)	358,790
Transfers In		61,000
Transfer Out		(97,887)
Change in net position	<u>(401,679)</u>	<u>321,903</u>
Net Position - January 1	<u>8,406,046</u>	<u>12,096,541</u>
Prior Period Adjustment		6,926,663
Net Position - January 1, restated	<u>8,406,046</u>	<u>19,023,204</u>
Net Position - December 31	<u>\$ 8,004,367</u>	<u>\$ 19,345,107</u>

County of Sheboygan, WI
Statement of Revenues, Expenses and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended December 31, 2012

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	\$	(401,679)
--------------------------------------------------	----	-----------

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		44,487
		44,487

Change in Net Position of Business-Type Activities as Reported on the Government-wide Statement of Activities	\$	(357,192)
		(357,192)

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

County of Sheboygan, WI
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Fund Rocky Knoll	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 11,938,746	\$ 4,736,292
Receipts from interfund services provided		19,796,383
Other operating cash receipts	330,915	85,483
Payments to suppliers	(3,406,326)	(9,977,318)
Other sources of cash	606,269	1,346,402
Payments to employees	(8,066,313)	(17,525,977)
Payments for interfund services used	(2,816,457)	(2,409,603)
Net cash used by operating activities	<u>(1,413,166)</u>	<u>(3,948,338)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Intergovernmental contracts/grants	1,385,495	2,685,520
Property tax appropriation received	686,512	4,447,725
Transfer in		61,000
Transfer out		(97,887)
Net cash provided by noncapital financing activities	<u>2,072,007</u>	<u>7,096,358</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of equipment	28,822	37,722
Purchases of capital assets	(34,584)	(1,010,745)
Net cash used by capital and related financing activities	<u>(5,762)</u>	<u>(973,023)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Donations	1,709	
Investment income	55	
Rental income		6,410
Net cash provided by investing activities	<u>1,764</u>	<u>6,410</u>
Net increase in cash and cash equivalents	654,843	2,181,407
Cash and cash equivalents - January 1	19,265	8,854,524
Cash and cash equivalents - December 31	<u>\$ 674,108</u>	<u>\$ 11,035,931</u>

County of Sheboygan, WI
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Fund Rocky Knoll	Governmental Activities - Internal Service Funds
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (2,504,272)	\$ (6,774,653)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation (net of amortization)	738,144	1,230,666
Changes in assets and liabilities:		
Accounts receivable	184,868	58,280
Due from other governments	611,898	(267,374)
Prepays and inventories	(5,628)	88,784
Accounts payable	(32,074)	198,505
Accrued and other current liabilities		1,600,138
Accrued compensated absences and other post employment benefits	(406,102)	(82,684)
Net cash used by operating activities	\$ (1,413,166)	\$ (3,948,338)

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

County of Sheboygan, WI
Statement of Net Position
Fiduciary Funds
December 31, 2012

		Agency Funds
Assets		
Current Assets		
Cash & Investments	\$	552,315
Receivables (net)		1,493,364
Total Assets	\$	2,045,679
 Liabilities		
Current Liabilities		
Accounts Payable	\$	552,315
Due to Other Governments		1,493,364
Total Liabilities	\$	2,045,679

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

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 Statements No. 14 and 39.

2. Related Organization

Sheboygan County is a member of the multicounty federated library system named Eastern Shores Library System. The Eastern Shores Library System is a related party organization of both Sheboygan and Ozaukee County. Funding for this organization comes primarily from the State of Wisconsin, Sheboygan County and Ozaukee County. Since the Eastern Shores 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 Eastern Shores 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 Eastern Shores Library System represent related party transactions, which are not considered to be "arm's length transactions". In 2012, payments from Sheboygan County to the Library System totaled \$1,195,230. Financial statements of the Eastern Shores Library System can be obtained by contacting the Library System at: 4632 S. Taylor Drive, Sheboygan, WI.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Financing is also provided by general property taxes.

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 and proprietary funds.

CAPITAL PROJECTS FUND

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

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

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

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are 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 amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. 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 \$1,157,284.

c. Property Taxes Levied for the 2013 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 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.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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.

e. 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.

f. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

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.

g. 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 fair market 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:

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
Vehicles	3 – 4 years

h. Compensated Absences

The County compensates all employees upon termination for unused vacation time. Generally, vacation pay is earned during one calendar year, used in the following calendar year and is forfeited if not used during that period.

All County union employees except Local 1749 (Highway Department) are entitled to sick leave at a rate of one day per month of full-time service up to a maximum of 960 hours. Union employees are compensated for the unused sick leave upon termination. Local 1749 (Highway Department) and all non-union employees do not accumulate sick leave (short and long-term disability plans are provided). Thus, they receive no sick leave compensation upon retirement.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2012, are determined on the basis of current salary in the government-wide and proprietary funds. 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.

i. Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category, property taxes and grant advances. These amounts will be recognized as inflows of resources in the subsequent year for which it was levied or when the time requirement is met. The County also has an additional type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources:

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

licenses and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

j. 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.

k. 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:

- 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.
- 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 or resolution) 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.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned fund balance – Amounts that are constrained for specific purposes by action of County management. The County Board has authorized the County Administrator and the Finance Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned, unless committed by County Board action.
- Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

I. 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.

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. There was one major budget amendment during the year to recognize the revenue and expenditures incurred as a result of the Sheboygan River dredging. 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.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE B – STEWARDSHIP AND COMPLIANCE (Continued)

- 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.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

2. Deficit Fund Balance

The capital projects fund had a deficit fund balance as of December 31, 2012 as follows:

Fund	Deficit Fund Balance
Major Governmental Fund	
Capital Projects Fund	\$ 341,591

The County anticipates funding the above deficit from tax levy, transfers in, or debt proceeds.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

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 \$34,239,453 at December 31, 2012 as summarized below:

Petty cash funds	\$14,615
Deposits with financial institutions	35,328
Investments	
Repurchase agreements	5,456,131
Federal agency securities	10,876,416
Mutual fund	9,953,986
Municipal bonds	7,240,456
Wisconsin local government investment pool	<u>662,521</u>
Total	<u>\$34,239,453</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$33,687,138
Fiduciary Fund Statement of Net Position	
Agency fund	<u>552,315</u>
Total	<u>\$34,239,453</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.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

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 time and savings deposits and \$250,000 for 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. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013 the County's noninterest-bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. 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, 2012, \$826,131 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

On December 31, 2012 the County held repurchase agreement investments in the amount of \$5,456,131 of which the underlying securities are held by the investment's counter party, not in the name of the County.

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.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Investment Type	Amount	Exempt From Disclosure	Rating as of Year End			
			AAA	AA	A	Not Rated
Federal Home Loan Mortgage Corporation	\$ 9,372,741		\$ 9,372,741			
Federal National Mortgage Association	1,503,675		1,503,675			
Mutual Funds	9,953,986					9,953,986
Municipal Bonds	7,240,456		251,265	6,839,132	150,059	
Wisconsin Local Government Investment Pool	662,521					662,521
Totals	\$ 28,733,379	\$	\$ 11,127,681	\$ 6,839,132	\$ 150,059	\$ 10,616,507

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	Investment Type	Reported Amount	Percent of Total Investments
Federal Home Loan Mortgage Corporation	Federal agency securities	\$ 9,372,741	27.20%
State of Wisconsin	Municipal bond	2,444,920	7.00%

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:

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Corporation	\$ 9,372,741				\$ 9,372,741
Federal Home Loan Mortgage Association	1,503,675				1,503,675
Municipal Bonds	7,240,456			694,549	6,545,907
Mutual Funds	9,953,986	9,953,986			
Wisconsin Local Government Investment Pool	662,521	662,521			
Repurchase Agreement	5,456,131	5,456,131			
Totals	\$ 34,189,510	\$ 16,072,638		\$ 694,549	\$ 17,422,323

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 National Mortgage Corporation	\$ 9,372,741
Federal Home Loan Mortgage Association	1,503,675

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$662,521 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, 2012, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

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

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2012 for collection in 2013 are for the following:

State apportionment	\$ 1,468,183
County apportionment	<u>45,610,915</u>
Total	<u>\$47,079,098</u>

The above County apportionment of \$45,610,915 is for financing 2013 operations and will be transferred in 2013 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.

On December 31, 2012, the County's general fund showed an investment of \$4,427,639 in delinquent tax certificates. An aging of the delinquent taxes certificates follows:

Year Acquired	Total	County Share	County Purchased
Prior to 2005	\$ 876	\$ 225	\$ 651
2005	6,115	1,578	4,537
2006	50,521	13,388	37,133
2007	89,883	23,549	66,334
2008	169,067	41,929	127,138
2009	267,148	64,650	202,498
2010	681,007	157,313	523,694
2011	1,220,100	280,623	939,477
2012	1,942,922	446,872	1,496,050
Delinquent property taxes at December 31, 2012	<u>\$ 4,427,639</u>	1,030,127	3,397,512
Less 60 day collections after December 31, 2012		92,867	316,082
Deferred Inferred Inflow of Resources		<u>\$ 937,260</u>	
Nonspendable Fund Balance (purchased equities of state and local governments)			<u>\$ 3,081,430</u>

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 8,648,490	\$ 963,062		\$ 9,611,552
Construction in progress	5,978,912	7,672,690	10,162,154	3,489,448
Total capital assets, not being depreciated	<u>14,627,402</u>	<u>8,635,752</u>	<u>10,162,154</u>	<u>13,101,000</u>
Capital assets, being depreciated				
Buildings	62,909,791	70,025		62,979,816
Improvements other than buildings	10,450,131	271,211		10,721,342
Infrastructure	93,105,485	10,058,428	89,571	103,074,342
Machinery and equipment	15,968,562	895,768	282,182	16,582,148
Office furniture and equipment	26,533,460	415,793	29,234	26,920,019
Vehicles	10,070,263	1,115,825	526,679	10,659,409
Subtotals	<u>219,037,692</u>	<u>12,827,050</u>	<u>927,666</u>	<u>230,937,076</u>
Less accumulated depreciation for:				
Buildings	(37,159,580)	(1,923,475)		(39,083,055)
Improvements other than buildings	(6,680,033)	(450,408)		(7,130,441)
Infrastructure	(36,719,578)	(3,200,902)	89,571	(39,830,909)
Machinery and equipment	(11,318,418)	(466,097)	240,705	(11,543,810)
Office furniture and equipment	(21,388,501)	(1,540,285)	28,320	(22,900,466)
Vehicles	(6,666,996)	(564,807)	477,247	(6,754,556)
Subtotals	<u>(119,933,106)</u>	<u>(8,145,974)</u>	<u>835,843</u>	<u>(127,243,237)</u>
Total capital assets, being depreciated, net	99,104,586	4,681,076	91,823	103,693,839
Governmental activities capital assets, net	<u>\$ 113,731,988</u>	<u>\$ 13,316,828</u>	<u>\$ 10,253,977</u>	116,794,839
Less related long-term debt outstanding				<u>22,257,467</u>
Net investment in capital assets				<u>\$ 94,537,372</u>

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

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
Total capital assets, not being depreciated	31,750			31,750
Capital assets, being depreciated:				
Buildings	14,615,472			14,615,472
Improvements other than buildings	673,700			673,700
Machinery and equipment	4,555,699	34,584		4,590,283
Office furniture and equipment	854,767			854,767
Vehicles	199,419			199,419
Subtotals	20,899,057	34,584		20,933,641
Less accumulated depreciation for:				
Buildings	(6,792,079)	(417,459)		(7,209,538)
Improvements other than buildings	(464,420)	(24,198)		(488,618)
Machinery and equipment	(3,959,504)	(203,840)		(4,163,344)
Office furniture and equipment	(479,572)	(67,300)		(546,872)
Vehicles	(151,816)	(25,347)		(177,163)
Subtotals	(11,847,391)	(738,144)		(12,585,535)
Total capital assets, being depreciated, net	9,051,666	(703,560)		8,348,106
Business-type activities capital assets, net	\$ 9,083,416	\$ (703,560)	\$	8,379,856
Less related long-term debt outstanding				
Net investment in capital assets				\$ 8,379,856

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

Governmental activities:	
Public health and human services	\$ 239,272
Public works	3,356,070
Resources and development	253,308
Education	646,961
General government	618,967
Public safety	<u>1,800,730</u>
Total depreciation expense – governmental activities	6,915,308
Capital assets held by the County’s internal service funds are charged to various functions based on their usage of the assets	<u>1,230,666</u>
Total depreciation expense – governmental activities	<u>\$8,145,974</u>
Business-type activities:	
Rocky Knoll	\$ 738,144

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

5. Interfund Receivables, Payables and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2012 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 744,999	\$
Capital Project Fund		744,999
Totals	<u>\$ 744,999</u>	<u>\$ 744,999</u>

Interfund transfers for the year ended December 31, 2012 were as follows:

	Transfers to:				Total
	General Fund	Public Safety Special Revenue Fund	Capital Projects	Governmental Activities - Internal Service Funds	
Transfers from:					
General Fund	\$	\$ 4,850	\$ 44,919	\$ 61,000	\$ 110,769
Public Safety Special Revenue Fund	4,000				4,000
Governmental Activities - Internal Service Funds			97,887		97,887
	<u>\$ 4,000</u>	<u>\$ 4,850</u>	<u>\$ 142,806</u>	<u>\$ 61,000</u>	<u>\$ 212,656</u>

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

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2012:

	Outstanding 1/1/2012	Issued	Retired	Outstanding 12/31/2012	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 7,170,000	\$	\$ 800,000	\$ 6,370,000	\$ 830,000
Notes	22,640,000		4,625,000	18,015,000	2,950,000
Total general obligation debt	29,810,000		5,425,000	24,385,000	3,780,000
Capital leases	530,904		153,726	377,178	153,726
Bond premiums	272,430		51,138	221,292	48,393
Compensated absences	6,526,761	3,054,674	2,828,406	6,753,029	195,935
Other postemployment benefits	1,638,089		575,834	1,062,255	
Governmental activities long-term obligations	<u>\$ 38,778,184</u>	<u>\$ 3,054,674</u>	<u>\$ 9,034,104</u>	<u>\$ 32,798,754</u>	<u>\$ 4,178,054</u>
Business-type activities:					
Compensated absences	\$ 1,355,030	\$ 821,584	\$ 947,400	\$ 1,229,214	\$ 18,243
Other postemployment benefits	624,424		205,516	418,908	
Business-type activities long-term obligations	<u>\$ 1,979,454</u>	<u>\$ 821,584</u>	<u>\$ 1,152,916</u>	<u>\$ 1,648,122</u>	<u>\$ 18,243</u>

Total interest paid during the year on long-term debt totaled \$904,219.

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Amount
Refunding bonds:	
\$5,685,000 - Series 2004, various amounts due through December 1, 2019; interest 3.875% - 4.20%	\$ 3,075,000
\$3,455,000 - Series 2010, various amounts due through May 1, 2019; interest 1.30% to 3.42%	3,295,000
	<u>6,370,000</u>
Notes:	
\$8,820,000 - Series 2004, various amounts due through May 1, 2015; interest 3.75% to 3.875%	1,580,000
\$7,255,000 - Series 2006, various amounts due through February 1, 2016; interest 4%	2,235,000
\$8,000,000 - Series 2008, various amounts due through May 1, 2018; interest 3.75% to 4.25%	3,735,000
\$3,815,000 - Series 2010, issued under the Build America Bond Program, balance due May 1, 2013; interest 2.35%	135,000
\$4,185,000 - Series 2010, issued under the Recovery Zone Economic Development Bond program, various amounts due through May 1 2019, interest 2.35% to 4.55%	4,185,000
\$6,385,000 - Series 2010, issued under the Build America Bond Program, various amounts due through May 1, 2020; interest 1.50% to 3.85%	6,145,000
	<u>18,015,000</u>
Total outstanding general obligation debt	<u>\$ 24,385,000</u>

The annual principal and interest payments on all debt, except capital leases, compensated absences and other post-employment benefits as of December 31, 2012, are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2013	\$ 3,780,000	\$ 766,184
2014	4,150,000	644,828
2015	3,430,000	527,905
2016	3,535,000	418,609
2017	3,025,000	308,261
2018	3,115,000	198,512
2019	2,495,000	92,597
2020	855,000	16,459
	<u>\$ 24,385,000</u>	<u>\$ 2,973,355</u>

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

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Build America Bond

The general obligation debt issued on April 6, 2010 and 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.

Recovery Zone Economic Development Bonds

The general obligation debt issued on April 6, 2010 qualifies as Recovery Zone Economic Development 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 45% 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.

Capital Lease

In January of 2011, the County entered into capital lease agreements to finance the acquisition of dispatch and record management system equipment and software upgrade for recording of property deeds. The leases are non-interest bearing and annual principal maturities are as follows:

Year Ended December 31	Principal
2013	\$ 153,726
2014	111,726
2015	111,726
	<u>\$ 377,178</u>

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2012 was \$408,226,639 as follows:

Equalized valuation of the County		\$ 8,651,327,800
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		432,566,390
Total outstanding general obligation debt applicable to debt limitation	\$ 24,385,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>45,249</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>24,339,751</u>
Legal Margin for New Debt		<u>\$ 408,226,639</u>

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Advance Refunding

In prior years, the County advance refunded \$1,990,000 of various general obligation note issues. As a result, the refunded notes are also considered to be defeased and the liability has been removed from the County's Statement of Net Position.

At December 31, 2012, \$310,000 of outstanding general obligation notes are considered defeased, as summarized below:

	Balance Defeased	2013	2014	Total Outstanding
General Obligation Debt Notes				
Series 1999 Aa2	\$ 50,000	\$	\$	\$
Series 2000 Aa2	660,000			
Series 2001 Aa2	155,000			
Series 2002 Aa2	270,000			
Series 2004 Aa2	350,000	55,000	55,000	110,000
Series 2006 Aa2	505,000	200,000		200,000
Total	\$ 1,990,000	\$ 255,000	\$ 55,000	\$ 310,000

Other Postemployment Benefits

The County's group health insurance plan provides coverage to active employees and retirees at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year:

Annual required contribution	\$41,102
Interest on OPEB Obligation	67,875
Adjustment to annual required contribution	<u>(312,921)</u>
Annual OPEB cost	(203,944)
Contributions made	<u>(577,406)</u>
Decrease in net OPEB obligation	(781,350)
Net OPEB Obligation – Beginning of Year	<u>2,262,513</u>
Net OPEB Obligation – End of Year	<u>\$ 1,481,163</u>

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at December 31, 2012, the most recent actuarial valuation date are as follows:

Year Ended December 31	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligations
2008	\$ 1,059,389	23.60%	\$ 809,389
2009	1,103,697	24.64%	1,641,086
2010	475,852	28.78%	1,979,976
2011	495,536	42.98%	2,262,513
2012	(203,944)	283.00%	1,481,163

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$263,466, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$263,466.

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the Unit Credit Method was used. The actuarial assumptions included a 3 percent investment rate of return. The initial healthcare trend rate was 8.7%, reduced ratably to an ultimate rate of 4.7%. The UAAL is being amortized as a level dollar amount on an closed basis. The remaining amortization period at December 31, 2012 was 8 years. For purposes of this valuation, costs through full eligibility age for the benefits provided have been accrued.

7. Fund Equity

The County has a formal minimum fund balance policy. That policy is to maintain an unassigned fund balance of 5% to 10% of total county expenditures, less capital projects expenditures. The unassigned fund balance at year end was \$12,512,973 or 12% of 2013 anticipated expenditures.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

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, 2012 fund balance was nonspendable as follows:

General Fund	
Nonspendable	
Prepays and inventory	\$ 182,719
Delinquent property taxes	<u>3,081,430</u>
Total	<u>\$3,264,149</u>
Public Health and Human Services	
Nonspendable	
Prepays and inventory	<u>\$3,386</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, 2012 fund balance was restricted as follows:

General Fund	
Restricted	
Jail assessment fees	\$ 42,558
Land record fees	<u>533,315</u>
Total	<u>\$575,873</u>
Community Development Fund	
Restricted	
Community development	<u>\$ 1,175,605</u>
Debt Service Fund	
Restricted	
Debt Service	<u>\$45,249</u>

Also in the fund financial statements portions of governmental fund balances are committed by County Board action. At December 31, 2012 fund balance was committed as follows:

General Fund	
Committed	
UW Extension funds	\$ 26,284
County airport funds	102,826
Stewardship funds	<u>64,046</u>
Total	<u>\$193,156</u>

Also in the fund financial statements portions of governmental fund balances are assigned by County Board action. At December 31, 2012 fund balance was assigned as follows:

General Fund	
Assigned	
Subsequent years' expenditures	\$ 246,114
Planning and conservation programs	<u>50,000</u>
Total	<u>\$ 296,114</u>

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE C – DETAILED NOTES ON ALL FUNDS (Continued)

Public Health and Human Services	
Assigned	
Subsequent years' expenditures	\$ 50,000
Public health and human services programs	<u>1,932,339</u>
Total	<u>\$ 1,982,339</u>
Public Safety Fund	
Assigned	<u>\$15,105</u>

8. 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 2013 through 2056. Although some operating leases extend as far as 2056, rates are re-negotiated annually. The table below represents the current annual negotiated rates by tenant category.

Industrial & commercial	\$ 83,727
Individual	19,895
Agricultural	<u>17,676</u>
	<u>\$121,298</u>

9. Cumulative Effect of Change in Accounting Principle

The County has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$308,406.

10. Prior Period Adjustment

The County determined that the Community Development special revenue fund understated both outstanding loans receivable and deferred revenue by \$500,000 in the fund financial statements per the 2011 County Annual Financial Report. In addition, the 2011 government-wide statement of activities understated revenue related to the outstanding loans receivable and ending net assets at December 31, 2011 by \$500,000. As a result, loans receivable and net position increased by \$500,000 at December 31, 2011.

The County also determined that the Employee Benefits and Insurance internal services fund overstated accrued liabilities and understated unrestricted net position by \$6,926,663 per the 2011 County Annual Financial Report. In addition, the 2011 government wide statement of net position overstated insurance and other reserves related to the employee benefits and insurance and ending net assets at December 31, 2011 by \$6,926,663. As a result, insurance and other reserves decreased and net position increased by \$6,926,663 at December 31, 2011.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

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. The County's self-insured retention limit is \$250,000 aggregate.

Claims Liability - WCMIC	2011	2012
Liability, beginning of year	\$ 87,594	\$ 134,400
Current year claims and changes in estimates	130,010	70,181
Claim payments	(83,204)	(169,818)
Liability, end of year	\$ 134,400	\$ 34,763

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. An excess insurance policy covers individual claims in excess of the County's \$300,000 self-insured retention up to \$500,000 per claim. Settled claims have not exceeded the commercial coverage in any of the past three 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. At December 31, 2012, the County has established a future claims insurance reserve in the amount of \$1,310,976 to fund the estimated liability for the County's self-insured retention limits.

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.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE D – OTHER INFORMATION

Self-Insurance – Health and Dental Coverage

The County has also established a self-insurance program for health and dental claims. Claims are accounted for in the Insurance Internal Service Fund, and are processed by a third party claims administrator.

The uninsured risk of loss is \$250,000 per individual claim for health insurance. The County has purchased stop-loss insurance for claims in excess of those amounts. In addition, the health insurance claim payments shown below include self-funded dental payments of \$1,150,443.

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

Claims Liability	2011	2012
Liabilities, beginning of year	\$ 2,465,181	\$ 2,400,623
Current year claims and changes in estimates	19,330,142	10,673,909
Claims payments	(19,394,700)	(10,944,111)
Liabilities, end of year	<u>\$ 2,400,623</u>	<u>\$ 2,130,421</u>

2. Retirement Commitments

All eligible Sheboygan County employees participate in the Wisconsin Retirement System (“WRS”), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. 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. Employees hired to work nine or ten months per year (e.g. teacher contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of the employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE D – OTHER INFORMATION

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are as follows:

	2012	
	Employee	Employer
General (including Teachers)	5.90%	5.90%
Executives & elected officials	7.05%	7.05%
Protective with Social Security	5.90%	5.90%
Protective without Social Security	5.90%	11.30%

The payroll for Sheboygan County employees covered by WRS for the year ended December 31, 2012, was \$37,182,248; the employer's total payroll was \$37,353,233. The total required contribution for the year ended December 31, 2012 was \$4,539,825 which consisted of \$2,342,601 or 6.3% percent of covered payroll from the employer and \$2,197,224 or 5.9% of covered payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$4,584,275 and \$4,503,132 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

SHEBOYGAN COUNTY, WISCONSIN

Notes to the Basic Financial Statements

December 31, 2012

NOTE D – OTHER INFORMATION (Continued)

3. 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.

4. 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 2013. 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 2013 budget was .69%. 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.

5. Subsequent Event

On May 21, 2013 the County Board authorized the issuance of \$9,590,000 of General Obligation Promissory Notes, dated June 11, 2013. \$7,885,000 of the notes will be used to finance part of the cost of capital improvements within the County. The remaining \$1,705,000 will be issued for the purpose of refunding a portion of the 2006 General Obligation Promissory Notes.

REQUIRED SUPPLEMENTARY SECTION

County of Sheboygan, WI
Schedule of Funding Progress
Other Postemployment Benefits Plan
For the Year Ended December 31, 2012

Actuarial Valuation Date January 1,	(1) Actuarial Value of Asset	(2) Actuarial Accrued Liability (AAL) Unit Credit Method	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4)/(5)
2012	\$	\$ 263,466	0%	\$ 263,466	N/A	N/A
2010		5,007,013	0%	5,007,013	N/A	N/A
2008		10,188,796	0%	10,188,796	N/A	N/A

The County implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

The decrease in the actuarial accrued liability between 2012 and 2008 as presented above is due to implementation of benefit changes. Retiree contributions have increased and the maximum age to receive benefits has been reduced from age 70 to age 65.

County of Sheboygan, WI
Schedule of Employer Contributions
Other Postemployment Benefits Plan
For the Year Ended December 31, 2012

Year Ended December 31, 2012	Employer Contributions	Annual OPEB Cost	Percentage Contributed
2012	\$ 577,406	\$ (203,944)	283.00%
2011	212,999	495,536	42.98%
2010	136,962	475,852	28.78%
2009	272,000	1,103,697	24.64%
2008	250,000	1,059,389	23.60%

The County implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

The decrease in the annual OPEB cost is due to implementation of benefit changes. Retiree contributions have increased and the maximum age to receive benefits has been reduced from age 70 to age 65.

SUPPLEMENTARY INFORMATION

County of Sheboygan, WI
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Public Safety	Community Development	
Assets			
Cash and investments	\$ 14,903	\$ 1,175,605	\$ 1,190,508
Receivables			
Accounts, net	202		202
Loans		1,034,056	1,034,056
Total Assets	<u>\$ 15,105</u>	<u>\$ 2,209,661</u>	<u>\$ 2,224,766</u>
Deferred Inflows of Resources and Fund Balance			
Deferred Inflows of Resources			
Loans		\$ 1,034,056	\$ 1,034,056
Fund Balances			
Restricted		1,175,605	1,175,605
Assigned	15,105		15,105
Total Fund Balances	<u>15,105</u>	<u>1,175,605</u>	<u>1,190,710</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 15,105</u>	<u>\$ 2,209,661</u>	<u>\$ 2,224,766</u>

County of Sheboygan, WI
Statement of Revenues, Expenditures, and Changes
in Fund Balance - NonMajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Public Safety	Community Development	
Revenues			
Intergovernmental revenue	\$	\$ 186,000	\$ 186,000
Public charges for services	202		202
Miscellaneous	5,598	348,406	354,004
Total Revenues	<u>5,800</u>	<u>534,406</u>	<u>540,206</u>
Expenditures			
Current:			
Public safety	7,078		7,078
Resources and development		196,061	196,061
Total Expenditures	<u>7,078</u>	<u>196,061</u>	<u>203,139</u>
Excess of revenues (deficiency) over expenditures	<u>(1,278)</u>	<u>338,345</u>	<u>337,067</u>
Other Financing Sources (Uses)			
Transfers in	4,850		4,850
Transfers out	(4,000)		(4,000)
Total Other Financing Sources (Uses)	<u>850</u>		<u>850</u>
Net change in fund balance	<u>(428)</u>	<u>338,345</u>	<u>337,917</u>
Fund balance, January 1	<u>15,533</u>	<u>837,260</u>	<u>852,793</u>
Fund balance, December 31	<u>\$ 15,105</u>	<u>\$ 1,175,605</u>	<u>\$ 1,190,710</u>

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 5,681,302	\$ 5,681,302	\$ 5,681,302	\$
Miscellaneous	647,917	647,917	646,694	(1,223)
Total revenues	6,329,219	6,329,219	6,327,996	(1,223)
EXPENDITURES				
Principal	5,425,000	5,425,000	5,425,000	
Interest	904,219	904,219	904,219	
Total Expenditures	6,329,219	6,329,219	6,329,219	
Net Change in Fund Balance	\$	\$	\$ (1,223)	\$ (1,223)

COUNTY OF SHEBOYGAN, WI
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,173,000	\$ 3,389,379	\$ 1,716,284	\$ (1,673,095)
Miscellaneous			13,200	13,200
Total revenues	2,173,000	3,389,379	1,729,484	(1,659,895)
EXPENDITURES				
Capital outlay	6,173,000	7,592,052	7,784,416	(192,364)
(Deficiency) of revenues over expenditures	(4,000,000)	(4,202,673)	(6,054,932)	(1,467,531)
Other Financing Sources				
Long-term debt issued	4,000,000	4,000,000		(4,000,000)
Transfer in		97,887	142,806	44,919
Net Change in Fund Balance	\$	\$ (104,786)	\$ (5,912,126)	\$ (5,422,612)

County of Sheboygan, WI
Statement of Net Position
Internal Service Funds
December 31, 2012

Governmental Activities - Internal Service Funds				
	Employee Benefits & Insurance	Information Systems & Printing	Highway	Total
Assets				
Cash and investments	\$ 9,731,622	\$ 957,621	\$ 346,688	\$ 11,035,931
Receivables (net)				
Taxes			4,345,123	4,345,123
Accounts	89,666	2,163	24,811	116,640
Due from external parties		154	797,103	797,257
Prepays and inventory	273,066	266,809	1,571,414	2,111,289
Capital assets, nondepreciable				
Land			1,518,169	1,518,169
Capital assets, depreciable				
Buildings		74,706	4,154,136	4,228,842
Land improvements		51,265	666,590	717,855
Machinery and equipment	5,700		12,335,836	12,341,536
Office furniture and equipment	39,777	10,138,449	64,637	10,242,863
Vehicles		30,738	8,116,497	8,147,235
Less Accumulated depreciation	(45,477)	(9,694,499)	(18,023,374)	(27,763,350)
Total Assets	10,094,354	1,827,406	15,917,630	27,839,390
Liabilities				
Accounts payable	99,692	5,319	314,666	419,677
Accrued and other current liabilities	2,718,353			2,718,353
Accrued compensation		20,112	296,253	316,365
Long-term obligations				
Due within one year		5,230		5,230
Due in more than one year		175,764	513,771	689,535
Total Liabilities	2,818,045	206,425	1,124,690	4,149,160
Deferred Inflows of Resources				
Property taxes			4,345,123	4,345,123
Net Position				
Net investment in capital assets		600,660	8,832,490	9,433,150
Unrestricted	7,276,309	1,020,321	1,615,327	9,911,957
Total Net Position	\$ 7,276,309	\$ 1,620,981	\$ 10,447,817	\$ 19,345,107

Sheboygan County, WI
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds

For the Year Ended December 31, 2012

Governmental Activities - Internal Service Funds				
	Employee Benefits & Insurance	Information Systems & Printing	Highway	Total
Operating Revenues				
Charges for services	\$ 12,082,639	\$ 2,002,985	\$ 9,740,952	\$ 23,826,576
Miscellaneous operating revenue	666,520	3,691	59,230	729,441
Total Operating Revenues	12,749,159	2,006,676	9,800,182	24,556,017
Operating Expenses				
Operation and maintenance	12,405,956	1,865,509	15,828,539	30,100,004
Depreciation		367,312	863,354	1,230,666
Total Operating Expenses	12,405,956	2,232,821	16,691,893	31,330,670
Operating income (loss)	343,203	(226,145)	(6,891,711)	(6,774,653)
Nonoperating revenues (expenses)				
Intergovernmental contracts/grants			2,685,520	2,685,520
Property tax appropriation			4,447,725	4,447,725
Rental Income	5,401		1,009	6,410
Loss on disposal of capital assets			(6,212)	(6,212)
Total nonoperating revenues	5,401		7,128,042	7,133,443
Income (loss) before transfers	348,604	(226,145)	236,331	358,790
Transfers In		6,000	55,000	61,000
Transfer Out		(97,887)		(97,887)
Change in net position	348,604	(318,032)	291,331	321,903
Net Position - January 1	1,042	1,939,013	10,156,486	12,096,541
Prior Period Adjustment	6,926,663			6,926,663
Net Position - January 1, restated	6,927,705	1,939,013	10,156,486	19,023,204
Net Position - December 31	\$ 7,276,309	\$ 1,620,981	\$ 10,447,817	\$ 19,345,107

County of Sheboygan, WI
Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

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

**CASH FLOWS FROM
OPERATING ACTIVITIES**

Receipts from customers and users	\$ 618,053	\$ 35,797	\$ 4,082,442	\$ 4,736,292
Receipts from interfund services provided	12,082,639	1,965,901	5,747,843	19,796,383
Other operating cash receipts		3,691	81,792	85,483
Payments to suppliers	(1,164,192)	(1,179,527)	(7,633,599)	(9,977,318)
Other sources of cash	1,525,788	(2,003)	(177,383)	1,346,402
Payments to employees	(11,144,375)	(562,588)	(5,819,014)	(17,525,977)
Payments for interfund services used	(396)	(231,649)	(2,177,558)	(2,409,603)
Net cash provided (used) by operating activities	1,917,517	29,622	(5,895,477)	(3,948,338)

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Intergovernmental contracts/grants			2,685,520	2,685,520
Property tax appropriation received			4,447,725	4,447,725
Transfer in		6,000	55,000	61,000
Transfer out		(97,887)		(97,887)
Net cash provided (used) by financing activities		(91,887)	7,188,245	7,096,358

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Proceeds from sale of capital assets			37,722	37,722
Purchases of capital assets		(25,934)	(984,811)	(1,010,745)
Net cash used by capital and related financing activities		(25,934)	(947,089)	(973,023)

**CASH FLOWS FROM INVESTING
ACTIVITIES**

Rental income	5,401		1,009	6,410
Net cash provided by investing activities	5,401		1,009	6,410
Net increase (decrease) in cash and cash equivalents	1,922,918	(88,199)	346,688	2,181,407
Cash and cash equivalents - January 1	7,808,704	1,045,820		8,854,524
Cash and cash equivalents - December 31	\$ 9,731,622	\$ 957,621	\$ 346,688	\$ 11,035,931

County of Sheboygan, WI
Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended December 31, 2012

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

**Reconciliation of operating income
(loss) to net cash provided (used)
by operating activities:**

Operating income (loss)	\$	343,203	\$	(226,145)	\$	(6,891,711)	\$	(6,774,653)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation (net of amortization)				367,312		863,354		1,230,666
Changes in assets and liabilities:								
Accounts receivable		(51,168)		(1,288)		110,736		58,280
Due from other governments				450		(267,824)		(267,374)
Inventories and prepayments		(362)		(2,452)		91,598		88,784
Accounts payable and accrued expenses		99,692		(28,743)		127,556		198,505
Accrued and other current liabilities		1,526,152		(4,243)		78,229		1,600,138
Accrued compensated absences and other post employment benefits				(75,269)		(7,415)		(82,684)
Net cash provided (used) by operating activities	\$	1,917,517	\$	29,622	\$	(5,895,477)	\$	(3,948,338)

County of Sheboygan, WI
Schedule of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2012

	Clerk of Courts Trust	Jail Inmates Trust	Sheriff General Trust	Treasurer Trust Account	UW Extension Trust Account	Land & Water Trust Account	Patient Trust - Rocky Knoll	Total
Balance, January 1, 2012	\$ 599,093	\$ 38,253	\$ 33	\$ 1,427,557	\$ 29,350	\$ 1,992	\$ 27,457	\$ 2,123,735
Additions	5,137,392	804,734	204,489	1,493,364		2,109	42,284	7,684,372
Deductions	5,177,306	820,877	204,451	1,479,097	29,350	2,626	48,721	7,762,428
Balance, December 31, 2012	\$ 559,179	\$ 22,110	\$ 71	\$ 1,441,824		\$ 1,475	\$ 21,020	\$ 2,045,679

STATISTICAL SECTION

County of Sheboygan, WI
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (000's)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net investment in capital assets	\$ 63,140	\$ 56,946	\$ 56,499	\$ 63,360	\$ 74,827	\$ 78,593	\$ 86,256	\$ 88,965	\$ 93,177	\$ 94,537
Restricted	1,878	1,516	1,056	1,288	2,322	1,361	685	757	1,995	3,802
Unrestricted	18,622	21,591	23,137	22,840	13,757	13,243	9,110	12,397	15,022	23,610
Total Governmental Activities Net Position	\$ 83,640	\$ 80,053	\$ 80,692	\$ 87,488	\$ 90,906	\$ 93,197	\$ 96,051	\$ 102,119	\$ 110,194	\$ 121,949
Business-type Activities										
Net investment in capital assets	\$ 12,151	\$ 17,693	\$ 16,711	\$ 15,931	\$ 12,197	\$ 11,435	\$ 11,039	\$ 9,651	\$ 9,083	\$ 8,380
Restricted										
Unrestricted (Deficit)	2,165	3,100	4,363	4,665	5,347	5,208	4,350	1,672	(1,060)	(714)
Total Business-type Activities Net Position	\$ 14,316	\$ 20,793	\$ 21,074	\$ 20,596	\$ 17,544	\$ 16,643	\$ 15,389	\$ 11,323	\$ 8,023	\$ 7,666
Total Primary Government										
Net investment in capital assets	\$ 75,291	\$ 74,639	\$ 73,210	\$ 79,291	\$ 87,024	\$ 90,028	\$ 97,295	\$ 98,616	\$ 102,260	\$ 102,917
Restricted	1,878	1,516	1,056	1,288	2,322	1,361	685	757	1,995	3,802
Unrestricted	20,787	24,691	27,500	27,505	19,104	18,451	13,460	14,069	13,962	22,896
Total Primary Government Net Position	\$ 97,956	\$ 100,846	\$ 101,766	\$ 108,084	\$ 108,450	\$ 109,840	\$ 111,440	\$ 113,442	\$ 118,217	\$ 129,615

County of Sheboygan, WI
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Sheboygan (000's) Wisconsin
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(000's)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 10,826	\$ 11,361	\$ 12,244	\$ 15,543	\$ 12,461	\$ 12,857	\$ 12,959	\$ 11,980	\$ 17,749	\$ 13,271
Public safety	14,910	16,110	16,199	14,535	17,813	18,124	19,572	19,067	17,060	18,742
Public works	12,382	13,768	15,570	14,612	17,225	21,644	17,290	15,599	16,819	18,678
Public health and human services	37,551	39,593	44,127	46,215	49,515	41,349	34,716	32,133	30,561	30,664
Resources and development	2,321	2,338	2,492	2,624	2,633	3,318	3,534	2,669	2,976	6,384
Education	821	920	1,050	637	1,220	1,213	1,365	1,372	572	1,220
Interest on long term debt	2,071	2,226	1,809	1,708	1,452	1,284	1,176	1,416	1,091	877
Total governmental activities expenses	80,882	86,316	93,491	95,874	102,319	99,789	90,612	84,236	86,828	89,836
Business-type activities:										
Rocky Knoll	32,442	33,538	32,763	30,049	22,584	19,790	18,401	17,489	16,449	14,363
Total business-type activities expenses	32,442	33,538	32,763	30,049	22,584	19,790	18,401	17,489	16,449	14,363
Total primary government expenses	\$ 113,324	\$ 119,854	\$ 126,254	\$ 125,923	\$ 124,903	\$ 119,579	\$ 109,013	\$ 101,725	\$ 103,277	\$ 104,199
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 2,105	\$ 2,239	\$ 2,124	\$ 329	\$ 2,435	\$ 2,323	\$ 2,854	\$ 2,873	\$ 2,095	\$ 1,154
Public safety	916	1,417	1,462	1,396	1,670	1,752	1,545	1,706	1,611	1,159
Public works	837	792	653	935	578	4,697	2,008	225	4,384	5,995
Public health and human services	3,263	1,224	4,338	5,446	5,781	5,616	3,579	3,116	2,558	2,259
Resources and development	235	244	281	258	522	318	457	90	331	2,118
Education	-	-	14	25	15	20	19	20	23	28
Interest on long term debt	-	532	544	545	544	547	548	547	542	515
Operating grants and contributions	34,339	39,088	41,299	46,218	47,653	40,770	37,176	27,226	28,396	29,448
Capital grants and contributions	776	-	-	-	-	-	-	3,308	2,042	515
Total governmental activities program revenues	\$ 42,471	\$ 45,536	\$ 50,715	\$ 55,152	\$ 59,198	\$ 56,043	\$ 48,186	\$ 39,111	\$ 41,982	\$ 43,191
Business-type activities:										
Charges for Services:										
Rocky Knoll	23,476	24,561	23,797	19,761	13,542	12,273	12,155	12,161	11,641	11,573
Operating grants and contributions	5,074	3,983	3,429	2,454	1,811	908	1,071	1,156	1,403	1,711
Capital grants and contributions	-	-	-	-	-	-	-	44	-	-
Total business-type activities program revenues	\$ 28,550	\$ 28,544	\$ 27,226	\$ 22,215	\$ 15,353	\$ 13,181	\$ 13,226	\$ 13,361	\$ 13,044	\$ 13,284
Net (expense) revenue										
Governmental activities	(38,411)	(40,780)	(42,776)	(40,722)	(43,121)	(43,746)	(42,426)	(45,125)	(44,846)	(46,645)
Business-type activities	(3,892)	(4,994)	(5,537)	(7,834)	(7,231)	(6,609)	(5,175)	(4,128)	(3,405)	(1,079)
Total primary government net expense	\$ (42,303)	\$ (45,774)	\$ (48,313)	\$ (48,556)	\$ (50,352)	\$ (50,355)	\$ (47,601)	\$ (49,253)	\$ (48,251)	\$ (47,724)

(Continued)

County of Sheboygan, WI
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (000's)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 36,329	\$ 37,669	\$ 37,899	\$ 38,185	\$ 39,518	\$ 40,121	\$ 41,241	\$ 41,873	\$ 44,053	\$ 44,308
Other taxes	8	28	96	1,271	16	37	5	13	7	13
Grants and contributions	4,181	1,162	599	2,158	352	287	404	5,019	4,214	3,558
Investment earnings	2,567	1,928	2,208	2,599	3,190	3,033	1,665	1,409	1,861	1,886
Miscellaneous	2,018	2,142	2,636	3,696	3,675	2,569	2,004	1,237	1,555	1,518
Transfers	(731)	(5,685)	(22)	(392)	(211)	(10)	(39)	1,642	1,231	
Total governmental activities	44,372	37,244	43,416	47,517	46,540	46,037	45,280	51,193	52,921	51,283
Business-type activities:										
Property taxes	2,729	5,237	5,022	6,070	5,860	4,638	3,033	2,354	1,327	687
Grants and contributions	4	162			3	16		45		1
Investment earnings	(178)	382	774	895	(1,896)	993	796	(746)	10	
Miscellaneous	14	5				50	53	51		34
Transfers	731	5,685	22	392	211	10	39	(1,642)	(1,231)	
Total business-type activities	3,300	11,471	5,818	7,357	4,178	5,707	3,921	62	106	722
Total primary government	\$ 47,672	\$ 48,715	\$ 49,234	\$ 54,874	\$ 50,718	\$ 51,744	\$ 49,201	\$ 51,255	\$ 53,027	\$ 52,005
Change in Net Position										
Governmental activities	\$ 5,961	\$ (3,536)	\$ 640	\$ 6,795	\$ 3,419	\$ 2,291	\$ 2,854	\$ 6,068	\$ 8,075	\$ 4,638
Cumulative effect of change in accounting principle										(308)
Prior period adjustment										7,426
Business-type activities	(592)	6,477	281	(477)	(3,053)	(902)	(1,254)	(4,066)	(3,299)	(357)
Total primary government	\$ 5,369	\$ 2,941	\$ 921	\$ 6,318	\$ 366	\$ 1,389	\$ 1,600	\$ 2,002	\$ 4,776	\$ 11,399

County of Sheboygan, WI
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

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

	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 3,193,951	\$ 2,833,626	\$ 2,924,213	\$ 3,211,867	\$ 4,137,892	\$ 3,862,901	\$ 3,494,013	\$ 4,496,632
Unreserved								
Undesignated	9,939,024	11,684,358	13,242,702	14,521,668	11,523,443	10,537,880	8,540,003	6,699,183
Total General Fund	13,132,975	14,517,984	16,166,915	17,733,535	15,661,335	14,400,781	12,034,016	11,195,815
All Other Governmental Funds								
Reserved	962,494	4,295,243	1,376,762	1,675,407	295,405	310,707	43,828	105,780
Unreserved, Reported in								
Special Revenue	4,357,385	2,632,270	635,128	759,676	783,295	1,121,532	1,590,330	4,172,817
Capital Project	(1,247,758)		(623,554)		(1,638,734)	371,954	(1,831,905)	9,993,591
Total All Other Governmental Funds	4,072,121	6,927,513	1,388,336	2,435,083	(560,034)	1,804,193	(197,747)	14,272,188
Total Governmental Funds	\$ 17,205,096	\$ 21,445,497	\$ 17,555,251	\$ 20,168,618	\$ 15,101,301	\$ 16,204,974	\$ 11,836,269	\$ 25,468,003

	2011	2012
General Fund		
NonSpendable	\$ 3,884,805	\$ 3,264,149
Restricted	449,898	575,873
Committed	106,249	193,156
Assigned	491,373	296,114
Unassigned	12,053,878	12,503,137
Total General Fund	16,986,203	16,832,429
All Other Governmental Funds		
NonSpendable	4,514	3,386
Restricted	6,454,266	1,220,854
Committed	91,035	
Assigned	1,015,533	1,997,444
Unassigned (Deficit)		(341,591)
Total All Other Governmental Funds	7,565,348	2,880,093
Total Governmental Funds	\$ 24,551,551	\$ 19,712,522

County of Sheboygan, WI
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Property Taxes	\$ 32,743,696	\$ 32,359,865	\$ 33,830,938	\$ 34,001,062	\$ 35,118,472	\$ 35,580,946	\$ 36,656,290	\$ 37,407,898	\$ 39,709,291	\$ 39,860,037
Other Taxes	7,928	28,583	6,867	15,323	16,424	36,698	5,139	13,253	11,321	13,456
Intergovernmental	26,868,601	31,147,439	32,076,654	35,866,757	38,399,690	31,662,198	28,971,676	26,963,208	25,655,129	26,595,361
Licenses and permits	312,542	367,705	380,988	491,825	544,460	545,820	455,440	636,825	642,810	684,457
Fines, forfeits and penalties	412,679	480,554	423,624	420,313	441,781	475,550	439,987	390,900	347,215	321,971
Public charges for services	6,247,649	7,110,098	7,734,284	8,802,457	9,039,679	8,885,434	6,596,150	6,108,140	5,482,940	5,949,188
Miscellaneous	9,624,933	5,504,053	5,793,576	9,099,052	7,545,372	7,032,833	5,217,426	5,006,542	4,965,385	5,262,851
Total revenues	76,218,028	76,998,297	80,246,931	88,696,789	91,105,878	84,219,479	78,342,108	76,526,766	76,814,091	78,687,321
EXPENDITURES										
Current:										
General government	11,720,760	10,725,377	11,238,860	11,569,968	11,650,072	12,165,322	12,404,604	12,282,498	12,249,378	12,631,381
Public safety	12,905,542	14,165,548	14,369,903	14,709,748	15,733,765	16,135,935	16,828,653	17,181,813	16,897,512	17,124,160
Public works	342,416	444,791	454,261	423,073	471,200	439,617	406,082	517,580	425,726	417,404
Public health and human services	37,223,912	39,410,237	43,947,265	46,154,545	49,178,458	40,755,689	34,075,160	31,627,594	31,089,131	31,280,061
Resources and development	2,109,962	2,140,720	2,320,354	2,676,265	2,581,319	2,883,054	3,289,917	2,326,357	3,049,303	6,519,403
Education	557,252	572,387	593,669	633,679	593,176	654,389	659,461	647,719	569,657	575,560
Debt Service										
Principal	5,356,637	5,534,755	6,005,000	6,175,000	6,295,000	7,230,000	5,460,000	5,295,000	5,390,000	5,425,000
Interest and other charges	2,010,844	1,883,288	1,794,413	1,546,315	1,572,519	1,305,486	1,161,564	1,272,110	1,057,895	904,219
Capital Outlay	5,363,381	3,642,339	3,247,113	7,024,063	6,319,372	9,488,554	8,286,894	8,126,484	8,917,756	8,686,049
Total expenditures	77,590,706	78,519,442	83,970,838	90,912,656	94,394,881	91,058,046	82,572,335	79,277,155	79,646,358	83,563,237
Excess (deficiency) of revenues over expenditures	(1,372,678)	(1,521,145)	(3,723,907)	(2,215,867)	(3,289,003)	(6,838,567)	(4,230,227)	(2,750,389)	(2,832,267)	(4,875,916)
OTHER FINANCING SOURCES (USES)										
Capital contributions								351,211	530,904	
Notes/Bonds issued	6,000,000	14,505,000		7,255,000		8,000,000		17,840,000		
Refunding payments	(6,395,000)	(3,012,038)		(2,305,000)	(2,024,230)			(3,423,754)		
Transfers in	1,622,079	842,072	1,479,602	774,848	3,029,828	141,635	114,066	1,695,207	5,309,182	151,656
Transfers out	(1,047,249)	(6,573,489)	(1,645,940)	(895,614)	(2,783,912)	(199,395)	(252,544)	(80,541)	(3,924,271)	(114,769)
Total other financing sources (uses)	179,830	5,761,545	(166,338)	4,829,234	(1,778,314)	7,942,240	(138,478)	16,382,123	1,915,815	36,887
Net change in fund balances	\$ (1,192,848)	\$ 4,240,400	\$ (3,890,245)	\$ 2,613,367	\$ (5,067,317)	\$ 1,103,673	\$ (4,368,705)	\$ 13,631,734	\$ (916,452)	\$ (4,839,029)
Debt service as a percentage of noncapital expenditures	10.2%	9.9%	9.7%	9.2%	8.9%	10.5%	8.9%	9.2%	9.1%	8.5%

County of Sheboygan, WI
 Equalized Value of Taxable Property
 Last Ten Fiscal Years
 (000's)

Tax Year Ended December 31	Budget Year Ended December 31	Real Estate				Personal Property	Less: Tax Incremental Districts	Total	General County Tax Rate
		Residential	Commercial	Manufacturing	All Other				
2003	2004	\$ 4,865,270,700	\$ 981,934,800	\$ 364,509,900	\$ 248,882,900	\$ 204,805,500	\$ 250,978,100	\$ 6,414,425,700	\$ 6.4000
2004	2005	5,190,443,400	1,083,292,700	370,499,800	255,344,400	205,906,600	265,410,000	6,840,076,900	6.2804
2005	2006	5,689,964,000	1,218,882,700	378,605,900	263,230,900	209,210,400	297,214,300	7,462,679,600	5.9458
2006	2007	6,205,058,400	1,299,440,800	382,320,100	277,587,500	217,350,400	324,397,700	8,057,359,500	5.6362
2007	2008	6,638,643,100	1,365,391,900	390,240,900	288,516,400	234,908,300	370,664,000	8,547,036,600	5.2487
2008	2009	6,858,239,200	1,418,934,000	388,954,600	305,965,500	271,308,300	376,324,400	8,867,077,200	4.9996
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

Statement of Changes in Equalized Values

County of Sheboygan WI
Direct and Overlapping Tax Rates
Last Ten Fiscal Years

MUNICIPALITIES	2003 TAX RATE FOR YEAR 2004	2004 TAX RATE FOR YEAR 2005	2005 TAX RATE FOR YEAR 2006	2006 TAX RATE FOR YEAR 2007	2007 TAX RATE FOR YEAR 2008	2008 TAX RATE FOR YEAR 2009	2009 TAX RATE FOR YEAR 2010	2010 TAX RATE FOR YEAR 2011	2011 TAX RATE FOR YEAR 2012	2012 TAX RATE FOR YEAR 2013
TOWNSHIPS										
Greenbush	\$14.74 - 16.67	\$16.16 - 16.95	\$15.80 - 17.02	\$15.72 - 17.04	\$17.40 - 18.64	\$17.58 - 19.17	\$17.37 - 19.13	\$13.59 - 15.35	\$13.81 - 16.06	\$14.02 - 16.39
Herman	15.31 - 21.40	16.41 - 19.64	16.67 - 19.25	16.68 - 19.00	17.55 - 20.49	17.31 - 20.46	18.62 - 21.34	14.46 - 18.41	14.14 - 17.28	14.94 - 17.98
Holland	18.16 - 18.86	19.60 - 21.08	19.38 - 21.01	15.22 - 16.04	14.80 - 15.80	14.55 - 16.29	16.10 - 16.73	16.47 - 16.71	16.43 - 16.78	16.79 - 17.05
Lima	19.75 - 21.18	20.12 - 22.44	14.40 - 15.10	14.02 - 14.61	14.49 - 15.77	15.19 - 17.17	15.49 - 16.58	15.24 - 16.05	15.27 - 16.66	16.27 - 16.89
Lyndon	23.75 - 25.52	25.10 - 27.74	16.16 - 18.80	16.05 - 16.66	16.64 - 18.00	17.80 - 19.89	18.48 - 19.63	17.08 - 17.67	16.98 - 18.36	17.67 - 18.67
Mitchell	19.96 - 21.60	20.56 - 22.19	21.01 - 22.05	14.70 - 15.64	14.85 - 15.87	15.18 - 17.23	16.11 - 17.24	15.86 - 16.24	15.88 - 16.45	16.61 - 17.45
Mosel	20.14 - 20.43	20.01 - 20.74	19.13 - 19.45	19.06 - 20.21	19.34 - 20.26	19.79 - 20.03	15.71 - 16.42	18.04 - 18.40	16.87 - 18.02	17.77 - 18.52
Plymouth	19.98 - 21.66	20.56 - 21.24	14.50 - 16.51	14.62 - 14.72	14.15 - 14.62	13.83 - 14.27	14.61 - 15.00	13.80 - 15.31	13.61 - 15.30	14.61 - 16.08
Rhine	19.18 - 22.88	20.36 - 24.41	22.35 - 26.12	23.10 - 26.33	23.73 - 27.70	13.93 - 19.34	15.18 - 17.37	14.61 - 18.55	14.49 - 17.64	15.23 - 18.18
Russell	16.45 - 19.19	17.86 - 19.79	18.00 - 20.07	18.16 - 20.03	18.87 - 20.87	18.89 - 21.03	20.41 - 22.11	15.58 - 18.04	15.24 - 17.88	15.78 - 18.20
Scott	22.10 - 23.77	16.09 - 17.45	16.38 - 17.83	17.07 - 17.76	16.09 - 17.14	15.76 - 16.95	16.58 - 17.48	16.41 - 16.62	16.32 - 16.53	16.85 - 18.22
Sheboygan	19.03 - 21.96	19.72 - 22.36	18.60 - 21.34	18.22 - 21.39	19.39 - 22.23	19.88 - 22.38	20.22 - 22.52	17.35 - 19.22	18.05 - 19.68	17.84 - 20.13
Sheboygan Falls	21.42 - 25.44	21.70 - 25.95	13.48 - 15.36	13.58 - 15.64	14.63 - 16.60	14.58 - 16.79	15.26 - 17.12	15.33 - 17.77	15.42 - 16.96	16.09 - 17.26
Sherman	16.37 - 18.89	17.21 - 20.17	17.60 - 19.11	18.05 - 19.50	18.05 - 19.56	14.35 - 16.12	14.98 - 15.89	16.40 - 16.90	16.37 - 16.94	16.91 - 17.24
Wilson	17.09 - 19.77	18.56 - 21.20	15.04 - 17.91	15.69 - 18.64	16.58 - 19.10	16.70 - 18.91	17.38 - 19.53	15.91 - 18.33	15.91 - 18.68	16.39 - 18.75
VILLAGE										
Adell	25.85	22.58	21.39	21.83	22.28	21.22	21.97	21.04	21.09	21.33
Cascade	21.12	22.5	23.36	22.00	21.56	14.96	16.66	18.62	18.57	19.45
Cedar Grove	28.02	28.32	27.60	26.42	25.87	20.19	20.62	21.47	21.42	21.95
Elkhart Lake	21.63	22.54	22.70	23.30	24.25	17.83	17.81	17.57	17.31	17.7
Glenbeulah	21.05	21.57	21.72	20.49	20.87	20.12	17.17	18.11	17.82	19.12
Howards Grove	23.49	24.01	23.30	22.38	23.22	17.29	18.33	19.95	18.92	19.415
Kohler	21.20 - 22.15	21.94 - 22.96	21.38 - 23.46	17.05 - 21.84	17.38 - 19.90	16.61 - 18.67	19.41 - 20.87	18.15 - 20.06	18.45 - 19.95	19.74 - 20.41
Oostburg	26.03	27.57	19.74	20.07	20.51	21.03	20.37	19.95	20.36	21.36
Random Lake	27.49	20.13	19.37	20.18	20.45	19.81	20.22	20.30	20.13	20.51
Waldo	22.35	23.78	21.89	22.26	22.88	23.38	25.06	21.78	22.24	22.53
CITY										
Plymouth	23.44	23.09	24.08	24.04	18.74	18.89	19.97	21.22	21.22	22.19
Sheboygan	28.45 - 30.15	29.92 - 31.67	30.35 - 31.12	23.53 - 24.20	24.54 - 24.58	23.72 - 24.19	23.72 - 24.62	24.66 - 24.97	24.66 - 25.56	24.86 - 25.84
Sheboygan Falls	23.04	24.48	23.20	22.92	24.11	17.81	18.83	19.99	20.59	20.98

County of Sheboygan, WI
Principal Property Taxpayers
Current Year and Nine Years Ago

Company	2004			2012		
	Equalized Value	Rank	Percentage of Total County Equalized Value	Equalized Value	Rank	Percentage of Total County Equalized Value
Kohler Co	\$ 155,746,730	1	2.4281%	\$ 106,874,700	1	1.2678%
Kohler Co (HID)				41,900,400	2	0.4970%
Acuity Insurance Co	26,002,730	2	0.4054%	39,844,200	3	0.4726%
Wal-Mart Stores Inc				38,237,800	4	0.4536%
Sargento Foods Inc				31,689,900	5	0.3759%
Bemis Mfg Co.	23,739,550	3	0.3701%	23,543,000	6	0.2793%
SNH Medical Office				18,787,200	7	0.2229%
Johnsonville Sausage LLC				17,216,700	8	0.2042%
J L French LLC	15,321,600	6	0.2389%	15,521,900	9	0.1841%
Morrelle Warehousing LLC				14,986,400	10	0.1778%
Plastics Engineering Co	15,909,100	4	0.2480%			
Bayview Memorial, LLC	15,327,700	5	0.2390%			
Aurora Medical Group	15,310,250	7	0.2387%			
Inland Real Estate	15,152,400	8	0.2362%			
Development 3000 LLC	15,076,300	9	0.2350%			
Aldrich Chemical	14,281,900	10	0.2227%			
	<u>\$ 311,868,260</u>		<u>4.8621%</u>	<u>\$ 348,602,200</u>		<u>4.1352%</u>
Total Equalized Value Sheboygan County	<u>\$ 6,414,425,700</u>			<u>\$ 8,430,124,700</u>		

Source - Sheboygan County Treasurer's Office

County of Sheboygan, WI
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
2002	2003	151,322,209	148,396,313	98.07%	2,925,742	151,322,055	100.00%
2003	2004	156,300,038	153,674,580	98.32%	2,625,107	156,299,687	100.00%
2004	2005	166,560,297	164,097,090	98.52%	2,457,255	166,554,345	100.00%
2005	2006	167,679,743	165,802,674	98.88%	1,826,791	167,629,465	99.97%
2006	2007	173,240,997	171,428,202	98.95%	1,724,949	173,153,151	99.95%
2007	2008	180,657,129	178,430,060	98.77%	2,074,339	180,504,399	99.92%
2008	2009	183,261,601	181,081,662	98.81%	1,939,070	183,020,732	99.87%
2009	2010	191,439,278	188,640,599	98.54%	2,309,537	190,950,136	99.74%
2010	2011	197,237,966	194,487,393	98.61%	1,818,830	196,306,223	99.53%
2011	2012	195,917,128	193,671,580	98.85%	728,785	194,400,365	99.23%

Source - Sheboygan County Treasurer's Office

Sheboygan County, WI
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

YEAR	Governmental Activities		Business-type Activities			TOTAL PRIMARY GOVERNMENT	EQUALIZED VALUE (000's)	RATIO TO TOTAL EQUALIZED VALUE	ESTIMATED POPULATION	PER CAPITA
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION NOTES	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION NOTES	REVENUE BONDS					
2003	5,890,000	34,025,000			6,565,000	46,480,000	6,414,426	0.72%	112,956	353.37
2004	11,330,000	34,695,000				46,025,000	6,840,077	0.67%	113,223	406.50
2005	10,815,000	29,205,000				40,020,000	7,462,680	0.54%	113,650	352.13
2006	10,235,000	28,560,000				38,795,000	8,057,360	0.48%	113,830	340.82
2007	9,630,000	20,880,000				30,510,000	8,547,037	0.36%	114,113	267.37
2008	9,000,000	22,280,000				31,280,000	8,867,077	0.35%	114,458	273.29
2009	8,355,000	17,465,000				25,820,000	8,924,003	0.29%	114,560	225.38
2010	7,965,000	27,235,000				35,200,000	8,668,959	0.41%	115,507	304.74
2011	7,170,000	22,640,000				29,810,000	8,575,432	0.35%	115,569	257.94
2012	6,370,000	18,015,000				24,385,000	8,651,327	281.86%	115,549	211.04

County of Sheboygan, WI
Legal Debt Margin Information
Last Ten Fiscal Years

	2003	2004	2005	2006	2007
Equalized Value	\$ 6,414,425,700	\$ 6,840,076,900	\$ 7,462,679,600	\$ 8,057,359,500	\$ 8,547,036,600
Debt Limit - 5% of Equalized Value (Wisconsin Statutory Limitation)	320,721,285	342,003,845	373,133,980	402,867,975	427,351,830
Amount of Debt Applicable to Debt Limitation	39,915,000	46,025,000	40,020,000	38,795,000	30,510,000
Less: Amount Available in Debt Service Funds	925,226	337,166	316,941	433,028	285,641
Net Debt Applicable to the Debt Margin	38,989,774	45,687,834	39,703,059	38,361,972	30,224,359
Legal Debt Margin (Debt Capacity)	\$ 281,731,511	\$ 296,316,011	\$ 333,430,921	\$ 364,506,003	\$ 397,127,471
Percent of Debt Capacity Used	12.16%	13.36%	10.64%	9.52%	7.07%

	2008	2009	2010	2011	2012
Equalized Value	\$ 8,867,077,200	\$ 8,924,002,800	\$ 8,668,958,700	\$ 8,575,432,000	\$ 8,651,327,800
Debt Limit - 5% of Equalized Value (Wisconsin Statutory Limitation)	443,353,860	446,200,140	433,447,935	428,771,600	432,566,390
Amount of Debt Applicable to Debt Limitation	31,280,000	25,820,000	35,200,000	29,810,000	24,385,000
Less: Amount Available in Debt Service Funds	304,377	36,200	86,385	86,385	45,249
Net Debt Applicable to the Debt Margin	30,975,623	25,783,800	35,113,615	29,723,615	24,339,751
Legal Debt Margin (Debt Capacity)	\$ 412,378,237	\$ 420,416,340	\$ 398,334,320	\$ 399,047,985	\$ 408,226,639
Percent of Debt Capacity Used	6.99%	5.78%	8.10%	6.93%	5.63%

Sheboygan County, WI
 Computation of Direct, Overlapping and Underlying Debt
 December 31, 2012

	Number of Entities	Amount of Debt	Applicable to Sheboygan County	
			Percent	Amount
Sheboygan County				
Total General Obligation Debt				\$ 24,385,000
Less: Amount Available in Debt Service Funds				<u>45,248</u>
Net General Obligation Debt				24,339,752
OVERLAPPING DEBT:				
Lakeshore VTAE District	1	\$ 20,970,000	60.94%	12,779,118
UNDERLYING DEBT:				
Cities	3	\$ 72,523,212	100%	72,523,212
Villages	10	\$ 11,921,477	100%	11,921,477
Townships	15	\$ 1,000,592	100%	1,000,592
School Districts	13	\$ 45,832,054	57.25%	<u>26,241,060</u>
Total Underlying Debt				<u>111,686,341</u>
TOTAL DIRECT GENERAL OBLIGATION, OVERLAPPING AND UNDERLYING DEBT				<u><u>\$ 148,805,211</u></u>

County of Sheboygan, WI
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income in 000's	Per Capita Personal Income	Unemployment Rate
2003	112,956	\$ 3,639,001	\$ 32,216	5.1
2004	113,223	\$ 3,803,666	\$ 33,594	4.5
2005	113,650	\$ 3,944,941	\$ 34,711	4.0
2006	113,830	\$ 4,170,742	\$ 36,640	3.9
2007	114,113	\$ 4,323,164	\$ 37,885	4.1
2008	115,652	\$ 4,706,007	\$ 40,691	4.5
2009	115,562	\$ 4,396,263	\$ 38,042	9.3
2010	115,464	\$ 4,447,253	\$ 38,516	8.7
2011	115,149	\$ 4,595,577	\$ 39,910	6.4
2012	115,549	*	*	6.6

Source: Wisconsin's Worknet

* Information not available

County of Sheboygan, WI
Principal Employers
Current Year and Nine Years Ago

	2012			2004	
	Estimated Employment	Rank	Percentage of Total County Employment	Estimated Employment	Rank
Kohler Co	3,000	1	5.2%	7,000	1
Bemis Manufacturing	1,600	2	2.8%	1,500	2
Aurora Medical Group	1,350	3	2.4%	620	9
J L French LLC	1,325	4	2.3%	1,275	4
Sheboygan Area School District	1,274	5	2.2%	1,450	3
Johnsonville Sausage LLC	933	6	1.6%	750	7
St Nicholas Hospital	875	7	1.5%	585	
Acuity Insurance CO.	827	8	1.4%	700	8
County of Sheboygan	825	9	1.4%	1,212	5
Wal-Mart Associates, Inc	732	10	1.3%		
Sargento Foods, Inc				1,000	6
Lear Corporation				590	10
Total Estimated County Workforce	57,211				

Source: State of Wisconsin Worknet