

Presentation to the City of Sheboygan

October 21, 2024

1. Objective of the audit was to express our opinion on your financial statements.
2. Reports issued
 - a. Financial statements
 - i. Unmodified opinion, commonly referred to as a “clean” opinion
 - ii. Highest level of assurance you can receive from your auditor
 - i. Emphasis of matter for implementation of GASB 96, *Subscription Based Information Technology Arrangements* as well as restatement in the water utility.
 - b. Reporting and Insights Document
 - i. Audit approach, responsibilities, risks
 - ii. Internal control matters
 1. Material weaknesses
 2. Other comments and recommendations
 - iii. Required communications
 1. Communications are customary and usual.
 - iv. Other communications
 1. Upcoming accounting changes
 2. Two-Way Communication
 - c. Single Audit
 - i. Unmodified opinions issued
 - ii. 5 Financial Statement findings and 1 program specific finding

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3. Financial highlights (in thousands)

a. Budgetary compliance

Details of individual funds actual results to budget can be found in the city's year-end budget to actual report. Some individual funds exceeded their budget. A summary of the general fund budget to actual results follows:

	Final Budget	Actual	Variance: Favorable (unfavorable)
Revenues	\$ 39,696	\$ 41,276	\$ 1,580
Expenditures	<u>42,690</u>	<u>41,823</u>	<u>867</u>
Excess (deficiency)	(2,994)	(547)	2,447
Other financing sources (uses)	<u>(4,749)</u>	<u>(712)</u>	<u>4,037</u>
Net change in fund balance	<u>\$ (7,743)</u>	<u>\$ (1,259)</u>	<u>\$ 6,484</u>

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b. Governmental Funds

	General Fund	Special Revenue Redevelopment Authority	Capital Projects TIF Districts	Capital Projects Capital Projects
Current year activity				
Revenues and other sources	\$ 43,178	\$ 321	\$ 6,501	\$ 9,725
Expenditures and other uses	44,437	148	12,229	7,256
Change in fund balances	<u>\$ (1,259)</u>	<u>\$ 173</u>	<u>\$ (5,728)</u>	<u>\$ 2,469</u>
Fund Balance				
Nonspendable	\$ 144	\$ -	\$ -	\$ -
Restricted	-	-	315	-
Committed	350	495	-	9,340
Assigned	1,669	-	-	-
Unassigned (deficit)	20,668	-	-	-
Total	<u>\$ 22,831</u>	<u>\$ 495</u>	<u>\$ 315</u>	<u>\$ 9,340</u>

	Debt Service	
	GO Debt	Nonmajor Governmental
Current year activity		
Revenues and other sources	\$ 4,324	\$ 21,417
Expenditures and other uses	4,646	19,751
Change in fund balances	<u>\$ (322)</u>	<u>\$ 1,666</u>
Fund Balance		
Nonspendable	\$ -	\$ 1,060
Restricted	7,231	4,123
Committed	-	3,402
Assigned	-	-
Unassigned (deficit)	-	(3,573)
Total	<u>\$ 7,231</u>	<u>\$ 5,012</u>

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c. Enterprise Funds

	<u>Sewerage System</u>	<u>Water Utility</u>	<u>Transit Commission</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>
Current year activity					
Operating revenues	\$ 10,251	\$ 10,424	\$ 4,830	\$ 1,362	\$ 11,085
Operating expenses	<u>7,582</u>	<u>8,364</u>	<u>5,344</u>	<u>1,764</u>	<u>12,666</u>
Operating income	2,669	2,060	(514)	(402)	(1,581)
Nonoperating revenue (expenses)	568	4,931	141	88	678
Transfers and Contributions	<u>(170)</u>	<u>(998)</u>	<u>-</u>	<u>14</u>	<u>313</u>
Change in net position	<u>\$ 3,067</u>	<u>\$ 5,993</u>	<u>\$ (373)</u>	<u>\$ (300)</u>	<u>\$ (590)</u>
Net Position	<u>\$ 22,296</u>	<u>\$ 63,330</u>	<u>\$ 10,086</u>	<u>\$ 1,657</u>	<u>\$ 18,495</u>

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d. Long-term debt

Type of debt	Governmental Activities	Business-type Activites	Total
General obligation bonds and notes	\$ 55,290	\$ 94	\$ 55,384
Direct borrowings	-	36,429	36,429
Revenue bonds	-	5,285	5,285
Subscriptions payable	96	-	96
Section 108 Notes	2,720	-	2,720
Mortgage notes	2,324	-	2,324
Leases payable	1,445	782	2,227
Sheboygan County	1,000	-	1,000
Compensated absences	5,112	789	5,901
	<u>\$ 67,987</u>	<u>\$ 43,379</u>	<u>\$ 111,366</u>

Statutory debt limit (5% of equalized value)	\$ 210,219
Capacity for additional general obligation debt	\$ 154,835
Percentage of capacity to debt limit	74%

4. Questions – please contact us at

Michelle Walter, Senior Manager, at 414 777 5576 or email at michelle.walter@bakertilly.com.

Wendi Unger, Principal, at 414 777 5423 or email at wendi.unger@bakertilly.com.