

Presentation to the City of Sheboygan

December 5, 2022

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
 - b. Single Audit
 - i. Unmodified opinions issued
 - ii. 4 Financial Statement findings and No program specific findings
 - c. 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

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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	\$ 35,525	\$ 35,486	\$ (39)
Expenditures	41,526	37,860	3,666
Excess (deficiency)	(6,001)	(2,374)	3,627
Other financing sources (uses)	2,823	2,724	(99)
Net change in fund balance	<u>\$ (3,178)</u>	<u>\$ 350</u>	<u>\$ 3,528</u>

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b. Governmental Funds

	General Fund	Special Revenue Federal Grant ARPA	Capital Projects TIF Districts	Capital Projects Bonded	Capital Projects Levy
Current year activity					
Revenues and other sources	\$ 38,274	\$ 283	\$ 2,806	\$ 4,856	\$ 5,269
Expenditures and other uses	37,924	410	1,422	2,913	7,305
Change in fund balances	<u>\$ 350</u>	<u>\$ (127)</u>	<u>\$ 1,384</u>	<u>\$ 1,943</u>	<u>\$ (2,036)</u>
Fund Balance					
Nonspendable	\$ 125	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	3,675	-
Committed	350	-	-	-	3,555
Assigned	1,745	-	-	-	-
Unassigned (deficit)	20,974	(127)	(839)	-	-
Total	<u>\$ 23,194</u>	<u>\$ (127)</u>	<u>\$ (839)</u>	<u>\$ 3,675</u>	<u>\$ 3,555</u>

	Debt Service GO Debt	Debt Service TIF Districts	Nonmajor Governmental
Current year activity			
Revenues and other sources	\$ 8,671	\$ 5,331	\$ 13,867
Expenditures and other uses	8,260	4,412	13,369
Change in fund balances	<u>\$ 411</u>	<u>\$ 919</u>	<u>\$ 498</u>
Fund Balance			
Nonspendable	\$ -	\$ -	\$ 1,056
Restricted	7,460	5,644	3,500
Committed	-	-	3,549
Assigned	-	-	-
Unassigned (deficit)	-	-	(2,252)
Total	<u>\$ 7,460</u>	<u>\$ 5,644</u>	<u>\$ 5,853</u>

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c. Enterprise Funds

	Sewerage System	Water Utility	Transit Commission	Nonmajor Enterprise	Internal Service
Current year activity					
Operating revenues	\$ 9,410	\$ 9,702	\$ 502	\$ 1,338	\$ 12,027
Operating expenses	<u>8,034</u>	<u>6,603</u>	<u>3,791</u>	<u>1,473</u>	<u>11,665</u>
Operating income	1,376	3,099	(3,289)	(135)	362
Nonoperating revenue (expenses)	(225)	(246)	3,288	89	31
Transfers and Contributions	<u>(173)</u>	<u>(1,164)</u>	<u>16</u>	<u>40</u>	<u>(125)</u>
Change in net position	<u><u>\$ 978</u></u>	<u><u>\$ 1,689</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ (6)</u></u>	<u><u>\$ 268</u></u>
Net Position	<u><u>\$ 26,580</u></u>	<u><u>\$ 48,517</u></u>	<u><u>\$ 6,327</u></u>	<u><u>\$ 2,607</u></u>	<u><u>\$ 19,828</u></u>

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d. Long-term debt

Type of debt	Governmental Activities	Business-type Activities	Total
General obligation bonds and notes	\$ 60,000	\$ 134	\$ 60,134
Direct borrowings	360	12,319	12,679
Revenue bonds	-	6,735	6,735
Bond anticipation notes	-	3,100	3,100
Mortgage notes	225	-	225
Capital leases	989	817	1,806
Sheboygan County	1,000	-	1,000
Compensated absences	3,805	640	4,445
	<u>\$ 66,379</u>	<u>\$ 23,745</u>	<u>\$ 90,124</u>

Statutory debt limit (5% of equalized value) \$ 171,216

Capacity for additional general obligation debt \$ 110,722

4. Questions – please call Wendi Unger, Partner, at 414 777 5423 or email at wendi.unger@bakertilly.com.