



# **2019 Executive Program Budget In Brief**

**City of Sheboygan, Wisconsin**

# CITY OF SHEBOYGAN COMMON COUNCIL 2018 - 2019

District 1 (Wards 1, 5, 6) – **Ron Rindfleisch**  
[ronald.rindfleisch@sheboyganwi.gov](mailto:ronald.rindfleisch@sheboyganwi.gov)

- Phone: 920-453-0601



District 2 (Wards 2, 3, 12) – **Todd Wolf**  
[todd.wolf@sheboyganwi.gov](mailto:todd.wolf@sheboyganwi.gov)

- Phone: 920-453-0602



District 3 (Wards 11, 13) – **Mary Lynne Donohue**  
[marylynne.donohue@sheboyganwi.gov](mailto:marylynne.donohue@sheboyganwi.gov)

- Phone: 920-453-0603



District 4 (Wards 4, 7, 10) – **Rosemarie Trester**  
[rosemarie.trester@sheboyganwi.gov](mailto:rosemarie.trester@sheboyganwi.gov)

- Phone: 920-453-0604



District 5 (Wards 8, 9, 16, 17) – **Markus Savaglio**  
[markus.savaglio@sheboyganwi.gov](mailto:markus.savaglio@sheboyganwi.gov)

- Phone: 920-453-0605



District 6 (Wards 18, 19) – **Dean Dekker**  
[dean.dekker@sheboyganwi.gov](mailto:dean.dekker@sheboyganwi.gov)

- Phone: 920-453-0606



District 7 (Wards 14, 15, 21) – **Rose Phillips**  
[rose.phillips@sheboyganwi.gov](mailto:rose.phillips@sheboyganwi.gov)

- Phone: 920-453-0607



District 8 (Wards 20, 24) – **Ryan Sorenson**  
[ryan.sorenson@sheboyganwi.gov](mailto:ryan.sorenson@sheboyganwi.gov)

- Phone: 920-453-0608



District 9 (Wards 22, 25) – **Trey Mitchell**  
[trey.mitchell@sheboyganwi.gov](mailto:trey.mitchell@sheboyganwi.gov)

- Phone: 920-453-0609



District 10 (Wards 23, 26) – **Jim Bohren**  
[jim.bohren@sheboyganwi.gov](mailto:jim.bohren@sheboyganwi.gov)

- Phone: 920-453-0610







September 4, 2018

To the Members of the Common Council and Mayor Mike Vandersteen:

Transmitted herein is the City of Sheboygan's 2019 Executive Budget for the fiscal year beginning January 1, 2019. The proposed budget represents one of the most important documents presented to and approved by the Common Council.

The 2019 Executive Budget is more than just revenues, expenses, appropriations, and projects. It serves four basic purposes:

- It is a policy document that is defined by the Common Council as the direction toward which the city is moving.
- It is a financial plan that defines the various sources of funds to be collected as well as the services, programs, and activities that citizens can expect to be provided.
- It is an operational guide for department directors on how programs and activities are structured.
- It is a communication device providing the public and other entities with a document defined in a layperson's language as opposed to past budget's exclusive financial numbers format.

#### **LONG TERM GOALS AND IMPACT ON BUDGET**

Consistent with the six focus areas of the City of Sheboygan Strategic Plan 2017-2021 (see next section of the budget document for details), the budget establishes an operational and financial plan for the delivery of city services and implementation of the city's Capital Improvement Program (CIP). For 2019, no change in service levels is planned. Regarding implementation of the CIP, the 2019 Capital improvement-related expenditures (as contained in the Capital Improvement Funds) are proposed to decrease by \$6.1 million or 19 percent over 2018 levels.

#### **SHORT TERM FACTORS AND IMPACT ON BUDGET**

Two factors will negatively affect the City's largest revenue source – property taxes in 2019: majority of new development is occurring in Tax Incremental Districts and Wisconsin property tax levy limits.

- The city is fortunate to be experiencing moderate growth in new construction (\$41.2 million in net new construction according to the Wisconsin Department of Revenue); however, the vast majority of this development is occurring within Tax Incremental Districts. As a result, the most of the resulting new property tax levy increase is not available to fund general operations, capital, nor debt-related expenditures.
- The city continues to be constrained by Wisconsin legislation which places limits on the amount of the increase in the property tax levy. The 2019 Executive Budget is limited to receive an additional amount of \$221,010 (to fund its general operations, capital, nor debt-related expenditures). This is in contrast to the 2018 budget which received an additional amount of \$864,128.

Due to a 2019 increase in debt service expenses (associated with prior street improvement projects), the Executive Budget recommends a corresponding \$225,000 increase in the tax levy. This levy increase will result in a property tax rate increase of 1.99 percent or \$0.19 per \$1,000 in assessed property valuation. (For comparison purposes with other communities, the equalized property tax rate will decrease by \$0.41 or 4.32 percent.)

#### **OFFICE OF THE CITY ADMINISTRATOR**

CITY HALL  
828 CENTER AVENUE  
SHEBOYGAN, WI  
53081-4442

920-459-3315  
FAX 920-459-3967  
Darrell.Hofland@sheboyganwi.gov

[www.sheboyganwi.gov](http://www.sheboyganwi.gov)

## Budget Overview

The 2019 proposed budget includes monies for both operating and capital purposes totals \$127,737,927. This amount represents an increase of \$5,968,506 or 5 percent from the prior year – 2018 Amended budget. Included in the \$127,737,927 amount is \$8,415,000 to refinancing of 2018-issued debt. Without this refinancing, the overall proposed 2019 budget would decrease by \$2,446,494 or 2 percent.

The 2019 Executive Budget includes two new funds: TID 18 Debt Service Fund (SouthPointe Enterprise Campus) and TID 19 Capital Project Fund (redevelopment area bounded by Pennsylvania Avenue, north of Niagara Avenue and the Sheboygan River west of North 15th Street).

Of the City's six fund categories, five fund categories are estimated to remain unchanged or increase their expenditure levels: General Fund, Special Revenue Funds, Debt Service Funds, Fiduciary Fund, and Proprietary Funds. One remaining fund – Capital Improvement Funds is proposed to decrease its expenditures.

The largest fund category expenditure change is the Debt Service Funds with a \$7,443,790 increase in comparison to 2018 Amended. The reason for the increase is the planned refinancing of the 2018-issued \$5,020,000 City Hall note and \$3,395,000 TID 18 note.

The following table presents a summary breakdown of budgets by fund.

Budget Summary				
	2018 Amended	2019 Proposed	Dollar Change	Percent Change
General Fund	\$37,649,174	\$38,127,572	\$478,398	1.27%
Special Revenue Funds	\$9,733,064	\$10,206,766	\$473,702	4.87%
MEG Unit Fund	\$53,827	\$53,827	\$0	0.00%
Community Development Block Grant Fund	\$684,905	\$867,998	\$183,093	26.73%
Housing Revolving Loan Fund	\$201,978	\$232,753	\$30,775	15.24%
Business Revolving Loan Fund	\$150,000	\$190,000	\$40,000	26.67%
Mead Public Library Fund	\$3,153,928	\$3,313,714	\$159,786	5.07%
Tourism Fund	\$1,465,246	\$1,539,460	\$74,214	5.06%
Park, Forestry, and Open Space Fund	\$122,500	\$110,000	(\$12,500)	(10.20%)
Park Impact Fee Fund	\$40,000	\$40,000	\$0	0.00%
Cable Television Fund	\$740,247	\$806,737	\$66,490	8.98%
Municipal Court Fund	\$907,000	\$753,797	(\$153,203)	(16.89%)
Ambulance Fund	\$1,000,000	\$1,151,800	\$151,800	15.18%
Special Assessment Fund	\$300,529	\$125,000	(\$175,529)	(58.41%)
Harbor Centre Marina Fund	\$854,100	\$912,680	\$58,580	6.86%
Redevelopment Authority Fund	\$50,000	\$50,000	\$0	0.00%
Storm Water Fund	\$8,804	\$59,000	\$50,196	570.15%
Debt Service Funds	\$8,405,290	\$15,849,080	\$7,443,790	88.56%
G O Debt Fund	\$4,662,883	\$9,374,354	\$4,711,471	101.04%
Convention Center Debt Fund	\$382,379	\$499,486	\$117,107	30.63%
TID 6 Debt Fund	\$1,342,121	\$1,310,474	(\$31,647)	(2.36%)
TID 10 Debt Fund	\$80,910	\$6,150	(\$74,760)	(92.40%)
TID 11 Debt Fund	\$148,050	\$146,600	(\$1,450)	(0.98%)

Budget Summary				
	2018 Amended	2019 Proposed	Dollar Change	Percent Change
<b>Debt Service Funds - continued</b>				
TID 12 Debt Fund	\$91,860	\$150	(\$91,710)	(99.84%)
TID 13 Debt Fund	\$150	\$42,332	\$42,182	28,121.33%
TID 14 Debt Fund	\$902,266	\$112,599	(\$789,667)	(87.52%)
TID 15 Debt Fund	\$131,973	\$155,037	\$23,064	17.48%
TID 16 Debt Fund	\$497,106	\$607,990	\$110,884	22.31%
TID 18 Debt Fund	\$0	\$3,593,258	\$3,593,258	100.00%
Environmental TID Debt Fund	\$165,592	\$650	(\$164,942)	(99.61%)
<b>Capital Improvement Funds</b>	<b>\$29,796,297</b>	<b>\$26,086,958</b>	<b>(\$3,709,339)</b>	<b>(12.45%)</b>
Capital Project Fund	\$10,627,018	\$14,799,098	\$4,172,080	39.26%
Capital Improvement Fund	\$10,735,863	\$5,412,126	(\$5,323,737)	(49.59%)
Industrial Park Fund	\$2,212,387	\$7,817	(\$2,204,570)	(99.65%)
TID 14 Capital Project Fund	\$1,500,000	\$50,000	(\$1,450,000)	(96.67%)
TID 16 Capital Project Fund	\$438,837	\$571,400	\$132,563	30.21%
TID 17 Capital Project Fund	\$1,091,000	\$4,525,000	\$3,434,000	314.76%
TID 18 Capital Project Fund	\$3,191,192	\$661,517	(\$2,529,675)	(79.27%)
TID 19 Capital Project Fund	\$0	\$60,000	\$60,000	100.00%
<b>Fiduciary Funds</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$0</b>	<b>0.00%</b>
Cemetery Perpetual Care Fund	\$2,000	\$2,000	\$0	0.00%
Mead Public Library Trust Fund	\$0	\$0	\$0	0.00%
<b>Proprietary Funds</b>	<b>\$36,183,596</b>	<b>\$37,465,551</b>	<b>\$1,281,955</b>	<b>3.54%</b>
Motor Vehicle Fund	\$2,448,547	\$2,491,621	\$43,074	1.76%
Health Insurance Fund	\$7,313,694	\$7,560,116	\$246,422	3.37%
Liability Insurance Fund	\$598,200	\$588,200	(\$10,000)	(1.67%)
Workers Compensation Fund	\$642,600	\$649,640	\$7,040	1.10%
Information Technology Fund	\$1,032,895	\$977,501	(\$55,394)	(5.36%)
Boat Facilities Fund	\$92,735	\$177,947	\$85,212	91.89%
Parking Utility Fund	\$451,669	\$483,656	\$31,987	7.08%
Transit Utility Fund	\$3,942,000	\$4,415,756	\$473,756	12.02%
Water Utility Fund	\$11,206,029	\$11,385,372	\$179,343	1.60%
Wastewater Utility Fund	\$8,455,227	\$8,735,742	\$280,515	3.32%
<b>Total Financial Plan</b>	<b>\$121,769,421</b>	<b>\$127,737,927</b>	<b>\$5,968,506</b>	<b>4.90%</b>

In the City's largest (individual) fund - General Fund is recommended to increase by \$478,398 or 1.27 percent.

### Personnel Change Highlights

Regarding personnel, the 2019 Executive Budget recommends the following changes over the 2018 Amended Budget's authorized positions:

- Addition of or expansion in the following positions: 0.40 Accountant Assistant, 0.60 Human Resources Generalist, and 0.40 Assistant City Attorney II, and 1.00 Network Administrator (starting July 1)
- Elimination of or reduction in the following positions: 0.50 Election Specialist and 0.25 Production Technician

## Capital Expenditures and Capital Improvement Projects Highlights

The approved Five-year Capital Improvement Program was the foundation for the consideration of the 2019 Executive Budget's list of capital improvement projects.

The following are some highlights:

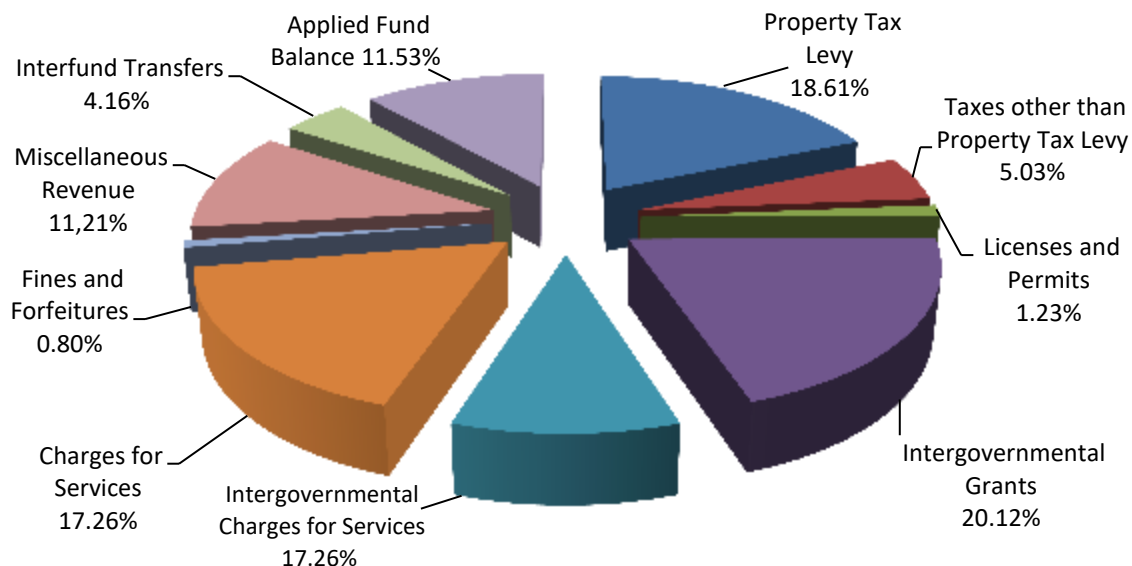
- \$3,907,656 for the reconstruction of North Avenue between North 15<sup>th</sup> Street and North 21<sup>st</sup> Street (3,168 linear feet);
- \$3,762,088 for the reconstruction of Pennsylvania Avenue bridge (due to federal funding, the net cost to Sheboygan is \$752,891);
- \$3,000,000 for the estimated 2019 (phase 2) cost to remodel the existing City Hall (project commenced in 2018);
- \$2,500,000 for the purchase of former railroad right-of-way for Shoreland 400 multimodal trail, which is adjacent to Indiana Avenue;
- \$2,500,000 for the reconstruction of streets which surround proposed Badger State Lofts, a mixed-use development including 118 "loft style" apartments;
- \$1,350,000 for the purchase of 3 replacement fixed route buses; and
- \$1,137,106 for the reconstruction of Superior Avenue between North 29<sup>th</sup> Street and North Taylor Drive (1,584 linear feet).

## Income/Outgo

The following pie charts represent the city's income and outgo. Revenues are grouped by major category; expenditures are shown by program area and by type of expenditure.

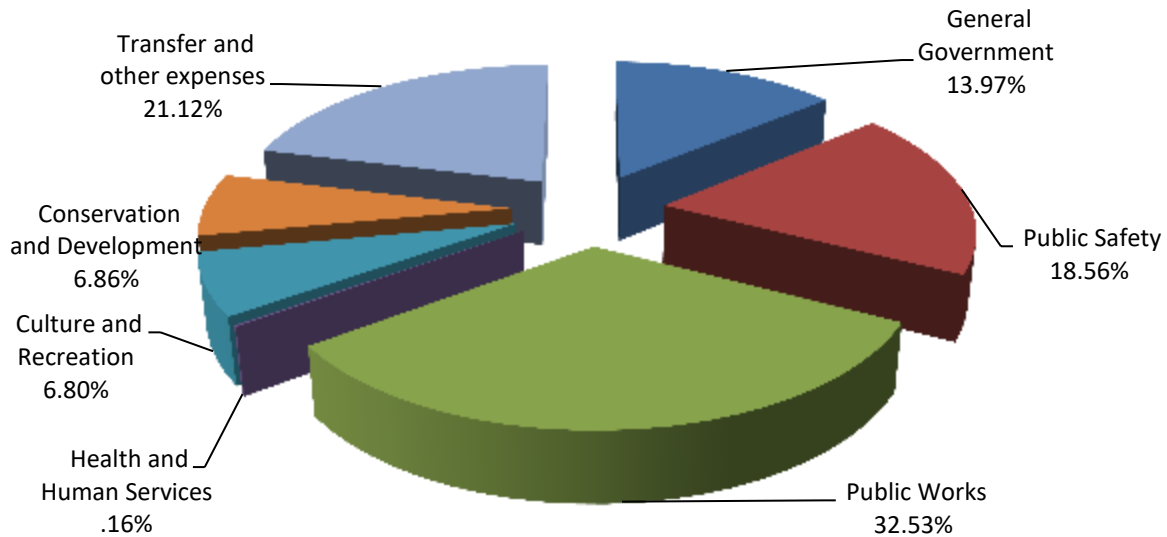
Of the 2019 revenues (Source of Funds) as identified on the pie chart below, Intergovernmental Revenue representing 20 percent which is the largest revenue source. The second largest category – Property Tax Levy represents 19 percent.

**Where the Money Comes From by Source of Funds**



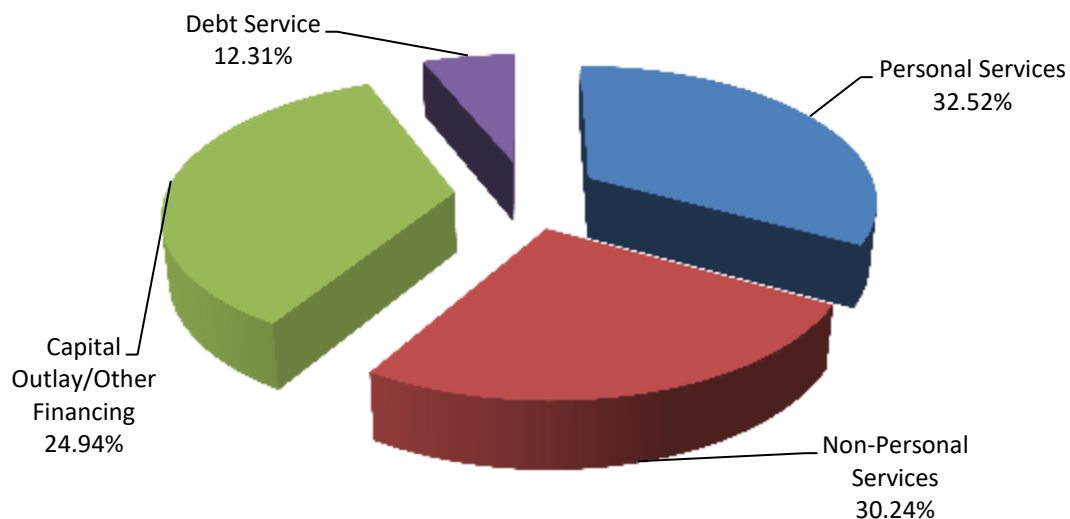
The chart below page depicts the breakdown of city expenditures and how the money is spent by program. Public Works and Transfers represent the first and second largest areas of expenditure appropriations, accounting for 33 percent and 21 percent respectively of the total financial program in 2019.

### Where the Money Goes by Type of Program



The final chart depicts appropriation by expenditure type (Line Item Category). Personal Services represent the largest portion of the total financial program at 33 percent.

### Where the Money Goes by Line Item Category



## FINANCIAL ASSESSMENT

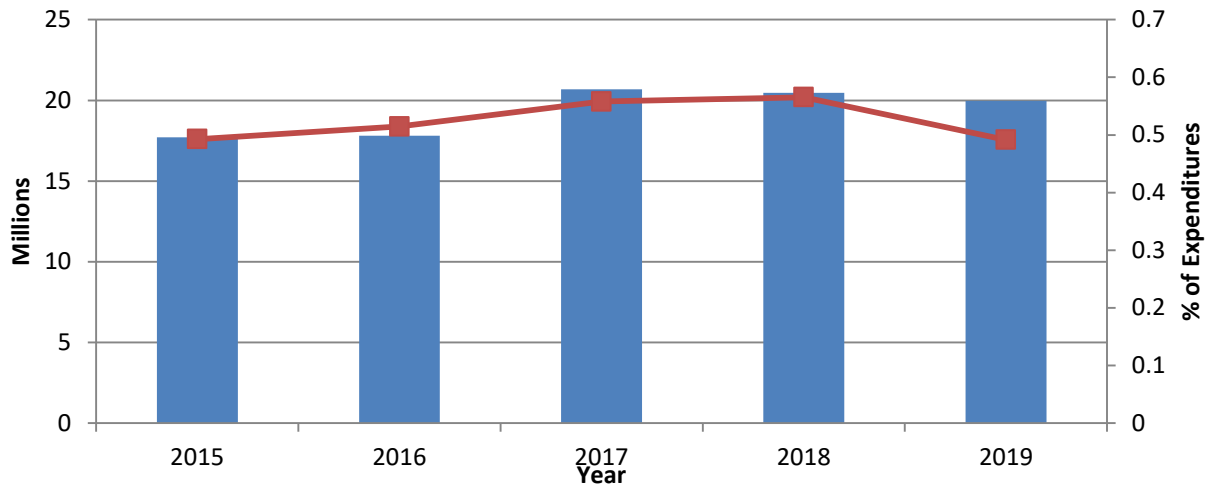
Sheboygan has developed and maintained a strong financial position through conservative financial management and adherence to sound fiscal analysis and policies. The 2019 Executive Budget is no exception.

### Fund Balances

One measure of a municipality's financial strength is the level of its fund balances. All of the City's six fund categories have a positive fund balance for 2019. The proposed budget identifies the use of \$12,413,235 or 26 percent of the projected January 1, 2019 Fund Balances for all funds, except Proprietary Funds. For the Proprietary Funds, the Net Position decreases by \$2,309,103 or 2.8 percent.

The city's 2019 uncommitted fund balance in the General Fund is projected to be \$16 million (or \$18 million total fund balance, including committed fund balance) as of December 31, 2019. This uncommitted fund balance represents 42 percent of 2019 General Fund estimated expenditure, which exceeds the recommended City's guideline of (minimum) 25 percent. In comparison, the 2018 fund balance (as of December 31, 2018) was projected to be 56 percent of adopted 2018 Annual Program Budget. The decrease is due to the transfer of \$5.5 million to the Capital Projects Fund to pay for approximately half of the City Hall renovation project.

### General Fund Balance By Dollar Amount and Percent of Expenditures\*



\*Uncommitted

### Debt Management

In addition to the management of existing debt and associated reserves, the city also forecast future debt within a framework of policies priorities and financial capacity. Current and anticipated capital improvement objectives, available operating revenue, and tax base fluctuations are all evaluated on an ongoing basis to estimate the extent to which the city may issue additional tax-supported debt. This active debt management aids in the development of a sustainable debt portfolio and is a key financial practice contributing to the maintenance of the city's favorable bond rating. The city's overall General Obligation debt as a percentage of the statutory limit (including a recommendation to borrow an additional \$19.1 million of which \$8.4 million is the refinancing of 2018 notes) is 29.6 percent for 2019 (in comparison to the City's goal to not exceed 60 percent).

<u>As of December 31</u>	<u>Net Debt Outstanding</u>	<u>Ratio of Net Debt to Debt Capacity</u>
2016	\$24,105,457	19.7%
2017	\$27,313,477	20.9%
2018	\$35,373,845	25.2%
2019	\$41,547,419	29.6%

Of the 29.6 percent of legal debt used, 67.1% of this debt is non-TID related.

### Bond Rating

The city's 2018 bond rating is further evidence of its financial strength. Sheboygan's general obligation bonds are currently rated Aa2 by Moody's Investors Service. Having solid financial policies and prudent financial management practices are principle reasons for this excellent bond rating. This "strong" rating translates directly into lower interest rates on the city's debt.



### **Local Economy and Development Activity**

The city's moderate economic growth has contributed to the community's low unemployment rate of 2.5 percent (June 2018) as compared to Wisconsin and United State rates of 2.9 percent and 4.0 percent respectively. This low unemployment rate is accomplished by a solid manufacturing base. Sheboygan County has the third highest concentration of manufacturing jobs (per capita) in the nation.

The low unemployment rate has also contributed to the areas' low poverty rate. An analysis of poverty rates across the United States has found Sheboygan to have the lowest poverty rate in the nation in 2017–5.4 percent.

The City of Sheboygan is located on the west shore of Lake Michigan and is substantially surrounded by the developed areas of the Towns of Wilson and Sheboygan and the Village of Kohler. As such, the City has limited opportunities for geographic expansion. Five annexations occurred in 2017 for a total of 559 acres including a proposed golf course and a municipally-developed business park. The City continues to promote redevelopment of older sections of the community into higher density uses.

Multifamily development investment continues in Sheboygan. In 2018, construction will finish on two downtown apartment projects: Portscape apartments – \$11.7 million valuation and High Pointe apartments - \$15.1 million valuation. Three additional multifamily projects are expected to commence in late 2018 or early 2019: Water's Edge condominiums - \$7 million, former Nino's site apartments - \$8 million, and Badger State Lofts mixed use project including apartments - \$30 million.

For the second year in row since the Great Recession, existing residential properties have appreciated with a six percent increase in valuation. Regarding new construction, the City has experienced in 2018, another year of limited single and two family home construction. A similar pace for single family construction is expected in 2019.

Significant private development projects under construction in 2018 or slated to commence in 2019 are 159,253 square foot Meijer supercenter, 54,000 square foot art visual storage facility - the Art Preserve, by John Michael Kohler Art Center on 39 acres, 8,400 square foot Commerce State Bank branch bank, 201 hotel rooms within two facilities - Fairfield Inn and Suites and Hampton Inn, 61,000 square foot Prevea medical office building, and 27,000 square foot FedEx distribution center.

The city has become directly involved in attracting new development by investing in the construction of SouthPointe Enterprise Campus, a new business park on the southwest side of the city. With the creation of a new tax incremental district (TID 18), "shovel-ready" sites will be available by December 2018.

The city will also take a lead in the redevelopment of Indiana Avenue corridor with the financial assistance of a new tax incremental district (TID 17). This corridor will feature Fresh Tech Innovation District, a live-work-play talent magnet for innovation and entrepreneurship.

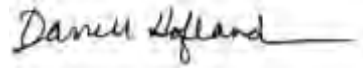
### **CONCLUSION**

The 2019 Executive Budget is committed to advancing the City's Strategic Plan and its 2019 Action Items.

Consistent with the city's effort to be transparent, Sheboygan will continue to provide quarterly financial information including revenue and expenditures. In addition to financial information, the city also presents key departmental and fund benchmarks.

I want to thank all of the city's Management Team, especially retiring Finance Director/Treasurer Nancy Buss, newly hired Finance Director/Treasurer Marty Halverson, and Budget Analyst Carrie Arenz for their assistance in developing the 2019 Executive Budget.

Respectively submitted,

A handwritten signature in dark ink, reading "Darrell Hofland", followed by a horizontal line.

Darrell Hofland  
City Administrator

# City of Sheboygan

# 2019 Budget Facts



	Amended 2018	Executive 2019	CHANGE	
			\$	%
Governmental Funds Expenses:				
General Fund Expenses	\$37,649,174	\$38,127,572	\$478,398	1.27%
<b>Levy Required</b>	\$16,240,705	\$16,435,705	\$195,000	1.20%
Special Revenue Funds Expenses	\$9,733,064	\$10,206,766	\$473,702	4.87%
<b>Levy Required</b>	\$2,445,829	\$2,509,321	\$63,492	2.60%
Debt Funds Expenses	\$8,405,290	\$15,849,080	\$7,443,790	88.56%
<b>Levy Required</b>	\$3,196,889	\$3,421,889	\$225,000	7.04%
Capital Improvement Funds Expenses	\$29,796,297	\$26,086,958	(\$3,709,339)	(12.45%)
<b>Levy Required</b>	\$929,507	\$892,025	(\$37,482)	(4.03%)
Fiduciary Fund Expenses	\$2,000	\$2,000	\$0	0.00%
<b>Levy Required</b>	\$0	\$0	\$0	0.00%
Proprietary Funds Expenses:				
Enterprise Funds Expenses	\$24,147,660	\$25,198,473	\$1,050,813	4.35%
<b>Levy Required</b>	\$511,547	\$511,547	\$0	0.00%
Internal Service Funds Expenses	\$12,035,936	\$12,267,078	\$231,142	1.92%
<b>Levy Required</b>	\$0	\$0	\$0	0.00%
<b>Total Expense</b>	\$121,769,421	\$127,737,927	\$5,968,506	4.90%
<b>Total Tax Levy</b>	<b>\$23,324,477</b>	<b>\$23,770,487</b>	<b>\$446,010</b>	<b>1.91%</b>
Non-TID Property Tax Base				
Equalized	\$2,488,723,200	\$2,650,921,700	\$162,198,500	
<b>Equalized Tax Rate*</b>	<b>\$9.372</b>	<b>\$8.967</b>	<b>(\$0.405)</b>	<b>(4.32%)</b>
Equalized/Assessed Ratio	96.21%	90.25%		
<b>Assessed Tax Rate*</b>	<b>\$9.7413</b>	<b>\$9.9356</b>	<b>\$0.194</b>	<b>1.99%</b>

\*per \$1,000 property valuation

## 2019 BUDGET SUMMARY

GOVERNMENTAL FUNDS					
	General Fund	Special Revenue	Debt Service	Capital Improvement	Fiduciary Funds
Revenue					
Taxes	\$16,639,228	\$3,991,321	\$7,358,181	\$1,690,775	\$0
Licenses and Permits	921,240	610,000	0	0	0
Intergovernmental Revenue	14,397,303	0	19,825	8,359,913	0
Intergovernmental Charges for Services	258,000	1,836,171	0	0	0
Charges for Services	1,679,822	2,034,740	0	0	9,400
Fines and Forfeitures	271,000	750,000	0	0	0
Miscellaneous Revenue	342,425	668,569	540,465	11,247,026	24,000
Interfund Transfers	2,717,605	225,000	1,117,132	150,000	0
Total Revenue	\$37,226,623	\$10,115,801	\$9,035,603	\$21,447,714	\$33,400
Expenditures					
General Government	\$3,911,025	\$903,447	\$1,500	\$3,280,000	\$0
Public Safety	21,782,447	1,237,643	0	691,025	0
Public Works	9,017,575	59,000	0	12,363,429	0
Health and Human Services	201,337	0	0	0	750
Culture and Recreation	2,673,178	5,778,852	0	229,770	0
Conservation and Development	347,928	1,352,824	197,069	6,867,917	0
Transfers and other expenses	194,082	875,000	15,650,511	2,654,817	1,250
Total Expenditures	\$38,127,572	\$10,206,766	\$15,849,080	\$26,086,958	\$2,000
Excess of revenues over (under) expenditures	-\$900,949	-\$90,965	-\$6,813,477	-\$4,639,244	\$31,400
Fund Balance, January 1	\$19,078,761	\$1,348,773	\$17,375,830	\$7,789,986	\$2,051,126
Fund Balance, December 31	\$18,177,812	\$1,257,808	\$10,562,353	\$3,150,742	\$2,082,526
Net Position, January 1	\$0	\$0	\$0	\$0	\$0
Net Position, December 31	\$0	\$0	\$0	\$0	\$0
Net Property Tax Required	\$16,435,705	\$2,509,321	\$3,421,889	\$892,025	\$0



## BUDGET SUMMARY

Proprietary Funds	2019 Executive	2018 Estimated	2017 Actual	2016 Actual	
\$511,547	\$30,191,052	29,277,141	27,988,980	27,490,550	Revenue
34,200	1,565,440	1,562,600	1,744,547	1,818,010	Taxes
2,926,478	25,703,519	17,811,595	18,720,938	17,260,839	Licenses and Permits
10,758,426	12,852,597	11,801,308	10,941,283	10,629,404	Intergovernmental Revenue
18,318,476	22,042,438	21,965,112	20,596,268	20,020,383	Intergovernmental Charges for S
0	1,021,000	1,015,940	1,060,330	1,041,267	Charges for Services
1,499,822	14,322,307	37,226,061	9,994,764	18,604,043	Fines and Forfeitures
1,107,499	5,317,236	14,161,007	9,250,856	7,409,052	Miscellaneous Revenue
\$35,156,448	\$113,015,589	134,820,764	100,297,966	104,273,548	Interfund Transfers
					Total Revenue
\$9,750,499	\$17,846,471	21,574,209	13,493,967	13,494,227	Expenditures
0	23,711,115	24,808,857	22,087,794	23,223,335	General Government
20,113,782	41,553,786	31,960,427	30,298,112	24,626,272	Public Safety
0	202,087	194,350	233,764	233,901	Public Works
0	8,681,800	8,333,789	8,401,637	8,415,551	Health and Human Services
0	8,765,738	20,120,071	8,892,366	6,111,249	Culture and Recreation
7,601,270	26,976,930	25,000,234	18,499,914	25,503,669	Conservation and Development
\$37,465,551	\$127,737,927	131,991,937	101,907,554	101,608,204	Transfers and other expenses
					Total Expenditures
-\$2,309,103	-\$14,722,338	2,828,827	-1,609,588	2,665,344	Excess of revenues over (under) €
\$0	\$47,644,476	42,641,954	43,456,422	42,850,895	Fund Balance, January 1
\$0	\$35,231,241	47,644,476	42,641,954	43,456,422	Fund Balance, December 31
\$83,038,389	\$83,038,389	85,212,084	86,007,204	83,947,387	Net Position, January 1
\$80,729,286	\$80,729,286	83,038,389	85,212,084	86,007,204	Net Position, December 31
\$511,547	\$23,770,487	\$23,324,477	\$22,150,349	\$21,728,810	Net Property Tax Required
	2,392,456,834	2,394,400,591	2,318,618,801	2,287,289,974	Assessed Valuation
	9.9356	9.7413	9.5532	9.4958	ASSESSED TAX RATE
	2,650,921,700	2,488,723,200	2,326,529,000	2,297,297,000	Equalized Valuation*
	8.9670	9.3720	9.5210	9.4584	EQUALIZED TAX RATE

\* Valuation does not include Tax Incremental District valuation

## **OVERVIEW OF BUDGET PROCESS**

### **How is the Budget Created?**

The City of Sheboygan's fiscal year runs from January 1 to December 31. The budget is created and serves as a comprehensive, rational guide for financial decision-making and operations management throughout the fiscal year.

In support of the [Strategic Plan](#), all work initiated by the city is completed in an effort to support advance the city's mission and vision. The six Strategic Plan Focus Areas are Quality of Life, Infrastructure and Public Facilities, Economic Development, Neighborhood Revitalization, Governing and Fiscal Management, and Communication.

### **A. Forecasting Methodology of Revenues and Expenditures**

Each year, the city must develop a plan of action – forecasting, for projecting its revenue and expenditures.

Forecasting provides an estimate of how much revenue will be available and the resources required to meet current service levels and programs over the forecast period, along with an understanding of how the total financial program will be affected by the demographic and economic factors driving these forecasts. The City of Sheboygan forecasting methodology reflects a combination of internal analysis and locally generated consensus forecasts covering such factors as: population growth, real estate property values, income per capita, and inflation.

### **B. Resource Allocation and Planning Policy**

The allocation of available resources among various city programs and services will vary from year to year in response to current community needs as well as Strategic Plan goals. The goals, in turn, are identified throughout each fiscal year by city management with final approval by the Common Council.

### **C. Capital Improvement Policy**

Annually, the city develops a five year Capital Improvement Program. Included in the program are capital expenditures and capital improvement projects. They are defined as follows:

Capital Expenditures – Charges for the acquisition at the delivered price including transportation, costs of equipment, land, buildings, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$25,000 and a useful life expectancy of at least two years.

Capital Improvement Projects – An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and has a total cost in excess of \$50,000.

## **D. Executive Policy**

Included each year in the City Administrator's preliminary budget instructions to department heads is a statement of budget parameters approved by the Finance and Personnel Committee and Common Council. The parameters serve as a guide for the upcoming fiscal year.

## **E. Program/Service Level Budget versus Line Item Budget**

The City of Sheboygan budget incorporated two distinct components: a program/service level budget and a line item budget. Please note that the budget is approved by the Common Council at the fund level with the exception of the General Fund, which is approved at the functional level – General Government, Public Safety, Public Works, etc.

## **F. Fund Policy**

In municipal budgeting, a "fund" is a self-balancing set of accounts with revenues earmarked for specific programs or purposes. The city's Annual Program Budget consists of the following types of funds: General Fund, Special Revenue Funds, Debt Service Funds, Capital Improvement Funds, Proprietary Funds and Fiduciary Funds.

Throughout the upcoming fiscal year, the city budget may be amended as needed to reflect new sources of revenue or changes in appropriations for any fund.

## **G. Policy on Carry-Forward Balances**

Monies appropriated but not expended within a given fiscal year are carried forward into the next fiscal year as either obligated or surplus revenue. The following carry-forward procedures vary according to the fund in which the balance accrued:

General Fund – Monies are allocated each year in the city budget to various departments, programs and activities. However, if those monies have not been expended at the end of each fiscal year, they automatically revert to the General Fund's fund balance rather than being carried forward as a departmental surplus.

Proprietary Fund – Revenues may accrue positive fund balances from year to year without loss of those monies to other funds or programs.

Special Revenue Funds and the Capital Improvement Funds are earmarked for specific programs or purposes. Balances in these funds are carried forward to the next fiscal year as unobligated surplus, unless monies are encumbered for a project in process.

## **H. Policy on Encumbrances**

An encumbrance is a method of obligating monies for future expenditures. Specifically, in city budgeting, an encumbrance is used to keep unexpended monies from reverting back to their source at the end of each fiscal year.

## I. Chart of Account Policy

Expense categories used in the city's Annual Program Budget and its supporting system are established in a master list known as the Chart of Accounts. This list establishes uniform expenditures/cost titles and corresponding account numbers for use by all city departments. The Chart of Accounts may be expanded or reduced.

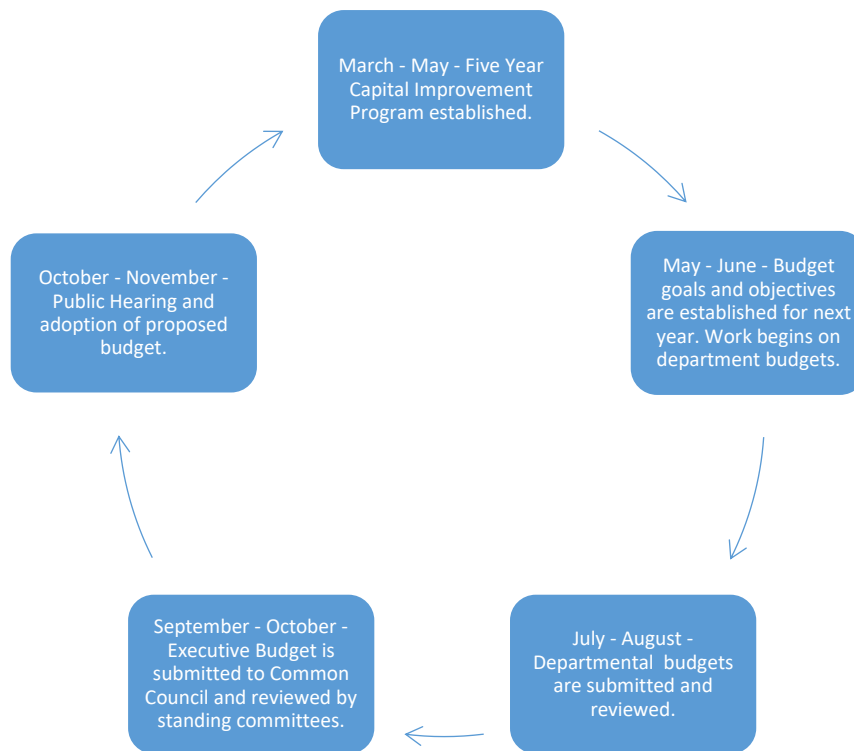
## J. Contingency Policy

Budgeting for contingencies in each fiscal year is the City Administrator's responsibility. Departmental budgets are prohibited from containing planned contingencies.

## K. Cost Allocation Policy

For various reasons, the city may wish to identify overhead or administrative costs associated (directly or indirectly) with a specific program or activity. The most common uses of this information are in inter-departmental charging for shared personnel, equipment, and materials.

### When is the Budget Created?



Although the administration of the existing budget is a constant process, the preparation of the next year's budget begins with the establishment of an Executive Policy of written goals and parameters by the City Administration and approved by the Common Council, and the distribution of budget instructions by the City Administrator.



The city uses the following procedures when establishing budgetary data reflected in this document:

- Finance and Personnel Committee reviews recommendations by the City Administrator to develop a framework for the budget development.
- Common Council approves recommendation from the Finance and Personnel Committee regarding guidelines for the budget development.
- City Administrator informs Management Team of Common Council's approved recommendations for budget development.
- Management Team submits to the City Administrator proposed operating budgets for the fiscal year which commences the following January 1. The operating budget includes proposed expenditures and means of financing them.
- The City Administrator submits the Executive Budget to the Common Council. Copies of the budget are made available for public use on the city's website.
- In accordance with Wisconsin Statutes Section 65.0(3), a Class 1 public notice is published at least 15 days prior to a public hearing.
- A public hearing is held concerning the proposed budget.
- The Common Council approves by resolution the proposed budget and sets the associated tax levy.

Following the adoption of the annual budget, budget transfers and supplemental appropriations occur throughout the year as needed via an Intra-Program Category Amendment, Inter-Program Category or Inter-Fund Amendment.

### **What are the Key Components of the Budget Document?**

The annual budget document, including the Executive, Proposed and Adopted Budgets are produced with consideration to the Strategic Plan focus areas mentioned previously. There are three main parts of the City of Sheboygan's annual budget. These parts include:

1. Budget Overview and Schedules – This section provides an overview of the operating and Capital Improvement budgets. The information provides quick access to the general financial information for the city. It is an easy reference point for information about all components of the budget.
2. Department and Fund Detail – The budget contains estimates of the total value of resources required for the city to provide services to its residents and estimates of how much the city will collect. This section is broken down by department and fund in many cases. It includes total budgeted revenues, expenditures and employee positions for the fiscal year, noting any change from the prior two fiscal years.
3. Appendix and Summary Detail – The budget contains information on the proposed Capital Improvements Program as referenced in the budget detail. A capital improvement is a project that refurbishes or improves the city infrastructure, for example, the replacement of street lights or the development of a new city park. The Capital Improvements Program is the five year plan for all individual capital improvements projects and funding sources. In addition, this section contains a detailed personnel schedule, summaries of expenditures by fund, department and category, chart of accounts and glossary.

### **Is more information on the Budget available?**

Further detail on the 2019 Executive Budget can be found within the budget document itself. The budget is located in the city's website, [www.sheboyganwi.gov](http://www.sheboyganwi.gov), both on the City Administrator's page, <http://www.sheboyganwi.gov/departments/city-administrator/> and the Finance Department's page, Financial Reports section, <http://www.sheboyganwi.gov/departments/finance/financial-reports/>. Copies of the document are available for viewing at the City Clerk's office and the Mead Public Library. Any additional questions on the budget or this document can be directed to Budget Analyst, Carrie Arenz at [carrie.arenz@sheboyganwi.gov](mailto:carrie.arenz@sheboyganwi.gov) or (920) 451-2367.



Sheboygan was first witnessed in 1635 by Jean Nicolet who was exploring Lake Michigan and the Fox River Valley by canoe. After discovering the Upper Mississippi River in 1643, Sieur Louis Joliet and James Marquette passed by what would be Sheboygan. However, the first landing in Sheboygan did not occur until 1699 when Quebec missionary Father Saint Cosme came to intermingle with the then resident Potawatomi Indian Tribe.

The city's name is derived from the Indian language. However, reports of its meaning vary. A thesis by Jerome Francis Hesselink says that Sheboygan's name is derived from the Indian term "Sheu-wau-wau-gum" which means rumbling waters and refers to the many falls along the Sheboygan River. Local author, Janice Hildebrand reports that Sheboygan means "waterway between the lakes" referring to the connection of the Sheboygan River between Lake Michigan and Lake Winnebago. There are also several stories related to an Indian father declaring the birth of a new baby by saying, "She be a boy again," which was shortened through the years to Sheboygan. Regardless of which of these hypotheses are correct, the name was derived from the local Indian culture which first inhabited the area.



In 1846, Sheboygan was incorporated as a village. Sheboygan became a city in 1853. In 1891, Sheboygan was one of the great manufacturing centers of the state. The 1900's were highlighted further expansion of city services to its 22,962 citizens. In order to further protect the harbor from Lake Michigan's waves, a breakwater and lighthouse were built north of the river in 1900. In 1930, Sheboygan had 39,251 citizens and today has 48,846 residents.

Today, Sheboygan's strong work ethic in the manufacturing field continues to boast great job opportunities in our varied private and publically owned industries. Privately owned companies with strong roots include Rockline Industries, Torke Coffee, Scandia Plastics, and Plenco to name a few. Sheboygan's strategic location makes it an important transportation hub in east central Wisconsin, providing access by highway, rail, air, and water. Here we enjoy the lifestyle of small town America, along with the convenience of living 50 miles from either Milwaukee or Green Bay.

The City operates under a "Council-Manager" form of government with a City Administrator responsible for the day-to-day responsibilities of supervision, coordination, and administration of the City departmental activities; formulation, presentation, and administration of the budget. Policymaking and legislative authority are vested in a 10 member Common Council, chaired by the Common Council President.

The Sheboygan Police Department consists of 83 full-time sworn officers who provide 24-hour police protection. The Sheboygan Fire Department consists of 74 sworn officers and provides 24-hour fire and ambulance services to the residents of Sheboygan. The city partners with the Sheboygan Area School District (SASD) Community Recreation organization to provide recreational needs to the community. The Senior Activity Center provides 642 active members with opportunities for the senior citizens. Mead Public Library provides library resources for the City and the surrounding townships. Sheboygan Water Utility, under the direction of the Board of Water Commissioners, provides water to the city from Lake Michigan and the Sheboygan regional wastewater treatment plant collects sewage waste from Sheboygan residents, surrounding towns and villages.



Shoreline Metro is the City's premier provider of public transportation to the Sheboygan metro area. Service is provided Monday through Saturday with most routes operating on a 30 minute schedule. All buses are equipped with bike racks and accessible buses for mobility concerns.

SASD provides 26 schools and just over 9,200 students and is the largest district in the County. SASD provides a wide-variety of educational opportunities, ranging from four-year old kindergarten to college courses offered at the high school level all taught by a highly-educated teaching staff.

Sheboygan is proud to have the UW Green Bay - Sheboygan Campus located within the municipal boundaries. UW Green Bay - Sheboygan Campus provides associate degrees, as well as several onsite bachelor degrees through collaborative programs with other University of Wisconsin schools.

Sheboygan County is home to Lakeland University. A liberal arts college offering both undergraduate and graduate degrees, Lakeland University provides students with an education that is broad in scope, comprehensive in spirit and focused in at least one area of study. Lakeshore Technical College (LTC) is a leading provider of technical education offering over 100 career focused programs including associate degrees, technical diplomas, technical certificates and apprenticeship programs.

As the City advances in the future, these trends need to be taken into consideration as we plan our resources and services to residents. Today, Sheboygan is rich in opportunities to enjoy the good life. With the lake's scenic and recreational resources, a mix of housing and retail attractions, a broad-spectrum of cultural groups and established health care facilities generally found only in much larger communities, residents proudly call Sheboygan home.