



2022-2023 Budget



November 2, 2021

November 2, 2021

2022-2023 Budget Overview



2022-2023 Budget Review

Budget Review Process

- October 5: City Manager Budget Delivery
- October 7: Finance Committee Review
- October 12: Finance Committee Review
- October 14: Finance Committee Review
- **November 2: Formal Presentation to Common Council**
- November 16: Public Hearing and Adoption

2022-2023 Budget Briefing



Tax Bill Breakdown



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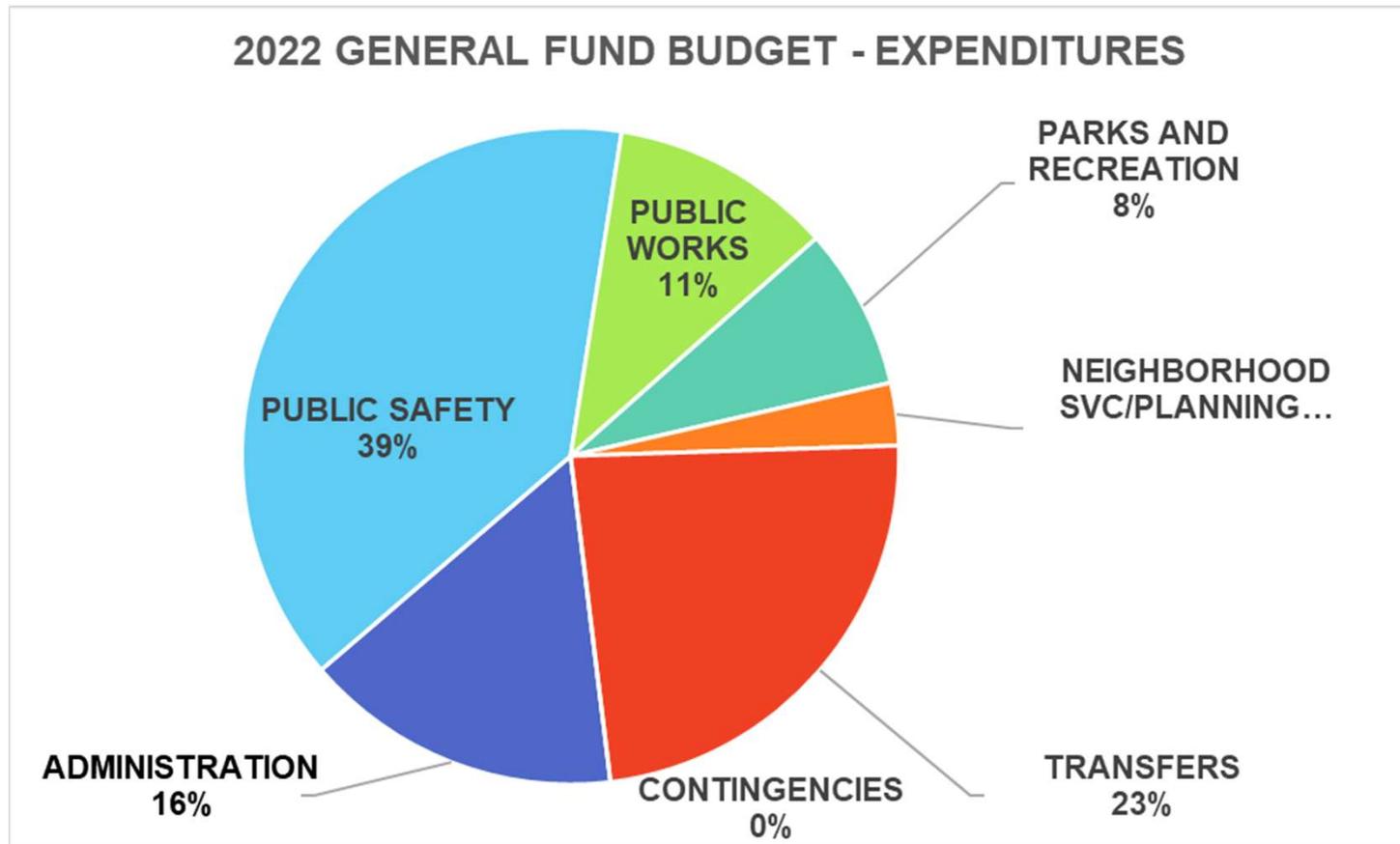
State of Wisconsin (0%)
Walworth / Jefferson County (16%)
Technical College (4%)
Whitwater Unified School District (51%)
City of Whitewater (29%)



(Property Tax Bill 2020-2021)



2022-2023 Budget Briefing





2022-2023 Budget Briefing

Guiding Principles & Goals

- Deliver Balanced Budget
- Restore 'Normal' (Non-COVID) Budget. General Fund Budget Reduced 2.4%
- Maintain a fund balance equal to or greater than 20% of the GF operating budget. (Achieved in 2019)
- Deploy State/Federal resources for existing projects and programs
- Transition to Biennial Budget planning cycle



2022-2023 Budget Briefing

- Notable Items:
 - Inflation growing; September CPI-U at 5.4%
 - 2.25% Wage Allowance in 2022 and 2023
 - 2021 Surplus to pre-fund 2022 transfers to Sinking Funds
 - Water rate increase of 3% effective July 1, 2022



2022-2023 Budget Briefing

- Notable Items (Continued):

- WFD, Inc. funding held at 2021 levels pending contract renegotiation
- WFD, Inc. (Private non-profit vendor) provides Emergency Medical and Fire response service to the City and surrounding Townships
- Increase is due to change in staffing model from paid-on-call model to an hourly wage
- Staffing change requires \$657,860 for a fully staffed / scheduled EMS
- WFD, Inc. is looking to obtain this funding from the City and Townships that they serve. Call volume is roughly 80% City/20% Township per WFD
- Request represents an increase of \$344,000 for the 2022 Budget



2022-2023 Budget Briefing

- Notable Items (Continued):
 - Several significant generational Capital Projects
 - Water Tower Replacement
 - Vanderlip Lift-Station Replacement
 - Lakes Drawdown - Dredging completion
 - General Obligation Bond issue in January for non-Utility 2022-2023 CIP
 - Revenue Bond issue in July for Utility 2022-2023 CIP
 - Call of 2011/2012 Utility Revenue Bonds for \$582,000 Savings
 - Refund at Lower Rate
 - Apply Debt Service Reserve to finance smaller amount
 - No extension of term



2022-2023 Budget Review

- General Fund Budget:
 - 2021: \$9,641,209 – **Decrease** of \$241,334 or 2.4% vs. 2020
 - Defensive Budget due to uncertainty of COVID impact in 2021
 - Budget reductions/eliminations in Contingency, transfers to Special Purpose Funds
 - 2022: \$10,029,453 – Increase of \$388,244 or 4.0% vs. 2021
 - Operations: \$8,981,105 – Increase of \$282,779 or 3.3%
 - Debt Service: \$1,048,348 – Increase of \$105,465 or 11.2% vs 2021
 - 2023: \$10,417,101 – Increase of \$387,647 or 3.9% vs. 2022
 - Operations: \$9,260,066 – Increase of \$278,960 or 3.1%
 - Debt Service: \$1,157,035 – Increase of \$108,687 or 10.4%



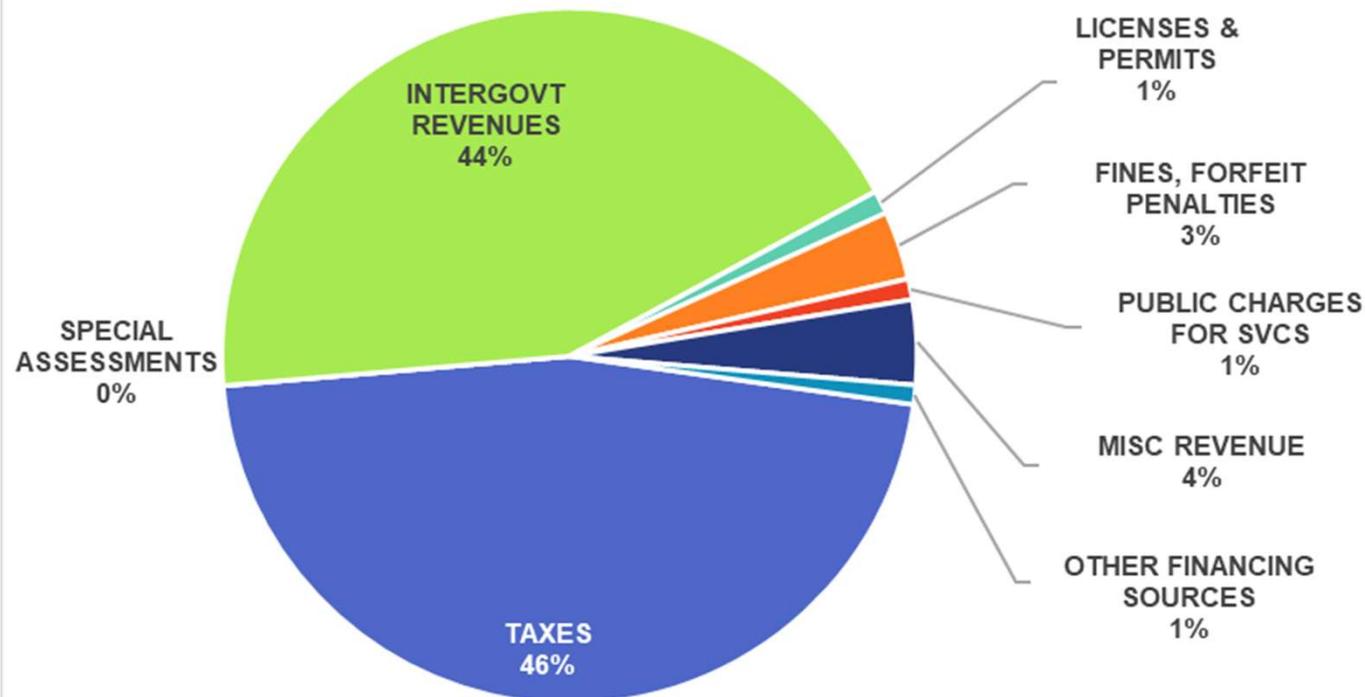
2022-2023 Budget Review

- General Fund Budget:

- 2022: \$10,029,453 – Increase of \$388,244 or 4.0% vs. 2021
 - Operations: \$8,981,105 – Increase of \$282,779 or 3.3%
 - \$3,154,970 – funded by Property Tax Levy (Increase of \$21,936 vs. 2021)
 - \$5,828,519 – funded by other Revenue sources (Increase of \$266,695 vs. 2021)
 - Debt Service: \$1,048,348 – Increase of \$105,465 or 11.2% vs 2021
- 2023: \$10,417,101 – Increase of \$387,647 or 3.9% vs. 2022
 - Operations: \$9,260,066 – Increase of \$278,960 or 3.1%
 - \$3,408,209 – funded by Property Tax Levy (Increase of \$253,239 vs. 2022)
 - \$5,851,857 – funded by other Revenue sources (Increase of \$23,338 vs. 2022)
 - Debt Service: \$1,157,035 – Increase of \$108,687 or 10.4%

2022-2023 Budget Briefing

2022 GENERAL FUND BUDGET - REVENUES

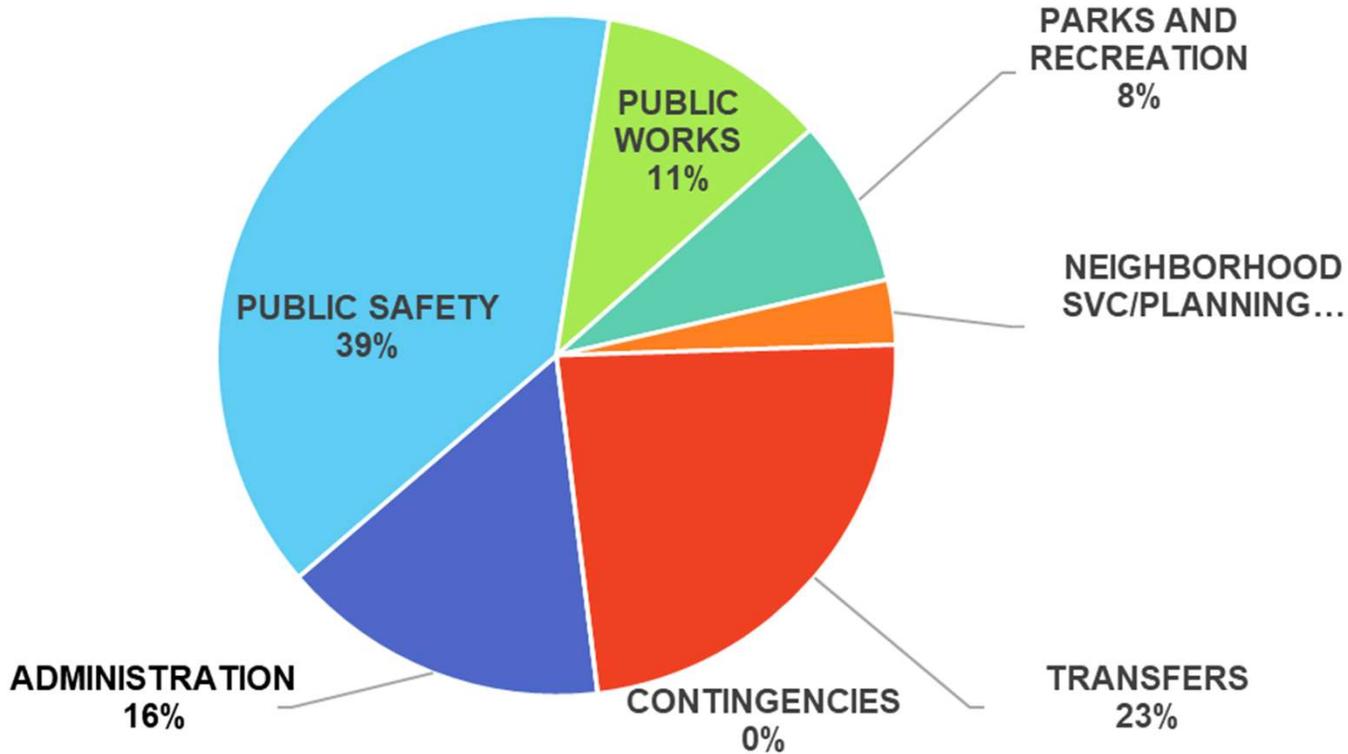


Budgeted Revenues up
\$388,244 vs. 2021

- Taxes up \$301,036
 - General Levy up \$21,936
 - Debt Service Levy up \$99,613
 - Room Tax up \$88,354
- Intergovernmental up \$43,815
- All other sources up \$43,393

2022-2023 Budget Briefing

2022 GENERAL FUND BUDGET - EXPENDITURES

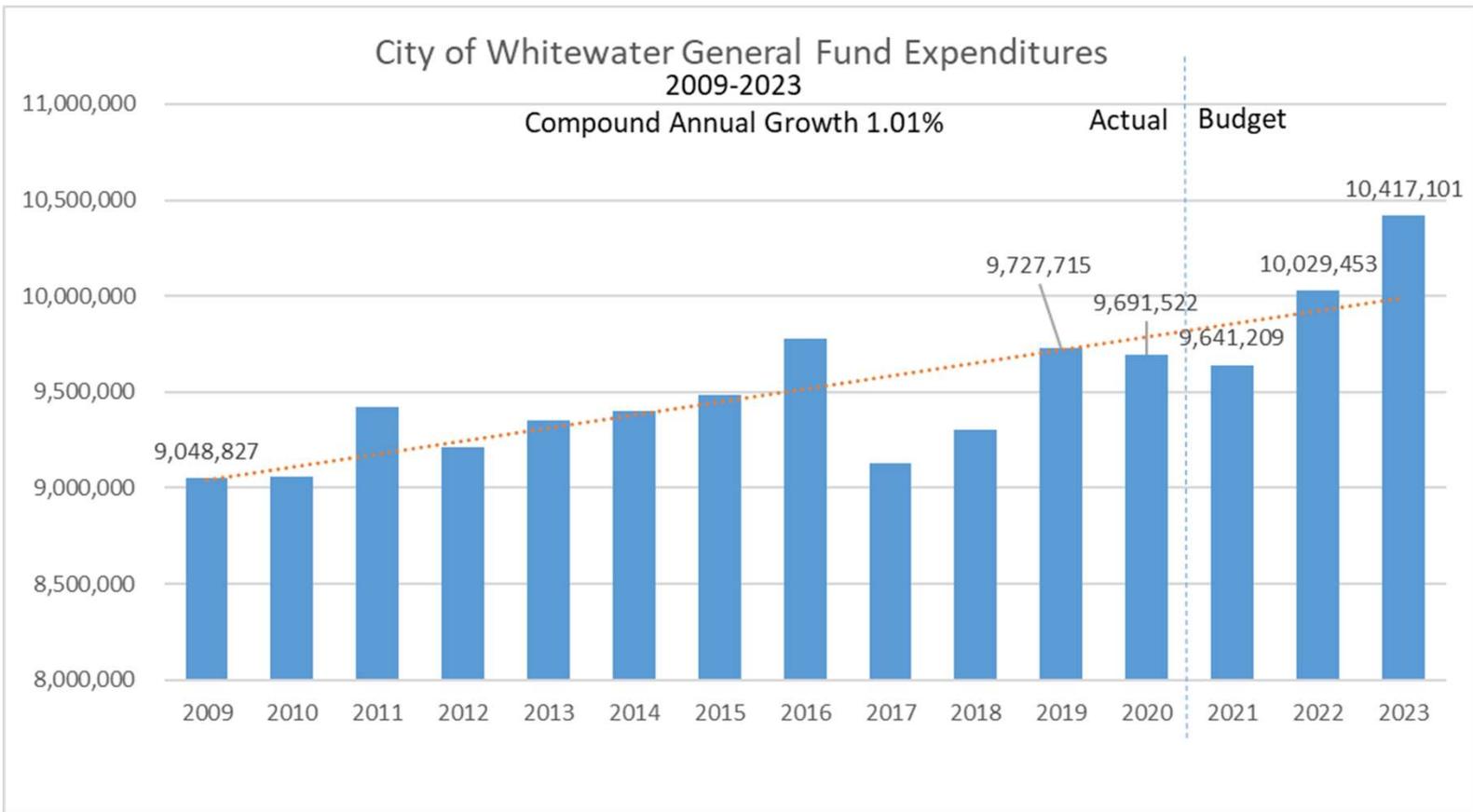


Budgeted Expenditures up \$388,244 vs. 2021

- Police Dept up \$127,842
- Debt Service up \$105,465
- Room Tax up \$61,848
- Street Lights up \$32,723
- Sr. Program up \$29,227
- WAFC support up \$25,000
- All other up \$6,140

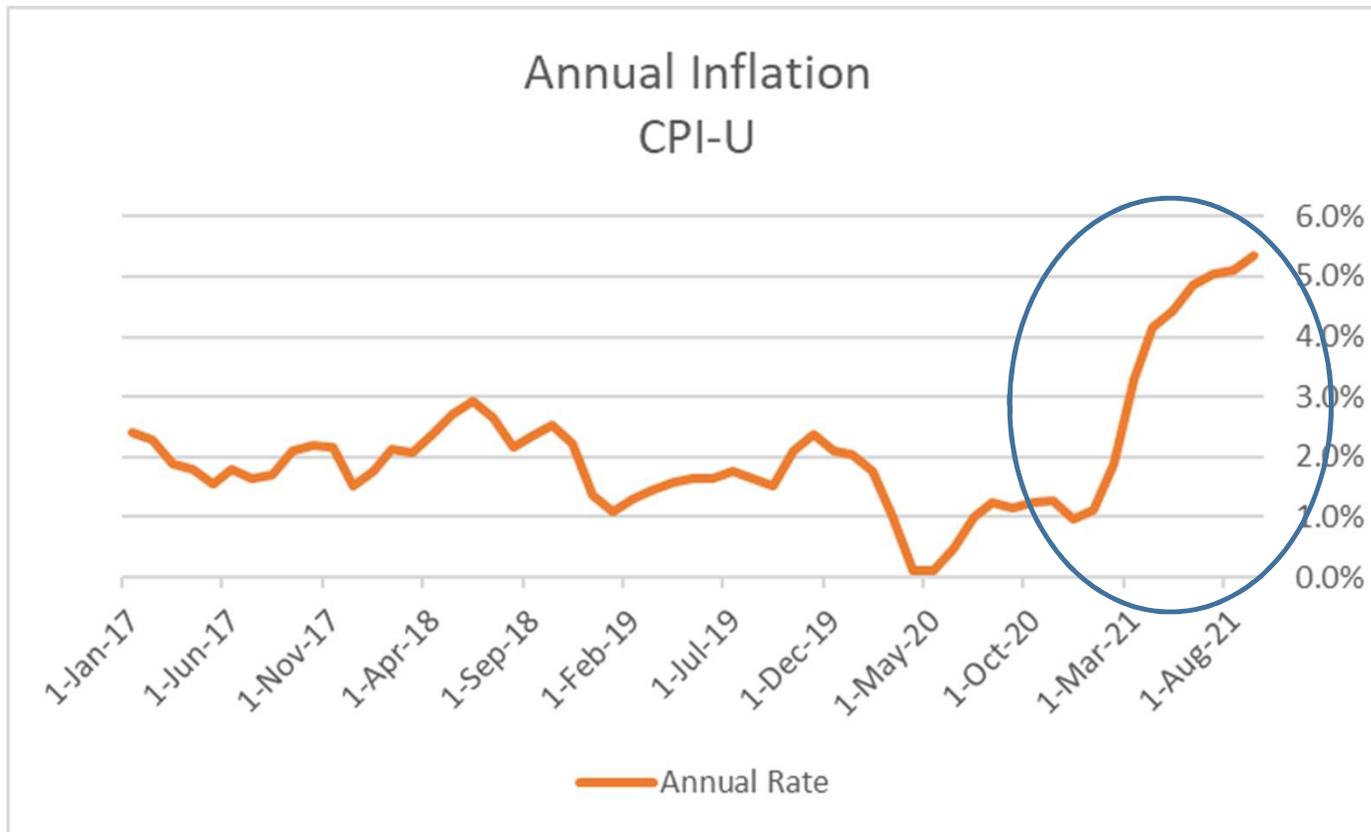


2022-2023 Budget Review



- General Fund Spending has been controlled
- Spending growth at 1.01% compound annual growth 2009-2023 Budget
- Inflation
 - 1.86% compound annual growth over 2009-2023
 - 5.4% over twelve months ended September 30, 2021

2022-2023 Budget Review

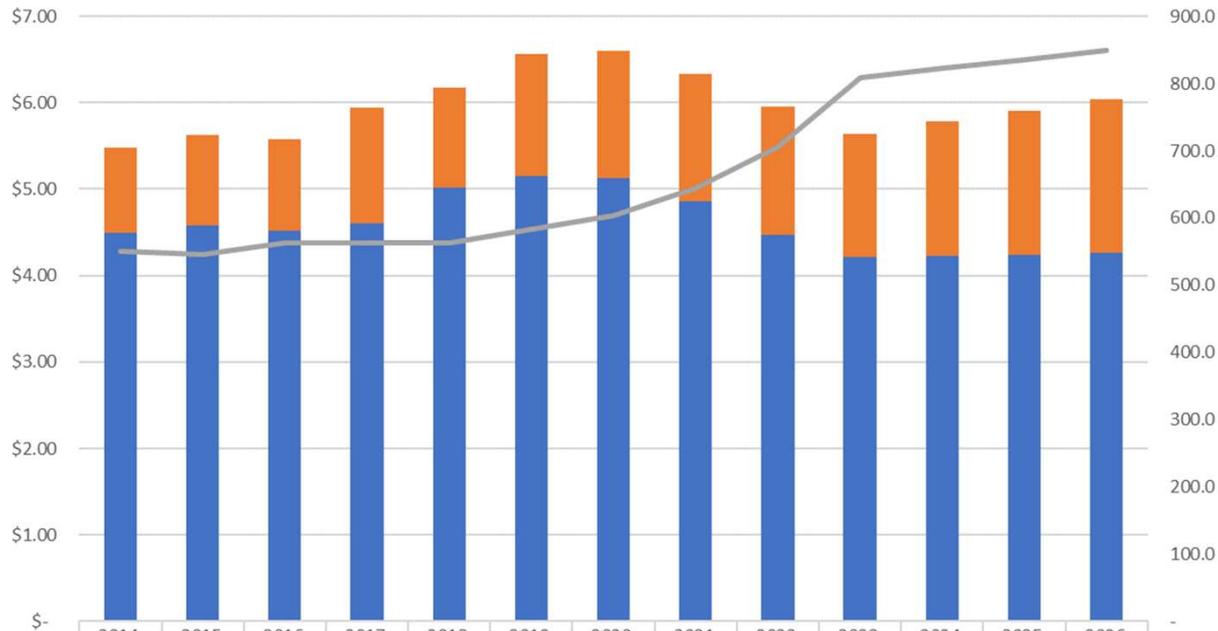


- The Bureau of Labor Statistics (BLS) publishes measures of inflation each month
- Consumer Price Index for all Urban Consumers (CPI-U) for WI Expenditure Restrain Program
- Inflation has remained below 3% since 2012 but grown from 1% at December 2020 to 5.3% in September 2021



2022-2023 Budget Review

Property Values and Tax Rate



- Shown by Tax Year
- Tax Base Growth
 - Appreciation
 - New Construction
- 2021: TID 5-9 closure
- 2022 TID 4 closure
- 22-26 growth projected at 1.6% (25% of past 3 year average)
- Tax Rate by TID-Out Equalized value



2022-2023 Budget Briefing

Property Values and Tax Rate

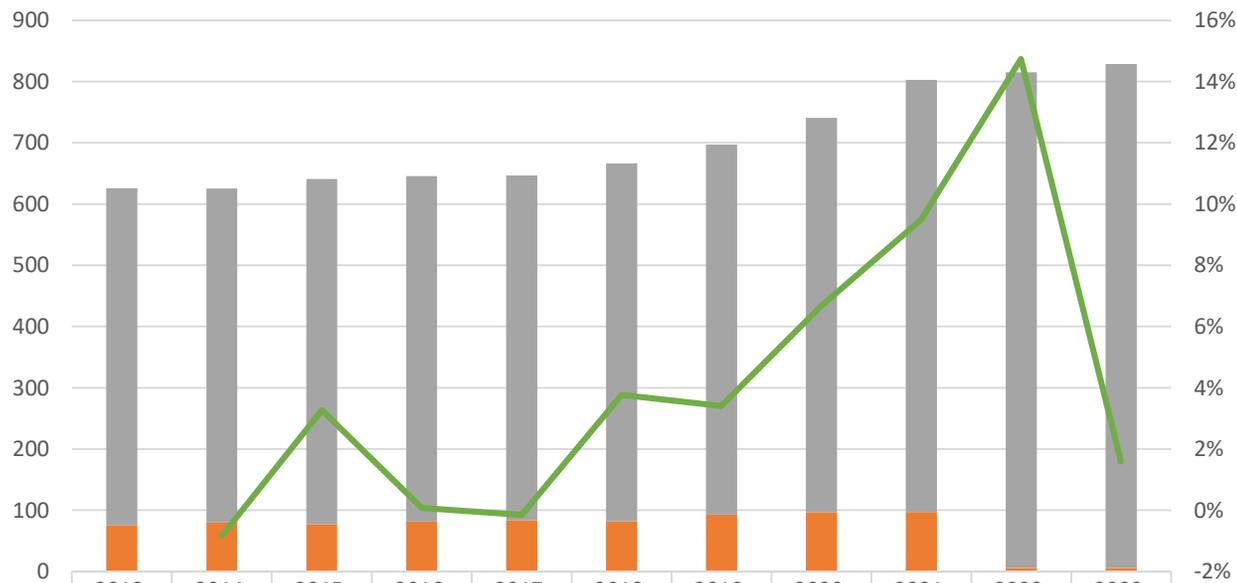


- Illustration of past and projected property tax levy attributable to general operations and debt service
- EMS/Fire line is illustrative only. A referendum would be necessary to accommodate the additional funding requested by WFD, Inc. to improve staffing/response concerns



2022-2023 Budget Review

Equalized Property Values
(\$ Millions) by tax-year



Shown by Tax Year

Tax Base Growth

- Appreciation
- New Construction

2021: TID 5-9 closure

2022 TID 4 closure

22-26 growth projected at 1.6% (25% of past 3 year average)

■ Tid-Out	549.98	545.42	563.25	563.69	562.84	584.10	603.97	644.22	705.31	809.25	822.21
■ Increment Value	75.89	79.77	77.50	81.70	83.93	82.30	92.93	96.58	96.99	5.89	5.97
— Tid-Out % Chg		(0.8%)	3.3%	0.1%	(0.2%)	3.8%	3.4%	6.7%	9.5%	14.7%	1.6%



2022-2023 Budget Review



- City Property Tax Rate is lower than all but one area community
- Total Property Tax Rate is lower than all but two area communities

Tax Rate = Tax per \$1,000 of assessed value



2022-2023 Budget Review

City Property Tax Levy Impact

Walworth County

Home Value	2021 City Property Tax	2022 City Property Tax	Change
Mill Rate (\$ / \$1,000)	\$ 6.57	\$ 6.36	(\$ 0.21)
\$ 150,000	\$ 985.18	\$ 954.14	(\$ 31.05)
\$ 250,000	\$ 1,641.97	\$ 1,590.23	(\$ 51.75)
\$ 350,000	\$ 2,298.76	\$ 2,226.32	(\$ 72.45)

Jefferson County

Home Value	2021 City Property Tax	2022 City Property Tax	Change
Mill Rate (\$ / \$1,000)	\$ 6.55	\$ 6.41	(\$ 0.14)
\$ 150,000	\$ 982.15	\$ 961.68	(\$ 20.48)
\$ 250,000	\$ 1,636.92	\$ 1,602.79	(\$ 34.13)
\$ 350,000	\$ 2,291.69	\$ 2,243.91	(\$ 47.78)

Note: Walworth County Manufacturing assessment not yet finalized. 2020 values used until final values released by state.



2022-2023 Budget Review

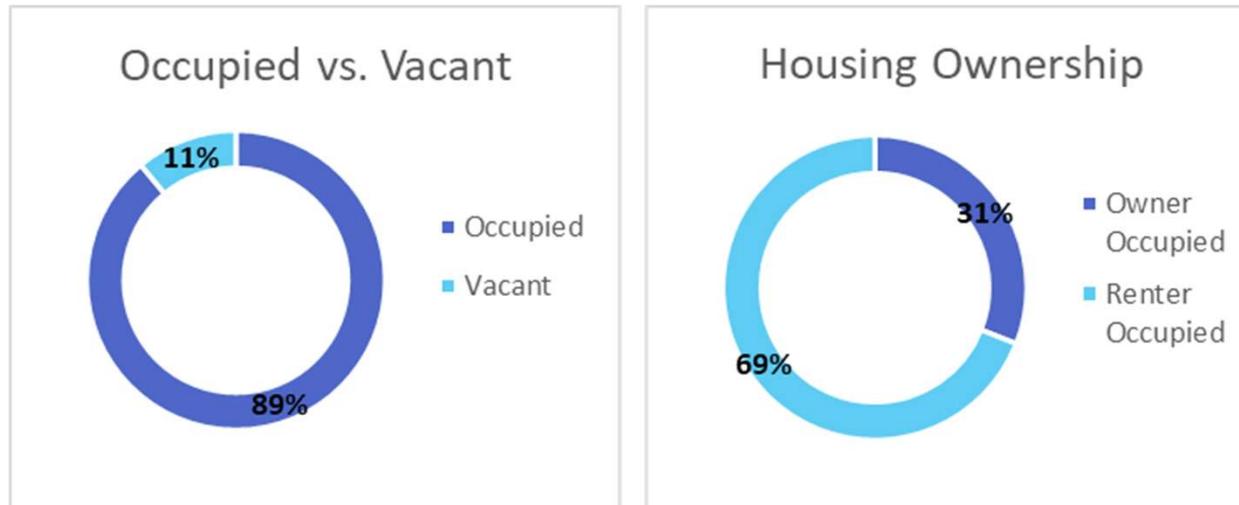
- October 5, 2021 Draft published
- Finance Committee Review on October 7th, 12th, and 14th
- 31 line items for 2022 budget updated
 - 9 General Fund line items reducing total budget by \$344,922
 - 2 Fund 200 line items reducing transfer from General Fund by \$6,506
 - 4 Fund 248 line items increasing revenue estimates by \$1,300
 - 6 Fund 300 line items reducing Debt Service levy/transfers by \$369,571
 - 2 Fund 412 line items reducing Debt Service levy/transfer by \$22,265
 - 5 Fund 610 line items reducing Budget by \$336,250
 - 2 Fund 630 line items reducing Budget by \$74,218
- Line item detail is available upon request



2022-2023 Budget Review

Concern: Declining UWW-W enrollment will negatively impact vacancy rates

- Homes converted to rental from owner-occupied can revert to owner occupied
- Student rentals can also serve the non-student rental market
- Residential property sales have improved in 2021 with 35 days on market vs. 47 days in recent years
- Residential assessment values increased 7.3% in 2021, 4.4% in 2020, 4.0% in 2019, 7.1% in 2018
- Business Expansion: 500+ new Whitewater jobs announced by Generac



**Graph Source: 2019 American Community Survey 5-year estimates*



2022-2023 Budget Review

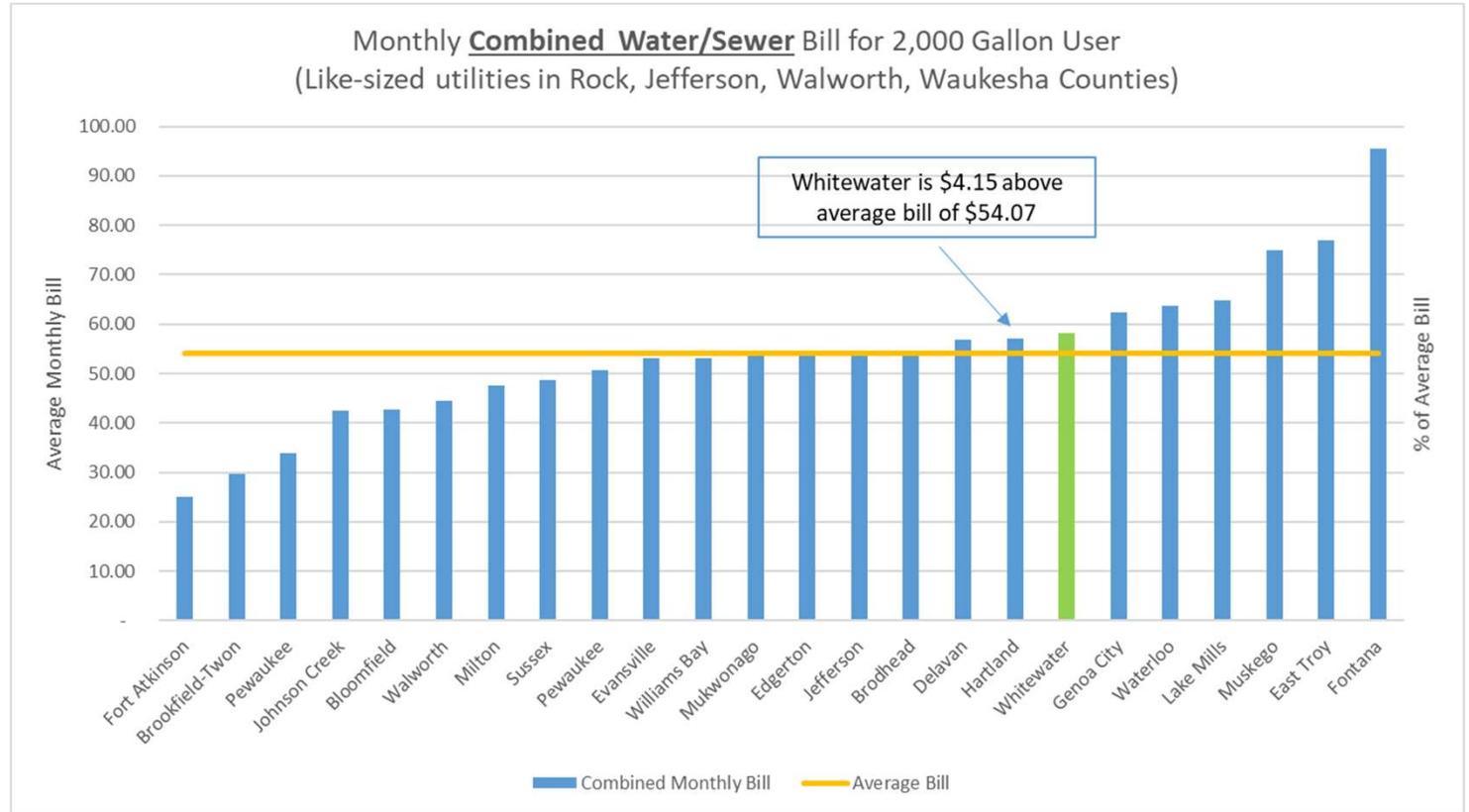
Claim:

- “Whitewater is 2nd Highest Combined Water/Sewer Rate in state”

Fact:

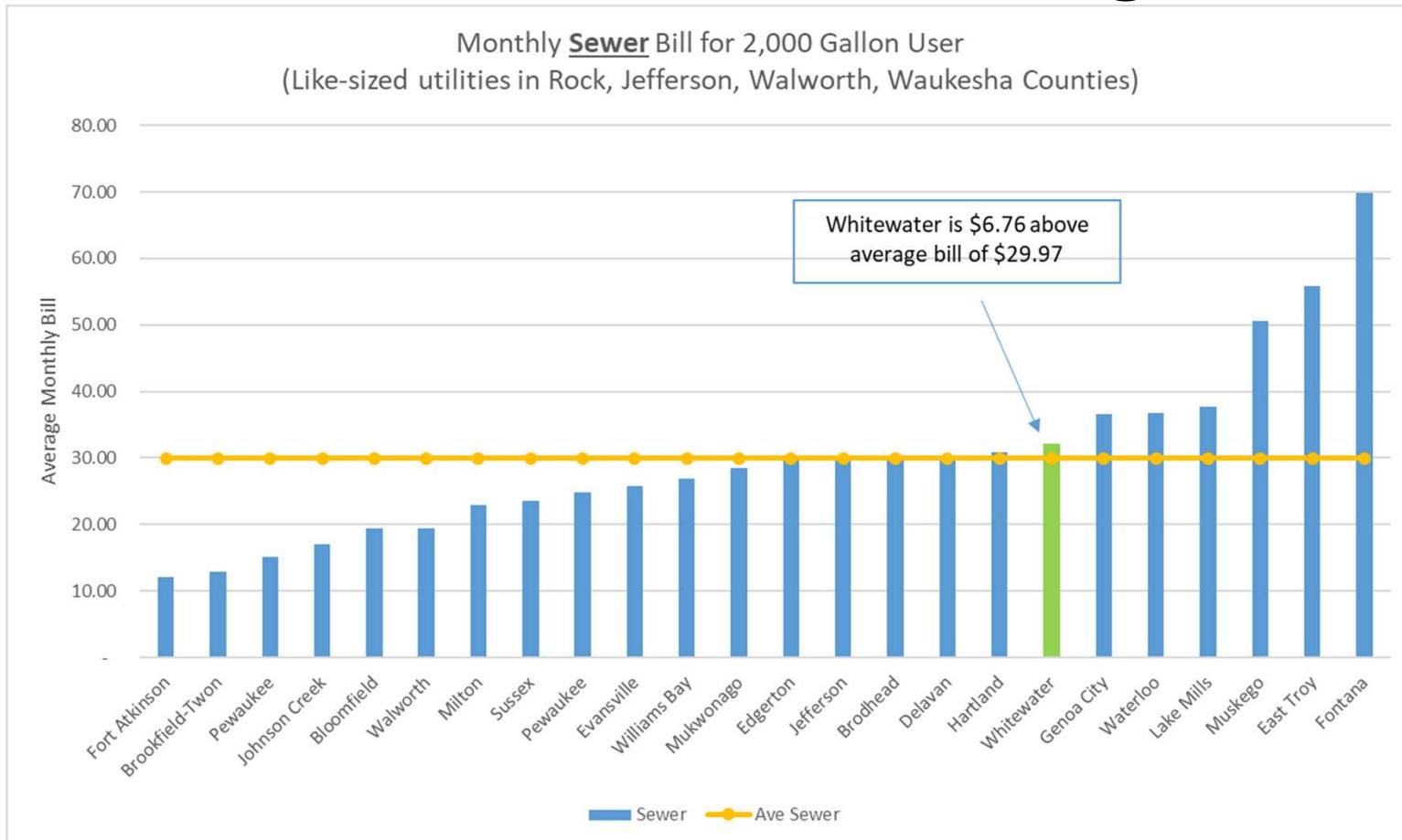
Whitewater is:

- Water: 26th percentile
- Sewer: 83rd percentile
- Combined: 74th percentile





2022-2023 Budget Review





2022-2023 Budget Review

Concern: General Fund Balance

- Proposed 2022-2023 Budget continues to grow fund balance and remain above 20% Policy goal

	Actual 2018	Actual 2019	Actual 2020	Est 2021	Budget 2022	Budget 2023
Surplus or (Deficit)	365,517	235,483	207,868	387,130	-	-
Ending Fund Balance	2,043,816	2,279,299	2,487,166	2,874,297	2,874,297	2,874,297
Unspendable	357,975	341,990	456,330	486,330	429,990	393,800
Unassigned	1,685,841	1,937,309	2,030,836	2,387,967	2,444,307	2,480,497
Unassigned as % of Expend	18.1%	19.9%	21.0%	24.3%	24.4%	23.8%
Expenditures	9,303,194	9,727,715	9,691,522	9,809,641	10,029,453	10,417,101
Above (Below) 20% Target	(174,798)	(8,234)	92,532	426,038	438,416	397,077



2022-2023 Budget Review

- 2022-2023 Budget utilizes American Rescue Plan Act (ARPA) funding
- \$1.9 Trillion act signed March 11, 2021
 - \$362 Billion dedicated to State and Local Coronavirus Fiscal Recovery Fund.
 - \$219.8 Billion: States, Tribal Governments, US Territories
 - \$130.2 Billion: Local
 - \$65.1 Billion: Counties
 - \$45.6 Billion: Metropolitan Cities
 - **\$19.5 Billion: Non-Entitlement Cities**
 - \$1.5M: Whitewater
 - \$20.2M: Walworth
 - \$16.5M: Jefferson
 - \$2.5 Billion: Wisconsin
 - \$2.0 Billion: Public Lands Counties, Tribes
 - \$10 Billion: Coronavirus Capital Projects
- Covers broad range of non-federal government services:
 - State, County, Metropolitan Cities, Non-entitlement Cities



2022-2023 Budget Review

		Item Estimate	Allocation	Balance
ARPA Use Group	Proposed Use	1,559,038	1,559,038	1,559,038
	2020-2023	(1,266,973)	0	1,559,038
Lost Revenue	Fund 450	IT Infrastructure	(63,700)	1,495,338
	Fund 450	Meeting Infrastructure	(35,000)	1,460,338
Water/Sewer Infrastructure	Water Tower	3,000,000	(427,634)	1,032,704
	Lift Station	2,800,000	(1,032,704)	0

Allocation to Capital projects:

- Reduces borrowing and need for rate increases to support associated debt service
- Benefits all residents – efficiently



2022-2023 Budget Review

	Debt	Cash	Grant	Grand Total
Funded	11,799,639	1,969,000	1,542,538	15,311,177
Deferred	10,002,275	270,697	0	10,272,972
Grand Total	21,801,914	2,239,697	1,542,538	25,584,149

- Capital Improvement Plan Recommendation Considerations:
 - Large core-service projects (Water Tower, Vanderlip Lift Station)
 - Multi-year projects (Lakes Drawdown, Biennial Reconstruction)
 - Availability of ARPA funds
 - Pre-existing projects required for existing services
 - No new projects because of ARPA fund availability
 - Growth in Property Values, New Construction / TID Creation
 - TID closure benefit to Tax Base
 - Maintaining General Obligation debt below 70% of Capacity (Policy Target)



2022-2023 Budget Review

2022-2023 Capital Budget Proposed:

	Debt	Cash	Grant	Grand Total	
Levy	3,563,312	1,457,500	74,700	5,095,512	Repaid from Levy and Utility Revenues
Water	2,448,892	268,500	435,134	3,152,526	
Sewer	1,605,384	243,000	1,032,704	2,881,088	
Stormwater	334,051	-	-	334,051	Repaid from Future TID Increment
TID 10	215,250	-	-	215,250	
TID 11	215,250	-	-	215,250	
TID 12	200,000	-	-	200,000	
TID 13	1,168,750	-	-	1,168,750	
TID 14	2,048,750	-	-	2,048,750	
Grand Total	11,799,639	1,969,000	1,542,538	15,311,177	



2022-2023 Budget Review

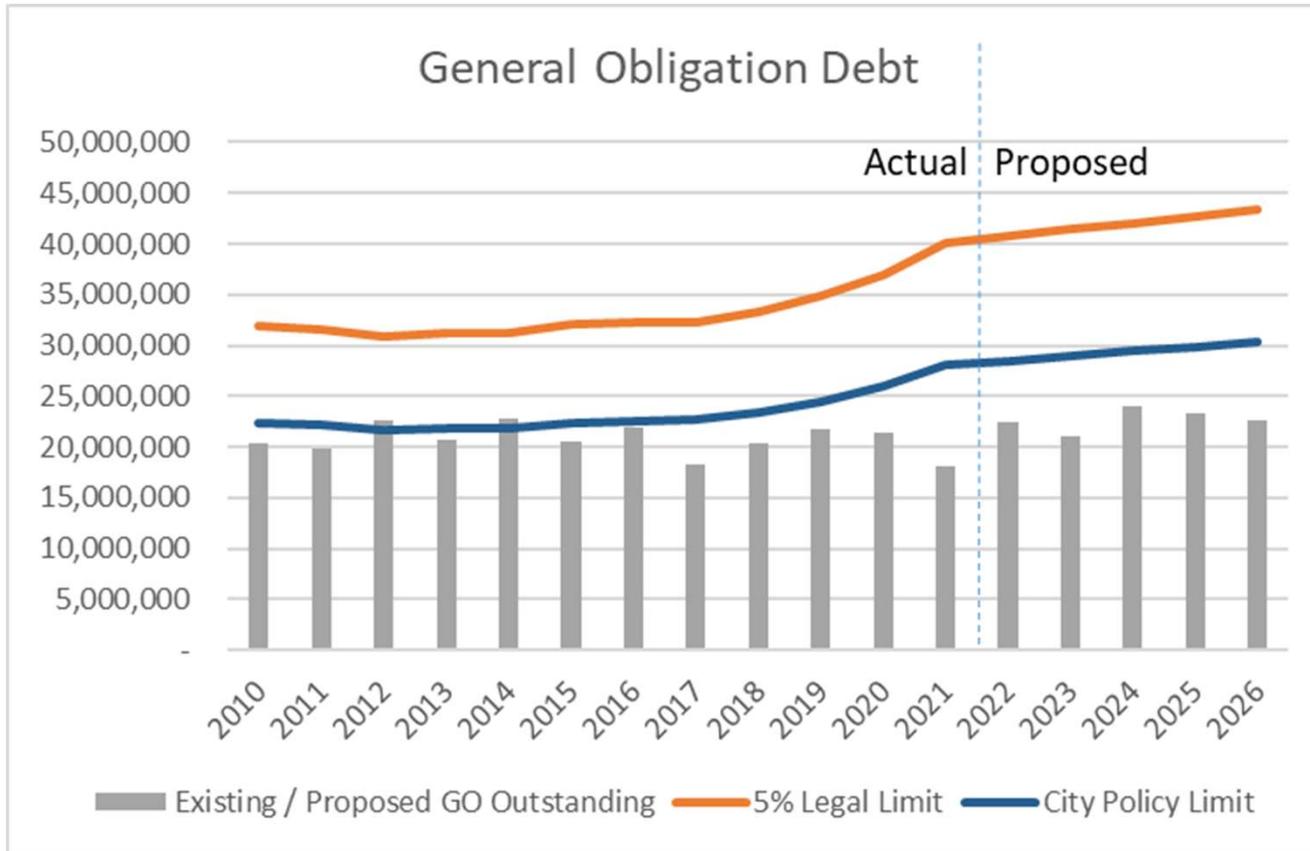
2022-2023 Proposed Capital Budget: Debt Funded Projects

Sum of 22-23 Biennial	Debt										Grant	Cash	Total Project
	Storm-				TID 10	TID 11	TID 12	TID 13	TID 14	Total			
	Levy	Water	Sewer	water									
Water Tower - New	0	851,866	0	0	215,250	215,250	0	648,750	648,750	2,579,866	435,134	0	3,015,000
Vanderlip Lift Station Replacement	0	0	394,496	0	0	0	0	0	1,400,000	1,794,496	1,032,704	0	2,827,200
E. Main Street Reconstruction	1,017,637	724,938	764,313	223,750	0	0	0	0	0	2,730,638	0	0	2,730,638
Lakes Drawdown Project	1,328,000	0	0	0	0	0	0	0	0	1,328,000	25,000	25,000	1,378,000
Replace Ladder 1250	700,000	0	0	0	0	0	0	0	0	700,000	0	700,000	1,400,000
Main Improvement - Well #9/RR	0	55,000	0	0	0	0	0	520,000	0	575,000	0	0	575,000
Yoder Lane Reconstruction	263,675	136,688	121,575	20,301	0	0	0	0	0	542,239	0	0	542,239
Downtown Decorative LED lights	164,000	0	0	0	0	0	200,000	0	0	364,000	0	0	364,000
Biennial St Reconstruction	90,000	90,000	90,000	90,000	0	0	0	0	0	360,000	0	0	360,000
Vehicle Garage / Material Storage	0	300,000	0	0	0	0	0	0	0	300,000	0	0	300,000
Wetwell Coating	0	0	235,000	0	0	0	0	0	0	235,000	0	40,000	275,000
Fire Hydrant Replacement	0	210,000	0	0	0	0	0	0	0	210,000	0	0	210,000
Tower Preservation/Repair	0	80,400	0	0	0	0	0	0	0	80,400	0	0	80,400
Library Expansion / Renovation	0	0	0	0	0	0	0	0	0	0	0	250,000	250,000
Remaining Projects	0	0	0	0	0	0	0	0	0	0	49,700	954,000	1,003,700
Grand Total	3,563,312	2,448,892	1,605,384	334,051	215,250	215,250	200,000	1,168,750	2,048,750	11,799,639	1,542,538	1,969,000	15,311,177

- Multi-generational projects using Grants and TID support: Foundation for growth
- Library Project will require 2024 borrowing



2022-2023 Budget Review



- Proposed CIP keeps debt levels within State and Local policy limits

Includes:

- 2022-2023 Proposed CIP
- 2024 Library Project
- 24-26 Biennial St. Reconstruction



2022-2023 Budget Review

2022 Transfers paid from anticipated 2021 surplus

Fund Description	2021 Budget	2021 Est	21 Surplus Allocation	2022 Target Txfr	2022 Budget	2022 Shortfall	2023 Target Txfr	2023 Budget	2023 Shortfall
SOLID WASTE/RECYCLING FUND	408,160	450,307	42,147	449,000	406,853	(42,147)	449,000	449,000	-
STREET REPAIR REVOLVING FD	42,218	192,218	150,000	150,000	-	(150,000)	150,000	37,014	(112,986)
EQUIP/VEHICLE REVOLVING FUND	85,000	170,000	85,000	85,000	-	(85,000)	85,000	85,000	-
SICK LEAVE SEVERANCE FUND	35,000	75,000	40,000	40,000	-	(40,000)	55,000	55,000	-
INSURANCE-SIR	25,000	50,000	25,000	25,000	-	(25,000)	25,000	-	(25,000)
27TH PAYROLL FUND	15,000	30,000	15,000	15,000	-	(15,000)	15,000	-	(15,000)
	610,378	967,525	357,147	764,000	406,853	(357,147)	779,000	626,014	(152,986)

- 2022 and 2023 Budgets are balanced
- Both years do not accommodate full transfers needed for Special Revenue and Sinking Funds
- 2021 Surplus will pre-fund 2022 transfer through a Budget Amendment
- Closure of Affordable Housing District will improve ability to fund transfers in 2023
- Estimates for 2023 transfers will be updated in November of 2022 with 2023 Public Hearing and Levy approval



2022-2023 Budget Review

Budget Review Process

- October 5: City Manager Budget Delivery
- October 7: Finance Committee Review
- October 12: Finance Committee Review
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- **November 2: Formal Presentation to Common Council**
- November 16: Public Hearing and Adoption

The Road Ahead

- New TIDs & Growing Tax Base
 - Growth in Tax Base (Residential)
 - Growth in Tax Base (Commercial)
- Future Funding Avenues
 - Payment for Services?
 - Assessments?
 - Public Safety Funding?
 - Referendum to exceed Levy Limits





Thank you

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