

City of La Crosse, WI

2023 Operating Budget

November 14, 2022, 6:00 PM - Public Hearing

Annual budget process

- ▶ Budget Parameter Committee
 - ▶ BPC recommends parameters of the total operating budget
 - ▶ BPC is advised of preliminary revenue and cost estimates where known
 - ▶ BPC meets once annually
- ▶ Departments enter budget requests using parameters set by BPC
 - ▶ Internal budget review held with Mayor, Budget staff and Departments
- ▶ Board of Estimates (BOE) Meetings
 - ▶ Public meetings held during September and October
 - ▶ Recommends a budget to the Common Council
- ▶ City Council Public Hearings held to adopt Operating Budget no later than 3rd Tuesday in November

Budget - Revenues/Expenditures

- ▶ State Limitations for City Budgets
 - ▶ Levy Limits (revenue related)
 - ▶ State sets the levy growth %
 - ▶ Amount determined mainly by the City's net new construction % and factors in any terminated TID's
 - ▶ Can exceed limit through a referendum - resets the base to grow levy limits
 - ▶ Expenditure Restraint Program (expenditure related)
 - ▶ Can opt out by exceeding the imposed restraint on increase to operating budget expenditures (no referendum needed)
 - ▶ Opting out - resets the expenditure base for subsequent years but reduces the amount of shared revenue from the state

Budget - Revenues/Expenditures

▶ Expenses

- ▶ Budgeted expenses have grown 2% from the prior year
 - ▶ 8.2% inflation
 - ▶ Cost of living adjustments and pay scale adjustments from the pay/class study to bring wages up to a competitive level
 - ▶ Substantial increases in fuel and utility rates

▶ Revenues

- ▶ Recurring revenues have only grown by 1% from prior year
 - ▶ Continued use of one time revenues to fund this revenue - expense growth deficit
- ▶ One Time revenues - \$4.521 Million used to balance 2023 budget
 - ▶ \$2.905 Million in ARPA funds
 - ▶ \$1.616 Million use of fund balance

Operating Revenue/Expense Trends

Net New Construction Levy Limit Adjustments		
	Allowable Increase %	Allowable Increase \$
2018	1.42%	\$ 490,877
2019	1.30%	\$ 452,624
2020	1.65%	\$ 564,272
2021	1.19%	\$ 412,154
2022	1.00%	\$ 358,840

- ▶ Tax Levy Revenue + state shared revenue comprise 75% of the City's operating revenue
 - ▶ Net new construction allows for growth of the levy on average 1.3% per year
 - ▶ State shared revenue payments have increased less than 1% over the past 5 years
- ▶ Annual union employee cost of living adjustments and Non represented employee step increases - \$550,000 annually
 - ▶ Does not include cost of living adjustment for non represented employees

Future Budget Considerations

- ▶ Growth of recurring revenue and/or reduction of expenditure growth
 - ▶ Reduce the reliance on one time revenue to fund the operating budget
- ▶ Ensure the General Fund Balance remains at policy requirement of 20%
- ▶ Health Insurance Premiums
 - ▶ 10% increase has been suggested by our consultants (~\$530,000 impact to General Fund)
- ▶ City General Obligation & Utility Debt increases over the next 5 years