
2019 OPERATING BUDGET KICKOFF

DEPARTMENT DIVISION HEADS

JUNE 4TH 2018

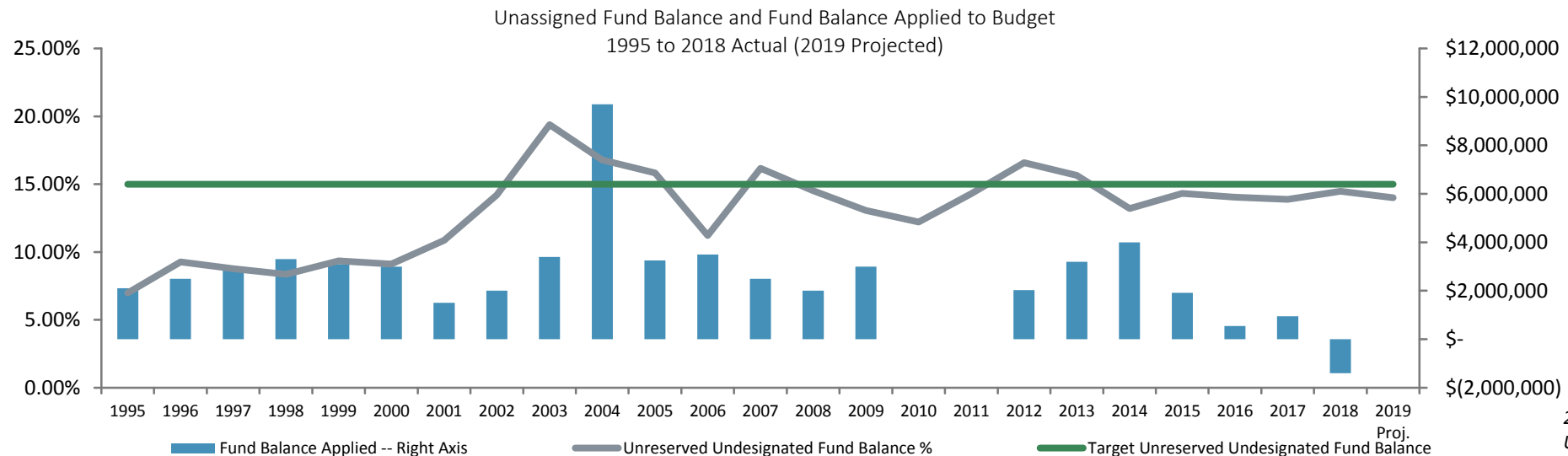


AGENDA

- Update on 2017 Yearend & 2018 1st Quarter
- 2019 Budget Outlook
- 2019 Budget Guidance

2017: HOW WE ENDED

- \$6.7m surplus in General Fund (prior to addressing Water Utility cash shortfall).
 - \$4.9m Surplus of Revenues over Expenditures
 - One-time change in accounting for Ambulance billing revenue (\$2.5 million) and transfers to Special Assessment Fund (\$0.8 million)
 - Permit revenue up due to 18% increase in building permit revenues (\$1.2 million).
 - State aid up due to Municipal Services Payment (\$0.7 million)
 - \$1.8m reduction in Assigned/Nonspendable Fund Balance (ice arena debt to GF shifted to GO borrowing; no fund balance applied in 2018 budget)
- Unassigned General Fund balance improved by \$3.6 million (14.5% of 2018 budget; up from 13.9% last year) -- \$3 million allocated to Nonspendable Fund Balance due to Water Utility cash shortfall.



2018 reflects \$3.765m due from Water Utility; 2019 reflects \$4.75m due from Water Utility

2018 PROJECTION: GENERAL & LIBRARY FUNDS

	2018 Adopted Budget			
	Adopted Budget	1 st Quarter Actuals	Yearend Projection	Difference
General Fund Revenue	(314,809,674)	(160,427,441)	(315,733,953)	924,279
Agency Revenues	(17,778,038)	(1,512,037)	(17,081,243)	(696,795)
Expenditures	332,587,711	55,943,494	333,858,273	(1,270,562)
				(1,043,078)

- If 1st Quarter trends continue we will end 2018 with a \$1.0m deficit
- Projected revenue surplus driven by:
 - PILOT Payments: \$0.5m
 - Licenses & Permits: \$0.4m
 - Room taxes – first quarter on track; however, adjusting for new properties / Air BnB / tax rate increase – down 2.5%
- Projected expenditure deficit driven by agency revenues & staffing costs

AGENCY REVENUES

Agency Revenues

	2015 Actual	2016 Actual	2017 Actual	2018 Adopted	2018 1st Q	2018 Projected	2018 Diff
INTERGOV REVENUES	(1,338,101)	(2,020,019)	(1,893,206)	(1,700,528)	(196,481)	(1,559,763)	(140,765)
CHARGES FOR SERVICES	(5,577,435)	(6,125,909)	(6,587,118)	(6,077,861)	(820,241)	(6,054,023)	(23,838)
LICENSES AND PERMITS	(1,063,338)	(1,091,234)	(986,547)	(1,432,619)	(251,957)	(1,301,000)	(131,619)
FINE FORFEITURE ASMT	(600,981)	(727,550)	(722,246)	(760,000)	(63,388)	(718,430)	(41,570)
INVEST OTHER CONTRIB	(494,727)	(564,246)	(1,125,597)	(898,200)	(129,796)	(935,921)	37,721
MISC REVENUE	(738,223)	(746,948)	(768,240)	(849,323)	(37,990)	(742,938)	(106,385)
OTHER FINANCE SOURCE	(45,520)	(161,593)	(54,517)	(53,800)	-	(49,800)	(4,000)
TRANSFER IN	(2,377,783)	(3,563,015)	(5,496,610)	(6,005,707)	(12,184)	(5,719,368)	(286,339)
Total Revenue	(12,236,108)	(15,000,514)	(17,634,080)	(17,778,038)	(1,512,037)	(17,081,243)	(696,795)

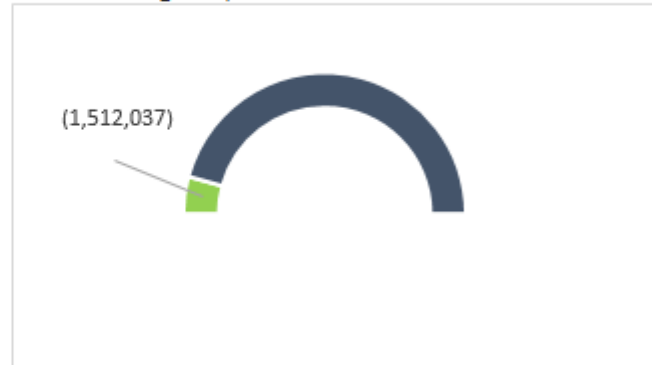
% Change (2015 to 2018)

28%

% of Revenue Received

8.51%

Agency Revenues Received: 1st Q



Major Line Items

Item	Budget	YTD	Projection	Difference
Municipal Court-Court Fees	(670,000)	(74,000)	(520,000)	150,000
Parks-Seasonal Revenues	(6,300,000)	(300,000)	(6,200,000)	100,000
CDD-Revenues	(665,000)	(37,500)	(175,700)	489,300

EXPENDITURES

Agency Expenditures

	2015 Actual	2016 Actual	2017 Actual	2018 Adopted	2018 1st Q	2018 Projected	2018 Diff
SALARIES	133,381,116	138,314,844	141,434,122	147,369,934	27,702,570	146,999,519	370,415
BENEFITS	48,947,218	51,127,245	52,174,962	52,377,655	15,005,433	53,540,437	(1,162,782)
SUPPLIES	6,601,600	7,033,234	7,751,048	8,293,626	1,318,123	8,202,221	91,405
PURCHASED SERVICES	28,249,918	27,671,830	29,795,925	31,117,747	6,086,804	31,604,210	(486,463)
DEBT OTHR FINANCING	(192,876)	35,893	168	1,661,585	-	1,661,585	-
INTER DEPART CHARGES	18,560,265	22,792,445	19,719,358	20,730,493	1,645,651	20,714,591	15,903
INTER DEPART BILLING	(3,079,982)	(2,794,897)	(2,801,780)	(3,106,847)	(347,890)	(2,939,448)	(167,399)
TRANSFER OUT	64,043,001	62,491,330	68,900,453	74,143,518	4,532,802	74,075,158	68,360
Total Expenditures	296,510,259	306,671,924	316,974,254	332,587,711	55,943,494	333,858,273	(1,270,562)

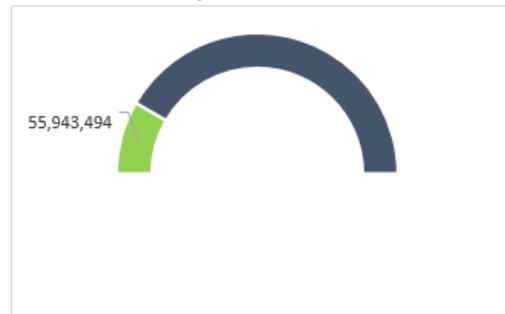
% Change (2015 to 2018)

11.19%

% Spent

16.82%

Expenditures: 1st Q



Major Line Items

Item	Budget	YTD	Projection	Difference
Charging Time: Misc Agencies	6,200,000	1,236,000	6,400,000	200,000
Fire-Staffing Costs	46,200,000	10,240,000	47,800,000	1,600,000
Police-Overtime & WRS	7,800,000	1,500,000	8,500,000	700,000
Streets- Snow	6,000,000	1,600,000	6,400,000	400,000
Streets-Landfill Tipping Fees	2,400,000	340,000	2,600,000	200,000
Fleet Charges	14,478,957	664,767	15,328,957	850,000

CONTINGENT RESERVE

- Current Balance=\$1.6m
- 2018 Approved Amendments
 - \$170k transferred to Contingent Reserve from Police Department when creating new Officer positions (file 49855)
 - \$50k appropriated to Mayor's Office for My Brother's Keeper grant match (file 51713)
- Based on 1st Quarter projection, the remaining balance will be needed to offset projected deficits
 - Unplanned expenditures should be absorbed within existing appropriations
 - True emergencies will be handled on a case by case basis

2018: MITIGATING RISK

- In 2018, General Fund expenditures can only exceed budget by \$500k without violating Expenditure Restraint (ERP)
- Projections reflect seasonality of expenditures, but need to develop plan to address projected deficit that does not involve increasing the budget
- Recommendations to balance
 - Reduce Transfer to Capital: Potential Savings=\$2.0m (frees up ERP room; increases GF debt service and GO debt).
 - Defer new initiatives & positions to 2019
 - Improve time entry to other funding sources

NON GENERAL FUND HIGHLIGHTS

Metro

Projection=\$270k Deficit

- Projected \$0.8m revenue shortfall; driven by farebox revenue
- Salaries=\$1.5m Deficit driven by exceeding salary savings (\$1.0m) and overtime spending (\$440k)
- Projections currently being updated to reflect Paratransit revenues

Monona Terrace

Projection=\$200k Deficit

- Salaries=\$160k Deficit driven by leave payouts & hourly staffing costs

Public Health

Projection=\$500k Surplus

- Salaries=\$700k surplus driven by vacant positions
- Revenue=\$200k shortfall in projected revenue; projection assumes utilizing \$2.0m from fund balance

OUTSTANDING FISCAL RISKS

Short Term

2018 & 2019

- 2018: No additional expenditure appropriation capacity to fund unanticipated expenditures
- 2019: Preparing balanced budget that maintains current service levels

Mid Range

2020-2022

- Nakoosa Trail Fleet Facility: Debt service costs for new facility will be recouped through fleet rate; these costs will not be exempt from expenditure restraint calculation (est. annual impact=\$750k annually)
- Fire Station 14 Operating Costs: 2020 will be the first year of fully funding operating costs of the new Fire station (est. annual impact=\$1.0m)

Long Range

2023 & Beyond

- Operating Costs of New Facilities:
 - Reindahl Library: Annualized costs will begin in 2025 (Est. Annual Impact=\$1.7m)
 - Streets Far West: Annualized cost will begin in 2024 (Est. Annual Impact=\$1.0m)



2019 BUDGET OUTLOOK & INSTRUCTIONS



2019 OUTLOOK

Understanding the 2019 Outlook

CITY OF MADISON

2019 OUTLOOK

Revenue
+13.3m

Expenditures
+18.0m

-\$4.7m

BUDGET GUIDANCE

- Agency Targets
 - Agency Requests should not exceed Cost to Continue
 - Targets will be emailed to DD Head & Budget Contact following DD Kickoff Meeting
- Supplemental Requests
 - Supplemental Requests will be allowed
 - Additional information regarding requests may be requested as the Executive Budget is finalized

PROPOSAL COMPONENTS

Transmittal Memo

- Purpose: Memo drafted from Agency Head to Finance Director outlining overall goals & priorities for 2019
- Submission Method: Sharepoint-Upload to Agency Materials Folder
- Format: Drafted on Agency letterhead in memo format; Completed memo should be saved as a PDF

Service Proposals

- Purpose: Explain the operational & budgetary changes made in the line item budget along with the service's business plan for the upcoming year
- Submission Method: Sharepoint-1 Proposal/Service
- Format: Sharepoint Service Proposal Form

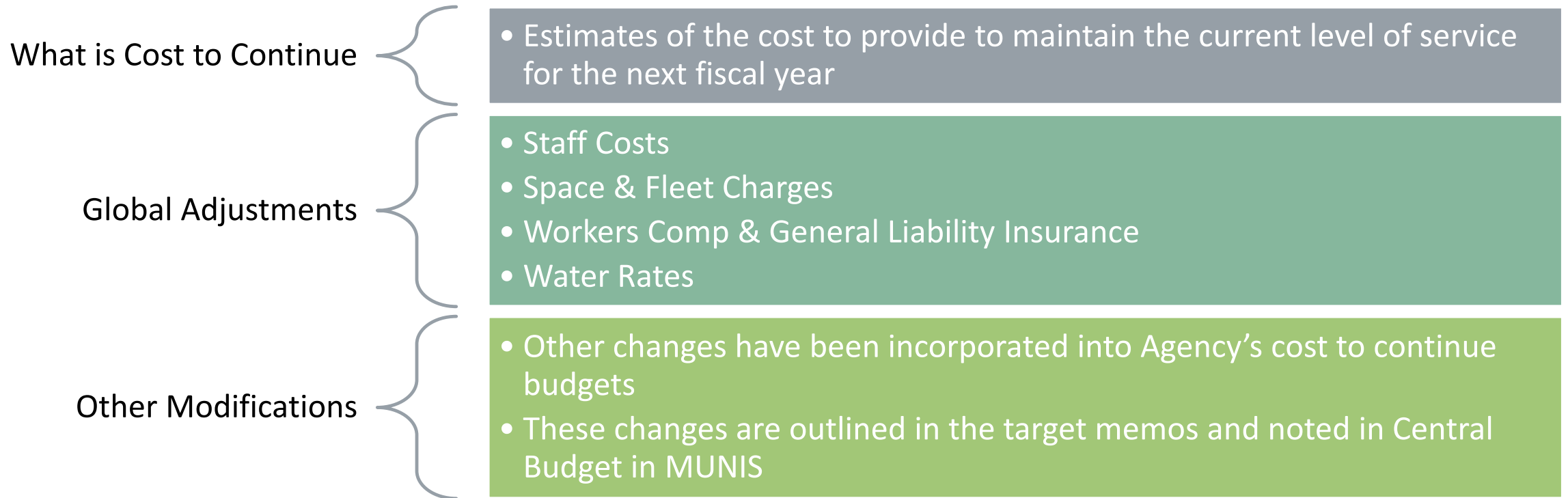
Line Item Budget

- Purpose: Show the agency's plan for where (SERVICE) and how (MAJOR-OBJECT) the budget will be spent in 2019
- Submission Method: MUNIS Central Budget

Supplemental Requests

- Purpose: Outline requests for supplemental funding including costs of the proposal, the goal of the request, and how the outcome can be measured
- Submission Method: 1 Supplemental Form/Agency (Each form can have multiple requests)
- Format: Sharepoint Supplemental Form

COST TO CONTINUE ADJUSTMENTS



- NEW IN 2019: Cost to Continue is Level 1 of the planning process; distinguishes global adjustments versus changes made by agencies in their budget requests
- During Finance Recommendations additional global adjustments will be made to agency budgets based on updated information (i.e. WRS, Health Insurance, VEBA, etc.)

BUDGETING POSITIONS

- All personnel costs are budgeted using the salary & benefit projection
- Payroll allocations drive how staffing costs are reflected in the line-item budget; all allocations in the Cost to Continue are consistent with the 2018 Adopted Budget
- Process for changing allocations:
 - Complete Position Allocation Change Request Form
 - Requested changes must be net neutral within the General Fund
 - Submit completed forms to Budget Analyst via email
 - Updated allocations may take 3 business days to be reflected in budget

SERVICE BUDGET PROPOSALS

Service proposals are divided into 4 sections

1. Identifying Information

- Agency, Service Name, & Description

2. Service Budget

- Tables showing the service's budget from 2017 through 2019 Cost to Continue

3. 2019 Proposal

- 2 Questions to explain changes being offered in the agency proposal

4. Service Goals

- 4 Questions consistent with questions asked during Results Madison process:
 - What community need does this address
 - Who's the recipient of the service
 - What outcomes will be delivered at the proposed funding level
 - What strategies are planned for 2019 to advance the outcomes?

- Sharepoint permissions are based on the user list from 2019
- Contact your Budget Analyst to add additional users

OPERATING BUDGET: KEY DATES



RESOURCES

- Operating Budget Office Hours
 - Have questions about completing your capital materials? Visit us for Office Hours during these open sessions:
 - June 15th-10:00-12:00 (Finance Dept Conf Room)
 - June 28th-10:00-12:00 (Finance Dept Conf Room)
 - July 2nd-1:00-3:00 (Finance Dept Conf Room)
- Budget Instructions
 - The Budget Instructions outline all steps & components for Agency budget requests
 - The instructions include resources for reporting along with sample proposal materials
 - Instructions can be downloaded from the Budget Sharepoint site