

# CITY OF MADISON BUDGET 101

SPRING 2018



DATA



KNOWLEDGE



ACTION





# BUDGET BASICS



January-March

Finance updates long range projections to prepare outlook for the upcoming year

## OPERATING

March-May

- Mayor establishes desired levy to guide budget planning

June-July

- Agencies prepare Executive Budget submissions

Aug-Sept

- Mayor reviews agency requests & finalizes Executive Budget

## CAPITAL

April-May

- Agencies prepare capital budget requests

June-July

- Mayor reviews agency requests & prepares Executive Budget

September

- Executive Budget released & considered by Finance Cmt

October

Executive Operating budget is released & considered by Finance Cmt

November

Council Budget hearings & adoption

# KEY TERMS-CAPITAL BUDGET

## Capital Budget

- The appropriations for capital projects, which comprise the first year of the Capital Improvement Plan.

## Capital Improvement Plan

- The capital projects planned for the next six years in the capital budget.

## GO Borrowing

- A type of municipal borrowing that is secured by the City's available resources, including tax revenues, to repay the debt.

## Reauthorization

- Funding appropriated in one year that will not be received in that year and is appropriated by the Common Council in the following year's budget for the same purpose.

## Cancellation

- The removal of budget authority for a project or program. Authority may be cancelled because a project is delayed, the project is not moving forward, implementation is slowed, the project is completed under budget, or there is a change in the scope of the project.

# KEY TERMS-OPERATING BUDGET

## Agency

- A unit of organization within the City. Agencies include departments, divisions, and utilities. Each agency is responsible for submitting to the Finance Director capital and operating budget requests outlining projected costs of operation for the upcoming fiscal year.

## Service

- An activity or set of activities performed by an agency that has: identifiable costs for budgetary purposes, and a clear purpose with measurable objectives.

## Fund

- A sum of money segregated for specific activities. Use of this money requires adherence to special regulations established for each fund.

## Major

- A set of like accounts defining the nature of expenditures.

## Appropriation

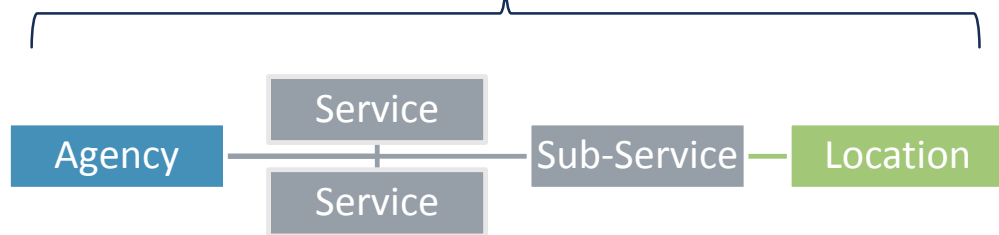
- The legislative authority to spend and obligate a specified amount from a designated fund account for a specific purpose.

## Levy

- Taxes levied on all taxable property within the City of Madison; makes up 73% of the Operating Budget

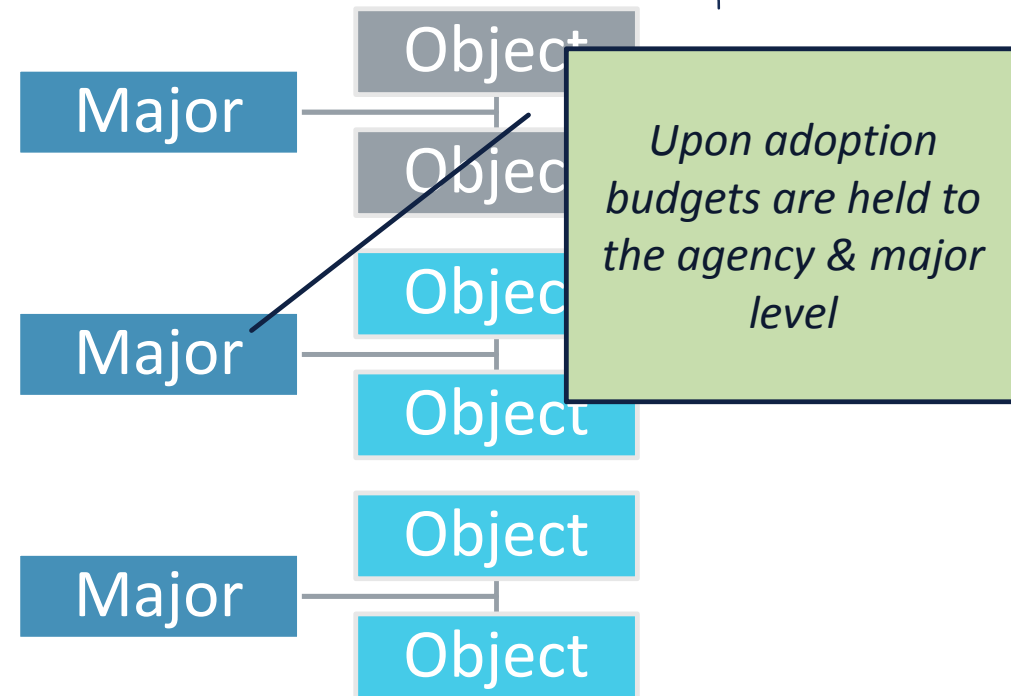
# CHART OF ACCOUNTS: UNDERSTANDING THE 2 COMPONENTS

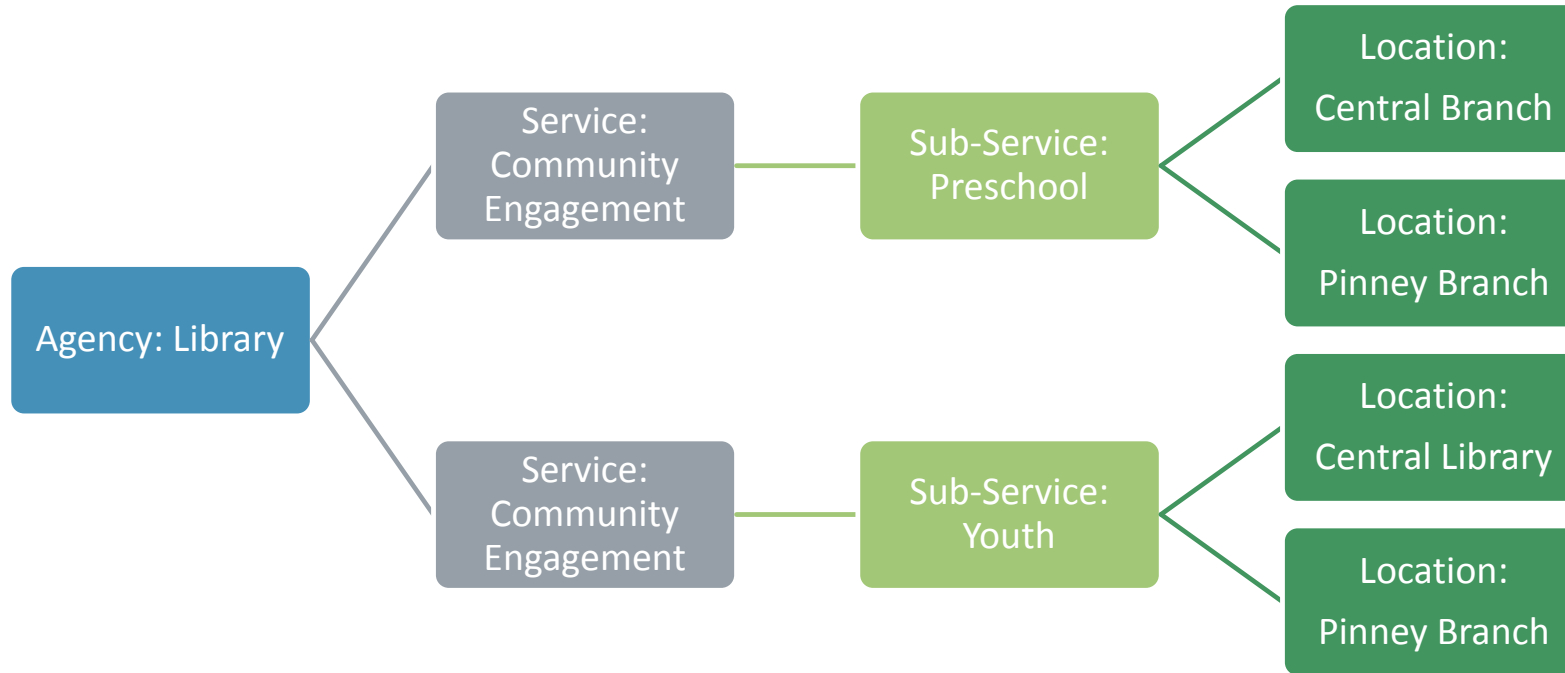
## Where the Money is Spent



*All expenditures go to the service level; additional detail optional*

## How the Money is Spent





- Each combination of Agency, Service, Sub-Service, & Location has an org code to identify the expenditure
- Each org code is attached to a funding source

## ACCOUNT STRUCTURE

MUNIS Tip: Use ACCOUNT CENTRAL to look up the segments of your Org Codes



# QUESTIONS







I need to buy something that wasn't included in my budget; how do I know if I have enough money to make the purchase?

SCENARIO 1



# CHALLENGE

Challenge

Background

Analyze

Execute

- You are the Budget Contact for Traffic Engineering; you are approached by an Engineer asking if there is sufficient funding to purchase a new system that will be part of a new public safety initiative
- The Engineer indicates that the new system will cost \$15k but does not know if there is funding in the budget
- Questions to Ask:
  - Is this an operating or capital expense?
  - If it is operating, do I have enough appropriation within the existing major to make the purchase?

# BACKGROUND

Challenge

Background

Analyze

Execute

Capital

- The capital budget funds long term investments, typically funded through a borrowing mechanism
- Investment should result in an asset that has a useful life consistent with the life of the debt issued

Operating

- Funds ongoing operating costs of the City
- Funded through property tax levy, misc General Fund revenue, utility fees, and various grants
- Generally, Operating Budget appropriations are annual appropriations that balance lapse at the close of each year
  - Major Exception=Grant appropriations

# BACKGROUND

Challenge

Background

Analyze

Execute

## Capital Budget Policy: Criteria

1. Land purchases and improvements in excess of three thousand dollars (\$3,000);
2. All projects requiring the borrowing of money including, but not limited to construction or reconstruction of public utilities, streets, sidewalks, storm and sanitary drainage facilities;
3. New construction and construction of buildings in excess of five thousand dollars (\$5,000);
4. Major alterations to buildings and facilities which are not routine repairs and which substantially enhance the value of a structure or change its use;
5. Original equipment or motor vehicle purchases exceeding twenty thousand dollars (\$20,000) in cost and having a life expectancy of ten (10) years or more, unless, for new capital projects, the repayment term of the debt coincides with the useful life of the asset.

# MAJOR CATEGORIES: REVENUE

41

General Revenues

- Only used where General Fund revenue is budgeted
- Property tax revenue & PILOT payments

42

Intergovernmental Revenue

- Grant revenue & payments from other jurisdictions for services provided
- All forms of State aid received by the City

43

Charges for Service

- Includes all instances where agencies charge a fee for services
- Includes all forms of rent payments received by the City

44

Licenses & Permits

- Building & Liquor License Permits
- Street Use Permits

45

Fine & Forfeitures

- Moving violations & Parking Fines
- Special Assessment Services

46

Investments & Other Contributions

- Interest Received
- Contributions & Donations

48

Other Financing Sources

- Fund Balance Applied
- Sale of Assets

49

Transfer In

- Movement across funds

# MAJOR CATEGORIES: EXPENDITURES

51

## Salaries

- Permanent Wages
- Non-Annualized Pay Types: Hourly, overtime, premium pay, etc.

52

## Fringe

- Health Insurance, FICA, WRS
- Wage Insurance, VEBA

53

## Supplies

- Objects used when we are buying a tangible item
- Example: Office Supplies, Hardware & Software purchases

54

## Purchased Services

- Objects used when entering into a contract for a service
- Examples: Consulting Services, Utility Payments, Grants

56

## Debt & Other Financing

- Debt & Interest payments
- Not common in General Fund agencies

57 & 58

## Inter-Departmental Charges & Billings

- Objects used when agencies are charging one another for services provided
- Examples: Fleet charges, Building Use Charges

59

## Transfer Out

- Movement across funds
- General Fund grant matches are budgeted here

Movement across these categories above \$5k requires super-majority action by the Common Council

- Movement across objects within these categories can be done as an administrative change within MUNIS
- The budget rollup codes within MUNIS are set up based on this requirement

# ANALYZE

Challenge

Background

Analyze

Execute

- MUNIS has multiple reporting options to look at budget to actual comparisons; the table below shows other places you can pull the data along with pros & cons of each option

	Pro	Con
Budget to Actual Cube	<ul style="list-style-type: none"><li>• Report is in Excel</li><li>• Updates on a nightly basis</li><li>• Easy to customize &amp; share with key staff in your Department</li><li>• All of the report fields are pre-labeled</li></ul>	<ul style="list-style-type: none"><li>• Current year Revised Budget is inaccurate during the first half of the year or until the prior year is closed</li></ul>
Central Budget Entry	<ul style="list-style-type: none"><li>• Allows you to see multiple years of data, including the upcoming budget year</li><li>• Data updated in real time</li><li>• Easy to export to Excel</li></ul>	<ul style="list-style-type: none"><li>• Actuals are based on the accounts in the projection; if you have accounts not included in the projection you won't see the data</li></ul>

# ANALYZE

Challenge

Background

Analyze

Execute

- You have determined the purchase does not meet the criteria for the capital budget so it needs to be funded by the operating budget
- You have also determined because we are purchasing software licenses it is a Purchased Service expenditure
- To see if you have sufficient purchased service appropriation, you build a Year to Date Budget Report to review expenditures; when you open YTD Budget Report the following screen comes up

YTD Budget Report - Munis [CITY OF M]

HOME

Confirm: Accept, Cancel

Search: Search, Query Builder, Segment Find

Actions: Add, Update, Delete, Global+, Duplicate

Output: Print, Text file, PDF, Preview

Office: Excel, Word, Email, Schedule

Tools: Attach, Notes, Notify, Audit, Maplink, Alerts

Menu: Report Options, Return

**Account Rollup**

Org:

Object:

Project:

Rollup code:

**Account Type/Status**

Account type:

Account status:

- To view the expenditures for your full agency click on the report options button in the ribbon
- *Note: If you wanted to search only for a specific org you can click the search button & type the org in the Org field*



# ANALYZE

Challenge

Background

Analyze

Execute

- After selecting 'Segment Find' you will be taken to a screen that has all the fund segments; using this screen you can search by any segment within the Chart of Accounts
- We want to see all the expenditures within Traffic Engineering's General Fund budget so we search using Fund & Agency

Segment	Search Field
Fund	<input type="text"/> ...
Function	<input type="text"/> ...
Agency	<input type="text"/> ...
Service	<input type="text"/> ...
Sub Service	<input type="text"/> ...
Location	<input type="text"/> ...
PSC	<input type="text"/> ...
SubFund	<input type="text"/> ...
Character Code	<input type="text"/> ...
Org	<input type="text"/> ...
Object	<input type="text"/> ...
Project	<input type="text"/> ...
Account type	<input type="text"/> ▼
Account status	<input type="text"/> ▼
Rollup Code	<input type="text"/> ...

- If you don't know the number for any segment you can click the Ellipses to see all of the options for that segment
- If you want to search for a range type the first digits followed by an \*
  - Ex. To search for all supply accounts type 53\*

# ANALYZE

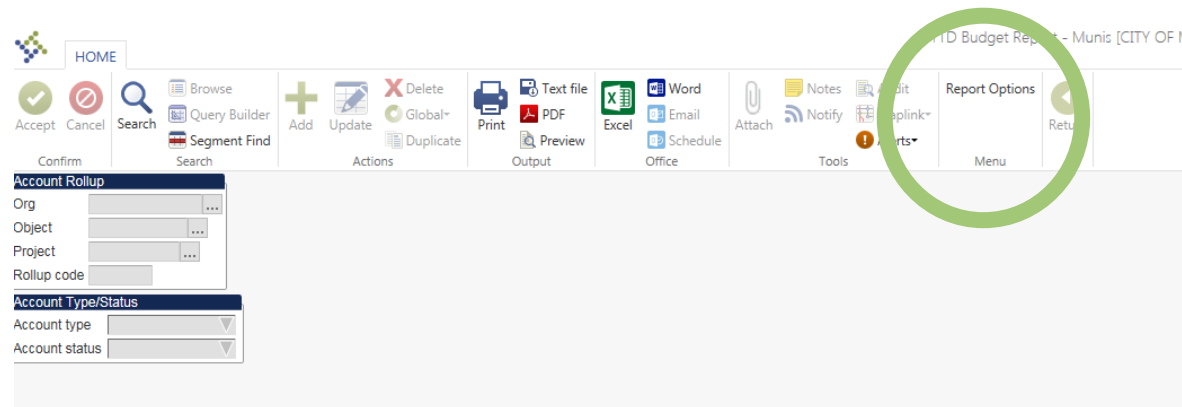
Challenge

Background

Analyze

Execute

- After you have defined your Search Criteria click on Report Options in the ribbon to format how your report will export



# ANALYZE

Challenge

Background

Analyze

Execute

- You can customize the sequence options to ensure the report is formatted based on your preferences
  - After you build the Report Options to reflect your preferences it will remain the same every time you come back this module
- Pay special attention to the YEAR/PERIOD fields, this will drive the actual amounts that are returned within the report
- After you have built the specifications for your report, click the RETURN button in the ribbon

The screenshot displays the software interface for configuring a report. At the top is a ribbon with various action buttons: Confirm, Search, Actions, Output, Office, and Tools. Below the ribbon, the 'Report Sequence' section includes a dropdown for 'Execute this report' set to 'Now', a table for sequence settings, and a 'Report title' field containing 'YEAR-TO-DATE BUDGET REPORT'. The 'Report Options' section is divided into 'Print Options' and 'Additional Options' tabs. It features a filter for 'Include only accounts that used' (0% or greater of budget), an 'Order accounts by' dropdown set to 'Org, Object, Project', and various checkboxes and dropdowns for 'Totals only', 'Account description', 'Print full GL account', 'Roll projects to object', 'Print report options', 'Year/period', 'Carry forward', 'Print MTD version', 'Format type', 'Double space', and 'Suppress zero bal accts'.

	Field #	Total	Page Break
Sequence 1	3 - Agency	<input type="checkbox"/>	<input type="checkbox"/>
Sequence 2	4 - Service	<input type="checkbox"/>	<input type="checkbox"/>
Sequence 3	9 - Org	<input type="checkbox"/>	<input type="checkbox"/>
Sequence 4	11 - Object	<input type="checkbox"/>	<input type="checkbox"/>

Report title: YEAR-TO-DATE BUDGET REPORT

Report Options

Include only accounts that used: 0 % or greater of budget

Order accounts by: Org, Object, Project

Totals only:

Account description: Short

Print full GL account:

Roll projects to object:

Print report options:

Year/period: Within year/period 2018 / 13

Carry forward: Totals (GAAP)

Print MTD version:

Format type: Standard format

Double space:

Suppress zero bal accts:

# ANALYZE

Challenge

Background

Analyze

Execute

- You've identified multiple line items that could be used to fund the software purchase. You need to verify that budget authority is not intended for other purposes.
  - Potential Objects-53440 (Street Light Supplies), 54112 (Electricity), Misc Purchased Service accounts
- Go to Central Budget to review the Detail Entry that was part of your budget submission
  - Detail Entry-Used to break out large line items within your budget; when submitting operating budgets agencies must break out detail for large line items in their budget
    - You can come back to the detail throughout the year to see what assumptions were used in building the budget

# ANALYZE

Challenge

Background

Analyze

Execute

- Click on the detail icon to see what makes up the line item
- All of the detail for search set will appear; you can click the More icon for each detail entry to see the full description
- Things You Can Track Here:
  - Operating Projects
  - Budget Assumptions

Accounts (7)		Positions	Projection Totals	Analysis
Org	Object	Project	Description	2018 ADOPTED
Totals				30,000.00
+ [icon]	45200	53440	00000	TE STLIGHT ST LHT SUP 0.00
+ [icon]	45201	53440	00000	TE SL ADM ST LHT SUP 0.00
+ [icon]	45202	53440	00000	TE SL PLN ST LHT SUP 0.00
+ [icon]	45203	53440	00000	TE SL DES ST LHT SUP 0.00
+ [icon]	45204	53440	00000	TE SL INS ST LHT SUP 0.00
[icon]	45205	53440	00000	TE SL MTC ST LHT SUP 30,000.00
+ [icon]	45200	53440	00000	TE SL ONE ST LHT SUP 0.00

Accounts (7)
45200 -53440 -00000 TE STLIGHT ST LHT SUP
45201 -53440 -00000 TE SL ADM ST LHT SUP
45202 -53440 -00000 TE SL PLN ST LHT SUP
45203 -53440 -00000 TE SL DES ST LHT SUP
45204 -53440 -00000 TE SL INS ST LHT SUP
45205 -53440 -00000 TE SL MTC ST LHT SUP

Details (1)							2018 Amounts			
Year	Line	Description	Amount	Quantity	Unit Cost	UOM	Location	Position	Employee	
2018	10	Street lighting supplies, e...	30,000.00	1.00	30,000.00					\$30,000.00

# EXECUTE

Challenge

Background

Analyze

Execute

- After analyzing your agency's budget you found surplus appropriation in different objects within the Purchased Services major
- Because the charge will happen within the major where the appropriation is budgeted you do not need to go to Council for approval
- You prepare a Budget Amendment to move the appropriation to correct org & object using the Budget Transfers & Amendments module within MUNIS

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My agency is filling a vacant position; how do I know how it's funded?

SCENARIO 2



# CHALLENGE

Challenge

Background

Analyze

Execute

- Human Resources is filling a vacant position; the position will function in a manner consistent with the previous incumbent. A new incumbent has been selected and it's time to set up the employee in MUNIS.
- The final step in filling a position is completing a Position Action (PA) that will drive the default account or org code for how the new employee's time is charged, but you don't remember how the position was budgeted.
- Questions to Ask:
  - Is this an existing position that was part of Adopted Budget?
  - Is this position allocated?



# BACKGROUND

Challenge

Background

Analyze

Execute

- The budget process drives the process for authorizing positions on an annual basis. The budget process is based on projecting the staffing costs for all authorized positions and the employees occupying the positions
  - You can view your authorized positions using the Position Control Report
- Within the budget, positions can be analyzed from 2 perspectives:
  1. The position's home base (where the position is located)
  2. How the position is funded (how the position is allocated across multiple General Ledger accounts)
- Payroll allocations are common in the following circumstances:
  1. Splitting positions across multiple services within an agency
  2. Central service agencies charging time to agencies that receive their services
  3. Charging staff time to the capital budget

# ANALYZE

Challenge

Background

Analyze

Execute

- The best place to analyze position funding is the POSITIONS tab in Central Budget
- Things to Keep in Mind:
  - Employees that appear in the projection are as of the spring prior to when the budget is enacted
  - Budgeted salaries are based on all planned steps, longevities, & contract increases
  - If a position was vacant at the time of budget development it will be defaulted to Step 1 of the salary schedule
  - The allocations reflected in the budget are considered the baseline, deviations from the baseline either need to be absorbed within your budget or by amending the budget

The screenshot shows a software interface for budget management. At the top, there is a search bar and a navigation menu with various icons for actions like 'Change Projection', 'Add Account', 'Delete Account', 'Mass Delete Accounts', 'Mass Update', 'Add Analysis Tile', 'Attach', 'Department Notify', 'Excel Export', 'E-mail Link', 'Account Columns', 'Account Central', 'Project Master', 'Project Budget', 'Budget Reports', and 'Budget Scenarios'. Below the navigation menu, there is a header for 'Projection 20181 - 2018 OPERATING BUDGET' with a 'Current Level: ADOPTED' status and an 'ADOPTED Total: \$663,176,657.89'. The main content area has a navigation bar with 'Accounts (144,048)' and 'Positions' (circled in green). Below this is a table with columns for 'Org', 'Object', 'Project', 'Description', '2018 ADOPTED', '2017 Original', '2017 Revised', and '2017 Actuals'. The 'Totals' row shows values: -0.74, -2.13, 2,333,984.54, and 19,806,246.70.

Org	Object	Project	Description	2018 ADOPTED	2017 Original	2017 Revised	2017 Actuals
Totals				-0.74	-2.13	2,333,984.54	19,806,246.70

# ANALYZE

Challenge

Background

Analyze

Execute

- In Search Criteria you can create 4 layers of drill down
  - Payroll
    - Location: Home base location for the Position
    - Job Code: Job class of the position
    - Position: Position Control number
    - Employee: Employee Number & name of employee in the position at the time the budget was built
  - General Ledger
    - Allows you to search by any segment within the Chart of Accounts

Search Criteria

Location



Job Class



Position



Organization



Load Data

Start over

# ANALYZE

Challenge

Background

Analyze

Execute

## Search Criteria

Location

Job Class

Position

Organization

Load Data

Start over

- Because we are looking for where & how the position is funded we are going to search by:

- Location: Will return all positions within HR
- Job Class: Will show the positions by Job Class
- Position: Will show all the position numbers (consistent with Position Control report)
- Organization: This field will help to tell us how the position is allocated across orgs within my department & other funding sources

*Load Budget: Will return data based on your criteria fields*

*Start Over: Will start your search over if you change the criteria fields*

# ANALYZE

Challenge

Background

Analyze

Execute

- Position 868 is an Admin Assistant in Job Class G009
  - It's allocated across 3 orgs in HR
    - 34% to HR Services
    - 33% in Employee & Labor Relations
    - 33% in Organizational Development

Search Criteria

Location: 1600 > Job Class: G009 > Position: 868 > Organization: [ ] [Load Data] [Start over]

Organization (3)	Description	Quantity	Salary	Benefits	Total
16100	HR SERVICES	0.34	21,791.00	0.00	21,791.00
16200	HR EMPLOYEE & LABOR RELATIONS	0.33	21,150.00	0.00	21,150.00
16300	HR ORGANIZATIONAL & HEALTH DEV	0.33	21,150.00	0.00	21,150.00

The benefit amounts show zero because they are associated with the Payroll location; If you want to see the benefits you need to search by GL

# EXECUTE

Challenge

Background

Analyze

Execute

- You work with the appropriate staff within your Department to give them the budgeted allocation for the vacant position
- The new employee is set up within MUNIS & the default allocation is set up on the Employee's record
  - This will serve as the default for how the new employee's time is charged

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We are receiving new revenue, how do I find out if it's a grant & if it was included in my budget?

SCENARIO 3



# CHALLENGE

Challenge

Background

Analyze

Execute

- The Senior Center is receiving a \$20k contribution from an outside foundation to support a new mentorship program
- You are approached by the Senior Center Director asking how to get the authority to spend the funds
- Questions You Think Of:
  - Does this qualify as a grant?
  - Were these funds included in the adopted budget?
  - Do I need to do a budget amendment?
  - Is there any setup I need to do for the funds in MUNIS?



# BACKGROUND

Challenge

Background

Analyze

Execute

## What's a Grant

- Grants are restricted funds intended for a specific purpose; these funds are generally received from other units of government (i.e. State & Federal)
- The Annual Single Audit shows a report of all current state & federal grants; use this as a reference to determine if the award qualifies as a grant
- If it does not qualify as a grant, the transactions will flow through your agency's primary fund
  - Remember that annual appropriations lapse, if these funds are not spent within the year they are budgeted the balance will lapse at the end of the year

## Amending the Budget

- Budget amendments are required to appropriate any new authority that was not part of the Adopted Budget
- Amendments are introduced at Council & referred to the relevant Committees (amendments should ALWAYS be referred to Finance Committee)
- Require a super-majority vote from Council

# ANALYZE

Challenge

Background

Analyze

Execute

- This revenue does not meet the criteria to be restricted in the grant fund, so it will be deposited as revenue with the corresponding expenditure in the General Fund
- You know there is no revenue included in the Senior Center budget indicating you will need to go to Council for approval; you begin the process of preparing a budget amendment resolution

# EXECUTE

Challenge

Background

Analyze

Execute

- Creating a Budget Amendment

- Resolution Components:

- Title should begin with ‘Amending the 2018 Adopted Operating Budget...’
    - WHEREAS clauses should provide background about why the budget is being amended & how the funds will be spent
    - Within the BE IT THEREFORE RESOLVED clauses:
      1. Amount of the budget amendment
      2. Source of funding
      3. Agency & Service (Project if capital)
      4. Major Category

## EXECUTE: SAMPLE RESOLUTION

Challenge

Background

Analyze

Execute

- **Title:** Amending the 2018 Adopted Operating Budget to transfer \$20,619 from Contingent Reserve to purchased services within the Planning Division, Service: Metropolitan Planning Organization.
- WHEREAS, the Common Council authorized the contract with the UW Board of Regents on behalf of the Survey Center on 9/22/2016 (RES-16-00710); and
- WHEREAS, due to some changes in the scope of services, primarily the sample size, the cost of the survey contract is now \$140,662 compared to the \$130,426 originally estimated and approved; and
- WHEREAS, the MATPB has \$120,043 in federal and state funding for the survey, in order to utilize these funds the City must meet match requirements which are \$20,619;
- NOW, THEREFORE, BE IT RESOLVED that the 2018 Adopted Operating Budget is amended to transfer \$20,619 from Contingent Reserve to purchased services within the Planning Division, Service: Metropolitan Planning Organization; and
- NOW, THEREFORE, BE IT FURTHER RESOLVED the Mayor and City Clerk are authorized to sign the contract with the University of Wisconsin-Madison, Survey Center for \$140,662 to conduct the previously approved transportation survey.

## EXECUTE: GETTING THE RESOLUTION IN MUNIS

Challenge

Background

Analyze

Execute

- The Budget Office tracks all legislative activity that has a fiscal impact; because this resolution is amending the budget it will be tracked as it goes through the legislative process
- After the amendment is adopted by Council your Analyst will enter the amendment in MUNIS; the amendment will include:
  - The Legistar file ID & resolution language
  - The effective date will be consistent with the date of Council Adoption
- The amendment will go to your Department Head for approval; once it's approved by the agency it will be posted
- The next time you run a report you will see the updated budget amounts



WRAP UP



## BUDGET ANALYST & AGENCIES

- Monitor expenditures to provide recommendations for agency management when making decisions about deploying resources
- Serve as liaison between Finance and Departments regarding City's financial standards and processes
- Assist agencies in translating agency goals and strategies into financial plan in operating and capital budgets
- Serve as point of contact for department questions regarding Finance policies and procedures

## MEETING COURSE OBJECTIVES

Learn about reporting tools & options to deal with unanticipated expenditures

Learn about what to do & the steps involved in amending the budget

Learn reporting options to see how positions are funded

Understand basics for using MUNIS budget functionality