



## Finance Department

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**To:** David Schmiedicke, Finance Director  
**From:** Laura Larsen, Budget & Program Evaluation Manager  
**Date:** July 10, 2018  
**Subject:** 2019 Finance Department Operating Budget

The Finance Department's proposed 2019 budget seeks to build on the Department's efforts to provide high quality fiscal analysis to Madison's policymakers and residents along with providing City agencies with tools and resources to best manage their resources. The Department continues to improve the tools and capabilities possible through the City's enterprise wide financial system; in the fall of 2018 the system will go through an upgrade that improve the functionality and capabilities of key modules within the system.

The Department also continues to work with agencies through Results Madison engagements where we are inventorying City services, identifying performance measures for these services, and building a data action plan to begin collecting information around these services. This foundational effort will allow us to connect the City's service delivery with the seven Elements of a Great City and build budgets that adequately fund strategies that deliver results within each of the Elements.

To support these efforts in 2018 the Department has pursued two reclassifications of vacant positions with the goal of increasing our bandwidth to move projects forward. A position that was previously classified as an Account Clerk will be reclassified to a Financial Services Analyst to increase training opportunities and support for the City's financial system. A Document Services Specialist will be reclassified into a Data Analyst to begin staffing an Analytics Team. Both of these reclassifications are currently being analyzed by HR; they are funded with existing vacant positions and will not require an additional appropriation.

Through our service delivery, the Finance Department will seek to advance the following outcomes in 2019:

1. Improve transparency of the City's financial data
2. Make financial processes more efficient for the end user
3. Ensure consistency in reporting information to ensure quality and reliable data
4. Improve the turnaround time for reports, budget documents, and fiscal analysis

Strategies that we will implement in 2019 to advance these outcomes include:

1. Implementation of an outcome budgeting framework that will focus on service level budgets. As part of this process the team will develop and implement a training program

- to assist agencies in preparing for this transition.
2. Implementation of new mobile approval technology for the City's financial system. This will make it easier for managers to approve transactions within MUNIS.
  3. Migrate special assessments into MUNIS improving the efficiency of managing the system.

To implement these strategies the proposed budget includes:

1. Continued funding for the City's ambulance billing and collections contracts
2. Maintenance funding for a software solution to automate generating the City's Comprehensive Annual Financial Report
3. Continued funding for performance excellence, these dollars will be used to continue the internship program that supports the initiative, costs associated with the Voice of Customer surveys, and data visualization tools

Within our request materials we have put forth two supplemental requests, both supplementals are intended to increase the capacity for supporting agencies in executing action items that have come from the Results Madison process. Moving in this direction will ensure we are one step closer in connecting our service delivery with the outcomes that matter most to our residents while leveraging data to help inform our decisions. The first supplemental is for a new Data Analyst position to be part of the Analytics Team, the second proposal will fund a partnership with the University of Wisconsin through COWS to support projects utilizing data to solve problems.

**Agency: Finance**

**Proposed Budget**

	Cost to Continue	Proposed	Change
Revenue	-15,000	-15,000	0
<u>Expenditures</u>	<u>3,768,275</u>	<u>3,759,689</u>	<u>-8,586</u>
Net	3,753,275	3,744,689	-8,586
	2018	Proposed	Change
FTEs	41	41	0

**Request Analysis**

*2017 Budget*

Overbudget	No
2017 Analysis	The agency ended 2017 at budget.

*2018 Projection*

Deficit	No
Projection Analysis	The agency is currently projecting a \$85k surplus for 2018. The surplus is driven primarily by salary savings.

*2019 Request*

Budget Request Changes	The agency request makes minor shifts in non-personnel spending. No anticipated change in service levels.
Change in Service	No
Service Impact	n/a
Staffing Levels & Payroll Allocations	n/a

**Finance**

**Function: Administration**

*Position Summary*

	2018 Budget			Request		2019 Executive		Adopted	
	CG	FTEs	Amount	FTEs	Amount	FTEs	Amount	FTEs	Amount
ACCOUNTANT	18	11.00	735,125	11.00	816,429	-	-	-	-
ACCT CLERK	20	3.00	171,411	3.00	161,088	-	-	-	-
ACCT SERVICES MGR	18	1.00	121,930	1.00	121,565	-	-	-	-
ACCT TECH	20	3.00	163,629	3.00	194,902	-	-	-	-
ADMIN ANAL	18	4.00	326,795	4.00	336,974	-	-	-	-
ADMIN SUPPORT CLK	20	4.00	209,077	4.00	212,753	-	-	-	-
BUDGET/PROG EVAL MGR	18	1.00	111,863	1.00	114,565	-	-	-	-
BUYER	16	2.00	130,375	2.00	135,186	-	-	-	-
DOC SERVS LDWKR	17	1.00	62,531	1.00	62,772	-	-	-	-
DOC SERVS SPEC	17	2.00	113,456	2.00	114,063	-	-	-	-
FINANCE DIR	21	1.00	159,276	1.00	163,086	-	-	-	-
GRANT WRITER	18	1.00	75,657	1.00	75,948	-	-	-	-
PRINCIPAL ACCOUNTANT	18	3.00	314,003	3.00	317,263	-	-	-	-
PROG ASST	20	2.00	105,656	2.00	107,271	-	-	-	-
RISK MANAGER	18	1.00	106,966	1.00	107,377	-	-	-	-
SAFETY COORDINATOR	18	1.00	78,638	1.00	70,483	-	-	-	-
<b>TOTAL</b>		<b>41.00</b>	<b>\$ 2,986,387</b>	<b>41.00</b>	<b>\$ 3,111,724</b>	-	\$ -	-	\$ -

Salary amounts recorded on this page are for total budgeted salaries; this amount may differ from budgeted permanent wages as presented in the Line Item Detail due to payroll allocations to other funding sources (capital projects, grants, etc.) or inter-agency services are not reflected in this summary page.

## 2019 Operating Budget: Service Proposals

### SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Finance

SELECT YOUR AGENCY'S SERVICE:

Accounting

SERVICE DESCRIPTION:

This service is responsible for the ongoing centralized functions of the accounting, payroll, and procurement operations of the city. The service staffs prepare and maintain accounting related internal controls to help to mitigate risk for financial transactional losses and oversee the annual financial statements and audit preparation. Staffs verify adherence to Generally Accepted Accounting Principles and Governmental Accounting Standards Board Statements. The service is responsible for the development, coordination and implementation of the City's accounting and financial reporting systems. Accounting staffs serve as liaison to independent auditors and to the Community Housing Authority. Payroll staff generates the city's payroll including direct deposit advices, paychecks, maintaining payroll records, and preparing all tax forms and reconciliations to pay subsequent taxes. The staff generates W-2's and 1095's for the employees at the end of the year. Central payroll staff is largely responsible for assisting Human Resources with benefit administration, and labor association strategies. Central procurement is responsible for directing and coordinating the contracting for equipment, supplies and services required by the City. This service includes developing policies and procedures, encumbrance and purchasing card management, negotiating and making recommendations on type, availability, and overall procurement costs.

### SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	-15,000	-15,000	-15,000	-15,000	0
Expense	2,366,670	2,289,939	2,324,335	2,315,000	-9,335
Net Budget	2,351,670	2,274,939	2,309,335	2,300,000	-9,335

### 2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

Reduced various line items not requested or used for 2019/prior years.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

Reduction change could be used for increased salaries/benefits due to reclassing a vacant Account Clerk III to an Accountant 4 late in fiscal year 2018.

### SERVICE GOALS

1. Who is the recipient of this service?

Recipients of this service are both external citizens and internal employees.

2. What activities are you responsible for providing under this service?

Accounting, Payroll and Procurement services

Financial System Administration/Implementation

3. How do you define success within this service?

All regulatory and compliance requirements are met effectively and timely.

4. What strategies are planned for 2019?

Water Utility General/Project Ledger Suite MUNIS Migration, Electronic CAFR/CaseWare Implementation, MUNIS Mobile Approvals Launch, Expanded ESS for W-4 Roll out and 2019 Fall Open Enrollment, Special Assessments MUNIS Migration, Vendor Self Service Launch, Electronic Bidding MUNIS implementation

## 2019 Operating Budget: Service Proposals

### SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Finance

SELECT YOUR AGENCY'S SERVICE:

Administrative Support

SERVICE DESCRIPTION:

This service provides clerical and office services to City agencies. In addition to Administrative Support Team staff who are assigned to various City agencies to assist with both special projects and day-to-day operations, a centralized Document Services Unit provides confidential word processing services, as well as software support to City agencies, application conversion, website administration and assistance with agency budget preparation. This Unit develops and prepares newsletters and brochures, complex financial schedules, database management, routine documents, and can provide Braille output of a variety of documents upon request.

### SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	0	0	0	0	0
Expense	618,267	642,982	636,289	645,624	9,335
Net Budget	618,267	642,982	636,289	645,624	9,335

### 2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

The increased funding is for the Finance Department's charges from the State of Wisconsin for archival services. This increase is offset by a decrease in the Accounting Services budget. There is no anticipated impact of the proposed change, the increase is based on prior year spending patterns.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

The proposed funding maintains the current level of service.

### SERVICE GOALS

1. Who is the recipient of this service?

Services provided by the Administrative Support Team and Document Services are both inward and outward facing. While the direct recipients of the services are the city agencies served, team members regularly engage in direct service delivery to the public in those agencies.

2. What activities are you responsible for providing under this service?

Document Services

Administrative Support Team

3. How do you define success within this service?

The primary goal of this service is to provide a high level of support and assistance for other City agencies. Success is defined by customer satisfaction and timeliness of service.

4. What strategies are planned for 2019?

To achieve the proposed outcomes, team meetings will be scheduled bimonthly and will include a review of progress made. Team members will be periodically assigned to work directly on outcomes by scheduling appropriate meetings with partners and providing uninterrupted project time as needed. Codes will be added to the Administrative Support Team timesheet to record lost productivity and cancellations. Document Services will be available for all agencies in order to ensure their continued success through utilization of the unit's knowledge and resources without any budgetary impact on those agencies served.

## 2019 Operating Budget: Service Proposals

### SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Finance

SELECT YOUR AGENCY'S SERVICE:

Budget and Program Evaluation

SERVICE DESCRIPTION:

This service is responsible for preparing the City's annual capital and operating budgets, as well as providing assistance to City agencies with budget development and analysis. The service performs financial, compliance and performance reviews of City agencies; supports city-wide efforts to coordinate, manage and use data effectively in support of racial equity, social justice and performance goals; and coordinates the City's efforts to identify and secure outside grant funding.

### SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	0	0	0	0	0
Expense	639,945	784,426	799,065	860,046	60,981
Net Budget	639,945	784,426	799,065	860,046	60,981

### 2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

The agency request level is consistent with the cost to continue budget. Within the proposal \$25,000 was moved from Other Expenses to Consultant services in anticipation of entering into an agreement for the resident & employee engagement surveys.

The increase from cost to continue to agency request reflects moving costs associated with the City's Internal Audit program from the Risk Management service. This change aligns the budget with where the program sits operationally within the Finance Department. There's no service change associated with this technical adjustment.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

Moving funding within purchased services seeks to accurately capture where the funds will be spent based on the service's proposed workplan. Movement of these funds will not impact the current level of service.

### SERVICE GOALS

1. Who is the recipient of this service?

Services provided by Budget and Program Evaluation are intended for both internal and external recipients. Externally, the service provides information for City residents about the budget, fiscal impact of proposed legislation, and annual grant activity. The service also supports agencies in developing processes and publishing data as part of the City's Open Data program. Internally, the service provides fiscal advise and analysis to elected officials and City staff regarding financial and programmatic decisions.

2. What activities are you responsible for providing under this service?

This service comprised of the following activities: budget development, data and innovation, and internal audit and grants management. These functions work together

3. How do you define success within this service?

Success for this service is defined by the accuracy of our analysis and recommendations along with the satisfaction level of our customers.

4. What strategies are planned for 2019?

- Implement Outcome Budgeting Process: The Budget Development team will work to implement the outcome budgeting framework that will focus on service levels within each of the Citywide Elements. As part of this process the team will develop and implement a training program to assist agencies in preparing for this transition.
- Implement Data Action Plan: The Data & Innovation team will work with agencies to begin executing their data action plans. This team will assist agencies in collecting and analyzing data for the performance measures that were developed in the first phase of Results Madison. This team will also assist agencies in developing tools and procedures for reacting to analysis of performance measures. The team will also begin collecting data for the data indicators identified within each of the Citywide Elements.
- Internal Audit: This team will execute the annual audit workplan. Projects identified for 2019 include: auditing cash management practices of City departments, testing payroll controls, and overseeing the City's Single Audit.

## 2019 Operating Budget: Service Proposals

### SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Finance

SELECT YOUR AGENCY'S SERVICE:

Insurance

SERVICE DESCRIPTION:

This service purchases insurance and implements other risk management techniques to protect the assets of the City. This is accomplished via risk transfer, where the City shifts exposure/risk to another entity either through purchase of insurance or in a contract. If neither of those techniques are possible or reasonable, risk avoidance or loss control techniques (i.e., training and other programs designed to mitigate risk) may be used.

### SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	-598,192	-293,301	-293,301	-322,000	-28,699
Expense	598,192	293,301	293,301	322,000	28,699
Net Budget	0	0	0	0	0

### 2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

46120-Increased expected dividend from \$70,000 to \$100,000.

48510-Changed to 12,774 to account for difference between revenues and expenses.

51100-Changing Eric from 90% insurance fund to 80%.

51113-Added \$7,500 for Part Time Hourly Intern cost. This is 50% of the expected cost. Other 50% is in W/C fund.

53110-Added \$2,250 for Office Supplies which were previously part of the Finance Department budget.

54120-Added \$250 for Telephone expense that was previously part of the Finance Department budget.

54121-Added \$130 for Cell phone expense that was previously part of the Finance Department budget.

54520-Added \$1,000 for Conferences and Training that was previously part of the Finance Department budget.

54535- Added \$1,000 for Memberships that was previously part of the Finance Department budget.

54545-Added \$7,500 for Hearing Tests for departments that previously wasn't budgeted.

54810-Added \$4,000 for Agent Fee that previously wasn't budget.

54850-Added \$155,000 for Liability Premiums. Increase of 30% over 2018 budget. After communicating with WMMIC, increased budget amount 20% over 2018 actual expense.

54852-Added \$36,000. Budgeted for inflation increase in values. MPIC and Integrity would not provide estimated increase.

54855-Added \$100,000 for Claims expense.

56610-Reduced to \$0. Did not budget for a fund balance.

Increase billings to departments by \$150,000.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

The operational impact is an additional \$150,000 that will be charged to departments by the insurance fund, however this is necessary given the premium increases the City is expecting from WMMIC and the increase in Claims payments we have seen in the past.

### SERVICE GOALS

1. Who is the recipient of this service?



All city departments receive service from the insurance fund through liability claim payments, property claim payments, subrogation activities, and other Risk Management services.

2. What activities are you responsible for providing under this service?

Act as Liason with WMMIC, Integrity, and MPIC to process and collect on claims. Provide subrogation services to departments to collect funds related to damage to City property. Provision of Risk Management services to departments which include contract review, policy review, loss control services, training assistance, and numerous other services.

3. How do you define success within this service?

Success is difficult to define within this service since it is difficult if not impossible to show that we prevented a loss from occurring. Success could be defined as seeing fewer accidents or claims or a reduction in the severity of claims. It could also be seen by an increase in involvement with departments requesting assistance.

4. What strategies are planned for 2019?

We are hoping to enlist an intern in 2019 that will allow for more data analysis. In addition, WMMIC will be using a new claims system that should allow us to analyze data more efficiently.

## 2019 Operating Budget: Service Proposals

### SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Finance

SELECT YOUR AGENCY'S SERVICE:

Risk Management

SERVICE DESCRIPTION:

This service is responsible for administration of the City's general liability, auto liability, property and other miscellaneous insurance programs and acts as the liaison between the City and the Wisconsin Municipal Mutual Insurance Company (WMMIC). Risk Management also monitors the insurance requirements of City contracts and investigates the appropriateness of claims against the City. Risk Management is also responsible for the implementation, administration and continued enhancement of the City Safety and Worker's Compensation programs.

### SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	0	0	0	0	0
Expense	81,926	80,694	60,981	0	-60,981
Net Budget	81,926	80,694	60,981	0	-60,981

### 2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

In 2018 these costs represented the Internal Audit program. This program was transferred from Risk Management to Budget & Program Evaluation in 2017 to better align operationally within the Department. These costs are shown as part of the Budget & Program Evaluation service in the 2019 request. There is no change in service level.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

No operational impact, this technical change aligns the Internal Audit program with where it sits operationally in the Finance Department.

### SERVICE GOALS

1. Who is the recipient of this service?

See the Budget & Program Evaluation service.

2. What activities are you responsible for providing under this service?

See the Budget & Program Evaluation service.

3. How do you define success within this service?

See the Budget & Program Evaluation service.

4. What strategies are planned for 2019?

See the Budget & Program Evaluation service.

## 2019 Operating Budget: Service Proposals

### SERVICE IDENTIFYING INFORMATION

SELECT YOUR AGENCY:

Finance

SELECT YOUR AGENCY'S SERVICE:

Workers Compensation

SERVICE DESCRIPTION:

Through its work with safety committees, managers, and employees, staff assist in providing a safe working environment for City employees. If an employee becomes injured or ill on the job, staff work with providers to provide appropriate and timely benefits as provided under the Workers' Compensation laws of Wisconsin.

### SERVICE BUDGET - ALL FUNDS

	2017 Budget	2018 Budget	2019 Cost to Continue	2019 Request	Change
Revenue	-308,078	-308,078	-308,078	-75,000	233,078
Expense	308,078	308,078	308,078	75,000	-233,078
Net Budget	0	0	0	0	0

### 2019 PROPOSAL

1. Explain the budgetary changes proposed from 2019 Cost to Continue to the 2019 Request.

48510-Change to \$0. Not sure on amount from 2018.

49110-Change to \$0. Not budgeting a transfer in from the General Fund.

51110-Changed Eric's allocation from 10% to 20%.

51113-Added \$7,500 for intern. Split cost 50/50 with the Insurance Fund.

52811-Transferred this budget line to 54855.

53110-Added \$1,000 for office supplies that had previously been in the Finance Budget.

53210-Reduced \$1,000 and transferred to 53110.

54120-Added \$250 for telephone that had previously been in the Finance Budget.

54121-Added \$20 for cell phone that had previously been in the Finance Budget.

54232-Added \$9,000 for CCB space charge that had previously been in the Finance Budget.

54520-Added \$1,000 for conferences that had previously been in the Finance Budget.

54535-Added \$1,000 for memberships that had previously been in the Finance Budget.

54640-Reduced \$15,000 based on prior year payments.

54645-Increased \$18,000 (\$3,000 for expected increase in MFD Pilot Program, \$5,000 for MSDS Online Subscription, \$10,000 for GAP Analysis for safety program).

54810-Increased \$5,000 for yearly worker's comp actuarial study. Previously was not budgeted.

54855-Claims amount previously budgeted in 52811 was transferred here.

56110-Changed to \$32,800 to account for difference between revenues and expenses.

Total billings to departments dropped \$200,000.

2. Explain the operational impact of the proposed changes from 2019 Cost to Continue to 2019 Request.

Total billings to departments decreased \$200,000 from 2018. Budget includes addition of intern that will assist staff in data analysis. Also added money to continue MFD Pilot Program, added funds to purchase city-wide MSDS system and perform GAP Analysis to identify needs in safety program.

**SERVICE GOALS**

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1. Who is the recipient of this service?

All city employees, managers, supervisors and departments.

2. What activities are you responsible for providing under this service?

We are responsible for managing the city's worker's compensation program and it's TPA. We also serve as a safety resource to departments, managers and supervisors.

3. How do you define success within this service?

Success could be defined by employees feeling safer, a reduction in injured employees, reduction in loss productivity due to injured employees and a reduction in W/C claim payments.

4. What strategies are planned for 2019?

We are hoping to bring an intern on to provide assistance and data analysis and perform a safety GAP Analysis to identify weakness in current safety program.

# Supplemental Request

Agency:

Finance

Enter Your Agency's Service:

Budget & Program Evaluation

Supplement Title:

COWS Partnership

Amount:

FTE:

- Expansion to Existing Service
- New Initiative

Provide an overview of the supplemental request.

This proposal will provide funding to enter into an annual contract with the COWS program for assistance in completing data and innovation related projects. Funding for the partnership will support the University staffing costs associated with maintaining the partnership. Through this work the City will prepare a list of projects that could be accomplished by partnering with a UW faculty member and/or students. COWS will connect City staff with the appropriate resources within the University. This model is similar to partnerships COWS has developed with other jurisdictions in Wisconsin.

What is the desired outcome of the request?

Increase the use of data and evidence in service delivery decisions.

How will the desired outcome be measured?

This outcome will be measured by examining the impact and implementation rate of recommendations from projects completed through the partnership.

# Supplemental Request

Agency:

Finance

Enter Your Agency's Service:

Budget & Program Evaluation

Supplement Title:

Creation of Data Analyst for Analytics Program

Amount:

FTE:

- Expansion to Existing Service
- New Initiative

Provide an overview of the supplemental request.

The proposed request will fund a new Data Analyst position to fully staff an Analytics team within the Finance Department. This team will support agencies as they execute their data action plans created as part of the Results Madison process. As we wrap up engagements with agencies we have learned all agencies require additional support as we move from planning to action. The Analytics Team will support agencies in building dashboards to regularly track and monitor progress towards the established performance measures.

In addition to supporting a portfolio of agencies, this position will support projects identified as part of an annual research agenda. This framework will allow us to leverage big data from the City to solve problems.

The Finance Department is staffing the remainder of this team with existing positions within the Department.

What is the desired outcome of the request?

Empower agencies and decision makers with data to help solve problems and improve their service delivery.

How will the desired outcome be measured?

Progress will be measured by monitoring the success in standing up dashboards for agencies, along with developing and executing an annual research agenda.