



About the City Budget

Information Series on the City of Madison Budget
Part 1: Budget 101

Series Overview

Part 1: Budget 101

- a. Budget Overview and Process
- b. Understanding the City's Fund Structure
- c. Operating Budget Highlights

Part 2: The City's Structural Deficit and Referendum

- a. Understanding the City's Structural Deficit
- b. Balancing the City Budget

Part 3: Financial Policies and the Levy Limit

- a. Role of Fund Balance in the City Budget
- b. The Levy Limit and Impact of Debt Service

Part 4: Revenue Options

- a. Limitations on Revenue Options
- b. Deep Dive on Property Taxes
- c. Deep Dive on Local Revenue Options

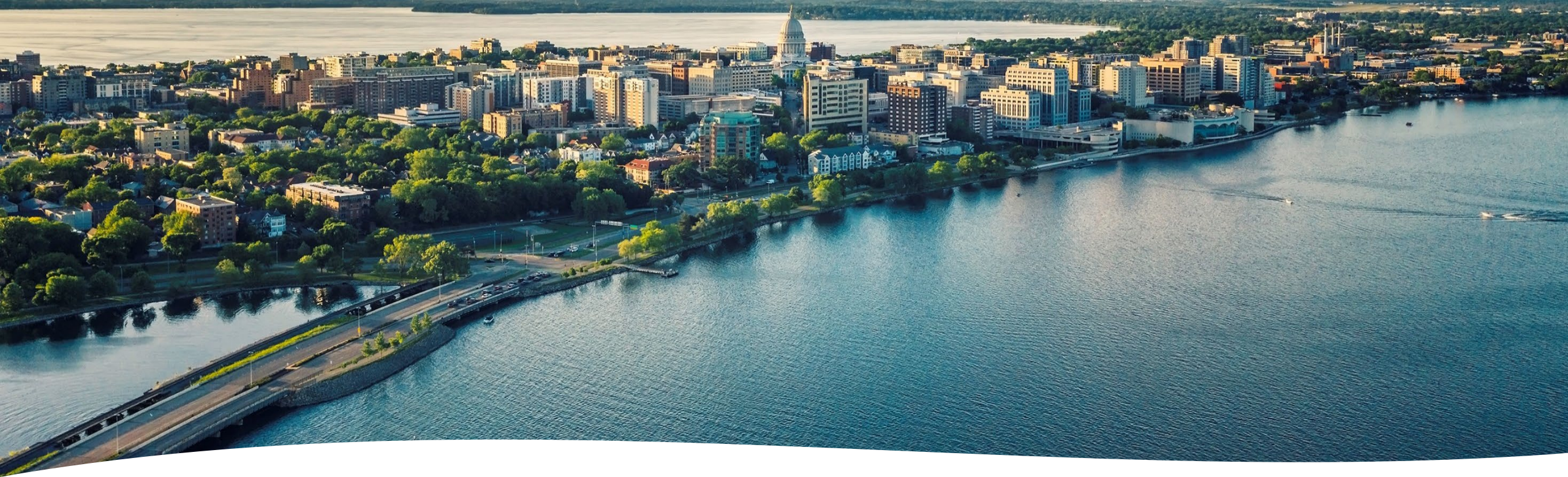


Part 1.a.

Budget Overview & Process

Takeaways:

- The City has two budgets: a capital budget and an operating budget
- Both budgets are effective from January 1 – December 31
- All phases of the budget, from initial requests to the adopted budget, are publicly available on the City website: <https://www.cityofmadison.com/budget>



What is the City Budget?

The City has two budgets: the **capital budget** and **operating budget**. Both are **planning documents** that outline and authorize how the City will spend money in the upcoming year.

- Capital and Operating Budgets covers spending for 1 year (Jan. 1 – Dec. 31)
- Introduced by the Mayor and amended/ approved by the Common Council
- Operating Budget must be balanced (expenditures = revenues)



Capital Budget

- **What is it:** The capital budget funds physical infrastructure like roads, bike lanes, building improvements, affordable housing development, and other projects.
- **Why is it important:** Capital projects are long term investments that ensure infrastructure is safe & effective and helps us advance city goals on climate change, housing, and other key issues.
- **How is it funded and paid for:** These items are primarily paid for through borrowing. Special assessments, impact fees, user fees and federal and state grants also help finance capital projects.

Operating Budget

- **What is it:** The operating budget pays for the City's daily services to City residents. This includes paying staff salaries, community-based organizations who deliver services on behalf of the city, and other costs.
- **Why is it important:** The operating budget supports core services including police, fire, emergency medical services, library and park programs, garbage and recycling collection, snow and ice removal, and more.
- **How is it funded and paid for:** The operating budget is primarily supported by property taxes. Other funding sources include charges for services, user fees, and federal and state aid.



Comparing the City Budget to a Personal Budget

Capital Budget

Think of the capital budget like taking out a loan or mortgage to buy a car or house.

- When you take out a loan or mortgage, you are using debt to invest in a long-term asset – your car or house.
- You pay back the loan or mortgage on a regular basis, usually in monthly installments. At the end of payment period, you own the asset.

Operating Budget

Think of the operating budget like paying for daily expenses with a checking account.

- Every day expenses like rent or mortgage payments, food, and utilities, are things you need to pay for on an ongoing basis.
- If you pay with a checking account, you use money you have in the bank (instead of borrowing money).

How capital investments show up in the operating budget

In the City Budget, repaying debt for capital investments is called “Debt Service.” Debt service payments are part of the Operating budget. This is similar to how a monthly mortgage payment becomes a recurring household bill. The asset purchased is a capital item, while monthly payments are operating expenses.

Annual Budget Development Timeline

(Capital + Operating)

Each year starts with a “**Cost to Continue**” projection. This is how much it would cost to provide the **same level of service** next year.

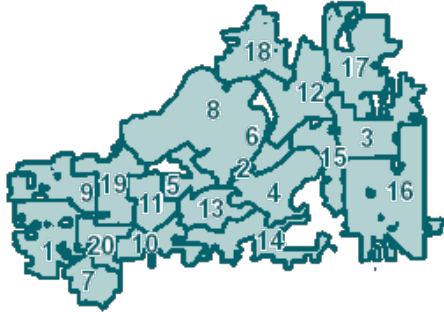
Council can **submit amendments** to the executive budget and has final authority to **approve the budget**.



Public Participation in the Budget Process:

- City staff engage residents through planning processes, public meetings, and other platforms. Staff consider resident service needs when developing budget requests.
- Members of the public can attend Finance Committee meetings, provide public comment at budget hearings in the fall, and contact their alders about priorities for the budget.
- Staff typically host public engagement sessions on the budget in the summer/fall. Public events will be published on the City website.

Roles and Responsibilities



Common Council

- Provides policy direction on the budget
- Reviews and amends the Executive budget
- Adopts the final budget and approves legislation to levy taxes and issue bonds to fund the budget

Mayor

- Establishes the priorities and guidelines for the executive budget, based on input from alders, residents, and staff, and alignment with citywide strategic plans
- Develops and presents the Executive Budget for consideration by the Common Council

Staff

- **Finance Department** coordinates and facilitates citywide budget process and provides independent fiscal analysis of requests
- **Departments and Divisions** prepare budget requests based on priorities and operational needs

Where to find the
budget online:

<https://www.cityofmadison.com/budget>





Part 1.b.

Understanding the City's Fund Structure

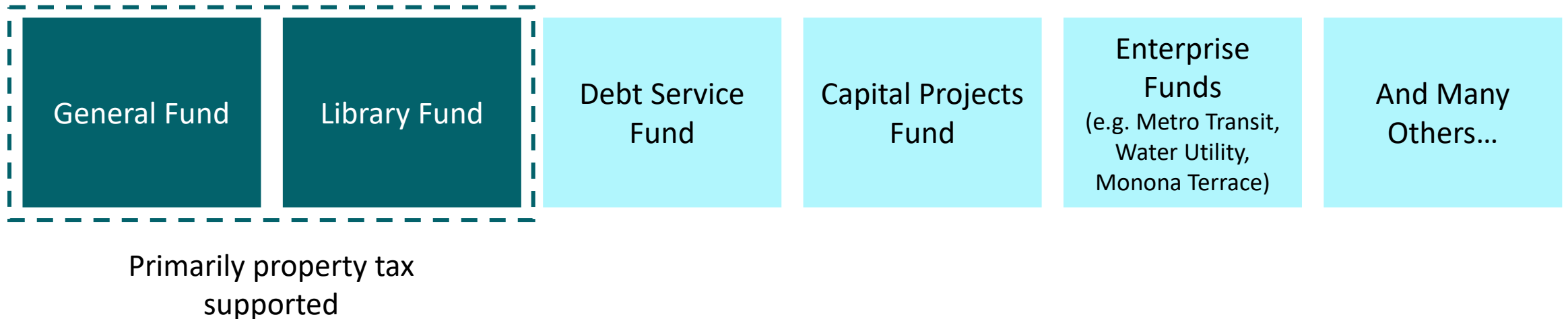
Takeaways:

- The City's budget is made up of many Funds.
- The General Fund is the focus of the Budget because property taxes are the main revenue source.
- Inter-fund transfers are highly regulated.

Overview of the City's Fund Structure

A **Fund** is a sum of money segregated for specific activities.

The **General Fund** is the City's primary Operating Fund. This Fund is the main focus of the City's budget because it is primarily supported by property tax revenues and pays for the cost of day-to-day City services. The **Library Fund** is also primarily supported by the property tax and is considered part of the General Fund for budget discussion purposes.



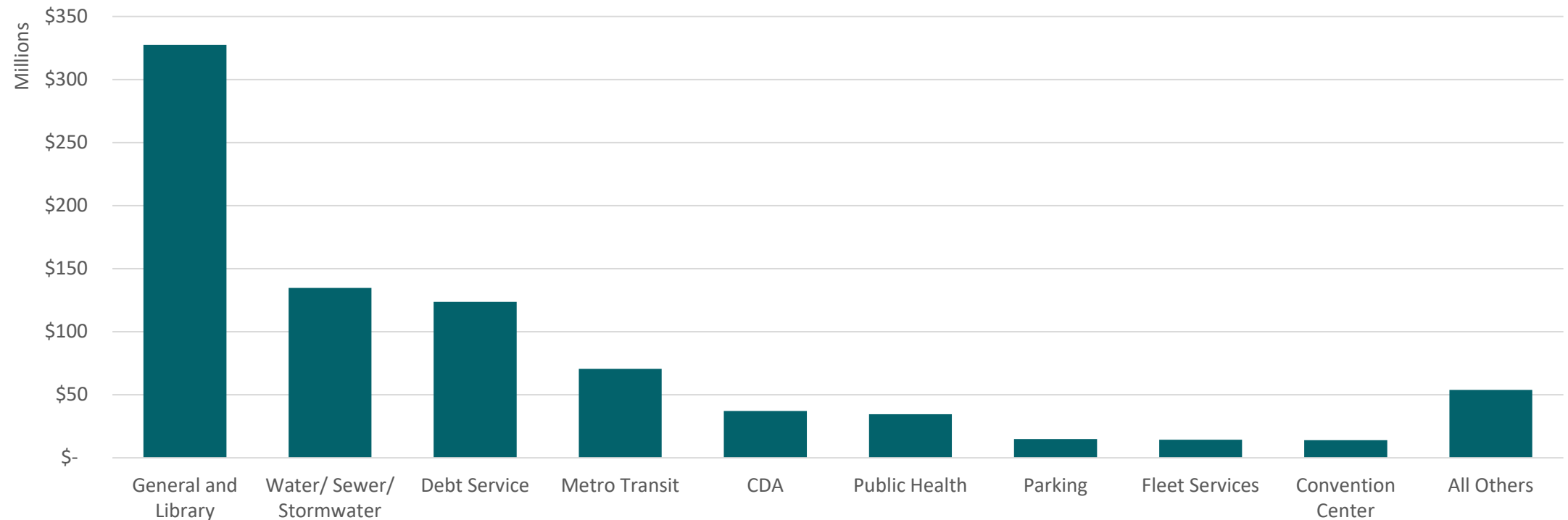
Fund Overview: Enterprise & Other Funds

- Other Funds (excluding general and library funds) are supported by non-property tax revenue sources.
- Revenues raised by other funds cover the direct and indirect costs of providing a service and are not used to generate a profit.
- Transfers from these funds are regulated and can only be used in specific circumstances.

Fund	Purpose	Primary Revenue Source
Enterprise Funds <i>Golf, Metro Transit, Monona Terrace, Parking, Sewer, Stormwater, Water</i>	Dedicated business-type activities	Fees charged to external users
Internal Service Funds <i>Fleet, Insurance, Worker's Compensation</i>	Dedicated internal service activities	Inter-agency billings
Other <i>Debt Service, Public Health of Madison and Dane County (PHMDC), Capital Projects, Tax Increment Districts, and more</i>	Funds set-aside for legal or other specific purposes	Various, including inter-fund transfers

General Fund Accounts for 40% of the City's Total Annual Budget

City All Funds Budget = \$825.4 million
Based on 2025 Adopted Budget



*General Fund (including Library Fund) totals **exclude** amounts transferred to other funds, e.g., Debt Service, Metro Transit, Public Health

**"All Others" includes Room Tax, Insurance, Capital Projects, TIDs, Grants, Insurance, Worker's Compensation

Inter-Fund Transfers

- Inter-fund transfers reflect amounts to pay for costs in other funds, including subsidies between funds (e.g., General Fund subsidy to Metro Transit).
- Inter-fund transfers can be found in the line-item details for agency budgets.
- General Fund transfers out to other funds are reflected as an expense in the “[Direct Appropriations](#)” budget.
- Agencies that receive transfers from the general fund (e.g. Debt Service, Metro Transit, Public Health) show this “transfer in” as a revenue.

Direct Appropriations		Function:		Other		
Line Item Detail						
Agency Primary Fund:		General				
	2023 Actual	2024 Adopted	2024 Projected	2025 Request	2025 Executive	2025 Adopted
Transfer Out						
Transfer Out To Library	156,167	-	-	-	-	-
Transfer Out To CDBG	11,216	-	-	-	-	-
Transfer Out To Grants	6,009	-	-	-	-	-
Transfer Out To Other Restrict	1,145,491	551,000	551,000	541,375	541,375	541,375
Transfer Out To Debt Service	62,129,436	63,879,900	63,879,900	68,879,900	68,147,105	68,147,105
Transfer Out To Capital	1,114,578	1,233,000	1,233,000	1,233,000	3,298,065	3,298,065
Transfer Out To Special Assess	50,000	50,000	50,000	50,000	50,000	50,000
Transfer Out To Water	133,907	-	-	-	-	-
Transfer Out To Sewer	33,191	-	-	-	-	-
Transfer Out To Stormwater	13,734	-	-	-	-	-
Transfer Out To Parking	99,743	-	-	-	-	-
Transfer Out To Cnvt Center	58,302	-	-	-	-	-
Transfer Out To Transit	2,513,890	15,725,000	15,725,000	18,442,237	18,442,237	18,442,237
Transfer Out To Golf Courses	8,012	-	-	-	-	-
Transfer Out To Fleet Services	41,202	-	-	-	-	-
Transfer Out To Insurance	1,502,289	-	-	-	-	-
Transfer Out To Workers Comp	1,145	-	-	-	-	-
Transfer Out To Public Health	9,657,444	10,316,892	10,316,892	10,855,252	10,794,522	10,794,522
Transfer Out Total	\$ 78,675,753	\$ 91,755,792	\$ 91,755,792	\$ 100,001,765	\$ 101,273,305	\$ 101,273,305



Part 1.c.

Operating Budget Highlights

Takeaways:

- Property taxes are the main revenue source for the general fund budget.
- Personnel and Debt Service are the largest expense categories.
- Public Safety and Health is the largest functional area.
- Madison's spending per capita is close to the state average for general government, law enforcement, Fire & EMS, solid waste collection, and debt service.

Operating Budget

- **What is it:** The operating budget pays for the City's daily services to City residents. This includes paying staff salaries, community-based organizations who deliver services on behalf of the city, and other costs.
- **Why is it important:** The operating budget supports core services including police, fire, emergency medical services, library and park programs, garbage and recycling collection, snow and ice removal, and more.
- **How is it funded and paid for:** The operating budget is primarily supported by property taxes. Other funding sources include charges for services, user fees, and federal and state aid.



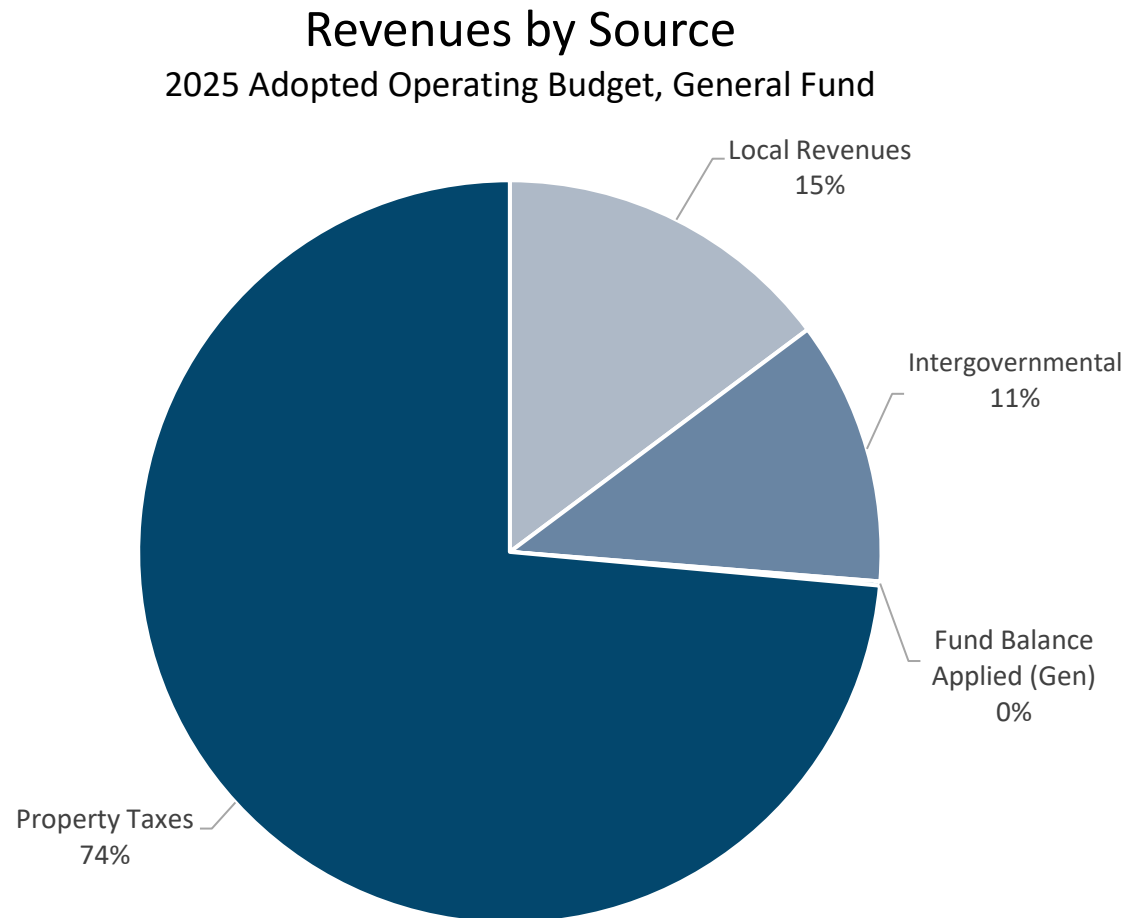
Note on Budget Data

- Following slides represent the 2025 Adopted Operating Budget for the General and Library Fund.
- Revenues reflect the approval of a \$22 million property tax levy referendum. Part 2 of this budget info series goes into more details on the referendum.
- The total budget numbers change each year. However, the relative proportion of revenue sources and expenditure categories is consistent year over year.
- Details on current and historic budget data can be found on the Finance website:
<https://www.cityofmadison.com/finance/budget>



Property Tax is more than 70% of Revenues

2025 General Fund Budget = \$432.5 million



- **Property Taxes:** Primary source of revenue for the operating budget; Accounts for 74% of total (\$318.1m)
- **Local Revenues:** Includes payments in lieu of taxes; fines and forfeitures; licenses and permits; and other local taxes; Accounts for 15% of total (\$64.0m)
- **Intergovernmental (State Aid):** Includes shared revenue, general transportation aid and other state aid; accounts for 11% of total (\$49.6m)
- **Fund Balance:** Includes \$779,400 related to one-time funds for certain programs; accounts 0.2% of total

Source: 2025 Adopted Operating Budget

The largest expenditure categories are Personnel (62%) and Debt Service (16%)

Personnel = \$267.2 million, 61.8%

- Pays for staff salaries and benefits

Debt Service = \$70.5 million, 16.3%,

- Pays back borrowing for capital projects

Non-Personnel = \$54.8 million, 12.7%

- Purchased services and supplies

Other = \$36.2 million, 8.4%

- General fund subsidy to Metro Transit (\$18.4 m), City's share of the joint City-County Public Health Agency (\$10.8 m), and the contingent reserve (\$2.4 m)

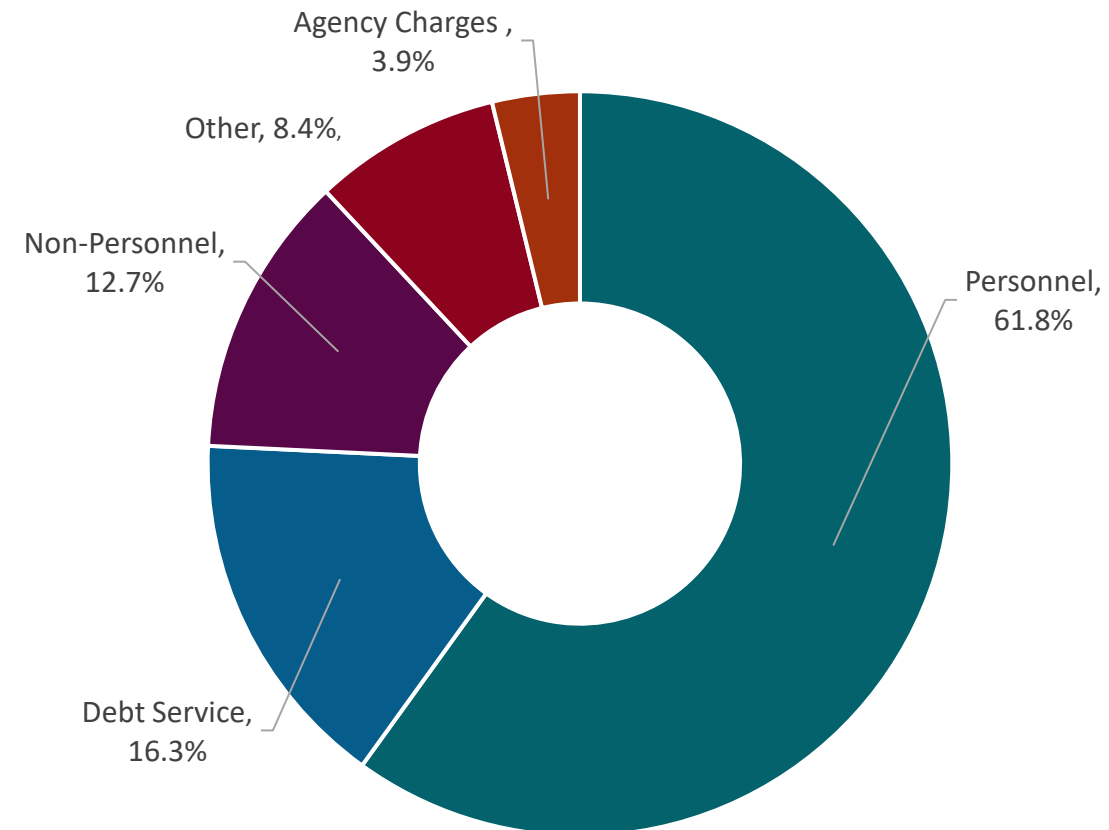
Agency Charges = \$16.9 million, 3.9%

- Inter-departmental billings and charges including Insurance, Workers Compensation, and Fleet Services

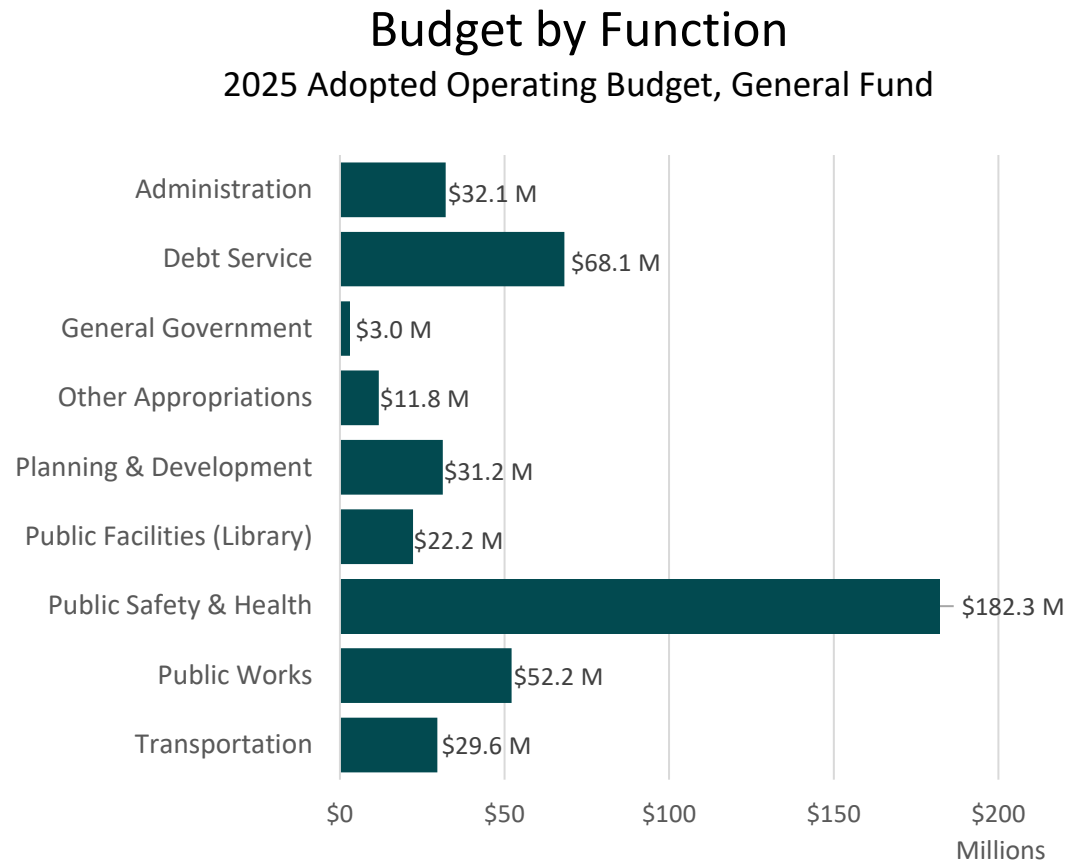
Agency Revenues = -\$13.2 million, -\$3.1%

- Charges for services, facility rentals, permits, and other sources that offset expenses

Expenditures by Type
2025 Adopted Operating Budget, General Fund



Public Safety & Health Agencies Account for Largest Share of Budget (42.5%)



- Public Safety & Health accounts for the largest share of the budget (\$182.3 million; 42.1%). Majority is for Police (\$91.0 million) and Fire/ EMS (\$70.6 million)
- General Fund Debt Service (\$68.1 million; 15.8%). Library Debt Service is in the Library Agency budget
- Public Works is the third largest functional area (\$52.2 million, 12.1%)
- Other Appropriations are centrally budgeted functions that address city-wide expenses, including transfers to the capital fund and the contingent reserve

Madison's Per Capita Spending in Context

Comparison with 35 largest Wisconsin Cities (over 20,000 in population)

Category		Per Capita	Rank	Average	Median	% of Avg.
Debt Service		\$291	13	\$294	\$270	99%
Government Services						
	Conservation and Development (e.g. housing, forestry)	\$259	8	\$194	\$167	134%
	Culture and Education (e.g. Libraries)	\$105	8	\$76	\$74	138%
	General Government	\$146	17	\$150	\$144	97%
	Parks and Recreation	\$86	22	\$121	\$112	71%
	Solid Waste Collection and Disposal (includes recycling)	\$60	12	\$52	\$50	116%
Health and Human Services		\$93	3	\$31	\$17	299%
Highway and Transportation						
	Highway Maintenance and Construction	\$282	18	\$323	\$282	87%
	Other Transportation (e.g. Transit)	\$91	2	\$23	\$3	395%
Public Safety						
	Fire/ EMS	\$246	14	\$231	\$237	106%
	Law Enforcement	\$315	13	\$324	\$301	97%
Totals						
	Operating/ Capital/ Debt Service Spending	\$2,004	15	\$1,872	\$1,875	107%
	Total Spending and Other Financing	\$2,521	3	\$1,924	\$1,956	131%

Madison's Per Capita Spending in Context

Madison spending in comparison with other Wisconsin cities reflects the City's values, priorities, and unique situation with regard to certain services. The "% of Avg." column shows how Madison's spending compares to the average spending per capita

- **Percentages close to 100%:** Areas where Madison spending is about the same as the average. This includes spending for general government, law enforcement, Fire & EMS, solid waste collection, and debt service.
- **Percentages less than 100%:** Areas where Madison spends less than average. This includes spending for parks & recreation and highway maintenance & construction spending.
- **Percentages greater than 100%:** Areas where Madison spends more than average. This includes conservation & development, culture & education, health & human services, and other transportation. These rankings reflect the City's priorities and the fact that in most Wisconsin cities, these services are provided by the county in which the city is located.

About the Data Source

- The table above reflects 2023 expenditure data. Data for 2024 will be available in January 2026.
- WI Department of Revenue data published annually based on Municipal Financial Report Forms filed by municipalities
- For a full list of definitions, refer to the report posted [online](#)