

Executive Budget User's Guide

Agency Budgets

Agencies were instructed to submit 2021 budget requests that were consistent with the cost to continue current service levels. Cost to continue adjustments included: planned salary adjustments (step and longevity increases), a revised fleet rate, and updated insurance and workers' compensation expenses, along with various agency specific items where extra-ordinary inflation is projected. General and Library Fund agencies were also instructed to develop 5% reductions.

Presentation of the 2021 Operating Budget

Agency budgets are presented in Section 4 of the document. Budgets are presented in alphabetical order. Agency budgets are presented by service and by fund at the major expenditure level. Reference the Glossary section of the budget book for definitions to key budget terms.

The presentation of each agency's budget includes 2019 actuals, 2020 budget and projected amounts (the 2020 projected amount is based on the 2nd Quarter projections), 2021 Request and Executive.

Presentation of the 2021 Operating Budget seeks to emphasize service level budgets while emphasizing the total cost of providing services. Agency budgets continue to be presented in four sections:

1. Agency Overview: High level summary of the agency including mission, overview, and key highlights for the 2020 budget.
2. Budget Overview: A summary of the agency's budget by fund, service, and major category of expenditure. Revenues presented for General Fund agencies only include revenue budgeted within the General Fund; expenditure amounts represent all funds.
3. Service Overview: Presentation of the agency's budget by service. Each service includes the following:
 - a. Service Description: High level overview of the service and its objectives
 - b. Major Budget Changes: Discussion of significant changes at the service level
 - c. Activities Performed by Service: Discussion of activities that make of the service's body of work
 - d. Service Budget: Presentation of the service's budget by fund and expenditure type. Note, in cases where services are funded by multiple sources only revenues from the General Fund are presented.
4. Position Detail
 - a. Includes the count and salary of full-time equivalent (FTE) positions funded included in the Executive Budget.
5. Line Item Detail
 - a. Outlines line item expenditures within the agency's primary fund.

Internal Service Funds

The Executive Budget includes three Internal Service Funds: Fleet Service, Insurance, and Workers Compensation. An Internal Service Fund is used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to City agencies. The Agency Billings budgets for these funds is presented as a separate table to highlight the full expenditure cost of the Agency.

1. Budget Overview
 - a. Provides an overview of agency budgets by major type of external (non-City agency) revenue, by major type of expenditure, and by City Agency Billings.

Pay Increases & Furlough Program

The Executive Budget includes the following wage increases:

- Sworn Police and Fire: 3.75% in January 2021. These increases were negotiated in 2019 by the previous Administration and are now contractually required.
- Teamsters: 2.5% in July 2021.
- All Other Civilian Positions: No Pay Increase. The Executive Budget includes a furlough program for all General Municipal Employees. This program will be implemented by Human Resources through collaboration with labor association representatives. Assumed savings from the furlough program is \$1.2 million (General and Library share only).

Enterprise Funds

The operating budget includes revenue and expenditure information pertaining to Madison's enterprise funds including:

- Monona Terrace
- Golf Enterprise
- Transit Utility (Metro Transit)
- Parking Utility
- Sewer Utility
- Stormwater Utility
- Water Utility

All enterprise funds, except Monona Terrace and Transit Utility, do not receive a subsidy from local sources. Monona Terrace receives a subsidy through the Room Tax Fund as authorized by the Room Tax Commission. The Transit Utility also receives a General Fund subsidy outlined in the proposed budget for Metro Transit. Savings resulting from lower than anticipated expenses and revenues generated in excess of budgeted levels are maintained in the individual enterprise operating funds. This policy affords enterprise managers the opportunity to utilize positive budget variances to benefit future year operations. It also builds capacity to respond to future budget shortfalls from enterprise resources, without affecting General Fund expenditure levels.

Use of Fund Balance

The Executive Budget proposes utilizing \$8.0 million of the General Fund unassigned fund balance in 2021. This represents 2.5% of proposed budgeted expenditures in 2021. Because fund balance is a one-time source of funding, uses for fund balance in the 2021 Executive Budget are intended to be temporary. The table below outlines the proposed uses.

Proposed Uses	Amount
Temporary loss of General Fund Revenue	6,178,000
Replace Room Tax portion contributions for Olbrich Gardens & Henry Vilas Zoo	642,000
Increased City contribution to Henry Vilas Zoo (Formula Based)	400,000
Traffic Engineering Radio Subscription Costs	550,000
COVID Response Costs (Citywide PPE and Cleaning Supplies)	100,000
Town of Madison Costs: Voting Equipment & Communication Plan Implementation	130,000
TOTAL	\$8,000,000

These items were identified in accordance with City financial policies pertaining to the appropriate use of balance as stated below:

To avoid the creation of future structural budget deficits, the City of Madison will not use one-time revenue sources to fund ongoing operating expenses.

Consistent with recommended financial and budget management practices, the City of Madison has a goal of maintaining an unassigned general fund balance on December 31st equal to 15% of subsequent year budgeted general fund appropriations. In order to achieve and maintain that goal, the City will allocate excess balances in ways that avoid structural deficits (e.g., through one-time appropriations), and will take specific actions within a reasonable period of time to increase the balance if it is below the 15% goal (e.g., through allocation of unanticipated revenues to fund balance, through allocation of revenue growth to fund balance combined with prudent spending controls and/or reductions, and through adoption of revenue increases). The City will also seek to avoid appropriations outside of its regular budget process other than to respond to emergency situations (as expressed by the Mayor and Council through resolution) or to address year-end reconciliation and expenditure restraint requirements.