2026 Mid Year Budget Projection & Resolution

Finance Committee
July 27, 2026

Agenda

- Mid-Year Projections
  - 2026 General Fund Projection
  - GF Agency Highlights
  - Enterprise Agency highlights
- Review of the Midyear Appropriation

Budget Projection Timeline

Budget projections are based on a **point in time analysis** to project spending through the end of the year.

1. **Week of June 1:** Finance Staff pull data on actual expenditures from January 1 – May 31 and prepare data for projections
2. **June 8 – 22:** Agency staff and budget analysts independently complete the budget projection exercise
3. **June 23 – July 07:** Agency staff and budget analysts meet to discuss and finalize projections
4. **July 08 – July 24:** Budget team compiles agency-level files, develops a citywide resolution for budget appropriation (introduced to CC 7/21, Finance Committee 7/27, Adopted 8/4)

2026 Projection: General Fund Only

	2026 Adopted Budget			
	Adopted Budget	Revised Budget	Mid Year Projection	Difference (mid year proj. – revised)
General Fund Revenue	(126,056,731)	(126,056,731)	(126,824,321)	(767,590)
Property Taxes	(303,370,235)	(303,370,235)	(303,370,235)	-
Total Revenues	(429,426,966)	(429,426,966)	(430,194,556)	(767,590)
Agency Revenues	(10,561,244)	(10,561,244)	(10,948,884)	(387,640)
Expenditures	439,988,209	440,344,629	436,664,704	(3,679,925)
Total Expenses	429,426,966	429,783,385	425,715,820	(4,067,565)
Projected (Excess)/ Deficit			(4,478,736)	

"Revised Budget" column includes $356,419 in carryforward encumbrances. This additional budget authority will be offset by a transfer from Direct Appropriations in the mid-year resolution. The "Mid Year Projection" Column in the table on the prior slide does not reflect the proposed transfers in the mid-year resolution. As a result, there is a variance between the total amount in the "Mid Year Projection" and "Difference" columns that equals the amount of carryforward encumbrances.

General Fund Highlights: Expenses

Total General Fund expenses, net of agency revenues, are projecting $4.07 million below budget.

- **Agencies are projecting to overspend by $1.06 million**. Personnel costs are $3.0 million overbudget due to agencies incurring compensated absence escrow costs and not meeting their full salary savings/ 0.75% budget efficiency target. This is offset by agencies being $2.0 million underbudget in purchased services, primarily related to the timing of multi-year software contracts and pre-paid expenses.
- **Majority of underspending in direct appropriations for centrally budgeted funds.** Compensated absence escrow ($3.0 million) is projected at $0. Contingent reserve ($2.15 million) is projected at $70,000 based on the passage of the MadCAP funding (Legistar 92053).
- **-$1 million in Agency overspending + $5 million in direct appropriations = $4 million available**

Data Note: The "Mid Year Projection" Column in the table on the prior slide does not reflect the proposed transfers in the mid-year resolution (i.e. it does not reflect the transfers for carryforward encumbrances or contingent reserve). We do this to determine the projected surplus/ deficit in each agency and the total amounts needed for transfers. The year-end resolution will transfer centrally budgeted funds from direct appropriations to agencies to cover deficits.

General Fund Highlights: Revenues

Total General Fund revenues are projecting $767,600 above budget.

- **Fund Balance:** The adopted budget includes $2.2 million in fund balance applied. The projection assumes using $0 in fund balance due to strong performance in other revenues.
- **Ambulance Charges:** Estimated $1.9 million above budget due to Medicaid billings
- **Building Permits:** Estimated $1.1 million above budget due to construction related to spring hail storms
- **Interest:** Projects Interest and mark-to-market adjustment at budget of $15.2 million

Agency Projection Review

- Available as a spreadsheet attached to Legistar File 94055

Non-general fund projection highlights

- **Fleet Services:** Projecting $161,000 over budget in purchased services due to vehicle repairs and maintenance costs, offset by projected surplus in personnel costs. Agency anticipates absorbing additional fuel costs based on underspending in other supplies.
- **Golf:** Projecting additional $245,000 in revenue from facility rentals and greens fees, offset by higher expenses.
- **Library:** Projecting to end the year $504,000 over budget. This is primarily due to higher personnel costs related to an unbudgeted reclassification of supervisor positions, which included significant back pay (approved through Legistar 91404), lower vacancy rates that prior years, and costs that were not fully budgeted for the opening of the new Imagination Center at Reindahl Park (e.g. collection processing costs). Library has sufficient fud balance to cover the cost of expenses in 2026. The mid-year resolution only appropriates funds needed for carryforward encumbrances. Library will monitor expenses throughout the year and revise their budget in the year-end projection.
- **Metro:** Projecting $4.2 million deficit due to updated revenue estimates and higher than budgeted expenses. Revenue adjustments reflect charge revenues based on 2026 trends, anticipated partner contracts, and updated local revenues. Expenses factor in higher than budgeted supplies and purchased services.
- **Streets – Resource Recovery Special Charge:** Projecting a deficit of $545,000 based on lower than anticipated revenues from the sale of recyclables and higher diesel and personnel expenses. There is a separate resolution (File 93941) with additional details and a proposal to increase RRSC rates to address the deficit.
- **Other enterprise funds are meeting budget targets and do not require any transfers or budget adjustments at this time.**

Mid Year Resolution

Primary Components of Mid Year Resolution

1. Transfer funds and appropriate fund balance for carryforward encumbrances for contracts that span multiple years.
2. Make intra- departmental transfers to cover deficits in various major expenditure categories
3. Appropriation $500,000 from contingent reserve to agency budgets to cover projected deficits
4. Increase budget authority for Metro Transit
5. Make other appropriations and transfers
6. Make amendments to various capital projects

1. Carryforward Encumbrances

Encumbrances that are outstanding at year-end may be carried forward into the next year if contracted services span multiple years. The City centrally budgets for carryforward encumbrances in the general fund and transfers funds to agencies on an as needed basis.

General Fund

- $356,419 in carryforward encumbrances from multiple General Fund agencies
- $400,000 budgeted in direct appropriations
- Resolution transfer budget authority from direct appropriations to agencies.

Library Fund

- $29,450 in carry forward encumbrances, primarily related to private donations
- The Library has sufficient fund balance to cover this expense

Public Health

- $430,794 in carryforward encumbrances
- PHMDC has sufficient fund balance to cover this expense

2. Intra-Agency Transfers

General Fund

- **Assessor**: Transfer $25,000 from salaries to supplies and purchased services for increased expenses for postage, transcription services, and other non-personnel expenses
- **Civil Rights**: Transfer $20,000 from benefits to purchased services for translation and interpretation services
- **Traffic Engineering**: Transfer $38,000 from benefits to supplies and purchased services for increases to various non-personnel costs

Other Funds

- **Fleet Service**: Transfer $100,000 from salaries and $61,000 from benefits to purchased services for vehicle repairs and maintenance

3. Appropriations from Contingent Reserve

- **Clerk:** Transfer $400,000 from contingent reserve to Clerk's Office for Election Supplies ($290,000) and purchased services ($110,000). The 2026 adopted budget did not fully account for the supply costs of four elections or the lease costs of an additional storage facility (approved via Legistar File 93126) that is needed while the Dane County Elections Center is under construction.
- **Engineering:** Transfer $100,000 from contingent reserve to the Engineering budget for facility maintenance supplies (e.g. plumbing, HVAC, tools). Costs for supplies have been increasing over the last several years due to inflation. In prior years, Engineering was able to cover these costs through intra-departmental transfers from underspending in personnel costs. In 2026, the agency does not have sufficient salary savings for an intra-departmental transfer.

4. Metro Transit

- The mid-year projection estimates Metro will be in a deficit of $4.2 million due to lower than budgeted agency revenues and higher than budgeted expenses.
- This resolution takes the following actions:
  - Increase fund balance applied by $3,045,000
  - Increase the supplies budget by $1,320,000
  - Increase the purchased services budget by $1,725,000
- This increase will allow Metro to provide planned level of service without hitting budget stops.
- At this time, there is no proposed increase to the general fund subsidy to Metro.
- An updated projection will be completed in October for the year-end projection to identify revenues sources and other adjustments needed.
- [Metro Transit will present additional slides, to be attached to Legistar 94055]

5. Other Appropriations and Transfers

Technical adjustments to recognize grants and non-levy funding sources and streamline administration of MadCAP.

- **Golf:** Increase agency revenues and expenses by $245,000 based on higher than budgeted activity and increase supplies ($175,000), and purchased services ($70,000)
- **Grant Fund, Fire Department:** Appropriate $854,806 in state funding for the EMS Funding Assistance Program (FAP) and increase supplies ($471,910) and purchased services ($382,896)
- **Parking:** Appropriate $400,000 in grant funds from WI DOT and $100,000 in Parking Division reserves, and increase purchased services for consulting by $500,000 for a grant that was approved via Legistar 84175 in 2024 but not appropriated through the budget
- **MadCAP:** Transfer general fund monies allocated to Stormwater ($28,000) and Sewer ($11,000) to the Water Utility to centralize the administration of MadCAP

6. Capital Budget Transfers and Adjustments

The resolution amends the adopted 2026 capital budget by appropriating non-general obligation funding sources and increasing related expenditures for multiple projects.

- Engineering, Fleet, Parks, Sewer, Water
- Amendments reflect small increases to total project budgets from proceeds from non-borrowing source such as insurance payments, donations, and reserves.

In addition, it amends TIF funding on multiple capital projects based on available funding and adopted TID project plans.

- **CDA Redevelopment, South Madison Redevelopment project:** Transfer $5.0 million in TID 51 increment from CDD Affordable Housing Development to CDA Redevelopment. Appropriate an additional $5.0 million in TID 51 increment to the CDA project. These budget amendments are based on the TID 51 project plan amendment (Legistar File 93416).
- **Parks, Madison LakeWay Improvements:** Remove $1,040,000 in TIF increment and add $1,040,000 in TIF-supported GO Borrowing from TID 53. The adopted budget reflected the incorrect TIF funding source when published, and the amendment corrects the error.