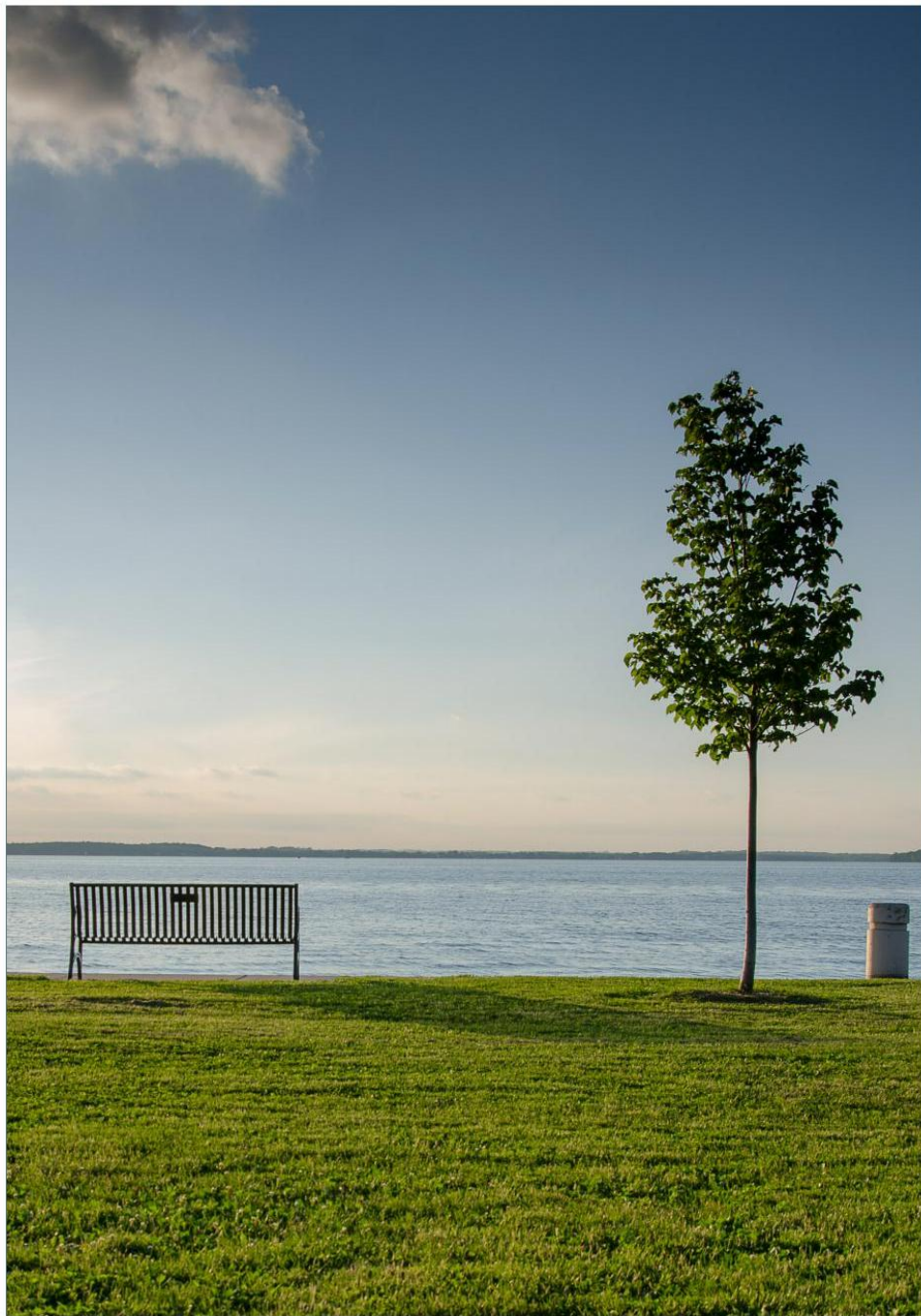


# City of Madison

## 2017 Operating Budget



Executive Budget:  
Summary

## **Assessed Values** *[see p. 8 of 2017 Executive Operating Budget]*

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- Property values have grown 4.85% on the strength of a 4.5% increase in residential and 6% increase in commercial property values (commercial property includes apartments). From 1991 to 2017, values have grown an average of 5.4% annually. From 2013 to 2017, values have grown an average of 1.8% annually.
- Assessed value of property in tax increment districts (TIDs) increased 6.25%, and follows a 30% increase in 2015. This is due both to value growth in existing TIDs and creation of new TIDs.
- The average home value is up 3.6%, reflecting stronger housing sales.

### **Changes in Assessed Values from 2015**

Residential:	up 4.48%
Commercial:	up 5.97%
Agricultural:	up 8.61%
Manufacturing:	up 6.24%
Personal Property:	up 3.29%
TIF Increment Value (deduction):	up 6.25%
Net Taxable Property:	up 4.85%
Average Value Home:	up 3.58%

## **General Fund Spending and Levy Increase** *[see p. 8 of 2017 Budget]*

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**Levy = Expenditures less Revenues** (i.e., State aid)

**Expenditures up 3.44% (+\$10.0 million)** *[see pp. 8, 12-14]*

- General fund expenditures up 3.44% due primarily to compensation, debt service and operating costs.
- Library fund expenditures up 3.6% due primarily to compensation and operating costs.
- Total debt service (general fund and library fund) is up \$3.9 million (9.0%).

**Revenues up 0.6% (+\$470,100)** *[see pp. 8, 9-11]*

- State aid (excluding transit aid) up 3%. With transit aid, state aid is 2%. This increase is due primarily to exempt computer aid increases associated with action by the state to expand the exemption to equipment of cable providers and expenditure restraint payment estimates.
- Ambulance fee revenues up 7% compared to the 2016 adopted budget, due to expansion of fire and emergency medical services to surrounding communities, improved collections, and an increase in fee by \$50 to help fund street team services to the homeless. This change increases revenues by an estimated \$175,000.
- Building permits are down 9.1% from 2016 adopted budget estimates due to a slower rate of growth in construction compared with earlier in the decade.
- Revenues from fines and forfeitures are down 1.7%, due to continued declines in parking violation revenue due to multi-space meters.
- Fund balance applied of \$400,000 reflects an expected lapse in funding for the police procedures review contract and re-appropriation of that funding to support the cost of the contract in 2017.

<b>Change from 2016</b>	<b>\$</b>	<b>%</b>
Expenditures	\$10.0 million	3.44%
Revenues	\$0.5 million	0.6%
Fund Balance Applied	\$0.4 million	N/A
Levy	\$9.1 million	4.3%

## **Mill Rate and Taxes on Average Value Home** *[see p. 8 of 2017 Budget]*

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### **1. Mill Rate**

**Mill Rate = Levy divided by Assessed Value**

- Estimated mill rate under executive budget = \$9.45 per \$1,000 of value.
- Mill rate is down 0.5% from 2016 due to levy increase of 4.35% and an increase in assessed value of 4.85%.

### **2. Taxes on Average Value Home**

**Average Value Home = Residential value divided by number of residential parcels**

**Taxes on Average Value Home = Mill Rate multiplied by Average Value Home**

- 2016 average value home = \$254,693 (up \$8,799 / 3.6%).
- Taxes on average value home = \$2,407 (up \$72 / 3.1%).

## Levy Limit Calculation

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**Allowable Increase** = the greater of 0% or the Change in Net New Construction (2.11% for 2017)

### *Key Adjustments / Exclusions*

- Fee increases for garbage collection, fire protection, snow plowing, street sweeping, or stormwater management result in a commensurate reduction in levy limit if those services provided from property taxes in 2016.
- 50% of incremental value from closed TIDs. For 2017, the closure of TID 33 adds 0.049% to the calculation (\$67,161).
- Up to 1.5% of prior year unused allowable levy limit (0.5% or less requires majority vote of governing body; 0.5% to 1.5% requires three-fourths majority vote) – unused levy limit from 2016 is \$987,425 (0.471% of prior year allowable levy limit).
- Change in debt service on general obligation debt.
- Amount of refunded or rescinded taxes (\$512,677 – due primarily from Attic Angels / Prairie Point tax refund).

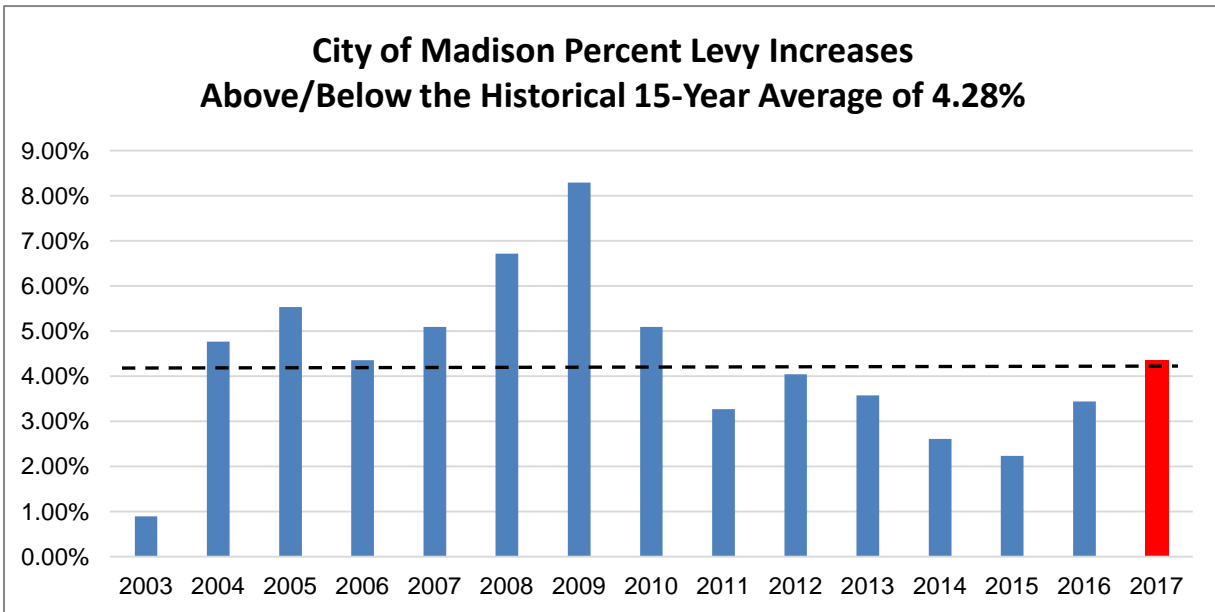
### *Calculation of Allowable Levy for City*

	<u>2017</u>
2015/2016 Actual Levy	\$ 209,856,541
2015/2016 Levy for New General Obligation Debt Authorized After 7/1/2005	\$ (72,791,662)
2015/2016 Levy excluding General Obligation Debt Service	\$ 137,064,879
Net New Construction and Closed TID Percentage 2.159%	\$ 2,959,231
2016/2017 Levy Limit Prior to Adjustments	\$ 140,024,110
Debt Service for GO Debt Authorized After July 1, 2005	78,488,644
Adjustments for Current Year Annexations	-
Prior Year Unused Allowable Levy (up to 1.5%)	987,457
City Share of Refunded or Rescinded Taxes certified under s. 74.41 (5)	512,677
Allowable Levy	\$ 220,012,888
Actual Levy	218,978,808
Additional Levy Capacity / Carry Over to 2018	\$ 1,034,080

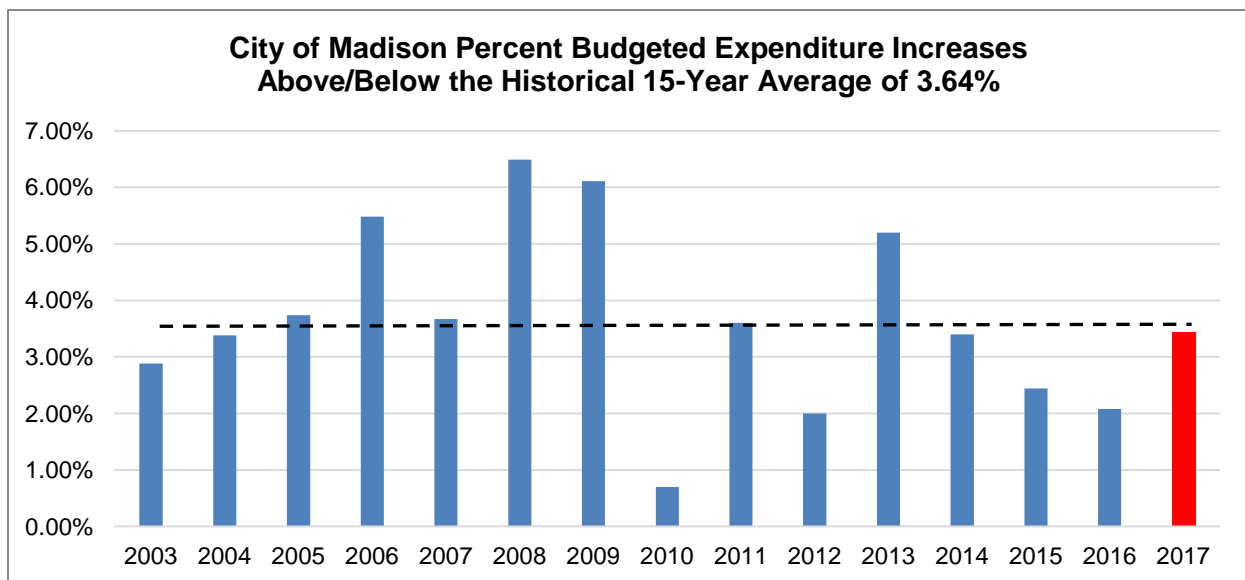
## Trends in Taxes and Spending *[see Madison Measures]*

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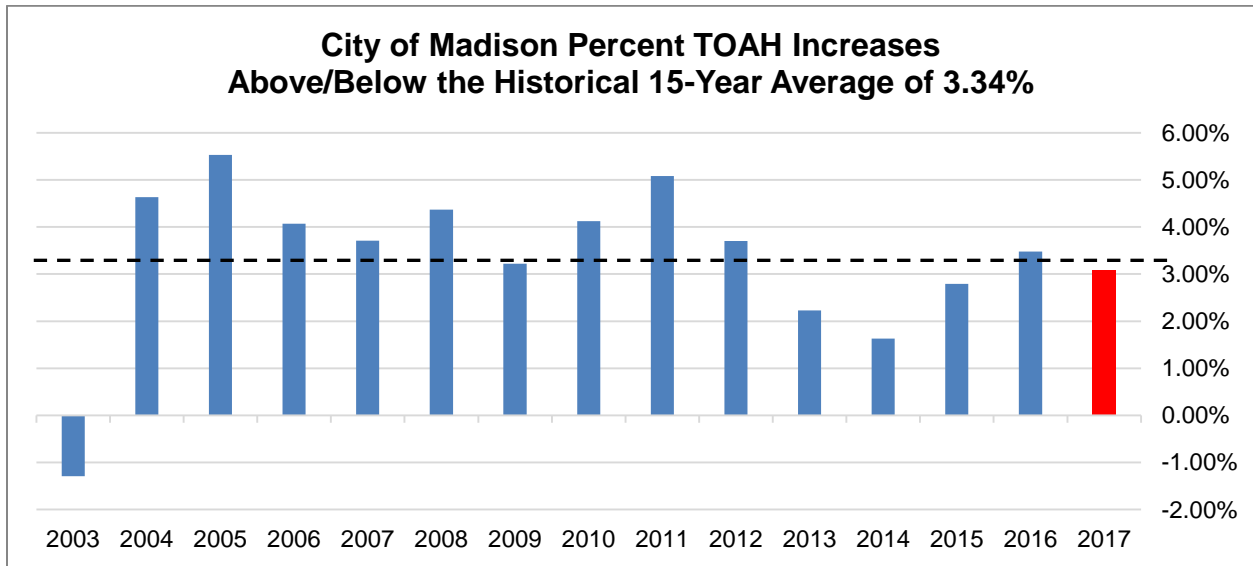
### Historical Levy Increases



### Historical General Fund Expenditure Increases



## Historical Increases in Taxes on the Average Home



# **Budget Summaries**



## Balancing the Budget

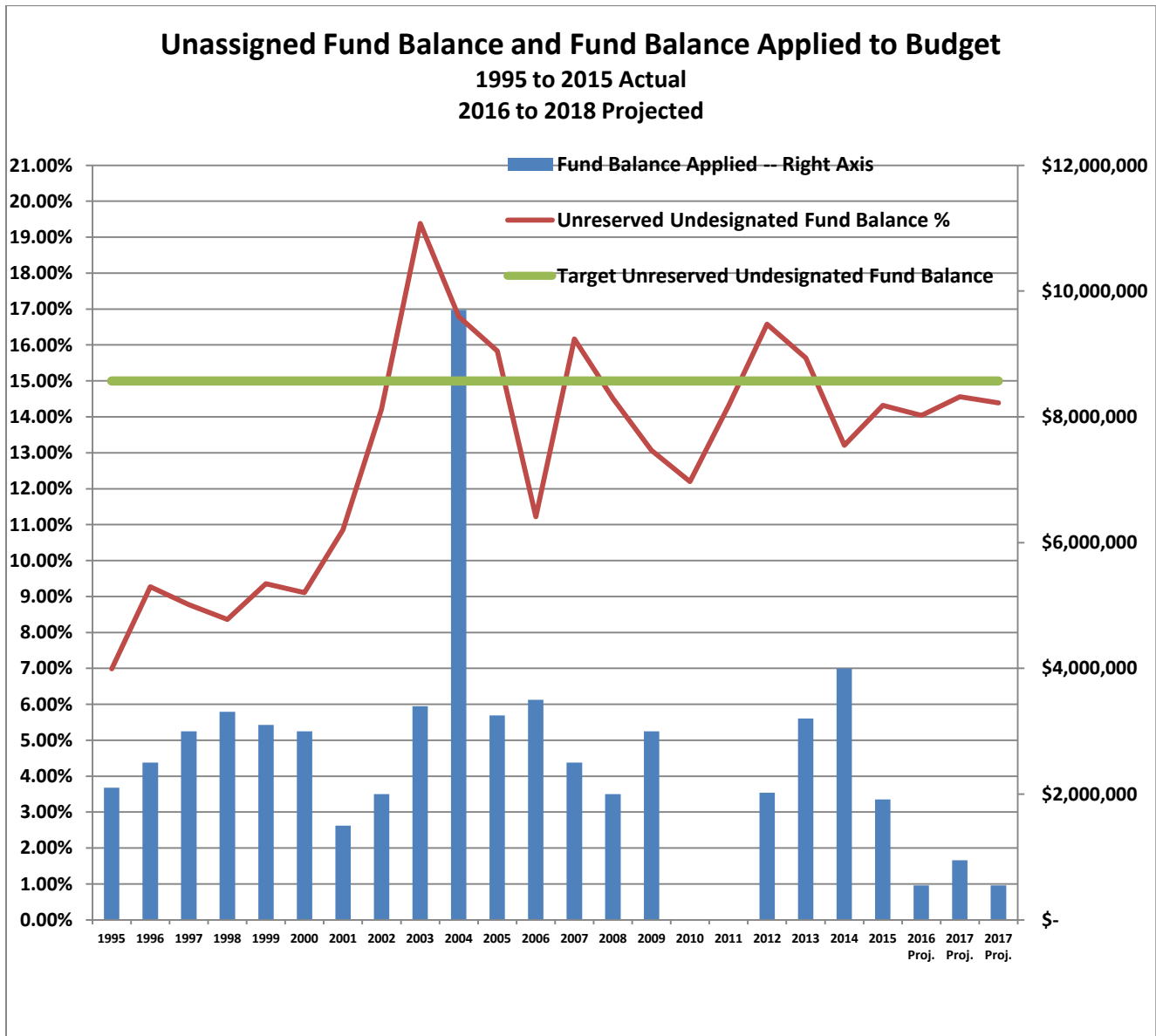
<b>Revenues</b>	
Property Taxes (3.1% tax increase on average value home)	\$ 9,122,257
Room Tax Transfer to General Fund (state law change)	(916,138)
Building Permits	(450,000)
Fines and Forfeitures	(121,287)
PILOT Reestimates	317,366
Ambulance Fee -- Revenue Growth	325,000
Ambulance Fee -- \$50 Rate Increase	175,000
Fund Balance Applied	400,000
Other Local Revenues	108,900
State Aid	<u>1,031,269</u>
	<b>\$ 9,992,367</b>
<b>Expenditures</b>	
Anticipated Wage Increases -- Police and Fire	\$ 1,295,000
All Other Wage Increases	2,282,000
Health Insurance	(430,000)
Wisconsin Retirement System	1,200,000
Other Compensation Reestimates	177,000
Debt Service and Direct Appropriation to Capital	<u>4,594,472</u>
	<b>\$ 9,118,472</b>
<b>Revenues vs. Expenditures</b>	<b>\$ 873,895</b>
<b>Costs-to-Continue</b>	
Police -- COPS Grants Levy Share	\$ 80,000
Police -- Cost-to-Continue (uniforms, towing costs, comm equipment)	184,000
Fire -- Cost-to-Continue (one-time funding for 2016 firefighter application process)	(117,000)
Insurance and Worker's Compensation Rates	571,000
Library -- Cost-to-Continue	168,000
MMB Renovation -- Leased Facilities	120,000
Fleet Service Rates	1,659,000
Metro Transit Fuel Costs	(498,000)
Metro Transit Salary Savings	(1,000,000)
Metro -- Other Items (insurance, lease costs net of farebox and advertising revenues)	251,000
Clerk's Office -- Off-year Election Cycle	(545,000)
Transfers to Capital Projects -- reestimates based on 2016 activity	689,000
Grants -- match requirements	180,000
Other Miscellenous Adjustments	<u>75,167</u>
	<b>\$ 1,817,167</b>
<b>Revenues vs. Expenditures</b>	<b>\$ (943,272)</b>

Balancing the Budget (continued)

<b>Community Services Related Items</b>	
\$15 Minimum Wage by 2020	\$ 80,000
15 Point Plan	200,000
Community Development -- Neighborhood Center Holding Costs and Contract Increases	134,000
Coalition to End Homelessness	2,000
Black Women Wellness	3,000
Police Procedures Review (carryover from 2016)	400,000
	\$ 819,000
<b>Revenues vs. Expenditures</b>	\$ (1,762,272)
<b>Other Items</b>	
Clerk -- Alcohol Licensing Position	\$ 50,000
City-wide Goals Alignment-- Strategic Management Implementation	75,000
Diversity in City Hiring -- Human Resources Process Review	100,000
Updating Employee Benefits Programs	50,000
Snow Removal Budget	(532,000)
Room Tax Commission Allocation to Increase Overture Subsidy to \$1.9 million	150,000
Continue Contingent Reserve at 1.5% of Expenditures	300,000
	\$ 193,000
<b>Revenues vs. Expenditures</b>	(1,955,272)
<b>Items to Balance the Budget</b>	
Urban Forestry Special Charge	\$ 1,320,000
Room Tax Commission Allocation for Olbrich Gardens and Zoo	635,272
	\$ 1,955,272
<b>Revenues vs. Expenditures</b>	\$ (0)

## General Fund Balance

Maintaining an unassigned fund balance of 15% of subsequent year General Fund expenditures is a key financial policy goal and a major element of the City's Aaa bond rating. The graph below shows the history of the fund balance since 1995 and the expected level in 2017 and 2018. The 2017 executive operating budget applies \$400,000 from fund balance associated with the carryover of funding from 2016 for the police procedures review contract.



## Tax Rate Computation

	2016 Adopted	2017 Executive	\$ Change	Percent Change
<b>ASSESSED VALUE</b>				
Real Property:				
Residential	\$ 14,139,750,800	\$ 14,772,509,300	\$ 632,758,500	4.48%
Commercial	7,689,111,500	8,148,149,200	459,037,700	5.97%
Agricultural	20,869,100	22,666,900	1,797,800	8.61%
Manufacturing	249,363,500	264,933,650	15,570,150	<u>6.24%</u>
Total Real Property	\$ 22,099,094,900	\$ 23,208,259,050	\$ 1,109,164,150	5.02%
Personal Property:				
Locally Assessed	\$ 624,917,600	\$ 639,885,300	\$ 14,967,700	2.40%
Manufacturing	87,223,900	95,677,700	8,453,800	<u>9.69%</u>
	\$ 712,141,500	\$ 735,563,000	23,421,500	3.29%
Manufacturing Adjustments **				
Board of Review Adjustments	\$ -	\$ (5,000,000)	\$ (5,000,000)	
	-	(11,000,000)	(11,000,000)	0.00%
Total Assessable Property	22,811,236,400	23,927,822,050	1,121,585,650	4.89%
Less TIF Increment Value				
	\$ (716,741,099)	\$ (761,530,400)	\$ (44,789,301)	<u>6.25%</u>
Net Taxable Property	\$ 22,094,495,301	\$ 23,166,291,650	\$ 1,076,796,349	4.85%
<b>BUDGETED REVENUES AND EXPENDITURES</b>				
General Fund Expenditures	\$ 273,768,596	\$ 283,181,382	\$ 9,412,786	3.44%
Net Library Fund Expenditures	16,288,836	16,868,417	579,581	<u>3.56%</u>
Total Budgeted Expenditures	290,057,432	300,049,799	9,992,367	3.44%
Less Anticipated General Fund Lapse	(550,000)	(550,000)	0	
Net Expenditures	\$ 289,507,432	\$ 299,499,799	9,992,367	3.45%
Total Revenues				
Fund Balance Applied	\$ 79,650,881	\$ 80,120,991	\$ 470,110	0.59%
	0	400,000	400,000	<u>N/A</u>
Total Revenues and Fund Balance				
	\$ 79,650,881	\$ 80,520,991	870,110	1.09%
<b>PROPERTY TAX LEVY</b>				
	\$ 209,856,551	\$ 218,978,808	\$ 9,122,257	<u>4.35%</u>
<b>MILL RATE</b>				
	<u>9.4982</u>	<u>9.4525</u>	<u>-0.0457</u>	-0.48%
General Fund Portion	8.7609	8.7243	-0.0366	-0.42%
Library Portion	0.7373	0.7282	-0.0091	-1.23%
Average Home Value				
	\$ 245,894	\$ 254,693	\$ 8,799	3.58%
Taxes on Average Home				
	\$ 2,335.55	\$ 2,407.49	\$ 71.94	3.08%

## Comparative Changes in Levy, Mill Rate and Taxes on Average Value Home

<u>% Change in AVH Taxes</u>		<u>Levy Increase</u>		<u>\$ Change in AVH Taxes</u>		<u>Taxes on Average Value Home</u>
3.57%	\$	10,156,337	\$	83.30	\$	2,418.85
3.08%	\$	9,122,257	\$	71.94	\$	2,407.49
3.00%	\$	8,952,813	\$	70.07	\$	2,405.62
1.0%	\$	4,704,088	\$	23.36	\$	2,358.91
-0.74%	\$	1,000,000	\$	(17.37)	\$	2,318.18
-1.21%	\$	-	\$	(28.36)	\$	2,307.19

<u>% Change in AVH Taxes</u>		<u>Levy</u>		<u>% Change in Levy</u>		<u>Rate</u>
3.57%	\$	220,012,888	\$	4.840%	\$	0.00950
3.08%	\$	218,978,808	\$	4.347%	\$	0.00945
3.0%	\$	218,809,364	\$	4.266%	\$	0.00914
1.0%	\$	214,560,639	\$	2.242%	\$	0.00926
-0.74%	\$	210,856,551	\$	0.477%	\$	0.00910
-1.21%	\$	209,856,551	\$	0.000%	\$	0.00906

Each \$1 increase in taxes on average value home = \$ 91,000 on the levy  
 Each \$10 increase in taxes on average value home = \$ 910,000 on the levy  
 Each \$100,000 increase in the levy = mill rate of 0.0043 per \$1,000 of value  
 Each \$1,000,000 increase in the levy = mill rate of 0.043 per \$1,000 of value

## Summary of General and Library Funds Expenditures, Revenues and Property Tax Levy

	2016	2017	Change	%
	<u>Adopted Budget</u>	<u>Executive Budget</u>	2016 Adopted to 2017 <u>Executive</u>	<u>Change</u>
General and Library Fund Expenditures	\$ 289,507,432	\$ 299,499,799	\$ 9,992,367	3.5%
Gross Debt Service	47,253,111	51,816,792	\$ 4,563,681	9.7%
Less Premium Applied	<u>4,083,791</u>	<u>4,772,985</u>	\$ 689,194	<u>16.9%</u>
Net Debt Service	43,169,320	47,043,807	\$ 3,874,487	9.0%
Less Direct Appropriation to Capital	<u>4,053,000</u>	<u>4,772,985</u>	\$ 719,985	<u>17.8%</u>
 Net Operating Expenditures	 \$ 242,285,112	 \$ 247,683,007	 \$ 5,397,895	 2.2%
State Shared Revenue	4,763,269	4,763,269	-	0.0%
Other State Aid	30,132,133	31,163,402	1,031,269	3.4%
Ambulance Fee	7,100,000	7,600,000	500,000	7.0%
Room Tax	5,642,158	4,726,020	(916,138)	-16.2%
Building Permits	4,950,000	4,500,000	(450,000)	-9.1%
Other Revenues	31,826,590	32,131,569	304,979	1.0%
Fund Balance Applied	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>N/A</u>
	79,650,881	80,520,991	870,110	1.1%
 Property Tax Levy	 \$ 209,856,551	 \$ 218,978,808	 9,122,257	 4.3%

## Summary of General Fund Revenues

	2016		%
<u>State Aid</u>	<u>Adopted Budget</u>	<u>2017 Executive</u>	<u>Change</u>
St Municipal Aid Program	4,763,269	4,763,269	0.0%
St Pmt for Municipal Services	<u>8,063,000</u>	<u>8,063,000</u>	<u>0.0%</u>
	12,826,269	12,826,269	0.0%
St Utility Aid Payment	1,286,793	1,268,381	-1.4%
St Expenditure Restraint	6,398,824	6,783,299	6.0%
St Gen Transportation Aid	9,653,000	9,653,000	0.0%
St Connecting Highway Aid	560,000	560,000	0.0%
St Recycling Aid	630,000	750,000	19.0%
St Exempt Computer Reimb	2,650,516	3,135,722	18.3%
Fire Insurance Dues Pmt	<u>890,000</u>	<u>950,000</u>	<u>6.7%</u>
	\$ 34,895,402	\$ 35,926,671	3.0%
<b><u>Local Revenues</u></b>			
Payments in Lieu of Tax	9,730,834	10,048,200	3.3%
Room Tax	5,642,158	4,726,020	-16.2%
Ambulance Fees	7,100,000	7,600,000	7.0%
Building Permits	4,950,000	4,500,000	-9.1%
Fines and Forfeitures	6,971,287	6,850,000	-1.7%
Investment Earnings	1,200,000	1,200,000	0.0%
All Others	<u>9,161,200</u>	<u>9,270,100</u>	<u>1.2%</u>
	\$ 44,755,479	\$ 44,194,320	-1.3%
<b>General Fund Revenues</b>	<b>\$ 79,650,881</b>	<b>\$ 80,120,991</b>	<b>0.6%</b>

### Position Changes

Clerk	1.00	Alcohol License Position
Streets	3.00	Street Maintenance Workers funded through Capital Budget
Building Inspection	(3.00)	Technical Adjustment to authorized position count
Economic Development	1.00	Real Estate position created midyear in 2016
CDA Housing Ops	0.60	Information Clerk funded by reduction in hourly budget
Police	<u>0.70</u>	Admin Clerk funded by reduction in hourly budget
	3.30	





City of Madison  
Finance Department  
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Madison WI