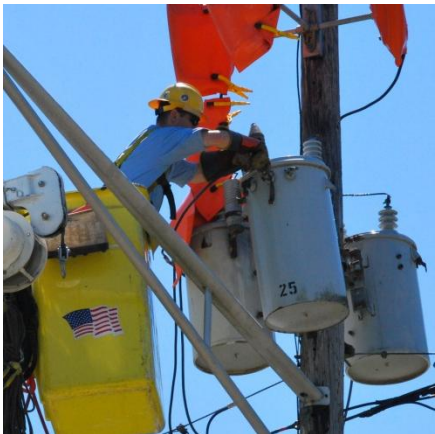




Borough of Madison



Budget Presentation, February 27, 2017



“Good News” Budget



The enclosed budget includes:

- \$1 million annual electric rate adjustment.
- Revised 5 year capital plan that fits within the long term budget.
- Over \$7 million in capital funding including an immediate funding for \$1 million Central Ave water main project.
- Expanded reliance on ‘predictable’ revenues and significant reduction in use of utility surplus to fund operations.
- New construction will generate \$121,000 in municipal revenue.
- Water Utility moving towards sustainability.
- Overall budget increasing a manageable 1.86%.



General Decisions



Council should consider the following questions.

CAPITAL: What is the ‘right’ amount of general capital this year and beyond?

PREDICTABLE REVENUES: The Strategic Planning Guidelines indicate that the Borough should rely more on ‘predictable revenues’.

SPENDING: Are there any services that should be enhanced or reduced?

TAXES: What is the ‘right’ amount of taxes?

ELECTRIC UTILITY SURPLUS: What should be done about any excess?



Capital



Concern discussed on February 6: Capital on 2018 - 2020 was \$5 million to \$6 million per year and only \$4.2 million per year is 'sustainable'.

RESOLUTION: Administration worked with Department Heads and Engineer to reduce capital needs in 2018-2020.

Major Changes to the 5 Year Capital Plan:

- Milling & Overlay: Adjust prices based on lower asphalt costs (-\$800,000).
- Storm Water: Defer Elmer Street Box Culvert (-\$800,000)
- Sanitary Sewer: Reduce annual lining program (-\$340,000)
- Public Works: Reduce scope of DPW office space renovation (-\$150,000)
- Fire Dept: Defer funding of Engine 3 replacement with hopes of grant funding (-\$650,000) and defer funding Rescue 4 vehicle as FD is developing an alternate solution (-\$550,000).
- Police Dept: Remove OEM/ESU Vehicle and fund from operating/outside duty trust (-\$75,000)
- Library: Capital request was reduced (-\$731,000).
- Water: Capital was increased for full replacement of Central Ave Water Main (+\$730,000)



Capital



**Borough of Madison
DRAFT 5 Year Capital Improvement Plan
Friday, February 24, 2017**

Department/ Projects	2017	2018	2019	2020	2021
Engineering & Public Works					
Road Reconstruction	1,830,000	1,476,000	1,671,000	1,764,000	1,433,000
Milling/Overlay/Lots/Sidewalks	1,136,000	1,179,000	915,000	858,000	899,000
Stormwater System	250,000	285,000	225,000	100,000	325,000
Sanitary Capital *	50,000	300,000	300,000	410,000	345,000
Building Improvements **	550,000	550,000	200,000	150,000	100,000
DPW, Parks & Equipment	280,000	290,000	290,000	250,000	320,000
EPW Subtotal =	4,096,000	4,080,000	3,601,000	3,532,000	3,422,000
Recreation	25,000	25,000	25,000	25,000	25,000
Police	315,000	225,000	120,000	150,000	75,000
Fire	179,200	112,000	12,500	62,500	137,500
Library ***	75,000	345,000	309,000	300,000	250,000
General Capital * =	4,690,200	4,787,000	4,067,500	4,069,500	3,909,500
Electric Utility	865,000	715,000	775,000	640,000	500,000
Water Utility	1,490,000	905,000	730,000	700,000	310,000
Utility Capital =	\$ 2,355,000	\$ 1,620,000	\$ 1,505,000	\$ 1,340,000	\$ 810,000



Capital



Questions on the five year capital plan?

Municipal Budget



Shifting to the Municipal Budget and Operating Surplus



Slight Budget Changes



A small amount of changes were made to the budget numbers presented to Council on February 6.

- Reduction of MCJM Sewage Processing Costs.
- Increase in NJEdge Rosenet fees which were almost completely offset by additional revenue from the BOE.
- Police Grant was added (no impact on budget as \$5,500 was added to both salaries and grant revenues).
- Slight increase in Police Overtime and other expenses. Total overtime budget # is still less than 2016.

Slight Budget Format Changes

MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YEAR MUNICIPAL SURPLUS	4,200,000	4,587,200	387,200	9.22%
2	MUNICIPAL REVENUE SOURCES	3,484,904	3,613,257	128,353	3.68%
3	PROPERTY TAXES (existing Properties)	14,049,796	14,330,800	281,004	2.00%
4	PROPERTY TAXES (new ratables)		121,000	121,000	
5	STATE AID	808,529	808,529	0	0.00%
6	TOTAL RECURRING REVENUE	22,543,229	23,460,786	917,557	4.07%
7	GRANT REVENUE	276,345	191,937	(84,408)	-30.54%
8	GEN CAPITAL FUND BALANCE & SALE OF PROPERTY	99,000	0	(99,000)	-100.00%
9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	1,207,603	1,134,450	(73,153)	-6.06%
10	WATER SURPLUS - FOR OPERATING BUDGET	500,000	400,000	(100,000)	-20.00%
11	UTILITY SURPLUS & NON-RECURRING REVENUE FOR OPERATING	2,082,948	1,726,387	(356,561)	-17.12%
12	ELECTRIC SURPLUS - FOR CAPITAL	3,670,000	3,670,000	0	0.00%
13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,321,841	2,330,000	8,159	0.35%
15	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	5,991,841	6,000,000	8,159	0.14%
15	TOTAL MUNICIPAL REVENUES	30,618,018	31,187,173	569,155	1.86%

Line	APPROPRIATIONS	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
16	SALARIES & WAGES	10,291,362	10,394,094	102,732	1.00%
17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
18	PENSION & SOCIAL SECURITY	1,821,500	1,808,510	(12,990)	-0.71%
19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
20	LEGAL	210,000	235,000	25,000	11.90%
21	DEPARTMENT OPERATING EXPENSES	2,996,003	3,350,551	354,548	11.83%
22	UTILITIES	748,600	748,600	0	0.00%
23	WASTE REMOVAL	1,645,300	1,657,300	12,000	0.73%
24	LIABILITY INSURANCE	608,000	631,150	23,150	3.81%
25	TOTAL MUNICIPAL OPERATING EXPENSES	20,184,765	20,689,205	504,440	2.50%
26	MCJM SEWAGE PROCESSING	1,175,000	1,230,000	55,000	4.68%
27	PUBLIC LIBRARY	1,391,412	1,438,968	47,556	3.42%
28	RESERVE FOR UNCOLLECTED TAXES & TAX APPEALS	1,665,000	1,699,000	34,000	2.04%
29	NON-MUNICIPAL / OUTSIDE THE CAP OPERATING EXPENSES	4,231,412	4,367,968	136,556	3.23%
30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
31	DEBT SERVICE	2,401,841	2,330,000	(71,841)	-2.99%
32	TOTAL CAPITAL & DEBT EXPENSES	6,201,841	6,130,000	(71,841)	-1.16%
33	TOTAL APPROPRIATIONS	30,618,018	31,187,173	569,155	1.86%

New form has all of the numbers from the past, but reorganizes the revenues and expenses each into three categories that better show how operations and capital are funded and better align with the findings of the Strategic Planning report.



Revenues



MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YEAR MUNICIPAL SURPLUS	4,200,000	4,587,200	387,200	9.22%
2	MUNICIPAL REVENUE SOURCES	3,484,904	3,613,257	128,353	3.68%
3	PROPERTY TAXES (existing Properties)	14,049,796	14,330,800	281,004	2.00%
4	PROPERTY TAXES (new ratables)		121,000	121,000	
5	STATE AID	808,529	808,529	0	0.00%
6	TOTAL RECURRING REVENUE	22,543,229	23,460,786	917,557	4.07%
7	GRANT REVENUE	276,345	191,937	(84,408)	-30.54%
8	GEN CAPITAL FUND BALANCE & SALE OF PROPERTY	99,000	0	(99,000)	-100.00%
9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	1,207,603	1,134,450	(73,153)	-6.06%
10	WATER SURPLUS - FOR OPERATING BUDGET	500,000	400,000	(100,000)	-20.00%
11	UTILITY SURPLUS & NON-RECURRING REVENUE FOR OPERATING	2,082,948	1,726,387	(356,561)	-17.12%
12	ELECTRIC SURPLUS - FOR CAPITAL	3,670,000	3,670,000	0	0.00%
13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,321,841	2,330,000	8,159	0.35%
15	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	5,991,841	6,000,000	8,159	0.14%
15	TOTAL MUNICIPAL REVENUES	30,618,018	31,187,173	569,155	1.86%

Note trend towards funding operations with predictable revenue instead of utility surplus and other non-recurring revenues.

Line	APPROPRIATIONS	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
16	SALARIES & WAGES	10,291,362	10,394,094	102,732	1.00%
17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
18	PENSION & SOCIAL SECURITY	1,821,500	1,808,510	(12,990)	-0.71%
19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
20	LEGAL	210,000	235,000	25,000	11.90%
21	DEPARTMENT OPERATING EXPENSES	2,996,003	3,350,551	354,548	11.83%
22	UTILITIES	748,600	748,600	0	0.00%
23	WASTE REMOVAL	1,645,300	1,657,300	12,000	0.73%
24	LIABILITY INSURANCE	608,000	631,150	23,150	3.81%
25	TOTAL MUNICIPAL OPERATING EXPENSES	20,184,765	20,689,205	504,440	2.50%
26	MCJM SEWAGE PROCESSING	1,175,000	1,230,000	55,000	4.68%
27	PUBLIC LIBRARY	1,391,412	1,438,968	47,556	3.42%
28	RESERVE FOR UNCOLLECTED TAXES & TAX APPEALS	1,665,000	1,699,000	34,000	2.04%
29	NON-MUNICIPAL / OUTSIDE THE CAP OPERATING EXPENSES	4,231,412	4,367,968	136,556	3.23%
30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
31	DEBT SERVICE	2,401,841	2,330,000	(71,841)	-2.99%
32	TOTAL CAPITAL & DEBT EXPENSES	6,201,841	6,130,000	(71,841)	-1.16%
33	TOTAL APPROPRIATIONS	30,618,018	31,187,173	569,155	1.86%



State Aid



MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YEAR MUNICIPAL SURPLUS	4,200,000	4,587,200	387,200	9.22%
2	MUNICIPAL REVENUE SOURCES	3,484,904	3,613,257	128,353	3.68%
3	PROPERTY TAXES (existing Properties)	14,049,796	14,330,800	281,004	2.00%
4	PROPERTY TAXES (new ratables)		121,000	121,000	
5	STATE AID	808,529	808,529	0	0.00%
6	TOTAL RECURRING REVENUE	22,543,229	23,460,786	917,557	4.07%
7	GRANT REVENUE	276,345	191,937	(84,408)	-30.54%
8	GEN CAPITAL FUND BALANCE & SALE OF PROPERTY	99,000	0	(99,000)	-100.00%
9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	1,207,603	1,134,450	(73,153)	-6.06%
10	WATER SURPLUS - FOR OPERATING BUDGET	500,000	400,000	(100,000)	-20.00%
11	UTILITY SURPLUS & NON-RECURRING REVENUE FOR OPERATING	2,082,948	1,726,387	(356,561)	-17.12%
12	ELECTRIC SURPLUS - FOR CAPITAL	3,670,000	3,670,000	0	0.00%
13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,321,841	2,330,000	8,159	0.35%
15	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	5,991,841	6,000,000	8,159	0.14%
15	TOTAL MUNICIPAL REVENUES	30,618,018	31,187,173	569,155	1.86%

← We are estimating that State Aid will remain flat. The Governor is scheduled to introduce his budget tomorrow and hopefully there will be no decrease in the amount of Municipal State Aid.

Line	APPROPRIATIONS	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
16	SALARIES & WAGES	10,291,362	10,394,094	102,732	1.00%
17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
18	PENSION & SOCIAL SECURITY	1,821,500	1,808,510	(12,990)	-0.71%
19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
20	LEGAL	210,000	235,000	25,000	11.90%
21	DEPARTMENT OPERATING EXPENSES	2,996,003	3,350,551	354,548	11.83%
22	UTILITIES	748,600	748,600	0	0.00%
23	WASTE REMOVAL	1,645,300	1,657,300	12,000	0.73%
24	LIABILITY INSURANCE	608,000	631,150	23,150	3.81%
25	TOTAL MUNICIPAL OPERATING EXPENSES	20,184,765	20,689,205	504,440	2.50%
26	MCJM SEWAGE PROCESSING	1,175,000	1,230,000	55,000	4.68%
27	PUBLIC LIBRARY	1,391,412	1,438,968	47,556	3.42%
28	RESERVE FOR UNCOLLECTED TAXES & TAX APPEALS	1,665,000	1,699,000	34,000	2.04%
29	NON-MUNICIPAL / OUTSIDE THE CAP OPERATING EXPENSES	4,231,412	4,367,968	136,556	3.23%
30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
31	DEBT SERVICE	2,401,841	2,330,000	(71,841)	-2.99%
32	TOTAL CAPITAL & DEBT EXPENSES	6,201,841	6,130,000	(71,841)	-1.16%
33	TOTAL APPROPRIATIONS	30,618,018	31,187,173	569,155	1.86%

Operating Expenses



MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YEAR MUNICIPAL SURPLUS	4,200,000	4,587,200	387,200	9.22%
2	MUNICIPAL REVENUE SOURCES	3,484,904	3,613,257	128,353	3.68%
3	PROPERTY TAXES (existing Properties)	14,049,796	14,330,800	281,004	2.00%
4	PROPERTY TAXES (new ratables)		121,000	121,000	
5	STATE AID	808,529	808,529	0	0.00%
6	TOTAL RECURRING REVENUE	22,543,229	23,460,786	917,557	4.07%
7	GRANT REVENUE	276,345	191,937	(84,408)	-30.54%
8	GEN CAPITAL FUND BALANCE & SALE OF PROPERTY	99,000	0	(99,000)	-100.00%
9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	1,207,603	1,134,450	(73,153)	-6.06%
10	WATER SURPLUS - FOR OPERATING BUDGET	500,000	400,000	(100,000)	-20.00%
11	UTILITY SURPLUS & NON-RECURRING REVENUE FOR OPERATING	2,082,948	1,726,387	(356,561)	-17.12%
12	ELECTRIC SURPLUS - FOR CAPITAL	3,670,000	3,670,000	0	0.00%
13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,321,841	2,330,000	8,159	0.35%
15	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	5,991,841	6,000,000	8,159	0.14%
15	TOTAL MUNICIPAL REVENUES	30,618,018	31,187,173	569,155	1.86%

Line	APPROPRIATIONS	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
16	SALARIES & WAGES	10,291,362	10,394,094	102,732	1.00%
17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
18	PENSION & SOCIAL SECURITY	1,821,500	1,808,510	(12,990)	-0.71%
19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
20	LEGAL	210,000	235,000	25,000	11.90%
21	DEPARTMENT OPERATING EXPENSES	2,996,003	3,350,551	354,548	11.83%
22	UTILITIES	748,600	748,600	0	0.00%
23	WASTE REMOVAL	1,645,300	1,657,300	12,000	0.73%
24	LIABILITY INSURANCE	608,000	631,150	23,150	3.81%
25	TOTAL MUNICIPAL OPERATING EXPENSES	20,184,765	20,689,205	504,440	2.50%
26	MCJM SEWAGE PROCESSING	1,175,000	1,230,000	55,000	4.68%
27	PUBLIC LIBRARY	1,391,412	1,438,968	47,556	3.42%
28	RESERVE FOR UNCOLLECTED TAXES & TAX APPEALS	1,665,000	1,699,000	34,000	2.04%
29	NON-MUNICIPAL / OUTSIDE THE CAP OPERATING EXPENSES	4,231,412	4,367,968	136,556	3.23%
30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
31	DEBT SERVICE	2,401,841	2,330,000	(71,841)	-2.99%
32	TOTAL CAPITAL & DEBT EXPENSES	6,201,841	6,130,000	(71,841)	-1.16%
33	TOTAL APPROPRIATIONS	30,618,018	31,187,173	569,155	1.86%

← Steady capital / debt expenses and reasonable increase in operating expenses help to absorb the larger increases in sewage processing and library.

Operating Expenses



MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YEAR MUNICIPAL SURPLUS	4,200,000	4,587,200	387,200	9.22%
2	MUNICIPAL REVENUE SOURCES	3,484,904	3,613,257	128,353	3.68%
3	PROPERTY TAXES (existing Properties)	14,049,796	14,330,800	281,004	2.00%
4	PROPERTY TAXES (new ratables)		121,000	121,000	
5	STATE AID	808,529	808,529	0	0.00%
6	TOTAL RECURRING REVENUE	22,543,229	23,460,786	917,557	4.07%
7	GRANT REVENUE	276,345	191,937	(84,408)	-30.54%
8	GEN CAPITAL FUND BALANCE & SALE OF PROPERTY	99,000	0	(99,000)	-100.00%
9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	1,207,603	1,134,450	(73,153)	-6.06%
10	WATER SURPLUS - FOR OPERATING BUDGET	500,000	400,000	(100,000)	-20.00%
11	UTILITY SURPLUS & NON-RECURRING REVENUE FOR OPERATING	2,082,948	1,726,387	(356,561)	-17.12%
12	ELECTRIC SURPLUS - FOR CAPITAL	3,670,000	3,670,000	0	0.00%
13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,321,841	2,330,000	8,159	0.35%
15	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	5,991,841	6,000,000	8,159	0.14%
15	TOTAL MUNICIPAL REVENUES	30,618,018	31,187,173	569,155	1.86%

Line	APPROPRIATIONS	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
16	SALARIES & WAGES	10,291,362	10,394,094	102,732	1.00%
17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
18	PENSION & SOCIAL SECURITY	1,821,500	1,808,510	(12,990)	-0.71%
19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
20	LEGAL	210,000	235,000	25,000	11.90%
21	DEPARTMENT OPERATING EXPENSES	2,996,003	3,350,551	354,548	11.83%
22	UTILITIES	748,600	748,600	0	0.00%
23	WASTE REMOVAL	1,645,300	1,657,300	12,000	0.73%
24	LIABILITY INSURANCE	608,000	631,150	23,150	3.81%
25	TOTAL MUNICIPAL OPERATING EXPENSES	20,184,765	20,689,205	504,440	2.50%
26	MCJM SEWAGE PROCESSING	1,175,000	1,230,000	55,000	4.68%
27	PUBLIC LIBRARY	1,391,412	1,438,968	47,556	3.42%
28	RESERVE FOR UNCOLLECTED TAXES & TAX APPEALS	1,665,000	1,699,000	34,000	2.04%
29	NON-MUNICIPAL / OUTSIDE THE CAP OPERATING EXPENSES	4,231,412	4,367,968	136,556	3.23%
30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
31	DEBT SERVICE	2,401,841	2,330,000	(71,841)	-2.99%
32	TOTAL CAPITAL & DEBT EXPENSES	6,201,841	6,130,000	(71,841)	-1.16%
33	TOTAL APPROPRIATIONS	30,618,018	31,187,173	569,155	1.86%

Depart Operating (line 21). \$200,000 of the increase is due to a cost shift. The cost of four Health Department employees has shifted from the salary line item to the Department Operating line now that the Bloomfield is a contract provider for health services.

Summary Budget



MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YEAR MUNICIPAL SURPLUS	4,200,000	4,587,200	387,200	9.22%
2	MUNICIPAL REVENUE SOURCES	3,484,904	3,613,257	128,353	3.68%
3	PROPERTY TAXES (existing Properties)	14,049,796	14,330,800	281,004	2.00%
4	PROPERTY TAXES (new ratables)		121,000	121,000	
5	STATE AID	808,529	808,529	0	0.00%
6	TOTAL RECURRING REVENUE	22,543,229	23,460,786	917,557	4.07%
7	GRANT REVENUE	276,345	191,937	(84,408)	-30.54%
8	GEN CAPITAL FUND BALANCE & SALE OF PROPERTY	99,000	0	(99,000)	-100.00%
9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	1,207,603	1,134,450	(73,153)	-6.06%
10	WATER SURPLUS - FOR OPERATING BUDGET	500,000	400,000	(100,000)	-20.00%
11	UTILITY SURPLUS & NON-RECURRING REVENUE FOR OPERATING	2,082,948	1,726,387	(356,561)	-17.12%
12	ELECTRIC SURPLUS - FOR CAPITAL	3,670,000	3,670,000	0	0.00%
13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,321,841	2,330,000	8,159	0.35%
15	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	5,991,841	6,000,000	8,159	0.14%
15	TOTAL MUNICIPAL REVENUES	30,618,018	31,187,173	569,155	1.86%

Line	APPROPRIATIONS	2016	2017	INCREASE (DECREASE)	PERCENT CHANGE
16	SALARIES & WAGES	10,291,362	10,394,094	102,732	1.00%
17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
18	PENSION & SOCIAL SECURITY	1,821,500	1,808,510	(12,990)	-0.71%
19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
20	LEGAL	210,000	235,000	25,000	11.90%
21	DEPARTMENT OPERATING EXPENSES	2,996,003	3,350,551	354,548	11.83%
22	UTILITIES	748,600	748,600	0	0.00%
23	WASTE REMOVAL	1,645,300	1,657,300	12,000	0.73%
24	LIABILITY INSURANCE	608,000	631,150	23,150	3.81%
25	TOTAL MUNICIPAL OPERATING EXPENSES	20,184,765	20,689,205	504,440	2.50%
26	MCJM SEWAGE PROCESSING	1,175,000	1,230,000	55,000	4.68%
27	PUBLIC LIBRARY	1,391,412	1,438,968	47,556	3.42%
28	RESERVE FOR UNCOLLECTED TAXES & TAX APPEALS	1,665,000	1,699,000	34,000	2.04%
29	NON-MUNICIPAL / OUTSIDE THE CAP OPERATING EXPENSES	4,231,412	4,367,968	136,556	3.23%
30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
31	DEBT SERVICE	2,401,841	2,330,000	(71,841)	-2.99%
32	TOTAL CAPITAL & DEBT EXPENSES	6,201,841	6,130,000	(71,841)	-1.16%
33	TOTAL APPROPRIATIONS	30,618,018	31,187,173	569,155	1.86%

End result is a reasonable total budget increase of 1.86%.



Municipal Surplus



February 24, 2017

**Borough of Madison
Schedule of Municipal Surplus Balances
Surplus Balances 2010 Thru 2017**

Line	2010	2011	2012	2013	2014	2015	2016	2017	
	Actual	Actual	Actual	Actual	Actual	Actual	Est	Est	
1 Balance at Beginning of Year	6,006	4,409	4,365	5,592	7,250	7,778	8,131	8,474	←
2 Less: Utilized in Municipal Budget	(5,235)	(3,635)	(2,800)	(2,975)	(3,597)	(3,900)	(4,200)	(4,587)	←
3 Sub Total (Free Balance)	771	774	1,565	2,617	3,653	3,878	3,931	3,887	
4 Add: Generated in Current Year	3,638	3,591	4,027	4,633	4,125	4,253	4,543		
5 Balance at Year End	<u>4,409</u>	<u>4,365</u>	<u>5,592</u>	<u>7,250</u>	<u>7,778</u>	<u>8,131</u>	<u>8,474</u>		
6 Increase (Decrease)	(1,597)	(44)	1,227	1,658	528	353	343		
Surplus Generated From:									
	2010	2011	2012	2013	2014	2015	2016		
	Actual	Actual	Actual	Actual	Actual	Actual	Rev. Est.		
7 Non-Taxable Revenues	569	1,357	785	550	559	750	913		
8 Delinquent Tax Collections	131	306	615	118	10	78	263		
9 Current Year Taxes	933	595	1,001	1,731	1,444	1,370	1,857		
10 Cancel Prior Years Appropriations	1,388	1,245	1,265	1,565	1,625	1,768	1,370		
11 Misc Revenue and Other Revenues	617	88	(49)	289	487	287	340		
12 FEMA	-	-	410	380	-	-	-		
13 Reserved for Tax Appeals in AFS							(200)		
TOTAL	<u>3,638</u>	<u>3,591</u>	<u>4,027</u>	<u>4,633</u>	<u>4,125</u>	<u>4,253</u>	<u>4,543</u>		

Revised Municipal Operating Surplus figures. Note, we are using (ie spending) over half of the surplus as revenue in the 2017 municipal budget. We need to keep a very close eye on this to make sure it is sustainable over the coming years.

Also, note funding for Tax Appeal reserves approved by Council on February 6.

Water Utility



Shifting to the Water Utility Budget,
Water Capital and Water Utility Surplus

Water Utility



February 24, 2017

Schedule of Water Utility Surplus Balances (in 000's)

Line	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate	2018 Estimate
1 Balance at Beginning of Year	\$776	\$1,027	\$1,140	\$1,441	\$1,518	\$1,610	\$1,899	\$1,973	\$1,067
2 Less: Utilized in Municipal Budget	(\$457)	(\$350)	(\$350)	(\$450)	(\$450)	(\$500)	(\$500)	(\$400)	(\$300)
3 Add: Generated in Current Year	\$708	\$463	\$651	\$527	\$542	\$789	\$574	(\$506)	\$240
4 Balance at Year End	\$1,027	\$1,140	\$1,441	\$1,518	\$1,610	\$1,899	\$1,973	\$1,067	\$1,007
5 Increase (Decrease)	\$251	\$113	\$301	\$77	\$92	\$289	\$74	(\$906)	(\$60)

Schedule of Estimated Water Utility Sales and Performance (in 000's)

	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate	2018 Estimate
REVENUES									
6 Tariff Collections	\$2,239	\$2,281	\$2,618	\$2,481	\$2,480	\$2,680	\$2,703	\$2,450	\$2,450
7 Miscellaneous Revenue	\$117	\$147	\$69	\$90	\$67	\$39	\$183	\$60	\$60
8 Cancellation of CY/PY Appropriations	\$231	\$226	\$229	\$287	\$375	\$429	\$297	\$300	\$300
EXPENSES									
9 Operations	(\$1,779)	(\$1,791)	(\$1,865)	(\$1,931)	(\$1,980)	(\$1,959)	(\$2,069)	(\$1,816)	(\$1,870)
10 Capital Improvement	(\$100)	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	(\$540)	(\$1,500)	(\$700)
11 AMR	\$0	(\$200)	(\$200)	(\$200)	(\$200)	(\$200)	\$0	\$0	\$0
12 Estimated Surplus	\$708	\$463	\$651	\$527	\$542	\$789	\$574	(\$506)	\$240

Note large, one time capital expense for 2017 (line 10) to fund the Central Ave Water Main.

Water Utility Surplus Performance is close to sustainable in 2018.

Water Utility



Questions?

Electric Utility



Moving to the Electric Utility.

Electric Utility

Schedule of Electric Utility Surplus Balances (in 000's)

Line	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate
1	\$6,322	\$6,496	\$8,156	\$10,007	\$9,726	\$9,136
2	(\$5,796)	(\$6,233)	(\$7,199)	(\$7,143)	(\$7,000)	(\$6,900)
3	\$5,970	\$7,893	\$9,050	\$6,862	\$6,410	\$7,378
4	<u>\$6,496</u>	<u>\$8,156</u>	<u>\$10,007</u>	<u>\$9,726</u>	<u>\$9,136</u>	<u>\$9,614</u>
Free Balance on 1/1 after surplus transfer	\$526	\$263	\$957	\$2,864	\$2,726	\$2,236

Schedule of Electric Utility Sales and Performance (in 000's) as of Dec 31st

	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate
REVENUES						
5	\$22,440	\$22,840	\$22,993	\$22,400	\$22,400	\$22,400
5a				(\$1,000)	(\$1,000)	(\$1,000)
6	\$763	\$42	\$64	\$100	\$100	\$100
7	\$918	\$826	\$1,050	\$825	\$825	\$825
EXPENSES						
8	(\$14,250)	(\$11,713)	(\$6,750)	(\$6,340)	(\$5,785)	(\$5,156)
9			(\$2,265)	(\$2,305)	(\$2,993)	(\$2,474)
10			(\$529)	(\$742)	(\$985)	(\$1,035)
11			(\$797)	(\$999)	(\$950)	(\$950)
12	(\$3,678)	(\$3,702)	(\$3,821)	(\$4,182)	(\$4,307)	(\$4,437)
13	(\$200)	(\$400)	(\$895)	(\$895)	(\$895)	(\$895)
14	<u>\$5,993</u>	<u>\$7,893</u>	<u>\$9,050</u>	<u>\$6,862</u>	<u>\$6,410</u>	<u>\$7,378</u>

Minor changes were made to a few numbers.

Strategic Planning Guidelines



Borough of Madison

Strategic Planning Guidelines

For details, please visit <http://www.rosenet.org/346/2014-Strategic-Planning-Initiative>

	2011	2012	2013	2014	2015	2016 est	2017 est
Guideline 1A Surplus revenue in budget should be less than surplus generated in the prior year (yes or no)	\$3,635	\$2,800	\$2,975	\$3,597	\$3,900	\$4,200	\$4,587
	\$3,638	\$3,591	\$4,027	\$4,633	\$4,113	\$4,253	\$4,543
	yes	yes	yes	yes	yes	yes	no
Guideline 1B Prior Year End Municipal Surplus/ Total Appropriations (20% to 25%)	\$4,409	\$4,365	\$5,592	\$7,250	\$7,786	\$8,131	\$8,474
	\$24,452	\$25,151	\$25,682	\$29,587	\$29,063	\$30,618	\$31,187
	18.0%	17.4%	21.8%	24.5%	26.8%	26.6%	27.2%
Surplus in excess of 25% should only be used on capital and debt service	na	na	na	na	na	na	na
Guideline 1C							
Guideline 2 Operations Shortfall/ Total Appropriations (less than 7%)	\$1,611	\$1,778	\$1,710	\$2,319	\$1,483	\$1,597	\$1,405
	\$24,452	\$25,151	\$25,682	\$29,587	29,603	30,618	\$31,187
	6.6%	7.1%	6.7%	7.8%	5.0%	5.2%	4.5%
Guideline 3A Water & Elec Utility Surplus Transfer/ Total Appropriations (Should not exceed 22%)	\$3,706	\$3,866	\$4,172	\$6,246	\$6,733	\$7,698	\$7,534
	\$24,452	\$25,151	\$25,682	\$29,587	\$29,063	\$30,618	\$31,187
	15.2%	15.4%	16.2%	21.1%	23.2%	25.1%	24.2%
Guideline 4A Debt Service/ Total Appropriations (should not exceed 10%)	\$2,262	\$2,269	\$2,266	\$2,269	\$2,247	\$2,330	\$2,330
	\$24,452	\$25,151	\$25,682	\$29,587	\$29,063	\$30,618	\$31,187
	9.3%	9.0%	8.8%	7.7%	7.7%	7.6%	7.5%

Guideline 1A, 1B and 1C are in conflict. If we are out of compliance with Guideline 1B, how do we get back into compliance without violating Guideline 1A?

Alternative Budget Format



February 22, 2016

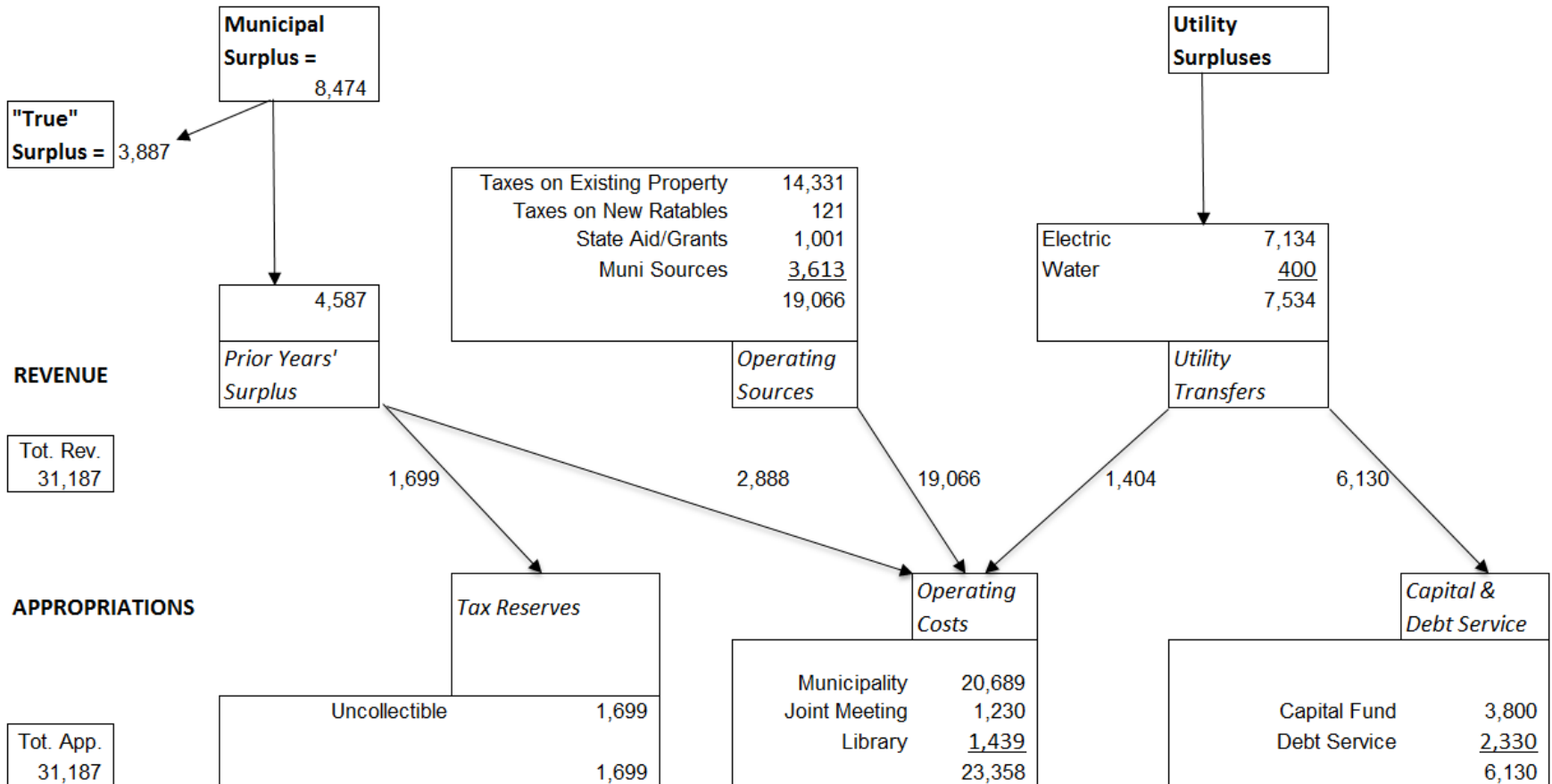
Borough of Madison 2016 and 2017 Alternative Budget Format (in \$000's)

line	APPROPRIATIONS	2016			2017		
		Operations	Capital	Total	Operations	Capital	Total
1	Operating Expenses	\$ 20,265			\$ 20,689		
2	Public Library	\$ 1,391			\$ 1,439		
3	Joint Meeting	\$ 1,175			\$ 1,230		
4	Tax Reserves	\$ 1,665			\$ 1,699		
5	Capital Improvement Fund		\$ 3,800			\$ 3,800	
6	Debt Service		\$ 2,322			\$ 2,330	
7	Total Appropriations	\$ 24,496	\$ 6,122	\$ 30,618	\$ 25,057	\$ 6,130	\$ 31,187
	REVENUES	Operations	Capital	Total	Operations	Capital	Total
	Recurring						
8	Prior Year Surplus	\$ 4,200			\$ 4,457	\$ 130	
9	Property Taxes	\$ 14,050			\$ 14,452		
10	Municipal Sources & PILOT	\$ 3,485			\$ 3,613		
11	State Aid & Grants	\$ 1,085			\$ 1,000		
	Non-recurring						
12	General Cap. Fund Balance		\$ 99			\$ -	
13	Sale of Property						
14	Revenues Before Transfers	\$ 22,820	\$ 99	\$ 22,919	\$ 23,523	\$ 130	\$ 23,653
15	Funded from Utilities (line 14 - 7) *	\$ (1,677)	\$ (6,023)	\$ (7,699)	\$ (1,534)	\$ (6,000)	\$ (7,534)
	Utility Transfers						
16	Electric			\$ 7,199			\$ 7,134
17	Water			\$ 500			\$ 400
				\$ (0)			\$ (0)

This format was suggested by the Strategic Planning Committee.

Budget Flows

Borough of Madison -- 2017 Budget Flows



This format was suggested by the Strategic Planning Committee.

Electric Rebate Program



For the past three years, the Council has approved a targeted electric rebate for eligible residents. This item is on the agenda this evening.

<u>Year</u>	<u># of Applications</u>	<u>Rebate Amount</u>	<u>Total \$ Amount</u>
2014	353	\$100	\$35,300
2015	273	\$100	\$27,300
2016	380	\$150	\$57,000

Decisions



Council should consider the following issues.

CAPITAL

PREDICTABLE REVENUES

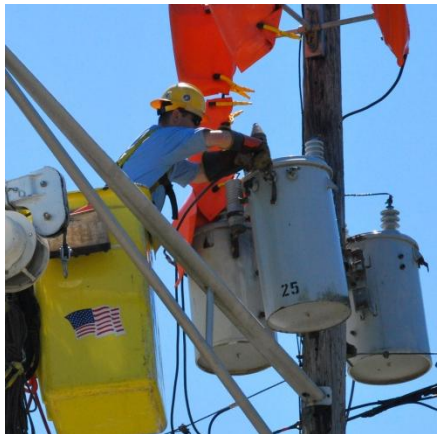
SPENDING

TAXES

ELECTRIC UTILITY SURPLUS

The hopeful goal is for Council to come to a consensus this evening so the official state budget documents can be drafted for introduction at the next Council Meeting (March 14).

Borough of Madison



QUESTIONS?

