



# Borough of Madison

## Budget Discussion

February 23, 2015



# Budget Goal

As directed by Council, supported by Finance Liaisons and referenced during the strategic planning process

## “Sustainability”

Create a multi-year budget plan with sustainable, predictable and achievable...

- Municipal Surplus
- Capital Funding
- Utility Surplus for municipal budget

# 2015 Budget Plan



## The plan presented...

- Maintains all services at current levels
- Adequately funds capital with 'pay as you go'
- Includes predictable, small tax increases
- Supports our AAA rating
- Maintains an appropriate level of municipal surplus with an adequate contingency for emergencies

## UTILITIES

- Supports Madison's excellent reliability
- Keeps rates stable and competitive
- Generates a sustainable, predictable utility surplus

# Electric Utility Budget



## Borough of Madison Schedule of Electric Utility Surplus Balances (in 000's) as of December 31st

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Actual	Estimate	Estimate	Estimate								
Balance at Beginning of Year	\$ 7,079	\$ 7,387	\$ 8,959	\$ 4,477	\$ 2,718	\$ 4,822	\$ 4,683	\$ 5,373	\$ 6,322	\$ 6,519	\$ 7,314	\$ 7,887
Less: Utilized in Municipal Budget	-4,360	-4,360	-3,450	-3,450	-2,656	-3,356	-3,516	-3,722	-5,796	-6,233	-6,933	-6,910
Add: Generated in Current Year	4,668	5,932	-1,032	1,691	4,760	3,217	4,206	4,671	5,993	7,028	7,506	7,854
Balance at Year End	\$7,387	\$8,959	\$4,477	\$2,718	\$4,822	\$4,683	\$5,373	\$6,322	\$6,519	\$7,314	\$7,887	\$ 8,831

## Borough of Madison Schedule of Electric Utility Sales and Performance (in 000's)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate
Revenues												
Cash Collections	14,450	15,342	16,623	\$ 19,536	\$ 23,184	\$ 22,351	\$ 22,694	\$ 23,210	\$ 22,440	\$ 22,300	\$ 22,300	\$ 22,300
MRNA + Fund Balance Realized	573	610	453	232	406	188	135	162	763	100	100	100
Cancellation of CY/PY Appropriations	604	857	820	1,296	993	927	710	536	918	400	400	400
Expenses												
Purchased Power	8,200	8,200	16,000	16,200	16,500	16,800	16,000	15,800	14,250	11,624	11,054	10,586
Admin & Operating	2,359	2,677	2,928	3,173	3,223	3,349	3,233	3,307	3,678	3,748	3,840	3,960
Elec Utility Capital*	400	0	0	0	100	100	100	100	200	400	400	400
<b>Total Surplus Generated</b>	<b>\$4,668</b>	<b>\$5,932</b>	<b>-\$1,032</b>	<b>\$1,691</b>	<b>\$4,760</b>	<b>\$3,217</b>	<b>\$4,206</b>	<b>\$4,701</b>	<b>\$5,993</b>	<b>\$7,028</b>	<b>\$7,506</b>	<b>\$7,854</b>

# Electric Utility Budget



**Borough of Madison**  
**Schedule of Electric Utility Surplus Balances (in 000's)**  
**as of December 31st**

	2015	2016	2017
	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Balance at Beginning of Year	\$ 6,322	\$ 7,314	\$ 7,887
Less: Utilized in Municipal Budget	-6,233	-6,993	-6,910
Add: Generated in Current Year	7,028	7,506	7,854
Balance at Year End	<u>\$7,117</u>	<u>\$7,887</u>	<u>\$ 8,831</u>

Electric Utility will generate MORE surplus than needed in 2016 and 2017

- Assumes no rate reduction.
- We continue to 'spend' the surplus as soon as it comes in.
- Assumes we lock into favorable contracts.

Based on projections, Water Utility is NOT generating enough surplus in 2016 and 2017 (unsustainable)



# Water Utility Budget

**Borough of Madison  
Estimated Water Utility Results  
For the Year's 2014 thru 2017  
(in \$000's)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Tariff Collections	\$2,475	\$2,480	\$2,480	\$2,480
Miscellaneous Revenue	\$49	\$80	\$80	\$80
Operations	-\$1,980	-\$2,040	-\$2,101	-\$2,164
Capital Improvement	-\$200	-\$200	-\$400	-\$400
AMR	-\$200	-\$200		
Cancellation of Prior Year's Appropriation Reserves	\$376	\$300	\$300	\$300
Estimated Surplus	\$520	\$420	\$359	\$296

**Borough of Madison  
Schedule of Water Utility Surplus Balances  
2014 Actual Thru 2017 Estimate as of December 31st**

	<b>2014 Actual</b>	<b>2015 Estimate</b>	<b>2016 Estimate</b>	<b>2017 Estimate</b>
Balance at Beginning of Year	\$ 1,518	\$ 1,588	\$ 1,508	\$ 1,367
Less: Utilized in Municipal Budget	(450)	(500)	(500)	(500)
Add: Generated in Current Year	520	420	359	296
Balance at Year End	\$ 1,588	\$ 1,508	\$ 1,367	\$ 1,163
Increase (Decrease)	\$ 70	\$ (80)	\$ (141)	\$ (204)



Questions?