



Borough of Madison



Budget Presentation, February 1, 2016



Budget Presentation

Agenda

- Review Annual Budget Process
- Utility Department Budget Hearing
- Quick 5 Year Capital Review
- Municipal Budget
- Utility Budgets & Performance
- Power Procurement Policy (time permitting)
- Questions



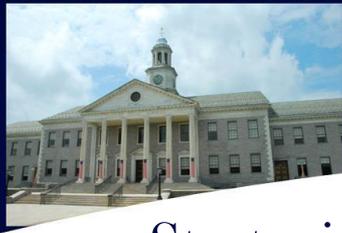
Budget Process

- December 14, Draft 5 Year Capital Plan
- January 28, Open Space Trust Fund
- February 1, Initial budget review
- February 8, Department Head Operating & Capital
(submit the unaudited Annual Financial Statements)
- February 22, Follow up budget review
(prepare the Official State Budget document)
- March 14, Official Budget Introduction
- April 11, Official Budget Hearing & Adoption

Details can be found at <http://www.rosenet.org/725/Annual-Budget-Process>



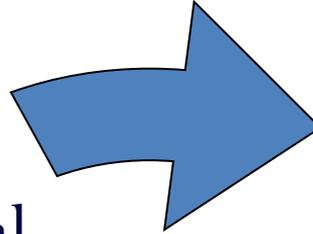
Budget Cycle



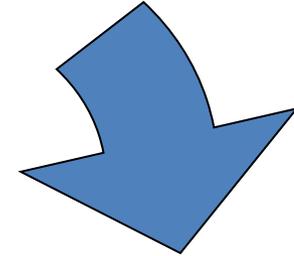
Strategic
Planning



Capital

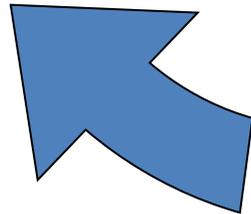
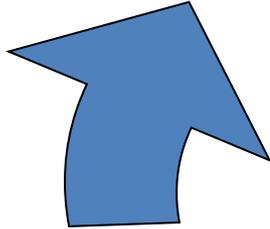


Open Space

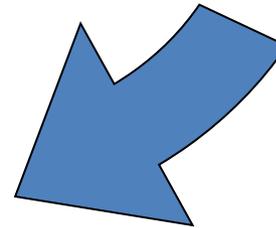


Municipal
Budget

Department
Operating



Utilities



Electric Utility



Accomplishments for 2015

- Replaced secondary cables on 8 streets, 40 new pole installations , 20 new down-guy installations
- 22 new transformer installations.
- Installed 2 new pad-mount transformers at North St pump Stn.
- Emergency transformer replacements at Madison Green Condos.
- Scheduled transformer replacements at Rolling Hill Condos.
- 112 street light repairs-----22 new street light installations.



Electric Utility



Accomplishments for 2015 (cont)

- New Led street lights at Elmer St parking lot & Main St
- Repaired and re-wired underground feed for train station lights
- 95 new service installations
- Continued system re-enforcement throughout town
- Made emergency repairs to James Park substation.



Contractor work

- Completed line clearance throughout town
- Annual substation testing & maintenance



Electric Utility



Goals for 2016

- Replace pole top transformers with pad-mount at E-well.
- Replace 15 KV bushings on transformer 4A at James Park Sub.
- Continue work on underground switchgear at Madison Ave
- Replace pressure gauges on underground switchgear in the Commercial District.
- Transformer replacement or additions as needed.
- Install flag pole and lighting at James Park & Lucy D field.
- Continue system re-enforcement.
- Continued pole replacement throughout town.
- Street light repairs & additions, Service replacements, Street light repairs and upgrades.
- Implement Handheld Reader & Automated Metering Program
- Connect GVR Property to distribution system



Electric Utility Capital

Borough of Madison 5 Year Capital Improvement Plan

DEPARTMENT: ELECTRIC / MICHAEL PIANO & BOB VOGEL

Project Description	2016	2017	2018	2019	2020
Automated Meters	35,000	35,000	35,000	35,000	35,000
Installation of new underground conduits, cable, light-piers, lamposts and fixtures on Kings Road from Prospect Street to Madison Ave.	210,000				
Replace Perimeter fencing at both substations	120,000				
Video surveillance systems for both substations	20,000				
E Well Transformer	30,000				
CBD Submersible Transformers	125,000				
Replace stairs at Kings Rd Substation	30,000				
Replace two double bucket trucks		400,000			
Replacement of pickup truck 135 (2006)			30,000		
Digger Derrick Refurbishment			50,000		
Reconstruct underground primary distribution system at Union Hill & Independence Court				75,000	
Reconstruct underground primary distribution system at Madison Green Condominiums (Green Ave & Shunpike Rd)				75,000	
Primary Voltage copper cable for Kings Rd feeder lines					100,000
Replace historic fixtures at train station					40,000
Reserve funding for substation repairs as requested by the UAC	300,000	300,000	300,000	300,000	300,000
Signal Camera Actuators *	25,000	25,000	25,000		
Dodge Field Field Lighting			75,000	75,000	
Yearly Totals	\$ 895,000	\$ 760,000	\$ 515,000	\$ 560,000	\$ 475,000



Remember this number. It will come up again later in the presentation.

Water Utility



Accomplishments for 2015

- Well E 'redeveloped'. Preparing for new generator. Well is still 'off line'.
- Worked with Electric Utility on North Street station upgrades.
- Installed 5 new hydrants and repaired one. Flushed and maintained hydrants
- Both water tanks were cleaned and inspected.
- Three major 6" water breaks in 2015 (Dean, Shadylawn & Lawrence)
- Repaired service lines on Woodland and Rose Ave.
- 1138 NJ One Call Requests.
- 127 meters installed. 50 meters repaired in place. 21 new meter installs.
- 15 new taps for services.
- Various curb box repairs.
- Annual maintenance of 24 drinking fountains, field houses and public bathrooms

Water Utility



Daily Operations

- Monitoring system operations
 - water pumped
 - chlorine used
 - pump runtimes
 - air filter in treatment plant
 - static water levels in each well
- Water sampling (monthly, quarterly and yearly)
- Daily monitoring of ph and chlorine levels.
- Monthly maintenance of emergency generators.

Water Utility



Goals for 2016

- Repair air handler at treatment facilities at Well A and B
- Repair static water level chart recorders at Well D and E
- Well A, roof repairs and replace air release valve
- Repair roof at Well C
- Interior repairs at Wells A and D
- Repair drain at Well E
- Various repairs at both water tanks (sample point, man way, tripod, bolts)
- Make improvements to Rosedale Skating rink for easier flooding
- Replace 10+ hydrants.



Water Utility Capital



Borough of Madison 5 Year Capital Improvement Plan

DEPARTMENT: WATER / TOM DEBIASSE, DAVID MAINES AND BOB VOGEL

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Well Upgrades	10,000	10,000	10,000	10,000	10,000
Well D Redevelopment		50,000	50,000		
Lathrop/Gibbons Hydrant/Svc	60,000				
Central (N) Water Main		250,000			
West Main	100,000				
Cottage Main	60,000				
Kinney Main	50,000				
Upgrade SCADA/Video Surv.	50,000				
Master permit update	15,000				
Mini Excavator	70,000				
Greenwood (N) Water Main		120,000			
Well Roof Repairs (various)	25,000				
Truck		80,000		80,000	
Repaint Midwood Tank			175,000	175,000	
Well C Redevelopment				50,000	50,000
Tank Inspections 5yr				10,000	
Various Mains replaced TBD				150,000	150,000
Well E Motor 150HP					50,000
HMM Suggested Upgrades	100,000	100,000	100,000	100,000	100,000
Subtotal \$	\$ 540,000	\$ 610,000	\$ 335,000	\$ 575,000	\$ 360,000



Remember this number. It will come up again later in the presentation.

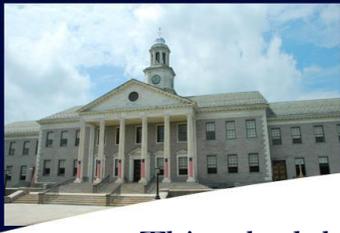


Capital



Shifting from Utility Capital to General Capital...

Capital Budget



This schedule shows the activity and balances in the General Capital Improvement Fund. Funds are typically deposited into this fund annually (line 2). Throughout the year, Council votes on capital improvement authorizations to spend the money (line 5).

Once the capital project is completed, any excess funds are deposited back into the account and available to be spent on new projects (line 1). Grant funds are received at times to help pay for projects (NJDOT funds for arterial roads). Most recently, the Borough received funds to help pay for the reconstruction of Ridgedale Avenue (line 3).

Schedule of General Capital Improvement Fund 2008 thru 2015 (in \$000's)

	2008	2009	2010	2011	2012	2013	2014	2015
line Beginning Balance	\$ 4,791	\$ 4,786	\$ 3,221	\$ 2,012	\$ 1,115	\$ 78	\$ 539	\$ 933
Increased By:								
1 Imprvmnt Authorizations Cancelled	158	276	84	160	50	83	54	84
2 Budget Appropriations	1,529	500	500	0	750	1,000	3,500	3,053
3 Grant Funds Received				423		390	213	270
4 Other Receipts				40	19		95	0
TOTAL	6,478	5,562	3,805	2,635	1,934	1,551	4,401	4,340
Decreased By:								
5 Improvement Authorizations	1,692	2,341	1,793	1,520	1,856	1,012	3,468	2,729
6 Ending Balance	\$ 4,786	\$ 3,221	\$ 2,012	\$ 1,115	\$ 78	\$ 539	\$ 933	\$ 1,611



5 Year Capital Plan



Borough of Madison
DRAFT 5 Year Capital Improvement Plan
Friday, January 29, 2016

Department/ Projects	2016	2017	2018	2019	2020
Engineering & Public Works					
Road Reconstruction	1,465,000	1,710,000	1,260,000	490,000	930,000
Milling/Overlay/Lots/Sidewalks	805,250	960,000	860,000	820,000	875,000
Stormwater System	130,000	500,000	635,000	625,000	275,000
Sanitary Capital	540,000	720,000	385,000	385,000	605,000
Building Improvements	95,000	330,000	75,000	0	0
Roads, Parks & Equipment	435,000	250,000	290,000	290,000	250,000
Subtotal	3,470,250	4,470,000	3,505,000	2,610,000	2,935,000
Recreation	56,000	75,000	25,000	25,000	0
Police	78,000	230,000	380,000	375,000	200,000
Fire	100,500	57,500	401,500	351,500	562,000
Library	395,000	300,000	375,000	230,000	100,000
Total General Capital	4,099,750	5,132,500	4,686,500	3,591,500	3,797,000
Electric Utility	895,000	760,000	515,000	560,000	475,000
Water Utility	440,000	510,000	235,000	475,000	260,000
Total Utility Capital	\$ 1,335,000	\$ 1,270,000	\$ 750,000	\$ 1,035,000	\$ 735,000

The current five year General Capital need is estimated at \$21,307,250 (sum of the five highlighted numbers above). This averages out to \$4,261,450 per year.



Municipal Budget



Shifting from Capital to the Municipal Budget...

Municipal Budget

MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%
	APPROPRIATIONS				
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	29,063,202	30,308,190	1,244,988	4.28%

Cost Drivers

MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%
APPROPRIATIONS					
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	29,063,202	30,308,190	1,244,988	4.28%

While the total budget increases by 4.28%, it is important to note two items driving that increase.

Capital Funding (line 22) and MCJM Sewage Treatment (line 26) are each increasing by over 14%.

Subtract them out and the rest of the budget is increasing by 2.6%.

Debt Service



	<u>2016 APPROPRIATIONS</u>	<u>2015</u>	<u>2016</u>	<u>inc / (dec)</u>	<u>% Change</u>
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	\$29,063,202	\$30,308,190	\$1,244,988	4.28%

Debt Service is increasing because of new borrowing of \$1,628,000 for the Madison / Chatham Joint Meeting Sewage Treatment Facility.

That issue alone accounts for \$104,000 in debt service.

Long Term Debt Service (excluding MRC)						
2016	2017	2018	2019	2020	2021	2022
\$2,330,000	\$2,327,000	\$2,327,000	\$2,270,000	\$2,268,000	\$2,218,000	\$2,155,000



Salaries & Benefits



	<u>2016 APPROPRIATIONS</u>	<u>2015</u>	<u>2016</u>	<u>inc / (dec)</u>	<u>% Change</u>
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	\$29,063,202	\$30,308,190	\$1,244,988	4.28%

Pension costs increased by \$94,000 in 2016.

The majority of the increase in Salary & Wages is for Fire Dept (\$84,000) and Public Works (\$153,000).

Overall, the Borough has kept salaries and benefits in check for the past 6 years.

Employees now contribute over \$600,000 towards their health insurance benefits and an additional \$100,000 to their pension benefits.

The table to the left shows the true costs of Salary, Health and Pension after adjusting for these new payroll deductions. Salaries are **BELOW** 2011 figures.

Salary & Wages Comparison						
	2016	Adjustment	Rev 2016	2011		
Salary	10,256,362	-	700,000	=	9,556,362	9,580,967
Health	1,814,000	+	600,000	=	2,414,000	2,138,000
Pension	1,816,000	+	100,000	=	1,916,000	2,005,000
TOTAL	\$13,886,362				\$13,886,362	\$13,723,967

Department Operating



	<u>2016 APPROPRIATIONS</u>	<u>2015</u>	<u>2016</u>	<u>inc / (dec)</u>	<u>% Change</u>
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	\$29,063,202	\$30,308,190	\$1,244,988	4.28%

Of the \$99,879 increase in Department Operating, \$45,000 is for increasing the rock salt, brine and snow removal budgets.

The remainder of the Operating budget is increasing by just 1.9%.





Municipal Budget



Shifting from Appropriations to Revenues...

Property Taxes

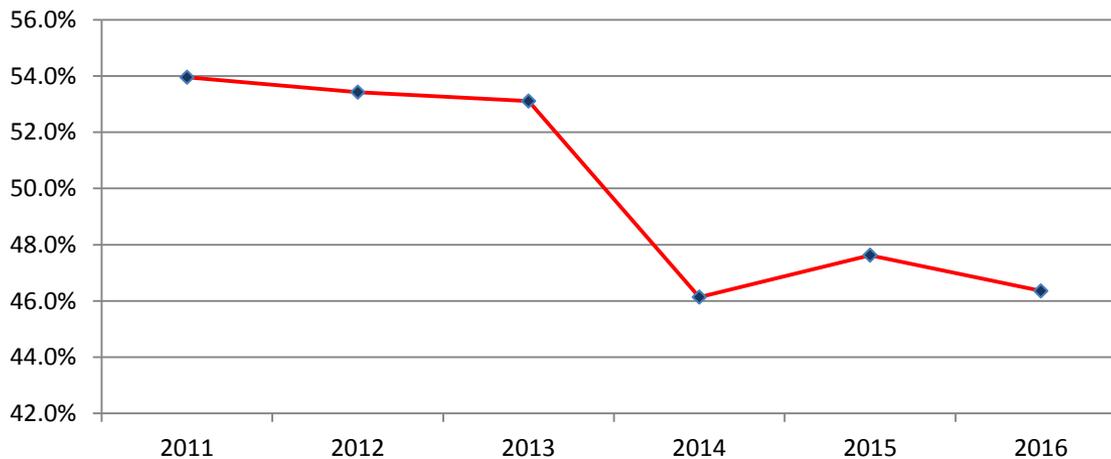


Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%

Property Taxes as a percentage of Total Revenues are dropping.

Over 53% of the Borough budget is funded by non-tax revenue.

Property Taxes as a % of Total Revenues



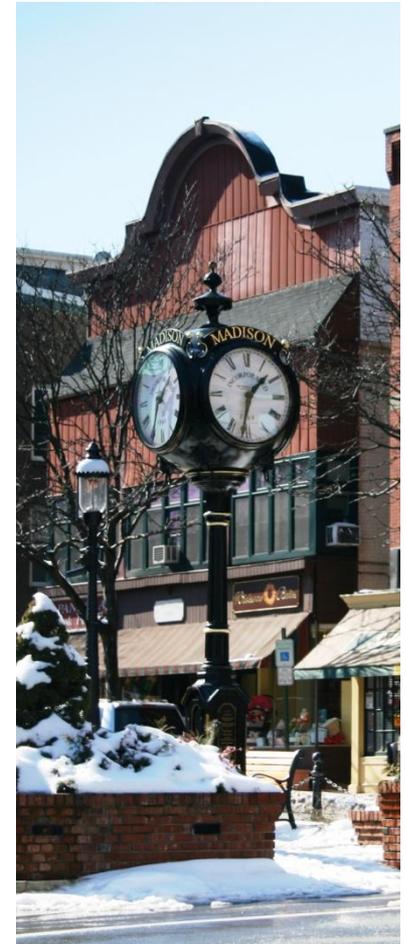


Municipal Revenues



Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%

Municipal Sources, State Aid and Grants are expected to be flat for this year.



What is Municipal Surplus?

Surplus is GOOD. It represents wise financial management and is generated as follows. Municipal revenues from sources such as permits and fees are greater than expected (line 7). Delinquent taxes are collected (line 8). Current year taxes exceed what is budgeted (line 9). Department Heads do not spend all of their budget (line 10). The Borough receives revenue that it did not anticipate at the time the budget was adopted (line 11 & 12).

Schedule of Surplus Balances 2010 thru 2015 as of December 31st

Line	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Est
1	\$ 6,006	\$ 4,409	\$ 4,365	\$ 5,592	\$ 7,250	\$ 7,786
2	(5,235)	(3,635)	(2,800)	\$ (2,975)	\$ (3,597)	\$ (3,900)
3	771	774	1,565	\$ 2,617	\$ 3,653	\$ 3,886
4	3,638	3,591	4,027	\$ 4,633	\$ 4,133	\$ 3,785
5	\$ 4,409	\$ 4,365	\$ 5,592	\$ 7,250	\$ 7,786	\$ 7,671
6	(1,597)	(44)	1,227	1,658	536	(115)
Surplus Generated From:						
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Est
7	\$ 569	\$ 1,357	\$ 785	\$ 550	559	\$ 737
8	131	306	615	118	10	94
9	933	595	1,001	1,731	1444	1,029
10	1,388	1,245	1,265	1,565	1625	1,733
11	617	88	(49)	289	495	192
12	-	-	410	380	0	0
TOTAL	\$ 3,638	\$ 3,591	\$ 4,027	\$ 4,633	\$ 4,133	\$ 3,785

Want to learn more about Surplus (aka Fund Balance)? Page 26 of the Strategic Planning Report has an excellent explanation. The report can be found here <http://www.rosenet.org/DocumentCenter/View/2891>

What is Municipal Surplus?

“The purpose of retaining surplus is to provide for contingencies and unexpected events as well as to provide stability in budgeting for unusual items or economic developments that cannot be planned for in the ordinary course of business, such as economic downturns, significant reduction in taxable property, new services requirements or unusual capital investments.”

“In addition, rating agencies look to surplus for assurance that a municipality will be able to cover the cost of any unforeseen events.” Strategic Planning Report.

Schedule of Surplus Balances 2010 thru 2015 as of December 31st

Line	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Est
1 Balance at Beginning of Year	\$ 6,006	\$ 4,409	\$ 4,365	\$ 5,592	\$ 7,250	\$ 7,786
2 Less: Utilized in Municipal Budget	(5,235)	(3,635)	(2,800)	\$ (2,975)	\$ (3,597)	\$ (3,900)
3 Sub Total (Free Balance)	771	774	1,565	\$ 2,617	\$ 3,653	\$ 3,886
4 Add: Generated in Current Year	3,638	3,591	4,027	\$ 4,633	\$ 4,133	\$ 3,785
5 Balance at Year End	<u>\$ 4,409</u>	<u>\$ 4,365</u>	<u>\$ 5,592</u>	<u>\$ 7,250</u>	<u>\$ 7,786</u>	<u>\$ 7,671</u>
6 Increase (Decrease)	(1,597)	(44)	1,227	1,658	536	(115)

How does surplus connect back to the budget? The number in the blue box above is the same number in the Municipal Budget on the following slide.

Municipal Surplus

MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%
	APPROPRIATIONS				
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	29,063,202	30,308,190	1,244,988	4.28%



Utilities



Shifting from the municipal budget to the water and electric utility budgets...



Water Utility Performance



Borough of Madison
 Schedule of Water Utility Surplus Balances (in 000's)
 For the Year's 2014 & 2015

	2014 Actual	Original 2015 Estimate	Revised 2015 Estimate	2016 Estimate
Balance at Beginning of Year	\$1,518	\$1,588	\$1,508	\$1,668
Less: Utilized in Municipal Budget	(450)	(500)	-500	-500
Add: Generated in Current Year	520	420	660	\$125
Balance at Year End	\$1,588	\$1,508	\$1,668	\$1,293
Increase (Decrease)	70	(80)	160	\$(375)

From an accounting standpoint, the Water Utility is a stand alone entity with its own operating budget and capital budget.

The Water Utility had historic sales for 2015 due to a hot, dry summer. The end result is surplus that is \$240,000 greater than initial estimates.

Borough of Madison
 Schedule of Estimated Water Utility Sales and Performance (in 000's)
 For the Year's 2014 & 2015

	2014 Actual	Original 2015 Estimate	Revised 2015 Estimate	2016 Estimate
Tariff Collections	\$2,475	\$2,480	\$2,800	\$2,450
Miscellaneous Revenue	\$49	\$80	\$0	\$0
Operations	-\$1,980	-\$2,040	-\$2,040	-\$2,085
Capital Improvement	-\$200	-\$200	-\$200	-\$540
AMR	-\$200	-\$200	-\$200	\$0
PY Appropriation Reserves	\$376	\$300	\$300	\$300
Estimated Surplus	\$520	\$420	\$660	\$125



Water Utility Performance



Borough of Madison
 Schedule of Water Utility Surplus Balances (in 000's)
 For the Year's 2014 & 2015

	2014 Actual	Original 2015 Estimate	Revised 2015 Estimate	2016 Estimate
Balance at Beginning of Year	\$1,518	\$1,588	\$1,508	\$1,668
Less: Utilized in Municipal Budget	(450)	(500)	-500	-500
Add: Generated in Current Year	520	420	660	\$125
Balance at Year End	\$1,588	\$1,508	\$1,668	\$1,293
Increase (Decrease)	70	(80)	160	\$(375)

Each year, a portion of the Water Utility Surplus is transferred to the Municipal Budget for tax relief.

The yellow box to the left shows the amount transferred to the budget. The next slide shows \$500,00 of Water Utility Surplus included as revenue in the Municipal Budget.

Borough of Madison
 Schedule of Estimated Water Utility Sales and Performance (in 000's)
 For the Year's 2014 & 2015

	2014 Actual	Original 2015 Estimate	Revised 2015 Estimate	2016 Estimate
Tariff Collections	\$2,475	\$2,480	\$2,800	\$2,450
Miscellaneous Revenue	\$49	\$80	\$0	\$0
Operations	-\$1,980	-\$2,040	-\$2,040	-\$2,085
Capital Improvement	-\$200	-\$200	-\$200	-\$540
AMR	-\$200	-\$200	-\$200	\$0
PY Appropriation Reserves	\$376	\$300	\$300	\$300
Estimated Surplus	\$520	\$420	\$660	\$125

Water Utility Revenues

MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%
APPROPRIATIONS					
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	29,063,202	30,308,190	1,244,988	4.28%

Water Utility 2016 Estimates



Borough of Madison
Schedule of Water Utility Surplus Balances (in 000's)
For the Year's 2014 & 2015

	2014 Actual	Original 2015 Estimate	Revised 2015 Estimate	2016 Estimate
Balance at Beginning of Year	\$1,518	\$1,588	\$1,508	\$1,668
Less: Utilized in Municipal Budget	(450)	(500)	-500	-500
Add: Generated in Current Year	520	420	660	\$125
Balance at Year End	\$1,588	\$1,508	\$1,668	\$1,293
Increase (Decrease)	70	(80)	160	\$(375)

Because of a \$340,000 increase in Water Capital, the Water Utility is expected to generate \$125,000 in surplus, which is much less than previous years (bottom number on bottom column).

Borough of Madison
Schedule of Estimated Water Utility Sales and Performance (in 000's)
For the Year's 2014 & 2015

	2014 Actual	Original 2015 Estimate	Revised 2015 Estimate	2016 Estimate
Tariff Collections	\$2,475	\$2,480	\$2,800	\$2,450
Miscellaneous Revenue	\$49	\$80	\$0	\$0
Operations	-\$1,980	-\$2,040	-\$2,040	-\$2,085
Capital Improvement	-\$200	-\$200	-\$200	-\$540
AMR	-\$200	-\$200	-\$200	\$0
PY Appropriation Reserves	\$376	\$300	\$300	\$300
Estimated Surplus	\$520	\$420	\$660	\$125

This will result in an unsustainable and systemic drop in water surplus.

Remember the 2016 Water Capital number from earlier?

← Here it is.

Electric Utility Performance

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

	2013	2014	Original 2015	Revised 2015	2016
	Actual	Actual	Estimate	Estimate	Estimate
Balance at Beginning of Year	\$ 5,373	\$ 6,322	\$ 6,519	\$ 6,519	\$ 7,687
Less: Utilized in Municipal Budget	-3,722	-5,796	-6,233	-6,233	-7,338
Add: Generated in Current Year	4,671	5,993	7,028	7,401	7,056
Balance at Year End	\$6,322	\$6,519	\$7,314	\$7,687	\$7,405

The hot and dry summer also helped Electric Utility sales. Revenues were \$500,000 more than estimated.

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

	2013	2014	Original 2015	Revised 2015	2016
	Actual	Actual	Estimate	Estimate	Estimate
Revenues					
Cash Collections	\$ 23,210	\$ 22,440	\$ 22,300	\$ 22,800	\$ 22,300
MRNA + Fund Balance Realized	162	763	100	76	75
Cancellation of CY/PY Appropriations	536	918	400	700	575
Expenses					
Purchased Power	15,800	14,250	11,624	11,997	11,012
Admin & Operating	3,307	3,678	3,748	3,702	3,987
Elec Utility Capital	100	200	400	400	895
Total Surplus Generated	\$4,701	\$5,993	\$7,028	\$7,477	\$7,056



Electric Utility Surplus

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

	2013	2014	Original 2015	Revised 2015	2016
	Actual	Actual	Estimate	Estimate	Estimate
Balance at Beginning of Year	\$ 5,373	\$ 6,322	\$ 6,519	\$ 6,519	\$ 7,687
Less: Utilized in Municipal Budget	-3,722	-5,796	-6,233	-6,233	-7,338
Add: Generated in Current Year	4,671	5,993	7,028	7,401	7,056
Balance at Year End	<u>\$6,322</u>	<u>\$6,519</u>	<u>\$7,314</u>	<u>\$7,687</u>	<u>\$7,405</u>

Similar to the Water Utility, Each year a portion of the Electric Utility Surplus is transferred to the Municipal Budget for tax relief.

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

	2013	2014	Original 2015	Revised 2015	2016
	Actual	Actual	Estimate	Estimate	Estimate
Revenues					
Cash Collections	\$ 23,210	\$ 22,440	\$ 22,300	\$ 22,800	\$ 22,300
MRNA + Fund Balance Realized	162	763	100	76	75
Cancellation of CY/PY Appropriations	536	918	400	700	575
Expenses					
Purchased Power	15,800	14,250	11,624	11,997	11,012
Admin & Operating	3,307	3,678	3,748	3,702	3,987
Elec Utility Capital	100	200	400	400	895
Total Surplus Generated	<u>\$4,701</u>	<u>\$5,993</u>	<u>\$7,028</u>	<u>\$7,477</u>	<u>\$7,056</u>

The yellow box to the left shows the amount transferred to the budget. The next slide shows Electric Utility Surplus being recognized as a revenue in the Municipal Budget.

Surplus is used to pay for debt, capital and tax relief.

Electric Utility Revenues

MUNICIPAL BUDGET SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2015	2016	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,900,000	3,800,000	(100,000)	-2.56%
1a	WATER SURPLUS	500,000	500,000	0	0.00%
2	MUNICIPAL SOURCES	3,420,000	3,452,559	32,559	0.95%
3	GENERAL CAPITAL FUND BALANCE	130,000	130,000	0	0.00%
4	STATE AID AND GRANTS	1,038,038	1,038,038	0	0.00%
5	ELECTRIC SURPLUS - CAPITAL	2,870,000	3,370,000	500,000	17.42%
6	ELECTRIC SURPLUS - OPER.	1,116,400	1,647,797	531,397	47.60%
7	ELECTRIC SURPLUS - DEBT SVC	2,246,600	2,320,000	73,400	3.27%
8	TOTAL MUNICIPAL REVENUES	15,221,038	16,258,394	1,037,356	6.82%
9	PROPERTY TAXES	13,842,164	14,049,796	207,632	1.50%
10	TOTAL REVENUES	29,063,202	30,308,190	1,244,988	4.28%
APPROPRIATIONS					
11	SALARIES & WAGES	10,011,582	10,256,362	244,780	2.44%
12	HEALTH INSURANCE (NET)	1,814,000	1,814,000	0	0.00%
13	PENSION & SOCIAL SECURITY	1,722,000	1,816,000	94,000	5.46%
14	SUB-TOTAL	13,547,582	13,886,362	338,780	2.50%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,849,284	2,949,163	99,879	3.51%
18	UTILITIES	787,000	779,600	(7,400)	-0.94%
19	WASTE REMOVAL	1,608,600	1,645,300	36,700	2.28%
20	LIABILITY INSURANCE	590,000	608,000	18,000	3.05%
21	SUB-TOTAL	6,094,884	6,242,063	147,179	2.41%
22	CAPITAL IMPROVEMENT FUND	3,053,000	3,500,000	447,000	14.64%
23	DEBT SERVICE	2,246,600	2,330,000	83,400	3.71%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,379,600	5,910,000	530,400	9.86%
26	MADISON-CHATHAM JOINT MTG.	1,030,131	1,175,000	144,869	14.06%
27	PUBLIC LIBRARY	1,379,005	1,429,765	50,760	3.68%
28	TOTAL SPENDING	27,431,202	28,643,190	1,211,988	4.42%
29	RESERVE FOR UNCOLL. TAXES	1,632,000	1,665,000	33,000	2.02%
30	TOTAL APPROPRIATIONS	29,063,202	30,308,190	1,244,988	4.28%



Electric Utility 2016 Est.

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

	2013	2014	Original 2015	Revised 2015	2016
	Actual	Actual	Estimate	Estimate	Estimate
Balance at Beginning of Year	\$ 5,373	\$ 6,322	\$ 6,519	\$ 6,519	\$ 7,687
Less: Utilized in Municipal Budget	-3,722	-5,796	-6,233	-6,233	-7,338
Add: Generated in Current Year	4,671	5,993	7,028	7,401	7,056
Balance at Year End	<u>\$6,322</u>	<u>\$6,519</u>	<u>\$7,314</u>	<u>\$7,687</u>	<u>\$7,405</u>

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

	2013	2014	Original 2015	Revised 2015	2016
	Actual	Actual	Estimate	Estimate	Estimate
Revenues					
Cash Collections	\$ 23,210	\$ 22,440	\$ 22,300	\$ 22,800	\$ 22,300
MRNA + Fund Balance Realized	162	763	100	76	75
Cancellation of CY/PY Appropriations	536	918	400	700	575
Expenses					
Purchased Power	15,800	14,250	11,624	11,997	11,012
Admin & Operating	3,307	3,678	3,748	3,702	3,987
Elec Utility Capital	100	200	400	400	895
Total Surplus Generated	<u>\$4,701</u>	<u>\$5,993</u>	<u>\$7,028</u>	<u>\$7,477</u>	<u>\$7,056</u>

Because of a \$495,000 increase in Electric Capital, the Electric Utility is expected to generate \$7,056,000 in surplus in 2016, which is about equal to the amount that is currently budgeted to be transferred to the Municipal Budget in 2016.

Remember the 2016 Electric Capital number from earlier?

← Here it is.

Strategic Planning Guidelines

Below is a summary of the some of the guidelines from that Strategic Planning process that are required as per R206-2015. Additional requirements mandated by the resolution including projections, historical data and alternate budget format will be provided before budget introduction.

Guideline	Range	Guideline	2013 Budget	2014 Budget	2015 Estimate	2016 Estimate	
Guideline 1A		Surplus used as revenue in the budget should not exceed surplus generated in the prior year.					yes
		Prior Year End					
Guideline 1B	20 % to 25%	Municipal Surplus/ Total Appropriations	\$5,592 / 21.80% \$25,682	\$7,250/ \$29,587	24.50% \$7,786 / \$29,033	26.8% \$7780 / \$30,308	25.7%
Guideline 1C		Any surplus in excess of 25% should only be used on capital and debt service.					
OPERATING REVENUES AND APPROPRIATIONS							
Guideline #2	Should not exceed 7%	Operating Shortfall/ Total Appropriations (Funded From Utilities)	\$1,260 / 4.90% \$25,682	\$2,319/ \$29,587	7.80% \$1,116 / \$29,063	5.3% \$1,648 / \$30,308	5.4%
UTILITY TRANSFERS							
guideline 3A	Should not exceed 22%	Utility Transfers/ Total Appropriations	\$4,172 / 16.20% \$25,682	\$6,246/ \$29,587	21.10% 6733 / \$29,063	23.1% \$7,838 / \$30,308	25.9%
DEBT SERVICE							
Guideline 4A	Should not exceed 10%	Debt Service/ Total appropriations			\$2,327 / \$29,063	7.7% \$2,330 / \$30,308	7.7%
CAPITAL FUNDING							
guideline #5	At least 10%	Capital Imp Fund Total Appropriations	\$1,000 / 3.90% \$25,682	\$3,500/ \$29,587	11.80% \$3,053 / \$29,063	10.5% \$3,500 / \$30,308	11.5%

2017 AND BEYOND



GOOD NEWS

- Emergency Note Payment of \$80,000 will not be an expense in 2017 (line 24).
- PILOT payments from GVR project will increase revenues (line 2).
- Construction permit and other GVR related revenue will result in higher municipal surplus generation (line 1).
- An additional \$1,365,000 in capital being appropriated in 2016.
- GVR residents will become new electric and water customers.
- Because capital, sewage and pension expenses are increasing, Council has the flexibility to raise taxes (line 9) well above the 2% levy cap if you so desire.
- Maintaining all services.



2017 AND BEYOND



CHALLENGES

- Sewage Processing costs (line 26) are difficult to estimate.
- \$4.2 million avg. general capital need over the next five years can not be funded currently.
- Water Utility not sustainable with current capital needs and rate structure.
- Over reliance on Electric Utility surplus.
- All collective bargaining agreements expire 12/31/17.

Electric Procurement



- Draft guidelines were created with help from PPANJ members and PPANJ Attorney, Jill Barker

- Purpose is to manage risk and offer guidelines for block electric purchases (who, when, how, how much).





Electric Procurement



Portfolio of contracts after purchase					
IOU Purchasing via BGS Auction					
2015-6	2016-7	2017-8	2018-9	2019-20	2020-21
purchased feb 2013					
purchased feb 2014					
Purchased feb 2015					
To be purchased feb 2016					
100%	100.00%	66.67%	33.33%	0.00%	0.00%

This chart shows the portfolio of electric contracts that Investor Owned Utilities have.

Borough of Madison					
2015-6	2016-7	2017-8	2018-9	2019-20	2020-21
Jan 5, 2012, \$49.73, Exelon	Oct 8, 2015, \$36.09 Exelon	Dec 21, 2015 \$33.20 PSEG			
Dec 1, 2011, \$58.30 PSEG	March 12, 2015, \$41.88 BP	March 12, 2015, \$42.30 Exelon	Dec 7, 2015, \$33.02, Exelon		
Sept 24, 2012, \$45.85, NextEra	Sept 24, 2012, \$47.65, NextEra	May 19, 2014, \$51.50, Exelon	Oct 8, 2015, \$35.40, NextEra		
100%	100.00%	100.00%	66.66%	0.00%	0.00%

This chart shows the portfolio of electric contracts that the Borough has. Note, there are many other expenses in addition to these contracts such as capacity, transmission and spot market.



Electric Procurement



IOU Purchasing via BGS Auction					
Current Year	Year 1	Year 2	Year 3	Year 4	Year 5
Purchased in February, two years prior to current year					
Purchased in February, one year prior to current delivery year					
Purchased in February, in the current delivery year					
100%	66.67%	33.33%	0.00%	0.00%	0.00%

Madison's Minimum Contract Position					
Current Year	Year 1	Year 2	Year 3	Year 4	Year 5
Must be purchased by March 31 of the current year					
100%	66.67%	0.00%	0.00%	0.00%	0.00%

Madison's Maximum Contract Position					
Current Year	Year 1	Year 2	Year 3	Year 4	Year 5
100%	100%	100%	66.60%	33.30%	33.30%

One of the primary functions of the procurement guidelines is to offer a framework on how many contracts the Borough should purchase and how far out the Borough can purchase.

The charts to the left show minimum and maximum contract position in the guidelines.

Borough of Madison



QUESTIONS?

