



# Borough of Madison



## Budget Introduction, March 25, 2019



# Transparency



Annual Budget Process

Financial Documents

Property Assessor

Tax Collector

Utility Billing Office

2018 Payroll Data

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## Annual Budget Process

The annual budget process occurs between the months of November and April. During this time, the Finance Department produces public information in various formats, ranging from graphic/simple to comprehensive/granular. Residents can choose what level of detail they wish to see based on the below list.

[Annual One Sheet Budget Summary](#): This document presents budget information in a very graphic and simple format and has been produced since 2015.

[Budget in Brief](#): This is a one-page budget summary. The document has been created since 1986 and while the format has changed slightly, it is still possible to make meaningful comparisons of numbers from 1986 to present.

[Audit Report](#): This very detailed 100+ page document contains very comprehensive and granular information. Digital copies are on-line from 2006 to date and hard copies dating back to the 1970's are readily available in the finance office.

**ANNUAL BUDGET PROCESS:** The remainder of this page outlines the budget documents and presentations given to Council during the budget process as well as a schedule of upcoming budget-related meetings. Click on Financial Documents on the left menu bar for a full listing of past budgets, audits, and other information.

2019

2018

2017

2016

2015

2014

2013

### 2019 Budget Process

Monday, February 25, 2019. Various Department Heads gave a [presentation](#) and discussed their 2018 accomplishments as well as their 2019 goals, objectives and capital requests.

Monday, February 11, 2019. A [draft budget](#) was presented to Council that included details on appropriations and municipal surplus.

Monday, January 28, 2019. Council received a [presentation](#) on the Utilities budget, including electric and water.

Those interested in learning more about the budget process are encouraged to visit the “Annual Budget Process” page on [Rosenet](#) which can be found under the Finance Department.

# Budget Schedule

- November 26, Hearing on \$4,770,000 Bond Ordinance for MCJM
- December 10, Draft Five Year Capital Plan
- January 14, Open Space Trust Fund & Revised Five Year Capital Plan
- January 23, Annual Debt Statement submitted to State.
- January 27, Unaudited Annual Financial Statements completed. Ready for submission to the State of NJ.
- January 28, Utilities Performance
- February 11, Initial Budget Discussion & Surplus Discussion
- February 25, Department Head Operating & Capital
  - March 4 @ 7pm, Special meeting. Revised budget & strategic planning guidelines (prepare the Official State Budget document)
- **March 25, Official Budget Introduction**
- April 22, Official Budget Hearing & Adoption

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





# Budget Highlights



**TAX INCREASE.** The budget includes a 0% tax increase on existing homes.





# Budget Highlights



**\$6.3 million**

For Capital Improvements  
& critical infrastructure

The proposed budget includes \$6.3 million in capital dollars for 2019 and over \$28 million for capital improvements over the next five years for roads, utilities, and critical infrastructure.



# Electric Dividend



**The Budget can accommodate an increase in the dividend from \$1.5 million to \$2.0 million to be given back to the electric utility customers this year, plus a \$200.00 targeted rebate for income-eligible residents.**



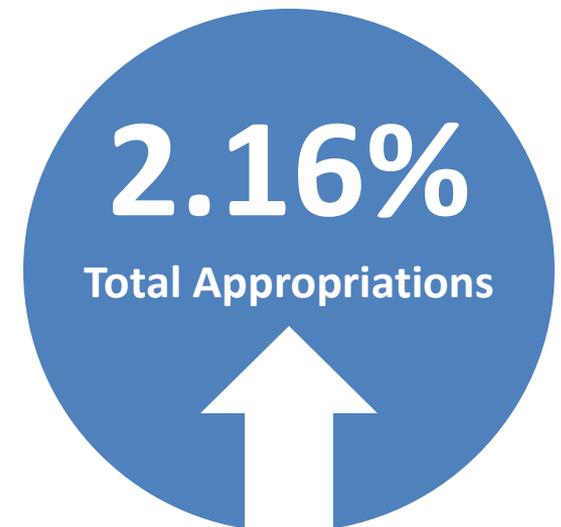
**\$2  
Million**  
given back to the  
electric customers



# Budget Highlights



**The budget includes a very manageable  
2.16% increase in Total Appropriations (spending).**



# GVR Property



**New \$370,000 in recurring revenue from the GVR Property gives everyone else a 0% tax increase.**





# Summary



## A “Good News” Budget

- 0% tax increase for existing properties.
- \$6.3 Million in Capital Improvements.
- Increase Electric Dividend that will be given to all customers from \$1.5 million to \$2 million and increase the electric rebate for income-eligible residents from \$150 to \$200.
- Manageable 2.16% increase in spending.
- GVR property will generate \$370,000 of new recurring revenue in the budget.
- Reduce reliance on the electric utility surplus for the operating budget by over \$300,000.
- No change in the level of services to residents.
- No change in the water utility rates (unchanged for 10 years in a row).
- Extra \$\$ for grass field maintenance.
- Replacement of two Public Works employees
- \$\$ reserved for MRC Turf reskinning and commitment to explore additional turf field with BOE

# Municipal Surplus



**Borough of Madison**  
**Schedule of Municipal Surplus Balances**  
**Surplus Balances 2013 Thru 2018**

		2010	2011	2012	2013	2014	2015	2016	2017	2018	
Line	Surplus Generated From:	Actual	Rev Est								
s 1	Non-Taxable Revenues	569	1,357	785	550	559	750	913	1,055	<b>478</b>	
s 2	Delinquent Tax Collections	131	306	615	118	10	78	263	-	<b>36</b>	
s 3	Current Year Taxes	933	595	1,001	1,731	1,444	1,370	1,857	1,807	<b>1,733</b>	
s 4	Cancellation of Prior Years Appropriations	1,388	1,245	1,265	1,565	1,625	1,768	1,370	2,050	<b>2,571</b>	
s 5	Misc Revenue and Other Revenues	617	88	(49)	289	487	287	340	481	<b>1,104</b>	
s 6	FEMA	-	-	410	380	-	-	-	-		
s 7	Reserved for Tax Appeals in AFS							(200)			
	TOTAL	<b>3,638</b>	<b>3,591</b>	<b>4,027</b>	<b>4,633</b>	<b>4,125</b>	<b>4,253</b>	<b>4,543</b>	<b>5,393</b>	<b>5,922</b>	
Line		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		Actual	Est	Est							
s 8	Balance at Beginning of Year	6,006	4,409	4,365	5,592	7,250	7,778	8,131	8,470	<b>9,276</b>	<b>10,371</b>
s 9	Less: Utilized in Municipal Budget	(5,235)	(3,635)	(2,800)	(2,975)	(3,597)	(3,900)	(4,200)	(4,587)	<b>(4,827)</b>	<b>(5,090)</b>
s 10	Sub Total (Free Balance)	771	774	1,565	2,617	3,653	3,878	3,931	3,883	<b>4,449</b>	<b>5,281</b>
s 11	Add: Generated in Current Year	3,638	3,591	4,027	4,633	4,125	4,253	4,539	5,393	<b>5,922</b>	
s 12	Balance at Year End	<b>4,409</b>	<b>4,365</b>	<b>5,592</b>	<b>7,250</b>	<b>7,778</b>	<b>8,131</b>	<b>8,470</b>	<b>9,276</b>	<b>10,371</b>	
s 13	Increase (Decrease)	(1,597)	(44)	1,227	1,658	528	353	339	806	<b>1,095</b>	

# Municipal Budget



Line	REVENUE	2018	2019	INCREASE (DECREASE)	PERCENT CHANGE
B 1	PRIOR YEAR MUNICIPAL SURPLUS	4,827,010	5,090,000	262,990	5.45%
B 2	MUNICIPAL REVENUE SOURCES	3,710,000	4,082,654	372,654	10.04%
B 3	PROPERTY TAXES: Existing Ratables	14,719,513	14,719,513	0	0.00%
B 4	PROPERTY TAXES: New Ratables	n/a	91,730	91,730	n/a
B 5	TAX REVENUE FROM GVR APARTMENTS / CONDOS	n/a	370,000	370,000	n/a
B 6	STATE AID	808,529	808,529	0	0.00%
B 7	TOTAL RECURRING REVENUE	24,065,052	25,162,426	1,097,374	4.56%
B 8	GRANT REVENUE	223,397	178,249	(45,148)	-20.21%
B 9	ELECTRIC SURPLUS - FOR OPERATING BUDGET	927,153	617,659	(309,494)	-33.38%
B 10	WATER SURPLUS - FOR OPERATING BUDGET	200,000	200,000	0	0.00%
B 11	UTIL SURPLUS & NON-RECURRING REVENUE FOR OPERATING	1,350,550	995,908	(354,642)	-26.26%
B 12	ELECTRIC SURPLUS - FOR CAPITAL	3,800,000	3,800,000	0	0.00%
B 13	ELECTRIC SURPLUS - FOR DEBT SERVICE	2,318,000	2,255,525	(62,475)	-2.70%
B 14	TOTAL UTILITY SURPLUS FOR CAPITAL/DEBT	6,118,000	6,055,525	(62,475)	-1.02%
B 15	TOTAL MUNICIPAL REVENUES	31,533,602	32,213,859	680,257	2.16%

Line	APPROPRIATIONS	2018	2019	INCREASE (DECREASE)	PERCENT CHANGE
B 16	SALARIES & WAGES	10,706,489	10,960,942	254,453	2.38%
B 17	HEALTH INSURANCE	1,814,000	1,814,000	0	0.00%
B 18	PENSION & SOCIAL SECURITY	1,908,000	2,080,200	172,200	9.03%
B 19	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
B 20	LEGAL	235,000	260,000	25,000	10.64%
B 21	DEPARTMENT OPERATING EXPENSES	3,356,382	3,494,145	137,763	4.10%
B 22	UTILITIES	748,600	748,600	0	0.00%
B 23	WASTE REMOVAL	1,657,300	1,657,300	0	0.00%
B 24	LIABILITY & WC INSURANCE	645,850	667,163	21,313	3.30%
B 25	TOTAL MUNICIPAL OPERATING EXPENSES	21,121,621	21,732,350	610,729	2.89%
B 26	MCJM SEWAGE PROCESSING	1,130,000	1,130,000	0	0.00%
B 27	PUBLIC LIBRARY	1,430,981	1,527,984	97,003	6.78%
B 28	RESERVE FOR UNCOLLECTED TAXES	1,733,000	1,768,000	35,000	2.02%
B 29	NON-MUNICIPAL & OUTSIDE THE CAP OPERATING EXPENSES	4,293,981	4,425,984	132,003	3.07%
B 30	CAPITAL IMPROVEMENT FUND	3,800,000	3,800,000	0	0.00%
B 31	DEBT SERVICE	2,318,000	2,255,525	(62,475)	-2.70%
B 32	TOTAL CAPITAL & DEBT EXPENSES	6,118,000	6,055,525	(62,475)	-1.02%
B 33	TOTAL APPROPRIATIONS	31,533,602	32,213,859	680,257	2.16%

## Please Note:

**B1:** Utilizing more Surplus in the budget.

**B2:** Increased Anticipated Revenues.

**B3:** A 0% tax increase.

**B5:** Note the new "Tax" from the GVR property.

# Electric Utility Budget



Schedule of Electric Utility Sales and Performance (in 000's) as of Dec 31st								
Line		2015	2016	2017	2018	2018	2019	2020
		Actual	Actual	Actual	Orig Est	Rev Est	Estimate	Estimate
<b>REVENUES</b>								
E 1	Cash Collections	\$22,840	\$22,993	\$22,056	\$22,500	\$23,251	\$22,700	\$22,700
E 2	Electric Utility Dividend			(\$1,003)	(\$1,500)	(\$1,545)	(\$2,000)	(\$2,000)
E 3	Misc Revenue + Fund Balance Realized	\$42	\$70	\$81	\$100	\$210	\$175	\$175
E 4	Cancellation of Appropriations	\$826	\$1,051	\$842	\$825	\$1,501	\$985	\$985
<b>EXPENSES</b>								
E 5	Block Contracts	(\$11,713)	(\$6,750)	(\$6,340)	(\$5,635)	(\$5,635)	(\$5,042)	(\$4,954)
E 6	Capacity		(\$2,265)	(\$2,305)	(\$2,954)	(\$2,954)	(\$2,322)	(\$2,261)
E 7	Transmission		(\$529)	(\$742)	(\$1,202)	(\$1,351)	(\$2,042)	(\$1,786)
E 8	Spot, Admin, Ancillaries, etc		(\$797)	(\$999)	(\$816)	(\$816)	(\$984)	(\$904)
E 9	Admin & Operating	(\$3,702)	(\$3,822)	(\$4,181)	(\$4,282)	(\$4,282)	(\$4,365)	(\$4,496)
E 10	Elec Utility Capital*	(\$400)	(\$895)	(\$895)	(\$895)	(\$895)	(\$795)	(\$895)
E 11	<b>Total Surplus Generated (end of year)</b>	<b>\$7,893</b>	<b>\$9,056</b>	<b>\$6,514</b>	<b>\$6,141</b>	<b>\$7,484</b>	<b>\$6,310</b>	<b>\$6,564</b>
Schedule of Electric Utility Surplus Balances (in 000's)								
Line		2015	2016	2017	2018	2018	2019	2020
		Actual	Actual	Actual	Orig Est	Rev Est	Estimate	Estimate
E 12	Balance at Beginning of Year	\$6,496	\$8,156	\$10,013	\$9,393	\$9,393	\$9,832	\$9,469
E 13	Less: Utilized in Municipal Budget	(\$6,233)	(\$7,199)	(\$7,134)	(\$7,045)	(\$7,045)	(\$6,673)	(\$6,600)
E 14	Sub Total (Free Balance)	\$263	\$957	\$2,879	\$2,348	\$2,348	\$3,159	\$2,869
E 15	Add: Generated in Current Year	\$7,893	\$9,056	\$6,514	\$6,141	\$7,484	\$6,310	\$6,564
E 16	Surplus Balance at Year End	\$8,156	\$10,013	\$9,393	\$8,489	\$9,832	\$9,469	\$9,433

The only change to Revenue was a slight increase of \$100,000 in cash collections E1 and the dividend was increased to \$2 million for 2019. No changes to Expenses from the Jan 28 presentation.

The surplus used in the municipal budget (line E13) dropped which improved the overall surplus position for the utility.

# Electric Utility Budget



Schedule of Electric Utility Sales and Performance (in 000's) as of Dec 31st								
Line		2015 Actual	2016 Actual	2017 Actual	2018 Orig Est	2018 Rev Est	2019 Estimate	2020 Estimate
<b>REVENUES</b>								
E 1	Cash Collections	\$22,840	\$22,993	\$22,056	\$22,500	\$23,251	\$22,700	\$22,700
E 2	Electric Utility Dividend			(\$1,003)	(\$1,500)	(\$1,545)	(\$2,000)	(\$2,000)
E 3	Misc Revenue + Fund Balance Realized	\$42	\$70	\$81	\$100	\$210	\$175	\$175
E 4	Cancellation of Appropriations	\$826	\$1,051	\$842	\$825	\$1,501	\$985	\$985
<b>EXPENSES</b>								
E 5	Block Contracts	(\$11,713)	(\$6,750)	(\$6,340)	(\$5,635)	(\$5,635)	(\$5,042)	(\$4,954)
E 6	Capacity		(\$2,265)	(\$2,305)	(\$2,954)	(\$2,954)	(\$2,322)	(\$2,261)
E 7	Transmission		(\$529)	(\$742)	(\$1,202)	(\$1,351)	(\$2,042)	(\$1,786)
E 8	Spot, Admin, Ancillaries, etc		(\$797)	(\$999)	(\$816)	(\$816)	(\$984)	(\$904)
E 9	Admin & Operating	(\$3,702)	(\$3,822)	(\$4,181)	(\$4,282)	(\$4,282)	(\$4,365)	(\$4,496)
E 10	Elec Utility Capital*	(\$400)	(\$895)	(\$895)	(\$895)	(\$895)	(\$795)	(\$895)
E 11	<b>Total Surplus Generated (end of year)</b>	<b>\$7,893</b>	<b>\$9,056</b>	<b>\$6,514</b>	<b>\$6,141</b>	<b>\$7,484</b>	<b>\$6,310</b>	<b>\$6,564</b>
Schedule of Electric Utility Surplus Balances (in 000's)								
Line		2015 Actual	2016 Actual	2017 Actual	2018 Orig Est	2018 Rev Est	2019 Estimate	2020 Estimate
E 12	Balance at Beginning of Year	\$6,496	\$8,156	\$10,013	\$9,393	\$9,393	\$9,832	\$9,469
E 13	Less: Utilized in Municipal Budget	(\$6,233)	(\$7,199)	(\$7,134)	(\$7,045)	(\$7,045)	(\$6,673)	(\$6,600)
E 14	Sub Total (Free Balance)	\$263	\$957	\$2,879	\$2,348	\$2,348	\$3,159	\$2,869
E 15	Add: Generated in Current Year	\$7,893	\$9,056	\$6,514	\$6,141	\$7,484	\$6,310	\$6,564
E 16	Surplus Balance at Year End	\$8,156	\$10,013	\$9,393	\$8,489	\$9,832	\$9,469	\$9,433

# Water Utility Budget



Schedule of Estimated Water Utility Sales and Performance (in 000's)							
Line		2016 Actual	2017 Actual	2018 Orig Est	2018 Rev Est	2019 Estimate	2020 Estimate
<b>REVENUES</b>							
w 1	Tariff Collections	\$2,666	\$2,522	\$2,550	<b>\$2,494</b>	<b>\$2,550</b>	\$2,550
w 2	Miscellaneous Revenue	\$176	\$63	\$65	<b>\$216</b>	<b>\$150</b>	\$150
w 3	Cancellation of PY Appropriations	\$297	\$500	\$325	<b>\$398</b>	<b>\$325</b>	\$325
<b>EXPENSES</b>							
w 4	Operations	(\$2,069)	(\$1,816)	(\$1,804)	<b>(\$1,804)</b>	<b>(\$1,840)</b>	(\$1,877)
w 5	Capital Improvement	(\$540)	(\$1,500)	(\$900)	<b>(\$900)</b>	<b>(\$900)</b>	(\$900)
w 6	Estimated Surplus	\$530	(\$231)	\$236	<b>\$404</b>	<b>\$285</b>	\$248
<b>Schedule of Water Utility Surplus Balances (in 000's)</b>							
Line		2016 Actual	2017 Estimate	2018 Rev Est	2018 Rev Est	2019 Estimate	2020 Estimate
w 7	Balance at Beginning of Year	\$1,899	\$1,929	\$1,298	<b>\$1,298</b>	<b>\$1,502</b>	\$1,587
w 8	Less: Utilized in Municipal Budget	(\$500)	(\$400)	(\$200)	<b>(\$200)</b>	<b>(\$200)</b>	(\$200)
w 9	Sub Total (Free Balance)	\$1,399	\$1,529	\$1,098	<b>\$1,098</b>	<b>\$1,302</b>	\$1,387
w 10	Add: Generated in Current Year	\$530	(\$231)	\$236	<b>\$404</b>	<b>\$285</b>	\$248
w 11	Balance at Year End	\$1,929	\$1,298	\$1,334	<b>\$1,502</b>	<b>\$1,587</b>	\$1,635
w 12	Increase (Decrease)	\$30	(\$631)	\$36	<b>\$204</b>	<b>\$85</b>	\$48

No changes to the Revenues and Expenses that were presented to Council on January 28<sup>th</sup>.

Note the \$200,000 on line W8 is what is used in the municipal budget on line B10.



# Borough of Madison



## QUESTIONS?

