

2012 BUDGET IN BRIEF



April 23, 2012

MAYOR

Robert H. Conley

COUNCIL MEMBERS

Jeanie Tsukamoto, Council President

Vincent A. Esposito

Donald R. Links

Robert G. Catalanello

Robert Landrigan

Carmela Vitale

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HARTLEY DODGE MEMORIAL
BOROUGH OF MADISON
MADISON, NEW JERSEY
07940

April 23, 2012

Dear Madison Residents,

Enclosed for your review is a summary of the 2012 Municipal Budget that was introduced by the Borough Council on March 26th. This Budget will result in an increase in the Tax Levy of \$263,404 or 2.0%. This meets the State's guidelines for the Tax Levy CAP that began in 2008. The average residential home assessed at \$409,433 would see an increase in the municipal portion of your property taxes of \$66.15. Included in this document is exhibit showing the impact of the county and school budgets on your property tax bill.

During 2012 the Borough will realize spending reductions in Salaries & Wages, Health Insurance and Pensions that total \$805,266. This year we shall also appropriate \$750,000 in the Capital Improvement fund to fund needed infrastructure upgrades primarily in the sanitary sewer system.

The Council, working closing with the Borough staff, made it a goal to minimize the tax burden and address necessary capital projects while continuing to deliver the quality services that our residents, businesses and property owners expect to receive.

A budget hearing will be held on Monday, April 23, 2012 at 8:00 PM. We invite you to attend.

Sincerely,

Robert H. Conley
Mayor

BUDGET RESPONSIBILITIES

Most municipal functions are under the direct policy making control of the Mayor and Council. In a few cases, such as the Public Library and the Board of Health, control lies with an autonomous appointed board which administers their functions within the limitations of the appropriation approved by the Mayor and Council. The Madison-Chatham Joint Meeting is an autonomous board comprised of the Mayor and Council members from both communities. The Joint Meeting relies on appropriations made by each of the towns in their municipal budgets to support the joint sewer facility.

The operation of the public schools is the responsibility of the elected Board of Education and is completely independent of the Mayor and Council. The Board of Education prepares, introduces and adopts its own budget.

The Governing Body of the Borough of Madison consists of the Mayor and Council, elected by the Borough as a whole. The Mayor's term is four years. There are six Council Members, each elected for three years, with the terms arranged so that two are elected each year. The Mayor and Council serve without compensation.

Although the Council is primarily a legislative body, it also exercises some managerial functions through the Borough Administrator who coordinates the operations of the departments of the Borough. The Council has six standing committees appointed by the Mayor, who is an ex-officio member of each committee. Each Council Member is the chairperson of one committee and a member of one other. The standing committees for 2012 are as follows:

<u>Standing Committee</u>	<u>Chairperson</u>	<u>Alternate Member</u>
Utilities	Dr. Esposito	Mr. Landrigan
Public Safety	Mrs. Tsukamoto	Mrs. Vitale
Public Works & Engineering	Mr. Links	Mr. Catalanello
Health & Public Assistance	Mrs. Vitale	Dr. Esposito
Finance & Borough Clerk	Mr. Catalanello	Mrs. Tsukamoto
Community Affairs	Mr. Landrigan	Mr. Links

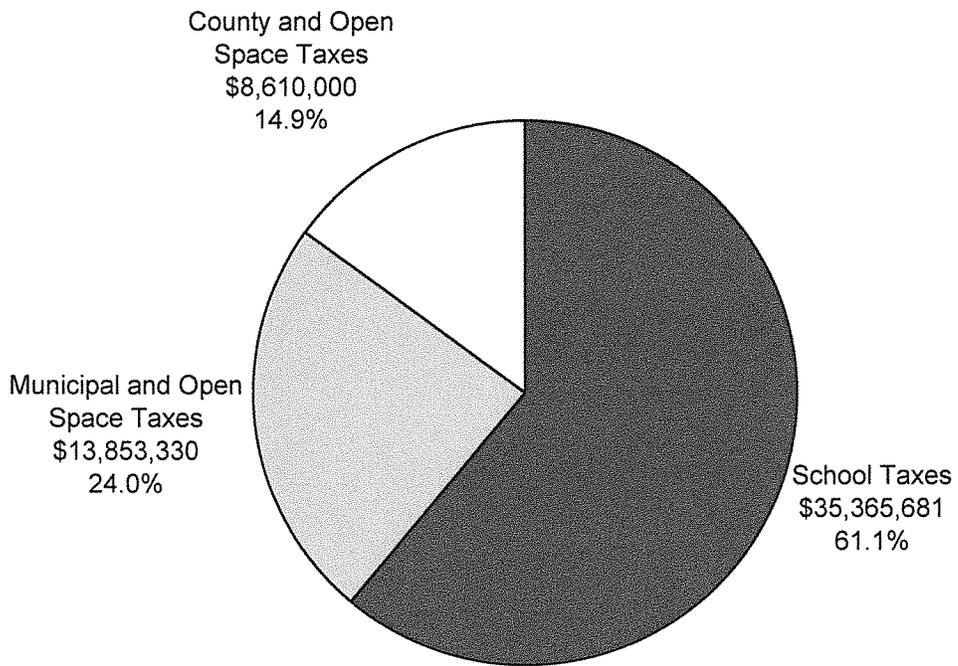
THE 2012 BUDGET PROCESS

The 2012 budget process began in July of the year preceding this budget year. Department Heads forecast their needs and submit detailed Budget requests encompassing their department's goals and objectives. In addition, each Department Head reports on the extent to which they have met their proposals for the preceding year.

Each Budget request is reviewed by the Borough Administrator and the Department Head. The goals for the year are established. The Administrator makes detailed adjustments and submits a recommended Budget to the Mayor and Council in January. During the next several weeks the Mayor and Council review the Budget with the Administrator, the Chief Financial Officer and the applicable department heads and receives comments from the general public.

This year the 2012 Budget was introduced on March 26th and was published in the MADISON EAGLE on April 5th. The Council will conduct a public hearing of the 2012 Budget on April 23, 2012.

**Borough of Madison
2012
Estimated Tax Levy Distribution**



Total Estimated Tax Levy
\$57,829,011
100%

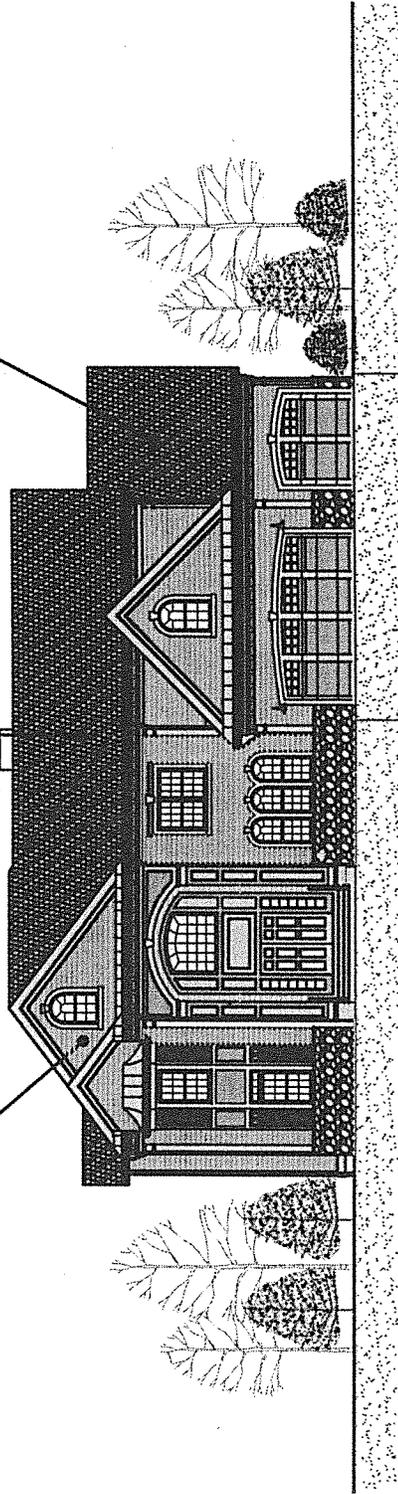
2012 AVERAGE PROPERTY TAX DISTRIBUTION

ESTIMATED TAXES ON HOME ASSESSED AT \$409,433

\$ 6,959
SCHOOLS

\$ 2,727
MUNICIPAL

\$ 1,694
COUNTY



AVERAGE PROPERTY TAXES AND TAX RATE PER \$100 OF ASSESSMENT

	<u>DOLLARS</u>	<u>RATE</u>	<u>PERCENT</u>
SCHOOLS	\$ 6,959	\$ 1.700	61.1%
• MUNICIPAL	2,727	0.666	24.0%
• COUNTY	1,694	0.413	14.9%
TOTAL:	\$ 11,380	\$ 2.779	100.0%

• -- INCLUDES OPEN SPACE TAXES

"3/26/2012

BOROUGH OF MADISON
2012 BUDGET
TOTAL TAX RATE - ESTIMATE

	2011	2012	DIFFERENCE	% CHANGE
REVENUES AND APPROPRIATIONS				
TOTAL SPENDING APPROPRIATIONS	\$22,951,902	\$23,650,936	\$699,034	3.0%
LESS: MUNICIPAL REVENUE	\$11,278,098	\$11,713,728	\$435,630	3.9%
NET APPROPRIATIONS FOR TAXATION	\$11,673,804	\$11,937,208	\$263,404	2.3%
ADD: SCHOOL TAXES	\$34,733,011	\$35,365,681	\$632,670	1.8%
COUNTY TAXES	\$7,865,760	\$8,064,000	\$198,240	2.5%
COUNTY OPEN SPACE TAX	\$632,192	\$546,000	(\$86,192)	-13.6%
SUB-TOTAL TAXES	\$54,904,767	\$55,912,889	\$1,008,122	1.8%
RESERVE FOR UNCOLLECTED TAXES	\$1,500,000	\$1,500,000	\$0	0.0%
MUNICIPAL OPEN SPACE TAX	\$419,616	\$416,122	(\$3,494)	-0.8%
TOTAL AMOUNT TO BE RAISED BY TAXES	\$56,824,383	\$57,829,011	\$1,004,628	1.8%
ASSESSED VALUATION	\$2,089,161,400	\$2,072,149,500	(\$17,011,900)	-0.8%
PUBLIC UTILITY PERSONAL PROPERTY	\$8,919,553	\$8,462,329	(\$457,224)	-5.1%
TOTAL ASSESSED RATABLES	\$2,098,080,953	\$2,080,611,829	(\$17,469,124)	-0.8%
TOTAL APPROPRIATIONS- INCL. RESERVE	\$24,451,902	\$25,150,936	\$699,034	2.9%
LESS: MUNICIPAL REVENUE	\$11,278,098	\$11,713,728	\$435,630	3.9%
MUNICIPAL TAX LEVY	\$13,173,804	\$13,437,208	\$263,404	2.0%
MUNICIPAL OPEN SPACE TAX	\$419,616	\$416,122	(\$3,494)	-0.8%
ESTIMATED TAX RATE				
MUNICIPAL TAX RATE	\$0.628	\$0.646	0.018	2.9%
MUNICIPAL OPEN SPACE TAX RATE	\$0.020	\$0.020	0.000	0.0%
SCHOOL TAX RATE	\$1.655	\$1.700	0.044	2.7%
COUNTY TAX RATE INCL. OPEN SPACE	\$0.405	\$0.414	0.009	2.2%
TOTAL ESTIMATED TAX RATE	\$2.708	\$2.779	0.071	2.6%
AVG. RESIDENTIAL ASSESSED VALUE	\$410,590	\$409,433	(\$1,157)	-0.3%
TAXES ON AVERAGE RESIDENTIAL HOME				
MUNICIPAL TAXES	\$2,578.09	\$2,644.24	\$66.15	2.5%
MUNICIPAL OPEN SPACE TAXES	\$82.12	\$81.89	(\$0.23)	-0.3%
SCHOOL TAXES	\$6,797.18	\$6,959.43	\$162.26	2.3%
COUNTY TAXES INCL. OPEN SPACE	\$1,663.03	\$1,694.32	\$31.29	1.8%
TOTAL ESTIMATED TAXES	\$11,120.41	\$11,379.88	\$259.47	2.3%

MUNICIPAL BUDGET
SUMMARY OF REVENUE AND APPROPRIATIONS

3/26/2012

REVENUE	2011	2012	INCREASE (DECREASE)	PERCENT CHANGE
PRIOR YR. SURPLUS-OPERATING	3,635,000	2,800,000	(835,000)	-22.97%
MUNICIPAL SOURCES	3,316,650	4,238,103	921,453	27.78%
STATE AID	808,529	808,529	0	0.00%
STATE GRANTS	161,669	101,096	(60,573)	-37.47%
ELECTRIC SURPLUS - OPER.	3,356,250	3,516,000	159,750	4.76%
SALE OF PROPERTY	0	250,000	250,000	
TOTAL MUNICIPAL REVENUES	11,278,098	11,713,728	435,630	3.86%
PROPERTY TAXES	13,173,804	13,437,208	263,404	2.00%
TOTAL REVENUES	24,451,902	25,150,936	699,034	2.86%
APPROPRIATIONS				
SALARIES & WAGES	9,580,967	9,434,701	(146,266)	-1.53%
HEALTH INSURANCE (NET)	2,138,000	1,715,000	(423,000)	-19.78%
PENSION & SOCIAL SECURITY	2,005,000	1,769,000	(236,000)	-11.77%
SUB-TOTAL	13,723,967	12,918,701	(805,266)	-5.87%
UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
LEGAL	194,000	229,000	35,000	18.04%
DEPARTMENT OPERATING EXP.	2,192,309	2,323,160	130,851	5.97%
UTILITIES	356,600	734,600	378,000	106.00%
WASTE REMOVAL	1,472,340	1,508,824	36,484	2.48%
LIABILITY INSURANCE	494,000	556,350	62,350	12.62%
SUB-TOTAL	4,759,249	5,401,934	642,685	13.50%
CAPITAL IMPROVEMENT FUND	0	750,000	750,000	
DEBT SERVICE	2,262,252	2,269,500	7,248	0.32%
REVALUATION NOTE PAYMENT	0	80,000	80,000	
SUB-TOTAL	2,262,252	3,099,500	837,248	37.01%
MADISON-CHATHAM JOINT MTG.	1,010,339	973,627	(36,712)	-3.63%
PUBLIC LIBRARY	1,196,095	1,257,174	61,079	5.11%
TOTAL SPENDING	22,951,902	23,650,936	699,034	3.05%
RESERVE FOR UNCOLL. TAXES	1,500,000	1,500,000	0	0.00%
TOTAL APPROPRIATIONS	24,451,902	25,150,936	699,034	2.86%

3/26/2012

MUNICIPAL BUDGET
REVENUE AND APPROPRIATIONS
BY MAJOR CATEGORY
2011 VS 2012

REVENUE	2011	%	2012	%
PRIOR YEAR'S SURPLUS	\$3,635,000	14.9%	\$2,800,000	11.1%
MUNICIPAL REVENUE	\$3,316,650	13.6%	\$4,238,103	16.9%
STATE AID & GRANTS	\$970,198	4.0%	\$909,625	3.6%
SALE OF PROPERTY	\$0	0.0%	\$250,000	1.0%
ELECTRIC SURPLUS - OPER.	\$3,356,250	13.7%	\$3,516,000	14.0%
ELECTRIC SURPLUS - CAPITAL	\$0	0.0%	\$0	0.0%
MUNICIPAL PROPERTY TAXES	\$13,173,804	53.9%	\$13,437,208	53.4%
TOTAL REVENUE	<u>\$24,451,902</u>	<u>100.0%</u>	<u>\$25,150,936</u>	<u>100.0%</u>

APPROPRIATIONS	2011	%	2012	%
SALARIES & WAGES	\$9,580,967	39.2%	\$9,434,701	37.5%
HEALTH INSURANCE (NET)	\$2,138,000	8.7%	\$1,715,000	6.8%
PENSION & SOCIAL SECURITY	\$2,005,000	8.2%	\$1,769,000	7.0%
LIABILITY & UNEMPLOY. INSURANCE	\$544,000	2.2%	\$606,350	2.4%
LEGAL	\$194,000	0.8%	\$229,000	0.9%
DEPARTMENT OPERATING EXP.	\$2,192,309	9.0%	\$2,323,160	9.2%
UTILITIES	\$356,600	1.5%	\$734,600	2.9%
WASTE REMOVAL	\$1,472,340	6.0%	\$1,508,824	6.0%
MADISON-CHATHAM JOINT MTG.	\$1,010,339	4.1%	\$973,627	3.9%
CAPITAL IMPROVEMENTS	\$0	0.0%	\$750,000	3.0%
DEBT SERVICE	\$2,262,252	9.3%	\$2,349,500	9.3%
PUBLIC LIBRARY	\$1,196,095	4.9%	\$1,257,174	5.0%
TOTAL SPENDING	\$22,951,902	93.9%	\$23,650,936	94.0%
RESERVE FOR UNCOLL. TAXES	\$1,500,000	6.1%	\$1,500,000	6.0%
TOTAL APPROPRIATIONS	<u>\$24,451,902</u>	<u>100.0%</u>	<u>\$25,150,936</u>	<u>100.0%</u>

BOROUGH OF MADISON TAX COLLECTION RESULTS
FOR THE YEARS ENDED 12/31/10 AND 12/31/11

	2010	2011
TAX LEVY	\$55,291,333	\$56,837,015
ADDED TAXES	102,024	90,975
<hr/>		
TOTAL TAX LEVY	<hr/> 55,393,357	<hr/> 56,927,990
CURRENT YEAR COLLECTIONS	54,407,704	54,431,867
PRIOR YEAR COLLECTIONS	327,871	1,502,244
TRANSFERS & CANCELLATIONS	142,666	213,187
	-----	-----
TOTAL COLLECTIONS & CREDITS	54,878,241	56,147,298
OUTSTANDING BALANCE	\$515,116	\$780,692
	=====	=====
PERCENTAGE OF COLLECTIONS	98.81%	98.25%
<hr/>		
BALANCE OF DELINQUENT TAXES & TAX TITLE LIENS-JAN. 1	\$356,970	\$549,602
ADDED TAXES	6,482	2,427
INTEREST, COSTS, & TRANSFERS	1,910	1,961
	-----	-----
TOTAL OUTSTANDING	365,362	553,990
DELINQUENT COLLECTIONS	222,254	493,588
CANCELLATIONS	108,622	12,742
	-----	-----
TOTAL COLLECTIONS	330,876	506,330
OUTSTANDING BALANCE	\$34,486	\$47,660
	=====	=====
PERCENTAGE OF COLLECTIONS	60.83%	89.10%
<hr/>		
SUMMARY OF CURRENT AND DELINQUENT TAXES RECEIVABLE		
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CURRENT YEAR	\$515,116	\$780,692
DELINQUENT TAXES & TAX TITLE LIENS	34,486	47,660
	-----	-----
TOTAL	\$549,602	\$828,352
	=====	=====
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WATER UTILITY BUDGET
REVENUE AND APPROPRIATIONS
2011 VS 2012

REVENUE	<u>2011</u>	<u>%</u>	<u>2012</u>	<u>%</u>
PRIOR YEAR'S SURPLUS	\$0	0.0%	\$0	0.0%
WATER TARIFFS	\$2,098,677	95.8%	\$2,215,223	97.8%
CAPITAL FUND BALANCE	\$32,556	1.5%	\$0	0.0%
MISCELLANEOUS/OTHER	\$60,000	2.7%	\$50,000	2.2%
TOTAL REVENUE	<u>\$2,191,233</u>	<u>100.0%</u>	<u>\$2,265,223</u>	<u>100.0%</u>

APPROPRIATIONS	<u>2011</u>	<u>%</u>	<u>2012</u>	<u>%</u>
SALARIES & WAGES	\$597,133	27.3%	\$628,328	27.7%
OTHER EXPENSES	\$1,003,100	45.8%	\$1,033,895	45.6%
CAPITAL IMPROVEMENT FUND	\$200,000	9.1%	\$200,000	8.8%
AUTOMATED METER READING	\$200,000	9.1%	\$200,000	8.8%
EMERGENCY APPROPRIATION	\$0	0.0%	\$0	0.0%
PENSION & SOCIAL SECURITY	\$191,000	8.7%	\$203,000	9.0%
TOTAL APPROPRIATIONS	<u>\$2,191,233</u>	<u>100.0%</u>	<u>\$2,265,223</u>	<u>100.0%</u>

ELECTRIC UTILITY BUDGET
REVENUE AND APPROPRIATIONS
2011 VS 2012

REVENUE	<u>2011</u>	<u>%</u>	<u>2012</u>	<u>%</u>
ELECTRIC TARIFFS	\$20,969,154	99.6%	\$19,283,042	99.7%
PRIOR YEAR'S SURPLUS	\$0	0.0%	\$0	0.0%
MISCELLANEOUS/OTHER	\$80,000	0.4%	\$50,000	0.3%
 TOTAL REVENUE	 <u>\$21,049,154</u>	 <u>100.0%</u>	 <u>\$19,333,042</u>	 <u>100.0%</u>

APPROPRIATIONS	<u>2011</u>	<u>%</u>	<u>2012</u>	<u>%</u>
SALARIES & WAGES	\$1,372,679	6.5%	\$1,422,692	7.4%
OTHER EXPENSES	\$1,549,475	7.4%	\$1,467,350	7.6%
PURCHASED POWER	\$16,800,000	79.8%	\$16,000,000	82.8%
EMERGENCY APPROPRIATION	\$900,000	4.3%	\$0	0.0%
PENSION & SOCIAL SECURITY	\$327,000	1.6%	\$343,000	1.8%
CAPITAL IMPROVEMENT FUND	\$100,000	0.5%	\$100,000	0.5%
 TOTAL APPROPRIATIONS	 <u>\$21,049,154</u>	 <u>100.0%</u>	 <u>\$19,333,042</u>	 <u>100.0%</u>

THE 2012 CAPITAL BUDGET PROGRAM

A Capital Budget for the Borough of Madison is prepared in accordance with regulations promulgated by the Division of Local Government Services and the Local Finance Board.

Every year department heads and boards submit proposed Capital Budgets to the Borough Administrator with their Operating Budget. After review, the Capital Budget is submitted to the Council separately to determine the priorities for the year.

There is one difference between the Operating and Capital Budget. Unlike the Operating Budget, the Capital Budget does not give the authority to spend. The Capital Budget is a plan, not the actual appropriation of funds. Each project listed must be reviewed again, introduced by ordinance and a public hearing held before any spending can take place. Once the ordinance is adopted, the project can be started.

The Housing Authority and Board of Education are the only two local agencies that have separate bonding authority and can adopt their own bonding ordinances without the approval of the Mayor and Council.

The following large projects will be reviewed by the Mayor and Council for 2012 and considered for approval.

<u>MUNICIPAL CAPITAL PROJECTS</u>	<u>AMOUNT</u>
Road Reconstruction	\$270,000
Stormwater System	55,000
Sanitary Sewers	735,000
Building Improvements	275,000
Library	150,000
 <u>WATER UTILITY CAPITAL PROJECTS</u>	
Automated Meter Reading and Well Upgrades	\$1,075,000
 <u>ELECTRIC UTILITY CAPITAL PROJECTS</u>	
Automated Meter Reading and System Improvements	\$950,000