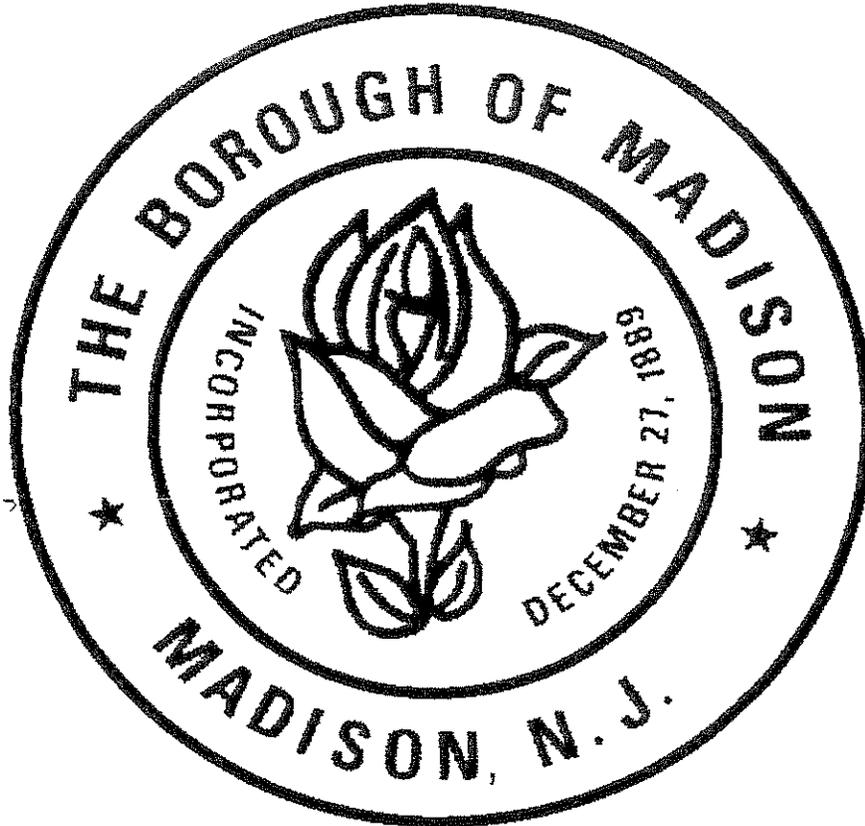


Robert

2007 BUDGET IN BRIEF



May 14, 2007

MAYOR

Ellwood R. Kerkeslager

COUNCIL MEMBERS

Mary-Anna Holden

Astri J. Baillie

Donald J. Bowen

Carmela Vitale

John M. Elias, Council President

Robert H. Conley

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HARTLEY DODGE MEMORIAL
BOROUGH OF MADISON
MADISON, NEW JERSEY 07940

May 14, 2007

Dear Madison Residents:

Enclosed for your review is a summary of the 2007 Municipal Budget that is being introduced by the Borough Council. This Budget will result in a tax increase of \$1,418,014 or \$.063 per \$100 of assessed valuation. This is primarily due to increases in Salaries & Wages - \$715,211, Pensions - \$260,000, Waste Removal - \$73,626, Capital Improvement Funds - \$500,000, Debt Service - \$219,442 and Emergency Appropriations from 2006 - \$170,000. The municipal Open Space, Recreation and Historic Preservation tax will remain at \$.02. Total municipal taxes, including the Open Space tax, amount to \$.548, or about 23% of your total property tax. The average Madison residence, assessed at \$404,200 will be taxed \$2,135.86 for municipal services and \$80.84 for open space.

During the time frame from 1992 thru 2006 the Borough experienced little or no tax increases for fifteen (15) consecutive years. In fact during these years the tax levy was decreased six (6) times. The cost pressures in 2007 from several sources make it very difficult to continue at this rate. However, Madison will deliver all the municipal services that our residents, businesses and property owners expect. This year the Borough Council will review \$2,400,000 in capital projects. The majority of that will be approximately \$1,600,000 in road and sewer projects.

This summary of the 2007 Budget addresses the appropriations that support municipal services and the taxable and non-taxable municipal revenues that fund these services. It also describes in detail the accomplishments of 2006 and the goals that are set for 2007. The Council and I will conduct a budget hearing on Monday, June 11, 2007 at 8:00 PM. We invite you to attend.

Sincerely,


Ellwood R. Kerkeslager, Mayor

DIRECTORY OF BOROUGH OFFICIALS

The following Borough Officials are responsible for preparing and expending their Year 2007 budgets in accordance with the appropriations approved by the Governing Body:

Borough Administrator	Raymond M. Codey
Chief Financial Officer	Robert F. Kalafut
Tax Collector	Francine DeAngelis
Borough Clerk	Marilyn Schaefer
Deputy Borough Clerk	Patricia Graham
Purchasing/Personnel Officer	Elizabeth Crescibene
Chief of Police	Vincent Chirico
Fire Chief	Douglas O. Atchison
Electric Utility Superintendent	Michael Piano
Health Officer	John Theese
Borough Engineer	Robert Vogel
Superintendent of Public Works	David Maines
Downtown Development Manager	Janice Piccolo
Municipal Court Administrator	Denis P. Murray
Recreation Director	Douglas L. Smith
Library Director	Nancy S. Adameczyk
Borough Attorney	Joseph Mezzacca, Jr.
Director of Welfare	Linda B. Durney
Senior Citizen Coordinator	Edna Ierley Byrne

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 the municipal budgets.

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 its own budget and submits it directly to the citizens of Madison for approval by popular vote.

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 2007 are as follows:

<u>Standing Committee</u>	<u>Chairperson</u>	<u>Other Member</u>
Utilities	Mrs. Baillie	Mr. Bowen
Public Safety	Mr. Conley	Mrs. Holden
Public Works & Engineering	Mrs. Vitale	Mr. Elias
Health & Public Assistance	Mr. Bowen	Mrs. Baillie
Finance & Borough Clerk	Mr. Elias	Mrs. Vitale
Community Affairs	Mrs. Holden	Mr. Conley

THE 2007 BUDGET PROCESS

The budget process begins in October of the year preceding the 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 of 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 adjustments during January and submits a recommended Budget to the Mayor and Council in February. For the next several weeks Mayor and Council review the Budget with the Administrator and Department Heads.

This year the Budget will be introduced on May 14th and will be published in the MADISON EAGLE on May 31st. At the introduction of the Budget, the Council determines June 11th as the date for the public hearing.

BOROUGH OF MADISON

2007 BUDGET

RFK

"5/14/20007

TOTAL TAX RATE - ESTIMATE

INCLUDES \$500,000 FOR CAPITAL		2007	2006	DIFFERENCE	% CHANGE
R E V E N U E S A N D A P P R O P R I A T I O N S					
TOTAL SPENDING APPROPRIATIONS		\$22,475,598	\$20,960,802	\$1,514,796	7.2%
LESS: MUNICIPAL REVENUE		\$12,710,095	\$12,563,077	\$147,018	1.2%
NET APPROPRIATIONS FOR TAXATION		\$9,765,503	\$8,397,725	\$1,367,778	16.3%
ADD: SCHOOL TAXES		\$29,826,817	\$28,238,283	\$1,588,534	5.6%
COUNTY TAXES		\$6,675,287	\$6,418,545	\$256,742	4.0%
COUNTY OPEN SPACE TAX		\$1,598,470	\$1,536,991	\$61,479	4.0%
SUB-TOTAL TAXES		\$47,866,077	\$44,591,544	\$3,274,533	7.3%
RESERVE FOR UNCOLLECTED TAXES		\$1,496,686	\$1,446,450	\$50,236	3.5%
MUNICIPAL OPEN SPACE TAX		\$426,262	\$423,369	\$2,893	0.7%
TOTAL AMOUNT TO BE RAISED BY TAXES		\$49,789,025	\$46,461,363	\$3,327,662	7.2%
ASSESSED VALUATION	\$2,121,923,300	\$2,105,477,500	\$16,445,800	0.8%	
PUBLIC UTILITY PERSONAL PROPERTY	\$9,384,123	\$11,367,289	(\$1,983,166)	-17.4%	
TOTAL ASSESSED RATABLES	\$2,131,307,423	\$2,116,844,789	\$14,462,634	0.7%	
TOTAL APPROPRIATIONS- INCL. RESERVE	\$23,972,284	\$22,407,252	\$1,565,032	7.0%	
LESS: MUNICIPAL REVENUE	\$12,710,095	\$12,563,077	\$147,018	1.2%	
MUNICIPAL TAX LEVY	\$11,262,189	\$9,844,175	\$1,418,014	14.4%	
MUNICIPAL OPEN SPACE TAX	\$426,262	\$423,369	\$2,893	0.7%	
E S T I M A T E D T A X R A T E					
MUNICIPAL TAX RATE		\$0.528	\$0.465	0.063	13.6%
MUNICIPAL OPEN SPACE TAX RATE		\$0.020	\$0.020	0.000	0.0%
SCHOOL TAX RATE		\$1.399	\$1.334	0.065	4.9%
COUNTY TAX RATE INCL. OPEN SPACE		\$0.388	\$0.376	0.012	3.3%
TOTAL ESTIMATED TAX RATE		\$2.336	\$2.195	0.141	6.4%
AVG. RESIDENTIAL ASSESSED VALUE	\$404,200	\$401,200	\$3,000	0.7%	
T A X E S O N A V E R A G E R E S I D E N T I A L					
MUNICIPAL TAXES	\$2,135.86	\$1,865.74	\$270.12	14.5%	
MUNICIPAL OPEN SPACE TAXES	\$80.84	\$80.24	\$0.60	0.7%	
SCHOOL TAXES	\$5,656.62	\$5,351.93	\$304.69	5.7%	
COUNTY TAXES INCL. OPEN SPACE	\$1,569.11	\$1,507.79	\$61.32	4.1%	
TOTAL ESTIMATED TAXES	\$9,442.43	\$8,805.70	\$636.73	7.2%	

**MUNICIPAL BUDGET
SUMMARY OF REVENUE AND APPROPRIATIONS
2007 VS. 2006**

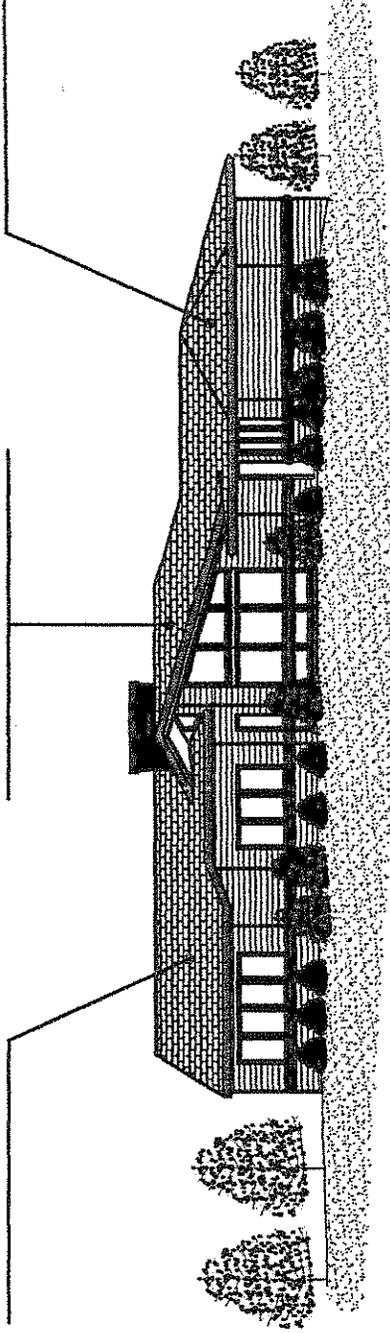
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5/14/2007

REVENUE	2007	2006	INCREASE (DECREASE)	PERCENTAGE CHANGE
PRIOR YR. SURPLUS-OPERATING	4,700,000	4,150,000	550,000	13.25%
MUNICIPAL SOURCES	2,283,000	2,216,850	66,150	2.98%
STATE AID & GRANTS	1,367,095	1,331,227	35,868	2.69%
SALE OF PROPERTY	0	505,000	(505,000)	NA
ELECTRIC SURPLUS - OPER.	3,360,000	3,360,000	0	0.00%
ELECTRIC SURPLUS - CAPITAL	1,000,000	1,000,000	0	0.00%
TOTAL MUNICIPAL REVENUES	12,710,095	12,563,077	147,018	1.17%
PROPERTY TAXES	11,262,189	9,844,175	1,418,014	14.40%
TOTAL REVENUES	23,972,284	22,407,252	1,565,032	6.98%
APPROPRIATIONS				
SALARIES & WAGES	9,663,391	8,948,180	715,211	7.99%
HEALTH INSURANCE	1,434,000	1,510,000	(76,000)	-5.03%
PENSION & SOCIAL SECURITY	1,100,000	820,000	280,000	34.15%
SUB-TOTAL	12,197,391	11,278,180	919,211	8.15%
EMERGENCY APPROPRIATIONS	170,000	0	170,000	NA
LEGAL	239,000	242,742	(3,742)	-1.54%
DEPARTMENT OPERATING EXP.	1,930,953	1,893,516	37,437	1.98%
UTILITIES	541,000	487,000	54,000	11.09%
WASTE REMOVAL	1,540,866	1,467,240	73,626	5.02%
LIABILITY INSURANCE	390,500	374,500	16,000	4.27%
SUB-TOTAL	4,812,319	4,464,998	347,321	7.78%
CAPITAL - ELEC. SURPLUS	1,000,000	1,000,000	0	0.00%
CAPITAL IMPROVEMENT FUND	500,000	0	500,000	NA
DEBT SERVICE	1,576,636	1,357,194	219,442	16.17%
SALE OF PROPERTY	0	505,000	(505,000)	NA
SUB-TOTAL	3,076,636	2,862,194	214,442	7.49%
MADISON-CHATHAM JOINT MTG.	1,132,346	1,156,702	(24,356)	-2.11%
PUBLIC LIBRARY	1,256,906	1,198,728	58,178	4.85%
TOTAL SPENDING	22,475,598	20,960,802	1,514,796	7.23%
RESERVE FOR UNCOLL. TAXES	1,496,686	1,446,450	50,236	3.47%
TOTAL APPROPRIATIONS	23,972,284	22,407,252	1,565,032	6.98%

2007 AVERAGE PROPERTY TAX DISTRIBUTION

ESTIMATED TAXES ON HOME ASSESSED AT \$404,200

\$ 5,657	\$ 2,216	\$ 1,569
<u>SCHOOLS</u>	<u>MUNICIPAL</u>	<u>COUNTY</u>

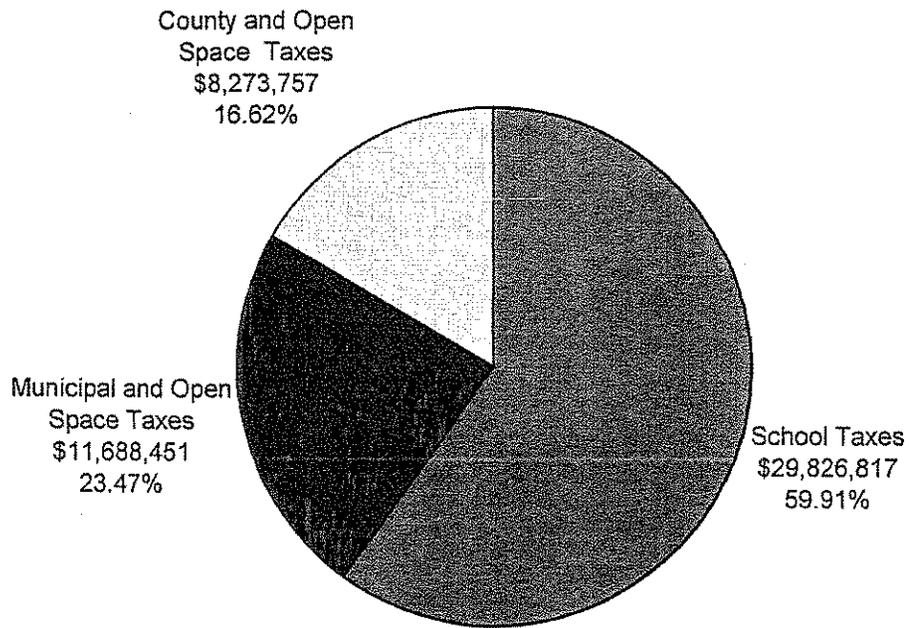


AVERAGE PROPERTY TAXES AND TAX RATE PER \$100 OF ASSESSMENT

	<u>DOLLARS</u>	<u>RATE</u>	<u>PERCENT</u>
SCHOOLS	\$ 5,657	\$ 1.399	59.91%
• MUNICIPAL	2,216	0.548	23.47%
• COUNTY	1,569	0.389	16.62%
TOTAL:	\$ 9,442	\$ 2.336	100.0%

• - INCLUDES OPEN SPACE TAXES

**Borough of Madison
2007 Estimated Tax Levy Distribution**



Total Estimated Tax Levy
\$49,789,025
100%

M U N I C I P A L B U D G E T

REVENUE AND APPROPRIATIONS
BY MAJOR CATEGORY

2006 vs. 2007

RFK
"5/14/07

REVENUE	2006	%	2007	%
PRIOR YEAR'S SURPLUS	\$4,150,000	18.5%	\$4,700,000	19.6%
MUNICIPAL REVENUE	\$2,216,850	9.9%	\$2,283,000	9.5%
STATE AID & GRANTS	\$1,331,227	5.9%	\$1,367,095	5.7%
SALE OF PROPERTY	\$505,000	2.3%	\$0	
ELECTRIC SURPLUS - OPER.	\$3,360,000	15.0%	\$3,360,000	14.0%
ELECTRIC SURPLUS - CAPITAL	\$1,000,000	4.5%	\$1,000,000	4.2%
MUNICIPAL PROPERTY TAXES	\$9,844,175	43.9%	\$11,262,189	47.0%
TOTAL REVENUE	\$22,407,252	100.0%	\$23,972,284	100.0%

APPROPRIATIONS	2006	%	2007	%
SALARIES & WAGES	\$8,948,180	39.9%	\$9,663,391	40.3%
HEALTH & LIAB. INSURANCE	\$1,884,500	8.4%	\$1,824,500	7.6%
PENSION & SOCIAL SECURITY	\$820,000	3.7%	\$1,100,000	4.6%
EMERGENCY APPROPRIATION	0	0.0%	\$170,000	0.7%
LEGAL EXPENSES	\$242,742	1.1%	\$239,000	1.0%
DEPARTMENT OPERATING EXP.	\$1,893,516	8.5%	\$1,930,953	8.1%
UTILITIES	\$487,000	2.2%	\$541,000	2.3%
WASTE REMOVAL	\$1,467,240	6.5%	\$1,540,866	6.4%
MADISON-CHATHAM JOINT MTG.	\$1,156,702	5.2%	\$1,132,346	4.7%
CAPITAL IMPROVEMENTS	\$1,505,000	6.7%	\$1,500,000	6.3%
DEBT SERVICE	\$1,357,194	6.1%	\$1,576,636	6.6%
PUBLIC LIBRARY	\$1,198,728	5.3%	\$1,256,906	5.2%
TOTAL SPENDING	\$20,960,802	93.5%	\$22,475,598	93.8%
RESERVE FOR UNCOLL. TAXES	\$1,446,450	6.5%	\$1,496,686	6.2%
TOTAL APPROPRIATIONS	\$22,407,252	100.0%	\$23,972,284	100.0%

BOROUGH OF MADISON TAX COLLECTION RESULTS
FOR THE YEARS ENDED 12/31/05 AND 12/31/06

	2005	2006
TAX LEVY	\$43,310,547	\$46,568,765
ADDED TAXES	268,593	242,755
<hr/>		
TOTAL TAX LEVY	43,579,140	46,811,520
CURRENT YEAR COLLECTIONS	42,898,593	46,231,040
PRIOR YEAR COLLECTIONS	467,037	341,342
TRANSFERS & CANCELLATIONS	19,310	9,133
	-----	-----
TOTAL COLLECTIONS	43,384,940	46,581,515
OUTSTANDING BALANCE	\$194,200	\$230,005
	=====	=====
PERCENTAGE OF COLLECTIONS	99.51%	99.49%
<hr/>		
BALANCE OF DELINQUENT TAXES &		
TAX TITLE LIENS-JAN. 1		
	\$279,781	\$205,314
ADDED TAXES	45,858	19,071
INTEREST, COSTS, & TRANSFERS	1,491	1,593
	-----	-----
TOTAL OUTSTANDING	327,130	225,978
DELINQUENT COLLECTIONS	316,016	207,090
CANCELLATIONS	0	6,181
	-----	-----
TOTAL COLLECTIONS	316,016	213,271
OUTSTANDING BALANCE	\$11,114	\$12,707
	=====	=====
PERCENTAGE OF COLLECTIONS	96.60%	91.64%

SUMMARY OF CURRENT AND DELINQUENT TAXES RECEIVABLE

CURRENT YEAR	\$194,200	\$230,005
DELINQUENT TAXES & TAX TITLE LIENS	11,114	12,707
	-----	-----
TOTAL	\$205,314	\$242,712
	=====	=====

**Summary of Tax Levy and Rates
2007-2006-2005**

5/14/07
RFK

2007 Estimated		2006 Actual		Increase	
Tax Levy	Tax Rate	Tax Levy	Tax Rate	Tax Dollar	Tax Dollar
School Tax	\$29,826,817	1.399	1.334	\$0.61	\$1,588,534
County Tax	8,273,757	0.388	0.376	\$0.17	\$318,221
Borough Tax	\$11,688,451	0.548	0.485	\$0.22	\$1,420,907
Total Tax Levy	\$49,789,025	2.336	2.195	\$1.00	\$3,327,662

2006 Actual		2005 Actual		Increase	
Tax Levy	Tax Rate	Tax Levy	Tax Rate	Tax Dollar	Tax Dollar
School Tax	28,238,283	1.243	1.243	\$0.60	\$2,115,414
County Tax	7,955,536	0.36	0.36	\$0.18	\$379,544
Borough Tax	\$10,267,544	0.455	0.455	\$0.22	\$700,795
Total Tax Levy	\$46,461,363	2.058	2.058	\$1.00	\$3,195,753

2007 Actual		2006 Actual		2005 Actual	
Tax Levy	Tax Rate	Tax Levy	Tax Rate	Tax Dollar	Tax Dollar
School Tax	\$2,121,923,300	\$2,105,477,500	1.243	\$0.60	\$2,089,587,600
County Tax	\$9,384,123	\$11,367,289	0.36	\$0.18	\$12,793,315
Borough Tax	\$2,131,307,423	\$2,116,844,789	0.455	\$0.22	\$2,102,380,915
Total Assessed Valuation					

Summary of Assessed Valuation

Tax Rates:

Real Property (Land and Improvements)
 Verizon (Business Personal Property)
 Total Assessed Valuation

WATER UTILITY BUDGET
REVENUE AND APPROPRIATIONS
FOR 2006 AND 2007

"5/14/07
RFK

REVENUES	2006	%	2007	%
	-----	--	"-----"	--
PRIOR YEAR'S SURPLUS	207,526	12.4%	145,898	9.0%
WATER RENTS	1,400,000	84.0%	1,400,000	86.1%
FIRE HYDRANT SERVICE	0	0.0%	0	0.0%
INTEREST INCOME	60,000	3.6%	80,000	4.9%
	-----	-----	-----	-----
TOTAL	1,667,526	100.0%	1,625,898	100.0%
	=====	=====	=====	=====

APPROPRIATIONS	2006	%	2005	%
	-----	--	-----	--
SALARIES & WAGES	485,200	29.1%	525,248	32.3%
OTHER EXPENSES	595,680	35.7%	612,650	37.7%
CAPITAL IMPROVEMENT FUND	400,000	24.0%	400,000	24.6%
DEBT SERVICE	45,646	2.7%	0	0.0%
EMERGENCY APPROPRIATION	75,000	4.5%	0	0.0%
PENSION & SOCIAL SECURITY	66,000	4.0%	88,000	5.4%
	-----	-----	-----	-----
TOTAL	1,667,526	100.0%	1,625,898	100.0%
	=====	=====	=====	=====

ELECTRIC UTILITY BUDGET
REVENUES & APPROPRIATIONS
2006 AND 2007

5/14/07

RFK

REVENUES	2006	%	2007	%
ELECTRIC TARIFFS	10,809,035	98.6%	10,676,771	98.2%
STREET LIGHTING	0	0.0%	0	0.0%
INTEREST INCOME AND OTHER	150,000	1.4%	200,000	1.8%
TOTAL REVENUES	10,959,035	100.0%	10,876,771	100.0%

APPROPRIATIONS	2006	%	2007	%
SALARIES & WAGES	1,287,285	11.7%	1,327,450	12.2%
OTHER EXPENSES	1,086,750	9.9%	1,181,321	10.9%
PURCHASED POWER	8,200,000	74.8%	8,200,000	75.4%
EMERGENCY APPROPRIATION	250,000	2.3%	0	0.0%
PENSION & SOCIAL SECURITY	135,000	1.2%	168,000	1.5%
TOTAL APPROPRIATIONS	10,959,035	100.0%	10,876,771	100.0%

THE 2007 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 projects will be reviewed by the Mayor and Council for 2007 and considered for approval.

MUNICIPAL CAPITAL PROJECTS

	<u>AMOUNT</u>
Road and Sewer Projects	\$1,633,000
Public Works Equipment and Projects	355,000
Police & Fire Equipment	232,000
Library Projects and Improvements	118,000
Civic Center	11,000
Borough Clerk Project	13,000
Health Department	30,000

WATER UTILITY CAPITAL PROJECTS

Water Main Replacements	\$305,000
Other Water Utility Projects	80,000

ELECTRIC UTILITY CAPITAL PROJECTS

New Lamp Posts	\$ 60,000
All Other Electric Utility Projects	105,000