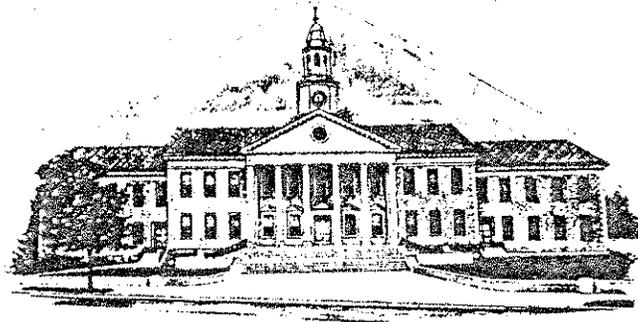




THE 1985 BUDGET IN BRIEF



BOROUGH OF MADISON MORRIS COUNTY, NEW JERSEY

MAYOR

ELIZABETH G. BAUMGARTNER

COUNCIL

EDWARD W. ORLEMANN

COUNCIL PRESIDENT

BEVERLY B. GRAEBER

ROBERT E. LUNDBERG

RALPH A. MAIONE

JOHN L. REID

WILLIAM D. PRIMUS



HARTLEY DODGE MEMORIAL
BOROUGH OF MADISON
MADISON, NEW JERSEY 07940

March 11, 1985

MESSAGE TO RESIDENTS OF MADISON

Development of the 1985 Budget was a long process for both elected and appointed officials. The process began in September of 1984 and continued until February 11th of this year when it was introduced. This year's budget totals \$7,897,351 which is an 8.5% increase over the \$7,278,751 budget adopted last year. Because state and federal revenues have again decreased in 1985 the amount to be raised by taxes to support this budget has gone up by 10.7%.

There are several improved services this year of which taxpayers should be aware. In the Police Department we have added a dispatcher so that existing police officers can spend more time on the street. Two truck drivers have been added to Public Works to improve the cleanliness of Madison and better maintain sewer lines. The work hours of the Assessor have been increased so more time can be spent on the review of property assessments. Last October the Mayor and Council hired a fulltime Senior Citizen Coordinator to better organize and expand services to older residents of Madison. This program will go into high gear in 1985. The Borough will also be improving the central purchasing, personnel, insurance and research functions within administration. With regard to capital projects, this budget adds \$120,000 to the capital improvement fund. This will provide seed money for improvements to the Health Center, Spring Garden Brook, Kings Road, other Borough roads and sidewalks and perhaps Police communications.

The revaluation, which adjusted values of property to conform with the current market, has caused concern among many residents. Because these required adjustments were last made in 1968 the evaluation firm found many shifts in property values which will effect the amount paid by taxpayers in 1985. The average property increased in value 4.7 times from the amount used to determine 1984 taxes. However, there were many properties whose value went up more than this and therefore these property owners will have an increase due to the revaluation. There were many

others who fell below this median and will receive a decrease in their taxes. These fluctuations must be discussed with the Assessor and have nothing to do with the 1985 Budget. The actual value of property, as determined by the Assessor, the revaluation firm and the county tax board, must be used to raise revenues for local, school and county budgets. The Elected officials of Madison are responsible for the increase in local taxes due to budget increases; they cannot change property values.

We have an excellent town of which residents can be proud. This budget maintains the level of service that citizens are accustomed to receiving. With Council's help, my administration will continue to maintain this service level at the lowest possible cost to the taxpayer.

Your Mayor,


Elizabeth G. Baumgartner
Mayor

EGB:al

INTRODUCTION

"The 1985 Budget in Brief" highlights the main facts of the Municipal Budget for the average taxpayer to understand the process.

Except for the public schools, most municipal functions are under the direct Policy Making Control of the Mayor and Council. In a few cases, such as the Public Library, the Board of Health, the Madison-Chatham Joint Meeting and the Local Assistance Board, the control lies with an autonomous board which administers its function within the limitations of the appropriation set by the Governing Body.

The operation of the public schools is the responsibility of the elected Board of Education and is completely independently 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. This report, therefore, does not contain any details of the school 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 Councilmembers, 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 ex-officio member of each committee. Each Councilmember is the chairperson of one committee and a member of one other. The standing committees for 1985 are as follows:

<u>Standing Committee</u>	<u>Chairperson</u>	<u>Other Member</u>
Finance and Borough Clerk	John L. Reid	Ralph A. Maione
Public Safety	Robert E. Lundberg	Beverly B. Graeber
Parks & Recreation	Edward W. Orleman	William D. Primus
Public Works	Ralph A. Maione	Robert E. Lundberg
Utilities & Engineering	William D. Primus	John L. Reid
Health & Public Assistance	Beverly B. Graeber	Edward W. Orleman

The following Borough Officials are responsible for preparing and expending their budgets in accordance with the limitations imposed by the Governing Body:

Borough Administrator	James R. Allison
Director of Finance	Abraham Antun
Deputy Borough Clerk	Fannie Stinson
Chief of Police	Donald R. Capen
Fire Chief	James M. McCormack
Health Officer	Robert S. Deasey
Engineering Administrator	William C. Sweeney
Court Clerk	Rosalie Amico
Recreation Director	Douglas L. Smith
Supervisor Public Works & Water Utility	Francis V. Angri
Supervisor Electric Utility	Frank A. Tromonda
Library Director	Nancy Singleton Vernon
Borough Attorney	George C. Witte
Director of Welfare	Linda B. Durney

THE 1985 BUDGET

The budget process begins early in September of the year preceding the budget year. Department heads, using budget reports which have been supplied to them throughout the year, forecast their needs and draft detailed budget requests. These requests must be supported by formal outlines of the programs they consider necessary to undertake. In addition, they submit estimates of the extent to which they have met their proposals of the preceding year.

Each budget request is reviewed by the Borough Administrator in conference with each department head individually. Necessary changes are made, and the preliminary budgets are transmitted to the Mayor and Councilmembers.

In November and December, the autonomous boards (Zoning, Local Assistance, Planning, Health and the Library) meet to determine their budget needs. These budgets also are sent to the Mayor and Council after review by the Borough Administrator.

Throughout January, the Mayor and Council meet to review, revise, and approve the budgets. The Council has the authority to revise any budget; but in the case of the autonomous boards, it cannot mandate how the revisions are to be accommodated in their budgets.

This year the budget was introduced on February 11th, and was published in the Madison Eagle on February 21st. At the introduction of the budget, the Council set March 11th as the date for the public hearing on the budget.

On January 31, 1983, Governor Kean signed Senate 2016 into law as Chapter 49, P.L. 1983, extending for three years the existing Municipal Cap Law. The Cap Law expires December 31, 1985.

The following represents what provisions to the Cap Law the Borough took advantage of in preparing the Municipal Budget:

- (1) The 5% annual Cap rate remains in effect, however the Borough has the option to exceed that level up to the level of the Implicit Price Deflator by local ordinance through a simple majority vote. (The Implicit Price Deflator for state and local Governments Purchases of Goods and Services is published by the United States Department of Commerce and represents the inflation rate for purchases of goods and services which are typical of those purchased by state and local governments nationwide.) Ordinance 5-85 introduced by the Mayor and Council on February 11, 1985 allows the Borough to exceed the 5% Cap in accordance with the provisions.

- (2) There will be no floor. (Theoretically, the Cap, as reflected by the Implicit Price Deflator, could be less than 5% if the rate of inflation continues its downward trend.)
- (3) The deflator index rate will be based on a one-year rate (the percentage increase in the most current year.) For 1985, the deflator index will be 6.5%.
- (4) The Borough may continue to exempt energy costs over 10% but not in the same budget year that it utilizes the deflator index.
- (5) Only decreases after 1982 in Federal Revenue Sharing could be made up at local option outside of the Cap.
- (6) Banking of unused Cap leeway - The Borough could "bank" unused Cap leeway (below 5%) and could use this unused Cap leeway in a future year instead of utilizing the local ordinance option. This provision will encourage better long-term budget planning by the Borough. However, the Borough does not have the option to "bank" its Cap because it has chosen the ordinance rate.
- (7) The amount of revenue generated by the increase in valuations within the Borough based solely on applying the preceding year's local tax rate to the assessed value of new construction or improvements.

1985 "CAP CALCULATION"

Given below are simplified calculations of the 1985 Cap appropriation limit utilizing the index rate ordinance of 6.5%

Total adopted appropriations for 1984. 7,278,751.16

Modifications

Deductions:

Reserve for Uncollected Taxes	422,123.93	
Other Operations	1,002,313.38	
Capital Improvement Fund	80,000.00	
Deferred Charges	56,368.51	
Debt Service	730,089.50	2,290,895.32
		<hr/>

Amount on which 6.5% Cap is Applied 4,987,855.84

6.5% "Cap" Authorized by Ordinance 324,210.63

Additions to "Cap" Assessed Value of New Construction \$2,480,400.00 X Local Purpose Tax Rate of \$2.20 per \$100. 54,568.80

Total General Appropriations "Cap" Limitation for 1985 5,366,635.27

Less 1985 Appropriations Within "Cap" 5,366,635.27

Unused "Cap" carry forward to 1986 -0-

STATEMENT OF OPERATIONS
CURRENT, WATER & ELECTRIC

DECEMBER 31, 1984

	<u>CURRENT</u>	<u>WATER</u>	<u>ELECTRIC</u>	<u>TOTAL</u>
Surplus, January 1, 1984	512,395.51	5,707.03	437,457.94	955,560.48
Property Taxes	13,871,686.87	0	0	13,871,686.87
Water Rents	0	653,757.35	0	653,757.35
Metered Services	0	0	9,925,089.90	9,925,089.90
Delinquent Taxes	208,735.80	0	0	208,735.80
Miscellaneous Revenue				
and Other Credits To Income	3,358,332.54	89,416.67	128,279.19	3,576,028.40
Total Funds	<u>17,951,150.72</u>	<u>748,881.05</u>	<u>10,490,827.03</u>	<u>29,190,858.80</u>
Salaries and Wages	2,930,089.52	180,152.00	448,956.00	3,559,197.52
Other Expense	2,860,017.76	320,415.00	9,014,702.64	12,195,135.40
Statutory Expenditures	330,599.16	33,400.00	87,482.00	451,481.16
Deferred Charges	61,033.46	12,741.03	0	73,774.49
Capital Improvement Fund	80,000.00	15,000.00	50,000.00	145,000.00
Debt Service	729,945.65	116,908.80	202,971.40	1,049,825.85
School Taxes	7,680,222.00	0	0	7,680,222.00
County Taxes	2,328,082.51	0	0	2,328,082.51
Other Expenditures and Other Deductions From Income	6,381.07	0	50,025.50	56,406.57
Total Expenditures	<u>17,006,371.13</u>	<u>678,616.83</u>	<u>9,854,137.54</u>	<u>27,539,125.50</u>
Less: Expenditures To Be Raised By Future Revenues	0	0	200,000.00	200,000.00
Total Adjusted Expenditures and Revenue Requirements	17,006,371.13	678,616.83	9,654,137.54	27,339,125.50
Less: Amount Transferred to Current Fund	<u>0</u>	<u>0</u>	<u>400,000.00</u>	<u>400,000.00</u>
Surplus Balance, December 31, 1984	944,779.59	70,264.22	436,689.49	1,451,733.30

COMPARATIVE DISTRIBUTION OF REVENUES
AND APPROPRIATIONS FOR 1985 AND 1984

MUNICIPAL BUDGET

REVENUES

	<u>1985</u>	<u>%</u>	<u>1984</u>	<u>%</u>
Surplus	570,000	7	291,140	4
Municipal Revenues	614,064	8	789,513	11
State Revenues	926,637	12	943,599	13
Federal Revenues	117,013	1.6	103,398	1
Utility Revenues	1,208,000	15	1,187,976	16
Delinquent Taxes	110,000	1.4	170,000	2
Property Taxes	4,351,637	55	3,928,327	53
	<hr/>		<hr/>	
Total Revenues	\$7,897,351	100%	\$7,413,953	100%

APPROPRIATIONS

Salaries & Wages	3,011,303	38	2,956,183	40
Other Expenses	2,852,481	36	2,833,924	38
Statutory Expenditure	382,956	5	330,599	4
Capital Improvement Fund	200,000	3	80,000	1
Deferred Charges	92,000	1	61,033	1
Debt Services	897,274	11	730,089	10
Reserve for Uncollected Taxes	461,337	6	422,125	6
	<hr/>		<hr/>	
Total Appropriations	\$7,897,351	100%	\$7,413,953	100%

DISTRIBUTION OF 1984 REVENUES

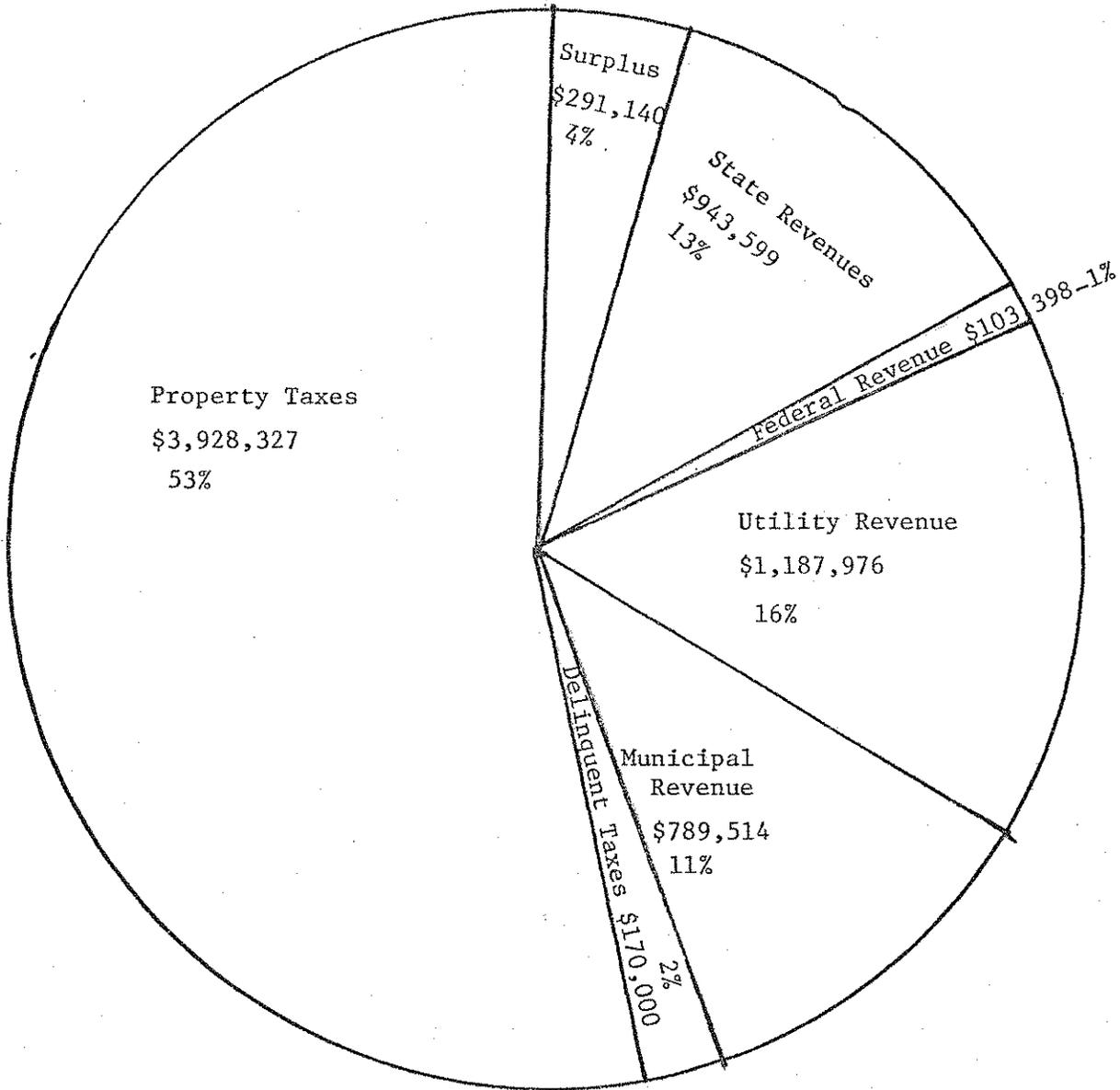


CHART 4

DISTRIBUTION OF 1985 REVENUES

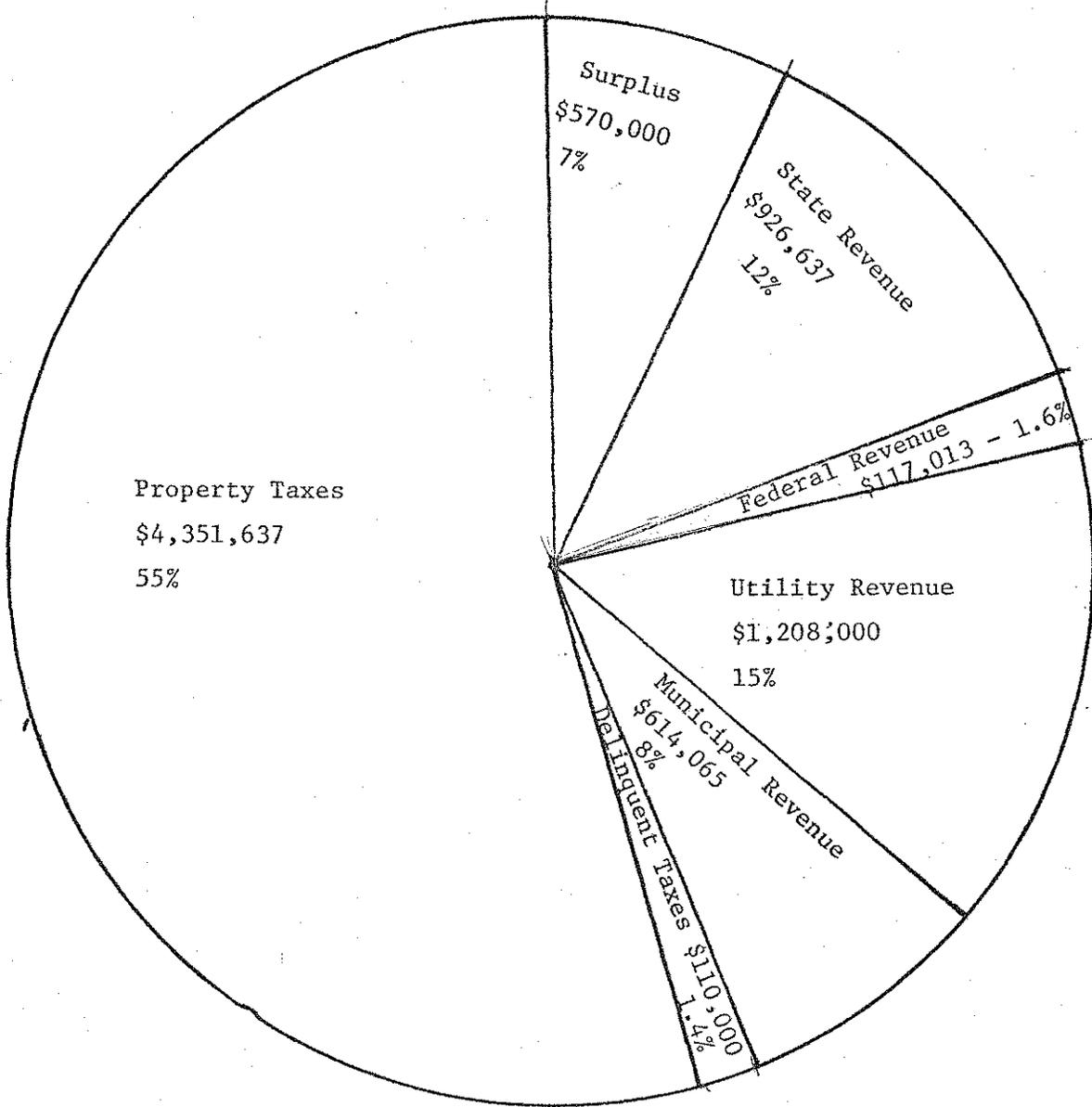


CHART 5

1984 APPROPRIATIONS

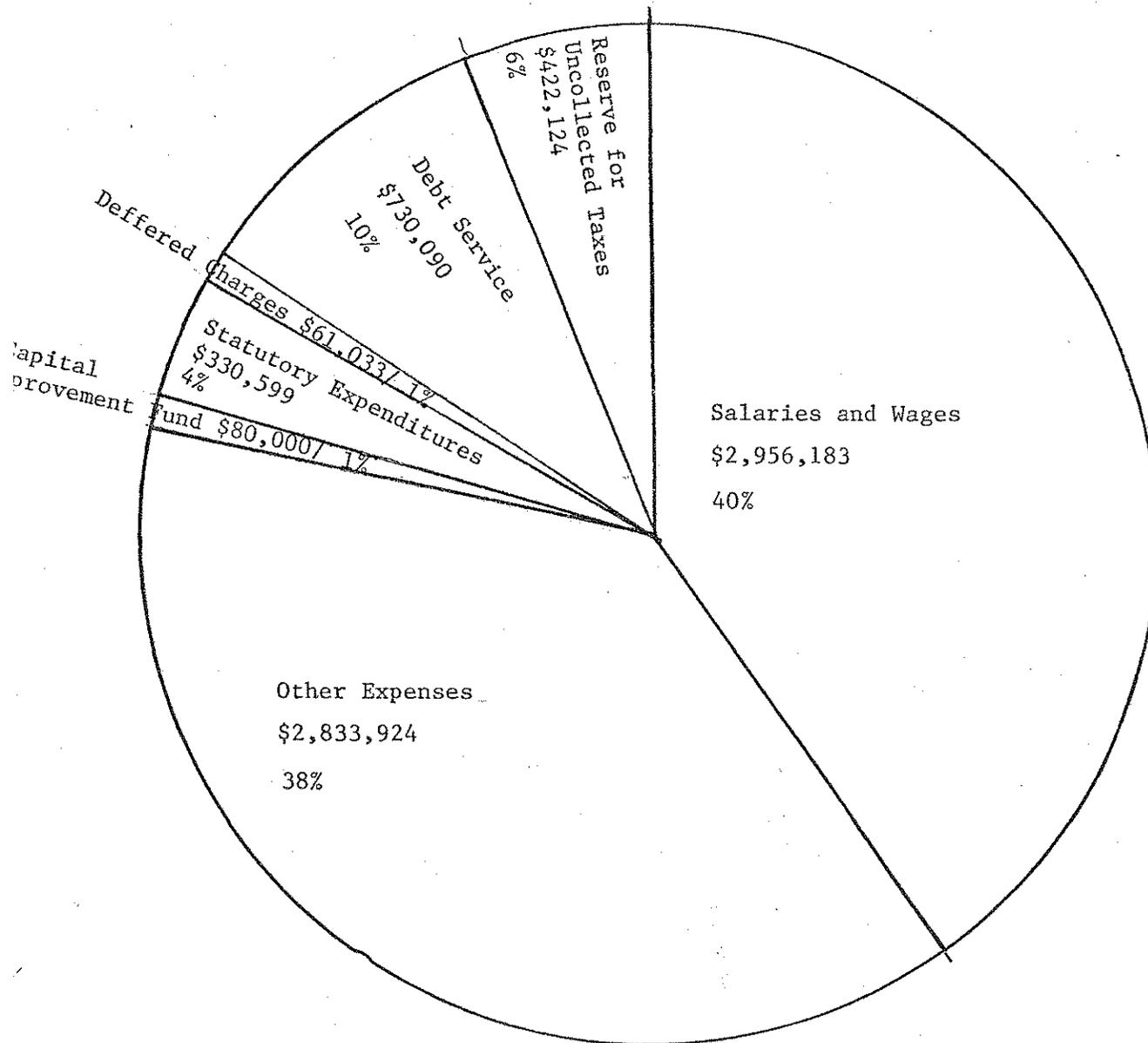
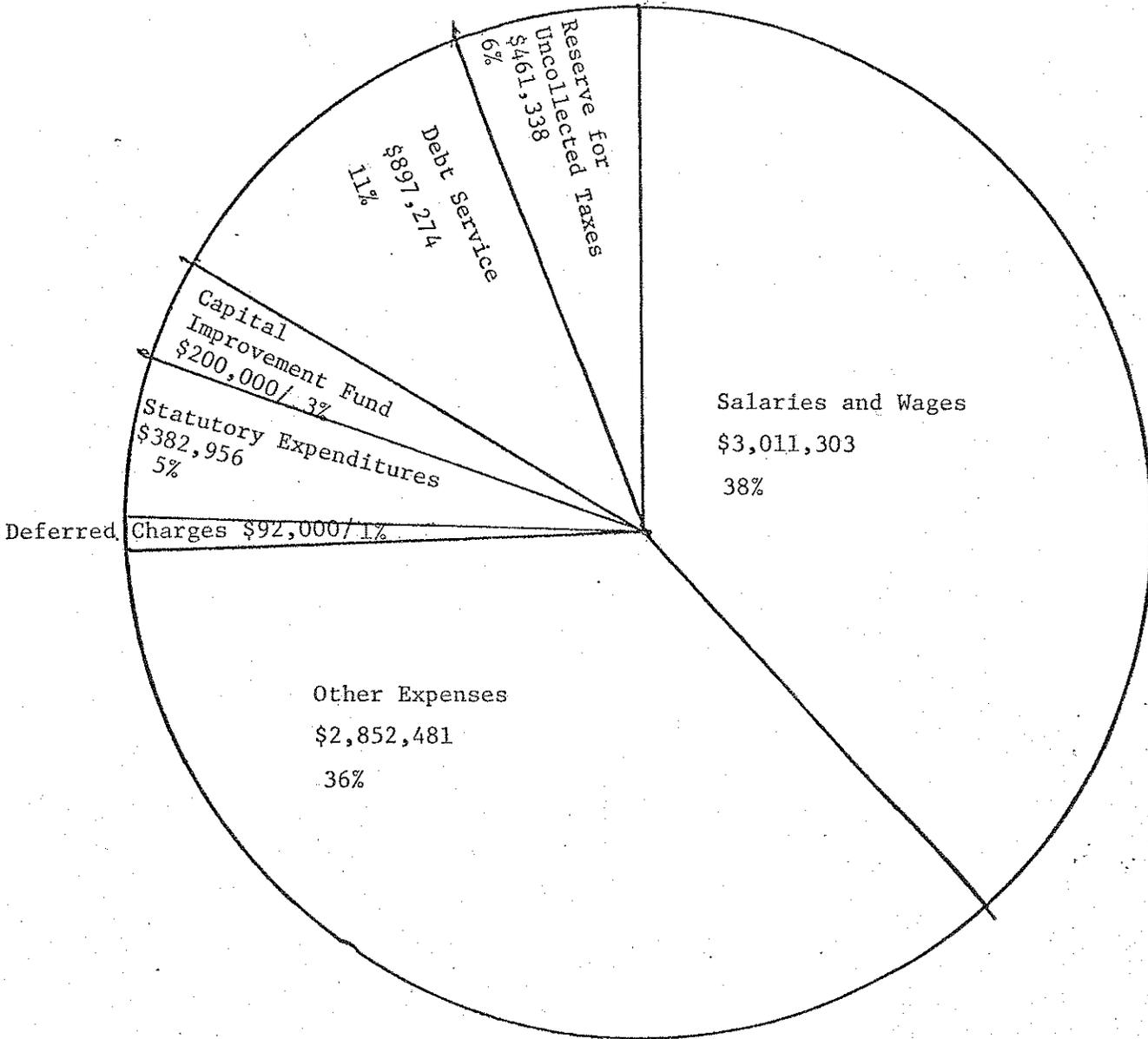


CHART 6

1985 APPROPRIATIONS



SUMMARY OF LEVIES AND TAX RATES

	<u>1985 Estimated</u>			<u>1984 Actual</u>			Increase (Dollars)
	<u>Tax Levy</u>	<u>Tax Rate</u>	<u>Tax Dollar</u>	<u>Tax Levy</u>	<u>Tax Rate</u>	<u>Tax Dollar</u>	
School Purpose	7,795,599.50	.94	.51	7,680,222.00	4.30	.55	115,377.50
County Purpose	3,140,000.00	.37	.21	2,297,552.53	1.29	.17	842,447.47
Borough Purpose	4,351,636.72	.52	.28	3,928,327.28	2.20	.28	423,309.44
Total Levy	15,287,236.22	1.83	1.00	13,906,101.81	7.79*	1.00	1,381,134.41
	<u>1984 Actual</u>			<u>1983 Actual</u>			Increase (Dollars)
	<u>Tax Levy</u>	<u>Tax Rate</u>	<u>Tax Dollar</u>	<u>Tax Levy</u>	<u>Tax Rate</u>	<u>Tax Dollar</u>	
School Purpose	7,680,222.00	4.30	.55	7,577,182.00	4.32	.59	103,040.00
County Purpose	2,297,552.53	1.29	.17	2,236,428.22	1.27	.17	61,124.31
Borough Purpose	3,928,327.28	2.20	.28	3,109,640.21	1.77	.24	818,687.07
Total Levy	13,906,101.81	7.79	1.00	12,923,250.43	7.36	1.00	982,851.38

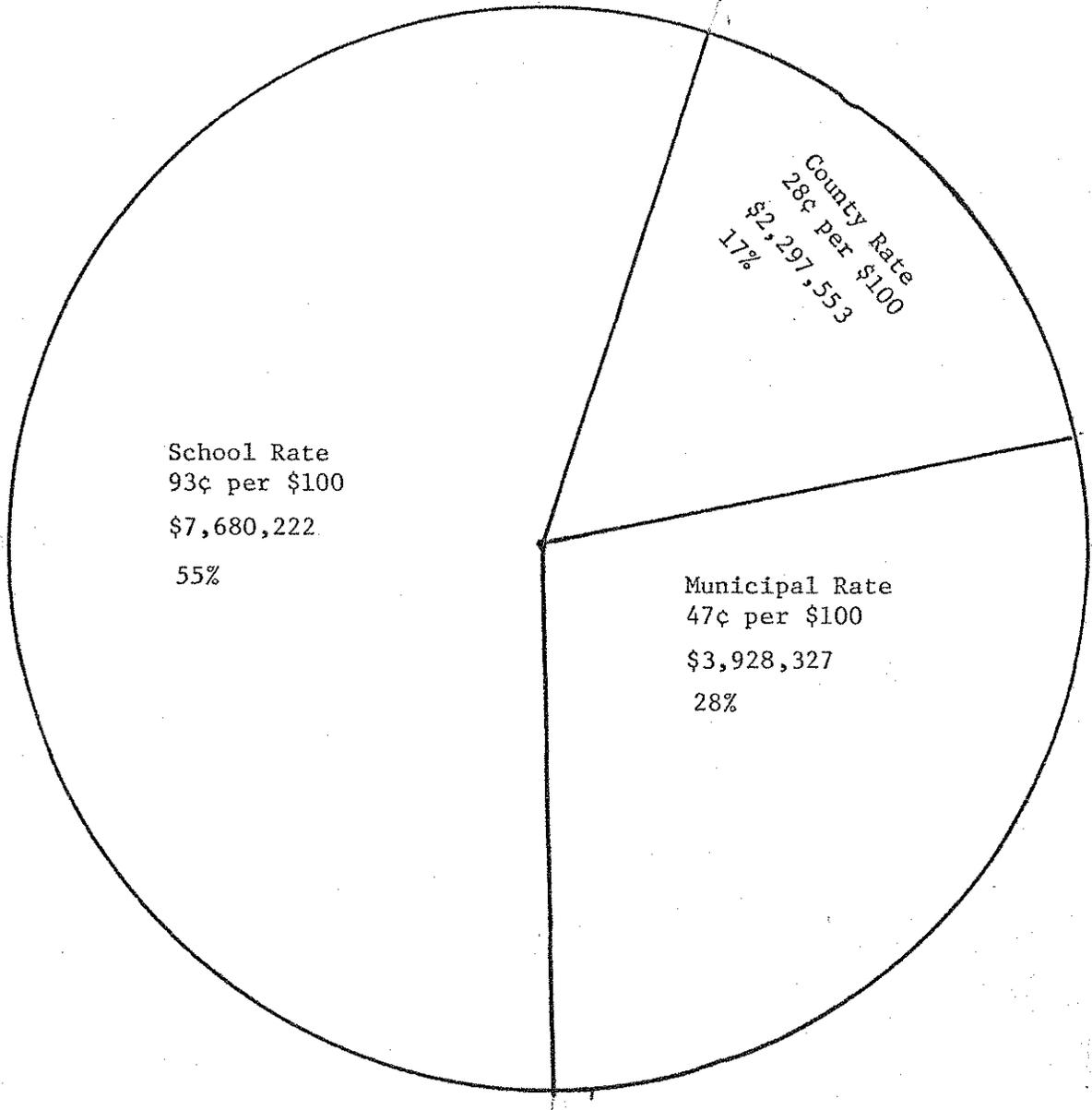
*1.68 Under Current Assessed Values

SUMMARY OF NET VALUATION TAXABLE

	<u>1985 Estimated</u>	<u>1984 Actual</u>	<u>1983 Actual</u>
Tax Ratables:			
Real Property (Land and Improvements)	791,492,700.00	168,263,355.00	165,384,629.00
Telephone & Telegraph (Business Personal Property)	38,335,518.00	10,297,011.00	10,233,305.00
Total Valuation Taxable	829,828,218.00	178,560,366.00	175,617,934.00

CHART 1

Distribution of The 1984 Tax Rate And Levy

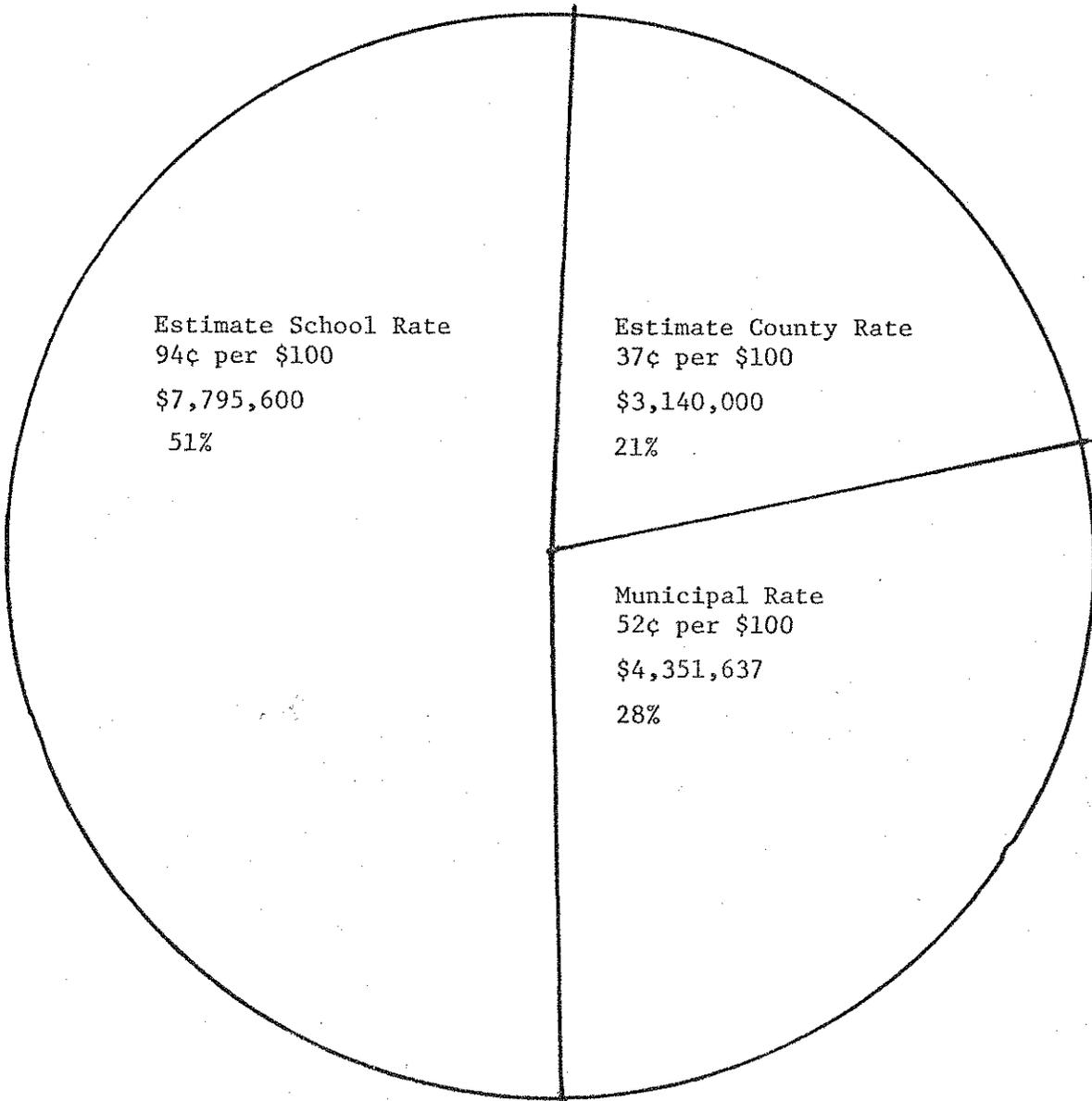


Borough	47
County	28
School	93
	<hr/>
	1.68

27.8%

CHART 2

Distribution Of the 1985 Tax Rate And Levy



Borough	52
County	37
School	94
	<hr/>
	1.83

100%

COMPARATIVE DISTRIBUTION OF REVENUES
AND APPROPRIATIONS FOR 1984 AND 1985

WATER UTILITY

REVENUES

	<u>1985</u>	<u>%</u>	<u>1984</u>	<u>%</u>
Water Rents	700,632	91	627,835	92
Fire Hydrant Service	41,360	5	31,080	5
Miscellaneous	30,000	4	20,000	3
	771,992	100%	678,915	100%

APPROPRIATIONS

Salaries & Wages	212,711	28	184,152	27
Other Expenses	351,881	46	316,415	47
Capital Improvement Fund	50,000	6	15,000	2
Debt Service	117,500	15	117,206	17
Deferred Charges	700	.09	12,742	2
Statutory Expenditures	39,200	5	33,400	5
	771,992	100%	678,915	100%

COMPARATIVE DISTRIBUTION OF REVENUES
AND APPROPRIATIONS FOR 1985 AND 1984

ELECTRIC UTILITY

	<u>REVENUES</u>			
	<u>1985</u>	<u>%</u>	<u>1984</u>	<u>%</u>
Metered Service	9,988,818	99	9,483,198	99
Miscellaneous	85,000	1	121,222	1
Total	10,073,818	100%	9,604,420	100%

	<u>APPROPRIATIONS</u>			
Salaries & Wages	477,822	5	458,956	5
Other Expenses	358,977	4	358,154	4
Purchased Power	7,645,640	76	7,658,573	80
Capital Improvement Fund	100,000	9	50,000	.5
Debt Service	200,379	2	203,279	2
Deferred Charges	200,000	2	0	
Statutory Expenditures	93,000	.9	87,482	.9
Surplus (General Budget)	998,000	10	787,976	8
Total	10,073,818	100%	9,604,420	100%

THE CAPITAL BUDGET AND PROGRAM

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

Every year each department head, board and authority of the Borough prepares and submits to the Borough Administrator their proposed capital budget and program. After careful review, to make sure they meet the definition of a capital project, the capital budget is made part of the municipal budget and adopted by the Council.

However, there are vast differences between the operating budget and capital budget. Unlike the operating budget, the capital budget does not give the authority to spend nor does it raise taxes or incur debt. It is only a plan for proposed expenditures. The Mayor and Council can only authorize these projects by the adoption of a bond or capital ordinance. Once the ordinance is adopted the means of financing will eventually be raised by taxes or user fees in order to retire the debt created by the adoption of said ordinance.

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 Mayor and Council.

The following is a summary by category of the capital expenditures and the debt to be authorized.

	<u>Total</u>	<u>Debt Authorized</u>
Municipal	\$ 761,832.00	\$ 601,360.00
Water Utility	244,500.00	215,000.00
Electric Utility	410,000.00	300,000.00
	<hr/> \$1,416,332.00	<hr/> \$1,116,360.00

SUMMARY OF ANNUAL DEBT

December 31, 1983 and 1984

	<u>1984</u>	<u>1983</u>
Municipal Purpose		
Bonds	3,274,000	3,642,000
Notes	1,765,075	1,181,994
Bonds and Notes Authorized But Not Issued	2,718,019	1,149,669
	<hr/>	<hr/>
Total Debt	7,757,094	5,973,663
Percentage of Equalized Value	1.34%	1.16%
Water Utility		
Bonds	342,000	412,000
Notes	274,700	204,000
Bonds and Notes Authorized But Not Issued	23,625	99,625
	<hr/>	<hr/>
Total Debt	640,325	715,625
Electric Utility		
Bonds	869,000	989,000
Notes	300,000	318,000
Bonds and Notes Authorized But Not Issued	331,778	331,778
	<hr/>	<hr/>
	1,500,778	1,638,778