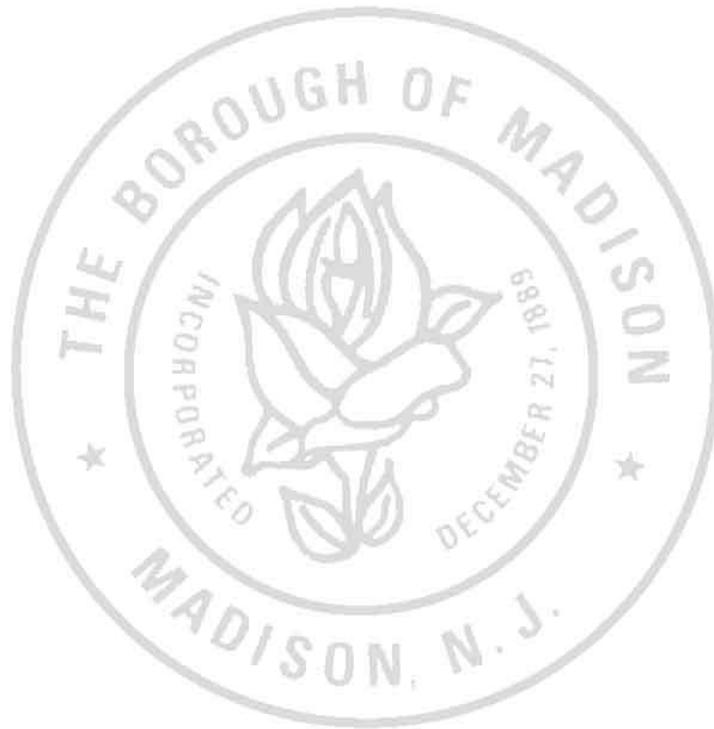


Borough of Madison
Operating Budget Document
REVISED: Issued February 20, 2015



MUNICIPAL BUDGET
SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2014	2015	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	3,597,000	3,900,000	303,000	8.42%
1a	WATER SURPLUS	450,000	500,000	50,000	11.11%
2	MUNICIPAL SOURCES	3,158,000	3,420,000	262,000	8.30%
3	GENERAL CAPITAL FUND BALANCE	1,460,000	130,000	(1,330,000)	-91.10%
4	STATE AID AND GRANTS	997,357	1,038,038	40,681	4.08%
5	ELECTRIC SURPLUS - CAPITAL	1,578,000	2,870,000	1,292,000	81.88%
6	ELECTRIC SURPLUS - OPER.	1,949,000	1,116,400	(832,600)	-42.72%
6a	ELECTRIC SURPLUS - DEBT SERVICE	2,269,000	2,246,600	(22,400)	-0.99%
7	SALE OF PROPERTY	462,000	0	(462,000)	-100.00%
8	TOTAL MUNICIPAL REVENUES	15,920,357	15,221,038	(699,319)	-4.39%
9	PROPERTY TAXES	13,637,389	13,842,374	204,985	1.50%
10	TOTAL REVENUES	29,557,746	29,063,412	(494,334)	-1.67%
APPROPRIATIONS					
11	SALARIES & WAGES	9,909,774	10,011,582	101,808	1.03%
12	HEALTH INSURANCE (NET)	1,889,000	1,814,000	(75,000)	-3.97%
13	PENSION & SOCIAL SECURITY	1,663,000	1,725,000	62,000	3.73%
14	SUB-TOTAL	13,461,774	13,550,582	88,808	0.66%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	210,000	210,000	0	0.00%
17	DEPARTMENT OPERATING EXP.	2,757,843	2,846,494	88,651	3.21%
18	UTILITIES	787,000	787,000	0	0.00%
19	WASTE REMOVAL	1,590,600	1,608,600	18,000	1.13%
20	LIABILITY INSURANCE	569,000	590,000	21,000	3.69%
21	SUB-TOTAL	5,964,443	6,092,094	127,651	2.14%
22	CAPITAL IMPROVEMENT FUND	3,500,000	3,053,000	(447,000)	-12.77%
23	DEBT SERVICE	2,269,000	2,246,600	(22,400)	-0.99%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	5,849,000	5,379,600	(469,400)	-8.03%
26	MADISON-CHATHAM JOINT MTG.	984,602	1,030,131	45,529	4.62%
27	PUBLIC LIBRARY	1,297,927	1,379,005	81,078	6.25%
28	RESERVE FOR TAX APPEALS	400,000	0	(400,000)	
29	TOTAL SPENDING	27,957,746	27,431,412	(526,334)	-1.88%
30	RESERVE FOR UNCOLL. TAXES	1,600,000	1,632,000	32,000	2.00%
31	TOTAL APPROPRIATIONS	29,557,746	29,063,412	(494,334)	-1.67%

Borough of Madison
Primary 2015 Municipal Budget Assumptions

Revenue:

1. Municipal Surplus:

Increase of \$303,000 from \$3,597,000 to \$3,900,000. Actual 2014 Surplus generated was \$4,133,000 during 2014. Keep the Transfer below the amount generated according to new guidelines and Standard & Poor's.

2. Municipal Sources:

Increase of \$312,000 from \$3,608,000 to \$3,920,000. Primarily due to increases in Boro Note Premiums - \$58,000, Water Utility Surplus - \$50,000, Construction Code - \$60,000, KRE payments - \$75,000 and Technology Services - \$85,000.

3. General Capital Fund Balance For Capital Improvements:

This is a decrease of \$1,330,000 from \$1,460,000 to \$130,000. The fund balance account will now be depleted and will not be re-generated.

4. State Aid & Grants:

This source of Revenue remains stable assuming the State Aid remains at \$808,929.

5. Electric Surplus:

The Electric Utility Surplus combines Transfer of Capital and Operating will be increased from \$5,796,000 to \$6,233,000. This increase is primarily due to the reduction of General Capital Fund Balance Revenue of \$1,330,000 and zero funds from the Sale of Property which was \$462,000 last year.

6. Sale Of Property:

The Sale of Property of \$462,000 will be reduced to zero. There are no planned property sales this year.

Appropriations:1. Salaries & Wages:

Increases from \$9,909,774 to \$9,984,082 or \$74,308. Assumes 2.0% increase for all Borough employees plus adjustments per union contracts. Reduction in Police salaries of \$85,334 and in Public Works of \$111,488 are due to lower budgeted overtime and personnel changes. These reductions have almost offset the salary increases in all other Departments.

2. Health Insurance:

Decreases from \$1,889,000 to \$1,814,000 or \$75,000. The State Health Benefit Plan rates have increased between 6.1% and 12.2% for the various coverages. The increases are more than offset by the higher premium contributions in year four of the phase-in contributions and several employees that have legally opted out of required coverage.

3. Pension and Social Security:

Increases from \$1,663,000 to \$1,725,000 or 3.73%. Police & Fire Pensions increases 4.2% and Public Employees by 3.17%.

4. Departmental Operating Expenses:

Increases from \$2,757,843 to \$2,843,212 or \$85,469. Primary increases are Construction Code - \$41,000, Police - \$26,300, Public Works - \$15,600 and Vehicle Maintenance - \$13,000.

5. Debt Services:

Decreases from \$2,269,000 to \$2,246,600 or a reduction of \$22,400.

This is due to:

- a. Net interest savings of \$ 133,000 from the bond refunding.
- b. Principal payment increase of \$50,000 from the non-refunded debt or from \$1,160,000 to \$1,210,000.
- c. First year principal and interest payments of \$60,000 on the New Jersey Environmental Infrastructure Loan of \$2,090,750.

1. Revaluation Note Payment:

No change. The year 2016 will be the last required appropriation.

2. Madison – Chatham Joint Meeting:

Increases from \$984,602 to \$1,083,131 or \$98,529. This reflects a 65.0% share plus \$8,000 for year end true up if required.

3. Public Library:

Increases from \$1,297,927 to \$1,379,005 or \$ 81,078. This is the state mandate minimum payment of \$1,269,005 plus \$110,000 for electricity subsidy. The increase is due to the increased equalized valuation in 2015 from 2014.

4. Reserve for Tax Appeals:

Recommended to reduce the appropriation from \$400,000 to zero. The Borough has a year end balance of \$563,000. Our Counsel has opined that this amount is sufficient to cover outstanding appeals.

5. Reserve for Uncollected Taxes:

Increases from \$1,600,000 to \$1,632,000 or \$32,000. This increase is consistent with the recommendation in the new budget guidelines.

Police Department:

1. Replacements for Lieutenant Lam, Patrolman Williams and Patrolman Keller. Three new hires.
2. Add two (2) new Patrolman
3. Add funding for Special Police Officers
4. Add part time records clerk for 2015.
5. Increase the compensation for crossing guards
6. Promotions to Lieutenant and Sergeant
7. Increase funding for per diem dispatchers to reduce OT. (\$20k to \$30k)
8. Reduce OT from \$260,000 to \$220,000.

Fire:

1. Hire a Firefighter at midyear.

Construction Code:

1. Add part time Building Inspector and convert a part time office assistant to full time for 2015 to assist with the Chatham Construction Shared Services contract volume. (also services Tax Assessor).
2. Charge salary allocation for fire inspector/subcode officials to Construction Code budget.

Board of Health:

1. Three (3) retirements will occur in 2015. A BOH Reorganization is planned.

Financial Administration:

1. Replace the Financial Assistant I position with a full time replacement. Current incumbent will leave in April and be paid until the end of November 2015.
2. Replace the Chief Financial Officer position with a full time replacement. Current incumbent will leave in October and be paid thru March 2016.

Employee Benefits:

1. Contributions are now the highest throughout 2015 and several employees have legally opted out of coverage.

**Borough of Madison
 Schedule of All Surplus Balances
 2012 Actual thru 2014 Actual as of December 31st
 (in \$ 000's)**

	Actual 2012	Actual 2013	Actual 2014
Municipal	\$ 5,592	\$ 7,250	\$ 7,786
Electric	\$ 5,373	\$ 6,322	\$ 6,519
Water	\$ 1,441	\$ 1,518	\$ 1,587
Total	\$ 12,406	\$ 15,090	\$ 15,892
 Increase/(Decrease) From Prior Year	 \$ 2,219	 \$ 2,684	 \$ 802

Assumptions for 2015:

- 1) **Generated \$4.1M surplus in Municipal Operations in 2014 and transfer \$3.9M to the 2015 Budget.**
- 2) **Generated \$6.0M surplus in the Electric Utility in 2014 and transfer \$6.2 M to the 2015 Budget. No change in rates or consumption. Appropriate \$50,000 for the electric rebate program.**
- 3) **Generated \$.5M surplus in the Water Utility in 2014 and transfer \$.5 M to the 2015 Budget. No change in consumption or rates.**

Borough of Madison
Schedule of Municipal Surplus Balances
2010 Actual Thru 2014 Estimate as of December 31st

Line	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
1 Balance at Beginning of Year	\$ 6,006	\$ 4,409	\$ 4,365	\$ 5,592	\$ 7,250
2 Less: Utilized in Municipal Budget	(5,235)	(3,635)	(2,800)	\$ (2,975)	\$ (3,597)
3 Sub Total	771	774	1,565	\$ 2,617	\$ 3,653
4 Add: Generated in Current Year	3,638	3,591	4,027	\$ 4,633	\$ 4,133
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>
6 Increase (Decrease)	(1,597)	(44)	1,227	1,658	536
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
Surplus Generated From:					
7 Non-Taxable Revenues	\$ 569	\$ 1,357	\$ 785	\$ 550	559
8 Delinquent Tax Collections	131	306	615	118	10
Excess of Tax Collections Generated from Reserve for Uncollected Tax and Added & Omitted Assessments					
9	933	595	1,001	1,731	1444
10 Cancellation of Prior Years Appropriations	1,388	1,245	1,265	1,565	1625
11 Misc Revenue and Other Revenues, net	617	88	(49)	289	495
12 FEMA	-	-	410	380	0
TOTAL	<u>\$ 3,638</u>	<u>\$ 3,591</u>	<u>\$ 4,027</u>	<u>\$ 4,633</u>	<u>\$ 4,133</u>

Borough of Madison
2014 and 2015 Alternative Budget Format (in \$000's)

line	APPROPRIATIONS	Operations	2014 Capital	Total	Operations	2015 Capital	Total
1	Operating Expenses	\$ 19,426			\$ 19,612		
2	Public Library	\$ 1,298			\$ 1,379		
3	Joint Meeting	\$ 985			\$ 1,083		
4	Tax Reserves	\$ 2,000			\$ 1,632		
5	Capital Improvement Fund		\$ 3,500			\$ 3,000	
6	Debt Service		\$ 2,349			\$ 2,327	
7	Total Appropriations	\$ 23,709	\$ 5,849	\$ 29,558	\$ 23,706	\$ 5,327	\$ 29,033
	REVENUES	Operations	2014 Capital	Total	Operations	2015 Capital	Total
Recurring							
8	Prior Year Surplus	\$ 3,597			\$ 3,900		
9	Property Taxes	\$ 13,638			\$ 13,842		
10	Municipal Sources	\$ 3,158			\$ 3,420		
11	State Aid & Grants	\$ 997			\$ 1,008		
Non-recurring							
12	General Cap. Fund Balance		\$ 1,460			\$ 130	
13	Sale of Property		\$ 462			\$ -	
14	Revenues Before Transfers	\$ 21,390	\$ 1,922	\$ 23,312	\$ 22,170	\$ 130	\$ 22,300
15	Funded from Utilities (line 7 - 14) *	\$ (2,319)	\$ (3,927)	\$ (6,246)	\$ (1,536)	\$ (5,197)	\$ (6,733)
Utility Transfers							
16	Electric			\$ 5,796			\$ 6,233
17	Water			\$ 450			\$ 500

* Statagic Planning Budget Guidelines suggest no more than 7% to 9% of the Municipal Operating budget be funded from the utilities. In 2014 the Borough funded 7.81% (\$2,319,000) from utilities. In 2015 the budget funds 5.3% from utilities (\$1,536,000)

Borough of Madison
2016 and 2017 Alternative Budget Format (in \$000's)

line	APPROPRIATIONS	Operations	2016 Capital	Total	Operations	2017 Capital	Total
1	Operating Expenses	\$ 20,114			\$ 20,671		
2	Public Library	\$ 1,434			\$ 1,491		
3	Joint Meeting	\$ 1,126			\$ 1,171		
4	Tax Reserves	\$ 1,665			\$ 1,698		
5	Capital Improvement Fund		\$ 3,500			\$ 3,500	
6	Debt Service		\$ 2,420			\$ 2,338	
7	Total Appropriations	\$ 24,339	\$ 5,920	\$ 30,259	\$ 25,031	\$ 5,838	\$ 30,869
	REVENUES	Operations	2016 Capital	Total	Operations	2017 Capital	Total
Recurring							
8	Prior Year Surplus	\$ 4,200			\$ 4,400		
9	Property Taxes	\$ 14,119			\$ 14,402		
10	Municipal Sources	\$ 3,500			\$ 3,650		
11	State Aid & Grants	\$ 1,007			\$ 1,007		
Non-recurring							
12	General Cap. Fund Balance		\$ -			\$ -	
13	Sale of Property		\$ -			\$ -	
14	Revenues Before Transfers	\$ 22,826	\$ -	\$ 22,826	\$ 23,459	\$ -	\$ 23,459
15	Funded from Utilities (line 7 - 14) *	\$ (1,513)	\$ (5,920)	\$ (7,433)	\$ (1,572)	\$ (5,838)	\$ (7,410)
Utility Transfers							
16	Electric			\$ 6,933			\$ 6,910
17	Water			\$ 500			\$ 500

**Borough of Madison
2014 Budget vs. 2015 Budget
Non-Tax Municipal Sources of Revenue**

Department Name	2014 Budget	2015 Budget	Increase (Decrease)
Licenses	\$ 40,000	\$ 40,000	\$ -
Fees & Permits	230,000	230,000	-
Municipal Court Fines	180,000	180,000	-
Joint Court	484,000	560,000	76,000
Interest on Taxes	58,000	58,000	-
Daily Parking Fees	35,000	35,000	-
Interest Income	20,000	14,000	(6,000)
Burglar Alarm	15,000	15,000	-
Cable Fees	180,000	183,000	3,000
Cell Tower Leases	250,000	250,000	-
Tax Exempt Sewer Fees	270,000	270,000	-
Sewer Connection Fees	46,000	60,000	14,000
Health Contracts	260,000	280,000	20,000
Project Pride	40,000	-	(40,000)
Tax Assessor Services	92,000	84,000	(8,000)
Technology Services	-	85,000	85,000
MHA & FDU PILOT	81,000	86,000	5,000
Life Hazard Fees	35,000	35,000	-
Rosenet User Fees	6,000	30,000	24,000
Bond Note Premium	50,000	-	(50,000)
Recreation	46,000	6,000	(40,000)
Construction Code Fees	460,000	544,000	84,000
Delinquent Taxes	280,000	300,000	20,000
KRE Developers Agreement		75,000	75,000
Subtotal	\$ 3,158,000	\$ 3,420,000	\$ 262,000
			-
			-
Total	\$ 3,158,000	\$ 3,420,000	\$ 262,000

Borough of Madison
 Schedule of Miscellaneous Revenue Not Anticipated
 For the Year 2013 & 2014

SOURCE:	2013 AMOUNT	2014 AMOUNT
Municipal Joint Insurance Fund - Workmen's Comp.	\$ 66,682	\$ 130,292
Land Use & Building Departments Revenue	\$ 42,300	\$ 45,550
Health Department Revenue	\$ 19,852	\$ 200
State of New Jersey Refunds	\$ 20,930	\$ 27,254
Municipal Shared IT Service Payments	\$ 18,115	\$ 85,781
Prior Year's Dividend from Dental Insurance Carrier	\$ 10,487	
Recycling Payments	\$ 6,467	\$ 8,696
Public Defender Fees	\$ 4,286	\$ 9,392
Department of Justice Payment	\$ 3,104	\$ 1,164
Tax Collector Fees	\$ 1,625	\$ 1,022
Recreation Fees	\$ 353	\$ 21,889
Clerk Fees	\$ 896	\$ 1,969
Propertyroom.com auction revenue	\$ 9,184	\$ 4,209
RFP Fees from developers	\$ 7,500	
ANJEC Grant	\$ 6,000	
Refund from gas supplier	\$ 15,464	
Animal Control Trust - return of funds	\$ 15,012	
All Other Miscellaneous Revenue Not Classified	\$ 9,689	\$ 22,230
Restore Grant Money Cancelled in 2012	\$ (3,906)	
Affordable Housing Administrative Fees		\$ 29,000
Redeveloper's Agreements		\$ 37,500
Cancelled Health Insurance Reimbursement Account		\$ 22,812
NJMEB-Dividend		\$ 12,866
Insurance Reimbursements		\$ 10,501
Police Fees		\$ 491
Total	\$ 254,040	\$ 472,817

MUNICIPAL BUDGET
SUMMARY OF REVENUE AND APPROPRIATIONS 2014 to 2017

Line	REVENUE	2014	2015	2016 est*	2017 est*
1	PRIOR YR. SURPLUS-OPERATING	3,597,000	3,900,000	4,200,000	4,400,000
1a	WATER SURPLUS	450,000	500,000	500,000	500,000
2	MUNICIPAL SOURCES	3,158,000	3,420,000	3,500,000	3,650,000
3	GENERAL CAPITAL FUND BALANCE	1,460,000	130,000	0	0
4	STATE AID AND GRANTS	997,357	1,038,038	1,007,357	1,007,357
5	ELECTRIC SURPLUS - CAPITAL	1,578,000	2,870,000	3,500,000	3,500,000
6	ELECTRIC SURPLUS - OPER.	1,949,000	1,116,400	1,093,000	1,072,000
6a	ELECTRIC SURPLUS - DEBT SERVICE	2,269,000	2,246,600	2,340,000	2,338,000
7	SALE OF PROPERTY	462,000	0	0	0
8	TOTAL MUNICIPAL REVENUES	15,920,357	15,221,038	16,140,357	16,467,357
9	PROPERTY TAXES	13,637,389	13,842,374	14,119,238	14,402,377
10	TOTAL REVENUES	29,557,746	29,063,412	30,259,595	30,869,734
APPROPRIATIONS					
11	SALARIES & WAGES	9,909,774	10,011,582	10,208,724	10,438,420
12	HEALTH INSURANCE (NET)	1,889,000	1,814,000	1,904,000	1,998,000
13	PENSION & SOCIAL SECURITY	1,663,000	1,725,000	1,803,000	1,884,000
14	SUB-TOTAL	13,461,774	13,550,582	13,915,724	14,320,420
15	UNEMPLOYMENT INSURANCE	50,000	50,000	50,000	50,000
16	LEGAL	210,000	210,000	210,000	210,000
17	DEPARTMENT OPERATING EXP.	2,757,843	2,846,494	2,928,650	3,016,500
18	UTILITIES	787,000	787,000	787,000	787,000
19	WASTE REMOVAL	1,590,600	1,608,600	1,608,600	1,648,800
20	LIABILITY INSURANCE	569,000	590,000	614,000	638,000
21	SUB-TOTAL	5,964,443	6,092,094	6,198,250	6,350,300
22	CAPITAL IMPROVEMENT FUND	3,500,000	3,053,000	3,500,000	3,500,000
23	DEBT SERVICE	2,269,000	2,246,600	2,340,000	2,338,000
24	REVALUATION NOTE PAYMENT	80,000	80,000	80,000	0
25	SUB-TOTAL	5,849,000	5,379,600	5,920,000	5,838,000
26	MADISON-CHATHAM JOINT MTG.	984,602	1,030,131	1,126,456	1,171,514
27	PUBLIC LIBRARY	1,297,927	1,379,005	1,434,165	1,491,500
28	RESERVE FOR TAX APPEALS	400,000	0	0	0
29	TOTAL SPENDING	27,957,746	27,431,412	28,594,595	29,171,734
30	RESERVE FOR UNCOLL. TAXES	1,600,000	1,632,000	1,665,000	1,698,000
31	TOTAL APPROPRIATIONS	29,557,746	29,063,412	30,259,595	30,869,734

* Assumes a 2% per year increase in property taxes for 2016 and 2017