

2014 Budget Highlights

Presented to Council on 3/10/14

Highlights:

1. Municipal property taxes will drop by 1.32% on a net basis (\$35.39 for the avg home).
2. Additional \$2.5 million in budget this year for capital, roads, etc .
3. Surplus balances have increased by almost \$5 million in the last two years.
4. Municipal services will be maintained at their current, high levels.

Details

A. Property Taxes Dropping

- 0% Municipal tax increase. Assessed values increased 1.42%. The combination of the two result in a net municipal property tax decrease of 1.32%.
- Municipal property taxes will drop by \$35.39 on the average home (home value of \$667,218).

B. Strong Fiscal Management and Increasing Surplus Balances

- Surplus balances have increased from \$10.2 million to \$15.1 million in the last two years.
- Generated \$4.6 million in municipal operating surplus, but only using \$3.6 million in current budget.
- 99.46% tax collection rate in 2013. Second highest tax collection rate in last 25 years.
- AAA Bond Rating.
- Madison is widely considered one of the top, most fiscally sound municipalities in the state.

Borough of Madison, Schedule of All Surplus Balances as of Dec 31 st (in 000s)						
	2008	2009	2010	2011	2012	2013
Municipal	\$7,790	\$6,006	\$4,409	\$4,365	\$5,592	\$7,225
Electric	\$4,477	\$2,718	\$4,822	\$4,683	\$5,373	\$6,322
Water	\$1,170	\$776	\$1027	\$1139	\$1,441	\$1,518
TOTAL	\$13,437	\$9,500	\$10,258	\$10,187	\$12,406	\$15,065
Incr/(decrease)	(\$5,933)	(\$3,937)	\$758	(\$71)	\$2,219	\$2,659

C. Maintaining High Level of Service

- All Services Maintained. Extra funds in this budget to fund extreme 2014 snow removal costs.
- Additional staff hired in Public Works, Clerk and Construction Office.
- \$3.5 million for capital to fix roads, equipment, etc.
- Lowest per capita tax and highest level of services in the surrounding community (see below chart).

Service Comparison of Madison and Surrounding Communities

Town	Per Person Municipal Tax	Garbage included in taxes?	Curbside Yard Waste?	Sewer included in taxes?	Fall Curbside Leaf Pickup?	Fire Dept, Paid Professional?	Municipal Electric Util?	Senior Center and Van?
Madison	\$796	Yes	Yes	Yes	Yes	Yes	Yes	Yes and Yes
Chatham Boro	\$826	No	Yes	Extra cost	Yes	No	No	Yes but no van
Chatham Twp	\$821	No	No	Extra cost	No	No	No	Yes but no van
Morris Twp	\$971	Yes	Yes	Extra cost	Yes	Yes	No	No
Florham Park	\$999	No	Yes	Extra cost	Yes	No	No	Yes but no van
Harding	\$1,505	No	No	Extra cost	No	No	No	No

D. Well within State Guidelines/Caps

- Qualified with the State as eligible for 'self examination' (see below).
- \$1.3 million under the State Appropriations Cap, an indication that Madison is not overspending.
- \$3.1 million under the State Tax levy Cap, an indication that Madison is not overtaxing.

What is 'Self Examination'?

The Borough of Madison is eligible for local budget examination which allows the budget adoption process to be more efficient. The Borough must meet ten (10) qualifications to be eligible. The Borough does meet all ten (10) which are:

- 1) The outstanding debt does not exceed 3.0% % of the total property equalization value.
- 2) All emergency approved from the prior year did not exceed 3.0% of total appropriations.
- 3) The tax collection rate exceeded 90.0%.
- 4) Total deferred charges did not equal or exceed 4.0% of the total tax levy.
- 5) There were no procedural deficiencies noted by our Registered Municipal Accountant/Auditor.
- 6) There was no operating deficit for the previous fiscal year.
- 7) The municipality did not conduct an accelerated tax sale for less than three (3) consecutive years.
- 8) The municipality did not conduct a tax levy sale the previous fiscal year and does not plan to conduct one in the current year.
- 9) The current year budget does not contain a levy or appropriation CAP referendum.
- 10) The municipality will not apply for Transitional Aid for 2014.

The Borough's Chief Financial Officer must certify in writing that these qualifications are met.

MUNICIPAL BUDGET
SUMMARY OF REVENUE AND APPROPRIATIONS

Line	REVENUE	2013	2014	INCREASE (DECREASE)	PERCENT CHANGE
1	PRIOR YR. SURPLUS-OPERATING	2,975,000	3,597,000	622,000	20.91%
2	MUNICIPAL SOURCES (net*)	3,544,000	3,608,000	64,000	1.81%
3	*GC Fund Balance for Capital	500,000	1,460,000	960,000	192.00%
4	STATE AID AND GRANTS	915,189	997,357	82,168	8.98%
5	ELECTRIC SURPLUS - CAPITAL	0	1,578,000	1,578,000	NA
6	ELECTRIC SURPLUS - OPER.	3,722,000	4,218,000	496,000	13.33%
7	SALE OF PROPERTY	389,500	462,000	72,500	18.61%
8	TOTAL MUNICIPAL REVENUES	12,045,689	15,920,357	3,874,668	32.17%
9	PROPERTY TAXES	13,636,718	13,637,389	671	0.00%
10	TOTAL REVENUES	25,682,407	29,557,746	3,875,339	15.09%
APPROPRIATIONS					
11	SALARIES & WAGES	9,596,680	10,013,525	416,845	4.34%
12	HEALTH INSURANCE (NET)	1,782,000	1,889,000	107,000	6.00%
13	PENSION & SOCIAL SECURITY	1,661,000	1,663,000	2,000	0.12%
14	SUB-TOTAL	13,039,680	13,565,525	525,845	4.03%
15	UNEMPLOYMENT INSURANCE	50,000	50,000	0	0.00%
16	LEGAL	200,000	210,000	10,000	5.00%
17	DEPARTMENT OPERATING EXP.	2,364,127	2,654,092	289,965	12.27%
18	UTILITIES	765,600	787,000	21,400	2.80%
19	WASTE REMOVAL	1,557,100	1,590,600	33,500	2.15%
20	LIABILITY INSURANCE	556,350	569,000	12,650	2.27%
21	SUB-TOTAL	5,493,177	5,860,692	367,515	6.69%
22	CAPITAL IMPROVEMENT FUND	1,000,000	3,500,000	2,500,000	250.00%
23	DEBT SERVICE	2,271,300	2,269,000	(2,300)	-0.10%
24	REVALUATION NOTE PAYMENT	80,000	80,000	0	0.00%
25	SUB-TOTAL	3,351,300	5,849,000	2,497,700	74.53%
26	MADISON-CHATHAM JOINT MTG.	946,733	984,602	37,869	4.00%
27	PUBLIC LIBRARY	1,291,517	1,297,927	6,410	0.50%
28	RESERVE FOR TAX APPEALS	0	400,000	400,000	NA
29	TOTAL SPENDING	24,122,407	27,957,746	3,835,339	15.90%
30	RESERVE FOR UNCOLL. TAXES	1,560,000	1,600,000	40,000	2.56%
31	TOTAL APPROPRIATIONS	25,682,407	29,557,746	3,875,339	15.09%

**Borough Of Madison
Municipal Tax Levy Comparison
2013 vs. 2014**

	2013	2014	Increase (Decrease)
Municipal Tax Levy	\$ 13,636,718	\$ 13,637,389	\$ 671
Assessed Valuation	\$ 3,382,032,100	\$ 3,430,124,400	\$ 48,092,300
Municipal Tax Rate	\$ 0.40321	\$ 0.39758	\$ (0.00563)
Average Assessed Valuation for Residential Property	\$666,672	\$ 667,218	\$ 546
Average Residential Property Taxes	\$2,688.09	\$ 2,652.71	\$ (35.39)
% change in Municipal Property Tax for the Average Residential Home			-1.32%