



**Byram Township
2011 Initial Budget Discussion
August 30, 2010**





General Comment

- Objectives of Meeting:
 - Provide an overview of the 2011 Proposed Budget.
 - Discuss impact of 2% Levy CAP.
 - Gain direction from the Byram Township Mayor and Council on areas for potential budget reductions.
 - Schedule series of 2011 Budget Workshops during September and October.
 - Next Steps

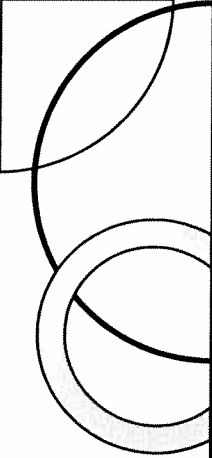
- NOTES:
 - The 2011 proposed budget is the best possible representation based on known and estimated expenses which are based on prior years.
 - If there is a need for staff reductions, target final plan by November 1, 2010.



League of Municipalities Update as of July 12, 2010

- The General Assembly approved S-29 to implement a tax levy cap of 2%.
- The Governor signed the bill Tuesday, July 13th.
- Statement from the League Executive Director Bill Dressel:

*“Caps do not address the real cost drivers confronted by local leaders. A hard 2.0 cap is, as the Governor said ‘unworkable,’ without the toolkit. No one can declare the cap a victory for reform, until the toolkit reforms are passed. Now that the proverbial cart has been placed before the horse, the Legislature and Administration must immediately prioritize and pass the toolkit reforms. For years local leaders have called for reform, including binding arbitration reform, COAH reform, health benefits reform, mandates relief, civil service reform, revenue replacement funding compliance, flexibility to deal with pension costs, utility costs, disaster and emergency response costs and other costs imposed by factors beyond the control of local leaders, and conformity of any new local caps to a new State spending cap. **“The League of Municipalities can support a property tax levy cap, if and only if it is moved as the final piece, not the centerpiece of reform.”**”*



Senate Bill S29 - 2% Tax Levy CAP

- Amends the tax levy cap from 4% to 2%.
 - Exclusions that shall be added to the calculation of the adjusted tax levy:
 - Capital expenditures, including debt service as defined by law.
 - Increases in pension contributions and accrued liability for pension contributions in excess of 2%.
 - Increases in health care costs in excess of 2% but less than the percentage increase of the State Health Benefits Program.
 - Extraordinary costs incurred by local unit directly related to a declared emergency.
- The governing body can request approval to increase amount to be raised by taxation by more than the allowable adjusted tax levy.
- A question is submitted to the legal voters and must be approved by an affirmative vote in excess of 50%.
- Referendum conduction pursuant to the law shall be held: For calendar year budgets, only on the fourth Tuesday in January and the Second Tuesday in March other than a year when a presidential primary election occurs




Summary 2011 Estimated Appropriations

- **General Administration O&E – \$9,000 reduction:**
 - Postage: \$3,300 reduction
 - Printing: \$4,500 reduction
 - Elimination of printing and mailing the annual calendar and postcards.
- **Mayor and Council O&E - \$6,000 reduction:**
 - Seminars and Meetings – reduced \$2,000
 - Codification – reduced \$4,000
 - Expecting Highlands Grant to cover cost of codifying ordinances.
 - Local Budget Laws considers preparation of a revision and codification as a special emergency.
- **Elections - \$16,200 increase**
 - Costs of 2011 municipal election and other changes in election expenses.
- **Finance S&W - \$9,750 reduction, and**
- **Tax Collection S&W - \$4,500 reduction:**
 - Eliminated FT position and replaced with two (2) part-time employees.
- **Tax Assessment O&E - \$2,500 reduction:**
 - Reduced tax map budget - Estimated work for Route 206 updates (\$3600) plus normal work that needs to be completed.
- **Environmental Commission O&E - \$2,500 reduction:**
 - Eliminated \$2,500 that was set aside to cover 2010 ANJEC grant.
- **Planning Board S&W - \$39,100 reduction:**
 - Elimination of planner position.



Summary 2011 Estimated Appropriations ...continued

- **Police S&W - \$100,000 increase:**
 - All contractual obligations satisfied (3 employee steps).
- **Police O&E - \$7,000 reduction:**
 - Reduced Cars/Public Safety Line Item \$23,000 – budgeting for only one vehicle.
 - Increased Police & Fire Training \$16,000 - contractual obligation for college credits.
- **Road Repair and Maintenance S&W – \$62,250 increase:**
 - All contractual obligations satisfied (3 employee steps).
- **Road Repair and Maintenance O&E – \$40,750 reduction:**
 - Operating Maintenance reduced \$5,000
 - Grits budget reduced - \$2,000
 - Black Top reduced - \$3,000
 - Park Maintenance reduced \$15,000
 - Parking Operating reduced \$5,000
- **Building & Grounds O&E - \$9,150 reduction:**
 - Eliminated budget for new equipment – reduction \$6,000
 - Operating Maintenance reduced \$2,900
 - Moved back to election budget.
 - 2010 covered cost of Municipal Monitoring Wells – annual report.
- **Improvements to Streets and Roads - \$35,000 reduction:**
 - Moved \$15,000 back to elections budget
 - Moved \$20,000 to Capital Improvement Fund



Summary 2011 Estimated Appropriations ...continued

- Assumptions/Estimates:

- Animal Control – Contract with Sparta expires 12/31/10. Requested new agreement. Budgeted same amount as 2010.
- Utility Budgets – kept same as 2010.
- Audit Fees – negotiating a reduction.
- General Liability Insurance – estimated an 8% increase (same as 2010).
- Workers' Compensation – estimated an 8% increase (same as 2010).
- Group Insurance – estimated a 10% increase.
- Pensions (PERS and PFRS) – estimated an 11% increase.
- Flow Control Tip Fee Increase - Estimating 3600 tons X \$12/ton (\$43,200)

Summary 2011 Estimated Appropriations ...continued

	<u>2011 Budget</u>	<u>2010 Budget</u>
Appropriations (Inside CAP):		
Salary & Wages	\$3,438,726	\$3,310,476
Operating Expenses	\$6,268,346	\$6,260,292
Total Appropriations (Inside CAP):	\$9,707,072	\$9,570,768
	CHANGE: (+) \$136,304 or 1.42%	
Appropriations (Outside CAP):		
Grp Insurance – Balance of Increase	\$49,980	
Pensions – Balance of Increase	\$44,779	
Debt Service	\$329,716	\$322,947
Capital Improvements	\$200,000	\$180,000
Total Appropriations (Outside CAP):	\$624,475	\$502,947
	CHANGE: (+) \$121,528	
Total Appropriations	\$10,356,831	\$10,073,715
	CHANGE: (+) \$257,832 or 2.56%	

In 2011 - The total amount that can be raised by Property Taxes with the 2% cap will be \$7,566,362 or an increase of \$148,360.

Summary 2011 Estimated Revenues

	<u>2011 Budget</u>	<u>2010 Budget</u>	<u>Change</u>
Amt to be Raised by Taxation:	\$7,671,000	\$7,418,002	(+) \$252,998
Surplus Anticipated:	\$1,138,142	\$1,138,142	N/C
Fees & Permits:	\$26,000	\$26,000	N/C
Uniform Construction Fees:	\$107,000	\$95,000	(+) \$12,000
Municipal Court:	\$135,000	\$135,000	N/C
Interest & Costs on Taxes:	\$120,000	\$120,000	N/C
Interest on Investments:	\$24,000	\$36,000	(-) \$12,000
STATE AID - Total \$638,355			
 CMPTRA:	\$92,998	\$92,998	N/C
 Energy Receipts Tax:	\$482,477	\$482,477	N/C
 Garden State Pres.Trust:	\$62,880	\$62,880	N/C
Receipts from Delinquent Taxes:	\$340,750	\$340,750	N/C
Reserve for Debt Service:	\$25,000	\$25,000	N/C
Offsetting Revenues			
PBA Rep Contract:	\$106,300	\$101,466	(+) \$4,834
TOTALS:	\$10,331,547	\$10,073,715	\$257,832



Summary 2011 Estimated Revenues ...continued

Assumptions/Estimates/Comments:

- The amount to be raised by taxes is estimated at \$7,671,000 and increase of \$252,998 or 3.4%.
- Estimated Summary of Increase:

◦ Inside CAP	\$136,304	1.8 % increase
◦ Outside CAP	\$121,528	1.6% increase
◦ Less Offsetting Revenue:	\$4,834	.0006 decrease
- NOTE: Cannot anticipate revenues more than actually received in prior year.
- NOTE: PBA Contract is an offsetting revenue to an expense in the budget. Did not include other grants since these are not yet known and are offsetting revenues.
- New shared service agreement with Netcong – guaranteed increase of \$12,000 for construction fees.
- Estimated no change to many of the anticipated revenues including STATE AID.
- 2010 State Aid reduced 20.45%. Another similar reduction in 2011 will reduce revenues by \$130,544.

Summary:

- The Proposed Budget Plan as presented is under CAP, and requires an increase of taxes totaling \$252,998 or 3.4%.
- Any reduction of anticipated or actual revenues will minimally require an equal reduction of appropriations that fall under the 2% Levy CAP. This has a direct impact on services.
- Market Conditions have not been favorable in 2010 which has had a direct impact on Interest on Investments. Since 2008 anticipated interest income has reduced from \$98,000 to an anticipated amount of \$24,000 or less for 2011. (2009 realized \$38,051.57 and anticipated \$36,000 in 2010).
- Anticipated State Aid for 2010 totals \$638,355 or a \$151,792 reduction from 2009. Since 2008 and including 2010, the Township has loss \$367,685 in state aid. On Friday August 27, the 'Best Practices Checklist' was released that will determine if the Township will receive the final five percent state aid payment of \$31,918. for 2010.
- An additional 20.45% reduction of State Aid in 2011 will require a \$130,544 budget cut.

KEY FACTS:

- The 2010 Municipal Purpose Property Tax Rate was .669 for every \$100 of assessed value.
- The Averaged Assessed Home in 2010 was \$302,795 resulting in a municipal purpose tax of \$2,025.70.
- A 50% reduction of the Municipal Budget will ONLY result in an estimated \$1,012.85 reduction to the Average Tax Payer in the Township.

Next Steps:

Suggestions:

- Call on Local State Representatives to lobby against further reductions of State Aid in 2011 – ensure they are used for their intended purpose – local property tax relief.
- Lobby for CAP relief until 'Tool Box' is defined and be implemented for actual reform.
- Continue to explore cost saving opportunities.
- Plan for possible needed staff reductions to meet 2% Levy CAP.

Agreed Next Steps:

1. Schedule series of 2011 Budget Workshops during September and October.
2. ?
3. ?
4. ?

