

## *Borough Council – Finance Committee*

# Welcome to the 2011 Borough Budget Workshop

**Mayor & Council**

**April 9, 2011**

**Finance Committee**

Bill Dodge

Peter Meyer

Anthony Pellegrino

### **2011 Borough Budget Objectives**

- Balance the service needs of the Community with cost and the need for higher taxes.
- Monitor the household and commercial income trends as a guide/constraint to current and Budget planning.
- Review all Operating Expense line items for all Departments.
- Achieve a 2011 Budget that is 0.0% to 1.6 cents above the 2010 Budget.
- Utilize the provisions enabling the deferral of the Schools Taxes.

## **The Overall 2011 Budget and Anticipated Taxes**

**Includes:**

**Shrewsbury Borough School  
Red Bank Regional High School  
Monmouth County**

## The Anticipated Overall Tax Burden and Trends

### PROPOSED 2011 Total Tax Bill and Trends All Taxing Authorities

Tax Authority	Proposed 2011	Yr - Yr % Change	% Change Since 2006	
			Total	Ave. Annual
Local School	\$ 7,291,811	1.9%	15.6%	2.6%
<b>Borough</b>	<b>\$ 6,368,308</b>	<b>1.6%</b>	<b>17.8%</b>	<b>3.0%</b>
Regional School	\$ 4,682,386	1.6%	39.1%	6.5%
County	\$ 3,254,293	2.6%	12.9%	2.2%
Borough Open Space	\$ 80,817	0.0%	1.5%	0.2%
<b>Total Taxes</b>	<b>\$ 21,677,614</b>	<b>1.8%</b>	<b>20.1%</b>	<b>3.4%</b>
<b>Adjusted Gross Income Per Shrewsbury Household</b>			<b>8.0%</b>	<b>1.6%</b>

## The Overall Tax Burden and Trends

### 2011 Total Tax Bill and Trends All Taxing Authorities

Tax Authority	Proposed 2011	Yr - Yr % Change	% Change Since 2006	
			Total	Ave. Annual
Local School	\$ 0.92	4.2%	16.4%	2.7%
<b>Borough</b>	<b>\$ 0.79</b>	<b>2.1%</b>	<b>16.6%</b>	<b>2.8%</b>
Regional School	\$ 0.59	4.2%	40.4%	6.7%
County	\$ 0.41	4.1%	12.7%	2.1%
Borough Open Space	\$ 0.01	0.0%	0.0%	0.0%
<b>Total Taxes</b>	<b>\$ 2.73</b>	<b>3.5%</b>	<b>20.3%</b>	<b>3.4%</b>

<b>Adjusted Gross Income Per Shrewsbury Household</b>	<b>8.0%</b>	<b>1.6%</b>
---	-------------	-------------

## The Overall Tax Burden by Tax Authority

**Adjusted Gross Income Per Shrewsbury Household** **8.0%** **1.6%**

### Mix of Taxes and the Trend

#### All Taxing Authorities

Tax Authority	Proposed 2011		Actual 2006	
	Cents/hundred	% of Total	Cents/mil	% of Total
Local School	\$ 0.92	33.8%	\$ 0.79	34.9%
<b>Borough</b>	<b>\$ 0.79</b>	<b>29.0%</b>	<b>\$ 0.68</b>	30.0%
Regional School	\$ 0.59	21.8%	\$ 0.42	18.7%
County	\$ 0.41	15.0%	\$ 0.36	16.0%
Borough Open Space	\$ 0.01	0.4%	\$ 0.01	0.4%
<b>Total Taxes</b>	<b>\$ 2.73</b>	<b>100.0%</b>	<b>\$ 2.27</b>	<b>100.0%</b>

## **The 2011 Borough Budget Only** **(Excludes Schools)**

## The Preliminary 2011 Borough Budget

### Preliminary 2011 Budget

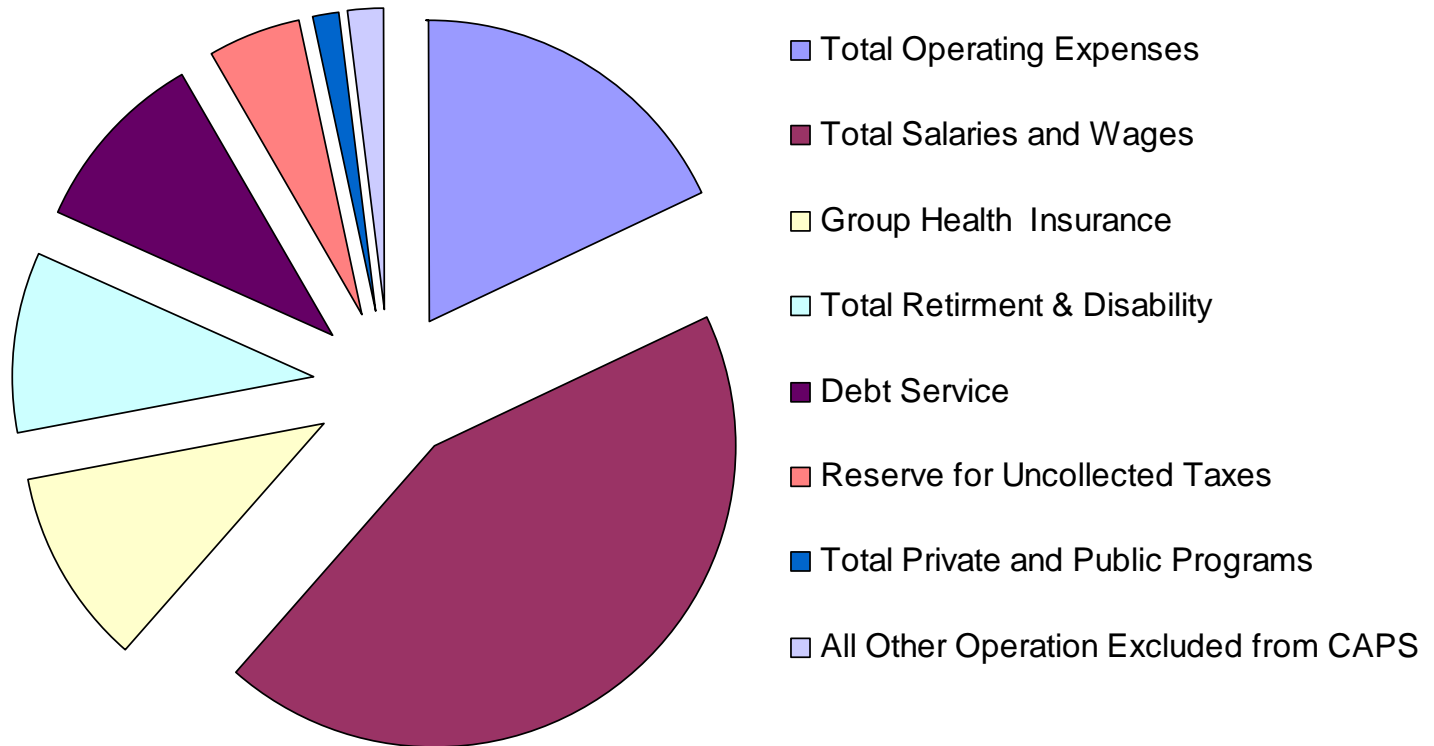
#### Major Expense Categories

**Dollars**

Expense Category	Proposed 2011	\$ Changes	
		2010-11	2006-11
<b>Operating Expenses</b>	<b>\$ 1,696,456</b>	<b>\$ 99,869</b>	<b>\$ 156,144</b>
<b>Salaries and Wages</b>	<b>\$ 3,853,166</b>	<b>\$ 124,425</b>	<b>\$ 738,442</b>
<b>Group Health Insurance</b>	<b>\$ 920,000</b>	<b>\$ (15,000)</b>	<b>\$ 188,765</b>
<b>Total Retirement &amp; Disability</b>	<b>\$ 862,422</b>	<b>\$ 125,839</b>	<b>\$ 552,416</b>
<b>Debt Service</b>	<b>\$ 905,099</b>	<b>\$ (3,967)</b>	<b>\$ 176,663</b>
<b>Reserve for Uncollected Taxes</b>	<b>\$ 434,799</b>	<b>\$ (97,307)</b>	<b>\$ 128,269</b>
<b>Private and Public Programs</b>	<b>\$ 136,270</b>	<b>\$ (14,883)</b>	<b>\$ 23,647</b>
<b>Other Operations not in CAPS</b>	<b>\$ 161,104</b>	<b>\$ 63,802</b>	<b>\$ 52,951</b>
	<b>\$ 8,969,316</b>	<b>\$ 282,778</b>	<b>\$ 2,017,297</b>

## 2011 Budget Mix of Expenses

### 2011 Budget Breakdown



## The Preliminary 2011 Borough Budget

### Preliminary 2011 Budget

#### Major Expense Categories

**% of Total**

Expense Category	Proposed 2011	% of Total	
		2010	2006
<b>Operating Expenses</b>	<b>18.9%</b>	18.4%	22.2%
Salaries and Wages	43.0%	42.9%	44.8%
Group Health Insurance	10.3%	10.8%	10.5%
<b>Total Retirement &amp; Disability</b>	<b>9.6%</b>	8.5%	4.5%
Debt Service	10.1%	10.5%	10.5%
Reserve for Uncollected Taxes	4.8%	6.1%	4.4%
Private and Public Programs	1.5%	1.7%	1.6%
Other Operations not in CAPS	1.8%	1.1%	1.6%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## 2011 Budget - Operating Expenses

### 2011 Operating Expense Budget Top 10 Operating Expenses

Operating Expense Line	Dollars	% of OE	% of OE Items
Landfill/Solid Waste Disposal Costs	\$ 180,000	10.6%	
Solid Waste Collection Contractual	\$ 161,765	9.5%	
Workers Compensation Insurance	\$ 152,071	9.0%	
Police Department	\$ 148,000	8.7%	
Other Insurance	\$ 110,000	6.5%	
Electricity	\$ 85,000	5.0%	
Fire Hydrant Service	\$ 84,000	5.0%	
Gasoline	\$ 54,000	3.2%	
Street Lighting	\$ 52,000	3.1%	
Telephone (excluding equipment acquisition)	\$ 50,000	2.9%	
<b>Top 10 Operating Expenses</b>	<b>\$ 1,076,836</b>	<b>63.5%</b>	<b>18.9%</b>
All Other Operating Expenses	619,620	36.5%	81.1%
<b>Total Operating Budget 2011</b>	<b>\$ 1,696,456</b>	<b>100.0%</b>	<b>100.0%</b>

## 2011 Budgeted Non-Operating Expenses

### 2011 Budget - Non- Operating Expenses & Trend

#### Salaries & Wages, Debt Service, & Other

	Proposed 2011	Yr-Yr % Change	% Change Since 2006	
			Total Chg.	Ave. Annual
<b>Total Wages &amp; Salaries &amp; Benfits</b>				
Total Salaries and Wages	\$ 3,853,166	2.9%	23.7%	4.0%
Group Health Insurance	\$ 920,000	3.7%	25.8%	4.3%
Total Retirement & Disability	\$ 862,422	19.9%	178.2%	29.7%
<b>Total Wages &amp; Salaries &amp; Benfits</b>	<b>\$ 5,635,588</b>	<b>5.3%</b>	<b>35.6%</b>	<b>5.9%</b>
<b>Other Non-Operating Expenses</b>				
Debt Service	\$ 905,099	0.1%	24.3%	4.0%
Reserve for Uncollected Taxes	\$ 434,799	-18.3%	41.8%	7.0%
Total Private and Public Programs	\$ 136,270	-8.6%	21.0%	3.5%
All Other Operation Excluded from CAPS	\$ 161,104	-8.6%	21.0%	3.5%
<b>Total Other Non-Operating Expenses</b>	<b>\$ 1,637,272</b>	<b>79.8%</b>	<b>49.0%</b>	<b>8.2%</b>
<b>Total Non Operating Expenses</b>	<b>\$ 7,272,860</b>	<b>5.8%</b>	<b>27.6%</b>	<b>4.6%</b>

# Funding the 2011 Budget

## 2011 Revenue Budget

### 2011 Revenue Budget All Categories - Excluding Incremental Borrowings

	Dollars	% of Total Budget
<b>Surplus Anticipated</b>		
Deferral of School(s) Tax	600,000	6.7%
Carried Over 2010 Authorizations - Net	765,000	8.5%
<b>Total Anticipated Surplus</b>	<b>1,365,000</b>	<b>15.2%</b>
<b>Aid, Grants, UCC Fees, &amp; Other</b>		
Local Revenues	458,000	5.1%
State Aid	381,641	4.3%
UCC Fees	95,000	1.1%
Grants	51,866	0.6%
Special Items of revenue	64,500	0.7%
Receipts from Delinquent Taxes	185,000	2.1%
<b>Total Aid, Grants, UCC Fees &amp; Other</b>	<b>1,236,007</b>	<b>13.8%</b>
<b>Total Non Tax Sources of Funds</b>	<b>2,601,007</b>	<b>29.0%</b>
<b>Tax Revenue Raised</b>	<b>6,368,308</b>	<b>71.0%</b>
<b>Total General Revenues</b>	<b>8,969,315</b>	<b>100.0%</b>

## The Funding Challenges Going Forward

### Spending, Taxes, and Funding the Shortfall

Category	% of Appropriations	% Change 2006 - 2011	
		Year-Year	Ave. Annual
Adjusted Gross Income/Shrewsbury Household			1.60%
Spending - General Appropriations	100.0%	27.6%	4.60%
Taxes Raised - Borough Only	71.0%	16.6%	2.80%
<b>Funding Gap</b>			<b>1.80%</b>
<b>Financing the Funding Gap</b>			
Local Revenues	5.1%	-18.3%	-3.1%
State Aid	4.3%	-33.8%	-5.6%
UCC Fees	1.1%	-9.7%	-1.6%
Grants	0.6%	-6.4%	-1.1%
Special Items	0.7%	181.3%	30.3%
Receipts from Delinquent Taxes	2.1%	13.2%	2.2%
Surplus - Deferral of School Taxes	15.2%	91.7%	15.3%

## Capital Expenditures

### 2011 Capital Expenditures and Related Debt Information

<b>2011 Preliminary Capital Expenditures</b>	<b>\$</b>	<b>1,035,067</b>
<b>Annual Debt Service (Principal &amp; Interest)</b>	<b>\$</b>	<b>905,099</b>
% of the 2011 Budget		10.20%
<b>Debt Outstanding</b>		
Total Dollars (Borough plus Allocated)	<b>\$</b>	<b>9,256,738</b>
Approximate Weighted Average Interest rate		4.48%
Approximate Weighted Average Years to Maturity		12.5 Yrs.
<b>Approximate Credit Rating (Bloomberg)</b>		<b>Aa3</b>
<b>Borrowing Capacity (3% of Equalized Valuation)</b>	<b>\$</b>	<b>35,675,828</b>

# **Planning for the Issues and Challenges that Lay Ahead**

## *Planning Challenges Going Forward*

### **The Issues and Challenges Going Forward**

- Operating Budgets are already lean.
- Spending has exceeded Taxes Raised.
- The Deferral of School Taxes is Limited.
- Grants & State Aid are in decline and under pressure.
- We need a new fire truck and major road repair.
- Salaries, Wages, & Benefits could be cut – Which Services?
- Most likely taxes will be raised in the future.

### **Our Plans for Managing the Future Needs of the Borough**

- Hold the line on Operating Expenses.
- Identify, implement, and invest in productivity enhancing management practices and equipment.
- Seek Union Contract concessions where possible.
- Review the Non-Borough Budgets and costs for adjustments including SBS and RBRHS – the “Equalization Formula” and Process.
- Consider and evaluate Shared Services with other Boroughs and the County.
- Prepare the community for what lies ahead with greater transparency and communication.

# SHREWSBURY



## Notes