



Presented to
Chatham Township Committee
February 14, 2013

2013 BUDGET

INTRODUCTION

- ✘ In 2010 the State imposed a 2% limit on any increase to the previous year's levy for local purposes known as the amount to be raised by taxes. This limitation is known as the Levy Cap.
- ✘ Additionally, we are also subject to a spending cap which has been in place since 1976 and has been modified over the years with various appropriations being exempt from the cap from time to time.
- ✘ You will see in the budget document that spending is broken out into appropriations within the cap and appropriations excluded from the cap.

INTRODUCTION (CONTINUED)

- ✘ We have continued to deliver services effectively, efficiently and economically while staying well below both the Levy Cap and Spending Cap.
- ✘ The success of our efforts is demonstrated in this budget as for the third year in a row we present a budget with no increase in the Local Purpose Tax Rate.
- ✘ In fact, the budget as presented would lower the Local Purpose Tax Rate by 3/10ths of a cent, resulting in a decrease of \$25.50 on the average home assessment of \$750,000.

THE TAX LEVY CAP

- ✘ As mentioned earlier, the State has imposed a 2% limit on the increase to the previous year's amount to be raised by taxes known as the Levy Cap.
- ✘ Under the State formula the maximum allowable amount to be raised by taxes for Chatham Township in 2013 would be \$9,071,185.
- ✘ The proposed amount to be raised is \$8,574,639 which is \$496,546 below the Cap.

THE TAX LEVY CAP

- ✘ This amount is available for banking for use between 2014 -2016.
- ✘ Cumulatively, for 2012 and 2013 we are more than \$1,000,000 below the allowable Levy Cap.

STATE AID

- The amount of State Aid to be received remains stagnant and will remain at the same level for the fourth straight year - \$836,000.
- State Aid was \$1,256,000 in 2007, declined to \$1,121,000 in 2008 and declined again in 2009 to \$1,077,000.
- In 2010 it was reduced to \$836,000 where it remains.

2013 BUDGET STATEMENT

- We have achieved our goals of controlling taxes and spending by significantly reducing the size of our workforce and entering into shared services with the County and some of our neighboring municipalities.
- State Legislative action has led to increased employee contributions to the Pension Systems which in turn has allowed for a reduction in the Township's contribution for 2013 by more than \$50,000.
- Additional Legislative action required phased-in employee contributions for health insurance benefits which this year will yield more than \$90,000 to the Township, offsetting a significant portion of the increased premiums.

2013 BUDGET HIGHLIGHTS

- Highlights:

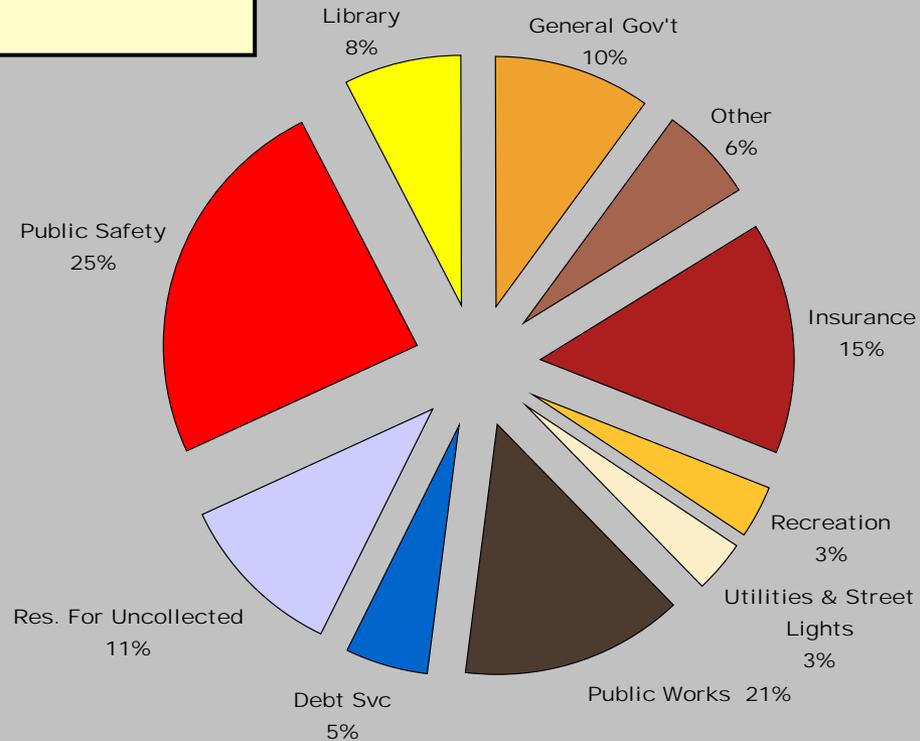
- \$496,546 below the allowable Levy Cap.
- \$316,347 below the allowable Spending Cap.
- Police Pension Contribution reduced by \$12,233
- Public Employees Pension Contribution reduced by \$31,349.
- 12/31/12 Fund Balance (Surplus) increased \$290,000 over 12/31/11 balance.
- Construction activities continued to be relatively strong resulting in increased fees collected and added value to taxable properties.
- There are no significant increases in spending.

2013 BUDGET OVERVIEW

	2012	2013	Diff
Surplus Used	2,000,000	2,100,000	100,000
Local Misc	449,000	432,000	-17,000
NJ State Payments/Grants	836,467	836,467	0
Public and Private Programs	38,294	45,094	6,800
Delinquent taxes	565,000	575,000	10,000
Construction Code Fees	400,000	450,000	50,000
Library Taxes	1,018,969	987,535	-31,434
Local Purpose Taxes	8,603,843	8,585,973	-17,870
Total Revenues	13,911,573	14,012,069	100,496
General Appropriations	12,515,160	12,577,795	62,635
Reserve For Uncollected Taxes *	1,396,413	1,434,274	37,861
Total Appropriations	13,911,573	14,012,069	100,496

YOUR GOVERNMENT AT WORK

2013 Appropriations



DISCLOSURE OF STRUCTURAL IMBALANCES

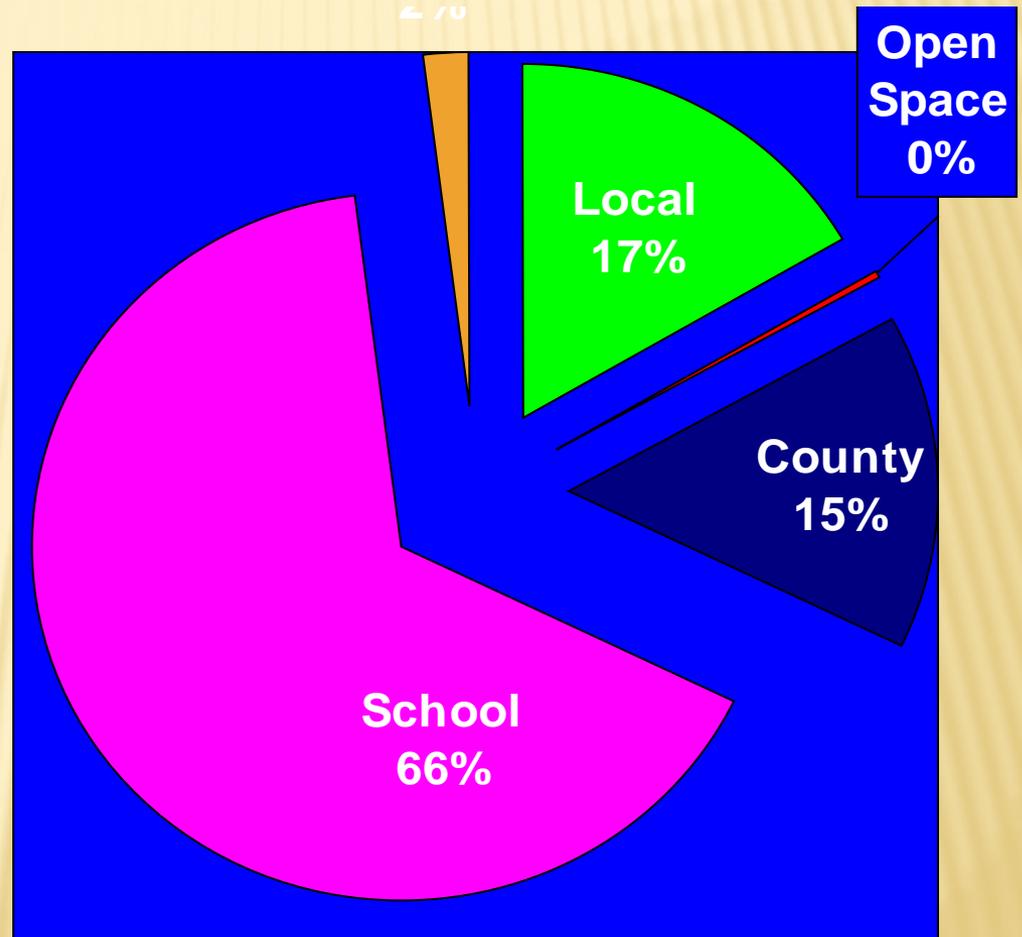
- Municipalities in New Jersey are required to identify any budget issues related to structural imbalances. The budget requires a listing in 4 categories.
- Revenues at Risk: this proposed budget does not anticipate any non-recurring revenues.
- Non-Recurring Cost Reductions: all of the cost reduction measures used in the 2013 budget are permanent in nature.
- Anticipated 2013 Appropriation increases: it is expected that labor costs will increase by approximately 1.75% in 2013; Health Insurance costs in 2014 are likely to rise 8-12%; debt service is likely to rise in 2014 as we move to pay down Bond Anticipation Notes and also move to permanent financing of authorized debt through the sale of Bonds.
- Structural Imbalance Offsets: Appropriation increases will be at least partially offset by increased employee contributions to Health Insurance premiums; 2011 emergency appropriation for storm cleanup was retired in 2012 but the October 2012 storm required an emergency appropriation of \$175,000 which is included in the 2013 budget. Barring another similar event, the \$175,000 will be retired in 2013 and not repeated in 2014.

TAXES

- For the third year in a row there will be no increase in the Local Purpose Tax Rate which is 28.5 cents per \$100 of assessed value, a decrease of .3 cents.
- The Levy for the Joint Library is also reduced by .1 cents and stands at 3.3 cents per \$100 of assessed value.
- The Municipal Open Space Tax is proposed to remain .5 cents. The funds raised will continue to be used to fund open space purchases, maintenance and improvement of properties already purchased and payment of debt related to these activities.

ESTIMATED TAX RATES AND DISTRIBUTION

Local	0.2852
Open Space	0.005
Library	0.033
County	0.266
School	1.13
Total	1.701



AVERAGE LOCAL TAXES

- ✘ Average residential assessment for 2013 is \$750,000.
- ✘ 2012 Local tax rate of 28.86 cents per \$100 of assessed value resulted in a municipal tax bill of \$2,164.
- ✘ The proposed 2013 local tax rate 28.52 cents per \$100 of assessed value will result in a municipal tax bill of \$2,139, a reduction of \$25.

2013 CAPITAL BUDGET

- ✘ Various road improvements.
- ✘ Purchase of DPW equipment.
- ✘ Purchase of fire equipment to support volunteers
- ✘ Various building improvements including the purchase of emergency generators.

LOOKING AHEAD

- As a result of prudent planning over the last several years we remain in a position to meet the State mandated controls on spending and taxation while maintaining excellent service delivery.
- We have taken advantage of opportunities to share and consolidate services.
- We have reduced the size of every department of municipal government and have negotiated fair contracts with our labor unions with results that will benefit current and future Chatham Township taxpayers.

LOOKING AHEAD (CONT)

- ✘ We have achieved our goals of controlling taxes and limiting spending without resorting to gimmicks. The budget being presented has no structural imbalances, no revenue gimmicks, no smoke and mirrors. It is an honest, straightforward budget.