



2010 Municipal Budget Overview

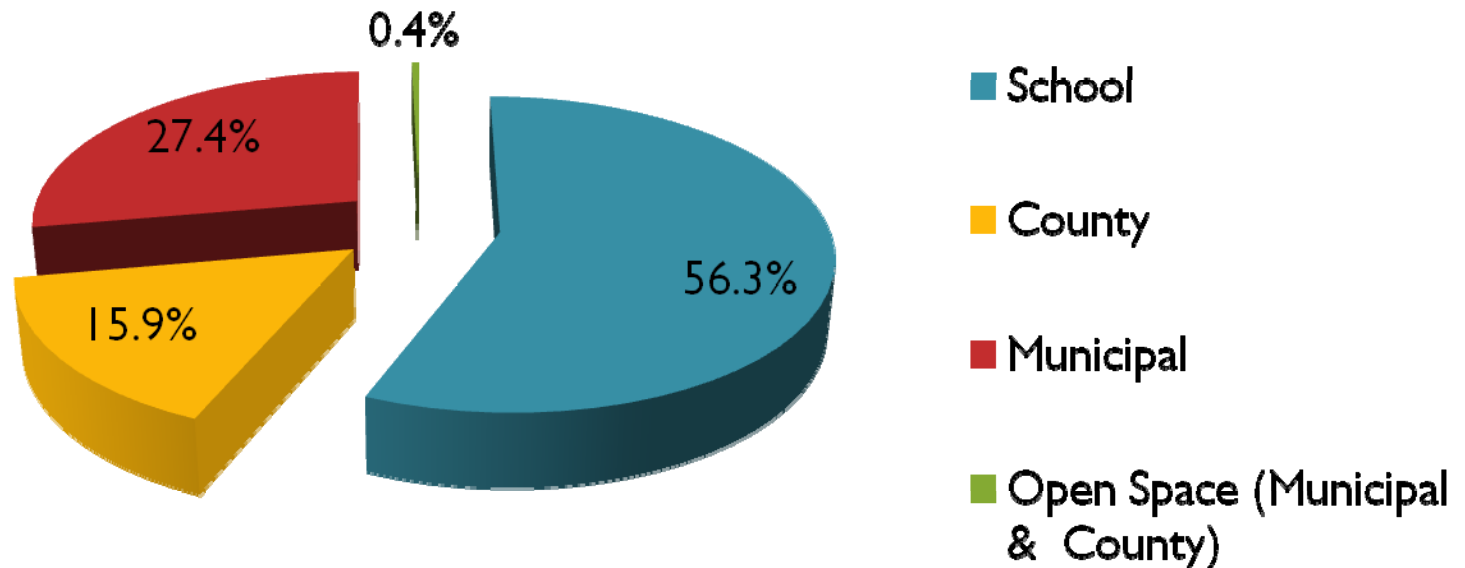
Township of South Orange Village

September 13, 2010

Tax Bill Breakdown

- Property taxes made up of several elements:

Property Tax Breakdown





2010 Budget

- Initial budget without changes: +29.4%
- Introduced budget in April: +6.8%

- Final budget proposed for adoption: **+1.94%**

2010 Budget (cont'd)

Largest drivers of *initial* projected increase vs. 2009

Revenues

- –\$1.7M revenues due to dramatically reduced surpluses and absence of extraordinary aid

Expenses

- +\$1.3M capital improvements and debt service
- +\$850K salary and employment taxes
- +\$1.8M pension and healthcare costs
- +\$440K employment taxes and insurance
- +\$400K salaries and wages
- +\$300K other increases



Pre-introduction Actions

- Before April introduction, identified ~\$5M *in reductions* to tax levy, in part by:
 - Identifying and appropriating \$2.4 million in surpluses and one-time income
 - Reducing \$1.5 million for capital improvements and debt service
 - Reducing \$1.1 million for personnel costs through attrition and negotiated union concessions



Pre-introduction Budget Impacts

- On downside, lost \$409K in State aid reductions, based on Governor's 2010-2011 budget.



Post-introduction Actions

- After introduction, identified *almost \$1M* in reductions to tax levy, in part by:
 - Identifying additional \$517K in surpluses, new miscellaneous revenue, and one-time income
 - Reducing health benefit costs by \$140K, based on employee contributions
 - Reducing utility expenses by \$150K
 - Reducing other expenses by \$177K

Operating Expenditures

- Operating Expenditures +3.7% vs. 2009, and +6.1% vs. 2007 (or 2.0% CAGR).

2007	\$ 28,776,090
2008	\$ 29,926,200
2009	\$ 29,440,498
2010 (for adoption)	\$ 30,539,568 +3.7%

Operating Expenditures (cont'd)

- Actually *down 1.5%* vs. 2009, when increases in escalating Pension and Health Benefits costs are excluded:

2007	\$ 28,776,090
2008	\$ 29,926,200
2009	\$ 29,440,498
2010 (for adoption)	\$ 28,995,552* -1.5%

*Excluding Pension and Health Benefit cost 2010 increases

2010 Total Municipal Budget

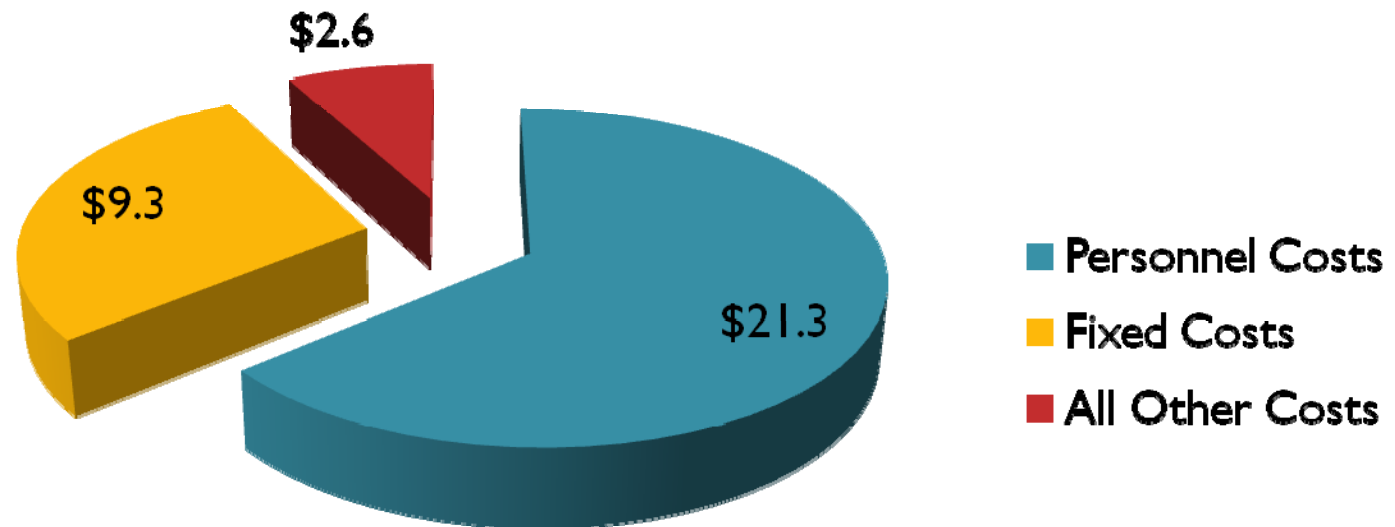
- Municipal Budget includes:
 - \$30.5M of Operations
 - \$2.7M of Grants, Capital Improvement Fund, Contributions, and Uncollected Tax Reserves

2010 Operations	\$ 30,539,568
Grants, Capital Improvement Fund, Contributions and Reserves for Uncollected Taxes	\$ 2,701,867
2010 Total Municipal Budget	\$ 33,241,435 +2.21%

Municipal Budget Breakdown

- Municipal expenses consist of many components:

Municipal Expenses (in \$Millions)



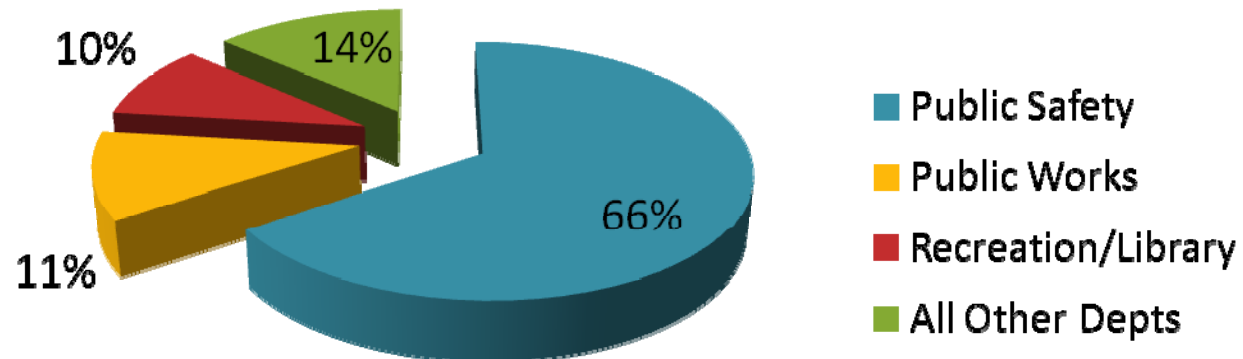
Operating Budget 2010 vs. 2007 Comparison

<i>Current Fund Operating Budget</i>				%		
		(\$ Million)		2010	2010	
				<u>vs.</u>	<u>vs.</u>	CAGR
<u>Operating</u>	<u>2007</u>	<u>2010</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>(Compounded Annual Growth)</u>
Personnel Expenses	\$20.0	\$21.3	\$1.3	6.6%	2.1%	
Fixed Expenses	\$6.5	\$7.0	\$0.5	8.0%	2.6%	
Other Expenses	\$2.4	\$2.3	(\$0.1)	-2.6%	-0.9%	
Total Operating	\$28.8	\$30.5	\$1.7	6.1%	2.0%	

Personnel Costs

- Personnel (including salary/wages, taxes, health benefits and pension benefits) for 167 FTE's constitute largest share of expenses – akin to other service organizations
- And, two-thirds of Personnel costs fund Public Safety (Police & Fire)

**Personnel Cost by Dept.
% of \$21.3 Million**



Personnel Costs 2010 vs. 2007 Comparison

<i>Current Fund and Water Utility Operating Budget</i>		(\$ Million)		2010	% Change 2010	CAGR (Compounded Annual Growth)
<u>Personnel</u>	<u>2007</u>	<u>2010</u>	<u>vs.</u> <u>2007</u>	<u>vs.</u> <u>2007</u>		
Public Safety	\$12.6	\$14.3	\$1.7	13.3%	4.2%	
Public Works	\$2.5	\$2.4	(\$0.1)	-5.4%	-1.8%	
Recreation & Library	\$1.8	\$2.0	\$0.2	13.0%	4.2%	
All Other Dept's	\$3.4	\$2.9	(\$0.5)	-13.8%	-4.8%	
Total Personnel	\$20.5	\$21.8	\$1.3	6.4%	2.1%	



Budget for Adoption & Impact

- As proposed for adoption, 2010 municipal budget will result in **1.94% municipal tax increase** – *the lowest increase in 11 years.*
- Average home, currently assessed at \$580,174, will experience \$81 annual municipal tax increase (plus increases from School District and County levies).