

## 2005 BUDGET MESSAGE

This year, the Borough Commissioners have set the local purpose tax rate at 64.0 cents per hundred dollars of assessed property valuation. This is 5.5 cents greater than last year's final billed tax rate. The County Board of Taxation may change the tax rate slightly, due to rounding. The Borough tax is a little less than 14% of your total real estate tax bill. The proposed 2005 Borough operating budget is \$11,714,453.

A property assessed at \$220,000, which the average residential assessment in the Borough, will pay a local purpose tax of \$1,408.00 this year. This is an increase of \$121.00 for the average property owner. Here are some examples of the effect of this 2005 budget on taxes:

Assessed Value <u>of Property</u>	2004 Borough <u>Taxes</u>	2005 Borough <u>Taxes</u>	\$ Increase from 2004 to 2005
\$110,000	\$ 643.50	\$ 704.00	\$ 60.50
220,000	1,287.00	1,408.00	121.00
330,000	1,930.50	2,112.00	181.50

On the revenue side, the surplus that the Borough carried over from 2004 is a little higher this year. The borough continues to budget this surplus conservatively, and is bringing only 85% of it into this year's budget. However, the Borough is facing a decrease of \$122,000 in anticipated miscellaneous non-tax revenue, and State aid has remained flat. Taking all of these revenue items together, the total non-tax revenue of the Borough this year (including appropriated surplus and State aid) is increased only \$28,000 over 2004.

In 2005, the Borough again is not transferring money from the Borough Water and Sewer Utility Fund into the budget as revenue, as was done before 2004. The Utility Fund income will continue to be used to repair and improve the water and sewer system. The water and sewer rates have been increased by only 2.4% this year. That brings the water rate to \$4.30 per thousand gallons used and the sewer rate based on the same usage to \$2.05.

Because of the minimal increase in non-tax revenue, the Borough Commissioners have reduced expenditures as much as possible this year. However we still have many cost items that have increased. Our union contracts and non-union pay increases are between 3% and 3.5%. We also continue to increase our Fire and Ambulance employee salaries to match the market and to retain qualified full-time professionals. These pay increases are more than offset by the newly imposed ambulance fees now paid for patients by their insurers or Medicare. The salary increase our police will receive is currently undetermined, because of an impasse in negotiations with the PBA, for the contract that expired in March 2004. Other increased employee costs are the pension payments that the State is now requiring the borough to pay. This year, the increase for that item alone is over \$72,000. The higher cost of electricity, natural gas and vehicle fuel has added another \$85,000 to this year's budget. Trash disposal costs are up \$40,000 this year, mostly due to increased fees being charged the borough for disposal. And our casualty insurance

costs through the Joint Insurance Fund are up about \$34,000. Yet the Borough continues to benefit from its membership in the JIF where costs are significantly less than in the commercial market. While employee health insurance rates are up by \$75,000 this year, our membership in a joint health insurance fund limits this increase, when it is compared to alternative coverage. The amount budgeted for legal costs this year is significantly higher to cover the expenses incurred in dealing with the borough's Fair Share Housing plan, in defending itself from outstanding lawsuits (although some of this cost is paid by our membership in the JIF), and in arbitrating the PBA union contract. Virtually all of these legal expenses are items over which the Borough has little or no control. Fortunately, due to the Borough's high rate of real estate tax collection, the Commissioners have been able to reduce the amount of money that they must budget in the Reserve for Uncollected Taxes, which is an expenditure required by law.

The Commissioners have decided that when vacancies occur in various positions, those jobs will not automatically be filled. Instead, the Borough will evaluate the activities of the work area involved, and wherever possible, devise a way to provide the service with existing employees, as long as the quality of the service can be maintained.

The Borough Commissioners also have decided that we no longer can continue to cut back on the street rebuilding program to save money. The condition of the streets is deteriorating. The Commissioners want to make a commitment to appropriate at least \$500,000 per year in the operating budget from now on for this purpose. However the need is now. Therefore, by reallocated already approved capital funds from last year and combining that with additional funds, the Borough can apply \$1 million to street repair and maintenance this year. The Borough Engineer already has provided Haddonfield with an analysis of all Borough streets, and this study will help the Borough decide where these street improvement and repair funds should be used. These capital funds come mainly from a transfer of \$700,000 from last year's appropriation for the purchase of land for a parking lot. That project has been delayed and will be re-visited when the planned "visioning" process for our downtown is completed at the end this year. To provide the additional \$300,000, a 5% required "down payment" of \$15,000 is included in the Capital Improvement Fund and a bond anticipation note for \$285,000 will be used.

Your Commissioners are not happy about this year's tax increase. Making the decisions concerning this budget has been extraordinarily difficult. However we believe that this year's budget addresses the delicate balance between limiting expenditures as much as possible, while continuing to provide quality services to our residents and visitors, and paying the other obligations of municipal government. Please feel free to contact any Commissioner or the Borough Administrator with any questions you may have about the 2005 budget.