

2012 Budget Presentation

April 10, 2012



Property Taxes in NJ

- Why so high?
- Answer: The State has kept the Energy Tax Receipts that is legally required to be distributed to municipalities.
- What should Little Ferry be receiving from the Energy Tax Receipts and what is the impact on property taxes?

Little Ferry CMPTRA & ETR Amounts

Restated

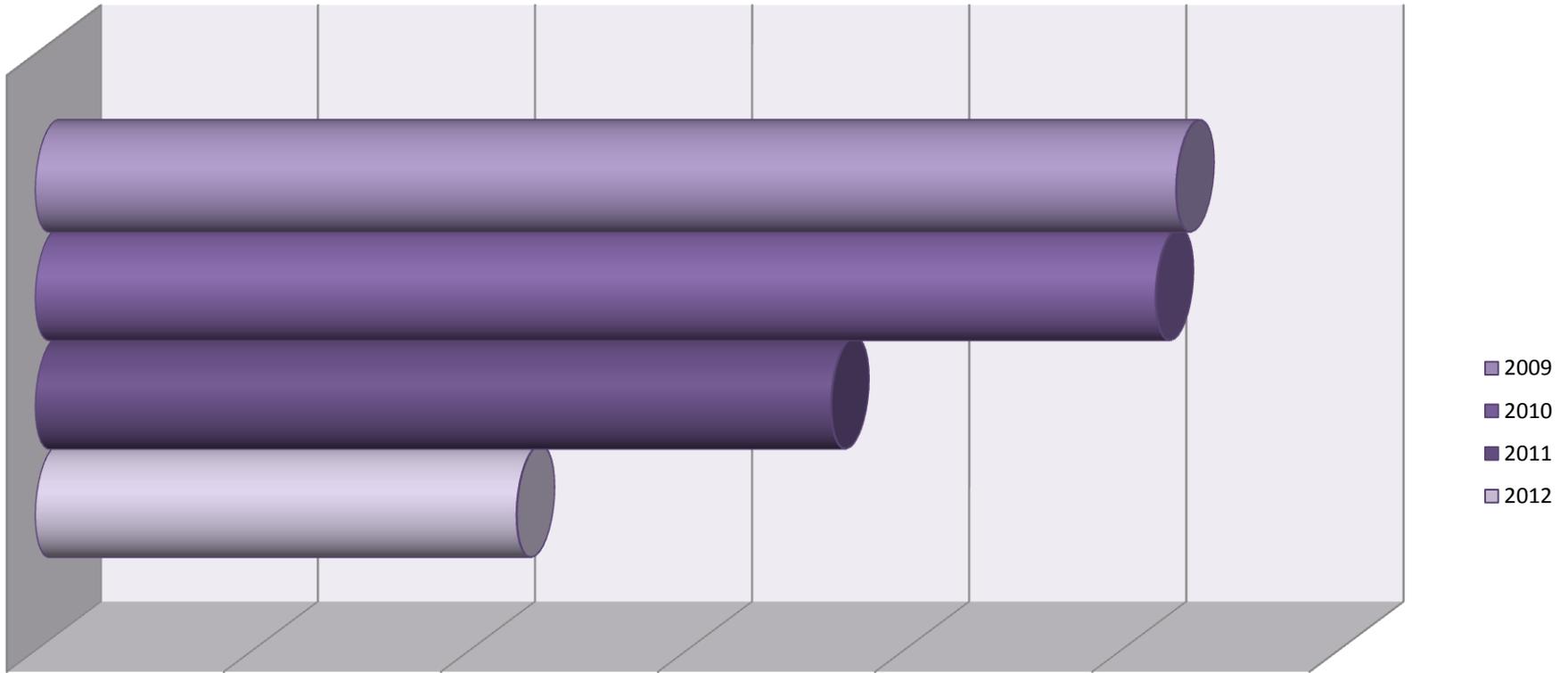
Year	Received	IPD	Statutory	Shortage
2001	\$ 1,148,750	Base Year		
2002	1,148,750	2.5%	\$ 1,177,469	\$ 28,719
2003	1,154,851	1.0%	1,189,243	34,392
2004	1,187,416	2.5%	1,218,975	31,559
2005	1,187,416	3.5%	1,261,639	74,223
2006	1,187,616	4.5%	1,318,412	130,796
2007	1,187,416	5.5%	1,390,925	203,509
2008	1,209,817	5.0%	1,460,471	250,654
2009	1,179,571	6.5%	1,555,402	375,831
2010	938,349	0.0%	1,555,402	617,053
2011	938,349	2.0%	1,586,510	648,161
Totals	\$ 12,468,101		\$ 14,863,198	\$ 2,394,897

Tax Impact in 2012 Alone!

Issue Area	Amount
2012 Proposed “Amount to be raised by Taxation” in budget	\$ 10,326,840
State Aid Shortage from 2011	2,394,897
Difference (the amount <i>less</i> taxes would be if full State Aid amounts)	7,931,943
Percent difference	23.19%

Taxes would be 23.19% Lower with proper State Aid

Borough Valuation 2009 – 2012



	NVT
■ 2009	\$1,221,281,687
■ 2010	\$1,220,807,253
■ 2011	\$1,213,333,972
■ 2012	\$1,206,092,026

Tax Appeals & Equalized Valuation

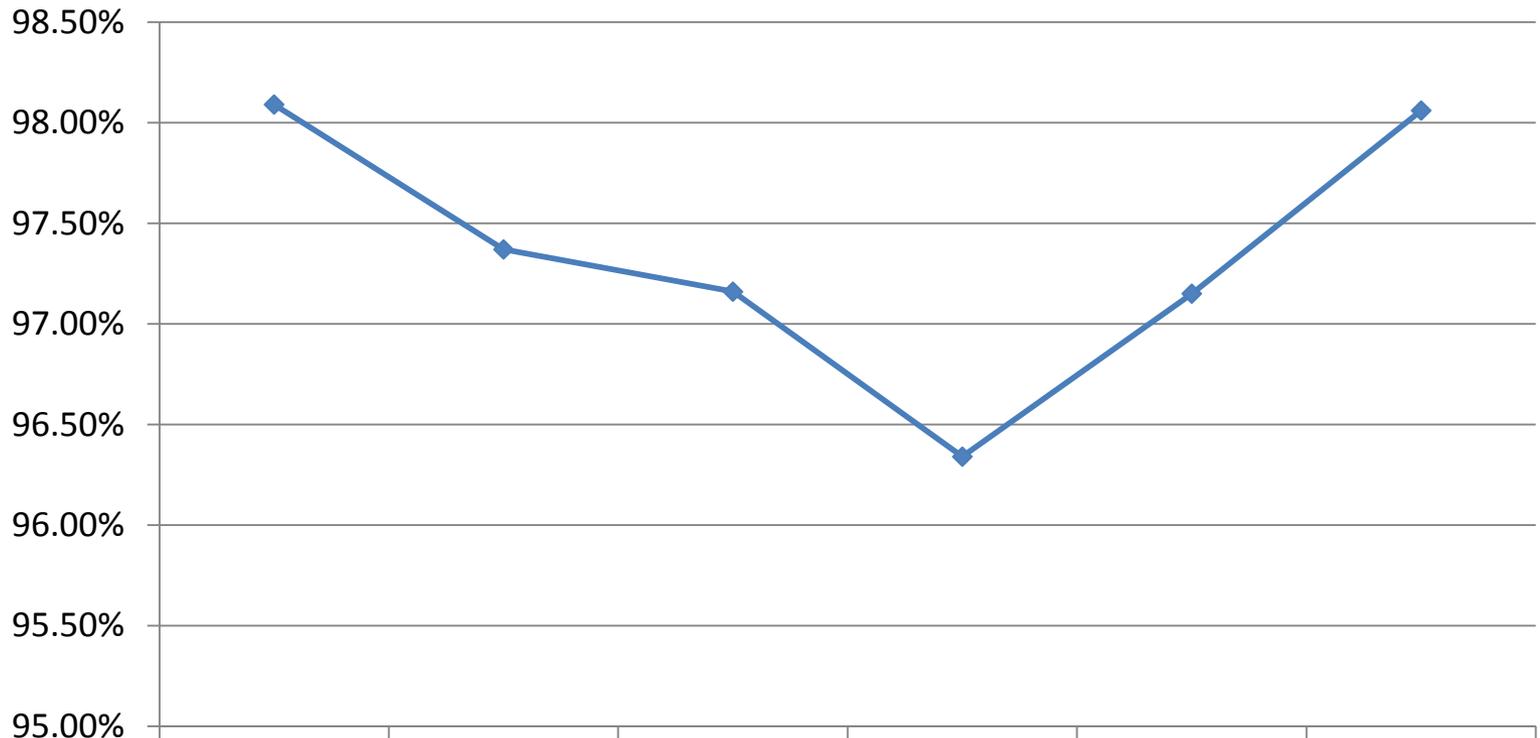
- Tax appeals decrease the Valuation of the Borough
- Valuation changes caused the Library to lose approximately \$50,000 in formula funding
- 2012 – approximately 150 appeals
- 2011 – approximately 150 appeals
- 2009 – approximately 50 appeals
- Approximately \$2 million in tax appeal liabilities at Tax Court

Tax Appeals & Equalized Valuation – Part 2

- Borough aggressively fights appeals that are not valid
- Equalized Ratio – What is the Borough's equalized ratio and what does that number mean?
- An Equalization Ratio of 100 means that the property's assessed value is the same as the market value.
- Borough Ratio: 101.54
- The above figure means that the properties in the Borough are assessed fairly – stabilization of valuation is occurring

Tax Collection Rate

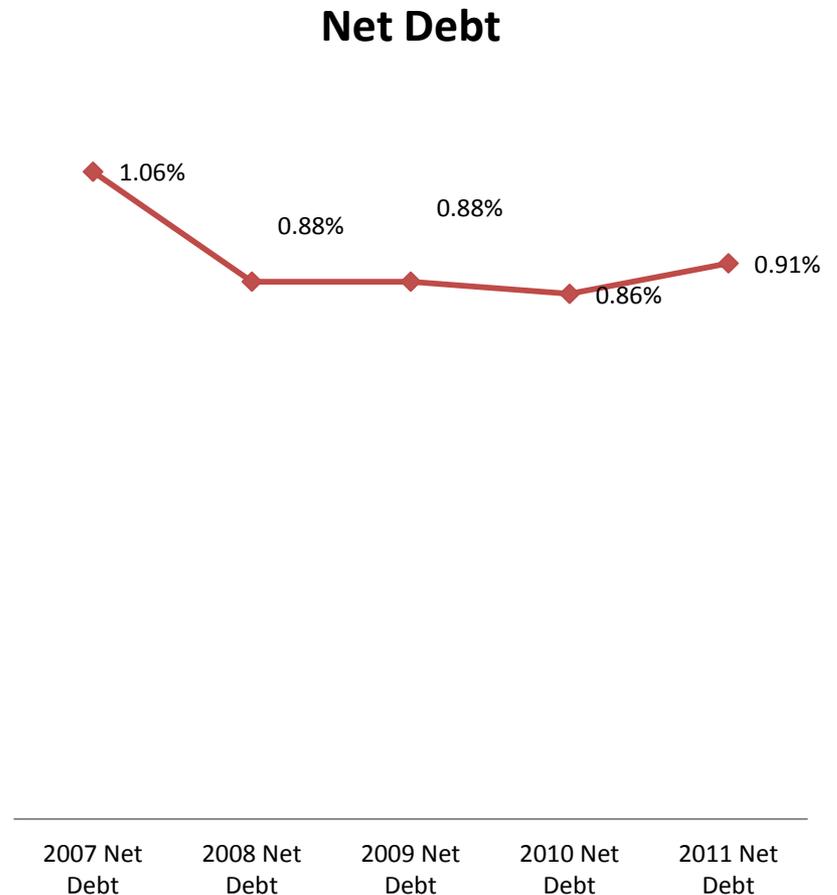
Tax collection rate



	2006	2007	2008	2009	2010	2012
Tax collection rate	98.09%	97.37%	97.16%	96.34%	97.15%	98.06%

Net Debt

- Based upon total debt amount (next slide) and the 3 Year Net Valuation
- As valuation decreases, net debt percentage increase (even if no or small change in debt amount)
- The Borough's Net Debt Percentage increased due to valuation decrease and not more debt
- 2012 – Maintain bond rating upgrades/holds from past two years



Net Debt - continued

- As you can see, the total debt amount is flat
- 2011 increase of \$220,000 is continuous investment in the Borough's sewer infrastructure

2009 Debt
Amount

• \$11,459,993

2010 Debt
Amount

• \$11,213,217

2011 Debt
Amount

• \$11,435,362

2012 Budget

The Spending Plan

Pressures on the 2012 Budget

- NJMC Tax Sharing
- Health Care Costs (increase approximately 16%)
- BCUA
- Emergency Appropriations related to Hurricane Irene
- Tax Appeals
- Lost Teterboro Revenue

2012 Budget

- All statutory requirements met
- Within the Appropriation Cap
- Within the Tax Levy Cap
- Continuous monitoring – plan for 2013 & 2014 with this budget
- Implement long-term capital forecasting and planning

2012 Budget Highlights

- Overall appropriations increase \$147,388
- Amount to be raised by taxation increases by \$251,069
- Decrease in salaries by \$112,876
- Health Insurance increase is \$245,072
- On average \$350,000 home, tax increase is \$90

2012 Operational Goals

- In-depth capital planning to continue the investment in the Borough's infrastructure – Available on Budget Document
- Maintain operational costs
- Utilize external funding to off-set borrowing
- Continue energy efficiency programming
- Police: Increase staffing, accreditation and MAGLOCLLEN membership
- Infiltration/Inflow Reduction (High Priority)

Infiltration/Inflow Reduction (High Priority in 2012)

- What is I&I --- water that gets into the sewer system from clean rain or underground creeks
- This clean water infiltrates the sewer system and goes to BCUA to be treated
- BCUA then has to treat clean water --- This negatively impacts the sewer rate as the Borough is paying to treat clean water.

Infiltration/Inflow Reduction – What are the costs?

- BCUA sewer bill is \$1,212,930 in 2012
- 12% of the taxes collected go towards the sewer bill

Infiltration/Inflow Reduction – What is being done

- BCUA has created an “amnesty” program for residents that have illegally connected storm drains, downspouts, sub pumps and foundation drains.
- The “amnesty” program will last until December 31, 2012
- “Amnesty” program will allow homeowners who do not have the expertise to determine if their drains are illegally connected can call the BCUA Environmental Programs Hotline at 201-807-5852
- The Borough is supplementing this Program by having our inspectors also available for inspections
- BCUA information is on the Borough’s website on the homepage

2013 – A Look Ahead

- Continued rising costs of the State Health Benefits Plan – and it is still the most affordable plan on the market
- NJ Meadowlands Commission Tax Sharing
- BCUA bills
- Possible stability in pension payments
- Continued reinvestment in infrastructure