

**BOROUGH OF PARK RIDGE**  
**MAYOR AND COUNCIL MEETING**  
**BUDGET WORK SESSION**

**March 1, 2011**  
**7:00 P.M.**

Present: Council members; Kane, Hopper (arr. 7:20 p.m.), Viola, Kilmartin (via telephone), Misciagna, Council President Maguire and Mayor Ruschman (via telephone)

Absent: None

Also Present: Jeffrey Bliss, Borough Auditor  
Helene Fall, Borough Administrator  
Colleen Ennis, CFO  
Kelley O'Donnell, Borough Clerk

**Acting Mayor Maguire read the compliance as required by the Open Public Meeting Act, P.L. 1975, Chapter 231.**

The Finance Committee members turned the meeting over to Jeff Bliss, Borough Auditor.

The following items were distributed by the Finance Committee to those present:

- 2011 Preliminary Budget Overview dated March 1, 2011
- 2010 Summary of Municipal Income
- Surplus Analysis of Current Fund/2011 Budget – Tax Levy Cap & Proposed Changes
- 2011 Budget Review Timetable
  
- **Jeff Bliss reviewed the updated and finalized surplus numbers**
  - December 31, 2010 - \$690,000 current fund ending balance
  - MRNA - \$178,000 (large portion was FEMA)
  - Good collection rate
  - 2009 budget - \$147,000 not used was added to surplus
    - \$640,000 of surplus was used to balance budget in 2010
  - 2010 deficit in revenue - \$130,000
    - 2009 deficit in revenue - \$675,000
- Councilman Viola asked Jeff Bliss to explain surplus
  - Councilman Viola also asked Jeff Bliss to explain what would happen if the Borough assumed a zero surplus
    - Jeff Bliss advised that you run the risk of creating deficits
  - Budget is a plan – not an absolute
- Colleen Ennis also advised that a zero surplus causes problems with cash flow
  - Tax bills do not come out until August
- Councilman Kane asked those present to look at the budgeted revenues
  - Shortfall of \$103,886 on hotel tax
    - Explained that this was revenue the Borough budgeted on that did not come in

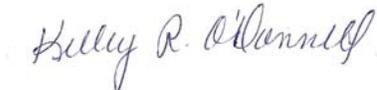
- Colleen Ennis further advised that tax payments come in quarterly; equal installments
    - Bills do not come in quarterly
- Councilman Viola asked why a surplus was needed
  - Feels we are overtaxing residents to put money away
- Jeff Bliss advised the plans are for the long run
  - As expenses rise; the surplus helps even out the bumps in the expenses
    - Such as tax appeals, insurance, pension payments
- Councilman Kane explained that it is difficult to plan for spikes in expenses or dips in revenues
- Council discussion on taxes raised and other sources of revenue
  
- Jeff Bliss draws the council's attention to page 2 of the Preliminary Budget Overview
  - Review of 4 year analysis of tax rate
    - 2007-2011
      - Jeff Bliss advised that a good financial plan is to increase taxes at a steady gradual rate
        - Instead of spikes
    - Jeff Bliss reviewed schedule of Current Fund balance 2007-2010
- Jeff Bliss reviewed page 3 of the Preliminary Budget Overview
  - Noted line items with significant increases and decreases
    - Reviewed revenues and appropriations
      - Surplus anticipated – anticipated \$135,000 less than last year
      - Host Community Fee – Revenue source is gone
      - Excess Sewer Fees – new revenue source approx \$70,000
    - Jeff Bliss explained the difference in reporting the Employee Health Contributions from 2010 to 2011
      - 2010 listed as revenue
      - 2011 – Municipalities have been advised to offset Health Insurance costs with Employee Contributions
  - In summary revenues are down \$184,200
  - On the Appropriations side savings realized on the Solid Waste Collection - \$102,800
    - Deferred Charges – Emergency Authorizations such as Revaluation that had to be funded in 2010 – Difference of \$235,200
    - Pension contributions – increase of \$112,800
    - BCUA Sewer Fees – Increase of \$53,000
    - Debt Service – Increase of \$30,000
    - Insurance increase of \$14,000
  - Overall in summary expenses are up \$171,600
  - Overall Net Increase in Tax levy - \$355,800 (loss of revenues and increase in appropriations)
- Jeff Bliss reviewed page 4
  - Appropriation increase of \$179,789 (1.6%)
    - 2010 to 2011
      - Well within the appropriations cap
  - Tax Levy increase 2010 adopted compared to preliminary 2011
    - \$355,800 (4.4%)
  - Discussed analysis of assessed value
    - Tax point = \$163,000

- Tax rate is within cap
    - **Tax Rate increase \$0.022**
    - **Review of effect on average assessed home (\$475,000) increase of \$104/annually**
  - Jeff Bliss reviewed appropriation cap calculation
    - Appropriation Cap - \$936,071 under
    - Review of one time waiver received in 2010
    - Review of allowable adjustments outside of cap
      - Payoff of reassessment
  - Taxes to be raised \$544,712
  - Preliminary budget is within the tax cap
- Increase in debt service is due to the Borough paying down notes
- Jeff Bliss stated that the Budget is considerably under on the spending side of the cap
- **Colleen Ennis asks Jeff Bliss to explain the COLA Cap adjustment**
  - Jeff Bliss explains that if the Borough adopts an index rate ordinance
    - This would allow the Borough to increase to 3-1/2%
      - This allows the Borough to bank the difference
    - Jeff Bliss explained the Borough does not need the additional 1-1/2% but the ability to bank the excess is needed
    - He explained that it is an insurance policy for the future
      - In the event that next year more appropriations would have to be included in the cap calculation or appropriations exceed what was anticipated
  - **Jeff Bliss recommends the Borough introduce the COLA ordinance on March 8<sup>th</sup>**
- Council discussion on library budget
  - Jeff Bliss explained the library must be treated as a separates entity
    - They have to prepare a balance budget
      - The Borough is required to give 1/3 of a mil
- Acting Mayor Maguire summarized
  - BCUA up 9%
  - Medical up 16%
  - Pension is up
- Acting Mayor Maguire reviewed the loss of revenues
- Mayor Ruschman asked the time line
  - **Budget to be introduced March 8<sup>th</sup>**
  - **Public Hearing and Adoption May 24<sup>th</sup>**
- Councilman Kane reviewed the departmental budget details
  - Council reviewed detailed budget sheets
- Councilman Viola questioned Municipal Court Budget sheet
  - Asked if the assumption was a 6/1 start
    - Councilman Kane said it was and that there will be 2 months savings if a 4/1 start could be realized
- Councilman Kane reviewed the Surplus Analysis of Current Fund
  - Gap total is \$230,000
    - Police had requested 2 cars
      - Discussion that it could be changed to one this year
      - One of the items that could be adjusted to close gap
  - Council discussion on maintaining a balance for Shade Tree Fund

- Helene Fall advised that the 2 police vehicles requested would have to be inside the cap
  - Chevy Impalas
    - No vehicle purchases anticipated for 2012
  - Ms. Fall advised that the Chief had noted that the purchase of an SUV could be listed as capital and therefore be outside of the cap
    - Totally outfitted \$45,000
  - Ms. Fall would recommend an outright purchase
    - Would not recommend bonding
    - 4 x 4 Capital purchase – taxes could be raised to cover the \$45,000 cost
      - \$15 to the average homeowner
- Councilman Kane reviewed the odometer reading report as provided by the Chief
  - Ms. Fall explained that it is engine hours that cause transmission issues, not high mileage
- Council reviewed the vehicles for 17 officers
  - 5 patrol cars
  - 3 jeeps
  - SUV
- **Council discussion on the purchase of one car**
  - **All present agree**
- Council discussion on the ability to have the transmission work done on the two vehicles with issues
- Council discussion that 2011 will be the last year for impalas
- **Councilman Misciagna to discuss vehicle purchase with Chief**
- Ms. Fall explained to those present items budgeted in capital
  - Small projects should not be borrowed for (bonded)
- Council discussion that the budget can be amended after introduction if the Council decides to order another vehicle
- Ms Fall advised those present that she had a conversation with the Chief regarding overtime
  - Reduced from \$140,000 to \$130,000
- Acting Mayor Maguire recommends that any questions be directed to Councilmembers Kane, Kilmartin or himself
- **Discussion on the Budget newsletter being mailed to the residents**

**Budget Work Session adjourned at 8:05 p.m.**

Respectfully submitted,



Kelley R. O'Donnell, RMC  
Borough Clerk