

# MEMORANDUM

**TO:** Mayor Pasquale Menna  
Council President Cindy Burnham  
Councilwoman Linda Schwabenbauer  
Councilman Mark Taylor  
Councilman Michael Whelan  
Pamela Borghi, Borough Clerk  
Stanley Sickels, Borough Administrator  
Eugenia Poulos, Borough CFO  
Jean Cipriani, Esq., Borough Attorney

**FROM:** Councilwoman Kathleen Horgan  
Councilman Edward Zipprich

**DATE:** June 3, 2016

**RE:** Proposed Amendments to 2016 Municipal Budget

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In response to the Mayor's request by e-mail dated May 26, 2016, we propose that the following amendments be made to the 2016 Municipal Budget before it is again presented to the Council for adoption.

Our below-listed amendments will reduce the \$12,164,137.95 tax levy in the defeated budget by \$85,000 to a revised tax levy of \$12,079,137.95 in 2016. The defeated budget proposed an increase in the tax levy of \$250,000, or 2.10% above 2015. Our amendments will reduce the increase in the tax levy to \$165,000, or 1.38% above 2015.

Our below-listed amendments will reduce the 0.585 tax rate proposed in the defeated budget to a revised tax rate of 0.581 in 2016. The defeated budget proposed a 1.98% increase in the Borough's municipal tax rate. Our amendments will reduce the tax rate increase to 1.26%.

Should all of our proposed, below-listed amendments be implemented by the CFO and the Borough Auditor and approved by the Council, then we will vote affirmatively to adopt the 2016 Municipal Budget, as amended.

**1) Reduce "Utilization of Banked Sick Time" (#20-999-1) from \$55,000 to \$20,000**

**TAX LEVY REDUCTION: \$35,000**

*REASON: The Borough has already built up a healthy reserve of \$334,565.10 as of December 31, 2015 and no monies were disbursed from this trust during 2015. See Exhibit A (#30). This amount is more than sufficient to sustain the Borough through 2016. If there are surplus monies at the end of 2016, we do not object to this reserve being the first place such monies are transferred, but there appears to be no justification for this \$35,000 "padding" of the Accumulated Absence Liability Trust.*

**2) Reduce "Unemployment Insurance" (#23-225) from \$15,000 to \$5,000**

**TAX LEVY REDUCTION: \$10,000**

*REASON: The Borough has a reserve of \$41,376.19 as of December 31, 2015, and \$30,757.90 was disbursed from this trust in 2015, while \$47,468.24 was added. See Exhibit A (#22). Accordingly, a further \$5,000 contribution should sustain the Borough through 2016. There appears to be no justification for this \$10,000 "padding" of the Unemployment Trust.*

**3) Reduce "Planning Board O&E" (#21-180-2) from \$38,000 to \$28,000**

**TAX LEVY REDUCTION: \$10,000**

*REASON: The Borough's actual expenses in this line-item since 2012 were: \$13,890.92 in 2015; \$11,468.04 in 2014; \$12,949.96 in 2013; and \$11,865.77 in 2012. We are inclined to give the Board the benefit of the doubt that additional expenses may be necessary in 2016 due to anticipated applications, but an increase from the \$17,665.00 budgeted in 2015 to budgeting \$38,000 in 2016 appears excessive.*

**4) Reduce "Planning Board S&W" (#21-180-1) from \$77,925 to \$75,425**

**TAX LEVY REDUCTION: \$2,500**

*REASON: The Borough's actual expenses in this line-item since 2012 were: \$59,941.76 in 2015; \$63,772.23 in 2014; \$63,519.00 in 2013; and \$58,774.88 in 2012. Again, we are inclined to give the Board the benefit of the doubt, but cannot justify budgeting 30% above the actual expenses in 2015. Thus, we propose only a minor reduction of \$2,500 for this year, and encourage the Mayor & Council to review this line-item again next year to see if there is a trend of over-budgeting.*

5) **Reduce “Zoning Board S&W” (#21-185-1) from \$77,925 to \$75,425**

**TAX LEVY REDUCTION:           \$2,500**

*REASON:    The Borough’s actual expenses in this line-item since 2012 were: \$60,204.41 in 2015; \$63,771.87 in 2014; \$63,518.84 in 2013; and \$58,774.87 in 2012. Giving the Zoning Board equal benefit of the doubt as the Planning Board, we still cannot justify budgeting 30% above the actual expenses in 2015. In the same way, we propose only a minor reduction of \$2,500 for this year, and encourage review of this line-item again next year for over-budgeting.*

6) **Utilize Additional Surplus of \$25,000**

**TAX LEVY REDUCTION:           \$25,000**

*REASON:    While recognizing the importance of a fiscal cushion, we note that another way to characterize a “surplus” is “over-taxing” the residents for the sake of a government “piggybank.” The defeated budget anticipated a remaining surplus at the end of 2016 in the amount of \$537,736.51. We propose a compromise of utilizing \$25,000 of that money toward tax relief, or less than 5% of the surplus anticipated in the defeated budget.*

*Under our proposal, the Borough would have \$512,736.51 in surplus remaining at the end of 2016 – an amount greater than at any time in the Borough since at least 2011. See Exhibit B (Analysis of Surplus Funds).*

As set forth above, our proposed amendments do not affect any municipal operations and will not result in any reduction of municipal services to residents. It is our position that all of these line-item amendments represent a reduction in the “fluff” and “slush funds” that citizens assume is hiding in the Borough’s budget. These are the items we found “hiding” and we propose to remove them from the defeated budget.

If the foregoing amendments are implemented and approved by the Council, then we will be able to affirmatively vote to adopt the Borough’s 2016 Municipal Budget, as amended.

# **EXHIBIT A**

**SCHEDULE OF TRUST FUND DEPOSITS AND RESERVES**

Purpose	Amount Dec. 31, 2014 per Audit Report	Receipts	Disbursements	Balance as at Dec. 31, 2015
1. Bid Deposits	\$ 400.00	\$	\$	\$ 400.00
2. TTL Redemption	12,131.61	812,014.24	812,714.37	11,431.48
3. Law Enforcement Trust	17,668.88	7,947.01	268.13	25,547.06
4. Vehicle Impound Trucks	74,304.62	19,060.00	12,535.00	80,809.62
5. Tax Sale Premium	1,117,300.00	1,134,500.00	825,100.00	1,426,700.00
6. Recycling	66,338.84	10,050.91	36,436.69	39,953.06
7. Uniform Fire Safety Act Penalty Monies	32,016.44	2,165.00		34,181.44
8. Recreation	17,637.35	20,884.61	28,860.00	9,653.96
9. Parking Offenses Adjudication Act	20,054.92	3,592.00	4,636.00	19,010.92
<b>Eisner Foundation:</b>				
10. Charitable Scientific	305,953.55			305,953.55
11. Riverside Gardens Maintenance	8,464.62			8,464.62
12. Police-Forfeited Property	2,580.57	133.53		2,694.10
13. Police-Extra Duty Pay	99,760.24	358,002.50	283,747.50	194,015.24
14. Inspection Fees Escrow	217,942.62	85,812.72	132,750.59	170,998.75
15. Performance and Maintenance Escrow	701,915.43	182,952.16	29,131.11	855,736.50
16. Review Escrow	116,827.07	255,070.42	246,050.58	125,846.91
17. Dedicated Fire Penalty	7,653.49	2,090.00	1,645.00	8,098.49
18. Police Donations	8,260.88	634.27	6,660.47	2,234.68
19. Public Defender Fees	9,950.76	7,677.00	8,520.00	9,117.76
20. Manalapan RCA Agreement	320,773.95	15,434.42	6,447.05	329,761.32
21. Shade Tree	750.00			750.00
22. Unemployment Trust	24,885.85	47,468.24	30,757.90	41,376.19
23. Council on Aff. Housing Dev	18,627.81	4,732.47	6,416.05	14,944.23
24. Wayfinding Signs	4,330.00			4,330.00
25. Four Connections Fiberoptics	6,691.00			6,691.00
26. Yard Sales	132.74			132.74
27. Human Relations	310.00			310.00
28. Environmental Commission	200.00			200.00
29. Count Basie 365	1,702.41			1,702.41
30. Accumulated Absence Liab	114,665.10	219,900.00		334,565.10
31. Snow Expense	49,312.50	62,611.30	42,981.95	68,941.85
32. Community Garden	659.01	400.00		959.01
33. OEM Trust	4,000.00			4,000.00
34. Parks & Recreation	33,905.25	45,725.18	4,896.61	74,733.82
<b>Totals:</b>	<b>\$ 3,418,057.61</b>	<b>\$ 3,298,858.00</b>	<b>\$ 2,502,571.00</b>	<b>\$ 4,214,344.61</b>

# **EXHIBIT B**

**BOROUGH OF RED BANK**  
**ANALYSIS OF SURPLUS USED**

	Available	Used	Remaining	Percent Used
2016	2,537,736.51	2,000,000.00	537,736.51	0.79
2015	1,643,264.04	1,360,000.00	283,264.04	0.83
2014	1,463,972.13	1,000,000.00	463,972.13	0.68
2013	852,927.94	500,000.00	352,927.94	0.59
2012	844,617.62	500,000.00	344,617.62	0.59
2011	495,670.59	350,000.00	145,670.59	0.71