

October 12, 2011

## Sea Isle City Municipal Budget Projection for 2011

### Current Fund

Estimated Maximum levy for 2010 = \$14,641,954 (based on the state mandated levy cap)  
Actual levy 2010 = \$14,162,615

Represents 3.4% increase

Projected local tax rate 0.303 (compared to 0.293 current tax rate) >>>> 1 cent increase

Projected 2011 local budget revenues (excl. property tax ) = ~ \$3,283,676

2010 total budget revenues (excl. property tax levy) = ~ \$3,318,676

Represents a \$35000.00 decrease --- relatively stable revenues

#### *Positive factors:*

Health Insurance costs averted by contractual changes.

A hiring freeze continues for non police personnel.

#### *Negative factors:*

Expenditure Increases:

Pensions 7.5%

Debt service 16%

These projections are based on the best information currently available. To date, we have not received final figures from the state relative to state aid. Of course, we also have not completed expenditures and revenues for 2010 nor have the Department Heads submitted their budget requests.

To exercise good financial management for the long term, the tax levy indicated above should not be reduced. We will have the opportunity to reduce *appropriations* as we move forward through the budget process, but we must use any such reductions to better our surplus position for 2011.

### Utility Fund

#### *Positive factors:*

As indicated above for the current fund, health insurance appropriation will not increase.

#### *Negative factors:*

Projected increase of 7% for payment to the Cape May County Municipal Utilities Authority for sewage treatment

Projected increase of 6% for debt service payments

The administration is not anticipating the recommendation of a rate increase for 2011, however, the following factors must be considered, and will affect the issue of water and sewer rates to be charged to our consumers:

1. Water bills are currently being prepared based on the fall meter readings. We are in the process of analyzing this data, and our analysis will enable us to better refine our projections.

2. Until we actually collect payments through the end of the year, we will not know our final revenue figure, which can impact the rate decision.

3. We will not have the actual amount from the CMCMUA required to be utilized for development of the budget until November, which can impact the rate decision.

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The current schedule for key budget actions is as follows:

November 30, 2010 – Department heads present their budget requests to the Mayor in public session

January 11, 2011 – Mayor gives 2011 Budget Message and State of the City Address to City Council

Week of January 10<sup>th</sup> and Week of January 17<sup>th</sup> – Budget workshops

February 8, 2011 – anticipated introduction of budget by City Council

March 2011 – anticipated adoption of budget by City Council