

**BOROUGH OF BERLIN
BUDGET MEETING WORKSHOP MINUTES
MONDAY, MARCH 14, 2011
5:00 PM
MUNICIPAL BUILDING
59 SO. WHITE HORSE PIKE
BERLIN N J**

MEETING CALLED TO ORDER BY MAYOR ARMANO.

FLAG SALUTE LED BY THE MAYOR.

SUNSHINE NOTICE: Adequate notice of this meeting has been given in accordance with the Open Public Meeting Act, Pursuant to Public Law 1975, Chapter 231. Clerk stated that this notice was sent to the Courier Post indicating that the public was invited but there would be no public portion. Notice stated the date, place and time of meeting.

Mayor Armano advised the council that the Municipal Clerk would be leaving this meeting at 5:30 pm for an appointment.

ROLL CALL: Mayor John J. Armano, Council President Scott Scelso, Council members Maccaroni, Chance and Pearce were all present during roll call. Councilwoman Kupchik and Councilman Bilella arrived shortly after the meeting started.

PRESENT ALSO: CFO Steve Miller

Budget discussion.

Mayor referred to version # 6 of the updated budget document along with a sheet the CFO put together that made a .01 tax reduction from the last work document. Surplus projection also enclosed in packet showing a lower surplus projection in the future using .01 cents rather than .02 cents. Mayor went over various reasons as to highlights within this budget noting \$42,000 makes one penny this year and \$71,000 will be next years budget for one penny. Mayor notes that there was a .09 cent tax increase last year due to surplus being \$200,000. This year this budget is able to use more of its surplus to balance the budget and the tax increase can be a lot lower. Councilman Maccaroni. Budget under the 2% CAP noting auditor is estimating on next year hoping our tax collection rate stays the same. Extra money needed in budget for numerous reasons. He feels that next years tax increase could be .04 cents to start with if we do not have as much surplus. Councilman Pearce agrees with keeping a lot of surplus for the future but has spending questions. Clarification is made that if there is any money left over in any budget, it will go back into surplus. Maccaroni states the tax rate has to remain the same in order not to have to put more into reserve for uncollected taxes. CFO Miller reminds the council that the surplus cushion is needed for taxes if the collection rate does not stay the same noting the money has to be raised for people who do not pay.

Maccaroni states that taxes were raised in the past for reasons such as pension, health benefits and reserve for uncollected taxes. He states this is the first year since he has been on council that we are not using deferred school taxes having \$235,000 available this year that comes to 5 ½ cents. Spending has been cut to bring down to this level but you still have to anticipate added costs. Fuel is also on the rise. Miller states this budget has a 10% increase in fuel cost that still may be short. Grants are down per Miller from other years. \$68,000 in recycling is gone that we had in the past. Mayor notes capital improvement line item has been increased to fix badly needed roads. Police cars are leased and not purchased. Miller will get information as to what generated surplus this year and report back to council from Bilella's question but it comes from non anticipated revenue. Collection rate is watched during the year to get a feel for revenue and especially after the tax sale. Kupchik asks for explanation for budget # 6 reductions. Discussion on library reduction of \$1800. and why this line was chosen and wants to know what was cut. Bilella would like to cut legal fees from \$160,000. to \$120,000 stating if we run short we can do an emergency appropriation. Objective per Kupchik is not to tax the tax payers. Councilman Maccaroni goes over again how spending was cut last year versus what is happening this year adding you can't count on future deferred school taxes due to the limit the school can raise taxes. There were questions on several line items regarding increased costs, including police overtime and the ambulance budget, electric usages, etc. Bilella asks for account numbers to be added to the work sheets in the future. Discussion on cutting back on maintenance encumbrance due to the fact that two new police cars are getting purchased. Camp expenditures will be canceled out per discussion on that line. Discussion on cost factors for the ball fields that money has to be encumbered for. Councilman Scelso asks Mayor Armano if the process of how the budget has been presented up to the point is done in the correct manner. Mayor Armano states that Statute 40 guidelines state that the Mayor has the responsibility of starting the budget process in November in conjunction with the CFO. The CFO will change the budget worksheet to give more information. Mayor Armano proposes to move forward with a .01 tax increase for the 2011 budget. He is asking for a consensus so the CFO can move forward. Councilman Bilella wants to see the library money of \$1800. come out of legal services line item rather than the library line item. Mayor will go back over this with the CFO. Bilella would like to see budget projections two years out. He does not understand why we do not know of our surplus until late in November of the calendar year. CFO explains that in order to get into more advanced information either he would have to work more hours or we would have to pay the auditors more money to come up with this information. Councilman Bilella does not have a decision at this time. Councilwoman Kupchik suggests the non contractual employees get 3% raise but put 2% towards their insurance premiums therefore leaving a 1% increase therefore to start to "set the stage". Suggests the fireworks money be eliminated from the budget and to also suggest we manage the professionals more. She feels the .02 on open space will be costing the tax payers more money due to the reevaluation and adjustment is needed She would like to see the budget reduced further. Councilman Maccaroni agrees with the .01 budget increase. Councilman Scelso feels a .01 compromise is good. He concurs with Councilman Bilella in regards to the \$1800. being put back into the library line and will be in favor of the .01 cent increase in the budget. Councilman Pearce feels we can still cut from this budget and is up in the air but at this point would probably vote no for the .01 increase and feels that when the budget was first brought to council they felt that one penny was about \$72,000 and now it is a

little more than \$42,000 that he feels they could find. Councilman Chance feels that he would rather raise taxes .01 this year then raise more next year. Bilella would like the borough council to approve over spending on any line item before it is done. Mayor asks the CFO to give the budget appropriations to each council member each month to see what is being spent so they can monitor their department spending. The Mayor states that he received a three/three consensus and he will break the tie and ask the CFO to move forward with preparing the documents for the auditor so the budget can be introduced April 4, 2011.

A motion was made by Chance to adjourn seconded by Bilella. All were in favor.

Charleen Santora, RMC

Borough Clerk