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UNION COUNTY BUDGET 2010 CITIZENS' REVIEW

Released as of March 18, 2010

Our Mission

The Union County Watchdog Association, Inc. is a nonpartisan, nonprofit 501(c)3 organization working on behalf of residents and taxpayers to monitor Union County government and advocate for the elimination of waste, corruption and incompetence. We believe that good government can only be achieved through a system of checks and balance - a system that includes the watchful eye of the people.

Report on the 2010 Union County Budget

The Union County Citizens' Budget Committee was formed in 2010 to review and explain the financial numbers within the Union County budget to ourselves and the general public. This report presents our findings and is divided into the following sections:

- A Executive Summary
- B Taxes
- C Surplus
- D Revenues
- E Appropriations
- F Recommendations
- G Committee Members and Methodology

Section A

Executive Summary

The cost of New Jersey government is bankrupting its citizens and the full brunt of retiree health and benefit costs have yet to even be translated into a tax impact. The state, with an annualized deficit around \$10 billion, is slashing costs indiscriminately and local municipalities are instituting furloughs and cutting services as they try to balance their budgets. But are they the right cuts? Local to Union County a group of residents, unaffiliated with any party or special interest other than the taxpayer, took it upon themselves to study the 2010 Union County budget in detail to understand better where the money comes from, where it goes, and what items possibly could be addressed to ameliorate the county tax impact.

This review will be limited to revenue and expense items. Subsequent studies will look at personnel and the debt burden. For now, here is what we found in the 2010 Union County budget and what we would change:

- Taxes up **4.4%** to **\$276,656,170** which is barely under the cap
- Surplus anticipated goes up to **\$24,000,000** from \$18,500,000.
- General Revenues excluding grants and surplus are, oddly, anticipated to go up by **2.1%** to **\$148,521,629** in a recession
- Total appropriations rose to **\$469,948,411** with spikes in pension and insurance costs
- We recommend elimination of all lobbying services, musicfest and the expansion plans for Galloping Hill golf course
- We recommend a substantial cutback in budgets for legal services, insurance costs, refreshments (total elimination of catering of freeholder meetings), county cars, blackberries, home internet service, cell phones, goose control, marketing consulting, and the UC Alliance Directions newsletter
- We urge that the Open Space tax be curtailed for 2010 saving an estimated \$11.5 million which would offset the entire proposed tax increase
- We urge that all taxpayers and residents become more involved in understanding government operations

This report is designed to give you some of the tools you need to know what your government is doing. Everyone has different perspectives and may come to other conclusions but certainly can add value and feedback to this analysis. It is up to you to get further involved. Go to www.unioncountywatchddog.org for more information.

Section B Taxes

The amount to be raised by taxation will go up **4.39%** to **\$276,656,170** in 2010 from \$265,056,170 in 2009. The allowable county purpose tax after all exceptions is \$276,673,256. Union County is only \$17,086 below the state-mandated budget cap. Amazingly, Union County taxes have risen by over 84% since 2000 and show no sign of abating.

Exhibits Attached:

- B2: Listing of taxes by year
- B3: Summary of tax increase percentages
- B4 – B6: CY 2010 Levy Cap Determination

Section C Surplus

As standard operation, based on prior year data, Union County will again use up almost their entire surplus on the expectation that overstated appropriations will replenish the surplus for next year. As a percentage of the budget only Hudson County uses up more and has less left over. With little room for error, escalating appropriations, and a shaky bond market there could be a significant cash crunch if rosy revenue projections do not pan out.

Exhibits Attached:

C2 - C4: Surplus Development for prior three years.

C5: Surplus in all counties (other than Mercer) for 2009

Section D

Revenues

Revenues exclusive of taxes, grants, and surplus are expected to increase by 2.1% to \$148,521,629 in 2010 from \$145,531,226 realized in 2009. Some examples of too optimistic a forecast:

- Income from Parks and Recreation is expected to jump 40% (from \$4.5 million to \$6.3 million) without any additional facilities beyond archery and a driving range.
- Income from the county clerk's office and realty transfer fees are expected to stay steady despite the deteriorating housing market.

Exhibits Attached:

D2: 2010 Budget Revenue Schedule

D3 - D4: Comparison of Revenues 2010/2009

D5: Revenue history since 2004

D6 - D8: Budgeted revenue for prior three years

D9: Parks revenue since 2004

Section E

Appropriations

Appropriations may be overstated to replenish surplus as is the normal modus operandi in all counties though some reserve their entire savings while others, including Union, develop a remainder that seems to disappear. We have contacted RMAs and the Division of Local Government Services seeking explanations.

The major cost increases came in employee benefits. Pension costs rose to \$23,421,825 in 2010 from \$12,368,143 in 2009 when Union County took the ½ deferral on pension payments. Insurance costs rose to \$55,788,233 in 2010 from \$51,424,753 appropriated in 2009 and this budget item should skyrocket if immediate action is not taken due to the need of the for-profit insurance industry to recoup investment losses from their captive markets.

Exhibits Attached:

E2 - E6: 2010 Budget Schedule

E7 - E9: Budgeted Appropriations for prior three years.

E10 - E19: 2008 Appropriations as reserved for 2009 - Union County

E20: Summary of Appropriations as reserved for 2009 - All Counties

E21: Appropriations with remainders - Union County

Section F Recommendations

Cut questionable expenses:

- **Lobbying services** of \$240,500
- **Legal Services** to limit the use of outside counsel
- **Advertising** including the elimination of the UC Directions newsletter
- **Refreshments** - \$60,665 were spent in 2009 for catering meetings. \$15,759 was spent for bottled water. This does not include petty cash receipts for department heads and constitutional officers. About a quarter of this is for refreshments for freeholder meetings which generally last about an hour.
- **Vehicles** – In 2009 Union County purchased Ford Escape Hybrid Limiteds (base price \$26,231) with extras like the Limited Package (\$2,230), side steps (\$625) and top of the line voice activated navigation systems (\$2,131). These expenditures along with a review of the 24/7 vehicle assignments show abuse of privileges and a disrespect of the taxpayer. An honest assessment should be made eliminating patronage in the form of car keys and excess vehicles should be sold. No vehicles should be used for personal use.
- **Marketing and creative consulting** – The Strategic Media Group has had a long-standing annual contract to act as creative consultants and this should stop immediately. OPRA requests have not turned up any tangible evidence of work provided. This , along with the county's extensive staff retained for marketing and public information is redundant and wasteful.
- **Golf Expansion** – Making Galloping golf course ‘world-class’ is foolish and unjustifiable in this economic environment.
- **Musicfest** and the estimated \$1.5 million cost associated with it should be purged. It is an embarrassment to have this bacchanalia of government waste being the signature event for the county.

Section F

Recommendations

Explore ways to cut **insurance** costs including self-insuring with other governmental bodies. The increase to \$55 million (32% of payroll) must be stemmed since the private insurance industry will be looking to recoup losses in their investment portfolio through what they believe are their captive markets.

Do not collect the **Open Space trust fund** tax. Morris County reduced this tax last year and other counties are following suit. The \$11.5 million savings to residents will be much more welcome than buying up more of Clark.

Take away blackberries, home internet service, and county cars from employees who do not have an essential need to have them.

Exhibits Attached:

F3 - F5: Questionable Expense Items: \$4,066,156

F6 - F11: Proposed Cuts: \$20,387,167

Section G

Committee Members and Methodology

John Bury, Chair *batpension@yahoo.com*

Bruce Paterson

Tina Renna

Peter Scull

Methodology

Basic budget information was gathered from the minimal retrievable public sources with most of the material coming from www.unioncountywatchdog.org, www.ucnj.org, and other county websites. Requests for additional information were presented to Union County. The committee discussed the data and we all agreed on what should be in this report, though shades of opinion appeared on various points.