

Trade Board Learns How Budget Is Made

Capt. Steelman Explains Procedure Followed in Drafting Annual Appropriation Bill To Determine Tax Rate

By CARL M. VOELKER

Based upon the weekly allowance made by the head of the family the housewife apportions her budget of expenses. She knows that she has just so much to spend and accordingly sets aside a certain sum for the various expenditures necessary for the maintenance of the family for the period.

In the making of a municipal budget the procedure is just the reverse. Capt. Hiram Steelman, chairman of the Finance Committee of Ventnor City Common Council, last Tuesday night so informed the members of the Board of Trade during the course of an address on "Making a Municipal Budget."

Explaining that appropriations are made on the basis of estimates of the sum required during the year hence, Capt. Steelman insisted that the work of making up the budget for the city required serious thought and involves considerable computation before the amount required to be raised by taxation is eventually determined.

After laying down the basic principles governing the drafting of the appropriation ordinance, the passage of which determines the tax rate for the year, Capt. Steelman explained in detail the respective items which go to make up the approximately forty estimates the total of which is the amount necessary to be raised by the tax levy.

Heads of departments and the chairmen of the respective committees estimate the amount needed by them and present the figures to the Council conference. Their requests are not necessarily heeded. Casually the amount asked is pared down. It seldom happens that an estimate is increased. Taking into consideration the amount allowed in a previous year and the possible increase required the solons fix the figure only after due deliberation.

There are, however, many items in the budget which must be included in order to conform to statute. Arbitrary amounts are designated by the state for bridge and tunnel tax, state road tax, state school tax and soldiers' bonus tax. The county tax is also a matter over which the members of council have no voice. The amounts submitted by higher authority in the preceding items are simply placed on the list as so much money to be raised. There are several other items in a sense mandatory. For instance, the items of serial bond payments, sinking fund requirements and interest on bonds, all are involved

in expenditures previously made and the amounts to be raised to meet the obligations incurred for the current year must be included in the budget. The same is true of election expenses, auditing and surety bonds and insurance. The cost of holding an election must be paid by the city and elections are periodically held in accordance with state law. The statute imposes an annual audit and the city must pay the bill. The law requires that all fiscal officers be bonded. The expense is borne by the city. Insurance is a moral as well as a legal proposition. It is incumbent upon the taxpayers to meet the expense.

In the matter of salaries the councilmen have the opportunity of providing either for an increase in the pay of those already on the roll, or providing funds for additional employees likely to be needed to more efficiently administer the affairs of the city.

Inasmuch as a city never really has any money, because it is by law expended before it is received, it always becomes necessary in the early part of the year to borrow money in anticipation of collection of taxes. The faith and credit of the city is pledged for these loans, but interest must be paid to the banks. In view of this fact it is necessary to make an appropriation to meet the interest.

Council has only a limited voice in the determination of the amount to be appropriated for the administration of the public schools. The figure is fixed by the board of school estimates, composed of the mayor, two members of council and two members of the board of education. Their decision is final.

Appropriations are made for various municipal departments which are self-explanatory, such as police, fire protection, police and fire alarm, property, board of health, city poor, streets, sanitary, rubbish collection, sewer department, water department, lighting, playgrounds, municipal pier, boardwalk, beachfront property and improvement, building department, legal expenses, memorial services, printing and stationery and tree commission.

After November first of each year Council is authorized by law to make transfers from any of the budget items heretofore mentioned to any other appropriation in the event that a surplus may be shown in one and a possible deficit in another.

But there is another item in the budget which the law expressly safeguards against such action. The contingent expense fund is included to provide money for various expenditures likely to arise in an emergency. Money appropriated for this item cannot be transferred at any time.

In making up the budget the members of Council, aim to provide the funds necessary for furnishing the taxpayers with the many and varied conveniences and improvements demanded. In proportion to the wants and needs of the community the total sum appropriated is finally agreed upon.

The tax rate is determined on a ratio basis with the amount needed for expenditures and the assessed valuation as the two factors.

Capt. Steelman was frank in his statement that taxpayers pay only for what they receive. His address was well received and his hearers will unquestionably be less critical of the men elected by the people to legislate local expenditures.

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