

TOWNSHIP OF MIDDLETOWN

Township Hall, One King's Highway
Middletown, NJ 07748-2594

ANTHONY P FIORE
Mayor

STEPHEN G MASSELL
Deputy Mayor

STEPHANIE C MURRAY
Committee Member

GERARD P SCHARFENBERGER, Ph.D.
Committee Member

KEVIN M SETTEMBRINO, AIA, LEED AP
Committee Member



Organized December 14, 1667
"Pride in Middletown"

ANTHONY P MERCANTANTE, P.P., AICP
Township Administrator

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Mr. Lawrence Nelson, Chairman Middletown Township Library Board
55 New Monmouth Road
Middletown, NJ 07748

June 7, 2012

Re: Library Employee Cost Chargebacks

Dear Mr. Nelson:

This letter is to confirm the items discussed during our meeting held on Tuesday June 5th at 9:00AM. At that time we met with both the Mayor, they Mayors Library Board Designee Committeewoman Stephanie Murray, and Nick Trasente the Township CFO. As we discussed the CFO has carefully analyzed the Library chargebacks utilized in the past and has determined that the amount in prior years did not accurately reflect real costs, but were in fact lower. In light of that a new calculation was done and the result will be that an additional \$351,660.00 over the 2011 amount, for a total for 2012 of \$1,335,493.00 will be charged back this year. As outlined in the attached spreadsheet you can see how this amount was determined.

It will be necessary for you to adjust your budget accordingly. We are certainly aware that this will have an impact and I want to assure you and the full Library Board that the Administration and the CFO are here to be a helpful as we can to you. Please do not hesitate to contact us at any point if we can be of assistance.

Sincerely,

Anthony P. Mercantante, P.P. AICP
Township Administrator

**Library Charge Back
For 2012 Budget Year**

| Budget Items | Budgeted Amount | % For Chargeback | Proposed Chargeback |
|--------------------------------------|------------------------|-------------------------|----------------------------|
| Admin | 437,692 | 5.70% | 24,948 |
| Purchasing | 131,996 | 5.70% | 7,524 |
| Clerk | 221,855 | 5.70% | 12,646 |
| Finance | 428,287 | 5.70% | 24,412 |
| Liability Insurance | 780,000 | 5.70% | 44,460 |
| Workers Comp Insurance | 1,300,000 | 8.00% | 104,000 |
| Unemployment Insurance | 240,000 | 8.00% | 19,200 |
| Social Security/Medicare/UDI | 1,300,000 | 8.00% | 104,000 |
| PERS | 2,303,787 | 8.00% | 184,303 |
| Health Benefits | 8,550,000 | 9.48% | 810,000 |
| Total Actual Proposed Charges | | | 1,335,493 |
| In 2011 we charged back | | | 997,000 |
| Proposed is less by | | | 338,493 |

The 5.7% represents the library budget as a percent of the entire budget
The 8% represents the Library Salaries as a percent of total budgeted salaries