



FY 2012 Executive Municipal Budget Overview Presentation

**Town Council Meeting
April 10, 2012**

Budget Summary Points

- **\$0.001 Municipal Tax Rate Decrease**
- **\$0.02 Total Property Tax Decrease**
- **\$841,834 UNDER 2% Property Tax Levy CAP**

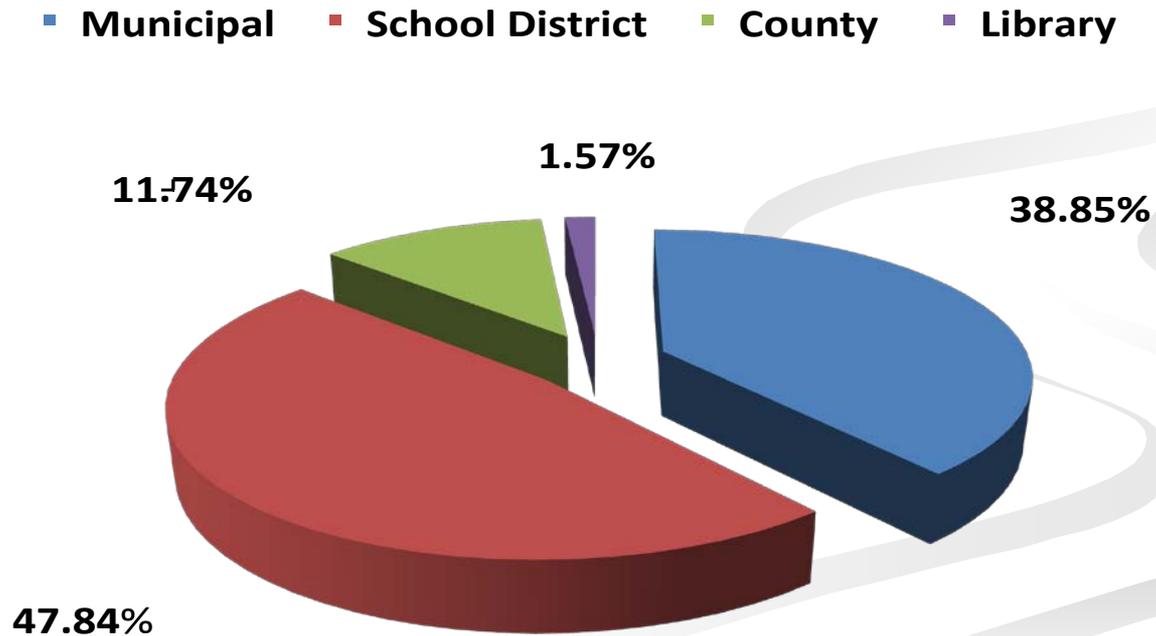
Property Tax Rates

	<u>FY 2011</u>	<u>FY 2012</u>	<u>% Change</u>
■ Municipal	\$1.017	\$1.016	- 0.10%
■ School District	1.263	1.251	- 1.00%
■ Morris County	0.311	0.307	- 1.30%
■ Library	0.045	0.041	- 9.76%
■ TOTAL	\$2.635	\$2.615	-0.77%

FY 2012 Property Tax Rates % Breakdown

*\$0.39 of Each Total Tax Rate Dollar
Funds Municipal Government*

□



Tax Bill Comparison

(Avg. Residential NAV - \$350,000)

	<u>FY 2011</u>	<u>FY 2012 (Est.)</u>
■ Municipal Tax	\$ 3,559.50	\$3,556.00
■ Morris County Tax	1,088.00	1,074.00
■ School District Tax	4,420.50	4,378.50
■ Public Library Tax	154.00	143.50
■ Total Tax Bill Amount	\$9,222.50	\$9,152.00
■ <u>FY 2012 Property Tax \$ Effect</u>		
➤ Decrease of \$5.88/month or \$70.50/year		

Financial Summary Totals

	Adopted <u>FY 2011</u>	Proposed <u>FY 2012</u>
<u>Operating Fund</u>		
■ Municipal Budget	\$36,535,043	\$35,866,998
■ Capital Improvements Plan	1,200,000	1,757,000
<i>Percent Change</i>		<i>(0.3%)</i>
<u>Sewer Utility Fund</u>		
■ Sewer Utility Budget	\$ 9,052,443	\$ 8,896,644
■ Capital Improvements Plan	377,000	200,000
<i>Percent Change</i>		<i>(3.5%)</i>
<i>Total Financial Budgets</i>	<i>\$47,164,486</i>	<i>\$46,720,642</i> <i>(0.9%)</i>

2% Property Tax Levy Revenue CAP

- Projected Total Revenues - \$35,866,998
- Total Projected Non-Tax General Revenues are down \$651,100 from FY 2011 - \$12,656,599
- Maximum Allowable Municipal Tax Levy Amount - \$23,424,160
- FY 2012 Municipal Tax Levy Revenue - \$22,582,326
- \$841,834 Under Tax Levy Cap Limit

Fund Balance Revenue

■ Fund Balance (End of 12/31/11) -	\$1,560,561
■ Operating Budget (Anticipated Surplus) -	\$1,460,000
➤ <u>Proposed Appropriation Uses</u>	
• Municipal Operations -	\$ 543,985
• Reserve for Tax Appeals -	450,000*
• Reserve for Salary & Wage Increases -	164,000*
• Reserve for Vacation & Sick Time -	100,000*
• Emergency Appropriations – FY 2011	90,000*
• Fire Truck Lease Payment -	58,000
• Capital Improvement Fund -	45,000*
• Deferred Charges	9,015*

* *One-Time Appropriation Amount*

General Revenues

■ Revenue Increases (estimated)

➤ *Local Revenues*

- Other Licensing Fees (All Depts.) - \$23,000
- Cable Franchise Fees – \$18,000
- Alcoholic Beverage License Fees – \$12,000
- Municipal Court Fines & Costs – \$10,000

➤ *Special Items*

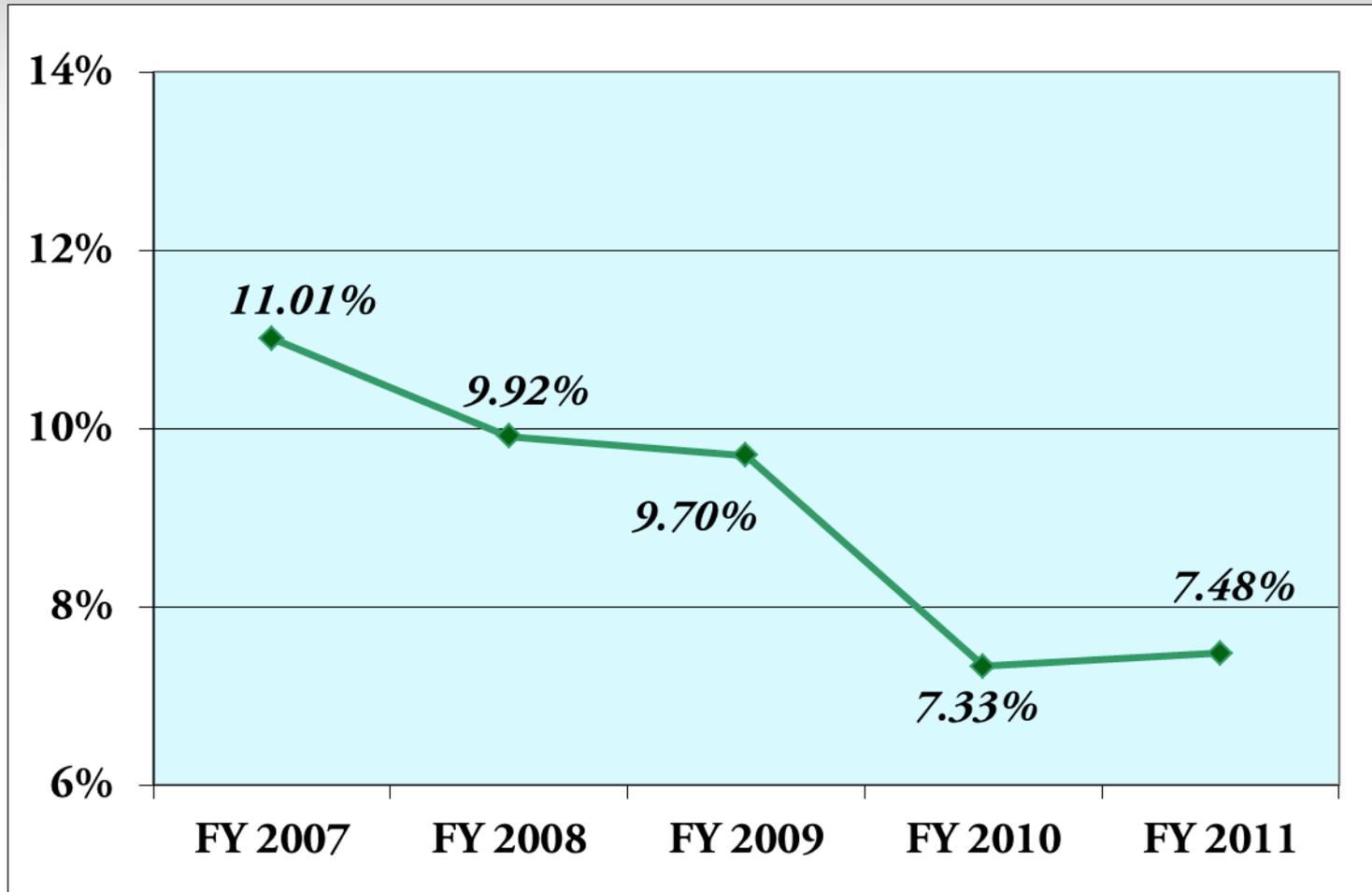
- U.S. Law Enforcement (IRS & Police Bureau) - \$110,000
- Municipal Hotel/Motel Occupancy Tax - \$ 25,000
- Outside Police Contracting Admin. Fees - \$ 7,000

General Revenues (cont.)

■ State “Aid” Revenue

- Same amount as FY 2011; distribution different.
- Energy Receipts Tax (\$2,682,420)– Up \$99,304
- Consolidated Municipal Property Tax Relief Act (CMPTRA) (\$186,179) – Down \$99,304
- In FY 2008, Morristown received \$3,698,495 in State Revenue. CMPTRA - \$969,932 of this total.
- Trend is to reduce CMPTRA to \$0 over the coming years.

State Aid Revenue as a % of Total Operating Revenue



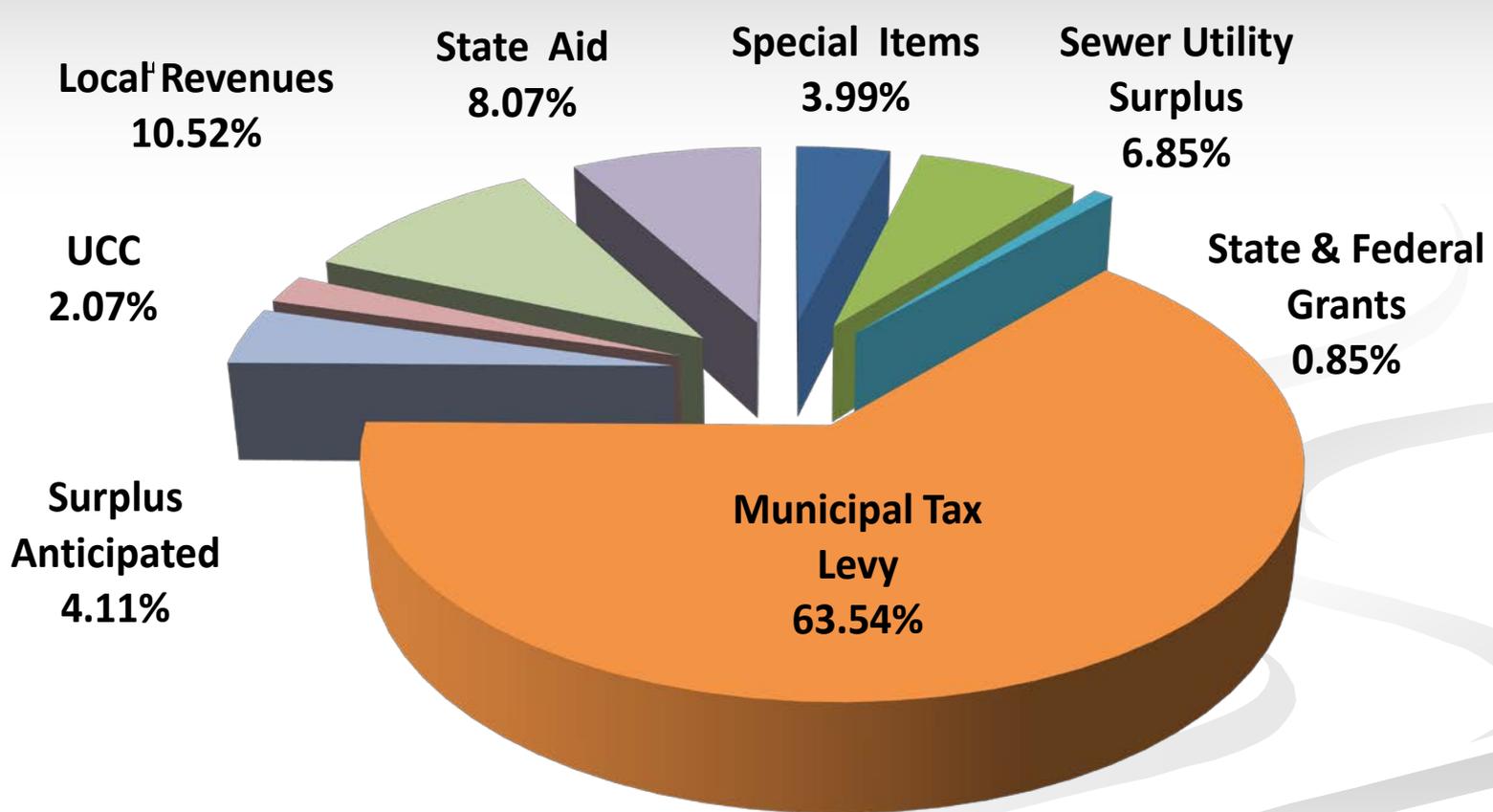
General Revenues (cont.)

■ Revenue Decreases

- \$ 10,000 – Fire Bureau EMS Revenue Recovery
- \$ 29,000 - Lease Rents of Municipal Property
- \$ 30,000 - Uniform Construction Code Fees
- \$ 59,000 - Interest on Investments and Taxes
- \$100,000 - Sewer Capital Surplus
- \$165,000 - Sewer Operating Surplus

FY 2012 Anticipated Revenues (%)

“Where The Budget \$\$ Comes From”



General Appropriations

- Projected Total Appropriations – **\$35,866,998**
 - Municipal Operations – \$17,772,386
 - Down 2.8% (\$505,659)
 - 12% Decrease since FY 2009 (\$2,216,014).
 - Salary & Wages (37.9% of Total Appropriations) - \$285,490 Decrease
 - Other Appropriations - \$18,094,612
 - Down 3.2% (\$604,019)
 - Medical Insurance (15.5% of Total Appropriations) – Up \$316,000
 - Pension Obligations (7.6% of Total Appropriations) – Down \$360,500
 - Debt Service Payments (16.0% of Total Appropriations) – Down \$256,261
- **\$1,109,678 Total Appropriation DECREASE.**

Difficult Staffing Decisions Payoff in FY 2012

- Total Cost Savings/Avoidance in FY 2012
Municipal Budget - **\$3,163,443**
- Since FY 2010, personnel expense containment:
 - 26 Unfunded Vacant Positions - \$2,207,235
 - 16 Positions through Workforce Reduction - \$956,208
- Cumulative Budget Cost Savings over 3 Years:
\$7.5 million

Pension and Health Care Insurance Reform

- New State Laws enacted in FY 2011
- PENSION
 - FY 2012 Pension obligations – Down 13.3% or \$360,500
 - Pre-Pension Reform Estimates – Up 23.5% or \$350,000 from FY 2011
 - \$710,500 budget cost savings
 - FY 2009 Pension Deferral Payment - \$146,413

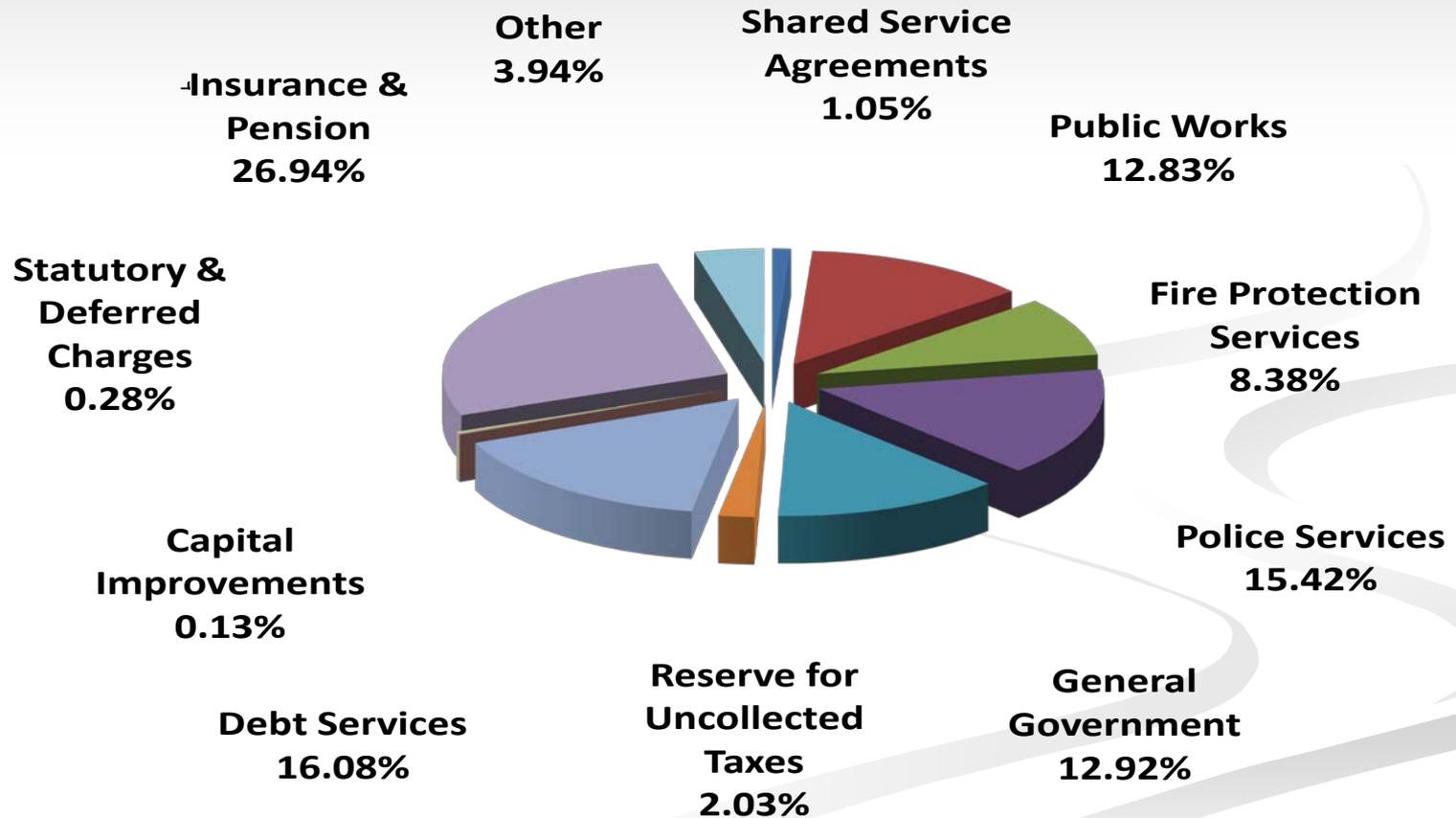
Pension and Health Care Insurance Reform

■ HEALTH CARE INSURANCE

- *Employee Cost Sharing:* 1.5% of Pensionable Base Salary OR % of Health Insurance Premium, whichever is HIGHER.
- *Elected Officials:* **O-12A-10** mandates a 25% contribution toward medical & dental insurance premiums. **O-12B-10** mandates newly elected or reelected officials contribute 100% of the cost of their medical and dental benefits (no opt-out payment).
- Current employees, Elected Officials & Retiree Cost Sharing Obligations - \$267,000 to offset Town Insurance Premiums.

FY 2012 Proposed Appropriations (%)

“How The Budget Revenues Are Allocated”



Other Expense Category Appropriations

5 LARGEST OTHER EXPENSE CATEGORY APPROPRIATIONS

	FY 2012	FY 2011
Tipping Fees	\$633,400	\$613,800
Electricity (Street Lights)	360,000	380,000
Electricity (Municipal Buildings)	311,000	381,500
Gasoline/Diesel Fuels	243,700	237,000
Telephones and Maintenance (LAN lines & Cellular)	120,000	80,250

Tax Base

- FY 2012 Town Net Assessed Valuation - \$2,223,416,160
- NAV Increased by \$472,637.
- New Added Assessments - \$11.8 million
- NAV reductions from Tax Appeal Settlements, Court Adjudications and Tax Assessor changes - \$11.3 million
- Largest Increase in Valuation (Apartments) – \$15,855,200
- Largest Decrease in Valuation (Vacant Land) – (\$8,054,000)

Debt Service

- Standard & Poor's Credit Rating – “AA”
- GO Debt Payment Obligations (Operating Budget) dropped by \$256,261.
 - Debt Service Payments are projected to decrease by about \$750,000 in FY 2013.
- GO Debt Outstanding (includes short-term BAN's), as of 12/31/11 - \$30,849,788
- Total Net Debt has declined by \$15 million since FY 2008.
- Sewer Utility Debt Outstanding (includes short-term BAN's), as of 12/31/11 - \$19,015,608
 - Debt Service Payments will decline by about \$2.7 million in FY 2013.

Debt Payment Reduction

vs.

New Debt Authorized

Fiscal Year	GO Debt Principal Paid	New Debt Authorized	Reduction
2012	\$4,445,953	\$1,757,000	\$2,688,953
2011	4,320,000	1,200,000	3,120,000
2010	4,227,000	1,190,000	3,037,000
2009	4,037,340	485,000	3,552,340
2008	3,769,928	1,293,000	2,476,028