THE TOWN OF

MORRISTOWN T.M.

FY 2013 EXECUTIVE MUNICIPAL BUDGET OVERVIEW PRESENTATION

TOWN COUNCIL MEETING

APRIL 9, 2013

Budget Summary Points

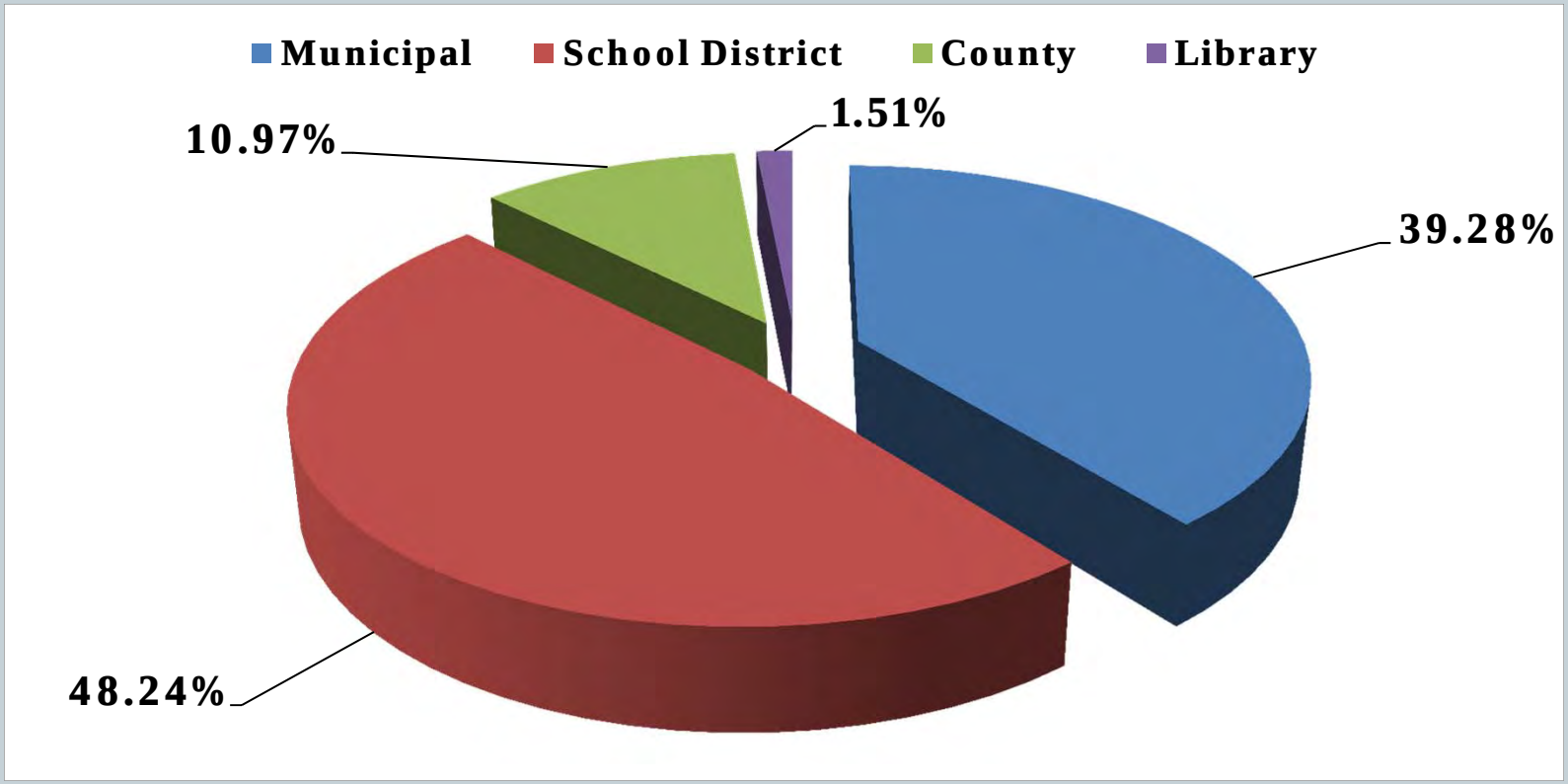
- **$0.003 Municipal Tax Rate <u>Decrease</u>**
- **$0.04 Total Property Tax <u>Decrease</u>**
- **$1,045,080 <u>UNDER</u> 2% Property Tax Levy CAP**

Property Tax Rates

	FY 2012	FY 2013	% Change
Municipal	$1.016	$1.013	- 0.30%
School District	1.251	1.244	- 0.56%
Morris County	0.307	0.283	- 7.82%
Library	0.041	0.039	- 4.88%
TOTAL	$2.615	$2.579	-1.38%

FY 2013
Property Tax Rates % Breakdown

$0.39 of Each Total Tax Rate Dollar Funds Municipal Government



Tax Bill Comparison
(Avg. Residential NAV - $350,000)

	FY 2012	FY 2013 (Est.)
Municipal Tax	**$3,556.00**	**$3,545.50**
Morris County Tax	1,074.00	990.50
School District Tax	4,378.50	4,354.00
Public Library Tax	143.50	136.50
Total Tax Bill Amount	**$9,152.00**	**$9,026.50**

- **FY 2013 Total Property Tax $ Effect**
  - **Decrease of $10.46/month or $125.50/year**

$100,000 of Assessed Valuation

- Tax Decrease Impact

  - Municipal: $ 3.00
  - County: $24.00
  - School District: $ 7.00
  - Public Library: $ 2.00
  - ***TOTAL*** ***$36.00***

Financial Summary Totals

	FY 2012	FY 2013
Operating Fund		
• Municipal Budget	$35,563,925	$35,187,298
• Grants	432,375	2,307,333*
• Capital Improvements Plan	3,668,500	1,195,000
Percent Change (2.5%)		
Sewer Utility Fund		
• Sewer Utility Budget	$ 8,896,644	$ 7,461,194
• Capital Improvements Plan	200,000	1,013,000
Percent Change (8.3%)		
Total Financial Budgets	***$48,761,444***	***$47,163,825***
		(3.6%)

* $1.87 million increase in Grant Funds received this year. Otherwise, Budget would be $376,627 lower than last year.

2% Property Tax Levy Revenue CAP

- Projected Total Revenues - **$37,494,631**
- Total Projected Non-Tax General Revenues are down $121,750 from FY 2012 - **$12,859,849**
- Maximum Allowable Municipal Tax Levy Amount - **$23,372,529**
- FY 2013 Municipal Tax Levy Revenue - **$22,327,449**
- **$1,045,080** Under Tax Levy Cap Limit

Fund Balance Revenue

- Fund Balance (End of 12/31/12) - $3,701,114
- Operating Budget (Anticipated Fund Bal.) - $2,000,000

➢ Proposed Appropriation Uses

- **Reserve for Tax Appeals - $ 750,000***
- **Municipal Operations - 357,900**
- **Emergency Appropriations (FY 2012) - 279,100***
- **Reserve for Salary & Wage Increases - 275,000***
- **Capital Improvement Fund - 180,000***
- **Reserve for Accrued Vacation & Sick Time - 100,000***
- **Fire Truck Lease Payment - 58,000**

**** One-Time Appropriation Amount***

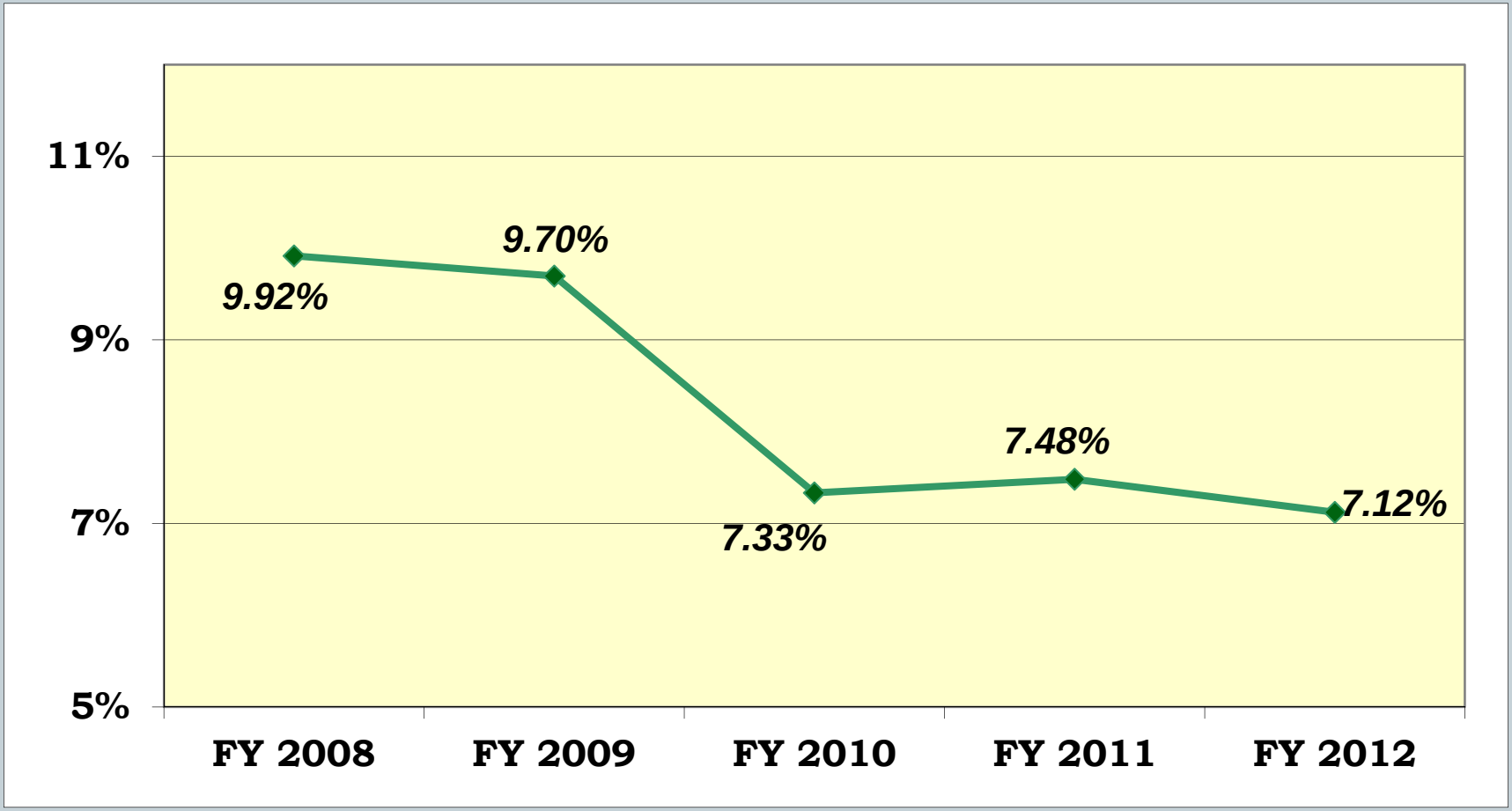
General Revenues

- Revenue Increases (estimated)
  - ***Local Revenues***
    - **Cable Franchise Fees – $19,000**
    - **Fire Bureau EMS Revenue Recovery – $18,000**
    - **Interest & Costs on Taxes - $17,000**
  - ***U.C.C. Fees* - $100,000**
  - ***Grants* – $1,874,958**
  - ***Special Items***
    - **Rental of Town Property - $18,000**
    - **Airport Lease - $10,000**
    - **Outside Police Contracting Admin. Fees - $10,000**
  - ***Receipts from Delinquent Taxes* - $102,000**

General Revenues (cont.)

- State "Aid" Revenue
  - **Same amount as FY 2012 ($2,868,599); distribution different.**
  - **Energy Receipts Tax ($)– Up $57,444 ($2.7 million)**
  - **Consolidated Municipal Property Tax Relief Act (CMPTRA) ($) – Down $ 57,444 ($128,735)**
  - **In FY 2009, Morristown received $3.6 million in State Revenue. CMPTRA - $720,239 of this total.**
  - **Trend is to reduce CMPTRA to $0 over the coming years.**

State Aid Revenue as a % of Total Operating Revenue

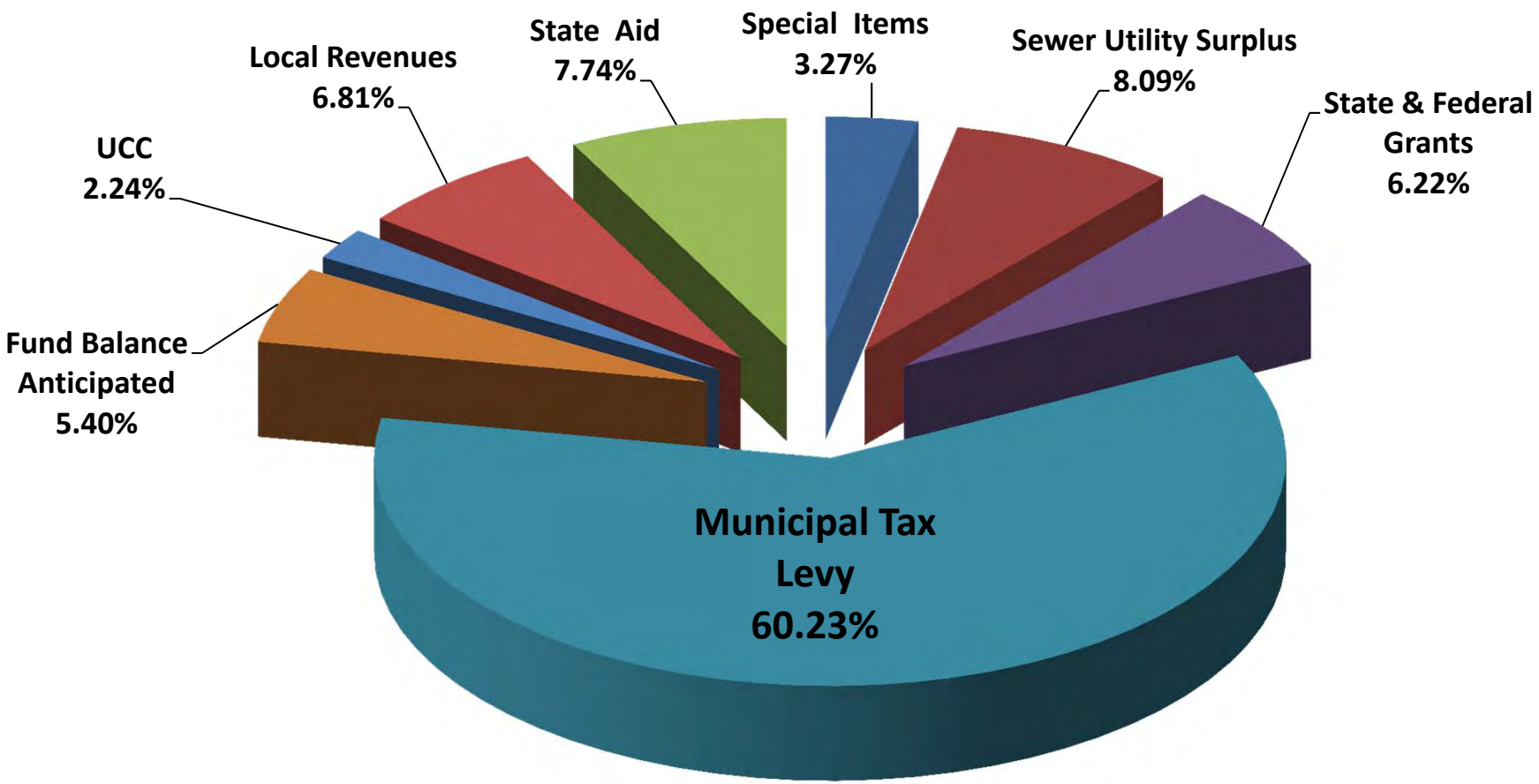


General Revenues (cont.)

- **Revenue Decreases**

  - **$1.13 million – HQ Plaza/S.D.C. Lease Agreement**
  - **$ 210,000 – Equitable Sharing U.S. Treasury (IRS)**
  - **$ 98,000 - Municipal Court Fines & Costs**
  - **$ 37,250 - Animal Control Shared Services w/ Morris Township**
  - **$ 14,000- Hotel & Motel Occupancy Tax**

FY 2013 Anticipated Revenues (%)
"Where The Budget $$ Comes From"



General Appropriations

- Projected Total Appropriations – **$37,494,631**
  - **Municipal Operations – $18,034,116**
    - Up 1.5% ($261,730)
    - 9.8% Decrease since FY 2009 ($1,954,284).
    - Salary & Wages (37.1% of Total Appropriations) – Up $172,961
  - **Other Appropriations - $19,460,516**
    - Up 6.7% ($1.22 million)
    - Grants (6.2% of Total Appropriations) – Up $1.87 million
    - Health Care Insurance (13.0% of Total Appropriations) – Down $692,387
    - Pension Obligations (8.7% of Total Appropriations) –Down $117,028
    - Debt Service Payments (13.5% of Total Appropriations) – Down $705,172
- **$376,627** Total Appropriation DECREASE (minus Grant Increase).

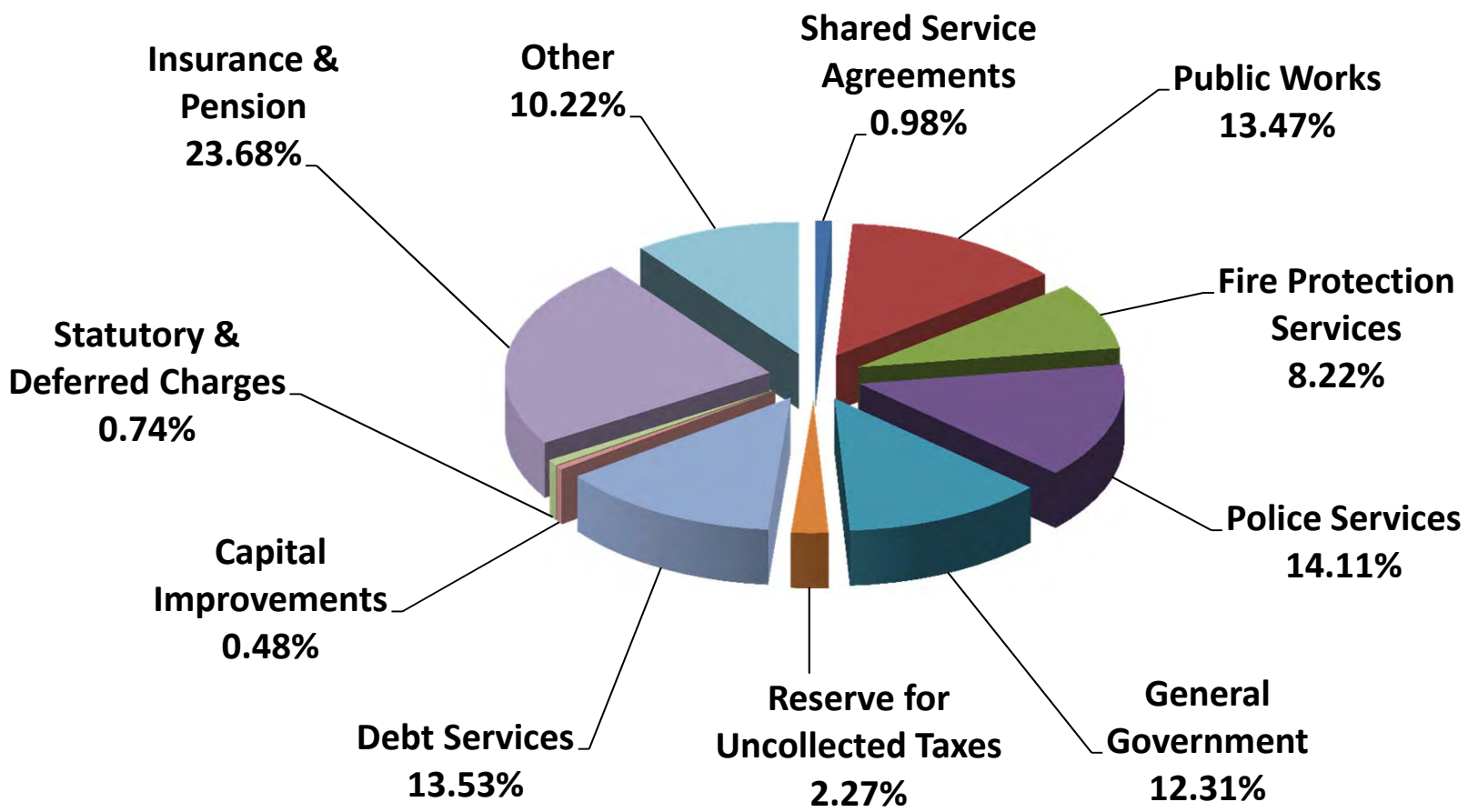
Pension Costs

- FY 2013 Pension Cost - $2,615,063
- FY 2013 Pension obligations – Down 13.3% or $117,028
- FY 2009 Pension Deferral Payment - $150,253
- Reasons for $ Decrease
  - ***Significant Decline in Workforce Totals***
  - ***Employee Contribution % Higher***
  - ***Actuarial Formula Change – Lower ROI Assumption***

Health Care Insurance

- FY 2013 Health Care Insurance Cost - $5,869,538
- FY 2013 Medical & Dental Insurance Premium - $692,387 Decrease
- Current Employee/Retiree Premium Cost Sharing – Approximately $425,000 Offset.
- Reserve for Insurance - $411,629 Offset.
- Reasons for $ Decrease
  - ***66% Rate of Medical Claims-to-Premiums Paid***
  - ***Significant Decline in Workforce Totals***
  - ***Employee Contribution % Higher***

FY 2013 Proposed Appropriations (%)
"How The Budget Revenues Are Allocated"



Line-Item Appropriations Summary

- Largest Increases
  - Reserve for Tax Appeals - $750,000 (up $300,000)
  - Emergency Appropriations (2012) - $279,100 (up $189,100)
  - Capital Improvement Fund - $180,000 (up $135,000)

- Largest Decreases
  - Debt Service - $5,074,152 (down $705,172)
  - Health Care Insurance - $4,853,612 (down $692,387)
  - Pension Obligations - $2,615,063 (down $117,028)

Line-Item Appropriations Summary (cont.)

- 10 Largest Other Expenses Category
  - 7 of 10 Appropriation Amounts *decreased*;
    Total Variance – ($87,205)
  - Other 3 Appropriation Amounts *increased;*
    Total Variance - $19,780

- 5 Largest Professional Service
  - *Legal*: Tax Appeal/Appraisal – Up $50,000
  - *Planning*: Up $30,000
  - *Others*: No Change

Tax Base

- FY 2012 Town Net Assessed Valuation -$2,203,078,442
- NAV Decreased by $20.3 million
- New Added Assessments - $1.8 million
- Verizon Assessment Reduction - $14,205,289
- NAV reductions from Tax Appeal Settlements, Court Adjudications and Tax Assessor changes - $6.12 million
- No Valuation Increase in any classification.
- Largest Decrease in Valuation (Commercial) – ($3,946,500)

Debt Service

- **Standard & Poor's Credit Rating – 'AA"**
- **GO Debt Payment Obligations (Operating Budget) reduced by $5,508,325 in FY 2012.**
  - $4,759,413 scheduled to paid off this year.
- **GO Debt Outstanding (includes short-term BAN's), as of 12/31/12 - <u>$33,635,057</u>**
- **Total Net GO Debt has declined by <u>$22.1 million</u> since FY 2008.**
- **Sewer Utility Debt Outstanding (includes short-term BAN's), as of 12/31/11 - <u>$16,831,821</u>**
  - Debt Service Payments declined by $2.67 million in FY 2013.
  - Elimination of New Sewer Utility Debt.