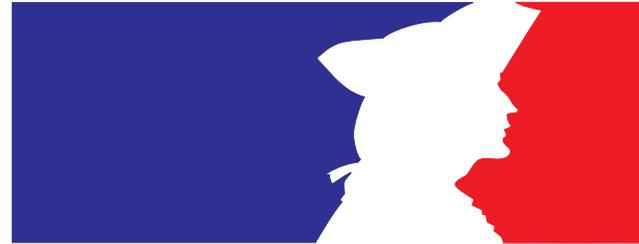


THE TOWN OF



MORRISTOWN™



FY 2014  
EXECUTIVE  
MUNICIPAL BUDGET OVERVIEW  
PRESENTATION

*TOWN COUNCIL MEETING*  
*APRIL 8, 2014*

# Budget Summary Points

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- **No Municipal Tax Rate**
- **\$0.007 Total Property Tax Increase**
- **\$166,411 UNDER 2% Property Tax Levy CAP**

# Property Tax Rates

3

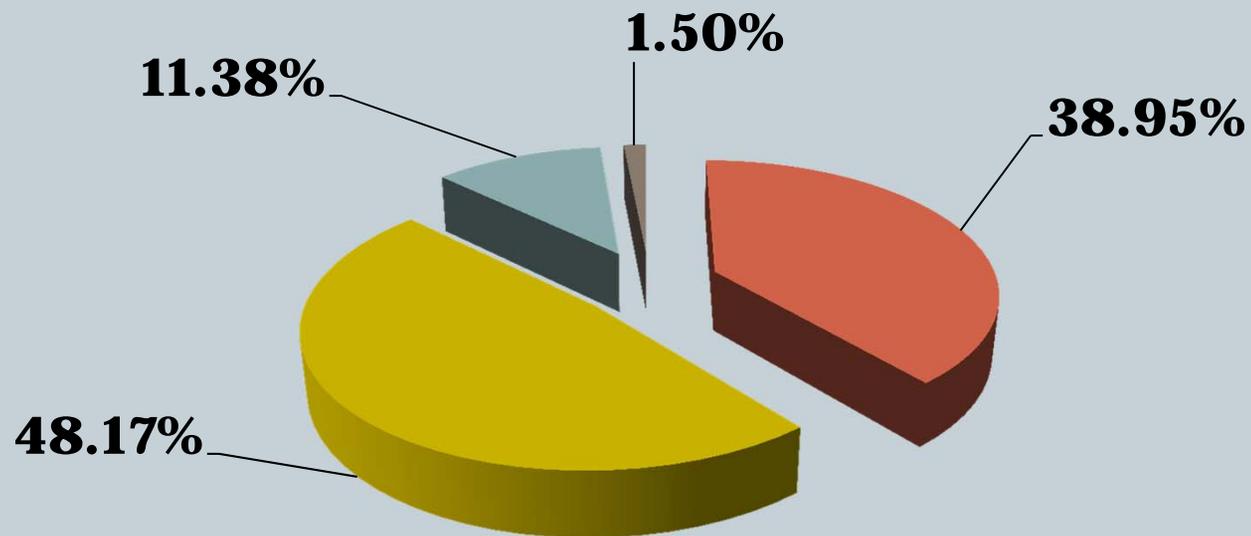
	<u>FY 2013</u>	<u>FY 2014</u>	<u>% Change</u>
■ <b>Municipal</b>	<b>\$ 1.013</b>	<b>\$ 1.013</b>	<b>0.00%</b>
■ <b>School District</b>	<b>1.244</b>	<b>1.253</b>	<b>0.72%</b>
■ <b>Morris County</b>	<b>0.298</b>	<b>0.296</b>	<b>(0.67%)</b>
■ <b>Library</b>	<b>0.039</b>	<b>0.039</b>	<b>0.00%</b>
■ <b>TOTAL</b>	<b>\$ 2.594</b>	<b>\$ 2.601</b>	<b>0.27%</b>

# FY 2014 Property Tax Rates % Breakdown

4

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

■ Municipal ■ School District ■ County ■ Library



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

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	<u><b>FY 2013</b></u>	<u><b>FY 2014 (Est.)</b></u>
■ <b>Municipal Tax</b>	<b>\$3,545.50</b>	<b>\$3,545.50</b>
■ <b>Morris County Tax</b>	1,043.00	1,036.00
■ <b>School District Tax</b>	4,322.50	4,385.50
■ <b>Public Library Tax</b>	136.50	136.50
■ <b>Total Tax Bill Amount</b>	<b>\$9,047.50</b>	<b>\$9,103.50</b>
■ <b><u>FY 2014 Total Property Tax \$ Effect</u></b>		

➤ *Increase of \$4.67/month or \$56.00/year*

# \$100,000 of Assessed Valuation

6

## • Tax Increase Impact

- Municipal:           \$ 0.00
- County:               (\$ 2.00)
- School District:   \$ 18.00
- Public Library:     \$ 0.00
- ***TOTAL***               ***\$16.00***



# Financial Summary Totals

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	<u>FY 2013</u>	<u>FY 2014</u>
<b><u>Operating Fund</u></b>		
• Municipal Budget	\$ 35,187,298	\$ 35,588,522
• Grants	2,712,595	310,800
• Capital Improvements Plan	1,195,000	2,600,000
<b><i>Sub-Total</i></b>	<b><i>\$ 39,094,893</i></b>	<b><i>\$</i></b>
<b><i>38,499,322</i></b>		
<b><i>Percent Change</i></b>		
<b><i>(1.5%)</i></b>		
 <b><u>Sewer Utility Fund</u></b>		
• Sewer Utility Budget	\$ 7,461,194	\$ 7,921,851
• Capital Improvements Plan	1,013,000	300,000
<b><i>Sub-Total</i></b>	<b><i>\$ 8,474,194</i></b>	<b><i>\$</i></b>
<b><i>8,221,851</i></b>		
<b><i>Percent Change</i></b>		
<b><i>(3.0%)</i></b>		
 <b><i>Total Financial Budgets</i></b>	<b><i>\$ 47,569,087</i></b>	<b><i>\$ 46,721,173</i></b>
		<b><i>(1.8%)</i></b>

# 2% Property Tax Levy Revenue CAP

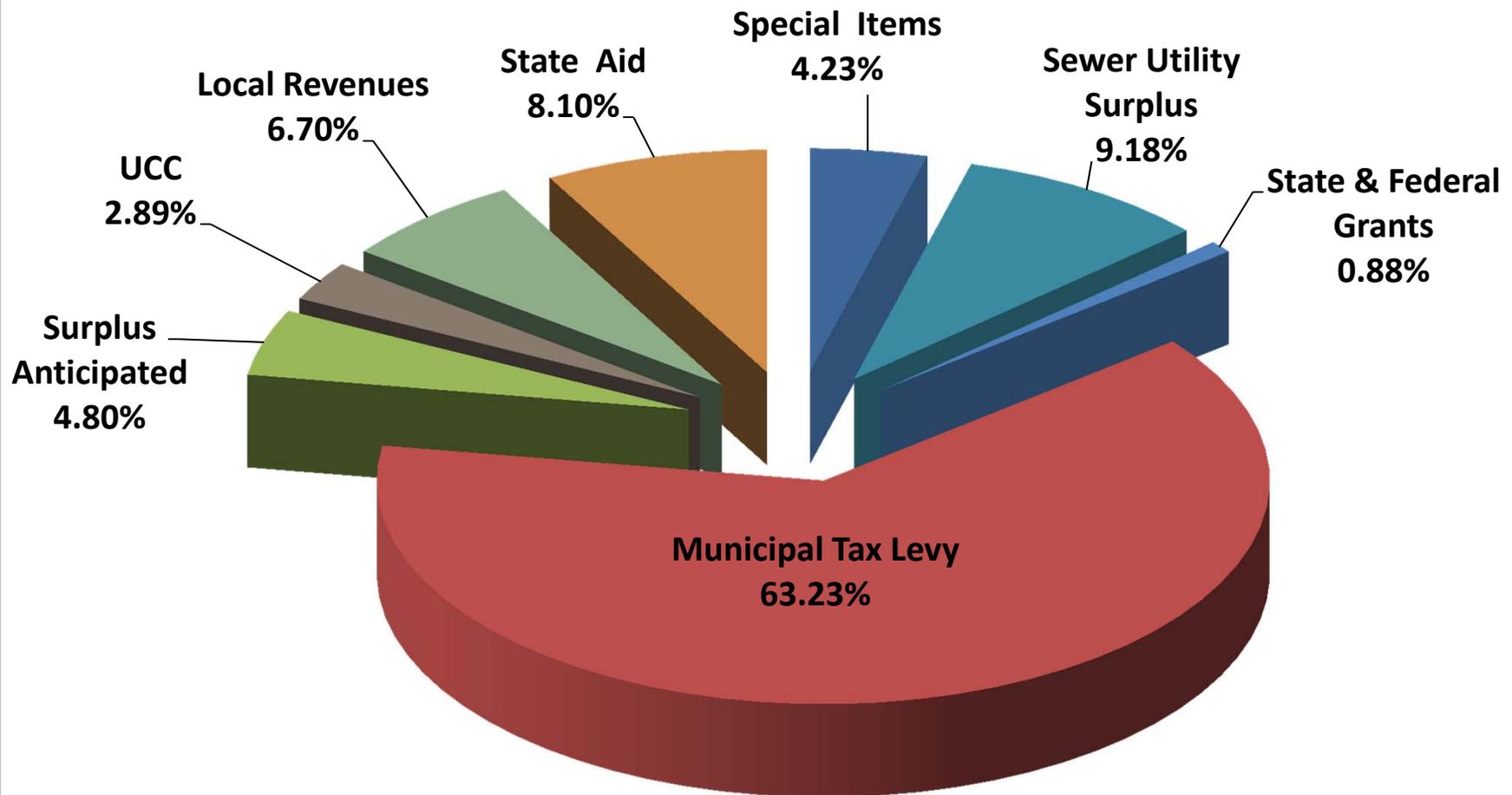
8

- Projected Total Revenues - **\$35,899,322**
- Total Projected Non-Tax General Revenues are up \$281,147 from FY 2013 - **\$13,193,996**
- Maximum Allowable Municipal Tax Levy Amount - **\$22,560,937**
- FY 2014 Municipal Tax Levy Revenue - **\$22,394,526**
- **\$166,411** Under Tax Levy Cap Limit

# FY 2014 Anticipated Revenues (%)

## “Where The Budget \$\$ Comes From”

9



# Fund Balance Revenue

10

- Fund Balance (End of 12/31/13) - \$5,085,104
- Operating Budget (Anticipated Fund Bal.) - \$1,700,000

## ➤ Proposed Appropriation Uses

- Reserve for Tax Appeals - \$ 650,000\*
- Municipal Operations - 622,000
- Capital Improvement Fund - 200,000\*
- Reserve for Accrued Vacation & Sick Time - 125,000\*
- Fire Truck Lease Payment - 58,000
- Reserve for Salary & Wage Increases - 45,000\*

*\* Non-Recurring Appropriation Amount*

# General Revenues

11

- Revenue Increases (projected)
  - *Local Revenues*
    - Municipal Court Fines & Costs - \$82,000
    - General Fees & Permits - \$30,000
    - Cable Franchise Fees – \$15,000
    - Interest on Investments & Deposits - \$10,000
  - *U.C.C. Fees* - \$194,000
  - *Special Items*
    - Sewer Utility Surplus - \$250,000
    - Municipal Hotel & Motel Occupancy Taxes - \$139,000
    - FEMA Reimbursement - \$128,000
    - Fire Bureau EMS Revenue Recovery – \$32,000
  - *Receipts from Delinquent Taxes* - \$53,000

# General Revenues (cont.)

12

- State “Aid” Revenue
  - Same amount as FY 2013 (\$2,868,599); distribution different.
  - Energy Receipts Tax (\$2,754,433)– Up \$14,569 (\$2.73 million)
  - Consolidated Municipal Property Tax Relief Act (CMPTRA) (\$114,166) – Down \$14,569 (\$114,166)
  - In FY 2009, Morristown received \$3.6 million in State Revenue. CMPTRA - \$720,239 of this total.
  - Trend is to reduce CMPTRA to \$0.

# General Revenues (cont.)

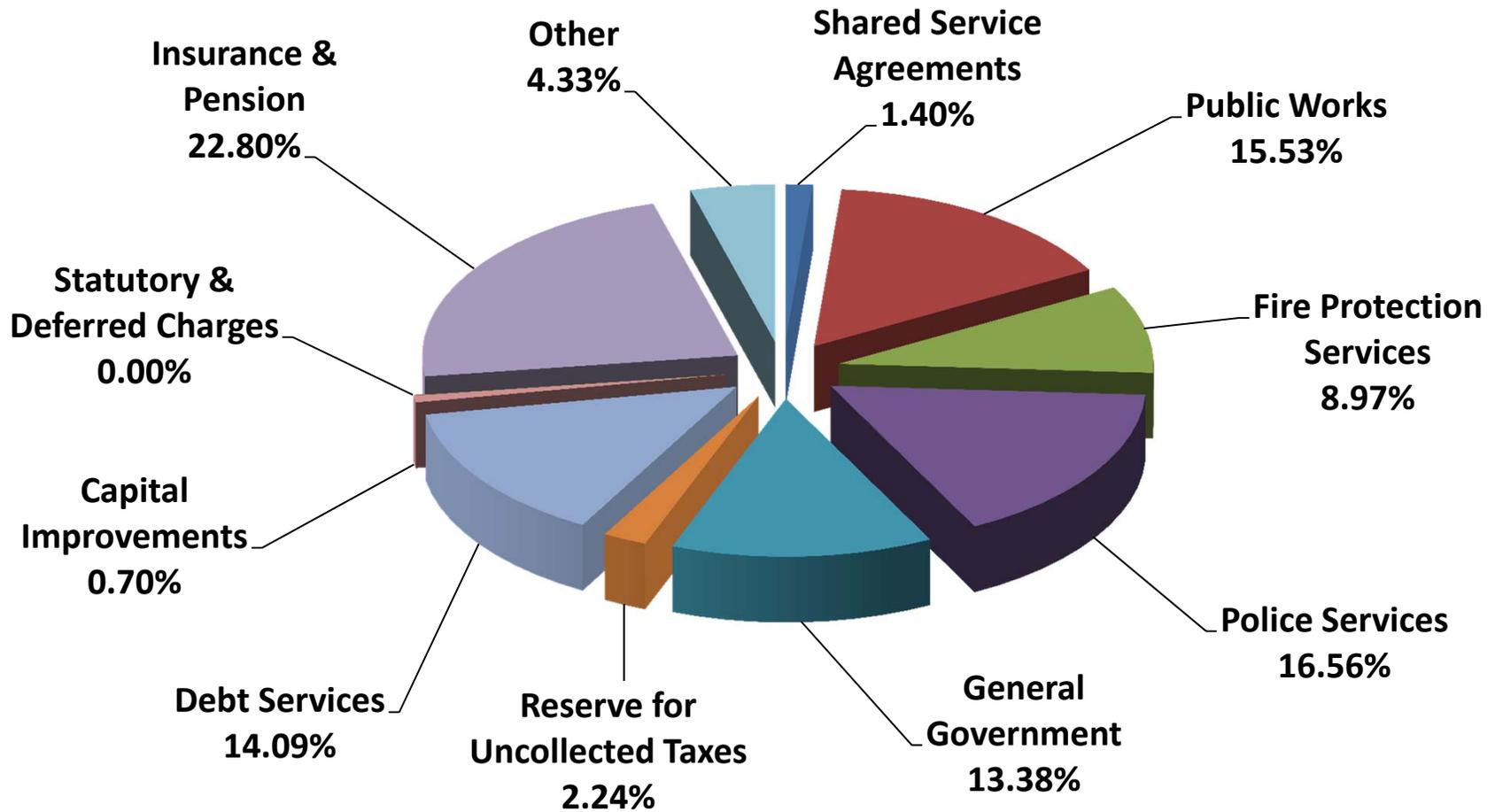
13

- **Revenue Decreases**

- \$ 300,000 – HQ Plaza/S.D.C. Lease Agreement
- \$ 19,000 - Outside Police Contracting Admin. Fees
- \$ 13,000 – Lease Payments (Town Property)

# FY 2014 Proposed Appropriations (%)

## “How The Budget Revenues Are Allocated”



# General Appropriations

15

- Projected Total Appropriations – \$35,899,322
- \$2 Million Total Appropriation DECREASE.
- \$1 Million Net Appropriation DECREASE (excludes Reserve for Uncollected Taxes, Grants and Non-Recurring Expenses funded by Fund Balance-Surplus)

# General Appropriations (cont.)

16

- **Municipal Operations - \$19,544,612**
  - **Up 8.4%, or \$1,512,498**
  - **Down 2.2%, or \$443,787 compared with FY 2009.**
  - **Salary & Wages (38.6% of Total Appropriations)**
    - **Up \$663,061**
      - **Union Contract Settlements (3 Years) – Salary Increases Average 1.8%**
  - **DPW Overtime and Road Salt – Up \$301,627**
  - **Information Technology Consulting Fees – Up \$50,000**
  - **Voice & Data Network Expenses – Up \$39,000**

# General Appropriations (cont.)

17

- **Other Appropriations - \$16,354,709**
  - **Down 17.7% (\$3.51 million)**
  - **Health Care Insurance (12.1% of Total Appropriations)**
    - **Down \$563,763**
  - **Pension Obligations (6.8% of Total Appropriations)**
    - **Down \$195,715**
  - **Debt Service Payments (14.0% of Total Appropriations)**
    - **Down \$15,695**
  - **Grants (1.0% of Total Appropriations) – Down \$2.4 million**
  
  - **Shared Service Agreements – Up \$135,808 (Morris County Public Health)**

# Pension Costs

18

- FY 2014 Pension Cost - \$2,419,349
- FY 2014 Pension obligations – Down 7.5% or \$195,715
- FY 2009 Pension Deferral Payment - \$151,703
- Reasons for \$ Decrease
  - **Significant Decline in Workforce Totals**
  - **Employee Contribution % Higher**
  - **Actuarial Formula Change – Lower ROI Assumption**

# Health Care Insurance

19

- FY 2014 Health Care Insurance Cost - \$5,684,626
- No Premium Increase
- FY 2014 Medical & Dental Insurance Premium  
- \$563,763 Decrease
- Current Employee/Retiree Premium Cost Sharing –  
Approximately \$570,640 Offset.
- Reasons for \$ Decrease
  - **End of 2-Year Lag Premium Deferral Payment (\$430,000)**
  - **72% Rate of Medical Claims-to-Premiums Paid**
  - **Significant Decline in Workforce Totals**
  - **Employee Contribution % Higher**

# Line-Item Appropriations Summary

20

- **Largest Increases**

- Salary & Wages - \$13,740,269 (Up \$663,061)
- DPW Overtime - \$350,000 (Up \$255,000)
- Shared Services (Public Health) - \$131,655
- Computer Hardware/Software Purchases - \$100,000 (Up \$51,050)

- **Largest Decreases**

- Health Care Insurance - \$4,289,850 (down \$563,763)
- Reserve for Salary Increases - \$45,000 (down \$230,000)
- Pension Obligations - \$2,419,348 (down \$195,715)
- Debt Service Interest Payments - \$866,457 (down \$194,627)

# Line-Item Appropriations Summary (cont.)

21

- 10 Largest Other Expenses Category
  - Increases - 8 of 10 Appropriation Amounts  
Total Variance – \$113,185
  - Decreases - Other 2 Appropriation Amounts  
Total Variance – (\$30,000)
  
- 5 Largest Professional Services
  - Information Technology: \$80,000 (Up \$50,000)
  - Legal: Tax Appeal/Appraisal – \$300,000 (Up \$30,000)
  - Others: No Change

# Tax Base

22

- FY 2014 Town Net Assessed Valuation - -\$2,210,747,371
- NAV Increased by \$7.66 million
- NAV reductions from Tax Appeal Settlements, Court Adjudications and Tax Assessor changes - \$443,300
- Largest Increase in Valuation (Residential) - \$8,568,000.
- Largest Decrease in Valuation (Vacant Land) – (\$600,400)

# Debt Service (Operating Budget)

23

- **Standard & Poor's Credit Rating – 'AA'**
- **Principal Debt Payment Obligations reduced by \$4,013,068 in FY 2013.**
  - \$4,192,000 scheduled to paid off this year.
- **Net Debt Outstanding as of 12/31/13 - \$30,014,816**
  - GO Principal - \$20.67 million
  - Bond Anticipation Notes - \$9.34 million
- **Total Net Debt has declined by \$20 million since FY 2009.**
- **Net Debt Service Expense as a Percentage of Total Revenues – 12.54% (FY 2009 – 16.11%)**

# Debt Service (Sewer Utility)

24

- **Principal Debt Payment Obligations reduced by \$1,749,671 in FY 2013.**
  - \$2,188,000 scheduled to paid off this year (includes \$724,000 additional pay down on BAN's)
- **Sewer Utility Debt Outstanding as of 12/31/13 - \$15,447,403**
  - Long Term Debt - \$9.12 million
  - Bond Anticipation Notes - \$6.32 million
- **“Pay-As-You Go” - Utility Budget includes \$300,000 for Capital Improvement Projects.**
  - **No new Sewer Utility Debt – Second year in a row!**