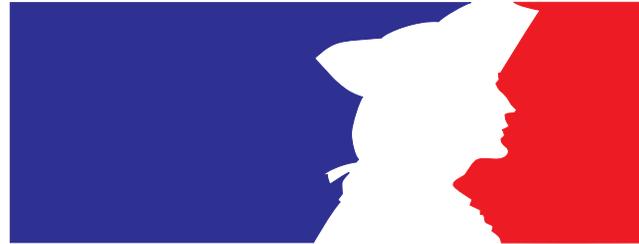


THE TOWN OF



MORRISTOWN™



FY 2015
EXECUTIVE
MUNICIPAL BUDGET OVERVIEW
PRESENTATION

***TOWN COUNCIL MEETING
APRIL 14, 2015***

Budget Summary Points

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- **No Increase in Municipal Tax Rate**
- **Municipal Tax Levy – \$25,563 Higher Than Last Year**
- **\$0.03 Total Property Tax Rate Increase**
- **\$811,480 UNDER 2% Property Tax Levy CAP**

Property Tax Rates

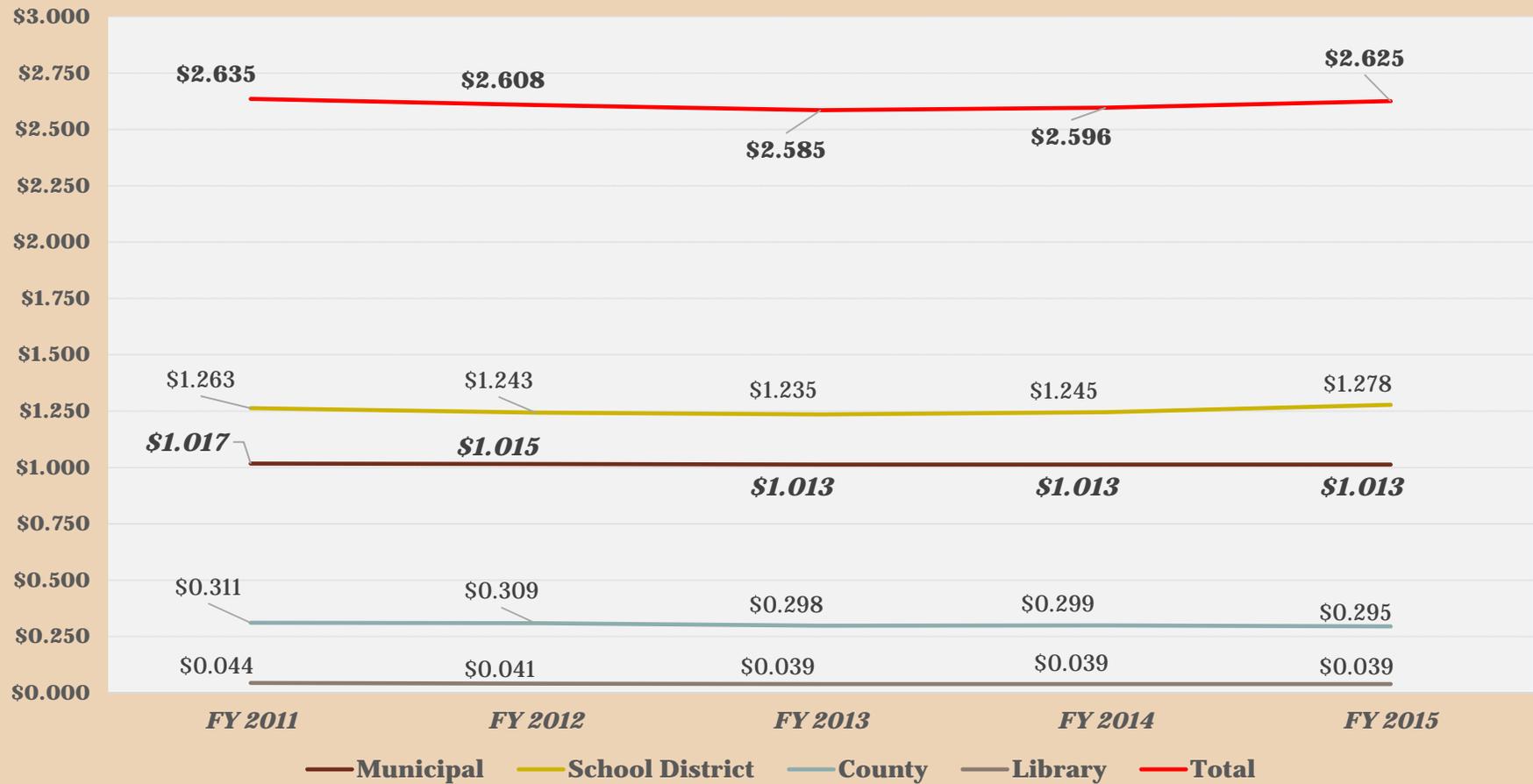
3

	<u>FY 2014</u>	<u>FY 2015</u>	<u>% Change</u>
■ Municipal	\$ 1.013	\$ 1.013	0.00%
■ School District*	1.245	1.278	2.70%
■ Morris County*	0.299	0.295	(1.34%)
■ Library	0.039	0.039	0.00%
■ TOTAL	\$ 2.596	\$ 2.625	1.12%

* *FY 2015 Estimated Tax Rates*

FY's 2011-2015 Total Property Tax Levy Rates

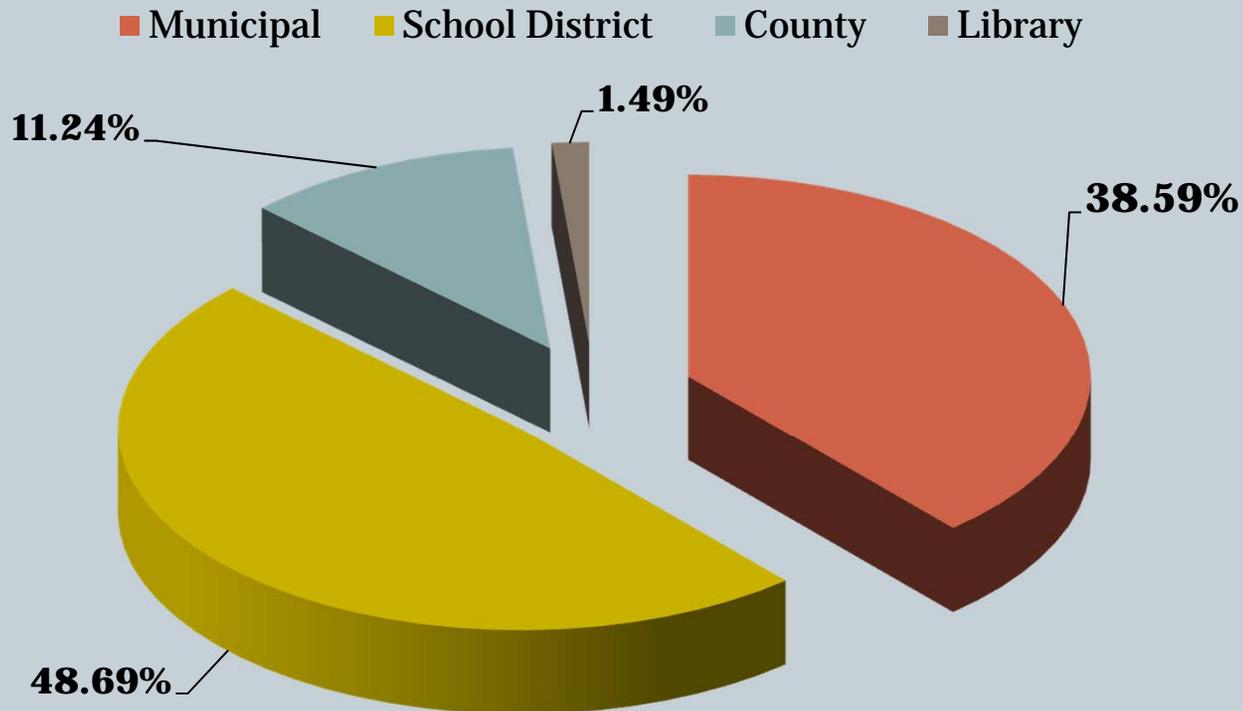
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FY 2015 Property Tax Rates % Breakdown

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***\$0.38 of Each Total Tax Rate Dollar
Funds Municipal Government***



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

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	<u>FY 2014</u>	<u>FY 2015 (Est.)</u>
■ Municipal Tax	\$3,545.50	\$3,545.50
■ Morris County Tax*	1,046.50	1,032.50
■ School District Tax*	4,357.50	4,473.00
■ Public Library Tax	<u>136.50</u>	<u>136.50</u>
■ Total Tax Bill Amount	\$9,086.00	\$9,187.50

■ **FY 2015 Total Property Tax \$ Effect**

➤ ***Increase of \$25.38/quarter or \$101.50/year***

** FY 2015 Estimated Tax Amounts*

\$100,000 of Assessed Valuation

7

• Tax Increase Impact

- Municipal: \$ 0.00
- County: (\$ 4.00)
- School District: \$33.00
- Public Library: \$ 0.00
- ***TOTAL*** ***\$29.00***



Financial Summary Totals

8

	<u>FY 2014</u>	<u>FY 2015</u>
<u>Operating Fund</u>		
• Municipal Budget	\$ 35,568,522	\$ 36,347,388
• Grants	276,873	139,260
• Capital Improvements Plan	<u>2,350,000</u>	<u>2,536,600</u>
<i>Sub-Total</i>	<i>\$ 38,195,395</i>	<i>\$ 39,023,248</i>
<i>Percent Change</i>		<i>2.2%</i>
<u>Sewer Utility Fund</u>		
• Sewer Utility Budget	\$ 7,921,851	\$ 7,615,252
• Capital Improvements Plan	<u>300,000</u>	<u>670,000</u>
<i>Sub-Total</i>	<i>\$ 8,221,851</i>	<i>\$ 8,285,252</i>
<i>Percent Change</i>		<i>1.0%</i>
<i>Total Financial Budgets</i>	<i>\$ 46,417,246</i>	<i>\$ 47,308,500</i>
		<i>1.9%</i>

2% Property Tax Levy Revenue CAP

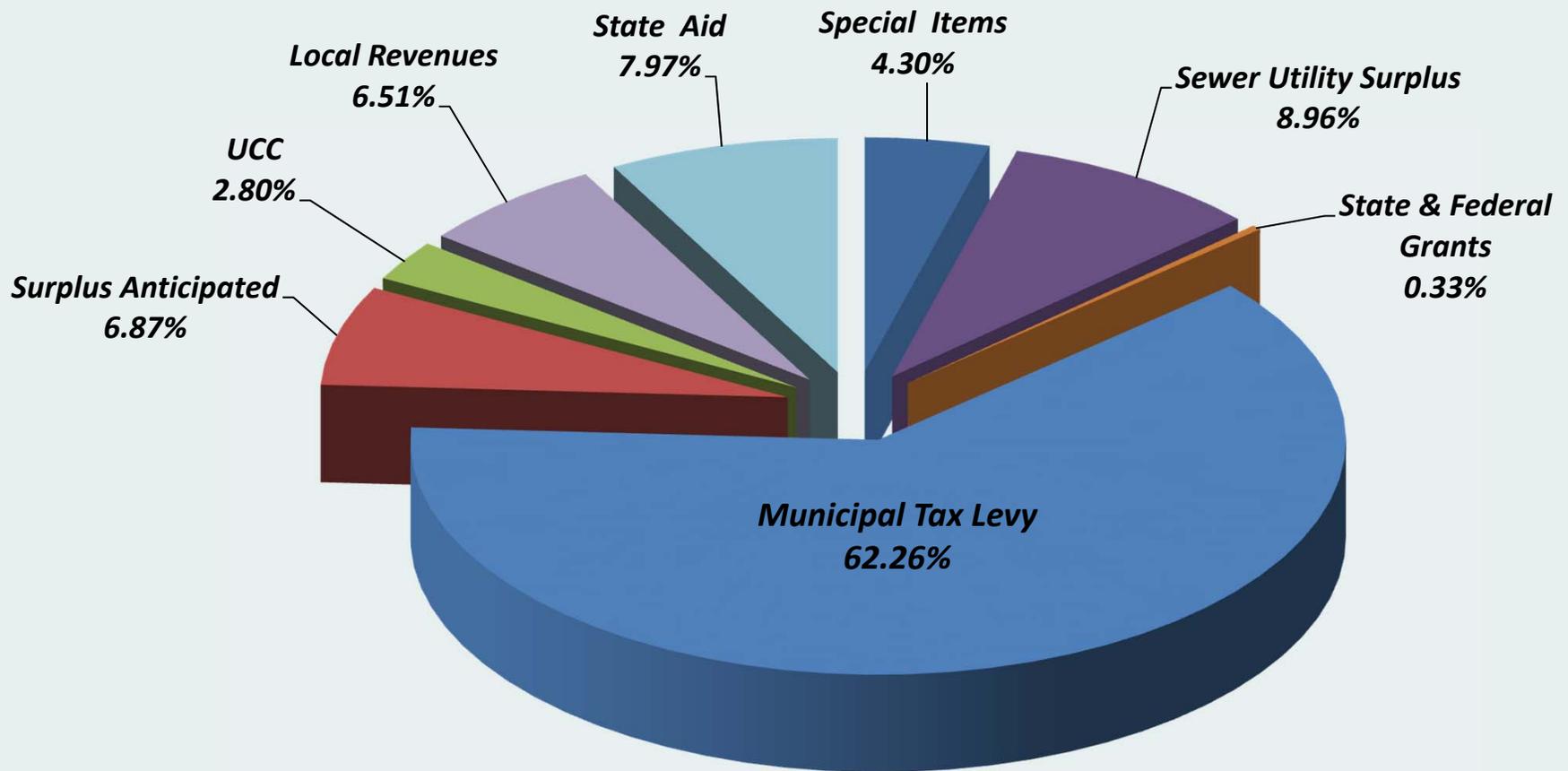
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- Projected Total Revenues - **\$36,486,648**
- Total Projected Non-Tax General Revenues are up \$281,147 from FY 2014 - **\$13,947,299**
- Maximum Allowable Municipal Tax Levy Amount - **\$23,231,568**
- FY 2015 Municipal Tax Levy Revenue - **\$22,420,089**
- **\$811,480** Under Tax Levy Cap Limit

FY 2015 Anticipated Revenues (%)

“Where The Budget \$\$ Comes From”

10



General Revenues

11

- Revenue Increases (projected)
 - Local Revenues
 - General Fees & Permits - \$102,000
 - Municipal Court Fines & Costs - \$35,000
 - Interest on Investments & Deposits - \$25,000
 - Cable Franchise Fees – \$12,700
 - Special Items
 - Payment in Lieu of Taxes (PILOT) - \$200,000
 - Rent Leveling Registration Fees - \$12,000
 - Fire Bureau EMS Revenue Recovery – \$11,000

General Revenues (cont.)

12

- State “Aid” Revenue
 - Same amount as FY 2014 - \$2,868,599.
 - Energy Receipts Tax \$2,797,599 – Up \$43,166
 - Consolidated Municipal Property Tax Relief Act (CMPTRA) \$71,000 – Down \$43,166
 - 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

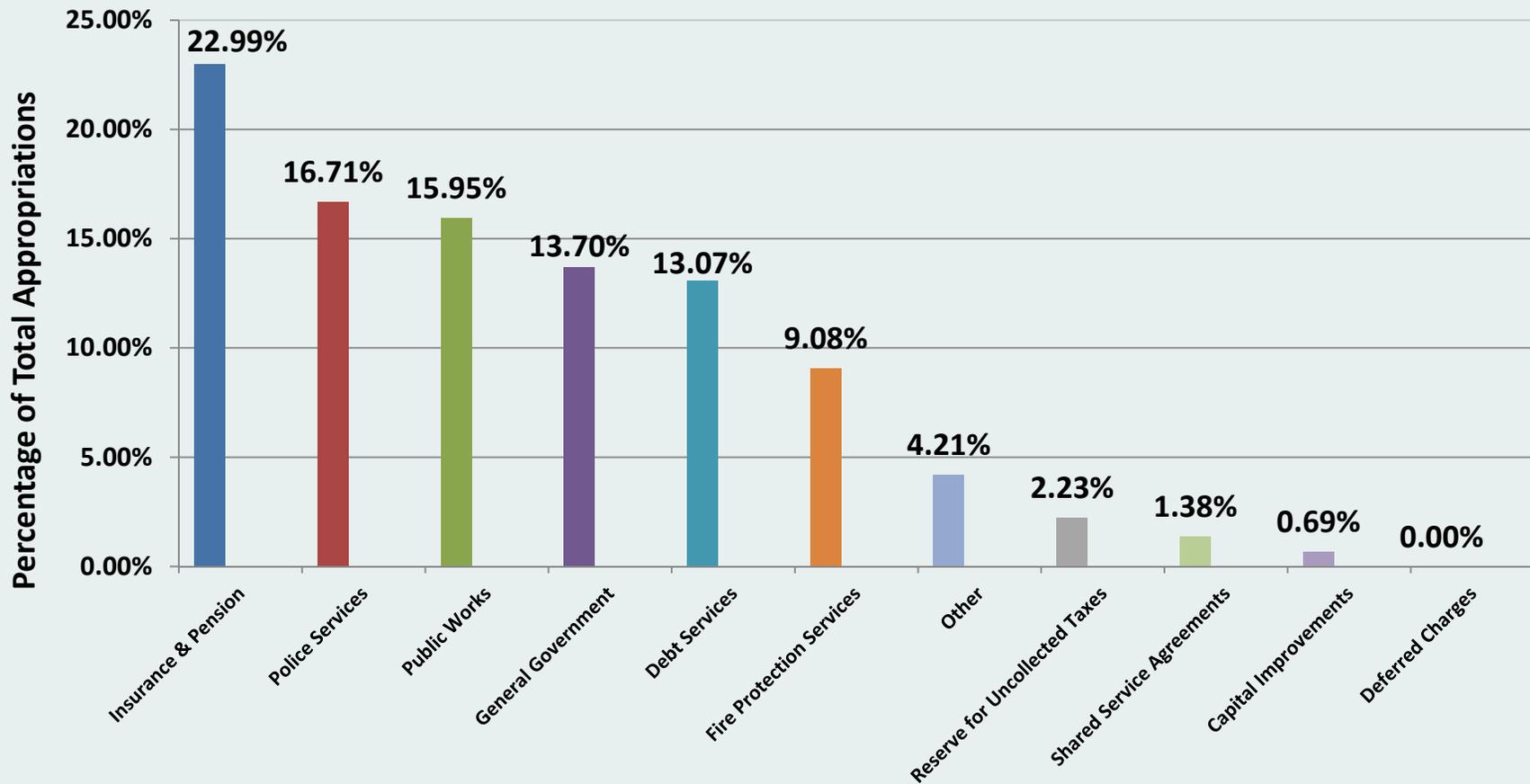
- **Revenue Decreases**

- (\$ 195,500) - HQ Plaza/S.D.C. Lease Agreement
- (\$ 41,000) - Municipal Hotel & Motel Occupancy Tax
- (\$ 25,000) - Sewer Operating Fund Balance - Surplus
- (\$ 14,000) - U.C.C. Fees

FY 2015 Proposed Appropriations (%)

“How The Budget Revenues Are Allocated”

14



General Appropriations

15

- Projected Total Appropriations – **\$36,486,648**
- **\$641,253** Total Appropriation Increase
- Municipal Operations - **\$489,964 Increase**
- Other Appropriations (including RUT) - **\$151,289 Increase**

General Appropriations (cont.)

16

- **Municipal Operations** - \$20,227,575
 - Up 2.5%, or \$489,964.
 - **Salary & Wages** - \$14,182,496 (39.0% of Total Appropriations)
 - Up \$264,093.
 - One (1) Additional Full-Time Employee from 2014.
 - Contractual Step Increases.
 - **Other Expenses** - \$ 6,045,079 (14.7% of Total Appropriations)
 - Up \$225,871.

General Appropriations (cont.)

17

- **Other Appropriations - \$16,249,073**
 - **Up 0.9%, or \$151,289.**
 - **Health Care Insurance (11.8% of Total Appropriations)**
 - **Up \$10,150**
 - **Pension Obligations (7.3% of Total Appropriations)**
 - **Up \$248,286**
 - **Reserve for Salary & Wage Increases – Up \$255,000**
 - **Debt Service Payments (13.1% of Total Appropriations)**
 - **Down \$290,899**

Pension Costs

18

- FY 2015 Pension Cost - \$2,667,634
- FY 2015 Pension obligations – Up 10.3%, or \$248,286
 - PFRS - \$171,715 Increase
 - PERS - \$ 75,771 Increase
 - DCRP - \$ 800 Increase
- Reasons for \$ Increase
 - **Local Employer % Increase in PERS (11.62%) & PFRS (24.32%)**
 - **Slight Increase in Workforce Totals.**
 - **Salary Increases from 2012-2014 Collective Negotiation Units Contracts reflected in 2015 Obligations.**

Health Care Insurance

19

- FY 2015 Health Care Insurance Cost - \$5.54 million
- FY 2015 Medical & Dental Insurance Appropriation - \$4.3 Million
- Current Employee/Retiree Premium Cost Sharing – Approximately \$750,000 Offset.
- Reasons for \$ Increase
 - **86% Rate of Medical Claims-to-Premiums Paid**
 - **Increase in High Claimants.**
 - **4 High Claimants over \$100,000 (total \$533,942).**
 - **6 Additional High Claimants over \$50,000 or more.**

Line-Item Appropriations Summary

20

- **Largest Increases**

- Salary & Wages - \$14,182,496 (Up \$264,093)
- Reserve for Salary & Wage Increases - \$300,000 (Up \$255,000)
- Principal Payments on BAN's - \$454,000 (Up \$172,000)
- PFRS Pension Obligations \$1,929,932 (Up \$171,715)

- **Largest Decreases**

- Principal Payments on GO Bonds - \$3,527,406 (down \$382,594)
- Total Department Overtime - \$727,270 (down \$141,169)
- OASI (Social Security) - \$652,500 (down \$80,305)
- Interest Payments on GO Bonds - \$628,152 (down \$71,305)

Line-Item Appropriations Summary (cont.)

21

- 10 Largest Other Expenses Category
 - Increases - 7 of 10 Appropriation Amounts
Total Variance – \$175,858
 - Decreases - Other 3 Appropriation Amounts
Total Variance – (\$65,200)

- 5 Largest Professional Services
 - Planning Consultant/Long-Range Planning: \$235,000 (Up \$85,000)
 - Legal: Tax Appeal/Appraisal – \$270,000 (Down \$30,000)
 - Information Technology: \$70,000 (Down \$10,000)
 - Others: No Change

Tax Base

22

- FY 2015 Town Net Assessed Valuation - -\$2,213,294,342
- NAV Increased by \$2.55 million
- NAV reductions from Tax Appeal Settlements, Court Adjudications and Tax Assessor changes - \$483,800
- Largest Increase in Valuation (Residential) - \$10,588,500.
- Largest Decrease in Valuation (Vacant Land) – (\$6,091,400)

Debt Service (Operating Budget)

23

- **Standard & Poor's Credit Rating – 'AA'**
- **Principal Debt Payment Obligations reduced by \$4,136,643 in FY 2014.**
 - \$3,981,406 scheduled principal payment this year.
- **Net Debt Outstanding as of 12/31/14 - \$28,598,803**
 - GO Principal - \$17.06 million
 - Bond Anticipation Notes - \$11.53 million
- **Total Net Debt to Equalized Valuation (\$2,578,700,128): 1.109%**
- **Total Net Debt has declined by \$21 million since FY 2010.**

Debt Service (Sewer Utility)

24

- **Principal Debt Payment Obligations reduced by \$2,182,181 in FY 2014.**
 - \$1,769,600 scheduled to paid off this year (includes \$524,000 additional pay down on BAN's)
- **Sewer Utility Debt Outstanding as of 12/31/14 - \$13,823,688**
 - Long Term Debt - \$8.33 million
 - Bond Anticipation Notes - \$5.49 million
- **“Pay-As-You Go” - Utility Budget includes \$670,000 for Capital Improvement Projects.**
 - **No new Sewer Utility Debt – Third year in a row!**