



**FY 2016**  
**Executive Municipal Budget**  
**Overview Presentation**

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*Town Council Meeting*

*May 10, 2016*

**Jillian Barrick, Business Administrator**

# Budget Summary Points

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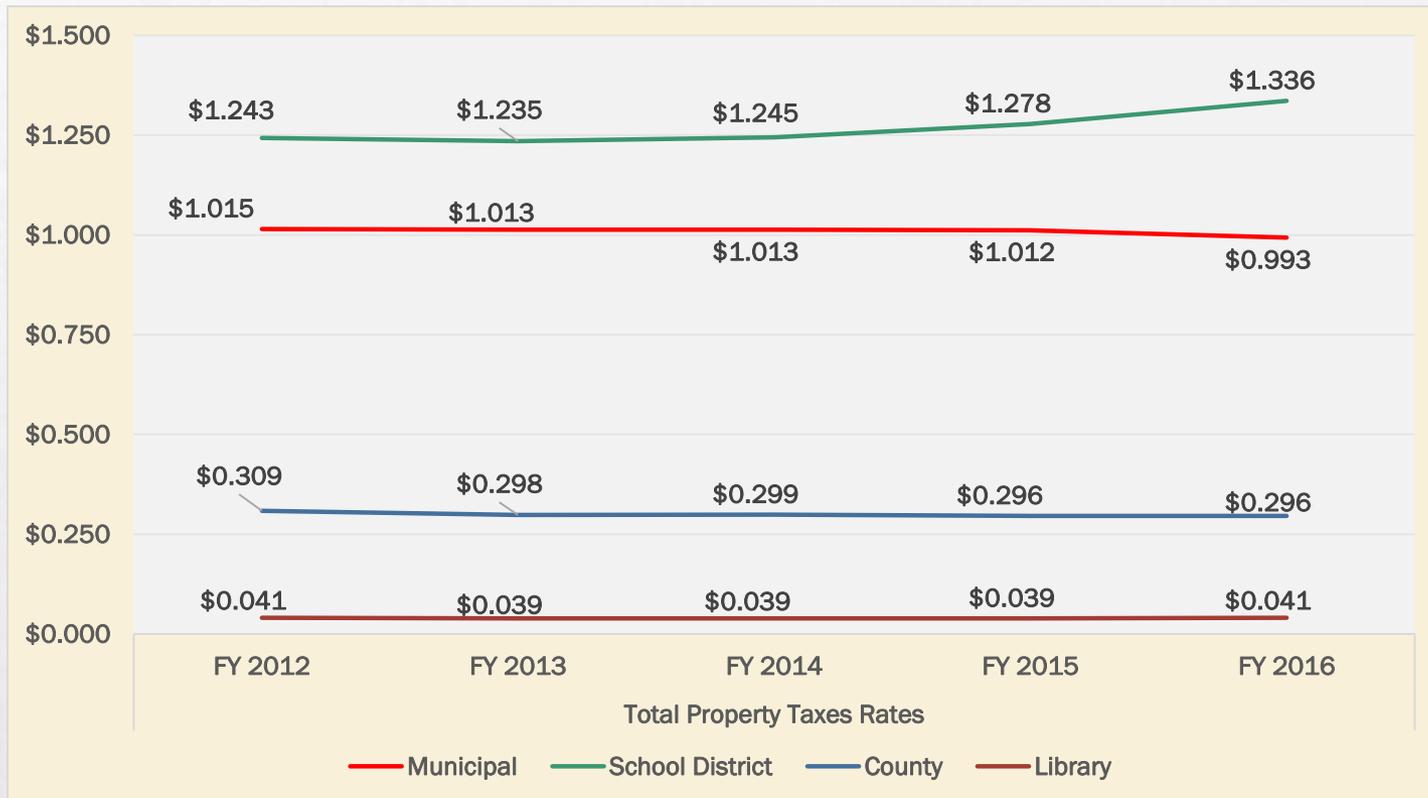
- No Increase in Municipal Tax Rate
- *A MUNICIPAL TAX DECREASE OF 2 CENTS*
- Municipal Tax Levy – (\$34,895) LOWER Than Last Year
- \$0.04 Total Property Tax Rate Increase
- \$2,094,281 UNDER 2% Property Tax Levy CAP

# Property Tax Rates

	FY2015	FY2016	Difference
Municipal	\$1.012	\$0.993	(\$0.019)
School District*	\$1.278	\$1.336	\$0.058
County*	\$0.296	\$0.296	\$0.000
<u>Library</u>	<u>\$0.039</u>	<u>\$0.041</u>	\$0.002
<b>TOTAL</b>	<b>\$2.625</b>	<b>\$2.665</b>	<b>\$0.040</b>

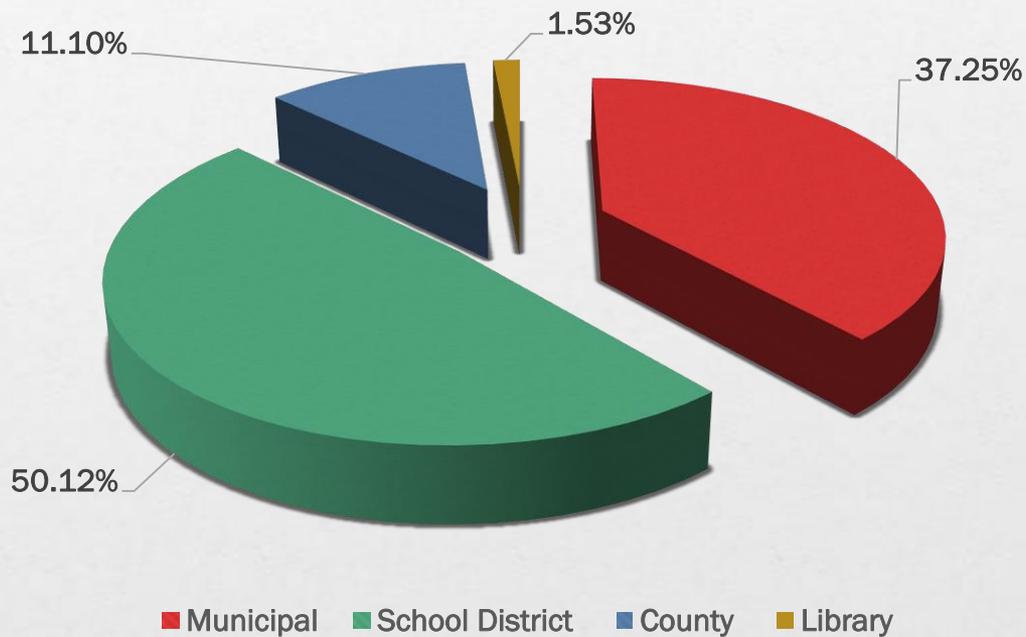
\* FY 2016 Estimated Tax Rates

# Property Tax Rates - 5 Year Trend



# FY 2016 Property Tax Rates % Breakdown

*\$0.37 of Each Total Tax Dollar  
Funds Municipal Government*



## Tax Bill Comparison (Avg. Residential NAV - \$350,084)

	FY2015	FY2016	Difference
Municipal Tax	\$3,542.85	\$3,475.79	-\$67.06
Morris County Tax*	1,036.25	1,035.72	-\$0.53
Morris School District Tax*	4,474.07	4,676.07	\$202.00
<u>Public Library Tax</u>	<u>136.53</u>	<u>142.98</u>	<u>\$6.45</u>
<b>Total Tax Bill Amount</b>	<b>\$9,189.71</b>	<b>\$9,330.56</b>	<b>\$140.85</b>

■ **FY 2016 Total Property Tax \$ Effect**

➤ *Increase of \$35.21/quarter or \$140.86/year*

\* *FY 2016 Estimated Tax Amounts*

# \$100,000 of Assessed Valuation

## *2016 Tax Rate Impact:*

- Municipal: (\$19.15)
- County: (\$0.15)
- School District: \$57.70
- Public Library: \$1.84
- TOTAL: \$40.24

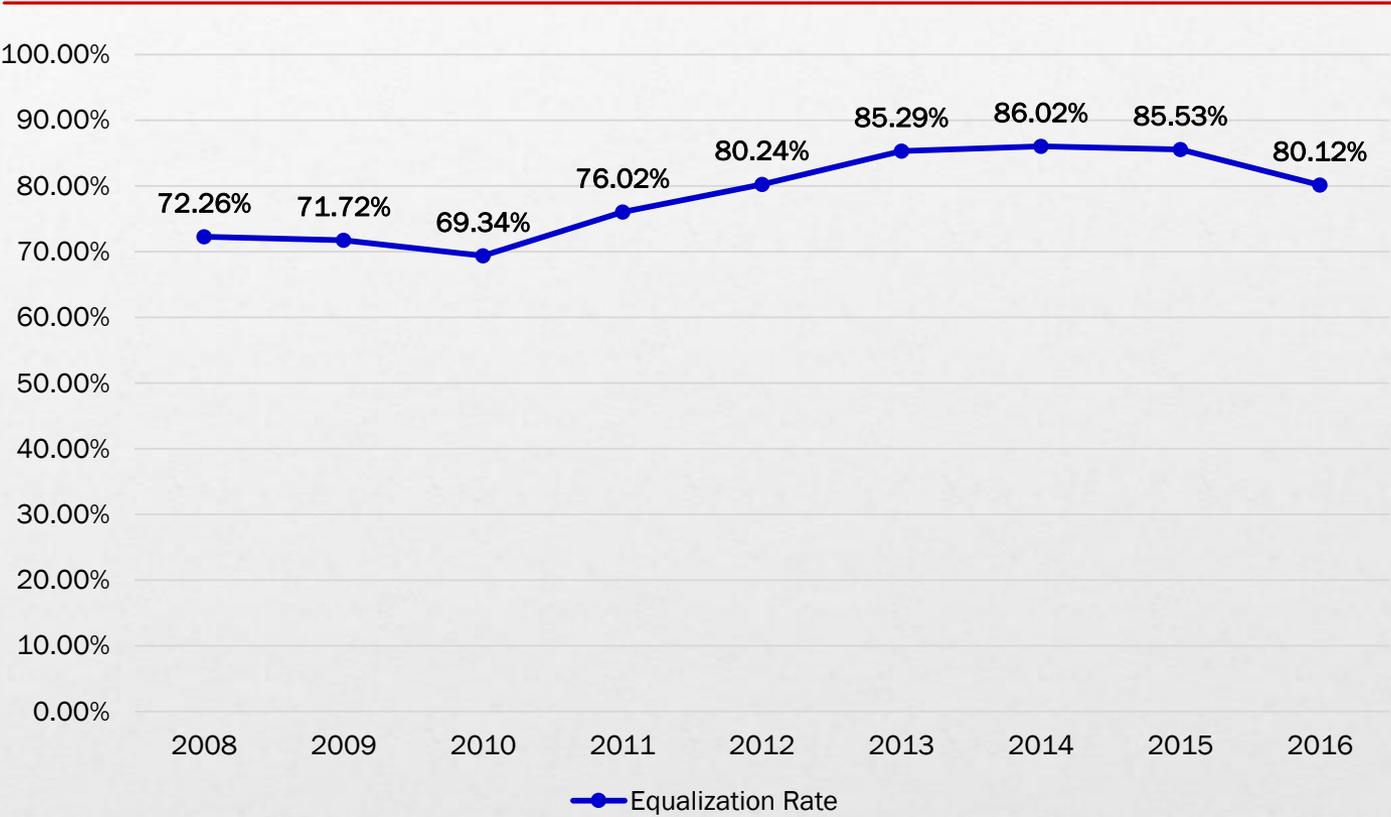


# Tax Base

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- FY 2016 Town Net Assessed Valuation - \$2,254,650,700
- NAV Increased by \$41,347,803 million
- NAV reductions from Tax Appeal Settlements, Court Adjudications and Tax Assessor changes - \$2,845,200
- Largest Increase in Valuation (Atlantic Health) - \$40,000,000
- Largest Decrease in Valuation (Vacant Land) – (\$1,500,000)

# Equalization Rate



# Financial Summary Totals

	<u>FY2015</u> <u>Budgeted</u>	<u>FY2015</u> <u>Actual</u>	<u>FY2016</u> <u>Proposed</u>
<b><u>Operating Fund</u></b>			
Municipal Budget	\$37,208,974	\$36,347,388	\$40,085,838
Grants	<u>144,260</u>	<u>139,260</u>	<u>15,000</u>
<b>Sub-total</b>	<b>37,353,234</b>	<b>36,486,648</b>	<b>40,100,838</b>
<u>Capital Improvements Plan</u>	<u>2,536,000</u>	<u>2,536,000</u>	<u>3,443,850</u>
<b>Sub-total</b>	<b>2,536,000</b>	<b>2,536,000</b>	<b>3,443,850</b>
<b><u>Sewer Utility Fund</u></b>			
Sewer Utility Budget	7,429,154	7,615,252	7,907,142
<u>Capital Improvements Plan</u>	<u>670,000</u>	<u>670,000</u>	<u>670,000</u>
<b>Sub-total</b>	<b>8,099,154</b>	<b>8,285,252</b>	<b>8,577,142</b>
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<b>Total Financial Budgets</b>	<b>47,988,388</b>	<b>47,307,900</b>	<b>52,122,329</b>

# What Changed?

<b>OPERATING BUDGET</b>	<b><u>FY2016</u> <u>Increase*</u></b>
Health Insurance	\$659k
Pension and Statutory Expenditures	\$627k
Planning	\$300k
Sanitation Contract	\$261k
Capital Improvement Fund	\$1.0 mil
<b>TOTAL CHANGE</b>	<b>\$2.9 million</b>

**\*compared to FY2015 Actual**

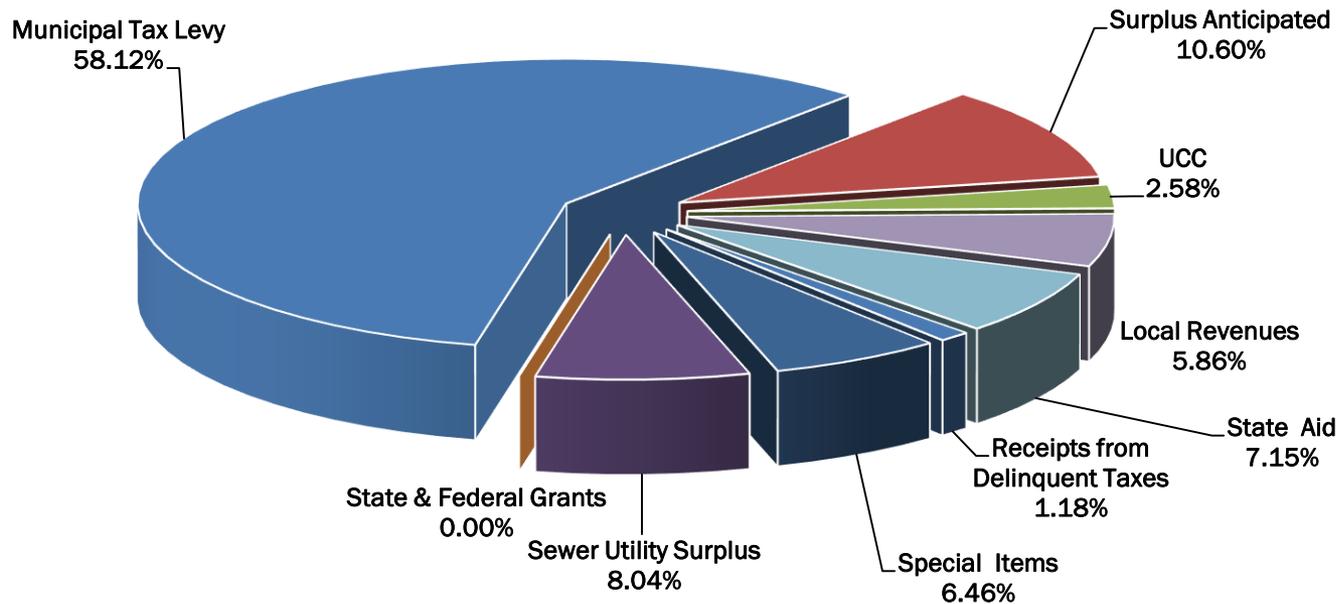
# 2% Property Tax Levy CAP

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- Projected Total Revenues - \$40,100,838
- Maximum Allowable Municipal Tax Levy Amount - \$24,479,475
- FY 2016 Municipal Tax Levy Revenue - \$22,385,194
- \$2,094,281 Under Tax Levy Cap Limit

# FY 2016 Anticipated Revenues (%)

## “Where The Budget \$\$ Comes From”



# General Revenues

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- Revenue Increases (projected)

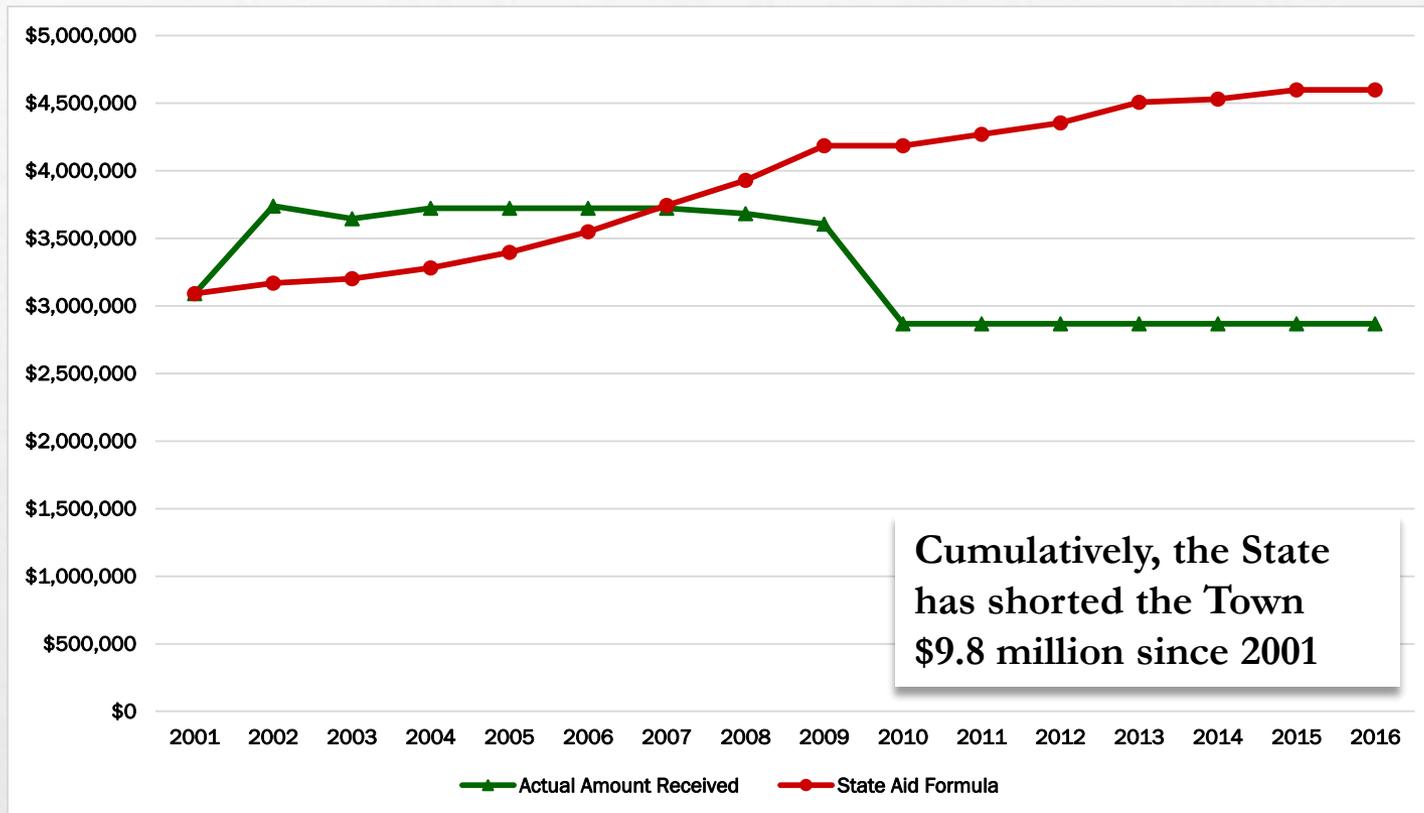
- *Uniform Construction Code Fees*

- UCC Fees - \$25,000
- Interest on Investments & Deposits - \$6,000

- *Special Items*

- Payment in Lieu of Taxes (PILOT) - \$385,000
- Hotel/Motel Tax - \$165,000
- Atlantic Health System - Settlement - \$550,000

# “State Aid” aka Energy Tax Receipts and CMPTRA



# General Revenues (cont.)

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- Revenue Decreases
  - (\$85,000)- Fire Bureau EMS recovery
    - Due to shift in service to Atlantic Health Ambulance Services
    - Salary Savings of \$123,150 in Fire S&W comparing 2015 paid to 2016 Budget

# Morristown Medical Center Settlement

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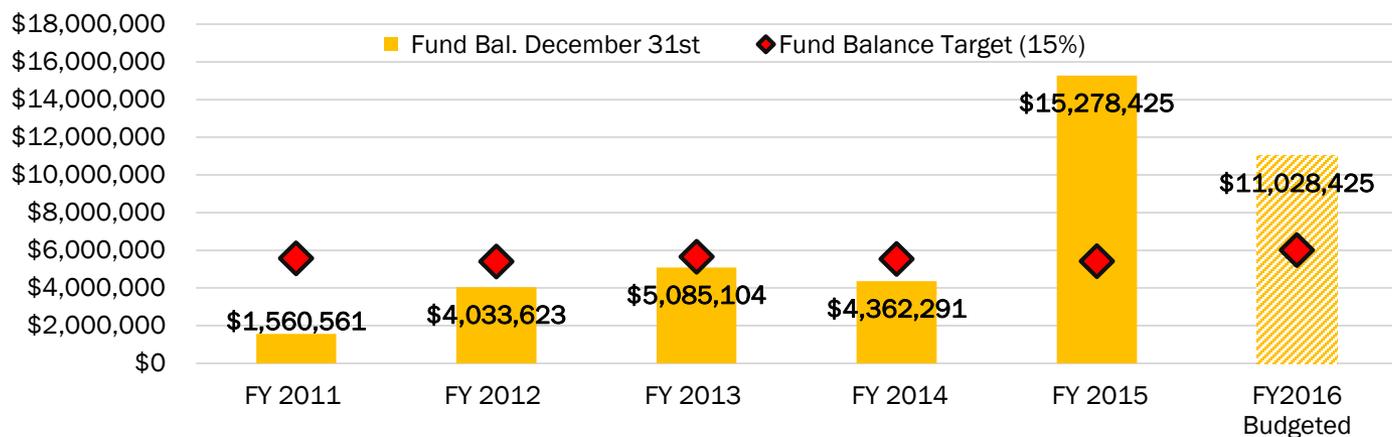
- Monetary portion is made up of three components:
  - \$10.0 million up-front payment
  - \$550,000/year for 10 years for interest and penalties
  - An additional \$40.0 million in assessed value as of 2016 which will generate \$397,138 in new revenue to the Town
- Additional benefits:
  - Settles matter for 10 years
  - Town is indemnified in the event of a challenge or new legislation
  - Community health needs assessment and economic development initiative

# Use of Surplus/Fund Balance

Source & Use	Amount
<b>REVENUE SOURCE</b>	
<u>Fund Balance Anticipated (Surplus)</u>	<u>\$4,250,000</u>
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$4,250,000</b>
<b>PROPOSED APPROPRIATION USE</b>	
Municipal Operations	\$1,288,223
Capital Improvement Fund	1,150,000
Reserve for Tax Appeals	510,000
Property Tax Relief	450,000
Reserve for Salary & Wage Increases	300,000
Morris School District Pass Thru Aid	218,777
Snow Emergency	150,000
Reserve for Vacation & Sick Time	125,000
<u>Fire Truck Lease Payment</u>	<u>58,000</u>
<b>TOTAL USES OF FUNDS</b>	<b>\$4,250,000</b>

- The town typically budgets for between \$1.5 and \$2.5 million in Surplus annually
- Surplus is typically generated by lapsed appropriations and unanticipated revenue
- This year, that use is increased in light of new revenues from settlement
- Use of Surplus should be targeted to one-time expenses

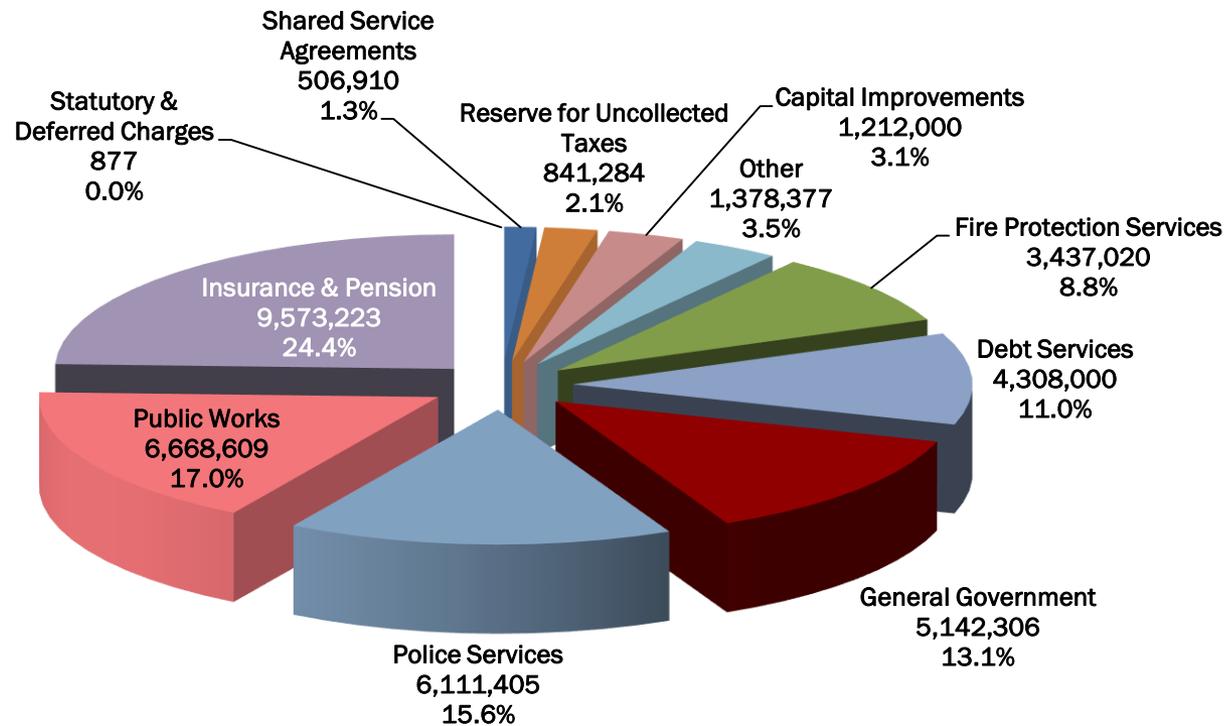
# Fund Balance Trend



YEAR END	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY2016 Budgeted
Fund Bal. January 1st	\$2,307,961	\$1,560,561	\$4,033,623	\$5,085,104	\$4,098,735	\$15,278,425
Fund Bal. December 31st	\$1,560,561	\$4,033,623	\$5,085,104	\$4,362,291	\$15,278,425	\$11,028,425
Change in Fund Balance	(\$747,400)	\$2,473,062	\$1,051,481	(\$722,813)	\$11,179,690	(\$4,250,000)
Percentage Change	-32.38%	158.47%	26.07%	-14.21%	272.76%	-27.82%

# FY 2016 Proposed Appropriations (%)

## “How The Budget Revenues Are Allocated”



# 5 Largest Appropriations

	FY 2015	FY2016	% Change
Salary & Wages	\$14,182,496	14,206,254	0.17%
Health Insurance	4,300,000	4,919,385	14.40%
Debt Service	4,767,558	4,308,000	-9.64%
Pension Obligations	2,667,634	3,142,804	17.81%
<u>General Liability/ Workers Comp.</u>	<u>779,205</u>	<u>810,373</u>	<u>4.00%</u>
<b>TOTAL</b>	<b>\$26,696,893</b>	<b>27,386,816</b>	<b>2.58%</b>

*In five years, health insurance and debt service costs have decreased.*

	FY 2012	FY2016	% Change from FY2012
Salary & Wages	13,511,890	14,206,254	5.14%
Health Insurance	5,546,000	4,919,385	-11.30%
Debt Service	5,779,325	4,308,000	-25.46%
Pension Obligations	2,734,345	3,142,804	14.94%
<u>General Liability/ Workers Comp.</u>	<u>763,926</u>	<u>810,373</u>	<u>6.08%</u>
<b>TOTAL</b>	<b>28,335,486</b>	<b>27,386,816</b>	<b>-10.60%</b>

# General Appropriations

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- **Municipal Operations - \$20,227,575**
  - Up 2.5%, or \$489,964.
  - **Salary & Wages - \$14,206,254 (32.6% of Total Appropriations)**
    - Up \$23,758.
    - Five(5) Additional Full-Time Employees
      - 1 Fire, 2 Police, 1 UCC, 1 Admin.
    - Contractual Step Increases.
  - **Other Expenses - \$ 5,084,850 (12.7% of Total Appropriations)**

# General Appropriations (cont.)

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- Other Appropriations

- Health Care Insurance (12.3% of Total Appropriations)

- Up \$619,385

- Pension Obligations (7.9% of Total Appropriations)

- Up \$514,970

- Debt Service Payments (10.7% of Total Appropriations)

- Down \$459,558

# Pension Costs

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- **FY 2016 Pension Cost - \$3,182,604**
- **FY 2016 Pension obligations – Up 19%, or \$514,970**
  - PFRS - \$440,205 Increase
  - PERS - \$ 62,965 Increase
  - DCRP - \$ 11,800 Increase
- **Reasons for \$ Increase**
  - Local Employer contribution rate changes:
    - PERS – 11.92% to 12.46%
    - PFRS – 24.32% to 25.67%
  - PFRS also includes retro-active billing of \$116,036
  - Salary Increases from settled contracts reflected in 2016 budgeted amount.

# Health Care Insurance

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- FY 2016 Health Care Insurance Cost - \$6.14 million
- FY 2016 Medical & Dental Insurance Appropriation total of \$4.9 Million which is net of:
  - Current Employee/Retiree Premium Cost Sharing
  - Offset from Sewer and Building Dept.
  - CMS Drug Subsidy
- **Reasons for \$ Increase**
  - Broker went out to market for proposals.
  - 2 of 3 major providers declined to bid.
  - Less than 1 year claims experience available with new provider

# Line-Item Appropriations Summary

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- **Largest Increases**

- Capital Improvement Fund - \$1,150,000 (Up \$1,000,000)
- Medical & Dental Insurance - \$4,919,385 (Up \$659,294)
- PFRS Pension Obligations \$2,370,137 (Up \$440,205)
- Planning Other Expenses - \$565,000 (Up\$310,967)
- Solid Waste & Recycling Services - \$1,417,308 (Up \$261,022)

- **Largest Decreases**

- Payment of BAN's & Capital Notes-\$157,000 (down \$297,000)
- Bond Principal- \$3,382,000 (down \$145,406)
- Reserve for Tax Appeals - \$510,000 (down \$100,000)
- Interest Payments on Notes - \$137,000 (down \$21,000)
- Assessment of Taxes OE - \$256,064 (down \$18,686)

# Debt Service (Operating Budget)

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- **Standard & Poor's Credit Rating – “AA”**
- **Principal Debt Payment Obligations reduced by \$3,978,065 in FY 2015.**
  - \$3,540,000 scheduled principal payment this year.
- **Net Debt Outstanding as of 12/31/15 - \$24,962,239**
  - GO Principal - \$11.2 million
  - Bond Anticipation Notes - \$13.7 million
- **Total Net Debt to Equalized Valuation (\$2,636,116,752): 1.018%**
- **Total Net Debt has declined by \$13 million since FY 2011**

# Debt Service (Sewer Utility)

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- **Principal Debt Payment Obligations reduced by \$1,769,353 in FY 2015.**
  - \$2,167,102 scheduled to paid off this year (includes \$784,504 additional pay down on BAN's)
- **Sewer Utility Debt Outstanding as of 12/31/15 - \$12,054,335**
  - Long Term Debt - \$7.09 million
  - Bond Anticipation Notes - \$4.96 million
- **“Pay-As-You Go” - Utility Budget includes \$670,000 for Capital Improvement Projects.**
  - **No new Sewer Utility Debt – Fourth year in a row!**

# Capital Projects

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- Total allocated for new capital funding is \$3.4 million which includes:
  - \$1,720,000 in sidewalk, curb and roadway improvements
  - \$519,000 for heavy equipment
  - \$222,000 for pool and park improvements
  - \$194,500 for technology improvements
  - \$41,000 for Town Hall and Fire Department building improvements

# Q&A