FY 2019
Executive Municipal Budget Overview Presentation

Town Council Meeting

April 23, 2019

Jillian Barrick, Business Administrator
Budget Summary Points

- **1.9 penny Increase in Municipal Tax Rate**
- **$69 increase to average residential home of $356,319**
- **Net Assessed Valuation – Increased $2.8 million or 0.12 percent**
- **$380,183 under the 2% Property Tax Levy CAP**
- **One Cent of the Municipal Tax Rate = $226,961**
## Property Tax Rates

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019*</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal</td>
<td>$1.006</td>
<td>$1.025</td>
<td>$0.019</td>
</tr>
<tr>
<td>School District*</td>
<td>$1.435</td>
<td>$1.464</td>
<td>$0.029</td>
</tr>
<tr>
<td>County*</td>
<td>$0.358</td>
<td>$0.366</td>
<td>$0.008</td>
</tr>
<tr>
<td>Library</td>
<td>$0.046</td>
<td>$0.044</td>
<td>-$0.002</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2.845</strong></td>
<td><strong>$2.899</strong></td>
<td><strong>$0.054</strong></td>
</tr>
</tbody>
</table>

* FY 2019 Estimated Tax Rates
FY 2019
Property Tax Rates Breakdown

$0.35 of Each Total Tax Dollar
Funds Municipal Government

- Municipal: 35.4%
- School District: 50.5%
- County: 12.6%
- Library: 1.5%
## Tax Bill Comparison
(Avg. Residential NAV - $356,319)

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Tax</td>
<td>$3,584</td>
<td>$3,653</td>
<td>$69</td>
</tr>
<tr>
<td>Morris School Dist</td>
<td>$5,112</td>
<td>$5,218</td>
<td>$105</td>
</tr>
<tr>
<td>Morris County Tax</td>
<td>$1,275</td>
<td>$1,303</td>
<td>$27</td>
</tr>
<tr>
<td>Public Library Tax</td>
<td>$164</td>
<td>$157</td>
<td>-$7</td>
</tr>
<tr>
<td>Total Tax Bill Amount</td>
<td>$10,135</td>
<td>$10,331</td>
<td>$194</td>
</tr>
</tbody>
</table>

* FY 2019 Estimated Tax Amounts

### FY 2019 Total Property Tax $ Effect

- Increase of $48.50/quarter or $194/year
Tax Base

- FY 2019 Town Net Assessed Valuation: $2,269,605,655
- TOTAL Net Assessed Valuation Increased by $2.8m:
  - Residential + $5.5m
  - Commercial - $1.9m
  - Vacant Land - $0.5m
  - Apartment +$1m
  - Industrial -$1.3m
Equalization Rate

![Equalization Rate Chart]

Town of Morristown - FY 2019 Municipal Budget Presentation

April 23, 2019
# Financial Summary Totals

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY2017 Actual</th>
<th>FY2018 Actual</th>
<th>FY2019 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Budget</td>
<td>41,997,665</td>
<td>40,804,131</td>
<td>41,153,540</td>
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<tr>
<td>Grants</td>
<td>1,389,974</td>
<td>444,250</td>
<td>395,000</td>
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<tr>
<td>Sub-total</td>
<td>43,387,639</td>
<td>41,248,381</td>
<td>41,548,540</td>
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<tr>
<td>Capital budget</td>
<td>3,407,500</td>
<td>3,148,300</td>
<td>2,797,000</td>
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<tr>
<td>Sub-total</td>
<td>3,407,500</td>
<td>3,148,300</td>
<td>2,797,000</td>
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<tr>
<td><strong>Sewer Utility Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer Utility Budget</td>
<td>7,620,000</td>
<td>7,619,105</td>
<td>7,698,708</td>
</tr>
<tr>
<td>Capital Improvements Plan</td>
<td>670,000</td>
<td>670,000</td>
<td>487,000</td>
</tr>
<tr>
<td>Sub-total</td>
<td>8,290,000</td>
<td>8,289,105</td>
<td>8,185,708</td>
</tr>
<tr>
<td><strong>Total Financial Budgets</strong></td>
<td>55,085,139</td>
<td>52,685,786</td>
<td>52,531,248</td>
</tr>
</tbody>
</table>

Town of Morristown - FY 2019 Municipal Budget Presentation

April 23, 2019
### What Changed?

<table>
<thead>
<tr>
<th>OPERATING BUDGET</th>
<th>FY2019 Increase*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension – Police &amp; Fire -</td>
<td>326,288</td>
</tr>
<tr>
<td>Bond Principal</td>
<td>143,050</td>
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<tr>
<td>Pension – PERS</td>
<td>91,633</td>
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<tr>
<td>Public Works S&amp;W</td>
<td>83,236</td>
</tr>
<tr>
<td>Police – Other expenses</td>
<td>82,461</td>
</tr>
<tr>
<td><strong>TOTAL CHANGE</strong></td>
<td><strong>644,208</strong></td>
</tr>
</tbody>
</table>

*compared to FY2018 Budget
What Changed?

<table>
<thead>
<tr>
<th>OPERATING BUDGET</th>
<th>FY2019 Decrease*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Insurance</td>
<td>190,000</td>
</tr>
<tr>
<td>Bond Interest</td>
<td>119,650</td>
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<tr>
<td>Reserve for Tax Appeals</td>
<td>100,000</td>
</tr>
<tr>
<td>Municipal Court S&amp;W</td>
<td>65,191</td>
</tr>
<tr>
<td>Library Aid – (per state formula)</td>
<td>38,781</td>
</tr>
<tr>
<td><strong>TOTAL CHANGE</strong></td>
<td><strong>513,622</strong></td>
</tr>
</tbody>
</table>

*compared to FY2018 Budget
2% Property Tax Levy CAP

- Projected Total Revenues - $41,548,540
- Maximum Allowable Municipal Tax Levy Amount - $23,649,459
- FY 2019 Municipal Tax Levy Revenue - $23,269,276
- $380,183 Under Tax Levy Cap Limit
FY 2019 Anticipated Revenues (%)
“Where The Budget $$ Comes From”

- Municipal Tax Levy: 58.4%
- Surplus Anticipated: 7.0%
- Special Items: 7.7%
- Sewer Utility Surplus: 9.1%
- State Aid: 6.9%
- Local Revenues: 6.1%
- Receipts from Delinquent Taxes: 1.3%
- UCC: 2.5%
- State & Federal Grants: 1.0%
- State & Federal Grants: 1.0%

Town of Morristown - FY 2019 Municipal Budget Presentation
April 23, 2019

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General Revenues

- Revenue Increases FY2018 vs FY2019 Budget (projected)
  - Sewer Operating Surplus $500,000
  - Municipal Tax Levy $469,876
  - Pilots-55 Modera & Leona Morris (new) $311,540
  - Interest on Investments $65,000
  - Outside Police Admin Fee $24,000
“State Aid”
aka Energy Tax Receipts and CMPTRA

Cumulatively, the State has shorted the Town $13.4 million since 2001.

Full funding of Energy Tax Receipts/CMPTRA equals $0.08 cents or $315 to the average homeowner.
General Revenues (cont.)

- **Revenue Decreases**
  - ($100,000) – 2019 Surplus Anticipated
  - $2.9m compared to utilized $3m in 2018
  - ($192,500) - UCC Fees
  - ($90,000) - Court Fees
  - Tax Collection Rate remains high at 98.95% for 2018
# Use of Surplus/Fund Balance

<table>
<thead>
<tr>
<th>Source &amp; Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE SOURCE</strong></td>
<td></td>
</tr>
<tr>
<td>Fund Balance Anticipated (Surplus)</td>
<td>$2,900,000</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES OF FUNDS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>PROPOSED APPROPRIATION USE</strong></td>
<td></td>
</tr>
<tr>
<td>Municipal Operations/ Tax Relief</td>
<td>1,651,854</td>
</tr>
<tr>
<td>Capital Improvement Fund</td>
<td>150,000</td>
</tr>
<tr>
<td>Reserve for Tax Appeals</td>
<td>600,000</td>
</tr>
<tr>
<td>Morris School District Pass Thru Aid</td>
<td>198,146</td>
</tr>
<tr>
<td>Reserve for Vacation &amp; Sick Time</td>
<td>300,000</td>
</tr>
<tr>
<td><strong>TOTAL USES OF FUNDS</strong></td>
<td>2,900,000</td>
</tr>
</tbody>
</table>

- The town typically budgets for between $2.0 and $3.0 million in Surplus annually.
- Surplus is generated by lapsed appropriations and unanticipated revenue.
- Use of Surplus should be targeted to one-time expenses.
- Surplus Policy resolution adopted in 2018.
Fund Balance Trend

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Fund Bal. January 1st</td>
<td>$4,033,623</td>
<td>$5,085,104</td>
<td>$4,098,735</td>
<td>$14,920,374</td>
<td>$14,790,342</td>
<td>$14,647,500</td>
<td>$13,636,594</td>
</tr>
<tr>
<td>Fund Bal. December 31st</td>
<td>$5,085,104</td>
<td>$4,362,291</td>
<td>$14,920,374</td>
<td>$14,790,342</td>
<td>$14,647,500</td>
<td>$13,636,594</td>
<td>$10,736,594</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>$1,051,481</td>
<td>($722,813)</td>
<td>$10,821,639</td>
<td>($130,032)</td>
<td>($142,842)</td>
<td>($1,010,906)</td>
<td>($2,900,000)</td>
</tr>
<tr>
<td>Percentage</td>
<td>26.07%</td>
<td>-14.21%</td>
<td>264.02%</td>
<td>-0.87%</td>
<td>-0.97%</td>
<td>-6.90%</td>
<td>-21.27%</td>
</tr>
<tr>
<td>Fund Bal. as % of Appropriations</td>
<td>8.29%</td>
<td>7.23%</td>
<td>23.03%</td>
<td>22.25%</td>
<td>21.84%</td>
<td>19.84%</td>
<td>25.84%</td>
</tr>
</tbody>
</table>

Town of Morristown - FY 2019 Municipal Budget Presentation

April 23, 2019

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FY 2019 Proposed Appropriations (%)
“How The Budget Revenues Are Allocated”

- Reserve for Uncollected Taxes: 822,556 (2.0%)
- Capital Improvements: 254,000 (0.6%)
- Shared Service Agreements: 721,503 (1.7%)
- Other: 3,143,192 (7.6%)
- Debt Services: 3,511,250 (8.5%)
- Pension: 4,362,313 (10.5%)
- Public Safety: 10,423,261 (25.1%)
- General Government: 5,393,618 (13.0%)
- Insurance: 6,423,358 (15.5%)
- Public Works: 6,494,332 (15.6%)
General Appropriations

- Departmental Operations - $23,338,561
  - Up 1.1%, or $264,230.
  - Salary & Wages - $17,445,705 (42% of Total Appropriations)
    - Up +0.81%, or $139,705
    - Net 0 Additional Full-Time Employees
      - 2 Police, -1 Court, -1 Admin
  - Other Expenses - $5,892,856 (14% of Total Appropriations)
    - Up +2.16%, or $124,525
General Appropriations (cont.)

• **Other Appropriations**
  
  ➢ **Insurance** (16% of Total Appropriations)
    
    – Down $186,334
  
  ➢ **Pension Obligations** (10% of Total Appropriations)
    
    – Up $417,921 or 12.9% from 2018
  
  ➢ **Debt Service Payments** (8.5% of Total Appropriations)
    
    – Down $34,150
Pension Costs

- FY 2019 Pension Cost - $3,674,754
- FY 2019 Pension obligations
  - PFRS - $326,288 Increase up 13.6%
  - PERS - $91,633 Increase up 10.9%
- Rates Per NJ Pension Website
  - Local Employer contribution rate changes:
    - PERS – 13.37% to 14.11%
    - PFRS – 27.35% to 29.47%
Health Care Insurance

- FY 2019 Health Care Appropriation total of $5.6 Million which is net of:
  - Current Employee/Retiree Premium Cost Sharing ($1.1M)
  - Offset from Sewer $218k and Building Dept. $160k
  - CMS Drug Subsidy $231,917
- **$190,000 reduction**
  - Broker went out to market for proposals.
  - Town converted to Self Insured from fully-insured, No profit to Insurance Provider
Debt Service (Operating Budget)

• Standard & Poor’s Credit Rating – “AA (Positive Outlook)”
• Principal Debt Payment Obligations paid down by $2.8M in FY 2018.
  ➢ $2,939,450 scheduled principal payment this year.
• Net Debt Outstanding as of 12/31/18 - $23,807,937
  ➢ GO Principal - $13.3 million
  ➢ Bond Anticipation Notes - $10.5 million
• Total Net Debt to Equalized Valuation ($3,002,850,818): 0.79%
• Total Net Debt DECLINED BY $21 million since FY 2010
• 2010 ADS $44.8M vs. 2018 ADS 23.8M= $21M reduction (- 46.9%)
Debt Service (Sewer Utility)

- Principal Debt reduced by $1,955,637 in FY 2018.
  - $1,555,550 scheduled to paid off this year (includes $300,000 payments on BAN’s)
- Sewer Utility Debt Outstanding as of 12/31/18 - $6,585,231
  - Long Term Debt - $4.3 million
  - Bond Anticipation Notes - $2.2 million
- “Pay-As-You Go” - Utility Budget includes $487,000 for Capital Improvement Projects.
  - No new Sewer Utility Debt – Seventh year in a row!
Capital Projects

• Total allocated for new capital funding is $2,797,000 which includes:
  • $1,270,000 in sidewalk, curb and roadway improvements
  • $450,000 for vehicles and heavy equipment
  • $300,000 Park & Playground improvements
  • $52,000 for Dam improvements
  • $250,000 for building improvements
  • $30,000 Tree Plantings
  • $445,000 Section 20
Q&A