



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

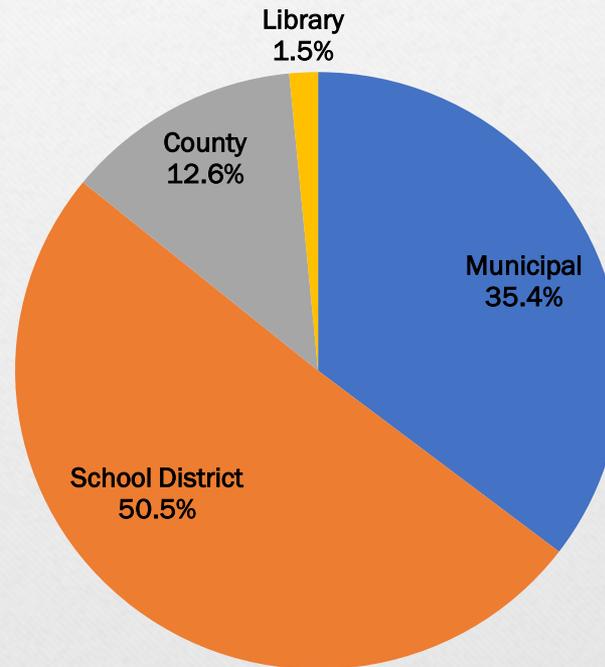
Property Tax Rates

	FY2018	FY2019*	Difference
Municipal	\$1.006	\$1.025	\$0.019
School District*	\$1.435	\$1.464	\$0.029
County*	\$0.358	\$0.366	\$0.008
<u>Library</u>	<u>\$0.046</u>	<u>\$0.044</u>	<u>-\$0.002</u>
TOTAL	\$2.845	\$2.899	\$0.054

* FY 2019 Estimated Tax Rates

FY 2019 Property Tax Rates Breakdown

*\$0.35 of Each Total Tax Dollar
Funds Municipal Government*



Tax Bill Comparison (Avg. Residential NAV - \$356,319)

	FY2018	FY2019	Difference
Municipal Tax	\$3,584	\$3,653	\$69
Morris School District Tax*	\$5,112	\$5,218	\$105
Morris County Tax*	\$1,275	\$1,303	\$27
<u>Public Library Tax</u>	<u>\$164</u>	<u>\$157</u>	<u>-\$7</u>
Total Tax Bill Amount	\$10,135	\$10,331	\$194

* FY 2019 Estimated Tax Amounts

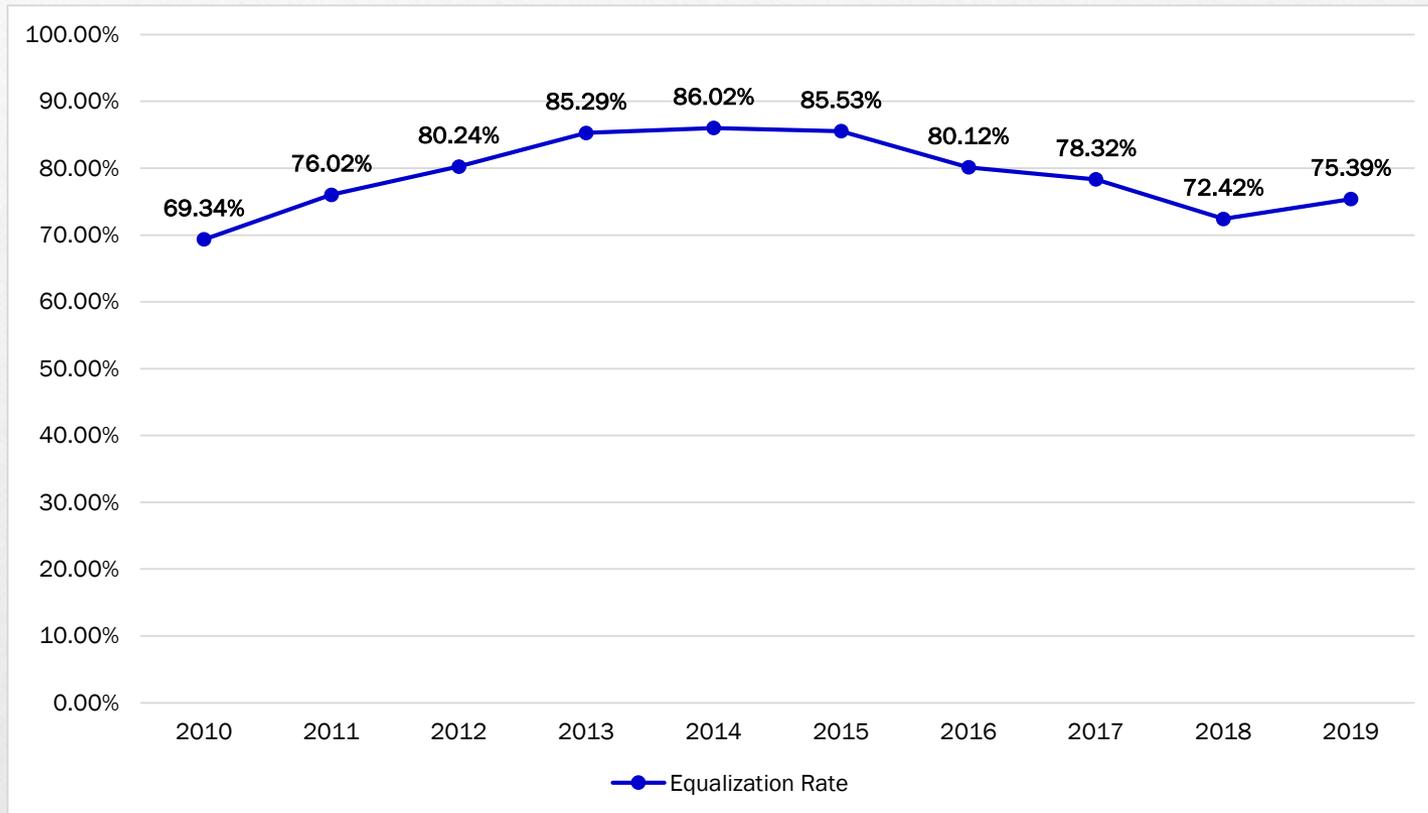
FY 2019 Total Property Tax \$ Effect

- *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



Financial Summary Totals

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

What Changed?

OPERATING BUDGET	<u>FY2019</u> <u>Increase*</u>
Pension – Police & Fire -	326,288
Bond Principal	143,050
Pension – PERS	91,633
Public Works S&W	83,236
Police – Other expenses	82,461
TOTAL CHANGE	644,208

***compared to FY2018 Budget**

What Changed?

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

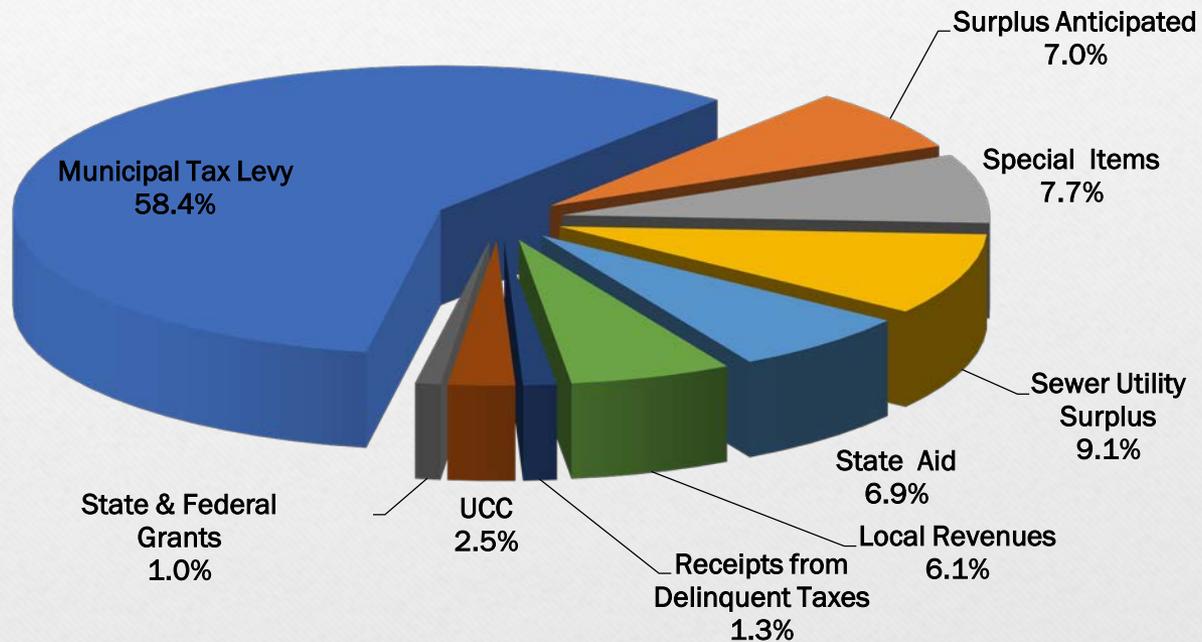
***compared to FY2018 Budget**

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”

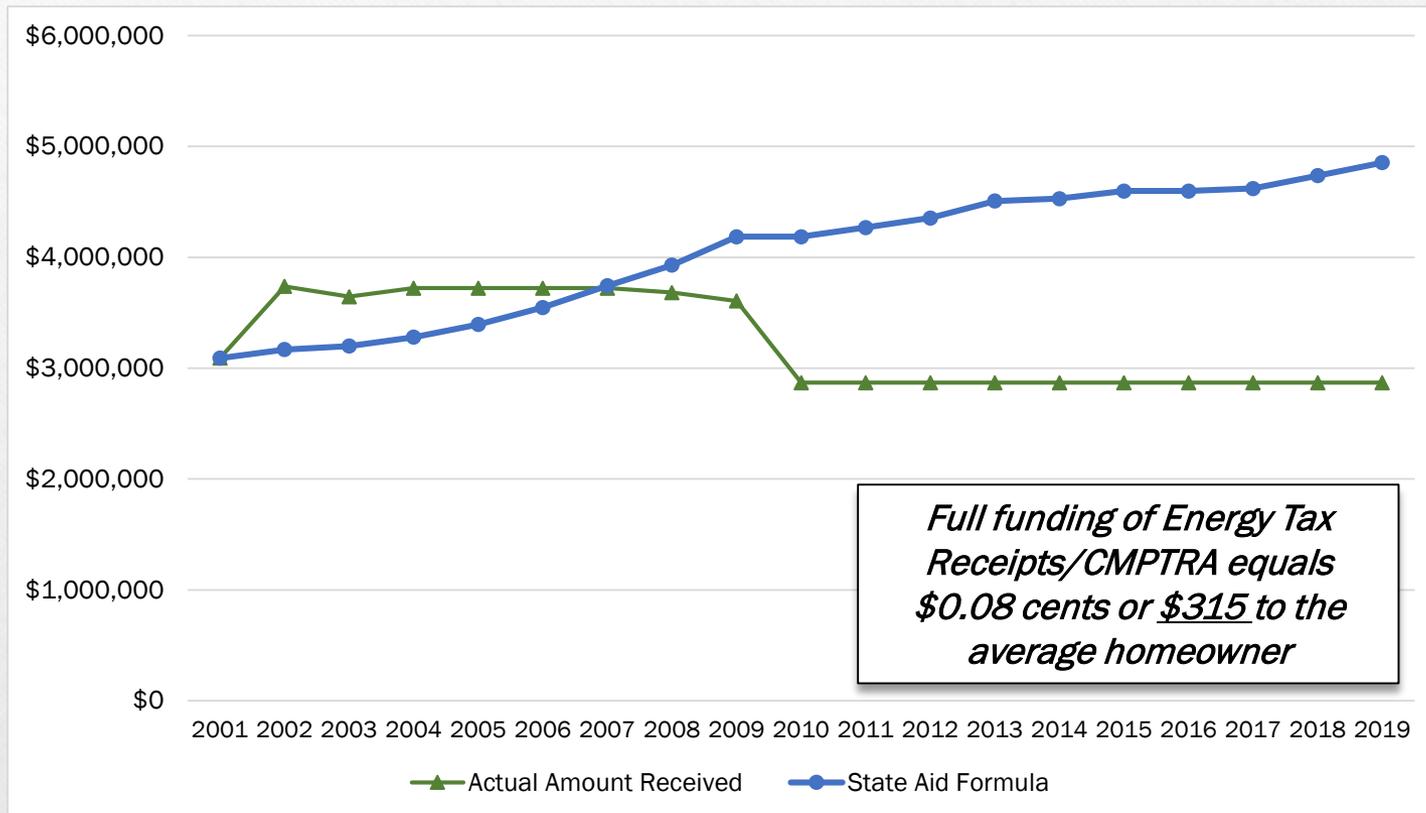


General Revenues

- 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



General Revenues (cont.)

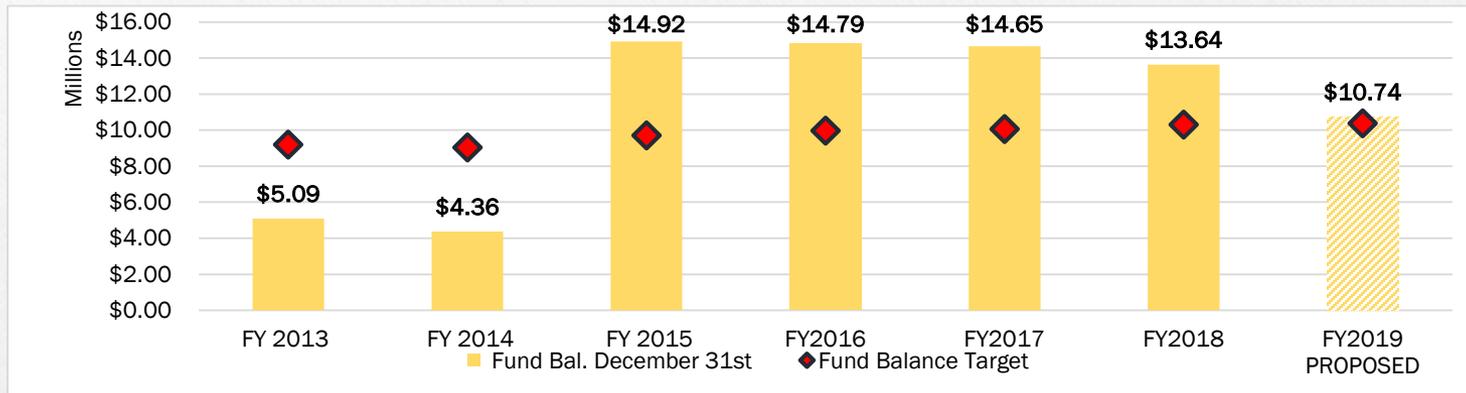
- Revenue Decreases
 - (\$100,000) – 2019 Surplus Anticipated
 - \$2.9m compared to utilized \$3m in 2018
 - (\$192,500)- UCC Fees
 - (\$90,000)- Court Fees
 - Tax Collection Rate remains high at 98.95% for 2018

Use of Surplus/Fund Balance

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

- 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.

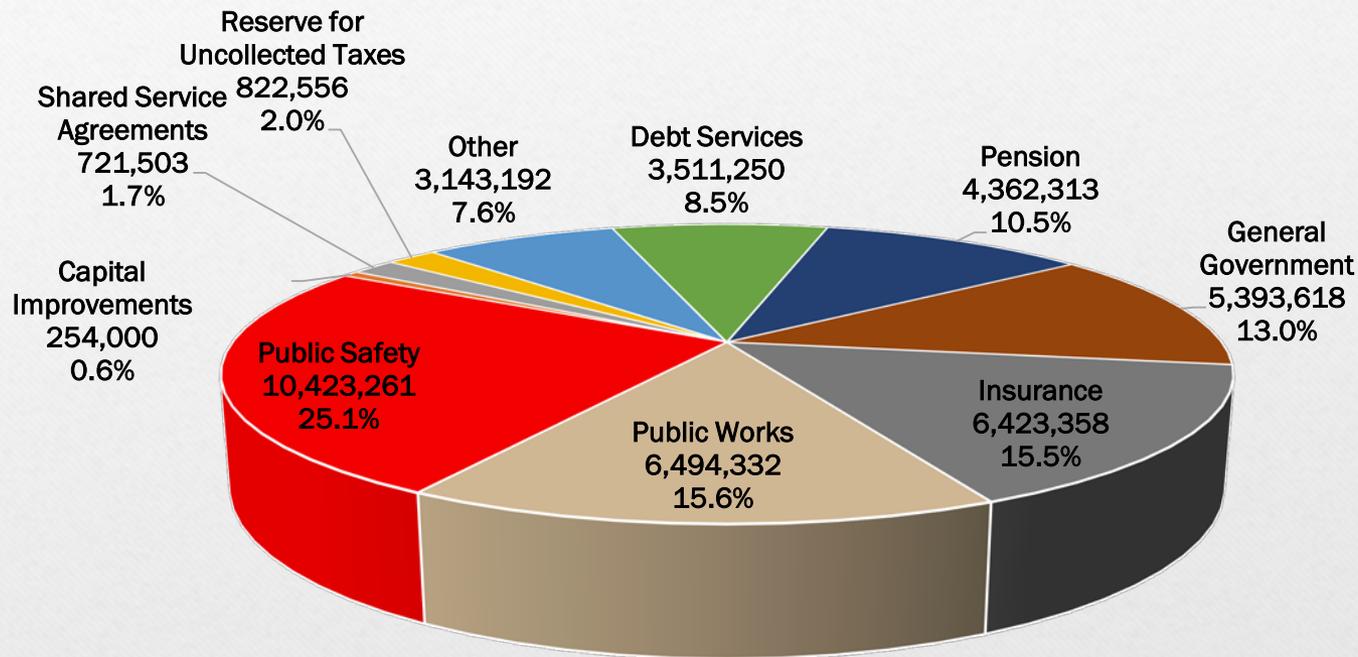
Fund Balance Trend



YEAR END	FY 2013	FY 2014	FY 2015	FY2016	FY2017	FY2018	FY2019 PROPOSED
Fund Bal. January 1st	\$4,033,623	\$5,085,104	\$4,098,735	\$14,920,374	\$14,790,342	\$14,647,500	\$13,636,594
Fund Bal. December 31st	\$5,085,104	\$4,362,291	\$14,920,374	\$14,790,342	\$14,647,500	\$13,636,594	\$10,736,594
Change in Fund Balance	\$1,051,481	(\$722,813)	\$10,821,639	(\$130,032)	(\$142,842)	(\$1,010,906)	(\$2,900,000)
Percentage	26.07%	-14.21%	264.02%	-0.87%	-0.97%	-6.90%	-21.27%
Fund Bal. as % of Appropriations	8.29%	7.23%	23.03%	22.25%	21.84%	19.84%	25.84%

FY 2019 Proposed Appropriations (%)

“How The Budget Revenues Are Allocated”



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**
<https://www.nj.gov/treasury/pensions/2019-employer-billing.shtml>
 - Local Employer contribution rate changes:
 - PERS – 13.37% to 14.11%
 - PFRS – 27.35% to 29.47%

Health Care Insurance

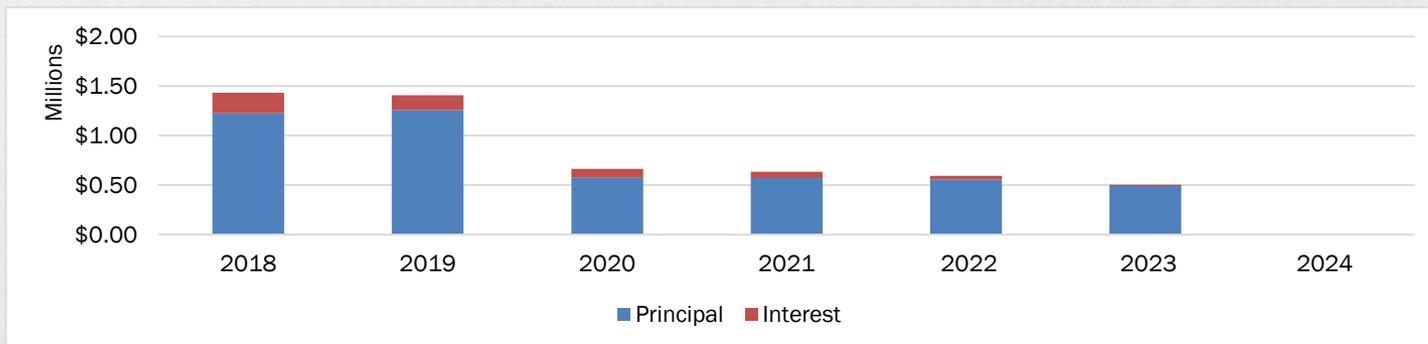
- **FY 2019 Health Care Appropriation total of \$5.6 Million which is net of:**
 - Current Employee/Retiree Premium Cost Sharing (\$1.1M)
 - Offset from Sewer \$218k and Building Dept. \$160k
 - CMS Drug Subsidy \$231,917
- **\$190,000 reduction**
 - Broker went out to market for proposals.
 - Town converted 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 be 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