



FY 2020
Executive Municipal Budget
Overview Presentation

Town Council Meeting

May 26, 2020

Jillian Barrick, Business Administrator

Budget Summary Points

- No Increase in Municipal Tax Rate
- *\$0 increase to average residential home of \$357,140*
- Net Assessed Valuation –\$2,267,313,355
- \$601,828 under the 2% Property Tax Levy CAP
- One Cent of the Municipal Tax Rate =\$226,731

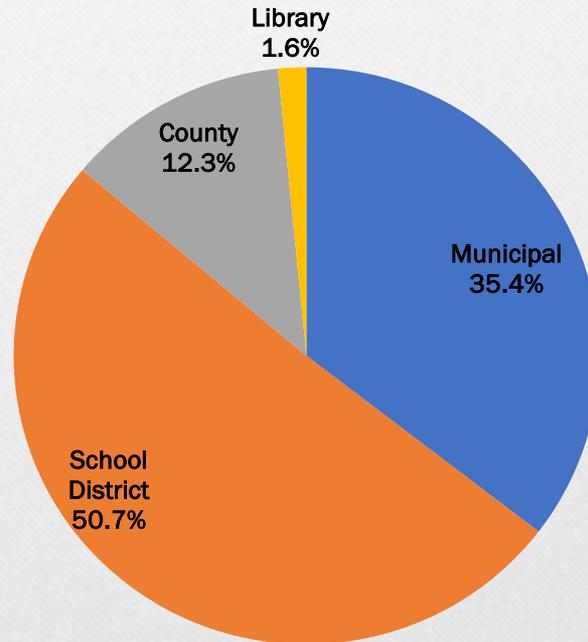
Property Tax Rates

	FY2019	FY2020*	Difference
Municipal	\$1.025	\$1.025	\$0.00
School District*	\$1.464	\$1.467	\$0.003
County*	\$0.349	\$0.356	\$0.007
<u>Library</u>	<u>\$0.044</u>	<u>\$0.045</u>	<u>\$0.001</u>
TOTAL	\$2.882	\$2.893	\$0.011

* FY 2020 Estimated Tax Rates

FY 2020 Property Tax Rates Breakdown

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



Tax Bill Comparison (Avg. Residential NAV - \$357,140)

	FY2019	FY2020	Difference
Municipal Tax	\$3,661	\$3,661	\$0
Morris School District Tax*	\$5,230	\$5,240	\$10
Morris County Tax*	\$1,243	\$1,273	\$30
<u>Public Library Tax</u>	<u>\$158</u>	<u>\$161</u>	<u>\$3</u>
Total Tax Bill Amount	\$10,292	\$10,335	\$43

* FY 2020 Estimated Tax Amounts

FY 2020 Total Property Tax \$ Effect

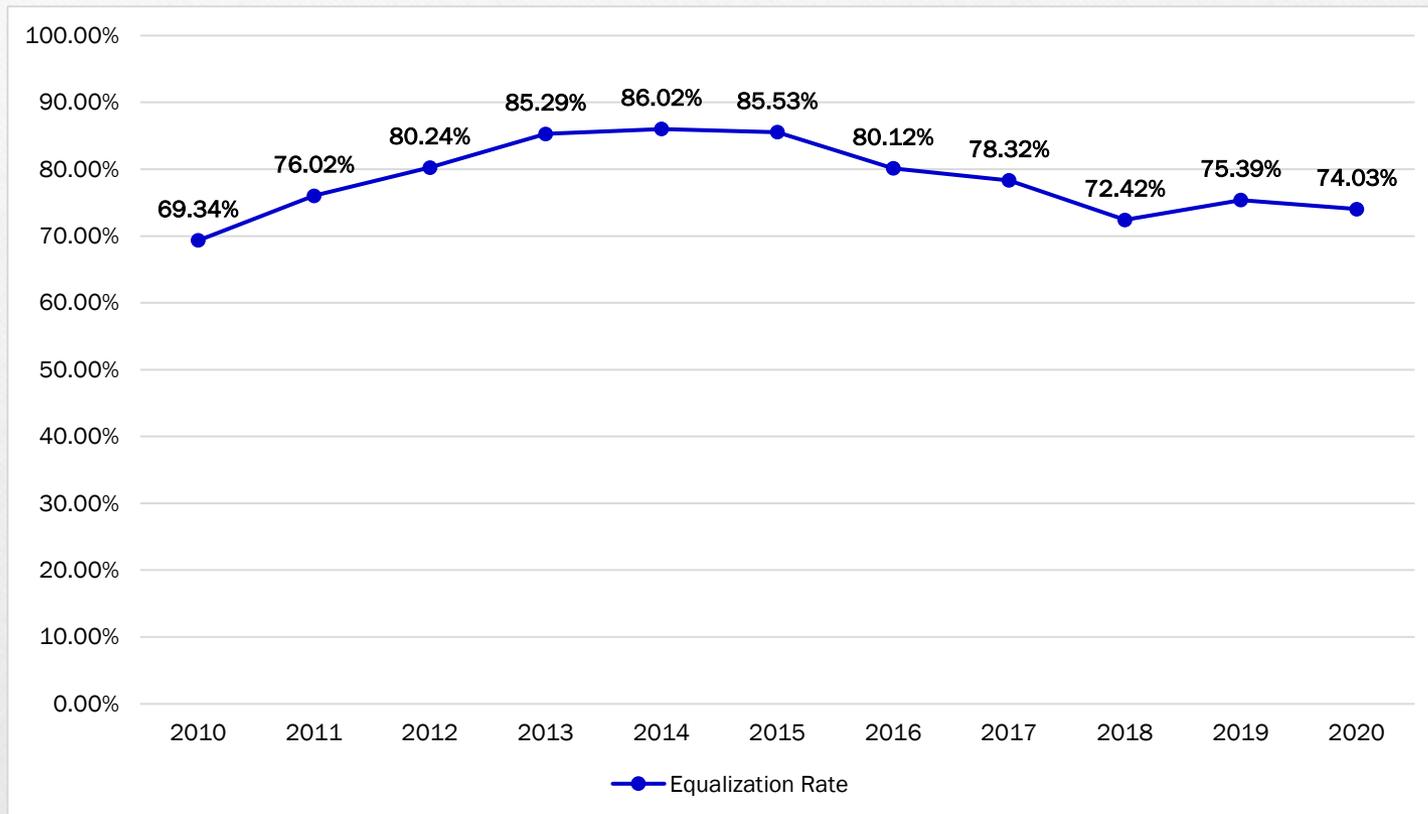
- *Increase of \$10.75/quarter or \$43/year*

Tax Base

- FY 2020 Town Net Assessed Valuation: \$2,267,313,355

	FY2018	FY2019	FY2020
Vacant Land	\$15,935,500	\$15,420,100	\$17,656,200
Residential	\$1,275,827,200	\$1,287,321,500	\$1,284,274,800
Commercial	\$712,681,000	\$710,794,800	\$707,233,200
Apartment	\$253,591,100	\$254,591,100	\$250,710,500
<u>Industrial</u>	<u>\$8,732,600</u>	<u>\$7,469,600</u>	<u>\$7,430,100</u>
TOTAL	\$2,266,767,400	\$2,275,597,100	\$2,267,304,800

Equalization Rate



Fund Balance Trend

YEAR END	USED IN BUDGET	Fund Bal. December 31st
FY 2011	\$1,923,000	\$1,560,561
FY 2012	\$1,460,000	\$4,033,623
FY 2013	\$2,000,000	\$5,085,104
FY 2014	\$1,700,000	\$4,362,291
FY 2015	\$2,475,000	\$14,920,374
FY2016	\$4,250,000	\$14,790,342
FY2017	\$3,475,000	\$14,647,500
FY2018	\$3,000,000	\$13,636,594
FY2019	\$2,900,000	\$14,018,004

Financial Summary Totals

	<u>FY2018</u> <u>Actual</u>	<u>FY2019</u> <u>Actual</u>	<u>FY2020</u> <u>Proposed</u>
<u>Operating Fund</u>			
Municipal Budget	40,804,131	42,153,540	41,847,256
Grants	444,250	395,000	462,358
Sub-total	41,248,381	42,548,540	42,309,614
Capital budget	3,148,300	2,797,000	2,098,000
Sub-total	3,148,300	2,797,000	2,098,000
<u>Sewer Utility Fund</u>			
Sewer Utility Budget	7,619,105	7,620,000	7,808,746
Capital Improvements Plan	670,000	670,000	311,000
Sub-total	8,289,105	8,290,000	8,119,746
Total Financial Budgets	52,685,786	52,635,540	52,527,360

What Changed?

OPERATING BUDGET	<u>FY2020</u> <u>Increase*</u>
Interest on Bonds	556,590
Medical and Dental Insurance	382,511
Police Salaries & Wages	346,289
Fire Salaries & Wages	200,780
Public Works Salaries & Wages	94,961
TOTAL CHANGE	1,581,131

***compared to FY2019 Budget**

What Changed?

OPERATING BUDGET	<u>FY2020</u> <u>Decrease*</u>
Bond Principal	(589,450)
Reserve for Salary Increases	(100,000)
Reserve for Tax Appeals	(100,000)
Police & Fire Pension	(75,611)
Police Other Expenses	(56,905)
TOTAL CHANGE	(921,966)

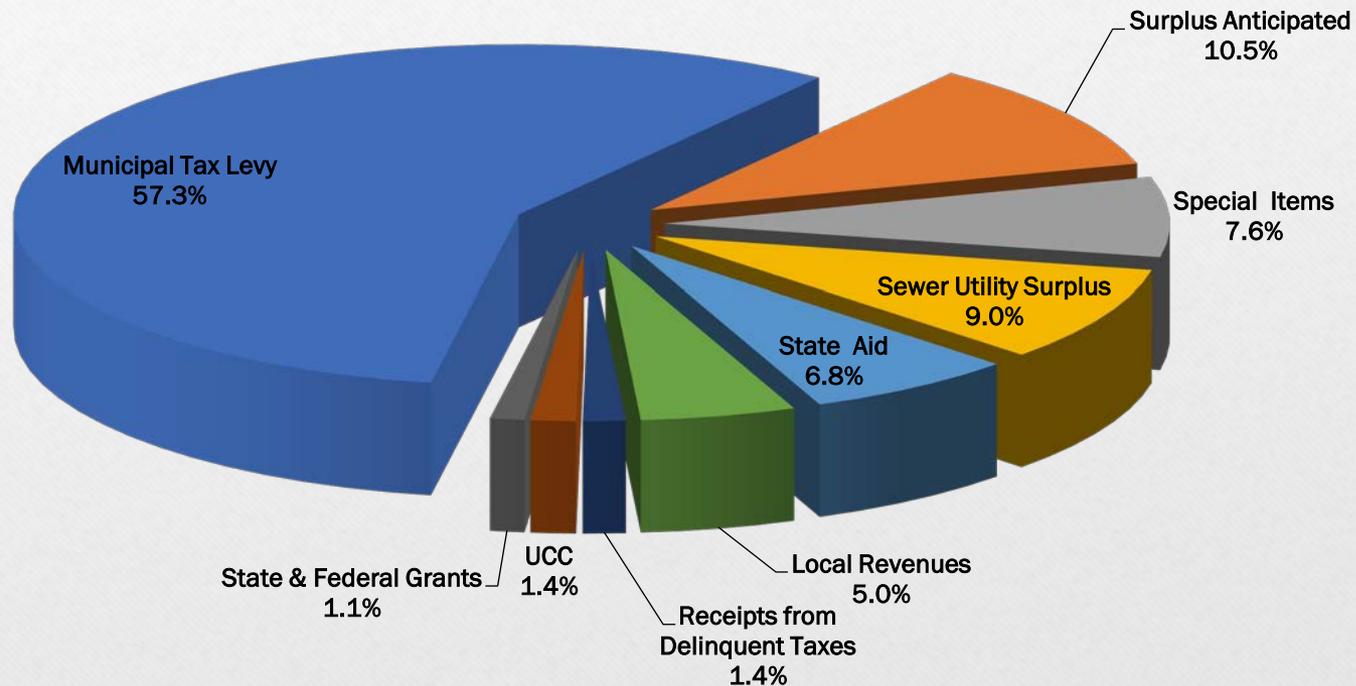
***compared to FY2019 Budget**

2% Property Tax Levy CAP

- Projected Total Revenues - \$41,548,540
- Maximum Allowable Municipal Tax Levy Amount - \$23,843,198
- FY 2019 Municipal Tax Levy Revenue - \$23,269,277
- \$601,828 Under Tax Levy Cap Limit

FY 2020 Anticipated Revenues (%)

“Where The Budget \$\$ Comes From”



Potential Major COVID-19 Impacted Revenue Sources

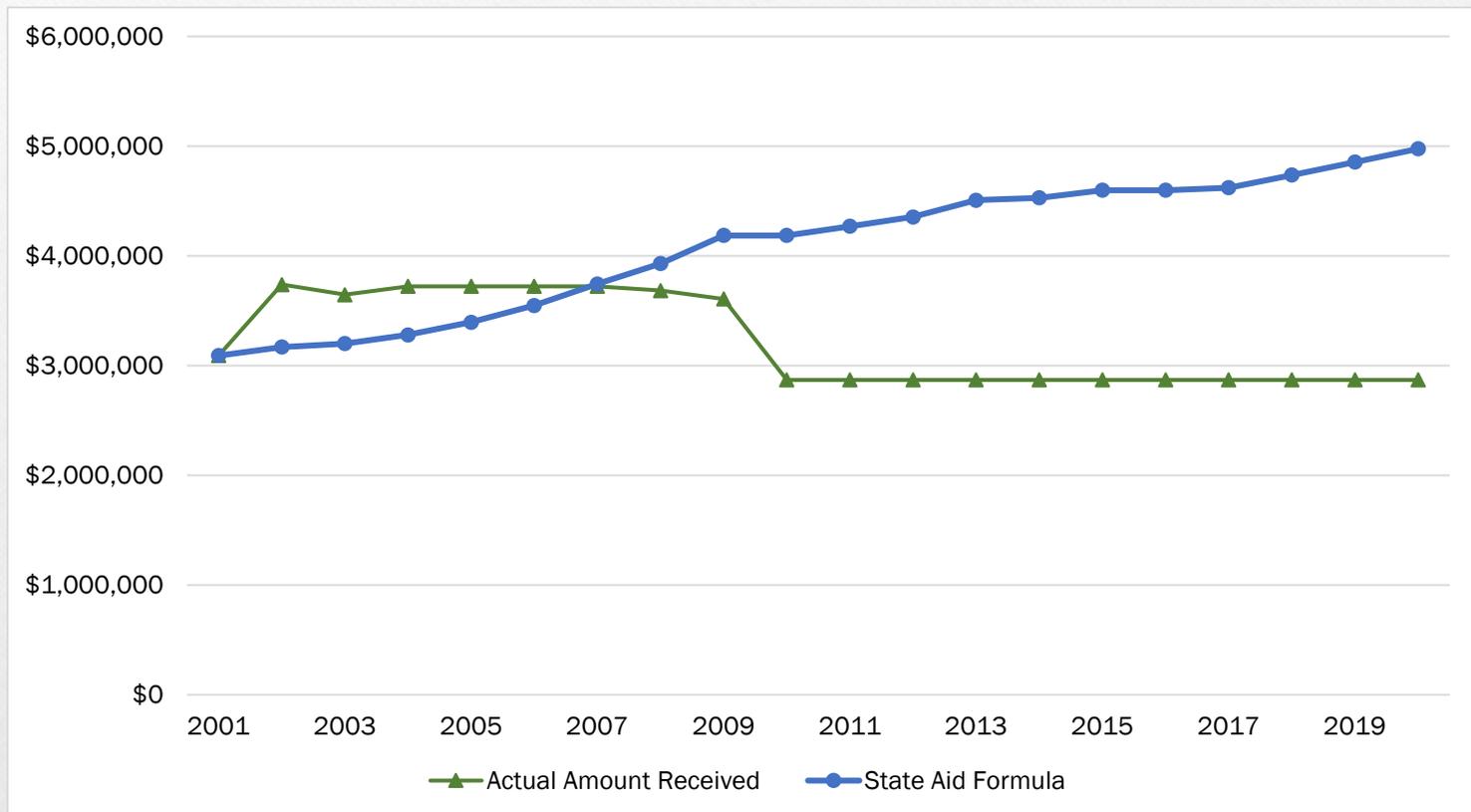
OPERATING BUDGET	<u>FY2019</u>	<u>FY2020</u>	<u>Difference</u>
Municipal Court	1,021,000	750,000	(271,000)
Uniformed Construction Code	1,050,000	608,000	(442,000)
Municipal Hotel & Motel Occupancy Tax	635,000	271,000	(364,000)
Swimming Pool Fees	115,000	0	(115,000)
Other Licenses & Fees	803,000	755,870	(47,130)
TOTAL ANTICIPATED LOSS	3,624,000	2,384,870	(1,239,130)

General Revenues

- Revenue Increases FY2019 vs FY2020 Budget
(projected)

- **Operating Surplus** **\$1,530,000**
- **General Capital Surplus** **\$300,000**
 - (premiums received to reduce debt service)
- **Pilots-55 Prospect Modera** **\$141,364**
- **Receipts on Delinquent Taxes** **\$50,000**

“State Aid” aka Energy Tax Receipts and CMPTRA

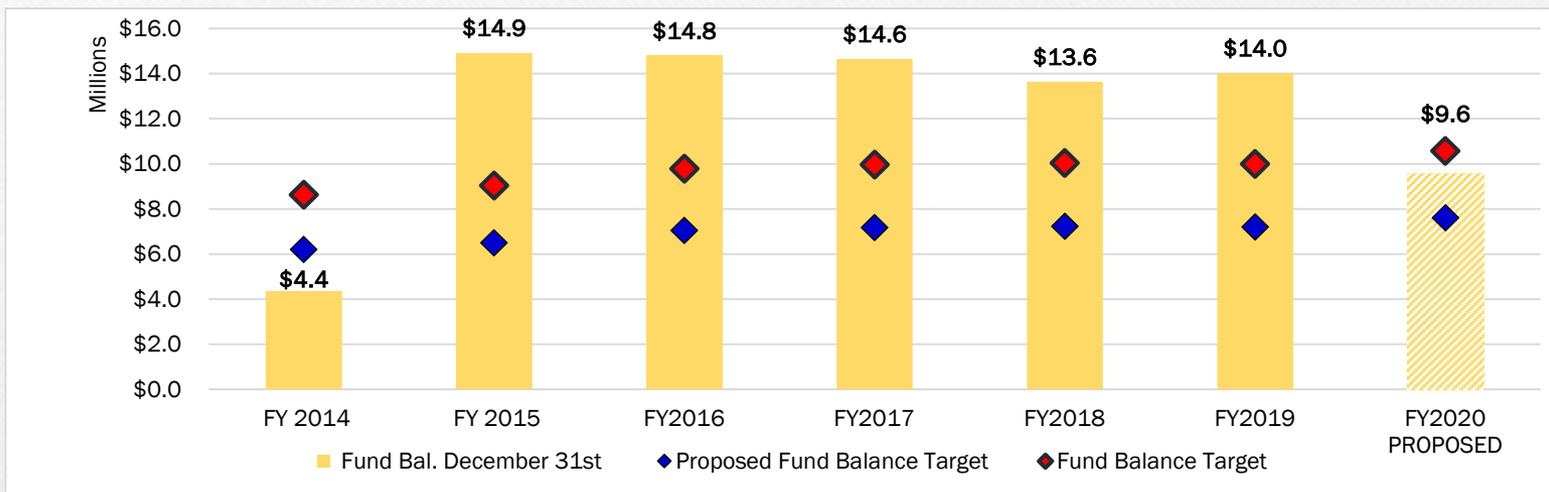


Use of Surplus/Fund Balance

Source & Use	Amount
REVENUE SOURCE	
Fund Balance Anticipated (Surplus)	\$4,430,000
PROPOSED APPROPRIATION USE	
COVID 19 - Loss of Revenue(projected)	\$1,239,130
Reserve for Tax Appeals	500,000
Capital Improvement Fund	150,000
Reserve for Sick & Vacation Accumulation	200,000
Morris School District Pass Thru Aid	199,598
Municipal Operations – Property Tax Relief	2,141,272
TOTAL USES OF FUNDS	4,430,000

- 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.

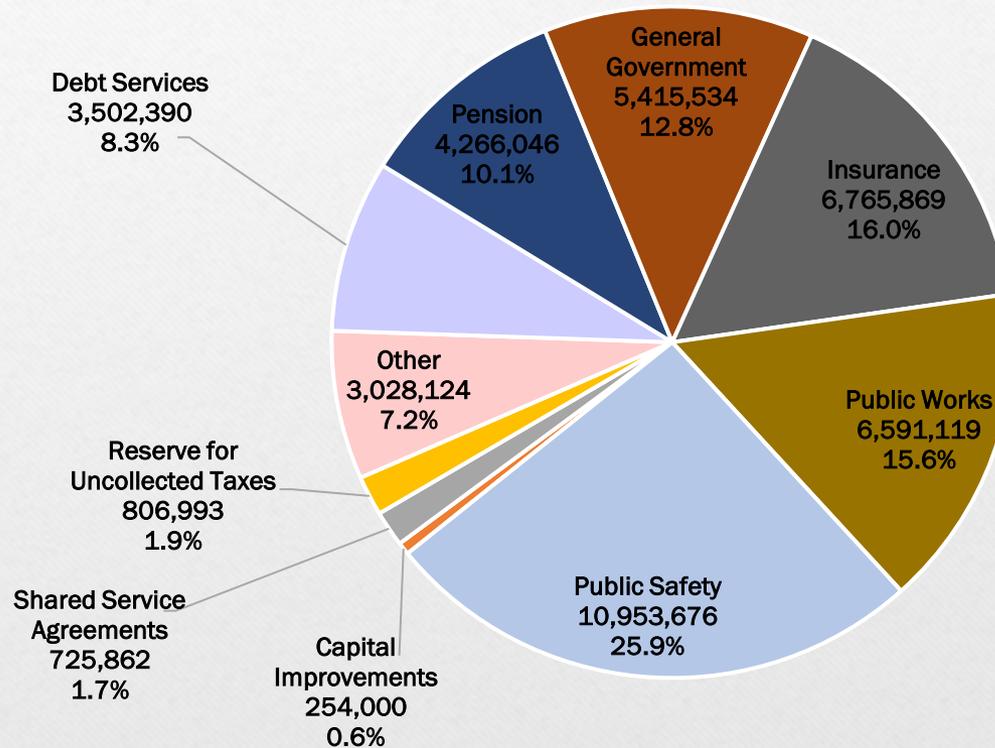
Fund Balance Trend



YEAR END	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 PROPOSED
Fund Bal. January 1st	\$5,085,104	\$4,098,735	\$14,920,374	\$14,790,342	\$14,647,500	\$13,636,594	\$14,018,004
Fund Bal. December 31st	\$4,362,291	\$14,920,374	\$14,790,342	\$14,647,500	\$13,636,594	\$14,018,004	\$9,588,004
Change in Fund Balance	(\$722,813)	\$10,821,639	(\$130,032)	(\$142,842)	(\$1,010,906)	\$381,410	(\$4,430,000)
Percentage	-14.21%	264.02%	-0.87%	-0.97%	-6.90%	2.80%	-31.60%
Fund Bal. as % of Appropriations	6.68%	22.44%	37.77%	36.72%	33.95%	35.02%	22.66%

FY 2020 Proposed Appropriations (%)

“How The Budget Revenues Are Allocated”



General Appropriations

- **Departmental Operations - \$23,853,429**
 - Up 2%, or \$514,868.
 - **Salary & Wages - \$17,988,077 (42% of Total Appropriations)**
 - Up +3.11%, or \$ 542,372
 - Net 0 Additional Full-Time Employees
 - **Other Expenses - \$ 5,865,352 (14% of Total Appropriations)**
 - Down -0.47%, or \$27,504

Pension Costs

- **FY 2020 Pension Cost - \$ 3,530,436**
- **FY 2020 Pension obligations**
 - PFRS - \$75,611 Decrease, down 3% from 2019
 - PERS - \$34,407 Decrease, down 4% from 2019
- **Rates Per NJ Pension Website**
<https://www.nj.gov/treasury/pensions/2020-employer-billing.shtml>
 - Local Employer contribution rate changes:
 - PERS – 13.69% compared to 14.11% in 2019
 - PFRS – 29.8% compared to 29.47% in 2019

Health Care Insurance

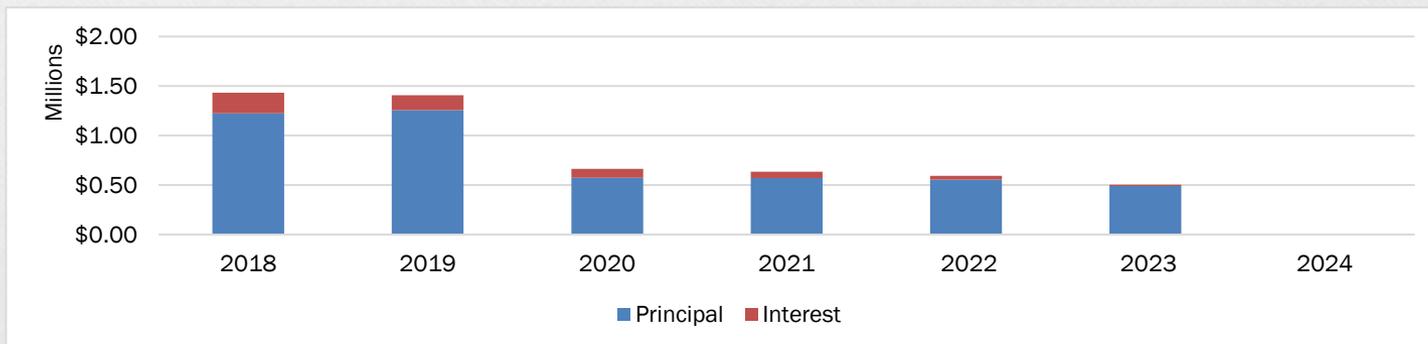
- **FY 2020 Health Care Appropriation total of \$5.9 Million which is net of:**
 - Current Employee/Retiree Premium Cost Sharing (\$741K)
 - Offset from Sewer \$218k and Building Dept. \$100k
 - CMS Drug Subsidy and rebates \$134,411
- **-\$190,000 reduction in 2019,**
- **\$382,000 increase in 2020**
 - 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+ (Stable Outlook)”**
- **Principal Debt Payment Obligations paid down by \$2.9M in FY 2019**
 - \$2,350,000 scheduled principal payment this year.
- **Net Debt Outstanding as of 12/31/19 - \$26,224,690**
 - General Obligation Bonds - \$22.3 million
 - Bond Anticipation Notes - \$3.9 million
- **Total Net Debt to Equalized Valuation (\$3,065,188,395): 0.85%**
- **Total Net Debt DECLINED BY \$18.6 million since FY 2010**
- **2010 Net Debt \$44.8M vs. 2019 Net Debt \$26.2M= \$18.6M reduction or 41.5%**

Debt Service (Sewer Utility)

- **Principal Debt reduced by \$1,555,550 in FY 2019.**
 - \$1,575,000 scheduled to be paid off this year (includes \$1,000,000 payments on BAN's)
- **Sewer Utility Debt Outstanding as of 12/31/19 - \$5,029,681**
 - Long Term Debt - \$3,107,681
 - Bond Anticipation Notes - \$1,922,000
- **“Pay-As-You Go” - Utility Budget includes \$311,000 for Capital Improvement Projects.**
 - **No NEW Sewer Utility Debt – 8TH year in a row!**



Capital Projects

- Total allocated for new capital funding is \$2,098,000 (\$1.668 mil bond funded, \$430,000 grant funded) which includes:
 - \$770,000 in sidewalk, curb and roadway improvements
 - \$100,000 for vehicles and heavy equipment
 - \$225,000 Park & Playground improvements
 - \$150,000 Police Equipment
 - \$5,000 for dam improvements
 - \$60,000 for building improvements
 - \$586,000 Fire Equipment
 - \$150,000 Section 20

Q&A