

FY 2021

Executive Municipal Budget Overview Presentation



Town Council Meeting | May 25, 2021

Jillian Barrick, Business Administrator

Budget Summary Points

- 1.8 cent increase in Municipal Tax Rate
- \$5.42 monthly increase to average residential home of \$355,808
- Net Assessed Valuation –\$2,296,392,450
- \$559,804 under the 2% Property Tax Levy CAP
- One Cent of the Municipal Tax Rate = \$229,639

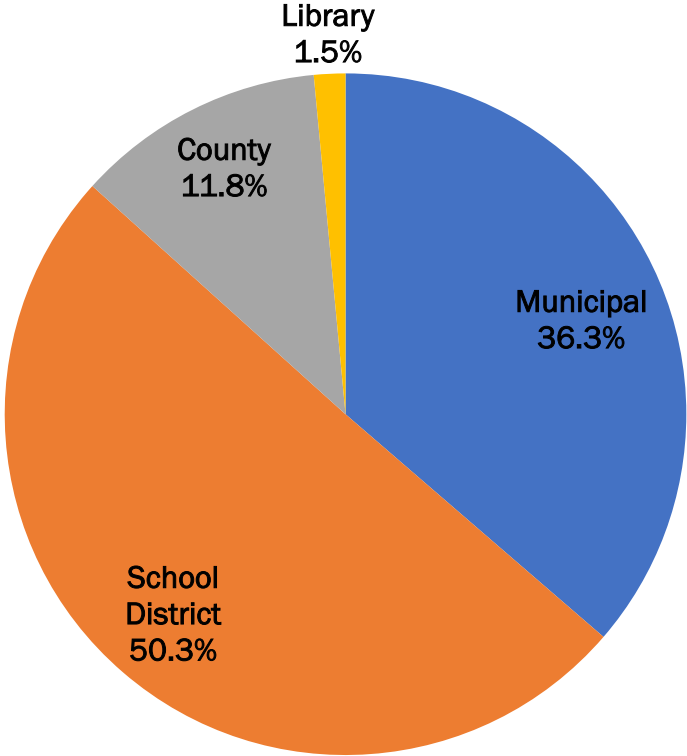
Property Tax Rates

	FY2020	FY2021*	Difference
Municipal	\$1.025	\$1.043	\$0.018
School District*	\$1.458	\$1.446	-\$0.013
County*	\$0.344	\$0.332	-\$0.012
<u>Library</u>	<u>\$0.045</u>	<u>\$0.043</u>	<u>-\$0.002</u>
TOTAL	\$2.883	\$2.871	-\$0.011

* FY 2021 Estimated Tax Rates

FY 2021

Property Tax Rates Breakdown



**\$0.36 of Each Total Tax Dollar
Funds Municipal Government**

Tax Bill Comparison

(per \$100k of assessed value)

	FY2020	FY2021	Difference
Municipal Tax	\$1,025	\$1,043	\$18.27
Morris School District Tax*	\$1,458	\$1,446	(\$12.42)
Morris County Tax*	\$355	\$340	(\$15.12)
<u>Public Library Tax</u>	<u>\$45</u>	<u>\$43</u>	<u>(\$2.26)</u>
Total Tax Bill Amount	\$2,883	\$2,871	(\$11.53)

* FY2021 Estimated Tax Amounts

FY 2021 Total Property Tax \$ Effect

Decrease of -\$2.88/quarter or -\$11.53/year

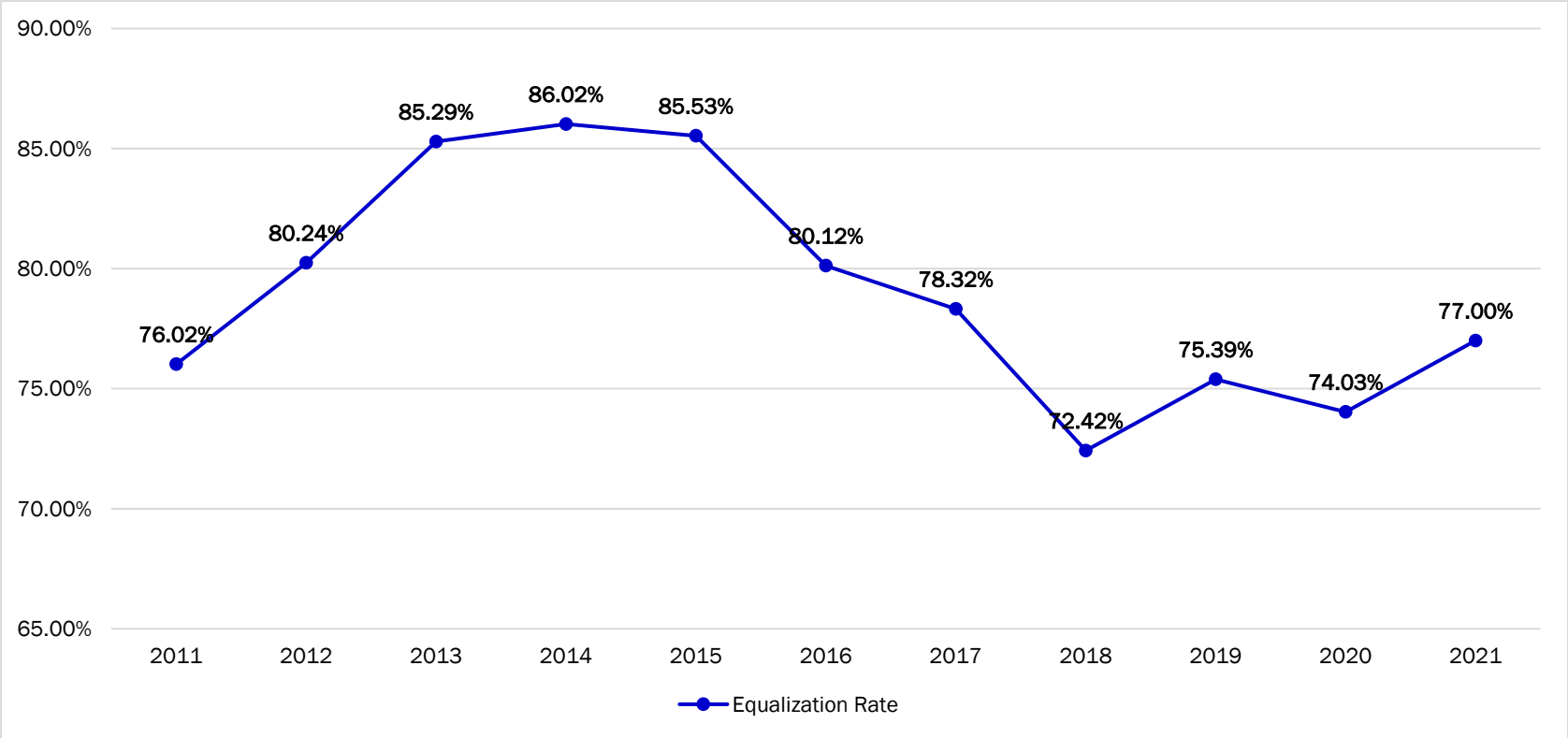
Tax Base

FY 2021 Town Net Assessed Valuation: **\$2,296,392,450**

\$29 million increase as compared to 2020 ratables

	2020	2021	Difference
Vacant Land	\$17,756,200	\$26,285,000	\$8,528,800
Residential	\$1,284,274,800	\$1,289,671,900	\$5,397,100
Commercial	\$707,233,200	\$718,131,450	\$10,898,250
Industrial	\$7,430,100	\$7,430,100	\$0
<u>Apartment</u>	<u>\$250,710,500</u>	<u>\$254,874,000</u>	<u>\$4,163,500</u>
Total Assessed Value	\$2,267,404,800	\$2,296,392,450	\$28,987,650

Equalization Rate



Financial Summary Totals

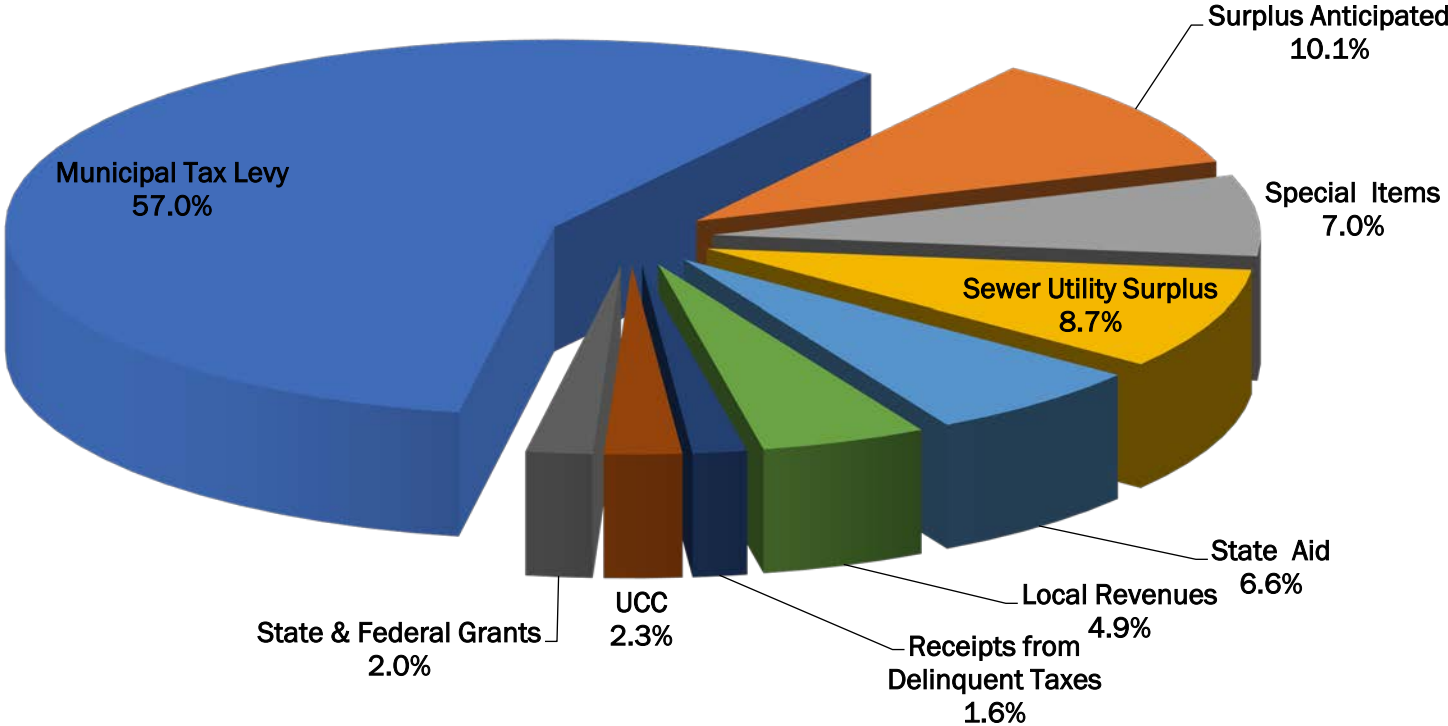
	FY2020	FY2021
<u>Operating Fund</u>		
Municipal Budget	\$41,847,256	\$42,884,114
<u>Grants</u>	<u>573,853</u>	<u>855,822</u>
Operating Fund Total	42,421,109	43,739,936
<i>Percent Change</i>		3.1%
<u>Sewer Utility Fund</u>		
Sewer Utility Budget	7,808,746	7,235,258
Capital Improvements Plan	<u>311,000</u>	<u>250,000</u>
Sewer Utility Fund Total	8,119,746	7,485,258
<i>Percent Change</i>		-7.81%
Total Financial Budgets	\$50,540,855	\$51,225,194
<i>Percent Change</i>		1.4%

2% Property Tax Levy CAP

- Projected Total Revenues - \$43,739,936
- Maximum Allowable Municipal Tax Levy Amount - \$24,517,272
- FY 2021 Municipal Tax Levy Revenue - \$23,957,467
- \$559,805 Under Tax Levy Cap Limit

FY 2021 Anticipated Revenues (%)

“Where The Budget \$\$ Comes From”



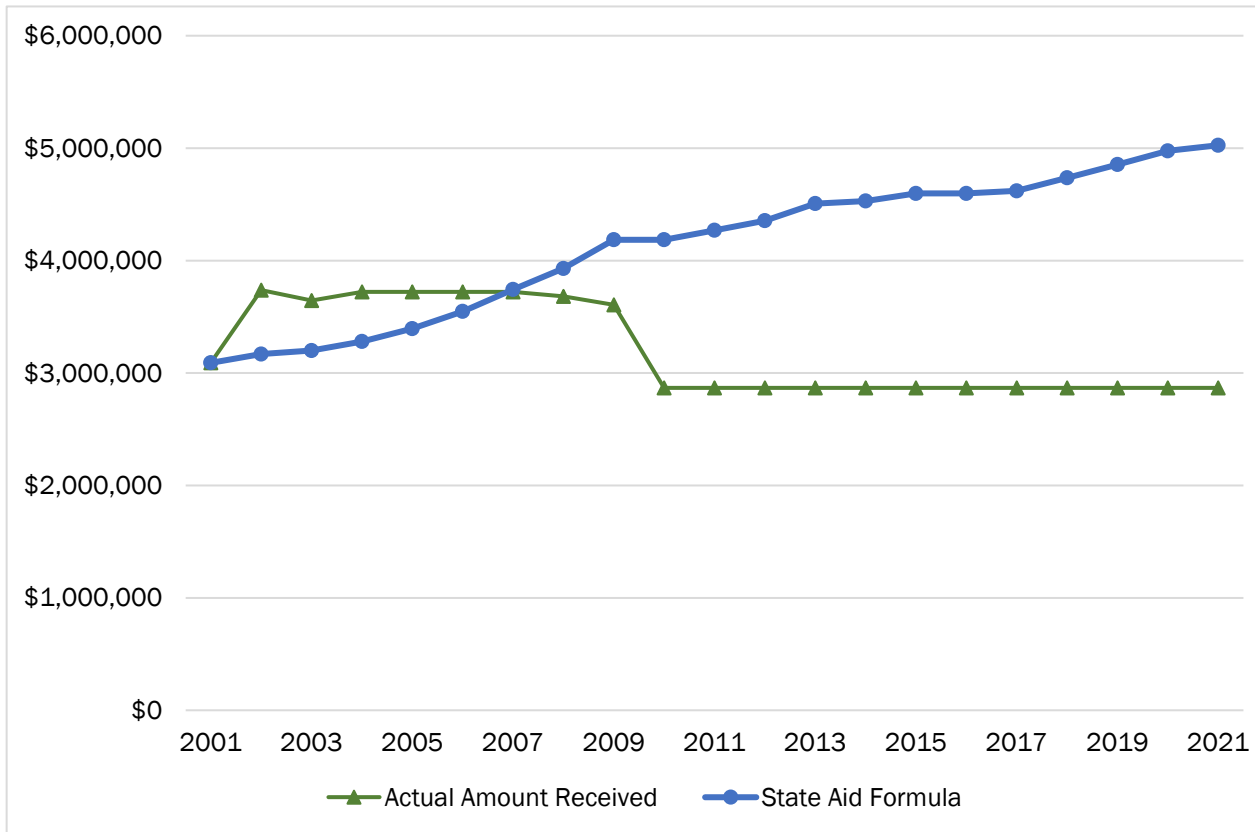
COVID-Sensitive Revenues

	2019 Actual	2020 Actual	2021 Proposed	3-Year Average
FINES & COSTS - Municipal Court	1,072,632	566,551	786,000	886,979
LICENSES - Clerk/Health/Marriage	135,621	100,052	120,000	123,498
Swimming Pool	113,783	64,183	98,000	98,538
Sewer Utility User Fees	7,600,873	6,818,035	7,141,258	7,348,285
Hotel/Motel Tax	606,539	235,782	180,000	496,920

General Revenues

Revenue Increases FY2020 vs FY2021 Budget (projected)

“State Aid” aka Energy Tax Receipts and CMPTRA



Full funding of Energy Tax Receipts/CMPTRA equals \$0.10 cents or \$340 to the average homeowner

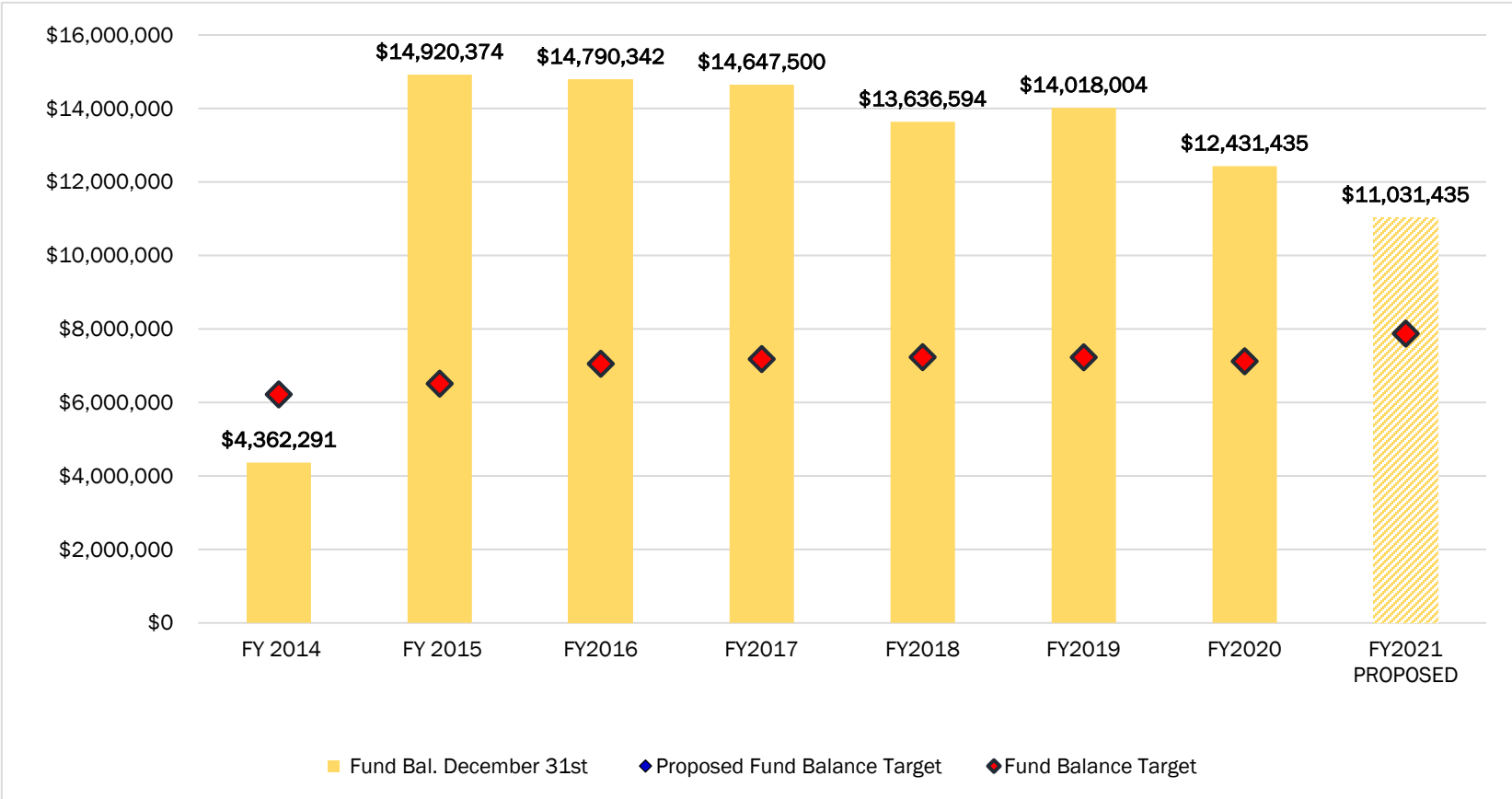
Cumulatively, the State has shorted the Town \$19.7 million since 2001

Use of Surplus/Fund Balance

Source & Use	Amount
Revenue Source	
Fund Balance Anticipated (Surplus)	\$4,400,000
Total	\$4,400,000
Proposed Appropriation Use	
Reserve for Tax Appeals	400,000
Capital Improvements	150,000
Reserve for Sick and Vacation Accumulation	200,000
Reserve for Uncollected Taxes	811,065
Municipal Operations - Property Tax Relief	1,730,890
COVID 19- Loss of Revenue (projected)	\$1,108,045
Total	\$4,400,000

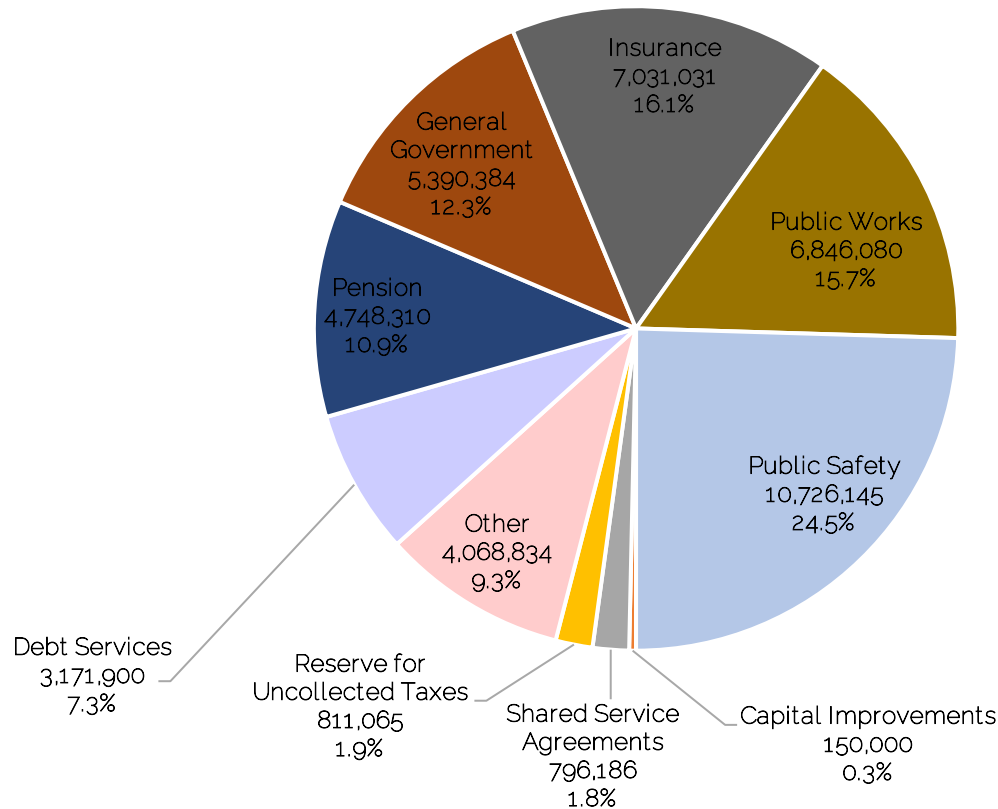
- The town typically budgets for between \$2.0 and \$3.0 million in Surplus annually
- Surplus is generated by lapsed appropriations and unanticipated revenue
- Use of Surplus should be targeted to one-time expenses
- Surplus Policy resolution adopted in 2018.

Fund Balance Trend



FY 2021 Proposed Appropriations (%)

“How The Budget Revenues Are Allocated”



General Appropriations

Departmental Operations - \$24,690,670

- Up 4%, or \$837,241.
- **Salary & Wages** - \$18,689,814 (43% of Total Appropriations)
 - Up +4%, or \$ 701,737
 - 192 Full-Time Employees
 - 184 Current fund, 8 Sewer Utility
- **Other Expenses** - \$ 6,000,856 (14% of Total Appropriations)
 - Up 2%, or \$135,503

What Changed? – Largest Increases

OPERATING BUDGET	<u>FY2021 Increase*</u>
PFRS Pension	380,144
Medical and Dental Insurance	265,161
Reserve for Vacation and Sick Pay	200,000
Police Salary and Wages	177,872
Recycling and Sanitation Services	160,606
TOTAL CHANGE	1,183,783

**compared to FY2020 Budget*

What Changed? – Largest Decreases

OPERATING BUDGET	<u>FY2021 Decrease*</u>
Interest on Bonds	-294,690
Tax Assessor – Other Expenses	-200,000
Reserve for Tax Appeals	-100,000
Capital Improvement Fund	-75,000
Zoning - Salary and Wages	-55,878
TOTAL CHANGE	-725,568

**compared to FY2020 Budget*

Pension Costs

FY 2021 Pension Cost - \$ 3,998,674

FY 2021 Pension Obligations

- PFRS - \$380,144 Increase, Up 14.4% from 2020
- PERS - \$88,094 Increase, Up 9.8% from 2020

Rates Per NJ Pension Website

<https://www.nj.gov/treasury/pensions/2021-employer-billing.shtml>

Local Employer contribution rate changes:

- PERS – 15.11% compared to 13.69% in 2020
- PFRS – 32.37% compared to 29.8% in 2020

Health Care Insurance

FY 2021 Health Care Appropriation total of \$6.2 Million which is net of:

- Current Employee/Retiree Premium Cost Sharing (\$893K)
- Offset from Sewer \$217k and Building Dept. \$100k
- CMS Drug Subsidy and rebates \$101,663

\$265,000 increase in 2021

- Broker went out to market for proposals.
- Town converted to Self Insured from fully-insured in 2018; No profit to Insurance Provider

Debt Service (Operating Budget)

Standard & Poor's Credit Rating – "AA (Positive Outlook)"

Principal Debt Payment Obligations paid down by \$2.3M in FY 2020.

- **\$2,370,000 scheduled principal payment this year.**

Net Debt Outstanding as of 12/31/20 - \$26,002,690

- **General Obligation Bonds - \$20 million**
- **Bond Anticipation Notes - \$6 million**

Total Net Debt to Equalized Valuation (\$3,005,684,497): 0.86%

Total Net Debt DECLINED BY \$18.8 million or 42% since FY 2010

Debt Service (Sewer Utility)

Principal Debt reduced by \$1,575,000 in FY 2020.

- 1,070,000 scheduled to be paid off this year (includes \$500,000 payments on BAN's)

Sewer Utility Debt Outstanding as of 12/31/20 - \$3,454,681

- Long Term Debt - \$2,532,681
- Bond Anticipation Notes - \$922,000

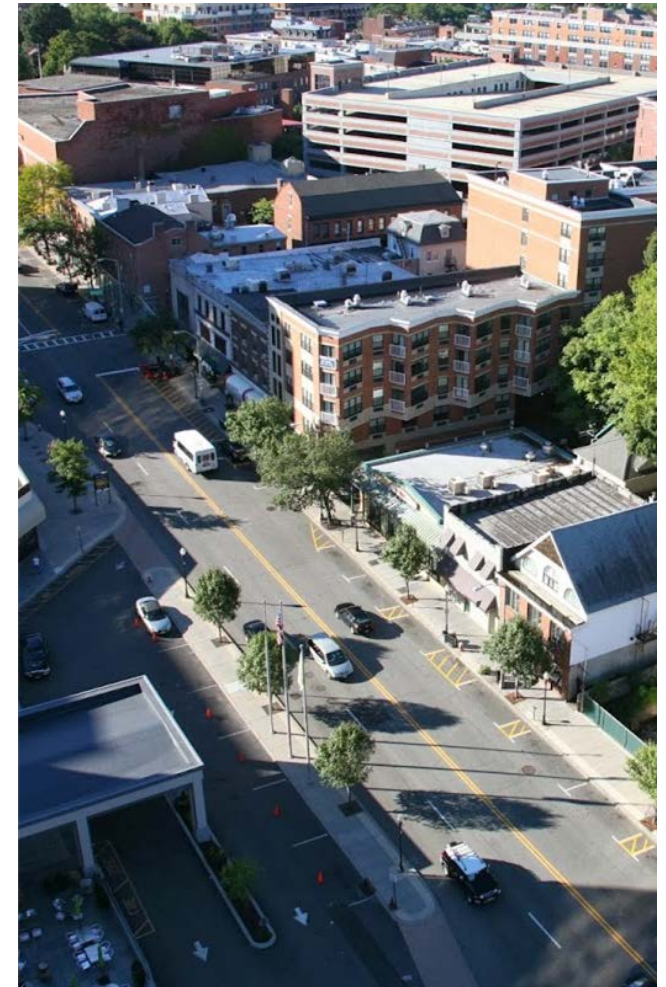
"Pay-A-You-Go" - Utility Budget includes \$250,000 for Capital Projects

No NEW Sewer Utility Debt - 9TH year in a ROW!

Capital Projects

Total allocated for new capital funding is \$4,398,930 which includes:

- \$2,285,530 in sidewalk, curb and roadway improvements
- \$105,000 for vehicles and heavy equipment
- \$590,900 Park & Playground improvements
- \$5,000 for Dam improvements
- \$240,000 for Building improvements
- \$875,000 Fire Equipment
- \$297,500 Section 20



Q&A