

FY 2025

Executive Municipal Budget Overview Presentation



Town Council Meeting | April 22, 2025

Jillian Barrick, Business Administrator

Budget Summary Points

- Net Assessed Valuation –\$4,753,525,000
- One Cent of the Municipal Tax Rate =\$475,353
- \$935,080 under the 2% Property Tax Levy CAP
- Tax Collection rate 98.1%- per 2024 AFS
- Proposed municipal tax rate increase - \$0.019

Tax Base

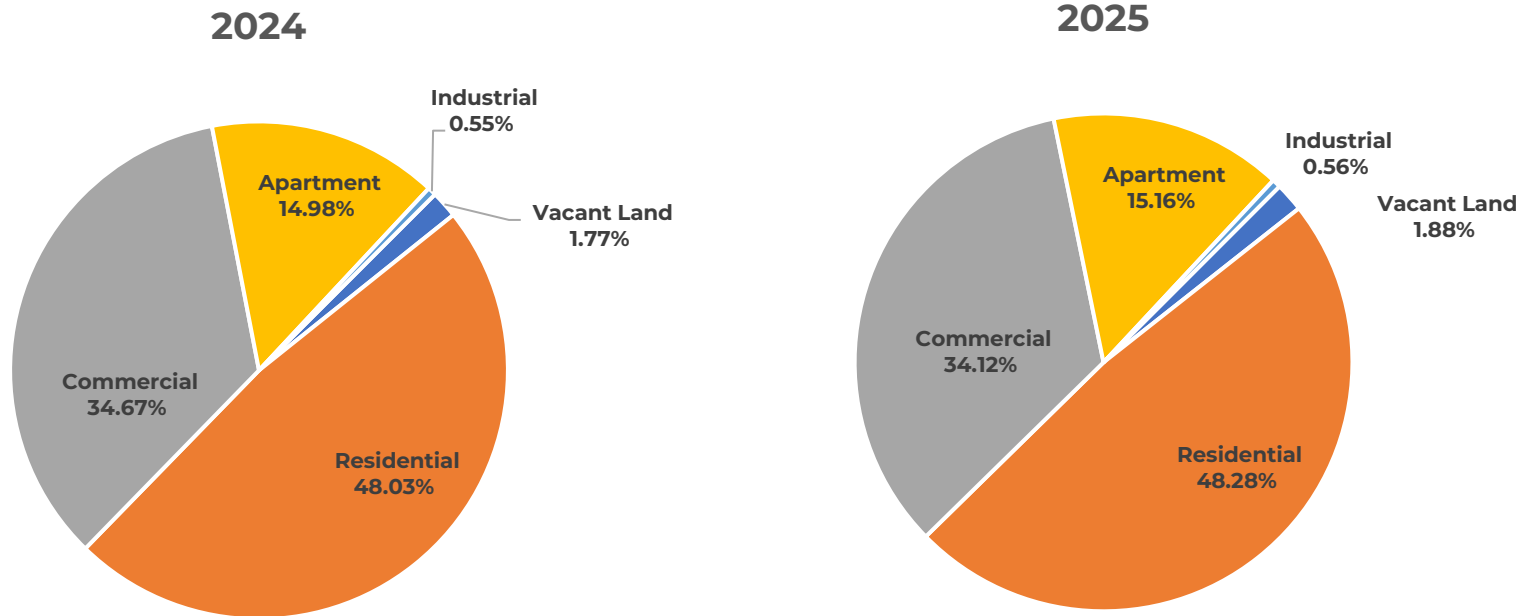
Total Net Assessed Valuation

\$30 million decrease over 2024 ratables

	2024	2025	\$ Change	% Change
Vacant Land	\$84,477,100	\$89,235,300	\$4,758,200	5.6%
Residential	2,297,762,600	2,295,229,900	(2,532,700)	-0.1%
Commercial	1,658,590,800	1,621,882,200	(36,708,600)	-2.2%
Apartment	716,810,600	720,783,400	3,972,800	0.6%
<u>Industrial</u>	<u>26,394,200</u>	<u>26,394,200</u>	<u>0</u>	<u>0.0%</u>
Total Assessed Value	\$4,784,035,300	\$4,753,525,000	(\$30,510,300)	-0.6%

FY 2024 vs 2025

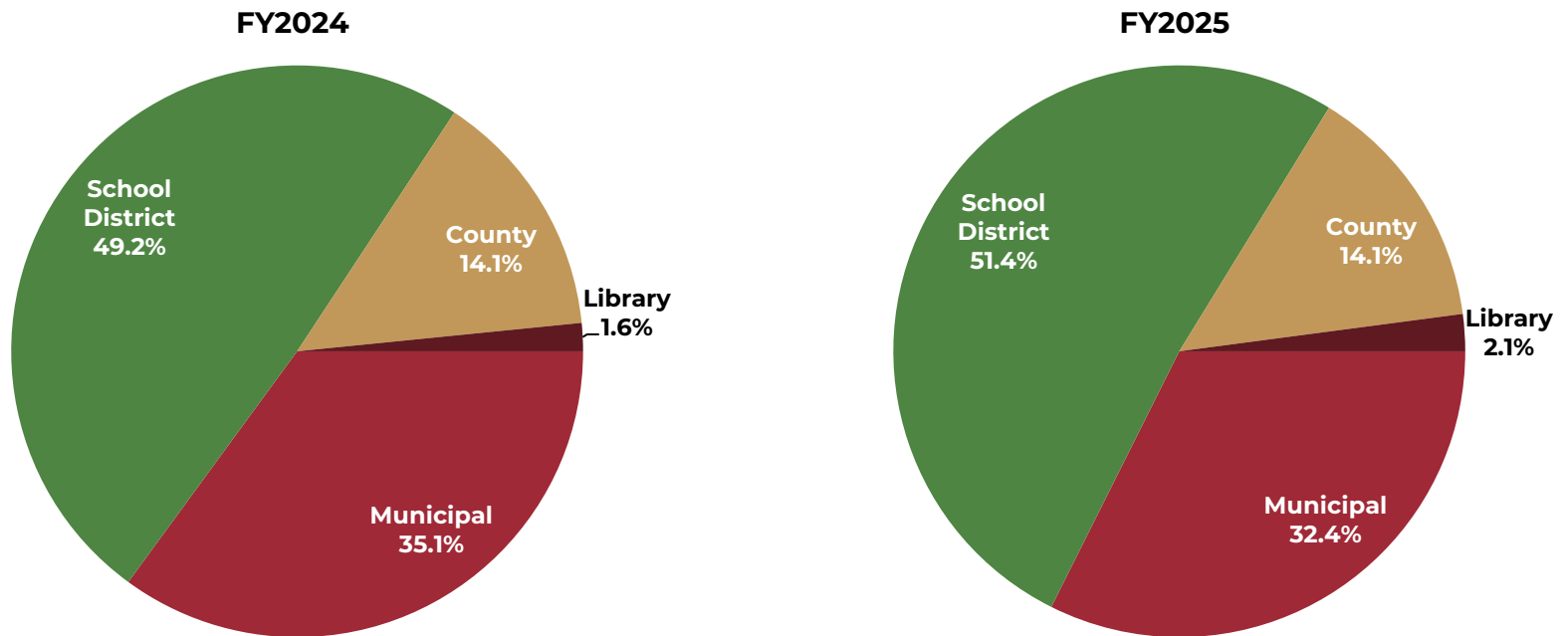
Valuation By Property Class



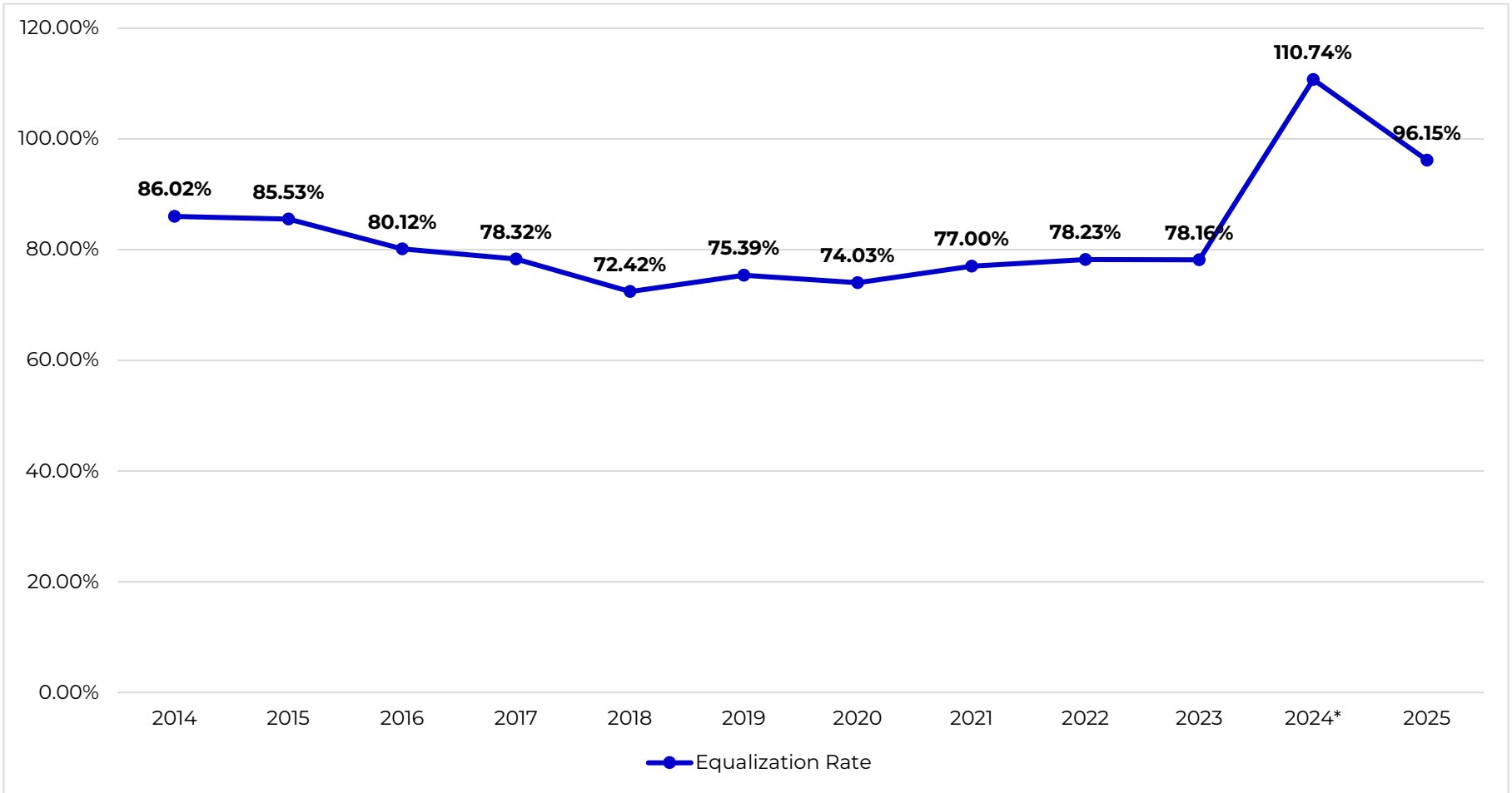
Minor changes

FY 2024 vs 2025

Property Tax Breakdown



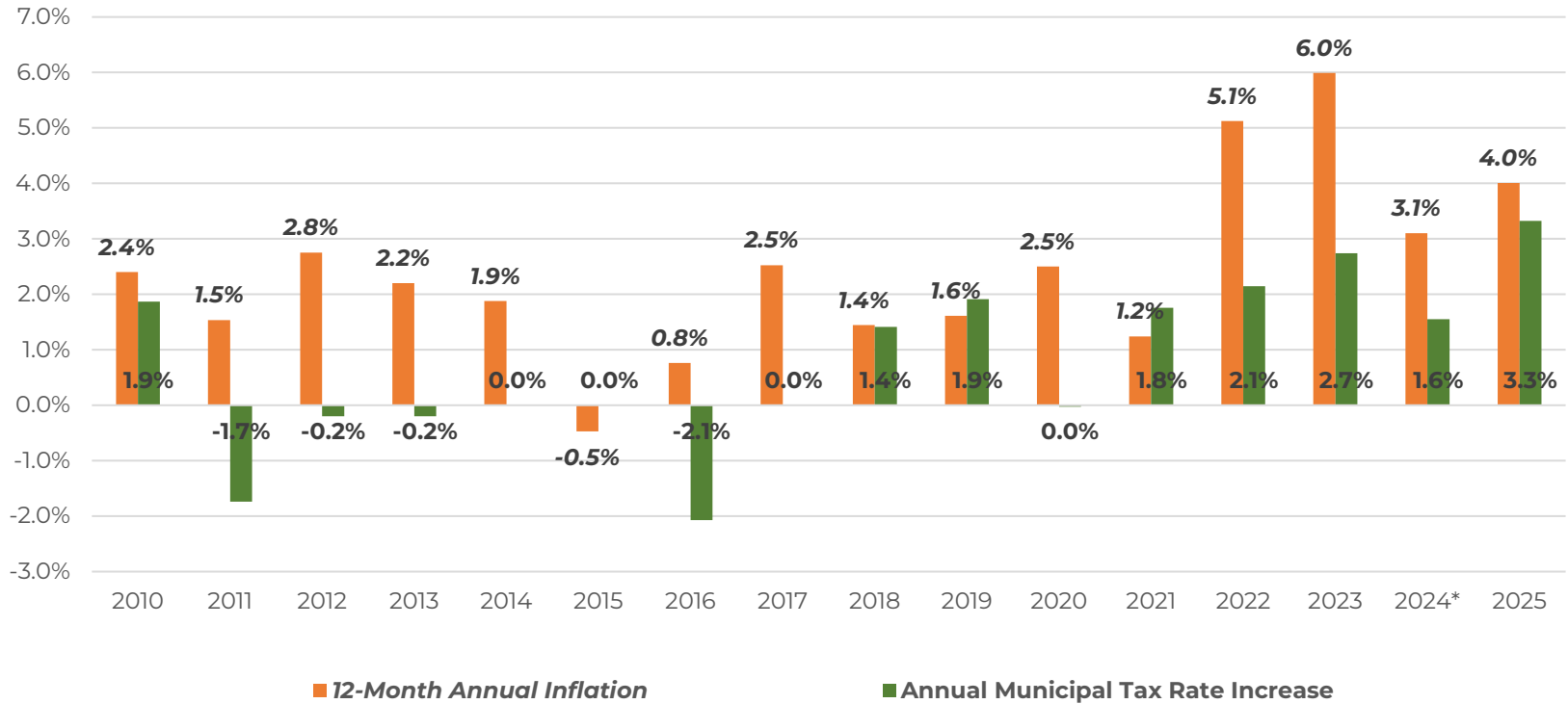
Equalization Rate



*2024 was the first effective year for the Town's Revaluation.

Inflation Comparison

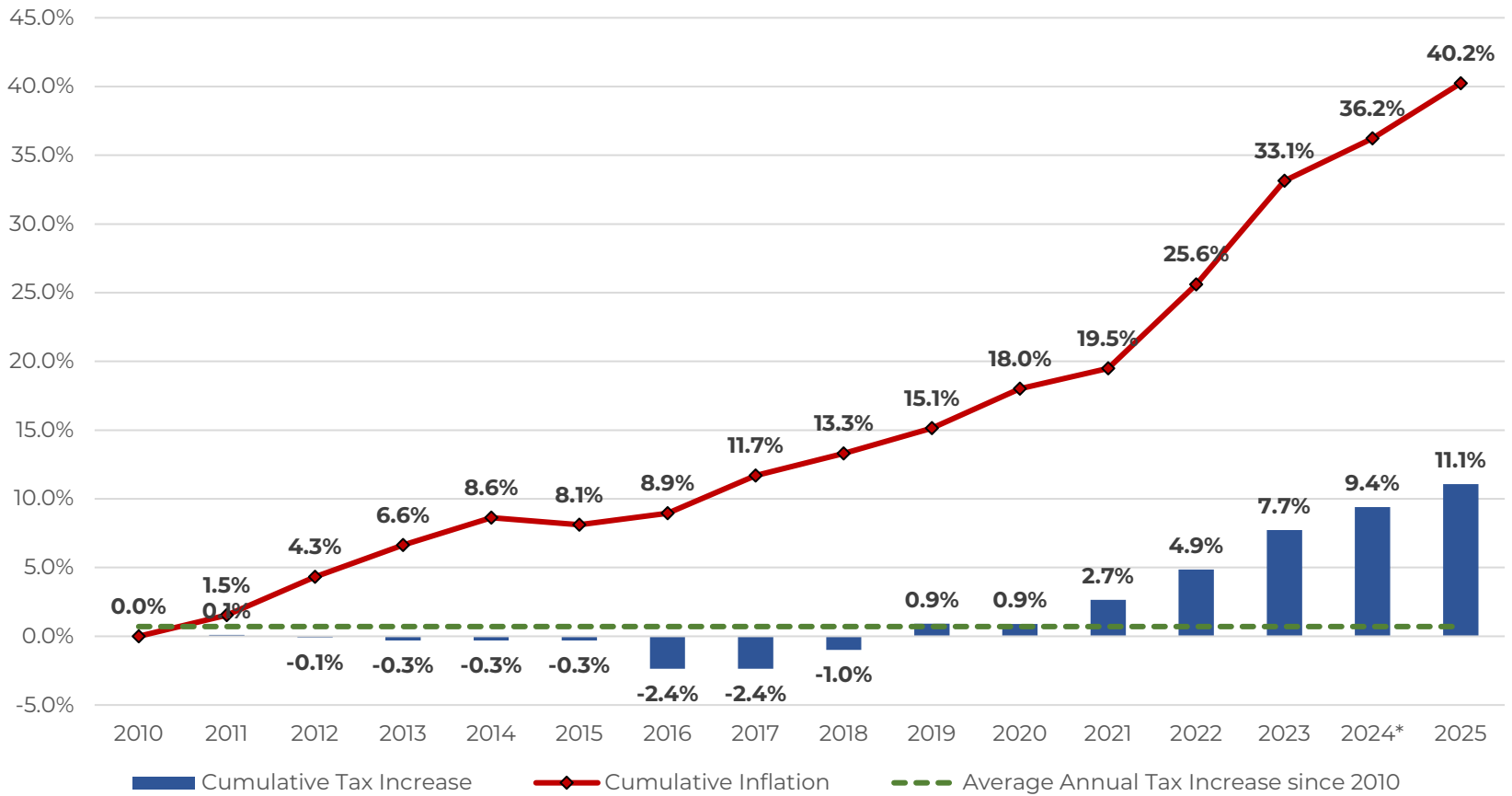
(Annual Tax Rate Increase vs. Annual CPI-U Increase)



*2024 is the first year of revaluation. The tax rate increase shown is calculated based on an effective rate for purposes of comparison

Inflation Comparison

(Cumulative Tax Rate Increase vs. Cumulative CPI-U Increase)



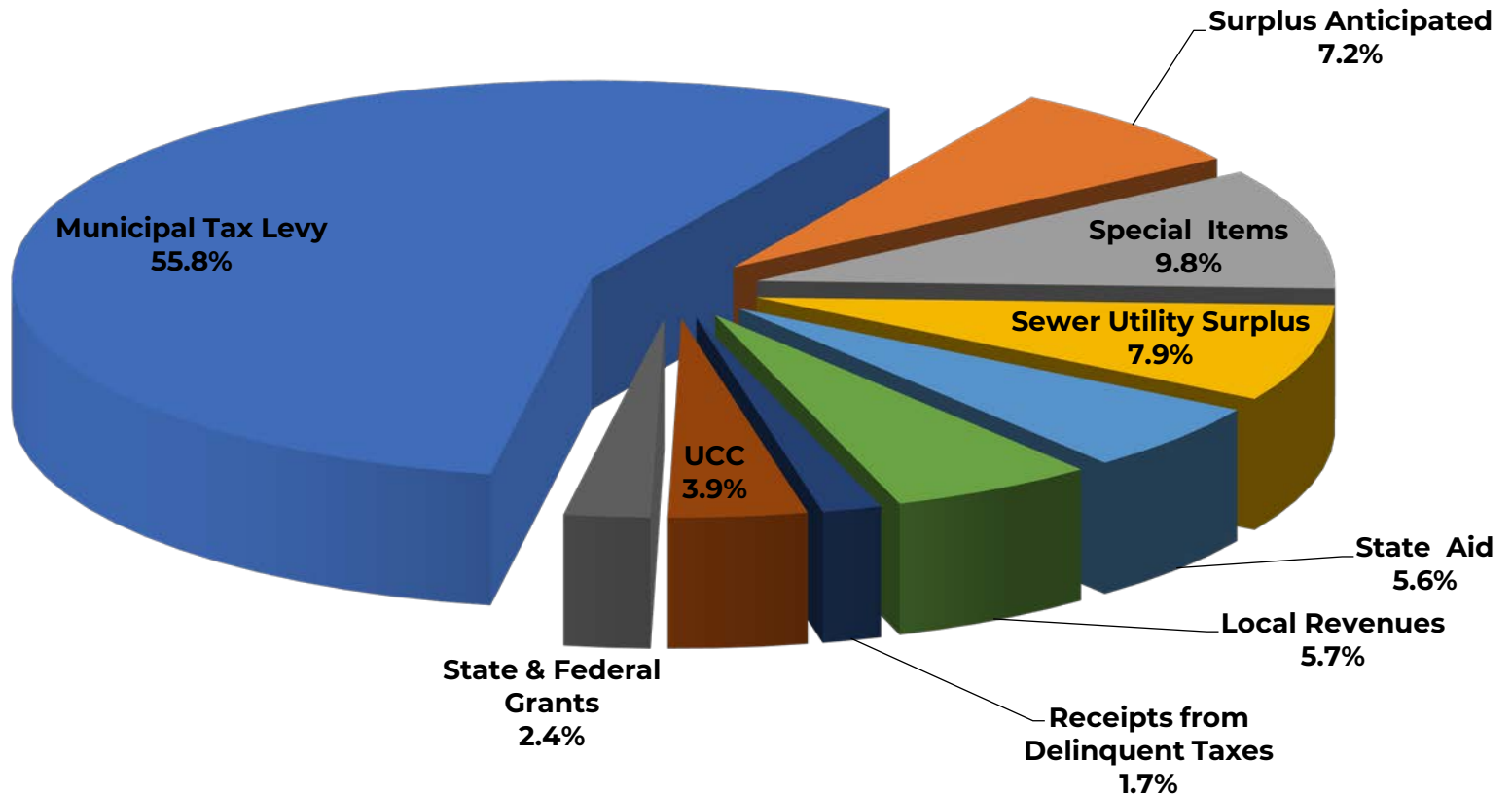
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Financial Summary Totals

	FY2024	FY2025
<u>Operating Fund</u>		
Municipal Budget	\$45,438,295	\$48,734,395
Aid to the Library	1,196,521	1,750,674
<u>Grants</u>	<u>3,225,181</u>	<u>1,242,212</u>
Operating Fund Total	49,859,997	51,727,282
<u>Sewer Utility Fund</u>		
Sewer Utility Budget	6,643,210	7,046,210
Capital Improvements Plan	<u>749,815</u>	<u>549,815</u>
Sewer Utility Fund Total	7,393,025	7,596,025
Total Financial Budgets	\$57,253,022	\$59,323,306

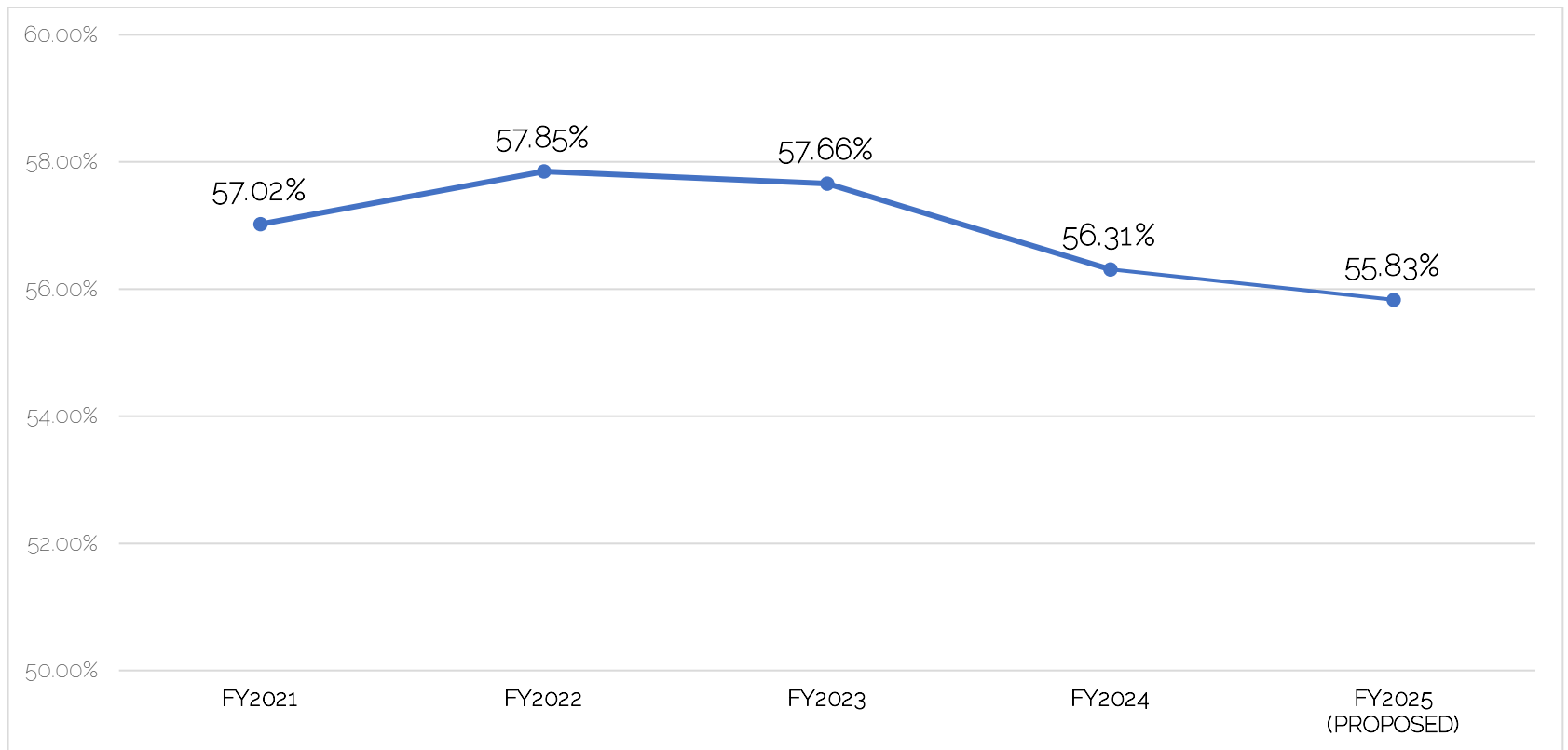
2025 Revenues

“Where The Budget \$\$ Comes From”



2025 Revenues

Tax Levy as % of Total Operating



General Revenues

Top 5 Revenue Increases 2024 vs 2025 (proposed)

General Revenues

Top Revenue Decreases 2024 vs 2025 (projected)

- State Aid -\$299,211
- Atlantic Health Settlement 10 year -\$254,739
- NJ Fire Safety Act -\$13,661
- Cable Franchise Fees -\$11,744
- **TOTAL** **-\$579,355**

- Many revenue sources are expected to remain flat

Municipal Tax Bill Comparison

*Average Residential Assessment for 2025 =
\$635,270*

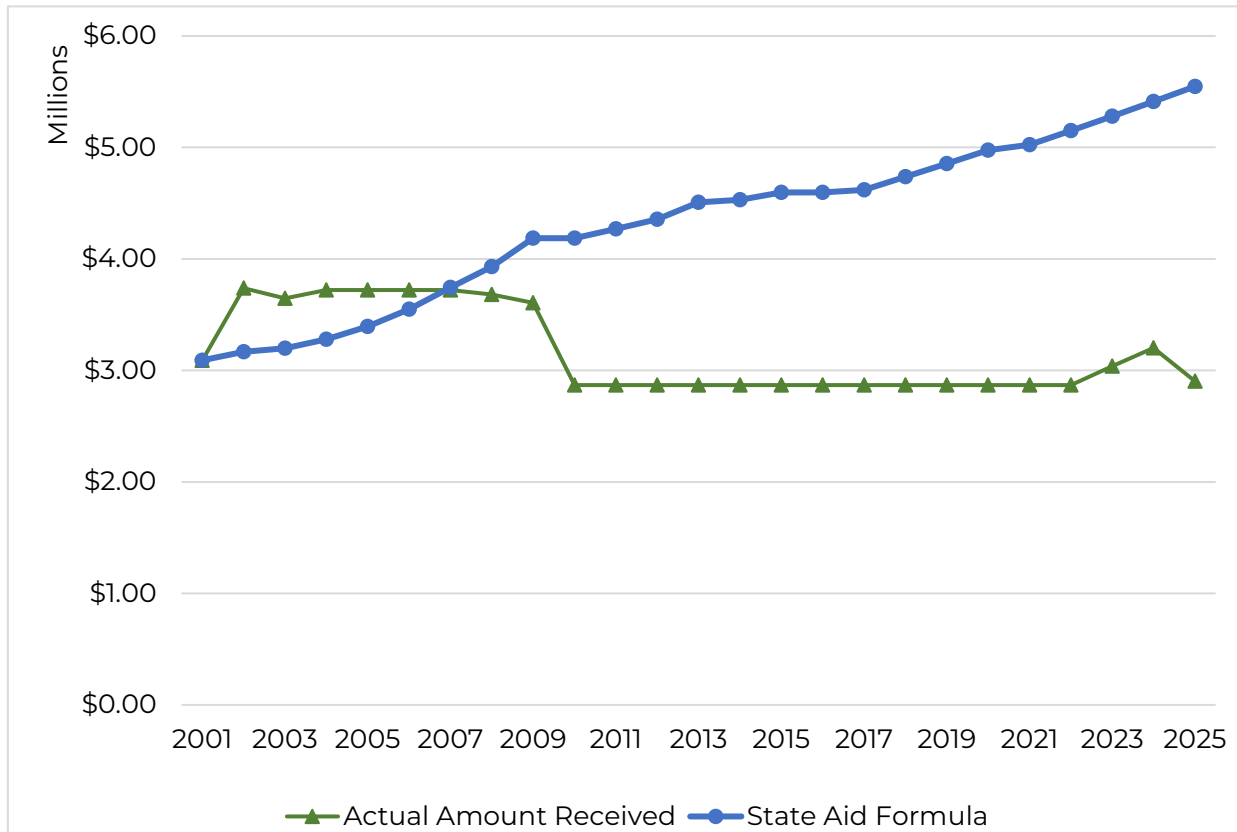
	<u>2024</u>	<u>2025</u>	<u>Difference</u>
Municipal Tax Bill:	\$3,507	\$3,626	\$119

FY 2025 Total Property Tax \$ Effect

Increase of \$10/month

** FY 2025 Estimated Tax Amounts*

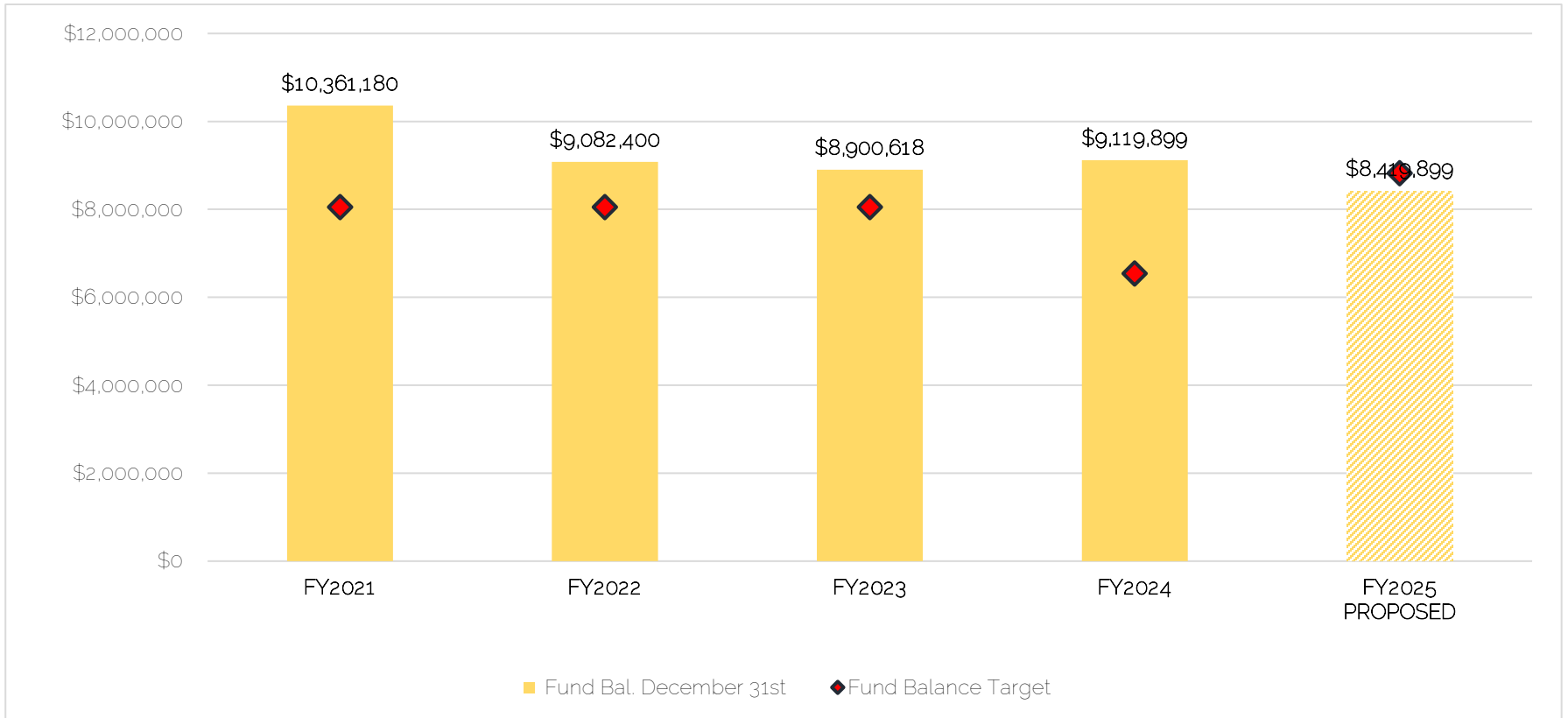
“State Aid” aka Energy Tax Receipts and CMPTRA



Full funding of Energy Tax Receipts/CMPTRA equals 5.7 cents or \$360 to the average homeowner

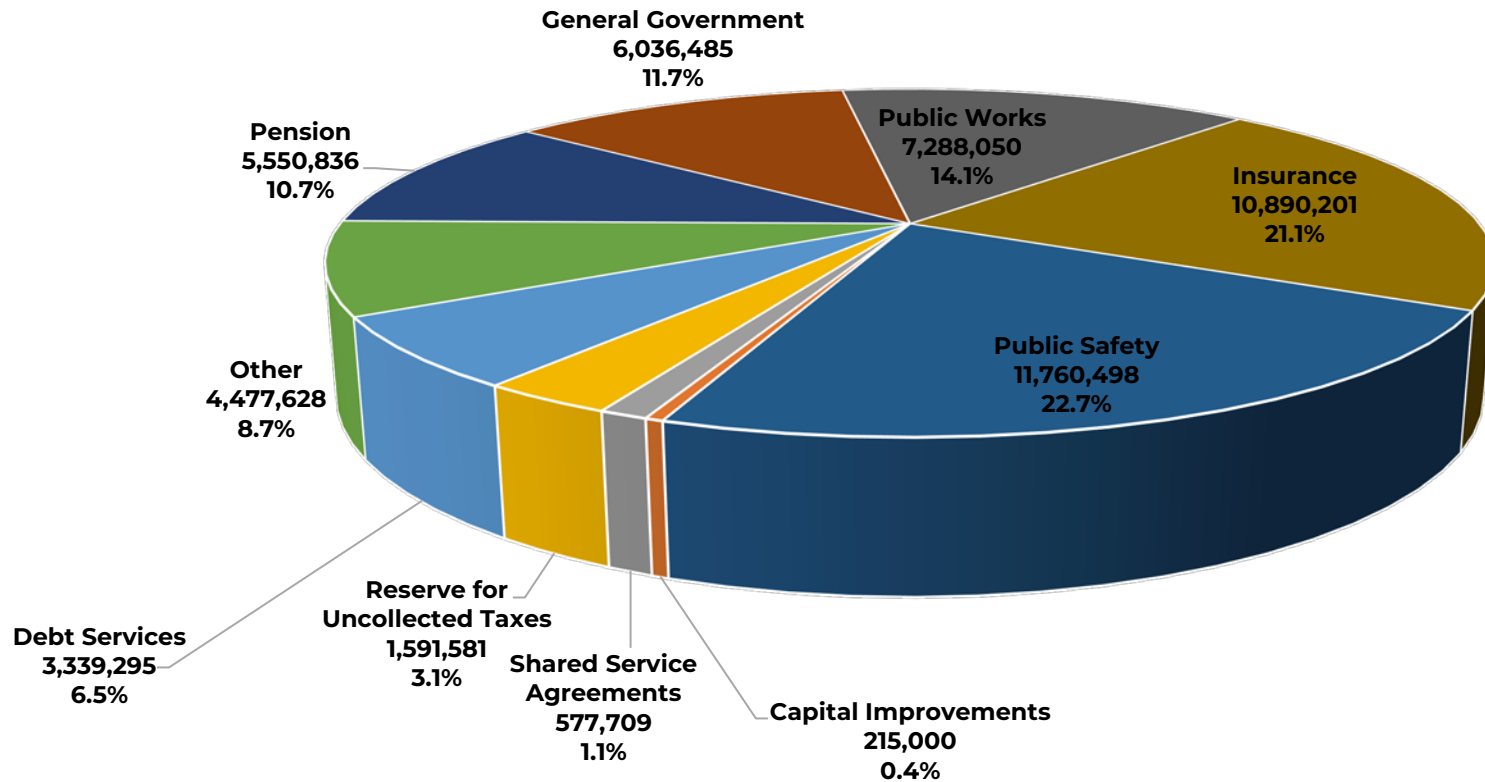
Cumulatively, the State has shorted the Town \$24.2 million since 2001

Fund Balance Trend 2021 -2025



FY 2025 Proposed Appropriations (%)

“How Budget is Allocated”



General Appropriations

Departmental Operations - \$26,426,911

- Up 4.2%, or \$1,080,351
- **Salary & Wages** - \$19,409,047 (38% of Total Appropriations)
 - Up 2.6%, or \$ 498,695
 - 195 Full-Time Employees
35 Part-time
- **Other Expenses** - \$ 7,017,863 (14% of Total Appropriations)
 - UP 9.0%, or \$581,656

What Changed? – Largest Increases

OPERATING BUDGET	<u>FY2025 Increase*</u>
Medical and Dental Insurance	+\$1,673,101
Liability Insurance & Workers Comp	+\$297,605
Recycling & Sanitation Services	+\$234,750
Police & Fire Pension	+\$137,304
Police Operating Expense	+\$88,417
TOTAL CHANGE	+\$2,431,177

**compared to FY2024 Budget*

What Changed? – Largest Decreases

OPERATING BUDGET	<u>FY2025 Decrease*</u>
Interest on Bonds(debt service)	-\$100,500
Reserve for Tax Appeals	-\$100,000
Pension - PERS	-\$39,697
Interest on Notes	-\$36,000
Planning	- \$19,795
TOTAL CHANGE	-\$295,992

**compared to FY2024 Budget*

Pension Costs

FY 2025 Pension Cost - \$ 4,734,336

FY 2025 Pension Obligations

- PFRS - \$137,304 Increase, Up 4.0% from 2024
- PERS - \$39,697 Decrease, down 3.2% from 2025

Rates Per NJ Pension Website

<https://www.nj.gov/treasury/pensions/2025-employer-billing.shtml>

Local Employer contribution rate changes:

- PERS – 17.11% compared to 17.61% in 2024
- PFRS – 37.00% compared to 36.54% in 2024

Health Care Insurance

FY 2025 Health Care Appropriation total of \$9 Million which is net of:

- Current Employee/Retiree Premium Cost Sharing (\$1,408,370)
- Offset from Sewer \$617k

\$1,673,101 (22.8%) increase in 2025

- Broker goes out to market for proposals annually
- Town converted to Self Insured from fully-insured in 2018; changed Third-Party-Administrators in 2021. Medicare Advantage for 65 & over.

Health Care Insurance (cont'd)

Healthcare cost trends for Morristown:

- 2024 Budget - \$7,329,931
- 2024 Actual - \$8,487,231 = +15.8% over prior budget
- 2025 Budget - \$9,003,032 = +22.8% over prior budget, 6.1% over actual prior

Cost Drivers:

- Medical Claims Costs – increased 20.8% over the prior period
 - High-Cost Claimants: Top 10 members = 35.1% of total medical claim costs
- Rx Costs – increased 34.9% in 2024 (\$1.9 million in net costs)
 - GLP-1s (ie Ozempic, Mounjaro, Wegovy, Trulicity, Victoza etc.) = 26% of total Rx net spend in 2024
 - Specialty drug utilization nearly doubled = 47% of total Rx net spend in 2024

The Town continues to explore avenues to reduce costs in the plan and will work with employee groups to achieve savings for everyone.

Debt Service (Operating Budget)

Standard & Poor's Credit Rating – “AA+ (Stable Outlook)”

Principal Debt Payment Obligations paid down by \$2.5M in FY 2024

- \$2,525,000 scheduled principal payment this year

Net Debt Outstanding as of 12/31/24 - \$23,509,110

- General Obligation Bonds - \$19.7 million
- Bond Anticipation Notes - \$3.8 million

Total Net Debt to Equalized Valuation (\$4,020,023,923): 0.58%

Total Net Debt DECLINED BY \$21.4 million since FY 2010

Debt Service (Sewer Utility)

Sewer Utility Debt Outstanding as of 12/31/24 - \$0

- Long Term Debt - \$0
- Bond Anticipation Notes - \$0

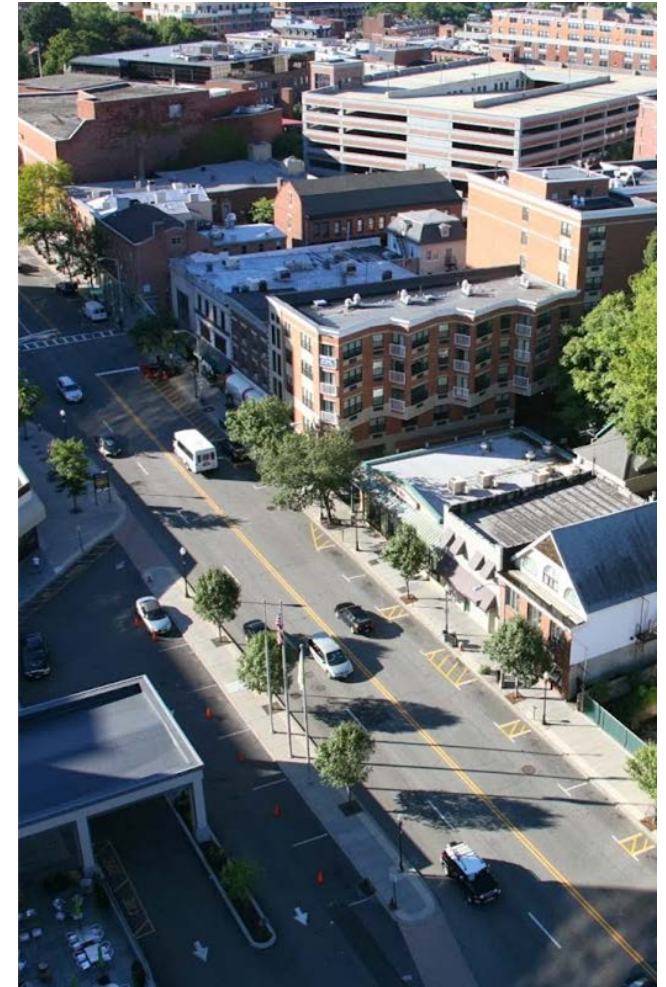
“Pay-As-You-Go” - Utility Budget includes \$550,000 for Capital Projects

No NEW Sewer Utility Debt – 13th year in a ROW!

Capital Projects

Total allocated for 2025 capital projects is \$3,123,000 which includes:

- \$910,000 in Roads and Engineering
- \$235,000 for Public Works Vehicles
- \$50,000 for Fire Equipment
- \$1,523,000 Parks & Recreation
- \$60,000 for Pool Improvements
- \$85,000 for Building Improvements
- \$260,000 Section 20 Professional Costs



Q&A