

# BOROUGH OF MANVILLE

2019

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Budget Introduction

April 08, 2019



**Slide 1**

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**a1**

abierwirth, 3/27/2017

# THE PROCESS

- ❖ Budget Kickoff
- ❖ Budget Requests
- ❖ Finance Committee
- ❖ Assessor Ratables
- ❖ Budget Introduction
- ❖ Advertisement
- ❖ Budget Hearing
- ❖ Budget Adoption



# Property Tax Rate Information



## 2019

- Final Municipal Tax Rate = 1.065  
= .02 increase over prior year
- \$47.09 **ANNUAL** Increase for the average assessed home value of \$233,004
- \$3.92 **MONTHLY** increase for the average assessed home value of \$233,004

## 2018

- Proposed Municipal Tax Rate = 1.045
- \$47.81 Average Increase

1.93% Tax Rate Increase

# 2019 Property Tax Calculation

- ❖ Average Assessed Home x (2019TR – 2018 TR) / 100 = Total Municipal Tax Increase

$$\$233,004 \quad \times \quad (1.065 - 1.045) \quad / \quad 100 = \quad \mathbf{\$47.09}$$

- ❖ Annual Increase On Avg. Assessed Home: **\$47.09**



- ❖ Monthly Increase on Avg. Assessed Home:

$$\$47.09 / 12 \text{ months} = \mathbf{\$3.92} \text{ more per month}$$



- ❖ 2019 Municipal Tax on Avg. Assesd Home:

$$(\$233,004 * 1.065) / 100 = \mathbf{\$2,481.49} \quad (\mathbf{\$206.79} \text{ per month})$$

# Borough of Manville

## 2019 Budget Introduction

### Overview

**Total 2019 Current Fund Budget**

**\$13,467,923**

**Amount to be raised by Taxes**

**\$9,356,753**

# Year over Year Comparison

2019

Amount to be Raised by  
Property Taxes

\$9,356,753

2018

Amount to be Raised by  
Property Taxes

\$9,086,840

The 2017 and 2018 Cap Bank will  
NOT be utilized .

## 2% TAX LEVY CAP

- ❖ When we talk about the “2% cap”, we are referring to the tax levy cap. The tax levy cap law imposes a 2% cap on the total increase of local government tax levies, subject to certain exclusions. There are several exclusions to the 2% tax levy cap which allows us to increase our tax levy over 2% due to these exclusions. The exclusions include increase in debt service and capital expenditures; weather and other declared emergencies; pension contributions in excess of two percent, and health benefit cost increases in excess of 2 percent. In short, if any of the aforementioned exemptions causes our tax levy to increase over 2 percent, we still comply with the 2% tax levy cap law. Now, in order to increase the tax levy over 2%, when not related to these exemptions, we would need a referendum.

# 2.5% APPROPRIATIONS CAP

- ❖ When we talk about the 2.5% cap (also referred to as the 3.5% cap), we are referring to the appropriation cap. Appropriation is a fancy word for expenses. There are two types of appropriations:
  - ❖ **Inside the CAP:**
    - Salary & Wages
    - Operating expenses (stationary, equipment, professional services, advertising, audit, training, uniforms, pensions, health insurance, employer taxes, etc...)
  - ❖ **Outside the CAP:**
    - Debt service
    - Capital expenditures
    - Reserve for uncollected
    - Emergency appropriations
    - Grant appropriations
    - Library funding
    - Shared Service Expenses
    - Judgements

## 2.5% APPROPRIATIONS CAP

- ❖ The 2.5% cap relates only to “inside the cap” appropriations. The law limits the increase in inside the cap appropriations from year to year to 2.5% or the state’s cost of living adjustment (COLA), whichever is lower. This year the state’s COLA is 2.5 %. The state also allows a municipality, by ordinance, to increase the COLA percentage to **3.5%**.

## 2.5% APPROPRIATIONS CAP

- ❖ The 3.5% ordinance, it does not indicate that the tax rate will increase by 3.5%. People often get this confused. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior year's inside the cap appropriations. Again, doing so does not automatically mean the tax rate will increase to 3.5% either. Remember, there are many variables in the tax rate equation that can offset the increase in inside the cap appropriations.
- ❖ Finally, if a 3.5% cap ordinance is passed and do not raise our inside the cap appropriations by 3.5%, the state allows us to bank (carry-over), for up to two years, the difference between its final appropriation subject to the cap and 3.5%. This ordinance is a tool we have in our budgeting arsenal, which allows us flexibility in the event of an unforeseen financial incident.

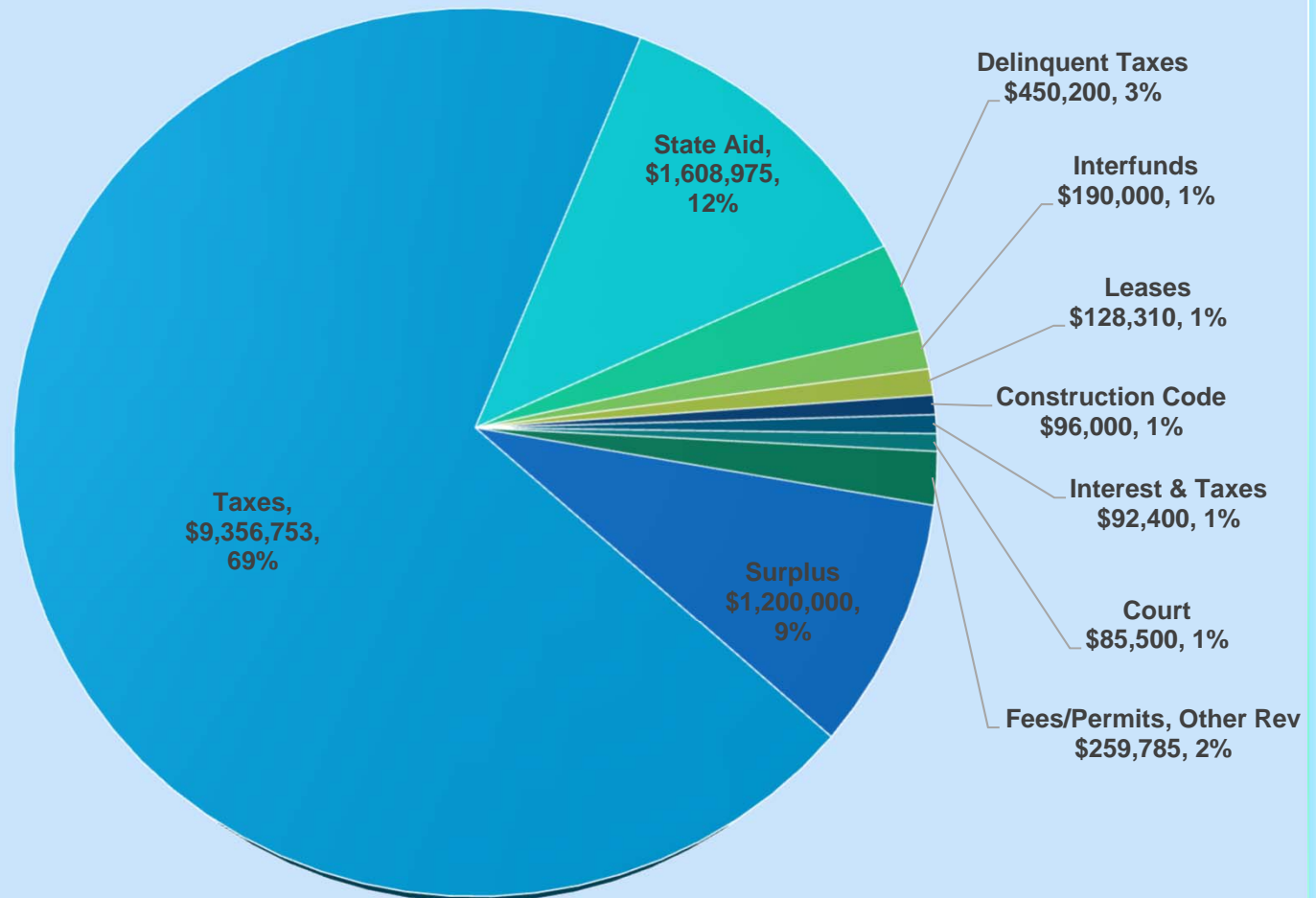
# Current Fund 2019 Budget

## Major Revenue Sources



- Amount to be Raised by Taxes = \$9,356,753
- State Aid (Energy Receipts Tax) = \$1,332,963
- Consolidated Municipal Property Tax Relief Aid = \$276,012
- Leases = \$128,310
- Uniform Construction Code Fees = \$96,000
- Municipal Court Fines = \$85,000
- Interest / Investments = \$68,000

# 2019 Budgeted Revenues



# 2018 – 2019 Expenditures

Departments	MAJOR DEPARTMENTAL PROGRAMS					
	2018 Budgeted Expenditures	2018 Actual Expenditures	Over / Under	2019 Budgeted Expenditures	Increase/ Decrease \$	Increase / Decrease %
POLICE	3,507,000.00	3,507,000.00	-	3,393,000.00	(114,000.00)	-3.25%
PUBLIC WORKS	1,737,500.00	1,734,904.84	2,595.16	1,793,500.00	56,000.00	3.22%
RECREATION	209,500.00	207,798.75	1,701.25	246,000.00	36,500.00	17.42%
CONSTRUCTION & PROPERTY MAINT & FIRE SAFETY	283,400.00	281,268.68	2,131.32	280,250.00	(3,150.00)	-1.11%
ENGINEERING	45,000.00	45,000.00	-	54,000.00	9,000.00	20.00%
BUILDINGS & GROUNDS	85,500.00	85,216.75	283.25	89,775.00	4,275.00	5.00%
FIRE DEPARTMENT	150,750.00	146,500.00	4,250.00	150,750.00	-	0.00%
FINANCIAL ADMINISTRATION	132,650.00	132,632.05	17.95	107,515.00	(25,135.00)	-18.95%
ADMINISTRATIVE & EXECUTIVE	197,900.00	195,350.83	2,549.17	267,424.00	69,524.00	35.13%
LEGAL SERVICES	148,500.00	147,681.34	818.66	155,000.00	6,500.00	4.38%

# 2018 – 2019 Expenditures

Departments	MAJOR DEPARTMENTAL PROGRAMS					
	2018 Budgeted Expenditures	2018 Actual Expenditures	Over / Under	2019 Budgeted Expenditures	Increase/ Decrease \$	Increase / Decrease %
COLLECTION & ASSESSMENT OF TAXES	185,100.00	178,213.16	6,886.84	192,500.00	7,400.00	4.00%
<b>INSURANCES</b>						
EMPLOYEE GROUP HEALTH	1,002,000.00	1,000,361.83	1,638.17	986,500.00	(15,500.00)	-1.55%
WORKERS COMEPENSATION	242,500.00	240,742.34	1,757.66	250,000.00	7,500.00	3.09%
<b>SUBTOTAL INSURANCES</b>	<b>1,244,500.00</b>	<b>1,241,104.17</b>	<b>3,395.83</b>	<b>1,236,500.00</b>	<b>(8,000.00)</b>	<b>-0.64%</b>
<b>PENSIONS</b>						
PFRS	785,500.00	775,474.00	10,026.00	820,000.00	34,500.00	4.39%
PERS	285,000.00	272,139.88	12,860.12	285,000.00	-	0.00%
<b>TOTAL PENSIONS</b>	<b>1,070,500.00</b>	<b>1,047,613.88</b>	<b>22,886.12</b>	<b>1,105,000.00</b>	<b>34,500.00</b>	<b>3.22%</b>
<b>UTILITIES</b>						
GAS & FUEL	72,280.00	72,275.38	4.62	78,000.00	5,720.00	7.91%
ELECTRICITY	97,400.00	97,332.48	67.52	125,000.00	27,600.00	28.34%
NAURAL GAS	35,700.00	33,788.49	1,911.51	35,700.00	-	0.00%
TELEPHONE	94,155.00	94,150.66	4.34	100,000.00	5,845.00	6.21%
STREET LIGHTING	85,200.00	84,576.39	623.61	145,000.00	59,800.00	70.19%
FIRE HYDRANT	155,500.00	154,848.48	651.52	155,000.00	(500.00)	-0.32%
WATER	21,420.00	19,336.03	2,083.97	21,420.00	-	0.00%
POSTAGE	22,440.00	15,215.94	7,224.06	22,440.00	-	0.00%
<b>TOTAL UTILITIES</b>	<b>584,095.00</b>	<b>571,523.85</b>	<b>12,571.15</b>	<b>682,560.00</b>	<b>98,465.00</b>	<b>16.86%</b>

# 2019 Budgeted Expenditures



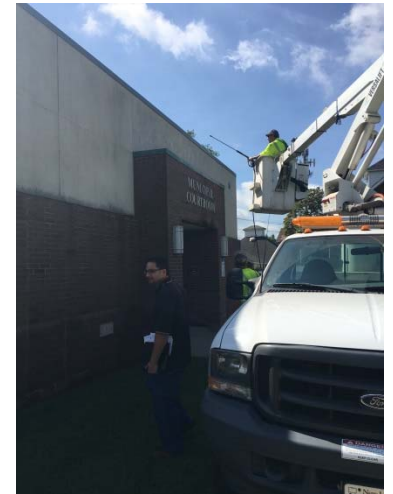
## Police Departmental Detail

Salaries & Wages	\$3,226,000	95.08%
Vehicle Leases	47,400	1.40%
Mntc Contracts/Equip Mntc	28,300	.83%
Uniforms	21,000	.62%
Vehicle Mntc. & Related Exp.	19,000	.56%
Facilities /Prof Svcs	17,700	.52%
Supplies / Medical Expenses	14,750	.44%
Ammo/Weapons	10,000	.29%
Training/Dues/Publications	<u>8,850</u>	<u>.26%</u>
<b>Total</b>	<b>\$3,393,000</b>	<b>100.00%</b>

# 2019 Budgeted Expenditures

## Public Works Departmental Detail

Salaries & Wages	\$ 1,123,500	62.65%
Waste & Trash Services	295,000	16.45%
Vehicle Mntc./Repairs	120,000	6.69%
Recycling Tipping Fees	102,125	5.69%
Road Repairs, Deicing	46,000	2.56%
Garage Repairs/Supplies	40,500	2.26%
Office/Admin. Expenses/Fees	25,375	1.41%
Landscaping Services	21,000	1.17%
Brush & Leaves	<u>20,000</u>	<u>1.12%</u>
<b>Total</b>	<b>\$1,793,500</b>	<b>100.00%</b>



# 2019 Budgeted Expenditures

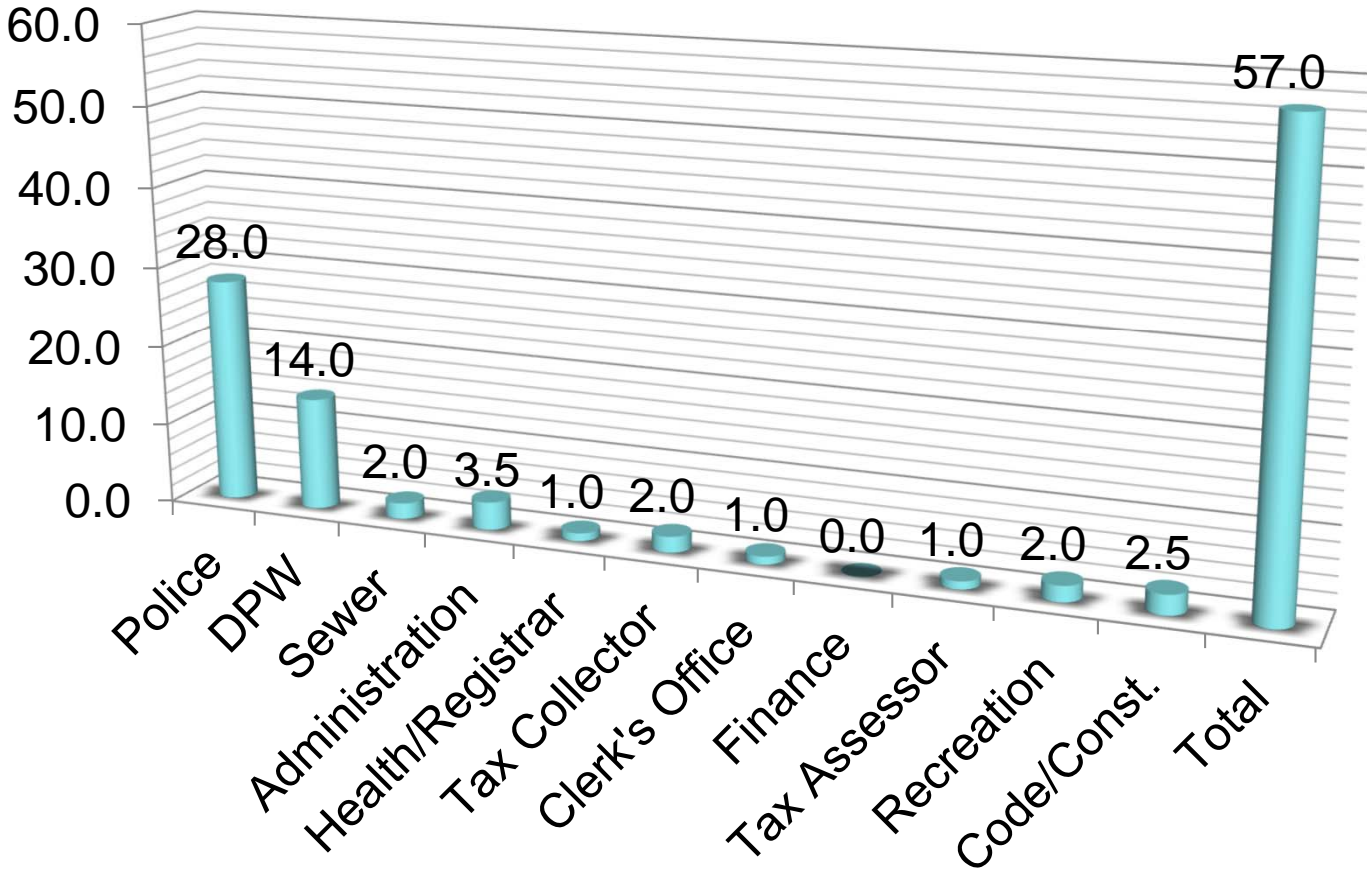


## Fire Departmental Detail

Vehicle & Apparatus Mntc.	\$ 65,500	43.45%
Fire Equipment/Gear	32,000	21.23%
Training/Education	8,800	5.84%
Uniforms/clothing allowance	23,000	15.26%
Communications	15,300	10.15%
Other Staff Related Expenses	3,950	2.62%
Other Materials & Supplies	<u>2,200</u>	<u>1.46%</u>
<b>Total</b>	<b>\$ 150,750</b>	<b>100.0%</b>



# Total 2019 Full Time Equivalents by Department:

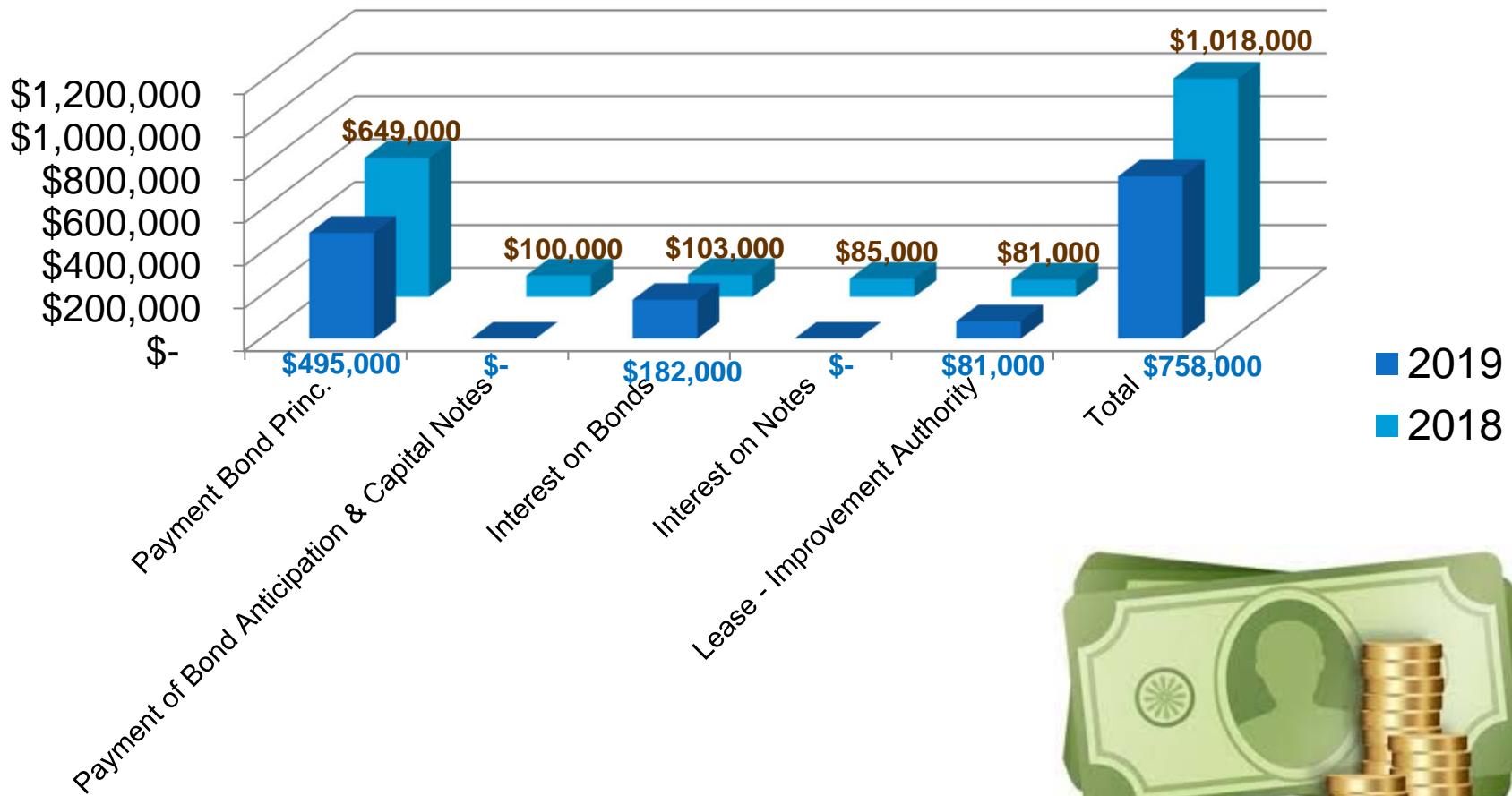


## Shared Service Agreements – a great way to save money & share resources...

- Somerset County Health Services \$ 82,500
- Animal Control (Bridgewater Twp & SoCo) \$ 51,600
- Municipal Court Services – HillsboroughTwp \$ 131,750
- Financial Services – Montgomery Twp \$ 103,500  
*(CFO, QPA, Payroll, Treasurer, Staff Accountant)*



# Total Municipal Debt Payments - 2019



# Debt Service Detail

## MOODY'S RATING: A1

- ❖ The A1 term rating reflects the borough's healthy finances, modestly-sized tax base, and average resident wealth and income

## FACTORS THAT COULD LEAD TO AN UPGRADE

- ❖ Material increase of the tax base and resident wealth and income
- ❖ Significant increase in reserves

## FACTORS THAT COULD LEAD TO A DOWNGRADE

- ❖ Material deterioration of the tax base and resident wealth and income
- ❖ Significant decrease in reserves or liquidity



# Debt Service Detail (continued)

## Outstanding General Serial Bonds

- **2018 General Improvement Bonds**

- ❖ The Borough went out for bonds on April 24<sup>th</sup>, 2018
- ❖ Total Bond \$ 5.435 million (\$3.75 million of notes & \$1.68 million of new debt)
- ❖ 3% coupon rate
- ❖ The life of the bonds will be 10 years with final payment on 5/1/2028
- ❖ The shorter financing term will provide us with a lower interest rate and create efficient debt management

## Outstanding Notes

- ❖ None



# Capital Improvement Plan - 2019

## Department of Public Works

- Exmark Mower - \$23,500
- Ballfield Machine SandPro - \$11,500
- Dumpsters - \$7,000



## Buildings & Grounds -Recreation

- Crack Seal Various Roads - \$25,000



# Capital Improvement Plan - 2019

## Police Department

- Computer Replacements - \$3,600
- Ford SUV Patrol Vehicle - \$13,800 (one year payment)



## OEM

- Replace Radios - \$5,000

## Recreation

- Park Maintenance/Equipment/Improvements - \$10,000

## Borough Hall

- AV Improvements & Equipment - \$10,000



# 2019 Sewer Utility Fund Overview

## Revenues – Sewer Use Charges

<b>2019</b>	<b>2018</b>
\$2,435,000	\$1,829,085

## Expenditures - Sewer Utility

<b>2019</b>	<b>2018</b>
\$2,435,000	\$1,829,085

# Sewer Fund Expenditure Detail 2019

Salaries & Wages	\$ 215,000
Other Expenses	92,500
Insurance – Other	110,000
Employee Group Insurance	120,000
SRVSA Treatment Costs	1,800,000
Utilities: Electric	35,000
Utilities: Gas	2,500
Capital Outlay	25,000
FICA	<u>35,000</u>
Total	\$2,435,000



# 2019 Sewer Utility

## Detailed “other expenditures”

	<u>2019</u>	<u>2018</u>
Pump station preventative maint. \$	15,000	\$ 15,000
Pump station repairs	10,000	10,000
Backup Generator maint/repairs	5,700	5,700
VacCon & Sewer Emerg. Repairs	19,125	19,125
SAS Air Quality fees mandated-NJ	3,500	3,500
Sewer billing related expenses	34,575	32,575
Pump station misc. supplies	1,250	750
Non-capital equipment	1,350	1,350
Trainings/memberships	<u>2,000</u>	<u>2,000</u>
<b>Total Other Expenditures</b>	<b>\$ 92,500</b>	<b>\$ 90,000</b>

# Capital Improvement Plan - 2019

- Sewer Pump Stations

South Arlington Pump Station:

- Pump Replacement - \$25,000





## 2019 Budget Calendar

- April 08, 2019 – Budget Introduction
- May 13, 2019 – Public Hearing and Adoption

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*Thank you*

