

# Borough of Manville



2020

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Budget Presentation

May 26, 2020

# THE PROCESS

- ❖ Budget Refresher
- ❖ Budget Requests
- ❖ Department Meetings
- ❖ Assessor Ratables
- ❖ Budget & Finance Committee
- ❖ Budget Introduction
- ❖ Advertisement
- ❖ Budget Hearing
- ❖ Budget Adoption



# COVID-19 BUDGET IMPACT

- ❖ Timing
- ❖ Net Valuation
- ❖ Expenses
- ❖ State Aid?
- ❖ Revenue
- ❖ Budget Legislation
- ❖ Future Budgets



# 2020 Budget Snapshot



Township Value

**\$ 916,809,150**

▲ **4.44%** Greater Than 2019



Average Assessed Home Value

**\$ 243,600**

▲ **4.55%** Greater Than 2019



Property Tax Rate

**\$1.041**

▲ **2.08%** **LESS THAN 2019**

# Property Tax Rate Information

2020

- ❖ Est. Municipal Tax Rate = 1.041
- ❖ \$0.022 decrease over prior year
- ❖ \$53.91 **ANNUAL DECREASE** for the average assessed home
- ❖ \$4.49 **MONTHLY DECREASE**
- ❖ Tax on Avg. Ass. Home: \$2,535.56

2019

- ❖ Est. Municipal Tax Rate = 1.065
- ❖ \$0.02 Increase over prior year
- ❖ \$47.09 **ANNUAL** Increase for the average assessed home
- ❖ \$3.92 **MONTHLY** Increase
- ❖ Tax on Avg. Ass. Home: \$2,589.47



**2.08% Tax Rate Decrease**

# 2020 Property Tax Calculation

❖ Average Assessed Home x (2020TR – 2019 TR) / 100 = Total Municipal Tax Decrease  
\$243,600 x (1.041 – 1.063) / 100 = **\$53.91**

❖ Annual Decrease on Avg. Assessed Home: **\$53.91**

❖ Monthly Increase on Avg. Assessed Home: \$53.91 / 12  
months = **\$4.49** more per month



OR



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❖ 2020 Municipal Tax on Avg. Assed Home:  
(\$243,600 \* 1.041) / 100 = \$2,535.56 (\$211.30 per month)

\*Approximately 33% of your total property tax bill\*

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# Manville Borough

## 2020 Budget Introduction

### Overview

- Total 2020 Current Fund Budget Appropriations  
**\$14,116,488**
- Amount to be raised by Taxes  
**\$9,542,787**

# Year over Year Comparison

2020

Amount to be Raised by  
Property Taxes

\$9,542,787

2019

Amount to be Raised by  
Property Taxes

\$9,356,753

The 2017, 2018 and 2019 Cap Banks will  
NOT be utilized.

## 2% 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. These exclusions to the 2% tax levy cap allow a municipality to increase the 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% APPROPRIATION 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% APPROPRIATION CAP

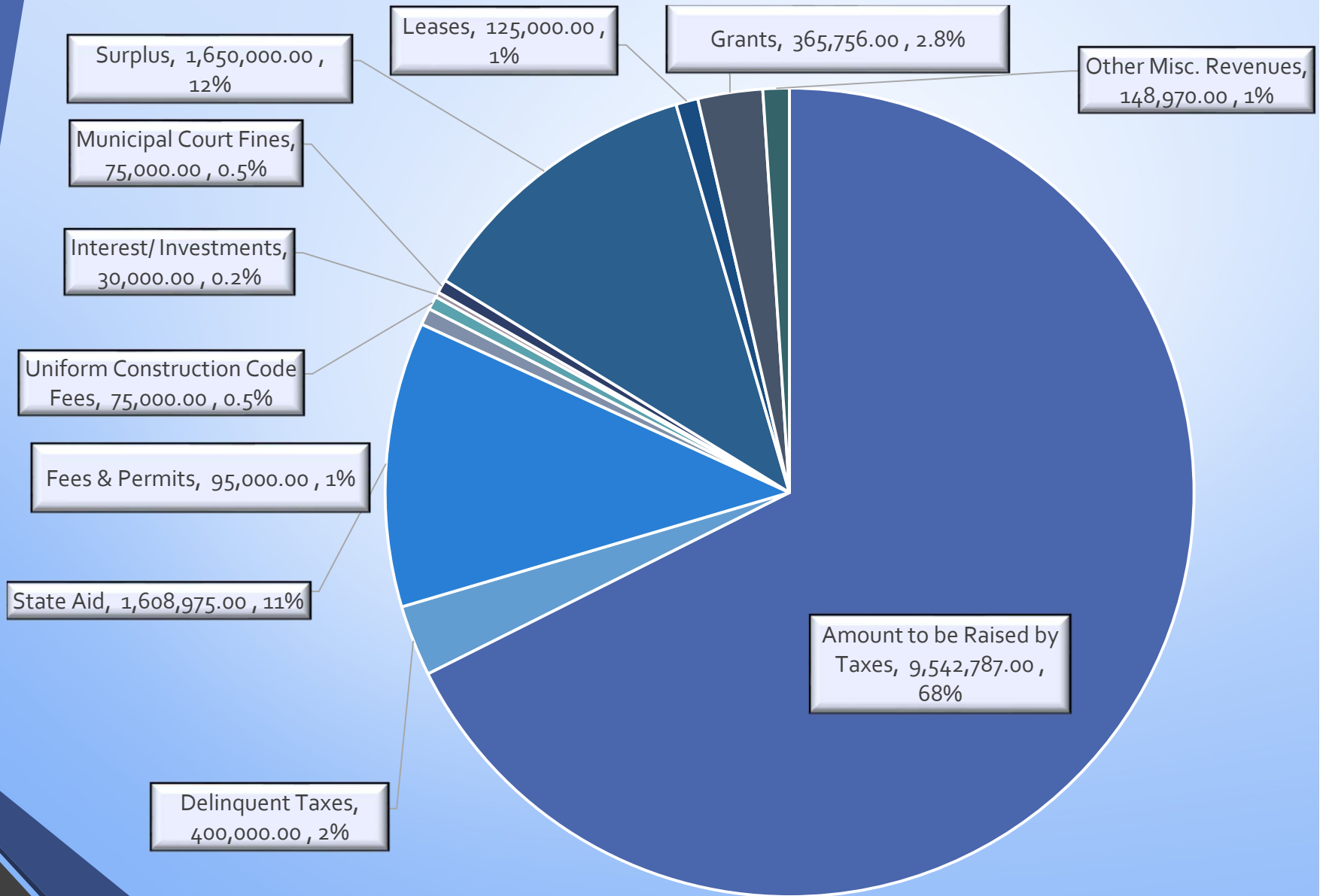
- ❖ The 2.5% cap relates only to “inside the cap” appropriations. The law limits the increase in inside the cap appropriations from year to year to 2.5% or the state’s cost of living adjustment (COLA), whichever is lower. This year the state’s COLA is 2.5 %. The state also allows a municipality, by ordinance,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

## 2.5% APPROPRIATION CAP

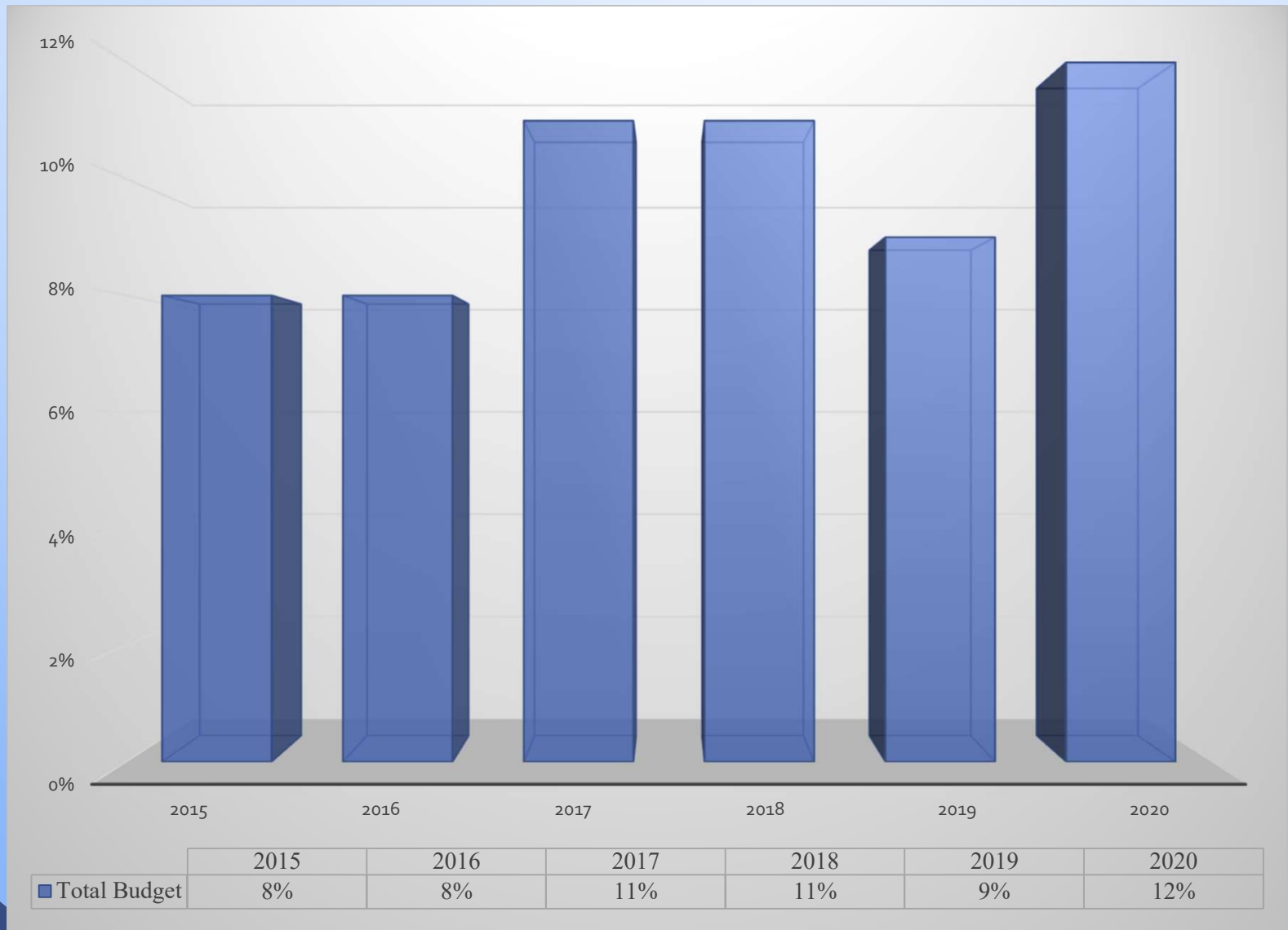
- ❖ The 3.5% ordinance, it does not indicate that the tax rate will increase by 3.5%. People often get this confused. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior year's inside the cap appropriations. Again, doing so does not automatically 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.



# 2020 Revenue Sources



# 2020 Surplus Used - % of Budget

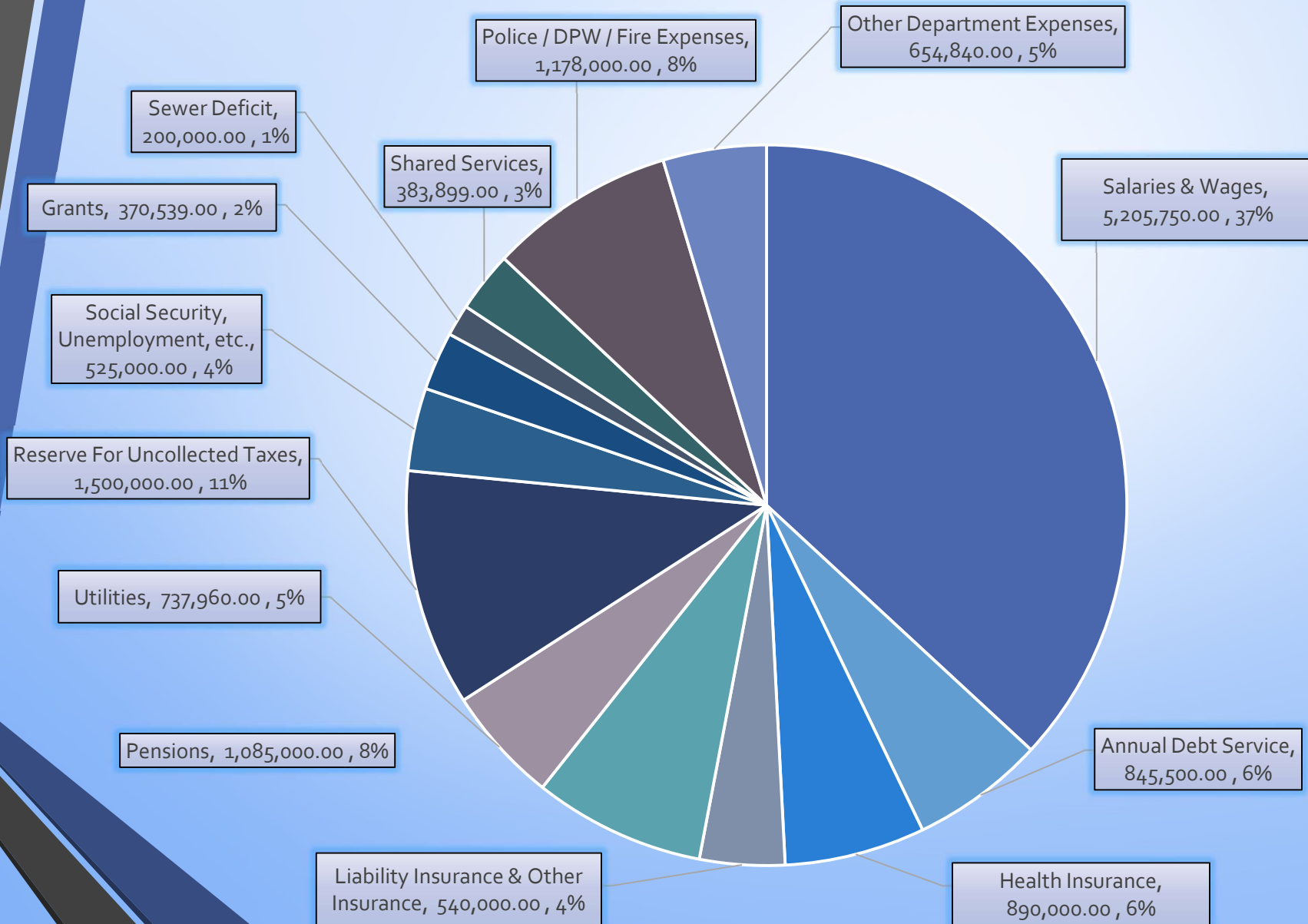


# Current Fund 2020 Major Appropriations

- ❖ Salaries / Wages= **\$5,205,750**
- ❖ Annual Debt Service = **\$845,500**
- ❖ Health Insurance & Liability Ins. = **\$1,180,000**
- ❖ Pensions = **\$1,096,000**
- ❖ Utilities = **\$737,960**
- ❖ Reserve for Uncollected Taxes = **\$1,500,000**
- ❖ Social Security, Unemployment, WC: **\$525,000**
- ❖ Sewer Deficit: **\$200,000**

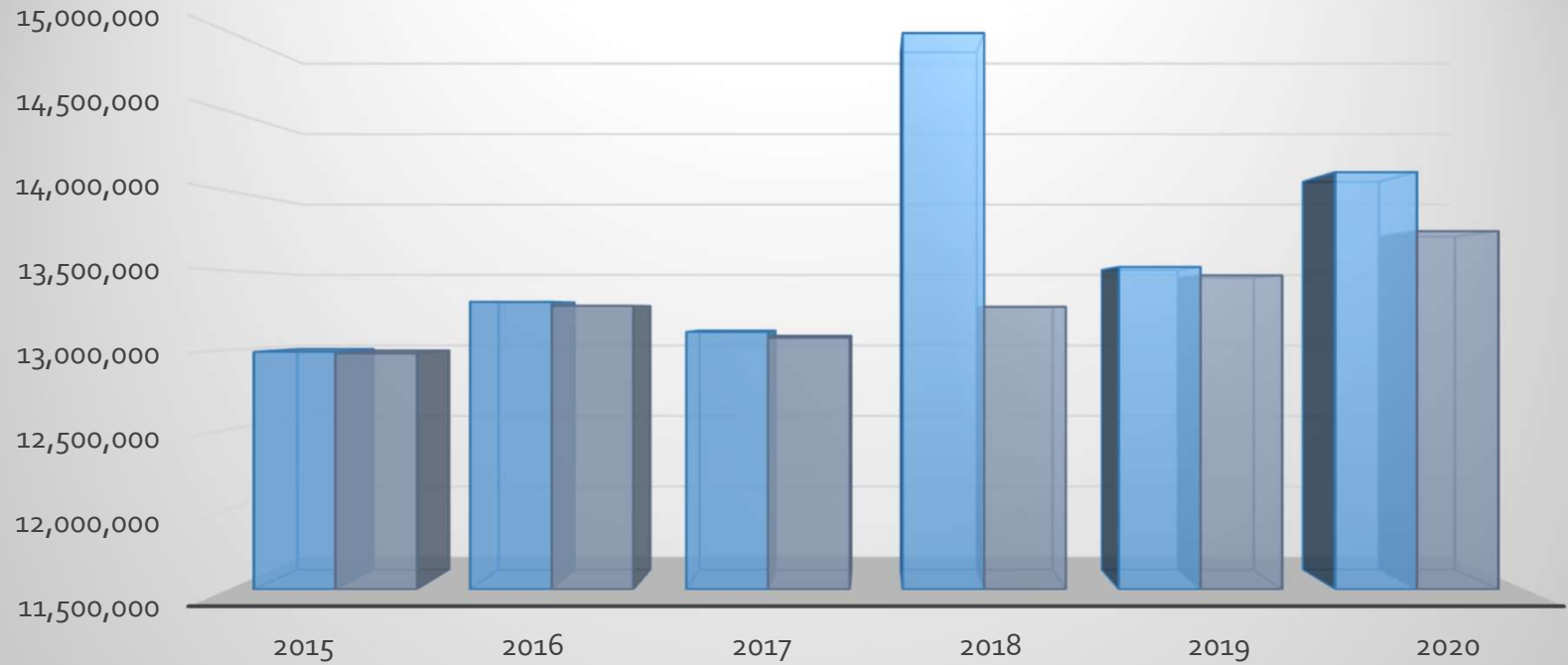


# 2020 Appropriation Sources



# Total Budgeted Appropriations

(000's Omitted)



	2015	2016	2017	2018	2019	2020
■ Budget	12,988,594	13,302,643	13,113,538	14,989,269	13,521,336	14,116,488
■ Budget Less Grants	12,979,594	13,277,893	13,077,522	13,271,634	13,467,923	13,745,949

■ Budget ■ Budget Less Grants

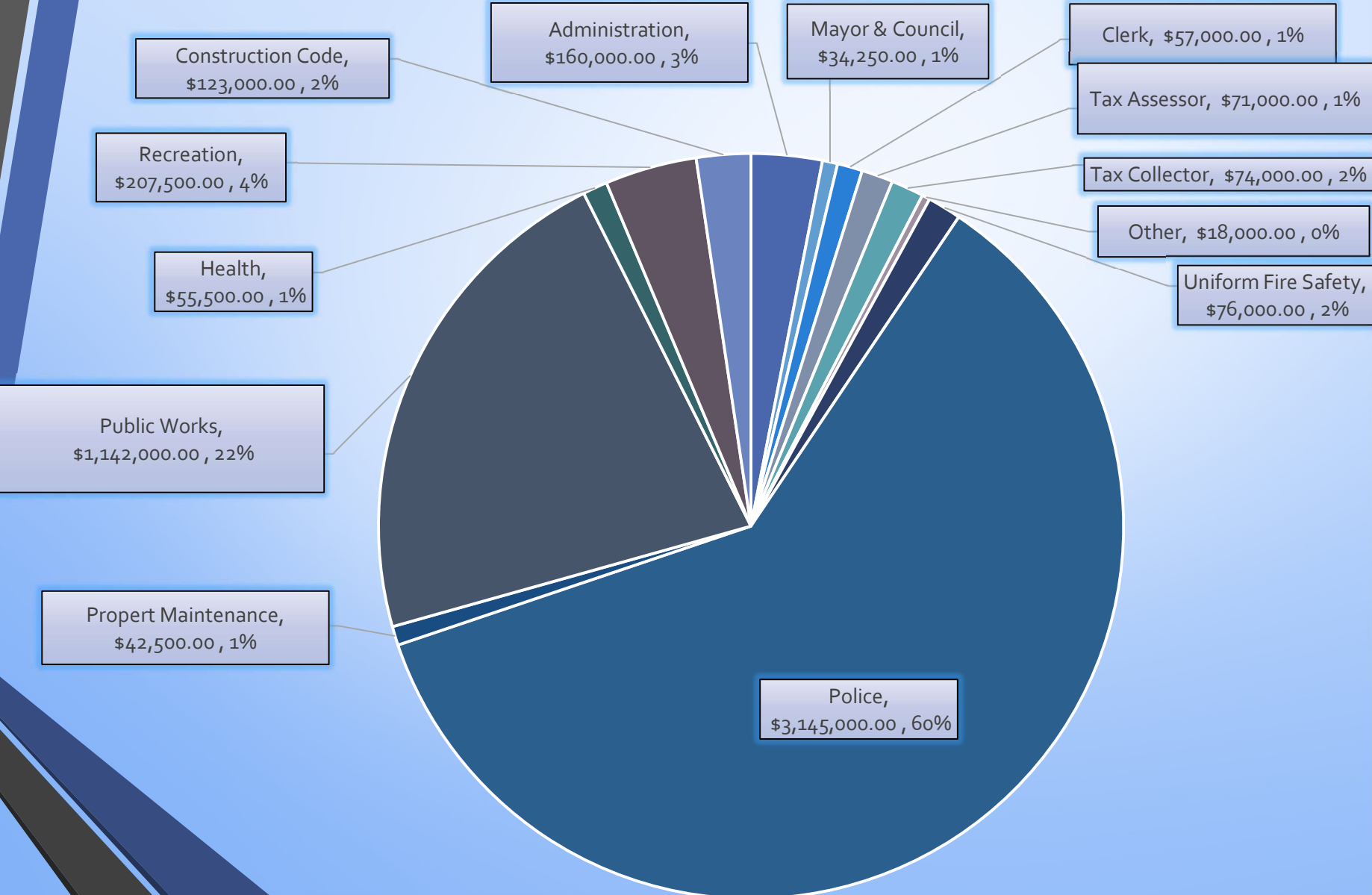
# 2020 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	Introduced 2020 Budget Appropriations	Final 2019 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
POLICE	3,325,000	3,377,000	(52,000)	-1.56%
PUBLIC WORKS	1,856,000	1,793,500	62,500	3.37%
RECREATION	247,500	252,000	(4,500)	-1.82%
CONSTRUCTION/PROPERTY MAINT/ FIRE SAFETY	287,500	284,750	2,750	0.96%
COLLECTION & ASSESSMENT OF TAXES	179,500	184,500	(5,000)	-2.79%
BUILDINGS & GROUNDS	106,000	89,775	16,225	15.31%
FINANCIAL ADMINISTRATION	90,805	105,015	(14,210)	-15.65%
ADMINISTRATIVE & EXECUTIVE	232,000	238,424	(6,424)	-2.77%
LEGAL SERVICES	155,000	155,000	-	0.00%

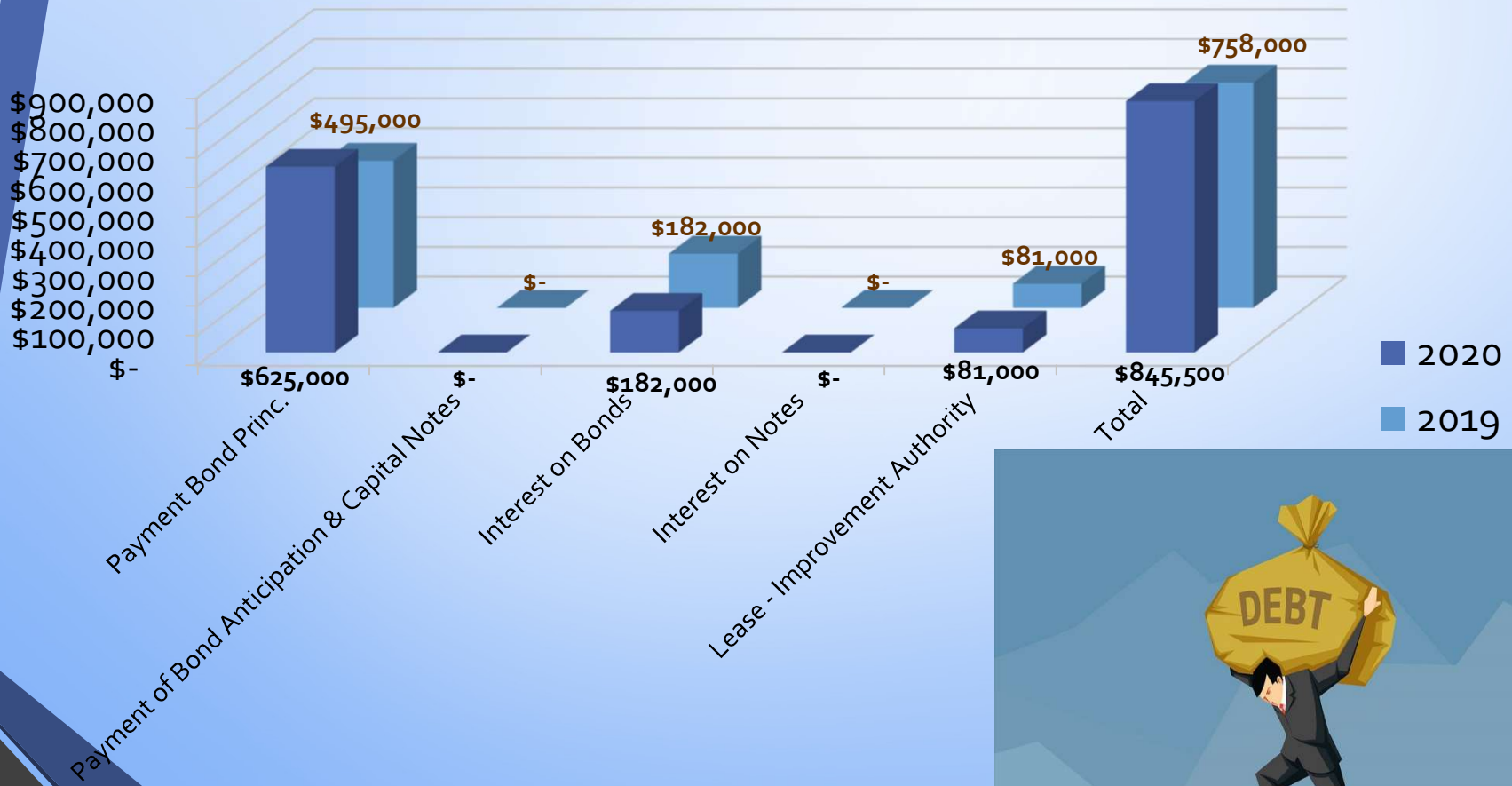
# 2020 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	Introduced 2020 Budget Appropriations	Final 2019 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
INSURANCES				
EMPLOYEE GROUP HEALTH	890,000	986,500	(96,500)	-10.84%
LIABILITY INSURANCE	290,000	290,000	-	0.00%
WORKERS COMPENSATION	250,000	250,000	-	0.00%
SUBTOTAL INSURANCES	1,430,000	1,526,500	(96,500)	-6.75%
PENSIONS				
PFRS	800,000	820,000	(20,000)	-2.50%
PERS	285,000	285,000	-	0.00%
TOTAL PENSIONS	1,085,000	1,105,000	(20,000)	-1.84%
CAPITAL IMPROVEMENT FUND	100,000	115,000	(15,000)	-15.00%
DEBT SERVICE	845,500	758,000	87,500	10.35%
UTILITIES	737,960	722,560	15,400	2.09%
SEWER DEFICIT	200,000	-	200,000	100.00%
RESERVE FOR UNCOLLECTED TAXES	1,500,000	1,500,000	-	0.00%

# 2020 Total Salary Breakout



# Total Municipal Debt Payments - 2020



# 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 - \$ 4,950,000

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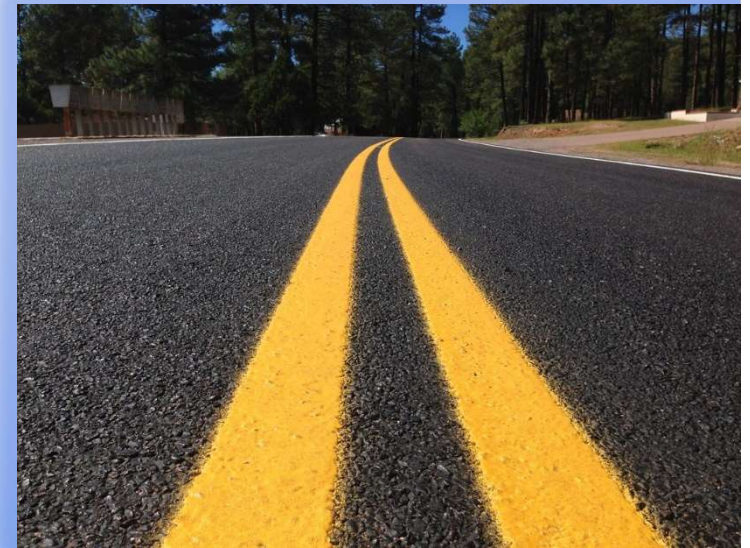
\$ 4,950,000



# Capital Improvement Plan - 2020

## DPW / STREETS & ROADS

- Crack Sealing
- Truck Repairs



# 2020 Sewer Utility Fund Overview

## Revenues – Sewer Use Charges

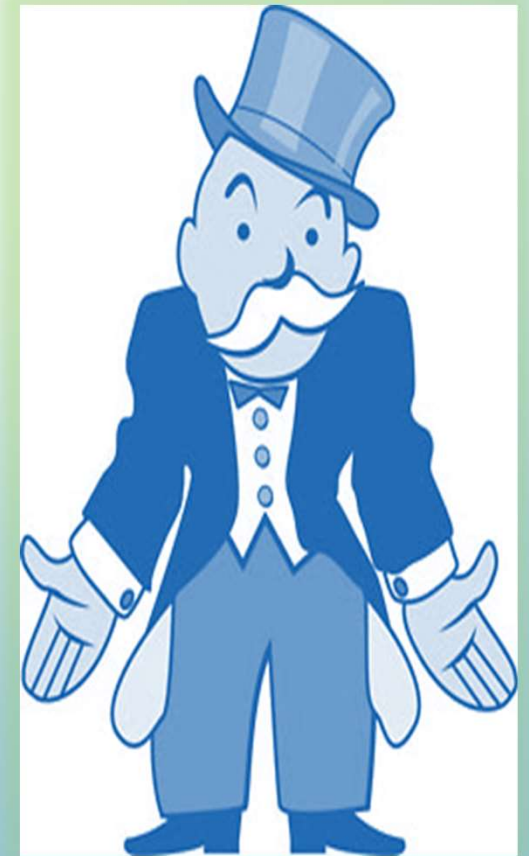
<b>2020</b>	<b>2019</b>
\$2,372,195	\$2,435,000

## Appropriations - Sewer Utility

<b>2020</b>	<b>2019</b>
\$2,372,195	\$2,435,000

# Sewer Fund Revenue Detail 2020

	<u>2020</u>	<u>2019</u>
Surplus	\$130,000	\$550,000
Sewer Rents	\$2,042,195	\$1,885,000
From Current Fund	\$200,000	\$0.00
Total Revenue:	\$2,372,195	\$2,435,000



# Sewer Fund Expenditure Detail 2020

Salaries & Wages	\$ 215,000
Other Expenses	92,500
Insurance – Other	102,195
Employee Group Insurance	100,000
SRVSA Treatment Costs	1,820,000
Capital Outlay	25,000
FICA	<u>17,500</u>
Total	\$ 2,372,195



# Capital Improvement Plan - 2020

- Sewer Pump Stations

- Pump Replacement - \$25,000



# 2020 Budget Calendar

- Tuesday, May 26, 2020 – Budget Introduction
- Tuesday, June 23, 2020 – Public Hearing and Adoption

*Thank you*

