

# MENDHAM TOWNSHIP

BUDGET INTRODUCTION – MARCH 27, 2018

*MAYOR, RICHARD DIEGNAN*

*DEPUTY MAYOR, WARREN GISSER*

*COMMITTEE MEMBER, FRANK CIOPPETTINI*

*COMMITTEE MEMBER, AMALIA DUARTE*

*COMMITTEE MEMBER, SARAH NEIBART*



# MUNICIPAL BUDGETING

2

- ▶ Funds the Daily Operations of the Township
- ▶ Controls Spending
- ▶ Allocates Resources Among Departments
  - ▶ Salary & Wages
  - ▶ Operating Expenses
- ▶ Reflects the Priorities of the Governing Body



# BUDGET CAPS

- ▶ Spending Cap (Appropriations Cap) – 2.5% or COLA whichever is less; Can go up to 3.5% by passing ordinance
  - ▶ Exceptions – Shared Services; LOSAP; Capital Improvement Fund; Library Contribution; Debt Service, Grants, Reserve for Uncollected Taxes
- ▶ Tax Levy Cap – 2%
  - ▶ Exceptions – Declared Emergencies; Increase in Debt Service; Health and Pension Cost above 2%; New Construction; Capital Improvement Fund Increases
- ▶ Cap Banking Available – An unused amount up to cap can be banked for up to two years and applied to future budgets
  - ▶ Example: 2% increase = \$100,000 – Budget Increase is \$60,000; \$40,000 difference is banked for two years;
  - ▶ Following year 2% increase = \$100,000 – Budget increase is \$140,000; Can use bank from previous year to make up the difference

# THE BUDGET PROCESS

4



Department Head Line Level Review



Submitted to CFO & Business Administrator for Analysis and Input



Presentations/Discussion with Finance Committee



Presentations/Discussion with Township Committee & Public  
(7 Open Public Meetings this Budget Cycle)



Budget Introduction – State Requirement by March 18<sup>th</sup> or the first meeting after



Public Hearing



Budget Adoption – At least 28 days after Budget Introduction



# BUDGET REVENUES

5

- ▶ Fund Balance – Made up of Excess Revenue and Lapsing Prior Year Appropriations
  - ▶ Utilize a portion in budget to avoid tax spike, revenue shortfalls, unexpected expenses
- ▶ Local Revenues – Fees & Permits (Health Dept, Fire Inspections, DPW, Alarms, Firearms, etc.); Municipal Court Fines; Interest on Investments and Taxes, ABC Licenses
- ▶ State Aid – Energy Receipts Tax and Watershed Aid– Municipal Property Tax Relief Programs through the State
- ▶ Uniform Construction Code Fees
- ▶ Grants – Offset by Matching Expense
- ▶ Other Special Items –
  - ▶ Uniform Fire Safety – Through State of New Jersey
  - ▶ Rents on Municipal Properties
  - ▶ CATV Receipts – Cable Franchise Fees
  - ▶ Reserve for Pitney
- ▶ Receipts from Delinquent Taxes – Prior Year Taxes paid in Current Year
- ▶ Amount to Be Raised By Taxes – Municipal Portion of Taxes



# CURRENT FUND REVENUES

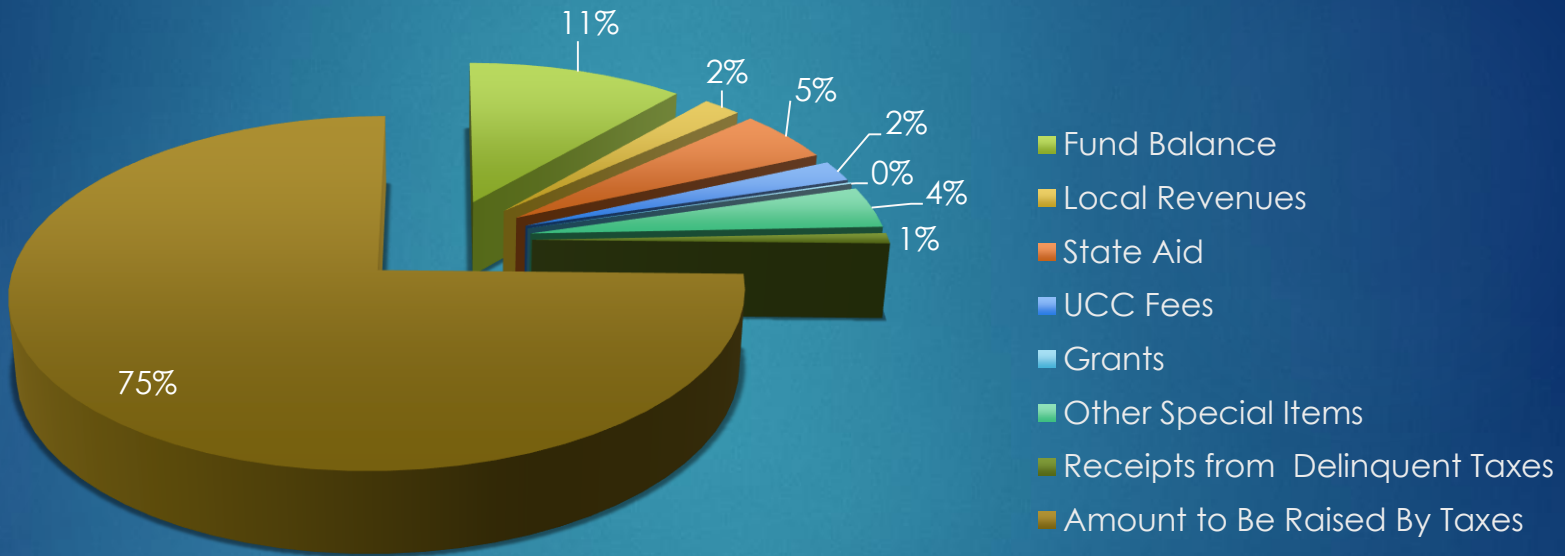
6

Revenue	2017 Anticipated	2017 Realized	2018 Anticipated	\$\$ Change
Fund Balance	\$804,860	\$804,860	\$1,218,500	\$413,640
Local Revenues	\$228,600	\$287,914	\$180,155	(\$48,445)
State Aid	\$487,059	\$487,059	\$487,059	\$0
UCC Fees	\$190,000	\$211,181	\$190,000	\$0
Grants	\$3,719	\$39,012	\$16,709	\$12,990
Other Special Items	\$421,587	\$437,115	\$429,387	\$7,800
Delinquent Taxes	\$250,000	\$277,225	\$142,000	(\$108,000)
Amount To Be Raised by Taxes	\$7,749,983	\$8,679,185	\$8,056,267	\$306,284
<b>TOTAL</b>	<b>\$10,135,809</b>	<b>\$11,223,551</b>	<b>\$10,720,077</b>	<b>\$584,268</b>

Percentage Increase 5.8%

# CURRENT FUND REVENUES

## REVENUES



# OPERATING EXPENSES

8

	2017 Budget	2018 Budget	\$\$ Change
Utilities	\$231,675	\$243,260	\$11,585
Debt Service & Capital Contributions	\$2,024,157	\$2,066,200	\$42,043
Statutory	\$781,520	\$820,920	\$39,400
Insurance	\$949,430	\$971,700	\$22,270
Salary & Wages	\$3,147,520	\$3,192,180	\$44,660
Operating Expense	\$1,972,639	\$2,396,949	\$424,310
Reserve for Un- Collected Taxes	\$1,028,868	\$1,028,868	\$0
<b>Total</b>	<b>\$10,135,809</b>	<b>\$10,720,077</b>	<b>\$584,268</b>
			<b>Percent Increase 5.8%</b>



# Statutory Expenditures

9

	2017 Budget	2018 Budget	\$\$ Change
PERS	\$173,100	\$182,500	\$9,400
PFRS	\$345,000	\$379,000	\$34,000
Social Security	\$260,920	\$255,920	(\$5,000)
DCRP	\$2,500	\$3,500	\$1,000
<b>Total</b>	<b>\$781,520</b>	<b>\$820,920</b>	<b>\$39,400</b>

**Percent Increase 5.0%**

# Insurance

10

	2017 Budget	2018 Budget	\$\$ Change
General Liability	\$167,950	\$177,500	\$9,550
Workers Comp	\$122,800	\$126,000	\$3,200
Group Insurance	\$658,680	\$668,200	\$9,520
<b>Total</b>	<b>\$949,430</b>	<b>\$971,700</b>	<b>\$22,270</b>
			<b>Percentage Increase 2.3%</b>

# Debt Service & CIF

11

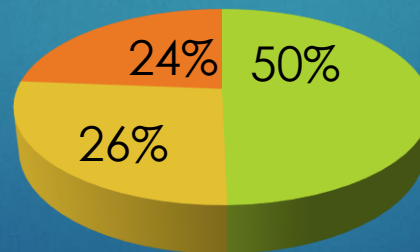
	<b>2017 Budget</b>	<b>2018 Budget</b>	<b>\$\$ Change</b>
Bond Principal	\$779,000	\$822,000	\$43,000
Bond Interest	\$230,000	\$204,600	(\$25,400)
BAN Principal	\$633,557	\$639,000	\$5,443
BAN Interest	\$76,000	\$45,000	(\$31,000)
Capital Improvement Fund	\$305,600	\$355,600	\$50,000
<b>Total</b>	<b>\$2,024,157</b>	<b>\$2,066,200</b>	<b>\$42,043</b>
<b>Percentage Increase 2.0%</b>			

# Salary & Wages

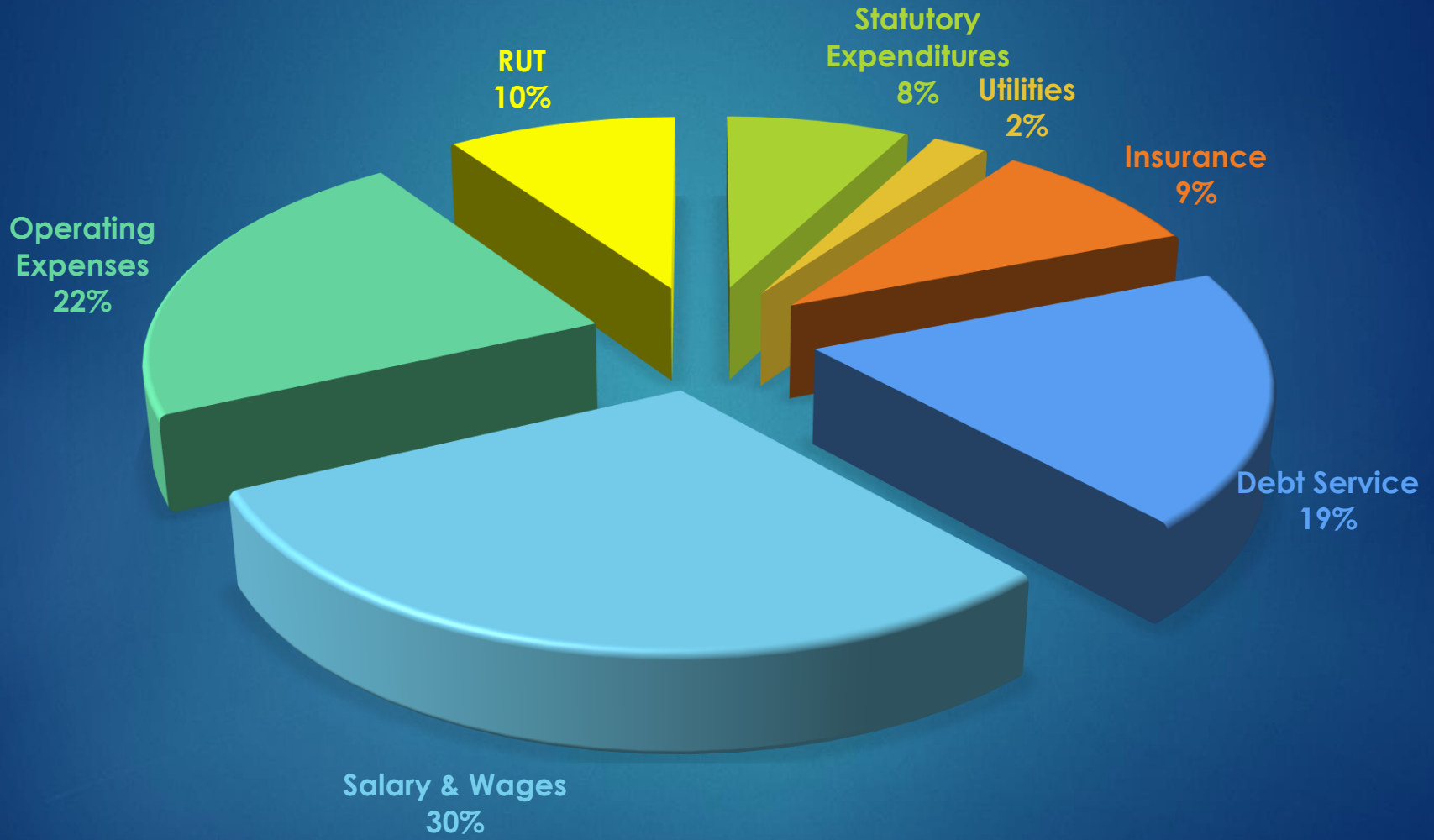
12

	2017 Budget	2018 Budget	\$\$ Change
Police	\$1,571,180	\$1,585,245	\$14,065
DPW	\$795,790	\$849,685	\$53,895
All Other	\$780,550	\$757,250	(\$23,300)
<b>Total</b>	<b>\$3,147,520</b>	<b>\$3,192,180</b>	<b>\$44,660</b>
<b>Percentage Increase 1.4%</b>			

■ Police ■ DPW ■ All Other



## BUDGET BREAKDOWN



# 2018 MUNICIPAL TAX IMPACT

14

	2017	2018	\$\$	% Increase
Open Space	431,602	234,000	(197,602)	(45.78%)
Municipal Tax Rate	7,749,983	8,056,267	306,284	3.95%
<b>Net Tax Impact</b>	<b>8,181,585</b>	<b>8,290,267</b>	<b>108,682</b>	<b>1.32%**</b>

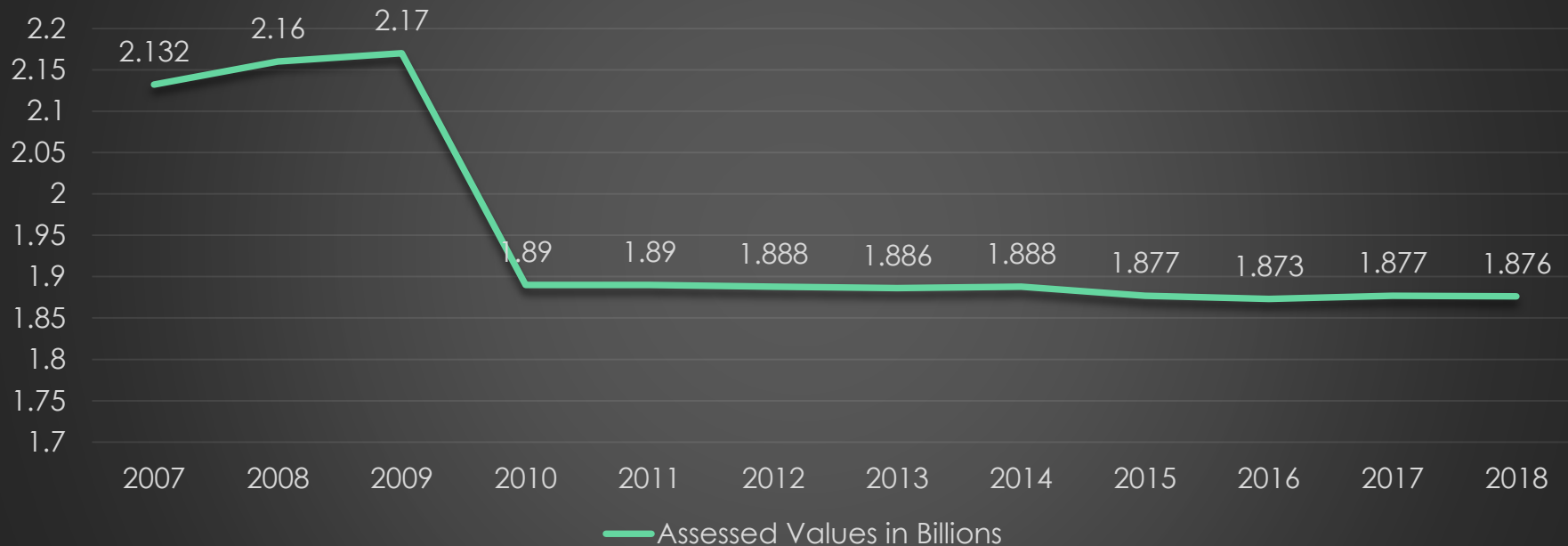
**\*\* With the decrease in Net Valuation of Assessed Properties – the Tax Increase will be approximately 1.4%**



# ASSESSED PROPERTY VALUES - HISTORY

15

## Assessed Values in Billions



Peak – 2009 Assessed Values – 2,170,029,798

Current – 2018 Assessed Values – 1,876,030,937

Reduction in Assessed Values – 293,998,861

# 2018 ESTIMATED TAX IMPACT

16

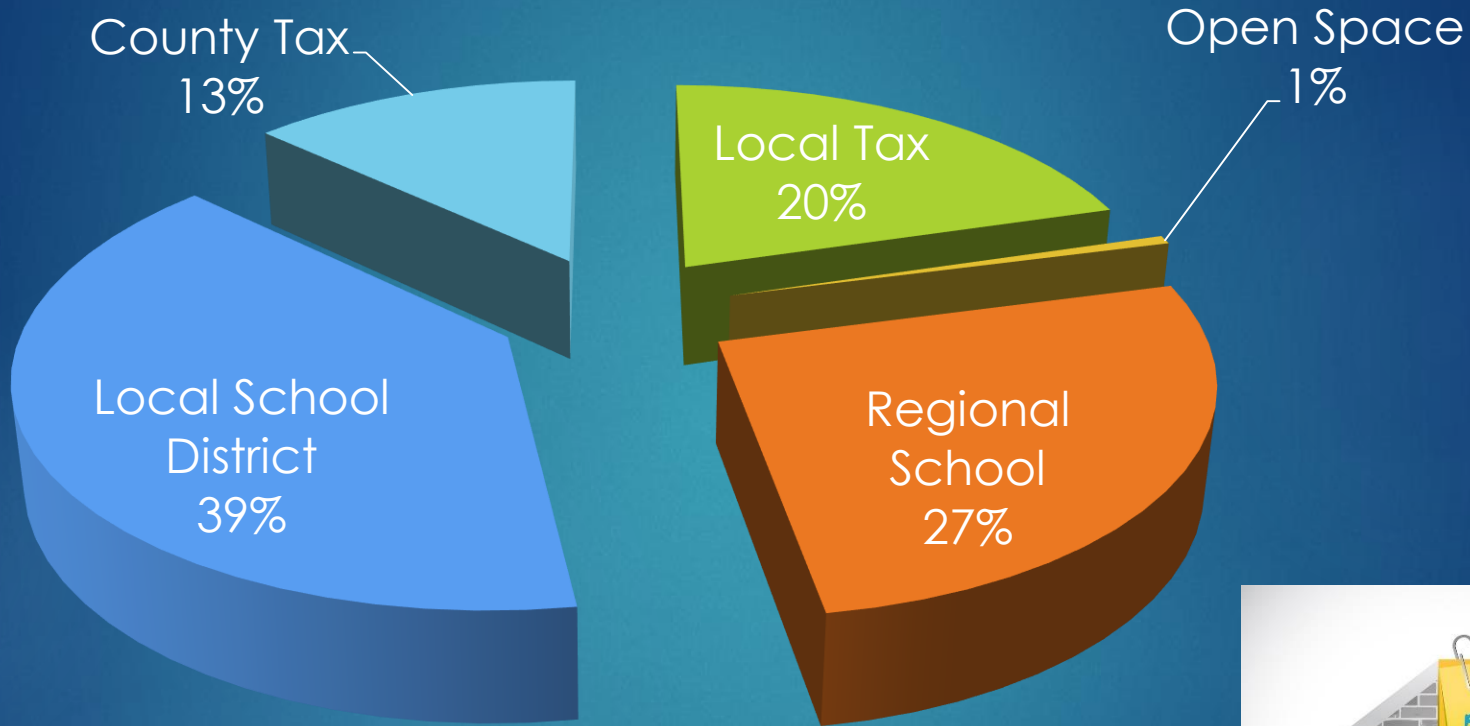
Components	2017		2018		Difference
	\$\$ Amount	Rates	\$\$ Amount	Rates	Annual
Local Tax	\$3,716.96	.413	\$3,864.88	.429	\$147.92
Open Space	\$207.00	.023	\$112.26	.012	(\$94.74)
School District Tax (estimated)	\$7,313.99	.813	\$7,462.25	.829	\$148.26
Regional School Tax (estimated)	\$4,936.33	.548	\$5,036.39	.560	\$100.06
County Tax (estimated)	\$2,435.93	.271	\$2,485.31	.276	\$49.38
<b>Overall Tax Estimate</b>	<b>\$18,610.21</b>	<b>2.068</b>	<b>\$18,961.09</b>	<b>2.106</b>	<b>\$350.88</b>

**Average Home in Mendham - \$900,000**



# TAX LEVY BREAKDOWN

17



**Estimated Tax Levy for 2018 = \$39,524,000**



Public Hearing & Budget Adoption  
April 24, 2018 – 7:30pm

2018 and Beyond –  
Continue Long Term Strategic Planning  
Develop the 2019 Budget



**QUESTIONS???**