

Founded 1749

Mendham Township 2012 Municipal Budget

Mayor, Samuel Tolley
Committee Member, Frank Cioppettini
Committee Member, Robert Strobel
Committee Member, Maribeth Thomas
Committee Member, Richard Merkt

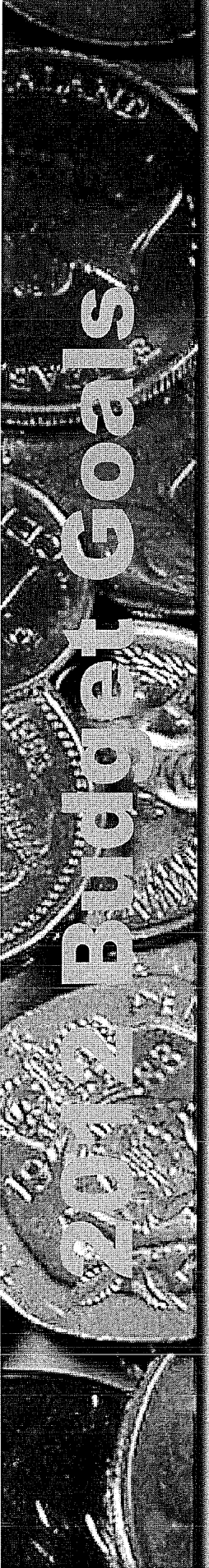
Presented by: Township Administrator, Stephen Mountain / Chief Financial Officer, Timothy Day

Agenda

This evening the Mendham Township Committee will be presenting the 2012 municipal budget for public hearing and adoption.

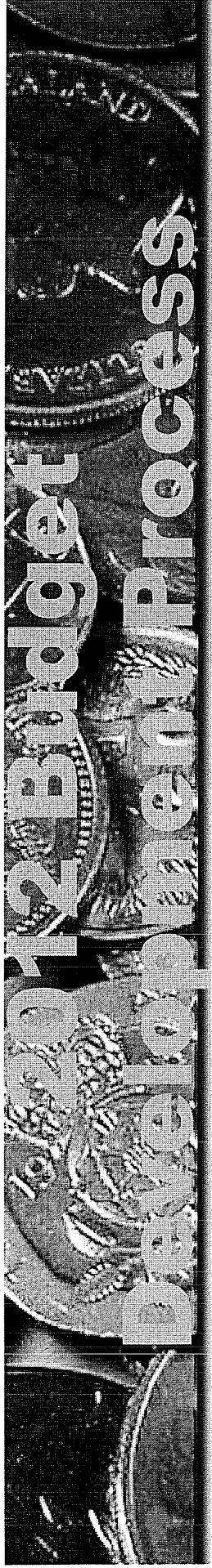
This presentation provides an overview of the proposed budget and of the process the Committee followed to assemble before the public for adoption.

- **Budget Goals**
- **The Process**
- **Local Tax Climate**
- **Budget Constraints**
- **Cost Reduction Initiatives**
- **Appropriations**
- **Revenues**
- **Capital Expenditures**
- **Township Debt**
- **2012 Budget Impact/Overview**
- **Look Ahead**

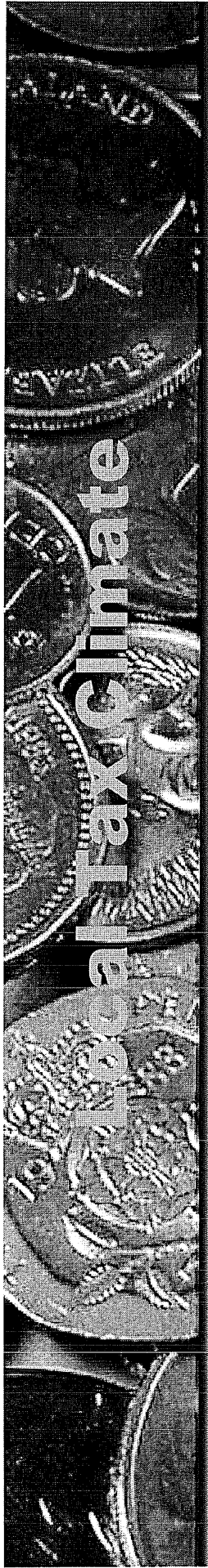


2012 Budget Goals

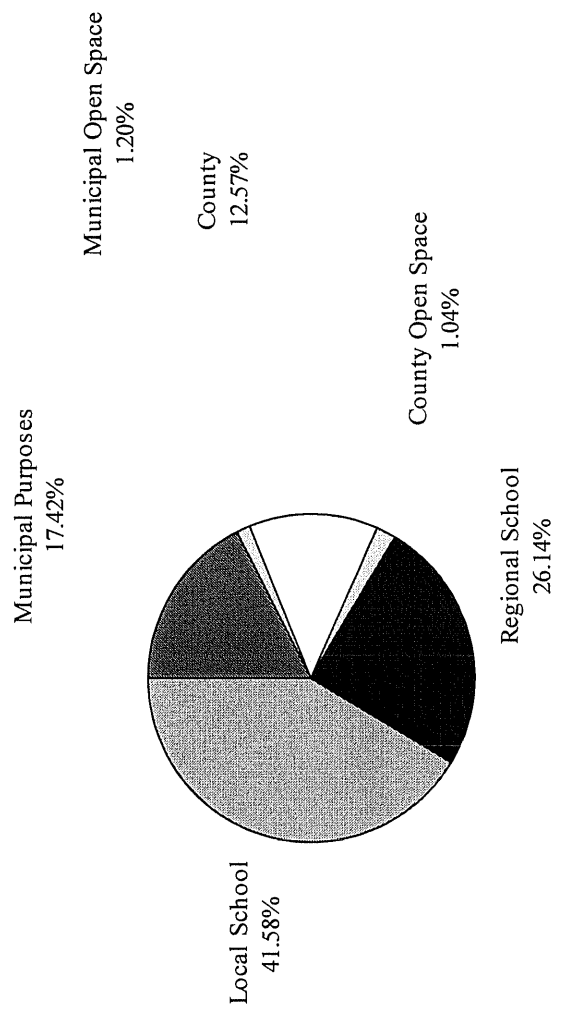
- **Interactive / transparent process involving Department Directors, Volunteer Leaders and other appropriate staff.**
- **Hold the line on operational costs with goal of no increase in municipal taxes.**
- **Maintain service levels in all areas of organization.**
- **Reduce municipal debt through a variety of actions:**
 - including expansion of “pay as you go” approach to capital expenditures
 - increased cash down-payments,
 - early pay down of short term debt and deferral of discretionary capital expenditures.
- **Identify potential areas for operational improvements and/or additional cost savings/revenue enhancements for 2012 and beyond.**
- **Stimulate growth in municipal fund balance for future years.**

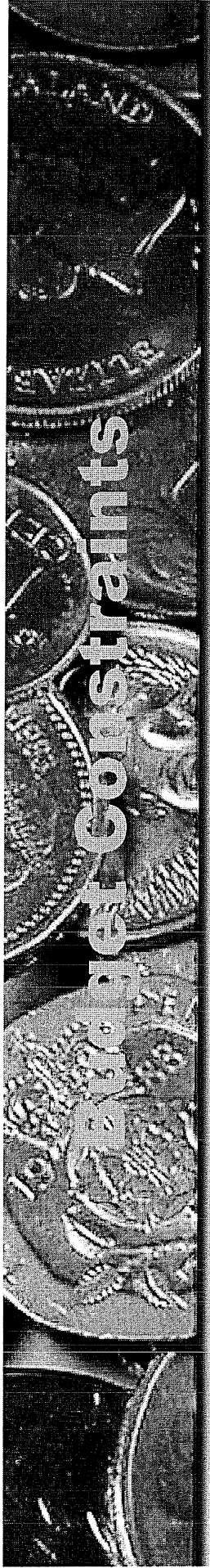


Line Level Review (Department and Staff)
+
Finance Committee Analysis/Review
+
**Presentations/Discussion (Township Committee and Requesting
Departments/Agencies)**
+
Public Input
+
Informed Finance Committee/Township Committee Deliberation
=
\$8,746,605 Budget Proposal Introduced on April 9th



**Allocation of 2012
Tax Dollars**





Declining Revenue:

- **Reduced State Aid - \$158,333 over last five years**
- **Reduced Fund Balance - \$756,752 over last five years.**
- **Reduced Ratable Base - \$270,261,975 over last five years.**
- **Reduced Energy Receipt Tax Revenue - \$1,292,936 over last five years.**

Increased Expenses:

- **Escalating Health Benefit Costs - \$138,266 over last five years.**
- **Rising Fuel & Oil Costs - \$35,080 over last five years.**
- **Higher Pension Benefit Costs - \$192,352 over last five years.**
- **Escalating Asphalt Costs - \$13.50 / ton over last five years.**
- **Increased State Mandated Expenses - \$19,500* over last five years.**
 - **Stormwater Management**
 - **Recycling Coordinator**
 - **Court Security**
 - **Affordable Housing**

* - estimated amount

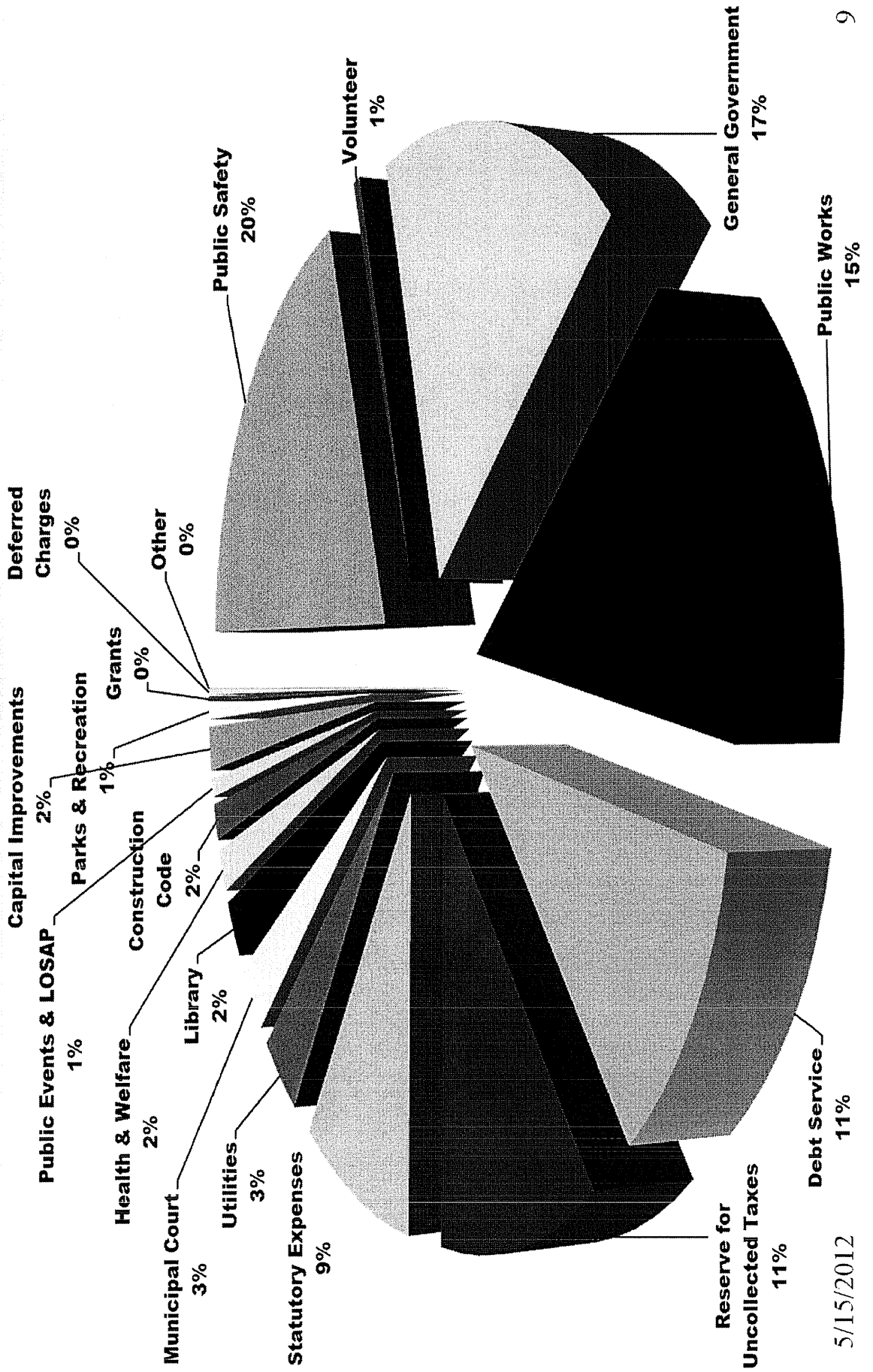
The Township in the past year continued efforts to restructure the municipal operation to reduce expenses without sacrificing services. In the past year we have implemented the following changes saving over \$196,295 in the 2012 operating budget.

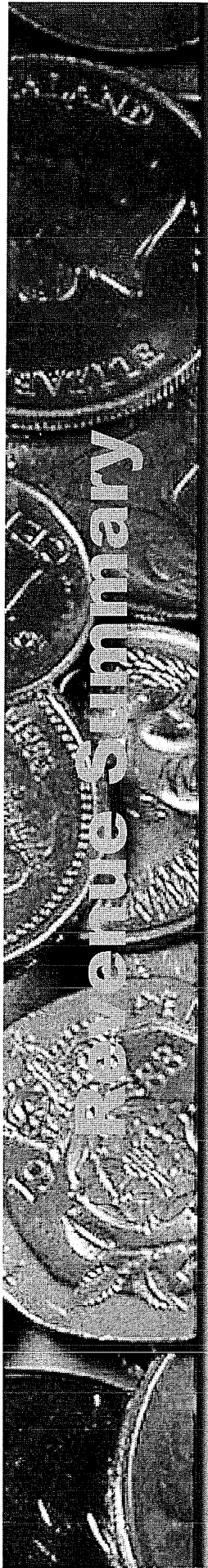
- Reduce electricity costs resulting from participation in the NJ SEM and energy reduction initiatives funded by NJ Board of Public Utilities -\$13,000
- Reorganized Clerical staffing resulting in the reduction of a re-assignment of one FT position into two PT positions reducing costs - \$29,000
- Contract Services/Vendors: \$6,871
 - Board of Health Engineer
 - Planner
 - Risk Manager
- Deferred replacement of a vacant sergeant position in Police Department - \$18,143
- Reduced Snow Removal expenses in response to mild winter - \$82,167
- Reduced Health Benefit Cost resulting from increased employee contributions offsetting costs - \$41,114
- Continued to expand shared service with Mendham Borough & Township BOE - \$5,000 - \$7,000.
- Maintained discretionary operating expenses at or close to prior year levels.



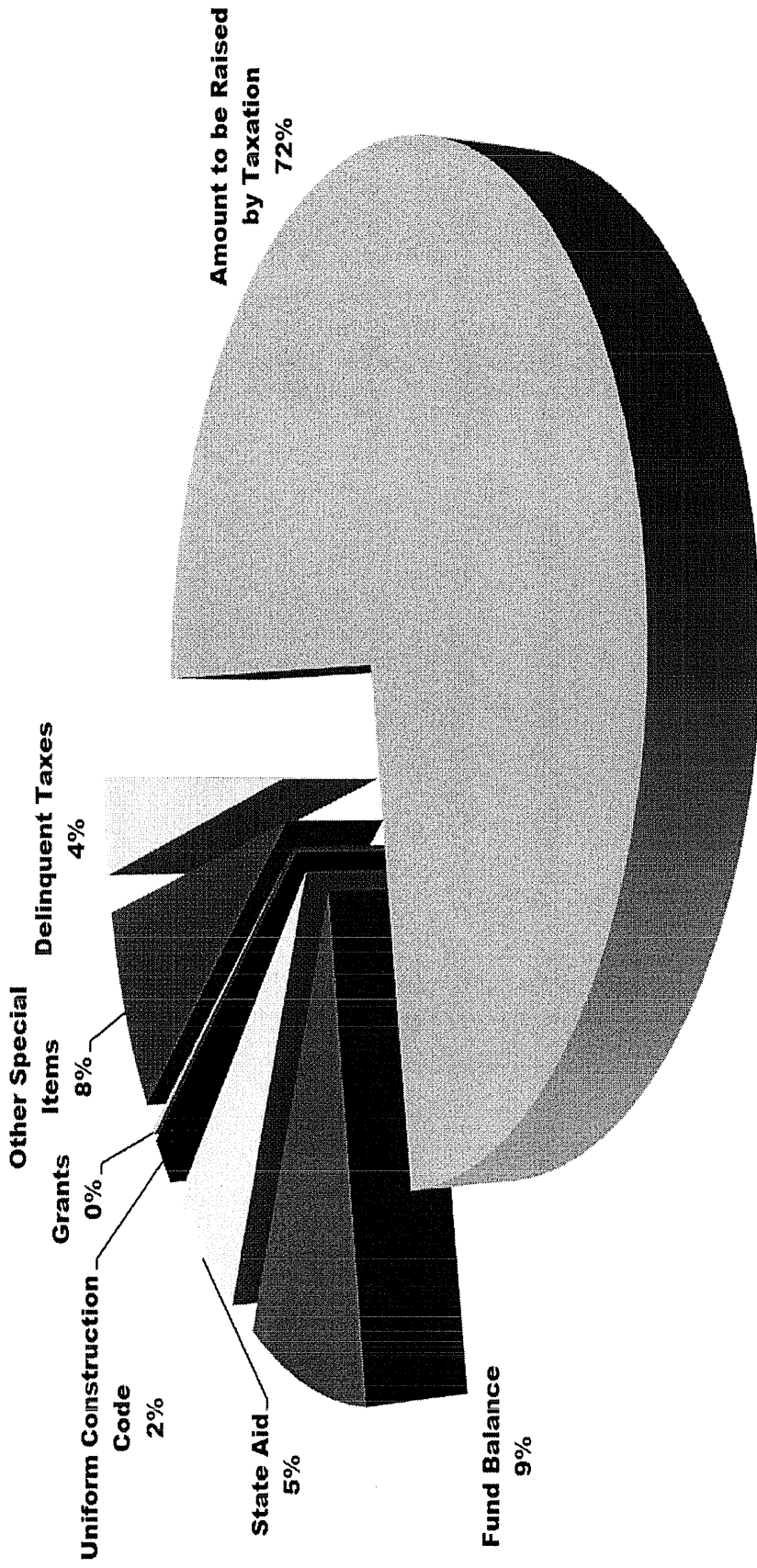
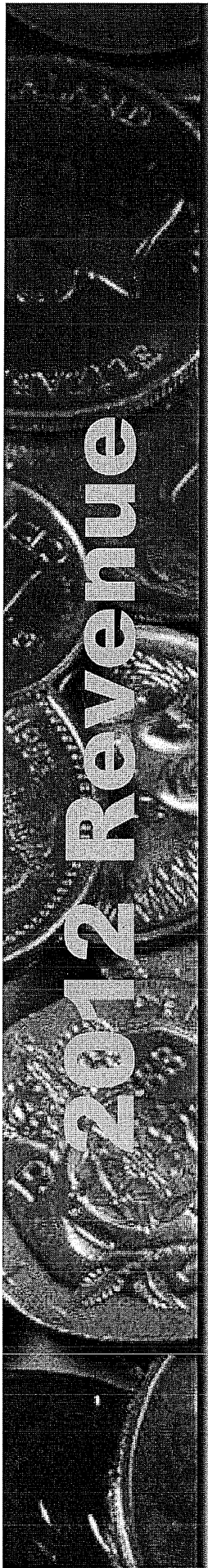
APPROPRIATION ITEM	INTRODUCED		DIFFERENCE 2011 vs. 2012
	ACTUAL 2011	BUDGET 2012	
Operations within CAP:			
Salaries & Wages	\$3,020,280.00	\$2,934,160.00	(\$86,120.00)
Other Expenses	\$2,373,373.00	\$2,461,529.00	\$88,156.00
Statutory Expenditures	\$786,641.00	\$784,372.00	(\$2,269.00)
Operations outside CAP:			
Salaries & Wages	\$0.00	\$0.00	
Other Expenses	\$413,282.00	\$433,067.00	\$19,785.00
Capital Improvements	\$13,400.00	\$164,000.00	\$150,600.00
Debt Service	\$1,031,042.00	\$966,357.00	(\$64,685.00)
Deferred Charges	\$18,120.00	\$18,120.00	\$0.00
Reserve for Uncollected Taxes	\$920,000.00	\$985,000.00	\$65,000.00
Total	\$8,576,138.00	\$8,746,605.00	\$170,467.00

2012 Appropriations





REVENUE ITEM	INTRODUCED		DIFFERENCE
	ACTUAL 2011	BUDGET 2012	
Amount to be Raised by Taxation	\$5,967,850.00	\$6,318,312.00	\$350,462.00
Fund Balance	\$809,142.00	\$763,643.00	(\$45,499.00)
State Aid	\$487,059.00	\$487,059.00	\$0.00
Uniform Construction Code	\$163,870.00	\$163,870.00	\$0.00
Grants	\$41,671.00	\$18,786.00	(\$22,885.00)
Other Special Items	\$1,518,026.00	\$673,130.00	(\$844,896.00)
Delinquent Taxes	\$201,518.00	\$321,805.00	\$120,287.00
Total	\$9,189,136.00	\$8,746,605.00	(\$442,531.00)



Capital Appropriation Summary

DEPT. GEN. GOV.	PROJECT	ESTIMATED TOTAL COST	FUNDING SOURCES CAPITAL IMPROVEMENT FUND	CAPITAL IMPROVEMENT OUTLAY	GRANTS/DONATIONS	OPEN SPACE/SEWER	DEBT AUTHORIZED
	Pleasant Valley Road - State Aid	\$375,000	\$25,000		\$125,000		\$225,000
	Computer Equipment	\$6,000		\$6,000			
	Police Trailer	\$20,000	\$2,000				\$18,000
	Siren Improvement	\$6,000		\$6,000			
	Administrator's Vehicle	\$19,000	\$1,900				\$17,100
	Town Hall Server	\$9,000		\$9,000			
	Energy Efficiency Building Improvements	\$58,000	\$1,750		\$40,500		\$15,750
BROOKSIDE ENGINE CO.	PPE Equipment	\$10,000		\$10,000			\$0
	Fire Fighting Equipment	\$2,000		\$2,000			\$0
	Communications Equipment	\$3,000		\$3,000			\$0
	Firehouse IT Equipment	\$5,000		\$5,000			\$0
	Apparatus Upgrades	\$14,000		\$14,000			\$0
RALSTON ENGINE CO.	PPE Equipment	\$10,000		\$10,000			\$0
	Apparatus Upgrades	\$14,000		\$14,000			\$0
ROADS	1994 Cat Loader	\$125,000	\$12,500				\$112,500
	Road Overlay	\$283,000	\$28,300				\$254,700
	Ironia Road Improvements	\$80,000	\$8,000				\$72,000
BUILDINGS & GROUNDS	Gas Pump Replacement	\$45,000	\$4,500				\$40,500
	TOTALS	\$1,084,000	\$83,950	\$79,000	\$165,500	\$0	\$755,550

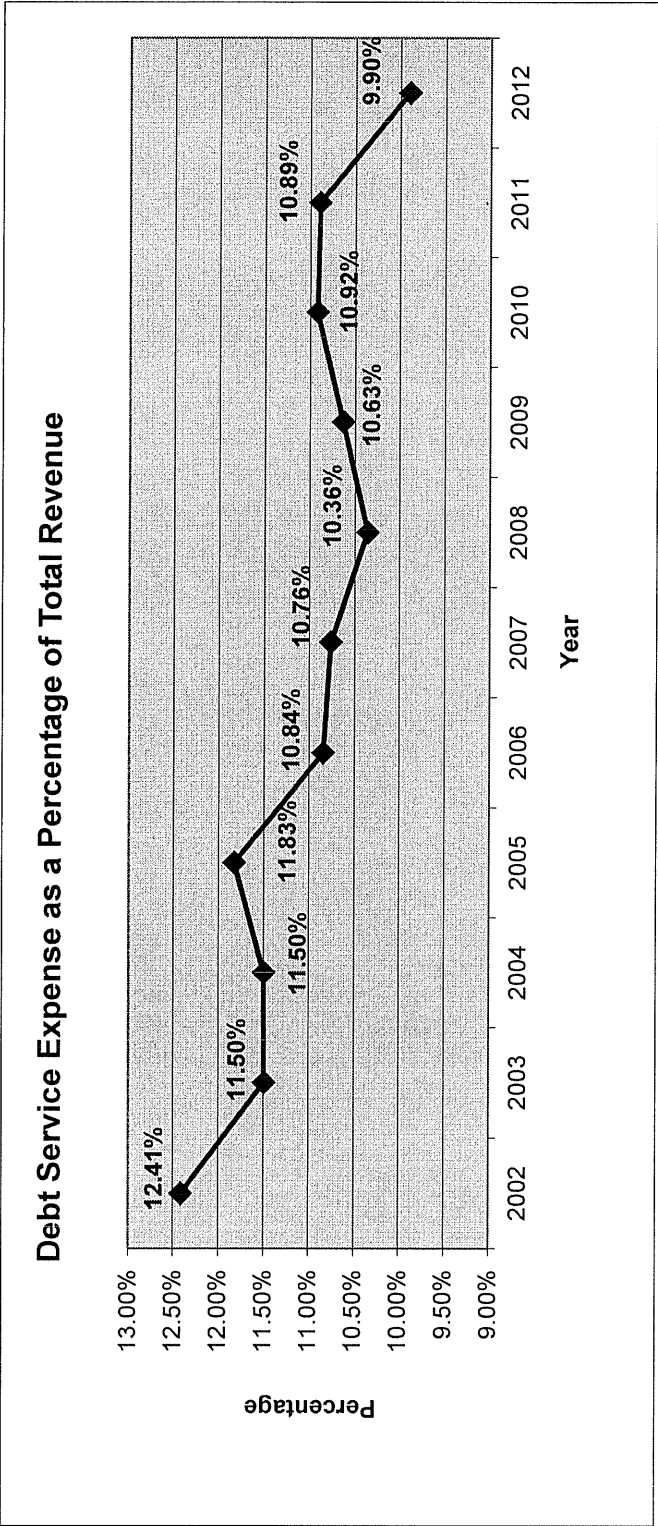
Debt Service Trend Analysis

Township of Mendham Financial Trend Monitoring System

Formula:

$$\frac{\text{Debt Service Expense}}{\text{Operating Revenue}}$$

Fiscal Guideline: Increasing Debt Service expense as a % of Operating Revenue.
 8% is an acceptable general guideline (source - International City Managers guideline).

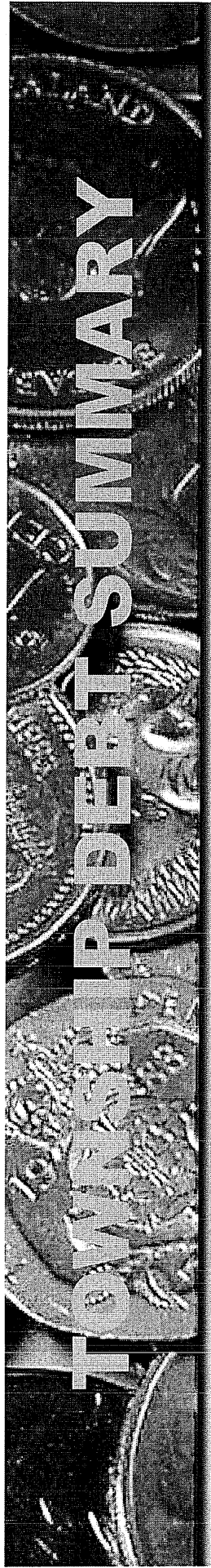


Year End	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Revenue	\$ 7,833,660	\$ 7,932,620	\$ 8,684,364	\$ 8,695,828	\$ 9,327,232	\$ 9,878,674	\$ 10,024,864	\$ 9,688,878	\$ 9,808,818	\$ 9,470,156	\$ 9,763,031
Debt Service Exp	\$ 972,315	\$ 911,990	\$ 998,660	\$ 1,028,554	\$ 1,011,235	\$ 1,063,060	\$ 1,038,269	\$ 1,030,100	\$ 1,070,967	\$ 1,031,402	\$ 966,357
Trend	12.41%	11.50%	11.50%	11.83%	10.84%	10.76%	10.36%	10.63%	10.92%	10.89%	9.90%

Increasing Debt Service decreases expenditure flexibility by adding to a Township's fixed cost obligation.

NOTE: TOTAL REVENUE FOR 2012 IS PROJECTED

5/15/2012



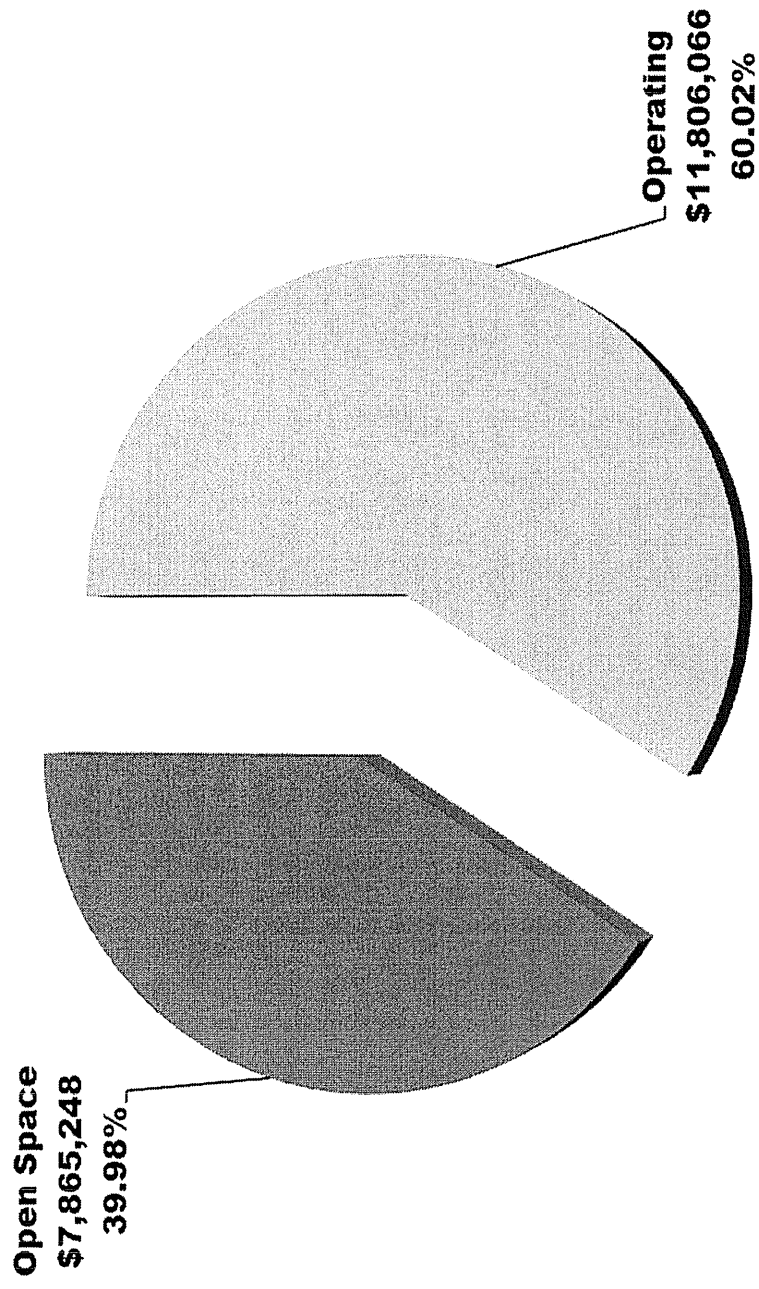
Operating Debt

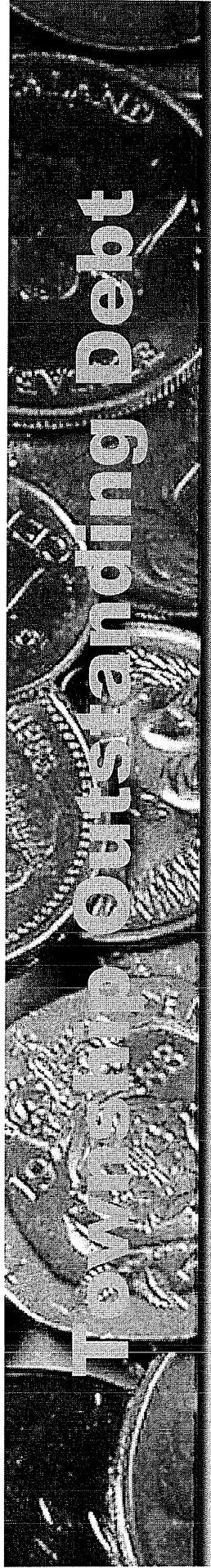
Open Space Debt

Year	Operating Debt		Open Space Debt		Total Annual	
	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Annual Debt Service	Debt Service
2000	\$155,295	\$525,000	\$9,091	\$22,196	\$31,287	\$711,582
2001	\$132,458	\$550,000	\$8,644	\$22,643	\$31,287	\$713,745
2002	\$108,533	\$575,000	\$8,189	\$23,098	\$31,287	\$714,819
2003	\$156,990	\$755,000	\$118,507	\$254,233	\$372,740	\$1,284,730
2004	\$126,240	\$805,000	\$114,704	\$258,036	\$372,740	\$1,303,980
2005	\$134,845	\$825,000	\$110,866	\$261,916	\$372,782	\$1,332,627
2006	\$176,235	\$835,000	\$106,866	\$265,874	\$372,740	\$1,383,975
2007	\$153,060	\$710,000	\$102,828	\$269,912	\$372,740	\$1,235,800
2008	\$132,135	\$685,000	\$98,709	\$274,031	\$372,740	\$1,189,875
2009	\$111,275	\$685,000	\$94,508	\$278,232	\$372,740	\$1,169,015
2010	\$342,598	\$688,422	\$20,909	\$284,097	\$305,006	\$1,336,025
2011	\$292,772	\$688,422	\$190,037	\$288,469	\$478,505	\$1,459,699
2012	\$266,715	\$566,615	\$184,227	\$379,738	\$563,965	\$1,397,295
2013	\$247,908	\$587,142	\$176,884	\$393,758	\$570,642	\$1,405,692
2014	\$228,111	\$607,672	\$169,165	\$407,869	\$577,034	\$1,412,817
2015	\$20,877	\$611,418	\$160,832	\$437,857	\$598,689	\$1,230,984
2016	\$190,089	\$553,777	\$150,320	\$566,328	\$716,648	\$1,460,514
2017	\$173,666	\$561,150	\$137,818	\$558,238	\$696,056	\$1,430,871
2018	\$155,999	\$591,945	\$125,869	\$409,481	\$535,350	\$1,283,294
2019	\$136,630	\$622,739	\$115,499	\$425,122	\$540,621	\$1,299,990
2020	\$115,891	\$653,534	\$104,468	\$440,792	\$545,260	\$1,314,685
2021	\$93,665	\$687,751	\$92,722	\$458,070	\$550,791	\$1,332,207
2022	\$69,425	\$721,967	\$80,016	\$421,513	\$501,528	\$1,292,920
2023	\$43,022	\$759,605	\$19,846	\$350,395	\$370,241	\$1,172,868
2024	\$14,628	\$780,135	\$6,747	\$359,865	\$366,612	\$1,161,374

2012 DEBT ALLOCATION

TOTAL OUTSTANDING DEBT ALLOCATION

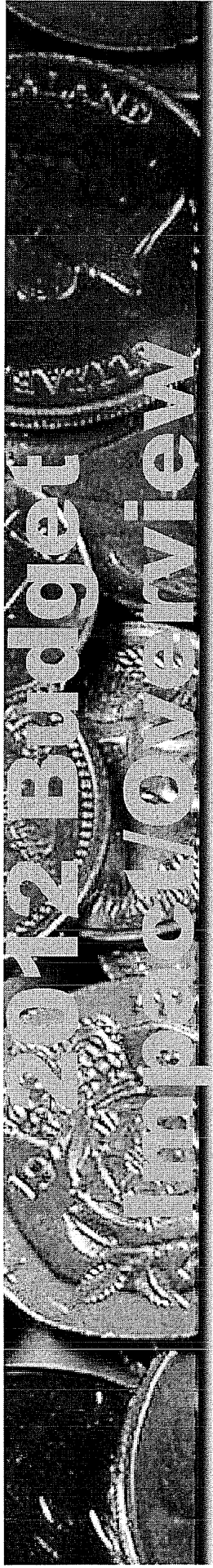




Year	Total Annual Outstanding Debt
2009	\$21,917,441
2010	\$21,865,564
2011	\$20,407,616
2012	\$19,671,423
2013	\$18,300,280
2014	\$16,887,462
2015	\$15,469,278
2016	\$14,379,183
2017	\$12,607,901
2018	\$11,324,607
2019	\$10,024,615
2020	\$8,709,930
2021	\$7,377,723
2022	\$6,084,902
2023	\$4,912,033
2024	\$3,750,658

NOTE:

The Debt amounts from 2013 - 2024 do not include any Future Bond Anticipations amounts.

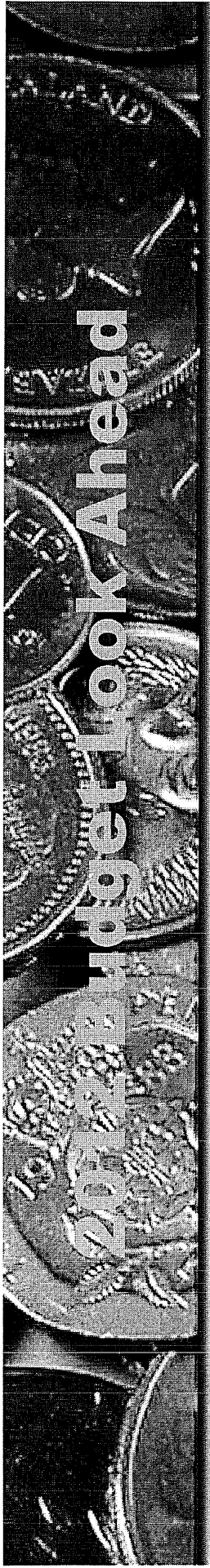


- **The 2012 Municipal Operating budget calls for \$8,746,605 in expenditures.**
- **The total appropriations proposed for 2012 are slightly higher than in 2011, however the 2012 appropriations include \$65,000 in increased funding towards the increase of Township fund balance (surplus levels).**
- **The 2012 municipal tax rate will be \$0.334/\$100 assessed valuation, which is a zero increase from prior year's tax levy. This marks the second year in a row that the Township has adopted a budget with no tax increase.**
- **2012 Tax impact on average residential property (\$914,361-class 2&3a) = \$3,264.**

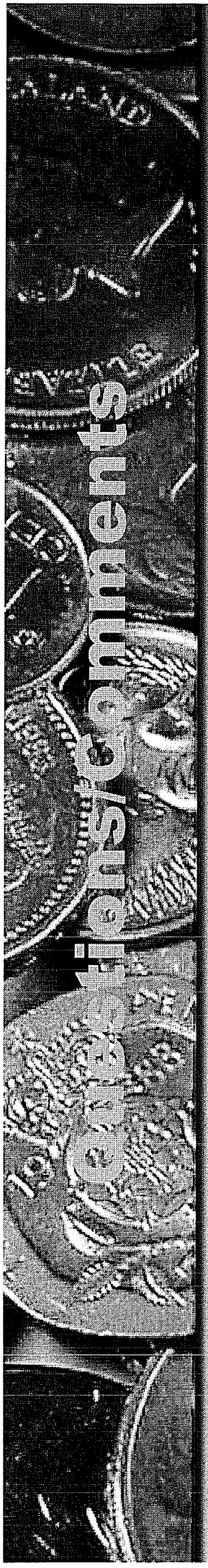
- **Budget provides funding for:**

- The maintenance of core public works and police services.
- The maintenance of core library and emergency service activities.
- Funding in support of Video Taping of Township meetings and towards the operation of Mendham TV.
- Investment in facilities/equipment/infrastructure:
 - Matching funds in support of phase II energy efficiency grant for improvements to municipal facilities.
 - Resurfacing of Township roads including Pleasant Valley, Mount Pleasant and Comb Hollow Roads.
 - Replacement of a 1994 Front End Loader
 - Upgrades to firefighting equipment and gear

- **2011 & 2012 Operating Budget were under the 2% Tax Levy Cap providing the Township with a Bank of \$540,364**



- **Continued to analyze management options to further minimize the Township's long term debt obligations:**
 - Efforts include such strategies as early pay-down of short term debt
 - Financing of capital expenditures on "pay as you go basis"
 - General fiscal restraint on decisions related to capital appropriations.
- **Expand upon efforts initiated in 2011 & 2012 to reduce Township's reliance on fund balance and other non-sustainable revenue sources.**
- **Continue efforts to restructure departmental staffing for optimal efficiencies.**
- **Research and implement technology-related solutions to improve organizational efficiency and reduce costs.**
- **Identify and implement additional shared service/service outsourcing to reduce costs.**
- **Continue to utilize cooperative purchasing and competitive contracting as a means of reducing costs.**
- **Continue to utilize changes in state legislation and intelligent management of the collective bargaining process to manage employee salary and benefit costs.**



- **Thank you again to all who participated in this year's budget process.**
- **We will entertain questions and/or comments on the budget when the Township Committee opens the public hearing.**