



Mendham Township 2014 Municipal Budget

Mayor, Maribeth Thomas
Committee Member, Chris Baumann
Committee Member, Robert Strobel
Committee Member, Richard Merkt
Committee Member, Samuel Tolley

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

Agenda

This presentation provides an overview of the proposed 2014 municipal budget and of the process the Township Committee followed to prepare the budget for introduction on March 25th .

- **Budget Goals**
- **The Process**
- **Local Tax Climate**
- **Budget Constraints**
- **Cost Reduction Initiatives**
- **Appropriations**
- **Revenues**
- **Capital Expenditures**
- **Township Debt**
- **2014 Budget Highlights**
- **Look Ahead**



2014 Budget Goals

- **Interactive / transparent process.**
- **Hold the line on operational costs with goal of minimizing the impact on the municipal tax levy.**
- **Maintain service levels in all areas of organization.**
- **Continue implementation of the long term strategy for municipal debt reduction.**
- **Identify areas for further operational improvements and/or cost savings/revenue enhancements for 2014 and beyond.**
- **Stimulate growth in municipal fund balance for future years.**

2014 Budget Development Process

Line Level Review (Department and Staff)

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Finance Committee Analysis/Review

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Presentations/Discussion (Township Committee and Requesting Departments/Agencies)

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Public Input

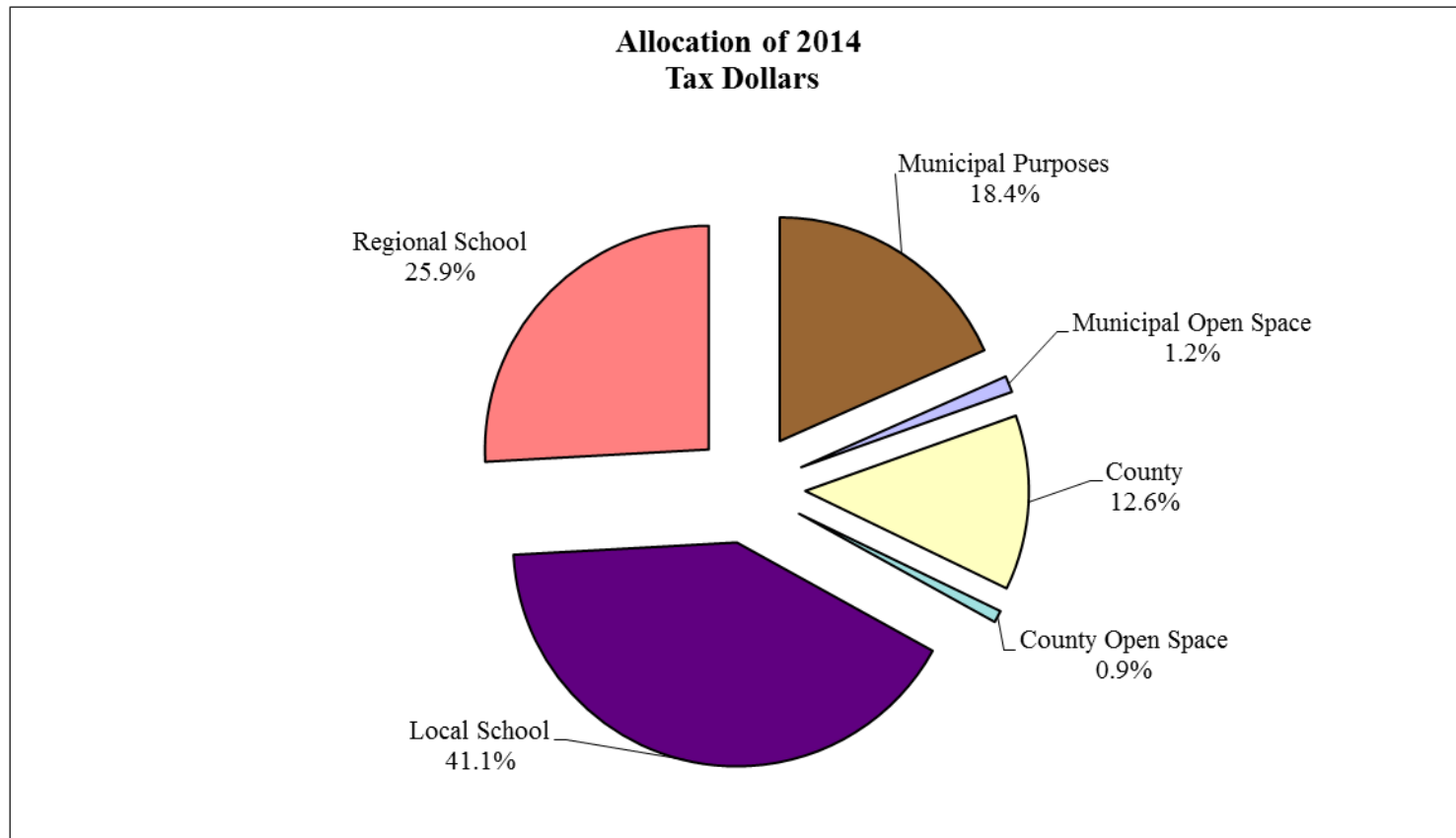
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Informed Finance Committee/Township Committee Deliberation

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\$9,238,143 Budget Proposal Introduced on March 25th

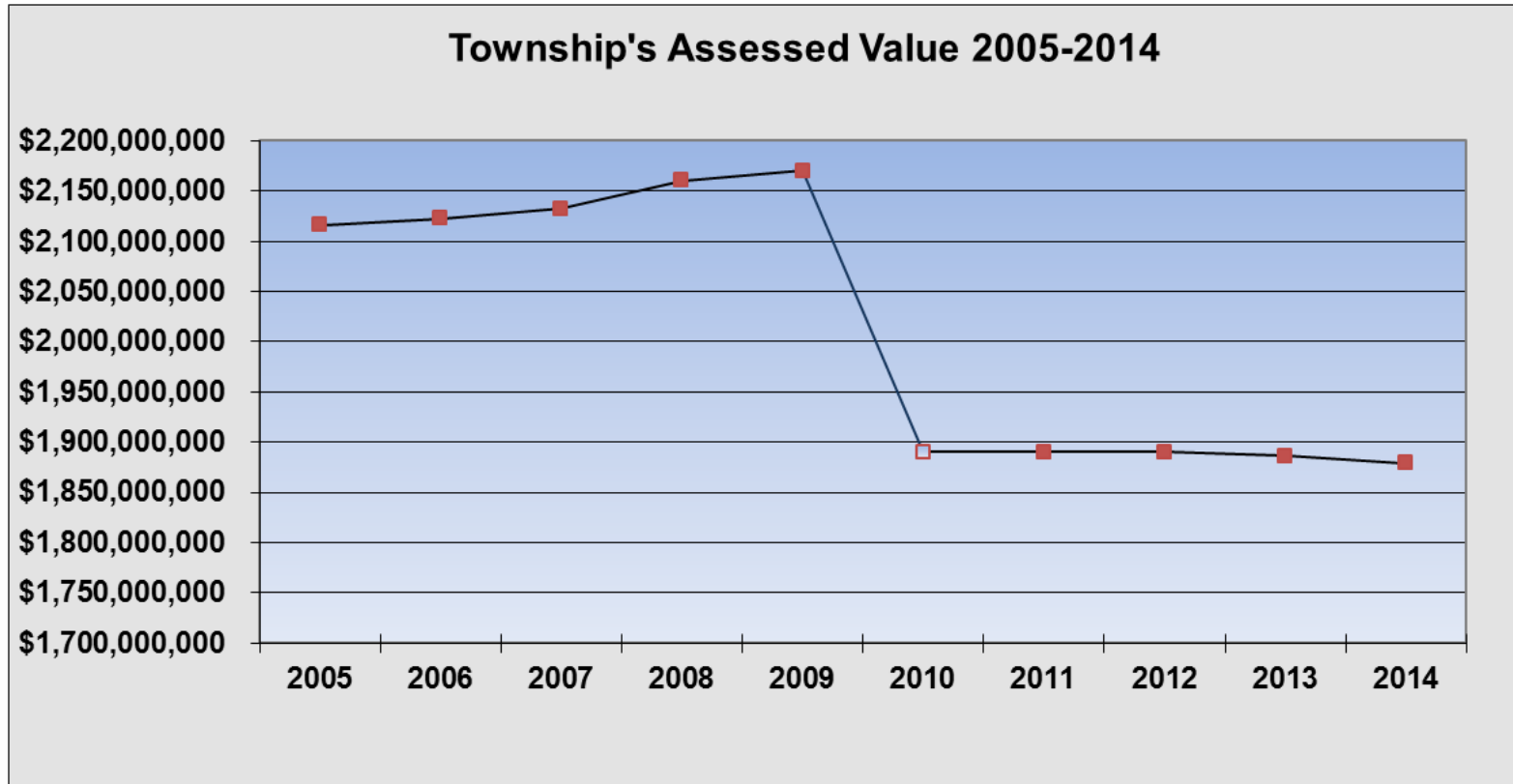
Local Tax Climate



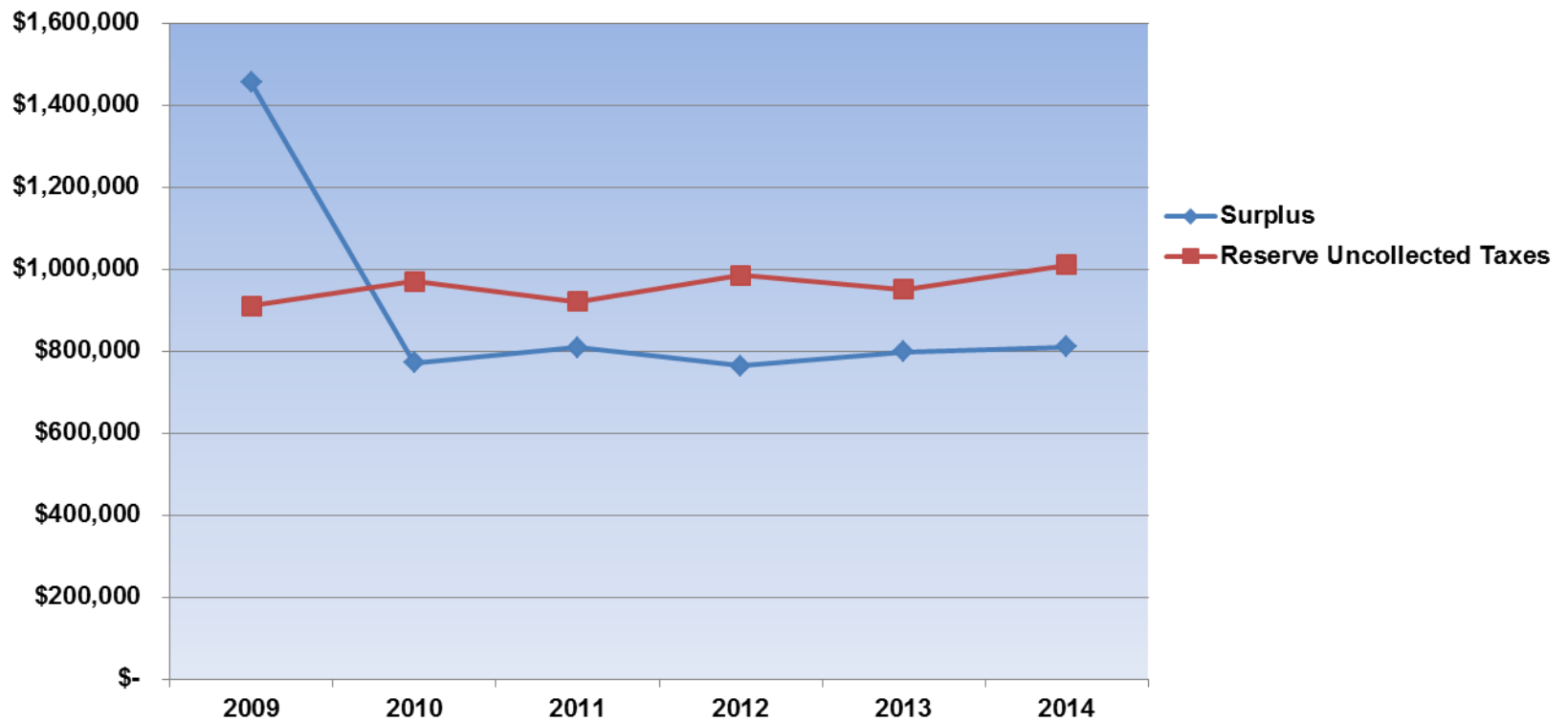
Tax Rate History 2010-2013

Tax Rates per \$100 of Assessed Value							
Year	Municipal	Municipal Open Space	Total Municipal	Change in Municipal Rate	Total School	Change in School Rate	Total Twp Rate Change
2010	\$0.331	\$0.026	\$0.357		\$1.262		
2011	\$0.334	\$0.023	\$0.357	\$0.000	\$1.283	\$0.021	\$0.021
2012	\$0.334	\$0.023	\$0.357	\$0.000	\$1.299	\$0.016	\$0.016
2013	\$0.340	\$0.023	\$0.363	\$0.006	\$1.314	\$0.015	\$0.021
10-'13 Change	\$0.009	-\$0.003		\$0.006		\$0.052	\$0.058

Tax Appeals & Assessments 2005-2014



Surplus/Reserve Uncollected Taxes 2009-2014





Budget Constraints

Revenue:

- **Declining tax base - \$11,131,093 in the past five years**
- **Limited surplus regeneration – slight increase this year is deceiving due to influx of one-time FEMA reimbursement revenues**
- **Zero increase in State Aid/Reduced Energy Receipt Tax Revenue**
- **Local revenues remain the same or in some cases declined in past year.**

Expenses:

- **Continued high Fuel & Oil Costs – 2014 projected expenditures 30.5% percent higher than in 2009.**
- **Winter Storm Impacts – \$169,588 impact**
- **Higher Debt Service Costs in short term as Township continues its strategy of an aggressive debt service paydown - \$152,576 impact.**
- **Reserve for uncollected taxes needs to be increased in order to regenerate the level of surplus needed to keep future budgets stable.**
- **Salary & Benefit increases maintained within the two percent level, however, over all personnel costs up slightly in 2014.**

Cost Reduction Initiatives

The Township in the past year continued efforts to restructure the municipal operation to reduce expenses without sacrificing services.

- **Electric and Natural Gas costs continue to be reduced as a result Township's participation in the NJ SEM and energy reduction initiatives funded by NJ Board of Public Utilities – 4 year reduction in cost - \$43,407**
- **Salaries & Wage continue to be reduced resulting from on-going reorganization, attrition, & negotiated union contracts – Number of FT positions employed by Township reduced. S&W costs have been reduced \$233,607 since 2009.**
- **Reduced health insurance and pension cost resulting from State reforms and productive contract negotiations.**
- **Continued shared services with neighboring jurisdictions and local board of education.**
- **Maintained discretionary operating expenses at levels close to or below prior year's levels.**

Weather Impacts

MENDHAM TOWNSHIP

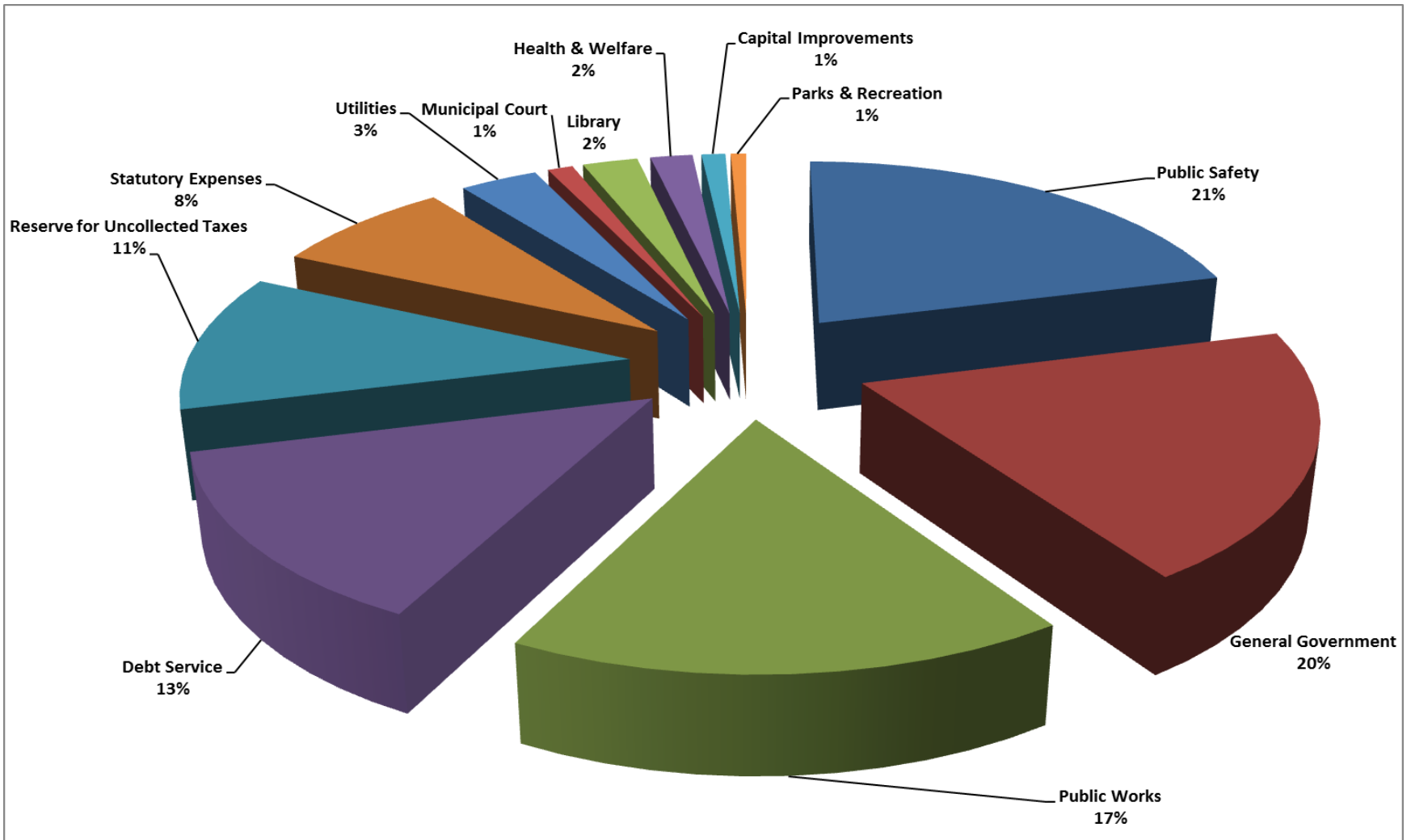
Analysis of Weather Impacts - 2014 Budget

Account Descriptions	2013 Actuals	Actuals - 3-12-14	2014-Recommend	Dollar Change	Comments
<u>Streets & Roads SW</u>					
Seasonal Employees	\$ 26,500	\$ 4,290	\$ 40,000	\$ 13,500	Frequency of Storms - Increase in Seasonal Help
Snow OT	\$ 52,939	\$ 53,547	\$ 65,000	\$ 12,061	Higher number of storms - increased ot hours
<u>Streets & Roads O-E</u>					
Vehicle Mtn. & Repairs	\$ 35,351	\$ 15,516	\$ 61,250	\$ 25,899	Heavy winter has caused higher number of repairs
Road Repairs	\$ 87,824	\$ 967	\$ 91,000	\$ 3,176	Anticipated road repair due to severe winter
<u>Snow Removal O-E</u>					
Contract Woodland	\$ 3,465	\$ -	\$ 5,000	\$ 1,535	Increased in anticipation of higher bill
Salt	\$ 81,750	\$ 106,217	\$ 170,000	\$ 88,250	Frequency and type of storms greatly impacted salt usage
Sand & Grit	\$ 7,087	\$ 10,127	\$ 11,000	\$ 3,913	See explanation for salt
<u>Utilities & Gasoline OE</u>					
Gasoline & Diesel	\$ 154,621	\$ 45,789	\$ 168,000	\$ 13,379	Increased anticipate higher bill due to snow removal
Natural Gas	\$ 20,708	\$ 14,177	\$ 24,000	\$ 3,292	Increased in anticipation of higher bill
Heating Oil	\$ 9,917	\$ 7,442	\$ 14,500	\$ 4,583	Increased in anticipation of higher bill
TOTALS	\$ 480,162	\$ 258,072	\$ 649,750	\$ 169,588	

Appropriation Summary

APPROPRIATION ITEM	ACTUAL 2013	INTRODUCED BUDGET 2014	DIFFERENCE 2013 vs. 2014
Operations within CAP:			
Salaries & Wages	\$2,986,581.62	\$3,104,690.00	\$118,108.38
Other Expenses	\$2,484,692.84	\$2,739,757.05	\$255,064.21
Statutory Expenditures	\$716,728.49	\$715,155.45	(\$1,573.04)
Operations outside CAP:			
Salaries & Wages	\$0.00	\$0.00	
Other Expenses	\$455,409.18	\$302,284.56	(\$153,124.62)
Capital Improvements	\$137,350.00	\$95,000.00	(\$42,350.00)
Debt Service	\$1,103,599.50	\$1,255,636.26	\$152,036.76
Deferred Charges	\$18,120.00	\$15,620.00	(\$2,500.00)
Reserve for Uncollected Taxes	\$950,000.00	\$1,010,000.00	\$60,000.00
Total	\$8,852,481.63	\$9,238,143.32	\$385,661.69

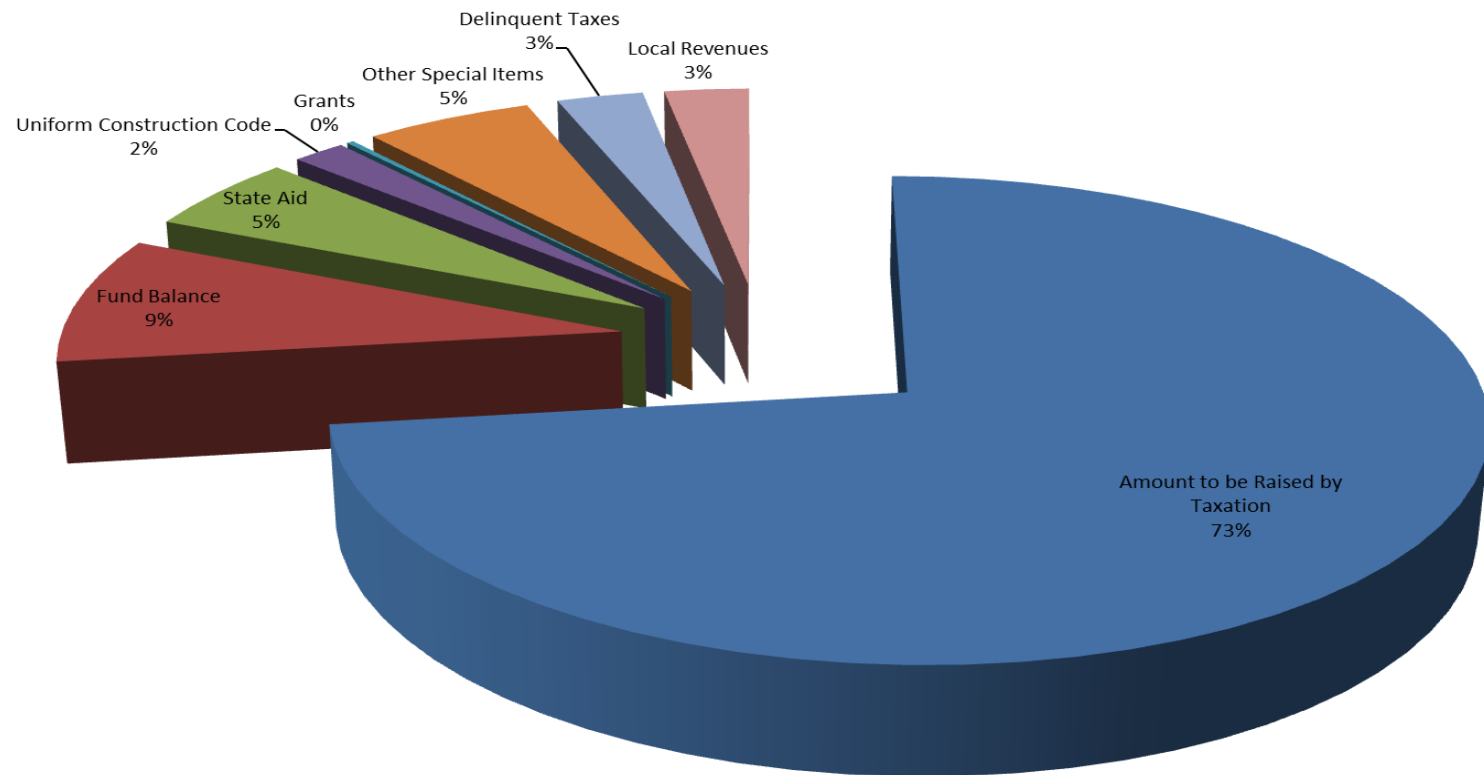
2014 Appropriations



Revenue Summary

		INTRODUCED	
REVENUE ITEM	ACTUAL	BUDGET	DIFFERENCE
	2013	2014	2013 vs. 2014
Amount to be Raised by Taxation	\$6,412,801.90	\$6,735,047.39	\$322,245.49
Fund Balance	\$798,631.00	\$810,359.00	\$11,728.00
State Aid	\$487,059.00	\$487,059.00	\$0.00
Uniform Construction Code	\$161,671.20	\$161,671.20	\$0.00
Grants	\$78,006.44	\$21,424.66	(\$56,851.78)
Other Special Items	\$396,582.87	\$498,872.23	\$102,289.36
Delinquent Taxes	\$254,855.23	\$260,833.75	\$5,978.52
Local Revenues	\$262,876.09	\$262,876.09	\$0.00
Total	\$8,852,483.73	\$9,238,143.32	\$385,389.59

2014 Revenue

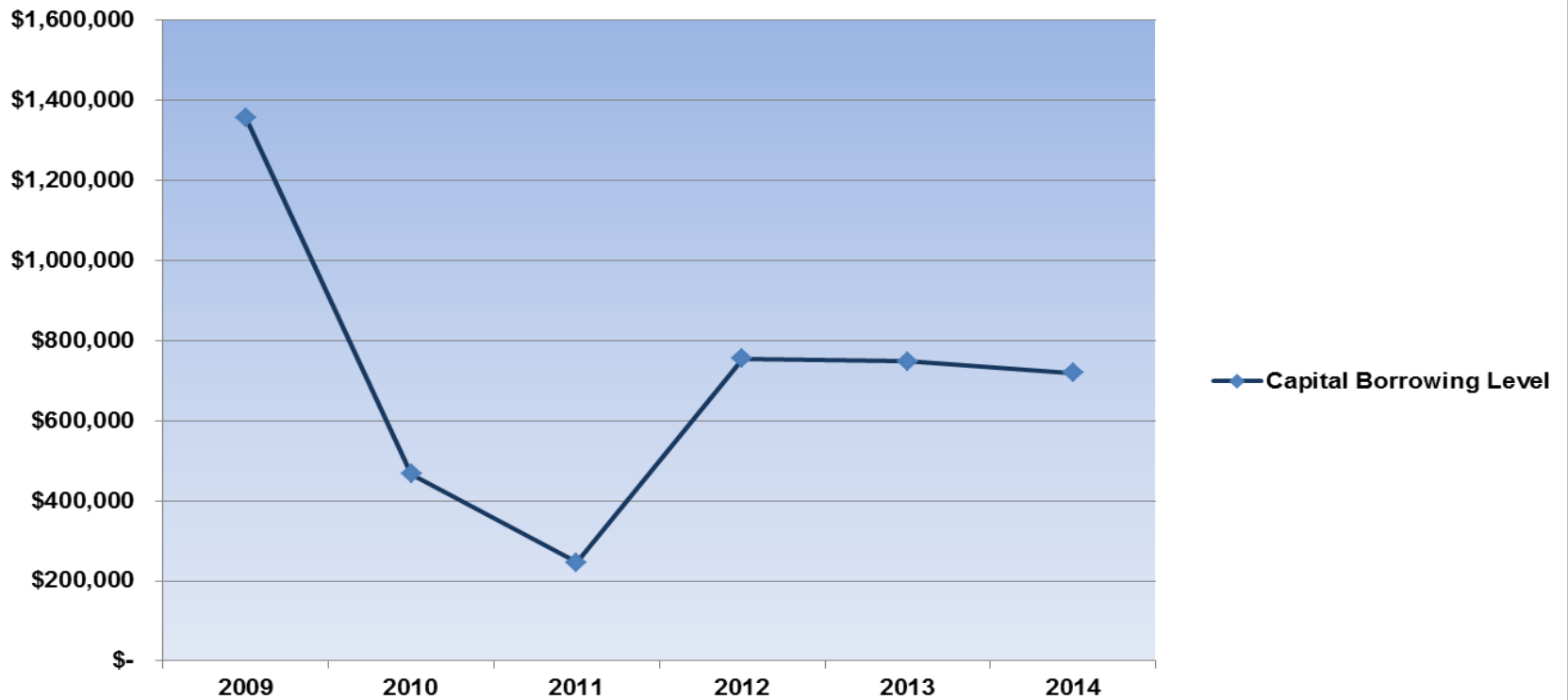


Capital Appropriation Summary

DEPT.	PROJECT	ESTIMATED TOTAL COST	CAPITAL IMPROVEMENT FUND (Downpayment)	CAPITAL IMPROVEMENT OUTLAY	CONTRIBUTION FUNDS	GRANTS / OTHER	DEBT AUTHORIZED
GEN. GOV.	Computer Equipment	\$ 32,000	\$ 1,600			\$ -	\$ 30,400
BROOKSIDE ENGINE CO.	Engine Co. Equipment	\$ 10,000		\$ 10,000			\$ -
	Apparatus Upgrades	\$ 10,000		\$ 10,000			\$ -
				\$ -			\$ -
RALSTON ENGINE CO.	Communications Equipment	\$ 4,000.00		\$ 4,000			\$ -
	Apparatus Upgrades	\$ 5,000.00		\$ 5,000			\$ -
	Replacement Ladders Engine 11	\$ 3,000.00		\$ 3,000			
MENDHAM FIRE CO's	Engine Replacement	\$ 365,000.00	\$ 18,250				\$ 346,750
FIRST AID SQUAD	Install Air Conditioning EMS B Idg	\$ 9,000		\$ 9,000			
ROADS	Road Overlay	\$ 190,000	\$ 9,500				\$ 180,500
	Backhoe/Excavator	\$ 80,000	\$ 3,000		\$ 20,000		\$ 57,000
	Super Duty Pickup F350	\$ 40,000	\$ 4,000				\$ 36,000
BUILDINGS & GROUNDS	Rental Property Improvements	\$ 16,000	\$ 800				\$ 15,200
	DPW Garage Repairs	\$ 10,000		\$ 10,000			\$ -
	DPW Garage Repairs	\$ 40,000	\$ 2,000				\$ 38,000
	Ralston Fire House	\$ 17,000	\$ 850				\$ 16,150
RECREATION	Brookside Beach Improvements	\$ 6,000	\$ -	\$ 4,000	\$ 2,000		\$ -
	TOTALS	\$837,000	\$40,000	\$55,000	\$22,000	\$0	\$720,000

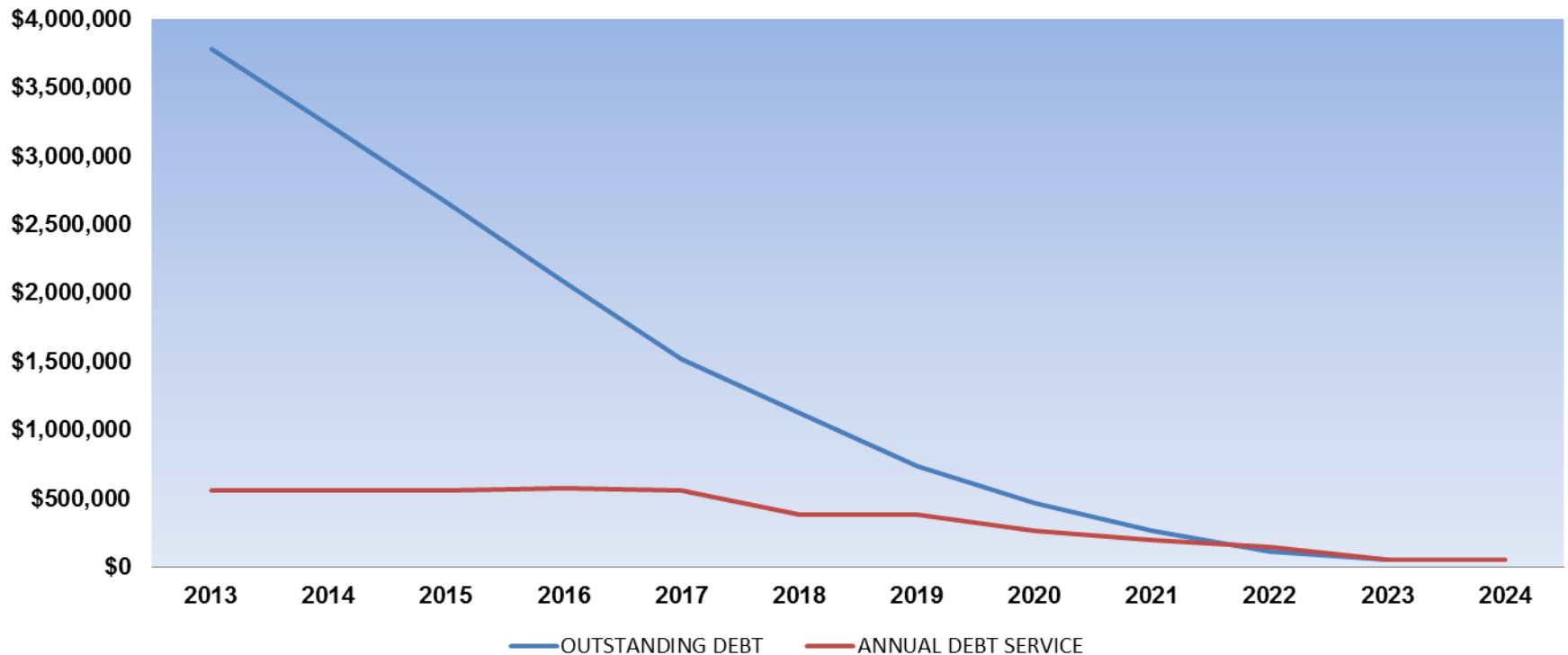
Capital Borrowing 2009-2014

Capital Borrowing 2009 - 2014



Township Open Space Debt Summary

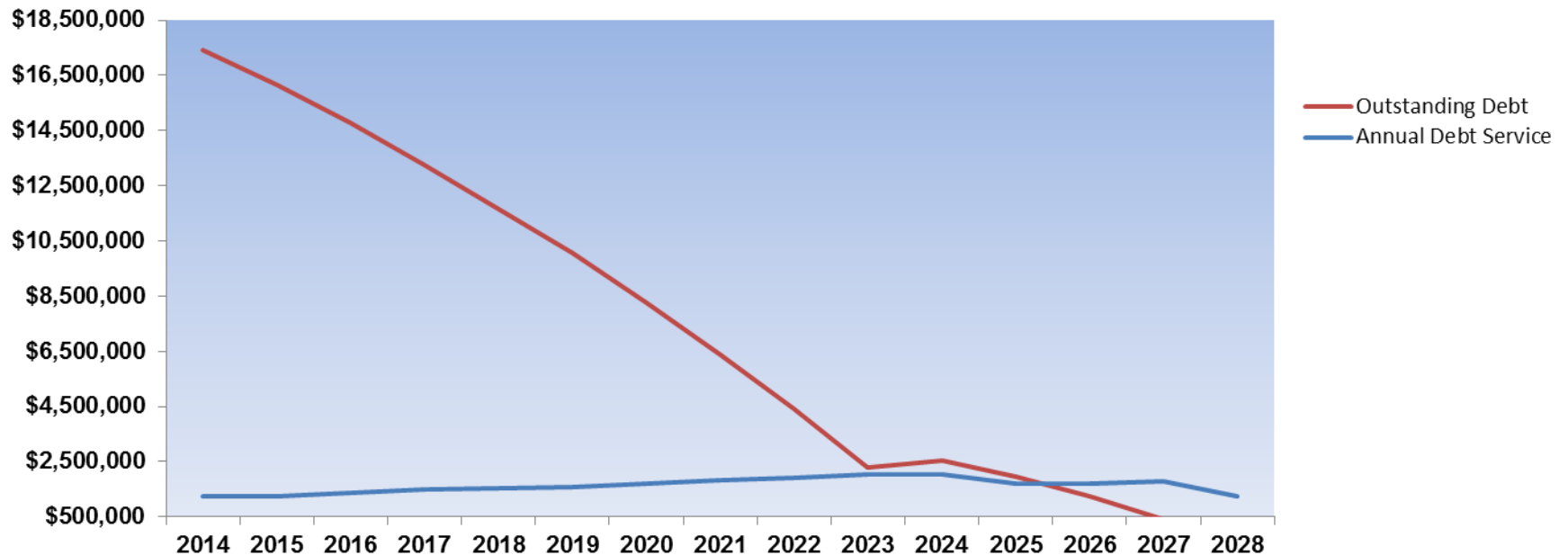
Open Space -- Outstanding Debt vs. Annual Debt Service



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual Debt Service	\$565,913	\$565,095	\$581,609	\$561,506	\$390,133	\$386,441	\$265,586	\$204,935	\$149,309	\$59,153	\$58,069
Outstanding Debt	\$3,232,786	\$2,665,962	\$2,086,367	\$1,522,266	\$1,129,538	\$741,651	\$472,605	\$266,531	\$117,221	\$58,069	\$ -

Township General Capital Summary

Township General Capital - Outstanding Debt vs. Annual Debt Service



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual Debt Service	\$1,255,636	\$1,264,441	\$1,372,129	\$1,484,053	\$1,547,748	\$1,598,058	\$1,709,392	\$1,822,349	\$1,895,011	\$2,032,937	\$2,043,027	\$1,689,671	\$1,724,873	\$1,778,927	\$1,225,998
Outstanding Debt	\$17,398,183	\$16,171,950	\$14,771,545	\$13,227,715	\$11,644,177	\$10,049,248	\$8,280,668	\$6,374,507	\$4,432,061	\$2,287,748	\$2,522,419	\$1,947,292	\$1,226,219	\$417,092	\$172,840

2014 Budget Highlights

- **The 2014 Municipal Operating budget totals \$9,238,143.**
- **The Tax Levy will increase by just under 1.8% resulting in a municipal tax rate of \$.358/\$100 assessed valuation.**
- **The levy change represents a 1.8 cent increase on the municipal tax rate. The impact on the average home (valued at \$910,918) will be \$160.51.**
- **The municipal tax levy has increase this year and the Township is still within the State's 2% levy cap since its implementation providing a bank of \$659,313.**

2014 Budget Highlights(Cont.)

The 2014 Budget provides funding for:

- **The maintenance of core public works and police services.**
- **The maintenance of core library and emergency service activities.**
- **Expenses resulting from the harsh weather conditions experienced in the past three months.**
- **An increase in the reserve for uncollected taxes to provide for future fund balance growth.**
- **Capital Funding for infrastructure/vehicles & equipment including:**
 - **Replacement of Pickup Truck**
 - **Repairs to municipal facilities**
 - **Resurfacing of Township Roads**
 - **Setup Reserve for Fire Department Engine replacement**
 - **Replacement of Backhoe/Excavator**
 - **Install Air Conditioning in Brookside EMS Building**
 - **Replacement Town Hall & Police Department Computer Servers**

Municipal Tax Rate 2013 vs. 2014

Total Annual Municipal Tax Increase (Average Assessed \$910,918)

2014

Description	2013	2014	2013-2014 Increase
Municipal Tax	\$ 3,100.58	\$ 3,261.09	\$ 160.51
Open Space Tax	\$ 209.51	\$ 209.51	\$ -
Total Tax	\$ 3,310.09	\$ 3,470.60	\$ 160.51



2014 Budget Look Ahead

- **Continue to seek options for increasing local revenue generation.**
- **Further implement actions to minimize the impact of long term debt. Maintain the long term debt plan established by the Township in the past year.**
- **Identify and implement additional shared services outsourcing opportunities to reduce costs.**
- **Maintain efforts to identify optimal organization efficiency through improved work processes and restructuring.**
- **Expand the use of technology with goals of reducing costs.**
- **Utilize the collective bargaining process to negotiate fair, but fiscally responsible union contracts.**



Questions/Comments

- **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.**