

TOWNSHIP OF BERKELEY HEIGHTS



2019 MUNICIPAL BUDGET PRESENTATION

May 29, 2019

DISCLOSURE REQUIREMENTS:

- ▶ User Friendly Budget Document
- ▶ Municipal Budget ó State format
- ▶ Posting on Township Website of all Annual Budgets, Annual Audits, and Annual Debt Statements (three years required)

BUDGET PROCESS:

- ▶ Budget process starts in October when all departments are given budget packages and deadline for submittal of budgets to CFO
 - ▶ CFO examines each Department and every line-item within each Department in order to pre-determine which items are fixed in nature (i.e. contractual obligations, professional services agreements, statutory requirements, etc.)
 - ▶ Administrator and CFO hold various meetings with Department heads to discuss current year progress and adjustments as well as future needs and requests
 - ▶ Administrator and CFO then prepare a proposed preliminary / draft budget for presentation to the Mayor and Council

BERKELEY HEIGHTS ANNUAL BUDGET PROCESS:

- ▶ Budget meetings / Workshop meetings:
 - ▶ Three or more public meetings. Public input / interaction allowed/encouraged
- ▶ Budget Introduction:
 - ▶ One meeting with limited to no public input / interaction
- ▶ Public Hearing on Budget
- ▶ Adoption of Budget

BUDGET CHALLENGES:

- ▶ 1977 Cap Law ó Appropriation Cap:
 - ▶ Cost of Living Cap Adjustment (COLA): “Municipalities and counties shall be prohibited from increasing their final appropriations by more than 2%...”
 - ▶ Less exceptions such as Grants, Debt Service, Capital Improvement, Deferred Charges and Reserve for Uncollected Taxes
 - ▶ Governing body may, by ordinance, increase final appropriations by 3.5% and establish a cap bank (for up to two years) for the difference between its final appropriations and the 3.5%
- ▶ 2010 Cap Law ó Levy Cap:
 - ▶ Levy Cap Law, where the Municipal Tax Levy (not including Library) may not increase by more than 2%
 - ▶ The Levy Cap Calculation contains some exclusions, additions, and adjustments.
 - ▶ Exclusions: pension increases, LOSAP increases, allowable health care cost increases, Capital Improvement fund, etc.
 - ▶ Additions and Adjustments: New Retables, CAP bank approved by referendum

COST REDUCTION EFFORTS ó SHARED SERVICES:

The Township achieves efficiencies of scale through Share Service Arrangements with the following:

- ▶ Court Services ó Borough of New Providence
- ▶ Sewer ó New Providence
- ▶ Certified Public Works Manager ó Union County
- ▶ Information Technology Services ó Borough of Madison

COST REDUCTION EFFORTS ó GRANTS:

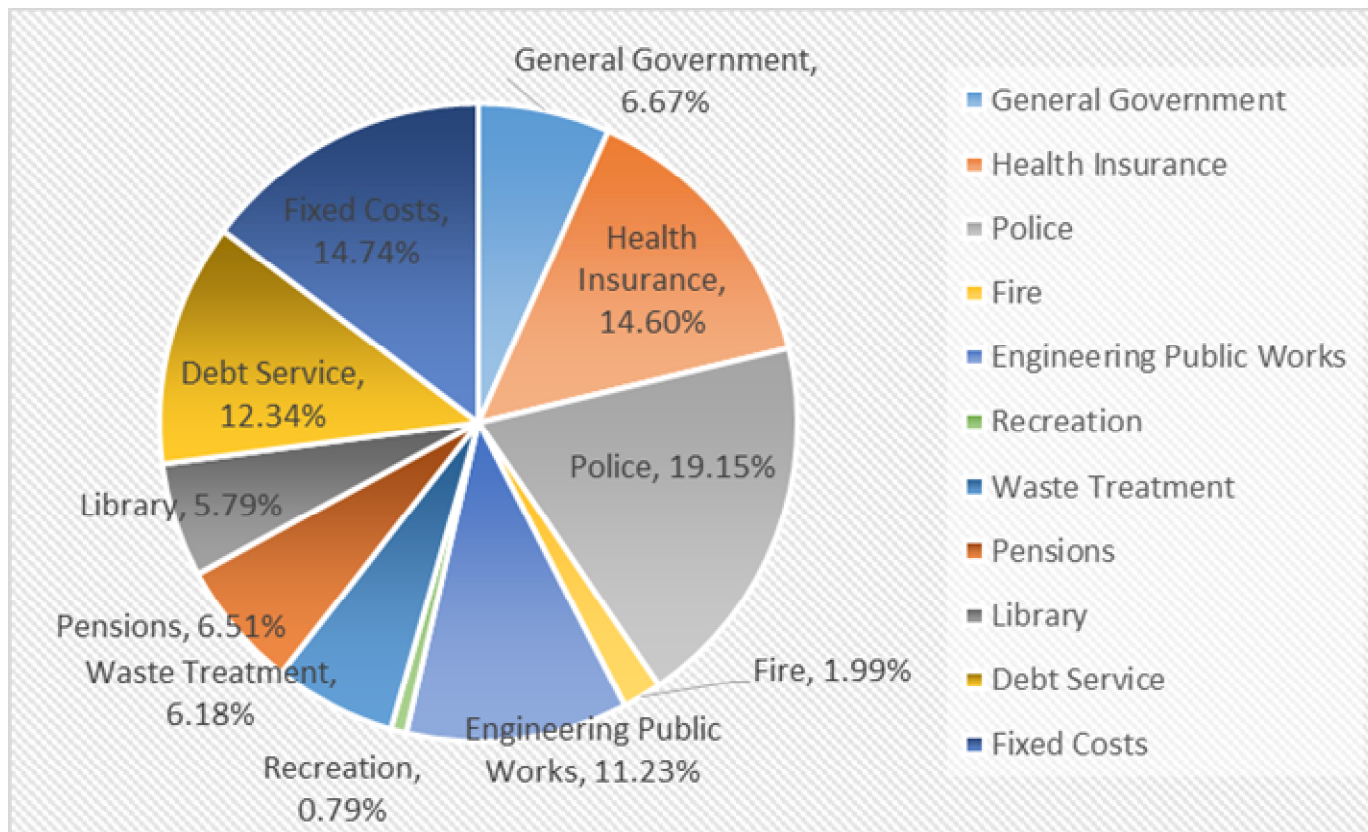
- ▶ Municipal Alliance on Alcoholism and Drug Abuse
- ▶ Body Armor Grant
- ▶ Distracted Driving Crackdown
- ▶ Recycling Tonnage Grant
- ▶ Union County Infrastructure Grant
- ▶ CDBG Senior Citizen Center Program
- ▶ Union County Historic Preservation
- ▶ NJDOT: Safe Streets to Transit Program & Road Programs
- ▶ COPS Stop School Violence
- ▶ Clean Communities Grant

SERVICES PROVIDED TO OUR RESIDENTS:

- Police Protection and Community Outreach
- Court Services
- Public Library
- Building & Code Enforcement
- Fire Protection
- Public Works including road repair, parks and field maintenance, snow removal, chipping, storm cleanup, snow removal
- Sanitary Sewer Collection
- Bi-Monthly Recycling and Annual Bulk Pick Up
- Recreation Programs
- Administrative Services, including animal and marriage licenses, raffle permits, parking permits



2019 SERVICES DISTRIBUTION:



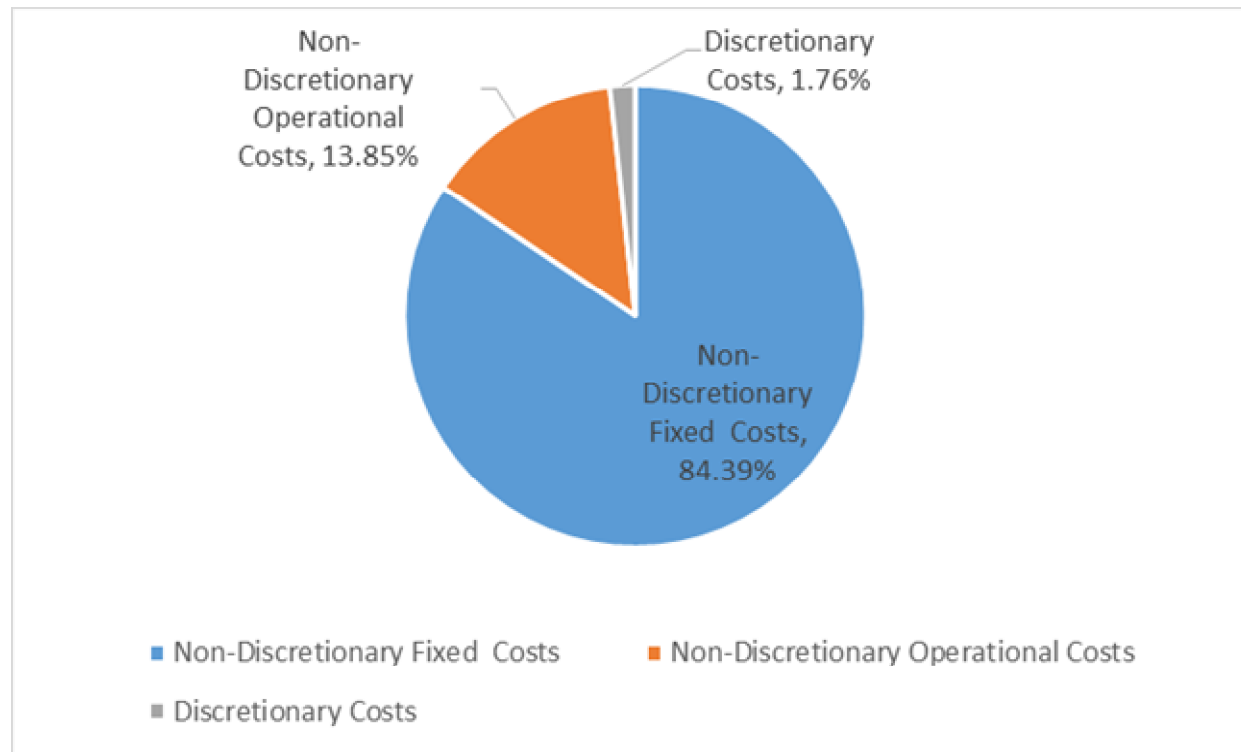
ANALYSIS OF COSTS:

	2017	2018	2019
<u>Non-Discretionary Fixed Costs:</u>			
Fixed Salaries	\$ 6,111,500	\$ 6,340,250	\$ 6,468,350
Group Health Insurance	2,797,104	2,792,280	2,895,500
Debt Service	1,837,340	2,140,691	2,446,921
Pensions	1,116,068	1,154,080	1,290,894
Library Levy	1,114,311	1,107,747	1,147,588
Utilities	825,775	873,000	920,000
Res. For Uncollected Taxes	625,000	553,000	575,000
Payroll Taxes	560,440	575,000	582,825
Insurance	497,000	515,000	505,000
Solid Waste Collection	270,000	310,000	475,000
Fire Hydrant Services	181,000	185,000	185,000
Other Sewer Expenses	-	-	-
Share Service Agreements	250,000	275,000	310,030
Tax Appeals	316,900	110,000	110,000
Public Health Services	79,000	79,000	79,000
Condo Reimbursements	15,000	30,000	30,000
Deferred Charges	-	10,340	10,340
Sub-Total Non-Discretionary Costs	16,596,438	17,050,388	18,031,448

ANALYSIS OF COSTS: - Contd

	2017	2018	2019
<u>Non-Discretionary Operational Costs:</u>			
General Administrative Expenses (Leases, contracts, agreements, etc.)	\$ 1,044,580	\$ 1,356,145	\$ 1,415,705
Auditing	50,000	50,000	50,000
Legal	205,000	225,000	225,000
Planning Board	101,520	64,170	55,283
Affordable Housing	135,000	75,000	25,000
Police Department	153,000	171,000	190,620
Fire Department	126,000	120,915	122,850
Capital Improvement Fund	255,750	150,000	100,000
Federal & State Grants	100,362	309,193	965,294
Sub-Total Non-Discretionary Operational Costs	2,171,212	2,350,423	2,959,132
Total Non-Discretionary Costs	18,767,650	19,400,811	20,990,580
Toal Budget	19,080,125	19,757,181	21,367,395
Discretionary Costs	\$ 312,475	\$ 356,370	\$ 376,815
Discretionary Cost Percentage	1.64%	1.80%	1.76%

ANALYSIS OF COSTS: - Contd



2019 BUDGET SUMMARY:

	2018	2019	Inc/(Dec)	Variance
General Revenues	\$ 5,358,003	\$ 6,514,420	\$ 1,156,417	21.58%
Municipal Tax Levy	13,291,431	13,705,388	413,957	3.11%
Library Tax Levy	1,107,747	1,147,588	39,841	3.60%
	<u>\$ 19,757,181</u>	<u>\$ 21,367,395</u>	<u>\$ 1,610,214</u>	<u>28.29%</u>
Salaries & Wages (FTEs 74 vs 74)	\$ 6,340,250	\$ 6,468,350	\$ 128,100	2.02%
Other Expense	13,416,931	14,899,045	1,482,114	11.05%
	<u>\$ 19,757,181</u>	<u>\$ 21,367,395</u>	<u>\$ 1,610,214</u>	<u>13.07%</u>

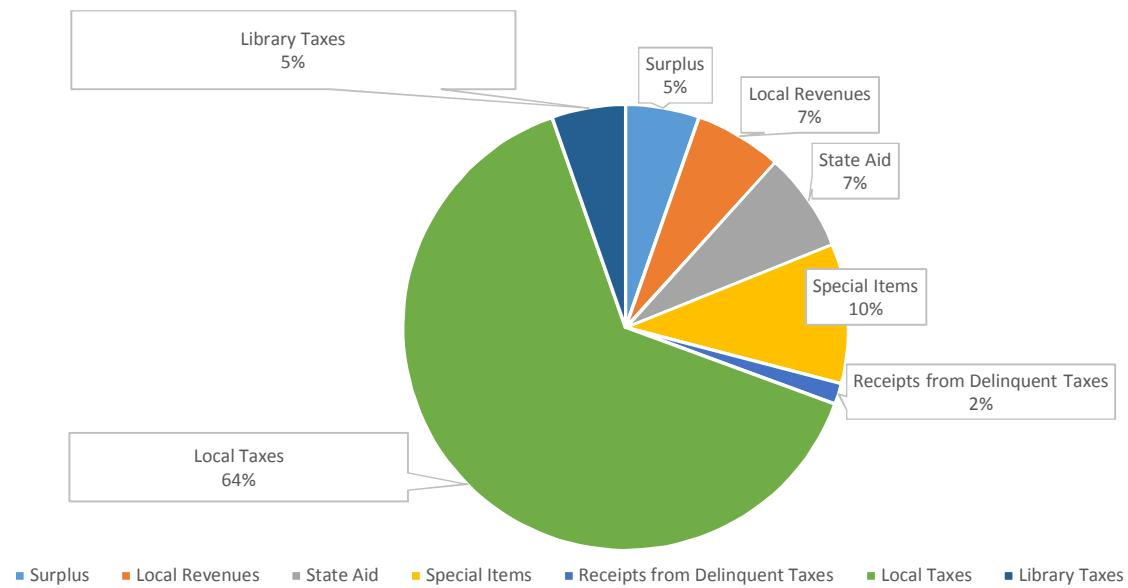
2019 SUMMARY OF REVENUES:

	2018	2019	Inc/(Dec)
Surplus Anticipated	\$ 1,065,000	\$ 1,140,325	\$ 75,325
Miscellaneous Revenues	3,983,003	5,044,095	1,061,092
Receipts from Delinquent Taxes	310,000	330,000	20,000
Municipal Tax Levy	13,291,431	13,705,388	413,956
Library Tax Levy	1,107,747	1,147,588	39,841
	\$ 19,757,181	\$ 21,367,395	\$ 1,610,214

2019 MAJOR REVENUE CHANGES:

Surplus Anticipated	\$	75,325
Various Fees and Permits	\$	(50,174)
Interest on Investments & Deposits	\$	70,000
Grants	\$	646,101
Reserve for Payment of Bonds	\$	125,000
Hotel Tax	\$	250,000
Union County Lease - Salt Dome	\$	65,278
	\$	1,181,530
Other changes	\$	(25,113)
Total Revenue Changes	\$	1,156,417

2019 REVENUE DISTRIBUTION:



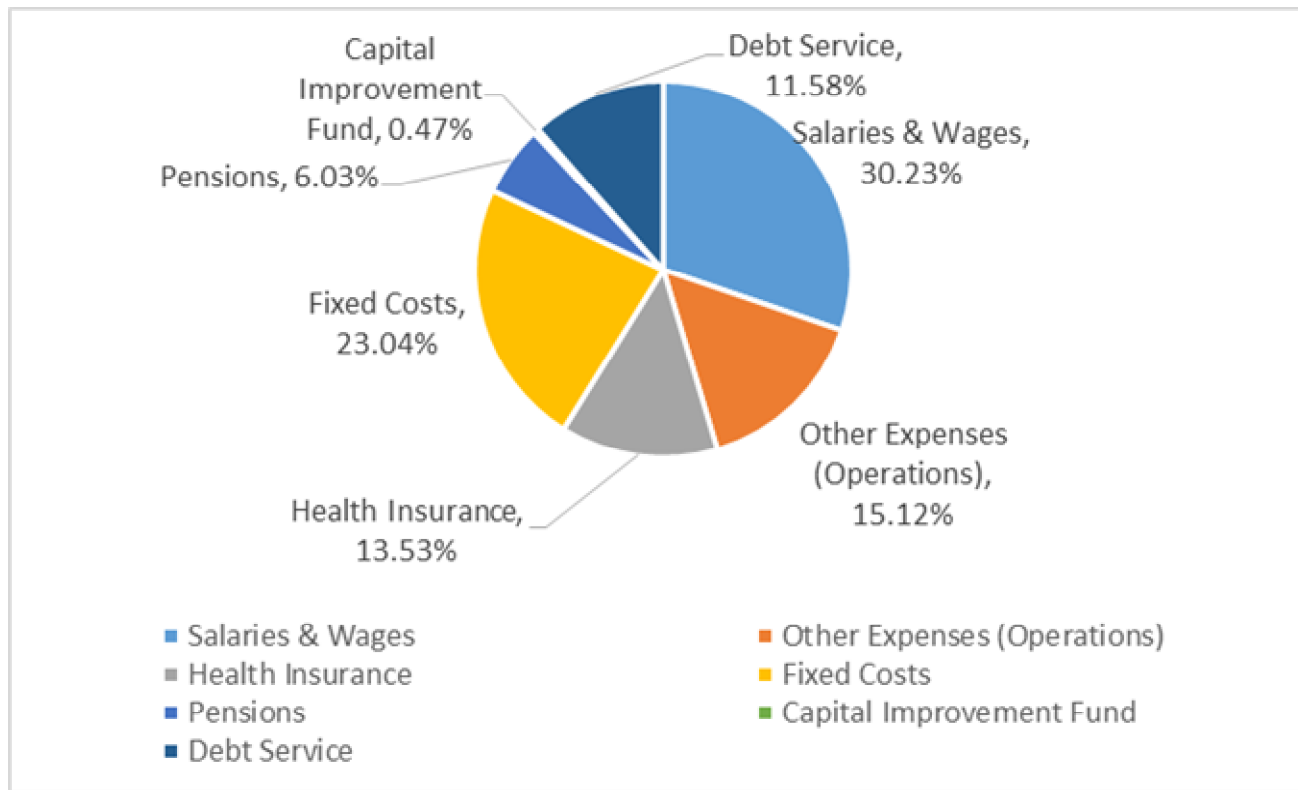
2019 SUMMARY OF APPROPRIATIONS:

	2018	2019	Inc/(Dec)
General Appropriations	\$ 15,226,550	\$ 15,712,562	\$ 486,012
Operations Excluded from "CAPS"	1,686,940	2,532,911	845,971
Capital Improvements (CIF/Ords)	150,000	100,000	(50,000)
Municipal Debt Service	2,140,691	2,446,921	306,230
Reserve for Uncollected Taxes	553,000	575,000	22,000
	\$ 19,757,181	\$ 21,367,395	\$ 1,610,214

2019 MAJOR APPROPRIATION CHANGES:

Grants	\$	656,101
Municipal Debt Service	\$	306,230
Solid Waste	\$	165,000
Group Insurance	\$	103,220
Pensions	\$	135,514
Utilities	\$	52,000
Capital Improvement Fund	\$	(50,000)
Various S&W & Operational Exp	\$	189,264
Maintenance of Library (tax levy)	\$	39,841
	\$	1,597,169
All Other Increases	\$	13,015
Total Appropriation Changes	\$	1,610,184

2019 EXPENSE DISTRIBUTION:



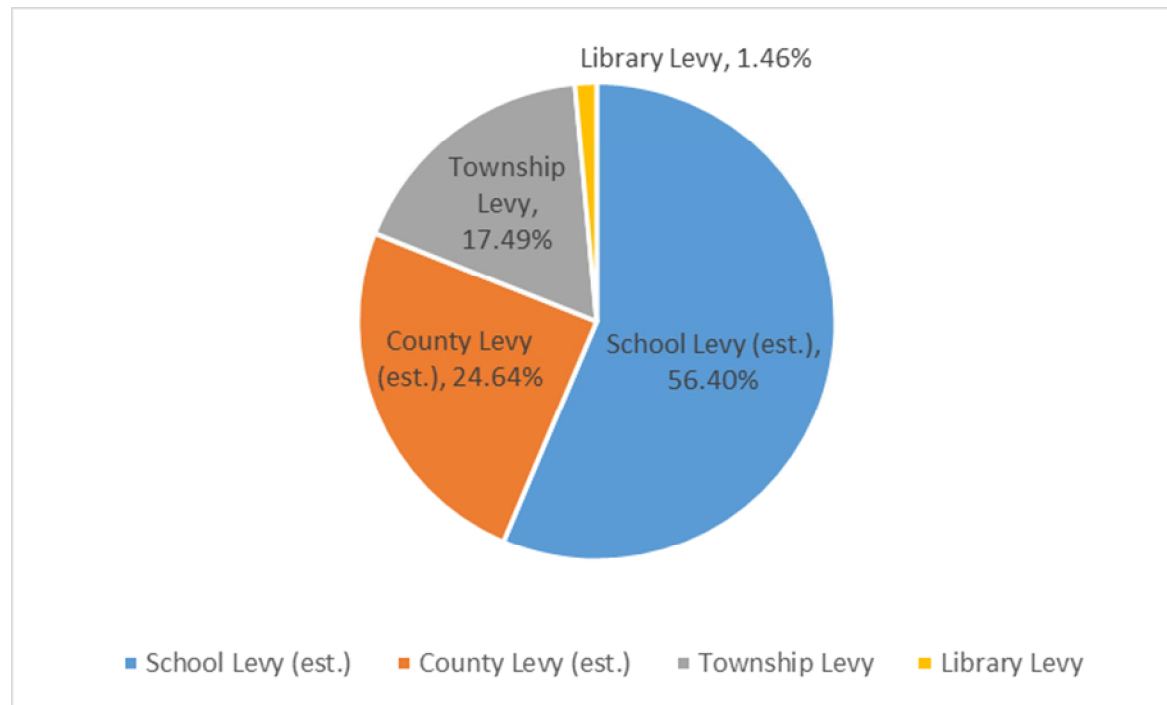
2019 ESTIMATED TAX IMPACT ON \$313,125 - AVERAGE ASSESSED HOME VALUE:

	2018	2019	Increase (Decrease)	
			2019 over 2018 Budget	
Total Appropriations*	19,757,181	21,367,395	1,610,214	8.15%
General Revenues	5,358,003	6,514,420	1,156,417	21.58%
Amount to be Raised by Taxes - Municipal Purposes (including Reserve for Uncollected Taxes)	13,291,431	13,705,388	413,956	3.11%
Library Taxes	1,107,747	1,147,588	39,841	3.60%
	14,399,178	14,852,975	453,797	3.15%
Net Valuation/Assessed Value	1,827,874,269	1,828,860,168	985,899	0.05%
Municipal Portion of Tax Rate	0.73	0.749	0.022	3.059%
Municipal Purpose Tax on \$313,125	2,277	2,347	69.65	3.059%
Library Tax	0.06	0.063	0.002	3.541%
			5.80 per month	
Total Municipal & Library Tax Rate	0.79	0.812	0.024	3.096%
Tax on \$313,125 (Ave. Assessment of Home)	\$ 2,467	\$ 2,543	\$ 76	3.096%
			\$ 6 per month	

2019 ESTIMATED TAX LEVIES:

Levy	Amount	Percentage	Average Tax Bill
School Levy (est.)	\$ 44,187,050	56.40%	\$ 7,565
County Levy (est.)	19,308,914	24.64%	3,306
Township Levy	13,705,388	17.49%	2,347
Library Levy	1,147,588	1.46%	196
	<u>\$ 78,348,940</u>	<u>100.00%</u>	<u>\$ 13,414</u>

2019 ESTIMATED TAX LEVIES:



QUESTIONS
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