

2019 Budget Preview

Presented
January 24, 2019

Annual Debt Statement

					Gross Debt		Deduction		Net Debt
Total Bonds and Notes for Local School Purposes					\$ -		\$ -		\$ -
Total Bonds and Notes for Regional School Purposes					\$ 23,658,026.598		\$23,658,026.59		\$ -
Total Bonds and Notes for the Sewer Utilities					\$ 8,780,619.15		\$ 8,780,619.15		\$ -
Municipal/County General Obligations					\$ 13,793,222.10		\$ -		\$13,793,222.00
<u>Total</u>					\$ 46,231,867.74		\$ 32,438,645.74		\$13,793,222/00
<u>3 Year Avg Equalized Valuation</u>					\$3,534,219,325				
<u>Net Debt % of Eq. Valuation</u>					0.390%				
<u>Allowable %</u>					3.5%				

Results of Operations (2018)

● Excess/Deficit of Anticipated Revenues:	
● Miscellaneous	\$152,757
● Delinquent Taxes	\$196,774.89
● Current Taxes	\$1,563,241.97
● MRNA	\$846,167.42
● Unexpended 2017 Reserves	\$515,073
● Other Credits	\$92,396
● Other Debits	(1,756.34)
● Balance to Surplus	\$3,365,420

Fund Balance (Surplus)

Source – Annual Financial Statement

Year Ending 12/31	Balance
2008	\$3,191,121
2009	\$2,804,662
2010	\$2,581,415
2011	\$2,746,169
2012	\$3,036,193
2013	\$3,877,000
2014	\$4,767,000
2015	\$4,888,580
2016	\$4,719,104
2017	\$3,973,188
2018	\$4,341,974

Budget Caps

- Municipalities must comply with a State mandated cap on spending known as the appropriations cap as well as a cap on the amount to be raised by taxes known as the levy cap.
- By law the spending cap is tied to the consumer price index for the prior year. The cap has been set by the State at 2.5% for this year while the levy cap is fixed at 2% over the prior year.

Appropriation Cap Calculation

- Total General Appropriations for 2018 \$15,888,007
- Exceptions deducted from cap base - \$4,337,118. These are LOSAP, the Library, grants, capital improvement fund, debt service and the Reserve for Uncollected Taxes
- Amount on which 2.5% cap is applied - \$11,550,889
- 2.5% Cap - \$288,772
- 2017 Cap Bank available for 2019 = \$390,167
- 2018 CAP Bank Available for 2019 = \$111,282
- Total increase allowed within Cap = \$790,222

2019 Budget Preview

	2018	2019	Diff
Surplus Used	3,000,000	3,200,000	200,000
Local Misc	566,800	518,500	-48,300
NJ State Aid	836,467	836,467	0
Public and Private Programs	472,000	57,010	-414,990
Delinquent taxes	550,000	475,000	-75,000
Construction Code Fees	550,000	550,000	0
Library Taxes	1,086,073	1,135,029	48,956
Local Purpose Taxes	8,826,769	8,879,932	53,163
Total Revenues	15,888,109	15,651,938	-236,171
General Appropriations	14,308,402	14,069,205	-239,197
Reserve For Uncollected Taxes *	1,579,605	1,582,733	3,128
Total Appropriations	15,888,007	15,651,938	-236,069

Levy Cap Bank Calculation

- 2016 Levy Cap Bank Available for 2019 = \$720,076
- 2017 Levy Cap Bank Available for 2019-2020 = \$322,358
- 2018 Levy Cap Bank = \$0
- Total Levy Cap Bank Available = \$1,042,434
- 2019 Levy allowed = \$9,251,057
- 2019 Levy proposed = \$8,879,932
- Additional Bank for future = \$371,125

State Aid

2007	\$1,256,971
2008	\$1,145,215
2009	\$1,077,414
2010	\$790,280
2011	\$836,467
2012	\$836,467
2013	\$836,467
2014	\$836,467
2015	\$836,467
2016	\$836,467
2017	\$836,467
2018	\$836,467
2019 Estimated	\$836,467

School Taxes

2007	\$25,881,445	
2008	\$27,912,429	Increase of \$2,030,984
2009	\$29,437,896	Increase of \$1,525,467
2010	\$30,228,950	Increase of \$791,054
2011	\$31,923,107	Increase of \$1,694,157
2012	\$32,608,177	Increase of \$685,070
2013	\$33,397,623	Increase of \$789,446
2014	\$34,744,206	Increase of \$1,346,586
2015	\$35,852,245	Increase of \$1,108,039
2016	\$36,461,062	Increase of \$608,817
2017	\$37,591,701	Increase of \$1,130,639
2018	\$38,957,184	Increase of \$1,365,483

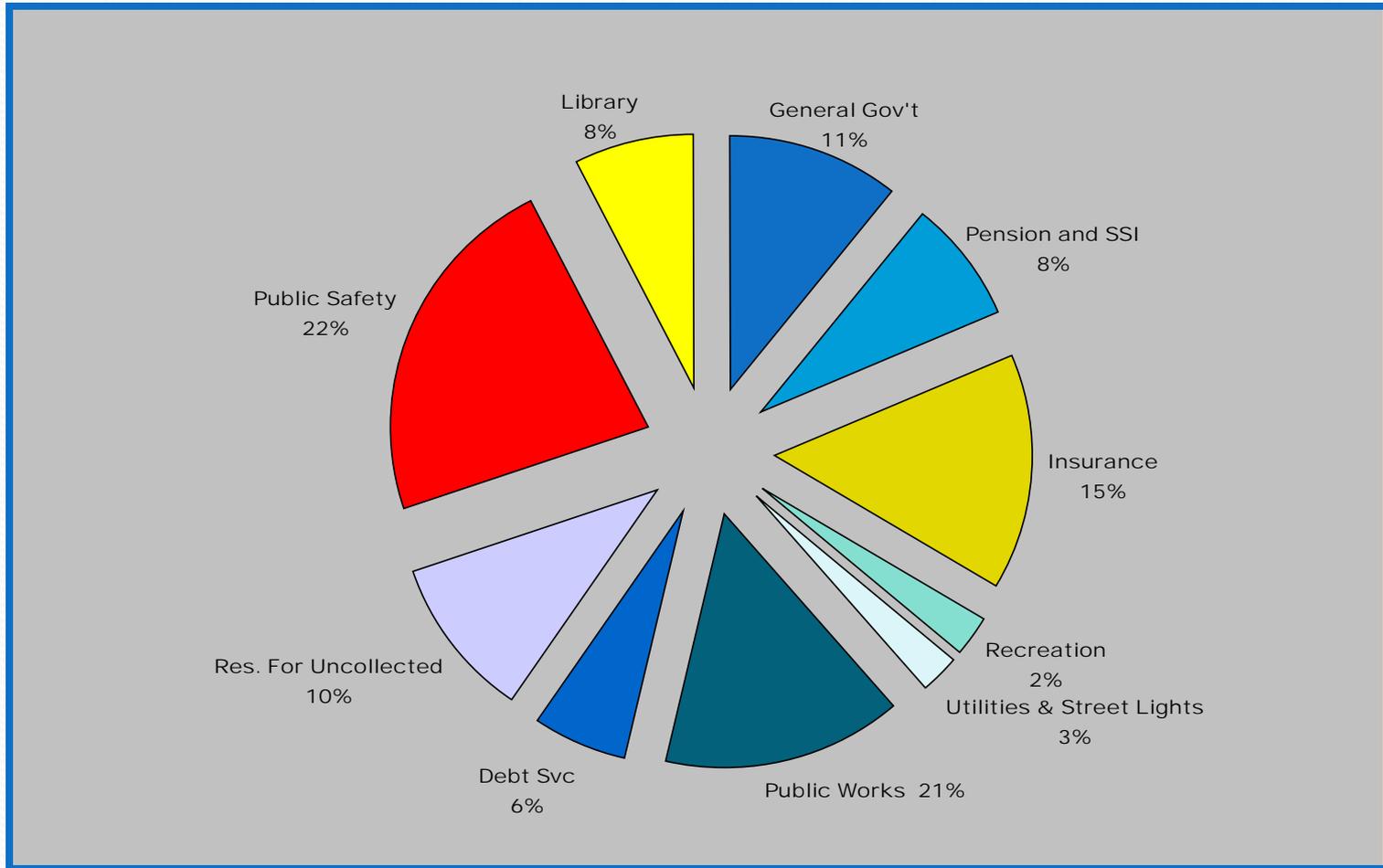
County Taxes

2007	\$7,365,566
2008	\$7,651,567
2009	\$7,460,818
2010	\$7,440,661
2011	\$7,628,571
2012	\$7,819,292
2013	\$8,184,536
2014	\$8,398,554
2015	\$8,409,791
2016	\$8,771,346
2017	\$9,130,667
2018	\$9,308,141

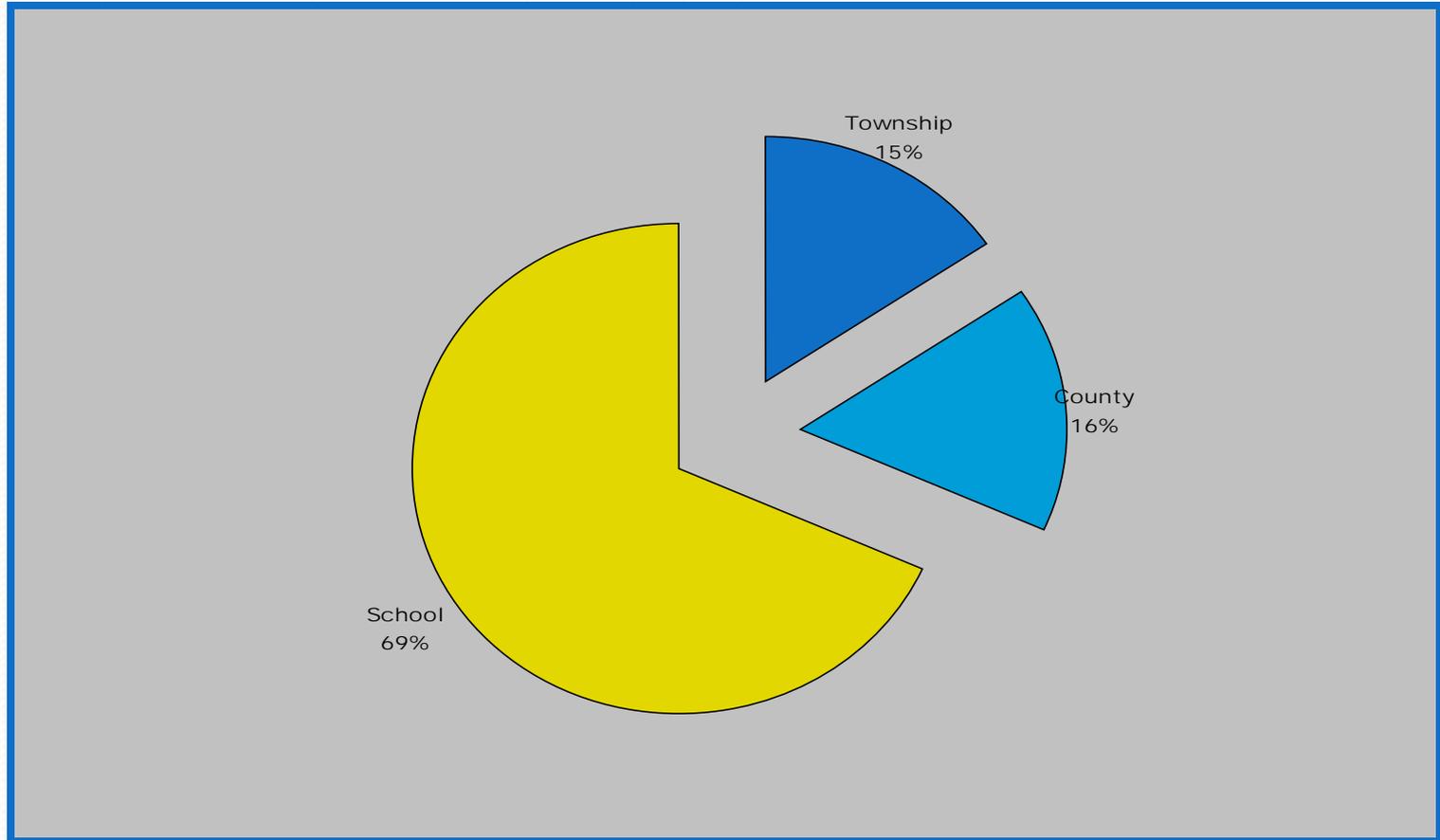
Municipal Purpose Tax Rate

Year	Local Rate per \$100 of Assessed Value
2007	.280
2008	.281
2009	.283
2010	.296
2011	.292
2012	.292
2013	.290
2014	.290
2015	.278
2016	.268
2017	.267
2018	.277
2019 proposed	.275

How Local Taxes Are Used (2019)



Total Tax Distribution in 2018



Disclosure of Structural Imbalances

- Municipalities in New Jersey are required to identify any budget issues related to structural imbalances. The budget requires a listing in 4 categories.
- Revenues at Risk: None
- Non-Recurring Cost Reductions: all of the cost reduction measures used in the 2019 budget are permanent in nature.
- Anticipated 2020 Appropriation increases: it is expected that labor costs will increase by approximately 2% in 2020; Health Insurance costs in 2020 are likely to rise between 5-10%.
- Structural Imbalance Offsets: Will seek additional shared services and reductions in personnel costs.

Summary

- This budget provides for a decrease in the local purpose tax rate of 1/10 of a cent resulting in a savings to the average household of \$10.59.
- Surplus at the end of 2017 stood at \$3,973,188 and the Township's financial position remains very strong. It was expected that with a return to the normal tax collection rate, surplus used in the 2018 budget would be restored. In fact, surplus at the end of 2018 stands at \$4,341,974.
- The Municipal Open Space Tax will remain set at one cent per \$100 of assessed value. The funds raised will continue to be used to fund open space purchases and payment of debt related to these activities.
- The Township's contribution to the Joint Library is increased \$48,956 for a total of \$1,135,029.

Summary (continued)

- The Sewer Utilities are in healthy financial condition. Budgets will see modest increases in spending with no need for a rate increase.
- It is recommended that the Township hold a Municipal Bond sale in April to provide permanent financing and retire the outstanding temporary Bond Anticipation Notes. This will result in a reduction in debt service costs for 2019 but an increase in 2020.

2019 Capital Budget

- Various road improvements.
- Purchase of fire safety equipment including a new rescue truck and brush truck for CTFD.
- Purchase of DPW equipment including large dump truck with plow.
- Improvements to Nash Field including upgrading lights and improvements to the fields and skating area.