



# 2020 Municipal Budget



Budget Workshop  
March 2, 2020



# 2019 Results of Operations

## Revenue:

- 2019 anticipated revenue collections exceeded budgeted by \$400,000
- All revenues met or exceeded expectations with two exceptions:
  - Construction Code (-\$43,000)
  - Cell Tower Lease (-\$7,000)
- Interest on Investments (2% to 1.25%)
- Annin Lofts minimum payment of \$124,546
- Miscellaneous revenues - FEMA Reimbursement (\$55,000), Street Sweeper Rental (\$20,000), Sale of Surplus Equipment (\$16,000)

## Expenses:

- Departments managed expenses to expectation
- Collective Bargaining agreements in place through 2021
- Staffing levels remain consistent, efficient use of part-time employees

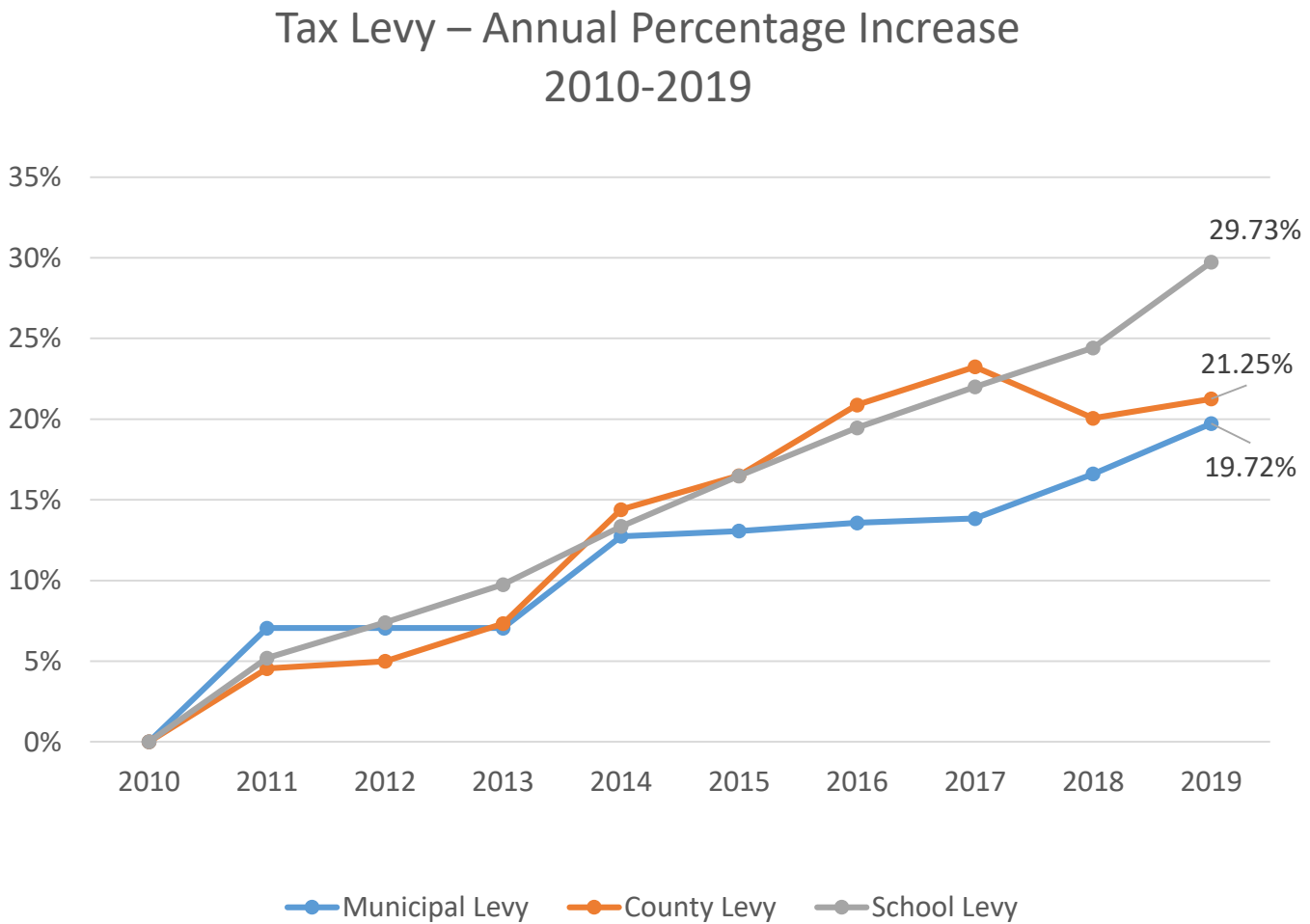
**2019 Operations resulted in a \$385,000 increase to Fund Balance**



# Decade in Review

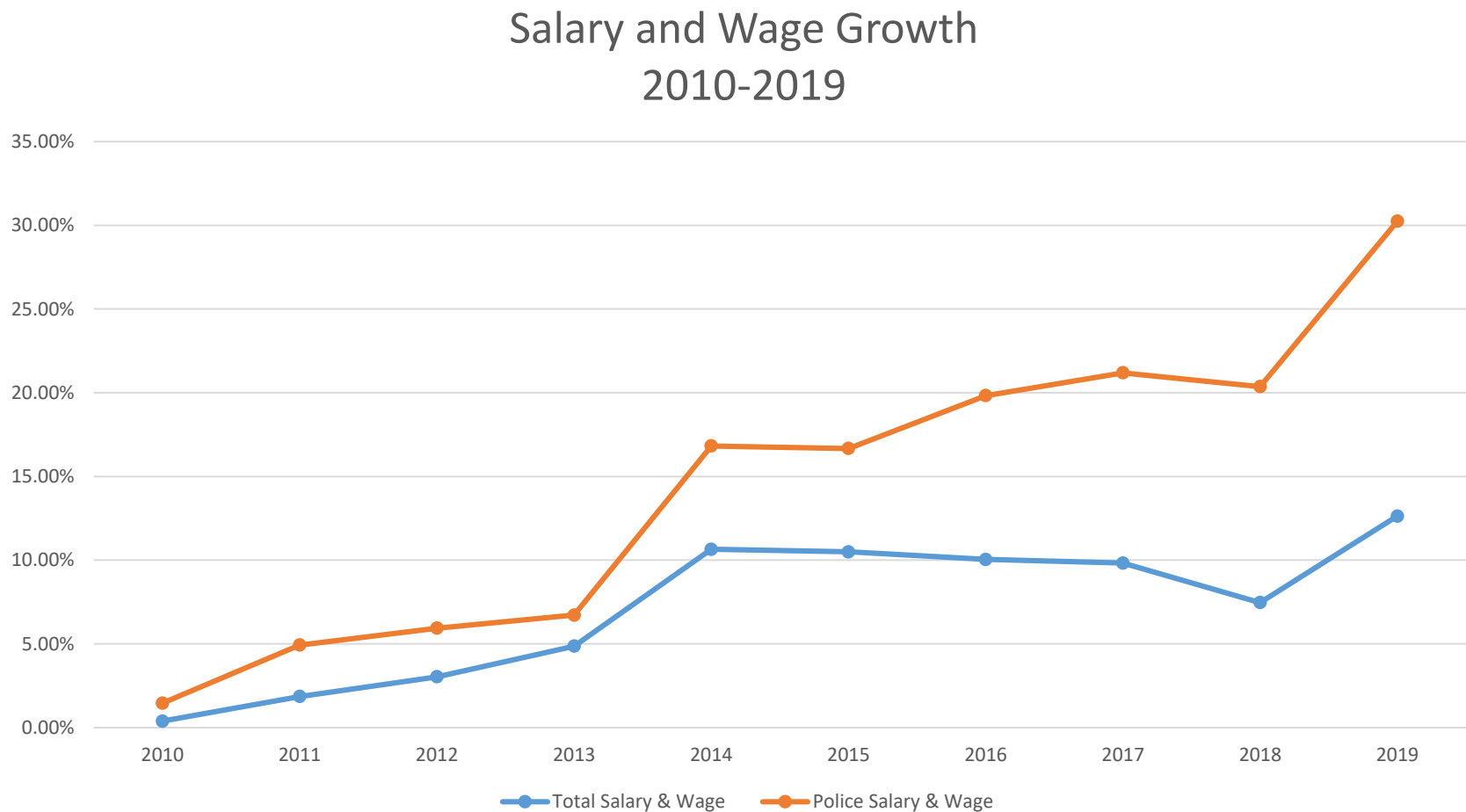
## 2010-2019

Year	Municipal Levy	County Levy	School Levy
2010	14,059,373	10,011,984	28,844,582
2011	14,865,208	10,319,746	29,396,707
2012	14,865,208	10,366,275	30,044,021
2013	14,865,208	10,608,507	30,750,103
2014	15,710,811	11,358,371	31,859,449
2015	15,762,447	11,597,408	32,855,808
2016	15,842,770	12,105,109	33,837,415
2017	15,885,183	12,390,609	34,695,045
2018	16,323,921	11,996,314	35,533,689
2019	16,832,635	12,139,530	37,419,147
Avg % Per Year	1.97%	2.12%	2.97%





<u>Year</u>	<u>Total Salaries</u>	<u>Police Salaries</u>
2010	7,328,152	3,799,287
2011	7,436,021	3,875,107
2012	7,523,901	3,868,373
2013	7,661,167	3,827,916
2014	8,104,880	3,993,067
2015	8,092,568	3,993,067
2016	8,055,927	4,137,524
2017	8,038,506	4,202,428
2018	7,848,569	4,267,276
2019	8,253,997	4,468,276
<b>Total % increase</b>	<b>12.63%</b>	<b>17.61%</b>



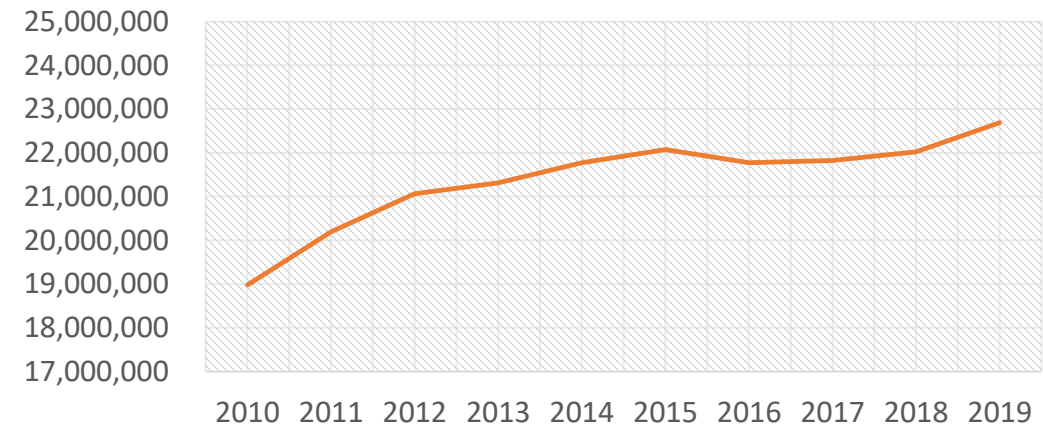


# Decade in Review

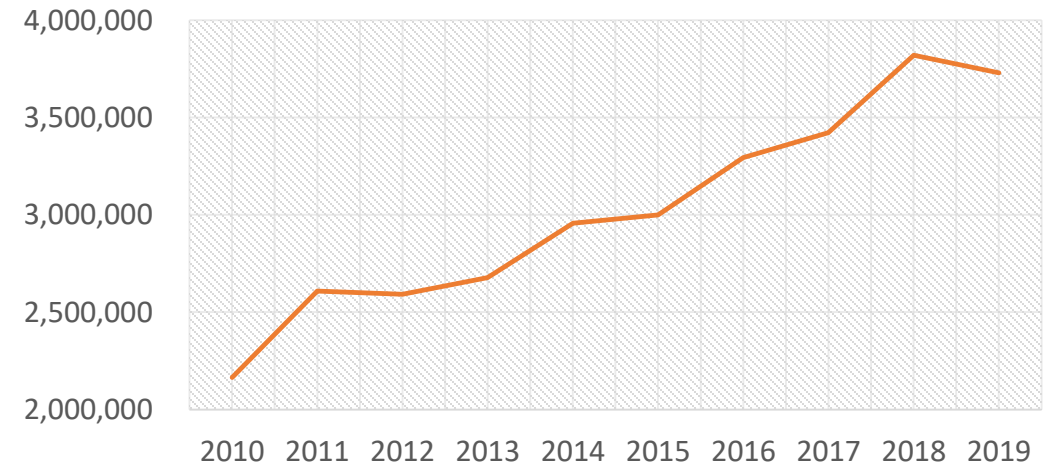
## 2010-2019

Year	Operating Expenses	Debt Service
2010	18,976,568	2,164,157
2011	20,190,422	2,608,346
2012	21,062,289	2,591,437
2013	21,315,065	2,677,257
2014	21,772,384	2,956,249
2015	22,073,488	2,999,161
2016	21,771,918	3,294,251
2017	21,822,562	3,421,380
2018	22,022,722	3,820,405
2019	22,687,944	3,730,040
Total % Increase	<u>19.56%</u>	<u>72.36%</u>

### Operating Expenses



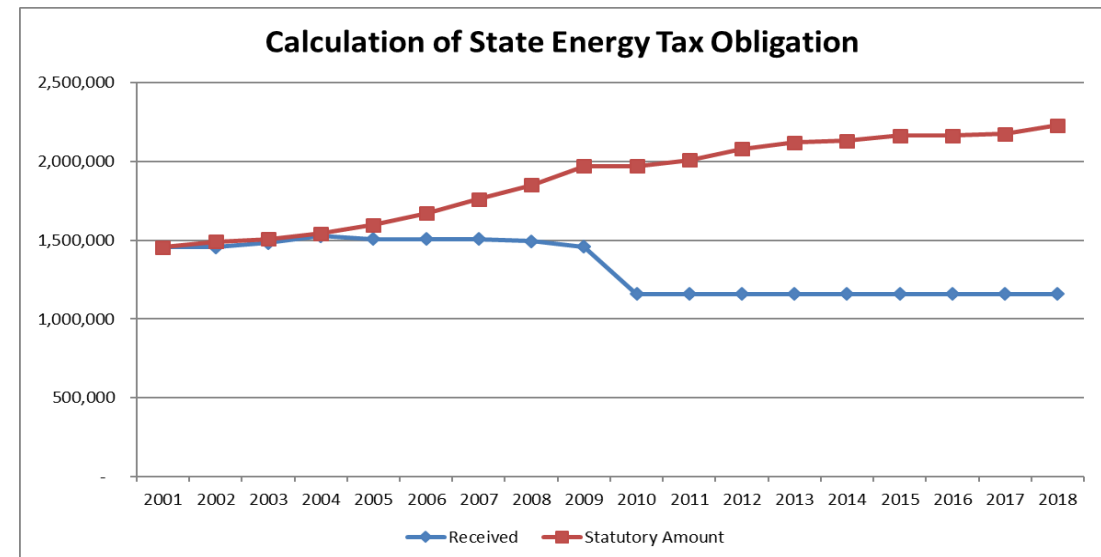
### Debt Service





# State Aid Shortfall

Year	Actual Amount Received	Implicit Price Deflator	State Aid Formula	Excess/ (Deficit)
2001	1,455,148		1,455,148	-
2002	1,455,148	2.50%	1,491,527	(36,379)
2003	1,481,919	1.00%	1,506,442	(24,523)
2004	1,526,247	2.50%	1,544,103	(17,856)
2005	1,507,247	3.50%	1,598,147	(90,900)
2006	1,507,246	4.50%	1,670,063	(162,817)
2007	1,507,246	5.50%	1,761,917	(254,671)
2008	1,495,104	5.00%	1,850,013	(354,909)
2009	1,457,727	6.50%	1,970,263	(512,536)
2010	1,159,622	0.00%	1,970,263	(810,641)
2011	1,159,622	2.00%	2,009,669	(850,047)
2012	1,159,622	3.50%	2,080,007	(920,385)
2013	1,159,622	2.00%	2,121,607	(961,985)
2014	1,159,622	0.50%	2,132,215	(972,593)
2015	1,159,622	1.50%	2,164,198	(1,004,576)
2016	1,159,622	0.00%	2,164,198	(1,004,576)
2017	1,159,622	0.50%	2,175,019	(1,015,397)
2018	1,159,622	2.50%	2,229,395	(1,069,773)
	23,829,630		33,894,195	(10,064,565)



\*Data represents the shortfall that has occurred due to the State of New Jersey not fulfilling their statutory state aid obligation to the Township of Verona from 2001-2018





# 2020 Proposed Municipal Budget Summary

Revenue Source	2019 Budget	2020 Budget (Proposed)
Miscellaneous Anticipated Revenue	\$ 4,193,797	\$ 4,374,447
Delinquent Taxes	420,000	450,000
Fund Balance	3,025,000	3,025,000
Amount to be Raised by Taxation	<u>\$16,832,635</u>	<u>\$17,288,687</u>
TOTAL	\$24,471,432	\$25,138,135
Expense Appropriation	2019 Budget	2020 Budget (Proposed)
Salary and Wages	\$ 8,263,497	\$ 8,470,604
Statutory Expenses	1,763,087	1,823,730
Debt Service	3,730,040	3,820,402
Public Library	914,000	953,500
Reserve for Uncollected Tax	1,680,000	1,720,000
Other Expenses	<u>8,120,808</u>	<u>8,349,899</u>
TOTAL	\$24,471,432	\$25,138,135



# 2019 vs 2020 Municipal Budget Comparison

	2019 Budget	2020 Budget (Proposed)	Change
Municipal Tax Levy	16,832,635	\$17,288,687	2.71%
Municipal Tax Rate	.702	.722	2.79%
Avg. Property Valuation	\$429,576	\$430,400	\$824
Municipal Tax on Avg. Property	\$3,016	\$3,106	\$90
Assessed Valuation	\$2,397,145,100	\$2,395,347,700	-.07%





# Municipal Tax History

	2015	2016	2017	2018	2019	2020
Municipal Levy	15,762,447	15,842,770	15,885,183	16,323,921	16,832,635	17,288,687
% Change from Prior Year	0.33%	0.51%	0.27%	2.76%	3.12%	2.71%
Municipal Tax Rate	.785	.785	.785	.807	.702 *	.722
% Change from Prior Year	0.0%	0.0%	0.0%	2.85%	-13.03%	2.79%
Total Operating Expenses	21,959,581	21,771,917	21,822,562	22,022,732	22,687,943	23,398,829
% Change from Prior Year	1.12%	-0.85%	0.23%	0.97%	3.02%	3.13%

On average, Township operating expenses have increased at a rate slightly over 1% annually since 2015



# 2020 Material Changes

The majority of the Township expenses remain consistent year to year. Increases to the operating budget are often driven by a handful of budget lines:

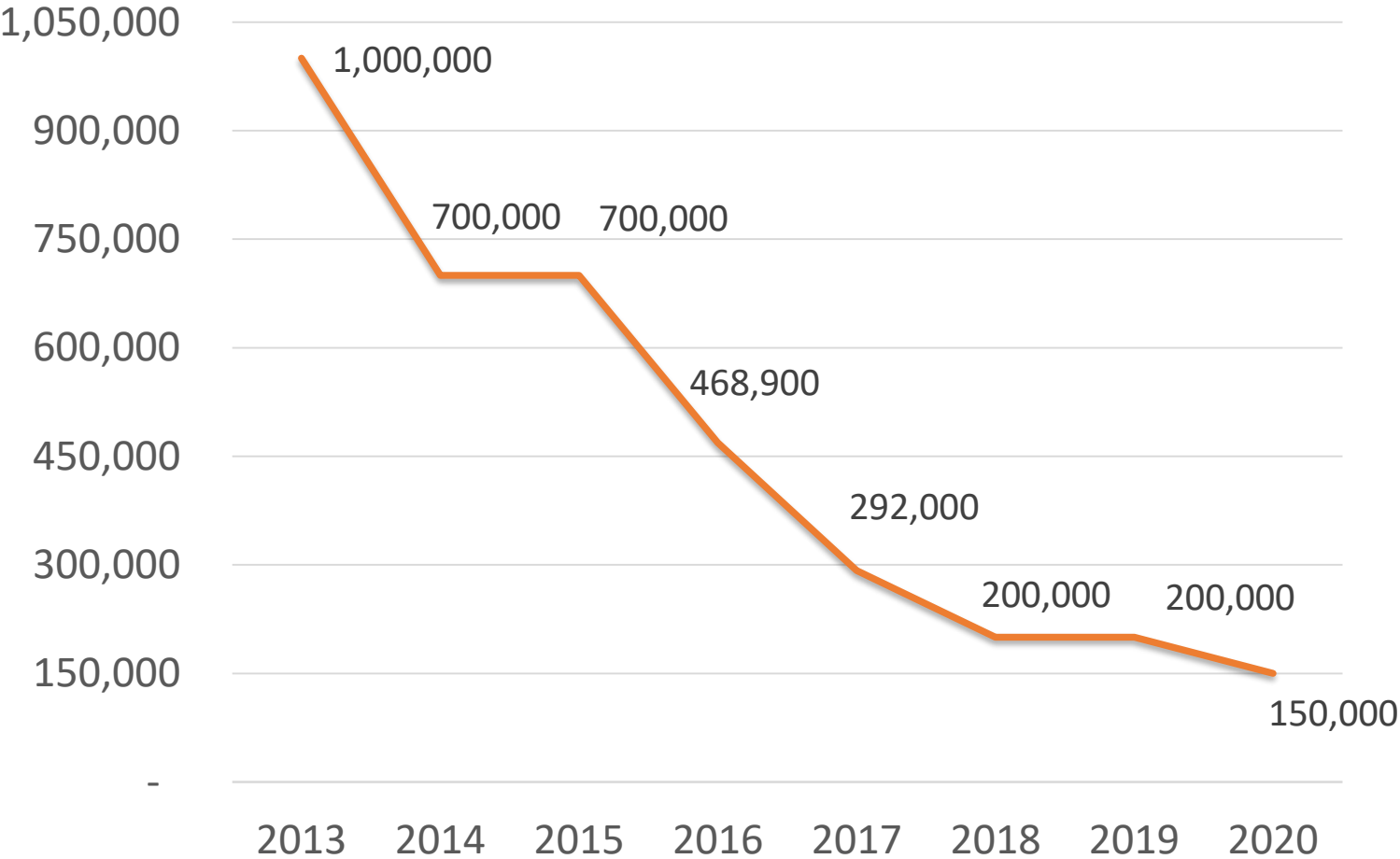
2020 Total Increase to Operating Expenses: \$466,789

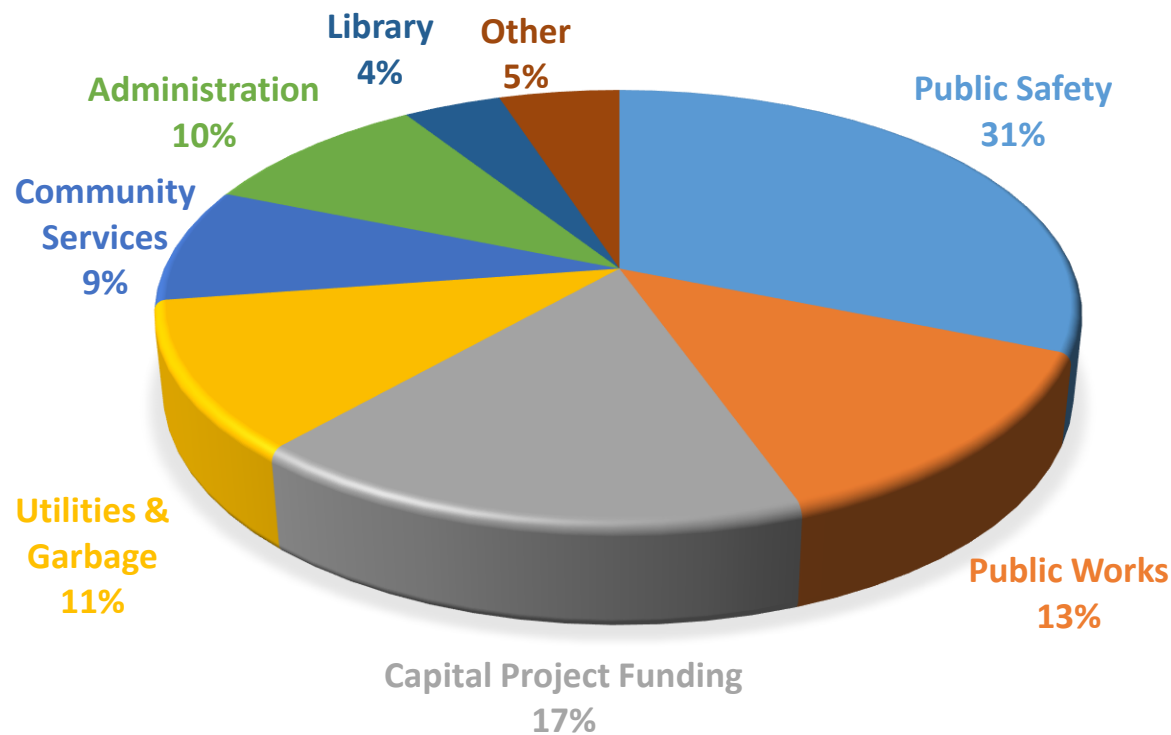
Budget Line	2020 Amount	Increase	Description
Interest on Notes	112,292	112,292	Financing costs of CAMECO Purchase and other capital purchases
Police Salary	4,525,715	77,439	Annual increases per contract and recent promotions
Police Pension	998,511	58,323	Statutory payment required by the State of NJ (29% vs PERS 13%)
Police Other Expenses	308,400	62,100	Annual maintenance contracts for body cameras, tasers, and 911
Capital Improvement	150,000	100,000	Reallocation of Capital Fund Balance into Capital Improvement Fund
Garbage and Recycling	1,424,870	67,851	Newly bid contracts include higher annual fee. Garbage contract costs rising in many municipalities. State of NJ minimum wage increase is a major factor.
Street and Road Salary	997,979	55,716	Contractual increases plus additional full-time employee
Public Library	914,000	39,500	Expansion of digital material offerings and other programs



# 2020 Material Changes

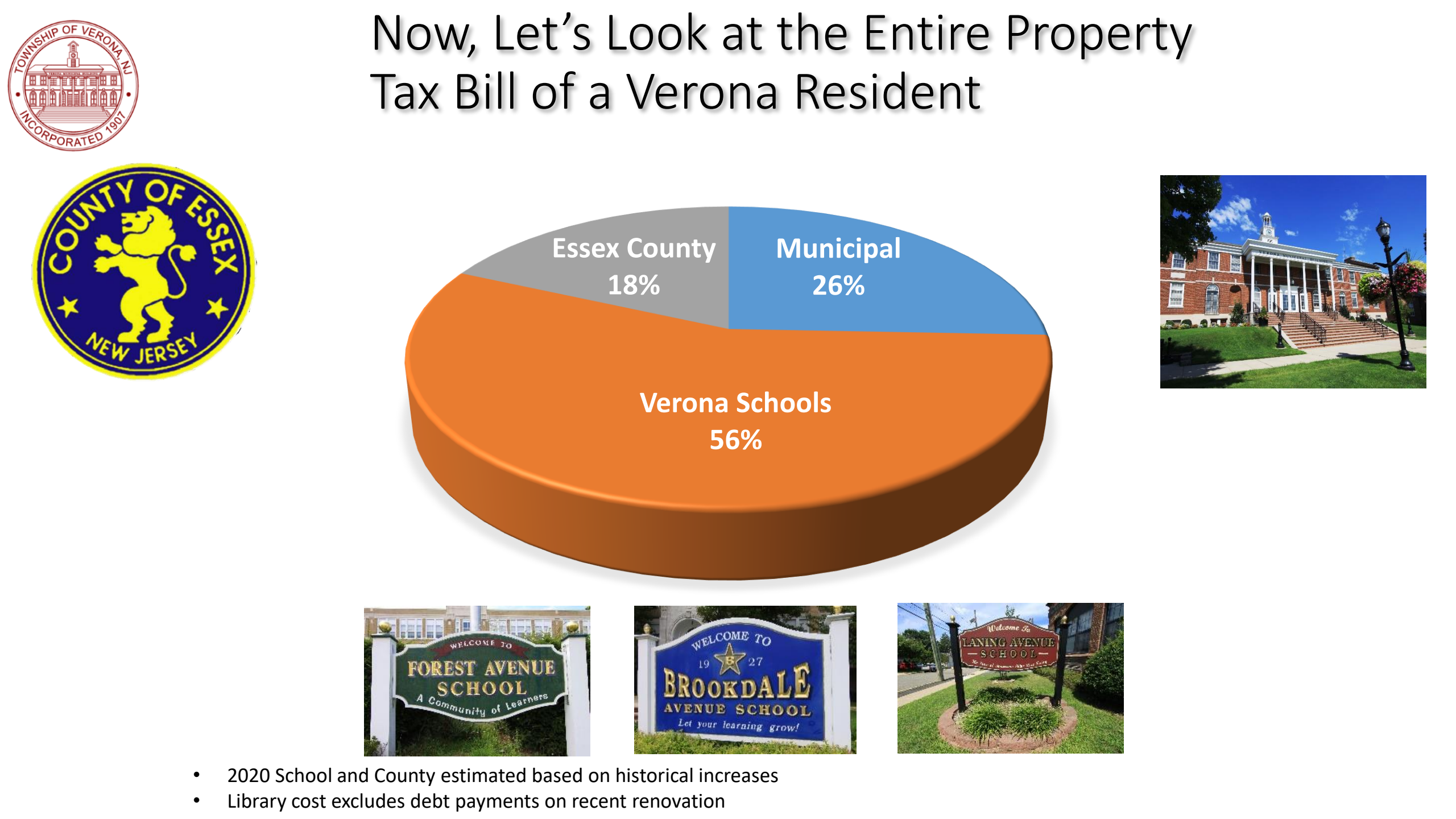
## Capital Surplus Utilized as Operating Revenue





Municipal Service	Annual Cost
Public Safety	\$ 968
Capital Projects and Debt	\$ 527
Public Works	\$ 417
Public Utility, Garbage, Recycling	\$ 346
Administration and Legal	\$ 301
Community Services and Recreation	\$ 265
Public Library	\$ 126
Other Miscellaneous Services	<u>\$ 156</u>
<b>Total Average Annual Tax Bill</b>	<b>\$ 3,106</b>

Municipal Service	Monthly
Public Safety	\$ 81
Capital Projects and Debt	\$ 44
Public Works	\$ 35
Public Utility, Garbage, Recycling	\$ 29
Administration and Legal	\$ 24
Community Services and Recreation	\$ 22
Public Library	\$ 11
Other Miscellaneous Services	<u>\$ 13</u>
<b>Total Monthly Service Bill</b>	<b>\$ 259</b>





# Swimming Pool Utility



## 2019 Operations

- Swimming Pool Utility is funded fully by its members and users
- Membership Fees of \$480,000 collected in 2019. \$103,000 in other revenues (Guests, Parties, Etc.)
- Membership Fees increased between 2-5% in 2019
- 2019 Operations produced an increase to Fund Balance of \$47,000

## 2020 Budget

- 2020 proposed budget of \$748,850. This is an increase of \$33,850 over the prior year.
- Building and Grounds Salaries, traditionally, have not been charged to the Pool Utility. We plan to allocate these salaries to the Pool budget in 2020.
- Minimum wage increase materially impacts Pool Utility salary costs.
- Children's Splash Park (Anticipated 2020)
- Refurbished Tennis and Basketball Courts (2020-2021)



# Water & Sewer Utility

## 2019 Operations

- Water and Sewer Utility operations resulted in a \$250,000 increase to Fund Balance in 2019
- Sewer rate was increased from \$125 to \$150 per quarter in 2019
- Connection Fees from new development (in/out of Town) continue to produce substantial revenues
- Plant operating expenses continue to increase  
DEP Regulations, Plant Repairs, Passaic Valley Water Increases
- Infrastructure improvements continue
- Meter upgrade project was a major operations success

## 2020 Budget

- 2020 proposed budget of \$6,965,063. This is an increase of \$165,063 compared to 2019
- Salary increase based on OPEIU contract in place through 2021
- Water Purchase – Major expense to supplement Verona Wells. Repaired and functioning midway through 2019
- Connection fee revenues will continue as units are complete
- Capital Plans and funding options continue to be explored





# Open Space Trust Fund

Ordinance 2019-36 Established an Open Space Trust Fund Tax:

- Acquisition of lands for recreation and conservation purposes;
  - Development of lands acquired for recreation and conservation purposes;
  - Maintenance of lands acquired for recreation and conservation purposes;
  - Historic preservation of historic properties, structures, facilities, sites, areas or objects and the acquisition of such properties, structures, facilities, sites, areas or objects for historic preservation purposes; or
  - Payment of debt service on indebtedness issued or incurred by the Township for any of the purposes set forth in above
- 
- Tax Rate: \$.02 per \$100 of assessed valuation
  - Total Open Space Funds to be Raised: \$479,069.54
  - Average Residential Tax: \$86.08





# Next Steps

- Workshop Discussions with Department Heads today 3/2/2020 and Tuesday 3/3/2020
- Introduction of Budget 3/23/2020
- Public Hearing and Adoption Last Meeting in April (Tentative)

