



# 2019 Municipal Budget



Budget Workshop  
March 5, 2019



# 2018 Results of Operations

## Revenue:

- 2018 Anticipated Revenue collections exceeded budgeted amounts by approximately \$600,000
- Conservative budgeting
- Interest on Investments (2%), Hilltop Pilots, Building Fees

## Expenses:

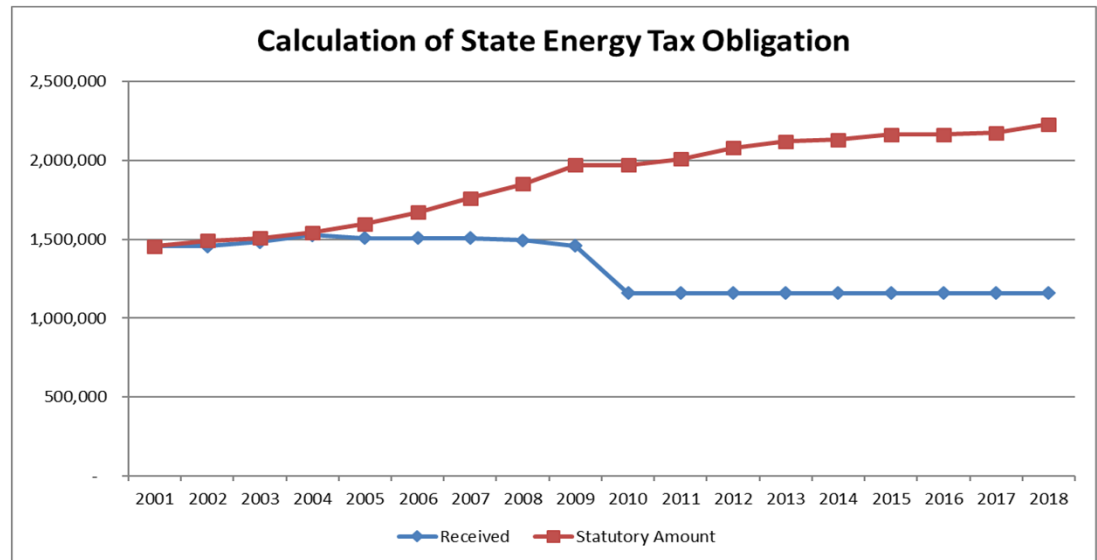
- Departments managed expenses to expectation
- Collective Bargaining agreements were settled with very little retro payments
- PSEG Billing

2018 Operations resulted in a \$730,800 increase to Fund Balance



# 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)         |
|      | <b>23,829,630</b>      |                         | <b>33,894,195</b> | <b>(10,064,565)</b> |



\*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



# 2019 Proposed Municipal Budget Summary

| Revenue Source                    | 2018 Budget         | 2019 Budget         |
|-----------------------------------|---------------------|---------------------|
| Miscellaneous Anticipated Revenue | \$ 5,144,734        | \$ 4,143,677        |
| Delinquent Taxes                  | 420,000             | 420,000             |
| Fund Balance                      | 2,920,000           | 3,025,000           |
| Amount to be Raised by Taxation   | <u>\$16,323,921</u> | <u>\$16,840,634</u> |
| <b>TOTAL</b>                      | <b>\$24,480,655</b> | <b>\$24,429,312</b> |

| Expense Appropriation       | 2018 Budget         | 2019 Budget         |
|-----------------------------|---------------------|---------------------|
| Salary and Wages            | \$ 8,030,070        | \$ 8,244,997        |
| Statutory Expenses          | 1,803,533           | 1,860,606           |
| Debt Service                | 3,820,405           | 3,810,040           |
| Public Library              | 820,243             | 864,000             |
| Reserve for Uncollected Tax | 1,628,850           | 1,680,000           |
| Other Expenses              | <u>8,705,554</u>    | <u>7,969,669</u>    |
| <b>TOTAL</b>                | <b>\$24,808,655</b> | <b>\$24,429,312</b> |



# 2018 and 2019 Municipal Budget Comparison

|                                | 2018 Budget     | 2019 Budget<br>(Proposed) | Change   |
|--------------------------------|-----------------|---------------------------|----------|
| Municipal Tax Levy             | \$16,323,921    | \$16,840,634              | 3.17%    |
| Municipal Tax Rate             | .8074           | .7025                     | -12.99%  |
| Avg. Property Valuation        | \$362,600       | \$429,576                 | \$66,976 |
| Municipal Tax on Avg. Property | \$2,840         | \$3,018                   | \$115    |
| Assessed Valuation             | \$2,021,822,600 | \$2,397,145,100           | +18.56%  |

Note: Town-wide property revaluation was completed in 2018. The results of this revaluation take effect in 2019. Due to this, certain 2019 budget metrics are harder to compare to previous years.



# Municipal Tax History

|   | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>5 Year Average</u> |
|---|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Municipal Tax Levy (in 000's)                   | 15,762      | 15,842      | 15,885      | 16,323      | 16,840      |                       |
| % Change from Prior Year                        | 0.33%       | 0.51%       | .27%        | 2.76%       | 3.17%       | 1.37%                 |
|   |             |             |             |             |             |                       |
| Municipal Tax Rate                              | .785        | .785        | .785        | .815        | .703        |                       |
| % Change from Prior Year                        | 0.00%       | 0.00%       | 0.00%       | 3.81%       | -12.99%     | -2.03% *              |
|   |             |             |             |             |             |                       |
| Operating Expenses (in 000's) (Excludes Grants) | 22,959      | 21,771      | 21,822      | 22,022      | 22,680      |                       |
| % Change from Prior Year                        | 1.12%       | -0.85%      | .23%        | .97%        | 2.99%       | 0.89%                 |
|   |             |             |             |             |             |                       |

On average, Township operating expenses have increased at a rate of less than 1% annually over the past five years



# 2019 Material Changes

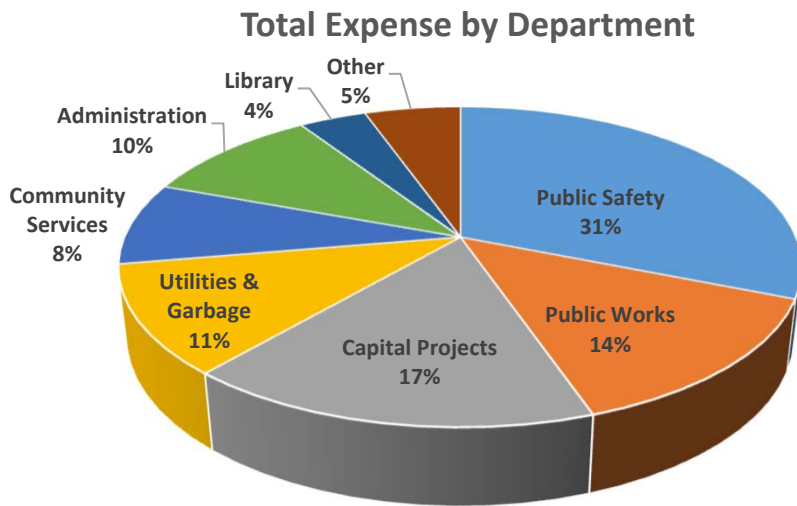
The majority of the Township expenses remain consistent year to year. Increases to the operating budget are often driven by a handful of budget lines. For instance, the 2018 increase was driven mainly by debt service on capital projects.

2019 Increase to Operating Expenses: \$650,000

| Budget Line             | 2019 Amount | Increase from 2018 | Description  |
|-------------------------|-------------|--------------------|--|
| Police Salary           | 4,468,276   | 201,000            | PBA Contract 2017-2021 approved included salary increases for officers. Contract also triggered two promotions, with a large compensation increase for one |
| Police Pension          | 940,188     | 116,256            | Pension expense billed by the State of New Jersey  |
| OPEIU Salary            | 2,689,050   | 136,568            | OPEIU Contract 2017-2021 approved with increases. 2019 budget also includes additional employee for Street and Highway                                     |
| Reserve for Turf Fields | 50,000      | 50,000             | Set up reserve, to fund annually, for future capital expenditures  |
| Garbage and Recycling   | 1,367,264   | 64,500             | New 5 year contract was bid on and awarded for 2019  |
| Reserve for Tax Appeals | 75,000      | 25,000             | Replenish reserve from large 2018 tax appeal (271 Grove)   |



# What Municipal Taxes Can the Average Resident Expect to Pay?



## Municipal Services as a Monthly Bill

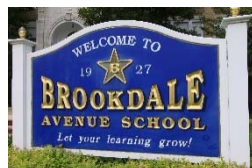
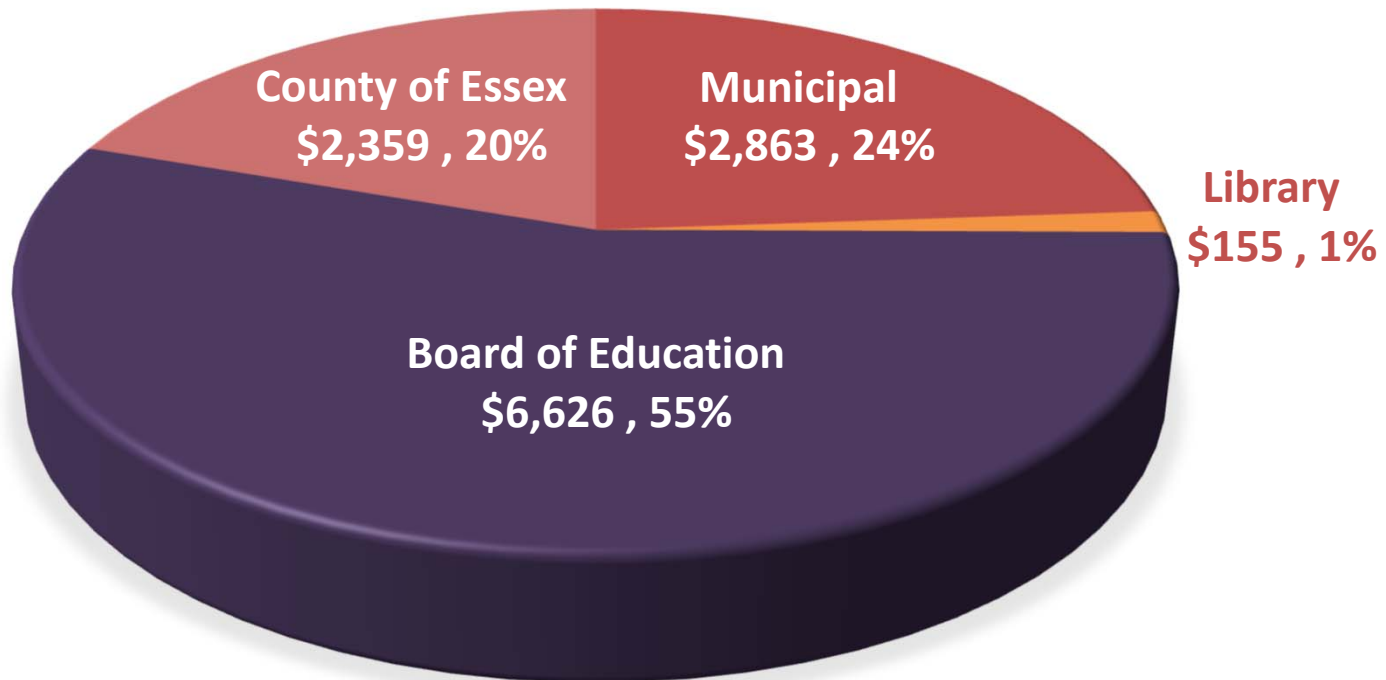
| Municipal Service                     | Annual Cost     |
|---------------------------------------|-----------------|
| Public Safety                         | \$ 938          |
| Capital Projects and Debt             | \$ 413          |
| Public Works                          | \$ 500          |
| Public Utilities, Garbage, Collection | \$ 331          |
| Administration and Legal              | \$ 252          |
| Community Services & Recreation       | \$ 306          |
| Public Library                        | \$ 115          |
| Other Miscellaneous Services          | <u>\$ 163</u>   |
| <b>Total Average Annual Tax Bill</b>  | <b>\$ 3,018</b> |

| Municipal Service                     | Monthly       |
|---------------------------------------|---------------|
| Public Safety                         | \$ 78         |
| Capital Projects and Debt             | \$ 34         |
| Public Works                          | \$ 42         |
| Public Utilities, Garbage, Collection | \$ 28         |
| Administration and Legal              | \$ 21         |
| Community Services & Recreation       | \$ 26         |
| Public Library                        | \$ 10         |
| Other Miscellaneous Services          | <u>\$ 13</u>  |
| <b>Total Monthly Service Bill</b>     | <b>\$ 252</b> |





# Now, Let's Look at the Entire Property Tax Bill of a Verona Resident



- 2019 School and County estimated based on historical increases
- Library cost excludes debt payments on recent renovation



# Swimming Pool Utility

## 2018 Operations

- Swimming Pool Utility is funded fully by its members and users
- Membership Fees of \$455,000 collected in 2018. \$88,000 in other revenues (Guests, Parties, Etc.)
- No increase to membership fees in 2018 (Last increase was 2016)
- 2016 Badge and Membership system upgrade has produced greater revenue and allowed for improved controls

## 2019 Budget

- Less than \$2,750 Increase from the 2018 budgeted expenses. Slight increase in Membership Fees.
- DPW Salaries traditionally have not been charge to the Pool Utility. We will start charging pre-season time spent by Buildings and Grounds.
- 2019 Projects:
  - Children's Splash Park





# Water & Sewer Utility

## 2018 Operations

- Connection Fees from new development (in/out of Town) continue to produce substantial revenues
- Actual expenses increased drastically in 2018.
  - DEP Regulations
  - Repairs
  - Passaic Valley Water
- Infrastructure improvements continue
- Meter upgrade project completed!

## 2019 Budget

- Approximately \$300,000 increase to operating expenses in 2019
- Salary increase based on OPEIU contract settlement
- Water Purchase – Major expense to supplement Verona Wells
  - Wells were down in 2018
- Sewer rate fee increase from \$500 to \$600 annually
  - First increase since 2002
  - Fund capital projects, reduce interest costs, provide financial stability



## Next Steps

- Workshop Discussions with Dept. Heads today 3/5/2019 and Thursday 3/7/2019
- Introduction of Budget 3/25/2019
- Public Hearing and Adoption 4/22/2019 (Tentative)

