

2019 MUNICIPAL BUDGET



Finance Committee

- Granville Brady, Chairperson
- Jane Kobuta, Vice Chair

- Staff
- Paige Elster, CFO
- Kevin Sluka, Administrator

- Hodulik & Morrison, P.A. a division of PFK O'Connor Davies, LLC
- Andrew Hodulik, RMA
- Gregg Katzer, Senior Accountant

Budget Process

- Department Submissions – October 2018
- Finance Committee Review – October - January
- Budget was introduced on - March 18, 2019
- Advertised on - April 23, 2019
- Public Hearing - May 6, 2019
- Amendment Resolution - May 6, 2019
- Adoption of Municipal Budget - May 20, 2019

Finance Office

- Paige Elster, Chief Financial Officer
- Erin Popolo, Deputy Treasurer

Professional Service

- Andrew Hodulik, Hodulik & Morrison
- Gregg Katzer, Hodulik &
- John Draikiwicz, Esq. Gibbons PC

Departmental Implementation

- Tori Cesario
- Jon Czajkowski
- Kathy Gerndt
- Rodney Hadley
- Dennis Manning
- Marilyn Martz
- Brendan Nally
- Erin Popolo
- Keith Thedinga
- Marcie Tyson
- Zina Van Ness
- Frank Vuoso
- Toni Wortman
- Marc Pellegrino

Understanding the Budget

- Appropriation – Revenues = Taxation
- Grants are on both sides of the equations
- Let's examine.....
- Revenues
- Fund Balance
- Appropriations
- Grants
- Taxation

Larger Revenues

Anticipated for 2019

- Court \$406,000
- Fees & Permits \$134,000
- Interest on taxes \$180,000
- Construction Code \$340,000
- Energy Rec. Tax \$1,370,962
- Recreation Programs \$80,000
- Garbage Decals \$23,000
- Interest on Invest. \$30,000
- COMPTRA \$33,328

Sheets 4- 10a



2019 Anticipated vs. 2018 Actual (Realized)

2019 ANTICIPATED

- Court \$406,000
- Fees & Permits \$134,000
- Interest on Taxes \$180,000
- Construction Code \$340,000
- Energy Rec. Tax & Comptra \$1,404,290
- Recreation Programs \$80,000
- Garbage Decals \$20,000
- Interest on Invest \$50,000

2018 ACTUAL

- Court \$413,717.35
- Fees & Permits \$134,052
- Interest on Taxes \$208,004.23
- Construction Code \$439,947.00
- Energy Rec. Tax & Comptra \$1,404,290
- Recreation Programs \$83,095.98
- Garbage Decals \$22,403
- Interest on Invest. \$95,353.33

Payment in Lieu of Taxes “PILOT”

PILOTs that are being anticipated in 2019 Budget

(Sheet 10)

- Edge - \$412,000
- Cobolt- \$137,000
- 6 N. Doughty - \$27,600

PILOTs not being anticipated in 2019 Budget

- SOMA
- Commons
- The Davenport (not complete)
- Somerset Dev.(not built)
- Parkview (not built)
- Station House (not built)
- TFE Properties (not built)
- JSM Phase 3 (not built)

Completed Projects not being anticipated

- SOMA
 - (Sterling Properties)
 - 69 units -110 S. Bridge
 - Fully leased- NJ Biz 4/16/19
- Commons
 - Desapio Properties
 - Fully leased



Other Pilots



Somerset County Social
Services \$125,000
In 2019 Budget



\$1,000,000 initial payment
\$311,000 annually
Offset on debt authorized
for Emergency Services
Complex

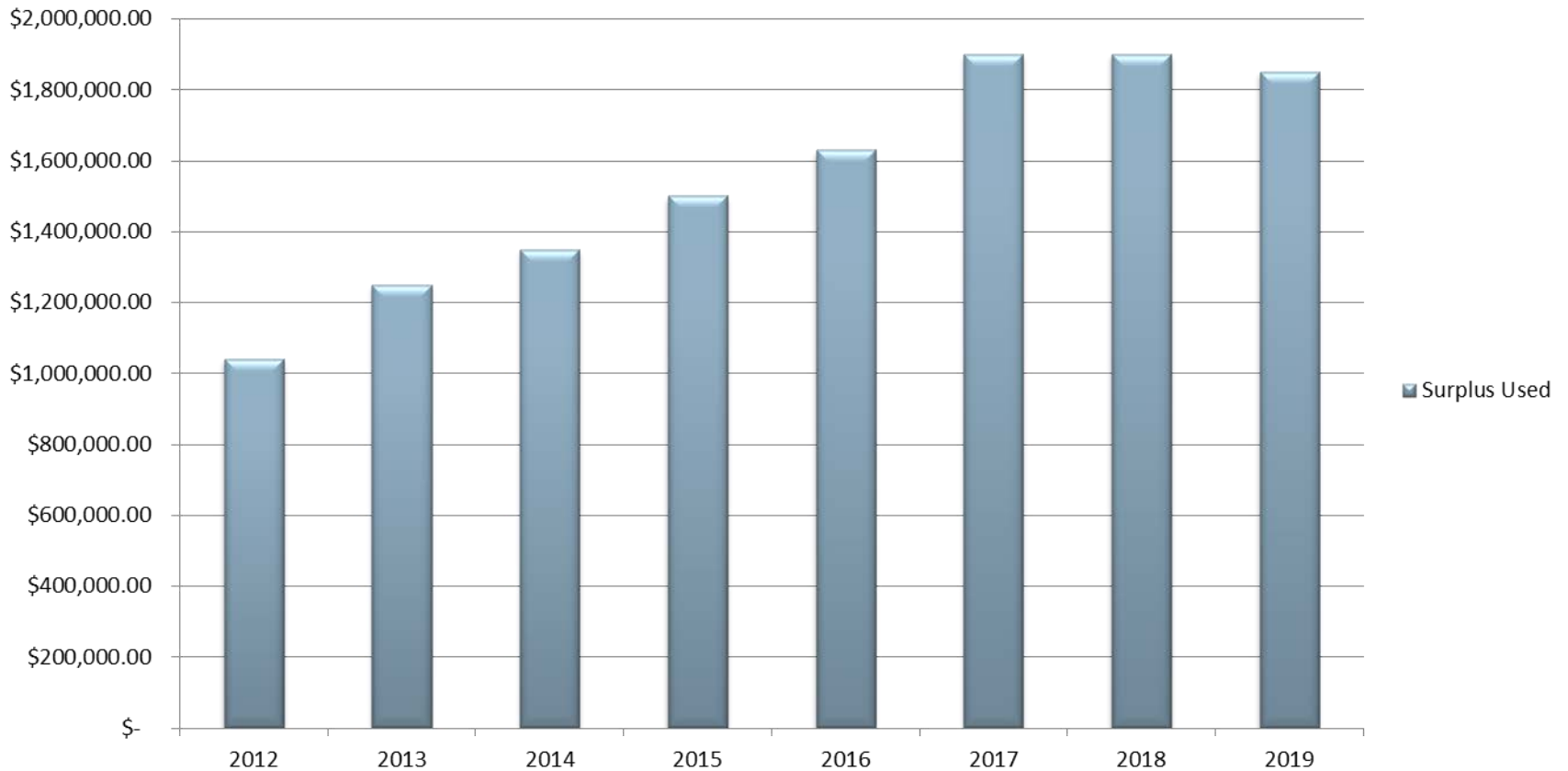
Fund balance used to support the budget....

- The Borough can not anticipate more revenues than it realized in the prior year without State authorization. Hence, additional amounts collected throughout the year over the amount anticipated becomes part of your surplus. The following year the government can use surplus funds to support the current fund budget.
- \$1,850,000 is being used for 2019, in 2018 it was the \$1,900,000. (Sheet 4)

2012-2019

Surplus used to support budget

History of Surplus Used



Financial Goals in from 2018 Budget and best practices “achieved”

- Settled Hospital PILOT
- Settled all Redevelopment Agreements
- Biometric Payroll and Attendance System installed
- Closed on Gaston Avenue project
- Green Seam Financing
- DSA established as non-profit

A Look at Appropriations for 2019 (Employee costs)

- Statutory Expenses (Sheet 19)

- Social Security \$240,000

- Unemployment \$10,000

- PERS \$259,562

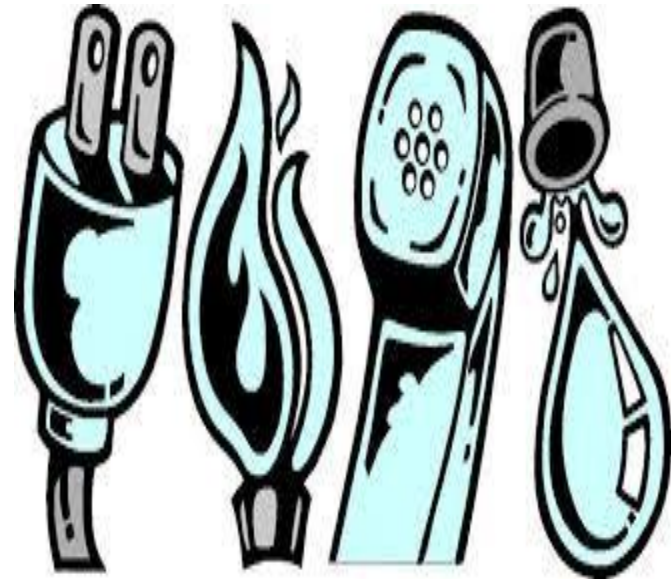
- PFRS \$1,012,185

- DCRP \$3,000

TOTAL \$1,534,747

Inside Look into the Current Fund Budget –Utilities (Sheet 17)

- Street Lighting \$290,000
- Fire Hydrant Fees \$160,000
- Telephone \$96,000
- Water \$26,000
- Electricity \$220,000
- Gasoline \$100,000



Insurance (sheet 14)

- Employee Group
\$1,124,000
(2.7% on budgeted amount)
- Other Insurance
Premium \$849,500
(1.8% on budgeted amount)
- Prescription/Dental
\$70,000
(no increase on budgeted amount)



Look inside the Debt Service

Bond Principal \$1,590,000

BAN \$250,000

Bond Interest \$374,000

Note Interest \$120,000

EIT \$130,000

SCIA Principal \$242,000

SCIA Interest \$34,500

2019 Total \$2,740,500

2018 Payments \$3,043,100



Capital Improvement Fund

- 2019 = \$ 115,000

Provides for \$2.3 million dollars of traditional capital authorization

- 2018 = \$125,000

Provides for \$2.5 million dollars of traditional capital authorization



Operational Expenses

- Salary and Wages
- Other Expenses – Department Costs
 - Consultants
 - Contracts

2019 Budget compared to 2018 spent with transfers

2019

- Salary and Wages
\$5,948,050 (sheet 17)
- Department Costs
(Other Expenses)
Inside Cap \$ 6,571,250
(sheet 17)

2018

- Salary and Wages
\$5,626,100 (sheet 17)
- Department Costs
(Other Expenses)
Inside Cap \$ 6,592,775
(sheet 17)

What is new....

- Hospital PILOT
- Storms 6 N. Doughty PILOT
- Retirement of 1 full-time employee and 2 part-time employees
- Hiring of 2 full-time and 1 part-time
- Lease equipment vs. capital debt

Understanding the Budget

- Appropriation – Revenues = Taxation
- \$19,525,712.65 - \$6,761,455.32 = \$12,764,257.33

How does that translate to property taxes?

What does it mean to you?

- Average Home
\$272,000
- 2018 Average Municipal
Portion of Tax Bill
\$2,980.85
- Increase \$27.80
- Increase of 1.23%

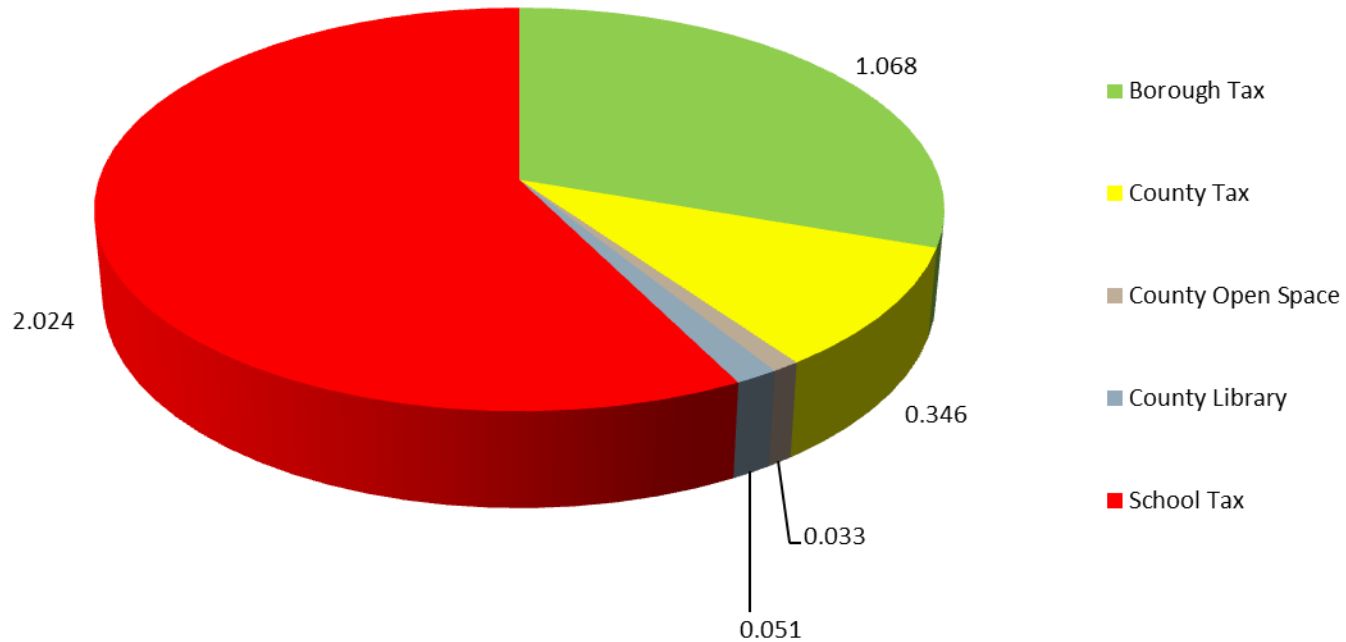


Last Seven Years

- 2013 = \$5.91
- 2014 = \$36.59
- 2015 = \$84.00
- 2016 = \$6.02
- 2017 = \$142.57
- 2018 = \$45.88
- 2019 = \$27.80

2018 Tax Bill Breakdown 2019 TBD

2018 TAX BILL BREAK DOWN



Tax Collection

- The Borough collects the taxes for all public entities.
- The tax collection rate for 2018 was 98.158%



Budget Amendment

Between the Introduction and the Public Hearing, several changes needed to be made to the budget as a result of grants received and the Hospital Agreement being approved.

- CDBG Handicap ramp & curb/sidewalk improvements \$100,000
- Phase 2 of pedestrian safety grant \$15,000
- SRVSA Green Acres grant \$2,500
- Hospital \$ 1,311,000

Parking Utility

- 3rd Year of utility
- Governing Body controls the utility
- Changes were made to enforcement hours
- Lot 8 to be renovated
- Budget Implemented by Mike Halperin



Taking a quick look back at 2018 Parking Utility

2019 Anticipated

- Meters \$650,000
- Permits \$26,500

2018 Realized

- Meters \$662,142
- Permits \$33,803

Parking Utility – Appropriations

2019 Appropriations

- Salary & Wage \$155,000
- Operating \$499,500

Sheet 34a

Sewer Utility

- Borough meeting all the requirements of the Administrative Consent Order
- New Sewer Camera procurement and training complete
- At this time no proposed increase to homeowners bill
- Budget \$2,949,000
- Interlocal with Manville Borough for C2 Services
- T & M Associates serves as Sanitary Engineer

Sheets 34-36



QUESTIONS?

