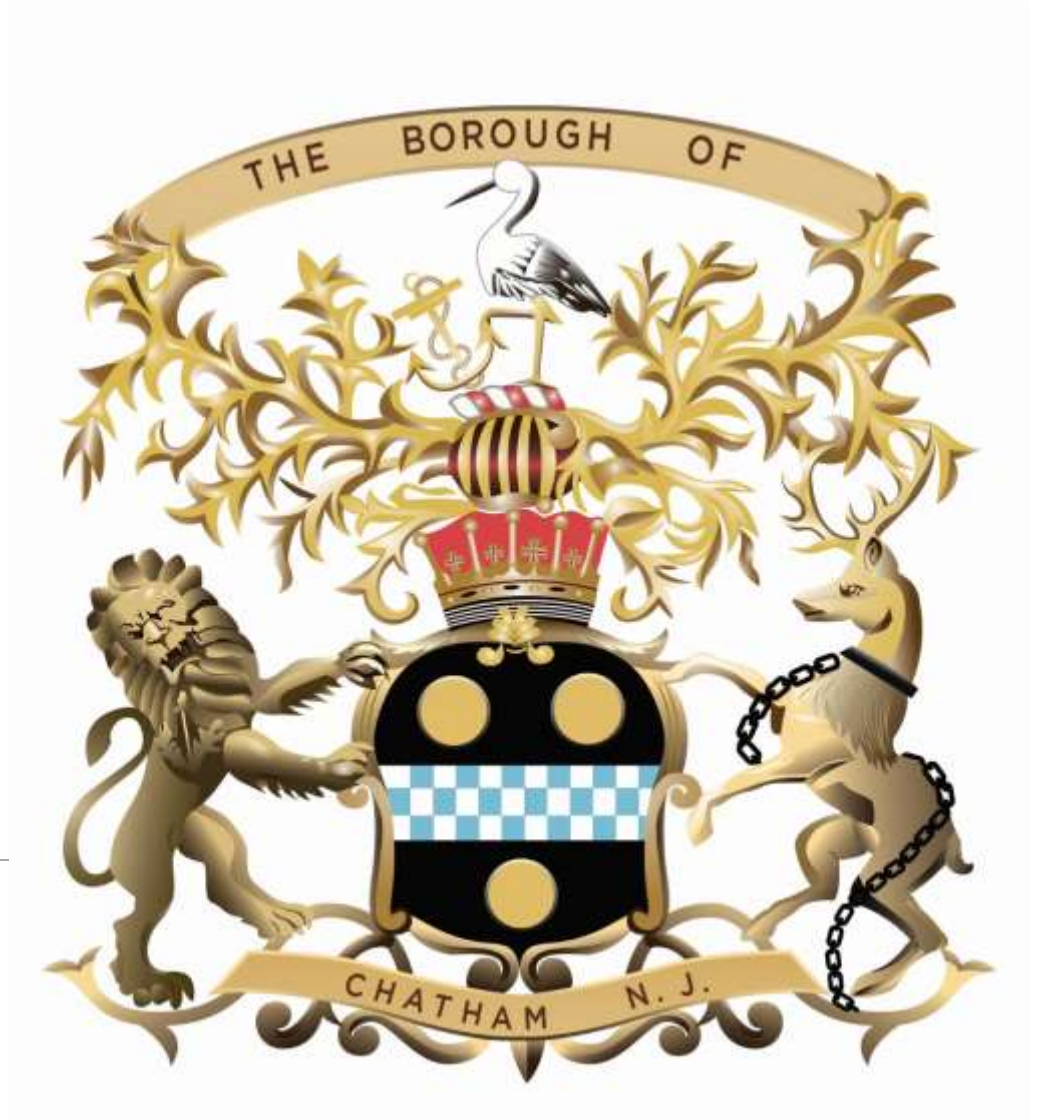


Chatham Borough 2020 Budget

BUDGET HEARING
MAY 26, 2020





Budget Process

- ✓ Department Budget Hearings February 2020
- ✓ Budget and Finance Committee Review/Deliberations March-April 2020
- ✓ Budget Introduction (Start of the Formal Process) April 27, 2020
- ✓ Publication of the Budget (Daily Record & Chatham Courier) May 26, 2020
- Public Hearing on the Budget (Tuesday) May 26, 2020
- Budget Adoption After the Public Hearing

Guiding Principles



- Focus on long term fiscal health and stability of the Borough
- Maintain AAA bond rating
- Provide exceptional municipal services
- Protect essential infrastructure
- Minimize tax burden on residents
- Plan for the future

Key Takeaways – 2020 Budget



- Maintains existing levels of service
- Benefits and other insurance costs remain relatively stable
- Some salary cost increases due to promotions, filling of vacant positions
- Relatively small increase in ratables (taxable property)
- Adds reserves (amounting to an additional 1% tax rate increase) to address anticipated 2020 and 2021 impact of lost revenues due to COVID-19 shutdown
- Expect additional budgetary impacts of COVID-19 crisis in 2021.



Fund Structure

Current Fund

- Total budget with library = \$13,468,963
- General government operations + sewer
- Cost includes uncollected taxes including for schools, county
- Funded by: Property taxes, parking and other fees, rent, grants, sewer bill

Water Utility

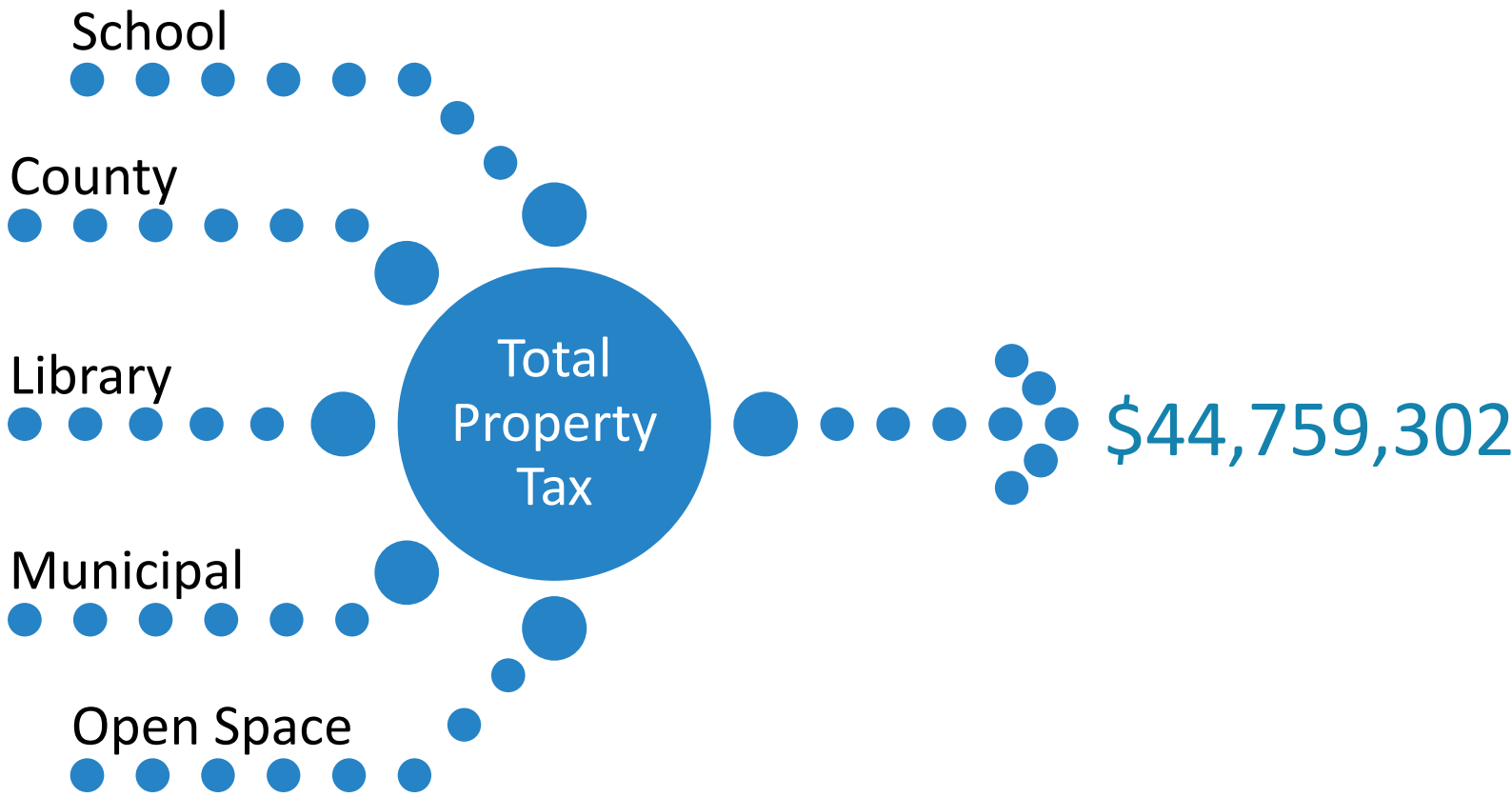
- Total budget: \$1,901,000
- Water system
- Funded by: Water bill

Solid Waste Utility

- Total budget: \$793,000
- Garbage collection, recycling, mulch site, bulk waste
- Funded by: Solid waste bill

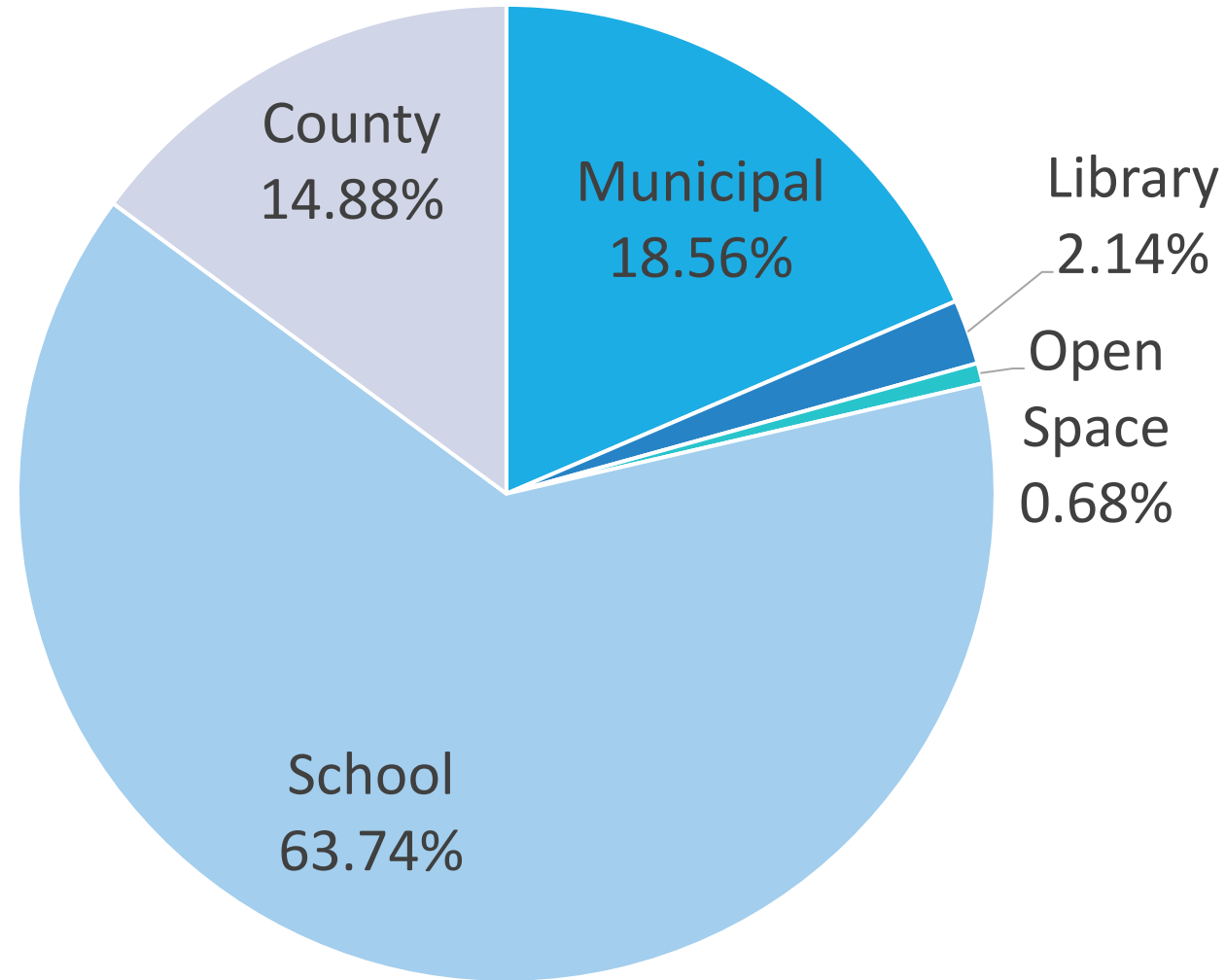


Property Taxes and Municipal Expenditures





Chatham Property Tax Allocation



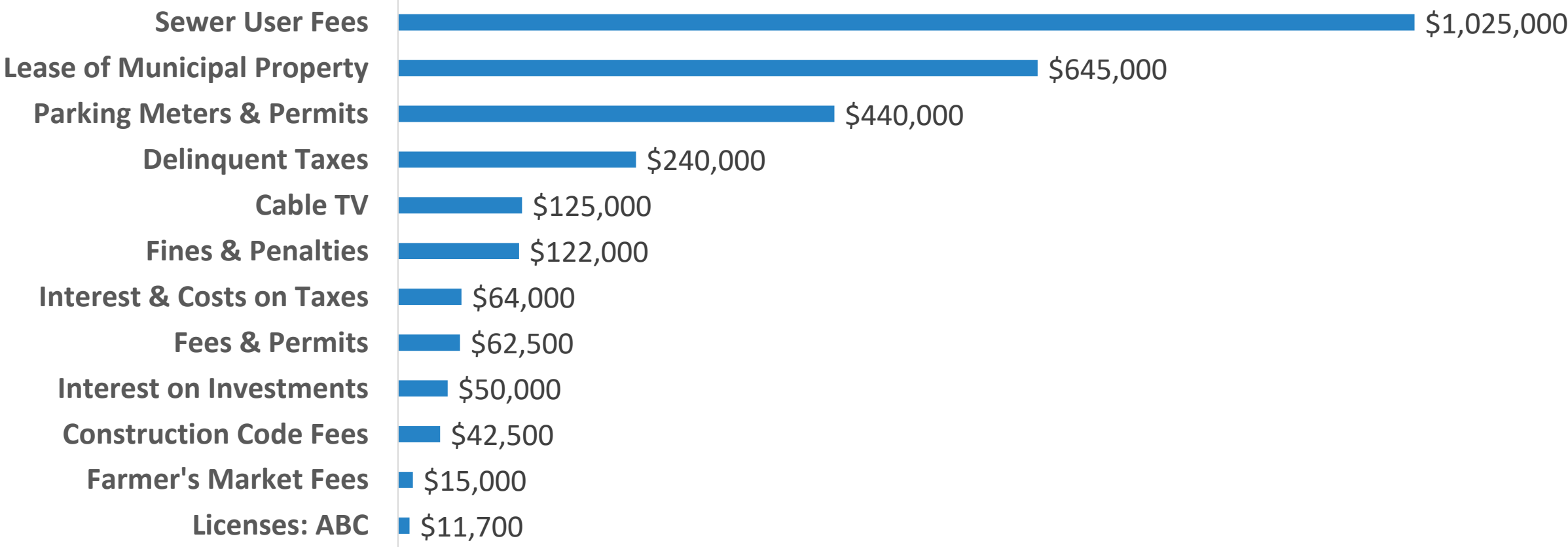


Current Fund - Revenues

| CATEGORY | 2019 | 2020 | % Change |
|-----------------------|---------------------|----------------------|--------------|
| Fund Balance | \$2,215,000 | \$2,220,000 | +0.2% |
| Local Revenues | \$2,754,159 | \$2,842,700 | +3.2% |
| State Revenue | \$572,099 | \$572,099 | no change |
| Interlocal Services | \$29,231 | \$29,231 | no change |
| Grants | \$80,589 | \$135,678 | +68.4% |
| Water Utility Surplus | \$215,000 | \$215,000 | no change |
| Property Taxes | \$8,953,483 | \$9,264,255 | +3.5% |
| TOTAL | \$14,819,561 | \$ 15,278,963 | +3.1% |

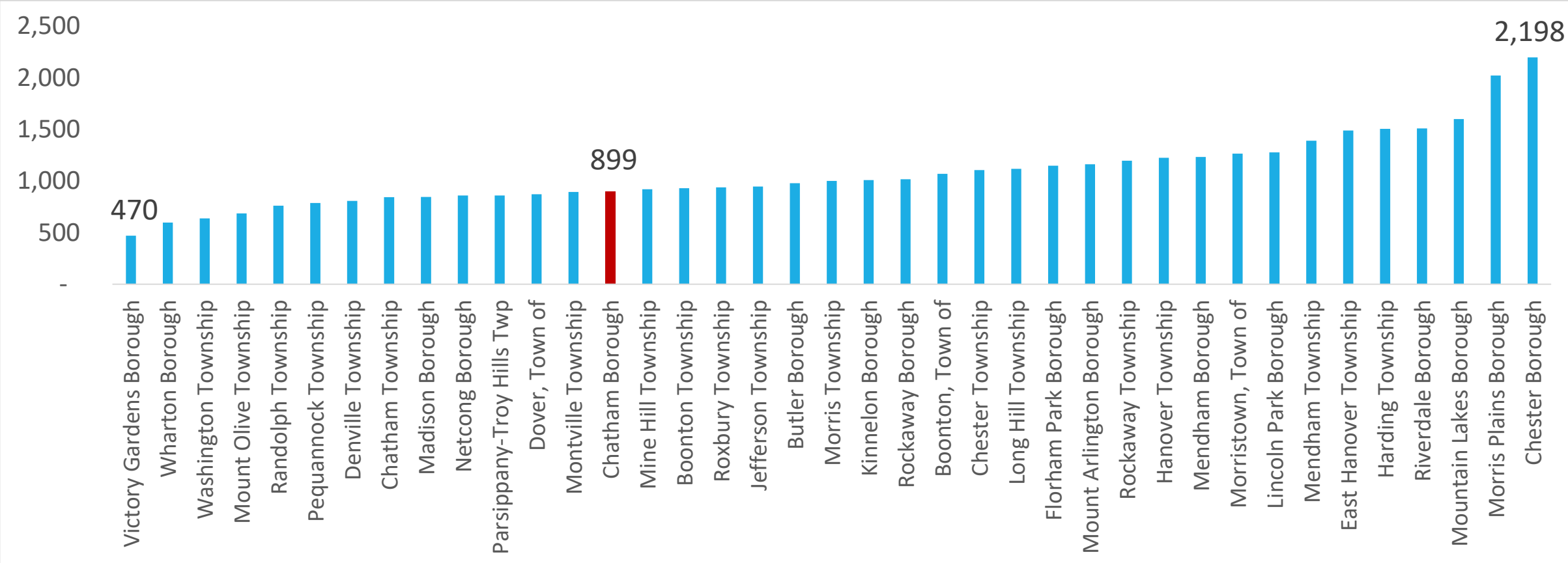


Local Non-Tax Revenues - Detail





Municipal Taxes Per Person Morris County (2019 data)





Current Fund - Expenditures

| | 2019 | 2020 | Net Change | % change |
|------------------------------|---------------------|---------------------|------------------|--------------|
| Salary & Wages | \$5,261,501 | \$5,446,561 | \$185,060 | 3.52% |
| Operating Expenses | \$2,631,834 | \$2,613,825 | -\$18,009 | -0.68% |
| Library | \$966,876 | \$958,963 | -\$7,913 | -0.82% |
| Insurance | \$879,000 | \$910,700 | \$31,700 | 3.61% |
| Energy | \$285,600 | \$294,100 | \$8,500 | 2.98% |
| Statutory (Pensions) | \$1,163,966 | \$1,195,601 | \$31,635 | 2.72% |
| Debt & Capital | \$1,885,784 | \$2,049,213 | \$163,429 | 8.67% |
| BUDGETED EXPENDITURES | \$13,074,561 | \$13,468,963 | \$394,402 | 3.02% |
| Budgeted Reserves | \$1,745,000 | \$1,810,000 | \$65,000 | 3.72% |
| TOTAL BUDGET | \$14,819,561 | \$15,278,963 | \$459,402 | 3.10% |

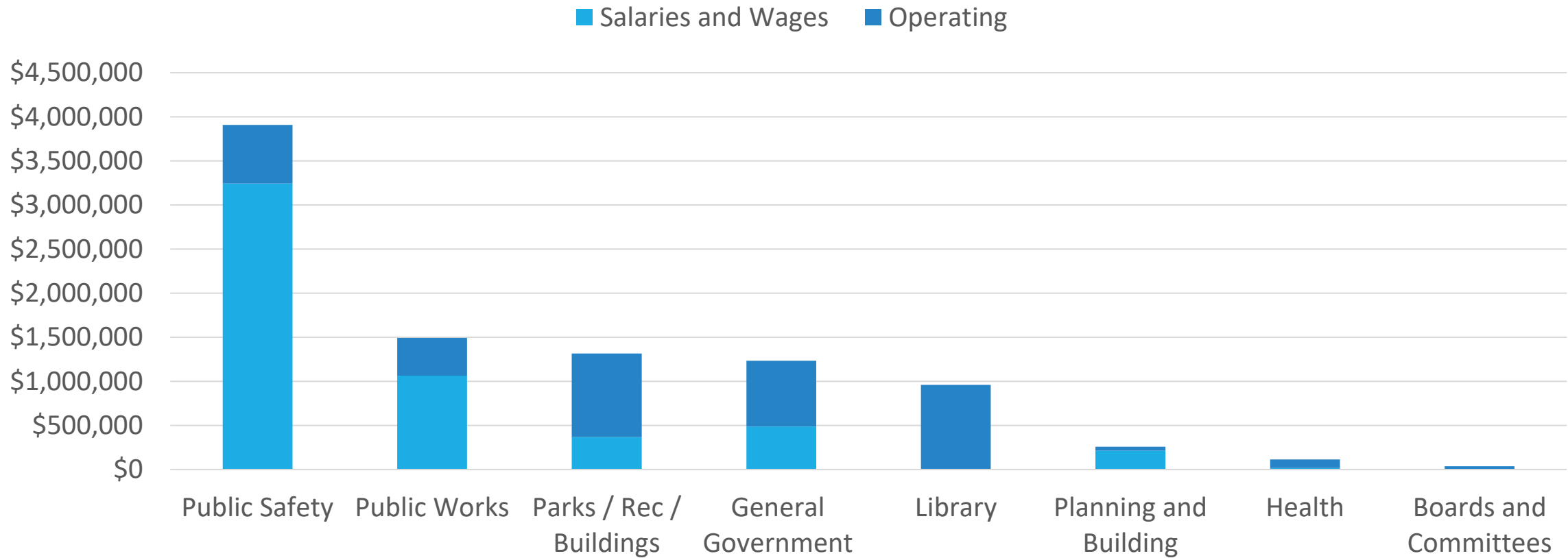


Significant Budget Expense Impacts

| | 2019 | 2020 | Change |
|--------------------------------|-------------|-------------|----------|
| Police - Salary & Wages (S&W) | \$3,036,701 | \$3,127,501 | \$90,800 |
| Clerk's Office – S & W | \$100,000 | \$148,960 | \$48,960 |
| Public Works – S & W | \$925,000 | \$964,800 | \$39,800 |
| Deferred Charges (Revaluation) | \$9,000 | \$44,000 | \$35,000 |
| Capital Improvement Fund | \$58,500 | \$90,000 | \$31,500 |



Government Operations Expenditures - Detail



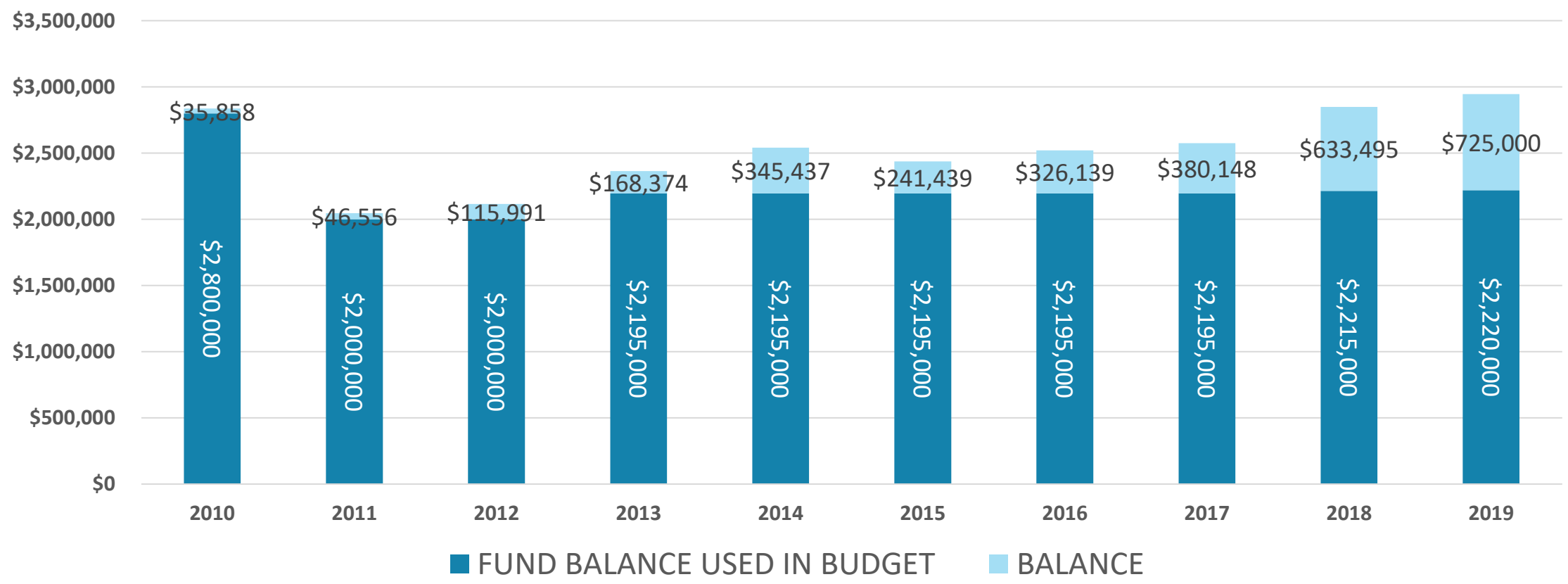


Trends - Fund Balance

| YEAR | 12/31 FUND BALANCE | USED IN BUDGET | BALANCE |
|----------|--------------------|----------------|-----------|
| 2019 est | \$2,925,000 | \$2,220,000 | \$725,000 |
| 2018 | \$2,848,694 | \$2,215,000 | \$633,495 |
| 2017 | \$2,575,148 | \$2,195,000 | \$380,148 |
| 2016 | \$2,521,139 | \$2,195,000 | \$326,139 |
| 2015 | \$2,436,439 | \$2,195,000 | \$241,439 |
| 2014 | \$2,540,437 | \$2,195,000 | \$345,437 |
| 2013 | \$2,363,374 | \$2,195,000 | \$168,374 |
| 2012 | \$2,115,991 | \$2,000,000 | \$115,991 |
| 2011 | \$2,046,556 | \$2,000,000 | \$46,556 |
| 2010 | \$2,835,858 | \$2,800,000 | \$35,858 |



FUND BALANCE UTILIZATION





Property Tax Calculation – Key Variables

- 2019 Net Valuation Taxable: **\$2,097,048,337**
- 2020 Net Valuation Taxable: **\$2,111,524,200 (0.69% increase in ratables)**
- Funds to be raised through taxes for municipal operations/reserves: **\$9,264,255**
- Funds to be raised through taxes for municipal + school + county + open space: **\$44,759,302**
- Borough tax levy increasing by **2.9 %** to offset projected COVID-19 related revenue losses and prepare for impacts into 2021 (Without COVID-19 provision would be under 2%)
- School tax levy increasing by **2%**
- County formula for calculating the Borough share of County taxes has changed in the Borough's favor; Therefore, expected Borough tax levy to Morris County expected to decrease; Net result is a **1.45%** tax increase in 2020 over 2019



Property Tax Calculation - Detail

| | 2019 | 2020 | Increase |
|---|-----------------|-----------------|----------|
| Ratables | 2,097,048,337 | 2,111,524,200 | 0.69% |
| MUNICIPAL | | | |
| Municipal Tax Levy | \$8,953,483 | \$9,264,255 | 3.47% |
| Municipal Tax Rate | 0.427 | 0.439 | 2.82% |
| Annual Cost per Average Home | \$2,911.51 | \$2,996.33 | 2.82% |
| Monthly Cost per Average Home | \$242.63 | \$249.44 | 2.82% |
| TOTAL TAX LEVY | | | |
| Total Tax Levy (including schools, county) | \$44,117,412.78 | \$44,759,302.47 | 1.45% |
| Total Tax Rate | 2.104 | 2.120 | 0.76% |
| Annual Cost per Average Home | \$14,346.19 | \$14,455.28 | 0.76% |
| Monthly Cost per Average Home | \$1,195.52 | \$1,204.61 | 0.76% |



Tax Cap Calculations

| | |
|--|--------------|
| 2019 Net Tax Levy (excludes Library Tax) | \$ 8,047,841 |
| ◦ Add: 2% Allowable Increase | 160,957 |
| ◦ Add: Exclusions (Capital Improvements, Deferred Charges) | 77,086 |
| ◦ Add: New Ratables (\$13,948,300 New Construction Value) | 53,561 |
| 2020 Tax Levy within 2% CAP | \$ 8,339,446 |
| Available CAP Bank | 705,636 |
| 2017 - \$126,248 2018 - \$254,515 2019 – \$324,873 | |
| Maximum Allowable Tax Levy – 2020 | \$ 9,045,082 |
| Municipal Tax Levy to support 2020 Introduced Budget | \$8,395.132 |



Water Fund

| EXPENSES | 2019 | 2020 |
|----------------------------|--------------------|--------------------|
| Salaries and Wages | \$616,000 | \$633,000 |
| Administration | \$25,500 | \$26,500 |
| Shared Costs | \$288,200 | \$293,900 |
| Engineering | \$0 | \$0 |
| Operations | \$150,000 | \$152,000 |
| Capital Improvement Fund | \$195,700 | \$5,000 |
| Capital Outlay | \$0 | \$216,600 |
| Statutory | \$153,750 | \$160,724 |
| Debt Service | \$369,135 | \$400,770 |
| Deferred Charges | \$0 | \$12,506 |
| TOTAL | \$1,798,285 | \$1,901,000 |
| REVENUES | | |
| Fund Balance – Anticipated | \$285,285 | \$316,000 |
| Rents | \$1,483,000 | \$1,550,000 |
| Miscellaneous | \$30,000 | \$35,000 |
| TOTAL | \$1,798,285 | \$1,901,000 |



Solid Waste Fund

| EXPENDITURES | 2019 | 2020 |
|----------------------------|------------------|------------------|
| Salaries and Wages | \$110,000 | \$113,500 |
| Administration | \$11,750 | \$16,900 |
| Shared Costs | \$22,000 | \$24,000 |
| Recycling | \$200,000 | \$272,000 |
| Trash | \$304,000 | \$313,500 |
| Capital Outlay | \$1,000 | \$30,000 |
| Statutory | \$18,750 | \$23,100 |
| TOTAL | \$667,500 | \$793,000 |
| REVENUES | 2019 | 2020 |
| Fund Balance - Anticipated | \$38,946 | \$115,000 |
| Rents | \$598,100 | \$650,000 |
| Recycling Tonnage Grant | \$24,454 | \$19,605 |
| Miscellaneous | \$6,000 | \$8,395 |
| TOTAL | \$667,500 | \$793,000 |



2020 Capital Budget

The 2020 Capital Budget considers \$1,600,000 in Funding for various projects:

- Current Fund (General Capital) \$1,354,000 in total Funding
 - NJDOT Grant Funding \$ 133,500
 - Cash Funding from Capital Fund Balance 41,000
 - Down Payment – Cash Funding from Current Fund 58,500
 - Debt Authorized 1,121,000
- Water Utility Fund \$ 216,000 in total Funding
 - Cash Funding from Water Operating Budget \$ 216,000
- Solid Waste Utility Fund \$ 30,000 in total Funding
 - Cash funding from Solid Waste Budget \$ 30,000
- Total Cash & Grant Funding for 2020 Capital Projects = \$479,000 or 30% of Capital Funding



2020 Capital Projects

Engineering & Road Improvement Projects:

| | | |
|---|------------|---------------------------------|
| ◦ Washington Avenue Improvement | \$ 175,000 | Partially Funded by NJDOT Grant |
| ◦ Road Overlay & Micro-surfacing Programs | \$ 225,000 | |
| ◦ Sidewalk Improvement Program | \$ 150,000 | |
| ◦ Sewer Inflow & Infiltration Remediation | \$ 150,000 | |
| ◦ Drainage & Stormwater Improvements | \$ 65,000 | |

Public Works Equipment

| | |
|---|-----------|
| ◦ Stainless Steel Dump Truck Body | \$ 30,000 |
| ◦ Skid Steer Loader | \$ 67,000 |
| ◦ Dump Truck & Sweeper Upgrades | \$ 35,000 |
| ◦ Replace Leaf Vacuum | \$ 15,000 |
| ◦ Sewer Pipe Inspection Camera | \$ 12,000 |
| ◦ Parks Maintenance Trailer & Vehicle Maintenance Tools | \$ 14,300 |



2020 Capital Projects, continued

Public Safety (Police & Fire)

- Server Replacement \$ 15,000
- Police Vehicle Replacement \$ 90,000
- Speed Radar Signs, Message Trailer & Street Signs \$ 31,600
- Officer Safety Equipment \$ 9,500
- FD Equipment Replacement (Pagers, SCBA & Turnout) \$ 30,500
- Firehouse Access Control \$ 5,500

Community Service, Recreation & Buildings & Grounds

- Tennis Court Resurfacing \$ 150,000
- Pool Mechanical Equipment & Poolside Furnishings \$ 12,000
- Streetscape Pave Replacement \$ 20,000
- Community Gateway Signs \$ 5,000
- Borough Hall: Ceiling Tiles, Lighting & Electrical Upgrades \$ 7,000



QUESTIONS?