



SHREWSBURY



Borough Council - Finance Committee

# Welcome to the 2016 Borough Budget Workshop

Mayor, Council, and Shrewsbury Residents

March 5, 2016

**Finance Committee**  
**Shrewsbury Borough Council**

## 2016 Borough Budget Objectives

- Balance the service needs of the Community with the cost, budget constraints, and the effect of the Borough Tax Rate
- Review all Operating Expense line items for all Departments.
- Submit a 2016 Borough Budget that reflects the minimum amount of tax needed to sufficiently operate the Borough.
- Minimize any property tax increases as much as possible.
- Introduce a new Tax Assessment program for 2017 in preparation for the 2017 tax year (2016 assessment are fixed based on County requirements to use the ADP program through 12/31/2016).

## 2016 Borough Budget Process

- Individual Borough Committees meet with their departments in early January to discuss department needs, roll recommendations and budget requests to Finance Committee by January 13<sup>th</sup>, 2016.
- Preliminary Budget is prepared for Finance Committee in advance of department meetings based on closing out the 2015 budget and review of actual expenditures.
- January 14<sup>th</sup>, 2016 Finance Committee meets with all Departments to review requested expenditures and ensure need and impact to delivered services to the Taxpayers of Shrewsbury.
- Each department is asked for long term Capital Improvement forecast to develop an accurate Debt program for the Borough (in development).
- Budget is adjusted by CFO for final recommendations based on finance meetings and Finance Committee recommendations.
- Final preliminary budget is developed for review at the budget workshop – March 5<sup>th</sup>.



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## The Overall 2016 Budget and Anticipated Taxes

Includes:

Shrewsbury Borough School  
Red Bank Regional High School  
Shrewsbury Borough  
Monmouth County (also includes Library/Health)

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## Anticipated 2016 Total Tax Bill and Trends

### All Taxing Authorities

(Dollars)

<u>BUDGET AREA</u>	Actual	Proposed	Increase Y/Y	
	<u>2015</u>	<u>2016</u>	<u>Amount (\$)</u>	<u>(%)</u>
COUNTY	\$3,352,367.55	\$3,419,414.90	\$67,047.35	2.00%
SHREWSBURY SCHOOL	\$7,797,268.00	\$7,953,213.36	<b>\$155,945.36</b>	<b>2.00%</b>
RED BANK REGIONAL	\$5,325,227.00	\$5,431,731.54	<b>\$106,504.54</b>	<b>2.00%</b>
<b>MUNICIPAL</b>	<b>\$6,634,309.29</b>	<b>\$7,137,179.20</b>	<b>\$502,869.91</b>	<b>7.58%</b>
OPEN SPACE	<u>\$107,445.60</u>	<u>\$111,872.00</u>	<u>\$4,426.40</u>	<u>4.12%</u>
TOTAL	\$23,216,617.44	\$24,053,411.00	<b>\$836,793.56</b>	<b>3.60%</b>

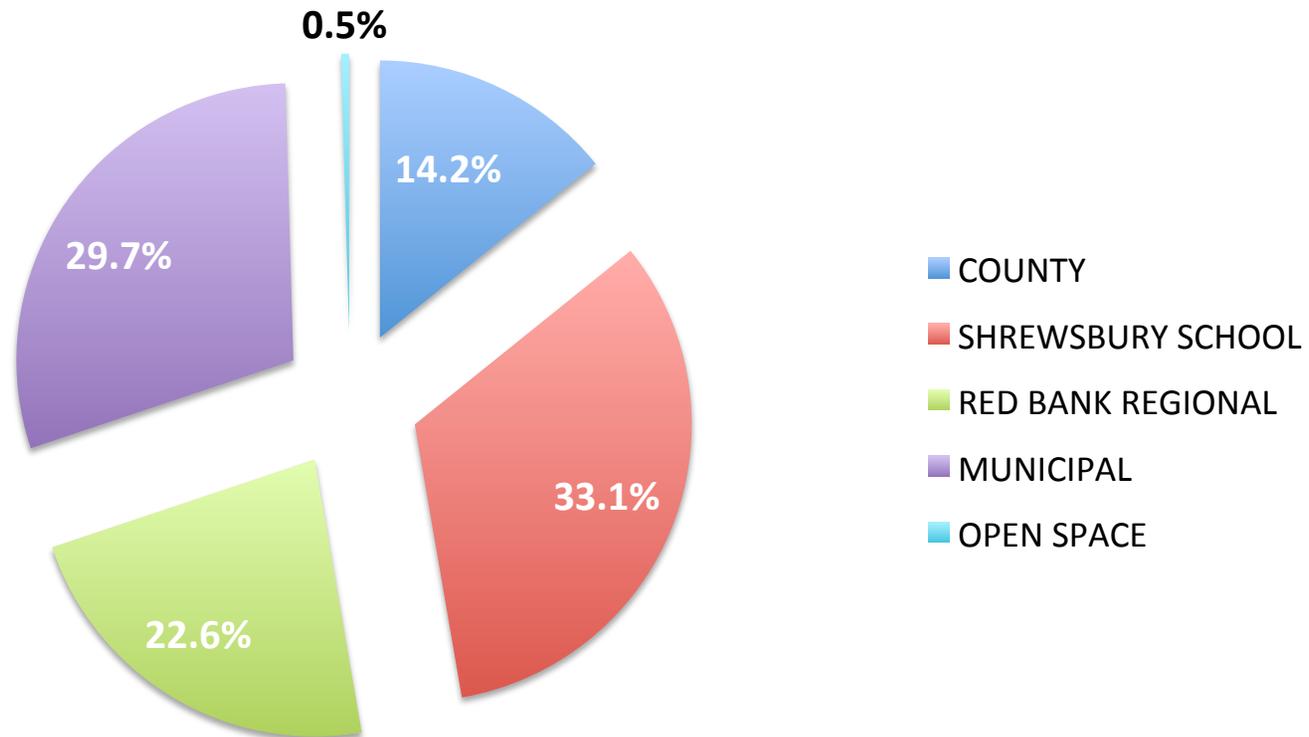
Increase for 2016 is the result of NO FEMA money \$145k and reduced surplus \$489K

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## Composition of Total Taxes – Est. 2016



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## Overall Revaluation Impact

(Vacant Land, Residential, Farms, Commercial, Utilities)

Category	2015	2016*	% Chg
Borough Tax Rate (cents/\$100)	\$0.62	\$0.64	2.57%
Overall Tax Rate (cents/\$100)	\$2.18	\$2.15	-1.19%
Implied Total Tax Obligation (Mil)	\$23.22	\$24.05	3.60%

\* Estimated for non-Borough Budgets

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## Trending Revaluation Impact

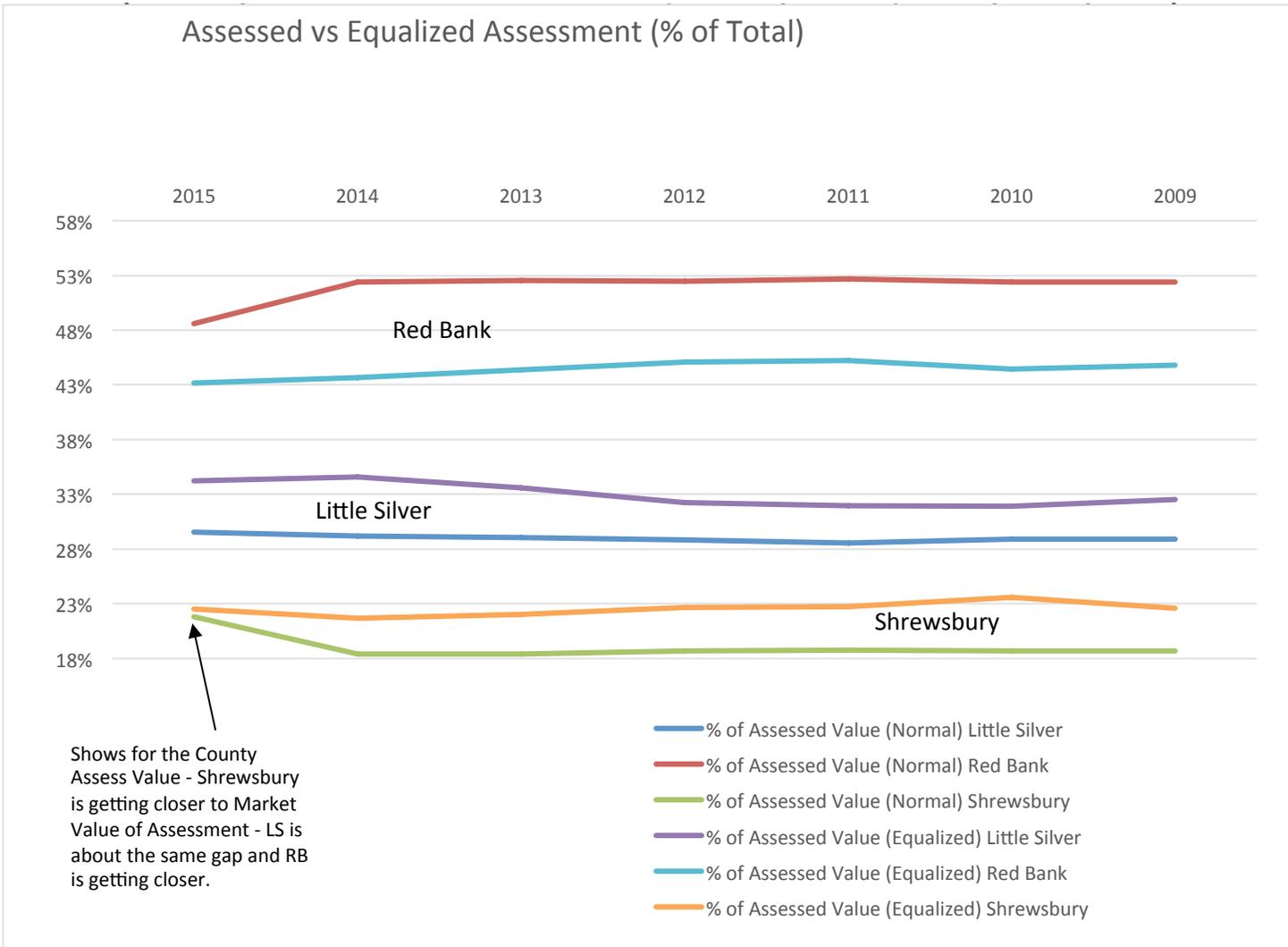
(Vacant Land, Residential, Farms, Commercial, Utilities)

<u>Property Type</u>	<u>2016</u>	<u>2015</u>	<u>Percent +/-</u>	<u>Affect on Tax Rate</u>
Residential	745,165,300	702,100,400	6.13%	Cty & RBR
Commercial	365,694,500	354,940,100	3.03%	Cty & RBR
Vacant Land	5,628,000	7,986,400	-29.53%	Positive
Farm	1,126,800	1,150,900	-2.09%	Neutral
Utilities	<u>1,113,711</u>	<u>1,155,317</u>	<u>-3.60%</u>	Neutral
	1,118,728,311	1,067,333,117	4.82%	



# Trending Revaluation of ADP Program

Assessed vs Equalized Assessment (% of Total)



# The 2016 Borough Budget Only

Excludes Schools, County, Open Space

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Preliminary 2016 Budget

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## Proposed Budget 2016 – All Items

### Major Expense Categories

<u>Operating Expenses</u>	<u>Y/Y Growth</u>	<u>Proposed 2016</u>	<u>2015 Budget</u>	<u>2006</u>	<u>06/16 Growth</u>
Salaries & Wages	0.67%	3,771,093	3,746,115	3,223,700	17%
Group Health Insurance & Disability	1.01%	1,372,894	1,359,161	1,006,532	36%
Pension	10.17%	627,198	569,296	152,845	310%
<b>Total Salaries &amp; Benefits</b>	<b>1.70%</b>	<b>5,771,185</b>	<b>5,674,572</b>	<b>4,383,077</b>	<b>32%</b>
Other Expenses	0.69%	1,040,120	1,033,020	1,018,627	2%
Utilities and Landfill	-3.51%	550,000	570,000	548,000	0%
Grants	9.90%	138,434	125,962	104,623	32%
Debt Service	1.60%	1,088,654	1,071,514	737,130	48%
Reserve for Uncollected Taxes	-2.67%	389,567	400,238	306,529	27%
Capital Improvements	-65.22%	40,000	115,000	35,000	14%
Deferred & Statutory Expenditures	3.51%	309,671	299,178	270,654	14%
<b>Total Non-Operating Expenses</b>	<b>-1.62%</b>	<b>3,556,446</b>	<b>3,614,912</b>	<b>3,020,563</b>	<b>18%</b>
<b>Total Budget (Appropriations)</b>	<b>0.41%</b>	<b>9,327,631</b>	<b>9,289,484</b>	<b>7,403,640</b>	<b>26%</b>

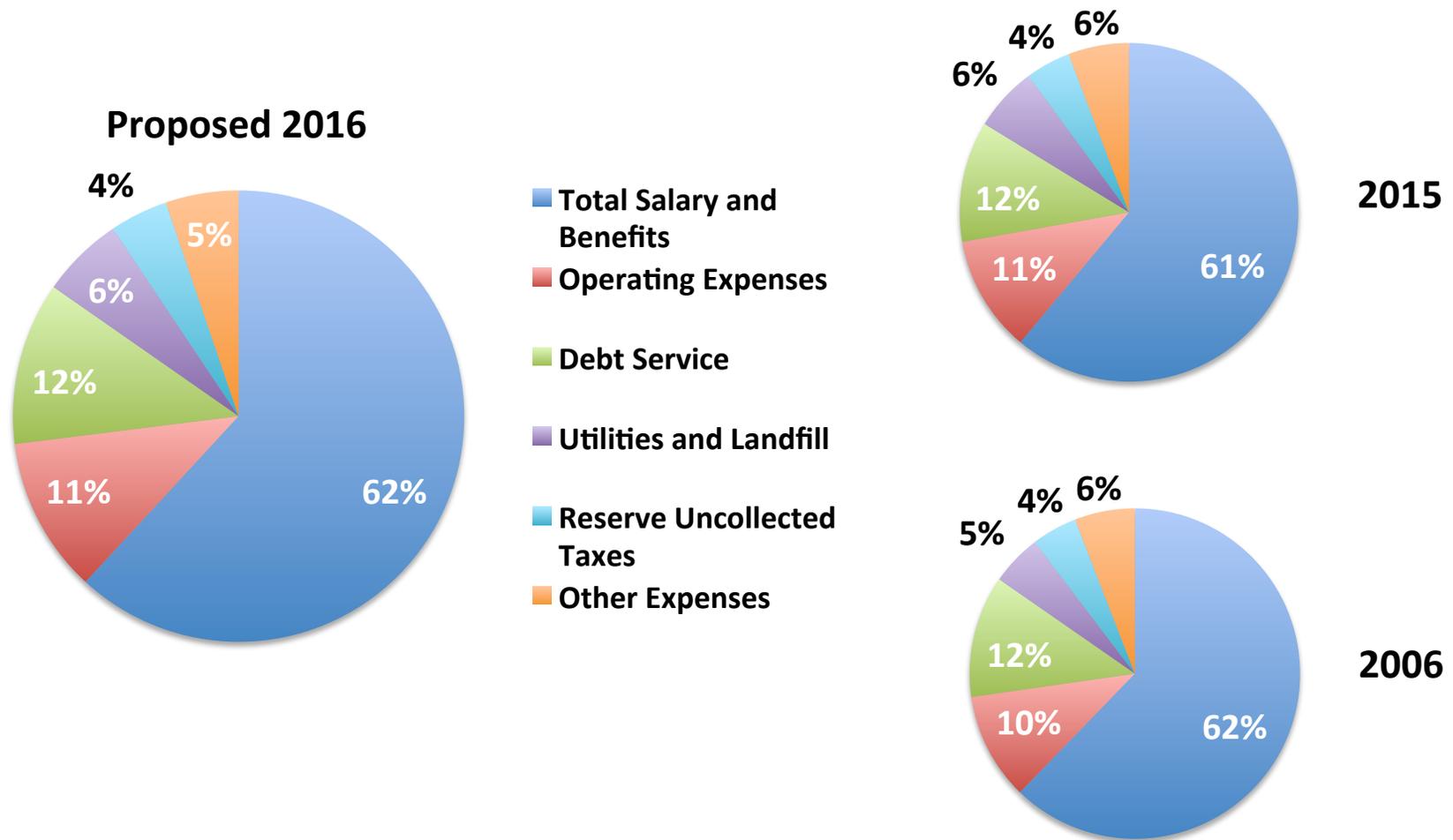
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Preliminary 2016 Budget

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## 2016 Budget Mix – The Big Picture



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Preliminary 2016 Budget

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## Top 16 Operating (OE) Items

<u>Major Operating Expense Line Item</u>	<u>2016 Budget</u>	<u>% of OE</u>	<u>Increase/ -Decrease</u>
Employee Group Insurance	1,105,000	38%	1%
Police Department	188,300	6%	-2%
Solid Waste Collection Contractual	159,000	5%	2%
Landfill/Solid Waste Disposal Costs	156,000	5%	0%
Workers Compensation Insurance	147,394	5%	1%
Other Insurance	115,500	4%	0%
Fire Hydrant Service	92,000	3%	-1%
Legal Services (Legal Department)	80,000	3%	24%
Electricity	80,000	3%	-6%
Building and Grounds	71,460	2%	67%
Recreation Services and Programs	56,500	2%	0%
Engineering Services	55,000	2%	0%
Gasoline	54,000	2%	-10%
Public Health Services (Board of Health)	45,000	2%	3%
Street Lighting	42,000	1%	0%
Streets/Road Maintenance( inc Vehicle)	<u>41,500</u>	<u>1%</u>	<u>-5%</u>
Top 16 Operating Expense Items	2,488,654	86%	2%
All Other Operating Expense Items	<u>419,195</u>	<u>14%</u>	<u>-9%</u>
<b>Total Operating Expense Budget 2016</b>	<b>2,907,849</b>	<b>100%</b>	<b>0%</b>

# SHREWSBURY



Preliminary 2016 Budget

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## 2016 Revenue Budget

	Anticipated <u>2016</u>	Anticipated <u>2015</u>	Realized <u>2015</u>	<u>Growth</u>	
<b>Surplus Anticipated</b>	<b>840,000</b>	<b>1,320,000</b>	<b>694,647</b>	<b>145,353</b>	
<b><u>Miscellaneous Revenues</u></b>	<b><u>479,000</u></b>	<b><u>452,000</u></b>	<b><u>514,067</u></b>	<b><u>-35,067</u></b>	
Fees and Permits	115,000	106,000	124,800	-9,800	
Municiple Court	150,000	135,000	166,491	-16,491	
Licenses	41,000	40,000	42,104	-1,104	
Interest	74,000	75,000	77,987	-3,987	
Franchise Fees	99,000	96,000	102,685	-3,685	
<b>State Aid</b>	<b>381,641</b>	<b>381,641</b>	<b>381,641</b>	<b>0</b>	
<b>UCC Fees</b>	<b>180,000</b>	<b>180,000</b>	<b>192,046</b>	<b>-12,046</b>	
<b>Shared Services</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>0</b>	
<b>Grants</b>	<b>60,310</b>	<b>43,346</b>	<b>43,346</b>	<b>16,964</b>	
<b>Special Items</b>	<b>69,500</b>	<b>78,188</b>	<b>85,268</b>	<b>-15,768</b>	
<b>Delinquent Taxes</b>	<b>170,000</b>	<b>200,000</b>	<b>267,800</b>	<b>-97,800</b>	
<b>FEMA</b>	<b>0</b>	<b>0</b>	<b>145,353</b>	<b>-145,353</b>	Not
<b>Surplus Reduction</b>	<b>0</b>	<b>0</b>	<b>480,000</b>	<b>-480,000</b>	Repeatable
<b>Raised by Taxes</b>	<b><u>7,137,179</u></b>	<b><u>6,634,309</u></b>	<b><u>6,499,007</u></b>	<b><u>638,172</u></b>	
<b>Total</b>	<b>9,327,630</b>	<b>9,299,484</b>	<b>9,313,174</b>	<b>14,456</b>	

## 5 Year Revenue Outlook

- **Economy remains “mixed” – but seems to be steady**
  - Appeals are down – residential and commercial
  - Commercial – Ft. Monmouth has bottomed out and potential for redevelopment.
  - Construction for UCC and other fees (revenue) should remain constant.
  - The past two years the Ivy and the Enclave are almost now full ratables.
  - The Mini Strip Mall on Newman Springs is now a ratable.
- **New Development projects outlook – New Ratable**
  - Application for Shrewsbury Manor to be an Assisted Living Place.
  - Application for Verizon Building to be an Gas/Mini Market
  - Potential for Catelli Brothers to be redeveloped.
  - Potential for Office Space on Shrewsbury Avenue to get redeveloped.
  - Potential for new development on Newman Springs road.



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## Managing the Future Needs of the Borough

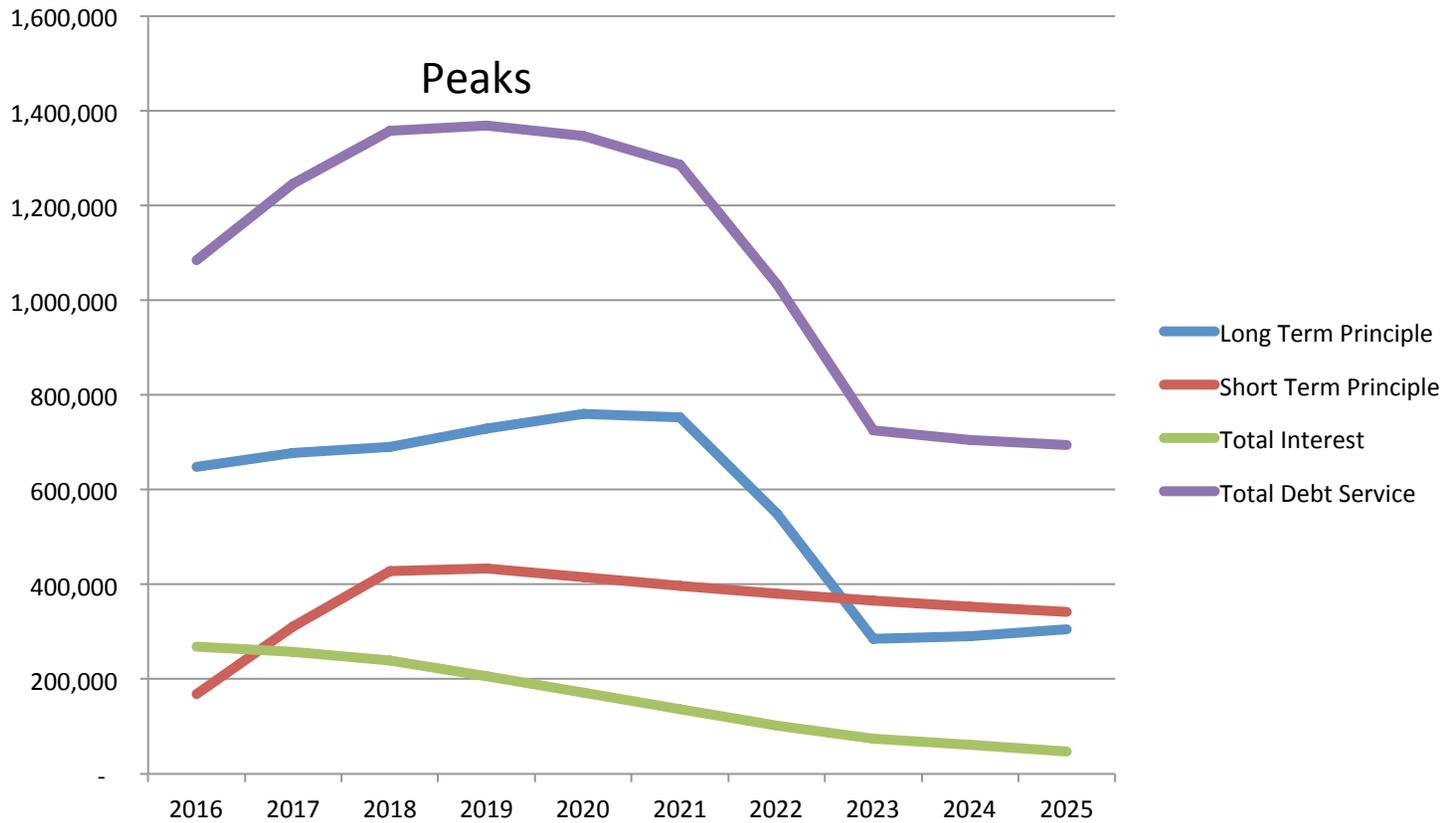
### Key Management Objectives

Managing Debt

Develop a long Term Capital Program

Minimizing Operating Expenses

## Debt service forecast for Next 10 years





## Debt Outstanding forecast for Next 10 years

Interest Rate 3.5%  
LONG TERM DEBT (20 Year)

Interest Rate .75%  
SHORT TERM DEBT (10 Year)

	Balance Principle			Balance Principle	
	January 1, 2016	January 1, 2021		January 1, 2016	January 1, 2021
MCIA SERIES 2007 REFUNDING	\$1,602,000.00	\$217,000.00	Start of BAN	\$1,642,850.00	\$3,419,630.00
MCIA-FIRE HOUSE-05	\$1,730,000.00	\$965,000.00	2016 Adds	\$1,497,500.00	\$-
MCIA-FIRE HOUSE-06	\$780,000.00	\$440,000.00	2017 Adds	\$480.00	\$-
MCIA SERIES 2008	<u>\$1,576,000.00</u>	<u>\$560,000.00</u>	2018-2025 Avg Add	<u>\$237,500.00</u>	<u>\$-</u>
	\$5,688,000.00	\$2,182,000.00	End of Year	\$3,102,353.00	\$3,315,167.00

Start Total - \$8,790,353

End Total - \$5,497,167



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Managing Future Needs

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## Capital Plan for Next 10 years – In early Development

<u>Approved Capital Purchase Ordinance</u>	<u>2016</u>	<u>2017</u>
Acquisition of Generator 1008	95,000	
Ave at the Common 1012	555,000	
Impts to Various Roads 1016	37,500	
Acq Ambulance 1019	152,000	
Acq Ladder Truck 1022		1,000,000
Pickup Truck w/Plow TBD	28,500	
<b>Total</b>	<b>868,000</b>	<b>1,000,000</b>

<u>Potential Capital Purchase</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Dump Truck Plow/Stainless Spreader	95,000				155,000			
Rear Packer Truck	213,750				225,000			
*Sweeper	213,750							
**Improvements to Alameda/Allen	237,500	237,500						
**Improvements to White Pickup Truck w/Plow			190,000	30,000			30,000	
Mower/Ballfield Groomer		47,500	47,500					
**Improvements to Various Roads			237,500	237,500	237,500	237,500	237,500	237,500
<b>Potential Total</b>	<b>760,000</b>	<b>285,000</b>	<b>475,000</b>	<b>267,500</b>	<b>617,500</b>	<b>237,500</b>	<b>267,500</b>	<b>237,500</b>
<b>Grand Total</b>	<b>1,628,000</b>	<b>1,285,000</b>	<b>475,000</b>	<b>267,500</b>	<b>617,500</b>	<b>237,500</b>	<b>267,500</b>	<b>237,500</b>

\* Environmental and Business Case Analysis Needed

\*\* Dependent on Grants (may move between years based on Grants)

## Develop Long Term Capital Program

- Manage the Capital Investment Programs of the Departments
- Spread investments over a period of time to reduce peaks in debt service
- Ensure investments are least cost option:
  - Pay off existing assets and sweat them while they are serviceable
  - Manage cost of maintenance v. replacement
  - Investigate outsourcing of tasks
- Continually investigate share assets with neighboring boroughs
- Forecast Capital Program on a rolling 10 year view

## Future Planning Initiatives

- Hold the line on Operating Expenses
- Identify, implement, and invest in productivity enhancing management practices and equipment.
- Consider Outsourcing Opportunities
- Consider and evaluate Shared Services with other Borough and the County (not much success, but we need to keep trying)
- Prepare the community for what lies ahead with greater transparency and communication.



Thank You!