

# Presented By

**Director of Finance,**  
Robert Renna

Welcome To The 

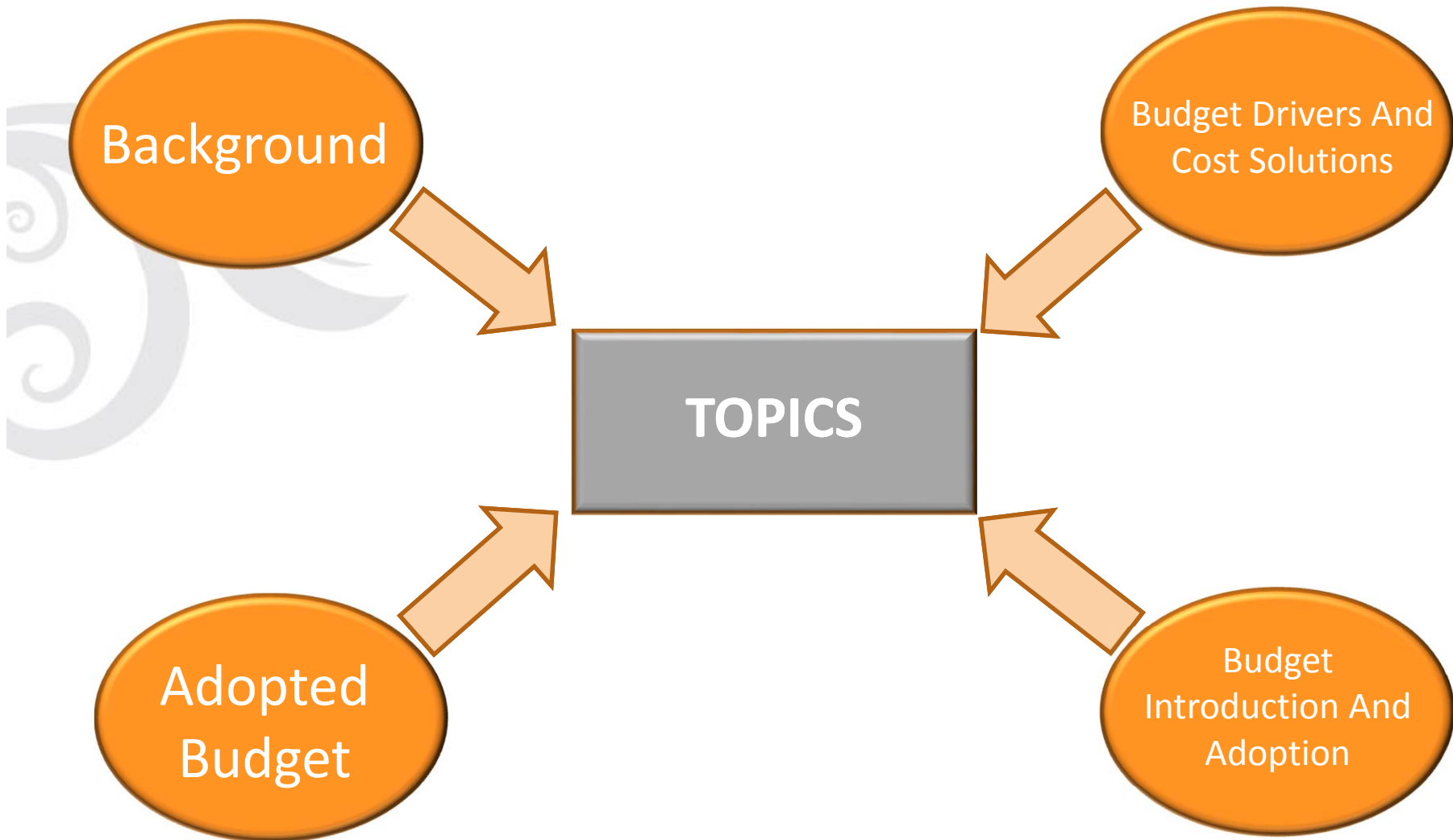


## **Township of Bloomfield** *New Jersey*

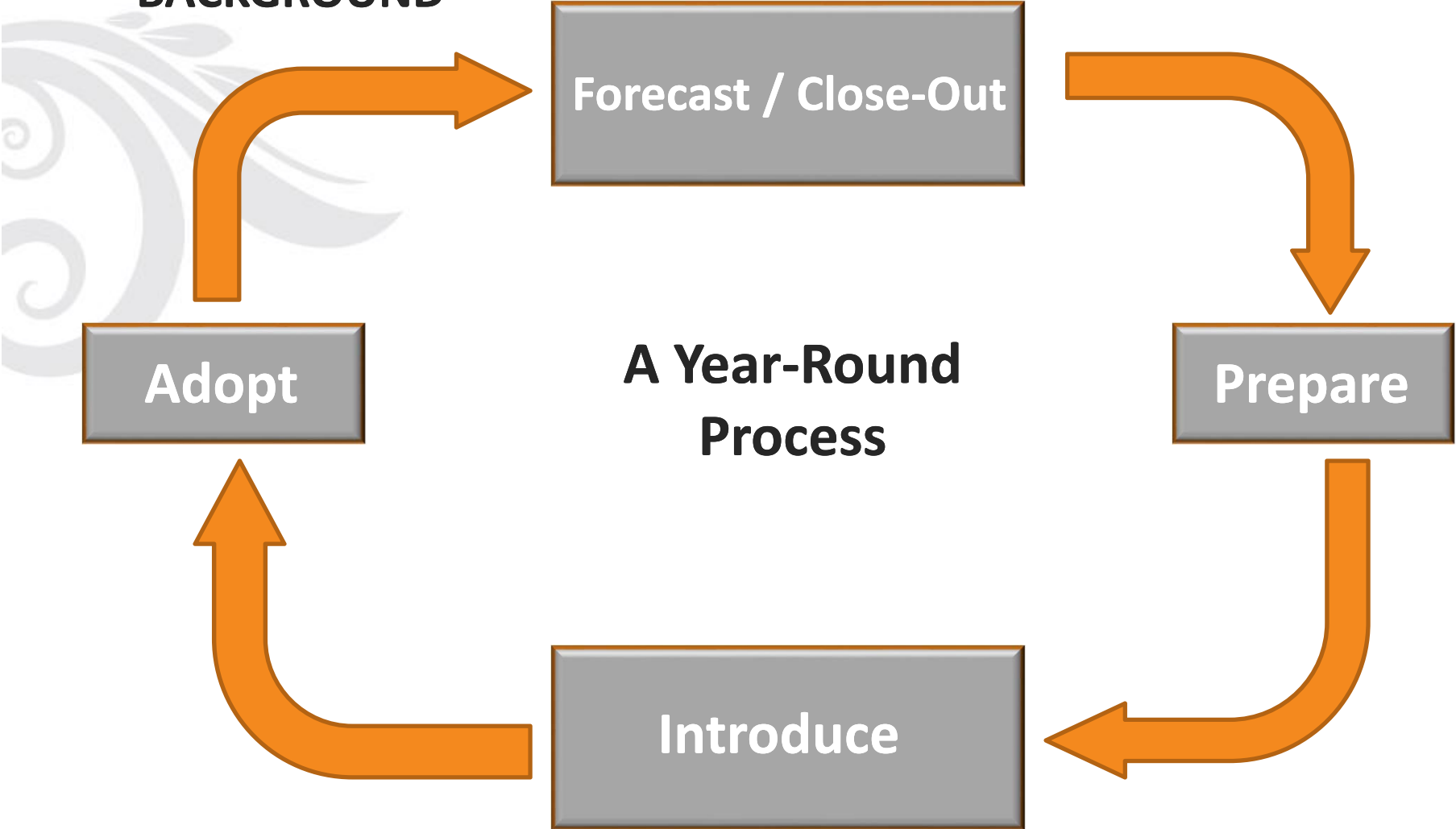
### 2015 Municipal Budget

Adopted June 1, 2015





**BACKGROUND**



**Forecast / Close-Out**

**Adopt**

**A Year-Round  
Process**

**Prepare**

**Introduce**

## BACKGROUND

- **The State of New Jersey dictates**
  - The budget
  - Financial management and accounting practices used by the municipalities
  
- **The Department of Community Affairs approves**
  - All budgets
  - Financial statements
  - Audits

## BACKGROUND



- **The municipal budget has two principal components:**
  - Operating Budget
  - Capital Budget
- **The budget is organized into two expense categories:**
  - Salary and Wages (S&W)
  - Other Expenses (OE)
- **The budget must always balance revenues and expenses**

## BACKGROUND

- **The operating budget is divided into two sections:**
  - General administration and services
  - Water Utility

**The Water Operating budget is a utility funded by user fees**

## BACKGROUND

- **The municipality collects property taxes for the**
  - County
  - Board of Education
  - And the Township
- **Counties and Boards of Education receive 100 percent of what is owed**
- **Municipalities cover any gap with dollars from “Reserve for uncollected taxes”**

## BACKGROUND



- **The budget process is affected by different fiscal years:**
  - State of New Jersey – 7/1 through 6/30
  - Board of Education – 7/1 through 6/30
  - Township of Bloomfield – 1/1 through 12/31



# Tax Process and Limitations

## Municipal Tax

- **Process:** Submitted to Township Council by Township Administrator and approved by vote of the Majority of Mayor and Council. Submitted to the State of NJ for examination and final approval
- **2 percent Levy CAP:** The Municipal portion of the total Tax Levy can not increase more than 2 percent from the prior year, (Certain appropriations excluded from the calculation, such as Debt Service and Sewer Treatment Contracts)
  - 2 percent CAP calculation must be submitted to and approved by the State during the budget examination process
- **1.5 percent Appropriations CAP:** The total appropriations (expenses) of the Current Fund portion of the Municipal Budget can not increase greater than 1.5 percent from the previous year
  - A cost of living adjustment (COLA) moved this CAP to 3.5 percent in 2015 with council approval
  - Year to year budget appropriation increases that are under the CAP can be “banked” and saved for use in the subsequent 2 years

# Tax Process and Limitations

## Public Library Tax

- **Process:** The minimum funding statute for joint and municipal libraries (N.J.S.A. 40:50-8) sets a minimum funding rate at 33 cents on each \$1,000 of equalized value of all assessable property in the township

Libraries are the only portion of a municipal budget with a State mandated minimum appropriation

# Tax Process and Limitations

## Essex County Tax

- **Process:** County Executive presents budget to the County Freeholders. Voted on and approved by County Freeholders. County budgets are later examined and approved by the State
  - County Governments are subject to the same CAP limits as municipalities

## Essex County Open Space Tax

- **Process:** Open Space Plan delineates areas set aside or to be set aside for public recreation use and/or protection of natural, historic or agricultural resources

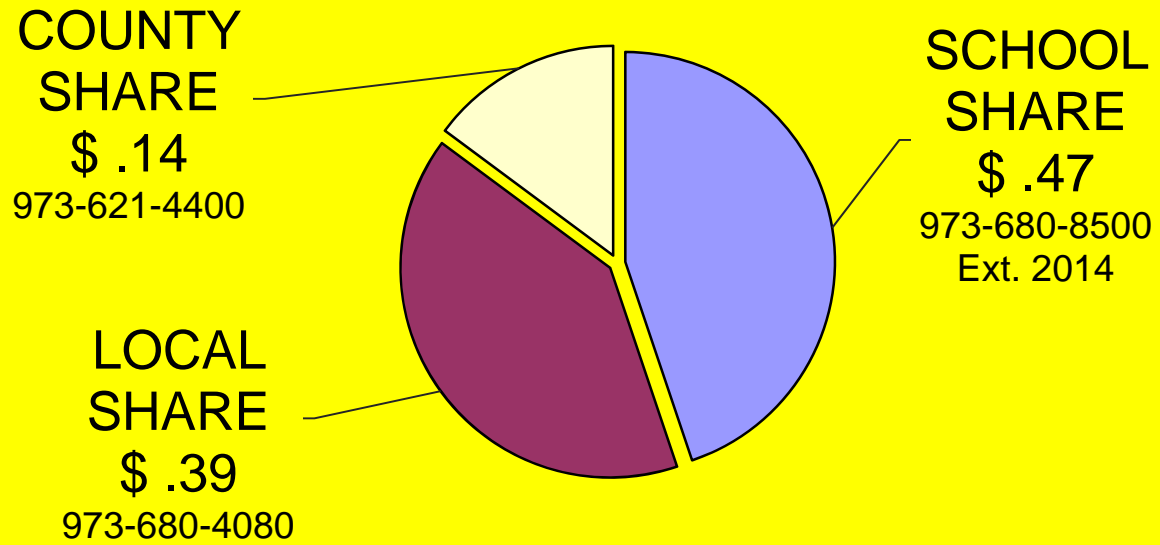
# Tax Process and Limitations

## Bloomfield Board of Education Tax

- **Process:** The School Budget in Bloomfield is presented and submitted by the Board of Education to the County Executive Superintendent. The County Executive Superintendent reviews and approves school budgets
- **Two Percent CAP:** If a greater than two percent increase is requested by the Board of Education, the budget must be voted on by the public

**WELCOME TO THE BLOOMFIELD  
2015 Budget Presentation**

**TOWNSHIP OF BLOOMFIELD  
HOW YOUR 2015 TAX DOLLAR IS SHARED**



# Look Back at 2014

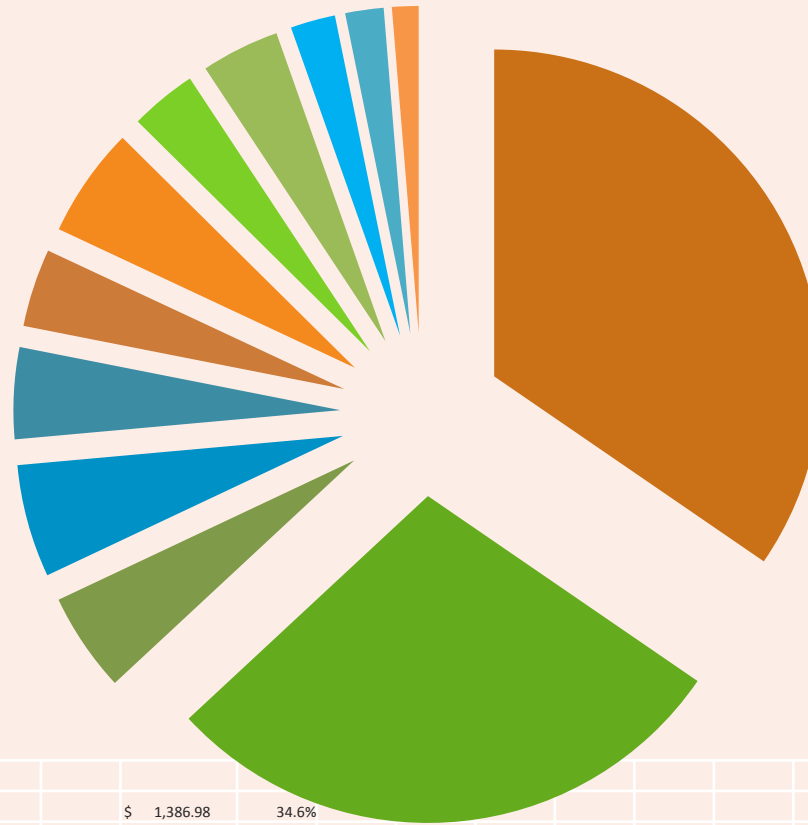
| <u>Taxing Entity</u>             | <u>Total 2014 Tax</u> | <u>2014 Tax Rate</u> | <u>% of Bill</u> |
|----------------------------------|-----------------------|----------------------|------------------|
| Municipal Library and Open Space | 59,707,110.00         | 1.463                | 39%              |
| County and Open Space            | 22,399,582.62         | 0.549                | 15%              |
| School                           | 71,104,087.00         | 1.743                | 46%              |

# Municipal Taxes 2015

|   | <u>2015</u>   |
|---|---------------|
| Amount to be raised<br>By taxation                        | 58,582,957.00 |
| Minimum Library Tax                                       | 1,428,854.00  |
| Tax Rate  | 1.482         |
| Impact on Average<br>Assessed Home<br>Valued at \$270,700 | \$4,011.77    |
| Increase over 2014  | \$37.26       |

# WELCOME TO THE BLOOMFIELD 2015 Budget Presentation

## TOWNSHIP OF BLOOMFIELD BREAKDOWN OF 2015 MUNICIPAL TAXES



- Public Safety
- Employee Benefits
- Garbage and Recycling
- General Government
- Sewer Treatment and Disposal
- Debt Service and Deferred Charges
- Tax Reserve
- Health, Welfare & Recreation
- Public Works & Capital Improvements
- Utilities
- Library
- Land Use and Code Enforcement

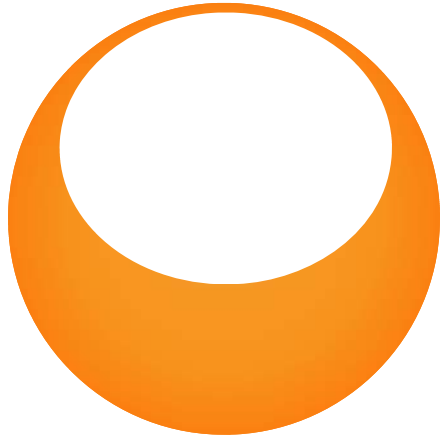
|   |                 |             |
|---|-----------------|-------------|
| Public Safety                               | \$ 1,386.98     | 34.6%       |
| Employee Benefits                           | 1,143.50        | 28.5%       |
| Garbage and Recycling                       | 197.14          | 4.9%        |
| General Government                          | 224.03          | 5.6%        |
| Sewer Treatment and Disposal                | 181.54          | 4.5%        |
| Debt Service and Deferred Charges           | 155.01          | 3.9%        |
| Tax Reserve                                 | 218.58          | 5.4%        |
| Health, Welfare & Recreation                | 132.29          | 3.3%        |
| Public Works & Capital Improvements         | 155.43          | 3.9%        |
| Utilities                                   | 88.87           | 2.2%        |
| Library                                     | 76.13           | 1.9%        |
| Land Use and Code Enforcement               | 52.27           | 1.3%        |
| <b>Municipal Taxes Per Average Taxpayer</b> | <b>4,011.77</b> | <b>100%</b> |



## BACKGROUND

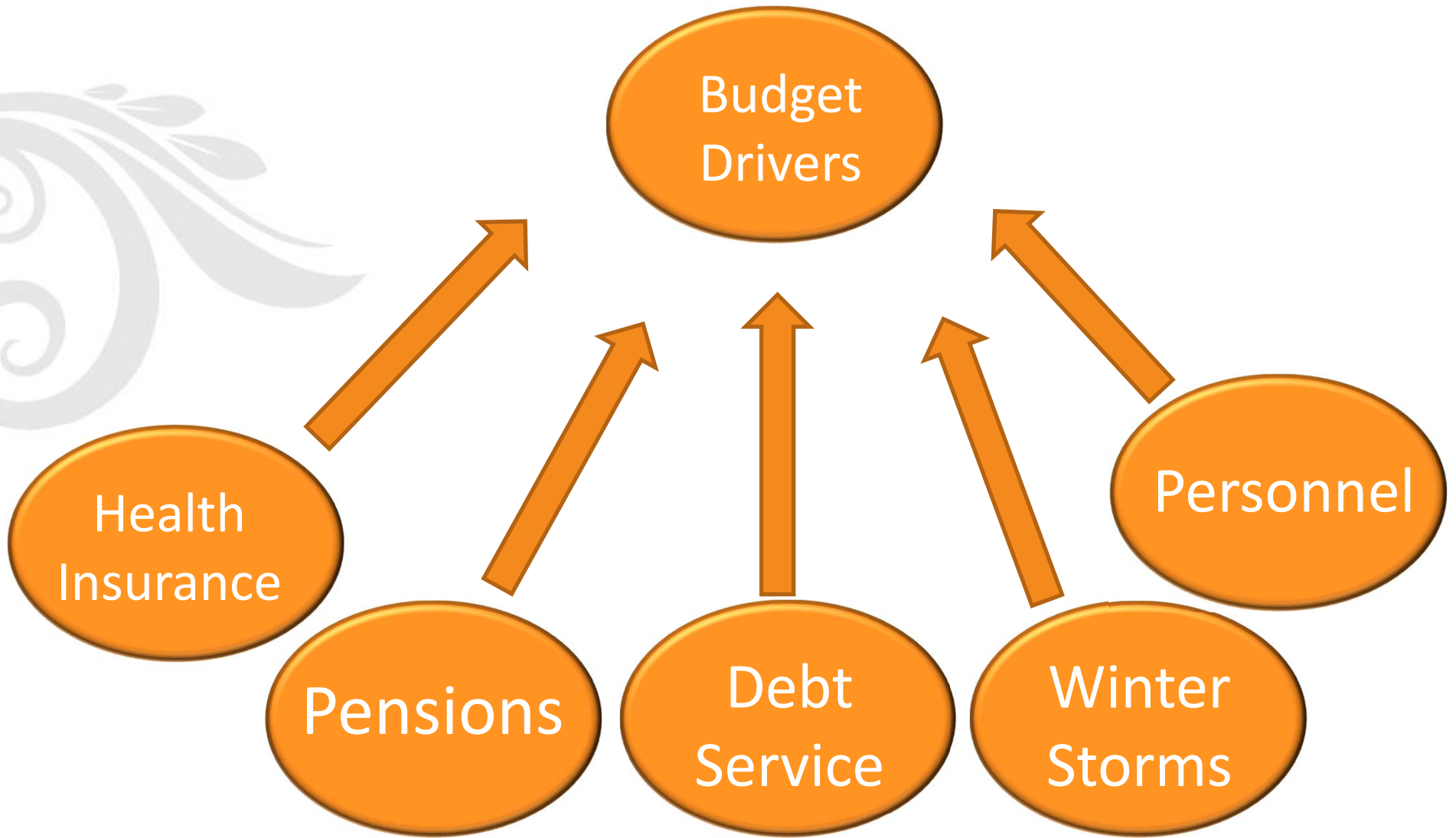
- **Tax Levy vs. Tax Rate**
  - **Municipal Tax Levy**
    - The Municipal Tax Levy is the total amount of Property Taxes raised in the budget
    - The Municipal Tax Rate is the percentage of the Levy that each property owner must pay based on assessed value of their property

**Levy and Tax Rate do not have a direct relationship**



# Budget Drivers





# Budget Drivers

## Health Insurance

- **Bloomfield is Self Insured**
  - Bloomfield is actively looking into being part of a HIF
  - Health Insurance increased 7%

## Health Insurance Employee Contribution

- **In 2011, State law mandated employee contributions with a four year phase in period. Each year premium contributions increase to a maximum of 35 percent**
  - Non-union employees are currently contributing at the full percentage
- **These contributions for 2015 ease the burden of the increase in health premiums (\$1,200,000)**
- **The Township Pays for retired employees**
  - With a minimum of 25 years in pension system combined with at least 10 years of service with the township

# Budget Drivers



## Pensions

- **Three principal pension systems:**
  - Public Employees Retirement System (PERS)
  - Police and Fire Retirement System (PFRS)
  - Teacher Pension and Annuity Fund (TPAF)

# Budget Drivers



- **Public Employee Retirement System (PERS)**
  - Employee contributions increased by State law in 2011 eventually increasing to 7.5 percent
  
- **Police and Fire Retirement System (PFRS)**
  - Employee contributions increased by State law in 2011 from 8.5 to 10 percent

# Budget Drivers

## Debt Service

- **2015 debt payment total 2.9 million dollars**
  - Moody's investor rating is an asset
    - AA3 Rating - Based on
      - Township's stable economy
      - Residential real estate
      - Very strong Fund Balance
    - In near future on-site Rating to take place
- **Interest Rates**
  - 2015 Refunding Bond Sale – 2.03 percent interest
  - Township's Revaluation cost was fully paid off in 2014

# Municipal Debt Summary

**MUNICIPAL DEBT**  
**Summary of Municipal Debt (Excluding Current and Operating Debt)**

|                                  | <u>Year 2014</u>        | <u>Year 2013</u>        | <u>Year 2012</u>        | <u>Year 2011</u>        |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>Issued</u>                    |                         |                         |                         |                         |
| General:                         |                         |                         |                         |                         |
| Bonds and Notes                  | \$ 27,909,000.00        | \$ 29,547,000.00        | \$ 25,288,000.00        | \$ 16,949,000.00        |
| Loans                            | 565,075.00              | 599,722.08              | 404,243.61              | 426,772.29              |
| Bond Anticipation Notes          | 12,592,770.00           | 9,557,995.00            | 13,410,195.00           | 15,487,422.00           |
| Water Utility:                   |                         |                         |                         |                         |
| Bonds and Notes                  | 1,925,000.00            | 2,530,000.00            | 3,090,000.00            | 3,625,000.00            |
| Bond Anticipation Notes          | 2,270,005.00            | 2,270,005.00            | 2,270,005.00            |                         |
| Total Issued                     | <u>45,311,850.00</u>    | <u>44,504,722.08</u>    | <u>44,462,443.61</u>    | <u>36,488,194.29</u>    |
| <u>Authorized but Not Issued</u> |                         |                         |                         |                         |
| General:                         |                         |                         |                         |                         |
| Bonds and Notes                  | 17,256,203.00           | 6,308,957.60            | 8,565,417.60            | 10,530,642.60           |
| Water Utility:                   |                         |                         |                         |                         |
| Bonds and Notes                  | <u>421,614.00</u>       | <u>443,495.00</u>       | <u>443,495.00</u>       | <u>2,713,500.00</u>     |
| Total Authorized but Not Issued  | <u>17,677,817.00</u>    | <u>6,752,452.60</u>     | <u>9,008,912.60</u>     | <u>13,244,142.60</u>    |
|                                  | <u>\$ 62,989,667.00</u> | <u>\$ 51,257,174.68</u> | <u>\$ 53,471,356.21</u> | <u>\$ 49,732,336.89</u> |





# Budget Drivers

## Winter Storms

- **Trust Reserve account helps ease current year burden**
- **Salting**
  - Currently \$130,000 spent on salt for 2015 storms
  
- **Snow Removal Overtime**
  - Snow removal costs are similar regardless of the size of the storm
  - Currently \$155,000 OT cost for 2015 storms

# Budget Drivers

## Personnel Costs

- **Personnel costs are the largest “budget drivers”**
- **Local government is a labor intense service industry**
  - About 65 percent of the budget is personnel and related benefit costs
- **The Township currently has 11 bargaining units**
  - Most Bargaining units have settled contracts

# Cost Solutions

## Cost vs Service



The question becomes how to reduce costs while maintaining the level of service our residents expect and have come to enjoy?



# Cost Solutions

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## Technology

- Technology leads to a reduction in costs and an increase in services
  - Use of social media for communication
  - Increased automation of labor intensive tasks

## Examples

- Tax Office
  - Updating financial software allowing for automation of labor intensive tasks leading to reduction in staff
  - Increase in financial monitoring ability
  - Ability for residents to pay tax and utility bills online



# Reducing Employee Costs

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## Talent Acquisition / Human Resources

- Hiring skilled employees can lead to substantial cost savings
- Reduction of total salary and benefits
- New but proven ideas



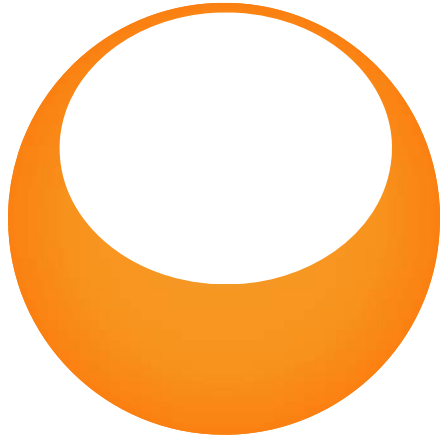
# Reducing Employee Costs

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## Smart Collective Bargaining and Attrition

- The majority of the Township's employees belong to a collective bargaining unit with set pay schedules
- As employees retire, we are able to hire new employees that come with a lower cost





# Adopted Budget

TOWNSHIP OF BLOOMFIELD, NJ  
2015 Municipal Budget



# Adopted Budget

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- The adopted budget maximizes the use of non-property tax revenue
- The budget reflects shared service agreements with
  - The Bloomfield Board of Education
  - Other Municipalities
    - Regarding Health and Animal Services





# 2015 Municipal Appropriations

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- Appropriation Highlights

## Salary and Wages

Department Salary and Wage appropriations increase due to collective bargaining



# 2015 Municipal Appropriations

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- Appropriation Highlights

- **Other Expenses**

- Department other expenses remain relatively flat

- Increase in areas of Fixed Costs



# 2015 Revenue

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- **Township revenue comes from three major sources**
  - Miscellaneous Revenue Anticipated
  - Fund Balance
  - Municipal Tax Levy
- **Miscellaneous Revenue Anticipated and Fund Balance are used to reduce the total Tax Levy required**



# 2015 Revenue

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- **Miscellaneous Revenue Anticipated**

- These items of revenue include building fees and permits, state aid and municipal court fines and costs
- The amount that can be anticipated in the budget is limited to the total collected in the prior year
- Bloomfield's Miscellaneous Revenue Anticipated varies year to year as revenue increase and decrease



# Fund Balance

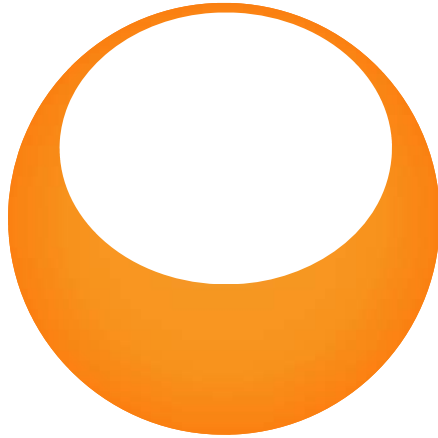
## *FUND BALANCES APPROPRIATED*

|                                  | <u>Year</u> | <u>Balance<br/>December 31</u> | <u>Utilized<br/>in Budgets of<br/>Succeeding Year</u> |
|----------------------------------|-------------|--------------------------------|---|
| Current Fund:                    | 2014        | \$ 8,634,958.03                | \$ 3,500,000.00                                       |
|                                  | 2013        | 4,328,034.21                   | 3,000,000.00  |
|                                  | 2012        | 4,102,231.45                   | 3,000,000.00  |
|                                  | 2011        | 3,245,191.65                   | 3,000,000.00  |
|                                  | 2010        | 3,581,659.30                   | 3,000,000.00  |
|                                  | 2009        | 3,360,341.07                   | 3,000,000.00  |
| Water Utility Operating<br>Fund: | 2014        | 1,619,223.98                   |   |
|                                  | 2013        | 550,734.38                     | - *   |
|                                  | 2012        | 750,734.38                     | - *   |
|                                  | 2011        | 425,380.54                     | - *   |
|                                  | 2010        | 184,236.02                     | -   |
|                                  | 2009        | 317,229.54                     | 150,000.00 *  |





# Budget Introduction & Adoption



TOWNSHIP OF BLOOMFIELD, NJ  
2015 Municipal Budget



# Budget Introduction & Adoption

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- Introduction April 13, 2015
  - Public hearing on June 1 2015
  - Budget Amendment on June 1, 2015
  - Adoption on June 1, 2015

**LOWEST TAX INCREASE IN 14 YEARS**

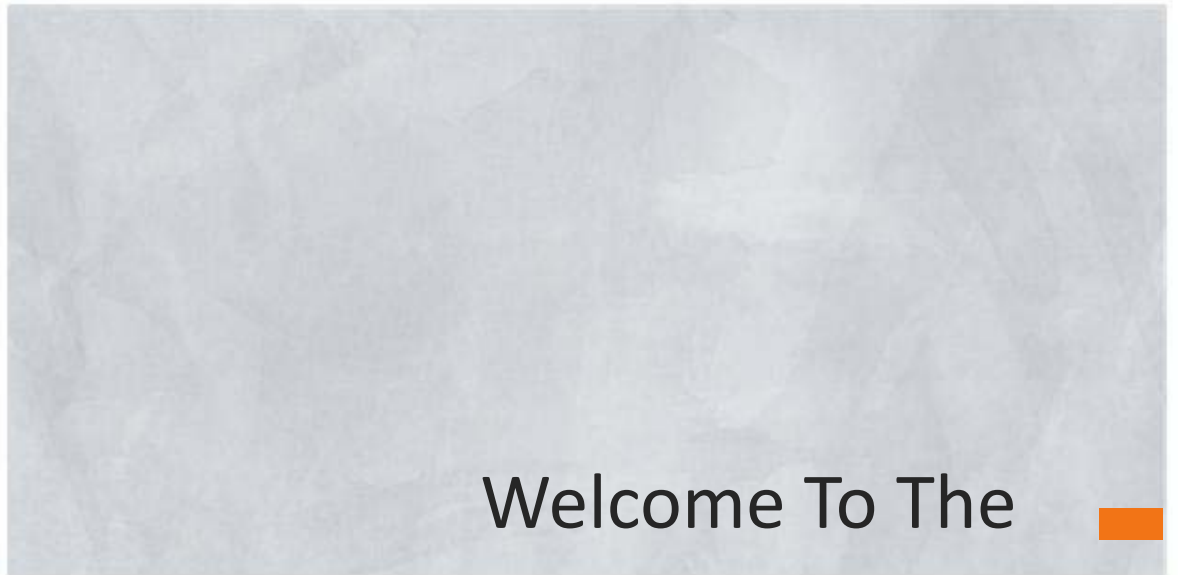



**TOWNSHIP OF MUNICIPAL  
2015 Budget**

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Welcome To The 



# Township of Bloomfield

*New Jersey*

## 2015 Budget Presentation

