

2021 Budget Presentation



Budget Goals

- ☞ Transparent Process
- ☞ Minimize increases in operational costs
- ☞ Maintain service levels
- ☞ Identify further operational improvements
- ☞ Identify cost savings /revenue enhancements
- ☞ Stimulate growth in surplus balance.

Budget Process

∞ Financial Overview

- Operating results from 2020 are reviewed through out the year the project the 2021 budget. Final results are reported in the Annual Financial Statement.

∞ Review of Operational budgets

- Year-end Department reports are reviewed by the Administrator, CFO, and Department head.

∞ Review of Capital requests

- Annual capital needs and requests are provided to the Administrator and CFO. A plan is crafted based on funding, grants, and feasibility.

∞ Approval Process

- There are three phases of budget approval
 - 1) Introduction of the Budget 4/26/21
 - 2) Public Hearing on the Introduced Budget 5/24/2021
 - 3) Adoption of the 2021 Municipal Budget 5/24/2021

BUDGET

- ∞ Municipal budget has two components
 - Operating Budget
 - Capital Budget
- ∞ Expenses are broken down into two categories
 - Salary & Wages
 - Other Expenses
- ∞ Budget must balance revenues and expenses

BUDGET

∞ The budget is divided into three sections:

A– General Administration and Services including Sewer is referred to as the Current Fund.

B– Water

C– Community Pool

∞ Water and the Community Pool are utilities

∞ – All costs associated with utilities are paid by user fees. Utilities are not subsidized with property taxes.

BUDGET

- ∞ The Borough collects taxes for the board of education, county and municipality.
- ∞ Borough must guarantee payment of 100% of board of education and county taxes.
- ∞ Borough covers any shortfall by budgeting a “Reserve for Uncollected Taxes”.

TAX COMPONENTS

- ☞ Glen Ridge's property taxes are distributed as follows:
- ☞ – Board of Education – 60.79%
- ☞ – County of Essex – 16.66%
- ☞ – Borough of Glen Ridge & Library- 22.54%

BUDGET

- ∞ The proposed 2021 municipal budget is \$15,904,545.68
 - ∞ The reserve for uncollected taxes is \$700,500.00
 - ∞ The amount to be raised by taxes is \$12,612,940.54
- Taxation covers 80% of the total budget

ASSESSED PROPERTY VALUATIONS

Property Tax Assessments - Taxable Properties (October 1, 2020 Value)				
		# of Parcels	Assessed Value	% of Total
1	Vacant Land	129	\$949,700.00	0.06%
2	Residential	2,290	\$1,527,804,100.00	89.23%
3A/3B	Farm	0	\$0.00	0.00%
4A	Commercial	20	\$158,264,800.00	9.24%
4B	Industrial	0	\$0.00	0.00%
4C	Apartments	2	\$24,279,900.00	1.42%
5A/5B	Railroad	3	\$0.00	0.00%
6A/6B	Business Personal Property	1	\$844,700.00	0.05%
	Total	2,445	\$1,712,143,200.00	100.00%

EXEMPT PROPERTIES

<u>Property Tax Assessments - Exempt Properties (October 1, 2020 Value)</u>				
		# of Parcels	Assessed Value	% of Total
15A	Public Schools	5	\$58,838,200.00	42.77%
15B	Other Schools	1	\$3,492,900.00	2.54%
15C	Public Property	38	\$42,681,600.00	31.03%
15D	Church and Charities	7	\$12,615,100.00	9.17%
15E	Cemeteries & Graveyards	1	\$8,587,500.00	6.24%
15F	Other Exempt	22	\$11,351,400.00	8.25%
	Total	74	\$137,566,700.00	100.00%

Revenues

- ⌘ Despite the Pandemic, Property Tax Collections remained consistent with prior years
- ⌘ Municipal Court, Interest on Investment, and Recreation revenues were strongly impacted by the pandemic
- ⌘ Increase in Clarus Development revenues expected in later 2021 or 2022
- ⌘ Significant decrease in Pool Utility Revenues – 2021 budget based on 3-year average
- ⌘ \$247,583.16 received via CARES Act funding in 2020
- ⌘ Additional American Rescue Plan funding expected in late 2021 and 2020. These funds will have restricted uses.

BUDGET DRIVERS

PERSONNEL COSTS

Organization / Individuals Eligible for Benefit	# of Full-Time Employees	# of Part-Time Employees	Total Personnel Cost	Base Pay	Overtime and other Compensation	Pension (Estimate)	Health Benefits Net of Cost Share	Employment Taxes and Other Benefits
Governing Body	0.00	7.00	0.00					
Supervisory Staff (Department Heads & Managers)	7.00		1,123,515.00	\$828,515.00		\$95,000.00	\$145,000.00	\$55,000.00
Police Officers (Including Superior Officers)	23.00		4,017,405.00	\$2,600,339.00	\$130,000.00	\$822,066.00	\$360,000.00	\$105,000.00
Fire Fighters (Including Superior Officers)	0.00		0.00					
All Other Union Employees not listed above	21.00	2.00	1,652,633.00	\$1,002,633.00	\$65,000.00	\$225,000.00	\$275,000.00	\$85,000.00
All Other Non-Union Employees not listed above	3.00	111.00	734,393.55	\$627,123.55	\$10,000.00	\$22,270.00	\$45,000.00	\$30,000.00
Totals	54.00	120.00	7,527,946.55	\$5,058,610.55	\$205,000.00	\$1,164,336.00	\$825,000.00	\$275,000.00

BUDGET DRIVERS

- ∞ Two principal pension systems:
 - ∞ – Public Employee Retirement System (PERS)
 - 9.26% Increase in 2021
 - 2021: \$305,123
 - 2020: \$279,266
 - ∞ – Police and Fire Retirement System (PFRS)
 - 9.19% Increase in 2021
 - 2021: \$822,066
 - 2020: \$752,862
- ∞ PFRS is more costly than PERS when calculated on a per-capita basis (29.80% vs. 13.16%). Local pension plans are approximately 75% funded.

BUDGET DRIVERS

- ☞ Glen Ridge's membership in the New Jersey State Health Benefit Plan and employee contributions help contain the cost.
- ☞ 2021 health benefit costs are \$825,000
- ☞ There is a 1.8% increase in health care insurance premiums for 2021
- ☞ Annually, the decision to continue as a member of the SHBP is reviewed
 - - Health insurance funds (HIFs)
 - - Private insurers

BUDGET DRIVERS

∞ State aid is flat since 2010 as shown in the following table:

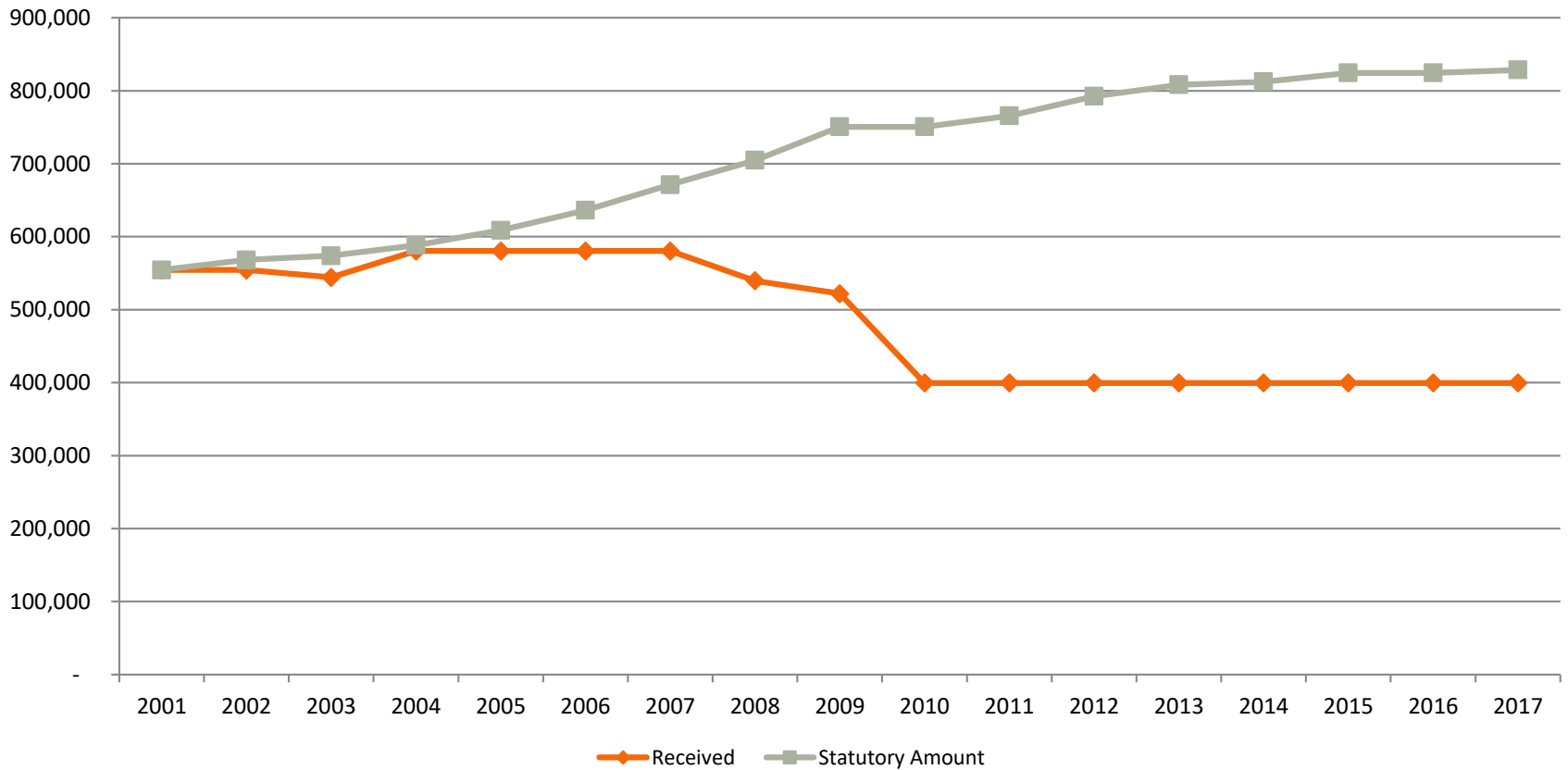
∞ STATE AID TO GLEN RIDGE

- 2007 \$685,000.00
- 2008 \$689,508.00
- 2009 \$521,935.00
- 2010 – 2021 \$399,541.00/YEAR

BUDGET DRIVERS

Source: NJLM

Calculation of State Aid Obligation



CAP LAWS

TAX LEVY/REVENUE “CAP”

- 2% CAP – Based on Prior Year Amount to be Raised by Taxation
- Exceptions: Increases in Health Insurance, Debt Service, Capital Expenses & Declared Emergencies
- Borough has a CAP Bank of \$ 402,232
- Expiring Balance for 2021 is \$172,811

APPROPRIATION/EXPENDITURE “CAP”

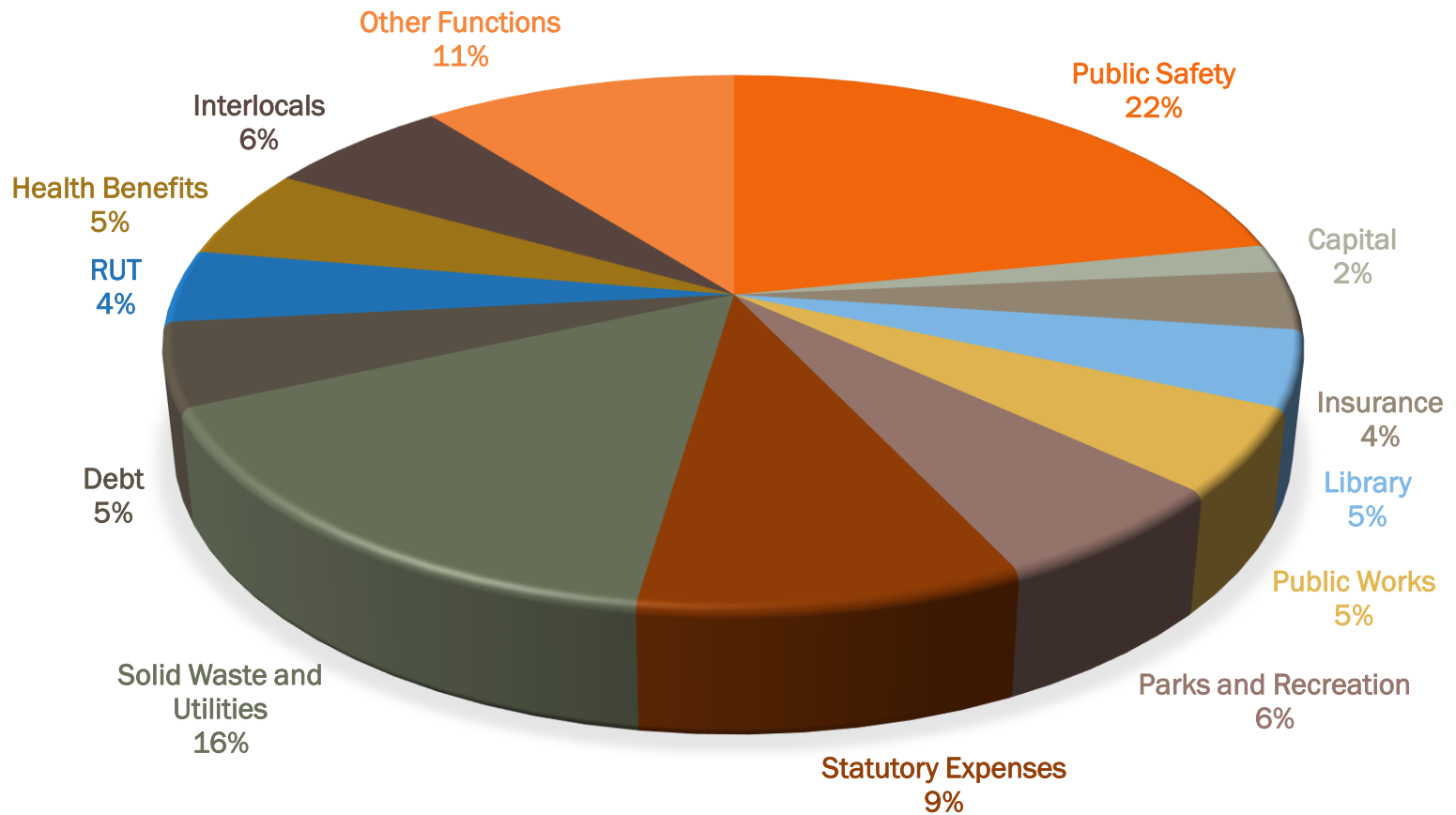
- Maximum 3.5% by Ordinance
- Borough has Appropriation Bank of \$191,263.44
- Expiring Balance for 2021 is \$86,655.88
- The banks are the result of cost containment measures from previous years.

TAX IMPACT

- 2020 Average Home Assessment - \$665,800
- 2021 Average Home Assessment - \$667,200
- 2020 Municipal Tax - \$4,782
- 2021 Municipal - \$4,915

	2020	2021 (Proposed)	Change
Net Taxable Value	1,703,366,100	1,712,143,200	0.52%
Average Residential Value	665,800	667,200	0.21%
Municipal Tax Levy	12,234,319	12,612,941	3.09%
Municipal Tax Rate	0.7182	0.7367	2.57%
Average Residential Tax	4,782	4,915	\$133.03
*Municipal Includes Library			

FUNCTIONS



Analysis of Fund Balance

Beginning Balance 1/1/2020	2,980,982.02
Utilized in Municipal Budget	(1,550,000.00)
Excess Tax Revenue	453,189.28
Excess Anticipated Revenue	60,863.76
Misc. Revenue Not Anticipated	147,558.38
Lapsed 2019 Budget	514,488.85
Cancel 2020 Budget	215,000.00
Interfund and Other Operations	<u>20,084.93</u>
	1,411,185.20
Ending Balance 12/31/2020	2,842,167.22

Note: Misc Revenue Anticipated had an actual deficit of \$99,136.24. The \$160,000 special emergency ordinance eliminated the deficit in 2020. It will be raised in future years.

OUTSTANDING DEBT

- ☞ Water Utility Fund Debt - \$3,046,108.88
- ☞ Pool Utility - \$396,000
- ☞ Municipal Purposes -\$8,036,620.26
- ☞ Net Debt as % of 3 Year Avg. Property Valuation – 0.45%
- ☞ Allowable Debt as % of 3 Year Avg. Property Valuation – 3.5%

SHARED SERVICES

Municipal Shared Services

- Fire Prevention and Suppression – Montclair
- Sanitary Sewer – Montclair
- Water Distribution – Montclair
- Health Services and Animal Control – Bloomfield
- Glen Ridge Public Library – Cleaning

2021 PROJECTS

- ✎ Continue projects funded via 2019 capital ordinance
 - Library Stairs
 - Train Station Renovation
 - Municipal Complex Improvements

- ✎ Shade Trees - Planted 200 trees & continues our comprehensive pruning schedule

- ✎ Public Safety – Continue Community Outreach Program & Attain N.J.SA.C.O.P. Accreditation

2021 PROJECTS

Road Reconstruction

- Midland Ave
- Woodland Ave
- Freeman Parkway
- Wildwood Terrace
- Benson St
- Clinton Rd
- Baldwin St
- Lincoln St

Moody's Credit Overview — May 12, 2021

- ∞ The credit position for Glen Ridge is very strong. Its Aa2 rating is slightly above the median rating of Aa3 for cities nationwide. The notable credit factors include a very strong wealth and income profile, a solid tax base and a robust financial position. It also reflects an exceptionally light debt burden and a somewhat elevated pension liability.
- ∞ The financial position of Glen Ridge is robust and is relatively favorable with respect to its Aa2 rating. The cash balance as a percent of operating revenues (41.7%) is on par with the US median and increased materially from 2016 to 2019.

BUDGET

- More information on the 2021 budget is available at www.glenridgenj.org
- Please contact the Borough Administrator at mpzichelli@glenridgenj.org or the Chief Financial Officer at cfo@glenridgenj.org if you have questions or require additional information.
- Thank You and your input is welcome.