

**TOWNSHIP OF ROCKAWAY
INTER-DEPARTMENT MEMORANDUM**

ADMINISTRATION

TO: Council President Antonelli and Township Council

FROM: Greg Poff, Business Administrator

DATE: February 16, 2017

RE: 2017 Municipal Budget Update

The Township closed fiscal year 2016 in a stronger financial position than was previously forecasted. First was a significant payment of delinquent taxes received in December 2016 from the Lennar Corporation as the contract purchaser of property known as Coventry Park (Block 22401, Lot 1.01). Second, the Township realized greater than expected revenues in Uniform Construction Code permits. These two items contributed to an increase in Township's general fund balance of \$759,916.

It is my recommendation that the Township leverage this increase in fund balance by increasing the capital improvement fund appropriation by \$450,000. This recommendation will have no impact on the proposed 2017 municipal tax rate. In addition, the increase in this appropriation has several benefits including:

1. Allowing the Township to begin to fund its road resurfacing program substantially in cash eliminating the need to borrow money for this on-going expense; and
2. Reducing the Township's overall debt service and insulating against the anticipated increase in interest rates; and
3. Providing flexibility in future budgeting by creating an appropriation that could be reduced in the event of extraordinary or unforeseen expenses.

The proposed budget has been amended pursuant to this recommendation with revenues and appropriations now totaling \$40,493,417.

In addition to this budget update I have included:

1. A revised appropriation summary reflecting the increase to the capital improvement fund appropriation.
2. Organizational charts by budget department for all of the employees listed in the budget.
3. A copy of my 2017 draft municipal budget memo dated February 3, 2017.

Copy: Mayor Michael Dachisen
Lisa Palmieri, Chief Financial Officer

**TOWNSHIP OF ROCKAWAY
2017 BUDGET EXPENDITURES
SUMMARY**

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
GENERAL GOVERNMENT:									
General Administration:									
S&W	242,071.92	252,323.91	256,906.63	257,740.00	271,307.00	271,307.00		13,567.00	5.26%
O/E	55,550.45	55,701.89	18,708.42	22,300.00	22,300.00	21,000.00		(1,300.00)	-5.83%
Human Resources:									
S&W					71,000.00	71,000.00		71,000.00	100.00%
O/E	12,165.48	45,248.28	24,636.08	80,000.00	80,000.00	84,000.00		4,000.00	5.00%
Mayor & Council:									
S&W	48,402.00	50,354.21	50,909.28	51,082.00	57,082.00	57,082.00		6,000.00	11.75%
O/E	1,081.62	737.69	912.43	31,800.00	1,050.00	1,760.00		(30,040.00)	-94.47%
Township Clerk:									
S&W	134,252.61	139,872.37	142,494.93	143,847.00	152,270.00	152,270.00		8,423.00	5.86%
O/E	85,386.52	50,731.28	95,893.90	116,000.00	113,400.00	113,400.00		(2,600.00)	-2.24%
Financial Administration:									
S&W	332,873.51	347,789.18	353,393.91	354,957.00	362,916.00	362,916.00		7,959.00	2.24%
O/E	39,091.91	51,576.24	52,558.34	59,830.00	61,030.00	61,030.00		1,200.00	2.01%
Audit	45,150.00	45,150.00	45,150.00	45,150.00	45,150.00	45,150.00			
Information & Technology:									
O/E			74,533.61	141,800.00	139,900.00	139,900.00		(1,900.00)	-1.34%
Tax Collection:									
S&W	166,336.98	177,957.17	185,061.09	186,164.00	192,101.00	192,101.00		5,937.00	3.19%
O/E	20,686.34	21,154.21	21,831.29	30,190.00	30,190.00	30,190.00			
Tax Assessment:									
S&W	160,509.20	166,994.14	170,068.13	171,259.00	174,221.00	174,221.00		2,962.00	1.73%
O/E	15,458.36	4,396.21	9,991.33	20,250.00	20,250.00	20,250.00			
Legal:									
O/E	546,959.77	355,890.92	356,834.17	475,000.00	475,000.00	455,000.00		(20,000.00)	-4.21%
Engineering:									
S&W	259,897.99	270,842.33	275,095.27	279,420.00	279,483.00	279,483.00		63.00	0.02%
O/E	57,961.95	78,238.87	132,254.71	140,000.00	140,000.00	140,000.00			
Historical Society:									
O/E	1,231.40	1,138.63	1,789.40	2,000.00	2,000.00	2,000.00			
Sub Total:									
S&W	1,344,344.21	1,406,133.31	1,433,929.24	1,444,469.00	1,560,380.00	1,560,380.00		115,911.00	8.02%
O/E	880,723.80	709,964.22	835,093.68	1,164,320.00	1,130,270.00	1,113,680.00		(50,640.00)	-4.35%
Total General Gov.	2,225,068.01	2,116,097.53	2,269,022.92	2,608,789.00	2,690,650.00	2,674,060.00		65,271.00	2.50%

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
LAND USE ADMIN.:									
Planning Board:									
S&W	4,061.73	3,172.84	4,000.00	4,000.00	4,000.00	4,000.00			
O/E	51,207.26	42,550.58	73,156.94	86,350.00	86,350.00	86,350.00			
Zoning/Board of Adjustment:									
S&W	509.21		941.22	1,000.00	1,000.00	1,000.00			
O/E	11,069.51	10,826.74	10,432.07	12,120.00	12,120.00	12,120.00			
Sub Total:									
S&W	4,570.94	3,172.84	4,941.22	5,000.00	5,000.00	5,000.00			
O/E	62,276.77	53,377.32	83,589.01	98,470.00	98,470.00	98,470.00			
Total Land Use Adm.	66,847.71	56,550.16	88,530.23	103,470.00	103,470.00	103,470.00			
CODE ENFORCEMENT:									
Construction Code Official:									
S&W	340,956.34	350,071.43	364,597.05	485,596.00	534,525.00	534,525.00		48,929.00	10.08%
O/E	160,207.27	191,932.50	213,821.20	172,035.00	187,175.00	187,175.00		15,140.00	8.80%
Total Code Enforcement	501,163.61	542,003.93	578,418.25	657,631.00	721,700.00	721,700.00		64,069.00	9.74%
PUBLIC SAFETY:									
Police Operations:									
S&W	6,667,361.76	6,386,597.70	6,434,077.88	6,623,300.00	6,757,512.00	6,757,512.00		134,212.00	2.03%
O/E	373,826.51	344,344.11	361,902.18	385,000.00	380,800.00	380,800.00		(4,200.00)	-1.09%
Police Dispatch:									
S&W	483,418.00	497,210.62	487,779.70	550,769.00	600,095.00	600,095.00		49,326.00	8.96%
O/E	59,613.79	59,678.32	58,959.59	59,700.00	60,000.00	60,000.00		300.00	0.50%
Emergency Management:									
S&W	7,500.00	7,458.45	7,500.00	7,500.00	7,500.00	7,500.00			
O/E	6,125.85	4,514.56	7,210.82	7,450.00	7,450.00	7,450.00			
Fire:									
Fire Hydrant Service	200.00	7,000.00	6,975.00	7,000.00	7,000.00	7,000.00			
S&W	80,403.95	83,592.46	78,567.58	78,568.00	79,943.00	79,943.00		1,375.00	1.75%
O/E	478,348.44	476,705.05	474,395.33	477,125.00	480,350.00	477,100.00		(25.00)	-0.01%
Aid to Green Pond Fire & Ambulance:									
O/E	11,400.00	11,400.00	14,000.00	14,000.00	14,000.00	14,000.00			
LOSAP:									
O/E				190,000.00	190,000.00	190,000.00			

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
Fire Prevention:									
O/E	25,400.00	25,400.00	25,400.00	25,400.00	25,400.00	25,400.00			
Municipal Prosecutor:									
O/E	33,600.00	25,200.00	33,600.00	34,600.00	34,600.00	37,000.00		2,400.00	6.94%
Sub Total:									
S&W	7,238,683.71	6,974,859.23	7,007,925.16	7,260,137.00	7,445,050.00	7,445,050.00		184,913.00	2.55%
O/E	988,514.59	954,242.04	982,442.92	1,200,275.00	1,199,600.00	1,198,750.00		(1,525.00)	-0.13%
Total Public Safety	8,227,198.30	7,929,101.27	7,990,368.08	8,460,412.00	8,644,650.00	8,643,800.00		183,388.00	2.17%
PUBLIC WORKS:									
Public Works - Roads:									
S&W	1,225,430.14	1,333,017.11	1,218,505.38	1,439,146.00	1,445,380.00	1,445,380.00		6,234.00	0.43%
O/E	213,176.85	213,760.98	214,454.66	215,050.00	214,600.00	214,600.00		(450.00)	-0.21%
Snow Removal:									
O/E	283,714.98	285,192.38	292,377.74	400,200.00	376,000.00	380,000.00		(20,200.00)	-5.05%
Traffic Maintenance:									
S&W	80,475.45	86,814.24	82,006.14	90,455.00	91,758.00	91,758.00		1,303.00	1.44%
O/E	55,204.58	56,114.36	54,629.82	60,000.00	59,000.00	59,000.00		(1,000.00)	-1.67%
Automotive Maintenance:									
S&W	309,792.16	330,405.37	325,801.24	344,567.00	349,826.00	349,826.00		5,259.00	1.53%
O/E	81,645.02	81,598.19	89,882.36	90,020.00	90,600.00	94,100.00		4,080.00	4.53%
Recycling Program:									
S&W	121,411.55	136,554.58	178,581.26	245,153.00	248,888.00	248,888.00		3,735.00	1.52%
O/E	32,681.90	29,701.75	55,674.79	60,480.00	64,300.00	61,500.00		1,020.00	1.69%
Shade Tree:									
O/E				1,375.00	1,375.00	1,375.00			
Municipal Share of Condo Cost:									
O/E	27,956.74	15,441.66	7,336.00	110,040.00	110,040.00	110,040.00			
Sub Total:									
S&W	1,737,109.30	1,886,791.30	1,804,894.02	2,119,321.00	2,135,852.00	2,135,852.00		16,531.00	0.78%
O/E	694,380.07	681,809.32	714,355.37	937,165.00	915,915.00	920,615.00		(16,550.00)	-1.77%
Total Public Works	2,431,489.37	2,568,600.62	2,519,249.39	3,056,486.00	3,051,767.00	3,056,467.00		(19.00)	0.00%

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
HEALTH SERVICES:									
Health Department:									
S&W	504,446.81	528,500.99	542,765.02	557,647.00	630,085.00	630,085.00		72,438.00	12.99%
O/E	72,063.33	62,470.16	140,010.33	165,825.00	163,825.00	163,825.00		(2,000.00)	-1.21%
Animal Control:									
S&W	49,302.49	51,075.73	52,690.58	52,461.00	53,853.00	53,853.00		1,392.00	2.65%
O/E	26,628.74	29,799.12	29,122.44	29,850.00	29,550.00	29,550.00		(300.00)	-1.01%
Sub Total:									
S&W	553,749.30	579,576.72	595,455.60	610,108.00	683,938.00	683,938.00		73,830.00	12.10%
O/E	98,692.07	92,269.28	169,132.77	195,675.00	193,375.00	193,375.00		(2,300.00)	-1.18%
Total Health Services	652,441.37	671,846.00	764,588.37	805,783.00	877,313.00	877,313.00		71,530.00	8.88%
PARKS / RECREATION / BUILDINGS & GROUNDS:									
Recreation Administration:									
S&W	161,264.63	164,569.89	218,619.68	223,610.00	345,429.00	345,429.00		121,819.00	54.48%
O/E	346,995.04	354,549.19	359,648.40	433,751.00	240,076.00	240,076.00		(193,675.00)	-44.65%
Parks & Playgrounds:									
S&W	571,841.96	582,464.51	537,637.74	588,430.00	464,847.00	464,847.00		(123,583.00)	-21.00%
O/E	98,443.46	83,882.40	94,452.29	99,875.00	92,425.00	92,150.00		(7,725.00)	-7.73%
Buildings & Grounds:									
S&W	108,732.91	121,013.74	92,372.80	124,218.00	99,363.00	99,363.00		(24,855.00)	-20.01%
O/E	81,252.50	68,418.35	70,552.15	76,745.00	75,015.00	77,015.00		270.00	0.35%
Senior Citizen's Center:									
O/E	14,282.75	12,891.58	12,275.29	16,985.00	16,485.00	16,485.00		(500.00)	-2.94%
Contrib. to Sr. Citizen Ctr.	4,275.00	4,275.00		4,275.00	4,275.00	4,275.00			
Senior Citizen Transportation:									
S&W	214,690.92	233,517.70	241,659.92	260,351.00	271,006.00	271,006.00		10,655.00	4.09%
O/E	622.86	550.50	80.26	700.00	1,620.00	1,620.00		920.00	131.43%
Environmental Commission:									
O/E				1,000.00	1,000.00	1,000.00			
Sub Total:									
S&W	1,056,530.42	1,101,565.84	1,090,290.14	1,196,609.00	1,180,645.00	1,180,645.00		(15,964.00)	-1.33%
O/E	545,871.61	524,567.02	537,008.39	633,331.00	430,896.00	432,621.00		(200,710.00)	-31.69%
Total Parks & Recreation	1,602,402.03	1,626,132.86	1,627,298.53	1,829,940.00	1,611,541.00	1,613,266.00		(216,674.00)	-11.84%

	<u>Expended 2014</u>	<u>Expended 2015</u>	<u>Expended thru 12/31/16</u>	<u>2016 Adopted Budget</u>	<u>2017 Request</u>	<u>2017 Recommended</u>	<u>2017 Approved</u>	<u>Difference</u>	<u>% Increase (Decrease)</u>
MUNICIPAL COURT:									
Municipal Court:									
S&W	318,094.36	307,500.32	300,201.84	320,179.00	325,752.00	325,752.00		5,573.00	1.74%
O/E	18,402.39	17,475.33	17,290.33	23,450.00	24,250.00	23,450.00			
Public Defender:									
O/E	15,580.00	8,900.00		4,000.00	4,000.00	4,000.00			
Sub Total:									
S&W	318,094.36	307,500.32	300,201.84	320,179.00	325,752.00	325,752.00		5,573.00	1.74%
O/E	33,982.39	26,375.33	17,290.33	27,450.00	28,250.00	27,450.00			
Total Municipal Court	352,076.75	333,875.65	317,492.17	347,629.00	354,002.00	353,202.00		5,573.00	1.60%
RECAP:									
Salaries & Wages	12,594,038.58	12,609,670.99	12,602,234.27	13,441,419.00	13,871,142.00	13,871,142.00		429,723.00	3.20%
Other Expenses	3,464,648.57	3,234,537.03	3,552,733.67	4,428,721.00	4,183,951.00	4,172,136.00		(256,585.00)	-5.79%
Total	16,058,687.15	15,844,208.02	16,154,967.94	17,870,140.00	18,055,093.00	18,043,278.00		173,138.00	0.97%

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
INSURANCE:									
General Liability	369,677.09	425,658.37	457,203.34	532,000.00	549,940.00	547,740.00		15,740.00	2.96%
Workers Compensation	366,892.06	371,100.00	373,776.00	400,000.00	390,000.00	390,000.00		(10,000.00)	-2.50%
Group Health Insurance	5,776,350.59	5,962,684.11	5,920,011.80	7,610,000.00	7,792,640.00	7,410,000.00		(200,000.00)	-2.63%
Health Benefit Waiver		27,916.69	45,000.00	45,000.00	65,000.00	65,000.00		20,000.00	44.44%
State Unemployment Ins.	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00			
Total Insurance	6,513,919.74	6,788,359.17	6,796,991.14	8,588,000.00	8,798,580.00	8,413,740.00		(174,260.00)	-2.03%
SANITATION:									
Garbage/Trash Removal	299,999.61	349,884.00	349,859.00	349,884.00	349,884.00	349,884.00			
Sanitary Landfill	5,187.23	1,842.00	3,432.00	5,500.00	3,000.00	3,000.00		(2,500.00)	-45.45%
Total Sanitation	305,186.84	351,726.00	353,291.00	355,384.00	352,884.00	352,884.00		(2,500.00)	-0.70%
LIBRARY:									
S&W	703,155.96	729,821.84	601,990.14	896,690.00	914,625.00	914,625.00		17,935.00	2.00%
O/E	604,805.04	513,368.48	559,761.43	373,797.00	400,212.00	400,212.00		26,415.00	7.07%
Total Library	1,307,961.00	1,243,190.32	1,161,751.57	1,270,487.00	1,314,837.00	1,314,837.00		44,350.00	3.49%
ACCU-VAC & SALARY ADJUSTMENTS:									
Accu-Vac	375,000.00	390,200.00	628,000.00	530,000.00	540,600.00	540,600.00		10,600.00	2.00%
Salary Adjustments			16,675.00	18,000.00	18,500.00	18,500.00		500.00	2.78%
Total Accu-Vac & Adjs.	375,000.00	390,200.00	644,675.00	548,000.00	559,100.00	559,100.00		11,100.00	
Statutory Expenditures:									
Social Security	605,888.36	641,572.72	599,885.38	759,900.00	775,100.00	775,100.00		15,200.00	2.00%
PERS	733,126.00	715,771.00	729,576.00	729,576.00	796,230.00	796,230.00		66,654.00	9.14%
PFRS	1,381,787.00	1,451,564.00	1,567,889.00	1,567,889.00	1,467,840.00	1,467,840.00		(100,049.00)	-6.38%
Total Statutory	2,720,801.36	2,808,907.72	2,897,350.38	3,057,365.00	3,039,170.00	3,039,170.00		(18,195.00)	-0.60%
Utilities:									
Electricity	157,302.57	141,429.65	127,673.58	202,400.00	196,200.00	196,200.00		(6,200.00)	-3.06%
Street Lighting	138,332.04	132,363.78	117,133.61	157,800.00	150,000.00	150,000.00		(7,800.00)	-4.94%
Telephone	118,638.94	112,206.86	119,934.23	121,335.00	121,275.00	125,175.00		3,840.00	3.16%
Natural Gas	21,601.74	20,345.64	19,121.93	23,000.00	23,000.00	23,000.00			
Heating Fuel	33,020.24	27,341.68	11,879.71	34,500.00	34,500.00	34,500.00			
Motor Vehicle Fuel	473,268.51	309,368.34	229,010.56	494,000.00	494,000.00	469,000.00		(25,000.00)	-5.06%
Total Utilities	942,164.04	743,055.95	624,753.62	1,033,035.00	1,018,975.00	997,875.00		(35,160.00)	-3.40%
Contingent:									
O/E	84.95			950.00	950.00	950.00			

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
GRANTS:									
Safe & Secure Prog.									
DWI Grant				5,264.07				(5,264.07)	
DWI Grant (159)									
Body Armor Grant	5,228.00								
Body Armor Grant (159)				4,590.13				(4,590.13)	
Highway Safety/Safe Corridors Grant				3,174.80				(3,174.80)	
Highway Safety/Safe Corridors Grant (159)									
Volunteer Fire Assistance Grant (159)		3,800.00							
Green Communities Forestry Grant									
Sober/Pulled Over (159) Over Limit Under Arrest		4,275.00		4,800.00				(4,800.00)	
Alcohol Education Rehab Enforcement (159)			1,400.00	1,661.86				(1,661.86)	
Highlands Amended Plan Conformance Grant (159)			3,949.96	189,000.00				(189,000.00)	
Clean Communities Prog. Clean Communities (159)	28,513.44	22,229.47	7,430.16	63,667.84				(63,667.84)	
NACCHO - NJ Health Officers Grant (159)									
Total Federal/State/ County Grants	33,741.44	30,304.47	12,780.12	272,158.70				(272,158.70)	

	Expended 2014	Expended 2015	Expended thru 12/31/16	2016 Adopted Budget	2017 Request	2017 Recommended	2017 Approved	Difference	% Increase (Decrease)
CAPITAL IMPROVEMENTS									
Capital Improvement Fund	165,500.00	165,500.00	165,500.00	165,500.00	200,000.00	190,000.00		24,500.00	14.80%
CIF Offset by Additional Fund Balance Anticipated					450,000.00	450,000.00		450,000.00	100.00%
Total Capital	165,500.00	165,500.00	165,500.00	165,500.00	650,000.00	640,000.00		474,500.00	286.71%
DEBT SERVICE:									
Bond Principal	1,979,700.00	1,979,700.00	1,979,700.00	1,979,700.00	1,979,700.00	1,979,700.00			
Note Principal		249,625.00	453,018.00	453,018.00	500,200.00	500,200.00		47,182.00	10.42%
Interest on Bonds	526,302.00	412,945.00	330,438.00	330,438.00	249,883.00	249,883.00		(80,555.00)	-24.38%
Interest on Notes	16,800.00	47,375.00	102,320.00	102,320.00	136,000.00	136,000.00		33,680.00	32.92%
Reserve to Pay Debt Svc.	127,000.00								
Green Trust Loan P&I	34,482.00								
Total Debt Service	2,684,284.00	2,689,645.00	2,865,476.00	2,865,476.00	2,865,783.00	2,865,783.00		307.00	0.01%
DEFERRED CHARGES:									
Spec. Emerg. - Tax Reval	100,000.00	100,000.00							
Spec. Emerg. - Accu-Vac	200,000.00	200,000.00	200,000.00	200,000.00				(200,000.00)	-100.00%
Emerg. Approp. - Mall Appe	415,000.00	415,000.00	415,000.00	415,000.00	415,000.00	415,000.00			
Deferred Charges to future Taxation	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00			
Total Deferred Charges	745,000.00	745,000.00	645,000.00	645,000.00	445,000.00	445,000.00		(200,000.00)	-31.01%
Tax Appeals Pending:									
Special Provision - Mall Tax Appeals									
Other Appeals/Reassmts	158,059.13	118,555.16	253,056.81	265,000.00	265,000.00	225,000.00		(40,000.00)	-15.09%
	158,059.13	118,555.16	253,056.81	265,000.00	265,000.00	225,000.00		(40,000.00)	-15.09%
Reserve for Uncollected Taxes:									
O/E	3,425,500.00	3,540,000.00	3,595,800.00	3,595,800.00	3,595,800.00	3,595,800.00			
Total Expenditures	35,435,889.65	35,458,651.81	36,171,393.58	40,532,295.70	40,961,172.00	40,493,417.00		(38,878.70)	-0.10%

**TOWNSHIP OF ROCKAWAY
2017 BUDGET
WATER UTILITY OPERATING FUND
SUMMARY - Recommended**

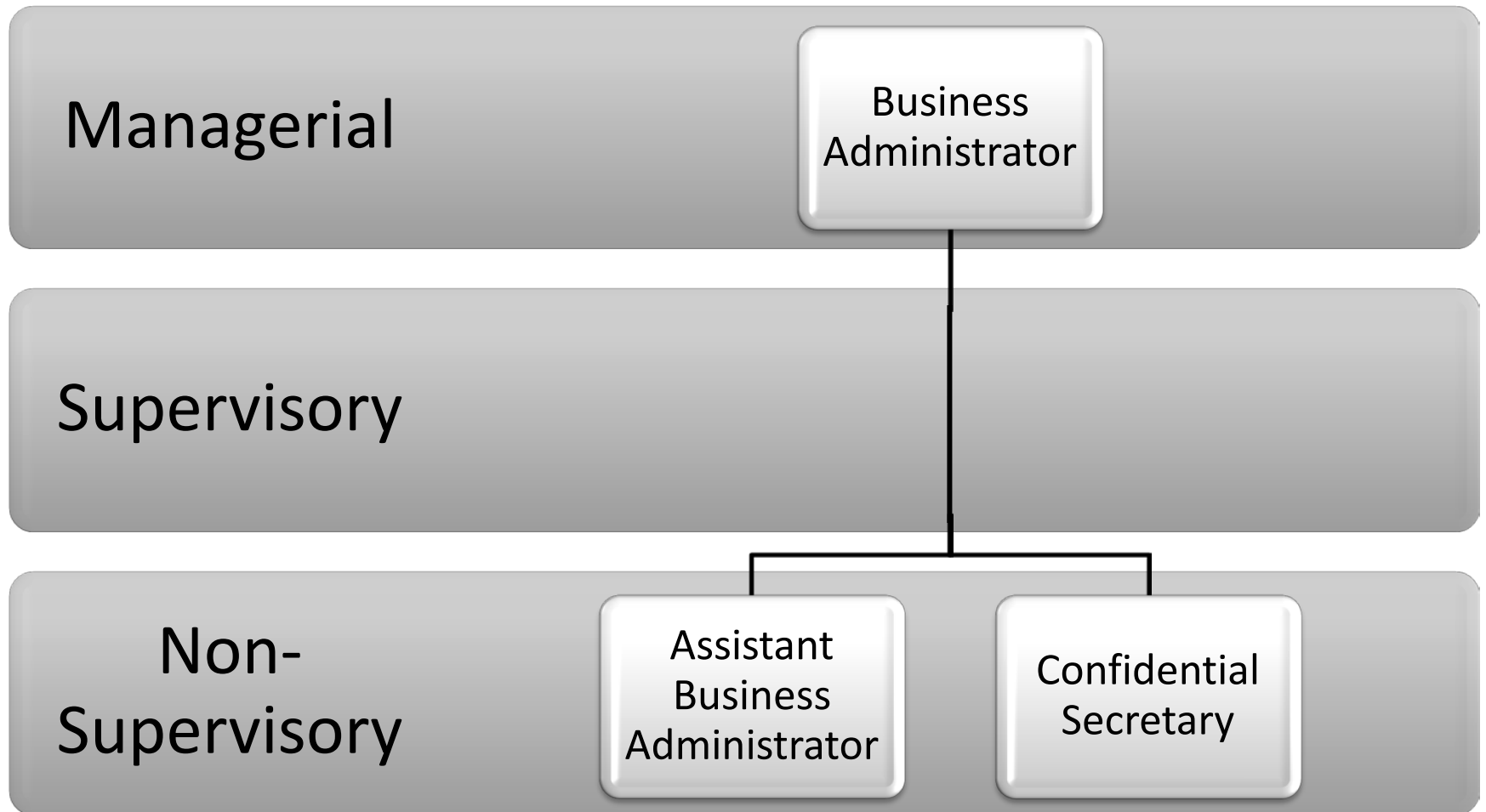
	Anticipated		Realized
	2017	2016	2016
Anticipated Revenues:			
Description:			
Water Operating Fund Balance	\$ 0.00	\$ 53,618.00	\$ 53,618.00
Water Rents	2,520,227.00	2,567,000.00	2,670,071.12
Miscellaneous	20,000.00	36,000.00	51,639.25
Total Revenues	\$ 2,540,227.00	\$ 2,656,618.00	\$ 2,775,328.37
	2017	2016	Expended thru
	Adopted	Adopted	12/31/16
	Budget	Budget	
Appropriations:			
Description:			
Salaries and Wages	\$ 729,397.00	\$ 794,913.00	\$ 692,574.89
Other Expenses	1,081,400.00	1,034,900.00	874,917.73
Capital Improvement Fund	40,000.00	40,000.00	40,000.00
Bond Principal	315,000.00	515,000.00	515,000.00
Bond Interest	24,600.00	37,800.00	37,800.00
Note Principal	130,000.00	25,000.00	25,000.00
Note Interest	61,640.00	56,540.00	56,540.00
PERS	67,425.00	63,480.00	63,480.00
Social Security	90,765.00	88,985.00	88,985.00
Total Appropriations	\$ 2,540,227.00	\$ 2,656,618.00	\$ 2,394,297.62

SUMMARY OF REVENUES AND EXPENDITURES

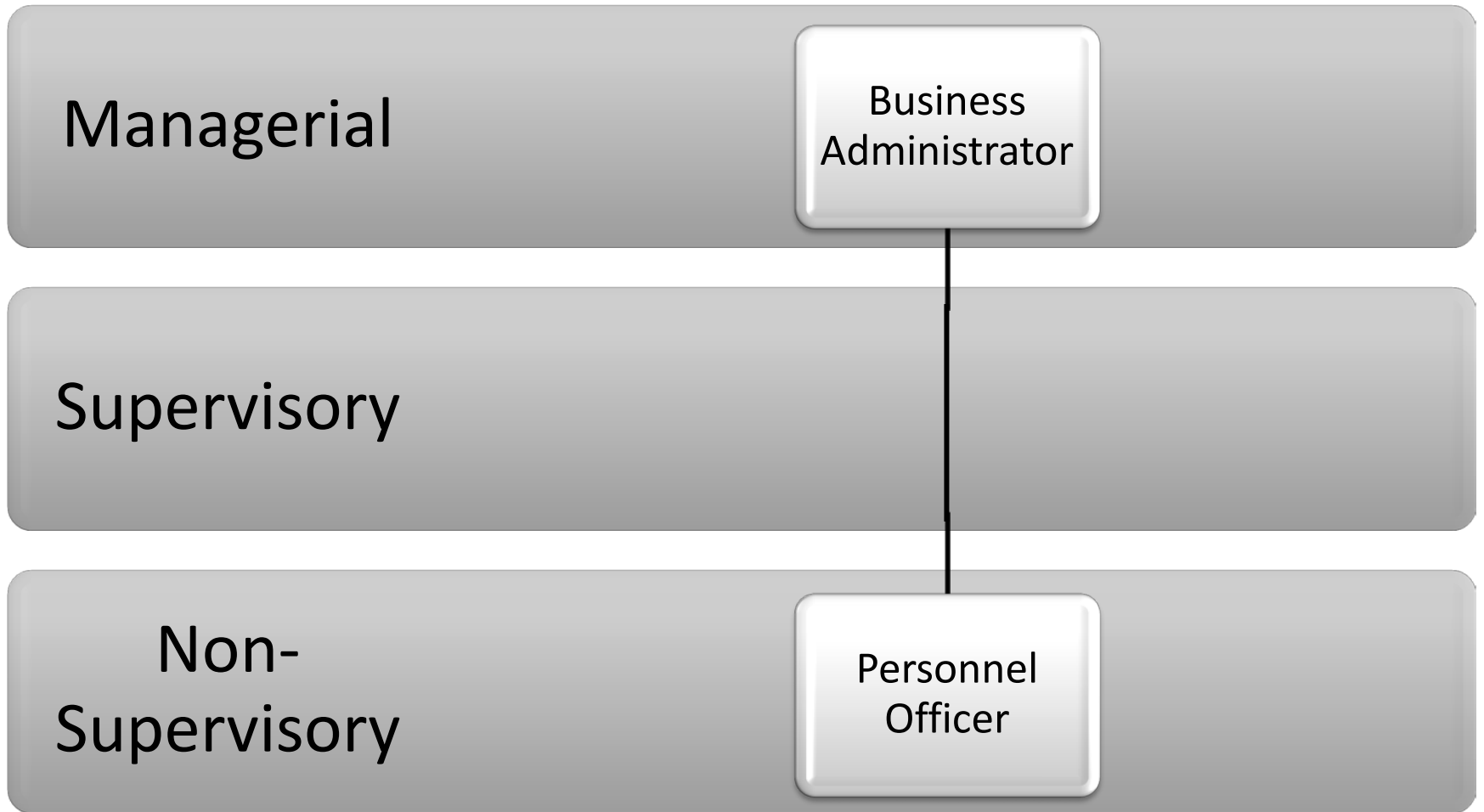
REVENUES	Proposed			Revised		% Change
	2016 Budget	2017 Budget	Revisions	2017 Budget	17 Budgeted	
Surplus to support budget	\$3,907,556	\$3,788,600		\$3,788,600	(\$118,956)	-3.04%
Miscellaneous revenues	\$4,868,368	\$4,832,958		\$4,832,958	(\$35,410)	-0.73%
Receipt for delinquent taxes	\$801,816	\$758,000		\$758,000	(\$43,816)	-5.46%
Minimum Library tax	\$1,270,487	\$1,314,837		\$1,314,837	\$44,350	3.49%
Current property taxes	\$29,684,069	\$29,799,022		\$29,799,022	\$114,953	0.39%
Total Revenues	\$40,532,296	\$40,493,417	\$0	\$40,493,417	-\$38,879	-0.10%

EXPENDITURES	Proposed			Revised		% Change	
	2016 Budget	2017 Budget	Revisions	2017 Budget	16 Budgeted		
General Government	S&W	\$1,444,469	\$1,560,380	\$1,560,380	\$115,911	8.02%	
	O/E	\$1,164,320	\$1,113,680	\$1,113,680	(\$50,640)	-4.35%	
Land Use Administration	S&W	\$5,000	\$5,000	\$5,000	\$0	0.00%	
	O/E	\$98,470	\$98,470	\$98,470	\$0	0.00%	
Code Enforcement	S&W	\$485,596	\$534,525	\$534,525	\$48,929	10.08%	
	O/E	\$172,035	\$187,175	\$187,175	\$15,140	8.80%	
Public Safety	S&W	\$7,260,137	\$7,445,050	\$7,445,050	\$184,913	2.55%	
	O/E	\$1,200,275	\$1,198,750	\$1,198,750	(\$1,525)	-0.13%	
Public Works	S&W	\$2,119,321	\$2,135,852	\$2,135,852	\$16,531	0.78%	
	O/E	\$937,165	\$920,615	\$920,615	(\$16,550)	-1.77%	
Health Services	S&W	\$610,108	\$683,938	\$683,938	\$73,830	12.10%	
	O/E	\$195,675	\$193,375	\$193,375	(\$2,300)	-1.18%	
Parks/Recreation/B & G	S&W	\$1,196,609	\$1,180,645	\$1,180,645	(\$15,964)	-1.33%	
	O/E	\$633,331	\$432,621	\$432,621	(\$200,710)	-31.69%	
Municipal Court	S&W	\$320,179	\$325,752	\$325,752	\$5,573	1.74%	
	O/E	\$27,450	\$27,450	\$27,450	\$0	0.00%	
Total Salaries & Wages	S&W	\$13,441,419	\$13,871,142	\$0	\$13,871,142	\$429,723	3.20%
Total Other Expenses	O/E	\$4,428,721	\$4,172,136	\$0	\$4,172,136	(\$256,585)	-5.79%
Insurance		\$8,588,000	\$8,413,740	\$8,413,740	(\$174,260)	-2.03%	
Sanitation		\$355,384	\$352,884	\$352,884	(\$2,500)	-0.70%	
Library		\$1,270,487	\$1,314,837	\$1,314,837	\$44,350	3.49%	
Accu-Vac & Salary Adjs.		\$548,000	\$559,100	\$559,100	\$11,100	2.03%	
Statutory Expenditures		\$3,057,365	\$3,039,170	\$3,039,170	(\$18,195)	-0.60%	
Utilities		\$1,033,035	\$997,875	\$997,875	(\$35,160)	-3.40%	
Contingent		\$950	\$950	\$950	\$0	0.00%	
Federal/State/County Grants		\$272,159	\$0	\$0	(\$272,159)	0.00%	
Capital Improvements		\$165,500	\$640,000	\$640,000	\$474,500	286.71%	
Debt Service		\$2,865,476	\$2,865,783	\$2,865,783	\$307	0.01%	
Deferred Charges		\$645,000	\$445,000	\$445,000	(\$200,000)	-31.01%	
Reserve for Tax Appeals		\$265,000	\$225,000	\$225,000	(\$40,000)	-15.09%	
Reserve for Uncollected Taxes		\$3,595,800	\$3,595,800	\$3,595,800	\$0	0.00%	
Total Expenditures		\$40,532,296	\$40,493,417	\$0	\$40,493,417	-\$38,879	-0.10%

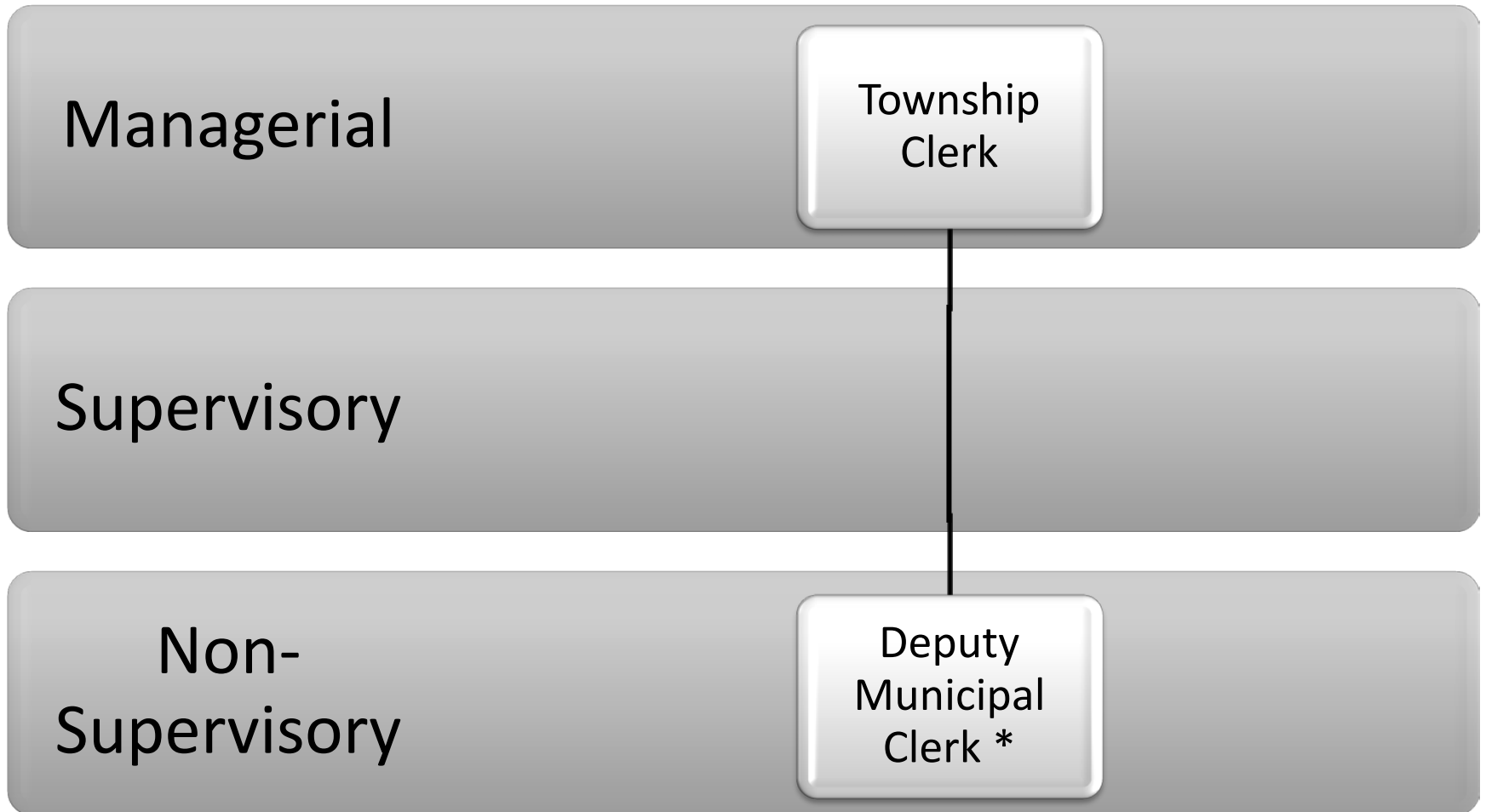
Dept. No. 100 Administrative & Executive



Dept. No. 105 Human Resources

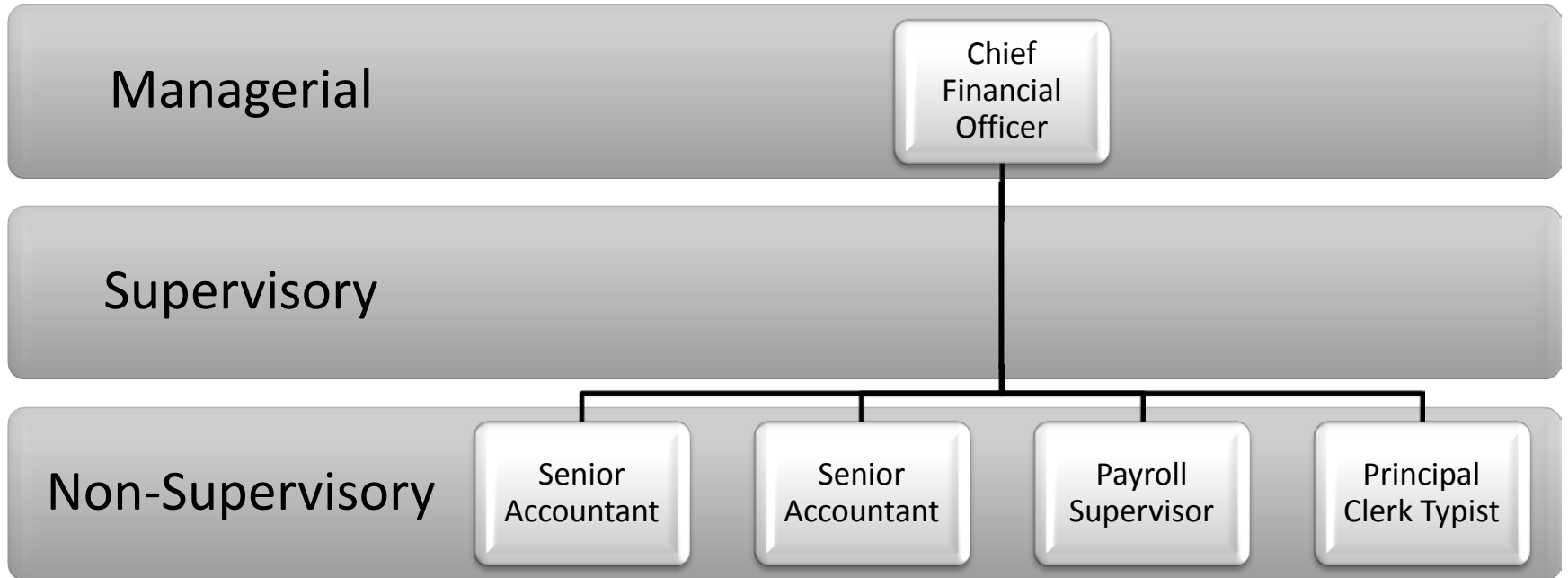


Dept. No. 120 Township Clerk

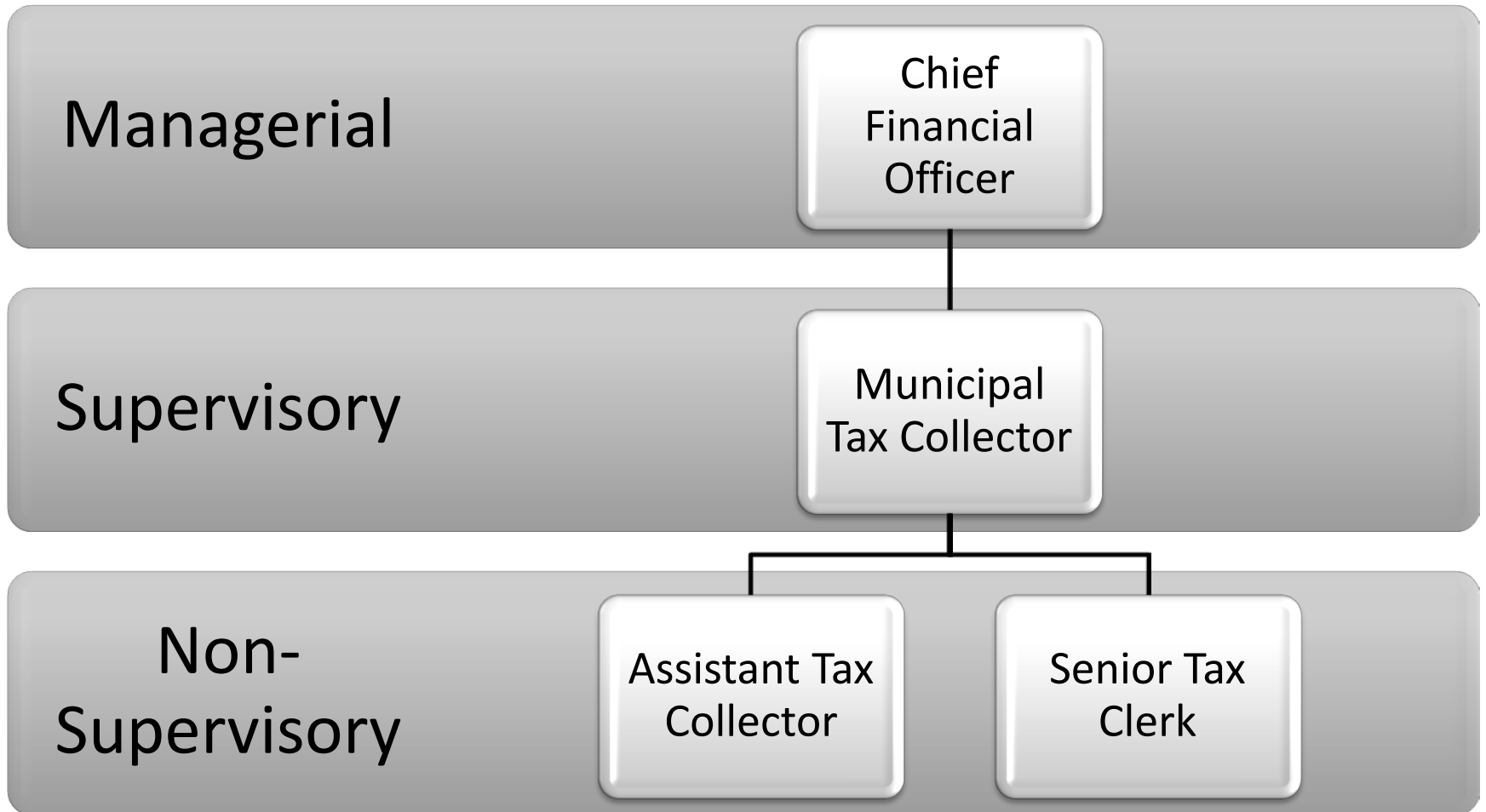


* Full-time deputy municipal clerk contemplated as part of 2017 budget. Department currently to be staffed with two part-time clerk typists.

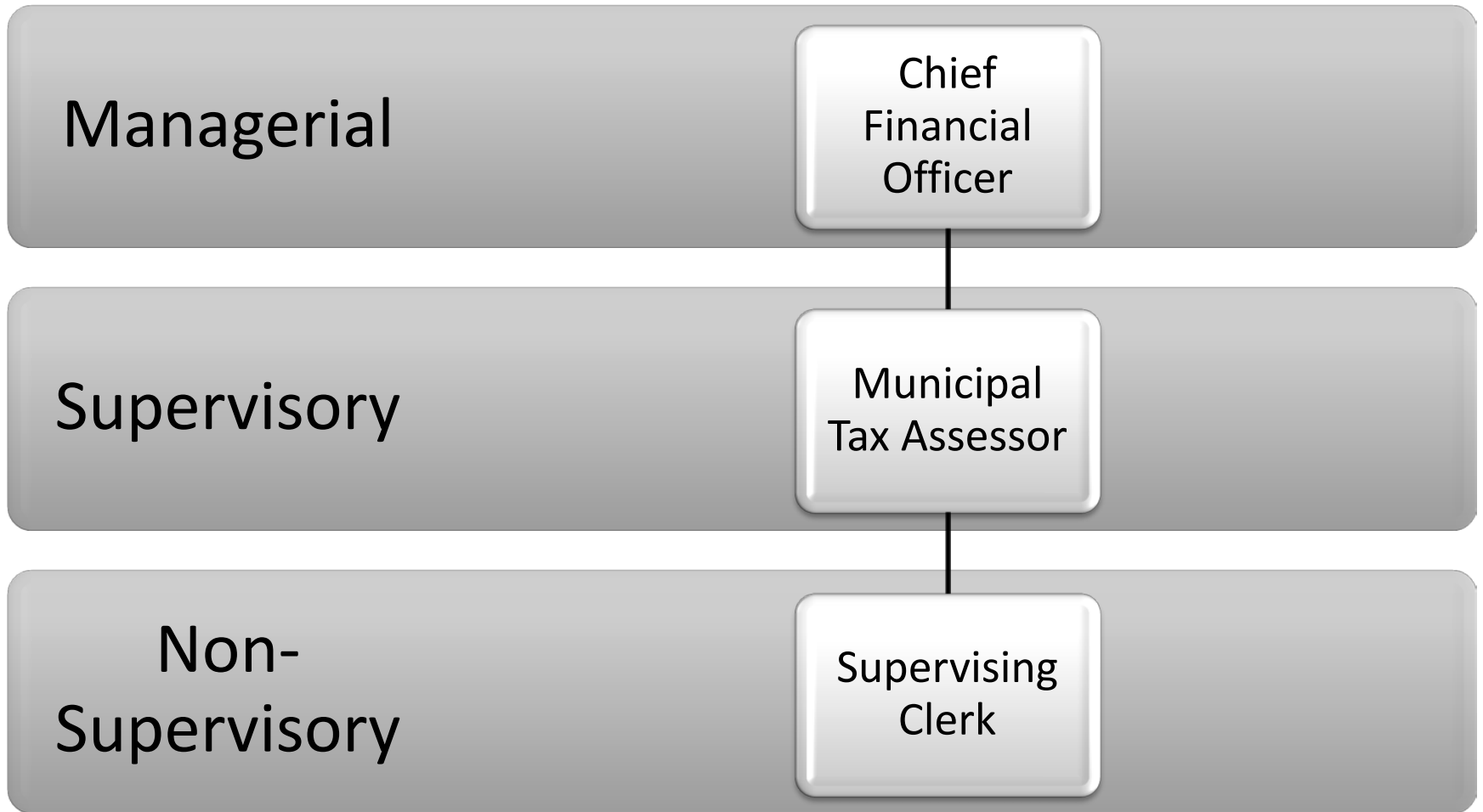
Dept. No. 130 Finance Department



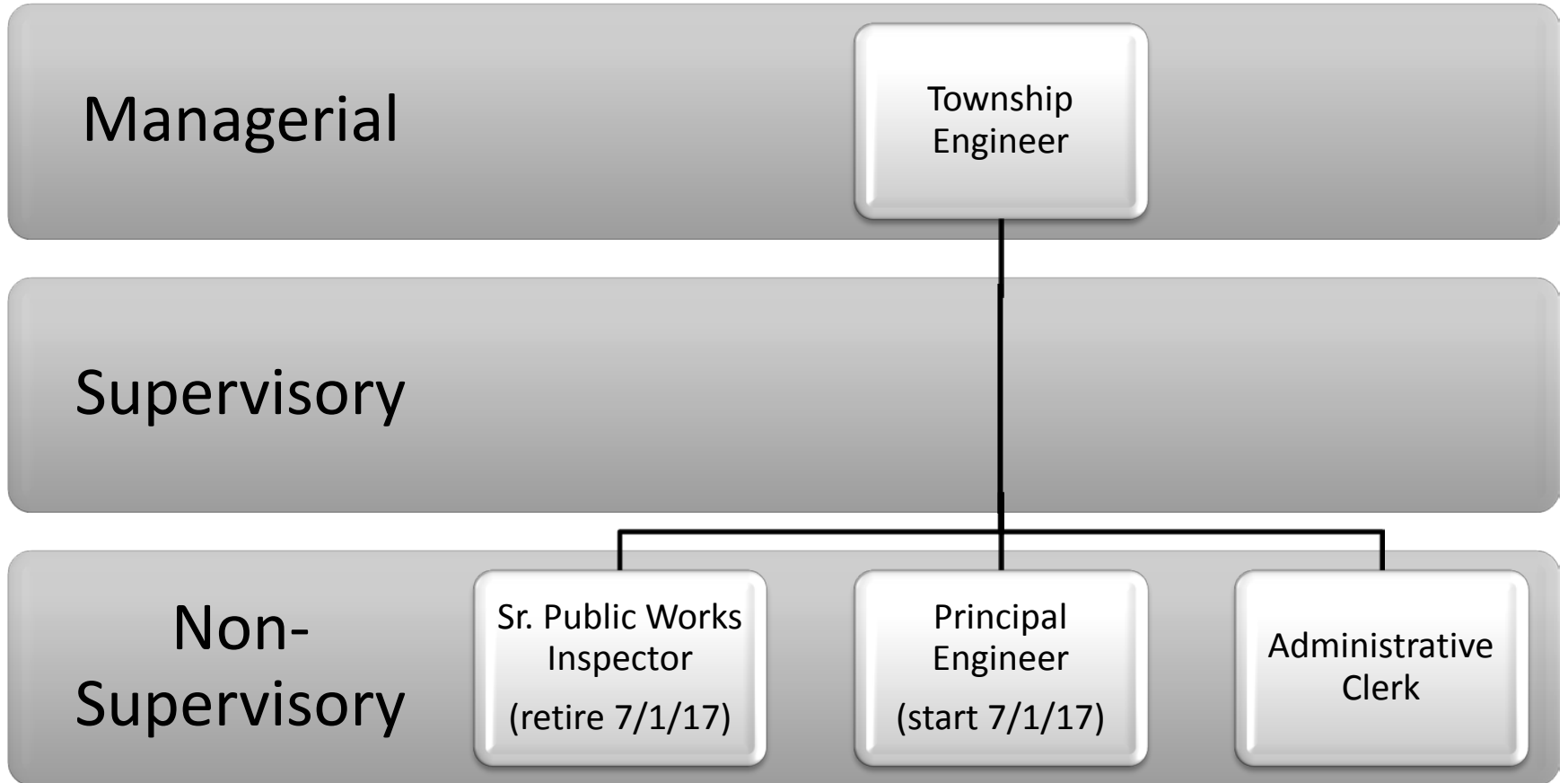
Dept. No. 145 Tax Collection



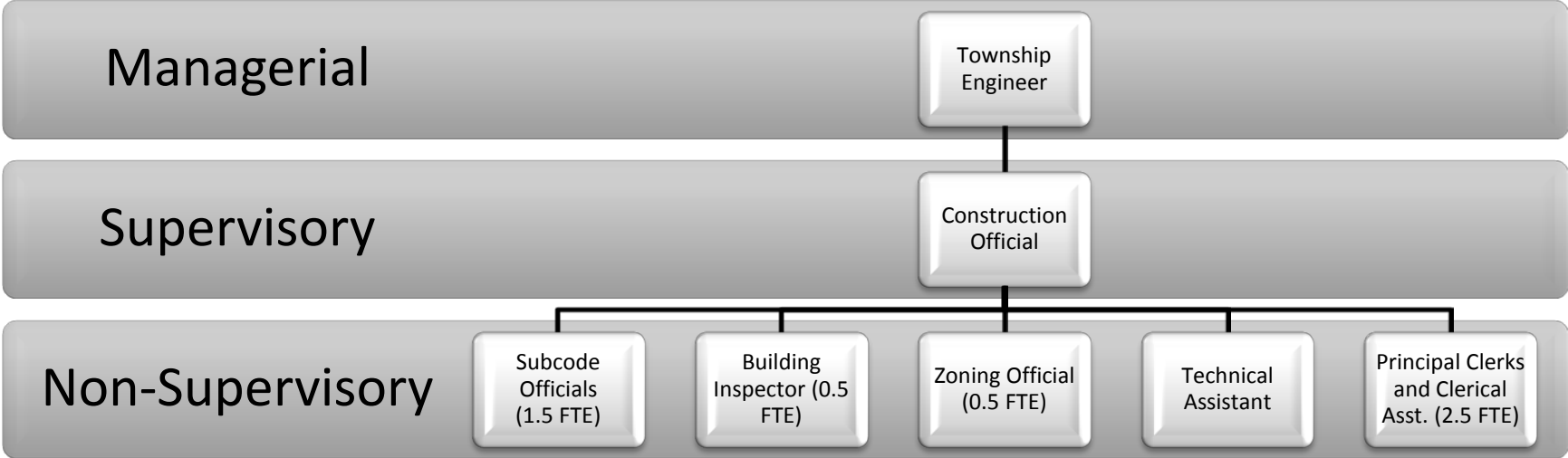
Dept. No. 150 Tax Assessment



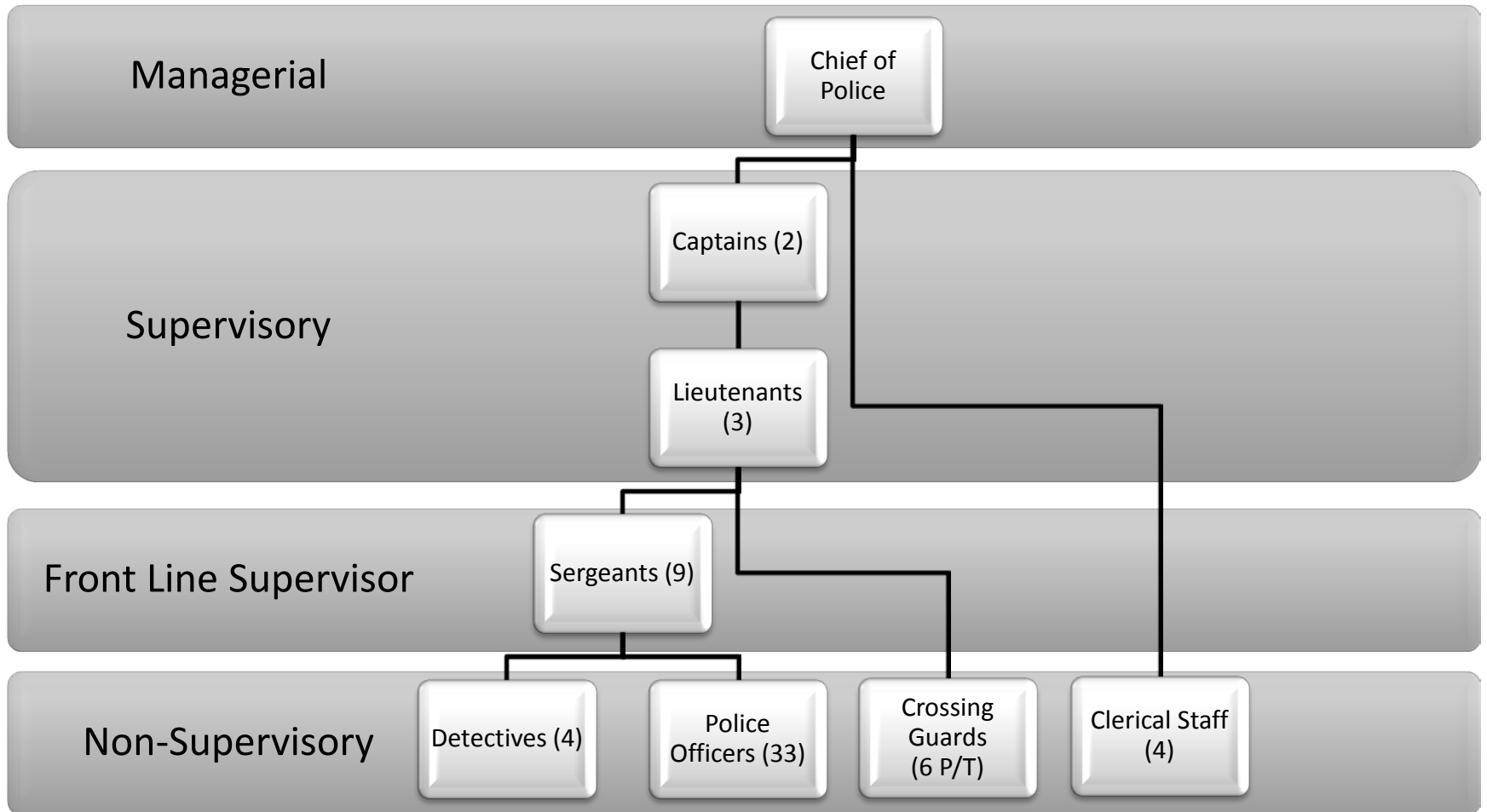
Dept. No. 165 Engineering



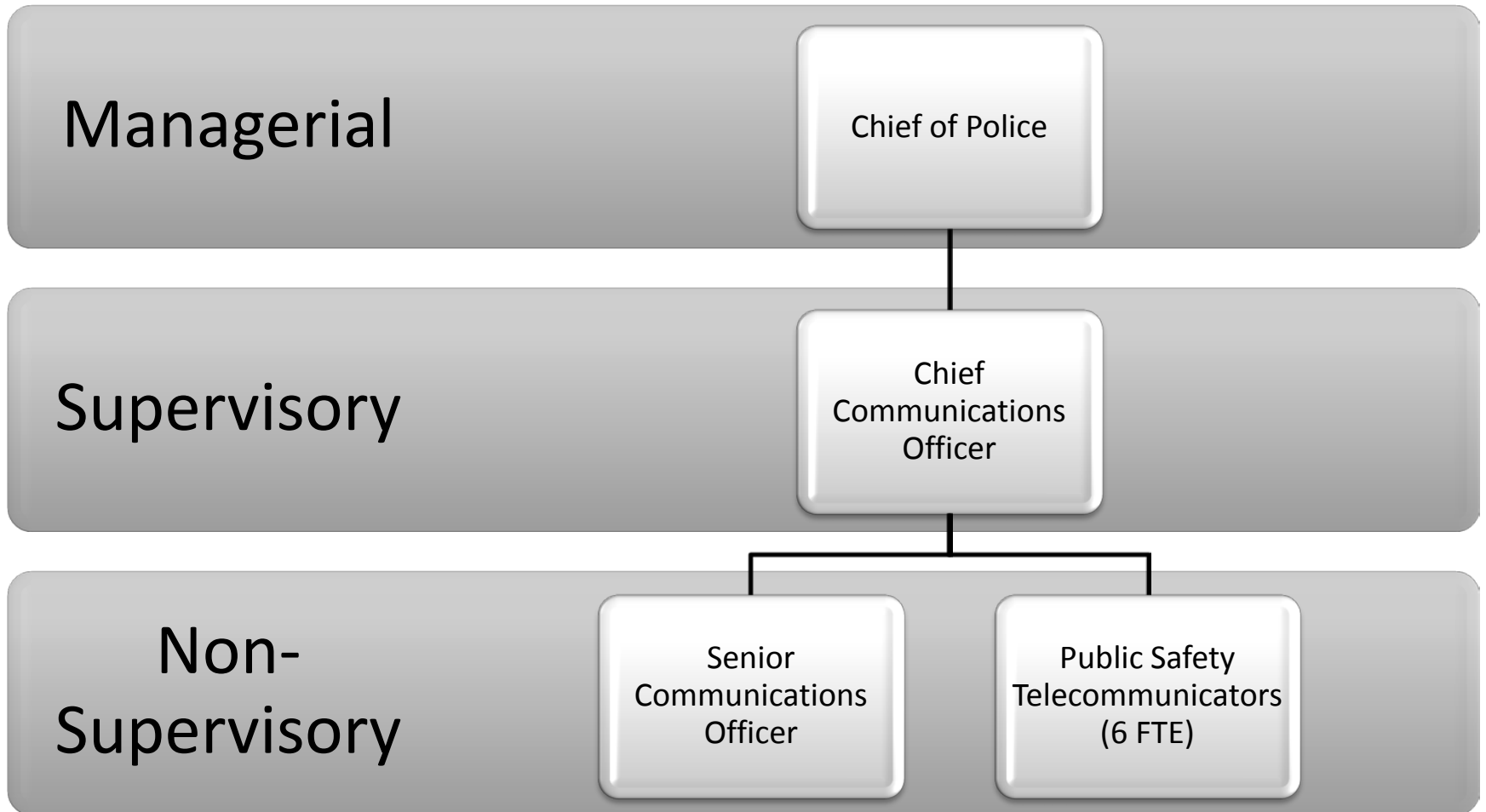
Dept. No. 195 Construction



Dept. No. 240 Police



Dept. No. 250 Police Dispatch



Dept. No. 265 Fire Department

Managerial

Fire Director

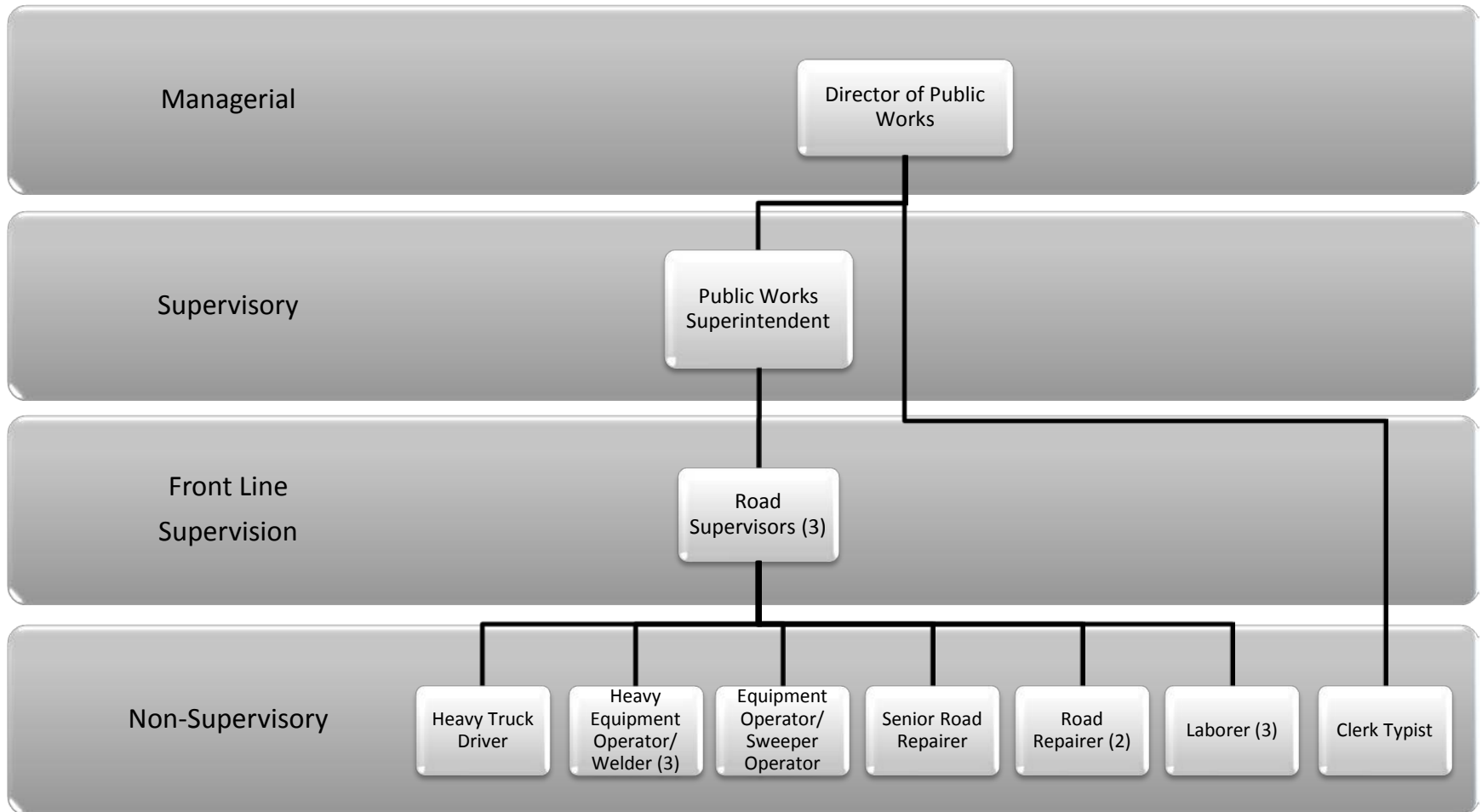
Supervisory

Non-
Supervisory

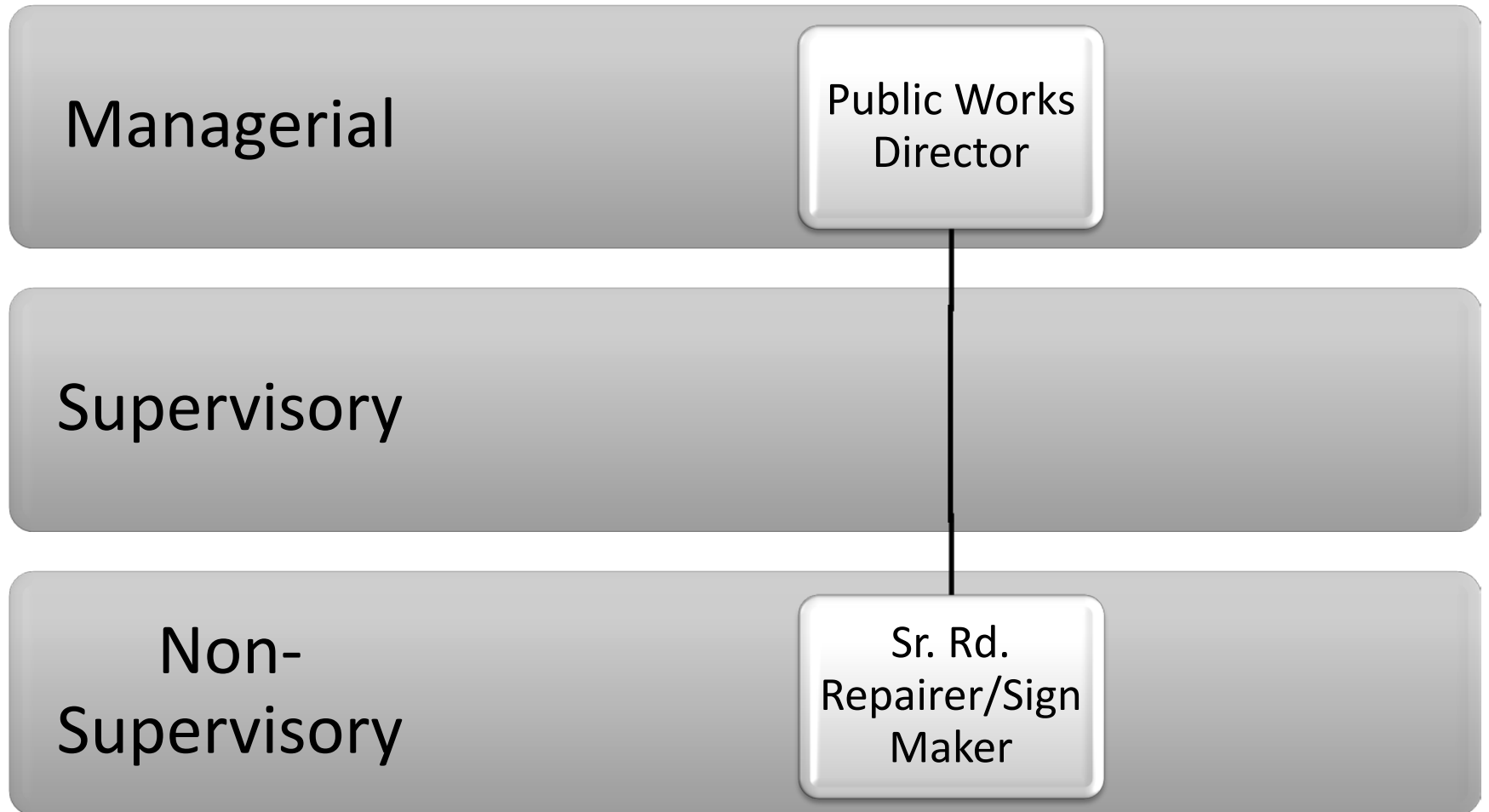
Administrative
Clerk



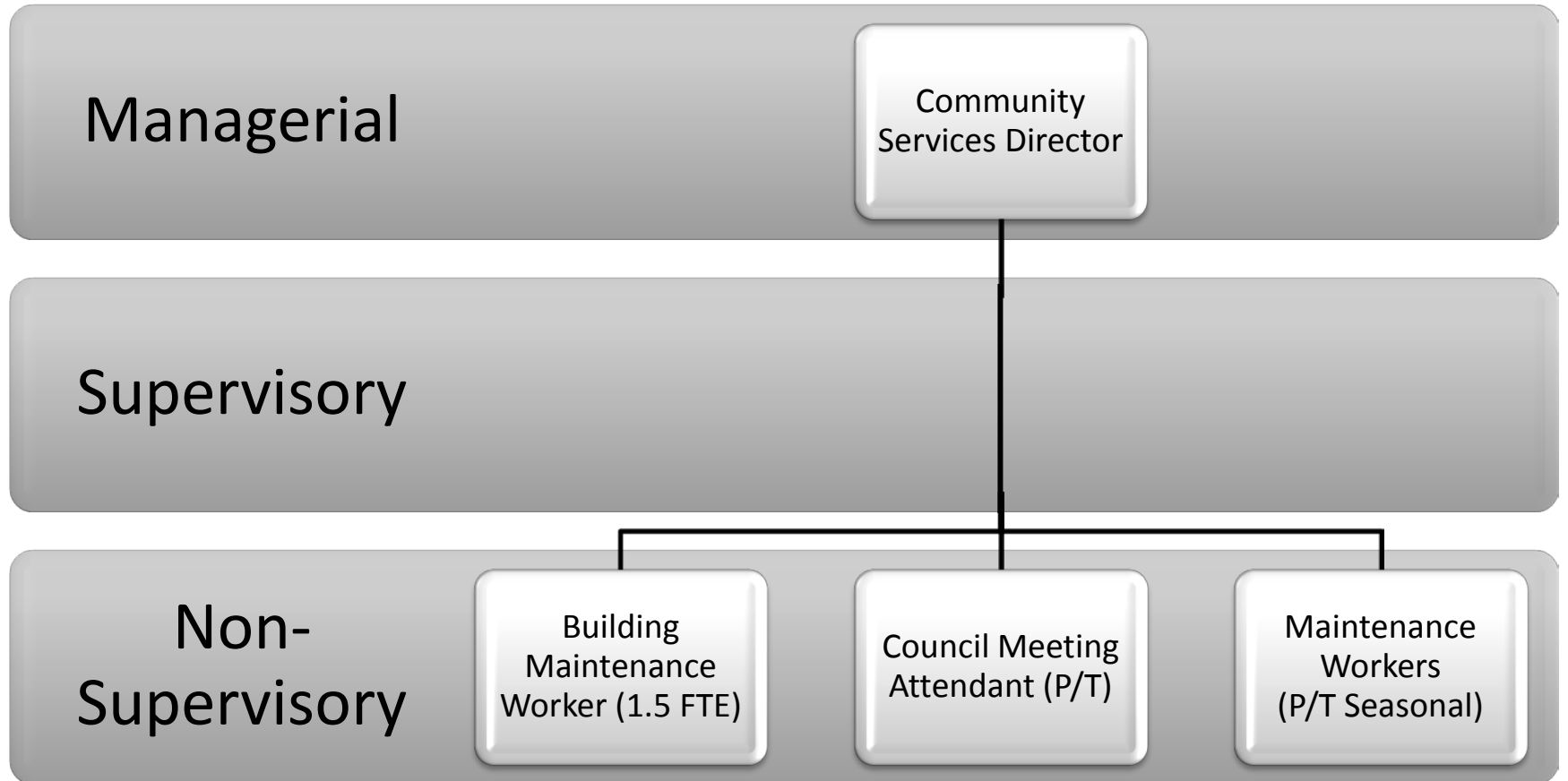
Dept. No. 290 Road Repair & Maintenance



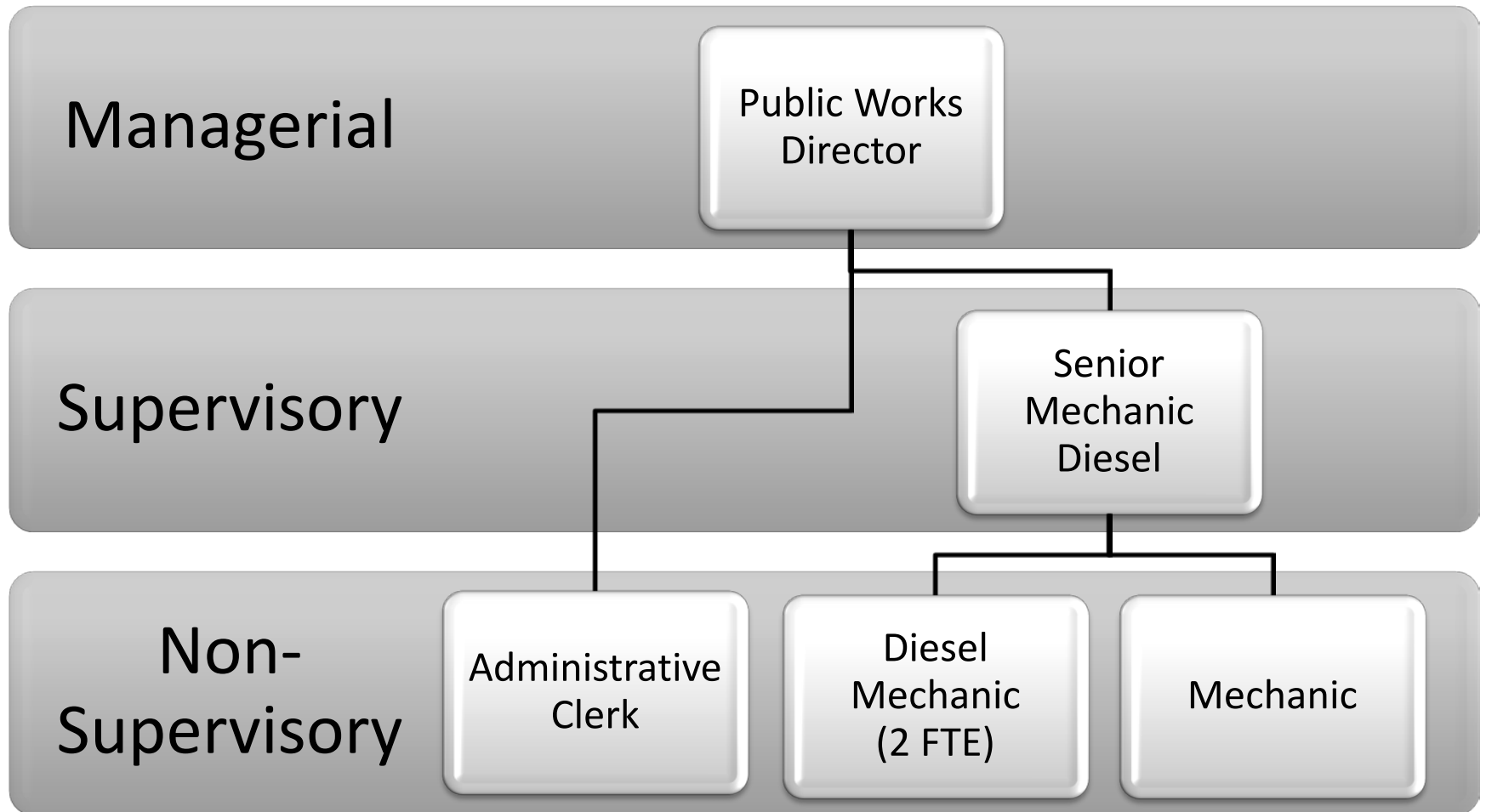
Dept. No. 300 Traffic Maintenance



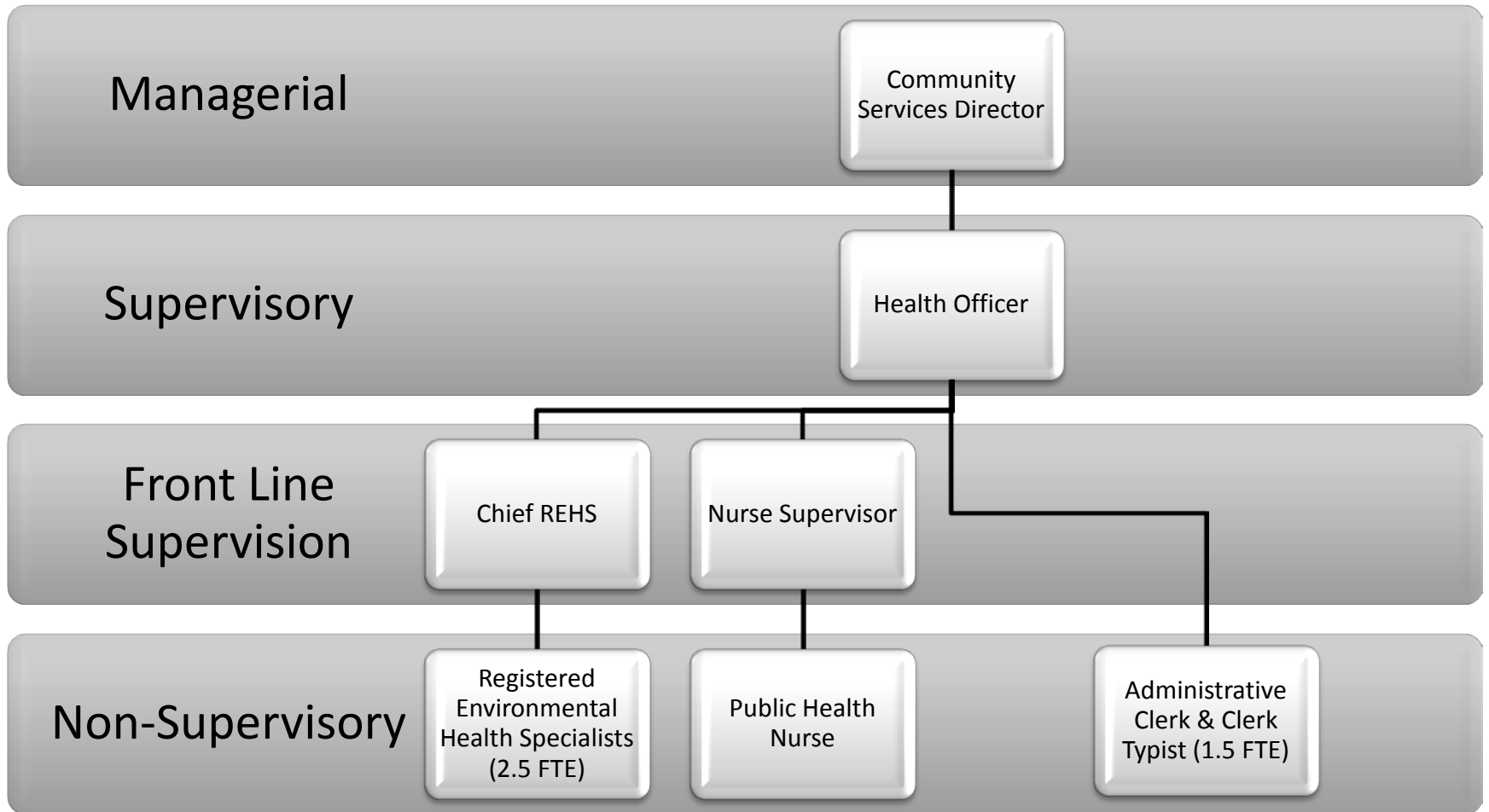
Dept. No. 310 Buildings & Grounds



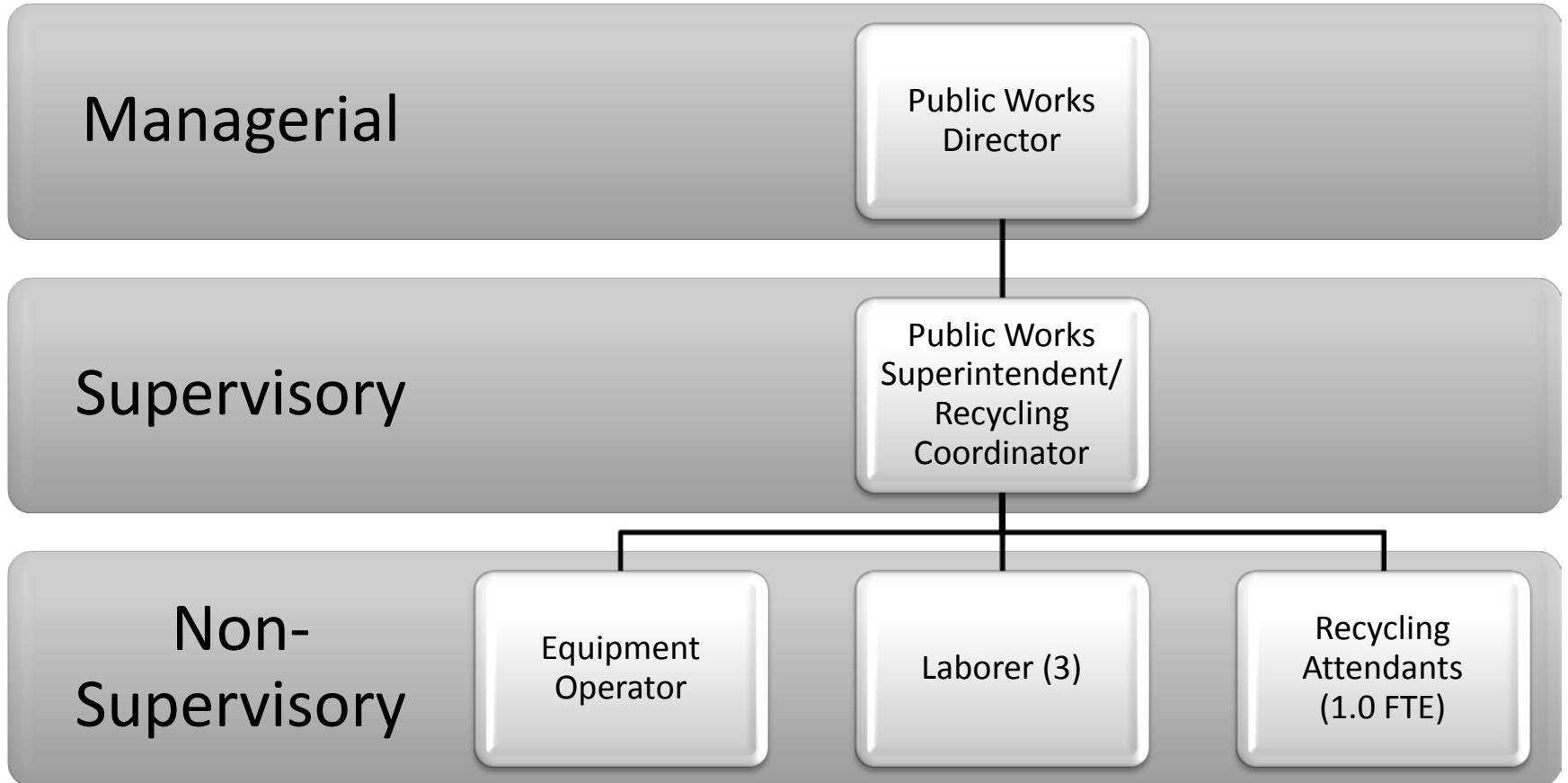
Dept. No. 315 Automotive Maintenance



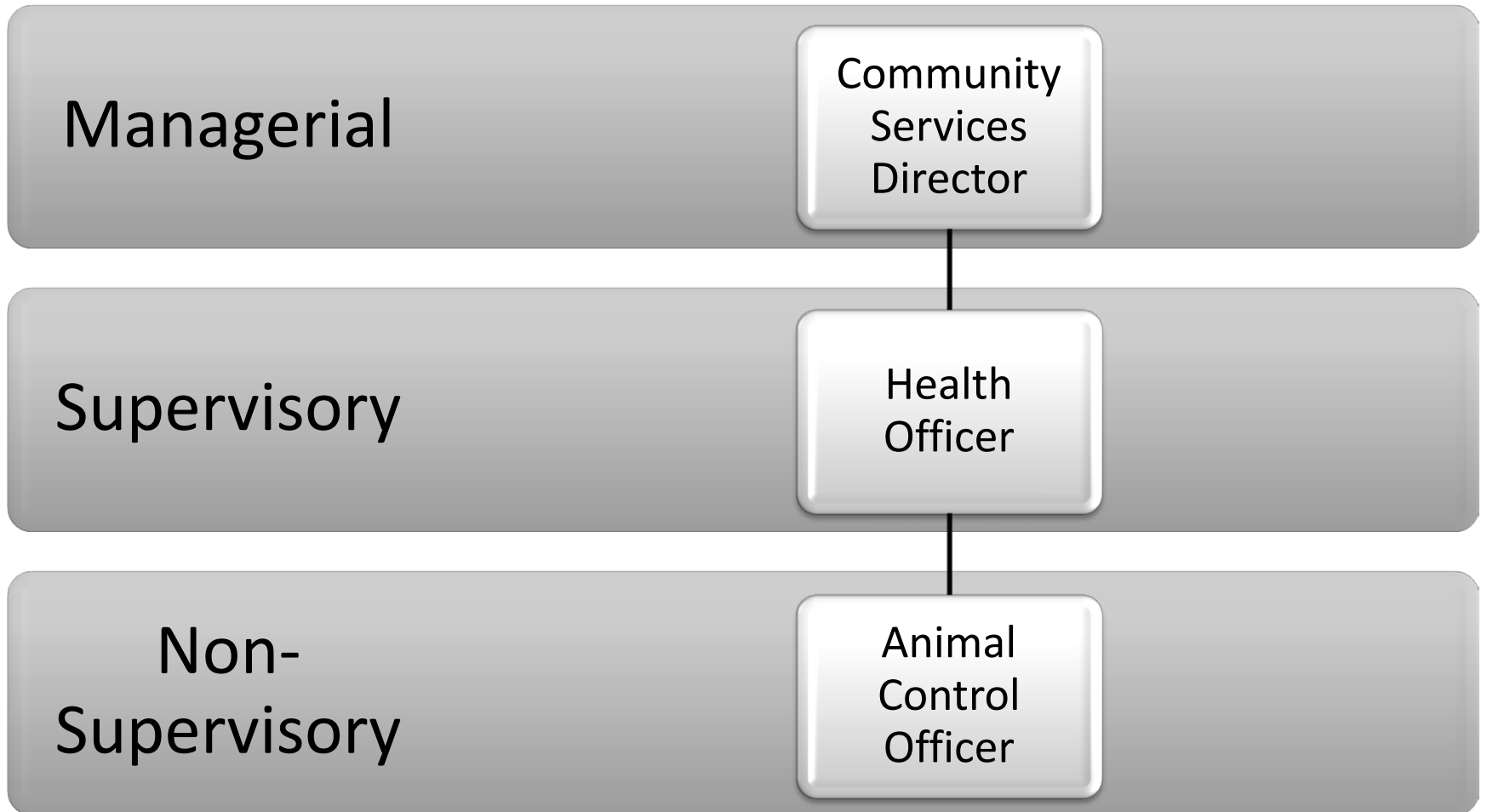
Dept. No. 330 Health Department



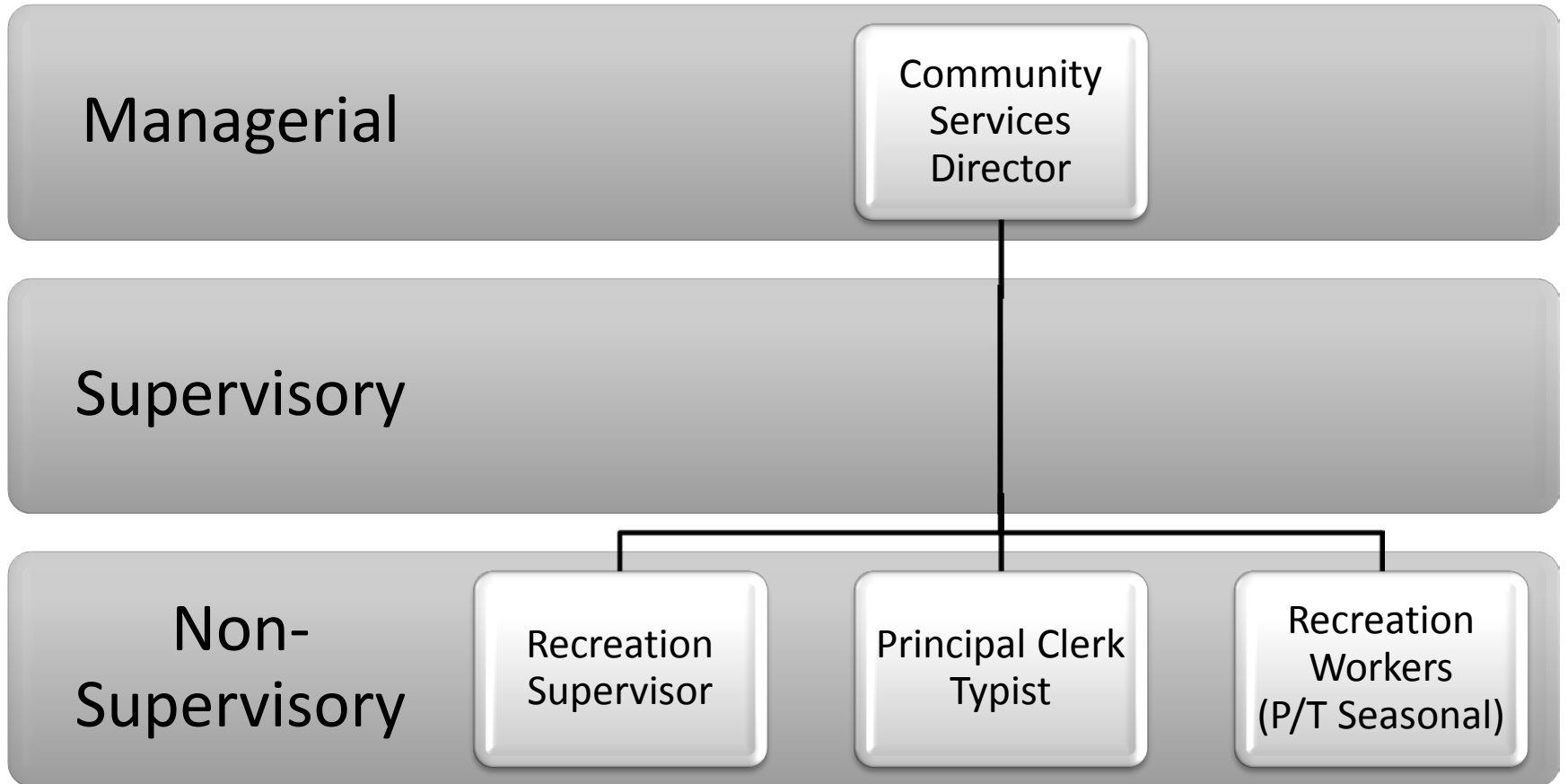
Dept. No. 335 Recycling



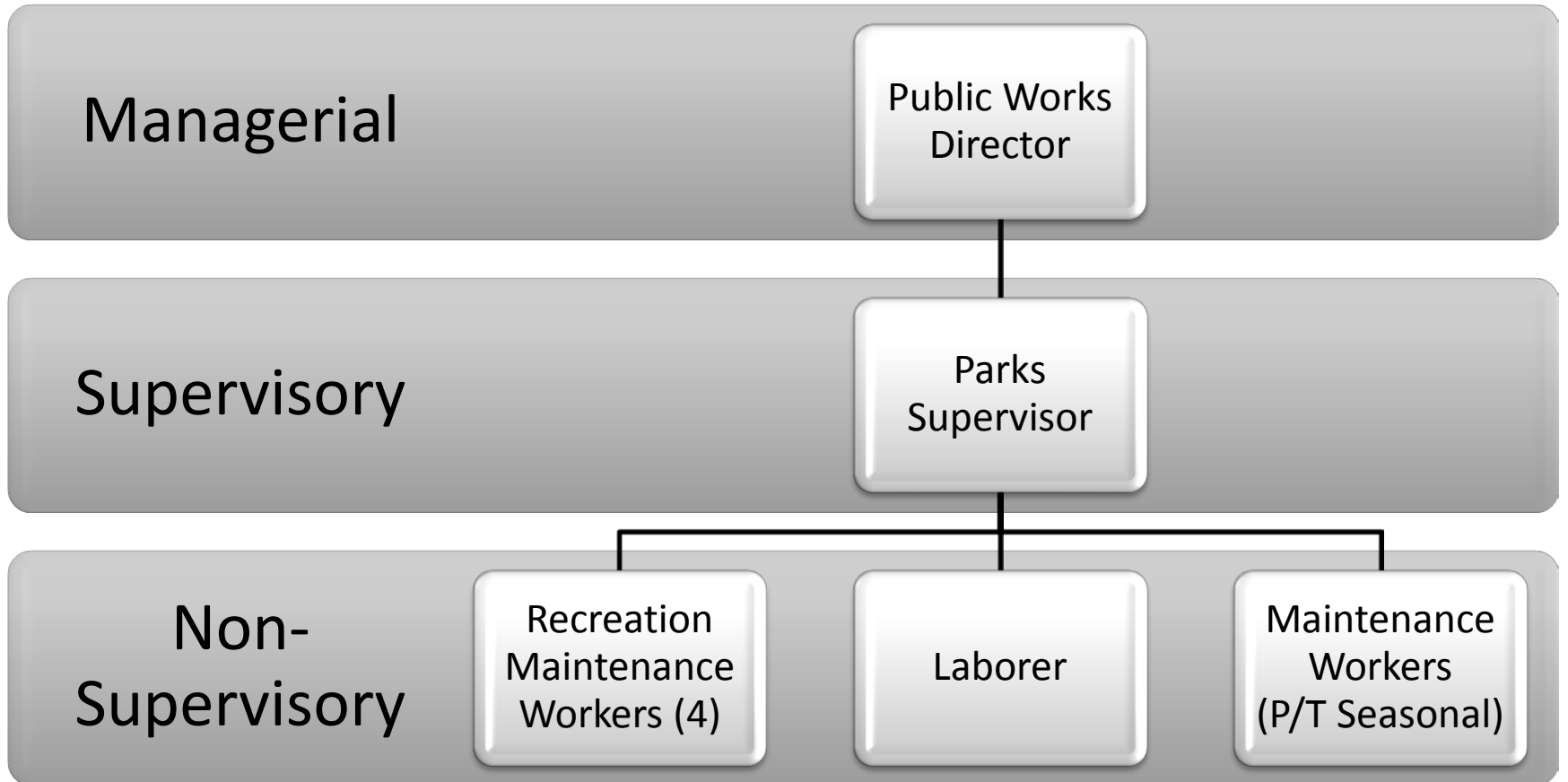
Dept. No. 340 Animal Control



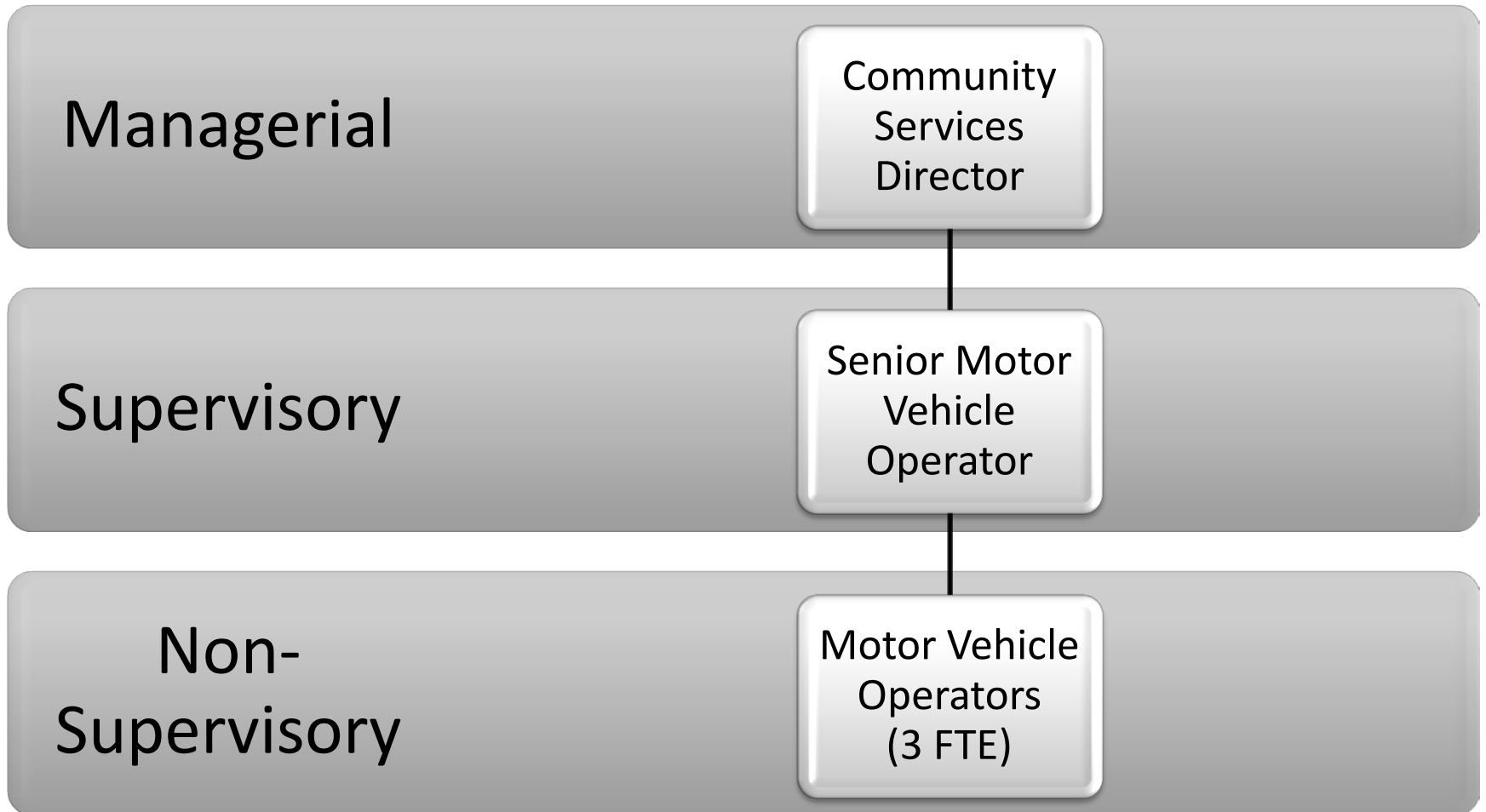
Dept. No. 370 Recreation



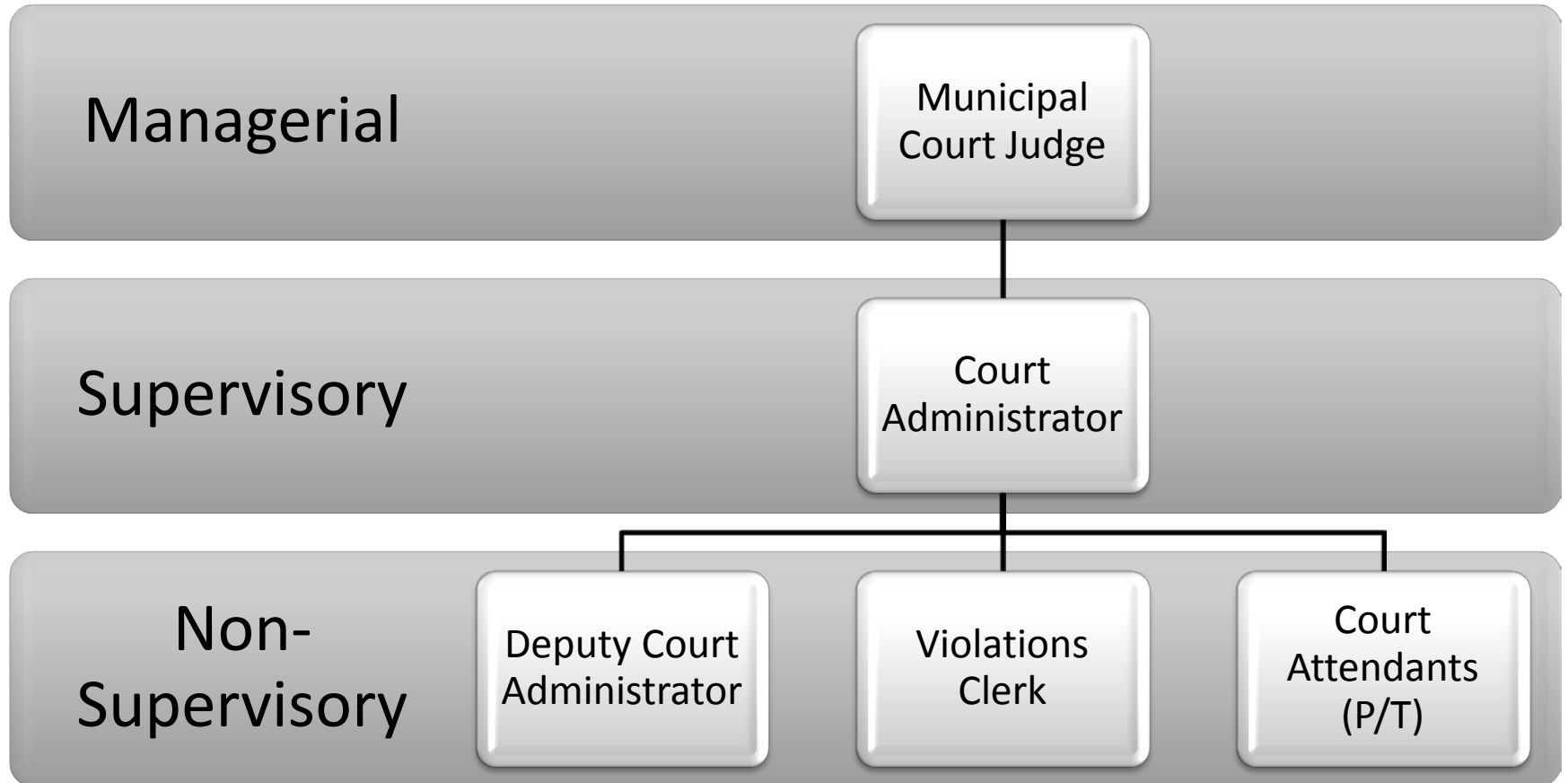
Dept. No. 375 Parks & Playgrounds



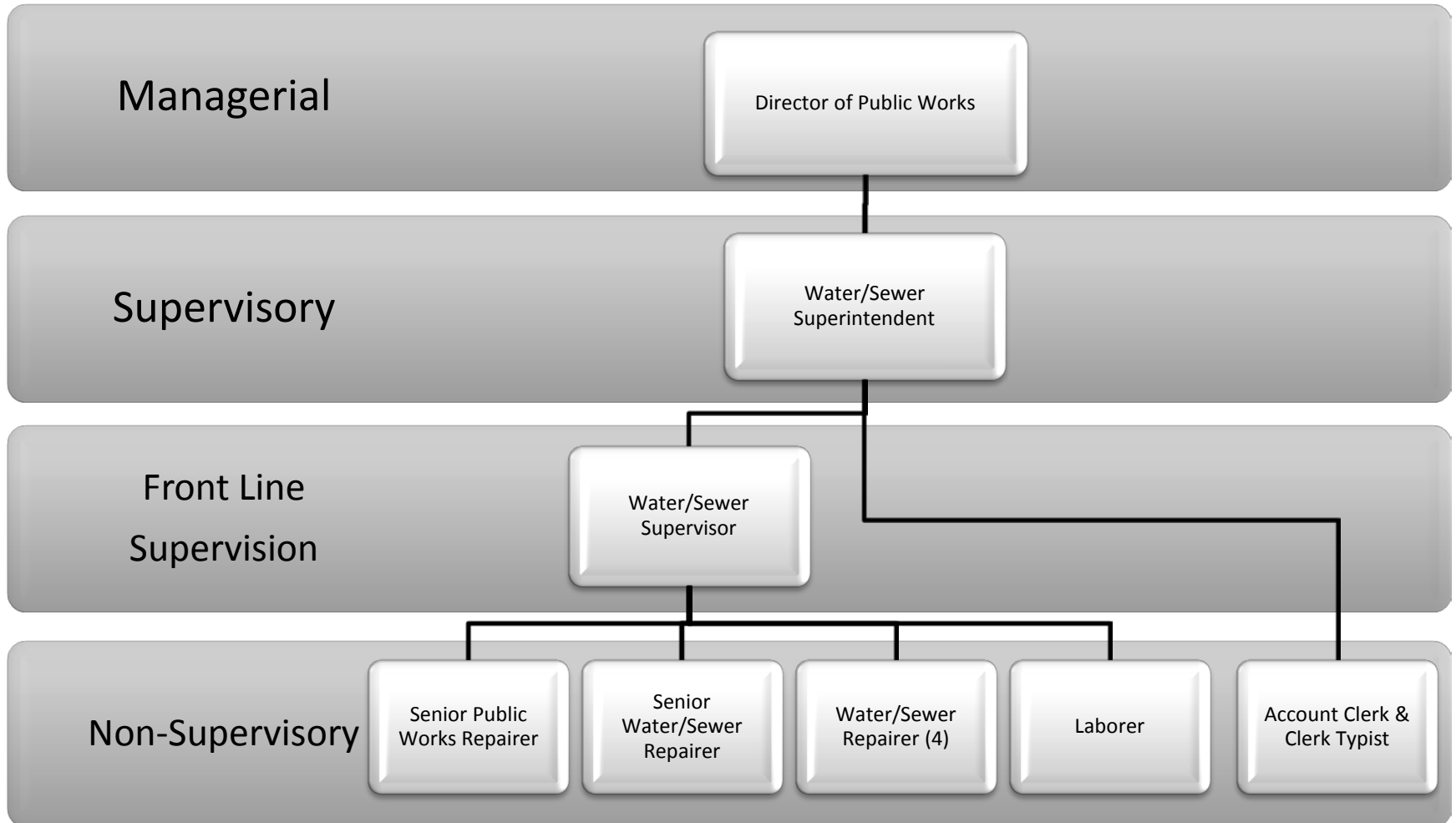
Dept. No. 379 Senior Citizen Transportation



Dept. No. 490 Municipal Court



Dept. No. 501 Municipal Utility/Water Division



**TOWNSHIP OF ROCKAWAY
INTER-DEPARTMENT MEMORANDUM**

ADMINISTRATION

TO: Council President Antonelli
Township Council

FROM: Gregory V. Poff II, Business Administrator

DATE: February 3, 2017

RE: **2017 Draft Municipal Budget**

INTRODUCTION

The most significant policy statement adopted by the Township Council on an annual basis is the municipal budget. The Administration prepares recommendations in the form of a draft document, and the Township Council determines the needs and interests of the community by public hearing and adoption of the municipal budget.

The proposed 2017 budget calls for appropriations of \$40,043,417. This represents a 1.2% decrease or \$488,879 from the adopted 2016 budget. Significant dollar increases are seen in the following appropriations: total salaries and wages, capital improvements, and accumulated sick and vacation expenses.

The expense side of the budget is assigned by department and divided within each department into "Salary and Wages" and "Other Expenses." These expenditures are presented in a line-item budget format. Appropriations are the mechanism that allows local government to deliver services to its taxpayers.

For the eighth year in a row, Department Heads were directed to prepare the "Other Expense" portion of their budget with no increase from the adopted 2016 budget (please see attached memorandum dated October 12, 2016). This resulted in seven of the eight "Other Expense" subaccounts either being flat or reduced as compared to the previous year.

COMPLIANCE WITH STATE BUDGET REGULATIONS

The Township is required to comply with two budgetary limits. The first is the limitation on the increase in appropriations or “the appropriations cap.” The second limitation is the property tax levy cap.

The appropriations cap law under N.J.S.A. 40A: 4-45.2 states, “municipalities and counties shall be prohibited from increasing their final appropriations by more than 2.5%... unless action is taken by the governing body to increase their final appropriations subject to the cap to the statutorily permitted three and a half percent (3.5%).” The property tax levy cap law (N.J.S.A. 40A:4-45.44 et seq.) establishes a formula that limits increases in the local unit (municipal, county or fire district) amount to be raised by taxation (tax levy) for each local unit budget to 2% of the previous year’s amount to be raised by taxation.

The State has issued its annual guidance documents regarding both budgetary caps to local governments as of the distribution of this draft budget. The COLA for CY 2017 budgets is calculated at one-half percent (.5%). In other words, the automatic increase to the “1977” cap base is .5%, which is less than the statutory maximum of 2.5%. The governing body may pass a COLA ordinance, increasing the cap base to 3.5%. This cap base adjustment allows for the needed flexibility in future budget cycles aiding in tax rate stability.

APPROPRIATIONS

I offer the following comments on the 2017 appropriations:

General Government S/W – up \$115,911 (8.0%)

Provisions are being made for a qualified purchasing agent, a paid administrative intern, and a salary adjustment for the Business Administrator, Chief Financial Officer, Township Engineer, and Tax Collector. The increased appropriation also provides for the appointment of a full-time Personnel Officer due to ever increasing demands associated with Civil Service regulations, tax code reform, the implementation and possible repeal of the ACA, paid leave requirements, and employment verification. There is an appropriation for the position of Deputy Municipal Clerk as the result of the retirement of a Principal Clerk Typist in the Clerk’s Office.

Mayor and Council O/E – down \$30,040 (94.5%)

Funds are being removed to engage the services of a public affairs firm to improve the Township’s communications strategy with Township property taxpayers and stakeholders. These funds are being reallocated to offset the cost of hiring the Personnel Officer.

Legal O/E – down \$20,000 (4.2%)

The Morris Commons litigation continues to slow as the Township has been successful in resolving the potable water supply issue that has been at the heart of the case. It is anticipated the litigation may come to a conclusion this year.

Police S/W – up \$134,212 (2.0%)

Police salaries are to increase 1.74% this year pursuant to an arbitration decision. The increases beyond the 1.74% increase are as a result of step increases in accordance with the existing collective bargaining agreement.

Police Dispatch S/W – up \$49,326 (9.0%)

This represents the addition of a permanent, part-time dispatcher position and a step increase in accordance with the existing agreement with Morris Council VI.

Snow Removal O/E – down \$20,200 (5.1%)

This represents the decreased cost of rock salt that is now \$64.90/ton or 11% less than the 2016 unit price.

Health Services S/W – up \$72,438 (13.0%)

The Township is expanding its shared services with the Town of Boonton, Jefferson Township, and Sparta Township. As previously reported to the Township Council this will require the addition of another full-time Registered Environmental Health Specialist, a part-time Registered Environmental Health Specialist, and a promotion for a Chief Registered Environmental Health Specialist. These increased expenses are offset by additional revenues from the agreements. A modest salary adjustment is proposed for the Health Officer in recognition of his work in establishing these expanded agreements.

Recreation Administration S/W – up \$121,819 (54.5%)

Parks and Playgrounds S/W – down \$123,583 (21.0%)

This reflects the operational implications of the Township's decision to move the Parks Division from the Department of Community Services to the Department of Public Works. As a result, a Principal Clerk Typist position and all pertinent seasonal employees have been moved from Parks and Playgrounds to Recreation Administration. A promotion of the Recreation Aide and a salary adjustment for the Community Services Director is proposed.

Recreation Administration O/E – down \$193,675 (44.7%)

This reduction represents the conclusion of the Township's relationship with Picatinny Arsenal for the funding of the aquatic park.

Buildings and Grounds S/W – down \$24,855 (20.0%)

The Township is recognizing the benefits of a change in its salary ordinance allowing the Township to hire entry level positions at market rate.

Senior Citizen Transportation S/W – up \$10,655 (4.1%)

This increase represents an adjustment for part-time substitute drivers that serve our elderly and special need residents.

Liability, Workers' Compensation, and Employee Health Insurance – down \$174,260 (2.0%)

The Township's participation in the Morris County Joint Insurance Fund continues to benefit the Township in its employment practices and loss control programs. Both the Morris County Joint Insurance Fund and the State Health Benefits Program have rate increases that must be funded. Greater employee contributions to their health and prescription insurance premiums have allowed for a reduction in this year's group health insurance appropriation.

Accumulated Sick & Vacation – up \$11,100 (2.0%)

This general fund appropriation covers the expense of the Township's contractually obligated sick and vacation time buy-back program to its employees. In addition, an appropriation is being made to address employee bonuses based upon the Township's performance appraisal program.

Statutory Expenditures – down \$18,195 (0.6%)

The Township has an obligation to fund its share of social security and its employees' pension contribution. Pension obligations have decreased this year at a blended rate of -1.45%.

Utilities – down \$35,160 (3.4%)

The continued low cost of oil allows the Township to reduce its appropriations for utilities for the second year in a row.

Capital Improvement Fund – up \$24,500 (14.8%)

It is recommended additional funds be appropriated to meet the capital needs of the Township. This additional appropriation has the advantage on reducing pressure on the Township's debt service appropriations in the long term.

Deferred Charges – down \$200,000 (31.0%)

The appropriation for the deferred charge – accumulated sick and vacation has been satisfied and no longer needs to be budgeted.

Tax Appeals Pending – down \$40,000 (15.1%)

The appropriation for tax appeals pending is being decreased as the Township continues its implementation of the Township's annual reassessment program and does not need to budget for the total expense of a reassessment report.

The purpose of the annual reassessment program is to keep the Township's property values current with existing market conditions. Typically the Township would value property once every 10 years or so. This creates a problem between residential and commercial property values as those markets change at different rates.

The difference between the residential and commercial property values has allowed commercial property owners to file and win large tax appeal refunds. Tax court ordered refunds must then be paid for by the Township. Over the past eleven years, the Township has paid out more than \$6 million to settle these large commercial tax appeals.

TAX RATE

The 2017 municipal budget calls for no increase in the municipal portion of the tax rate. An increase in the Township's assessed value of 0.4%, strong revenue collections, and new shared services agreements have placed the Township in a better financial position. These items along with increased employee benefit contributions and a slight reduction in pension expenses have allowed for no proposed increase in the municipal portion of the tax rate. The proposed municipal tax rate represents \$829.34 per \$100,000 of assessed value.

SUMMARY

The proposed budget calls for appropriations of \$40,043,417. This represents a 1.2% decrease or \$488,879 from the 2016 budget. Salary and wages total \$13,871,142. This represents a 3.2% increase or \$429,723 compared to 2016 salary and wages.

The most significant dollar increases in the proposed 2017 budget are seen in the following appropriations:

Total Salaries and Wages	\$429,723
Capital Improvement	\$24,500
Accumulated paid time off	<u>\$11,100</u>
Total	<u>\$465,323</u>

I would like to thank Chief Financial Officer Lisa Palmieri for her assistance in the preparation of the 2017 draft municipal budget.

I would propose that the Township Council schedule its budget meeting(s) during the month of February/March allowing for an introduction and approval at the March 14 meeting. This would allow for the public hearing and adoption at the April 11 meeting.

The Council meeting room is currently available February 16, 23 or March 2, 6, and 9. I respectfully request that you provide the Township Clerk with your availability so a meeting date can be scheduled and advertised.

I look forward to reviewing the proposed budget with the Township Council. At that meeting, as in years past, a review of the draft document can take place, and the schedule for a public hearing can be confirmed. Should you have any questions or if I can be of further assistance, please do not hesitate to contact me.

C: Mayor Michael Dachisen
Patricia Seger, Assistant Business Administrator
Lisa Palmieri, Chief Financial Officer

**TOWNSHIP OF ROCKAWAY
INTER-DEPARTMENT MEMORANDUM**

ADMINISTRATION

To: DEPARTMENT/DIVISION HEADS

From: Gregory V. Poff, Business Administrator

Date: October 12, 2016

Re: **2017 Budget**

Attached is your department's budget packet for 2017. The budget requests are due back to Administration on Friday, October 28, 2016.

Operating Budget Request Forms and Capital Budget Request Forms are attached for your completion. The Other Expense portion of the budget may be manually entered on these sheets. Justification Sheets are also attached for your review. Please make any corrections and/or modifications if needed.

Also attached are Salary Department Sheets and the Budget Account Status Report which includes the YTD expenditures through September 30, 2016.

Please note the Other Expense portion of your budget must reflect a 0% net increase from the 2016 Budget. If you have the ability to decrease your overall department budget, I would encourage you to do so.

If you have any questions, please see me.

GVP/amr

c: Mayor Michael G. Dachisen
Lisa Palmieri, Chief Financial Officer
Township Council