

BUDGET REPORT

As mandated by New Jersey Local Budget Law, NJSA 40A:4, and in accordance with the Code of the Township of Howell, the 2018 Municipal Budget ("Municipal Budget") was introduced on March 28, 2018 and adopted on May 1, 2018.

The Township Manager and Chief Financial Officer have carefully examined the 2018 annual operating budget and capital improvement projects submitted by Department Heads of all Township's Departments and Divisions. After several months of extensive review and discussion, an annual financial plan that sufficiently balances operational needs with prudent stewardship of public monies has been produced. To this end, the adopted Municipal Budget reflects the Township's commitment of preserving its sound financial position and quality of life through efficient allocation and management of limited resources while being mindful of its long-range fiscal capacity and strategic debt management practices. Further, the Municipal Budget reinforces the Township's high level of service delivery goals and provides adequate funding for capital improvements to rebuild, repair, and improve the Township's infrastructure and facilities to meet community needs. Thus, the 2018 Municipal Budget is a policy document that establishes a strong operational plan to provide essential public services and responsibly meet other financial obligations. To execute this plan, the Municipal Tax Rate will be slightly reduced at \$0.387 per \$100 of assessed value. Moreover, the 2018 Municipal Tax Levy amount that provides revenues to support the Township budget is estimated to increase by 1.77%

Summary points of 2018 Revenue Projections are as follows:

- The Municipal Tax Levy is \$466,208 more than last year.
- General Fund Balance anticipated (Surplus) was increased from \$3,600,000 to \$6,195,000 as a revenue source.
- Miscellaneous Revenues Anticipated increased from \$5,047,331.23 to \$5,070,181.64 as a revenue source. Anticipated revenues remain relatively unchanged for the prior year.
- Anticipated State Aid Revenue (Energy Receipts Tax) are confirmed as unchanged from 2017.
- Grants approved at budget introduction slightly increased from \$193,690.27 to \$731,998.86
- Other Special Revenues increased mildly by \$5,633.
- Delinquent Tax Revenue Anticipated decreased by \$330,000 from prior year.

Key appropriation highlights include:

- Total Salaries & Wages will rise by \$1,065,445.66 which includes contract salary settlements and step increases for PBA union members settled in late 2017. Salary settlement contingencies for those collective bargaining units still under negotiations in 2018 have also been factored into departmental budgetary appropriations.
- The following positions were the new positions funded by the governing body in this budget:
(1) Fire Prevention Bureau Administrative Assistant, (1) Vehicle Maintenance Mechanic/Welder, (1) Deputy Engineer, (1) Police Patrolman, and Additional Part-Time Class II Special Law Enforcement Officers.
- Combined Other Expense appropriations for all municipal departments for the entire budget show an increase of \$2,232,554.34.
- Pension obligations (PERS and PFRS-employer share) will increase this by \$296,081 this year.
- Healthcare insurance premiums cost will decrease by 0.01%. This budgeted line item has increased by \$136,000. Current Township employees will contribute approximately \$987,000 towards health insurance premium costs. All Township employees (Civilian & Police) continue to contribute at Tier 4 rates under P.L. Chapter 78 legislation.

- Municipal debt service payments in the Current Fund Budget will increase by \$ 1,254,930. This includes a mandatory Note Principal payments due for \$19.4 million dollars of the Township's outstanding bond anticipation notes issued in 2014 and 2015.
- Liability and Workers Compensation Insurance decreased \$55,540.
- Non-Discretionary Other Expenses increased \$505,171.99.
- Discretionary Other Expenses decreased \$15,168.65.

The Budget Report provides a brief overview of the Township's profile and economic condition, with an assessment of where revenues come from and how money is spent. Additional details are also included about Township debt and pension obligations, insurance and tax base insight. Further, a more detailed and complete picture of each municipal service area is contained within the Municipal Budget document as well. It is the goal of Township Administration for this financial and managerial document to provide transparency and guidance for the Mayor, Township Council, and Township citizens to understand how past budget policies and decisions impacted the financial health of its municipality, and how the 2018 budget provides for a sufficient level of financial resources to meet spending obligations and service responsibilities this year.

TOWNSHIP PROFILE

Introduction

Incorporated in 1801, the Township, with a land area of 62.1 square miles, is situated in the southern part of Monmouth County, New Jersey, at an approximate mid-point between the major cities of New York and Philadelphia. More than 51,075 people reside in the Township, according to the 2010 Federal Census comprised of predominately of middle-income families in which the wage earners are employed in either a managerial or professional capacity. In 2017, Howell Township's median household income was \$97,480, compared with the rest of Monmouth County at \$87,297 and the State of New Jersey at \$73,702.

Form of Government

The Township is governed by a Council-Manager Plan A form of the Optional Municipal Charter Law, N.J.S.A 40:60A-81, et seq. This form of government provides for, among other things, the direct election of the Mayor and Council, the separation of legislative power from administrative functions, and the employment of full-time professional personnel in the various departments of the Township. The Council is comprised of four members elected at large, each having four year terms. While the Township Council sets policy, it relies on the Manager to carry out its directives and to supervise the Township's day-to-day business activities. This position was created in 1993.

Township Employees

In 2017, the Township employed the services of 240 full time personnel and 254 part-time personnel. Part time personnel includes: Administrative Assistants, Class II Special Law Enforcement Officers, Public Works Summer & Snow Plow Assistance, Emergency Medical Technicians, and Counselors for the Summer Camp Program.

Police, Fire, and First Aid Services

The Township Police Department is divided into patrol, detective, community services, accreditation, training, records, traffic safety, Communications, and Emergency Medical Services. The Police Department consists of the following: (1) Chief, (3) Captains, (5) Lieutenants, (10) Sergeants and (68) Patrolmen. (19) Sworn Part-Time Class II and Class III Officers, (6) Administration Staff, (10) dispatchers and (40) Emergency Medical Personnel also support the operations of the Police Department. The community is served by five Fire Districts predominantly staffed by volunteers. Some of the fire districts also have paid firefighters supplementing the

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volunteers. The three volunteer first aid units have trained personnel and are equipped to provide services and transportation to nearby Monmouth Medical Center South in Lakewood, CentraState Medical Center in Freehold, Jersey Shore Medical Center in Neptune, and Ocean Medical Center in Brick. The Township operates a paid EMS service, with part-time staffing through the Police Department. This service is supplemented by the Volunteer First Aid Squads to improve response times during the week.

Labor Relations

The Township employees are represented by four collective bargaining units. Superior Officers Association, Local 228, represents Police Sergeants, Lieutenants, and Captains. The Contract expired December 31, 2016. The remaining police officers are represented by Policeman's Benevolent Association, Local 228. Their most recent contract was ratified in late 2017 and will expire on December 31, 2019. Certain non-statutory supervisory positions are represented by the Teamsters Local 469. The contract expired December 31, 2017. Dispatchers, White Collar, and Blue Collar employees are represented by the Transport Workers Union Local 225. The contract expired on December 31, 2017.

Education

There are ten elementary schools and two middle schools within the Township's public school system, with a student enrollment of 5,925. These schools serve the education needs of students from kindergarten through eighth grade. The Township is a member of the Freehold Regional High School District, and the Township's students attend a district high school located within the Howell Township or another nearby community. The Township is situated in a location within commuting distance to several colleges and universities within the State of New Jersey available to serve the higher education demands of residents of the community.

2018 FINANCIAL BUDGET OVERVIEW

The Township government accounts for all of its revenues and appropriations within a system of "funds" based on a modified accrual accounting method. Its main fund is the Current Fund. The majority of financial resources for services provided by the Township, such as police and public works, are flowed through this Current Fund. The Township maintains other funds – Capital, Trust, and Utility. To be in accordance with State budget laws, the Township must ensure revenues from the Sewer Utility are spent on costs associated with providing services within their Utility fund. Given that the Sewer Utility is separate from the Current Fund, any annual costs to provide these services are only funded from their respective user fees, and not from municipal property taxes.

The financial summary totals for 2018 approximates \$58.244 million and includes appropriations for the Current Fund operations and Sewer Utility Fund Budgets. Compared with 2017, the total 2018 financial budget represents a \$3,256,868 increase, or 5.92%, aggregately over both funds.

Financial Summary Totals				
	2018	2017	Variance (\$)	Variance (%)
<u>General Fund</u>				
Municipal Budget	\$ 51,065,000.00	\$ 47,767,000.00	\$ 3,298,000.00	6.90%
<u>Sewer Utility Fund</u>				
Operations Budget	\$ 7,179,261.00	\$ 7,220,393.00	\$ (41,132.00)	-0.57%
Total Financial Budgets	\$ 58,244,261.00	\$ 54,987,393.00	\$ 3,256,868.00	5.92%

CURRENT FUND (OPERATING BUDGET) – PROPERTY TAX IMPACT

Municipal Tax Rate: The estimated 2018 Municipal Tax Rate is \$0.387, a 3.97% decrease over last year’s rate. The formula to determine the Municipal Tax Rate is as follows:

Total Appropriations is equal to the estimated total tax levies (County, Local & Regional School Districts, Fire Districts, and Open Space) plus the municipality’s total appropriations amount (excluding Reserve for Uncollected Taxes).

$$\text{Municipal Tax Rate} = \text{Step 1: } \frac{\text{Total Appropriations minus Anticipated Non-Tax General Revenues}}{\text{Anticipated Tax Collection Rate}}$$

Step 2: Step 1 amount (Total Amount to be Raised by Taxes) minus Total County, School, Fire District, and Open Space Levies.

Step 3: Step 2 amount (Municipal Tax Levy) divided by the municipality’s Net Assessed Valuation.

Here is how the estimated Municipal Tax Rate for Howell Township property owners was calculated:

$$\begin{aligned} \text{Tax Rate} &= \$183,720,836.28 - \$24,260,235 / .9801 \\ &= \$162,698,297 - \$135,893,532 \\ &= \$26,804,765 / (\$6,920,904,100 / 100) \\ &= \mathbf{\$.387 \text{ per } \$100 \text{ of Assessed Valuation}} \end{aligned}$$

The Property Tax Rates chart depicts each tax rate and its respective percentage of the total tax rate amount, as well as, other applicable public entity tax rates *estimated* for 2018, and levied for 2017.

PROPERTY TAX RATES			
	2018*	2017	% OF TOTAL
Municipal	\$ 0.387	\$ 0.397	16.22%
Municipal Open Space	\$ 0.02	\$ 0.02	0.83%
Local School District	\$ 1.139	\$ 1.165	47.76%
Regional School District	\$ 0.427	\$ 0.436	17.90%
Monmouth County <i>(includes General, Health, Library & Open Space)</i>	\$ 0.295	\$ 0.302	12.37%
Fire Districts (Average)	\$ 0.117	\$ 0.117	4.92%
TOTAL	\$ 2.385	\$ 2.44	100.00%
*2018 - Estimated Tax Rates			

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In 2018, one cent of the Municipal Tax Rate is equal to \$692,090, which is based on the Township's Net Assessed Valuation of \$6,920,904,100. In the previous year, one cent was equal to \$664,228.

Total Property Tax Rates: The chart below delineates each component of the total property tax rate amount for the last four years (plus estimated 2018).

2014 - 2018 PROPERTY TAX RATES					
	2018*	2017	2016	2015	2014
Municipal	\$ 0.387	\$ 0.397	\$ 0.399	\$ 0.398	\$ 0.448
Municipal Open Space	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02
Local School District	\$ 1.139	\$ 1.165	\$ 1.185	\$ 1.198	\$ 1.293
Regional School District	\$ 0.427	\$ 0.436	\$ 0.433	\$ 0.432	\$ 0.452
Monmouth County <i>(includes General, Health, Library & Open Space)</i>	\$ 0.295	\$ 0.302	\$ 0.313	\$ 0.326	\$ 0.346
Fire Districts (Average)	\$ 0.117	\$ 0.117	\$ 0.115	\$ 0.121	\$ 0.133
TOTAL	\$ 2.385	\$ 2.447	\$ 2.47	\$ 2.50	\$ 2.69
*2018 – Estimated Tax Rates					

For Howell's average assessed residence of \$343,544, the following table shows a total tax bill breakdown for what an estimated total tax bill might look like in 2018, broken down by the service areas of the municipal government.

<i>Average Residential Assessed Valuation (\$343,544)</i>	
<i>Total 2018 Property Tax Bill - ESTIMATED</i>	
	2018
Township Operations:	
General Government	\$ 111.55
Land Use Administration	\$ 7.73
Uniform Construction Code	\$ 32.28
Insurance	\$ 129.59
Public Safety	\$ 401.25
Public Works	\$ 123.38
Health & Human Services	\$ 19.59
Unclassified & Contingency	\$ 3.41
Solid Waste Removal	\$ 12.11
Utilities & Bulk Purchases	\$ 34.56
Statutory	\$ 146.22
Court & Public Defender	\$ 13.17
Capital Improvement Fund	\$ 11.36
Debt Service	\$ 198.78
Deferred Charges	\$.23
Reserve for Uncollected Taxes	\$ 84.30

Township of Howell Municipal Taxes (.387)	\$ 1,329.51
Municipal Open Space (.02)	\$ 68.71
ESTIMATED:	
Local School District Taxes (1.139)	\$ 3,912.97
Regional School Taxes (.427)	\$ 1,466.93
Monmouth County Taxes (.295)	\$ 1,013.45
Fire District Taxes (Average) (.117)	\$ 401.95
TOTAL TAX BILL AMOUNT	\$ 8,193.52

\$1,298,430 UNDER Property Tax Levy Cap: The Municipal Budget is well under the 2% Property Tax Levy Cap.

<i>Municipal Levy CAP Calculation</i>		
Municipal Tax Levy - 2017		\$ 26,338,557.00
<i>LESS:</i>		
Prior Year Deferred Charges	\$ 66,660.00	\$ 66,660.00
PRIOR YEAR TAX LEVY SUBJECT TO CAP		\$ 26,271,897.00
ADD: 2% Levy CAP Allowance		\$ 525,438.00
Adjusted Tax Levy		\$ 26,797,335.00
<i>LESS: Allowable Exclusions</i>		
Change in Debt Service	\$ 851,096.00	
Allowable Pension Increase	\$ 224,770.00	
		\$ 1,075,866.00
		\$ 27,873,201.00
LESS: Cancelled / Unexpended Exclusions		\$ 51,799.00
		\$ 27,821,402.00
ADD: 2017 New Construction Allowance (Based on Additional \$70,980,641 @ \$0.397)		\$ 281,793.00
MAXIMUM ALLOWABLE AMOUNT TO BE RAISED BY TAXATION		\$ 28,103,195.00
TOTAL CURRENT YEAR AMOUNT TO BE RAISED		\$ 26,804,765.00
<i>OVER (UNDER) LEVY "CAP" THRESHOLD</i>		\$ (1,298,430.00)

As calculated through the Property Tax Levy Cap Formula, the maximum allowable amount to be raised through the Township's Municipal Levy is \$28,103,195. Yet, the Municipal Budget requires \$26,804,765 in property tax revenues this year to balance total appropriations. In 2017, the Township was \$877,653 under the Tax Levy Cap. The 2018 Tax Levy Cap amount is permitted under State law to "bank" for three budget years (2019-21). Given the 2018 Municipal Budget is under Cap again this year, any prior year Levy Cap bank usage was not required. For the 2019 budget, there will be \$2,299,934 of prior year (2016-18) amounts available under the Levy Cap banked and available, if necessary. \$1,642,286 from 2015 Levy Cap Bank will expire at the end of 2018 and be unavailable for the 2019 budget.

REVENUES

2018 GENERAL REVENUES SYNOPSIS

The Municipal Budget authorizes annual appropriations for service provision (staffing and other resources needed), programs, and other financial obligations for the citizens of Howell Township. State and local laws authorize the Township to raise revenues to fund these appropriations. There are several main revenue categories containing monetary sources for the Township to support its operations. The following table illustrates "where the budget dollars come from" to fund the Township's budget appropriations.

2018 Anticipated Revenues		
"Where the Budget Dollars Come From"		
	2018 Anticipated	Percent of Total Revenues
Fund Balance	\$ 6,195,000.00	12.13%
Miscellaneous Local Revenues	\$ 5,070,181.64	9.93%
State Aid	\$ 7,918,357.00	15.51%
Grants	\$ 731,998.86	1.43%
Other Special Revenues	\$ 2,344,697.50	4.59%
Prior Year Tax Receipts	\$ 2,000,000.00	3.92%
Municipal Tax Levy	\$ 26,804,765.00	52.49%
TOTAL REVENUES	\$ 51,065,000.00	100.00%

Expenses paid from the Current Fund are supported primarily from municipal taxes. As the graphic above depicts, the most significant budget revenue source is derived from taxes levied on real property assessed valuations. Municipal tax revenue accounts for 52.49% of total revenues. In 2018, total projected non-tax revenues are \$24,260,235, anticipated to be increased by \$2,831,792 from the 2017 anticipated revenues totals. State aid revenues remain stagnant. Local revenue sources are projected to modestly increase from 2017 anticipated amounts by \$5,633. Overall, in 2018, Administration conservatively expects most revenue sources to remain stable and meet expectations.

The Municipal Budget will be using \$6,195,000 Current Fund Balance (Surplus) as a revenue source to stabilize the Municipal Budget. The 2018 Current Fund Balance amount anticipated is \$2,595,000 more than last year. By credit rating standards, the Township's use of fund balance as a budget revenue source, which is approximately 12.13% of total operating appropriations

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this year, is considered as a “strong” financial indicator. Fund Balance is “one-time” revenue that must be replenished during the budget year in order for it to be available for use in the subsequent year’s budget. Fund Balance is primarily replenished by excess resulting from operations which includes the difference between revenues realized versus anticipated, uncharged balances in prior year appropriations, and the collection of taxes in excess of the Reserve for Uncollected Taxes. The following Comparative Schedule of Fund Balances shows Fund Balances year ending and the amounts utilized in succeeding years.

Analysis of Fund Balance - Current Fund						
	<i>Balance</i>	<i>Utilized in</i>	<i>Retained</i>	<i>% Used</i>	<i>Surplus</i>	<i>Balance</i>
	<i>January 1st</i>	<i>Current Year</i>	<i>Fund Balance</i>	<i>in</i> <i>CY</i> <i>Budget</i>	<i>Regenerated</i>	<i>December 31st</i>
2013	\$ 3,550,806.59	\$ 1,743,000.00	\$ 1,807,806.59	49.09%	\$ 4,603,047.94	\$ 6,410,854.53
2014	\$ 5,063,644.99	\$ 3,511,000.00	\$ 1,552,644.99	69.34%	\$ 4,473,592.11	\$ 6,026,237.10
2015	\$ 6,026,237.10	\$ 3,500,000.00	\$ 2,526,237.10	58.08%	\$ 2,666,370.20	\$ 5,192,607.30
2016	\$ 5,174,510.80	\$ 3,302,212.00	\$ 1,872,298.80	63.82%	\$ 5,133,125.15	\$ 7,005,423.95
2017	\$ 7,005,423.95	\$ 3,600,000.00	\$ 3,405,423.95	51.39%	\$ 6,611,621.77	\$ 10,017,045.72
2018	\$ 10,017,045.72	\$ 6,195,000.00	\$ 3,822,045.72	61.84%		

The chart below comparatively outlines the revenues with anticipated total amounts to fund the Township’s 2018 Municipal Budget versus the prior year.

General Fund Revenues			
	2018	2017	Dollar Change
	Anticipated	Anticipated	from 2017
Fund Balance	\$ 6,195,000.00	\$ 3,600,000.00	\$ 2,595,000.00
Miscellaneous Local Revenues	\$ 5,070,181.64	\$ 5,047,331.23	\$ 22,850.41
State Aid	\$ 7,918,357.00	\$ 7,918,357.00	\$ -
Grants	\$ 731,998.86	\$ 193,690.27	\$ 538,308.59
Other Special Revenues	\$ 2,344,697.50	\$ 2,339,064.50	\$ 5,633.00
Prior Year Tax Receipts	\$ 2,000,000.00	\$ 2,330,000.00	\$ (330,000.00)
Municipal Tax Levy	\$ 26,804,765.00	\$ 26,338,557.00	\$ 466,208.00
TOTAL REVENUES	\$ 51,065,000.00	\$ 46,935,182.00	\$ 3,298,000.00

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The table below shows property tax levy amounts for years 2014-2018 along with the percentage change from 2014 to 2018.

PROPERTY TAX LEVIES						
	2018	2017	2016	2015	2014	% Change from 2014
Municipal	\$ 26,804,765	\$ 26,338,557	\$ 25,409,000	\$ 24,500,000	\$ 25,000,000	7.21%
Local School District	ESTIMATED \$ 78,891,748.02	\$ 77,344,851	\$ 75,427,623	\$ 73,679,659	\$ 72,062,829	9.47%
Regional School District	ESTIMATED \$ 29,567,149.02	\$ 28,987,401	\$ 27,539,549	\$ 26,551,016	\$ 25,167,862	17.48%
Monmouth County (All Purposes)	ESTIMATED \$ 20,445,993.81	\$ 20,045,091.98	\$ 19,932,233.59	\$ 20,057,210.42	\$ 19,289,911.38	5.99%
Fire District (Average)	\$ 1,126,723	\$ 1,106,186	\$ 1,052,865	\$ 1,050,412.60	\$ 1,091,699.40	3.21%
Municipal Open Space	\$ 1,384,180.82	\$ 1,328,457.40	\$ 1,273,087.94	\$ 1,228,658.42	\$ 1,113,350.80	24.33%
TOTAL	\$ 158,220,559.67	\$ 154,155,382.98	\$ 150,634,358.53	\$ 147,066,956.44	\$ 143,725,652.58	

LOCAL REVENUES

Most Revenues sources will remain consistent this year. In fact, since 2012 total local revenues have held steady between \$4.3 million and \$5.2 million. The 2018 Municipal Budget provides for conservative estimated Local Revenue amounts lower than realized last year in various line items.

PRIOR YEARS TAXES

In 2017, the Township exceeded its anticipated tax collection rate (97.96%) by 0.24% (98.20%). Indeed, this is the Township's second highest collection rate in the last six years (see below).

Tax Collection Performance			
Year	Levy	Levy \$ Collected	% of Levy Collected
2017	\$ 161,745,365	\$ 159,361,355	98.20%
2016	\$ 156,410,390	\$ 153,692,833	98.26%
2015	\$ 153,354,583	\$ 150,319,630	98.02%
2014	\$ 149,566,715	\$ 146,674,153	98.06%
2013	\$ 149,375,011	\$ 147,155,320	98.17%
2012	\$ 149,003,741	\$ 145,508,484	97.65%

APPROPRIATIONS

2018 GENERAL APPROPRIATION SYNOPSIS

The 2018 Municipal Budget projects total appropriation spending (including Reserve for Uncollected Taxes) to be \$3,298,000, or 6.90% more than the 2017 adopted budget appropriations. Major costs drivers within municipal operations consist of Salary & Wages (\$22,602,363), Healthcare, Liability and Workers Compensation Insurance (\$4,977,460), Statutory Obligations (\$5,616,131), Debt Service (\$7,635,040) and Reserve for Uncollected Taxes (\$3,237,696.12). These five major costs drivers account for 86.30% of the total municipal budget.

The total percentage breakdown of 2018 Municipal Budget appropriations is shown below.

2018 Appropriations Breakdown: \$51,065,000					
Administration	\$ 548,637.00	1.07%	Prosecutor	\$ 45,000.00	0.09%
Township Council	\$ 39,000.00	0.08%	Public Works-Roads	\$ 2,955,752.00	5.79%
Township Clerk	\$ 387,843.00	0.76%	Recycling	\$ 4,500.00	0.01%
Financial Administration	\$ 415,154.02	0.81%	Buildings & Grounds	\$ 91,500.00	0.18%
Audit Services	\$ 44,100.00	0.09%	Town Hall Admin Bldg	\$ 465,462.00	0.91%
Information Technologies	\$ 397,707.00	0.78%	Vehicle Maintenance	\$ 965,738.00	1.89%
Tax Collection	\$ 376,585.00	0.74%	Community Services Act	\$ 102,000.00	0.20%
Tax Assessment	\$ 429,473.00	0.84%	Youth Guidance	\$ 46,703.00	0.09%
Purchasing	\$ 242,890.00	0.48%	Public Services	\$ 113,091.00	0.22%
Law	\$ 524,336.00	1.03%	Senior Services	\$ 255,360.00	0.50%
Engineering	\$ 509,924.00	1.00%	Accumulated Sick Leave	\$ 100,000.00	0.20%
Planning Board	\$ 203,652.00	0.40%	Celebrate Special Events	\$ 25,000.00	0.05%
Zoning Board of Adjustment	\$ 88,101.00	0.17%	Utilities & Bulk Purchases	\$ 1,327,560.00	2.60%
Shade Tree Commission	\$ 3,230.00	0.01%	Solid Waste Disposal Costs	\$ 465,000.00	0.91%
Mobile Home Rent Board	\$ 2,000.00	0.00%	Contingency	\$ 6,000.00	0.01%
Construction Code	\$ 940,560.00	1.84%	Statutory	\$ 5,616,131.00	11.00%
Code Enforcement	\$ 299,227.00	0.59%	Grants	\$ 910,483.86	1.75%
Insurance	\$ 4,977,460.00	9.75%	Municipal Court	\$ 495,854.00	0.97%
Police	\$ 13,034,335.00	25.52%	Public Defender	\$ 10,000.00	0.02%
Emergency Medical Services	\$ 856,544.00	1.68%	Capital Improvements	\$ 436,200.00	0.85%
Dispatch Services	\$ 969,966.00	1.90%	Debt Service	\$ 7,635,040.00	14.95%
Emergency Management	\$ 29,750.00	0.08%	Deferred Charges	\$ 9,000.00	0.02%
Fire Prevention Bureau	\$ 425,455.00	0.83%	Reserve for Uncollected Tax	\$ 3,237,696.12	6.34%

The five largest appropriation increases in the 2018 Municipal Budget were in the following cost centers:

- Debt Service increased \$1,254,930.
- Salaries & Wages increased \$1,065,445.66
- Statutory Expenses increased \$444,081.

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- Legal Expenses – Outside Counsel increased \$130,000.
- Utilities & Bulk Purchases – Telephone & Street Lighting increased \$73,160.

The four largest appropriation decreases in the 2017 Municipal Budget were in the following cost centers:

- Utilities & Bulk Purchases – Gasoline decreased \$75,000
- The final year of funding of the Special 5-Year Deferred Charge “Superstorm Sandy-Local Share” was completed in the 2017 budget. Therefore, this resulted in a decrease of \$66,660.
- Reduction of 2018 Liability & Workers Compensation Insurance Assessment decreased \$55,540.
- Contingent Expenses were reduced by \$14,000.

SALARIES & WAGES

The total 2018 Salary & Wages amount, which includes base salary, longevity, and step increases for all full-time union and non-union employees and part-time/temporary/seasonal appropriations, is \$22,602,363. This is an increase of \$1,065,445.66 from what was appropriated in 2017. Total Overtime across all departments decreased by \$9,100 against 2017 amounts. Overall, total Overtime appropriations are 4.30% of the total Salary & Wages. While Police Overtime accounts for 72.08% of overtime appropriations, the department was able to remain at its 2017 budgeted overtime level of \$700,000.

2018 Salaries & Wages Appropriations Breakdown: \$22,602,363					
Administration	\$ 416,937.00	1.84%	Prosecutor	\$ 45,000.00	0.20%
Township Council	\$ 37,500.00	0.17%	Public Works-Roads	\$ 2,577,752.00	11.40%
Township Clerk	\$ 337,100.00	1.49%	Recycling	\$ 4,500.00	0.02%
Financial Administration	\$ 390,971.00	1.73%	Buildings & Grounds	\$ -	0.00%
Audit Services	\$ -	0.00%	Town Hall Admin Bldg	\$ 125,462.00	0.56%
Information Technologies	\$ 178,372.00	0.79%	Vehicle Maintenance	\$ 557,738.00	2.47%
Tax Collection	\$ 357,745.00	1.58%	Community Services Act	\$ -	0.00%
Tax Assessment	\$ 274,303.00	1.21%	Youth Guidance	\$ 16,003.00	0.07%
Purchasing	\$ 132,240.00	0.58%	Public Services	\$ 54,466.00	0.24%
Law	\$ 109,200.00	0.48%	Senior Services	\$ 168,060.00	0.75%
Engineering	\$ 419,404.00	1.86%	Accumulated Sick Leave	\$ -	0.00%
Planning Board	\$ 175,322.00	0.78%	Celebrate Special Events	\$ -	0.00%
Zoning Board of Adjustment	\$ 78,401.00	0.35%	Utilities & Bulk Purchases	\$ -	0.00%
Shade Tree Commission	\$ -	0.00%	Solid Waste Disposal Costs	\$ -	0.00%
Mobile Home Rent Board	\$ 2,000.00	0.01%	Contingency	\$ -	0.00%
Construction Code	\$ 923,535.00	4.09%	Statutory	\$ -	0.00%
Code Enforcement	\$ 293,467.00	1.30%	Grants	\$ 341,854.00	1.51%
Insurance	\$ -	0.00%	Municipal Court	\$ 442,354.00	1.96%
Police	\$ 12,409,796.00	54.90%	Public Defender	\$ 10,000.00	0.04%
Emergency Medical Services	\$ 471,760.00	2.09%	Capital Improvements	\$ -	0.00%
Dispatch Services	\$ 843,466.00	3.73%	Debt Service	\$ -	0.00%
Emergency Management	\$ 18,250.00	0.08%	Deferred Charges	\$ -	0.00%
Fire Prevention Bureau	\$ 389,405.00	1.72%	Reserve for Uncollected Tax	\$ -	0.00%

BUDGET REPORT

OTHER EXPENSES

In municipal operations, total Other Expenses (\$28,462,637) will increase this year by \$2,232,554.34.

2018 Other Expenses Appropriations Breakdown: \$28,462,637							
Administration	\$	131,700.00	0.46%	Prosecutor	\$	-	0.00%
Township Council	\$	1,500.00	0.01%	Public Works-Roads	\$	378,000.00	1.33%
Township Clerk	\$	50,743.00	0.18%	Recycling	\$	-	0.00%
Financial Administration	\$	24,183.02	0.08%	Buildings & Grounds	\$	91,500.00	0.32%
Audit Services	\$	44,100.00	0.15%	Town Hall Admin Bldg	\$	340,000.00	1.19%
Information Technologies	\$	219,335.00	0.77%	Vehicle Maintenance	\$	408,000.00	1.43%
Tax Collection	\$	18,840.00	0.07%	Community Services Act	\$	102,000.00	0.36%
Tax Assessment	\$	155,170.00	0.55%	Youth Guidance	\$	30,700.00	0.11%
Purchasing	\$	110,650.00	0.39%	Public Services	\$	58,625.00	0.21%
Law	\$	415,136.00	1.46%	Senior Services	\$	87,300.00	0.31%
Engineering	\$	90,520.00	0.32%	Accumulated Sick Leave	\$	100,000.00	0.35%
Planning Board	\$	28,330.00	0.10%	Celebrate Special Events	\$	25,000.00	0.09%
Zoning Board of Adjustment	\$	9,700.00	0.03%	Utilities & Bulk Purchases	\$	1,327,560.00	4.66%
Shade Tree Commission	\$	3,230.00	0.01%	Solid Waste Disposal Costs	\$	465,000.00	1.63%
Mobile Home Rent Board	\$	-	0.00%	Contingency	\$	6,000.00	0.02%
Construction Code	\$	17,025.00	0.06%	Statutory	\$	5,616,131.00	19.75%
Code Enforcement	\$	5,760.00	0.02%	Grants	\$	568,629.86	2.00%
Insurance	\$	4,977,460.00	17.48%	Municipal Court	\$	53,500.00	0.19%
Police	\$	624,539.00	2.19%	Public Defender	\$	-	0.00%
Emergency Medical Services	\$	384,784.00	1.35%	Capital Improvements	\$	436,200.00	1.53%
Dispatch Services	\$	126,500.00	0.44%	Debt Service	\$	7,635,040.00	26.82%
Emergency Management	\$	11,500.00	0.04%	Deferred Charges	\$	9,000.00	0.03%
Fire Prevention Bureau	\$	36,050.00	0.13%	Reserve for Uncollected Tax	\$	3,237,696.12	11.38%

INSURANCE

For 2018, the Township's net health care insurance premium line-item of \$3,175,000 will increase by \$136,000 from last year. The Township participates in the State Health Benefit Plan for the provision of medical/prescription drug insurance coverage and has budgeted for health benefits for 191 full-time employees. Direct 10 is the most widely used coverage by the Township in the NJSHP. Of the 191 employees, 121 employees utilize this health coverage. 54 of the remaining 70 employees

elect the Direct 15 coverage. The remaining 26 employees elect other coverage not previously listed. The below graphic shows the change in monthly cost premiums from 2017 to 2018 for Direct 10 and Direct 15 coverage. Under this coverage within the NJSHP, costs for 2018 were flat from the prior year. In addition, the Township will continue to use Delta Dental and Dental Services Organization as its dental insurance providers.

# of Employees	Coverage	2018 Monthly Premium	2017 Monthly Premium		2018 Monthly Premium	2017 Monthly Premium
NJ Direct 10				NJ Direct 15		
45	Single	\$ 935.25	\$ 935.24	15	\$ 890.57	\$ 890.57
17	Member & Spouse	\$ 1,870.49	\$1,870.49	8	\$1,781.15	\$1,781.15
10	Parent & Child	\$ 1,674.09	\$1,674.09	3	\$1,594.11	\$1,594.11
49	Family	\$ 2,609.34	\$2,609.34	28	\$2,484.68	\$2,484.68
165				54		

Workers Compensation and General Liability insurance policy coverage will decrease by \$55,400 to the total premium amount of \$1.642 million. Overall, the Township's total costs for these insurance policies are decreasing 10.53% this year.

PENSION OBLIGATIONS

The Township's 2018 pension obligations will increase this year to a combined total of \$4,059,321. Overall, total annual pension payments for PERS and PFRS have increased \$287,395, or 7.61% above 2017 obligations. The table below depicts the last seven (7) years of PERS & PFRS pension obligations, and annual percentage change for the previous year. Since 2010, on average, total pension obligations have increased by \$215,493 or 5.61%. In 2009, the Township deferred 50% of its pension payment. The term of the deferral calls for payments that began and run through 2027. This deferred liability is estimated to be \$120,000 per year. All other pension liabilities have been paid prior to the April 1st due date.

PENSION OBLIGATION PAYMENTS				
YEAR	PERS	PFRS	TOTAL OBLIGATION	Year - to - Year % Change
2018	\$ 1,235,557.00	\$ 2,823,764.00	\$ 4,059,321.00	7.61%
2017	\$ 1,126,435.00	\$ 2,645,491.00	\$ 3,771,926.00	4.36%
2016	\$ 1,034,470.00	\$ 2,580,034.00	\$ 3,614,504.00	2.73%
2015	\$ 990,751.00	\$ 2,527,643.00	\$ 3,518,394.00	4.98%
2014	\$ 961,595.00	\$ 2,389,947.00	\$ 3,351,542.00	-5.66%
2013	\$ 1,040,194.00	\$ 2,512,430.00	\$ 3,552,624.00	-7.58%
2012	\$ 1,262,234.00	\$ 2,581,594.00	\$ 3,843,828.00	2.92%

RESERVE FOR UNCOLLECTED TAXES

Last year's collection rate was 98.20%. Historically, the Township takes a conservative approach by anticipating a lower annual collection rate. In 2017, \$3,234,857.72 was appropriated in the budget based on a 97.96% collection rate. A sheet showing the complete calculation has been provided later in this budget document.

1977 APPROPRIATIONS CAP

Under the Total Appropriations CAP law, the State allows exclusions, or CAP base adjustments, to appropriation limits. Some of these exclusions are Debt Service, Reserve for Uncollected Taxes, Capital Improvements, Deferred Charges, and Grants. Even though the CAP COLA Increase Index is 2.5% this year with the option to increase it by another 1% to 3.5% with the adoption of a CAP Bank Ordinance, the Township needed to utilize \$58,048.57 of prior year's CAP bank to be compliant with this statutory requirement.

<i>Appropriation CAP Calculation</i>		
Total General Appropriations - 2017		\$ 47,767,000.00
<i>LESS:</i>		
9-1-1 Dispatch Services	\$ 973,058.00	
Length of Service Award Program Contributions (LOSAP)	\$ 48,000.00	
Federal & State Grants	\$ 532,739.93	
Capital Improvements	\$ 311,200.00	
Debt Service	\$ 6,380,110.00	
Deferred Charges	\$ 75,660.00	
Reserve for Uncollected Taxes	\$ 3,234,857.72	
OUTSIDE "CAP" APPROPRIATIONS		\$ 11,555,625.65
BASE AMOUNT TO CALCULATE APPROPRIATION "CAP"		\$ 36,211,374.35

<i>Appropriation "CAP" Adjustments</i>		
ADD:		
A.) State Authorized COLA Allowance -- 2.50%	\$	905,284.36
B.) Increase COLA to 3.5% by Ordinance	\$	362,113.74
C.) Prior Years "CAP" Bank Usage	\$	58,048.57
D.) 2017 New Construction Allowance (Based on Additional \$70,980,641 @ \$0.397)	\$	281,793.00
TOTAL APPROPRIATION "CAP" ADJUSTMENT ALLOWANCE		\$ 1,607,239.67
TOTAL APPROPRIATIONS ALLOWED INSIDE "CAPS"		\$ 37,818,614.02
Total General Appropriations - 2018		\$ 51,065,000.00
<i>LESS: Outside "CAP" Appropriations</i>		
9-1-1 Dispatch Services	\$	969,966.00
Length of Service Award Program Contributions (LOSAP)	\$	48,000.00
Federal & State Grants	\$	910,483.86
Capital Improvements	\$	436,200.00
Debt Service	\$	7,635,040.00
Deferred Charges	\$	9,000.00
Reserve for Uncollected Taxes	\$	3,237,696.12
OUTSIDE "CAP" APPROPRIATIONS		\$ 13,246,385.98
TOTAL CURRENT YEAR INSIDE "CAP" APPROPRIATIONS		\$ 37,818,614.02
OVER (UNDER) APPROPRIATION "CAP" THRESHOLD		\$ 0.00

TAX BASE

The Township's operating position relies on its ability to: (1) balance its budget; (2) maintain emergency reserves; and (3) have adequate liquidity to pay its current liabilities in a timely manner. As statutorily mandated, the Township must balance its budget every year. However, contending with a multitude of fiscal mandates and service demands with fluctuating tax base valuations, marginal revenue growth and ascending operational costs inflicts greater burden on property owners to balance the Township budget every year. The Township annually evaluates its reserve funds to ensure adequate amounts exist for emergency or unforeseen costs that may occur at any point in the year to avoid potential operational budget deficits. Lastly, during any given budget year, the Township often receives its revenues in small or large installments, at infrequent periods of time. Therefore, for cash flow purposes, it is imperative the Township make every effort to stabilize and increase its taxable base, experience high, consistent tax collection rates and realize anticipated quarterly non-tax revenues to provide sufficient liquidity.

The Township's property tax base provides approximately 52.49% of municipal budget revenues through its tax levy. For this primary reason, it is essential for the Township to make every effort to preserve and defend its existing tax base in tax appeal litigation, and intelligently plan new development to maximize economic utilization of its 60 square miles of land.

The following charts illustrate the Township's Net Assessed Valuation (NAV) over the last five years. In 2018, residential valuation makes up nearly 84.96% and commercial valuation is 9.78% of the Township's total NAV, consistent with prior years. Additional charts provide the number of parcels for classification type, and assessed valuation ranges for residential properties.

Class & Type	2018 PRELIM	2017	2016	2015	2014
1- Vacant Land	\$ 118,473,800	\$ 118,523,800	\$ 114,702,200	\$ 127,426,600	\$ 137,473,900
2- Residential	\$ 5,880,098,400	\$ 5,654,440,800	\$ 5,373,302,700	\$ 5,157,744,800	\$ 4,623,682,700
3A - Farm House	\$ 98,269,000	\$ 98,312,200	\$ 101,965,500	\$ 98,908,600	\$ 89,384,800
3B - Farm Qualified	\$ 2,557,100	\$ 2,397,100	\$ 2,701,000	\$ 2,755,700	\$ 2,673,500
4A - Commercial	\$ 676,904,500	\$ 626,784,300	\$ 628,132,400	\$ 616,492,200	\$ 611,874,200
4B - Industrial	\$ 105,862,100	\$ 104,535,300	\$ 112,376,100	\$ 107,704,400	\$ 101,664,900
4C - Apartment	\$ 38,671,700	\$ 37,293,500	\$ 32,259,000	\$ 32,259,000	\$ -
TOTAL	\$ 6,920,904,100	\$ 6,642,287,000	\$ 6,365,438,900	\$ 6,143,291,300	\$ 5,566,754,000

Real Property Classification	2018 PRELIM	2017
(parcels)		
1- Vacant Land	1,361	1,407
2- Residential	17,116	17,017
3A - Farm House	272	274
3B - Farm Qualified	427	418
4A - Commercial	493	488
4B - Industrial	66	67
4C - Apartment	1	1
TOTAL	19,736	19,672

Heading into 2018, the Township's NAV increased \$278,617,100. In 2017, \$70,980,641 in assessed value was added from new construction and improvements. The Township continues to experience significant property improvement growth in its residential market, which can be attributed to the Township's participation in the Monmouth County Assessment Demonstration Program.

Total tax appeal applications for 2017 were 243, which comprised of 34 filed with the State Tax Court and 209 with the County Tax Board. 19 appeals are still pending in State Tax Court and 5 county tax appeals were appealed to the STC. The final ratables for 2018 will be struck after county tax board appeals have been adjudicated.

The following table provides NAV from 2017 and 2018 in all real estate classifications:

2018 and 2017 Net Assessed Valuation Comparison				
Class & Type	2018 PRELIM	2017	\$ Difference	% Change
1- Vacant Land	\$ 118,473,800	\$ 118,523,800	\$ (50,000)	(0.04%)
2- Residential	\$ 5,880,098,400	\$ 5,654,440,800	\$ 225,657,600	3.99%
3A - Farm House	\$ 98,269,000	\$ 98,312,200	\$ (43,200)	(0.04%)
3B - Farm Qualified	\$ 2,557,100	\$ 2,397,100	\$ (160,000)	6.26%
4A - Commercial	\$ 676,904,500	\$ 626,784,300	\$ 50,120,200	8.00%
4B - Industrial	\$ 105,862,100	\$ 104,535,300	\$ 1,326,800	1.27%
4C - Apartment	\$ 38,671,700	\$ 37,293,500	\$ 1,378,200	3.70%
TOTAL	\$ 6,920,904,100.00	\$ 6,642,287,000.00	\$ 278,617,100.00	4.19%

2018 Assessed Valuation - Residential Homes (Single Family)		
Assessed Valuation Range (\$)	Number of Parcels	Percent of Total
\$0 - \$199,999	2,946	16.54%
\$200,000 - \$399,999	10,753	60.36%
\$400,000 - \$599,999	3,345	18.78%
\$600,000 - \$799,999	615	3.45%
\$800,000 - \$999,999	140	0.79%
\$1,000,000 +	16	0.08%
** (includes Farmland Residential)		
TOTAL	17,815	

DEBT STRUCTURE

The Township appropriates debt service funds for the principal and interest costs associated with capital projects approved annually by the Township Council. Borrowing monies allows payments for major infrastructure improvements or large equipment purchases to be spread over multiple years in order to minimize annual budget impact and require future taxpayers that benefit from the use of this asset to pay a share of the cost. In any given budget year, capital budget costs authorized by the Township Council are typically financed with 12-month short term bond anticipation notes (BAN's), until permanent financing can be secured.

The Township's Statutory Borrowing Power (1) as of December 3, 2017 is as follows:

BUDGET REPORT

Statutory Equalized Valuation (2)	\$	6,824,341,968
Statutory Borrowing Power (3)	\$	238,851,969
Statutory Net Debt	\$	69,536,099
Remaining Statutory Borrowing Power	\$	169,315,870
Net Debt to Statutory Equalized Valuation		1.019%
(1) Unaudited; (2) Average of the immediately preceding 3 years (2014-2016) as calculated by State;		
(3) 3 1/2% of State's equalized valuation.		

At the end of 2017, the Township had a total of \$34,725,000 in Municipal general obligation bonds and \$31,750,000 in notes outstanding. In 2018 the Township's municipal debt service appropriations are \$7,635,040, an increase by approximately 1,254,930.

Additionally, as of December 31, 2017, the outstanding debt from the Sewer Utility is \$0. The Township has outstanding assessment bonds of \$3.550 million outstanding. Principal and interest payments for the Utility Assessment bonds are funded solely from commercial property assessment payments.

In the short-term debt market, the Township continues to benefit from its AA3 credit rating given by Moody's bond rating agency in January 2017. Last year, the annual interest rate for the October 2017 bond anticipation note sale totaling \$31.75 million was 3.0%. However, the financial institution that purchased the Township's BAN paid a premium of \$601,662.50, which lowered the borrowing cost to a net interest rate of 1.10% or \$348,191.67 total net interest due.

The charts below present a current summary of the Township's General Obligation Bonds (Municipal Budget) and Sewer Utility Bonds.

SUMMARY OF LONG TERM DEBT OBLIGATIONS						
	Original Issuance Amount	Principal Outstanding 12/31/2017	2018 Principal Payment Due	2018 Interest Payment Due	Maturity Date	
Municipal Debt						
General Obligation Bonds:						
2010 General Bonds	\$ 17,490,000	\$ 7,920,000	\$ 1,890,000	\$ 252,975	2021	
2013 Refunding Bonds*	\$ 22,795,000	\$ 20,375,000	\$ 945,000	\$ 826,500	2035	
2015 General Bonds	\$ 7,500,000	\$ 6,430,000	\$ 630,000	\$ 122,300	2025	
Pooled Lease Obligation Bonds:						
2011 M.C.I.A	\$ 1,491,000	\$ 239,000	\$ 59,000	\$ 9,905	2021	
2013 M.C.I.A	\$ 1,452,000	\$ 688,000	\$ 213,000	\$ 29,650	2023	
2015 M.C.I.A	\$ 1,765,000	\$ 1,196,000	\$ 310,000	\$ 58,390	2025	
2017 M.C.I.A	\$ 1,491,000	\$ 1,491,000	\$ 160,000	\$ 62,394	2027	
Total Municipal Debt	\$ 53,984,000	\$ 38,339,000	\$ 4,207,000	\$ 1,362,114		

**Debt Payment is offset by 49% funding from the Open Space Trust*

Utility Assessment									
2010 Utility Assessment Bonds	\$	4,930,000	\$	3,550,000	\$	220,000	\$	135,819	2030

DEBT STRUCTURE TRENDS

Total Net Debt has steadily increased over the last five years from .821% to 1.019%. The Township's debt burden remains modest in the medium term due to cautious planning to maintain level debt service. In 2017, the Township's net debt burden was 1.019% of equalized value. State statutes cap the municipality's maximum net debt burden at 3.5% of equalized value. Existing debt principal amortizations state that 73.93% of outstanding debt obligations will be paid down over the next 10 years.

As of December 31, 2017, the Township's Total Net Debt is \$69,536,099. The percentage of the total Net Debt to equalized valuation [average of last three (3) years (2015-2017) - \$6,824,341,968] is 1.001%. While the Township's annual Equalized Valuation is equal to the NAV multiplied by its NAV to fair market value ratio in that given year, the Equalized Valuation calculated into the Net Debt ratio above is an average of the Township's last three (3) years of annual Equalized Valuations.

The data below sets for the Township's General Bond debt service schedule for from 2018 to 2035.

GENERAL BOND DEBT SERVICE						
Budget Year	Total General Bond Debt Service	Principal	Interest	Open Space Trust Debt Offset	\$ Change from Prior Year	
2018	\$ 4,478,685.	\$ 4,047,000.	\$ 1,299,720.	\$ 868,035.	\$ (12,138.50)	
2019	\$ 4,462,232.	\$ 4,153,000.	\$ 1,163,645.	\$ 854,413.	\$ (16,453.)	
2020	\$ 4,455,540.	\$ 4,272,000.	\$ 1,029,035.	\$ 845,495.	\$ (6,692.)	
2021	\$ 4,104,645.	\$ 4,061,000.	\$ 884,730.	\$ 841,085.	\$ (350,895.)	
2022	\$ 1,900,233.	\$ 1,989,000.	\$ 747,320.	\$ 836,087.	\$ (2,204,412.)	
2023	\$ 1,907,727.50	\$ 2,048,000.	\$ 695,300.	\$ 835,572.50	\$ 7,494.50	
2024	\$ 1,827,570.	\$ 2,045,000.	\$ 619,000.	\$ 836,430.	\$ (80,157.50)	
2025	\$ 1,819,360.	\$ 2,093,000.	\$ 542,700.	\$ 816,340.	\$ (8,210.)	
2026	\$ 829,056.	\$ 1,140,000.	\$ 485,600.	\$ 796,544.	\$ (990,304.)	
2027	\$ 803,250.	\$ 1,135,000.	\$ 440,000.	\$ 771,750.	\$ (25,806.)	
2028	\$ 792,846.	\$ 1,160,000.	\$ 394,600.	\$ 761,754.	\$ (10,404.)	
2029	\$ 766,632.	\$ 1,155,000.	\$ 348,200.	\$ 736,568.	\$ (26,214.)	
2030	\$ 768,570.	\$ 1,205,000.	\$ 302,000.	\$ 738,430.	\$ 1,938.	
2031	\$ 766,938.	\$ 1,250,000.	\$ 253,800.	\$ 736,862.	\$ (1,632.)	
2032	\$ 741,438.	\$ 1,250,000.	\$ 203,800.	\$ 712,362.	\$ (25,500.)	
2033	\$ 710,838.	\$ 1,240,000.	\$ 153,800.	\$ 682,962.	\$ (30,600.)	
2034	\$ 705,942.	\$ 1,280,000.	\$ 104,200.	\$ 678,258.	\$ (4,896.)	
2035	\$ 702,780.	\$ 1,325,000.	\$ 53,000.	\$ 675,220.	\$ (3,162.)	
TOTAL	\$ 32,544,282.50	\$ 36,848,000	\$ 9,750,450	\$ 14,024,167.50		

BUDGET REPORT

The table below provides a five (5) year look at the Township's outstanding debt balance at the beginning and end of each year, annual principal paydown, new capital budget dollars approved and debt authorized and issued during that year.

5 YEAR DEBT SNAPSHOT

	Net Debt 12/31/2013	Principal Paydown Payments	Debt Authorized	Debt Issued	Net Debt 12/31/2014
Bonds	\$ 38,615,403.02	\$ 2,074,818.84			\$ 36,540,584.18
Notes	\$ 8,801,750.00	\$ 824,720.57		\$ 6,000,000.00	\$ 13,977,029.43
Debt Authorized Not Issued	\$ 8,564,506.79		\$ 4,069,500.00	\$ (4,655,169.00)	\$ 7,978,837.79
TOTAL	\$ 55,981,659.81				\$ 58,496,451.40
	Net Debt 12/31/2014	Principal Paydown Payments	Debt Authorized	Debt Issued	Net Debt 12/31/2015
Bonds	\$ 36,540,584.18	\$ 2,735,584.18		\$ 7,500,000.00	\$ 41,305,000.00
Notes	\$ 13,977,029.43	\$ 477,029.43	\$ 5,900,000.00		\$ 19,400,000.00
Debt Authorized Not Issued	\$ 7,978,837.79		\$ 862,536.00	\$ (4,371,937.79)	\$ 4,469,436.00
TOTAL	\$ 58,496,451.40				\$ 65,174,436.00
	Net Debt 12/31/2015	Principal Paydown Payments	Debt Authorized	Debt Issued	Net Debt 12/31/2016
Bonds	\$ 41,305,000.00	\$ 3,185,000.00			\$ 38,120,000.00
Notes	\$ 19,400,000.00			\$ 4,300,000.00	\$ 23,700,000.00
Debt Authorized Not Issued	\$ 4,469,436.00		\$ (456,627.40)		\$ 4,012,808.60
TOTAL	\$ 65,174,436.00				\$ 65,832,808.60
	Net Debt 12/31/2016	Principal Paydown Payments	Debt Authorized	Debt Issued	Net Debt 12/31/2017
Bonds	\$ 38,120,000.00	\$ 3,395,000.00			\$ 34,725,000.00
Notes	\$ 23,700,000.00	\$ 350,000.00		\$ 8,400,000.00	\$ 31,750,000.00
Debt Authorized Not Issued	\$ 4,012,808.60		\$ (951,709.79)		\$ 3,061,098.81
TOTAL	\$ 65,832,808.60				\$ 69,536,098.81

HEALTH CARE INSURANCE PLANS & COST SHARE

In accordance with the State Health Benefits Reform Law, Chapter 78, P.L. 2011, a Township’s health care insurance contribution is determined as a specified percentage of the medical/dental coverage plans premium within a salary range expressed in the law, but not less than 1.5% of an employee’s current pensionable salary. Employees who were hired prior to the effective date of Chapter 78 were subject to a four (4) year phase-in of the full contribution amount. Various circumstances prescribed in the law may affect whether the phase-in applies to certain employees. For example, an employee who is hired on or after the statute’s effective date shall contribute at the highest level (Tier 4) appropriate to their salary range, or at 1.5% of pensionable salary, whichever is greater. Currently, all Township employees are now contributing at Tier 4 contribution levels and will contribute approximately \$991,000 toward healthcare insurance premium costs – about \$26,000 more than last year. In total, gross medical and dental insurance appropriations are \$4,521,764. The below graphic summarizes the proposed healthcare costs for 2018 versus actual paid for 2016 & 2017.

BENEFITS COST SHARE BREAKDOWN -- ALL FUNDS				
	2018 BUDGETED	2017 ACTUAL	2016 ACTUAL	% CHANGE FROM 2017
Medical Benefits Costs				
Charged to:				
Employee Health Benefits	\$ 3,915,000.00	\$ 3,706,580.97	\$ 3,772,857.65	
Senior Center Grant	\$ 63,000.00	\$ 72,219.69	\$ 66,224.08	
Sewer Utility	\$ 110,000.00	\$ 160,729.23	\$ 127,905.27	
Basin Maintenance Trust	\$ 78,000.00	\$ 77,871.76	\$ 80,874.03	
TOTAL HEALTH BENEFITS	\$ 4,166,000.00	\$ 4,017,401.65	\$ 4,047,861.03	3.70%
Dental Benefits Costs				
Charged to:				
Employee Health Benefits	\$ 246,000.00	\$ 220,937.30	\$ 214,729.37	
Sewer Utility Operating	\$ 5,000.00	\$ 7,006.88	\$ 4,541.78	
TOTAL DENTAL BENEFITS	\$ 251,000.00	\$ 227,944.18	\$ 219,271.15	7.92%
Life Insurance Costs				
Employee Assistance Program	\$ 99,764.00	\$ 100,860.11	\$ 97,359.96	
Employee Assistance Program	\$ 5,000.00	\$ 4,297.88	\$ 4,236.72	
TOTAL OTHER BENEFITS	\$ 104,764.00	\$ 105,157.99	\$ 101,596.68	-0.37%
Total Gross Benefits Costs	\$ 4,521,764.00	\$ 4,350,503.82	\$ 4,368,728.86	3.50%

BUDGET REPORT

	2018	2017	2016	% CHANGE FROM 2017
<i>Employee Contributions:</i>				
Chapter 78 Medical:				
Civilian Employees	\$ 471,000.00	\$ 423,091.02	\$ 431,243.72	11.32%
Police Employees	\$ 520,000.00	\$ 534,469.98	\$ 413,534.51	-2.70%
Dental:				
Civilian Employees	\$ 27,000.00	\$ 29,541.68	\$ 28,933.63	-8.60%
Police Employees	\$ 25,000.00	\$ 25,728.99	\$ 26,337.04	-2.83%
<i>Other Cost Offset:</i>				
Engineering Inspections Charged to Escrow	\$ 65,000.00	\$ 80,002.67	\$ 80,111.62	-18.75%
Total				
Contributions/Reimbursements	\$ 1,108,000.00	\$ 1,092,833.44	\$ 980,160.52	1.39%
Subtotal - Net Benefits	\$ 3,413,764.00	\$ 3,257,670.38	\$ 3,388,568.34	-4.79%
Health Benefit Waiver Buy Out	\$ 160,000.00	\$ 165,983.06	\$ 193,379.20	3.60%
Net Employer Benefits Costs	\$ 3,573,764.00	\$ 3,423,653.44	\$ 3,581,947.54	4.38%
% of Cost:				
Employee	23.066%	23.281%	16.176%	
Escrow	1.437%	1.839%	1.834%	
Township	75.497%	74.880%	81.991%	

SEWER UTILITY

The Howell Township Sewer Utility currently provides Sewer service to approximately 6,800 residential ratepayers and 600 commercial ratepayers. For 2018, Sewer Utility operations budget will total \$7,179,261, which is a \$41,132 decrease from the previous year.

The five largest expenditures budgeted within the Sewer Utility for 2018 are:

- Sewer Treatment Costs payable to Manasquan River Regional Sewerage Authority: \$4,821,000.
- Capital Improvement Fund for future Sewer Utility capital infrastructure projects: \$600,000.
- Salaries & Wages: \$657,856.
- Liability and Medical Insurance: \$465,000.
- PERS Pension Liability: \$197,690.

In order to fund the \$7,179,261 in Sewer Utility Operations, the following revenue sources have been anticipated for the 2018 fiscal year:

- Sewer Operating Fund Balance: \$1,200,000.
- Miscellaneous Revenues: \$229,261.
(Interest on Utility Assessment, Interest on Delinquent Rents, Investment Interest, Connection Fees, etc.)
- New Jersey American Water Contractual Sewer Usage Fees: \$1,000,000.
- Residential & Commercial Sewer Rents: \$4,750,000.

The following graphic shows a five year history of the Sewer Operating Fund Balance.

Analysis of Fund Balance - Sewer Utility Operating Fund						
	<i>Balance</i>	<i>Utilized in</i>	<i>Retained</i>	<i>% Used</i>	<i>Surplus</i>	<i>Balance</i>
	<i>January 1st</i>	<i>Current Year</i>	<i>Fund Balance</i>	<i>in</i>	<i>Regenerated</i>	<i>December 31st</i>
				<i>CY</i>		
				<i>Budget</i>		
2012	\$ 739,489.57	\$ 248,818.00	\$ 490,671.57	33.65%	\$ 417,102.13	\$ 907,773.70
2013	\$ 907,773.70	\$ 310,003.00	\$ 597,770.70	34.15%	\$ 1,091,414.99	\$ 1,689,185.69
2014	\$ 1,689,185.69	\$ 600,000.00	\$ 1,089,185.69	35.52%	\$ 670,807.24	\$ 1,759,992.93
2015	\$ 1,759,992.93	\$ 65,000.00	\$ 1,694,992.93	3.69%	\$ 1,125,760.70	\$ 2,820,753.63
2016	\$ 2,820,753.63	\$ 650,000.00	\$ 2,170,753.63	23.04%	\$ 757,777.18	\$ 2,928,530.81
2017	\$ 2,928,530.81	\$ 970,000.00	\$ 1,958,530.81	33.12%	\$ 381,321.39	\$ 1,958,530.81
2018	\$ 2,339,852.20	\$ 1,200,000.00	\$ 1,139,852.20	51.29%		

CAPITAL IMPROVEMENT BUDGET

In accordance with N.J.S.A. 40A:2 (Local Bond Law), the Township is required to have a six-year capital improvement plan. The capital plan is permitted to be adjusted throughout the year, as well as annually in order to suit the actual capital improvement needs of the Township. The authority to spend and issue debt for capital improvement needs is created only at the point of adoption of a corresponding bond ordinance. As of the print date of this report, the Township Council has finalized the 2018 capital spending plan. We anticipate to adopt a bond ordinance for said capital program in the summer months of 2018.

Other non-equipment capital expenditures will be financed by a short term bond anticipation note until permanent financing can be obtained by the Township.

Capital Improvement Program			
	Department Requested		Council Approved
Vehicles	\$	1,092,000.00	\$ 440,000.00
Equipment	\$	2,181,100.00	\$ 886,000.00
Building Improvements	\$	669,500.00	\$ 89,500.00
Other Projects	\$	12,000.00	\$ 12,000.00
Engineering Projects	\$	3,197,500.00	\$ 2,795,000.00
Section 20 Costs	\$	147,900.00	\$ 127,000.00
TOTAL	\$	7,300,000.00	\$ 4,349,500.00