

BOROUGH OF Chester

Mayor Janet Hoven
50 North Road
Chester, New Jersey 07930
T: 908.879.3660 x2133
F: 980.879.0122
jhoven@chesterborough.org
www.chesterborough.org



Council Members
Karen Ferrone
Russell Goodwin
Elizabeth Gugliemini
Kyle Holman
Timothy Iversen
Gary Marshuetz

July 20, 2018

Dear Fellow Taxpayer,

Enclosed is your 2018 tax bill for Chester Borough. I thought I might take this opportunity to give an explanation of this tax bill as it pertains to the Borough and school districts.

Municipal Tax. The budget is prepared by the Borough Administrator with the advice and guidance of the CFO and the Borough Auditor. The budget is then reviewed by the Finance Committee before it is presented to the Council. This budget was approved by the Council, with a 4-1 vote (one Council member was absent from the meeting). Here is a summary of the Appropriations and Revenues, excluding the Solid Waste Utility, Sewer Utility and Pool Utility which are all self-sustaining.

Summary of Revenues Anticipated

	2018	2017
1. Surplus	385,000	435,000
2. Total Miscellaneous Revenues	600,169	791,168
3. Receipts from Delinquent Taxes	120,000	147,233
4. a) Local Tax for Municipal Purposes	3,558,082	3,559,242
b) Minimum Library Tax	129,643	132,994
Total Amount to be Raised by Taxes	3,687,725	3,692,236
Total General Revenues	4,792,894	5,065,637

Summary of Appropriations

	2018 Budget	2017 Final
1. Operating Expenses: Salaries & Wages	800,901	770,128
1. Operating Expenses: Other Expenses	2,721,903	2,915,642
2. Deferred Charges & Other Appropriations	290,800	451,750
3. Capital Improvements	230,000	181,000
4. Debt Service (Include for School Purposes)	334,290	335,117
5. Reserve for Uncollected Taxes	415,000	412,000
Total General Appropriations	4,792,894	5,065,637
Total Number of Employees	24	24

You will note that there is a small reduction in the overall budget for this year. The reduction can be attributed to a decrease in legal fees associated with the Affordable Housing litigation as compared to 2017, and savings derived from the shared service agreement for police services with Chester Township. The Library Tax is a state requirement at a rate of 1/3 mil of assessed value of the municipality. That is the minimum a municipality must pay towards its library. The Borough and Chester Township both provide the minimum tax to the library.

Surplus reflects the amount taken from the Borough's Fund Balance, or "savings account" towards the support of the budget. The 2017 Audit, prepared by Nisivoccia LLP showed the Borough with a fund balance of \$1,144,401, up from \$689,380 from the previous year. Of that fund balance, \$385,000 was used to support the budget, a decrease of \$50,000 from the previous year.

Miscellaneous Revenues includes item such as Municipal Court, Fees for Construction, Grants and Rent. The Borough also received State Aid in the amount of \$146,071.

District School Tax. The District School Tax is the tax levied by the K-8 Consolidated School District. The formula used for this tax is based on the equalized value of all properties in the Borough and Chester Township. The Borough taxpayers are responsible this year for 17.01% of the budget or \$3,722,795. In 2017, the Borough taxpayers paid 17.40% of the budget.

Residents sometimes ask why it is that the Borough reassesses properties each year. This is done to keep the equalized value of the town as close to the market value of the town as possible. This helps to avoid large shifts in property taxes compared to doing reassessments every 5, 10, or 15 years for example like some municipalities do. The assessed values are based on sold properties in the Borough from the previous year. If you recall from 2015, an error in the equalized value calculation resulted in the Borough taxpayers being responsible for a larger percentage of both the consolidated district and the regional district budgets.

Regional School Tax. The West Morris Regional High School District uses a different formula to calculate taxes as it is a regional district as opposed to a consolidated district. The regional formula (as set by the state), takes into consideration the total number of students from each municipality in both their K-8 district and the high school district. A calculation determines the percent of students that attend the K-8 and the high school. That percentage of students from the municipality that attend the high school is part of the calculation used to determine the amount of the budget that is supported by the Borough taxpayers.

When the regional school district presented their budget to the council in March of this year, the Borough's portion of support of the regional budget increased dramatically. The impact given on a home assessed at \$500,000 was an increase of \$491.05. As a comparison, Chester Township was receiving a decrease of \$52.49 and Mendham Borough, Mendham Township and Washington Township were each having increases of \$56.17, \$49.76 and \$56.96 respectively.

We had been warned the previous year by the regional district that the Borough's high school enrollment as a percentage was increasing as compared to the overall number of students in the municipality. Upon reviewing these figures, I contacted the consolidated district to make sure that students in the district had correctly been allocated to the Borough as opposed to the Township.

As it turned out, an error had been made and 38 of the Borough's students had been attributed to the Township. The consolidated district immediately contacted the state Department of Education and the regional district requesting that the formula for determining the allocation of the regional budget from the sending municipalities be amended. Fortunately, the error was caught in time to change the allocation. If it had not been caught, the resulting effect on a homeowner in the Borough would have been worse than it was in 2015.

That being said, the revised allocation still has an increase for the Borough that is disproportional from the other municipalities with a \$500,000 home in the Borough now seeing a \$257.00 increase and the Township receiving a \$6.50 decrease. Mendham Borough, Mendham Township and Washington Township now will receive an increase of \$43.00, \$35.00 and \$71.00 respectively. The Borough total allocation of the regional budget is \$2,069,986.

Speaking of the schools, as many of you know, the state recently passed a budget that changes the amount of school aid given to each district. The K-8 District will see a 9.65% increase in state aid resulting in an additional \$105,037. The Regional District, however, will see a 0.99% decrease in aid resulting in \$43,474 less in support of its budget.

Affordable Housing Litigation continues with the developers of the Turkey Farm and Mill Ridge properties and the Fair Share Housing Center to resolve the Borough's court mandated affordable housing quota. Recently, the owner of 280 Main Street petitioned the courts to be recognized as an intervener in the Borough's Affordable Housing settlement. As soon as we are out of litigation, we will hold a meeting to inform residents about the settlement offer(s). In the meantime, due to the fact that the Borough is in litigation, we cannot provide additional information on either of these properties.

It continues to be an honor to serve as your Mayor. Please sign up for the SwiftReach service to receive updates and important announcements regarding the Borough. The sign up link is: <http://chesterborough.org/emergency-notifications/>.

If you have questions or concerns feel free to contact me at jhoven@chesterborough.org or 908-879-3660 Ext. 2133.

Regards,

BOROUGH OF CHESTER



Janet Hoven
Mayor