

TOWNSHIP OF MAHWAH

2015 BUDGET ANALYSIS

Township of Mahwah

Proposed Municipal Budget – April 23, 2015

- **Mayor William C. Laforet**
- **Councilmember Mary Amoroso**
- **Councilmember Janet Ariemma**
- **Councilmember H. Lisa Digiulio**
- **Councilmember Robert Hermansen**
- **Councilmember John F. Roth**
- **Councilmember Steven Sbarra**
- **Councilmember Jonathan Wong**

BUDGET OVERVIEW

- **Chapter 44 of P.L. 2010 (2010 CAP) imposes a 2% cap on local tax levies. The levy cap is in addition to the existing appropriation cap. The cap calculation is subject to various adjustments, including but not limited to the value of increased assessments and other modifications. The 2010 CAP eliminated levy cap waivers approved by the Local Finance Board.**
- **The Amount to be Raised by Taxation for 2015 is in compliance with the 2% Tax Levy CAP.**
- **Pursuant to N.J.S.A 40A:4-45.2, "municipalities and counties shall be prohibited from increasing their final appropriations by more than 2.5%". The allowable annual increase is the Cost of Living Adjustment (COLA) or 2.5% whichever is lower. The COLA for CY 2015 is one and one half percent (1.5%). The Borough may adopt a COLA ordinance to increasing the cap base to 3.5%. The "CAP" may be subject to exceptions.**
- **The General Appropriations for 2015 are in compliance with the 3.5% Appropriation CAP.**

TAX RATE COMPARISON

In cents per \$100 of Assessed Valuation

	<u>2015</u> <u>(Projected / Estimated)</u>	<u>2014</u> <u>(Actual)</u>
School	1.054 (1)	1.032
County	.247 (1)	.242
Municipal	.382	.375
Library	<u>.035</u>	<u>.035</u>
Total Municipal Rate	<u>.417</u>	<u>.410</u>
Municipal Open Space	.010	.010
Total	1.728	1.694

(1) The School and County tax rates are estimated based on the prior year taxes certified and paid.

The School tax levy is converted to a calendar year tax rate.

The estimated amounts are used to calculate the reserve for uncollected taxes.

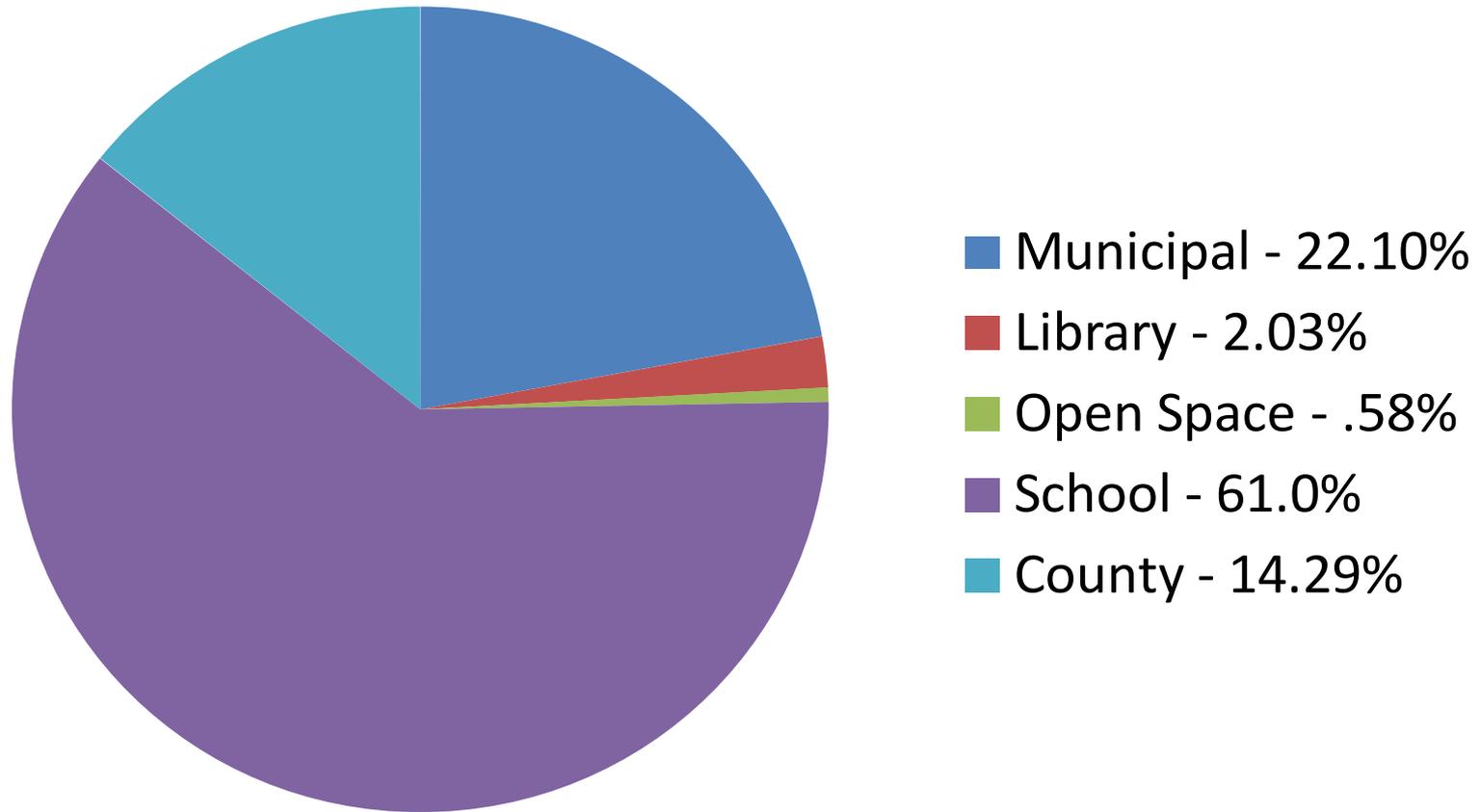


WHAT DO YOUR MUNICIPAL TAX DOLLARS PAY FOR?

- **Accredited Police Department**
- **Public Works Department - maintain roadways, parks, storm water management, drainage, leaf collection, recycling and snow removal**
- **Board of Health and animal control services**
- **Emergency Services**
- **Recreational, cultural and senior citizen events and programs**
- **Garbage Collection and disposal**
- **Open Space acquisition and maintenance**
- **Administrative Departments**

2015 Projected Tax Rate Breakdown

TAXES



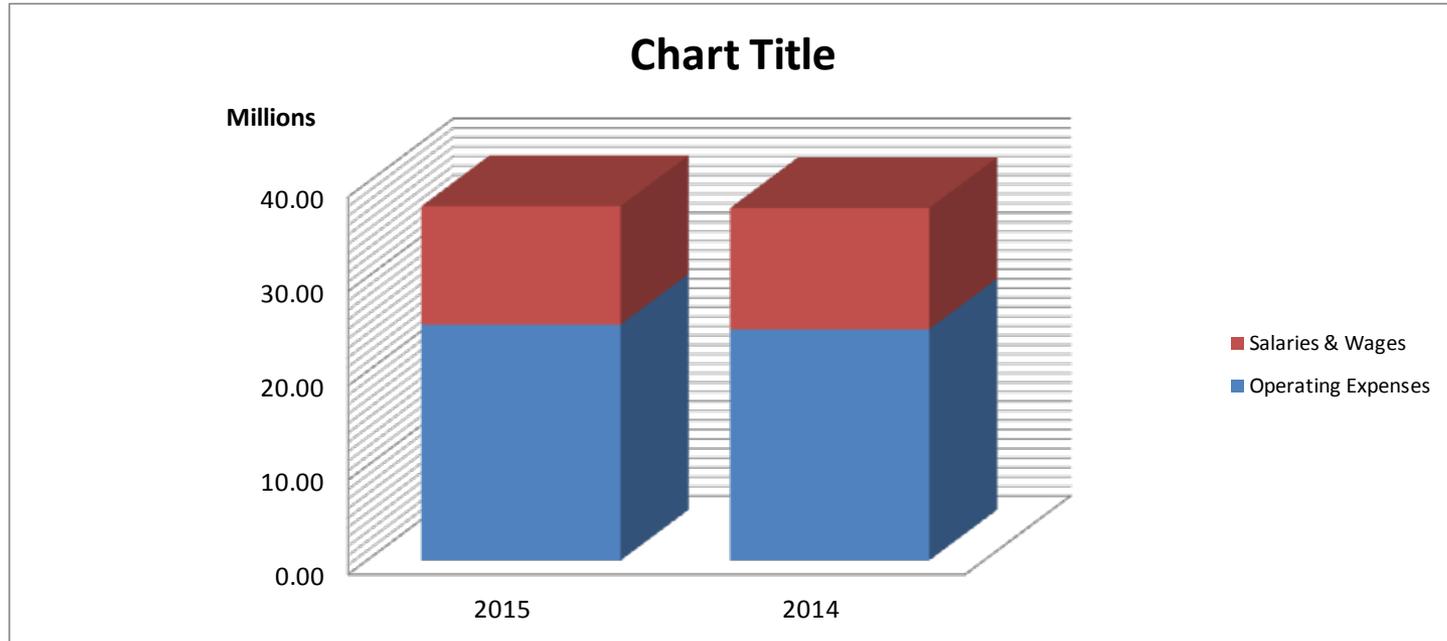
Overview Of Tax Increase

- The proposed increase in the municipal tax levy is \$591,806, which represents a 2.80% increase.
- The projected increase in the municipal tax rate is .7 tax points, which represents a 1.87% increase.
- This equates to \$33.08 per year or \$2.76 per month for a home assessed at the approximate average value of \$472,500.00.

Ratables

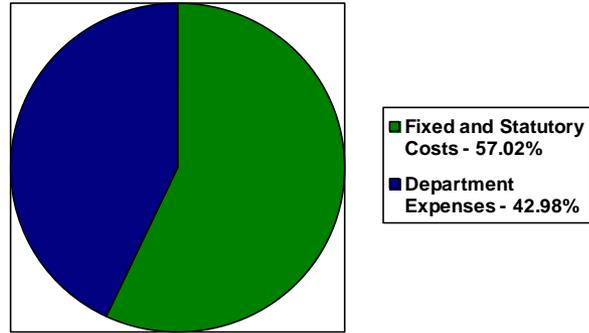
- The ratable base for 2015 is \$5,685,282,594. The increase of \$51,069,500 is a result of changes in the real estate market.
- The reduction in the ratable base from 2011 to 2014 was \$101,162,203. The decrease in ratables, prior to 2015, had a negative impact on the tax rate.
- The Township expects some additional ratable growth in 2016.

TOTAL BUDGET COMPARISON



	2015 (Proposed)	2014(Final)
Salaries & Wages	\$12,554,100	\$12,859,550
Other Expenses	\$24,999,211	\$24,497,677
Total	\$37,553,311	\$37,357,227

2015 PROPOSED BUDGET



Fixed & Statutory Costs

Utilities / Sanitation	\$2,866,050
Insurance	\$6,465,000
Other – Tax Appeals, Library, LOSAP, Grants, etc.	\$2,468,052
Capital Improvement	\$130,000
Debt Service	\$3,996,715
Deferred Charges / Statutory	\$2,786,717
Reserve for Uncollected Taxes	\$2,700,757
Total	\$21,413,291

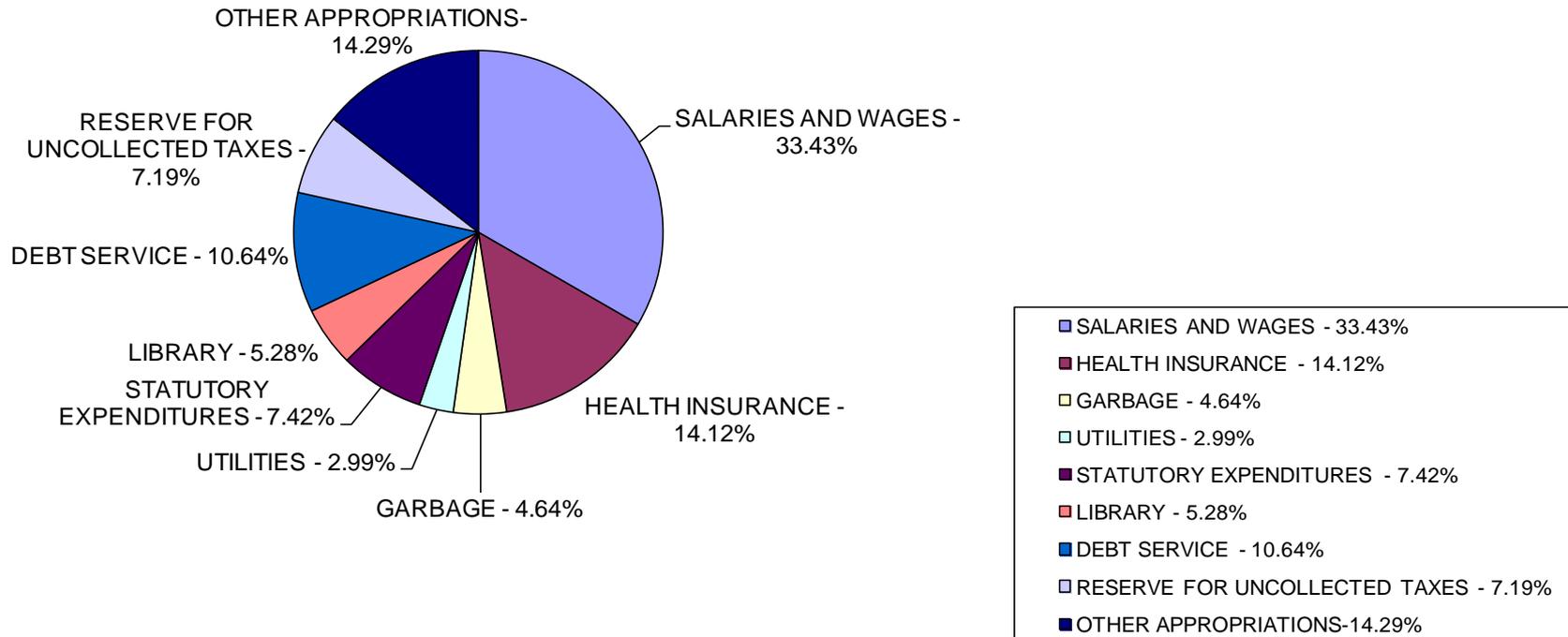
Department Expenses

Public Safety	\$8,402,132
Public Works	\$2,896,050
Government Services	\$2,306,157
Construction / Land Use	\$1,014,800
Recreation and Pool	\$425,541
Health / Human Services / Senior	\$718,590
Municipal Court	\$376,750
Total	\$16,140,020

BUDGET APPROPRIATIONS BY CATEGORY (PERCENT OF TOTAL BUDGET)

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL BUDGET</u>
SALARIES AND WAGES	\$12,554,100	33.43%
HEALTH INSURANCE	\$5,300,000	14.12%
GARBAGE / MSA	\$1,743,000	4.64%
UTILITIES	\$1,123,050	2.99%
DEFERRED CHARGES / STATUTORY EXPENDITURES	\$2,786,717	7.42%
LIBRARY	\$1,983,717	5.28%
DEBT SERVICE	\$3,996,715	10.64%
RESERVE FOR UNCOLLECTED TAXES	\$2,700,757	7.19%
OTHER APPROPRIATIONS	\$5,365,255	14.29 %
TOTAL	\$37,553,311	100%

Budget Appropriations - Percentage Of Total Budget



2015 Budget Cost Comparisons

Description	2015 (Proposed)	2014 (Adopted)	Dollar Increase/ <Decrease>	% Increase/ <Decrease>
Contributions to Retirement Systems	\$2,227,562	\$2,079,548	\$148,014	7.12%
Employee Medical Insurance	\$5,300,000	\$5,100,000	\$200,000	3.92%
Reserve for Tax Appeals	\$200,000	\$250,000	<\$50,000>	<20.00%>
Municipal Debt Service	\$3,996,715	\$3,778,215	\$218,500	5.78%
Reserve for Uncollected Tax	\$2,700,757	\$2,668,568	\$31,432	1.18%
Salaries and Wages	\$12,554,100	\$12,911,550	<\$357,450>	<2.77%>

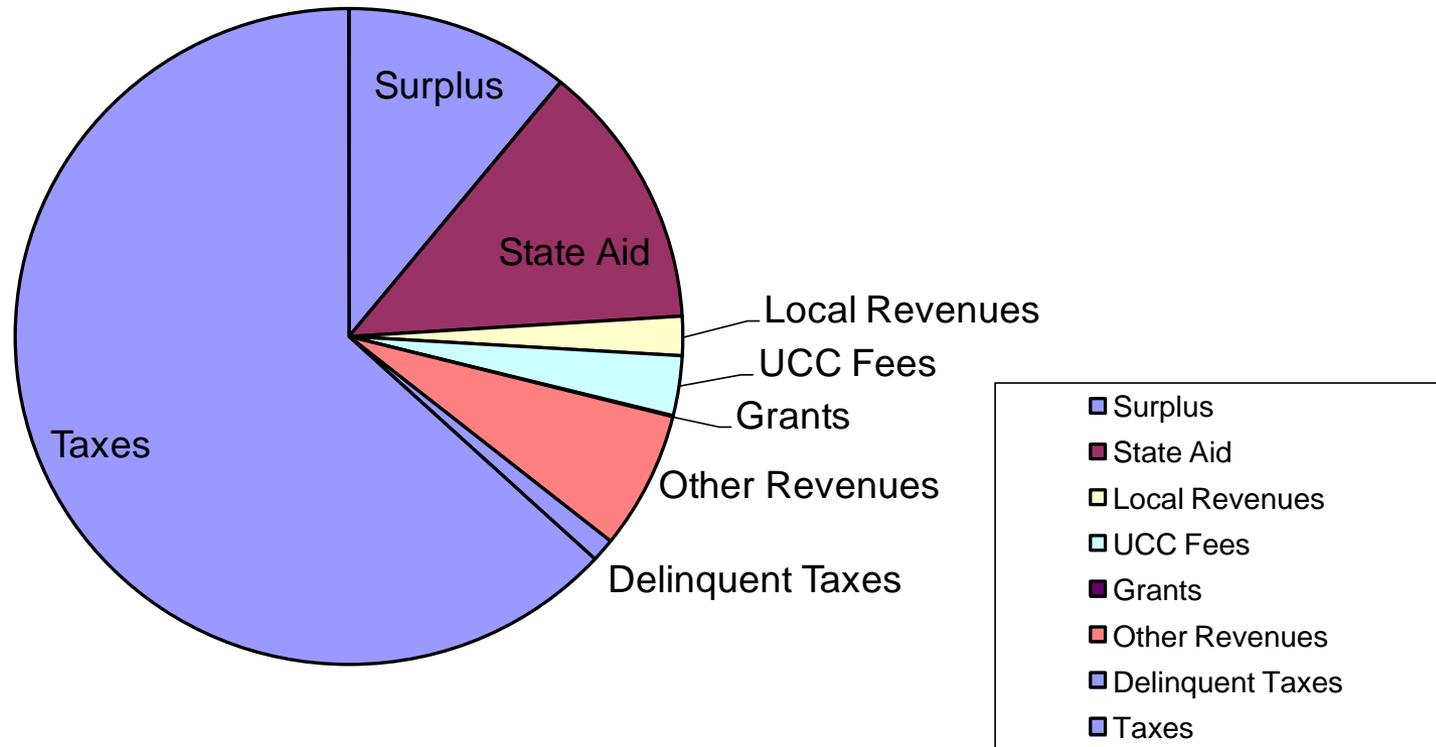
Proposed Changes in Appropriations

- **Salaries and Wages – Decreased \$357,450 based on prior year retirements and resignations, as well as, the anticipation of a reduction in current year termination pay and the appropriation for emergency snow removal.**
- **Reserve for Tax Appeals – Decreased \$50,000 (The amount determined necessary to fund projected tax appeals).**
- **Library – 1/3 mil requirement increased \$20,688.**
- **Pension – Increased \$148,014 based on the annual employer appropriation invoice received from the State.**
- **Reserve for Uncollected Taxes – Increased \$31,432 as a result of the projected increase in appropriations and projected revenues available to offset taxes.**
- **Health Insurance - Increased \$200,000 as a result of increased claims experience.**

SOURCE OF REVENUES TO SUPPORT MUNICIPAL BUDGET

	2015 (Projected)	2014 (Final)
Surplus Utilization	\$4,100,000	\$4,100,000
State Aid	\$4,913,416	\$4,913,416
Local Revenues	\$725,000	\$770,000
Other Revenues	\$2,541,500	\$2,235,000
UCC Fees	\$1,100,000	\$1,300,000
Grants	\$21,416	\$479,327
Delinquent Taxes	\$425,000	\$445,000
Amount to be Raised by Taxes (Including Library Tax)	\$23,726,979	\$23,114,484
Total	\$37,553,311	\$37,357,227

2015 Municipal Revenue Sources



TOWNSHIP OF MAHWAH
ANALYSIS OF BUDGET REVENUES

2011 - 2015

<u>CATEGORY</u>	<u>2011</u>	<u>2012</u>	<u>INCREASE/ <DECREASE> PERCENT</u>	<u>2012</u>	<u>2013</u>	<u>INCREASE/ <DECREASE> PERCENT</u>	<u>2013</u>	<u>2014</u>	<u>INCREASE/ <DECREASE> PERCENT</u>	<u>2014</u>	<u>PROPOSED 2015</u>	<u>INCREASE/ <DECREASE> PERCENT</u>	<u>CUMULATIVE INCREASE/ <DECREASE> PERCENT</u>
SURPLUS	3,825,000	3,250,000	(575,000) -15.03%	3,250,000	3,895,000	645,000 19.85%	3,895,000	4,100,000	205,000 5.26%	4,100,000	4,100,000	0 0.00%	275,000 7.19%
LOCAL REVENUE	828,000	785,000	(43,000) -5.19%	785,000	845,000	60,000 7.64%	845,000	770,000	(75,000) -8.88%	770,000	725,000	(45,000) -5.84%	(103,000) -12.44%
STATE AID	4,913,416	4,913,416	0 0.00%	4,913,416	4,913,416	0 0.00%	4,913,416	4,913,416	0 0.00%	4,913,416	4,913,416	0 0.00%	0 0.00%
UNIFORM CONSTRUCTION CODE	960,000	875,000	(85,000) -8.85%	875,000	1,055,000	180,000 20.57%	1,055,000	1,300,000	245,000 23.22%	1,300,000	1,100,000	(200,000) -15.38%	140,000 14.58%
PUBLIC AND PRIVATE (GRANTS)	209,679	197,922	(11,757) -5.61%	197,922	36,426	(161,496) -81.60%	36,426	204,328	167,902 460.94%	204,328	21,416	(182,912) -89.52%	(188,263) -89.79%
OTHER SPECIAL ITEMS	1,741,000	2,143,057	402,057 23.09%	2,143,057	1,986,282	(156,775) -7.32%	1,986,282	2,235,000	248,718 12.52%	2,235,000	2,541,500	306,500 13.71%	800,500 45.98%
DELINQUENT TAXES	375,000	415,000	40,000 10.67%	415,000	425,000	10,000 2.41%	425,000	445,000	20,000 4.71%	445,000	425,000	(20,000) -4.49%	50,000 13.33%
AMOUNT TO BE RAISED	21,875,231	21,985,265	110,034 0.50%	21,985,265	22,449,691	464,426 2.11%	22,449,691	23,114,484	664,793 2.96%	23,114,484	23,726,979	612,495 2.65%	1,851,748 8.47%
	34,727,326	34,564,660		34,564,660	35,605,815		35,605,815	37,082,228		37,082,228	37,553,311		



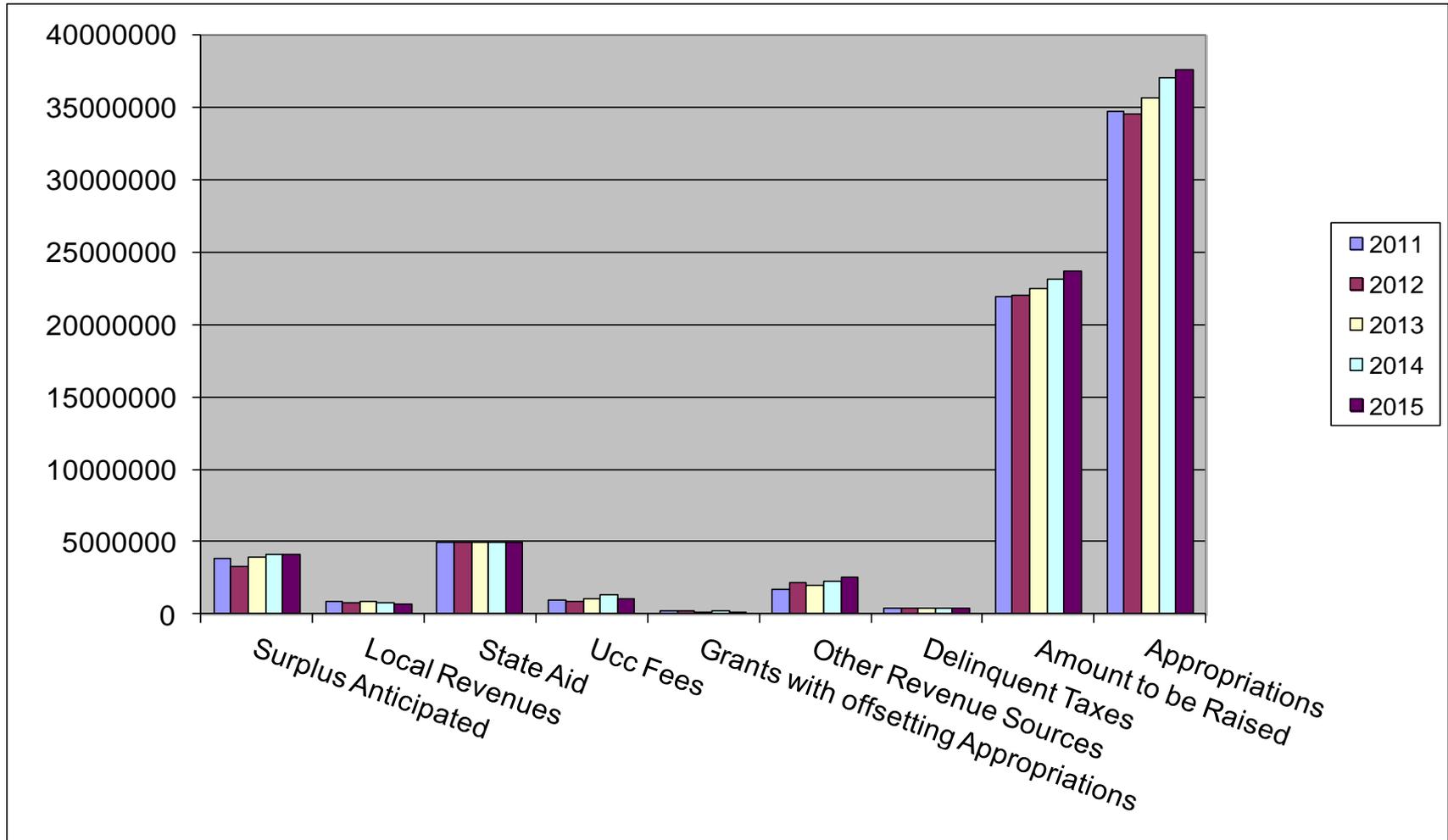
Proposed Changes In Revenue

- **Uniform Construction Code Fees – Decreased \$200,000 based upon prior year revenue realized.**
- **Municipal Court Fees – Decreased \$60,000 based upon prior year revenue realized.**
- **Swim Pool Fees - Decreased \$20,000 based upon prior year revenue realized.**
- **Hotel / Motel Tax – Increased \$25,000 based on prior year revenue realized.**
- **Sewer Utility Operating Surplus – Increased \$300,000.00 as a result of the use of the non-recurring excess surplus balance available in the Sewer Utility Operating Fund.**

Municipal Revenues versus Appropriations (Adopted)

	2011	2012	2013	2014	2015 (Proposed)
Surplus Anticipated	\$3,825,000	\$3,250,000	\$3,895,000	\$4,100,000	\$4,100,000
Local Revenue	\$828,000	\$785,000	\$845,000	\$770,000	\$725,000
State Aid	\$4,913,416	\$4,913,416	\$4,913,416	\$4,913,416	\$4,913,416
UCC Fees	\$960,000	\$875,000	\$1,055,000	\$1,300,000	\$1,100,000
Grants with offsetting Appropriations	\$209,679	\$197,922	\$36,426	\$204,328	\$21,416
Other Revenue Sources	\$1,741,000	\$2,143,057	\$1,986,282	\$2,235,000	\$2,541,500
Delinquent Taxes	\$375,000	\$415,000	\$425,000	\$445,000	\$425,000
Amount to be Raised	\$21,875,231	\$21,985,265	\$22,449,691	\$23,114,484	\$23,726,979
Appropriations	\$34,727,326	\$34,564,660	\$35,605,815	\$37,082,228	\$37,553,311

Revenue And Appropriation History



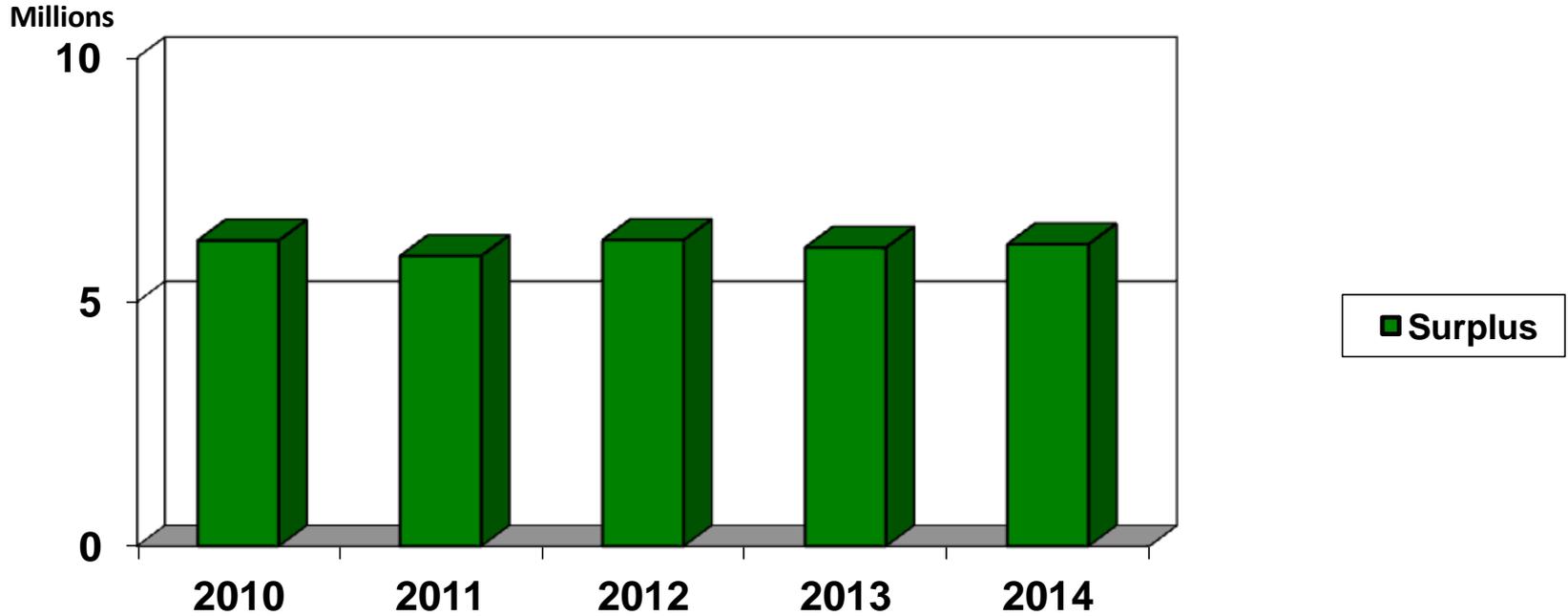
Surplus

- **The Township's unaudited surplus balance as of 12/31/14 was \$6,181,222, which is \$70,842 higher than the balance as of 12/31/13.**
- **The increase in surplus was primarily the result of increased tax collections and the increase in the Hotel/Motel Occupancy Tax receipts.**
- **The increase in tax collections and Hotel/Motel Occupancy Tax receipts offset the reduction in the realization of other revenue sources, including but not limited to, Uniform Construction Code Fees, Municipal Court Fees and Municipal Swim Pool Fees.**
- **The decrease in the amount of taxes cancelled as a result of tax appeals also had a positive affect on the surplus balance.**

ANALYSIS OF SURPLUS

YEAR	AMOUNT
2010	\$6,256,820
2011	\$5,940,228
2012	\$6,266,446
2013	\$6,110,379
2014 (Unaudited)	\$6,181,222

Surplus Analysis



TOWNSHIP OF MAHWAH
CURRENT FUND

ANALYSIS OF REVENUES AND EXPENDITURES

2011-2016

	<u>2011 AUDITED</u>		<u>2012 AUDITED</u>		<u>2013 AUDITED</u>		<u>2014 FINAL/UNAUDITED</u>		<u>2015 PROPOSED/PROJECTED</u>		<u>2016 PROJECTED</u>	
REVENUES:												
SURPLUS	\$3,825,000		\$3,250,000		\$3,895,000		\$4,100,000		\$4,100,000		\$3,900,000	
LOCAL REVENUES	8858,937		\$1,024,996		8879,339		8882,190		8725,000		8725,000	
STATE AID	\$4,913,416		\$4,913,416		\$4,909,572		\$4,913,416		\$4,913,416		\$4,913,416	
UNIFORM CONSTRUCTION	8904,623		\$1,078,981		\$1,638,891		\$1,179,671		\$1,100,000		\$1,100,000	
PUBLIC AND PRIVATE	8405,366		\$490,066		\$307,142		\$479,327		\$21,416		\$0	
OTHER SPECIAL ITEMS	\$1,868,035		\$2,318,174		\$2,219,927		\$2,430,730		\$2,541,500		\$1,997,000	
DELINQUENT TAX	8466,446		\$519,115		\$504,679		\$490,438		\$425,000		\$425,000	
AMOUNT TO BE RAISED	\$23,512,893	0.381	\$23,010,989	0.385	\$23,710,513	0.395	\$25,247,311	0.410	\$23,726,979	0.417	\$25,424,139	0.447
EXCESS REVENUES									\$2,292,000		\$2,250,000	
MRNA	\$1,091,802		\$980,711		\$699,167		\$1,116,799		\$650,000		\$650,000	
RESERVES LAPSED	\$746,852		\$730,401		\$839,536		\$751,926		\$950,000		\$750,000	
OTHER	\$122,162		\$125,961		\$25,148		\$107,571					
	<u>\$38,715,533</u>		<u>\$38,442,810</u>		<u>\$39,629,013</u>		<u>\$41,699,379</u>		<u>\$41,445,311</u>		<u>\$42,134,555</u>	
EXPENDITURES:												
OPERATING WITHIN CAPS												
SALARIES	\$11,917,500		\$12,453,850		\$12,834,750		\$12,799,550		\$12,554,100		\$12,667,400	
OTHER EXPENSE	\$10,796,848		\$10,237,759		\$10,836,372		\$12,066,444		\$12,884,970		\$13,082,285	
OPERATING EXCLUDED												
SALARIES	\$0		\$0		\$0		\$60,000		\$0		\$0	
OTHER EXPENSE	\$3,041,637		\$3,021,783		\$3,088,138		\$3,098,856		\$2,500,052		\$2,705,917	
CAPITAL	\$200,000		\$209,500		\$243,000		\$236,900		\$130,000		\$150,000	
DEBT SERVICE	\$3,502,615		\$3,516,110		\$3,610,110		\$3,778,215		\$3,996,715		\$4,104,915	
DEFERRED/STATUTORY	\$2,987,728		\$2,867,134		\$2,644,889		\$2,648,695		\$2,786,717		\$2,965,630	
RESERVE FOR UNCOLLECTED	\$2,538,684		\$2,550,667		\$2,619,272		\$2,668,568		\$2,700,757		\$2,808,408	
OTHER	\$284,113		\$9,789		\$13,549		\$171,308					
	<u>\$35,269,125</u>		<u>\$34,866,592</u>		<u>\$35,890,080</u>		<u>\$37,528,536</u>		<u>\$37,553,311</u>		<u>\$38,484,555</u>	
	\$3,446,408		\$3,576,218		\$3,738,933		\$4,170,843		\$3,892,000		\$3,650,000	
ADJUSTMENTS	<u>\$62,000</u>											
	\$3,508,408		\$3,576,218		\$3,738,933		\$4,170,843		\$3,892,000		\$3,650,000	
SURPLUS 1A	<u>\$6,256,820</u>		<u>\$5,940,228</u>		<u>\$6,266,446</u>		<u>\$6,110,379</u>		<u>\$6,181,222</u>		<u>\$5,973,222</u>	
	\$9,765,228		\$9,516,446		\$10,005,379		\$10,281,222		\$10,073,222		\$9,623,222	
SURPLUS ANTICIPATED	<u>\$3,825,000</u>		<u>\$3,250,000</u>		<u>\$3,895,000</u>		<u>\$4,100,000</u>		<u>\$4,100,000</u>		<u>\$3,900,000</u>	
SURPLUS 12/31	\$5,940,228		\$6,266,446		\$6,110,379		\$6,181,222		\$5,973,222		\$5,723,222	



Other Items of Interest

- Approximately \$1,000,000 of taxes subject to appeal.
- A decrease in State Aid of \$1,049,000 from 2007 - 2010. State Aid has been funded by the State at the same level since 2010.
- Surplus decreased \$2,570,169 from 2006 to 2011.
- Surplus increased \$240,994 from 2011 to 2014.



In Summary

- This budget provides for the same level of services that are expected by the citizens of the Township of Mahwah, with a minimal tax increase.
- Thanks to everyone for their input and assistance.