

TOWNSHIP OF MAHWAH

2016 BUDGET ANALYSIS



Township of Mahwah

Proposed Municipal Budget – April 28, 2016

- **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 2016 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 2016 is zero percent (0%). 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 2016 are in compliance with the 3.5% Appropriation CAP.**

TAX RATE COMPARISON

In cents per \$100 of Assessed Valuation

	<u>2016</u> <u>(Projected / Estimated)</u>	<u>2015</u> <u>(Actual)</u>
School	1.072 (1)	1.042
County	.260 (1)	.254
Municipal	.386	.382
Library	<u>.035</u>	<u>.035</u>
Total Municipal Rate	<u>.421</u>	<u>.417</u>
Municipal Open Space	.010	.010
Total	1.763	1.723

(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.

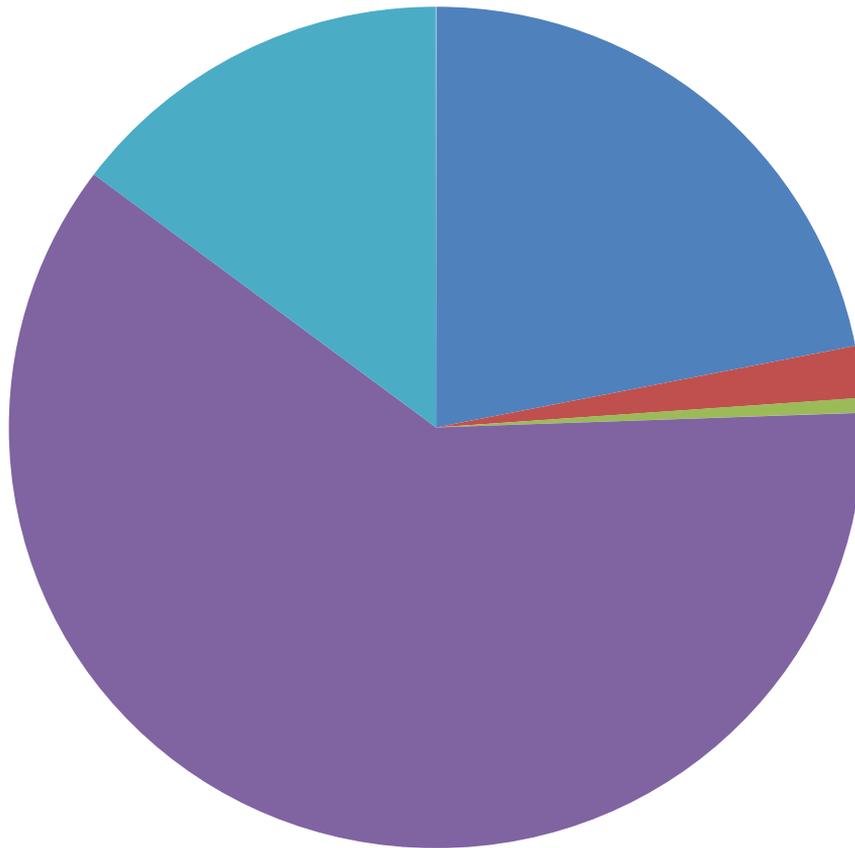


WHAT DO YOUR MUNICIPAL TAX DOLLARS PAY FOR?

- **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**

2016 Projected Tax Rate Breakdown

TAXES



- Municipal - 21.88%
- Library - 1.99%
- Open Space - .57%
- School - 60.81
- County - 14.75%

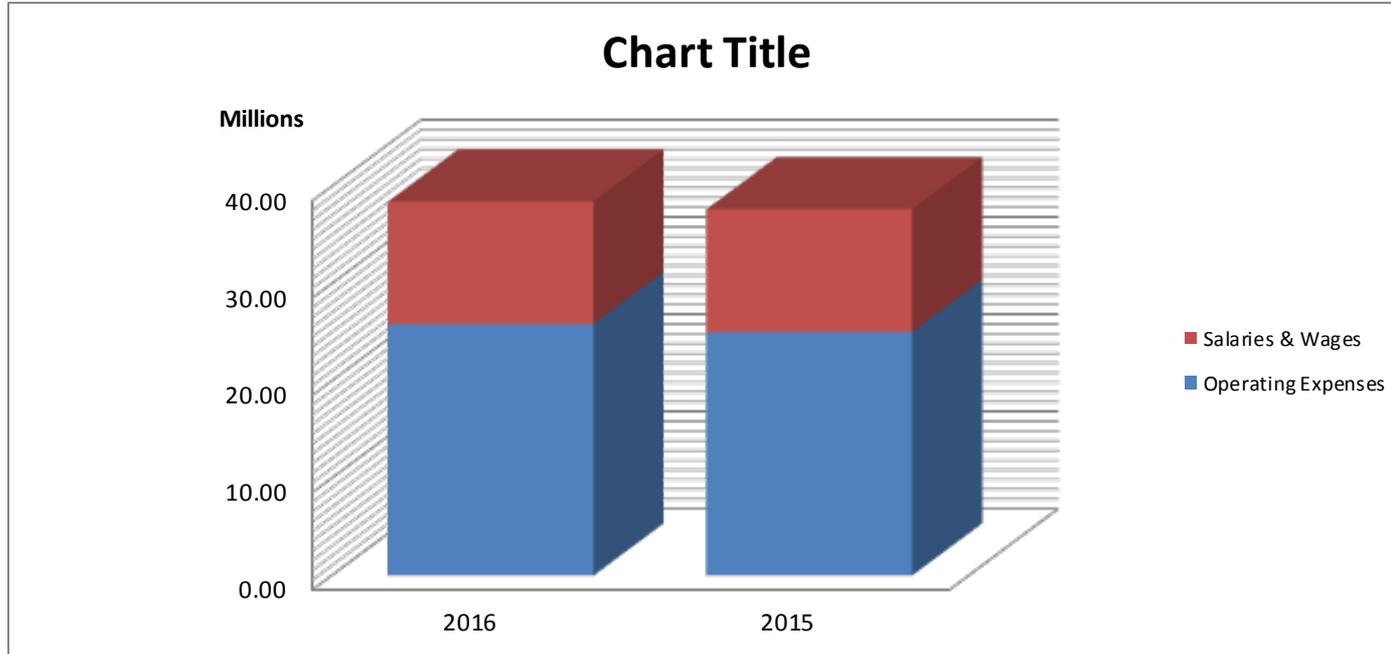
Overview Of Tax Increase

- The proposed increase in the municipal tax levy is \$213,901, which represents a .98% increase.
- The projected increase in the municipal tax rate is .4 tax points, which represents a 1.05% increase.
- This equates to \$18.94 per year or \$1.58 per month for a home assessed at the average value of \$473,581.

Ratables

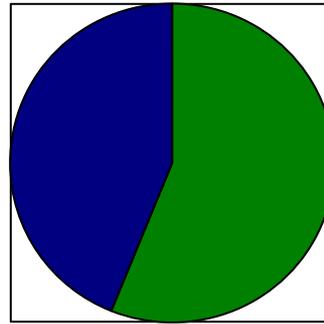
- The ratable base for 2016 is \$5,691,438,030. The increase of \$6,155,436 is the net result of the combination of changes in the real estate market and settlement of tax appeals.
- The reduction in the ratable base from 2011 to 2014 was \$101,162,203. The decrease in ratables, prior to 2015, had a negative impact on the tax rate.
- The Township expects some additional ratable growth in 2017.

TOTAL BUDGET COMPARISON



	2016 (Proposed)	2015(Final)
Salaries & Wages	\$12,583,900	\$12,614,100
Other Expenses	\$25,862,178	\$25,053,032
Total	\$38,446,078	\$37,667,132

2016 PROPOSED BUDGET



■ Fixed and Statutory Costs - 56.11%
 ■ Department Expenses - 43.89%

Fixed & Statutory Costs

Utilities / Sanitation	\$2,630,565
Insurance	\$6,632,500
Library	\$1,963,769
Capital	\$410,417
Debt Service	\$4,353,460
Deferred Charges / Statutory	\$2,823,847
Reserve for Uncollected Taxes	\$2,759,089
Total	\$21,573,647

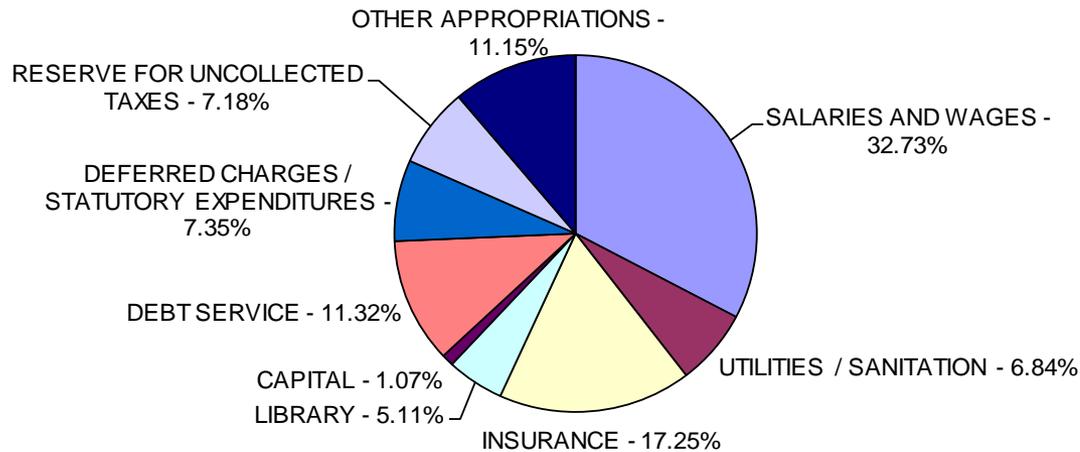
Department Expenses

Public Safety	\$8,698,398
Public Works	\$3,110,543
Government Services	\$2,219,934
Construction / Land Use	\$1,055,555
Parks, Recreation and Pool	\$672,331
Health / Human Services / Senior	\$726,820
Municipal Court	\$388,850
Total	\$16,872,431

BUDGET APPROPRIATIONS BY CATEGORY (PERCENT OF TOTAL BUDGET)

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL BUDGET</u>
SALARIES AND WAGES	\$12,583,900	32.73%
UTILITIES / SANITATION	\$2,630,565	6.84%
INSURANCE	\$6,632,500	17.25%
LIBRARY	\$1,963,769	5.11%
CAPITAL	\$410,417	1.07%
DEBT SERVICE	\$4,353,460	11.32%
DEFERRED CHARGES / STATUTORY EXPENDITURES	\$2,823,847	7.35%
RESERVE FOR UNCOLLECTED TAXES	\$2,759,089	7.18%
OTHER APPROPRIATIONS	\$4,288,531	11.15 %
TOTAL	\$38,446,078	100%

Budget Appropriations - Percentage Of Total Budget



2016 Budget Cost Comparisons

Description	2016 (Proposed)	2015 (Adopted)	Dollar Increase/ <Decrease>	% Increase/ <Decrease>
Contributions to Retirement Systems	\$2,250,887	\$2,227,562	\$23,325	1.05%
Employee Medical Insurance	\$5,500,000	\$5,300,000	\$200,000	3.77%
Reserve for Tax Appeals	\$0.00	\$250,000	<\$250,000>	<100.00%>
Municipal Debt Service	\$4,353,460	\$3,996,715	\$356,745	8.93%
Reserve for Uncollected Tax	\$2,759,089	\$2,665,757	\$93,332	3.50%
Salaries and Wages	\$12,583,900	\$12,554,100	\$29,800.00	2.37%

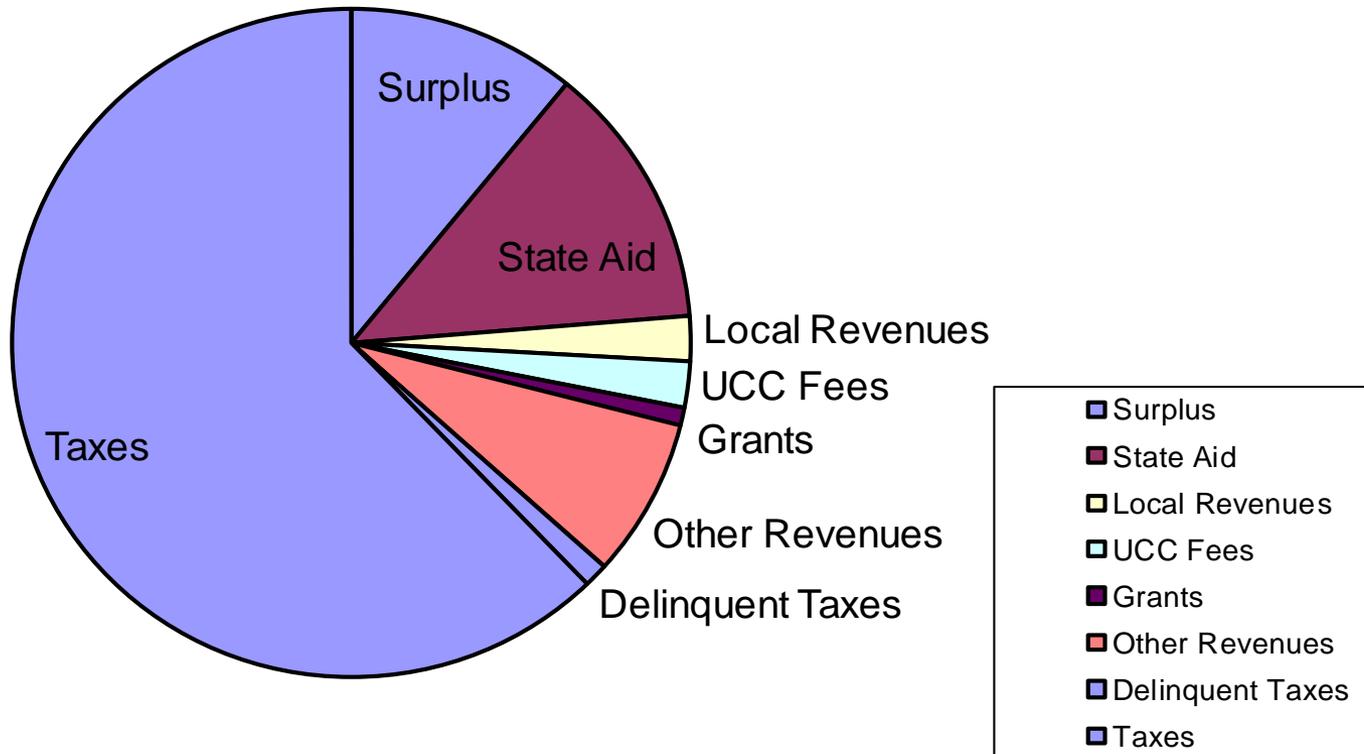
Proposed Changes in Appropriations

- **Salaries and Wages – Increased \$29,800 based on the anticipated savings between prior and current year retirements / resignations and new hires.**
- **Reserve for Tax Appeals – Decreased \$250,000 (The Township has determined that there is sufficient funding for the 2016 projected tax appeals).**
- **Library – 1/3 mil requirement for 2016 decreased \$19,948**
- **Pension – Increased \$23,325 based on the annual employer appropriation invoice received from the State.**
- **Reserve for Uncollected Taxes – Increased \$93,332 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

	2016 (Projected)	2015 (Final)
Surplus Utilization	\$4,200,000	\$4,100,000
State Aid	\$4,913,416	\$4,913,416
Local Revenues	\$837,500	\$725,000
Other Revenues	\$2,949,500	\$2,541,500
UCC Fees	\$860,000	\$1,100,000
Grants	\$324,730	\$135,237
Delinquent Taxes	\$440,000	\$425,000
Amount to be Raised by Taxes (Including Library Tax)	\$23,920,932	\$23,726,979
Total	\$38,446,078	\$37,667,132

2016 Municipal Revenue Sources



TOWNSHIP OF MAHWAH
ANALYSIS OF BUDGET REVENUES

2012 - 2016

CATEGORY	2012	2013	INCREASE/ <DECREASE>	2013	2014	INCREASE/ <DECREASE>	2014	2015	INCREASE/ <DECREASE>	2015	PROPOSED	INCREASE/ <DECREASE>	CUMULATIVE
			PERCENT			PERCENT			PERCENT		2016	PERCENT	INCREASE/ <DECREASE>
SURPLUS	\$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%	\$4,100,000	\$4,200,000	\$100,000 2.44%	\$950,000 29.23%
LOCAL REVENUE	\$785,000	\$845,000	\$60,000 7.64%	\$845,000	\$770,000	(\$75,000) -8.88%	\$770,000	\$725,000	(\$45,000) -5.84%	\$725,000	\$837,500	\$112,500 15.52%	\$52,500 6.69%
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	\$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%	\$1,100,000	\$860,000	(\$240,000) -21.82%	(\$15,000) -1.71%
PUBLIC AND PRIVATE (GRANTS)	\$197,922	\$36,426	(\$161,496) -81.60%	\$36,426	\$204,328	\$167,902 460.94%	\$204,328	\$21,416	(\$182,912) -89.52%	\$21,416	\$324,730	\$303,314 1416.30%	\$126,808 64.07%
OTHER SPECIAL ITEMS	\$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%	\$2,541,500	\$2,949,500	\$408,000 16.05%	\$806,443 37.63%
DELINQUENT TAXES	\$415,000	\$425,000	\$10,000 2.41%	\$425,000	\$445,000	\$20,000 4.71%	\$445,000	\$425,000	(\$20,000) -4.49%	\$425,000	\$440,000	\$15,000 3.53%	\$25,000 6.02%
AMOUNT TO BE RAISED	\$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%	\$23,726,979	\$23,920,932	\$193,953 0.82%	\$1,935,667 8.80%
	\$34,564,660	\$35,605,815		\$35,605,815	\$37,082,228		\$37,082,228	\$37,553,311		\$37,553,311	\$38,446,078		



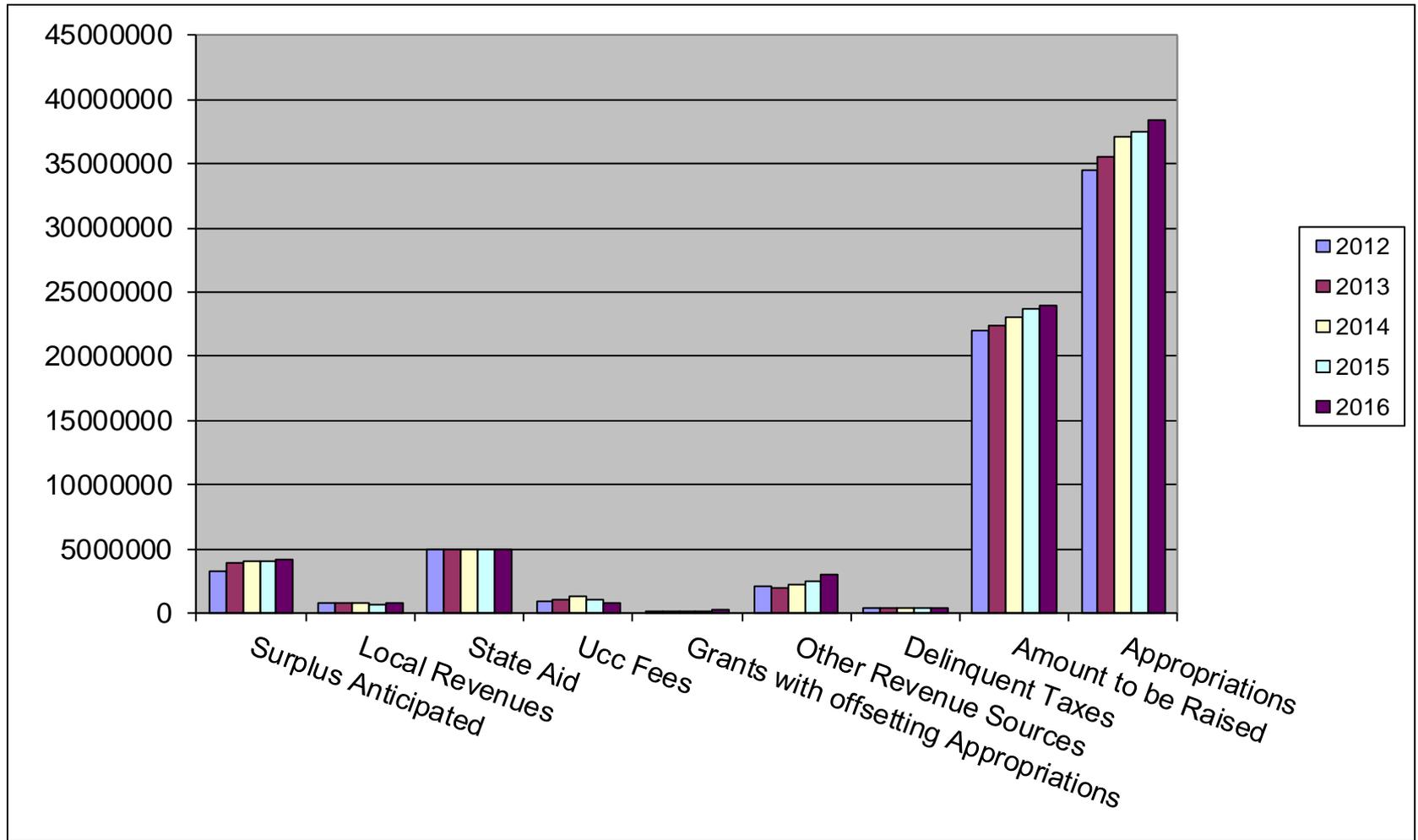
Proposed Changes In Revenue

- **Uniform Construction Code Fees - Decreased \$240,000 based upon prior year revenue realized.**
- **Municipal Court Fees - Decreased \$20,000 based upon prior year revenue realized.**
- **Swim Pool Fees - Decreased \$15,000 based upon prior year revenue realized.**
- **Hotel / Motel Tax - Increased \$125,000 based on prior year revenue realized.**
- **Sewer Utility Operating Surplus - Increased \$110,000.00 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)

	2012	2013	2014	2015	2016 (Proposed)
Surplus Anticipated	\$3,250,000	\$3,895,000	\$4,100,000	\$4,100,000	\$4,200,000
Local Revenue	\$785,000	\$845,000	\$770,000	\$725,000	\$837,500
State Aid	\$4,913,416	\$4,913,416	\$4,913,416	\$4,913,416	\$4,913,416
UCC Fees	\$875,000	\$1,055,000	\$1,300,000	\$1,100,000	\$860,000
Grants with offsetting Appropriations	\$197,922	\$36,426	\$204,328	\$21,416	\$324,730
Other Revenue Sources	\$2,143,057	\$1,986,282	\$2,235,000	\$2,541,500	\$2,949,500
Delinquent Taxes	\$415,000	\$425,000	\$445,000	\$425,000	\$440,000
Amount to be Raised	\$21,985,265	\$22,449,691	\$23,114,484	\$23,726,979	\$23,920,932
Appropriations	\$34,564,660	\$35,605,815	\$37,082,228	\$37,553,311	\$38,446,078

Revenue And Appropriation History



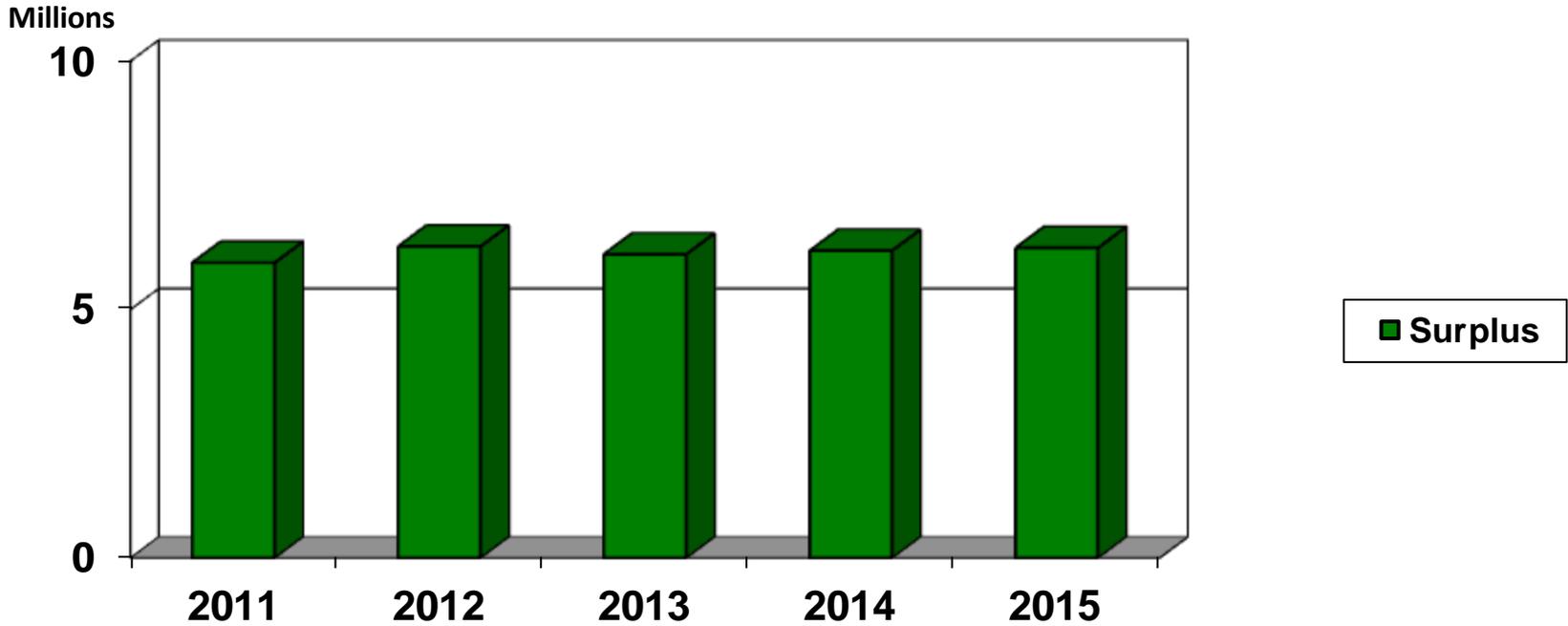
Surplus

- The Township's unaudited surplus balance as of 12/31/15 was \$6,238,091.80, which is \$56,869.43 higher than the balance as of 12/31/14.
- The increase in surplus was primarily the result of increased revenue from Rental of Township Owned Property, the increase in the Hotel/Motel Occupancy Tax receipts and the 2014 Appropriation Reserves that lapsed to surplus.
- The increase in the Rental of Township Owned Property, Hotel/Motel Occupancy Tax receipts and Appropriation Reserves 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
2011	\$5,940,228
2012	\$6,266,446
2013	\$6,110,379
2014	\$6,181,222
2015 (Unaudited)	\$6,238,092

Surplus Analysis



TOWNSHIP OF MAHWAH
CURRENT FUND

ANALYSIS OF REVENUES AND EXPENDITURES

2012-2017

	2012 AUDITED		2013 AUDITED		2014 AUDITED		2015 FINAL/UNAUDITED		2016 PROPOSED/PROJECTED		2017 PROJECTED	
REVENUES :												
SURPLUS	\$3,250,000		\$3,895,000		\$4,100,000		\$4,100,000		\$4,200,000		\$4,200,000	
LOCAL REVENUES	\$1,024,996		\$879,339		\$882,190		\$910,203		\$901,000		\$837,500	
STATE AID	\$4,913,416		\$4,909,572		\$4,913,416		\$4,913,416		\$4,913,416		\$4,913,416	
UNIFORM CONSTRUCTION	\$1,078,981		\$1,638,991		\$1,179,671		\$864,029		\$865,000		\$860,000	
PUBLIC AND PRIVATE	\$490,066		\$307,142		\$479,327		\$135,237		\$324,730		\$11,677	
OTHER SPECIAL ITEMS	\$2,318,174		\$2,219,927		\$2,430,730		\$2,745,038		\$3,001,700		\$2,867,500	
DELINQUENT TAX	\$519,115		\$504,679		\$490,438		\$479,675		\$425,000		\$425,000	
AMOUNT TO BE RAISED EXCESS REVENUES	\$23,010,989	0.385	\$23,710,513	0.395	\$25,247,311	0.410	\$25,444,465	0.417	\$25,920,932	0.421	\$25,062,190	0.439
MRNA	\$980,711		\$699,167		\$1,116,799		\$838,864		\$800,000		\$800,000	
RESERVES LAPSED	\$730,401		\$839,536		\$751,926		\$1,118,976		\$1,110,000		\$950,000	
OTHER	\$125,961		\$25,148		\$107,571		\$450,572		\$100,000			
	<u>\$38,442,810</u>		<u>\$39,629,014</u>		<u>\$41,699,379</u>		<u>\$42,000,475</u>		<u>\$42,561,778</u>		<u>\$43,277,283</u>	
EXPENDITURES :												
OPERATING WITHIN CAPS												
SALARIES	\$12,453,850		\$12,834,750		\$12,799,550		\$12,614,100		\$12,583,900		\$13,050,700	
OTHER EXPENSE	\$10,237,759		\$10,836,373		\$12,066,444		\$12,859,970		\$13,244,114		\$13,456,100	
OPERATING EXCLUDED												
SALARIES	\$0		\$0		\$60,000		\$0		\$0		\$0	
OTHER EXPENSE	\$3,021,783		\$3,088,138		\$3,098,856		\$2,613,873		\$2,414,418		\$2,335,365	
CAPITAL	\$209,500		\$243,000		\$236,900		\$130,000		\$302,250		\$125,000	
DEBT SERVICE	\$3,516,110		\$3,610,110		\$3,778,215		\$3,996,715		\$4,353,460		\$4,456,140	
DEFERRED/STATUTORY	\$2,867,134		\$2,644,889		\$2,648,695		\$2,786,717		\$2,788,847		\$2,900,922	
RESERVE FOR UNCOLLECTED	\$2,550,667		\$2,619,272		\$2,668,568		\$2,665,757		\$2,759,089		\$2,853,056	
OTHER	\$9,789		\$13,549		\$171,308		\$176,473					
	<u>\$34,866,592</u>		<u>\$35,890,081</u>		<u>\$37,528,536</u>		<u>\$37,843,605</u>		<u>\$38,446,078</u>		<u>\$39,177,283</u>	
	\$3,576,218		\$3,738,933		\$4,170,843		\$4,156,870		\$4,115,700		\$4,100,000	
ADJUSTMENTS												
	\$3,576,218		\$3,738,933		\$4,170,843		\$4,156,870		\$4,115,700		\$4,100,000	
SURPLUS 1/1	<u>\$5,940,228</u>		<u>\$6,266,446</u>		<u>\$6,110,379</u>		<u>\$6,181,222</u>		<u>\$6,238,092</u>		<u>\$6,153,792</u>	
	\$9,516,446		\$10,005,379		\$10,281,222		\$10,338,092		\$10,353,792		\$10,253,792	
SURPLUS ANTICIPATED	<u>\$3,250,000</u>		<u>\$3,895,000</u>		<u>\$4,100,000</u>		<u>\$4,100,000</u>		<u>\$4,200,000</u>		<u>\$4,200,000</u>	
	\$6,266,446		\$6,110,379		\$6,181,222		\$6,238,092		\$6,153,792		\$6,053,792	
SURPLUS 12/31												



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 \$297,864 from 2011 to 2015.



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.