TOWNSHIP OF MAHWAH

2017 BUDGET ANALYSIS

Township of Mahwah

Proposed Municipal Budget – April 20, 2017

- **Mayor William C. Laforet**
- **Councilmember Janet Ariemma**
- **Councilmember George Ervin**
- **Council President Robert Hermansen**
- **Councilmember David May**
- **Councilmember Steven Sbarra**
- **Council Vice President Jonathan Wong**
- **Councilmember James Wysocki**

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 law eliminated levy cap waivers approved by the Local Finance Board.**

- **The Amount to be Raised by Taxation for 2017 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 2017 is one half of one percent (0.5%). The Borough may adopt a COLA ordinance to increase the cap base to 3.5%. The "CAP" may be subject to exceptions.**

- **The General Appropriations for 2017 are in compliance with the 3.5% Appropriation CAP.**

TAX RATE COMPARISON

In cents per $100 of Assessed Valuation

	2017 (Projected / Estimated)	2016 (Actual)
School	1.090 (1)	1.061
County	.268 (1)	.256
Municipal	.396	.385
Library	.035	.035
Municipal Open Space	.010	.010
Total	1.799	1.747

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

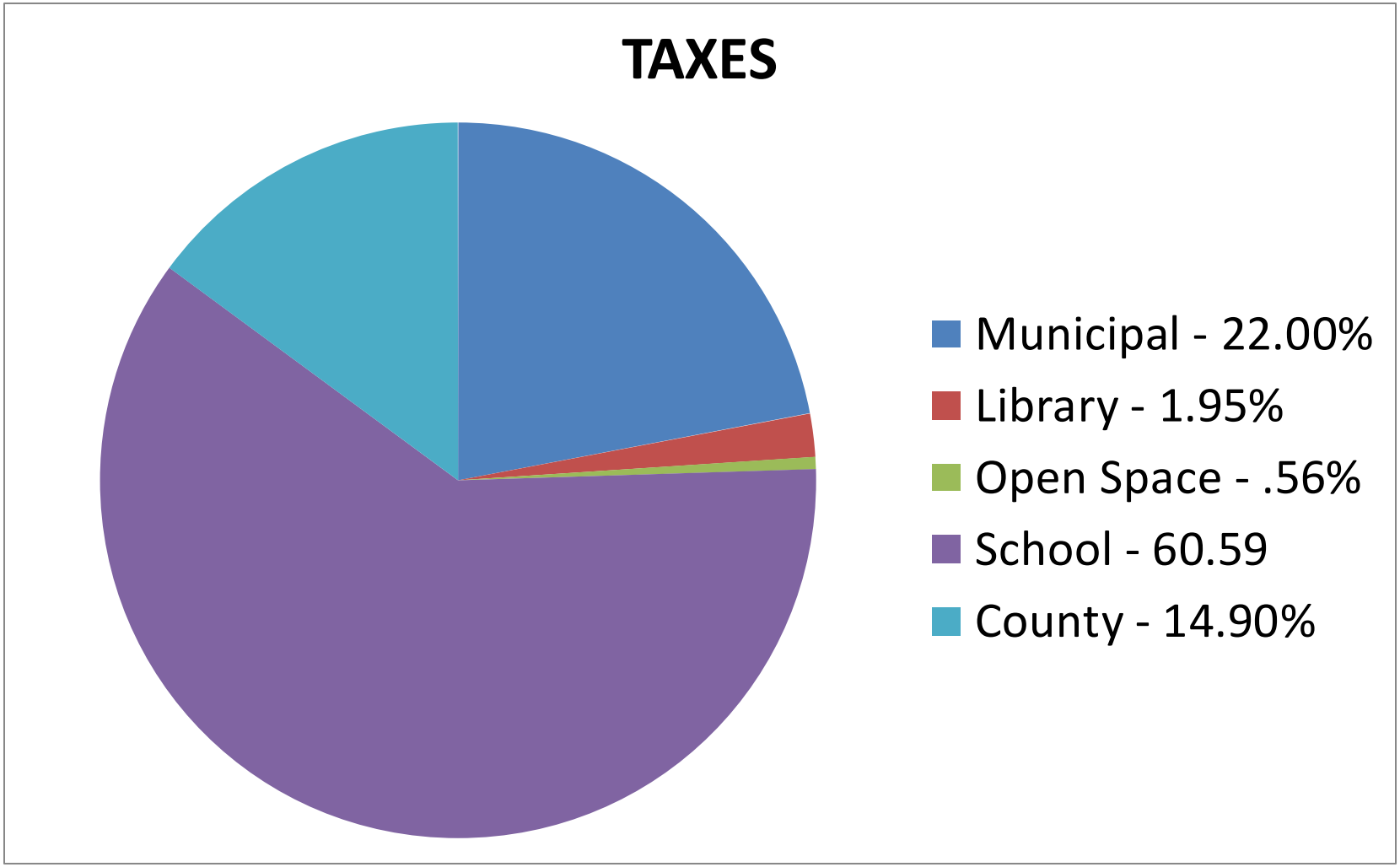
The School tax levy is converted to a calendar year tax rate.

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

WHAT DO YOUR MUNICIPAL TAX DOLLARS PAY FOR?

- **Accredited Police Department**
- **Volunteer Fire Department and Fire Equipment**
- **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**

2017 Projected Tax Rate Breakdown



Overview Of Tax Increase

- The projected increase in the municipal tax rate is 1.1 tax points, which represents a 2.86% increase.
- This equates to $52.24 per year or $4.35 per month for a home assessed at the average value of $474,944.85.

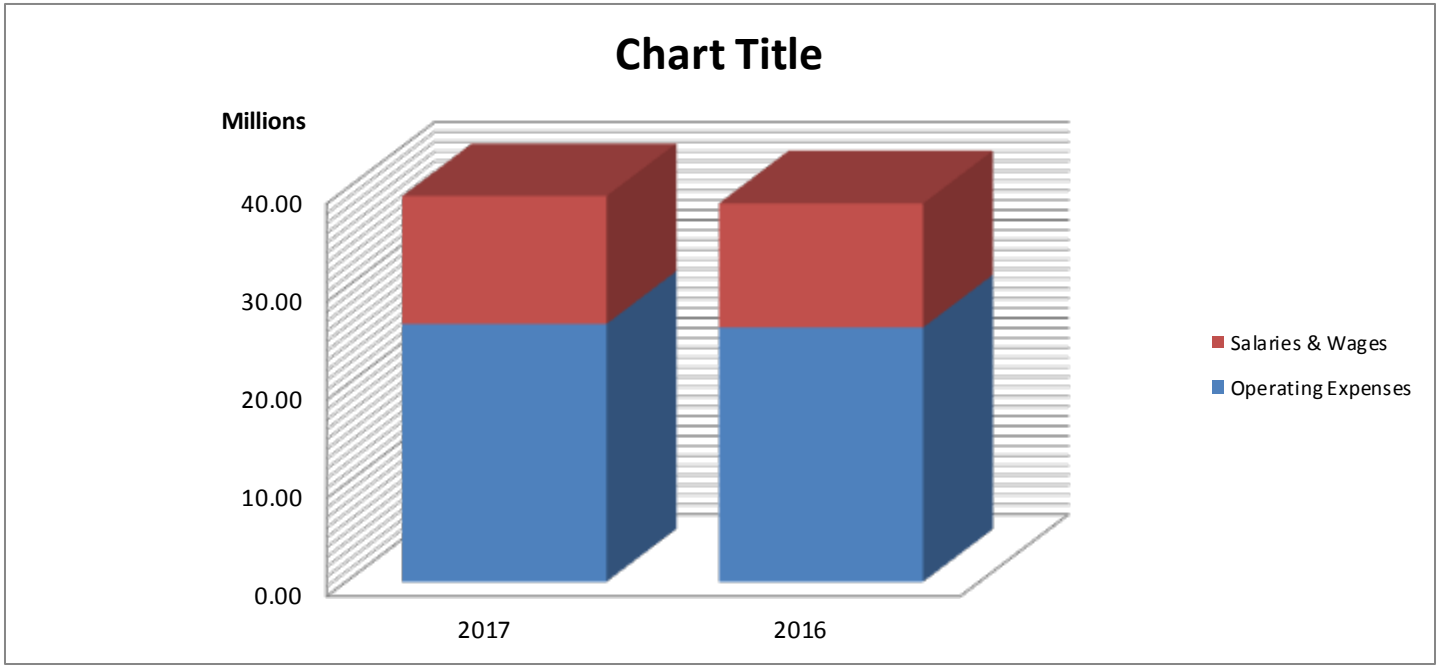
Ratables

- The ratable base for 2017 is $5,704,441,808. The increase of $13,003,778 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.

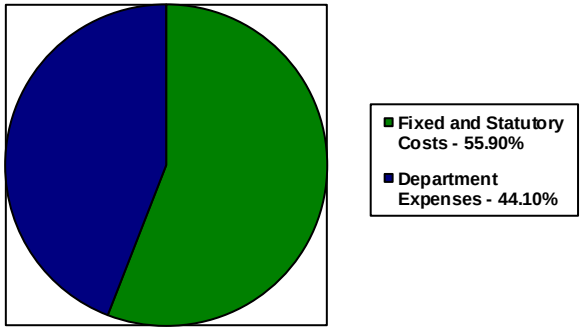
- The Township expects some additional ratable growth for 2018.

TOTAL BUDGET COMPARISON



	2017 (Proposed)	2016(Final)
Salaries & Wages	$13,032,250	$12,649,500
Other Expenses	$26,261,467	$25,902,920
Total	$39,293,717	$38,552,420

2017 PROPOSED BUDGET



Fixed & Statutory Costs

Utilities / Sanitation	$2,900,292
Insurance	$6,850,000
Library	$2,004,077
Capital	$236,550
Debt Service	$4,374,930
Deferred Charges / Statutory	$2,773,731
Reserve for Uncollected Taxes	$2,824,137
Total	$21,963,717

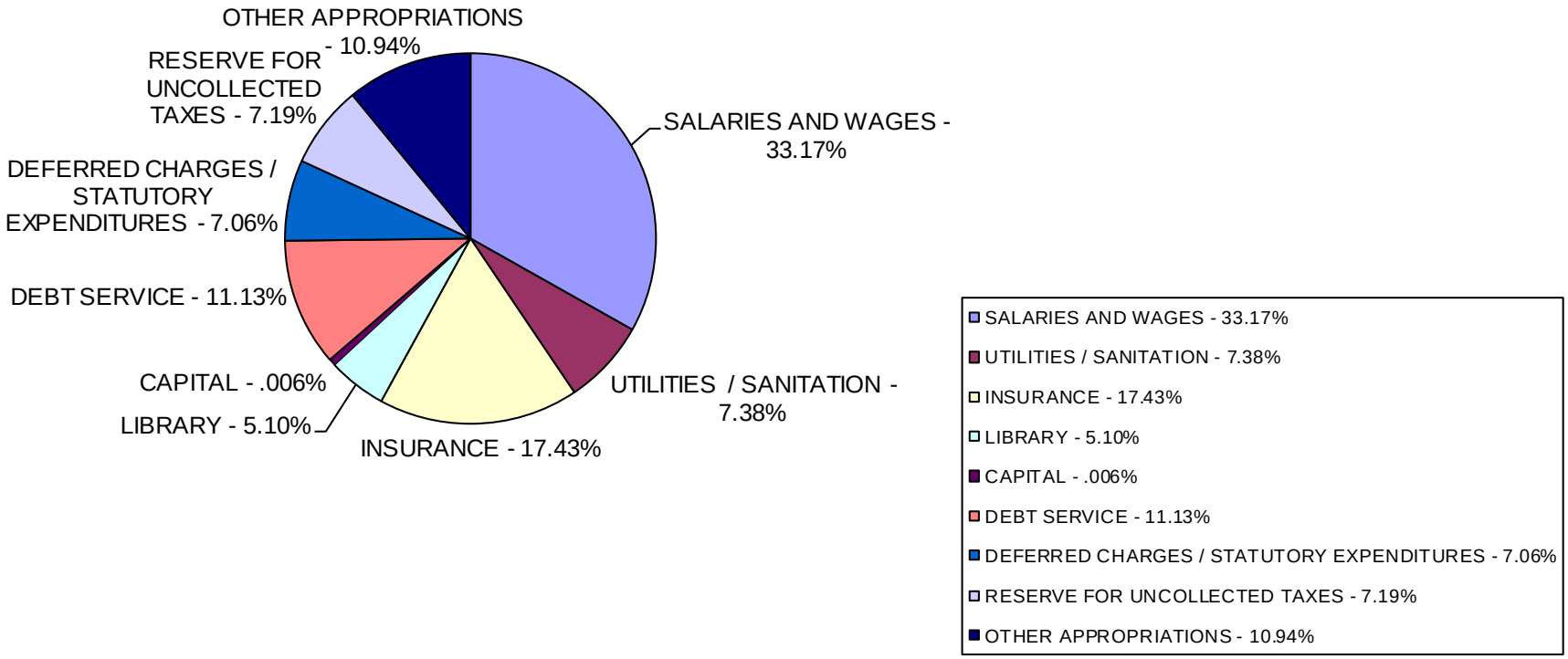
Department Expenses

Public Safety	$8,955,896
Public Works	$3,163,165
Other Government Services	$2,309,294
Construction / Land Use	$1,093,860
Parks, Recreation and Pool	$657,895
Health / Human Services / Senior	$819,290
Municipal Court	$330,600
Total	$17,330,000

BUDGET APPROPRIATIONS BY CATEGORY (PERCENT OF TOTAL BUDGET)

CATEGORY	AMOUNT	PERCENT OF TOTAL BUDGET
SALARIES AND WAGES	$13,032,250	33.17%
UTILITIES / SANITATION	$2,900,292	7.38%
INSURANCE	$6,850,000	17.43%
LIBRARY	$2,004,077	5.10%
CAPITAL	$236,550	0.60%
DEBT SERVICE	$4,374,930	11.13%
DEFERRED CHARGES / STATUTORY EXPENDITURES	$2,773,731	7.06%
RESERVE FOR UNCOLLECTED TAXES	$2,824,137	7.19%
OTHER APPROPRIATIONS	$4,297,750	10.94 %
TOTAL	$39,293,717	100%

Budget Appropriations - Percentage Of Total Budget



2017 Budget Cost Comparisons

Description	2017 (Proposed)	2016 (Adopted)	Dollar Increase/ <Decrease>	% Increase/ <Decrease>
Contributions to Retirement Systems	$2,200,841	$2,250,887	<$50,046>	<2.22%>
Employee Medical Insurance	$5,700,000	$5,500,000	$200,000	3.64%
Capital Improvement Fund	$236,550	$153,250	$83,300	54.36%
Municipal Debt Service	$4,374,930	$4,353,460	$21,470	.49%
Reserve for Uncollected Tax	$2,824,137	$2,759,089	$65,048	2.36%
Salaries and Wages	$13,032,250	$12,583,900	$448,350	3.56%

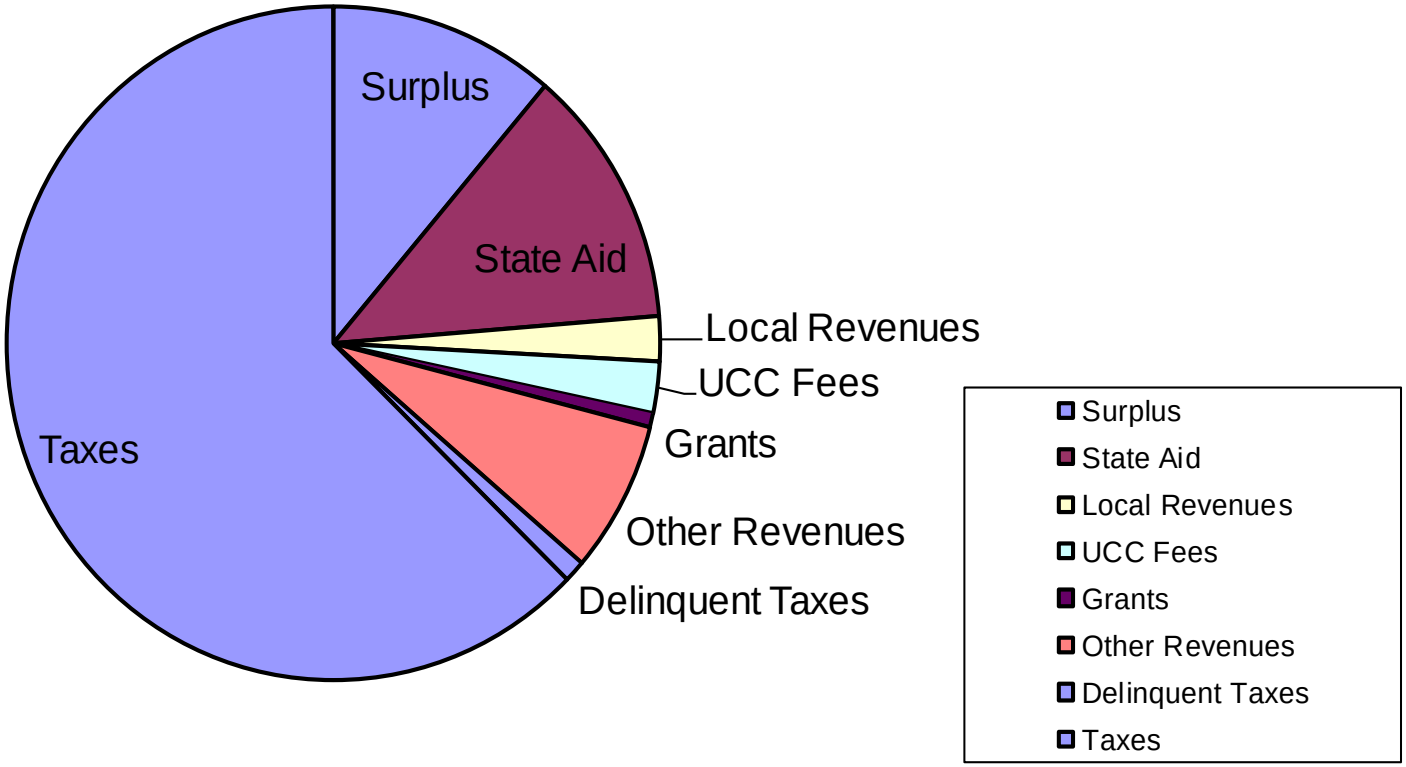
Proposed Changes in Appropriations

- **Salaries and Wages – Increased $448,350 as a result of new hires, promotions and contract negotiations.**
- **Capital Improvement Fund – Increased $83,300 based on the proposed projects anticipated for 2017**
- **Library – The 1/3 mil requirement for 2017 resulted in an increase of $40,308**
- **Pension – The annual employer appropriation invoices received from the State for 2017 resulted in a decrease of $50,046.**
- **Reserve for Uncollected Taxes – Increased $65,048 as a net result of the proposed increase in appropriations and projected revenues available to offset taxes.**
- **Health Insurance - Increased $200,000 based on the projected claims experience.**

SOURCE OF REVENUES TO SUPPORT MUNICIPAL BUDGET

	2017 (Projected)	2016 (Final)
Surplus Utilization	$4,400,000	$4,200,000
State Aid	$4,913,416	$4,913,416
Local Revenues	$848,000	$837,500
Other Revenues	$2,859,500	$2,949,500
UCC Fees	$975,000	$860,000
Grants	$263,368	$431,072
Delinquent Taxes	$415,000	$440,000
Amount to be Raised by Taxes (Including Library Tax)	$24,619,433	$23,920,932
Total	$39,293,717	$38,446,078

2017 Municipal Revenue Sources



TOWNSHIP OF MAHWAH
ANALYSIS OF BUDGET REVENUES

2013 - 2017

CATEGORY	2013	2014	INCREASE/ <DECREASE> PERCENT	2014	2015	INCREASE/ <DECREASE> PERCENT	2015	2016	INCREASE/ <DECREASE> PERCENT	2016	PROPOSED 2017	INCREASE/ <DECREASE> PERCENT	CUMULATIVE INCREASE/ <DECREASE> PERCENT
SURPLUS	$3,895,000	$4,100,000	$205,000	$4,100,000	$4,100,000	$0	$4,100,000	$4,200,000	$100,000	$4,200,000	$4,400,000	$200,000	$505,000
			5.26%			0.00%			2.44%			4.76%	12.97%
LOCAL REVENUE	$845,000	$770,000	($75,000)	$770,000	$725,000	($45,000)	$725,000	$837,500	$112,500	$837,500	$848,000	$10,500	$3,000
			-8.88%			-5.84%			15.52%			1.25%	0.36%
STATE AID	$4,913,416	$4,913,416	0	$4,913,416	$4,913,416	$0	$4,913,416	$4,913,416	$0	$4,913,416	$4,913,416	$0	$0
			0.00%			0.00%			0.00%			0.00%	0.00%
UNIFORM CONSTRUCTION CODE	$1,055,000	$1,300,000	245,000	$1,300,000	$1,100,000	($200,000)	$1,100,000	$860,000	($240,000)	$860,000	$975,000	$115,000	($80,000)
			23.22%			-15.38%			-21.82%			13.37%	-7.58%
PUBLIC AND PRIVATE (GRANTS)	$36,426	$204,328	$167,902	$204,328	$21,416	($182,912)	$21,416	$324,730	$303,314	$324,730	$263,368	($61,362)	$226,942
			460.94%			-89.52%			1416.30%			-18.90%	623.02%
OTHER SPECIAL ITEMS	$1,986,282	$2,235,000	$248,718	$2,235,000	$2,541,500	$306,500	$2,541,500	$2,949,500	$408,000	$2,949,500	$2,859,500	($90,000)	$873,218
			12.52%			13.71%			16.05%			-3.05%	43.96%
DELINQUENT TAXES	$425,000	$445,000	$20,000	$445,000	$425,000	($20,000)	$425,000	$440,000	$15,000	$440,000	$415,000	($25,000)	($10,000)
			4.71%			-4.49%			3.53%			-5.68%	-2.35%
AMOUNT TO BE RAISED	$22,449,691	$23,114,484	$664,793	$23,114,484	$23,726,979	$612,495	$23,726,979	$23,920,932	$193,953	$23,920,932	$24,619,433	$698,501	$2,169,742
			2.96%			2.65%			0.82%			2.92%	9.66%
	$35,605,815	$37,082,228		$37,082,228	$37,553,311		$37,553,311	$38,446,078		$38,446,078	$39,293,717		

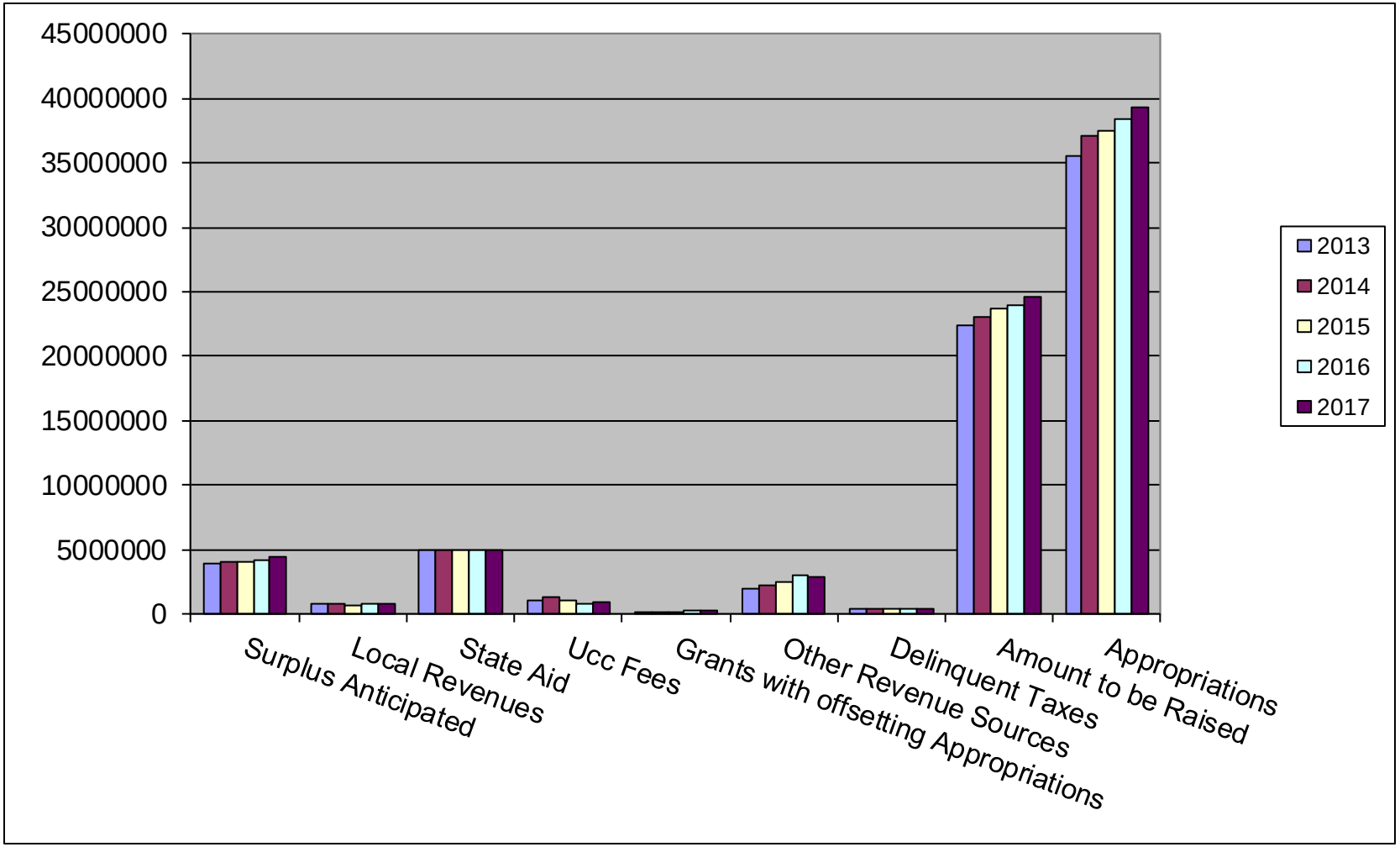
Proposed Changes In Revenue

- **Uniform Construction Code Fees - Increased $115,000 based upon prior year revenue realized.**
- **Municipal Court Fees - Decreased $44,000 based upon prior year revenue realized.**
- **Interest and Costs on Taxes - Decreased $10,500 based upon prior year revenue realized.**
- **Rental of Township Owned Property - Increased $75,000 based on prior year revenue realized.**
- **Hotel / Motel Tax - Decreased $25,000 based on prior year revenue realized.**
- **General Capital Surplus - Decreased $90,000 as a result of the non-recurring excess surplus balance available in the General Capital Fund.**

Municipal Revenues versus Appropriations (Adopted)

	2013	2014	2015	2016	2017 (Proposed)
Surplus Anticipated	$3,895,000	$4,100,000	$4,100,000	$4,200,000	$4,400,000
Local Revenue	$845,000	$770,000	$725,000	$837,500	$848,000
State Aid	$4,913,416	$4,913,416	$4,913,416	$4,913,416	$4,913,416
UCC Fees	$1,055,000	$1,300,000	$1,100,000	$860,000	$975,000
Grants with offsetting Appropriations	$36,426	$204,328	$21,416	$324,730	$263,368
Other Revenue Sources	$1,986,282	$2,235,000	$2,541,500	$2,949,500	$2,859,500
Delinquent Taxes	$425,000	$445,000	$425,000	$440,000	$415,000
Amount to be Raised	$22,449,691	$23,114,484	$23,726,979	$23,920,932	$24,619,433
Appropriations	$35,605,815	$37,082,228	$37,553,311	$38,446,078	$39,293,717

Revenue And Appropriation History



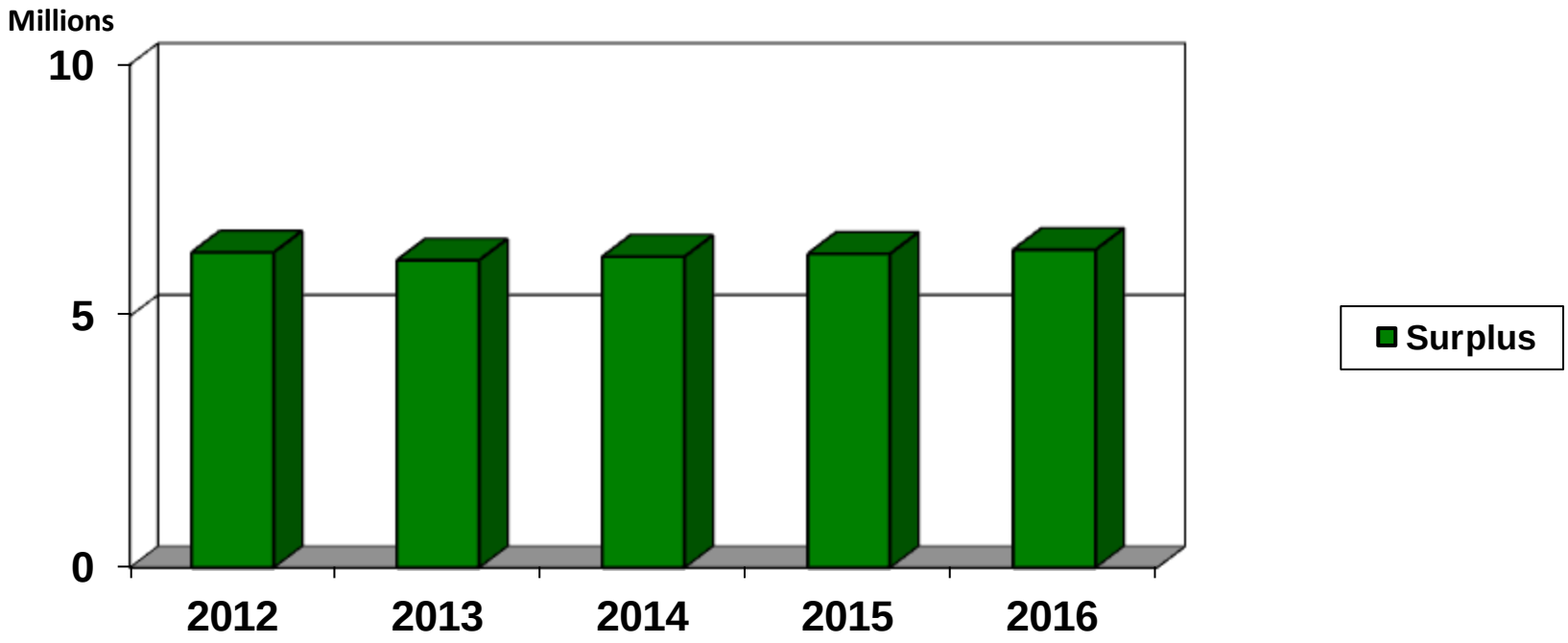
Surplus

- **The Township's unaudited surplus balance as of 12/31/16 was $6,318,099.69, which is $80,007.89 higher than the balance as of 12/31/15.**
- **The increase in surplus was primarily the result of increased revenue from Rental of Township Owned Property, Uniform Construction Code Fees and the 2015 Appropriation Reserves that lapsed to surplus.**
- **The increased revenue from the Rental of Township Owned Property, Uniform Construction Code Fees and lapsed Appropriation Reserves offset the reduction in the realization of other revenue sources, including but not limited to, Municipal Court Fees, Interest and Costs on Taxes and Receipts from Delinquent Taxes.**
- **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
2012	$6,266,446
2013	$6,110,379
2014	$6,181,222
2015	$6,238,092
2016 (Unaudited)	$6,318,100

Surplus Analysis



TOWNSHIP OF MAHWAH
CURRENT FUND

ANALYSIS OF REVENUES AND EXPENDITURES

2013-2018

	2013 AUDITED		2014 AUDITED		2015 AUDITED		2016 FINAL/UNAUDITED		2017 PROPOSED/PROJECTED		2018 PROJECTED	
REVENUES:												
SURPLUS	$3,895,000		$4,100,000		$4,100,000		$4,200,000		$4,400,000		$4,350,000	
LOCAL REVENUES	$879,339		$882,190		$910,203		$940,270		$911,193		$843,000	
STATE AID	$4,909,572		$4,913,416		$4,913,416		$4,913,416		$4,913,416		$4,913,416	
UNIFORM CONSTRUCTION	$1,638,991		$1,179,671		$864,029		$1,178,079		$1,000,000		$975,000	
PUBLIC AND PRIVATE	$307,142		$479,327		$135,237		$431,072		$263,368		$0	
OTHER SPECIAL ITEMS	$2,219,927		$2,430,730		$2,745,038		$2,974,494		$2,853,549		$2,634,000	
DELINQUENT TAX	$504,679		$490,438		$479,675		$418,214		$416,031		$415,000	
AMOUNT TO BE RAISED	$23,710,513	0.395	$25,247,311	0.410	$25,444,465	0.417	$26,126,275	0.420	$26,869,433	0.431	$25,906,779	0.452
EXCESS REVENUES											$2,400,000	
MRNA	$699,167		$1,116,799		$838,864		$547,230		$500,000		$500,000	
RESERVES LAPSED	$839,536		$751,926		$1,118,976		$1,086,957		$1,500,000		$1,100,000	
OTHER	$25,148		$107,571		$450,572		$212,152		$50,000		$50,000	
	$39,629,014		$41,699,379		$42,000,475		$43,028,158		$43,676,990		$44,087,195	
EXPENDITURES:												
OPERATING WITHIN CAPS												
SALARIES	$12,834,750		$12,799,550		$12,614,100		$12,649,500		$13,032,250		$13,466,033	
OTHER EXPENSE	$10,836,373		$12,066,444		$12,859,970		$13,178,514		$13,543,754		$13,887,150	
OPERATING EXCLUDED												
SALARIES	$0		$60,000		$0		$0		$0		$0	
OTHER EXPENSE	$3,088,138		$3,098,856		$2,613,873		$2,520,760		$2,543,364		$2,327,179	
CAPITAL	$243,000		$236,900		$130,000		$302,250		$236,550		$100,000	
DEBT SERVICE	$3,610,110		$3,778,215		$3,996,715		$4,353,460		$4,374,930		$4,467,315	
DEFERRED/STATUTORY	$2,644,889		$2,648,695		$2,786,717		$2,788,847		$2,738,731		$2,863,384	
RESERVE FOR UNCOLLECTED	$2,619,272		$2,668,568		$2,665,757		$2,759,089		$2,824,138		$2,926,134	
OTHER	$13,549		$171,308		$176,473		$195,732					
	$35,890,081		$37,528,536		$37,843,605		$38,748,152		$39,293,717		$40,037,195	
	$3,738,933		$4,170,843		$4,156,870		$4,280,008		$4,383,273		$4,050,000	
ADJUSTMENTS												
	$3,738,933		$4,170,843		$4,156,870		$4,280,008		$4,383,273		$4,050,000	
SURPLUS 1/1	$6,266,446		$6,110,379		$6,181,222		$6,238,092		$6,318,100		$6,301,373	
	$10,005,379		$10,281,222		$10,338,092		$10,518,100		$10,701,373		$10,351,373	
SURPLUS ANTICIPATED	$3,895,000		$4,100,000		$4,100,000		$4,200,000		$4,400,000		$4,350,000	
SURPLUS 12/31	$6,110,379		$6,181,222		$6,238,092		$6,318,100		$6,301,373		$6,001,373	

Other Items of Interest

- Approximately $750,000 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 $377,872 from 2011 to 2016.

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.