

# Borough of Florham Park



## 2021 Comparative Budget

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## **BUDGET PREPARATION**

The budget is traditionally introduced March. The Mayor, Administrator and Council Member spend a significant amount of time reviewing and analyzing various aspects of the budget to come to a realistic budget that meets the needs of the residents. In April, after a formal public hearing, the budget will be adopted. A temporary budget is adopted at the beginning of the year, which provides for the orderly continuation of Borough operations until the budget is officially approved.

The budget process is not a seasonal process, but a continuous process that is discussed by members of the Finance Committee throughout the year. There is a significant amount of planning that leads up to the final development of the budget. Part of this planning involves debt affordability analysis as well as debt structuring. This enables the Mayor and Council to better plan for future years and to correct negative trends that may have an impact on the municipal future.

## **REVENUES**

The current year revenues, that are budgeted, are based upon conservative estimates. The revenues most affected by the pandemic are hotel tax, court revenues, and interest income. New Jersey budget law allows a municipality to budget an amount that is equal to but not greater than what has been realized in the prior year for a revenue category. The Borough takes a conservative approach to revenue budgeting to ensure that the Borough does not become dependent upon a revenue source that will not be available in future budget years.

Revenue that is attributable to State Aid in the current year budget was left unchanged again as the state has indicated level funding again. This follows several years of reductions. The reductions for 2010, 2009 and 2008 were \$314,962, \$55,973 and \$140,039 respectively. The Borough has sustained approximately one-half of a million dollars loss in state aid. These reductions follow years of state aid that remained essentially unchanged. As was stated for the last several years, the State continues to shift what was their burden of support back to the taxpayers of our community. The lack of State Aid shifts a disproportionate burden of the budget to our taxpayers. In an effort to head off this burden we actively pursue other sources of revenue and look to regionalize services.

## **APPROPRIATIONS**

The reserve for uncollected taxes account acts as an allowance for doubtful accounts when taxpayers of the Borough do not pay their taxes on time. The Borough is required by statute to pay out County and School tax dollars to those entities prior to satisfying our own obligations. As a result, when taxpayers are delinquent, this can potentially cause the Borough cash flow difficulties. The State of New Jersey requires every municipality to create and fund this reserve for uncollected taxes account in an amount sufficient to guarantee that the municipality will be able to meet its own obligations. The increase in the reserve account takes into consideration the increase in county and school tax requirements as well as the requirements of the Borough.

## **MANDATED APPROPRIATIONS AND THE BUDGET CAP**

It should be noted that the greatest portion of the budget is mandated by state statutes and federal requirements. Furthermore, the State of New Jersey initially in 1976, placed a statutory limit on the growth of local budgets, commonly referred to as “The CAP Law”. “The CAP Law” was substantially changed in August of 1990, by the state legislature and signed by the governor. The CAP Law was again substantially changed in the summer of 2004. Many of the areas of municipal government which are not controlled by the Mayor and Council must be satisfied within the “CAP” limit. The CAP limit for 2021 is 1.0%.

The State of New Jersey created a new CAP beginning in 2008. This new CAP is on the amount to be raised by taxation. The intent of the CAP was to limit tax increases to no greater than 4.0%. However, the State also put in exceptions for its own actions that may negatively impact municipal budgets. One such exception is for State Aid reductions.

The State of New Jersey again created a new CAP beginning in 2011. This newest CAP is on the amount to be raised by taxation. This limits the amount taxes can go up by 2.0% with four exceptions. They are debt service, health insurance, pension costs, and natural disasters.

## **PERSONNEL**

The Borough has two labor unions, covering the public works and law enforcement personnel. The public works contract was renegotiated in 2017 and the law enforcement contract was renegotiated in 2018. Both contracts expire in 2021. The remaining employees are not covered by union contracts; however, these positions are generally professional positions that are statutorily required.

## **TAX RATES**

<b>10-YEAR TAX RATE COMPARISON</b>						
<b>Year</b>	<b>Municipal</b>	<b>Library</b>	<b>Schools</b>	<b>County</b>	<b>County Open Space</b>	<b>Total Tax Rate</b>
2012	.343	.033	.705	.233	.016	1.330
2013	.357	.031	.728	.221	.014	1.351
2014	.370	.029	.750	.213	.010	1.372
2015	.373	.031	.772	.222	.010	1.408
2016	.376	.031	.785	.234	.008	1.434
2017	.382	.031	.808	.243	.009	1.473
2018	.382	.034	.826	.260	.009	1.511
2019	.389	.034	.844	.264	.009	1.540
2020	.395	.033	.869	.262	.008	1.567
2021 (EST.)	.407	.033	.877	.264	.008	1.589

## **ADDITIONAL BUDGET INFORMATION**

The 2021 budget responds to the needs of the community and maintains services that have come to be relied upon by many residents. Any budget areas where increases are seen were made after considerable review and justification for such increases.

We continue to look for opportunities to either provide services to neighboring communities, or have them provide services for us. We continue in our pledge to make Florham Park more efficient and save tax dollars any responsible way that we can.

## **LOOKING INTO THE FUTURE**

The Mayor and Council continue to explore ways to improve the community as a whole and enhance the quality of life for residents. Looking ahead, the 2022 budget will bring with it new challenges. The State of New Jersey will most likely look to continue reducing the state aid that we receive for both schools and municipalities, forcing municipalities across the state to evaluate the level of service provided to residents in an attempt to control taxes.

**THE GOVERNING BODY**

Mayor:

Mark Taylor

Council:

Scott Carpenter

Carmen Cefolo-Pane

Charles Germershausen

Charles Malone

Kristen Santoro

William Zuckerman