

EXPLANATORY STATEMENT – (Continued)

BUDGET MESSAGE FOR 2010

The Midland Park Mayor and Council adopted the 2010 municipal budget on May 27, 2010. This followed numerous meetings with department managers over the last five months as the economy continued to struggle. Given the budgetary uncertainty at the state level, the Mayor and Council focused on the current economy, potential changes over the next several years and how to best position the town for future uncertainty beyond 2010. That said, 2010's budget process was particularly challenging due to the bleak fiscal position of the State of New Jersey and a 20% reduction of State Aid to Midland Park. Nonetheless this budget is compliant with both the budget appropriation cap and the 4% tax levy cap.

Despite a reduction of \$317,831 or 37%, in State Aid since 2007, inclusive of \$140,543 reduction in the 2010 budget, the net increase in taxes was kept to \$66 or 3% for the average assessed home of \$300,000. In 2010 Midland Park realized a \$2,674,267 loss in property tax ratables due to tax appeals creating a smaller tax base. The .4% difference is a result of absorbing the increase by a smaller ratable tax base.

Summary of Municipal Taxes

	2010	2009	Incr.(Decr)	% Incr. (Decr.)
Total Appropriations*	\$9,433,858	\$9,379,439	\$ 54,419	.6%
Total Revenue	\$2,929,353	\$3,039,547	(\$110,194)	(3.6%)
Taxes to be raised	\$6,504,506	\$6,339,893	\$164,613	2.6%
Taxes per average \$300,000 home	\$2,262	\$2,196	\$66	3%

*The total budget for both 2009 and 2010 includes a mandated Reserve for Uncollected Taxes of \$550,000

The State of New Jersey requires a Reserve for Uncollected Taxes; a non spending budget line item which insures no deficit will be created when collections of taxes are less than 100%, as the school and the county must receive full payment despite lesser collections. There is no change in this line item and remains the same at \$550,000.

Coupled with 2010's \$140,543 reduction in State Aid, there were major increases in several areas including: health benefits, Northwest Bergen County Sewer Authority, pension bills from the State of New Jersey for Police & Fire Retirement System (PFRS) and Public Employee Retirement System (PERS). In addition, renewed contracts for Shared Service Agreements with Wyckoff for emergency dispatch and Allendale for construction/zoning/electrical code officials resulted in increases. A summary of these increases is as follows:

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Major Changes in Appropriations

	<u>2010</u>	<u>2009</u>	<u>Incr.(Decr)</u>	<u>% Incr. (Decr.)</u>
NW Bergen County Sewer	\$1,178,500	\$1,127,000	\$51,500	4.6%
NJ State Pension (PERS)	\$100,000	\$89,000	\$11,000	12.4%
NJ State Pension (PFRS)	\$315,000	\$275,000	\$40,000	14.5%
Consolidated Dispatch with Wyckoff	\$256,000	\$240,000	\$16,000	6.7%
Shared Services Allendale	\$82,800	\$75,700	\$7,100	9.4%
Health Benefits	\$713,500	\$689,000	\$24,500	3.6%

The Midland Park Memorial Library has been funded the same as 2009 at \$455,000 (\$20,791 above the statutory requirement of 1/3 mill (.0003) of assessed property values).

With the continued reduction in State Aid and other revenues, the Borough is now reliant on local income for 80% of its revenues. In spite of years of conservative planning our balance sheet has been affected by the economic downturn. Midland Park ended 2009 with \$3,058,835 of fund balance, a decrease of \$141,574 from 2008. Each succeeding year we will need to use more of this surplus to mitigate the other revenue losses or develop new revenues.

Major Changes in Revenue

	<u>2010</u>	<u>2009</u>	<u>Incr.(Decr)</u>	<u>% Incr. (Decr.)</u>
Interest Income	\$ 55,000	\$100,000	(\$45,000)	(45%)
State Aid	\$546,706	\$687,249	(\$140,543)	(20.5%)
Surplus	\$1,500,000	\$1,425,000	\$75,000	5.3%
Receipts on Delinquent Taxes	\$240,000	\$245,000	(\$5,000)	(2%)
Construction code Fees	\$ 70,000	\$90,000	(\$20,000)	(22.2%)

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Compensating Measures Taken

In order to compensate we:

- a) Used 5.3% more surplus funds; a \$75,000 increase to \$1,500,000 in 2010 over 2009's budget of \$1,425,000.
- b) Aggressively managed various operating expenses across all departments and numerous line items in the budget without sacrificing any services
- c) Capital Improvement Funds have been trimmed by \$50,000 from 2009 to \$475,000 in 2010 for "pay-as-you-go" purchases of in 2010. Vehicles and equipment for fire, police, and public works, and road paving, facility and infrastructure maintenance are adequately provided for in this budget as well.
- d) Aggressively pursued grants along with matching funds in the Capital Improvement Fund. Major grant areas include:
 - a. Community Development Open Space Funds for outdoor field improvement throughout the community.
 - b. Community Development Funds for sidewalk curb cuts throughout the Borough and ADA improvements at the DePhillips Center
 - c. Grants for Uniform Fire Safety, FEMA grant for the Fire Department and Bergen County Drug Alliance and Clean Community
 - d. Applied for New Jersey Infrastructure Trust Loan to abandon the Glen Avenue sewer pump Station to connect to the Village of Ridgewood by gravity feed to realize operational savings and avoid significant spending for future repairs.
- e) Continued to aggressively pursue and grow the use of shared services via municipal inter-local agreements and those with the Midland Park School system. Although the State of New Jersey's Regional Efficiency Aid Program (REAP) no longer offers Midland Park a monetary reward for its efforts to share services we continue to enjoy some notable efficiencies via shared services including:
 - a. The use of the pistol range with Waldwick
 - b. The use of the gas pumps in Ridgewood while looking for additional pump sources for additional purchasing efficiencies
 - c. Shared use of Uniform Construction Code Official, Zoning Officer, and Electrical Inspector with Allendale
 - d. Emergency dispatch by Wyckoff
 - e. 9-1-1 service with Paramus
 - f. Board of Health services by Northwest Regional Health Department
 - g. Purchasing through the Northwest Bergen Cooperative Purchasing Alliance.
 - h. Use of Bergen County Public Assistance
- f) Successfully bid for bank services that resulted in a higher rate of return on our money while maintaining the same level of service.

Collectively the Mayor and Council believe the budget as stated above positions the community well to both deal with the known budget pressures of 2010 without a reduction in any services and slight increases in some while leaving us flexibility to address future changes as the state budget situation continues to unfold.

We thank the community for its continued support and understanding in these trying economic times.