

## 2021 Municipal Budget Questions & Answers

In accordance with the process prescribed by State Law, the Town Council formally introduced the municipal budget on March 23, 2021. The budget presentation made at the March 23<sup>rd</sup> meeting and can be viewed in its entirety at the following link to the Town's website:

<http://www.westfieldnj.gov/budget>.

The Town Council has been encouraging residents to email any questions they may have about the municipal budget to the [budget@westfieldnj.gov](mailto:budget@westfieldnj.gov) email address prior to the scheduled public hearing on April 20, 2021.

The following are the questions asked in the order they were received through the budget email address and the applicable answers provided by the Town.

### QUESTION: (Submitted April 5, 2021)

**I wanted to check in to see if you can kindly provide me with surplus information for 2021 as you have in the past. See email below.**

As per your question below I can provide the following information: Surplus is considered to represent cash and may be utilized as a revenue item in the budget to support appropriations. Please keep in mind that under New Jersey municipal budget law, surplus is not required to be attributed to any specific line items as it is anticipated as a lump sum revenue item. Over the years the Town has used surplus to offset certain expenses and to manage the municipal tax rate. Here is a quick itemized spreadsheet showing the 2019, 2018 and 2017 itemized list of the appropriation increases or full appropriations that surplus is being proposed to offset in addition to a portion used to manage the tax rate.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Available Surplus (Jan. 1)</b>	<b>14,511,356</b>	<b>14,510,517</b>	<b>12,409,665</b>
Police & Fire Pensions (Inc./Dec.)	\$246,487.00	\$281,035.00	-\$129,536.00
Public Employee Pensions (Inc./Dec.)	\$83,757.00	\$62,596.00	\$31,608.00
Reserve for Uncollected Taxes (Inc./Dec.)	\$50,000.00	\$45,000.00	\$45,000.00
Rahway Valley Sewer Authority (Inc./Dec.)	\$289,248.00	\$257,983.00	\$142,546.00
Health Insurance (Inc./Dec.)	-\$251,000.00	\$4,000.00	\$237,000.00
Joint Insurance Fund (Inc./Dec.)	-\$23,608.00	\$86,917.00	\$12,784.00
Debt Service (Inc./Dec.)	\$4,247.00	\$531,600.00	\$173,195.00
Tax Appeal Reserve	\$750,000.00	\$500,000.00	\$500,000.00
Deferred Charges (Revaluation Costs)	\$190,000.00	\$190,000.00	\$50,000.00
Capital Improvement Fund*	<u>\$1,300,000.00</u>	<u>\$1,725,000.00</u>	<u>\$1,100,000.00</u>
<b>Total Surplus Used to Offset</b>	<b>\$2,639,131.00</b>	<b>\$3,684,131.00</b>	<b>\$2,162,597.00</b>
<b>Additional Surplus to Reduce Tax Rate</b>	<b>\$2,354,869.00</b>	<b>\$515,869.00</b>	<b>\$11,747.00</b>
<b>Total Surplus Used</b>	<b>\$4,994,000.00</b>	<b>\$4,200,000.00</b>	<b>\$2,174,344.00</b>
<b>Tax Rate Increase</b>	<b>0.00%</b>	<b>0.52%</b>	<b>1.43%</b>
<b>Surplus Balance Remaining</b>	<b>\$9,517,356.00</b>	<b>\$10,310,517.00</b>	<b>\$10,235,321.00</b>

**ANSWER:**

As per your question below I can provide the following information for 2021:

Surplus is considered to represent cash and may be utilized as a revenue item in the budget to support appropriations. Please keep in mind that under New Jersey municipal budget law, surplus is not required to be attributed to any specific line items as it is anticipated as a lump sum revenue item. Over the years the Town has used surplus to offset certain expenses and to manage the municipal tax rate. Here is a quick itemized spreadsheet showing the 2021, 2020 and 2019 itemized list of the appropriation increases or full appropriations that surplus is being proposed to offset in addition to a portion used to manage the tax rate.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Available Surplus (Jan. 1)</b>	<b>\$9,597,216</b>	<b>\$11,507,692</b>	<b>\$14,511,356</b>
Police & Fire Pensions (Inc./Dec.)	\$253,829.00	\$80,438.00	\$246,487.00
Public Employee Pensions (Inc./Dec.)	\$121,201.00	-\$36,597.00	\$83,757.00
Reserve for Uncollected Taxes (Inc./Dec.)	\$45,000.00	\$40,000.00	\$50,000.00
Rahway Valley Sewer Authority (Inc./Dec.)	\$105,347.00	\$219,877.00	\$289,248.00
Health Insurance (Inc./Dec.)	-\$336,000.00	\$702,000.00	-\$251,000.00
Joint Insurance Fund (Inc./Dec.)	\$50,462.00	-\$1,819.00	-\$23,608.00
Debt Service (Inc./Dec.)	-\$80,883.00	\$88,453.00	\$4,247.00
Tax Appeal Reserve	\$200,000.00	\$200,000.00	\$750,000.00
Deferred Charges (Revaluation Costs)	\$145,000.00	\$145,000.00	\$190,000.00
Capital Improvement Fund	<u>\$100,000.00</u>	<u>\$100,000.00</u>	<u>\$1,300,000.00</u>
<b>Total Surplus Used to Offset</b>	<b>\$603,956.00</b>	<b>\$1,537,352.00</b>	<b>\$2,639,131.00</b>
<b>Additional Surplus to Manage Tax Rate</b>	<b>\$3,191,044.00</b>	<b>\$2,967,648.00</b>	<b>\$2,354,869.00</b>
<b>Total Surplus Used</b>	<b>\$3,795,000.00</b>	<b>\$4,505,000.00</b>	<b>\$4,994,000.00</b>
<b>Tax Rate Increase</b>	<b>1.98%</b>	<b>1.95%</b>	<b>0.00%</b>
<b>Surplus Balance Remaining</b>	<b>\$5,802,216.00</b>	<b>\$7,002,692.00</b>	<b>\$9,517,356.00</b>