

**MINUTES OF THE SPECIAL MEETING
OF THE MAYOR AND COUNCIL**

FEBRUARY 26, 2014

SPECIAL MEETING

A Special Meeting of the Mayor and Council was held in the Municipal Building on February 26, 2014.

Councilperson Lambrix opened the meeting at 7:00 PM and Borough Clerk, Sally Bleeker, read the Sunshine law Statement.

ROLL CALL

The following Council Members and Professional Staff were present: Councilperson Cadicina (7:35 PM) Councilperson Kahwaty (via phone), Councilperson Kelly, Councilperson Lambrix, Councilperson Swist, Borough Administrator Hart, Chief Financial Officer Pike and Borough Auditor Dieter Lerch. Mayor Bivona and Council President Ramsey were absent.

PUBLIC'S OPPORTUNITY TO SPEAK

Councilperson Kelly made a motion to open the meeting to the public. Seconded by Councilperson Swist, all ayes.

No one from the public came forward and Councilperson Kahwaty made a motion to close the public portion of the meeting. Seconded by Councilperson Swist, all ayes.

DISCUSSION

• **2014 BUDGET**

Dieter Lerch, Borough Auditor, reviewed the Budget Workbook dated March 4, 2014. The Workbook is a comprehensive review of the budget.

The amount to be raised by taxation in 2014 in the proposed budget is \$11,233,414. The amount to be raised by taxation in the adopted 2013 budget was \$11,018,999. This represents an increase of \$214,415 or 1.95 percent from 2013. As a result, the municipal tax rate would increase 1.95 percent from 26.9 cents per \$100 of assessed property value in 2013 to 27.3 cents per \$100 of assessed valuation.

Mr. Lerch explained that this increase is not because spending increased it is a combination of revenues that are not available to the Borough any longer.

Mr. Lerch said that the Borough has a great tax collection rate, 98.5% percent of residents pay taxes on time. He explained how a tax sale works. On average a Franklin Lakes home assessed at \$1,030,000 the municipal portion of the tax bill would increase by \$39.00 this year.

Debt service is down \$240,000. The capital improvements are lower. Reserve for uncollected taxes is lower. Salaries are down \$84,000; health insurance is up; streets and roads are up. Mr. Lerch said net-net the appropriation side is down \$393,000 this offset \$600,000 loss of revenue so the budget is only up \$214,000.

Mr. Lerch explained how a surplus is created. In 2012 the borough had a 16 million dollar budget, \$558,000.00 is the amount not spent in 2012, that money is now surplus.

He said that prior to 2003 the Borough had zero debt. He explained for the benefit of the new Council members the outstanding debt and how it was incurred.

Mr. Hart said that we would like to fund more of the capital improvements in the operating budget. We have \$351,300.00 in operating budget for capital as compared to last year we had \$552,700 in operating budget. Mr. Hart said the proposed budget includes \$33,390 from the

library's return of excess funds and that money will be used to decrease taxes. Mr. Hart talked about the use of surplus funds and the reserve for payment of debt funds. Some of the reserve for payment of debt is COAH reserve money. Mr. Lerch explained background on why the COAH money is reserved and what we owe.

After a long discussion it was agreed that \$205,600 would be moved from reserve and the capital portion of the budget would be increased by that amount. Also, agreed was that an ordinance to exceed the Municipal Budget appropriation limits and to establish a CAP bank would be introduced at the March 4th meeting.

ADJOURNMENT

Motion by Councilperson Cadicina to adjourn the meeting at 8:30 PM. Councilperson Kelly seconded the motion.

Roll Call Vote

Ayes: Cadicina, Kahwaty, Kelly, Lambrix, Swist

Nays:

Abstain:

Absent Ramsey

Motion Approved

Respectfully submitted,



Sally T. Bleeker, Borough Clerk