



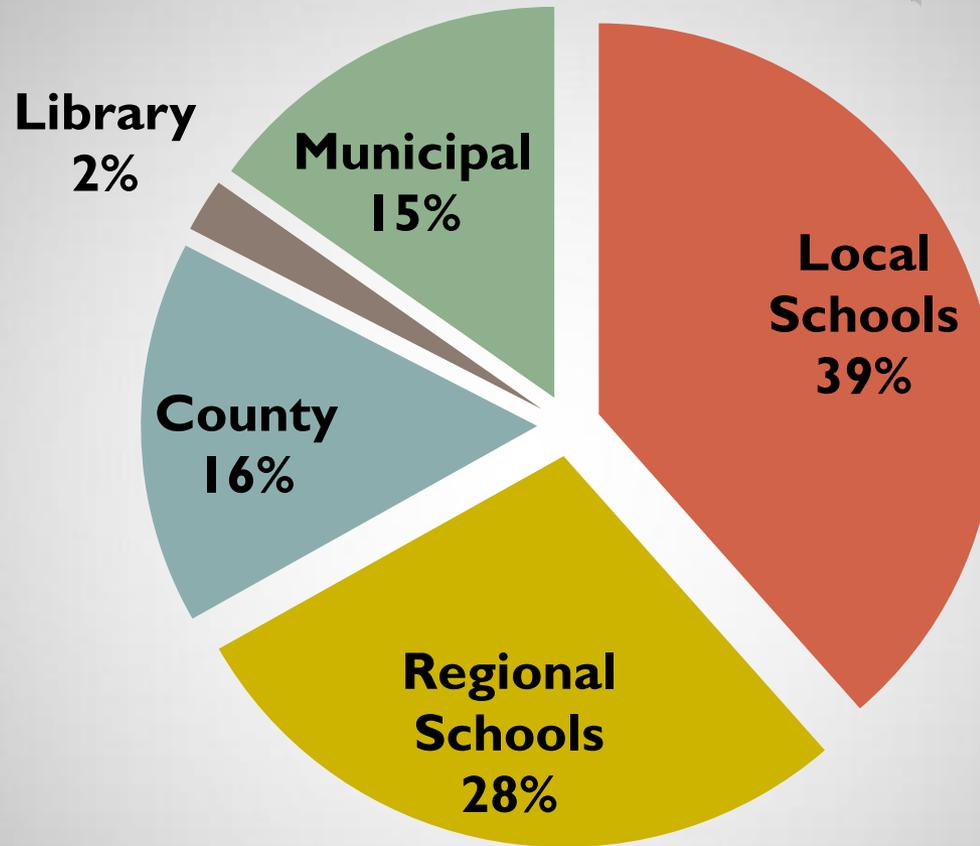
**BOROUGH OF FRANKLIN LAKES**  
**2016 MUNICIPAL BUDGET PRESENTATION**

**APRIL 19, 2016**

# BUDGET MISSION STATEMENT

- Adopt prudent budget based on established objectives that will provide high level of services to taxpayers.
- Objectives
  - Maintain appropriate surplus level
  - Reduce debt over time
  - Minimize tax increases in compliance with applicable caps

# YOUR TAX BILL



The Borough is responsible for collecting all property taxes. Only **15%** of your property taxes are used for municipal purposes. The remainder of your bill is for your local and regional schools, and County government purposes. *(Percentages based on 2015 tax bills)*

# SECOND LOWEST MUNICIPAL TAX RATE

## Lowest Municipal Tax Rates in Bergen County (2015)

Rank	Municipality	Municipal Tax Rate	Ratio of Assessed to True Value	Equalized Tax Rate
1	Alpine	0.162	80.19	0.130
<b>2</b>	<b>Franklin Lakes</b>	<b>0.277</b>	<b>94.68</b>	<b>0.262</b>
3	Wyckoff	0.273	102.45	0.280
4	Old Tappan	0.295	99.64	0.294
5	Upper Saddle River	0.374	80.45	0.301

# MUNICIPAL TAX RATES OF OTHER AREA TOWNS

County Rank	Municipality	Municipal Tax Rate	Ratio of Assessed to True Value	Equalized Tax Rate
<b>2</b>	<b>Franklin Lakes</b>	<b>0.277</b>	<b>94.68</b>	<b>0.262</b>
3	Wyckoff	0.273	102.45	0.280
5	Upper Saddle River	0.374	80.45	0.301
6	Saddle River	0.383	90.37	0.346
8	Mahwah	0.417	94.67	0.395
16	Ramsey	0.597	85.99	0.513
21	Ridgewood	0.581	92.54	0.538
22	Ho-Ho-Kus	0.590	91.52	0.540
24	Allendale	0.556	99.04	0.551
26	Waldwick	0.554	101.64	0.563
28	Glen Rock	0.613	93.81	0.575
30	Oakland	0.657	92.98	0.611
33	Midland Park	0.691	92.17	0.637

# SUMMARY OF APPROPRIATIONS

<b>Appropriations</b>	<b>2015</b>	<b>2016</b>
Operating Expenses: Salaries & Wages	5,076,310	5,366,624
Other Expenses	7,435,422	7,210,946
Deferred Charges & Other Appropriations <i>- includes pension (\$878,100) &amp; social security payments (\$240,000)</i>	1,139,100	1,170,000
Capital Improvements	600,000	930,684
Debt Service – <i>bond and note principal and interest</i>	1,569,000	1,912,000
Reserve for Uncollected Taxes	885,000	885,000
<b>Total General Appropriations</b>	<b>16,704,832</b>	<b>17,475,254</b>

# APPROPRIATIONS

- Total of \$17.48 million includes “non-discretionary” items:
  - \$1.91 million – Debt service (includes “discretionary” additional \$250,000 payment)
  - \$1.49 million – Library
  - \$1.49 million – Medical insurance
  - \$0.92 million – Pension contribution
  - \$0.89 million – Reserve for uncollected taxes
  - \$0.70 million – Garbage and recycling
- These items alone total **\$7.4 million – 42%**
- Salaries and Wages (\$5.37 million), the majority of which are subject to contractual obligations, account for nearly **31%**
- These fixed cost items account for over **73%** of 2016 budget

# INCREASED COSTS

- Appropriations increased \$770,422 from 2015
- Major increases:
  - \$343,000 – Debt service
  - \$330,684 – Capital Improvements
  - \$277,209 – Salaries and Wages
- Total of \$950,893 for these items alone
- All other appropriations **decreased by more than \$180,000**

# APPROPRIATIONS

## 3 YEAR HISTORY AND 2 YEAR PROJECTION

	<u>2013 Budget</u>	<u>2014 Budget</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Projected</u>
<b>Salaries and Wages</b>	\$ 5,342,425	\$ 5,258,055	\$ 5,076,310	\$ 5,366,624	\$ 5,473,956
<b>Other Expenses</b>	6,786,288	7,047,995	7,435,422	7,210,946	7,484,476
<b>Deferred Charges &amp; Statutory Expenditures</b>	1,150,953	1,171,804	1,139,100	1,170,000	1,175,000
<b>Debt Service &amp; Capital Improvements</b>	2,215,346	1,979,500	2,169,000	2,842,684	2,471,713
<b>Reserve for Uncollected Taxes</b>	<u>1,035,000</u>	<u>885,000</u>	<u>885,000</u>	<u>885,000</u>	<u>885,000</u>
 <b>Total General Appropriations</b>	 <u>\$16,530,012</u>	 <u>\$16,342,354</u>	 <u>\$16,704,832</u>	 <u>\$17,475,254</u>	 <u>\$17,490,145</u>

# CERTAIN COSTS AS % OF OVERALL 2016 BUDGET

<u>Budget Line Item</u>	<u>2016 Budget</u>	<u>% of Total Budget</u>
<b>Police – salaries and wages</b>	\$ 2,880,352	16.48%
<b>Municipal Debt Service</b>	1,912,000	10.94%
<b>Insurance – Group Plan for all employees</b>	1,493,581	8.55%
<b>Maintenance of Free Public Library – operating costs</b>	1,493,410	8.55%
<b>DPW – salaries and wages</b>	987,380	5.65%
<b>Pension Costs – all employees – PFRS and PERS obligation</b>	920,000	5.26%
<b>Reserve for Uncollected Taxes</b>	885,000	5.06%
<b>Solid Waste Collection/Disposal Costs</b>	703,800	4.03%

# SUMMARY OF REVENUES

<b>Revenues</b>	<b>2015</b>	<b>2016</b>
Surplus	875,000	1,413,207
Total Miscellaneous Revenues	3,978,248	3,898,989
Receipts from Delinquent Taxes	420,000	560,000
Local Tax for Municipal Purposes	11,431,584	11,603,058
<b>Total General Revenues</b>	<b>16,704,832</b>	<b>17,475,254</b>

# REVENUES - 3 YEAR HISTORY AND 2 YEAR PROJECTION

	<b>2013 Actual Realized</b>	<b>2014 Actual Realized</b>	<b>2015 Actual Realized</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Surplus Anticipated</b>	\$ 750,000	\$ 750,000	\$ 875,000	\$ 1,413,207	\$ 1,165,000
<b>Miscellaneous Revenues</b>					
Local Revenues	496,184	577,439	508,024	477,510	500,000
State Aid	1,781,701	1,781,701	1,781,701	1,781,701	1,781,701
Uniform Construction Code Fees	481,009	514,836	722,306	600,000	625,000
Public & Private Revenues	168,547	401,383	256,980	24,456	50,000
Other Special Items	1,385,128	1,086,877	1,047,679	1,015,322	973,325
<b>Subtotal Miscellaneous Revenues</b>	<b>4,312,569</b>	<b>4,362,236</b>	<b>4,316,690</b>	<b>3,898,989</b>	<b>3,930,026</b>
<b>Receipts from Delinquent Taxes</b>	<b>686,463</b>	<b>578,522</b>	<b>435,569</b>	<b>560,000</b>	<b>560,000</b>
<b>Local Tax for Municipal Purposes</b>	<b>11,585,851</b>	<b>11,911,420</b>	<b>12,075,255</b>	<b>11,603,058</b>	<b>11,835,119</b>
<b>Total General Revenues</b>	<b>\$17,334,883</b>	<b>\$ 17,602,178</b>	<b>\$ 17,702,514</b>	<b>\$ 17,475,254</b>	<b>\$ 17,490,145</b>

# BUDGET IMPACT

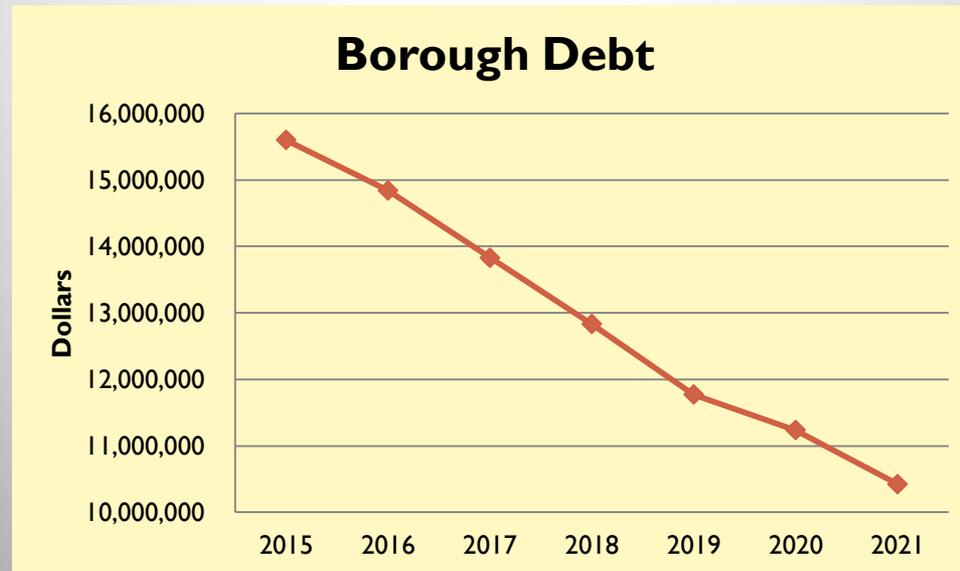
- Amount to be Raised by Taxation \$11,603,058
- Net Assessed Valuations \$4,120,057,000
- Municipal Tax Rate
  - \$0.282 per \$100 of assessed value
  - \$2.82 per \$1,000 of assessed value
  - \$0.005 per \$100 of assessed value increase from 2015
- **1.50%** increase in amount to be raised by taxation
- **1.58%** increase in amount of municipal taxes paid
- Impact on Average Home assessed at \$1,030,000
  - **\$45** increase from 2015
  - \$2,901 - 2016
  - \$2,856 - 2015
  - \$2,814 - 2014
  - \$2,775 - 2013
  - \$2,724 - 2012
  - \$2,669 – 2011
  - \$2,735 – 2010
- **6.07%** increase in 7 year period since 2010

# LEVY CAP CALCULATION

- State imposes 2% cap on increase in the amount to be raised by taxation from prior year
- Exclusions from cap
  - Includes allowable increases in debt service, pension, capital improvement fund, health benefits and value of new construction
  - With exclusions, 2016 budget is under cap by \$829,858
- Also permitted to “bank” amount that budgets from 3 prior years were under cap
  - Cap bank total from 2013-2015 - \$969,956
- Proposed 2016 budget is under 2% levy cap by **\$1,799,814**
- Actual increase in amount to be raised by taxation – **1.50%**

# REVIEW GOALS

- Decrease debt
  - Budget accelerates the process of reducing debt by:
    - Increasing the Capital Improvement Fund in the Operating Budget from \$600,000 in 2015 to \$930,684 in 2016
    - Paying down \$250,000 on Bond Anticipation Note
  - Capital Projects and Debt Service Analysis has been revised to reflect acceleration of reduction in debt
    - *Plan call for reduction to under \$10.4 million by 2021 (from high of \$16.7 mil in 2008)*



# REVIEW GOALS

- Stabilize use of surplus
  - Fund balance increased in 2015 to over \$3.7 million
  - Projections show surplus continuing to grow
  - This enables use of more surplus in the operating budget for the purpose of paying down debt and funding more capital expenditures
- Fund capital expenditures in operating budget
  - \$930,684 allocated in 2016 budget
    - *Increase from \$600,000 allocated in 2015 budget*
- Control expenses
  - Continue to reinforce message of fiscal responsibility in all departments