



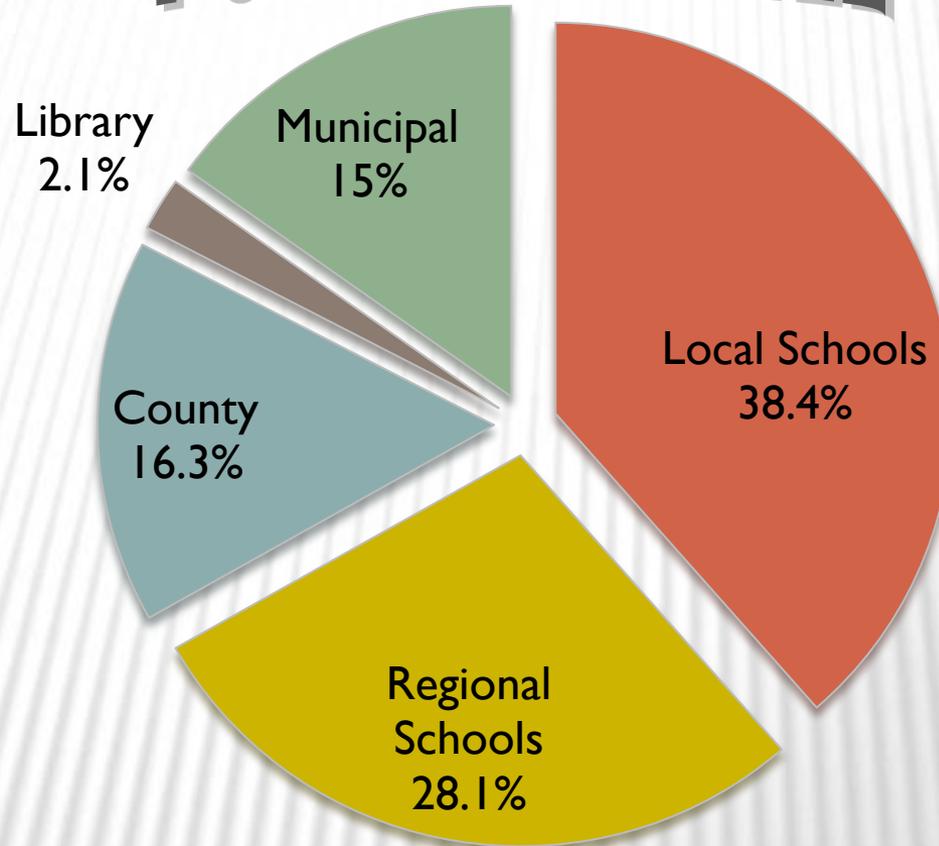
BOROUGH OF FRANKLIN LAKES
2018 MUNICIPAL BUDGET PRESENTATION

APRIL 3, 2018

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. **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 2017 tax bills)*

SECOND LOWEST MUNICIPAL TAX RATE

Lowest Municipal Tax Rates in Bergen County (2017)

<i>Rank</i>	<i>Municipality</i>	<i>Ratio of</i>		
		<i>Municipal Tax Rate</i>	<i>Assessed to True Value</i>	<i>Equalized Tax Rate</i>
1	Alpine	0.164	88.25	0.149
2	Franklin Lakes	0.246	94.18	0.232
3	Wyckoff	0.250	101.22	0.253
4	Upper Saddle River	0.343	80.23	0.275
5	Old Tappan	0.325	98.50	0.320

MUNICIPAL TAX RATES OF OTHER AREA TOWNS

County Rank	Municipality	Municipal Tax Rate	Ratio of Assessed to True Value	Equalized Tax Rate
2	Franklin Lakes	0.246	94.18	0.232
3	Wyckoff	0.250	101.22	0.253
4	Upper Saddle River	0.343	80.23	0.275
7	Saddle River	0.376	93.22	0.351
10	Mahwah	0.406	93.95	0.381
12	Ramsey	0.476	95.24	0.453
16	Ridgewood	0.566	87.48	0.495
18	Hohokus	0.564	88.14	0.497
21	Allendale	0.537	95.36	0.512
23	Waldwick	0.521	98.12	0.516
30	Glen Rock	0.586	91.85	0.538
31	Oakland	0.649	87.46	0.568
33	Midland Park	0.691	86.21	0.596

SUMMARY OF APPROPRIATIONS

Appropriations	Final 2017	2018
Operating Expenses: Salaries & Wages	5,253,187	5,430,910
Other Expenses	7,670,869	8,146,411
Deferred Charges & Other Appropriations <i>- includes pension (\$922,500) & social security payments (\$250,000)</i>	1,135,000	1,186,782
Capital Improvements	1,186,684	1,672,900
Debt Service – <i>bond & note principal & interest (includes \$2.1 million Green Acres payment)</i>	2,153,800	4,325,925
Reserve for Uncollected Taxes	905,000	905,000
Total General Appropriations	18,304,540	21,667,928

APPROPRIATIONS

- ✘ Total of \$21.67 million includes “non-discretionary” items:
 - \$4.33 million – Debt service (includes \$2.1 million from Green Acres & additional “discretionary” \$563,100 payment)
 - \$1.49 million – Medical insurance
 - \$1.48 million – Library
 - \$0.92 million – Pension contribution
 - \$0.91 million – Reserve for uncollected taxes
 - \$0.77 million – Garbage and recycling
- ✘ These items alone total \$9.9 million – nearly **46%**
- ✘ Salaries and Wages (\$5.43 million), the majority of which are subject to contractual obligations, account for over **25%**
- ✘ These fixed cost items account for nearly 71% of 2018 budget

INCREASED COSTS

- ✘ Net increase in appropriations of \$595,476 from 2017*

- * Excludes \$2.1 million from Green Acres, \$624,000 for SAFER grant and \$322,900 for contribution for roads

- ✘ Major increases*

- \$187,893 – Salaries and Wages
 - \$163,316 – Capital Improvements
 - \$119,950 – Buildings and Grounds
 - \$84,000 – Garbage Collection
 - \$72,125 – Debt Service

- ✘ Total of \$627,284 for these items alone

- ✘ All other appropriations **decreased by nearly \$32,000**

APPROPRIATIONS

3 YEAR HISTORY AND 2 YEAR PROJECTION

	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>2019 Projected</u>
Salaries and Wages	\$ 5,076,310	\$ 5,366,624	\$ 5,261,487	\$ 5,430,910	\$ 5,539,530
Other Expenses	7,435,422	7,210,946	7,385,581	8,146,411	8,309,340
Deferred Charges & Statutory Expenditures	1,139,100	1,170,000	1,133,000	1,186,782	1,210,000
Debt Service & Capital Improvements	2,169,000	2,842,684	3,340,484	5,998,825	2,652,100
Reserve for Uncollected Taxes	<u>885,000</u>	<u>885,000</u>	<u>905,000</u>	<u>905,000</u>	<u>905,000</u>
Total General Appropriations	<u>\$16,704,832</u>	<u>\$17,475,254</u>	<u>\$18,025,552</u>	<u>\$21,667,928</u>	<u>18,615,970</u>

CERTAIN COSTS AS % OF OVERALL 2018 BUDGET

<u>Budget Line Item</u>	<u>2018 Budget</u>	<u>% of Total Budget</u>
Municipal Debt Service *	\$4,325,925	19.96%
Police – salaries and wages	2,892,140	13.35%
Public Library – operating costs	1,478,070	6.82%
Insurance – Group Plan for all employees	1,435,800	6.63%
DPW – salaries and wages	978,175	4.51%
Pension Costs – all employees	922,500	4.26%
Reserve for Uncollected Taxes	905,000	4.18%
Solid Waste Collection/Disposal Costs	769,000	3.55%

** includes \$2.1 million for acquisition of property*

SUMMARY OF REVENUES

Revenues	2017	2018
Surplus	1,325,000	1,900,000
Total Miscellaneous Revenues	4,478,244	7,385,032
Receipts from Delinquent Taxes	725,000	495,000
Local Tax for Municipal Purposes	11,776,296	11,887,896
Total General Revenues	\$18,025,552	\$21,667,928

REVENUES - 3 YEAR HISTORY AND 2 YEAR PROJECTION

	2015 Actual Realized	2016 Actual Realized	2017 Actual Realized	2018 Budget	2019 Projected
Surplus Anticipated	\$ 875,000	\$ 1,413,207	\$ 1,325,000	\$ 1,900,000	\$ 1,200,000
Miscellaneous Revenues					
Local Revenues	508,024	477,510	775,479	826,800	830,000
State Aid	1,781,701	1,781,701	1,781,701	1,781,701	1,781,701
Uniform Construction Code Fees	722,306	519,500	710,369	700,000	700,000
Public & Private Revenues	256,980	326,897	343,514	658,876	50,000
Other Special Items	1,047,679	1,068,941	1,317,119	*3,417,665	1,303,619
Subtotal Miscellaneous Revenues	4,316,690	4,255,604	4,928,182	7,385,032	4,665,320
Receipts from Delinquent Taxes	435,569	560,000	726,816	495,000	625,000
Local Tax for Municipal Purposes	12,075,255	12,211,063	12,492,350	11,887,896	12,125,650
Total General Revenues	\$ 17,702,514	\$ 18,440,976	\$ 19,472,348	\$ 21,667,028	\$ 18,615,970

*includes \$2.1 million for acquisition of property

BUDGET IMPACT

- ✘ Amount to be Raised by Taxation \$11,887,896
- ✘ Net Assessed Valuations \$4,215,917,500
- ✘ Municipal Tax Rate
 - \$0.282 per \$100 of assessed value
 - \$2.82 per \$1,000 of assessed value
 - \$0 per \$100 of assessed value increase from 2017
- ✘ 0.9% increase in amount to be raised by taxation
- ✘ 0% increase in amount of municipal taxes paid
- ✘ Impact on Average Home assessed at \$1,030,000
 - \$0 increase from 2017
 - \$2,904 - 2018
 - \$2,904 - 2017
 - \$2,894 - 2016
 - \$2,856 - 2015
 - \$2,814 - 2014
- ✘ 3.2% increase in 5 year period since 2014

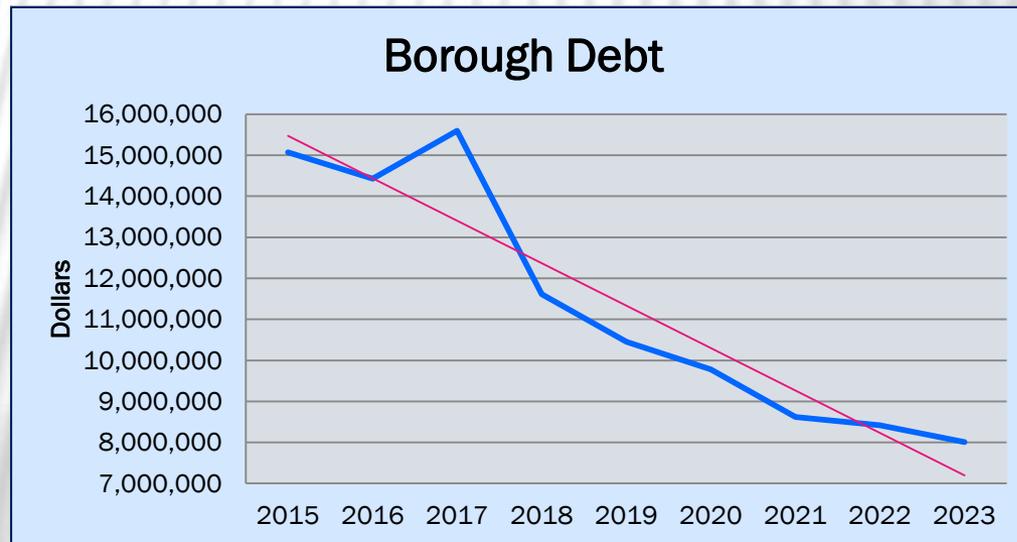
LEVY CAP CALCULATION

- ✘ 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, and value of new construction
 - With exclusions, 2018 budget is under cap by \$747,470
- ✘ Also permitted to “bank” amount that budgets from 3 prior years were under cap
 - Cap bank total from 2015-2017 - \$1,591,634
- ✘ Proposed 2018 budget is under 2% levy cap by **\$2,339,104**
- ✘ Actual increase in amount to be raised by taxation – **0.9%**

REVIEW GOALS

✘ Decrease debt

- Budget accelerates the process of reducing debt by:
 - ✘ Increasing the Capital Improvement Fund in the Operating Budget from \$1,186,684 in 2017 to \$1,350,000 in 2018
 - ✘ Paying down \$563,100 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 \$8 million by 2023 (from high of \$16.7 mil in 2008)*



REVIEW GOALS

✘ Stabilize use of surplus

- Mayor and Council amended Fund Balance policy to reflect policy and practice of maintaining fund balance of at least 20% of Total Budget
- Fund Balance at end of 2017 was \$4,380,315, or 23% of Total Budget
 - Using additional surplus in Operating Budget to bring surplus down consistent with policy

✘ Fund capital expenditures in operating budget

- \$1,350,000 allocated in 2018 budget
 - ✘ *Increase from \$1,186,684 in 2017 Budget and \$930,684 in 2016 Budget*
 - ✘ *Budget anticipates that all capital expenditures will be funded through the Operating Budget in 2018; therefore **no additional debt will be incurred***

✘ Control expenses

- Continue to reinforce message of fiscal responsibility in all departments

2018 Borough of Franklin Lakes Municipal Budget



Proposed Budget as Introduced - Public Hearing On April 3

BUDGET FACTS:

\$1.9 Mil
decrease in debt in 2018

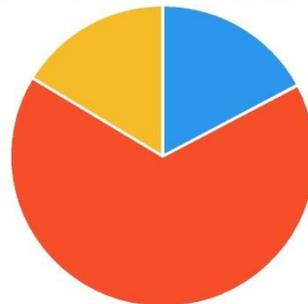


\$2 Mil

to be spent on Borough Roads
(incl \$1M in grants/contributions)

\$0

increase in municipal
taxes



● Municipal (includes Library) ● Schools ● County

15%

of tax bill is for municipal
services

\$2,904

taxes paid annually by average
resident for all municipal
services (same as last year)