



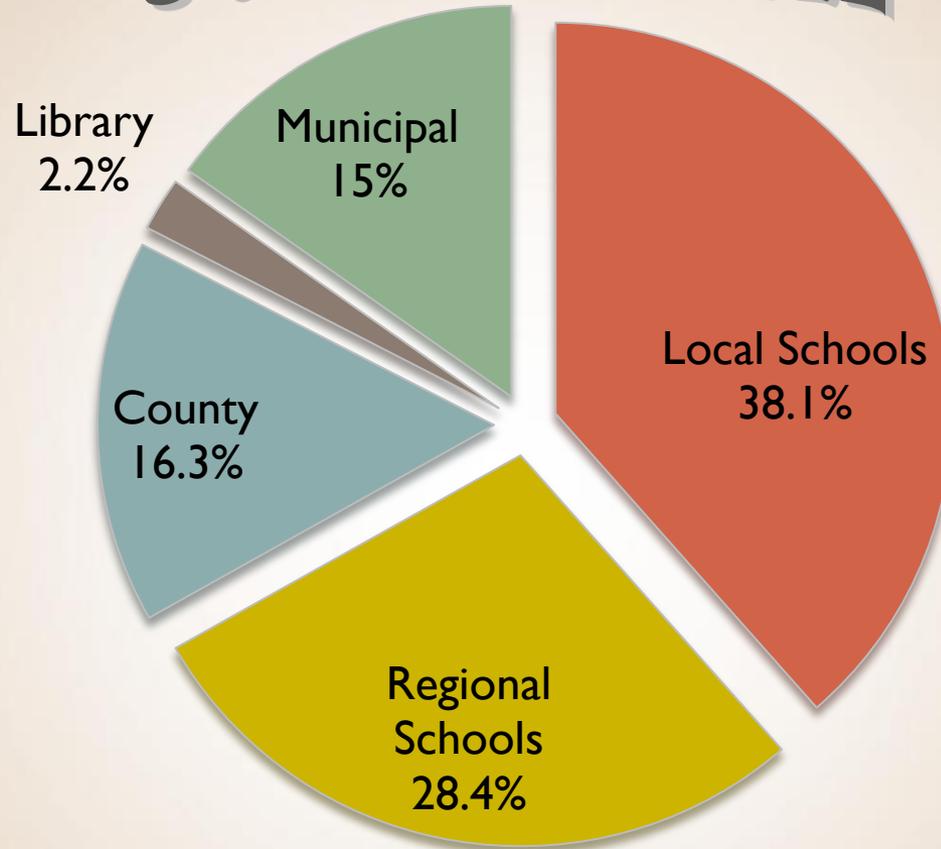
BOROUGH OF FRANKLIN LAKES
2017 MUNICIPAL BUDGET PRESENTATION

APRIL 4, 2017

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. Less than **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 2016 tax bills)*

SECOND LOWEST MUNICIPAL TAX RATE

Lowest Municipal Tax Rates in Bergen County (2016)

<i>Rank</i>	<i>Municipality</i>	<i>Municipal Tax Rate</i>	<i>Ratio of Assessed to True Value</i>	<i>Equalized Tax Rate</i>
1	Alpine	0.163	84.95	0.138
2	Franklin Lakes	0.281	92.01	0.259
3	Wyckoff	0.276	102.80	0.284
4	Upper Saddle River	0.374	80.54	0.301
5	Old Tappan	0.306	100.69	0.308

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	0.281	92.01	0.259
3	Wyckoff	0.276	102.80	0.284
4	Upper Saddle River	0.374	80.54	0.301
6	Saddle River	0.383	89.13	0.341
8	Mahwah	0.419	96.50	0.404
14	Ramsey	0.501	100.92	0.506
19	Ridgewood Village	0.587	90.32	0.530
20	Hohokus	0.606	88.38	0.536
23	Allendale	0.555	98.20	0.545
26	Waldwick	0.554	102.22	0.566
27	Glen Rock	0.616	92.08	0.567
30	Oakland	0.668	92.03	0.615
32	Midland Park	0.701	89.78	0.629

SUMMARY OF APPROPRIATIONS

Appropriations	2016	2017
Operating Expenses: Salaries & Wages	5,366,624	5,261,487
Other Expenses	7,210,946	7,385,581
Deferred Charges & Other Appropriations <i>- includes pension (\$893,000) & social security payments (\$240,000)</i>	1,170,000	1,133,000
Capital Improvements	930,684	1,186,684
Debt Service – <i>bond and note principal and interest</i>	1,912,000	2,153,800
Reserve for Uncollected Taxes	885,000	905,000
Total General Appropriations	17,475,254	18,025,552

APPROPRIATIONS

- Total of \$18.03 million includes “non-discretionary” items:
 - \$2.15 million – Debt service (includes “discretionary” additional \$505,000 payment)
 - \$1.59 million – Medical insurance
 - \$1.46 million – Library
 - \$0.91 million – Reserve for uncollected taxes
 - \$0.89 million – Pension contribution
 - \$0.70 million – Garbage and recycling
- These items alone total \$7.7 million – nearly **43%**
- Salaries and Wages (\$5.26 million), the majority of which are subject to contractual obligations, account for nearly over **29%**
- These fixed cost items account for nearly **72%** of 2017 budget

INCREASED COSTS

- Appropriations increased \$550,298 from 2016
- Major increases:
 - \$256,000 – Capital Improvements
 - \$241,800 – Debt service
 - \$126,919 – Employee Health Insurance
- Total of \$624,719 for these items alone
- All other appropriations **decreased by more than \$74,000**

APPROPRIATIONS

3 YEAR HISTORY AND 2 YEAR PROJECTION

	<u>2014 Budget</u>	<u>2015 Budget</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>2018 Projected</u>
Salaries and Wages	\$ 5,258,055	\$ 5,076,310	\$ 5,366,624	\$ 5,261,487	5,366,717
Other Expenses	7,047,995	7,435,422	7,210,946	7,385,581	7,533,293
Deferred Charges & Statutory Expenditures	1,171,804	1,139,100	1,170,000	1,133,000	1,140,000
Debt Service & Capital Improvements	1,979,500	2,169,000	2,842,684	3,340,484	3,346,813
Reserve for Uncollected Taxes	<u>885,000</u>	<u>885,000</u>	<u>885,000</u>	<u>905,000</u>	<u>910,000</u>
 Total General Appropriations	 <u>\$16,342,354</u>	 <u>\$16,704,832</u>	 <u>\$17,475,254</u>	 <u>\$18,025,552</u>	 <u>18,296,823</u>

CERTAIN COSTS AS % OF OVERALL 2017 BUDGET

<u>Budget Line Item</u>	<u>2017 Budget</u>	<u>% of Total Budget</u>
Police – salaries and wages	\$ 2,819,330	15.64%
Municipal Debt Service	2,153,800	11.95%
Insurance – Group Plan for all employees	1,590,600	8.82%
Maintenance of Free Public Library – operating costs	1,463,200	8.12%
DPW – salaries and wages	942,970	5.23%
Reserve for Uncollected Taxes	905,000	5.02%
Pension Costs – all employees – PFRS and PERS obligation	893,000	4.95%
Solid Waste Collection/Disposal Costs	695,000	3.86%

SUMMARY OF REVENUES

Revenues	2016	2017
Surplus	1,413,207	1,325,000
Total Miscellaneous Revenues	3,898,989	4,199,256
Receipts from Delinquent Taxes	560,000	725,000
Local Tax for Municipal Purposes	11,603,058	11,776,296
Total General Revenues	17,475,254	18,025,552

REVENUES - 3 YEAR HISTORY AND 2 YEAR PROJECTION

	2014 Actual Realized	2015 Actual Realized	2016 Actual Realized	2017 Budget	2018 Projected
Surplus Anticipated	\$ 750,000	\$ 875,000	\$ 1,413,207	\$ 1,325,000	1,325,000
Miscellaneous Revenues					
Local Revenues	577,439	508,024	477,510	540,550	550,000
State Aid	1,781,701	1,781,701	1,781,701	1,781,701	1,781,701
Uniform Construction Code Fees	514,836	722,306	519,500	515,000	520,000
Public & Private Revenues	401,383	256,980	326,897	64,526	50,000
Other Special Items	1,086,877	1,047,679	1,068,941	1,297,479	1,358,300
Subtotal Miscellaneous Revenues	4,362,236	4,316,690	4,255,604	4,199,256	4,260,001
Receipts from Delinquent Taxes	578,522	435,569	560,000	725,000	700,000
Local Tax for Municipal Purposes	11,911,420	12,075,255	12,211,063	11,776,296	12,011,822
Total General Revenues	\$ 17,602,178	\$ 17,702,514	\$ 18,440,976	\$ 18,025,552	18,296,823

BUDGET IMPACT

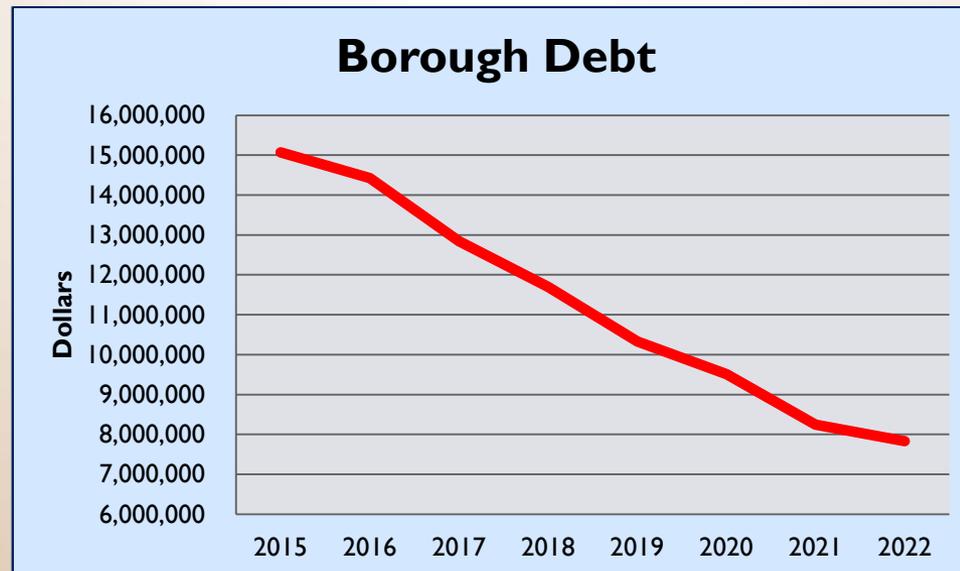
- Amount to be Raised by Taxation \$11,776,296
- Net Assessed Valuations \$4,176,138,000
- Municipal Tax Rate
 - \$0.282 per \$100 of assessed value
 - \$2.82 per \$1,000 of assessed value
 - \$0.004 per \$100 of assessed value increase from 2016
- **1.49%** increase in amount to be raised by taxation
- **0.35%** increase in amount of municipal taxes paid
- Impact on Average Home assessed at \$1,030,000
 - **\$10** increase from 2016
 - \$2,904 - 2017
 - \$2,894 - 2016
 - \$2,856 - 2015
 - \$2,814 - 2014
 - \$2,775 - 2013
 - \$2,724 – 2012
- **6.61%** increase in 6 year period since 2012

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, 2017 budget is under cap by \$373,451
- Also permitted to “bank” amount that budgets from 3 prior years were under cap
 - Cap bank total from 2014-2016 - \$1,263,241
- Proposed 2017 budget is under 2% levy cap by **\$1,636,692**
- Actual increase in amount to be raised by taxation – **1.49%**

REVIEW GOALS

- Decrease debt
 - Budget accelerates the process of reducing debt by:
 - Increasing the Capital Improvement Fund in the Operating Budget from \$930,684 in 2016 to \$1,186,684 in 2017
 - Paying down \$505,000 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 \$8 million by 2022 (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
 - Consistent with projections, Fund Balance at end of 2016 was \$3,643,000, or 21% of Total Budget
- Fund capital expenditures in operating budget
 - \$1,186,684 allocated in 2017 budget
 - *Increase from \$930,684 in 2016 Budget and \$600,000 in 2015 Budget*
 - *Budget anticipates that all capital expenditures will be funded through the Operating Budget in 2017; therefore **no additional debt will be incurred***
- Control expenses
 - Continue to reinforce message of fiscal responsibility in all departments