



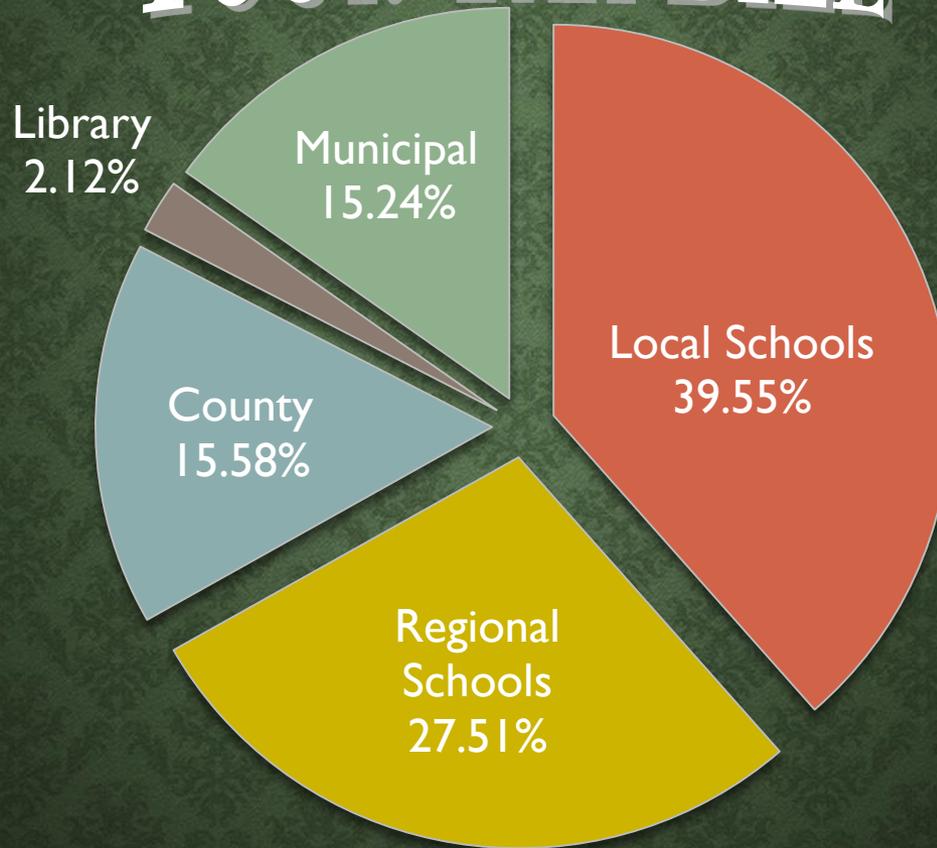
BOROUGH OF FRANKLIN LAKES
2020 MUNICIPAL BUDGET PRESENTATION

APRIL 21, 2020

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. **15.24%** 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 2019 tax bills)*

SECOND LOWEST MUNICIPAL TAX RATE

Lowest Municipal Tax Rates in Bergen County (2019)

<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	0.174	89.31	0.155
2	Franklin Lakes	0.250	95.15	0.238
3	Wyckoff	0.258	100.49	0.259
4	Rockleigh	0.332	89.08	0.296
5	Upper Saddle River	0.379	82.14	0.311

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	0.250	95.15	0.238
3	Wyckoff	0.258	100.49	0.259
5	Upper Saddle River	0.379	82.14	0.311
7	Saddle River	0.346	104.57	0.362
9	Mahwah	0.434	94.60	0.411
12	Ramsey	0.493	98.27	0.484
13	Ridgewood	0.576	85.63	0.493
15	Waldwick	0.521	96.13	0.501
22	Ho-Ho-Kus	0.583	88.71	0.517
23	Allendale	0.545	95.34	0.520
25	Glen Rock	0.597	89.61	0.535
31	Oakland	0.659	87.66	0.578
32	Midland Park	0.724	85.58	0.620

SUMMARY OF APPROPRIATIONS

Appropriations	Final 2019	2020
Operating Expenses: Salaries & Wages	5,686,957	5,996,366
Other Expenses	8,091,107	7,967,205
Deferred Charges & Other Appropriations <i>- includes pension (\$1,123,000) & social security payments (\$277,000)</i>	1,349,000	1,473,717
Capital Improvements	1,990,000	950,000
Debt Service – <i>bond & note principal & interest</i>	1,771,000	1,460,500
Reserve for Uncollected Taxes	905,000	905,000
Total General Appropriations	19,793,064	18,752,788

APPROPRIATIONS

- ✘ Total of \$18.75 million includes “non-discretionary” items:
 - \$1.71 million – Healthcare insurance
 - \$1.46 million – Debt service
 - \$1.45 million – Library
 - \$1.11 million – Pension contribution
 - \$0.91 million – Reserve for uncollected taxes
 - \$0.79 million – Garbage and recycling
- ✘ These items alone total \$7.43 million – nearly 40%
- ✘ Salaries and Wages (\$6.02 million), the majority of which are subject to contractual obligations, account for over 32%
- ✘ These fixed cost items account for nearly 72% of 2020 budget

INCREASED COSTS

- ▶ Net decrease in appropriations of \$712,461 from 2019
- ▶ Major increases
 - \$309,584 – Salaries and Wages
 - \$167,100 – Police Department – Other Expense
 - \$44,685 – Healthcare Insurance
 - \$33,000 – Pension
- ▶ Total of \$554,369 for these items alone
- ▶ All other appropriations decreased by nearly **\$1.3 million**

APPROPRIATIONS

3 YEAR HISTORY AND 2 YEAR PROJECTION

	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>2019 Budget</u>	<u>2020 Budget</u>	<u>2021 Projected</u>
Salaries and Wages	\$ 5,261,487	\$ 5,430,910	\$ 5,733,767	\$ 6,024,366	\$ 6,144,853
Other Expenses	7,385,581	8,146,411	7,750,308	7,939,205	8,097,989
Deferred Charges & Statutory Expenditures	1,133,000	1,186,782	1,348,000	1,473,717	1,415,000
Debt Service & Capital Improvements	3,340,484	5,998,825	3,761,000	241,0500	278,0000
Reserve for Uncollected Taxes	905,000	905,000	905,000	905,000	905,000
Total General Appropriations	<u>\$18,025,552</u>	<u>\$21,667,928</u>	<u>\$19,498,075</u>	<u>\$18,752,788</u>	<u>\$19,342,842</u>

CERTAIN COSTS AS % OF OVERALL 2020 BUDGET

<u>Budget Line Item</u>	<u>2020 Budget</u>	<u>% of Total Budget</u>
Police – salaries and wages	\$3,227,630	17.21%
Health Insurance	1,710,665	9.12%
Debt Service	1,460,500	7.79%
Library – operating costs	1,447,506	7.72%
Pension Costs – all employees	1,123,000	5.99%
Public Works – salaries and wages	1,116,350	5.96%
Capital Improvements	950,000	5.07%
Reserve for Uncollected Taxes	905,000	4.83%
Solid Waste Collection/Disposal Costs	790,000	4.21%

SUMMARY OF REVENUES

Revenues	2019	2020
Surplus	2,390,000	1,100,000
Total Miscellaneous Revenues	4,965,271	4,601,600
Receipts from Delinquent Taxes	340,000	546,480
Local Tax for Municipal Purposes	12,097,793	12,504,708
Total General Revenues	\$19,793,064	\$18,752,788

REVENUES - 3 YEAR HISTORY AND 2 YEAR PROJECTION

	2017 Actual Realized	2018 Actual Realized	2019 Actual Realized	2020 Budget	2021 Projected
Surplus Anticipated	\$ 1,325,000	\$ 2,109,000	\$ 2,390,000	\$ 1,100,000	\$ 1,200,000
Miscellaneous Revenues					
Local Revenues	775,479	894,973	1,253,466	1,252,820	1,250,000
State Aid	1,781,701	1,781,701	1,781,701	1,781,701	1,781,701
Uniform Construction Code Fees	710,369	883,342	886,982	886,000	880,000
Public & Private Revenues	343,514	900,800	346,220	18,405	18,000
Other Special Items	1,317,119	*3,417,665	656,977	662,674	908,339
Subtotal Miscellaneous Revenues	4,928,182	*7,960,430	4,925,346	4,601,600	4,838,040
Receipts from Delinquent Taxes	726,816	495,000	339,637	546,480	55,0000
Local Tax for Municipal Purposes	12,492,350	12,458,693	12,972,752	12,504,708	12,754,802
Total General Revenues	\$ 19,472,348	*\$ 23,024,919	\$ 20,627,735	\$ 18,752,788	\$ 19,342,842

*includes \$2.1 million for acquisition of property

BUDGET IMPACT

- Amount to be Raised by Taxation \$12,504,708
- Net Assessed Valuations \$4,297,626,000
- Municipal Tax Rate
 - \$0.291 per \$100 of assessed value
 - \$2.91 per \$1,000 of assessed value
 - **\$0.006 per \$100 of assessed value increase from 2019**
- **3.36%** increase in amount to be raised by taxation
- **2.11%** increase in amount of municipal taxes paid
- Impact on Average Home assessed at \$1,030,000
 - **\$2,997 - 2020**
 - \$2,935 - 2019
 - \$2,904 - 2018
 - \$2,904 - 2017
 - \$2,894 - 2016
 - \$2,856 - 2015
- **4.94%** increase in 6 year period since 2015
 - Average increase of 0.08% per year

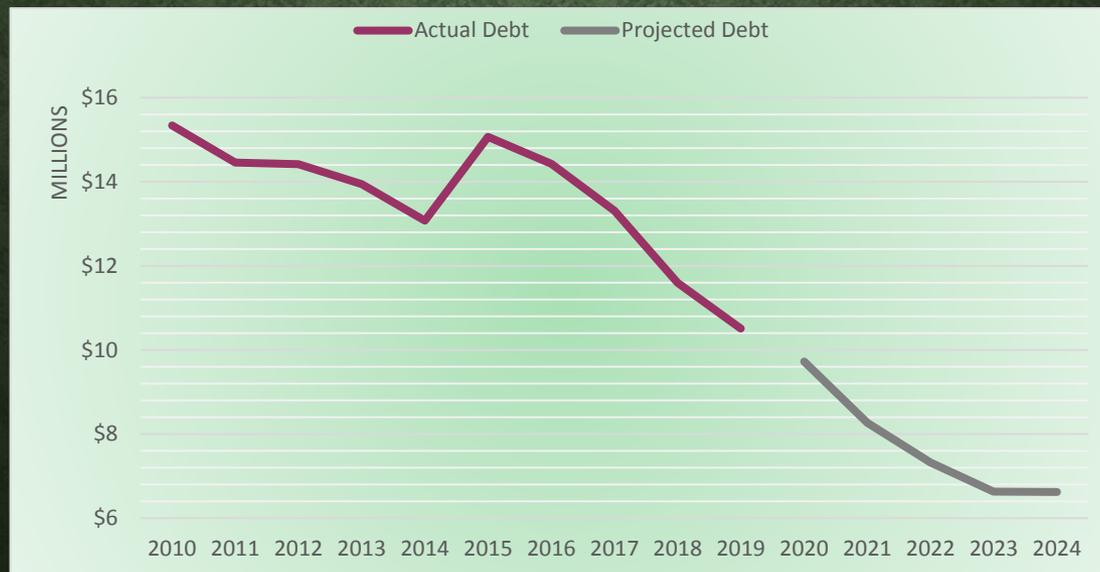
LEVY CAP CALCULATION

- ▶ 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, 2020 budget is over cap by \$3,192
- ▶ Also permitted to “bank” amount that budgets from 3 prior years were under cap
 - Cap bank total from 2017-2019 - \$1,960,486
- ▶ Proposed 2020 budget tax levy cap balance is **\$1,957,294**
- ▶ Actual increase in amount to be raised by taxation – **2.11%**

REVIEW GOALS

- **Decrease debt**

- Budget is consistent with Borough's Capital Projects and Debt Service Plan
 - Appropriates \$950,000 in the Capital Improvement Fund in the Operating Budget
- Capital Projects and Debt Service Analysis meets the budget objective of reducing Borough debt over time, including a reduction of nearly \$1 million in 2019.
 - *Plan call for reduction to \$6.6 million by 2024 (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 approximately 15 to 20% of the previous year's Operating Budget
- Fund Balance at end of 2019 was \$2,879,302, or 14.55% of Total Budget

✘ Fund capital expenditures in operating budget

- \$950,000 allocated in 2020 budget
 - ✘ *Budget anticipates that all capital expenditures may be funded through the Operating Budget in 2020*

✘ Control expenses

- Continue to reinforce message of fiscal responsibility in all departments



2020 Borough of Franklin Lakes

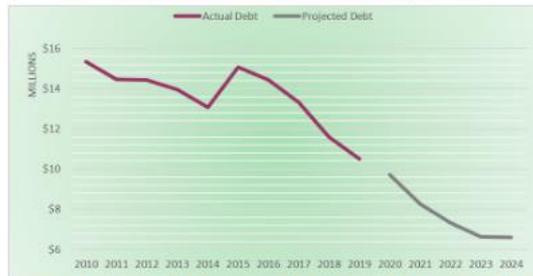
Municipal Budget

Proposed Budget as Introduced - Public Hearing On April 21

BUDGET FACTS:

\$5 Mil

decrease in debt in last 10 years



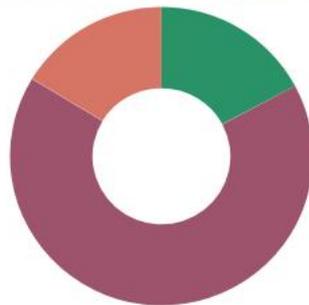
\$950,000

to be spent on
Capital Improvements



2.11%

increase in
municipal taxes



15%

of tax bill is for municipal
services

\$2,997

taxes paid annually by average
resident for all municipal
services (\$62 increase)

● Municipal (includes Library) ● Schools ● County