

Franklin Township

In Somerset County



OFFICE OF TOWNSHIP MANAGER

Municipal Building

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MEMORANDUM

TO: Mayor and Township Council
FROM: Robert G. Vornlocker, Jr., Township Manager
SUBJECT: Calendar Year 2020 Budget Message
DATE: March 10, 2020

Franklin Township has many positive things in development, including the

- building and anticipated open in September 2020 of the new Franklin Township Youth Center
- a continued focus and demonstrated success in bringing additional economic development to Franklin Township
- continued commitment to road, sidewalk and infrastructure repairs
- as well as significant improvements to several township parks.

However, these costs and the continued efficient operation of Township services require a careful balancing act between providing maximum quality services to the community, community capital and repair costs and maintaining taxes at a reasonable level.

Budget Summary

The proposed CY 2020 Budget is submitted with:

Total FTWP Current Fund Budget Appropriation: \$62,832,195.19; **\$900,857 (1.45%) above the 2019 budget appropriation** of \$61,931,338.

- Key budget increases include an increase in projected Debt Service Interest of approximately \$350,000 as we bond for the Youth Center and other capital improvements:

- Increase of \$250,000 in the Reserve for Tax Appeals due to Tax Court settlements of multi-year appeals going back as far as 2008.
- Increases in Salary & Wages of about \$800,000 due to new contracts
- \$200,000 increase in Reserve for Taxation, a state required mathematical calculation that provides a reserve as the tax base rises; however, if not needed the funds go back into the Township Fund Balance.
- However, these increases were offset by a \$550,000 decrease in negotiated employee and retirees' health insurance costs
- A net decrease in the total of all department annual operational expenses of \$86,000.
- During the past 7 years (since the CY 2014 Budget), efficiency efforts have resulted in the annual Utilities budget decreasing by \$716,000 (23.86%), including an additional reduction of \$40,000 in 2020. Many of the planned Capital initiatives are designed to increase the annual savings in utilities.

Based on these factors and anticipated increases in debt service expenses over the next few years, Council's has identified the need to increase the CY 2020 Municipal Tax levy \$614,888.79 (1.75%), bringing tax from 2019 @ \$35,136,502 to \$35,751,390.79.

- The Municipal Tax rate will actually decrease from .345 in 2019 to .338 (0.007), down 1.91%
- With the increased assessed valuations, the average home @ \$344,430 will see a municipal only tax of \$1,164.01, an increase of \$4.77 (0.41%)
- Municipal budget (w/o Library tax) went up 1.46% vs 1.55% in 2019.
- To prevent a higher tax increase, an additional \$291,760.66 was taken from anticipated surplus, taking it from \$7,271,686 for 2018 & 2019, to \$7,563,446.66 in 2020.

The CY 2020 Budget continues to demonstrate the Township's prioritization of improved efficiency and effectiveness, careful spending, and also working towards providing increased services, responsiveness and convenience for our constituents.

Assessed Valuations

Franklin Township's assessed valuations for 2020 have been set at \$10,578,834,429. This represents an increase of \$380,511,746 over the 2019 value of \$10,198,322,683, or 3.73 %. An increase in assessed values has a positive impact on the applicable tax rates. Taking the increase in rates at last year's municipal tax rate, this increase in value amounts to an increase of \$1,312,766 in taxation. As a result, in comparing tax rates using the budget as it stands at this point, there will be a \$614,888.79 increase in the dollar amount to be raised by municipal taxation, and the impact upon the municipal tax rate will be a decrease of **\$.007** (1.91%).