

Borough of Tenafly

Municipal Budget Overview

2016 Municipal Budget Presentation

Date of Budget Hearing:

Tuesday, April 19, 2016



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Budget Process FAQs

1. When does the fiscal year start and when does it end?

The Borough of Tenafly fiscal year begins January 1st and ends December 31st

2. How much is the average annual budget?

The Borough's average annual budget is approximately \$27-28 million per year.

3. Who is involved in the budget preparation process?

Budget preparation includes the efforts of the Borough Administrator, Chief Financial Officer, Department Heads, the Mayor and Council, the Municipal Auditor, Bond Counsel, and Tenafly Residents who attend public budget meetings and review the published budget information.

4. How Many Departments does Tenafly have and what are they?

Tenafly Borough has 12 operating departments: Administration, Borough Clerk, Buildings, Finance, Fire, Municipal Court, Police, Public Works, Recreation, Senior Citizens, and Volunteer Ambulance & Youth Services. The Tenafly Public Library is managed by an Executive Director, who reports to an autonomous Board of Library Trustees.

5. How do the Departments request their budgets?

All departments must make their initial budget requests through a detailed budget preparation process that includes the submission of information on all staff costs and line items for other expenses; including an itemized listing and justification for each item. Budget request packages are distributed to the Departments in October of each year.

6. What effort does Tenafly make to encourage public participation and knowledge about the annual budget?

The Borough conducts a series of open public meetings regarding the annual budget, which are publicized on the Borough website and in the local newspaper. We also post explanatory budget information for multiple years on the Borough's website for citizens to become better informed and to compare annual data as desired.

7. To whom is the budget submitted?

The municipal budget is submitted to the Division of Local Government Services within the NJ Department of Community Affairs located in Trenton, New Jersey after Introduction and Adoption.

8. Who audits the budget?

A professional accounting and auditing firm named Lerch, Vinci & Higgins, which was contracted through a public solicitation.

9. Who approves the budget?

The Borough Council, as the Governing Body acting on behalf of Tenafly, and the Division of Local Government Services on behalf of the State.

Budget Process FAQs

10. What budget format does the municipality use?

Tenafly uses a line-item budget document based on standardized state budget forms that are prepared in a Microsoft Excel format. The forms are prepared by the Division of Local Government Services and posted to their website for downloading and completion by the municipality.

11. What is the approach used to develop the budget?

Our budget methodology involves the formulation of a balanced budget in which the anticipated expenditures equal anticipated revenues. The Borough cannot operate in a deficit. The budget's development is based on sound financial planning and appropriating monies to cover the mandated and applicable discretionary costs allowed for in the state budget forms.

12. What criteria are used in determining how much funding is allocated to each department?

- We use the prior three year's budgets as a benchmark while taking into account other budget control factors such as:
- Analyzing itemized budgets for all departments to identify new savings opportunities;
- Managing attrition to control salary and wage costs;
- Placing strict internal controls to restrict personnel costs, discretionary spending, professional services, and overtime;
- Controlling the total number of full-time employees by using extra-duty assignments and part-time or temporary personnel where feasible;
- Examining new service delivery options for all departments;
- Exploring additional opportunities for shared services with neighboring communities;
- Negotiating with municipal unions for greater employee cost sharing provisions;
- Expanding the use of grant funds to off-set municipal costs; and
- Forecasting and planning for budget impacts beyond the current fiscal year.

13. What are the major budget revenue sources and their percentages?

- a. Property Taxes: 82%
- b. Local Revenues: 12%
- c. Surplus: 6%

Budget Process FAQs

14. What are some key budget expenditures and their percentages?

- a. Public Safety: 22%
- b. Public Works: 17%
- c. Debt Service: 10%
- d. Insurance 10%
- e. Pensions: 7%
- f. General Government: 8%
- g. Public Library: 5%

15. Does the Borough contract out services?

Tenafly contracts out many services, mostly to licensed professionals, e.g., Engineering, Legal, Auditing, Planning, Garbage Collection, Health Services, Animal Control, and Specialized Communication and Repair Services.

16. How does the municipality finance capital projects?

The City uses General Obligation Bonds and notes as the main sources of funding for capital projects.

17. What are the intergovernmental aspects involved with the budget?

All 565 of New Jersey's municipalities are under state management through the Division of Local Government Services under the New Jersey Department of Community Affairs. Our day-to-activities are so interdependent that the state sends municipalities information and instructions regarding budgets, procurement, accounting, grants, and other related activities on a daily basis. Municipalities also receive critical property valuation assessment information from their respective counties that is used to calculate the annual tax levy. Finally, the Borough of Tenafly is responsible for collecting the full amount of property taxes that are ultimately dispersed to Bergen County and the Tenafly Board of Education.

18. What are the components of the total tax levy and their approximate annual percentages?

- a. Tenafly Public Schools: 65%
- b. Tenafly Borough: 23%
- c. Bergen County: 11%
- d. Tenafly Library: 02%

2016 Budget Overview: Goals

- The 2016 introduced municipal budget approved by the governing body is scheduled for public hearing and adoption on Tuesday, April 19, 2016. The budget has been prepared based on the following goals:
- Maintain critical services at current levels;
- Seek operating efficiencies where possible and take advantage of opportunities to save money for the Borough's taxpayers;
- Reduce operating costs without diminishing services any more than necessary, and if possible, enhance municipal services to residents through improved coordination and technology;
- Pursue opportunities for shared services when possible; and
- Maintain a long-term view that assures stability of the municipal budget and tax rates over future years.

2016 BUDGET OVERVIEW: Tax Levy & Rate

The proposed tax levy for 2016, based on the introduced budget has increased by \$516,545 from \$22,432,837 in 2015 to \$22,949,382 which equates to 2.3% and is within the allowable levy increase permitted by the state based on the local tax levy cap law. As part of the tax levy cap calculation, the total tax levy is subject to adjustments due to exemptions. Exclusions include recycling tax, deferred charges and increases in health insurance costs, pension obligations, debt service, etc. This change in the levy includes a decrease in revenue of \$26,191 and an increase in appropriations of \$490,354.

The total 2016 property assessment valuation for the borough is \$3,920,745,000; an increase of \$38,325,653 over 2015. Based on the 2016 assessed valuation, the \$516,545 tax levy increase equates to a municipal tax rate of .585; an increase of .007 over 2015.

Description	2016	2015	% Change
Total Assessment Valuation	\$3,920,745,000	\$3,882,419,347	< 1%
Municipal Tax Rate	0.585	0.578	< 1%
Average Per Home (\$785,000)	\$4,592	\$4,537	1.2%

2016 BUDGET OVERVIEW: Finances

REVENUES

- **State aid** anticipated is \$1,119,801; the same as 2015.
- **Surplus** appropriated is \$1,750,000; an increase of \$82,000 as compare to 2015.
- **Grants** anticipated have decreased by \$14,221.
- **Fees & Miscellaneous Revenue:** a decrease of \$93,970 is anticipated from municipal sources including a \$165,000 reduction in receipts from delinquent taxes and \$23,970 in reserve for payment of debt service, offset in part by an increase of \$45,000 of UCC fees, \$20,000 in fees and permits, \$15,000 in interest on taxes and \$20,000 in fines and court costs.

APPROPRIATIONS

- **Total appropriations** of \$28,114,154 in 2016 compares to \$27,623,800 budgeted in 2015; an increase of \$490,354 or 1.7%.

2016 BUDGET OVERVIEW: Increases

- **Salaries, \$173,229:** or 1.6% primarily due to contractual step increments for eligible police and public works employees who have not reached the top step of their salary guide; a 2.25% contractual salary increase for all non-uniformed personnel; and a 6.0% estimated net increase in health insurance premiums, offset in part by personnel reductions due to retirement or vacancies in headcount.
- **PERS, \$22,448 and PFRS, \$153,984:** or 4.1% and 17.0%, respectively. The increase is a statutory mandate.
- **Library, \$55,224:** based on 1/3 mil of realized property valuation provided by the State.
- **Liability Insurance, \$30,247:** based on the JIF renewal rates.
- **BCUA Sewer Charge, \$48,655:** an increase of 3.1% over 2015.
- **Reserve for Uncollected Taxes, \$50,000:** CFO and Tax Collector recommendation to increase reserve.
- **Capital Improvements, \$45,000:** for the 5% down payment required to fund approved 2016 capital projects.
- **Deferred Charges, \$53,486:** due to unfunded Grants.

2016 BUDGET OVERVIEW: Decreases

- **Debt Service, \$101,467:** decrease due to pay down of debt and realized savings resulting from a Bond Refunding in 2015.
- **Reserve for Terminal Leave, \$150,000** reserve balance decreased 75% - amount sufficient to cover anticipated retirements in 2016.

2016 Budget Summary: Sources & Uses of Funds

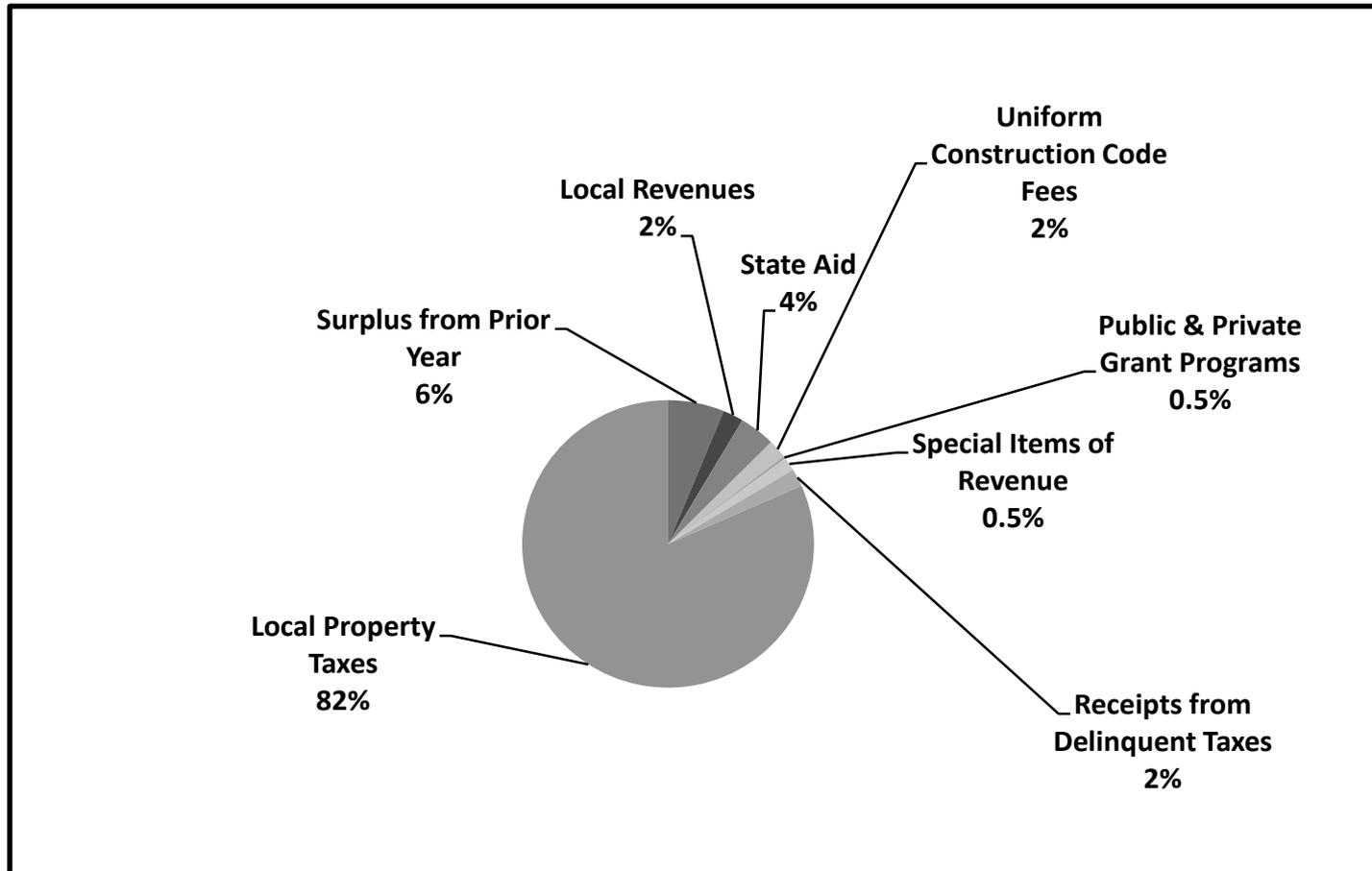
HOW IT'S GENERATED

Surplus from Prior Year	\$1,750,000
Local Revenues	\$641,000
State Aid	\$1,119,801
Uniform Construction Code Fees	\$595,000
Public & Private Grant Programs	\$65,039
Special Items of Revenue	\$433,932
Receipts from Delinquent Taxes	\$560,000
Local Property Taxes	\$22,949,382
TOTAL	\$28,114,154

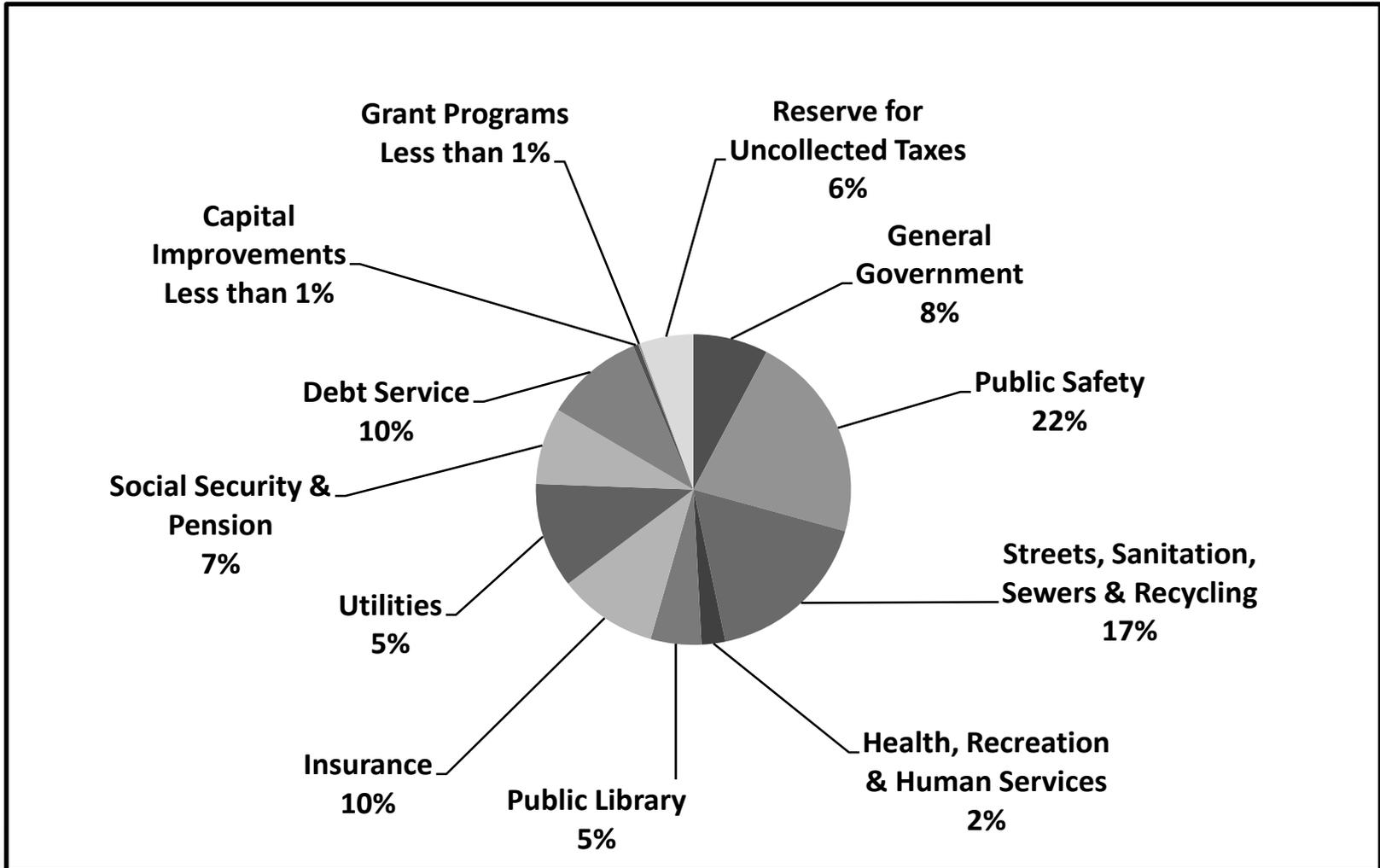
HOW IT'S ALLOCATED

General Government	\$2,158,747
Public Safety	\$6,084,176
Streets, Sanitation, Sewers & Parks	\$4,898,421
Health, Recreation & Human Services	\$684,145
Free Public Library	\$1,464,083
Municipal & Employee Insurance	\$2,882,232
Unclassified Expenses	\$3,078,327
Social Security & Retirement Programs	\$2,243,408
Municipal Debt Service	\$2,867,129
Capital Improvements & Major Equipme	\$150,000
Public & Private Grant Programs	\$53,486
Reserve for Uncollected Taxes	\$1,550,000
TOTAL	\$28,114,154

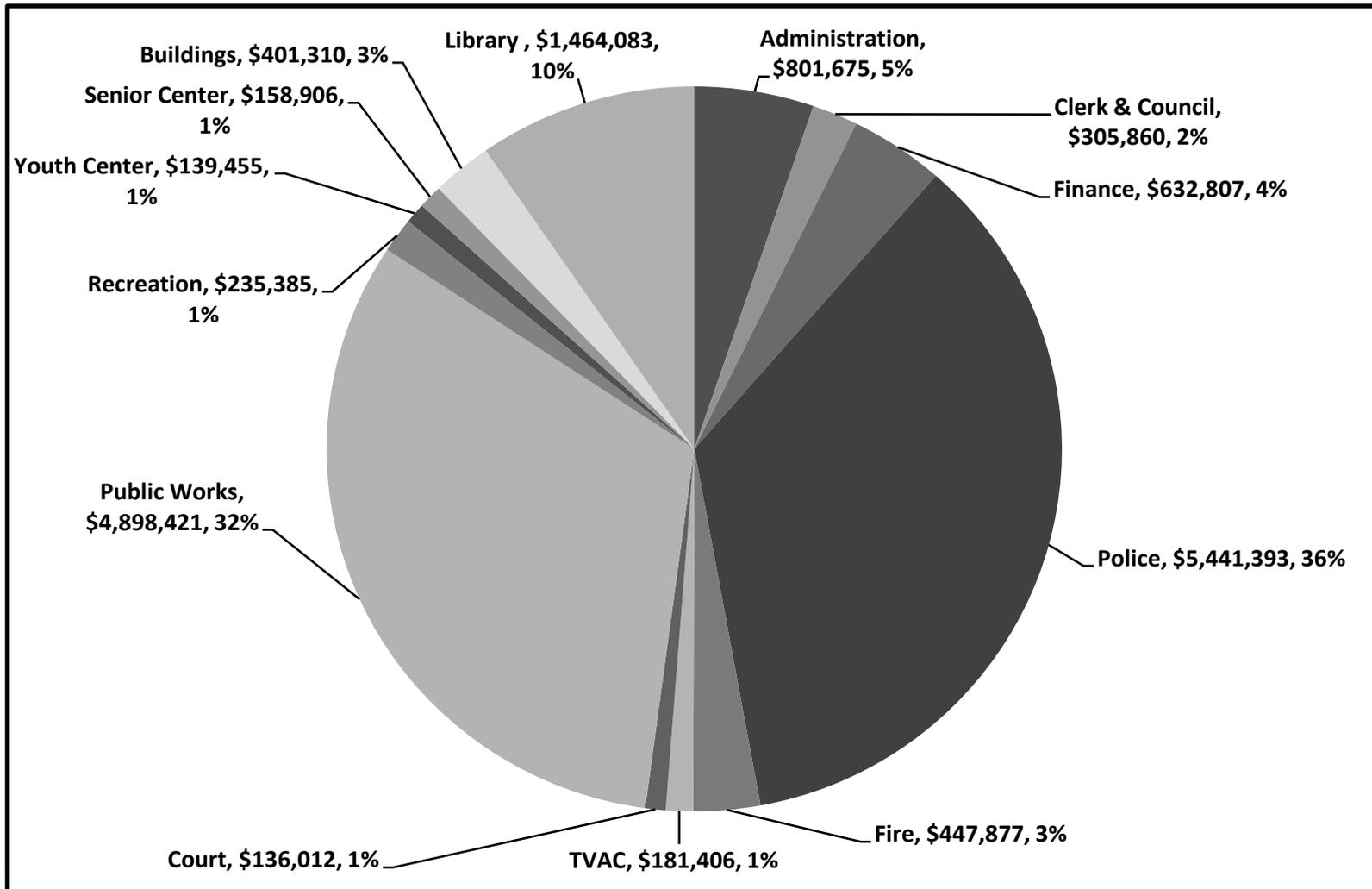
2016 Municipal Revenue Breakdown



2016 Municipal Budget Breakdown



Breakdown by Operating Department



2016 Salaries and Operating Expenses (Excluding Committees & Programs)

HISTORICAL OVERVIEW: Tax Rates 2013-2016

2016 Municipal Budget - Introduction			
TAXATION			
Municipal			
2016 Amount to be Raised by Taxation	\$ 22,949,382		
2015 Amount to be Raised by Taxation	\$ 22,432,837		
Increase	\$ 516,545		2.3%
2016 Municipal Tax Rate (per \$100)	0.585		
2015 Municipal Tax Rate (per \$100)	0.578		
Increase	0.007		0.5%
TAX IMPACT ON AVERAGE HOUSE			
	2016	2015	Increase
2016 Assessed @ \$785,000	\$ 4,592	\$ 4,537	\$ 55
2015 Assessed @ \$785,000			
ASSESSED VALUE			
2016 \$	3,920,745,000		
2015 \$	3,882,419,347		

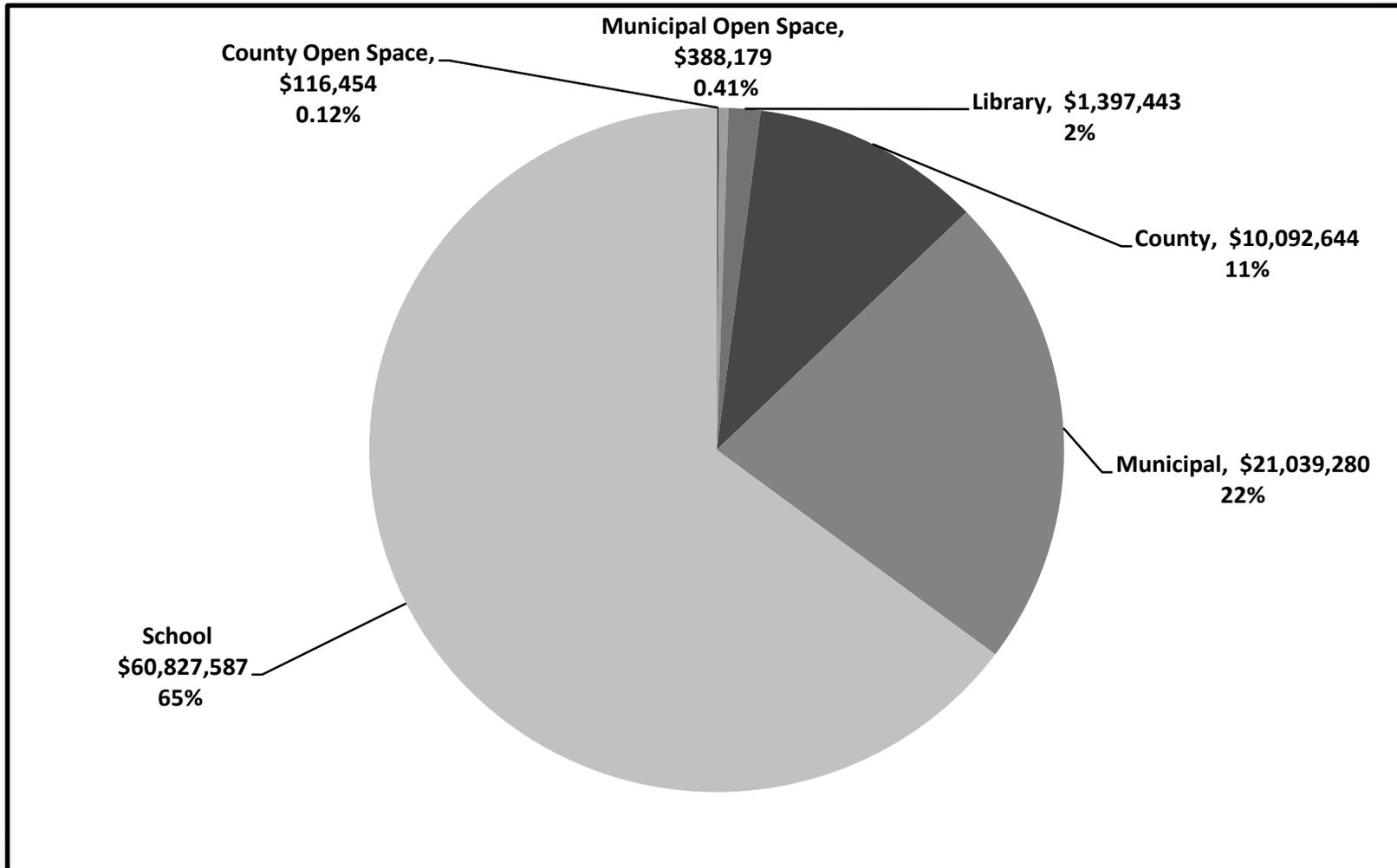
2015 Municipal Budget - Introduction			
TAXATION			
Municipal			
2015 Amount to be Raised by Taxation	\$ 22,432,837		
2014 Amount to be Raised by Taxation	\$ 22,240,338		
Increase	\$ 246,759		0.9%
2015 Municipal Tax Rate (per \$100)	0.578		
2014 Municipal Tax Rate (per \$100)	0.575		
Increase	0.003		0.5%
TAX IMPACT ON AVERAGE HOUSE			
	2014	2015	Increase
2015 Assessed @ \$785,000	\$ 4,514	\$ 4,536	\$ 22
2014 Assessed @ \$785,000			
ASSESSED VALUE			
2015 \$	3,863,598,020		
2014 \$	3,851,764,158		

2013 Municipal Budget - Introduction			
TAXATION			
Municipal			
2013 Amount to be Raised by Taxation	\$ 21,993,579		
2012 Amount to be Raised by Taxation	\$ 21,686,302		
Increase	\$ 307,277		1.4%
2013 Municipal Tax Rate (per \$100)	0.571		
2012 Municipal Tax Rate (per \$100)	0.564		
Increase	0.007		1.2%
TAX IMPACT ON AVERAGE HOUSE			
	2012	2013	Increase
2013 Assessed @ \$785,000	\$ 4,427	\$ 4,484	\$ 57
2012 Assessed @ \$785,000			
ASSESSED VALUE			
2013 \$	3,850,491,900		
2012 \$	3,838,392,985		

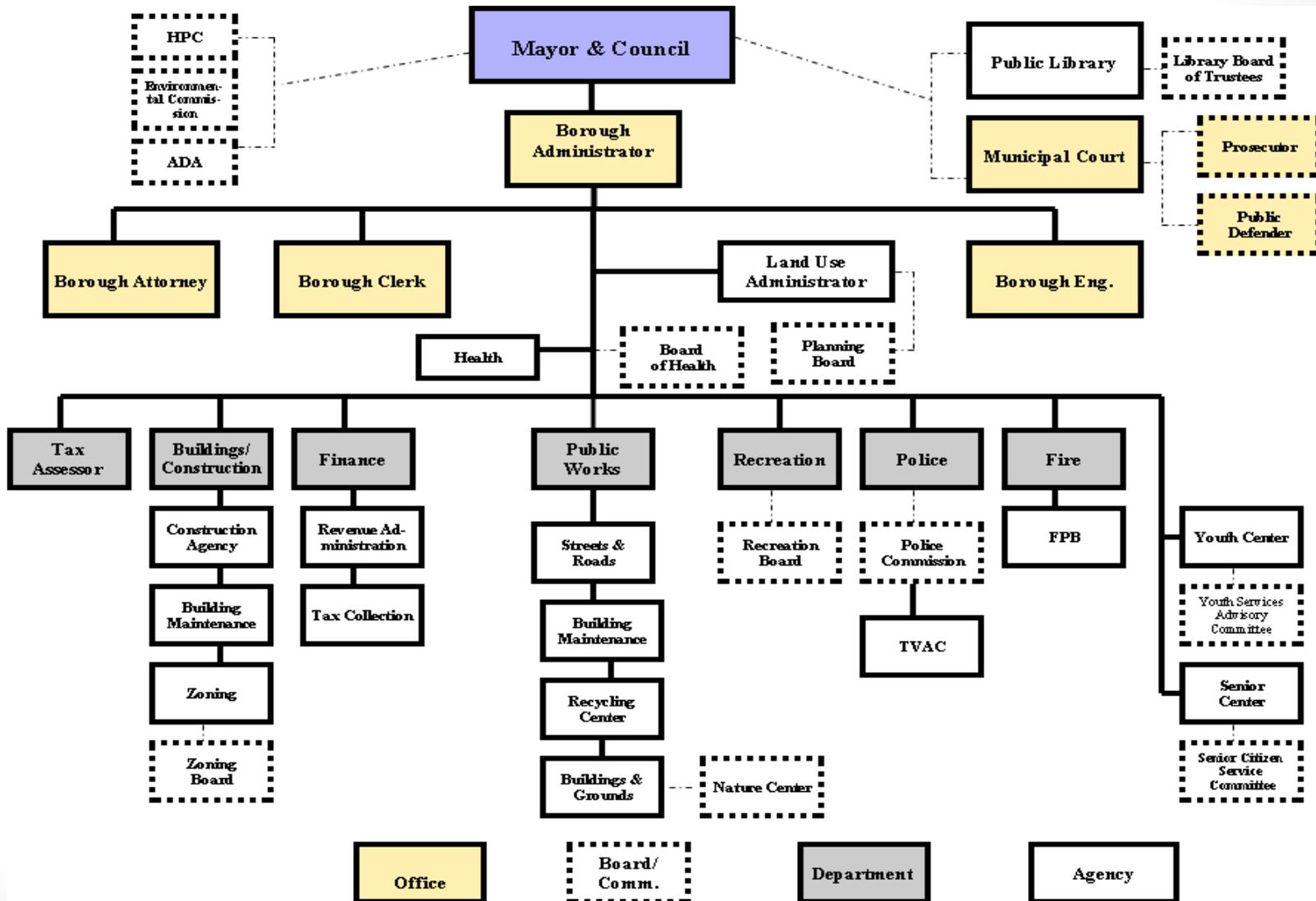
2014 Municipal Budget - Introduction			
TAXATION			
Municipal			
2014 Amount to be Raised by Taxation	\$ 22,240,338		
2013 Amount to be Raised by Taxation	\$ 21,993,579		
Increase	\$ 246,759		1.1%
2014 Municipal Tax Rate (per \$100)	0.575		
2013 Municipal Tax Rate (per \$100)	0.571		
Increase	0.004		0.9%
TAX IMPACT ON AVERAGE HOUSE			
	2013	2014	Increase
2011 Assessed @ \$804,028	\$ 4,482	\$ 4,514	\$ 32
2010 Assessed @ \$801,502			
ASSESSED VALUE			
2014 \$	3,863,598,020		
2013 \$	3,851,764,158		

HISTORICAL OVERVIEW: 2015 Total Tax Levy

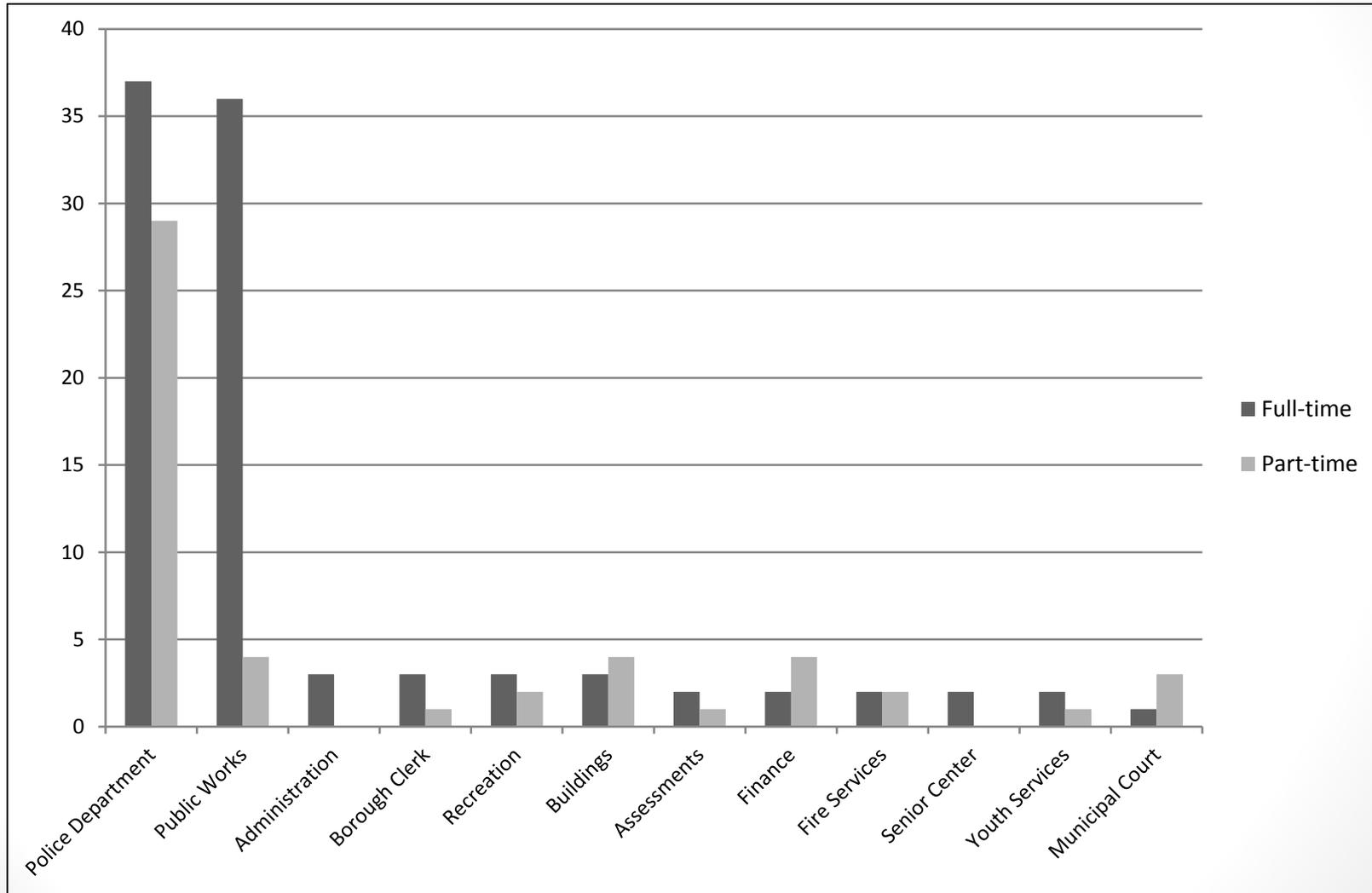
Sample Tax Year for Illustrative Purposes Only



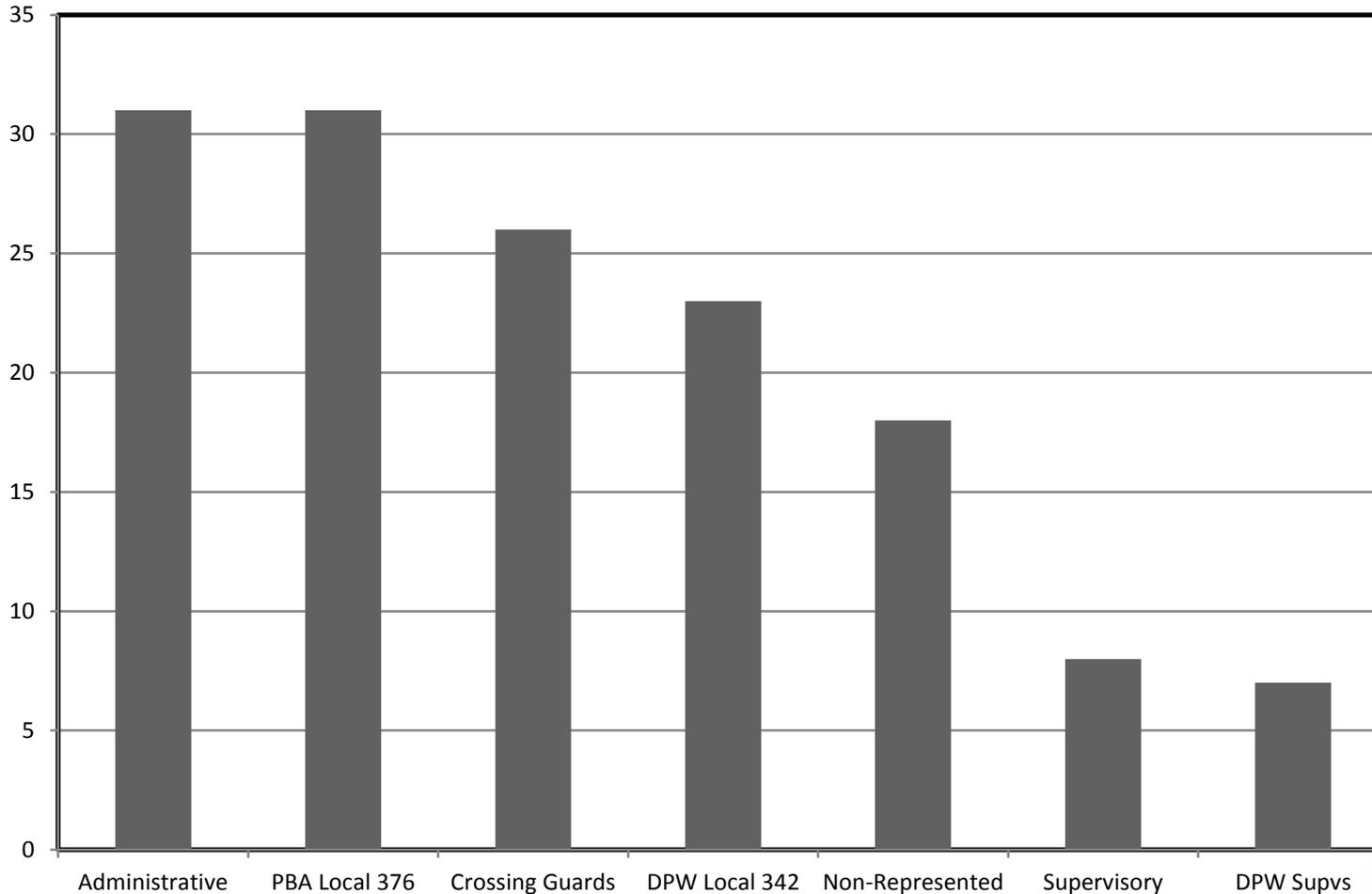
TENAFLY ORGANIZATIONAL CHART



Employees by Department: 144 Total



Employees by Bargaining Unit: 144



Index of Departments by Function

Department	Description	Department	Description
Administration	General Administration	Library	Library Electricity
Administration	Legal Services	Mayor & Council	Borough Government
Administration	Engineering Services	Municipal Clerk	Statutory Clerk Activities
Administration	Historic Preservation	Municipal Clerk	Elections
Administration	Planning Board	Municipal Clerk	Liability Insurance
Administration	Public Health	Municipal Clerk	Surety Bonds
Administration	Animal Control	Municipal Clerk	Volunteer Firemen Insurance
Administration	Mental Health	Municipal Clerk	Insurance Deductible
Administration	Leases	Municipal Clerk	Workers Compensation
Administration	Welcome Committee	Municipal Clerk	Employee Health Insurance
Administration	Telephone	Municipal Clerk	Pet Licensing
Administration	Judgments	Municipal Clerk	Postage
Buildings	Zoning BOA	Municipal Clerk	Photo Copy
Buildings	Code Enforcement	Municipal Court	Municipal Prosecutor
Buildings	Uniform Construction Code	Municipal Court	Municipal Court
Buildings	ADA	Municipal Court	Public Defender
Finance	Emergency Appropriations	Police	Police
Finance	Financial Administration	Police	Emergency Response Team
Finance	Audit Services	Police	Office of Emergency Mgt.
Finance	Revenue Administration	Police	Over the Limit
Finance	Unemployment Insurance	Police	Click it or Ticket
Finance	Prior Years Bills	Police	Body Armor
Finance	Payroll Reserve	Public Works	Streets & Road Maintenance

Index of Departments by Function

Department	Description	Department	Description
Finance	Payroll Adjustment	Public Works	Recycling Center
Finance	Sewerage Disposal	Public Works	Solid Waste Collection
Finance	Contingent	Public Works	Buildings and Grounds
Finance	Social Security	Public Works	Environmental Commission
Finance	PERS	Public Works	Library Building Maintenance
Finance	PFRS	Public Works	Celebration of Public Events
Finance	DCRP	Public Works	Electricity
Finance	LOSAP	Public Works	Street Lighting
Finance	Emergency Appropriations	Public Works	Natural Gas
Finance	Reserve for Uncollected Taxes	Public Works	Gasoline
Finance	Bond Principal	Public Works	Disposal Fees
Finance	Payment of Notes	Public Works	Recycling Tonnage
Finance	Interest on Bonds	Public Works	Clean Communities
Finance	Note Interest	Recreation	Recreation
Finance	Green Acres Loan	Senior Citizens	Senior Center
Fire	Fire Department	Tax Assessor	Property Tax Assessment
Fire Prevention	Fire Prevention	TVAC	Ambulance Service
Library	Public Library	Youth Center	Teen Recreation & Camp
Library	Library Building Maintenance		