



BOROUGH OF MOUNTAIN LAKES

LISTED IN NATIONAL AND STATE REGISTERS OF HISTORIC PLACES

2016 Adopted Municipal Budget

May 2016

**Mayor
Deputy Mayor
Councilmembers**

**Peter Holmberg
Francis Borin
William Albergo
William Barrett
Daniel Happer
John Lester
G. Douglas McWilliams**

Borough Manager

Richard J. Sheola

Chief Financial Officer

Bernard Re

Borough Clerk

Valerie Egan

**Borough of Mountain Lakes
2016 Municipal Funding Proposal**

The 2016 Municipal Budget for the Borough of Mountain Lakes as proposed is \$8,926,898 and *decreases* appropriations by \$13,985 or -0.16% compared to 2015. Despite our best efforts, our tax rate will increase by 2.0 points over 2015 for a total rate of \$0.5136 per hundred dollars of assessed value.

On the revenue side, total non-tax revenue is \$286,315 lower than 2015. However, we have managed to keep the tax increase low by reducing expenditures where we can and where the reductions would not affect the health, safety or welfare of our residents. The increase in taxes is directly attributable to several items:

Police & Fire Pension	\$ 38,682	based on salaries
Legal Costs	25,000	anticipated litigation
Reserve for Tax Appeals	10,000	in anticipation of losses
Liability Insurance	21,460	experience rating
Workers Compensation	14,500	experience & salary increases
Capital Improvement Fund	75,945	down payment on beach renovation

In addition, the loss of one time revenues and offsetting expenses contributed to the increase.

The chart below depicts the taxes on a typical house in the Borough for 2016.

<i>Cost to Average Residence</i>	<i>2016</i>	<i>2015</i>
Typical Assessment	\$800,000	\$800,000
times Local Tax Rate (per \$100)	\$0.5136	\$0.4930
Annual Cost to Average Residence	\$4,109	\$3,944
Increase/(Decrease) in Average Cost	\$165 per year	

The proposed budget maintains all services and is at the Tax Levy CAP. The use of Surplus as a revenue to support operations is at a level estimated to be reasonable in future budgets; this past year, the Borough was able to partially regenerate the Surplus used in the 2015 Budget. This is becoming more difficult by the year as there are fewer and fewer discretionary revenues that would generate the needed funds. Taxes on the average house represent an increase of \$165 per year or about \$14 per month.

Local Revenues

Revenues from local, non-tax, sources available for the support of the general budget operations decreased from \$3,080,957 to \$2,794,644 or a difference of \$286,315 – a 9.29% decrease. Due to accounting Interfunds, our Surplus decreased from \$1.5 million to \$741,000. However, we are anticipating \$659,000 in receivables to compensate for this reduction. In essence we are using \$1.4 million in reserve cash to fund the budget; this was done to strengthen our financial position. In addition, at the end of 2015 we did experience an increase in the amount of delinquent taxes due by more than \$100,000, thus offsetting some of the lost revenue.

State Payments

In 2016, payments from the State of New Jersey are projected to remain the same amount of revenue. Our state funding has not changed in many years.

Mandated Pension Payments

Much has been written and discussed about the state of the New Jersey Public Employee Pension system and the corresponding Police & Fire pension system. What is not being said is the portion that covers municipalities and counties is relatively healthy in comparison to the similar program that covers state employees. Our invoice for 2016 Public Employees' pension is \$280 less than 2015 while the Police & Fire bill is \$28,682 (or 9.2%) higher. These costs are completely beyond the control of the Borough.

Budget CAPS

We still are living with the 0% CAP on spending *and* a 2% CAP on taxes, expandable up to 3.5%. The proposed budget is compliant for both CAP's

Because certain legal obligations and mandated expenditures are excluded from the tax levy CAP, the permitted increase in the proposed tax levy may actually exceed the statutory limitation. However, the Borough Council has remained steadfast in their commitment to keep the actual increase in taxes at a reasonable level while maintaining the level of services and addressing capital needs of the various departments.

Significant Increases and Decreases

In general, the appropriations by category proposed for 2016 compared with 2015 amounts reflect inflationary increases in the costs of providing services, including salaries and other expenses. There have been minor adjustments to a few accounts to better reflect representation of costs associated with those operations. Those categories of expenditures that exhibit significant percentage increases or decreases or are major expenditures, are explained below.

Salaries & Wages – All Departments

By evaluating each vacancy and the operations of each department, our salary costs are projected to be relatively stable. This includes contractual increases for the Police Department under a Collective Bargaining Agreement (signed in early 2014) and the Administrative and Public Works employees who normally receive a similar adjustment. We were able establish the new position of Property Maintenance Officer within the Administrative offices. This position is tasked with ensuring the compliance with relevant property maintenance codes including but not limited to lawn signs, visual obstructions within sight triangles and unkempt property.

Group Insurance:

All employees have been contributing towards their Health Benefits for several years. For 2016, we anticipate our employees will contribute over \$125,000 towards their health care premiums.. We are very limited by contractual arrangements in our options to look elsewhere for similar coverage. In addition, we are a very small group with less than the breakeven of 50 covered employees and not attractive to the primary carriers. We are still seeking viable alternatives to this necessary expense.

Debt Management

Due to good planning and prudent fiscal management, the Borough reduced its debt burden by over \$130,000 from 2015 to 2016 by paying down short term debt. Coupled with historically low interest rates, we continue to reduce our carrying charges. Good debt management and capital planning will avoid the “peaks and valleys” in debt payments. The Borough will be confronting a number of major projects in the coming years and is in the process of evaluating alternative funding mechanisms such as allocating part of the beach, boat rings and rack tag revenue toward the future debt to lessen the burden of property taxes to fund them. The budget has been prepared with the objectives of providing quality services at an affordable price while enhancing fiscal stability.

Budget Highlights

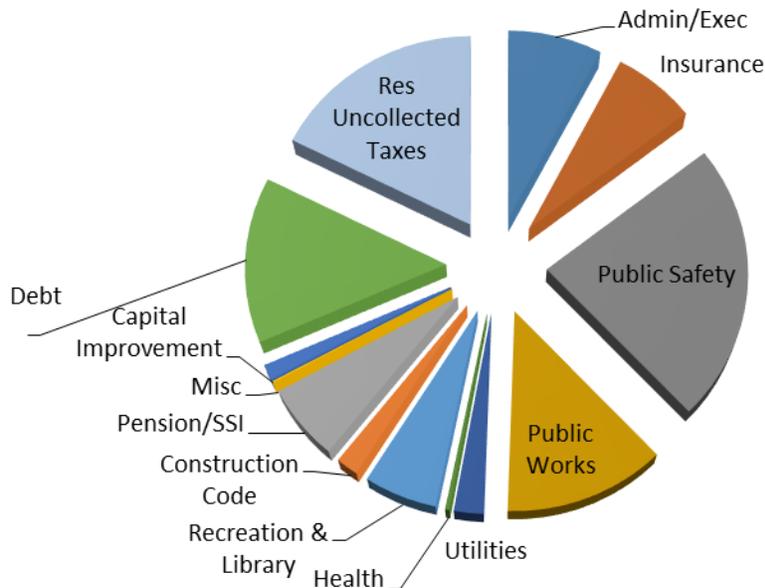
Cost containment and revenue enhancement are continual objectives. Significant actions that will affect property taxes in 2016 and future years are:

- We have developed the budgets so they in line with the current budgetary CAPS and still maintain a “banks” for future years.
- Management is evaluating the current staffing model in all departments to determine the “right size”.
- We have evaluated and restructured expenses where necessary to provide better accounting and true costs associated with each department.
- Shared services have been renewed with the Township of Denville for Municipal Court services at a reduction to Mountain Lakes. Other shared services are being evaluated with an eye toward increasing efficiencies and/or cost savings.
- Salaries are being reviewed to make certain they are in line with market.
- A long-term plan is in place for the first time in many years to address our capital needs. This plan focuses on road paving/maintenance, facility planning/renovations and equipment replacements.
- All requests for training and overnight conference requests are being reviewed to determine if courses align with any certifications or licenses needed for the employees’ position.
- At the end of 2015, approximately \$349,000 of the 2014 budget that remained un-spent. Of that amount, over \$190,000 “lapsed” to Fund Balance for use in the 2016 Budget.
- We are always looking for “best practices” in our respective fields. Even though we are somewhat constrained in our creativity, there is always room for some originality.
- Capital Improvement Fund has increased by the amount needed as the down payment on the proposed borrowing for the Beach Renovation project.
- Only recurring revenues have been used to fund operating expenses.

**BOROUGH OF MOUNTAIN LAKES
2016 MUNICIPAL FUNDING PROPOSAL
SUMMARY OF REVENUES AND APPROPRIATIONS
CURRENT FUND**

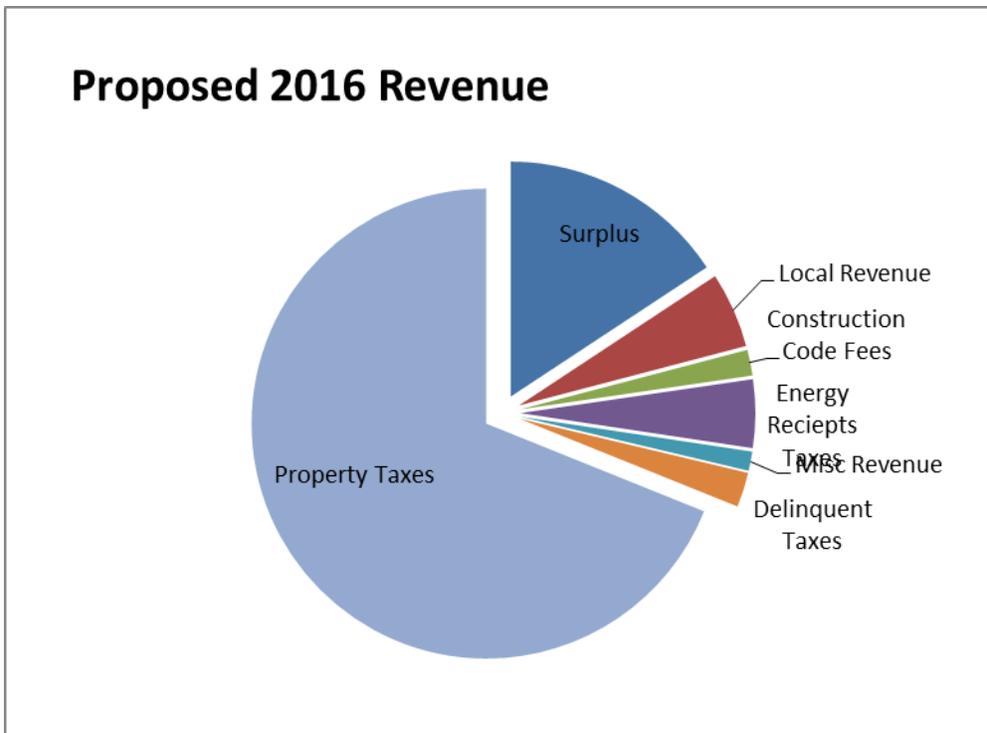
	2016	2015	Percent Change
Admin/Exec	\$ 689,308	\$ 681,200	1.19%
Insurance	\$ 612,196	\$ 577,000	6.10%
Public Safety	\$ 2,065,997	\$ 2,002,902	3.15%
Public Works	\$ 1,133,175	\$ 1,137,200	-0.35%
Utilities	\$ 207,000	\$ 267,500	-22.62%
Health	\$ 30,400	\$ 30,000	1.33%
Recreation & Library	\$ 513,971	\$ 509,690	0.84%
Construction Code	\$ 157,730	\$ 114,000	38.36%
Pension/SSI	\$ 558,553	\$ 526,886	6.01%
Misc	\$ 12,617	\$ 10,366	21.72%
Capital Improvement	\$ 113,445	\$ 37,500	202.52%
Debt	\$ 1,231,825	\$ 1,480,212	-16.78%
Res Uncollected Taxes	\$ 1,600,681	\$ 1,566,428	2.19%
	\$ 8,926,898	\$ 8,940,884	-0.16%

Proposed 2016 Appropriations



**BOROUGH OF MOUNTAIN LAKES
2016 MUNICIPAL FUNDING PROPOSAL
SOURCES OF REVENUES
CURRENT FUND**

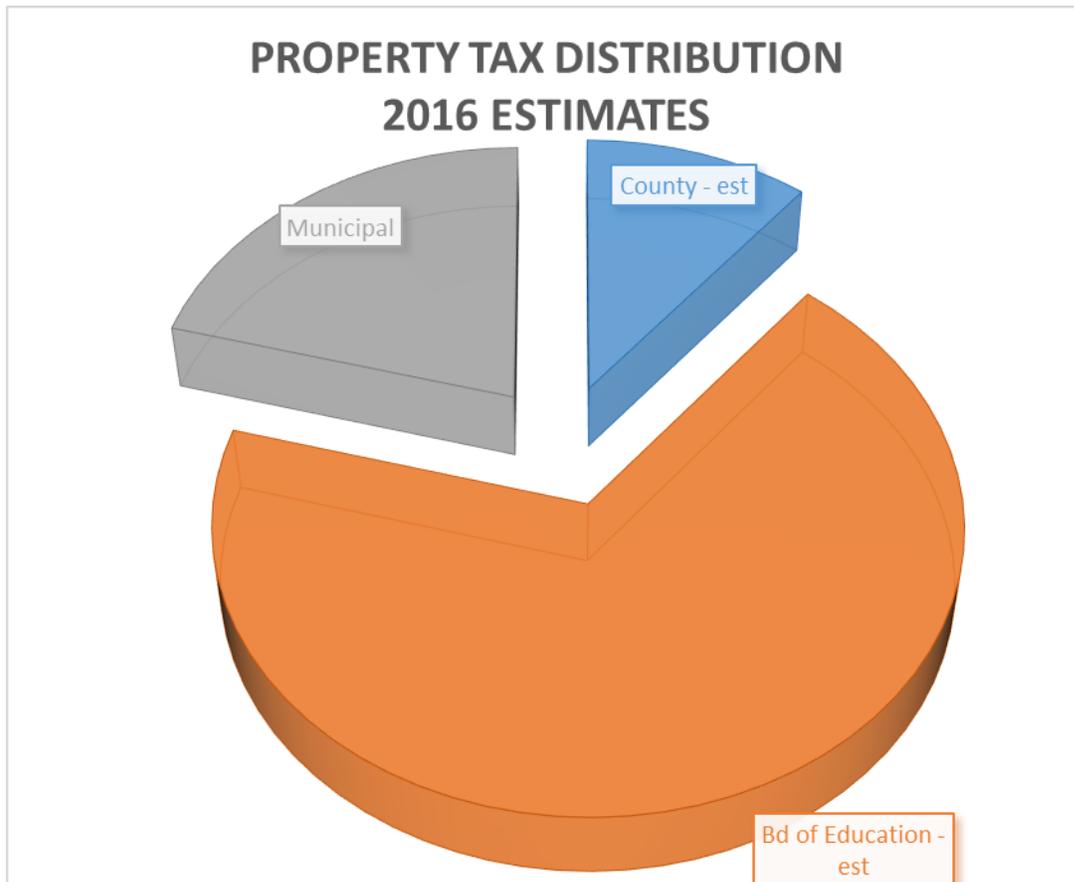
	2016	2015	Percent Change
Surplus	\$ 741,000	\$ 1,500,000	-50.60%
Local Revenue	\$ 495,247	\$ 450,300	9.98%
Construction Code Fees	\$ 151,914	\$ 160,000	-5.05%
Energy Receipts Taxes	\$ 417,293	\$ 417,293	0.00%
Misc Revenue	\$ 776,691	\$ 444,366	74.79%
Delinquent Taxes	\$ 212,500	\$ 109,000	94.95%
Property Taxes	\$ 6,132,253	\$ 5,859,925	4.65%
	\$ 8,926,898	\$ 8,940,884	-0.16%



**BOROUGH OF MOUNTAIN LAKES
2016 MUNICIPAL FUNDING PROPOSAL
ANALYSIS OF MUNICIPAL PROPERTY TAX RATE**

	<u>2016</u>	<u>2015</u>
Total Budget Appropriations	\$8,901,217	\$8,940,884
Less:		
Surplus	\$ 741,000	\$1,500,000
Local Revenue	\$ 495,247	\$ 450,300
Construction Code Fees	\$ 151,914	\$ 160,000
Energy Receipts Taxes	\$ 417,293	\$ 417,293
Miscellaneous Revenue	\$ 776,691	\$ 444,366
Delinquent Taxes	<u>\$ 212,500</u>	<u>\$ 109,000</u>
 Amount to Be Raised by Taxes	 \$6,132,253	 \$5,859,925
 Divided by Assessed Valuation		
Municipal Purposed Tax Rate (per \$100)	<u>\$0.5136</u>	<u>\$0.4930</u>

BOROUGH OF MOUNTAIN LAKES		
2016 MUNICIPAL FUNDING PROPOSAL		
DISTRIBUTION OF PROPERTY TAXES		
County - est	\$ 3,191,000	11.00%
Bd of Education - est	\$ 20,191,000	68.00%
Municipal	\$ 6,132,253	21.00%
	\$ 29,514,253	100%



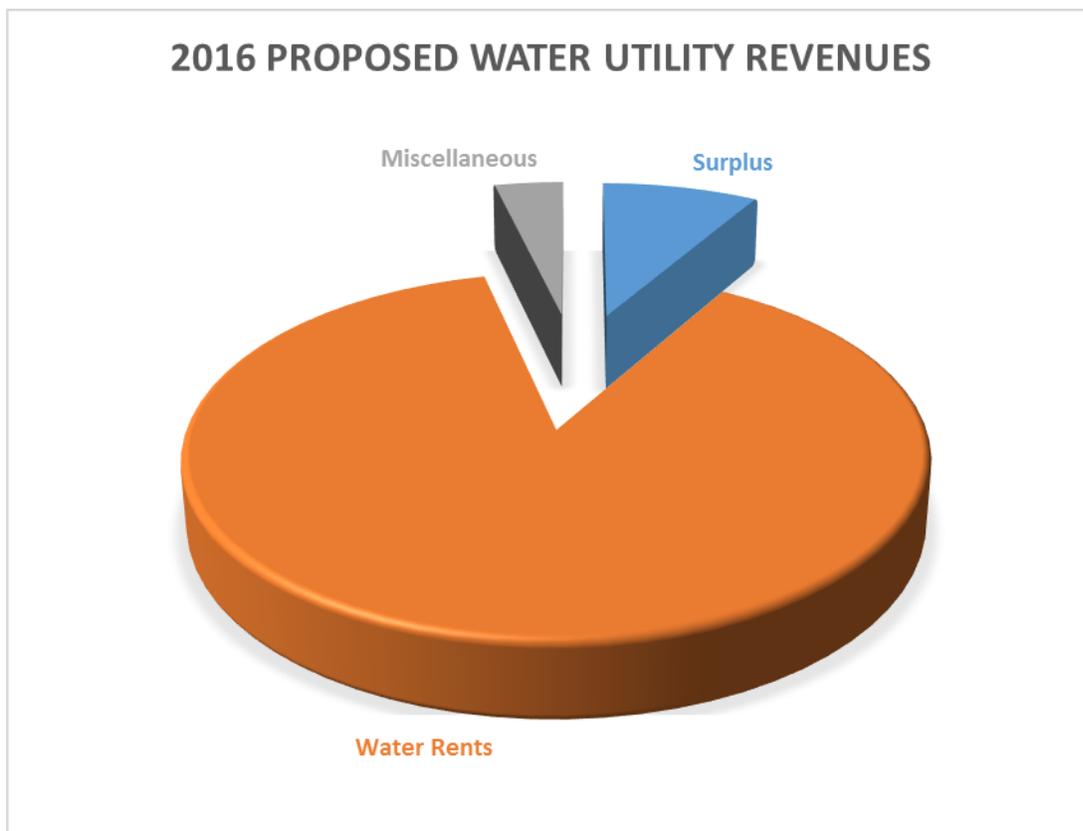
Mountain Lakes Board of Education & Morris County are estimates

2016 Municipal Funding Proposal ~ Water Utility

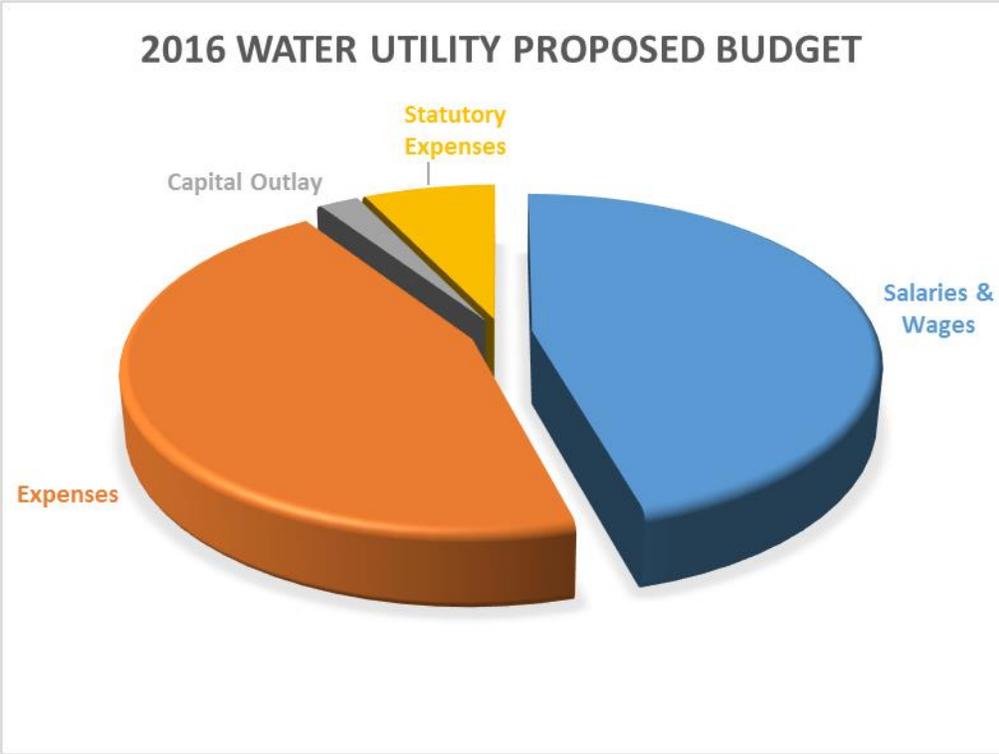
The Mountain Lakes Water Utility provides clean drinking water from our own wells to the residents and businesses of the Borough. It is a self-sustaining enterprise which means no tax dollars are used to support the operations. We continually test the quality of our water against state standards and are pleased to report we constantly meet those standards.

For 2016, the budget for operations is set at \$807,509 which is almost \$7,500 lower than 2015.

	2016	2015	Percent Change
Surplus	\$ 70,000	\$ 68,000	2.94%
Water Rents	\$ 724,273	\$ 717,000	1.01%
Miscellaneous	\$ 13,236	\$ 30,000	-55.88%
	<u>\$ 807,509</u>	<u>\$ 815,000</u>	<u>-0.92%</u>



BOROUGH OF MOUNTAIN LAKES			
2016 MUNICIPAL FUNDING PROPOSAL			
SUMMARY OF APPROPRIATIONS			
WATER UTILITY			
	2016	2015	Percent Change
Salaries & Wages	\$ 369,068	\$ 347,000	6.36%
Expenses	\$ 362,607	\$ 397,000	-8.66%
Capital Outlay	\$ 17,600	\$ 15,000	17.33%
Statutory Expenses	\$ 58,234	\$ 56,000	3.99%
	\$ 807,509	\$ 815,000	-0.92%



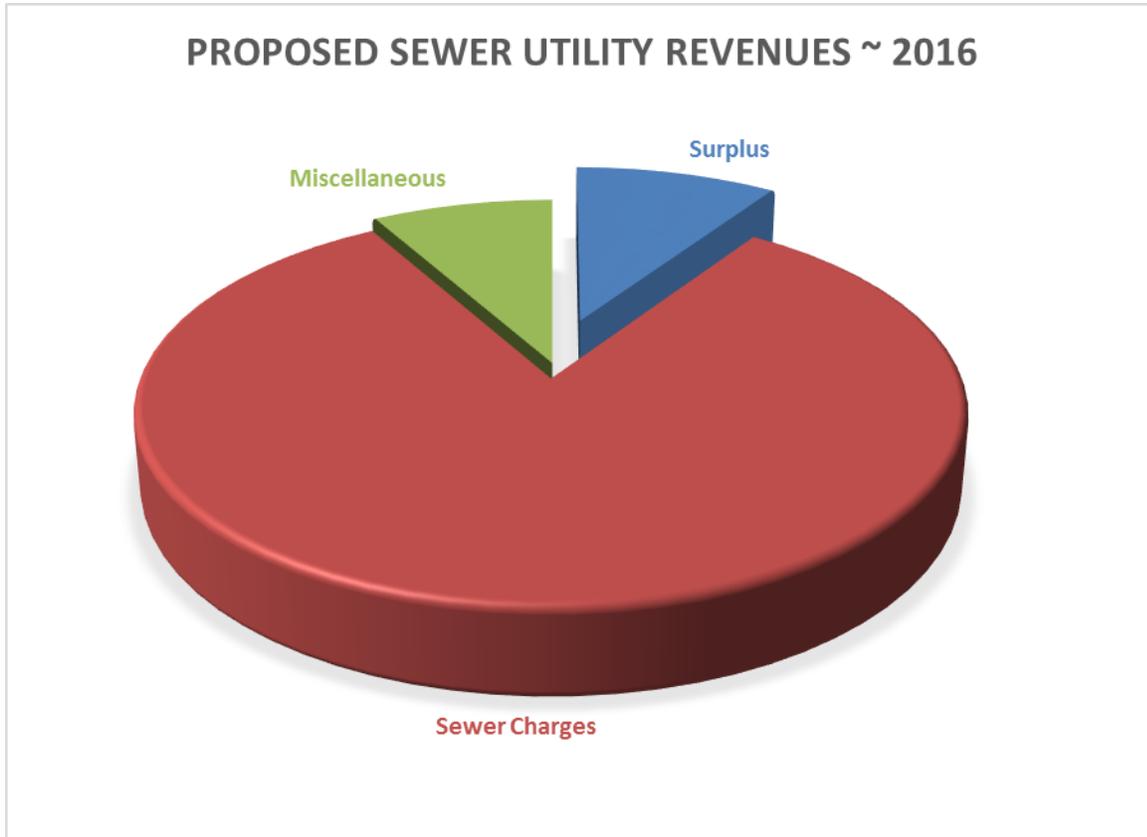
2016 Municipal Funding Proposal ~ Sewer Utility

The Mountain Lakes Sewer Utility is also a self-supporting enterprise. We do not operate a processing facility but instead transport effluent to the Township of Parsippany-Troy Hills for processing through a shared services agreement, Mountain Lakes employees maintain the sewer mains and transmission lines within our borders.

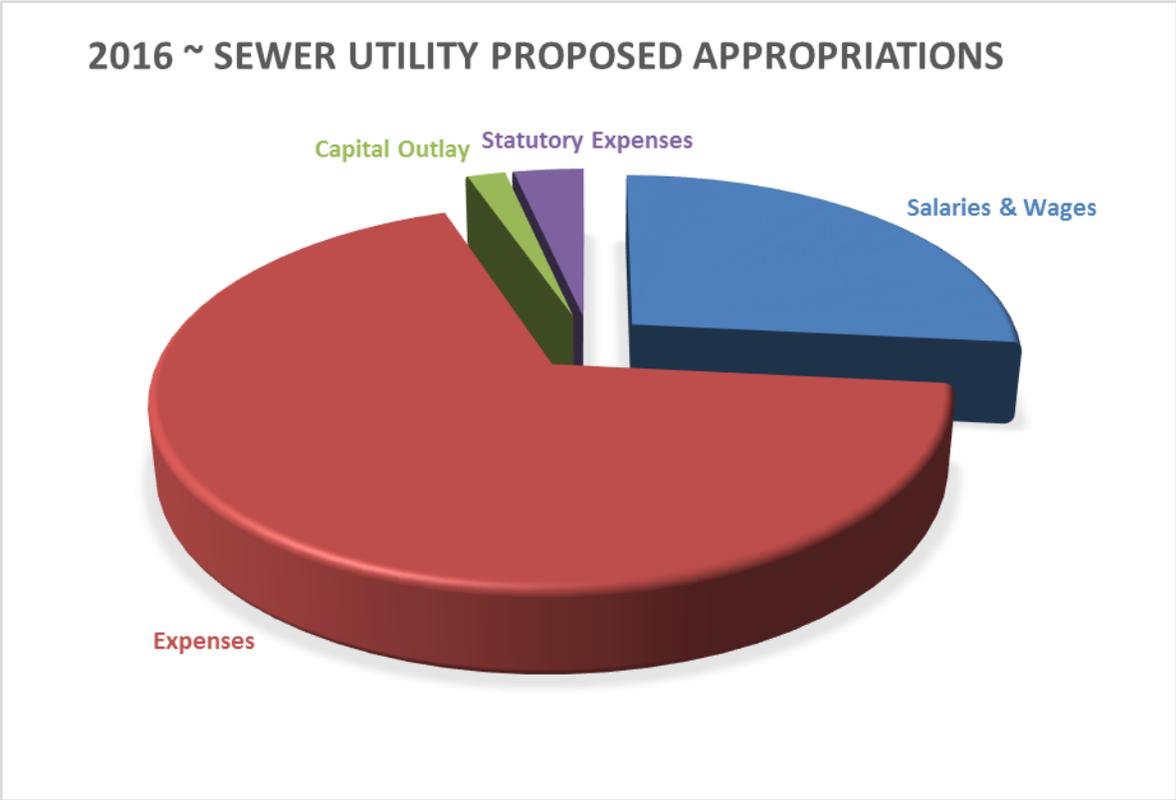
For 2016, the Sewer Utility budget is \$94,000 higher than 2015 due to increased operating expenses associated primarily with a substantial increase in the charges from Parsippany for processing the effluent. We are examining a small rate increase for the later part of 2016.

BOROUGH OF MOUNTAIN LAKES 2016 MUNICIPAL FUNDING PROPOSAL SUMMARY OF REVENUES SEWER UTILITY

	2016	2015	Percent Change
Surplus	\$ 80,000	\$ 37,000	116.22%
Sewer Charges	\$ 700,018	\$ 649,000	7.86%
Miscellaneous	\$ 70,000	\$ 70,000	0.00%
	<u>\$ 850,018</u>	<u>\$ 756,000</u>	<u>12.44%</u>



BOROUGH OF MOUNTAIN LAKES			
2016 MUNICIPAL FUNDING PROPOSAL			
SUMMARY OF APPROPRIATIONS			
SEWER UTILITY			
	2016	2015	Percent Change
Salaries & Wages	\$ 226,094	\$ 206,000	9.75%
Expenses	\$ 578,630	\$ 514,000	12.57%
Capital Outlay	\$ 16,000	\$ 10,000	60.00%
Statutory Expenses	\$ 29,294	\$ 26,000	12.67%
	\$ 850,018	\$ 756,000	12.44%



2016 Municipal Funding Proposal ~ Capital Projects

For 2016, the Borough is committed to address numerous projects and acquisitions that are expected to improve the quality of services, create efficiencies, stabilize or reduce costs of operations or improve our infrastructure.

Our anticipated projects for 2016 include such items as personal protective gear for firefighters, equipment for our newly reconstituted Community Emergency Response Team (CERT), repairs at Borough Hall, a replacement pick-up truck, the beginning of a systematic replacement of aging fire hydrants, replacement of outdated and non-conforming street signs and replacement of aging technology and additional technology platforms.

In addition, Borough Council has made a decision to move forward with the long anticipated Beach Improvement Project addressing antiquated facilities at Island Beach Park and Birchwood Park. While final design hasn't been completed, the focus will be on improving the lake experience, but also providing safe and modern facilities at both parks and enhancing the quality of active recreational opportunities to our residents. There are also considerations for Americans with Disabilities (ADA) requirements and reducing long term and ongoing maintenance costs and ultimately enhance and reflect the historical Arts & Crafts architecture of the Borough.

A complete listing of all recommended projects are on the following page as listed by department.

<i>Mt Lakes 2016 Capital Projects</i>					
<i>Department/Division</i>					
<i>Project</i>	<i>Request Amount</i>	<i>Funded Amount</i>	<i>Short Term Debt</i>		
			<i>5% Down Payment</i>	<i>d Anticipation N</i>	<i>Grants</i>
Police					
Stem to Stern Recording Equip	3,500	3,500			
Pole Cameras	18,500	18,500			
Sub-total	22,000	22,000	1,100	20,900	
Fire					
Personal Protective Gear - 3 sets @ \$2750per	8,250	8,250			
Jaws Hose - 2 sets	1,600	1,600			
Pagers - 6 @ \$450 ea.	2,700	2,700			
Thermal Imaging Camera	9,750	9,750			
Positive Pressure fan & Scene Lights	2,700	2,700			
Sub-total	25,000	25,000	1,250	23,750	
OEM					
Potable Radios for CERT - 10 @ \$500ea	5,000	5,000			
Wiring Traffic Light to BH Generator	6,000	6,000			
Sub-total	11,000	11,000	550	10,450	
TOTAL PUBLIC SAFETY	58,000	58,000	2,900	55,100	
Building/Grounds					
Roof - Borough Hall & Fire House	35,000	35,000			
Railroad Station Steps	55,000	55,000			
Esplanade Masonry Steps	12,000	12,000			
Sub-total	102,000	102,000	5,100	96,900	
Paving/Road Work/Misc.					
Annual Paving Program & Midvale/Dartmouth	430,000	430,000			160,000
Street Sign Replacement Program - Year 1 of 3	18,000	18,000			
Curb & Sidewalk Program	50,000	50,000			
Stormwater	38,000	38,000			
Sub-total	536,000	536,000	18,800	357,200	160,000
Vehicles (Non Emergency)					
Heavy Duty Pick-up Truck - 3 @ \$52,000 ea.	52,000	52,000			
Sub-total	52,000	52,000	2,600	49,400	
Parks Maintenance					
Midvale Playground Signage & Surface work	26,000	26,000			
Sub-total	26,000	26,000	1,300	24,700	
Water System					
Insertion Valve - Laurel Hill	23,000	23,000			
Hydrant Replacement Program	12,000	12,000			
Sub-total	35,000	35,000	1,750	33,250	
Sewer System					
JetVac Repairs	16,000	16,000			
Sub-total	16,000	16,000	800	15,200	
TOTAL PUBLIC WORKS	767,000	767,000	30,350	576,650	160,000
RECREATION					
Beach Front Improvements - Island Beach	655,100	655,100			
Beach Front Improvements - Birchwood Lake	730,000	730,000			
Beach Front Improvements - Soft Costs	137,900	137,900			
Midvale Boat Dock	15,000	15,000			
Sub-total	1,538,000	1,538,000	76,900	1,461,100	
TECHNOLOGY EQUIPMENT					
Annual Computer Replacements & Upgrades	17,100	17,100			
Server Upgrades	45,000	45,000			
Scheduling Software - Police	3,300	3,300			
Sub-total	65,400	65,400	3,270	62,130	
TOTALS	2,428,400	2,428,400	113,420	2,154,980	160,000