

Franklin Township




A Proud Somerset County Community

WEBSITE: <http://www.franklintwpnj.org>

TOWNSHIP MANAGER

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TO: Mayor and Township Council
FROM: Robert G. Vornlocker, Jr., Township Manager 
SUBJECT: Calendar Year 2026 Budget Message
DATE: April 28, 2026

Budget Summary

The CY 2026 budget, including library and grants, is \$75,289,361.55. This is an increase of \$1,371,030.74 from CY 2025. The budget increase is mainly due to a \$3.373M increase in several statutory and mandatory operating expenses, primarily:

- Net increase in the Township's self-insured medical benefits costs of \$1.067M, which is an increase of 8.61%. This increase is significantly lower than the NJ State Health Benefits plan increase for local governments that is recommended at 36.2% for this year. The amount included in the CY 2026 budget would have been significantly higher without employee contribution increases and had we not used \$3.44M from the Medical Trust Account to supplement part of the costs. The CY 2026 utilization of Medical Trust Account funds is a \$1.44M increase over the CY 2025 amount.
- Increase in liability and workers compensation insurance - \$131,496
- Increase in the Library tax - \$ 704,688 (per mandated State formula)
- Increase in utilities, streetlights and fuel - \$213,000
- Increase in the snow removal budget due to the two large storms early in 2026 - \$250,000
- Increase in recycling and trash removal costs - \$460,000
- Increase for the Reserve for Uncollected Taxes - \$300,000 (per mandated State formula)
- Increase in overall Salary & Wage expenses of \$728,062 (2.3%), which is less than the current inflation rate of 3.3% for the 12-month period ending March 31, 2026.
- Decrease in State Aid - **\$239,000**

Budget reductions made after Budget hearings:

- Elimination of 8 budgeted but vacant staff positions and summer seasonal DPW positions - **\$669,000**
- Elimination of 14 bonded capital projects that were proposed at the Budget Hearing - **\$1.928M**. Bonded capital requires a 5% Capital Improvement Fund appropriation; therefore, this equates to a **\$96,400 reduction**
- Reduction of operating expenses in legal, accumulated leave, salary adjustment and tax appeal reserve – **1.17M**

Additional key budget items:

- Utilization of fund balance of \$10.32M, a decrease of \$1.6M from last year. This decrease is due to insufficient regeneration of fund balance over the past 5 years. Without sufficient regeneration of fund balance, the Township will continue to use more of its “savings” than it puts back. Utilizing more than is regenerated over time will ultimately lead to a structural deficit. Decreasing the amount utilized together with raising the amount to be raised by municipal taxes will help to avoid that scenario.
- Road paving, sidewalk and stormwater capital projects are budgeted at \$3.75M. These projects will be bonded, resulting in a Capital Improvement Fund appropriation of \$187,500.
- Movement of \$413,000 in employee costs from Current Fund budget to Open Space Trust Fund budget. The OSTF budget for 2026 is still \$484,165 below the 2025 budget, due primarily to decreased appropriations for cash capital projects and decreased debt service.

Amount to be Raised by Taxes

The CY 2026 amount to be raised by municipal taxes is increasing \$2.729M from \$ \$38,993,310 to \$41,722,842 (7%), allowing the Township to handle mandatory increases while still maintaining a high level of municipal services and stabilizing the use of fund balance.

Township assessed valuations increased from \$16,697,499,400 in 2025 to \$17,366,428,200, an increase of \$668,928,800 (4.01%). The average home value of \$555,485 in 2025 has increased \$17,056 (3.07%) to \$572,541 in 2026. Due to this increased value, the average home will see a municipal-only tax increase from \$ \$1,299.83 to \$1,374.10, an increase of \$74.26 (5.71%).