

Harding Township

Departmental Financial Review

January 26, 2012

2012 Preliminary Budget

Revenue - 3 Year Budget Comparison

General Revenues	2010	2011	10 vs 11	% Difference	2012	11 vs 12	% Difference
Surplus	1,870,000	2,030,000	160,000	8.56%	1,870,000	-160,000	-7.90%
Municipal Revenues	570,300	600,800	30,500	5.35%	472,250	-128,550	-21.40%
Energy Tax Receipts	457,612	454,168	-3,444	-0.75%	454,168	-	-
UCC - Construction	215,000	250,000	35,000	16.28%	250,000	-	-
Delinquent Taxes	135,000	15,000	-120,000	-88.89%	15,000	-	-
Subtotal	3,247,912	3,349,968	102,056	3.14%	3,061,418	-288,550	-8.60%
Taxes	5,297,882	5,435,713	137,831	2.60%			
Total General Taxes	8,545,794	8,785,681	341,943	2.81%			

2012 Preliminary Budget

Revenue - Budget Drivers

Surplus

-\$160K

*Fish & Wildlife Revenues
and Other Franchise
Fees*

Municipal Court

-\$95K

*Reduced Moving Traffic
Violation Tickets*

Interest Income

-\$30K

*Fed Funds Rate Near Zero - Most
banks pay little or no interest on
deposits*

Permit Fees

-\$4K

Budget cannot exceed 2011 actual

*Total Revenue
Drivers*

-\$289K

Loss of Revenue 2012

2012 Preliminary Budget

Expenses - 3 Year Budget Comparison

	2010	2011	10 vs 11 Difference	% Difference	2012 Prelim	11 vs 12 Difference	% Difference
Salaries	2,726,200	2,675,025	-51,175	-1.88%	2,705,400	30,375	1.14%
Other Expenses	1,206,180	1,337,045	130,865	10.85%	1,357,063	20,018	1.50%
Insurance	1,481,000	1,471,000	-10,000	-0.68%	1,541,000	70,000	4.76%
Social Security	240,000	215,000	-25,000	-10.42%	215,000	-	-
Pension	468,664	562,126	93,462	19.94%	414,234	-147,892	-26.31%
Inter-local	145,367	245,725	100,358	69.04%	232,425	-13,300	-5.41%
Capital Improvements	450,000	450,000	0	0.00%	450,000	-	-
Debt Service	786,360	788,145	1,785	0.23%	788,957	812	0.10%
Affordable Housing	35,000	35,000	0	0.00%	35,000	-	-
Deferred Charges	125,000	125,000	0	0.00%	125,000	-	-
Reserve For Uncollected Taxes	882,023	881,615	-408	-0.05%	910,045	28,430	3.22%
TOTAL	8,545,794	8,785,681	239,887	2.81%	8,774,124	-11,557	-0.13%

2012 Preliminary Budget

Expenses - Budget Drivers

<i>2012 NJ State Property Tax Relief (PERS / PFRS)</i>	<i>- \$147K</i>	<i>Governor Christie's Pension Reform - Reduced Final Billing on PERS/PFRS</i>
<i>Joint Municipal Court</i>	<i>- \$72K</i>	<i>Municipal Court Budget / % Joint Court</i>
<i>Health Insurance (Net of Non-PBA Employee Contribution)</i>	<i>+ \$70K</i>	<i>9-10.5% Increase in Health Care Premium</i>
<i>PBA Salary Increase</i>	<i>+ \$63K</i>	<i>Per PBA Contract</i>
<i>Non-PBA Salary Increase</i>	<i>+ \$38K</i>	<i>2% Increase for Non- PBA Employees</i>
<i>Reserve for Uncollected Tax</i>	<i>+ \$28K</i>	<i>Contingent Upon Tax Collection Rate</i>
<i>Miscellaneous OE</i>	<i>+ \$20K</i>	<i>Municipal Service & Human Resource</i>
<i>Engineering</i>	<i>- \$12K</i>	<i>Reduced General Engineering Budget</i>
<hr/> <i>Expense Drivers Total:</i>	<hr/> <i>- <u>\$12K</u></i>	<i>Expenses Decrease</i>

2012 Preliminary Budget Discussion

Non governmental Expense includes:

Library – \$40,000

Affordable Housing - \$219,101 (including net debt)

Senior Program - \$3,000

2012 Preliminary Budget Discussion

Allowable Tax Levy and Budget Gap

<i>Allowable Tax Levy</i>	<i>-222K (4% increase from 2011)</i>
<i>2% Tax Levy Increase</i> \$106,214	
<i>Health Care Cap</i> \$ 98,145	
<i>New Ratable Adjustment</i> \$ 17,010	
<i>Debt Service Cap</i> \$ 812	
<i>Available Levy Cap Bank from 2011</i>	<i>-102K</i>
<i>Total Allowable Tax Increase</i>	<i>324K (6% increase over '11)</i>

TAX LEVY WITH PRELIM EXPENSE VIEW

<i>Loss of Revenue</i>	<i>289K</i>
<i>Expenses Decrease</i>	<i>-12K</i>
<i>Needed Net Tax Increase</i>	<i>277K</i>

2012 Preliminary Budget

Allowable Tax Levy and Budget Gap

	<i>2012 Maximum Allowable</i>	<i>Current Prelim Appropriations (Expense)</i>			
<i>% Increase</i>	<i>6%</i>	<i>5%</i>	<i>4%</i>	<i>3%</i>	<i>2%</i>
<i>\$ Increase</i>	<i>324K</i>	<i>277K</i>	<i>217K</i>	<i>163K</i>	<i>109K</i>
<i>\$ Amount Needed to Close Budget</i>	<i>-</i>	<i>-</i>	<i>60K</i>	<i>114K</i>	<i>168K</i>

Cost Reduction Options

Option A :

- \$62,500 Deferred Charges
- \$26,000 Reserve for Uncollected Taxes
- \$30,000 Fair Share Housing
- \$10,000 Construction Code Revenue
- \$35,000 Delinquent Tax
- \$5,000 Interest from Delinquent Tax

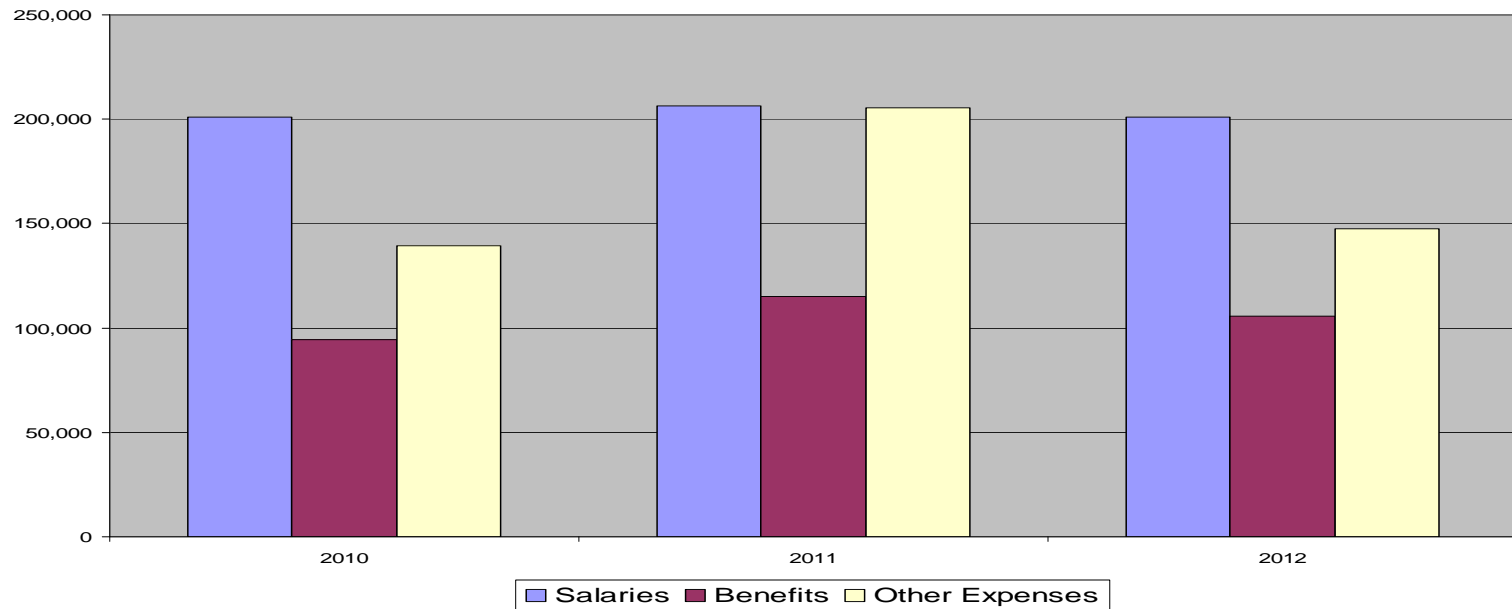
Total: \$168,500 (Tax levy @ 2% with Option A)

Option B : Departmental Share Cost Reduction:

- Administrative / Clerk
- Tax Collection / Tax Assessment / Finance
- Planning Board
- Zoning and Board of Adjustment
- Health Department
- Police Department
- Public Works Department
- Construction Department

Option C: Mixture of Option A and B

Administration/Municipal Clerk



	2010	2011	2012
Salaries	201,200	206,200	201,200
Benefits	94,487	114,890	105,604
Other Expenses	139,585	205,685	147,585
Total Actual	402,152	526,775	454,389
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	4.7%	6.0%	5.2%

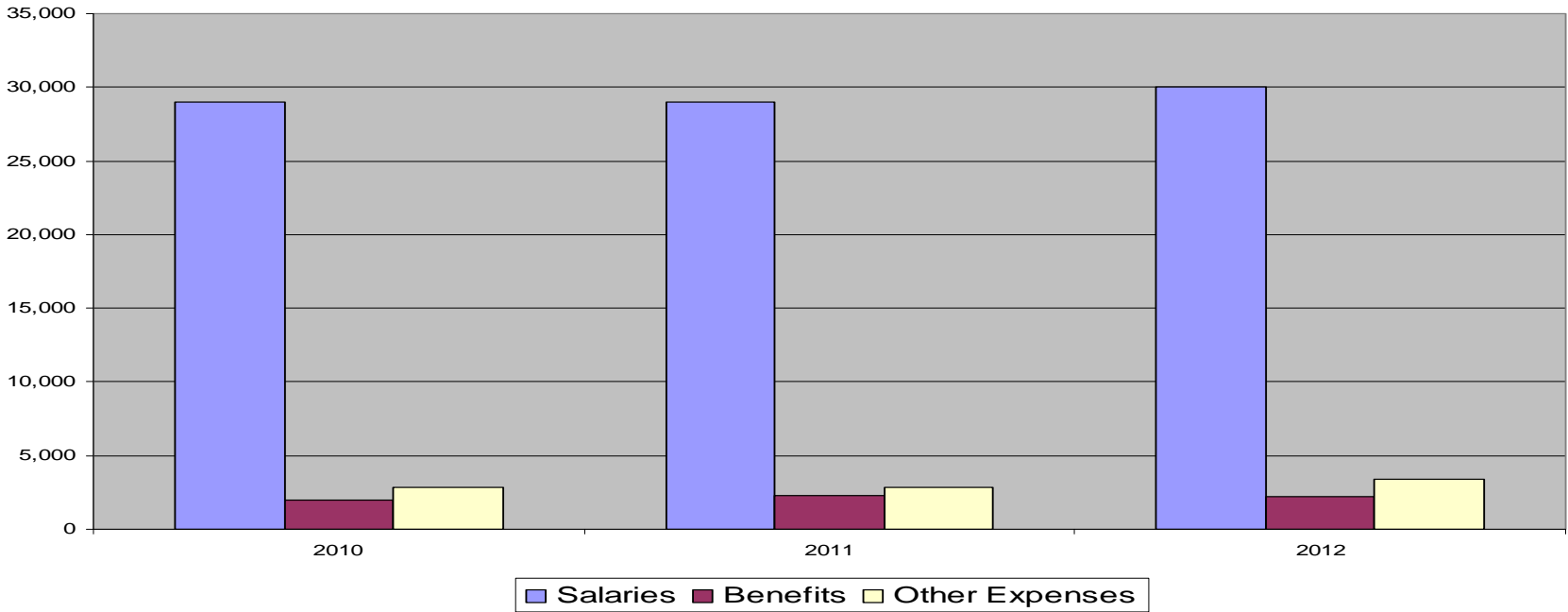
Share Cost Reduction

	2012 Budget	4%	3%	2%
Administrative / Municipal Clerk	454,389	5,310	10,089	14,868

Human Resources / General Administration / Mayor & Committee / Municipal Clerk / Elections

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$454,389	\$5,310	\$10,089	\$14,868
	Possible Reductions	Consequences	
4%	<ul style="list-style-type: none"> • Personnel Restructuring 	<ul style="list-style-type: none"> • 2 part time employees for receptionist/deputy clerk versus 1 full time – may have coverage gaps 	
3%	<ul style="list-style-type: none"> • As above plus • Reduce M&C Professional Services • Overall reduction to Gen. Admin 	<ul style="list-style-type: none"> • As above plus • Reduce Planning and Engineering Services – will not have \$ for any potential special projects • Centralized purchasing – may not be sufficient to cover increase in postage, etc. 	
2%	<ul style="list-style-type: none"> • As above plus • Reduce Legal Advertising & Gen Code • Reduce Education 	<ul style="list-style-type: none"> • As above plus • Will be insufficient if TC & Boards do not embrace ordinance review / hiatus • Will not be able to send Deputy Clerk to classes 	

Tax Collection

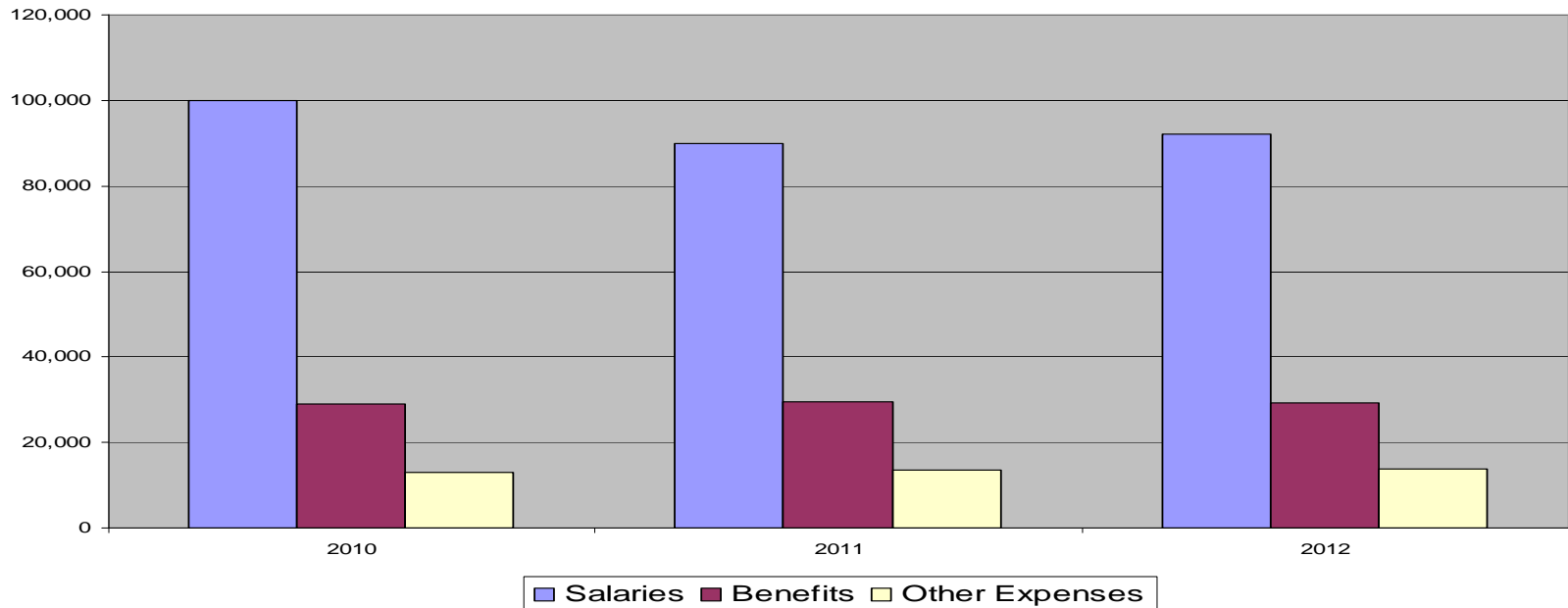


	2010	2011	2012
Salaries	29,000	29,000	30,000
Benefits	1,993	2,296	2,240
Other Expenses	2,830	2,830	3,400
Total Actual	33,823	34,126	35,640
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	0.4%	0.4%	0.4%

Share Cost Reduction

	2012 Budget	4%	3%	2%
Tax Collection	35,640	416	791	1,166

Finance Department



	2010	2011	2012
Salaries	100,000	90,000	92,000
Benefits	29,058	29,522	29,136
Other Expenses	12,950	13,450	13,950
Total Actual	142,008	132,972	135,086
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	1.7%	1.5%	1.5%

Share Cost Reduction

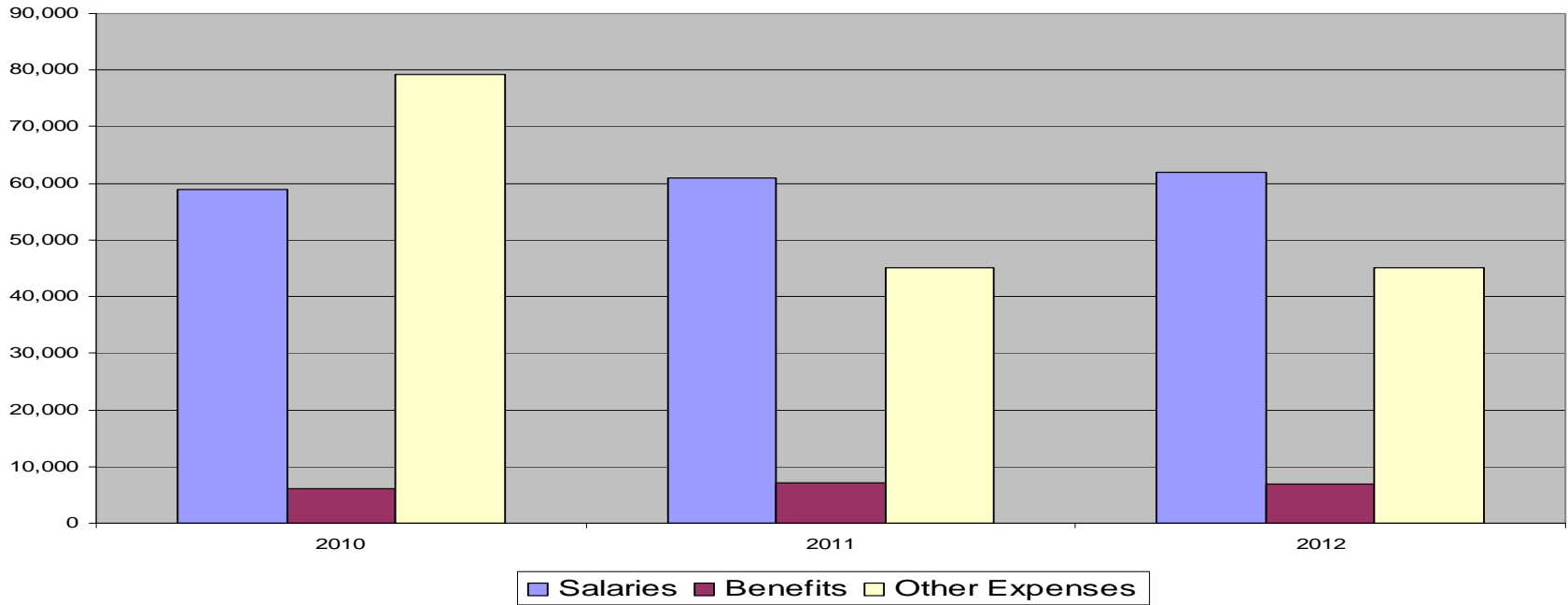
	2012 Budget	4%	3%	2%
Finance Department	135,086	1,579	2,999	4,420

Finance / Tax Collection

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$170,726	\$1,995	\$3,790	\$5,586

	Possible Reductions	Consequences
4%	<ul style="list-style-type: none"> • Education / Personnel 	<ul style="list-style-type: none"> • No employee training / Reduction of Service
3%	<ul style="list-style-type: none"> • Education / Personnel 	<ul style="list-style-type: none"> • No employee training / Reduction of Service
2%	<ul style="list-style-type: none"> • Education / Personnel 	<ul style="list-style-type: none"> • No employee training / Reduction of Service

Tax Assessment



	2010	2011	2012
Salaries	59,000	61,000	62,000
Benefits	6,131	7,056	6,984
Other Expenses	79,150	45,200	45,200
Total Actual	144,281	113,256	114,184
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	1.7%	1.3%	1.3%

Share Cost Reduction

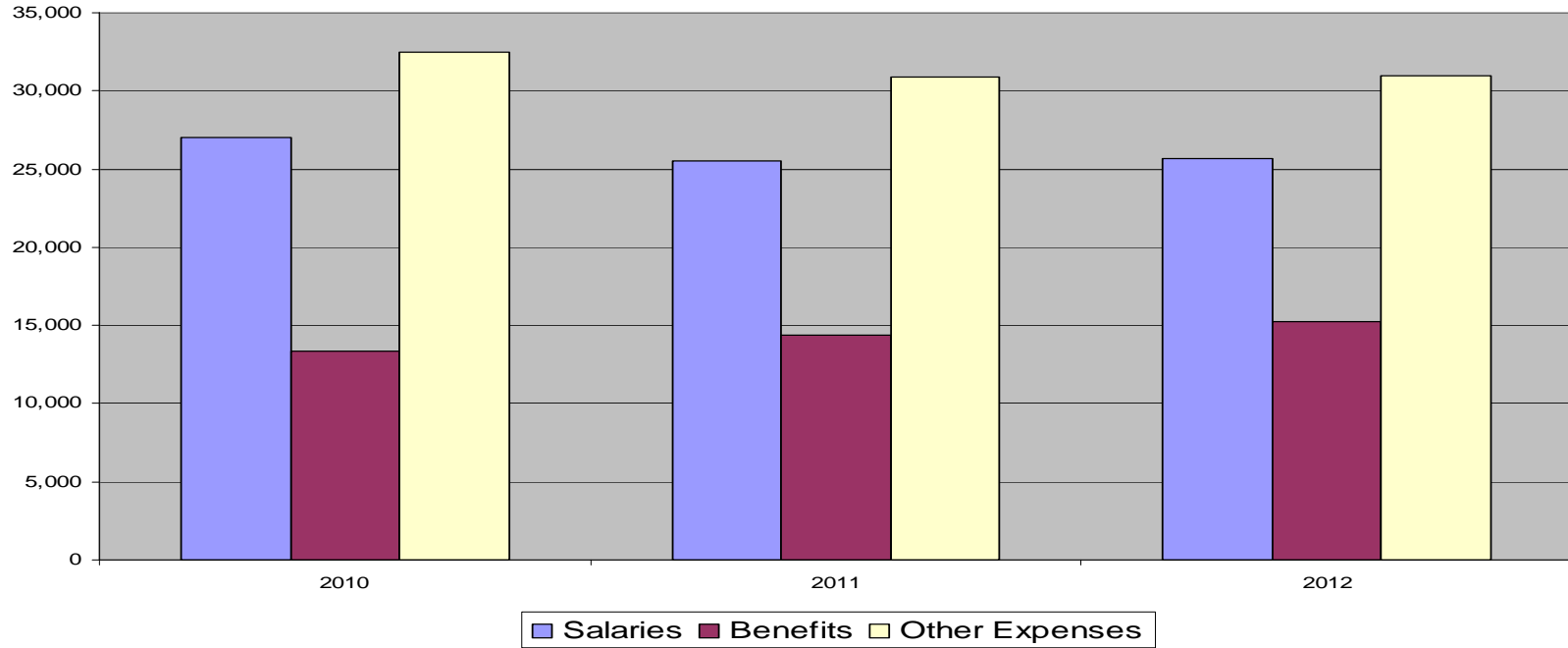
	2012 Budget	4%	3%	2%
Tax Assessment	114,184	1,334	2,535	3,736

Tax Assessment

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$114,184	\$1,334	\$2,535	\$3,736

	Possible Reductions	Consequences
4%	<ul style="list-style-type: none"> Tax Appeal Professionals 	<ul style="list-style-type: none"> Tax appeals are on the rise. With a reduction on defending tax appeals, payout to those who appeal may rise.
3%	<ul style="list-style-type: none"> All above plus reducing staff hours 	<ul style="list-style-type: none"> All above plus reduced hours would be insufficient to complete assessment duties.
2%	<ul style="list-style-type: none"> All above plus reducing staff hours 	<ul style="list-style-type: none"> All above plus reduced hours would be insufficient to complete assessment duties.

Planning Board



	2010	2011	2012
Salaries	27,000	25,500	25,700
Benefits	13,350	14,401	15,256
Other Expenses	32,500	30,930	31,000
Total Actual	72,850	70,831	71,956
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	0.8%	0.8%	0.8%

Share Cost Reduction

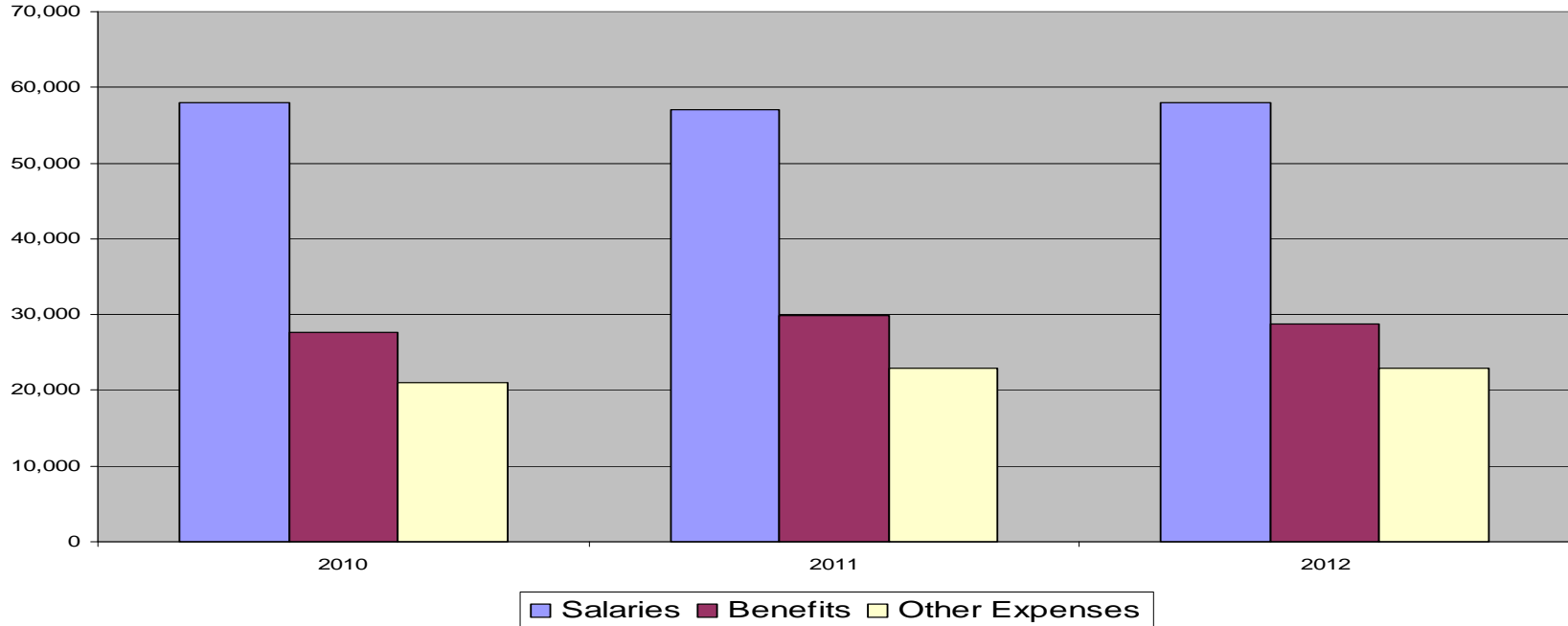
	2012 Budget	4%	3%	2%
Planning Board	71,956	841	1,598	2,354

Planning Board

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$71,956	\$841	\$1,598	\$2,354

	Possible Reductions	Consequences
4%	<ul style="list-style-type: none"> Reduction in legal fees 	<ul style="list-style-type: none"> Minimal impact on available legal services
3%	<ul style="list-style-type: none"> Reduction in legal fees 	<ul style="list-style-type: none"> Some impact on available legal services
2%	<ul style="list-style-type: none"> Reduction in legal fees 	<ul style="list-style-type: none"> 20% reduction in available legal services

Zoning/Board of Adjustment



	2010	2011	2012
Salaries	58,000	57,000	58,000
Benefits	27,648	29,870	28,764
Other Expenses	20,975	22,975	22,975
Total Actual	106,623	109,845	109,739
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	1.2%	1.2%	1.3%

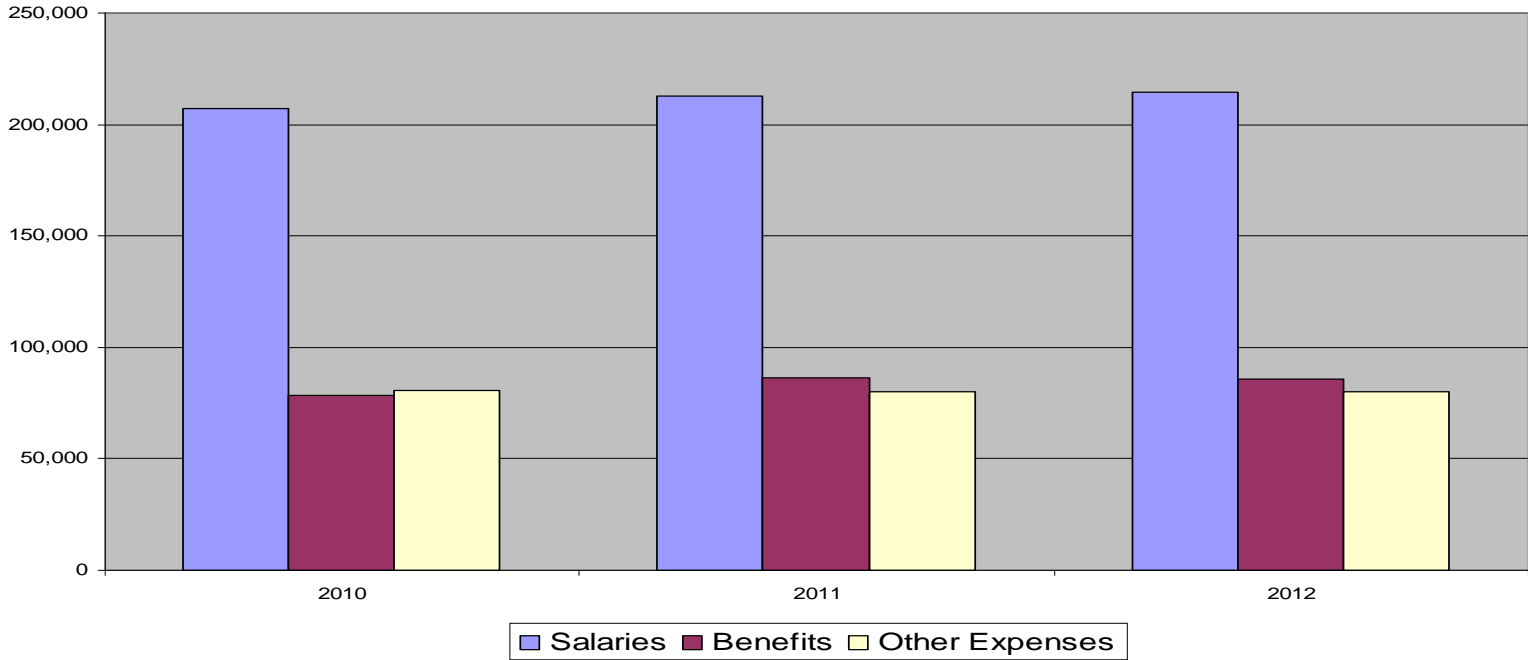
Share Cost Reduction

	2012 Budget	4%	3%	2%
Zoning / Board of Adjustment	109,739	1,282	2,437	3,591

Zoning / Board of Adjustment

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$109,739	\$1,282	\$2,437	\$3,591
	Possible Reductions	Consequences	
4%	<ul style="list-style-type: none"> Incremental reductions to OE 	<ul style="list-style-type: none"> Minimal 	
3%	<ul style="list-style-type: none"> Reductions include reductions of Legal Services 	<ul style="list-style-type: none"> 6-1/2% reduction of Legal Services 	
2%	<ul style="list-style-type: none"> Legal Services further reduced 	<ul style="list-style-type: none"> 12-1/2% reduction of Legal Services May not be able to address any legal challenges 	

Health Department



	2010	2011	2012
Salaries	207,000	213,000	214,500
Benefits	78,710	86,254	85,867
Other Expenses	80,820	80,105	80,105
Total Actual	366,530	379,359	380,472
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	4.3%	4.3%	4.3%

Share Cost Reduction

	2012 Budget	4%	3%	2%
Health Department	380,472	4,446	8,448	12,449

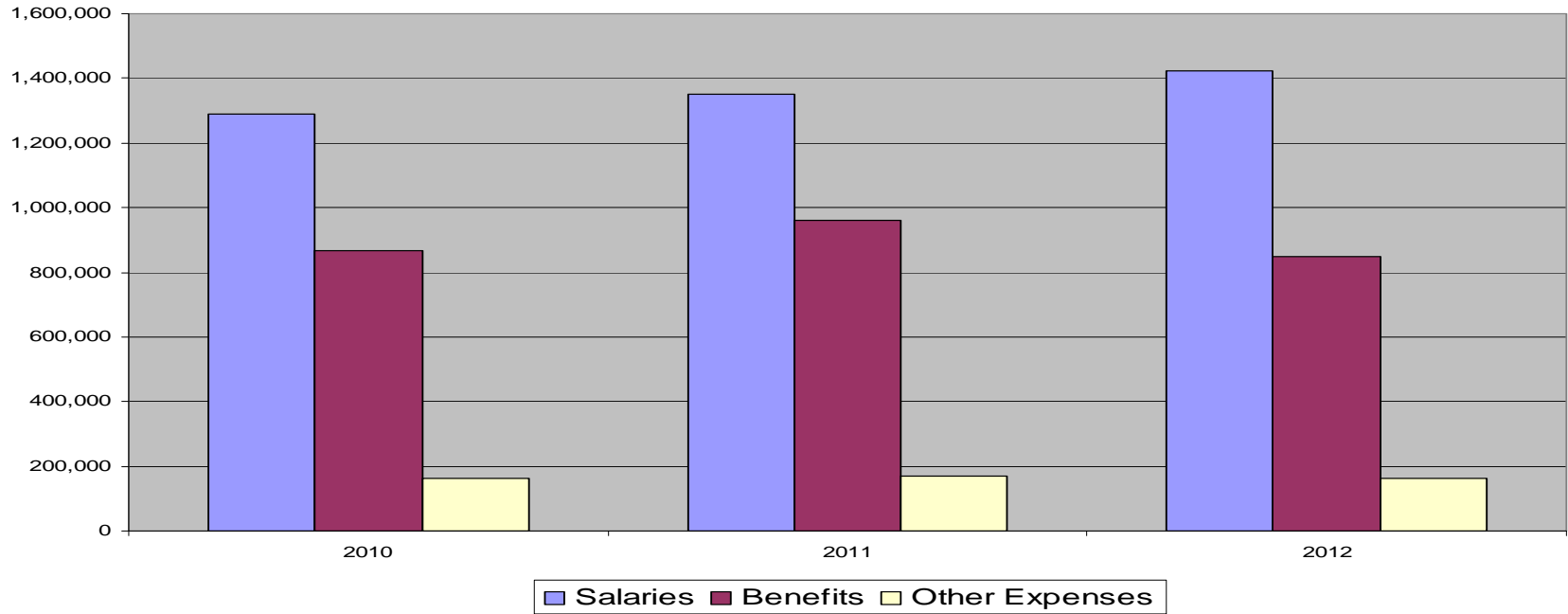
Health Department

SHARE COST REDUCTION

2012 Tax Increase	4%	3%	2%
\$380,472	\$4,446	\$8,448	\$12,449

	Possible Reductions	Consequences
4%	<ul style="list-style-type: none"> • Reduce support for early detection clinics • Reduce support for immunization clinics 	<ul style="list-style-type: none"> • Charge participants, less participation • Charge participants, less participation
3%	<ul style="list-style-type: none"> • As above plus • Reduce support for water monitoring program • Eliminate discretionary spending 	<ul style="list-style-type: none"> • As above • Cost shifting to others • No supplies for Health Dept. activities
2%	<ul style="list-style-type: none"> • As above plus • Reduce salaries 	<ul style="list-style-type: none"> • As Above • Less motivated work force

Police Department



	2010	2011	2012
Salaries	1,290,000	1,350,200	1,424,000
Benefits	867,237	960,392	848,972
Other Expenses	162,817	169,250	163,050
Total Actual	2,320,054	2,479,842	2,436,022
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	27.1%	28.1%	27.8%

Share Cost Reduction

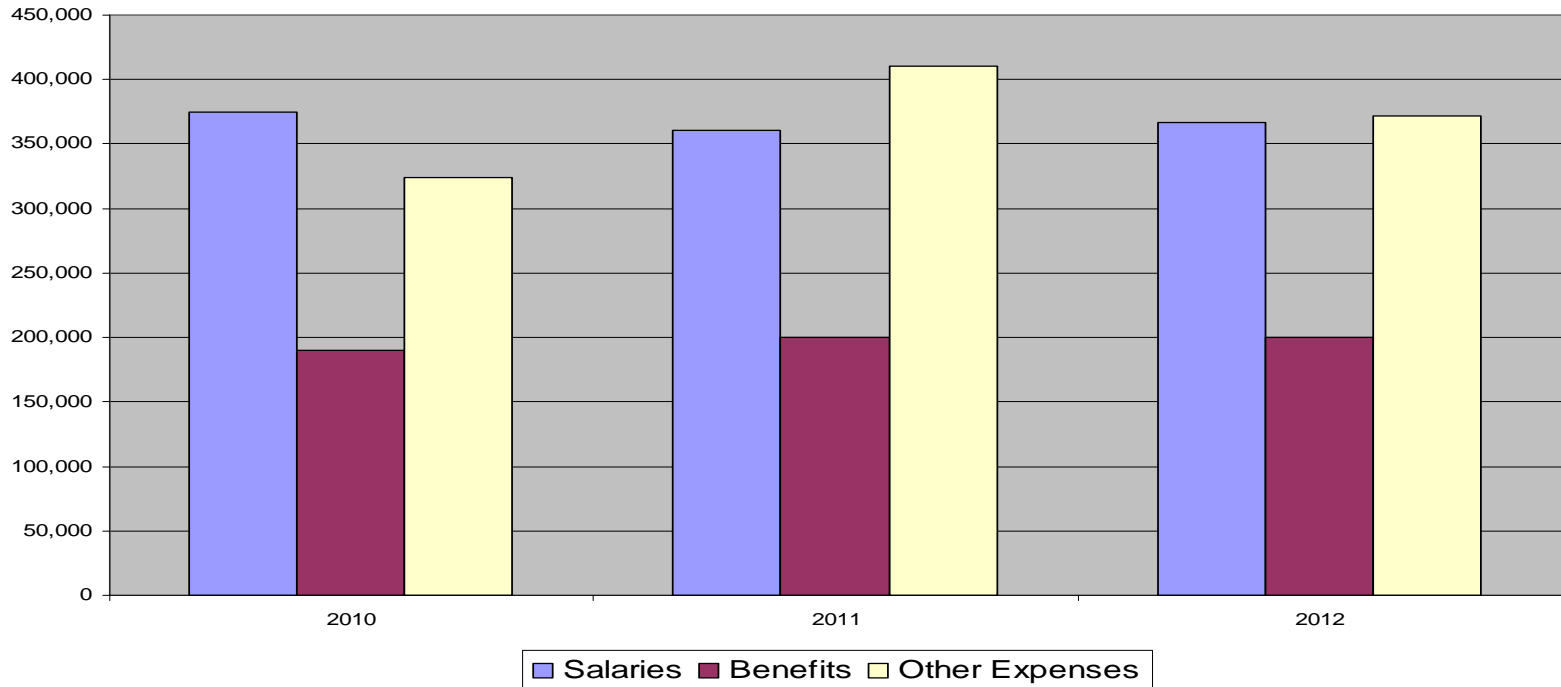
	2012 Budget	4%	3%	2%
Police Department	2,436,022	28,467	54,088	79,709

Police Department

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$2,436,022	\$28,467	\$54,088	\$79,709

	Possible Reductions	Consequences
	<ul style="list-style-type: none"> All categories can be covered by the following 	
4%	<ul style="list-style-type: none"> Anticipate retirement of one officer 	<ul style="list-style-type: none"> Will require assessment of staffing needs
3%		
2%	<ul style="list-style-type: none"> Reduce fleet by one car 	<ul style="list-style-type: none"> Minimal

Department of Public Works



	2010	2011	2012
Salaries	375,000	361,000	367,000
Benefits	190,042	199,702	200,555
Other Expenses	323,900	410,200	371,500
Total Actual	888,942	970,902	939,055
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	10.4%	11.0%	10.7%

Share Cost Reduction

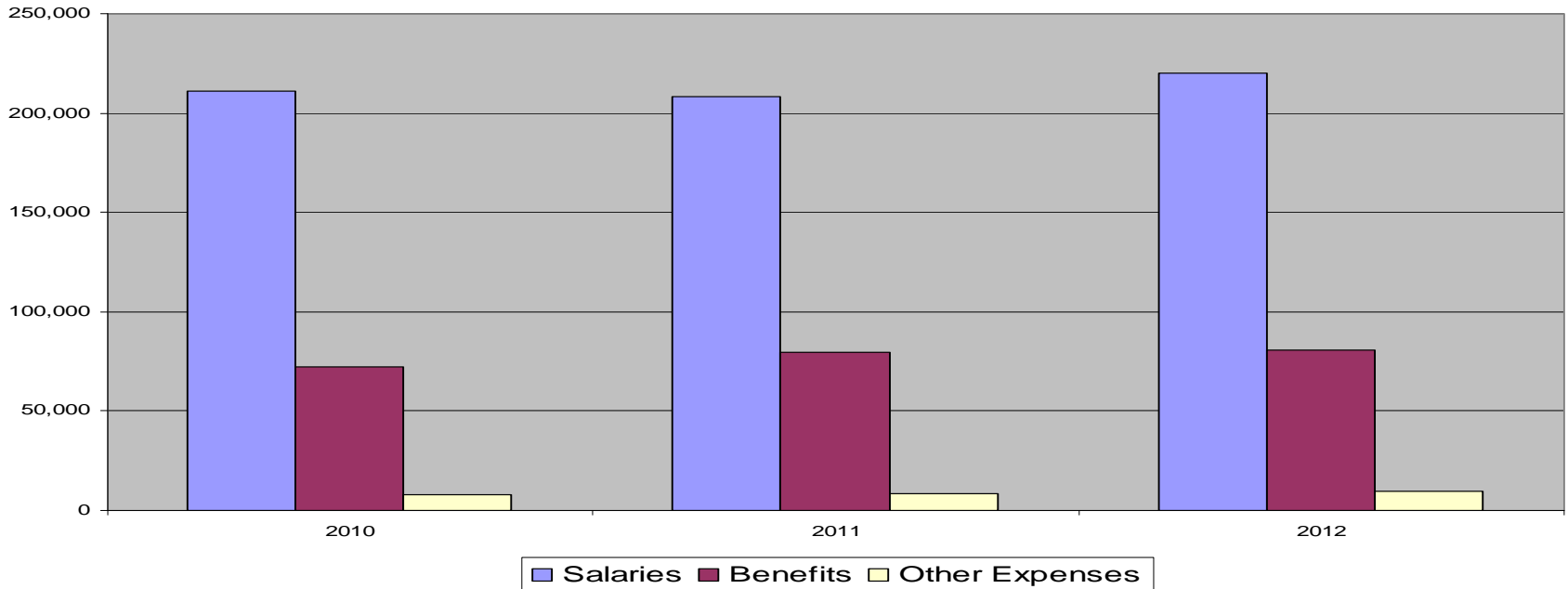
	2012 Budget	4%	3%	2%
DPW	939,055	10,974	20,850	30,727

Department of Public Works

SHARE COST REDUCTION			
2012 Tax Increase	4%	3%	2%
\$939,055	\$10,974	\$20,850	\$30,727

	Possible Reductions	Consequences
4%	<ul style="list-style-type: none"> Eliminate rental of emergency generator Reduce road subcontractors 	<ul style="list-style-type: none"> Delay in providing power at Town Hall 25% less road improvements
3%	<ul style="list-style-type: none"> Plus above Reduce rental of milling machine and materials 	<ul style="list-style-type: none"> 50% less road improvements
2%	<ul style="list-style-type: none"> As above Eliminate line striping 	<ul style="list-style-type: none"> As Above Compromise safety

Construction Department



	2010	2011	2012
Salaries	211,000	208,500	220,000
Benefits	72,098	79,562	80,811
Other Expenses	8,110	8,310	9,470
Total Actual	291,208	296,372	310,281
Total Operating Budget	8,571,186	8,826,762	8,774,124
% of Total Operating Budget	3.4%	3.4%	3.5%

Share Cost Reduction

	2012 Budget	4%	3%	2%
Construction	310,281	3,626	6,889	10,153

Construction Department

SHARE COST REDUCTION

2012 Tax Increase	4%	3%	2%
\$310,281	\$3,626	\$6,889	\$10,153
	Possible Reductions	Consequences	
4%	<ul style="list-style-type: none"> Reduce all line items Reduce substitute personnel 	<ul style="list-style-type: none"> Minimal impact, except during staff vacation / illness Will be unable to address emergency or unanticipated needs 	
3%	<ul style="list-style-type: none"> Greater reduction in all line items, substitutes 	<ul style="list-style-type: none"> Greater impact on waiting time 	
2%	<ul style="list-style-type: none"> Reduce all line items Eliminate all substitute personnel 	<ul style="list-style-type: none"> No inspections or office service when specific staff are absent Increased waiting time. 	

**BOARDS AND COMMITTEES / Non-Governmental
Share Cost Reduction**

	2010	2011	2012 Budget	4%	3%	2%
Wildlife Committee	347	609	2,000	23	44	66
Historic Preservation	1,350	1,050	3,500	41	78	115
Library	40,000	40,000	40,000	-	-	-
Senior Citizen	3,000	3,000	3,000	-	-	-
Environmental Commission	2,170	4,882	7,000	82	156	229
CPAC	-	29,316	45,000	526	1,000	1,474