



**Harding Township**

# Harding Township, NJ 2012 Budget Introduction

March 12, 2012

# Presentation

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1. Background & Timeline
2. Debt Summary
3. Open Space Finances
4. Department Cost Summary
5. 2012 Budget
  - Revenues
  - Appropriations
  - Drivers
  - Taxes
6. Challenges & Objectives
7. Q&A

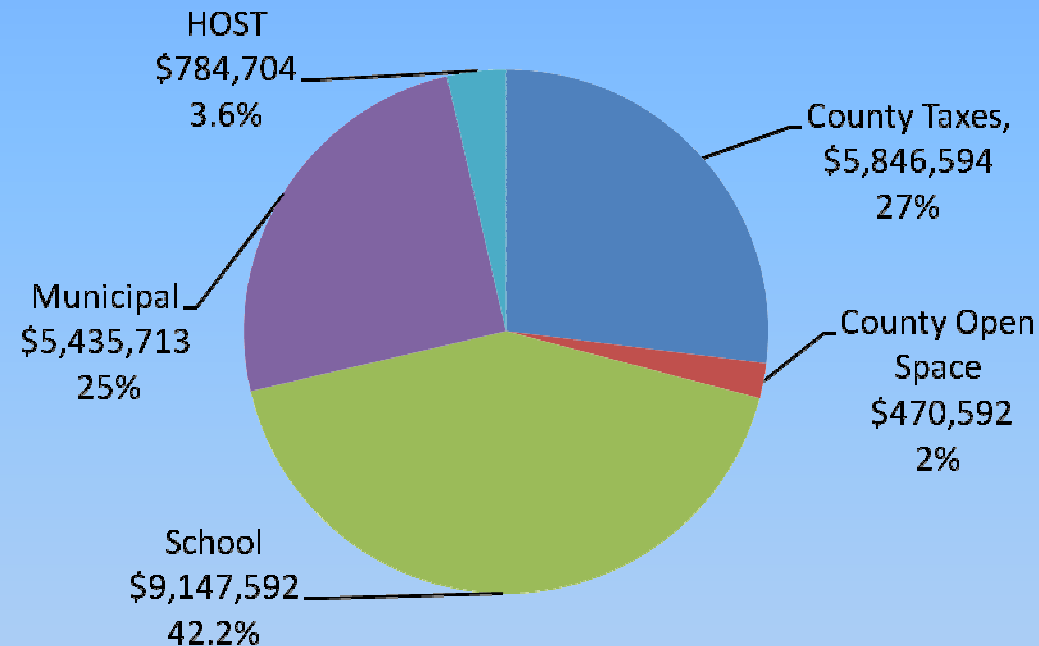
# Background

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- Under State Law, a municipality must pass its annual budget in order to spend money or to tax residents for that year.
- Budget form specified by the State.
- Strict State oversight performed by Div. of Local Gov. Services/Dept. of Community Affairs.
- Budget is on a 'modified cash basis' (not GAAP).
- By law Taxes must equal Appropriations (spending) less Revenues.
- Budget Revenue cannot exceed last year actual revenue.

# Tax Revenue Allocation

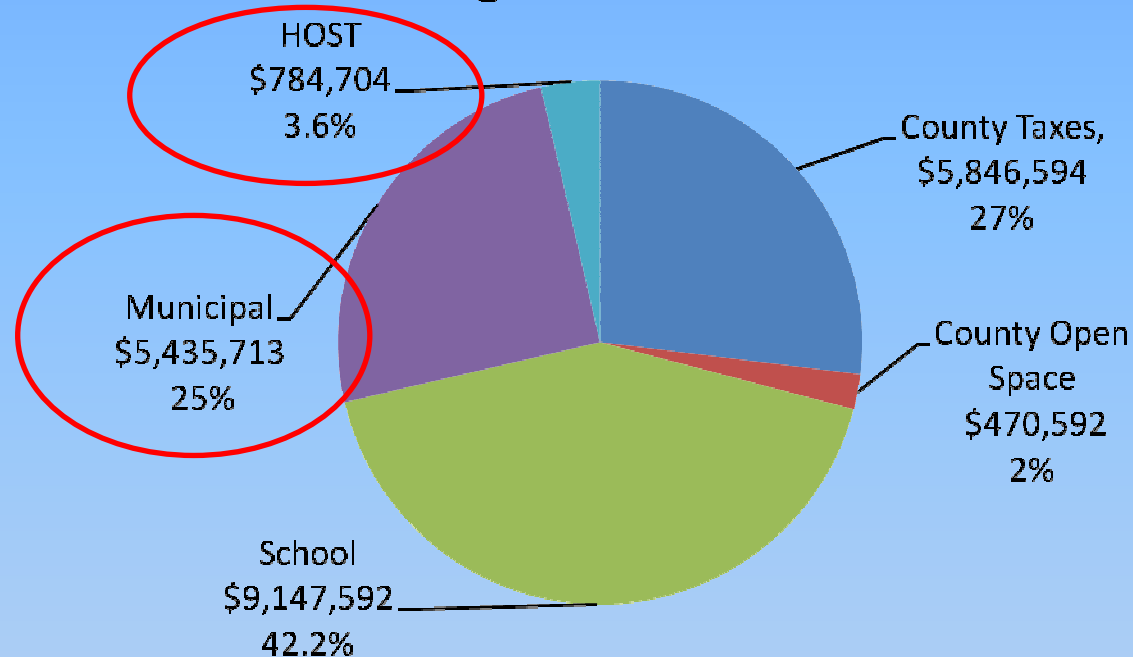
**Harding Total Taxes - 2011**



Total Taxes	\$21,685,195
Net Taxable Valuation	\$2,065,009,914
Ave. Residential Property Value	\$1,262,916
Average Residential Tax	\$13,001

# Tax Revenue Allocation

**Harding Total Taxes - 2011**



Total Taxes	\$21,685,195
Net Taxable Valuation	\$2,065,009,914
Ave. Residential Property Value	\$1,262,916
Average Residential Tax	\$13,001

# Budget Timeline

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## Timeline – Public Presentations

- ✓ September 2011 – Mid Year Budget Update
- ✓ October 2011 – Q3 Status & Year End Projection
- ✓ December 2011 – Preliminary Budget
- ✓ January 2012 – Department Financial Review
- ✓ February 2012 – Proposed Budget Review
- March 2012 – Budget Introduction
  - April 2012 – Budget Adoption
  - April 2012 – Capital Budget Introduction
  - May 2012 – Capital Budget Adoption

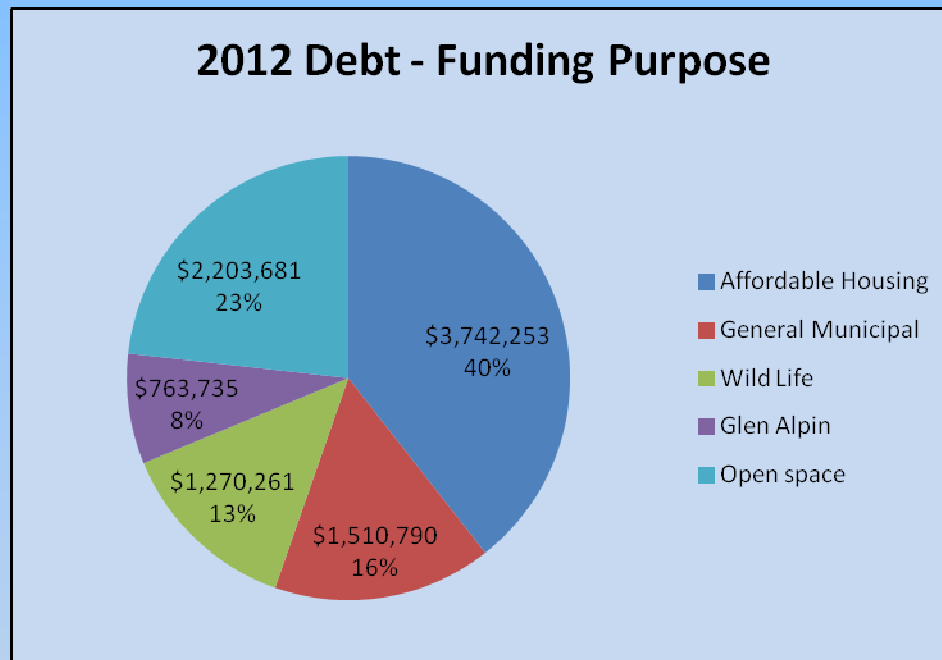
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# Township Debt

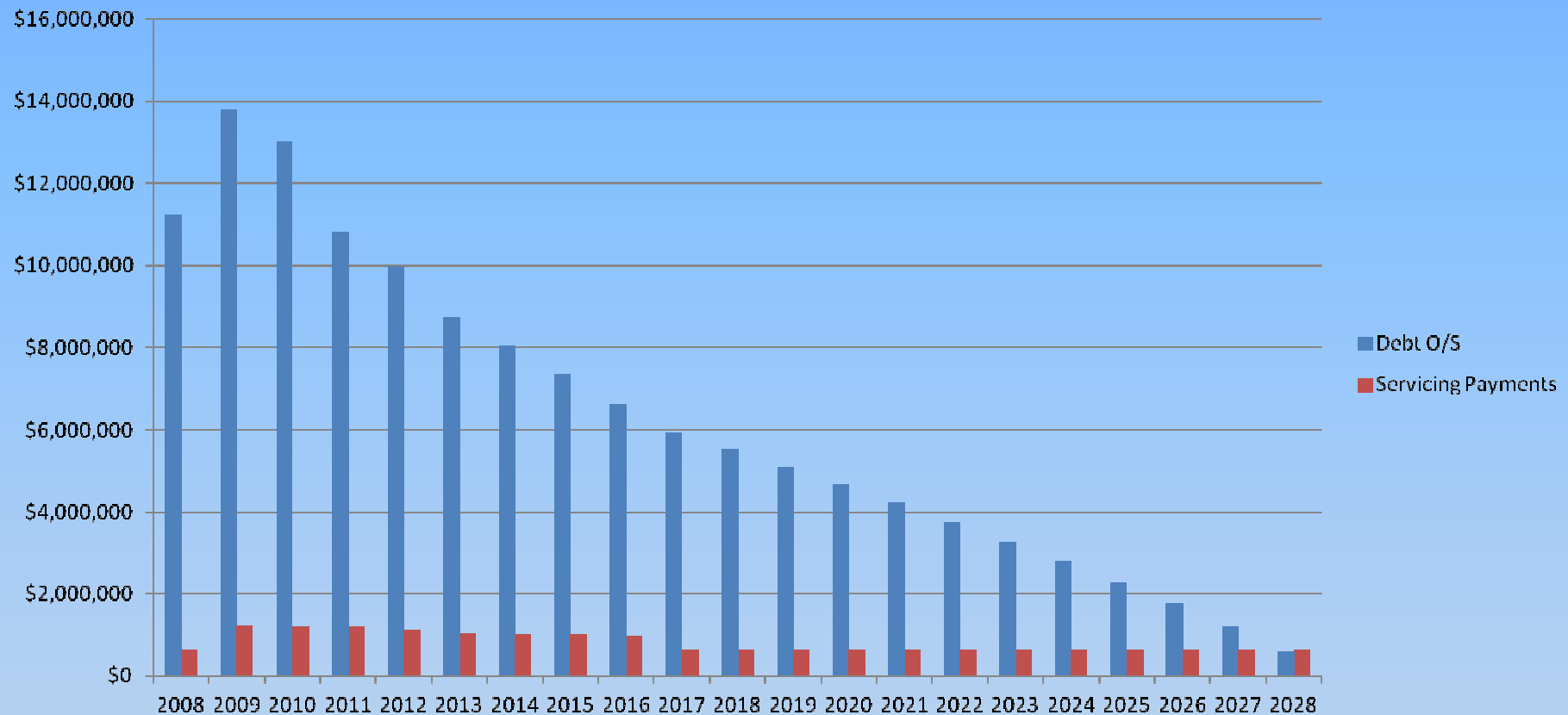
- Township policy is to pay down outstanding debt
- Harding debt rating: AAA



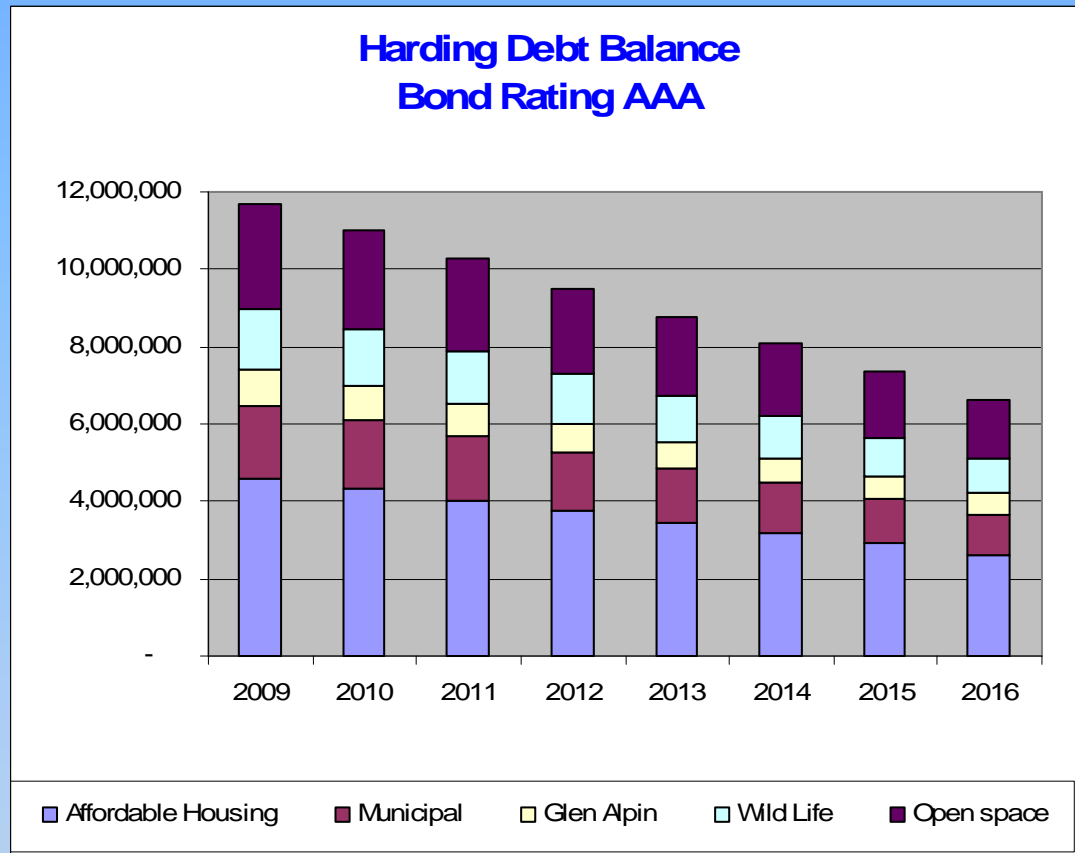
Year	Debt O/S	Principal Payment	Interest Payment	Servicing Payments
2008	\$11,252,068	\$333,836	\$283,592	\$617,428
2009	\$13,798,232	\$774,293	\$431,715	\$1,206,008
2010	\$13,023,939	\$779,489	\$406,546	\$1,186,035
2011	\$10,804,450	\$813,730	\$380,455	\$1,194,185
<b>2012</b>	<b>\$9,990,720</b>	<b>\$762,720</b>	<b>\$353,354</b>	<b>\$1,116,074</b>
2013	\$8,758,000	\$695,000	\$326,997	\$1,021,997
2014	\$8,063,000	\$705,000	\$300,457	\$1,005,457
2015	\$7,358,000	\$715,000	\$273,567	\$988,567
2016	\$6,643,000	\$723,000	\$246,327	\$969,327
2017	\$5,920,000	\$400,000	\$218,731	\$618,731
2018	\$5,520,000	\$415,000	\$204,469	\$619,469
2019	\$5,105,000	\$430,000	\$189,144	\$619,144
2020	\$4,675,000	\$445,000	\$172,738	\$617,738
2021	\$4,230,000	\$465,000	\$155,675	\$620,675
2022	\$3,765,000	\$485,000	\$137,863	\$622,863
2023	\$3,280,000	\$495,000	\$119,364	\$614,364
2024	\$2,785,000	\$515,000	\$100,045	\$615,045
2025	\$2,270,000	\$535,000	\$79,766	\$614,766
2026	\$1,735,000	\$555,000	\$58,300	\$613,300
2027	\$1,180,000	\$580,000	\$35,600	\$615,600
2028	\$600,000	\$600,000	\$12,000	\$612,000



# Township Debt Payoff



# Township Debt by Type



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# Open Space Finances

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## Background

- Township Referenda: Open Space tax rate can be set from 2¢ to 5¢ per \$100 assessed valuation by Township Committee on yearly basis.
- 10% of Open Space tax can be used for historical preservation.
- Open Space tax currently 3.8¢ of each \$100 of assessed valuation (\$2,044,280,191)
- Open Space tax rate matched County rate: 4.5¢ per \$100 in 2008; 4¢ per \$100 in 2009; decreased to 3.8¢ per \$100 in 2010 when County cut rate to 2¢ per \$100.

# Open Space Finances

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## 2012

- 2012 total Open Space Tax revenue: \$776,826
- (decrease 1% from 2011: decrease in Township valuation because of tax appeals and property removed from tax rolls for open space)
- Open Space tax burden = 12.4% of total 2012 municipal tax burden
- 2012 Open Space principal + interest payment = \$332,000 = 43% of Open Space tax revenue (2011: \$410,500 = 52% of 2011 Open Space Revenue)
- Open Space Trust Balance @1/1/2012 = \$3,373,012

# Presentation

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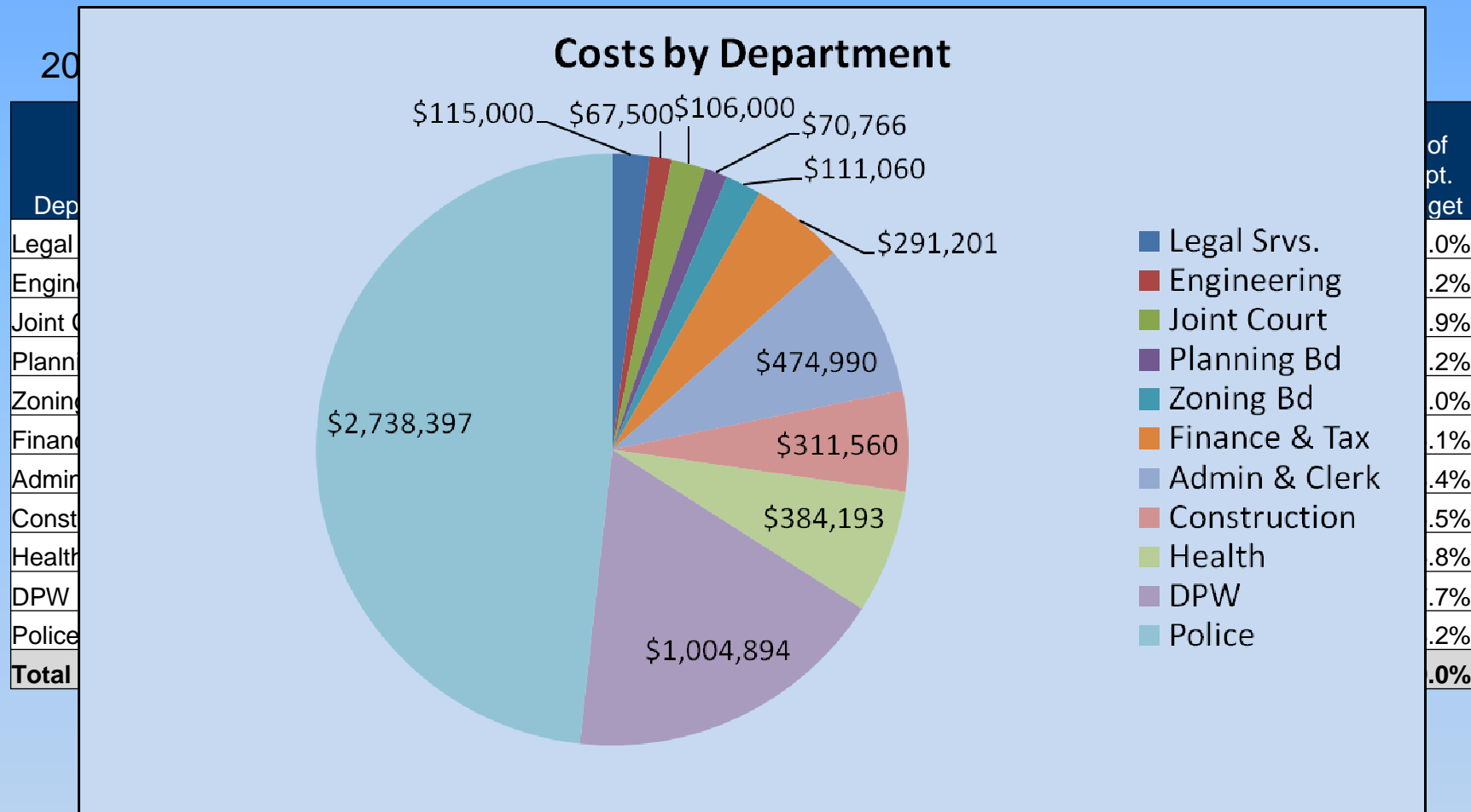
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# Department Cost Summary

2012 Operating Budget: \$8,596,921

Department	Salaries + Overtime	Pension	Health Insurance	Other (FICA, etc.)	Total Emp. Comp.	Retiree Health Insurance	Other Dept. Expenses	Total Dept. Cost	% of Op Budget	% of Dept. Budget
Legal Svcs.	\$0	\$0	\$0	\$0	\$0	\$0	\$115,000	\$115,000	1.3%	2.0%
Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$67,500	\$67,500	0.8%	1.2%
Joint Court	\$0	\$0	\$0	\$0	\$0	\$0	\$106,000	\$106,000	1.2%	1.9%
Planning Bd	\$24,699	\$3,045	\$10,133	\$1,889	\$39,766	\$0	\$31,000	\$70,766	0.8%	1.2%
Zoning Bd	\$57,731	\$6,662	\$19,276	\$4,416	\$88,085	\$0	\$22,975	\$111,060	1.3%	2.0%
Finance & Tax	\$175,416	\$15,216	\$10,000	\$13,419	\$214,051	\$14,600	\$62,550	\$291,201	3.4%	5.1%
Admin & Clerk	\$220,541	\$23,204	\$39,310	\$15,172	\$298,227	\$29,178	\$147,585	\$474,990	5.5%	8.4%
Construction	\$218,224	\$24,701	\$42,789	\$16,376	\$302,090	\$0	\$9,470	\$311,560	3.6%	5.5%
Health	\$214,299	\$24,729	\$48,666	\$16,394	\$304,088	\$0	\$80,105	\$384,193	4.5%	6.8%
DPW	\$365,506	\$35,815	\$148,730	\$23,743	\$573,794	\$14,600	\$416,500	\$1,004,894	11.7%	17.7%
Police	\$1,424,201	\$280,861	\$501,433	\$98,044	\$2,304,540	\$270,307	\$163,550	\$2,738,397	31.9%	48.2%
<b>Total</b>	<b>\$2,700,617</b>	<b>\$414,233</b>	<b>\$820,337</b>	<b>\$189,454</b>	<b>\$4,124,641</b>	<b>\$328,685</b>	<b>\$1,222,235</b>	<b>\$5,675,561</b>	<b>66.0%</b>	<b>100.0%</b>

# Department Cost Summary





# Employee Cost Averages

FTE = Full Time Equivalent

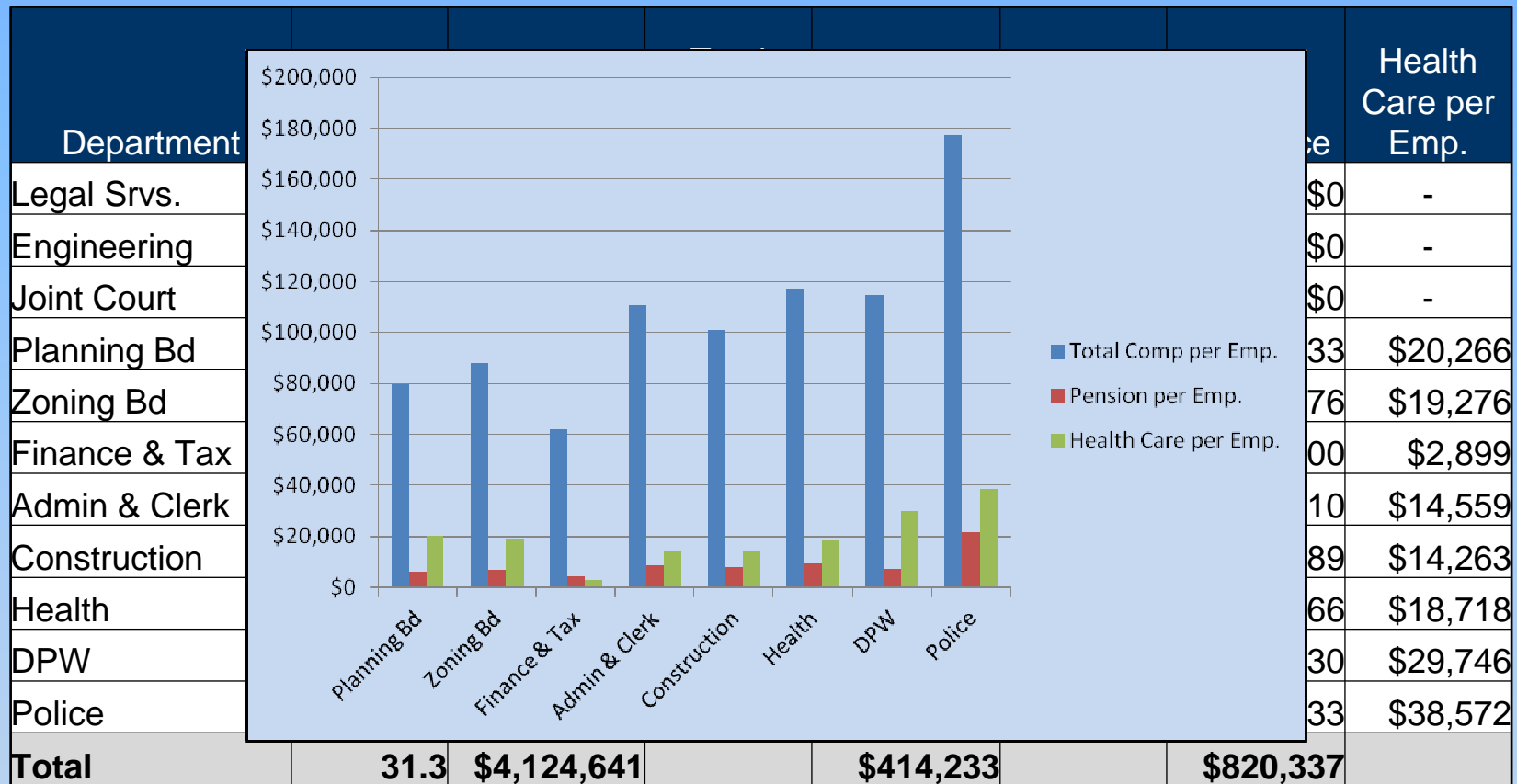
Total Emp. Comp. = Salaries/Wages + Overtime + Pension + Health Ins. + Payroll taxes (FICA, Med. Etc.)

Department	# Emp (in FTEs)	Total Emp. Comp.	Total Comp per Emp.	Pension	Pension per Emp.	Health Insurance	Health Care per Emp.
Legal Srvs.	0.0	\$0	-	\$0	-	\$0	-
Engineering	0.0	\$0	-	\$0	-	\$0	-
Joint Court	0.0	\$0	-	\$0	-	\$0	-
Planning Bd	0.5	\$39,766	\$79,533	\$3,045	\$6,090	\$10,133	\$20,266
Zoning Bd	1.0	\$88,085	\$88,085	\$6,662	\$6,662	\$19,276	\$19,276
Finance & Tax	3.5	\$214,051	\$62,044	\$15,216	\$4,410	\$10,000	\$2,899
Admin & Clerk	2.7	\$298,227	\$110,454	\$23,204	\$8,594	\$39,310	\$14,559
Construction	3.0	\$302,090	\$100,697	\$24,701	\$8,234	\$42,789	\$14,263
Health	2.6	\$304,088	\$116,957	\$24,729	\$9,511	\$48,666	\$18,718
DPW	5.0	\$573,794	\$114,759	\$35,815	\$7,163	\$148,730	\$29,746
Police	13.0	\$2,304,540	\$177,272	\$280,861	\$21,605	\$501,433	\$38,572
<b>Total</b>	<b>31.3</b>	<b>\$4,124,641</b>		<b>\$414,233</b>		<b>\$820,337</b>	

# Employee Cost Averages

FTE = Full Time Equivalent

Total Emp. Comp. = Salaries/Wages + Overtime + Pension + Health Ins. + Payroll taxes (FICA, Med. Etc.)



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# Budget Highlights

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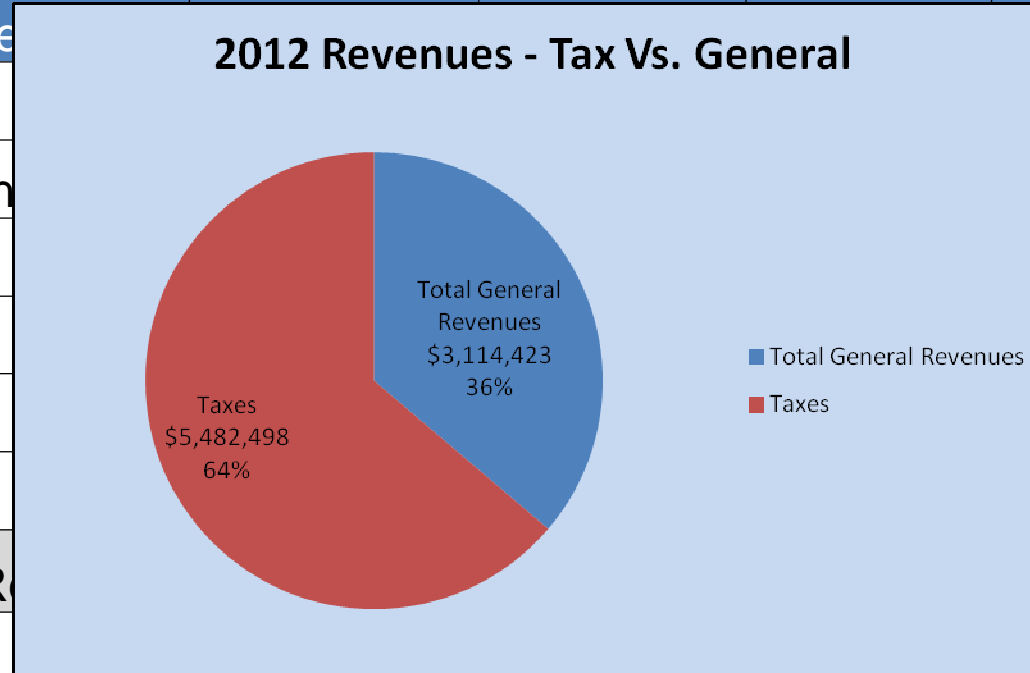
- Revenue and Expense Puts and Takes
  - \$50,000 Revenue Increase
  - \$180,208 Expense Reduction
- Includes 4.1% PBA Salary Increase as per contract
- Includes 2% Salary Increase for other employees
- Fully funds Health Care and Pension cost
- Absorbs reduction in Township Assessed Value
- Budget is under Levy CAP and Spending CAP established by State
- Funds Township affordable Housing Cost – State Mandates

# 2012 Budget - Revenue

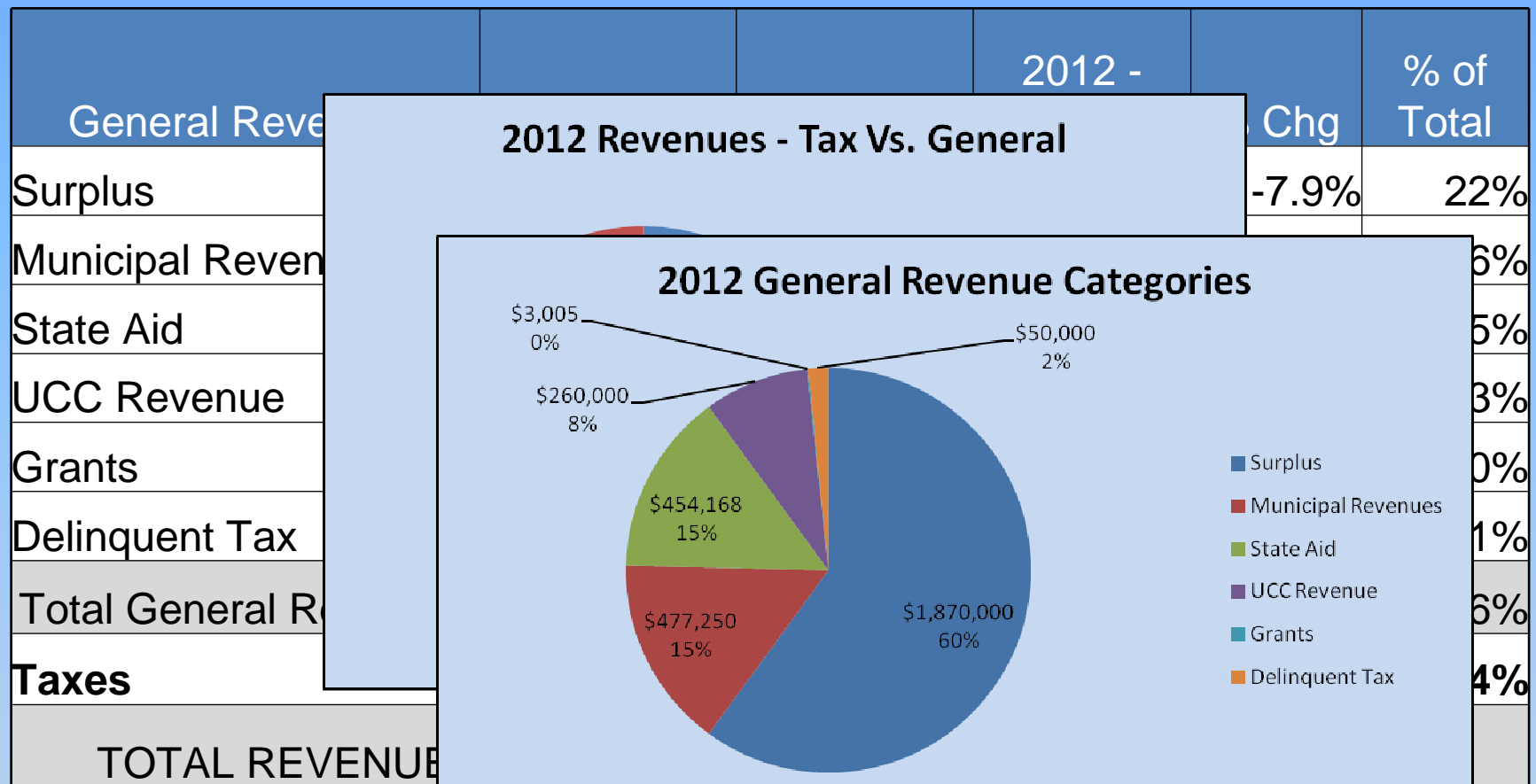
General Revenues	2012	2011	2012 - 2011	% Chg	% of Total
Surplus	\$1,870,000	\$2,030,000	-\$160,000	-7.9%	22%
Municipal Revenues	\$477,250	\$600,800	-\$123,550	-20.6%	6%
State Aid	\$454,168	\$454,168	\$0	0.0%	5%
UCC Revenue	\$260,000	\$250,000	\$10,000	4.0%	3%
Grants	\$3,005	\$54,708	-\$51,703	-94.5%	0%
Delinquent Tax	\$50,000	\$15,000	\$35,000	233.3%	1%
Total General Revenues	\$3,114,423	\$3,404,676	-\$290,253	-8.5%	36%
<b>Taxes</b>	<b>\$5,482,498</b>	<b>\$5,435,713</b>	<b>\$46,785</b>	<b>0.9%</b>	<b>64%</b>
<b>TOTAL REVENUES</b>	<b>\$8,596,921</b>	<b>\$8,840,389</b>	<b>-\$243,468</b>	<b>-2.8%</b>	

# 2012 Budget - Revenue

General Revenue			2012 -	Chg	% of Total
Surplus				-7.9%	22%
Municipal Revenue				20.6%	6%
State Aid				0.0%	5%
UCC Revenue				4.0%	3%
Grants				94.5%	0%
Delinquent Tax				33.3%	1%
Total General Revenue				-8.5%	36%
Taxes				0.9%	64%
TOTAL REVENUES	\$8,596,921	\$8,840,389	-\$243,468	-2.8%	



# 2012 Budget - Revenue



# Budget Drivers - Revenue

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- Delinquent Tax Increase
  - 2010 Y/E balance of Del. Tax \$40,989
  - 2011 Budget \$15,000
  - 2011 Y/E balance of Del. Tax \$102,460
  - 2012 Budget \$ 50,000
- Interest & Cost on Taxes
  - Projected 2012 revenue will be higher based on the higher delinquent tax at the end of 2011
- \$10,000 – Increase UCC Fees based on the 2011 experience
- Uniform Construction Code fee
  - 2011 Budget \$250,000
  - 2011 Actual \$322,737

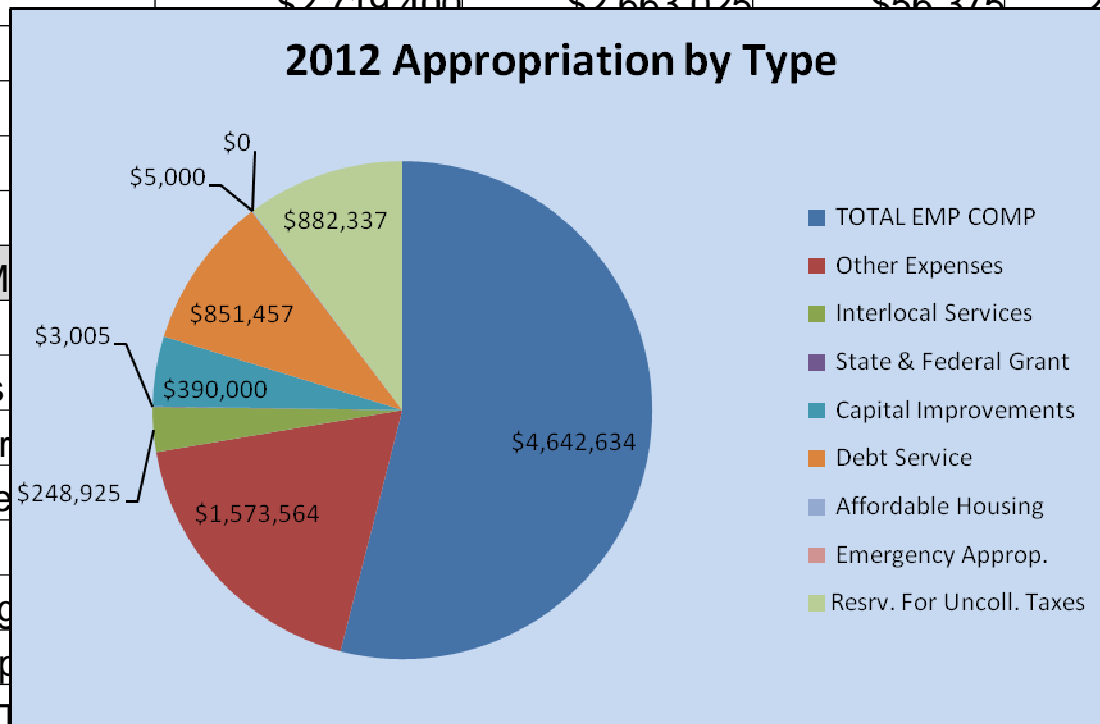


# 2012 Budget - Appropriations

CURRENT FUND- APPROPRIATIONS	2012 Recommend	2011	Chg. over 2011	% Chg.	% of Total
Salaries & Wages	\$2,719,400	\$2,663,025	\$56,375	2.12%	31.63%
Health Insurance	\$1,294,000	\$1,187,000	\$107,000	9.01%	15.05%
Social Security	\$215,000	\$215,000	\$0	0.00%	2.50%
Pension-PFRS	\$275,517	\$402,808	-\$127,291	-31.60%	3.20%
Pension-PERS	\$138,717	\$159,318	-\$20,601	-12.93%	1.61%
<b>TOTAL EMP COMP</b>	<b>\$4,642,634</b>	<b>\$4,627,151</b>	<b>\$15,483</b>	<b>0.33%</b>	<b>54.00%</b>
Other Expenses	\$1,573,564	\$1,631,359	-\$57,795	-3.54%	18.30%
Interlocal Services	\$248,925	\$245,725	\$3,200	1.30%	2.90%
State & Federal Grant	\$3,005	\$56,395	-\$53,390	-94.67%	0.03%
Capital Improvements	\$390,000	\$450,000	-\$60,000	-13.33%	4.54%
Debt Service	\$851,457	\$913,145	-\$61,688	-6.76%	9.90%
Affordable Housing	\$5,000	\$35,000	-\$30,000	-85.71%	0.06%
Emergency Approp.	-	-	-	-	-
Resrv. For Uncoll. Taxes	\$882,337	\$881,615	\$722	0.08%	10.26%
<b>TOTAL APPROP.</b>	<b>\$8,596,921</b>	<b>\$8,840,389</b>	<b>-\$243,468</b>	<b>-2.75%</b>	<b>100.00%</b>

# 2012 Budget - Appropriations

CURRENT FUND- APPROPRIATIONS	2012 Recommend	2011	Chg. over 2011	% Chg.	% of Total
Salaries & Wages	\$2,719,400	\$2,663,025	\$56,375	2.12%	31.63%
Health Insurance				01%	15.05%
Social Security				00%	2.50%
Pension-PFRS				60%	3.20%
Pension-PERS				93%	1.61%
<b>TOTAL EMP COM</b>				33%	54.00%
Other Expenses				54%	18.30%
Interlocal Services				30%	2.90%
State & Federal Gr				67%	0.03%
Capital Improveme				33%	4.54%
Debt Service				76%	9.90%
Affordable Housing				71%	0.06%
Emergency Approp					-
Resrv. For Uncoll. T				08%	10.26%
<b>TOTAL APPROP.</b>	<b>\$8,596,921</b>	<b>\$8,840,389</b>	<b>-\$243,468</b>	<b>-2.75%</b>	<b>100.00%</b>



# Drivers – Expense Reductions

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- Deferred Charges
  - Fire Cistern Project completed below the estimates and balance was cancelled in December 2011. Project funding is not required in 2012
- Capital Improvement
  - Required project funding in 2012 is less than prior year. Still maintain balance above the 2011 level. Capital plan was explained during February meeting
- Reserve
  - At the time of Preliminary budget, the collection was less than actual in December allowing to reduce the line. The amount in 2012 budget is virtually same as 2011
- Fair Share Housing
  - Governor placed hold on COAH requirement on municipality. The operating budget is not needed since no action is projected in 2012

# Tax Rate Comparison

	# of units	Assessed Value
2012 Residential/Commercial	1906	\$ 2,042,982,571
2012 Utility	1	\$1,297,620
2012 Total	1907	\$2,044,280,191
Average Assessed Value		\$ 1,071,988
2012 Tax Rate / \$100 Valuation	.268	\$2,873
2011 Tax Rate / \$100 Valuation	.263	\$2,858
2010 Tax Rate / \$100 Valuation	.258	\$2,804
Increase (2012 vs. 2011)	.005	\$15
% Increase	1.90%	0.5%

	2012	2011		
	Assessed Value	Assessed Value	change	Change%
Total Assessed Value	\$2,044,280,191	\$2,065,009,914	(\$20,729,723)	-1.00%

# Tax Rate History

## Rates

Year	Net valuation	County	County OS	School	Harding	HOST	Total
2008	\$2,000,744,088	0.261	0.059	0.422	0.249	0.045	1.036
2009	\$2,021,010,460	0.268	0.045	0.443	0.262	0.040	1.058
2010	\$2,050,276,147	0.264	0.029	0.442	0.258	0.038	1.031
2011	\$2,065,009,914	0.284	0.023	0.443	0.263	0.038	1.051
2012	\$2,044,280,191	N/A	N/A	N/A	0.268	0.038	N/A

## Taxes

Year	Sample Value	County	County OS	School	Harding	HOST	Total
2008	\$1,000,000	\$2,610	\$590	\$4,220	\$2,490	\$450	\$10,360
2009	\$1,000,000	\$2,680	\$450	\$4,430	\$2,620	\$400	\$10,580
2010	\$1,000,000	\$2,640	\$290	\$4,420	\$2,580	\$380	\$10,310
2011	\$1,000,000	\$2,840	\$230	\$4,430	\$2,630	\$380	\$10,510
2012	\$1,000,000	N/A	N/A	N/A	\$2,680	\$380	N/A

Increase of municipal expenditure of \$260K increases municipal tax by 1¢.

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# Challenges

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## Main Financial Challenges

- Uncertainty in State policies regarding health and pension reforms
- Halting exponentiating cost of benefits
- Contract negotiations
- Uncertainty in State COAH policies and mandates

# Objectives

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## Continuing Financial Objectives

- Ensure funding to maintain or improve quality of services to residents
- Ensure conservative expenditures of tax dollars & stable tax rate
- Continue to pay down debt
- Maintain strong financial position, strong fund balance, AAA debt rating
- Fund Capital on Cash Basis: Pay as you go



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**Thank You**