

Harding Township

Harding Township, NJ 2024 Preliminary Budget

April 15th, 2024

Presentation

1. Budget Development Principles
2. Challenges & Risks
3. Short-term Debt Management for Open Space
4. 2023 Taxes Review
5. 2024 Budget Timeline
6. Township Debt Status – 2024
7. Open Space Tax
8. 2024 Budget
 1. Expenditure (Appropriation) Summary
 2. Other Expenses Details
 3. Expenditure (Appropriation) Drivers
 4. Revenue Summary
 5. Revenue Drivers
9. Assessed Value and Tax Rate

Budget Development Principles

- Commit significant time reviewing Harding's operating and regulatory environment, challenges, & opportunities to develop a long-term framework for decision making
- Review all services, facilities, & infrastructure we need to or are required to provide
- Deliver these services, facilities, & infrastructure in the most efficient, cost-effective way possible
- Maintain a structural balance – make sure operating expenses are funded with recurring revenues
- Limit the use of non-recurring revenues & expense holidays
- Fund only what's necessary
- Maintain surplus between 12% & 15%
- Continue on path to be debt free in 2028

Challenges & Risks

- Escalating healthcare costs
- Growing state pension costs & poor state management of assets
- Affordable housing obligations
- State mandated storm water management requirements
- Demands from New Jersey for police unfunded mandates
- Burden imposed on residents by increased state taxes
- Cost of new well & water distribution management for municipal building
- Ash tree removal
- Unexpected litigation (e.g. cell tower)
- Continued costs to resolve the Glen Alpin
- Fluctuations in annual municipal revenues received
- Reduced revenues due to changing legislation

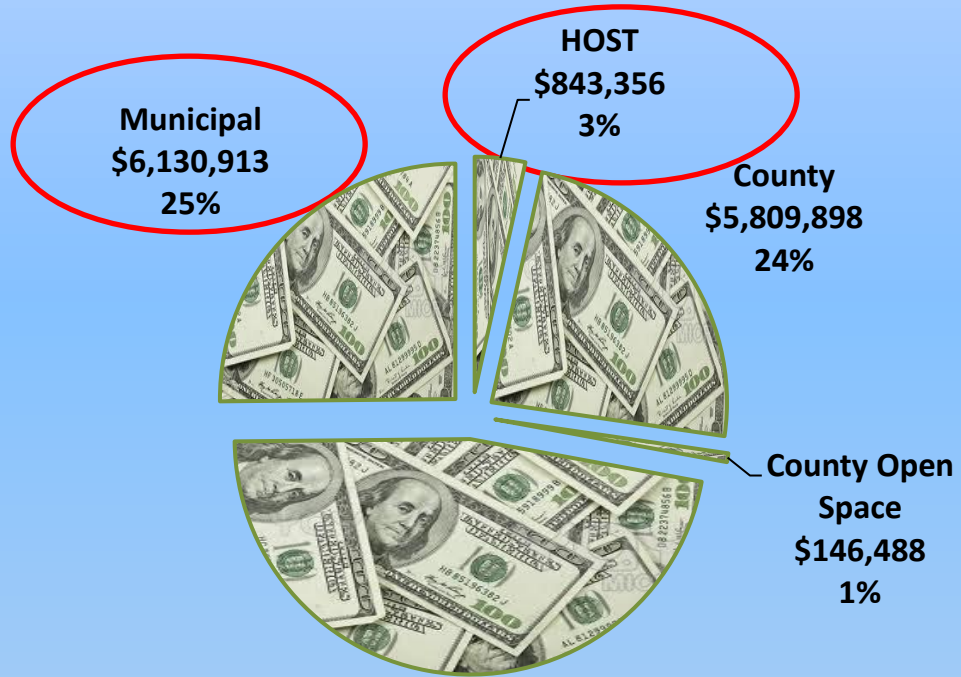
Short-term Debt Management for Open Space

- Adopted ordinances authorizing the purchase of diversion properties:
 - Ordinance #05-2018 on 4/9/2018
 - \$1,300,000 for 140 Blue Mill Road
 - Ordinance #22-2018 on 11/19/2018
 - \$465,000 for 26 Arborview Way
- Initial BAN for 140 Blue Mill Road issued in August of 2018. Additional debt for purchase of 26 Arborview Way added in 2019
- Interest is determined annually as BAN is renewed each year. Current interest is \$67,355.
- Annual interest appropriated in the general budget and funded through general taxation
- Currently, principal of \$1,619,617 remains on the BAN
- Bond Anticipation Note needs to be paid or converted to permanent bonding by May 1, 2029
- Township general debt to be retired in 2028

Short-term Debt Management for Open Space

- 4 year principal payoff schedule of \$1,619,617:
 - 2024: \$404,905
 - 2025: \$404,904
 - 2026: \$404,904
 - 2027: \$404,904
- 28 of 39 Morris County municipalities utilize a Municipal Open Space tax
- Harding Township Open Space tax billing by rate for 2024:
 - 4¢ per \$100 of assessed valuation would raise \$837,707
 - 3¢ per \$100 of assessed valuation would raise \$628,280
 - 2¢ per \$100 of assessed valuation would raise \$418,853
 - 1¢ per \$100 of assessed valuation would raise \$209,426

2023 Tax Revenue Allocation



	<u>2023</u>
HOST	\$843,356
County	\$5,809,898
County Open Space	\$146,488
School	\$11,440,619
Municipal	\$6,130,913
Total Taxes	\$24,371,274

School
\$11,440,619
47%

	<u>2023:</u>
Total Taxes	\$24,371,274
Net Taxable Valuation	\$2,108,391,707
Ave. Residential Property Value	\$1,090,172
Average Residential Tax	\$12,602

Budget Time Line

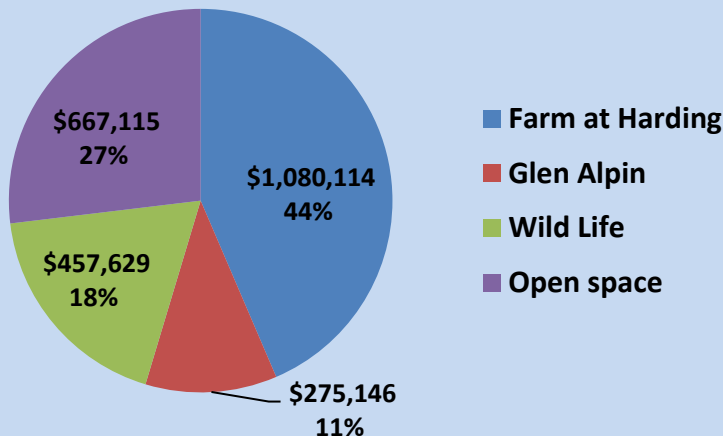
- Preliminary Budget Presentation – April 15th
- Preliminary Capital Budget Presentation – April 15th
- Introduction of Budget – April 15th
- Public Hearing and Adoption of Budget – May 13th
- Introduction of Capital Budget – April 15th
- Adoption of Capital Budget – May 13th
- Cap Bank Ordinance Introduction – March 11th
- Cap Bank Ordinance Adoption – April 15th

Township Debt

- Township policy is to pay down outstanding debt
- Harding debt rating: AAA
- Township's outstanding debt refinanced in 2017
- Savings from refinancing realized starting in 2019
- Outstanding BAN debt: \$1,619,617
- 2024 funding sources:
 - Farm at Harding : \$244,131
 - Open Space: \$212,934
 - General Budget: \$103,435

Year	Bonded 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
2012	\$9,990,720	\$762,720	\$353,354	\$1,116,074
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	\$4,950,000	\$415,000	\$190,813	\$605,813
2019	\$4,535,000	\$390,000	\$178,675	\$568,675
2020	\$4,145,000	\$395,000	\$167,875	\$562,875
2021	\$3,750,000	\$410,000	\$155,800	\$565,800
2022	\$3,340,000	\$425,000	\$143,275	\$568,275
2023	\$2,915,000	\$435,000	\$128,200	\$563,200
2024	\$2,480,000	\$450,000	\$110,500	\$560,500
2025	\$2,030,000	\$470,000	\$89,750	\$559,750
2026	\$1,560,000	\$495,000	\$65,625	\$560,625
2027	\$1,065,000	\$520,000	\$40,250	\$560,250
2028	\$545,000	\$545,000	\$13,625	\$558,625
2029	\$0	\$0	\$0	\$0

Bonded Debt Funding Purpose

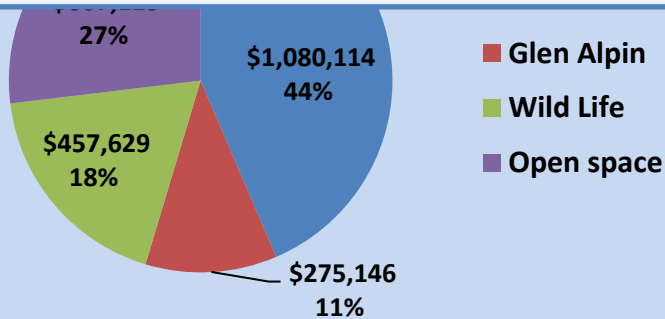
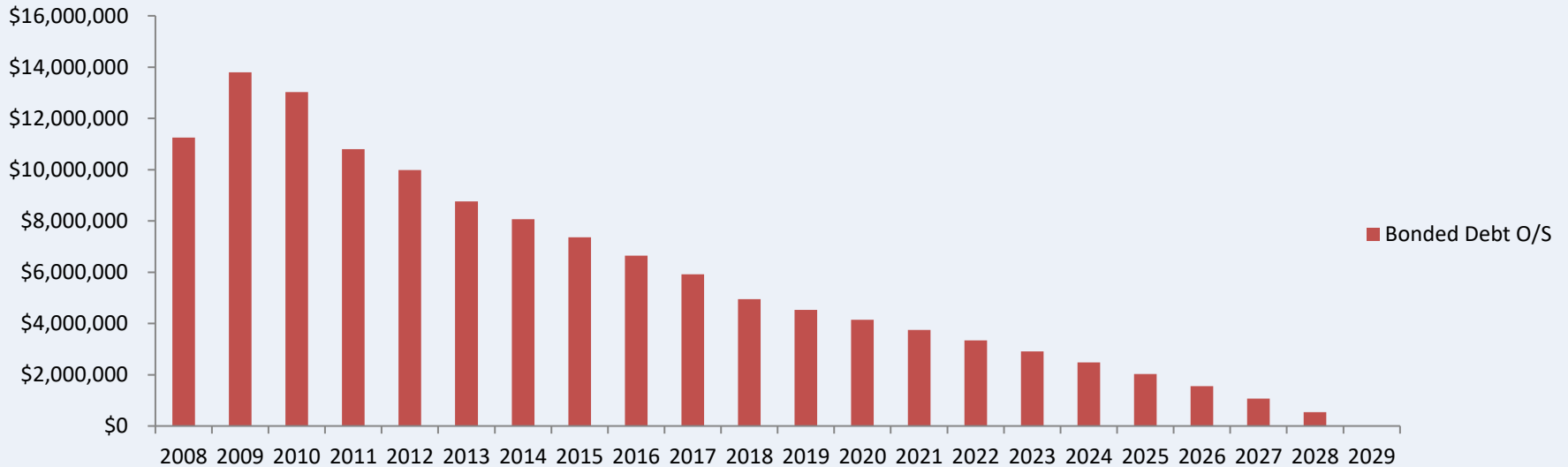


Township Debt

- Township policy is to pay down outstanding debt

Year	Bonded Debt O/S	Principal Payment	Interest Payment	Servicing Payments
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Harding Outstanding Debt by Year



2027	\$1,065,000	\$520,000	\$40,250	\$560,250
2028	\$545,000	\$545,000	\$13,625	\$558,625
2029	\$0	\$0	\$0	\$0

Open Space Finances

Background

- Township Referendum: Open Space tax rate (“OS Rate”) can be set by Township Committee on yearly basis from 0¢ to 5¢ per \$100 assessed valuation.
- Rate History

OS Rates: Cents per \$100				
Year	Harding	Amount	County	Amount
2016	4.00	\$ 802,856	1.10	\$ 194,490
2017	4.00	\$ 802,620	1.00	\$ 193,528
2018	4.00	\$ 799,809	1.00	\$ 193,500
2019	4.00	\$ 802,018	0.90	\$ 170,433
2020	4.00	\$ 847,281	0.80	\$ 168,121
2021	4.00	\$ 842,778	0.70	\$ 136,456
2022	4.00	\$ 840,606	0.70	\$ 138,189
2023	4.00	\$ 843,356	0.70	\$ 146,488
2024	2.00	\$ 418,853	-	-

2023 Year End Balance
\$ 1,274,756

* 2024 County Rate has not been finalized

Expenditure (Appropriation) Summary 2024 vs 2023

Current Fund Appropriation	2024 Recommended	2023 Adopted	Chg. Over 2023	% Chg.	% of Total
Salaries & Wages	\$3,993,199	\$3,826,545	\$166,654	4.4%	36.2%
Health Insurance	\$1,412,970	\$1,386,104	\$26,866	1.9%	12.8%
Social Security	\$310,500	\$310,500	\$0	0.0%	2.8%
Pension-PFRS	\$589,786	\$527,888	\$61,898	11.7%	5.3%
Pension-PERS	\$255,528	\$230,719	\$24,809	10.8%	2.3%
Pension-DCRP	\$4,000	\$4,000	\$0	0.0%	0.0%
Total Employee Comp	\$6,565,983	\$6,285,756	\$280,227	4.5%	60%
Other Expenses	\$1,911,475	\$1,870,219	\$41,256	2.2%	17.3%
Interlocal Services	\$255,632	\$252,600	\$3,032	1.2%	2.3%
Capital Improvements	\$435,000	\$450,000	(\$15,000)	-3.3%	3.9%
Debt Service & Def. Charg.	\$825,285	\$416,000	\$409,285	98.4%	7.5%
Emergency Approp.	\$80,000	\$0	\$80,000	0.0%	0.7%
Resrv. For Uncoll. Taxes	\$958,800	\$940,000	\$18,800	2.0%	8.7%
Total Non-Employee Comp	\$4,466,192	\$3,928,819	\$537,373	13.7%	40%
Total Appropriations	\$11,032,175	\$10,214,575	\$817,600	8.0%	100%
Public & Private Grants	\$256,375	\$188,457	\$67,918	36.0%	
Total Appropriations+Grant	\$11,288,550	\$10,403,031	\$885,518	8.5%	

2024 Other Expenses Breakdown

Other Expenses	Amount
Building/Road/Park Maintenance	\$226,800
Miscellaneous Other Expenses	\$803,425
Utilities	\$193,000
Joint Insurance Fund	\$180,000
Legal	\$134,500
Technology (MIS)	\$96,750
Engineering	\$37,500
Legal – Tax Appeal	\$30,000
Library	\$50,000
Private Community Reimbursement (snow plow / street lighting)	\$40,000
Audit	\$34,000
Snow Removal	\$85,500
Total	\$1,911,475

2024 Other Expenses Breakdown

Miscellaneous Other Expenses Detail	2024
MAYOR & COUNCIL	\$ 5,900
GENERAL ADMINISTRATION	\$ 172,500
HUMAN RESOURCE	\$ 6,480
MUNICIPAL CLERK	\$ 47,850
ELECTIONS	\$ 6,500
FINANCIAL ADMINISTRATION	\$ 27,250
TAX COLLECTION	\$ 6,270
TAX ASSESSMENT	\$ 4,650
TAX MAP REVISION	\$ 3,500
PLANNING BOARD	\$ 40,700
BD OF ADJUSTMENT	\$ 53,200
UNIFORM CONSTRUCTION CODE	\$ 19,625
VEHICLE MAINT.	\$ 78,500
POLICE DEPARTMENT	\$ 153,600
EMERGENCY MANAGEMENT	\$ 1,500
SOLID WASTE COLLECTION	\$ 96,000

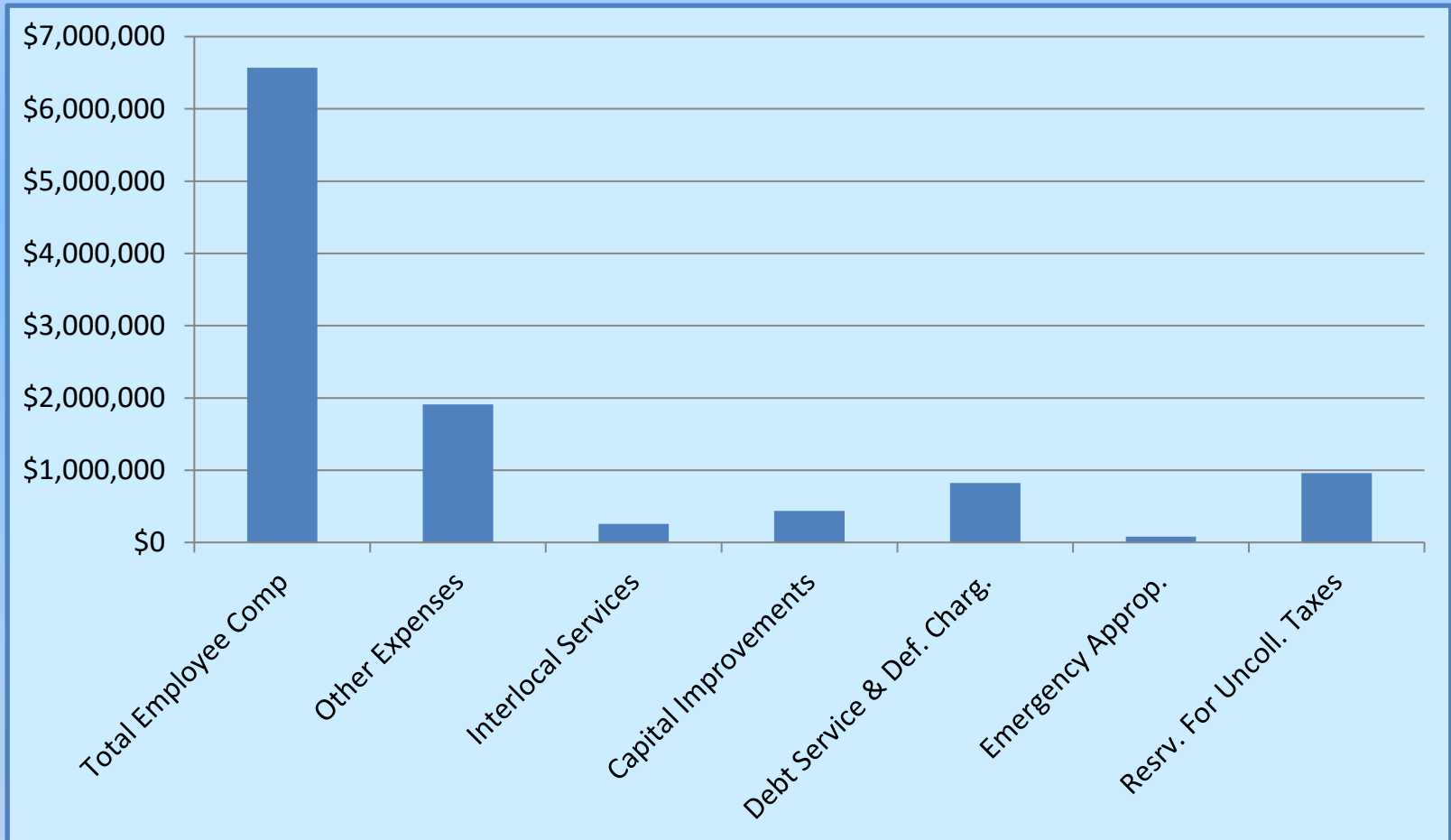
2024 Other Expenses Breakdown

Miscellaneous Other Expenses Detail	2024
RECYCLING	\$ 23,700
FIRE HYDRANT SERVICE	\$ 7,500
HEALTH SERVICES	\$ 16,950
ENVIRONMENTAL COMMISSION	\$ 7,950
ANIMAL CONTROL	\$ 1,200
HISTORICAL PRESERVATION COMMISSION	\$ 5,000
CONTRIBUTION TO S/C PROGRAMS	\$ 4,500
MISCELLANEOUS	\$ 2,600
MATCHING FUND FOR GRANTS	\$ 10,000
Total	\$ 803,425

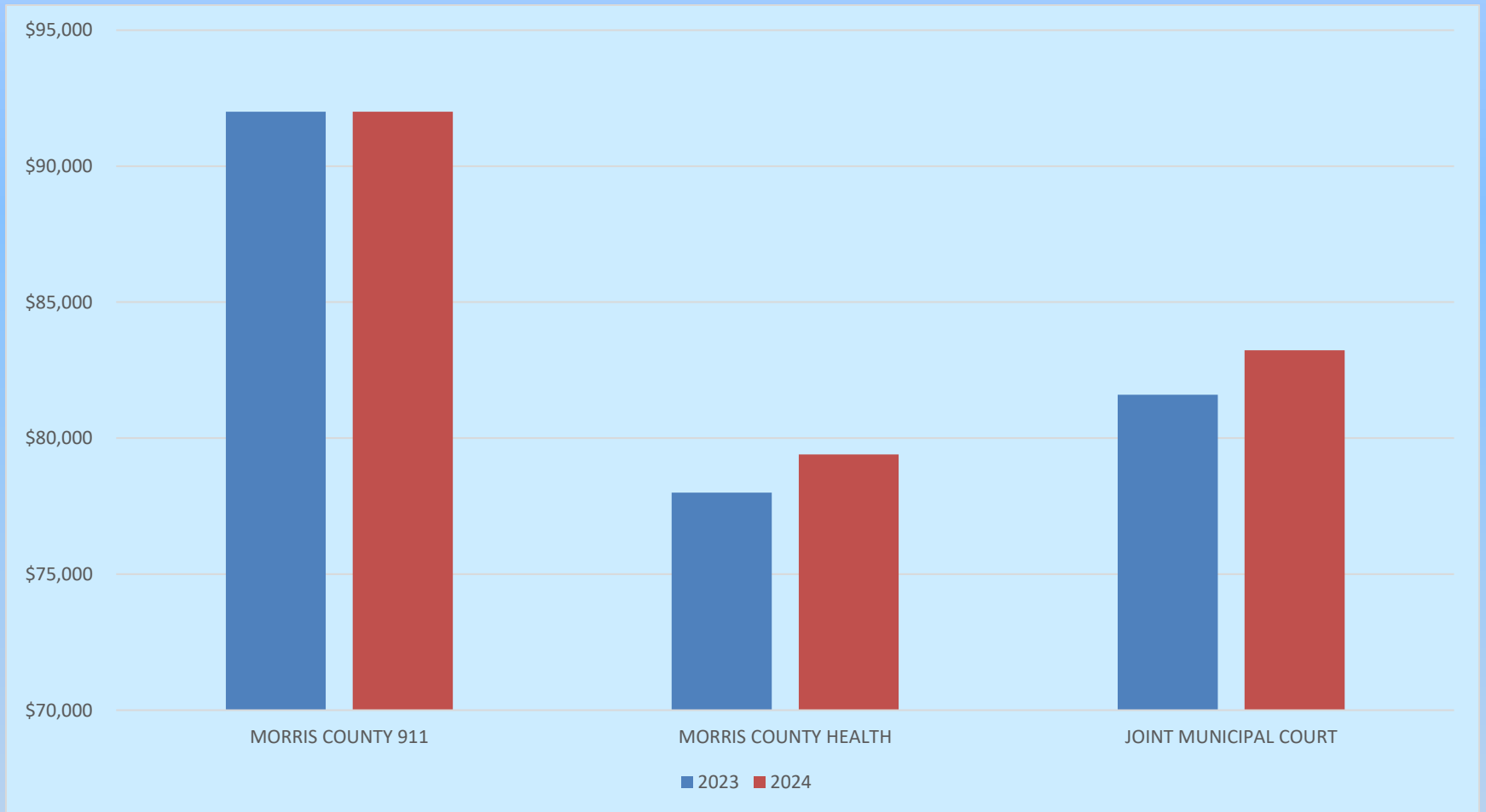
2024 Other Expenses Breakdown



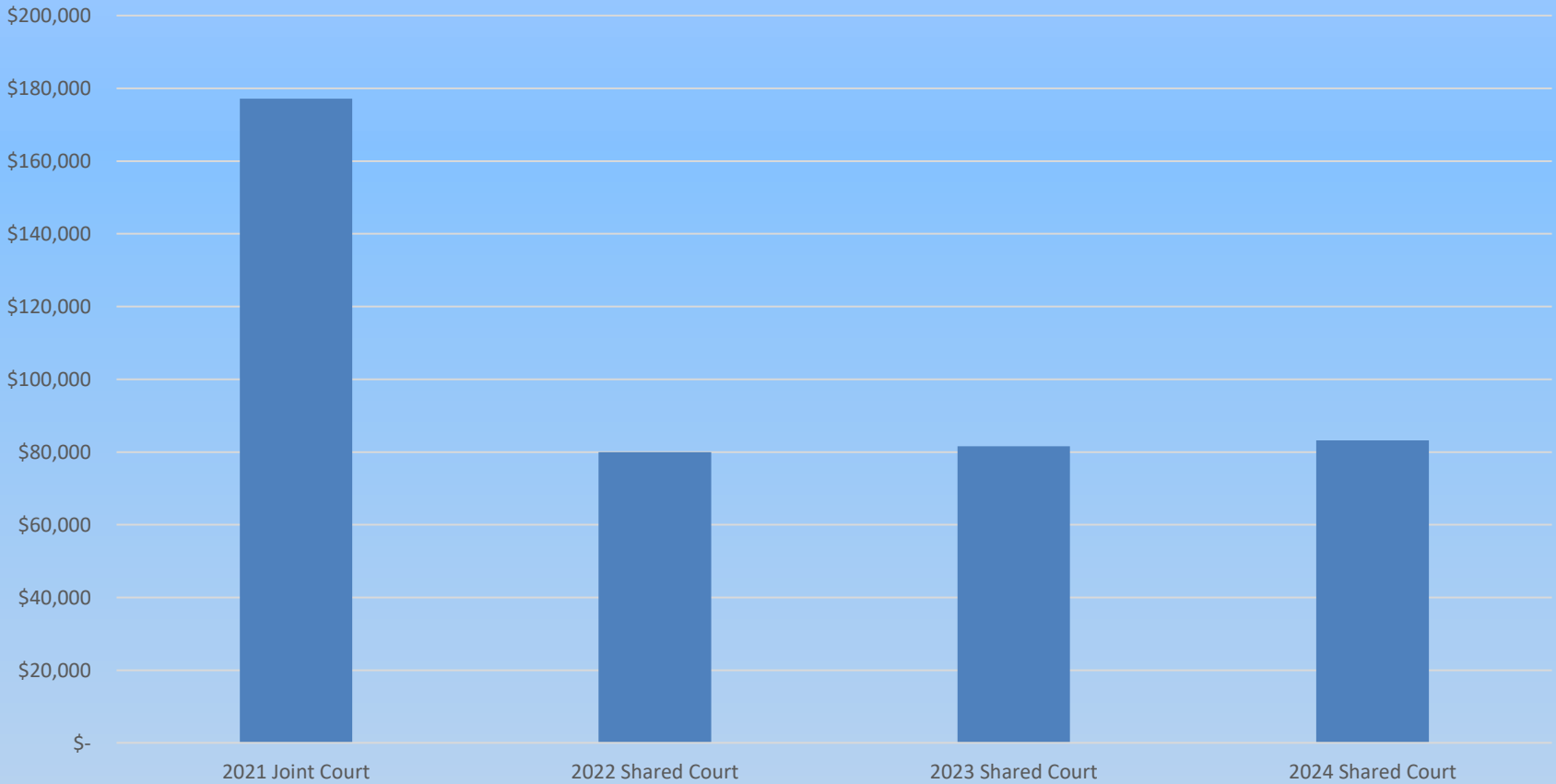
2024 Expenditure (Appropriation) Summary



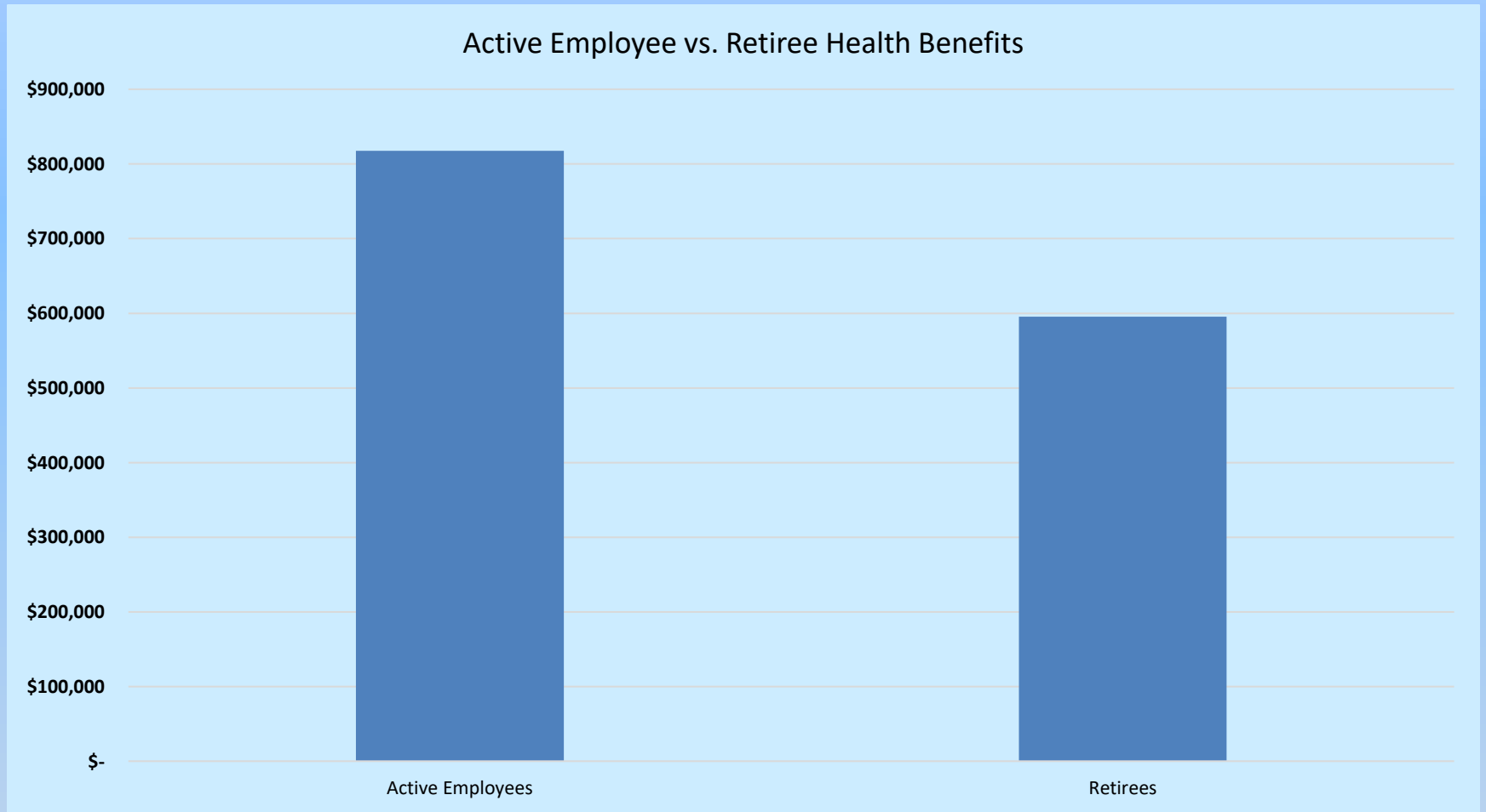
Interlocal Services



Annual Court Budget



Health Benefits



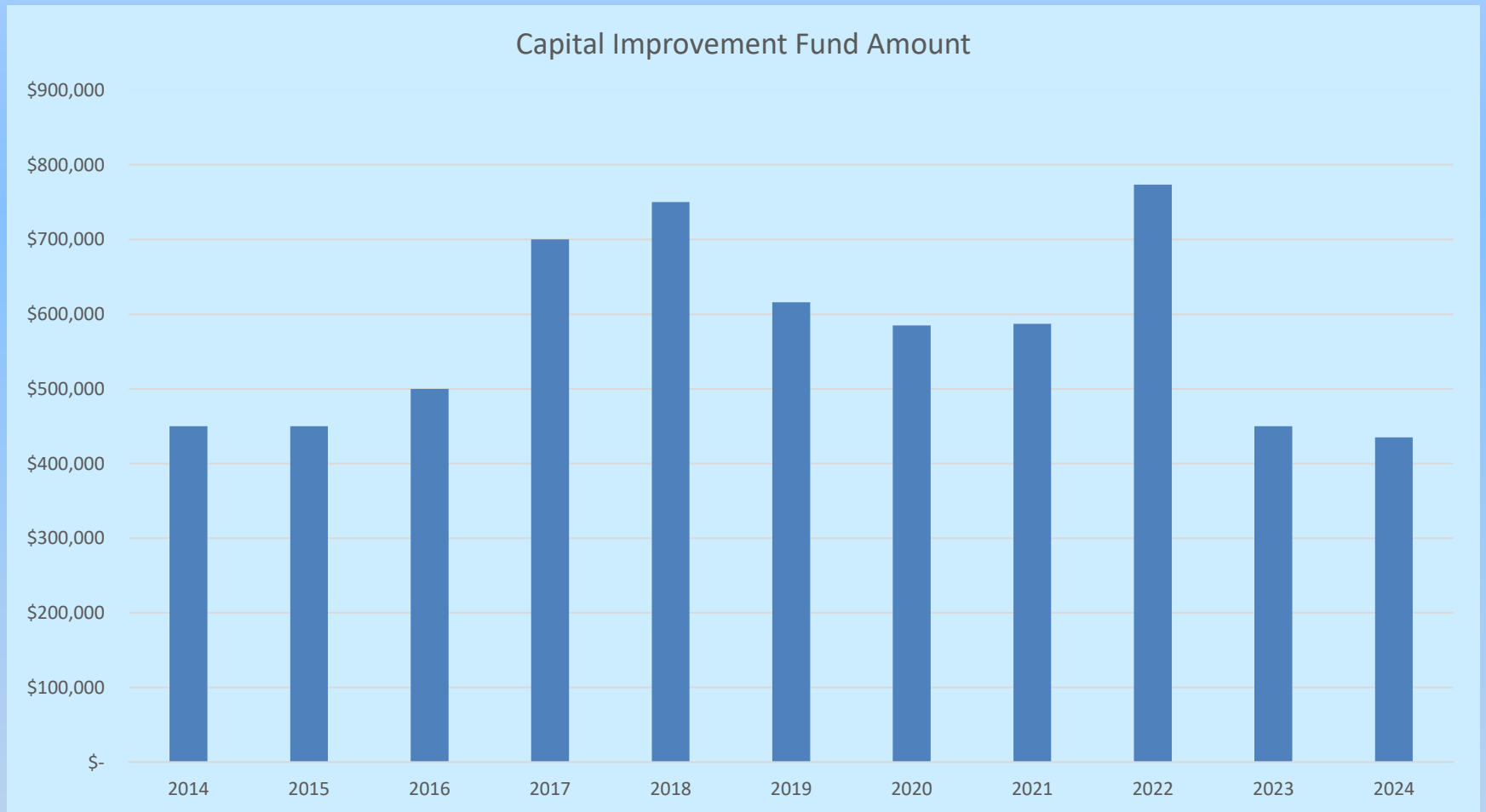
Appropriation Drivers

- Pension increase
 - PFRS: \$61,898 increase
 - PERS: \$24,809 increase
- \$30,000 increase in Liability Insurance
 - Local Finance Board issued one time waiver for increase over 3.5% of prior year
- One time emergency appropriation of \$80,000 (Cell tower litigation & Glen Alpin)
- Redevelopment budget of \$135,000
- BAN interest increase of \$27,480
- BAN principal payment of \$404,905

Capital Improvement Fund

Capital Improvement Fund	
Year	Amount
2014	\$ 450,000
2015	\$ 450,000
2016	\$ 500,000
2017	\$ 700,000
2018	\$ 750,000
2019	\$ 616,000
2020	\$ 585,000
2021	\$ 587,100
2022	\$ 773,600
2023	\$ 450,000
2024	\$ 435,000

Capital Improvement Fund

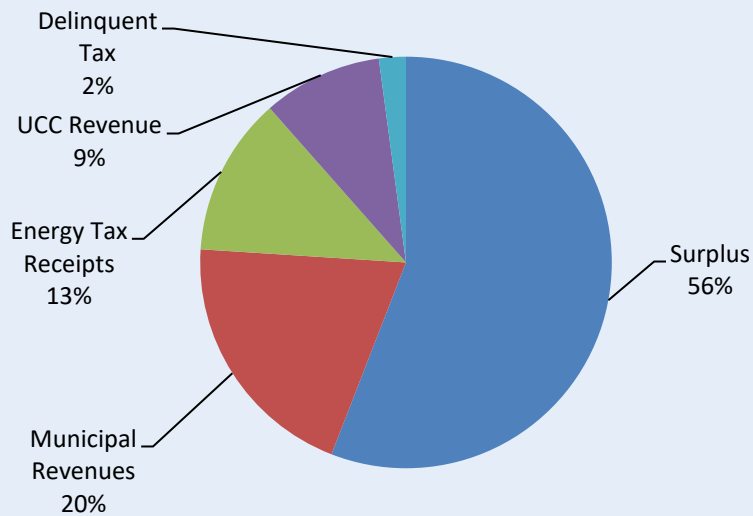


Budget Revenue - 2024

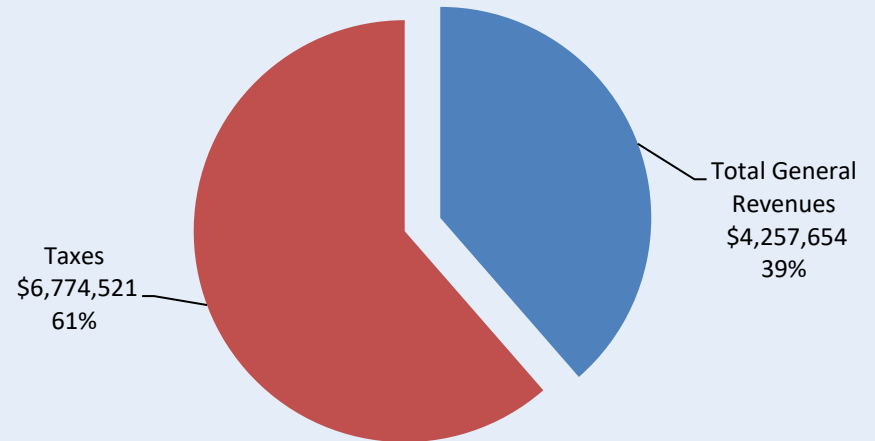
General & Tax Revenues	2024	2023	2023 - 2024	% Chg	% of Total
Surplus	\$ 2,380,014	\$ 2,342,617	\$ 37,397	1.60%	21%
Municipal Revenues	\$ 856,558	\$ 783,577	\$ 72,981	9.31%	8%
Energy Tax Receipts	\$ 531,082	\$ 467,866	\$ 63,216	13.51%	5%
UCC Revenue	\$ 400,000	\$ 400,000	\$ -	0.00%	4%
Delinquent Tax	\$ 90,000	\$ 90,000	\$ -	0.00%	1%
Total General Revenues	\$ 4,257,654	\$ 4,084,060	\$ 173,594	4.25%	39%
Taxes	\$ 6,774,521	\$ 6,130,913	\$ 643,608	10.50%	59%
Total Revenues+Tax	\$ 11,032,175	\$ 10,214,973	\$ 817,202	8.00%	98%
Public & Private Grants	\$ 256,375	\$ 188,457	\$ 67,918	36.04%	2%
Total Revenues + Grant	\$ 11,288,550	\$ 10,403,431	\$ 885,120	8.51%	100%

Budget Revenue - 2024

Total General Revenues



General & Tax Revenues



Revenue Drivers

- Surplus anticipated increase of \$37,397
- Continued anticipated revenue of \$91,500 from redevelopment of Hurstmont
- Interest on investments anticipated increased by \$96,150
- Fees & permit anticipated revenue decreased by \$8,000
- Court revenue anticipated decreased by \$14,000
- Municipal Relief Fund revenue of \$69,986

Assessed Value

	# of units	Assessed Value
2024 Residential/Commercial	1931	\$2,093,002,600
2024 Utility	1	\$1,264,888
2024 Total	1932	\$2,094,267,488
Average Assessed Value 2024		\$1,083,989
Average Assessed Value 2023		\$1,090,172

	Assessed Value
2024	\$2,094,267,488
2023	\$2,108,391,707
Change	-\$14,124,219.00
Change %	-0.67%

Tax Rate

	Rate	Annual Taxes
2024 Tax Rate / AA Valuation	0.323	\$3,506
2023 Tax Rate / AA Valuation	0.290	\$3,161
Increase (2024 vs. 2023)	0.033	\$345
% Increase w/o Open space	11.54%	10.90%

Year	Municipal Tax	All Agency Tax	%
2019	\$ 5,777,133	\$ 22,592,449	25.57%
2020	\$ 5,835,587	\$ 23,093,703	25.27%
2021	\$ 5,934,749	\$ 23,156,767	25.63%
2022	\$ 6,023,815	\$ 23,731,334	25.38%
2023	\$ 6,130,913	\$ 23,371,275	26.23%
2024	\$ 6,774,521	-	-

Harding Township Blended Municipal & Open Space Tax

Year	Municipal Tax	Open Space Tax	Total Tax
2023	\$ 6,130,913	\$ 843,356	\$ 6,974,269
2024	\$ 6,774,521	\$ 418,853	\$ 7,193,375
Blended Levy Increase		3.142%	

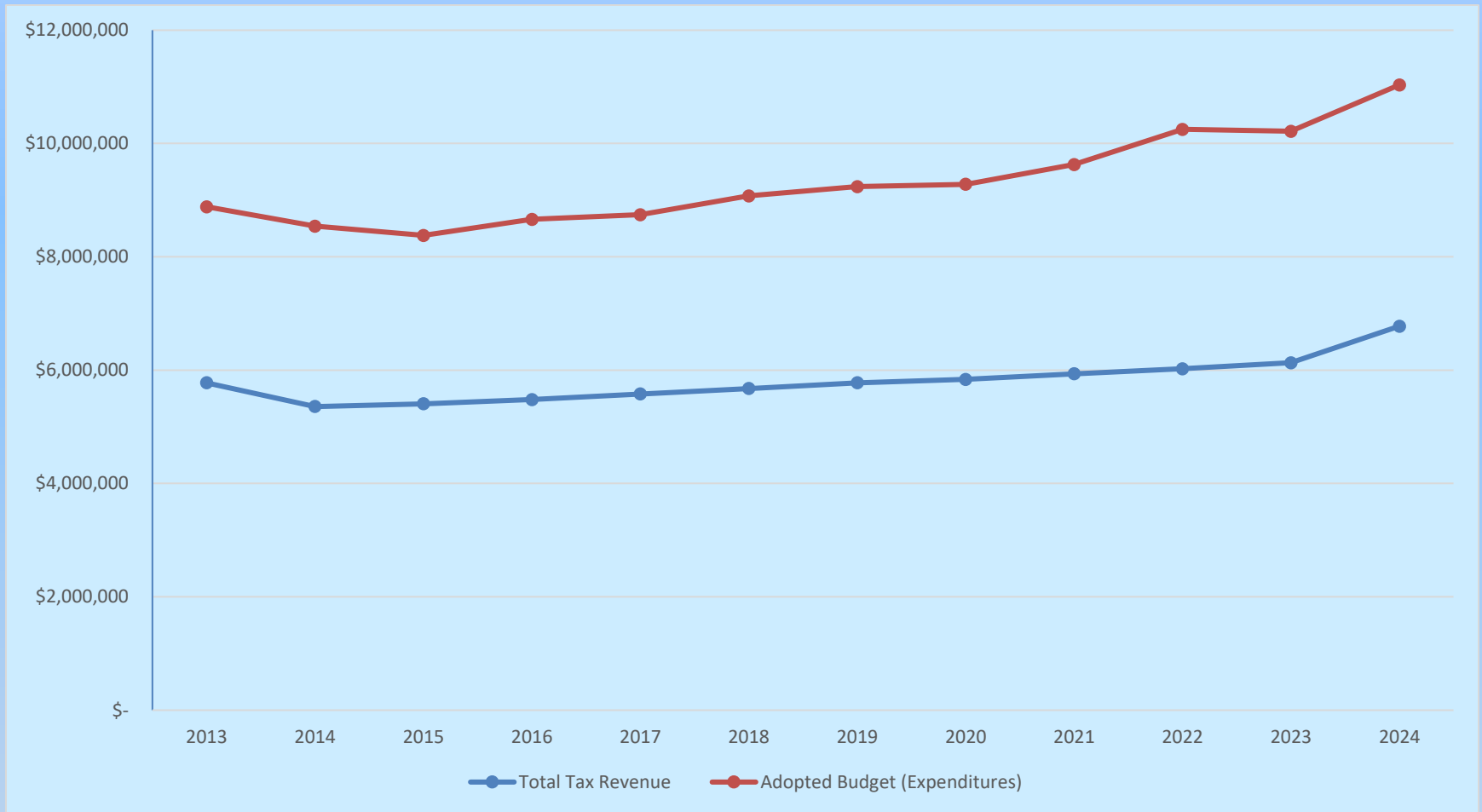
Rate	2023	2024	% +/-
Municipal Tax Rate	0.290	0.323	11.54%
Open Space Tax Rate	0.040	0.020	-50.00%
Blended Tax Rate	0.330	0.343	4.08%

Levy	Sample Value	2020	2021	2022	2023	2024
General Tax Levy	\$ 1,000,000	\$2,750	\$2,810	\$2,860	\$2,900	\$3,230
Open Space Tax Levy	\$ 1,000,000	\$ 400	\$ 400	\$ 400	\$ 400	\$ 200
Total Municipal & Host Tax		\$3,150	\$3,210	\$3,260	\$3,300	\$3,430
Year-Over-Year Change		\$ -	\$ 60	\$ 50	\$ 40	\$ 130
Blended Tax Levy Increase on \$1,000,000 Home			3.939%			

Tax vs. Expenditure

Year	Total Tax Revenue	Adopted Budget (Expenditures) *	%
2013	\$ 5,775,218	\$ 8,881,140	65.03%
2014	\$ 5,357,091	\$ 8,540,273	62.73%
2015	\$ 5,405,442	\$ 8,377,044	64.53%
2016	\$ 5,481,529	\$ 8,661,656	63.29%
2017	\$ 5,578,016	\$ 8,741,889	63.81%
2018	\$ 5,675,195	\$ 9,073,978	62.54%
2019	\$ 5,777,133	\$ 9,239,014	62.53%
2020	\$ 5,835,587	\$ 9,278,492	62.89%
2021	\$ 5,934,749	\$ 9,628,417	61.64%
2022	\$ 6,023,815	\$ 10,247,583	58.78%
2023	\$ 6,130,913	\$ 10,214,575	60.02%
2024	\$ 6,774,521	\$ 11,032,175	61.41%

Tax vs Expenditure



Tax Rate History

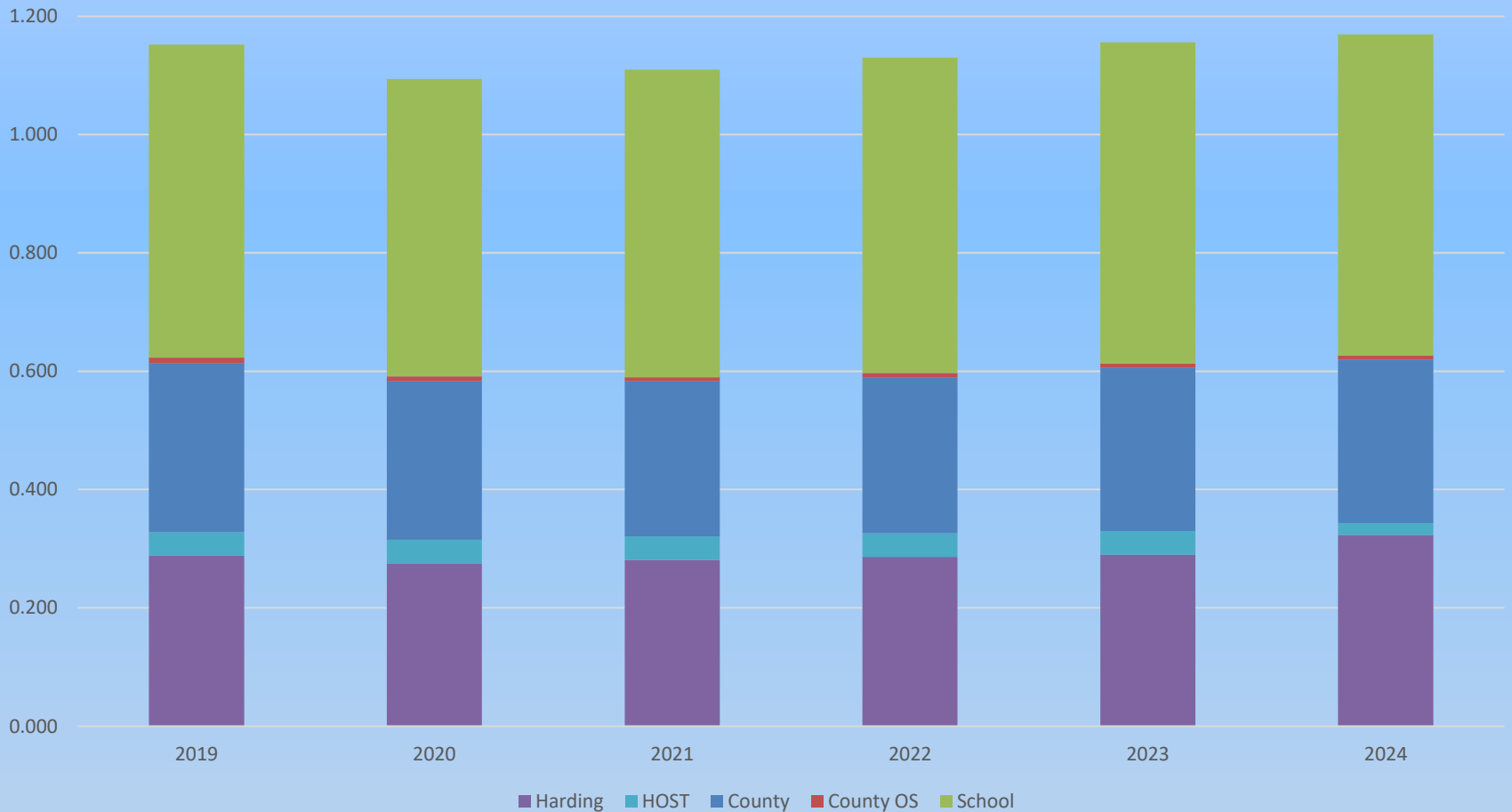
Rates

Year	Net valuation	County	County OS	School	Harding	HOST	Total
2019	\$2,005,044,756	0.286	0.009	0.529	0.288	0.040	1.152
2020	\$2,118,202,974	0.268	0.008	0.503	0.275	0.040	1.094
2021	\$2,106,945,939	0.262	0.007	0.520	0.281	0.040	1.110
2022	\$2,101,514,828	0.264	0.007	0.533	0.286	0.040	1.130
2023	\$2,108,391,707	0.276	0.007	0.543	0.290	0.040	1.156
2024	\$2,094,267,488				0.323	0.020	

Taxes

Year	Sample Value	County	County OS	School	Harding	HOST	Total
2019	\$1,000,000	\$2,860	\$90	\$5,290	\$2,880	\$400	\$11,520
2020	\$1,000,000	\$2,680	\$80	\$5,030	\$2,750	\$400	\$10,940
2021	\$1,000,000	\$2,620	\$70	\$5,200	\$2,810	\$400	\$11,100
2022	\$1,000,000	\$2,640	\$70	\$5,330	\$2,860	\$400	\$11,300
2023	\$1,000,000	\$2,760	\$70	\$5,430	\$2,900	\$400	\$11,560
2024	\$1,000,000				\$3,235	\$200	

Tax Rate History

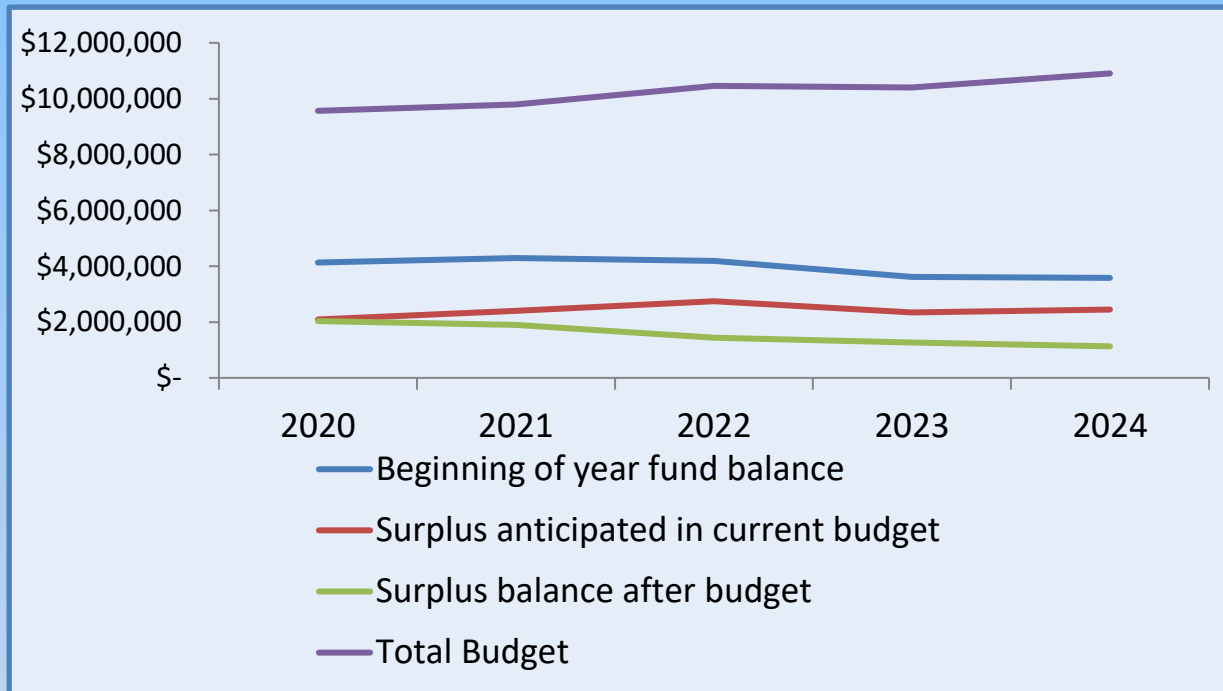


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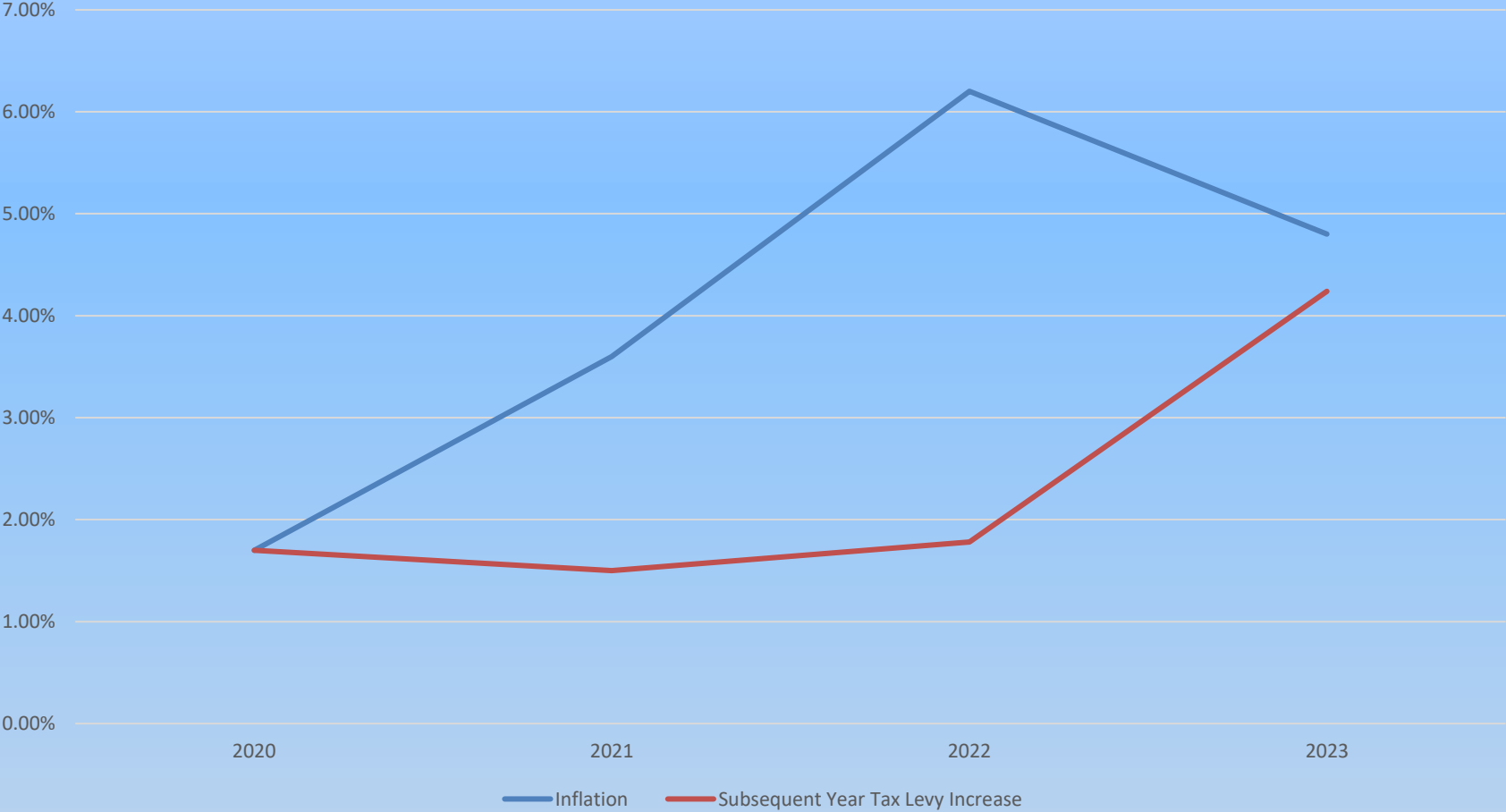
*For comparison purposes, no change in county, county OS, and school rates assumed in 2024

Fund Balance & Surplus Analysis

Item	2020	2021	2022	2023	2024
Beginning of year fund balance	\$ 4,135,850	\$ 4,300,011	\$ 4,190,081	\$ 3,616,857	\$ 3,583,050
Surplus anticipated in current budget	\$ 2,100,000	\$ 2,400,000	\$ 2,750,000	\$ 2,342,617	\$ 2,380,014
Surplus balance after budget	\$ 2,035,850	\$ 1,900,011	\$ 1,440,081	\$ 1,274,240	\$ 1,203,036
Total Budget	\$ 9,565,578	\$ 9,790,667	\$ 10,455,430	\$ 10,403,031	\$ 11,288,550
Surplus Balance as a percent of budget	21.28%	19.41%	13.77%	12.25%	10.66%
Total results of current yr operations	\$ 2,264,160	\$ 2,290,071	\$ 2,176,776	\$ 2,308,810	\$ 2,259,954
Ending surplus balance	\$ 4,300,011	\$ 4,190,081	\$ 3,616,857	\$ 3,583,050	\$ 3,462,990



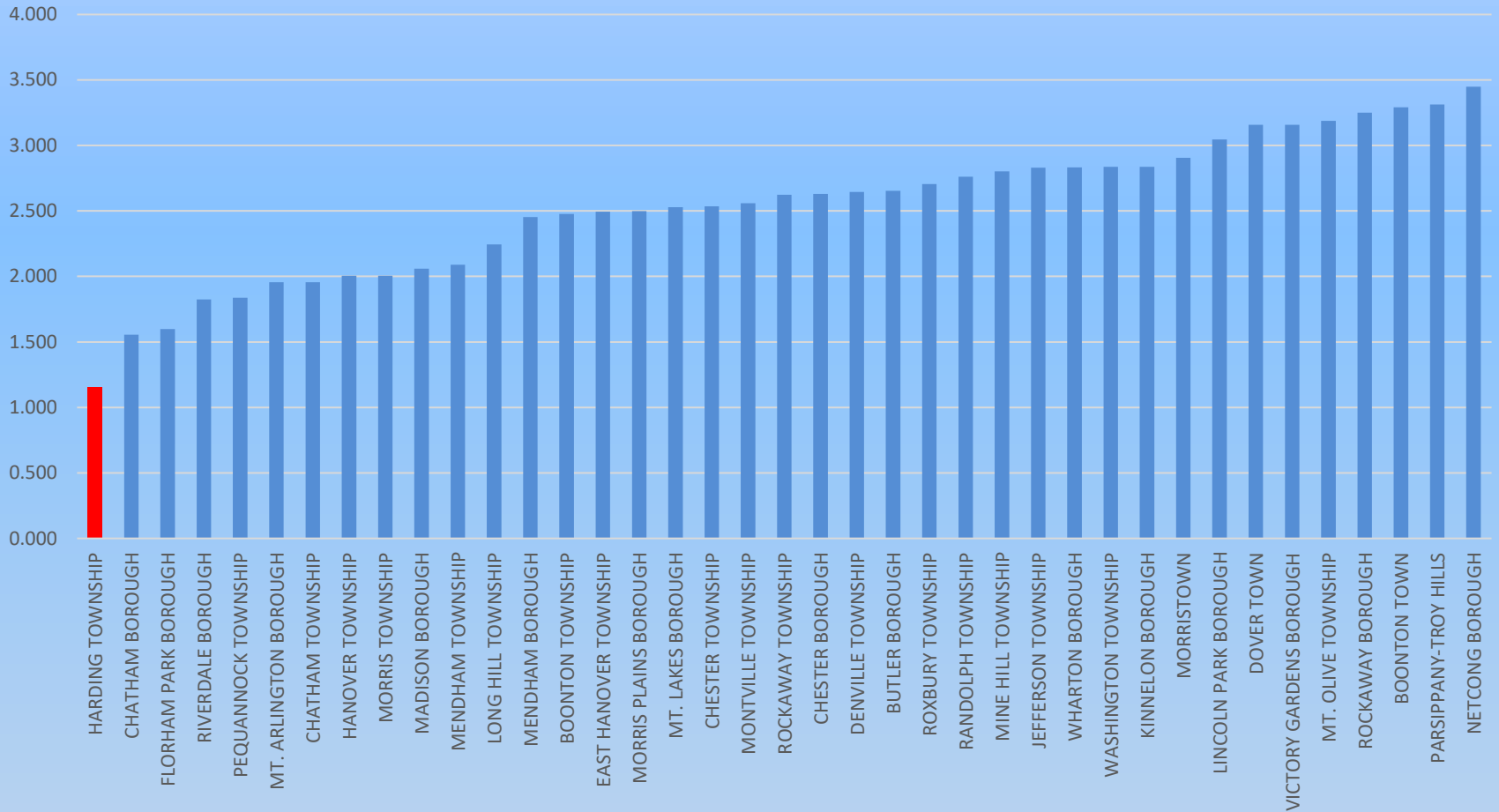
Inflation vs. Tax Levy Increase



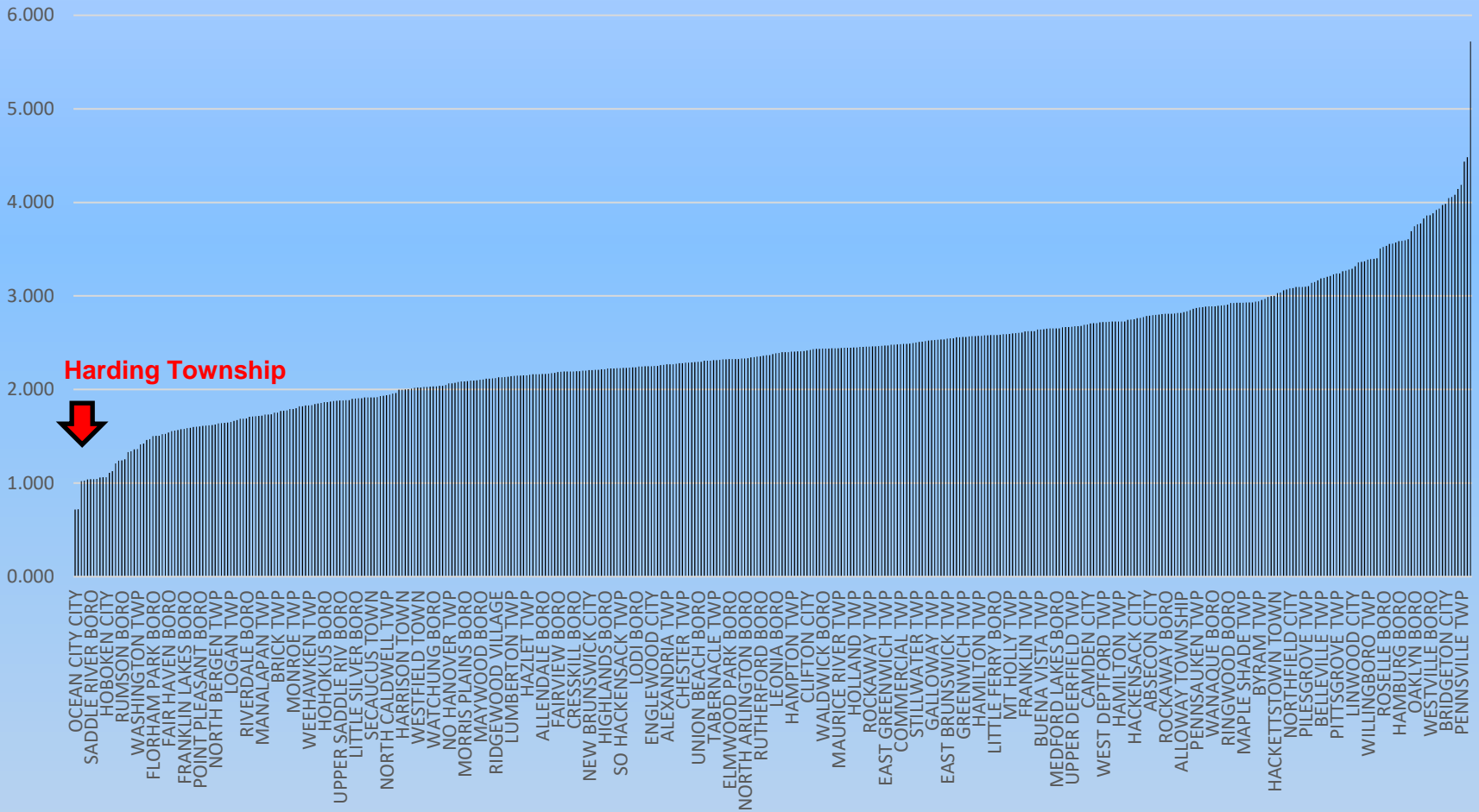
- Inflation data sourced from U.S. Bureau of Labor Statistics – Consumer Price Index

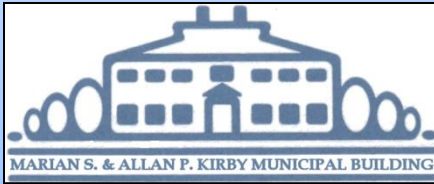
- BAN principal payment removed

2023 Morris County Municipality Tax Rate Comparison



2023 Statewide Effective Tax Rate for Populations over 3,000





Harding Township

Thank You