

Harding Township

Harding Township, NJ 2019 Preliminary Budget

January 28, 2019

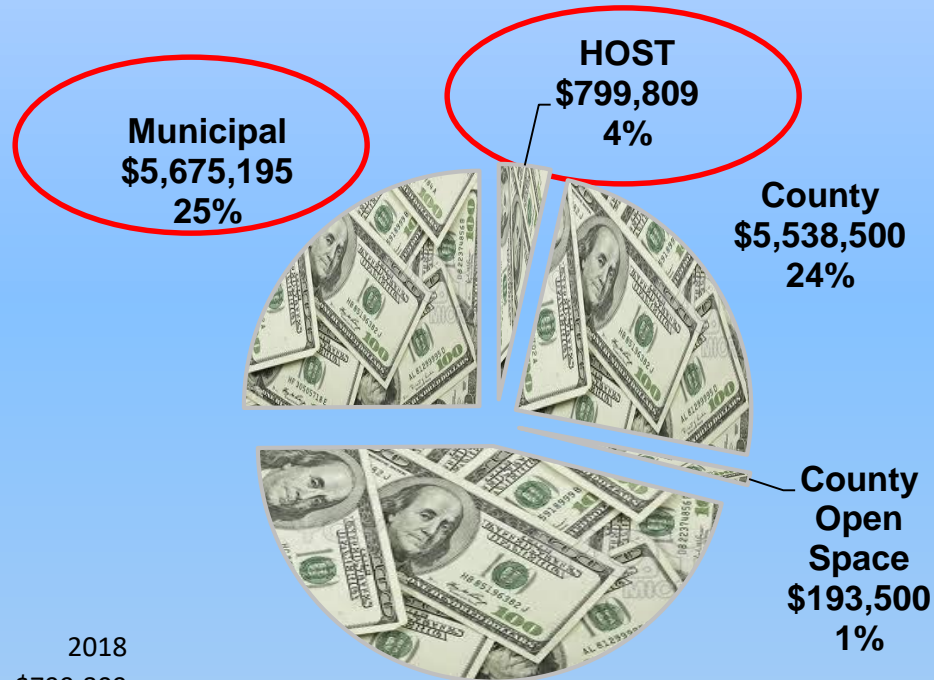
Presentation

1. Background, 2018 Taxes & Timeline
2. Township Debt Status – 2019
3. Open Space Tax
4. 2019 Budget
 1. Expenditure (Appropriation) Summary
 2. Other Expenses Details
 3. Expenditure (Appropriation) Drivers
 4. Revenue Summary
 5. Revenue Drivers
5. Assessed Value and Tax Rate

Background

- Under state law, a municipality must pass its annual budget in order to spend money or to tax residents for that year.
- Strict municipal budget form specified by the state:
 - Strict state oversight performed by Division of Local Government Services/Department of Community Affairs.
 - Budget is on a 'modified cash basis' (not GAAP).
 - By law taxes must equal appropriations (spending) less non-tax revenues.
 - Projected budget non-tax revenue cannot exceed last year's actual non-tax revenue.
 - Expenses cannot exceed the budgeted amount.
 - Transfer within "CAP" are only allowed in last two months of the fiscal year (Nov/Dec).

2018 Tax Revenue Allocation



	2018
HOST	\$799,809
County	\$5,538,500
County Open Space	\$193,500
School	\$10,385,445
Municipal	\$5,675,195
Total Taxes	\$22,592,449

School
\$10,385,445
46%

2018:

Total Taxes	\$22,592,449
Net Taxable Valuation	\$1,999,521,290
Ave. Residential Property Value	\$1,039,252
Average Residential Tax	\$11,744

Budget Time Line

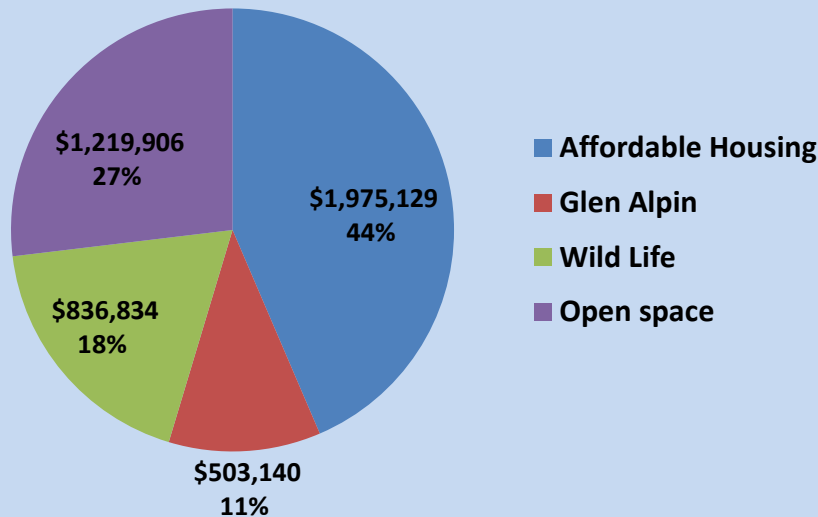
- Preliminary Budget Presentation – Tonight
- Preliminary Capital Budget Presentation - Tonight
- Introduction of Budget – March 2019
- Public Hearing and Adoption of Budget – April 2019
- Introduction of Capital Budget – March 2019
- Adoption of Capital Budget – April 2019
- Cap Bank Ordinance Introduction – March 2019
- Cap Bank Ordinance Adoption – April 2019

Township Debt

- Township policy is to pay down outstanding debt
- Harding debt rating: AAA
- Township's outstanding debt refinanced in 2017
- Savings from refinancing to begin being realized in 2019

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
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

2019 Debt Funding Purpose

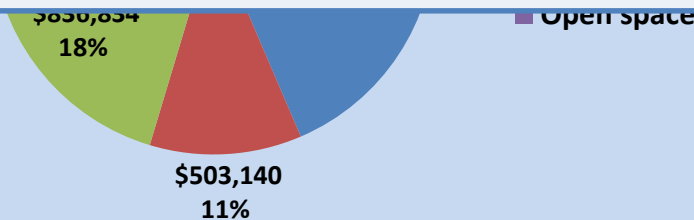
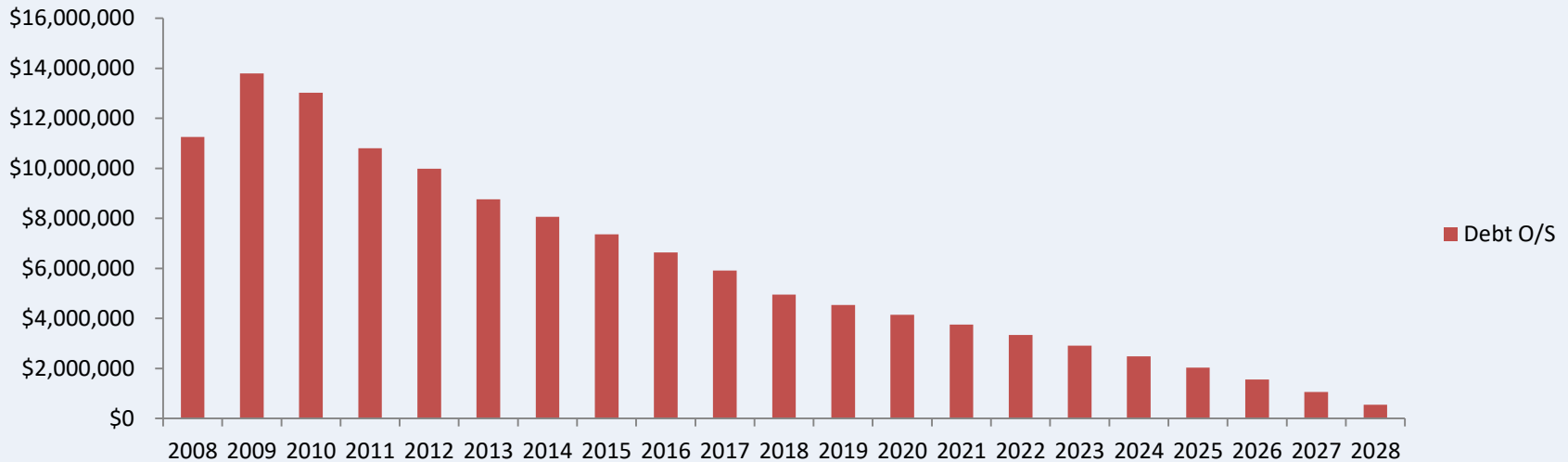


Township Debt

- Township policy is to pay down outstanding debt
- Harding debt rating: AAA
- Township's outstanding debt refinanced in 2017

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



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

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
2011	3.80	\$ 784,704	2.30	\$ 470,592
2012	3.80	\$ 776,826	1.90	\$ 380,081
2013	3.50	\$ 715,023	1.40	\$ 266,809
2014	3.50	\$ 709,761	1.10	\$ 222,745
2015	4.00	\$ 808,458	1.10	\$ 220,515
2016	4.00	\$ 802,856	1.00	\$ 194,490
2017	4.00	\$ 802,620	1.00	\$ 193,528
2018	4.00	\$ 799,809	1.00	\$ 193,500
2019	4.00		?	

* 2019 County Rate has not been finalized

2018 Year End Balance
\$ 2,906,731

Expenditure (Appropriation) Summary 2019 vs 2018

Current Fund Appropriation	2019 Recommended	2018 Adopted	Chg. Over 2018	% Chg.	% of Total
Salaries & Wages	\$3,264,600	\$3,123,100	\$141,500	4.5%	35.4%
Health Insurance	\$1,312,439	\$1,225,693	\$86,746	7.1%	14.2%
Social Security	\$246,000	\$230,000	\$16,000	7.0%	2.7%
Pension-PFRS	\$372,400	\$336,000	\$36,400	10.8%	4.0%
Pension-PERS	\$158,500	\$161,000	(\$2,500)	-1.6%	1.7%
Pension-DCRP	\$2,500	\$2,500	\$0	0.0%	0.0%
Total Employee Comp	\$5,353,939	\$5,075,793	\$278,146	5.5%	58%
Other Expenses	\$1,698,216	\$1,630,341.78	\$67,874	4.2%	18.4%
Interlocal Services	\$258,000	\$291,700	(\$33,700)	-11.6%	2.8%
Capital Improvements	\$616,000	\$750,000	(\$134,000)	-17.9%	6.7%
Debt Service & Def. Charg.	\$377,539	\$380,172	(\$2,633)	-0.7%	4.1%
Emergency Approp.	\$0	\$0	\$0	0.0%	0.0%
Resrv. For Uncoll. Taxes	\$912,403	\$908,326	\$4,077	0.4%	9.9%
Total Non-Employee Comp	\$3,862,158	\$3,960,540	(\$98,382)	-2.5%	42%
Total Appropriations	\$9,216,097	\$9,036,333	\$179,764	2.0%	100%
Public & Private Grants	\$23,675	\$143,307	(\$119,632)	-83.5%	
Total Appropriations+Grant	\$9,239,772	\$9,179,640	\$60,132	0.7%	

* Includes \$110,000 DOT grant in 2018

** Potential Millbrook Road DOT grant in 2019

2019 Other Expenses Breakdown

Current Fund Appropriation	Other Expenses	Amount
Salaries & Wages	Building/Road/Park Maintenance	\$207,700
Health Insurance	Miscellaneous Other Expenses	\$651,861
Social Security	Utilities	\$151,000
Pension-PFRS	Joint Insurance Fund	\$144,000
Pension-PERS	Legal	\$130,000
Pension-DCRP	Technology (MIS)	\$100,155
Total Employee Comp	Engineering	\$50,000
Other Expenses	Legal – Tax Appeal	\$30,000
Interlocal Services	Library	\$40,000
Capital Improvements	Private Community Reimbursement	\$45,000
Debt Service & Def. Charg.	Audit	\$31,000
Emergency Approp.	Snow Removal	\$117,500
Resrv. For Uncoll. Taxes	Total	\$1,698,216
Total Non-Employee Comp		
Total Appropriations		
Public & Private Grants		
Total Appropriations+Grant		

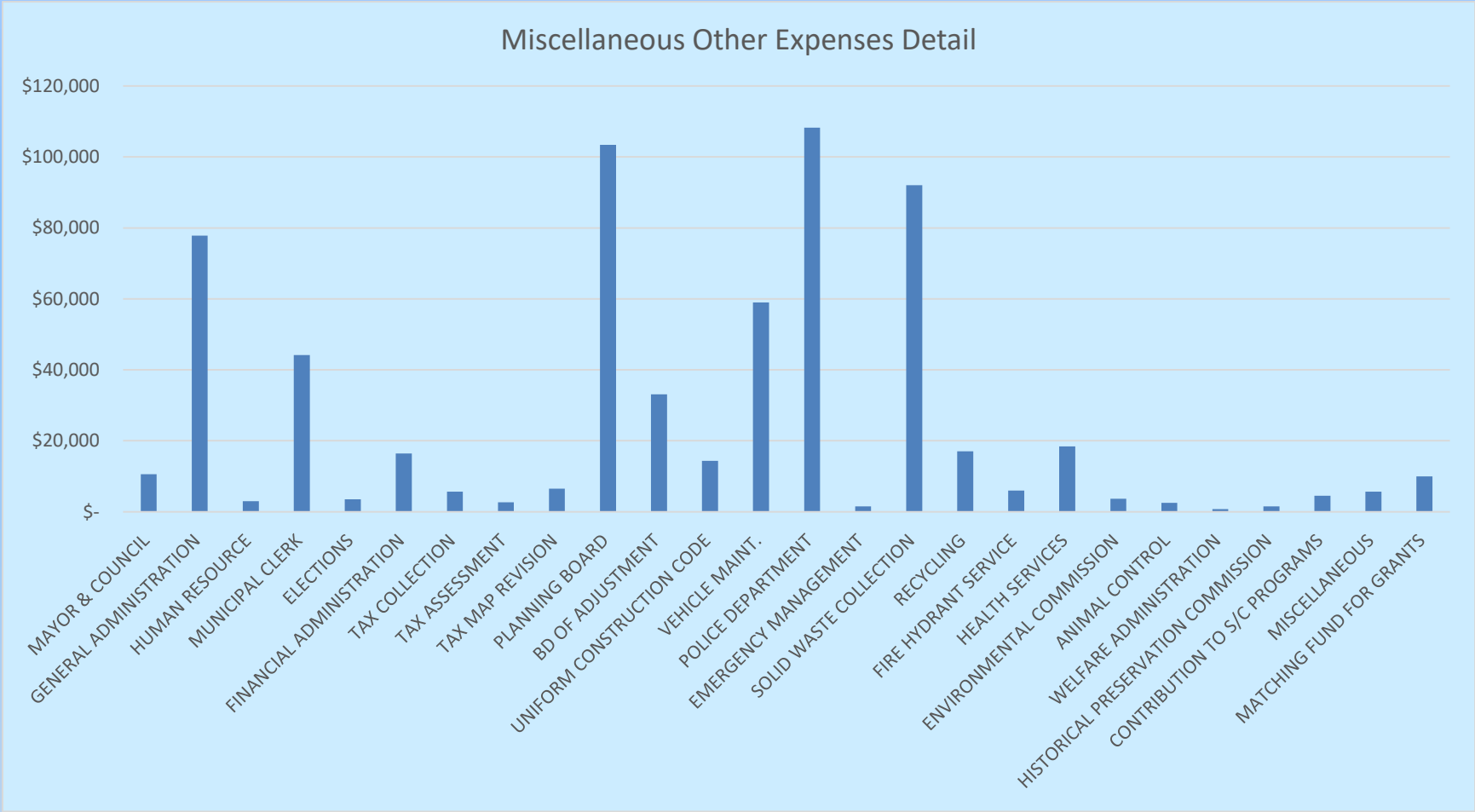
2019 Other Expenses Breakdown

Miscellaneous Other Expenses Detail	2019
MAYOR & COUNCIL	\$ 10,600
GENERAL ADMINISTRATION	\$ 77,800
HUMAN RESOURCE	\$ 2,950
MUNICIPAL CLERK	\$ 44,150
ELECTIONS	\$ 3,500
FINANCIAL ADMINISTRATION	\$ 16,406
TAX COLLECTION	\$ 5,700
TAX ASSESSMENT	\$ 2,650
TAX MAP REVISION	\$ 6,500
PLANNING BOARD	\$ 103,400
BD OF ADJUSTMENT	\$ 33,100
UNIFORM CONSTRUCTION CODE	\$ 14,340
VEHICLE MAINT.	\$ 59,000
POLICE DEPARTMENT	\$ 108,215
EMERGENCY MANAGEMENT	\$ 1,500
SOLID WASTE COLLECTION	\$ 92,000

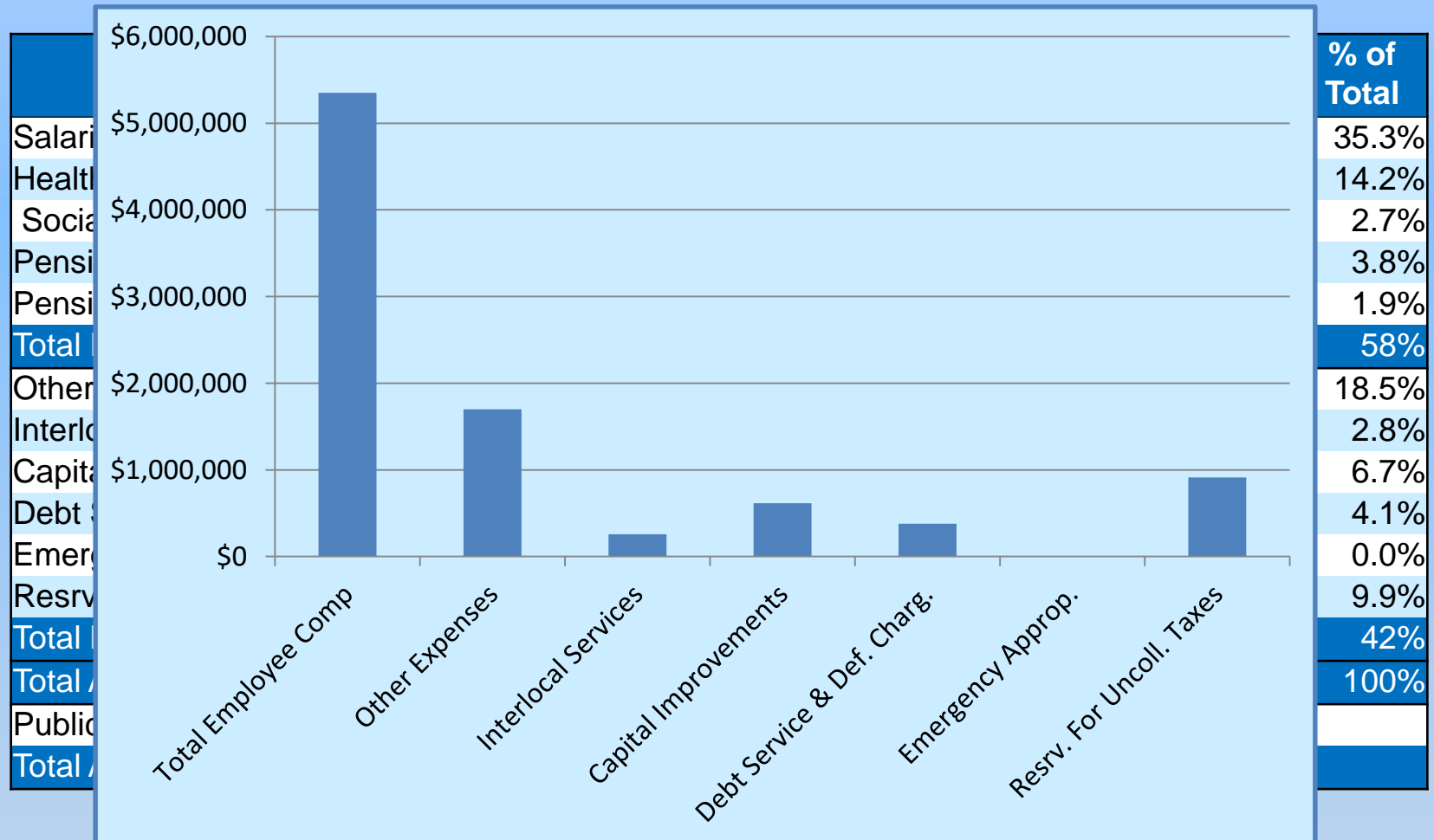
2019 Other Expenses Breakdown

Miscellaneous Other Expenses Detail	2019
RECYCLING	\$ 17,000
FIRE HYDRANT SERVICE	\$ 6,000
HEALTH SERVICES	\$ 18,400
ENVIRONMENTAL COMMISSION	\$ 3,700
ANIMAL CONTROL	\$ 2,500
WELFARE ADMINISTRATION	\$ 750
HISTORICAL PRESERVATION COMMISSION	\$ 1,500
CONTRIBUTION TO S/C PROGRAMS	\$ 4,500
MISCELLANEOUS	\$ 5,700
MATCHING FUND FOR GRANTS	\$ 10,000
Total	\$ 651,861

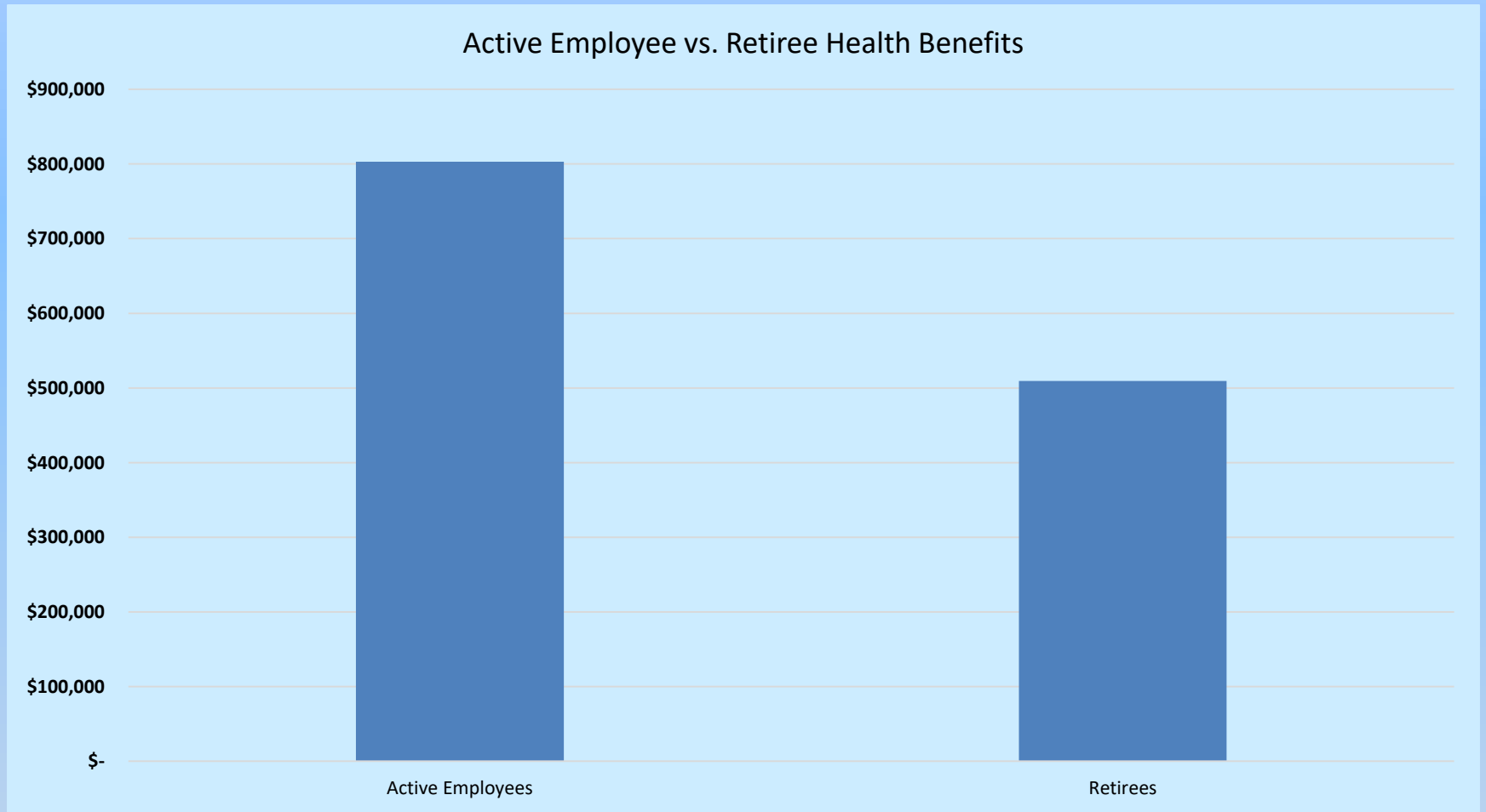
2019 Other Expenses Breakdown



2019 Expenditure (Appropriation) Summary



Health Benefits



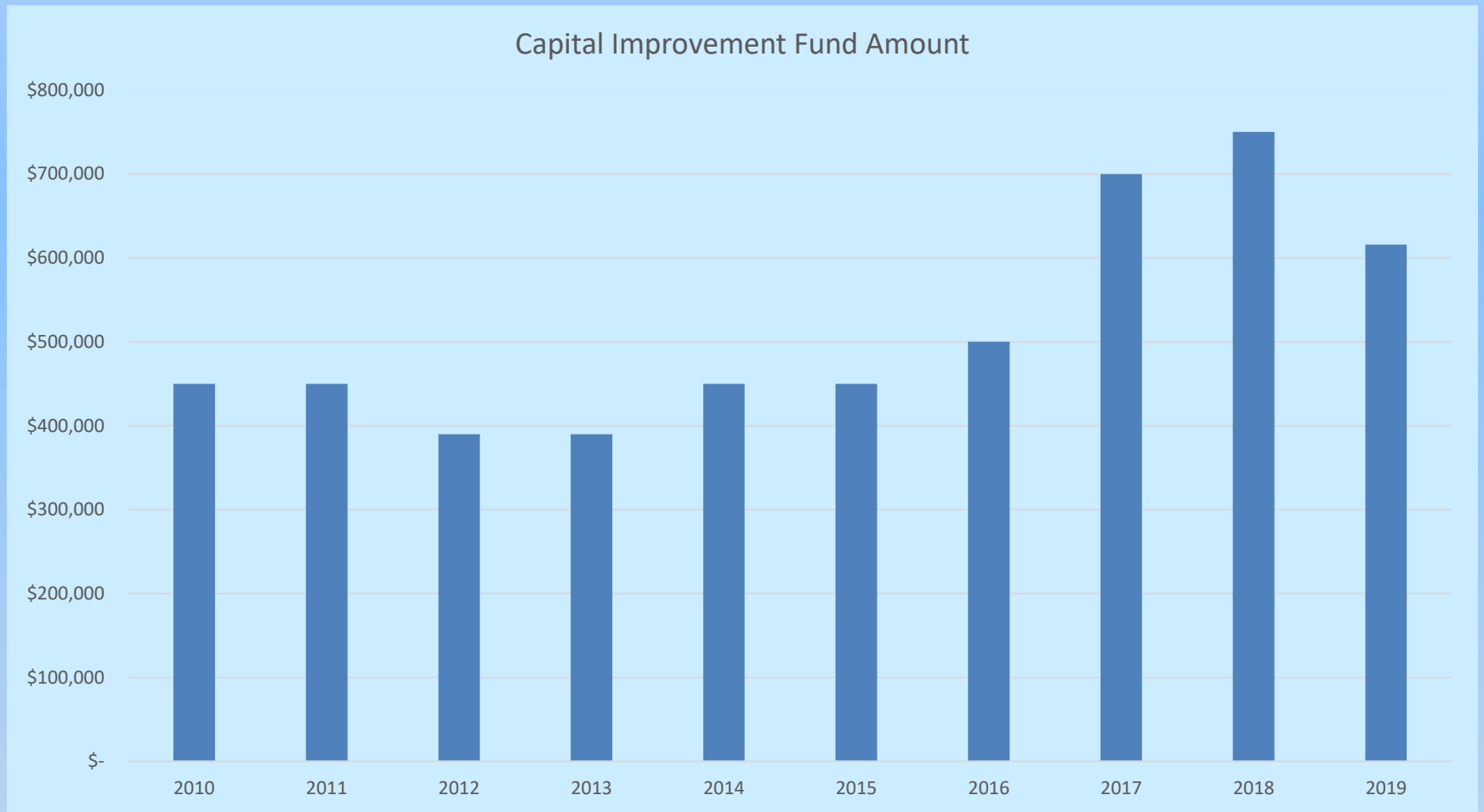
Appropriation Drivers

- Master Plan; Redevelopment Study & Plan (\$79,000)
- Health Insurance Cost (\$86,746)
 - Budget increase of 7.1%
- Non Police 2% Cost of Living Adjustment - (\$31,271)
- PBA contractual increases (\$50,878)
- Additional DPW employee (\$50,000)
- 2 additional police officers (\$90,438)
- Potential accumulated leave/comp time payouts (\$50,000)
- Pension (PFRS) increase (\$36,597)
- Health shared services decrease (-\$34,000)
- Funding of annual capital expenses through Capital Improvement Fund

Capital Improvement Fund

Capital Improvement Fund	
Year	Amount
2010	\$ 450,000
2011	\$ 450,000
2012	\$ 390,000
2013	\$ 390,000
2014	\$ 450,000
2015	\$ 450,000
2016	\$ 500,000
2017	\$ 700,000
2018	\$ 750,000
2019	\$ 616,000

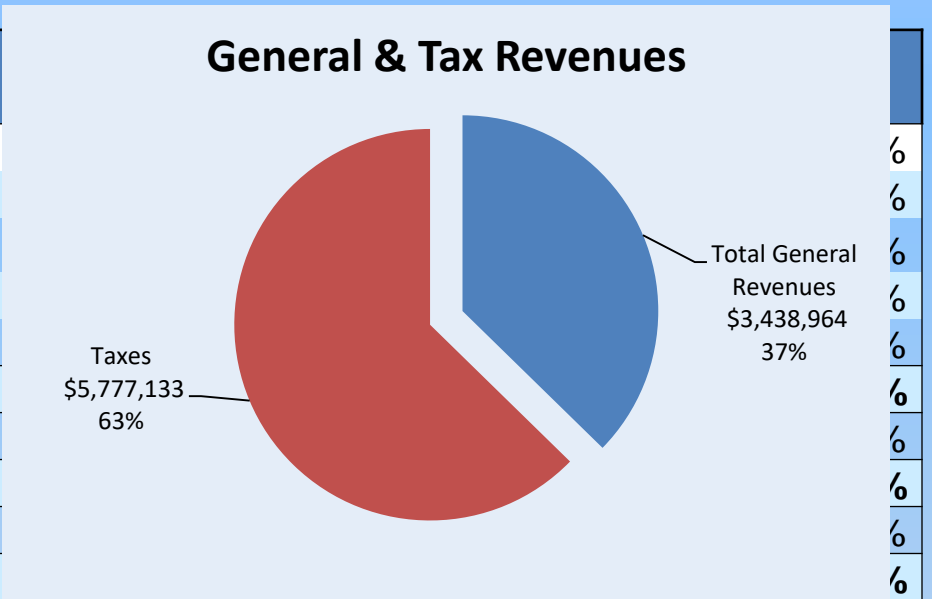
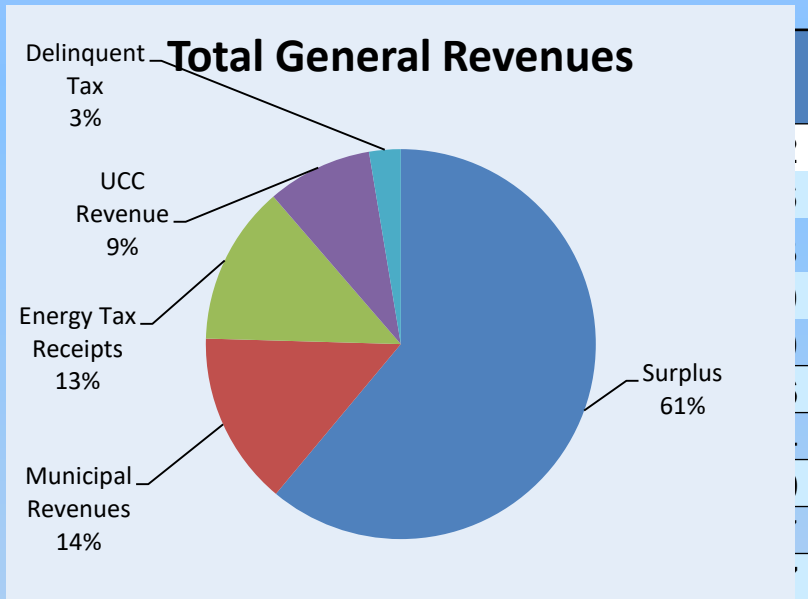
Capital Improvement Fund



Budget Revenue - 2019

General & Tax Revenues	2019	2018	2019 - 2018	% Chg	% of Total
Surplus	\$ 2,100,000	\$ 2,041,512	\$ 58,488	2.9%	23%
Municipal Revenues	\$ 494,796	\$ 479,796	\$ 15,000	3.1%	5%
Energy Tax Receipts	\$ 454,168	\$ 454,168	\$ -	0.0%	5%
UCC Revenue	\$ 300,000	\$ 300,000	\$ -	0.0%	3%
Delinquent Tax	\$ 90,000	\$ 90,000	\$ -	0.0%	1%
Total General Revenues	\$ 3,438,964	\$ 3,365,476	\$ 73,488	2.2%	37%
Taxes	\$ 5,777,133	\$ 5,675,195	\$ 101,938	1.8%	63%
Total Revenues+Tax	\$ 9,216,097	\$ 9,040,671	\$ 175,426	1.9%	100%
Public & Private Grants	\$ 23,675	\$ 143,307	\$ (119,632)	-83.5%	0%
Total Revenues + Grant	\$ 9,239,772	\$ 9,183,978	\$ 55,794	0.6%	100%

Budget Revenue – 2019



Revenue Drivers

- Energy Tax Receipts – State has not released the amount (\$454,168)
- Surplus anticipated increase of \$58,488 (\$2,100,00)
- Additional revenue anticipated from interest on investments (\$30,000)
- Decrease in revenue anticipated from fines and court fees (-\$15,000)

Assessed Value & Tax Rate

	# of units	Assessed Value
2019 Residential/Commercial	1927	\$2,003,774,460
2019 Utility	1	\$1,270,296
2019 Total	1928	\$2,005,044,756
Average Assessed Value 2019		\$1,039,961
Average Assessed Value 2018		\$1,039,252
2019 Tax Rate / AA Valuation	0.288	\$2,995
2018 Tax Rate / AA Valuation	0.284	\$2,951
Increase (2019 vs. 2018)	0.004	\$44
% Increase	1.40%	1.50%

Year	Municipal Tax	All Agency Tax	%
2014	5,775,219	21,901,302	26.37%
2015	5,357,091	21,138,058	25.34%
2016	5,405,442	21,809,538	24.78%
2017	5,578,016	22,537,450	24.75%
2018	5,675,194	22,592,449	25.12%
2019	5,777,133		

	Assessed Value
2019	\$2,005,044,756
2018	\$1,999,521,290
Change	\$5,523,466.00
Change %	0.28%

Tax vs Expenditure

Year	Total Tax Revenue	Adopted Budget (Expenditures)	%
2011	\$5,435,713	\$8,802,024	61.76%
2012	\$5,482,498	\$8,596,921	63.77%
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%

Tax Rate History

Rates

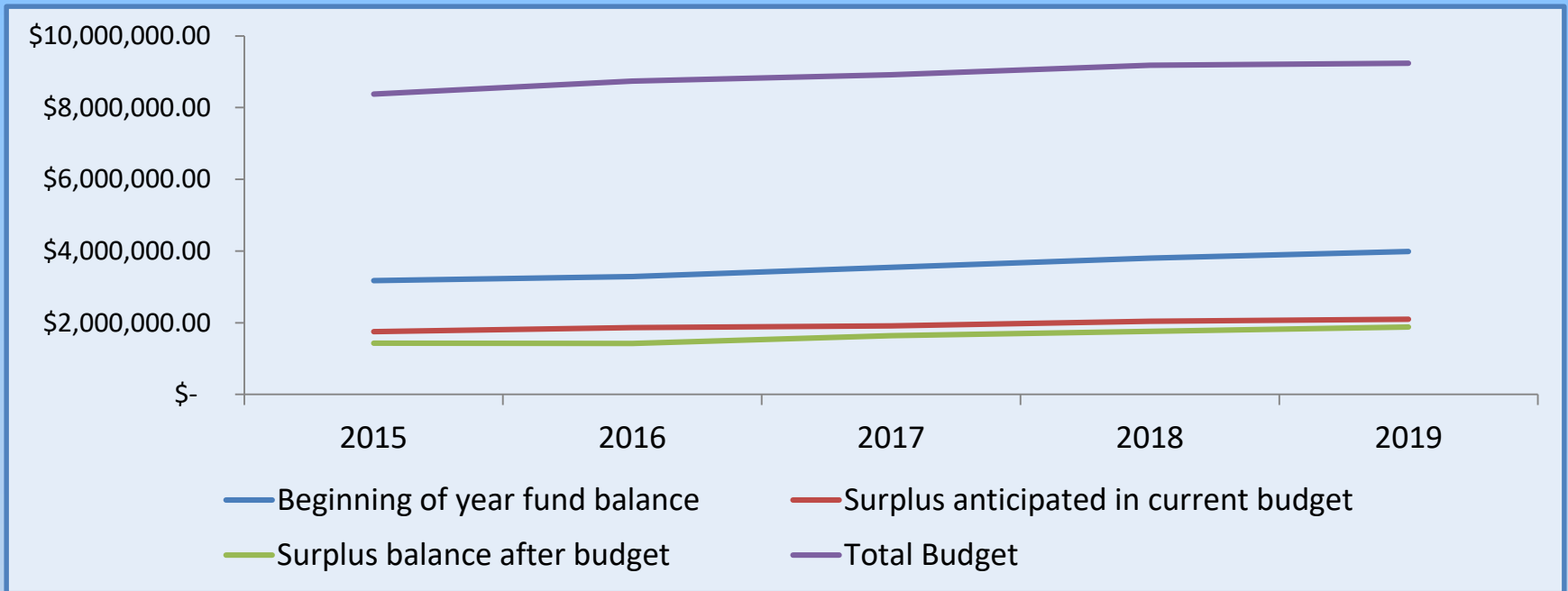
Year	Net valuation	County	County OS	School	Harding	HOST	Total
2014	\$2,027,888,710	0.269	0.011	0.464	0.264	0.035	1.043
2015	\$2,021,014,691	0.262	0.011	0.499	0.268	0.040	1.080
2016	\$2,007,139,768	0.273	0.010	0.509	0.273	0.040	1.105
2017	\$2,006,548,979	0.275	0.010	0.521	0.277	0.040	1.123
2018	\$1,999,521,290	0.277	0.010	0.520	0.283	0.040	1.130
2019	\$2,005,044,756				0.288	0.040	

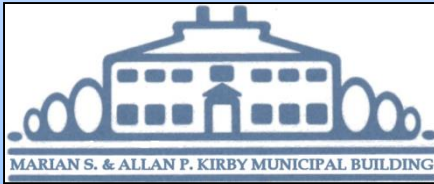
Taxes

Year	Sample Value	County	County OS	School	Harding	HOST	Total
2014	\$1,000,000	\$2,690	\$110	\$4,640	\$2,640	\$350	\$10,430
2015	\$1,000,000	\$2,620	\$110	\$4,990	\$2,680	\$400	\$10,800
2016	\$1,000,000	\$2,730	\$100	\$5,090	\$2,730	\$400	\$11,050
2017	\$1,000,000	\$2,750	\$100	\$5,210	\$2,770	\$400	\$11,230
2018	\$1,000,000	\$2,770	\$100	\$5,200	\$2,830	\$400	\$11,300
2019	\$1,000,000				\$2,880	\$400	

Fund Balance & Surplus Analysis

Item	2015	2016	2017	2018	2019
Beginning of year fund balance	\$3,174,897.91	\$3,284,410.55	\$3,544,100.15	\$3,804,887.31	\$3,976,222.14
Surplus anticipated in current budget	\$1,748,113.00	\$1,863,500.00	\$1,908,585.00	\$2,041,512.00	\$2,100,000.00
Surplus balance after budget	\$1,426,784.91	\$1,420,910.55	\$1,635,515.15	\$1,763,375.31	\$1,876,222.14
Total Budget	\$8,377,044.00	\$8,736,656.00	\$8,915,889.00	\$9,179,639.80	\$9,239,772.00
Surplus Balance as a percent of budget	17.03%	16.26%	18.34%	19.21%	20.31%
Total results of current yr operations	\$ 1,857,626	\$ 2,123,190	\$ 2,169,372	\$ 2,212,847	
Ending surplus balance	\$ 3,284,411	\$ 3,544,100	\$ 3,804,887	\$ 3,976,222	





Harding Township

Thank You