

Harding Township

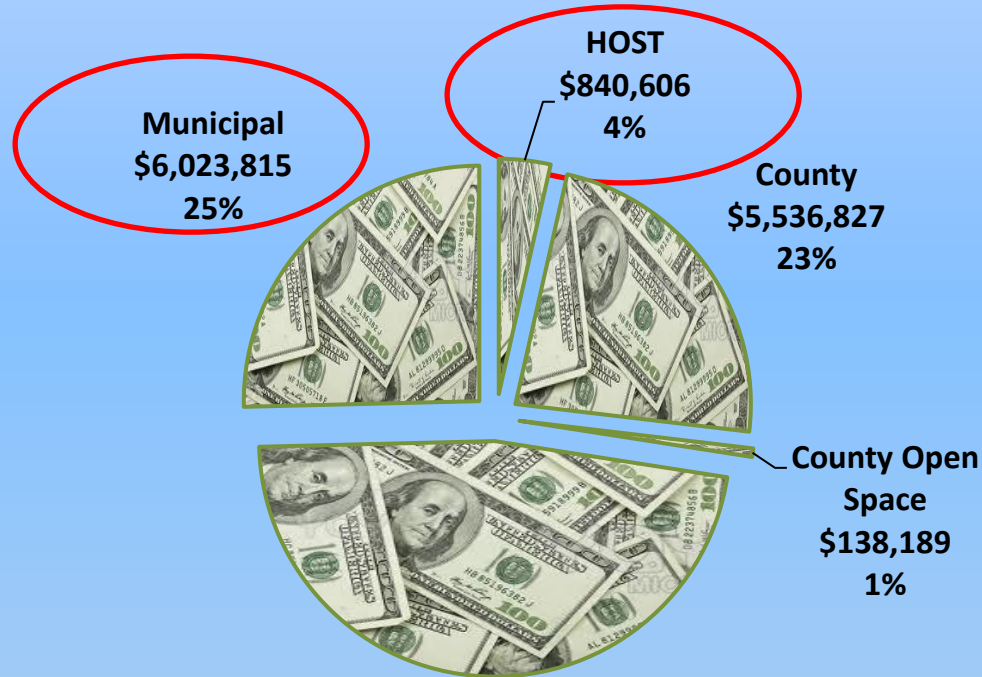
Harding Township, NJ 2023 Preliminary Budget

February 14th, 2023

Presentation

1. 2022 Taxes Review
2. 2023 Budget Timeline
3. Township Debt Status – 2023
4. Open Space Tax
5. 2023 Budget
 1. Expenditure (Appropriation) Summary
 2. Other Expenses Details
 3. Expenditure (Appropriation) Drivers
 4. Revenue Summary
 5. Revenue Drivers
6. Assessed Value and Tax Rate

2022 Tax Revenue Allocation



| <u>2022</u> | |
|--------------------|---------------------|
| HOST | \$840,606 |
| County | \$5,536,827 |
| County Open Space | \$138,189 |
| School | \$11,191,897 |
| Municipal | \$6,023,815 |
| Total Taxes | \$23,731,334 |

| <u>2022:</u> | |
|--|------------------------|
| Total Taxes | \$23,731,334 |
| Net Taxable Valuation | \$2,101,514,828 |
| Ave. Residential Property Value | \$1,087,178 |
| Average Residential Tax | \$12,285 |

Budget Time Line

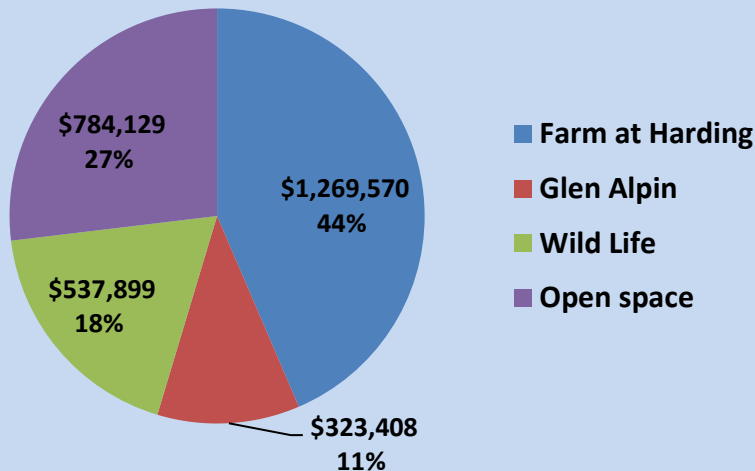
- Preliminary Budget Presentation – February 14th
- Preliminary Capital Budget Presentation – February 14th
- Introduction of Budget – March 13th
- Public Hearing and Adoption of Budget – May 15th
- Introduction of Capital Budget – March 13th
- Adoption of Capital Budget – May 15th
- Cap Bank Ordinance Introduction – March 13th
- Cap Bank Ordinance Adoption – May 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: \$1,632,217
- 2023 funding sources:
 - Farm at Harding : \$245,290
 - Open Space: \$213,984
 - General Budget: \$103,926

| 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 |

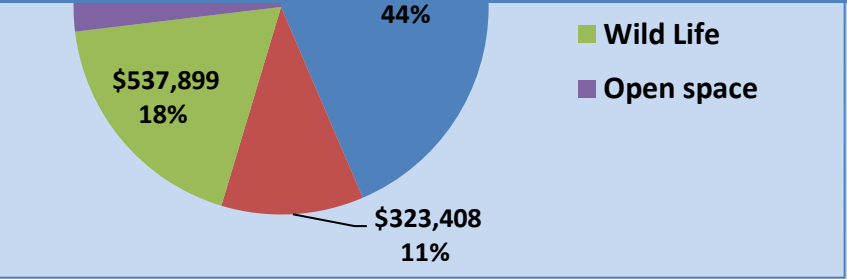
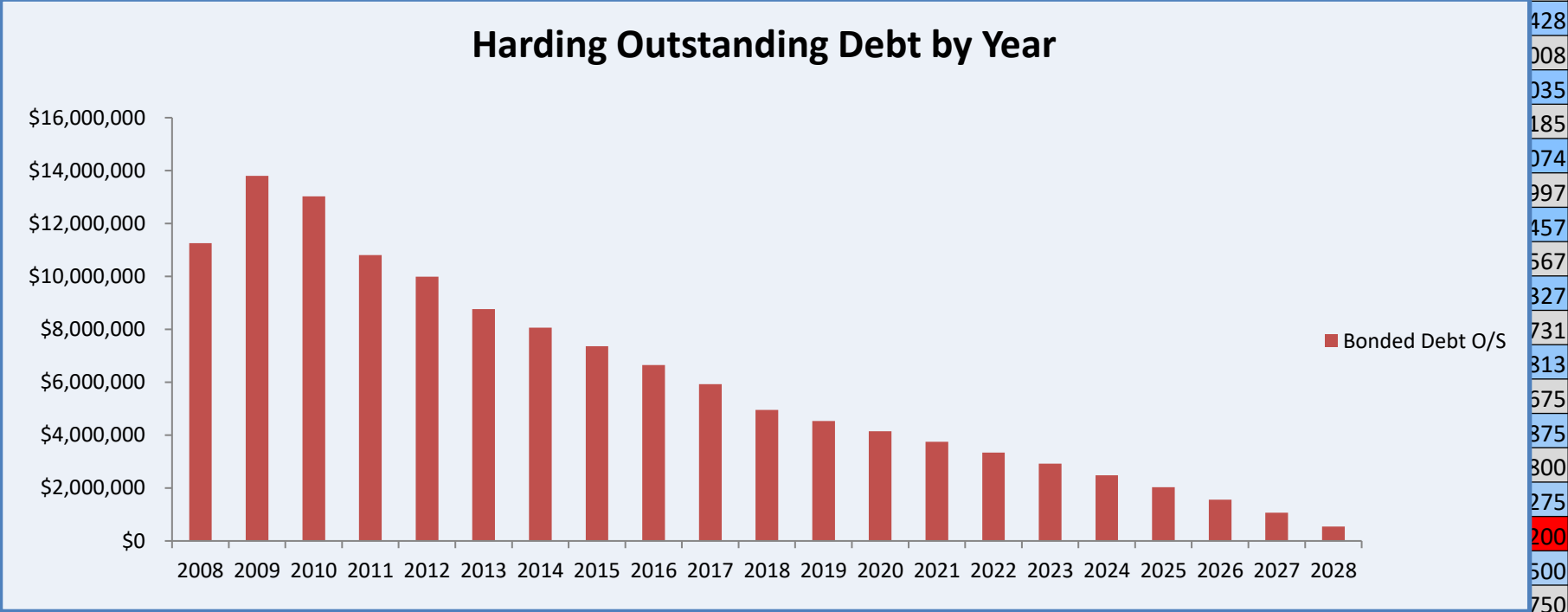
Bonded Debt Funding Purpose



Township Debt

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

| Year | Bonded Debt O/S | Principal Payment | Interest Payment | Servicing Payments |
|------|-----------------|-------------------|------------------|--------------------|
|------|-----------------|-------------------|------------------|--------------------|



| | | | | |
|------|-------------|-----------|----------|-----------|
| 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 |
| 2015 | 4.00 | \$ 808,458 | 1.10 | \$ 220,515 |
| 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 | - | - |

| |
|------------------------------|
| 2022 Year End Balance |
| \$ 712,774 |

* 2023 County Rate has not been finalized

Expenditure (Appropriation) Summary 2023 vs 2022

| Current Fund Appropriation | 2023 Recommended | 2022 Adopted | Chg. Over 2022 | % Chg. | % of Total |
|-----------------------------------|---------------------|---------------------|--------------------|--------------|-------------|
| Salaries & Wages | \$3,852,850 | \$3,757,600 | \$95,250 | 2.5% | 37.7% |
| Health Insurance | \$1,386,104 | \$1,403,183 | (\$17,079) | -1.2% | 13.6% |
| Social Security | \$310,500 | \$308,000 | \$2,500 | 0.8% | 3.0% |
| Pension-PFRS | \$527,888 | \$447,000 | \$80,888 | 18.1% | 5.2% |
| Pension-PERS | \$230,719 | \$184,000 | \$46,719 | 25.4% | 2.3% |
| Pension-DCRP | \$4,000 | \$4,000 | \$0 | 0.0% | 0.0% |
| Total Employee Comp | \$6,312,061 | \$6,103,783 | \$208,278 | 3.4% | 62% |
| Other Expenses | \$1,842,525 | \$1,799,600 | \$42,925 | 2.4% | 18.0% |
| Interlocal Services | \$252,600 | \$271,000 | (\$18,400) | -6.8% | 2.5% |
| Capital Improvements | \$450,000 | \$773,600 | (\$323,600) | -41.8% | 4.4% |
| Debt Service & Def. Charg. | \$416,000 | \$379,600 | \$36,400 | 9.6% | 4.1% |
| Emergency Approp. | \$0 | \$0 | \$0 | 0.0% | 0.0% |
| Resrv. For Uncoll. Taxes | \$940,000 | \$920,000 | \$20,000 | 2.2% | 9.2% |
| Total Non-Employee Comp | \$3,901,125 | \$4,143,800 | (\$242,675) | -5.9% | 38% |
| Total Appropriations | \$10,213,186 | \$10,247,583 | (\$34,397) | -0.3% | 100% |
| Public & Private Grants | \$34,382 | \$214,847 | (\$180,466) | -84.0% | |
| Total Appropriations+Grant | \$10,247,568 | \$10,462,430 | -\$214,863 | -2.1% | |

2023 Other Expenses Breakdown

| Other Expenses | Amount |
|---|--------------------|
| Building/Road/Park Maintenance | \$216,000 |
| Miscellaneous Other Expenses | \$782,375 |
| Utilities | \$193,000 |
| Joint Insurance Fund | \$150,000 |
| Legal | \$130,000 |
| Technology (MIS) | \$87,150 |
| Engineering | \$32,500 |
| Legal – Tax Appeal | \$30,000 |
| Library | \$50,000 |
| Private Community Reimbursement (snow plow / street lighting) | \$50,000 |
| Audit | \$31,000 |
| Snow Removal | \$90,500 |
| Total | \$1,842,525 |

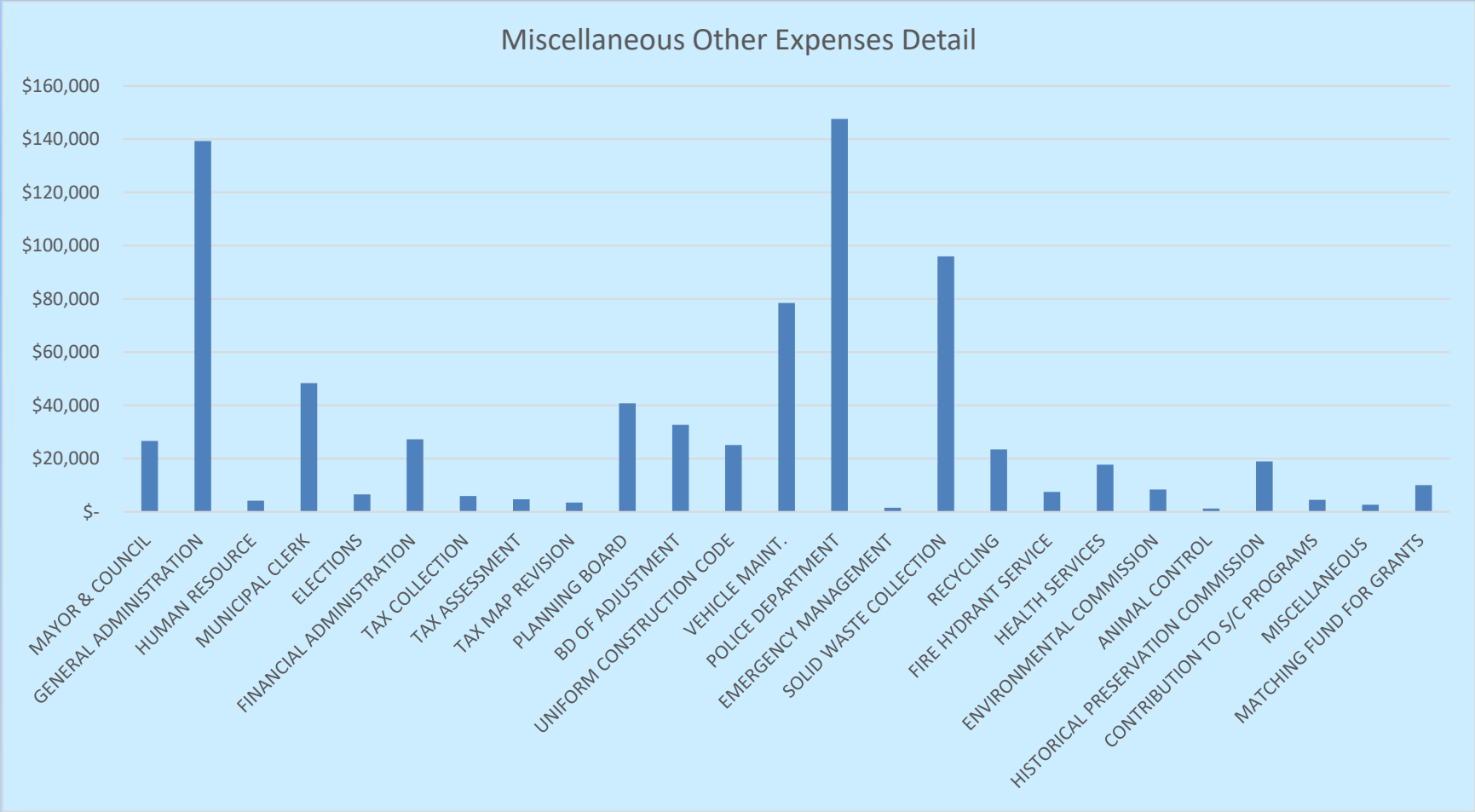
2023 Other Expenses Breakdown

| Miscellaneous Other Expenses Detail | 2023 |
|-------------------------------------|------------|
| MAYOR & COUNCIL | \$ 26,600 |
| GENERAL ADMINISTRATION | \$ 139,300 |
| HUMAN RESOURCE | \$ 4,150 |
| MUNICIPAL CLERK | \$ 48,300 |
| ELECTIONS | \$ 6,500 |
| FINANCIAL ADMINISTRATION | \$ 27,250 |
| TAX COLLECTION | \$ 5,900 |
| TAX ASSESSMENT | \$ 4,650 |
| TAX MAP REVISION | \$ 3,500 |
| PLANNING BOARD | \$ 40,700 |
| BD OF ADJUSTMENT | \$ 32,700 |
| UNIFORM CONSTRUCTION CODE | \$ 25,025 |
| VEHICLE MAINT. | \$ 78,500 |
| POLICE DEPARTMENT | \$ 147,600 |
| EMERGENCY MANAGEMENT | \$ 1,500 |
| SOLID WASTE COLLECTION | \$ 96,000 |

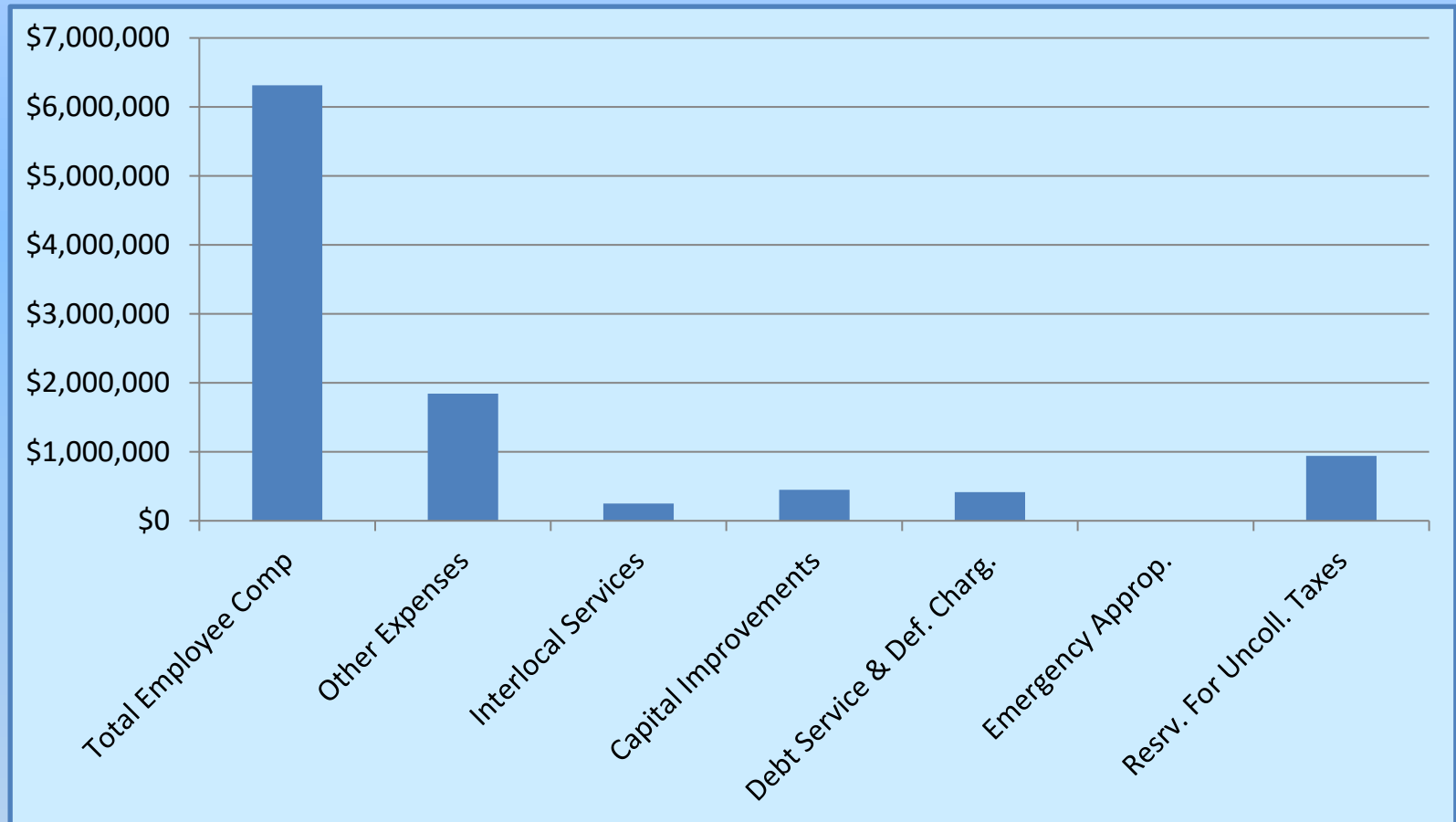
2023 Other Expenses Breakdown

| Miscellaneous Other Expenses Detail | 2023 |
|-------------------------------------|-------------------|
| RECYCLING | \$ 23,400 |
| FIRE HYDRANT SERVICE | \$ 7,500 |
| HEALTH SERVICES | \$ 17,700 |
| ENVIRONMENTAL COMMISSION | \$ 8,400 |
| ANIMAL CONTROL | \$ 1,200 |
| HISTORICAL PRESERVATION COMMISSION | \$ 18,900 |
| CONTRIBUTION TO S/C PROGRAMS | \$ 4,500 |
| MISCELLANEOUS | \$ 2,600 |
| MATCHING FUND FOR GRANTS | \$ 10,000 |
| Total | \$ 782,375 |

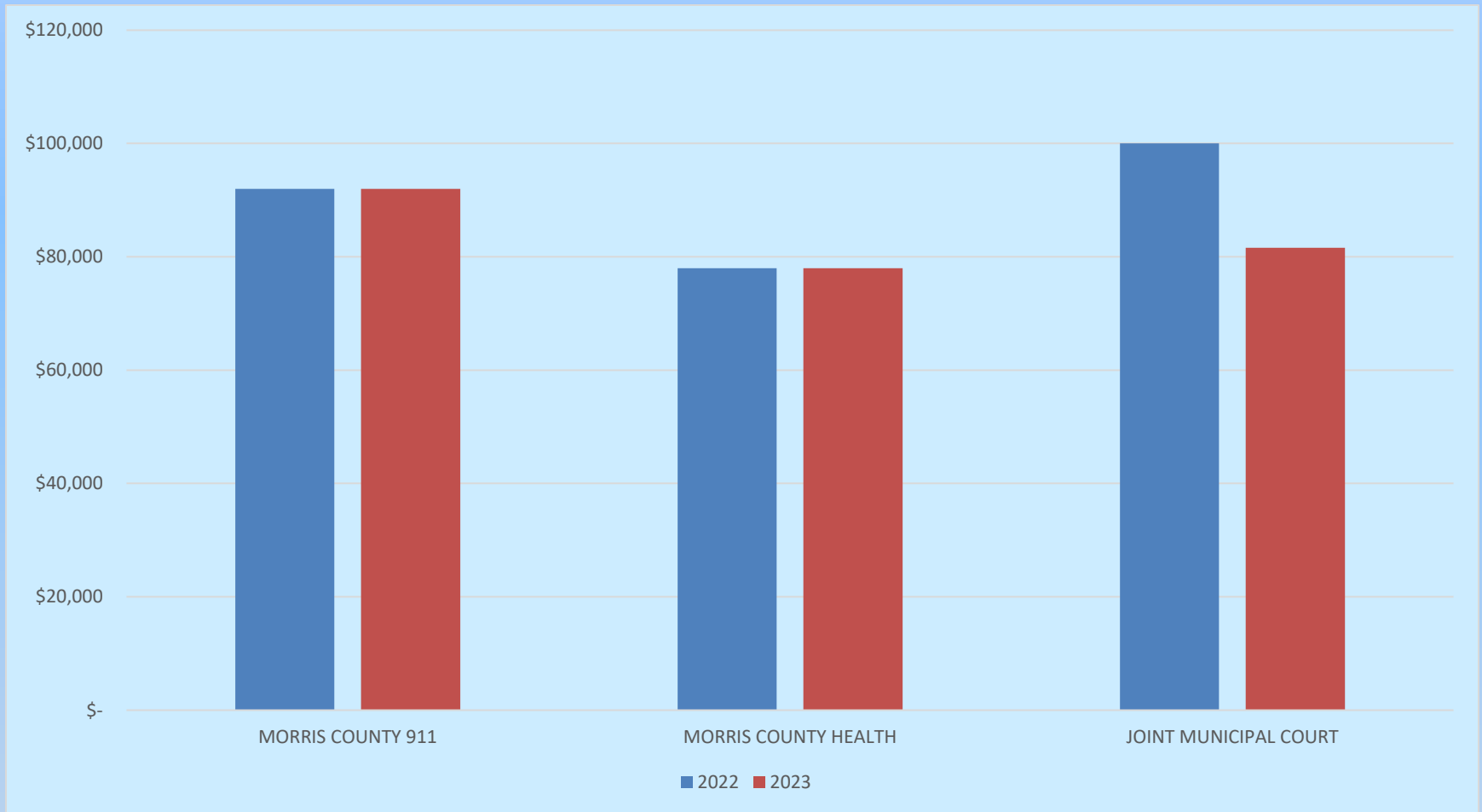
2023 Other Expenses Breakdown



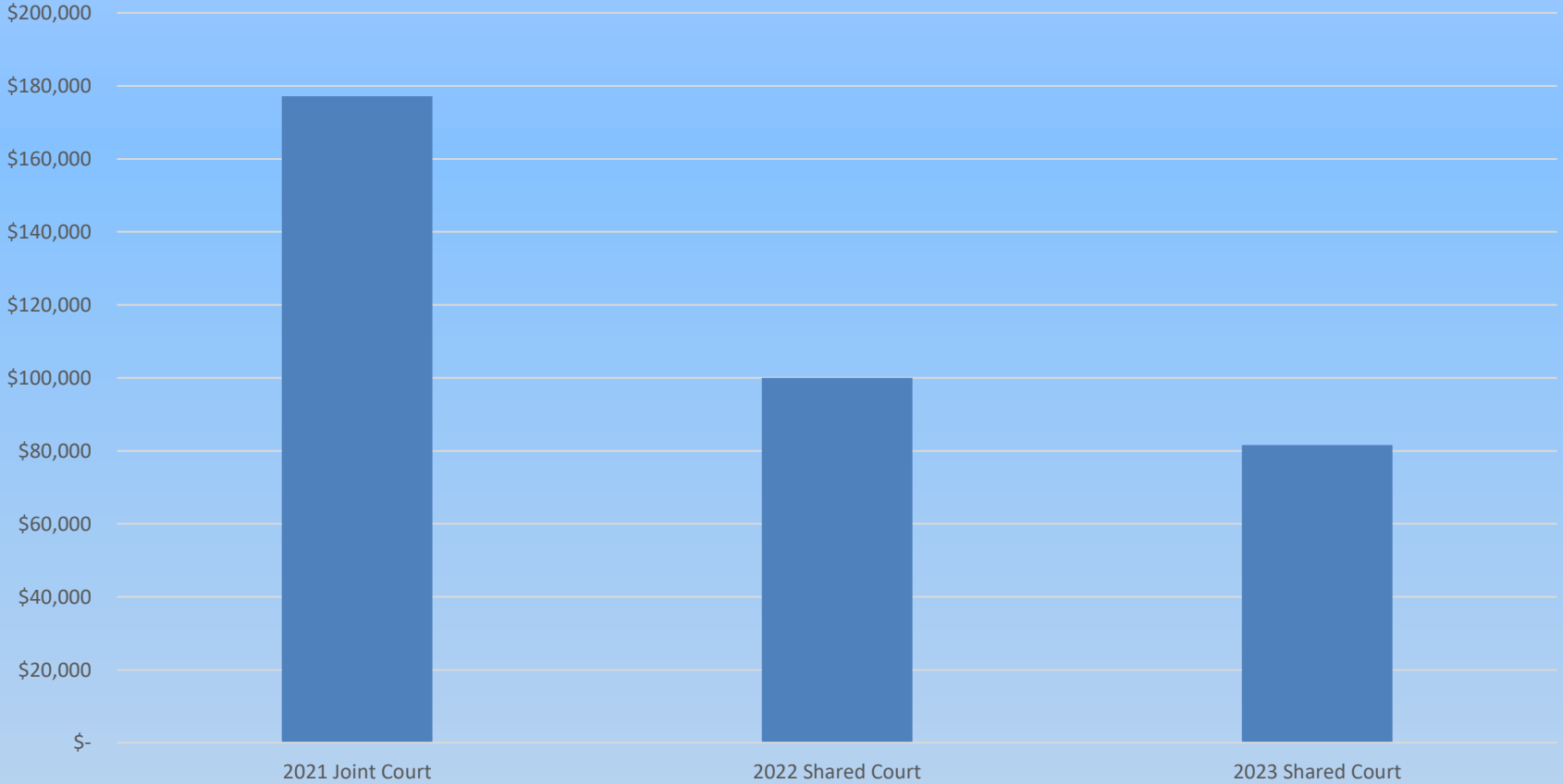
2023 Expenditure (Appropriation) Summary



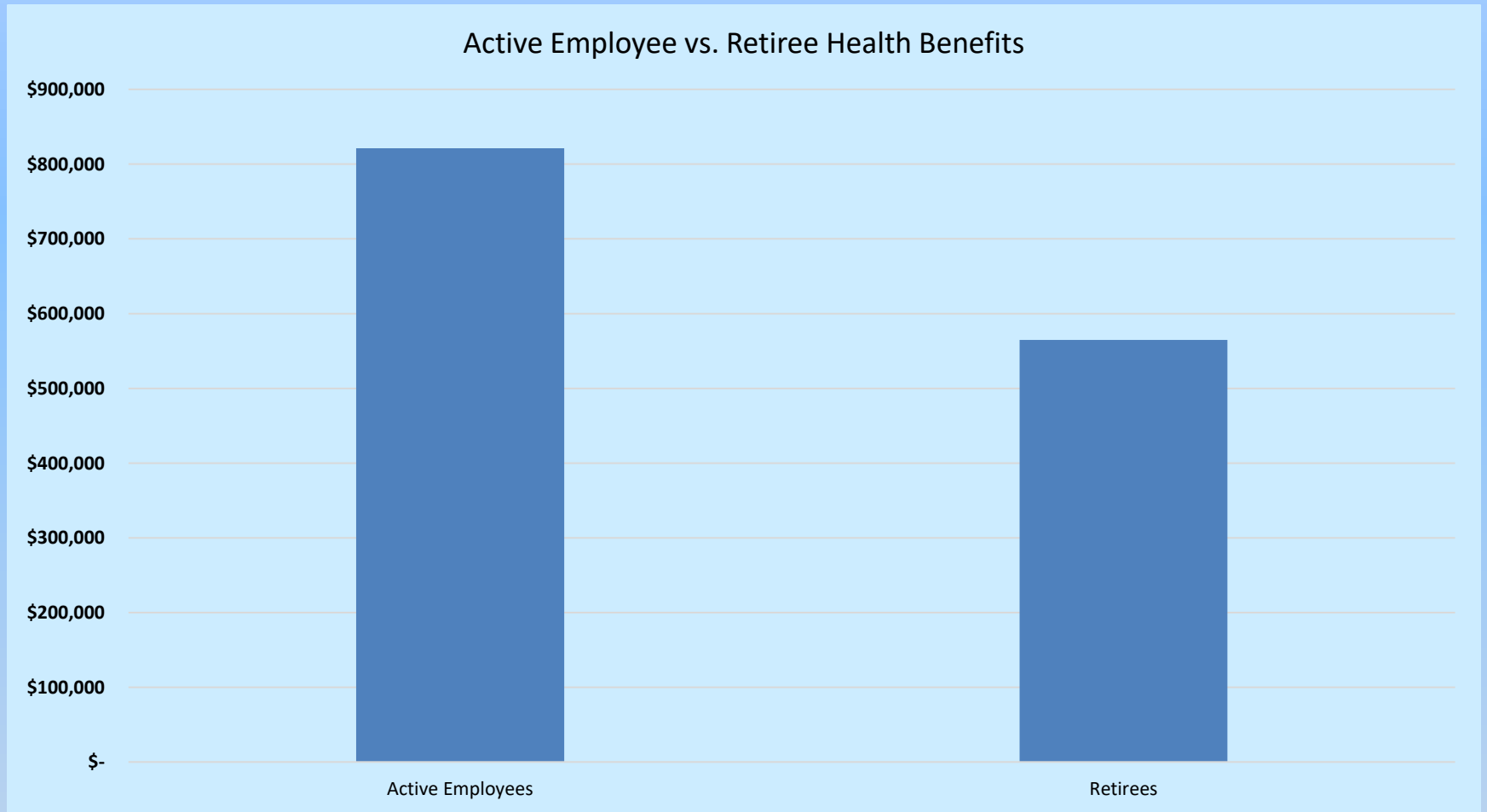
Interlocal Services



Annual Court Budget



Health Benefits



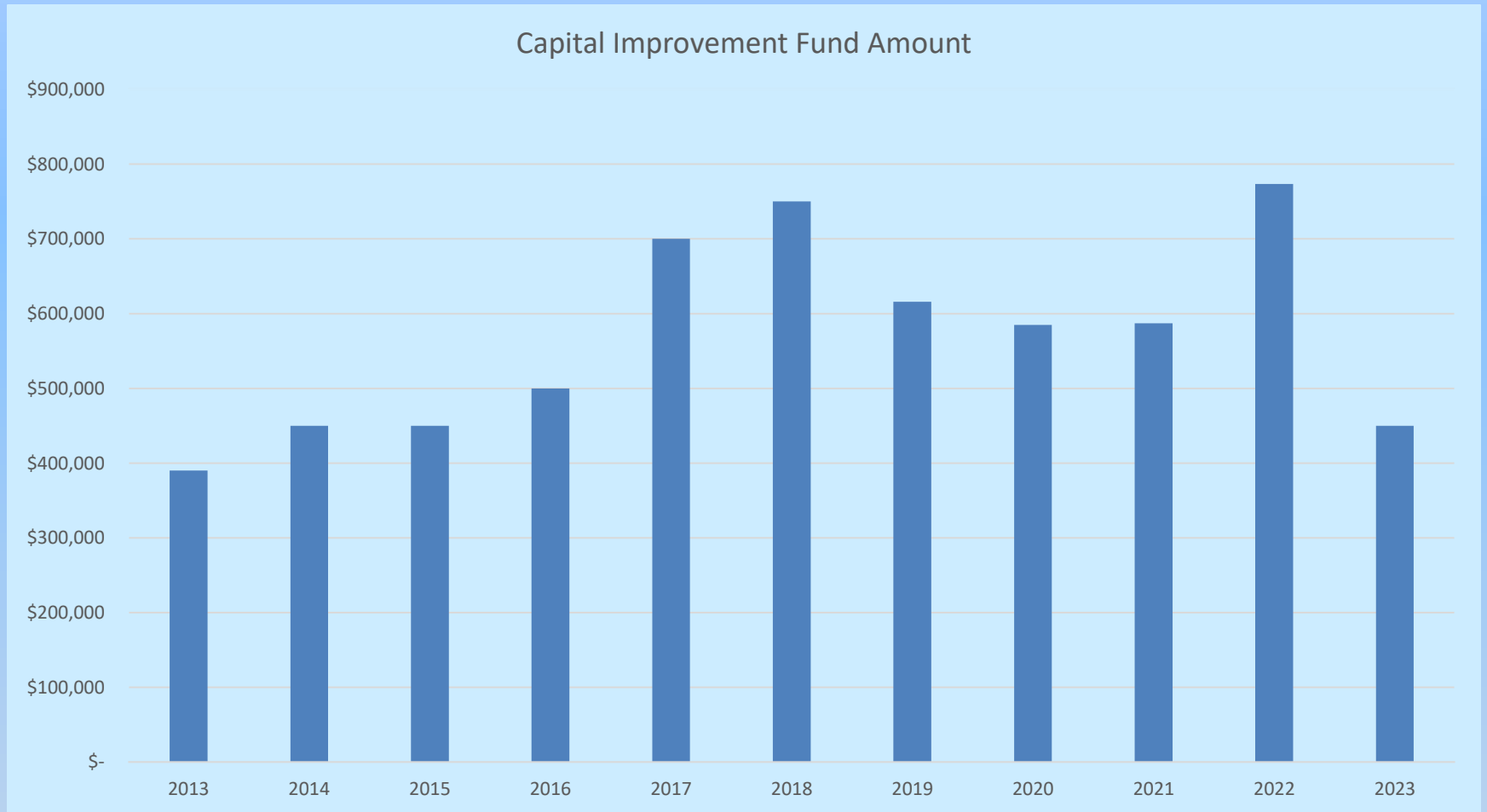
Appropriation Drivers

- Pension increase
 - PFRS: \$80,888 increase ; 36.51% of 2021 2nd Q reporting
 - PERS: \$46,719 increase; 17.11% of 2021 2nd Q reporting
- \$323,600 decrease in Capital Improvement Fund
- \$48,700 decrease in Police Salary & Wages due to retirements of senior officers
- Health benefits decrease of \$17,079
- Total Municipal appropriations down \$34,397

Capital Improvement Fund

| Capital Improvement Fund | |
|--------------------------|------------|
| Year | Amount |
| 2013 | \$ 390,000 |
| 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 |

Capital Improvement Fund

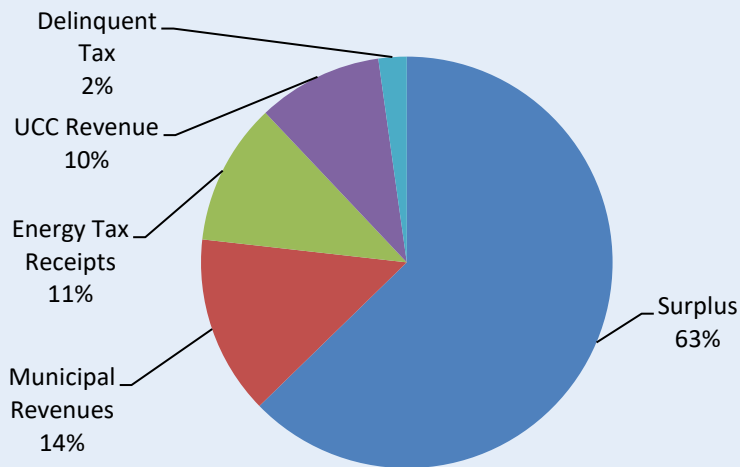


Budget Revenue - 2023

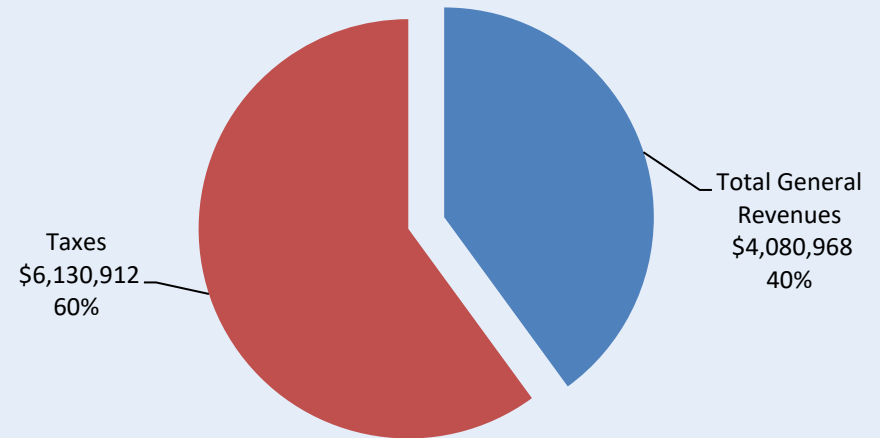
| General & Tax Revenues | 2023 | 2022 | 2023 - 2023 | % Chg | % of Total |
|-------------------------------|----------------------|----------------------|---------------------|---------------|-------------|
| Surplus | \$ 2,550,000 | \$ 2,750,000 | \$ (200,000) | -7.27% | 25% |
| Municipal Revenues | \$ 586,800 | \$ 529,600 | \$ 57,200 | 10.80% | 6% |
| Energy Tax Receipts | \$ 454,168 | \$ 454,168 | \$ - | 0.00% | 4% |
| UCC Revenue | \$ 400,000 | \$ 400,000 | \$ - | 0.00% | 4% |
| Delinquent Tax | \$ 90,000 | \$ 90,000 | \$ - | 0.00% | 1% |
| Total General Revenues | \$ 4,080,968 | \$ 4,223,768 | \$ (142,800) | -3.38% | 40% |
| Taxes | \$ 6,130,912 | \$ 6,023,815 | \$ 107,097 | 1.78% | 60% |
| Total Revenues+Tax | \$ 10,211,880 | \$ 10,247,583 | \$ (35,703) | -0.35% | 100% |
| Public & Private Grants | \$ 35,687 | \$ 214,847 | \$ (179,160) | -83.39% | 0% |
| Total Revenues + Grant | \$ 10,247,568 | \$ 10,462,430 | \$ (214,863) | -2.05% | 100% |

Budget Revenue - 2023

Total General Revenues



General & Tax Revenues



Revenue Drivers

- Energy Tax Receipts – State has not released the 2023 amount
- Surplus anticipated decrease of \$200,000 per Township's surplus policy range (12%-15%)
- \$91,500 in additional revenue anticipated from redevelopment of Hurstmont
- Interest on investments anticipated increased by \$35,000
- Fees & permit anticipated revenue decreased by \$40,000
- Court revenue anticipated decreased by \$27,000

Assessed Value & Tax Rate

| | # of units | Assessed Value |
|------------------------------|------------|-----------------|
| 2023 Residential/Commercial | 1933 | \$2,107,027,200 |
| 2023 Utility | 1 | \$1,364,507 |
| 2023 Total | 1934 | \$2,108,391,707 |
| Average Assessed Value 2023 | | \$1,090,172 |
| Average Assessed Value 2022 | | \$1,087,178 |
| 2023 Tax Rate / AA Valuation | 0.291 | \$3,170 |
| 2022 Tax Rate / AA Valuation | 0.286 | \$3,109 |
| Increase (2023 vs. 2022) | 0.005 | \$61 |
| % Increase | 1.75% | 1.96% |

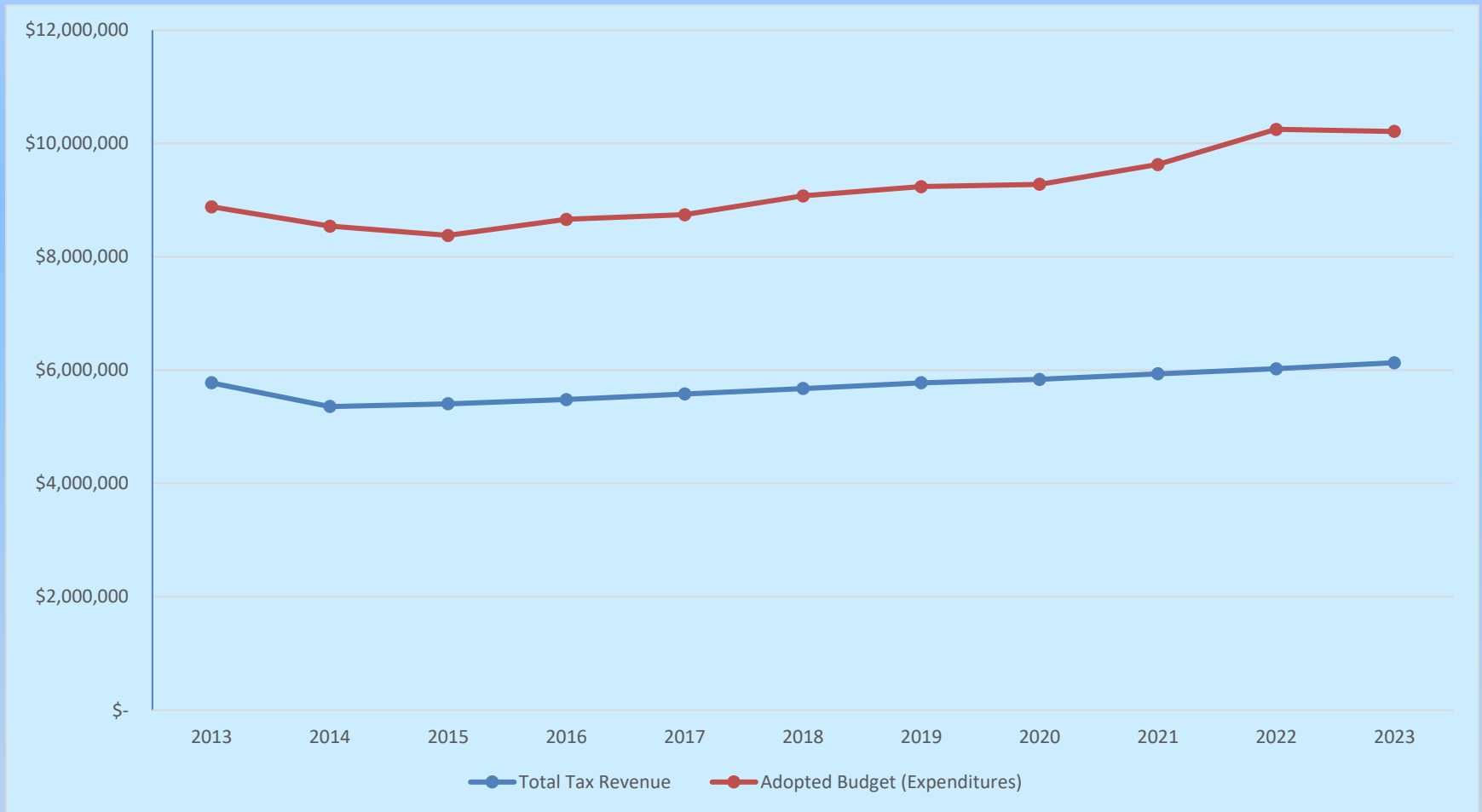
| Year | Municipal Tax | All Agency Tax | % |
|------|---------------|----------------|--------|
| 2018 | \$ 5,675,195 | \$ 22,592,449 | 25.12% |
| 2019 | \$ 5,777,133 | \$ 23,093,703 | 25.02% |
| 2020 | \$ 5,835,587 | \$ 23,156,767 | 25.20% |
| 2021 | \$ 5,934,749 | \$ 23,371,104 | 25.39% |
| 2022 | \$ 6,023,815 | \$ 23,731,334 | 25.38% |
| 2023 | \$ 6,130,912 | - | - |

| | Assessed Value |
|----------|-----------------|
| 2023 | \$2,108,391,707 |
| 2022 | \$2,101,514,828 |
| Change | \$6,876,879.00 |
| Change % | 0.33% |

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 | \$ 6,130,912 | \$ 10,213,186 | 60.03% |

Tax vs Expenditure



Tax Rate History

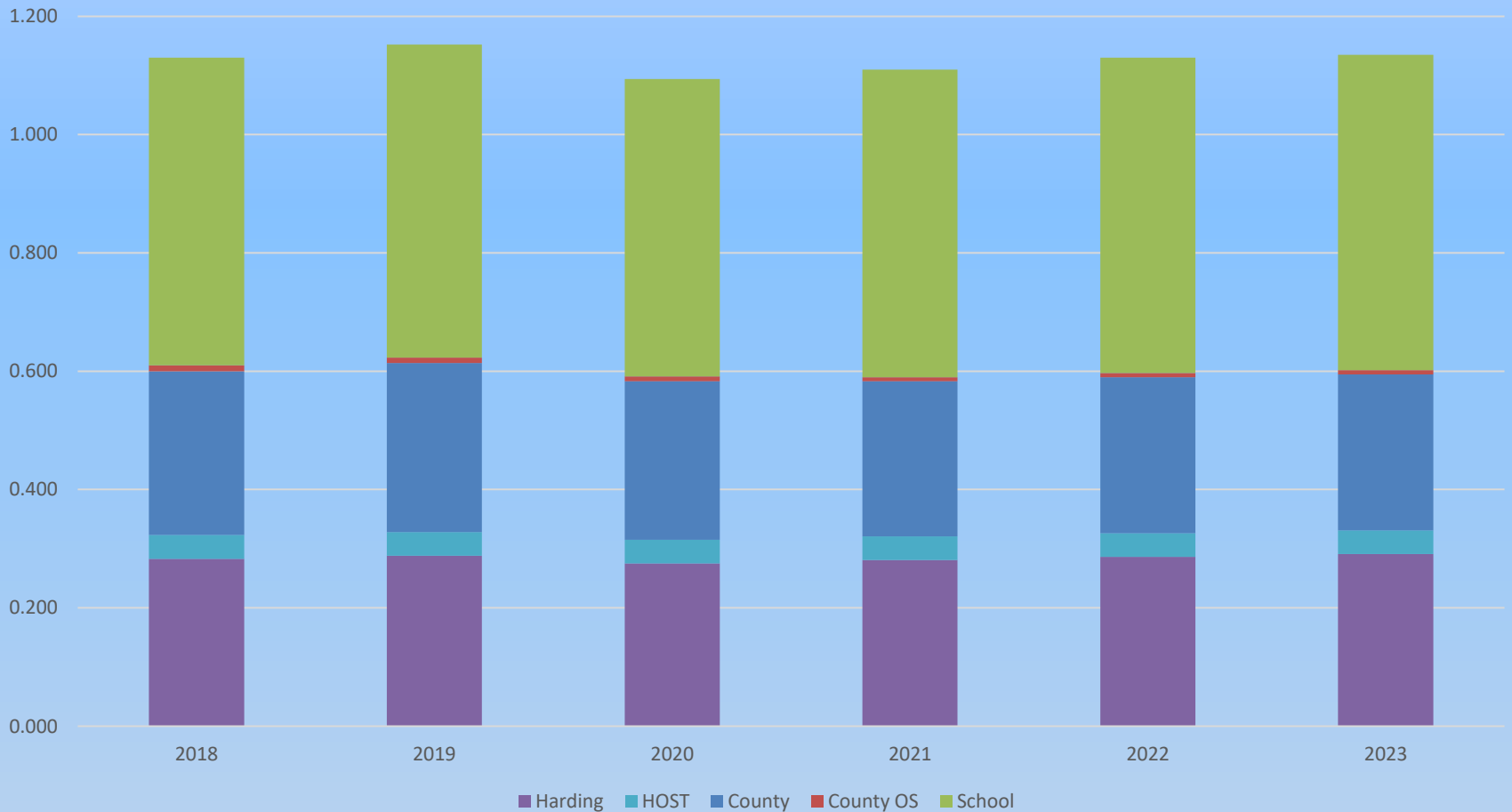
Rates

| Year | Net valuation | County | County OS | School | Harding | HOST | Total |
|------|-----------------|--------|-----------|--------|---------|-------|-------|
| 2018 | \$1,999,521,290 | 0.277 | 0.010 | 0.520 | 0.283 | 0.040 | 1.130 |
| 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 | | | | 0.291 | 0.040 | |

Taxes

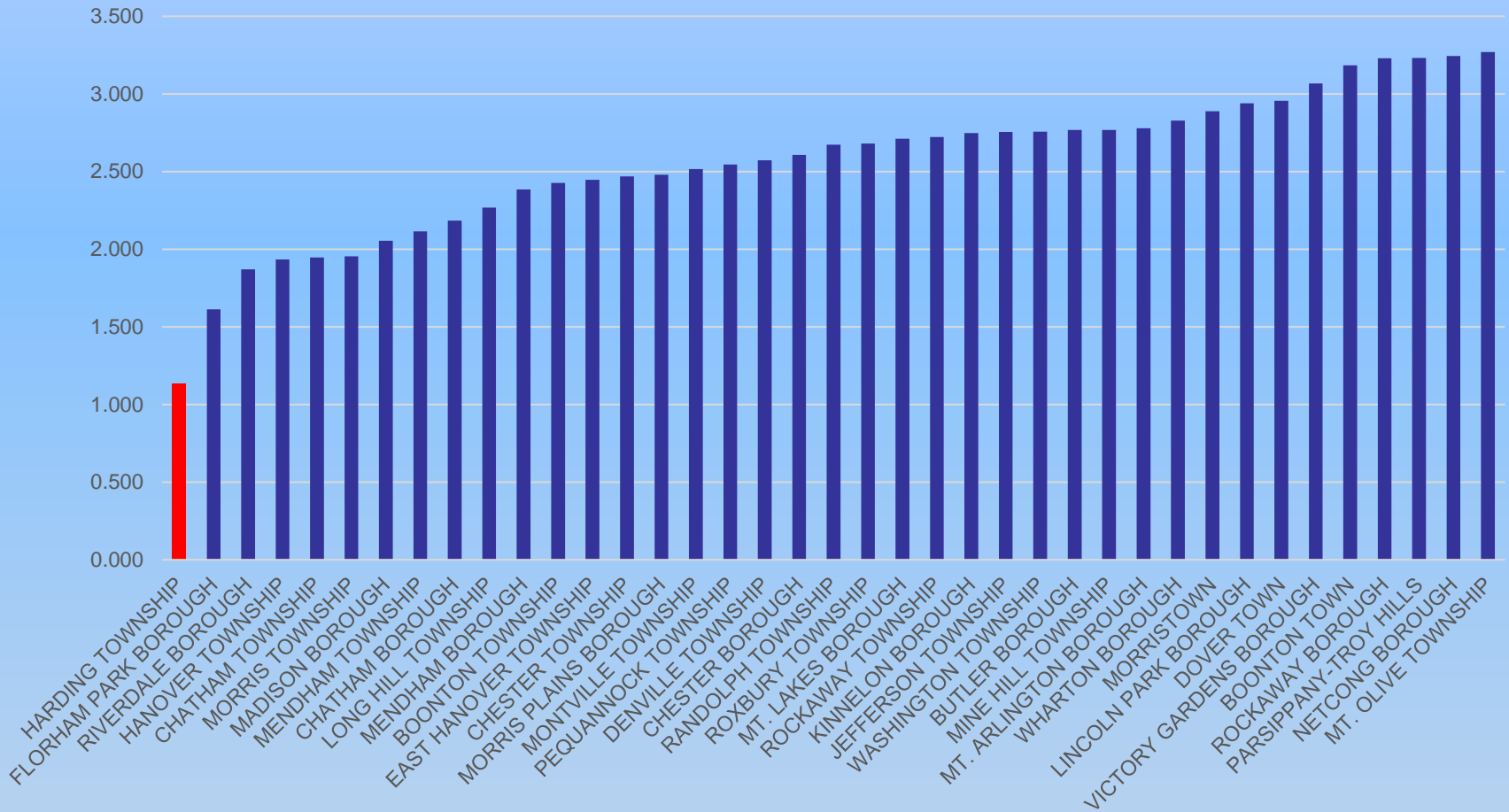
| Year | Sample Value | County | County OS | School | Harding | HOST | Total |
|------|--------------|---------|-----------|---------|---------|-------|----------|
| 2018 | \$1,000,000 | \$2,770 | \$100 | \$5,200 | \$2,830 | \$400 | \$11,300 |
| 2019 | \$1,000,000 | \$2,860 | \$90 | \$5,290 | \$2,880 | \$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 | | | | \$2,911 | \$400 | |

Tax Rate History



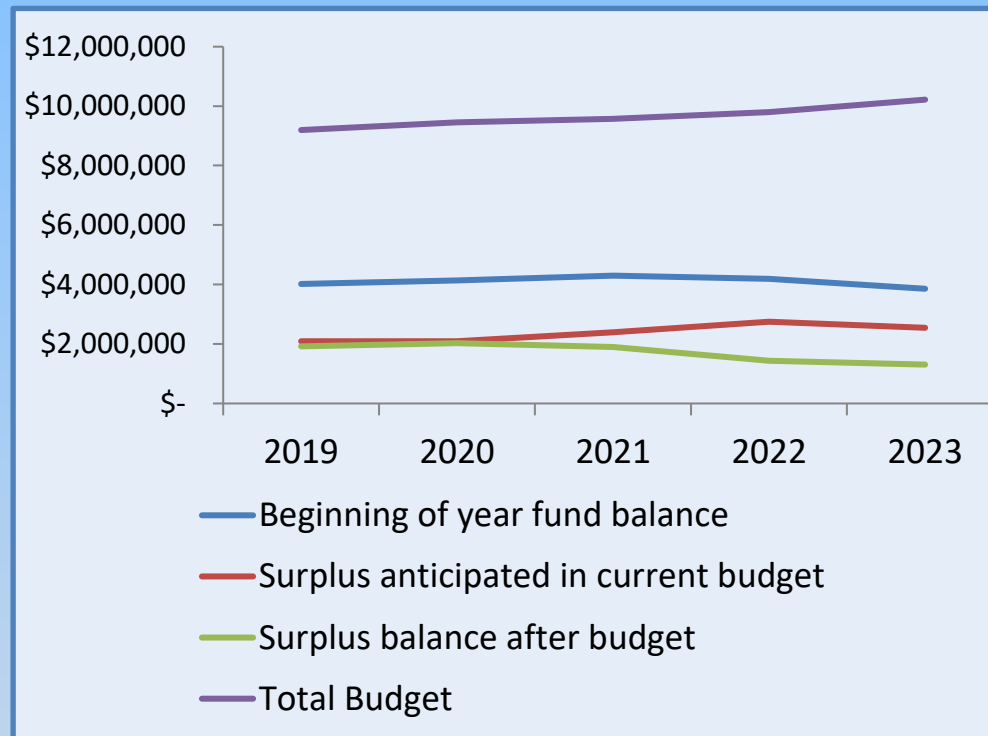
*For comparison purposes, no change in county, county OS, and school rates assumed in 2023

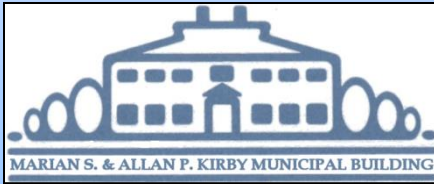
2022 Morris County Municipality Tax Rate Comparison



Fund Balance & Surplus Analysis

| Item | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------------|--------------|--------------|--------------|---------------|
| Beginning of year fund balance | \$ 4,022,213 | \$ 4,135,850 | \$ 4,300,011 | \$ 4,190,081 | \$ 3,861,277 |
| Surplus anticipated in current budget | \$ 2,100,000 | \$ 2,100,000 | \$ 2,400,000 | \$ 2,750,000 | \$ 2,550,000 |
| Surplus balance after budget | \$ 1,922,213 | \$ 2,035,850 | \$ 1,900,011 | \$ 1,440,081 | \$ 1,311,277 |
| Total Budget | \$ 9,189,478 | \$ 9,455,772 | \$ 9,565,578 | \$ 9,790,667 | \$ 10,247,568 |
| Surplus Balance as a percent of budget | 20.92% | 21.53% | 19.86% | 14.71% | 12.80% |
| Total results of current yr operations | \$ 2,213,638 | \$ 2,264,160 | \$ 2,290,071 | \$ 2,421,196 | \$ 2,297,266 |
| Ending surplus balance | \$ 4,135,850 | \$ 4,300,011 | \$ 4,190,081 | \$ 3,861,277 | \$ 3,608,544 |





Harding Township

Thank You