

Borough of Hawthorne

2014 BUDGET PRESENTATION



Challenging Winter!



2014 Cost Increases

- \$ 96,000 Snow
- \$ 62,000 Police cars
- \$240,000 Salaries (contractual increases)
- \$ 30,000 Reserve for Uncollected Taxes



MAINTAIN SERVICES



Costs Under Control

- Garbage & Recycling No Change
- Utilities & Energy Down \$ 8,000
- PVSC (2.1%) Up \$ 22,979
- Insurance & benefits
(including pension) Down \$123,431



Ratables

- Loss in ratables .01%, or \$159,000, from 2013 to 2014 due to tax appeals
- Minimal new construction



Debt Management

Funds from canceling old capital ordinances used as revenue to minimize tax impact.

	2013	2014	2015	2016
Debt Service	2,160,065	2,205,154	2,095,666	1,944,472
Reserve/Payment of Debt	225,000	275,000	175,000	0
Net Budget	1,935,065	1,930,154	1,920,666	1,944,472
Change from previous year		-4,911	-9,488	23,806



Union Contracts

- PBA, Blue Collar and White collar contracts all settled for 2012-2014; average of 2% per year
- All employees are contributing more each year for medical benefits through next year.



Surplus

	2011	2012	2013	2014
Surplus Used in Budget	\$1,225,000	\$1,441,300	\$1,402,500	\$1,595,000
Regenerated	\$1,574,000	\$1,444,000	\$1,869,710	???

Hawthorne consciously budgets to regenerate the amount of surplus we use as a budget revenue, so that the practice is sustainable



Benefit of Healthy Surplus

A healthy fund balance allows a municipality to:

- Maintain a good bond rating
- Have adequate cash-flow during the year
- Fund one-time costs without raising taxes
- Survive economic down-turns



Bottom Line

- Budget up \$580,000, or 3.0%
- Tax Levy up \$303,000, or 2.2%
 - Within Tax Levy Cap restriction. \$47,000 in unused Cap from 2011 will lapse. \$182,000 unused from 2012 & 2013 remains banked
- Tax Rate up 2.5 cents per \$100 Assessed Valuation, or 2.2%



Budgets Under the 2% Tax Levy Cap

	Tax Levy		Assessed Values		Tax Rate	
2010	13,281,059		1,237,019,764		1.0736	
2011	13,507,606	1.71%	1,234,883,657	-0.17%	1.0938	1.88%
2012	13,694,681	1.38%	1,229,305,395	-0.45%	1.1140	1.85%
2013	13,997,764	2.21%	1,223,017,600	-0.51%	1.1445	2.74%
2014	14,299,701	2.16%	1,222,857,642	-.01%	1.1694	2.18%
TOTAL		7.50%		-1.14%		8.65%



Water Utility

Water revenues cover all expenditures

- ensured by recently-adopted rate increase

Total budget is \$2,932,369

Spending down \$36,000

- capital items deferred until rate increase kicks in

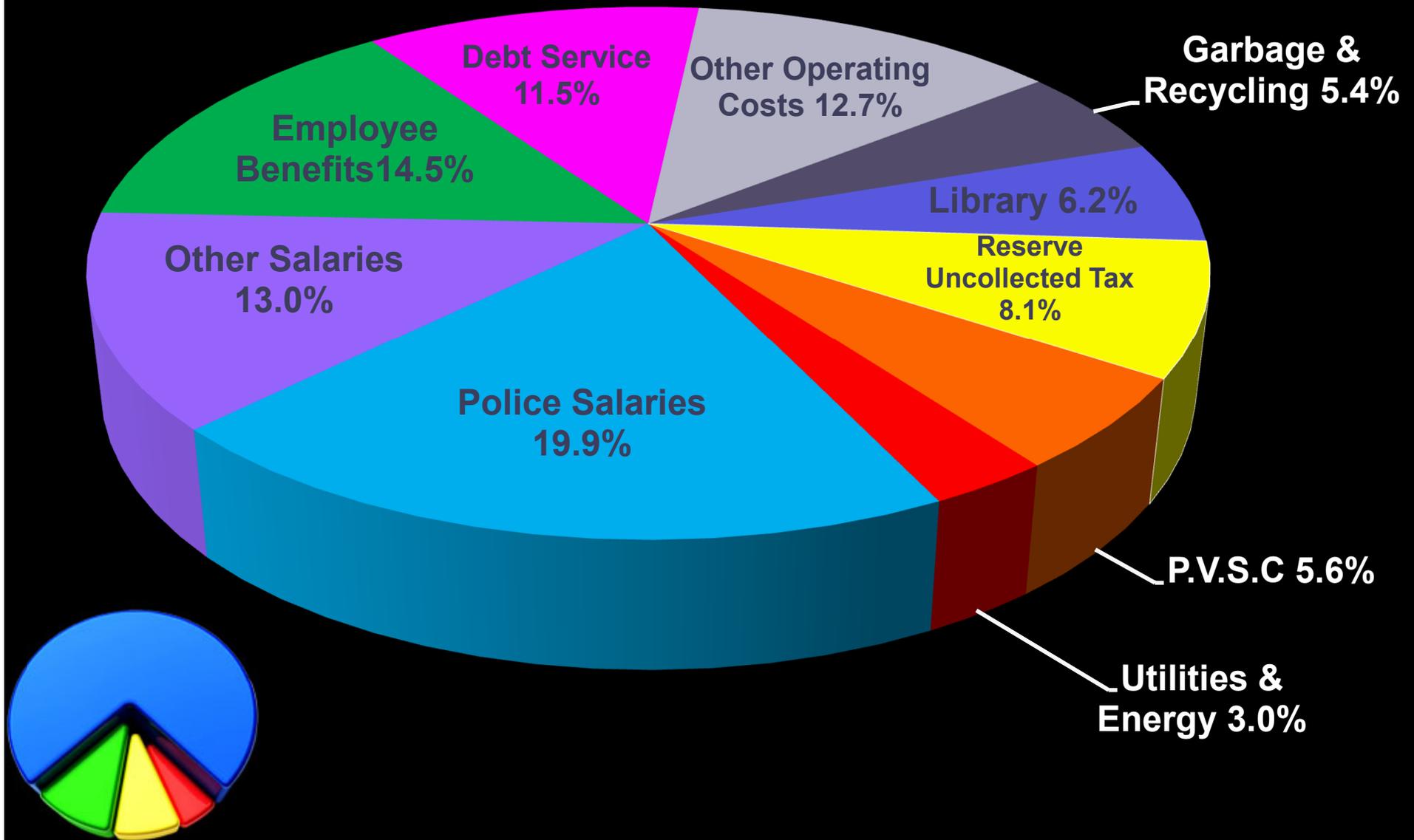


Capital Budget

- \$800,000 Road Improvements
- \$250,000 Washington Ave Improvements
(NJDOT grant funding)
- \$200,000 Acquisition of DPW Equipment
- \$285,000 Bandshell (40% from Open Space grant)
- \$250,000 Equipment for Fire Department
- \$500,000 DPW Garage & Truckwash
- \$100,000 Pool Improvements



2014 Budget Appropriations



Services Funded From Municipal Taxes

- Police
- Library
- Garbage, Recycling, Leaf Pick-up
- Sewer Service
- Road Maintenance
 - Cleaning*Snow Plowing*Traffic Lights*Street Lights
- Fire and Ambulance Service
 - Budget Supports Volunteer Services
- Recreation
- Shade Tree
- Code Enforcement
- Court

Municipal Tax Bill for the Average Home Assessed at \$182,000
Per Year: \$2,128 Per Month: \$177



Municipal Tax Impact

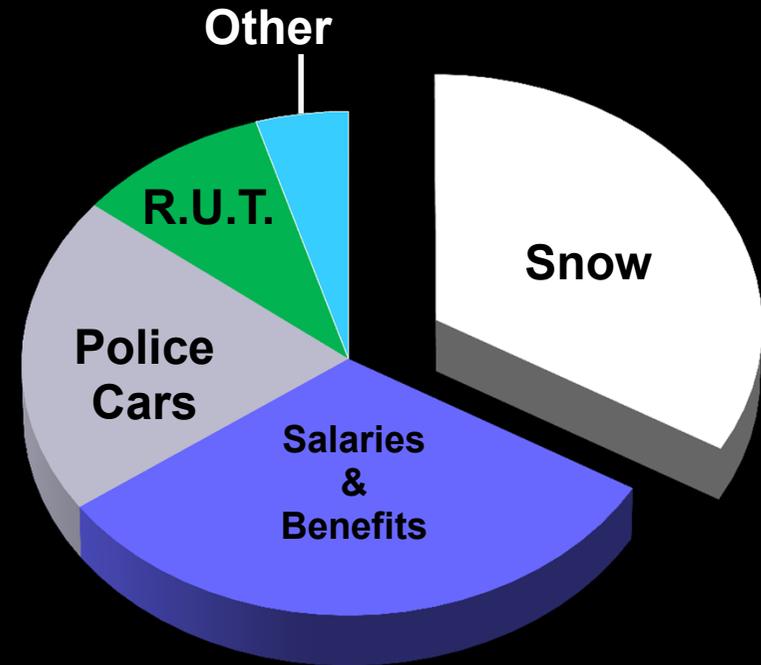
\$ Increase for the Average Home
Assessed at \$182,000
= \$45
or 2.2%

\$ Increase per each \$100,000 of
Assessed Value
= \$25



Factors Driving 2.16% Tax Increase

Salaries & Benefits	.72%
Extra Snow Costs	.68%
Police Cars	.44%
Reserve for Uncollected Tax (R.U.T.)	.21%
Other	.10%
TOTAL	2.16%

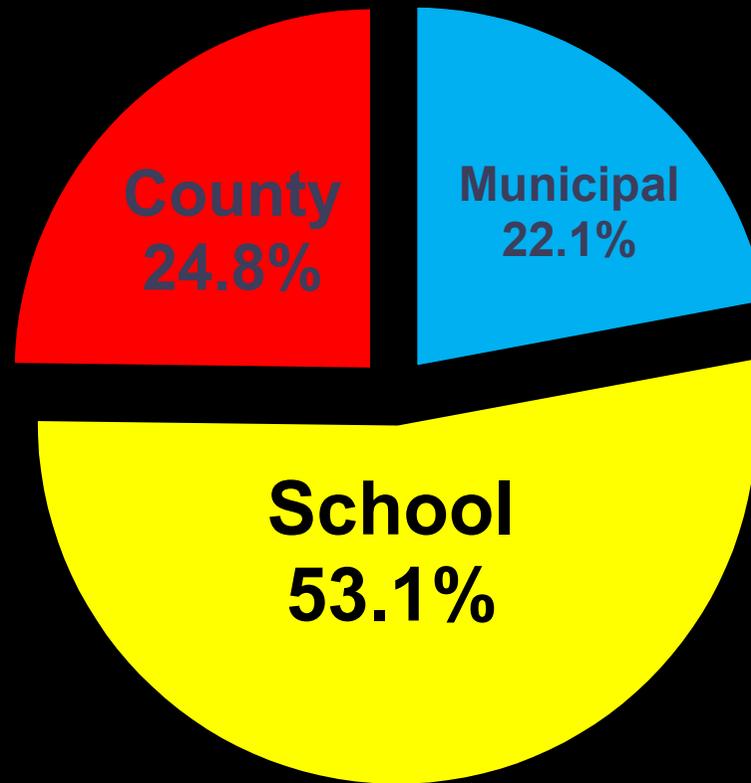


Breakdown of Average 2014 Tax Bill (Estimated)

School	\$5,109
County (Estimated)	\$2,385
Municipal (incl Library)	\$2,128
Total	\$9,622



Distribution of Hawthorne Property Taxes



Looking Ahead

- No apparent Cap problem for 2015
- By 2016 or 2017, Cap could be an issue
- Expiring union contracts, and garbage disposal contract 12/31/2014
- Expiring garbage & recycling collection contracts 3/31/2016
- Multi-year budgeting allows opportunity to address problems before they arrive



Four-Year Budget Projection

	2014	2015	2016	2017
Total Budget	20,062,233	20,003,925	20,419,726	21,131,222
Tax Levy	14,299,701	14,695,647	15,245,148	15,721,344
Tax Rate	1.169	1.199	1.241	1.276
Increase	2.2%	2.5%	3.5%	2.9%



Responsible Stewardship

- Control of expenditures
- Management of surplus
- Capital planning
- Negotiation of affordable union contracts



Stability

- Multiple-year budget projections
- Conservative anticipation of revenues
- Conscious decisions on regeneration of surplus
- Elimination of reliance on one-time revenues

Result: Stable financial position, even during an economic downturn

