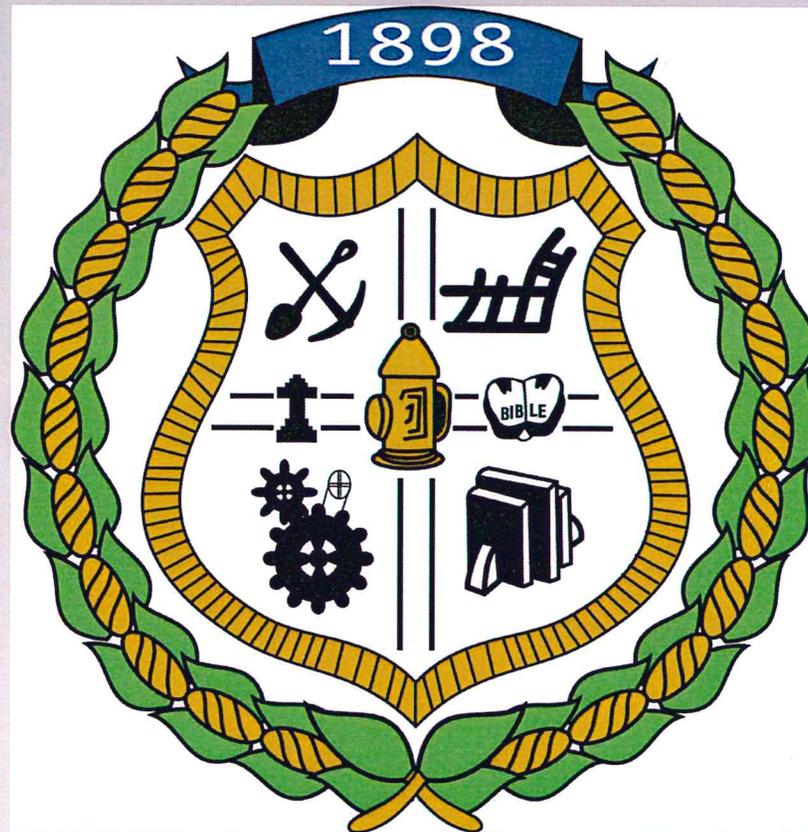


Borough of Hawthorne

2016 BUDGET PRESENTATION



Effective Stewardship of *Your* Money

Budgetary Planning

- Look Ahead Multiple Years
- Match Resources to Needs
- Maintain Services
- Stability in Tax Rates
- Good Bond Rating – Lower Borrowing Costs

Ratables

- Loss in ratables - .1%, or \$1,219,576, from 2015 to 2016 due to tax appeals.
- Minimal new construction for 2016.
- Expect further reduction for 2017 due to tax appeals.
- Expect growth by 2018 due to construction of approved projects.

2016 Cost Increases

- \$121,000 Garbage & Recycling Collections
- \$104,000 PFRS Pension
- \$ 98,000 Defense of Affordable Housing Plan

Proactive Appropriations - 2016

- \$200,000 Reserve for Tax Appeals
- \$400,000 Payment of Principal on Bond Anticipation Notes
 - Reduces future principal & interest payments
- \$ 30,000 Update of Tax Maps
 - Required before upcoming revaluation

Union Contracts

- PBA and Blue Collar contracts settled through 2018 for less than 2% per year.
- Have tentative settlement with White Collar union for a similar amount
- All employees have been contributing more each year for medical benefits through this year.

Surplus

| | 2014 | 2015 | 2016 |
|------------------------|-------------|-------------|-------------|
| Surplus Used in Budget | \$1,595,000 | \$1,941,000 | \$1,708,000 |
| Regenerated | \$1,908,743 | \$2,328,944 | ??? |

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

Use of Surplus 2016

- \$1,175,000 General Operations
- \$ 200,000 Reserve for Tax Appeals
- \$ 138,000 Affordable Housing & Planning Costs
- \$ 65,000 Equipment Purchases
- \$ 30,000 Update Tax Map
- \$ 100,000 Pay Bond Anticipation Notes

Water Utility

Water fees cover all expenditures

Total budget is \$3,383,901

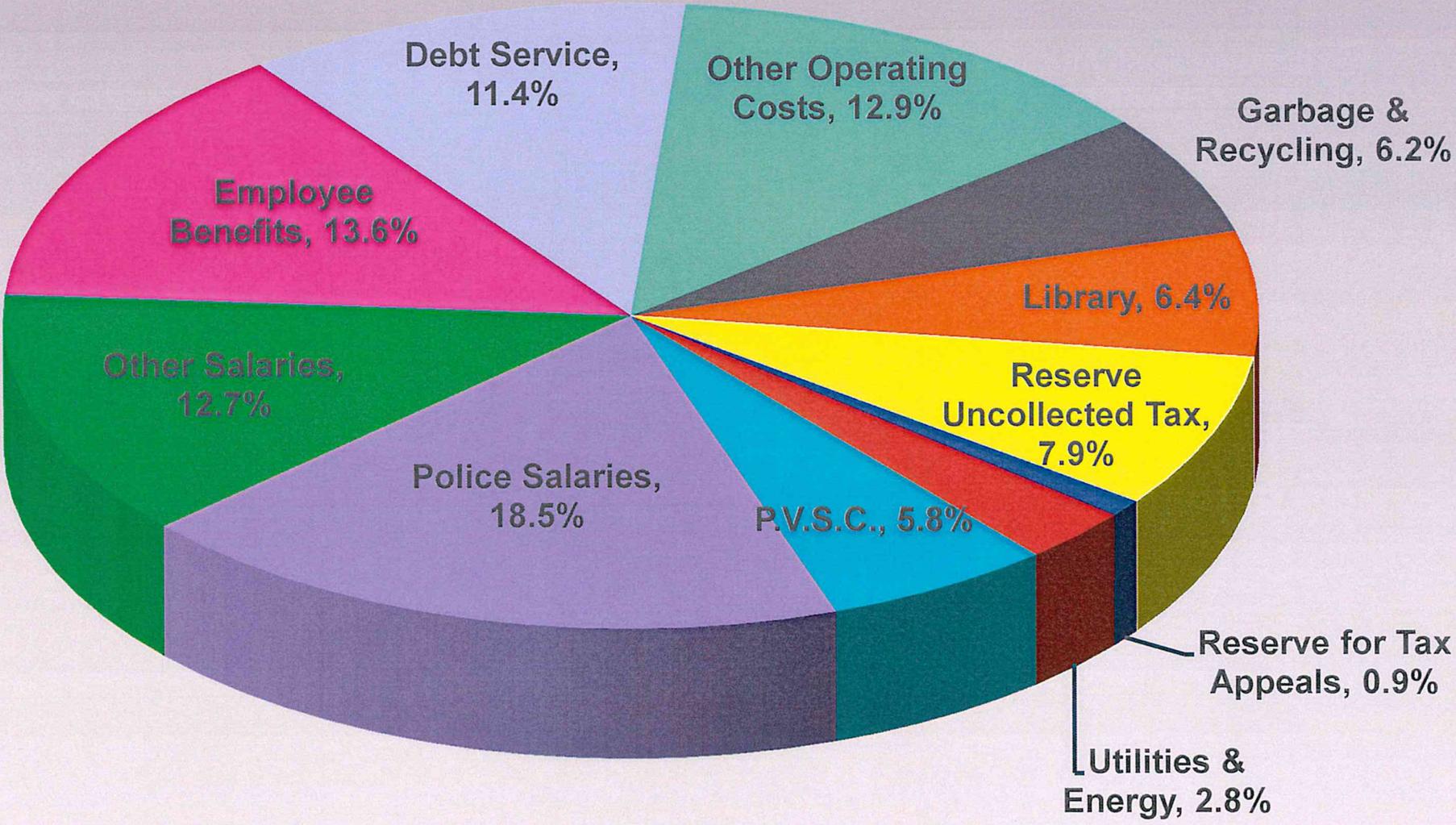
Capital Budget

- \$750,000 Road Improvements
- \$250,000 Rock Road Improvements (NJDOT grant funding)
- \$250,000 Refurbish Fire Engine Co. 3
- \$110,000 Passaic Avenue Sewer Lining

Debt Repayment

| | |
|--|------------------|
| Debt Principal to be Paid in 2016 Budget | 1,846,473 |
| New Debt Authorized under 2016 Capital Budget | 1,406,000 |
| Net Reduction in Debt | 440,473 |

2016 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: \$2,212 Per Month: \$184

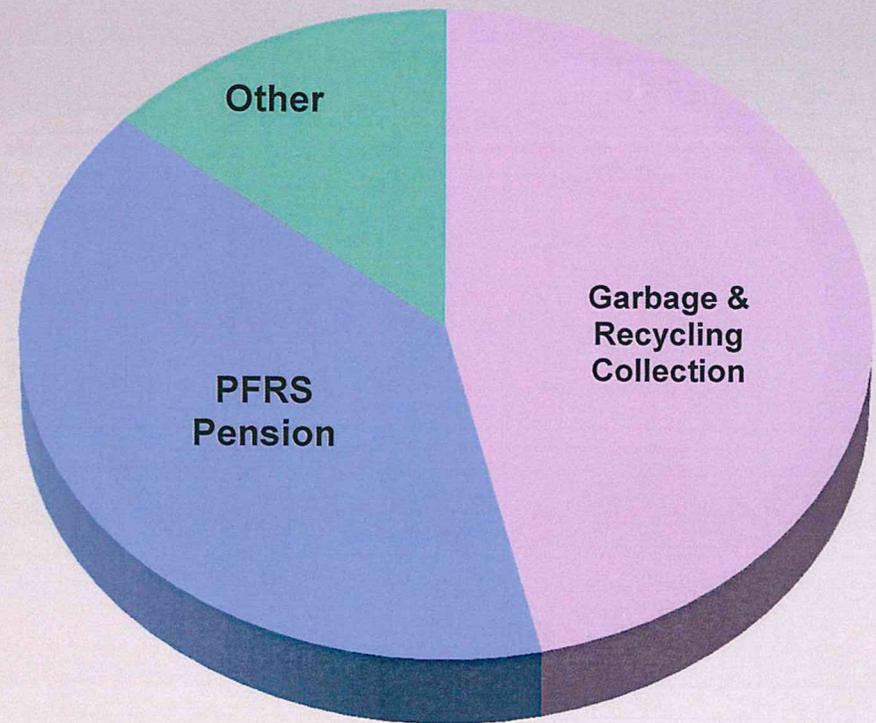
Municipal Tax Impact

\$ Increase for the Average Home
Assessed at \$182,000
= \$42
or 1.94%

\$ Increase per each \$100,000 of
Assessed Value
= \$23

Factors Driving 1.94% Tax Increase

| | |
|---|--------------|
| Garbage & Recycling Collection | .90% |
| PFRS Pension | .77% |
| Other | .27% |
| TOTAL | 1.94% |



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 | 13,996,764 | 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% |
| 2015 | 14,558,222 | 1.81% | 1,221,336,431 | -.12% | 1.1921 | 1.93% |
| 2016 | 14,820,402 | 1.79% | 1,219,576,230 | -.14% | 1.2152 | 1.94% |
| TOTAL | | 11.06% | | -1.30% | | 12.52% |

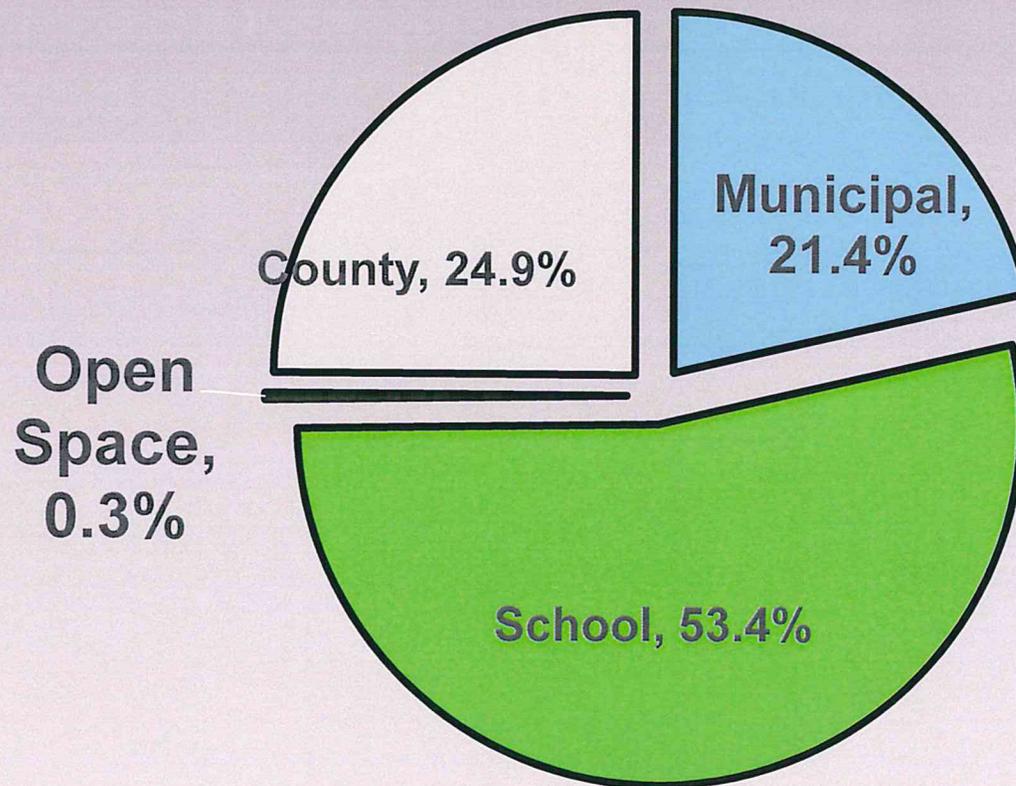
Bottom Line

- Budget up \$247,000, or 1.2%
- Tax Levy up \$261,000, or 1.8%
 - Within Tax Levy Cap restriction. \$102,000 in unused Cap from 2013 will lapse. \$223,000 remains in bank from 2015. \$222,000 banked in 2016.
- Tax Rate up 2.31 cents per \$100 of Assessed Valuation, or 1.94%

Breakdown of Average 2016 Tax Bill (Estimated)

| | |
|-------------------------------|-----------------|
| School (Estimated) | \$5,531 |
| County (Estimated) | \$2,579 |
| County Open Space (Est'd) | \$ 36 |
| Municipal (including Library) | \$2,212 |
| Total | \$10,282 |

Distribution of Hawthorne Property Taxes



COUNTY OPEN SPACE

County Open Space Tax Paid by
Hawthorne 2011-15: \$1,221,520

County Open Space Grants Received by
Hawthorne 2011-15 \$264,375

Looking Ahead

- No apparent Cap problem for 2017
- By 2018 or 2019, Cap could be an issue
- 2016 Bond Sale will impact Debt Service in 2017 and beyond
- Multi-year budgeting allows opportunity to address problems before they arrive

Four-Year Budget Projection

| | 2016 | 2017 | 2018 | 2019 |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| Total Budget | 21,046,674 | 21,098,195 | 21,595,277 | 22,124,809 |
| Tax Levy | 14,820,402 | 15,330,972 | 15,779,754 | 16,287,986 |
| Tax Rate | 1.2152 | 1.2583 | 1.2939 | 1.3342 |
| Increase | 1.94% | 3.55% | 2.82% | 3.12% |

Good Stewardship = SUCCESS

- Conservative Fiscal Practices
- Maintain Current Services
- Live Within the 2% Tax Cap
- Plan Now for Future Budgets