

# Borough of Hawthorne

## 2011 BUDGET PRESENTATION



**LIVING WITHIN THE 2% CAP**

# Living Within a 2% Cap



- The Cap - both a challenge and a tool
- Fiscal Discipline
- Multi-year Planning

# Downsizing Government



- In 2010
  - Cut 4 f/t position and 1 p/t position by layoff and attrition
- In 2011
  - Cut 2 f/t positions by attrition
- Result
  - 6 ½ fewer positions compared to 2009\*

\*Police, Blue Collar, White Collar, Management

# Union Contracts



- Blue Collar 4% total over 3 years – 1.3%/year average
- White Collar 2% total over 2 years – 1%/year average
- Police 1.5% for one year – offset by health benefits contribution

All contracts expire 12/31/2011

New Arbitration Law limits future contract awards to 2%/year

# Cap Exceptions



New Tax Levy Cap law allows three basic Cap Exceptions:

1. Health Benefits – No exception needed in 2011, due to employee contributions
2. Debt Service - \$34,000 increase
3. Pension - \$180,000 exception for \$194,000 increase in pension payments to the state

# Revenues



- Interest Income - Down \$44,000
- Court Fines - Down \$50,000
- Cell Tower Rents - Up \$55,000
- Cable TV Franchise Fees - Up \$77,000

No loss in State Aid, after  
three years of cuts

# Surplus



- 2010

- \$1,120,000 used in the budget; \$1,363,000 regenerated

- 2011

- \$1,225,000 used in the budget

Increase in amount used nearly offsets loss of \$125,000 in Interfunds Receivable used as a one-time revenue in 2010

# Cost Increases



- \$194,000 – Pensions 20% Increase
- \$ 34,000 – Debt Service 1.8% Increase
- \$ 26,000 – Gasoline 17% Increase and rising prices
- \$ 18,000 – PVSC 1.7% Increase (smallest in years)
- \$ 15,000 – Employee Health Benefits .9% Increase (rate increase offset by employee contributions)

# Cost Savings



- \$94,000 Garbage & Recycling Collection
  - New 5 year bids
- \$77,000 Employee Salaries
  - Staff reductions
- \$15,000 Electricity
  - Co-operative purchase

# Bottom Line



- Budget up \$207,000, or 1.1%
- Tax Levy up \$226,000, or 1.7%
  - \$269,000 **below** the Tax Levy Cap
- Tax Rate up 2 cents per \$100 Assessed Valuation, or 1.9%

# Stability



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

Result: Stable financial position, even during recent economic downturn

# Looking Ahead



- No Apparent Cap problem for 2012
- By 2014, Cap could be an issue
- Possible bump in tax rate over the next two years, particularly after next bond issue in 2012
- Multi-year budgeting allows opportunity to address problems before they arrive

# Water Utility



## Spending Up \$196,000

- \$76,000 for Capital Items
- \$23,000 Deferred Charge
- \$47,000 Salaries
- \$30,000 Employee Pension & Benefits
- \$14,000 Debt Service

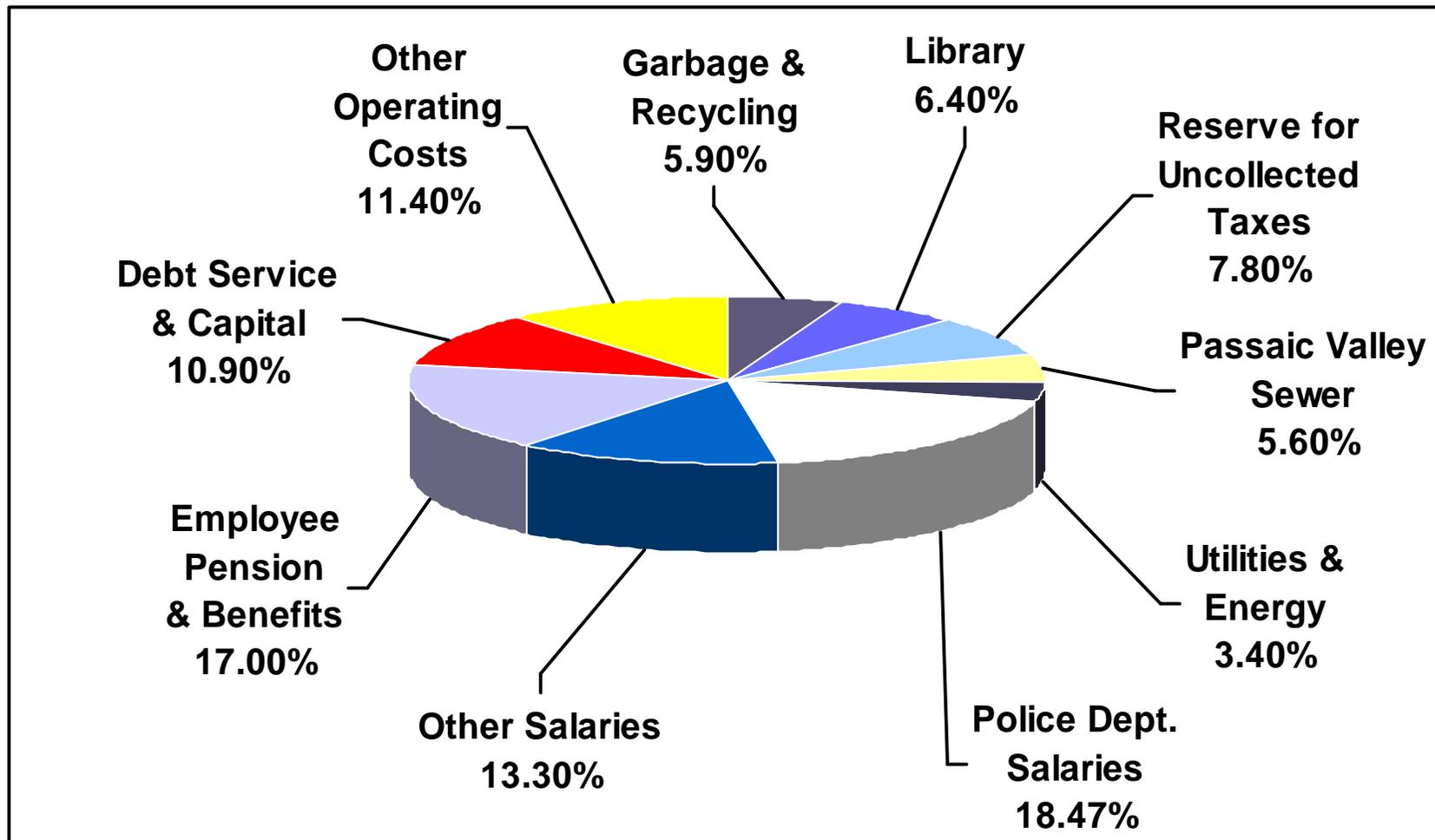
Water revenues cover all expenditures

# Capital Budget



- \$200,000 Road Improvements
- \$250,000 Sewer System Improvements
- \$200,000 Acquisition of DPW Equipment
- \$100,000 Library Roof
- \$200,000 Mohawk Avenue Repaving (NJDOT Grant)

# 2011 Budget Appropriations



# Municipal Tax Impact



\$ Increase for the Average Home  
Assessed at \$182,000  
= \$37  
or 1.9%

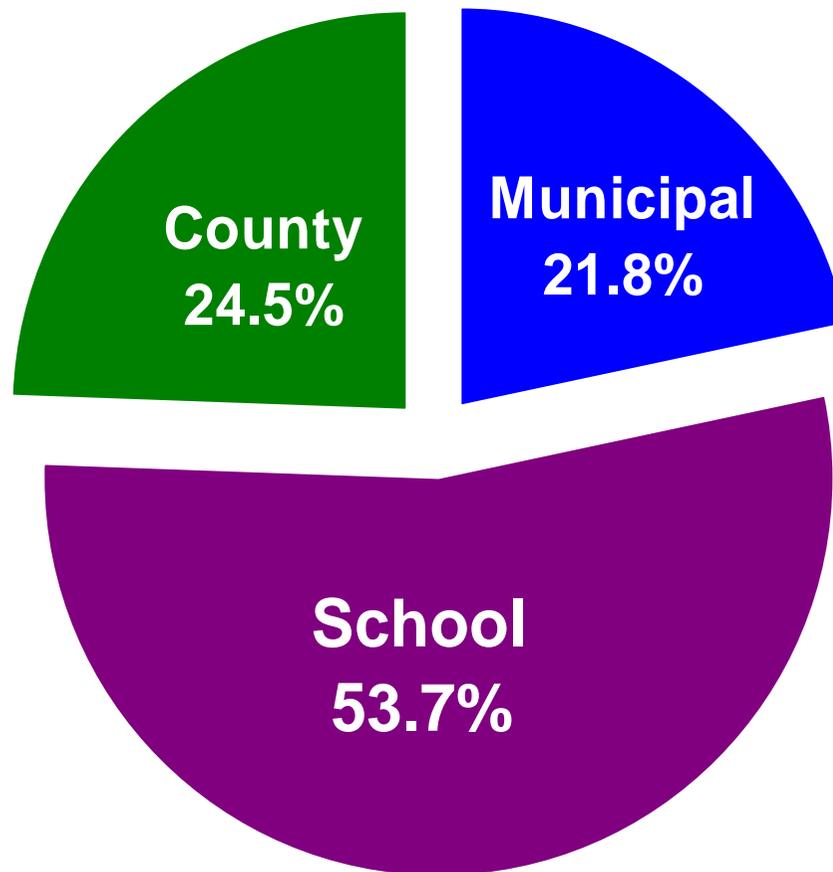
\$ Increase per each \$100,000 of  
Assessed Value  
= \$20

# Breakdown of Average 2011 Tax Bill (Estimated)



School (Estimated)	\$4,920
County (Estimated)	\$2,244
Municipal	\$1,991
<b>Total</b>	<b>\$9,155</b>

# Distribution of Hawthorne Property Taxes



# 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: \$1,991                      Per Month: \$166

# Four-Year Budget Projection



	2011 Introduced	2012	2013	2014
Total Budget	18,532,240	19,113,679	19,828,857	22,482,736
Tax Levy	13,507,605	14,079,984	14,785,466	15,312,131
Tax Rate	1.094	1.142	1.199	1.239
Increase	1.9%	4.4%	5.0%	3.3%