

Borough of Hawthorne

2012 BUDGET PRESENTATION



LIVING WITH THE “NEW NORMAL”



The New Normal

- Salary increases capped at 2%
- Larger employee contributions for pensions and medical benefits
- 2% tax levy cap
- Limited opportunity for new/expanded programs
- Fiscal discipline



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Revenues

Non-tax revenues are essentially flat

- Interest Income - Down \$50,000
- Cable TV Franchise Fees - Up \$57,000

No loss in State Aid



Cost Increases

- \$148,000 Police Salaries
- \$100,000 Deferred Charge (storm-related emergency appropriations in 2011)
- \$85,000 Reserve for Uncollected Taxes
- \$80,000 Police Other Expense (cars, MDTs)
- \$40,000 IT – Computer Network Upgrade



Union Contracts

- PBA contract settled for 2012-2014; average of 2% per year
- Blue Collar & White Collar contracts expired 12/31/2011. Expect to stay within 2%/year
- All employees will contribute more each year for medical benefits over 4 years.



Cap Exceptions

New Tax Levy Cap law allows three basic
Cap Exceptions to 2% Cap:

1. Debt Service
2. Health Benefits
3. Pensions

Hawthorne does not need these exceptions
in 2012



Surplus

- 2011

- \$1,225,000 used in the budget; \$1,578,000 regenerated

- 2012

- \$1,441,300 used in the budget

Hawthorne consciously budgets to regenerate the amount of surplus we use



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



Surplus Regeneration

Surplus Used & Regenerated





Bottom Line

- Budget up \$544,000, or 2.9%
- Tax Levy up \$187,000, or 1.4%
 - \$231,000 below the limit set by Tax Levy Cap
- Tax Rate up 2 cents per \$100 Assessed Valuation, or 1.85%



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

- Expected bump in tax rate in 2013 due to out-of-cap increases for pensions (\$100K+, and debt service \$300K+)
- No Apparent Cap problem for 2013
- By 2015 or 2016, Cap could be an issue
- Multi-year budgeting allows opportunity to address problems before they arrive



Water Utility

Spending Up \$87,000

- Insurance
- Closure of unused wells
- Equipment overhaul

Water revenues cover all expenditures

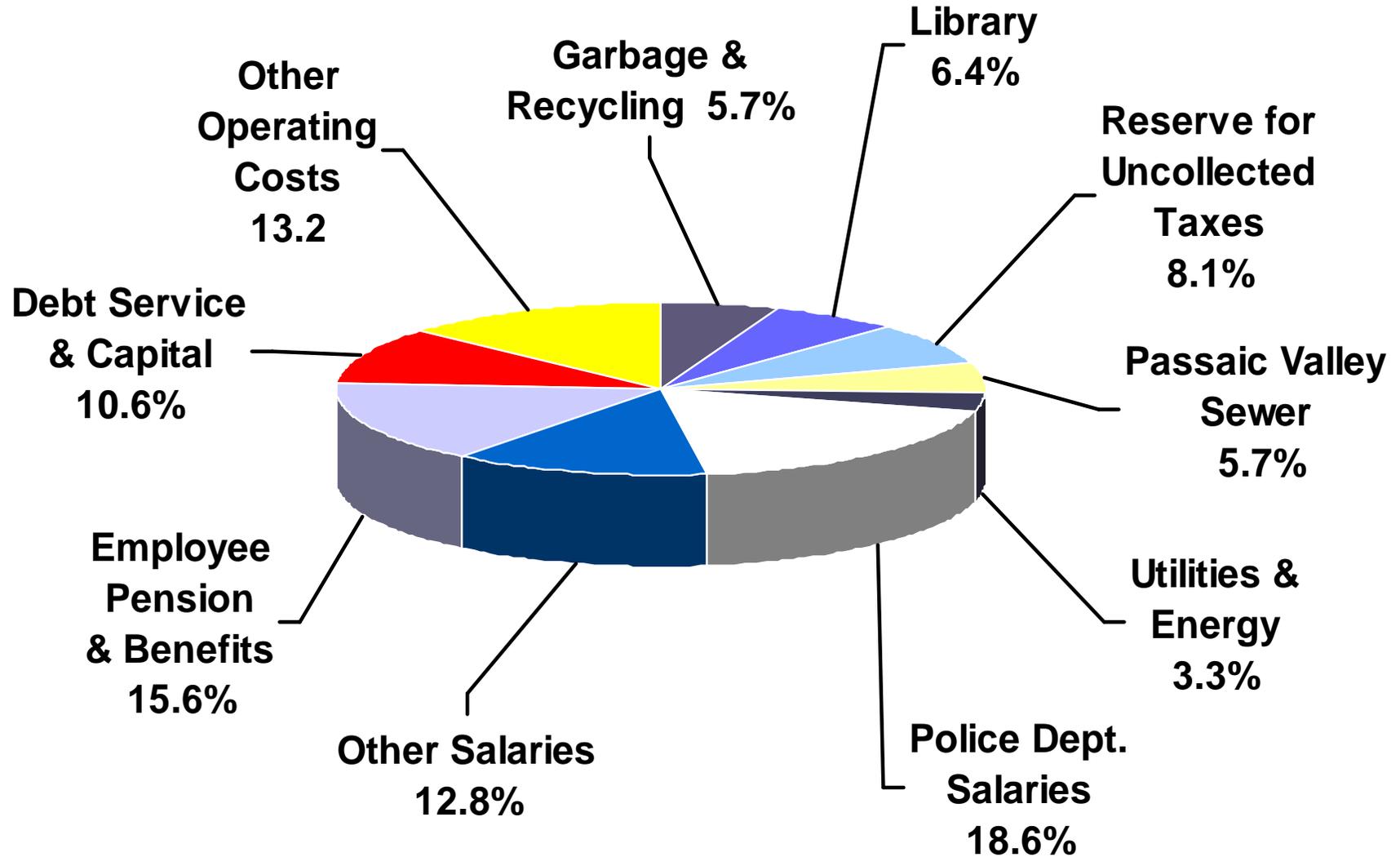


Capital Budget

- \$600,000 Road Improvements
- \$340,000 Public Safety Communications
- \$200,000 Acquisition of DPW Equipment
- \$150,000 Wag 4 Lights (half from CDBG grant)
- Grants for repaving of Dixie Avenue & Forest Avenue



2012 Budget Appropriations





Municipal Tax Impact

\$ Increase for the Average Home
Assessed at \$182,000
= \$37
or 1.85%

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

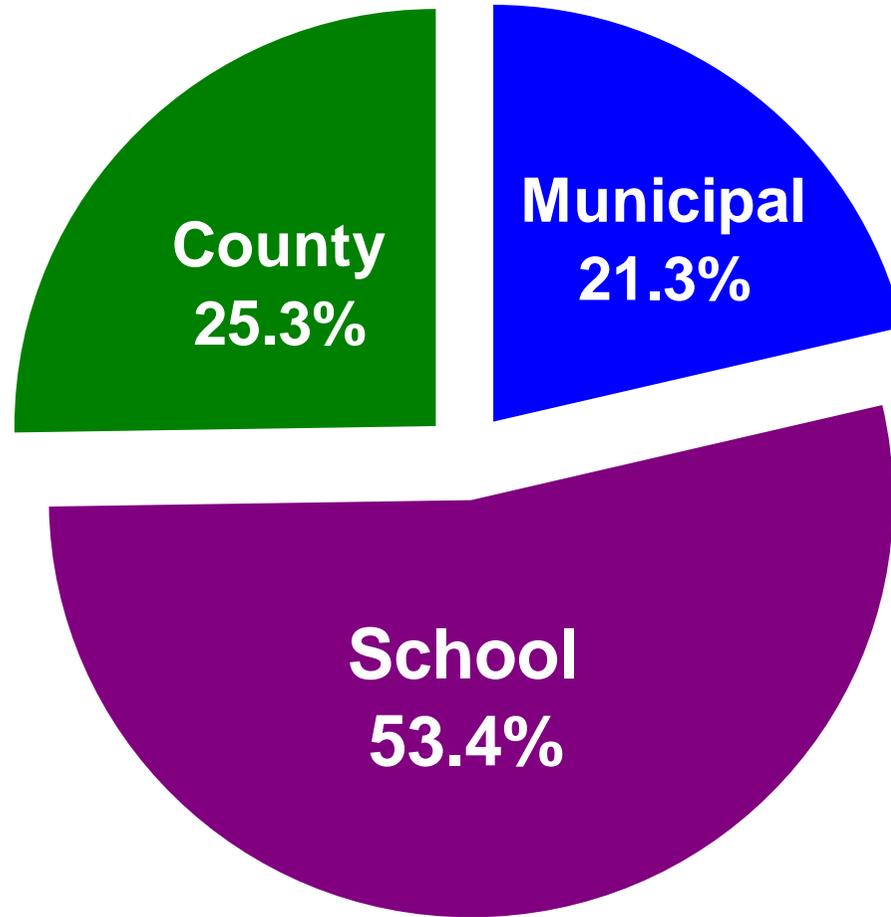


Breakdown of Average 2012 Tax Bill (Estimated)

School (Estimated)	\$5,098
County (Estimated)	\$2,419
Municipal (incl Library)	\$2,027
Total	\$9,544



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: \$2,027 Per Month: \$169



Four-Year Budget Projection

	2012 Introduced	2013	2014	2015
Total Budget	19,106,913	19,772,997	20,269,855	20,765,105
Tax Levy	13,694,681	14,494,022	14,969,580	15,887,471
Tax Rate	1.114	1.179	1.209	1.236
Increase	1.85%	5.83%	2.52%	2.23%



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