

# HARDYSTON TOWNSHIP 2018 MUNICIPAL BUDGET

**Presented at  
Budget Public Hearing  
April 11, 2018**

# BUDGET PROCESS/TIMELINE

## ▶ October

- ▶ Dept. budget request forms

- ▶ submitted to Township Mgr.

## ▶ November

- ▶ Dept. budget hearings with Township Manager

- ▶ Preparation of Draft Budget

- ▶ Council Budget review

## ▶ January/February

- ▶ Budget Introduction

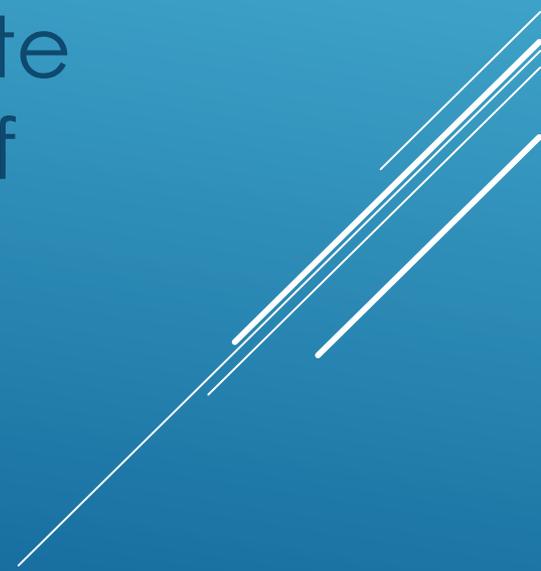
## ▶ March - April

- ▶ Public hearing and adoption

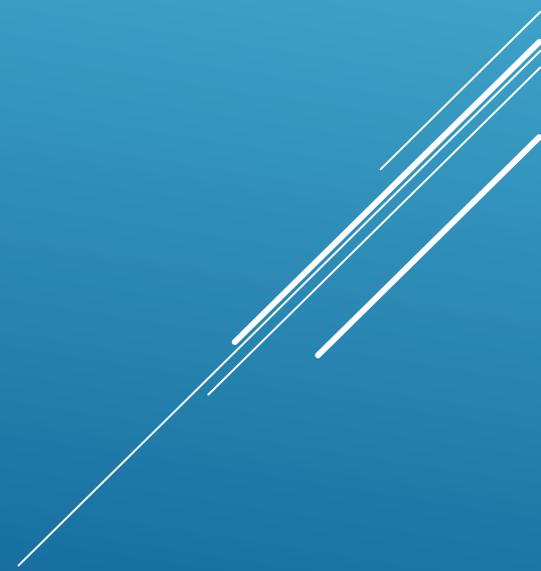
# BUDGET HIGHLIGHTS

- ▶ **Total budget = \$10,728,866**
  - ▶ **Decrease from 2017 Budget = (\$93,423)**
  - ▶ **Percentage Decrease to Budget = (1%)**
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- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

# EQUALIZED TAX RATABLE BASE

- ▶ The tax ratable base of the Township saw an overall decline from \$1,071,289,269 to 1,070,606,673 or an aggregate reduction of taxable value of \$682,596
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# BUDGET HIGHLIGHTS (CON.)

- ❖ Tax Levy Decrease 2017 to 2018 - \$4,642
  - ❖ Increase to average home valued at \$232,783 = \$0.00
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# BUDGET HIGHLIGHTS (CON.)

- ▶ Of the approximately \$6,203 that the average home in Hardyston Township paid in real estate taxes in 2017, \$1,579 were attributable to municipal services. The balance is by law collected by the municipal government and distributed to either the local school, regional school or the County of Sussex.
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# BUDGET HIGHLIGHTS (CON.)

- ▶ Allowable tax levy increase = \$337,320
- ▶ Actual tax levy increase = -\$4,642
- ▶ Unused Cap Bank Availability:
  - ▶ 2015      \$226,843
  - ▶ 2016      \$273,773
  - ▶ 2017      \$214,118
  - ▶ 2018      \$337,320
  - ▶ TOTAL     \$1,052,054

# BUDGET HIGHLIGHTS (CON.)

- ▶ **PROJECTED REVENUE CHANGES:**
- ▶ There were several revenue changes that affected the 2018 budget – both positive and negative - net reduction of appropriations accommodated losses in revenue and also allowed for the appropriate reduction of fund balance utilization as revenue – still resulting in a zero change to the tax rate
- ▶ Revenue from shared services continues to be strong and stable and represents 9% of revenue needed to fund the municipal budget

# DEBT SERVICE

**All of the Township's current debt has been transitioned to permanent bond financing. Capitalizing on the Township's outstanding current bond rating of Aa2, the Township has been able to secure exceedingly low long-term interest rates on its debt. The Township continues to retain its Aa2 bond rating.**

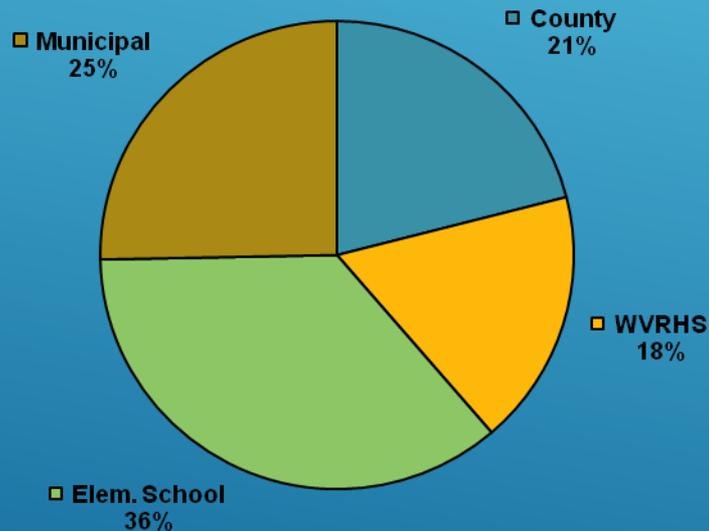
# TOWNSHIP DEBT:

- ▶ **Current municipal debt totals \$8,417,079**
- ▶ **Percentage of debt to Township value presently is .751%**
- ▶ **Percentage of debt allowed is 3.5%, which would equate to \$39,213,448**

### Comparison of Select Budget Appropriations

	2018	2017	\$ Change	% Change
<b>Exempt Appropriations</b>				
Pension Expenses	\$ 767,573.00	\$ 708,259.00	\$ 59,314.00	8%
Capital Improvements	\$ 550,000.00	\$ 425,000.00	\$ 125,000.00	23%
Debt Service	\$ 948,791.00	\$ 947,312.00	\$ 1,479.00	0%
Health Insurance	\$ 783,998.00	\$ 882,728.00	\$ (98,730.00)	-13%
Subtotal	\$ 3,050,362.00	\$ 2,963,299.00	\$ 87,063.00	3%
<b>Non-Exempt Appropriations</b>				
Municipal Salaries (Exclude Police &	\$ 1,286,262.00	\$ 1,335,312.00	\$ (49,050.00)	-4%
Police & Dispatch Salaries	\$ 2,455,972.00	\$ 2,509,989.00	\$ (54,017.00)	-2%
Operating Expenses	\$ 2,910,020.00	\$ 2,959,264.00	\$ (49,244.00)	-2%
Statutory Expenses	\$ 271,000.00	\$ 299,175.00	\$ (28,175.00)	-10%
Deferred Charges	\$ 24,250.00	\$ 24,250.00	\$ -	0%
Reserve for Uncollected Taxes	\$ 731,000.00	\$ 731,000.00	\$ -	0%
Subtotal	\$ 7,678,504.00	\$ 7,858,990.00	\$ (180,486.00)	-2%
<b>Total</b>	<b>\$ 10,728,866.00</b>	<b>\$ 10,822,289.00</b>	<b>\$ (93,423.00)</b>	<b>-1%</b>

# RESERVE FOR UNCOLLECTED TAXES TOTAL APPROPRIATION - \$731,000

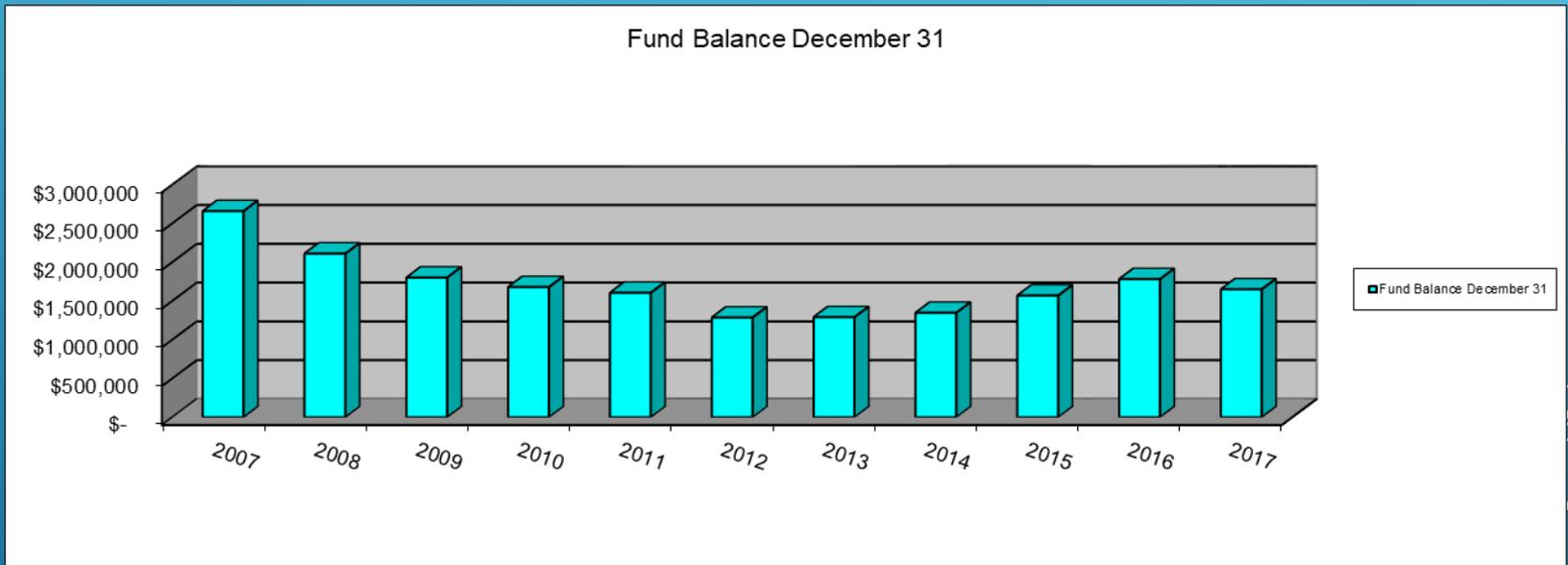


- ▶ Elementary School
  - ▶ \$263,160
- ▶ WVRHS
  - ▶ \$131,580
- ▶ County
  - ▶ \$153,510
- ▶ Municipal
  - ▶ \$182,750

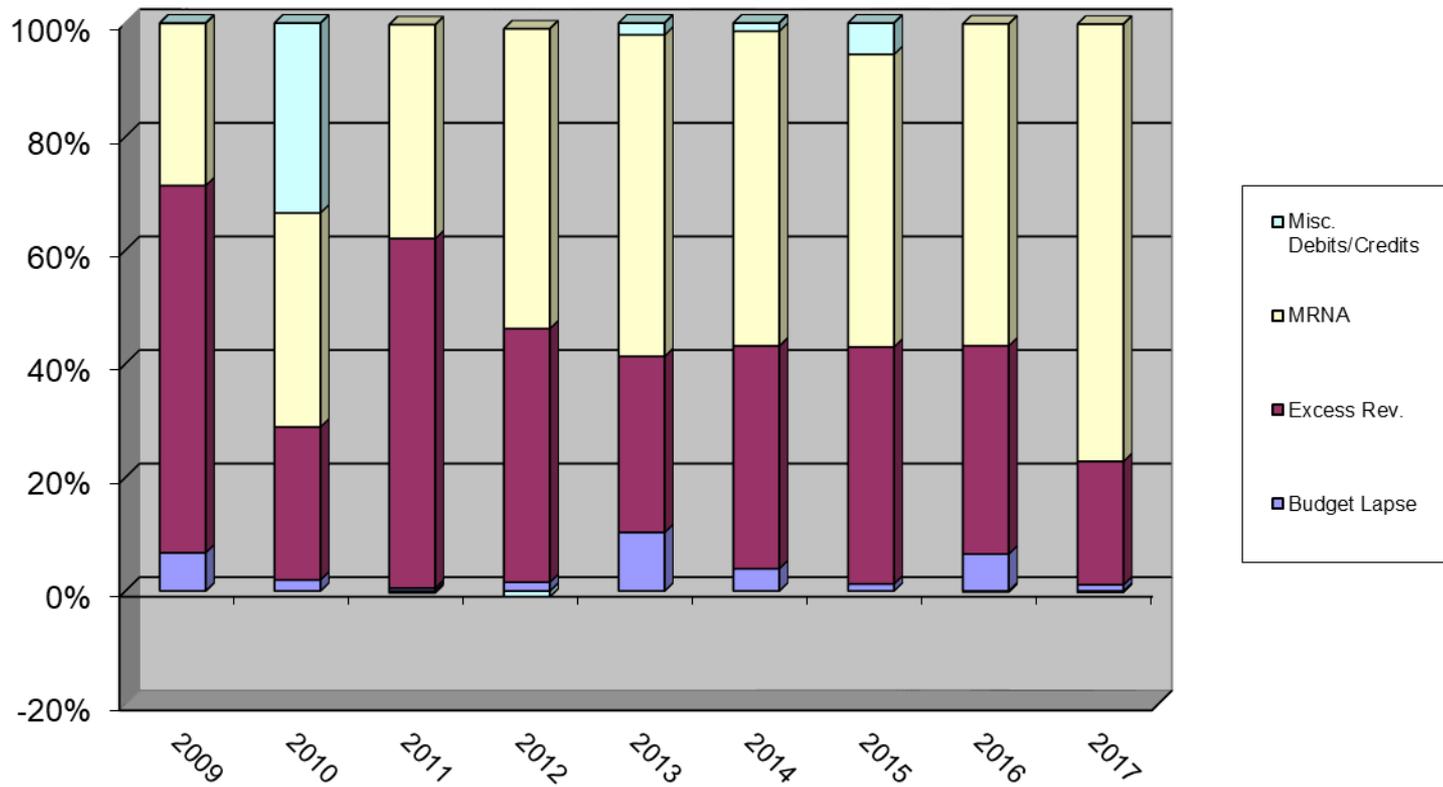
# REVENUE COMPARISON 2017-2018

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Property Taxes	\$ 7,269,227	\$ 7,273,870	\$ (4,643)	-0.1%
Fund Balance	\$ 730,000	\$ 835,500	\$ (105,500)	-12.6%
State Aid	\$ 725,074	\$ 725,074	\$ -	0.0%
Delinquent Taxes	\$ 441,000	\$ 526,000	\$ (85,000)	-16.2%
Grants	\$ 50,156	\$ 125,991	\$ (75,835)	-60.2%
Interlocal Services Revenue	\$ 946,310	\$ 860,457	\$ 85,853	10.0%
Construction Code Fees	\$ 170,495	\$ 108,000	\$ 62,495	57.9%
Special Items of Revenue	\$ 48,680	\$ 39,400	\$ 9,280	23.6%
Local Revenue	\$ 347,922	\$ 327,995	\$ 19,927	6.1%
<b>TOTAL</b>	\$ 10,728,864	\$ 10,822,287	\$ (93,423)	-0.9%

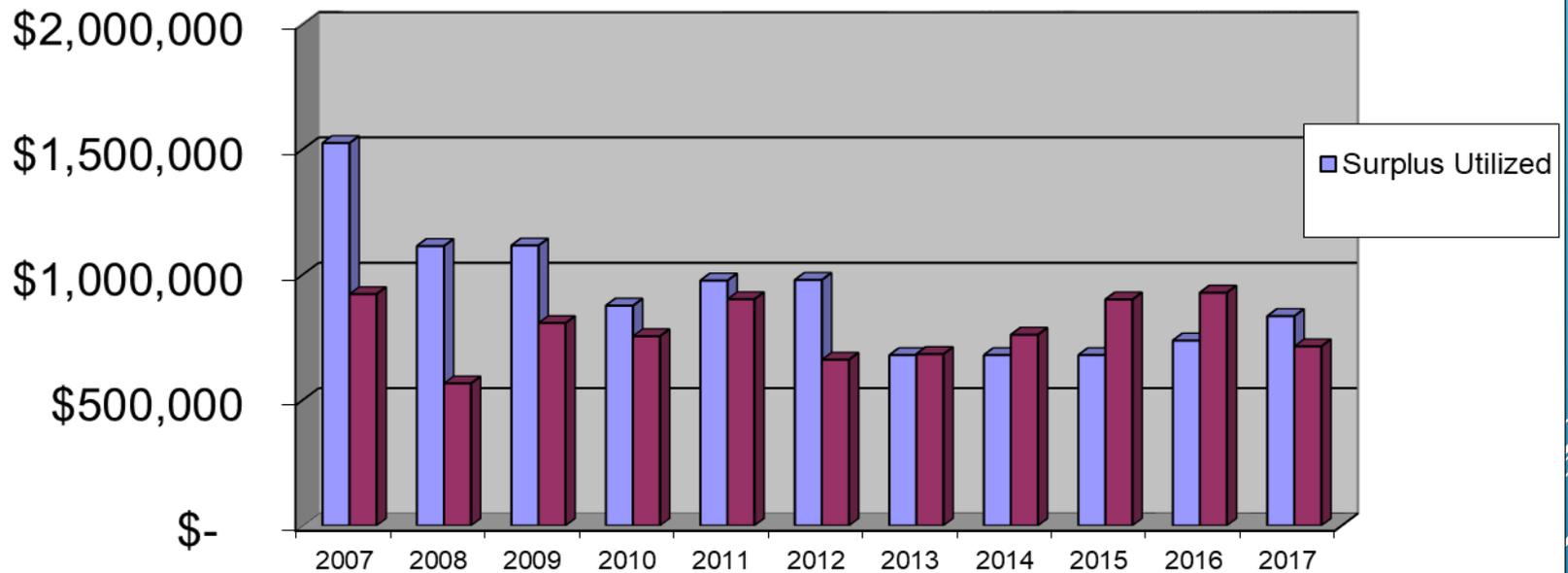
# FUND BALANCE AVAILABLE (DEC. 31)



# HOW FUND BALANCE IS GENERATED



# HISTORIC CHANGE IN FUND BALANCE



# CHANGE IN USE OF FUND BALANCE

- ▶ Past policy was to utilize surplus to the extent reasonable to minimize tax increases – striving to utilize funds at a rate commensurate with regeneration each year.
- ▶ Once the economic downturn occurred, regeneration was not keeping pace with utilization at former levels; however, in light of healthy surplus levels, utilization was continued for as long as feasible to control and significantly minimize tax increases attributable to the municipal portion of the tax rate.
- ▶ This practice was sustained for 6 years where utilization exceeded regeneration – in an effort to shield Hardyston taxpayers from a tax increase.

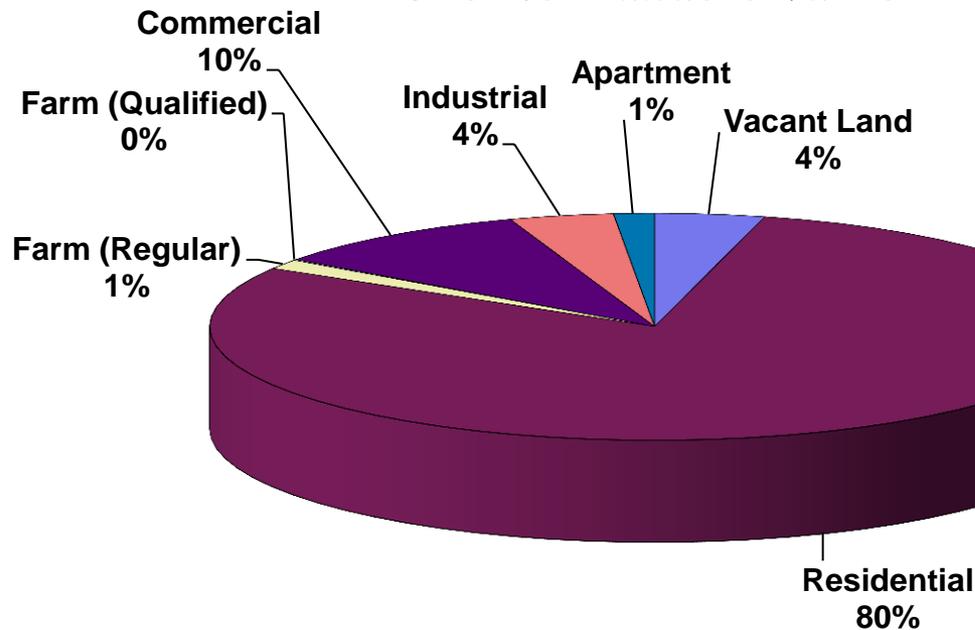
# CHANGE IN USE OF FUND BALANCE

- \*Based on now a significantly lower balance in the Township's fund balance, continued use of fund balance in excess of regeneration estimates would have resulted in a more nuclear problem, jeopardizing overall stability and creating a dramatic structural financial problem moving forward**
- \*In 2013, surplus utilization was reduced by \$300,000 from prior years to balance utilization with regeneration – this practice has continued thereafter.**
- \*Generation and utilization had slowly up-ticked since 2013; however once again, it has become necessary to decrease budgetary reliance on fund balance in 2018 in order to rely on an amount that can realistically be projected to be returned within the budget year, based on historic trends.**



# 2018 NET TAXABLE VALUE

## *Hardyston Township 2018 Net Taxable Value*



# HARDYSTON TOWNSHIP TAX RATE ANALYSIS

- ▶ The *average annual tax rate increase* for the municipal portion of the tax rate for the *past 21 years* (since 1998) has been less than 2%
- ▶ The *total increase* in the municipal portion of an average home's property taxes over the *past 21 years* (including this year) was \$424.94 – an average increase of *\$20.23/year or \$1.68/mo.*

# KEYS TO FUTURE BUDGETS/GOALS FOR 2018

- ▶ Development of a multi-year strategic plan for future municipal operations, capital improvement/maintenance of municipally owned assets and the development of future policy goals and strategies in order to assess and adapt to the changing needs of the community at large.
  - ▶ Conservative and balanced management of resources to provide for the growing needs of an expanding and diversified population and community
  - ▶ Continued expansion of Inter-Local Relationships
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