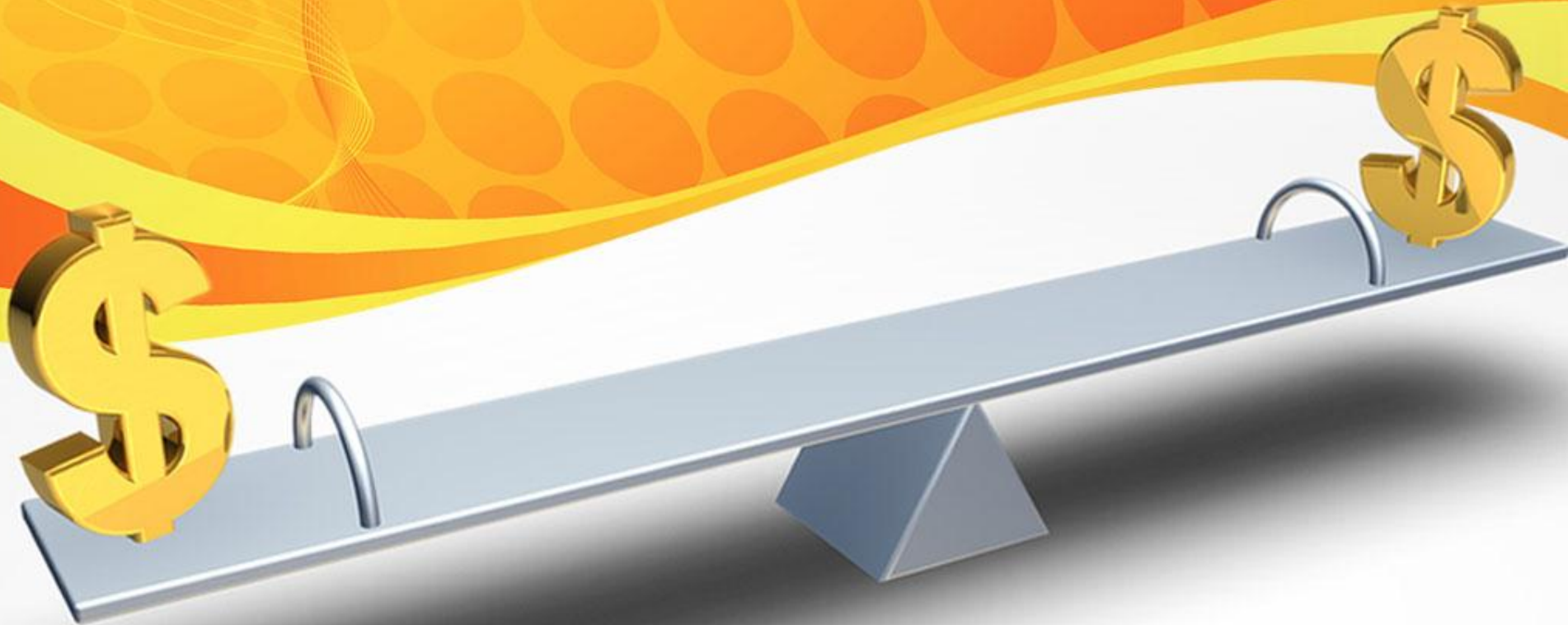


Borough of Hawthorne

2013 BUDGET PRESENTATION

RESPONSIBLE STEWARDSHIP



Responsible Stewardship

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



Ratables

- Loss in ratables .51%, or \$6,288,000, from 2012 to 2013 due to tax appeals
- Minimal new construction
- Causes half a percent increase in the tax rate even with no increase in the levy



2013 Cost Increases

- \$236,553 Debt Service (2012 bond sale)
- \$110,899 Salaries (2% contract increase)
- \$ 77,500 Deferred Charge (storm-related emergency appropriations in 2012)
- \$ 65,387 Police & Fire Pension System
- \$ 50,000 Reserve for Uncollected Taxes



Costs Under Control

- Garbage & Recycling Down \$ 9,150
- Utilities & Energy Down \$ 8,800
- PVSC (1.5%) Up \$ 12,864
- Insurance & benefits
(except PFRS) Down \$ 12,978
- Misc. Other Expense Down \$109,069



Debt Management

2012 Bond Sale increased debt service beginning in 2013.

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

	2012	2013	2014	2015
Debt Service	1,923,512	2,160,065	2,211,654	2,095,666
Reserve/Payment of Debt	50,000	225,000	275,000	175,000
Net Budget Impact	1,873,512	1,935,065	1,936,654	1,920,666



Union Contracts

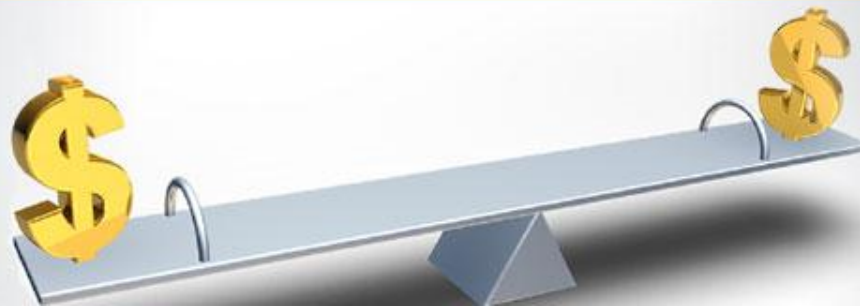
- PBA, Blue Collar and White collar contracts all settled for 2012-2014; average of 2% per year
- All employees will contribute more each year for medical benefits over 4 years.



Surplus

	2011	2012	2013
Surplus Used in Budget	\$1,225,000	\$1,441,300	\$1,402,500
Regenerated	\$1,578,000	\$1,437,750	???

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

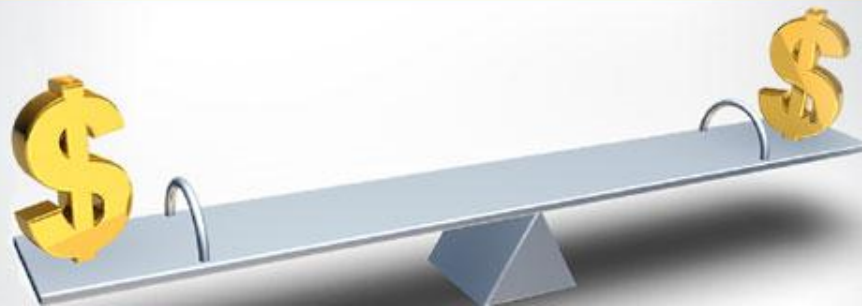


MAINTAIN SERVICES



Bottom Line

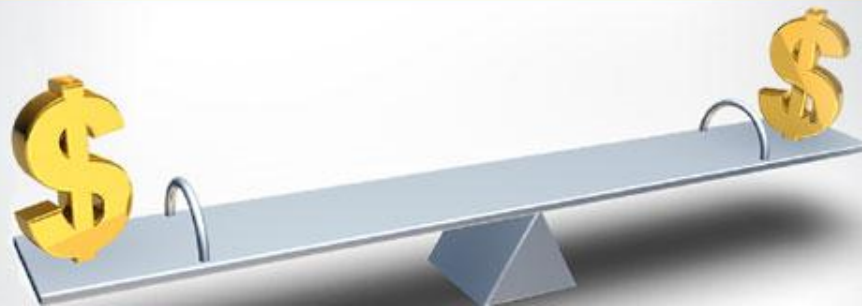
- Budget up \$375,000, or 2.0%
- Tax Levy up \$303,000, or 2.2%
 - \$102,875 **below** the limit set by Tax Levy Cap
 - Plus \$231,221 banked cap
- Tax Rate up 3 cents per \$100 Assessed Valuation, or 2.7%



Stability

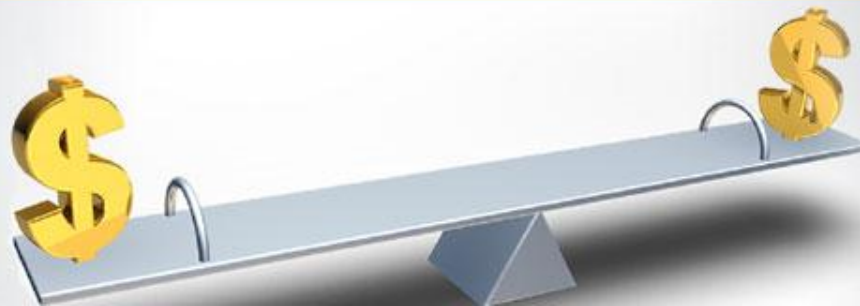
- Multiple-year budget projections
- Conservative anticipation of revenues
- Conscious decisions on regeneration of surplus
- Elimination of reliance on one-time revenues

Result: Stable financial position, even during the recent economic downturn



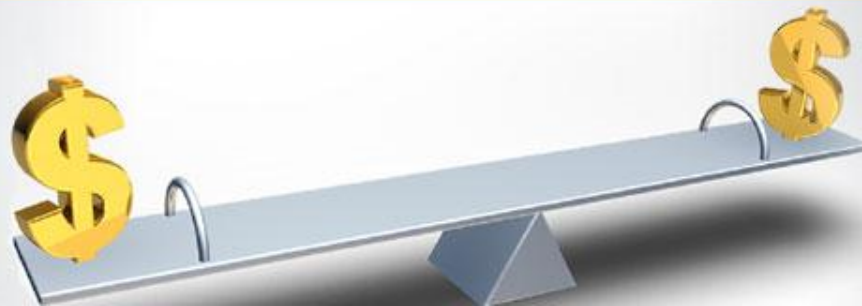
Budgets Under the 2% Tax Levy Cap

	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%
TOTAL		5.30%		-1.13%		6.47%



Looking Ahead

- Expected bump in tax rate for 2014, due in part to a back-loaded PBA contract
- No apparent Cap problem for 2014
- By 2015 or 2016, Cap could be an issue
- Multi-year budgeting allows opportunity to address problems before they arrive



Water Utility

Spending Up \$83,000

- Debt Service – 2012 Bond Sale

Water revenues cover all expenditures

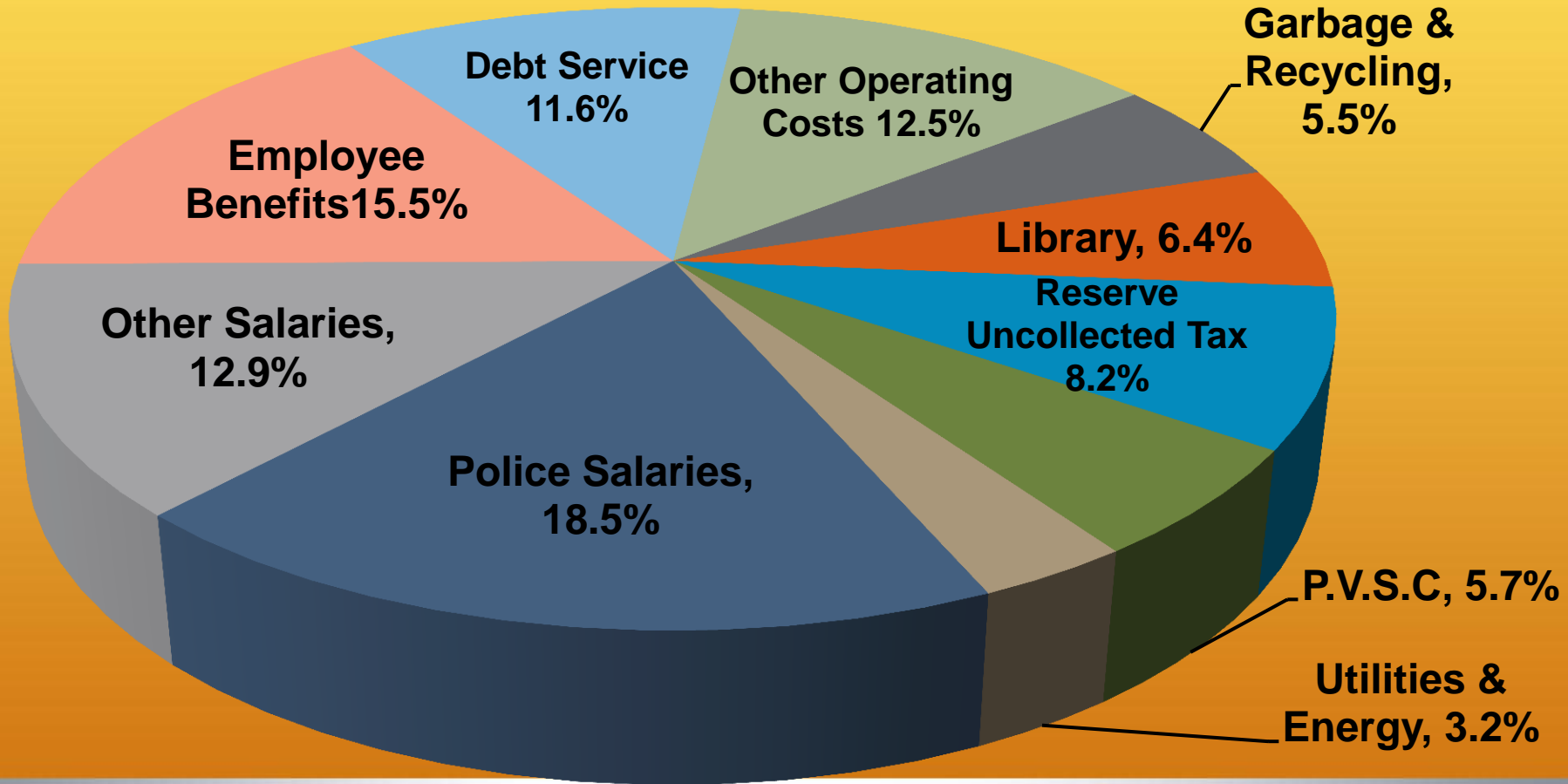


Capital Budget

- \$700,000 Road Improvements
- \$100,000 Sewer Improvements
- \$550,000 Replace/Refurbish Fire Engine
- \$200,000 Acquisition of DPW Equipment
- \$ 90,000 Bandshell (half from Open Space grant)
- \$175,000 Municipal Bldg Generator & Heating
- Grants for repaving of Ethel Avenue & May Street



2013 Budget Appropriations



Municipal Tax Impact

\$ Increase for the Average Home
Assessed at \$182,000
= \$57
or 2.7%

\$ Increase per each \$100,000 of
Assessed Value
= \$30

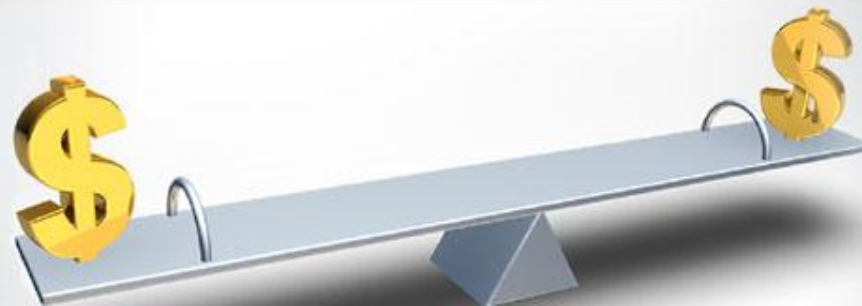
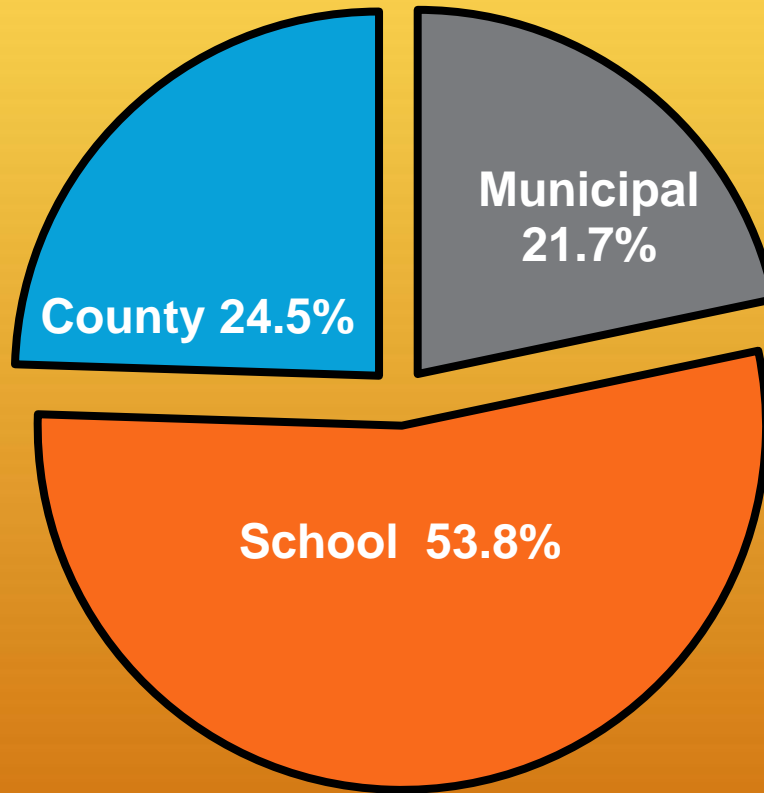


Breakdown of Average 2013 Tax Bill (Estimated)

School (Estimated)	\$5,174
County (Estimated)	\$2,360
Municipal (incl Library)	\$2,083
Total	\$9,617



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: \$2,083 Per Month: \$176



Four-Year Budget Projection

	2013 Introduced	2014	2015	2016
Total Budget	19,482,998	19,860,947	20,299,055	20,825,825
Tax Levy	13,995,764	14,534,951	15,060,759	15,757,129
Tax Rate	1.144	1.188	1.228	1.279
Increase	2.7%	3.8%	3.4%	4.1%

