

2007 Municipal Budget

The Township passed a resolution approving the 2007 municipal budget. As he has done in prior years, Mr. Murray gave a PowerPoint presentation on the main components of the budget to help Harding citizens better understand the town's finances. Mr. Murray had also given a similar presentation during the April 4th meeting when the budget was introduced. A summary of both presentations and as well as information from the Municipal data sheet follows:

Finance Team

Mr. Murray introduced the Township's finance team, all of whom attended the meeting: Ms. Amy Doherty, Senior Bookkeeper; Ms. Patty Kickenweitz, Finance Department Manager; Mr. Himanshu Shah, CFO; and Mr. Bob Swisher, Auditor

Tax Rates

The total tax rate for 2007 is projected to be \$1.012 per \$100 (1.012%) of total assessed property valuation. The tax rate for 2006 was 0.963%. According to the New Jersey Department of Community Affairs 2006 tax data, Harding's total taxable property valuation is approximately \$1.95 billion (\$744 billion for all of New Jersey). The average Harding property is valued at \$1.06 million and pays \$9,285 in property taxes (net of rebates). Based on Mr. Murray's information and the NJ DCA tax data, the following summarizes Harding's 2007 taxes:

Property Tax	2007 Tax Rate	2007 % of Total Tax	2007 Total Tax (Est.)	% chg. over 2006
Municipal	0.25%	24.30%	\$4,794,151	+6.10%
County (projected)	0.24%	24.10%	\$4,754,693	+3.00%
School	0.42%	41.50%	\$8,187,541	+4.40%
Open Space/County (projected)	0.06%	5.60%	\$1,104,825	+3.60%
Open Space/Harding	0.04%	4.40%	\$868,077	0.00%
Total	1.01%	100%	\$19,709,286	+5.09%

According to Mr. Murray, the total tax rate increase is expected to result in a corresponding \$ tax increase as shown in the following table:

Property assessed value	\$500,000	\$1,000,000	\$2,000,000
Corresponding annual \$ tax increase	+\$220	+\$440	+\$880

Municipal Spending

The municipal tax increase is largely due to a corresponding estimated 6.6% increase in municipal expenditures, or approximately \$300,000 more than last year. The increase is projected to be offset somewhat by an increase in interest income from investments. There are several drivers to the increase which are primarily comprised of the following:

- A \$100,505 increase in capital improvements expenditures which include the construction of the new municipal parking lot, and a projected construction of a new radio tower for emergency communications.
- A \$99,000 additional cost for Affordable Housing financing due to the conversion from short term to permanent long term funding.
- A \$98,980 increase for Harding's allocation towards reducing the State's under funding of the State Pension Fund. (See the front page article in the April 4, 2007 New York Times for a related article regarding the short-fall).

Total expenditures for 2007 are projected to be \$6,634,071, 68% of which consists of staff expenses, and 32% of which are due to non-staff expenses. The projected allocation of expenses is as follows:

\$4.5 million of staff expenses	
Court	3.0%
Board of Health	4.0%
Code Enforcement	5.0%
Administration	9.0%
DPW	12.0%
Police	33.0%
Benefits	32.0%
Boards/Commissions	2.0%

\$2.1 million of non-staff expenses	
Court	1.1%
Board of Health	4.2%
Utilities	8.9%
Administration	37.9%
DPW	12.6%
Police	8.8%
Capital Improvements	21.1%
Boards/Commissions	5.4%

Municipal Debt Outstanding

During the April 4th presentation, Mr. Murray discussed the projected outstanding debt position for 2007. (Note that this outstanding debt information is preliminary only, and that the Township is planning to discuss the 2007 debt plan in detail during the upcoming May 16th meeting.) Total debt outstanding at the end of 2007 is projected to be a net of \$8.9 million and is used to fund the following:

Outstanding Debt by Purpose	
Old Obligations	19.6%
Fire Cisterns	2.9%
Wildlife Preserves	16.6%
Affordable Housing	9.5%
Glen Alpin	9.9%
Open Space Acquisitions	34.9%
Margetts/GA	6.7%

During the May 2nd meeting, Mr. Murray indicated it appeared that the payment of the cost of the Fire Cisterns would not require debt financing. In the April 4th meeting, there was a discussion by the Township Committee and the public regarding the past practice of funding open space purchases by issuing debt and using open space tax revenue to pay debt service. A large portion of the \$900,000 open space tax revenue goes to service for open space debt.

Municipal Debt Service

Debt service, which includes both debt interest as well as principal repayment, is projected to be about \$850,000. Mr. Murray noted that debt interest cost for Harding Open Space related debt is offset by the income earned on HOST investment balances. The following table shows the debt service allocated by purpose:

Outstanding Debt Service by Purpose	
Old Obligations	31.1%
Wildlife Preserves	7.2%
Affordable Housing	15.0%
Glen Alpin	7.7%
Open Space Acquisitions	25.0%
Margetts/GA	14.1%

Revenues

From the Municipal data sheet and from questions answered by Mr. Shah, Harding is expected to collect approximately \$8.28 million in revenues. \$8.07 million was collected in 2006. Only 58% of total revenue is collected from taxes:

Revenue Item	2007 Projected	% of Total
Surplus (the Township maintains a surplus which is rolled from year to year)	\$1,975,000	23.86%
Local Revenue (includes license fees/permits, court fines, interest on back taxes, investment interest income)	\$509,000	6.15%
State Aid (with no offset)	\$569,186	6.88%
UCC Fees	\$220,000	2.66%
Other	\$16,898	0.20%
Receipts from Delinquent Taxes	\$179,000	2.16%
Receipts from Taxes	\$4,808,877	58.09%
Total	\$8,277,961	100.00%

Objectives

Mr. Murray's presentation concluded with a summary of the Township's budget objectives, which include cost control/monitoring, continuing participation in shared services, avoiding new debt except for open spaces and affordable housing, capital improvements funding and planning.

A copy of the official budget can be obtained from the municipal clerk or from the township library. Comprehensive tax information for Harding and other municipalities can be found at <http://www.state.nj.us/dca/lgs/taxes/taxmenu.shtml>.