



# 2022 Municipal Budget



Budget Workshop  
March 16, 2022



# 2021 Result of Operations

## Tax Collection:

- Collection rates are steady despite the continuation of the Pandemic
- Collection rate greater than 99%
- 2021 Delinquent Taxes at year end totaled \$530,519.78

<u>Year</u>	<u>% of Property Taxes Collected as of 12/31</u>
2021	99.01
2020	99.17
2019	98.97
2018	98.91
2017	98.20

# 2021 Emergencies and American Rescue Plan

## American Rescue Plan Funds

- The Township has received \$700,000 American Rescue Plan funds in 2021
- Local Finance Notices are continuously changing and updating on what these funds can be used for
  - 364,000 decided to pay back the Emergency for Pool, instead of raising this amount over a 5 year time

## Ida Emergency

- Tropical Storm Ida hit in August of 2021
- Due to this storm, the Township had to take out an emergency in the amount of \$350,000
  - We have spent \$250,000 and cancelled \$100,000
- \$336,000 of the American Rescue Plan funds are being used in the Current budget to offset increases



# 2021 Result of Operations

## Miscellaneous Revenue:

- Comparing prior year deficits, Municipal Court did see an increase in realized revenues, not pre-pandemic amounts but better. Recreation still coming in slightly lower than anticipated in 2021, definitely better than 2020.
- Interest on Investments continued to be low in 2021, decreased amount in 2022 budget
- Certain revenue item surplus collections assisted in balancing out the deficits caused by the pandemic

2021 Revenue Surplus			
<u>Revenue</u>	<u>2021 Budget</u>	<u>Collected</u>	<u>Surplus</u>
Fees & Permits	63,000	98,065	35,065
Construction Permits	250,000	350,487	100,487
Municipal Court	62,000	67,653	5,653
Health Fund Dividend	<u>0</u>	<u>107,596</u>	<u>107,596</u>
	375,000	623,801	248,801



# 2021 Result of Operations

## Expenses:

- Unanticipated expenses of Tropical Storm Ida added a 350,000 emergency into our budget to fix roadways and down trees
- Department heads did an excellent job managing expenses while still performing essential services, given the unexpected expenses and increases

<u>Year</u>	<u>Total Budget</u>	<u>Paid/Charged</u>
2021	26,224,291	24,101,328
2020	25,138,135	24,471,432



# 2021 Result of Operations

## Fund Balance:

- The Township was able avoid a deficit and produce a net positive in financial operations for 2021

<b>Balance 1/1/2021:</b>	4,906,678.39
Utilized in 2021 Budget:	(3,150,000)
Result of Operations 2021:	<u>5,703,889.41</u>
<b>Ending Balance 12/31/21:</b>	8,853,889.41

- These results allow us to utilize more fund balance in 2022, by 300,000 to a total of 3,450,000 in order to minimize the tax increase while still maintaining a responsible municipal budget



# 2022 Proposed Municipal Budget Summary

Revenue Source	2021 Budget	2022 Budget (Proposed)
Miscellaneous Anticipated Revenue	4,571,392	4,511,618
Delinquent Taxes	475,000	500,000
Fund Balance	3,150,000	3,450,000
Amount to be Raised by Taxation	<u>18,027,899*</u>	<u>18,132,568</u>
TOTAL * Includes Ida Emergency *	26,224,291	26,594,186

Expense Appropriation	2021 Budget	2022 Budget (Proposed)
Salary and Wages	8,431,104	8,715,248
Statutory Expenses	2,174,339	2,173,054
Debt Service	4,185,467*	4,106,059
Public Library	953,500	967,950
Reserve for Uncollected Tax	1,775,000	1,810,500
Other Expenses	<u>8,704,881</u>	<u>8,821,375</u>
TOTAL	26,224,291	26,594,186



# 2021 vs 2022 Municipal Budget Comparison

	2021 Budget	2022 Budget (Proposed)	Change
Municipal Tax Levy	17,677,898	18,132,567	2.57%
Municipal Tax Rate	.74	.759	2.52%
Avg. Property Valuation	430,700	431,700	1,000
Municipal Tax on Avg. Property	3,189	3,278	\$88
Assessed Valuation	2,387,170,400	2,388,353,700	.05%





# Municipal Tax History

	2016	2017	2018	2019	2020	2021	2022
Municipal Levy	15,842,770	15,885,183	16,323,921	16,832,635	17,288,689	17,677,898	18,132,568
% Change from Prior Year	0.51%	0.27%	2.76%	3.12%	2.71%	2.25%	2.57%
Municipal Tax Rate	.785	.785	.807	.702 *	.722	.741	.759
% Change from Prior Year	0.0%	0.0%	2.85%	-13.03%	2.82%	2.56%	2.40%
Total Operating Expenses	21,771,917	21,822,562	22,022,732	22,687,943	23,398,830	24,082,039	24,384,958
% Change from Prior Year	-0.85%	0.23%	0.97%	3.02%	3.13%	2.92%	1.62%



# 2022 Material Changes

The majority of the Township expenses remain consistent year to year. Increases to the operating budget are often driven by a handful of budget lines. Below are some of the increase anticipated for 2022

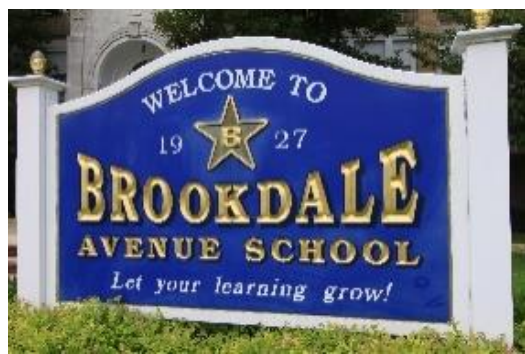
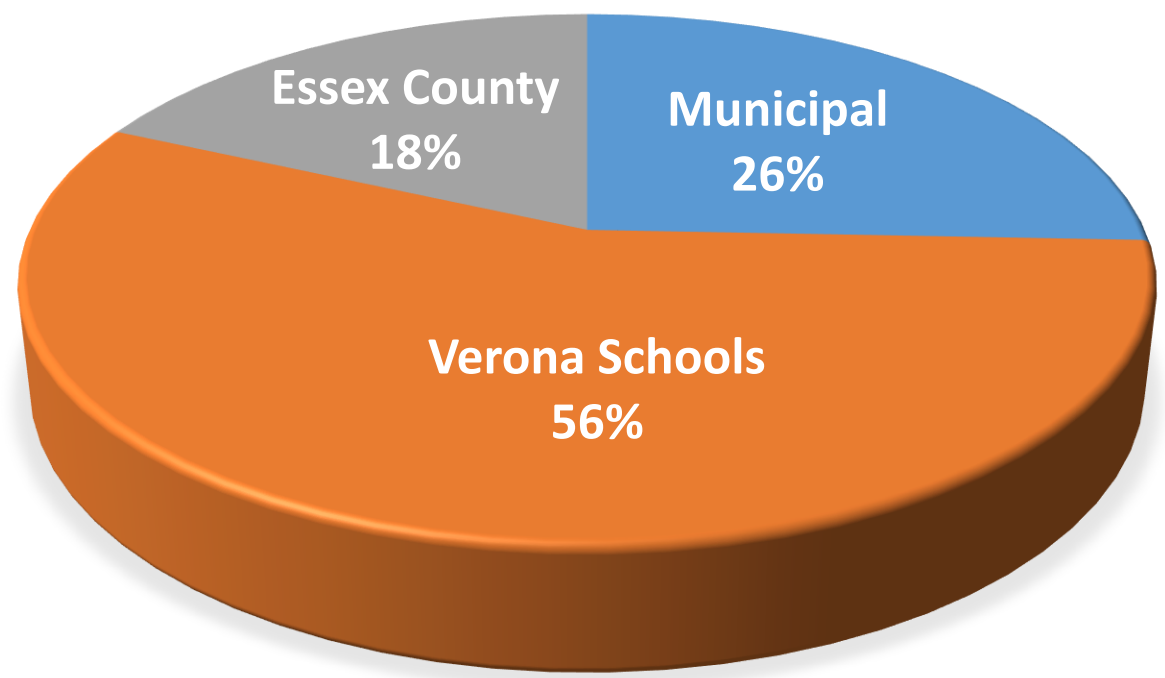
- Salaries are one of the biggest expenses in the budget. The Council has already approved some salary ordinance increases for 2022 so far. PBA and OPEIU pending contracts taken into account in 2022's budget proposal
- Garbage, recycling, gasoline and part prices have inflated in this past year
- Most departments operating budget stayed flat
- Covid 5 year special emergency required to be including in 2022 budget
- Tropical Storm Ida to be paid back in 2022



Municipal Service	Monthly
Public Safety	\$ 90
Capital Projects and Debt	\$ 45
Public Works	\$ 36
Public Utility, Garbage, Recycling	\$ 32
Administration and Legal	\$ 26
Community Services and Recreation	\$ 22
Public Library	\$ 11
Other Miscellaneous Services	<u>\$ 12</u>
<b>Total Monthly Service Bill</b>	<b>\$ 274</b>



# Entire Property Tax Bill of a Verona Resident



2022 School and County estimated based on historical increases – used 2019-2021



# Looking Ahead...

- 2) Collective Bargaining contracts with the PBA and OPEIU expired at the end of 2021
  - The majority of the Township's operations are service based, and therefore the largest budgeted costs are associated with personnel. The negotiations and results of these negotiations will significantly impact future year budgets.
  
- 3) When will miscellaneous anticipated revenues return to status quo?
  - Revenue such as parking, municipal court fines, interest on investments and recreations programs have all been significantly impacted by the pandemic. The timing on when these revenues will return to predictable levels is unknown.
  
- 4) When will the Township have a clearer picture on affordable housing and open space purchase?
  - The Township is currently holding short-term debt on a number of property purchases. Some of these purchases expect certain reimbursements or reductions from grants, state/county assistance, etc. The Township continues to pay full interest on this debt until the plans come to a resolution. Must have a decision soon, since minimum down payments will need to be made in 2023.



# Water & Sewer Utility

## 2021 Operations

- Water and Sewer Utility operations resulted in a \$800,000 increase to Fund Balance in 2021
- Connection fees from Cedar Grove KHOV development and other locations totaled 455,000
- Meter reading hardware and software improvements continued. This has led to more efficient operations including instant reads and leak detection. This also keeps utility staff on operational duty instead of spending time handling administrative tasks.

## 2022 Budget

- Water rates increased per ordinance 2022-05
- 2022 proposed budget of \$7,771,519. This is an increase of \$671,519 compared to 2021. This is due to the increase water purchase from Passaic Valley Water Commission, due to the Wells not being used currently
- Essex Fells payment agreement is in place. Received 236,000 for 2022
- Capital Plans and funding options continue to be explored in more detail



# Swimming Pool Utility



## 2021 Operations

- Revenues did well, anticipated 455,000 and received 557,533 an increase of 102,533 in anticipated revenues
- Expenses were managed to offset the prior year's deficit in revenues as much as possible
- Special emergency ordinance of \$300,000 was passed to further aid in reducing the deficit. This will be allowed to be spread over a five year period. First year for this to be budgeted in is 2022. (60k per year x 5 = 300,000)
- Overall, the pool's operations did well and our fund balance increased by 150,000

## 2022 Budget

- 2021 proposed budget of \$1,060,130
- Minimum wage increase materially impacts Pool Utility salary costs
- We are currently working on cost saving measures that can be implemented without impacting the primary function of the swimming pool utility
- American Rescue Plan funds used to pay off 5 year special emergency ordinance due to COVID





# Open Space Trust Fund

Ordinance 2019-36 Established an Open Space Trust Fund Tax:

- Acquisition of lands for recreation and conservation purposes;
  - Development of lands acquired for recreation and conservation purposes;
  - Maintenance of lands acquired for recreation and conservation purposes;
  - Historic preservation of historic properties, structures, facilities, sites, areas or objects and the acquisition of such properties, structures, facilities, sites, areas or objects for historic preservation purposes; or
  - Last two years, the total amount levied has been used for payment of debt service on indebtedness issued or incurred by the Township for any of the purposes set forth in above
- Tax Rate: \$.02 per \$100 of assessed valuation
  - Estimated Open Space Funds to be Raised: \$477,671
  - Average Residential Tax: \$86.34







# Next Steps

- Workshop Discussions with Department Heads today
- Further discussion on budget presentation
- Introduction of Budget – April 4, 2022
- Public Hearing and Adoption – May 9, 2022

