



2023 Municipal Budget



Budget Workshop
February 28, 2023



2022 Result of Operations

Tax Collection:

- Property tax payment collections remain strong year to year
- Collection rate greater than 99%
- 2022 Delinquent Taxes at year end totaled \$489,069

| <u>Year</u> | <u>% of Property Taxes Collected as of 12/31</u> |
|-------------|--|
| 2022 | 99.28 |
| 2021 | 98.47 |
| 2020 | 99.17 |
| 2019 | 98.97 |
| 2018 | 98.91 |



2022 Result of Operations

Miscellaneous Revenue:

- Overall in most categories, the Township received more than what was anticipated in revenue categories
- In years past, Court, Recreation, Interest on Investments have all come in lower than anticipated. All of these have made a tremendous comeback below
- Construction Code fees, leaf bags and cell tower leases came in a little short this year

| 2022 Revenues | | | |
|-------------------------|--------------------|------------------|----------------|
| <u>Revenue</u> | <u>2022 Budget</u> | <u>Collected</u> | <u>Surplus</u> |
| Municipal Court | 62,000 | 124,885 | 62,885 |
| Recreation | 190,000 | 316,497 | 126,497 |
| Interest on Investments | <u>35,000</u> | <u>202,093</u> | <u>167,093</u> |
| | 287,000 | 643,475 | 356,475 |

| 2022 Revenue Shortfalls | | | |
|-------------------------|--------------------|------------------|-----------------|
| <u>Revenue</u> | <u>2022 Budget</u> | <u>Collected</u> | <u>Deficit</u> |
| Construction Permits | 300,000 | 292,994 | (7,006) |
| Leaf bags | 7,000 | 6,836 | (164) |
| Cell Tower Lease | <u>139,000</u> | <u>117,317</u> | <u>(21,683)</u> |
| | 446,000 | 417,147 | (28,853) |



2022 Result of Operations

Expenses:

- Since COVID, last year was the first year the events really came back full swing
- Our garbage contracts and our health contracts increased slightly
- Due to the lack of snow, we were able to reserve some of the funds towards our Storm Trust
- Department heads did an excellent job managing expenses while still performing essential services

| <u>Year</u> | <u>Total Budget</u> | <u>Paid/Charged</u> |
|-------------|---------------------|---------------------|
| 2022 | 26,672,441.58 | 25,066,338.28 |
| 2021 | 26,224,290.53 | 24,051,327.73 |



2022 Result of Operations

Fund Balance:

- The Township had a good result in operations shown below:

| | |
|---------------------------------|------------------|
| Balance 1/1/2022: | 5,814,990 |
| Utilized in 2022 Budget: | (3,450,000) |
| Result of Operations 2022: | <u>4,315,172</u> |
| Ending Balance 12/31/22: | 6,680,162 |

- These results allowed us to utilize more fund balance in 2023 in order to minimize the tax increase while still maintaining a responsible municipal budget
- Increasing revenue, will allow us to not increase fund balance to balance our budget and still operate responsibly



2023 Proposed Municipal Budget Summary

| Revenue Source | 2022 Budget | 2023 Budget (Proposed) |
|-----------------------------------|-------------------|------------------------|
| Miscellaneous Anticipated Revenue | 4,593,030 | 4,509,902 |
| Delinquent Taxes | 500,000 | 475,000 |
| Fund Balance | 3,450,000 | 3,650,000 |
| Amount to be Raised by Taxation | <u>17,213,587</u> | <u>17,505,162</u> |
| TOTAL | 26,601,719 | 27,135,751 |
| Expense Appropriation | 2022 Budget | 2023 Budget (Proposed) |
| Salary and Wages | 8,688,198 | 8,947,058 |
| Statutory Expenses | 2,158,191 | 2,382,462 |
| Debt Service | 4,118,180 | 4,061,780 |
| Public Library | 967,950 | 998,504 |
| Reserve for Uncollected Tax | 1,810,500 | 1,800,000 |
| Other Expenses | <u>8,858,701</u> | <u>8,945,948</u> |
| TOTAL | 26,601,720 | 27,135,752 |



2022 vs 2023 Municipal Budget Comparison

| | 2022 Budget | 2023 Budget (Proposed) | Change |
|---|-----------------|---------------------------|---------|
| Municipal Tax Levy * does not include Library * | \$17,213,587 | \$17,502,345 | 1.68% |
| Municipal Tax Rate | .720 | .731 | 1.43% |
| Avg. Property Valuation | \$431,700 | \$433,000 | \$1,300 |
| Municipal Tax on Avg. Property | \$3,109 | \$3,163 | \$54.00 |
| Assessed Valuation | \$2,387,170,400 | \$2,395,347,700 | .25% |



Municipal Tax History

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| Municipal Levy | 15,885,183 | 16,323,921 | 16,832,635 | 17,288,687 | 17,677,897 | 18,115,597 | 18,500,849 |
| % Change from Prior Year | 0.27% | 2.76% | 3.12% | 2.71% | 2.25% | 2.48% | 2.13% |
| | | | | | | | |
| Municipal Tax Rate | .785 | .807 | .702 * | .722 | .740 | .759 | .773 |
| % Change from Prior Year | 0.0% | 2.85% | -13.03% | 2.82% | 2.43% | 2.50% | 1.77% |
| | | | | | | | |
| Total Operating Expenses | 21,822,562 | 22,022,732 | 22,687,943 | 23,398,830 | 24,090,539 | 25,333,640 | 25,323,527 |
| % Change from Prior Year | 0.23% | 0.97% | 3.02% | 3.13% | 2.92% | 5.20% | -.04% |

The Municipal Tax Levy and Total Operating Expenses have increased at an average of less than 2.25% since 2017.



2023 Material Changes

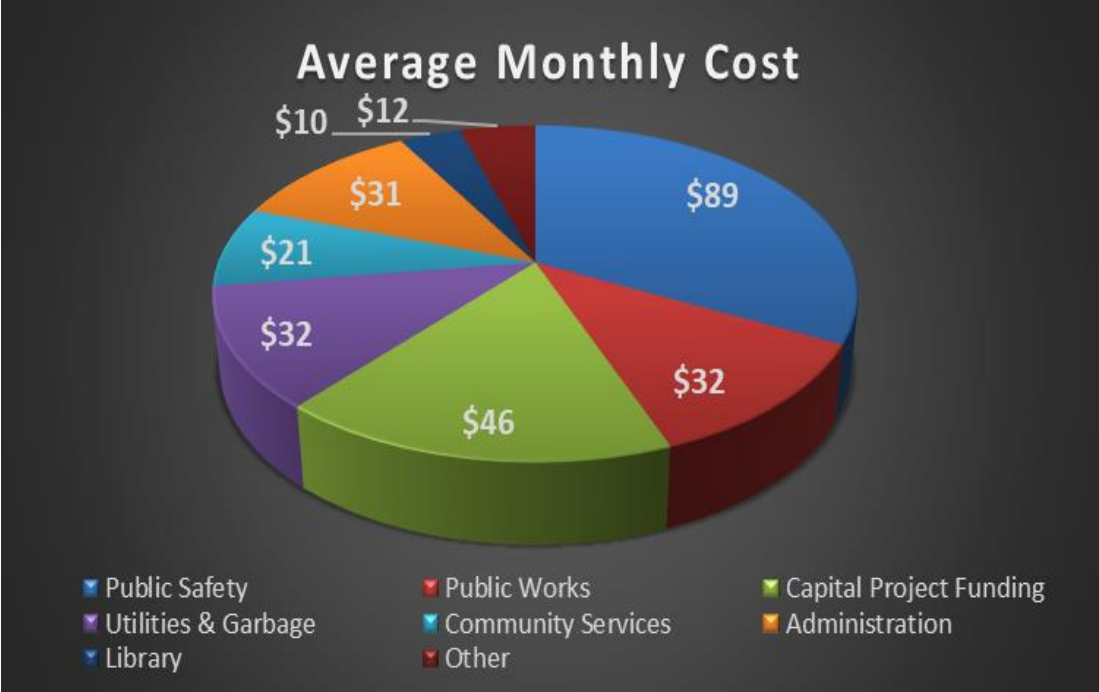
The majority of the Township expenses remain consistent year to year. Increases to the operating budget are often driven by a handful of budget lines:

2023 Total Increase to Operating Expenses: \$925,837

| Budget Line | 2023 Amount | Increase | Description |
|--------------------------|-------------|----------|--|
| General Insurance | 854,542 | 129,066 | Insurance Fund payment increased 17.8% |
| Police Pension | 1,230,932 | 184,608 | Statutory payment required by the State of NJ |
| P.E.R.S Pension | 868,922 | 68,663 | Statutory payment required by the State of NJ |
| Interest on Debt | 1,110,000 | 293,500 | Short-Term debt increase driven by market last year |
| Capital Improvement Fund | 200,000 | 50,000 | Additional amount for future projects and minimum down payments |
| Fund Balance Anticipated | 3,450,000 | 200,000 | Increase allocation of fund balance to make up for expenses |
| Comp. Absence Liability | 75,000 | 25,000 | Retirements at end of 2022, preparing for possibly more in 2023-2024 |



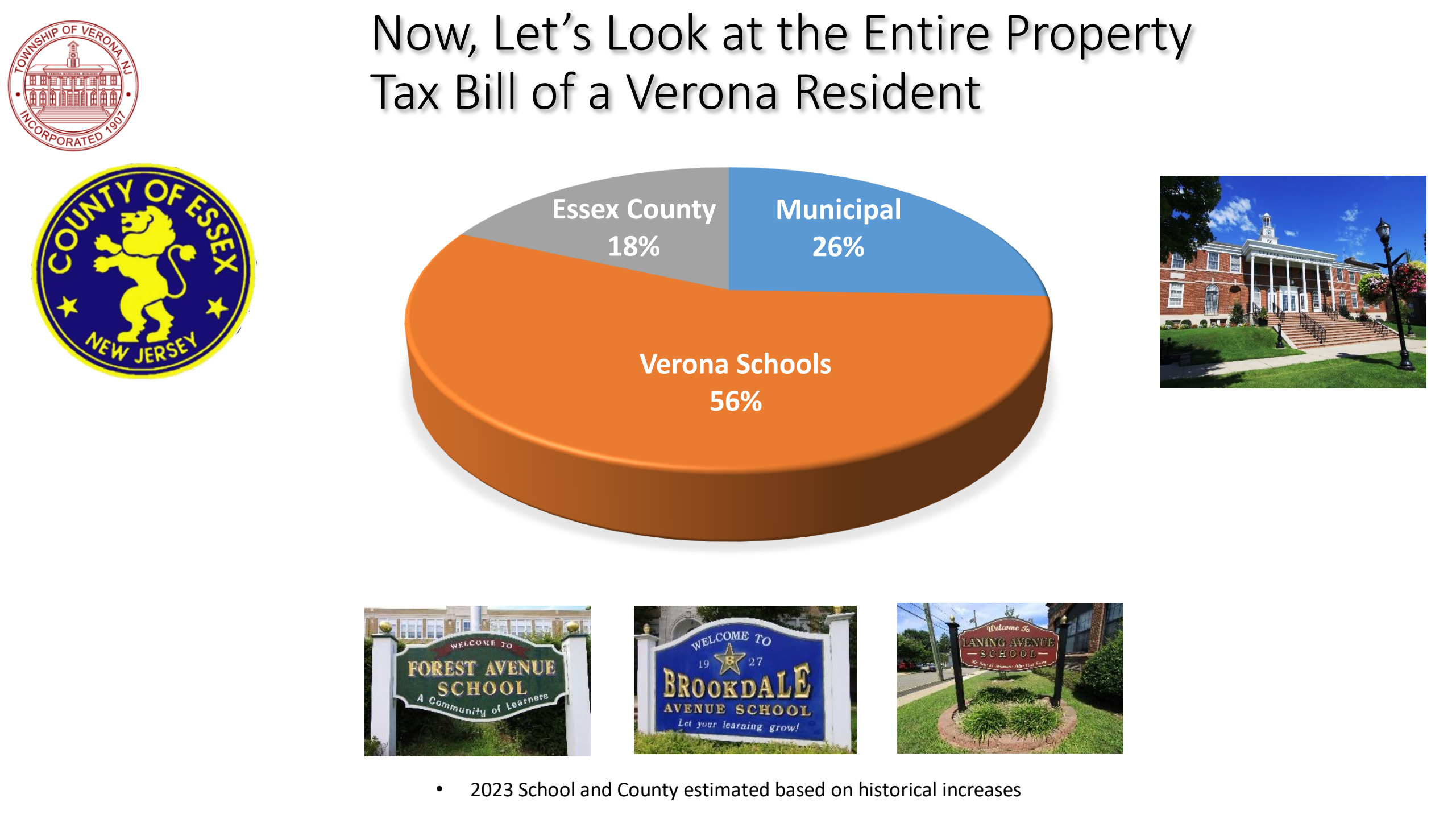
What Municipal Taxes Can the Average Resident Expect to Pay?



Municipal Services as a Monthly Bill:

| Municipal Service | Annual Cost |
|--------------------------------------|-----------------|
| Public Safety | \$ 1,065 |
| Capital Projects and Debt | \$ 551 |
| Public Works | \$ 378 |
| Public Utility, Garbage, Recycling | \$ 378 |
| Administration and Legal | \$ 368 |
| Community Services and Recreation | \$ 261 |
| Public Library | \$ 129 |
| Other Miscellaneous Services | <u>\$ 148</u> |
| Total Average Annual Tax Bill | \$ 3,278 |

| Municipal Service | Monthly |
|------------------------------------|---------------|
| Public Safety | \$ 89 |
| Capital Projects and Debt | \$ 46 |
| Public Works | \$ 32 |
| Public Utility, Garbage, Recycling | \$ 32 |
| Administration and Legal | \$ 31 |
| Community Services and Recreation | \$ 21 |
| Public Library | \$ 10 |
| Other Miscellaneous Services | <u>\$ 12</u> |
| Total Monthly Service Bill | \$ 273 |





American Rescue Plan Funds

Below reflects the money received and spent with ARP funds

| Year | Money Received | Spent | Balance |
|------|-------------------|------------------|--------------|
| 2021 | 700,755.97 | | 700,755.97 |
| 2022 | <u>700,755.97</u> | <u>(396,000)</u> | 1,005,511.94 |
| | 1,401,511.94 | (\$396,000) | |

ARP funds can only be spent on the following:

- Support public health response
- Replace revenue loss
- Water/Sewer infrastructure
- Address negative economic impacts
- Premium pay for essential workers
- Broadband infrastructure

In 2022, we used these funds as revenue loss in our current fund in the amount of 336,000 and in our pool utility in the amount of 60,000, totaling 396,000.



Looking Ahead...

- 1) Collective Bargaining contracts with the PBA and OPEIU expire 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 impact future year budgets. Contract negotiations will hopefully be finalized in 2023
- 2) Decision on American Rescue Plan Funds
 - As explained, American Rescue Plan funds are intended for specific uses. Water and Sewer Infrastructure would be the recommendation for most of these funds
- 3) 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 and would like to move to permanently financing in 2023 for two of the properties. These properties expect certain reimbursements or reductions from grants, state/county assistance, etc.
- 4) What decisions need to be made in 2023 for future budgets?
 - Increase revenues to offset expenses and decrease fund balance used
 - Discuss possible new revenue channels
 - Add additional money to Capital Improvement fund
 - Continue to look for ways to save
 - Analyze each departments



Swimming Pool Utility



2022 Operations

- Revenues collected in 2022 through membership and pool use totaled \$611,421. We budgeted 557,000.
- Used ARPA fund to help offset previous year revenue loss and COVID emergency
- Used Capital Surplus to offset the budget
- Overall, the pool's fund balance increased by 12,000

2023 Budget

- 2023 proposed budget of \$771,000, a decrease of 43,630.00 from 2022
- Second year of COVID emergency deficit of 60,000. Ends in 2027.
- Minimum wage increase materially impacts Pool Utility salary costs
- Splash Pad construction under way
- Increasing our pool hours for Splash Pad use to members
- Our mandatory minimum down payments on our debt have increased to cover the first Splash Pad ordinance



Water & Sewer Utility

2022 Operations

- Water and Sewer Utility operations resulted in a \$270,000 increase to Fund Balance in 2022, however we used \$800,000 to balance our budget
- Essex Fells payment received per payment plan agreement of \$237,500
- The Township was required to start making larger minimum down payments on our debt
- First year moratorium was lifted for water and sewer tax sale customers
- Had high costs with Passaic Valley Water Commission fully supporting our water system
- Had some unforeseen issues at our plant

2023 Budget

- 2023 proposed budget of \$7,745,049. This is an decrease of \$26,470 compared to 2022
- Essex Fells payment to be received in March per payment plan agreement is \$118,000.00. Our last payment is in 2024
- Passaic Valley Water Commission increasing 6%
- Hope to have at least one well up and running to offset these costs
- Connection fee revenues will possibly increase with Pirhl project hopefully getting underway this year
- Capital Plans and funding options continue to be explored through Ibank and possible use of ARPA funds
- Pension payments increased, but our legal installments decreased



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
 - 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: \$479,139
 - Average Residential Tax: \$86.60





Next Steps

- Workshop Discussions with Department Heads today
3/2/2023
- Introduction of Budget – March 13th or first meeting in April
3rd
- Public Hearing and Adoption – April 17th or May 1st

