



2021 Municipal Budget



Budget Workshop
March 3, 2021



2020 Result of Operations

Tax Collection:

- Despite the pandemic, property tax payment collections were strong
- Collection rate greater than 99%
- 2020 Delinquent Taxes at year end totaled \$576,598

<u>Year</u>	<u>% of Property Taxes Collected as of 12/31</u>
2020	99.17
2019	98.97
2018	98.91
2017	98.20
2016	98.99



2020 Result of Operations

Miscellaneous Revenue:

- The pandemic had a significant impact on certain revenues
 - Impacted revenues realized deficits of \$420,000 (2.5 tax points)
- Conservative budgeting practices prevented operational deficits
- Certain revenue item surplus collections assisted in balancing out the deficits caused by the pandemic
- Special Emergency of \$450,000 to fill revenue gap

2020 Revenues Impacted by Pandemic			
<u>Revenue</u>	<u>2020 Budget</u>	<u>Collected</u>	<u>Deficit</u>
Municipal Court	125,000	42,307	(82,693)
Recreation	290,000	36,463	(253,537)
Interest on Investments	175,000	113,051	(61,949)
Fees and Permits	<u>85,000</u>	<u>63,502</u>	<u>(21,498)</u>
	675,000	255,323	(419,677)

2020 Revenue Surplus			
<u>Revenue</u>	<u>2020 Budget</u>	<u>Collected</u>	<u>Surplus</u>
Annin Lofts	180,000	376,043	196,043
Construction Permits	235,000	273,079	38,079
Cell Tower Lease	140,000	161,907	21,907
Health Fund Dividend	<u>0</u>	<u>82,376</u>	<u>82,376</u>
	555,000	893,405	338,405



2020 Result of Operations

Expenses:

- Significant unanticipated costs including cleaning supplies, PPE, public safety/health measures, and costs related to remote operations
- Significant savings due to pause in non-essential operations and community related events:
 - Fireworks, parades, community events, etc.
- Department heads did an excellent job managing expenses while still performing essential services
- CARES Act funds received exceed \$497,000. These funds are reported as “reimbursements” against the applicable budget line. Additionally, we have pending FEMA reimbursements totaling approximately \$150,000.

<u>Year</u>	<u>Total Budget</u>	<u>Paid/Charged</u>
2020	25,177,421	22,817,211
2019	24,471,432	23,151,332



2020 Result of Operations

Fund Balance:

- Despite the pandemic, the Township was able avoid a deficit and produce a net positive in financial operations for 2020

Balance 1/1/2020:	4,313,930
Utilized in 2020 Budget:	(3,025,000)
Result of Operations 2020:	<u>3,385,282</u>
Ending Balance 12/31/20:	4,674,212

- These results allow us to utilize more fund balance in 2021 in order to minimize the tax increase while still maintaining a responsible municipal budget



2021 Proposed Municipal Budget Summary

Revenue Source	2020 Budget	2021 Budget (Proposed)
Miscellaneous Anticipated Revenue	\$ 4,413,732	\$ 4,556,483
Delinquent Taxes	450,000	475,000
Fund Balance	3,025,000	3,150,000
Amount to be Raised by Taxation	<u>\$17,288,689</u>	<u>\$17,677,897</u>
TOTAL	\$25,177,421	\$25,859,380
Expense Appropriation	2020 Budget	2021 Budget (Proposed)
Salary and Wages	\$ 8,470,604	\$ 8,464,704*
Statutory Expenses	1,823,730	2,174,339
Debt Service	3,820,402	3,905,467
Public Library	953,500	953,500
Reserve for Uncollected Tax	1,720,000	1,775,000
Other Expenses	<u>8,389,185</u>	<u>8,594,871</u>
TOTAL	\$24,471,432	\$25,867,881



2020 vs 2021 Municipal Budget Comparison

	2020 Budget	2021 Budget (Proposed)	Change
Municipal Tax Levy	\$17,288,687	\$17,667,897	2.25%
Municipal Tax Rate	.722	.741	2.60%
Avg. Property Valuation	\$430,400	\$430,700	\$300
Municipal Tax on Avg. Property	\$3,106	\$3,189	\$83
Assessed Valuation	\$2,395,347,700	\$2,387,170,400	(.34%)



Municipal Tax History

	2015	2016	2017	2018	2019	2020	2021
Municipal Levy	15,762,447	15,842,770	15,885,183	16,323,921	16,832,635	17,288,687	17,677,897
% Change from Prior Year	0.33%	0.51%	0.27%	2.76%	3.12%	2.71%	2.25%
Municipal Tax Rate	.785	.785	.785	.807	.702 *	.722	.741
% Change from Prior Year	0.0%	0.0%	0.0%	2.85%	-13.03%	2.79%	2.60%
Total Operating Expenses	21,959,581	21,771,917	21,822,562	22,022,732	22,687,943	23,398,829	24,090,539
% Change from Prior Year	1.12%	-0.85%	0.23%	0.97%	3.02%	3.13%	2.95%

The Municipal Tax Levy and Total Operating Expenses have increased at an average of less than 1.75% since 2015.



2021 Material Changes

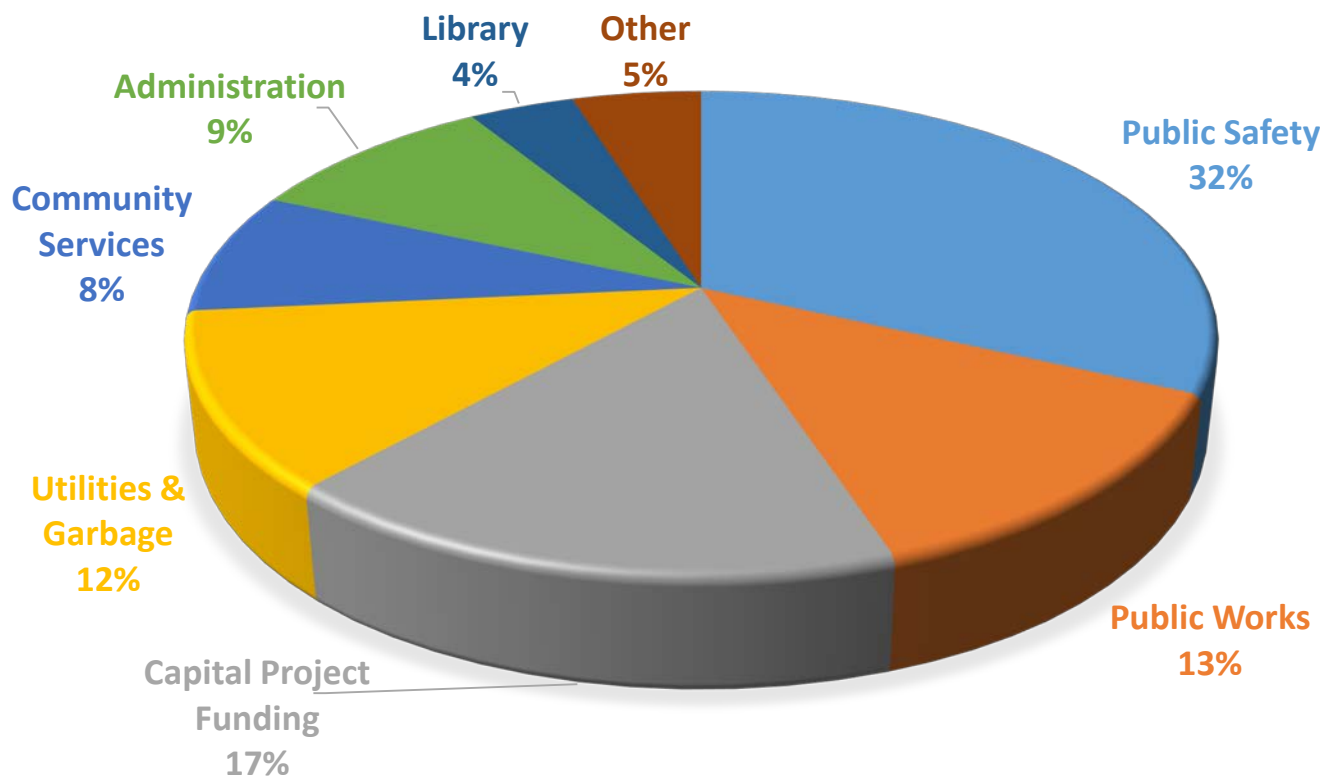
The majority of the Township expenses remain consistent year to year. Increases to the operating budget are often driven by a handful of budget lines:

2021 Total Increase to Operating Expenses: \$691,000

Budget Line	2021 Amount	Increase	Description
Police Operations	5,045,961	211,846	Contractual increases, vehicle leases, and accreditation updates
Police Pension	1,232,217	233,706	Statutory payment required by the State of NJ (PFRS 29%)
P.E.R.S Pension	487,122	116,903	Statutory payment required by the State of NJ (PERS 13%)
Interest on Debt	866,777	85,065	Short-Term debt increase driven by property purchases
Garbage and Recycling	1,602,806	97,936	Increase to annual contract and increased tonnage (pandemic)
Street and Road Salary	910,434	(87,545)	Employee attrition and restructuring of staff led to a decrease (snow)
Employee Medical	2,209,000	25,000	Health Insurance Fund passed a budget with a 0% increase for 2021
Fund Balance Anticipated	3,150,000	125,000	Increase allocation of fund balance to make up for revenue declines
Utility Surplus	150,000	150,000	Allocation of connection fees to Current Fund as a temporary cover for decline in other revenues



What Municipal Taxes Can the Average Resident Expect to Pay?

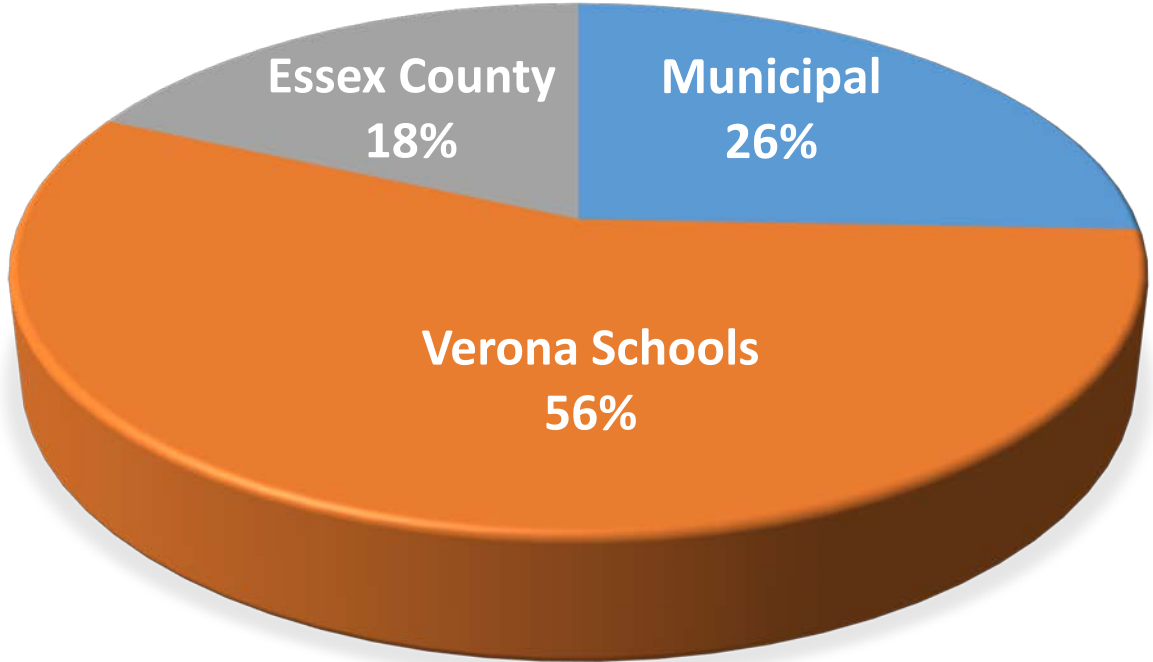


Municipal Services as a Monthly Bill:

Municipal Service	Annual Cost
Public Safety	\$ 1,046
Capital Projects and Debt	\$ 552
Public Works	\$ 426
Public Utility, Garbage, Recycling	\$ 385
Administration and Legal	\$ 312
Community Services and Recreation	\$ 268
Public Library	\$ 130
Other Miscellaneous Services	\$ <u>160</u>
Total Average Annual Tax Bill	\$ 3,279

Municipal Service	Monthly
Public Safety	\$ 87
Capital Projects and Debt	\$ 46
Public Works	\$ 35
Public Utility, Garbage, Recycling	\$ 32
Administration and Legal	\$ 26
Community Services and Recreation	\$ 22
Public Library	\$ 11
Other Miscellaneous Services	\$ <u>13</u>
Total Monthly Service Bill	\$ 273

Now, Let's Look at the Entire Property Tax Bill of a Verona Resident



- 2021 School and County estimated based on historical increases
- Library cost excludes debt payments on recent renovation



Looking Ahead...

- 1) When will public events, celebrations, and larger scale activities return?
 - The proposed budget includes funding for the majority of the Township's normal events and celebrations. The status of these events (recreation programs, parades, fireworks, etc) being held in 2021 is still up in the air.

- 2) 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 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.



Swimming Pool Utility



2020 Operations

- Revenues collected in 2020 totaled \$253,000 of the budgeted 563,850
- Expenses were managed to offset the 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, if needed.
- Overall, the pool's operations broke even and fund balance remained at \$415,000

2021 Budget

- 2021 proposed budget of \$758,850 will likely have to be decreased
- DLGS is allowing a three year average to be used for anticipated revenues, which leaves revenue short of our anticipated costs if the pool is running at full capacity
- 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
- Splash Pad project options are continuing to be explored



Water & Sewer Utility

2020 Operations

- Water and Sewer Utility operations resulted in a \$500,000 increase to Fund Balance in 2020
- Connection fees from Cedar Grove KHOV development totaled \$400,000+. These payments will continue in 2021.
- 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.
- Verona Wells functioning at full capacity led to material savings in the amount of water purchased from Passaic Valley Water Commission
- Infrastructure improvements continue

2021 Budget

- 2021 proposed budget of \$7,100,000. This is an increase of \$112,936 compared to 2020
- Salary increase based on OPEIU contract in place through 2021
- Essex Fells receivable is on our books and payment plan is being negotiated
- Connection fee revenues will continue as units are complete
- Capital Plans and funding options continue to be explored



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: \$477,434
 - Average Residential Tax: \$86.14





Next Steps

- Workshop Discussions with Department Heads today 3/3/2021 and Tuesday 3/10/2021
- Introduction of Budget – Second meeting in March or first meeting in April
- Public Hearing and Adoption – Second meeting in April or first meeting in May

