

2023 Lawrence Township Budget Message

The challenges we face in our 2023 municipal budget are the challenges we all face as individuals; the rising costs of all things across many industries in a post-pandemic world otherwise known as inflation. Fortunately, we are well positioned to meet this challenge because our budgets over the past several years have conservatively addressed our needs, reduced our debt¹, and maintained the services to the community at the levels we expect and demand. This year we planned a budget and our future on fiscally solid ground.

With inescapable increases across all categories of appropriations (i.e., costs) partially offset by an increase in ratables, a half year of a new cannabis tax and a successful grant program,² we are still able to address serious public safety needs by funding three new firefighter and two new EMT positions³ and recommend a budget that provides for a 2.50 - cent tax increase. We continue to maintain and increase our *Surplus Fund*⁴ by using only as much as can be regenerated by year-end. By doing this, we can better maintain our high credit rating and enjoy the benefits of the best rates for financing our essential community projects and infrastructure improvements. Additionally, this year we plan to transfer \$3,350,000 from our *Surplus Fund* to our *Capital Improvement Fund* to fund our future capital improvement projects to avoid paying higher financing charges from bonding for the work. Importantly, this transfer does not factor in the amount to be collected by taxation.

The recommended municipal tax rate for 2023 is **.6520** [".6270], which represents a 2.50¢ increase⁵. One (1) cent = **\$470,635**.

The *Amount to be Raised by Taxation* in 2023 is **\$30,686,650.90** [\$29,427,103.63], which is \$1,259,547.27 over 2022.

- ✓ The Levy Cap Bank available from 2021 and 2022 is **\$1,978,355** [\$1,353,473], and we will use \$0 to remain within the 2% tax levy cap. NOTE: The 2023 Recommended Budget is **\$3,595,303** [\$895,916] under the Levy Cap and is

¹ We are on schedule to be debt free at the end of 2027 if no new debt is taken on.

² 1) ELSA increase; 2) Health Benefits increase; 3) Contractual increases to Salary & Wages; 4) New Hires (i.e., three firefighter, two EMTs and two PW employees); 5) Increase in Uncollected Taxes; 6) Increase in Debt Service (principal and interest/Capital Improvement Funding); 7) Increase in solid waste collection; and 8) Increase in Public Employee Pension contributions; and Emergency Dispatch Service increase.

³ Multiple hires for Fire and EMT positions is required so that we can create an additional shift for each department. Less than these numbers will not accomplish our goal. At this point, it is either all or nothing to address this important need. NOTE: We are added two new Public Works laborers to address increased responsibilities to maintain Brunswick Avenue Streetscape, Hero Dog Parks, and our other community parks.

⁴ This is also known as Fund Balance on our General Ledger.

⁵ NOTE: Figures in [] are 2022 amounts included for comparison.

available for "Banking." This addition to the 2021 and 2022 banks will leave a usable "cap bank" of **\$5,573,658** [\$2,249,389] for future budgets.

- ✓ The 2022 year-end *Surplus Fund* balance is **\$20,687,139.52** versus a 2021 year-end balance of \$17,529,312.69, an increase of \$3,157,826.83
- ✓ The Surplus balance remaining available after applying an amount as anticipated revenue will be **\$10,772,139.52** [\$10,679,312.69], an increase of **\$92,826.83** over the 2022 remaining balance.
- ✓ The cash reserve balance for tax appeals is **\$6,219,491.18** [\$6,219,491.18].
- ✓ The decrease in outstanding debt continues. The 2010 closing balance was **\$30,797,000**. The 2022 closing balance is **\$13,210,850** [\$15,631,000].

Fiscal strength is evident as **\$9,915,000** [\$6,850,000] in *Surplus Fund* used in the 2023 budget has been regenerated at the close of 2022. *Surplus Fund* is the excess in the following Balance Sheet categories: *Amount to be Raised by Taxation, Miscellaneous Revenues Anticipated (MRA), Delinquent Taxes, Prior Year Appropriations Lapsed, and Miscellaneous Revenues Not Anticipated (MRNA)*.

In 2023, we recommend utilizing **\$9,915,000.00** from *Surplus Fund*, **\$20,331,936.67** in *MRA*, **\$830,000** in *Delinquent Taxes* and **\$30,686,650.90** in *Amount to be Raised for Taxes*. The total of these balance sheet categories equates to the municipal budget of **\$61,763,587.57**.

s/ Kevin P. Nerwinski

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(Date)