

2022 Lawrence Township Budget Recommendation

The world health pandemic known as Covid-19 continues to dominate our thought process and considerations for the preparation of the 2022 municipal budget. To be candid, as recent as this past November, we were fairly confident that we were past the worst of the pandemic and would be able to return to a budget that plans for a certain near and distant future. But, given the resurgence of the virus and a faster spreading variant (Omicron), the confidence that we are trending toward pre-pandemic normalcy is no longer present. However, over the course of these past two years, we have learned how to address the challenges the pandemic has wreaked upon us and, most importantly, we understand that this situation is and always will be fluid, and demands us to be ready, willing and able to adjust to whatever confronts us.

In crafting the previous 2021 budget, we described our approach as “remaining calm in the eye of the storm” and delivered a budget that was less than the year before and provided for no increase in taxation in an effort to offer some relief to our residents feeling the financial impact of the pandemic. The description we used in 2021 remains as relevant today as it did back then. The difference, however, is that we now better understand the financial impact a pandemic can cause our municipal government, and we also know the level of financial assistance we have and will receive from our County, State and Federal governments. With this knowledge and experience, we can recommend a budget that is fiscally responsible with eyes wide open.

With inescapable increases to key appropriations that total \$1,717,711 or 3.67 cents¹, we are able to craft and recommend a budget that provides for a 3.50 cent tax increase.² Importantly, this budget provides for the preservation of our Surplus balance. We have planned to use only as much as we can regenerate so that the balance does not reduce in each subsequent year. By doing this, we are better

¹ 1) ELSA increase; 2) Health Benefits increase; 3) Contractual increases to Salary & Wages; 4) New Hires (i.e., firefighter and inspectors); 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.

² We have been able to offset the 3.67 cent increase by certain factors within our budget (i.e., anticipated recreation fees, increase in our ratable base (i.e., Cobblestone and Amazon warehouse, etc.), QBM police staffing reimbursement, etc.)

able to maintain our high credit rating and enjoy the benefits of the best rates for financing our important community projects and infrastructure improvements.

The recommended municipal tax rate for 2022 is **.632** [“.597”] which represents a 3.5¢ increase³. One (1) cent = **\$469,312.11**.

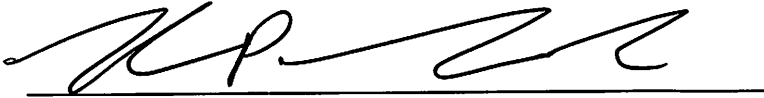
The Amount to be Raised by Taxation in 2022 is **\$29,659,134.15** [\$27,760,451.69] which is **\$1,898,682.46** over 2021.

- ✓ The Levy Cap Bank available from 2020 and 2021 is **\$1,353,473**, and we will use \$0 to remain within the 2% tax levy cap. NOTE: The 2022 Recommended Budget is **\$767,025** under the Levy Cap and is available for "Banking." This addition to the 2020 and 2021 banks will leave a usable "cap bank" of **\$2,120,498** for future budgets.
- ✓ The 2021 year-end Surplus balance is **\$17,529,312.69** versus a 2020 year-end balance of **\$17,162,489.74**, an increase of **\$366,822.95**.
- ✓ The Surplus balance remaining available after applying an amount as anticipated revenue will be **\$10,679,312.69** [\$10,312,489.74], an increase of **\$366,822.95** over the 2020 remaining balance.
- ✓ The cash reserve balance for tax appeals is **\$6,219,491.18** [\$4,119,491.18].
- ✓ The decrease in outstanding debt continues. The 2010 closing balance was **\$30,797,000**. The 2021 closing balance is **\$15,631,000**.

Fiscal strength is evident as **\$6,850,000** in surplus (also known as *Fund Balance*) used in the 2020 budget has been regenerated at the close of 2021. Fund Balance 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).

³ NOTE: Figures in [] are 2021 amounts included for comparison.

In 2022, our recommendation is to utilize **\$6,850,000** in surplus, **\$15,612,169.38** in *MRA*, **\$830,000** in *Delinquent Taxes* and **\$29,659,134.15** in Amount to be Raised for Taxes. The total of these balance sheet categories equates to the municipal budget of **\$52,951,303.53**.



1/18/2022

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