

MILLSTONE TOWNSHIP COMMITTEE BUDGET WORKSHOP MEETING MINUTES FOR APRIL 12, 2022

Mayor Ferro calls the budget workshop meeting to order at 4:03 p.m. followed by a flag salute and a moment of silence.

STATEMENT OF NOTICE AS REQUIRED BY P.L. 1975, C231 IS READ.

I hereby announce that pursuant to the Open Public Meetings Act, adequate notice of this meeting has been provided by transmission to the Asbury Park Press and the Trenton Times, posted on the public announcements bulletin board in Town Hall and filed in the Office of the Township Clerk on April 7, 2022.

ROLL CALL: Committeeman Eric Davis - Absent, Deputy Mayor Chris Morris – absent, Committeeman Michael McLaughlin – present, Committeeman Tara Zabrosky – present and Mayor Al Ferro - present. Also, in attendance: Kevin Abernethy – Township Administrator, Kathleen Hart - Municipal Clerk, Anthony Mannino – CMFO and Melissa Peerboom – Deputy CFO.

All attendees and participants agree to conduct themselves in a manner appropriate for public gathering. Individual speakers should be advised that no right of privacy protects a person’s public comments made in a public forum. Accordingly, all participants bear responsibility for their own statements and commentary.

NEW BUSINESS:

1. Review of the 2022 Municipal Budget

Anthony Mannino, CMFO reviews the PowerPoint (Attachment A) of the 2022 municipal budget with the Township Committee along with Kevin Abernethy, Township Administrator and Melissa Peerboom, Deputy CFO

Revenues – Current Fund: The Surplus Anticipated is increasing about \$671,000.00 due to operations in 2021 that exceeded the fund balance from construction code fees, construction of other buildings and some other revenues items that came in higher than what was projected. We are able to utilize this to offset some of the expenses. Local Revenues amount is lower than the previous year at \$732,008.81, as you are only allowed to put in what you actually collected in 2021 in Township fees (liquor licenses, mercantile fees and interest revenue). State Aid without Offsetting Appropriations remains the same at \$841,753.00. Dedicated Uniform Construction Code Fees Offset with Appropriations has increased to \$600,000 and are the construction UCC’s fees. The Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services are the Shared Services Agreement with the Court, grants received and other special items. Receipts from Delinquent Taxes are delinquent taxes not collected at \$400,000.00. Local Tax for Municipal Purposes including a Reserve for Uncollected Taxes for 2022 is \$4,051,564.78, which includes a penny increase. This is a \$229,808.78 increase from 2021.

Appropriations – Current Fund: The General Appropriations for Municipal Purposes within “CAPS” is \$4,805,919.00 which is an increase of \$180,224.00. This figure represents all the departments, including salary and other expenses, utilities and gasoline costs. Operations – Excluded from “CAPS” – Other Operations is \$26,200.00 which is the 911 service for dispatch. Operations – Excluded from “CAPS” – Shared Services Agreements is \$243,800.00 for Court, EMS and Animal Control. The increase is from certain shared services that were in General Appropriations within “CAPS” and we were able to allocate that into this line. Operations – Excluded from “CAPS” – Public & Private Programs is for grants. When the Clean Communities grant comes in sometime in May, we will be able to prepare a Chapter 159 to insert into the budget. Capital Improvements of \$50,000.00 is for the 5% down payment on bond ordinances. Municipal Debt Service is \$2,427,825.00 with an increase of \$299,953.75. This is principal

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and interest on all of the debt that is outstanding. This was refinanced last year through the MCIA at a very low interest rate.

M/Ferro would like to see a schedule that shows the municipal debt service for 2023 and 2024, how much it is going to increase and how will the Township pay for it. Anthony Mannino will send out the schedule to the governing body and states that the American Rescue Plan Money is not allowed to be paid against interest and redemption charges and will not be able to pay off this debt. However, taking the American Rescue Plan Money in as a revenue to offset fund balance can be done. Township Administrator states we have over a million dollars which needs to be spent by 2024. We would like to use this on capital improvement projects such as HVAC. Anthony Maninno said it needs to be encumbered by the end of 2024 and fully expended and paid by the end of 2026. This can be used over the next few years for capital improvements instead of having one large influx in revenue in one year it is better to diversify over a few years. This way, it will be less of a hit to the budget and more stable to the municipality as a whole. Deferred Charges is \$6,404.00. This is a clean-up of ordinances that are over 5 years old where the money has been spent before the debt was authorized. This is budgeting for the cash deficit on these old ordinances. Reserve for Uncollected Taxes increased to \$753,107.59. This is bad debt expense. The municipality is required to collect for school and county tax the entire amount of their tax levy, even if the municipality does not collect the entire tax levy, it is still required to pay the full amount to the school and county. The State allows the municipality to budget a reserve for uncollected taxes, offsetting this amount. The Township Administrator states that this is one or two properties.

Statistics: The average residential home value in 2021 was \$538,732.65 and the local municipal tax was \$1,086.42. The average residential home value in 2022 is \$541,191.82 and the local municipal tax would be \$1,144.98. The tax rates for 2021 local municipal tax were \$0.202 per every \$100 assessed value. In 2022, the local municipal tax is \$0.212 per every \$100 assessed value. In 2021 & 2022 the local open space tax is \$0.060 per every \$100 assessed value. Reserve for Uncollected taxes for 2021 was 98.88% and is projected to be 98.35% in 2022. Certification of new construction in 2021 was \$9,018,700.00 and was not included in the 2021 budget. The municipality can gross up and charge the 2021 municipal tax rate of \$0.202, which only allows \$18,187.35 of additional ratables that can be brought into the 2022 budget. The Appropriation CAP is statutory and the maximum allowable appropriations within CAPS is \$4,806,544.24, wherein the actual appropriations within CAPS to be used is \$4,805,919.00, so the 2022 CAP Bank to bring into future years is \$625.24. This law is to protect the residents from an undue tax increase. Millstone Township has been at the very top of the appropriation CAP for the last three years: 2020 - \$68; 2021 - \$615; 2022 - \$625. We are already at the limit of what we can do. This is a common problem with municipalities. You can create a utility fund that is required to be self-sufficient. You would need revenue coming into this fund so that would be another tax to the residents. The Township Administrator said that the recycling costs along with the sanitation fees that the residents pay for separately can be in this utility fund. You would need to establish an ordinance with the rates included. This could be a possibility in the next two years and could also be a shared service with other municipalities, which would be outside the CAP. The Tax Levy CAP is statutory and the maximum allowable amount to be raised by taxation is \$4,307,351.47, wherein the actual amount to be raised by taxation that can be used is \$4,051,564.78, so the 2022 CAP Bank for the tax levy to bring into future years is \$255,786.69. The municipal tax rate being proposed is .212 per every \$100 dollars with the local municipal open space rate remaining at 0.060. The Fund Balance in 2021 that was available was \$1,112,245.09 and \$929,000.00 was used. The 2022 Fund balance is \$2,521,099.21 with the proposed \$1,600,000.00 to be used due to debt services and contractual increases. The revenues collected over and above the amounts budgeted in 2022 would go into the fund balance. M/Ferro questions the increase of one penny plus the 1.6 million in fund balance to be used. M/Ferro is concerned about the use of the fund balance. Anthony Mannino said that revenues can't be banked on this year because of not collecting the amounts in 2021, and that is what goes towards the use of fund balance. The American Rescue Plan money can be brought into the budget as a revenue loss. A portion of this money is for improvements but

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can be used to offset some of the expenses, so we would not need the full \$1.6 million from the fund balance.

Capital Budget & Capital Plan: The Township Administrator states that we would like to use \$375,000 of the American Rescue Plan money for equipment and projects such as repairs of the HVAC units in the municipal buildings. This is a six-year plan. You can add or take away equipment or projects. C/Zabrosky states that she attended a class with the County about a purchasing program. If you have specific equipment you would like to purchase, the County would include the equipment in _ their bid packet. This way you get better pricing. The Township Administrator will look into that program with the County. The Township Administrator discussed the issues with the HVAC systems and water systems at the municipal buildings that need to be replaced. The Township Administrator has received a lot of complaints with regard to lighting and security at the municipal buildings and parks and has added this to the capital budget plan. The 2022 road program is included and the Township Administrator would like to take the Committee on a tour of the Township to review the roads that need repairs. M/Ferro would possibly like to defer until 2023 to see if the prices decrease.

Anthony Mannino states that the overall 2022 budget proposed is \$8.3 million versus \$7.7 million in 2021 and states that the proposed penny increase is about \$230,000. M/Ferro would like to see a corrective action so that we don't keep using fund balance. Over the past years, band-aids solutions have been done and the Township needs to take a step back, look at the bigger picture and understand where we are heading. Anthony Mannino again mentions possibly creating a Utility Fund. Many municipalities have had this issue and have set up a Utility Fund for sanitation and/or recycling collection. The Utility Funds does not have the same stipulation of the general budget. There is no appropriation cap or tax levy cap. It is a self-sufficient fund and designed to pay for its own operations. The current recycling costs is \$247,000. You would need to do an ordinance with fees, get approval from the Division of Local Government Services and create a separate Utility Budget. This could be in place as early as next year.

PRIVILEGE OF THE FLOOR (Limited to 1/2 Hour)

Mayor Ferro opens the meeting to the public at 5:33 p.m.

No Public Comment

Mayor Ferro closes the meeting to the public at 5:33 p.m.

ADJOURNMENT:

Motion to adjourn was moved by C/McLaughlin; second by C/Zabrosky. All in Favor.

Time Out 5:44 p.m.

Audio of the meeting is available in the Municipal Clerks Office.

April 12, 2022 Township Committee Budget Workshop Meeting Minutes approved at a Township Committee meeting held on May 4, 2022.

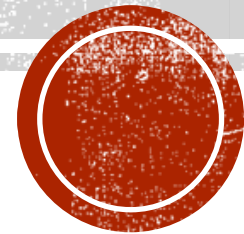
Kathleen Hart, RMC
Municipal Clerk

ATTACHMENT A

TOWNSHIP OF MILLSSTONE

2022

BUDGET WORKSHOP



REVENUES — CURRENT FUND

TYPE	2022 AMOUNT (Budget)	2021 AMOUNT (Budget)	\$ DIFFERENCE
Surplus Anticipated	\$1,600,000.00	\$929,000.00	\$671,000.00
Local Revenues	732,008.81	961,326.43	(229,317.62)
State Aid Without Offsetting Appropriations	841,753.00	841,753.00	-
Dedicated Uniform Construction Code Fees Offset with Appropriations	600,000.00	511,000.00	89,000.00
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Shared Service Agreements	6,000.00	6,000.00	-
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues	11,716.00	54,561.71	(42,845.71)
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items	88,435.00	181,786.82	(93,351.82)
Receipts from Delinquent Taxes	400,000.00	450,000.00	(50,000.00)
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	4,051,564.78	3,821,756.00	229,808.78



APPROPRIATIONS – CURRENT FUND

TYPE	2022 AMOUNT (Budget)	2021 AMOUNT (Budget)	\$ DIFFERENCE
General Appropriations for Municipal Purposes within "CAPS"	\$4,805,919.00	\$4,625,695.00	\$180,224.00
Operations – Excluded from "CAPS" – Other Operations	26,200.00	29,100.00	2,900.00
Operations – Excluded from "CAPS" – Shared Service Agreements	243,800.00	230,800.00	13,000.00
Operations – Excluded from "CAPS" – Public & Private Programs Offset by Revenues	18,222.00	60,017.71	(41,795.71)
Capital Improvements	50,000.00	58,700.00	(8,700.00)
Municipal Debt Service	2,427,825.00	2,127,871.25	299,953.75
Deferred Charges	6,404.00	-	6,404.00
Reserve for Uncollected Taxes	753,107.59	625,000.00	128,107.59



CAPITAL BUDGET & CAPITAL PLAN

(CONT...)

- The Capital Improvement Program presented herewith is an estimated projection of Capital Projects for the next six years. It should be noted that the foregoing does not represent an appropriation of funds for the purposes listed, but merely a plan of capital improvements that are being contemplated in 2022 and the ensuing five years. A funding authorization is required in the form of a budget appropriation or capital ordinance before monies are available for the projects outlined in this section.
- Every effort has and will be made by the Mayor and Township Council to plan improvements which are responsive to the needs of the community. Should unanticipated needs arise, the capital program will be revised or amended accordingly.



CAPITAL BUDGET & CAPITAL PLAN

- Equipment:
 - Heavy Duty Truck with Dump Bed
 - Pickup Truck (Gas)
 - Single Axle Snow Removal Truck
 - Zero Turn Mower
 - Enclosed Trailer
 - High Reach Loader
 - Skid Steer Loader
 - Soil Conditioner
 - Mid Range Tractor
 - Asphalt Roller
 - Post Pounder
 - Fertilizer Equipment
 - Line Painter



CAPITAL BUDGET & CAPITAL PLAN

- Buildings & Grounds:
 - Court House
 - Millstone Park
 - Community Center
 - Public Works Building
 - Wagner Farm Park
 - Millstone Town Hall
 - Abate Park
 - Brandywine Park
 - First Aid Building
 - HVAC
 - Water Softening System
 - Security & Lighting



CAPITAL BUDGET & CAPITAL PLAN

- Large Scale Projects:
 - 2022 Road Program



STATISTICS

- **Average Residential Home Value:**

- 2021 - \$538,732.65
 - Local Tax - \$1,086.42
- 2022 - \$541,191.82
 - Local Tax - \$1,144.98

- **Tax Rates**

- 2021 Local Municipal – \$0.202 per every \$100 of Assessed Valuation
- 2022 Local Municipal – \$0.212 per every \$100 of Assessed Valuation
- 2021 & 2022 Local Open Space – \$0.060 per every \$100 of Assessed Valuation



STATISTICS (CONT...)

- Reserve for Uncollected Taxes
 - 2021 Tax Collection Percentage – 98.88%
 - 2022 Budgeted Expectation – 98.35%
- Certification of New construction in 2021
 - \$9,018,700.00 at \$0.202 Municipal Tax Rate = \$18,187.35 of Additional Ratables
- Appropriations CAP - N.J.S.A. 40A:4-45.2 – 1977 CAP Law
 - Maximum Allowable Appropriations within “CAPS” - \$4,806,544.24
 - Actual Appropriations within “CAPS” – \$4,805,919.00
 - 2022 CAP Bank - \$625.24



STATISTICS (CONT...)

- Tax Levy CAP - N.J.S.A. 40A:4-45.45 & N.J.S.A. 40A:4-45.3 – 2010 CAP Law
 - Maximum Allowable Amount to be Raised by Taxation - \$4,307,351.47
 - Actual Amount to be Raised by Taxation – \$4,051,564.78
 - 2022 CAP Bank - \$255,786.69



STATISTICS (CONT...)

	Local Municipal Tax Rate	Local Municipal Open Space Rate
2022 – Proposed	.212	0.060
2021 – Actual	.202	0.060
2020 – Actual	.177	0.060
2019 – Actual	.167	0.060
2018 – Actual	.139	0.060
2017 – Actual	.139	0.060



STATISTICS (CONT...)

	Fund Balance (Available)	Fund Balance (Utilized)
2022 – Proposed	\$2,521,099.21	\$1,600,000.00
2021 – Actual	1,112,245.09	929,000.00
2020 – Actual	1,268,624.57	750,000.00
2019 – Actual	1,171,647.15	600,000.00
2018 – Actual	1,776,218.98	1,150,000.00
2017 – Actual	1,873,075.55	944,746.38

