



MONTGOMERY

TOWNSHIP, NEW JERSEY

2022 Budget Presentation

April 07, 2022

THE PROCESS

- ❖ Budget Refresher
- ❖ Budget Requests
- ❖ Department Meetings
- ❖ Assessor Valuation
- ❖ Budget & Finance Committee
- ❖ Budget Introduction
- ❖ State Review
- ❖ Advertisement
- ❖ Budget Hearing
- ❖ Budget Adoption



2022 Budget Snapshot



Township Value

\$ 3,981,173,198

▲ **1.03%** Greater Than 2021



Average Assessed Home Value

\$ 505,821.69

▲ **0.43%** Greater Than 2021



Property Tax Rate

\$0.437

▲ **1.75%** Greater Than 2021

Property Tax Rate Information

2022

- ❖ Est. Municipal Tax Rate = 0.437
- ❖ \$0.008 Increase over prior year
- ❖ \$38.09 **ANNUAL** Increase for the average assessed home (AAH)
- ❖ \$3.17 **MONTHLY** Increase on AAH
- ❖ Tax on \$505,821.69 AAH: \$2,210.73

2021



- ❖ Est. Municipal Tax Rate = 0.430
- ❖ \$0.005 Increase over prior year
- ❖ \$23.24 **ANNUAL** Increase for the average assessed home (AAH)
- ❖ \$1.94 **MONTHLY** Increase on AAH
- ❖ Tax on \$505,821.69 AAH: \$2,172.62

1.75% Tax Rate Increase

2022 Property Tax Calculation 101

❖ $(\text{Tax Levy} / \text{Town Assessment}) \times 100 = \text{Tax Rate}$
 $(\$ 17,399,967.17 / \$3,981,173,198) \times 100 = \$\mathbf{0.437}$

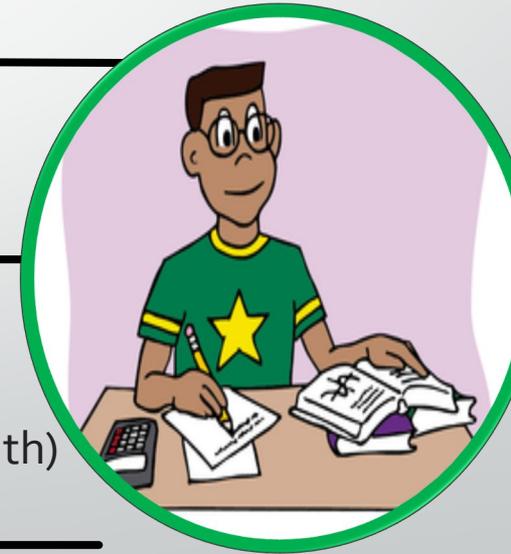
❖ $\text{Average Assessed Home} \times (\text{2022 TR} - \text{2021 TR}) / 100 = \text{Total Municipal Tax Increase}$
 $\$505,821.69 \times (.437 - .430) / 100 = \mathbf{\$38.09}$

❖ Annual Increase On Avg. Assessed Home: $\mathbf{\$38.09}$

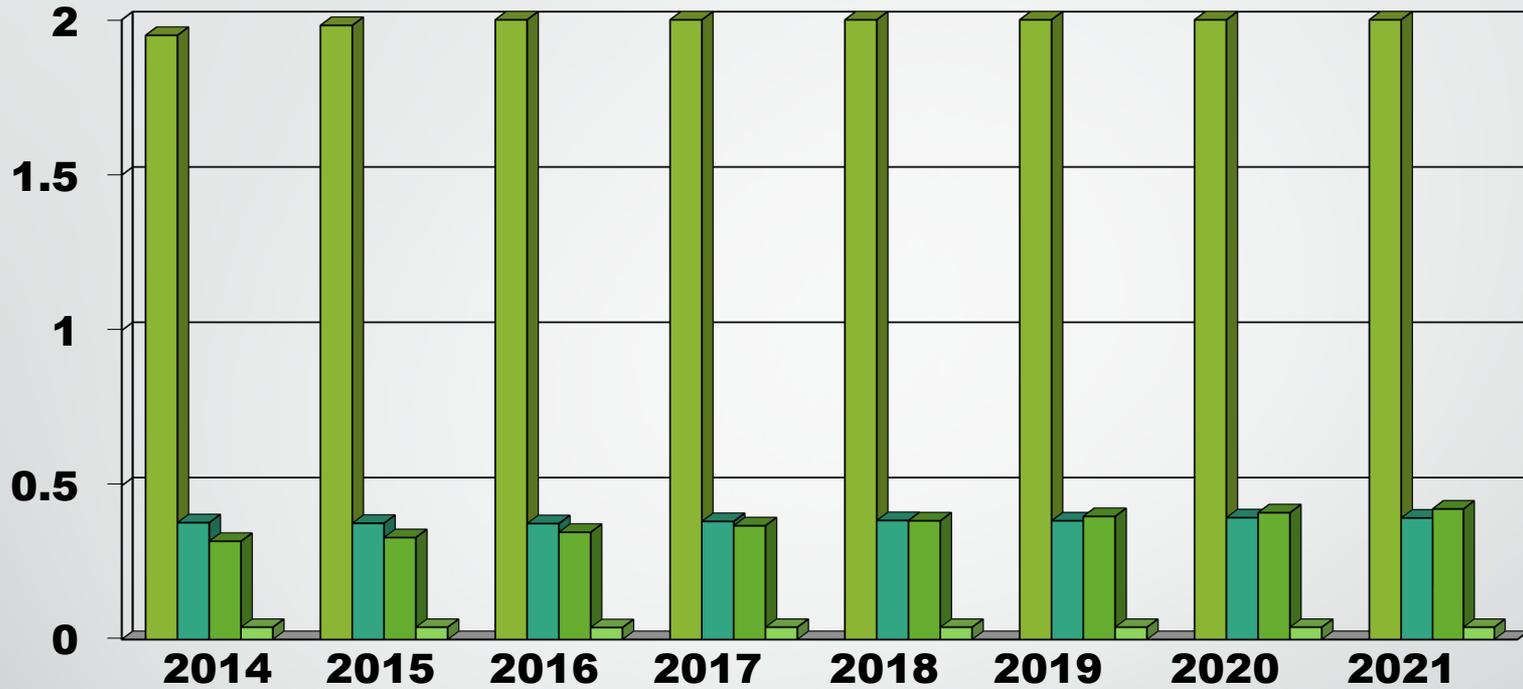
❖ Monthly Increase on Avg. Assessed Home:
 $\$38.09 / 12 \text{ months} = \mathbf{\$3.17}$ more per month

❖ 2022 Municipal Tax on Avg. Assesd Home:
 $(\$505,821.69 * .437) / 100 = \$2,210.73$ (\$184.23 per month)

Approximately 15% of your total property tax bill

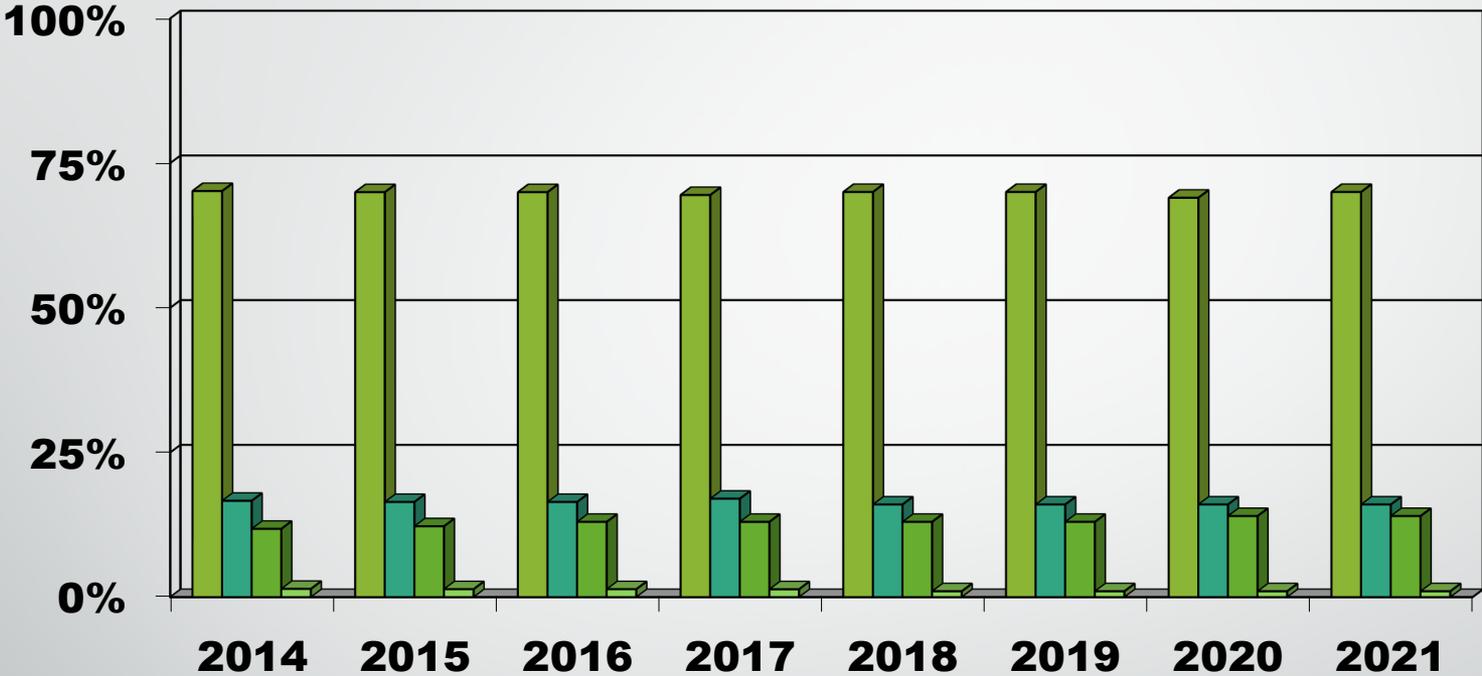


Tax Rates



	2014	2015	2016	2017	2018	2019	2020	2021
School Board	1.982	2.001	2.036	2.069	2.103	2.153	2.162	2.194
County	0.379	0.378	0.385	0.388	0.387	0.397	0.396	0.388
County Library	0.055	0.056	0.057	0.057	0.058	0.058	0.058	0.057
County Open Space	0.036	0.036	0.037	0.037	0.037	0.037	0.037	0.037
Municipal	0.333	0.350	0.370	0.387	0.401	0.413	0.425	0.430
Municipal Open Space	0.040	0.039	0.040	0.040	0.040	0.040	0.040	0.040

Tax Dollar



Year	2014	2015	2016	2017	2018	2019	2020	2021
School Board	70%	70%	70%	70%	70%	70%	69%	70%
County	17%	17%	17%	17%	16%	16%	16%	15%
Municipal & Open Space	13%	13%	13%	13%	14%	14%	15%	15%

Montgomery Township 2022 Budget Introduction

Overview

- Total 2022 Current Fund Budget Appropriations
\$28,911,345
- Amount to be raised by Taxes
\$17,399,967

Year over Year Comparison

2022

Amount to be Raised by
Property Taxes

\$17,399,967

2021

Amount to be Raised by
Property Taxes

\$ 16,925,729

The **2019, 2020 and 2021** Cap Banks will
NOT be utilized .

2% TAX LEVY CAP

- ❖ The tax levy cap law imposes a 2% cap on the total increase of local government tax levies, subject to certain exclusions. These exclusions to the 2% tax levy cap allow a municipality to increase the tax levy over 2% due to these exclusions.
- ❖ The exclusions include increase in debt service and capital expenditures; weather and other declared emergencies; pension contributions in excess of two percent, and health benefit cost increases in excess of 2 percent.
- ❖ In short, if any of the aforementioned exemptions causes our tax levy to increase over 2 percent, we still comply with the 2% tax levy cap law. Now, in order to increase the tax levy over 2%, when not related to these exemptions, we would need a referendum.

2.5% APPROPRIATION CAP

❖ When we talk about the 2.5% cap (also referred to as the 3.5% cap), we are referring to the appropriation cap. Appropriation is a fancy word for expenses. There are two types of appropriations:

❖ **Inside the CAP:**

- Salary & Wages
- Operating expenses (stationary, equipment, professional services, advertising, audit, training, uniforms, pensions, health insurance, employer taxes, etc...)

❖ **Outside the CAP:**

- Debt service
- Capital expenditures
- Reserve for uncollected
- Emergency appropriations
- Grant appropriations
- Library funding
- Shared Service Expenses
- Judgements

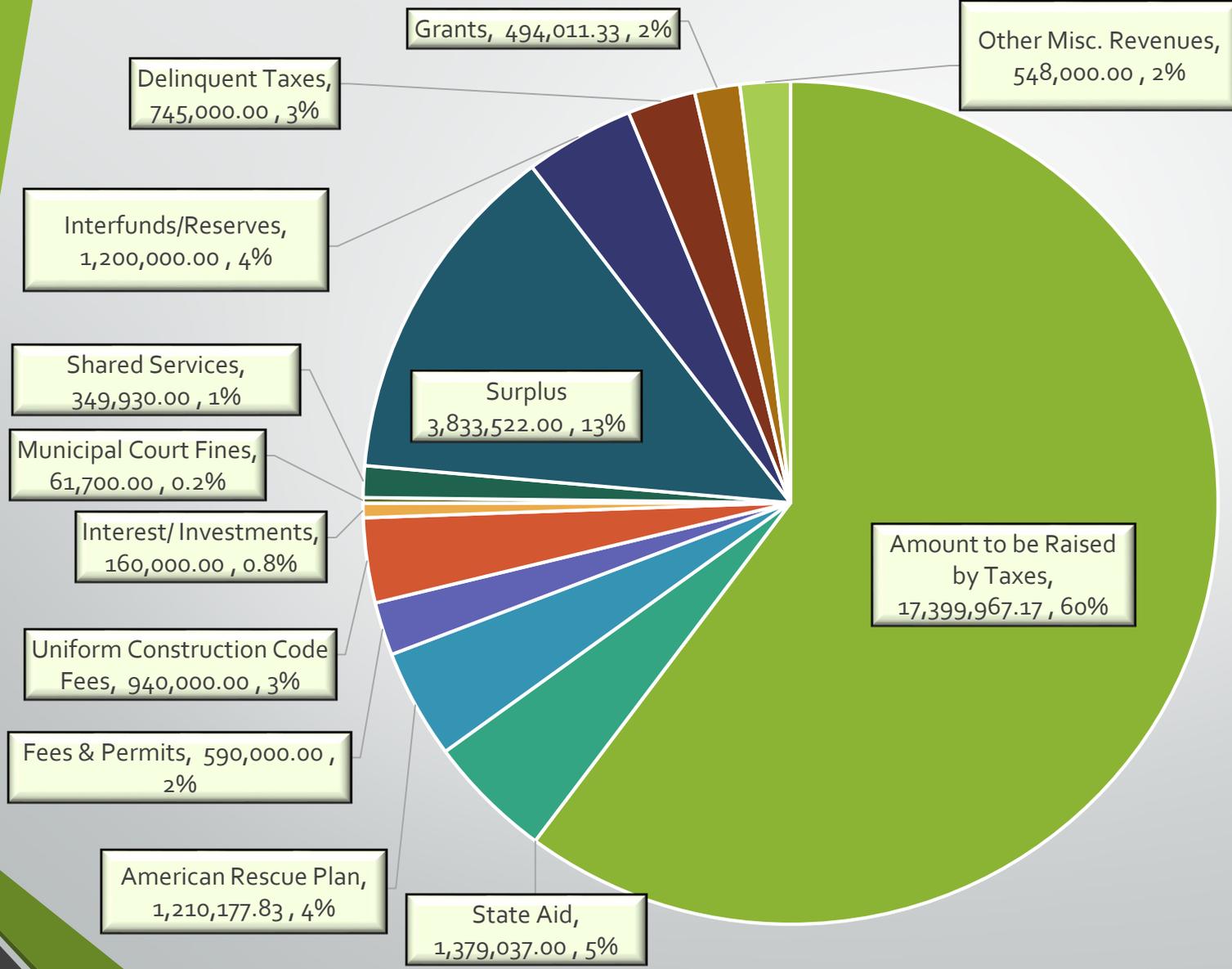
2.5% APPROPRIATION CAP

- ❖ The 2.5% cap relates only to “inside the cap” appropriations. The law limits the increase in inside the cap appropriations from year to year to 2.5% or the state’s cost of living adjustment (COLA), whichever is lower. This year the state’s COLA is 2.5 %. The state also allows a municipality, by ordinance, to increase the COLA percentage to **3.5%**.

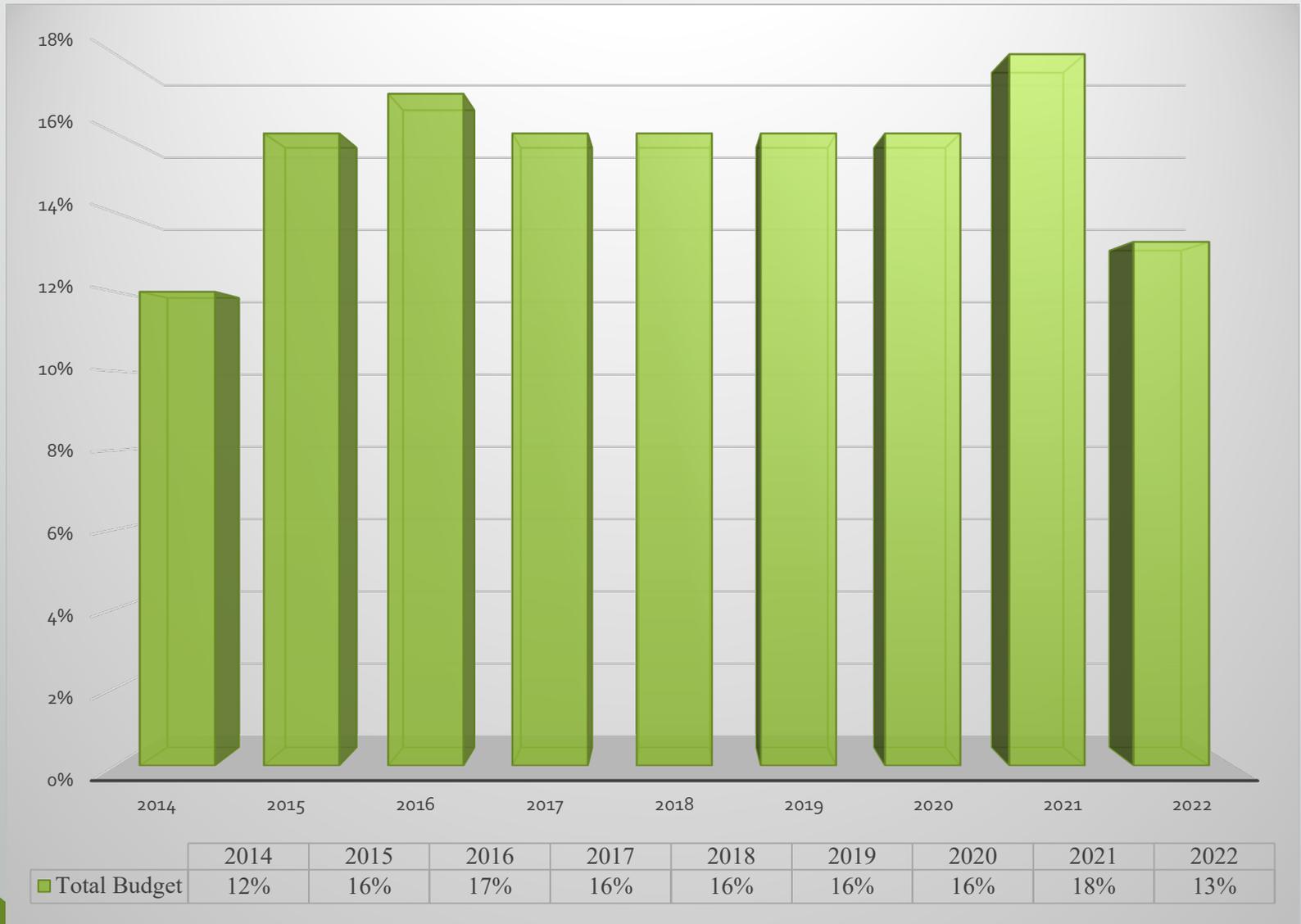
2.5% APPROPRIATION CAP

- ❖ The 3.5% ordinance, it does not indicate that the tax rate will increase by 3.5%. People often get this confused. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior year's inside the cap appropriations. Again, doing so does not automatically mean the tax rate will increase to 3.5% either. Remember, there are many variables in the tax rate equation that can offset the increase in inside the cap appropriations.
- ❖ Finally, if a 3.5% cap ordinance is passed and do not raise our inside the cap appropriations by 3.5%, the state allows us to bank (carry-over), for up to two years, the difference between its final appropriation subject to the cap and 3.5%. This ordinance is a tool we have in our budgeting arsenal, which allows us flexibility in the event of an unforeseen financial incident.

2022 Revenue Sources



2022 Surplus- % of Budget



Shared Service Agreements – a great way to share resources

❖ Health Shared Services - Pennington	\$ 45,000
❖ Health Shared Services - Hopewell	\$ 34,000
❖ Health Shared Services - Princeton	\$ 2,800
❖ Health Shared Services - Branchburg	\$ 18,000
❖ Health Shared Services - Rocky Hill	\$ 11,130
❖ Financial Services – Manville	\$ 107,100
❖ Financial Services – Peapack & Gladstone	\$131,900
Total Shared Service Revenue	<hr/> \$349,930

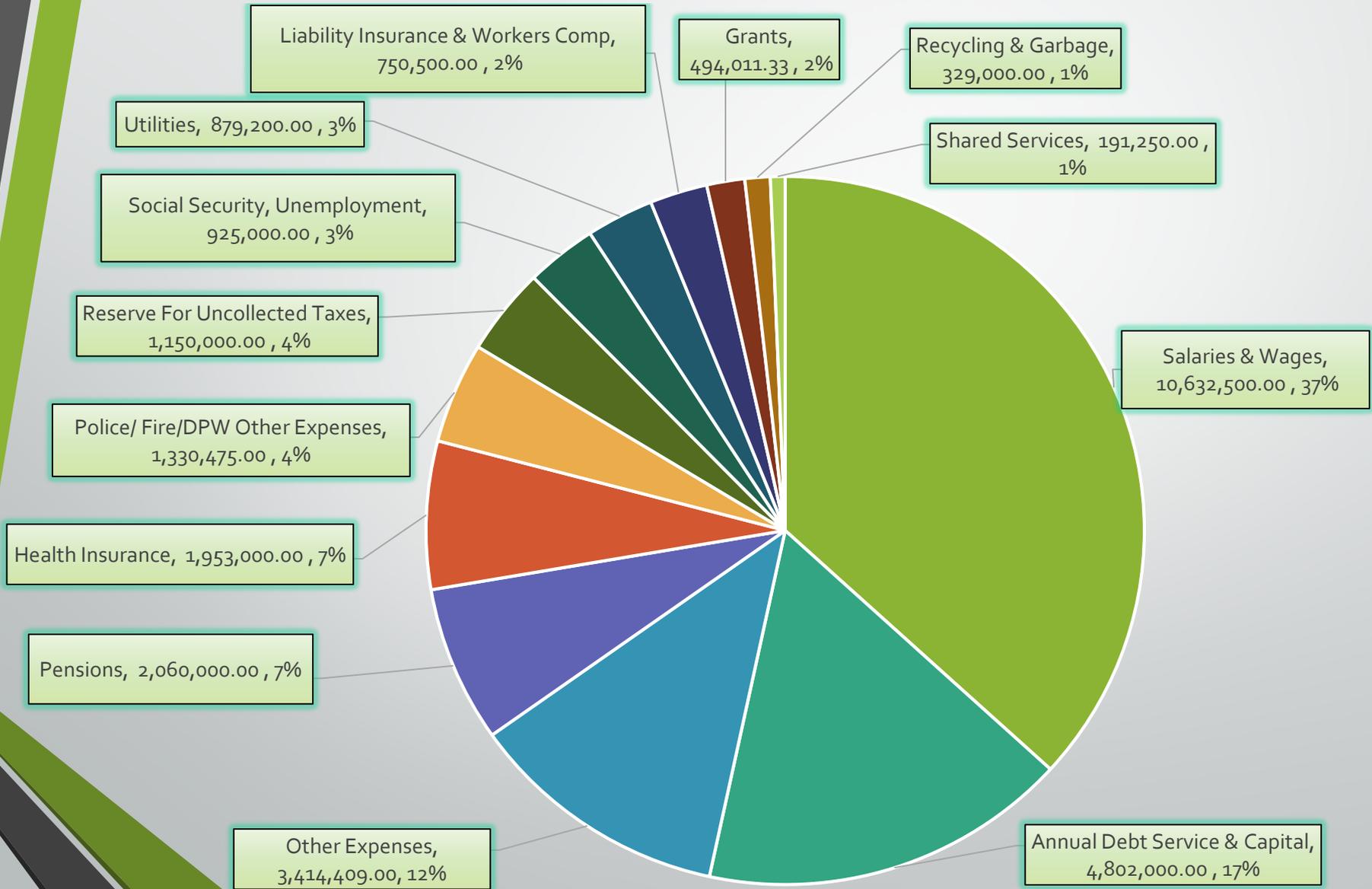


Current Fund 2022 Major Appropriations

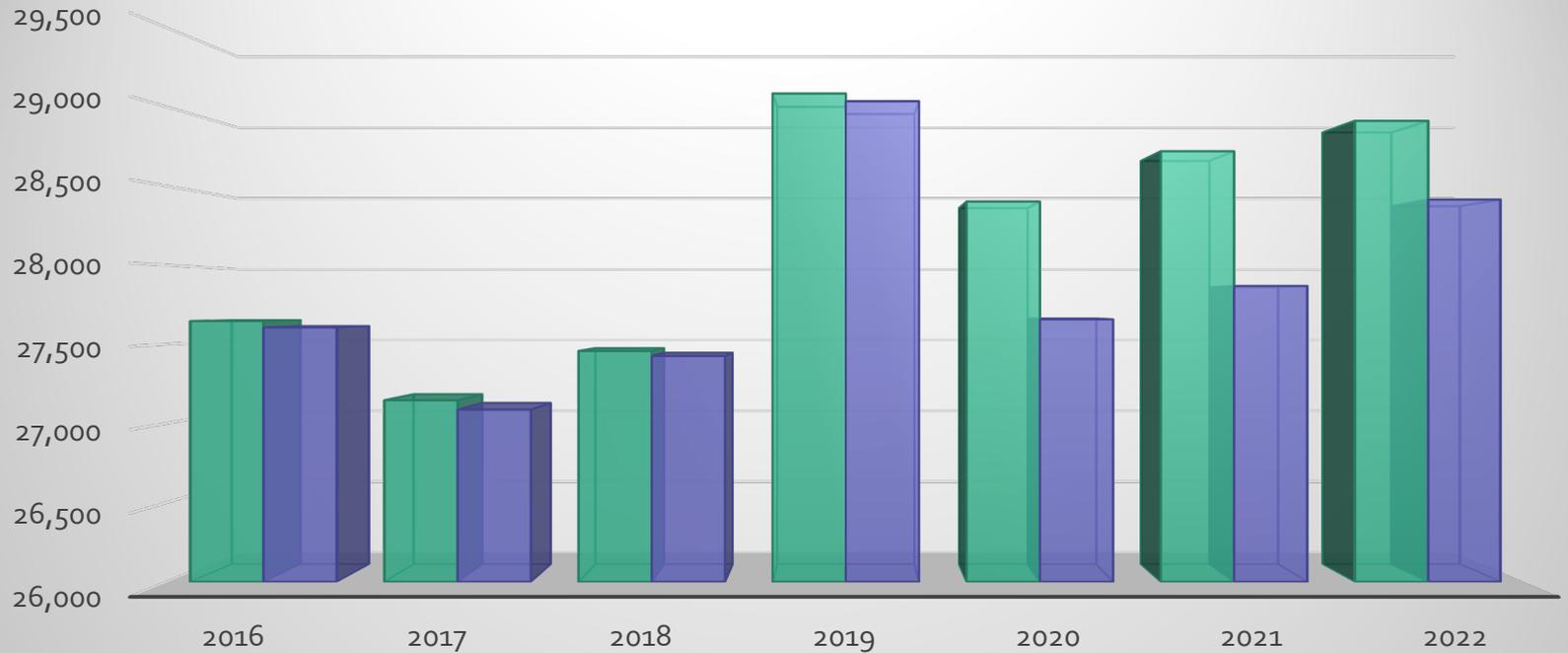
- ❖ Salaries /Wages= **\$10,632,550**
- ❖ Annual Debt Service & Capital = **\$4,802,000**
- ❖ Health Insurance & Liability Ins. = **\$2,703,500**
- ❖ Pensions = **\$2,060,000**
- ❖ Utilities, Garbage, Recycling = **\$1,868,200**
- ❖ Social Security, Unemployment: **\$925,000**
- ❖ Reserve for Uncollected : **\$1,150,000**
- ❖ Vehicle Maintenance: **\$729,500**



2022 Appropriation Sources



Total Budgeted Appropriations (000's Omitted)



	2016	2017	2018	2019	2020	2021	2022
■ Budget	27,646	27,146	27,457	29,084	28,401	28,719	28,911
■ Budget (no grants)	27,606	27,087	27,426	29,035	27,657	27,868	28,414

■ Budget ■ Budget (no grants)

2022 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2022 Budget Appropriations	Final 2021 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
POLICE	4,736,000	4,523,000	213,000	4.50%
STREETS & ROADS	1,622,500	1,544,500	78,000	4.81%
HEALTH	760,300	786,800	(26,500)	-3.49%
RECREATION	862,300	794,350	67,950	7.88%
PARKS	610,500	561,000	49,500	8.11%
CONSTRUCTION CODE	607,500	588,000	19,500	3.21%
FINANCIAL ADMINISTRATION	641,100	578,100	63,000	9.83%
ENGINEERING	542,750	530,750	12,000	2.21%

2022 DEPARTMENT EXPENSES

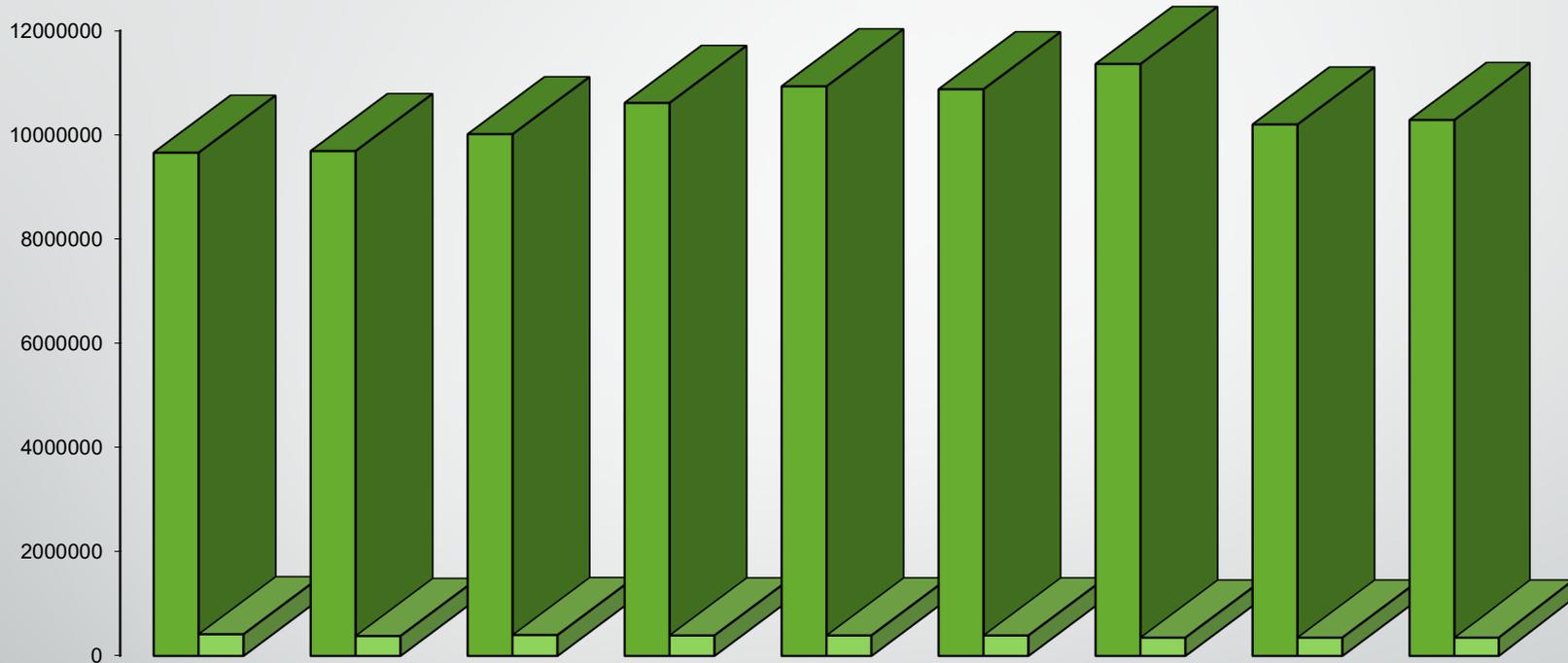
DEPARTMENTS	2022 Budget Appropriations	Final 2021	Increase / Decrease \$	Increase / Decrease %
		Budget Appropriations		
BUILDINGS & GROUNDS	334,000	397,000	(63,000)	-18.86%
CLERK	290,450	309,400	(18,950)	-6.52%
ADMINISTRATIVE & EXECUTIVE	331,800	289,100	42,700	12.87%
DATA PROCESSING	273,700	257,000	16,700	6.10%
TAX COLLECTION & ASSESSMENT	258,500	254,500	4,000	1.55%
PLANNING	321,300	306,100	15,200	4.73%
FIRE PREVENTION	190,000	210,500	(20,500)	-10.79%
GIS	107,000	103,000	4,000	3.74%

2022 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2021 Budget Appropriations	Final 2020 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
INSURANCES				
EMPLOYEE GROUP HEALTH	1,953,000	1,896,500	56,500	2.89%
LIABILITY INSURANCE	500,500	472,500	28,000	5.59%
WORKERS COMPENSATION	250,000	239,000	11,000	4.40%
SUBTOTAL INSURANCES	2,703,500	2,608,000	95,500	3.53%
PENSIONS				
PFRS	1,100,000	1,035,000	65,000	5.91%
PERS	960,000	895,000	65,000	6.77%
TOTAL PENSIONS	2,060,000	1,930,000	130,000	6.31%
CAPITAL IMPROVEMENT FUND	135,000	107,500	27,500	20.37%
DEBT SERVICE & DEFERRED CHARGES	4,667,000	4,702,757	(35,757)	-0.77%
RESERVE FOR UNCOLLECTED TAXES	1,150,000	1,150,000	-	0.00%

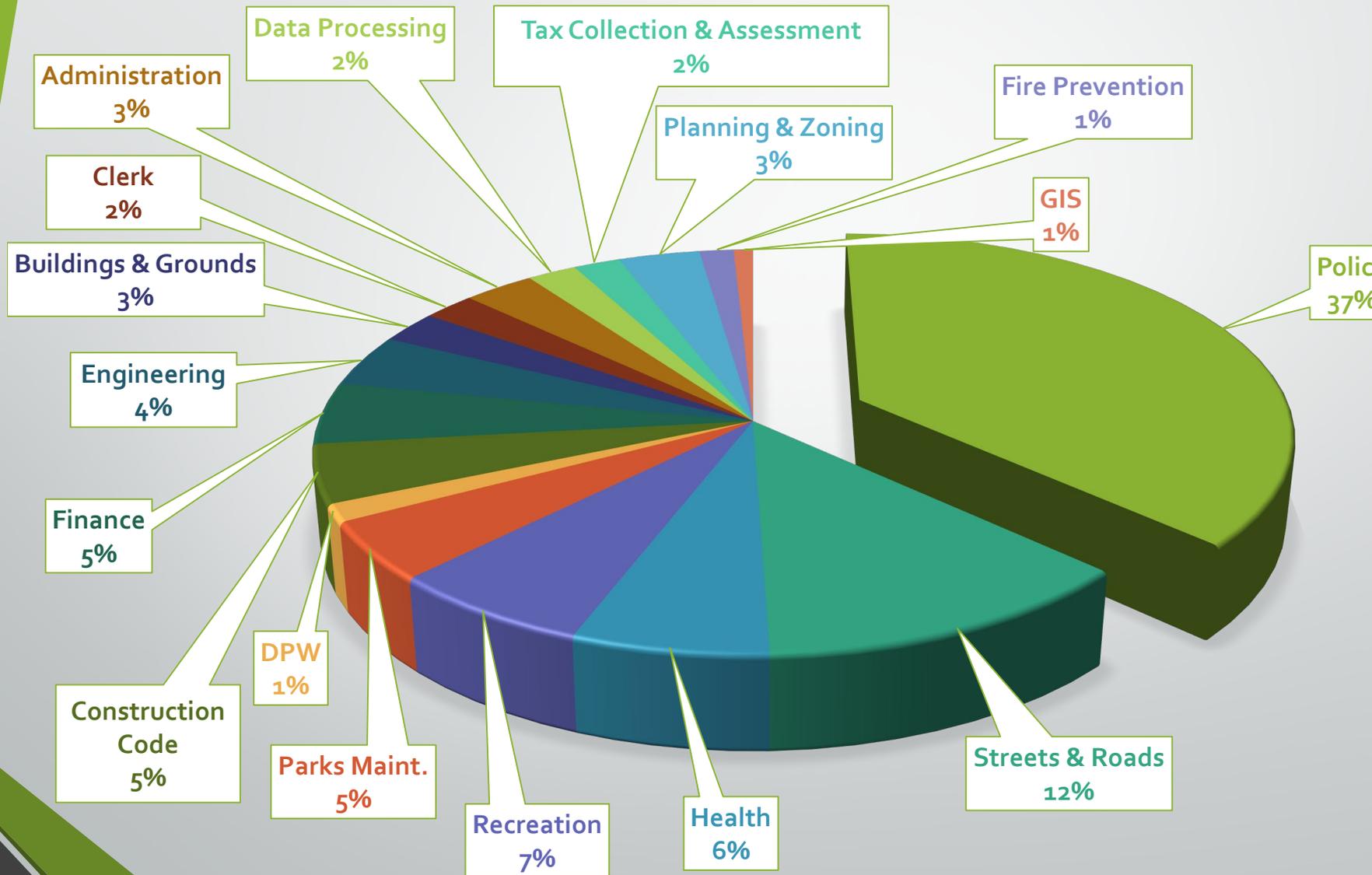
Budgeted - Total Salaries & OT

(ooo's Omitted)

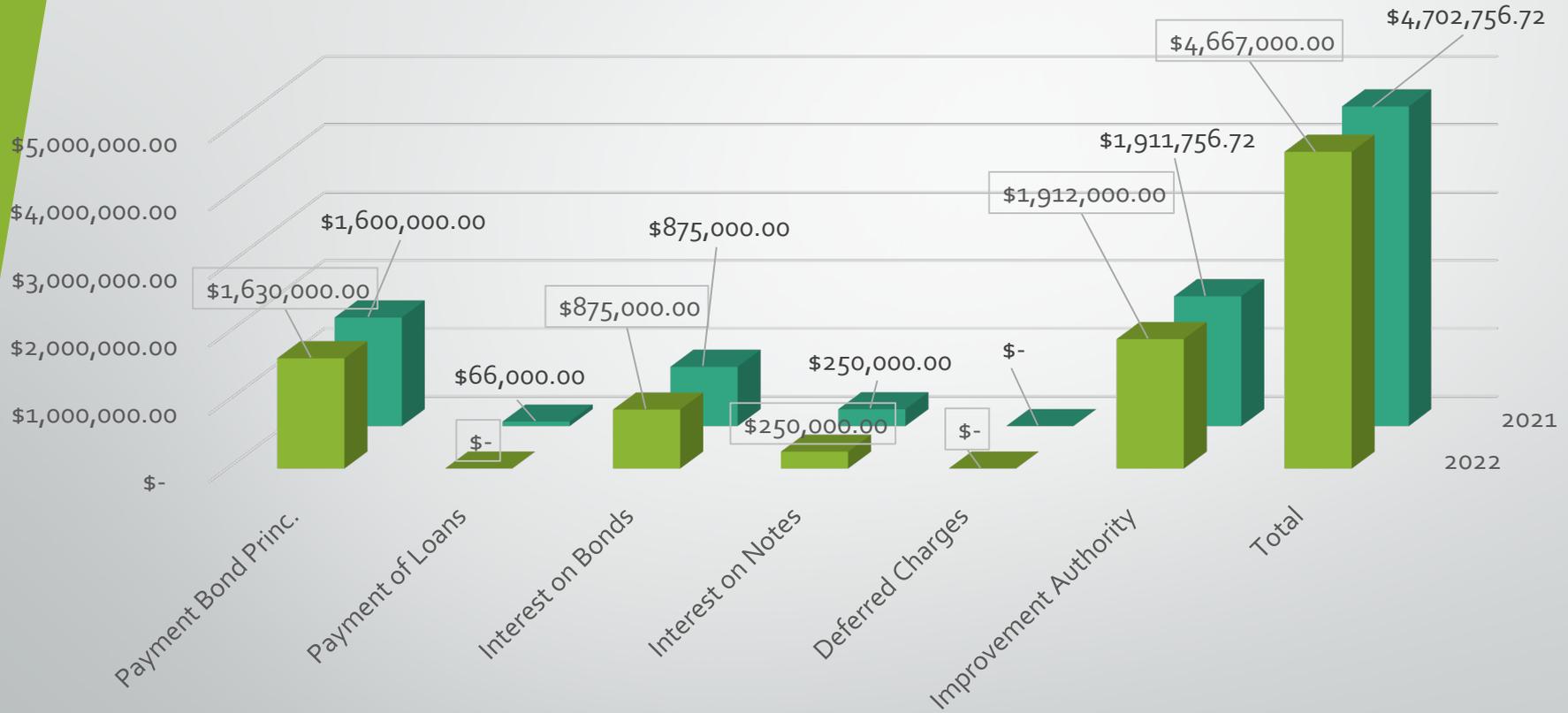


Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Salaries	9,654	9,686	10,009	10,610	10,928	10,872	11,357	10,196	10,633
Overtime	414	381	399	391	391	391	350	350	350

2022 DEPARTMENT EXPENSES



Total Municipal Debt Payments - 2022



Debt Service Detail (continued)

Outstanding General Serial Bonds

❖ 2012 General Improvement Bond - \$ 9,505,000	
❖ 2017 General Improvement Bonds - \$ 6,035,000	
❖ 2018 General Improvement Bonds - \$ 5,985,000	
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	\$ 21,525,000

Outstanding Notes

❖ 2017-2019 Capital Projects	\$ 14,815,590
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Debt Authorized but not issued:

❖ 2020 Capital Projects	\$ 1,918,400
❖ 2021 Capital Projects	\$ 2,042,500
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	\$3,960,900

Improvement Authority Loans:

❖ Municipal Complex	\$34,430,000
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Debt Service Detail

MOODY'S RATING: Aaa

- ❖ The Aaa rating reflects the township's large tax base with above average resident income and wealth, consistent operating surpluses, and strong financial position. The rating also incorporates the township's modest debt burden.

FACTORS THAT COULD LEAD TO AN UPGRADE

- ❖ Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

- ❖ Material deterioration of the tax base and resident wealth and income
- ❖ Sustained declines in reserves and liquidity



Capital Budget- 2022

Police Department

- ❖ Digitizing Records
- ❖ Electronic Fingerprinting
- ❖ Armor / Ammo / Shotguns
- ❖ Mobile Vision Computer/Camera
- ❖ Radar & Other Equipment



Capital Improvement Plan - 2022

Computer Network

- ❖ Computer, Network, Server Upgrades and Maintenance

Finance / Administration

- ❖ Digitization of Records

Code / Fire Prevention

- ❖ SUV (replacement)

Engineering

- ❖ Annual Road & Sidewalk Projects

Recreation

- ❖ Park Improvements

Buildings & Grounds:

- ❖ Building Repairs



Capital Improvement Plan - 2022

DPW / Buildings & Grounds / Parks

- Paving
- Sidewalk Repair
- Equipment



2022 Sewer Utility Fund Overview

Revenues – Sewer Use Charges

2022	2021
\$7,526,150	\$7,348,200

Appropriations - Sewer Utility

2022	2021
\$7,526,150	\$7,348,200



Sewer Fund Expenditure Detail 2022

Debt Service	\$ \$3,436,000
Salaries & Wages	1,156,000
Plant Maintenance	1,869,150
Surplus to Current	300,000
Employee Group Insurance	224,000
Other Expenses	100,000
Insurance – Other	201,000
Pensions	140,000
Legal	<u>100,000</u>
TOTAL	\$ 7,526,150



2022 Budget Calendar

- April 07, 2022 – Budget Presentation & Introduction
- May 05, 2022– Public Hearing and Adoption

Thank you

