



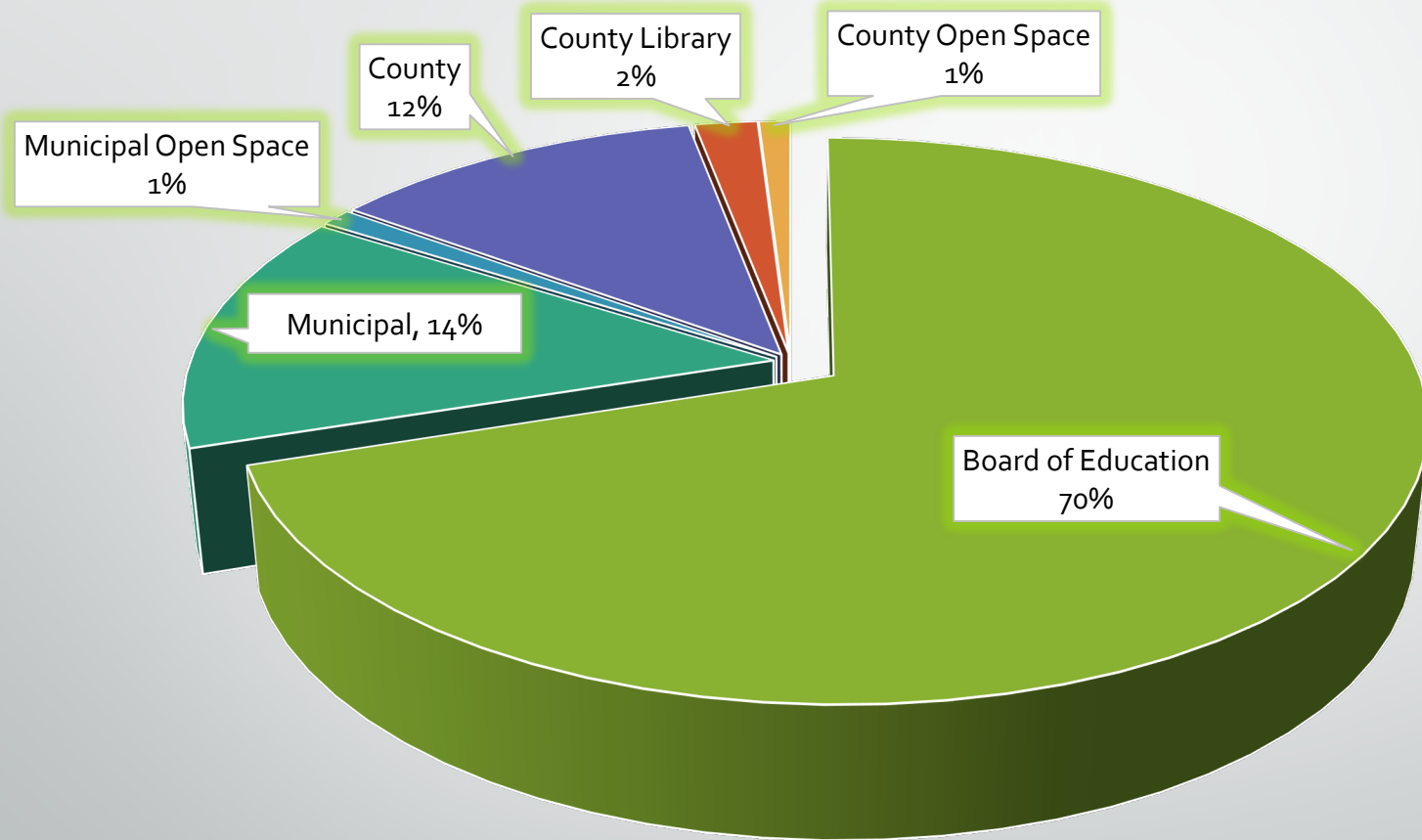
**MONTGOMERY**  
TOWNSHIP, NEW JERSEY

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**2023 Budget Presentation**

**April 06, 2023**

# % Of Property Taxes



# Budget Process

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



# 2023 Budget Cost Drivers

**Increase to 2023 Budget** (excluding grants): **\$ 1,726,140**

## ***Main Cost Drivers (increases):***

<i>Annual Debt</i>	<i>\$847,000 (2022 Bond)</i>
<i>Reserve For Uncollected Taxes</i>	<i>\$300,000</i>
<i>Police Contractual Salaries</i>	<i>\$254,000</i>
<i>Statutory Police Pension Costs</i>	<i>\$134,000</i>
<i>Vehicle Maintenance</i>	<i>\$47,000</i>
<i>Other Contractual Salaries</i>	<i>\$46,450</i>
<i>Liability Insurance</i>	<i>\$40,500</i>
<i>Social Security</i>	<i>\$30,000</i>

# 2023 Budget Snapshot



Township Value

**\$ 4,002,602,803**

▲ **0.53%** Greater Than 2022



Average Assessed Home Value

**\$ 506,228**

▲ **\$406.00** Greater Than 2022



Property Tax Rate

**\$0.454**

▲ **3.85%** Greater Than 2022

# Property Tax Rate Information

## 2023

- ❖ Est. Municipal Tax Rate = 0.454
- ❖ \$0.017 Increase over prior year
- ❖ \$85.28 **ANNUAL** Increase for the average assessed home (AAH)
- ❖ \$7.11 **MONTHLY** Increase on AAH
- ❖ Tax on \$506,228 residence: \$2,297.49

## 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 \$506,228 residence: \$2,212.21



# 2023 Property Tax Calculation 101

❖  $(\text{Tax Levy} / \text{Town Assessment}) \times 100 = \text{Tax Rate}$   
 $(\$18,165,606.17 / \$4,002,602,803) \times 100 = \$\mathbf{0.454}$

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❖  $\text{Average Assessed Home} \times (\text{2023 TR} - \text{2022 TR}) / 100 = \text{Total Municipal Tax Increase}$   
 $\$506,228.00 \times (.454 - .437) / 100 = \mathbf{\$85.28}$

❖ Annual Increase On Avg. Assessed Home:  $\mathbf{\$85.28}$

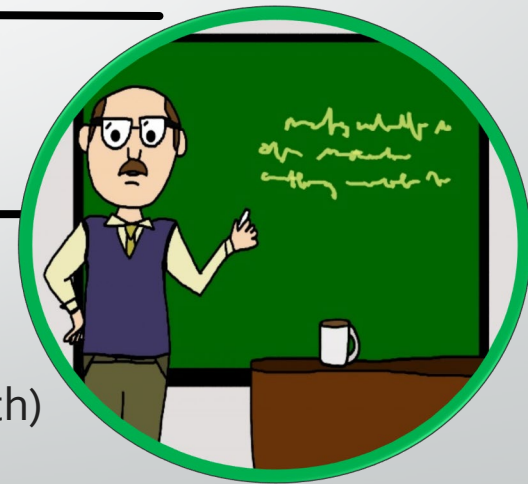
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❖ Monthly Increase on Avg. Assessed Home:  
 $\$85.28 / 12 \text{ months} = \mathbf{\$7.11}$  more per month

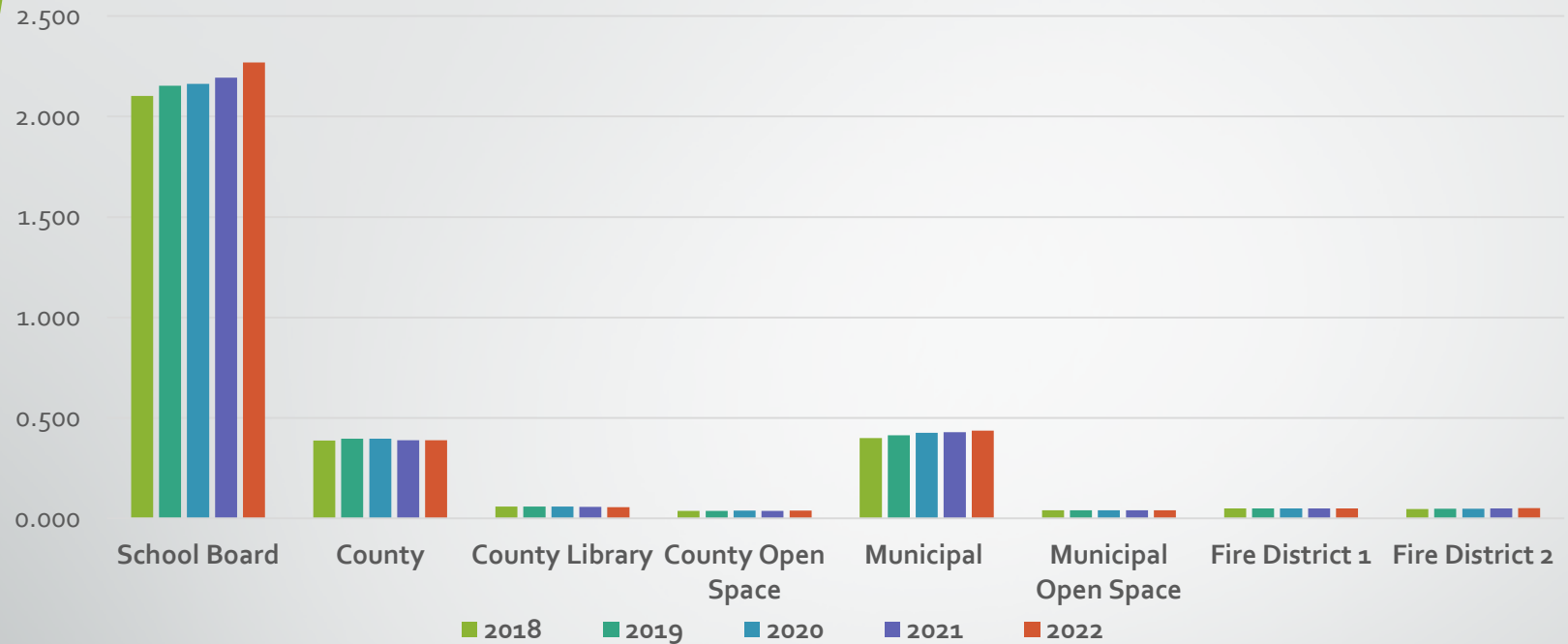
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❖ 2023 Municipal Tax on Avg. Assessed Home:  
 $(\$506,228 \times .454) / 100 = \$2,297.49$  (\$191.46 per month)

*\*Approximately 14% of your total property tax bill\**



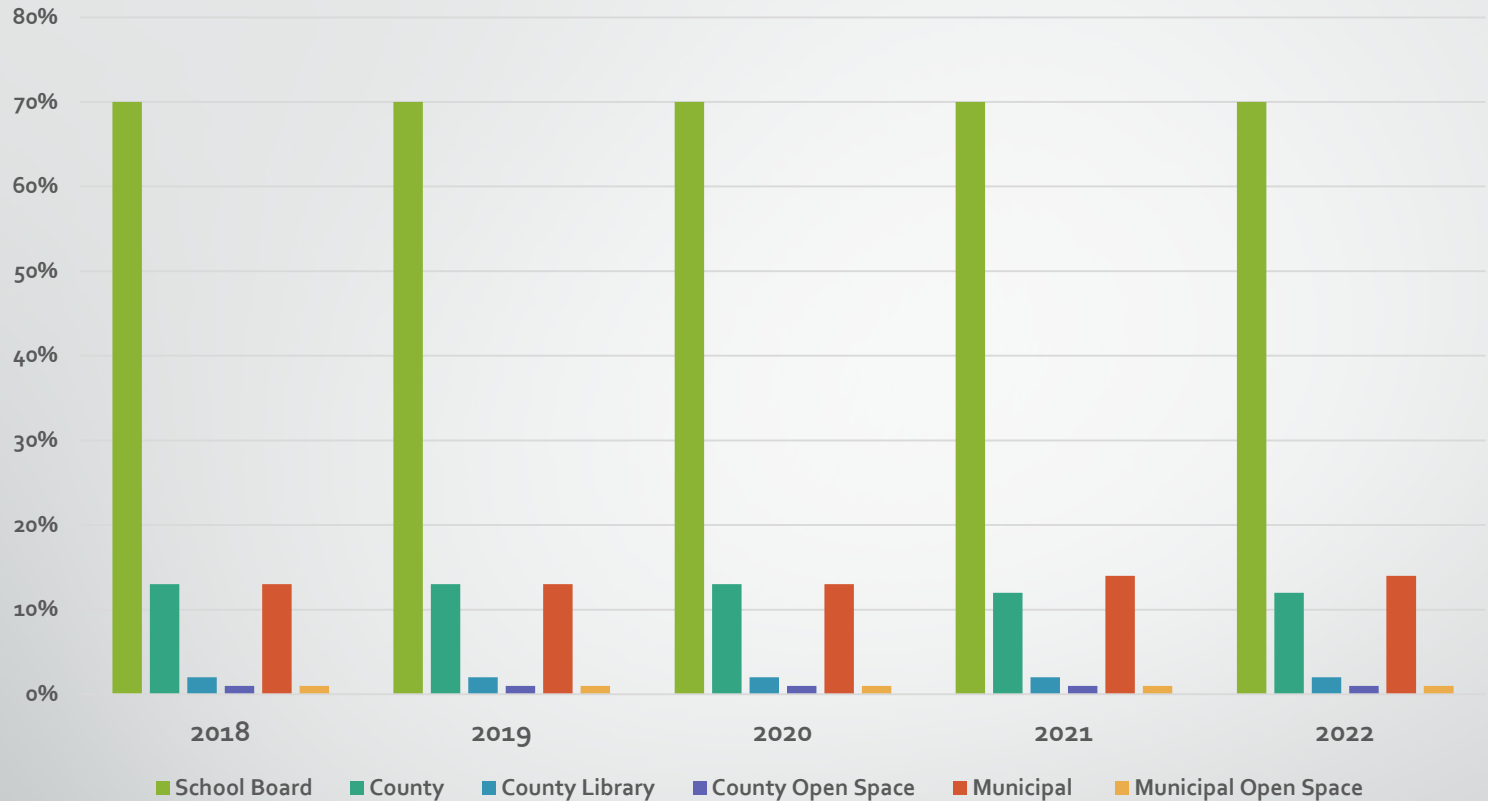
# Tax Rates



	2018	2019	2020	2021	2022
<b>School Board</b>	2.103	2.153	2.162	2.194	2.269
<b>County</b>	0.387	0.397	0.397	0.388	0.389
<b>County Library</b>	0.058	0.058	0.058	0.057	0.056
<b>County Open Space</b>	0.037	0.037	0.038	0.037	0.038
<b>Municipal</b>	0.400	0.413	0.425	0.430	0.437
<b>Municipal Open Space</b>	0.040	0.040	0.040	0.040	0.040
<b>Fire District 1</b>	0.050	0.050	0.049	0.050	0.050
<b>Fire District 2</b>	0.047	0.048	0.048	0.050	0.051



# Tax Dollar



	2018	2019	2020	2021	2022
<b>School Board</b>	70%	70%	70%	70%	70%
<b>County</b>	13%	13%	13%	12%	12%
<b>County Library</b>	2%	2%	1%	2%	2%
<b>County Open Space</b>	1%	1%	1%	1%	1%
<b>Municipal</b>	13%	13%	14%	14%	14%
<b>Open Space</b>	1%	1%	1%	1%	1%

# Montgomery Township 2023 Budget Introduction

## Overview

- Total 2023 Current Fund Budget Appropriations  
**\$35,124,251.21**
- Amount to be raised by Taxes  
**\$18,165,606.17**

# Year Over Year Comparison

2023

Amount to be Raised by  
Property Taxes

\$18,165,606.17

2022

Amount to be Raised by  
Property Taxes

\$ 17,399,967.00

# 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% Appropriations 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% Appropriations 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% Appropriations 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.

# Current Fund 2023 Revenue Sources

❖ Amount to be Raised by Taxes = **\$18,165,606.17**

❖ Surplus = **\$4,143,522.00**

❖ American Rescue Plan Funds = **\$1,210,177.83**

❖ State Aid (Energy Receipts Tax) = **\$1,460,502.94**

❖ Fees & Permits = **\$642,478.06**

❖ Uniform Construction Code Fees = **\$1,100,000.00**

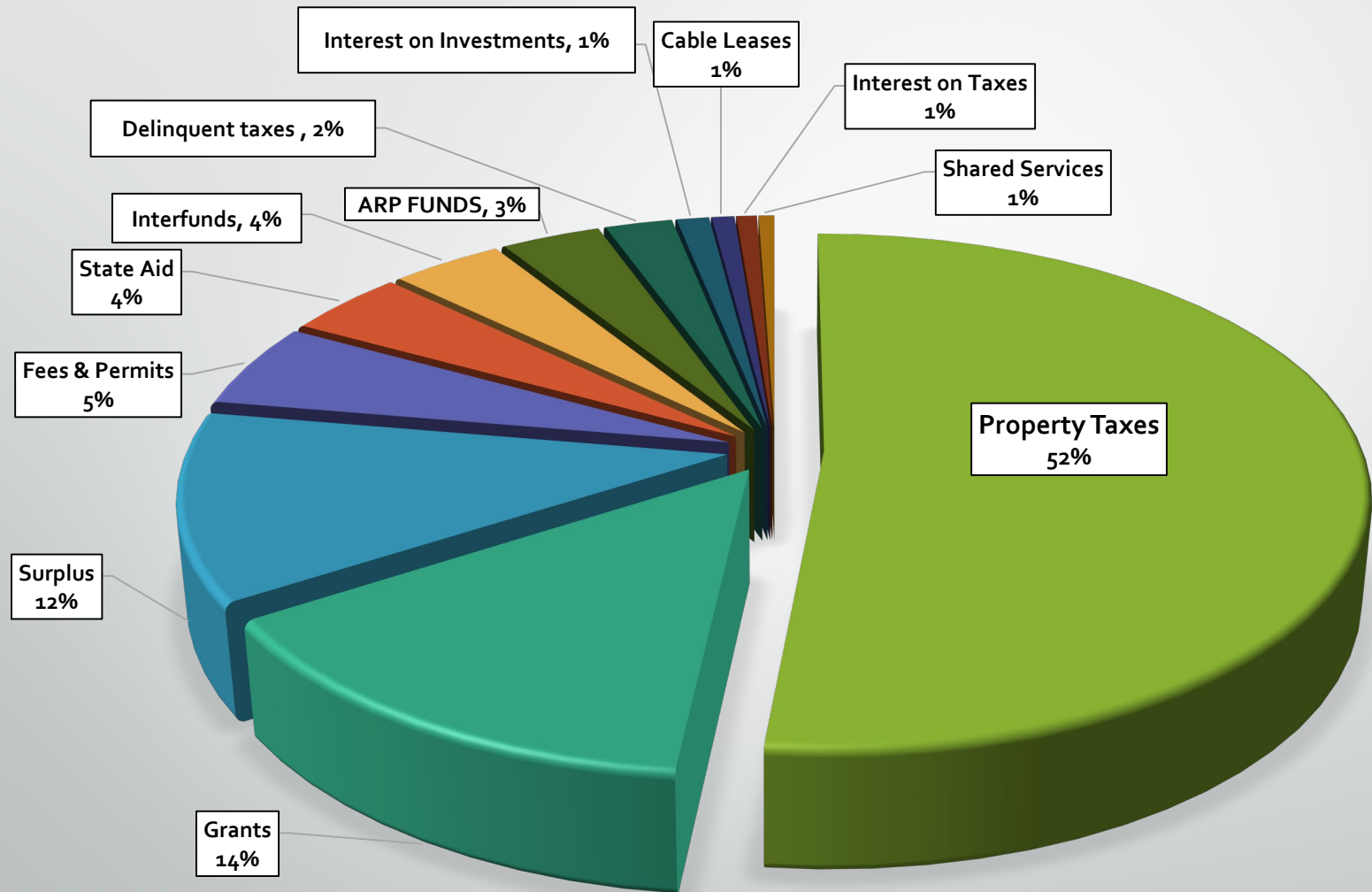
❖ Leases = **\$276,000.00**

❖ Interest/Investments = **\$250,000.00**

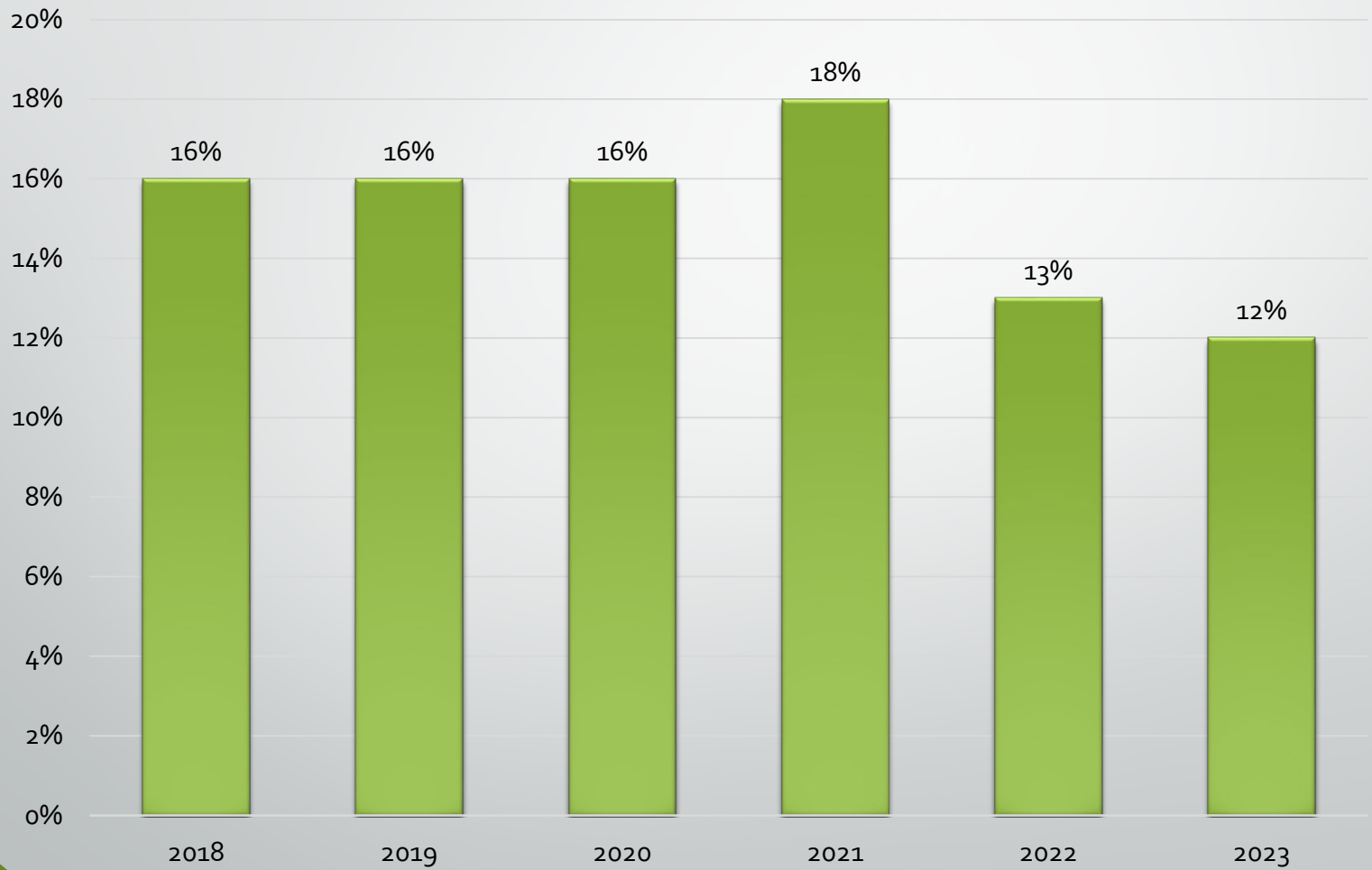
❖ Shared Services = **\$191,287.00**



# 2023 Revenue Sources



# 2023 Surplus - % of Budget



# Grants

- ❖ Body Armor Replacement: \$2,326
- ❖ DOT Grant – Orchard Road: \$368,400
- ❖ County Open Space – ADA Playground: \$350,000
- ❖ Health Capacity Grant – Infrastructure: \$131,997
- ❖ Bulletproofs Vest Protection Grant: \$13,598
- ❖ Recycling Tonnage Grant: \$22,355.84
- ❖ NJACCHO Infection Control: \$2,500
- ❖ Supplemental Fire Grant: \$3,559
- ❖ ARP Grant: \$1,210,177.83
- ❖ Library Debt Grant: \$4,031,250
- ❖ Opioid Grant: \$28,350
- ❖ CDBG: \$30,000



# Current Fund 2023 Major Appropriations

- ❖ Salaries / Wages= **\$10,821,000**
- ❖ Annual Debt Service & Capital = **\$5,514,000**
- ❖ Health Insurance & Liability Ins. = **\$2,688,000**
- ❖ Pensions = **\$2,184,000**
- ❖ Utilities, Garbage, Recycling = **\$1,892,000**
- ❖ Social Security, Unemployment: **\$850,000**
- ❖ Reserve for Uncollected : **\$1,460,000**
- ❖ Vehicle Maintenance: **\$777,000**





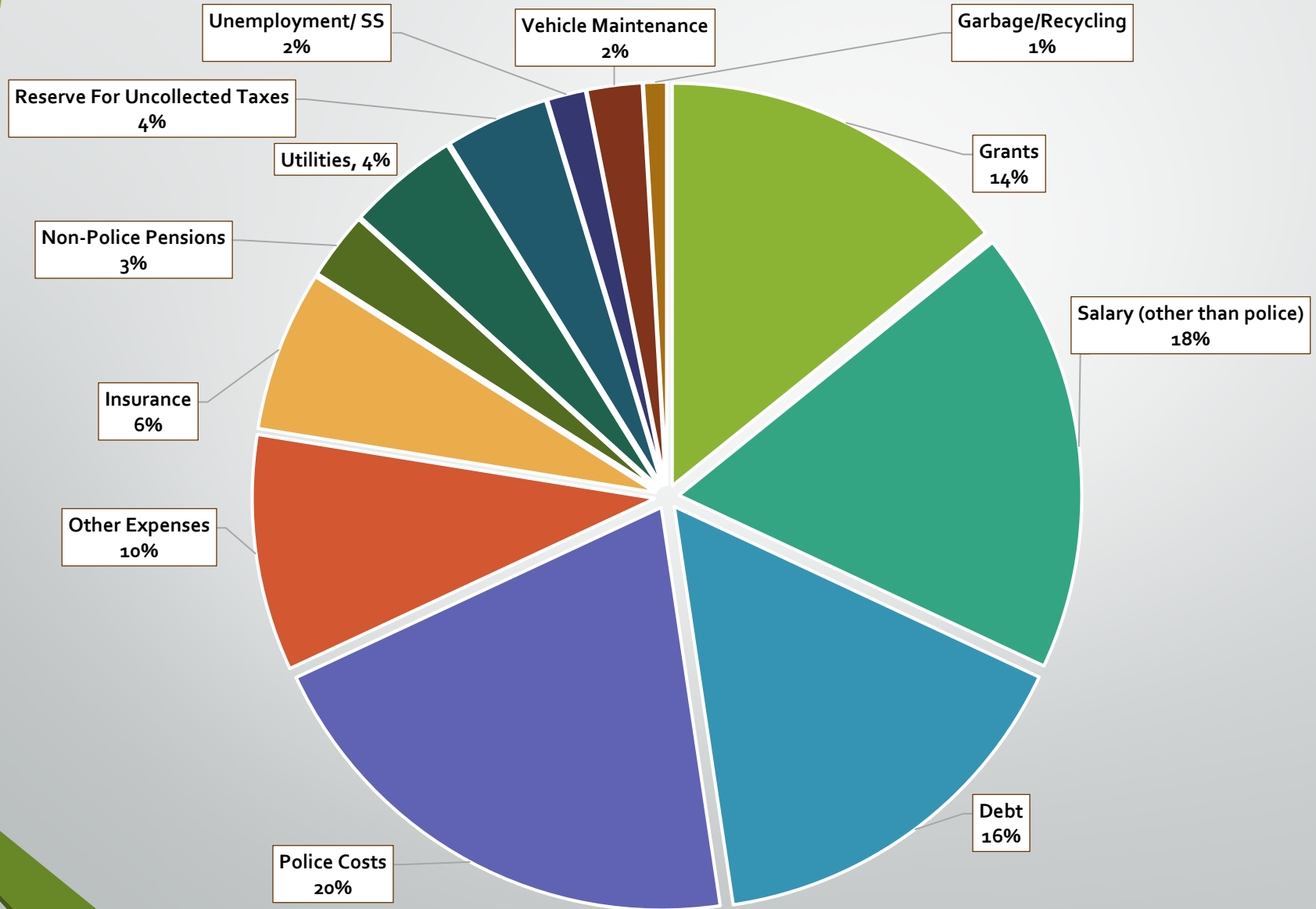
# 2023 Budget Cost Drivers

**Increase to 2023 Budget** (excluding grants): **\$ 1,726,140**

## ***Main Cost Drivers (increases):***

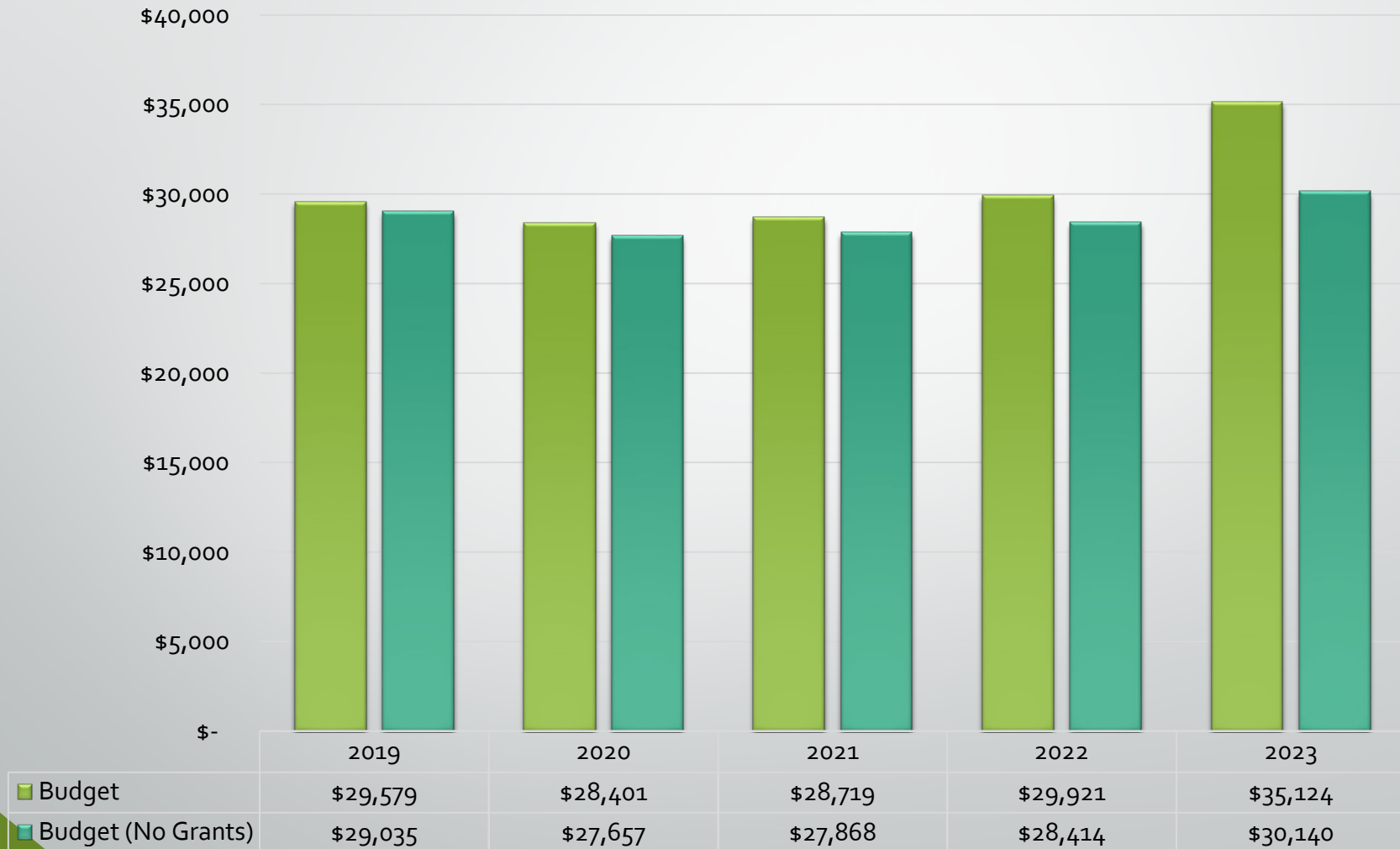
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<i>Social Security</i>	<i>\$30,000</i>

# 2023 Appropriation Sources



# Total Budgeted Appropriations

(000's Omitted)



# 2023 Department Appropriations

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2023 Budget Appropriations	Final 2022 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
POLICE	4,967,000	4,701,000	266,000	5.36%
DPW / STREETS & ROADS	1,867,500	1,804,000	63,500	3.40%
HEALTH	626,800	700,800	(74,000)	-11.81%
RECREATION	871,000	917,300	(46,300)	-5.32%
PARKS MAINTENANCE (REC DIVISION)	620,500	610,500	10,000	1.61%
CONSTRUCTION CODE	616,000	607,500	8,500	1.38%
FINANCIAL ADMINISTRATION	631,900	702,350	(70,450)	-11.15%
ENGINEERING & GIS	651,750	649,750	2,000	0.31%

# 2023 Department Appropriations

DEPARTMENTS	Final 2022			
	2023 Budget Appropriations	Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
BUILDINGS & GROUNDS	506,200	394,000	112,200	22.17%
CLERK	299,400	295,450	3,950	1.32%
ADMINISTRATIVE & EXECUTIVE	517,600	408,600	109,000	21.06%
DATA PROCESSING	365,470	257,000	108,470	29.68%
TAX COLLECTION & ASSESSMENT	258,650	253,500	5,150	1.99%
PLANNING	422,000	448,800	(26,800)	-6.35%
FIRE PREVENTION	220,000	190,000	30,000	13.64%

# 2023 Department Appropriations

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2023 Budget Appropriations	Final 2022 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
<b>INSURANCES</b>				
EMPLOYEE GROUP HEALTH	1,896,000	1,913,000	(17,000)	-0.90%
LIABILITY INSURANCE	541,000	500,500	40,500	7.49%
WORKERS COMPENSATION	251,000	250,000	1,000	0.40%
<b>SUBTOTAL INSURANCES</b>	<b>2,688,000</b>	<b>2,663,500</b>	<b>24,500</b>	<b>0.91%</b>
<b>PENSIONS</b>				
PFRS	1,234,000	1,100,000	134,000	10.86%
PERS	950,000	960,000	(10,000)	-1.05%
<b>TOTAL PENSIONS</b>	<b>2,184,000</b>	<b>2,060,000</b>	<b>124,000</b>	<b>5.68%</b>
<b>CAPITAL IMPROVEMENT FUND</b>	<b>163,170</b>	<b>135,000</b>	<b>28,170</b>	<b>17.26%</b>
<b>DEBT SERVICE &amp; DEFERRED CHARGES</b>	<b>5,514,000</b>	<b>4,667,000</b>	<b>847,000</b>	<b>15.36%</b>
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>1,460,000</b>	<b>1,150,000</b>	<b>310,000</b>	<b>21.23%</b>

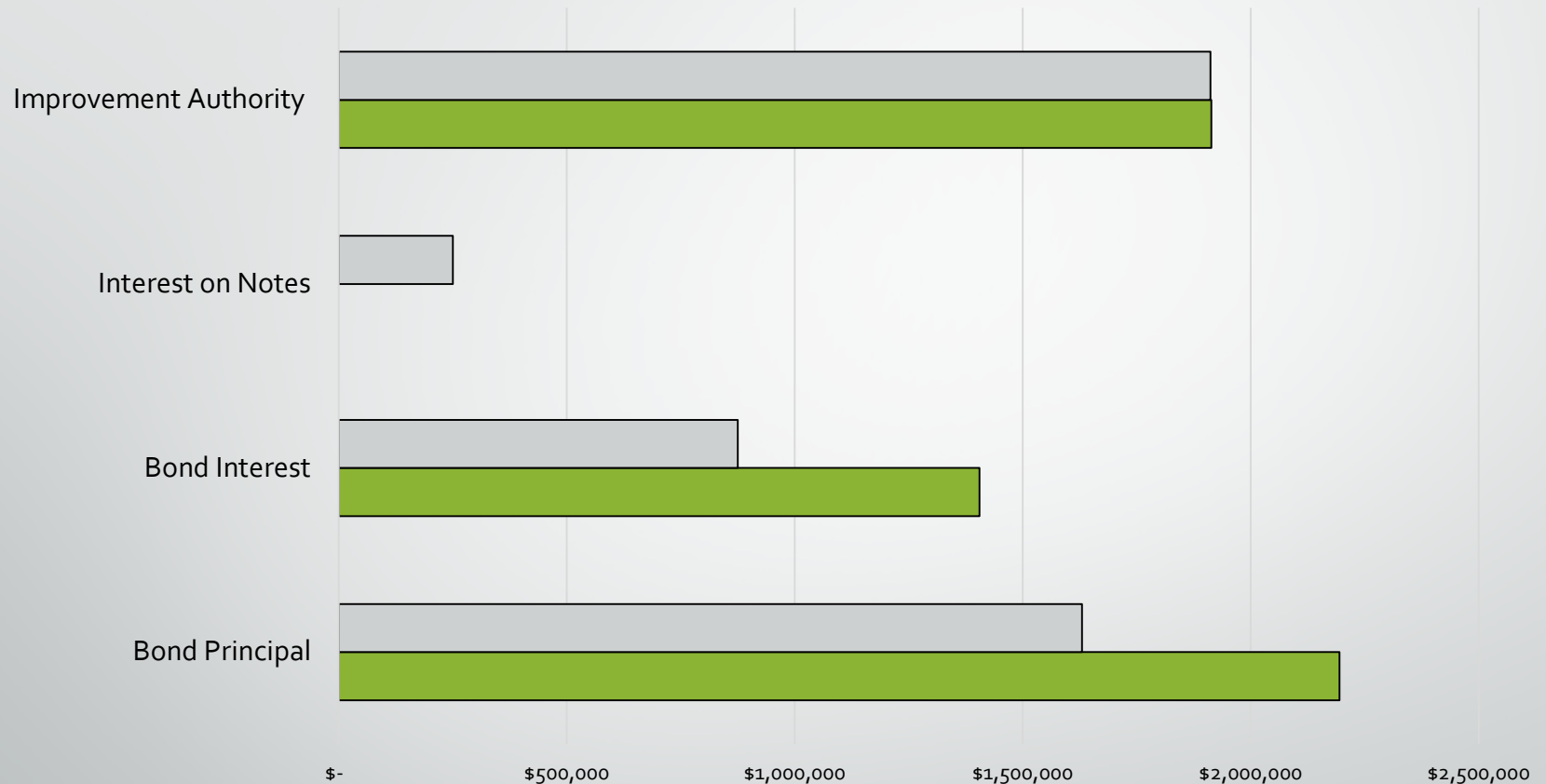


# Budgeted - Total Salaries

(ooo's Omitted)



# Annual Debt Payments



	Bond Principal	Bond Interest	Interest on Notes	Improvement Authority
2022	\$1,630,000	\$875,000	\$250,000	\$1,912,000
2023	\$2,195,000	\$1,405,000	\$-	\$1,914,000

2022 2023

# Debt Service Detail

## Outstanding General Serial Bonds

❖ 2022 General Improvement Bond - \$17,866,000	
❖ 2012 General Improvement Bond - \$ 9,030,000	
❖ 2017 General Improvement Bonds - \$ 5,490,000	
❖ 2018 General Improvement Bonds - \$ 5,380,000	
	<hr/>
	\$ 37,766,000

## Outstanding Notes

❖ N/A	
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## Debt Authorized but not issued:

❖ 2022 Capital Projects	\$ 2,150,340
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## Improvement Authority Loans:

❖ Municipal Complex	\$33,780,000
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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- 2023

## Police Department - \$100,300

- ❖ Speed Trailers
- ❖ Armor / Ammo / Shotguns
- ❖ Alcotest Machine
- ❖ AED's
- ❖ Radar Equipment
- ❖ Other Equipment
- ❖ Automated License Plate Reader





# Capital Budget- 2023

## Computer Network - \$26,000

- ❖ Computer, Network, Server Upgrades and Maintenance

## GIS - \$25,000

- ❖ Server

## Engineering - \$1,417,500

- ❖ Annual Road & Sidewalk Projects

## Parks - \$69,000

- ❖ Equipment Replacements (electric equipment)

## Recreation - \$65,000

- ❖ Park Improvements

## Buildings & Grounds - \$1,100,000

- ❖ Demolition of old Municipal Building





# Capital Budget- 2023

## DPW / Streets & Roads - \$754,000

- Paving
- Sidewalk Repair
- Replacement of Equipment

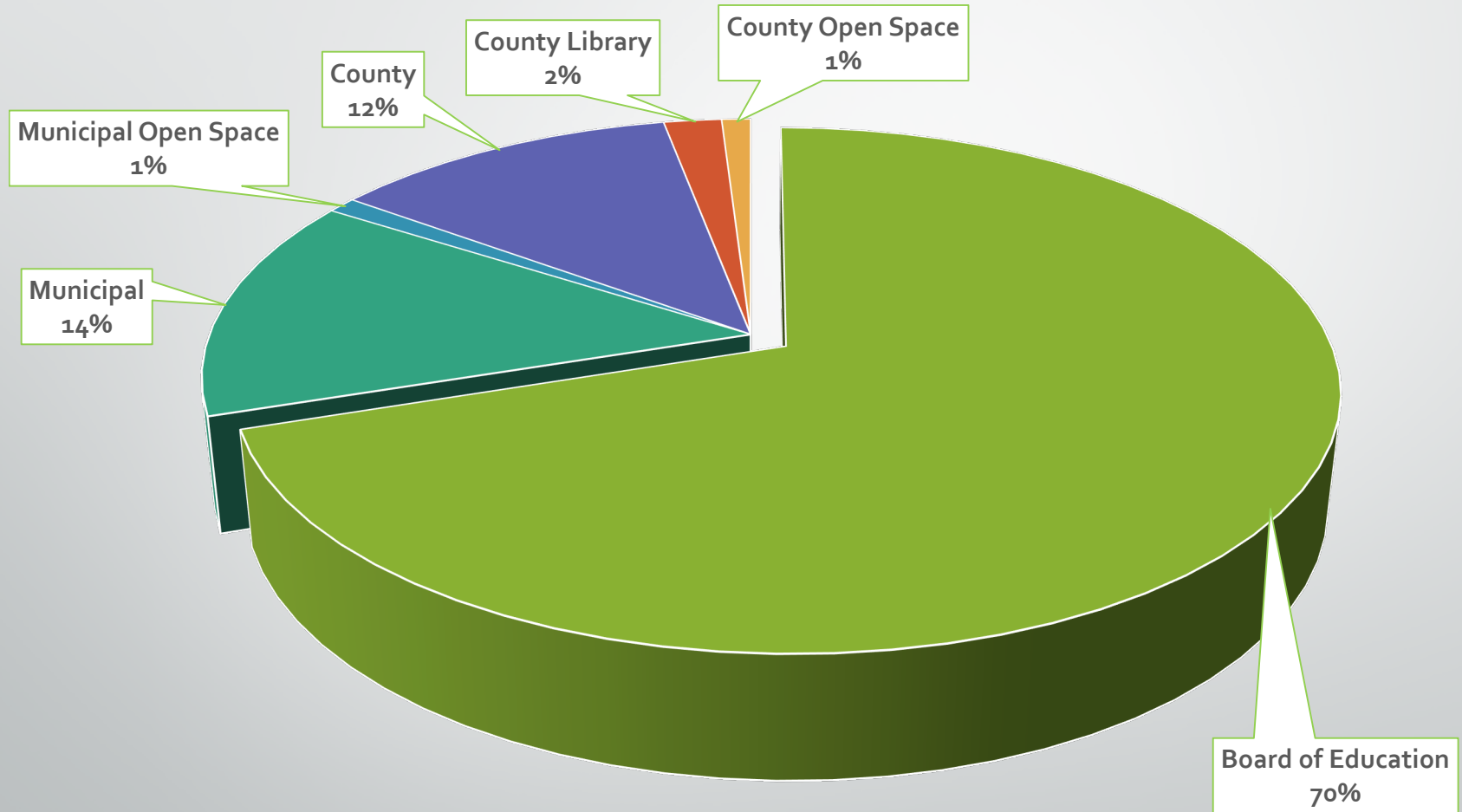


# 2023 Estimated Tax Rate

Entity	Tax Rate	% of Tax Rate
Board of Education	2.308	70%
Municipal	0.454	14%
Municipal Open Space	0.040	1%
County (est.)	0.389	12%
County Library (est.)	0.056	2%
County Open Space (est)	0.038	1%
Total	<hr/> \$3.285	
• Fire District 1	0.050	
• Fire District 2	0.051	

1.73% Overall Tax Rate Increase

# % of Property Tax Bill



# 2023 Sewer Utility Budget Overview

## Revenues – Sewer Use Charges

**2023**

\$7,849,100

**2022**

\$ 7,526,150

## Appropriations - Sewer Utility

**2023**

\$7,849,100

**2022**

\$ 7,526,150





# Sewer Utility Cost Drivers

Total 2023 Budget Increase: \$ 322,950

## ***Cost Drivers:***

*Annual Debt* \$229,000

*Contractual Increases* \$20,000

*Statutory Pension Costs* \$10,000

*Liability Insurance* \$18,000

*Plant Operations* \$39,950

*Other* \$6,000



# Sewer Utility Budget Appropriations

Debt Service	\$3,665,000
Salaries & Wages	1,176,000
Plant Maintenance	1,909,100
Surplus to Current	300,000
Employee Group Insurance	227,000
Other Expenses	103,000
Insurance – Other	219,000
Pensions	150,000
Legal	<u>100,000</u>
<b>TOTAL</b>	<b>\$ 7,849,100</b>



# Sewer Utility Budget Capital

Sewer Department - \$250,000

- ❖ Collection Systems Pipe Lining
- ❖ Submersible Pump Maintenance & Repairs
- ❖ Maintenance Hole Rehabilitation



# Sewer Rate History

YEAR	BASE FEE	USAGE FEE (per 1000 gal)
2023	\$276.00	\$14.79
2022	\$266.00	\$14.50
2021	\$266.00	\$14.30
2020	\$266.00	\$14.30
2019	\$266.00	\$14.05
2018	\$266.00	\$13.80
2017	\$266.00	\$13.50
2016	\$266.00	\$13.26



# 2023 Budget Calendar

- April 06, 2023 – Budget Presentation & Introduction
- May 04, 2023– Public Hearing and Adoption

*Thank you*

