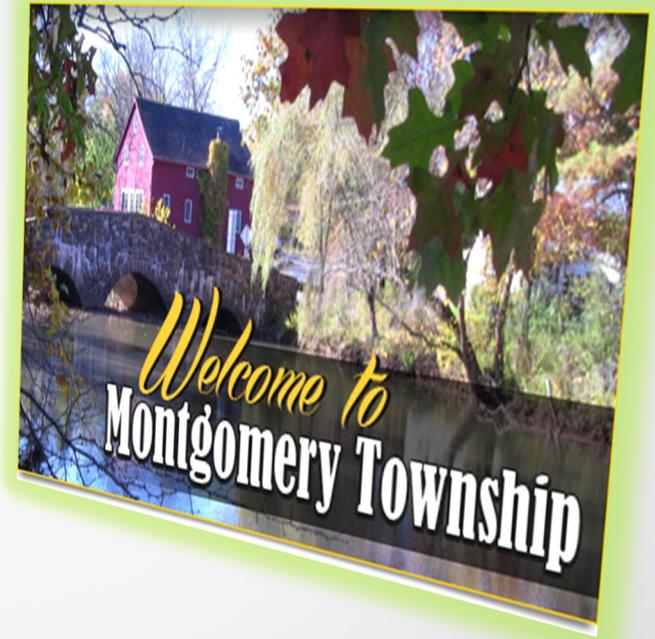


# Township of Montgomery



2021

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Budget Presentation

April 01, 2021

# THE PROCESS

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



# COVID-19 BUDGET IMPACT

- ❖ Revenues
- ❖ Expenses
- ❖ Net Valuation
- ❖ Reserves
- ❖ State & Federal Aid
- ❖ Future Budgets

**I GOT  
MY COVID-19  
VACCINE!**



# 2021 Budget Snapshot



Township Value

**\$ 3,940,564,795**

▲ **0.52%** Greater Than 2020



Average Assessed Home Value

**\$ 503,640**

▲ **0.30%** Greater Than 2020



Property Tax Rate

**\$0.430**

▲ **1.09%** Greater Than 2020

# Property Tax Rate Information

2021

- ❖ Est. Municipal Tax Rate = 0.430
- ❖ \$0.005 Increase over prior year
- ❖ \$23.24 **ANNUAL** Increase for the average assessed home
- ❖ \$1.94 **MONTHLY** Increase
- ❖ Tax on 2021 Avg. Ass. Home: \$2,163.26

2020

- ❖ Est. Municipal Tax Rate = 0.425
- ❖ \$0.012 Increase over prior year
- ❖ \$59.81 **ANNUAL** Increase for the average assessed home
- ❖ \$4.99 **MONTHLY** Increase
- ❖ Tax on 2021 Avg. Ass. Home: \$2,140.02



**1.09% Tax Rate Increase**

# 2021 Property Tax Calculation 101

❖ (Town Assessment / Taxes Raised) x 100 = Tax Rate  
( $\$3,940,564,795 / 16,925,729$ ) x 100 = **\\$0.430**

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❖ Average Assessed Home x (2021 TR – 2020 TR) / 100 = Total Municipal Tax Increase  
 $\$503,640 \times (.430 - .425) / 100 =$  **\\$23.24**

❖ Annual Increase On Avg. Assessed Home: **\\$23.24**

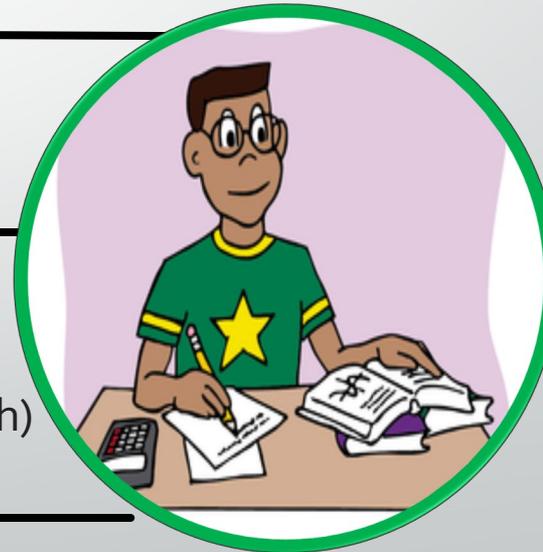
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❖ Monthly Increase on Avg. Assessed Home:  
 $\$23.24 / 12 \text{ months} =$  **\\$1.94** more per month

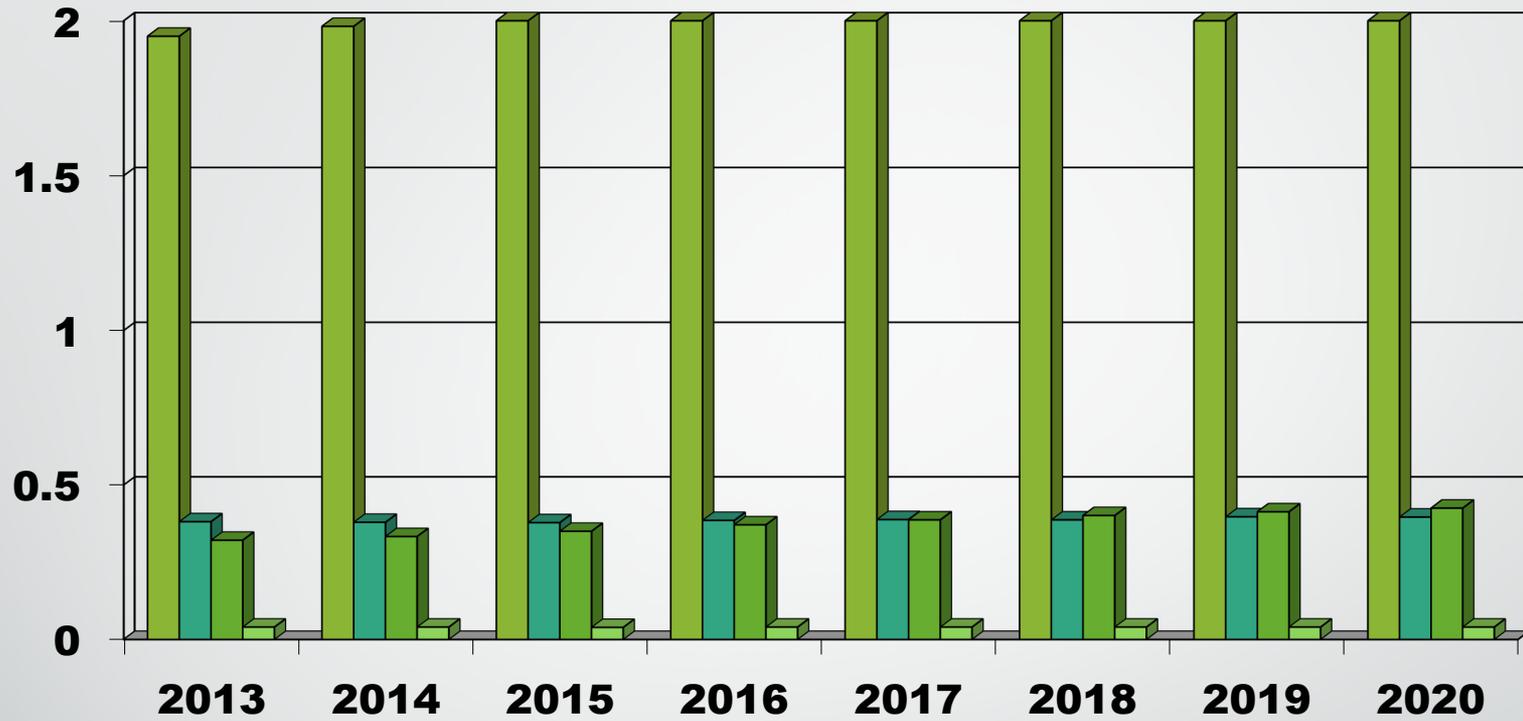
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❖ 2021 Municipal Tax on Avg. Assesd Home:  
 $(\$503,640 * .430) / 100 =$  **\\$2,163.26** (**\\$180.27** per month)

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

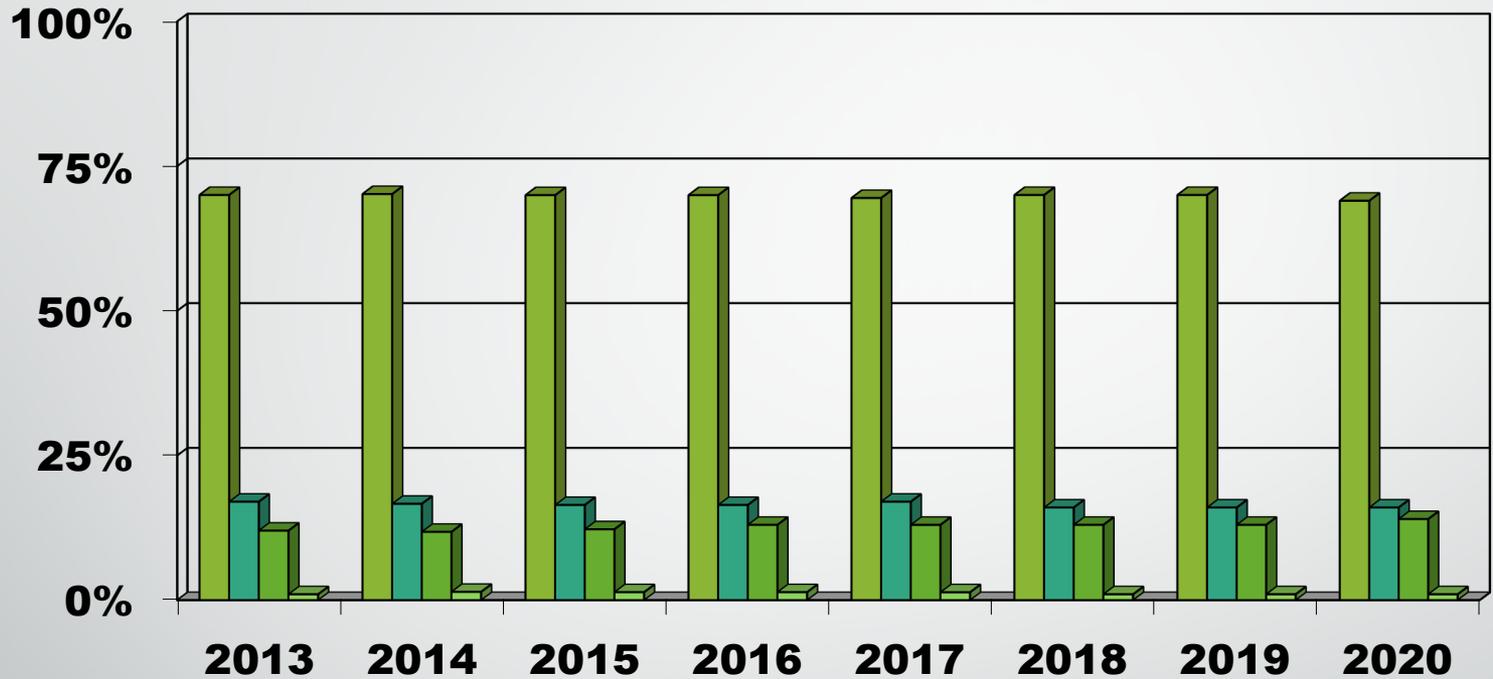


# Tax Rates



	2013	2014	2015	2016	2017	2018	2019	2020
School Board	1.950	1.982	2.001	2.036	2.069	2.103	2.153	2.162
County	0.381	0.379	0.378	0.385	0.388	0.387	0.397	0.396
County Library	0.055	0.055	0.056	0.057	0.057	0.058	0.058	0.058
County Open Space	0.038	0.036	0.036	0.037	0.037	0.037	0.037	0.037
Municipal	0.321	0.333	0.350	0.370	0.387	0.401	0.413	0.425
Municipal Open Space	0.040	0.040	0.039	0.040	0.040	0.040	0.040	0.040

# Tax Dollar



Year	2013	2014	2015	2016	2017	2018	2019	2020
School Board	70%	70%	70%	70%	70%	70%	70%	69%
County	17%	17%	17%	17%	17%	16%	16%	16%
Municipal & Open Space	13%	13%	13%	13%	13%	14%	14%	15%

# Montgomery Township 2021 Budget Introduction

## Overview

- Total 2021 Current Fund Budget Appropriations  
**\$28,217,400**
- Amount to be raised by Taxes  
**\$16,925,729**

# Year over Year Comparison

2021

Amount to be Raised by  
Property Taxes

\$16,925,729

2020

Amount to be Raised by  
Property Taxes

\$ 16,657,280

**The 2018, 2019 and 2020 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

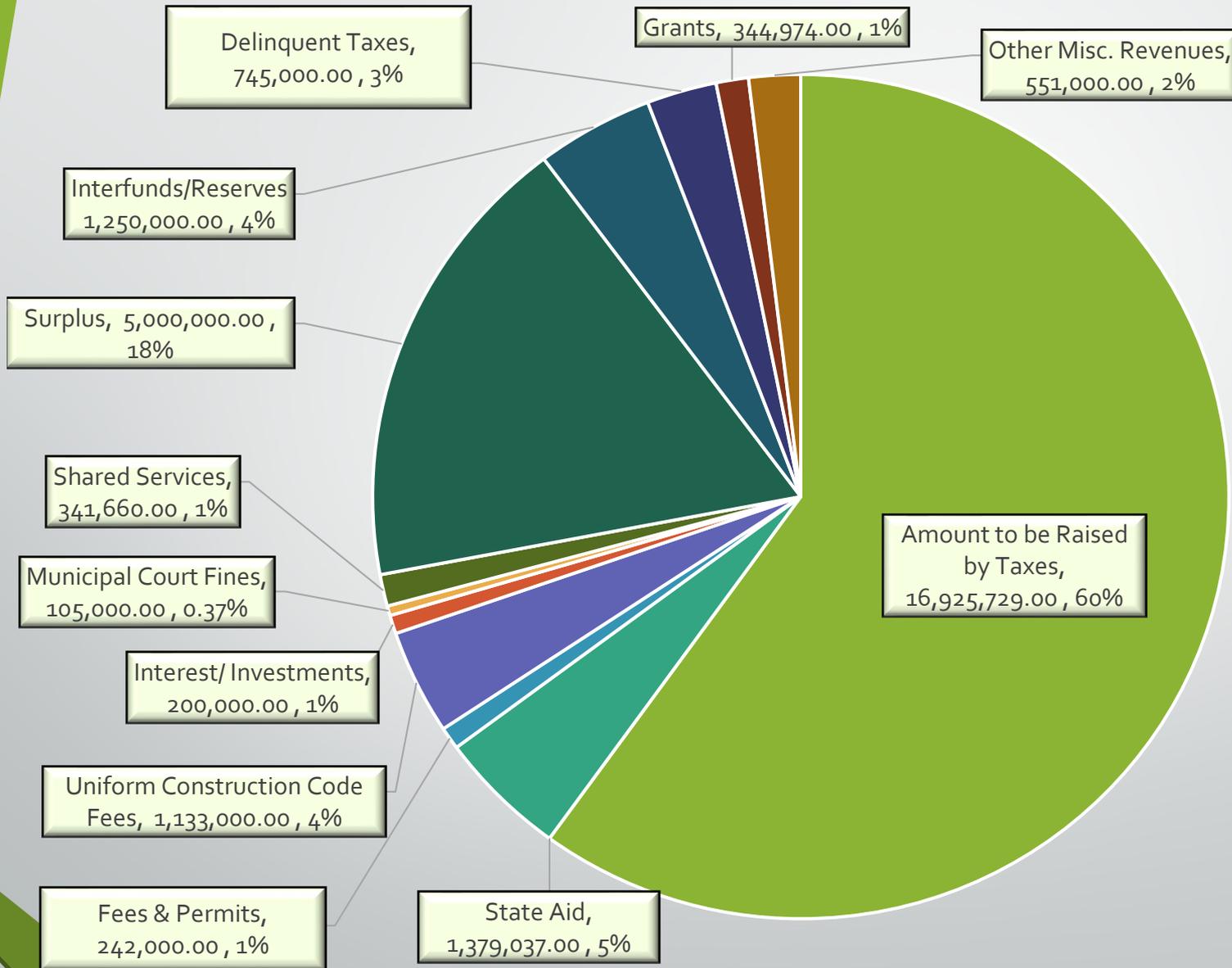
- ❖ The 2.5% cap relates only to “inside the cap” appropriations. The law limits the increase in inside the cap appropriations from year to year to 2.5% or the state’s cost of living adjustment (COLA), whichever is lower. This year the state’s COLA is 1.0 %. The state also allows a municipality, by ordinance, to increase the COLA percentage to **3.5%**.

# 2.5% APPROPRIATION CAP

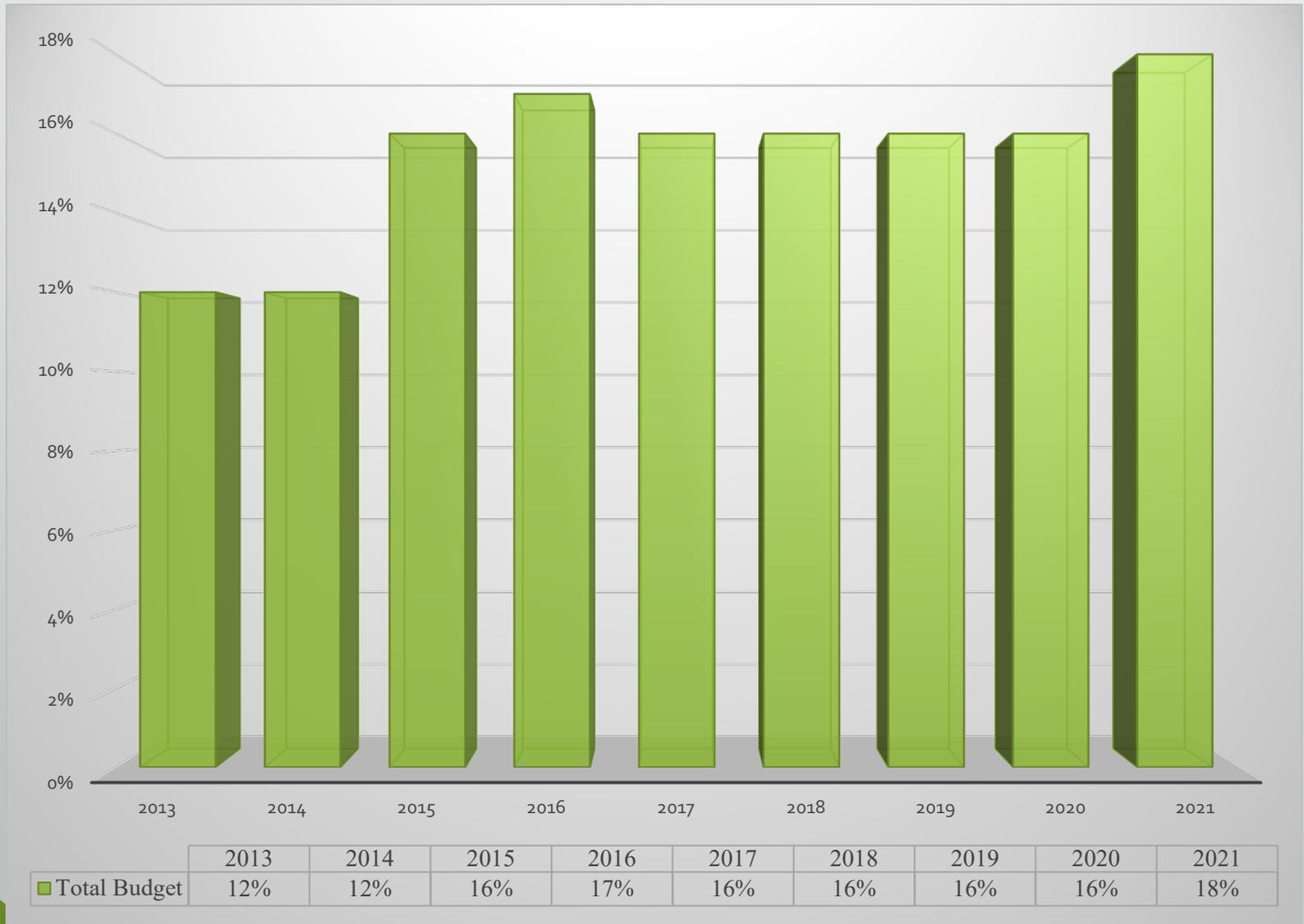
- ❖ The 3.5% ordinance, it does not indicate that the tax rate will increase by 3.5%. People often get this confused. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior year's inside the cap appropriations. Again, doing so does not automatically 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.



# 2021 Revenue Sources



# 2021 Surplus Used - % of Budget



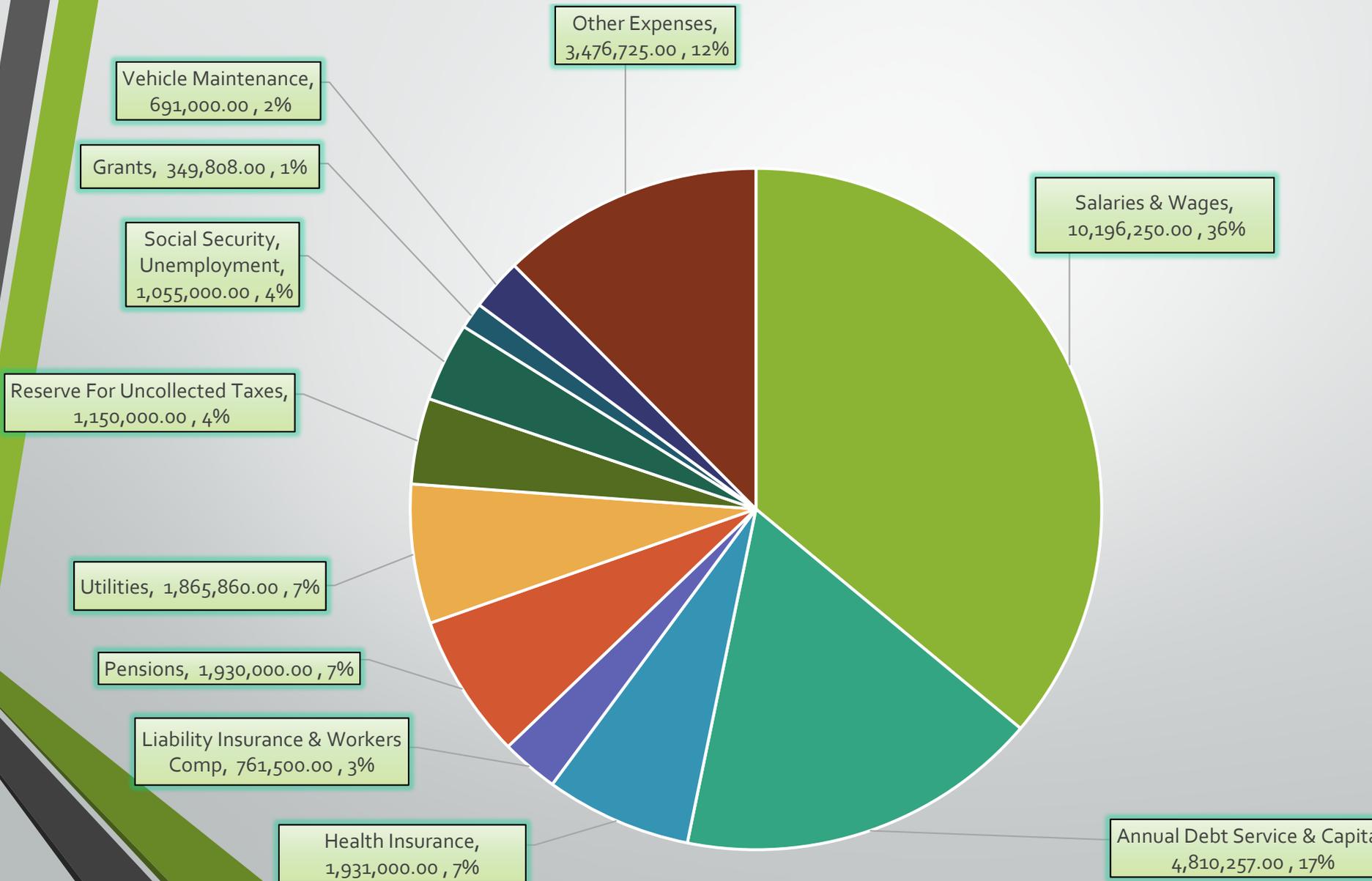


# Current Fund 2021 Major Appropriations

- ❖ Salaries / Wages= **\$10,196,250**
- ❖ Annual Debt Service & Capital = **\$4,810,267**
- ❖ Health Insurance & Liability Ins. = **\$2,692,500**
- ❖ Pensions = **\$1,930,000**
- ❖ Utilities, Garbage, Recycling = **\$1,865,860**
- ❖ Social Security, Unemployment: **\$1,055,000**
- ❖ Reserve for Uncollected : **\$1,150,000**
- ❖ Vehicle Maintenance: **\$691,000**

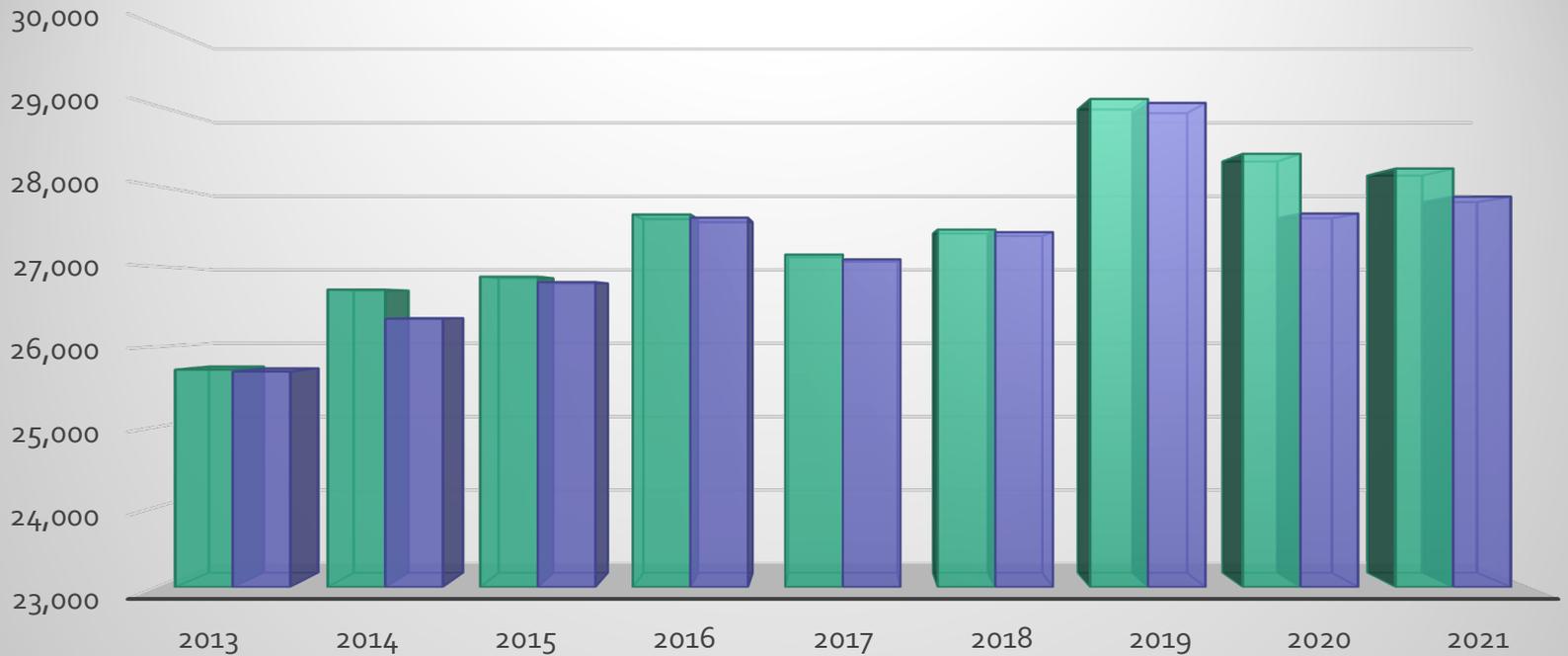


# 2021 Appropriation Sources



# Total Budgeted Appropriations

(000's Omitted)



	2013	2014	2015	2016	2017	2018	2019	2020	2021
■ Budget	25,712	26,710	26,872	27,646	27,146	27,457	29,084	28,401	28,217
■ Budget (no grants)	25,689	26,348	26,804	27,606	27,087	27,426	29,035	27,657	27,868

■ Budget ■ Budget (no grants)

# 2021 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2021 Budget Appropriations	Final 2020 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
POLICE	4,523,000	4,356,000	167,000	3.69%
STREETS & ROADS	1,574,500	1,540,500	34,000	2.16%
HEALTH	786,800	610,800	176,000	22.37%
RECREATION	635,750	986,750	(351,000)	-55.21%
PARKS	591,000	595,500	(4,500)	-0.76%
CONSTRUCTION CODE	588,000	678,400	(90,400)	-15.37%
FINANCIAL ADMINISTRATION	563,100	553,400	9,700	1.72%
ENGINEERING	530,750	514,750	16,000	3.01%

# 2021 DEPARTMENT EXPENSES

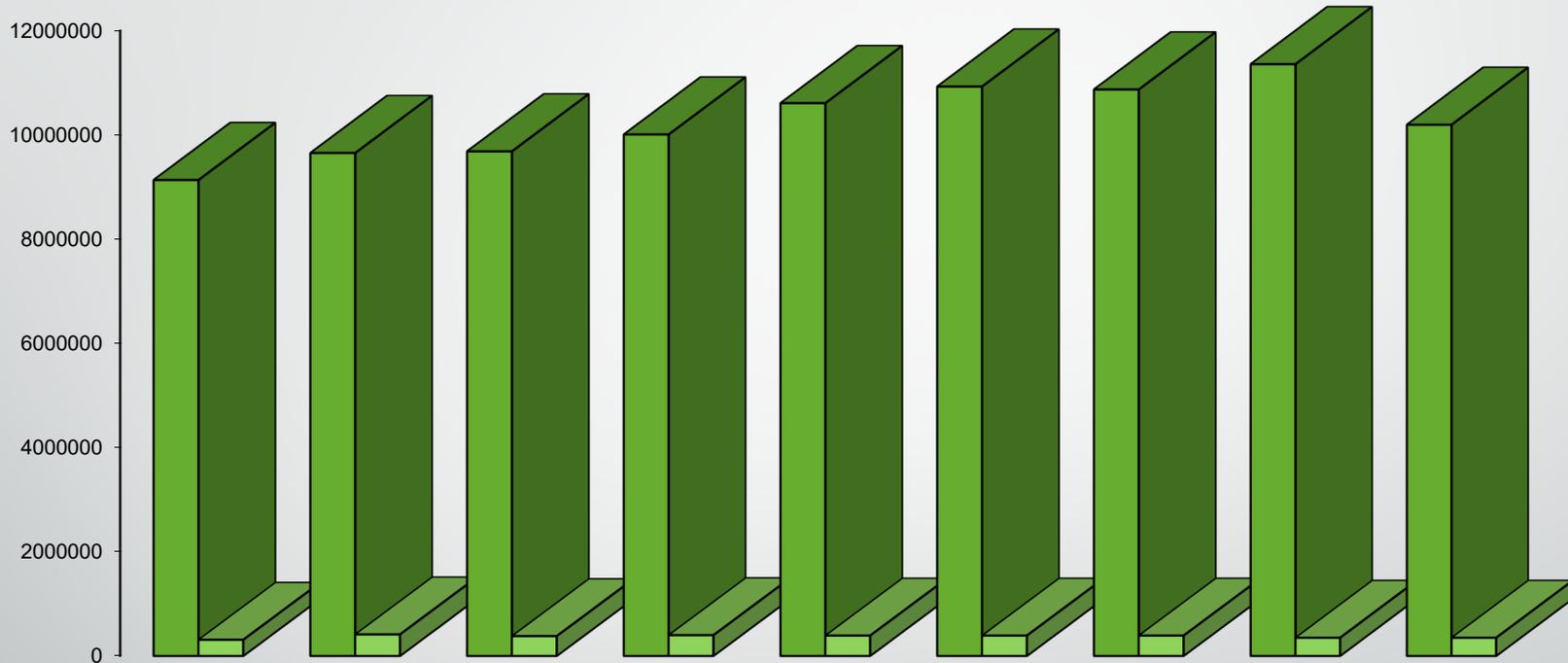
DEPARTMENTS	2021 Budget Appropriations	Final 2020	Increase / Decrease \$	Increase / Decrease %
		Budget Appropriations		
BUILDINGS & GROUNDS	367,000	356,100	10,900	2.97%
CLERK	309,400	284,500	24,900	8.05%
ADMINISTRATIVE & EXECUTIVE	344,100	408,600	(64,500)	-18.74%
DATA PROCESSING	272,000	289,700	(17,700)	-6.51%
TAX COLLECTION & ASSESSMENT	254,500	252,200	2,300	0.90%
PLANNING	306,100	317,400	(11,300)	-3.69%
FIRE PREVENTION	210,500	183,500	27,000	12.83%
GIS	103,000	103,000	-	0.00%

# 2021 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2021 Budget Appropriations	Final 2020 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
<b>INSURANCES</b>				
EMPLOYEE GROUP HEALTH	1,931,000	2,183,000	(252,000)	-13.05%
LIABILITY INSURANCE	522,500	497,500	25,000	4.78%
WORKERS COMPENSATION	239,000	247,000	(8,000)	-3.35%
<b>SUBTOTAL INSURANCES</b>	<b>2,692,500</b>	<b>2,927,500</b>	<b>(235,000)</b>	<b>-8.73%</b>
<b>PENSIONS</b>				
PFRS	1,035,000	976,000	59,000	5.70%
PERS	895,000	791,000	104,000	11.62%
<b>TOTAL PENSIONS</b>	<b>1,930,000</b>	<b>1,767,000</b>	<b>163,000</b>	<b>8.45%</b>
<b>CAPITAL IMPROVEMENT FUND</b>	<b>107,500</b>	<b>95,000</b>	<b>12,500</b>	<b>11.63%</b>
<b>DEBT SERVICE &amp; DEFERRED CHARGES</b>	<b>4,702,757</b>	<b>4,345,280</b>	<b>357,477</b>	<b>7.60%</b>
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>1,150,000</b>	<b>1,050,000</b>	<b>100,000</b>	<b>8.70%</b>

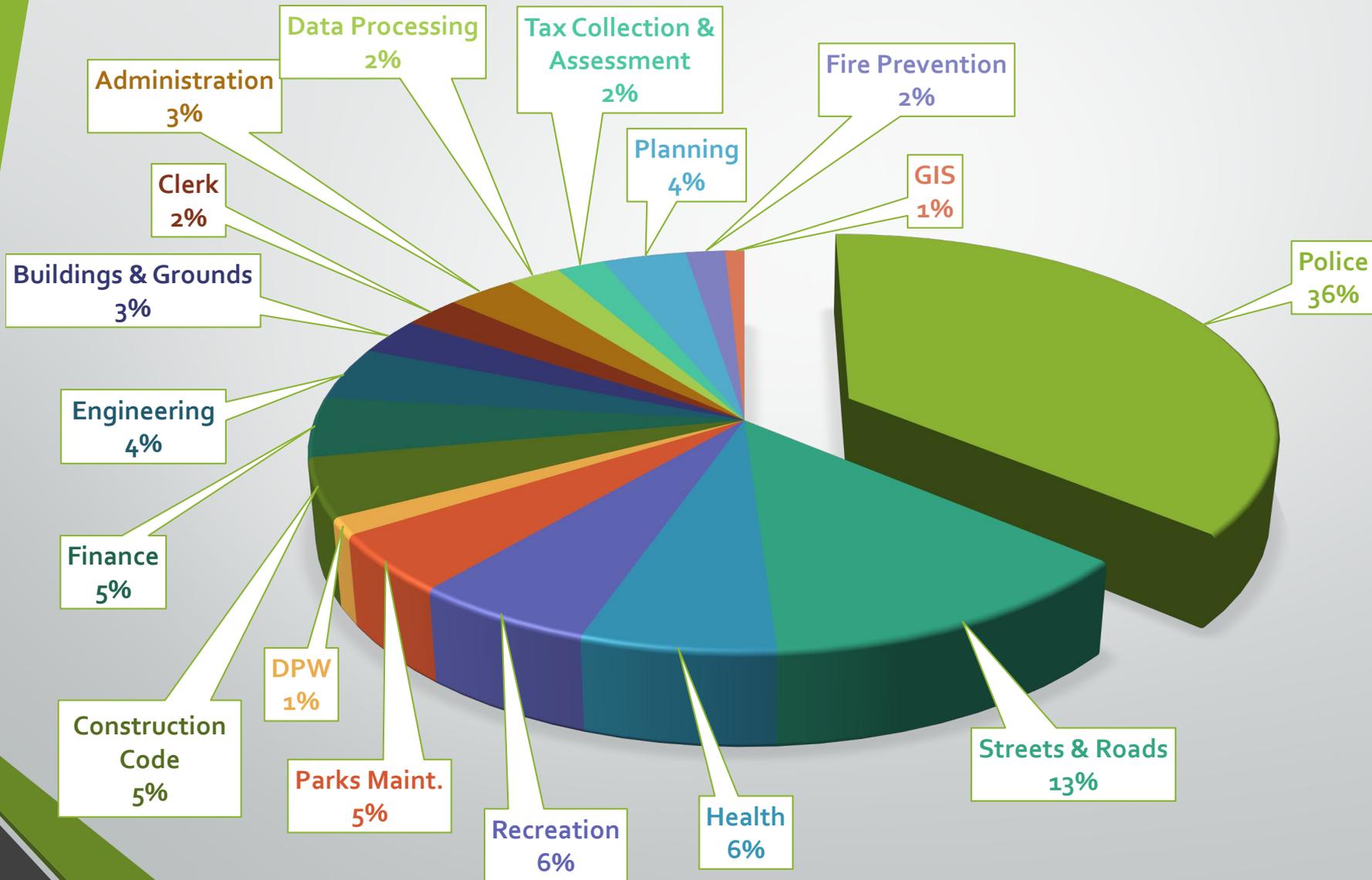
# Budgeted - Total Salaries & OT

(ooo's Omitted)

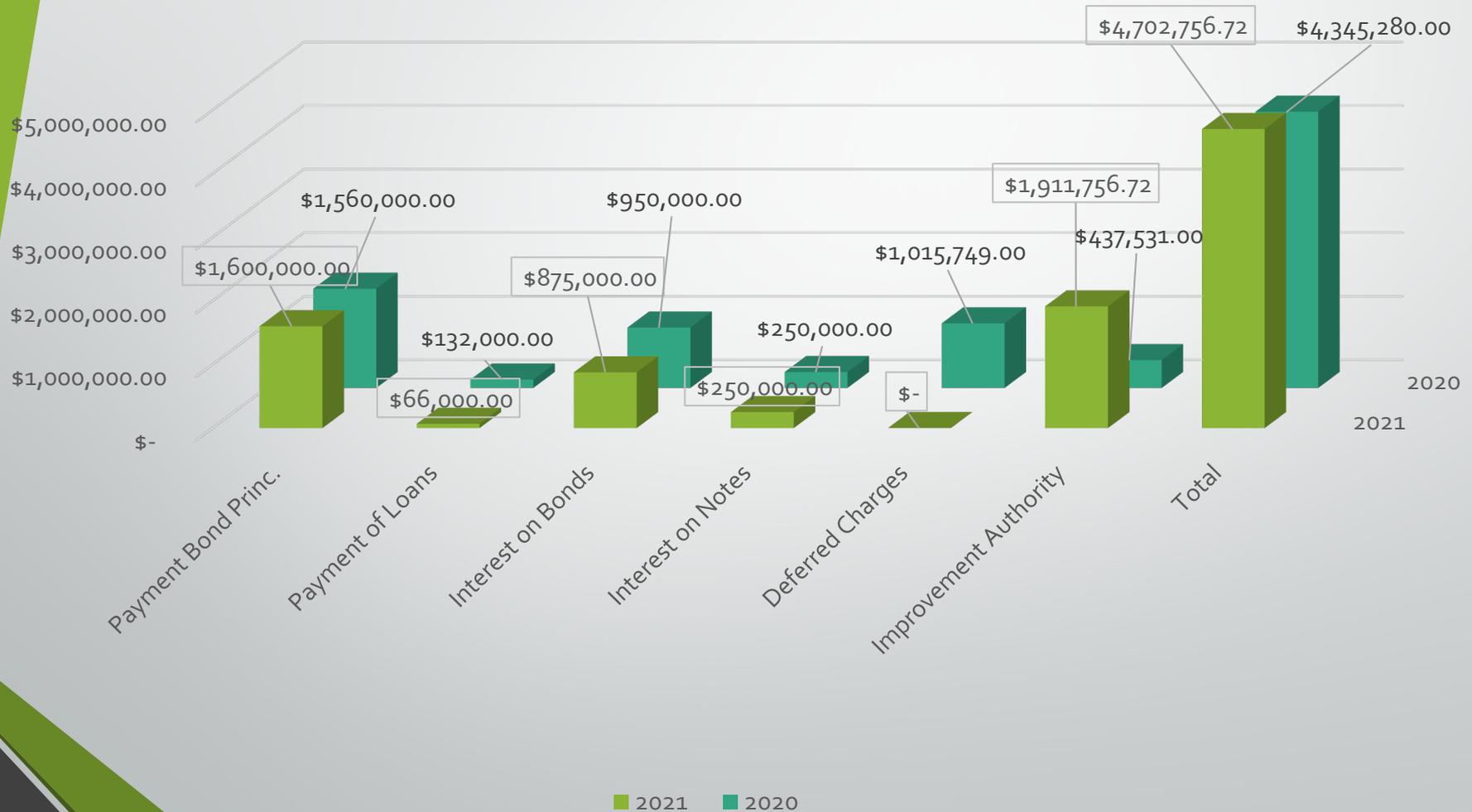


Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Salaries	9,137	9,654	9,686	10,009	10,610	10,928	10,872	11,357	10,196
Overtime	311	414	381	399	391	391	391	350	350

# 2021 DEPARTMENT EXPENSES



# Total Municipal Debt Payments - 2021



# Debt Service Detail (continued)

## Outstanding General Serial Bonds

- ❖ 2012 General Improvement Bond - \$ 9,970,000
- ❖ 2017 General Improvement Bonds - \$ 6,575,000
- ❖ 2018 General Improvement Bonds - \$ 6,575,000

\$ 23,120,000

## Outstanding Notes

- ❖ 2017-2019 Capital Projects \$ 14,815,590

## Debt Authorized but not issued:

- ❖ 2020 Capital Projects \$ 1,918,400

## Loans:

- ❖ Green Trust Loan \$ 65,065
- ❖ Municipal Complex \$35,035,000

\$35,100,065



# Debt Service Detail

## MOODY'S RATING: Aa1

- ❖ The Aa1 rating reflects the township's sizeable tax base with very strong wealth and income levels, strong finances and manageable debt.

## FACTORS THAT COULD LEAD TO AN UPGRADE

- ❖ Material increase of the tax base and resident wealth and income
- ❖ Significant increase in reserves

## FACTORS THAT COULD LEAD TO A DOWNGRADE

- ❖ Material deterioration of the tax base and resident wealth and income
- ❖ Significant decrease in reserves or liquidity



# Capital Budget- 2021

## Police Department

- ❖ Evidence System
- ❖ SUV (Replacement)
- ❖ Armor / Ammo / Shotguns
- ❖ Mobile Vision Computer/Camera
- ❖ AED Replacements
- ❖ Alcotest Equipment



# Capital Improvement Plan - 2021

## Computer Network

- ❖ Computer, Network, Server Upgrades and Maintenance

## Finance / Administration

- ❖ Municipal Management Software & Digitization

## Code / Fire Prevention

- ❖ SUV (replacement)

## Engineering

- ❖ Annual Road & Sidewalk Projects

## Recreation

- ❖ Pathway & Park Improvements

## Buildings & Grounds:

- ❖ Building Repairs



# Capital Improvement Plan - 2021

## DPW / Buildings & Grounds / Parks

- Paving
- Sidewalk Repair
- Equipment



# 2021 Sewer Utility Fund Overview

## Revenues – Sewer Use Charges

<b>2021</b>	<b>2020</b>
\$7,348,200	\$7,263,807

## Appropriations - Sewer Utility

<b>2021</b>	<b>2020</b>
\$7,348,200	\$7,263,807

## Sewer Billing Rates

	<b>2021</b>	<b>2020</b>
<b>Base Fee</b>	\$266	\$266
<b>Usage Fee</b>	\$14.30 per 1k gallons	\$14.30/ 1k Gallons

# Sewer Fund Expenditure Detail 2021

Debt Service	\$ 3,278,500
Salaries & Wages	1,141,000
Plant Maintenance	1,869,150
Surplus to Current	300,000
Employee Group Insurance	222,050
Other Expenses	132,500
Insurance – Other	165,000
Pensions	140,000
Legal	<u>100,000</u>
<b>TOTAL</b>	<b>\$ 7,348,200</b>



# 2021 Budget Calendar

- April 01, 2021 – Budget Presentation & Introduction
- May 06, 2021– Public Hearing and Adoption

*Thank you*

