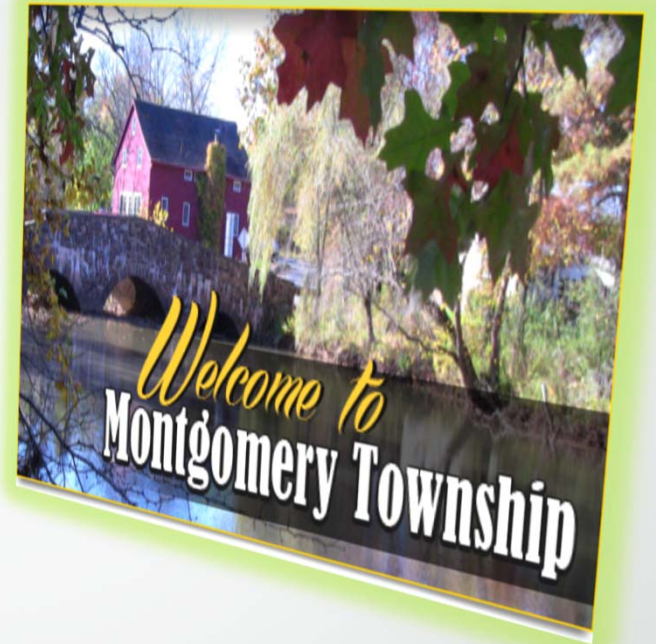


Township of Montgomery

2020

Budget Presentation

May 21, 2020



THE PROCESS

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



COVID-19 BUDGET IMPACT

- ❖ Timing
- ❖ Net Valuation
- ❖ Expenses
- ❖ State Aid?
- ❖ Revenue
- ❖ Budget Legislation
- ❖ Future Budgets



2020 Budget Snapshot



Township Value

\$ 3,920,178,277

▲ **0.89%** Greater
Than 2019



Average Assessed Home Value

\$ 502,156

▲ **0.27%** Greater
Than 2019



Property Tax Rate

\$0.425

▲ **2.88%** Greater
Than 2019

Property Tax Rate Information

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 Avg. Ass. Home: \$2,133.72

2019



- ❖ Est. Municipal Tax Rate = 0.413
- ❖ \$0.012 Increase over prior year
- ❖ \$60.10 **ANNUAL** Increase for the average assessed home
- ❖ \$5.01 **MONTHLY** Increase
- ❖ Tax on Avg. Ass. Home: \$2,073.91

2.88% Tax Rate Increase

2020 Property Tax Calculation

❖ Average Assessed Home x (2019TR – 2018 TR) / 100 = Total Municipal Tax Increase
\$502,156 x (.425 – .413) / 100 = **\$59.81**

❖ Annual Increase On Avg. Assessed Home: **\$59.81**

❖ Monthly Increase on Avg. Assessed Home:
\$59.81 / 12 months = **\$4.99** more per month



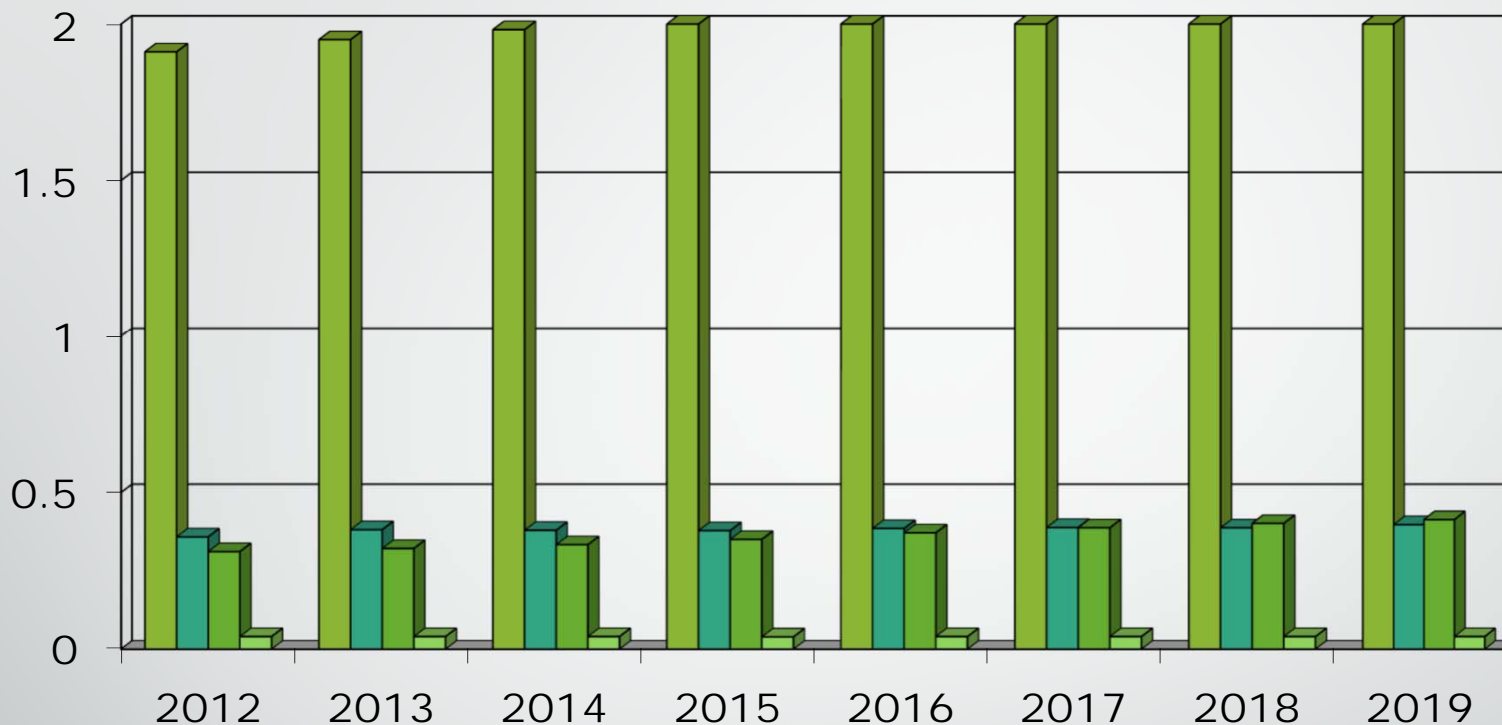
OR



❖ 2020 Municipal Tax on Avg. Assed Home:
(\$502,156 *.425) / 100= \$2,133.72 (\$177.81 per month)

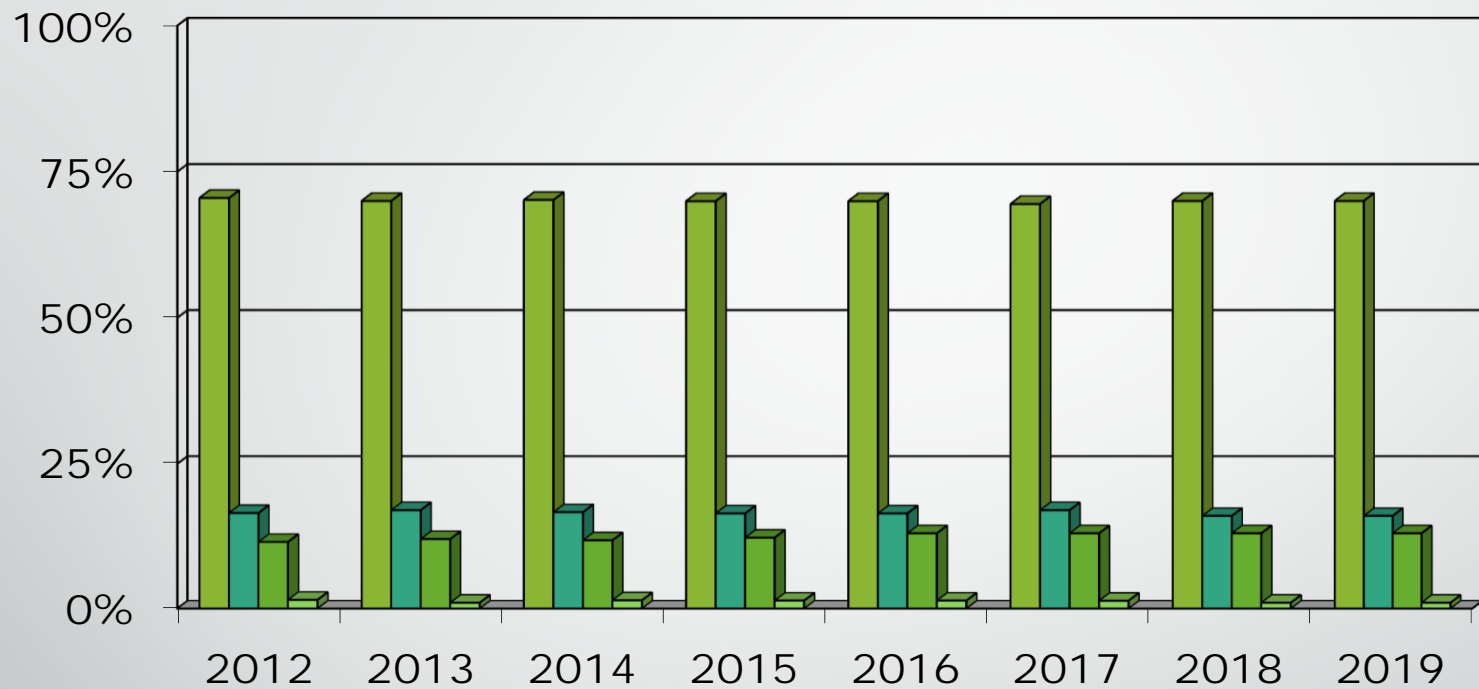
Approximately 13% of your total property tax bill

Tax Rates



	2012	2013	2014	2015	2016	2017	2018	2019
School Board	1.911	1.950	1.982	2.001	2.036	2.069	2.103	2.153
County	0.358	0.381	0.379	0.378	0.385	0.388	0.387	0.397
County Library	0.052	0.055	0.055	0.056	0.057	0.057	0.058	0.058
County Open Space	0.037	0.038	0.036	0.036	0.037	0.037	0.037	0.037
Municipal	0.311	0.321	0.333	0.350	0.370	0.387	0.401	0.413
Municipal Open Space	0.040	0.040	0.040	0.039	0.040	0.040	0.040	0.040

Tax Dollar



Year	2012	2013	2014	2015	2016	2017	2018	2019
School Board	71%	70%	70%	70%	70%	70%	70%	70%
County	17%	17%	17%	17%	17%	17%	16%	16%
Municipal & Open Space	12%	13%	13%	13%	13%	13%	14%	14%

Montgomery Township 2020 Budget Introduction

Overview

- Total 2020 Current Fund Budget Appropriations
\$28,176,221.48
- Amount to be raised by Taxes
\$16,657,279.56

Year over Year Comparison

2020

Amount to be Raised by
Property Taxes

\$16,657,279.56

2019

Amount to be Raised by
Property Taxes

\$16,061,371

The **2017, 2018 and 2019** 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

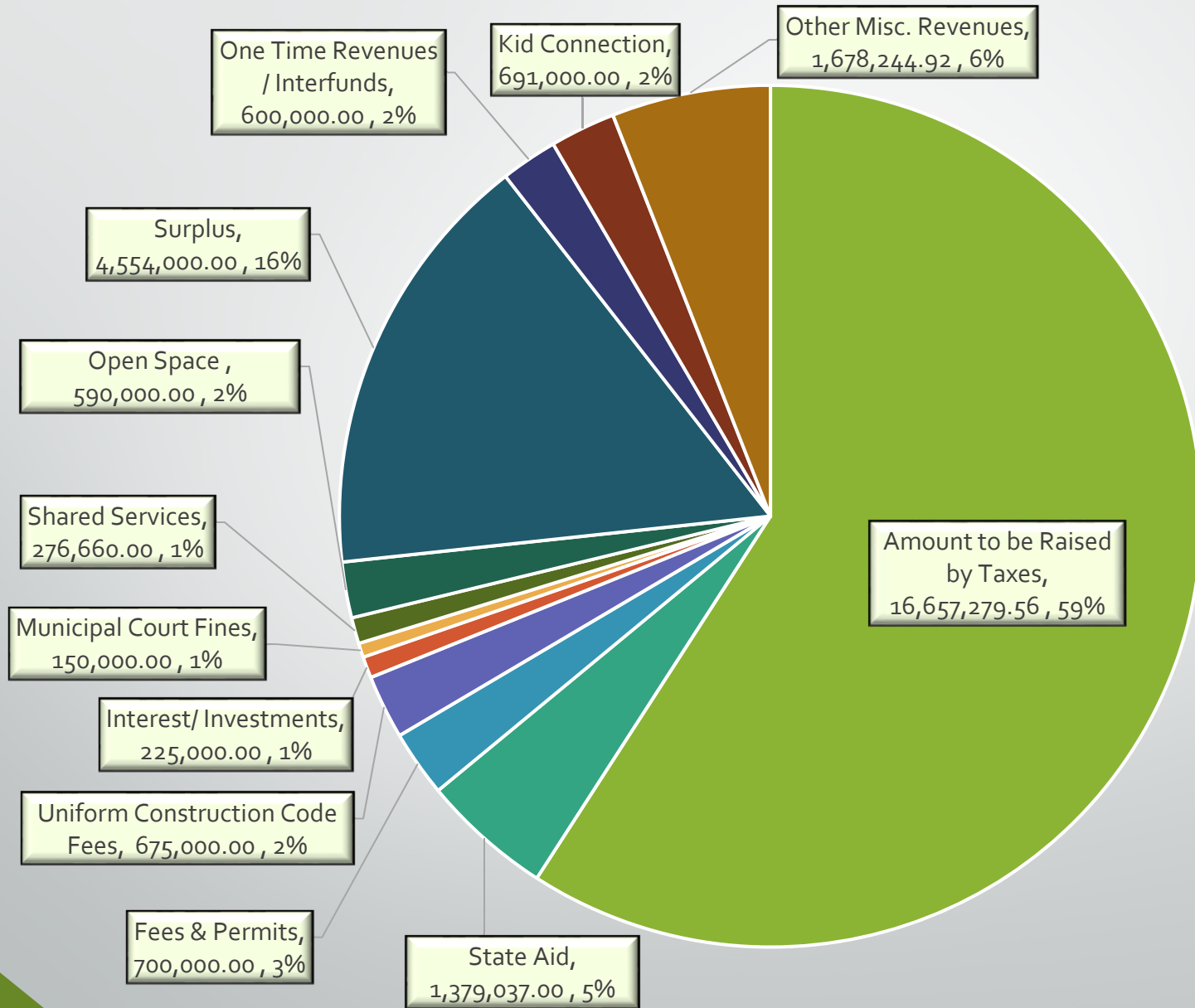
- ❖ The 3.5% ordinance, it does not indicate that the tax rate will increase by 3.5%. People often get this confused. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior year's inside the cap appropriations. Again, doing so does not automatically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

Current Fund 2020 Revenue Sources

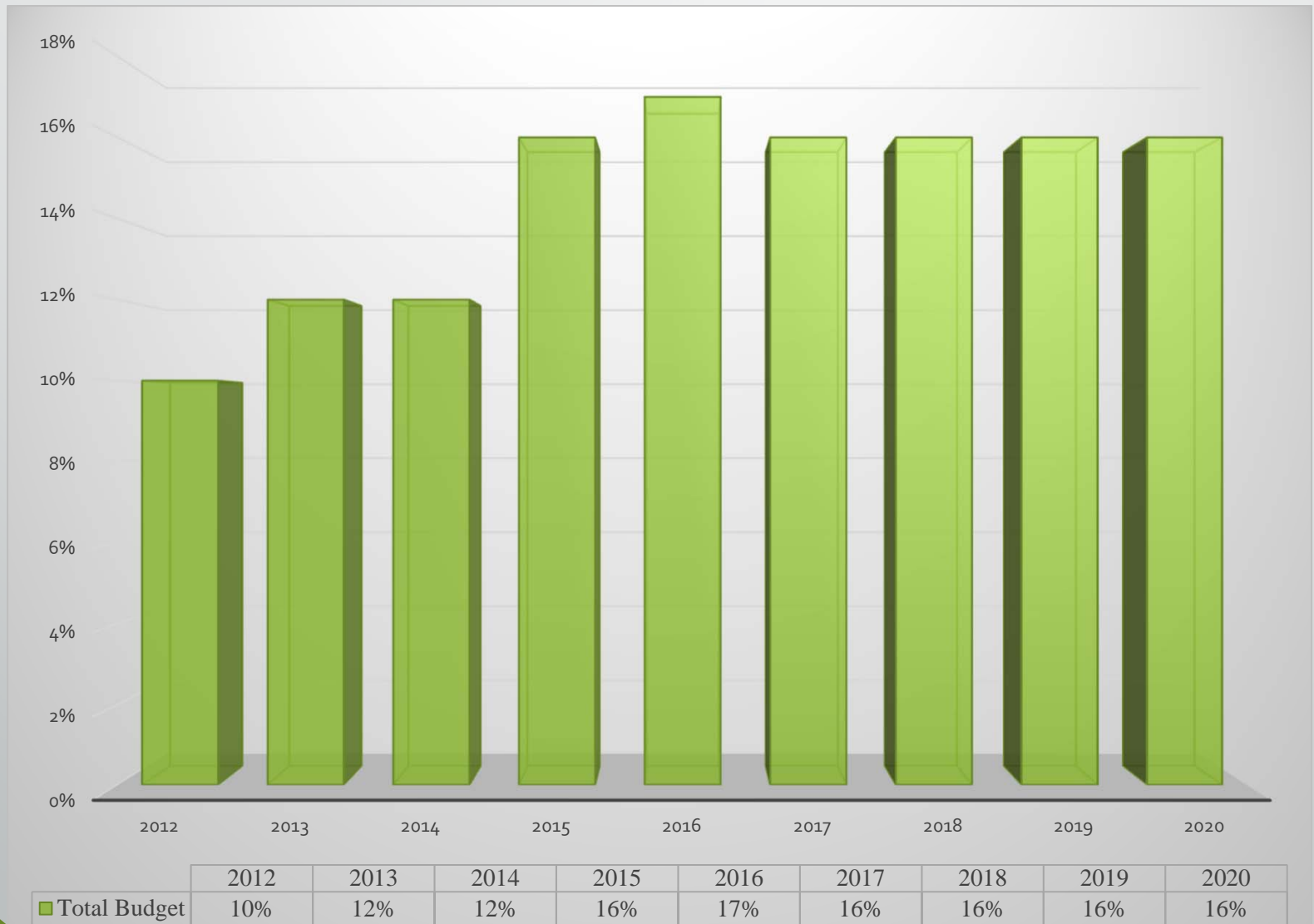
- ❖ Amount to be Raised by Taxes = \$16,061,371
- ❖ Surplus = \$4,510,000
- ❖ State Aid (Energy Receipts Tax) = \$1,379,037
- ❖ Fees & Permits = \$700,000
- ❖ Uniform Construction Code Fees = \$675,000
- ❖ Interest/Investments = \$225,000
- ❖ Municipal Court Fines = \$150,000
- ❖ Shared Services = \$276,660



2020 Revenue Sources



2020 Surplus Used - % of Budget



Shared Service Agreements – a great way to share resources

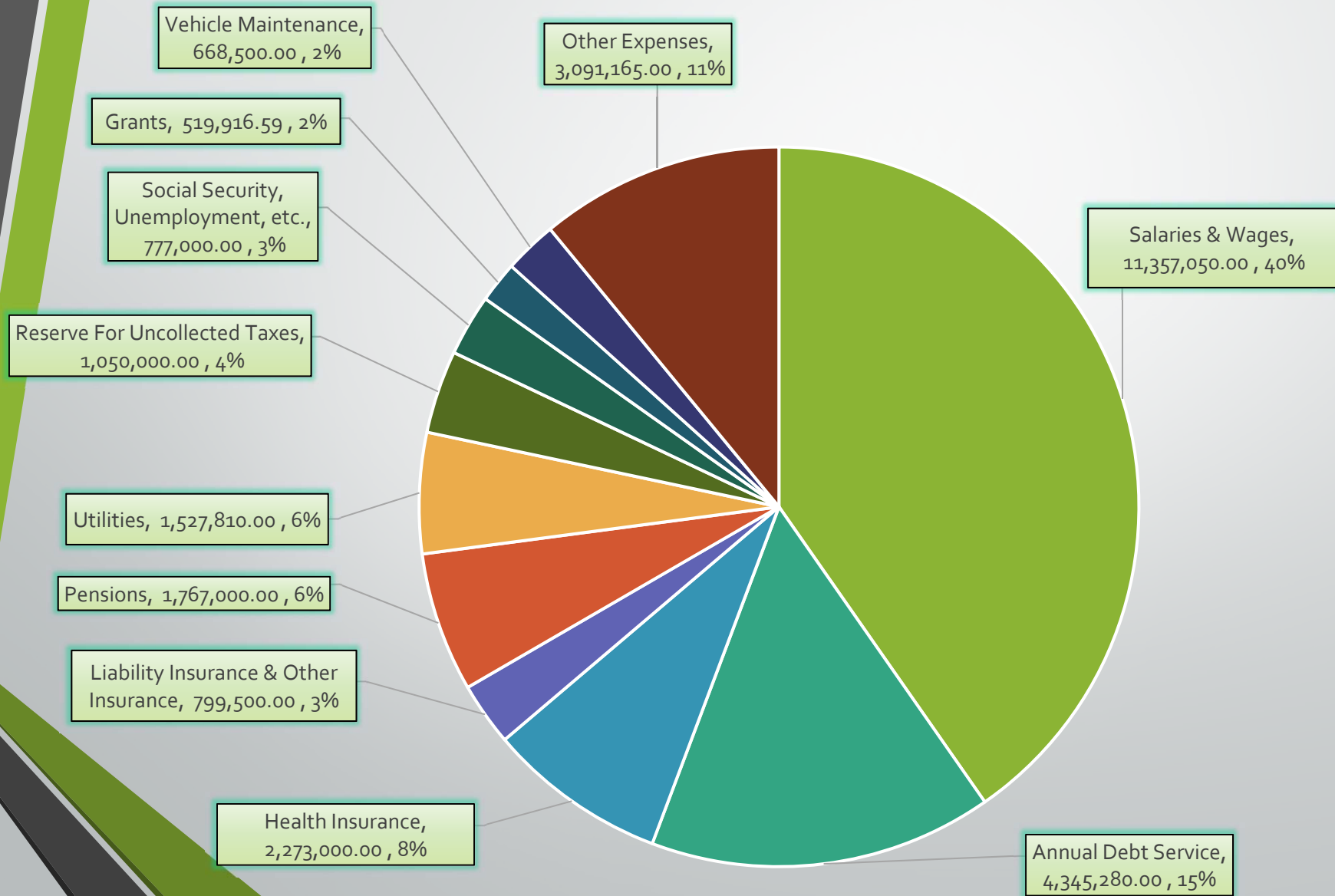
❖ Health Shared Services - Pennington	\$ 41,310
❖ Health Shared Services - Hopewell	\$ 32,700
❖ Health Shared Services - Princeton	\$ 12,720
❖ Health Shared Services - Branchburg	\$ 5,400
❖ Health Shared Services - Rocky Hill	\$ 11,130
❖ Nursing Services – Branchburg	\$ 3,400
❖ Financial Services – Manville	\$ 105,000
❖ Financial Services – Peapack & Gladstone	\$65,000
Total Shared Service Revenue	<hr/> \$276,660



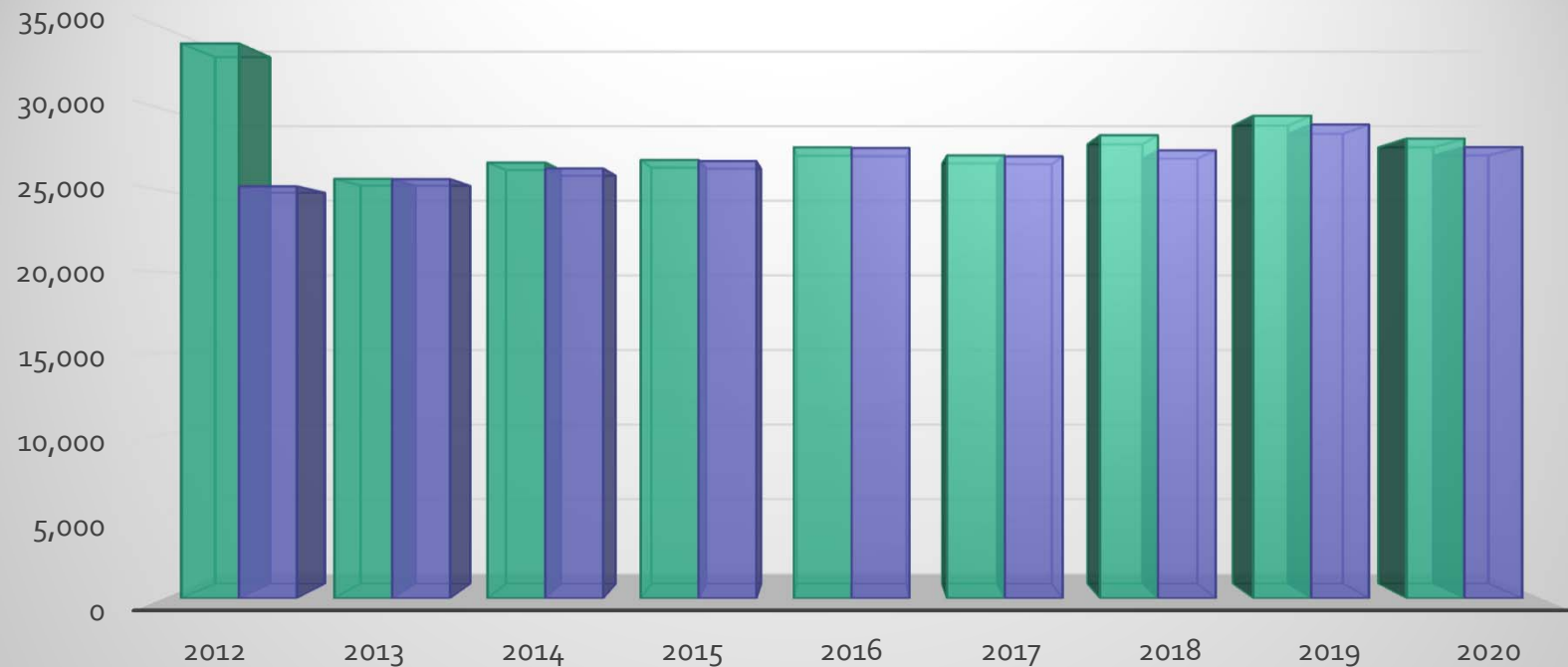
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2020 Appropriation Sources



Total Budgeted Appropriations (000's Omitted)



	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Budget	34,008	25,712	26,710	26,872	27,646	27,146	28,380	29,579	28,176
Budget Less Grants	25,247	25,689	26,348	26,804	27,606	27,087	27,457	29,044	27,656

■ Total Budget
 ■ Budget Less Grants

2020 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	Introduced 2020 Budget Appropriations	Final 2019 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
POLICE	4,356,000	4,466,500	(110,500)	-2.54%
STREETS & ROADS	1,575,500	1,666,000	(90,500)	-5.74%
RECREATION	1,018,750	991,850	26,900	2.64%
CONSTRUCTION CODE	678,400	696,400	(18,000)	-2.65%
ENGINEERING	514,750	488,650	26,100	5.07%
BUILDINGS & GROUNDS	341,000	340,000	1,000	0.29%
HEALTH	608,000	568,750	39,250	6.46%
FINANCIAL ADMINISTRATION	554,340	555,300	(960)	-0.17%
ADMINISTRATIVE & EXECUTIVE	407,100	405,100	2,000	0.49%
COLLECTION & ASSESSMENT OF TAXES	266,200	237,950	28,250	10.61%

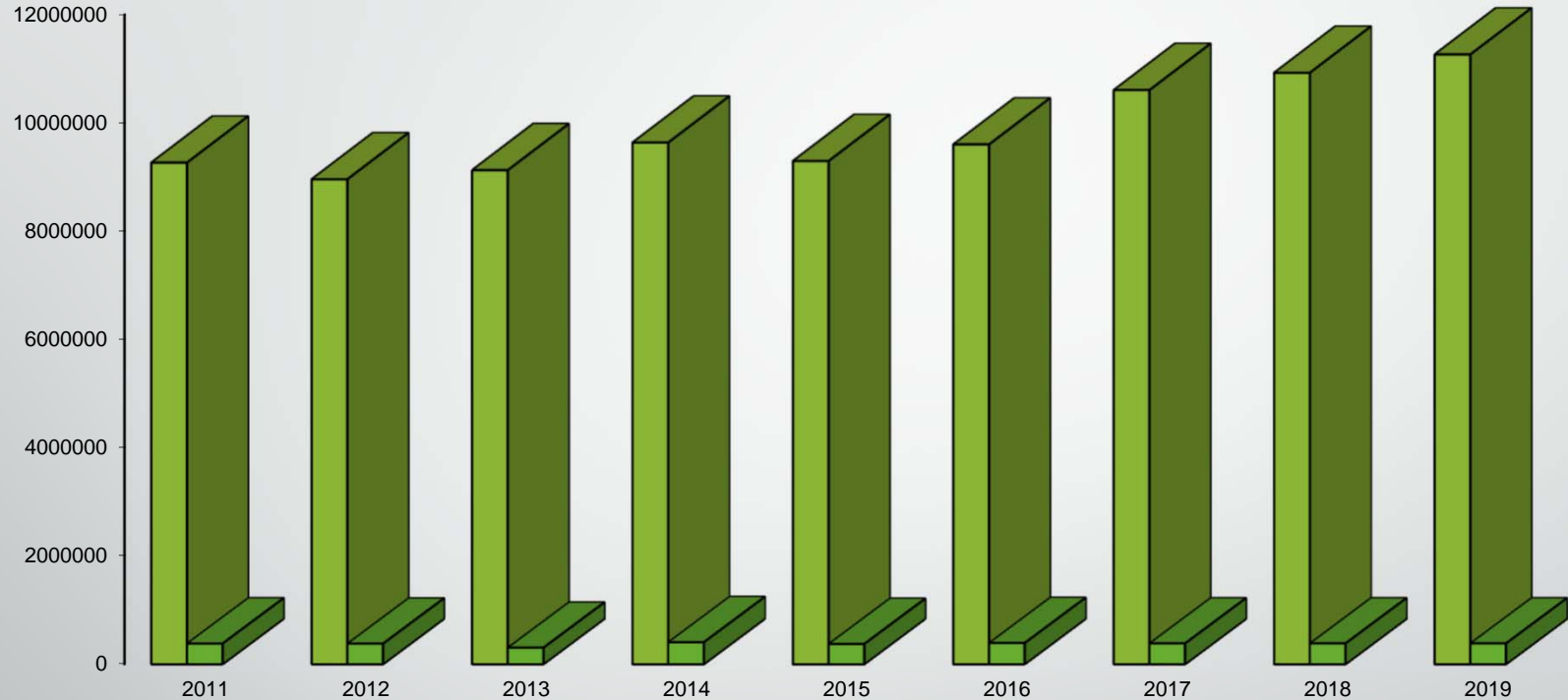


2020 DEPARTMENT EXPENSES

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	Introduced 2020 Budget Appropriations	Final 2019 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
INSURANCES				
EMPLOYEE GROUP HEALTH	2,273,000	2,582,000	(309,000)	-13.59%
LIABILITY INSURANCE	522,500	510,500	12,000	2.30%
WORKERS COMPENSATION	247,000	266,000	(19,000)	-7.69%
SUBTOTAL INSURANCES	3,042,500	3,358,500	(316,000)	-10.39%
PENSIONS				
PFRS	976,000	850,000	126,000	12.91%
PERS	776,000	806,000	(30,000)	-3.87%
TOTAL PENSIONS	1,752,000	1,656,000	96,000	5.48%
CAPITAL IMPROVEMENT FUND	95,000	482,000	(387,000)	-407.37%
DEBT SERVICE	3,329,531	2,670,500	659,031	19.79%
DEFERRED CHARGES	1,015,749	1,250,000	(234,251)	-23.06%
RESERVE FOR UNCOLLECTED TAXES	1,050,000	1,050,000	-	0.00%

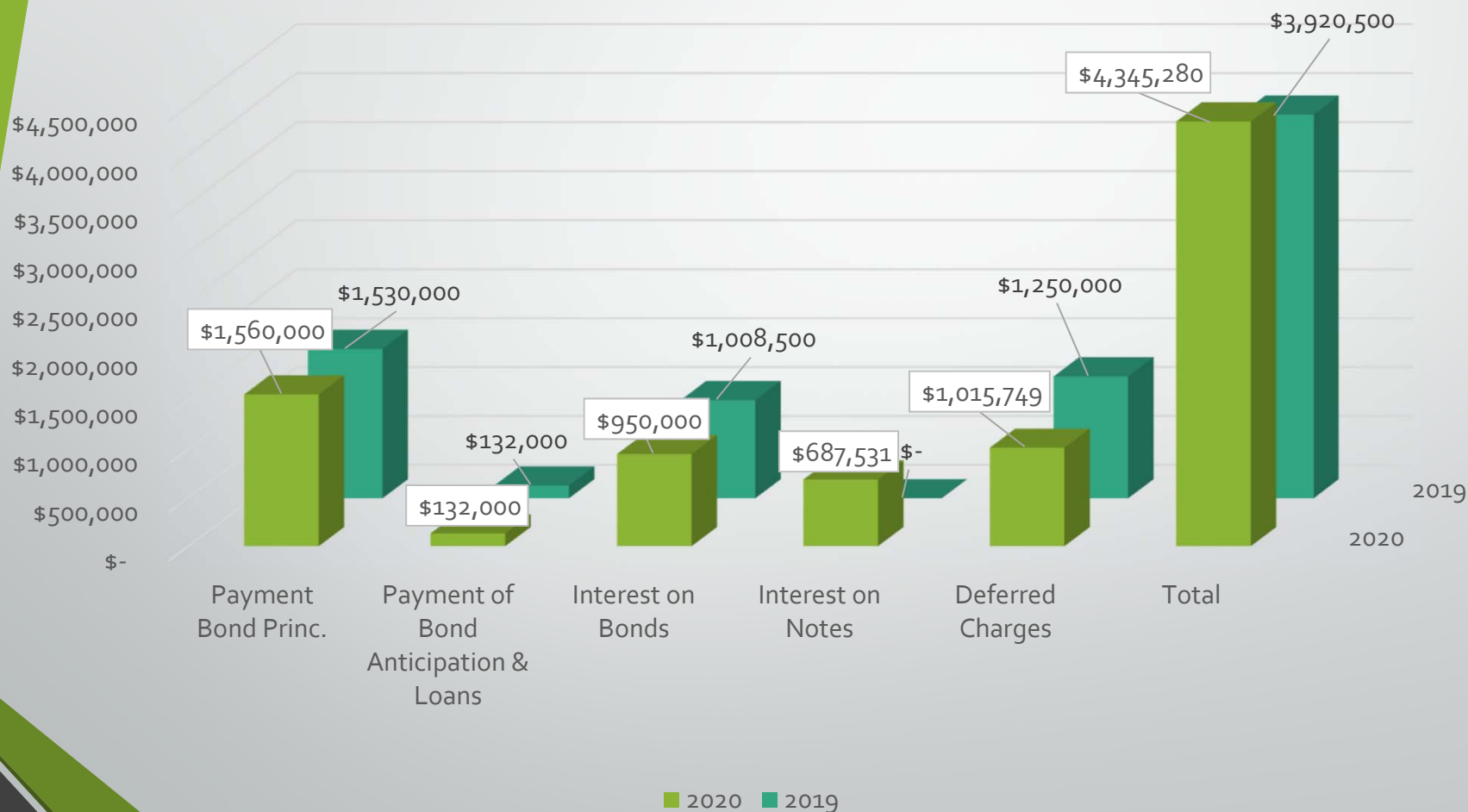
Budgeted - Total Salaries & OT

(ooo's Omitted)



Year	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Salaries	8,970	9,137	9,654	9,686	10,009	10,610	10,928	10,872	11,357
Overtime	387	311	414	381	399	391	391	391	415

Municipal Debt Payments - 2020



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



Debt Service Detail (continued)

Outstanding General Serial Bonds

- ❖ 2012 General Improvement Bond - \$ 10,425,000
 - ❖ 2017 General Improvement Bonds - \$ 7,105,000
 - ❖ 2018 General Improvement Bonds - \$ 7,145,000
-
- \$ 24,675,000**

Outstanding Notes

- ❖ 2018 Capital Projects \$ 2,800,590
 - ❖ Improvement Authority \$ 14,875,526
- \$ 17,676,116**

Debt Authorized but not issued:

- ❖ 2019 Capital Projects \$ 2,515,000
 - ❖ Other Capital Projects \$ 767,468
- \$ 3,282,468**

Loans:

- ❖ Green Trust Loan **\$ 193,270**



Capital Budget- 2020

Police Department

- ❖ SUV
- ❖ Armor / Ammo / Shotguns
- ❖ Computer & Server Upgrades
- ❖ AED Replacements

Engineering

- ❖ Annual Road & Sidewalk Projects



Capital Improvement Plan - 2020

Health Department

- ❖ Computers / Software / Equip.

Code / Fire Prevention

- ❖ Computers / Software / Equip.

Geographic Information System (GIS)

- ❖ CAD Base-map – Aerial & Topography

Computer Network

- ❖ Computer, Network, Server Upgrades and Maintenance

Finance / Administration

- ❖ Municipal Management Software

Recreation

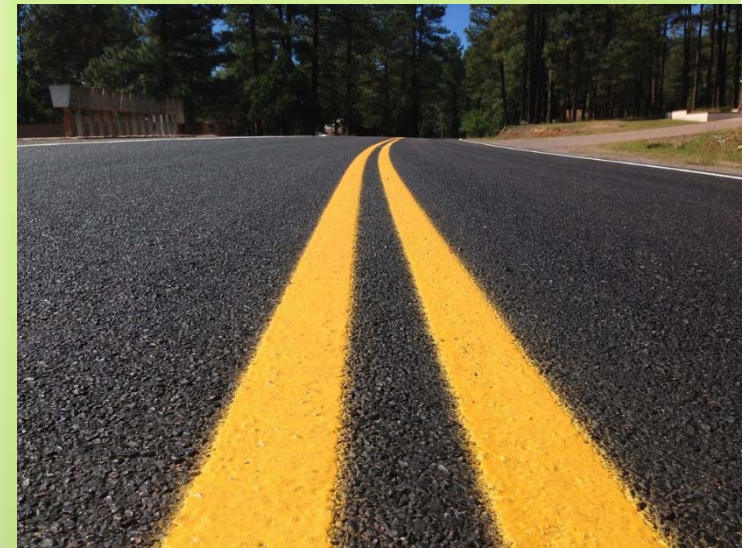
- ❖ Park Improvements



Capital Improvement Plan - 2020

DPW / Buildings & Grounds / Parks

- Paving
- Sidewalk Repair
- Equipment



2020 Sewer Utility Fund Overview

Revenues – Sewer Use Charges

2020	2019
\$7,263,807	\$7,421,806

Appropriations - Sewer Utility

2020	2019
\$7,263,807	\$7,421,806

Sewer Fund Expenditure Detail 2020

Debt Service	\$ 3,293,000
Salaries & Wages	1,010,000
Plant Maintenance	1,912,807
Surplus	300,000
Employee Group Insurance	215,000
Other Expenses	128,000
Insurance – Other	165,000
Pensions	140,000
Legal	<u>100,000</u>
TOTAL	\$ 7,263,807





2020 Budget Calendar

- May 21, 2020 – Budget Introduction
- June 18, 2020 – Public Hearing and Adoption

Thank you

