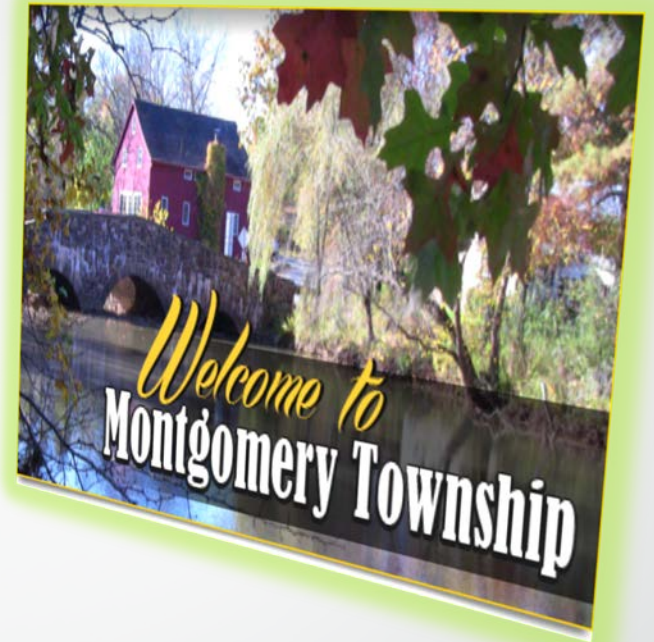


Township of Montgomery

2019

Budget Presentation

April 18, 2019



THE PROCESS

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



2019 Budget Snapshot



Township Value

\$ 3,885,578,917

▲ **0.96%** Greater
Than 2018



Average Assessed Home Value

\$ 500,806

▲ **0.22%** Greater
Than 2018



Property Tax Rate

\$0.413

▲ **2.99%** Greater
Than 2018

Property Tax Rate Information

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: \$2,068.33

2018

- ❖ Municipal Tax Rate = 0.401
- ❖ \$0.014 Increase over prior year
- ❖ \$69.35 Increase for the average assessed
- ❖ \$5.78 per month
- ❖ Tax on Avg. Ass. Home: \$2,008.23



2.99% Tax Rate Increase

2019 Property Tax Calculation

❖ $\text{Average Assessed Home} \times (\text{2019TR} - \text{2018TR}) / 100 = \text{Total Municipal Tax Increase}$
 $\$500,806 \times (.413 - .401) / 100 = \text{\textcolor{blue}{\$60.10}}$

❖ Annual Increase On Avg. Assessed Home: **\text{\textcolor{blue}{\\$60.10}}**

❖ Monthly Increase on Avg. Assessed Home:
 $\$60.10 / 12 \text{ months} = \text{\textcolor{blue}{\$5.01}}$ more per month



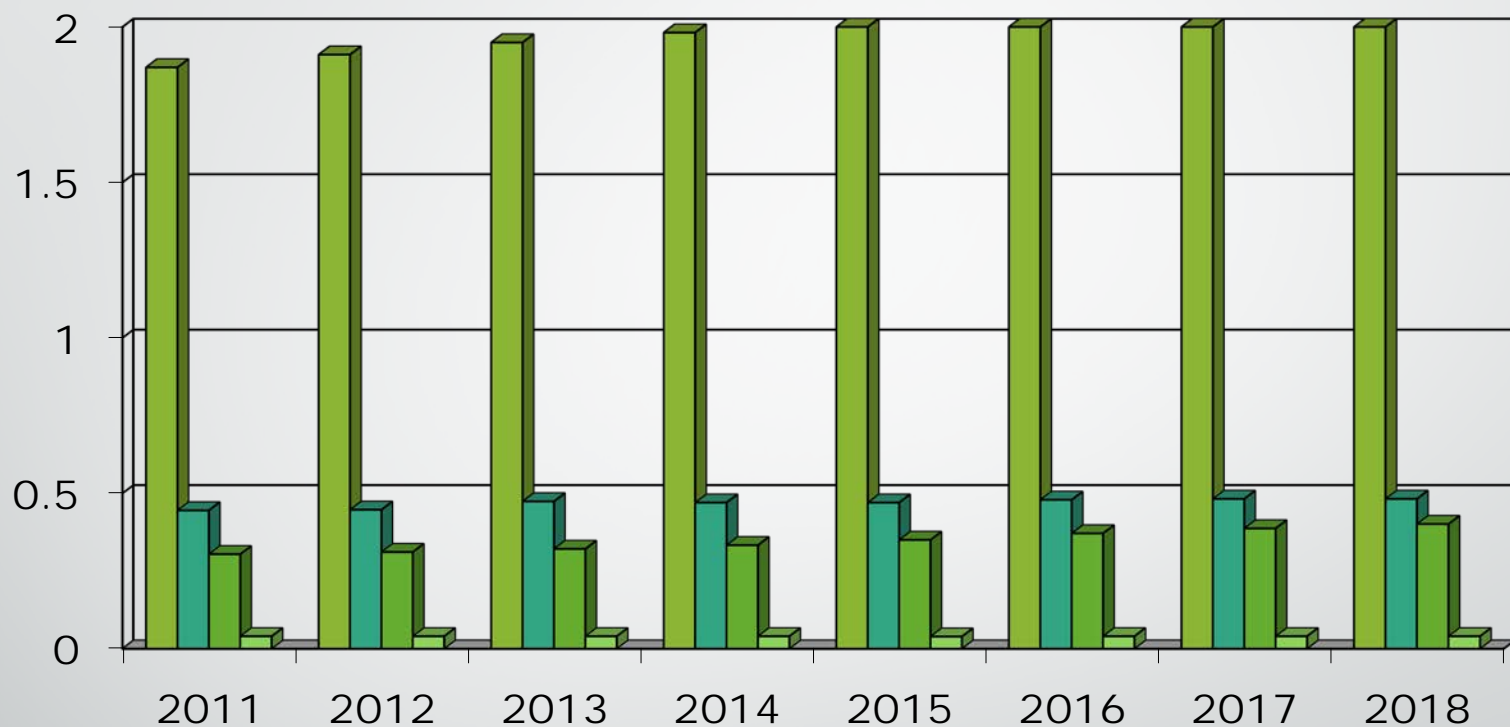
OR



❖ 2019 Municipal Tax on Avg. Assesd Home:
 $(\$500,806 \times .413) / 100 = \$2,068.33$ (\$172.36 per month)

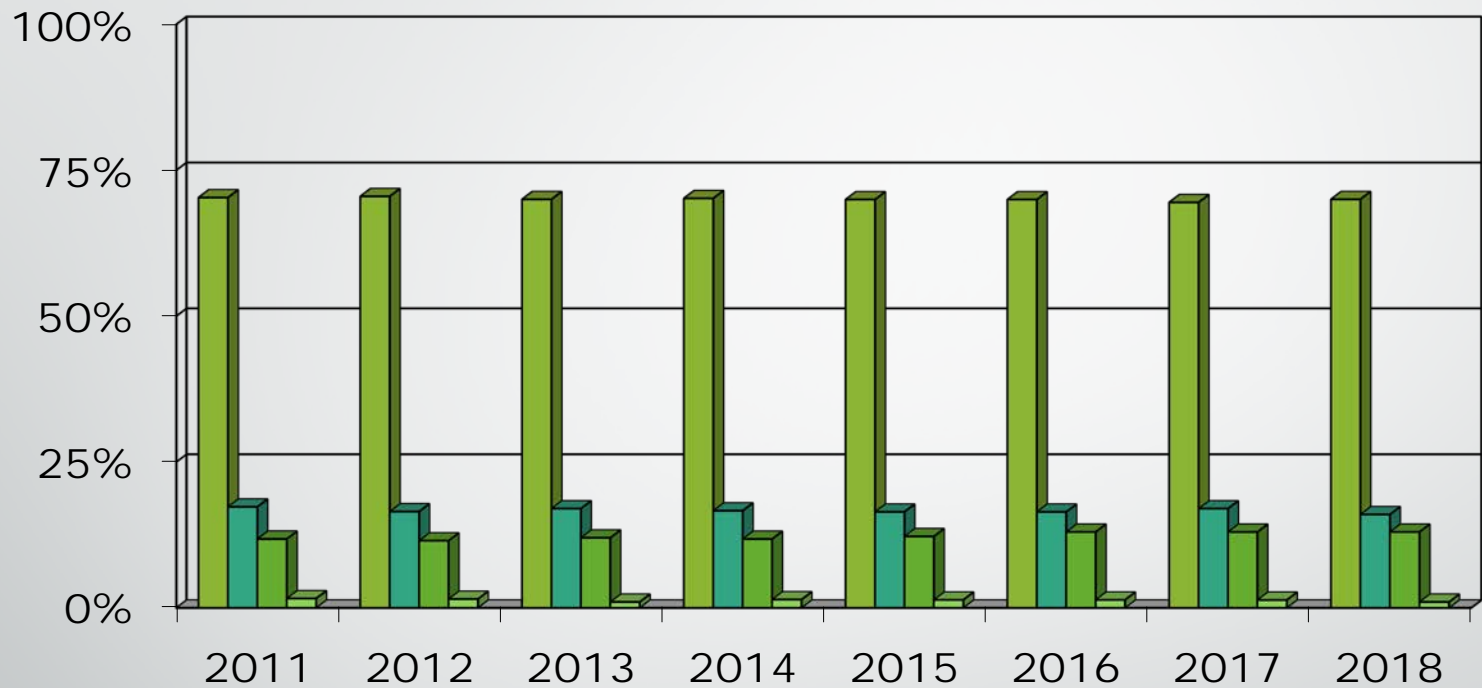
Approximately 13% of your total property tax bill

Tax Rates



	2011	2012	2013	2014	2015	2016	2017	2018
School Board	1.870	1.911	1.950	1.982	2.001	2.036	2.069	2.103
County	0.445	0.447	0.474	0.470	0.470	0.479	0.482	0.482
Municipal	0.304	0.311	0.321	0.333	0.350	0.370	0.387	0.401
Municipal Open Space	0.040	0.040	0.040	0.040	0.039	0.040	0.040	0.040

Tax Dollar



Year	2011	2012	2013	2014	2015	2016	2017	2018
School Board	70%	71%	70%	70%	70%	70%	70%	70%
County	17%	17%	17%	17%	17%	17%	17%	16%
Municipal	12%	11%	12%	12%	12%	12%	12%	13%
Municipal Open Space	2%	1%	1%	1%	1%	1%	1%	1%

Montgomery Township

2019 Budget Introduction

Overview

- Total 2019 Current Fund Budget Appropriations
\$29,083,797.15
- Amount to be raised by Taxes
\$16,061,371.23

Year over Year Comparison

2019

Amount to be Raised by
Property Taxes

\$16,061,371

2018

Amount to be Raised by
Property Taxes

\$15,419,772

**The 2017 and 2018 Cap Bank 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

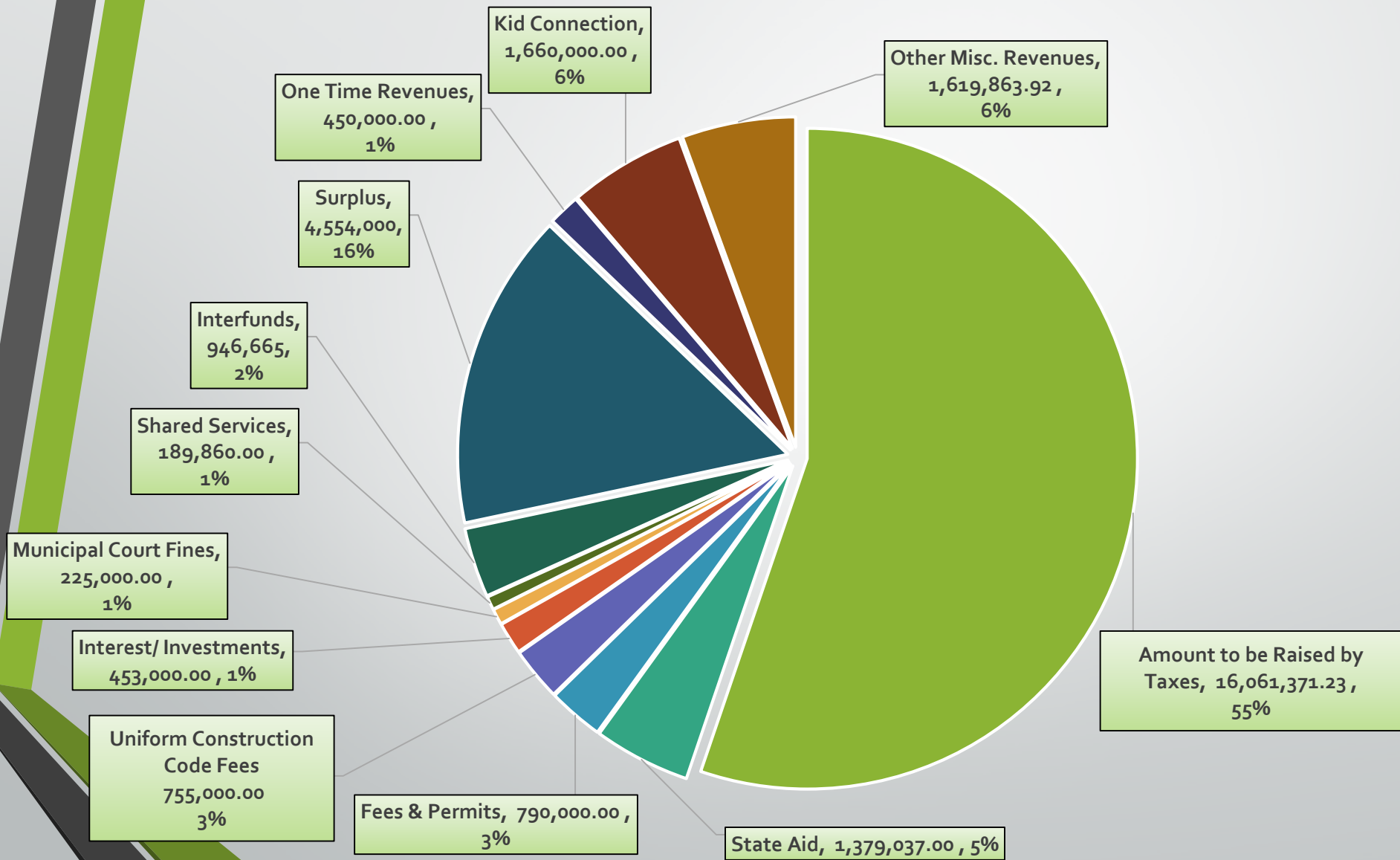
- ❖ The 3.5% ordinance, it does not indicate that the tax rate will increase by 3.5%. People often get this confused. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior year's inside the cap appropriations. Again, doing so does not automatically 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 2019 Revenue Sources

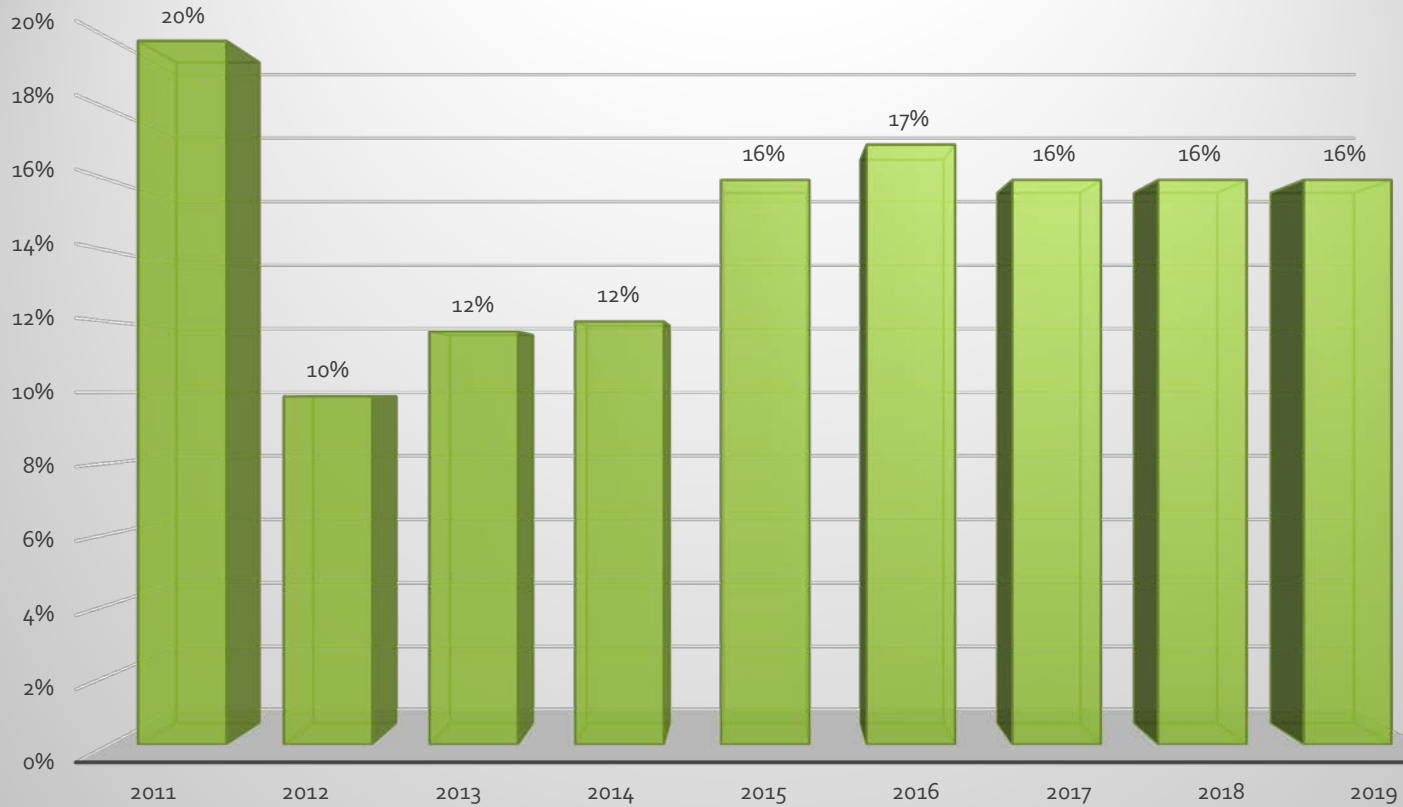
- ❖ Amount to be Raised by Taxes = \$16,061,371
- ❖ Surplus = \$4,554,000
- ❖ State Aid (Energy Receipts Tax) = \$1,379,037
- ❖ Kid Connection Registrations: \$1,660,000
- ❖ Fees & Permits = \$790,000
- ❖ Uniform Construction Code Fees = \$755,000
- ❖ Interest/Investments = \$453,000
- ❖ Municipal Court Fines = \$225,000
- ❖ Shared Services = \$189,860



2019 Revenue Sources



2019 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	\$ 83,200
Total Shared Service Revenue	<hr/> \$189,860

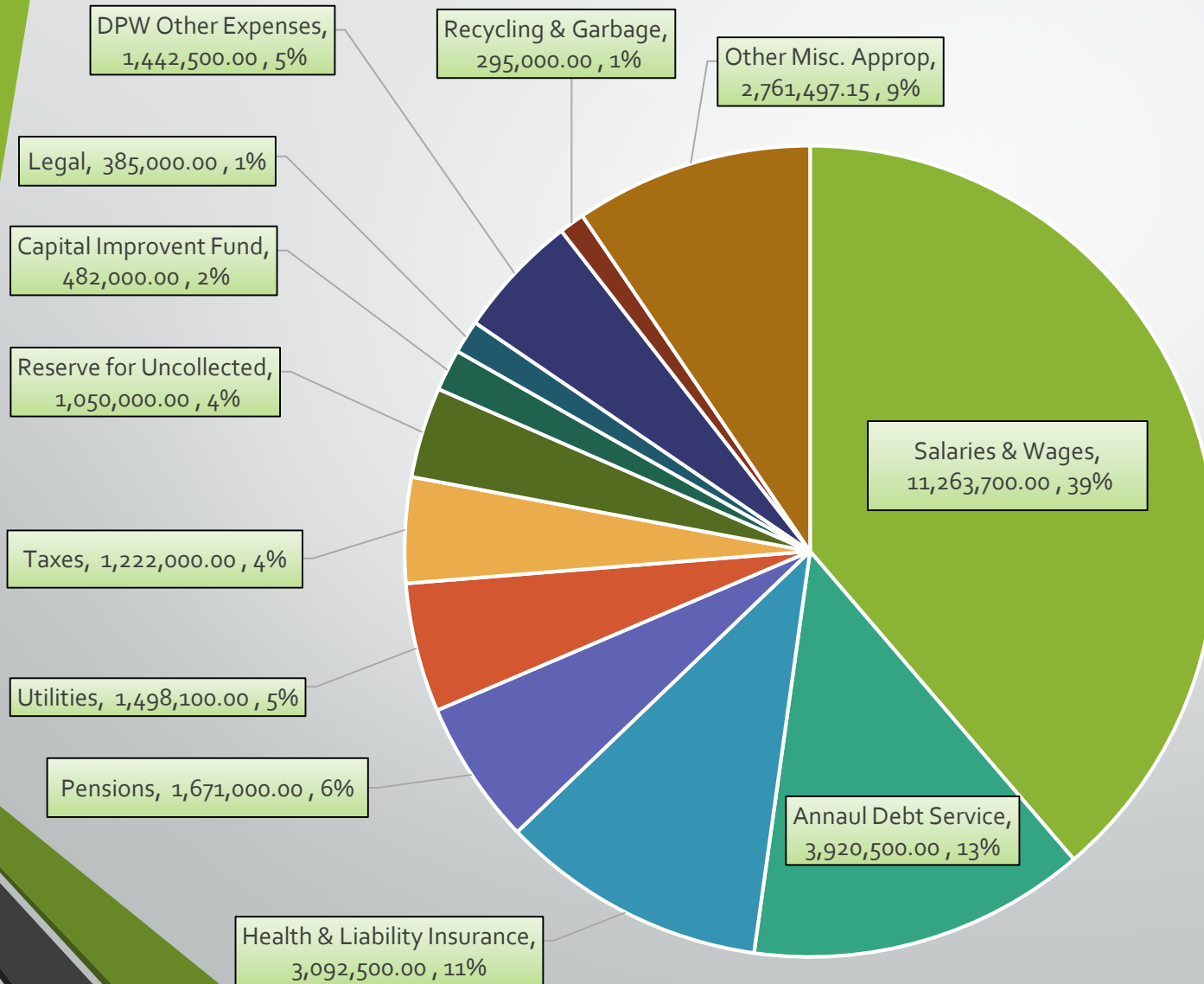


Current Fund 2019 Major Appropriations

- ❖ Salaries / Wages= \$11,263,700
- ❖ Annual Debt Service = \$3,920,500
- ❖ Health Insurance & Liability Ins. = \$3,092,500
- ❖ Pensions = \$1,671,000
- ❖ Utilities = \$1,498,100
- ❖ Social Security, Unemployment, WC: \$1,222,0000
- ❖ Reserve for Uncollected Taxes = \$1,050,000

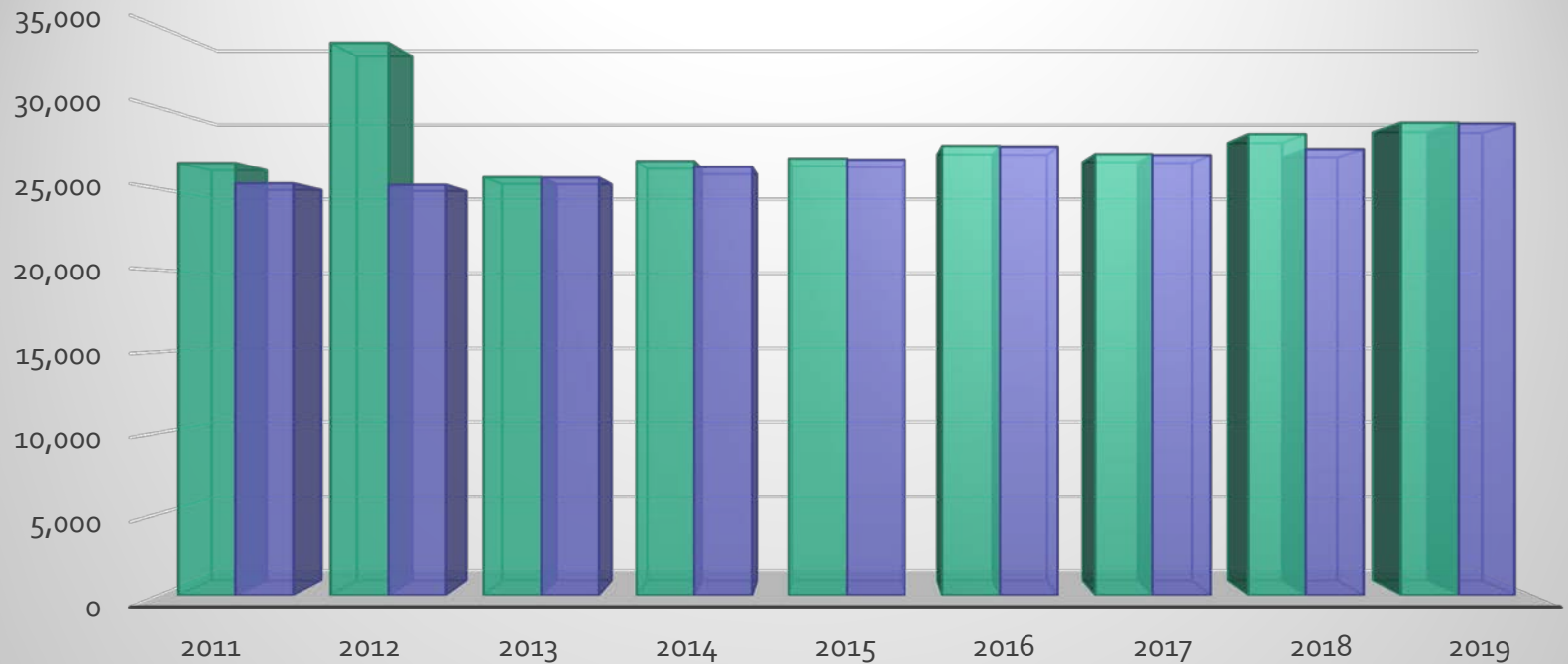


2019 Appropriation Sources



Total Budgeted Appropriations

(000's Omitted)



	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Budget	26,598	34,008	25,712	26,710	26,872	27,646	27,146	28,380	29,084
Budget Less Grants	25,332	25,247	25,689	26,348	26,804	27,606	27,087	27,457	29,035

■ Total Budget
 ■ Budget Less Grants

2018 – 2019 Expenditures

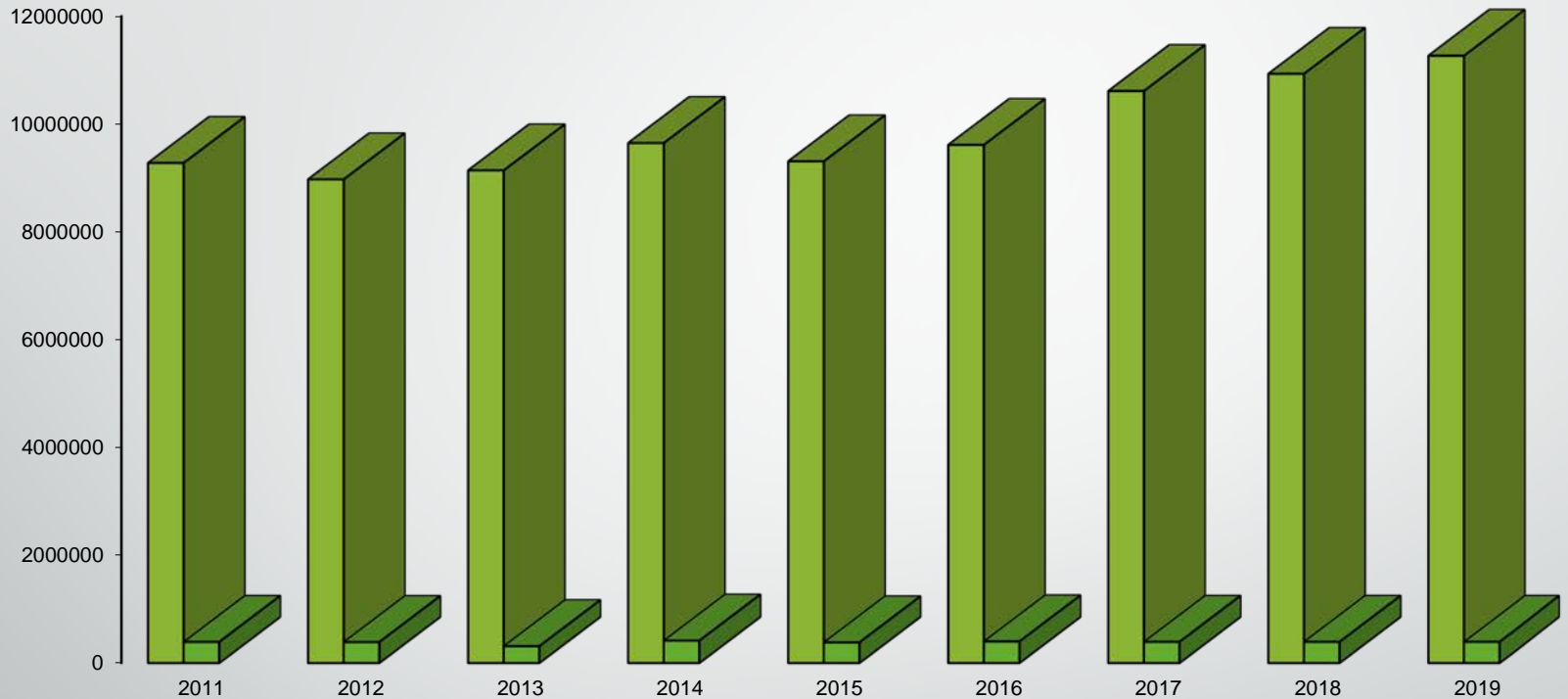
Departments	MAJOR DEPARTMENTAL PROGRAMS			
	Adopted 2018 Budgeted Expenditures	Introduced 2019 Budgeted Expenditures	Increase/ Decrease \$	Increase / Decrease %
POLICE	4,354,162	4,466,500	112,338	2.58%
STREETS & ROADS DEPT.	1,780,686	1,725,000	(55,686)	-3.13%
RECREATION	978,100	991,850	13,750	1.41%
CONSTRUCTION CODE	661,400	706,400	45,000	6.80%
ENGINEERING	504,750	511,750	7,000	1.39%
BUILDINGS & GROUNDS	234,500	306,000	71,500	30.49%
HEALTH	500,400	510,000	9,600	1.92%
FINANCIAL ADMINISTRATION	473,650	507,100	33,450	7.06%
ADMINISTRATIVE & EXECUTIVE	342,600	405,100	62,500	18.24%
COLLECTION & ASSESSMENT OF TAXES	231,200	234,350	3,150	1.36%

2018 – 2019 Expenditures

Departments	MAJOR DEPARTMENTAL PROGRAMS			
	Adopted 2018 Budgeted Expenditures	Introduced 2019 Budgeted Expenditures	Increase/ Decrease \$	Increase / Decrease %
INSURANCES				
EMPLOYEE GROUP HEALTH	2,634,000	2,582,000	(52,000)	-1.97%
WORKERS COMEPENSATION	243,000	266,000	23,000	9.47%
SUBTOTAL INSURANCES	2,877,000	2,848,000	(29,000)	-1.01%
PENSIONS				
PFRS	810,000	850,000	40,000	4.94%
PERS	745,000	806,000	61,000	8.19%
TOTAL PENSIONS	1,555,000	1,656,000	101,000	6.50%
CAPITAL IMPROVEMENT FUND	143,399	482,000	338,601	236.13%
DEBT SERVICE	2,607,000	2,670,000	63,000	2.42%
DEFERRED CHARGES	600,000	1,250,000	650,000	108.33%
RESERVED FOR UNCOLLECTED TAXES	960,000	1,050,000	90,000	9.38%

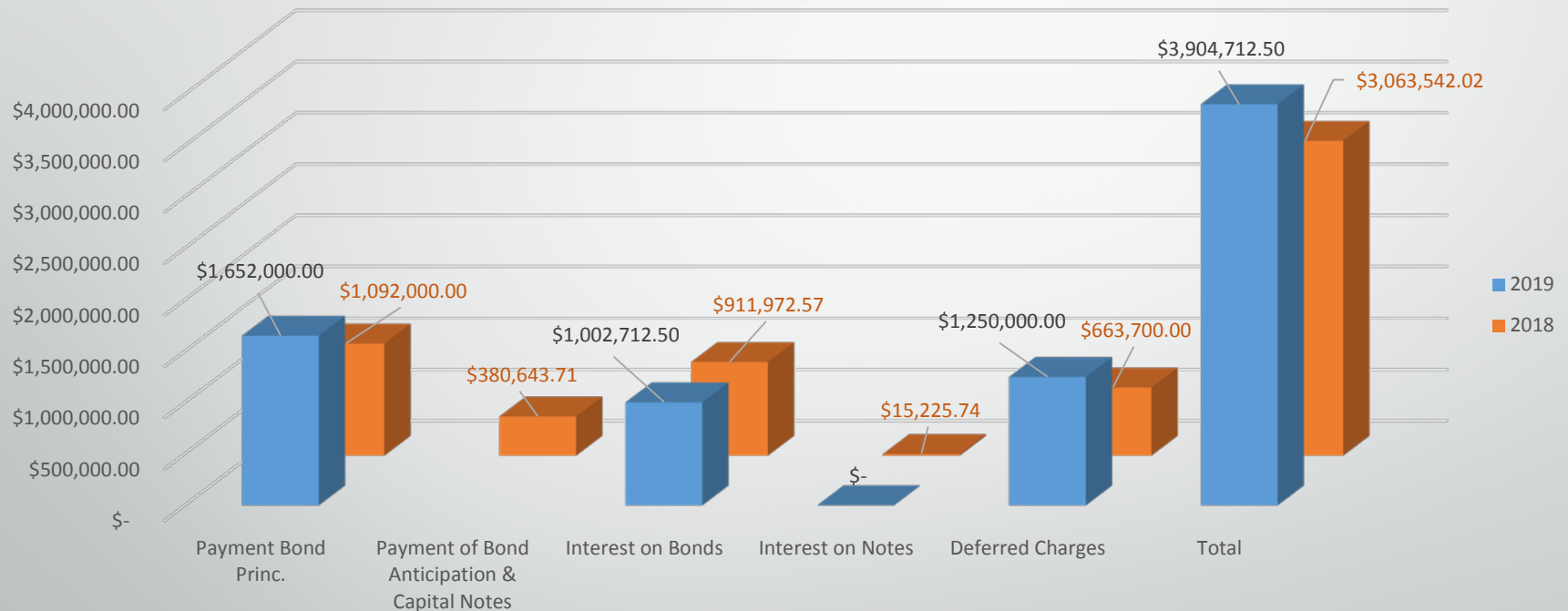
Budgeted - Total Salaries & OT

(ooo's Omitted)



Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Salaries	9,275	8,970	9,137	9,654	9,686	10,009	10,610	10,928	10,872
Overtime	390	387	311	414	381	399	391	391	391

Total Municipal Debt Payments - 2019



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 - \$ 10,870,000
 - ❖ 2017 General Improvement Bonds - \$ 7,625,000
 - ❖ 2018 General Improvement Bonds - \$ 7,700,000
-
- \$ 26,195,000

Debt Authorized but not issued:

- ❖ 2018 Capital Projects - \$2,800,590
 - ❖ Prior year Capital Projects - \$1,767,986
-
- \$4,568,576

Debt Authorized but not issued:

- ❖ Green Trust Loan - \$318,949

Outstanding Notes

- ❖ None



Capital Budget- 2019

Police Department

- ❖ SUV
- ❖ Mobile Vision Cameras
- ❖ Electronic Fingerprinting
- ❖ Armor / Ammo / Shotguns
- ❖ Computer & Server Updates
- ❖ AED Replacements



Engineering

- ❖ Annual Road & Sidewalk Projects

Capital Improvement Plan - 2019

Health Department

- ❖ Septic Management System Software

Code / Fire Prevention

- ❖ Radio Equipment

Geographic Information System (GIS)

- ❖ CAD Base-map – Aerial & Topography

Computer Network

- ❖ Computer, network, server upgrades and maintenance

Finance / Administration

- ❖ Data Imaging Software
- ❖ New Municipal Building

Recreation

- ❖ Park Improvements
- ❖ Composting Toilets



Capital Improvement Plan - 2019

DPW / Buildings & Grounds / Parks

- Mower & Equipment
- Paving
- Side Walk Repair
- Basin Cleaner / Jetter
- Skid Steer



2019 Sewer Utility Fund Overview

Revenues – Sewer Use Charges

2019	2018
\$7,421,806	\$7,128,550

Appropriations - Sewer Utility

2019	2018
\$7,421,806	\$7,128,550

Sewer Fund Expenditure Detail 2019

Debt Service	\$ 3,335,999
Salaries & Wages	1,020,000
Plant Maintenance	1,903,000
Surplus	400,000
Employee Group Insurance	225,000
Other Expenses	127,807
Insurance – Other	165,000
Pensions	145,000
Legal	<u>100,000</u>
Total	\$7,421,806



2019 Budget Calendar

- March 07, 2019 – Budget Introduction
- April 18, 2019 – Public Hearing and Adoption

Thank you

