



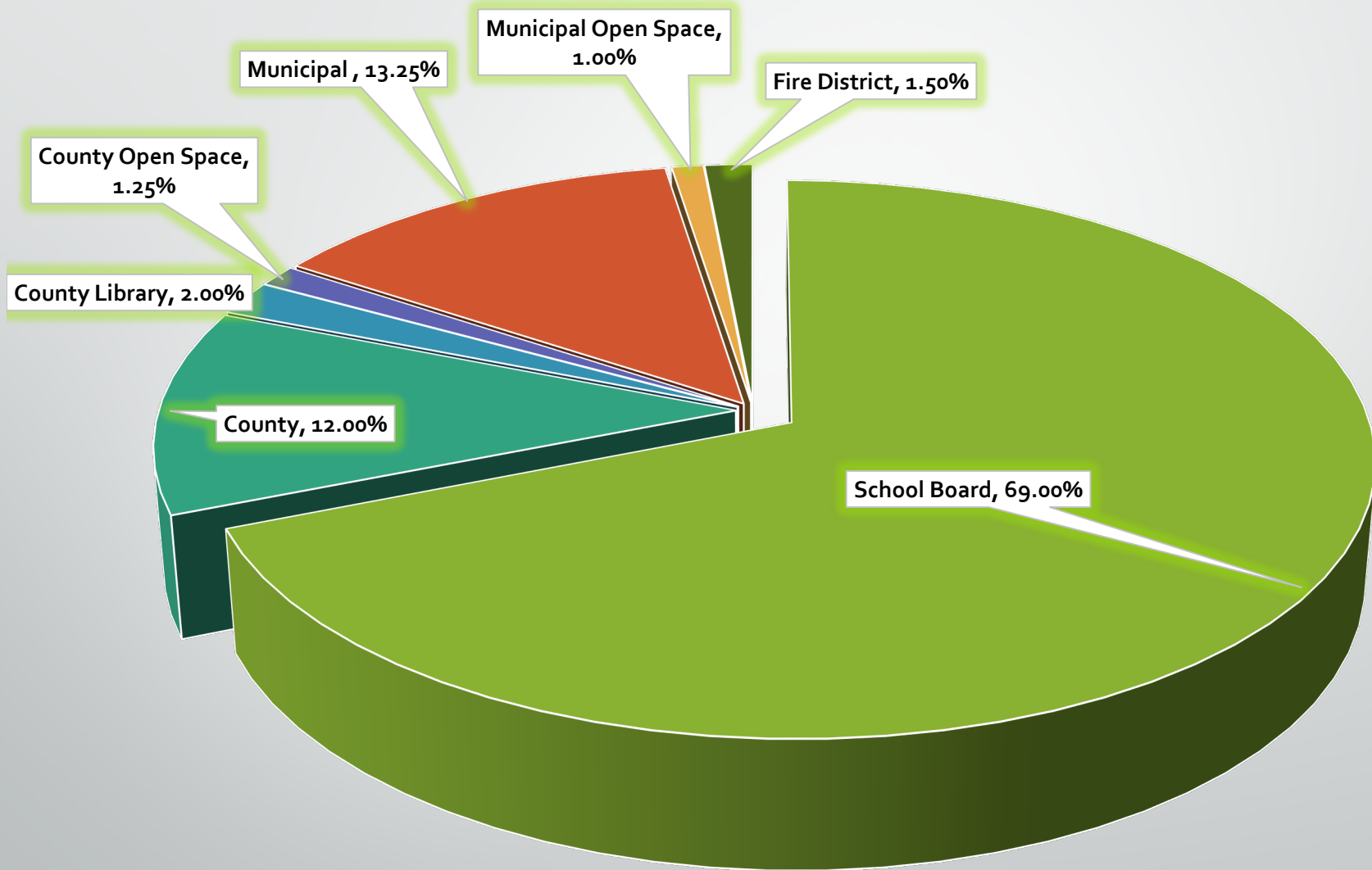
**MONTGOMERY**  
TOWNSHIP, NEW JERSEY

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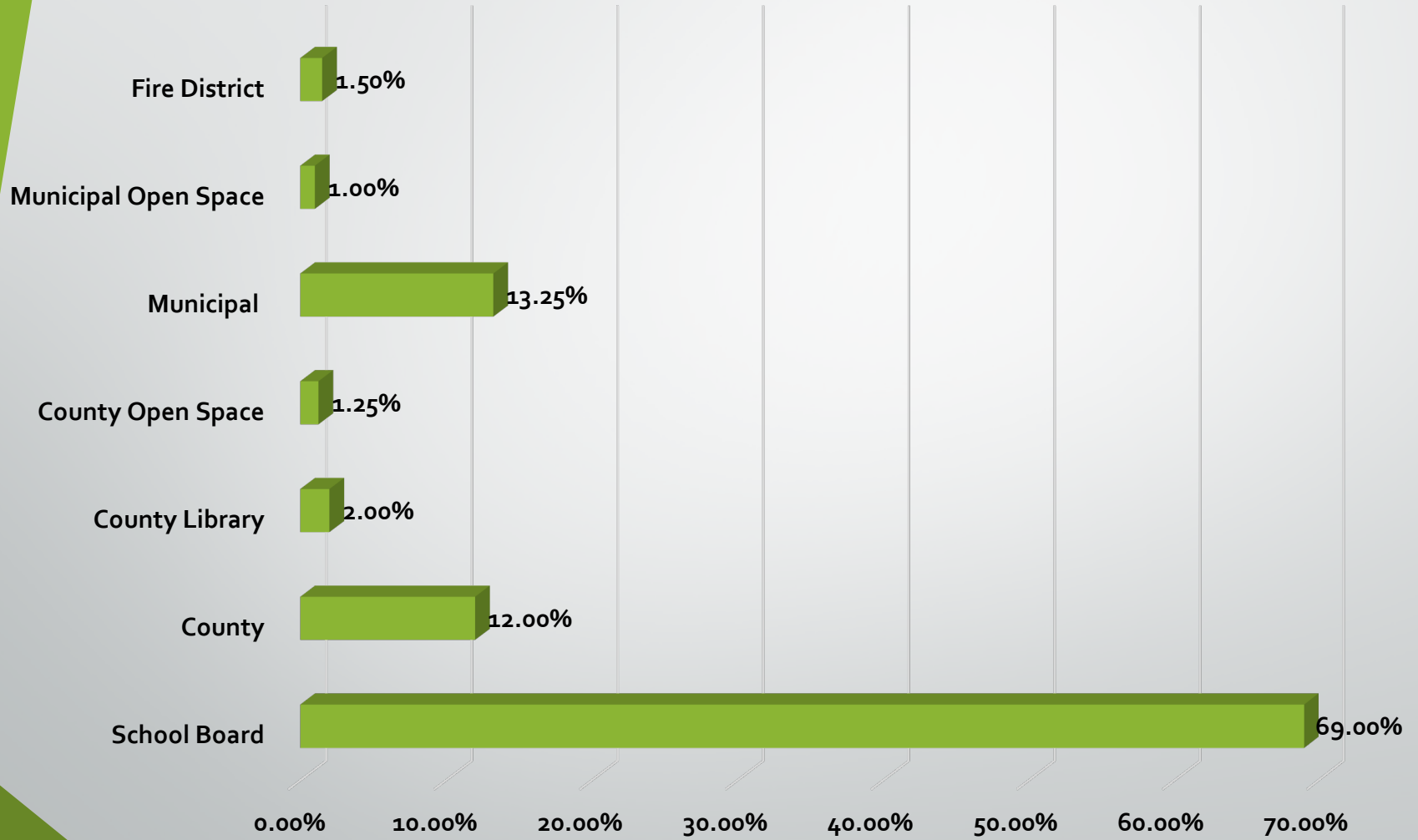
2024 Budget Presentation

April 04, 2024

# % of Property Taxes



# % of Property Taxes



# Budget Process

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



# 2024 Budget Cost Drivers

**Increase to 2024 Budget** (excluding grants):      **\$ 823,105**

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

*Police Costs (including 2 new officers)*      *\$309,950*

*Salaries (not including Police)*      *\$115,685*

*Debt Expense*      *\$105,000*

*Police Pensions*      *\$86,000*

*Health Benefits*      *\$80,000*

*Utilities*      *\$23,000*

# 2024 Budget Snapshot



Township Value

**\$ 4,041,575,053**

▲ **.097%** Greater  
Than 2023



Average Assessed Home Value

**\$ 507,051**

▲ **\$823.00** Greater  
Than 2023



Property Tax Rate

**\$0.467**

▲ **2.79%** Greater  
Than 2023

# Property Tax Rate Information

## 2024

- ❖ Est. Municipal Tax Rate = 0.467
- ❖ \$0.013 Increase over prior year
- ❖ \$67.93 **ANNUAL** Increase for the average assessed home (AAH)
- ❖ \$5.66 **MONTHLY** Increase on AAH
- ❖ Tax on \$507,051 residence: \$2,365.42

## 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

# 2024 Property Tax Calculation 101

❖  $(\text{Tax Levy} / \text{Town Assessment}) \times 100 = \text{Tax Rate}$   
 $(\$18,854,154 / \$4,041,575,053) \times 100 = \$\mathbf{0.467}$

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❖  $\text{Average Assessed Home} \times (\text{2024 TR} - \text{2023 TR}) / 100 = \text{Total Municipal Tax Increase}$   
 $\$507,051 \times (.467 - .454) / 100 = \mathbf{\$67.93}$

❖ Annual Increase On Avg. Assessed Home:  $\mathbf{\$67.93}$

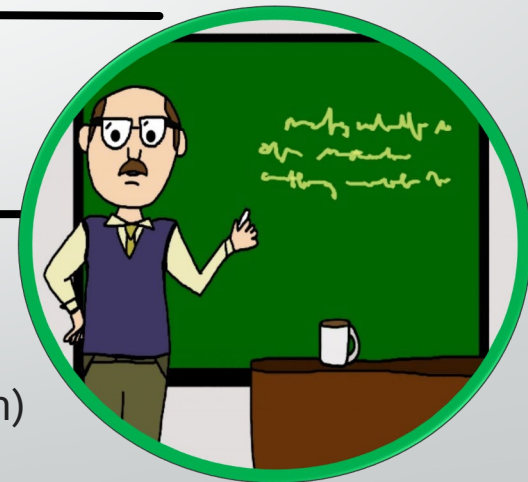
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❖ Monthly Increase on Avg. Assessed Home:  
 $\$67.93 / 12 \text{ months} = \mathbf{\$5.66}$  more per month

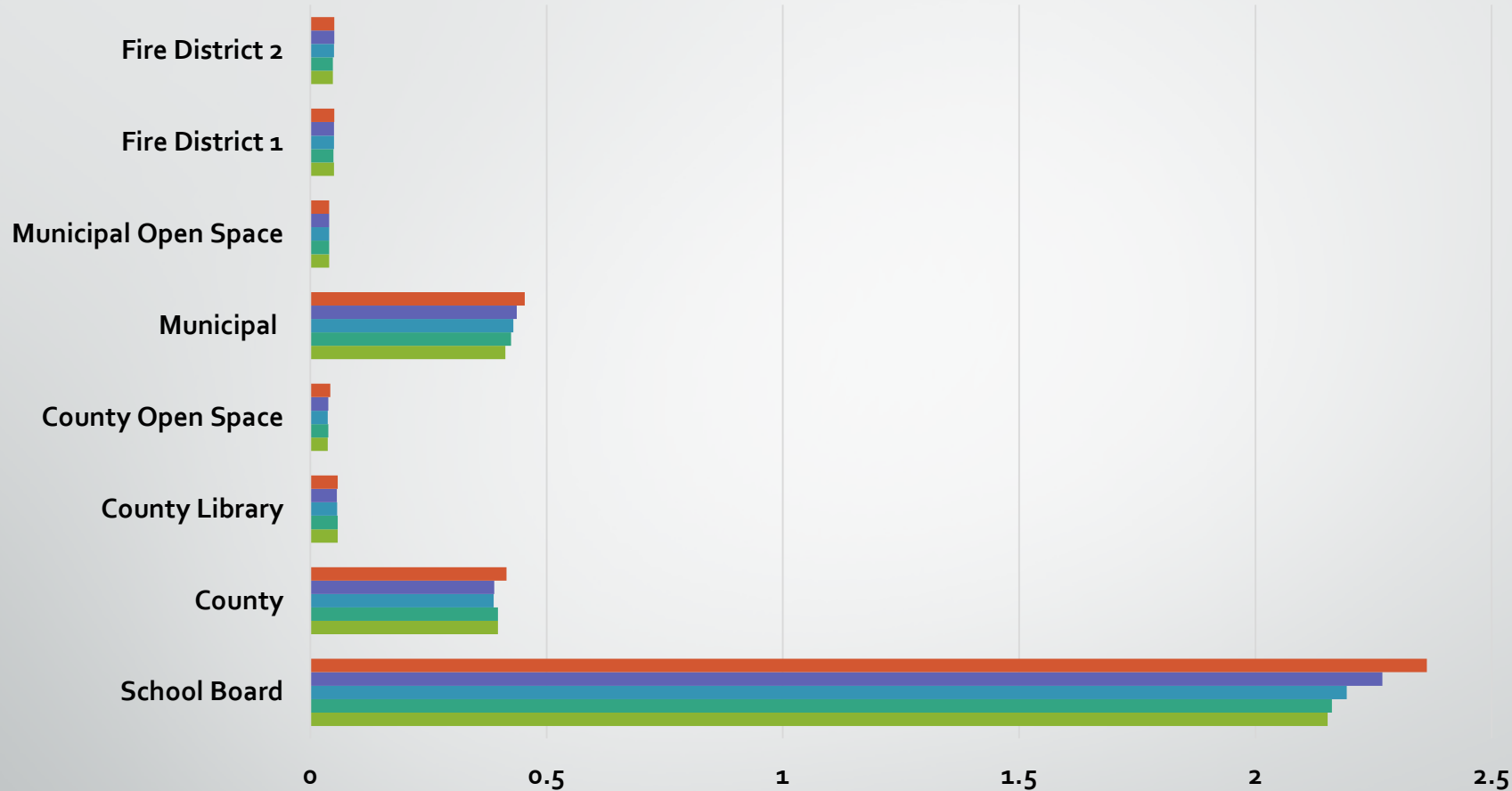
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❖ Municipal Tax on Avg. Assessed Home:  
 $(\$507,051 \times .467) / 100 = \$2,365.42$  (\$197.12 per month)

*\*Approximately 13.25% of your total property tax bill\**



# Tax Rates



	School Board	County	County Library	County Open Space	Municipal	Municipal Open Space	Fire District 1	Fire District 2
2023	2.363	0.415	0.058	0.042	0.454	0.040	0.051	0.051
2022	2.269	0.389	0.056	0.038	0.437	0.040	0.050	0.051
2021	2.194	0.388	0.057	0.037	0.430	0.040	0.050	0.050
2020	2.162	0.397	0.058	0.038	0.425	0.040	0.049	0.048
2019	2.153	0.397	0.058	0.037	0.413	0.040	0.050	0.048

# Montgomery Township 2024 Budget Introduction

## Overview

- Total 2024 Current Fund Budget Appropriations  
**\$32,405,700**
- Amount to be raised by Taxes  
**\$18,854,154**

# Year Over Year Comparison

2024

Amount to be Raised by  
Property Taxes

\$18,854,154

2023

Amount to be Raised by  
Property Taxes

\$18,165,606

# 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 2024 Revenue Sources

❖ Amount to be Raised by Taxes: **\$18,854,154**

❖ Surplus: **\$5,300,000**

❖ State Aid (Energy Receipts Tax): **\$1,460,503**

❖ Interest/Investments: **\$900,000**

❖ Fees & Permits: **\$730,000**

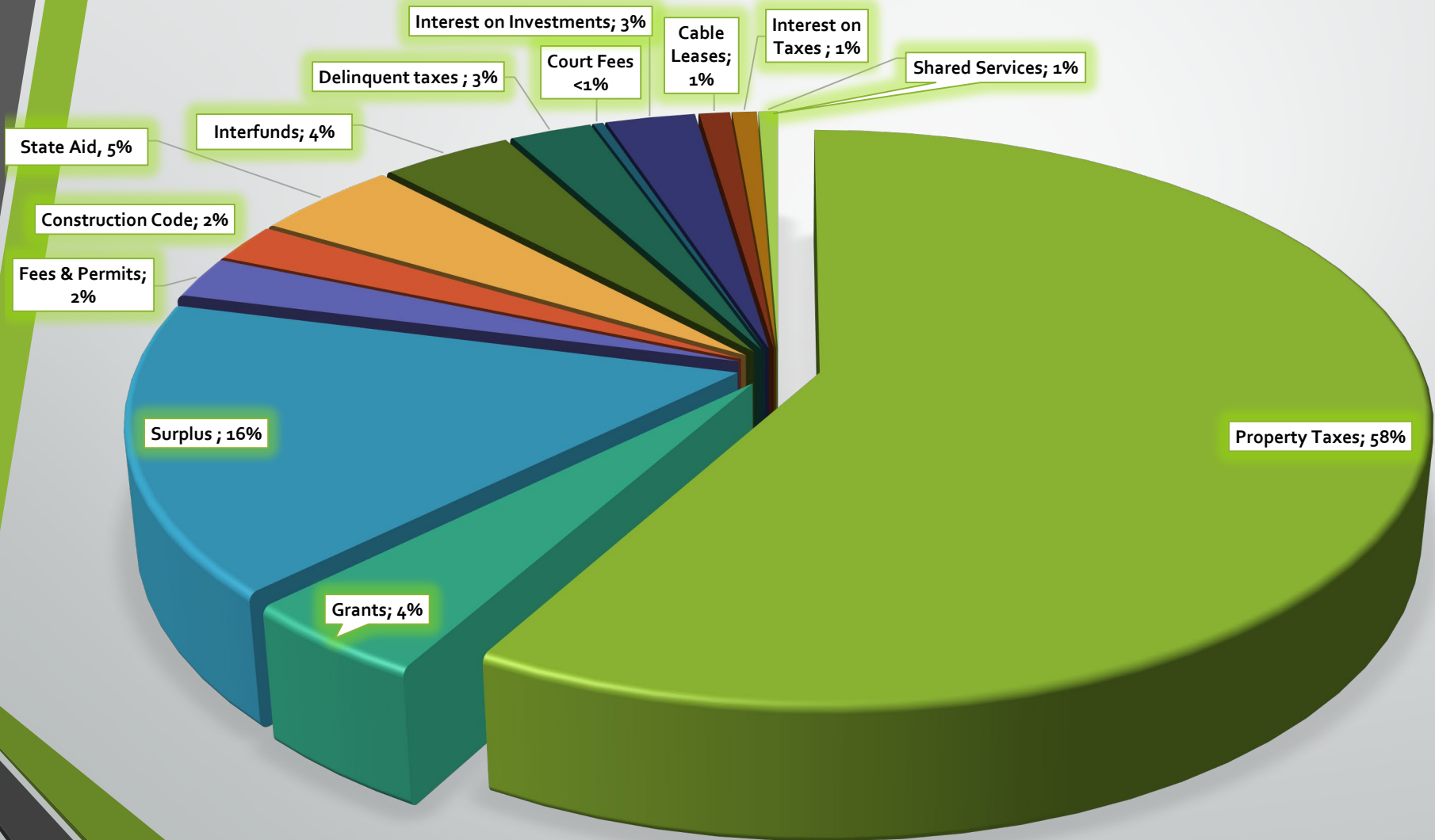
❖ Uniform Construction Code Fees: **\$700,000**

❖ Leases : **\$310,000**

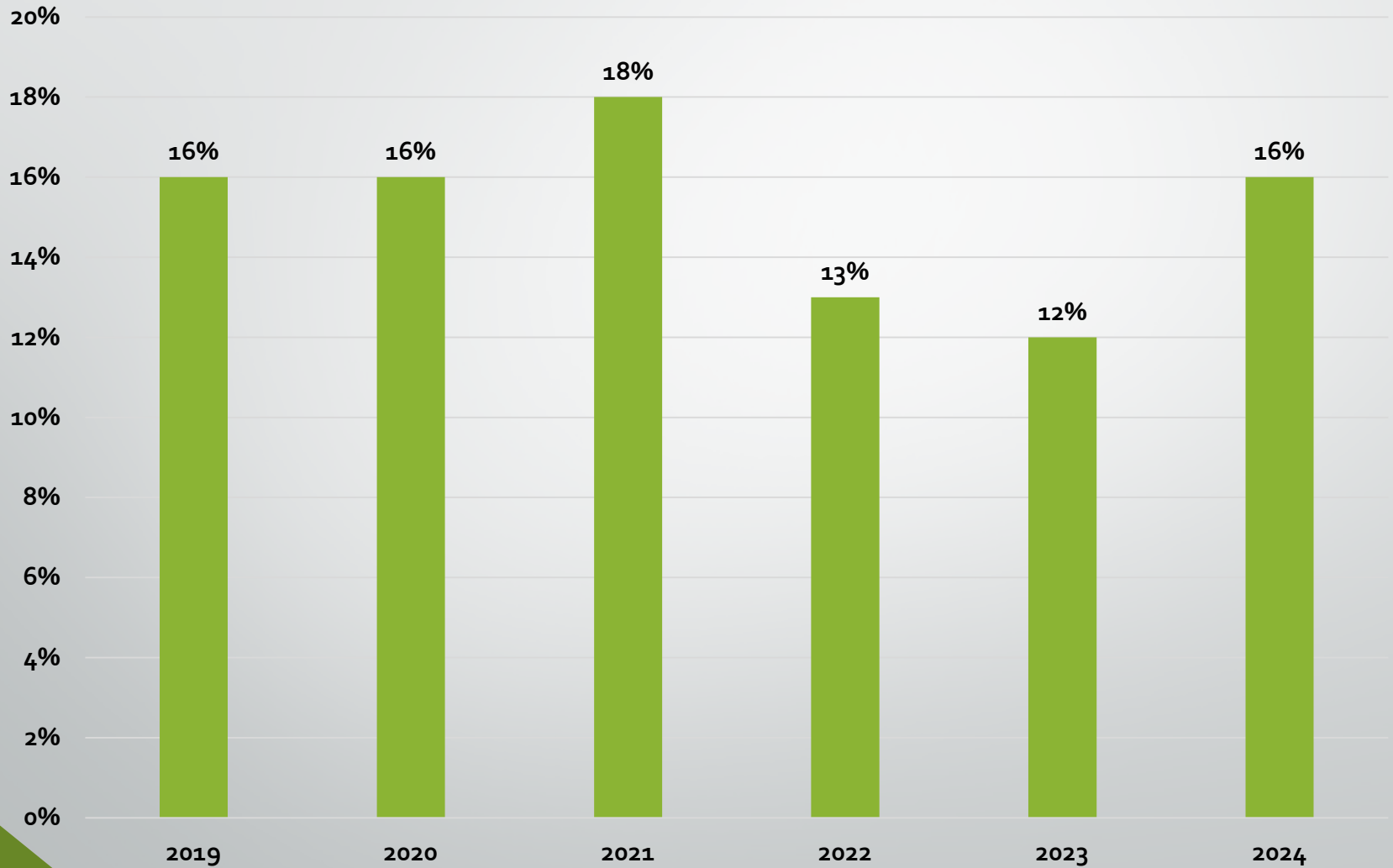
❖ Court Fees: **\$100,000**



# 2024 Revenue Sources



# 2024 Surplus - % of Budget



# 2024 Grants

- ❖ Legislative Grant - \$1,500,000
- ❖ Library Debt Grant: \$944,535
- ❖ DOT Grant – Township Line Road - \$370,931
- ❖ Firefighter Grant - \$75,000
- ❖ Recycling Tonnage Grant: \$26,764
- ❖ Opioid Grant: \$9,840
- ❖ Municipal Alliance: \$6,864
- ❖ Supplemental Fire Grant: \$3,559
- ❖ Body Armor Replacement: \$2,740
- ❖ Radon Grant: \$1,997
- ❖ Bulletproofs Vest Protection Grant: \$450



- ❖ Salaries / Wages= **\$11,218,865**
- ❖ Annual Debt Service & Capital = **\$5,782,170**
- ❖ Health Insurance & Liability Ins. = **\$2,793,000**
- ❖ Pensions = **\$2,250,000**
- ❖ Reserve for Uncollected : **\$1,460,000**
- ❖ Social Security, Unemployment: **\$910,000**
- ❖ Utilities = **\$931,500**
- ❖ Vehicle Maintenance: **\$790,000**



# 2024 Budget Cost Drivers

**Increase to 2024 Budget** (excluding grants):      **\$ 823,105**

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

*Police Costs (including 2 new officers)*      *\$309,950*

*Salaries (not including Police)*      *\$115,685*

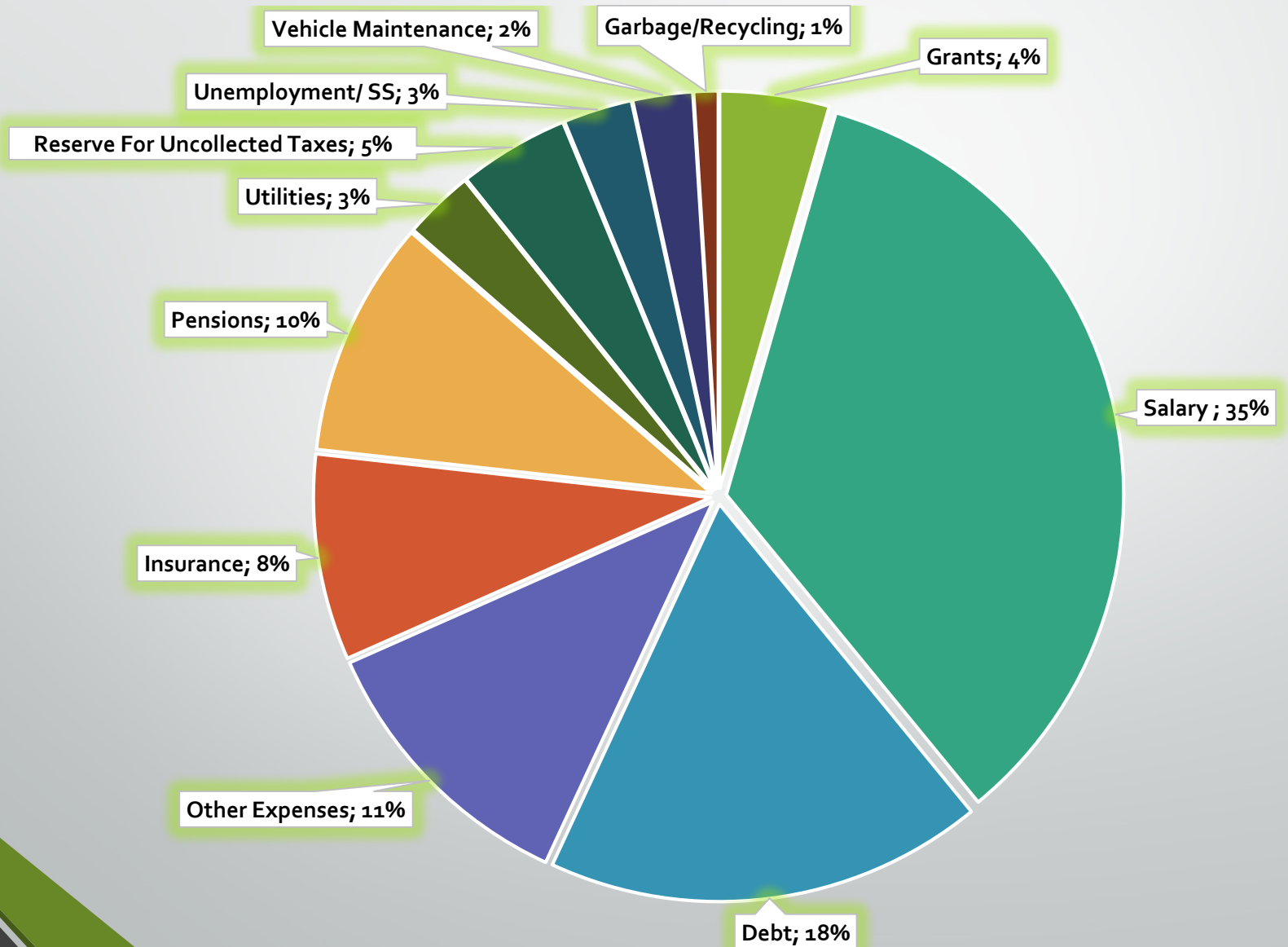
*Debt Expense*      *\$105,000*

*Police Pensions*      *\$86,000*

*Benefits*      *\$80,000*

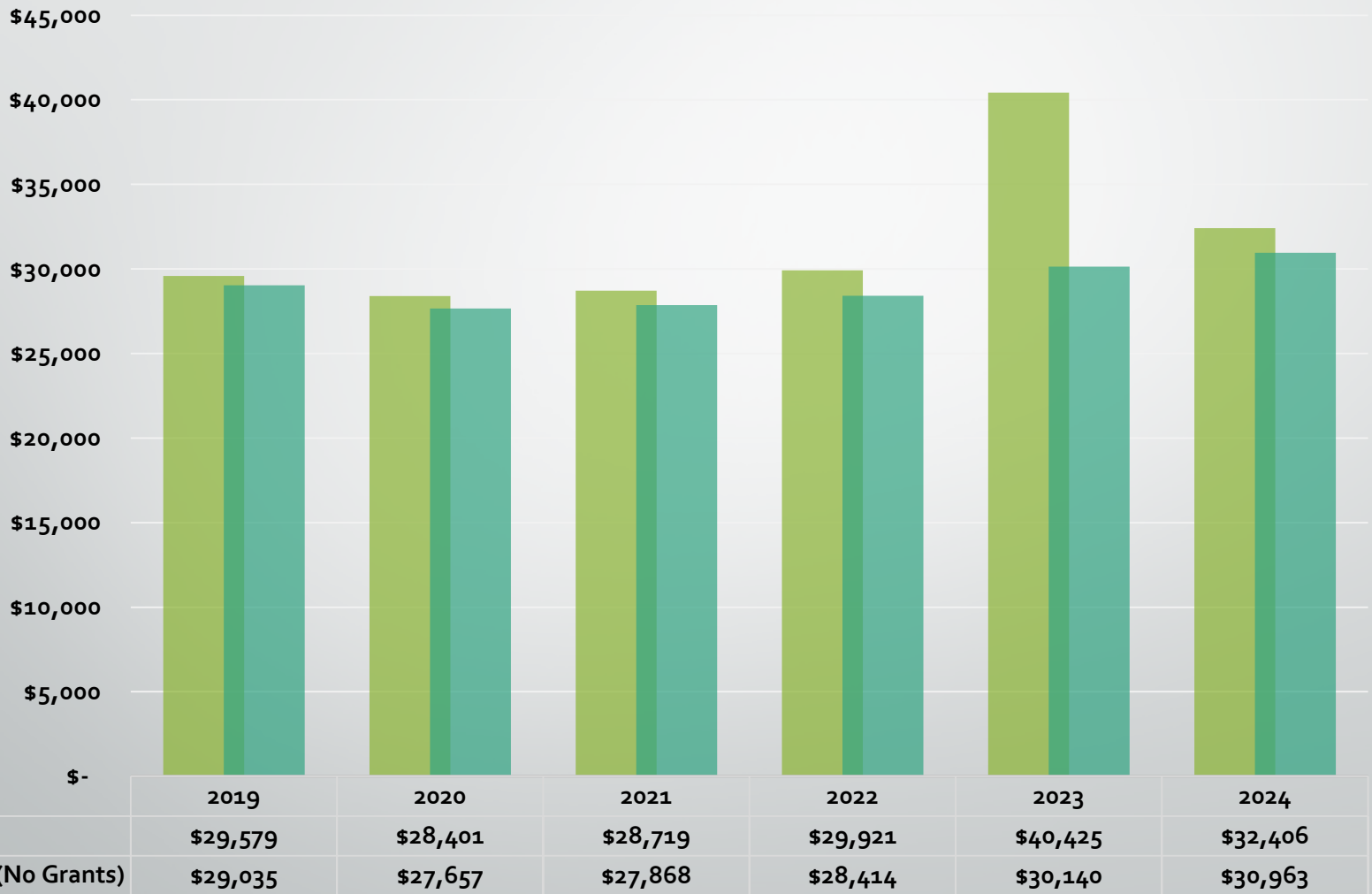
*Utilities*      *\$23,000*

# 2024 Appropriation Sources



# Total Budgeted Appropriations

(000's Omitted)



# 2024 Department Appropriations

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2024 Budget Appropriations	Final 2023 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
POLICE	5,276,950	4,967,000	309,950	5.87%
DPW / STREETS & ROADS	1,860,000	1,826,000	34,000	1.83%
HEALTH	658,460	626,300	32,160	4.88%
RECREATION	952,750	909,500	43,250	4.54%
PARKS MAINTENANCE (REC DIVISION)	625,000	612,500	12,500	2.00%
CONSTRUCTION CODE	630,500	616,000	14,500	2.30%
FINANCIAL ADMINISTRATION	622,700	607,700	15,000	2.41%
ENGINEERING & GIS	556,750	542,750	14,000	2.51%

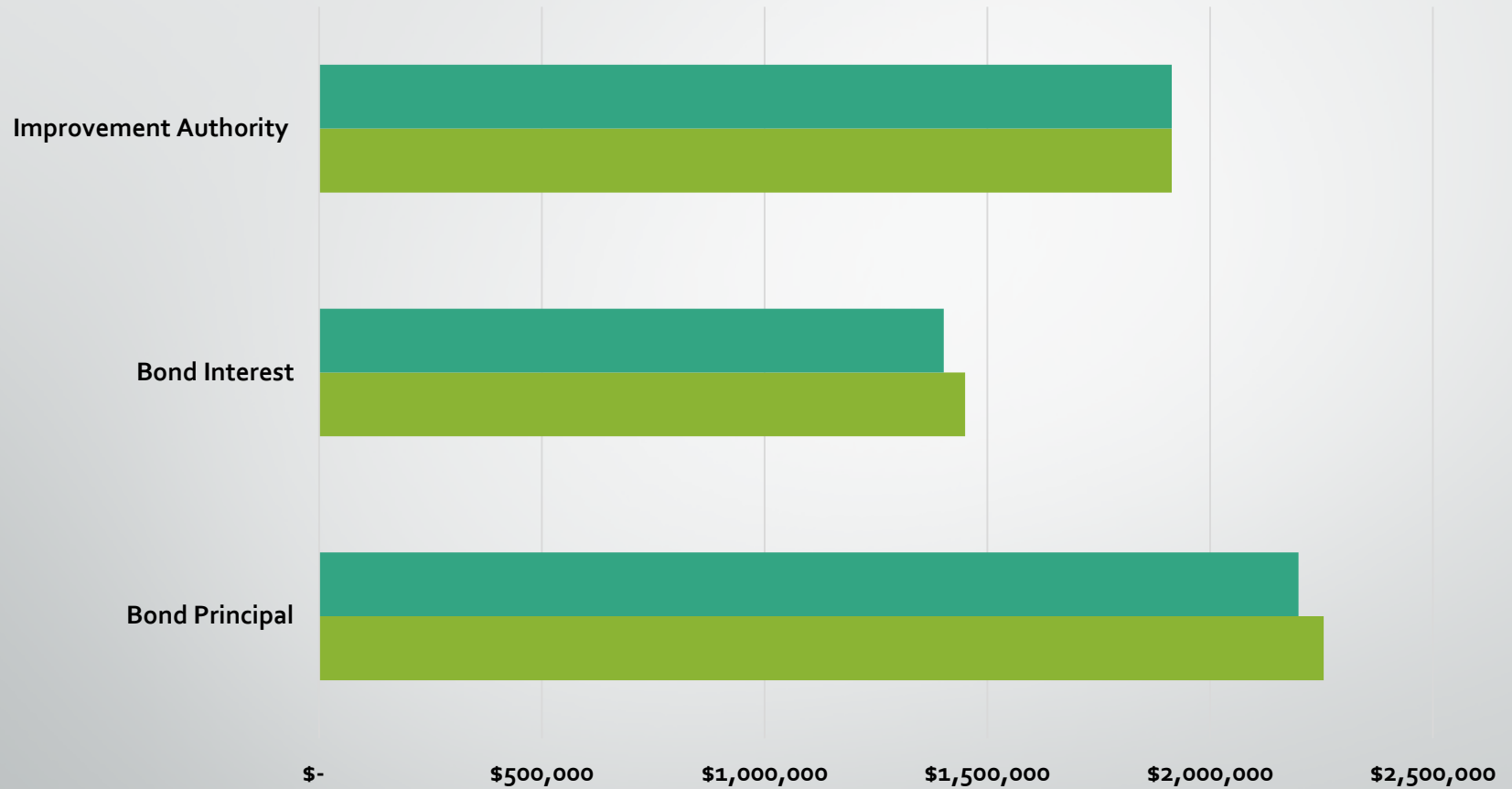
# 2024 Department Appropriations

DEPARTMENTS	Final 2023			
	2024 Budget Appropriations	Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
BUILDINGS & GROUNDS	517,700	506,200	11,500	2.22%
CLERK	284,400	284,400	-	0.00%
ADMINISTRATIVE & EXECUTIVE	427,700	398,800	28,900	6.76%
DATA PROCESSING	391,200	365,470	25,730	6.58%
TAX COLLECTION & ASSESSMENT	266,800	259,650	7,150	2.68%
PLANNING / ZONING	442,000	432,000	10,000	2.26%
FIRE PREVENTION	225,000	220,000	5,000	2.22%

# 2024 Department Appropriations

DEPARTMENTS	MAJOR DEPARTMENTAL PROGRAMS			
	2024 Budget Appropriations	Final 2023 Budget Appropriations	Increase / Decrease \$	Increase / Decrease %
<b>INSURANCES</b>				
EMPLOYEE GROUP HEALTH	1,911,000	1,831,000	80,000	4.19%
LIABILITY INSURANCE	626,000	616,000	10,000	1.60%
WORKERS COMPENSATION	256,000	251,000	5,000	1.95%
<b>SUBTOTAL INSURANCES</b>	<b>2,793,000</b>	<b>2,698,000</b>	<b>95,000</b>	<b>3.40%</b>
<b>PENSIONS</b>				
PFRS	1,320,000	1,234,000	86,000	6.52%
PERS	920,000	940,000	(20,000)	-2.17%
<b>TOTAL PENSIONS</b>	<b>2,240,000</b>	<b>2,174,000</b>	<b>66,000</b>	<b>2.95%</b>
<b>CAPITAL IMPROVEMENT FUND</b>	<b>163,170</b>	<b>163,170</b>	<b>-</b>	<b>0.00%</b>
<b>DEBT SERVICE &amp; DEFERRED CHARGES</b>	<b>5,619,000</b>	<b>5,514,000</b>	<b>105,000</b>	<b>1.87%</b>
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<b>1,460,000</b>	<b>1,460,000</b>	<b>-</b>	<b>0.00%</b>

# Annual Debt Payments



	Bond Principal	Bond Interest	Improvement Authority
2023	\$2,198,000	\$1,402,000	\$1,914,000
2024	\$2,255,000	\$1,450,000	\$1,914,000

# Debt Service Detail

## Outstanding General Serial Bonds

❖ 2022 General Improvement Bond - \$17,335,000	
❖ 2012 General Improvement Bond - \$ 8,540,000	
❖ 2017 General Improvement Bonds - \$ 4,935,000	
❖ 2018 General Improvement Bonds - \$ 4,765,000	
	<hr/>
	\$ 35,575,000

## Debt Authorized but not issued:

❖ 2022 Capital Projects	\$ 2,150,340
❖ 2023 Capital Projects	\$3,107,000

## Improvement Authority Loans:

❖ Municipal Complex	\$33,065,000
❖ TD Vehicle	\$160,835



# 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- 2024

## Police Department - \$100,300

- ❖ Mobile Data Computers
- ❖ Mobile Vision Cameras
- ❖ Armor / Ammo
- ❖ AED's
- ❖ Radar Equipment
- ❖ Other Equipment
- ❖ Automated License Plate Reader



# Capital Budget- 2024

## Computer Network - \$26,000

- ❖ Computer, Network, Server Upgrades and Maintenance

## GIS - \$7,500

- ❖ Mapping GPS Unit/Drone

## Engineering - \$1,417,500

- ❖ Annual Road & Sidewalk Projects

## Parks - \$69,000

- ❖ Equipment Replacements

## Recreation - \$65,000

- ❖ Park Improvements

## Buildings & Grounds - \$100,000

- ❖ Building Improvements

## OEM - \$7,000

- ❖ Rescue Gear & Computer Equip



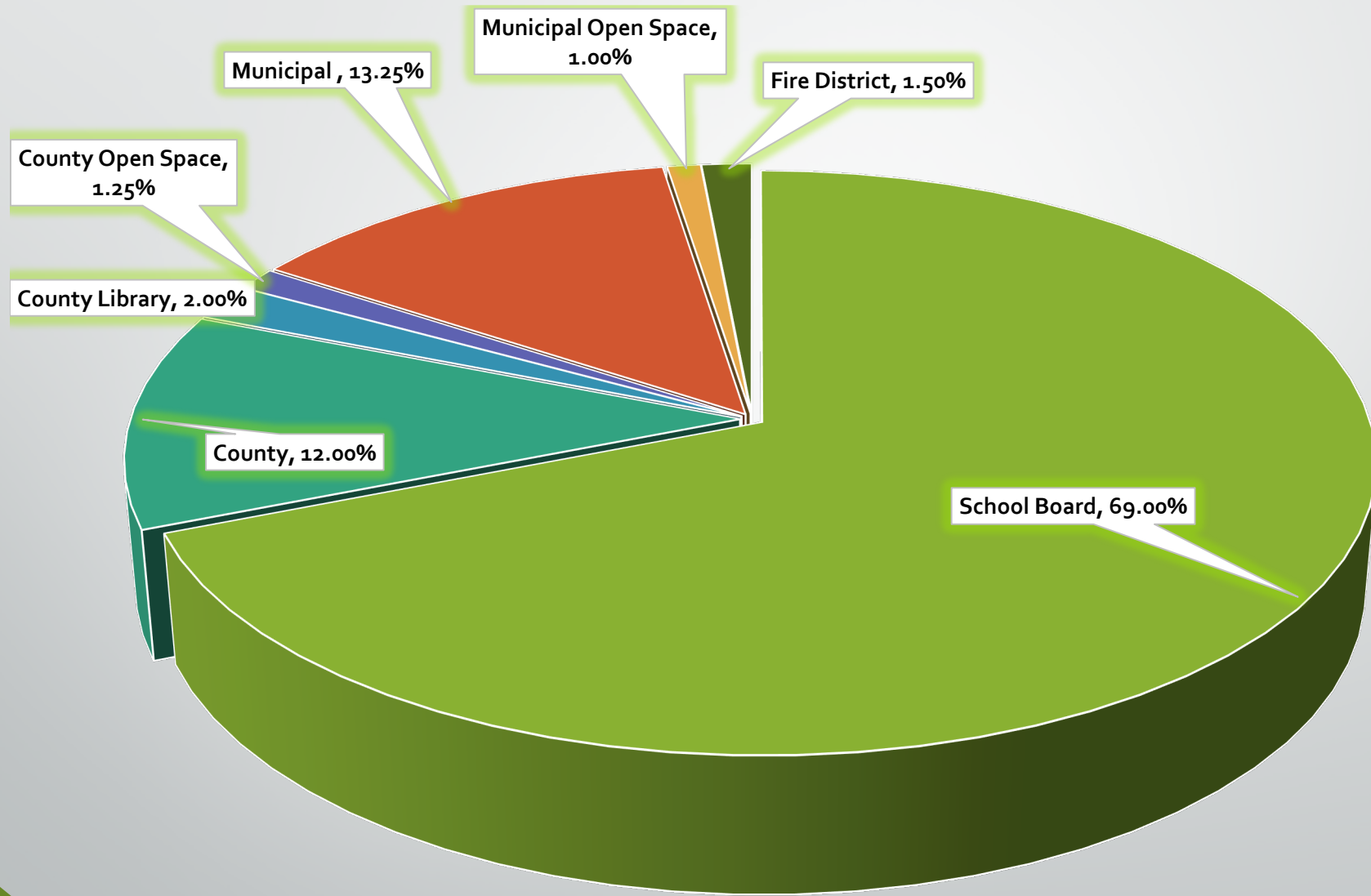
# Capital Budget- 2024

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

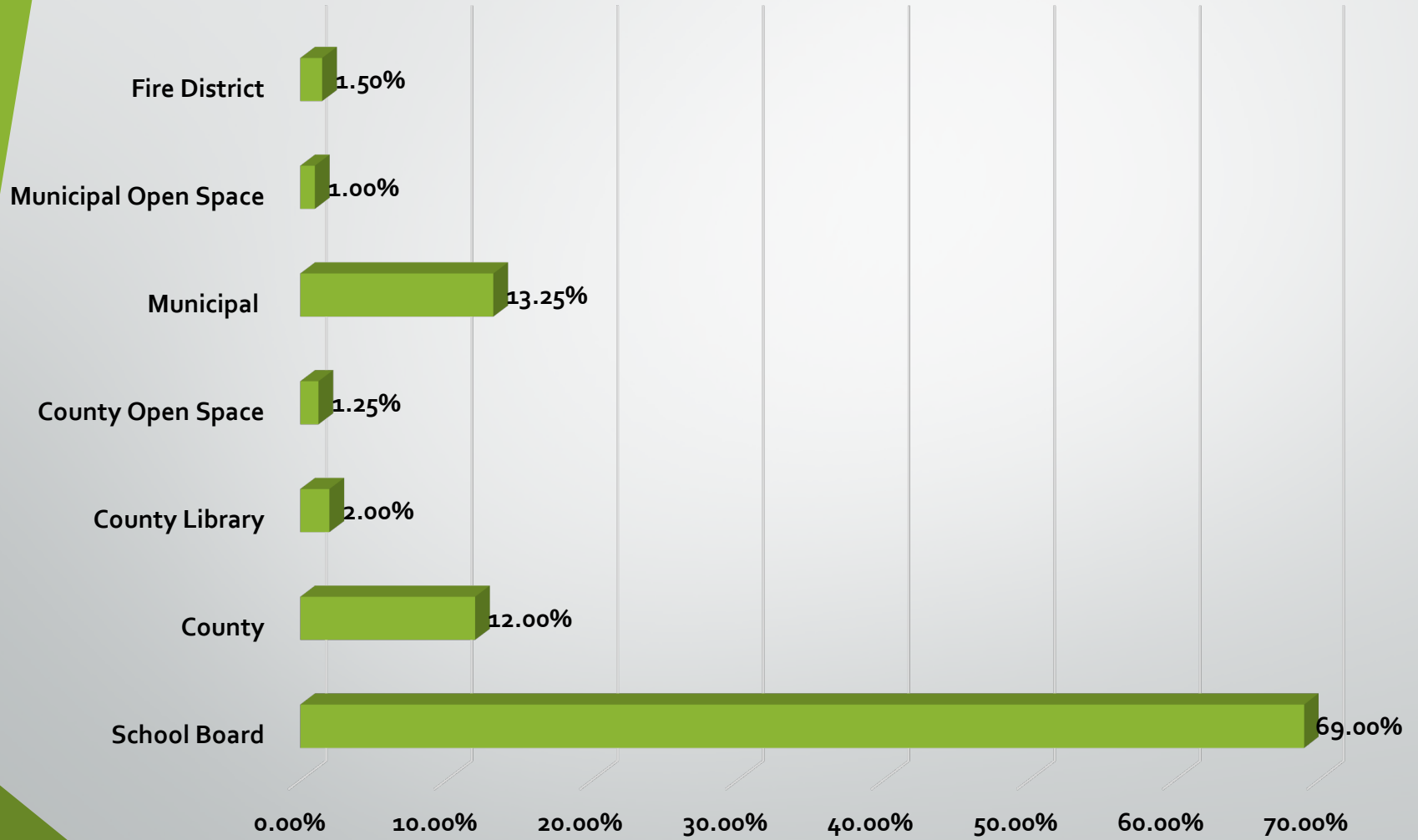
- Paving
- Sidewalk Repair
- Replacement of Equipment



# % of Property Taxes



# % of Property Taxes



# 2024 Sewer Utility Budget Overview

## Revenues – Sewer Use Charges

<b>2024</b>	<b>2023</b>
\$8,032,200	\$ 7,849,100

## Appropriations - Sewer Utility

<b>2024</b>	<b>2023</b>
\$8,302,200	\$ 7,849,100



# Sewer Utility Cost Drivers

Total 2024 Budget Increase: \$ 183,100

## *Cost Drivers:*

*Capital Improvements*                      \$130,000

*Annual Debt*                                      \$110,000



# Sewer Utility Budget Appropriations

Debt Service	\$3,775,000
Salaries & Wages	1,215,000
Plant Maintenance	1,849,200
Surplus to Current	250,000
Employee Group Insurance	234,000
Insurance – Other	220,000
Pensions	154,000
Capital Improvements	130,000
Other Expenses	105,000
Legal	<u>100,000</u>
<b>TOTAL</b>	<b>\$ 8,032,200</b>



# Sewer Utility Budget Capital

## Sewer Department

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



# Sewer Rate History

YEAR	BASE FEE	USAGE FEE (per 100 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

# 2024 Budget Calendar

- April 04, 2024 – Budget Presentation & Introduction
- May 02, 2023– Public Hearing and Adoption

*Thank you*

