

A horizontal band across the center of the slide features a grayscale image of several coins, likely quarters, with intricate designs and text visible on their surfaces. The text is overlaid on this band.

2012 Budget Introduction

April 5, 2012

Montgomery Township



A Recent History

- Montgomery's municipal tax levy has barely changed over the past 3 years (2008 thru 2011)
 - Montgomery's municipal tax levy has increased by only 0.7%
 - NJ's average change in municipal tax levy is +14.3% (based on data for all 566 municipalities)
 - Inflation over this time period is about 6%
- Spending and Headcount have been reduced – finding ways to do more with less:
 - Non-grant spending has been reduced by 18% from it's high of nearly \$31 million
 - Non-grant spending is now below 2004 levels
 - The number of township employees have been reduced by over 25% (186 to 138)



Structural Budget Gap

- Montgomery doesn't have a truly "balanced" budget due to use of non-reoccurring surplus
 - Past Mayors and Township Committees have used large amounts of surplus to increase annual spending
 - Worst years on record: 2005 and 2006 (each year about \$14 million of surplus was used to "balance" the budgets, accounting for over 40% of all spending)
 - Surplus primarily comes from residential growth – as the residential boom of the past few decades ends, the surplus has dramatically decreased (from a high of \$20 million to only \$2.5 million this year)
- Montgomery has a structural budget gap of \$4-5 million (how much more is spent as compared to reoccurring revenue)
 - As our surplus continues to decrease, this gap has become a serious financial problem since there is no "easy fix" like in past years
 - Montgomery needs to reduce its reliance on non-reoccurring surplus and better match spending with only reoccurring revenue sources



Structural Budget Gap

- Development of a 3-year plan to close the structural budget gap is underway
 - A committee is being formed to focus on:
 - Internal efficiencies – review of headcount roles and responsibilities, analysis of all spending policies and procedures
 - Shared services – most likely with Hillsborough and Branchburg (all opportunities will be reviewed that do not negatively impact public health and safety or local control of land use)
 - Increases of non-property tax reoccurring revenue sources



2012 Budget Summary

- Beginning of the year budget gap = \$3.0 million
 - Decline in surplus/revenue of \$2.5 million
 - Mandatory Cost Increases (totally \$508K):
 - Pensions – PFRS
 - Emergency Resolution for Hurricane Irene
 - Health Care Premiums
 - Statutory and Contractual Salary Increases
- Non-grant spending has been reduced by \$85K (from the 2011 baseline)
 - Reduction in headcount - 4 employees (attrition)
 - Shared services agreement with Hillsborough for municipal court
 - Shared services agreement with Branchburg for purchasing agent
 - Reduction in debt service payments (paying off \$10.7 million of debt)
 - Total of about \$600K in new efficiencies and spending reductions



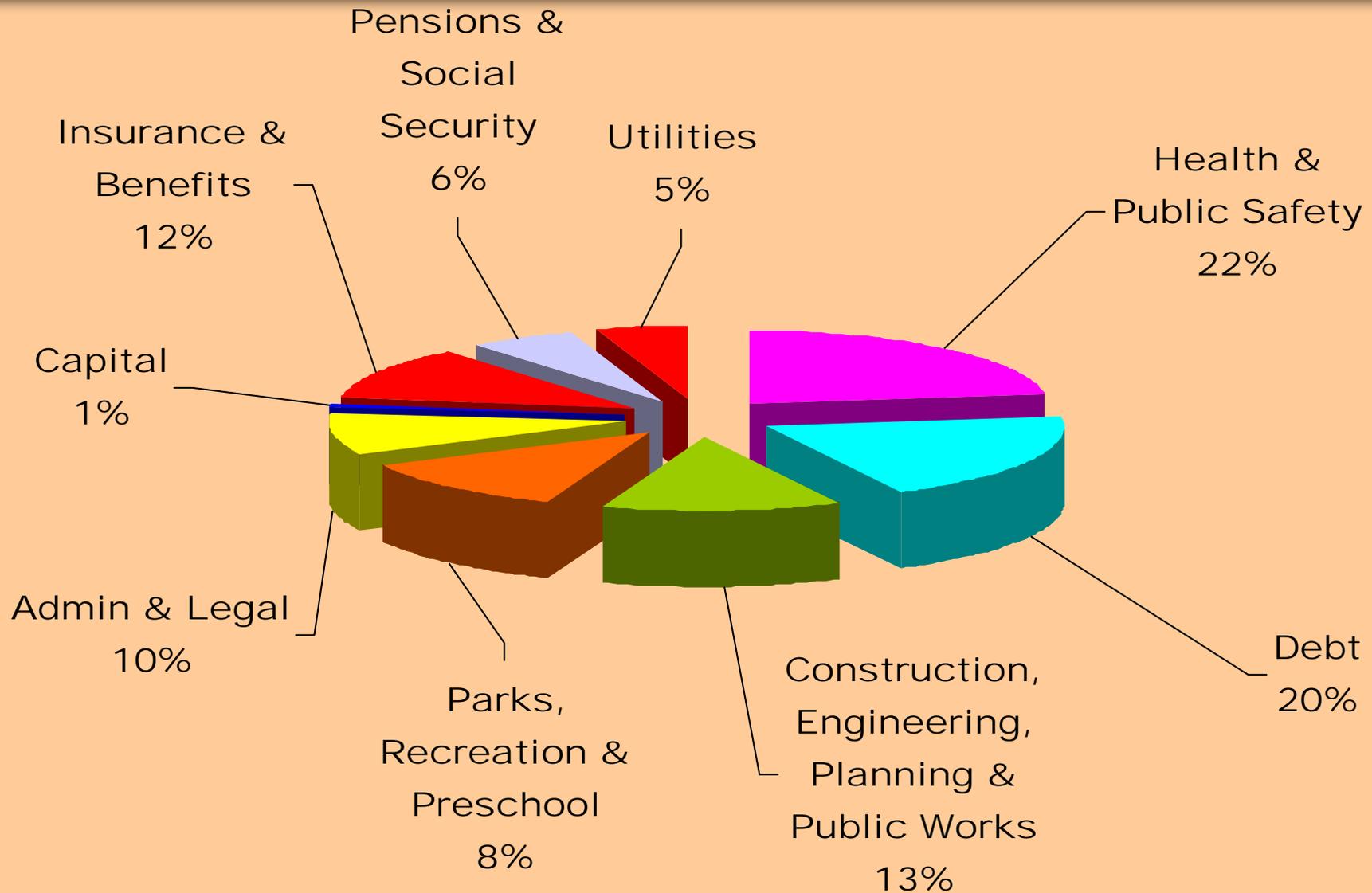
2012 Budget Summary

- Based on the new property tax cap (2% + exemptions), Montgomery is eligible for a 3.8% increase in municipal taxes
 - However, the proposed tax increase is only 1.8%
 - \$35 increase per average household (to \$1,565)
 - Municipal tax rate up \$0.007 (to \$0.312)
- State Aid – flat compared to 2011
- No reductions in services

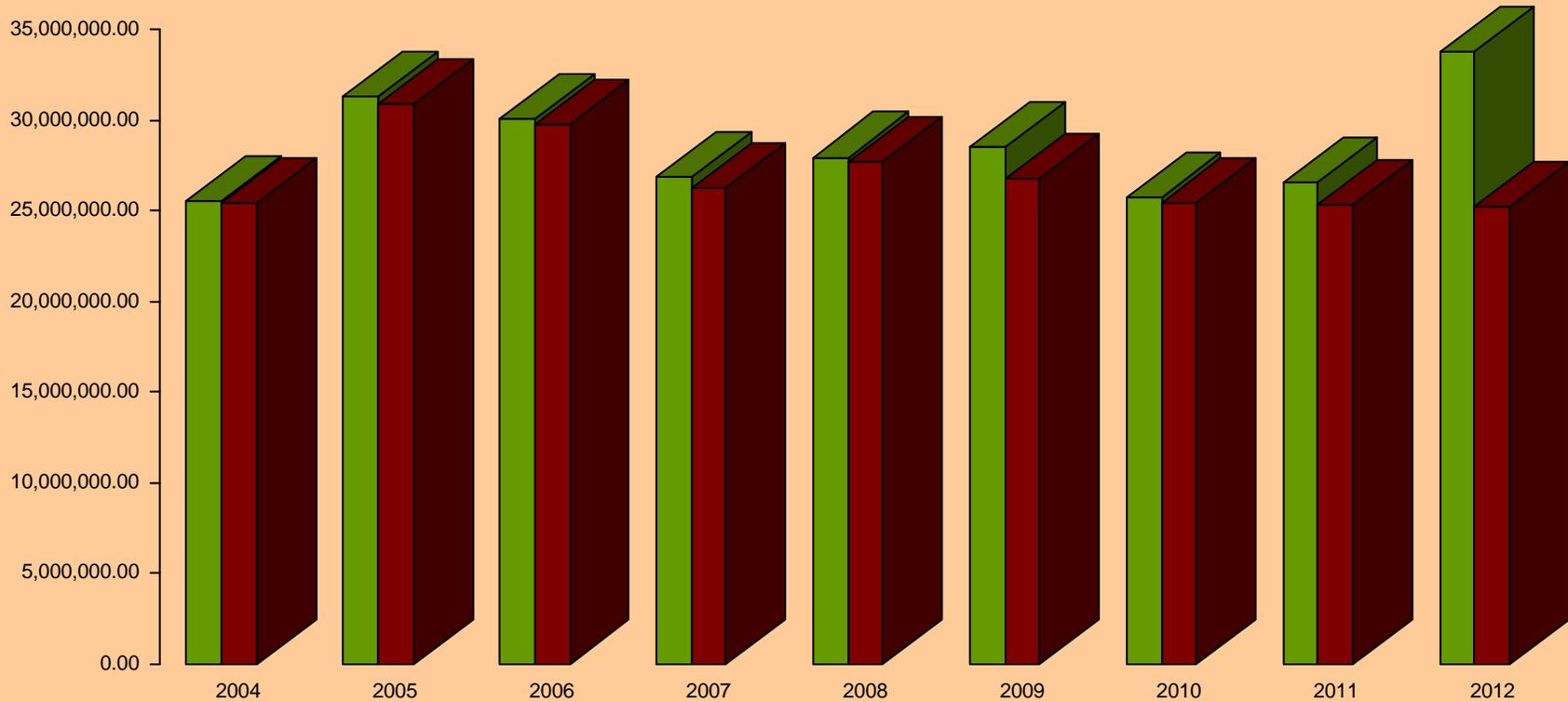


DATA SLIDES

2012 Preliminary Budget Expenditures



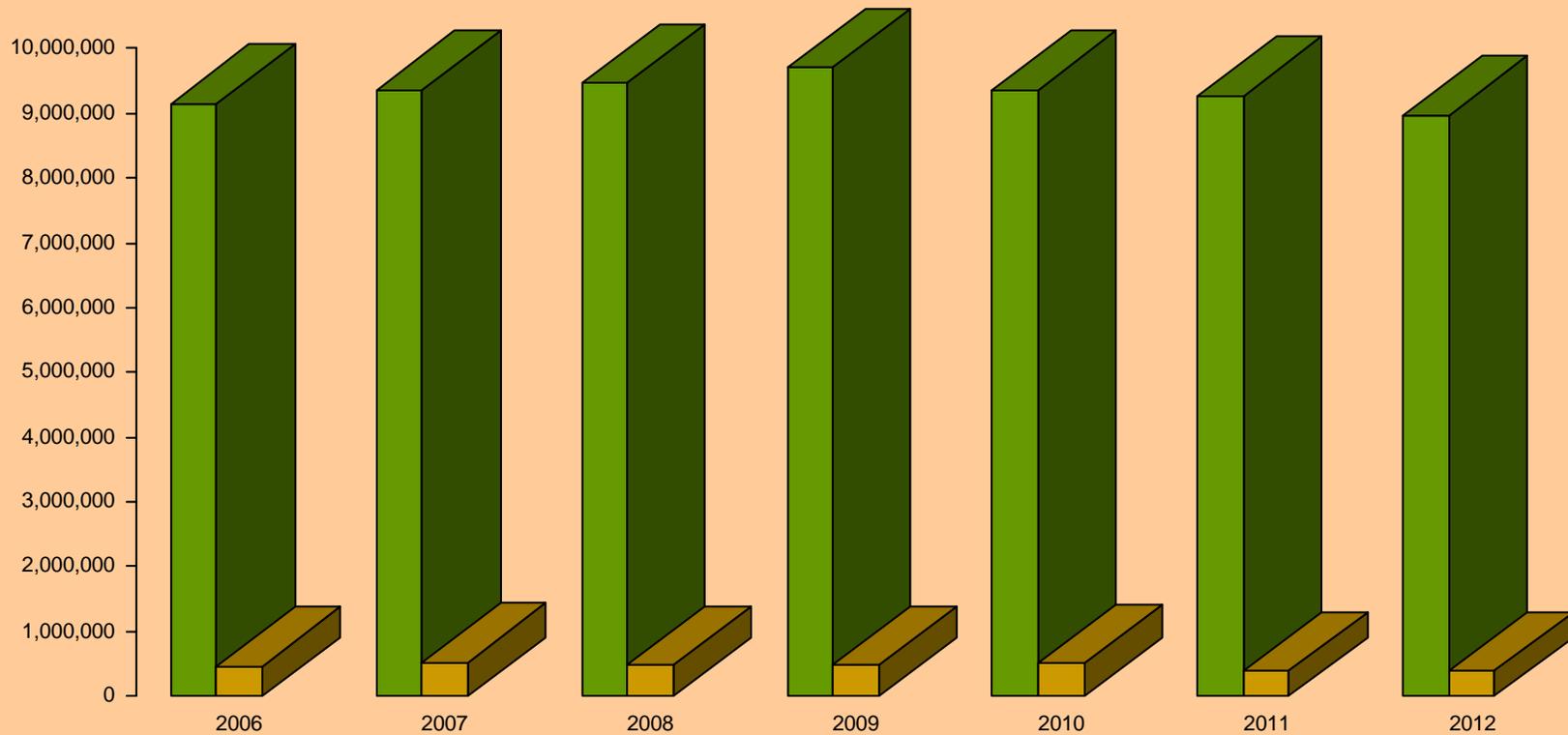
Total Budget Appropriations (000 Omitted)



Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Budget	25,503	31,261	30,081	26,838	27,951	28,501	25,773	26,598	33,778
Budget Less Grants	25,422	30,867	29,754	26,220	27,687	26,764	25,464	25,332	25,247

Decrease of \$85K in spending

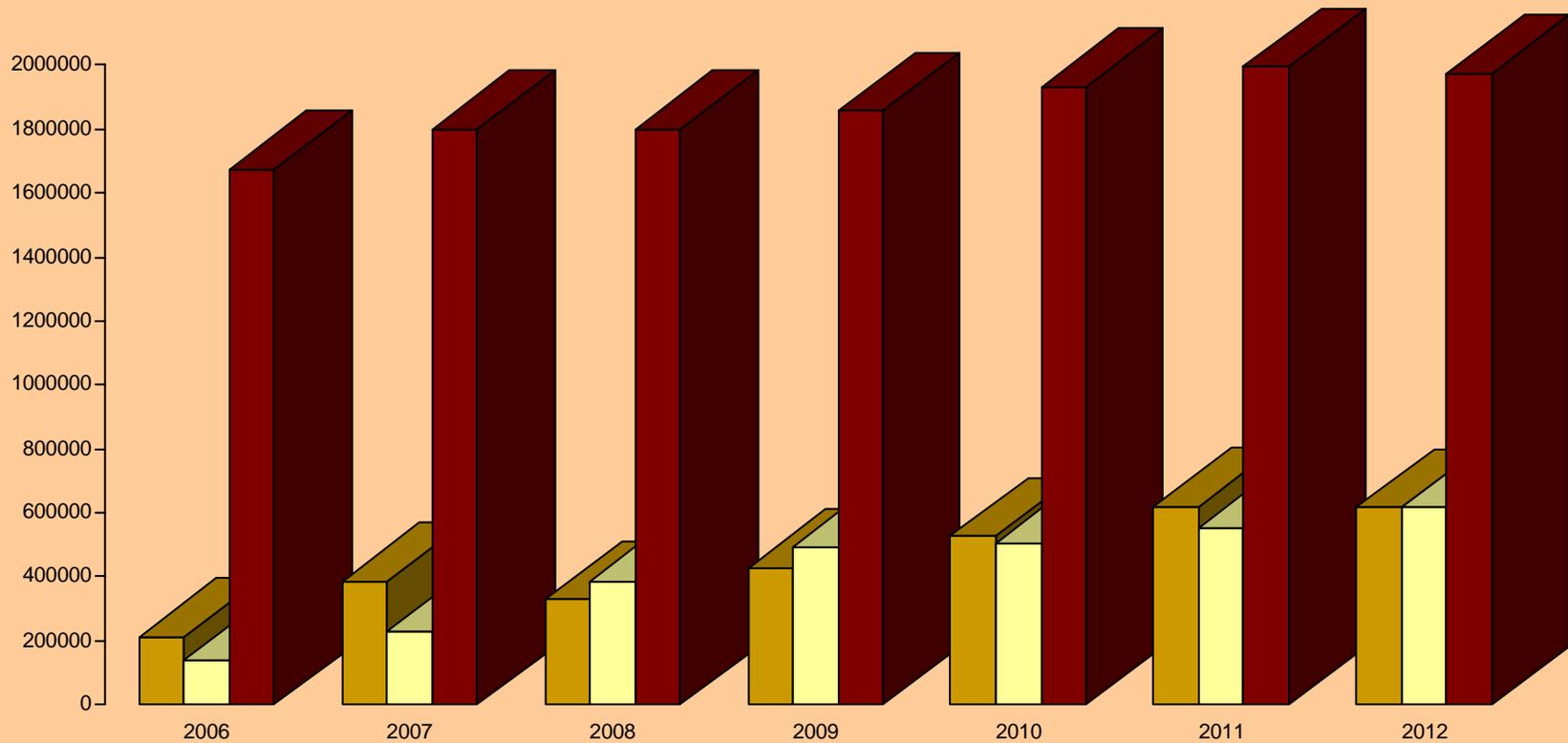
Budgeted - Total Salaries and Overtime (000 Omitted)



Year	2006	2007	2008	2009	2010	2011	2012
Total Salaries	9,152	9,368	9,464	9,713	9,357	9,275	8,970
Overtime	460	520	465	475	506	390	387

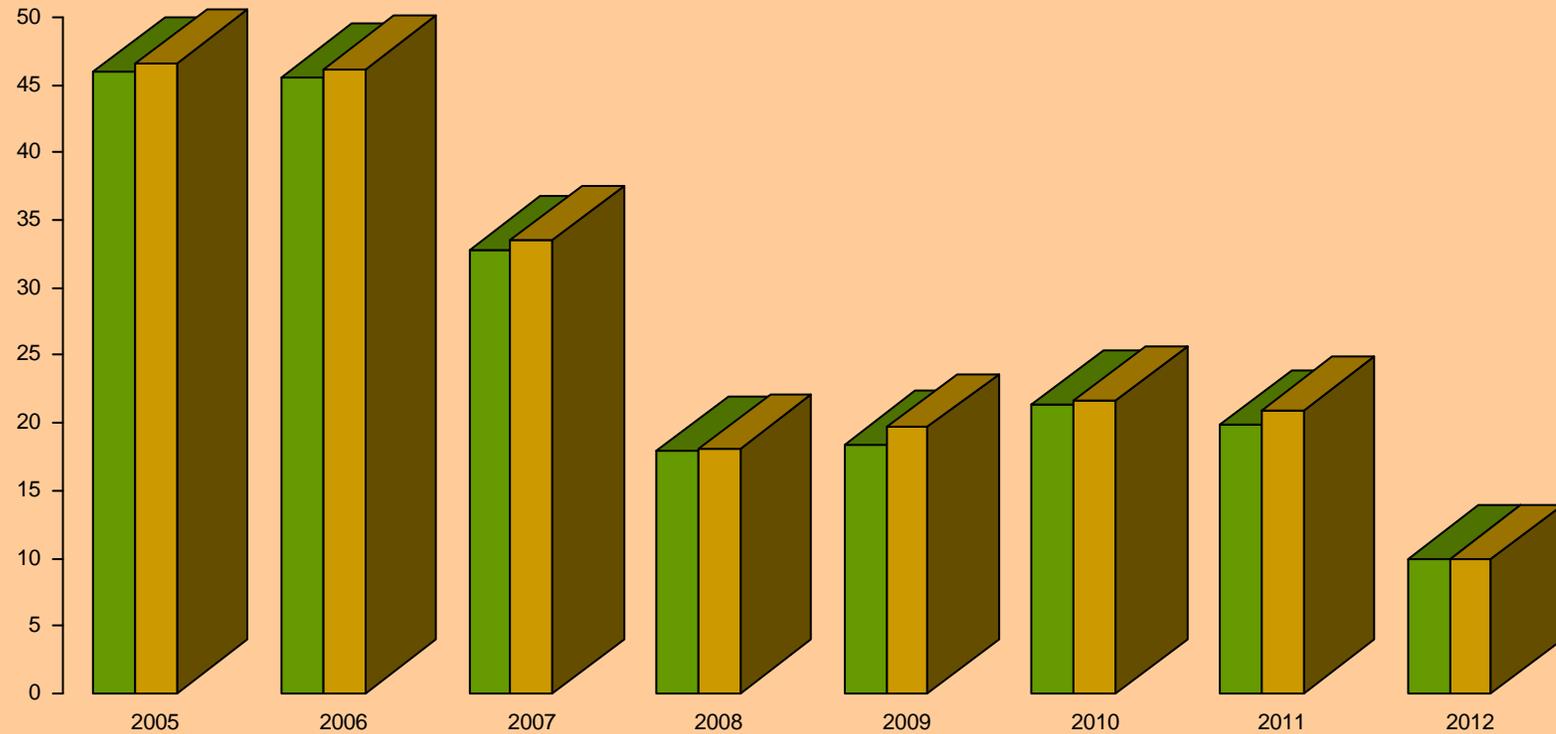
Decrease of \$305 K

Budgeted – Pensions and Insurance (000 Omitted)



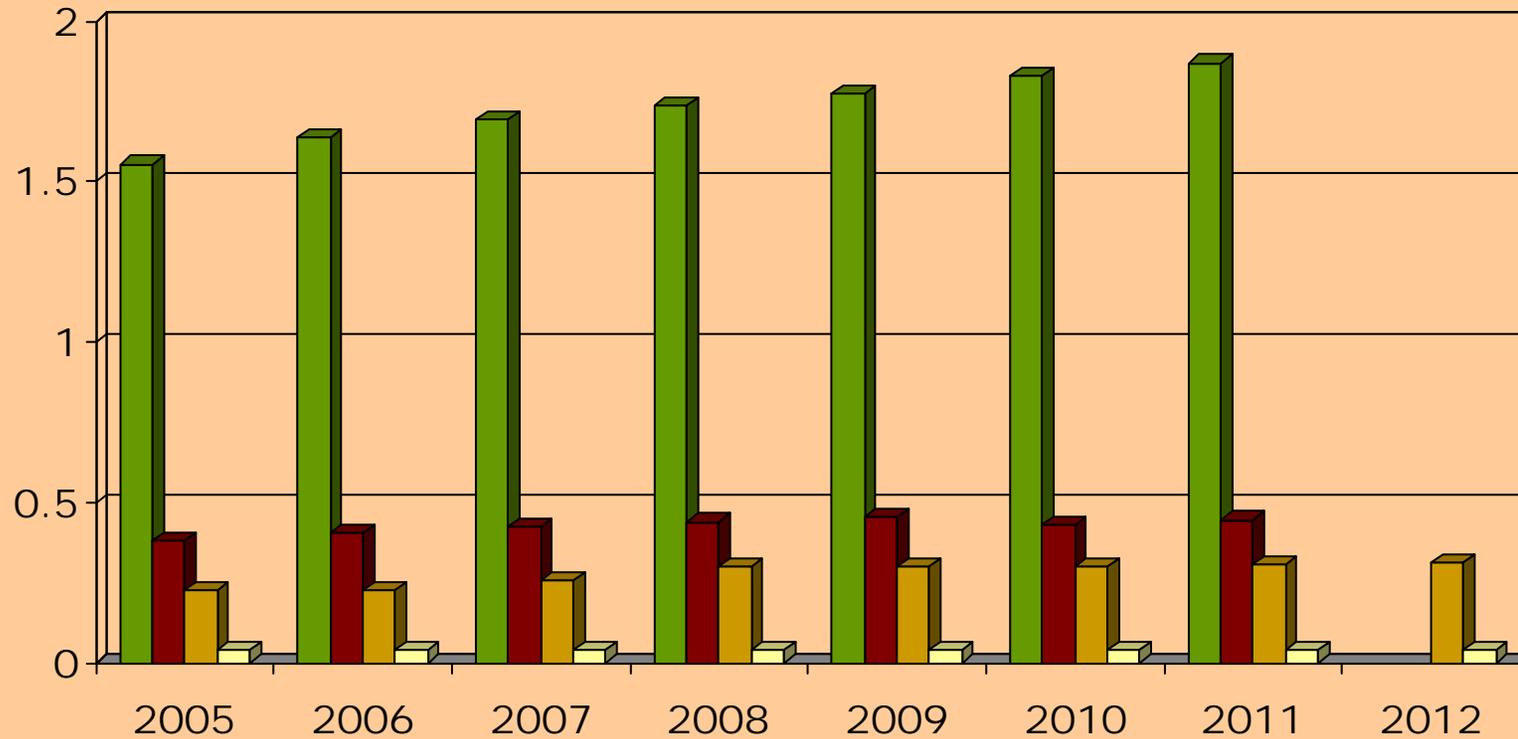
Year	2006	2007	2008	2009	2010	2011	2012
PERS	213	385	329	427	528	620	615
PFRS	140	229	386	495	506	553	617
Health Insurance	1,675	1,800	1,800	1,858	1,932	1,994	1,975

Surplus Used - % of Budget



Year	2005	2006	2007	2008	2009	2010	2011	2012
Total Budget	46.02	45.58	32.79	17.89	18.46	21.37	19.93	9.88
Budget Less Grants	46.61	46.08	33.56	18.06	19.66	21.63	20.91	9.89

Municipal Tax Rates



Year	2005	2006	2007	2008	2009	2010	2011	2012
School Board	1.55	1.64	1.70	1.736	1.775	1.828	1.870	
County	0.38	0.41	0.43	0.439	0.453	0.428	0.445	
Municipal	0.23	0.23	0.26	0.300	0.300	0.300	0.304	0.312
Municipal Open Space	0.04	0.04	0.04	0.040	0.040	0.040	0.040	0.040