
Municipal Budgeting Explained

Bottom Line

For an average residential assessment of \$522,396

2026 Tax Increases	# Cents	Total Amt	Monthly
Municipal	3.4	\$177.61	\$14.80
School Tax	7.8	\$407.47	\$33.96
County	2.2	\$120.15	\$10.01
Total	13.40	\$705.23	\$58.77

History of Tax Increases

Over the last 5 years the average increase in municipal taxes is 1.93%

	2021	2022	2023	2024	2025	2026
Rate	0.419	0.428	0.428	0.427	0.427	0.461
Taxes	\$2,188	\$2,235	\$2,235	\$2,230	\$2,230	\$2,408

Municipal Budgeting process

Taxes = Expenses – (Income + State Aid + **Borrow from surplus**)

- The total taxes to be collected (\$28,550,275) is divided by our total assessments (\$ 6,198,749,900) to come up with tax rate (\$0.461/\$100 assessed value)
- You multiply your assessment by \$0.00461 to get your municipal portion of taxes

Municipal Budgeting process - 2

- Once the budget is approved by council we are bound to it for the entire year.
- The balance at the end of the year is added to the surplus. My aim has been to either increase or keep the surplus unchanged every year
- Surplus is a rainy day fund. You build it when you can to use when it is needed.

Surplus - 101

- We have an operating budget and a capital budget
- The surplus is associated with the operating budget
- For Capital budget we borrow when we actually need the money

Surplus - History

- Reserve fund balance is the money left in surplus after whatever we don't use for the annual budget
- In 2017 the reserve fund balance was \$987,017
- In 2025 the reserve fund balance is expected to be \$10,014,794
- I expect the reserve fund balance to start decreasing this year (estimated \$8,325,611)

Why surplus was generated

- Of course ...
- UCC Fees (\$2.082 million in 2017 to \$4.821 million in 2025; Down from \$5.773 million in 2024)
- Rollback taxes
- Revenue generating opportunities
- All easy picking have been picked

Major increases in expenses (tax impact)

- Group Health Insurance - \$1.6 Million(36%)
- Salary & Wage -\$1.565 million (37%)
- Garbage Collection -\$101,300 (Gar 5%; Rec 7.5%)

Salary & Wages is due to 3% annual increase plus fully funding the 7 positions that were added to the budget last year (2 Police, 2 EMTs, 2 DPW and 1 fire)

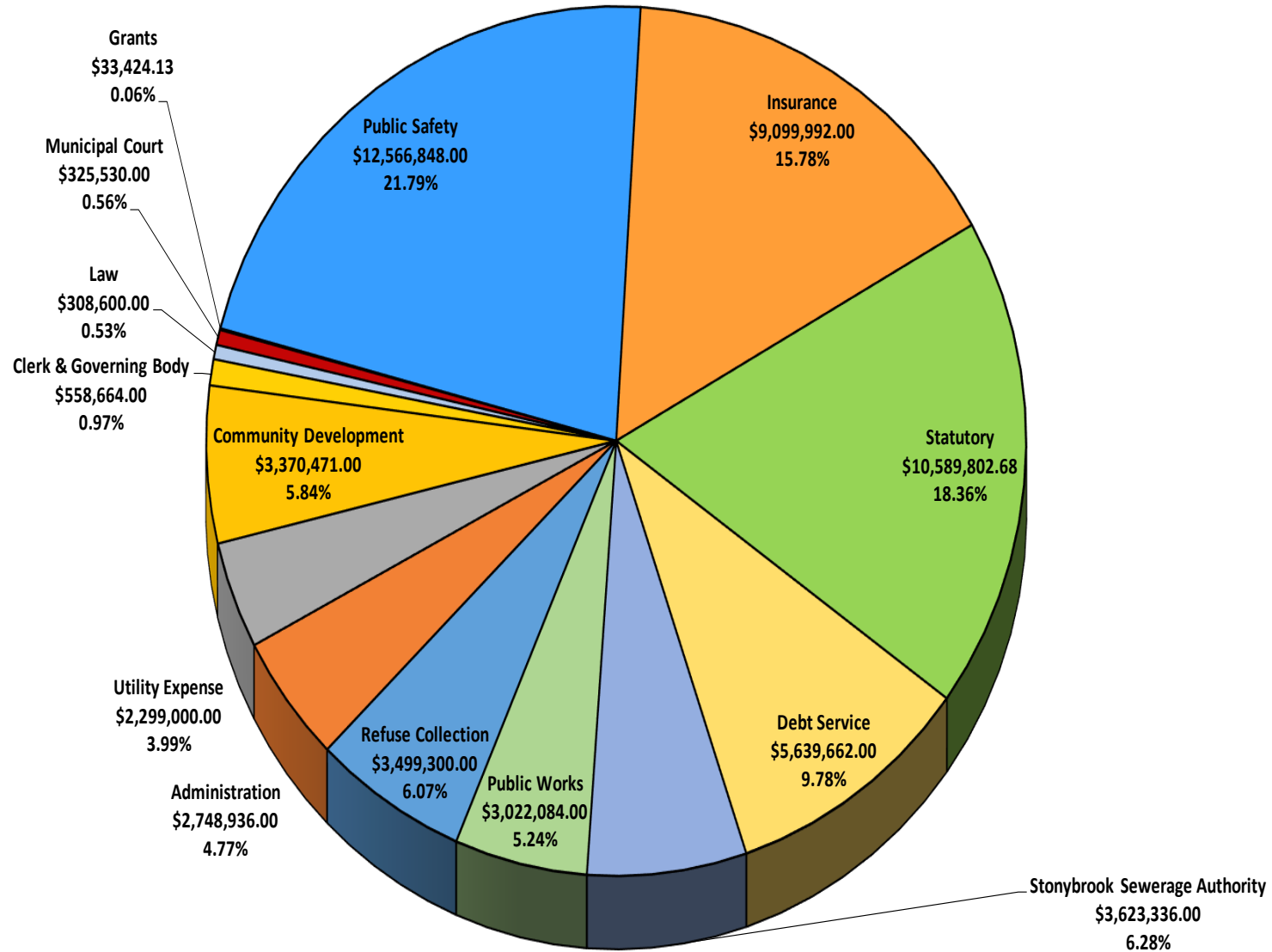
Major Increase in Income (tax impact)

- Interest in investment & Deposits - \$500,000
- Princeton University - \$800,000
- From Surplus - \$224,117

Facts about budget

- Majority of budget (49.49%) is paid by local taxpayers
- The state contributed only 3.84% of the municipal budget and the percentage keeps going down every year
- We have built rainy day fund over 7 years as future budgets are going to be tougher
- We operate a very tight ship

Priorities of the budget



Challenges in future budgets

Continued increases in healthcare costs
(Compounded annual increase 8.75%)

	2021	2022	2023	2024	2025	2026
% Increase	-4.8	0.1	22.7	1.1	3.5	23.5

Challenges in future budgets

- Higher spending to support higher density residential developments
 - Increase in infrastructure plus staff spending
- Lack of State Aid. The state aid was flat between 2011 and 2025. It has not increased from 25 to 26
 - Flat aid is equivalent to losing 2%+ aid every year
- Limited additional revenue generation opportunities
- Increased expectations from the public

You don't pay \$20,000 in taxes

You pay only \$2700 in municipal (\$225/month) taxes

- You pay \$11,460 in school (\$955/month) taxes
- You pay \$4958 in county (\$413/month) taxes
- You pay \$461 in library (\$38/month) taxes
- You pay \$290 in county open space (\$24/month) taxes
- You pay \$126 in township open space (\$10/month) taxes

For \$225/month you get A full service township

- Garbage and Recycling pickup
- Snow cleaning
- Police, fire and emergency services
- Brush & leaf pickup
- Street maintenance and sidewalk repairs
- Street lights
- Every other service provided by township