

Franklin Township

In Somerset County

OFFICE OF TOWNSHIP MANAGER



MEMORANDUM

Municipal Building

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TO: Mayor and Township Council
FROM: Robert G. Vornlocker, Jr., Township Manager
SUBJECT: Calendar Year 2023 Budget Message
DATE: April 11, 2023

Budget Summary

You may notice the Municipal budget decrease from 2022 to 2023 is \$10 million, so I'll address this first. The budget decrease is despite an increase in Operating Expenses of more than \$1.6M, primarily:

- Increase in Pension & Social Security taxes of \$307,000
- Increase of Salary & Wage Expenses @ \$600,000
- Increase in Overtime Expenses @ \$523,000
- Increase in the Library Tax of \$159,000

An increase in the Health Insurance Expense of \$300,000 was funded by an increased use of the Medical & Dental Trust Fund, created by increased employee and retiree contributions.

However, the budget increases were offset by a decrease in grants @ \$8.367M, mostly is because the American Rescue Plan Grant of \$7,735,197 is not being repeated, but which the Township has until 2026 to utilize. However, the decrease in Grants is a net offset in both Revenue and Appropriations.

Highlighting the additional key budget changes include:

- Decrease in the Capital Improvement Fund of \$3.3M, although we still plan to continue with Township Infrastructure Improvements by bonding. Roads and Sidewalks are planned @ \$4.25M and an additional 1.3M is planned for road-related projects.
- Use of Fund Balance \$9.6M, which helped prevent a larger tax increase

Amount to be Raised by Taxes

Council managed to avoid raising Municipal Taxes for 4 years (CY '18 – CY'21). CY'22 Municipal Tax increased by 1%, and despite significant inflation, CY'23 Municipal Tax is also only increasing 1%, \$35,842,746 compared to the CY'22 Municipal Tax of \$35,487,867– an increase of \$354,879 (1%) while still maintaining a high level of community services.

However, the Municipal Tax rate on the total township assessed valuations will again actually slightly decrease from .3167 in 2021 to .2833 in 2022 to .2600 in 2023, down 0.023 (8.13%).

With the increased township assessed valuations (from \$12,524,680,778 to \$13,766,118,400), a 9.91% increase. The average home @ \$436,860 in CY'23 (+\$44,563 from \$392,297 in CY'22) will see a municipal-only tax increase from \$1,110.20 to \$1,135.84, an increase of \$25.64 (2.31%)

- Even with the increase in the State mandated Library Tax of \$10.78 (8.08%) from \$133.38 to \$144.16; and adding the \$.05/\$1.00 Open Space Tax @ \$22.28 (11.36%) from \$196.15 to \$218.43, the total net tax increase on the average home will be \$58.70 going from \$1,439.73 to \$1,498.43 (4.08%).