

TOWNSHIP OF OLD BRIDGE

Administration Department

MEMORANDUM

TO: Council President Mary Sohor
Members of Township Council

FROM: Mayor Owen Henry
Himanshu R. Shah, Business Administrator/CFO

SUBJECT: 2022 Municipal Budget Transmittal

DATE: February 22, 2022

OVERVIEW

The 2022 proposed Municipal Budget calls for \$60,215,650.00 in expenditures. Revenues include \$6,270,857.00 in energy tax receipts, \$4,427,266.00 in miscellaneous revenue, \$1,915,000.00 in uniform construction and code enforcement fees, \$375,000.00 in municipal court fines and costs, \$125,000.00 in interest on investments and deposits, \$1,000,000.00 in receipts from delinquent taxes and \$35,994,402.00 as the amount to be raised by taxation. An anticipation of \$9,500,000.00 from fund balance will be required to bring the 2022 budget into balance. This will leave \$3,360,409.76 in cash fund balance to help with potential emergencies in 2022 and help stabilize taxes for 2023. The proposed municipal tax rate is estimated to be \$1.010 in 2022, which reflects a tax increase of \$0.016 over 2021 (\$0.994). For an average home in Old Bridge assessed at \$154,908.00 the proposed municipal tax increase would be \$28.00 (from \$1,537.00 in 2021 to \$1,565.00 in 2022).

The Municipal Library Purposes expenditure category is included as an appropriation in the municipal budget. However, since 2011, the amount is deducted from the municipal tax levy in the calculation of the amount to be raised by taxation. The 2022 minimum state-required funding established by the Division of Local Government Services for the Old Bridge Public Library is \$3,004,404.00. The associated tax rate is estimated to be \$0.084 in 2022, which reflects an increase of \$0.004 in the tax rate over 2021 (\$0.080). For an average home in Old Bridge assessed at \$154,908.00 the municipal library tax increase would be \$6.00 (from \$124.00 in 2021 to \$130.00 in 2022).

The total general appropriation for 2022, including Municipal Library Purposes, is \$63,220,054.00 (\$60,215,650.00 Municipal and \$3,004,404.00 Municipal Library) compared to \$62,539,198.00 in the 2021 budget as modified. This is a total budget increase of \$680,856.00 or 1.09%. The proposed tax rate for both Municipal and Municipal Library Purposes for 2022 is therefore estimated to be \$1.094 which reflects a tax increase of \$0.020 cents over 2021 (\$1.074). For an average home in Old Bridge assessed at \$154,908.00 the proposed municipal and municipal library tax would be \$34.00 (from \$1,661.00 in 2021 to \$1,695.00 in 2022).

2022 MUNICIPAL EXPENDITURES

The 2022 budget provides funding for the continuation and improvement of core municipal services for the residents of Old Bridge including code enforcement, community development (engineering, planning and zoning), health and social services, parks and facilities, recreation programs, public safety (police protection and emergency management) and public works (roads, recycling, snow removal). It is important to note that employee salaries, benefits and payroll taxes comprise 62.66% of total annual expenditures in the proposed 2022 Municipal Budget.

The Salaries & Wages (S&W) expenditure category has increased by \$1,636,055.00 (+ 6.93%) from \$23,624,496.00 in 2021 to \$25,260,551.00 in 2022. In addition to contractual increases and minimum wage increases, the 2022 budget includes funding for three new full-time positions in the Police Department (Patrol Officer, Dispatcher and Video Clerk), one new full-time position in Office of the Clerk (Administrative Assistant), one new full-time position in Department of Public Works (Laborer), one new full-time position in Code Enforcement (Zoning Officer), one new full-time position split between the Planning Department and the Department of Finance (Data Entry Person) and one new part-time position in the Division of Economic Development (Administrative Assistant).

The Other Expenses (O/E) expenditure category has increased by \$136,191.00 (+ 0.72%) from \$18,856,844.00 in 2021 to \$18,993,035.00 in 2022. The major increase under this expenditure category is Health Insurance (+ \$92,061.00).

The Municipal Debt Service expenditure category has increased by \$70,489.00 (+ 1.31%) from \$5,366,453.00 in 2021 to \$5,436,942.00 in 2022. This increase is the result of the amortization of previously issued and proposed bonds and notes.

The Statutory expenditure category has increased by \$317,716.00 (+ 5.81%) from \$5,468,313.00 in 2021 to \$5,786,029.00 in 2022. The major increase under this expenditure category is the Police and Firemen's Retirement System (+ \$209,261.00).

The Deferred Charges expenditure category has decreased by \$86,523.00 (- 42.72%) from \$202,549.00 in 2021 to \$116,026.00 in 2022. The major decrease under this expenditure category is Contribution to Arena (- \$94,523.00).

The Capital Improvement Fund expenditure category has not been changed for 2021. The proposed budget anticipates the same level of funding as last year (\$260,000.00). The proposed capital budget for 2022 is expected to be \$10,015,000 for curbing, drainage, facilities and road improvements, parks and playground improvements, replacement of equipment and vehicles for various departments and divisions. This includes \$5,315,000 in funding from Green Acres, Pro-Rata funds, American Recovery and CDBG.

The Reserve for Uncollected Taxes expenditure category has increased by \$20,000.00 (+ 0.57%) from \$3,490,000.00 in 2021 to \$3,510,000.00 in 2022. This is a statutory non-spending appropriation. It is important to note that the actual tax collection rate for 2021 was 99.13%. The projected tax collection rate for 2022 is 98.13%.

Budget Comparison 2022/2021 Expenditures

Expenditure Category	2022 Recommended	2021 Modified	\$ Change
Salaries & Wages	25,260,551	23,624,496	1,636,055
Other Expenses	18,993,035	18,856,844	136,191
Municipal Debt Service	5,436,942	5,366,453	70,489
Statutory	5,786,029	5,468,313	317,716
Deferred Charges	116,026	202,549	(86,523)
Grants	853,067	2,421,483	(1,568,416)
Capital Improvement Fund	260,000	260,000	0
Reserve for Uncollected Taxes	3,510,000	3,490,000	20,000
Sub-Total:	60,215,650	59,690,138	525,512
Municipal Library Purpose	3,004,404	2,856,560	147,844
Total:	63,220,054	62,546,698	673,356

2022 MUNICIPAL REVENUES

The Fund Balance revenue category has been increased by \$3,350,000.00 (+ 54.47%) from \$6,150,000.00 in 2021 to \$9,500,000.00 for 2022.

The Miscellaneous Revenues category has been decreased by \$1,861,326.00 (- 29.60%) from \$6,288,592.00 in 2021 to \$4,427,266.00 for 2022. The major decrease under this revenue category is Cares Act.

The Uniform Construction and Code Fees revenue category has been increased by \$240,000.00 (+ 14.33%) from \$1,675,000.00 in 2021 to \$1,915,000.00 for 2022.

The Municipal Court Fines and Fees revenue category has been decreased by \$20,000.00 (- 5.06%) from \$395,000.00 in 2021 to \$375,000.00 for 2022.

The Interest on Investments and Deposits revenue category has been decreased by \$25,000.00 (- 16.67%) from \$150,000.00 in 2021 to \$125,000.00 for 2022.

The Energy Tax Receipt revenue category has not been changed for 2022. There is no increase or decrease in Energy Tax Receipt expected for this year so the proposed budget anticipates the same level of funding as last year (\$6,270,857.00).

The Receipts from Delinquent Taxes revenue category has been decreased by \$225,000.00 (- 18.37%) from \$1,225,000.00 in 2021 to \$1,000,000.00 for 2022.

The Amount to be Raised by Taxation revenue category has been increased by \$637,338.00 (+ 1.80%) from \$35,357,064.00 in 2021 to \$35,994,402.00 for 2022.

Budget Comparison 2022/2021 Revenues

Revenue Category	2022 Recommended	2021 Modified	\$ Change
Fund Balance	9,500,000	6,150,000	3,350,000
Miscellaneous Revenues	4,427,266	6,288,592	(1,861,326)
Uniform Construction Code Fees	1,915,000	1,675,000	240,000
Municipal Court Fines and Fees	375,000	395,000	(20,000)
Interest on Investments and Deposits	125,000	150,000	(25,000)
Municipal State Aid	6,270,857	6,270,857	0
Grants	608,125	2,178,625	(1,570,500)
Receipts From Delinquent Taxes	1,000,000	1,225,000	(225,000)
Amount to Be Raised by Taxation	35,994,402	35,357,064	637,338
Sub Total:	60,215,650	59,690,138	525,512
Municipal Library Tax Levy	3,004,404	2,856,560	147,844
Total:	63,220,054	62,546,698	673,355

STATUTORY CAPS

The “Cost of Living Cap Adjustment” enacted by the State requires each municipality to limit the local government unit’s final budget appropriation to no more than 3.5% with the adoption of a COLA or “Cap Index” Ordinance. For Old Bridge Township, the proposed final budget appropriation for 2022 is \$48,580,775.00 which is \$251,124.00 below the state mandated cap base of \$48,831,899.00.

The “Property Tax Levy Cap” enacted by the State requires each municipality to limit the local government unit’s amount to be raised by taxation to no more than 2% over the prior year’s levy with specific exceptions for health benefits, pensions, Length of Service Awards Program (LOSAP) for volunteers, capital improvements and debt service. For Old Bridge Township, the proposed municipal tax levy for 2022 is \$ 35,994,402.00 which is \$953,723.00 below the state mandated property tax levy cap of \$ 36,948,125.00.

CONCLUSION

The Township’s financial position has continued to improve over the last ten years through sound business practices, improved capital investment, strong debt management and a longer term approach to budgeting and planning. This year’s proposed Municipal Budget will enable the Township to keep the positive momentum going in 2022 as we continue to improve the ways that the Township conducts business and provides services to our citizens.

In closing, we would once again like to acknowledge and thank the department heads, division managers and all of our front line employees for their hard work and dedication to the Township over the last year. A special “thank you” should also be extended to the staff in Finance and MIS for their collective efforts during the 2022 budget development process.

And finally, we would like to thank the Members of Township Council for all your time, input and consideration over the last year. Our management team is available, at your convenience, to discuss the proposed 2022 Municipal Budget in more detail.