



TOWNSHIP OF OLD BRIDGE 2022 MUNICIPAL BUDGET

Mayor Owen Henry

Presented By:

Business Administrator - Himanshu R. Shah
Acting Director of Finance – Dawn M. Swoboda

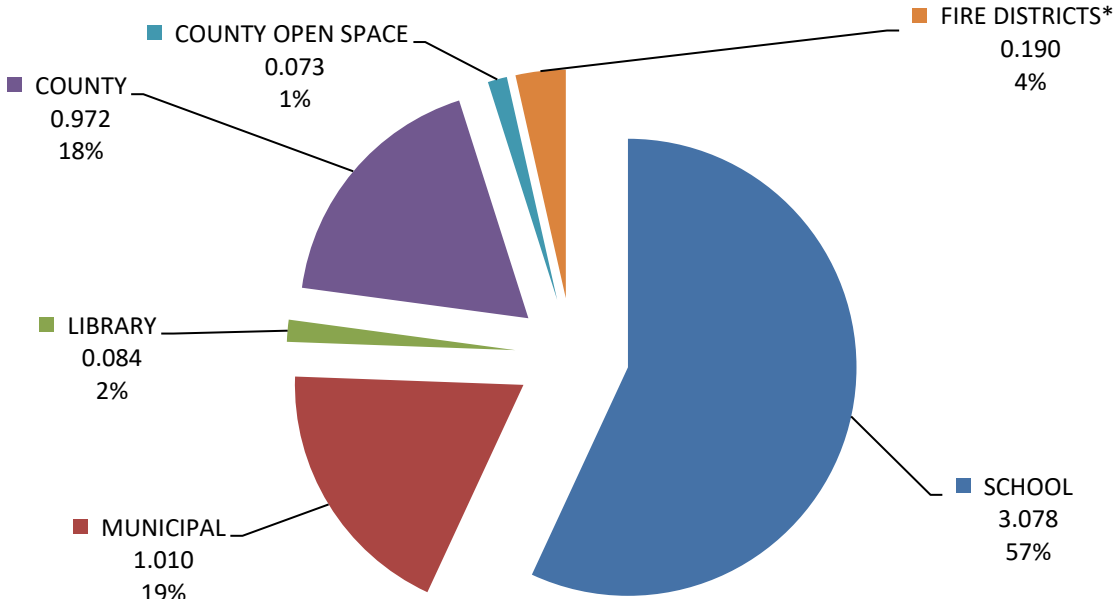
April 5, 2022



2022 MUNICIPAL BUDGET OVERVIEW

- The Municipal Budget represents 19% of the total tax rate and is the only portion of the tax bill that Township Officials can directly control.
- This 19% covers the majority of municipal services that are provided to the residents of the Township of Old Bridge including **public safety** (police protection and emergency management), **public works** (roads, recycling, snow removal), **health and senior services, parks and facilities, recreation programs, code enforcement, and community development** (engineering, planning and zoning).
- The remaining portion of the tax bill (81%) funds the Old Bridge Public Schools, Old Bridge Public Library, Middlesex County Government, Middlesex County Open Space Program and four Fire Districts (Cheesequake, Laurence Harbor, Madison Park and South Old Bridge).

TOTAL 2022 TAX RATE "BREAKDOWN"



Tax Rate -- In cents per \$100 of Assessed Valuation

SCHOOL
MUNICIPAL
LIBRARY
COUNTY
COUNTY OPEN SPACE
FIRE DISTRICT*
TOTAL

| | 2022 | | |
|-------------------|-------|-------|--------|
| | Est. | 2021 | Change |
| SCHOOL | 3.078 | 3.055 | 0.023 |
| MUNICIPAL | 1.010 | 0.994 | 0.016 |
| LIBRARY | 0.084 | 0.080 | 0.004 |
| COUNTY | 0.972 | 0.892 | 0.080 |
| COUNTY OPEN SPACE | 0.074 | 0.074 | 0.000 |
| FIRE DISTRICT* | 0.191 | 0.190 | 0.002 |
| TOTAL | 5.409 | 5.285 | 0.124 |

*Average rate for all four districts

2022 MUNICIPAL BUDGET GOALS

- Maintain or improve core municipal services for the citizens of Old Bridge.
- Minimize tax impact and remain under statutory caps.
- Continue to implement a sound and longer-term financial plan for the Township.
- Identify potential areas for operational improvements and/or cost savings for 2023 and 2024.



2022 MUNICIPAL BUDGET GUIDELINE

- Under state law, a municipality must pass its annual budget in order to spend money and/or tax residents for that year.
 - Strict municipal budget forms are prepared and submitted to the State.
 - State oversight performed by Division of Local Government Services/Department of Community Affairs.
 - Budget adoption requires State Approval.
 - By law, municipal tax levy must equal appropriations (spending) less non-tax revenues.
 - Projected non-tax revenue cannot exceed last year’s actual non-tax revenue.
 - Actual expenditures cannot exceed the budgeted amount.
 - Transfers within “CAP” are only allowed in the last two months of the year.
 - Fund balance (surplus) cannot be added to the budget to increase spending after the budget is adopted.



2022 MUNICIPAL BUDGET DEVELOPMENT PROCESS

August 2021

- Memorandum and budget guidelines sent to Department Heads

September 2021

- Department budget requests submitted to Finance Department

October 2021 – February 2022

- Department budget review meetings held with Administration

February 2022

- Proposed Municipal Budget finalized and transmitted to Council – February 22, 2022
- Municipal Budget Introduction – February 22, 2022

March 2022

- State Aid Certification – March 15, 2022
- Council Budget Subcommittee Meetings – March 7, 2022, March 15, 2022 & March 23, 2022

April 2022

- *Municipal Budget Public Hearing – April 5, 2022*
- *Municipal Budget Adoption – April 5, 2022*



2022 MUNICIPAL BUDGET SUMMARY

- 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).



2022 LIBRARY BUDGET SUMMARY

- 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 for Municipal Purposes.
- The 2022 minimum state-required funding for the Old Bridge Public Library is \$3,004,404.00 which reflects an increase of \$147,844.00 over 2021 (\$2,856,560.00).
- 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).

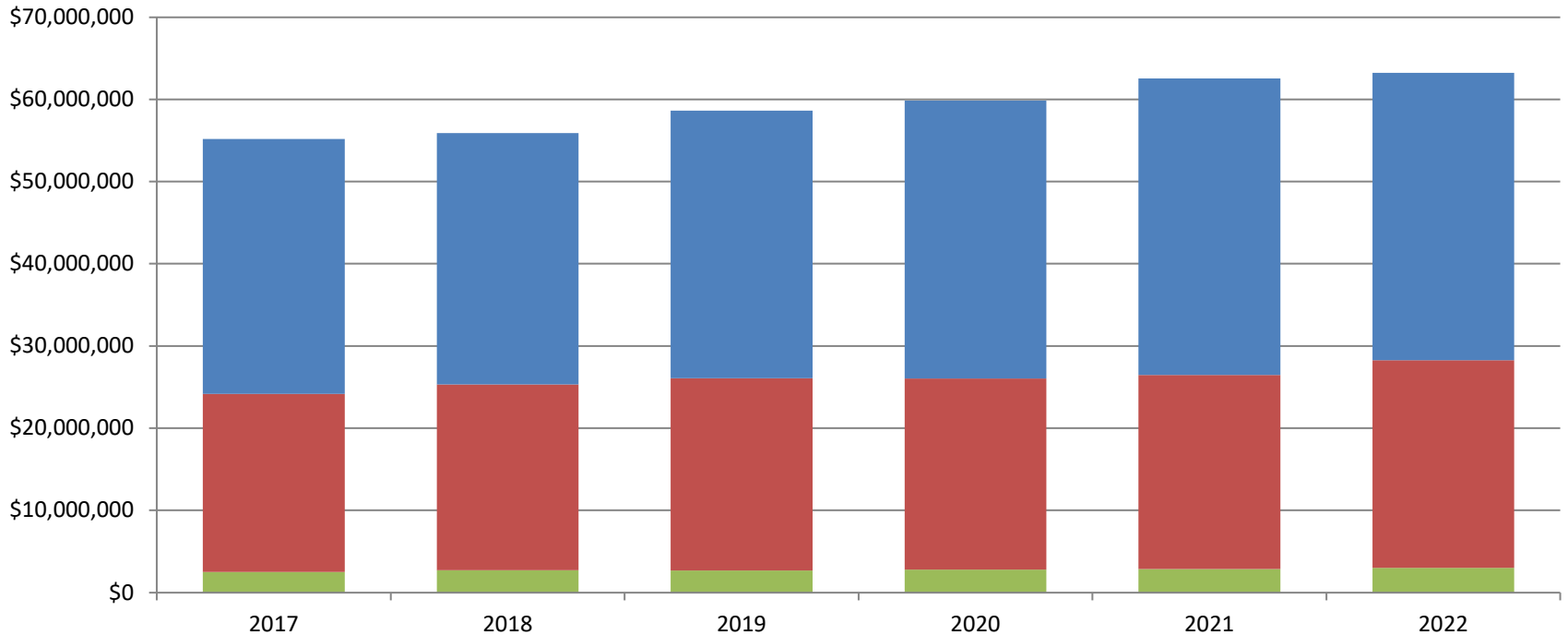


2022 TOTAL BUDGET SUMMARY (MUNICIPAL AND LIBRARY)

- The total general appropriation for 2022, including Municipal Library Purposes, is \$63,220,054.00 compared to \$62,546,698.00 in the 2021 budget as modified.
- This is a total budget increase of \$673,356.00 or 1.08%.
- 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).



ANNUAL BUDGET EXPENDITURE COMPARISON 2017-2022



■ Total Library:
 ■ Salaries and Wages
 ■ Other Expenses

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Modified | Modified | Modified | Modified | Modified | Recommended |
| Other Expenses | \$30,994,510 | \$30,586,405 | \$32,573,667 | \$33,801,403 | \$36,065,643 | \$34,955,099 |
| Salaries and Wages | \$21,677,434 | \$22,595,739 | \$23,362,848 | \$23,244,910 | \$23,624,496 | \$25,260,551 |
| Total Municipal: | \$52,671,944 | \$53,182,144 | \$55,936,514 | \$57,046,313 | \$59,690,139 | \$60,215,650 |
| Total Library: | \$2,497,154 | \$2,708,205 | \$2,693,172 | \$2,788,823 | \$2,856,560 | \$3,004,404 |
| Total Budget Expenditures | \$55,169,098 | \$55,890,349 | \$58,629,686 | \$59,835,136 | \$62,546,699 | \$63,220,054 |



2022 EXPENDITURES



- 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 (Office Assistant) and one new part-time position in the Division of Economic Development (Administrative Assistant).*
- The Other Operating 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).*



2022 EXPENDITURES (CONTINUED)



- 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 2022 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).*

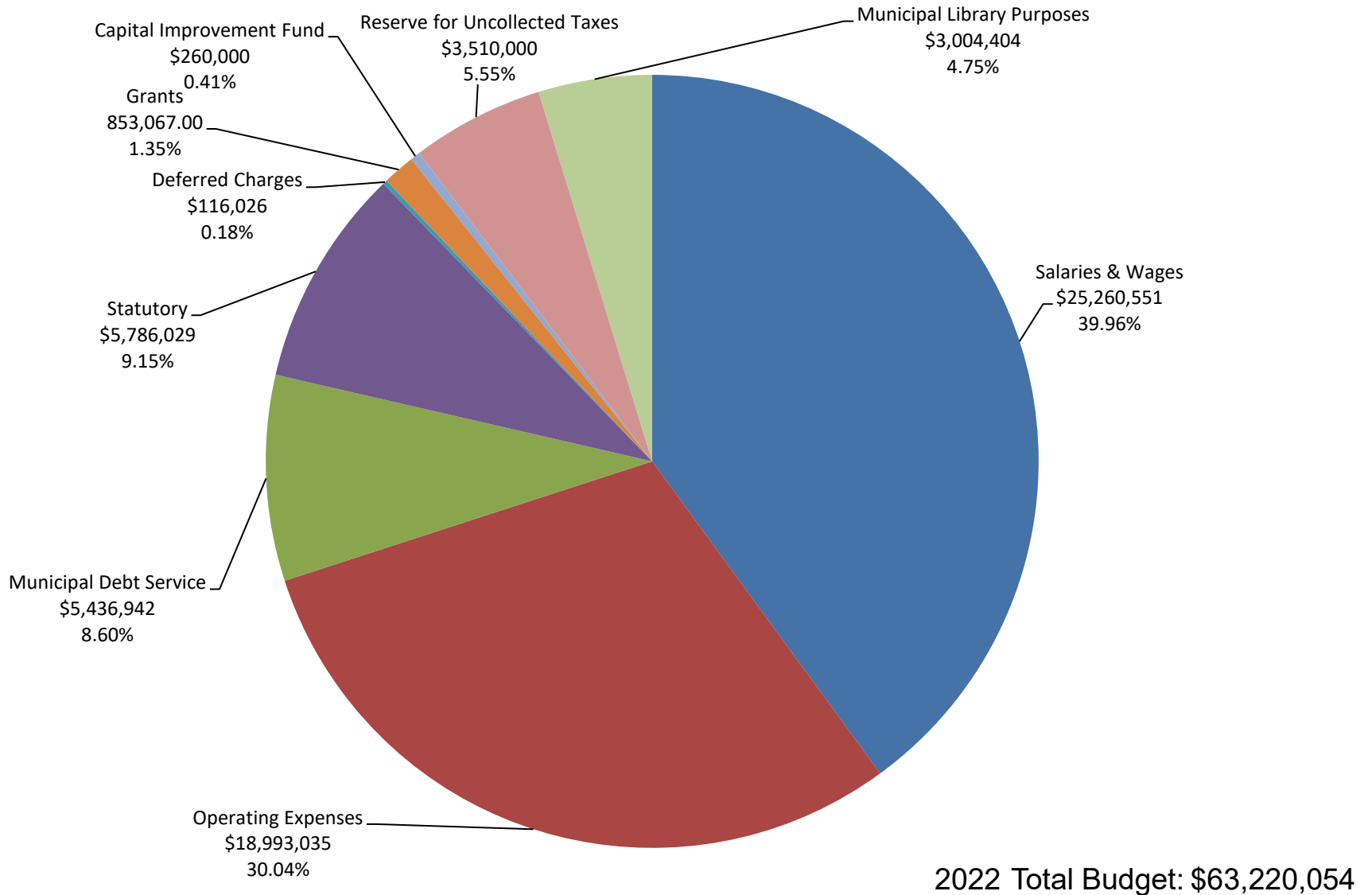


2022 EXPENDITURES (CONTINUED)

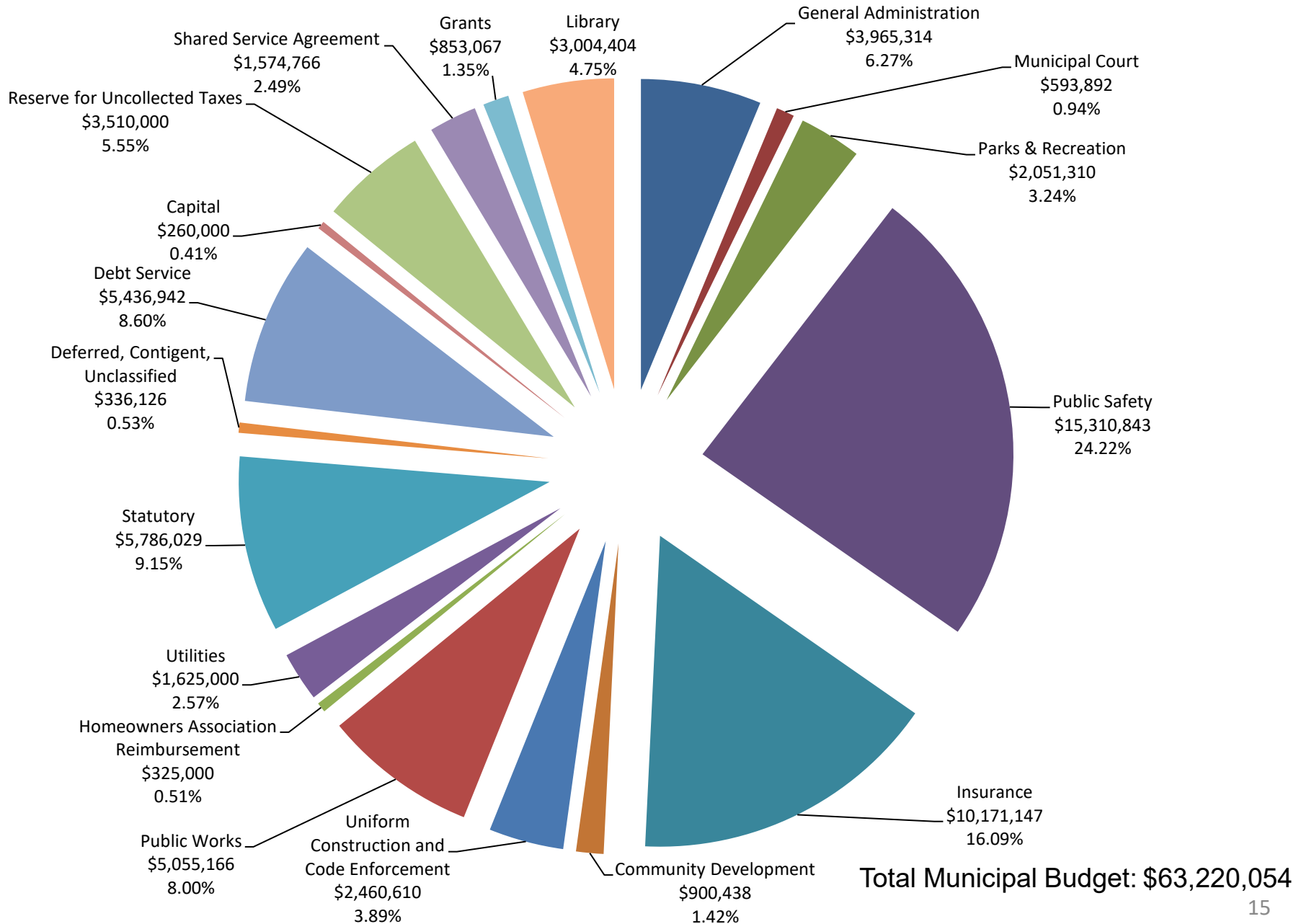


- The **Capital Improvement Fund** expenditure category has not been changed for 2022. The proposed budget anticipates the same level of funding as last year (\$260,000.00).
 - *The proposed capital budget for 2022 is expected to be \$10,015,000 for curbing, drainage, facilities and road improvements, 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, ARP (American Rescue Plan) and CDBG (Community Development Block Grant).*
- 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.*
 - *The actual tax collection rate for 2021 was 99.13%.*
 - *The projected tax collection rate for 2022 is 98.13%.*

2022 EXPENDITURES



2022 DEPARTMENT/EXPENDITURE PERCENT TO TOTAL BUDGET





2022 REVENUES



- Total municipal revenue, including the Municipal Library Tax Levy, has increased by \$673,356 (+ 1.08%) from \$62,546,698 in 2021 to \$63,220,054 in 2022.
- The **Energy Tax Receipt** revenue category has not been changed in 2022 (\$6,270,857).
- 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 **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.

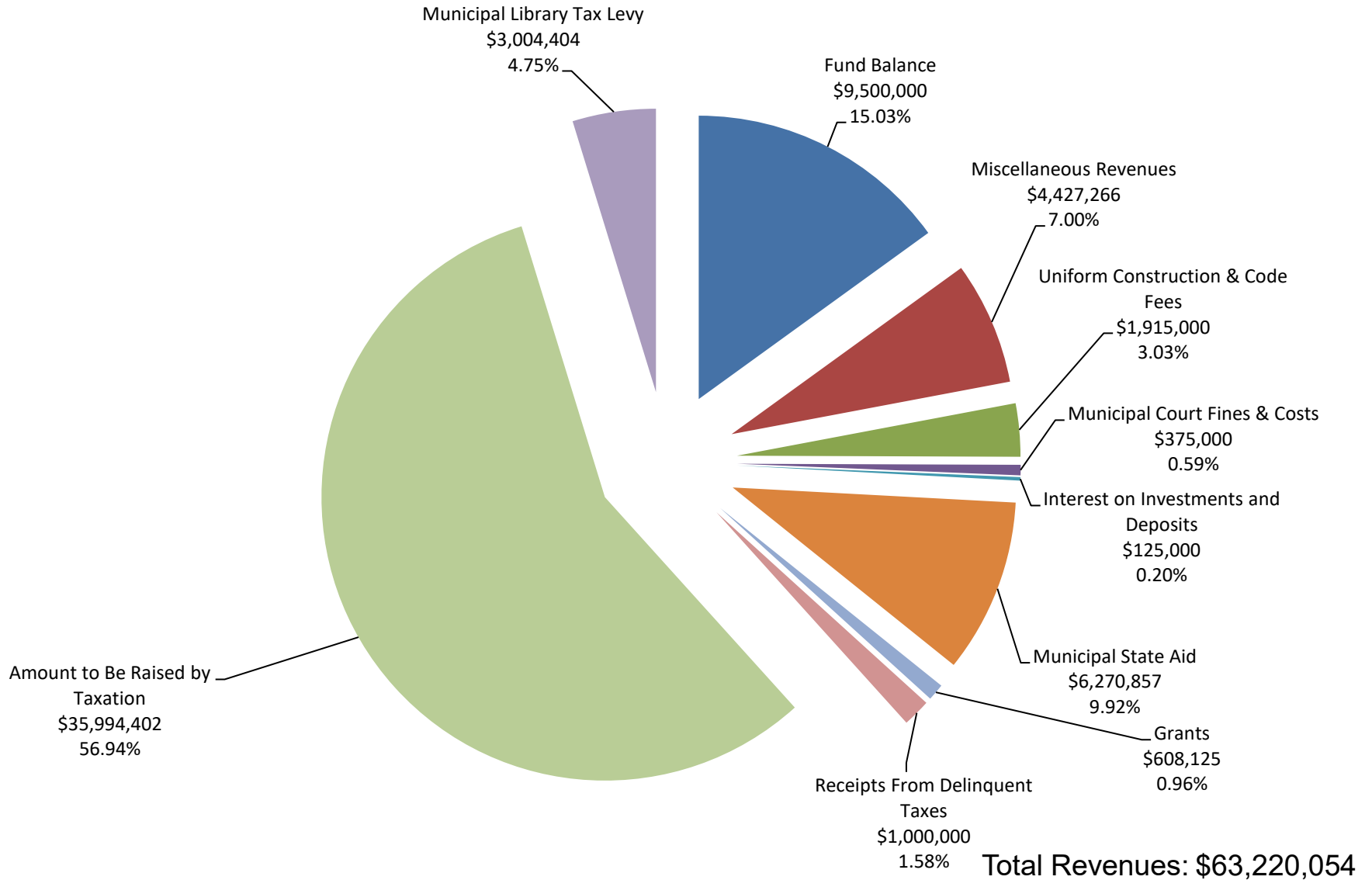


2022 REVENUES (CONTINUED)



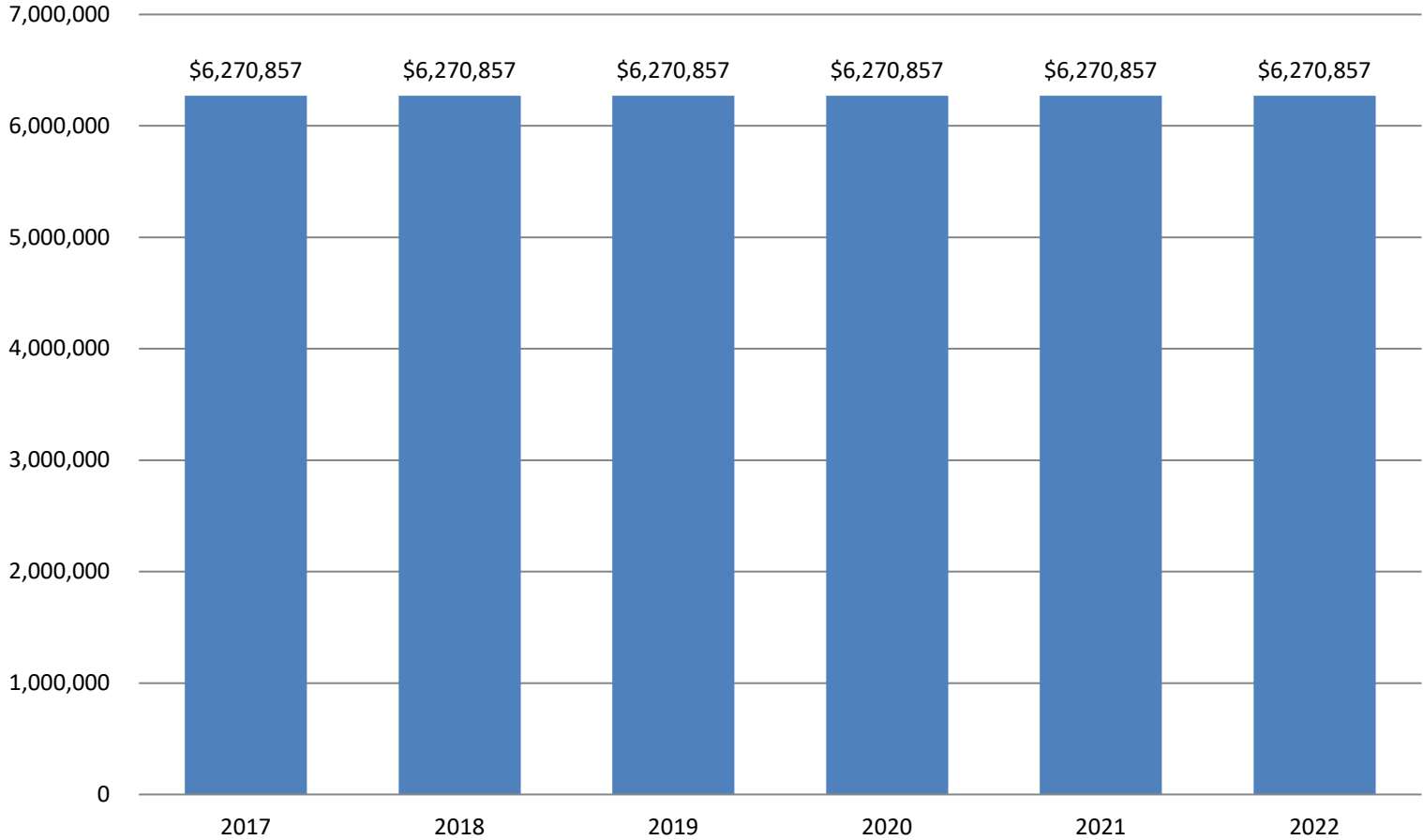
- The **Municipal Court Fines and Costs** revenue category has been decreased by \$20,000.00 (- 5.06%) from \$395,000.00 in 2021 to \$375,000.00 for 2022.
- The **Interest on Investments and Deposits** revenue category has been decreased by \$25,000.00 (- 16.67%) from \$150,000.00 in 2021 to \$125,000.00 for 2022.
- The **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 **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.

2022 REVENUES

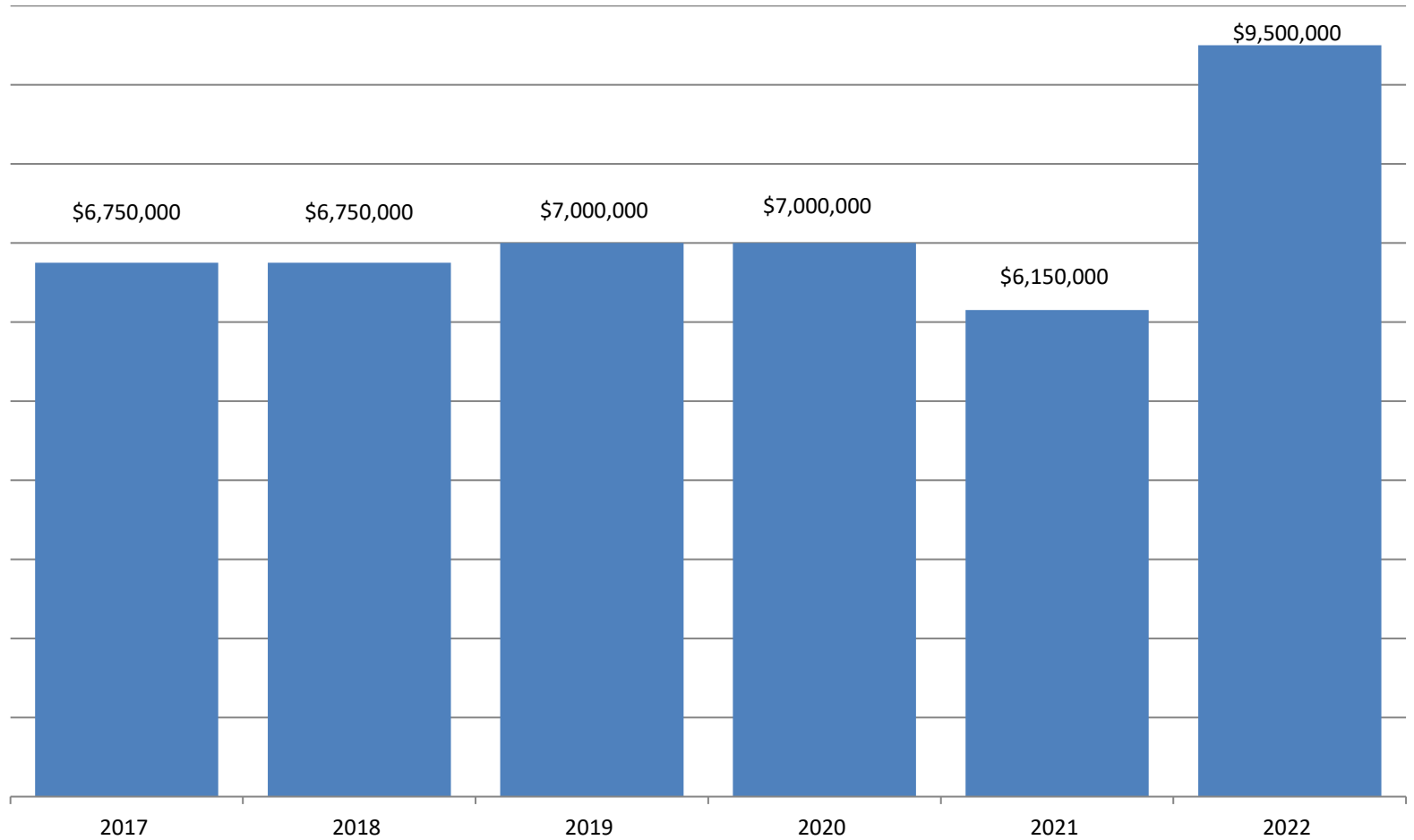




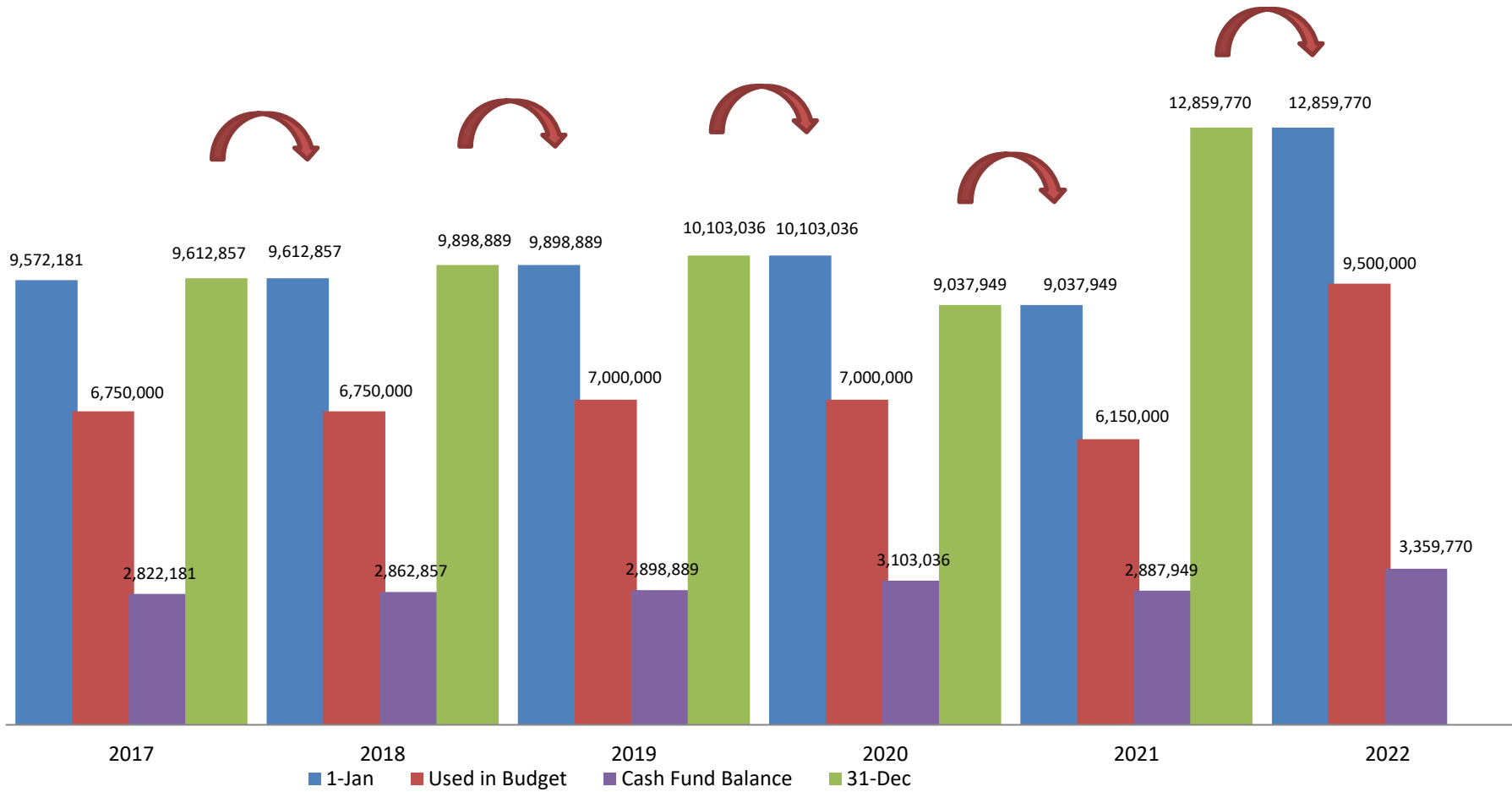
ENERGY TAX RECEIPTS 2017-2022



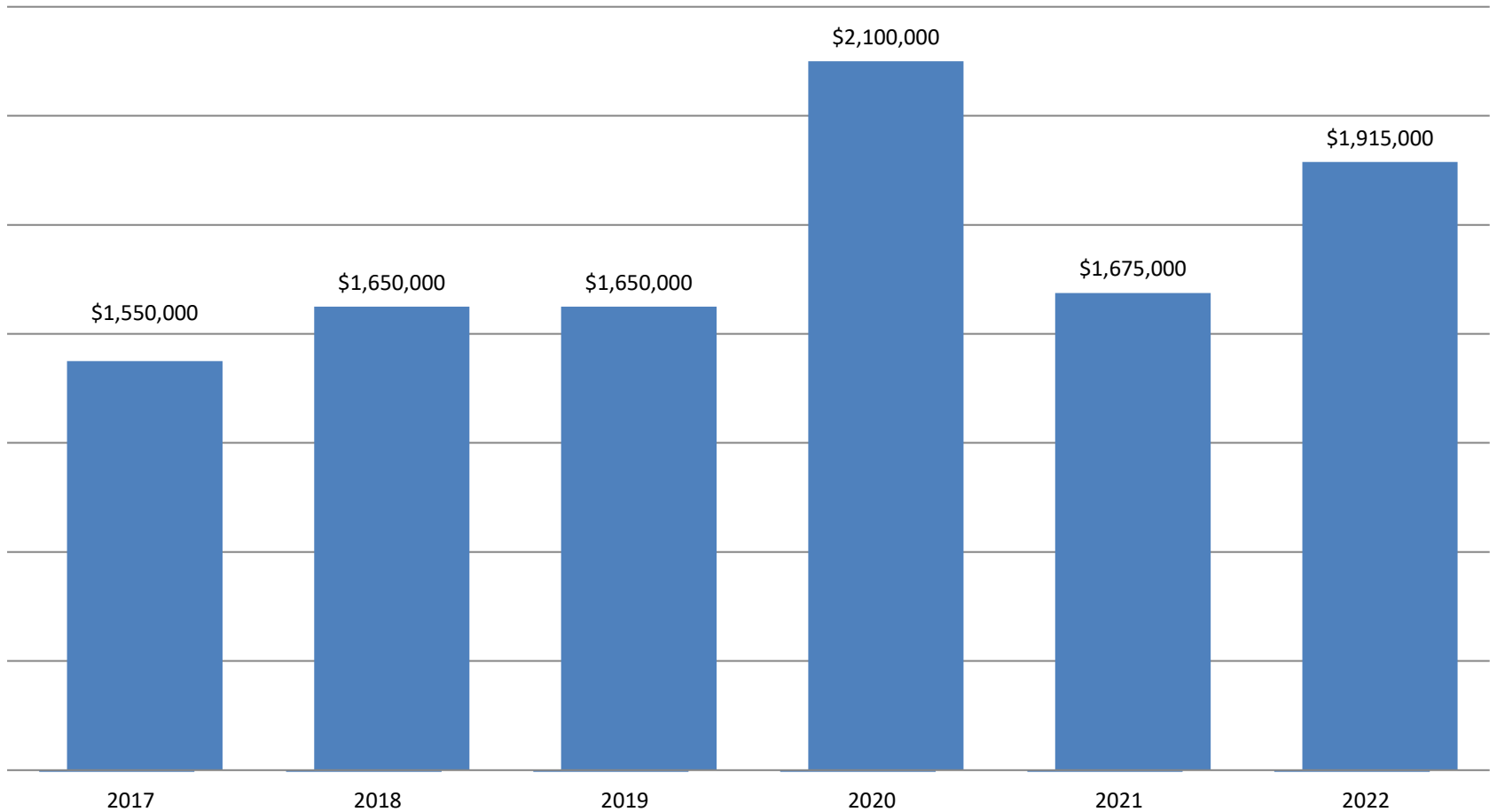
SURPLUS ANTICIPATED (“FROM FUND BALANCE”) 2017-2022



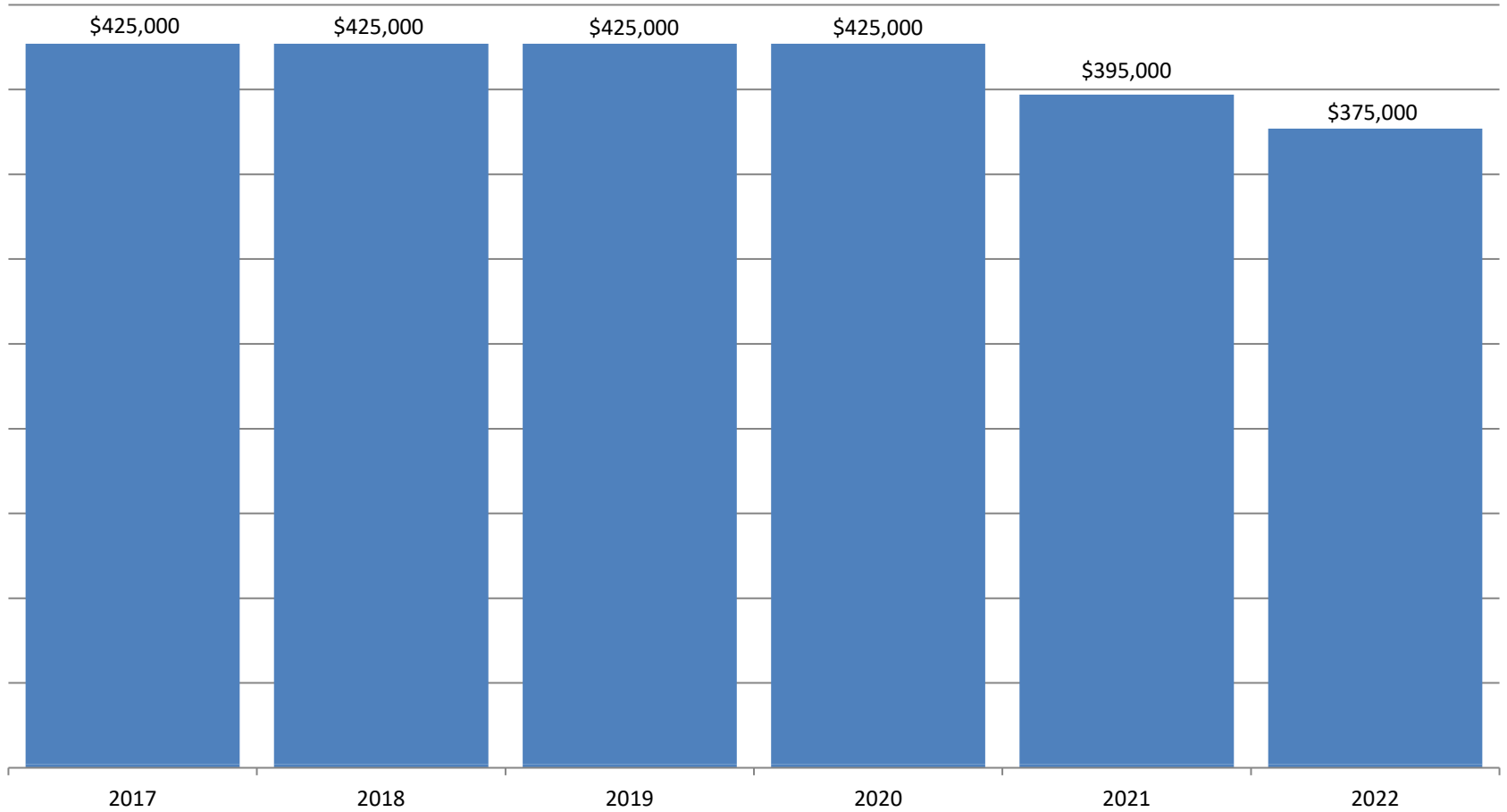
FUND BALANCE ANALYSIS 2017-2022



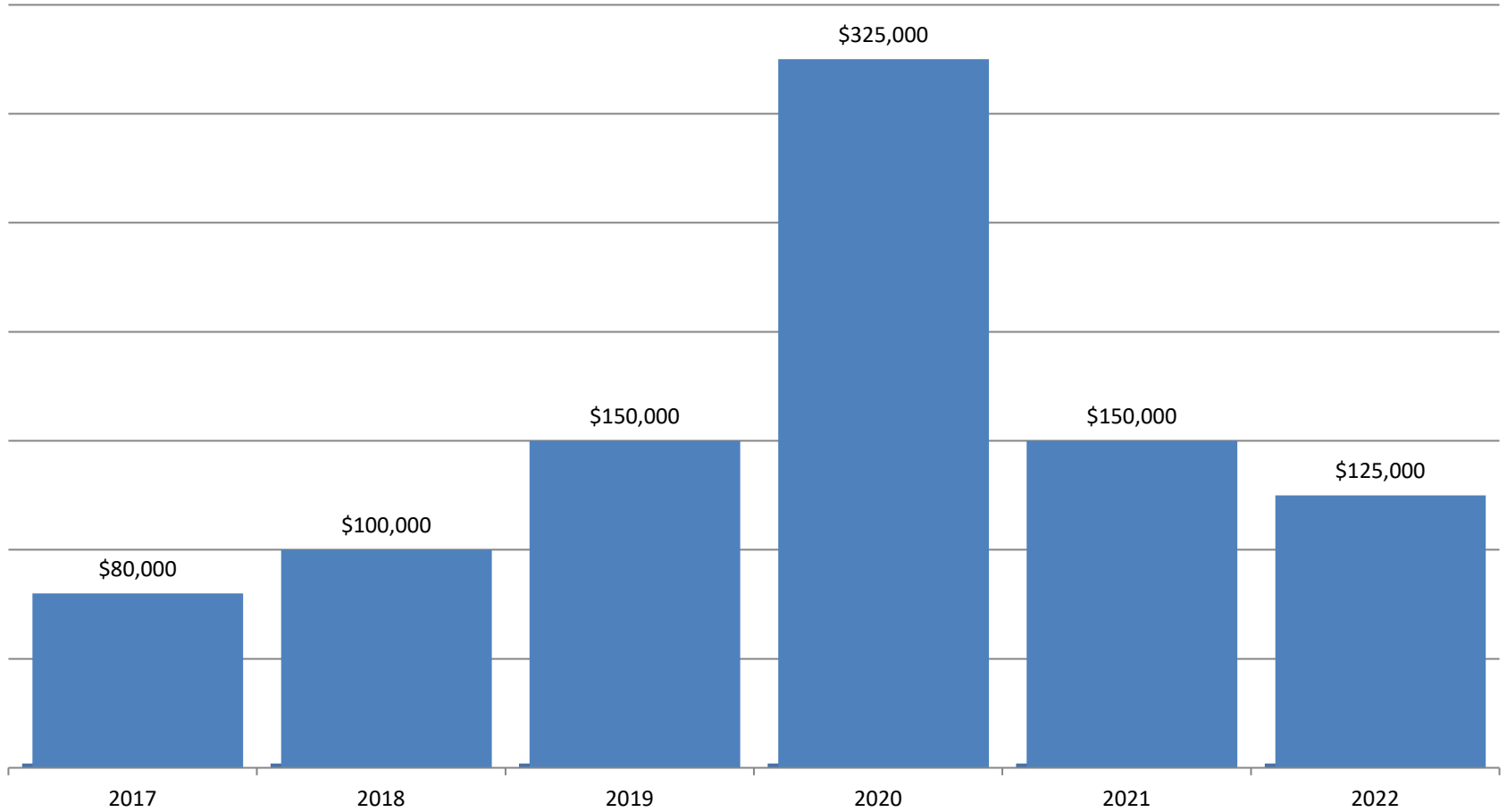
UNIFORM CONSTRUCTION AND CODE FEES 2017-2022



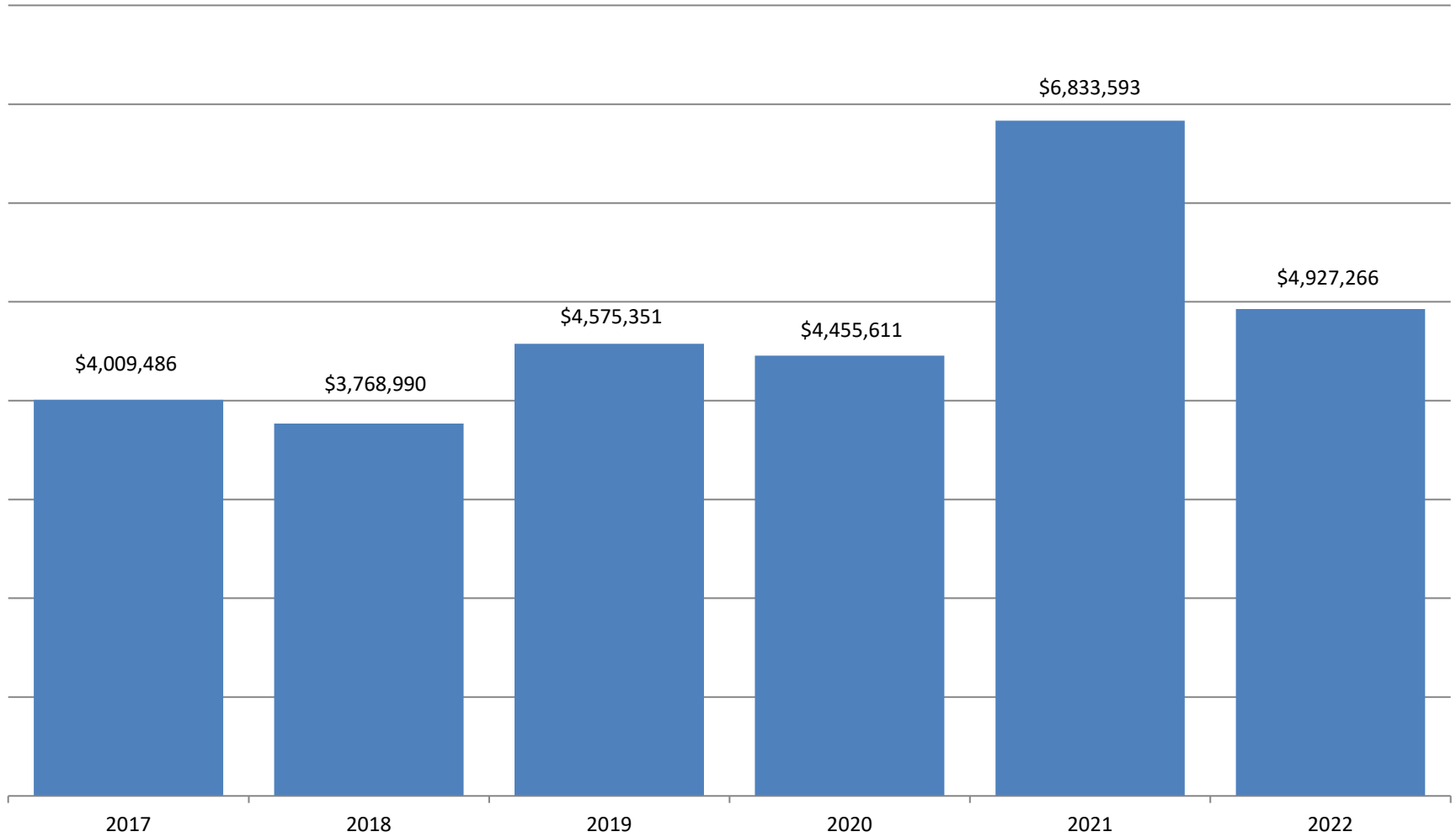
MUNICIPAL COURT FINES AND COSTS ANALYSIS 2017-2022



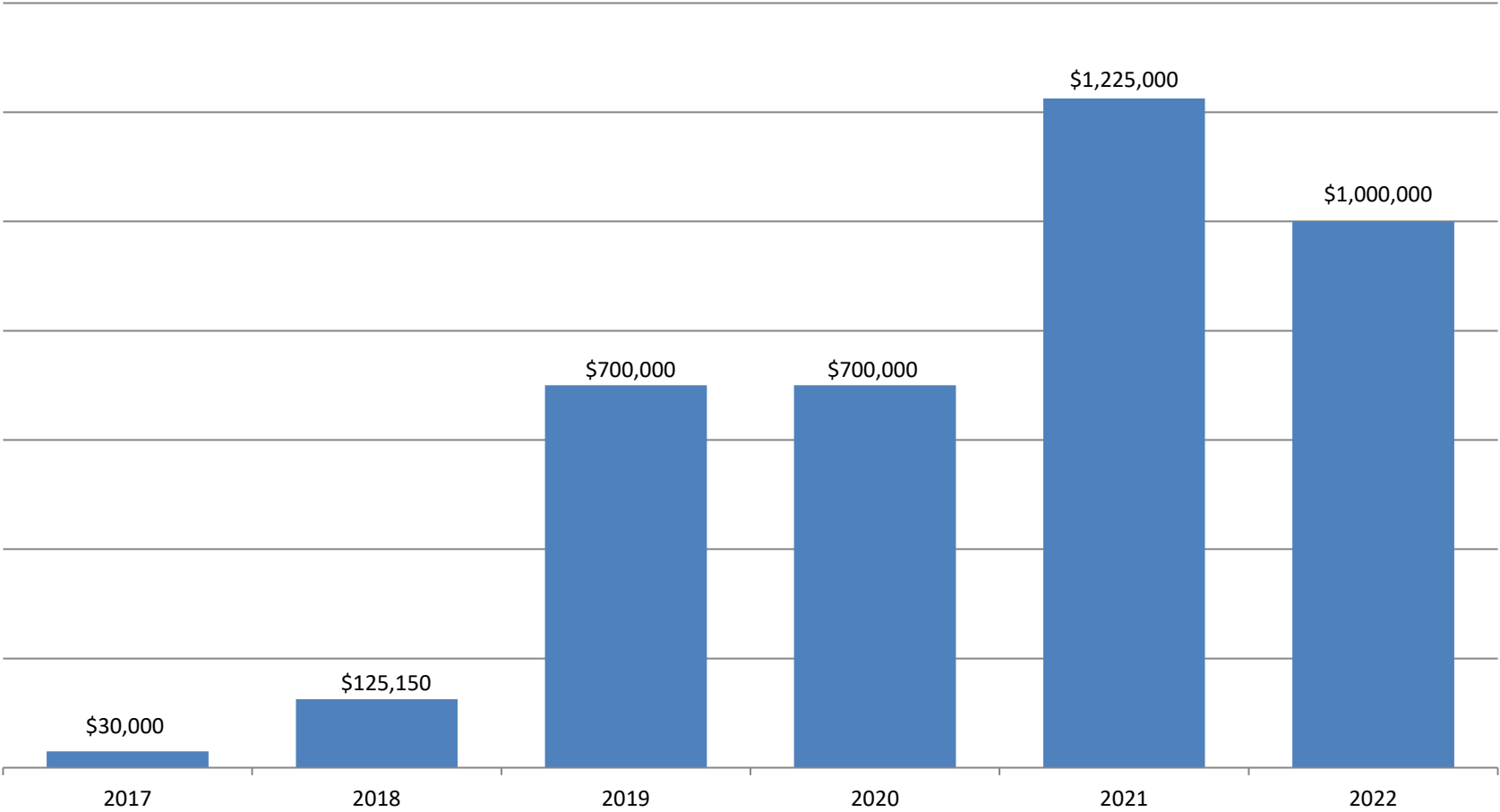
INTEREST ON INVESTMENTS AND DEPOSITS 2017-2022



MISCELLANEOUS REVENUES 2017-2022



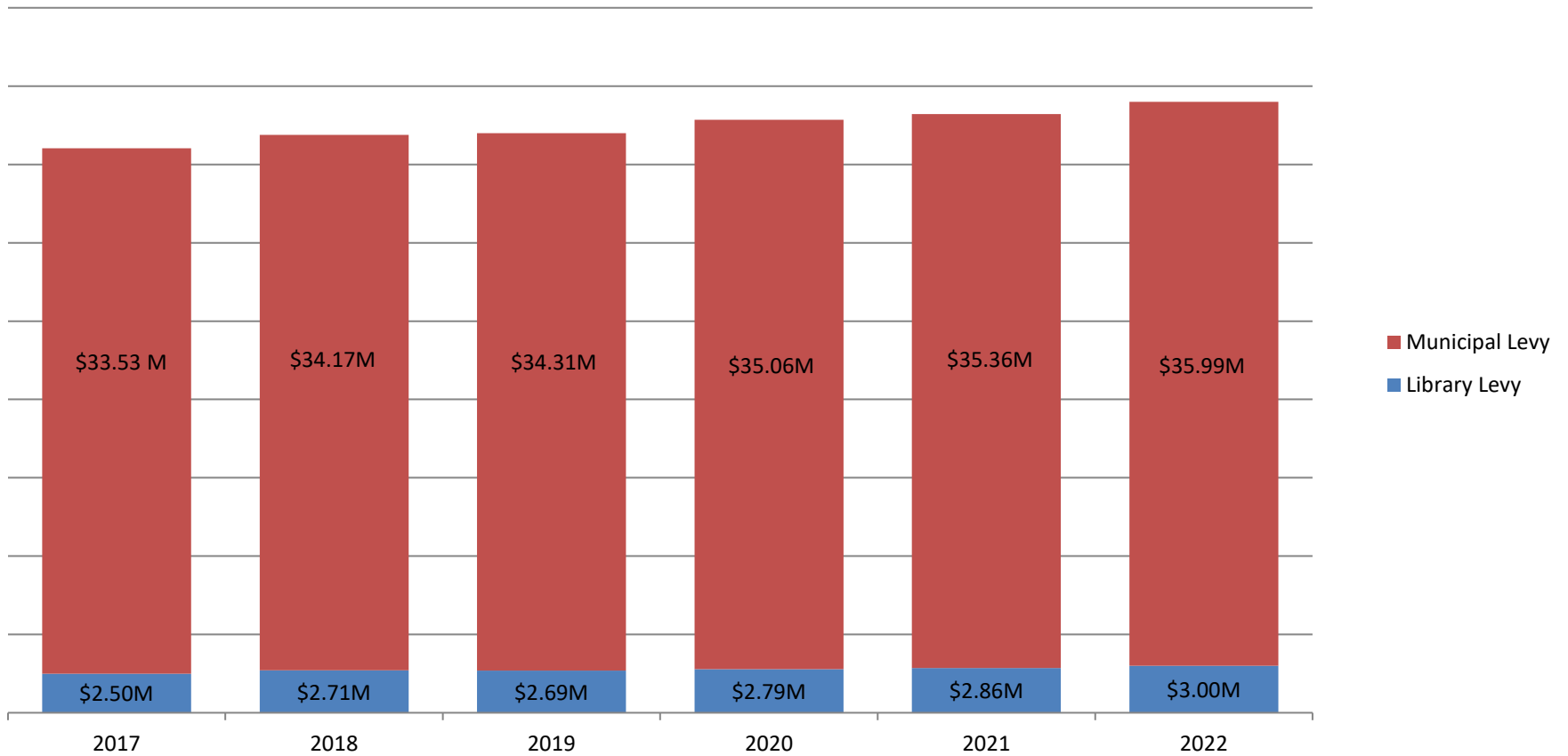
RECEIPTS FROM DELINQUENT TAXES 2017-2022



AMOUNT TO BE RAISED BY TAXATION 2017-2022

MUNICIPAL AND MUNICIPAL LIBRARY TAX LEVY

(Amount in Millions)



STATUTORY CAPS

- The “**Cost of Living Cap Adjustment**” enacted by the State requires each municipality to limit any increase in said budget up to 2.5% (annually set by State) unless authorized by ordinance to increase it to 3.5% over the previous year’s final appropriations.
- For Old Bridge Township, the proposed final budget appropriation for 2022 is \$48,580,775.00 which is \$243,636.00 below the state mandated cap base of \$48,824,411.00.
- The “**Property Tax Levy Cap**” enacted in 2010 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. *The State allows 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 \$922,870.00 below the state mandated property tax levy cap of \$ 36,917,272.00.



A Brief Trip Through Time...



“FISCAL HEALTH FACT CHECK”

2022 vs. 2011

- **The Municipal Budget has been stabilized with an average annual increase of 1.19% from 2011 to 2022.**
- **Non-Recurring Revenues are LOWER** than non-recurring revenues for 2022 by **\$4,895,000**. (**\$665,000** in **2022** vs. \$5,560,000 in 2011).
- **Fund Balance is HIGHER** by **\$2,478,090** or **281.06%** (\$3,359,770 in 2022 vs. \$881,680 in 2011).
- **The Municipal Tax Rate has been stabilized with an average annual tax rate increase of 0.99% from 2011 to 2022.** (Average levy increase has been 1.41%)



“FISCAL HEALTH FACT CHECK”

Bond Ratings

- Moody’s assigns **Aa2** rating (**positive outlook**) to the Township of Old Bridge for \$9.8 million GO Bonds, Series **2014**.
- Moody's **upgrades** rating to **Aa1** and assigns the new rating to the Township of Old Bridge for \$3.7 million Energy Savings Improvement Bonds, Series **2015**.
- Moody’s assigns **Aa1** rating to the Old Bridge Municipal Utilities Authority (OBMUA) for \$5 million Revenue Refunding Bonds, Series **2016**.
- Moody’s assigns **Aa1** rating to the Township of Old Bridge for \$20 million GO & Arena Bonds, Series **2017**.
- Moody’s assigns **Aa1** rating to the Township of Old Bridge for \$8.5 million GO & Arena Bonds, Series **2019**
- Moody’s assigns **Aa1** rating to the Township of Old Bridge for \$12.5 million GO & Arena Bonds, Series **2022**.



“The Future...”



2023-2024 POTENTIAL CHALLENGES

- **Impact of Pandemics...?**
- National, State and Local Economic Conditions...?
- Weather Related Emergencies and Related Costs...?
- Contractual/Statutory Cost Increases...?
- Accumulated Time Payouts for Retirees...?
- Order to Implement a Municipal Wide Revaluation and Related Costs...?
- Tax Appeal Refunds...?
- New and Unfunded State Mandates...?
- Recycling Cost Increase...?
- Further Cuts to Municipal State Aid...?



2023-2024 POTENTIAL OPPORTUNITIES

- Ongoing Cost Containment Strategies
- Competitive Contracting for Services
- Cooperative Purchasing for Goods and Services
- New Technology-Related Initiatives
- Federal, State, County and Local Grant Programs
- Additional and/or Enhanced Shared Services with the Old Bridge Public Library, Old Bridge Public Schools, Middlesex County Government, Hackensack-Meridian Raritan Bay Hospital and/or neighboring municipalities



2022 MUNICIPAL BUDGET ADOPTION

Tuesday, April 5, 2022

