



TOWNSHIP OF OLD BRIDGE 2020 MUNICIPAL BUDGET

Mayor Owen Henry

Presented By:

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

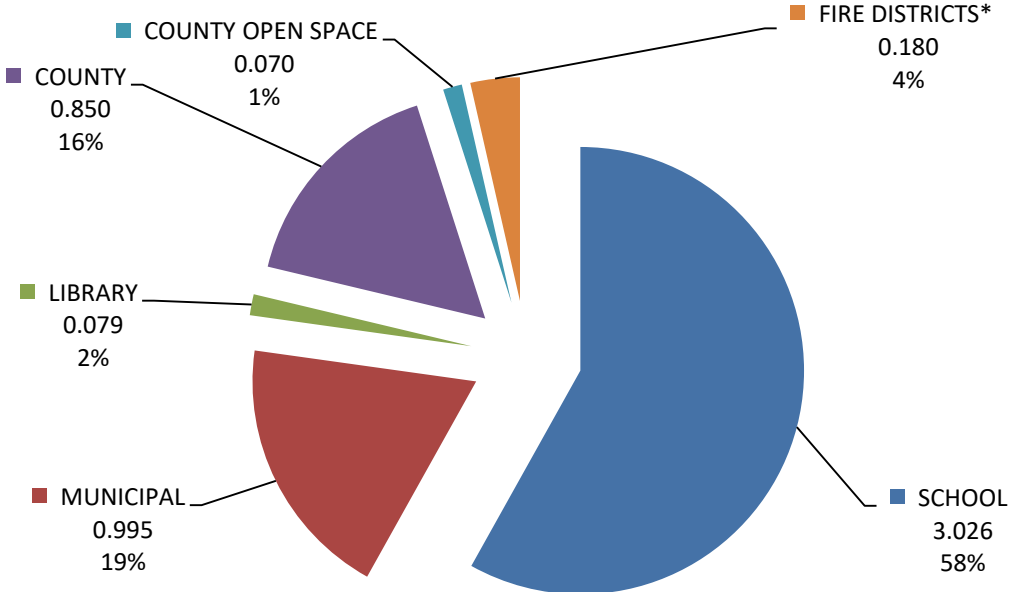
March 16, 2020



2020 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 **code enforcement, community development** (engineering, planning and zoning), **health and senior services, parks and facilities, recreation programs, public safety** (police protection and emergency management) and **public works** (roads, recycling, snow removal).
- 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 2020 TAX RATE “BREAKDOWN”



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

	2020 Est.	2019	Change
SCHOOL	3.026	2.987	0.039
MUNICIPAL	0.995	0.980	0.015
LIBRARY	0.079	0.077	0.002
COUNTY	0.850	0.838	0.012
COUNTY OPEN SPACE	0.071	0.071	0.000
FIRE DISTRICT*	0.186	0.184	0.002
TOTAL	5.207	5.137	0.070

*Average rate for all four districts

2020 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 2021 and 2022.



2020 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.



2020 MUNICIPAL BUDGET DEVELOPMENT PROCESS

August 2019

- Memorandum and budget guidelines sent to Department Heads

September 2019

- Department budget requests submitted to Finance Department

September 2019 – January 2020

- Department budget review with Administration

February 2020

- Proposed Municipal Budget finalized and transmitted to Council – February 7, 2020
- Municipal Budget Introduction – February 10, 2020

February - March 2020

- State Aid Certification – TBD
- Council Budget Subcommittee Meetings – February 18, 2020, February 26, 2020 & March 5, 2020
- *Municipal Budget Public Hearing* – March 16, 2020
- *Municipal Budget Adoption* – March 16, 2020



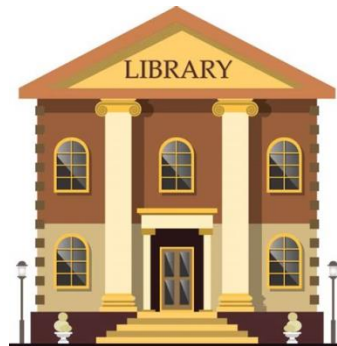
2020 MUNICIPAL BUDGET SUMMARY

- The 2020 proposed Municipal Budget calls for \$56,299,412 in expenditures.
- Revenues include \$6,270,857 in municipal state aid, \$3,705,610 in miscellaneous revenue, \$2,100,000 in uniform construction and code enforcement fees, \$700,000 in receipts from delinquent taxes, \$425,000 in municipal court fines and costs, \$325,000 in interest on investments and deposits and \$35,064,180 as the amount to be raised by taxation.
- An anticipation of \$7,000,000 from fund balance will be required to bring the 2020 budget into balance. This will leave \$3,103,036 in cash fund balance to help stabilize taxes for 2021.
- The proposed municipal tax rate is therefore estimated to be 0.995 in 2020, which reflects a tax increase of 0.015 (1.53%) over 2019 (0.980).
- For an average home in Old Bridge assessed at \$154,390 the proposed municipal tax increase would be \$25.00 (from \$1,511 in 2019 to \$1,536 in 2020).



2020 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 2020 minimum state-required funding for the Old Bridge Public Library is \$2,788,823.
- The associated tax rate is estimated to be 0.079 in 2020 which reflects an increase of 0.002 in the tax rate over 2019 (0.077).
- For an average home in Old Bridge assessed at \$154,390 the municipal library tax increase would be \$3.00 (from \$119 in 2019 to \$122 in 2020).

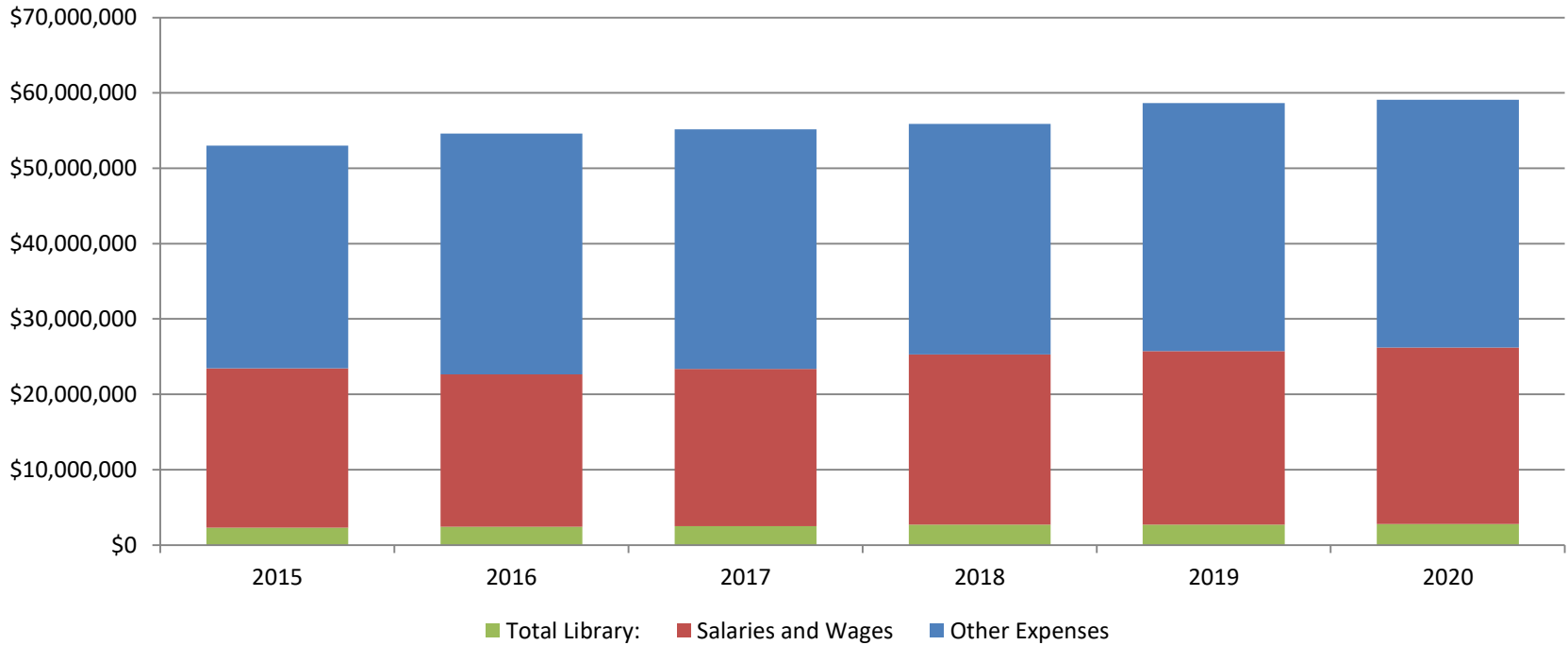


2020 TOTAL BUDGET SUMMARY (MUNICIPAL AND LIBRARY)

- The total general appropriation for 2020, including Municipal Library Purposes, is \$59,088,235 compared to \$58,629,687 in the 2019 budget as modified.
- This is a total budget appropriation increase of \$458,548 or 0.78%.
- The proposed tax rate for both Municipal and Municipal Library Purposes for 2020 is therefore estimated to be 1.074 which reflects a tax increase of 0.017 over 2019 (1.057).
- For an average home in Old Bridge assessed at \$154,390 the proposed municipal and municipal library tax would be \$28.00 (from \$1,630 in 2019 to \$1,658 in 2020).



ANNUAL BUDGET EXPENDITURE COMPARISON 2015-2020



	2015	2016	2017	2018	2019	2020
	Modified	Modified	Modified	Modified	Modified	Recommended
Other Expenses	\$29,568,665	\$31,958,648	\$31,781,453	\$30,586,405	\$32,891,512	\$32,884,502
Salaries and Wages	\$21,132,083	\$20,193,978	\$20,890,491	\$22,595,739	\$23,045,002	\$23,414,910
Total Municipal:	\$50,700,748	\$52,152,627	\$52,671,944	\$53,182,144	\$55,936,514	\$56,299,412
Total Library:	\$2,317,520	\$2,433,732	\$2,497,154	\$2,708,205	\$2,693,172	\$2,788,823
Total Budget Expenditures	\$53,018,268	\$54,586,359	\$55,169,098	\$55,890,349	\$58,629,686	\$59,088,235



2020 EXPENDITURES



- The **Salaries & Wages (S&W)** expenditure category has increased by \$369,908 (+ 1.61%) from \$23,045,002 in 2019 to \$23,414,910 in 2020.
 - *In addition to contractual increases and minimum wage increases, the 2020 budget includes funding for one new full time position in the Police Department (Patrol Officer), one new part time position in OBTV (Public Information Coordinator) and additional funding for seasonal employees in Department of Public Works and Code Enforcement Department.*
- The **Other Operating Expenses (O/E)** expenditure category has increased by \$240,582 (+ 1.34%) from \$17,952,686 in 2019 to \$18,193,268 in 2020.
 - *The major increase under this expenditure category is Recycling (+ \$460,454).*



2020 EXPENDITURES (CONTINUED)



- The **Municipal Debt Service** expenditure category has decreased by \$27,523 (- 0.53%) from \$5,233,905 in 2019 to \$5,206,382 in 2020.
 - *This decrease is the result of managing the annual amortization and improved bond ratings.*
- The **Statutory Expenditure** category has increased by \$396,289 (+ 8.40%) from \$4,716,305 in 2019 to \$5,112,594 in 2020.
 - *The major increase under this expenditure category is the Police and Firemen's Retirement System (+ \$239,342) and Public Employees Retirement System (+ \$147,162).*
- The **Deferred Charges** expenditure category has increased by \$12,802 (+ 14.63%) from \$87,488 in 2019 to \$100,290 in 2020.
 - *The major increase under this expenditure category is Unfunded Capital (+ 11,893).*

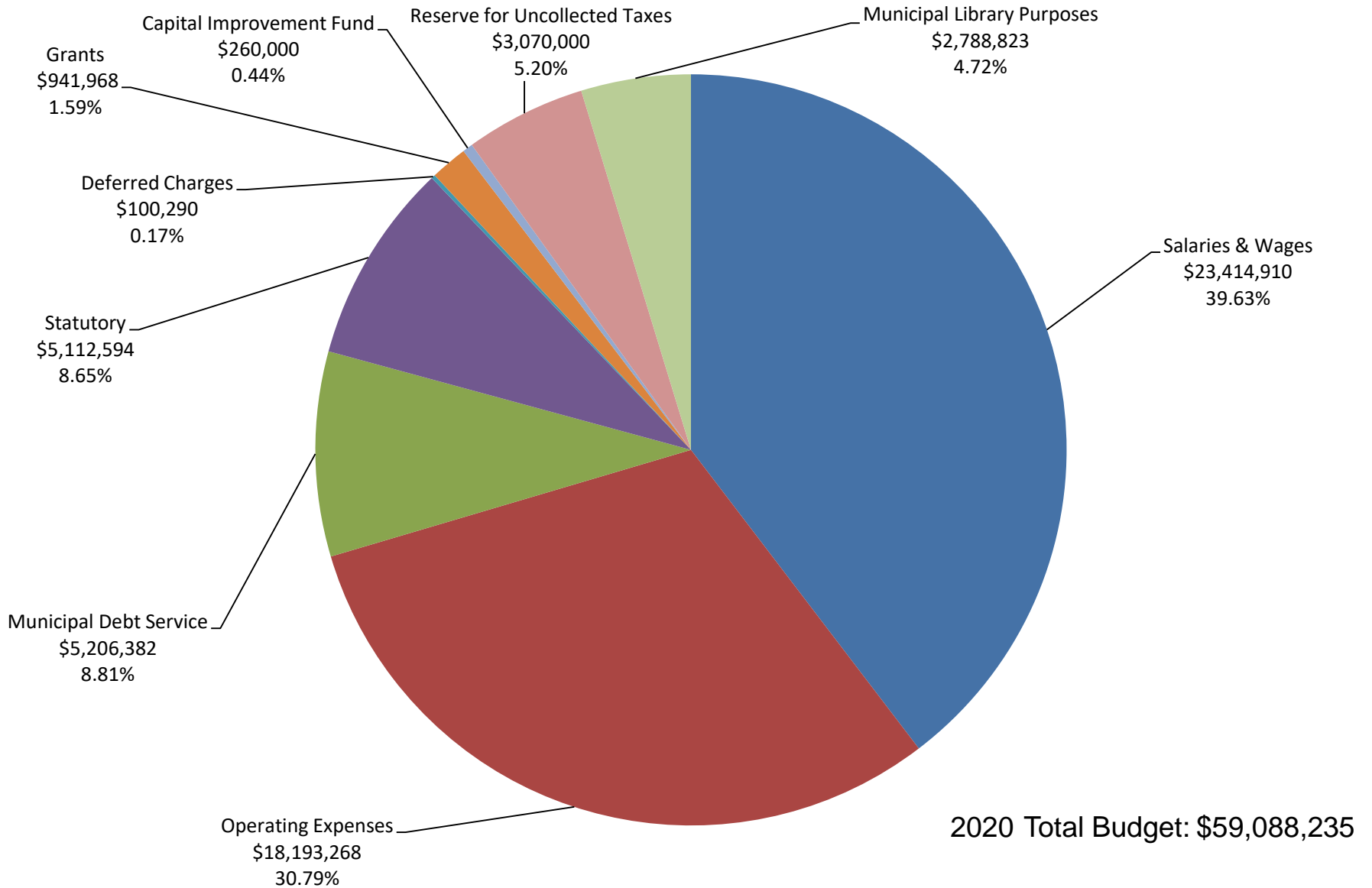


2020 EXPENDITURES (CONTINUED)

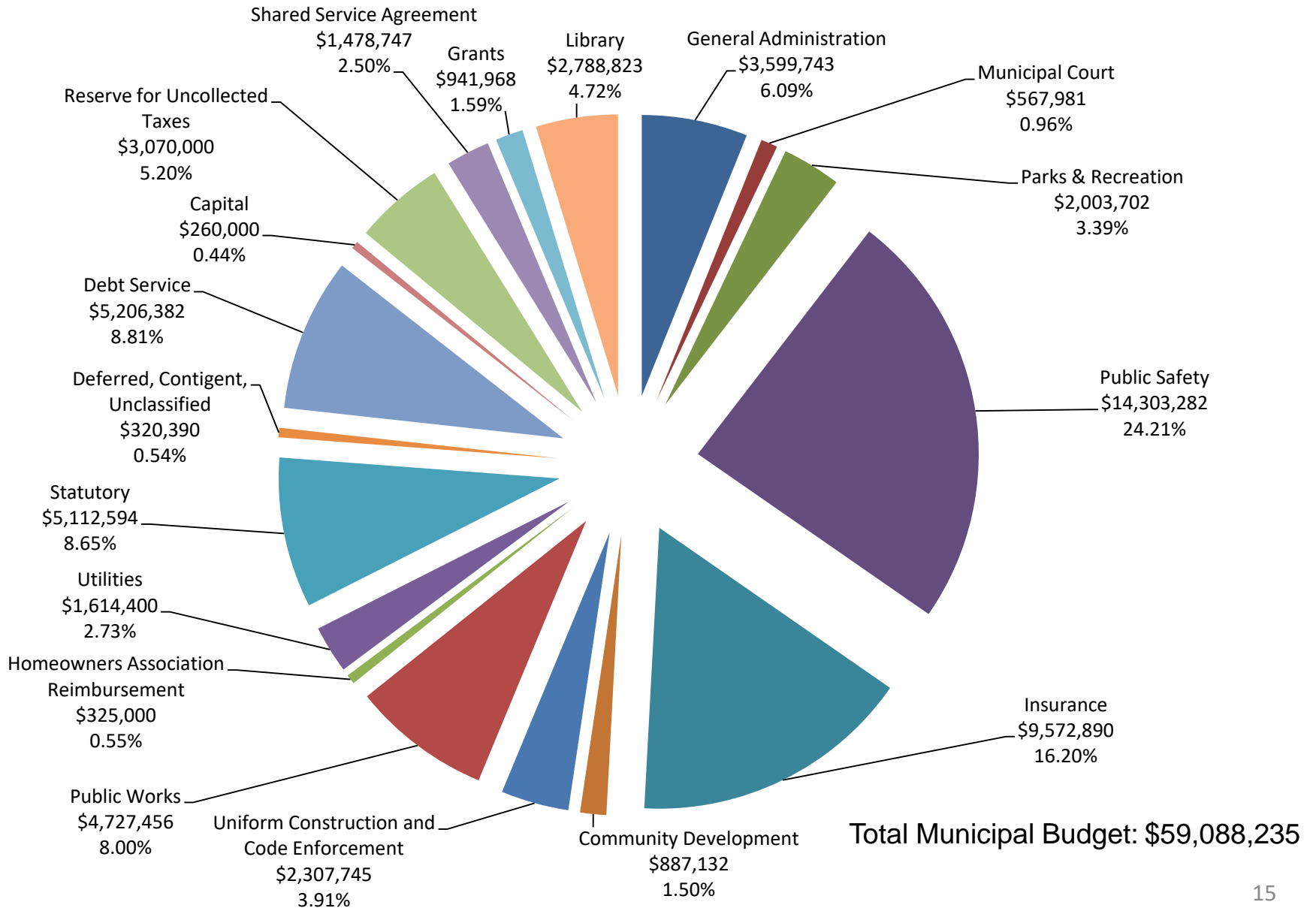


- The **Capital Improvement Fund** expenditure category has decreased by \$40,000 (- 13.33%) from \$300,000 in 2019 to \$260,000.00 in 2020.
 - *The proposed capital budget for 2020 is expected to be \$5,985,000 for the development of Cottrell Farm; curbing, drainage, facilities and road improvements; parks and playground improvements; and the replacement of equipment and vehicles for various departments and divisions. Please note, the proposed Bond Ordinance includes \$1,000,000 in grants from Green Acres for the development of Cottrell Farm.*
- The **Reserve for Uncollected Taxes** expenditure category has increased by \$130,000 (+ 4.42%) from \$2,940,000 in 2019 to \$3,070,000 in 2020.
 - *This is a statutory non-spending appropriation.*
 - *The actual tax collection rate for 2019 was 99.30%.*
 - *The projected tax collection rate for 2020 is 98.30%.*
 - *The Township suspended the accelerated tax sale in 2017 and went back to holding a standard tax sale. We believe this is a positive change for the residents.*

2020 EXPENDITURES



2020 DEPARTMENT/EXPENDITURE PERCENT TO TOTAL BUDGET





2020 REVENUES



- Total municipal revenue, including the Municipal Library Tax Levy, has increased by \$458,548 (+ 0.04%) from \$58,629,687 in 2019 to \$59,088,235 in 2020.
- The **Municipal State Aid** revenue category has not been changed in 2020 (\$6,270,857).
- The **Fund Balance** revenue category has not been changed in 2020 (\$7,000,000).
- The **Uniform Construction and Code Fees** revenue category has been increased by \$450,000 (+ 27.27%) from \$1,650,000 in 2019 to \$2,100,000 in 2020.

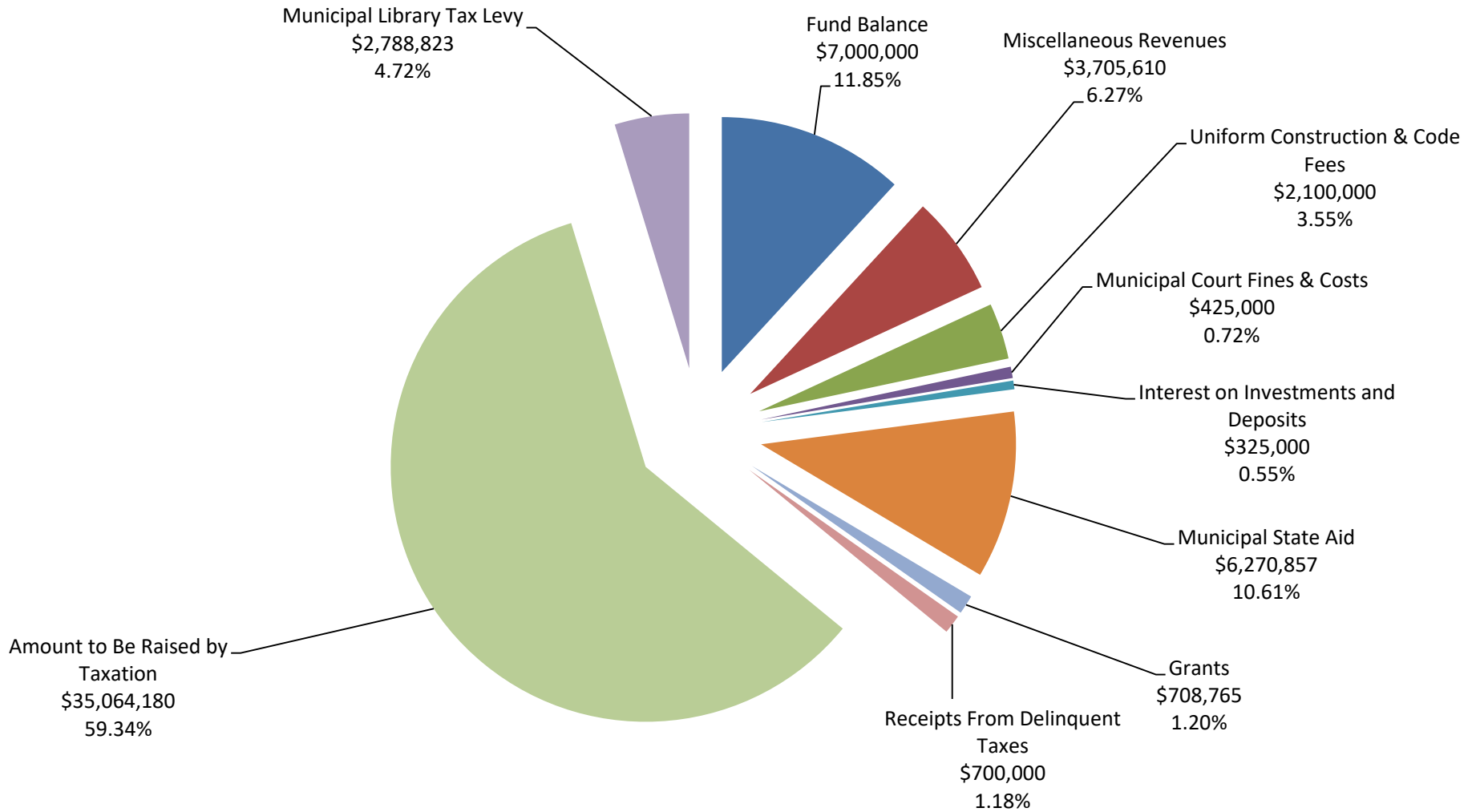


2020 REVENUES (CONTINUED)



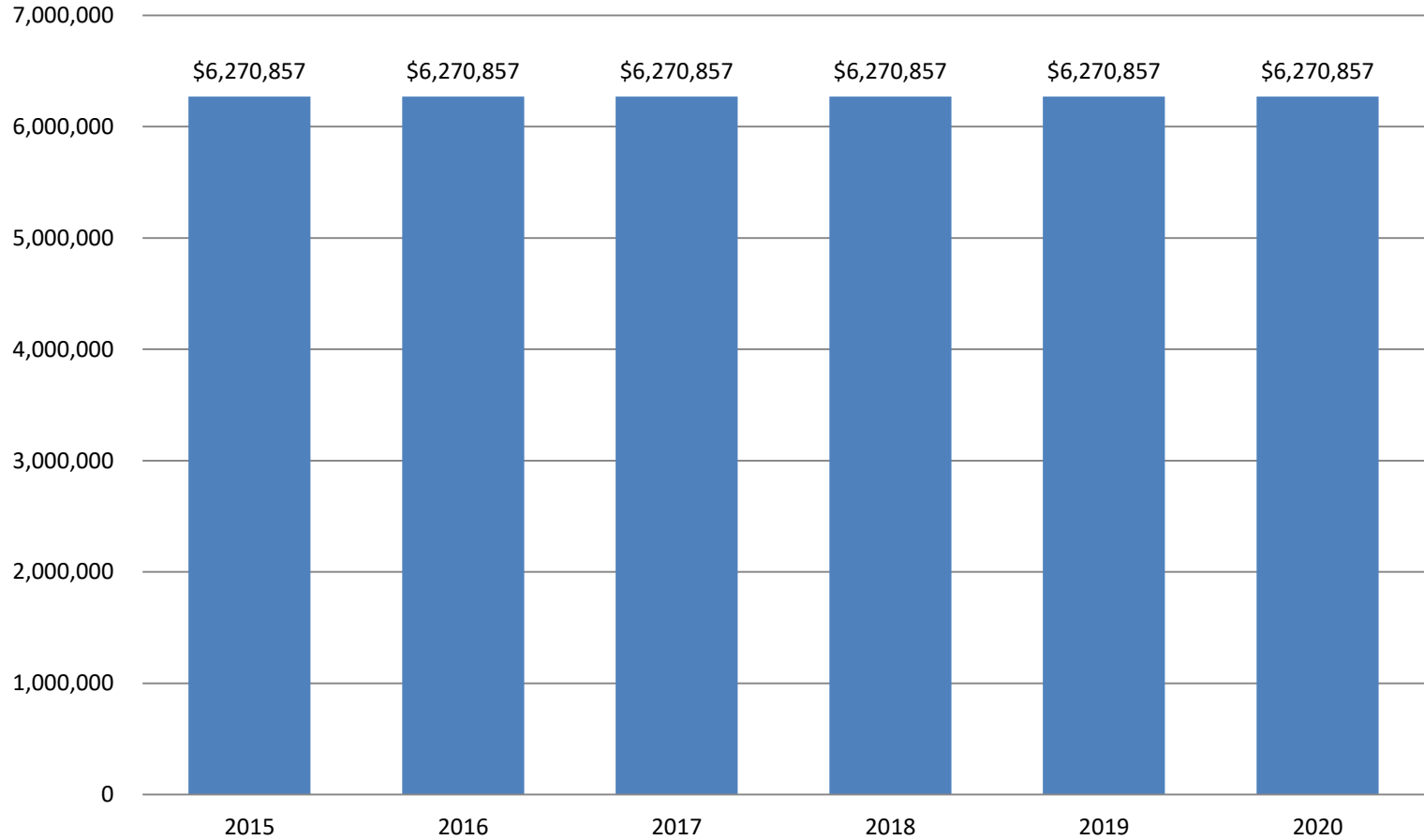
- The **Municipal Court Fines and Costs** revenue category has not been changed in 2020 (\$425,000).
- The **Interest on Investments and Deposits** revenue category has been increased by \$175,000 (+ 116.67%) from \$150,000 in 2019 to \$325,000 in 2020.
- The **Miscellaneous Revenues** category has been decreased by \$294,742 (- 7.37%) from \$4,000,352 in 2019 to \$3,705,610 in 2020.
- The **Receipts from Delinquent Taxes** revenue category has not been changed in 2020 (\$700,000).
- The **Amount to be Raised by Taxation** revenue category has been increased by \$752,969 (+ 2.19%) from \$34,311,211 in 2019 to \$35,064,180 in 2020.

2020 REVENUES

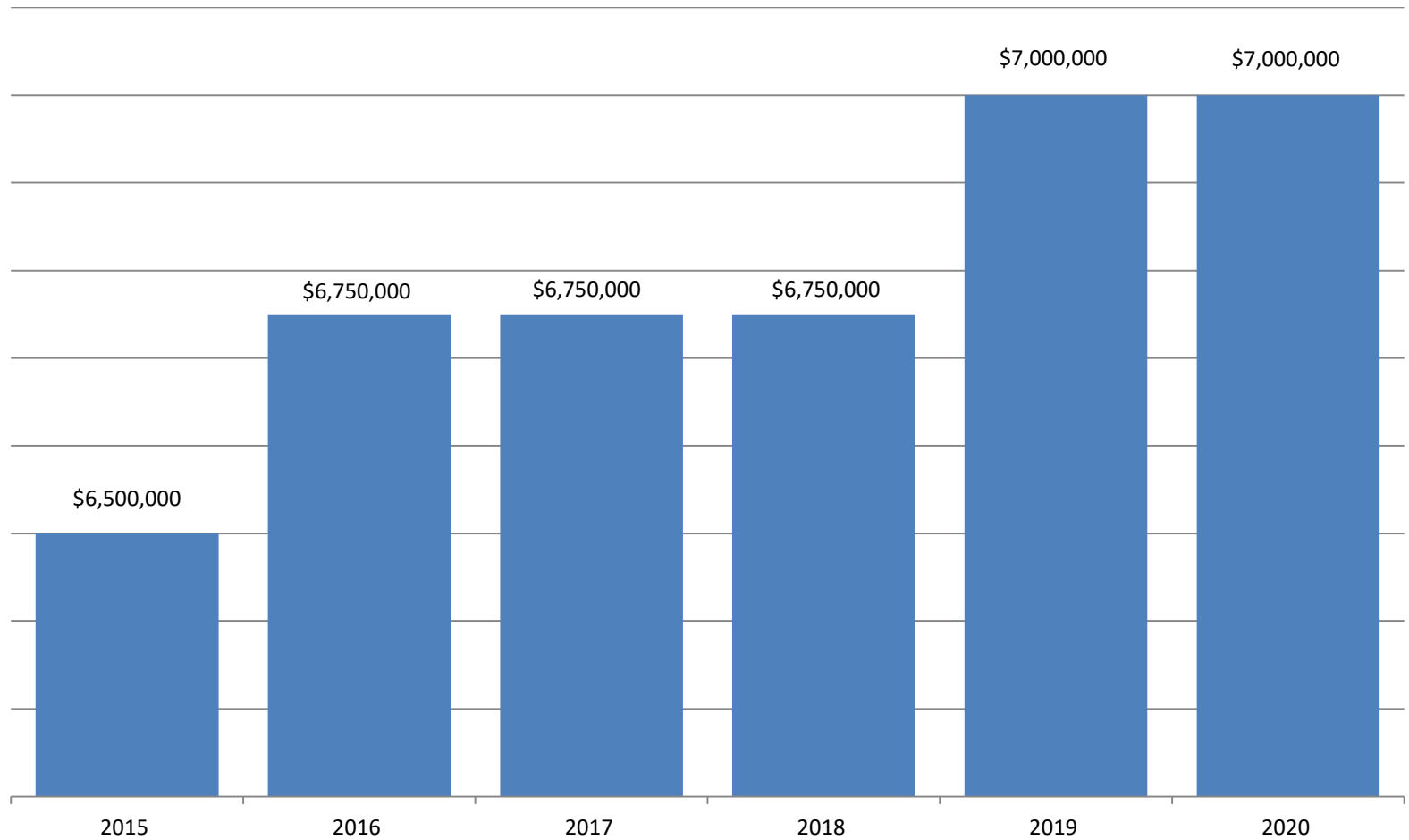


Total Revenues: \$59,088,235

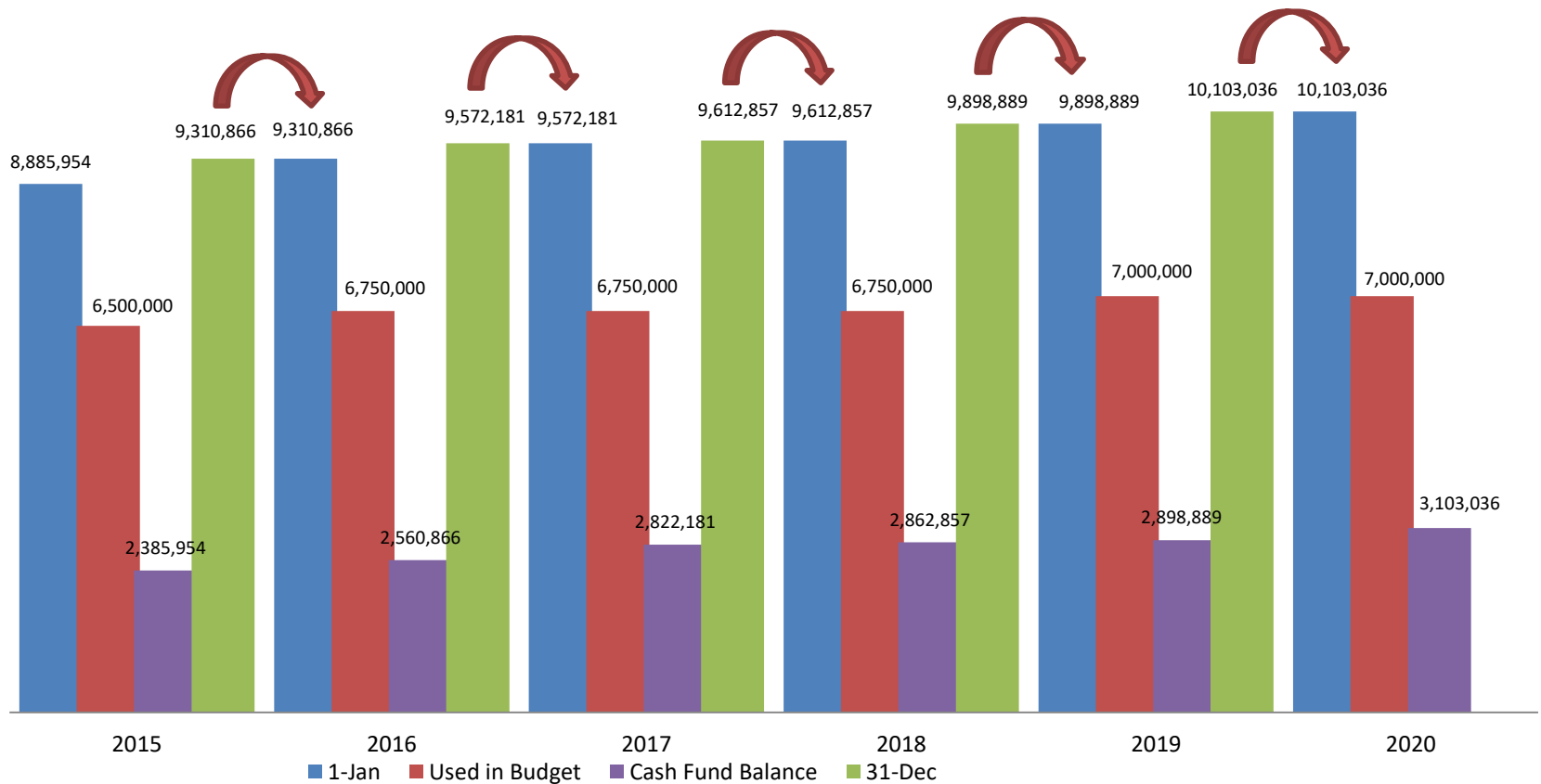
MUNICIPAL STATE AID 2015-2020



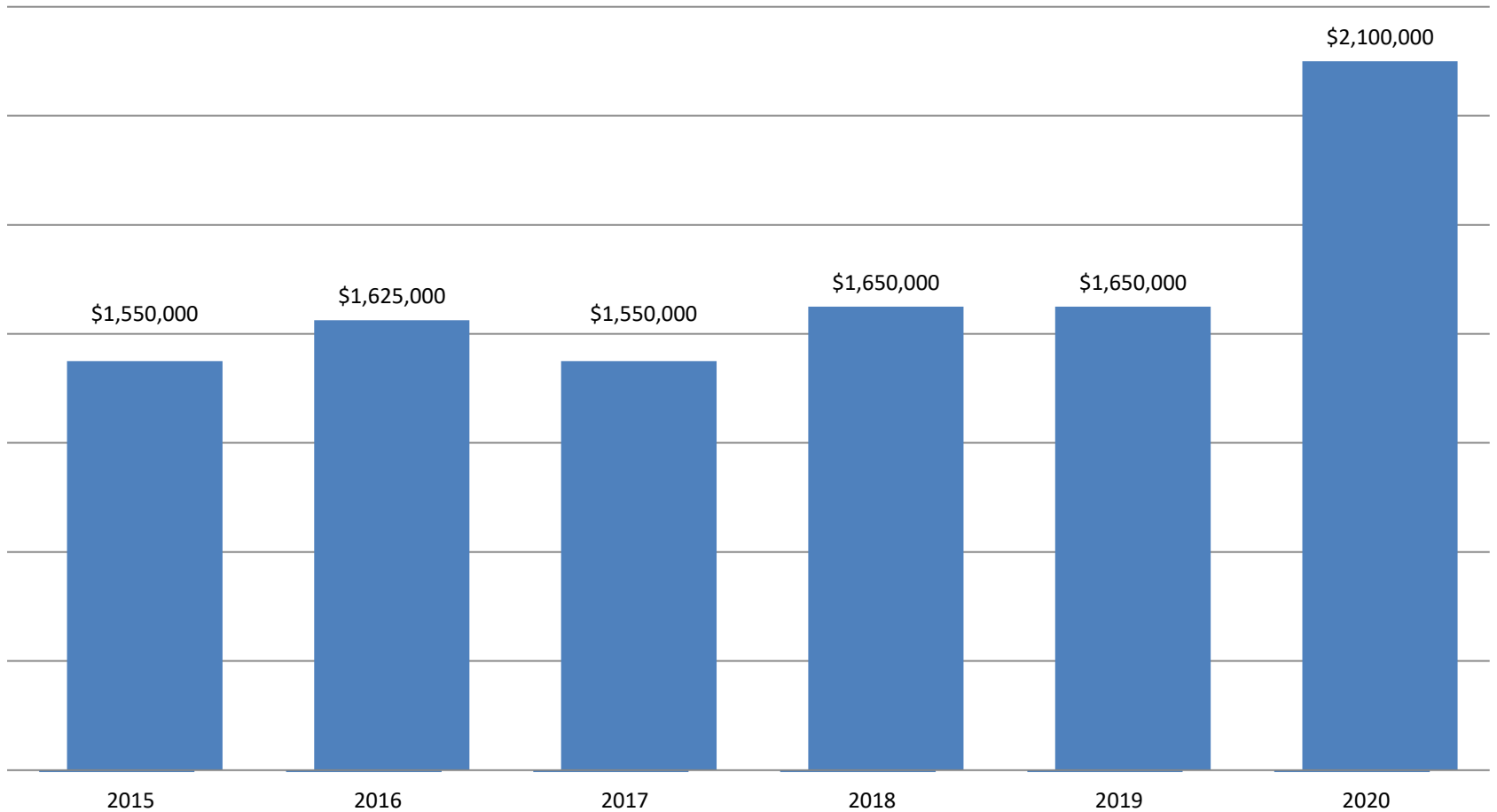
SURPLUS ANTICIPATED (“FROM FUND BALANCE”) 2015-2020



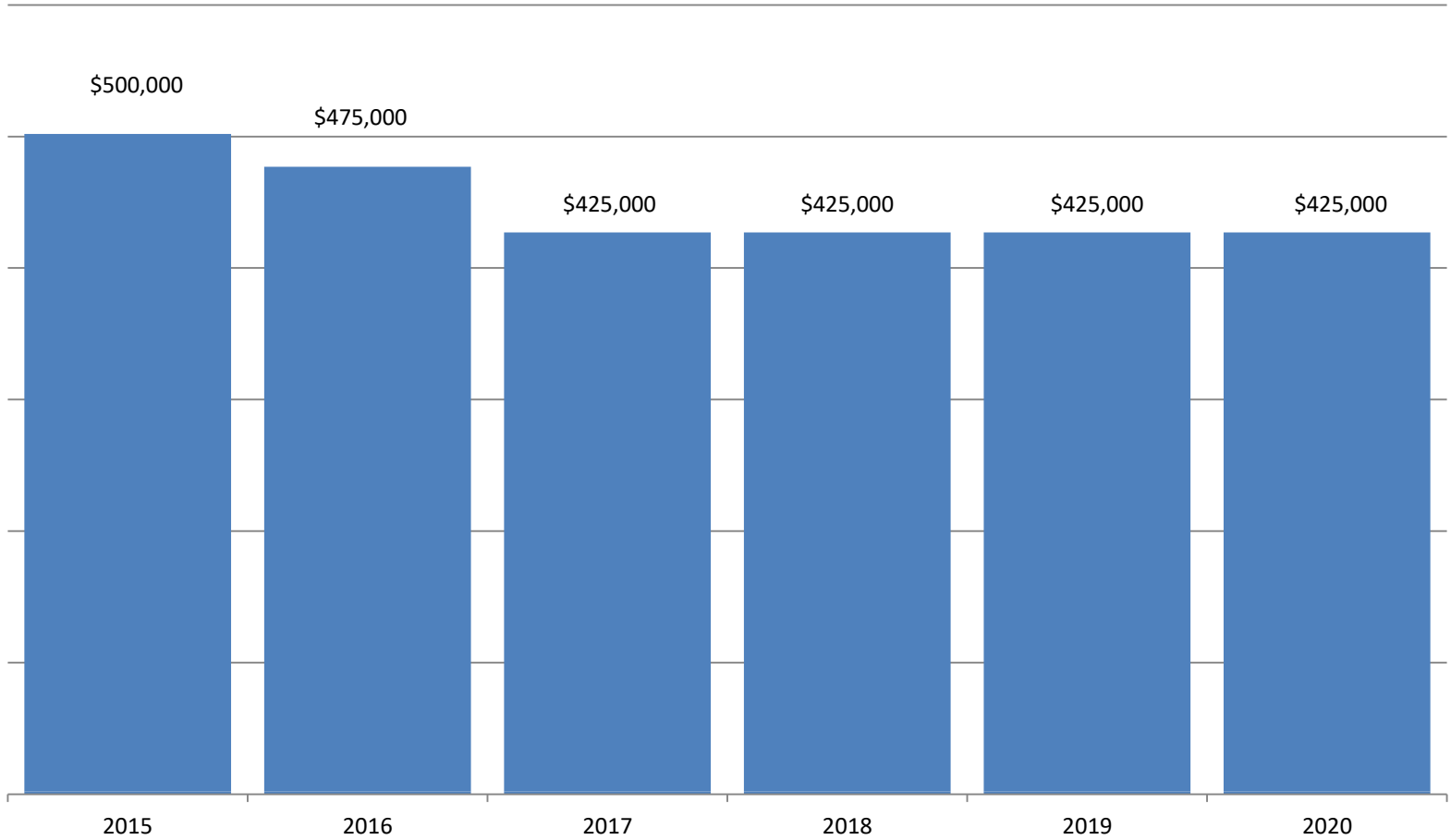
FUND BALANCE ANALYSIS 2015-2020



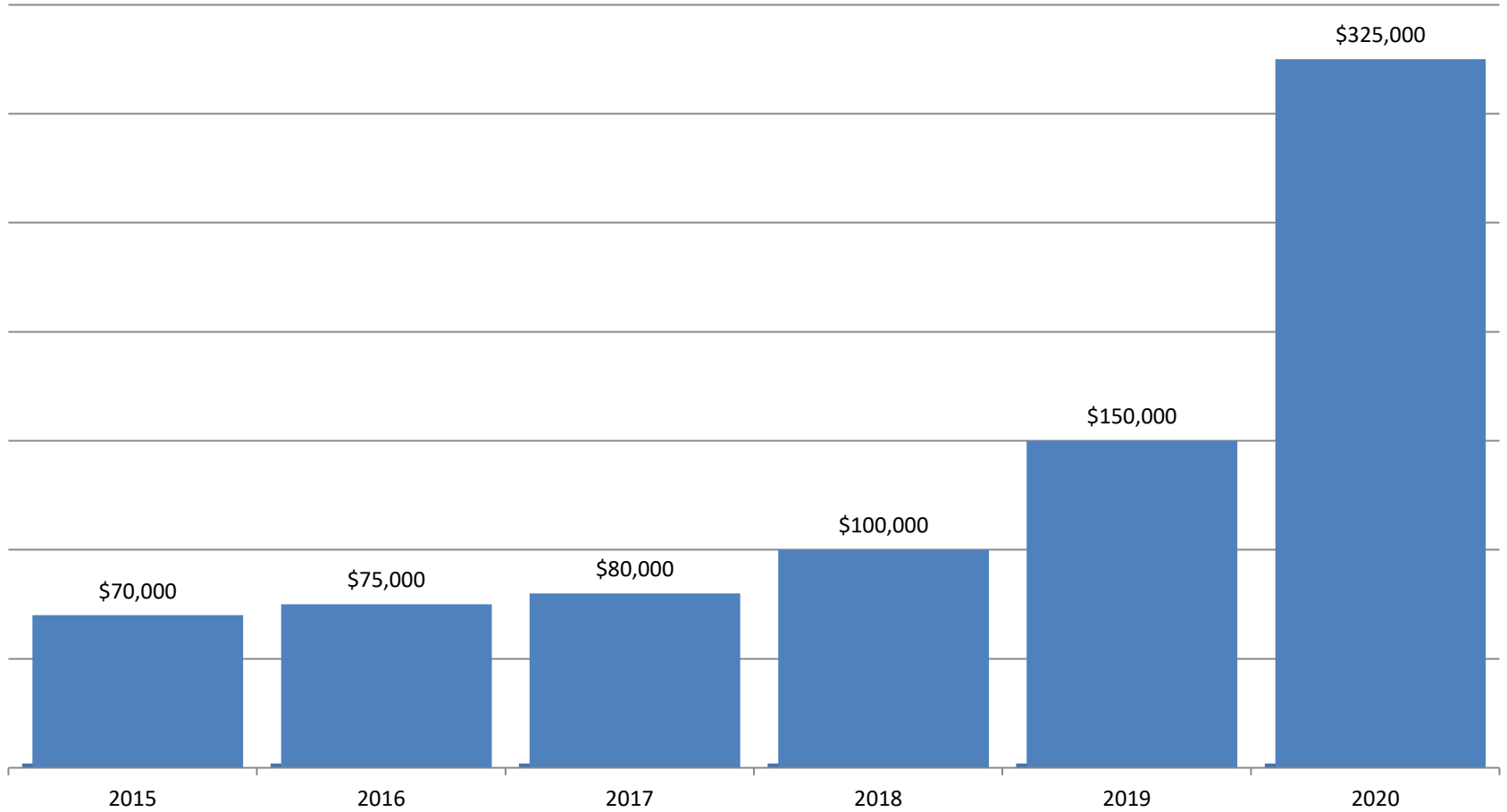
UNIFORM CONSTRUCTION AND CODE FEES 2015-2020



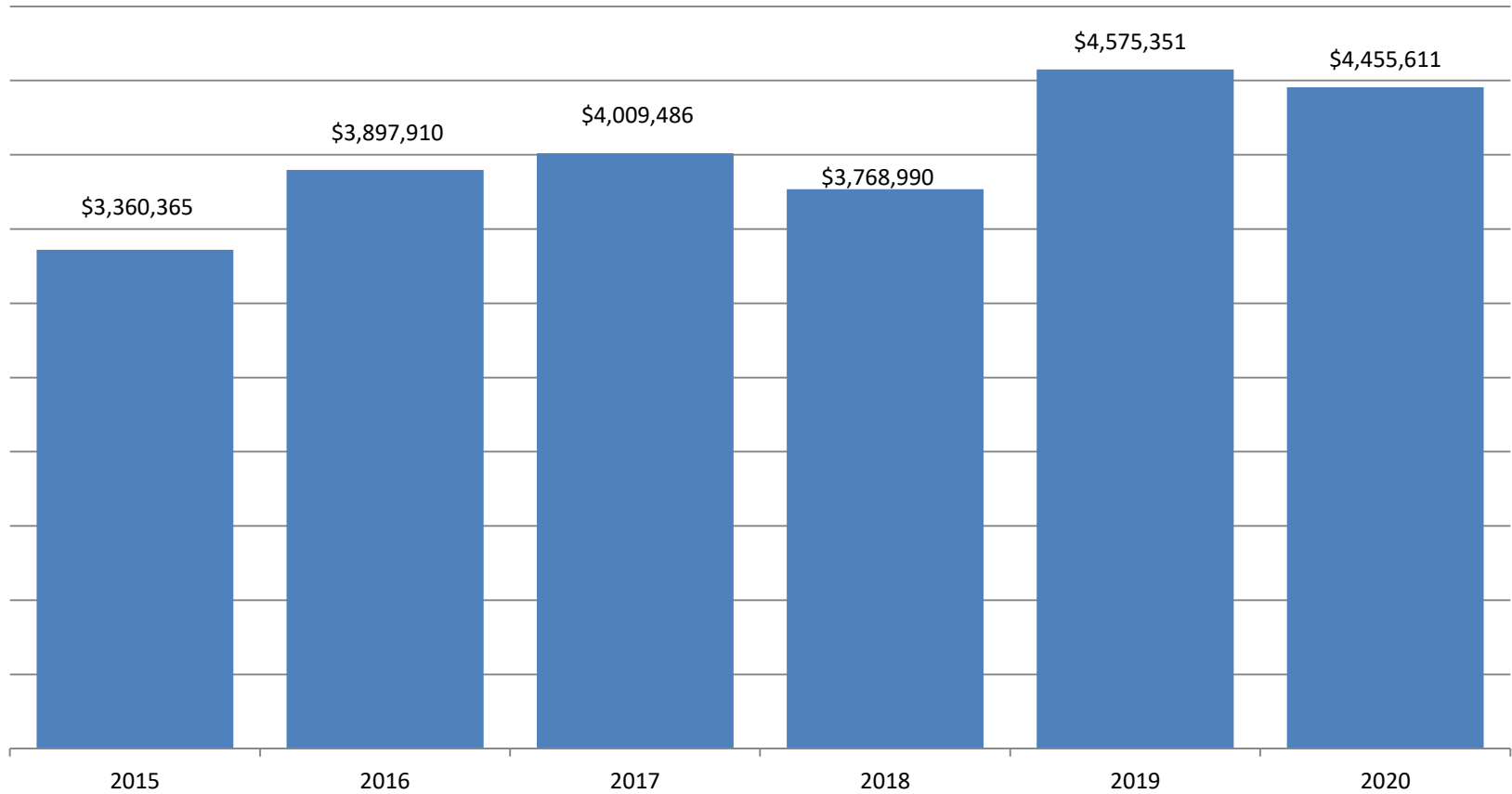
MUNICIPAL COURT FINES AND COSTS ANALYSIS 2015-2020



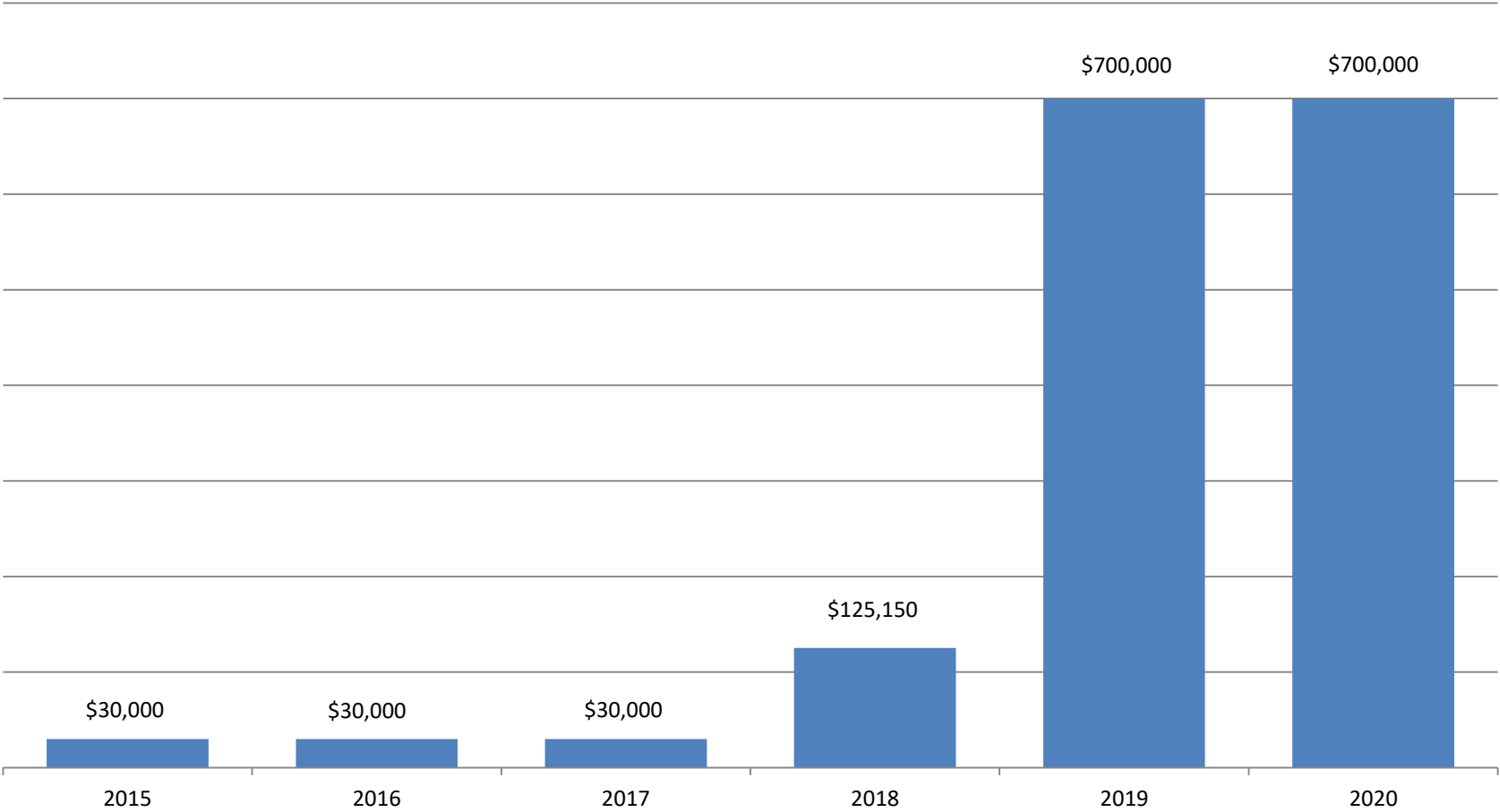
INTEREST ON INVESTMENTS AND DEPOSITS 2015-2020



MISCELLANEOUS REVENUES 2015-2020



RECEIPTS FROM DELINQUENT TAXES 2015-2020



AMOUNT TO BE RAISED BY TAXATION 2015-2020

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 2020 is \$45,330,322 which is \$482,019 below the state mandated cap base of \$45,812,341.
- 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 2020 is \$35,064,180 which is \$381,418 below the state mandated property tax levy cap of \$35,445,598 (Based on the Levy Cap revision by the State Division of Local Government Services).



A Brief Trip Through Time...



“FISCAL HEALTH FACT CHECK”

2020 vs. 2011

- **The Municipal Budget has been stabilized with an average annual increase of 0.69% from 2011 to 2020.**
- **Non-Recurring Revenues are LOWER** than non-recurring revenues for 2011 by **\$5,517,760**. (**\$42,240** in **2020** vs. \$5,560,000 in 2011).
- **Fund Balance is HIGHER** by **\$2,221,356** or **251.95%** (\$3,103,036 in 2020 vs. \$881,680 in 2011).
- **The Municipal Tax Rate has been stabilized with an average annual tax rate increase of 1.04% from 2011 to 2020.** (Average levy increase has been 1.43%)



“FISCAL HEALTH FACT CHECK”

Bond Ratings

- Moody’s assigns **Aa2** rating to the Township of Old Bridge for \$3.9 million GO Refunding Bonds, Series **2012**.
- 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 Bonds, Series **2017**.
- Moody’s assigns **Aa1** rating to the Township of Old Bridge for \$8.5 million GO Bonds, **2019**



“The Future...”



2021-2022 POTENTIAL CHALLENGES

- National, State and Local Economic Conditions...?
- Weather Related Emergencies and Related Costs...?
- Impact of Pandemics...?
- 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...?



2021-2022 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



2020 MUNICIPAL BUDGET ADOPTION

Monday, March 16, 2020

