

# OLD BRIDGE TOWNSHIP

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## 2012 PROPOSED BUDGET



# 2012 Budget Goals

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- Evaluate current financial condition and implement sustainable financial practices
- Minimize tax impact and remain under statutory caps.
- Develop and implement a long term financial planning strategy.
- Identify potential areas for operational improvements and/or additional cost savings measures for 2013 and 2014.
- Assess, plan for and invest in needed infrastructure and facilities improvements through the annual operating and capital budget development processes.

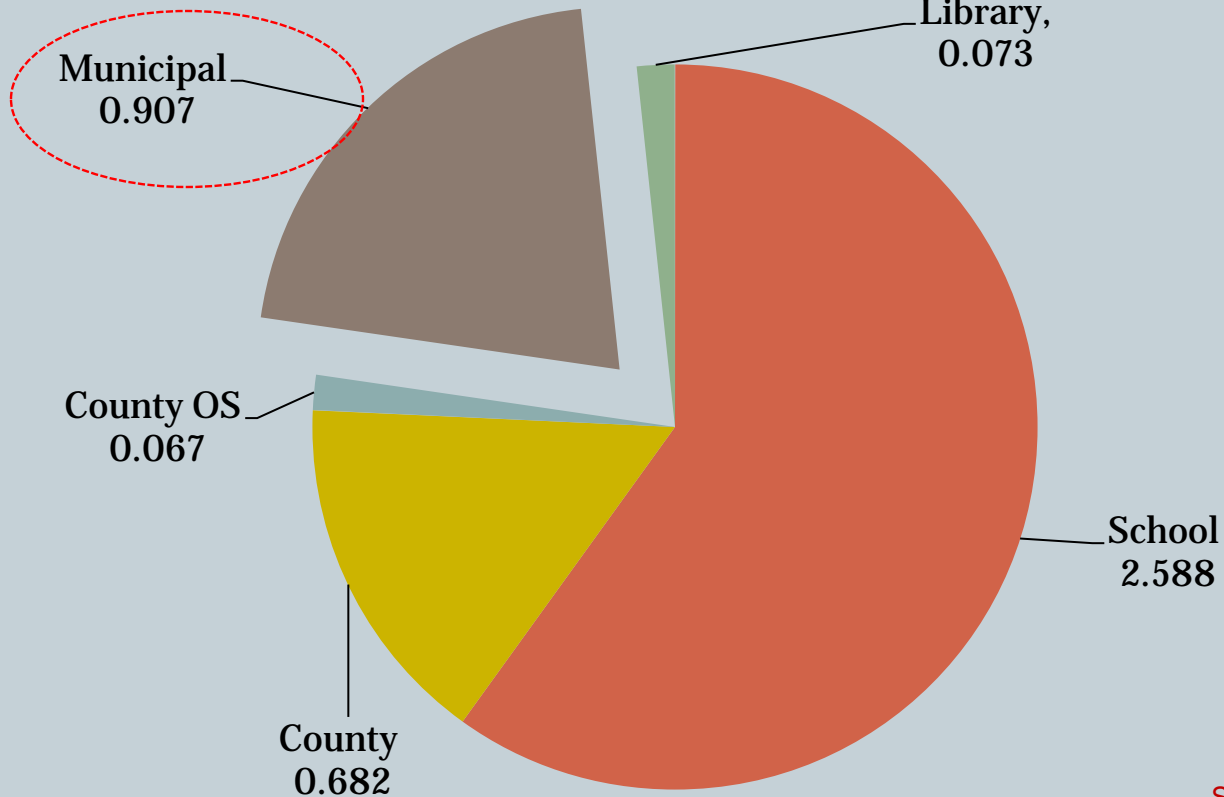
# Budget Development Process

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- **January 2012**
  - Department budget meetings with Mayor
- **February 2012**
  - Department Meeting with Mayor
  - State Aid Certification received
- **March 2012**
  - Department budget meetings with Mayor
  - Draft budget finalized and transmitted to Township Council on March 16th
- **April 2012**
  - Municipal Budget Public Introduction– *April 2, 2012*
- **Public Hearing of 2012 Budget – May 7<sup>th</sup>**
  - Amendment or Adoption of 2012 budget

# 2011 TAX REVENUE ALLOCATION

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Tax Rate	
	2011
School	2.588
County	0.682
County OS	0.067
Municipal	0.907
Library	0.073
<b>Total</b>	<b>4.317</b>

Fire District Rate	
Fire# 1	0.125
Fire# 2	0.138
Fire# 3	0.083
Fire# 4	0.210

Total Tax Rate Including Fire District	
Fire# 1	4.442
Fire# 2	4.455
Fire# 3	4.400
Fire# 4	4.527

School	\$ 88,111,309
County	\$ 23,209,688
County OS	\$ 2,271,521
Municipal	\$ 30,863,119
Library	\$ 2,508,366
<b>Total</b>	<b>\$ 146,964,003</b>

Chart does not include Fire District Taxes

# Background

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- Under State Law, a municipality must pass its annual budget in order to spend money or to tax residents for that year.
- Budget forms are specified by the State.  
<http://www.nj.gov/dca/lgs/fiscal/budmenu.shtml>
- Strict State oversight performed by Div. of Local Gov. Services/Dept. of Community Affairs. Budget will be reviewed and approved by DLGS before Council can adopt the budget.
- Budget is reviewed and signed off by the Township Auditor (see Letter from the auditor)
- By law, taxes must be equal to expenses (Appropriation) less non-tax income (Revenue).
- Local Revenues cannot exceed last year actual revenue.
- 2012 Budget, 2011 Unaudited Financial Statement and various statistical data are available at <http://www.oldbridge.com/content/137/173/298/432/default.aspx>

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March 7, 2012

Honorable Owen Henry, Mayor  
Township of Old Bridge  
One Old Bridge Plaza  
Old Bridge, New Jersey 08857

Dear Mayor Henry:

I was asked to review and comment on the Mayor's 2012 budget.

The Mayor and his administration were able to develop the Township's 2012 Budget, satisfying State mandates and requirements within a time frame of approximately 60 days. Considering the impact of previous Township administration budget practices which were such that they raised concern with the Director of the Division of Local Government Services, this exercise in itself is a credit to the Mayor's stewardship and desire to provide Township services without jeopardizing the Township's financial integrity. Difficult decisions were made in developing this Budget, considering the impact of a loss of non-recurring revenue of approximately \$5.4 million.

This Budget is within the maximum allowable amount to be raised by taxation as calculated within the Division's Tax Levy Cap Calculation. Further, the Budget is approximately \$3.4 million under the State-imposed 2012 Appropriation Cap Calculation.

Obviously, this Budget will require each Department to operate within its operating budget allocation. Further, a commitment to sound budgetary practices will be needed to address the current economic environment the Township must operate in to maintain its fiscal integrity and deliver Township services.

If you have any questions or need any additional information, please do not hesitate to contact me at our Freehold office.

Very truly yours,

HUTCHINS, FARRELL, MEYER & ALLISON, P.A.



Eugene M. Farrell

EMF:jad

# BUDGET SUMMARY

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	2012	2011	Change	%
Total Operating Budget	52,435,929	56,047,313	-3,611,384	-6.44%
Tax Levy – Municipal	31,637,542	30,863,119	774,422	2.51%
Tax Rate-Municipal (Per \$100 assessed value)	.929	.907	.022	2.41%
Tax Levy – Library (Per \$100 assessed value)	2,444,931	2,508,366	-63,435	-2.52%
Tax Rate - Library	.072	.073	-.001	-1.37%
Assessed Value	3,405,742,988	3,404,867,872	875,116	0.03%
Arena Budget	744,806	769,972	-25,166	-3.27%
Parking Utility Budget	200,457	341,243	-140,786	-41.25%

# BUDGET SUMMARY - REVENUE

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	2012	2011	Change	%
ANTICIPATED SURPLUS	6,224,000	5,780,651	443,349	7.67%
LOCAL REVENUES	2,657,000	1,887,000	770,000	40.81%
STATE AID	6,270,857	6,270,857	0	0%
GRANT	323,599	318,921	4,678	1.47%
UCC & CODE FEES	1,350,000	1,350,000	0	0%
DEL. TAX	30,000	30,000	0	0%
OTHER REVENUES	1,498,000	1,560,400	-62,400	-4%
SALE OF LAND	0	5,300,000	-5,300,000	-100%
TOTAL REVENUES	18,353,456	22,497,829	-4,144,373	-18.42%
TAXES - MUNICIPAL	31,637,542	30,863,119	774,422	2.51%
TAXES - LIBRARY	2,444,931	2,508,366	-63,435	-2.52%
TOTAL BUDGETED REVENUES	52,435,929	55,869,313	-3,433,384	-6.15%



# Fund Balance & Anticipated Surplus

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	FY 2009	TY 2009*	CY 2010	CY 2011	CY 2012
Fund Balance as of Jan 1	9,373,389	6,335,081	10,965,284	6,662,330	7,111,174
Used in the Budget as Surplus Anticipated	7,800,000	271,251	10,083,605	5,780,651	6,224,000
Fund Balance after surplus anticipated in budget	1,573,389	6,063,830	881,679	881,679	887,174
Surplus Regenerated	4,761,6914	4,901,454	5,780,651	6,229,494	4,832,000 **
Fund Balance at Dec 31	6,335,081	10,965,284	6,662,330	7,111,174	5,719,174 **

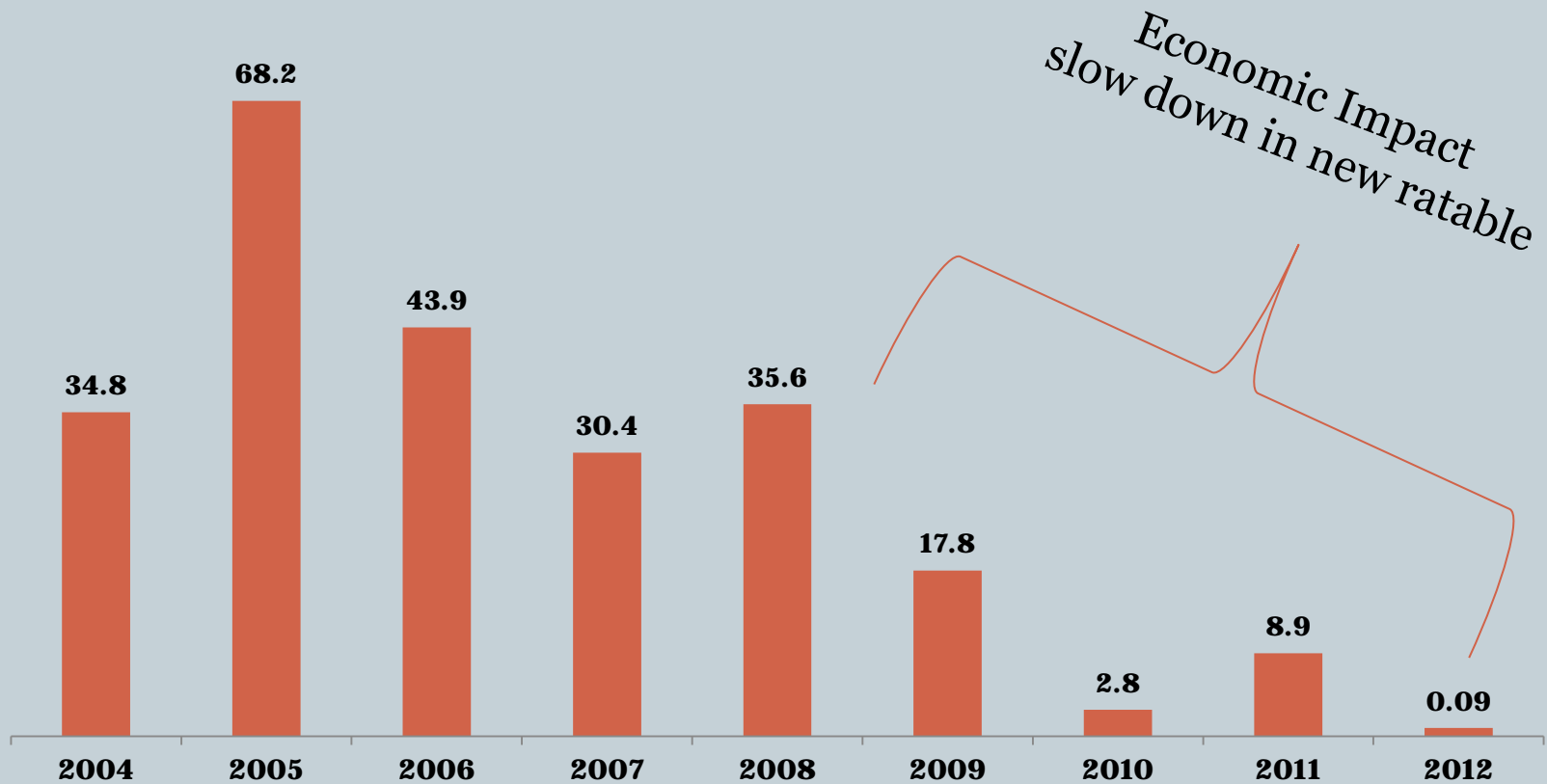
\* Transition Year Budget (6 month budget) when township switched back to Calendar Year (1/1 to 12/31) from Fiscal Year (7/1 to 6/30)

\*\*Projected for 2012. As of now, we are expecting 1.468M less surplus available in 2013

# ASSESSED VALUE INCREASE

10

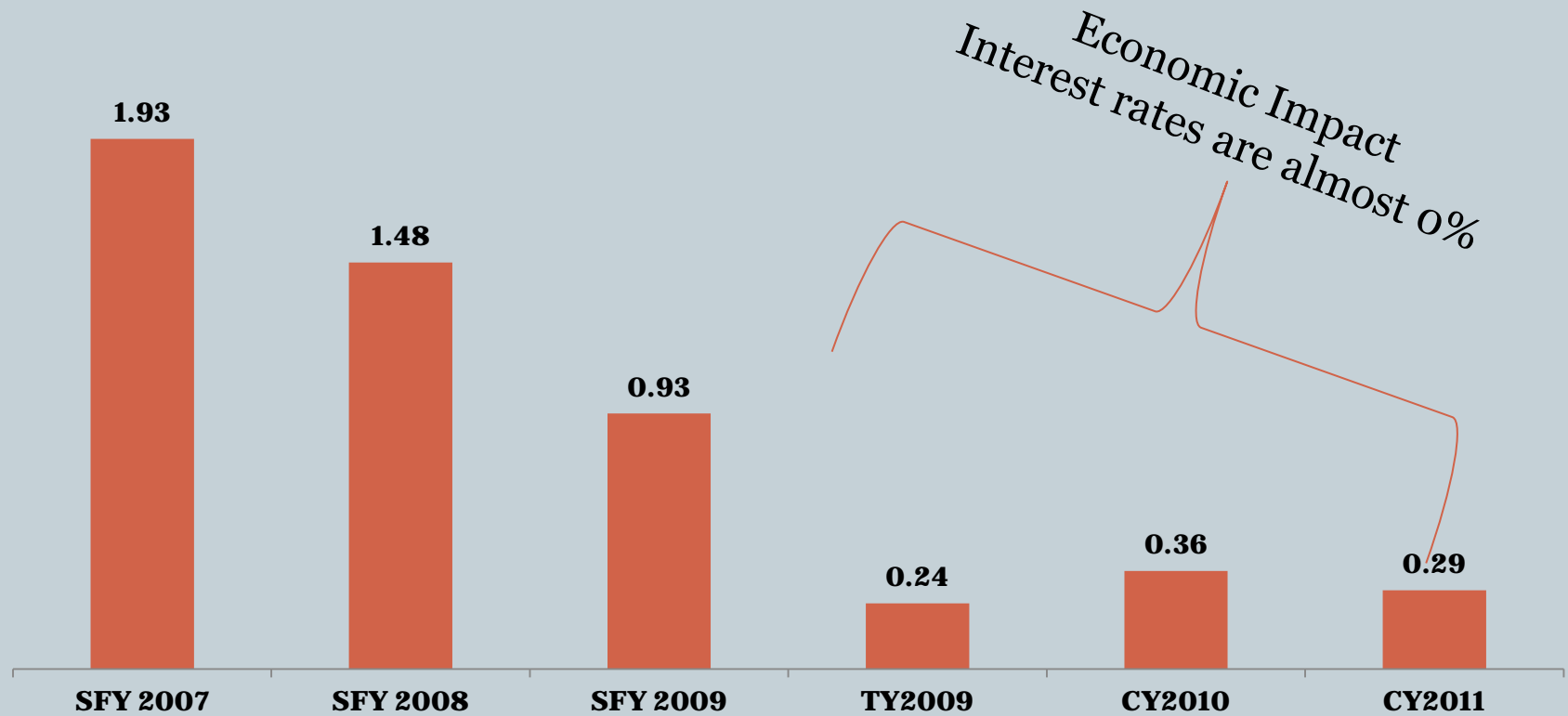
Amount in Millions



# Interest Income

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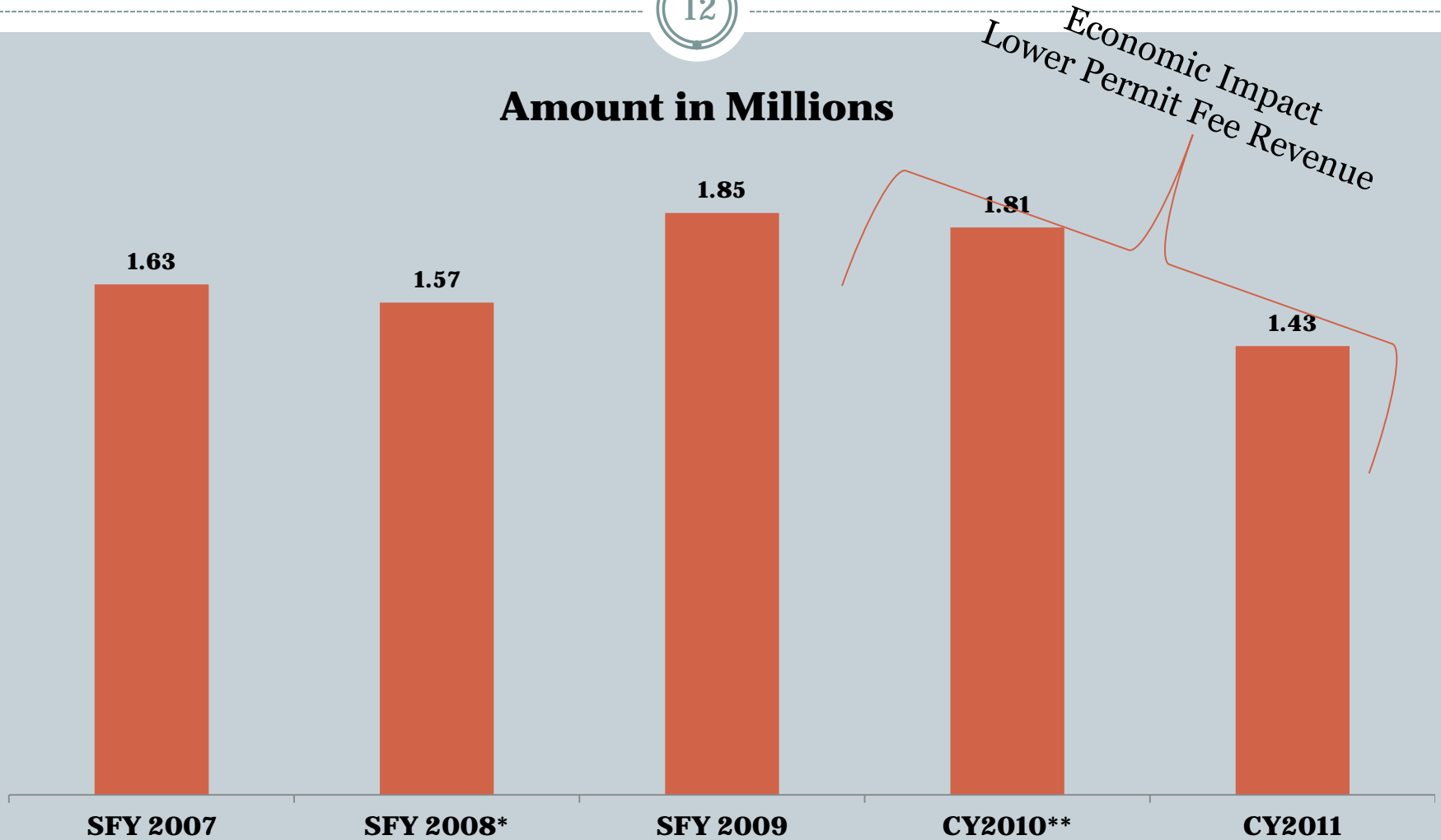
**Amount In Millions**



# Construction Permit & Code Fees

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**Amount in Millions**

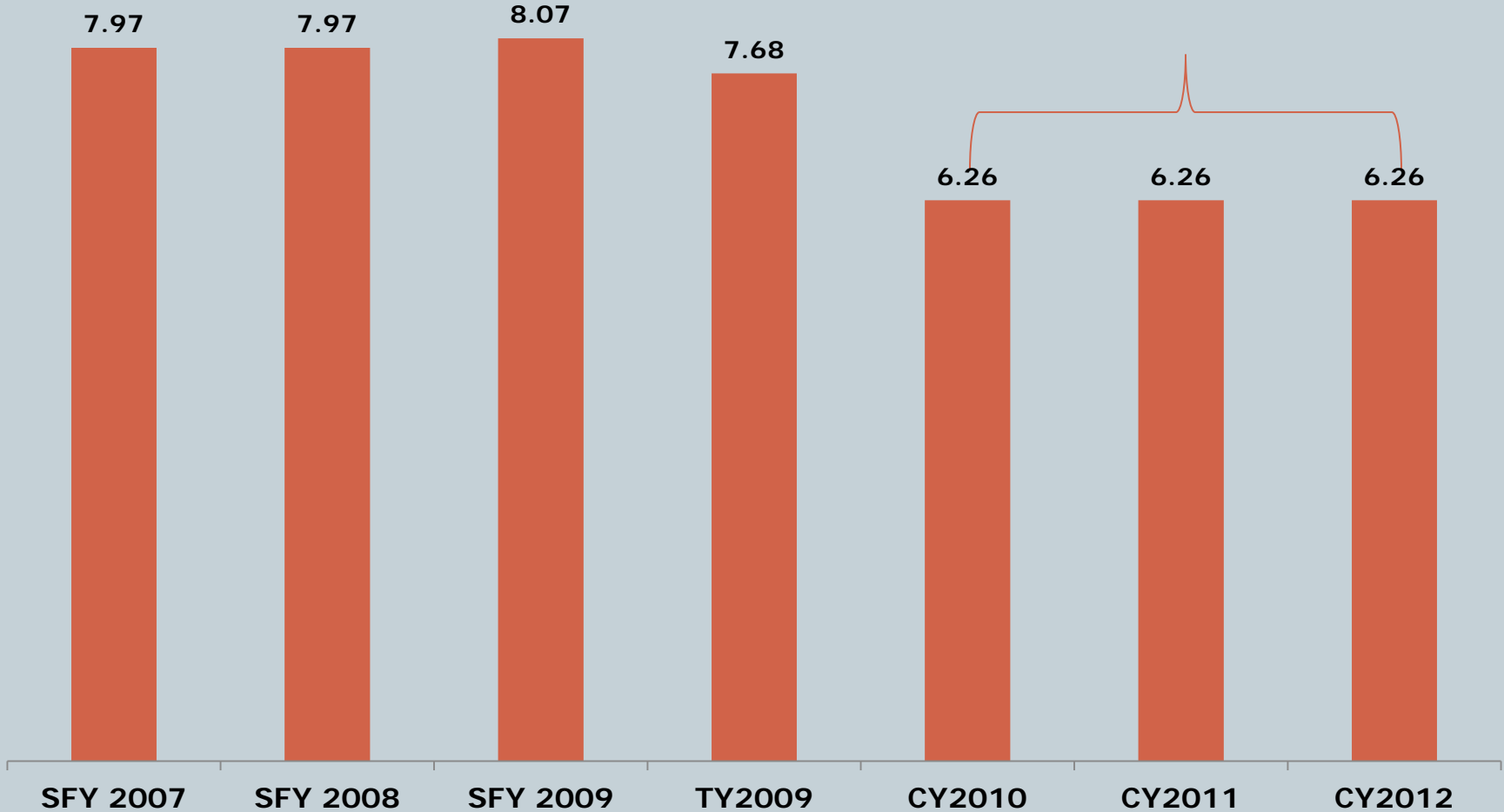


# LOSS OF STATE AID

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Amount in Millions

State Aid loss per Year 1.81M over SFY 2009



# BUDGET SUMMARY - APPROPRIATION

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	2012	2011 Amended	Change	%
SALARIES & WAGES –INSIDE CAP	19,306,185	20,474,537	-1,168,352	-5.71%
BENEFIT – INS/UNEMP/HEALTH/SS	9,510,913	10,546,722	-1,035,809	-9.82%
DEPARTMENT OTHER EXPENSES	4,698,502	4,670,133	28,369	0.61%
OTHER EXPENSES	997,700	990,968	6,732	0.68%
DEFICIT-ARENA/ANIMAL CONTROL	309,806	211,973	97,833	46.15%
LIABILITY INSURANCE (JIF)	1,764,413	1,814,413	-50,000	-2.76%
PENSION-PERS	1,190,767	1,373,581	-182,814	-13.31%
PENSION-PFRS	2,384,179	2,859,258	-475,079	-16.62%
UTILITIES	2,440,320	2,430,320	10,000	0.41%
DEBT (INCLUDING SCHOOL NOTES)	4,996,474	5,946,241	-949,767	-15.97%
CAPITAL	150,000	0	150,000	100%
RESERVE FOR UNCOLLECTED TAX	1,700,745	1,694,126	6,619	0.39%
GRANTS (INCLUDES S&W)	540,994	526,675	14,319	2.72%
<b>SUBTOTAL-MUNICIPAL</b>	<b>49,990,998</b>	<b>53,538,947</b>	<b>-3,547,949</b>	<b>-6.63%</b>
LIBRARY	2,444,931	2,508,366	-63,435	-2.53%
<b>TOTAL APPROPRIATION</b>	<b>52,435,929</b>	<b>56,047,313</b>	<b>-3,611,384</b>	<b>-6.44%</b>

# Total Wage & Benefit Cost

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## MAJOR DEPARTMENTS

DEPARTMENT	SALARY	HEALTH	SOC SEC	PENSION	TOTAL
ADMINISTRATION & LEGAL	507,641	204,722	38,834	56,329	807,526
ASSESSMENT, COLLECTION, FINANCE, PURCH, MIS	1,064,579	289,925	81,440	115,976	1,551,920
GOVERNING BODY	55,001	147,224	4,208	6,127	212,560
CLERK	262,119	112,002	20,052	28,699	422,872
PUBLIC SAFETY - NON CIVILIAN	10,317,026	1,828,612	123,169	2,384,179	14,652,986
PUBLIC SAFETY - CIVILIAN (DISPATCH & OFFICE)	1,300,511	569,936	97,945	133,889	2,102,281
MUNICIPAL COURT	348,912	161,848	26,692	38,894	576,346
PUBLIC WORKS / BLDGS & GROUNDS	1,381,371	476,555	105,675	141,297	2,104,897
PARKS & RECREATION	1,621,083	498,791	126,030	140,808	2,386,713
COMMUNITY DEVELOPMENT	526,466	191,316	46,951	66,923	831,657
UNIFORM CONSTRUCTION CODE	1,065,419	283,205	81,505	116,154	1,546,283

# AVERAGE WAGES AND BENEFIT COST PER EMPLOYEE

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DEPARTMENT	EMP COUNT	SALARIES	HEALTH	SOC SEC	PENSION	TOTAL
ADMINISTRATION & LEGAL	8.75	58,016	23,397	4,438	6,438	92,289
ASSESSMENT, COLLECTION, FINANCE, PURCH, MIS	15.25	69,808	19,011	5,340	7,605	101,765
GOVERNING BODY	9.00	6,111	16,358	468	681	23,618
CLERK	4.20	62,409	26,667	4,774	6,833	100,684
PUBLIC SAFETY - NON CIVILIAN	83.50	123,557	21,900	1,475	28,553	175,485
PUBLIC SAFETY - CIVILIAN (DISPATCH & OFFICE)	23.50	55,341	24,253	4,168	5,697	89,459
MUNICIPAL COURT	7.50	46,522	21,580	3,559	5,186	76,846
PUBLIC WORKS / BLDGS & GROUNDS	20.30	68,048	23,476	5,206	6,960	103,690
PARKS & RECREATION	25.30	64,074	19,715	4,981	5,566	94,336
COMMUNITY DEVELOPMENT	9.65	54,556	19,826	4,865	6,935	86,182
UNIFORM CONSTRUCTION CODE	13.25	80,409	21,374	6,151	8,766	116,701

Departments were given prorated number if employees worked only part of the year



# State Imposed Levy Cap Calculation

The instructions can be found on the Instruction Tab of the workbook.

## Summary Levy Cap Calculation

	MUNICIPALITY	COUNTY	EXAMINER
0000	Select from cell B9	Instruction Tab	
<b>Model Tax Levy Calculation Worksheet</b>			
<b>Levy Cap Calculation</b>			
Prior Year Amount to be Raised by Taxation for Municipal Purposes			\$30,863,119
Cap Base Adjustment (+/-)			\$0
Less: Prior Year Deferred Charges to Future Taxation Unfunded			\$0
Less: Prior Year Deferred Charges: Emergencies			\$232,868
Less: Prior Year Recycling Tax			\$0
Less: Changes in Service Provider: Transfer of Service/ Function			\$0
Net Prior Year Tax Levy for Municipal Purpose Tax for Cap Calculation			\$30,630,251
Plus: 2% Cap increase			\$612,605
<b>Adjusted Tax Levy</b>			\$31,242,856
Plus: Assumption of Service/ Function			\$0
<b>Adjusted Tax Levy Prior to Exclusions</b>			\$31,242,856
Exclusions:			
Allowable Shared Service Agreements Increase		\$0	
Allowable Health Insurance Cost Increase		\$0	
Allowable Pension Obligations Increase		\$0	
Allowable LOSAP Increase		\$0	
Allowable Capital Improvements Increase		\$150,000	
Allowable Debt Service, Capital Leases and Debt Service Share of Cost Increases		\$0	
Recycling Tax Appropriation		\$0	
Deferred Charges to Future Taxation Unfunded		\$0	
Current Year Deferred Charges: Emergencies		\$178,000	
Add Total Exclusions			\$328,000
Less Cancelled or Unexpended Exclusions			\$0
<b>Adjusted Tax Levy After Exclusions</b>			\$31,570,856
Additions:			
New Ratables - Increase in Valuations (New Construction and Additions)		\$6,675,900	
Prior Year's Local Municipal Purpose Tax Rate (per \$100)		\$0.907	
New Ratable Adjustment to Levy			\$60,550
CY2011 Cap Bank Utilized in CY 2012			\$6,951
Amounts approved by Referendum			\$0
<b>Maximum Allowable Amount to be Raised by Taxation</b>			\$31,638,357
<b>Amount to be Raised by Taxation for Municipal Purposes</b>			\$31,637,542

# Action Taken to address Auditor's Projected Deficit

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August of 2010 Township auditor submitted a report to the arbitrator projecting Budget Gap for 2011 Budget		7.6M
In 2010 & 2011 thru attrition and layoff of non-police employees and 0% Salary increase for all employees, Township was able to trim the gap down and close the gap by using Sale of Land to MUA		5.3M
In 2011 & 2012 additional layoff and attrition help reduced the budget gap by	2.1M	
Municipal revenue increase 2012 budget including surplus	0.8M	
Health Benefit & other cost reduction	0.9M	
Pension Benefit Cost Reduction	0.6M	
Proposed Tax Increase in 2012	0.7M	
Debt Amortization Reduction	.2M	
		5.3M
Arbitration Award Increase the gap by	0.9M	
Additional Municipal revenue & Surplus to help reduce layoff from 13 to 10	0.3M	
Police Layoff Salary Reduction	0.4M	
Police Layoff Benefit Reduction	0.2M	