

BOROUGH OF POINT PLEASANT 2017 MUNICIPAL BUDGET

Mayor Bob Sabosik

Presented By:

Finance Committee

Chief Financial Officer Himanshu R. Shah

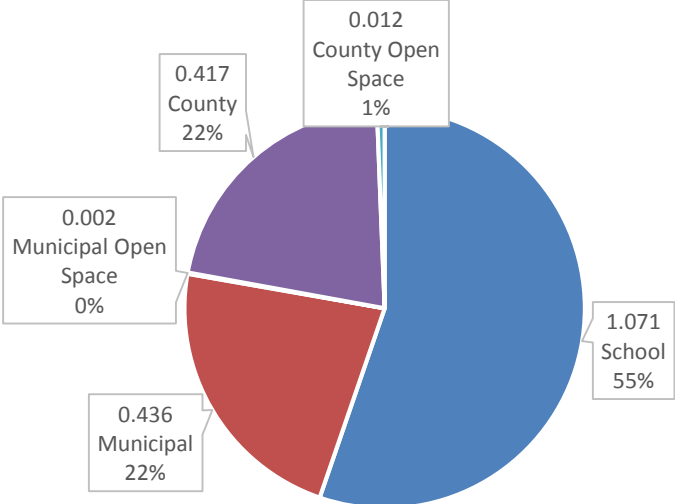
Business Administrator Frank Pannucci

April 4, 2017

2017 MUNICIPAL BUDGET OVERVIEW

- The Municipal Budget represents 22% of the total tax rate and is the only portion of the tax bill that Borough Officials can directly control.
- This 22% covers the majority of municipal services that are provided to the residents of the BOROUGH OF POINT PLEASANT 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 (78%) funds the Point Pleasant Public Schools, Ocean County Government, Ocean County Open Space Program.

TOTAL 2016 TAX RATE “BREAKDOWN”



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

	2016
School	1.071
Municipal	0.436
Municipal Open Space	0.002
County	0.417
County Open Space	0.012
Total	<u><u>1.938</u></u>

APPORTIONMENT OF TAX RATE

(PER \$100 OF ASSESSED VALUE)

Apportionment of Tax Rate

(PER \$100 OF ASSESSED VALUE)

	2012	2013	2014	2015	2016	2017
SCHOOL	0.960	0.984	1.033	1.058	1.071	
MUNICIPAL	0.405	0.418	0.424	0.430	0.436	0.441
MUNICIPAL OPEN SPACE	0.001	0.002	0.002	0.002	0.002	0.002
COUNTY	0.377	0.385	0.400	0.413	0.417	
COUNTY OPEN SPACE	0.014	0.012	0.012	0.012	0.012	
TOTAL	1.757	1.801	1.871	1.915	1.938	

2017 MUNICIPAL BUDGET GOALS

- Maintain or improve core municipal services for the citizens of Point Pleasant.
- Minimize tax impact and remain under statutory caps.
- Continue to implement a sound and longer term financial plan for the Borough.
- Identify potential areas for operational improvements and/or cost savings for 2018 and 2019.

2017 MUNICIPAL BUDGET DEVELOPMENT PROCESS

August 9, 2016

- Memorandum and budget guidelines sent to Department Heads

October 2016

- Department budget requests submitted to Finance Department
- Department budget meetings with Administration

November – December 2016

- Department budget meetings with Administration

January 2017

- Department budget meetings with Administration

February 2017

- Proposed Municipal Budget Reviewed by Finance Committee– February 08, 2017
- Council Budget Meeting – February 20, 2017

March 2017

- Municipal Budget Introduction – March 7, 2017
- *Municipal Budget Public Hearing – April 4, 2017*
- *Municipal Budget Adoption – April 4, 2017*

2017 MUNICIPAL BUDGET SUMMARY

- The 2017 proposed Municipal Budget calls for \$19,652,119.27 in expenditures.
- Revenues include \$1,227,576.00 in municipal state aid, \$400,000.00 in uniform construction code fees, \$2,278,046.27 in miscellaneous revenue, \$150,000.00 in municipal court fines and costs, \$30,000.00 in interest on investments and deposits, \$600,000.00 in receipts from delinquent taxes and \$14,274,073.00 as the amount to be raised by taxation.
- An anticipation of \$2,500,000.00 from fund balance will be required to bring the 2017 budget into balance. This will leave \$1,919,126.00 in cash fund balance to help stabilize taxes for 2018.
- The proposed municipal tax rate is therefore estimated to be \$0.441 in 2017, which reflects a tax increase of 0.005 cents over 2016 (\$0.436).
- For an average home in Point Pleasant assessed at \$383,000.00 the proposed municipal tax increase would be \$19.00 (from \$1,670 in 2016 to \$1,689 in 2017).

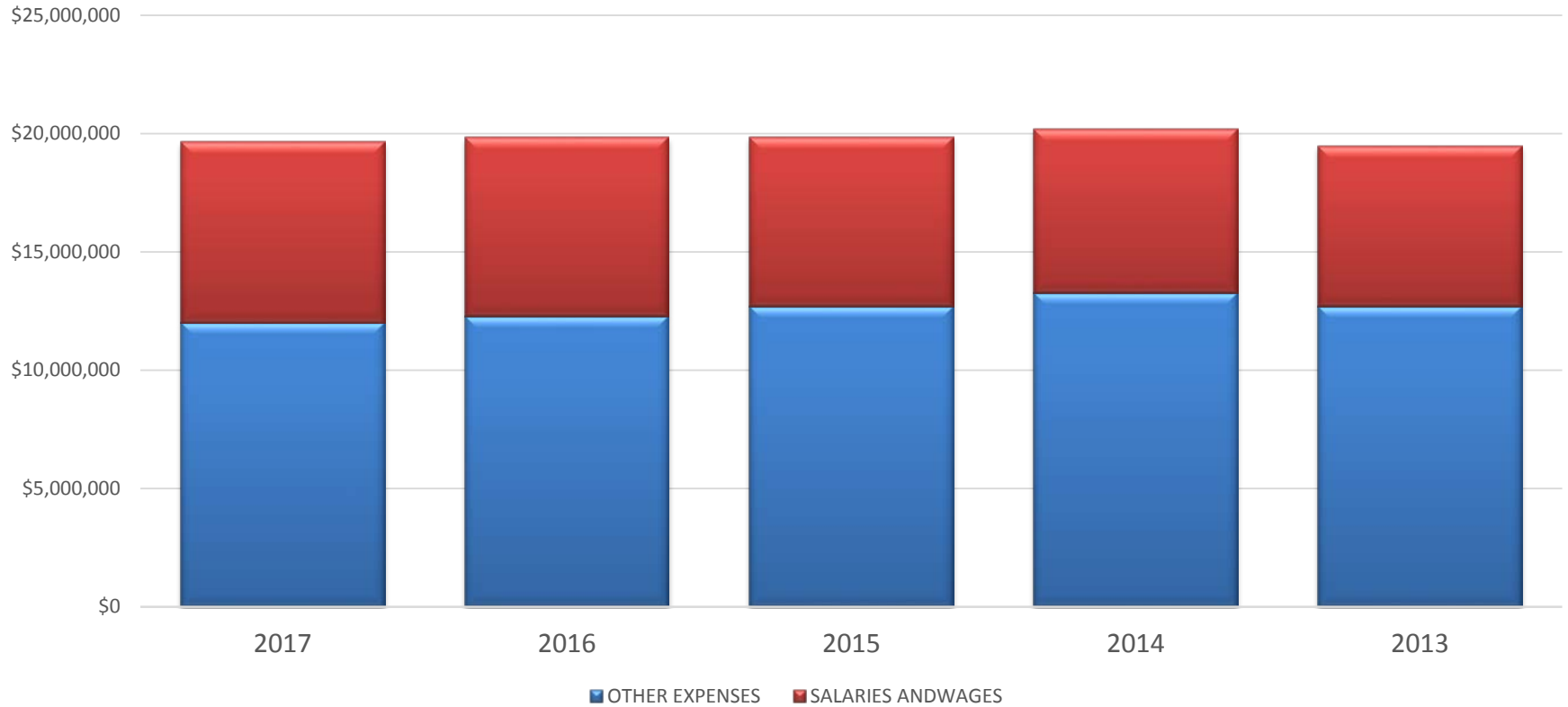
2017 EXPENDITURES

Current Fund Appropriations	2017 Recommend	2016 As Amended	2015 As Amended	2014 As Amended	2013 As Amended
Salaries & Wages	\$7,629,334	\$7,555,596	\$7,163,864	\$6,923,492	\$6,797,741
Health Insurance	\$1,886,000	\$1,886,000	\$1,860,000	\$1,693,200	\$1,526,566
Social Security	\$600,000	\$550,000	\$525,000	\$529,800	\$502,500
Pension-PFRS	\$835,440	\$830,300	\$783,247	\$740,336	\$790,000
Pension-PERS	\$402,000	\$255,493	\$252,434	\$243,048	\$247,505
Total Employee Comp	\$11,352,774	\$11,077,389	\$10,584,545	\$10,129,876	\$9,864,312
Other Expenses	\$4,276,843	\$4,153,574	\$4,121,937	\$3,929,309	\$3,882,964
Interlocal Services	\$60,000	\$105,000	\$105,000	\$109,100	\$90,000
Public & Private Grants	\$47,470	\$309,407	\$455,881	\$279,475	\$486,993
Capital Improvements	\$110,000	\$110,000	\$110,000	\$110,000	\$100,000
Debt Service & Def. Charg.	\$2,211,987	\$2,268,515	\$2,368,466	\$2,925,200	\$2,868,200
Emergency Approp.	\$0	\$40,000	\$405,998	\$306,374	\$306,553
Resrv. For Uncoll. Taxes	\$1,593,045	\$1,790,076	\$1,720,905	\$2,410,609	\$1,890,482
Total Appropriations	\$19,652,119	\$19,853,961	\$19,872,732	\$20,199,943	\$19,489,504

2017 OTHER EXPENES DETAIL

Other Expenses	2017 Recommend	2016 As Amended	2015 As Amended	2014 As Amended	2013 As Amended
Audit	\$30,000	\$45,000	\$55,000	\$55,000	\$62,451
Unemployment Insurance	\$60,000	\$60,000	\$40,000	\$60,000	\$60,000
Fire Department	\$190,000	\$182,835	\$152,785	\$156,985	\$154,885
Aid to Volunteer Ambulance Services	\$95,000	\$95,000	\$90,000	\$90,000	\$90,000
LOSAP	\$95,000	\$95,000	\$95,000	\$95,000	\$90,000
Engineering	\$100,000	\$86,000	\$100,000	\$130,000	\$135,500
Municipal Service Act	\$80,000	\$129,000	\$195,000	\$137,000	\$135,000
Legal	\$200,000	\$200,000	\$250,000	\$167,000	\$155,000
Public Works	\$255,200	\$245,400	\$205,700	\$159,400	\$182,618
Police Department (including vehicle)	\$329,278	\$341,293	\$329,572	\$291,558	\$270,408
Liability Insurance	\$450,000	\$450,000	\$404,161	\$396,258	\$389,648
Solid Waste/Recycling	\$1,666,400	\$1,466,800	\$1,430,000	\$1,418,000	\$1,373,000
Utilities	\$402,720	\$414,000	\$429,000	\$439,000	\$430,000
Miscellaneous Other Expenses	\$323,245	\$343,246	\$345,719	\$334,108	\$354,454
Total	\$4,276,843	\$4,153,574	\$4,121,937	\$3,929,309	\$3,882,964

ANNUAL BUDGETS EXPENDITURE COMPARISON 2017-2013



	2017 Recommended	2016 Adopted	2015 Adopted	2014 Adopted	2013 Adopted
OTHER EXPENSES	\$12,022,785	\$12,298,365	\$12,708,868	\$13,276,451	\$12,691,763
SALARIES AND WAGES	\$7,629,334	\$7,555,596	\$7,163,864	\$6,923,492	\$6,797,741
	\$19,652,119	\$19,853,961	\$19,872,732	\$20,199,943	\$19,489,504

2017 EXPENDITURES

- The **Salaries & Wages (S&W)** expenditure category has increased by \$73,738.00 (+ 3.99%) from \$7,555,596.00 in 2016 to \$7,629,334.00 in 2017.
 - *In addition to contractual increases, the 2017 budget includes funding for one new full time position in the Department of Finance (Assistant Chief Financial Officer), one former part-time position now full time in the Tax Collector's Office (Tax Collector), and Upgrading the Department of Public Works Mechanic Position to Diesel Mechanic.*
- The **Other Expenses (O/E)** expenditure category has increased by \$123,269.00 (2.86%) from \$4,153,574.00 in 2016 to \$4,276,843.00 in 2017.
 - *The major decrease under this expenditure category are Public & Private Grant (-\$261,937.00), Interlocal Services (-\$45,000.00) and Municipal Service Act (-\$115,000.00)*
 - *The major increase under this expenditure category are Solid Waste/Recycling (+ \$199,600.00).*

2017 EXPENDITURES (CONTINUED)

- The **Municipal Debt Service** expenditure category has decreased by \$56,528.00 (-2.49%) from \$2,268,515.00 in 2016 to \$2,211,987.00 in 2017.
 - *This decrease is the result of the amortization of previously issued bonds.*
- The **Statutory expenditure** category has increased by \$202,062.00 (+ 10.65%) from \$1,695,378.00 in 2016 to \$1,897,440.00 in 2017.
 - *The major increase under this expenditure category is Public Employee Retirement System (+ \$146,922.00) as a result of state requiring reallocation of pension cost between general budget and Water/Sewer Utility Budget.*
- The **Deferred Charges** expenditure category has decreased by \$40,000.00 (- 100.00%) from \$40,000.00 in 2016 to \$0.00 in 2017.
 - *Borough did not have any emergency appropriation authorized in 2016.*

2017 EXPENDITURES (CONTINUED)

- The **Capital Improvement Fund** expenditure category has not changed in 2017.
 - *The proposed capital budget for 2017 is expected to be \$2,706,403 for parks, facilities, and road improvements and replacement equipment and vehicles for various departments and divisions.*
- The **Reserve for Uncollected Taxes** expenditure category has decreased by \$197,031.00 (- 11.01%) from \$1,790,076.00 in 2016 to \$1,593,045.00 in 2017.
 - *This is a statutory non-spending appropriation.*
 - *The actual tax collection rate for 2016 was 98.78%.*
 - *The projected tax collection rate for 2017 is 97.50%.*

2017 REVENUES

General & Tax Revenues	2017	2016	2017 - 2016	% Chg	% of Total
Surplus	\$2,500,000	\$2,200,000	\$300,000	13.64%	12.72%
Municipal Revenues	\$603,000	\$403,000	\$200,000	49.63%	3.07%
FEMA/CDL	\$0	\$319,921	(\$319,921)	-100.00%	0.00%
State Aid	\$1,227,576	\$1,227,576	\$0	0.00%	6.25%
UCC Revenue	400,000.00	400,000.00	\$0	0.00%	2.04%
Public & Private Grants	47,470.27	\$309,407	(\$261,937)	-84.66%	0.24%
Delinquent Tax	600,000.00	900,000.00	(\$300,000)	-33.33%	3.05%
Total General Revenues	\$5,378,046	\$5,759,904	(\$381,858)	-6.63%	27.37%
Taxes	14,274,073	14,094,057	\$180,016	1.28%	72.63%
Total Revenues	\$19,652,119	\$19,853,961	(\$201,842)	-1.02%	100.00%

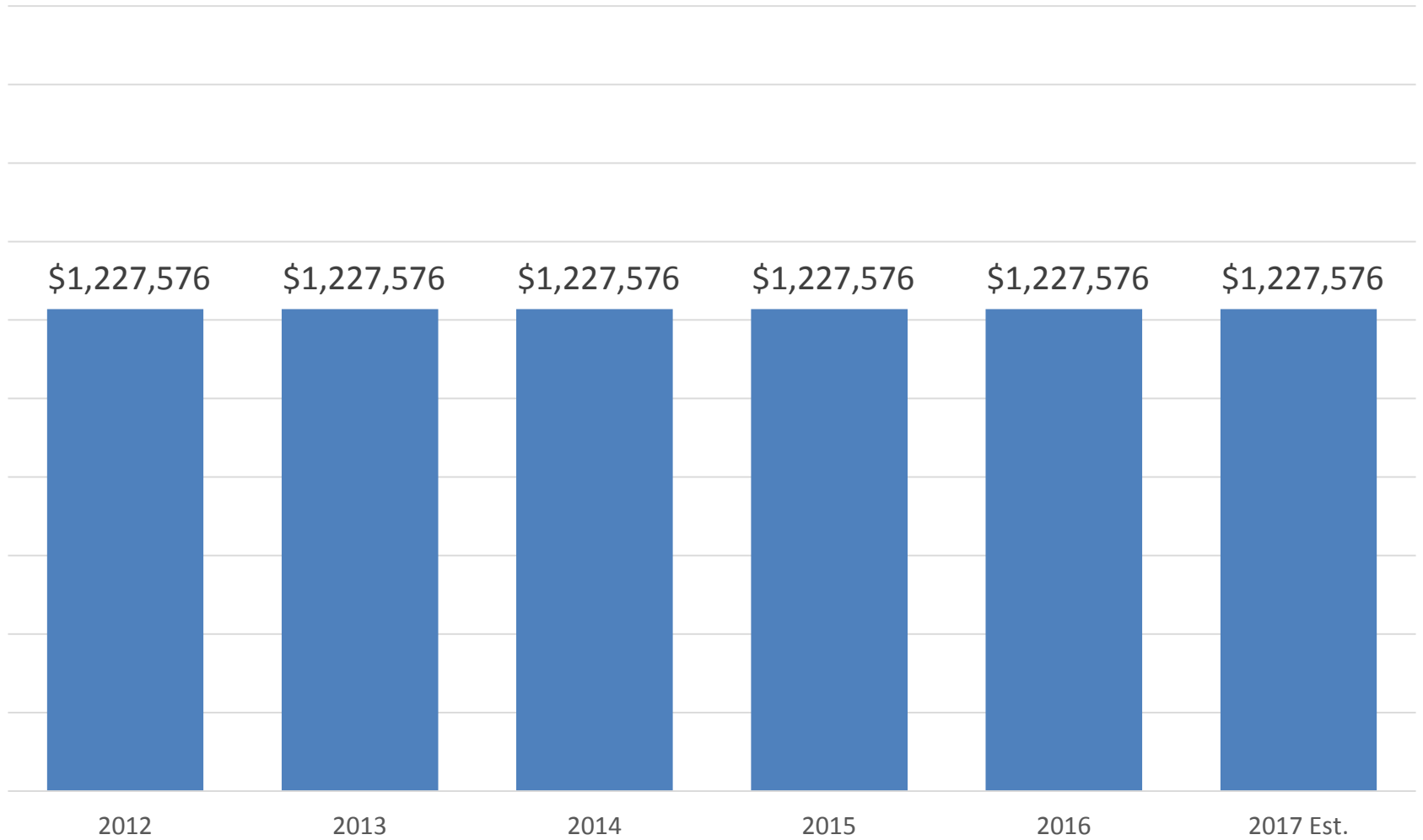
2017 REVENUES

- Total municipal revenue has decreased by \$201,842.00(- 1.02%) from \$19,853,961.00 in 2016 to \$19,652,119.00 in 2017.
- The **Municipal State Aid** revenue category has not been changed for 2017.
- The **Fund Balance** revenue category has been increased by \$300,00.00 for 2017.
 - *The fund balance reserve has been set at 9.77% of the total municipal budget for 2017 (compared to 7.19% in 2016).*
- The **Uniform Construction and Code Fees** revenue category has not been changed in 2017.

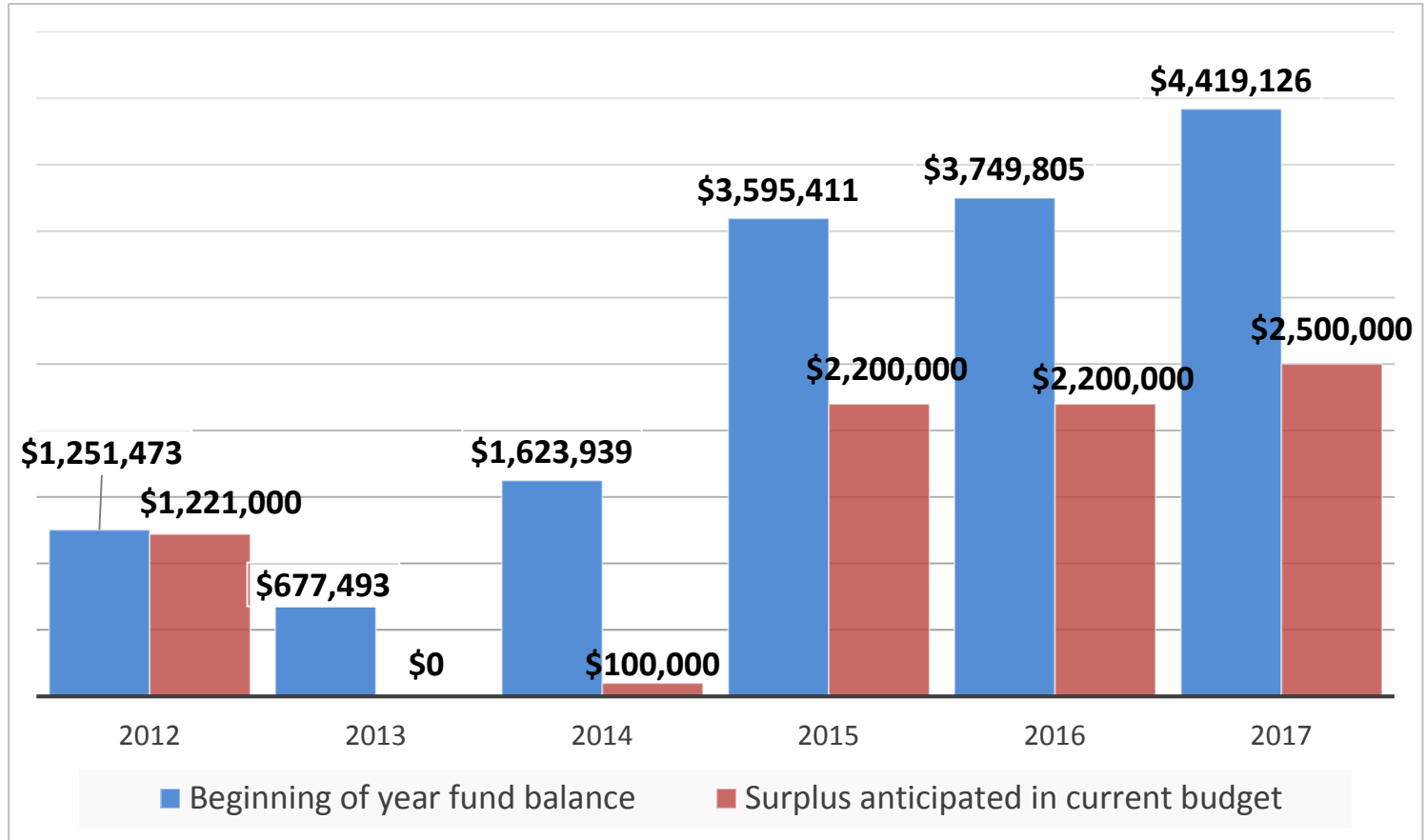
2017 REVENUES (CONTINUED)

- The **Municipal Court Fines and Costs** revenue category has been increased by \$10,000 (6.67%) for 2017.
- The **Interest on Investments and Deposits** revenue category has been increased by \$15,000.00 (+100.00%) for 2017.
- The **Miscellaneous Revenues** category has been decreased by \$381,858.05 (- 16.76%) from \$2,659,904.32 in 2016 to \$2,278,046.27 for 2017.
 - *This includes new review of reserve from sale of assets (Revenue from sale of communication tower).*
- The **Receipts from Delinquent Taxes** revenue category has been decreased by \$300,000.00 (- 33.33%) for 2017.
- The **Amount to be Raised by Taxation** revenue category has been increased by \$180,016.00.00 (+ 1.28%) from \$14,094,057.00 in 2016 to \$14,274,073.00 for 2017.

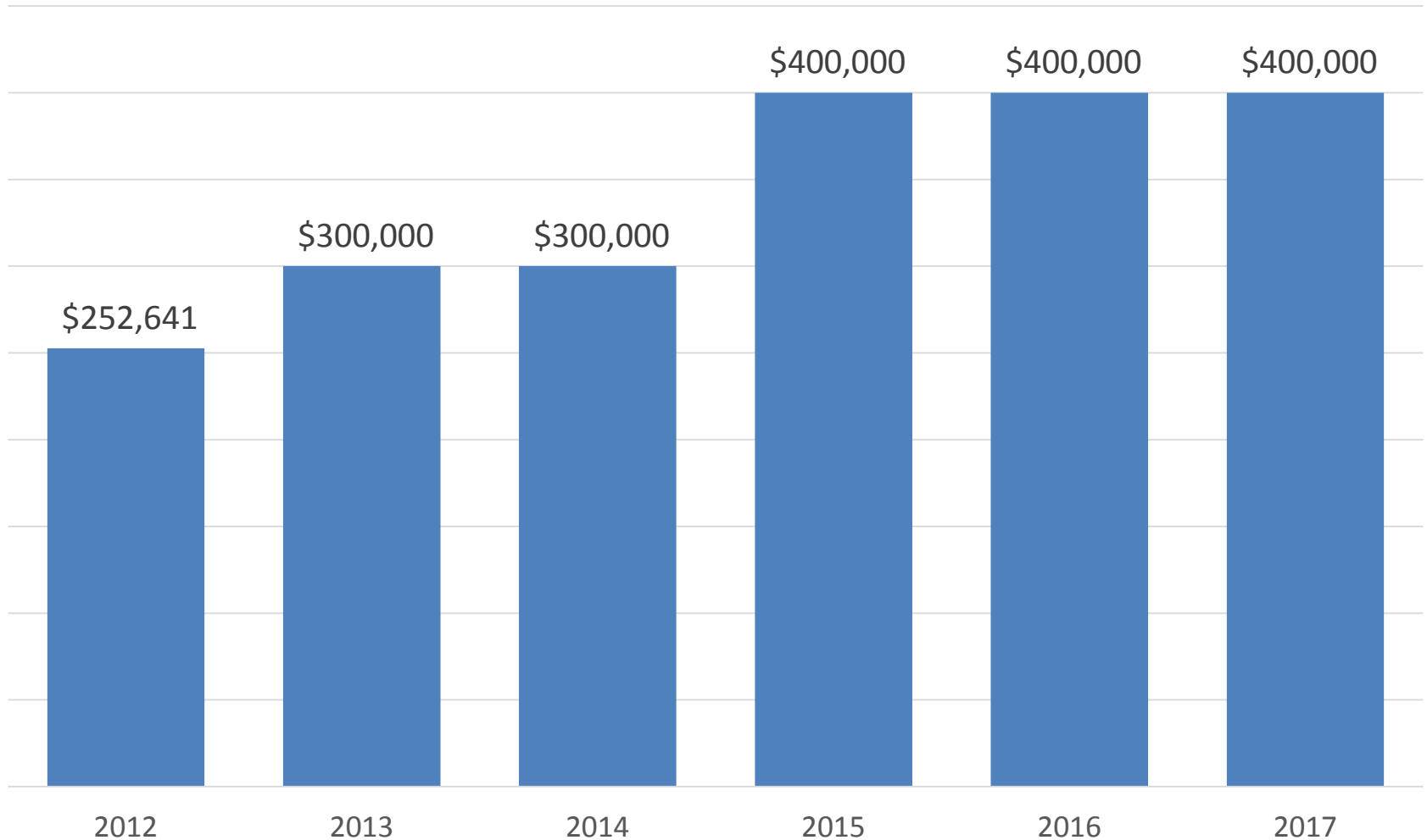
MUNICIPAL STATE AID 2012-2017



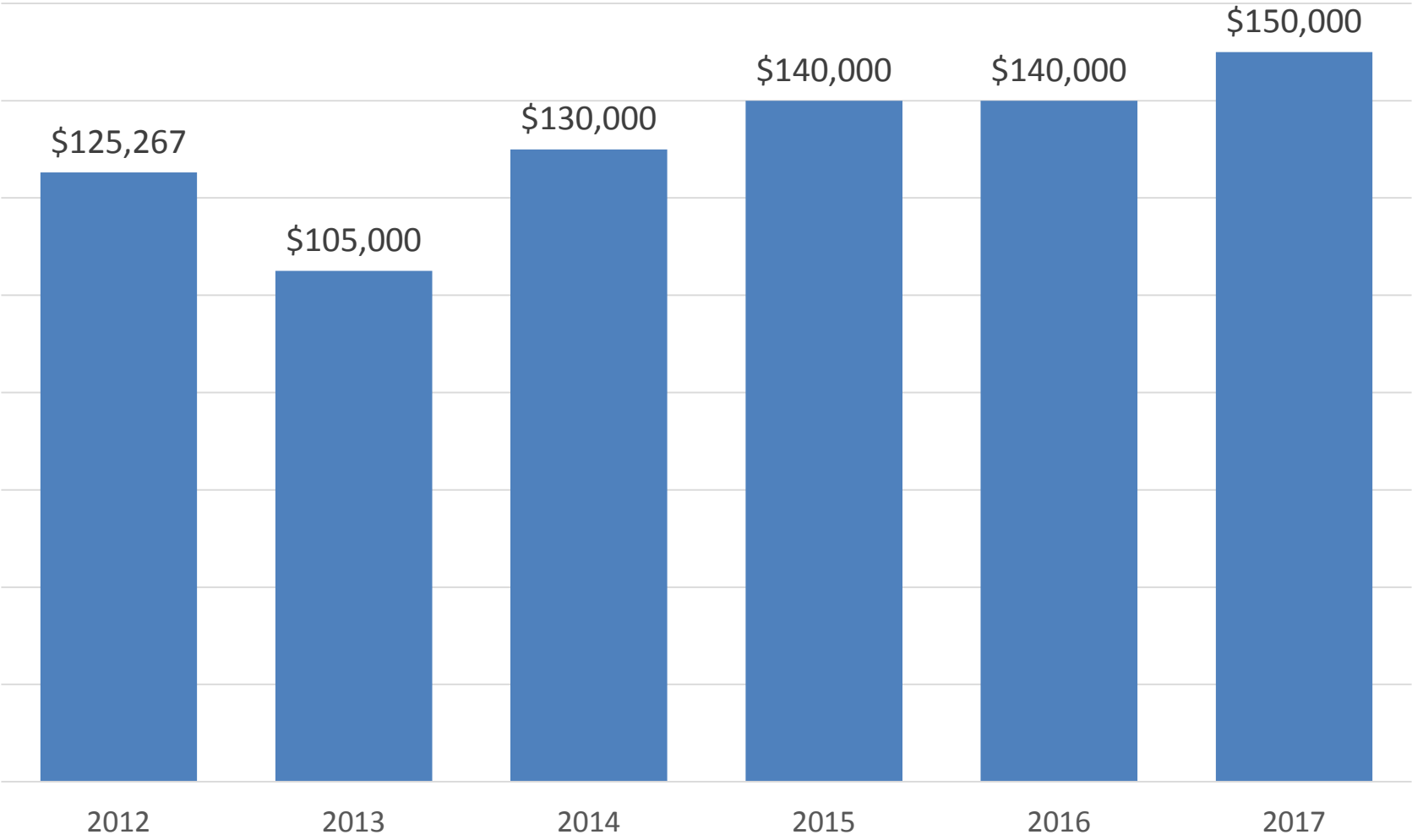
FUND BALANCE (“SURPLUS”) 2012-2017



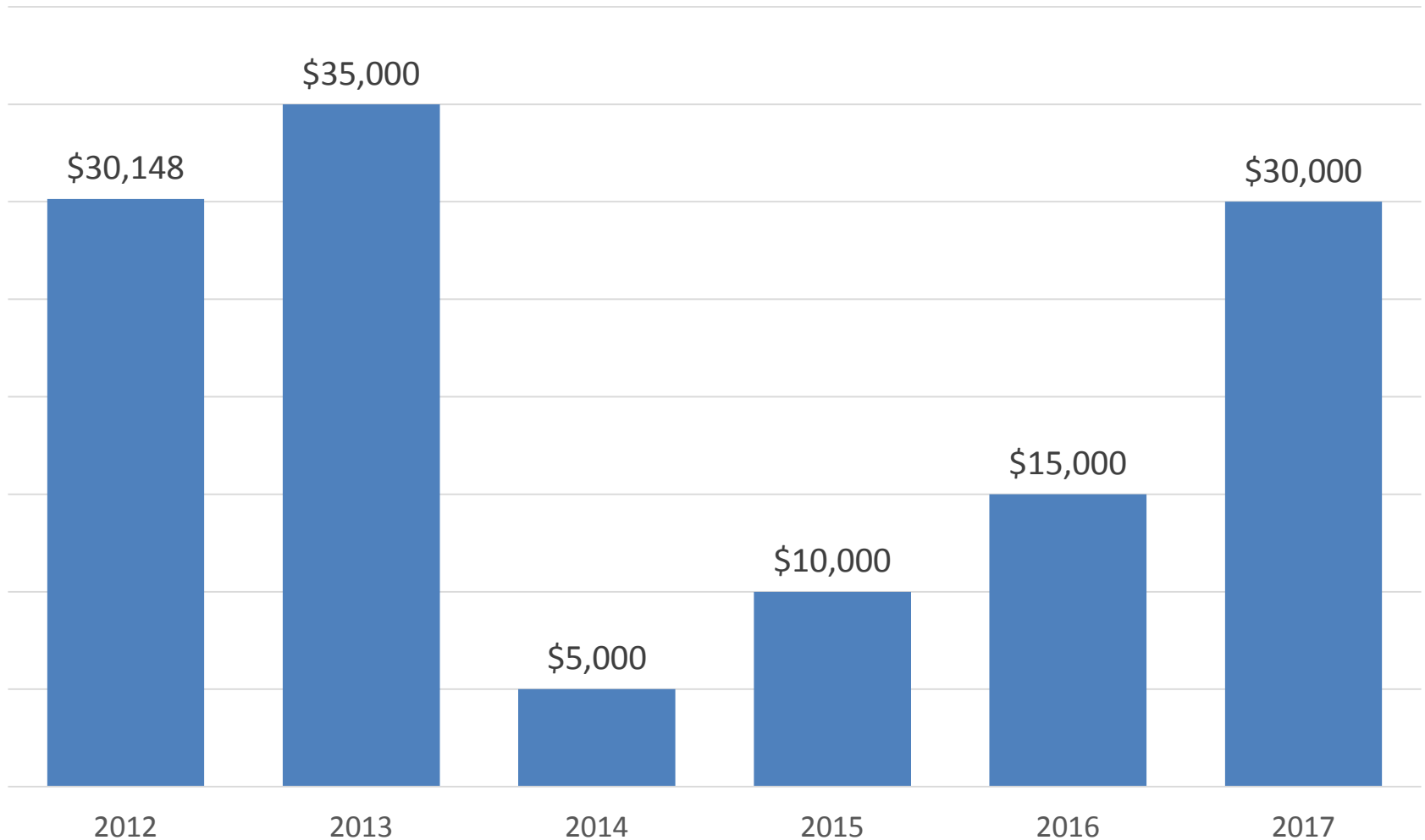
UNIFORM CONSTRUCTION AND CODE FEES 2012-2017



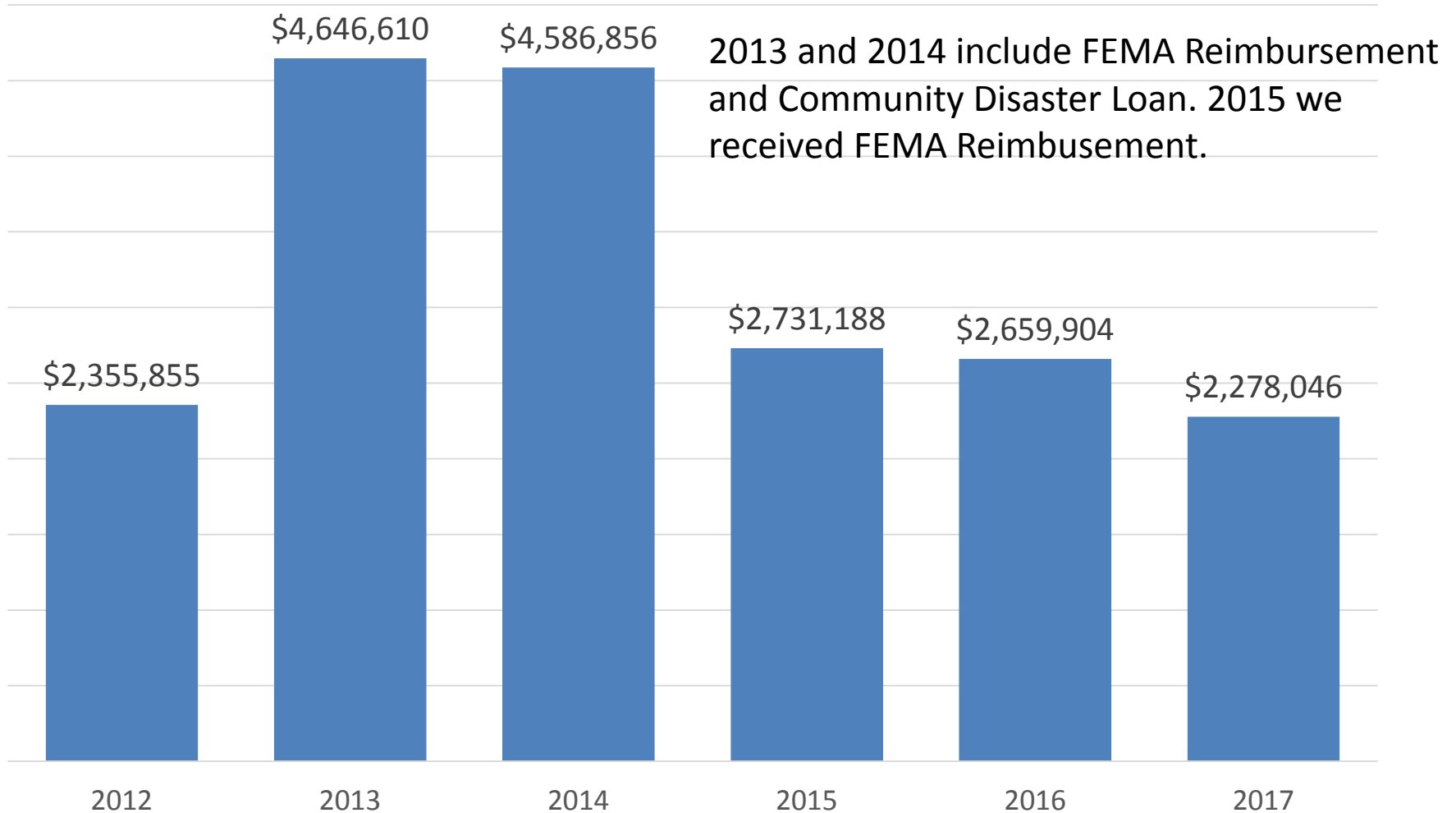
MUNICIPAL COURT FINES AND COSTS 2012-2017



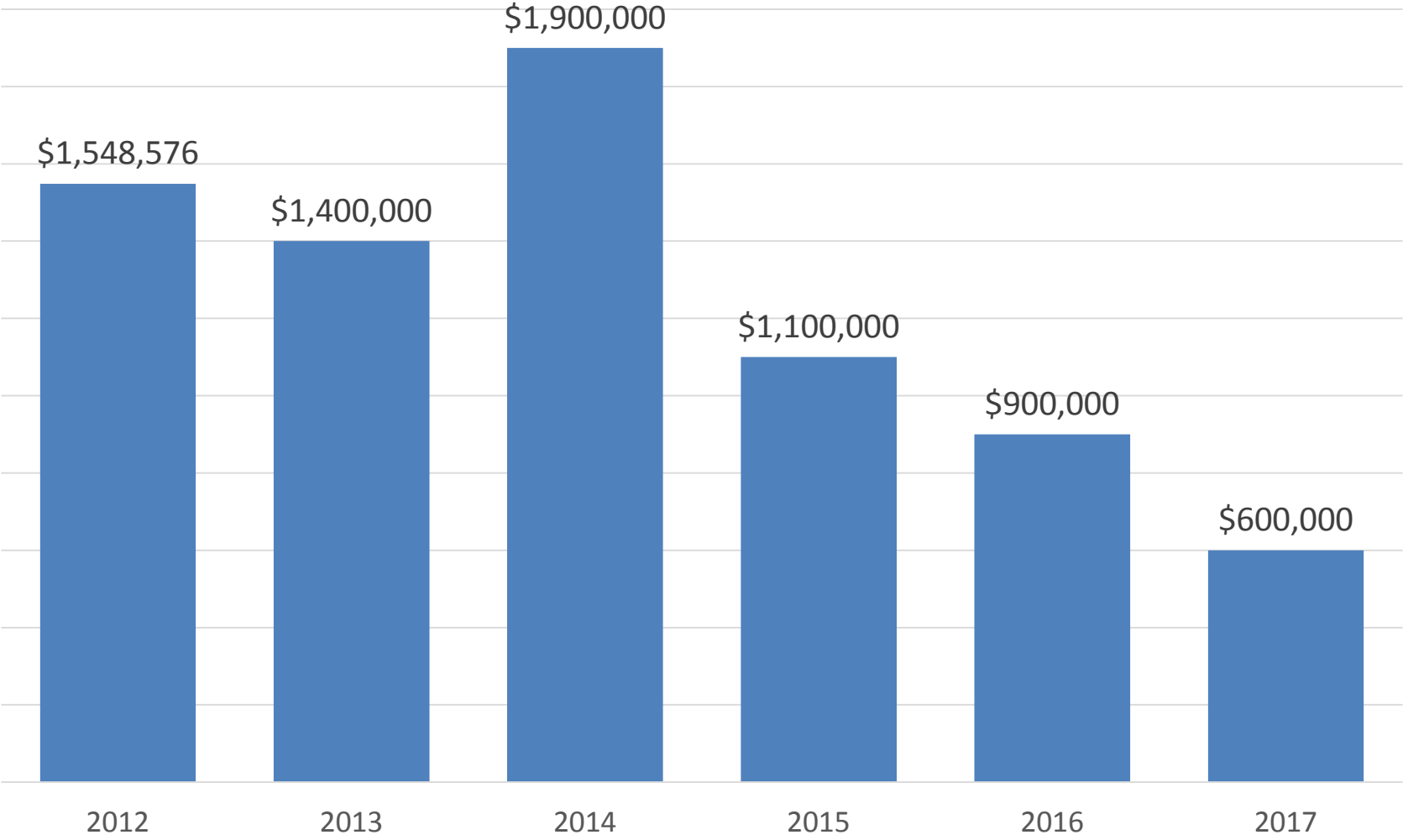
INTEREST ON INVESTMENTS AND DEPOSITS 2012-2017



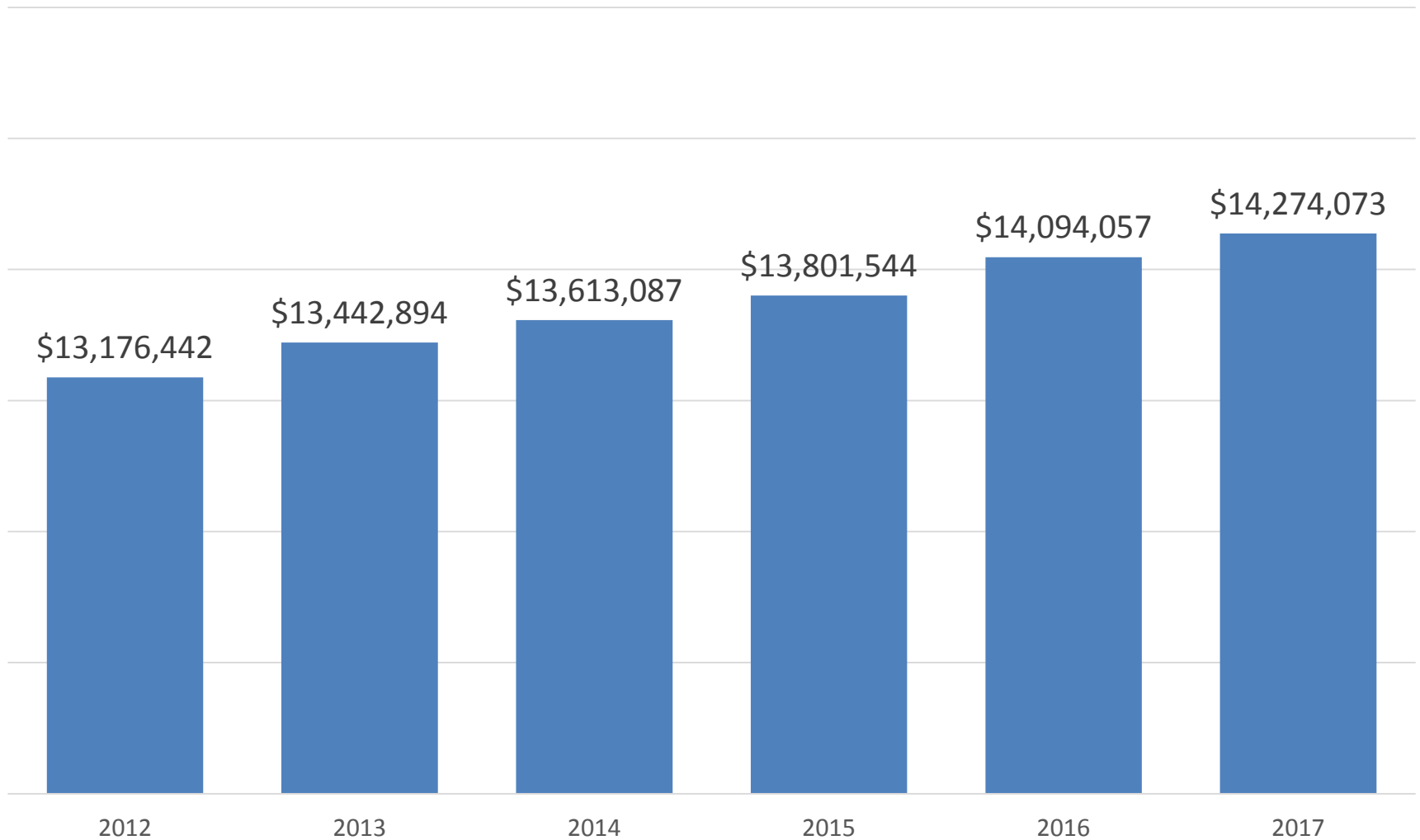
MISCELLANEOUS REVENUES 2012-2017



RECEIPTS FROM DELINQUENT TAXES 2012-2017



AMOUNT TO BE RAISED BY TAXATION 2012-2017



Average annual increase of 1.3%.

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 Point Pleasant Borough, the proposed final budget appropriation for 2017 is \$15,534,617.00 which is \$501,064.98 below the state mandated cap base of \$16,035,681.98.
- 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. *The State allows specific exceptions for health benefits, pensions, Length of Service Awards Program (LOSAP) for volunteers, capital improvements and debt service.*
- For Point Pleasant Borough, the proposed municipal tax levy for 2017 is \$14,274,073.00 which is \$309,035.00 below the state mandated property tax levy cap of \$14,583,108.00.

2015 Bond Rating and Rationale

- Moody's assigns Aa3 rating to the BOROUGH OF POINT PLEASANT's \$8.70 million GO Refunding Bonds, Series 2015.
- ***The upgrade to Aa3 reflects the borough's positive financial trend, substantial tax base, and above-average wealth levels.***
- ***What could drive the rating up?***
 - Strengthening of the borough's tax base and socioeconomic indices
 - - Continued growth in Current Fund reserves and liquidity.
- ***What could drive the rating down?***
 - Material deterioration of the tax base and socioeconomic indices
 - - Significant decrease in reserves
 - - Reversion to reliance on cash flow borrowing

“The Future...”

2017- POTENTIAL CHALLENGES

- National, State and Local Economic Conditions...?
- **Weather Related Emergencies and Related Costs...!?!?**
- Contractual Cost Increases...?
- Accumulated Time Payouts for Retirees...?
- Tax Appeals...?
- New and Unfunded State Mandates...?
- Further Cuts to Municipal State Aid...?

2017 POTENTIAL OPPORTUNITIES

- Ongoing Cost Containment Strategies
- Competitive Contracting for Services
- Cooperative Purchasing for Goods and Services
- New Technology-Related Initiatives
- Federal, State and Local Grant Programs
- Additional and/or Enhanced Shared Services with the Point Pleasant Public Library, Point Pleasant Public Schools, Ocean County Government and/or neighboring municipalities

2017 MUNICIPAL BUDGET ADOPTION

Tuesday, April 4, 2017