

BOROUGH OF POINT PLEASANT 2019 MUNICIPAL BUDGET

Mayor Robert A. Sabosik

Presented By:

Finance Committee

Chief Financial Officer Himanshu R. Shah

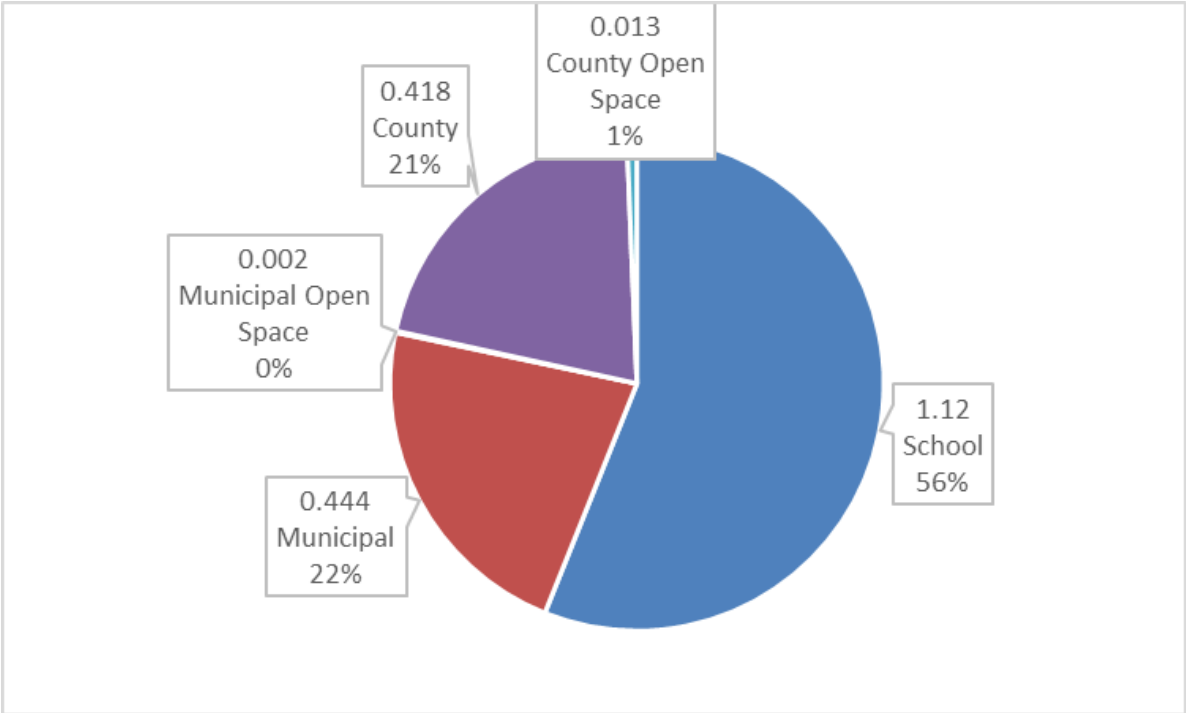
Business Administrator Frank Pannucci

April 22, 2019

2019 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 2018 TAX RATE “BREAKDOWN”



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

	2018
School	1.120
Municipal	0.444
Municipal Open Space	0.002
County	0.418
County Open Space	0.013
	<hr/>
Total	<u>1.997</u>

APPORTIONMENT OF TAX RATE

(PER \$100 OF ASSESSED VALUE)

	2014	2015	2016	2017	2018	2019
SCHOOL	1.033	1.058	1.071	1.086	1.120	
MUNICIPAL	0.424	0.430	0.436	0.441	0.444	0.450
MUNICIPAL OPEN SPACE	0.002	0.002	0.002	0.002	0.002	0.002
COUNTY	0.400	0.413	0.417	0.412	0.418	
COUNTY OPEN SPACE	0.012	0.012	0.012	0.012	0.013	
TOTAL	1.871	1.915	1.938	1.953	1.997	0.452

2019 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 2020 and 2021.

2019 MUNICIPAL BUDGET DEVELOPMENT PROCESS

July 2018

- Memorandum and budget guidelines sent to Department Heads

September 2018

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

October – December 2018

- Department budget meetings with Administration

January 2019

- Department budget meetings with Administration

February 2019

- Proposed Municipal Budget Reviewed by Finance Committee– February 26, 2019

March 2019

- Municipal Budget Introduction – March 25, 2019

April 2019

- Municipal Budget Public Hearing – April 22, 2019
- Municipal Budget Adoption – April 22, 2019

2019 MUNICIPAL BUDGET SUMMARY

- The 2019 proposed Municipal Budget calls for \$20,772,809 in expenditures.
- Revenues include \$1,227,576.00 in municipal state aid, \$400,000.00 in uniform construction code fees, \$1,251,001 in miscellaneous revenue, \$150,000.00 in municipal court fines and costs, \$185,000.00 in interest on investments and deposits, \$400,000.00 in receipts from delinquent taxes and \$14,794,720.00 as the amount to be raised by taxation.
- An anticipation of \$2,650,000.00 from fund balance will be required to bring the 2019 budget into balance. This will leave \$2,759,061.00 in cash fund balance to help stabilize taxes for 2020.
- The proposed municipal tax rate is therefore estimated to be \$0.450 in 2019, which reflects a tax increase of 0.006 cents over 2018 (\$0.444).
- For an average home in Point Pleasant assessed at \$387,700.00 the proposed municipal tax increase would be \$24.00 (from \$1,721.00 in 2018 to \$1,745.00 in 2019).

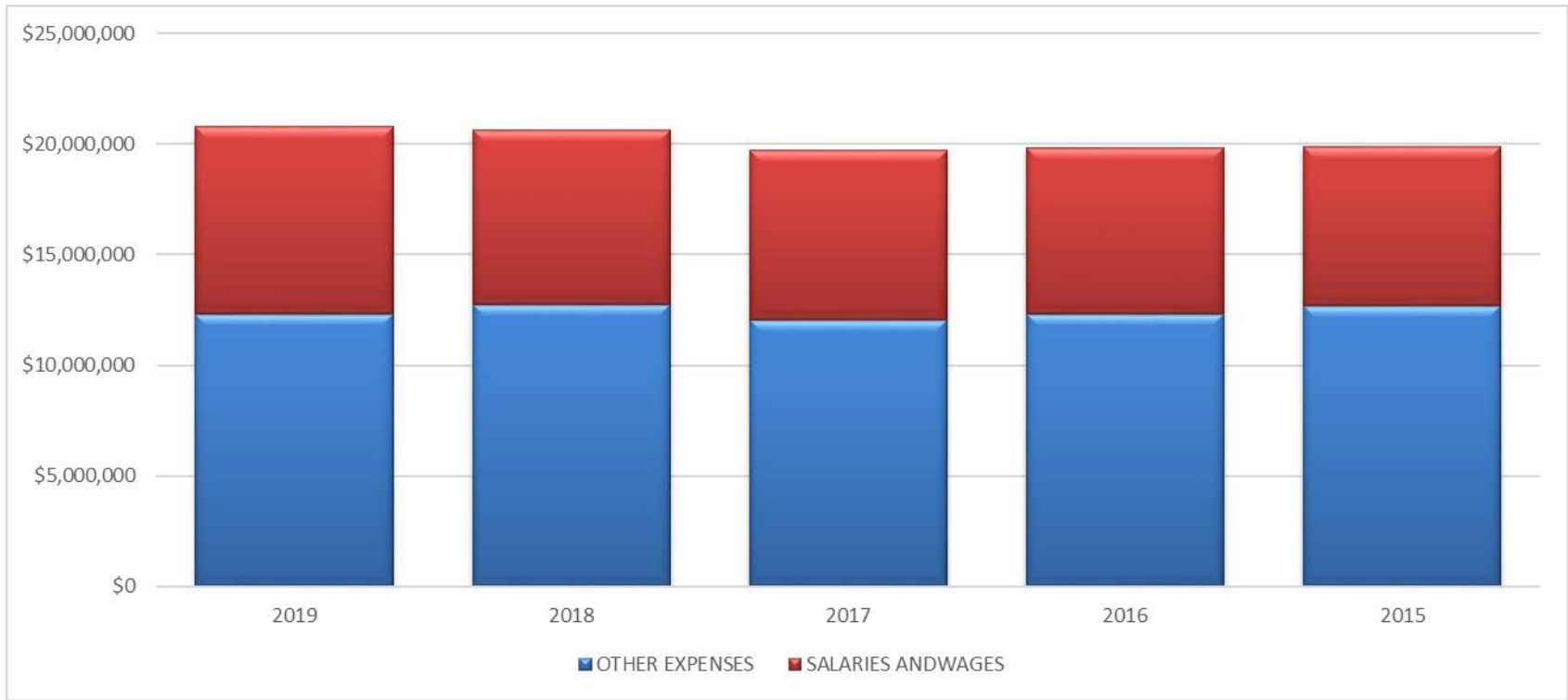
2019 EXPENDITURES

Current Fund Appropriations	2019 Recommend	2018 As Amended	Chg. over 2018	% Chg.	% of Total
Salaries & Wages	\$8,437,003	\$7,913,106	\$523,897	6.62%	40.62%
Health Insurance	\$1,836,000	\$1,836,000	\$0	0.00%	8.84%
Social Security	\$640,000	\$620,000	\$20,000	3.23%	3.08%
Pension-PFRS	\$1,038,050	\$964,468	\$73,582	7.63%	5.00%
Pension-PERS/DCRP	\$494,535	\$433,545	\$60,990	14.07%	2.38%
Total Employee Comp	\$12,445,588	\$11,767,119	\$678,469	5.77%	59.91%
Other Expenses	\$4,197,972.00	\$4,191,271.14	\$6,701	0.16%	20.21%
Interlocal Services	\$223,000	\$50,000	\$173,000	346.00%	1.07%
Public & Private Grants	\$49,512	\$800,598	(\$751,086)	-93.82%	0.24%
Capital Improvements	\$100,000	\$100,000	\$0	0.00%	0.48%
Debt Service & Def. Charg.	\$2,415,775	\$2,259,834	\$155,941	6.90%	11.63%
Emergency Approp.	\$0	\$0	\$0	0.00%	0.00%
Resrv. For Uncoll. Taxes	\$1,340,962	\$1,488,795	(\$147,833)	-9.93%	6.46%
Total Appropriations	\$20,772,809	\$20,657,617	\$115,192	0.56%	100.00%

2019 OTHER EXPENES DETAIL

Other Expenses	2019 Recommend	2018 As Amended
Audit	\$31,000	\$31,000
Unemployment Insurance	\$60,000	\$60,000
Fire Department	\$150,750	\$161,000
Aid to Volunteer Ambulance Services	\$70,000	\$70,000
LOSAP	\$85,000	\$85,000
Engineering	\$100,000	\$100,000
Municipal Service Act	\$33,000	\$21,000
Legal	\$200,000	\$210,000
Public Works	\$225,600	\$217,000
Police Department (including vehicle)	\$336,913	\$334,944
Liability Insurance	\$450,000	\$432,987
Solid Waste/Recycling	\$1,621,600	\$1,648,800
Utilities	\$403,000	\$402,100
Miscellaneous Other Expenses	\$431,109	\$417,440
Total	\$4,197,972	\$4,191,271

ANNUAL BUDGETS EXPENDITURE COMPARISON 2019-2015



	2019 Recommended	2018 Adopted	2017 Adopted	2016 Adopted	2015 Adopted
OTHER EXPENSES	\$12,335,806	\$12,744,511	\$12,048,533	\$12,298,365	\$12,708,868
SALARIES AND WAGES	\$8,437,003	\$7,913,106	\$7,658,725	\$7,555,596	\$7,163,864
	\$20,772,809	\$20,657,617	\$19,707,258	\$19,853,961	\$19,872,732

2019 EXPENDITURES

- The **Salaries & Wages (S&W)** expenditure category has increased by \$523,897.00 (+ 6.62%) from \$7,913,106.00 in 2018 to \$8,437,003.00 in 2019.
- The **Other Expenses (O/E)** expenditure category has decreased by \$6,701.00 (0.16%) from \$4,191,271.00 in 2018 to \$4,197,972.00 in 2019.
 - *The major decrease under this expenditure category are Solid Waste/Recycling (-\$27,200.00), and Legal Services (-\$10,000.00)*
 - *The major increase under this expenditure category are Liability Insurance (+ \$17,013.00), and Municipal Service Act (+ \$12,000.00)*

2019 EXPENDITURES (CONTINUED)

- The **Municipal Debt Service** expenditure category has increased by \$155,941 (+6.90%) from \$2,259,834.00 in 2018 to \$2,415,775.00 in 2019.
 - *This increase is the result of the increase in Bond Principal Payment per our Amortization schedule. Notes Interest has also increased as a result of new Note received.*
- The **Statutory expenditure** category has increased by \$154,572.00 (+ 7.66%) from \$2,018,013.00 in 2018 to \$2,172,585.00 in 2019.
 - *The major increase under this expenditure category is Police and Firefighters Retirement System (+\$73,582.00) as a result of state increase.*
- The **Deferred Charges** expenditure category has remained unchanged for 2019.
 - *Borough did not have any emergency appropriation authorized in 2018.*

2019 EXPENDITURES (CONTINUED)

- The **Capital Improvement Fund** expenditure category has remained unchanged for 2019.
- The **Reserve for Uncollected Taxes** expenditure category has decreased by \$147,833.00 (-9.93%) from \$1,488,795.00 in 2018 to \$1,340,962.00 in 2019.
 - *This is a statutory non-spending appropriation.*
 - *The actual tax collection rate for 2018 was 99.23%.*
 - *The projected tax collection rate for 2019 is 97.98%.*

2019 REVENUES

General & Tax Revenues	2019	2018	2019 - 2018	% Chg	% of Total
Surplus	\$2,650,000.00	\$2,400,000	\$250,000	10.42%	12.76%
Municipal Revenues	\$1,251,001	\$758,000	\$493,001	65.04%	6.02%
FEMA/CDL	\$0	\$210,028	(\$210,028)	-100.00%	0.00%
State Aid	\$1,227,576	\$1,227,576	\$0	0.00%	5.91%
UCC Revenue	\$400,000	400,000.00	\$0	0.00%	1.93%
Public & Private Grants	\$49,512	\$124,659	(\$75,147)	-60.28%	0.24%
Delinquent Tax	400,000.00	400,000.00	\$0	0.00%	1.93%
Total General Revenues	\$5,978,089	\$5,520,263	\$457,826	8.29%	28.78%
Taxes	14,794,720	14,461,415	\$333,305	2.30%	71.22%
Total Revenues	\$20,772,809	\$19,981,678	\$791,131	3.96%	100.00%

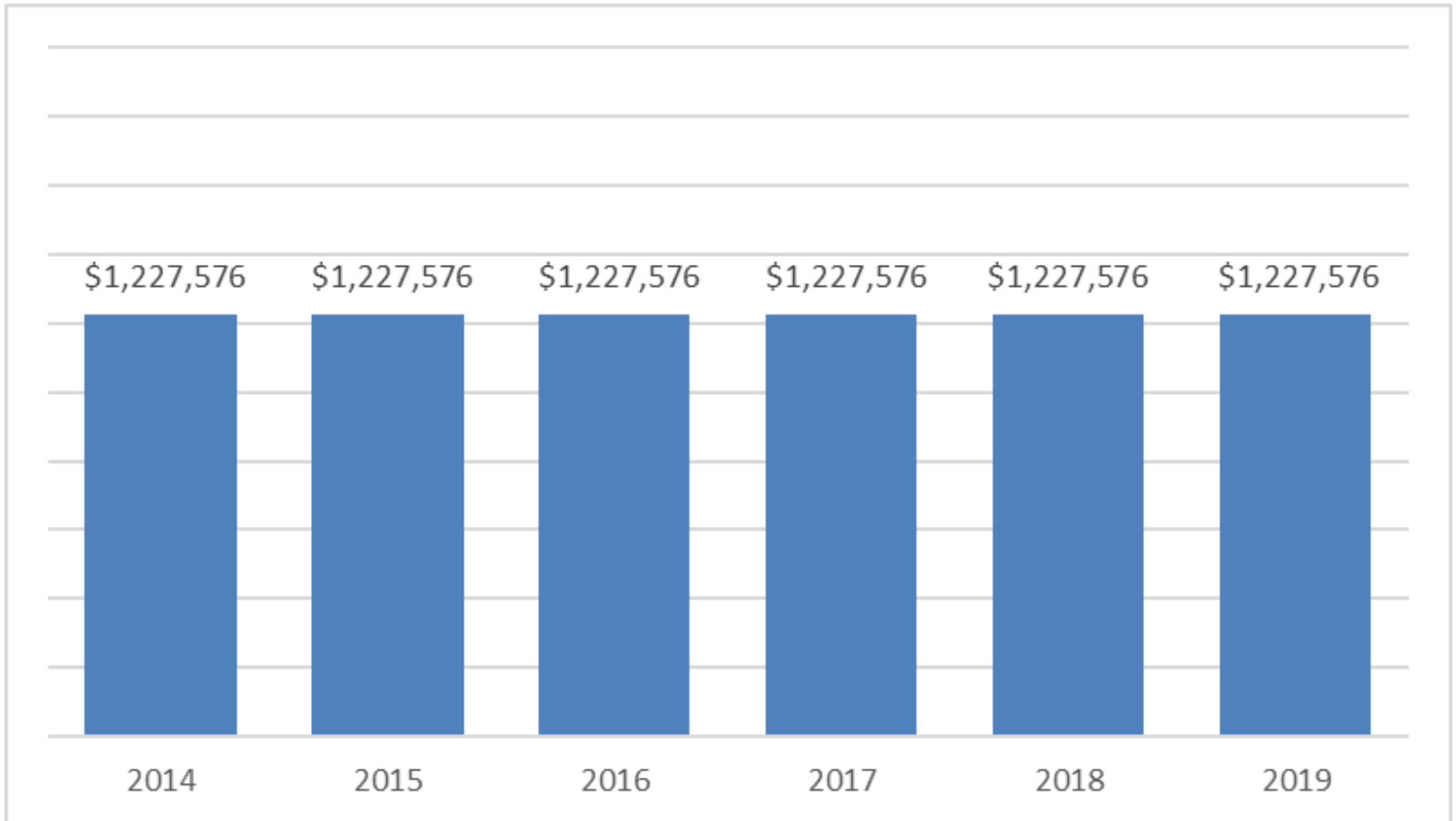
2019 REVENUES

- Total municipal revenue has increased by \$791,131.00 (3.96%) from \$19,981,678.00 in 2018 to \$20,772,809.00 in 2019.
- The **Municipal State Aid** revenue category has remained unchanged in 2019.
- The **Fund Balance** revenue category has been increased by \$250,00.00 for 2019.
 - *The fund balance reserve has been set at 12.76% of the total municipal budget for 2019 (compared to 12.01% in 2018).*
- The **Uniform Construction and Code Fees** revenue category has remained unchanged in 2019.

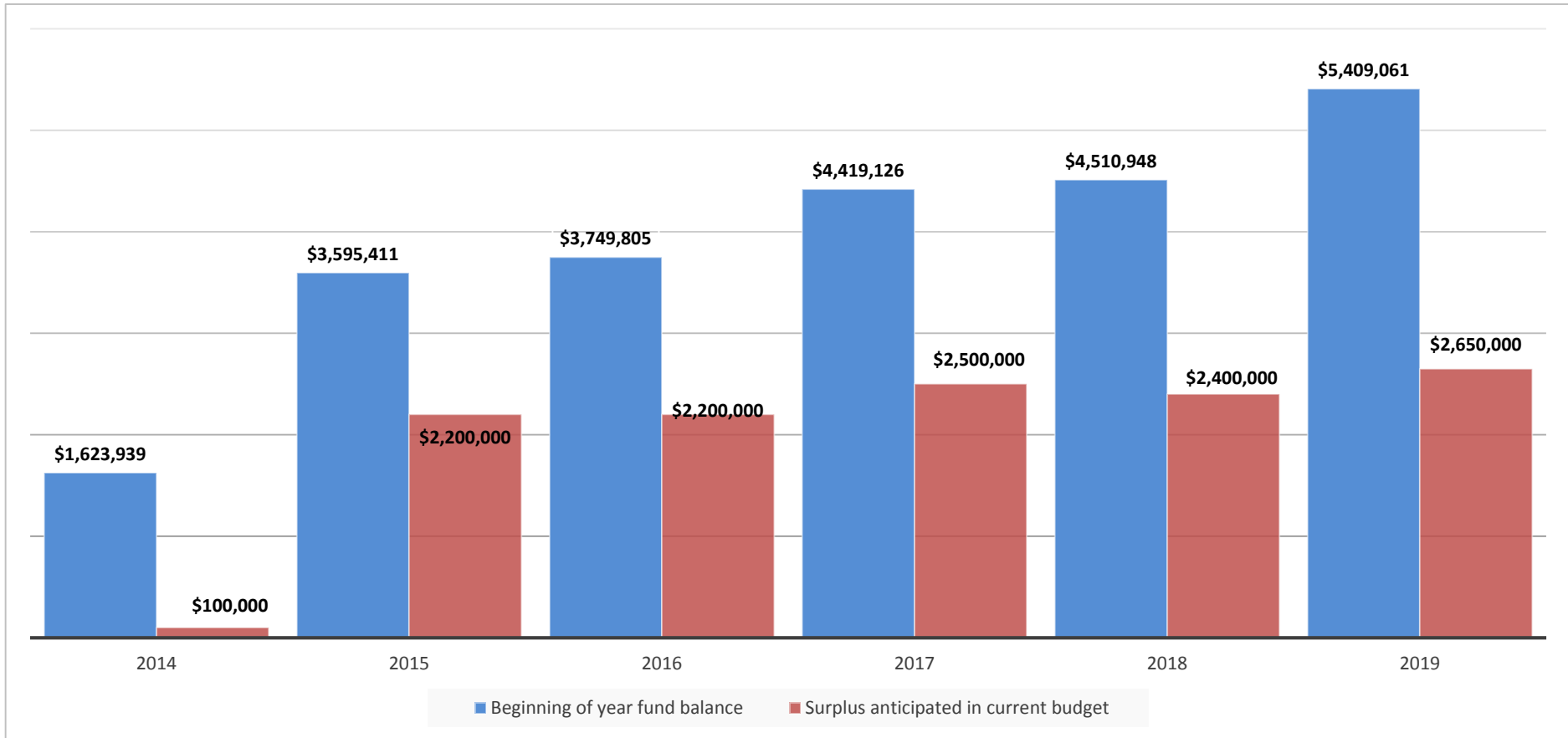
2019 REVENUES (CONTINUED)

- The **Municipal Court Fines and Costs** revenue category has remained unchanged in 2019.
- The **Interest on Investments and Deposits** revenue category has been increased by \$35,000.00 (+23.33%) for 2019.
- The **Miscellaneous Revenues** category has been increased by \$207,826.00 (+7.64%) from \$2,720,263.00 in 2018 to \$2,928,089.00 for 2019.
 - *This includes new revenue of reserve from sale of assets (Revenue from sale of communication tower) and reserve for sale of liquor license.*
- The **Receipts from Delinquent Taxes** revenue category has remained unchanged for 2019.
- The **Amount to be Raised by Taxation** revenue category has been increased by \$333,305.00.00 (+2.30%) from \$14,461,415.00 in 2018 to \$14,794,720.00 for 2019.

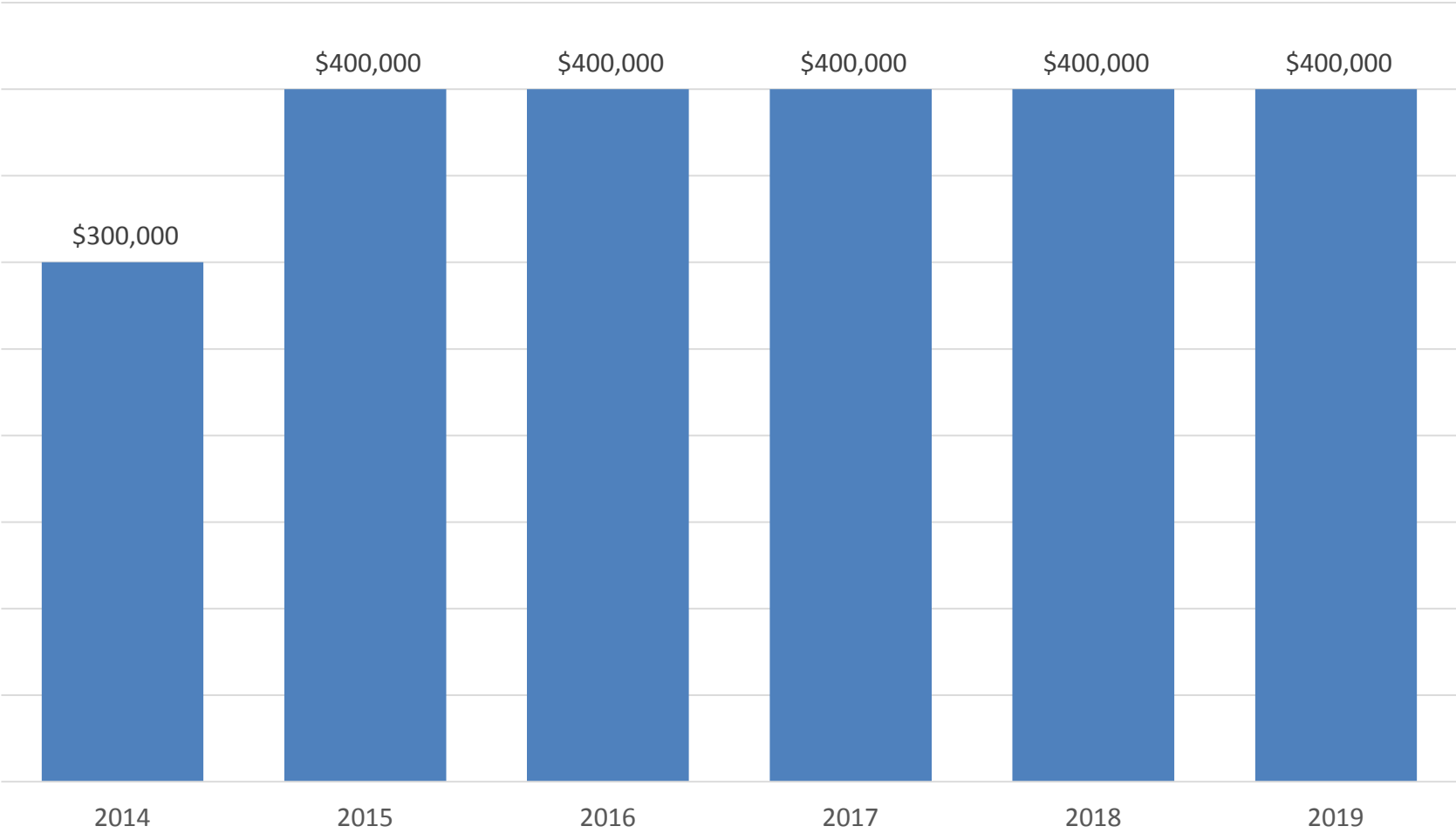
MUNICIPAL STATE AID 2014-2019



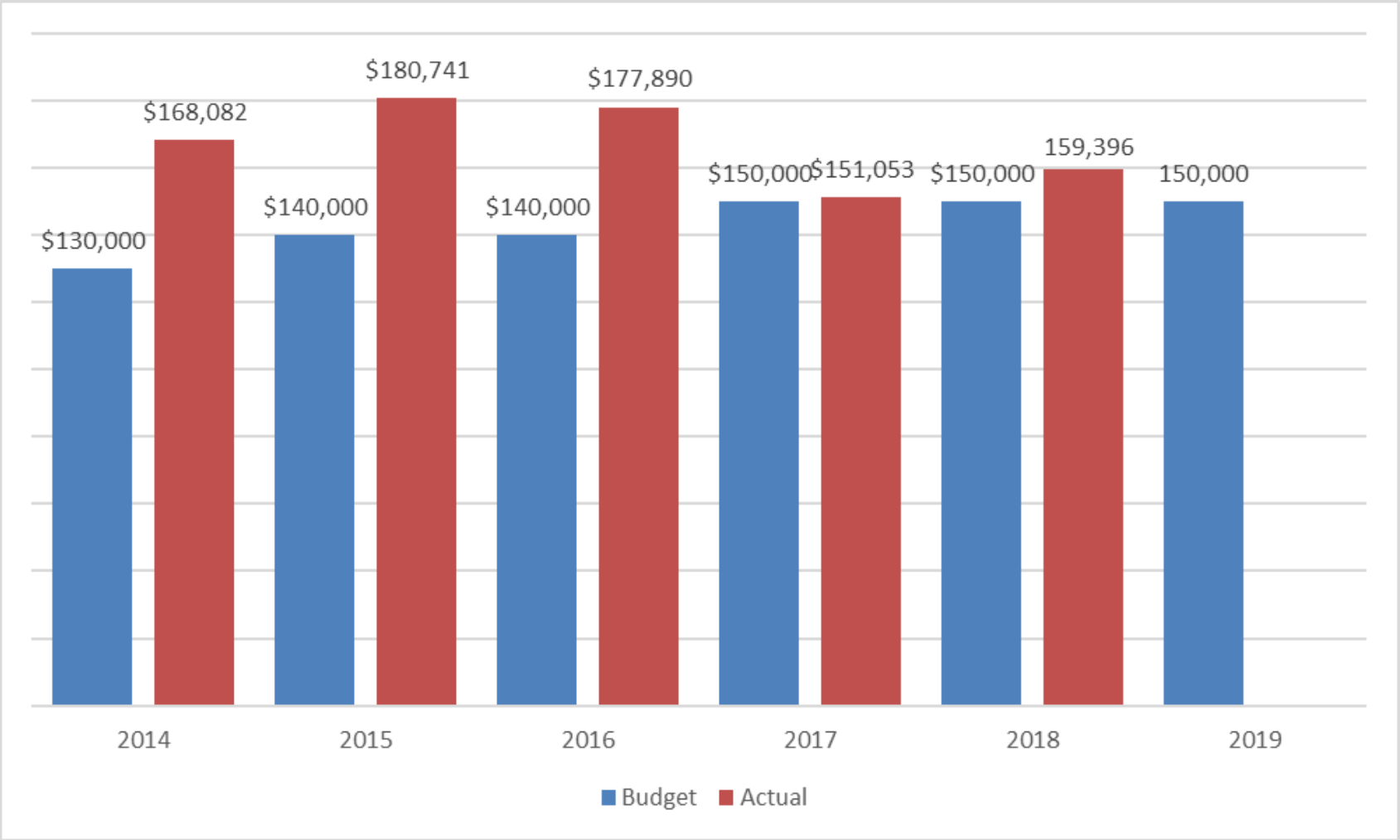
FUND BALANCE (“SURPLUS”) 2014-2019



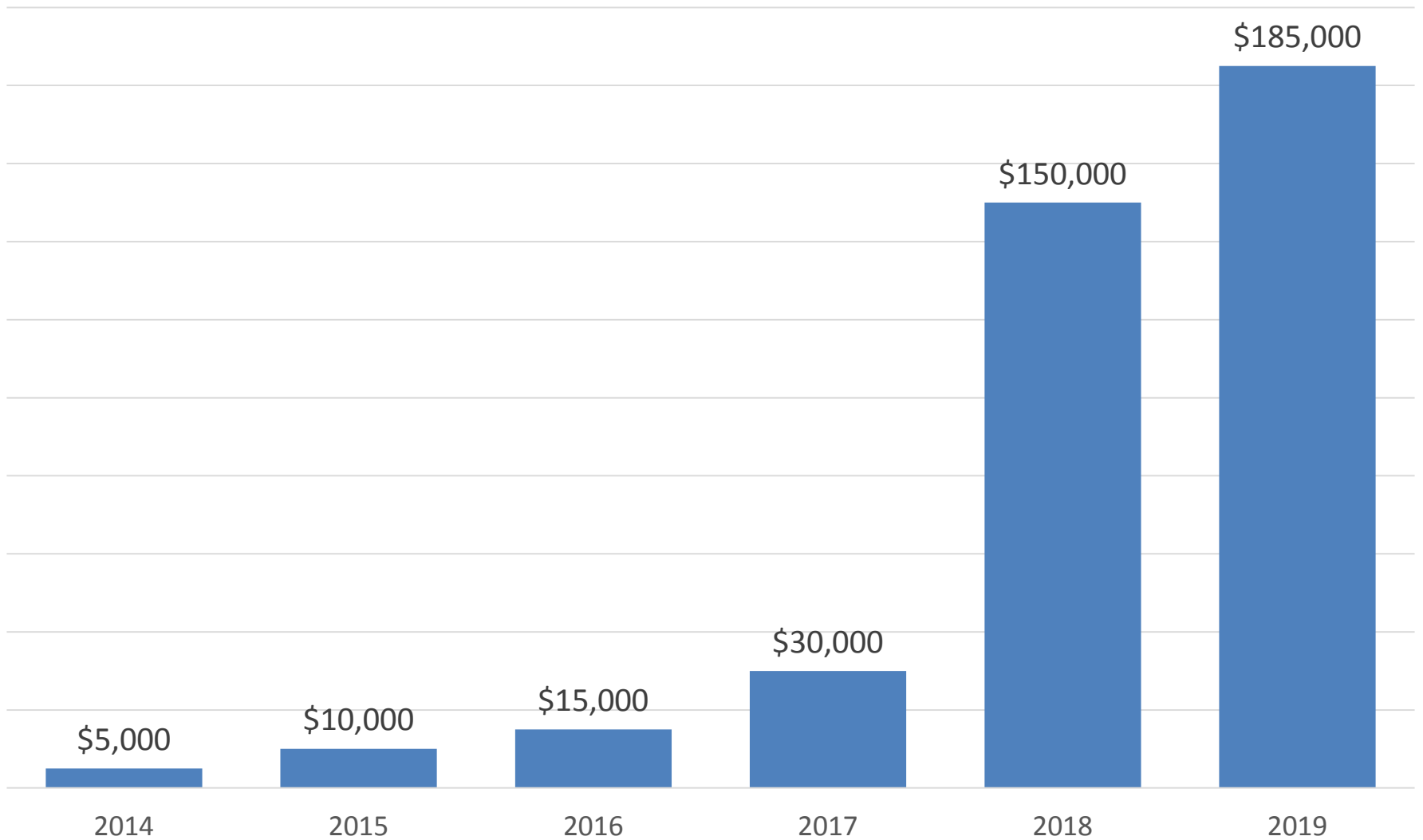
UNIFORM CONSTRUCTION AND CODE FEES 2014-2019



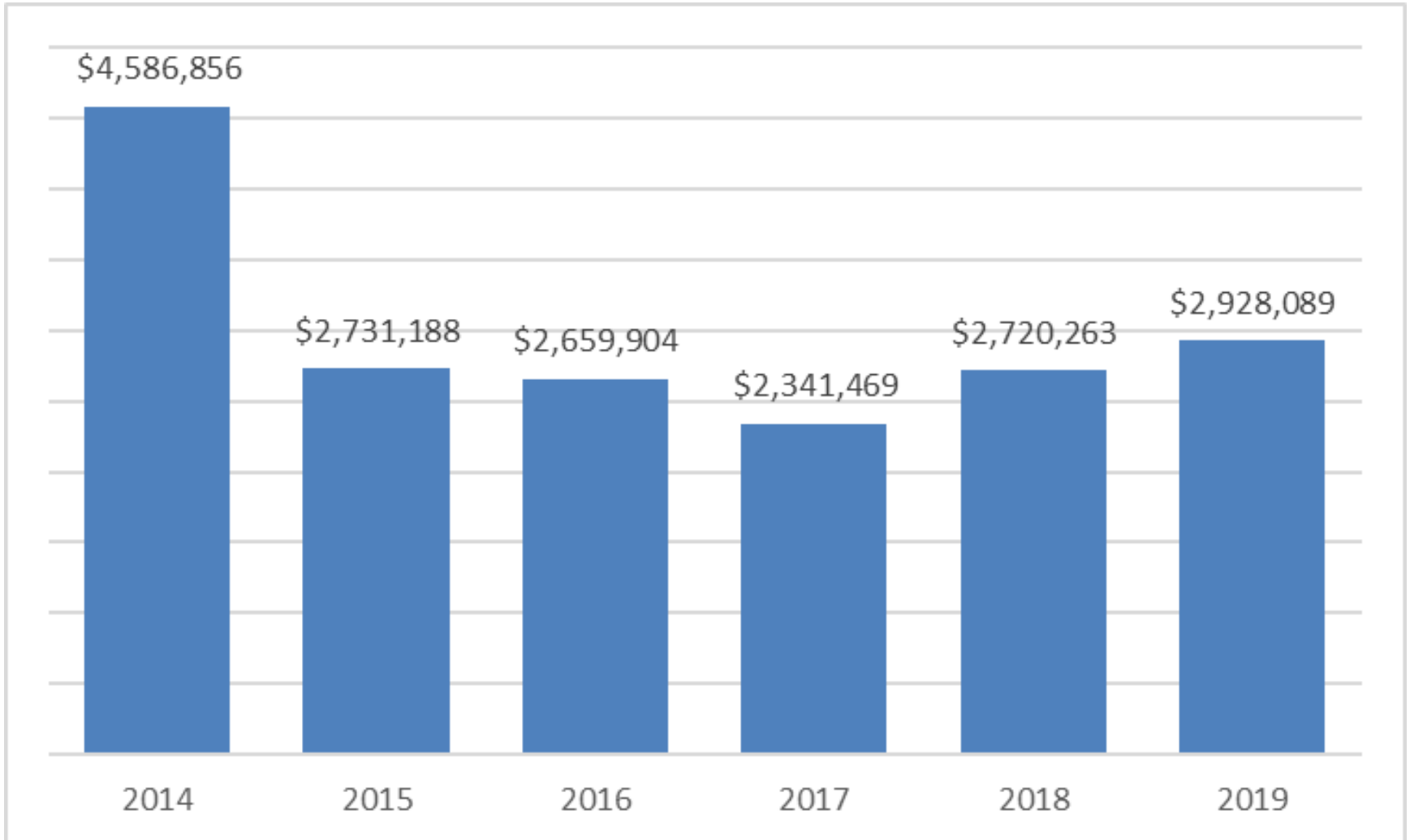
MUNICIPAL COURT FINES AND COSTS 2014-2019



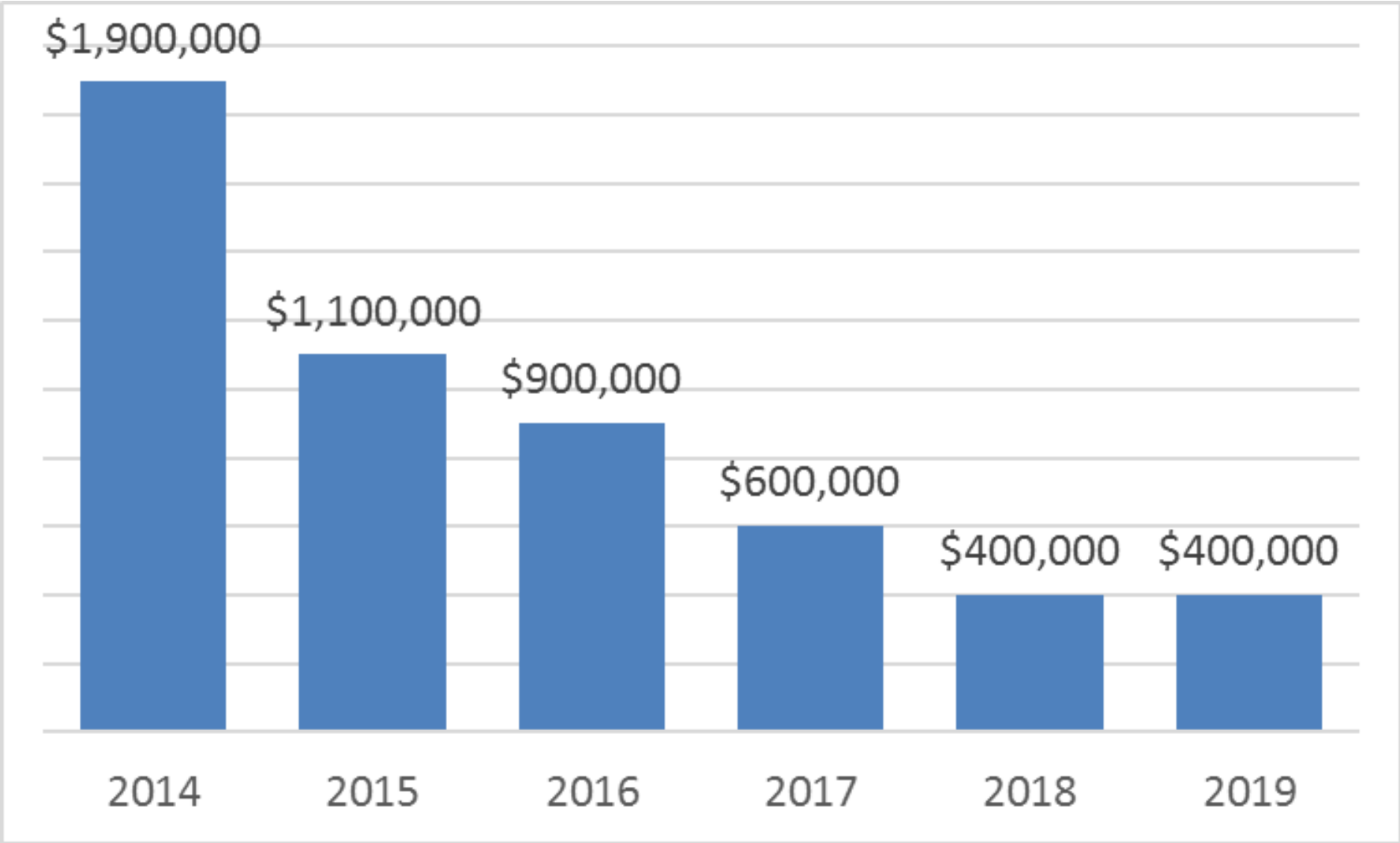
INTEREST ON INVESTMENTS AND DEPOSITS 2014-2019



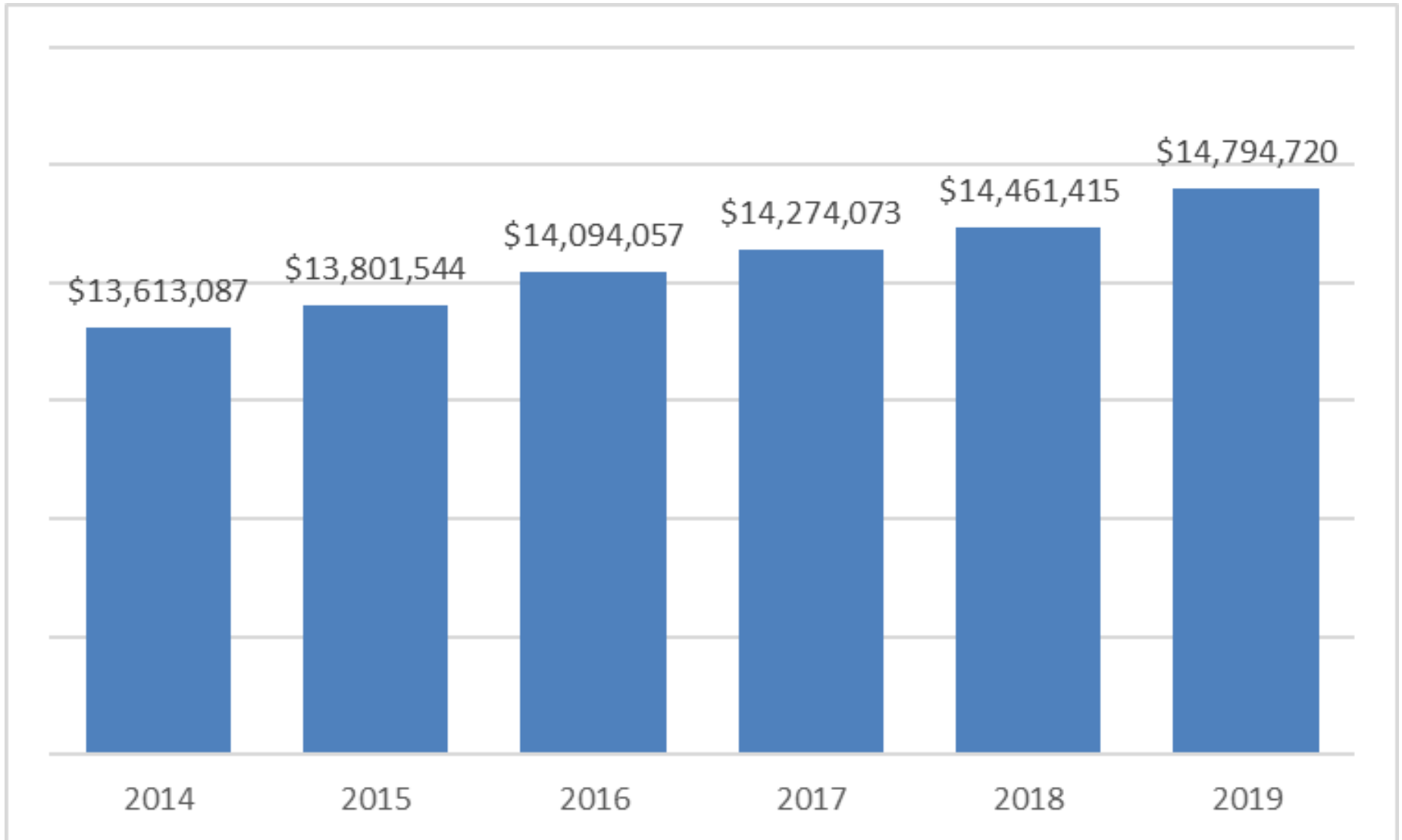
MISCELLANEOUS REVENUES 2014-2019



RECEIPTS FROM DELINQUENT TAXES 2014-2019



AMOUNT TO BE RAISED BY TAXATION 2014-2019



Average annual increase of 1.6%.

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 2019 is \$16,548,460.00 which is \$438,424.29 below the state mandated cap base of \$16,986,884.29.
- 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 2019 is \$14,794,720.00 which is \$343,198.88 below the state mandated property tax levy cap of \$15,137,918.88.

2017 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...”

2019- 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...?

2019 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

2019 MUNICIPAL BUDGET ADOPTION

Monday, April 22, 2019