

BOROUGH OF POINT PLEASANT 2020 MUNICIPAL BUDGET

Mayor Robert A. Sabosik

Presented By:

Finance Committee

Chief Financial Officer Himanshu R. Shah

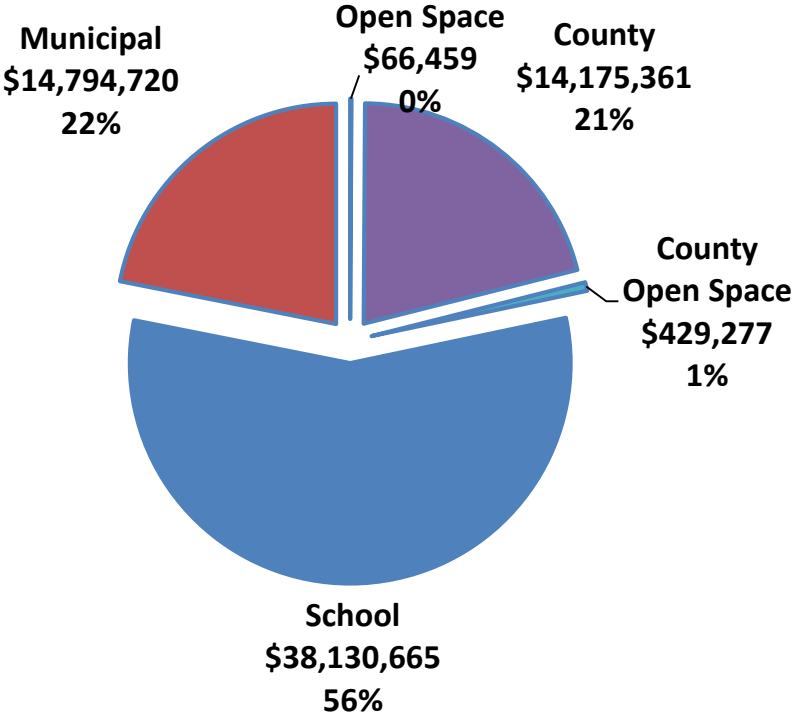
Business Administrator Frank Pannucci

May 18, 2020

2020 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 2019 TAX RATE “BREAKDOWN”



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

	2019
School	1.161
Municipal	0.450
Municipal Open Space	0.002
County	0.432
County Open Space	0.013
Total	<u>2.058</u>

APPORTIONMENT OF TAX RATE

(PER \$100 OF ASSESSED VALUE)

	2015	2016	2017	2018	2019	2020
SCHOOL	1.058	1.071	1.086	1.120	1.161	
MUNICIPAL	0.430	0.436	0.441	0.444	0.450	0.460
MUNICIPAL OPEN SPACE	0.002	0.002	0.002	0.002	0.002	0.002
COUNTY	0.413	0.417	0.412	0.418	0.432	
COUNTY OPEN SPACE	0.012	0.012	0.012	0.013	0.013	
TOTAL	1.915	1.938	1.953	1.997	2.058	

2020 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.

2020 MUNICIPAL BUDGET DEVELOPMENT PROCESS

July 2019

- Memorandum and budget guidelines sent to Department Heads

September 2019

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

October – December 2019

- Department budget meetings with Administration

January - February 2020

- Department budget meetings with Administration
- Proposed Municipal Budget Reviewed by Finance Committee

March 2020

- Municipal Budget Introduction – March 23, 2020

May 2020

- Municipal Budget Public Hearing – May 18, 2020
- Municipal Budget Adoption – May 18, 2020

2020 MUNICIPAL BUDGET SUMMARY

- The 2020 proposed Municipal Budget calls for \$22,381,290 in expenditures.
- Revenues include \$1,227,576.00 in municipal state aid, \$450,000.00 in uniform construction code fees, \$1,602,000 in miscellaneous revenue, \$120,000.00 in municipal court fines and costs, \$200,000.00 in interest on investments and deposits, \$400,000.00 in receipts from delinquent taxes and \$15,171,097 as the amount to be raised by taxation.
- An anticipation of \$2,944,000.00 from fund balance will be required to bring the 2020 budget into balance. This will leave \$2,520,341 in cash fund balance to help stabilize taxes for 2021.
- The proposed municipal tax rate is therefore estimated to be \$0.460 in 2020, which reflects a tax increase of 0.010 cents over 2019 (\$0.450).
- For an average home in Point Pleasant assessed at \$389,590.00 the proposed municipal tax increase would be \$31.17 (from \$1,753.16 in 2019 to \$1,792.11 in 2020).

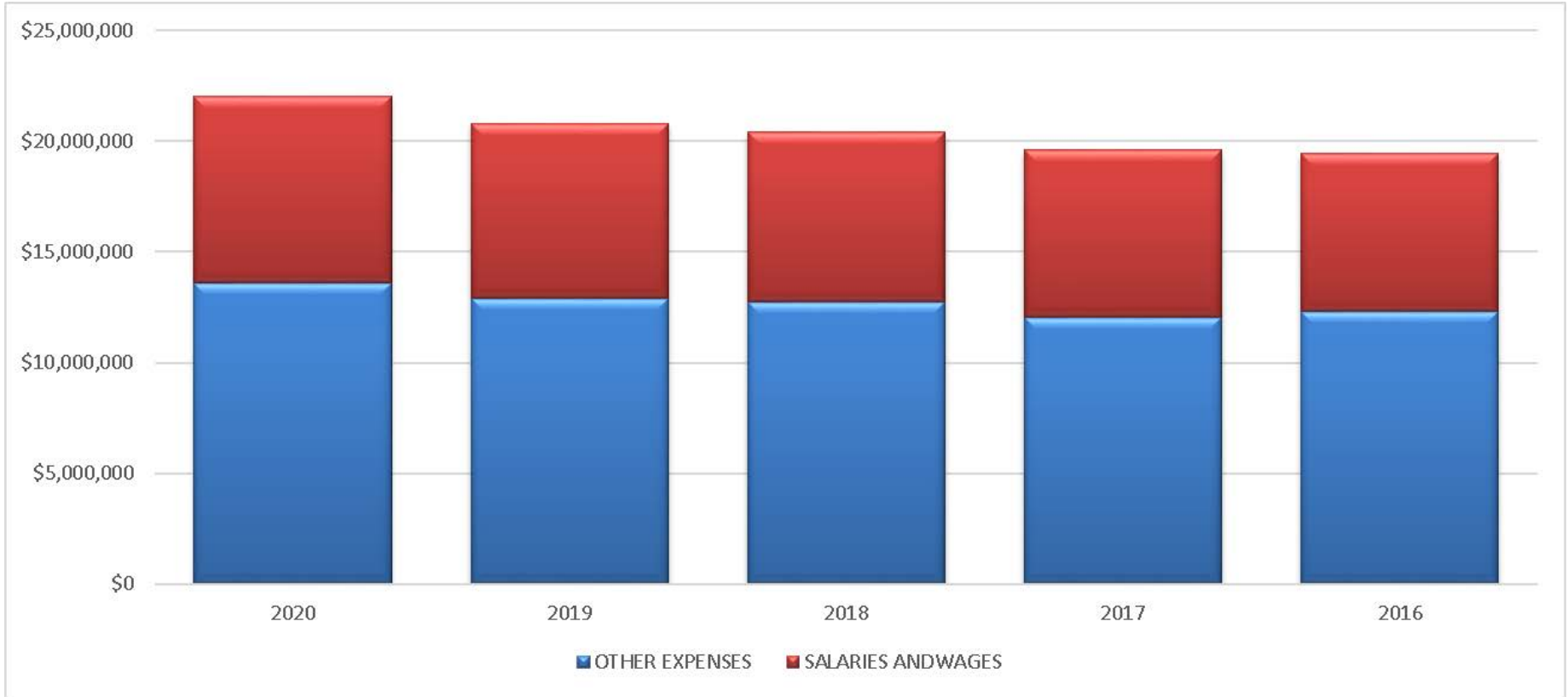
2020 EXPENDITURES

Current Fund Appropriations	2020 Recommend	2019 As Amended	Chg. over 2019	% Chg.	% of Total
Salaries & Wages	\$8,763,736	\$8,437,003	\$326,733	3.87%	39.16%
Health Insurance	\$1,518,598	\$1,836,034	(\$317,436)	-17.29%	6.79%
Social Security	\$637,000	\$634,169	\$2,831	0.45%	2.85%
Pension-PFRS	\$1,121,000	\$1,038,050	\$82,950	7.99%	5.01%
Pension-PERS/DCRP	\$477,685	\$486,535	(\$8,850)	-1.82%	2.13%
Total Employee Comp	\$12,518,019	\$12,431,791	\$86,228	0.69%	55.93%
Other Expenses	\$4,372,454.00	\$4,211,769.00	\$160,685	3.82%	19.54%
Interlocal Services	\$198,000	\$223,000	(\$25,000)	-11.21%	0.88%
Public & Private Grants	\$586,617	\$605,837	(\$19,220)	-3.17%	2.62%
Capital Improvements	\$100,000	\$100,000	\$0	0.00%	0.45%
Debt Service & Def. Charg.	\$3,412,000	\$2,415,775	\$996,225	41.24%	15.24%
Emergency Approp.	\$0	\$0	\$0	0.00%	0.00%
Resrv. For Uncoll. Taxes	\$1,194,200	\$1,340,962	(\$146,762)	-10.94%	5.34%
Total Appropriations	\$22,381,290	\$21,329,134	\$1,052,156	4.93%	100.00%

2020 OTHER EXPENSES DETAIL

Other Expenses	2020 Recommend	2019 As Amended
Audit	\$31,000	\$31,000
Unemployment Insurance	\$45,000	\$60,000
Fire Department	\$154,518	\$150,750
Aid to Volunteer Ambulance Services	\$70,000	\$70,000
LOSAP	\$90,000	\$85,000
Engineering	\$80,000	\$80,000
Municipal Service Act	\$30,000	\$33,000
Legal	\$200,000	\$200,000
Public Works	\$224,800	\$227,600
Police Department (including vehicle)	\$357,106	\$336,913
Liability Insurance	\$440,000	\$449,400
Solid Waste/Recycling	\$1,821,900	\$1,631,600
Utilities	\$368,000	\$403,000
Miscellaneous Other Expenses	\$460,130	\$453,506
Total	\$4,372,454	\$4,211,769

ANNUAL BUDGETS EXPENDITURE COMPARISON 2020-2016



	2020	2019	2018	2017	2016
	Recommended	Adopted	Adopted	Adopted	Adopted
OTHER EXPENSES	\$13,617,554	\$12,892,131	\$12,744,511	\$12,048,533	\$12,298,365
SALARIES AND WAGES	\$8,763,736	\$8,437,003	\$7,913,106	\$7,658,725	\$7,555,596
	\$22,381,290	\$21,329,134	\$20,657,617	\$19,707,258	\$19,853,961

2020 EXPENDITURES

- The **Salaries & Wages (S&W)** expenditure category has increased by \$326,733.00 (+ 3.87%) from \$8,437,003.00 in 2019 to \$8,763,736.00 in 2020.
- The **Other Expenses (O/E)** expenditure category has increased by \$160,685.00 (+3.82%) from \$4,211,769.00 in 2019 to \$4,372,454.00 in 2020.
 - *The major decrease under this expenditure category are Utilities (-\$35,000.00), and Unemployment Insurance (-\$15,000.00)*
 - *The major increase under this expenditure category are Solid Waste/Recycling (+ \$190,300.00), and the Police Departmen (including vehicle) (+ \$20,193.00)*



2020 EXPENDITURES (CONTINUED)

- The **Municipal Debt Service** expenditure category has increased by \$996,225 (+4.40%) from \$2,415,775.00 in 2019 to \$2,522,000.00 in 2020.
 - *This increase is the result of the new Bond and Note we have received. Also the Community Disaster Loan from FEMA that we received for Hurricane Sandy has come due.*
- The **Statutory expenditure** category has decreased by \$240,505.00 (- 6..02%) from \$3,994,788.00 in 2019 to \$3,754,283.00 in 2020.
 - *The major decrease under this expenditure category is the Group Health Insurance(-\$317,436.00) as a result of state increase.*
- The **Deferred Charges** expenditure category has remained unchanged for 2020.
 - *Borough did not have any emergency appropriation authorized in 2019.*

2020 EXPENDITURES (CONTINUED)

- The **Capital Improvement Fund** expenditure category has remained unchanged for 2020.
- The **Reserve for Uncollected Taxes** expenditure category has decreased by \$146,762.00 (-10.94%) from \$1,340,962.00 in 2019 to \$1,194,200.00 in 2020.
 - *This is a statutory non-spending appropriation.*
 - *The actual tax collection rate for 2019 was 99.27%.*
 - *The projected tax collection rate for 2020 is 98.27%.*

2020 REVENUES

General & Tax Revenues	2020	2019	2020 - 2019	% Chg	% of Total
Surplus	\$2,944,000.00	\$2,650,000	\$294,000	11.09%	13.15%
Municipal Revenues	\$1,602,000	\$1,251,001	\$350,999	28.06%	7.16%
FEMA/CDL	\$0	\$0	\$0	100.00%	0.00%
State Aid	\$1,227,576	\$1,227,576	\$0	0.00%	5.48%
UCC Revenue	\$450,000	\$400,000	\$50,000	12.50%	2.01%
Public & Private Grants	\$586,617	\$605,837	(\$19,220)	-3.17%	2.62%
Delinquent Tax	400,000.00	400,000.00	\$0	0.00%	1.79%
Total General Revenues	\$7,210,193	\$6,534,414	\$675,779	10.34%	32.22%
Taxes	15,171,097	14,794,720	\$376,377	2.54%	67.78%
Total Revenues	\$22,381,290	\$21,329,134	\$1,052,156	4.93%	100.00%

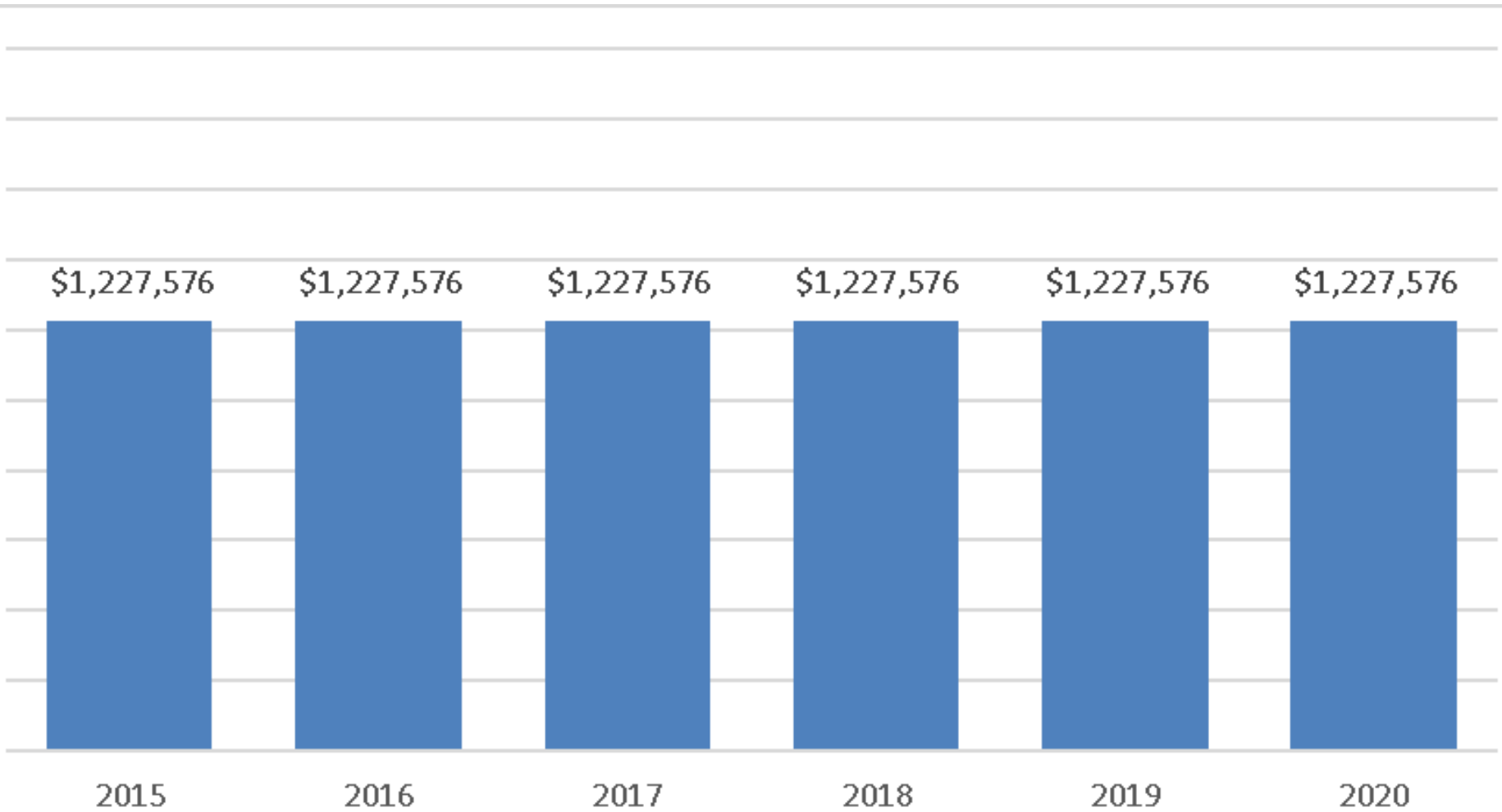
2020 REVENUES

- Total municipal revenue has increased by \$1,052,156.00 (4.93%) from \$21,329,134.00 in 2019 to \$22,381,290.00 in 2020.
- The **Municipal State Aid** revenue category has remained unchanged in 2020.
- The **Fund Balance** revenue category has been increased by \$294,000.00 for 2020.
 - *The fund balance reserve has been set at 13.15% of the total municipal budget for 2020 (compared to 12.42% in 2019).*
- The **Uniform Construction and Code Fees** revenue category has increased by \$50,000.00 (+12.50%) in 2020.

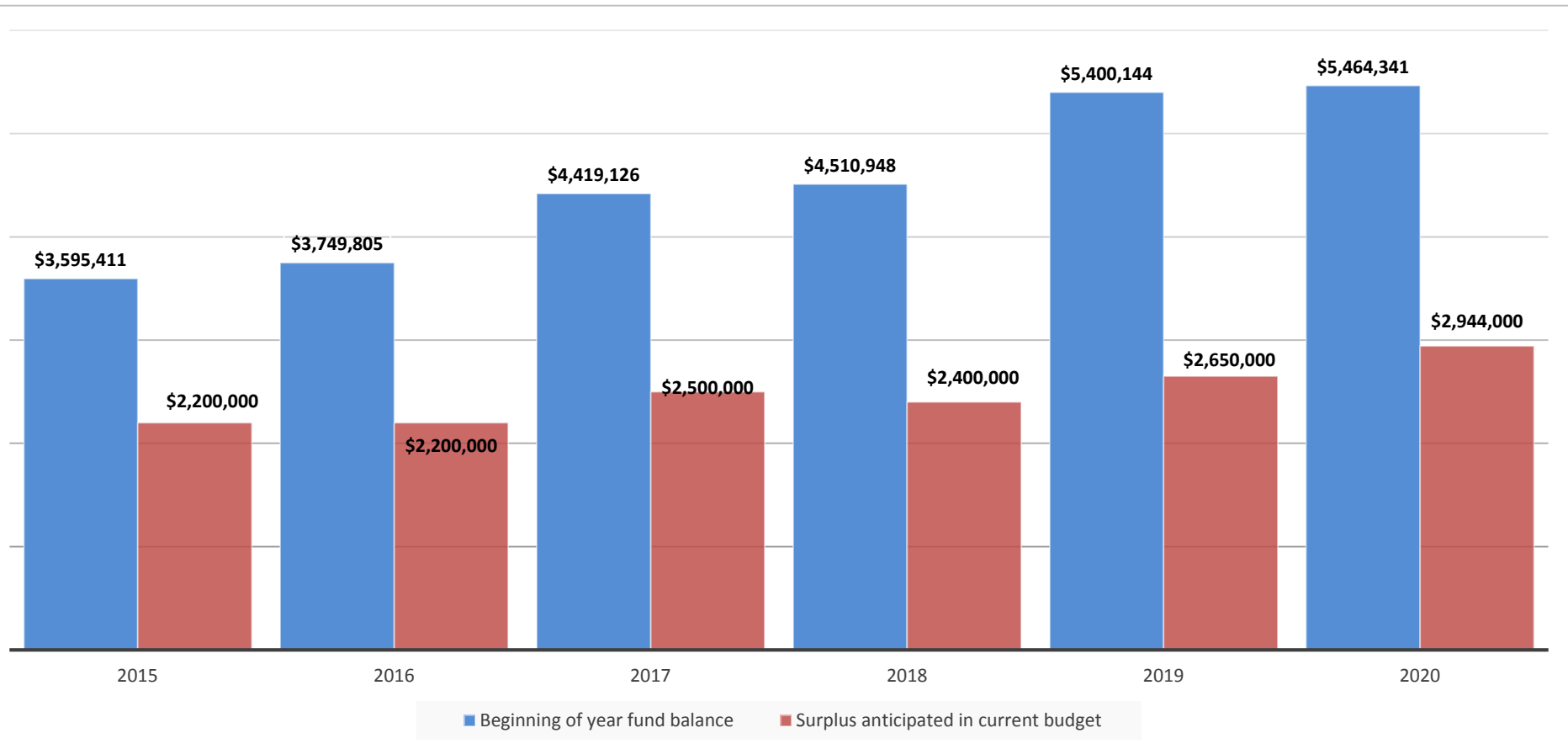
2020 REVENUES (CONTINUED)

- The **Municipal Court Fines and Costs** revenue category has decreased by \$30,000.00 (-20.00%) in 2020.
- The **Interest on Investments and Deposits** revenue category has been increased by \$15,000.00 (+8.11%) for 2020.
- The **Miscellaneous Revenues** category has been increased by \$938,104.00 (+32.04%) from \$2,928,089.00 in 2019 to \$3,866,193.00 for 2020.
 - *This includes new revenue from Capital Fund Surplus, and both Admin Fees and Vehicle Fees from the Off-Duty Police Trust.*
- The **Receipts from Delinquent Taxes** revenue category has remained unchanged for 2020.
- The **Amount to be Raised by Taxation** revenue category has been increased by \$376,377.00 (+2.50%) from \$14,794,720.00 in 2019 to \$15,171,097.00 for 2020.

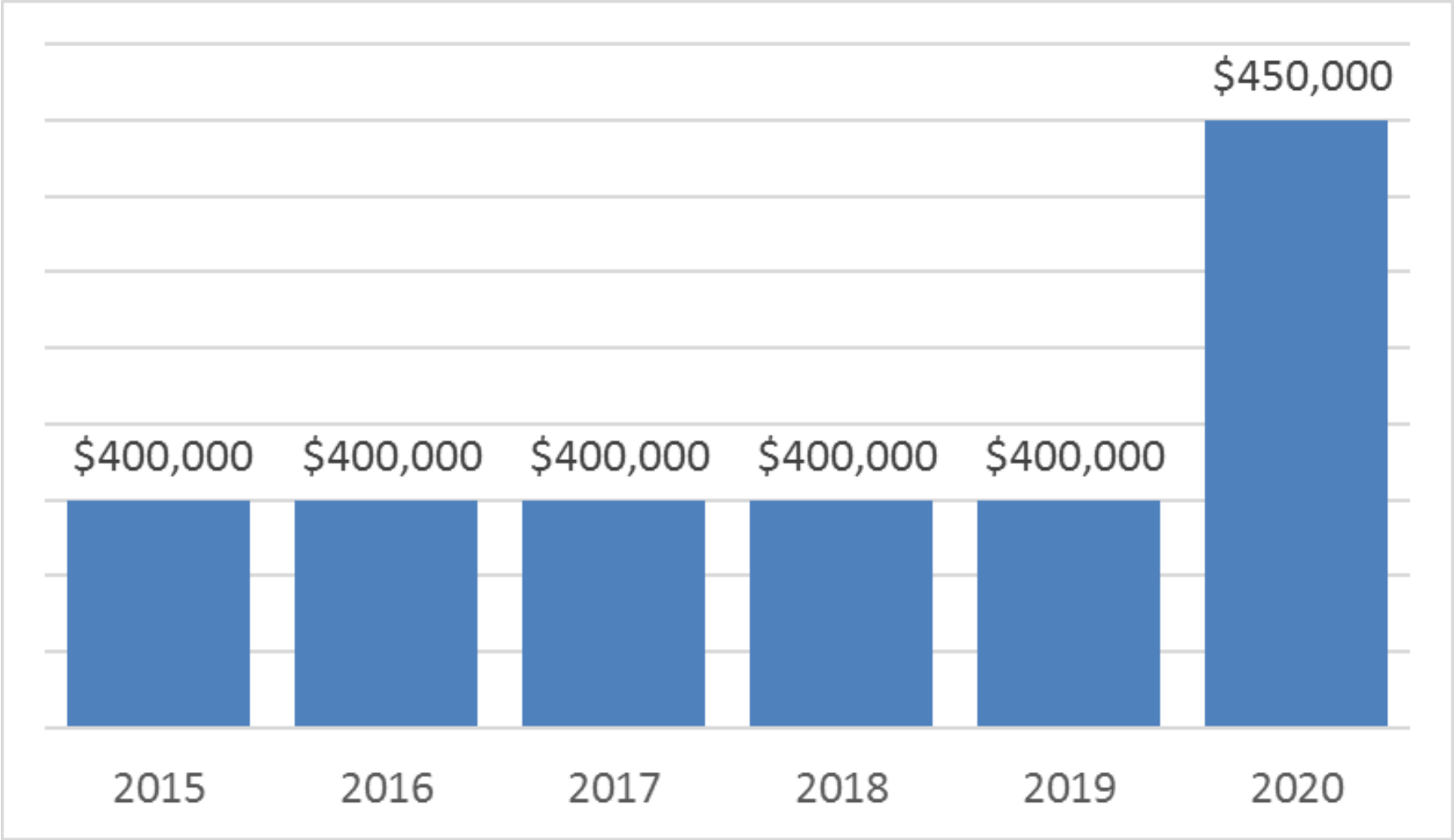
MUNICIPAL STATE AID 2015-2020



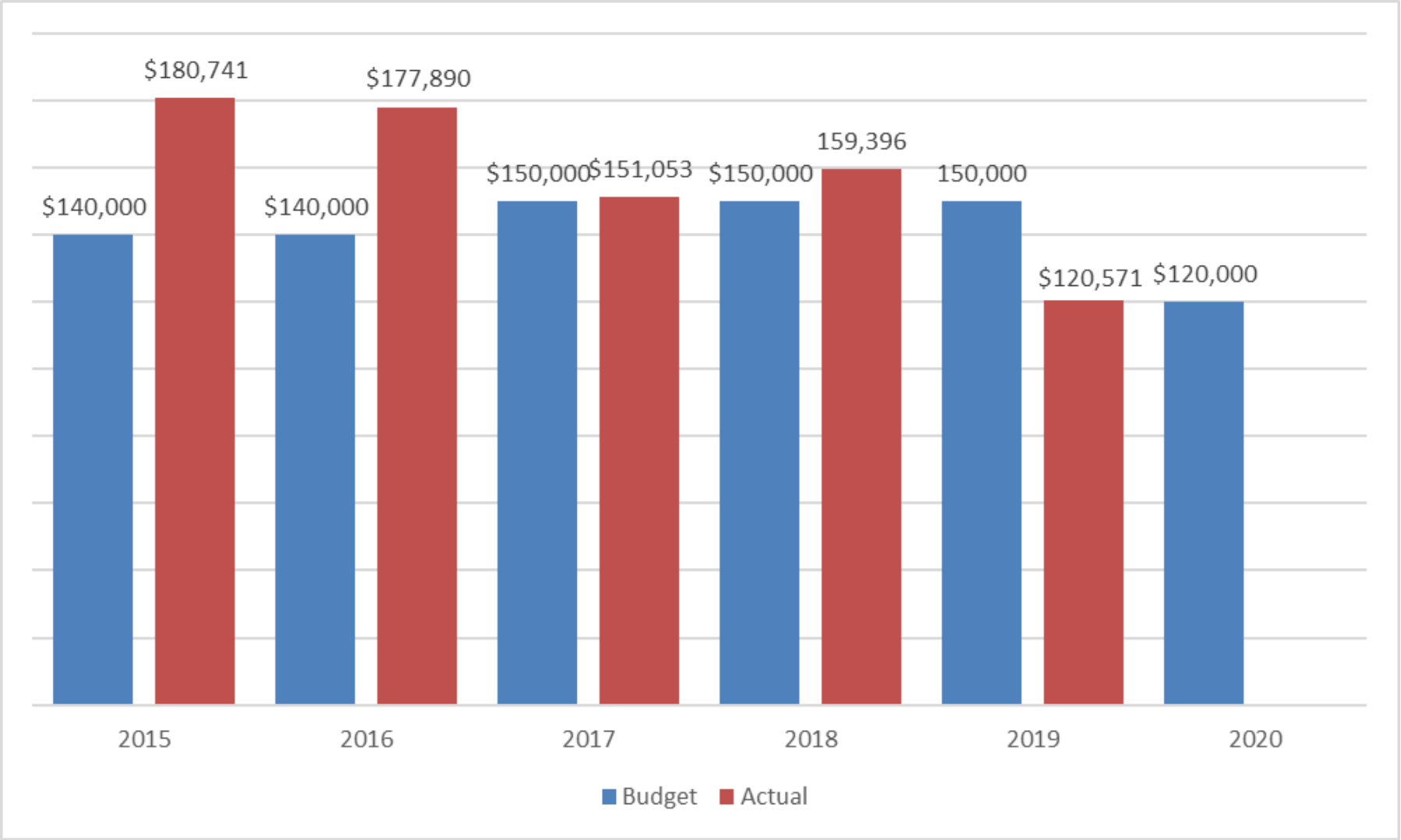
FUND BALANCE (“SURPLUS”) 2015-2020



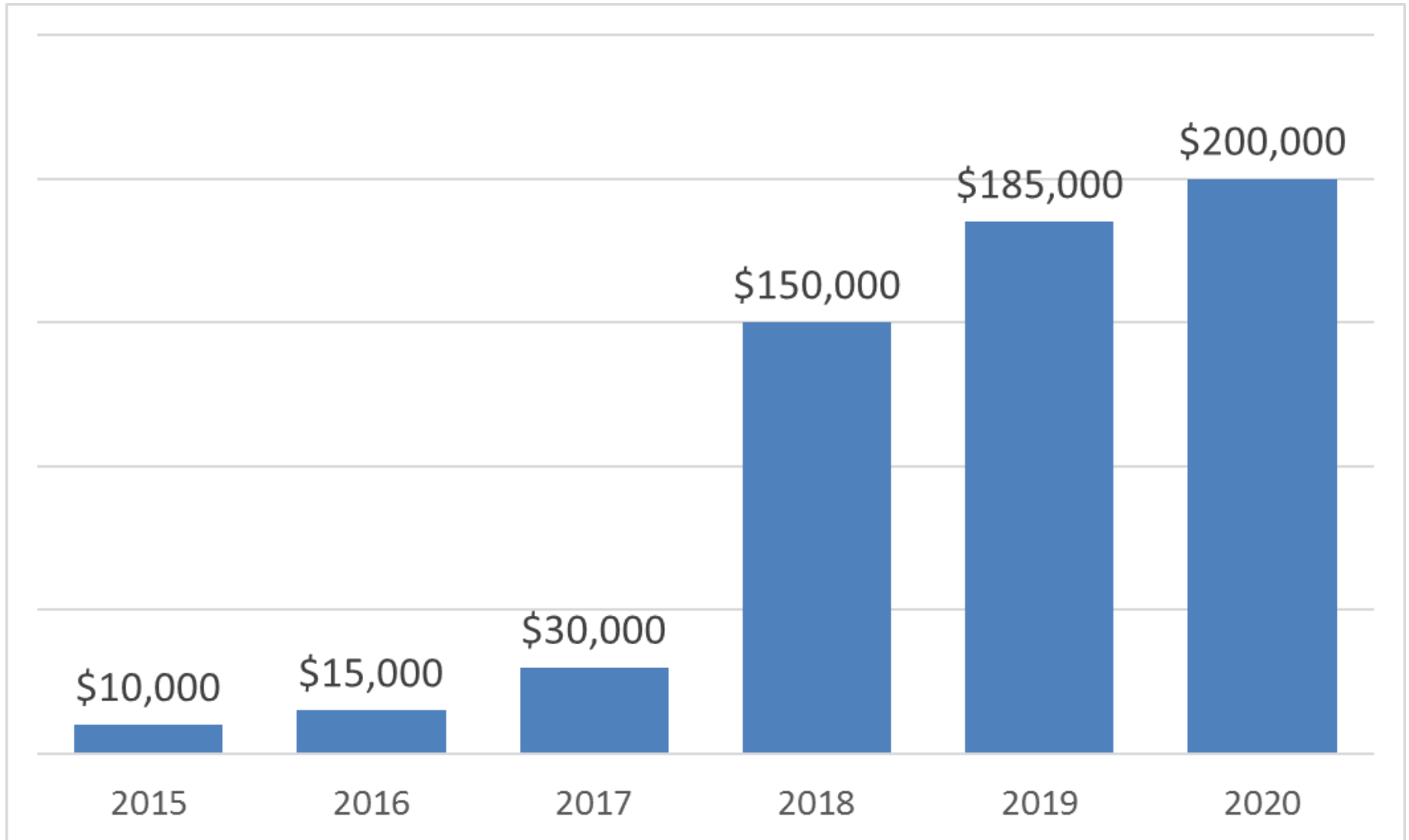
UNIFORM CONSTRUCTION AND CODE FEES 2015-2020



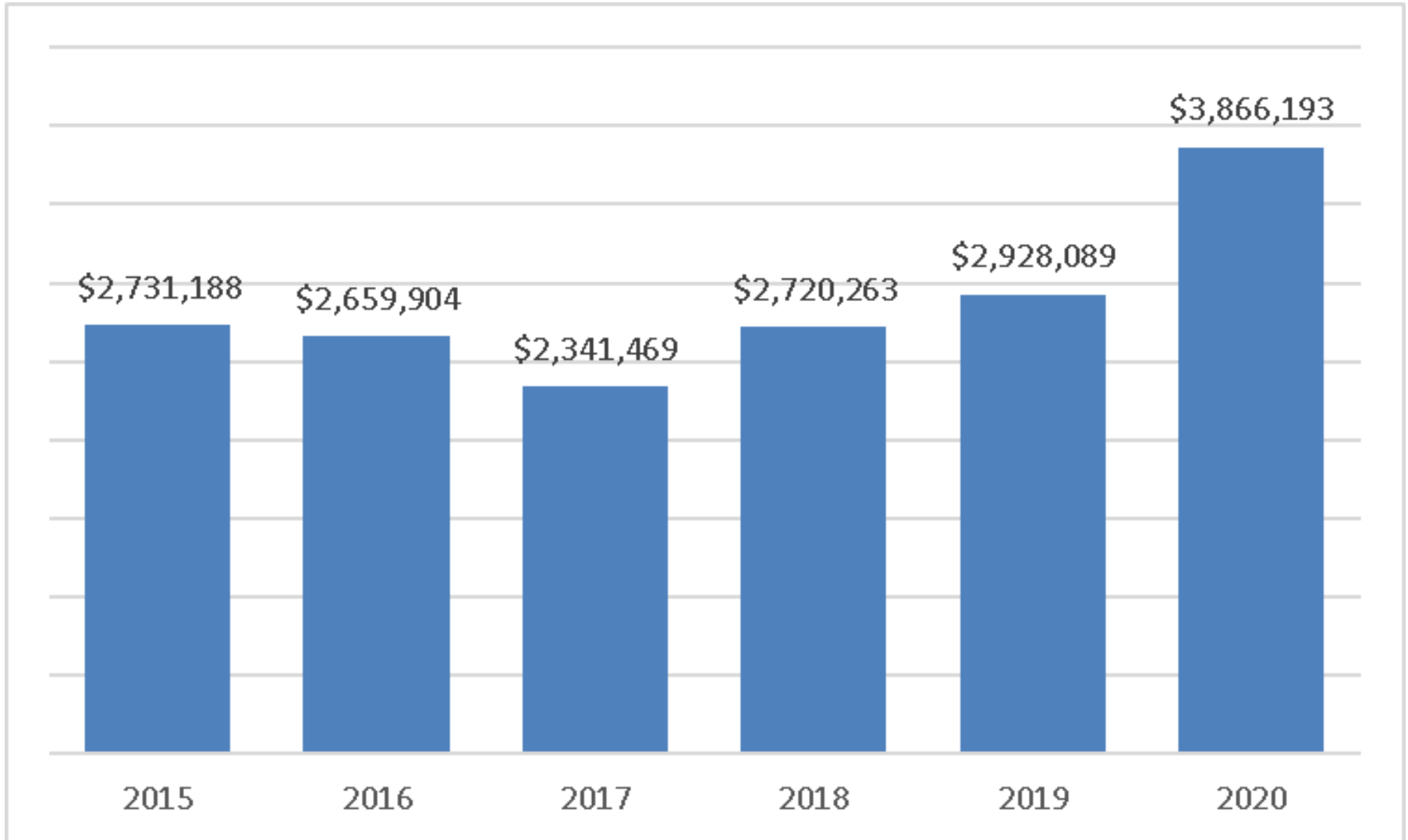
MUNICIPAL COURT FINES AND COSTS 2015-2020



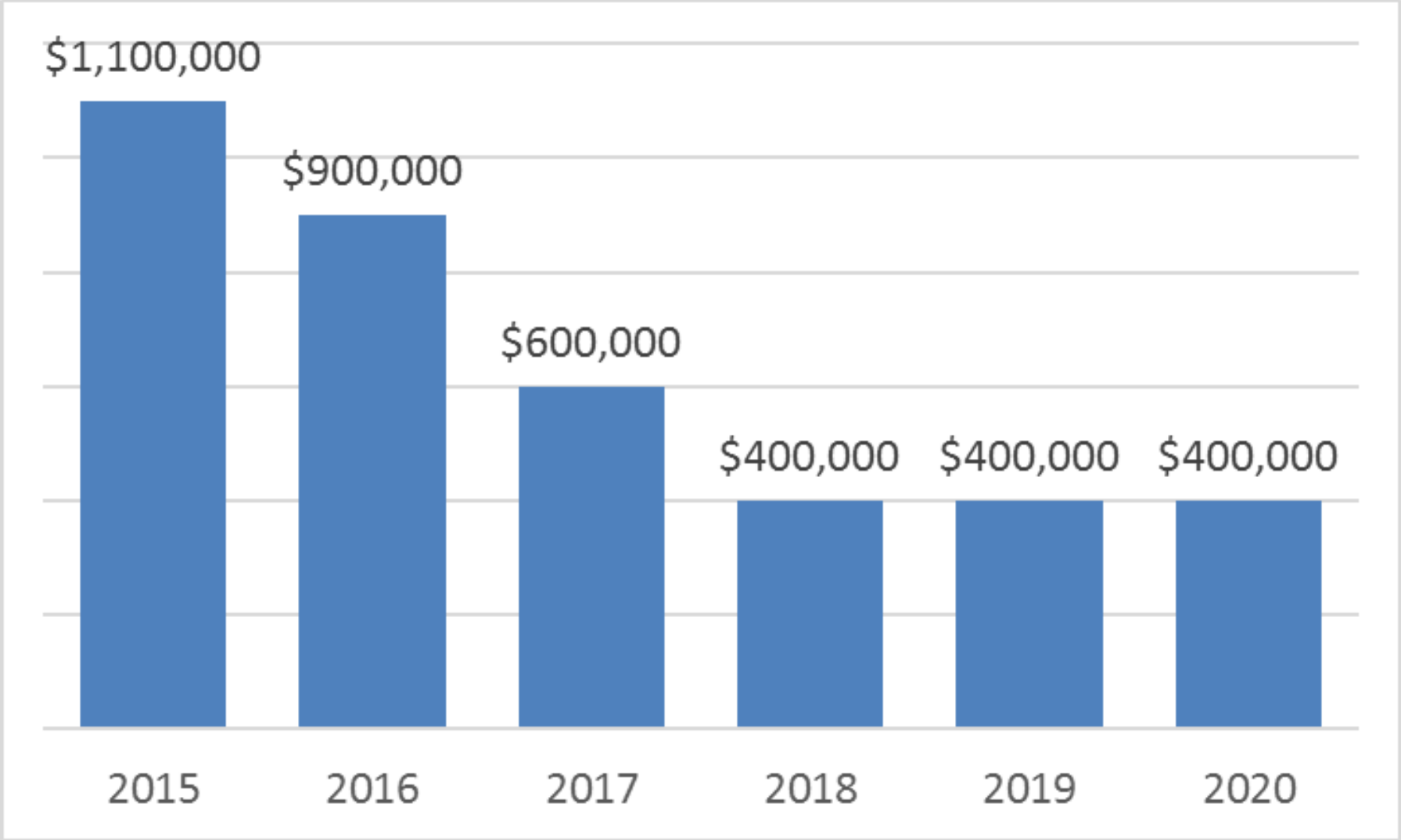
INTEREST ON INVESTMENTS AND DEPOSITS 2015-2020



MISCELLANEOUS REVENUES 2015-2020

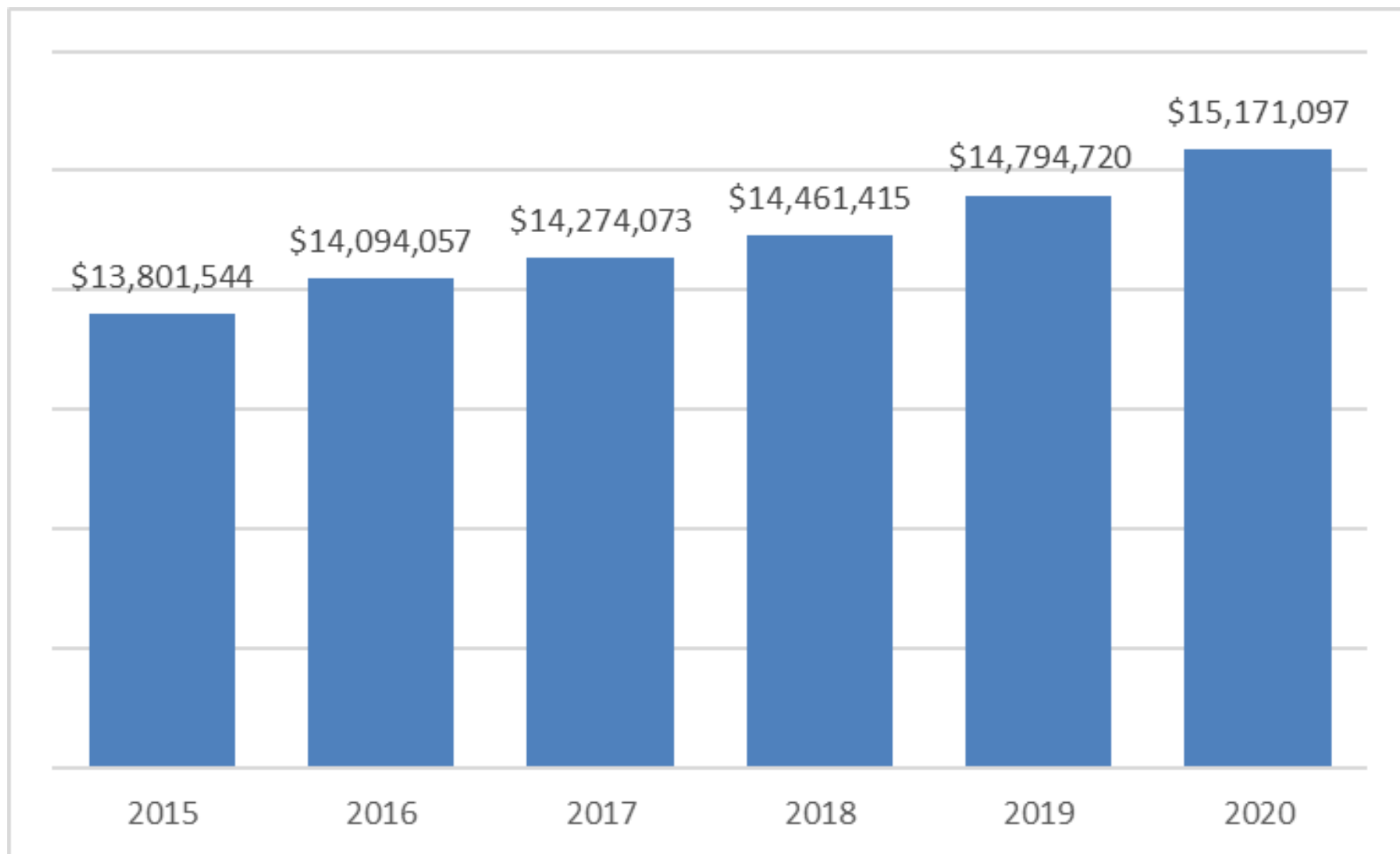


RECEIPTS FROM DELINQUENT TAXES 2015-2020





AMOUNT TO BE RAISED BY TAXATION 2015-2020



Average annual increase of 1.8%.

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 2020 is \$16,790,473.00 which is \$744,309.50 below the state mandated cap base of \$17,534,782.50.
- 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 2020 is \$15,171,096.86 which is \$148,733.39 below the state mandated property tax levy cap of \$15,319,830.25.

2019 Bond Rating and Rationale

- Moody's assigns Aa2 rating to the BOROUGH OF POINT PLEASANT's \$9.735 million GO Refunding Bonds, Series 2019.
- ***The upgrade to Aa2 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...”

2020- POTENTIAL CHALLENGES

- National, State and Local Economic Conditions...?
- Weather Related Emergencies and Related Costs...?
- **Public Health 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...?

2020 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

2020 MUNICIPAL BUDGET ADOPTION

Monday, May 18, 2020