



Point Pleasant Borough

Point Pleasant Borough, NJ 2016 Budget

May 17, 2016

Presentation

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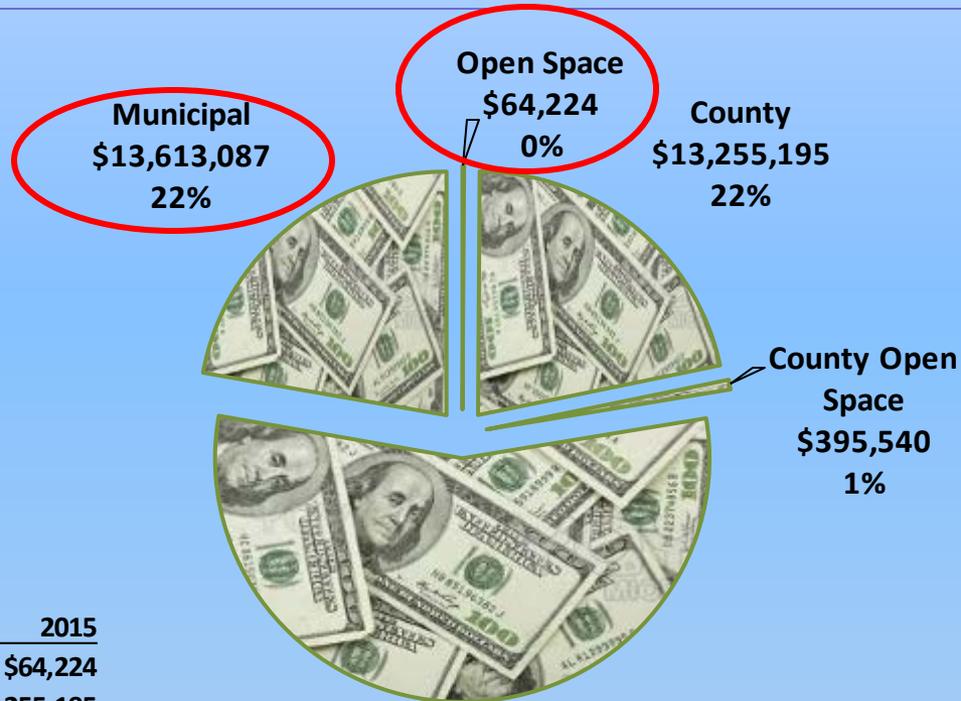
Background

- Under state law, a municipality must pass its annual budget in order to spend money or to tax residents for that year.
 - By law taxes must equal appropriations (spending) less revenues.
 - Projected budget revenue cannot exceed last year's actual revenue.
 - Expenses cannot exceed the budgeted amount for the year.
 - Transfer within operating budget ("within CAP") are only allowed in last two months of the fiscal year (Nov/Dec)
 - Budget must be under Levy CAP and Appropriation CAP
- **Strict oversight the state:**
 - Strict state oversight performed by Division of Local Government Services(DLGS),Department of Community Affairs.
 - Annual Reports (AFS/ADS/Audit) are filed with DLGS and review by DLGS.
 - A corrective action plan for any audit finding to are submitted to Mayor and Council and DLGS by Chief Financial Officer.

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 2016 is \$15,183,448 which is \$223,991 below the state mandated cap base of \$15,407,439.
- 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 2016 is \$14,142,935 which is \$376,064 below the state mandated property tax levy cap of \$14,518,999.

2015 Tax Revenue Allocation



	<u>2015</u>
Open Space	\$64,224
County	\$13,255,195
County Open Space	\$395,540
School	\$33,968,308
Municipal	\$13,613,087
	\$61,296,354

School
\$33,968,308
55%

Total Taxes	\$61,296,354
Net Taxable Valuation	\$3,211,277,410
Ave. Residential Property Value	\$379,647
Average Residential Tax	\$ 1,632.00

Budget Timeline

September 2015

- Memorandum and budget guidelines sent to Department Heads

November/December 2015

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

January 2016

- Department budget meetings with Administration and Finance

February/March 2016

- Finance Committee Review and Recommendation
- Municipal Budget Introduction – March 22, 2016

Budget Timeline Continues

April 2016

- Council Review of Department budget.
- Municipal Budget Public Hearing – April 19, 2016

May 2016

- Introduction of Budget Amendments – May 3, 2016
- Public Hearing and Adoption of Budget Amendment – May 17, 2016
- Adoption of Budget? – May 17, 2016

Borough Debt Current & Water/Sewer

OUTSTANDING BONDS AMORTIZATION				
Year	Debt O/S	Principal Payment	Interest Payment	Servicing Payments
2015	26,683,678	2,309,427	963,746	\$2,893,173
2016	\$23,655,252	\$1,968,977	\$991,278	\$2,960,254
2017	\$21,716,275	\$2,013,527	\$951,190	\$2,964,716
2018	\$19,702,748	\$2,151,721	\$970,040	\$3,121,761
2019	\$17,551,027	\$2,227,915	\$913,234	\$3,141,149
2020	\$15,373,112	\$2,297,165	\$856,702	\$3,153,867
2021	\$13,075,947	\$2,396,165	\$796,593	\$3,192,758
2022	\$10,679,782	\$2,585,165	\$743,260	\$3,328,425
2023	\$8,094,617	\$2,604,165	\$695,924	\$3,300,089
2024	\$5,490,452	\$2,618,165	\$634,182	\$3,252,347
2025	\$3,522,286	\$1,732,165	\$574,419	\$2,306,584
2026	\$1,790,121	\$366,565	\$384,169	\$750,734
2027	\$1,423,556	\$395,815	\$401,369	\$797,184
2028	\$1,027,741	\$424,165	\$417,369	\$841,534
2029	\$603,576	\$425,815	\$402,169	\$827,984
2030	\$177,761	\$44,315	\$6,969	\$51,284
2031	\$133,445	\$43,565	\$6,969	\$50,534
2032	\$89,880	\$42,815	\$6,969	\$49,784

BOND ANTICIPATION NOTES		
PRINCIPAL	INTEREST	TOTAL
6,700,000.00	40,870.00	6,740,870.00

2015 Bond Rating Upgrade

- Moody's Investors Service has upgraded the Borough of Point Pleasant, NJ to Aa3 from A1 and assigned a Aa3 to the borough's \$8.7 million General Obligation Bonds, Series 2015
- The upgrade to Aa3 reflects the borough's positive financial trend, substantial tax base, and above-average wealth levels.
- The borough's financial position will remain strong in the medium term.
- The borough's strong management has a history of conservative budgeting and only appropriates what it believes can be replenished. Over the past two years, there has been a strong push towards greater efficiency; the borough recently entered an agreement to share tax collection services, which has materially improved collections.

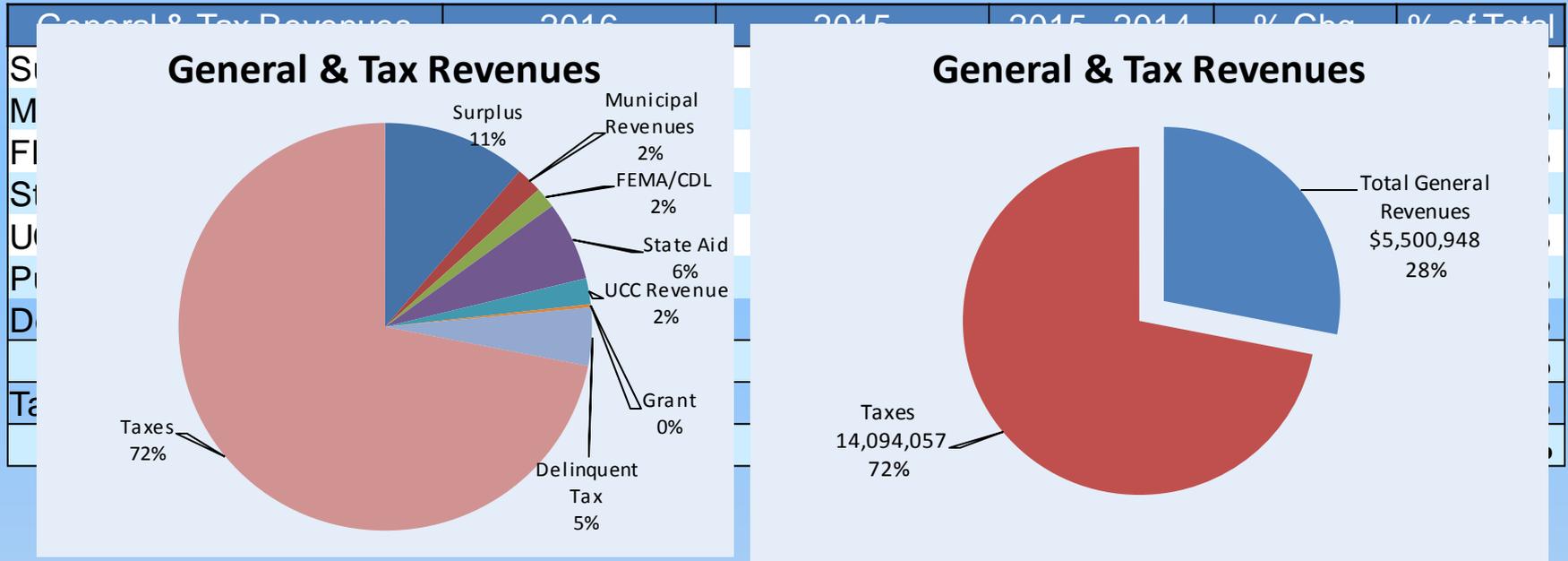
Budget - Revenue

- Total Municipal Revenue decreased by \$237,727 from \$19,832,732 in 2015 to \$19,595,005 in 2016.
- Anticipated Surplus did not change in 2016.
- Municipal Revenue decreased by \$63,604 (-13.63%)
- FEMA Reimbursement increased by \$113,171 (+54.74%).
- State Aid did not change in 2016.
- Uniform Construction Code Fees did not change in 2016.
- Public Private Grant decreased by \$379,807 (-88.27%)
- Delinquent Tax Receipt decreased by \$200,000 (-18.18%)
- Amount to be Raised by Taxation increased by \$292,5013 (2.12%)

2016 Budget - Revenue

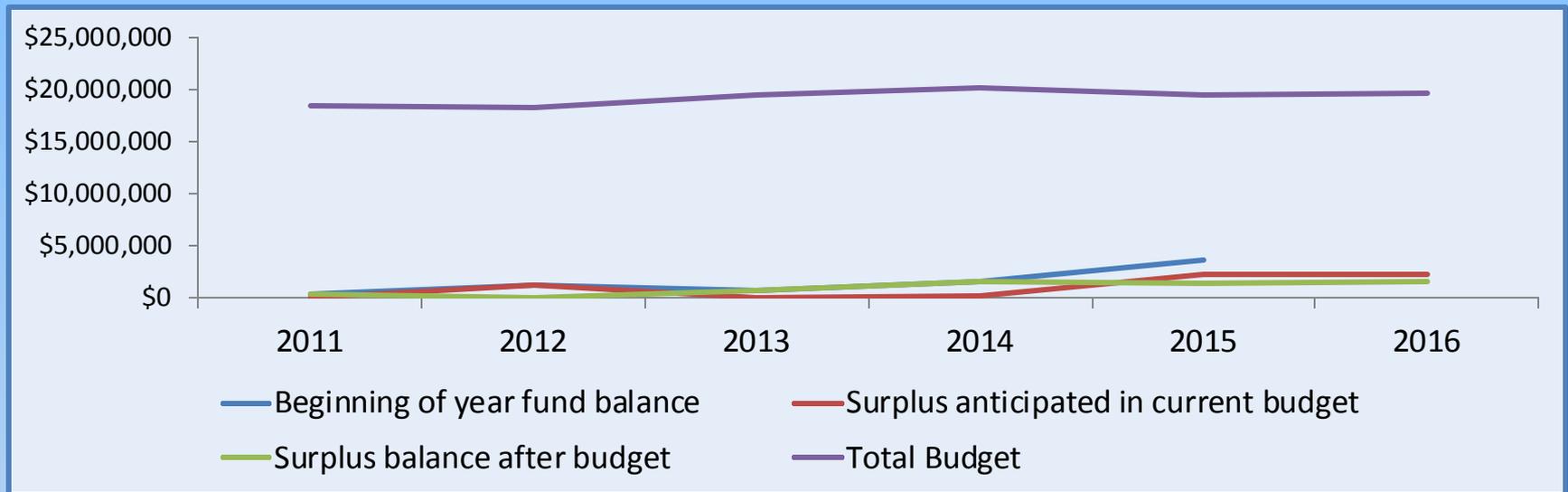
General & Tax Revenues	2016	2015	2015 - 2014	% Chg	% of Total
Surplus	\$2,200,000	\$2,200,000	\$0	0.00%	11.23%
Municipal Revenues	\$403,000	\$466,604	(\$63,604)	-13.63%	2.06%
FEMA/CDL	\$319,921	\$206,750	\$113,171	54.74%	1.63%
State Aid	\$1,227,576	\$1,227,576	\$0	0.00%	6.26%
UCC Revenue	400,000.00	400,000.00	\$0	0.00%	2.04%
Public & Private Grants	50,451.00	\$430,258	(\$379,807)	-88.27%	0.26%
Delinquent Tax	900,000.00	1,100,000.00	(\$200,000)	-18.18%	4.59%
Total General Revenues	\$5,500,948	\$6,031,188	(\$530,240)	-8.79%	28.07%
Taxes	14,094,057	13,801,544	\$292,513	2.12%	71.93%
Total Revenues	\$19,595,005	\$19,832,732	(\$237,727)	-1.20%	100.00%

2016 Budget - Revenue



Fund Surplus Use & Balances

Item	2011	2012	2013	2014	2015	2016	2016-2015
Beginning of year fund balance	\$326,101	\$1,251,473	\$677,493	\$1,623,939	3,595,411	3,745,345	149,934
Surplus anticipated in current budget	\$0	\$1,221,000	\$0	\$100,000	2,200,000	2,200,000	0
Surplus balance after budget	\$326,101	\$30,473	\$677,493	\$1,523,939	1,395,411	1,545,345	149,934
Total Budget	\$18,411,903	\$18,299,873	\$19,461,232	\$20,199,943	19,413,251	19,595,005	181,754
Surplus percent of budget	1.77%	0.17%	3.48%	7.54%	7.19%	7.89%	-
Total results of current yr operations	\$925,372	\$647,020	\$946,446	\$2,071,472	2,349,933.64		
Ending surplus balance	\$1,251,473	\$677,493	\$1,623,939	\$3,595,411	\$3,745,345		



2016 Water/Sewer Revenue

Water/Sewer Utility Revenue	2016	2015	2016 - 2015	% Chg	% of Total
Surplus	\$189,634	\$732,226	(\$542,592)	-74.10%	2.89%
Water/Sewer Rents	\$6,282,000	\$6,240,000	\$42,000	0.67%	95.61%
FEMA/CDL	\$0	\$0	\$0	100.00%	0.00%
Interest	\$40,000	\$40,000	\$0	0.00%	0.61%
Miscellaneous	59,000.00	59,000.00	\$0	0.00%	0.90%
Total General Revenues	\$6,570,634	\$7,071,226	(\$500,592)	-7.08%	100.00%

Budget Appropriation

- Budget Appropriation decreased by \$277,727 from \$19,872,732 in 2015 to \$19,595,005
- Total Employee compensation including Salaries and Benefit increased by \$500,744 (4.73%).
 - The Employee compensation represent 56.44% of total budget.
 - The budget includes 2% Salary increases for all unions salary guide
 - Employee contribution ranges from 8% to 35% of Health Benefit cost based on the maximum contribution rate per chapter 78 of state statue.
- Other Expenses increased by \$95,599 (2.33%).
 - Major increase is Reimbursement for reimbursement to Snow and Solid Waste cost reimbursement to condominium association (Municipal Service Act), Snow Removal, Legal Services
 - Major decreases are Utilities and departmental other expenses
- Inter-local service agreement decreased by \$50,000 (-34.48%).
 - Building Department service contract were not renewed in 2015.
- Public & Private Grants decreased by \$379,807 (-88.27%)

Budget Appropriation

- Emergency Appropriation decreased by \$365,998 (-90.15%)
 - Emergency Appropriation authorized for Hurricane Sandy has been fully paid in 2015. Special Emergency for Employee Termination Cost payout has been fully paid in 2015.
 - Emergency Appropriation for Engineering Services authorized in 2015 is included in 2016 budget.
- Reserve for Uncollected Taxes is increased by \$70,564 (4.10%)
 - This is a statutory non-spending appropriation.
 - The actual tax collection rate for 2015 was 98.10%.
 - The projected tax collection rate for 2016 is 97.15%.

2016 Budget - Appropriations

Current Fund Appropriations	2016 Recommend	2015 As Amended	Chg. over 2015	% Chg.	% of Total
Salaries & Wages	\$7,501,011	\$7,163,864	\$337,147	4.71%	38.28%
Health Insurance	\$1,886,000	\$1,860,000	\$26,000	1.40%	9.62%
Social Security	\$550,000	\$525,000	\$25,000	4.76%	2.81%
Pension-PFRS	\$830,300	\$783,247	\$47,053	6.01%	4.24%
Pension-PERS	\$255,078	\$254,434	\$644	0.25%	1.30%
Total Employee Comp	\$11,022,389	\$10,586,545	\$435,844	4.12%	56.25%
Other Expenses	\$4,218,574	\$4,105,560	\$113,014	2.75%	21.53%
Interlocal Services	\$95,000	\$145,000	(\$50,000)	-34.48%	0.48%
Public & Private Grants	\$50,451	\$430,258	(\$379,807)	-88.27%	0.26%
Capital Improvements	\$110,000	\$110,000	\$0	0.00%	0.56%
Debt Service & Def. Charg.	\$2,268,515	\$2,368,466	(\$99,951)	-4.22%	11.58%
Emergency Approp.	\$40,000	\$405,998	(\$365,998)	-90.15%	0.20%
Resrv. For Uncoll. Taxes	\$1,790,076	\$1,720,905	\$69,171	4.02%	9.14%
Total Appropriations	\$19,595,005	\$19,872,732	(\$277,727)	-1.40%	100.00%

% of benefits to budget 18%

2016 Budget - Appropriations

Current Fund Appropriations	2016 Recommend	Other Expenses	2016 Amount	2015 Amount
Salaries & Wages	\$7,501,011	Audit	\$45,000	\$55,000
Health Insurance	\$1,886,000	Unemployment Insurance	\$60,000	\$60,000
Social Security	\$550,000	Fire Department	\$182,835	\$152,785
Pension-PFRS	\$830,300	Aid to Volunteer Ambulance Services	\$95,000	\$90,000
Pension-PERS	\$255,078	LOSAP	\$95,000	\$95,000
Total Employee Comp	\$11,022,389	Engineering	\$100,000	\$100,000
Other Expenses	\$4,218,574	Municipal Service Act	\$195,000	\$135,000
Interlocal Services	\$95,000	Legal	\$200,000	\$175,000
Public & Private Grants	\$50,451	Public Works	\$245,400	\$205,700
Capital Improvements	\$110,000	Police Department (including vehicle)	\$341,293	\$344,822
Debt Service & Def. Charg.	\$2,268,515	Liability Insurance	\$450,000	\$404,161
Emergency Approp.	\$40,000	Solid Waster/Recycling	\$1,466,800	\$1,403,000
Resrv. For Uncoll. Taxes	\$1,790,076	Utilities	\$414,000	\$449,000
Total Appropriations	\$19,595,005	Miscellaneous Other Expenses	\$328,246	\$436,092
		Total	\$4,218,574	\$4,105,560

% of benefits to budget 18%

2016 Water/Sewer Appropriation

Water/Sewer Utility Appropriation	2016 Recommend	2015	Chg. over 2016	% Chg.	% of Total
Salaries & Wages	\$1,326,611	\$1,353,648	-\$27,037	-2.00%	20.19%
Pension-PERS	\$253,078	\$252,434	\$644	0.26%	3.85%
Social Security	\$92,000	\$90,000	\$2,000	2.22%	1.40%
Health Insurance	\$295,193	\$265,093	\$30,100	11.35%	4.49%
Ocean County MUA	\$2,532,000	\$2,624,138	-\$92,138	-3.51%	38.54%
Other Expenses	\$1,479,912	\$1,693,013	-\$213,101	-12.59%	22.52%
Capital Improvements	\$60,000	\$60,000	\$0	0.00%	0.91%
Debt Service & Def. Charg.	\$531,840	\$553,900	-\$22,060	-3.98%	8.09%
Total Appropriations	\$6,570,634	\$6,892,226	-\$321,592	-4.67%	100.00%

Tax Rate Comparison

	# of units	Assessed Value
2016 Residential	7685	\$2,932,894,600
2016 All Other	541	\$296,219,610
2016 Total	8226	\$3,229,114,210
Average Residential Assessed Value		\$381,600.00
2016 Tax Rate / \$100 Valuation	0.436	\$1,664
2015 Tax Rate / \$100 Valuation	0.430	\$1,641
Increase (2016 vs. 2016)	0.006	\$23
% Increase	1.40%	1.40%

	2016	2015	Change %
Total Assessed Value	Assessed Value \$3,229,114,210	Assessed Value \$3,211,277,410	Assessed Value change 17,836,800
			0.56%

Tax Rate History

Rates

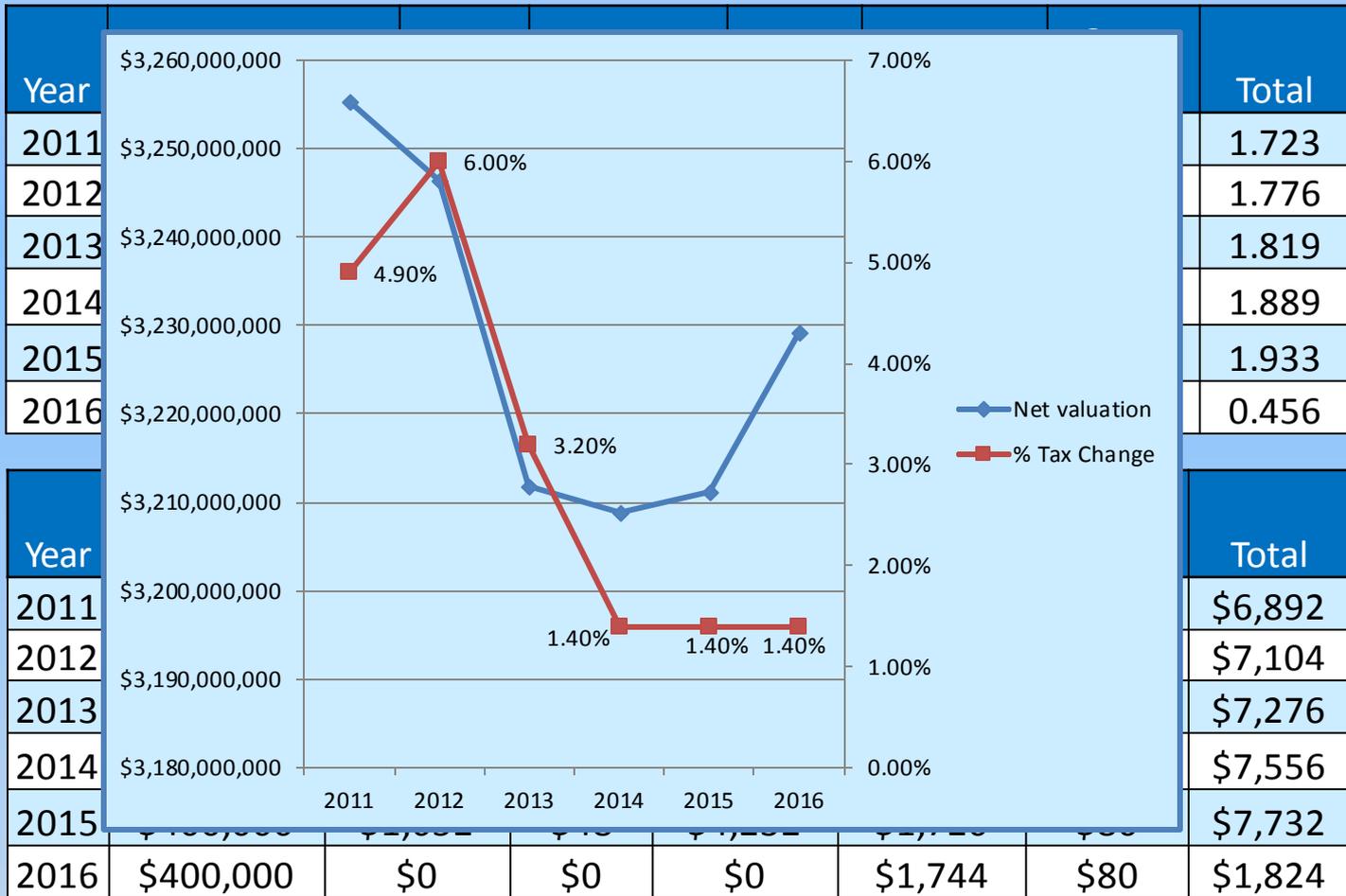
Year	Net valuation	County	County OS	School	Borough	Open Space	Total
2011	\$3,255,383,610	0.368	0.013	0.940	0.382	0.020	1.723
2012	\$3,246,339,010	0.377	0.014	0.960	0.405	0.020	1.776
2013	\$3,211,861,410	0.385	0.012	0.984	0.418	0.020	1.819
2014	\$3,208,752,210	0.400	0.012	1.033	0.424	0.020	1.889
2015	\$3,211,176,410	0.413	0.012	1.058	0.430	0.020	1.933
2016	\$3,229,114,210				0.436	0.020	0.456

Taxes

Year	Sample Value	County	County OS	School	Borough	Open Space	Total
2011	\$400,000	\$1,472	\$52	\$3,760	\$1,528	\$80	\$6,892
2012	\$400,000	\$1,508	\$56	\$3,840	\$1,620	\$80	\$7,104
2013	\$400,000	\$1,540	\$48	\$3,936	\$1,672	\$80	\$7,276
2014	\$400,000	\$1,600	\$48	\$4,132	\$1,696	\$80	\$7,556
2015	\$400,000	\$1,652	\$48	\$4,232	\$1,720	\$80	\$7,732
2016	\$400,000	\$0	\$0	\$0	\$1,744	\$80	\$1,824

Tax Rate History

Rates



Taxes

Year	Total
2011	\$6,892
2012	\$7,104
2013	\$7,276
2014	\$7,556
2015	\$7,732
2016	\$1,824

Challenges

Main Financial Challenges

- National, State and Local Economic Conditions...?
- **Weather Related Emergencies and Related Costs...!?!?**
- Additional Contractual Cost Increases...?
- *Collective Bargaining Agreements and Related Negotiations ...?*
- Accumulated Time Payouts for Retirees...?
- Increasing Number of Tax Appeals...?
- New and Unfunded State Mandates...?
- Further Cuts to Municipal State Aid...?
- Return of CDL in future years..?

Objectives

Continuing Financial Objectives

- 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 Public Schools, Ocean County Government and/or neighboring municipalities



Point Pleasant Borough

Thank You