



**Point Pleasant Borough**

# Point Pleasant Borough, NJ 2015 Budget Public Hearing

May 26, 2015

# Presentation

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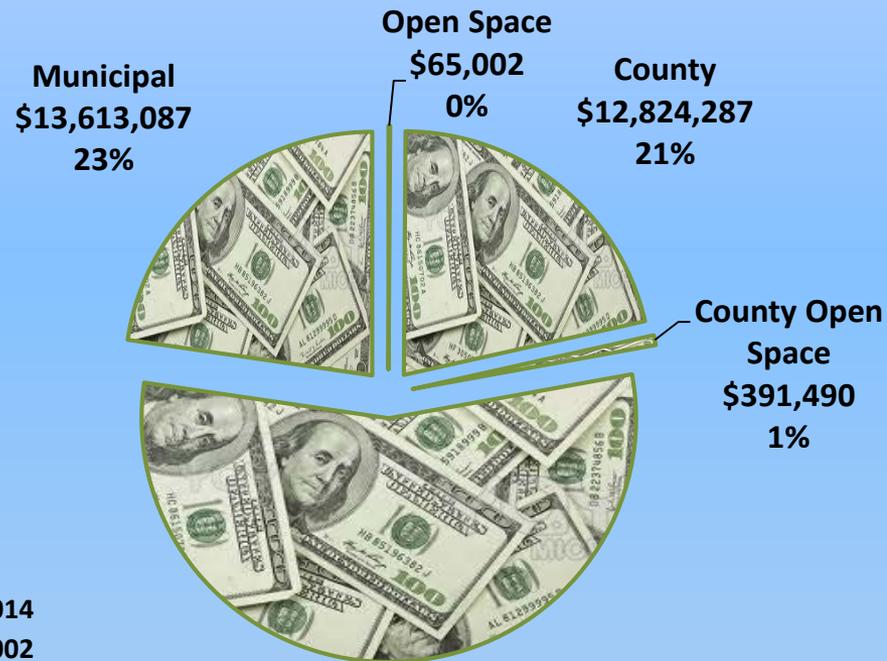
1. Background & Timeline
2. Debt Summary
3. 2015 Budget
  - Revenues
  - Appropriations
  - Taxes
4. Challenges & Objectives
5. Q&A

# Background

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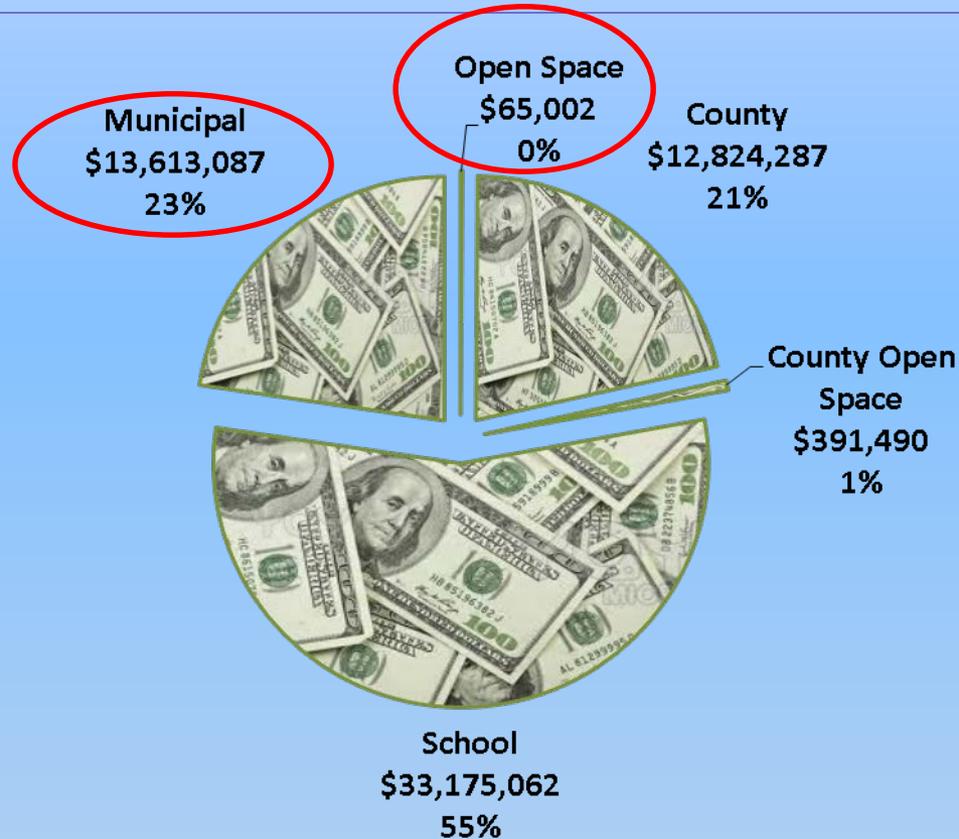
- Under state law, a municipality must pass its annual budget in order to spend money or to tax residents for that year.
  - By law taxes must equal appropriations (spending) less revenues.
  - Projected budget revenue cannot exceed last year's actual revenue.
  - Expenses cannot exceed the budgeted amount.
  - Transfer within "CAP" are only allowed in last two months of the fiscal year (Nov/Dec)
- **Strict municipal budget form specified by the state:**
  - Strict state oversight performed by Division of Local Government Services/Department of Community Affairs.
  - Annual Reports (AFS/ADS/Audit) are filed with DLGS and review by DLGS.
  - CFO must file corrective action plan for Comments and Recommendation in audit

# Tax Revenue Allocation



	<b>2014</b>
Open Space	\$65,002
County	\$12,824,287
County Open Space	\$391,490
School	\$33,175,062
Municipal	\$13,613,087
	<b>\$60,068,928</b>

# Tax Revenue Allocation



Total Taxes	\$60,068,928
Net Taxable Valuation	\$3,211,392,070
Ave. Residential Property Value	\$379,647
Average Residential Tax	\$ 1,610.00

# Budget Timeline

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## **September 2014**

- Memorandum and budget guidelines sent to Department Heads

## **January 2015**

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

## **March 2015**

- State Aid Certification
- Department meeting with Administration

## **April 2015**

- Finance Committee Review and Recommendation
- Municipal Budget Introduction – April 21, 2015

## **May 2015**

- *Municipal Budget Public Hearing – May 26, 2015*
- *Municipal Budget Adoption – May 26, 2015*

# Presentation

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1. Background & Timeline
2. Debt Summary
3. Open Space Finances
4. 2015 Budget
  - Revenues
  - Appropriations
  - Taxes
5. Challenges & Objectives
6. Q&A

# Borough Debt Current & Water/Sewer

- Point Pleasant debt rating: **Aa3**

Year	Debt O/S	Principal Payment	Interest Payment	Servicing Payments
2015	18,023,678	2,309,427	583,746	\$2,893,173
2016	\$15,725,252	\$1,163,977	\$476,644	\$1,640,621
2017	\$14,561,275	\$1,228,527	\$483,194	\$1,711,721
2018	\$13,332,748	\$1,301,721	\$447,794	\$1,749,515
2019	\$12,031,027	\$1,377,915	\$407,026	\$1,784,941
2020	\$10,653,112	\$1,497,165	\$363,619	\$1,860,784
2021	\$9,155,947	\$1,596,165	\$316,494	\$1,912,659
2022	\$7,559,782	\$1,785,165	\$266,139	\$2,051,304
2023	\$5,774,617	\$1,804,165	\$211,769	\$2,015,934
2024	\$3,970,452	\$1,818,165	\$147,969	\$1,966,134
2025	\$2,152,286	\$362,165	\$76,969	\$439,134
2026	\$1,790,121	\$366,565	\$64,169	\$430,734
2027	\$1,423,556	\$395,815	\$51,369	\$447,184
2028	\$1,027,741	\$424,165	\$37,369	\$461,534
2029	\$603,576	\$425,815	\$22,169	\$447,984
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 OUTSTANDING

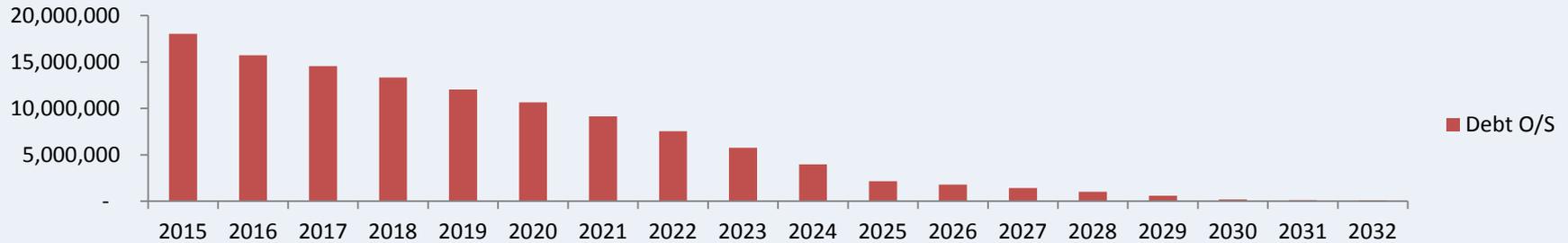
General Capital            8,180,000  
Water/Sewer Capital      1,360,0000

# Borough Debt Current & Water/Sewer

- Point Pleasant debt rating: **Aa3**

Year	Debt O/S	Principal Payment	Interest Payment	Servicing Payments
2015	18,023,678	2,309,427	583,746	\$2,893,173

**Point Pleasant  
Outstanding Bonds/Loan  
by Year**



2029	\$603,576	\$425,815	\$22,169	\$447,984
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

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# Budget Highlights

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- Community Disaster Loan(CDL) is not available for 2015.
- Budget is under state mandated Levy CAP and Appropriation CAP.
- The Collection Rate Improved by 1% in 2014 resulting Delinquent Tax Revenue down as well as Reserve for Uncollected Taxes Appropriation down.

# Budget Drivers - Revenue

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- Revenue Decrease
  - CDL, grants, interest income, delinquent tax receipt
- Revenue Increase
  - Anticipated surplus  
Construction Code Fees
- Hurricane Sandy Cost and Recovery
  - Total Emergency Appropriation approved for **1,033,750** in 2012.
  - FEMA reimbursed **\$768,487** to date

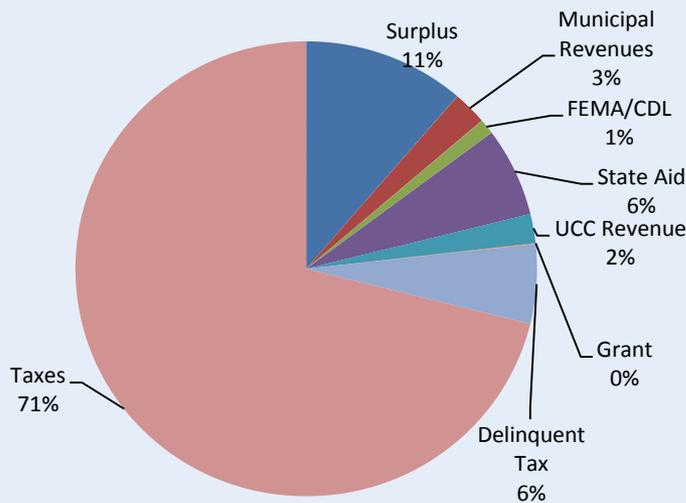
# 2015 Budget - Revenue

General & Tax Revenues	2015	2014	2015 - 2014	% Chg	% of Total
Surplus	\$2,200,000	\$100,000	\$2,100,000	2100%	11%
Municipal Revenues	\$466,604	\$433,000	\$33,604	8%	2%
FEMA/CDL	\$206,750	\$2,346,805	(\$2,140,055)	-91%	1%
State Aid	\$1,227,576	\$1,227,576	\$0	0%	6%
UCC Revenue	400,000.00	300,000.00	\$100,000	33%	2%
Public & Private Grants	10,777.00	\$279,475	(\$268,698)	-96%	0%
Delinquent Tax	1,100,000.00	1,900,000.00	(\$800,000)	-42%	6%
<b>Total General Revenues</b>	<b>\$5,611,707</b>	<b>\$6,586,856</b>	<b>(\$975,149)</b>	<b>-15%</b>	<b>29%</b>
Taxes	13,801,544.00	13,613,087.00	\$188,457	1%	71%
<b>Total Revenues</b>	<b>\$19,413,251</b>	<b>\$20,199,943</b>	<b>(\$786,692)</b>	<b>-4%</b>	<b>100%</b>

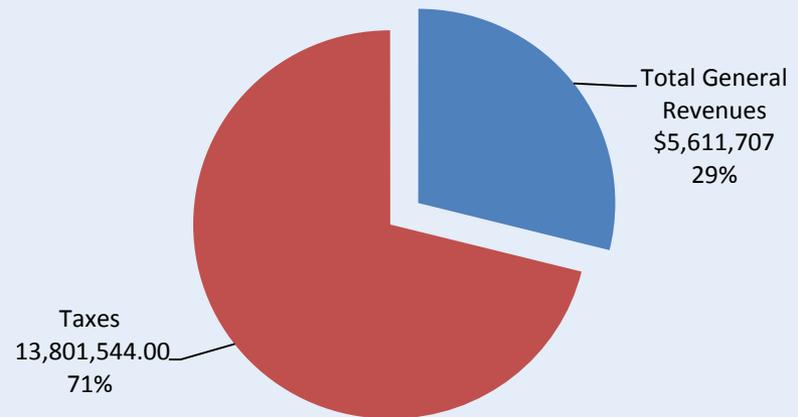
# 2015 Budget - Revenue

General & Tax Revenues	2015	2014	2015 - 2014	% Chg	% of Total
Surplus	\$2,200,000	\$100,000	\$2,100,000	2100%	11%

**General & Tax Revenues**

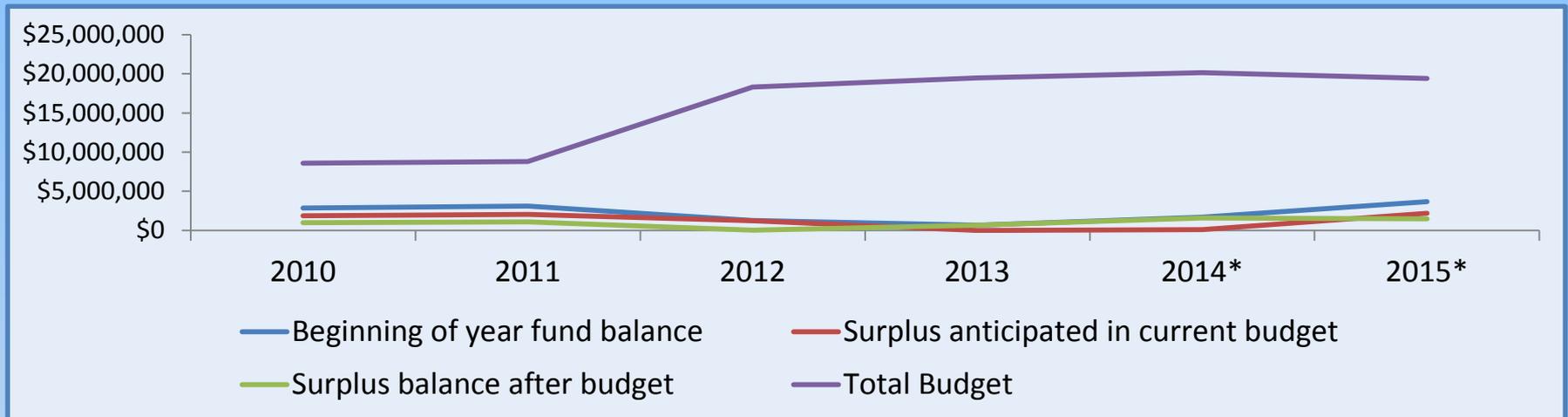


**General & Tax Revenues**



# Fund Surplus Use & Balances

Item	2010	2011	2012	2013	2014*	2015*	2015-2014
Beginning of year fund balance	\$2,860,221	\$3,119,791	\$1,251,473	\$677,493	\$1,682,148	3,665,963	1,983,815
Surplus anticipated in current budget	\$1,870,000	\$2,030,000	\$1,221,000	\$0	\$100,000	2,200,000	2,100,000
Surplus balance after budget	\$990,221	\$1,089,791	\$30,473	\$677,493	\$1,582,148	1,465,963	(116,185)
Total Budget	\$8,571,186	\$8,802,025	\$18,299,873	\$19,461,232	\$20,159,358	19,404,246	(755,112)
Surplus percent of budget	1.87%	1.77%	0.17%	3.48%	7.85%	7.55%	-
Total results of current yr operations	\$2,129,570	\$1,554,654	\$647,020	\$1,004,655	\$2,083,815	0.00	
Ending surplus balance	\$3,119,791	\$2,644,445	\$677,493	\$1,682,148	\$3,665,963	\$1,465,963	



# 2015 Water/Sewer Revenue

Water/Sewer Utility Revenue	2015	2014	2015 - 2014	% Chg	% of Total
Surplus	\$721,226	\$0	\$721,226	100%	10%
Water/Sewer Rents	\$6,240,000	\$6,050,000	\$190,000	3%	88%
FEMA/CDL	\$0	\$300,684	(\$300,684)	-100%	0%
Interest	\$40,000	\$40,000	\$0	0%	1%
Miscellaneous	70,000.00	80,000.00	(\$10,000)	-13%	1%
<b>Total General Revenues</b>	<b>\$7,071,226</b>	<b>\$6,470,684</b>	<b>\$600,542</b>	<b>9%</b>	<b>100%</b>

## Budget Drivers

- CDL funding is not available
- Fund balance after the use of Surplus is \$236,212.00

# Drivers – Expenses

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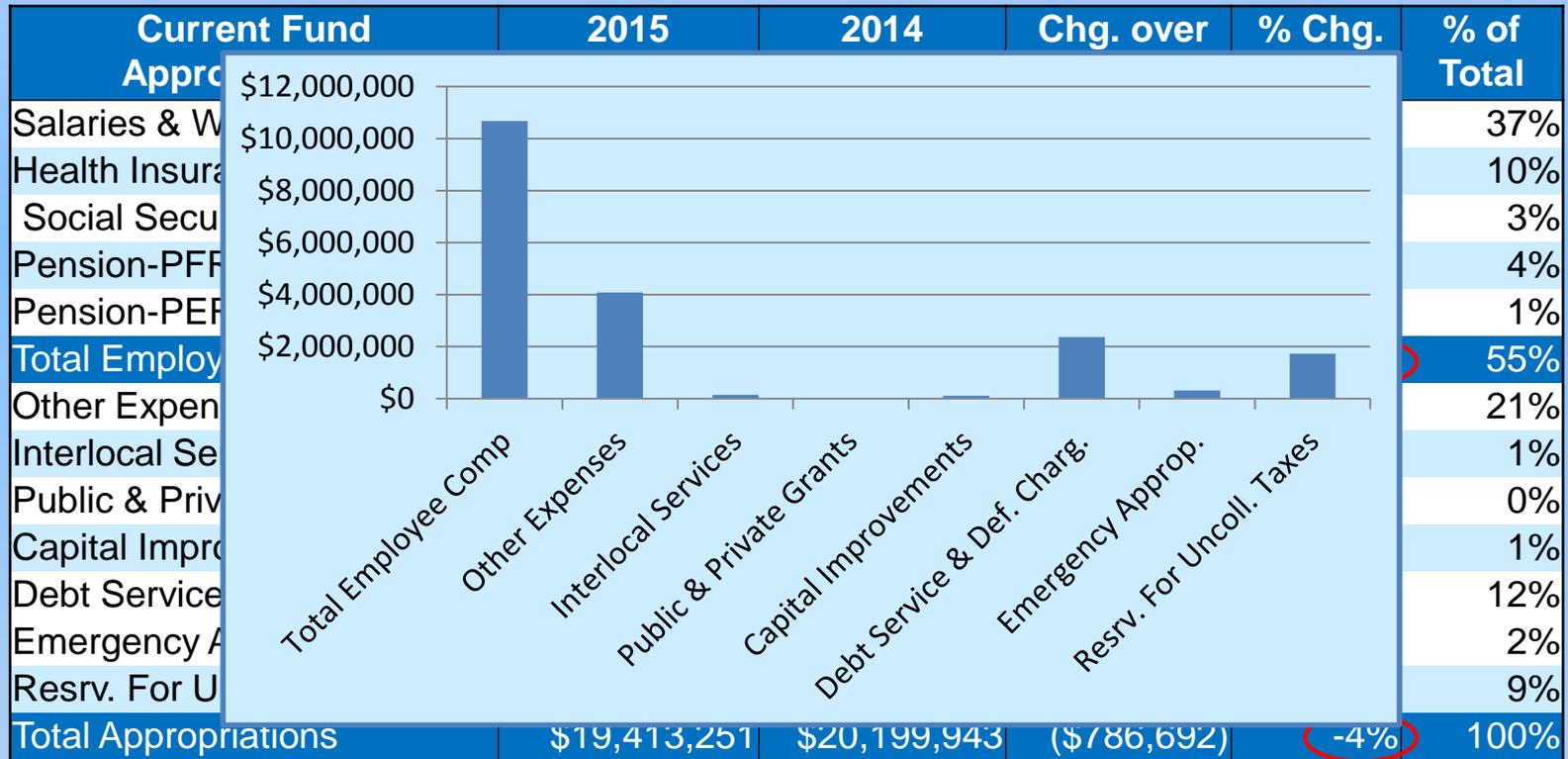
- Expense Increase
  - Salary & Benefit Cost, Miscellaneous Other Expenses
- Expense Decrease
  - Debt Service, Grants, Reserve for Uncollected Taxes

# 2015 Budget - Appropriations

Current Fund Appropriations	2015 Recommend	2014	Chg. over 2014	% Chg.	% of Total
Salaries & Wages	\$7,244,614	\$6,865,892	\$378,722	5.52%	37.32%
Health Insurance	\$1,868,500	\$1,783,500	\$85,000	4.77%	9.62%
Social Security	\$530,000	\$530,000	\$0	0.00%	2.73%
Pension-PFRS	\$783,247	\$740,336	\$42,911	5.80%	4.03%
Pension-PERS	\$254,434	\$245,048	\$9,386	3.83%	1.31%
<b>Total Employee Comp</b>	<b>\$10,680,795</b>	<b>\$10,164,776</b>	<b>\$516,019</b>	<b>5.08%</b>	<b>55.02%</b>
Other Expenses	\$4,078,934	\$3,894,409	\$184,525	4.74%	21.01%
Interlocal Services	\$145,000	\$109,100	\$35,900	32.91%	0.75%
Public & Private Grants	\$10,777	\$279,475	(\$268,698)	-96.14%	0.06%
Capital Improvements	\$110,000	\$110,000	\$0	0.00%	0.57%
Debt Service & Def. Charg.	\$2,360,466	\$2,925,200	(\$564,734)	-19.31%	12.16%
Emergency Approp.	\$306,374	\$306,374	\$0	0.00%	1.58%
Resrv. For Uncoll. Taxes	\$1,720,905	\$2,410,609	(\$689,704)	-28.61%	8.86%
<b>Total Appropriations</b>	<b>\$19,413,251</b>	<b>\$20,199,943</b>	<b>(\$786,692)</b>	<b>-3.89%</b>	<b>100.00%</b>

% of benefits to total budget 18%

# 2015 Budget - Appropriations



% of benefits to total budget 18%

# 2015 Budget - Appropriations

Current Fund Appropriations	2015 Recommend	2014	Chg. over 2014	% Chg.	% of Total
Salaries & Wages	\$7,244,614	<b>Other Expenses</b>			<b>Amount</b>
Health Insurance	\$1,868,500	Audit			\$55,000
Social Security	\$530,000	Unemployment Insurance			\$60,000
Pension-PFRS	\$783,247	Prior Years Bills			\$63,842
Pension-PERS	\$254,434	Aid to Volunteer Ambulance Services			\$90,000
<b>Total Employee Comp</b>	<b>\$10,680,795</b>	LOSAP			\$95,000
Other Expenses	\$4,078,934	Engineering			\$100,000
Interlocal Services	\$145,000	Municipal Service Act			\$135,000
Public & Private Grants	\$10,777	Aid to Fire Companies			\$152,785
Capital Improvements	\$110,000	Legal			\$175,000
Debt Service & Def. Charg.	\$2,360,466	Public Works			\$205,700
Emergency Approp.	\$306,374	Police Department (including vehicle)			\$344,822
Resrv. For Uncoll. Taxes	\$1,720,905	Liability Insurance			\$404,161
<b>Total Appropriations</b>	<b>\$19,413,251</b>	Solid Waster/Recycling			\$773,000
		Utilities			\$1,079,000
		Miscellaneous Other Expenses			\$345,624
		<b>Total</b>			<b>\$4,078,934</b>

% of benefits to total budget 18%

# Department Salaries

	2015 Recommend	2014 Adopted	Chg. over 2014	% Chg.	% of Total
Administration/Clerk/MC*	\$211,271	\$219,435	(\$8,164)	-3.72%	2.99%
Finance/Tax/Assessment	\$302,802	\$305,237	(\$2,435)	-0.80%	4.29%
Planning/Zonning	\$17,000	\$17,000	\$0	0.00%	0.24%
UCC/Code	\$538,592	\$491,408	\$47,184	9.60%	7.63%
Public Works	\$1,174,998	\$1,138,141	\$36,857	3.24%	16.65%
Health Services	\$65,182	\$63,000	\$2,182	3.46%	0.92%
Recreation	\$267,292	\$257,760	\$9,532	3.70%	3.79%
Police	\$4,451,124	\$3,967,368	\$483,756	12.19%	63.08%
Municipal Court	\$28,543	\$28,543	\$0	0.00%	0.40%
<b>Total Department</b>	<b>\$7,056,804</b>	<b>\$6,487,892</b>	<b>\$568,912</b>	<b>8.77%</b>	<b>100.00%</b>
Annual Leave Payout	\$147,810	\$370,000	(\$222,190)	-60.05%	2.04%
Salary Adjustments	\$40,000	\$8,000	\$32,000	400.00%	0.55%
<b>Total All Salaires &amp; Wages</b>	<b>\$7,244,614</b>	<b>\$6,865,892</b>	<b>\$378,722</b>	<b>5.52%</b>	

# Department Total Cost

Amounts are in Thousand

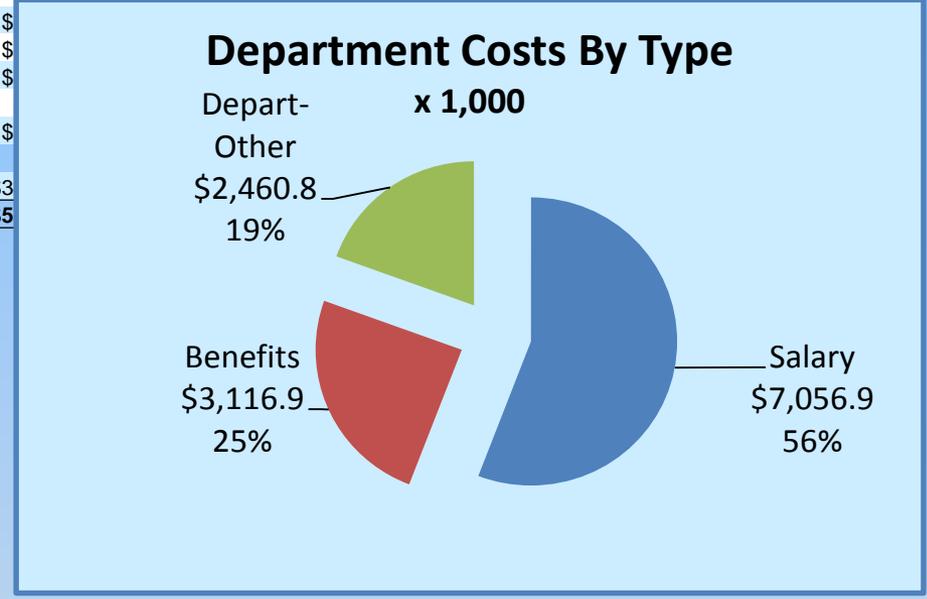
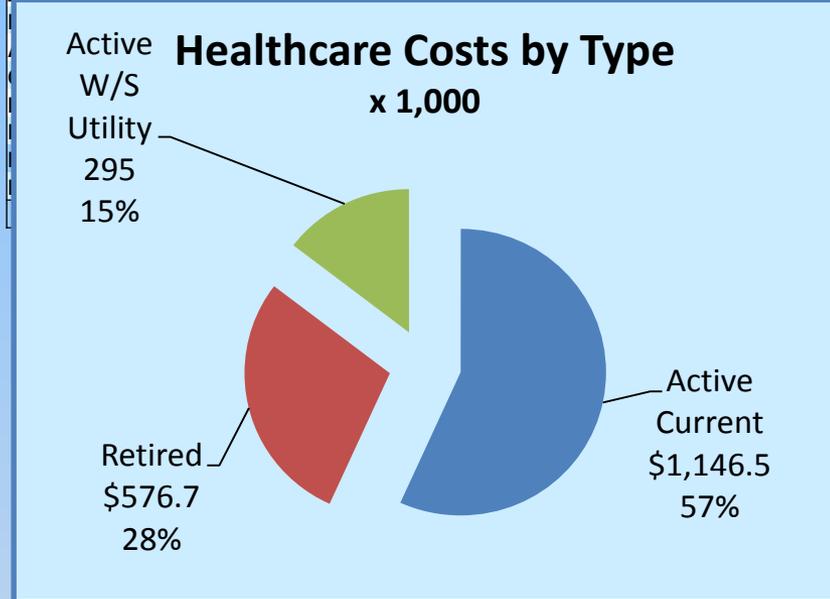
Department	Salaries + Overtime	Pension	Health Insurance	Payroll Taxes	Total Emp. Comp.	Retiree Health Insurance	Other Dept. Expenses	Total Dept. Cost	% of Op Budget	% of Total Dept.
Legal Svcs.							\$175.0	\$175.0	0.9%	1.4%
Engineering							\$100.0	\$100.0	0.5%	0.8%
Municipal Court	\$28.5	\$1.0			\$29.6		\$66.1	\$95.6	0.5%	0.8%
Planning Bd	\$8.5	\$0.3		\$0.7	\$9.5		\$15.6	\$25.0	0.1%	0.2%
Zoning Bd	\$8.6	\$0.3		\$0.7	\$9.5		\$8.5	\$18.0	0.1%	0.1%
Finance/Tax/Assessment	\$302.8	\$10.8	\$76.5	\$23.2	\$413.3	\$39.0	\$144.7	\$597.1	3.1%	4.7%
Admin/Clerk/Mayor/Council	\$211.3	\$7.6	\$24.1	\$16.2	\$259.1	\$14.7	\$175.6	\$449.4	2.3%	3.6%
Construction	\$538.6	\$19.3	\$108.8	\$41.2	\$707.9		\$14.6	\$722.5	3.7%	5.7%
Health/Environment/AC	\$65.2	\$2.3		\$5.0	\$72.5	\$7.4	\$37.3	\$117.3	0.6%	0.9%
DPW	\$1,175.0	\$42.0	\$205.7	\$89.9	\$1,512.6	\$79.8	\$1,113.7	\$2,706.1	13.9%	21.4%
Recreation	\$267.3	\$9.6	\$80.8		\$357.6		\$22.1	\$379.7	2.0%	3.0%
Police/Vol Fire/First Aid	\$4,451.1	\$783.2	\$650.7	\$340.5	\$6,225.5	\$435.7	\$587.6	\$7,248.8	37.4%	57.4%
<b>Total</b>	<b>\$7,056.9</b>	<b>\$876.5</b>	<b>\$1,146.5</b>	<b>\$517.2</b>	<b>\$9,597.1</b>	<b>\$576.7</b>	<b>\$2,460.8</b>	<b>\$12,634.5</b>	<b>65.1%</b>	<b>100.0%</b>

**Total Operating Budget \$19,413,251**

# Department Total Cost

Amounts are in Thousand

Department	Salaries + Overtime	Pension	Health Insurance	Payroll Taxes	Total Emp. Comp.	Retiree Health Insurance	Other Dept. Expenses	Total Dept. Cost	% of Op Budget	% of Total Dept.
Legal Svcs.							\$175.0	\$175.0	0.9%	1.4%
Engineering							\$100.0	\$100.0	0.5%	0.8%
Municipal Court	\$28.5	\$1.0			\$29.6		\$66.1	\$95.6	0.5%	0.8%
Planning Bd	\$8.5	\$0.3		\$0.7	\$9.5		\$15.6	\$25.0	0.1%	0.2%
Zoning Bd	\$8.6	\$0.3		\$0.7	\$9.5		\$8.5	\$18.0	0.1%	0.1%



# Tax Rate Comparison

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	# of units	Assessed Value
2015 Residential	7664	\$2,909,611,100
2015 All Other		\$301,666,310
2015 Total		\$3,211,277,410
Average Residential Assessed Value		\$379,600.00
2015 Tax Rate / \$100 Valuation	0.430	\$1,632
2014 Tax Rate / \$100 Valuation	0.424	\$1,610
Increase (2015 vs. 2014)	0.006	\$22
% Increase	1.40%	1.40%

	2015	2014	Change
Total Assessed Value	Assessed Value \$3,211,176,410	Assessed Value change \$3,208,752,210	% \$2,424,200 0.08%

# Tax Rate History

## Rates

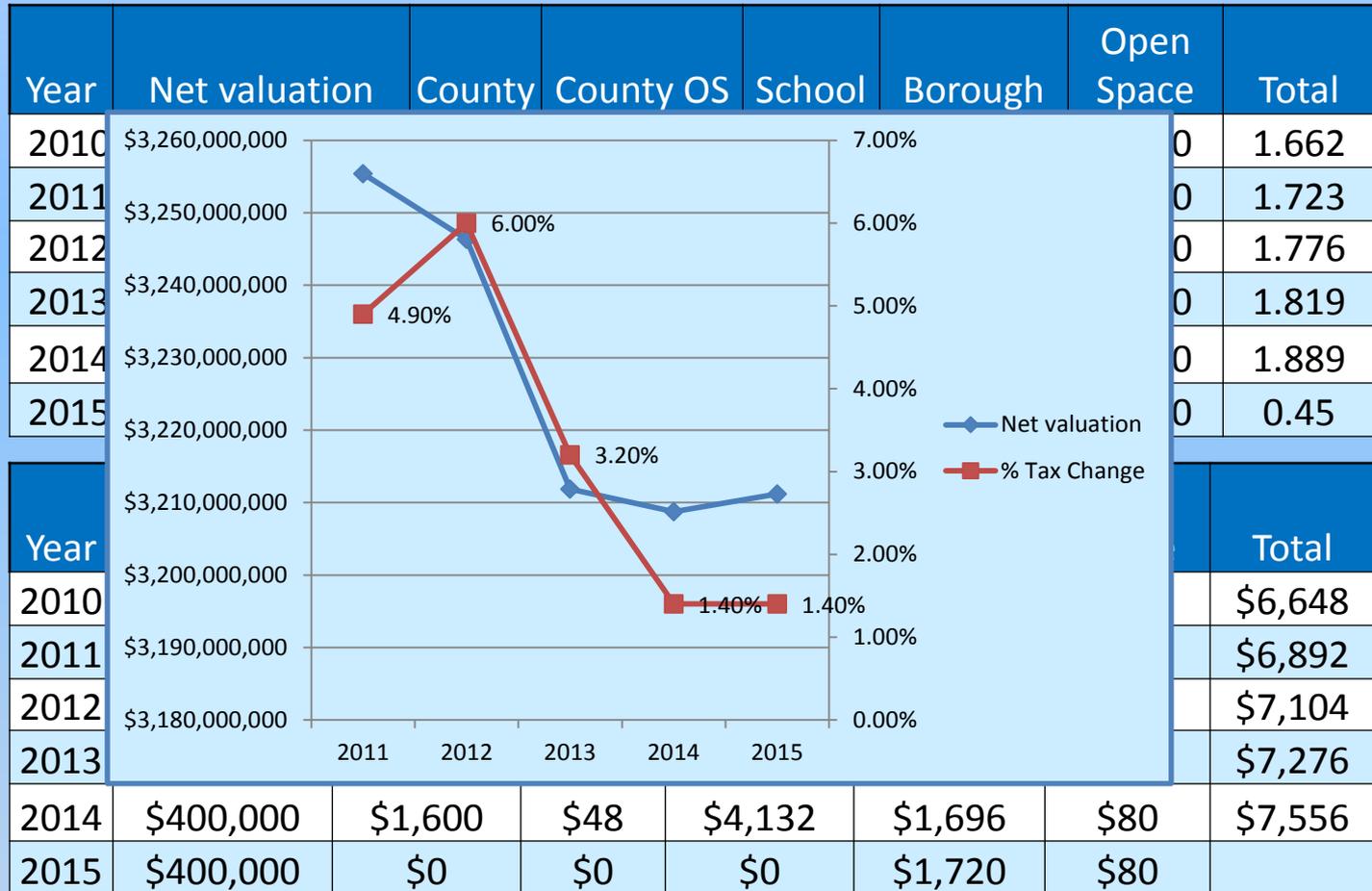
Year	Net valuation	County	County OS	School	Borough	Open Space	Total
2010	\$3,274,678,310	0.355	0.014	0.909	0.364	0.020	1.662
2011	\$3,255,383,610	0.368	0.013	0.94	0.382	0.020	1.723
2012	\$3,246,339,010	0.377	0.014	0.96	0.405	0.020	1.776
2013	\$3,211,861,410	0.385	0.012	0.984	0.418	0.020	1.819
2014	\$3,208,752,210	0.4	0.012	1.033	0.424	0.020	1.889
2015	\$3,211,176,410				0.430	0.020	0.45

## Taxes

Year	Sample Value	County	County OS	School	Borough	Open Space	Total
2010	\$400,000	\$1,420	\$56	\$3,636	\$1,456	\$80	\$6,648
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	\$0	\$0	\$0	\$1,720	\$80	

# Tax Rate History

## Rates



## Taxes

# 2015 Water/Sewer Appropriation

Water/Sewer Utility Appropriation	2015 Recommend	2014	Chg. over 2014	% Chg.	% of Total
Salaries & Wages	\$1,353,648	\$1,262,244	\$91,404	7%	19%
Pension-PERS	\$252,434	\$200,000	\$52,434	26%	4%
Social Security	\$90,000	\$90,000	\$0	0%	1%
Health Insurance	\$295,193	\$265,093	\$30,100	11%	4%
Ocean County MUA	\$2,624,138	\$2,084,000	\$540,138	26%	37%
Other Expenses	\$1,785,413	\$1,648,417	\$136,996	8%	25%
Capital Improvements	\$60,000	\$60,000	\$0	0%	1%
Debt Service & Def. Charg.	\$610,400	\$860,930	(\$250,530)	-29%	9%
<b>Total Appropriations</b>	<b>\$7,071,226</b>	<b>\$6,470,684</b>	<b>\$600,542</b>	<b>9%</b>	<b>100%</b>

## Budget Drivers

- Large Increase in Ocean County MUA
- Expired Bond Amortization lower the Debt Service Budget for 2015

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# Challenges

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## Main Financial Challenges

- Management of benefits cost increases
- Maintain fund balance level/surplus
- Eliminate Structure Budget Deficit in Current and Water/Sewer
- Manage the future Debt Amortization
- Return of CDL in future years.

# Objectives

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## Continuing Financial Objectives

- Ensure funding to maintain or improve quality of services to residents with trim government.
- Ensure conservative expenditures of tax dollars & stable tax rate.
- Maintain strong financial position, strong fund balance and manageable debt amortization.

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**Point Pleasant Borough**

**Thank You**