

Ocean Gate Budget 2024 Overview

11 September 2024

Special Thanks:

The finance committee:

Bruce R. Cox – Chairman

James McGrath – Council President

James Fry – Councilman

Robert Curtin – Mayor

Fred Ebenau - CFO

Many Meetings – Many Hours



Budget Basics (continued)

Common Pitfalls in Municipal Budgeting:

- Using one-time revenues for ongoing expenses endangers the financial future .
- Only looking at the impact of decisions on current budgets without regard to future budgets.
- Can't spend money that's not in the budget.

Surplus (Fund Balance)

The amount of unexpended funds that a municipality will have on hand for the next following fiscal year - a municipality's "rainy day account".

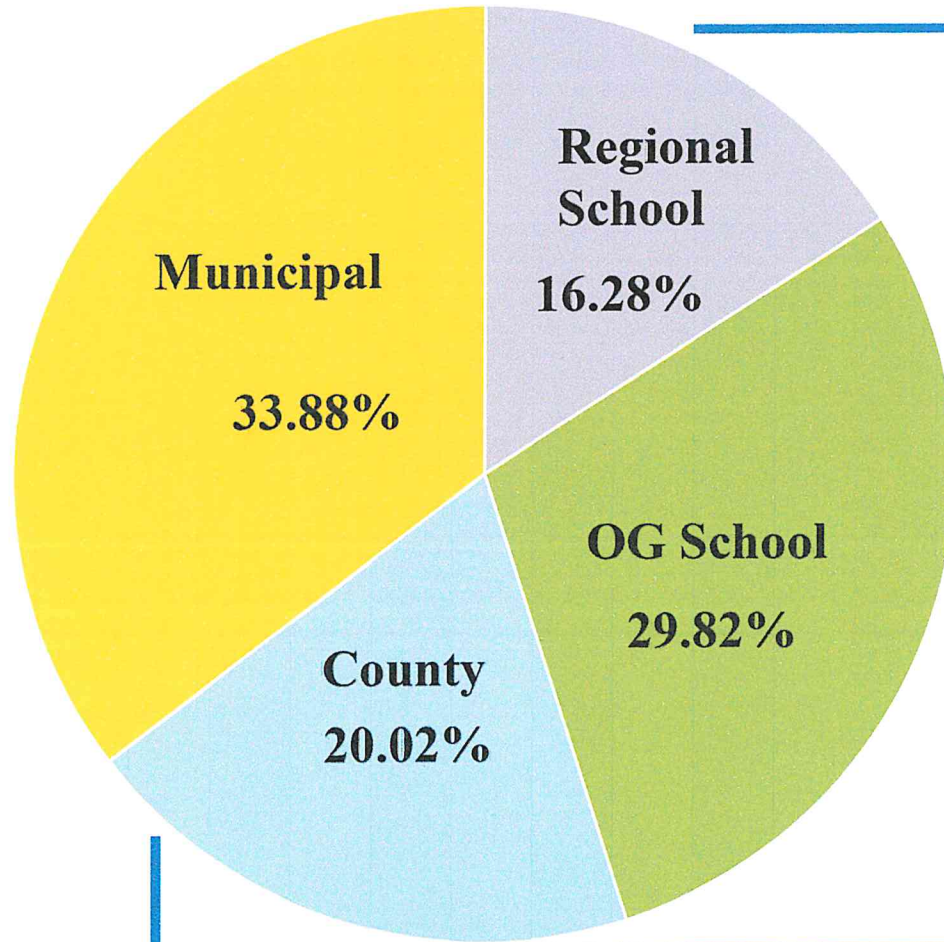
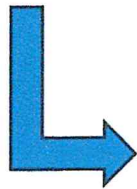


By accumulating surplus year-to-year, a municipality can help protect against unexpected revenue losses, and can be used to help reduce the need to increase the municipal tax levy when faced with substantial cost increases (be conservative when using surplus for this purpose).

The Division encourages municipalities to have an established policy concerning surplus accumulation and its sustainable use in the annual budget. Ratings agencies want to see this, which helps with a municipality's bond rating.

Breakdown of Taxes by Category





Portion of
Property
Taxes
controlled
by Council



We
collect
taxes for
these
entities



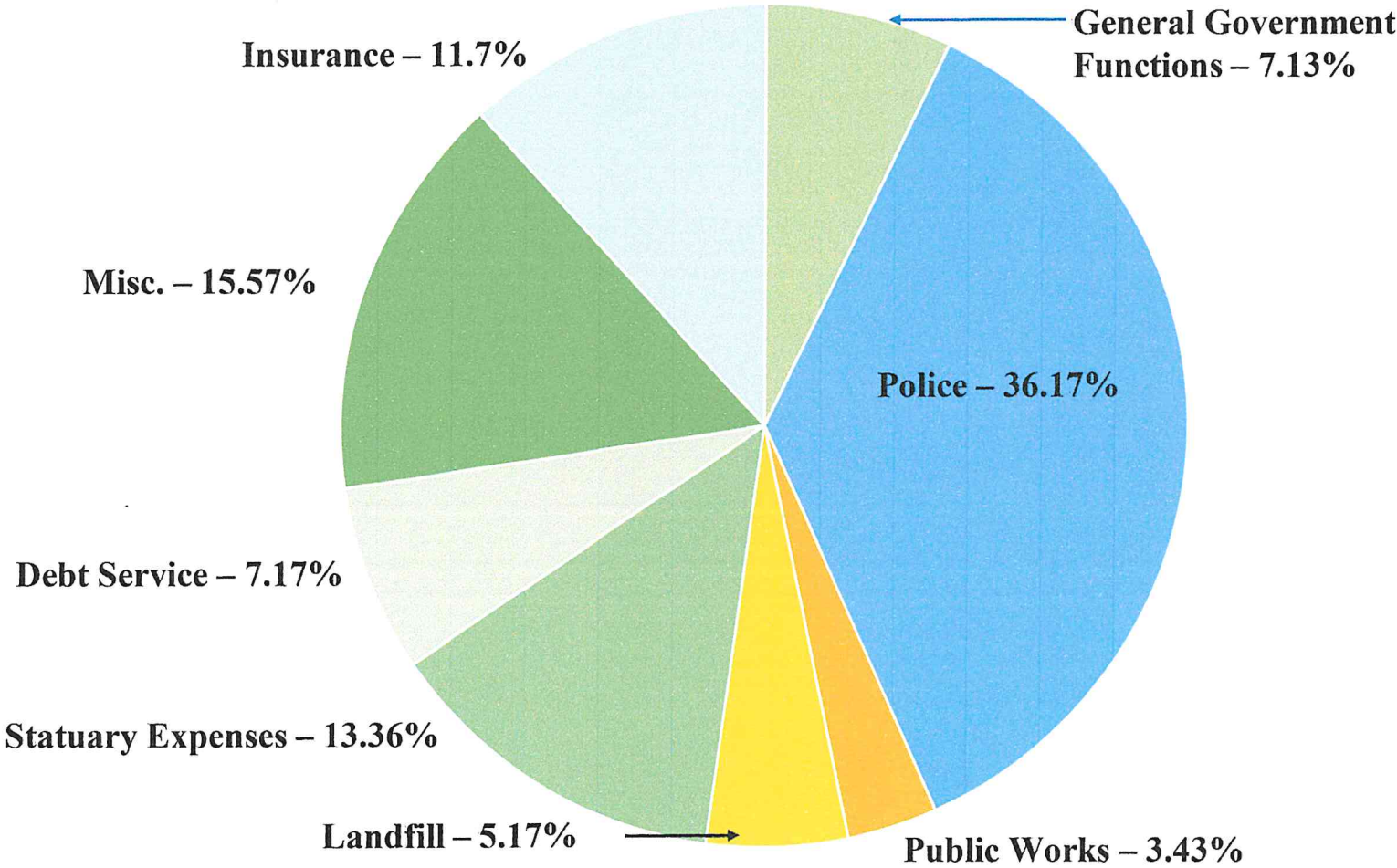
2024 Total Tax Breakdown

TAX CATEGORY	AMOUNT IN DOLLARS	PERCENTAGE
MUNICIPAL	\$154,974.01*	6.53% 
OCEAN GATE SCHOOL	\$128,259.00**	6.12% 
CENTRAL REGIONAL	\$6,972	0.57% 
OCEAN COUNTY	\$216,188.68	17.67% 

- We must put \$99,973.10 into our municipal budget to cover Ocean Gate school, Central Regional and Ocean County taxes that may be delinquent – we have to pay even if taxpayer doesn't!!

** This is the amount of increase for our 2024 budget – total increase for Ocean Gate school is \$197,508.00

Breakdown of 2024 Municipal Budget by Category



MUNICIPAL BUDGET COMPARISON 2023 TO 2024

TOTAL BUDGET	2023	2024	DIFFERENCE
	\$3,943,020	\$4,067,830	\$124,810
STATUTORY & CONTRACTUAL INCREASES (Current Fund):			
HEALTHCARE			\$25,762
PENSIONS FOR NON-UNION EMPLOYEES			\$10,527
SOCIAL SECURITY			\$3,500
POLICE RETIREMENT			\$139,592
POLICE SALARY INCREASES (CONTRACTUAL)			\$50,180
		TOTAL	\$229,561
NON-CONTRACTUAL SALARY INCREASES (3%)			\$10,997
MAYOR SALARY			\$5,000
		GRAND TOTAL	\$245,558
			\$120,748
			LESS THAN 2023 BUDGET

SURPLUS USED FOR 2024 BUDGET:

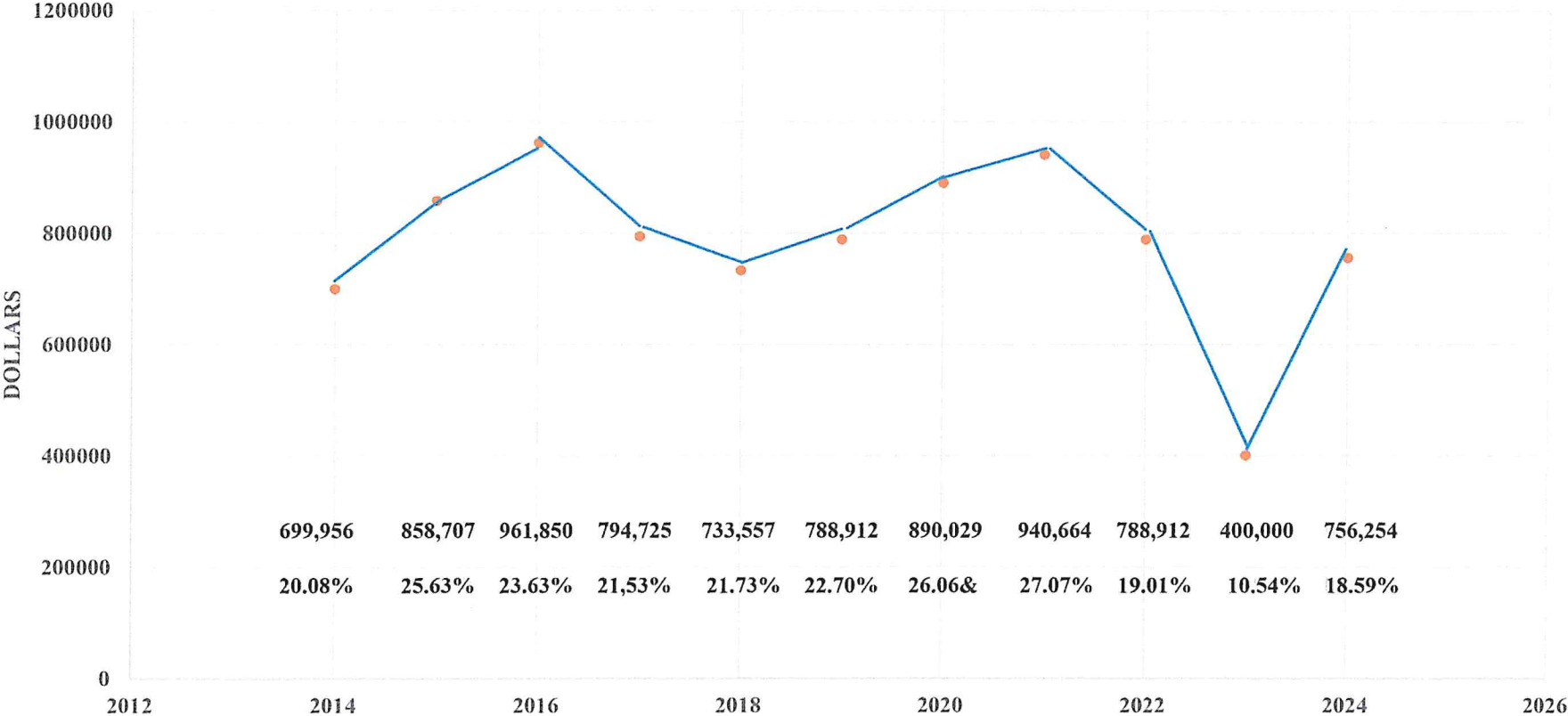
CURRENT FUND	\$553,000*
Non Cash Surplus	\$20,258
SEWER FUND	\$54,000
WATER FUND	\$129,000
TOTAL:	\$756,253

NUMEROUS CUTS ACROSS MULTIPLE BUDGET LINES

THIS BUDGET REPRESENTS A 6.53% TAX INCREASE

* \$400K plus \$153K of deferred charges

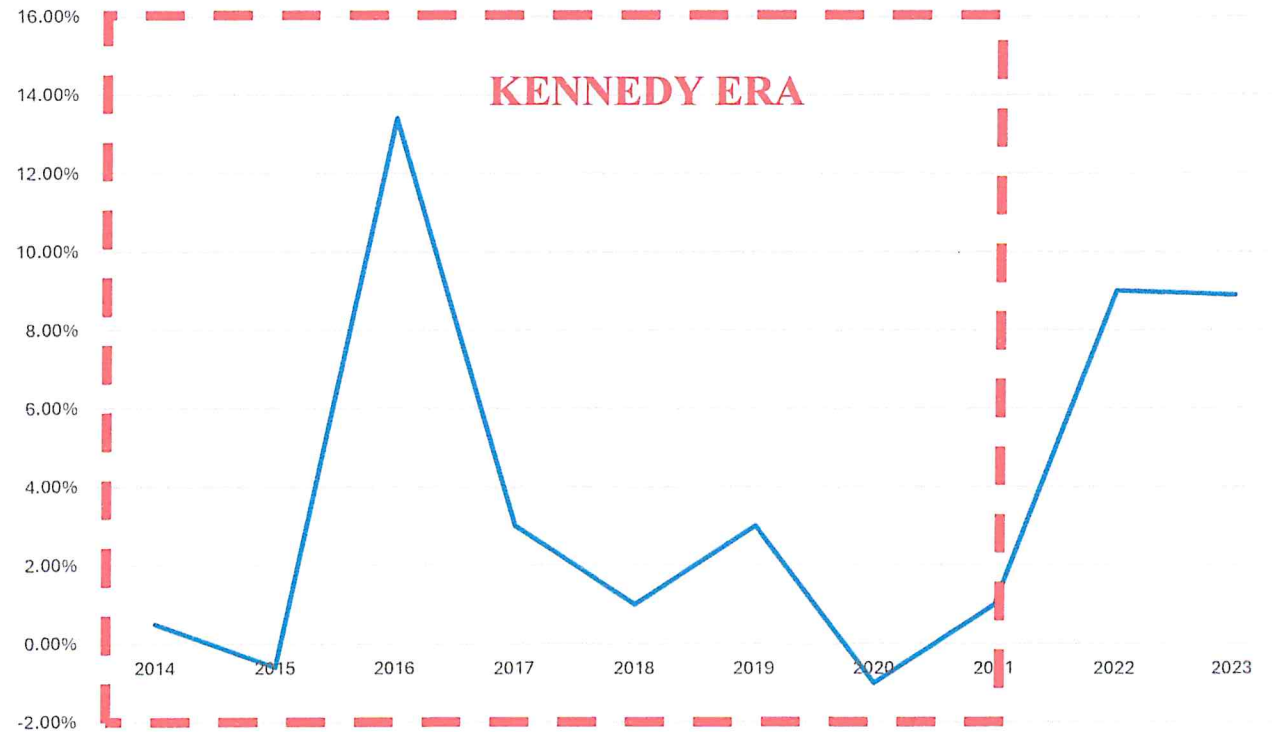
Surplus Amount Used to Balance Budget each Year



Surplus Used between 2014 and 2022 was \$7,457,312 and from 2014 and 2024 is \$8,613,566

PERCENT TAX RATE BY YEAR

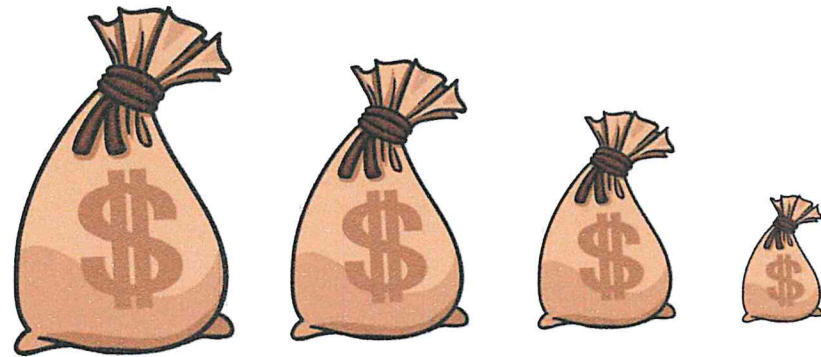
YEAR	% INCREASE/ DECREASE	SURPLUS USED
2014	0.50%	699,956
2015	-0.60%	858,707
2016	13.40%	961,850
2017	3.00%	794,725
2018	1.00%	733,557
2019	3.00%	788,912
2020	-1.00%	890,029
2021	1.00%	940,664
2022	9.00%	788,912
2023	8.90%	400,000



\$7,457,312 of Surplus Used

Impacts of Not Raising Taxes over the Years

DEPLETING THE RESERVES



NOT RAISING THE LEVY CAP

Limits the amount to be raised
by taxes – without a
referendum



Surplus Available for 2025 Budget

Current Fund	ZERO
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Water Fund	ZERO
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Sewer Fund	ZERO
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**Mayor, Finance Committee and CFO are
working on ways to generate surplus**

INCREASING SURPLUS

PRIOR TO 2025:

Close out of old DOT grants

Judicious spending in all areas

Moving unused expenditures to surplus before the end of the year

DURING 2025

Judicious spending in all areas

Maximize cost savings (Diff Card etc.)

Increase revenues by updating fees and services

Generate new revenues (Mugs/special edition badges/ events)

Determine need for referendum

WHERE WE ARE NOW

Years of un-sound fiscal management has put us into a vicious cycle

State law prohibits large tax increases without a referendum and it is too late for 2024

We must use all our reserves to balance the budget and stay within the levy caps

CONCLUSION

- We did not get to this point in one year
- We won't get out of this in one year
- Taxes will have to be raised yearly to cover expenses and rebuild reserves
- We continue look at ways to decrease our costs and increase revenues (Diff Card, analyzing expenses, updating fees (some 19 years old), limited edition badges/mugs etc.)
- We are paying the price for years of being able to say 'we are keeping taxes down' which was valued over sound fiscal management!
- 2025 is going to be a tough year! The Mayor, Finance Committee and the CFO are investigating ways to ease the impact in 2025

How Did We Get Here?

A chart
from the
2022 budget
presentation

BOROUGH OF OCEAN GATE SURPLUS ANALYSIS									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Surplus Used to Balance Budget (Current Fund)	\$ 699,956.00	\$ 858,707.46	\$ 961,850.00	\$ 794,725.16	\$ 224,600.00	\$ -	\$ 690,264.00	\$ 200,000.00	\$ 400,000.00
Interfunds Used to Balance Budget (Current Fund)	-	-	-	-	508,957.55	18,200.00	199,765.14	335,414.11	-
Total Surplus Used (Current Fund)	\$ 699,956.00	\$ 858,707.46	\$ 961,850.00	\$ 794,725.16	\$ 733,557.55	\$ 18,200.00	\$ 890,029.14	\$ 535,414.11	\$ 400,000.00
Other Revenues Used to Balance Budget									
Cancelled Reserve for Recovery from Hurricane Sandy						770,712.27			
Water Operating Surplus								405,250.00	317,100.00
Total Used to Balance Budget	\$ 699,956.00	\$ 858,707.46	\$ 961,850.00	\$ 794,725.16	\$ 733,557.55	\$ 788,912.27	\$ 890,029.14	\$ 940,664.11	\$ 717,100.00
Municipal Budget	\$ 3,486,049.98	\$ 3,349,834.00	\$ 4,079,657.33	\$ 3,691,711.61	\$ 3,375,294.28	\$ 3,474,625.39	\$ 3,415,499.86	\$ 3,474,625.37	\$ 3,771,498.52
Percentage of Surplus/One Shot Revenues Used	20.08%	25.63%	23.58%	21.53%	21.73%	22.70%	26.06%	27.07%	19.01%

While not illegal, heavy use of surplus and one- shot revenues should not have been relied on so heavily. Surplus is to maintain a healthy cash flow and a "rainy day " fund

**WE CAN NOT CONTINUE TO
FUND THE BUDGET FROM
RESERVES WITHOUT RAISING
TAXES**