



2023 MUNICIPAL BUDGET

2023 OVERVIEW

INFLATION

Infrastructure Improvements

Capital Investments

Hazard Mitigation (Risk Reduction)

Recreational Improvements

Non-Property Tax Revenue Generation

Budget / Mission

- ▣ Resiliency
- ▣ Fiscal responsibility / stability
- ▣ Quality of life
- ▣ Provision of exceptional public services
- ▣ Capital Debt for growth of community and distribution of costs to those who receive the benefit
- ▣ Managing through stagnant / lost State Aid
- ▣ Sustainable budgeting
- ▣ Economic vibrancy
- ▣ Informed and engaged community
- ▣ Appropriate investment in infrastructure

2023 Budget Priorities

Control Spending:

Budget includes grant of \$135,000.00 for Regional School Study (31.1% of increase)

Statutory Increase: Pension and Health Benefits \$151,000 (34.9% of increase)

Additional Capital Improvement Fund \$50,000.00 (11.5% of increase)

Cost of maintaining parking program increased \$30,000 (6.9% of increase)

SUMMARY: 83.8% of the budget increase is for items that are required by law, items that generate revenue for the Borough, or items that are intended to reduce long-term tax impacts

Conserve / Build Surplus:

Surplus at the start of 2022 was \$2,866,027.61. The budget net generation of surplus was \$1,295,274.97.

Surplus at the start of 2023 is \$4,161,302.58, of which \$663,747.85 will be utilized to reduce taxation in the budget.

The balance of \$3,497,554.73 exceeds our long-term targeted amount of \$2,000,000.00 (based upon current budget levels).

Maintain Stable Taxes:

This budget results in a tax rate decrease of 8.75% and an overall amount to be raised by taxation increase of 2.76%.

This is well below the inflation rate of 6.9%.

2022 Budget Results

- Borough remains in a strong financial position as a result of years of fiscal planning with a strong focus on resiliency and sustainability.
- Borough achieved an attractive 3.49% true interest costs on our 20 year capital debt issuance, saving approximately \$159,000.00 by participating in a pooled program through Monmouth County.
- Achieved revenue goals and controlled spending.
- Attained funding for additional roadway improvements.
- Operated the Beach and Sewer Utilities at a self-sustaining levels.
- Funded our recent sand replenishment project.
- Continued along our plan of fiscal stability through strong tax collections, strategic budgeting and debt planning, and investing in the overall quality of life for Sea Bright residents and businesses.

Overview of Tax Impacts

- Amount to be Raised by Taxation is up 2.76% as compared to 2022
- Taxable Value in the Borough has increased by 121,712,143.00 (12.5%)
- Total Increase in Tax Levy is \$135,000.00 (2.76%)
- Tax Rate has decreased 8.75% as compared to 2022
- 2022 Tax Rate: 50.3 cents
- 2023 Tax Rate: 45.9 cents (Projected)

Tax Rate Decrease- 8.75%

2023 Budget Challenges

- The economy and supply chain issues impact the Borough in a manner similar to how residents and businesses have been impacted.
- The cost of health benefits increased by 22% for 2023, a similar increase is expected for 2024.
- The Sewer Utility requires significant capital investment.
- Significant capital investments must be prioritized, planned, and executed.
- The overall cost of staffing is increasing significantly due to the economy, health insurance increases, pension increases, and the need to remain competitive.

Regulatory Impacts

- ▣ Appropriations CAP (3.5%)
- ▣ Levy CAP (2%)
- ▣ Pension Contributions
- ▣ State Aid (Local Property Tax Relief)
- ▣ 2023 & Beyond (Levy Cap, Cap Limitations, Pension Costs, Health Benefit increases)
- ▣ School Taxes

What does this mean?

- The expectation is that the Borough remains and will remain in a good position to manage through a difficult economy.
- The Borough has demonstrated the ability to manage through significant challenges, such as Sandy, the Pandemic, and economic uncertainty. It is important that the Borough move forward in a manner that maintains that level of resiliency while continuing to invest in the future.
- The Sewer Utility will require continued adjustments to the rate to assure that the utility can invest in reducing inflow and infiltration as well as in improving overall system efficiency.
- The Beach utility must continue to prepare for regular sand replenishment costs to assure sustainable operations while mitigating the impacts of municipal flooding.

Budget Process Prior to Introduction

| 1 | 2 | 3 | 4 |
|--|---|--|---|
| Long Term Capital Investment Planning - Focus on department needs, roadway improvements, pedestrian safety, sanitary sewer system, drainage and flood mitigation | Department Budget Submission / Initial Review - Dept Heads prepared and submitted budgets for review October – December. - Meetings with Council and Administration in January | Finance Committee Review - Review of financial condition and budget drivers with members of the Administration and Finance Committee | Public Workshop - Borough Council held a public workshop on March 7 where the Borough's financial condition was reviewed in detail and the proposed budget was presented. |

Budget & Tax Comparison

- 2023 Budget: \$7,456,792.48
- 2022 Budget: \$7,023,308.65
(6.17% Increase)

- 2023 Avg Tax: \$3,947.49
- 2023 Avg Home: \$859,541.71

Comparison:

Home valued at \$750,000.00

2022 Municipal Tax: \$3,772.50

2023 Municipal Tax: \$3,444.42

Decrease \$328.08

Comparison:

Home valued at \$751,552.33 (2022)

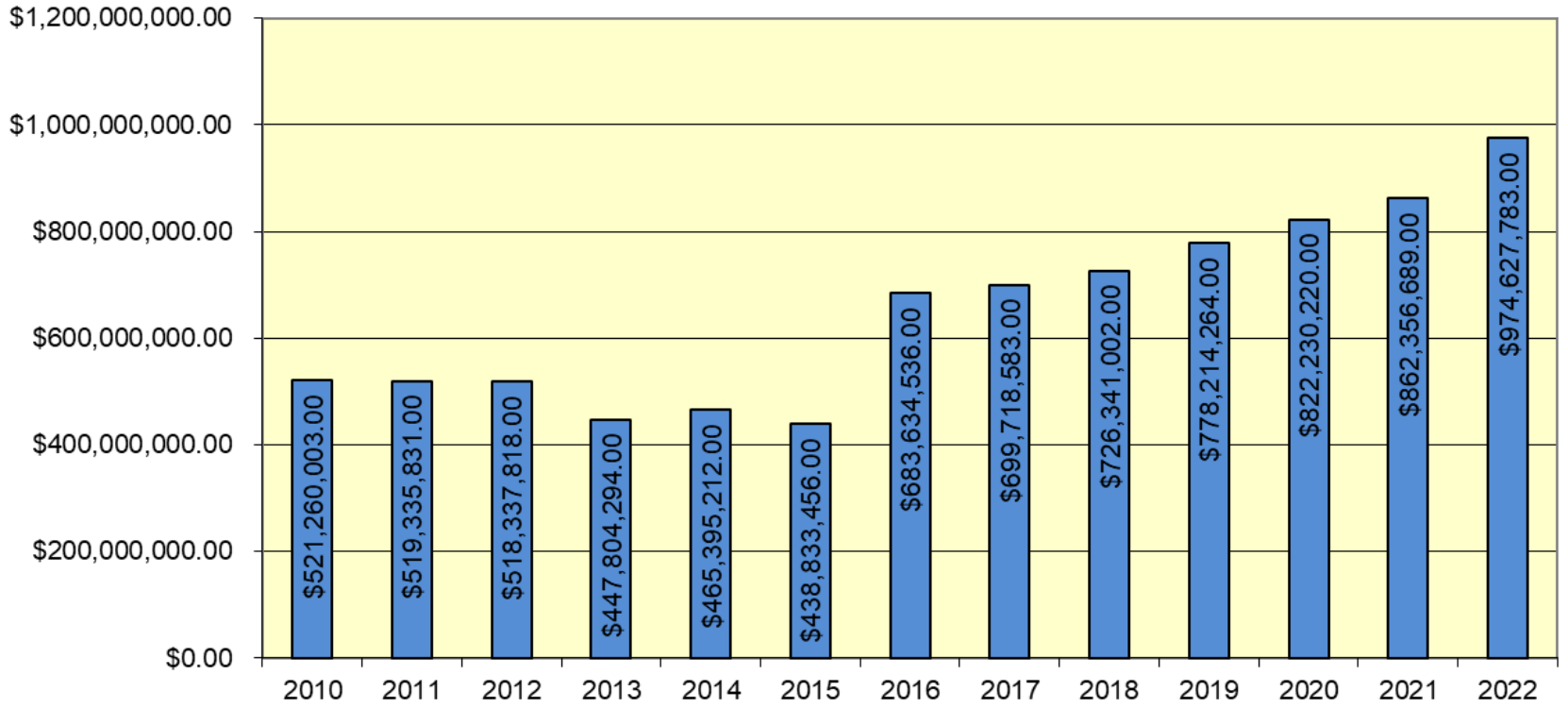
Now valued at: \$859,541.71 (2023)

2022 Municipal Tax: \$3,780.31

2023 Municipal Tax: \$3,947.49

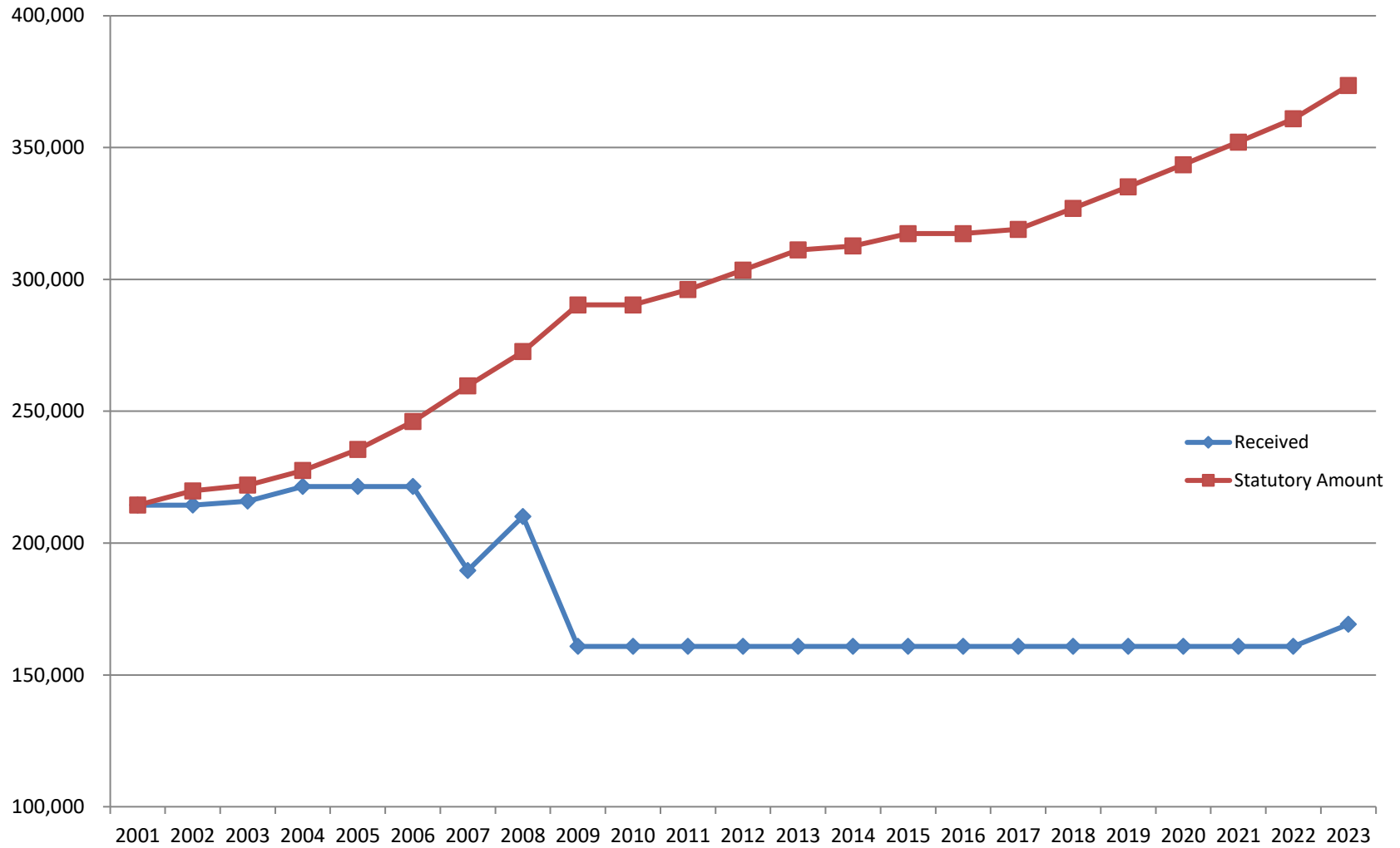
Increase \$167.18

Total Taxable Assessed Value

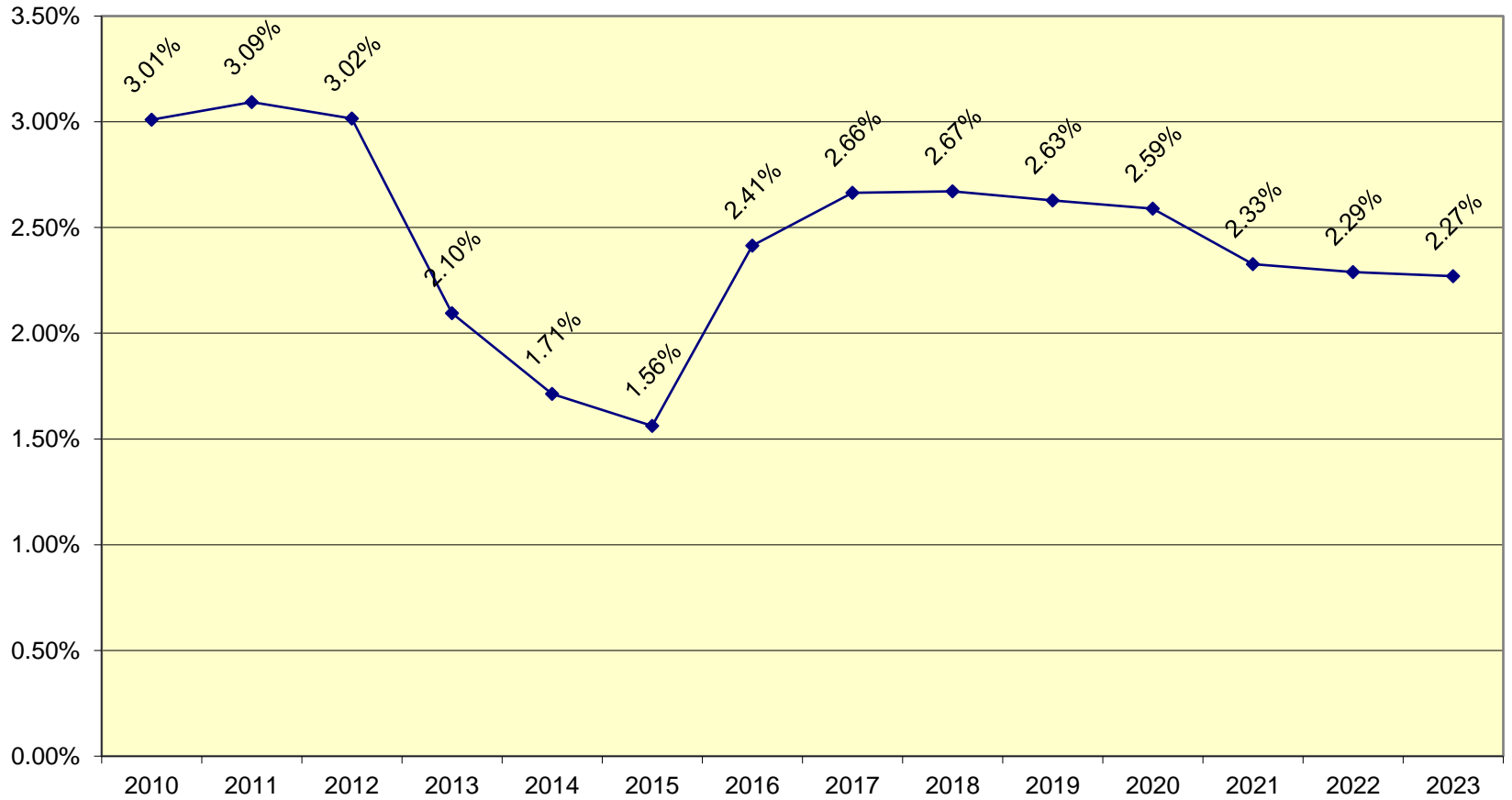


State Aid Shortage

(\$204,295 for 2023 / \$2,617,793.00 since 2001)



State Aid as as Percentage of Total Budget Revenue



Tax Levy CAP Calculation

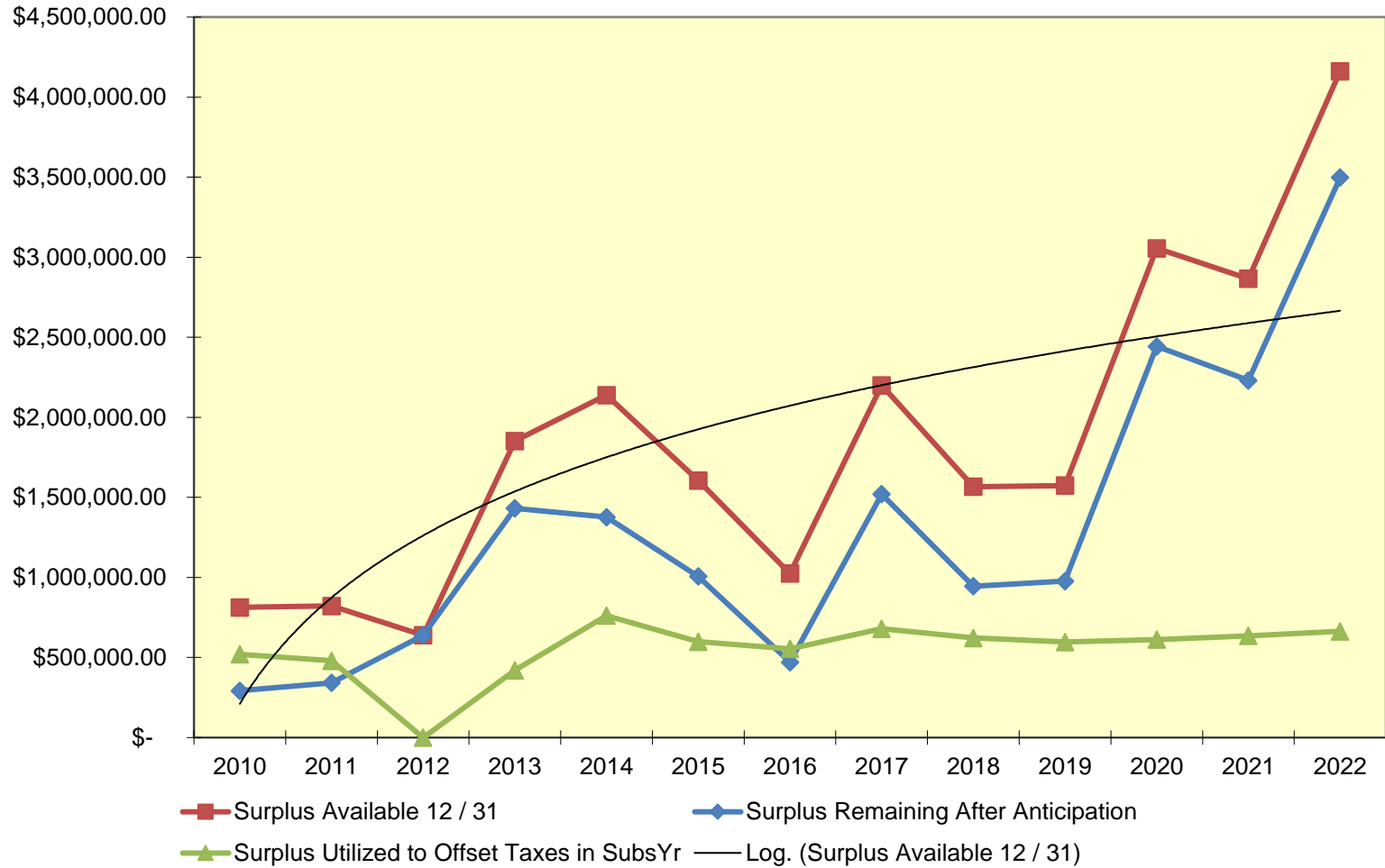
2% Allowance over 2023: \$97,900.00
New Construction Adjustment: \$44,570.47
Maximum Allowable Levy: \$5,197,471.47
Amount of 2023 Tax Levy; \$5,035,000.00

Amount remaining in Levy Cap “Bank”:
2023: \$162,472.00
2022: \$ 2,123.00
2021: \$329,724.00
TOTAL: \$494,319.00

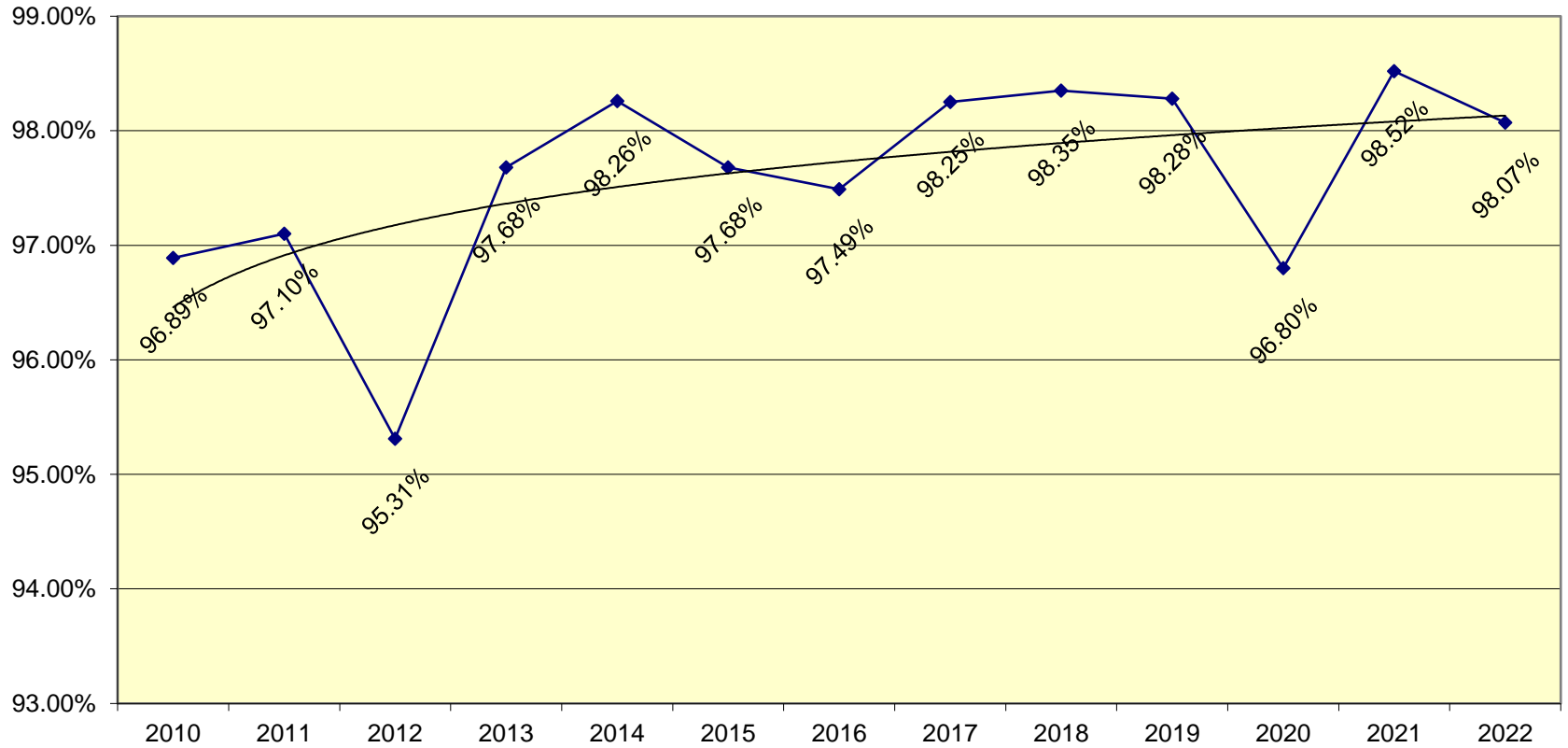
Surplus Analysis

- **Balance 1/1/22: \$2,866,027.61**
- **Utilized to offset taxes: \$635,602.03**
- **Generated in 2022: \$1,930,877.00**
- **Balance 12/31/2022: \$4,161,302.58**
- **Utilized in 2022 Budget: \$663,747.85**
- **Balance upon Budget Adoption: \$3,497,554.73**

Surplus History



Tax Collection Rates



No drastic measures needed

No Pension Deferral

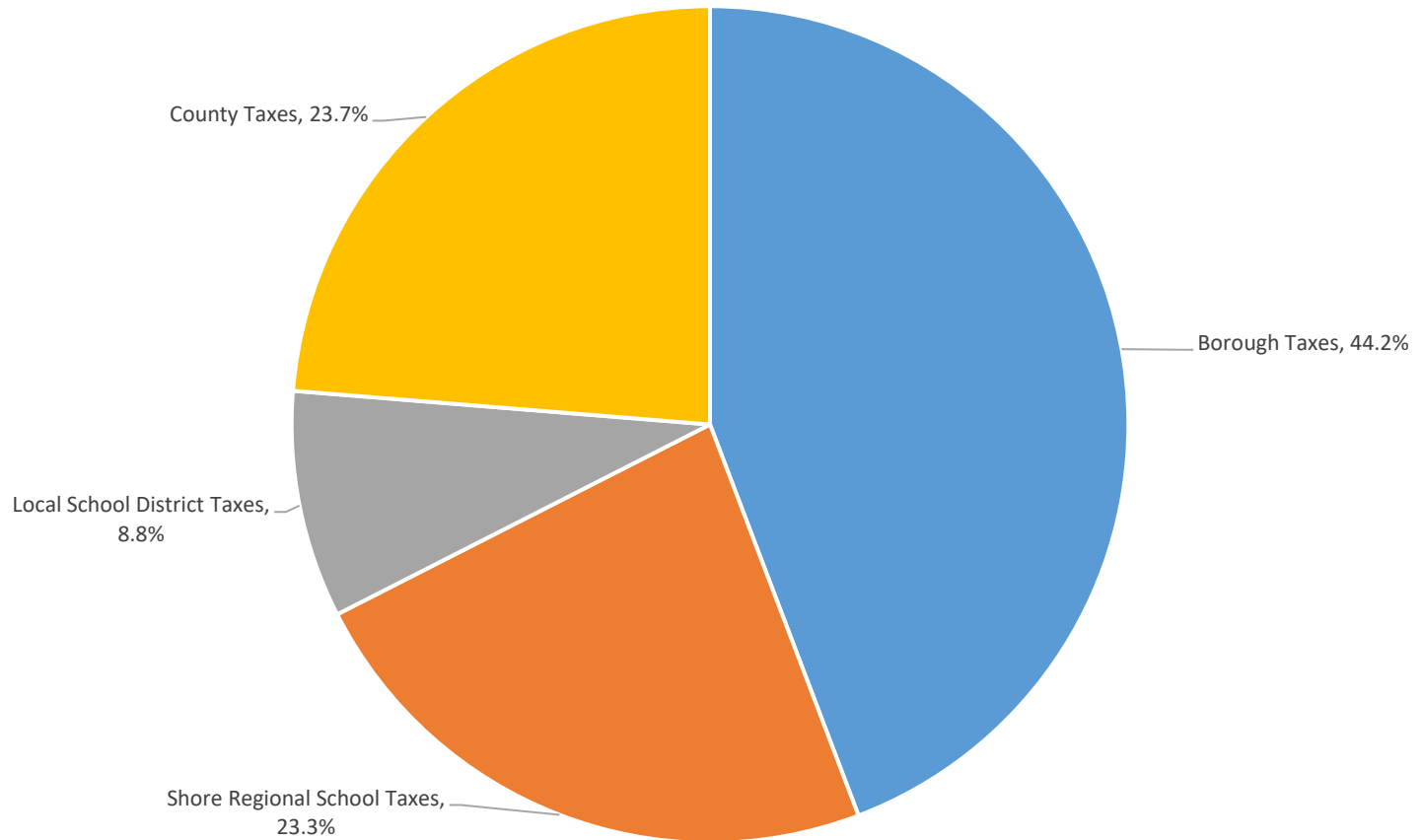
No School Tax Deferral

No Appropriations CAP / CAP Waivers

No Fiscal Year Debt

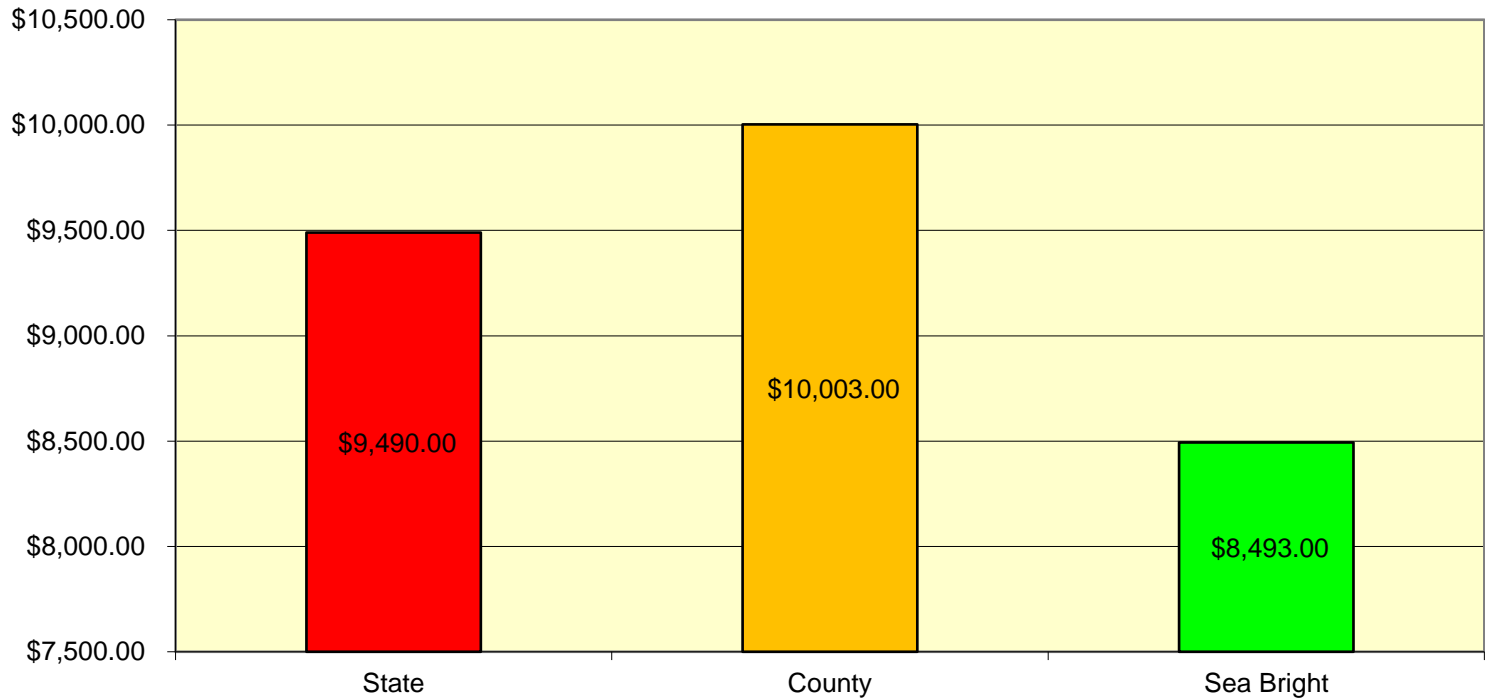
No Extraordinary Aid

**Borough of Sea Bright
2023 Estimated Tax Rate Components**



Average Tax Bill - Overall

Taxes Paid by Average Home (2022)



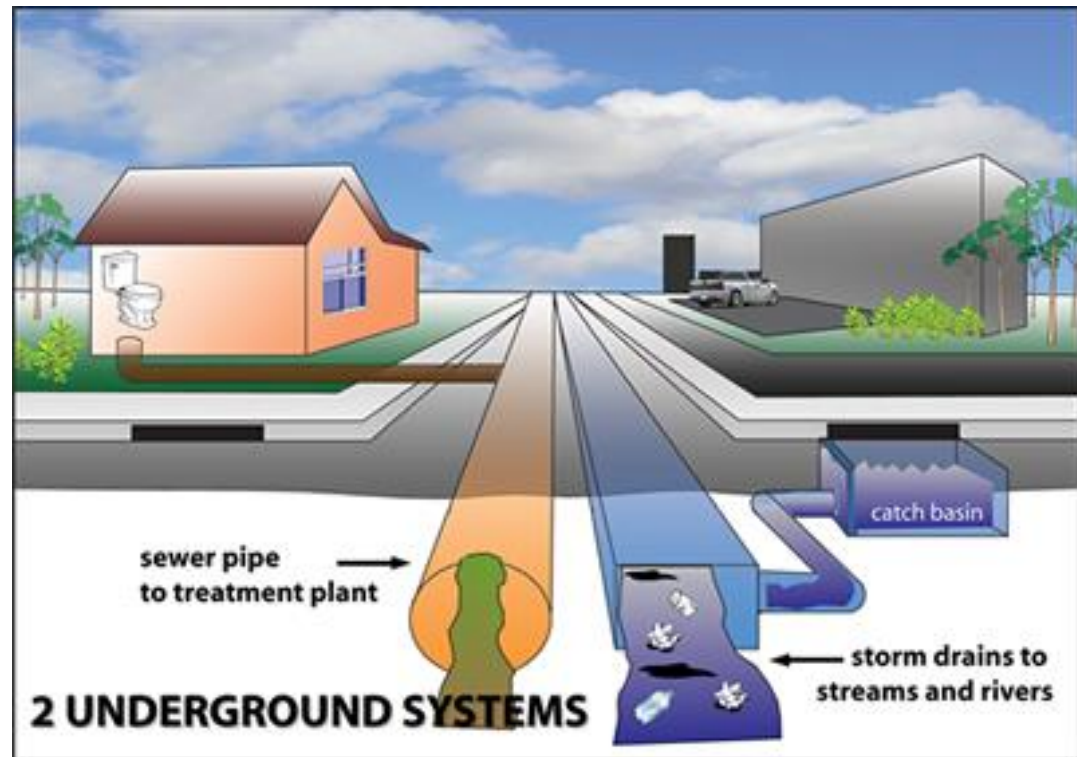
Beach Utility

- Self-Liquidating Operation
- Operating a normal budget levels



Sewer Utility

- Self-Liquidating Operation
- Low Debt
- Requires capital investment



Comments

