

2017 MUNICIPAL BUDGET PRESENTATION



Neptune
Township - NJ

Where Community, Business & Tourism Prosper

BUDGET / MISSION STATEMENT

In order to serve the diverse needs of our community and to enrich the quality of life for all residents, the Township of Neptune is committed to providing a safe and healthy community for individuals of all ages through the offering of programs, services, information, and access.

- ▶ Fiscal Responsibility
- ▶ Maintain and Improve Quality of Life in every neighborhood
- ▶ Provision of services (No reduction in services to the community)
- ▶ Public Safety, Health & Welfare as priorities
- ▶ Maintaining a stable tax base and tax rate
- ▶ Providing services to 6000+ senior citizen residents
- ▶ Recovery from Super Storm Sandy 2012
- ▶ Debt for growth of community and distribution of costs to those who receive the benefit (not to borrow for items we can't afford)
- ▶ Dealing with continued loss of statutory state payments
- ▶ Sustainable budgeting
- ▶ Maintenance of strong financial ratings from Moody's and Standard & Poor's

IMPACT OF 2017 BUDGET

- ▶ **No increase in Tax Rate (Remains at .785).**
- ▶ Average Tax per House in 2017: \$2,288.
(Average home was valued at \$291,493.95)
- ▶ **No Increase in taxes (assuming property value remained same in 2017 as 2016)**

No Tax Rate Increase

ANNUAL BUDGET TOTALS 2014-2017 (INCLUDES LIBRARY CONTRIBUTION)

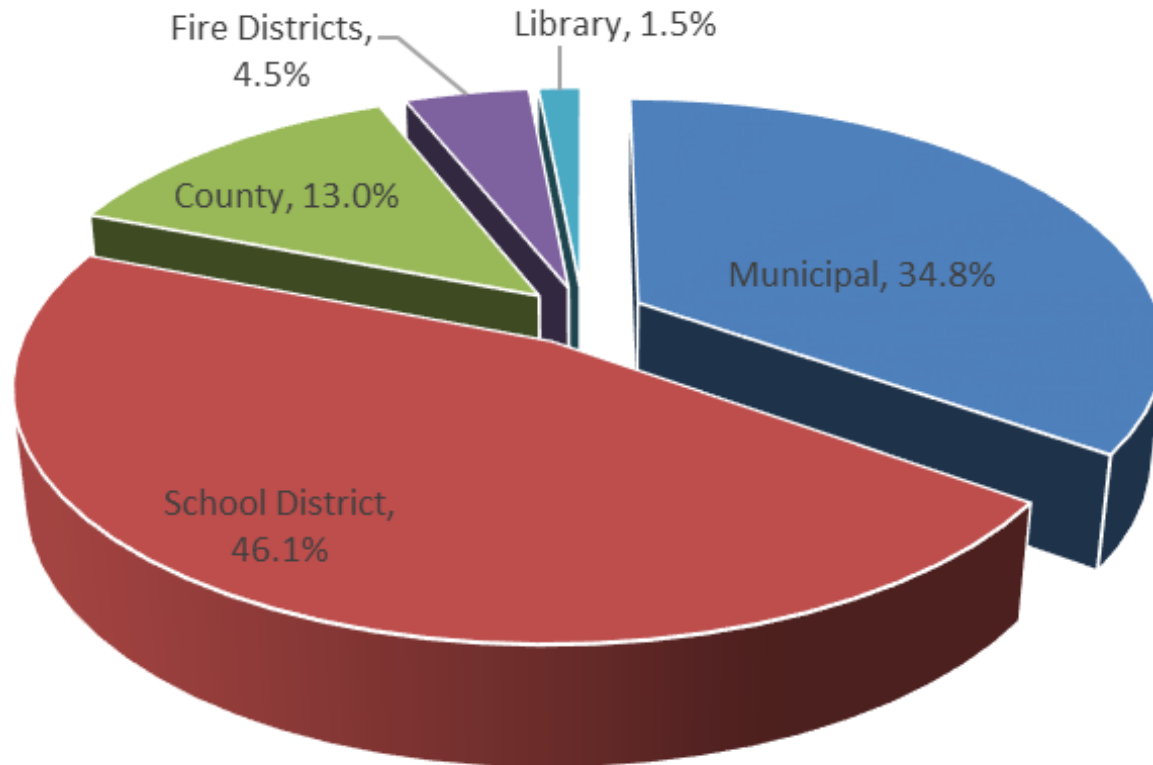
- ▶ 2017 Budget: \$43,618,551.22**
 - ▶ 2016 Budget: \$43,453,556.17**
 - ▶ 2015 Budget: \$41,736,432.06**
 - ▶ 2014 Budget: \$42,464,296.80**
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2017 BUDGET INFORMATION

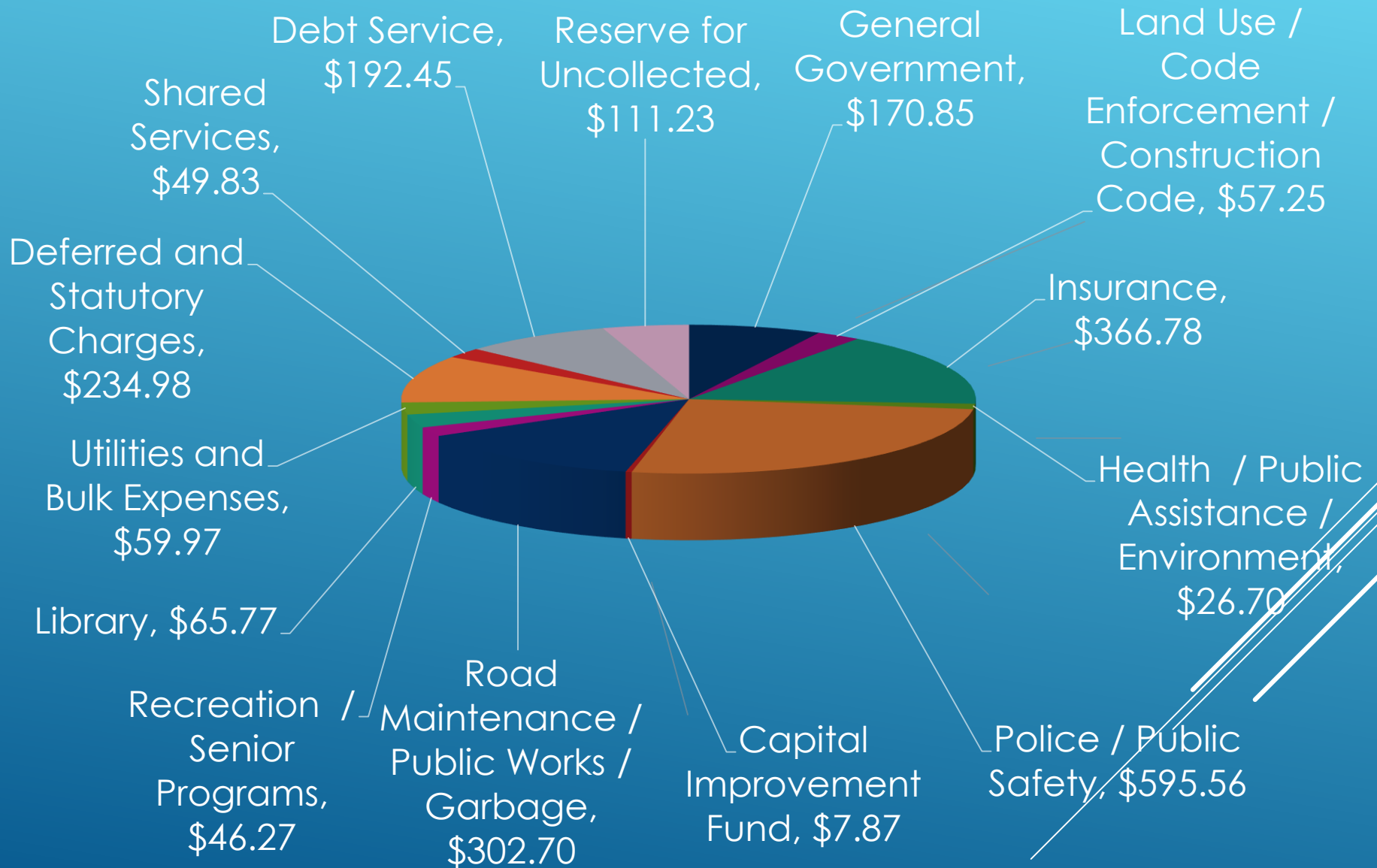
- ▶ The Total Budget (including Library Tax) has increased by \$ 164,995.05, less than 1%, as compared to 2016 (0.38%)
- ▶ Tax Rate maintained at same rate as 2016 through a combination of relatively no increase in appropriations and an increased in ratables.



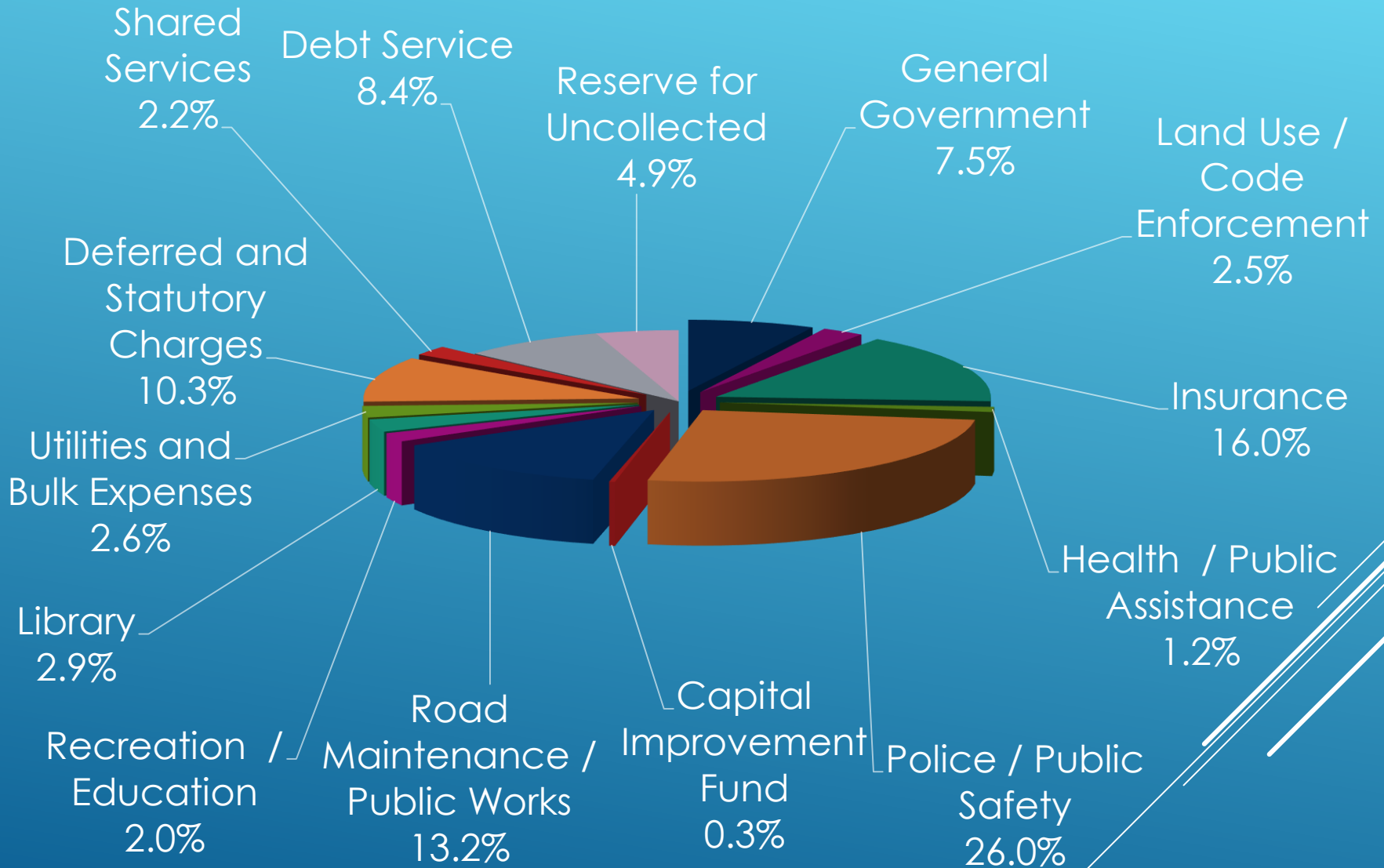
HOW YOUR PROPERTY TAX DOLLAR IS DIVIDED



How the 2017 Municipal Tax Dollar is Spent Based upon Average Municipal Tax Paid of \$2,288



How the 2017 Municipal Tax Dollar is Spent (%)

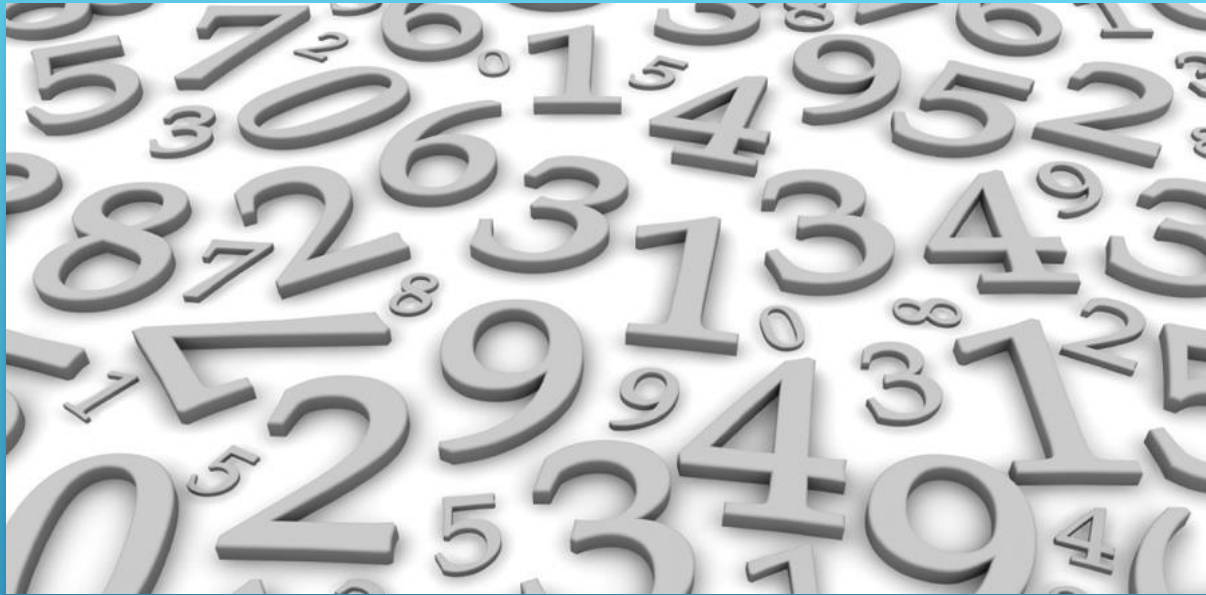


STATE IMPACT ON LOCAL BUDGET

- ▶ Appropriations CAP (3.5%)
- ▶ Levy CAP (2%)
- ▶ State Aid Loss (Local Property Tax Relief)
- ▶ Impact will continue to grow in increments each year until the State Aid program comes into compliance with the intent of the program

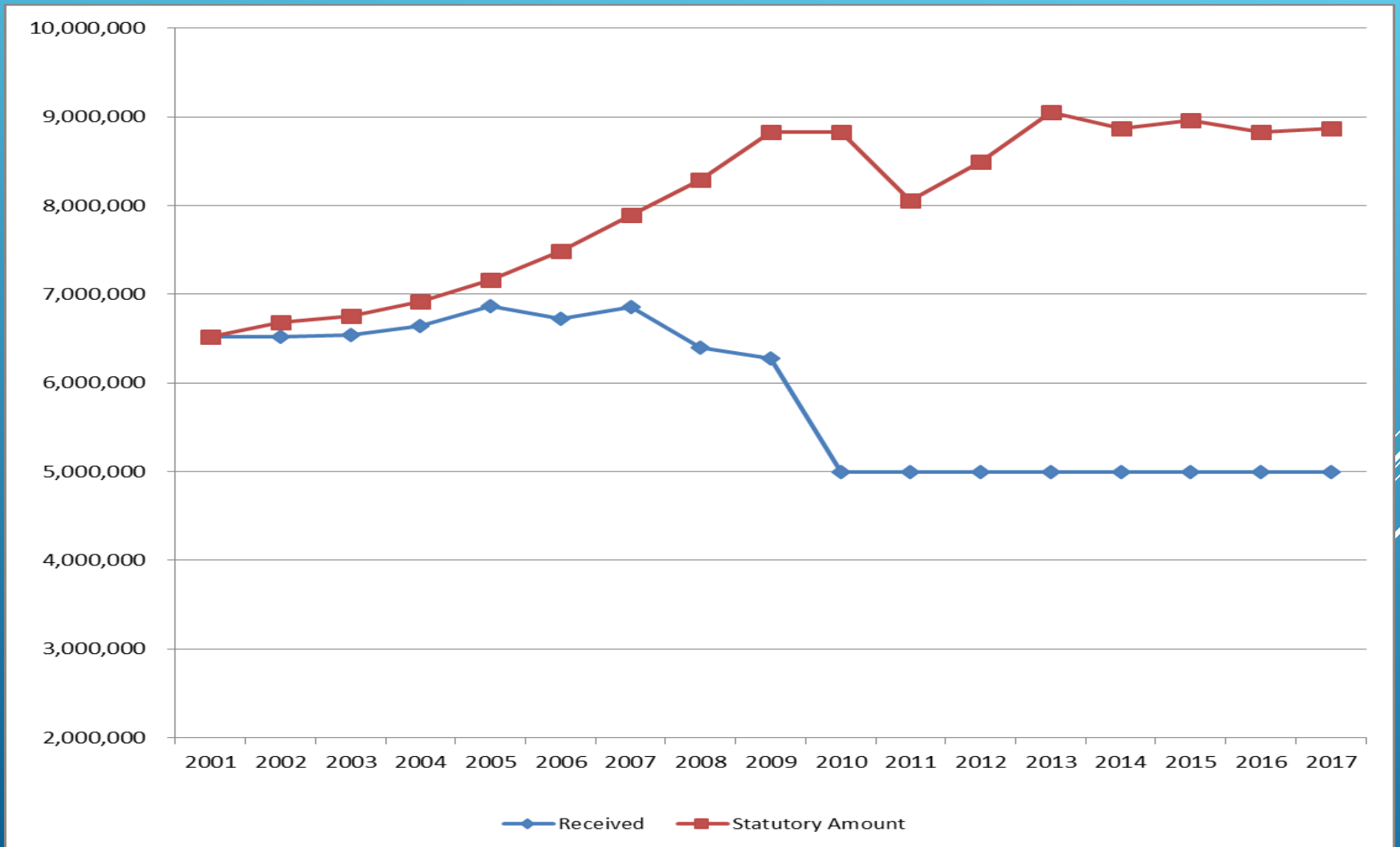


THE NUMBERS GAME: "STATE AID"



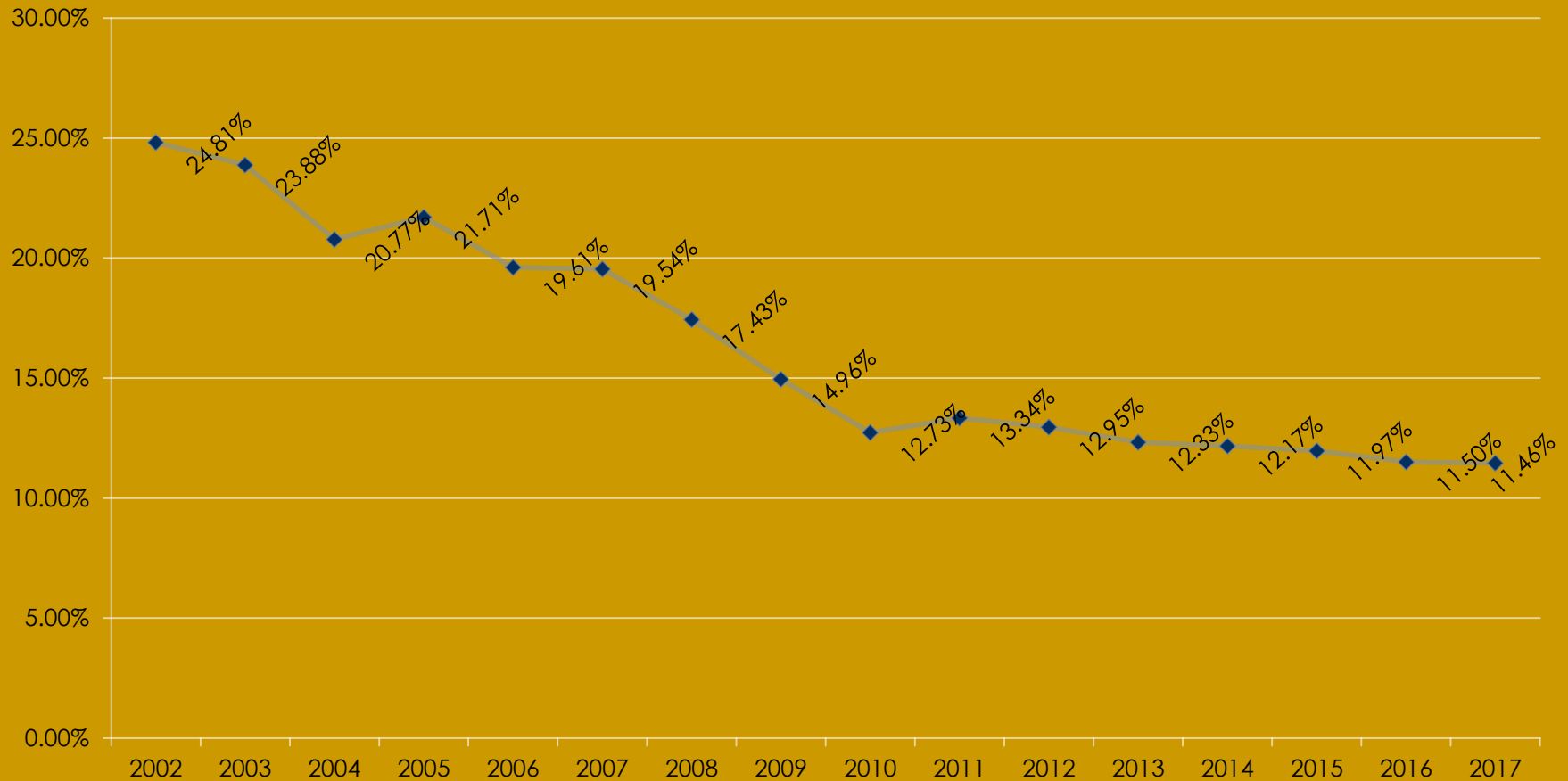
- Intent of law has not been met for more than ten years, inflation continues to grow, while State Aid continues to decline, leaving more and more of the burden on the local property taxpayer.
- In most cases, what is described as "State Aid" is actually property tax relief funding that has been diverted away from local government to the state treasury for redistribution.

UNDERPAYMENT OF STATE AID TO NEPTUNE BY YEAR (TOTALS MORE THE \$37,192,000.00 SINCE 2001 / NEARLY \$4,000,000.00 FOR 2017 ALONE)

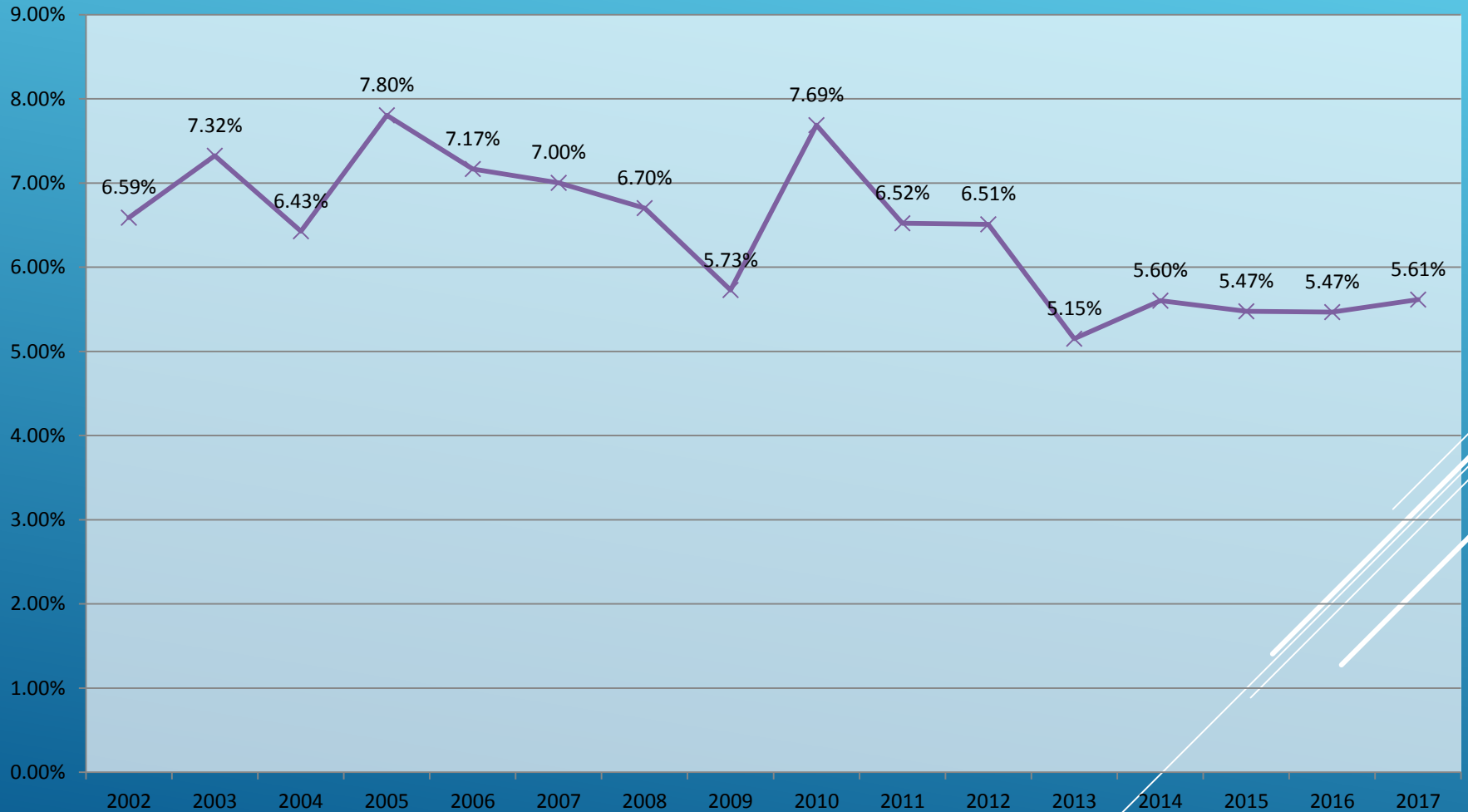


STATE AID AS A PCT. OF OPERATING REVENUE

State Aid as a Percentage of Total Budget Revenues

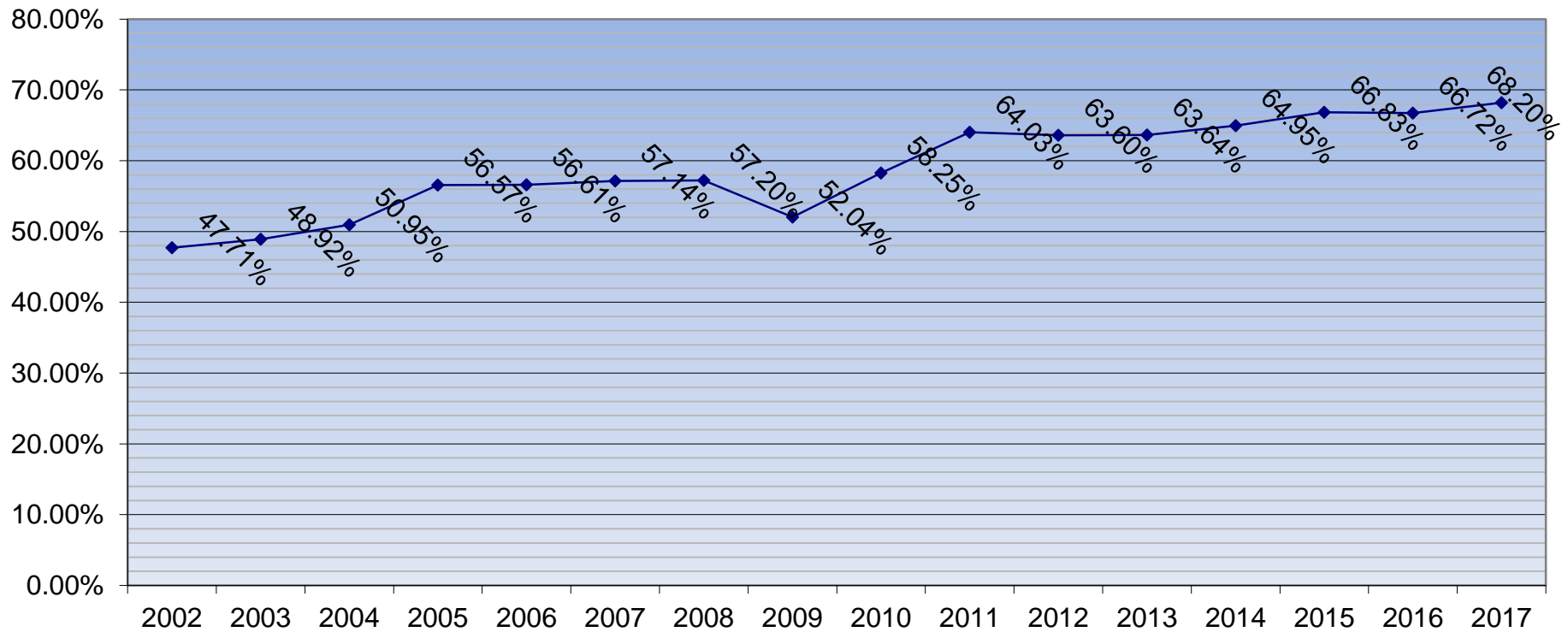


LOCAL REVENUE AS A PCT. OF OPERATING REVENUE

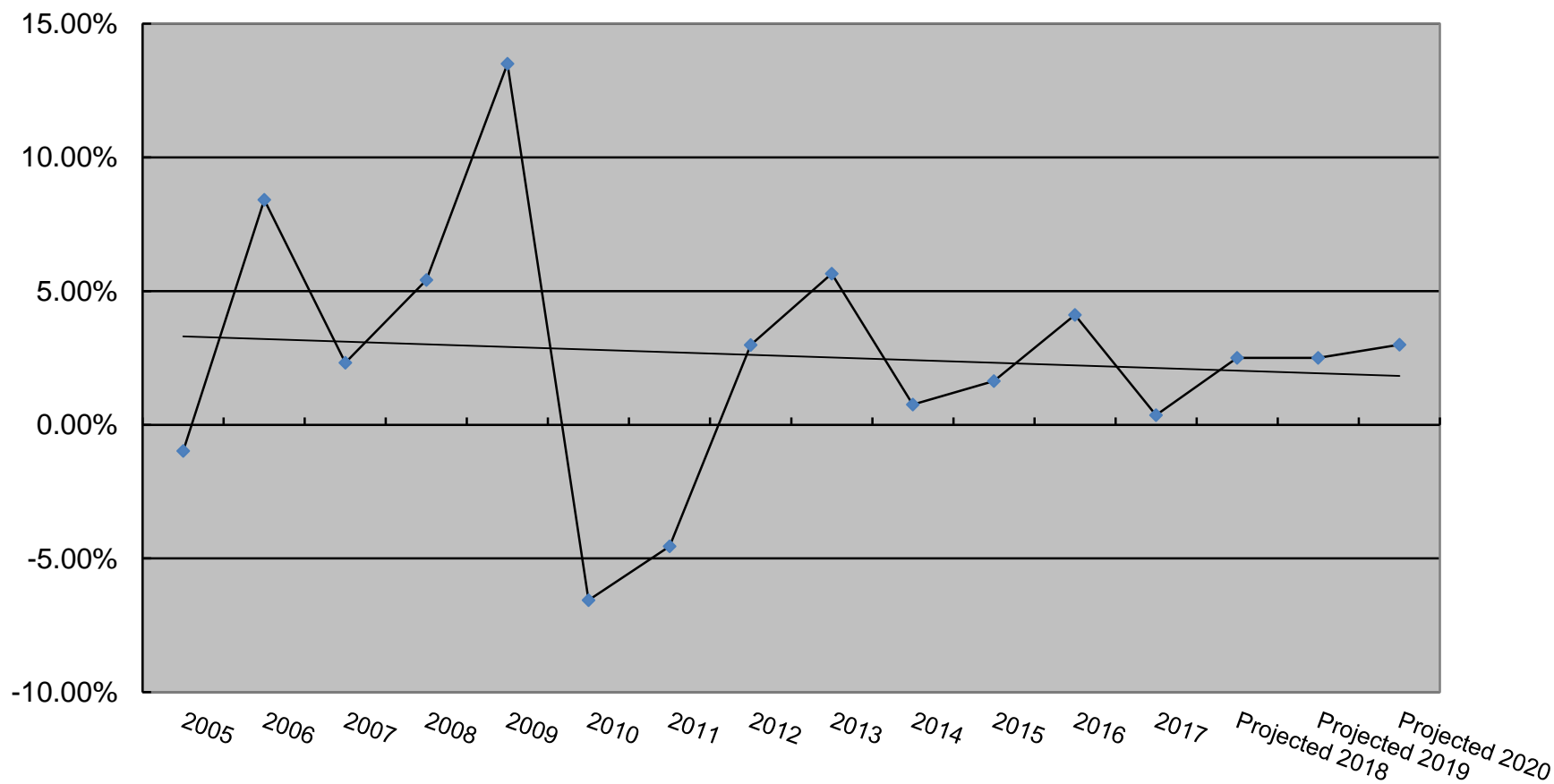


PROPERTY TAX AS A PCT. OF OPERATING REVENUE

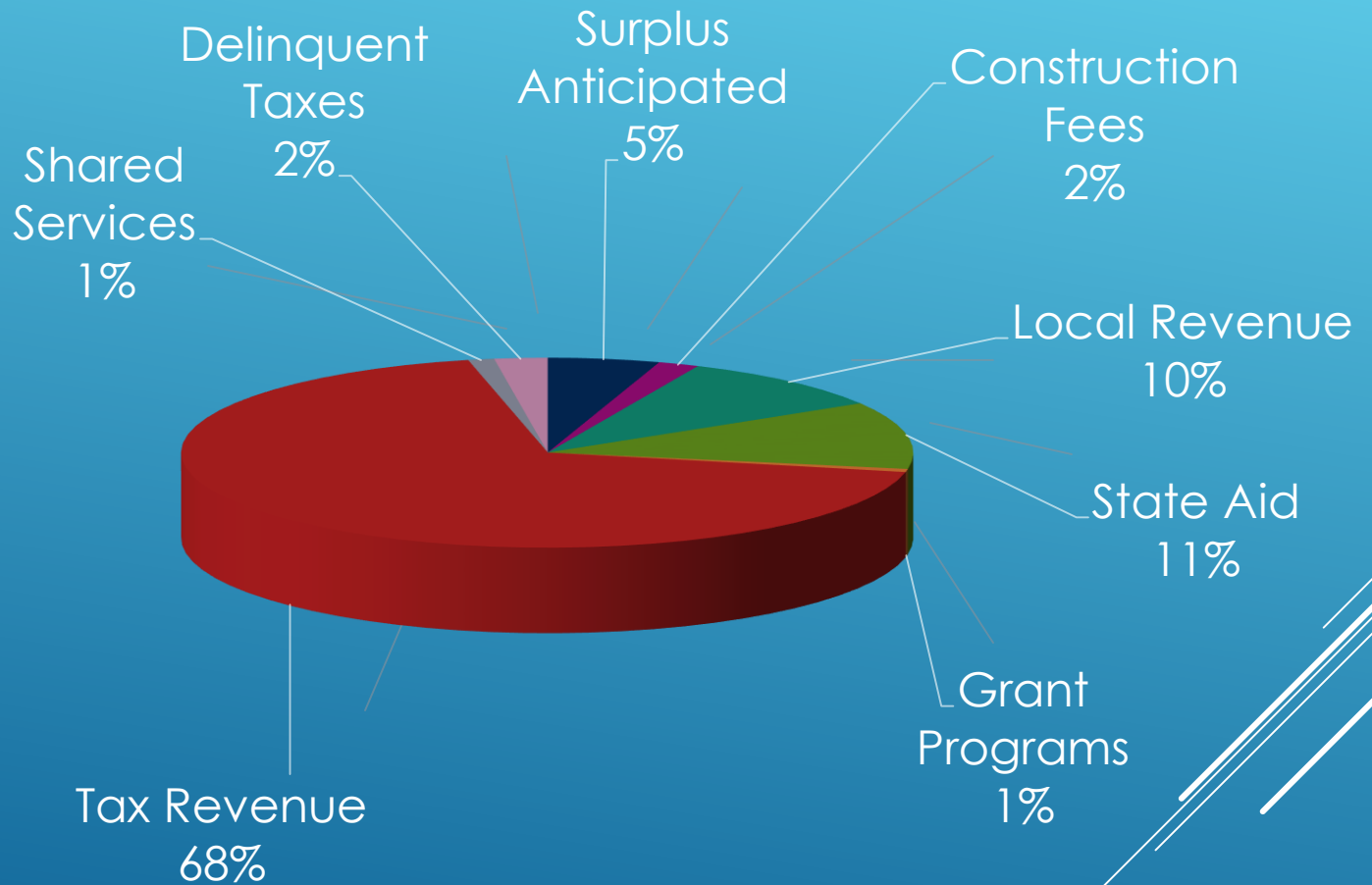
Percent of Budget Supported by Local Tax Revenue



PCT. CHANGE OF ANNUAL BUDGET APPROPRIATIONS



2017 SOURCES OF REVENUE



BUDGET APPROPRIATIONS CAP CALCULATION

Amount upon which CAP is applied: \$32,948,053.00

0.5% Appropriations CAP: \$165,064.27

Allowable Appropriations: \$33,112,793.27

ADD:

CAP Bank 2015: \$ 225,124.37

CAP Bank 2016: \$ 1,106,364.46

CAP Rate Index Ordinance: \$988,441.59

New Construction: \$249,671.60

Allowable Operating Appropriations: \$35,682,395.29

Actual Appropriations in 2017 Budget: \$34,134,193.00

Unused Appropriations CAP: \$1,548,202.29

TAX LEVY CAP CALCULATION

2016 Levy for Calculation: \$28,212,453.00

New Construction Adjustment: \$249,671.00

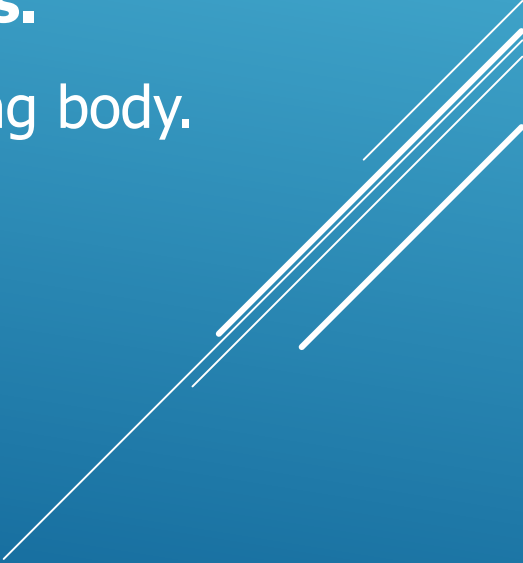
Levy Cap Bank from Prior Years: \$42,078.00

Maximum Allowable Levy: \$28,504,202.00

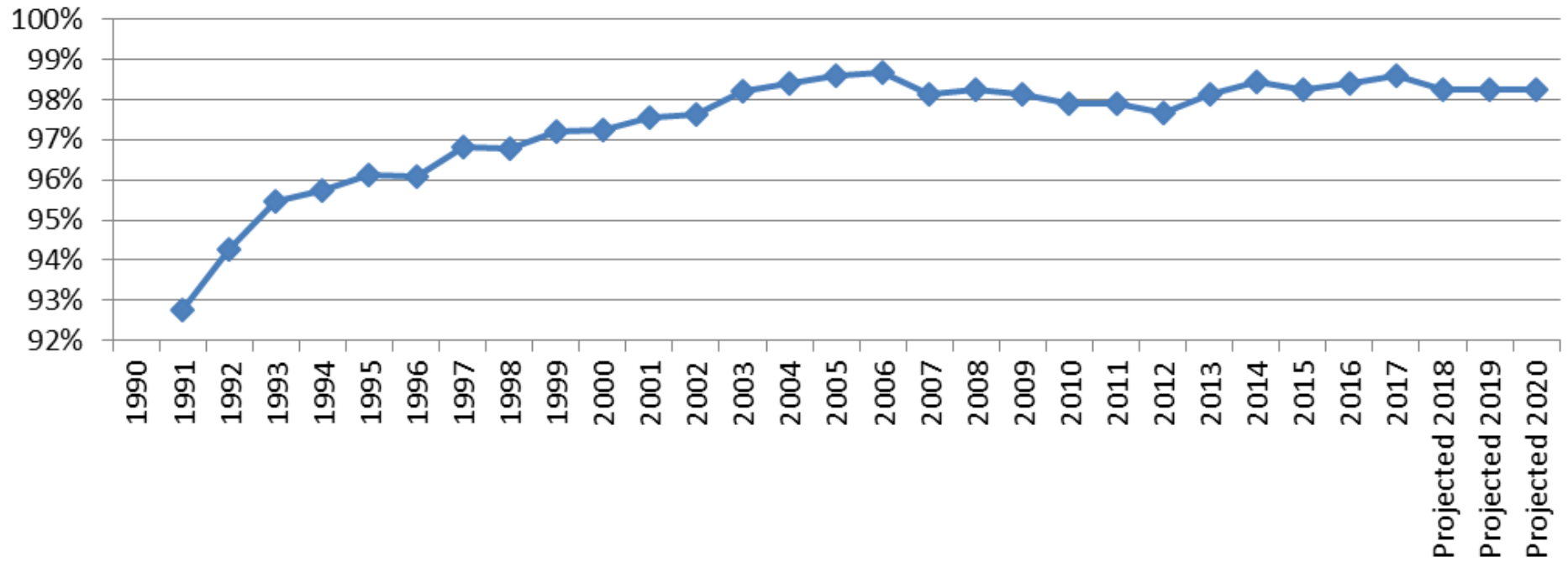
Amount of 2017 Tax Levy: \$28,490,083.85

Remaining 2016 CAP Bank: \$14,119.00

LEVY CAP

- The Levy CAP results in a drain on surplus that has been built over the years through prudent professional management to sustain local government through times such as this.
 - Forced depletion of the Reserve for Uncollected imperils our ability to regenerate surplus.**
 - Takes local decisions away from the governing body.
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Tax Collection Rate



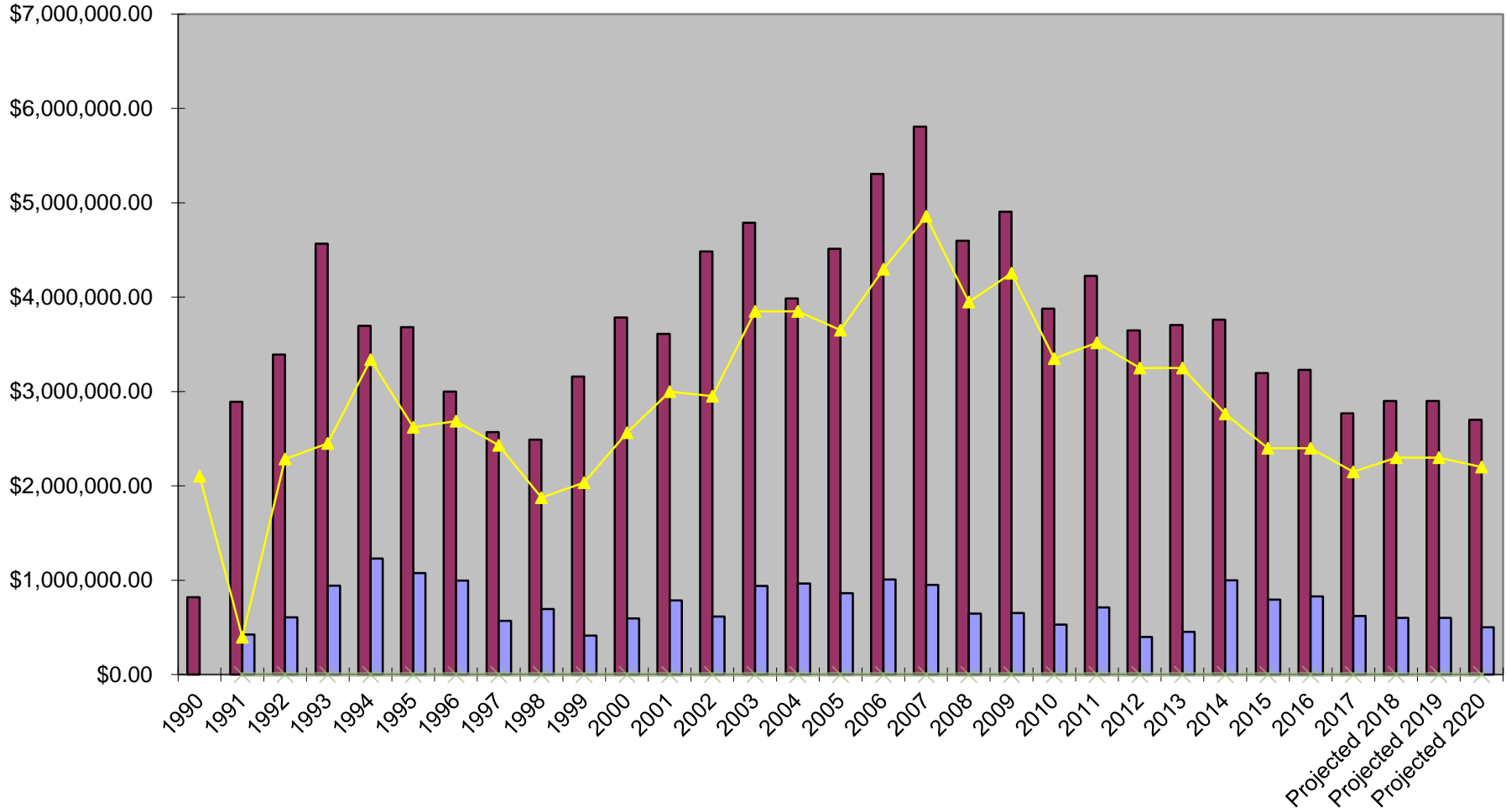
WHERE SURPLUS IS GENERATED

- ▶ Budget Revenue: <\$459,172.16>
- ▶ Delinquent Tax Collections: \$27,883.36
- ▶ Current Tax Collections: \$1,458,950.78
- ▶ Unexpended 2016 Approps: \$34,203.94
- ▶ Miscellaneous Revenue: \$828,664.07
- ▶ Unexpended 2015 Reserves: \$261,089.08
- ▶ Other Sources: \$11,323.17
- ▶ Tax Refunds <\$122,884.20>
- ▶ TOTAL SURPLUS GENERATED IN 2016: \$2,039,428.04

SURPLUS CHANGE IN 2016

- ▶ Balance 1/1/16: \$3,130,200.46
 - ▶ Utilized to offset taxes: \$2,400,000.00
 - ▶ Generated in 2016: \$2,039,428.04
 - ▶ Balance 12/31/2016: \$2,769,628.50
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Surplus Analysis

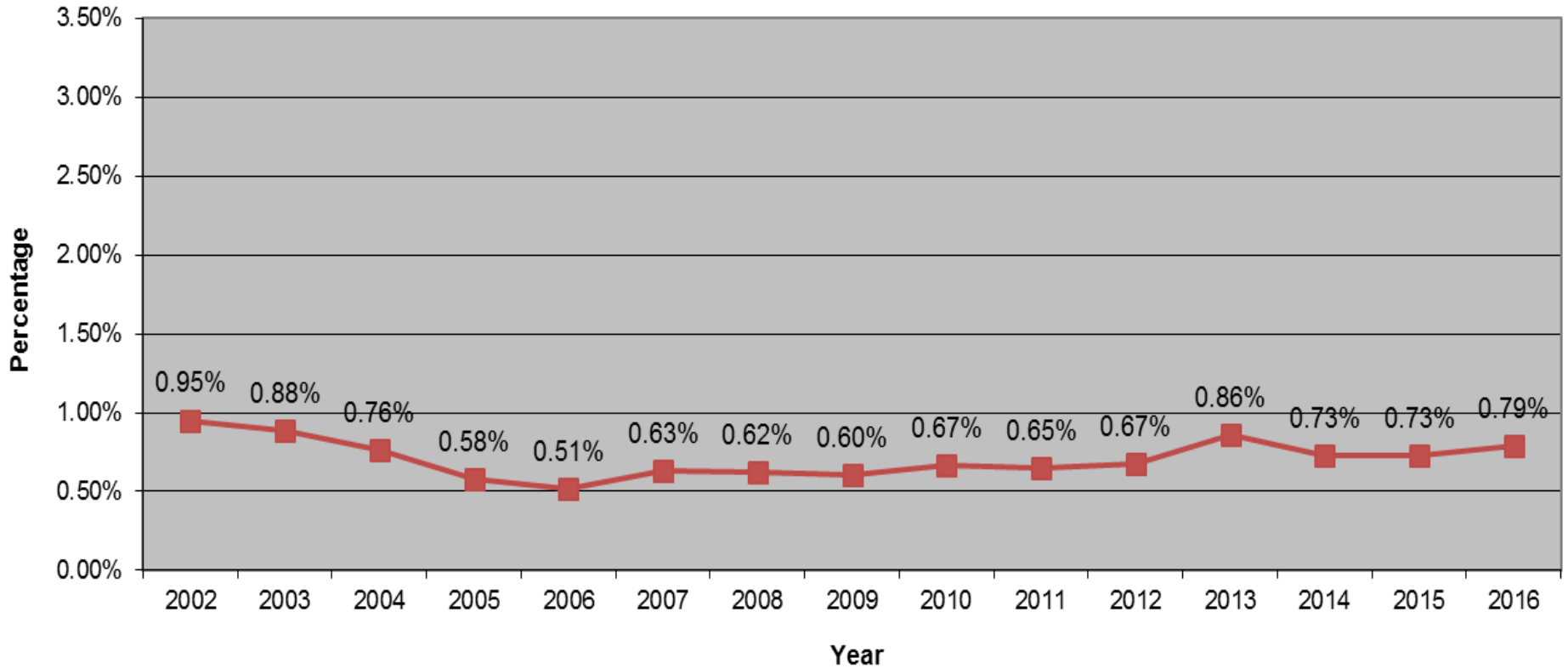


TAXABLE VALUES

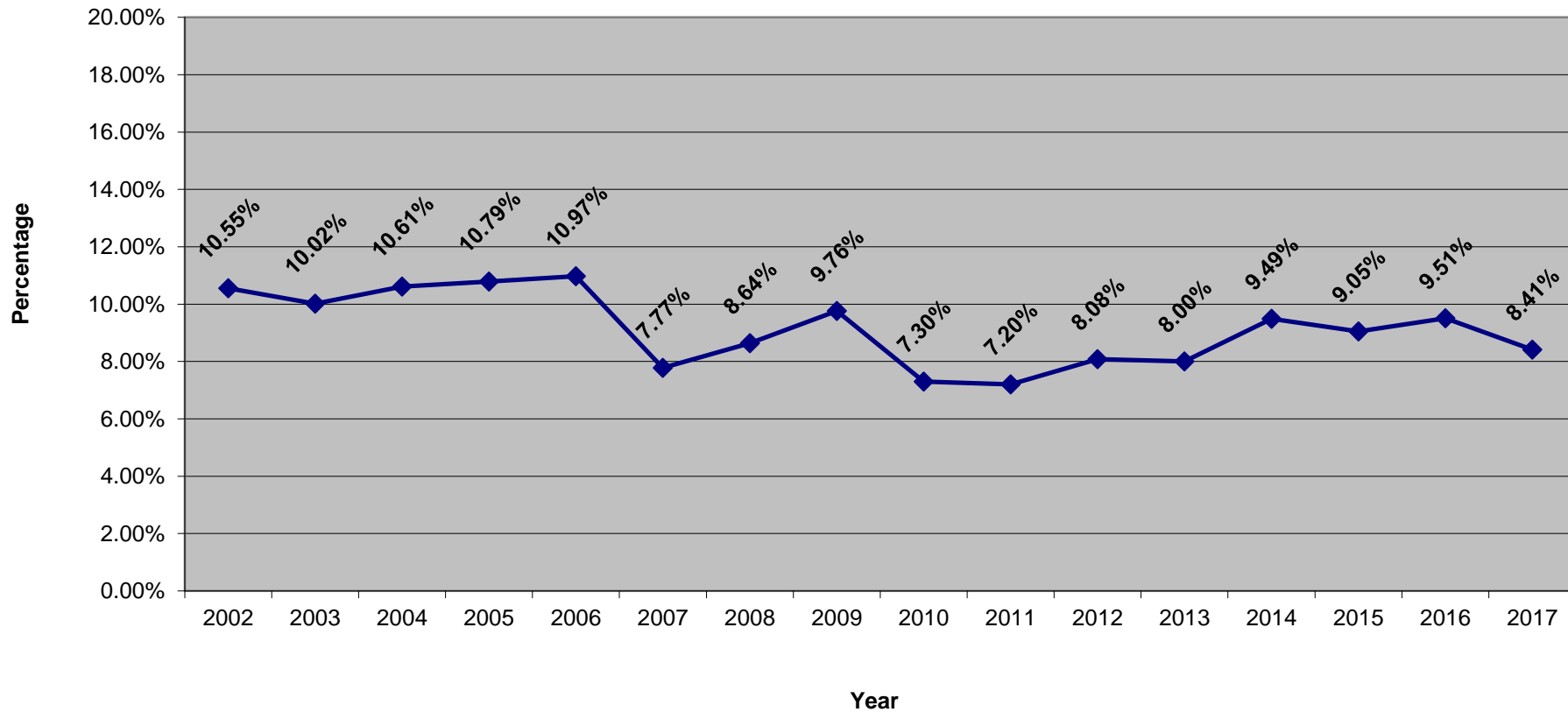


NET DEBT FOR CAPITAL IMPROVEMENTS

Net Debt as a Percentage of Equalized Valuation as of 12/31



Debt Service Expense as a Percentage of Total Revenue



AMOUNT TO BE RAISED BY TAXATION / LOCAL PURPOSES

- ▶ 2017 Amount to be Raised by Taxation: \$28,488,546.85
 - ▶ 2017 Amount to be Raised by Taxation for Library: \$1,253,460.23
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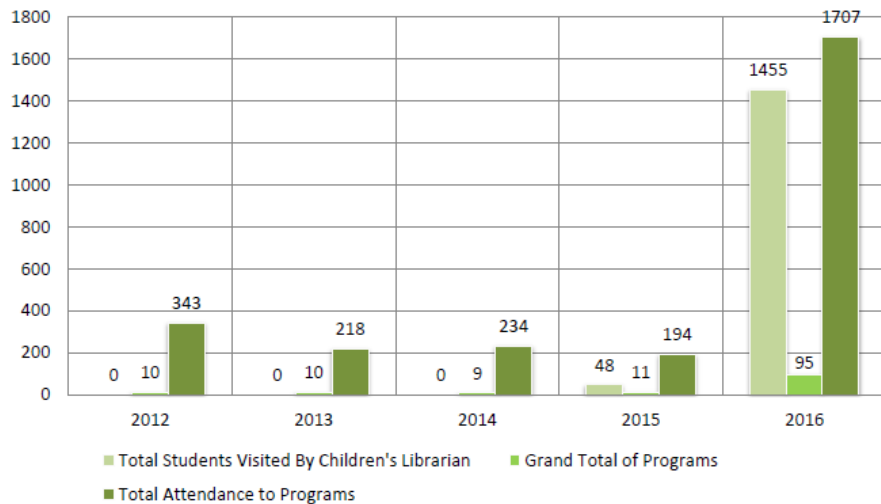
FREE PUBLIC LIBRARY CONTRIBUTION

2017: \$1,253,460.23
 2016: \$1,219,019.00
 2015: \$1,156,269.00
 2014: \$1,171,979.00
 2103: \$1,199,050.00



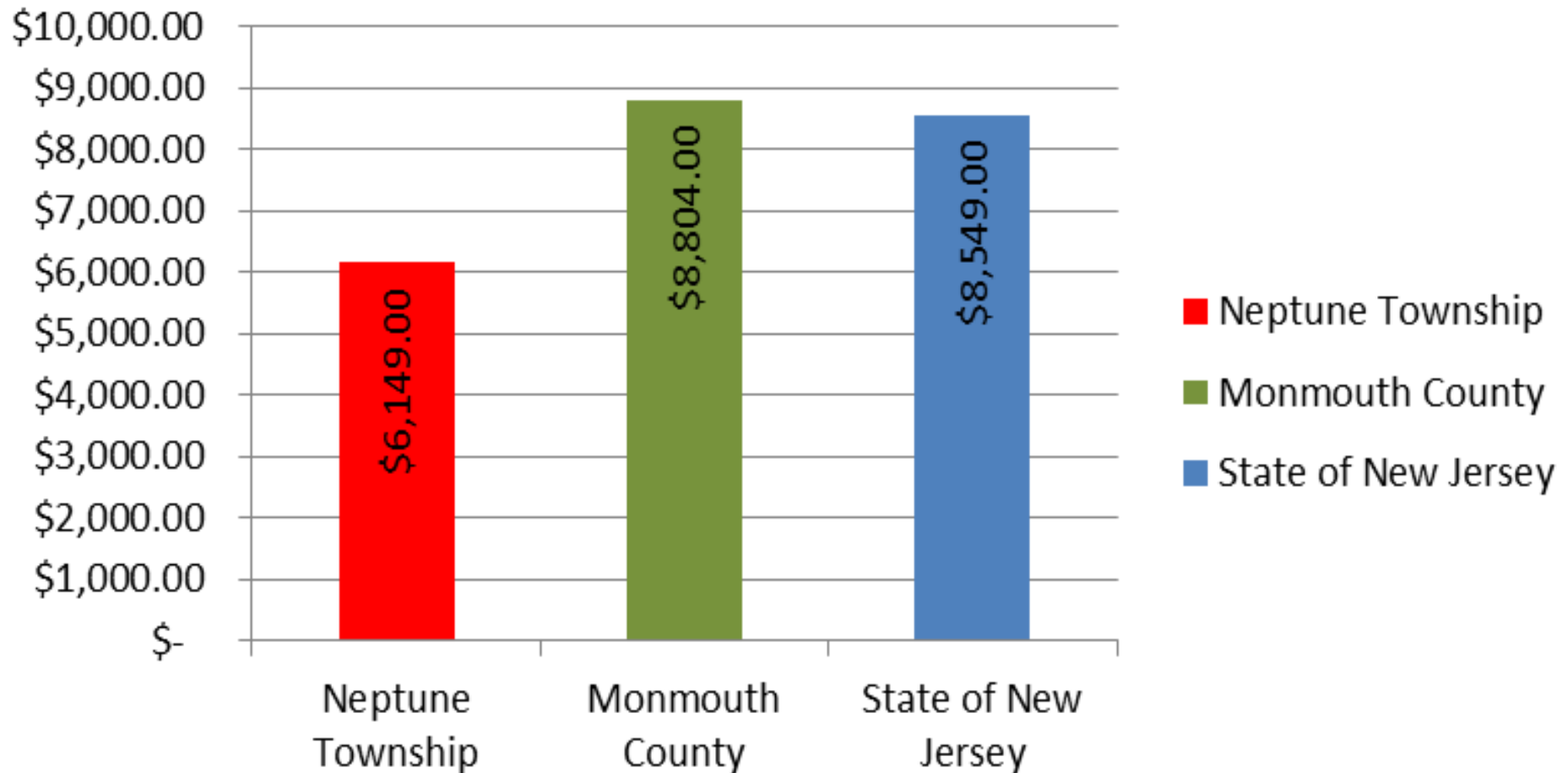
Programming and Attendance has skyrocketed from 2012 to 2016!

June Statistics for Children's Department 2012 - 2016



NEPTUNE TAXES VS. COUNTY & STATE AVERAGES (BASED ON 2016 ACTUAL)


Average Tax Comparison - 2016



TOP TEN TAXPAYERS (2016)

Property Owner	Property Type	Total Value	2016 Taxes
Neptune Partners LLC	Apartments	\$38,624,000.00	\$740,640.30* * - partial year
Neptune Plaza Shopping Center	Retail	\$33,456,800.00	\$757,796.54
Woodlands Neptune, LLC	Apartments	\$22,947,100.00	\$519,751.83
Jumping Brook Realty / Mack-Cali	Commercial Office	\$20,766,200.00	\$470,354.44
Wal-Mart Real Estate	Retail	\$20,057,000.00	\$454,291.06
Lighthouse Neptune LLC	Apartments	\$20,000,000.00	\$453,000.01
Ocean Grove Camp Meeting Association	Various	\$15,345,100.00	\$342,195.73
HD Dev of Maryland	Retail	\$14,737,500.00	\$333,804.38
OFW, LLC	Commercial Flex	\$12,438,600.00	\$281,734.30
Steve Silver Neptune LLC	Hotel	\$12,114,700.00	\$274,397.96

WHAT IS WORKING:

- **Reduction in Force Through Attrition**
 - **Part-time employment**
 - **Innovative in service delivery**
 - **Contractual changes**
 - **Energy Conservation**
 - **Purchasing Regulations**
 - **Program Revenues**
- 

“GIMMICKS” AVOIDED

One Time Revenues

Pension Deferral

School Tax Deferral

Appropriations CAP / CAP Waivers

Fiscal Year Debt

Extraordinary Aid



TAX STABILIZATION PLAN

- ▶ Neighborhood Revitalization
- ▶ Shared Services Agreements
- ▶ Innovative Service Delivery
- ▶ School Tax Reform (State)*
- ▶ Labor Agreements
- ▶ Appropriate Growth (Commercial)
- ▶ Consolidation
- ▶ Regionalization
- ▶ Energy Conservation



The Redevelopment Handbook


A Guide to Rebuilding New Jersey's Communities

2nd
Edition



TAX STABILIZATION PLAN

- ▶ **Invest in the Community**
 - ▶ **Urban Development Action Grants**
 - ▶ **Economic Development**
 - ▶ **Housing Rehabilitation**
 - ▶ **Leverage Hospital Investment**
 - ▶ **Promote Commercial Development**
 - ▶ **Infrastructure Growth and Maintenance**
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REVITALIZATION IMPACT ON TAXES

- ▶ Neptune Township does not have an abundance of land available for growth
 - ▶ Neptune Township does have a strong infrastructure system that would support appropriate development of existing areas
 - ▶ The Neptune Township investment is studying and designing appropriate development
 - ▶ Private investment is then solicited in development areas
 - ▶ Results: growth in tax base, limited impact on residential neighborhoods, redistribution of the tax base
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AA RATING / STANDARD & POOR'S

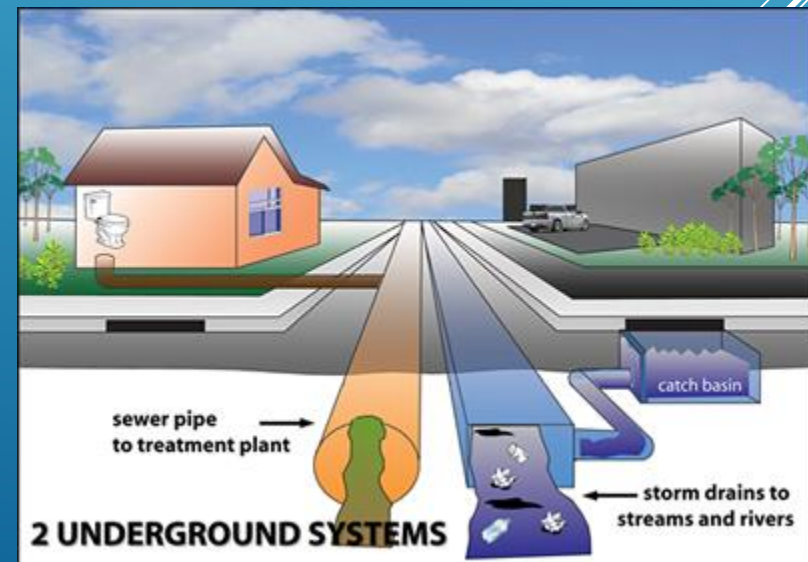
Credit Quality	DBRS		Moody's		S&P		
	Long Term	Short Term	Long Term	Short Term	Long Term	Global CP Scale	Canadian CP Scale
Superior 	AAA	R-1 high	Aaa	P-1	AAA	A-1+	A-1 (high)
	AA high	R-1 high	Aa1	P-1	AA+	A-1+	A-1 (high)
	AA	R-1 mid	Aa2	P-1	AA	A-1+	A-1 (high)
	AA low	R-1 mid	Aa3	P-1	AA-	A-1+	A-1 (high)
Good 	A high	R-1 low	A1	P-1	A+	A-1	A-1 (mid)
	A	R-1 low	A2	P-1	A	A-1	A-1 (mid)
	A low	R-1 low	A3	P-2	A-	A-2	A-1 (low)
Adequate	BBB high	R-2 high	Baa1	P-2	BBB+	A-2	A-1 (low)
	BBB	R-2 mid	Baa2	P-2	BBB	A-2	A-2
	BBB low	R-2 low	Baa3	P-3	BBB-	A-3	A-3
Speculative	BB high	R-3 high	Ba1	Not Prime	BB+	B	B
	BB	R-3 high	Ba2	Not Prime	BB	B	B
	BB low	R-3 high	Ba3	Not Prime	BB-	B	B
Highly Speculative	B high	R-3 mid	B1	Not Prime	B+	C	C
	B	R-3 mid	B2	Not Prime	B	C	C
	B low	R-3 low	B3	Not Prime	B-	C	C
	CCC	R-3 low	Caa	Not Prime	CCC	C	C

2018-2020 PROJECTION

- ▶ Budget growth to match needs of community
 - ▶ Surplus regeneration
 - ▶ 2% Levy Compliance
 - ▶ Restoration of Property Tax Relief?
 - ▶ Debt Service / Emergency Appropriations
- 

SEWER UTILITY

- ▶ Sewer utility is self-liquidating.
- ▶ Sewer is regenerating surplus.
- ▶ Major Sewer infrastructure projects will continue in efforts to reduce Infiltration & Inflow.



MARINA 2017 OPERATIONS

- ▶ Growth in revenue expected in 2017
- ▶ Marina Utility is self-liquidating.
- ▶ Waterside Reconstruction 100% Complete.



BUDGET PROCESS

- ▶ Budget Preparation in Fall/Winter 2016
 - ▶ Budget meetings with Governing Body members
 - ▶ Budget workshops
 - ▶ Budget Introduced March 13
 - ▶ Advertised in Coaster and online
 - ▶ Conduct hearing April 10
 - ▶ Resolution to Adopt 2017 Budget
 - ▶ Submit to State for final approval
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PUBLIC COMMENT

