



# Neptune

Township - NJ

*Where Community, Business & Tourism Prosper*

## 2019 MUNICIPAL BUDGET PRESENTATION



# 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
- ▶ Remain prepared for disaster response and recovery
- ▶ 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


# **ANNUAL BUDGET TOTALS 2016-2019 (INCLUDES LIBRARY CONTRIBUTION)**

- ▶ 2019 Budget: \$45,106,993.06**
- ▶ 2018 Budget: \$44,668,204.67**
- ▶ 2017 Budget: \$43,729,332.07**
- ▶ 2016 Budget: \$43,453,556.17**

**(Less than 1% increase)**



# 2019 BUDGET INFORMATION

- ▶ The Total Budget (including Library Tax) has increased by \$ 438,788.39, 0.98%, as compared to 2018.
  - ▶ Tax Rate is reduced as a result of relatively no increase in appropriations and an increase in ratables.
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# IMPACT OF 2019 BUDGET

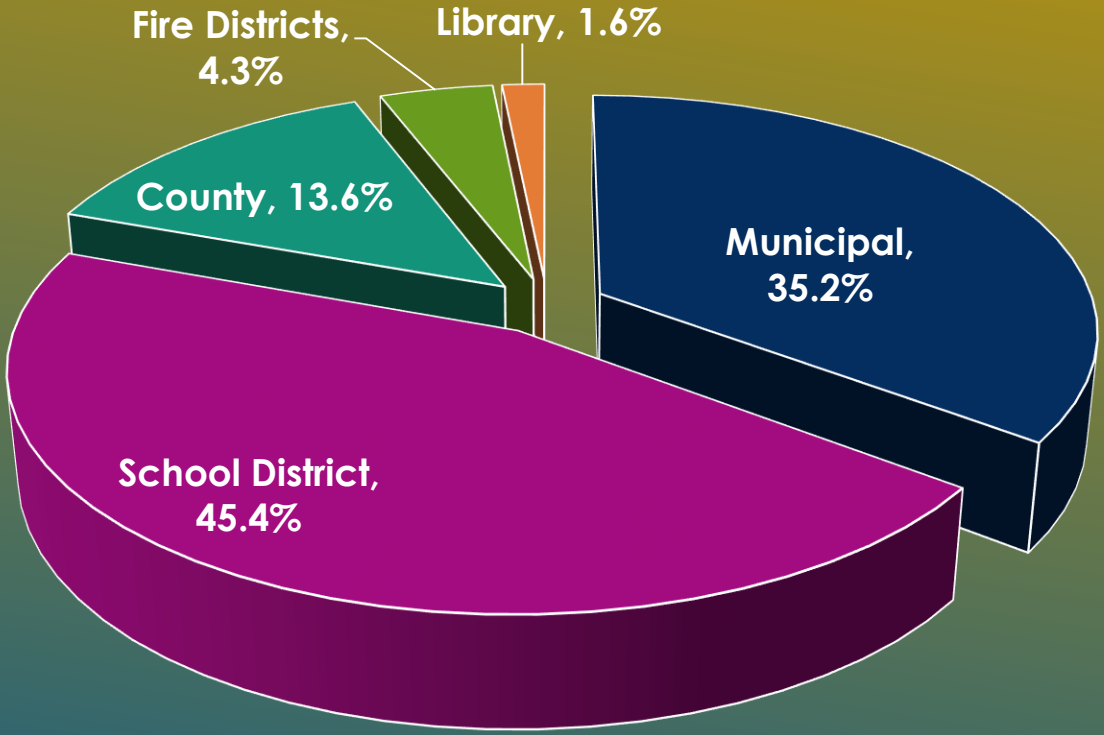
- ▶ Tax Rate Projected to decrease by 1.2 cents per \$100 of value from .759 to .747 (1.6%)
- ▶ Average Municipal Tax per House in 2018: \$2,441.57.

(Average home is valued at \$326,950)

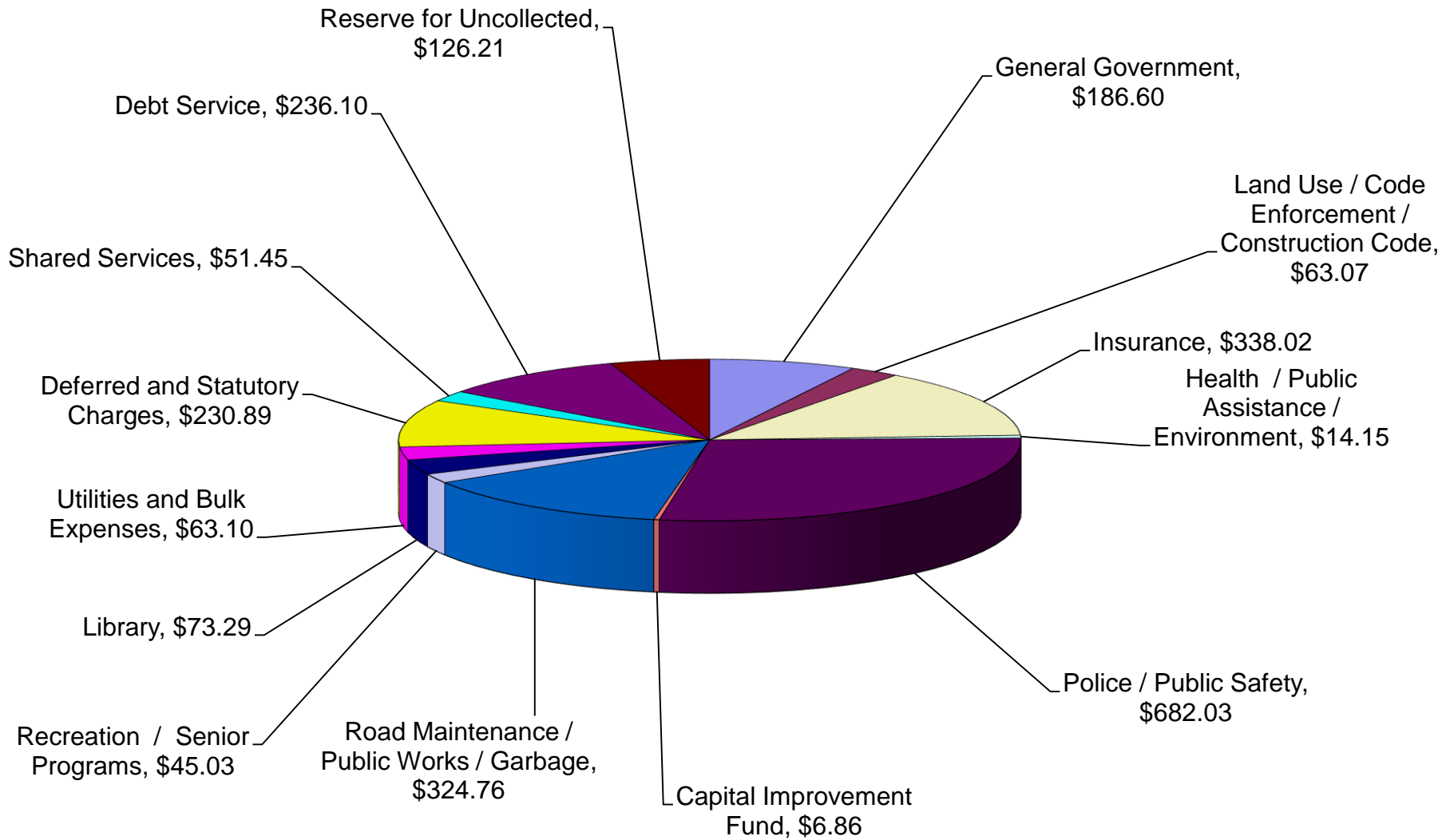
- ▶ Tax Reduction (assuming property value remained same in 2019 as 2018)

## Tax Rate Decrease

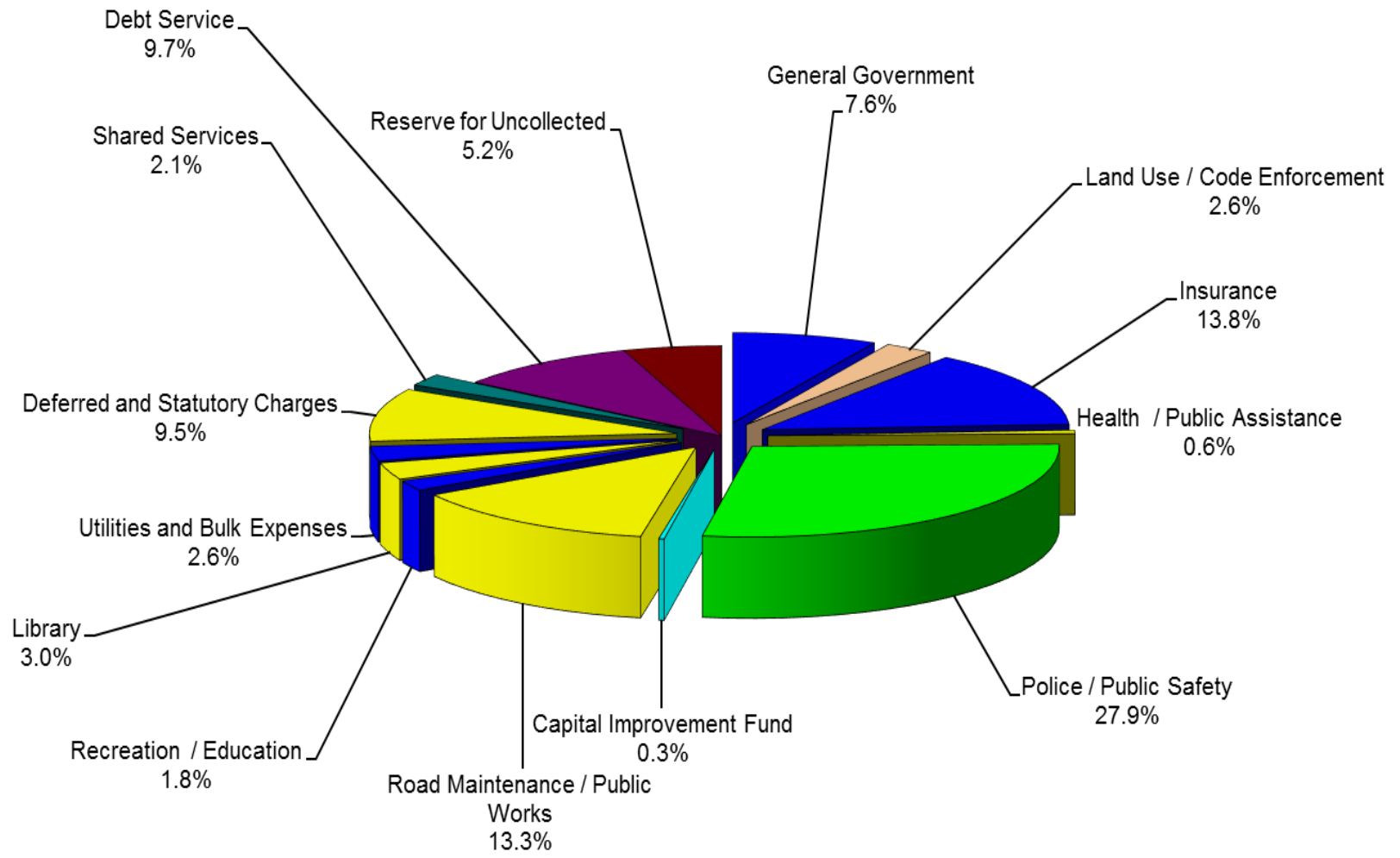
# HOW YOUR PROPERTY TAX DOLLAR IS DIVIDED



# How the 2019 Municipal Tax Dollar is Spent



# How the 2019 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 unless the State Aid program comes into compliance with the intent of the program

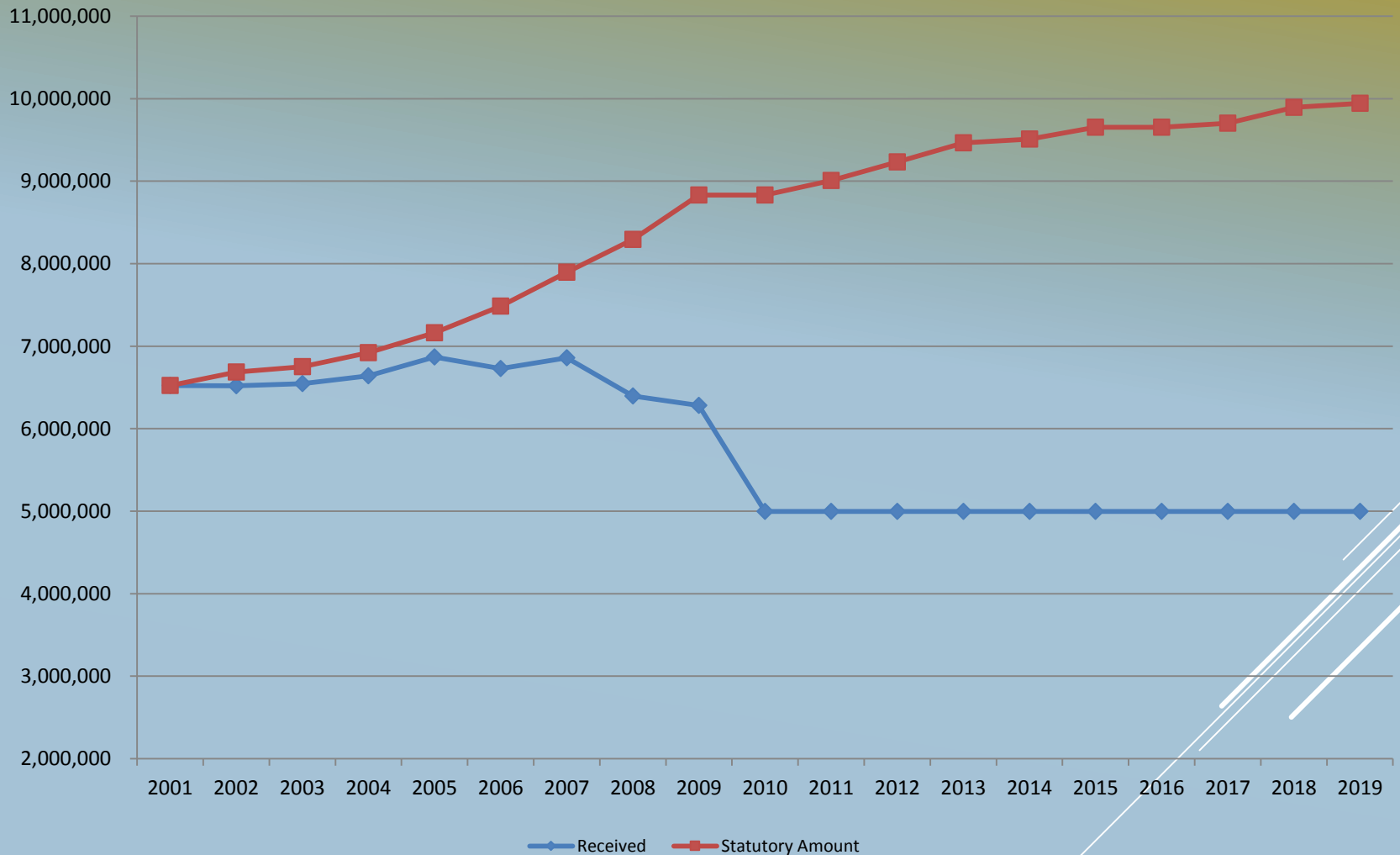


# THE NUMBERS GAME: "STATE AID"

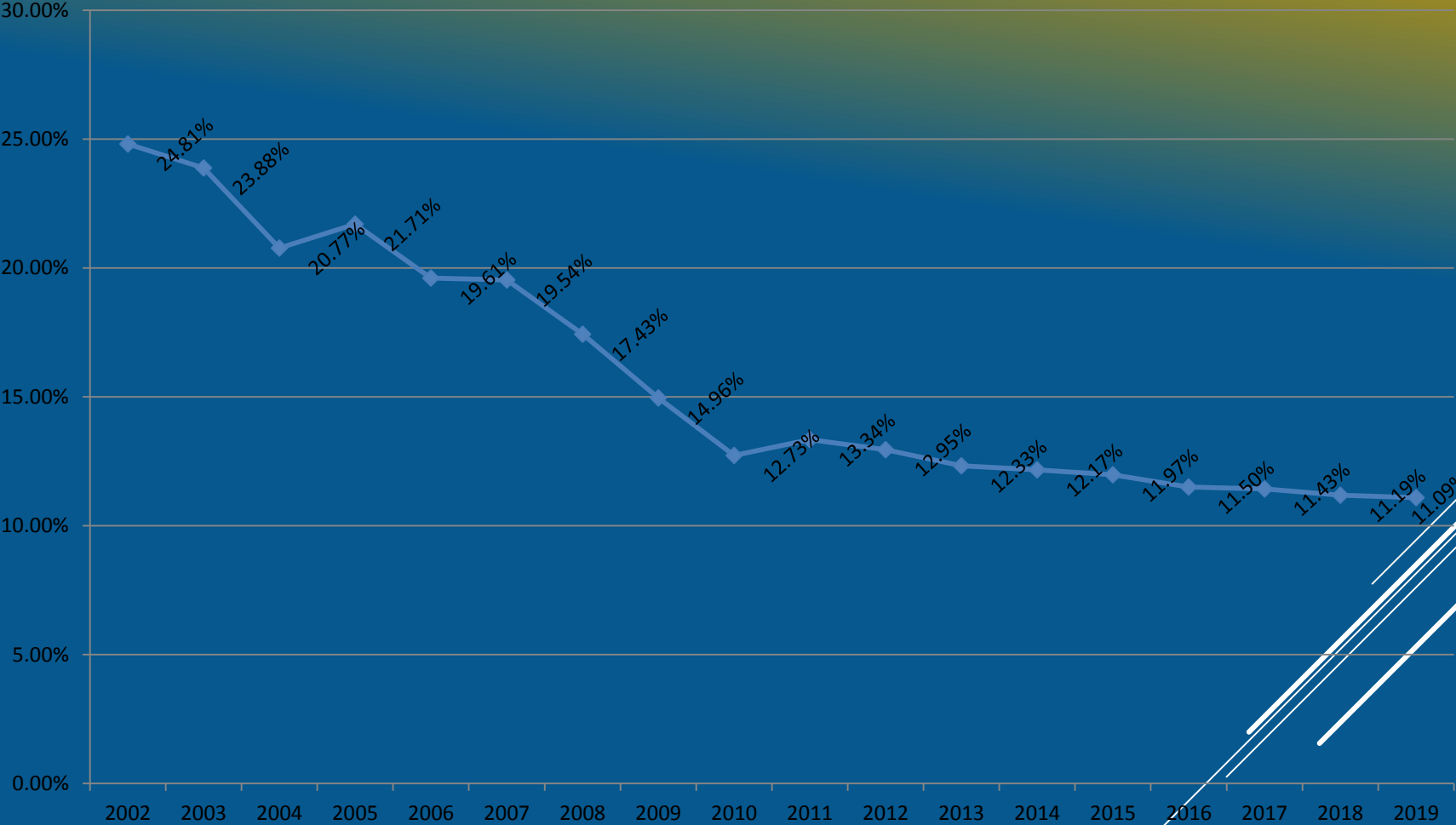


- Intent of law has not been met for more than ten years, inflation continues to grow, while State Aid continues to decline, leaving more and more of the burden on the local property taxpayer.
- In most cases, what is described as "State Aid" is actually property tax relief funding that has been diverted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

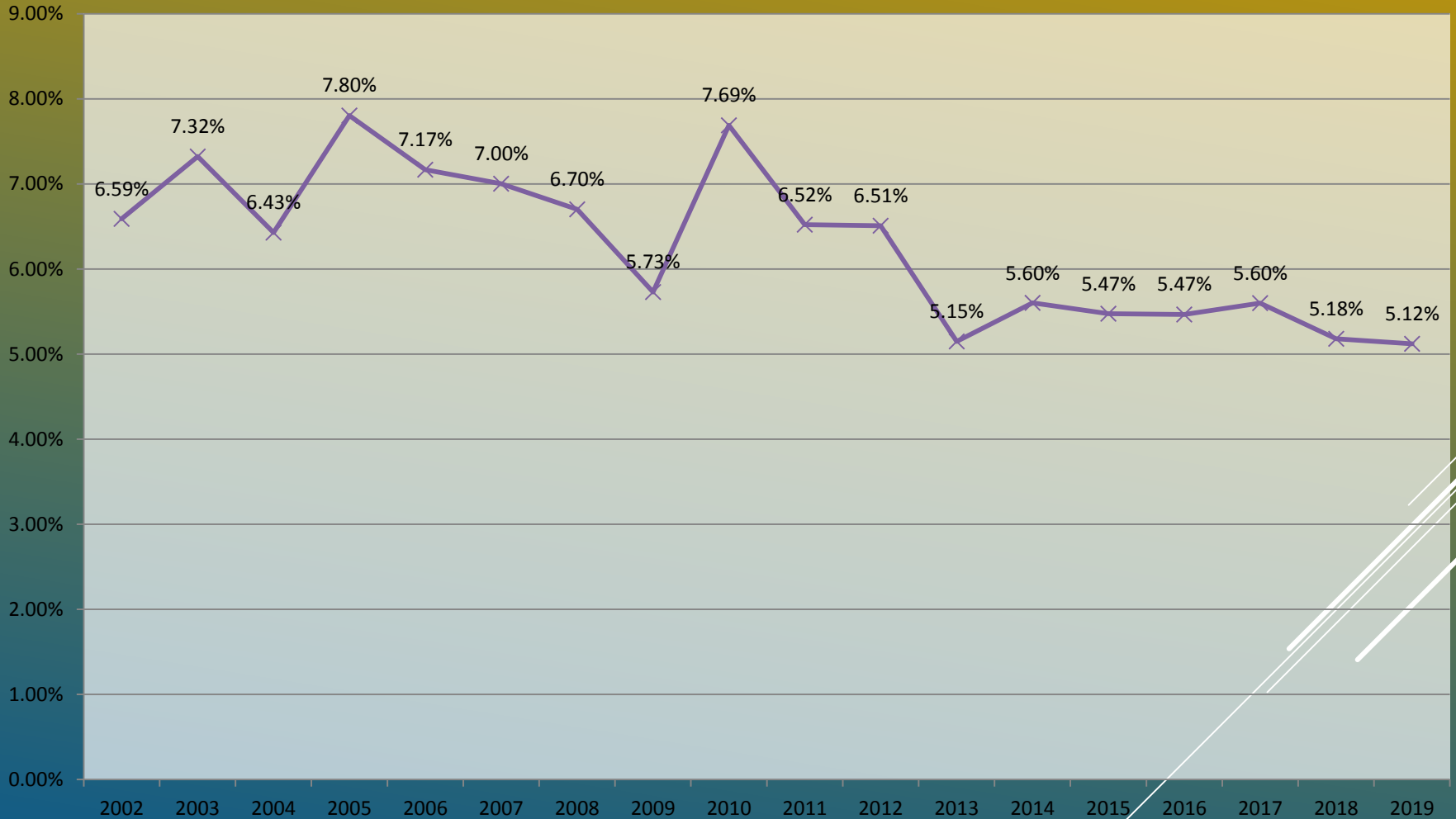
# UNDERPAYMENT OF STATE AID TO NEPTUNE BY YEAR (TOTALS MORE THE \$52,110,350.00 SINCE 2001 / NEARLY \$5,000,000.00 FOR 2019 ALONE)



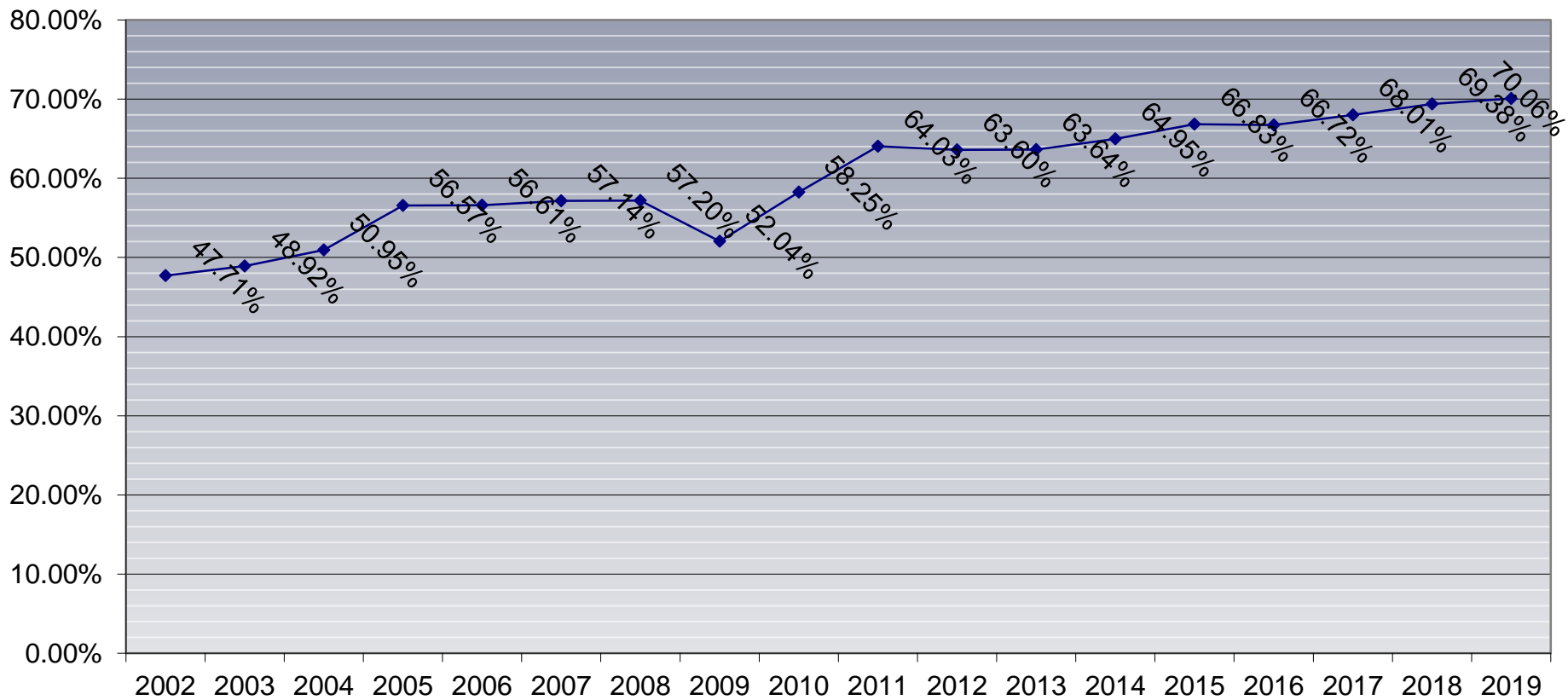
# State Aid as a Percentage of Total Budget Revenues



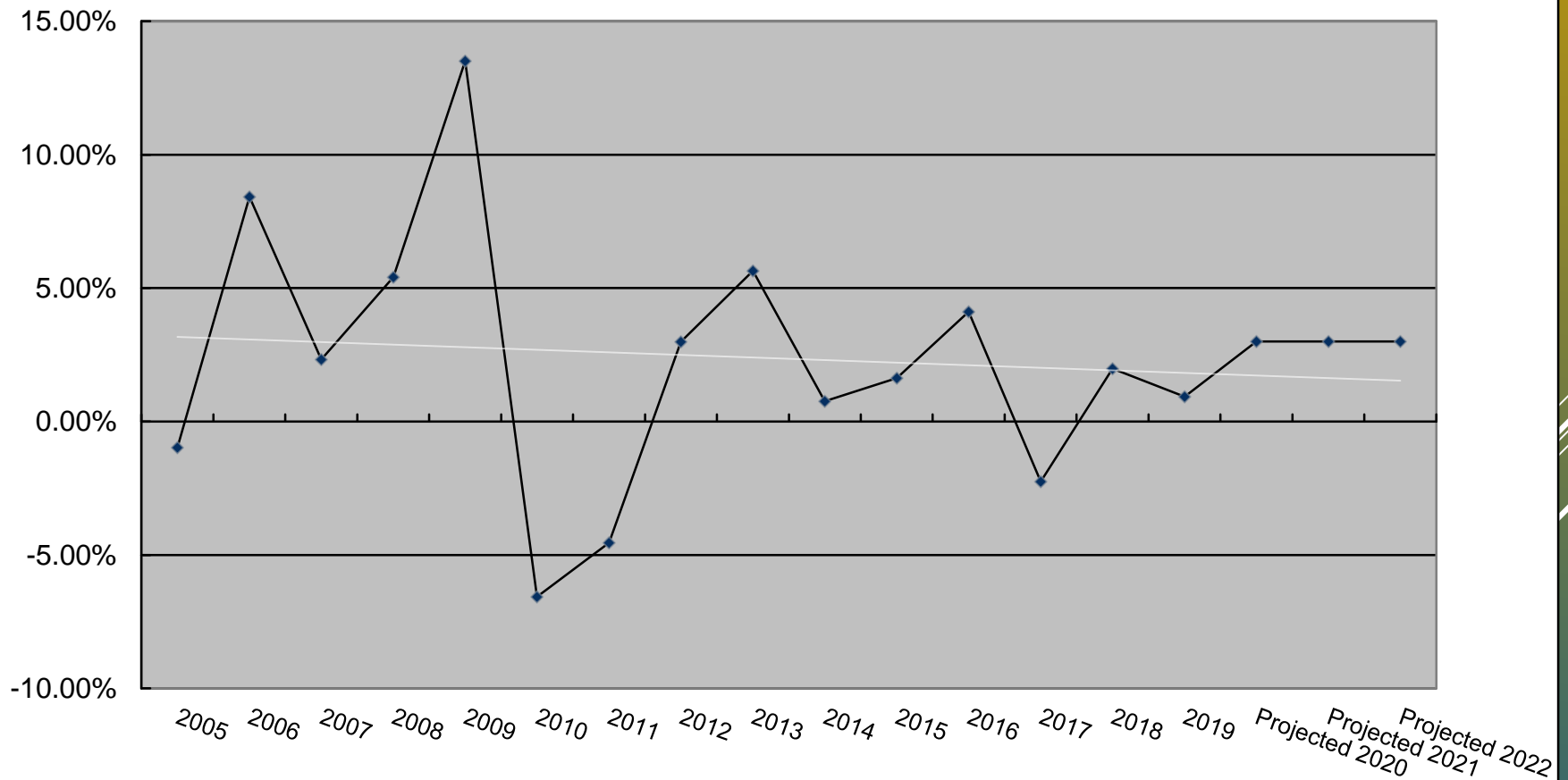
# LOCAL REVENUE AS A PCT. OF OPERATING REVENUE



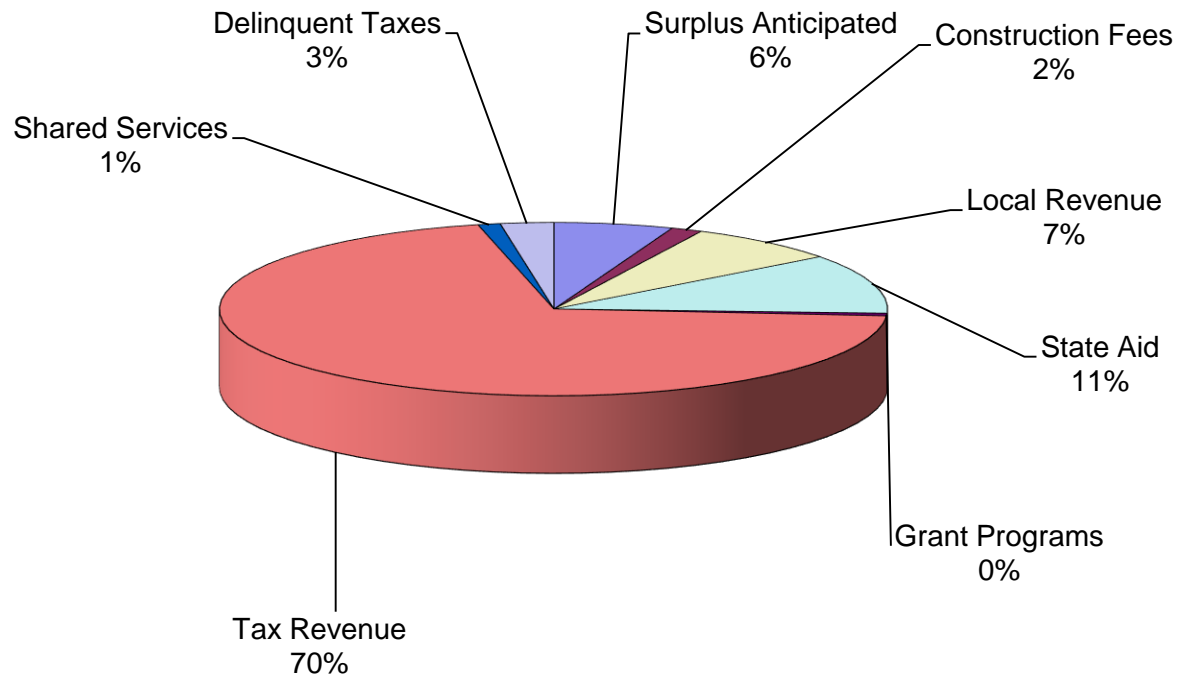
# PROPERTY TAX AS A PCT. OF OPERATING REVENUE



# PCT. CHANGE OF ANNUAL BUDGET APPROPRIATIONS



# 2019 SOURCES OF REVENUE





# BUDGET APPROPRIATIONS CAP CALCULATION

Amount upon which CAP is applied: \$34,524,477.00

2.5% Appropriations CAP: \$863,111.93

Allowable Appropriations: \$35,387,588.93

ADD:

CAP Bank 2017: \$ 990,387.75

CAP Bank 2018: \$ 878,975.63

CAP Rate Index Ordinance: \$ 345,347.21

New Construction: \$ 201,628.00

Allowable Operating Appropriations: \$ 37,803,825.08

Actual Appropriations in 2019 Budget: \$ 35,435,921.61

Unused Appropriations CAP: \$ 2,367,903.47

# TAX LEVY CAP CALCULATION

2018 Levy for Calculation: \$30,276,580.00

New Construction Adjustment: \$201,628.00

Levy Cap Bank from Prior Years: \$ 15,321.00

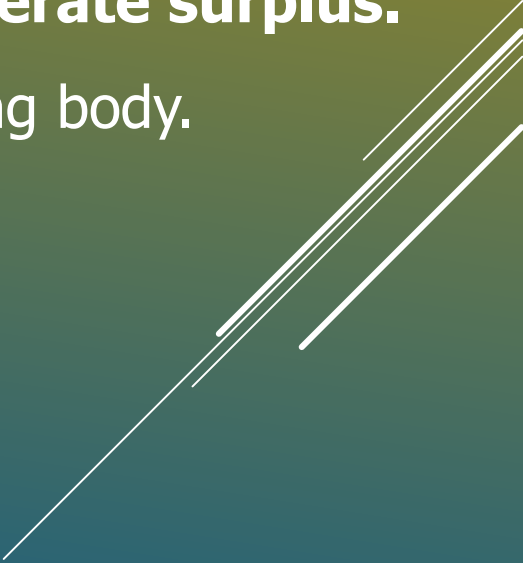
Maximum Allowable Levy: \$30,505,957.00

Amount of 2019 Tax Levy: \$30,231,646.00

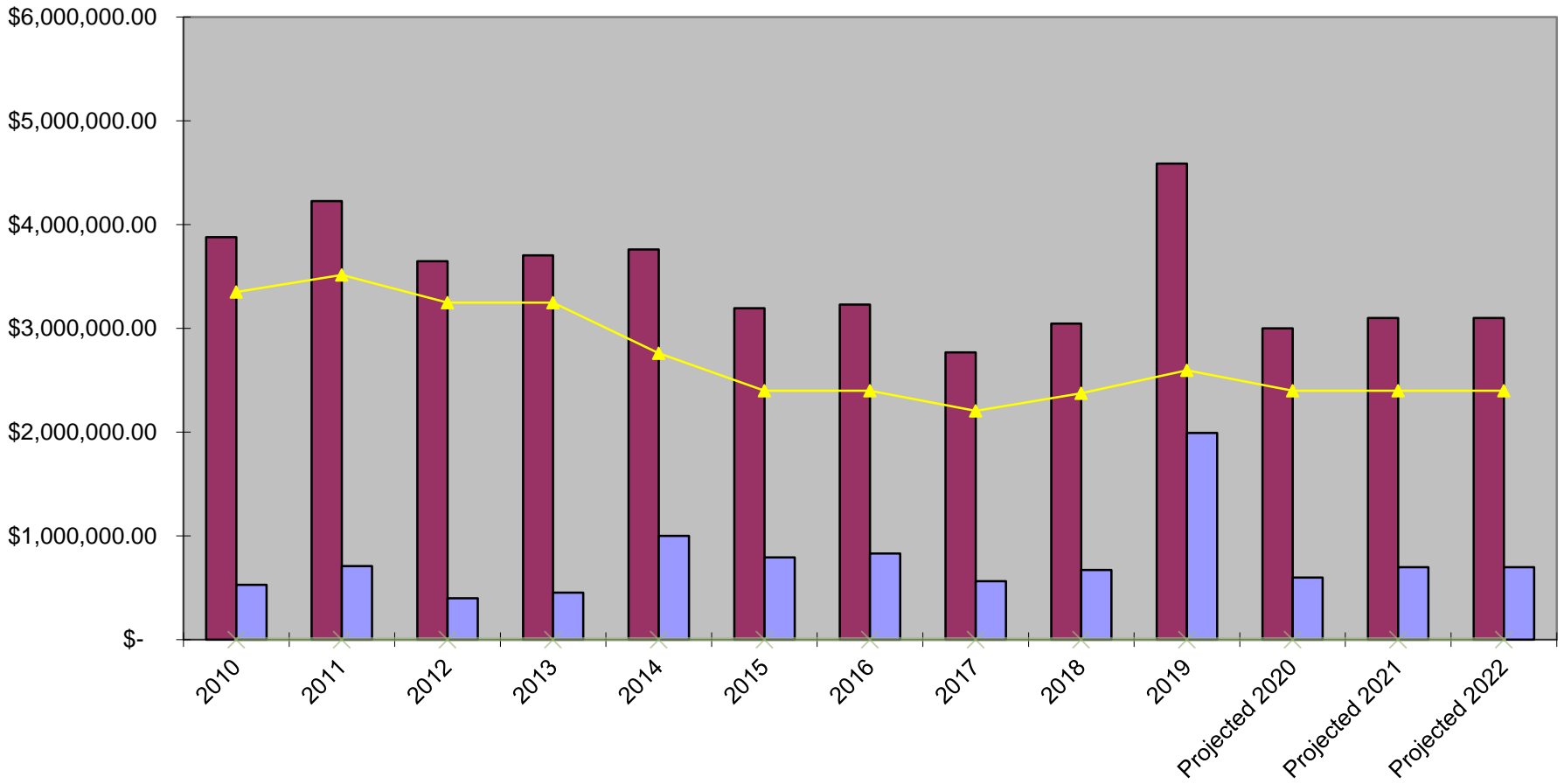
Remaining 2019 CAP Bank: \$274,311.00



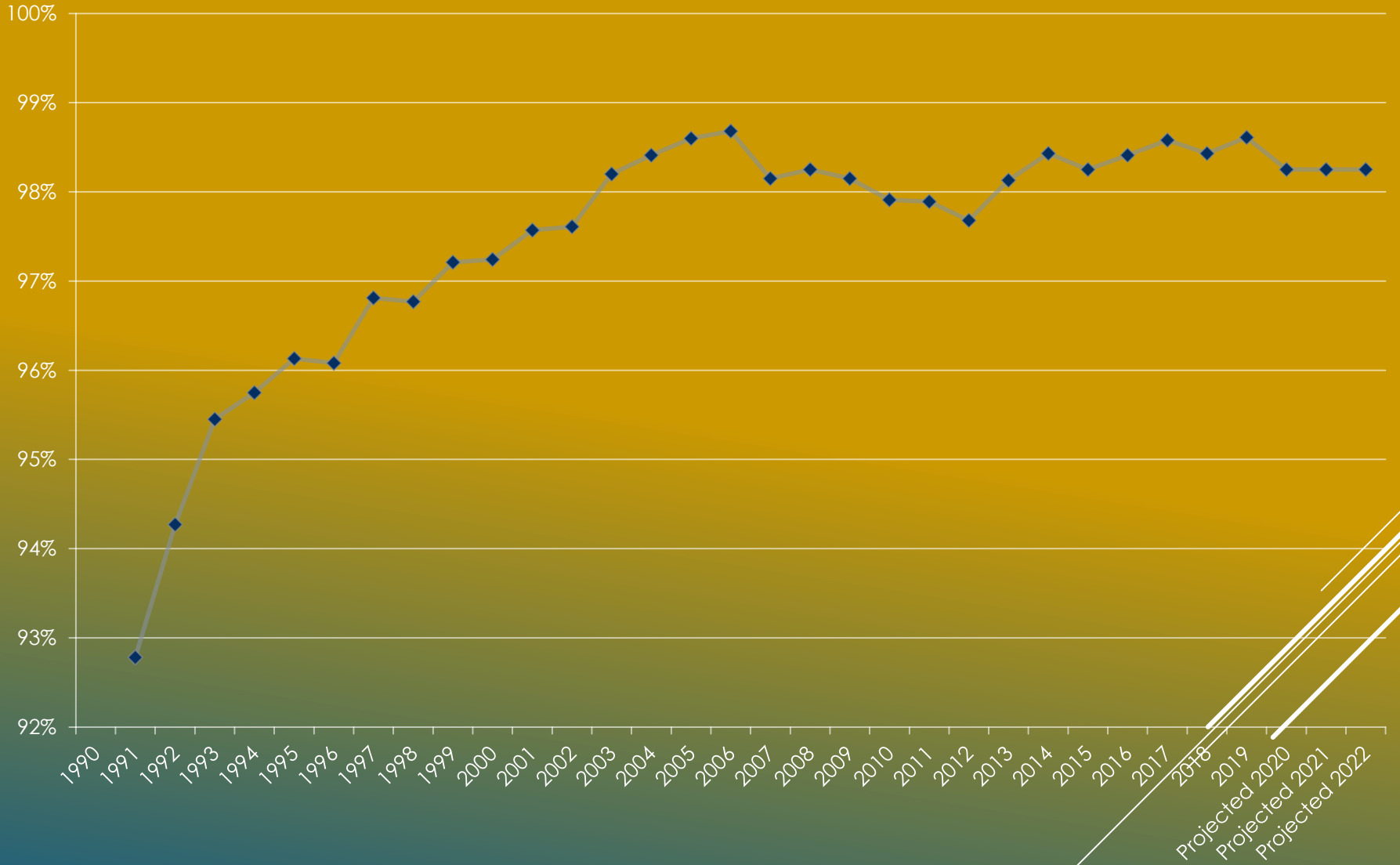
# LEVY CAP

- 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 flexibility within the Reserve for Uncollected imperils our ability to regenerate surplus.**
  - Takes local decisions away from the governing body.
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## Surplus Analysis



# Tax Collection Rate



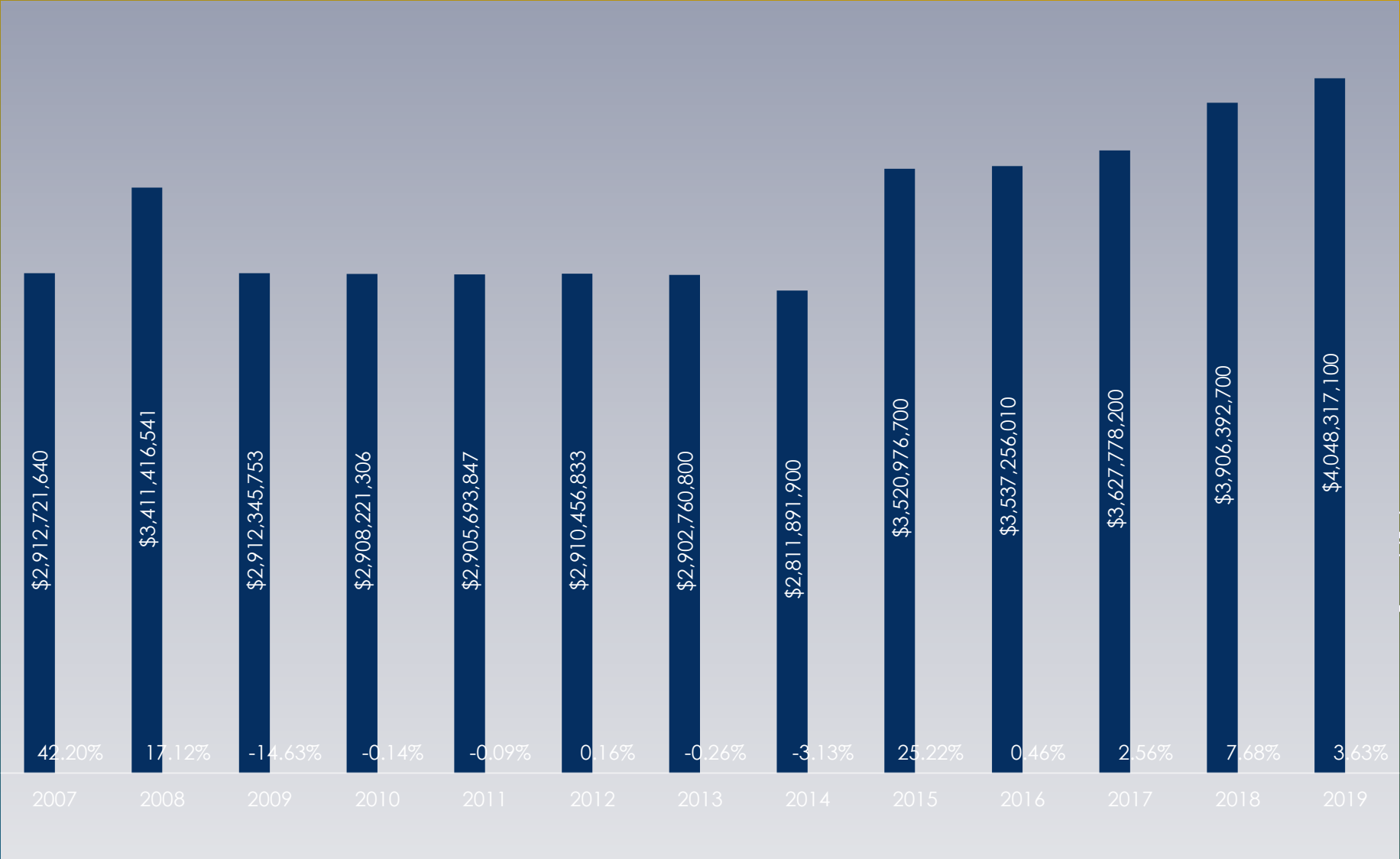
# WHERE SURPLUS IS GENERATED

- ▶ Budget Revenue: \$355,745.08
- ▶ Delinquent Tax Collections: \$33,285.64
- ▶ Current Tax Collections: \$1,429,664.24
- ▶ Unexpended 2018 Approps: \$12,427.57
- ▶ Miscellaneous Revenue: \$864,638.84
- ▶ **Unexpended 2017 Reserves: \$1,171,309.35\***
- ▶ Other Sources: \$48,180.06
- ▶ **TOTAL SURPLUS GENERATED IN 2018: \$3,915,250.78**

# **SURPLUS CHANGE IN 2018 & USE IN 2019 BUDGET**

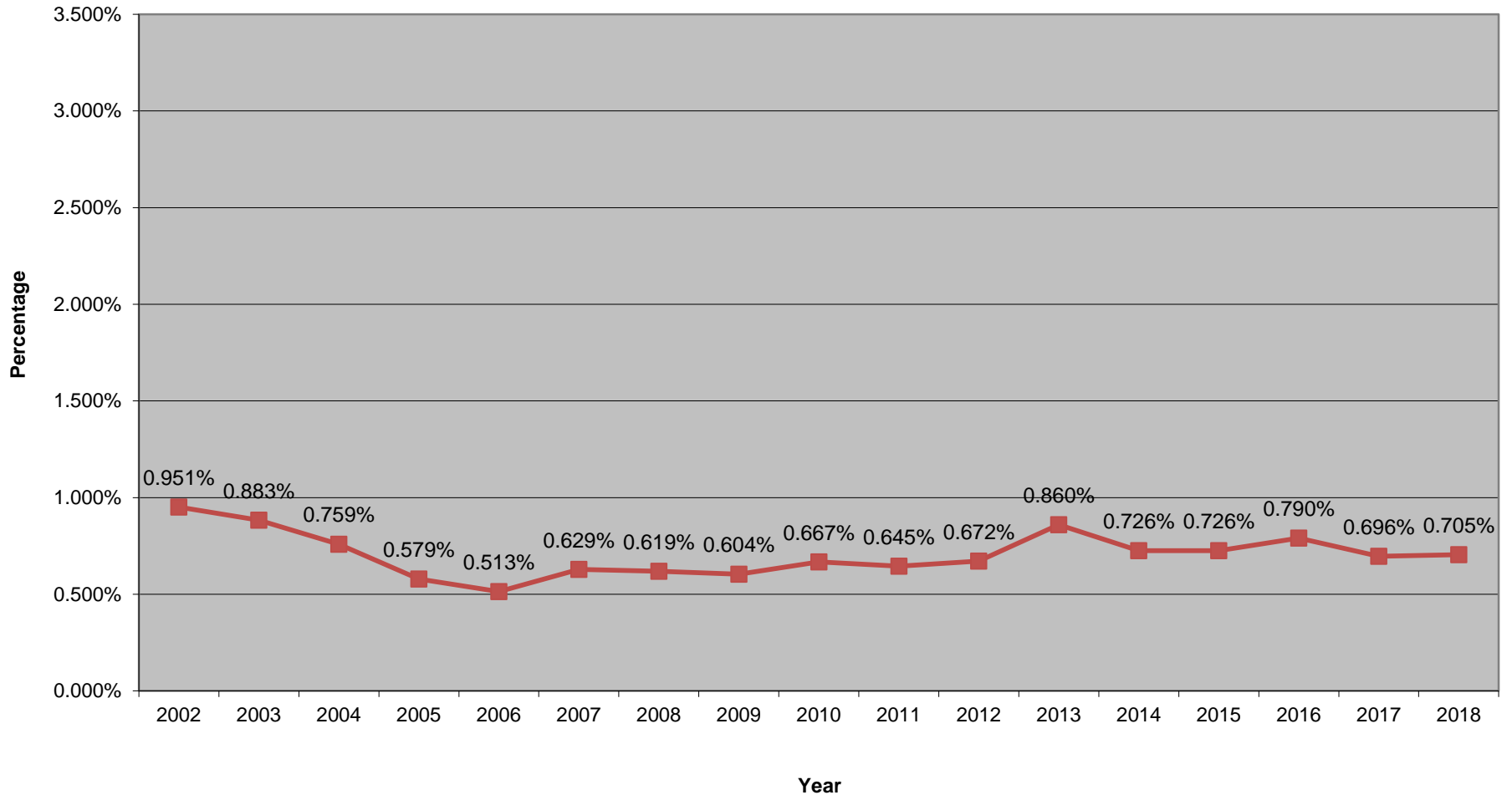
- ▶ **Balance 1/1/18: \$3,046,429.04**
- ▶ **Utilized to offset taxes: \$2,374,102.16**
- ▶ **Balance \$672,326.88**
- ▶ **Generated in 2018: \$3,915,250.78**
- ▶ **Balance 12/31/2018: \$4,587,577.66**
- ▶ **Utilized to offset taxes (2019): \$2,595,891.29**
- ▶ **Balance \$1,991,686.37**

# Net Valuation Taxable

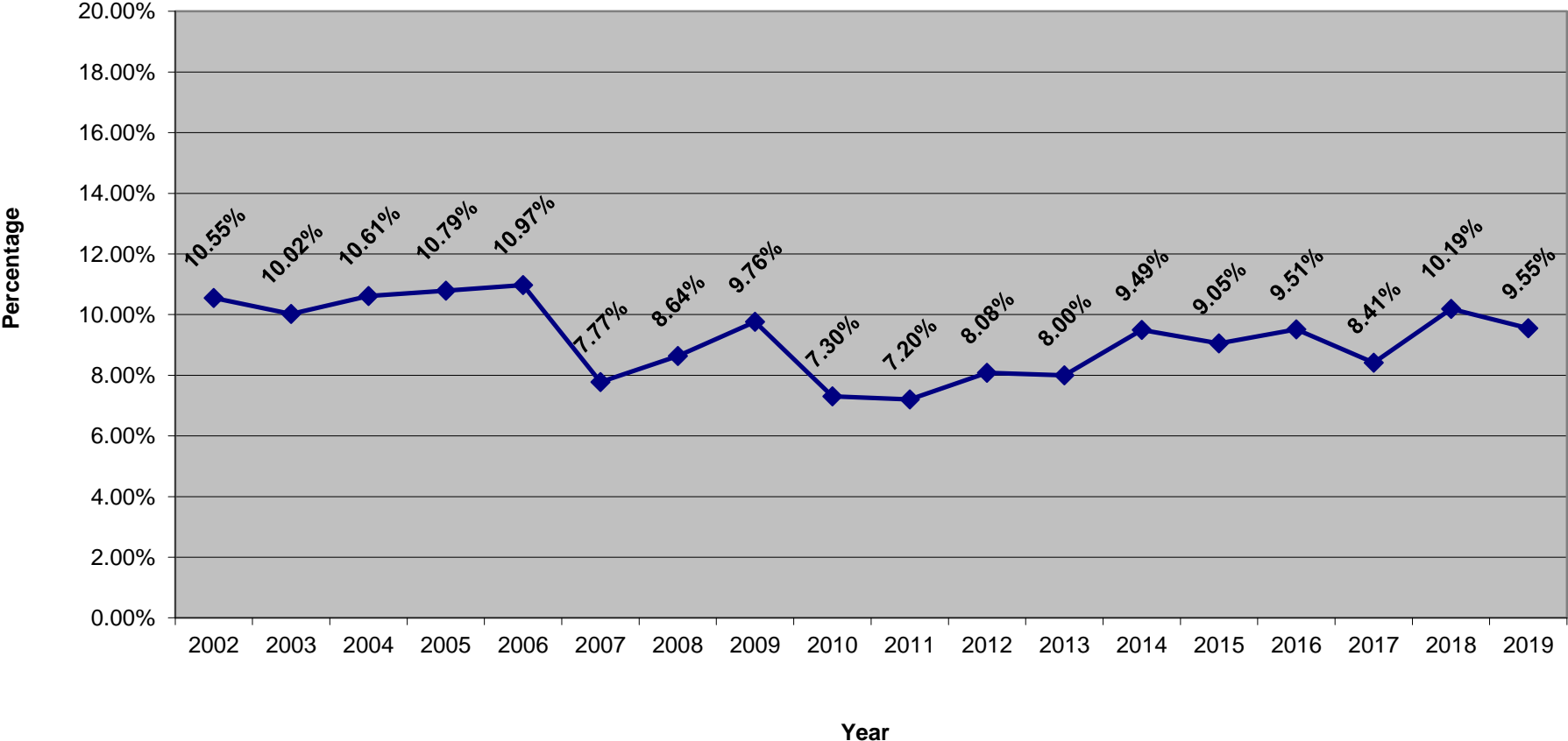




# NET DEBT FOR CAPITAL IMPROVEMENTS



### Debt Service Expense as a Percentage of Total Revenue



# AMOUNT TO BE RAISED BY TAXATION / LOCAL PURPOSES

- ▶ 2019 Amount to be Raised by Taxation: \$30,231,646.07
  - ▶ 2019 Amount to be Raised by Taxation for Library: \$1,385,244.25
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# FREE PUBLIC LIBRARY CONTRIBUTION

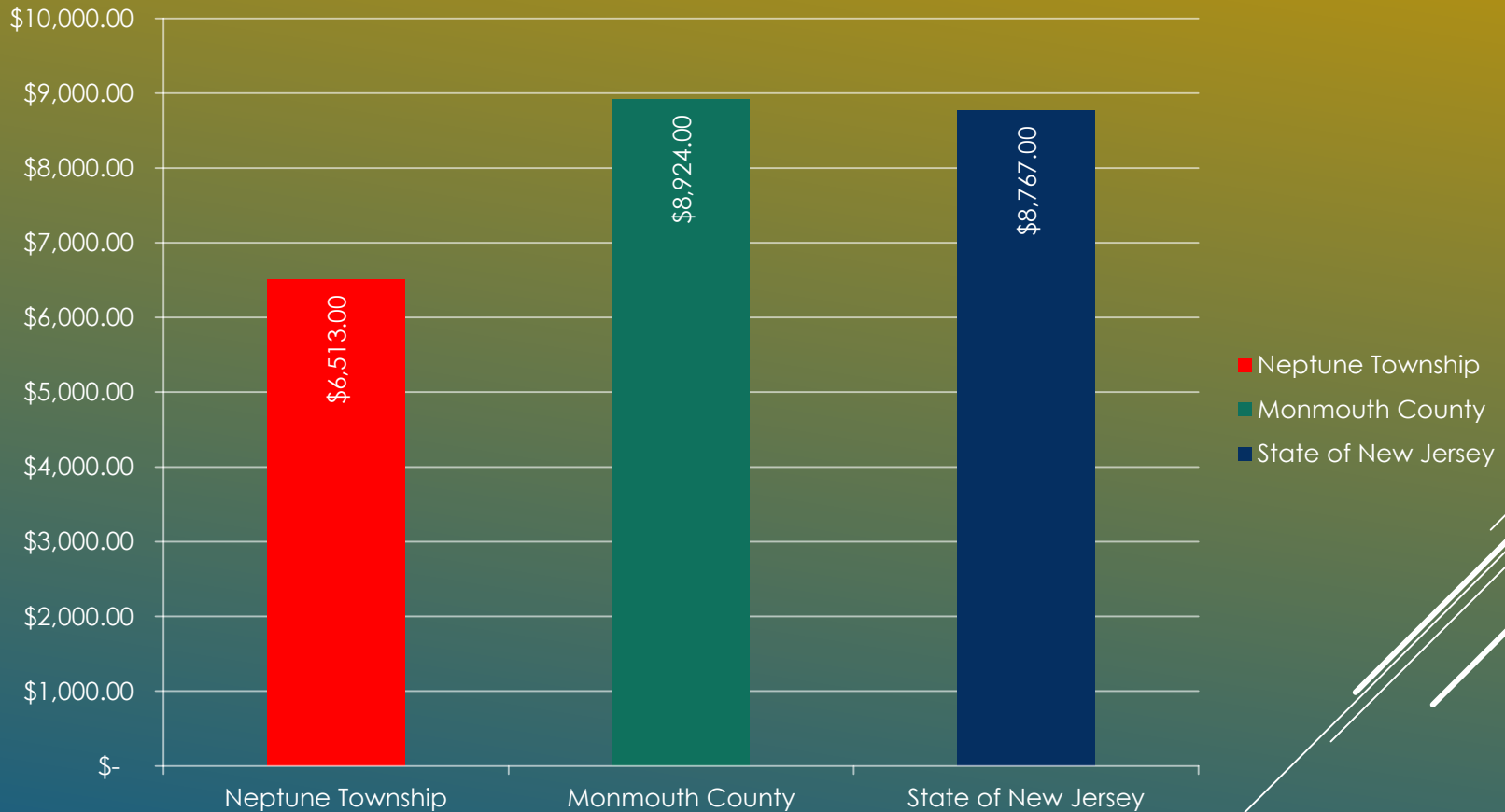


2019: \$1,385,244.25  
2018: \$1,349,769.16  
2017: \$1,253,460.23  
2016: \$1,219,019.00  
2015: \$1,156,269.00  
2014: \$1,171,979.00  
2013: \$1,199,050.00



# NEPTUNE TAXES VS. COUNTY & STATE AVERAGES (BASED ON 2018 ACTUAL)

## Average Tax Comparison - 2018



# TOP TEN TAXPAYERS (2018)

	<u>Owner of Record (2018)</u>	<u>Aggregate Assessed Value</u>	<u>As a Percentage of Assessed Value of Real Property</u>	
1.	Neptune Partners LLC/ BNE Real Est.	38,925,200	1.00%	\$844,676.84
2.	Neptune Plaza Shopping Center LLC	34,135,600	0.87%	\$740,742.52
3.	Jumping Brook Realty / Mack Cali Corp	26,175,600	0.67%	\$568,010.52
4.	Wal-Mart Real Estate Business Trust	23,741,700	0.61%	\$515,194.89
5.	Woodlands Neptune, LLC	22,947,100	0.59%	\$497,952.07
6.	JB Neptune Holdings, LLC	22,805,100	0.58%	\$494,870.67
7.	Ocean Grove Camp Meeting Association	19,327,600	0.49%	\$450,328.51
8.	HD Development of Maryland, Inc.	16,503,300	0.42%	\$358,121.61
9.	Ocean Grove NJ, LLC	15,155,000	0.39%	\$323,559.25
10.	OFW, LLC	12,504,000	0.32%	\$271,336.80

# **“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

2<sup>nd</sup>  
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

# 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

# 2020-2022 PROJECTION

- ▶ Budget growth to match needs of community
  - ▶ Surplus regeneration
  - ▶ 2% Levy Compliance
  - ▶ Restoration of Property Tax Relief? (unlikely)
  - ▶ Debt Service
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# SEWER UTILITY

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



# MARINA 2019 OPERATIONS

- ▶ Marina Utility is self-liquidating.
- ▶ Waterside Reconstruction 100% Complete.



# BUDGET PROCESS

- ▶ Budget Preparation in Fall/Winter 2018
  - ▶ Budget meetings with Governing Body members
  - ▶ Budget workshops
  - ▶ Budget Introduced March 25
  - ▶ Advertised in Coaster and online
  - ▶ Conduct hearing April 22
  - ▶ Approve minor amendment
  - ▶ Resolution to Adopt 2019 Budget
  - ▶ Submit to State for final approval
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# CAPITAL PROJECTS FOR 2019

- ▶ Neptune Boulevard- NJDOT Pedestrian Safety / Paving
  - ▶ Sunshine Park Skatepark
  - ▶ 11<sup>th</sup> Avenue Sewer Project
  - ▶ Heck Avenue (Midtown) Sewer Project
  - ▶ Brighton Avenue Paving
  - ▶ Jumping Brook Road Transportation Enhancement
  - ▶ 2019 Road Program
  - ▶ Living Shoreline Project
  - ▶ Pedestrian/Bicycle Lane – South Riverside
  - ▶ Marina Sidewalks / aprons
  - ▶ DPW / OEM Facilities
- 



# PUBLIC COMMENT

