

# 2016 MUNICIPAL BUDGET PRESENTATION



**Neptune**  
Township - NJ

*Where Community, Business & Tourism Prosper*

# BUDGET / MISSION STATEMENT

- ▶ Fiscal Responsibility
- ▶ Quality of Life
- ▶ Provision of services
- ▶ 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
- ▶ Financial stability
- ▶ 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 2016 BUDGET

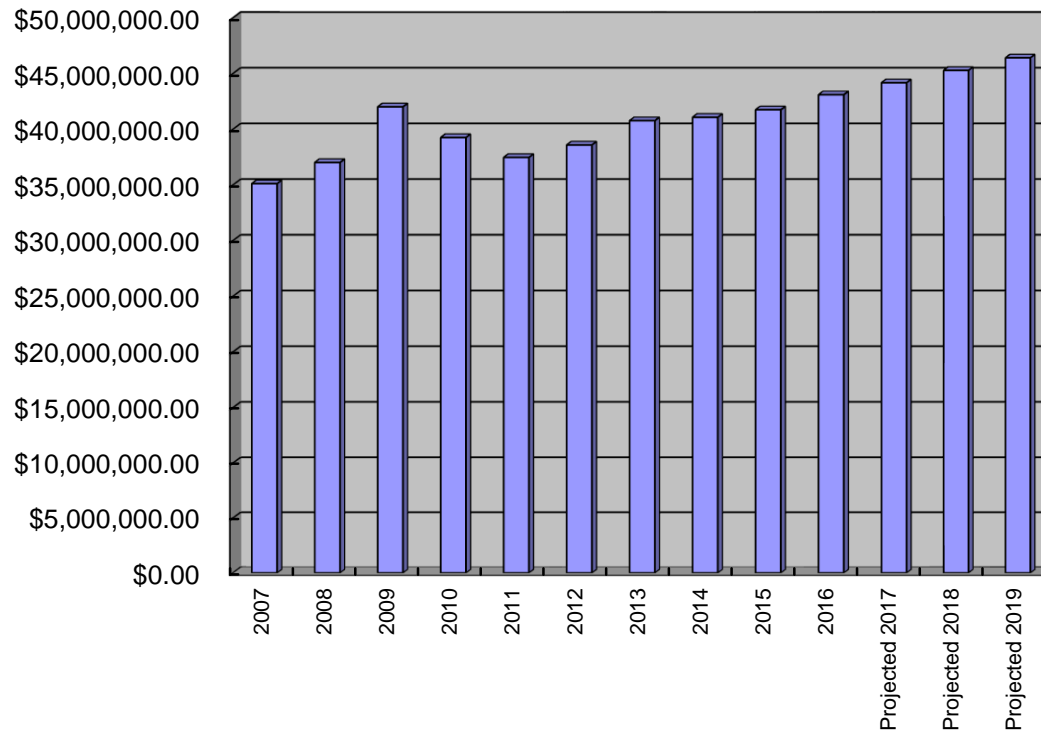
- ▶ Tax Rate will increase 2 cents per \$100.00 of assessed value (based upon January 1 assessments)
- ▶ Average Tax per House in 2015: \$2,157.91  
(Average home was valued at \$283,190.00)
- ▶ Average Tax per House in 2016: \$2,207.23  
(Average home is now valued at \$282,321.00)

# ANNUAL BUDGET TOTALS 2014-2016

- ▶ 2016 Budget: \$43,088,311.50
  - ▶ 2015 Budget: \$41,736,432.06
  - ▶ 2014 Budget: \$42,464,296.80
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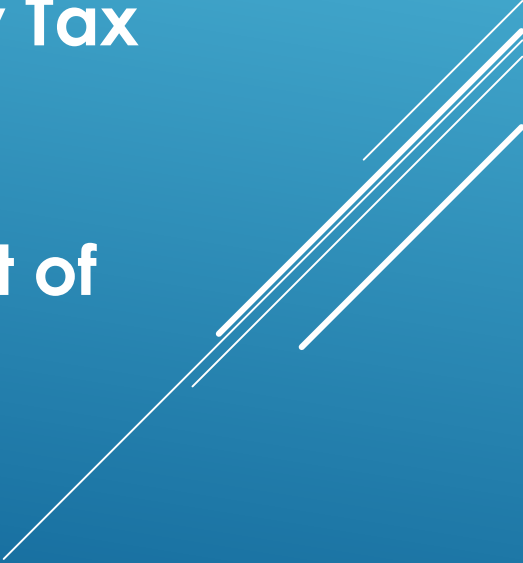
# ANNUAL BUDGET COMPARISON

**Total Current Fund Appropriations**

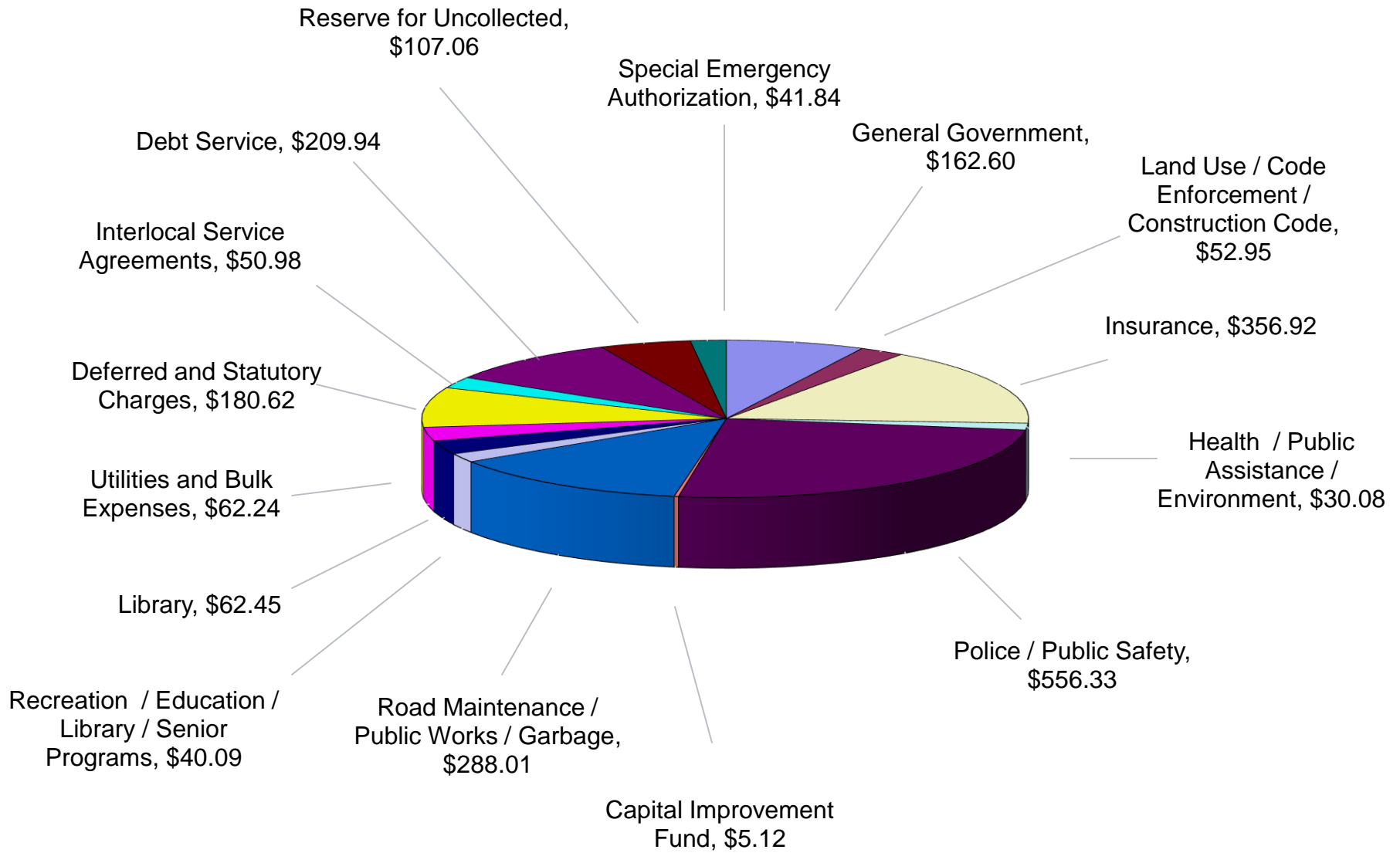




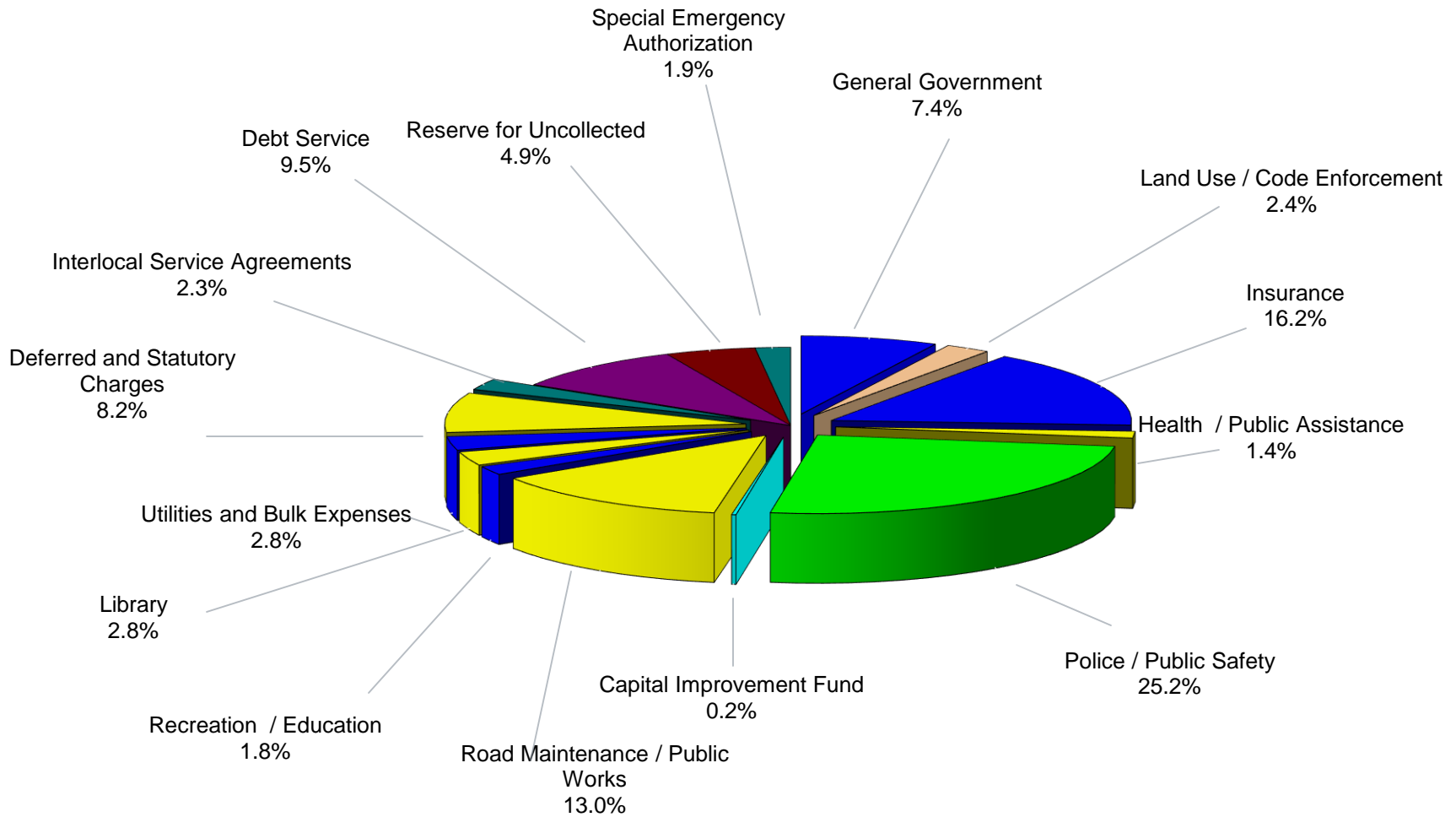
# 2016 BUDGET INFORMATION

- ▶ The Total Budget (including Library Tax) has increased by \$1,351,412.70 as compared to 2015 (3.2%)
  - ▶ Tax Rate increase attributable primarily to lack of CPI increases in Consolidated Municipal Property Tax Relief Funding, Sandy recovery, aggressive capital financing repayment, and the general cost of providing services.
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# How the 2016 Municipal Tax Dollar is Spent

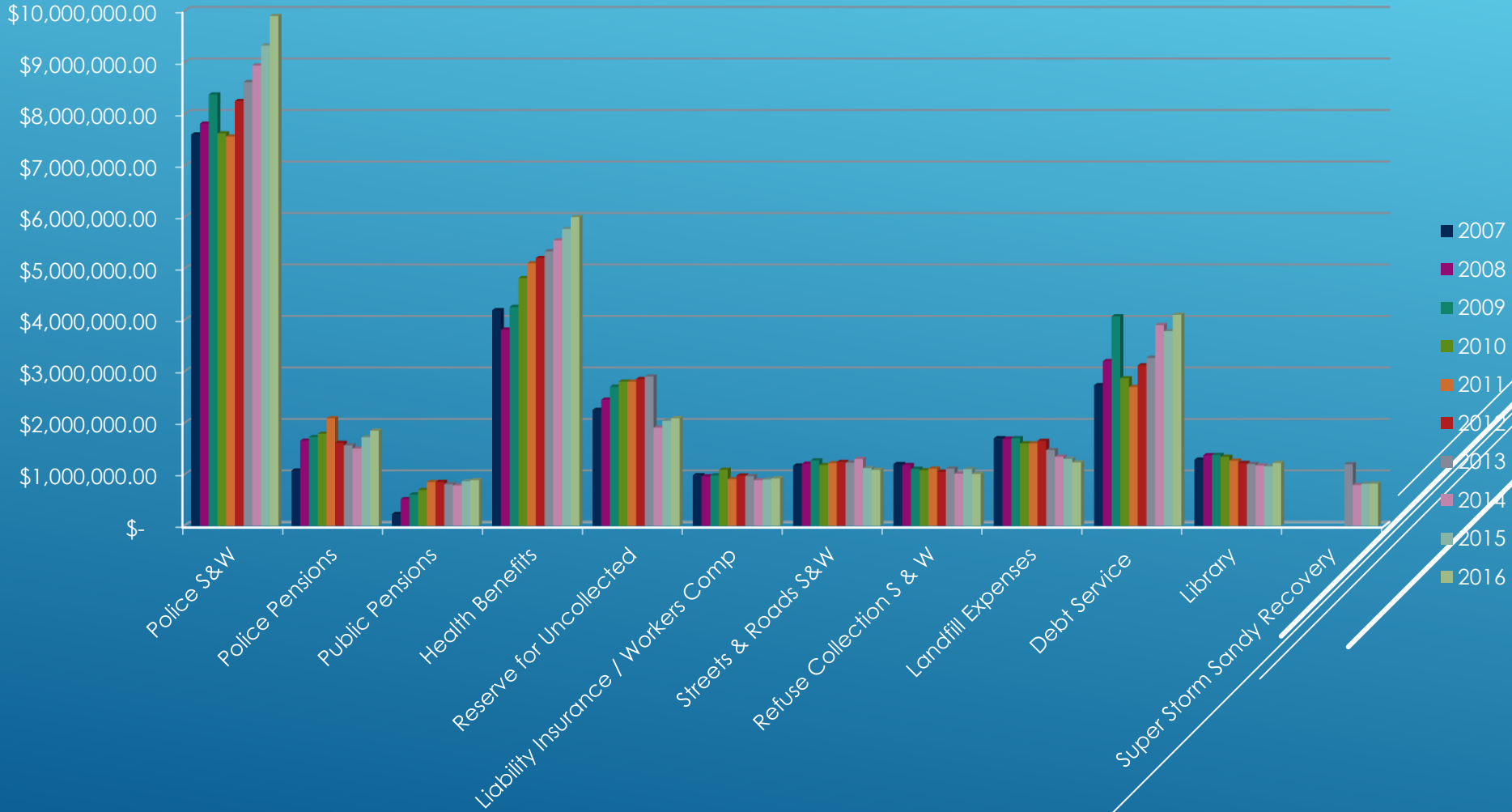


# How the 2016 Municipal Tax Dollar is Spent (%)







# Major Cost Centers



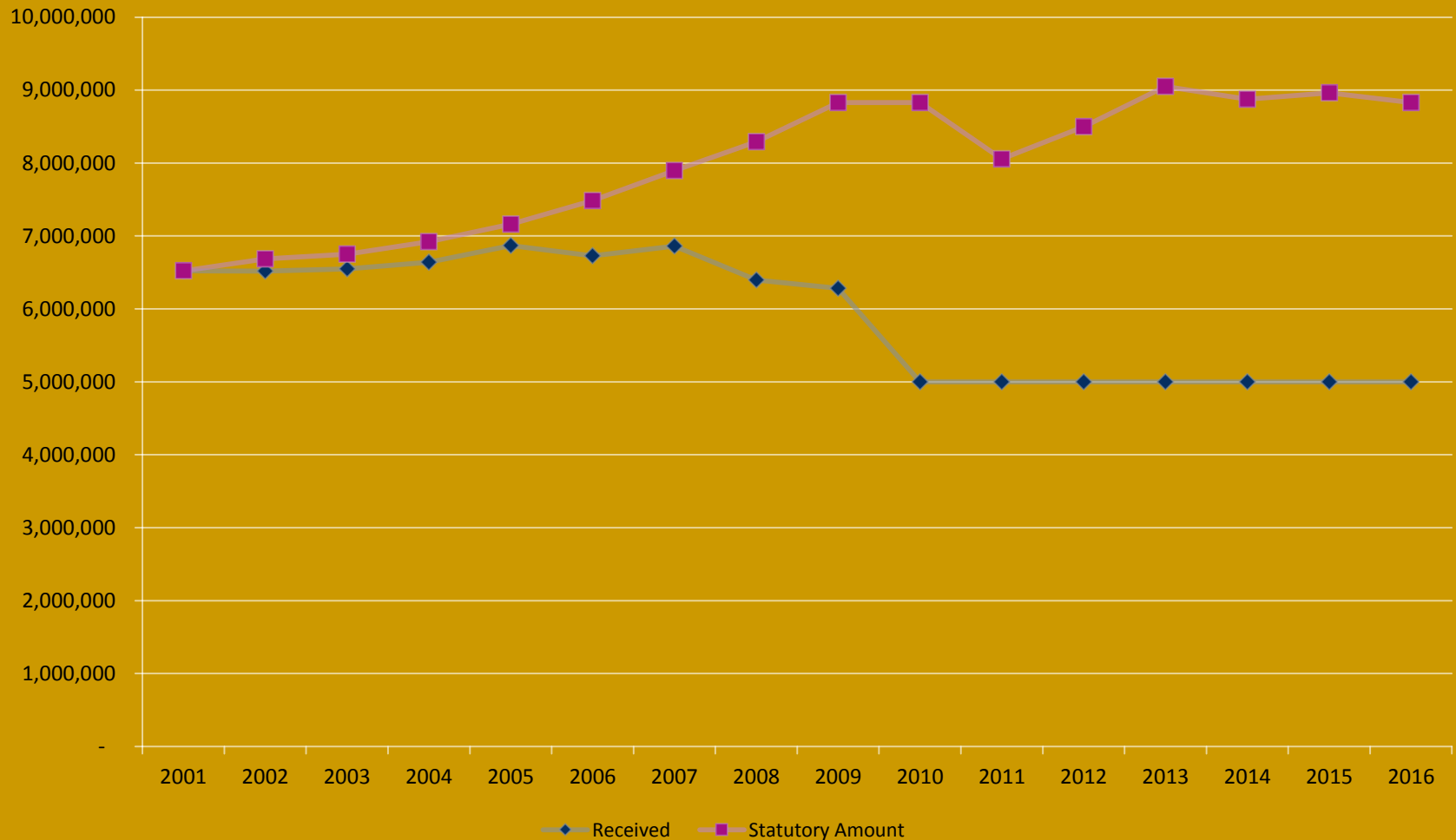
# STATE IMPACT ON LOCAL BUDGET

- ▶ 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
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# THE NUMBERS GAME: “STATE AID”

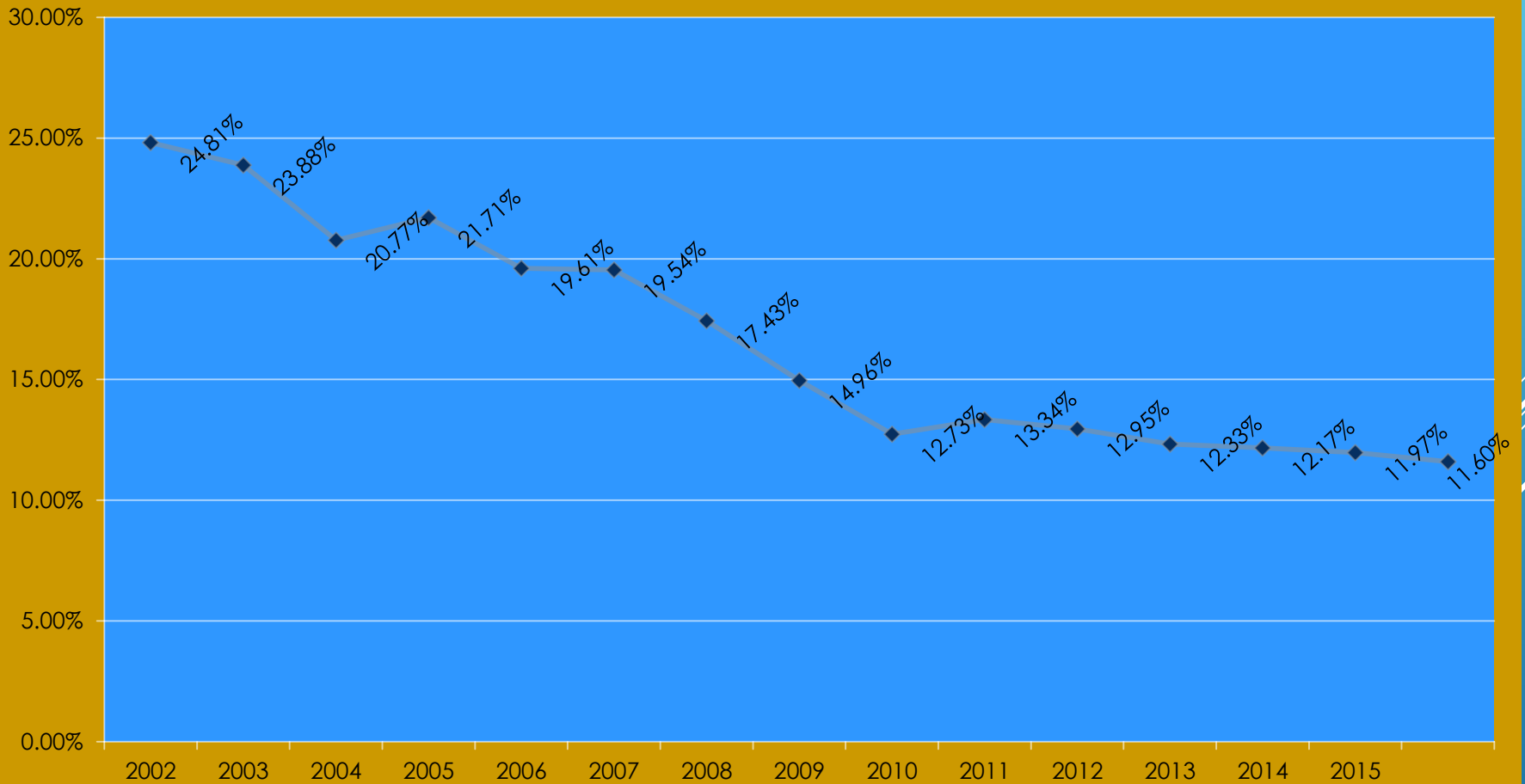
- Intent of law has not been met for more than ten years, inflation continues to grow, while State Aid continues to decline, leaving more and more of the burden on the local property taxpayer.
  - In most cases, what is described as “State Aid” is actually property tax relief funding that has been diverted away from local government to the state treasury for redistribution.
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# UNDERPAYMENT OF STATE AID TO NEPTUNE BY YEAR (TOTALS MORE THE \$33,890,000.00 SINCE 2001 / NEARLY \$4,000,000.00 FOR 2016 ALONE)



# STATE AID AS A PCT. OF OPERATING REVENUE

## State Aid as a Percentage of Total Budget Revenues



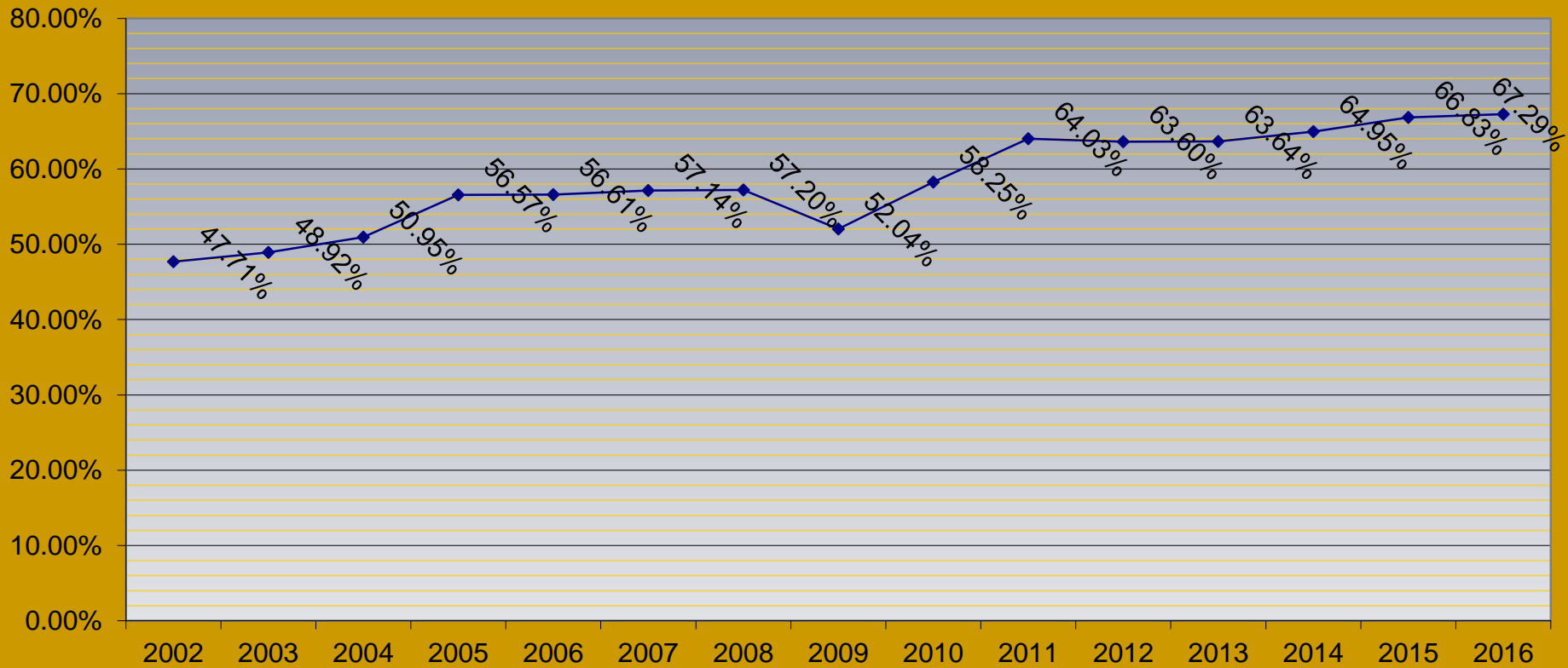
# LOCAL REVENUE AS A PCT. OF OPERATING REVENUE

## Percent of Local Revenue in Budget



# PROPERTY TAX AS A PCT. OF OPERATING REVENUE

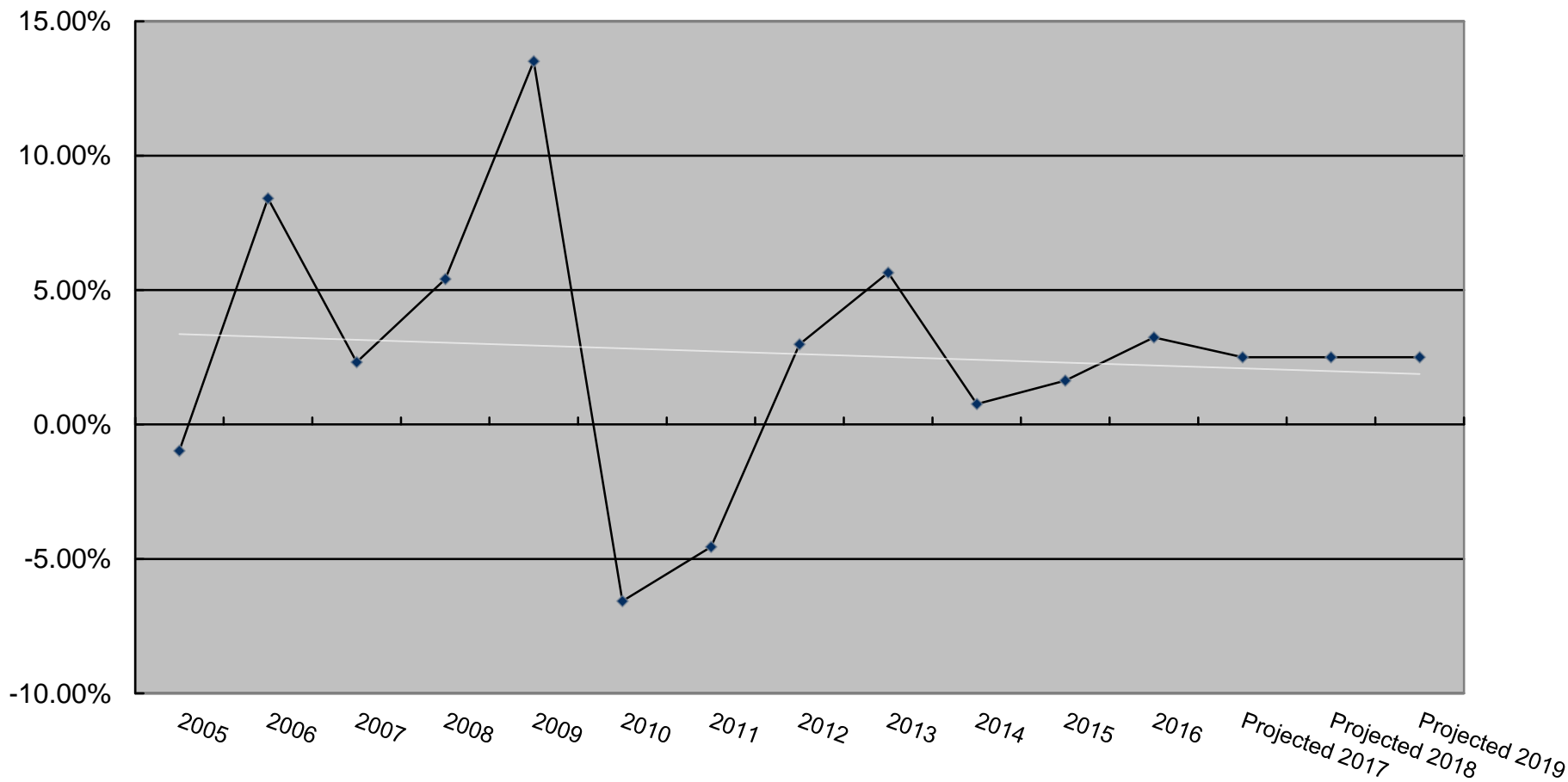
Percent of Budget Supported by Local Tax Revenue



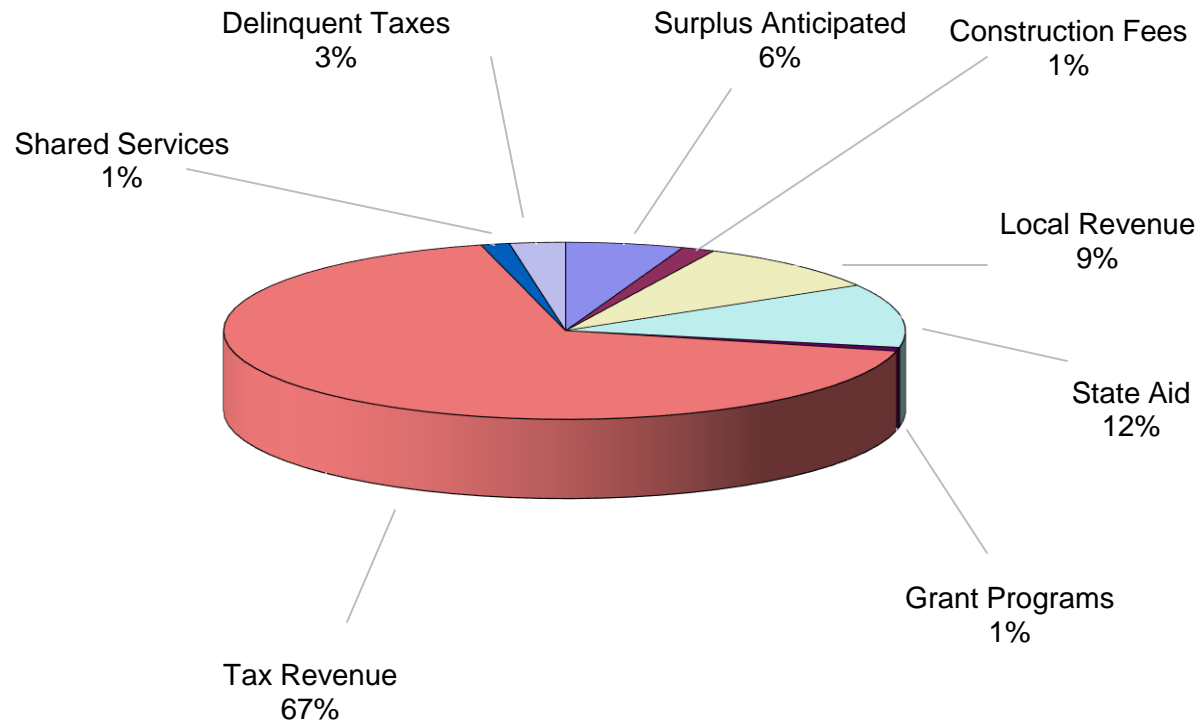


# PCT. CHANGE OF ANNUAL BUDGET APPROPRIATIONS

Percent Change in Municipal Appropriations



# 2016 SOURCES OF REVENUE



# BUDGET APPROPRIATIONS CAP CALCULATION

Amount upon which CAP is applied: \$31,610,413.00

0% Appropriations CAP: \$0.00

Allowable Appropriations: \$31,610,413.00

ADD:

CAP Bank 2014: \$ 911,536.20

CAP Bank 2015: \$ 619,651.54

CAP Rate Index Ordinance: \$1,106,364.46

New Construction: \$96,449.00

Allowable Operating Appropriations: \$34,344,414.20

Actual Appropriations in 2016 Budget: \$33,012,925.00

Amount Below Appropriations CAP: \$1,331,489.20

# TAX LEVY CAP CALCULATION

2015 Levy for Calculation: \$26,738,163.

New Construction Adjustment: \$96,449.

## Exclusions:

Health Care Cost Increase \$114,700.

Pension Obligation \$ 93,709.

Capital Financing \$ 71,161

Sandy Repayment \$460,000.

Less Canceled Exclusions \$ 6,748

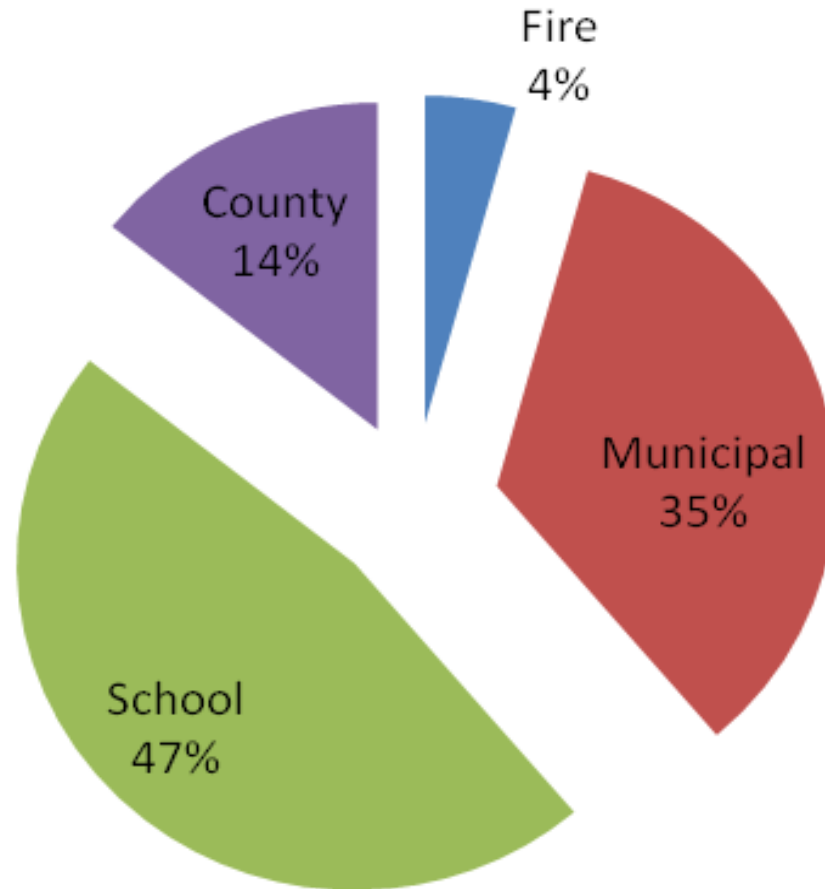
Maximum Allowable Levy: \$27,815,297.

Amount of 2016 Tax Levy: \$27,773,514.

# LEVY CAP

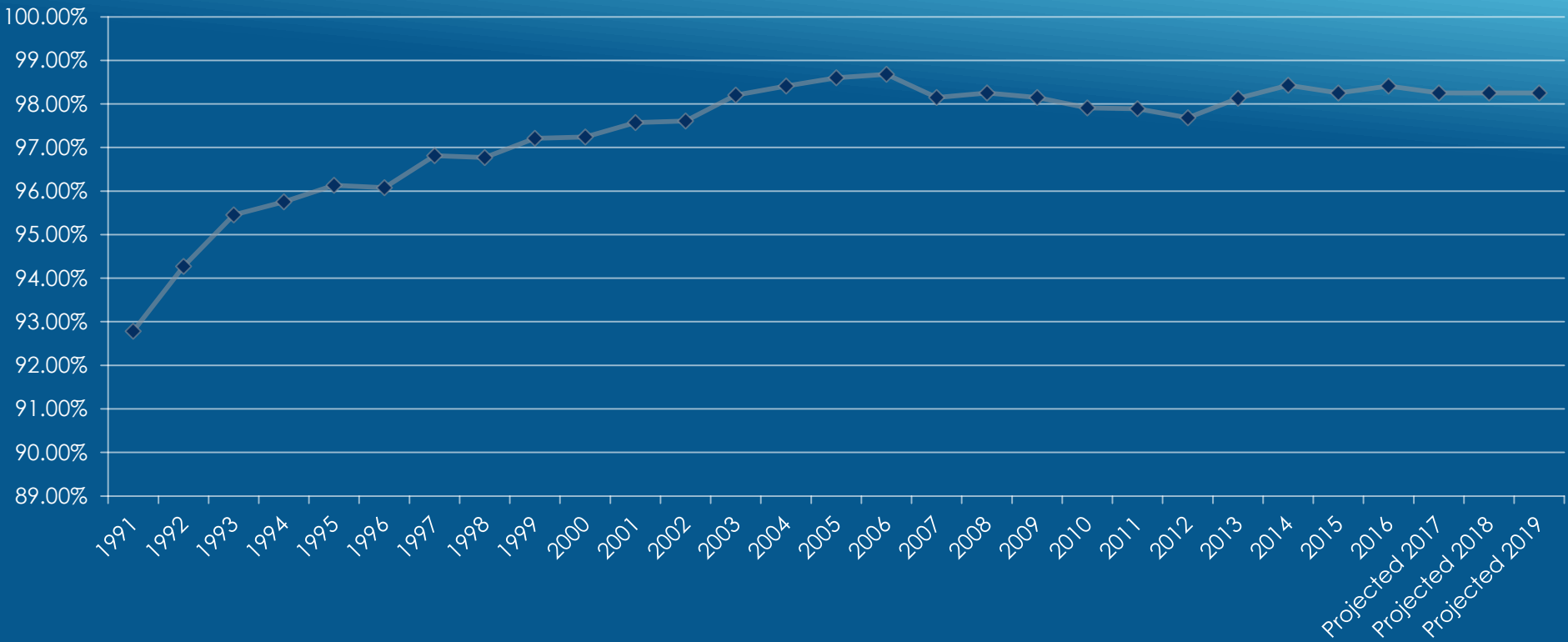
- The Levy CAP results in a drain on surplus that has been built over the years through prudent professional management to sustain local government through times such as this.
- Forced depletion of the Reserve for Uncollected imperils our ability to regenerate surplus.**
- Takes local decisions away from the governing body.
- Forcing layoffs and benefit reduction while Washington is pouring billions into programs to do just the opposite.

# HOW YOUR PROPERTY TAX DOLLAR IS DIVIDED



# TAX COLLECTION RATE

Tax Collection Rate






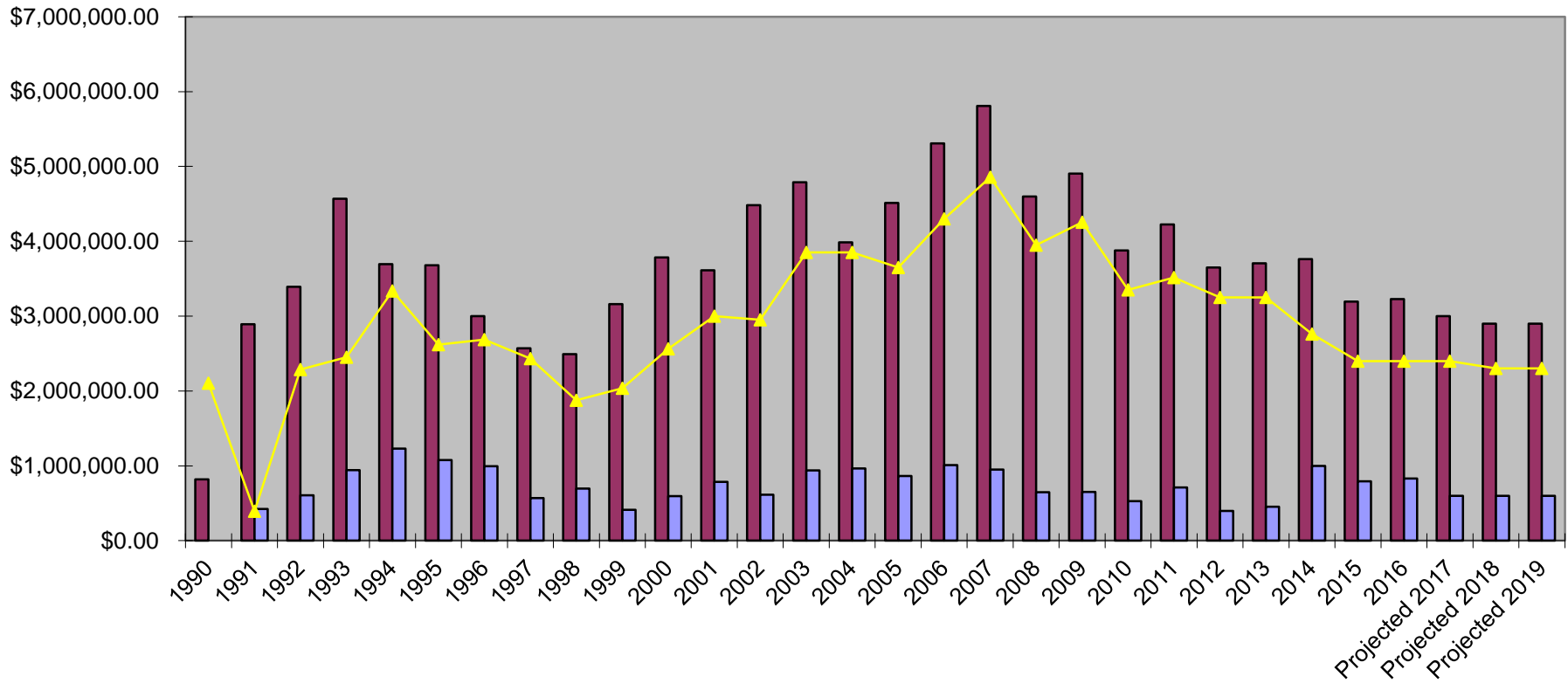
# WHERE SURPLUS IS GENERATED

- ▶ Budget Revenue: \$244,577.07
- ▶ Delinquent Tax Collections: \$31,097.51
- ▶ Current Tax Collections: \$1,023,851.28
- ▶ Unexpended 2015 Approps: \$6,747.71
- ▶ MRNA: \$327,415.12
- ▶ PILOT's: \$345,728.42
- ▶ Unexpended 2014 Reserves: \$619,448.42
- ▶ Other Sources: <\$257,334.66>
- ▶ Tax Refunds <\$104,712.23>
- ▶ TOTAL SURPLUS GENERATED IN 2015: \$2,298,005.04

# SURPLUS CHANGE IN 2015

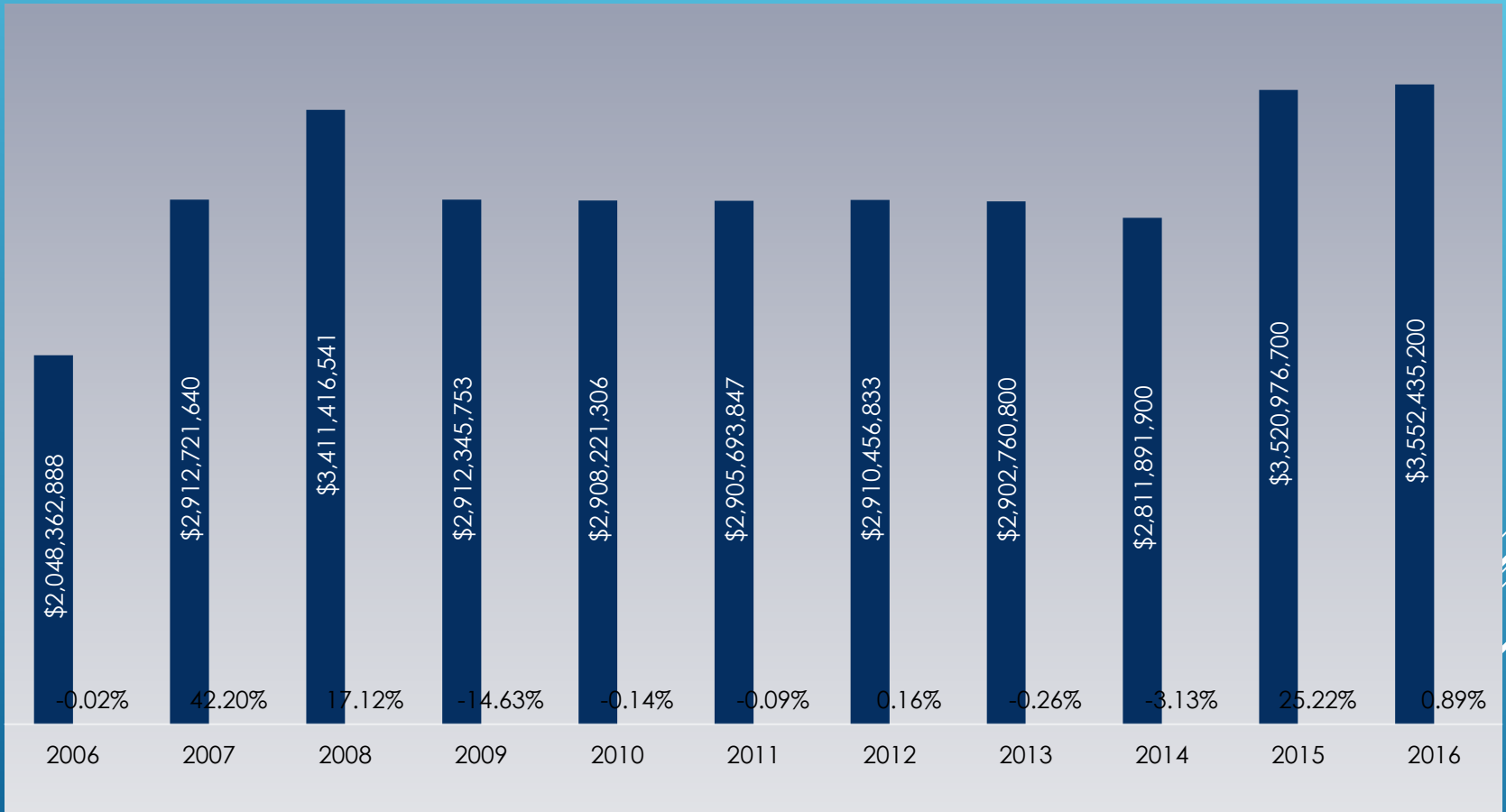
- ▶ **Balance 1/1/15: \$3,229,634.78**
  - ▶ **Utilized to offset taxes: \$2,400,000.00**
  - ▶ **Generated in 2015: \$2,298,005.04**
  - ▶ **Balance 12/31/2015: \$3,127,639.82**
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## Surplus Analysis



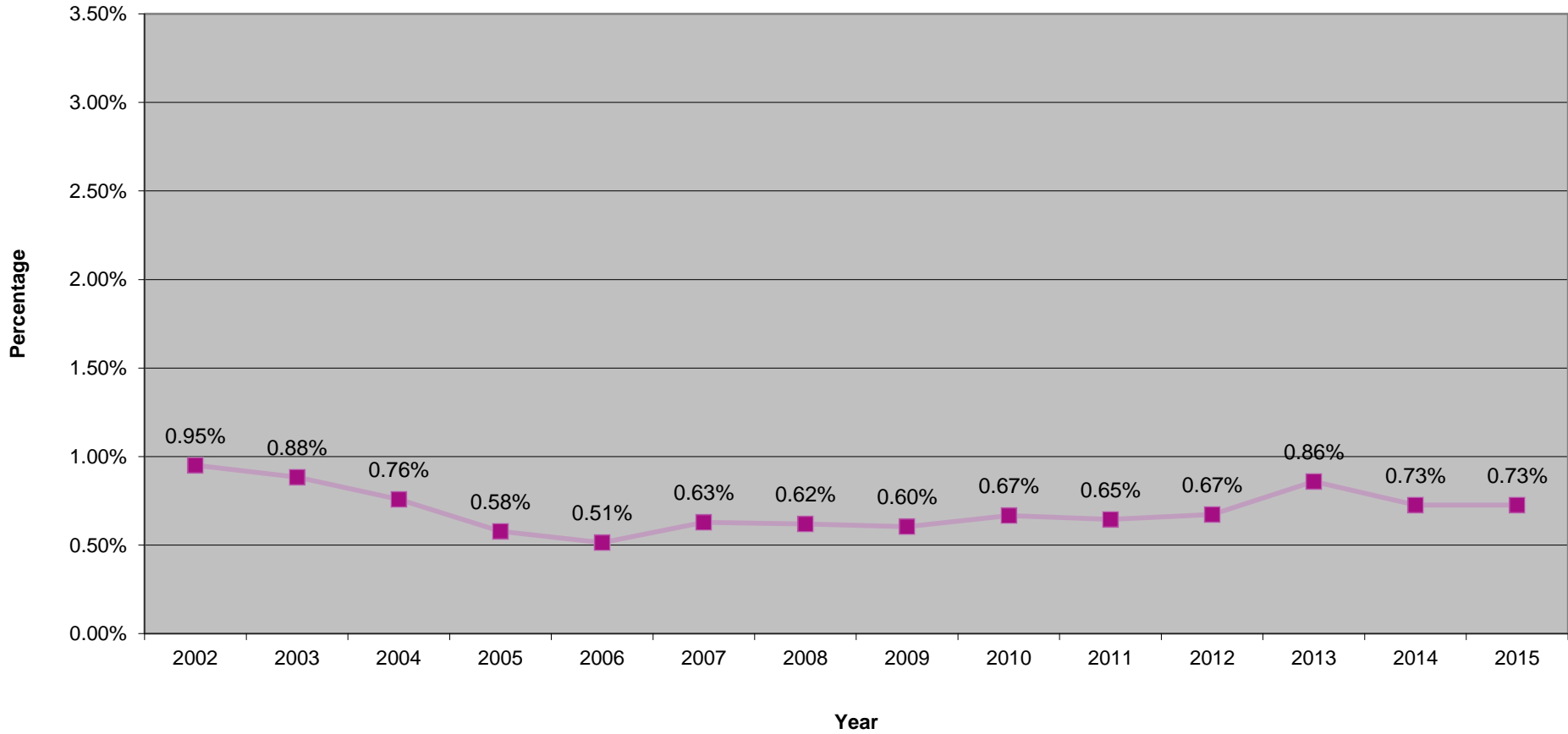
# TAXABLE VALUES

## Net Valuation Taxable

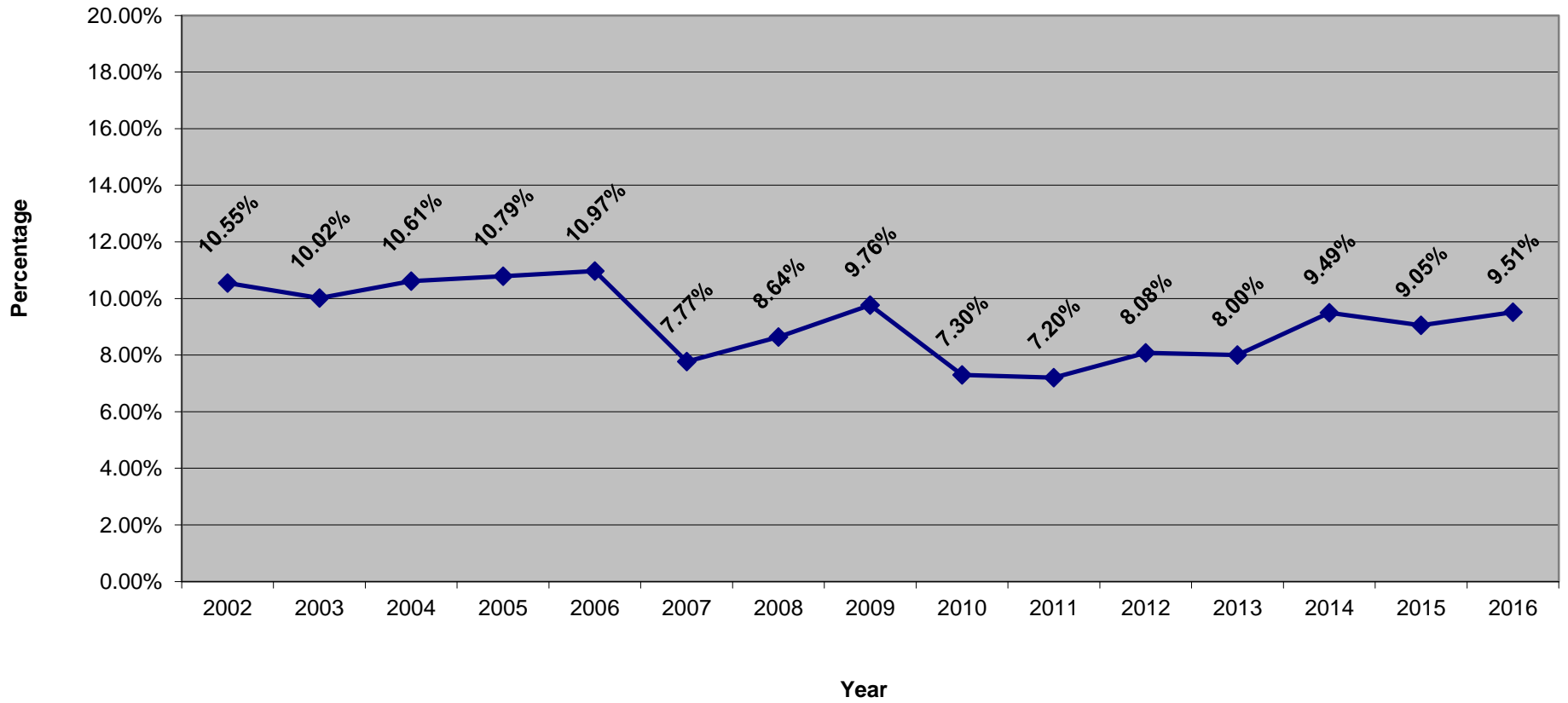


# NET DEBT FOR CAPITAL IMPROVEMENTS

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



## Debt Service Expense as a Percentage of Total Revenue



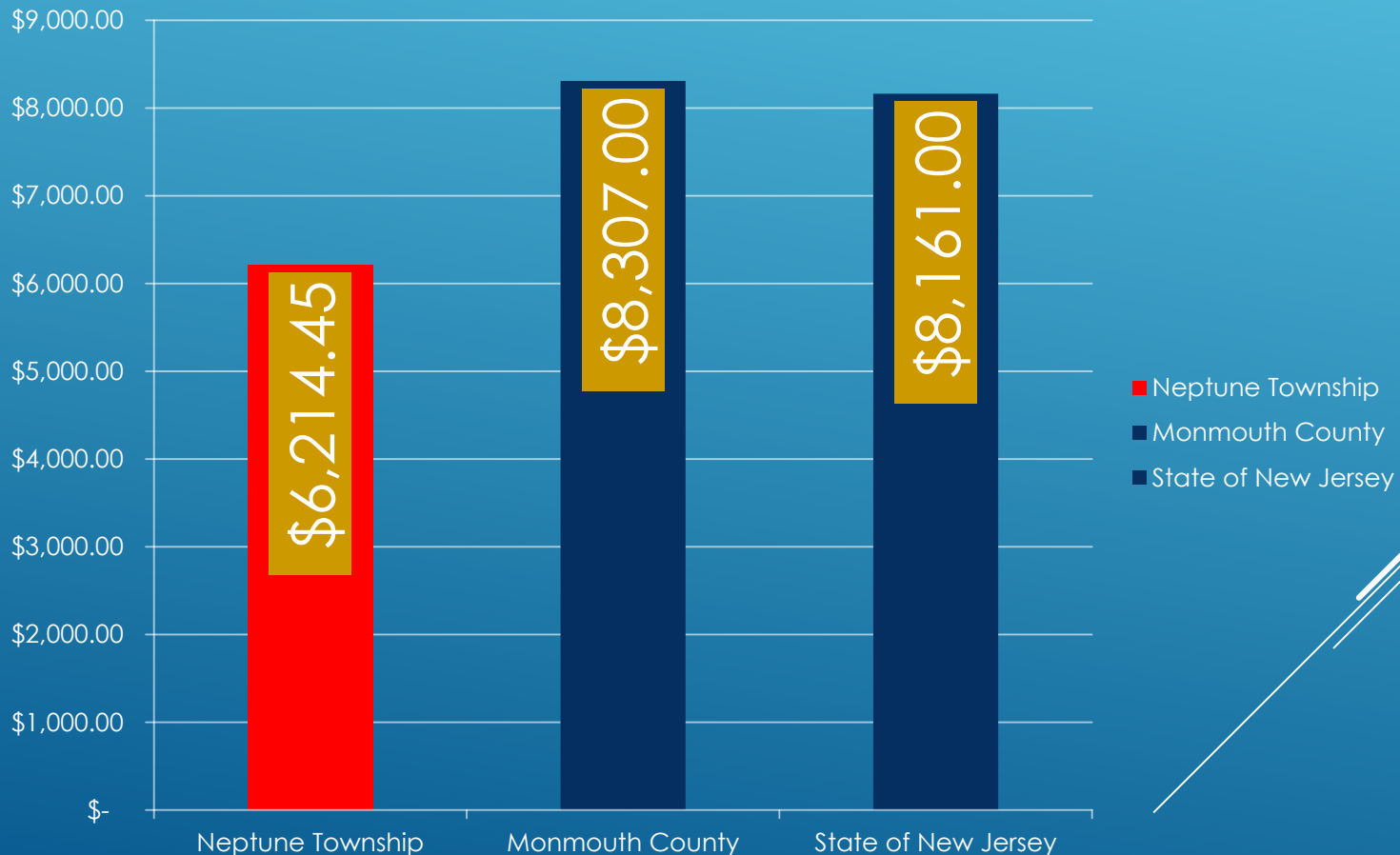
# AMOUNT TO BE RAISED BY TAXATION / LOCAL PURPOSES

- ▶ 2016 Amount to be Raised by Taxation: \$27,773,513.58
  - ▶ 2016 Amount to be Raised by Taxation for Library: \$1,219,019.00
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# NEPTUNE TAXES VS. COUNTY & STATE AVERAGES (BASED ON 2015 ACTUAL)

## Average Tax Comparison - 2015



# TOP TEN TAXPAYERS (2015)

NEPTUNE PLAZA SHOPPING CENTER, LLC	13,576,500.00	19,880,300.00	33,456,800.00	745,082.94
WOODLANDS NEPTUNE LLC	3,840,000.00	19,107,100.00	22,947,100.00	511,031.92
JUMPING BROOK REALTY%MAC-K-CALI	8,187,200.00	12,579,000.00	20,766,200.00	462,463.27
WAL-MART REAL ESTATE PROP TAX DEPT	8,816,300.00	11,240,700.00	20,057,000.00	446,669.39
LIGHTHOUSE NEPTUNE,LLC%ORBACH GRP	6,776,000.00	13,224,000.00	20,000,000.00	445,400.00
HD DEV. OF MARYLAND,INC.%PROP TAX	8,227,000.00	7,864,900.00	16,091,900.00	358,366.61
NEPTUNE PARTNERS LLC % BNE REAL EST	6,025,400.00	8,900,000.00	14,925,400.00	332,388.66
OFW, LLC	1,308,000.00	11,130,600.00	12,438,600.00	277,007.62
STEVE SILVER NEPTUNE LLC, ET ALS	2,180,000.00	9,934,700.00	12,114,700.00	269,794.37
OCEAN GROVE CAMPE MEETING ASSN	8,860,800.00	2,857,500.00	11,718,300.00	256,630.77

# WHAT IS WORKING:

- **Attrition**
  - **Part-time employment**
  - **Innovation in service delivery**
  - **Contractual changes**
  - **Energy Conservation**
  - **Purchasing Regulations**
  - **Program Revenues**
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# “GIMMICKS” AVOIDED

**One Time Revenues**

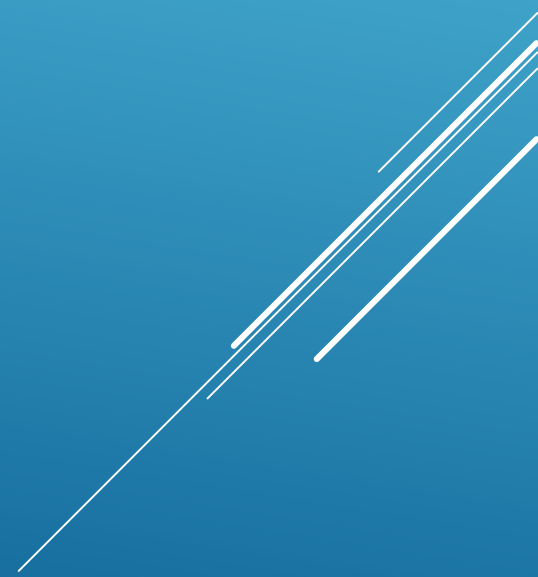
**Pension Deferral**

**School Tax Deferral**

**Appropriations CAP / CAP Waivers**

**Fiscal Year Debt**

**Extraordinary Aid**




# TAX STABILIZATION PLAN

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

# TAX STABILIZATION PLAN



- ▶ **Invest in the Community**
  - ▶ **Urban Development Action Grants**
  - ▶ **Economic Development**
  - ▶ **Paint Program**
  - ▶ **Leverage Hospital Investment**
  - ▶ **Promote Commercial Development**
  - ▶ **Community Development Block Grant**
  - ▶ **Infrastructure Growth and Maintenance**

# 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


# 2017-2019 PROJECTION

- ▶ **Budget growth to match needs of community**
  - ▶ **Surplus regeneration**
  - ▶ **2% Levy Compliance**
  - ▶ **Restoration of Property Tax Relief?**
  - ▶ **Recovery from Super Storm Sandy**
  - ▶ **Revaluation impact**
  - ▶ **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 2016 OPERATIONS

- ▶ **Completion of Marina construction and enhancements using insurance and FEMA assistance**
  - ▶ **Growth in revenue expected in 2016**
  - ▶ **Marina Utility is self-liquidating.**
  - ▶ **Waterside Reconstruction 100% Complete.**
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# BUDGET PROCESS

- ▶ Budget was Introduced in March and advertised
  - ▶ Conduct hearing tonight
  - ▶ No amendments expected at this time
  - ▶ Resolution to Adopt 2016 budget on this agenda
  - ▶ Submit to State for final approval
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# PUBLIC COMMENT

