

Neptune

Township - NJ

Where Community, Business & Tourism Prosper



April 24, 2023

2023 Municipal Budget

NEPTUNE TOWNSHIP MUNICIPAL BUDGET TEAM

- **Michael J. Bascom – Chief Financial Officer**
- **Debbie Latshaw - Assistant Chief Financial Officer**
- **Melissa Zucconi - Purchasing Agent**
- **Gina LaPlaca - Township Administrator**
- **Stephanie Oppegaard - Director of Human Resources**
- **Courtney Langer – Payroll Accountant**
- **Lisa Mansfield – Administrative Assistant to the CFO**
- **Sharon Rowe – Departmental Secretary**

- **Mayor Keith Cafferty**
- **Deputy Mayor Tassie York**
- **Committeeman Dr. Michael Brantley**
- **Committeeman Robert Lane, Jr.**
- **Committeeman Nicholas Williams**

- **Neptune Township Municipal Department Heads**





BUDGET / MISSION STATEMENT

- ❖ **Fiscal Responsibility (significant inflation impacts in 2022-2023)**
- ❖ **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)**
- ❖ **Sustainable budgeting**
- ❖ **Maintenance of strong financial ratings from Moody's and Standard & Poor's**
- ❖ **Continuing recovery from Global Pandemic**



2022 ANALYSIS

- Re-generated surplus utilized in budget and increased the overall municipal surplus balance by \$2M in spite of deficits in anticipated Court and EMS revenues.
- Initiated Cannabis taxation which is expected to generate sufficient revenue to offset revenue losses related to the economy and to support aggressive paydown of capital improvement related debt.
- Continued significant investment in improvement to roadways, drainage, and sanitary sewer infrastructure, parks, playgrounds, public facilities, and public safety equipment.
- Continued to financially weather difficult economic times, and the transition from the pandemic to an endemic, through strong financial practices and the support of the community. Record tax collection rates, new revenues, careful spending, and enhanced methods of service delivery and revenue collection are the primary drivers of continued fiscal health.



2023 Budget Process & Timeline

1

Long Term Capital Investment Plan

- 6 Year Capital Plan formulation
- Annual Update with input from Department Heads and other professionals

2

Department Budgets

- Department heads prepared & submitted proposals for review Nov./Dec.
- Close out previous year in January & Prepare Annual Financial Statement / Draft budget

3

Internal Financial Review

- Insertion of grant and aid programs.
- Adjusting budgets based upon available revenues and governing body goals regarding services and tax rate.

4

Township Committee Review

- Public Budget / Financial Condition workshop
- Budget Introduction
- Budget Hearing / Adoption



BUDGET PRIORITIES

Manage Spending Challenges

- Statutory/Required Expenditures including pensions and health benefits are increased by \$850,000.00 as compared to 2022.
- Salary/Wages up 6.9% (~\$1.2M): contractual & non-union increases, addition of new employees, retainage increases, step increases.
- Operating expenditures in general are impacted by the economy as reflected in virtually every operating element of the budget.

Conserve Surplus

- Surplus level had been replenished by \$5.3M to \$11M at Year End '22
- 2023 budget utilizes \$3.75M to manage revenue losses and lower the tax rate. There is a moderate increase over 2022, and is in line with fiscal planning goals.
- \$7.27M surplus balance left to absorb continued marketplace disruptions and goal to replenish to \$9M+ to maintain fiscal stability and tax rate stability.

Manage Tax Impact

- Total appropriations up 4.3% due to large increases in non-discretionary costs and addition of American Rescue Plan (ARP) matching funding
- Continued revenue losses compared to 2019 levels, but addition of ARP funds, addition of Hotel Tax, Cannabis Tax, and Hospital Contribution support the 2023 budget and future stability.
- Delivered 9.06% decrease in tax rate.



2023 BUDGET CHALLENGES

- Increased cost of statutory expenses including health benefits and pensions.
- Increasing costs of residential services (Public Safety, Leaf Collection, Trash / Recycling)
- Cost of statutory compliance programs (storm water management, hazard remediation, program fees and associated requirements)
- Increasing costs in utilities (fuel / electric / gas / water)
- Lack of availability of replacement vehicles and equipment, and increased cost related to same.

2023 BUDGET GOALS

- **Responsible fiscal management – manage spending, strategically utilize surplus to continue essential services, manage lingering COVID impacts and the final tax rate**
- **Continue to aggressively look for new recurring revenue streams to reduce burden on the property taxpayer**
- **Prioritize opportunities to increase & diversify tax base through redevelopment and new construction**
- **Prioritize economic recovery, infrastructure, and public amenities such as roads, parks, recreation, and the arts, and identify creative sources of funding**
- **Prioritize retaining employees and recruiting qualified staffing and professionals.**



2023 BUDGET ACCOMPLISHMENTS



- **Tax Rate Decrease: 9.06%**
- **Projected Tax Rate: 0.585 as compared to 0643 in 2022**
- **Home valued at \$487,200.00 (avg) - reduction of \$283.90 as compared to 2022**
- **No loss of services**
- **Continued growth of key programs – recreation / public safety / public works**

Well Managed Debt Service Provides Capital Flexibility

Continuing with Ambitious 2023 Capital Plan

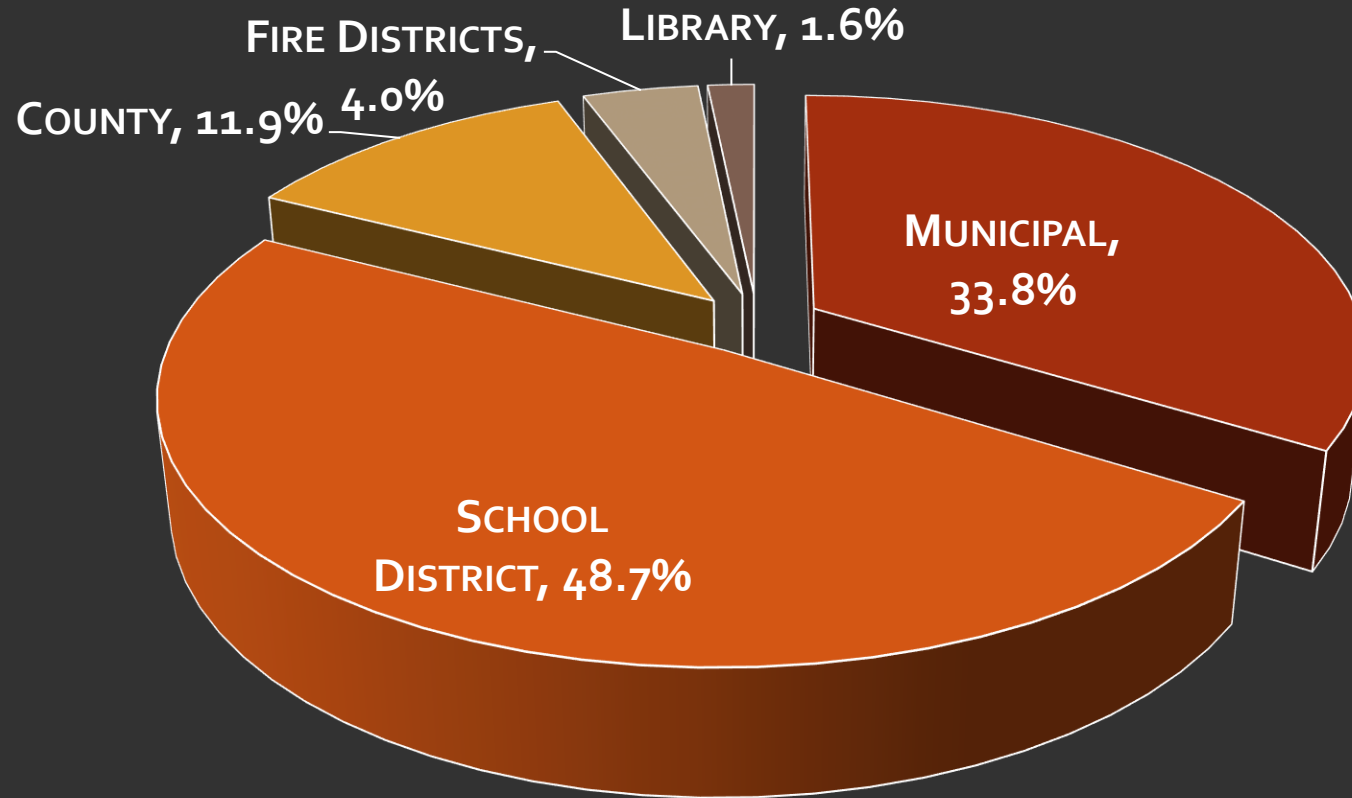


Planned Capital Projects—enabled by sound planning:

- Continued significant road paving scheduled in partnership with utility companies, to share costs.
- Drainage improvements
- Recreation/Park improvements
- Public Safety improvements & equipment
- Technology enhancements
- Improvements to lakes
- Environmentally friendly flood reduction projects

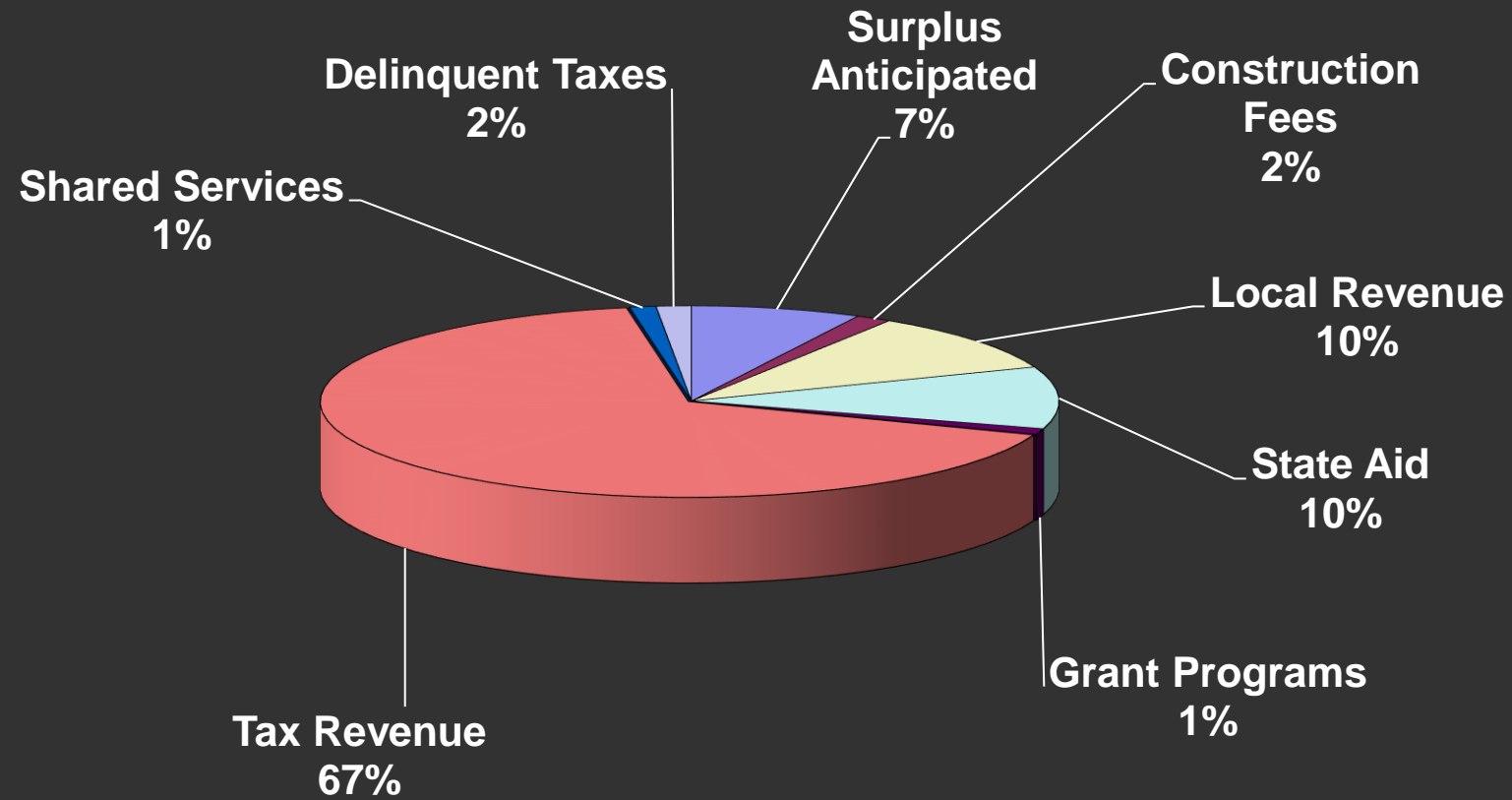


2022 TAX APPORTIONMENT





SOURCES OF REVENUE TO SUPPORT BUDGET



2023 GENERAL BUDGET APPROPRIATIONS

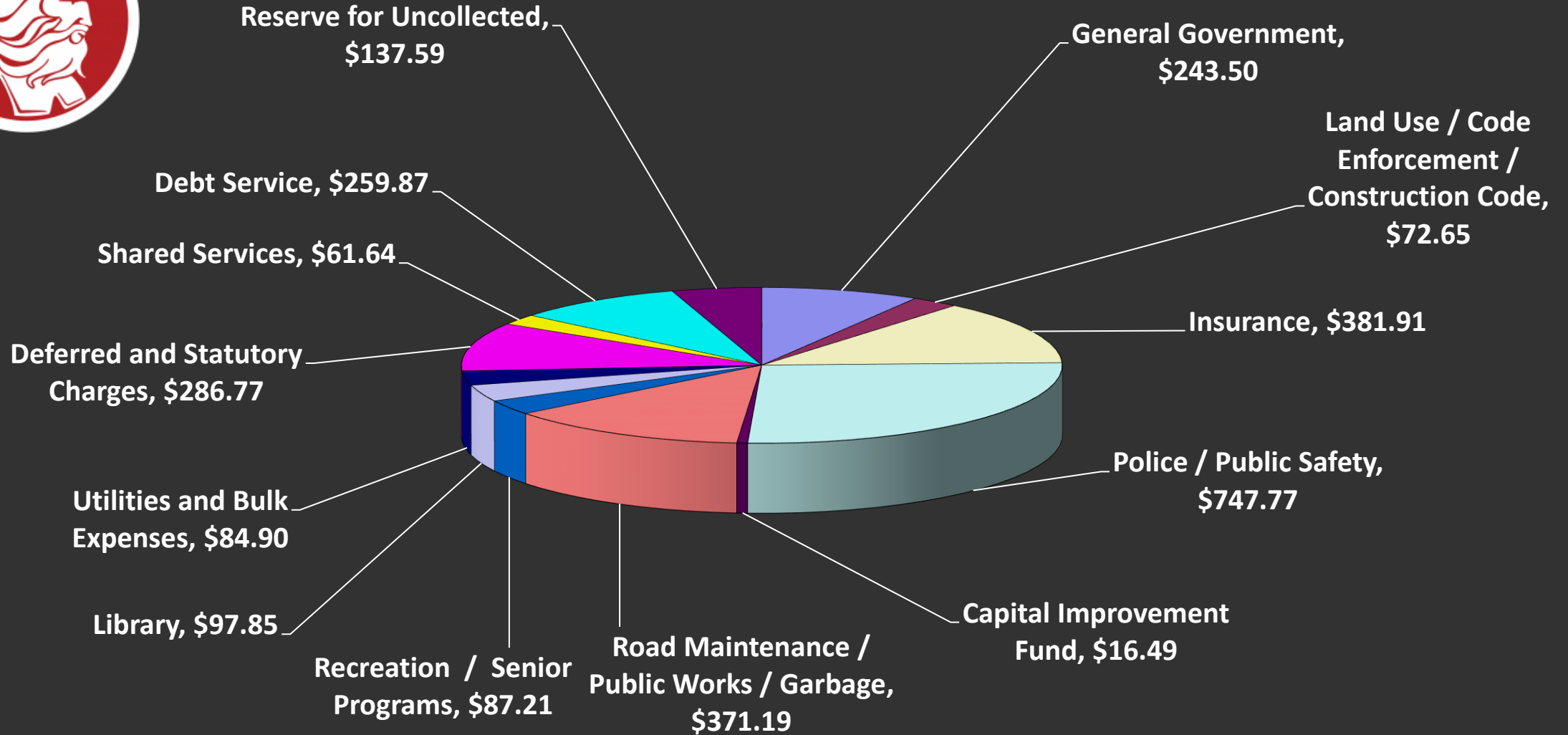


General Government	8.55%	\$4,431,225.03
Land Use / Code Enforcement	2.55%	\$1,322,100.00
Insurance	13.40%	\$6,950,000.00
Police / Public Safety	26.24%	\$13,607,766.96
Capital Improvement Fund	0.58%	\$300,000.00
Road Maintenance / Public Works	13.03%	\$6,754,854.20
Recreation / Education	3.06%	\$1,587,063.55
Library	3.43%	\$1,780,745.00
Utilities and Bulk Expenses	2.98%	\$1,545,000.00
Deferred and Statutory Charges	10.06%	\$5,218,559.00
Shared Services	2.16%	\$1,121,703.20
Debt Service	9.12%	\$4,729,000.00
Reserve for Uncollected	4.83%	\$2,503,811.57

TOTAL APPROPRIATIONS – INCLUDING LIBRARY: \$51,851,828.51



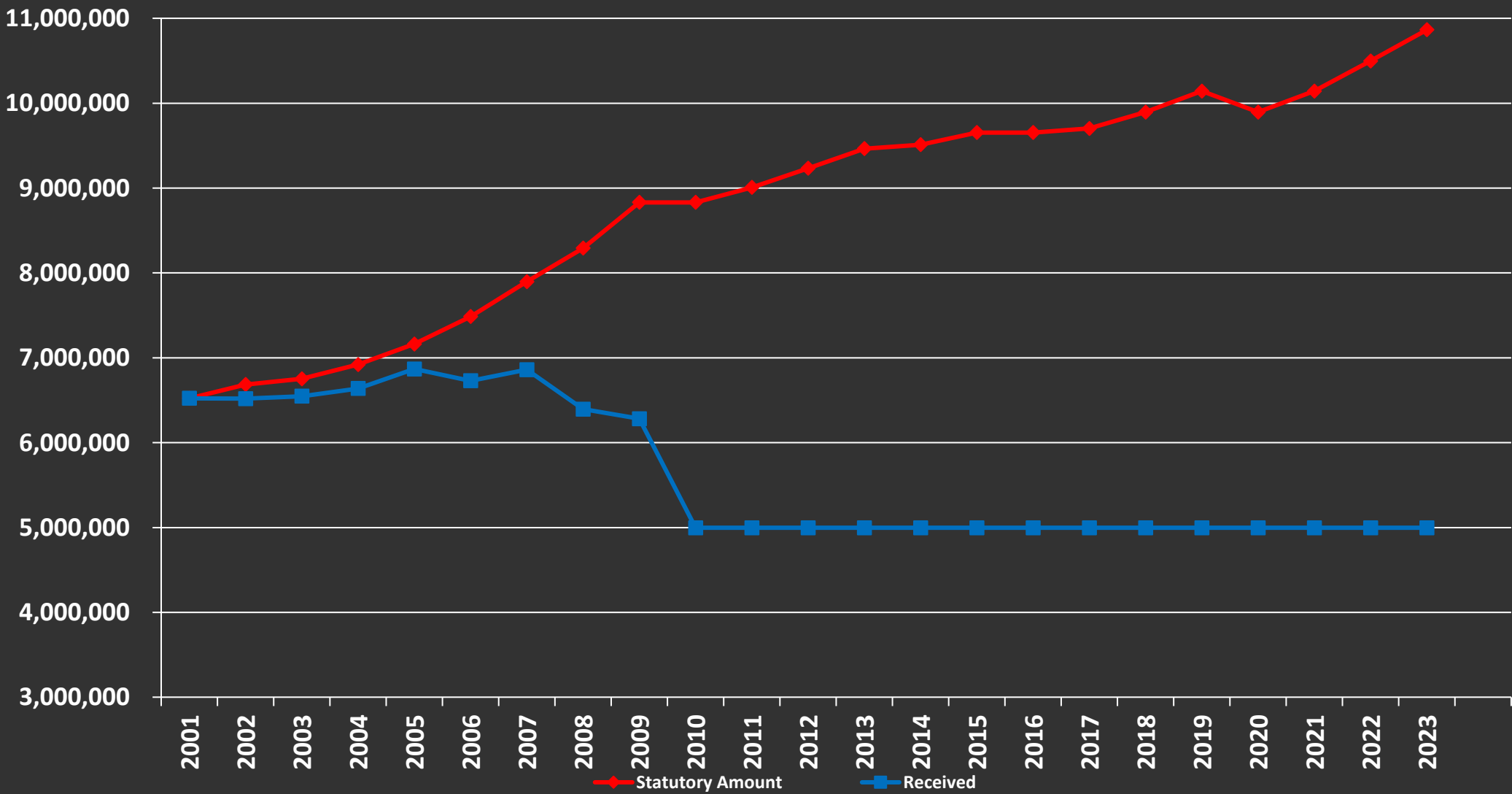
How The Average Residential Tax is Spent





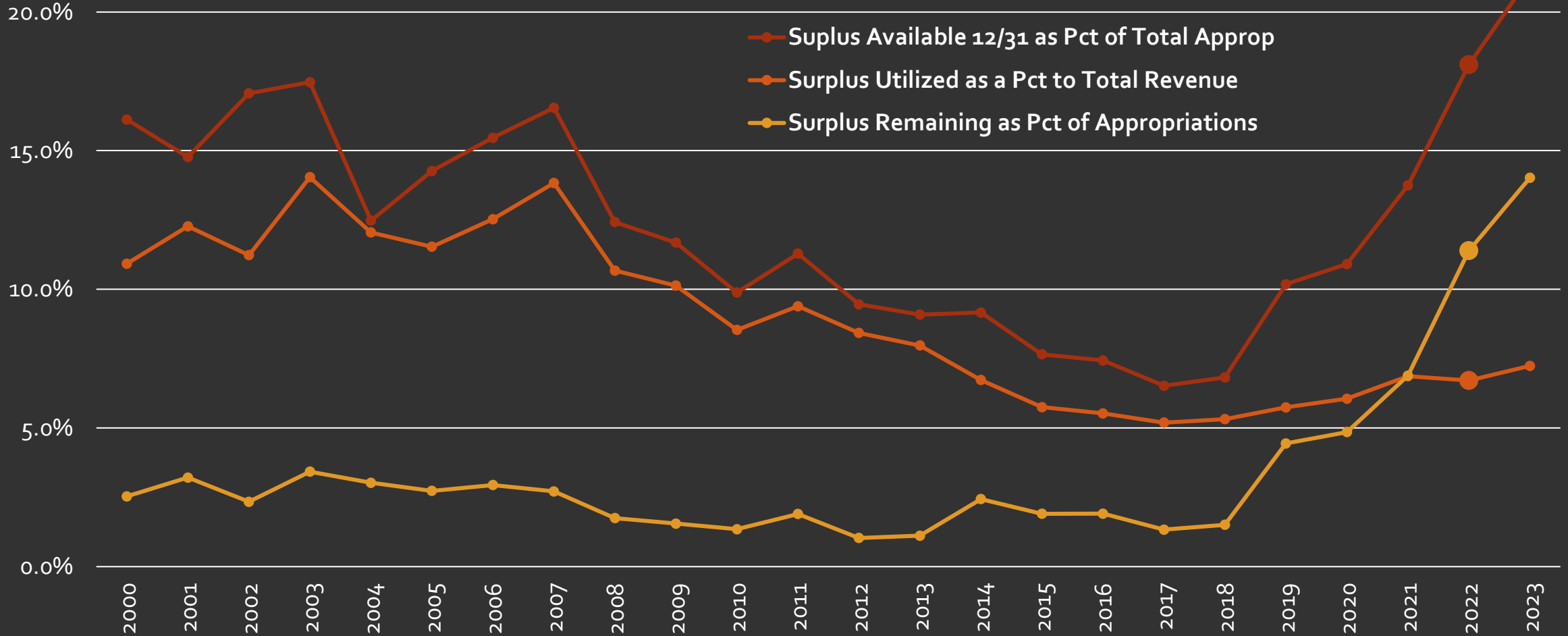
UNDERPAYMENT OF STATE AID TO NEPTUNE BY YEAR

(TOTALS MORE THE \$73,520,486.00 SINCE 2001 / \$5,867,431.00 FOR 2023 ALONE)



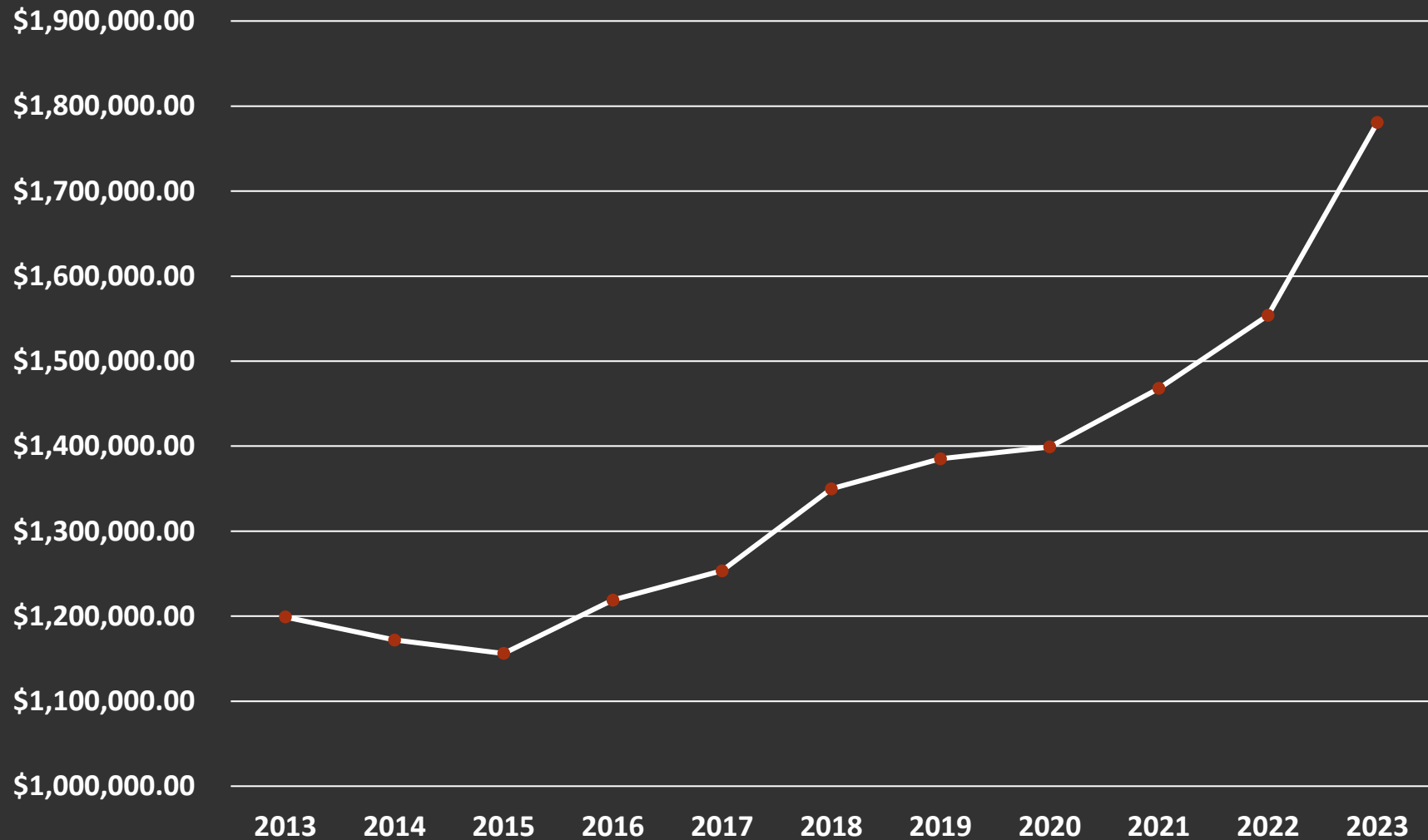


SURPLUS USAGE / BALANCE HISTORY



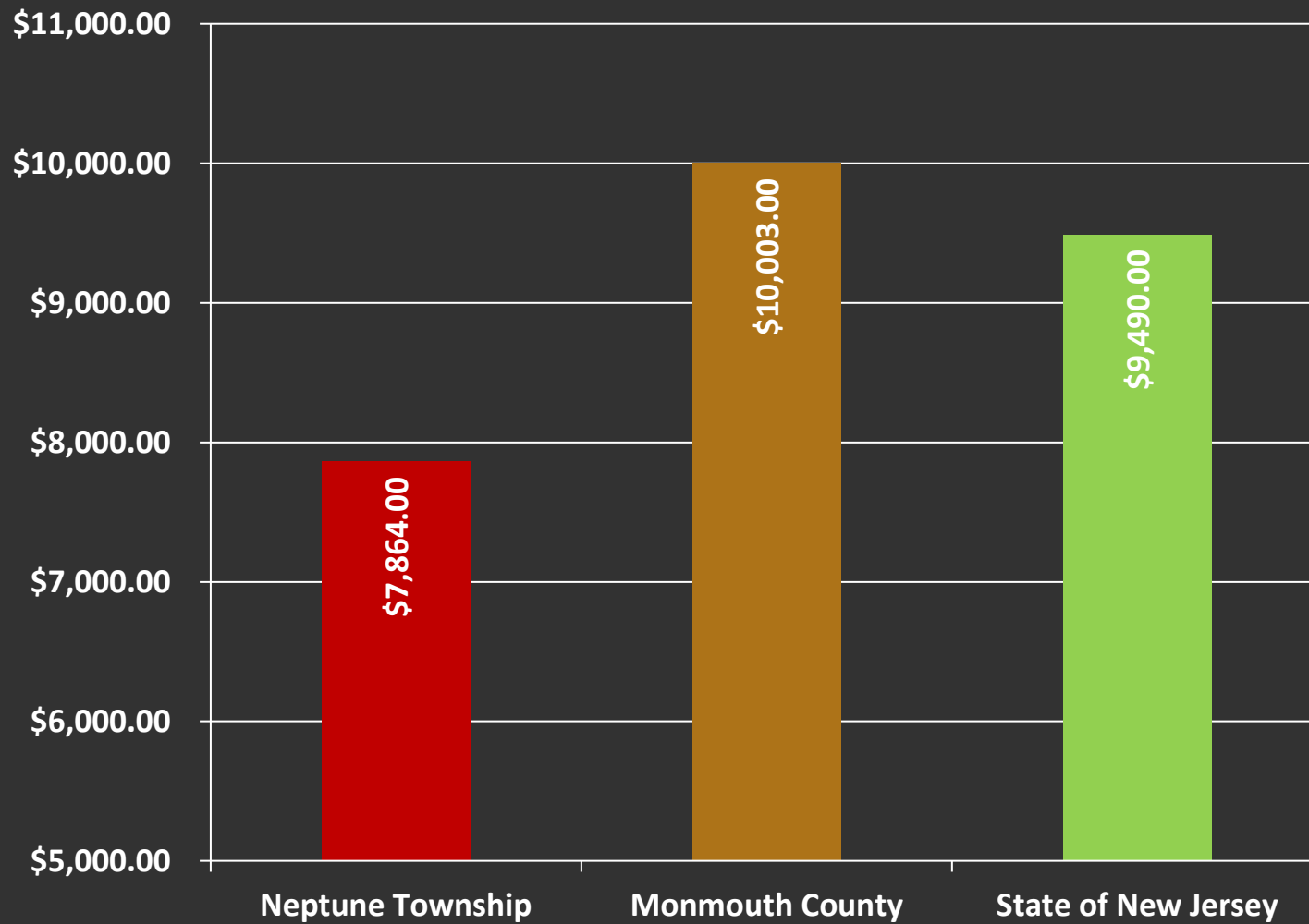


Library Portion of Property Tax





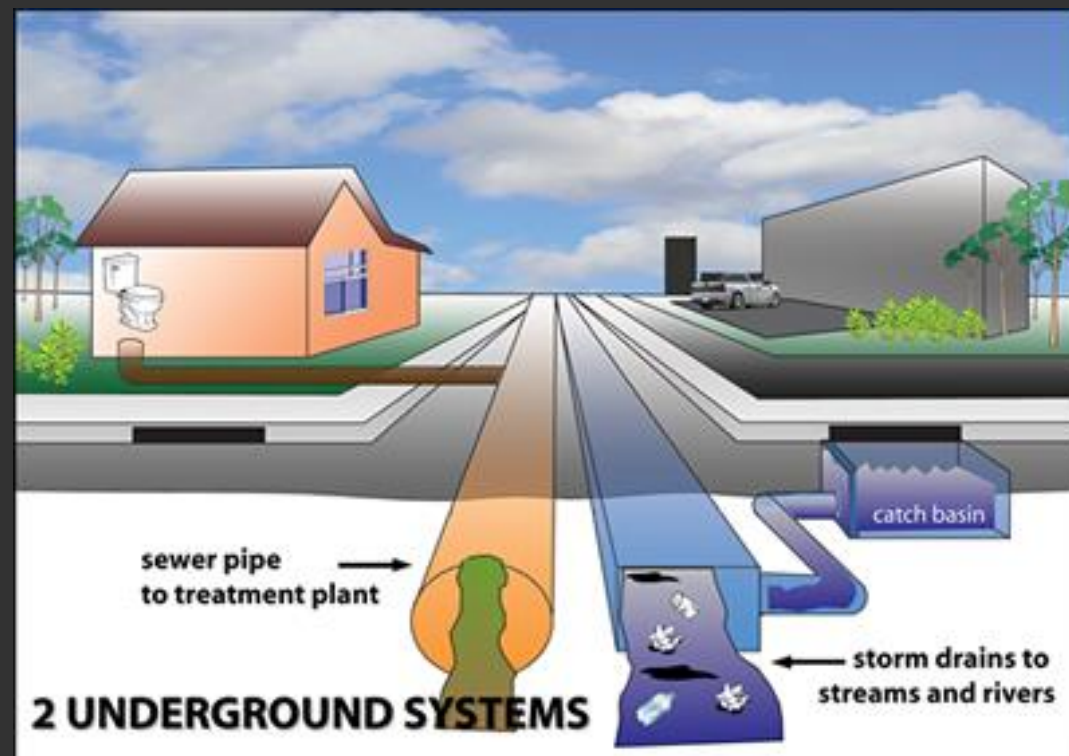
NEPTUNE TAXES VS. COUNTY & STATE AVERAGES (BASED UPON 2022 ACTUAL)





SEWER UTILITY (SANITARY)

- Sewer utility is self-liquidating.
- Sewer is regenerating surplus.
- Major Sewer infrastructure projects will continue in efforts to reduce Infiltration & Inflow and prevent pollution of our waterways.
- Sewer treatment costs remain stable due to reduced flow, benefiting Neptune and the Sewer Authority
- Maintaining strong surplus position to prepare for long term infrastructure improvements.





MARINA UTILITY

- Marina utility is self-liquidating.
- Marina is regenerating surplus.
- 2023 investments in dock enhancements and basin dredging.
- Marina rates remain stable due to increased revenue from dockage, winter storage, and kayak storage (marina user fees).
- Additional revenue is expected from increased storage capacity and sold out dock space.



2023 BUDGET OPPORTUNITIES



- **New revenues and controlled spending should result in maintaining a level of surplus that assures that the Township remains prepared for emergencies and economic downturns without the typically associated tax spikes.**
- **Ability to use the American Rescue Plan Act funding in 2022 & 2023 to temporarily fill revenue gaps and to enhance public accessibility to conduct business with the township.**
- **Expected growth through new construction and redevelopment should increase overall taxable valuation, allowing for continued tax rate stability and reductions.**



SUMMARY

- **2023 will remain fiscally challenging, but we are in a good financial position and will continue with the projects and initiatives the community wants and needs while maintaining our fiscal strength.**
- **The last few years have revealed our significant risk of our over-reliance on residential property taxes, limited discretionary funding sources, and certain local revenues. Expansion of our revenue sources and focusing on commercial development and redevelopment should remain a focus of the governing body and the administration.**

PUBLIC COMMENT / QUESTIONS

