

MANAGERS'S ANNUAL BUDGET MESSAGE
2009 Budget Introduction – March 16, 2009

Council has received a copy of the proposed municipal budget for the year 2009.

This budget has an increase in the local purpose tax rate of 1.8 cents. The local tax rate for the year 2009 is 36.7 cents per \$100 of assessed value compared to last year's local tax rate of 34.9 cents. The local purpose tax levy increased \$969,091.

The increases in this year's budget come from several sources. They are as follows:

Salaries and Wages	\$409,511
Debt Service	131,150
Liability/WC Insurance	165,925
Pensions	112,621
Utilities	105,000
Terminal Leave	<u>85,000</u>
	\$1,009,207

The original budget distributed to Council on January 15th anticipated a little more than \$17 million for the local tax levy. Approximately \$277,500 was added to that figure, bringing the total to \$17,305,326.06.

Cuts were made to a number of departments to decrease personnel costs. One retirement in the police department is not being replaced. An employee working a dual title replaced the Manager's position. A part time employee will be hired to replace a full-time employee who retired from the Construction office. A part time position was removed from the Municipal Court budget. Two full time positions requested in Public Works were removed from the budget. Two promotions requested this year were removed from the budget but will be considered for next year.

Other cuts included a new health insurance plan that was negotiated with the State resulting in a reduction to the budget line of \$229,000.

Offsetting these cuts are several budget increases that are necessary to include in the current year. Debt service is increased by \$127,900 for payment of new bond interest scheduled for this year. A DEP fine of \$72,500 was added. Legal settlements in the amount of \$130,000 are required in the current year. Last, a cut in the amount anticipated for fund balance was made in the amount of \$224,500.

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(continued)

The New Jersey CAP Law allows spending increases up to 3.5% with the passage of an ordinance authorizing the increase. The budget will fall within the 3.5% CAP by \$138,746 (spending CAP). New Jersey also enacted a new 4% levy CAP law. This law limits the local purpose tax increase to 4%. There are exclusions that include pensions, debt service and capital improvement funding. Net of the exclusions, the maximum allowable local purpose tax is \$17,324,757. Our local purpose tax falls within that CAP by \$19,431 (levy CAP).

The total assessed value of real property upon which the tax rate is based is \$4,709,938,022 compared to \$4,690,984,294 in 2008. The difference is 18,953,728 or a .40% increase. The increase is due to successful tax appeals and modified by new property valuations, adjustments in value made by the Tax Assessor and any lands transferred to public domain. One cent on the tax rate is equal to \$470,994 in budget expenditures.

The amount of revenue other than property tax used to support the budget is \$3,648,087 or 15.2% of the total budget.

The Township completed 2008 with a surplus of \$2,897,078. Of that balance \$1,949,500 is being applied to this year's budget, leaving a balance of \$947,578.

The tax collection rate for 2008 was 98.09% compared with 97.75% in 2007. This budget uses a 97.20% rate to compute the reserve for uncollected taxes in 2009.

A budget workshop is scheduled for March 30, 2009 at 6:00p.m.

The public hearing is scheduled for April 20, 2009 at 7:00 p.m. A copy of the budget will be available tomorrow, March 17th, on the Township website. Copies will also be made available upon request.

A budget summary will be published in the Cape May Star & Wave.