

**MANAGER'S ANNUAL BUDGET MESSAGE
2012 BUDGET INTRODUCTION – FEBRUARY 22, 2012**

Council has received a copy of the proposed municipal budget for the year 2012. Due to several factors, there is a zero tax increase. The total budget is \$24,535,193.19 compared to \$25,090,874.97 for 2011, a decrease of \$555,681.78. This decrease is mostly due to the grants received in 2011 totaling \$802,591.40. After taking that into account, there's an increase of \$246,909.62. This increase is offset by decreases and adjustments throughout the budget, producing a minimal increase on the amount to be raised by taxation.

The increases in this year's budget come from several sources. These include:

Health Insurance (+6.69%)	\$184,709
Liability Insurance (+2.49%)	25,160
Debt Service (+1.80%)	46,550
Gasoline (+7.10%)	<u>32,250</u>
	\$288,669

The decreases in this year's budget include:

Police & Fire Pension (-14.73%)	(\$151,092)
---------------------------------	-------------

The original pension bills were \$620,296 for PERS and \$1,146,760 for PFRS. We received revised bills that reduced the original billed amounts by \$302,009 with PERS showing an increase from last year of only \$5,000 and PFRS showing a decrease from last year of \$151,092. The bills were revised to reflect the impact of Chapter 78, P.L. 2011, which made "various changes to pension and health care benefits for public employees."

Fica (-4.46%)	(\$35,000)
---------------	-------------

Several retirements provided an opportunity to replace with part-time or lower salaried employees. This lowered the payroll amount which also reduced our social security liability.

Reserve for Uncollected Taxes (-2.71%)	(\$51,535)
--	-------------

The tax collection rate increased from 97.77% to 97.86%. This allowed us to raise the amount used to calculate the reserve for uncollected taxes and decrease the reserve budget line by \$51,535.

On the revenue side, we were able to make the following increases:

Surplus (+12.06%)	\$228,000
-------------------	-----------

This budget anticipates using \$2,118,000 of surplus, an increase over last year of \$228,000. Due to a higher tax collection rate and other financial factors, our year end surplus was \$3,052,206, an increase of \$239,198 from last year.

Delinquent Tax (+3.5%)	\$ 35,000
------------------------	-----------

The collection percentage for delinquent taxes also increased from 90.12% in 2010 to 90.83% in 2011, allowing for a modest increase in this revenue line.

MANAGER'S ANNUAL BUDGET MESSAGE
2012 BUDGET INTRODUCTION – FEBRUARY 22, 2012
(Continued)

Other reductions to this year's budget include:

Health Insurance (adjusted)	(\$132,531)
Health Insurance (adjusted)	(164,573)

Chapter 78 also impacted the amount budgeted for health insurance by reducing it \$132,531 to reflect employee contributions to their health care plan. An additional \$164,573 was reduced by opting out of the NJ State Health Benefits Plan.

Debt Service (adjusted)	(\$ 33,556)
-------------------------	-------------

Last year we completed a refunding bond issue which adjusted our debt service down by \$33,556 for 2012. Over the next three years, the total savings will be \$110,500.

The local tax rate for the year 2012 is 44.3 cents per \$100 of assessed value, the same as last year. The municipal purpose tax will be \$443 for every \$100,000 of assessed value.

The total assessed value of real property upon which the tax rate is based is \$4,095,416,892 compared to \$4,090,598,040 in 2011. The difference is \$4,827,852 or a .12% increase. This reflects increases in new property and construction valuations, lowered by successful tax appeals, adjustments in value made by the Tax Assessor and any lands transferred to public domain. Every \$409,541 of the amount to be raised by taxation for the 2012 budget equals one cent on the tax rate.

The Township completed 2012 with a surplus of \$3,052,206. Of that balance \$2,118,000 is being applied to this year's budget, leaving a balance of \$934,206.

The tax collection rate for 2011 was 97.86% compared with 97.77% in 2010. This budget uses 96.81% rate to compute the reserve for uncollected taxes in 2012.

The public hearing is scheduled for April 2nd at 6:00 p.m. A budget summary will be published in the Cape May Star & Wave. Copies will be available on the Township website as well as in the Clerk's office at Townhall.