

**MANAGER'S ANNUAL BUDGET MESSAGE
2015 BUDGET INTRODUCTION – FEBRUARY 18, 2015**

Council has received a copy of the proposed municipal budget for the year 2015. Due to several factors, there is a 2.5 cent tax increase. The tax levy is \$20,224,231.41 compared to last years \$19,268,529.55, an increase of 955,701.86.

The amount of surplus supporting this year's budget decreased from 2014 by \$265,000 or 12.83%. This is because several adjustments made to fund balance in 2014 will not be made in 2015 so the maximum amount that can be responsibly anticipated is \$1.8M.

There are revenues that will not be included in the 2015 budget including half of the Lower Township Elementary School contribution for the School Resource Officer. The SRO is retiring and the school will be funding this position out of their budget. This means that the officer replacing the SRO will be an addition to our current patrol numbers.

There are 4 additional police hires in this budget which raises our current number of officers from 42 to 46.

*I want to note here that in the summer 2 veteran officers are retiring and are going to be replaced. The chief is currently working on his strategy for such and when he gives me his recommendations I will present to council.

The health insurance line increased by \$290,600 or 7.6%. The increase was originally over 12% but is being offset by employee contributions of \$400,000.

This budget fully funds our annual July 4th celebration of fireworks and carnival rides. This will assure the continuation of this successful program without relying on contributions from generous donors.

Terminal leave payments of \$200,000 and pension and payroll tax increases of \$100,000 make up the final portion of the increase.

The local tax rate for the year 2015 is 56.1 cents per \$100 of assessed value. The municipal purpose tax will be \$561 for every \$100,000 of assessed value. An average assessed residence valued at \$229,000 will see an annual increase of \$57 (\$14.25 per quarter).

The total assessed value of real property upon which the tax rate is based is \$3,605,399,621 compared to \$3,598,751,806 in 2014, an increase of \$6,641,815. This reflects increases in new property and construction valuations, lowered by successful tax appeals, adjustments in value made by the Tax Assessor. Every \$360,540 of the amount to be raised by taxation for the 2015 budget equals one cent on the tax rate.

The Township completed 2014 with a surplus of \$4,020,025. Of that balance \$1.8M is being applied to this year's budget, leaving a balance of \$2,220,026.

The tax collection rate for 2014 was 98.32% compared with 98.21% in 2013. This budget uses 96.8% rate to compute the reserve for uncollected taxes in 2015.

The public hearing is scheduled for April 20th 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.

Lower Township is required by statute to deliver to council by March 13 of this year a working document for preparation of the annual municipal budget. This budget meets the state tax levy cap which limits growth of the local purpose tax to 2 per cent annually.

The Township Managers proposed operating budgets are compliant with the Tax Levy Cap Law, and the original spending Caps Law.

Each Council member has been provided a 2015 Budget Notebook that includes individual department requests for other expenses and Capital, Salaries and Wages, along with Revenue Reports.

This is not the adoption of the Townships Budget. This is a working document that belongs to the township council and you may make changes to the recommended budget, or move to introduce the budget as recommended at the appropriate time.

Lauren Read, our CFO has worked closely assisting me in the presentation of these documents.