

MANAGERS'S ANNUAL BUDGET MESSAGE
2008 Budget Introduction – March 3, 2008

Council has received a copy of the proposed municipal budget for the year 2008. The total budget is \$23,310,251 compared to \$22,644,160 in 2007, an increase of \$666,091.

This budget has an increase in the local purpose tax rate of 2.4 cents. The local tax rate for the year 2008 is 34.8 cents per \$100 of assessed value compared to last year's local tax rate of 32.4 cents. The local purpose tax levy increased \$1,126,714.

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

Salaries and Wages	\$526,136
Insurance	197,102
Pensions	319,213
Debt Service	<u>189,515</u>
	\$1,231,966

The original budget distributed to Council on January 15th anticipated \$16.7 million for the local tax levy. More than \$444,000 was reduced from that figure. Several departments made approximately \$20,000 in cuts, administrative cuts came to \$200,000, and increases were made on the revenue side to reduce the tax levy.

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 \$85. 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 \$16,329,083. Our local purpose tax falls within that CAP by \$4,937.

The total assessed value of real property upon which the tax rate is based is \$4,690,984,294 compared to \$4,702,561,453 in 2007. The difference is –11,577,159 or a .25% decrease. The decrease 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 \$469,098 in budget expenditures.

The amount of revenue other than property tax used to support the budget is \$3,806,482 or 16.3% of the total budget.

The Township completed 2007 with a surplus of \$3,096,840. Of that balance \$2,060,000 is being applied to this year's budget, leaving a balance of \$1,046,840.

The tax collection rate for 2007 was 97.75% compared with 98.31% in 2006. This budget uses a 97.10% rate to compute the reserve for uncollected taxes in 2008.

The public hearing is scheduled for April 7, 2008 at 7:00 p.m. A budget summary will be published in the March 20, 2008 edition of the Cape May Star & Wave. Copies will be available after publication.