

Honorable President Colleen Labow and
Members of the Township Council
Township of Mount Olive
Mount Olive, NJ

Pursuant to NJSA 40:69A-46, I am submitting the Township's 2013 municipal budget, inclusive of other supplementary documentation, in the form a workbook. Public hearings on the individual department requests were held, pursuant to NJSA 40:69A-45, in the month of November. Requests from the department heads and various volunteer organizations and committees are included in the 2013 Mayor's budget workbook as well. Our annual financial statement and annual debt statement have been prepared by the Chief Financial Officer and that information has been incorporated into the Mayor's budget.

The Township of Mount Olive, like most New Jersey municipalities, is faced with preparing the 2013 budget with no anticipated increase in state aid, as well as a possible decrease in state aid, and limited miscellaneous revenue increases to offset increases in statutory and mandated costs. We also face the constraints of the Property Tax Levy Cap, which has now been decreased to 2%, and the Appropriations Cap.

Set forth below are my explanatory comments pertaining to the Mayor's 2013 budget.

2013 Appropriation CAP Calculation

The 2013 CAP increase has been set at the maximum rate of 2. percent. The Township is well within the 2013 appropriation limit.

Under the amended CAP law, the Township can bank (for up to two years) the difference between its final appropriations subject to the CAP and 3.5 percent. The Township's governing body must pass an ordinance for the difference of 3.5 percent to be banked. In the past, banking was automatic regardless of whether an ordinance was passed by the governing body. I am recommending that the Township Council continue its recent tradition of adopting an ordinance to ensure the Township banks the additional 3.5 percent to be available for calendar years 2014 and 2015 if it is not utilized in 2013.

2013 Levy Cap Calculation

Chapter 62 of the Laws of 2007 established a formula that limits increases in the amount to be raised by taxation. This property tax levy cap is in addition to the existing appropriation cap for municipalities. The core of the formula has been changed and is now a 2% increase to the previous year's amount to be raised by taxation which is then subject to various adjustments. Examples of adjustments include pension, health insurance and debt service cost increases. The Mayor's budget is well within the property tax levy cap of 2%.

2013 Proposed Tax Rate

The proposed municipal rate for 2013 is .606 as compared to 2012's rate of .590. This translates to an increase of \$48.54 per year for a home assessed at the \$311,500 average assessment. This assumes that the overall net valuation taxable remains the same. This figure will not be available until later this month.

There is no increase proposed for the sanitation district for 2013.

2013 Revenues

In Section 3 of the Mayor's workbook you will find the actual revenue figures from 2012 and the proposed revenue figures for 2013.

The 2013 revenues have been estimated based upon the 2012 actual revenue figures. Pursuant to NJSA 40A:4-36, recurring revenues, excluding grants, have been anticipated at a level no greater than the 2012 realized amounts with the exception of fees that have

been increased or new fees that have been established. Most grant revenues are unknown at this time and have not been included in the 2013 budget. If grant information becomes available prior to budget adoption we will encourage you to make the required changes to the budget. If available after adoption then budget amendments will be needed as has been normal practice.

The amount of surplus that may be anticipated in a budget is dependent on the prior year's December 31st balance. The Township's surplus at 12/31 was \$2,881,794.10 and we are using \$1,975,000 in the 2013 budget. Please see the surplus regeneration schedule in Section 2 of the Mayor's budget workbook.

There is a recap of the changes in revenue at the bottom of the revenue schedule.

Appropriations

There is a recap of the changes in appropriations in the appropriation section of the budget.

In closing I would like to stress that this budget provides for the same level of services that are expected from our citizens with a minimal tax increase. Thank you to all who have participated and contributed to the 2013 budget process.

Mayor Robert Greenbaum