

# TOWNSHIP OF LAWRENCE

2207 LAWRENCE ROAD

LAWRENCE TOWNSHIP, NEW JERSEY 08648

Office of Municipal Manager  
609.844.7005  
email: knerwinski@lawrencetwp.com

## Recommended Municipal Budget Message

**February 17, 2026**

**NOTE:** Figures in [ ] represent 2025 amounts.

As we present the 2026 Municipal Budget, it is important to acknowledge that Lawrence Township, like households and businesses throughout our region, continues to experience rising costs across virtually all areas of operation. Increases in goods, services, utilities, insurance, contractual obligations, and statutory mandates, many of which are beyond the Township's control, have had a direct impact on this year's budget. While any tax increase is understandably unwelcome, there are circumstances in which adjustments are necessary to maintain essential public services and fiscal stability. The 2026 budget includes a two-cent increase in the municipal tax rate, the first municipal increase since 2023. This measured adjustment allows the Township to responsibly address external cost pressures while maintaining and improving the service levels our residents expect.

The total Municipal Budget is **\$60,469,152.37** [60,445,007.25].

The recommended municipal tax rate for 2026 **represents a 2-cent increase from last year** and is **.672** [.652] 1 cent = **\$477,582.03** [\$475,445.93]

The amount to be raised by taxation in 2026 is **\$32,093,972.64** [\$31,000,179.39], an increase of **\$1,093,793.25** [\$214,461.00].

The levy cap bank available from 2023, 2024, and 2025 is **\$6,716,286** [\$5,403,374], and we will use \$0 to remain within the 2% tax levy cap. NOTE: The 2023 cap bank of **\$3,486,786** [\$894,055] expires this year, leaving a usable "cap bank" of **\$3,293,013** [\$4,509,319].<sup>1</sup>

The 2025 year-end Surplus balance is **\$21,283,549.66** [\$22,091,314.27], down from a 2024 year-end balance of **\$22,091,314.27**, a decrease of \$807,764.61. The Surplus balance remaining available after applying an amount as anticipated 2026 revenue will be **\$11,968,549.66** [\$12,776,314.27], a decrease of \$807,764.61 over the 2025 remaining balance.

The cash reserve balance for tax appeals is **\$8,019,491.18** [\$8,019,491.18].

The decrease in outstanding debt continues. The 2010 closing balance was **\$30,797,000**. The 2025 closing balance is **\$5,992,000** [\$8,365,000], reducing our debt by **\$2,423,000** from last year. For 2026, we have budgeted another **\$2,423,000** in debt reduction.

---

<sup>1</sup> Not including the 2026 Levy Cap Bank of \$1,198,001.36 available upon adoption for subsequent years.

In addition, the year-end reserve balance in the Lawrence Township Self-Insurance Fund is **\$1,573,667.93** [\$1,620,853.08]; the 2026 Municipal Budget has an Appropriation of \$120,000 to fund this decrease. The Municipal Open Space Fund balance is **\$5,209,692.25** [\$4,031,028.28].

## REVENUE

Revenues that support the municipal budget come from multiple sources and are placed in one of four categories: ***Surplus, Miscellaneous Revenues, Receipts from Delinquent Taxes, and the Amount to be Raised by Taxation (or current tax receipts)***. The amount of revenue from each category anticipated to support the municipal budget is controlled by state statutes and regulations. Those legal restrictions are in place to ensure the fiscal solvency of New Jersey municipalities. Generally defined, the statutory restrictions are as follows: (1) surplus is limited to the amount available from fund balance cash, (2) miscellaneous revenues are limited to no more than the amount realized in cash in the immediately preceding fiscal year for each revenue source, (3) receipts from delinquent taxes are limited to the collection percentage realized in cash against receivable balances of the prior year, and (4) current taxes are the default revenue necessary to close any gap in revenues to balance the budget against appropriations.

The legal provisions that regulate the utilization of revenue in an operating budget must be applied alongside a local policy that anticipates revenues at levels that can be sustained in future budgets, and that considers the replenishment of cash surplus. Receipts in excess of what is anticipated in the budget are credited to surplus at year-end; it is simply the regeneration of surplus. The development of revenue estimates must consider not only the current budget but also future budgets. Failure to craft a budget without sustaining revenues for future use will lead to diminished support of appropriations and increase the demand for taxation. This long-term approach has been applied to prepare the recommended budget.

Cash Surplus (anticipated) as budget revenue results from the fiscal activity of the immediate prior fiscal year. The amount of Surplus to be applied as budget revenue comes from a known year-end balance. The significant contributors to generating a cash surplus are revenue realized in excess of amounts anticipated in the prior budget year, lapsed 2024 appropriations reserves, and miscellaneous revenue not anticipated. Cash surplus is anticipated as revenue in the 2026 recommended municipal budget of **\$9,315,000** [**\$9,315,000**]. Surplus is fifteen and forty-one hundredths percent (15.41%) of total budget revenues.

Miscellaneous Revenues are from known and recurring sources (e.g., permit fees, interest income, and state aid). The amount of revenue from this category is limited by statute to not being anticipated in the current year's budget in excess of what was collected from that same identical source in the immediately prior year. Miscellaneous Revenues are twenty-nine sixty-one-hundredths percent (**29.61%**) [31.34%] of total budget revenues.

Receipts from Delinquent Taxes are payments on outstanding prior-year tax receivables and tax title liens held by the municipality. The year-end tax receivable balance is **\$1,337,012.82** [\$1,267,670.36]. The 2026 budget anticipates **\$1,150,000** [**\$1,150,000**] as revenue from this source. Delinquent tax revenue is one and ninety-hundredths percent (1.90%) of the total budget.

Property taxes are the amount necessary to balance the budget, with revenues equal to appropriations. Property taxes, also referred to as the "*Amount to be Raised by Taxation*," are the

difference between the total of all budget appropriations and the total of anticipated revenues. The amount to be raised by taxation in the 2026 budget is **\$32,093,972.64** [\$31,000,179.39], an increase of **\$1,093,793.25** [\$214,461.00]. The revenue from property taxes is fifty-three and eight-hundredths percent (**53.08%**) [51.33%] of total revenues.

When calculating the tax rate, it is necessary to know not only the amount of taxes to be collected but also the value of taxable property in the municipality, also known as Net Valuation Taxable. The 2026 net valuation taxable is **\$4,775,820,300** [\$4,754,459,300], an increase of **\$21,361,000** [\$32,912,700] over the previous year. The increase in the taxable value, though 35% less than last year, helps to support budget growth.

The new amount of taxable value results in one penny on the tax rate, equaling **\$477,582.03** [\$475,445.93]. The recommended municipal tax rate for 2026 is **.672** [.652], a **2-cent increase**. A residential property owner with a property valued at the 2026 average residential assessment of **\$289,900** [\$287,570] will pay **\$1,948.13** [\$1,874.96], or \$73 more, as the municipal portion of their property taxes.

### APPROPRIATIONS

While crafting the 2026 recommended municipal budget, the challenge remains in implementing financially efficient services at an appropriate level. New Jersey municipal budgets are restricted by law (Appropriation Cap) to limit designated appropriations from increasing no more than "2.5% or the cost of living adjustment, whichever is less, with exceptions." For fiscal year 2026, per the NJ DCA, the cost-of-living adjustment was **2.0%** [2.50%]. Below is a list of significant increases in appropriations:

<u>Appropriation</u>	<u>Increase</u>
Employee Health Benefits Inside & Outside CAPS.	\$1,380,840.41
Salary & Wages	\$1,146,500.00
Pensions PFRS & PERS	\$217,826.59
GSMJIF	\$156,660.55
MCIAR Recycling	\$66,485.00
Social Security/Medicare	<u>\$49,000.00</u>
Total	<b>\$3,017,312.55</b>

The recommended budget includes \$55,000 to the Lawrence Township Unemployment Fund, \$120,000 to the Self-Insurance Trust Fund, and \$51,000 to the Lawrence Township Accumulated Sick Leave Trust Fund. These are consistent annual budget contributions.

Lawrence Township municipal employees are provided health benefits, or may qualify for a cash payment in lieu of those benefits, if they meet the applicable eligibility requirements of the health care program. Health benefits are provided through the New Jersey State Health Benefits Program (NJSHBP), which dictates specific benefits and co-payments. Employees contribute a percentage of the premium for their applicable coverage, and the salary levels guide these percentage contributions. Employees will contribute **\$1,980,861.46** [\$1,445,109.38] toward their health benefits. The Employee Group Health Insurance appropriation increased **\$1,380,890.41** [\$832,791.62] (26.32%). The appropriation increased due to rate changes, participation, and new hires.

Lawrence Township employees are members of the Public Employee Retirement System (PERS), Police and Firemen's Retirement System (PFRS), or Defined Contribution Retirement Plan (DCRP). Participation in these systems requires contributions from employees and the employer. Police and Fire employees contribute ten percent (10%) of their salary, and civilian employees contribute seven and fifty-hundredths percent (7.50%) for PERS and five and one-half percent (5.5%) for the DCRP. The employer rates of contribution are thirty-six and seventy-five hundredths percent (36.75%) for police, sixteen and thirty-six hundredths percent (**16.36%**) [17.11%] for PERS, and three percent (3%) for the DCRP participants. The 2026 appropriations are PFRS **\$2,353,708** [\$2,186,575], PERS **\$1,328,426.09** [\$1,267,260], and DCRP **\$9,500** [\$9,500]. The State of New Jersey fully administers the pension system. Lawrence Township is billed annually for the employer's share of the pension liability to PFRS and PERS. The systems are valued on prior wage levels, two years prior for PERS and PFRS

The Ewing Lawrence Sewerage Authority (ELSA) provides sewer treatment services to Ewing Township and Lawrence Township. The cost of that service is controlled by ELSA and is apportioned to each municipality based on the flow levels received at the plant. Each town will pay the debt service on specific projects that benefit its community. For 2026, the annual charge for Lawrence Township is **\$6,239,552.26** [\$6,210,531.76] with no rate increase to the end users (township residents). The appropriation is paid from sewer service fees collected separately from real estate taxes.

The appropriation for Debt Service includes appropriations for BAN interest in the amount of **\$237,680** [\$276,164.58], **\$18,389.31** [\$42,459.24] in lease payments related to Police Vehicles, statutory BAN payments of **\$290,743.10** [\$354,573.25], and **\$2,132,256.90** [\$2,068,426.75] in BAN rollover payments to further decrease the Township's outstanding debt with an anticipated settlement in 2028.

The reserve for uncollected taxes is a non-spending appropriation mandated by state law to collect sufficient cash through taxes to meet the school, county, and municipal tax levy requirements. The appropriation is needed to close the gap between the current taxes anticipated and one hundred percent (100%) being collected. This appropriation is **\$4,046,198.61** [\$4,504,185.01], of which approximately **12.61%** [14.53%] is attributable to the municipal portion of the tax rate.

Thank you to our C.F.O., Peter Kiriakatis, and all of our department heads for assisting in crafting the 2026 recommended budget for our governing body.

Respectfully submitted,  
*s/ Kevin P. Nerwinski*  
Kevin P. Nerwinski, Esq.,  
Municipal Manager/QPA