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[www.byramtwp.org](http://www.byramtwp.org)

TO: Mayor and Council and all Residents of Byram Township

DATE: February 20, 2026

RE: 2026 Municipal Budget Message

**INTRODUCTION**

Every year the Township Council is called upon to establish municipal policy through the adoption of the Municipal Budget. While the Manager and staff prepare recommendations in the form of a draft document, the Council must ensure that the adopted budget adequately satisfies the needs of the community and serves the best interests of the Township.

The 2026 municipal budget including the Capital Improvement Program and Public and Private Programs Offset by Revenues totals \$14,226,781.36.

The budget is divided into several categories as follows: Anticipated Revenues, Appropriations, and the Capital Improvement Program. Also, the approval and adoption of the Municipal Budget includes the budget for the Open Space Tax and the Sewer Utility.

It should be noted that Uniform Construction Revenues and Expenditures were removed from the municipal budget and are managed through the UCC Trust Account.

**REVENUES**

Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. These sources include current property taxes, miscellaneous revenues generated by municipal operations, and fund balance.

The following compares the proportion of budgeted revenues from 2017 to 2026.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Current Property Taxes</b>	75.82%	75.08%	74.16%	69.62%	73.41%	70.28%	71.98%	71.45%	70.39%	71.37%
<b>Misc. Revenues</b>	11.95%	11.99%	12.03%	13.47%	11.87%	14.34%	12.33%	14.67%	14.13%	12.92%
<b>Fund Balance</b>	12.23%	12.93%	13.81%	16.91%	14.72%	15.38%	15.69%	13.88%	15.48%	15.71%

**Fund Balance:**

Fund Balance is generated by several sources including cancellation of budget reserves from 2024, revenues in-excess of anticipated amounts from 2025, receipts from delinquent taxes from 2025 and added and omitted taxes collected for when construction improvements are deemed complete by the Tax Assessor. Since 2021, there has been an increased dependency on the use of fund balance to support operations.

This increased use of fund balance needs to be assessed annually for sustainability in future budget cycles. In the 2026 budget, there is a \$350,000 increase in fund balance to support one-time expenses which includes \$28,000 to Group Insurance to cover cost of health benefits consultant and \$322,000 to increase the Capital Improvement Fund.

The total amount of Fund Balance committed to the 2026 budget is \$2,235,000.

- \$1,885,000: Support Operations
- \$350,000: Support One-time expenses

Fund balance isn't simply extra money; it plays a crucial role in ensuring financial stability and preventing crises. Using the fund balance to address immediate needs may help in the short term, but it increases risks down the road. The Township should make responsible investments in core priorities to maintain the municipality's financial health for years to come. Typically, it's best to apply increased uses of fund balance to one-time expenditures rather than ongoing operational costs.

**Miscellaneous Revenues:**

Miscellaneous revenues are the revenues that are generated by fees & permits, municipal court, interest on investments, interest and costs on taxes, receipts from delinquent taxes, grants, and State Aid. The forecast of these revenues is based upon the performance of each category in the previous year. State statute prevents the Township from anticipating more than what was realized in the prior year.

The budget anticipates that the State Fiscal Year 2026 budget will propose the same level of aggregate funding for Energy Tax Receipts (ETR) as 2025, or \$582,337.

This budget presents Garden State Preservation at \$51,622 which is a reduction of \$9,702.

State Aid accounts for 4.46% of the Township's revenues.

Excluding State Aid funding, the remaining miscellaneous revenues comprise 8.46% of the revenues. These anticipated revenues include Court Fees, Interest on Investments, Interest and Costs on Taxes, Fees and Permits, Receipts from Delinquent Taxes and Public and Private Programs.

**Interest in Investments:**

In recent budget years, investment interest has risen because of higher rates and temporarily elevated account balances. However, this trend may not persist, as decreasing balances and lower rates could result in less investment interest in the future.

This budget plan continues to anticipate an aggressive amount of interest income at \$500,000. In 2025, we collected \$612,537 which was \$112,537 more than anticipated and was a main contributor to increased amount of fund balance. The amount collected in 2024 was \$801,868.

Reserve balances are expected to decline in 2026 due to final ARP payments, the paydown of Streets & Roads reserve funds, and other uses of reserves. Interest rates are also projected to decrease next year, depending on Federal Reserve actions. In December, rates stood at 3.82%, and projections suggest they will decrease to the low

3% range by the end of 2026. Assuming an average interest rate of 3.5% and average reserve balances, the projected interest income amounts to \$482,520, which falls short of the \$500,000 goal. A reduced dependence on interest income is advisable, as declining rates may necessitate tax increases or expenditure reductions to achieve balanced future budgets.

When it comes to interest income best practices include:

- Diversity in revenue stream - try to avoid an over-reliance on interest income.
- Budget only a portion of the expected interest income to leave room for variations.
- Use periods of high interest income to strengthen long-term reserves (fund balance)

### **Property Taxes:**

This budget plan has property taxes totaling \$10,154,023.50 or 71.37% of the revenues. This is a 7.14% or \$676,602.50 increase of the tax levy.

### **APPROPRIATIONS**

Appropriations are the platform that allows local government to deliver services to its residents. The expenditure side of the budget is assigned by department and divided within each department into “Salary and Wages” and “Other Expenses.” Also, there are categories of expenses that are not assigned to the departments. All appropriations are presented in a line-item budget format.

General Government, Public Safety, Public Works, and Community Programs include all the Salary & Wages and Operating Expenses for each of the Township’s departments

Salary and Wages have been populated with contractual obligations (steps, longevity and salary increases), and all known and planned staff changes. Overall, Salary and Wages for all departments total \$4,050,150 which is an increase of \$51,100 or 1.28% from 2025.

Total operational expenses for all departments are \$1,760,190—a decrease of \$10,014 or 0.57%. Overall departmental operating budgets are rising by \$41,086 (0.71%), excluding the construction department, which is funded through the UCC Trust Account.

Other Expenses of the Township that are not tracked by department include utilities, insurances, statutory expenses, pension expenses, garbage, debt service, deferred charges, capital improvements and the reserve for uncollected taxes.

### **Group Health Insurance/Medicare Reimbursements:**

- Increase of \$628,673/41.92%
- Reference detailed November 14, 2025, memo regarding the 2026 State Health Benefits Increase:
  - <https://www.byramtp.org/useruploads/files/11142025%20Insurance%20Increase.pdf>
- Byram Township is part of the State Health Benefits Program (SHBP), which approved a 36.2% rate increase for 2026—over 32% for medical costs and more than 62% for prescription drug premiums.
- The 2026 group insurance line item includes changes in staffing (two new police officers), changes in employee census and plan selection, as well as a reduction in the number of employees waiving coverage.
- Public Law 2011, Chapter 78 was effective June 28, 2011, that increased the share of health benefits coverage paid by public employees and retirees who receive employer paid health benefits. The percentage of employee contribution (derived from salary and type of coverage tables) is multiplied by the total premium due for each employee and deducted from base salary. The Group Insurance budget is less employee contributions.

- The Group Insurance budget includes medical insurance, prescription drugs, dental, Medicare reimbursements, payment for waiver of medical benefits, life insurance, and long-term disability which is assessed based on each employee’s salary.
  - There are six active employees and two retirees that are waiving health benefits.
  - The following table summarizes the cost of medical insurance, prescription drugs and dental benefits less employee contributions.

<b>Employee Group</b>	<b>Total Cost: (Health, Dental &amp; RX)</b>	<b>Employee Contributions</b>	<b>Total Net Cost to Township</b>
Clerical Active	\$0.00	\$0.00	\$0.00
Clerical Retired	\$16,792.80	\$341.64	\$16,451.16
DPW Active	\$426,247.08	\$88,833.99	\$337,413.09
DPW Retired	\$280,594.32	\$6,395.40	\$274,198.92
Police Active	\$581,013.84	\$177,822.40	\$403,191.44
Police Retired	\$569,428.68	\$83,168.88	\$486,259.80
All Other Active	\$326,725.92	\$83,628.30	\$243,097.62
All Other Retired	\$66,667.20	\$2,876.28	\$63,790.92
Medicare Reimbursements	\$39,362.60	0.00	\$39,362.60
Waivers	\$34,364.11	0.00	\$34,364.11
<b>TOTALS:</b>	<b>\$2,341,196.55</b>	<b>\$443,066.89</b>	<b>\$1,898,129.66</b>

**Workers Compensation/General Liability:**

- The 2026 assessments were an 11.1% increase from 2025 resulting in a combined increase of \$34,566.

**Garbage/Recycling:**

- Increase of \$22,000/2.12%
- Annual Garbage/Recycling Contract increase of \$12,000.
- The SCMUA tipping fees for solid waste increased from \$107 to \$110 per ton for 2026 requiring an increase of \$10,000 in disposal cost.

**Pensions:**

- Pensions decreased by \$60,403 in 2026, mainly due to a \$60,406 reduction in the Police & Fire Retirement System (PFRS) payment.

**CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM**

The Capital Budget reflects the first year of a three-year capital improvement program. It does not independently grant authorization to generate or disburse funds.

Please consult the comprehensive December 9, 2025 - 2026 Capital Budget Message available on the Township’s official website.

<https://www.bramtwp.org/useruploads/files/12092025%20Capital%20Budget%20Message%202026.pdf>

The 2026 Capital Budget includes proposed projects totaling \$6,868,000. Following is summary by department:

- Streets and Roads \$1,811,000
- DPW \$130,000
- Fire \$75,000

- Parks \$1,822,000
- Police Department Renovation \$3,000,000
- Drainage \$5,000
- Capital Improvement Fund \$25,000
- 2026 Minimum Municipal Building Repairs TBD

The Capital Improvement Program is the vehicle that allows the Township to plan and prioritize large expenditures. The Capital Improvement Fund is used as a means of financing down payments for bond ordinance appropriations. Also, the Governing Body can decide to fund a capital ordinance partially or fully from the Capital Improvement Fund.

- The total appropriation to the Capital Improvement Fund for 2026 is \$1,066,103 which includes a one-time contribution of \$322,000 offset by fund balance.
- Includes \$25,000 that is raised annually to fund the Capital Improvement Fund.

**2026 PROPOSED Capital Improvements – funded from Budget:**

**Operating portion of Budget:**

- Improvements to Streets and Roads \$225,500
- DPW Equipment \$100,000
- Purchase of Vehicles \$75,000

**Capital portion of Budget:**

- Supplement for Streets and Roads: \$100,000
- Drainage Improvements: \$5,000
- Capital Improvement Fund: \$1,066,103

**NOTES:**

- In 2026, the Township now has six (6) active employees and two (2) retirees that waive health benefits. The Township remains liable to provide health benefits if the employee becomes ineligible for coverage from the independent source.
- Moved \$100,000 to DPW Equipment and \$120,000 to Improvements to Streets and Roads from the Group Health Insurance account. This will reduce unexpended balances which is a source of regenerating fund balance.

**TAX RATE**

The 2026 municipal budget results in an increase of the tax levy. This is an estimated increase of \$194.94 for the average assessed home of \$256,400.

Estimated Municipal Taxes and Open Space Taxes for 2026 for the average assessed home:

	<b>2026</b>	<b>Estimated Increase/Decrease</b>
<b>Average Assessed Home</b>	\$256,400	
<b>Tax Rate</b>	1.096	
<b>Opens Space Tax Rate</b>	.012	
<b>Municipal Taxes</b>	\$2,810.08	\$194.94
<b>Open Space Taxes</b>	30.77	0.00

<b>Total Municipal Taxes</b>	<b>\$2,840.85</b>	<b>\$194.94</b>
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**2026 TAX DOLLAR ALLOCATION:**

- Local and Regional Schools: 57.55%
- Municipal Tax: 25.65%
- County Tax: 16.80%

**OPEN SPACE AND SEWER UTILITY:**

When the Municipal Budget is approved and adopted, it also covers the Open Space Tax and the Sewer Utility budget.

**Open Space**

The Township’s Open Space Dedicated Trust Fund is funded through the dedication of an Open Space Tax that is not to exceed \$0.02 per \$100 of assessed valuation of each annual tax levy. For 2026, the Township again anticipates raising \$110,430 or approximately \$.012 for each \$100 of assessed valuation. The Open Space Trust Fund may be utilized for the development of recreation fields, improvements to indoor recreation facilities located on lands utilized for recreation; improvements to an existing structure on lands devoted to recreational purposes to enhance its suitability for such purposes; and funds expended in connection with ordinance regarding maintenance of lands utilized for recreation and conservation purposes. As defined by ordinance, open space trust funds can be used to acquire or develop vacant land, as well as land which has improvements upon it at time of acquisition, or to acquire development rights, where the principal purpose of the acquisition is to preserve open space, recreation, farmland preservation and historic preservation.

**Sewer Utility**

The Township’s Sewer Utility has a \$395,000 budget for 2026, unchanged from 2025. User fees generate \$305,000, while the remaining \$90,000 (22.78%) comes from the fund balance. Sewer user fees will not increase in 2026.

**SUMMARY**

The municipal budget stands as the Council’s most significant annual policy statement. It outlines the strategies and priorities of the local government for the upcoming fiscal year, detailing both the planned initiatives and the sources of funding required to carry out those objectives.

Every year, the budget planning process confronts new challenges, affecting both the appropriations and revenue sides. These issues require careful consideration to ensure fiscal responsibility and effective allocation of resources.

The most significant pressure on this year’s budget is the rising cost of employee and retiree health insurance. Byram Township participates in the State Health Benefits Program (SHBP), which has instituted notable premium increases for medical and prescription coverage in 2026. Township officials will continue to assess options and look to implement cost-containment strategies to address the structural challenges posed by health benefits for 2027 and beyond. Property taxes will be utilized to cover the \$628,673 increase in health benefits, which accounts for 93% of the property tax increase.

The staff have demonstrated exceptional diligence in preparing the budget, successfully controlling departmental operating expenses. While overall departmental operating budgets are rising by \$41,086, this represents only a 0.71% increase.

On the revenue side, the Township continues to anticipate a significant amount in Interest on Investments. However, this heightened expectation introduces risk for future budgets, as account balances may diminish and interest rates decrease, potentially resulting in lower actual interest income.

As in recent years, the budget plan continues to shift funds among line items to boost spending on capital improvements. This year's budget includes a one-time contribution of \$322,000 to the capital improvement fund, offset by use of the fund balance. Readers are encouraged to review the Capital Budget and three-year Capital Program for details on the various capital projects under consideration.

The Township's ratable base remains limited, with 87% of assessments attributed to residential properties. No new residential subdivisions are expected, as most communities are fully built out. Commercial and industrial properties make up only 8.86% of the rate base, and most opportunities for growth in this area are through redevelopment.

In summary, the proposed budget plan sufficiently addresses the community's needs and serves the Township's best interests. This responsible budget reflects the hard work and dedication of all department heads and staff in managing departmental operating expenses.

Respectfully Submitted,



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Joseph W. Sabatini, Township Manager