



The Township of Byram
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TO: Mayor and Council and all Residents of Byram Township
DATE: February 25, 2025
RE: 2025 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 2025 municipal budget including the Capital Improvement Program and Public and Private Programs Offset by Revenues totals \$13,465,387.

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 2016 to 2025.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current Property Taxes	75.41%	75.82%	75.08%	74.16%	69.62%	73.41%	70.28%	71.98%	71.45%	70.39%
Misc. Revenues	12.20%	11.95%	11.99%	12.03%	13.47%	11.87%	14.34%	12.33%	14.67%	14.13%
Fund Balance	12.39%	12.23%	12.93%	13.81%	16.91%	14.72%	15.38%	15.69%	13.88%	15.48%

Fund Balance:

Fund Balance is generated by several sources including cancellation of budget reserves from 2023, revenues in excess of anticipated amounts from 2024, receipts from delinquent taxes from 2024 and added and omitted taxes collected for when construction improvements are deemed complete by the Tax Assessor. Since 2021, there has been an increased (\$219,500) dependency on the use of fund balance to support operations. This increased use of fund balance will need to be assessed for sustainability in future budget cycles. In the 2025 budget, there is a \$300,000 increase of fund balance to support one-time expenses which include, ash tree removal from Township properties (\$20,000), major repair to fire truck (\$20,000), property code enforcement abatement issue (\$20,000), public records scanning project (\$25,000), affordable housing compliance (\$15,000) and an increase to Capital Improvement Fund (\$200,000).

The total amount of Fund Balance committed to the 2025 budget is \$2,085,000.

- \$1,785,000: Support Operations
- \$300,000: Support One-time expenses

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 2025 budget will propose the same level of aggregate funding for Energy Tax Receipts (ETR) as 2024, or \$582,337.

As referenced in Local Finance Notice 2024-05, the proposed FY 2025 State budget removed the FY 2024 appropriation for Municipal Relief Fund Aid. This means for this year's budget there was reduction of state aid totaling \$60,025.27.

This budget presents Garden State Preservation at \$61,324.00 which includes \$9,702 reserved from CY 2023.

State Aid accounts for 4.78% of the Township's revenues.

Excluding State Aid funding, the remaining miscellaneous revenues comprise 9.35% 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.

This budget plan continues to anticipate Interest on Investments of \$500,000. There was a significant increase in 2024 and the anticipation of Interest on Investment was due to the increased interest rates and the temporary increased balances in various accounts. This increased anticipation of Interest on Investments is a risk to future budgets. As various account balances are spent down and interest rates decrease, the amount of actual Interest on Investments received will decrease.

The following table summarizes changes in other anticipated revenues.

Revenue	2024 Anticipated	2024 Actual	2025 Budget	Reduction or Increase
Fees & Permits	\$45,000	\$74,303	\$50,000	(+) \$5,000
Municipal Court	\$50,000	\$68,189.48	\$55,000	(+) \$5,000
Interest & Costs on Taxes	\$85,000	\$82,695.44	\$80,000	(-) \$5,000

Property Taxes:

This budget plan has property taxes totaling \$9,477,421.00 or 70.39% of the revenues. This is a 3.19% or \$292,627.27 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.

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 \$3,999,050 which is an increase of \$47,300 or 1.20% from 2024.

Operational expenses for all departments total \$1,770,204 which is an increase of \$115,531.00 or 6.98%. This includes all the Township’s municipal departments excluding the construction department which operates through the UCC Trust Account.

If the one-time expenses totaling \$100,000 are removed, the overall departmental budgets including Salary and Wages are only increasing \$62,831 or 1.12%.

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.

The following categories of other expenses are driving the increase of the 2025 budget and each category as a percentage increase exceeds the annual Cost of Living Cap Adjustment (COLA - 2.5%) for calendar year 2025.

Workers Compensation/General Liability (pending final assessments):

- The 2025 assessments were a 3% increase from 2024 resulting in a combined increase of \$9,049.

Pensions:

- Public Employee Retirement System (PERS) – actual assessment increased \$7,239 or 3.1% (\$15,600 of the PERS assessment is being covered by the Sewer Utility for shared resources.)
- Police & Fire Retirement System (PFRS) – increase of \$50,225 or 8.7%

Group Insurance:

- Increase of \$131,000/9.57%
- Group Health Insurance was updated for changes of census and State Health Benefits rate increases (Active Employees 16.3%, Early Retirees 17.9%, and Medicare Eligible Retirees 7.0% and a prescription drug rate change of 16.5%) as well as changes for Medicare reimbursements, waivers and employee life changes.

- 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.
 - o There are five active employees and three retirees that are waiving health benefits.
 - o The following table summarizes the cost of medical insurance, prescription drugs and dental benefits less employee contributions.

Employee Group	Total Cost: (Health, Dental & RX)	Employee Contributions	Total Net Cost to Township
Clerical Active	\$0.00	\$0.00	\$0.00
Clerical Retired	\$12,864.00	\$254.28	\$12,609.72
DPW Active	\$330,479.88	\$68,421.32	\$262,058.56
DPW Retired	\$211,587.72	\$4,735.44	\$206,852.28
Police Active	\$481,701.48	\$151,956.06	\$329,745.42
Police Retired	\$280,030.92	\$14,152.56	\$265,878.36
All Other Active	\$256,165.80	\$64,590.70	\$191,575.10
All Other Retired	\$50,976.00	\$2,265.24	\$48,710.76
Medicare Reimbursements	\$35,520.00	\$0.00	\$35,520.00
Waivers	\$28,324.97	\$0.00	\$28,324.97
TOTALS:	\$1,687,650.77	\$306,375.60	\$1,381,275.17

CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM

The Capital Budget represents the current year of a three-year capital improvement program. The Capital Budget does not in itself confer any authority to raise or expend funds. The 2025 Capital Budget includes proposed projects totaling \$5,560,000. Following is summary by department:

- Streets and Roads \$1,035,000
- DPW \$235,000
- Fire \$298,000
- Parks \$1,712,000
- Police Department Renovation \$2,250,000
- Drainage \$5,000
- Capital Improvement Fund \$25,000
- 2024 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 2025 is \$841,423 which is an increase of \$202,200 which includes the one-time contribution of \$200,000 offset by fund balance.

- Includes \$25,000 that is raised annually to fund the Capital Improvement Fund.

2025 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:	\$836,423

NOTES:

- In 2025, the Township now has seven (5) active employees and three (3) 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 2025 municipal budget results in an increase of the tax levy. This is an estimated increase of \$76.28 for the average assessed home of \$256,200.

Estimated Municipal Taxes and Open Space Taxes for 2025 for the average assessed home:

	2025	Estimated Increase/ Decrease
Average Assessed Home	\$256,200	
Tax Rate	1.021	
Opens Space Tax Rate	.012	
Municipal Taxes	\$2,615.80	\$76.28
Open Space Taxes	30.74	0.00
Total Municipal Taxes	\$2,646.54	\$76.28

2024 TAX DOLLAR ALLOCATION:

- Local and Regional Schools: 56.68%
- Municipal Tax: 26.21%
- County Tax: 17.11%

OPEN SPACE AND SEWER UTILITY:

The approval and adoption of the Municipal Budget includes the budget for the Open Space Tax and the Sewer Utility.

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 2025, 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 its own separate budget totaling \$395,000 which is an increase of \$15,000 from 2024. The primary revenue (\$305,000) of the sewer utility are the fees collected from users of the system. Sewer user fees for calendar year 2024 are again remaining unchanged. The remaining source of revenues is fund balance which is \$90,000 or 22.78% of the total revenues.

SUMMARY

The municipal budget is the Council's most important annual policy statement. It defines how the local government team will implement its priorities for the next fiscal year, and where the money will come from to carry out that work plan.

Each year the budget plan is presented with different challenges on both the appropriations side and revenue side of the budget.

This year on the appropriations side, the budget plan again is primarily driven by spending in the areas of public health (garbage), healthcare, workers compensation insurance and general liability insurance costs.

The staff has done an exceptional job preparing the budget plan holding the line on departmental operating expenses.

On the revenue side of the budget the Township is again anticipating a significant amount in the anticipation of Interest on Investments. This increased anticipation of Interest on Investments is a risk to future budgets. As various account balances are spent down and interest rates decrease, the amount of actual Interest on Investments received will decrease. As the result of this increased anticipation of interest income, it is supporting both increased funding to the capital improvement fund and is being used to offset increased costs.

As in recent years, this budget plan continues to support the shifting of funds between line items to increase the amount of money spent on capital improvements. Additionally, this budget includes the one-time contribution of \$200,000 capital improvement fund with an offset by fund balance. Please review the Capital Budget and three-year Capital Program to understand the varying capital projects that are being considered.

The Township's ratable base remains restricted with 88% of the Township's assessments being residential properties. There are no expected residential subdivisions as most of the communities are fully built out. Only 8.65% of the rate base is commercial or industrial. Most of the opportunities with these properties are through redevelopment.

In summary, the proposed budget plan adequately satisfies the needs of the community and serves the best interests of the Township. This is a responsible budget plan and I very much appreciate the hard work of all the Township's department heads and staff for holding the line on departmental operating expenses.

Respectfully Submitted,



Joseph W. Sabatini, Township Manager