

TOWNSHIP OF BYRAM
NEW JERSEY

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TO: Byram Township Mayor and Council
DATE: February 28, 2018
RE: 2018 Municipal Budget Message – Introduction and Approval

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

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 2018, the Township again anticipates raising \$110,430 or approximately \$.012 for each \$100 of assessed valuation. The Open Space Tax cannot be eliminated as future receipts were committed to cover the debt service of Open Space Bonds that were issued in 2005 and are scheduled to expire in 2024. Also, the funds are used to support the maintenance and development of open space parcels that have been purchased with the open space tax.

The Township's Sewer Utility is supported by fees collected from users of the system. The Sewer Utility has its own separate budget. For 2015, the Operating Budget was restructured to support a five percent reduction of user fees. The Operating Budget remained flat for 2016 and the legacy debt obligations for the establishment of the utility were fully paid. Mainly due to the reduction of debt service, the Township was able to support an additional five percent reduction of user fees for the 2017 budget.

The 2018 municipal budget including the Capital Improvement Program and Private Programs Offset by Revenues totals \$11,369,394.25.

APPROPRIATIONS

Appropriations are the platform that allows local government to deliver services to its residents. Overall, this budget plan is presenting an increase in appropriations totaling \$144,903 after excluding Public and Private Programs which are Offset by Revenues (net zero).

General Government, Public Safety, Public Works and Community Programs include all the Salary & Wages and Operating Expenses for each of the Township’s departments. These categories of expenses resulted in a \$114,975 increase. Summary of changes include:

- Applied Changes to Departmental Salary and Wages:
 - Salary and Wages have been populated with contractual obligations for steps and changes of longevity for Police Officers (minimum increase \$21,500).
 - 4 employees will receive increased longevity.
 - 2 employees in steps.
 - Budget is presented with a 0% increase of Salary and Wages for Administrative, DPW, and Police Department employees. Clerical Employees settled for a 2% increase. Collective Bargaining Groups (DPW and Police) are currently in contract negotiations.
 - No change to overtime budgets for Police or DPW.
- Staff Changes:
 - The Township’s Chief Municipal Finance Officer was appointed Tax Collector.
 - Budgeted for Part-time position in Tax Collection Department.
 - In process of hiring a new DPW laborer that will replace an employee that had provided notification of his retirement effective May 1, 2018.
 - Adding new staff member (DPW laborer).
 - Budgeted for a Part-time recreation director not to exceed 28 hours per week.
- Changes to Departmental Operating Expenses:
 - Included \$50,000 in the General Administration O&E budget for research and development for a new building solution.
 - Included \$5,000 for QPA to manage the procurement of goods and services through public bid upon request.
 - Increased Planning O&E budget \$25,000 to support a budget of \$50,000 to be used at Council’s discretion for a grant writer or activities that are outlined in the Township’s Sustainable Economic Development Plan.
 - Included \$1,000 in budget plan for an annual stipend to appoint member of the Environmental Commission as a secretary.

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. Overall Other Expenses increased \$29,928. Significant dollar changes were seen in the following appropriations:

• Pension Payments (PFRS):	Increased	\$17,685
• Garbage Contract:	Increased	\$16,000
• Group Insurance	Increased	\$40,385
• Pension Payments (PERS/DCRP):	Decreased	\$ 8,948
• General Liability Insurance:	Decreased	\$21,045
• Workers Compensation Insurance:	Decreased	\$10,986

- Group Insurance:
 - The 2018 obligation for Group Insurance is \$1,638,887. The Township now has 12 active employees that waive health benefits. The Township remains liable to provide health benefits if the employees become ineligible for coverage from their independent sources. \$100,000 was moved to DPW Equipment and \$120,000 to Improvements for Streets and Roads.

- Capital Improvement Fund: Increased \$32,540
 - Total for 2018 = \$398,453. Includes \$32,000 which is the reduction of the 2018 cost for Workers' Compensation and General Liability Insurance. The capital improvement fund is used as a means of financing down payments for bond ordinance appropriations. Also, the Governing Body can decide to partially or fully fund a capital ordinance from the Capital Improvement Fund.

REVENUES

Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. These sources include current property taxes (75.08%), Miscellaneous Revenues including State Aid and Receipts from Delinquent Taxes (11.99%), and Fund Balance (12.93%).

The Township has not received official notification of the proposed level of State Aid aggregate funding for Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR). The Township anticipated \$575,475 for State aid CMPTRA and ETR which is the amount received for 2017. Also, the Township is anticipating Garden State Trust PILOT (Payment in Lieu of Taxes) funding at the same level (\$41,920). State Aid accounts for 5.43% of the Township's revenues.

Other Miscellaneous revenues anticipated comprise 6.56% of the revenues. These anticipated revenues include Court Fees, Uniform Construction Fees, Interest on Investments, Interest and Costs on Taxes, Fees and Permits and Receipts from Delinquent Taxes.

The amount of Fund Balance committed to the 2018 budget is \$1,470,102. Overall this is an increase of \$100,000 from 2017. This increase in fund balance is not to offset the costs of ongoing operations but to support one-time expenses for 2017.

This budget plan has property taxes representing 75.08% or \$8,536,187 in revenues. This is a .53 % or \$44,903 increase of the tax levy. This budget plan presents an increase in the municipal tax levy of \$10.85 to the average assessed home of \$252,753.

SUMMARY

In summary, the challenge with this budget is to maintain the same level of services for the Township residents while costs continue to increase, the growth of the Township's ratable base remains restricted, and miscellaneous revenues decrease resulting in a higher reliance on property taxes. The Township continues to hold the line on departmental operating expenses with the objective of preserving services in accordance with the expectations of the Township's residents.

The 2018 municipal budget plan has been constructed to fund more capital projects through the budget. The combination of shifting money between line items and increasing the amount of Capital Improvement Fund is reducing the dependency on incurring debt to pay for capital projects.

Respectfully Submitted,

Joseph W. Sabatini, Township Manager