

TOWNSHIP OF BYRAM
NEW JERSEY

MAILING ADDRESS:
10 Mansfield Drive
Stanhope, NJ 07874
Phone 973-347-2500
Fax 973-347-0502



WEBSITE ADDRESS:
www.byramtwp.org

TO: Mayor and Council and all Residents of Byram Township
DATE: March 1, 2019
RE: 2019 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 2019 municipal budget including the Capital Improvement Program and Public and Private Programs Offset by Revenues totals \$11,679,370.41.

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.

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 2010 to 2019 excluding public and private revenues.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current Property Taxes	74.39%	74.47%	74.85%	75.39%	75.58%	75.11%	75.41%	75.82%	75.08%	74.16%
Misc. Revenues	14.20%	13.76%	13.29%	12.95%	12.82%	12.44%	12.20%	11.95%	11.99%	12.03%
Fund Balance	11.41%	11.77%	11.86%	11.66%	11.60%	12.45%	12.39%	12.23%	12.93%	13.81%

Fund Balance:

Fund Balance is generated by several sources including cancellation of budget reserves from 2017, revenues in-excess of anticipated amounts, receipts from delinquent taxes from 2018 and added and omitted taxes collected for when construction improvements are deemed complete by Tax Assessor.

The fund balance as of December 31, 2018 totaled \$2,726,694.08. The amount of Fund Balance committed to the 2019 budget is \$1,610,500. Overall this is an increase of \$140,398 from 2018.

Based on the regeneration of Fund Balance at the end of 2018, it has been recommended to increase the dependency on Fund Balance by \$140,000 with the additional \$140,000 being put into Capital Improvement Fund. This will be used in 2019 to offset capital purchases and can be used in 2020 to offset debt service for the municipal building project or remove if not regenerated.

Miscellaneous Revenues:

Miscellaneous revenues are the revenues that are generated by fees & permits, uniform construction fees, municipal court, interest on investments, interest and costs on taxes, receipts from delinquent taxes, grants, and State Aid. The forecasting 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 2020 budget proposes level aggregate funding for Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR). The proposed State Aid CMPTRA and ETR for 2019 totals \$575,475. Also, we are anticipating the Garden State Trust PILOT (Payment in Lieu of Taxes) funding at the same level as 2018 totaling \$41,920. State Aid accounts for 5.29% of the Township’s revenues.

Miscellaneous revenues comprise 6.74% 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. Overall, the anticipation of miscellaneous revenues was increased by \$55,500. Anticipation of Fees and Permits was increased to \$45,000, and the anticipation of Interest on Investments was increased to \$45,000.

Property Taxes:

This budget plan has property taxes totaling \$8,649,092, 74.16% of revenues. This is a 1.32% or \$112,904.60 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.

Overall, this budget plan is presenting an increase in appropriations totaling \$308,802.60 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 \$122,737 increase. Summary of changes include:

- Applied Changes to Departmental Salary and Wages:
 - Salary and Wages have been populated with contractual obligations (steps and longevity) and anticipated changes for staffing.
 - Police Officers:
 - 2 employees will receive increased longevity.
 - 2 employees in steps.
 - Adjusted salaries to include 2% increase for both 2018 and 2019.
 - Made minor adjustments for recently licensed employees.
 - No change to overtime budgets for Police or DPW.
- Staff Changes:
 - Administration:
 - Included new Full-time Position – This position did not include the need for new funding. It was supported by moving funds around in the budget including the salary and wage for the PT Recreation Director and funding allocated to a Grant Writer. The individual hired for this position will have the primary responsibilities of the PT Recreation Director and will be the facilitator to the Recreation Committee to assist with Township events. Additionally, they will be responsible for recreation administration including facility applications, recreation procurement and requests for proposals. This individual will be designated as the Township's Public Information Officer to manage Township Communications: Social Media, Website, Nixle, etc. Finally, they will assist with special projects, economic development, planning, and grant writing.
 - Construction Department:
 - In 2018, Construction Official and Sub-code employee retired. This individual had all sub-codes. Increase in salaries was offset with funding that had been moved from Construction Salary and Wage account to Capital Improvement Fund account in 2016 when prior staff resigned.
 - New staffing includes.
 - Part-time Construction Official
 - 2 – Part-time Sub-code Officials
- Changes to Departmental Operating Expenses:
 - General Administration:
 - Computer services increased to support police department server and workstations.
 - Includes \$50,000 for research and development for a new building solution.
 - Includes \$5,000 for QPA services.
 - Planning:
 - Included an additional \$5,000 for work on the Township's Zoning Ordinance to address signs and cannabis legalization.

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 \$222,239. Significant dollar changes were seen in the following appropriations:

- Pension Payments (PFRS): Increased \$48,803
- Pension Payments (PERS): Increased \$23,234
- Garbage Contract: Increased \$12,000
- Purchase of Vehicles Increased \$16,000
- Debt Service Increased \$63,860

Group Insurance:

- The Township will be transitioning both active and retired employees to the State Health Benefits Program (SHBP) effective June 1, 2019. There will be an open enrollment period for both active and retired employees that will conclude mid-April. The summary below is using the rates available from North Jersey Health Insurance Fund and are based on actual employee and retiree enrollments.
- 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. The 2019 obligation for Group Insurance is \$1,724,422.
- There is a total of fourteen employees that are waiving health benefits at a total cost of \$67,308.15. This is an annual savings of \$306,168.15 after considering cost of waivers.
- 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	\$43,032.00	\$392.04	\$42,639.96
DPW Active	\$275,172.00	\$64,812.60	\$210,359.40
DPW Retired	\$185,436.00	\$1,009.32	\$184,426.68
Police Active	\$301,488.00	\$93,816.84	\$207,671.16
Police Retired	\$415,980.00	\$0.00	\$415,980.00
All Other Active	\$133,344.00	\$34,479.60	\$98,864.40
All Other Retired	\$80,844.00	\$2,503.68	\$78,340.32
Medicare Reimbursements	\$20,460.50	\$0.00	\$20,460.50
Waivers	\$67,308.15	\$0.00	\$67,308.15
TOTALS:	\$1,523,064.65	\$197,014.08	\$1,326,050.57

Capital Improvement Fund:

- 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 partially or fully fund a capital ordinance from the Capital Improvement Fund.
- Total for 2019 = \$426,393 which includes \$25,000 that is raised annually to fund the Capital Improvement Fund.
 - \$45,500 moved back to Construction Department S&W.
 - Capital Improvement Fund decreased from \$398,453 to \$286,393 before increasing by \$140,000 which was offset by an equal increase in Fund Balance. This increase can be used in 2020 to offset debt service for municipal building project.

2019 PROPOSED Capital Improvements – funded from Budget:

- Capital Improvement Fund: \$426,393
 - \$25,000 is raised to fund Capital Improvement Fund to support down payments on capital ordinances.
- Drainage Improvements: \$5,000
- Supplement for Streets and Roads: \$100,000

- Budget Appropriation (Streets-n-Roads) \$225,500
- Budget Appropriation (DPW Equipment) \$100,000
- Budget Appropriation (Purchase Vehicles) \$45,000

- NOTES:
 - In 2019, the Township now has 14 active employees 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.

Capital Budget:

- 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 2019 Capital Budget includes proposed projects totaling \$1,304,800. Following is summary by department:
 - Streets and Roads \$840,000
 - DPW \$279,000
 - Fire \$90,800
 - Police \$65,000
 - Drainage \$5,000 – funded by budget (see above)
 - Capital Improvement Fund \$25,000 – funded by budget (see above)

TAX RATE

The 2019 municipal budget calls for an estimated municipal rate increase of .012 for each \$100 of assessed value using the net valuation of \$926,211,000. This increase represents an estimated \$29.95 annual municipal tax increase for the average assessed home of \$253,491.

Estimated Municipal Taxes and Open Space Taxes for 2019 for the average assessed home:

	2019	Estimated Increase/Decrease
Average Assessed Home	253,491	
Tax Rate	.934	
Opens Space Tax Rate	.011	
Municipal Taxes	\$2,367.60	\$29.95
Open Space Taxes	\$27.88	\$0.00
Total Municipal Taxes	\$2,395.48	\$29.95

ALLOCATION OF TAX DOLLAR

	2018
Municipal Tax with OS Tax	26.62%
County	17.14%
Schools	56.24%

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 2018, the Township again anticipates raising \$110,430 or approximately \$.011 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. 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 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 2019 Operating Budget increased \$50,000 from 2018 to help offset future debt issuance in relation to the ongoing capital improvements to the sewer utility. User fees remained flat from 2018 to 2019. The Township is continuing in 2019 with capital improvements to the sewer utility with a plan to replace the generators at the two pump stations located on Route 206 and the one located at the Municipal Complex

SUMMARY

In summary, the challenge with this budget and future budgets 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 remain flat resulting in a 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 2019 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