

TOWNSHIP OF BYRAM

NEW JERSEY

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TO: Byram Township Mayor and Council

DATE: March 3, 2017

RE: 2017 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 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 2017, the Township anticipates raising \$110,430 or approximately \$.01 for each \$100 of assessed valuation. This represents no change from 2016. 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 is able to support an additional five percent reduction of user fees for the 2017 budget.

The 2017 municipal budget including the Capital Improvement Program and Private Programs Offset by Revenues totals \$11,338,581.19.

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 \$144,104 after excluding Public and Private Programs (Grants - \$129,730.71) and Special Assessment Administrative Fees (Forest Lakes Dam - \$9,569) 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. Overall these categories of expenses resulted in a \$157,914 increase which includes an increase of \$100,000 for Improvements to Streets and Roads. Summary of changes include:

- Applied Changes to Departmental Salary and Wages:
 - Salary and Wages have been updated with contractual obligations and anticipated changes for staffing. All employees received a 2% increase.
 - Accounted for changes in longevity (PBA) and contractual steps (PBA).
 - In 2016 the Construction Official and Sub-code Officials resigned. The staff was replaced with a significant reduction of cost. Moved \$45,500 to Capital Improvement Fund.
- Public Safety Answering Point (PSAP) agreement with Sparta – increased assessment 2% (\$3,500). This agreement expires December 31, 2017.
- The 2016 planning budget for Affordable Housing was increased \$25,000 for litigation related to the Township's Housing Element and Fair Share Housing Plan. This budget plan keeps this amount in the planning budget to support hiring a program facilitator for implementation of action items as outlined in the Township's Sustainable Economic Development Plan.
- Special Assessment Administration is related to the Forest Lakes Dam Assessment. Included in the special assessment was an annual fee to cover the annual costs of administering the special assessment. An equal amount (\$9,569) was included as an appropriation and revenue that will allow the Township to charge and pay expenses associated with the assessment.

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 reflect a decrease of \$13,810 which is the result of redirecting funding from the Group Insurance account to other capital project accounts.

Significant dollar changes were seen in the following appropriations:

Pension Payments:		
PERS:	Increased	\$11,363
PFRS:	Increased	\$12,035
Garbage Contract:	Increased	\$12,000
General Liability Insurance (3.1%):	Increased	\$ 5,896

Workers Compensation Insurance (3.1%): Increased \$ 3,078

Group Insurance:

The 2017 obligation for Group insurance is \$1,632,295. The Township now has 13 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. \$120,000 was moved to DPW Equipment and \$100,000 to Improvements for Streets and Roads. Another \$30,000 was cut from the budget.

Debt Service: Increased \$ 12,725

The 10 Year Debt Cycle (Average Permanent Debt issue is \$1.9 million) requires an estimated \$550,000 which covers Bond Anticipation Notes (P&I) and Bond (P&I). Since the Township is at the start of a new 10 year cycle, the balance of Debt Service is moved into Capital Improvement Fund to support funding Capital Projects.

Capital Improvement Fund: Increased \$ 32,775

Total for 2017 = \$365,913.

- Includes \$45,500 moved from Construction Department S&W.
- Includes \$30,000 moved from Special Emergency.
- Includes \$25,000 which is annual budgeted contribution to Capital Improvement Fund.
- Remaining Amount is Balance of Debt Service.

REVENUES

Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. These sources include current property taxes (75.82%), Miscellaneous Revenues including State Aid (8.82%), Fund Balance (12.23%) and Receipts from Delinquent Taxes (3.13%).

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 2016. 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 5.5% of the Township's revenues.

Other Miscellaneous revenues anticipated comprise 3.3% of the revenues. These anticipated revenues include Court Fees, Uniform Construction Fees, Interest on Investments, Interest and Costs on Taxes, and Fees and Permits. There was a \$10,000 reduction of Court Revenues because the Township cannot anticipate more than received in prior year.

The amount of Fund Balance committed to the 2017 budget is \$1,370,102 which is the same amount as 2016. In 2016, Fund Balance increased \$30,000.

This budget plan has property taxes representing 75.82% or \$8,491,284 in revenues. In 2016, budgeted property taxes totaled \$8,337,180 of the revenues. This budget plan is a 1.8 % or \$154,104 increase of the tax levy.

TAX RATE

The 2017 municipal budget calls for an estimated municipal rate increase of .016 for each \$100 of assessed value using the net valuation of \$926,499,000. This increase represents an estimated \$39.83 annual municipal tax increase for the average assessed home of \$253,307.

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 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 2017 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