



The Township of Byram
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TO: Township Council

FROM: Joseph W. Sabatini, Township Manager

DATE: December 5, 2024

RE: PRELIMINARY VIEW (ESTIMATED) 2025 Municipal Budget

Disclaimer:

The attached budget details are a preliminary view of the 2025 Budget, and there are items that still have not been fully resolved and items that will require further discussion with the Mayor and Council. These items may have impact on the final budget plan and the amount to be raised by taxes.

As you will reference below, there are a few cost drivers in this budget plan that are the main sources contributing to the increase in expenditures.

Departmental Budgets:

The 2025 Budget Process was kicked off in July with the initial submissions of the Departmental Budgets from each of the Township's Department Heads due in August. The Department Heads were instructed to prepare budget requests with each subaccount starting at zero and to provide detailed justification of each sub-account request in lieu of pointing to prior years' allocations as the starting point.

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 \$1,670,204 which is an increase of \$15,531 or 0.94%. These expenses may have minor changes prior to budget introduction.

Overall, the Township's operating budget is increasing \$62,831 or 1.12%. This includes all the Township's municipal departments.

Other Categories of Expenses:

Most of these expenses have been updated. We are still waiting for the assessments from Statewide Insurance for general liability and workers' compensation insurances.

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.

- Garbage/Recycling:
 - o Annual Garbage/Recycling Contract increase of \$12,000.
 - o The SCMUA tipping fees for solid waste remain at \$107 per ton for 2025.
- Group Insurance:
 - o Increase of \$131,000/9.57%
 - o 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.
- Workers Compensation/General Liability (pending final assessments):
 - o 2025 assessments have not been received. Anticipated same percentage (7%) increases as 2024 resulting in a combined increase of \$21,250.
- Pensions:
 - o Public Employee Retirement System (PERS) – increase of \$7,239 or 3.1%
 - o Police & Fire Retirement System (PFRS) – increase of \$50,225 or 8.7%

An update draft three-year capital improvement program and the 2025 Capital Budget have been completed which still needs to be review with the Township Council. Currently, the proposed appropriation to the Capital Improvement Fund for 2024 is \$636,423 which is a slight increase (\$2,200) from 2024.

This budget plan still includes \$220,000 to supplement capital expenditures for Improvements to Streets and Road and DPW Equipment which is the result from the Group Health Insurance account. A number of employees waive health benefits, and the Township remains liable to provide health benefits if the employee becomes ineligible for coverage from the independent source.

Summary of Estimated Revenues:

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

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 following assumptions have been made regarding Miscellaneous Revenues. When the 2024 calendar year is closed out, the anticipated miscellaneous revenues will be reviewed for any final adjustments.

- Fees and Permits – increased \$5,000.
- Municipal Court – increased \$5,000.
- Interest on Costs on Taxes – anticipated no change.
- Interest on Investments – no change.
- State Aid (Energy Receipts Tax) - no change.
- State Aid (Garden State Preservation Trust) – reduced \$9,702
- State Aid (Municipal Relief Fund Aid) – eliminated \$60,025.27
- Receipts from Delinquent Taxes – Presented as no change.

Once the 2024 calendar year is closed and the unaudited fund balance is available, we can complete a thorough evaluation of fund balance for the 2025 budget and beyond. Currently, we are anticipating \$1,785,000.

Increased dependency on the use of fund balance to support operations will need to be assessed for sustainability. There needs to be a focus on the potential reduction of anticipated revenues, particularly interest income, as this will have a negative impact on the regeneration of fund balance.

As presented, this budget plan has property taxes totaling \$9,514,666. This is a 3.59% or \$329,872 increase of the tax levy. As referenced in Local Finance Notice 2024-15 (October 9, 2024), the Township's budget must comply with both the 1977 cap law (appropriations) and the 2010 levy cap law. The COLA for CY 2025 budgets is two and one-half percent (2.5%).