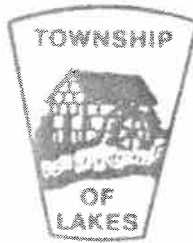


TOWNSHIP OF BYRAM NEW JERSEY

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TO: All Residents and Taxpayers of Byram Township
DATE: April 5, 2010
RE: 2010 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 budget is divided into several categories as follows:

- Municipal Operations
- Capital Improvement Program
- Sewer Utility

Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. These sources include current property taxes, state aid, surplus balance and miscellaneous revenues generated by municipal operations. The Sewer Utility is supported by fees collected from users of the system.

The 2010 municipal budget including the capital improvement program totals \$10,090,955. This represents a 2.24% increase over the 2009 budget if you exclude public and private programs offset by revenues (grants). In 2009, the municipal tax levy including the municipal open space tax was 26.47% of the total net taxes to be raised.

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." These appropriations are presented in a line-item budget format.

The Township was successful negotiating a change of medical coverage for employees of the Clerical and Department of Public Works labor unions, and all active employees and retirees for these groups as well as active and retired administrative employees. Without this change the Township was to experience an estimated annual assessment of \$109,956 or a 9.67% increase for

FY 2010. The Capital Improvement Program is the vehicle that allows the Township to plan and prioritize large expenditures.

REVENUES

Revenues in support of the budget comprise four sources including current property taxes 73.51%, miscellaneous revenues 11.83%, general fund surplus 11.28%, and receipts for delinquent taxes 3.38%.

Receipts for delinquent taxes are funds collected from property owners negligent in making tax payments. This budget plan anticipates \$340,750 which is no change from 2009.

Surplus is generated by several sources including cancellation of budget reserves from 2008, revenues in excess of anticipated amounts, reserve for uncollected taxes from 2009, and added and omitted taxes collected. Surplus anticipated in this budget is \$1,138,142 or 11.28% of the total revenues which is the same amount used to balance the budget in 2009.

Miscellaneous revenues are generated by fees, grants, and state aid. The forecasting of revenues generated by fees is based upon the performance of each category in the previous year. State statute prevents from anticipating more than what was realized in the prior year. The Township will continue to remain conservative with the anticipation of miscellaneous revenues with revenue in excess of anticipated amounts being a source to regenerate surplus. The proposed state aid for 2010 totals \$638,355 or a \$151,792 reduction from 2009. Since 2008 and including 2010, the Township has loss \$367,685 in state aid. Also to receive the final five percent state aid payment of \$31,918, the Township will have to certify that it meets a variety of best administrative, financial management or operational practices. This program is still under development by the new Jersey State Division of Local Government Services.

With limited growth in the Township's ratable base, loss of state aid and miscellaneous revenues declining, the Township increasingly relies on property taxes to support its operations. This budget plan has property taxes representing \$7,418,002 in revenues. In 2009, property taxes totaled \$7,032,925. This budget plan is a 5.48% increase in the tax levy.

TAX RATE

The 2010 municipal budget calls for a rate increase of \$0.038 for each \$100 of assessed value using the new tax valuation. This increase represents an estimated \$109.09 annual municipal tax increase for the average assessed home of \$302,795. A comparison of municipal real estate taxes is summarized in the following table.

	2008 Amount	2009 Amount	2010 Estimated	Estimated Increase/ Decrease
Average Assessed Home	\$147,109	\$303,742	\$302,795	
Municipal Taxes	\$1,830.04	\$1,916.61	\$2,025.70	\$ 109.09
Open Space Taxes	\$ 27.95	\$ 27.34	\$ 27.25	\$ -.09
Total Municipal Taxes	\$1,857.99	\$1,943.95	\$2,052.95	\$ 109.00

SUMMARY

The proposed budget continues to rely on the surplus fund to balance the budget. This is necessary to maintain services for the Township at an even level. The growth of the Township's ratable base is restricted and with the reduction of State Aid and miscellaneous revenues there is a reliance on property taxes and surplus to support operations.

On March 16, 2010, Governor Chris Christie presented his proposed state FY 2010/2011 budget to the State Legislature. His proposed budget calls for a wide range of reductions in all areas of State spending. State aid to municipalities has been reduced by \$359 million from last year's appropriation.

Also, the Governor is proposing a 2.5% budget levy cap for 2011 with no exceptions. This budget accounts for longer term planning and the possibility of the proposed 2.5% budget levy cap for 2011. Using the proposed 2010 tax levy, the 2.5% levy for 2011 could only increase a total of \$185,450. Anticipating another 20% reduction of state aid in 2011 the Township would see a loss of \$127,671. The proposed change to the Levy CAP and loss of additional state aid will force the Township to reduce services in 2011.

The 2010 municipal budget, as presented, maintains current service levels that residents have come to expect and add to the quality of life for all taxpayers in Byram.

Respectfully Submitted,



Joseph W. Sabatini, Township Manager