

TOWNSHIP OF BYRAM

NEW JERSEY

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MEMORANDUM

TO: Township Council

FROM: Joseph W. Sabatini, Township Manager

DATE: October 28, 2010

RE: Capital Budget

Capital Budget:

- Local Budget Law 40A:4-43 – Capital Budgets, definition.
The governing body may and shall, when directed by the local government board, prepare, approve and adopt a budget for the expenditure of public funds for capital purposes to give effect to general improvement programs. A capital budget shall be a plan for the expenditure of public funds for capital purposes, showing as income the revenues, special assessments, free surplus, and down payment appropriations to be applied to the cost of a capital project or projects, expenses of issuance of obligations, engineering supervision, contracts and any other related expenditures.
- The Governing Body is required to adopt a capital budget and a capital improvement program in conjunction with its annual operating budget.
- The capital budget represents *the current year* of a three capital improvement program since the Township is under a 10,000 population.
- The capital improvement program presents the schedule for capital projects showing projected costs and revenue sources.
- The capital budget DOES NOT in itself confer any authority to raise or expend funds.
- The Governing Body is not responsible for preparing the capital budget for capital improvement program. The responsibility may be assigned to the administrative staff or the Planning Board, or both. Final content of the plan resides with the Governing Body.

- Municipal Land Use Law permits the Governing Body to request the Planning Board to prepare the proposed capital program. The Land Use Law states that if there is an adopted master plan, the Planning Board must be given 45 days to review any “action necessitating the expenditure of any public fund” affecting the master plan.
- In Byram Township, it has been the responsibility of the Administrative Staff to prepare the capital budget and capital improvement program.

Capital Improvement Fund:

- Within the general fund under general appropriations there is a provision for Capital Improvement appropriations.
- This is for appropriations that have a useful life of 5 years or more.
- The fund permits appropriations to be set aside for purposes that may not be known or specified at time of the budget adoption.
- Municipalities annually may appropriate a fixed sum to this fund permitting it to build up over several years.
- No money may be expended from the Capital Improvement Fund without an ordinance being adopted for a specific purpose.
- The capital improvement fund is used as a means of financing down payments for ordinance appropriations. All bondable capital items must have a minimum 5% down payment.

2010 Capital Improvements (from adopted budget) – Total \$180,000:

- Capital Improvement Fund: \$125,000
 - \$50,000 – annual appropriation to fund.
 - \$75,000 – Streets and Roads (\$60,000 move from Streets and Road O&E + \$15,000 from elections.)
- Drainage Improvements: \$5,000
- Supplement for Tomahawk Trail: \$50,000

2011 PROPOSED Capital Improvements – funded from Budget – Total \$200,000:

- Capital Improvement Fund: \$145,000
 - \$50,000 – annual appropriation to fund.
 - \$95,000 – kept \$75,000 from 2010 and moved balance \$20,000 from Streets and Road O&E.
- Drainage Improvements: \$5,000
- Supplement for Roseville Road Phase 2: \$50,000

2.0% CAP Exception:

- Capital Expenditures, including Debt Service
- Capital Improvements have been excluded from CAPs and it is my understanding it will remain as excluded from the CAP.