

Borough of Rutherford

Budget Presentation
April 11, 2022



2022 Budget Snapshot


Borough
Value

\$ 2,737,610,277

 16M
Greater than 2021

Municipal Property
Tax Rate

\$ 0.935

 1.63%
More than 2021

Average Assessed
Home Value

\$ 434,000

 0.70%
Greater than 2021

Property Tax Rate Information

2022

- Est. Municipal Tax Rate = 0.935
- \$0.015 increase over prior year
- Tax on \$434,000 Home; \$4,057.90

2021

- Est. Municipal Tax Rate = 0.920
- \$0.023 increase over prior year
- Tax on \$431,000 Home; \$3,965.20

Municipal rate includes Borough levy and Public Library levy.

2022 Municipal Property Tax Calculation 101

- $(\text{Taxes Raised} / \text{Borough Assessment}) \times 100 = \text{Tax Rate}$
 $(\$25,608,606 / 2,737,610,277) \times 100 = \0.935
- 2022 Municipal Tax on Avg. Assed Home:
 $(\$434,000 * 0.935) / 100 = \$4,057.90$ (\$338.16 per month)
Approximately 31% of your total property tax bill
- 2021 Municipal Tax on Avg. Assed Home:
 $(\$431,000 * 0.920) / 100 = \$3,965.20$ (\$330.43 per month)
Approximately 31% of your total property tax bill

2021 Tax Rate & 2022 Introduced Tax Rate

Rutherford Tax Rate

2021

Net Valuation (Ratables)

\$ 2,721,634,280.00

				Assessment	
	LEVY	RATE	% of Rate	\$	431,000
County	\$ 7,634,720.76	\$ 0.281	9.58%	\$	1,209.04
County Open Space	\$ 316,483.87	\$ 0.012	0.40%	\$	50.12
School	\$ 46,715,530.00	\$ 1.716	58.61%	\$	7,397.91
Library	\$ 1,051,931.93	\$ 0.039	1.32%	\$	166.58
Municipal	\$ 23,981,071.75	\$ 0.881	30.09%	\$	3,797.66
TOTAL	\$ 79,699,738.31	\$ 2.928	100%	\$	12,621.31

Rutherford Tax Rate

Introduced

2022

Net Valuation (Ratables)

\$ 2,737,610,277.00

				Assessment	
	LEVY	RATE	% of Rate	\$	431,000
County	\$ 7,787,415.18	\$ 0.284	9.57%	\$	1,226.02
County Open Space	\$ 322,813.55	\$ 0.012	0.40%	\$	50.82
School	\$ 47,649,840.60	\$ 1.741	58.56%	\$	7,501.83
Library	\$ 1,063,439.79	\$ 0.039	1.31%	\$	167.42
Municipal	\$ 24,545,165.83	\$ 0.897	30.17%	\$	3,864.31
TOTAL	\$ 81,368,674.94	\$ 2.972	100%	\$	12,810.41

Estimated 2% increase

Rutherford Borough 2022 Budget Introduction

Overview

Total 2022 Current Fund Budget Appropriations:

\$34,132,266

Amount to be raised by Taxes:

\$25,608,606

Year Over Year Comparison

2022

Amount to be Raised by
Property Taxes:

\$25,608,606

2021

Amount to be Raised by
Property Taxes:

\$25,033,004

The 2019, 2020 and 2021 Cap Banks
will NOT be utilized.

2% TAX LEVY CAP

- The tax levy cap law imposes a 2% cap on the total increase of local government tax levies, subject to certain exclusions. These exclusions to the 2% tax levy cap allow a municipality to increase the tax levy over 2% due to these exclusions.
- The exclusions include increase in debt service and capital expenditures; weather and other declared emergencies; pension contributions in excess of two percent, and health benefit cost increases in excess of 2 percent.
- In short, if any of the aforementioned exemptions causes our tax levy to increase over 2 percent, we still comply with the 2% tax levy cap law. Now, in order to increase the tax levy over 2%, when not related to these exemptions, we would need a referendum.

2.5% APPROPRIATION CAP

- When we talk about the 2.5% cap (also referred to as the 3.5% cap), we are referring to the appropriation (*or expenses*) cap. There are two types of appropriations:
- **Inside the CAP:**
 - Salary & Wages
 - Operating expenses (stationary, equipment, professional services, advertising, audit, training, uniforms, pensions, health insurance, employer taxes, etc...)
- **Outside the CAP:**
 - Debt Service
 - Capital expenditures
 - Reserve for the uncollected
 - Emergency appropriations
 - Grant appropriations
 - Library funding
 - Shared Service Expenses
 - Judgements

2.5% APPROPRIATION CAP

- The 2.5% cap relates only to “inside the cap” appropriations.
The law limits the increase in inside the cap appropriations from year to year to 2.5% or the state’s cost of living adjustment (COLA), whichever is lower. This year state’s COLA is 2.5%. The state also allows a municipality, by ordinance, to increase the COLA percentage to 3.5%

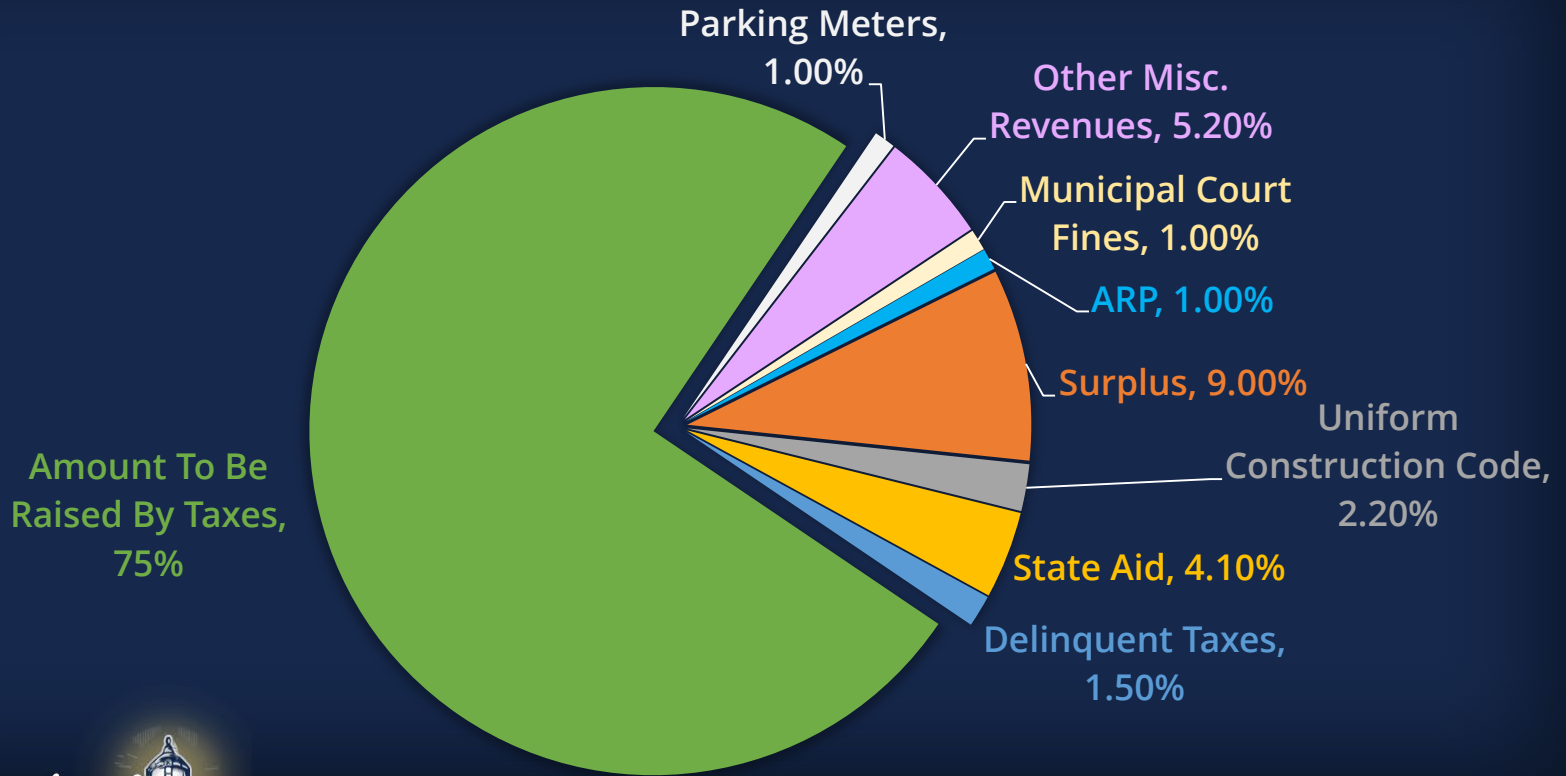
2.5% APPROPRIATION CAP

- The 3.5% ordinance does not mean that the tax rate will increase by 3.5%.
This is a common misconception. It only means that if truly needed, we would be able to increase our inside the cap appropriations to 3.5% of prior years inside the cap appropriations. *Again, doing so does not automatically mean the tax rate will increase to 2.5% either.* There are many variables in the tax rate equation that can offset the increase in inside the cap appropriations.
- Finally, if a 3.5% cap ordinance is passed, and we do not raise our inside the cap appropriations by 3.5%, the state allows us to bank (carry-over), for up to two years, the difference between its final appropriation subject to the cap and 3.5%. This ordinance is a tool we have in our budgeting arsenal, which allows us flexibility in the event of an unforeseen financial incident.

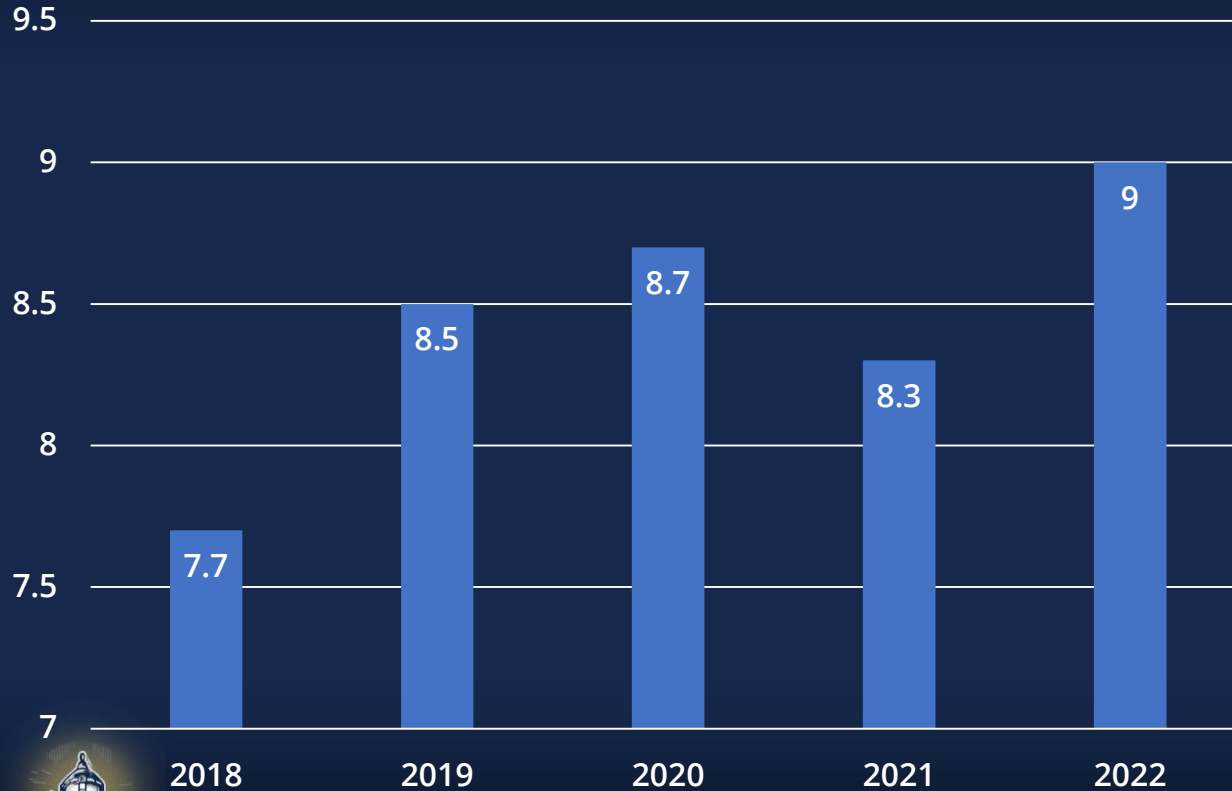
Current Fund 2022 Revenue Sources

- Amount to be Raised by Taxes = \$25,608,606
- Surplus = \$3,050,000
- State Aid = \$1,354,589
- Fees & Permits = \$122,000
- Construction Code Fees = \$764,000
- Interests/Investments = \$55,000
- Interest on Taxes = \$150,000
- Municipal Court Fines = \$237,000
- Delinquent Taxes = \$500,000

2022 Revenue Sources



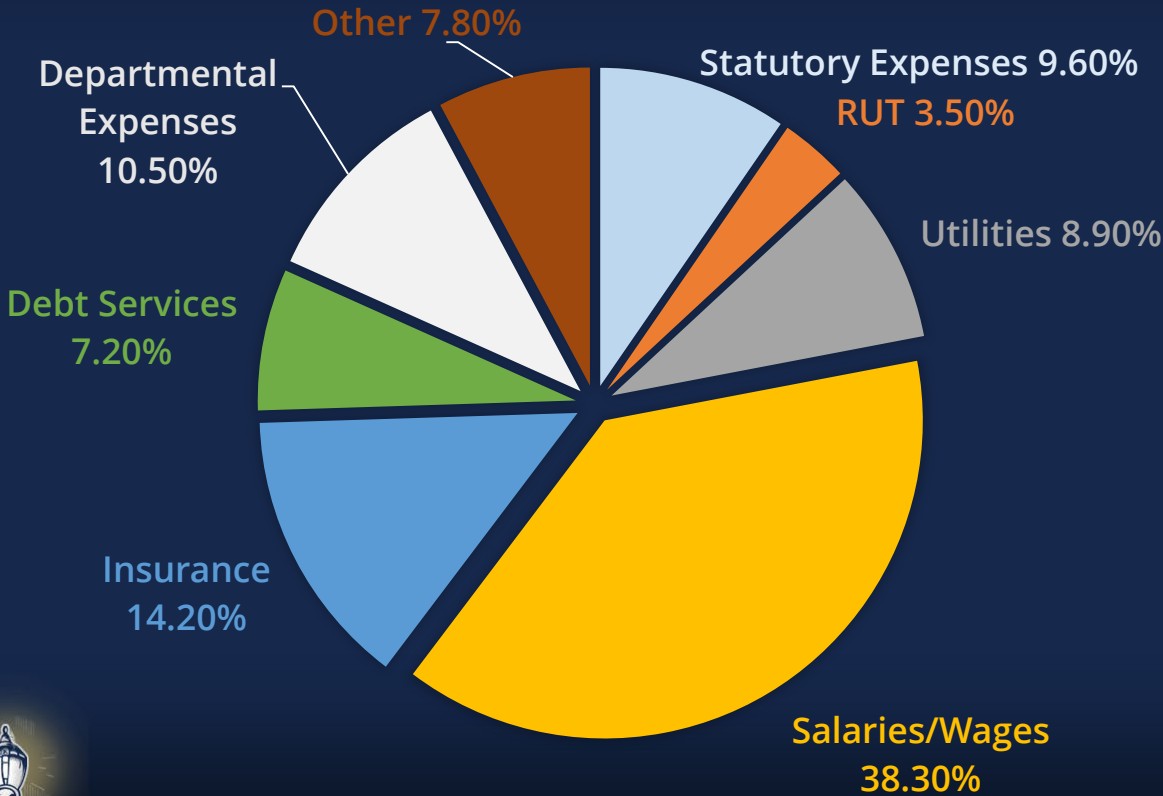
2022 Surplus Used - % of Budget



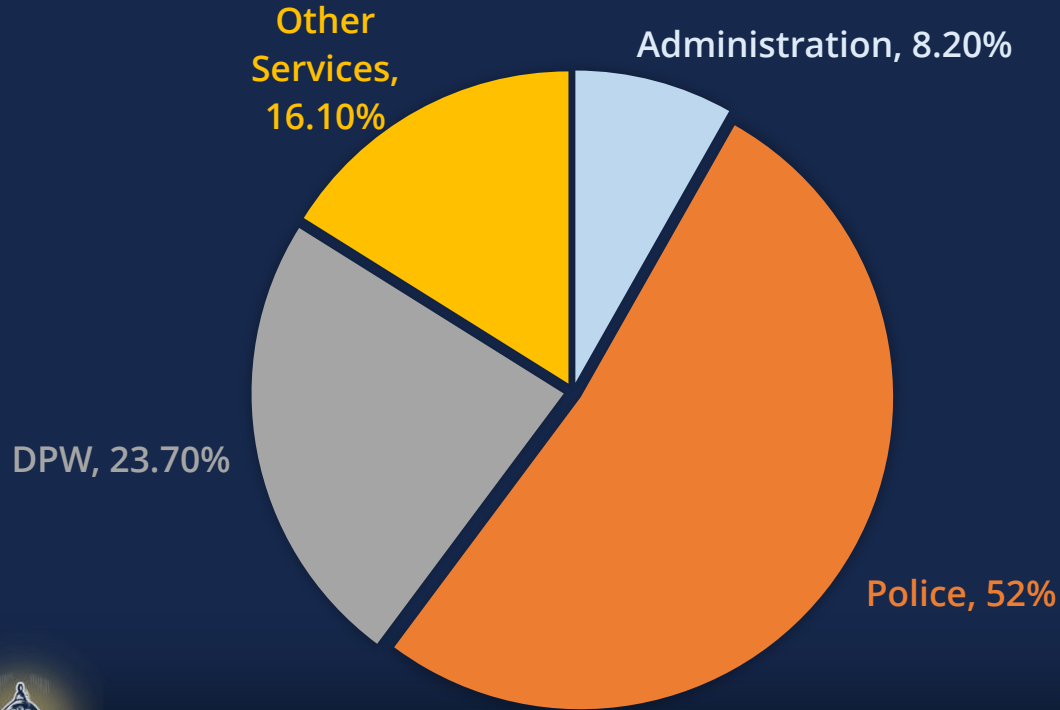
Current Fund 2022 Major Appropriations

- Salaries/Wages = \$13,065,000
- Annual Debt Service = \$2,445,000
- Health Insurance & Liability Ins. = \$4,092,000
- Pensions = \$2,643,776
- Utilities = \$3,034,500
- Reserve for Uncollected Taxes = \$1,200,000
- Social Security, Unemployment, WC:\$1,375,000

2022 Appropriation Sources



2022 Total Salary Breakout



Debt Service Detail

STANDARD AND POORS RATING: AA+

- The AA+ term rating reflects the borough's very strong economy, very strong budgetary flexibility, very strong liquidity, strong institutional framework, strong management and budgetary performance

FACTORS THAT COULD LEAD TO AN UPGRADE

- Consistent budgetary performance
- Improvements in economic metrics

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Fiscal pressures from rising pension and OPEB liabilities
- Significant use of reserves to bridge budgetary imbalance

Debt Service Detail (continued)

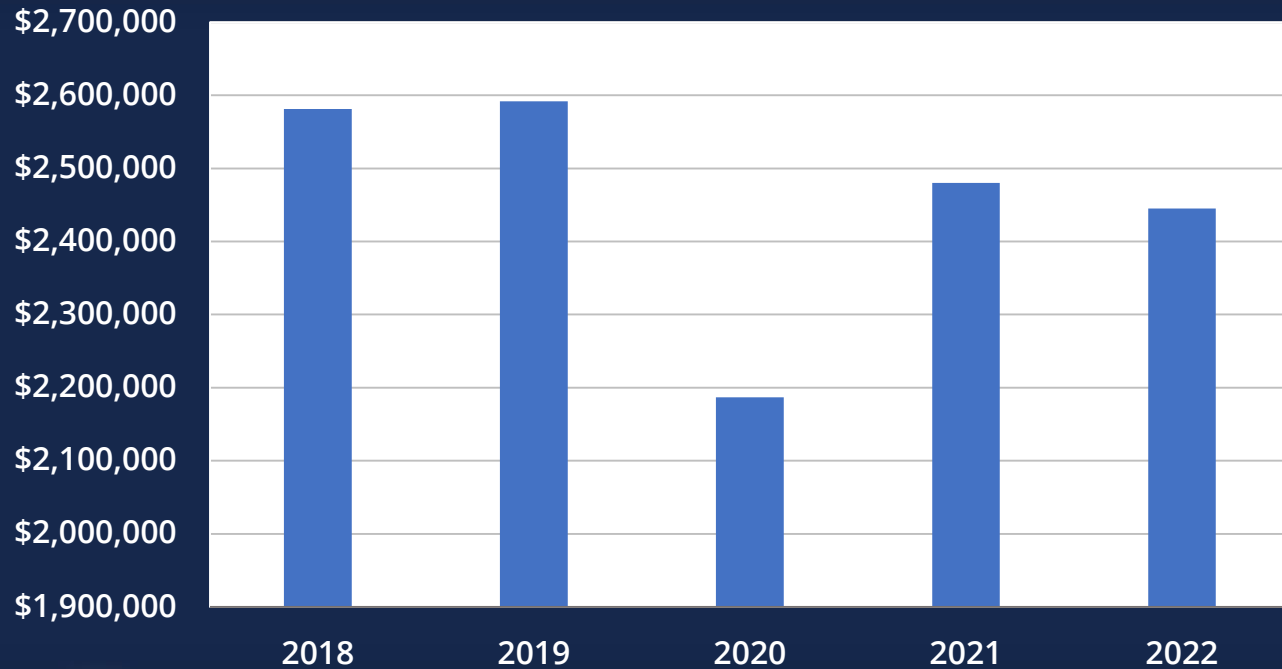
Outstanding General Serial Bonds

- 2018 General Improvement Bonds - \$7,830,000
 - 2020 General Improvement Bonds - \$17,105,000
- \$24,935,000

Debt Authorized but not issued:

- 2021 Ordinance - \$1,615,000
- \$1,615,000

Municipal Debt Payments 2018-2022



2022 Budget Calendar

- March 14, 2022 - Budget Introduction
- April 11, 2022 - Public Hearing and Adoption

Thank You!