

Comments by Chief Financial Officer Edward Cortright regarding the adoption of the 2007 municipal budget at the August 28, 2007 meeting of the Mayor and Council:

"Before I get into the subject of the tax breakdown, I would like to explain to this group a very important statistic that I'm going to be using to explain how your municipal taxes and school and county taxes are apportioned and that is the assessed valuation of the average home in Rutherford. We use as the assessed valuation of the average home the total of \$448,840 which was a number that was not arrived at arbitrarily. The way we calculate this is by referring to the Borough of Rutherford's official tax duplicate and when we go into the tax duplicate there is a total of the assessed valuation of all residential homes in Rutherford. What I do is take that total and divide by the number of residential homes and when that simple division is made, we come up with an average home of \$448,840. This is the average and it's comparative to what we had used in prior years. As we look at this tax breakdown, we notice this large part of the pie chart, 58% of your tax dollar goes to the schools or \$5,117 on the average home. The Governing Body has no control over school taxes. Similarly, county taxes, 9% of your tax dollar, equal approximately a \$799.00 value of your tax bill. It is this 33% that we are under discussion tonight. This is what funds your Police Department, Department of Public Works, Road Department, Recreation, Library, Board of Health and Social Services Department. This is the only part of your tax breakdown that the Mayor and Council have control. Now again, using \$448,840 as an average, the average municipal increase is approximately \$390. The average school increase is approximately \$386 and the County, \$76.00. As Councilwoman Keyes just said this increase represents to a little more than one dollar per day and again this is what funds all of the items that I had made mention of before.

Now the second chart I would like you to look at is where each \$100 of your tax dollar goes. Once again, we bring out the fact that \$58.31 of each \$100 goes to the schools and \$9.12 funds the County and as I said before, the Mayor and Council have no control over those items. When we look over the other aspects of the municipal budget, the ones that come to \$32.56 for each \$100 of your tax dollar, you are going to note that there are various items there of which the Mayor and Council have no control over whatsoever which I'll go into momentarily. I just want to bring out a few of the more salient

aspects of how much it costs to run the various aspects of the Borough. The Police Department costs \$5.97 for each \$100, the Recreation Department - \$.44 for each \$100, Library - \$1.19 for each \$100, the Fire Department \$.38 and we can be very grateful that we have volunteers because that \$.38 what be a lot higher figure than what it is; the DPW - \$4.62 for each \$100. Now, I've said before that in this \$32.56 for items over which the Mayor and Council have no control, this is in addition to the county and school taxes of which the Mayor and Council have no control. I'm not going to list each and every individual one, just the highlights. If we take a look at pensions and FICA, they represent \$1.69 per each \$100, that's a total in the 2007 budget of \$1,336,000 or an increase, not in our control, of \$240,000. Insurance, including group insurance, liability and worker's compensation, \$5.20 per each \$100. That's a total in the 2007 budget of \$4,100,000 or an increase over which we have no control of \$646,000. Utilities and sewage occupy \$3.85 per each \$100 which is \$2,819,000, an increase of \$96,000. One of the items I would like to bring to your attention is debt service. Debt service occupies \$2.62 per each \$100 and as Councilwoman Keyes explained, we have one of the lowest debt service ratios in South Bergen County. The State of New Jersey has a mandate that the total maximum amount that a municipality is allowed to borrow is equal to 3 ½ % of the total worth of the Borough. The total worth of the Borough is \$2,460,000,000, 3½% of that is approximately \$86,000,000. Rutherford's debt service is approximately \$20,000,000, that's our total outstanding debt which means we are under the maximum by \$67,000,000. Now no one is suggesting that we borrow another \$67,000,000, I just make mention of it because it does show that we are way under the State maximum.

In conclusion, if we take a look at the entire spending plan of the Borough of Rutherford, salaries and wages, debt service, utilities, department head operating expenses, pensions, the reserve for uncollected taxes, etc., the increase in the overall spending plan for 2007 is 2%. This is the smallest increase in many, many years. This was accomplished through the cooperation of the department heads, the reduction of over 13 positions through attrition, the restructuring of the BCIA debt service, scaling down overtime in the Department of Public Works and the Police Department and maximizing to the hilt municipal generated revenues and yet it has to be stressed that there will be no reduction in municipal services in 2007. I would just like everyone to know that the governing body, the Finance Committee and the Borough Administrator and myself are available any time to answer any questions you may have on the 2007 budget. Thank you."