

2016
FINANCIAL TREND
PROGRAM

ENSURING THE BOROUGH OF WHARTON'S
FINANCIAL FUTURE

2012 - 2016

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FINANCIAL TREND MONITORING PROGRAM

ENSURING THE BOROUGH OF WHARTON'S FINANCIAL FUTURE

INTRODUCTION

The Borough of Wharton has developed a Financial Trend and Financial Projection Program to identify and organize the factors that affect the Borough's financial stability. The Program facilitates analysis and management of Wharton's financial condition and structure. This Program has been designed to assist Borough officials in implementing proactive steps to prepare for and minimize the impact of unfavorable economic cycles and disruptions. The purpose of the Program is to:

- Identify areas of financial concern
- Assist management and governing body in financial planning and forecasting
- Establish and maintain favorable bond rating conditions
- Educate taxpayers on the forces impacting the decisions of Borough Officials
- Project our five-year budgetary needs and constraints

The Financial Trend Monitoring Program examines various indicators including revenue, expenditure, debt service and operating position factors through trend analysis. Commentary is added to explain why each indicator is examined and what warning signs might indicate a concern for financial problems.

FINANCIAL TREND MONITORING SYSTEM INDICATORS

- Operating Revenue per Capita
- Tax Revenue as a Percentage of Total Operating Revenue
- State Aid Revenue as a Percentage of Total Operating Revenue
- Grant Revenue as a Percentage of Total Operating Revenue
- Property Tax Revenue
- Property Tax Revenue per Capita
- Outstanding Property Tax (Taxes Receivable)
- Expenditure per Capita
- Net Debt as a Percentage of Equalized Valuation
- Debt Service as a Percentage of Total Revenue
- Net Debt per Capita
- Change in Fund Balance
- Cash Balances
- Cash Flow (Change in Cash Balances)
- Revenue and Expenditure per Capita
- Equalized Valuation per Capita
- Fund Balance as a Percentage of the Budget
- Fund Balance as a percentage Prior Year Result of Operations
- Reserve for Uncollected Taxes as a Percentage of Total Levy

SOURCES AND DESCRIPTIONS

The following items were necessary to complete the Financial Trend Monitoring System. A brief description of each is as follows:

ASSESSED VALUATION: Includes the valuation of all residential, commercial, industrial, personal property and open space. This information is located in the Tax Duplicate on the page titled "Table of Aggregates" which is on file with the Tax Assessor

DEBT SERVICE: Includes the amount of Principal and Interest paid on the outstanding General Obligation Bonds, Bond Anticipation Notes, Green Trust Loans, and NJ Environmental Infrastructure Loans.

STATE EQUALIZED VALUATION: Located in the Annual Debt Statement. Every year, the State of New Jersey calculates the "full and fair cash value" of property subject to taxation.

FUND BALANCE: Fund Balance (surplus) represents the excess of the current assets over the current liabilities and reserves. The excess of the total revenue over the total expenditures will result in an increase in Fund Balance. Conceptually, Fund Balance represents unused resources available for future use.

GRANT REVENUE: Grant revenue consists of all funds received from the Federal Government, State of New Jersey, and County of Morris. These revenue sources must be used for a specific purpose, often to implement State or Federal Programs.

NET DEBT: Located in the Annual Debt Statement. This amount includes all Bonds, Notes and Loans outstanding (payable) as of the end of the calendar year. Bonds and Notes for School Purposes and Self-Liquidating debt (debt associated with the Water and Sewer Utilities) are subtracted from the Gross Debt to calculate the Net Debt.

OPERATING EXPENDITURES: Includes all expenditures charged against the Municipal Budget. All salaries, operating expenses, debt service, grants and statutory expenses (pension and social security) are included. This is a combination of both Appropriation and Appropriation Reserves. Payments made to the school and county for taxes collected by the municipality on behalf of these two agencies are NOT included in operating expenses.

OPERATING REVENUE: Includes Fund Balance Anticipated, local (non-tax) revenue, grants, state aid, municipal tax revenue and miscellaneous revenue not anticipated.

OUTSTANDING PROPERTY TAX: Includes all property taxes levied but not yet collected as of the end of the calendar year. Taxes transferred to tax title liens are not included in this figure.

POPULATION: Includes all Wharton Borough residents. A census is performed every ten years. A report of the census is on file with the Borough Clerk.

PROPERTY TAX LEVY: Includes taxes levied (billed) for residential, industrial, commercial personal property and open space. This figure includes taxes levied for the Municipality, County and School.

PROPERTY TAX REVENUE: Includes municipal tax receipts collected for the current tax year. Tax overpayments, delinquent taxes, and prepaid taxes are not included in this figure.

STATE AID REVENUE: the Borough receives state aid revenue annually. These funds are not earmarked for a specific purpose and may be allocated towards any purpose. State aid consists of: Legislative Initiative Municipal Block Grant, Consolidated Municipal Property Tax Relief Aid, Energy Receipts Tax and Garden State Preservation Program Aid.

ADDITIONAL INFORMATION

Ratable growth is not expected to change significantly in the future as the Borough of Wharton is essentially built out.

The population figures used in the years between official census counts were obtained through the State of New Jersey. It is interesting to note that the projected census figures show the population in the Borough of Wharton decreasing.

Operating Revenue per Capita

Tax Revenue as a Percentage of Total Operating Revenue

State Aid Revenue as a Percentage of Total
Operating Revenue

Grant Revenue as a Percentage of Total Operating Revenue

Property Tax Revenue

Property Tax Revenue per Capita

Outstanding Property Tax (Taxes Receivable)

Expenditure per Capita

Net Debt as a Percentage of 3-Year Average
Equalized Valuation

Debt Service as a Percentage of Total Revenue

Net Debt per Capita

Change in Fund Balance

Cash Balances

Cash Flow (Change in Cash Balances)

Revenue and Expenditure per Capita

Equalized Valuation per Capita

Fund Balance as a Percentage of the Budget

Fund Balance as a percentage Prior Year Result of
Operations

Reserve for Uncollected Taxes as a Percentage of
Total Levy

Financial Trend Supporting Schedule