

# Citizens Finance Advisory Committee

## 2017 Princeton Budget Newsletter

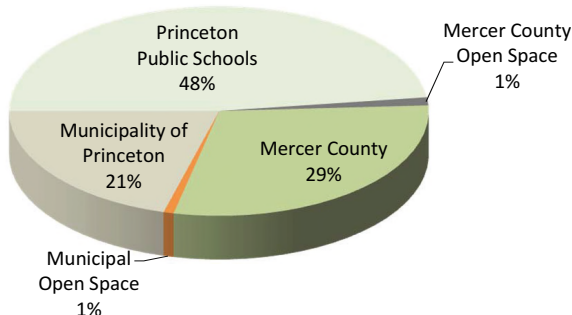


### Total Property Tax Rate Rises by 1.6 Percent Municipal Tax Rate Increases by 1.5 Percent

For 2017, the total property tax rate in Princeton, including school, county and municipal taxes, increased 1.6 percent from last year. That means that residents whose homes are assessed at the 2017 municipal average of approximately \$822,000 will see their total tax bill increase by \$296 from last year. Princeton's municipal tax rate increased 1.5 percent. Princeton residents whose homes are assessed at the municipal average will pay about \$58 more in municipal taxes this year than last. This amount represents less than one-fifth of the total property tax increase for this year. Similar to the 2016 municipal budget, the 2017 municipal tax increase was driven by rising costs for insurance and employee pensions and flat or declining non-tax revenues.

On the next page you will find a series of frequently asked questions, accompanied by answers, about your property tax bill and its three major components: school, county and municipal taxes. If you want more information about taxes or about Princeton's municipal budget, please call Access Princeton, at 609-924-4141, or visit [www.princetonnj.gov/finance.html](http://www.princetonnj.gov/finance.html).

### Your 2017 Tax Bill



### 2017 Average Tax Bill

(based on residential value of \$821,824)

	2017		Change vs 2016	
	Avg. Tax Bill	Tax Rate	Tax Rate	Tax Bill
<b>Princeton Municipal Tax*</b>	\$ 3,986	0.485	1.5%	\$ 58
<b>Municipal Open Space</b>	\$ 140	0.017	0.0%	\$ -
<b>Princeton Public Schools</b>	\$ 9,048	1.101	1.9%	\$ 173
<b>Mercer County Govt &amp; Open Space</b>	\$ 5,728	0.697	1.2%	\$ 66
<b>Total</b>	<b>\$ 18,902</b>	<b>2.300</b>	<b>1.6%</b>	<b>\$ 296</b>

\*Includes library tax

## Letter from the Mayor

Welcome to the 2017 Citizens Finance Advisory Committee newsletter. This year's municipal budget does include a tax increase, but continued efforts to control costs and practice sound fiscal planning have minimized its size. Total operating expenses are up less than 1 percent from 2016 and salary expenses are actually down slightly.

As this newsletter went to press, Princeton was anticipating a decision from the Mercer County Superior Court regarding the number of affordable housing units the municipality will be obligated to build through 2025. While Princeton will get credit for affordable units it has built since 1999, any future obligation could affect demands for municipal services and the revenues needed to fund them. We are working to ensure that plans for additional affordable housing will strengthen the community's diversity, sustainability and economy.

The municipality continues to maintain a focus on forming partnerships and securing grants to stretch taxpayer dollars. Projects funded largely or entirely through outside funding include: new intersection lights on Harrison Street at the Franklin and Hamilton intersections; rapid flashing beacon lights for pedestrian safety on Route 206 and Witherspoon Street; electric vehicle charging stations in the Spring Street Garage; and a parking study of the downtown and surrounding areas to help balance supply and demand. A new private-public solar farm on top of the former River Road landfill site will help power the adjacent sewage facility, lowering its energy bills and generating income for the municipality.

We are also promoting partnerships with residents in an Adopt an Ash Tree program in an effort to save some of the town's iconic trees. Over the next five years, Princeton is expected to lose all untreated ash trees — more than 10 percent of our tree population — as a result of the emerald ash borer, an invasive beetle. More information on the program is available at [www.princetonnj.gov](http://www.princetonnj.gov).

Finally, I want to acknowledge the participation of residents in the ongoing Neighborhood Character and Zoning Initiative to address out-of-scale new construction. Princeton remains among New Jersey's top 10 municipalities for its volume of construction. While a sign of our economic vitality and desirability, this level of activity requires attention to preserve Princeton's unique sense of place and to encourage options for moderately priced housing. The Council has adopted some initial recommendations, including adjustments to allowable building size. We encourage continued public engagement with this process.

On behalf of the Princeton Council, I want to thank our administration and finance staff and the volunteers of the Citizens Finance Advisory Committee for their guidance throughout this year's budgeting process. This close and collegial working relationship among residents, elected officials and administrative employees is mirrored in many other municipal endeavors in Princeton and is one of the hallmarks of our vibrant community.

Yours truly,  
**Liz Lempert, Mayor**

## Frequently Asked Questions

### Did my 2017 property taxes go up or down?

Overall property taxes went up. In addition to a small increase in municipal taxes, both the school tax and Mercer County tax, which account for almost 80 percent of your total property taxes, rose.

- The municipal tax rate went up 0.7 cents from 47.8 cents per \$100 of assessed property value to 48.5 cents per \$100 of assessed value. This is an increase of 1.5 percent in the tax rate. For a home valued at the municipality's average assessment (\$821,824), the municipal portion of the tax bill will increase by just under \$58.
- The school tax rate increased 1.9 percent. The county tax increased 1.2 percent, driven entirely by an increase in Princeton's share of the county's total tax levy due to equalization. Equalization is a method used to adjust assessed property values to current market values across different municipalities. Princeton's market values continue to increase relative to the whole of Mercer County and, as a result, state law requires us to absorb a bigger share of county government costs.
- The total property tax rate increased 1.6 percent. For a home assessed at the average assessment (\$821,824) total property taxes will increase by about \$296 to \$18,902 in 2017. (Please refer to the Average Tax Bill chart on the first page.)

### What proportion of my property taxes supports the municipality of Princeton, the Princeton Public Schools and Mercer County?

As shown in the pie chart, "Your Tax Bill," on the first page, 22 percent of your total property taxes support Princeton's municipal government and municipal open space preservation efforts. The remaining 78 percent of your tax dollars go to the Princeton Public Schools (48 percent) and to Mercer County government and open space preservation efforts (30 percent).

### How much did Princeton's municipal budget change from last year?

The town's 2017 budget totals \$62,335,997, which represents an increase from 2016 of about \$244,000, or 0.39 percent. Compared with 2016, the municipality's total operating expenses increased by about 0.71 percent, or a little more than \$316,000. Salaries and wages decreased by .41 percent and were down by almost \$72,000. Total staffing for 2017 is budgeted at three fewer positions than 2016 and remains significantly lower than combined staff numbers prior to consolidation. (See staff level chart on this page.) Contributing to the uptick in spending this year were increases in the cost of employee group insurance and pension payments.

This year's \$62,335,997 in total budgeted appropriations is funded by property taxes (53 percent) and non-tax revenues (47 percent). Non-tax revenues are budgeted to decline by \$615,506 and revenues from municipal taxes are increasing by \$994,017, or 3.0 percent from 2016.

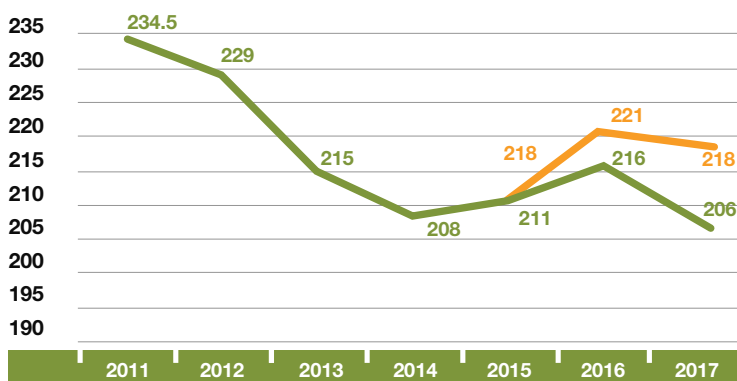
But, because the assessed values for all taxable property in Princeton increased by 1.4 percent, there is a larger tax base from which to fund property taxes. Consequently, the 3.0 percent increase in total municipal tax revenue for 2017 will require

(continued on page 4)

## The Municipality's Role in Collecting Your Taxes

Under New Jersey law, the municipality of Princeton functions only as the billing and receiving agent for school and county taxes. When you pay your entire property tax to the municipality — either directly or through a bank or other mortgage lender — Princeton only keeps its municipal share, i.e., 22 percent of the total tax you pay. The municipality transfers the remaining 78 percent of your tax payment to the Princeton Public Schools (48 percent) and to Mercer County (30 percent). For more information on the school budget and taxes, visit the Princeton Public Schools' website at [www.princetonk12.org/business/](http://www.princetonk12.org/business/); for more information about Mercer County's budget and taxes, visit the county's website at <http://nj.gov/counties/mercer/>.

## Princeton Municipal Staff Levels



— Actual Full Time Employees (as of April 2011-2017)  
— Budgeted for 2015-2017

## Access Princeton

For questions regarding anything from potholes to municipal services, call **609-924-4141**. Access Princeton also offers free notary services and passport help to Princeton residents.

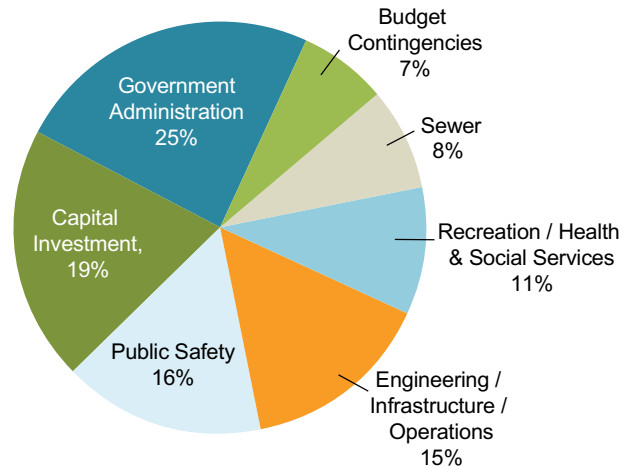
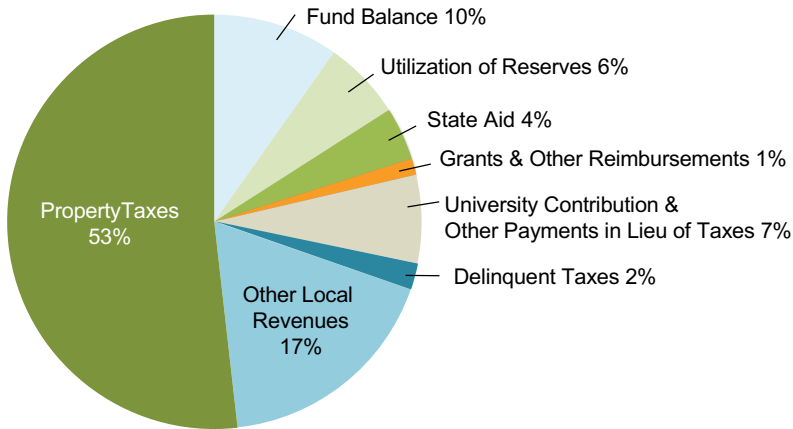


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## 2017 Sources of Revenue

## 2017 Appropriations \$62,335,997



## Appropriations

	2017	2016	% change
<b>Public Safety</b>			
Police & Dispatch	8,311,472	8,168,107	
Fire Safety & Emergency Management	1,800,757	1,796,337	
	10,112,229	9,964,444	1.5%
<b>Recreation / Health and Social Services</b>			
Parks / Recreation / Senior Resource Center	1,234,519	1,209,614	
Health Department / Animal Control	449,855	524,951	
Library / Human Services / Corner House Counseling	4,749,335	4,657,017	
	6,433,709	6,391,582	0.7%
<b>Engineering / Infrastructure / Operations</b>			
Engineering / Utilities / Liability Insurance	3,549,594	3,557,854	
Roads / Buildings & Grounds / Vehicle Maintenance	3,928,273	3,877,669	
Trash Collection / Recycling	1,785,500	1,754,500	
	9,263,367	9,190,023	0.8%
<b>Sewer</b>			
Sewer & Solid Waste	972,823	990,185	
Stony Brook Regional Sewer Authority	3,870,000	3,870,000	
	4,842,823	4,860,185	-0.4%
<b>Government Administration</b>			
Admin / Finance / Tax / Legal / Clerk / Planning / Zoning / Land Use	3,472,625	3,430,261	
Courts / Prosecutor / Public Defender	486,991	500,241	
Information Technology	829,118	814,446	
Pension / Social Security Contributions & Employee Insurance	8,851,700	8,548,476	
Other Salary Expense (Salary Adj. & Retirement Sick Payout)	100,000	160,000	
All other (Grants, Busing, Environmental, Deer Management & etc.)	1,186,378	1,443,288	
Amortization of Tax Maps	25,000	25,000	
Amortization of Consolidation Expense	458,516	458,516	
	15,410,328	15,380,228	0.2%
<b>Budget Contingencies</b>			
Spending contingency	1,432,249	1,408,600	
Reserve for Uncollected Taxes (Revenue Contingency)	2,915,135	2,914,906	
	4,347,384	4,323,506	0.6%
<b>Capital Investment</b>			
Bond Principal / Interest on Bonds/Notes	10,240,625	10,135,000	
Sewer & Green Trust Debt Svc	1,135,532	1,496,793	
Capital Improvement Fund	350,000	150,000	
Storm-related Road Repair	200,000	200,000	
	11,926,157	11,981,793	-0.5%
<b>Total Budget</b>	<b>62,335,997</b>	<b>62,091,761</b>	<b>0.4%</b>

## Frequently Asked Questions *(continued)*

only a 1.5 percent increase in the tax rate on your home's assessed value. (An increasing tax base has the same beneficial effect on our school and county property tax rates). Non-tax revenues are declining due to a lower level of available reserves. With the exception of Princeton University's annual voluntary payment to the municipality, which increased by 4 percent, almost all other non-tax revenue sources are expected to be flat or down in 2017.

### **Does Princeton University help offset my property taxes?**

In addition to owning a considerable number of tax-exempt properties, Princeton University's holdings also represent the greatest amount of taxable property in town. The university, therefore, is Princeton's largest taxpayer. Moreover, as part of a seven-year agreement between the university and the municipality reached in 2014, the university will voluntarily contribute almost \$3.1 million to the town in this fourth year of the arrangement. This is a 4 percent increase from last year, and the agreement calls for yearly 4 percent increases until it ends in 2020, at which point the university's contribution will total \$21.72 million. Additionally, as part of the agreement, the university is contributing another \$2.59 million to fund projects that benefit the town's department of public works, firefighters and first aid and rescue squad. In addition to the property taxes it pays on its taxable properties, the university also has agreed to pay taxes on properties that could be tax-exempt, such as graduate student housing. Including these properties and all other taxable properties owned by it, in 2016 the university paid just under \$8.8 million in total property taxes to the municipality of Princeton on behalf of Mercer County, the Princeton Public Schools and the municipality. Of that \$8.8 million in total property taxes collected by the town from the university, the municipality's portion accounted for just slightly more than \$1.9 million.

### **What is Princeton's level of debt and what is being done to manage it?**

At the beginning of 2017, outstanding debt was \$92.8 million, a decrease of \$0.9 million from 2016, and \$16.4 million since consolidation in 2013. Debt and associated capital spending are being managed to ensure that future debt service costs remain within an acceptable range, while we continue investing appropriately to maintain our roads, buildings and municipal equipment. The municipality continues to maintain its top-ranked AAA rating from municipal bond-rating agencies, indicating their highest confidence in the municipality's ability

to meet its financial obligations. In fact, Princeton is one of only six municipalities in New Jersey that has earned the AAA rating. In assigning its highest rating to Princeton, S&P Global Ratings said, "We view the city's management as very strong with 'strong' financial policies and practices . . ."

### **How Much Is Princeton Spending on Capital Expenses?**

Princeton's 2017 capital budget is \$9,678,590. Significant items include road and sewer upgrades and replacements, construction of the Mary Moss "Sprayground," repairs to municipal facilities, and replacement of town vehicles and equipment. Approximately \$1 million of capital spending will be funded by grants. While the capital budget represents spending authorized in 2017, actual spending is usually spread out over several years. Almost all capital spending not funded by grants is funded through borrowing.

### **What Issues Could Affect the Municipality's Future Finances?**

The town's 2017 capital budget allots \$350,000 to combat the destructive effects of the emerald ash borer insect on Princeton's many magisterial public ash trees. This funding is for the first year of a five-year project for which the municipality will allot a total of \$1.75 million. Funding will be used to treat or remove infected trees in the public right of way. Left untreated, the emerald ash borer is expected to kill all the approximately 2,000 ash trees on the town's streets in the next three to five years. The mayor and council have also established an Adopt an Ash Tree program that allows residents to pay for a licensed tree service to treat a public ash tree. Regardless, costs could ultimately exceed the planned capital outlay and a substantial die back of the town's ash trees could create significant maintenance and safety issues.

Another issue waiting in the wings regards Princeton's obligation to provide affordable housing units in town. As this newsletter went to press, the town was awaiting a ruling by the Mercer County Superior Court that will determine the number of units of affordable housing that must be built in Princeton through the year 2025. This will represent the culmination of a longstanding statewide legal process. The ultimate number of affordable units to be built will affect the town's population and may increase demands for municipal services that, in turn, may require additional revenues to fund them.

## **You May Be Eligible for Tax Relief**

New Jersey offers property tax deductions for seniors, seniors who are disabled, and qualifying war veterans or their surviving spouses. Disabled veterans who qualify, or their surviving spouses, may be exempt from property taxes.

For more information, please visit the following NJ Division of Taxation websites:

**[www.state.nj.us/treasury/taxation/relief.shtml](http://www.state.nj.us/treasury/taxation/relief.shtml)** and **[www.state.nj.us/treasury/taxation/otherptr.shtml](http://www.state.nj.us/treasury/taxation/otherptr.shtml)**, or call Neal Snyder, Princeton Tax Assessor, at **609-924-1084**.



## **The Citizens Finance Advisory Committee**

The Citizens Finance Advisory Committee (CFAC) is a volunteer body made up of financial professionals from the community who share their expertise with the municipality.

Scott Sillars, *Chair*  
Will Dove  
Maureen Kearney  
Adrienne Kreipke  
Brian McDonald

**Staff Liaisons**  
Marc Dashield, *Administrator*  
Sandra Webb, *Chief Financial Officer*

**Council Liaisons**  
Jo Butler  
Bernie Miller  
Tim Quinn

*Special thanks to*  
Roger Shatzkin