

Citizens Finance Advisory Committee 2015 Princeton Budget Newsletter



Princeton Municipal Tax Rate Rises by 3.5 Percent; Total Property Tax Rate Increases by 1.2 Percent

For 2015, Princeton's municipal tax rate is increasing by 3.5 percent, the first increase in five years. The tax rate essentially returns to the same level as 2010. Budgeted municipal appropriations of \$61.0 million increased by 2.8 percent. Most of the recurring savings from consolidation were realized last year, though services to residents remain at increased levels. Including county and school taxes, which account for nearly 80 percent of your tax bill, the total property tax rate in Princeton increased 1.2 percent.

On the next page you will find a series of frequently asked questions, accompanied by answers, about your property tax bill. If you want more information about taxes or Princeton's municipal budget, please call Access Princeton at 609-924-4141 or visit www.princetonnj.gov/finance.html.

Letter from the Mayor

Welcome to the 2015 Citizens Finance Advisory Committee newsletter. This year's budget includes a tax increase, the first in five years. No one likes having to pay more in taxes, but consolidation and sound financial planning have minimized tax increases. You can see from the page 2 chart showing tax trends of neighboring towns that Princeton has led the way in keeping taxes in check. The New Jersey League of Municipalities recognized Princeton with its Innovation Award for our successful implementation of consolidation.

The municipality maintains a focus on finding cost and space efficiencies. Council is reviewing proposals for a solar farm on top of the former River Road landfill site. The electricity generated would help power the neighboring sewage facility, lowering its energy bills while generating income for the municipality.

We also continue to evaluate vacated space to enhance municipal services. The former borough dispatch center was converted into space for Access Princeton. This one-stop call center has processed more than 4,600 questions and complaints since opening last September.

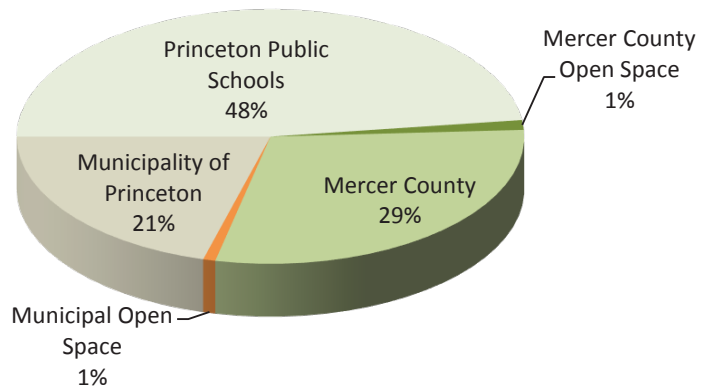
Monument Hall now serves as a social services hub. The departments of Health, Human Services, Corner House, and Affordable Housing, along with Princeton Community Housing and the nearby Princeton Senior Resource Center, have found that their new physical proximity facilitates information sharing and service delivery.

Several departments – Police, Health, and Information Technology – have developed strategic plans this past year, and the Human Service Department has conducted a Community Needs Assessment, all with the goal of more effectively directing limited resources. We aim to constantly improve.

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. We are working hard to provide you with the best possible services at the most reasonable costs.

Yours truly,
Liz Lempert, Mayor

Your Tax Bill



2015 Average Tax Bill (based on residential value of \$800,000)

	2015		Change vs 2014	
	Avg. Tax Bill	Tax Rate	Tax Rate	Tax Bill
Princeton Municipal Tax *	\$ 3,752	0.469	3.5%	\$ 128
Municipal Open Space	\$ 136	0.017	0.0%	\$ -
Princeton Public Schools	\$ 8,504	1.063	1.5%	\$ 128
Mercer County Govt and Open Space	\$ 5,304	0.663	-0.7%	\$ (40)
Total	\$ 17,696	2.212	1.2%	\$ 216

* includes library tax

Stay Connected

Visit www.princetonnj.gov and sign up to receive email alerts and to register your phone number for the emergency notification system.

Access Princeton

For any questions from potholes to municipal services call 609-924-4141.
<http://www.princetonnj.gov/accessprinceton/index.html>



Frequently Asked Questions

Did my 2015 municipal taxes go up or down?

For the first time in five years, your municipal taxes increased slightly. The municipal tax rate went up 1.6 cents to 46.9 cents per \$100 of assessed value. This is an increase of 3.5 percent in the tax rate, returning the rate to 2010 levels. For a home valued at the municipality's average assessment (\$800,000), the municipal portion of the tax bill will increase by \$128 this year (see the "Average Tax Bill" chart on the first page).

What proportion of my property taxes support 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 taxes supports Princeton's municipal government and municipal open space preservation efforts. The Princeton Public Schools account for 48 percent of your tax bill, and Mercer County government and open space preservation efforts represent the remaining 30 percent of the bill.

Did my overall 2015 property taxes go up or down?

Your overall property taxes increased. While there was a marginal decrease in the Mercer County portion of your tax, both the municipal tax and the school tax rose. As noted, the municipal tax rate increased 3.5 percent; the school tax rate increased 1.5 percent; and the county tax decreased .75 percent. The total tax rate increased 1.2 percent. For a home assessed at the municipality's average assessment (\$800,000), total property taxes will increase by \$216 to \$17,696 in 2015. (Please refer to the "Average Tax Bill" chart on the first page.)

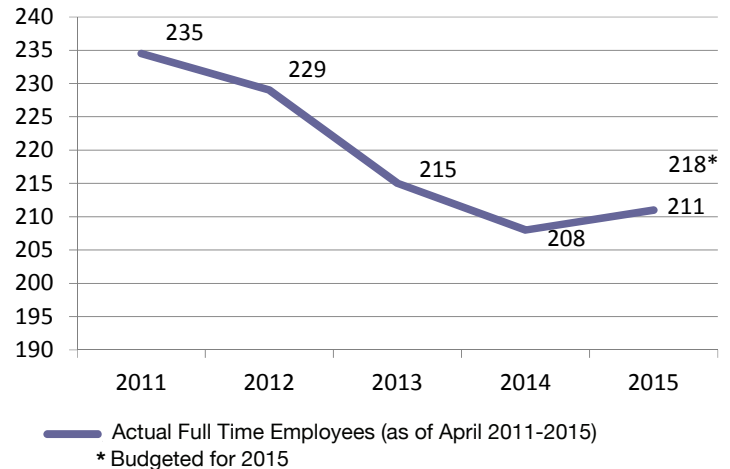
Did consolidation of the former Borough and Township save money and keep my municipal taxes down?

Consolidation has saved Princeton money and kept taxes down. Savings from consolidation that were realized in 2013 and 2014 allowed us to reduce municipal property taxes in 2013 and hold municipal property taxes flat in 2014. Princeton realized most of its savings from consolidation by 2014. Those savings continue to be realized in this year's and future years' budgets. Like many municipalities, Princeton is feeling budget pressure from rising costs, such as rising health care expenses and gradually increasing wages. However, Princeton remains well-positioned in terms of its tax trends compared with other municipalities in our area. (See the "Princeton Area Municipal Tax Trends" chart on this page.) Princeton's relatively flat tax over the last five years reflects savings from consolidation and from steps taken to save money in anticipation of consolidation.

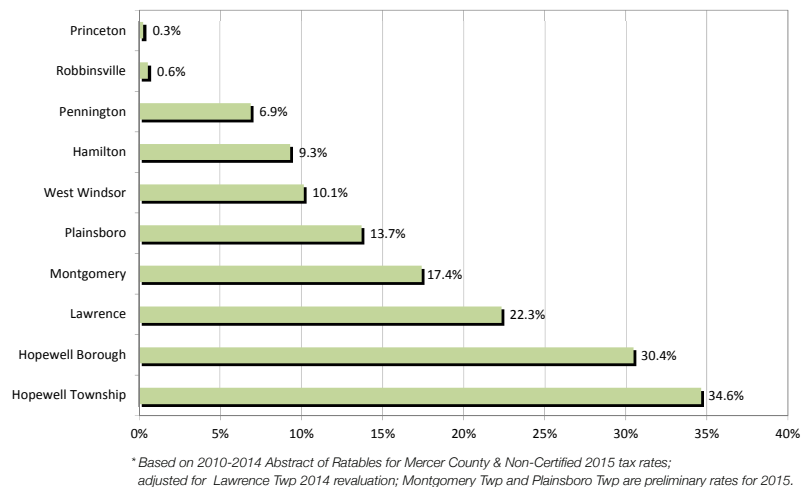
Can you point to ways in which consolidation continues to provide benefits to residents?

In addition to the cost savings that continue to be realized yearly, there have been numerous other benefits from — and costs avoided — due to consolidation. The efficiency created by merging police departments allowed us to recreate the community policing and dedicated traffic units. (continued on back page)

Princeton Municipal Staff Levels



Princeton Area Municipal Tax Trends 2010-2015*

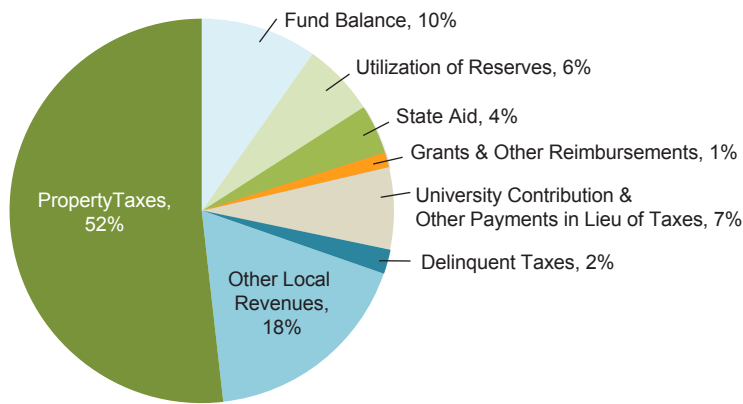


You May Be Eligible for Tax Relief

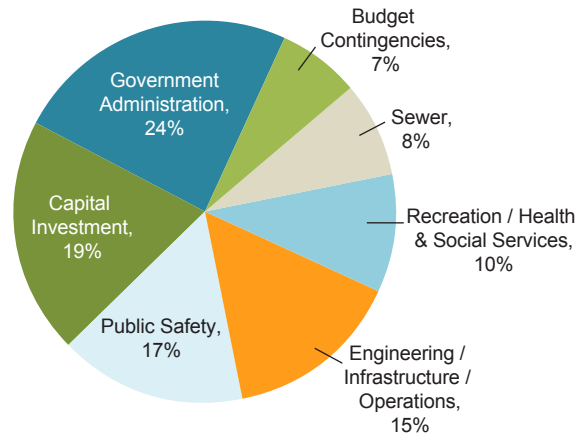
New Jersey offers property tax deductions for seniors, seniors who are disabled, and qualifying war veterans or their surviving spouses. Disabled veterans who qualify, or their surviving spouses, may be exempt from their property taxes.

For more information, please visit the NJ Division of Taxation Website <http://www.state.nj.us/treasury/taxation/otherptr.shtml>, or call **Neal Snyder, Princeton Tax Assessor, at 609-924-1084.**

2015 Sources of Revenue



2015 Appropriations \$60,986,379



Appropriations

	2015	2014	% change
Public Safety			
Police & Dispatch	8,249,170	7,868,132	
Fire Safety & Emergency Management	1,755,584	1,654,784	
	10,004,754	9,522,916	5.1%
Recreation/Health and Social Services			
Parks / Recreation / Senior Resource Center	1,148,375	1,119,303	
Health Department / Animal Control	493,431	510,812	
Library / Human Services / Corner House Counseling	4,603,981	4,499,530	
	6,245,787	6,129,645	1.9%
Engineering/Infrastructure/Operations			
Engineering / Utilities / Liability Insurance	3,525,330	3,564,845	
Roads, Buildings, Grounds, Vehicle Maintenance	3,883,073	3,524,905	
Trash Collection / Recycling	1,741,500	1,550,000	
	9,149,903	8,639,750	5.9%
Sewer			
Sewer and Solid Waste	955,030	917,015	
Stony Brook Regional Sewer Authority	3,850,000	3,890,000	
	4,805,030	4,807,015	0.0%
Government Administration			
Admin / Finance / Tax/Legal / Clerk / Planning / Zoning / Land Use	3,399,969	3,307,572	
Courts / Prosecutor / Public Defender	496,891	537,234	
Information Technology	840,207	633,880	
Pension / Social Security contributions and employee insurance	8,128,525	7,759,257	
Other Salary Expense (salary adj, retirement, sick payout)	50,000	475,000	
All other (Grants, Busing, Environmental, Deer Management, etc.)	1,325,508	1,210,537	
Amortization of Tax Maps	25,000	25,000	
Amortization of Consolidation Expense	458,516	458,516	
	14,724,616	14,406,996	2.2%
Budget Contingencies			
Spending contingency	1,408,595	1,408,595	
Reserve for Uncollected Taxes (revenue contingency)	2,914,902	2,918,821	
	4,323,497	4,327,416	-0.1%
Capital Investment			
Bond Principal / Interest on Bonds / Notes	9,886,000	9,481,250	
Sewer & Green Trust Debt Service	1,496,793	1,456,793	
Capital Improvement Fund	150,000	250,000	
Storm-Related Road Repair	200,000	275,000	
	11,732,793	11,463,043	2.4%
Total Budget	60,986,379	59,296,780	2.8%

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*
Kathryn Monzo, *Deputy Administrator*
Sandra Webb, *Chief Financial Officer*

Government Liaisons
Council: Jo Butler, Patrick Simon
Mayor Liz Lempert

Special thanks to Roger Shatzkin

CFAC Focuses on Capital Spending

In 2014-15, in addition to its annual evaluation of the municipality's budget, the Citizens Finance Advisory Committee undertook an extensive review of Princeton's capital spending process. Capital expenditures are funds invested by the municipality to upgrade or acquire physical assets such as roads, municipal buildings and equipment. In response to CFAC's review, the municipality has now established a long-term capital planning process. This planning process seeks to ensure that borrowing for capital projects remains consistent with Princeton's debt policy and does not result in unforeseen increases in required debt service payments. In addition, this capital planning process helps ensure that priorities for capital spending are determined against a comprehensive review of all departmental needs.

Frequently Asked Questions *(continued)*

We also avoided updating two old police dispatch systems and now have one larger and more effective Dispatch Department. Also, Princeton's central business district is now routinely swept and cleaned, and residential waste collection has been expanded to the entire municipality. Corner House avoided the need to build space for its operations. Lastly, combining our budgets has increased flexibility in targeting funds for road repair and maintenance, resulting in an increased number of street improvement projects throughout the town. Princeton also capitalized on the efficiencies presented by consolidation to create or expand other services. For example, the municipality sharply increased inspections of rental housing and launched Access Princeton, a simplified and one-stop entry point for residents to connect to government services and for staff to track and resolve outstanding issues.

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

The town's 2015 budget totals \$60,986,379, which represents an increase from 2014 of \$1,689,599 or 2.8 percent. No one component of the budget had a significant increase. Contributing to the increased appropriations were increases in spending for information technology, building maintenance, debt service, trash collection, police dispatch, and rising health care costs. Spending for salaries and wages was also budgeted to increase 2.8 percent.

Why are staff levels increasing in 2015? What is the impact on the 2015 budget from the change in staffing?

The increase in staff levels reflects organizational changes designed to increase efficiency and the level of services provided to residents. The increase also reflects realignments to departments made in response to experience gained after two years of consolidation. Staff realignments created the Access Princeton call center and significantly expanded the capacity to inspect rental housing. There is also increased staffing in Police Dispatch, Information Technology and Corner House.

The overall impact of all staff additions and staff departures through retirement and resignations is a net increase in budgeted salaries and wages of \$119,811, or 0.7 percent (excluding increases in budgeted salaries and wages attributable to normal wage increases). As anticipated as part of the process

of consolidation, staff members who departed in 2014 were concentrated in positions that were more senior and at higher salaries than staff members who were added.

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

At the beginning of 2015, outstanding debt was \$99.3 million, a decrease of \$5.7 million from 2014 and \$9.0 million from 2013. Debt and associated capital spending are being managed to ensure that future debt service costs remain within an acceptable range while still 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.

What is Princeton University's voluntary contribution to the municipality's budget this year?

As part of a seven-year agreement reached between the university and the municipality last spring, the university will contribute \$2.86 million to the town in this second year of the arrangement. This is a 4 percent increase from last year, and the agreement calls for a yearly 4 percent increase until it ends, at which point the university's contribution over the period will total \$21.72 million. The municipality has flexibility to use these funds as it chooses, and the seven-year term of the agreement helps the municipality with its long-term financial planning.

In addition, as part of the agreement, the university is contributing a total of \$2.59 million to fund municipal projects, such as the construction of a new storage facility for the town's Department of Public Works and improvements to the town's fire-fighting facilities and equipment.

Under the agreement, the university has formally agreed to leave some of its properties, such as graduate student housing, on the tax rolls, even though, by law, these properties could be exempt. These voluntary contributions are in addition to property taxes the university is required to pay as the owner of taxable properties. The university's total 2014 property tax payment in Princeton was almost \$8.5 million, making it the largest taxpayer in town. Of that amount, \$1.83 million went to the municipality.