



Citizens Finance Advisory Committee 2013 Princeton Budget Newsletter

<http://www.princetonnj.gov/finance.html>

Princeton Municipal Taxes Down—County and School Taxes Up

Understanding your tax bill

In 2013, for the first time in many decades, Princeton has reduced its tax rate. The projections of and commitment to savings through consolidation held true. This reduction and the reduced budget follows a three-year period (2010-2012) during which both the former Borough and Township held their tax rates flat. Municipal taxes now account for about 22 percent of your taxes. In other words, for every \$1,000 you pay in overall property taxes, approximately \$220 goes to the municipality of Princeton.

The consolidated tax rate for 2013 has been reduced to \$0.454 from \$0.47 per \$100 of assessed value (Borough) and \$0.4703 (Township). This represents a rate decrease of 3.4%. On your 2013 tax bill, the tax rate is shown in two parts, a municipal tax and a library tax.

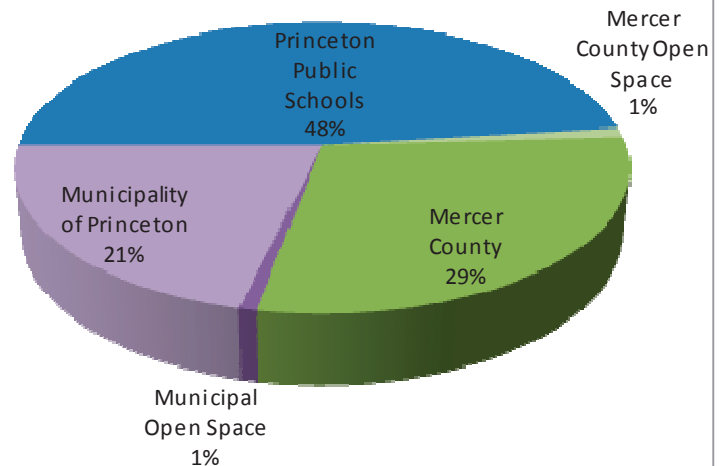
Municipal tax rate	\$0.418
Library tax rate	0.036
Tax Rate	\$0.454

While your municipal taxes are lower this year, your overall property tax bill is going up. This is because both county and school district taxes are increasing, and increasing to a greater degree than the decrease in your municipal taxes. State law requires municipalities to collect taxes on behalf of counties and public schools.

Overall, your bill includes six separate taxes, and for most residences, a fee for sewer use. Princeton's government is responsible for three of the taxes: (1) the municipal tax, (2) the library tax and (3) the municipal open space tax. The state now requires that a portion of the municipal tax be shown as a library tax. This is not a new tax or additional tax; it indicates the minimum amount of spending for the library as required by the State. The municipal Open Space tax is administered by Princeton and was set at a rate of 1.7¢ through a voter referendum last November. (The previous rates were 1.0¢ in the Borough and 2.0¢ in the Township.) The remaining three taxes that appear on your bill go to: Mercer County, Mercer County Open Space and the Princeton Public Schools.

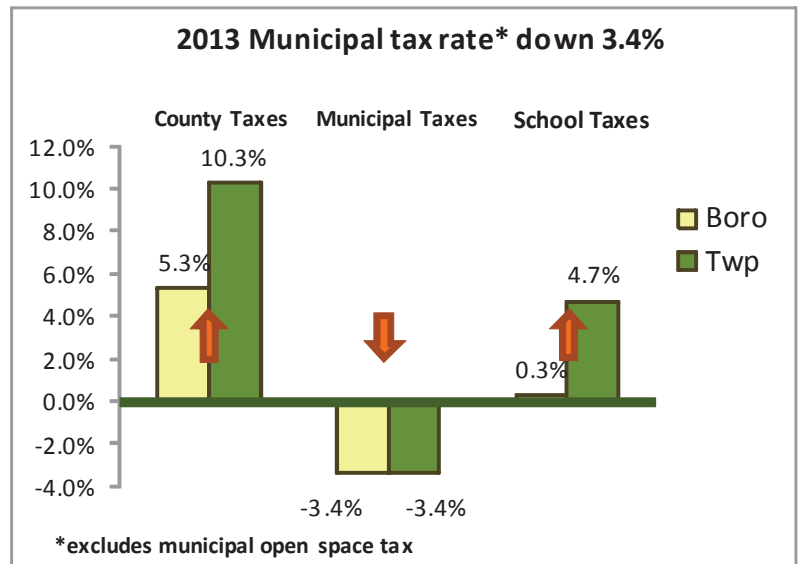
(continued on Page 3)

Your Tax Bill

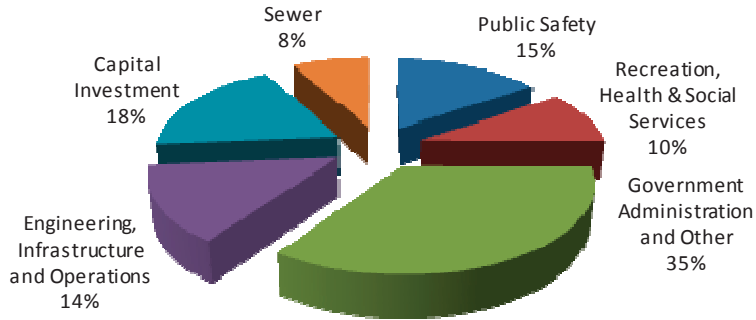


2013 Average Tax Bill (based on \$792,639 average home value)	\$ change	
	Borough	Township
Municipal Tax*	\$ 3,599	-\$ 126
Municipal Open Space Tax	135	+ 56
School Tax	8,132	+ 23
Mercer County Tax	4,859	+ 262
Mercer Open Space	166	- 8
Total	\$ 16,891	+\$ 207

*Includes library tax



2013 Appropriations: \$60,418,467



Princeton's municipal taxes are down due to savings realized from consolidation. As we operate as one town, we anticipate we will realize other savings that will help keep taxes down.

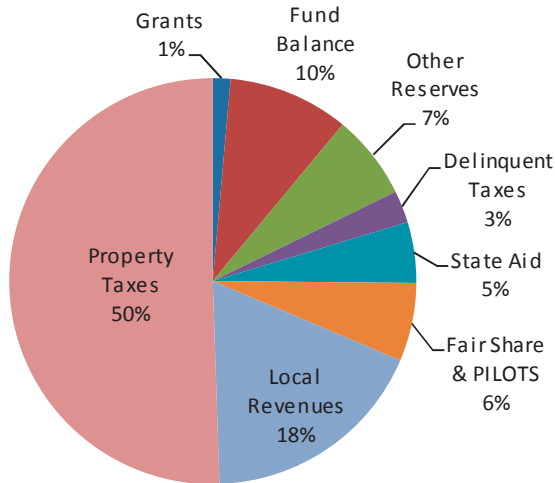
For more information about your tax bill, including tax due dates, please visit:

www.princetonnj.gov

	2013	2012	% change *
Public Safety			
Police & Dispatch	7,662,447	8,462,533	
Fire Safety & Emergency Management	1,607,203	1,431,621	
Total Public Safety	9,269,650	9,894,154	-6.3%
Recreation, Health & Social Services			
Parks/Recreation/Senior Resource Center	1,096,181	1,081,612	
Health Department / Animal Control	447,869	421,457	
Library /Human Services / Corner House Counseling	4,352,233	4,272,323	
Total Recreation, Health & Social Services	5,896,283	5,775,392	2.1%
Engineering, Infrastructure & Operations			
Engineering / Utilities / Liability Insurance	3,108,990	3,392,624	
Roads, Buildings, Grounds, Vehicle Maintenance	3,488,366	3,399,137	
Trash Collection/Recycling	1,800,500	722,400	
Total Engineering, Infrastructure & Operations	8,397,856	7,514,161	11.8%
Sewer			
Sewer & Solid Waste	919,218	1,244,464	
Stony Brook Regional Sewer Authority	3,950,000	4,070,710	
Total Sewer	4,869,218	5,315,174	-8.4%
Government Administration and Other Reserves			
Admin/Finance/Tax/Legal/Clerk/Planning/Zoning/Land Use	5,498,778	6,593,313	
Courts/Prosecutor/Public Defender	537,859	624,397	
Information Technology	521,320	422,152	
Pension Contributions / Employee Insurance	6,804,447	7,485,829	
Other Salary Expense (SW Adj, Employer Taxes, etc.)	1,375,000	1,224,796	
All other (Grants, Busing, Environmental, Deer Mgmt, etc.)	1,246,098	1,206,778	
Reserve for Uncollected Taxes and Unanticipated	3,733,205	3,808,172	
Amortization of Emergency Expenses	746,602	293,993	
Amortization of Consolidation Expense	458,516	-	
Total Government Administration	20,921,825	21,659,428	-3.4%
Capital Investment			
Bond Principal / Interest on Bonds/Notes	9,481,502	9,539,982	
Sewer & Green Trust Debt Svc	1,582,133	1,650,198	
Total Capital Investment Costs	11,063,635	11,190,180	-1.1%
Total Budget *	60,418,467	61,348,490	-1.5% *

* The 2012 budget has been adjusted to eliminate inter-town billing for shared services and changes in the accounting treatment for Open Space and Construction Office appropriations. The categorization of benefit costs and some other expenses to the various departments may not be consistent between years.

Sources of Revenue



Revenue Highlights:

- Property taxes finance just over one-half of Princeton's operating budget.
- Local revenues and fees fund about 18% of the budget. These include sewer fees, court fees, parking fees, and hotel taxes.
- Non-profit, tax exempt institutions in Princeton will contribute voluntary payments and PILOTS of \$3.8 million (6% of total revenues).
- State contributions will be 5% of total revenues
- Utilization of the Fund Balance is budgeted to fund 10% of the budget. Princeton has historically replenished this draw-down by under-spending its budget by a similar amount.

Understanding your tax bill

(continued from Page 1)

The Mercer County tax increase reflects a 3.2% increase in the County total tax levy and an increase in Princeton's share of the County's total tax levy from 16.1% to 16.9% due to equalization. Equalization is used to adjust the assessed property values to current market values across different municipalities. Princeton's market values have increased relative to the whole of Mercer County.

Starting in 2013, market valuations are calculated for the consolidated Princeton municipality, and no longer separately for the Borough and the Township. The different tax impacts when compared to 2012 are a vestige of having two different municipalities in 2012 and will disappear going forward.

Municipal Tax Rate Trend

Year	Township tax rate	% change	Borough tax rate	% change
1985	0.400			
1986	0.440	10.0%		
1987	0.480	9.1%		
1988	0.540	12.5%		
1989	0.630	16.7%		
1990	0.700	11.1%		
1991	0.740	5.7%		
1992	0.850	14.9%		
1993	0.880	3.5%		
1994	0.920	4.5%		
1995	0.940	2.2%	1.010	9.8%
1996 (*)	0.380	-59.6%	0.490	-51.5%
1997	0.400	5.3%	0.540	10.2%
1998	0.420	5.0%	0.580	7.4%
1999	0.450	7.1%	0.600	3.4%
2000	0.465	3.4%	0.620	3.3%
2001	0.490	5.3%	0.640	3.2%
2002	0.520	6.1%	0.680	6.3%
2003	0.570	9.6%	0.720	5.9%
2004	0.620	8.8%	0.840	16.7%
2005	0.680	9.7%	0.890	6.0%
2006	0.740	8.8%	0.940	5.6%
2007	0.810	9.5%	0.980	4.3%
2008	0.862	6.4%	1.030	5.1%
2009	0.893	3.6%	1.030	0.0%
2010 (*)	0.470	-47.4%	0.468	-54.6%
2011	0.470	0.0%	0.469	0.2%
2012	0.470	0.0%	0.470	0.2%
2013	0.454	-3.4%	0.454	-3.4%

* Denotes a revaluation

The Citizens Finance Advisory Committee is a volunteer body made up of seasoned financial professionals from the private and public sectors who meet with elected and municipal officials to review fiscal matters, including Princeton's budget, debt service, capital spending plans, and other financial impacts to the municipality.

Special thanks to the Transition Task Force Communication Subcommittee members Teri McIntyre, Roger Shatzkin, and Linda Mather for their help in assembling this newsletter.

Scott Sillars,
Chair

Will Dove
Adrienne Kreipke
Brian McDonald
Gary Patteson

Liz Lempert,
Mayor

Heather Howard,
Councilwoman
Patrick Simon,
Councilman

Financial Impact of Consolidation

Budget appropriations are down approximately \$930,000 from last year, as net savings from consolidation were partially offset by storm related expenses and budgeted transition expenses.

Gross savings from consolidation are approximately \$2.7 million in 2013 (including expected savings in required pension and health insurance contributions). The savings are largely from reduced staff levels and employee health plan savings. These savings are partially offset by a \$1.1 million increase in the cost of extending residential trash collection beyond the Borough to the consolidated town. The Consolidation Commission identified additional savings that could be realized over the next two years.

Princeton also incurred one-time consolidation costs, including employee separation, department relocation, tax map revisions, IT consolidation, and legal and consulting services. These costs were budgeted at about \$2.3 million and are to be amortized (paid for) equally over five years starting this year. As an incentive to consolidate, the State pledged to reimburse Princeton 20 percent of transition costs, and in May the State committed to provide up to \$464,000 in 2013.

Other financial benefits of consolidation include savings on capital expenditures that would have been greater had the municipalities stayed separate. For example, consolidation freed up space at Monument Hall for the Corner House relocation. In addition, the Public Safety dispatch facilities and communications systems in both municipalities had reached the end of their useful lives. They are being

replaced with a single system at significant savings.

Spotlight on Public Safety

Police services were the largest components of both the Princeton Borough and Township's budgets, and the merger of the two departments through consolidation has resulted in \$1.1 million savings in FY 2013, and anticipated savings of \$2.1 million annually once consolidation is fully implemented.

The force is smaller due to attrition – from 60 to 54 sworn officer positions. As a result, the Princeton Police Department now has a more cost-effective administrative command structure that allows for a more flexible deployment of officers and the return of services that had previously been trimmed due to budget cuts. For example, the department has created the Safe Neighborhoods Unit, dedicated to proactive community policing. This new unit has already been out surveying the community on its expectations and concerns. There is also a new traffic unit, focused on enforcement and safety.

Finally, the Police Department is standardizing police technologies and enhancing the existing consolidated dispatch center to provide better 9-1-1 services, including reduced call transfer and centralized dispatch planning and management.

News from Public Works Phone: 609-497-7639

Consolidation means new schedules for leaf and brush pickups. Please help keep our streets safe and clean by only placing yard waste in the street at designated times.

August-Sept: Fall brush pickup begins.

September 23 through Nov:

Free leaf bags available at the Public Works facility at the corner of Valley Road and Witherspoon Street.

October-Nov: Loose leaf pickup starts.

October-Dec: Weekly bagged leaf pickup. Check the website www.princetonnj.gov for the specific pickup schedule for your neighborhood.

Be a part of Princeton's award-winning curbside organic and yard waste program. For more information on how to sign up and costs contact Janet Pellichero at 609-497-7639.

Finally, as of January 1, 2013, weekly trash pickup was extended to all residences in the municipality through Central Jersey Waste. If you have questions about this service, please contact Public Works.

Stay Connected

Please visit the Princeton website: www.princetonnj.gov and sign up to receive email alerts, newsletters, and to register your phone number for the Emergency Notification System.

Email: CFAC@princetonnj.gov

Witherspoon Hall

400 Witherspoon Street
Princeton, NJ 08540
Phone: (609) 924-5704

Monument Hall

1 Monument Drive
Princeton, NJ 08542
Phone: (609) 688-2566