



PRINCETON

Consolidated 2013 Budget



Budget Overview

- \$61 million consolidated budget
- \$3 million less than both municipalities combined for 2012
- Service levels maintained or increased
- Future reserves will remain stable
- The balanced budget represents a reduction in the tax rate from \$0.47 to \$0.463



Budget Goals

- Clearly indicate all savings from Consolidation
- Develop an austere budget that allows for the continuation of all programs and services, but provides flexibility to operate in a single community environment
- Recognize areas where savings may occur, and monitor the outcome.
- Our initial goal was a flat tax rate and then a reduction if possible

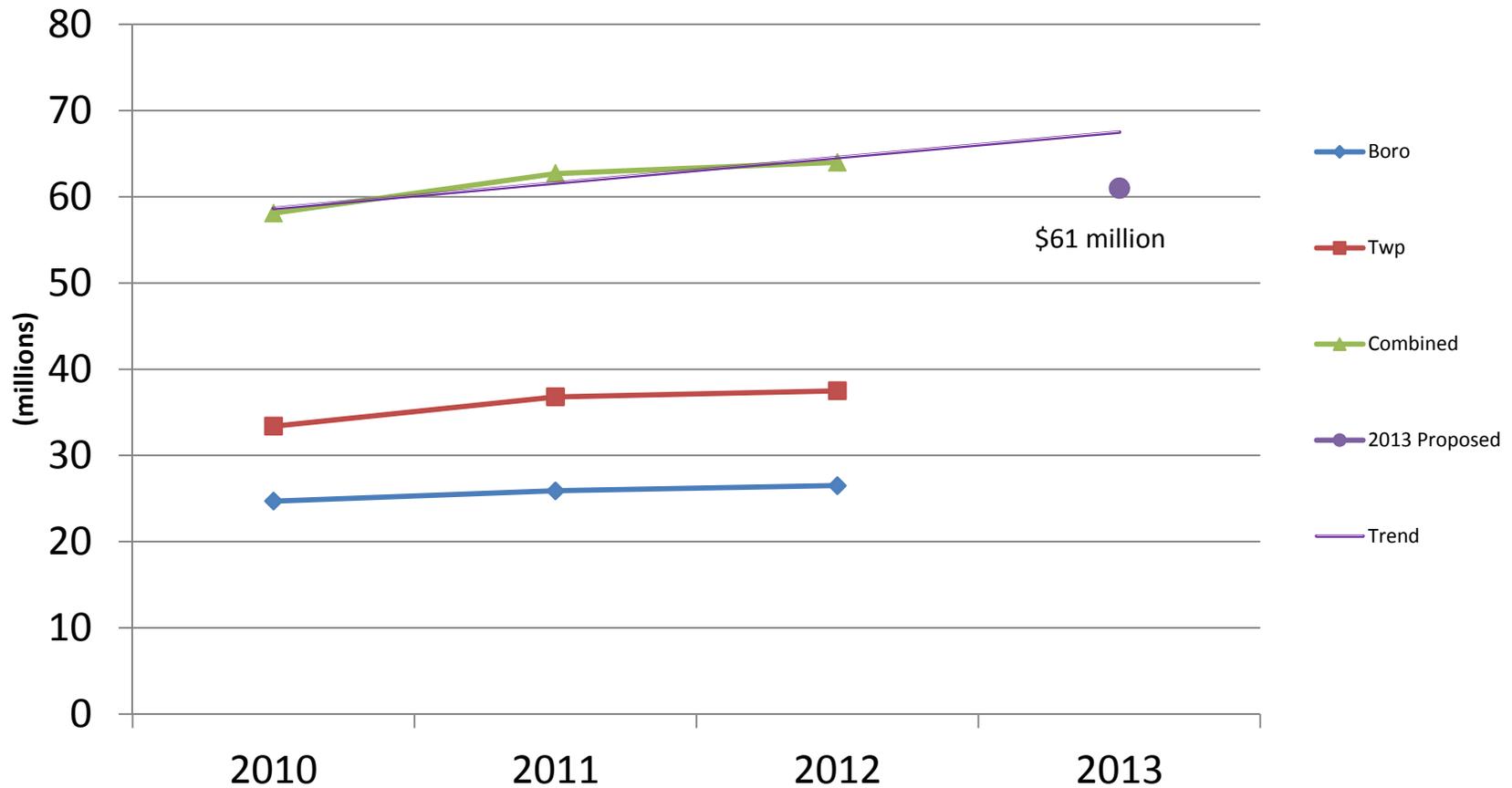


Budget Process

- Develop department budgets from the ground up
- Review and analyze with finance committee (Council and resident members)
- Council introduces and sets the Public Hearing for May 28, 2013



Budget Trend





Major Increases

- Garbage removal extended to combined municipality
- Contract negotiations with all 3 bargaining units
- Reserve for uncollected taxes to cover increases in school and county tax levies
- Emergency appropriations for storm expenses \$550,000



Major Decreases: Staffing

- Reduction in workforce of 26
 - 12 Retirements
 - 9 vacant positions eliminated
 - 5 left during the transition year
- Before consolidation a combined workforce of 287; After consolidation: 261
- Budget Salary and Wage reduction of \$1.2 million
- Largest decrease in staff was in Police



Staffing

	Full Time	Part Time	Total
Borough Staff	120	26	146
Township Staff	<u>121</u>	<u>20</u>	<u>141</u>
Total Staff	241	46	287
Retirements	-10	-2	-12
Eliminated/Vacant positions	-4	-5	-9
Other (Left during the year)	<u>-3</u>	<u>-2</u>	<u>-5</u>
Total reduction in force	-17	-9	-26
Consolidated Staff	224	37	261

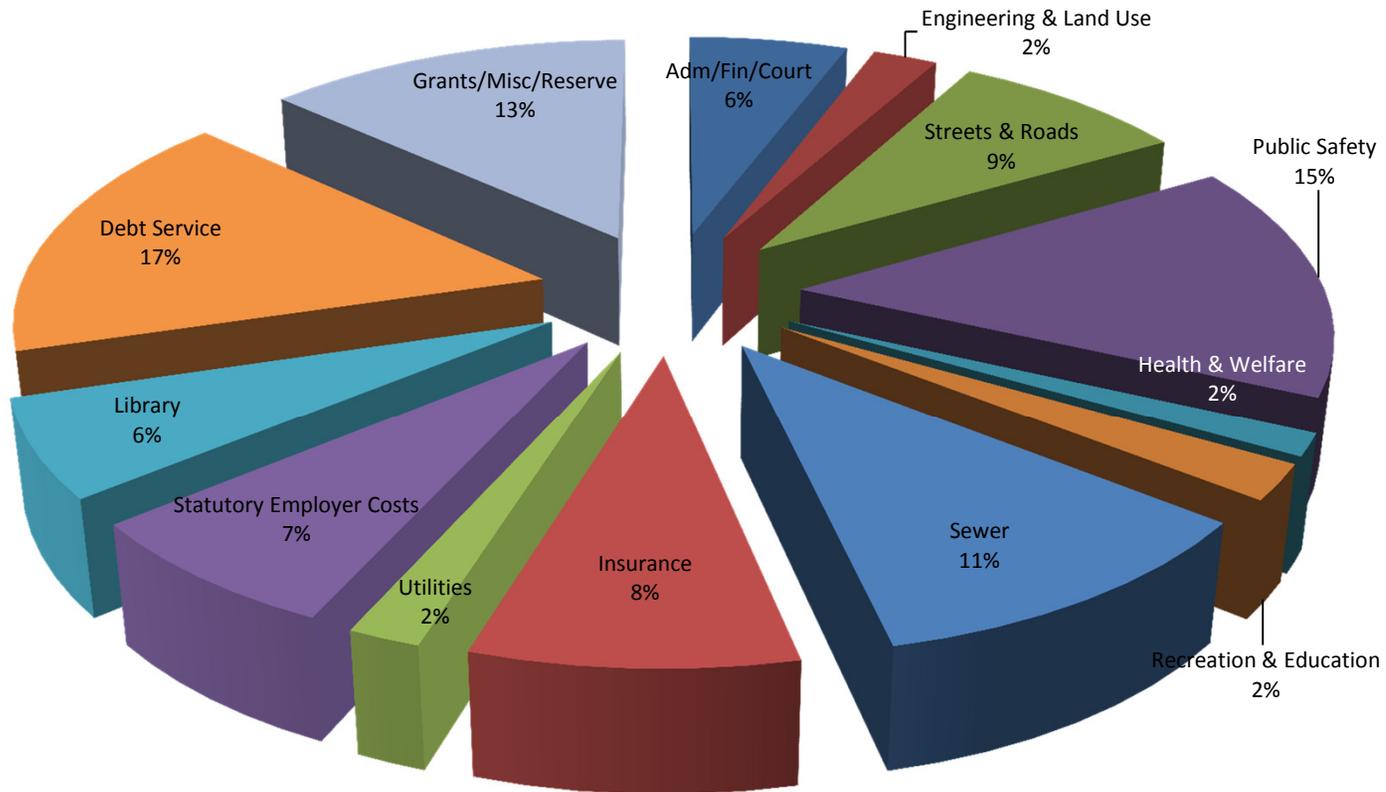


Major Decreases: Benefits

- Change in Healthcare provider for former Township employees to State Health Benefits realized a net savings of \$597,000
 - 9% rate increase for existing covered employees, but approx. 19% reduction in rates for former Township covered employees
 - Reduction of 20 covered employees
 - Additional contribution by employees to offset healthcare costs



Budget breakdown





Appropriations:

- Debt Service continues to be the largest percent of the budget @ 17%
- Public Safety, which includes dispatch and fire services is next @ 15%
- Insurances and other statutory expenses (such as FICA and pension costs) make up 15%
- Reserve for Uncollected, and emergency appropriations make up 13% of the budget
- Sewer costs, including debt service for repair and maintenance of the system is @ 11%
- Streets and Roads (including trash pickup) is 9%
- Support for the Library is 6% of the budget

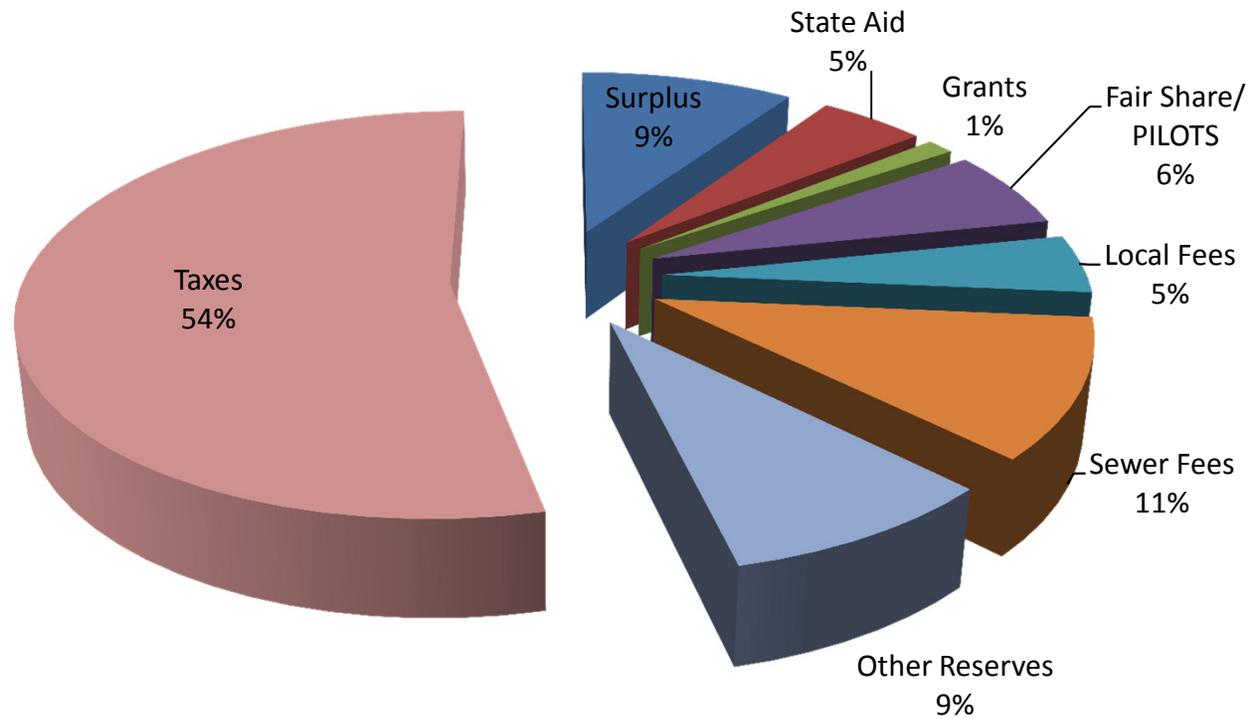


Revenues:

- State Aid remained flat
 - State contribution for consolidation costs estimated at \$458,000 in anticipated revenue
- Fair Share and PILOT contributions remained stable
- Use of surplus stayed level to help stabilize future reserves
- Utility operating surplus from Parking revenues
- Capital fund balance and other reserves used to help offset debt service
- Court fees



Sources of Revenue:





State Aid

- State Aid is 5% of our budget revenue
- It has remained flat for several years
- Local fees (such as licenses, municipal court fees, and Fire inspection fees) also make up 5% of our budget



Fund Balance- 9% of Budget

- Surplus balances remain stable as we apply other methods to replenish amounts utilized.
- The goal is to diminish our reliance on surplus as a revenue to balance the budget
- Current levels are healthy and will help us retain our AAA bond rating



Fund Balance History							
Year Ended	Fund Balance	Used in Following Year's Budget	% of Available Balance	Remaining Balance	Total Budget Following Year	Surplus Remaining as a % of Budget	Surplus used as a % of Budget
12/31/02	6,088,977	4,398,906	72.2%	1,690,071	49,409,762	3.4%	8.9%
12/31/03	6,414,541	4,535,705	70.7%	1,878,836	52,173,014	3.6%	8.7%
12/31/04	6,215,771	4,728,578	76.1%	1,487,193	51,631,168	2.9%	9.2%
12/31/05	6,138,294	4,363,578	71.1%	1,774,716	53,895,782	3.3%	8.1%
12/31/06	7,694,293	4,784,980	62.2%	2,909,313	57,269,187	5.1%	8.4%
12/31/07	7,411,974	4,726,813	63.8%	2,685,161	59,791,361	4.5%	7.9%
12/31/08	8,384,957	3,999,808	47.7%	4,385,149	61,526,527	7.1%	6.5%
12/31/09	9,934,687	4,924,808	49.6%	5,009,879	60,662,170	8.3%	8.1%
12/31/10	10,142,293	4,925,000	48.6%	5,217,293	61,334,196	8.5%	8.0%
12/31/11	11,860,645	5,800,000	48.9%	6,060,645	63,981,195	9.5%	9.1%
Avg- 10 Yrs	8,028,643	4,718,818	58.8%	3,309,825	57,167,436	5.8%	8.3%
Avg- 5 Yrs	9,546,911	4,875,286	51.1%	4,671,625	61,459,090	7.6%	7.9%
Avg- 3 Yrs	10,645,875	5,216,603	49.0%	5,429,272	61,992,520	8.8%	8.4%
12/31/12	13,040,526	5,800,000	44.5%	7,240,526	61,021,670	11.9%	9.5%



Utility Operating Surplus

- Parking revenue continues to be a valued source to offset costs in the budget
- Parking operation is a \$4 million balanced budget
- The revenues cover administration of operations, staffing, and debt service
- This and all other reserves make up 9% of budget revenue



Fair Share & PILOT agreements: 6% of budget

- Princeton University Fair Share agreement is the same level of support as last year.
- Other PILOT agreements are the same or slightly higher than last year.
- Together they make up 6% of the budget



Sewer Fees:

- Sewer fees are billed based on actual water usage
- These fees are shown as a separate amount billed on your tax bill
- The revenue covers offsetting costs of sewer treatment and infrastructure repair and maintenance
- These revenues and offsetting appropriations make up 11% of the budget
- Sewer rate adjustment being analyzed

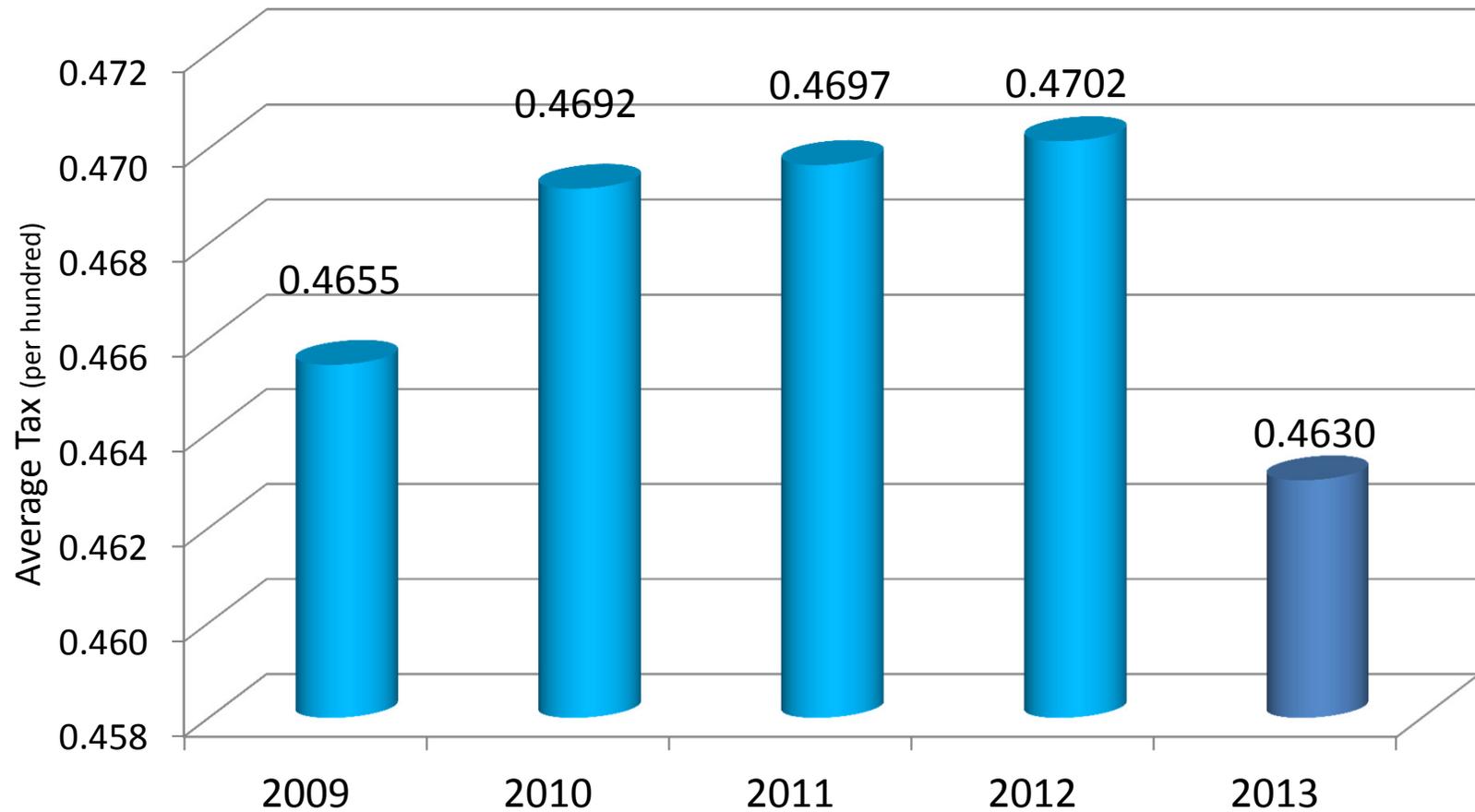


Taxes

- Current amount to be raised: \$31.1 million
- Delinquent taxes: \$1.5 million
- Local tax levy makes up less than 25% of your total tax bill
- Almost 50% of the budget revenue is being paid for by fees, and other sources of revenue
- Even with the reduced tax levy, and reduction in the tax rate we are still heavily reliant on taxes



Municipal Tax rate history





Tax Rate trend

- As separate municipalities, our tax rates continued to trend upward
- Like other municipalities we struggled to find other sources of revenue, and rely heavily on surplus reserves
- Other revenues were not sustainable
- As a consolidated municipality, we have been able to realize efficiencies, and thereby reducing expenditures
- These reductions are sustainable
- Combined reserves allows us to implement financial tools to sustain revenues, and reduce our reliance on both surplus, and local tax



Open Space Tax

- Open space tax is a separate tax, and was voted on by referendum in Nov, 2012
- The rate of \$0.017 represents a revenue neutral amount for the municipality, but is a change for taxpayers.
- When calculating our Municipal Tax rate, we took into account the change in the Open Space tax to have a level effect on taxpayers



Future Operating Budgets:

- Restructuring of all labor agreements going forward will play a critical role in keeping taxes down
- Develop a long term debt management strategy that maintains our AAA rating
- Create a policy for sustainable use of Surplus and reserve balances
- Capital budget planning for a consolidated community



Citizens Finance Advisory Committee

- Made up of residents, as well as the Mayor and 2 members of Council
- Thank you for analyzing, and making the recommendations for the budget
- And for providing guidance and direction for our first consolidated budget