



Borough of Princeton

Public Hearing of 2011 Municipal Budget and
Proposed Amendments



Budget Overview

- As introduced the budget was \$25,991,953 or a 4.8% increase.
- There was a 1 cent tax rate increase as part of the introduced budget.
- The staff was asked to reduce the budget to come in at a zero tax increase
- This was accomplished through budget reductions of \$326K
- The suggested expenditure portion of the budget is therefore reduced to \$25,665,925 or a 3.4% increase with NO increase in taxes.

Proposed Amendments

- Receipts from Delinquent Taxes +35,436
- Local Tax -1,149,066
- Library Tax +822,602
- Mayor & Council OE +3,331
- Administration S&W -28,709
- Administration OE +4,700
- Engineering S&W -47,150
- First Aid Contribution -26,591

Proposed Amendments (Cont'd)

- Gasoline +15,000
- Library -42,059
- Interest on Notes -81,100
- NJ EIT Program -125,000
- Deferred Charges Unfunded +1,550
- Reserve for Uncollected Taxes +35,000



Municipal Tax Rate

- Proposed 2011 \$.468
- 2010 \$.468 (Revaluation Effective)
- 2009 \$1.03
- 2008 \$1.03



Surplus Philosophy

- In determining how much surplus you wish to utilize you must do so with the following in mind:
 - Ability to replenish or acknowledgement that it will not be fully replenished
 - What should surplus be used for? Moderating tax increases
 - Must continue to keep expenses down
 - Grow your other revenues
 - Grow your ratable base
 - Make sure that as many programs and or services that can be fee based are self sustaining.



Prior Use of Surplus

- Available / Used Subsequent Budget
- 2010 2,825,804 / 800,000
- 2009 2,846,072 / 799,808
- 2008 1,702,550 / 799,808

Rebuilding Surplus

2.8 Available utilizing 800,000

- Unexpended Balance of 2010 Budget Appropriation Reserves
 - Traditionally this has been 500-600K per year
- Miscellaneous Revenues Anticipated
 - It would be rare to not cover all of the anticipated revenues. All excess would go to surplus.
- Receipts from Delinquent Taxes
- Miscellaneous Revenues Not Anticipated
 - Traditionally we would have between 100-250K

We are positioned to have 2.8 million again next year

Prior Use of Capital Surplus

- Available / Used Subsequent Budget

- 2010 4,668,640 / 2,190,774
- 2009 2,613,699 / 1,138,863
- 2008 1,487,220 / 1,000,000



Rebuilding Capital Surplus

○ Grants

- Traditionally the borough receives 250-500K per year

○ Reimbursement from Township

- A reasonable estimate for this amount is 300-400K

○ Cancellation of Prior Authorizations

- A reasonable estimate for this would be 100-250K

The replenishment amount might be as high as a million dollars but likely would be less. Therefore it is estimated that it is reasonable to assume that you might get an additional three years out of the capital surplus if it is utilized at the current rate.

Weaning Process

- Staff would recommend that the Finance Committee develop a program that will wean the budget away from requiring this significant amount of surplus to be utilized
 - Budget and program reductions
 - Develop additional and maximize existing revenues

The ultimate goal would be to develop an income stream from capital surplus that is sustainable similar to that of the operating budget. While still leaving funding available for the inevitable rainy day.



Next Steps & Questions

- Introduce amendments
- Set public hearing and adoption for April 26th.
- Questions from Borough Council
- Questions from Public