

PRINCETON COUNCIL MEETING
October 22, 2013

A special meeting of the Mayor and Council of Princeton was held on this date at 7:00 p.m. in the Main Meeting Room, Witherspoon Hall, 400 Witherspoon Street, Princeton, NJ.

NOTICE OF MEETING

The Deputy Clerk read the following statement.

The following is an accurate statement concerning the providing of notice of this meeting and said statement shall be entered in the minutes of this meeting. Notice of this meeting as required by Sections 4a, 3d, 13 and 14 of the Open Public Meetings Act has been provided to the public in the form of a written notice. On October 15, 2013 at 12:00 p.m., said schedule was posted on the official bulletin board in the Municipal Building, transmitted to the Princeton Packet, the Trenton Times, the Town Topics, and filed with the Municipal Clerk.

ROLL CALL

The Deputy Clerk then called the roll.

Present: Ms. Butler, Ms. Crumiller, Ms. Howard, Mr. Liverman, Mr. Miller, Mr. Simon and Mayor Lempert.

Absent: None.

Also Present: Mr. Bruschi, Ms. Monzo and Ms. Webb.

Chief Financial Officer, Sandra Webb reviewed with Mayor and Council a power point presentation (attached) concerning Current Fund Revenues for the period ending September 30, 2013. Ms. Webb explained that some of the line items listed in the percent collected column appear low, in example, Princeton University Fair Share and Institute for Advanced Study, but that historically those amounts are collected in December. She also explained that other accounts have not been transferred as of yet and that they are traditionally moved in December. Mr. Simon asked if the overall budget is on track. Ms. Webb responded that she is seeing a few shortfalls, in example in gas and electric, but overall approximately ninety percent are on target for the first year of consolidation.

October 22, 2013

Citizen Finance Advisory Committee (CFAC) members Scott Sillars, Brian McDonald, Will Dove, Adrienne Krepke and Gary Patteson reviewed with Council a power point presentation (attached).

Scott Sillars stated that the objective of tonight's meeting is to initiate a discussion on possible long-term municipal financial guidelines, policies and procedures.

The CFAC suggested guidelines for a budget time table, fund surplus, debt; and for capital spending.

Mr. Liverman said that prioritizing expenditures is difficult because of the many needs of maintaining the town.

Ms. Crumiller questioned having this debt. Mr. Sillars responded that the level of debt needs to be understood in context. He advised that the debt burden should not keep the town from meeting its obligations.

Mr. Sillars also discussed with Council the procedures for Standard and Poors rating criteria for bond rating on borrowing. He noted that while Princeton was still waiting for its bond rating, he expected the town to receive a AAA, but would not be surprised if it received an AA+, the next step down, and that it is a minor difference and is not a great concern.

Council discussed with the CFAC and staff members present budget guidelines. Mr. Simon stated that Council needs to pin down a budget process. All governing body members agreed and will look to formalize a schedule.

Council thanked the CFAC members for tonight's presentation.

Mayor Lempert announced to Council and those present that she is recusing herself from upcoming negotiations with Princeton University over the school's voluntary payments. Mayor Lempert continued by saying that controversy over her participation has overshadowed the discussions.

There being no further business the meeting was adjourned at 9:00 p.m.

Kathleen Brzezynski
Deputy Clerk

Current Fund Revenues
Period Ending 09/30/13

	2013	2013	Percent
	Budget	Realized	Collected
REVENUE			
SURPLUS ANTICIPATED	5,800,000.00	0.00	0.00% Realized prior to year end
MISCELLANEOUS REVENUES			
Licenses:			
Alcoholic Beverages	62,500.00	62,192.00	99.51% Collected in the beginning of the year
Other	23,000.00	40,935.00	177.98% Higher active than expected
Fees and Permits	284,000.00	205,005.57	72.19%
Municipal Court	1,440,000.00	975,083.20	67.71%
Interest and Costs on Taxes	374,000.00	276,835.24	74.02%
Interest on Investments and Deposits	232,000.00	89,024.81	38.37% All interest not turned over from other funds
Anticipated Utility Operating Surplus (Parking Utility)	1,400,000.00	0.00	0.00% Turned over prior to year end
Sewer Service Charges	6,697,000.00	5,132,207.68	76.63%
Princeton University Fair Share	2,475,000.00	1,237,500.00	50.00% Collected prior to year end
Street Opening Inspection Fees	5,000.00	5,000.00	100.00% This revenue is to be combined with fees & permits
Life Hazard Use Fees	88,000.00	70,288.23	79.87%
Fire & Housing Inspection Fees	198,000.00	192,944.50	97.45% More inspections based on staffing levels
Passport Fees	11,850.00	4,225.00	35.65% Passports suspended due to staffing shortage
State Aid			
Consolidated Municipal Property Tax Relief Aid	18,654.00	13,990.45	75.00%
Energy Receipts Tax	2,433,767.00	1,854,291.30	76.19%
Consolidation Act - State Reimburse for Costs	464,000.00	350,000.00	75.43%
PILOT - Institute for Advanced Study	250,000.00	0.00	0.00% Collected in fourth quarter of the year
PILOT - Princeton Community Village	303,000.00	239,575.00	79.07%

Current Fund Revenues
Period Ending 09/30/13

REVENUE	2013	2013	Percent
	Budget	Realized	Collected
PILOT - Tenacre Foundation	502,000.00	377,093.13	75.12%
PILOT - Elm Court Pilot	74,000.00	57,192.75	77.29%
PILOT - Chamber Street Land Lease	102,000.00	106,222.50	104.14% Anticipated amount not increased based on agreement
Uniform Construction Code Fees	120,000.00	0.00	0.00% Moved by staff prior to year end
Princeton University Prospect Avenue Street Lighting	7,654.00	7,654.00	100.00% Realized at budget adoption
Princeton University - Fire Equipment	20,000.00	20,000.00	100.00% Realized at budget adoption
Bonner Foundation	21,500.00	21,500.00	100.00% Realized at budget adoption
Comer House Foundation - Drug Treatment Program	239,730.00	239,730.00	100.00% Realized at budget adoption
Garden State Preservation Trust	4,855.00	4,855.00	100.00% Realized at budget adoption
Municipal Alliance on Drugs & Alcohol	28,020.00	28,020.00	100.00% Realized at budget adoption
Mercer County - Youth Advocacy Grant	97,770.00	97,770.00	100.00% Realized at budget adoption
Clean Communities	54,353.02	54,353.02	100.00% Realized at budget adoption
Princeton University - Fire Director	40,000.00	40,000.00	100.00% Realized at budget adoption
County of Mercer - PYP	20,000.00	20,000.00	100.00% Realized at budget adoption
State of NJ - National Institute for Drug Abuse	144,160.00	144,160.00	100.00% Realized at budget adoption
County of Mercer - Regional Drug Treatment	35,709.00	35,709.00	100.00% Realized at budget adoption
Princeton Regional - NJMSPLI	1,000.00	1,000.00	100.00% Realized at budget adoption
Princeton Regional - Drug Program - STAR	6,500.00	6,500.00	100.00% Realized at budget adoption
Princeton Regional - Academic Success	10,000.00	10,000.00	100.00% Realized at budget adoption
Cranbury Drug Intervention Program	10,080.00	10,080.00	100.00% Realized at budget adoption
Motivation 180	55,322.00	55,322.00	100.00% Realized at budget adoption
State of NJ - Vicinage Program	53,000.00	53,000.00	100.00% Realized at budget adoption
Princeton Theological Seminary	174,022.00	174,022.00	100.00% Realized at budget adoption

Current Fund Revenues
Period Ending 09/30/13

REVENUE	2013	2013	Percent
	Budget	Realized	Collected
Capital Fund Balance	1,500,000.00	0.00	0.00% Moved by staff prior to year end
Reserve for Debt Service	254,000.00	51,888.31	20.43% Moved by staff prior to year end
Reserve for Debt Service - Other	1,160,000.00	0.00	0.00% Moved by staff prior to year end
Reserve for Sewer Expenses	300,000.00	0.00	0.00% Moved by staff prior to year end
Reserve for Storm Expenses FEMA Hurricane Sandy	300,000.00	274,247.53	91.42% Collected most in third quarter
Hotel / Motel Tax	208,000.00	205,729.86	98.91% Moved by staff prior to year end
Stony Brook Sewer Industrial User Fees	25,000.00	9,280.32	37.12% Revenue anticipated same as prior years, but hospital gone
Assessment Trust Fund Balance	200,000.00	0.00	0.00% Moved by staff prior to year end
Engineering Developer Fees	23,000.00	0.00	0.00% Moved by staff prior to year end
RECEIPTS FROM DELINQUENT TAXES	1,553,000.00	1,240,847.67	79.90%
Local Tax for Municipal Purposes	28,115,758.33	20,563,356.72	73.14%
Minimum Library Tax	2,398,262.55	1,754,045.82	73.14%
LOCAL TAX FOR MUNICIPAL PURPOSES	30,514,020.88	22,317,402.54	73.14%
TOTAL GENERAL REVENUES	60,418,466.90	36,412,677.61	60.27%

Parking Utility Revenues
Period Ending 09/30/13

	2013 Budget	2013 Realized	Percent Collected	+ / - 10% Explanation
Surplus	110,000.00	0.00	0.00%	Will be realized prior to year end
Parking Fees	3,094,898.00	2,409,570.93	77.86%	
Annual Service Charge	354,132.00	299,129.54	84.47%	
Lease Agreements	229,593.00	187,226.97	81.55%	
Interest	3,791.00	7,281.04	192.06%	Larger Amounts on Hand not Turned Over
Total Parking Revenues	3,792,414.00	2,903,208.48		

Construction Revenues
Period Ending 09/30/13

	2013	2013	Percent	+ / - 10% Difference
	Budget	Realized	Collected	
Building Permits	925,400.00	1,103,632.00	119.26%	Permits exceeding expectation
Electrical Fees	147,800.00	179,384.00	121.37%	Permits exceeding expectation
Occupancy Permits	75,000.00	122,583.00	163.44%	Permits exceeding expectation
Plumbing Permits	200,000.00	327,344.00	163.67%	Permits exceeding expectation
Fire Permit Fees	55,000.00	77,199.00	140.36%	Permits exceeding expectation
Right to Know	11,600.00	10,952.54	94.42%	Permits exceeding expectation
Misc. Constr. Fees	9,200.00	12,292.00	133.61%	Permits exceeding expectation
Total Construction Revenues	1,424,000.00	1,833,386.54		

Current Fund Appropriations
Period Ending 09/30/13

APPROPRIATIONS GENERAL GOVERNMENT	2013	2013	Percent
	Adopted	Expended	Expended
Mayor & Council			
Salaries and Wages	79,750.00	45,000.00	56.43% Admin budget higher than actual
Other Expenses	2,394,700.47	157,872.15	6.59% Includes "up to cap" amount
Administrative and Executive			
Salaries and Wages	212,656.00	164,042.62	77.14%
Other Expenses	74,019.00	34,419.98	46.50% Budget included amts for Sustainable / Conso
Hazardous Bus Routing			
Other Expenses	213,000.00	187,507.77	88.03% Paid in third quarter
Municipal Clerk			
Salaries and Wages	270,460.00	212,072.96	78.41%
Other Expenses	45,500.00	27,626.84	60.72%
Human Resources (Personnel)			
Other Expenses	254,736.84	67,096.54	26.34% Expenditures need to be moved here for i.e. training
Elections			
Salaries and Wages	3,600.00	2,436.99	67.69%
Other Expenses	12,200.00	9,159.41	75.08%
Information Technology			
Salaries and Wages	198,670.00	153,038.86	77.03%
Other Expenses	322,650.00	283,068.32	87.73%
Financial Administration			
Salaries and Wages	620,311.00	507,982.54	81.89%
Miscellaneous Other Expenses	24,760.00	11,663.30	47.11% Includes budget for fixed asset accounting-not done yet
Audit	60,000.00	7,300.00	12.17% Expenditures occur in fourth quarter of the year
Assessment of Taxes			
Salaries and Wages	152,670.00	123,216.27	80.71%
Other Expenses	22,750.00	16,773.64	73.73%
Collection of Taxes			
Salaries and Wages	153,432.00	117,412.32	76.52%
Other Expenses	14,575.00	10,635.29	72.97%
Consolidation Commission			
Salaries and Wages	1,000.00	127.50	12.75% Minimal activity during the year
Other Expenses	1,000.00	375.95	37.60% Minimal activity during the year
Legal Services and Costs			
Other Expenses	544,000.00	412,755.41	75.87%

Current Fund Appropriations
Period Ending 09/30/13

APPROPRIATIONS	2013 Adopted	2013 Expended	Percent Expended
Municipal Prosecutor Other Expenses	70,000.00	43,199.99	61.71%
Engineering Services and Costs			
Salaries and Wages	805,193.50	698,153.57	86.71%
Other Expenses	59,350.00	14,003.22	23.59% Expenditures will occur during the fourth quarter
Legal Services			
Defense of Tax Appeals	30,000.00	25,000.00	83.33%
Municipal Court			
Salaries and Wages	386,079.00	300,068.40	77.72%
Other Expenses	26,780.00	17,080.71	63.78%
Public Defender			
Other Expenses	55,000.00	35,000.00	63.64%
Public Buildings and Grounds			
Salaries and Wages	581,708.00	439,258.70	75.51%
Other Expenses	390,850.00	259,827.76	66.48%
Municipal Land Use Law Planning Board (Joint)			
Salaries and Wages	215,531.00	166,382.82	77.20%
Other Expenses	42,350.00	31,458.78	74.28%
Environmental Commission			
Salaries and Wages	3,600.00	1,057.50	29.38% Minimal activity during the year
Other Expenses	3,000.00	489.29	16.31% Minimal activity during the year
Zoning Board			
Salaries and Wages	213,972.00	180,910.19	84.55%
Other Expenses	24,770.00	14,034.57	56.66% Billing lag from professionals
Sustainable Princeton			
Other Expenses	30,000.00	11,835.00	39.45% Expenditures will occur during the fourth quarter
Historic Sites Office			
Salaries and Wages	1,000.00	2,105.81	210.58%
Other Expenses	31,035.00	9,301.93	29.97% Billing lag from professionals
Insurance			
Liability Insurance	630,000.00	630,000.00	100.00% Paid in first quarter of the year
Workers Compensation Insurance	467,006.00	467,006.00	100.00% Paid in first quarter of the year
Employee Group Insurance	3,988,000.00	3,219,308.03	80.72%
PUBLIC SAFETY			

Current Fund Appropriations
Period Ending 09/30/13

APPROPRIATIONS	2013 Adopted	2013 Expended	Percent Expended
Fire			
Salaries and Wages	10,000.00	0.00	0.00% Staff will move during fourth quarter for PW staff
Other Expenses			
Fire Hydrant Service	675,000.00	467,088.60	69.20%
Miscellaneous Other Expenses	227,400.00	117,834.58	51.82% Billing lag for repairs
Fire Facilities	123,300.00	50,385.62	40.86% Billing lag for repairs & utilities
LOSAP Alternative	45,000.00	14,982.00	33.29% Expenditures occur in 4th qtr or 1st qtr 2014
Police			
Salaries and Wages	6,747,733.97	5,224,175.66	77.42%
Other Expenses	307,866.93	122,247.63	39.71% Phone expenses will be moved & prof consultant occur 4th c
Fire Inspectors / Uniform Fire Safety			
Salaries and Wages	365,843.00	299,857.29	81.96%
Other Expenses	6,960.00	3,876.19	55.69% Uniform expenditure fourth quarter
Emergency Management Services			
Salaries and Wages	145,000.00	81,933.98	56.51% Staff expenditures need to moved from other dept
Other Expenses	8,700.00	1,207.73	13.88% Emergency Management drill usually 4th qtr
STREETS AND ROADS			
Road Repair and Maintenance			
Salaries and Wages	1,753,763.00	1,270,972.81	72.47%
Other Expenses	262,600.00	119,247.08	45.41% Salt & sand purchase in 4th qtr
Street Lighting			
Other Expenses	290,000.00	121,209.02	41.80% Billing lag
Mechanics			
Salaries and Wages	284,445.00	210,307.16	73.94%
Other Expenses	215,000.00	174,243.90	81.04%
Maintenance of Sewerage Facilities			
Salaries and Wages	564,142.00	324,891.23	57.59% Staffing vacancy recently filled
Other Expenses	154,900.00	140,037.88	90.41%
Sewer System			
Other Expenses	19,100.00	2,866.38	15.01% Expenditures need to be moved here
Garbage and Trash Removal			
Other Expenses	1,550,500.00	823,379.76	53.10% Lower usage than expected
Solid Waste Disposal			
Salaries and Wages	32,176.00	28,504.47	88.59%
Other Expenses	148,900.00	12,330.50	8.28% Expenditures occur in 4th qtr

Current Fund Appropriations
Period Ending 09/30/13

APPROPRIATIONS	2013	2013	Percent
	Adopted	Expended	Expended
HEALTH AND WELFARE			
Board of Health			
Salaries and Wages	306,562.00	231,909.04	75.65%
Other Expenses	53,045.00	52,577.24	99.12% Contracts fully encumbered
Other Expenses - Flu Program	19,000.00	9,342.36	49.17% Expenditures occur in 4th qtr
Animal Control			
Salaries and Wages	57,136.00	47,140.17	82.51%
Other Expenses	7,126.00	4,339.65	60.90%
Save Boarding Costs & Animal Care			
Other Expenses	5,000.00	4,890.74	97.81% Contracts fully encumbered
Deer Management Program			
Salaries and Wages	20,000.00	15,883.18	79.42%
Other Expenses	58,700.00	10,400.00	17.72% Expenditures need to be moved here
Worker's Right to Know			
Other Expenses	1,000.00	0.00	0.00% Appropriation available if needed
Contribution to Affordable Housing			
Other Expenses	100,000.00	0.00	0.00% Staff needs to move appropriation
Parks & Playgrounds			
Other Expenses	21,000.00	3,741.16	17.82% Expenditures need to be moved here
Drug Abuse Program (Corner House)			
Salaries and Wages	113,401.00	83,916.74	74.00%
Other Expenses	155,000.00	63,091.93	40.70% Expenditures occur in 4th qtr
RECREATION AND EDUCATION			
Joint Recreation Board - Borough's Share			
Salaries and Wages	716,394.00	489,135.72	68.28%
Other Expenses	142,145.00	123,764.43	87.07%
Celebration of Public Events			
Other Expenses	7,500.00	0.00	0.00% Expenditures occur in 4th qtr
Senior Citizens Program			
Salaries and Wages	10,000.00	0.00	0.00% Moved by staff prior to year end
Other Expenses	199,142.00	156,268.05	78.47%
Department of Human Services			
Salaries and Wages	91,263.00	73,792.99	80.86%
Other Expenses	8,950.00	5,603.05	62.60%
Unclassified			

Current Fund Appropriations
Period Ending 09/30/13

APPROPRIATIONS	2013 Adopted	2013 Expended	Percent Expended	
Salary & Wage Adjustment	325,000.00	0.00	0.00%	Transfers done in 4th qtr
Condominium Service Reimbursement	250,000.00	27,032.09	10.81%	Expenditures occur in 4th qtr
Utilities				
Gasoline	301,800.00	271,164.23	89.85%	
Telephone	115,540.00	157,112.32	135.98%	Expenditures need to moved to proper depts
Electric & Gas	344,000.00	358,306.40	104.16%	Expenditures need to moved to proper depts
Natural Gas	75,000.00	26,299.69	35.07%	Billing lag
Water	21,100.00	6,166.51	29.23%	Billing lag
Accumulated Sick Leave	100,000.00	80,531.77	80.53%	
Statutory Expenditures				
Contribution to:				
Social Security System	850,000.00	758,184.15	89.20%	
Police & Firemen's Retirement System	1,508,845.00	1,508,845.00	100.00%	Paid in 2nd qtr
Public Employees Retirement System	1,272,602.00	1,272,601.11	100.00%	Paid in 2nd qtr
Cons. Police & Firemen's Pension Fund	30,000.00	19,404.24	64.68%	
Defined Contribution Retirement Plan	5,000.00	2,354.35	47.09%	Estimated budget, expenditures based on actual
State Unemployment Insurance	100,000.00	10,322.43	10.32%	Staff will move during 4th qtr
SUBTOTAL APPRS.: INSIDE CAP	35,061,245.71	24,602,767.14		
OPERATIONS - EXCLUDED FROM CAP				
Maintenance of Joint Free Public Library	3,983,619.00	3,983,619.00	100.00%	Full amounts turned over to library
Stony Brook Regional Sewerage Authority	3,925,000.00	2,940,920.55	74.93%	
Stony Brook Sewer Industrial User Fee	25,000.00	4,464.30	17.86%	Hospital gone, expenditure s/b decreased
Implementation & Maintenance of 911				
Communication System				
Police				
Salaries and Wages	599,271.00	442,158.65	73.78%	
Other Expenses	7,575.00	0.00	0.00%	Staff moves prior to year end for fringe
Public and Private Programs Offset by Revenues				
Matching Funds for Grants	10,000.00	10,000.00	100.00%	Grants fully expended at budget adoption
Bonner Foundation	21,500.00	21,500.00	100.00%	Grants fully expended at budget adoption
Princeton University - Fire	20,000.00	20,000.00	100.00%	Grants fully expended at budget adoption
Princeton University Street Lighting	7,654.00	7,654.00	100.00%	Grants fully expended at budget adoption
Clean Communities Program	54,353.02	54,353.02	100.00%	Grants fully expended at budget adoption
Corner House Foundation-SW	153,000.00	153,000.00	100.00%	Grants fully expended at budget adoption

Current Fund Appropriations
Period Ending 09/30/13

APPROPRIATIONS	2013 Adopted	2013 Expended	Percent Expended
Corner House Foundation-OE	86,730.00	86,730.00	100.00%
Drug Program-Cranbury Intervention SW	10,080.00	10,080.00	100.00%
Muni. Alliance Program-SW	17,020.00	17,020.00	100.00%
Muni. Alliance Program-OE	11,000.00	11,000.00	100.00%
Drug Program-State of New Jersey SW	144,160.00	144,160.00	100.00%
Drug Program-Mercer County SW	35,709.00	35,709.00	100.00%
Academic Success Today SW	5,000.00	5,000.00	100.00%
Academic Success Today OE	5,000.00	5,000.00	100.00%
Mercer County-Motivation 180 SW	44,645.00	44,645.00	100.00%
Mercer County-Motivation 180 OE	10,677.00	10,677.00	100.00%
Mercer County-PYP Program SW	20,000.00	20,000.00	100.00%
Drug Program - MC Advocacy grant	97,770.00	97,770.00	100.00%
Drug Program-NJMSPLI OE	1,000.00	1,000.00	100.00%
Drug Program-STAR OE	6,500.00	6,500.00	100.00%
Drug Program- NJ Vicinage Prog sw	53,000.00	53,000.00	100.00%
Capital Improvements			
Capital Improvement Fund	250,000.00	0.00	0.00%
Green Acres	253,011.00	233,390.64	92.25%
Municipal Debt Service			
Payment of Bond Principal	6,683,738.00	6,600,000.00	98.75%
Interest on Bonds	2,737,764.00	2,615,937.53	95.55%
Interest on Notes	60,000.00	0.00	0.00%
Environmental Infrastructure Loan Program	1,329,122.00	1,215,223.07	91.43%
Deferred Charges			
Emergency Authorization	550,000.00	0.00	0.00%
Special Emergency	655,118.00	0.00	0.00%
SUBTOTAL OUTSIDE CAP	21,874,016.02	18,850,511.76	
RES. FOR UNCOLLECTED TAXES	3,483,205.17	0.00	0.00%
TOTAL GENERAL APPROPRIATION	60,418,466.90	43,453,278.90	Moved by staff prior to year end

**Parking Appropriations
Period Ending 09/30/13**

PARKING APPROPRIATIONS				+ / - 10% Difference
	2013 Adopted	2013 Expended	Percent Expended	
Operating:				
Salaries and Wages	590,614.00	459,619.83	77.82%	
Other Expenses	629,375.00	370,840.30	58.92%	Fringe benefits adjusted prior to year end
Debt Service:				
Payment of Bond Principal	495,000.00	495,000.00	100.00%	Payment occurs in second half of year
Interest on Bonds	451,063.00	451,062.50	100.00%	Payment occurs in second half of year
Deferred Charges to Future Taxation-Unfunded				
Ord 03-41	23,857.19	0.00	0.00%	Adjusted by staff prior to year end
Ord 04-12	9,100.00	0.00	0.00%	Adjusted by staff prior to year end
Ord 06-14	376.00	0.00	0.00%	Adjusted by staff prior to year end
Ord 07-21	2,028.35	0.00	0.00%	Adjusted by staff prior to year end
Ord 09-27	76,000.00	0.00	0.00%	Adjusted by staff prior to year end
Ord 10-4	115,000.46	0.00	0.00%	Adjusted by staff prior to year end
Surplus (General Budget)	1,400,000.00	0.00	0.00%	Adjusted by staff prior to year end
Total Parking Utility Appropriations	3,792,414.00	1,776,522.63		

Construction Appropriations
Period Ending 09/30/13

APPROPRIATIONS	2013	2013	Percent	+ / - 10% Difference
	Adopted	Expended	Expended	
Construction Official				
Salaries and Wages	770,000.00	593,042.00	77.02%	
Other Expenses	654,000.00	132,994.27	20.34%	Fringe will be moved prior to year end
Total Construction Official:	1,424,000.00	726,036.27		

CFAC Working Session

October 22, 2013

Introduction

- Tonight's objective is to initiate a discussion on possible longer-term municipal financial guidelines, policies and procedures
- Focus of last 2 years has been on executing the consolidation
- CFAC Focus:
 - 2013 Budget; tracking projected consolidation savings
 - Newsletter
 - Capital planning
 - Benchmarking; Standard & Poor's
 - Salary & wage analysis; fair share analysis

Observations and Lessons Learned

- Not surprisingly, consolidating the budgets led to a compressed and confusing budget process
- No time for reviews in Joint Meetings, etc.
- Different approaches and policies
 - Open Space, Capital, Construction, benefits accounting
 - Up-to-Cap
 - Surplus
- Base information could be clarified
 - Staffing, S&W
- Capital spending

Observations and Lessons Learned

- Princeton should consider adopting policy guidelines
 - Budgeting
 - Surplus
 - Debt
 - Capital spending
 - Other areas
 - Library, Open Space, Parking Utility, Etc.
- Some of these policies may already be in place
- Policy guidelines can be changed at any time

Guidelines to Consider

- Budgeting
 - What should be the process and timetable?
- Fund Surplus
 - How much to maintain?
 - How to maintain?
- Debt
 - How much should we borrow to finance our capital needs?
- Capital spending
 - How should we prioritize our capital spending?
 - 5-year plan

Why Adopt Policy Guidelines?

- Instills planning discipline across the organization
- Clarifies & communicates expectations
- Keeps everyone informed of the need to make 'big picture' changes and the opportunity to debate those changes beforehand
- Establishes priorities in a transparent manner
- Protects the future from the consequences of many small, one-off decisions
- State guidelines, new Ratings Agency focus

Budget Guidelines

- Financial objectives:
 - Timely adoption after informed evaluation and discussion of options
 - Full understanding of how & where money will be spent, sources and amounts of funding and how our long-term financial position will be effected by actual expected spending
 - Understand what is changing, particularly in relation to expectations
- Establish a process that permits financial objectives to be attained
- An all-inclusive plan to understand the whole picture
 - General & Capital Funds, Parking Utility, Open Space, etc.
 - Anticipated Surplus and future debt service (other L-T impacts?)

Budget Considerations

- Timetable
- Documents and templates to be produced in the process
- Who should be involved at what point in the process
- Availability of information

Proposed Budget Schedule

Sep 30	5 yr Capital Budget	Templates distributed to Department Directors
Oct 1	Operating Budget	Templates distributed to Department Directors
Oct 14	5 yr Capital Budget	Dept submissions due
Oct 18	Operating Budget	Dept submissions due
Oct 21 (week 4)	Operating Budget	Budget assembled
Oct 28 (week 5)	All Budgets	Administration review
Mid-November	All Budgets	Draft budget created
Dec 2 (week 1)	All Budgets	CFAC review
January	All Budgets	Due diligence meetings with Governing Body
February	All Budgets	Budget Introduction
<i>Ongoing—Policy guidelines discussed & established by Admin / Governing Body</i>		

Budget inclusions

- What do we need to see to understand the Budget, particularly what is changing?
- Personnel
 - Staff level (headcount) by Dept (Current Yr/Budget Yr)
 - Baseline S&W by Dept (before discretionary increases)
 - Allocation of staff/dept by Budget (Operating, Capital, Open Space, Parking Utility, etc)
- Departmental expense templates (all Budgets)
- Other Templates
 - Employee benefits
 - Other revenues
 - Changes in Ratables
 - Debt service projections
 - Reserve provisions—Uncollected Taxes, Up to Cap
 - Surplus projections by Fund

Other Budget Considerations

- The earlier timetable will require that we make some preliminary assumptions
 - E.g., State Aid
- The earlier timetable will put us in a good position to evaluate alternatives
- Opportunity / responsibility of Council Committees to have timely input?

Financial Guidelines

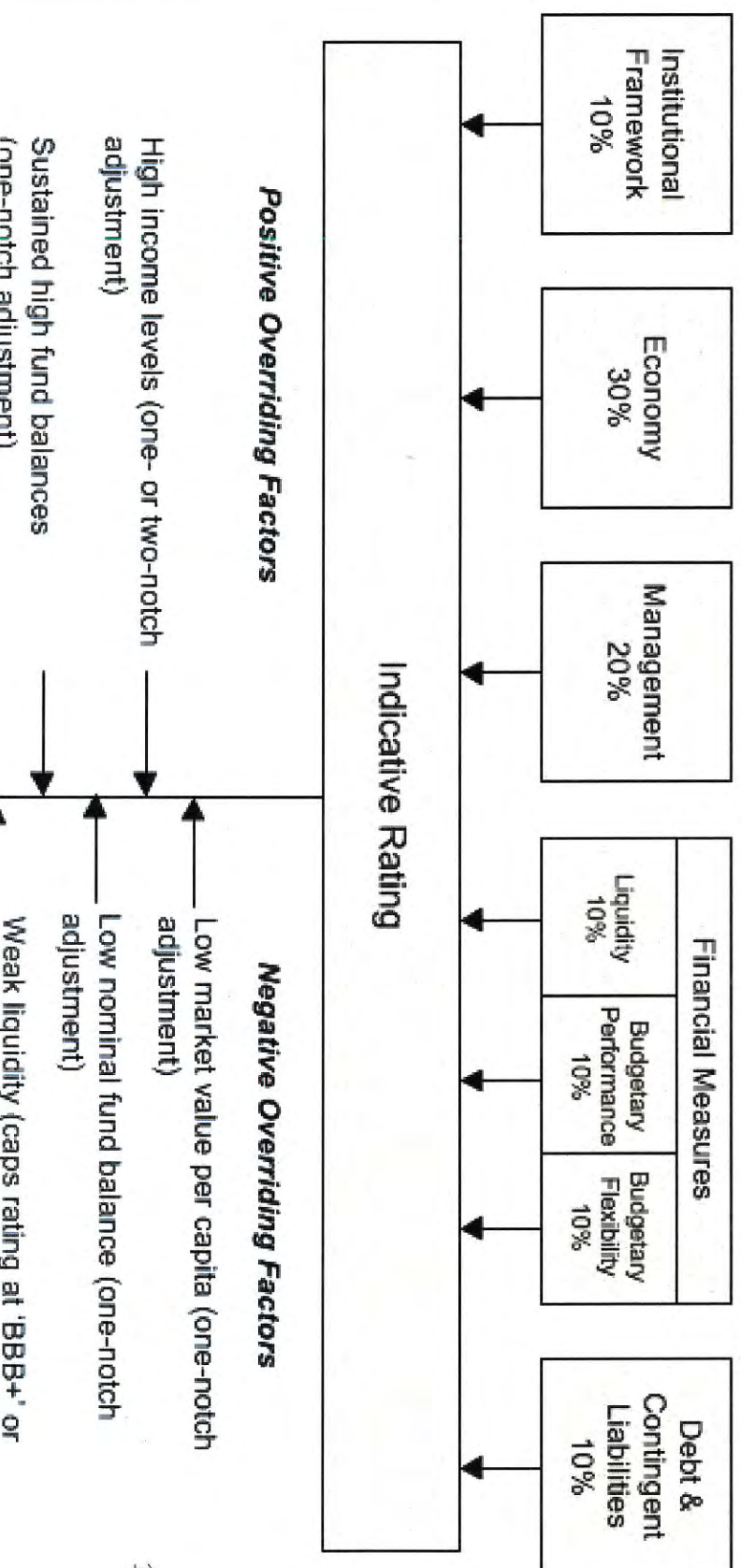
- Surplus, debt & capital spending guidelines
 - All are financial measures that ultimately drive the municipal tax rate
- CFAC has reviewed new Standard & Poor's guidelines
- CFAC has benchmarked Princeton to other AAA rated NJ municipalities

New S&P Ratings Criteria

- Metrics-driven & transparent
- Municipalities 'control' 40 – 60% of their destinies

Chart 1

Analytical Framework For Local GO Ratings



S&P Take Away: Important Measures That We Can Control

- Demonstrated commitment to maintaining financial sustainability
 - Real revenues support expenses
 - Willingness to raise taxes in support of expenses and take action on expenses to meet revenues
- Adequate reserves & liquidity; sustainable debt
- Written policies:
 - Surplus
 - Capital spending
 - Debt
 - Others

S&P Key Financial Metrics—10% Each

- Surplus—Available Fund Balance > 15% of Appropriations
- Budgetary Performance—Long-term structural balance (Revenues >= Expenditures)
- Liquidity—Availability of cash to service debt & other expenditures
- Debt—Debt as a % of revenues & debt service as a % of total expenditures

Benchmarking vs Other AAA Rated NJ Municipalities

- CFAC looked across the 20+ NJ towns
 - Focused on 7 most similar to us
 - Very rough-cut exercise; many have different makeup (e.g. prof. fire dept, minimal sewer/garbage), but directionally representative

Benchmarking vs Other AAA Rated NJ Municipalities

	Princeton	Mahwah Twp	Randolph Twp	Ridgewood Village	Summit	West Windsor
Market Value	7,227,209,544	6,436,286,945	4,440,112,575	6,378,217,625	7,189,194,980	6,206,401,538
Population	28,572	25,890	25,734	24,958	21,457	27,165
Fund Balance	13,040,526	5,940,228	9,087,660	3,988,670	8,070,077	7,054,421
Fund Balance Utilized	5,800,000	3,825,000	3,255,000	2,567,129	6,250,000	4,435,000
% Utilized	44%	64%	36%	64%	77%	63%
Total Appropriations	64,254,270	34,923,012	35,245,692	45,236,956	47,073,338	37,414,758
Total Revenues, net of Surplus Used	58,454,270	31,098,012	31,990,692	42,669,827	40,823,338	32,979,758
Debt Service-2012 Current Fund	11,190,180	3,502,615	1,983,106	4,042,378	7,708,100	5,465,353
GI Bonds Outstanding	78,131,193	26,205,000	4,165,000	39,245,219	65,593,500	35,840,000
Total Debt Outstanding	96,941,854	26,205,000	6,358,614	58,786,499	65,593,500	41,545,100
Summary						
Total Debt Outstanding	96,941,854	26,205,000	6,358,614	58,786,499	65,593,500	41,545,100
Total Appropriations	64,254,270	34,923,012	35,245,692	45,236,956	47,073,338	37,414,758
Household EBI as a % of US	189%	n/a	n/a	215%	204%	251%
Per Capita EBI as % of U.S.	194%	n/a	n/a	237%	261%	227%
Per Capita Market Value	252,947	248,601	172,539	255,558	335,051	228,471
Fund Balance as a % of Appropriations	20%	17%	26%	9%	17%	19%
Available Fund Balance as a % of Approps	11%	6%	17%	3%	4%	7%
Debt Service as a % of Approps	17%	10%	6%	9%	16%	15%
Total Debt as a % of Net Revenues	166%	84%	20%	138%	161%	126%
Total Debt as a % of Total Market Value	1.34%	0.41%	0.14%	0.92%	0.91%	0.67%

Benchmarking vs Other AAA Rated NJ Municipalities

	Princeton Rank	Princeton	Median
Equalized Taxable Property Values	Greatest	7,227,209,544	6,407,252,285
Population	Largest	28,572	25,812
Total Appropriations	Greatest	64,254,270	41,325,857
Fund Balance	Greatest	13,040,526	7,562,249
% Utilized	3rd least	44%	64%
Total Debt Outstanding	Greatest	96,941,854	50,165,799
Per Capita EBI	Least	194%	232%
Per Capita Market Value	4th greatest	252,947	250,774
Available Fund Balance as a % of Approps	4th greatest	11%	7%
Fund Balance as a % of Approps	3rd greatest	20%	18%
Debt Service as a % of Approps	Highest	17%	12%
Total Debt as a % of Net Revenues	2nd Highest	166%	132%
Total Debt as a % of Total Market Value	Highest	1.34%	0.79%

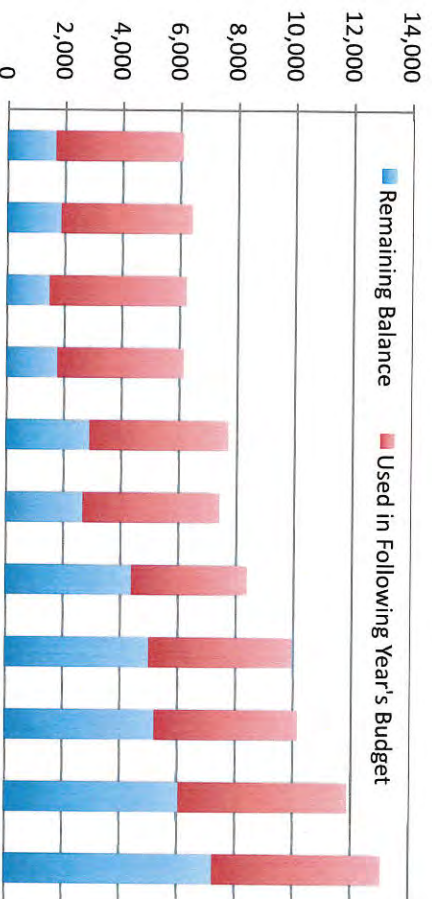
Observations

- Princeton's utilization of 44% of its surplus as revenues is not unusual (5 of 7 use more)
- 'Managing' surplus appears to be common
 - Conservatively budget appropriations
 - Fund conservative aspect of appropriations with surplus
 - Maintain surplus levels over time through budget process to ensure sustainability
- Princeton's debt levels are high on a relative basis (but remember that this was already taken into account in our AAA/AA+ ratings)

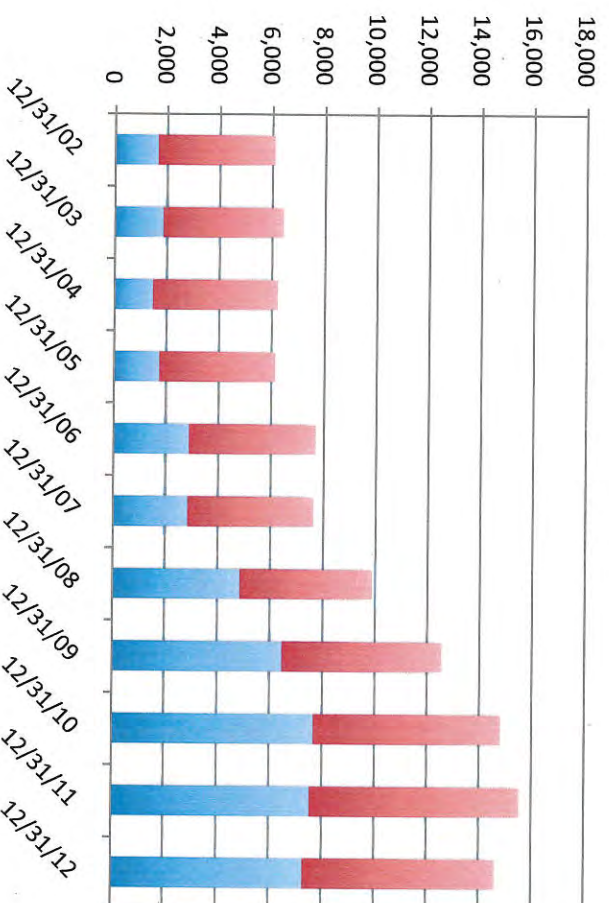
Surplus Budgeting

Princeton's Surplus: Improved and At Healthy Level

Current Fund

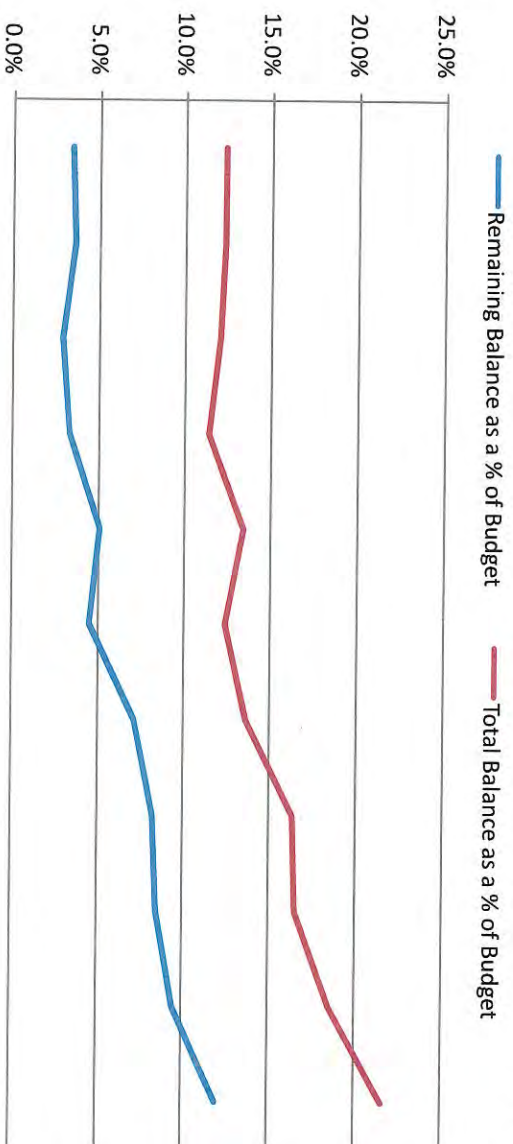


Current & Capital Funds

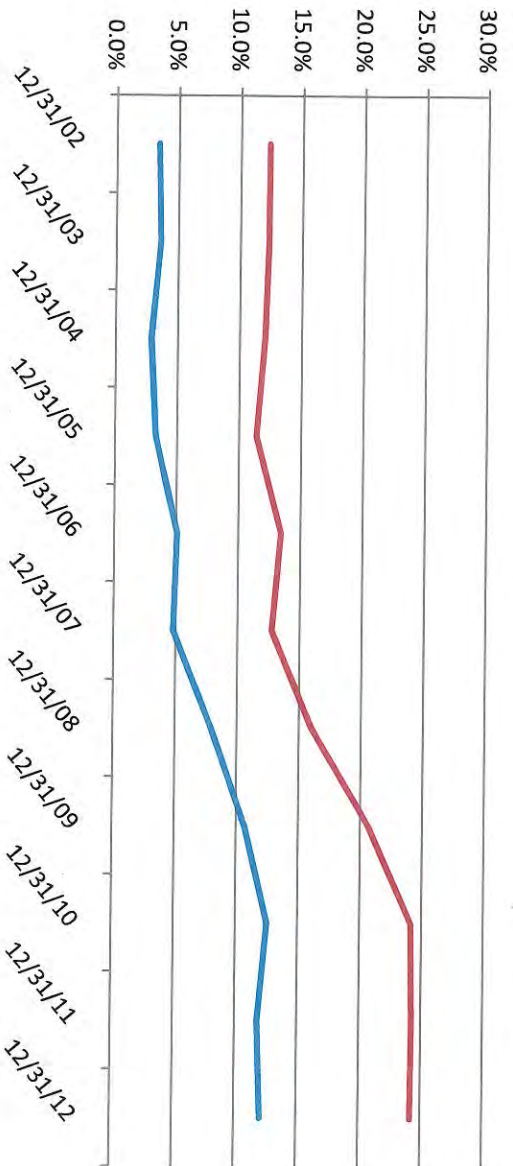


Capital Surplus: Consumed as Planned; No Longer Available

Current Fund



Current & Capital Funds



Factors Driving Current Fund Surplus

	2013		2012 Combined	
	Projected	Budget	Unaudited	Budget
Revenue:				
Budget Anticipated				
Fund Balance Approp	5,800.0	5,800.0	5,800.0	5,800.0
Misc. Revenues	22,420.0	22,481.1	25,363.3	25,133.8
Non-anticipated revenues	811.4		811.4	
Receipts from taxes:				
Current (Munic. Portion)	28,713.8	30,513.8	30,627.2	31,824.5
Delinquent	1,500.0	1,553.0	1,406.9	1,496.1
Other credits to income:				
Lapsed approp reserve	3,827.9		3,827.9	
Misc			394.5	
Total Revenue	63,073.1	60,347.9	68,231.2	64,254.4
Expenditures:				
Budget Expenditures	56,784.7	60,347.9	61,256.7	64,254.4
Misc			-	
Total Expenditures	56,784.7	60,347.9	61,256.7	64,254.4
Excess to Fund Balance	6,288.4		6,974.5	
Less: Used as Budget Revenue	(5,800.0)		(5,800.0)	
Change in Fund Balance	488.4		1,174.5	
Balance on January 1	13,040.5		11,866.0	
Balance December 31	13,528.9		13,040.5	

Factors Driving Current Fund Surplus

\$ in 000's

Fund Balance Appropriated **\$ (5,800)**

Variances that contribute to Surplus:

Lapsed Appropriation Reserves **3,827.9** **Unspent 2012 appropriations**

Rcpts from taxes - current **(1,800.0)** **Actual coll. vs 100% of amnts billed**

Reserve for Uncollected Taxes **3,483.2** **Expense budgeted for shortfall in colls**

Non-antic revenues **811.4** **Unforeseen or precluded by state regs**

Other budgeted revenue variance **(114.1)**

Other budgeted approp variances **80.0**

Total Variances **6,288.4**

Change to Surplus **\$ 488**

- Our budgeting practices have made it more difficult to forecast surplus
 - Up to Cap, other reserves hard to track
 - Reliability of current year's spending estimates at budget time

Surplus Status

- Surplus anticipated during 2013 budget review

\$ in 000's	Current Fund	Capital Fund	Combined Funds	% of Budget Approps
Beginning Fund Balance *	13,040.5	1,563.7	14,604.2	24%
Less: Appropriated Fund Balance	<u>(5,800.0)</u>	<u>(1,500.0)</u>	<u>(7,300.0)</u>	
Available Fund Balance	7,240.5	63.7	7,304.2	12%

* Excluding reserve adjustments

memo: Ending Fund Bal. Projected during Budget review	13,528.9	63.7	13,592.6	22%
---	----------	------	----------	-----

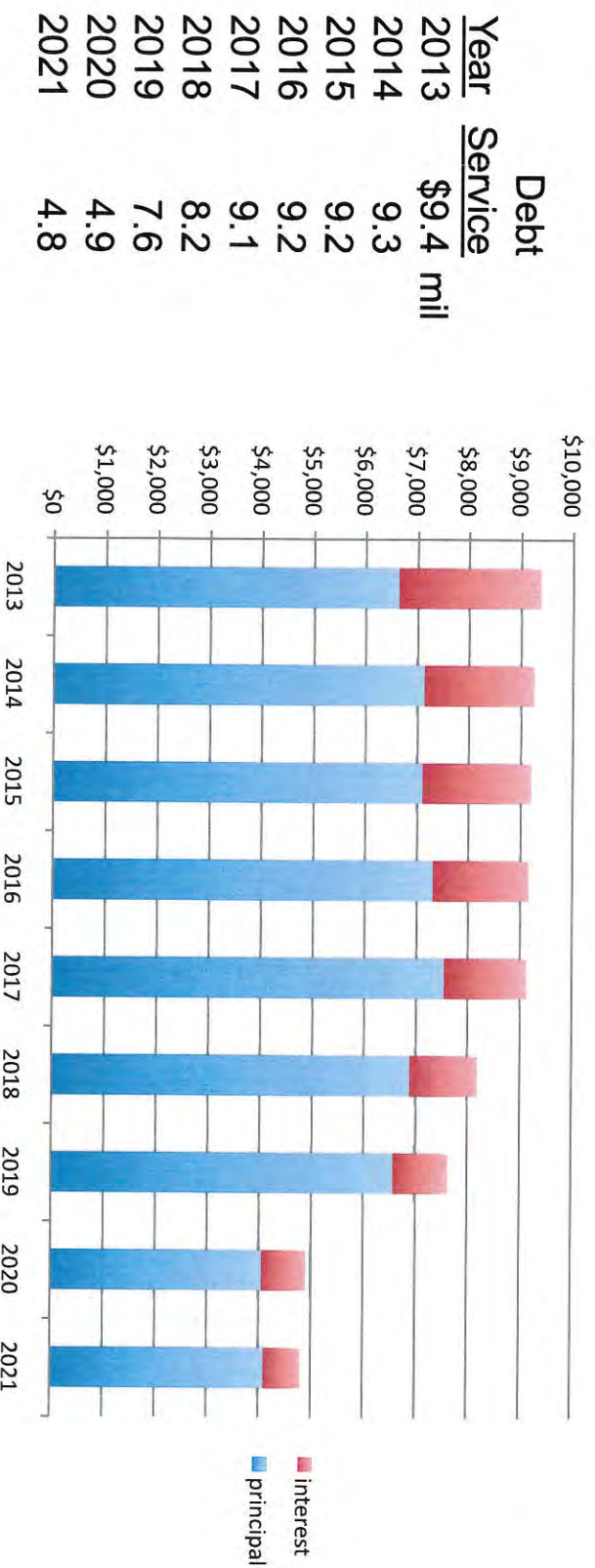
Possible Surplus Guidelines

- Target a Fund Balance objective as part of the Budget
- Establish mechanism to adjust for variances in Fund Balance
- CFAC tasks
 - Evaluate ranges to recommend
 - Discuss timing of availability of ‘final’ information

Debt and Capital Budgeting

Debt and Capital Budgeting: Current Debt Picture

- Same debt issues exist today as those outlined in the July CFAC Presentation.
- Even with the anticipated November debt refunding, existing general obligation debt service costs will be relatively flat for the foreseeable future. Substantial debt service relief will begin to fall off sharply only in 2020.



Future Capital Expenditure Impact on Debt Service Burden

- Debt service projections on previous slide exclude a projected \$6.5 million in bond anticipation notes (BANs) at yearend 2013. We began the year with \$4.0 million in bond anticipation notes.
- Phoenix Advisors estimates that funding these notes in the long term markets would raise our debt service costs an additional \$500 thousand per year over the next 15 years.
- Any new capital expenditures over the next several years, be they recurring in nature, or special one time “big ticket” / discretionary projects, will raise our debt service costs, and put pressure on our revenue base.
- Debt service costs (all types) accounted for 18% of our Appropriations in the 2013 Budget, the highest percentage among other AAA rated NJ municipalities.
- Debt service costs will rise even if we hold general obligation debt obligations flat over the next six years.
- As a rule of thumb, each \$5 million of debt adds \$430,000 of annual debt service (assuming 3.5%, 15 yr amortization)

Possible Guidelines to Manage Our Debt Burden

- Should maintenance of our AAA rating be a guideline shaping all capital and operating budget decisions?
- Ceiling for Debt Service as % of Appropriations (Current Value: 17%)
- Ceiling for Total Debt as % of Net Revenues (Current Value: 166%)
- Ceiling for Total Debt as % of Total Market Value (Current Value: 1.34%)

Recommended Capital Budgeting Procedures Going Forward

- Timely integration of capital and operating budget preparation to assess impact on absolute debt levels and rating agency views. This is reflected in current schedule.
- Prioritization of capital projects should be conducted at 3 levels: first, by department directors, distinguishing between recurring items and “big ticket”/ discretionary projects; second, by Administration and Finance, to insure ROI and capital structure impact has been analyzed; and lastly, by Mayor/Council.
- Annual review by Administration and Finance of the Infrastructure and Engineering capital expenditure projections, to weigh necessity and scheduling flexibility.
- Finance: One time clean up of all Authorized But Not Issued Improvements by prior Township and Borough. This project will be completed by yearend 2013. Going forward, as projects are bid and awarded, Finance to expunge remaining differences in accounting.
- Lastly, review of second ordinance to be introduced October 28. Importance of reviewing project merits against all alternative uses of capital.

Recommended Next Steps

- Establish budget schedule & guidelines
- Council consider & adopt written guidelines for Surplus, Capital & Debt
- Surplus
 - CFAC / Administration recommend range of Surplus guidelines for Council to consider in conjunction with 2014 Budget
- Capital
 - Staff incorporate recommendations into 2014 Budget process
- Other policy guidelines
 - Identify & document as part of the Budget process
 - Library, Open Space, etc.
 - Keep them simple & straightforward