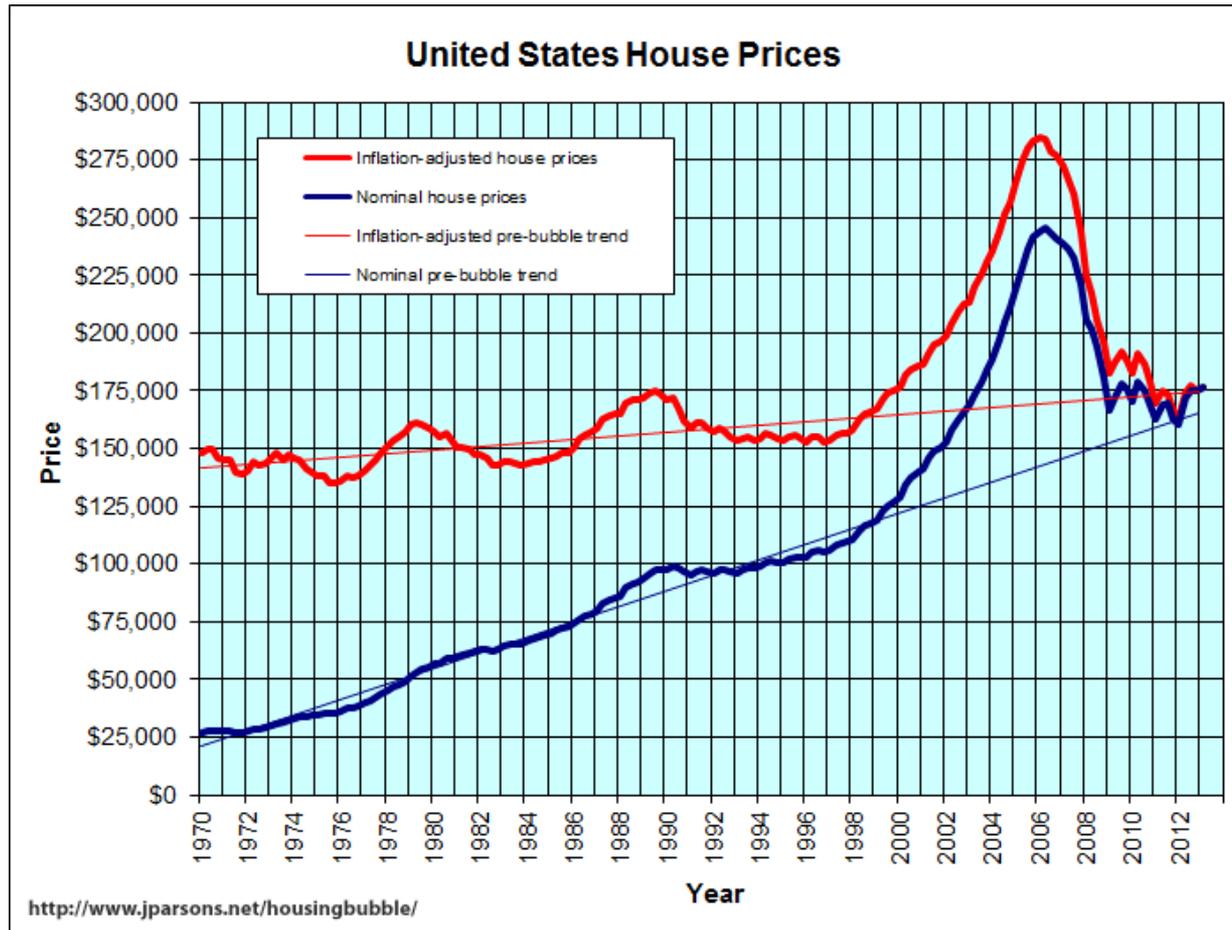


An Overview of
East Amwell Township's
2013 Reassessment of Property Values

US Housing Bubble

- 4Q2005 median US home price = \$283,397
- 4Q2012 median US home price = \$174,585: 38% loss of value



Why Did East Amwell Conduct a Reassessment?

- In 2012, 26 taxpayers filed appeals of their property values. Reductions totaling \$1,610,300 were granted as a result of those appeals.
- Township refunded approximately \$25,600.00
- Based on these factors and to ensure fairness, the Township Committee and the state Division of Taxation approved a Reassessment for East Amwell Township.

Reassessment vs. Revaluation

Revaluation:

- Completed by outside firm
- All properties inspected – All properties reviewed and adjusted by outside firm
- East Amwell Township's last Revaluation - 2005

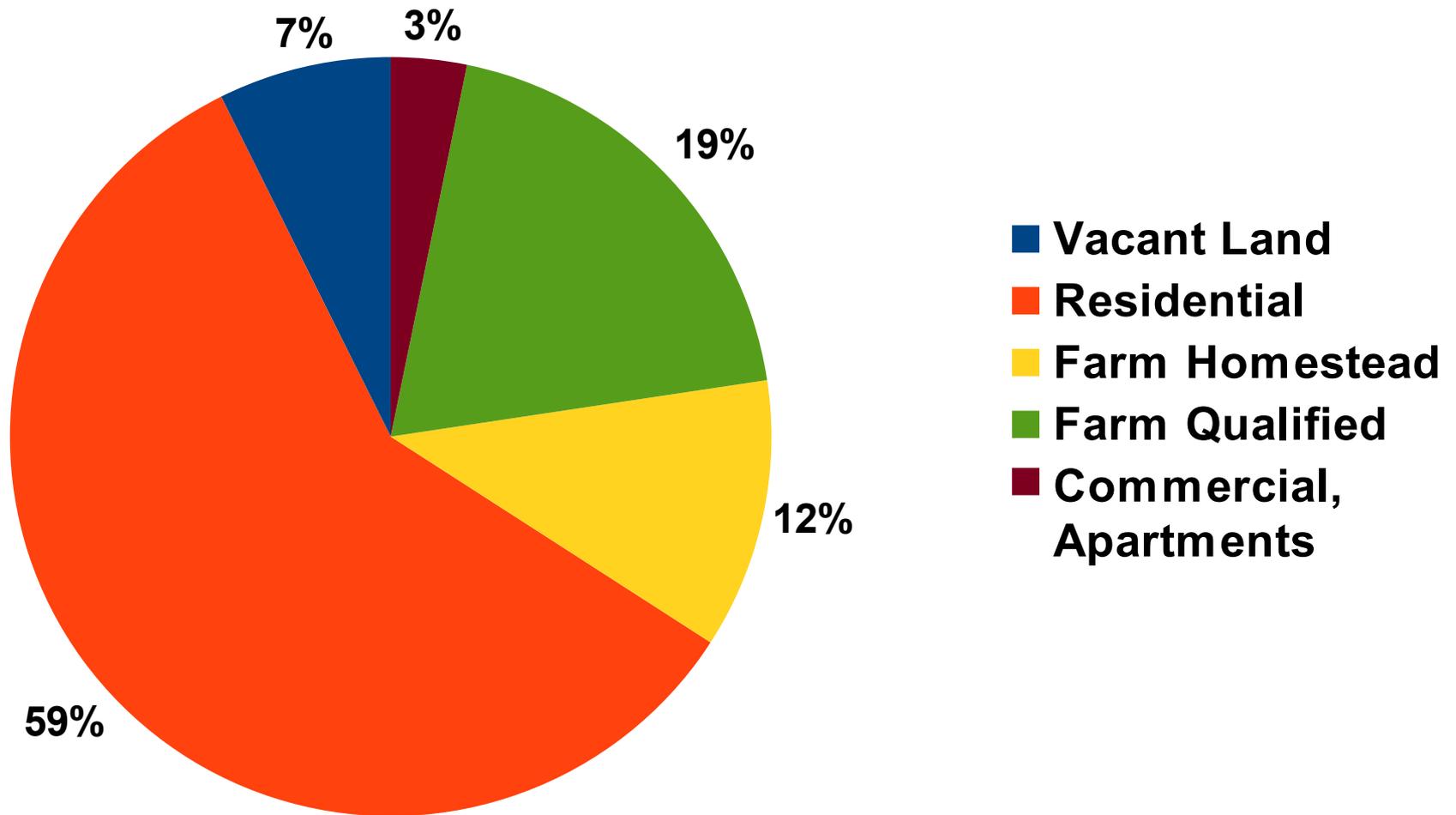
Reassessment:

- Property inspections by outside firm
- All properties reviewed and adjusted by the East Amwell Assessor's office

Why Did East Amwell Conduct a Reassessment?

- Equalization Ratio (ER)
- $ER = \text{Assessed Value} / \text{Sales Price}$
- Ideal ER: 95% – 100%
- 2007 ER = 97.03%
- 2012 ER = 104.56%
- 64% of the properties listed for sale had asking prices under the 2012 assessed value.

Composition of the Ratable Base



Ratable Base Before & After

| | 2012 | 2013 | % Change |
|-------------------|-------------|-------------|----------|
| Vacant Land | 12,970,200 | 9,304,400 | -28.26% |
| Residential | 533,983,300 | 447,094,600 | -16.27% |
| Farm Homestead | 138,541,500 | 118,965,000 | -14.13% |
| Farm Qualified | 4,983,300 | 4,982,900 | -.01% |
| Commercial | 94,992,961 | 87,525,600 | -7.86% |
| Apartment | 2,142,700 | 2,262,200 | 5.58% |
| Total | 787,613,961 | 670,137,700 | -14.92% |

The Impact of the Reassessment on Residential Taxes

- 46% realized a 2% or greater reduction in 2013 property tax
- 21% realized a -2% to + 2% change in 2013 property tax
- 33% realized a 2% or greater increase in 2013 property tax

Summary

- 2005 Valuation near peak of housing bubble.
- 2012 valuations much greater than selling prices.
- Indicator assessments not defensible
- New assessment puts all residents on equal footing.
- Annual reassessment being considered for the future.

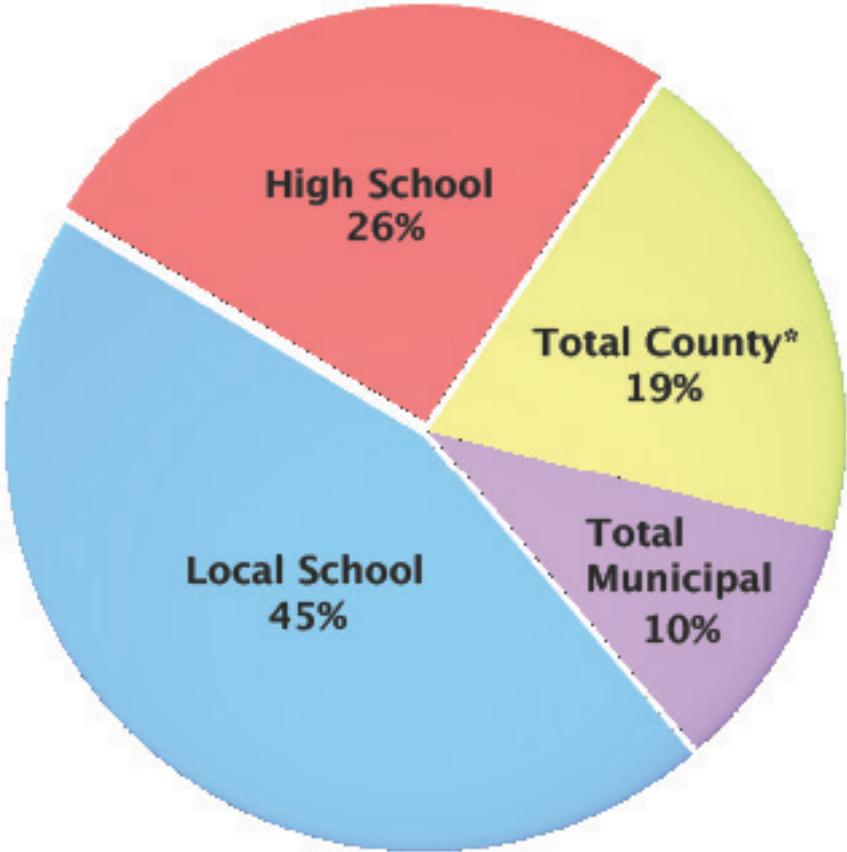
Municipal Budget Overview

| | 2012 | 2013 | \$ change |
|--------------|-------------|-------------|-----------|
| Total Budget | \$2,432,000 | \$2,625,000 | \$193,000 |
| Muni Taxes | \$1,185,000 | \$1,242,000 | \$57,000 |

- Muni Tax rate flat from 2010-2012
- Increasing costs
- Investment in town
- Effect of reassessment

Total Property Tax Distribution

Total Tax Rate = 2.257



Source: 2013 Tax Bill * Includes Fire District Tax

Municipal Tax Calculation

| Year | Avg Value | Muni Tax Rate |
|------|-----------|---------------|
| 2012 | \$454,408 | 0.150 |
| 2013 | \$382,472 | 0.184 |

$$2013: 3824.72 \times \$0.184 = \$703.75$$

$$2012: 4544.08 \times \$0.150 = \$681.61$$

$$\$703.75 - \$681.61 = \$22.14$$

Increase per \$100 value:

$$\$22.14 / 3824.72 = \$0.00579$$

~ 0.6 cents per hundred

Municipal Tax Calculation

Examples of increase:

Assessed Value: \$415,900

$$4159.00 \times \$0.00579 = \text{\$24.08}$$

Assessed Value: \$201,500

$$2015.00 \times \$0.00579 = \text{\$11.67}$$

Overall Impact

| Tax Year | Assessment | Rate | Total Tax | \$ change | % change |
|-------------------|------------|-------|-----------|-----------|----------|
| 2012 | 491,200 | 1.913 | 9396.66 | | |
| 2013 actual | 415,900 | 2.257 | 9386.87 | -10 | -0.1 |
| 2013 hypothetical | 491,200 | 2.257 | 11086.84 | +1690 | +18.0 |

Muni Impact

| Tax Year | Assessment | Rate | Muni Tax | \$ change | % change |
|-------------------|------------|-------|----------|-----------|----------|
| 2012 | 491,200 | 0.150 | 736.80 | | |
| 2013 actual | 415,900 | 0.184 | 765.25 | +28 | +3.8 |
| 2013 hypothetical | 491,200 | 0.184 | 903.80 | +167 | +22.7 |

Why Did My Taxes Go Up??

Two factors:

- Value of property
- Small change in assessment

Three scenarios:

- Market segment less affected by housing slump
- Property improvements since last assessment
- Incorrect information on property