

2024 Municipal Budget

Borough of New Providence

March 26, 2024



The Annual Budget Process

- The **Operating Budget** includes personnel costs, annual facility operating costs, and debt service. It is funded primarily through local property and sales taxes, licenses, charges for services, and other similar sources of revenue.
- The **Capital Budget** funds major improvements to the Borough and its infrastructure (such as paving roads and major building projects); it includes resources that have an expected lifetime that extends beyond the acquisition year.
- A multiyear capital plan is developed to strategically structure capital debt and manage the debt through the operating budget.
- The annual budget process occurs between the months of November and April and involves the input of department heads, Borough Administrator, and CFO. Once a draft is developed, it is reviewed and adjusted based on meetings with the Borough's Finance Committee.



The Annual Budget Process

- There must be at least 28 days between the budget introduction and the public meeting where the budget can be formally adopted.
- The public hearing and adoption of the budget will be held on April 30, 2024.
- Once the Public Hearing is closed, the Governing Body can either adopt the introduced budget or amend the budget.
- Depending on the amendment, the budget may not be able to be adopted on the same night. There may be a need for further advertisement and an additional public hearing.
- The introduced budget will be available on the Borough website for citizen review.



Annual Budget Goals

- Demonstrate fiscal responsibility and sound fiscal planning and management.
Continue practices that support our AAA Bond Rating.
- Assure adequate funding levels of reserve accounts for Tax Appeals, Storm Recovery, and Insurance.
- Consider the burden on taxpayers:
 - ✓ Maximize operational efficiencies.
 - ✓ Review and analyze staffing needs.
 - ✓ Seek shared services wherever possible.
 - ✓ Seek grants wherever possible to fund operations and capital improvements.
 - ✓ Be mindful of the tax impact on taxpayers.
- Consider the impact of current decisions on future budgets.
- Deliver the high level of services our residents expect.



AAA Rating – Our Guiding Principle

- New Providence has received a AAA Bond rating from all three (3) major rating agencies (Moody's, Standard and Poor's, and Fitch).
- There are only a select few municipalities in New Jersey with a AAA rating from two agencies and there are even fewer that have AAA ratings from three (3) rating agencies (Moody's, Standard and Poor's and Fitch).

	AAA	AA	Difference
Par Amount	\$25,000,000	\$25,000,000	
Duration	20 Years	20 Years	
True Interest Cost	3.0%	3.5%	.50%
Interest	\$7.82M	\$9.12M	\$1.3M



Overview

- Owners of real property in New Providence pay real estate taxes based upon the assessed valuation of their property.
- Municipal governments collect the property tax for the benefit of three taxing entities:
 - **The Municipality** - The Mayor and Council control **only** this portion of your taxes.
 - **Local Schools** - The school tax is determined by the Board of Education.
 - **Union County** - The County budget is established by the County Commissioners.



2024 Budget Overview

- The proposed budget is under state cap requirements for appropriations and tax levy.
- Maintains all current programs
- State aid increased by \$6,535.00 or 0.5%
- \$25,873,501.81 Proposed Budget
- The increase in the Municipal Tax rate is **0.89% or \$58.00 per year** (\$4.83 per month) on the average assessed home in New Providence.

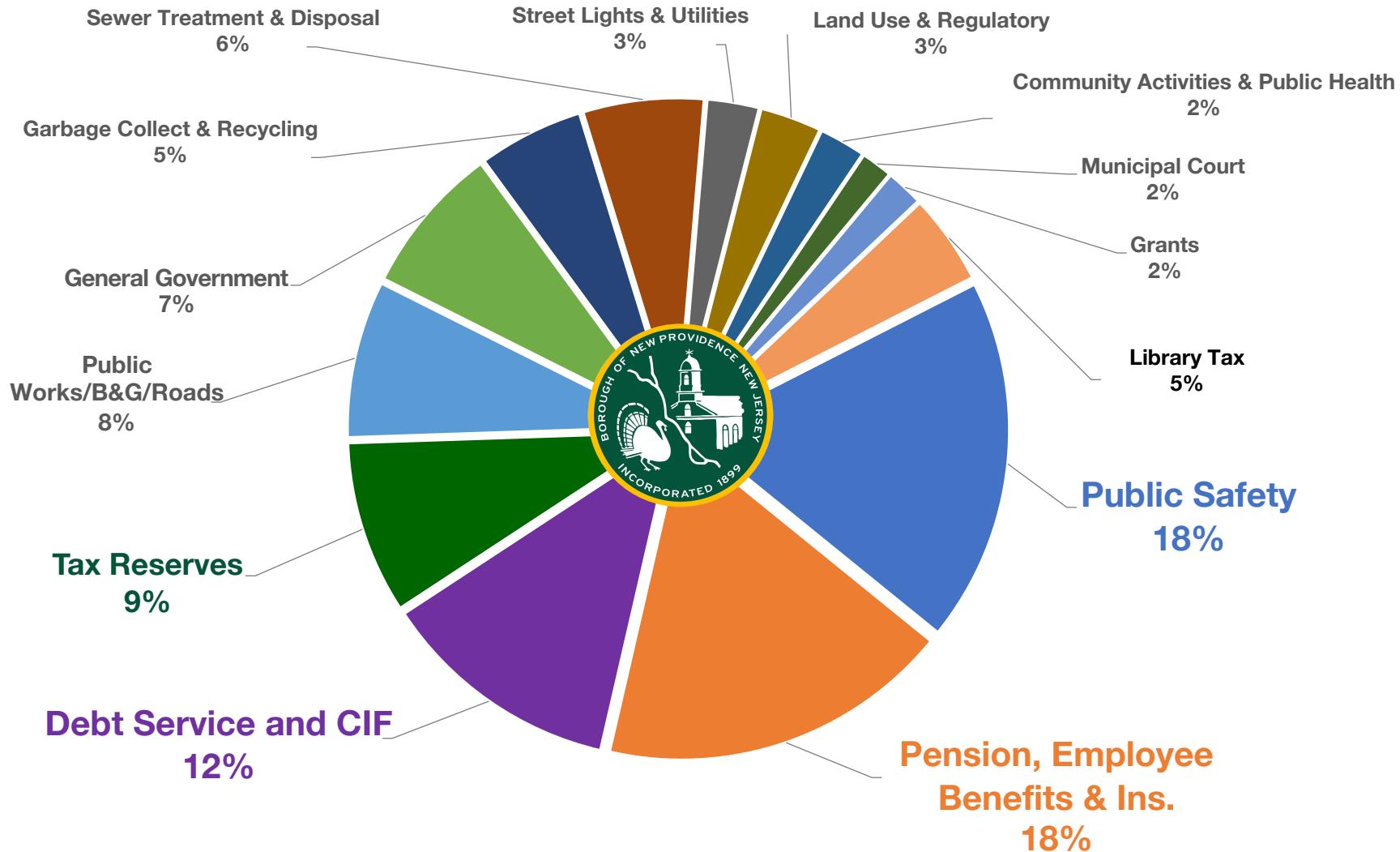


Budget Highlights

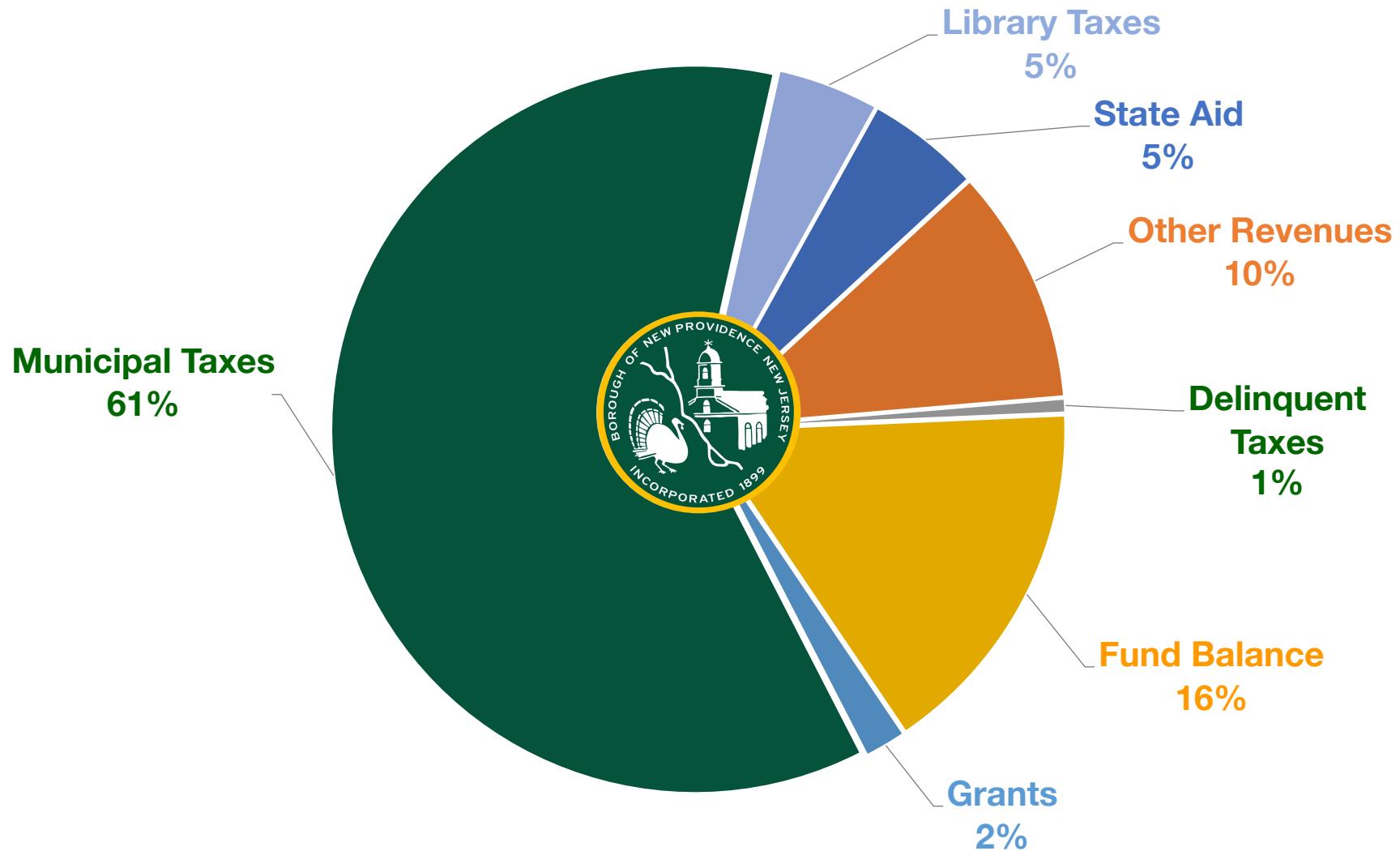
- Continue to deliver high level of services
- Includes increase in staff as follows:
 - Full-time Borough Engineer
 - Full-time Police Officer
- Biggest drivers for the 2024 Budget:
 - Insurance Costs
 - Negotiated Contractual Costs
 - Solid Waste/Recycling Costs
 - Capital Improvements Down Payments
 - PFRS and PERS Pension Costs
 - Budget Savings Due to Switch in Dispatch Vendors
 - Budget Savings Due to Switch in Health Benefits Vendor



2024 Proposed Budget Appropriations



2024 Proposed Budget Revenues



2024 Tax Breakdown

The estimated 2024 breakdown of the total tax bill is based on the market value of an average home (\$740,147).

Tax	Percentage	Amount
Municipal	20.48%	\$3,281
Municipal Open Space	0.19%	\$31
Library	1.53%	\$245
Union County	18.01%	\$2,886
Union County Open Space	0.60%	\$97
Board of Education	59.19%	\$9,483
Total	100.00%	\$16,023



New Providence 2023 Municipal Taxes

(Among the Lowest When Compared to Union County Peer Communities)

		Average Tax*	Average Garbage**	Average Sewer	Total Municipal
1	Scotch Plains	\$2,046	\$500 +/-	\$370	\$2,916
2	Berkeley Heights	\$2,539	\$400 +/-	Included	\$2,939
3	New Providence	\$3,223	Included	Included	\$3,223
4	Cranford	\$2,864	\$360 +/-	\$200 +/-	\$3,424
5	Westfield	\$2,983	\$500 +/-	Included	\$3,483
6	Mountainside	\$3,103	\$400 +/-	Included	\$3,503
7	Springfield	\$3,982	Included	Included	\$3,982
8	Summit	\$3,894	Included	\$315 +/-	\$4,209

*Average tax information from 2023 User Friendly Budget

** Estimate as service provided by private contractors



Capital Budget

- Funds major improvements to Borough facilities and infrastructure.
- Allows projects to be amortized across useful lives rather than burdening taxpayers in one year.
- Allows residents utilizing the project in future years to pay their share of the cost.
- Supports capital projects through multiple funding sources including bonds, grants, and cash.
- Allows aging infrastructure to be maintained through continually investing in capital projects.



2024 Capital Projects

- The Borough Council is committed to remaining fiscally responsible and pursuing projects based on the needs of the community.
- The 2024 proposed budget includes a \$4,029,989.00 capital improvement plan.
- The projects will be reviewed on a case-by-case basis before making any decisions to move forward in funding and completing the projects.

**Projects currently underway are from prior year appropriations.*

