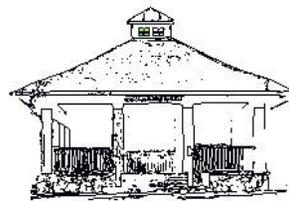


2008 Municipal Budget

Borough of New Providence
June 16, 2008



BOROUGH OF
NEW PROVIDENCE
SETTLED IN 1720

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 the municipality, the local schools and the County.
- The municipal government controls only those taxes assessed by the municipality. The school tax is determined by the Board of Education and approved by residents during the school budget elections that were held on April 15th.
- The County budget is established by the County Freeholders.

Overview Continued

- The Borough of New Providence municipal budget makes up only a fraction of the total property tax bills paid by residents.
- In 2007, the approximate breakdown of the total tax bill between the Municipal, County and School Board shares was as follows:
 - Municipal 21.22% **
 - Union County 18.02% **
 - Board of Education 60.76%

*** Includes Municipal and County Open Space Tax*

Main Municipal Budget Drivers

- The biggest challenges faced in preparing the 2008 municipal budget are:
 - Declining commercial and industrial ratables due to tax appeals.
 - Increased pension contributions.
 - Reduction in State aid to municipalities.
 - Energy costs
- Other issues that also contributed to higher expenses were:
 - Increase in debt service

Objectives

- Maintain all municipal services at current or improved levels.
- Continue to seek out efficiencies to contain operating costs and overhead.

Future Investment

The Mayor and Council will continue to invest in the Borough's future through initiatives such as:

- Funding ongoing road and infrastructure improvements;
- Improvements to the Municipal Center including an emergency generator;
- Renovating Lincoln Gym;
- Reducing infiltration and inflow into our sewage collection system and repairing the secondary clarifier at the wastewater treatment plant;
- Completing deployment of a document imaging and storage system;
- Install permanent equipment necessary to televise Borough Council meetings; and
- Design the reconfiguration of Oakwood fields.
- Resurface the tennis courts.

Savings and Reductions

- Reduced conferences and conventions by 50%
- Reduced memberships and dues by 50%
- Eliminated one bulk pickup
- Reduced cell phone reimbursements by 50%
- Limited capital improvements
- Limited salary increases for staff not previously under contract

Municipal Tax Rate

	2008	1999*	Increase	
			\$	%
Municipal Taxes	\$10,697,309	\$7,823,042	\$2,874,267	36.74%
9 year average				4.08%
Tax Rate (per \$100)	\$0.825	\$0.600	\$0.225	37.50%
8 year average				4.17%

Impact on Average Assessed Value Home	
Assessed Value	\$282,000
2008 Tax	\$2,327
1999 Tax*	\$1,692
Tax Increase	\$635
9 Year Average	\$71

* 1999 was the first year of the most recent revaluation of all property values in New Providence

APPROPRIATION SUMMARY

Category	2006 Modified Budget	2007 Modified Budget	2008 Proposed Budget	Increase 2008 versus 2007	
				\$	%
PUBLIC SAFETY	\$2,840,315	\$3,130,675	\$3,254,090	\$123,415	3.94%
PENSION, HEALTH INS. & EMPLOYEE BENEFITS	\$1,657,090	\$1,842,574	\$2,253,550	\$410,977	22.30%
INFRASTRUCTURE - CAPITAL IMPR & DEBT SERVICE	\$1,992,512	\$1,930,032	\$2,130,308	\$200,277	10.38%
PUBLIC WORKS	\$1,533,840	\$1,710,330	\$1,760,040	\$49,710	2.91%
TAX RESERVES	\$1,550,500	\$1,875,500	\$1,607,717	(\$267,783)	-14.28%
GENERAL GOVERNMENT	\$1,164,302	\$1,094,045	\$1,162,602	\$68,557	6.27%
GARBAGE COLLECTION & RECYCLING	\$842,400	\$876,100	\$843,980	(\$32,120)	-3.67%
SEWER TREATMENT & DISPOSAL	\$843,950	\$884,375	\$891,000	\$6,625	0.75%
LIBRARY	\$736,702	\$803,038	\$847,978	\$44,940	5.60%
STREET LIGHTS & UTILITIES	\$509,350	\$584,000	\$668,050	\$84,050	14.39%
COMMUNITY ACTIVITIES & EVENTS	\$294,349	\$276,419	\$270,019	(\$6,400)	-2.32%
LAND USE & REGULATORY	\$257,403	\$276,360	\$294,250	\$17,890	6.47%
INSURANCE	\$203,000	\$200,000	\$195,000	(\$5,000)	-2.50%
PUBLIC HEALTH	\$106,625	\$118,545	\$115,900	(\$2,645)	-2.23%
GRANTS & DONATIONS	\$316,010	\$185,029	\$38,364	(\$146,665)	-79.27%
DEFERRED CHARGES - EMERG AUTHORIZ	\$30,000	\$100,000	\$100,000	\$0	0.00%
TOTAL APPROPRIATIONS	\$14,878,349	\$15,887,021	\$16,432,849	\$545,828	3.44%

Component Analysis Municipal Tax Increase

Major Impact Items for 2008 Tax Levy				
Item	Addition to Tax Levy vs. 2007	Increase in Tax Points vs. 2007	% of Total Increase in Tax Levy vs. 2007	% Increase over 2007 Taxes
Decrease in State Aid	\$171,241	\$0.013	20%	1.74%
Increase in Debt Service	\$165,277	\$0.012	18%	1.55%
Increase in Library Appropriation	\$44,940	\$0.003	5%	0.46%
Police Pension Increase	\$187,622	\$0.014	22%	1.90%
Public Employee Pension Increase	\$88,355	\$0.006	9%	0.77%
Street Lighting & Electricity	\$141,300	\$0.011	17%	1.43%
Sub-Total	\$798,734	\$0.060	92%	7.83%
Remainder of Municipal Operations	\$63,796	\$0.005	8%	0.65%
Increase in Municipal Taxes	\$862,530	\$0.064	100%	8.49%

New Providence 2007 Municipal Taxes Are Lowest and Total Property Taxes are Third Lowest Among Peer Communities

	Municipal Tax on Average Home		Municipal Tax Per Capita		Mun., Cnty. And School Tax Per Capita		Average Rank
	Municipal Tax	Rank	Municipal Tax	Rank	Total Tax	Rank	
	New Providence	\$2,117.64	1	\$815.07	2	\$3,893.13	
Community A	\$2,233.13	2	\$951.85	4	\$4,305.62	5	3
Community B	\$2,257.59	3	\$812.07	1	\$3,737.79	2	1
Community C	\$2,428.21	4	\$1,132.60	6	\$4,103.97	4	5
Community D	\$2,442.05	5	\$969.59	5	\$3,403.64	1	3
Community E	\$3,372.79	6	\$1,215.66	7	\$4,940.41	7	7
Community F	\$4,042.23	7	\$940.74	3	\$4,238.90	6	6

All taxes include charges for garbage and sewer collection (already include in New Providence Municipal Taxes)

Capital Projects 2008

<u>Project Name</u>	<u>Estimated Cost</u>	<u>Funding Source</u>		
		<u>State Grants</u>	<u>Debt</u>	<u>Operating Budget</u>
Streets and Roads	\$425,000	\$210,000	\$202,300	\$12,700
Municipal Center	\$100,000		\$95,000	\$5,000
Public Works Fleet & Equipment	\$89,000		\$84,550	\$4,450
Wastewater Treatment	\$400,000		\$380,000	\$20,000
Computers and Networking Equipment	\$54,300		\$51,585	\$2,715
Community Activities	\$309,000		\$293,550	\$15,450
Fire Department	\$54,000		\$51,300	\$2,700
Emergency Management	\$50,000		\$47,500	\$2,500
Police	\$96,000		\$91,200	\$4,800
Total	\$1,577,300	\$210,000	\$1,296,985	\$70,315