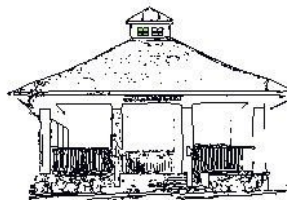


2007 Municipal Budget

Borough of New Providence
April 23, 2007



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 17th.
- 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 2006, the approximate breakdown of the total tax bill between the Municipal, County and School Board shares was as follows:
 - Municipal 21.13% **
 - Union County 18.38% **
 - Board of Education 60.49%

*** Includes Municipal and County Open Space Tax*

Main Municipal Budget Drivers

- The two biggest challenges faced in preparing the 2007 municipal budget are:
 - Declining commercial and industrial ratables due to tax appeals.
 - Increased pension contributions.
- Other issues that also contributed to higher expenses were:
 - Inadequate state aid to suburban communities;
 - Increased health insurance expenses.
 - Rising contractual personnel costs.

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:

- Finishing construction on the new Rescue Squad facility;
- 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;
- Beginning phased deployment of a document imaging and storage system;
- Purchase thermal imaging cameras for the Fire Department;
- Install equipment necessary to televise Borough Council meetings; and
- Study the reconfiguration of Oakwood fields.

Municipal Tax Rate

			Increase	
	2007	1999*	\$	%
Taxes	\$9,705,064	\$7,823,042	\$1,882,022	24.06%
8 year average				3.01%
Tax Rate (per \$100)	\$0.750	\$0.600	\$0.150	24.99%
8 year average				3.12%

Impact on Average Assessed Value Home	
Assessed Value	\$282,000
2007 Tax	\$2,115
1999 Tax	\$1,692
Tax Increase	\$423

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

APPROPRIATION SUMMARY

Category	2005 Modified Budget	2006 Modified Budget	2007 Proposed Budget	Increase 2007 versus 2006	
				\$	%
General Government	\$963,970	\$1,154,502	\$1,126,545	(\$27,957)	-2.42%
Public Safety	\$2,841,225	\$2,840,315	\$3,144,050	\$303,735	10.69%
Public Works	\$3,108,980	\$3,220,190	\$3,474,730	\$254,540	7.90%
Land Use & Regulatory	\$275,450	\$250,303	\$273,560	\$23,257	9.29%
Public Health	\$101,798	\$106,625	\$121,045	\$14,420	13.52%
Social Services and Education	\$962,230	\$1,037,551	\$1,097,957	\$60,406	5.82%
Insurance	\$246,245	\$203,000	\$200,000	(\$3,000)	-1.48%
Employee Benefits	\$1,524,351	\$1,657,090	\$1,900,574	\$243,483	14.69%
Utilities	\$530,000	\$519,750	\$528,000	\$8,250	1.59%
Grants & Donations	\$173,167	\$235,177	\$79,453	(\$155,724)	-66.22%
Capital Improvements	\$390,000	\$392,500	\$246,000	(\$146,500)	-37.32%
Tax Reserves	\$1,333,344	\$1,550,500	\$1,875,500	\$325,000	20.96%
Debt Service	\$1,780,418	\$1,750,012	\$1,614,032	(\$135,981)	-7.77%
Deferred Charges	\$30,000	\$30,000	\$0	(\$30,000)	-100.00%
Total Appropriations	\$14,261,178	\$14,947,516	\$15,681,445	\$733,930	4.91%

Component Analysis Municipal Tax Increase

			<u>Municipal Tax Impact</u>		
Ratables			<u>Amount</u>	<u>\$</u>	<u>% of Increase</u>
Decrease in Ratables	Increase	Residential	\$9,361,100		
	(Decrease)	Commercial and Other	(\$19,457,814)		
		Total	(\$10,096,714)	75,717	15.73%
Appropriations					
Non-Controllable	Increases	Tax Reserves, Appeals and Defense	\$545,000		
		Salaries & Benefits	\$674,491		
		Library	\$66,336		
		Other	\$39,298		
		Total	\$1,325,125		
	Decreases	Capital Improvements.	(\$134,521)		
		Other	(\$39,138)		
		Total	(\$173,658)		
		Total non-controllable		1,151,466	239.23%
Controllable	Increases	Grass & Bidg. Maintenance	\$20,000		
		Snow Removal	\$10,000		
		Construction Code Inspections	\$10,920		
		Total	\$40,920		
	Decreases	Capital Improvement Fund	(\$22,500)		
		Total	(\$22,500)		
		Total Controllable		\$18,420	3.83%
		Net Appropriations Increase		\$1,169,886.41	
Revenues		Increase from Prior Year Operations		(\$456,224)	
Total Amount to be Raised by Taxation for Municipal Operations				\$713,662.64	

Capital Projects 2007

<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	\$450,000	\$196,000	\$241,300	\$12,700
Municipal Center	\$825,000		\$771,750	\$53,250
Academy Street Parking	\$300,000		\$285,000	\$15,000
Public Works Fleet & Equipment	\$138,500		\$131,575	\$6,925
Wastewater Treatment	\$435,000		\$413,250	\$21,750
Computers and Networking Equipment	\$184,300		\$175,085	\$9,215
Community Activities	\$65,000		\$61,750	\$3,250
Fire Department	\$69,000		\$65,550	\$3,450
Emergency Management	\$10,000		\$9,500	\$500
Police	\$11,000		\$10,450	\$550
Total	\$2,487,800	\$196,000	\$2,165,210	\$126,590