

2020 Municipal Budget

Borough of New Providence
May 26, 2020

B O R O U G H O F
NEW PROVIDENCE

SETTLED IN 1720

AAA Rating – Our Guiding Principle

New Providence has received a AAA Bond rating from all three major rating agencies. There are only 5 communities in New Jersey with a AAA rating from two agencies – even fewer with that rating from all three. The guiding principles for our budget process is highlighted by the following comments in our rating reports.

Moody's Rating Report – July 2019*

- *The borough's management has been aggressive about controlling costs and pushing economic expansion. Management maintains detailed budget and ratable forecasts, which are used to inform financial policy.*
- *The borough's financial position will remain strong as management continues to budget conservatively*

Fitch Rating Report – May 2017*

- *Management uses long-term financial forecasting to plan for changes in revenues and expenditures and help control growth in annual tax levy increases. Fiscal policies are in place governing debt issuance levels and maintenance of reserves, contributing to the borough's strong financial profile. During the Great Recession, management reduced staff, mainly through attrition, and controlled expenditures to help maintain sound reserve levels*

S&P Rating Report – June 2015*

- *We view the borough's management as very strong, with "strong" financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable*

** All reports available on the Borough's web-site...*

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 Freeholders.*

Where your tax dollar goes...

- The estimated 2020 breakdown of the total tax bill between the Municipal, County and Board of Education, based on the property tax on the average home is as follows:

– Municipal	20.24%	\$2,791
– Municipal Open Space	.18%	\$ 24
– Library	1.39%	\$ 192
– Union County	20.73%	\$2,858
– Union County Open Space	.64%	\$ 88
– Board of Education	<u>56.82%</u>	<u>\$7,834</u>
	100.00%	\$13,787

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 & Insurance.
- ✓ Keep municipal tax increases within affordable limits *especially considering impact of current decisions on future budgets.*
 - ✓ Seek out efficiencies to contain operating costs and overhead.
 - ✓ Seek shared services wherever possible
 - ✓ Seek grants wherever possible to fund operations and capital improvements.
- ✓ Deliver the high level of services our residents expect.
- ✓ Effectively manage the financial challenges and uncertainty of the COVID 19 pandemic.

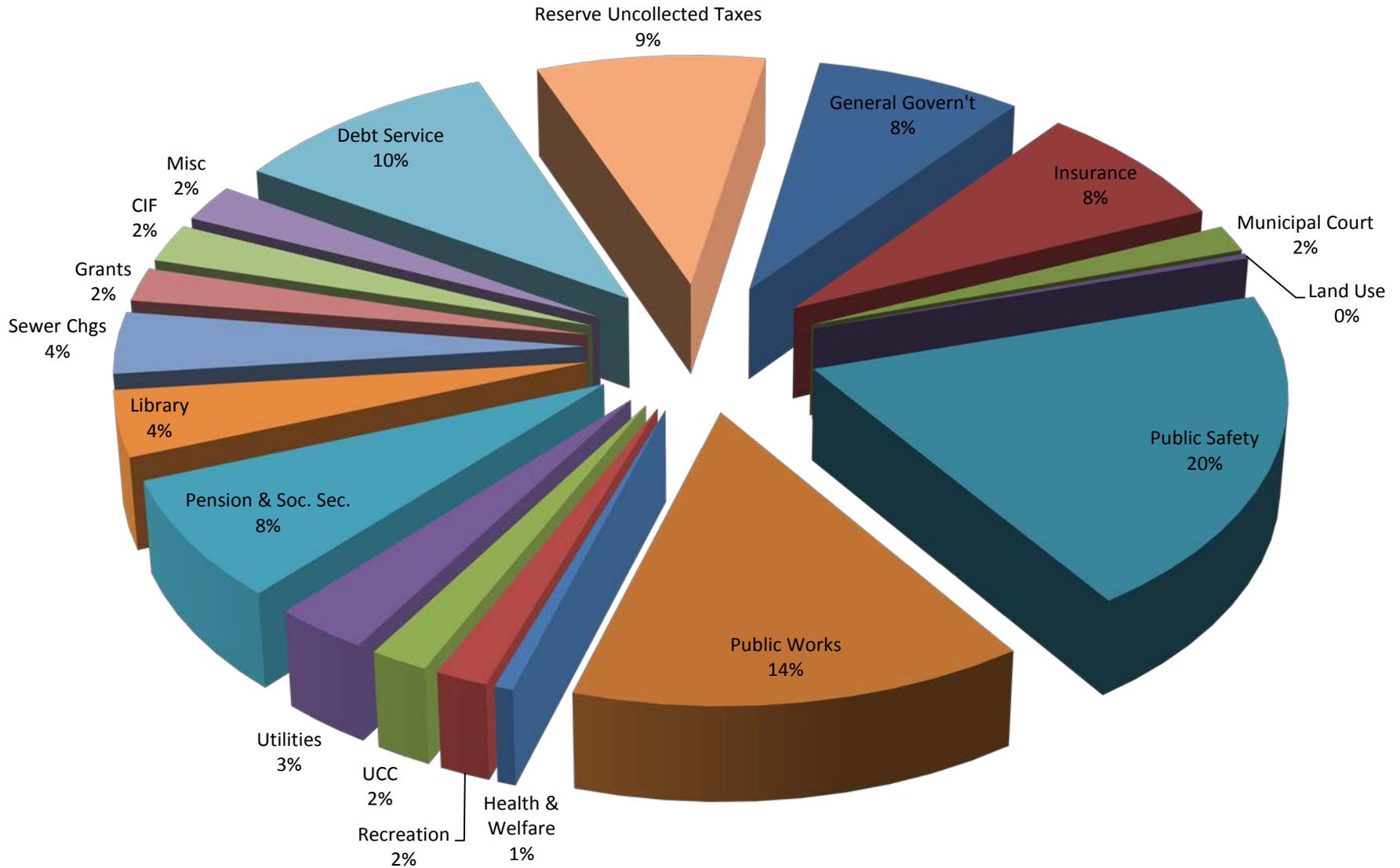
2020 Budget Overview

- Increase in Municipal Tax rate is 1.93% or \$52.84 per year – (*\$4.40 per month*) on the average assessed home in New Providence.
- Keeps New Providence on track and in compliance with our Financial Management Plan which guides our long-term budget forecasting and planning.
- Anticipate reduced revenues due to COVID 19, including Municipal Court, Interest on Investments, Parking Permits and Hotel Tax. Corresponding appropriation reductions made.
- Maintains all current programs and staffing levels.
- No “one-shot” revenue gimmicks that lead to degradation of bond ratings.

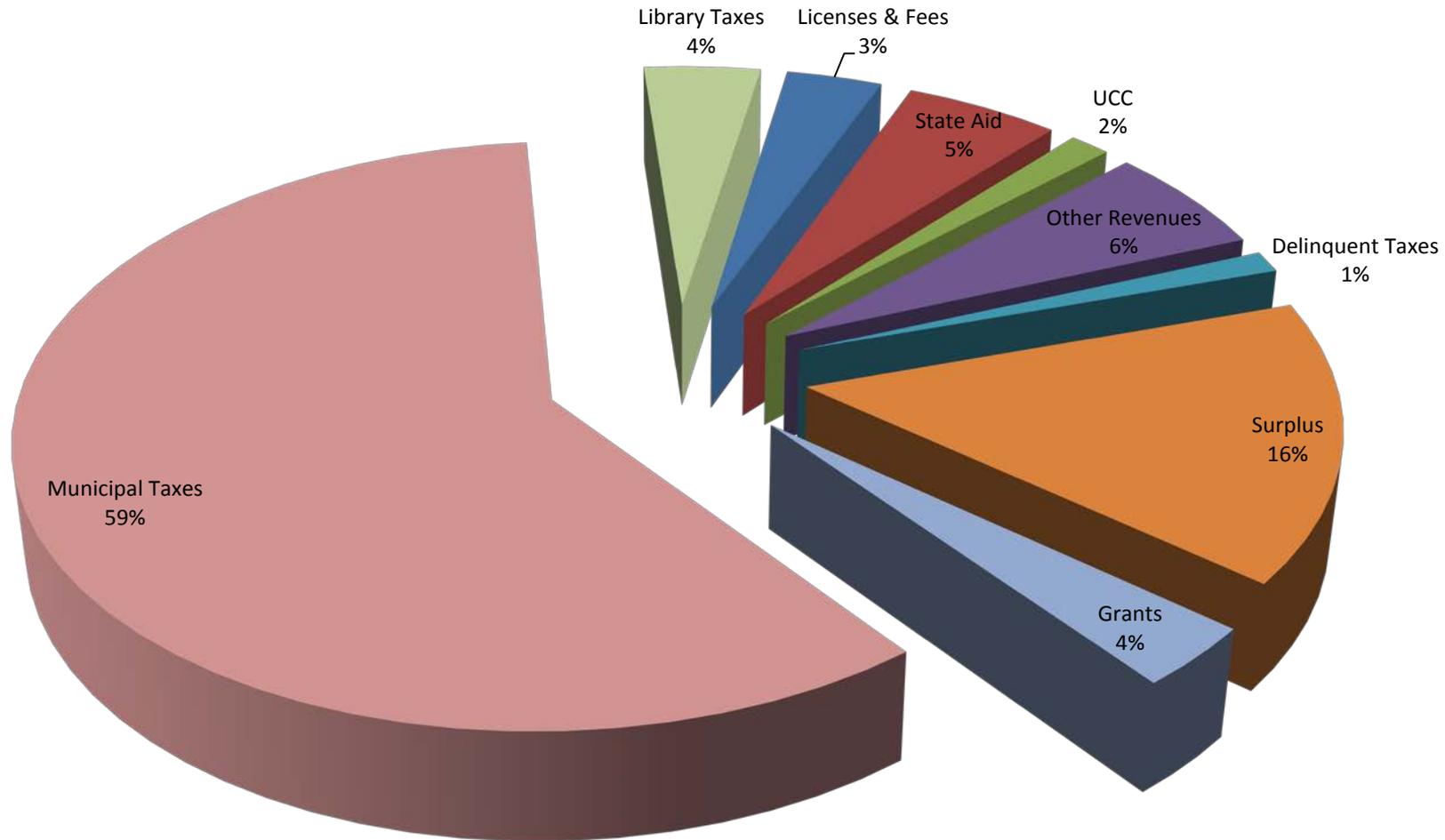
Appropriations

	2019	2020	Increase or
	Adopted	Proposed	(Decrease)
Category	Budget	Budget	From 2019
Public Safety	4,567,663.00	4,632,315.00	64,652.00
Pension, Health Ins, Employ Ben	3,066,686.00	3,143,367.00	76,681.00
Intrastructure	2,686,540.00	3,198,737.22	512,197.22
Tax Reserves	2,058,040.00	2,085,199.00	27,159.00
Public Works	1,913,050.00	1,907,500.00	(5,550.00)
General Government	2,134,150.00	2,259,800.00	125,650.00
Garbage Collect & Recycling	1,089,000.00	1,125,000.00	36,000.00
Sewer Treatment & Disposal	1,357,950.00	1,441,500.00	83,550.00
Street Lights & Utilities	780,000.00	760,000.00	(20,000.00)
Land Use & Regulatory	515,575.00	520,575.00	5,000.00
Community Activities & Events	389,450.00	396,150.00	6,700.00
Insurance	555,000.00	561,192.00	6,192.00
Municipal Court	367,175.00	395,200.00	28,025.00
Public Health	147,475.00	142,475.00	(5,000.00)
Grants & Donations	94,117.35	508,485.17	414,367.82
Subtotal Budget Appropriations	21,721,871.35	23,077,495.39	1,355,624.04
Library Tax	934,372.00	982,919.00	48,547.00
Total Budget Appropriations	22,656,243.35	24,060,414.39	1,404,171.04
Open Space Tax	116,725.00	125,725.00	9,000.00
Total Municipal Appropriations	22,772,968.35	24,186,139.39	1,413,171.04

Borough of New Providence 2020 Budget Breakdown of Appropriations



Borough of New Providence 2020 Budget Breakdown of Revenues



New Providence 2019 Municipal Taxes Among the Lowest When Compared to Union County Peer Communities

		Average Tax	Garbage	Sewer	Total Municipal
1	Scotch Plains	\$1,887	520 +/-	\$250	\$2,657
2	Berkeley Heights	\$2,348	500 +/-	Included	\$2,848
3	New Providence	\$2,888	Included	Included	\$2,888
4	Cranford	\$2,590	\$275	\$250	\$3,115
5	Westfield	\$2,696	\$360	Included	\$3,056
6	Mountainside	\$3,053	\$180	Included	\$3,233
7	Springfield	\$3,545	Included	Included	\$3,545
8	Summit	\$3,561	Included	\$247	\$3,808

Capital Projects - 2020

During these uncertain times, the borough council is committed to remain fiscally responsible and pursue projects based on immediate need and not want. Although the Borough Council approved a \$2,484,000 capital improvement authorization ordinance, the projects will be decided on a case-by-case basis, considering several factors to inform these decisions.

- Is moving ahead with the project in this fiscally challenging environment the responsible course of action?
- Does the project resolve safety issues or concerns?
- Does delaying the project have negative impact on borough operations?
- Is there an economy of scale with other projects currently underway?
- Will the project require any short-term borrowing in the form of Bond Anticipation Notes (BANs) in 2020?
 - Projects currently underway are funded from previously financed appropriations.

Property Tax Calculator

New Providence Property Tax Calculator	
BOROUGH OF NEW PROVIDENCE SETTLED IN 1720	
\$13,787	← Enter the amount of your annual property taxes
Union County Portion	
\$2,858	← Amount transmitted to Union County for County Operations
\$88	← Amount transmitted to Union County for the Open Space Fund
\$2,946	TOTAL FOR UNION COUNTY
Board of Education Portion	
\$7,839	← Amount transmitted to the New Providence Board of Education
Municipal Portion	
\$2,790	← Amount for Municipal Operations
\$25	← Amount for Local Open Space Fund
\$2,815	TOTAL FOR BOROUGH OPERATIONS
Additional Detail/Breakdown	
\$558	Public Safety
\$391	Public Works
\$223	General Government
\$279	Debt Service
\$251	Reserve for Uncollected taxes
\$112	Sewer Services
\$223	Pension and Social Security
\$56	Recreation
\$192	Library
\$84	Utilities
\$28	Health & Welfare
\$223	Insurance
\$56	Municipal Court
\$56	Uniform Construction Code
\$56	CIF
\$34	Miscellaneous