

2025 Municipal Budget

Borough of New Providence

March 25, 2025



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.



Annual Budget Goals

- Demonstrate fiscal responsibility and sound fiscal planning and management.
- 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.



New Providence Borough- AAA Rating

- 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



Tax Components

- 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.



2025 Budget Overview

- The proposed budget is under state cap requirements for appropriations and tax levy.
- Maintains all current programs.
- Continue to deliver high level of services.
- No increase in state aid. Same amount as 2024.
- Proposed budget is \$26,573,376.29.
- The increase in the Municipal Tax rate is **1.97% or \$87.00 per year** (\$7.25 per month) on the average assessed home in New Providence.



2025 Tax Breakdown

The estimated 2025 breakdown of the total tax bill is based on the market value of an average home, which is \$790,462 (average assessed value is \$309,624).

Tax	Percentage	Amount
Municipal	20.59%	\$3,367
Municipal Open Space	0.19%	\$31
Library	1.61%	\$263
Union County	17.26%	\$2,823
Union County Open Space	0.68%	\$111
Board of Education	59.67%	\$9,760
Total	100.00%	\$16,355

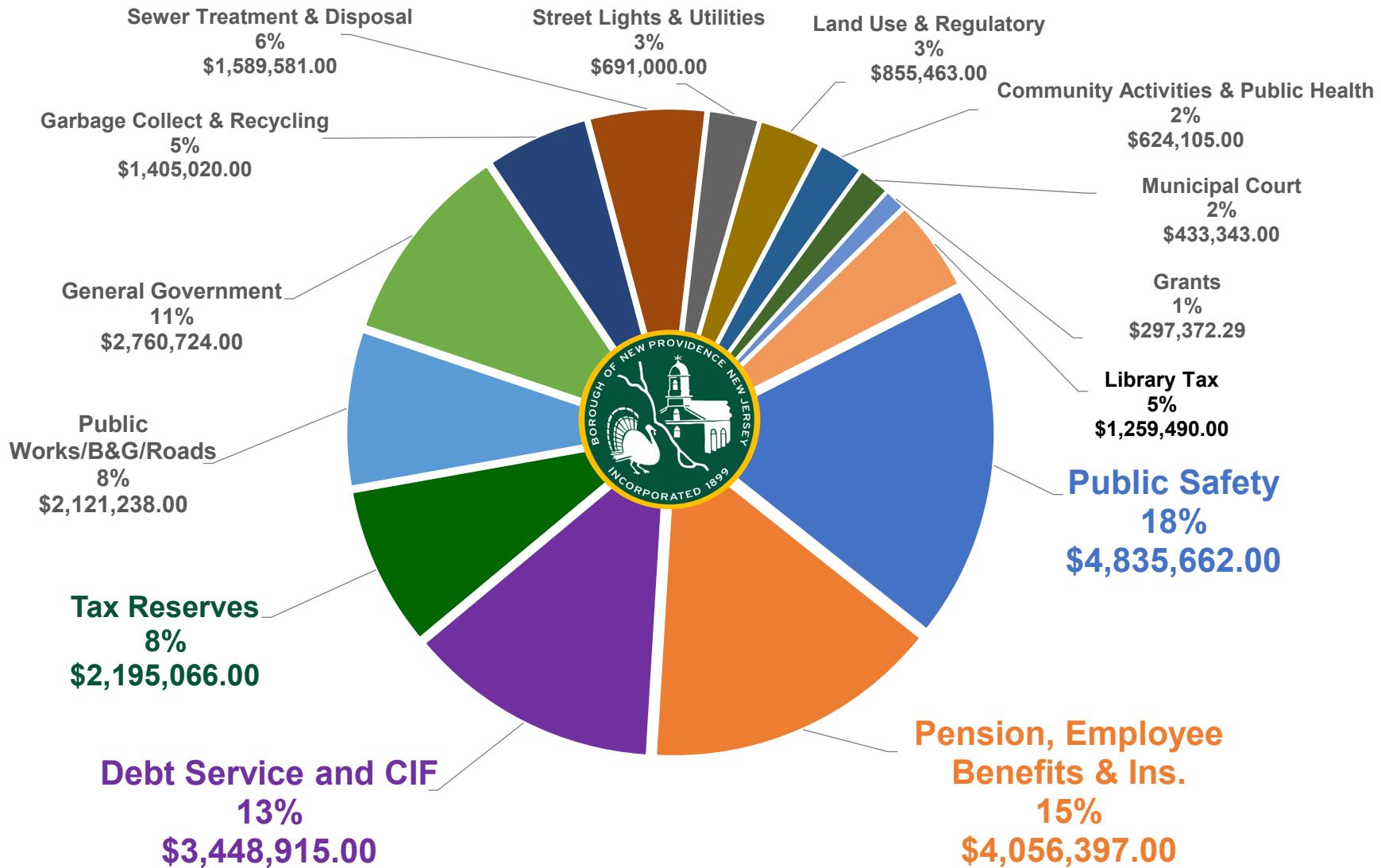


2025 Budget Challenges

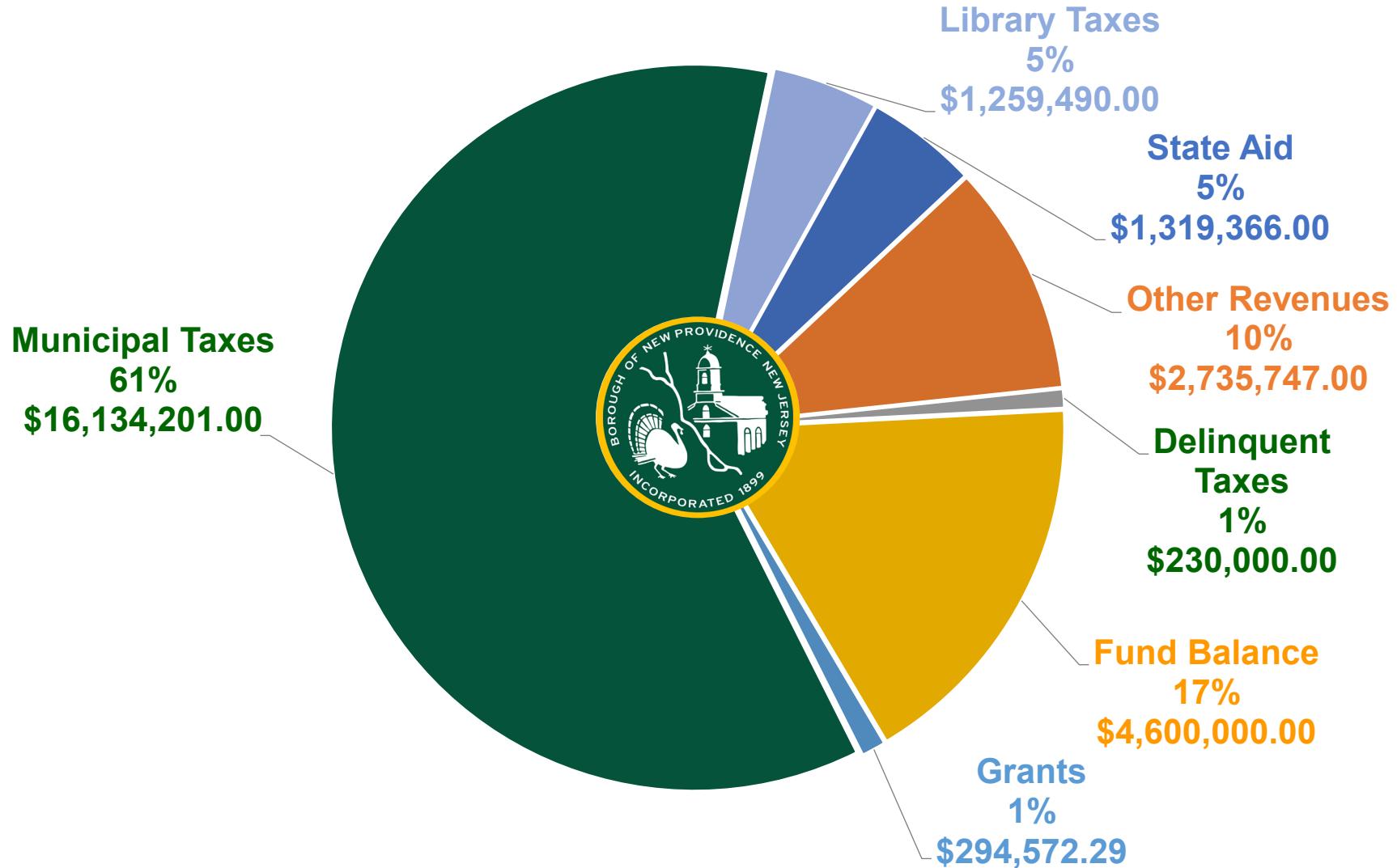
- Insurance Costs- 12.9% increase
- Health/Dental/Vision Insurance Costs- 5% increase
- Tax Appeals- 50% increase
- Capital Improvements Down Payments- 61.6% increase
- PFRS and PERS Pension Costs- 3% increase



2025 Proposed Budget Appropriations



2025 Proposed Budget Revenues



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.



2025 Capital Projects

- The Borough Council is committed to remaining fiscally responsible and pursuing projects based on the needs of the community.
- The 2025 proposed budget includes a \$16,153,651.00 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.*



Proposed Capital Projects

- Police Department Building Renovations
- Department of Public Works Building Renovations
- Road Resurfacing
- Union Avenue Upgrades
- Maple/Division Avenue Upgrades
- WWTP Shafts, Impellers, Pumps and Computer System
- Fire House Roof Repair
- EMS Radio System Upgrades
- Fire Department Radio Equipment, Hose, Nozzles, PPE (Personal Protective Equipment) and SCBA (Self-Contained Breathing Apparatus) Units

