

# 2016 Morris County Budget



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# 2016 Morris County Budget Goals

- The goal of the Freeholder Board is to develop, adopt, and manage an annual County Operating Budget that:
  - Remains Financially and Operationally efficient
  - Maintains all Public Safety initiatives
  - Sustains all Human Service programs
  - Ensures the maintenance of all critical county wide infrastructure
  - Protects the County's long standing "aaa" bond rating
  - Preserves the prudent and methodical use of Fund Balance

# 2016 Operating Budget Development Process:

- The development of the annual Operating Budget began with a detailed and thorough review of every Department's Budget, analyzing all:
  - Expense and Revenue opportunities
  - Potential service and funding areas
  - Future year's budget considerations
  - Identified Risk Areas
    - State / Federal funding changes
    - Pension costs
    - Healthcare costs

# Morris County Budget 2016 vs. 2015

- Managing the impact of anticipated changes to State /Federal Funding combined with increased operating costs, the 2016 Operating Budget rose \$11.3M

## Increase Included:

- \$6.35M for Health Insurance
- \$1.75M for Anticipated Salary Adjustments
- \$1.20M for State Human Service/Mental Health needs
- \$.82M For the provision of various Human Service Programs
- \$.24M Pension Increases

# 2016 Morris County Budget Highlights

- Maintains all County services in the midst of difficult economic times
- Provides valuable Shared Services for other Counties and Morris County Municipalities
- Delivers critical services for those in need of emergency assistance
- Supports the various unique assets of Morris County
  - Educational Institutions
  - 18,900 Acre Park System
  - Historical and Heritage Associations
  - Resource Management
    - Water / Aquifers
    - Recycling Facilities
    - Solid Waste Management Facilities

# 2016 Morris County Budget Highlights

- While the 2016 Total Composite Tax effort is up 2.39%, the overall four (4) year, (2012 to 2016) composite tax effort, is up a total of one half of one percent or .5%
  - 2016           2.39%
  - 2015           0
  - 2014           < .54%>
  - 2013           <1.72%>
- The most significant aspect of the 2016 Budget increase is related to health insurance which rose 18.9%
  - In order to minimize this increase a Health Care Carrier RFP was issued in the fall of 2015 with a new provider beginning in 2016

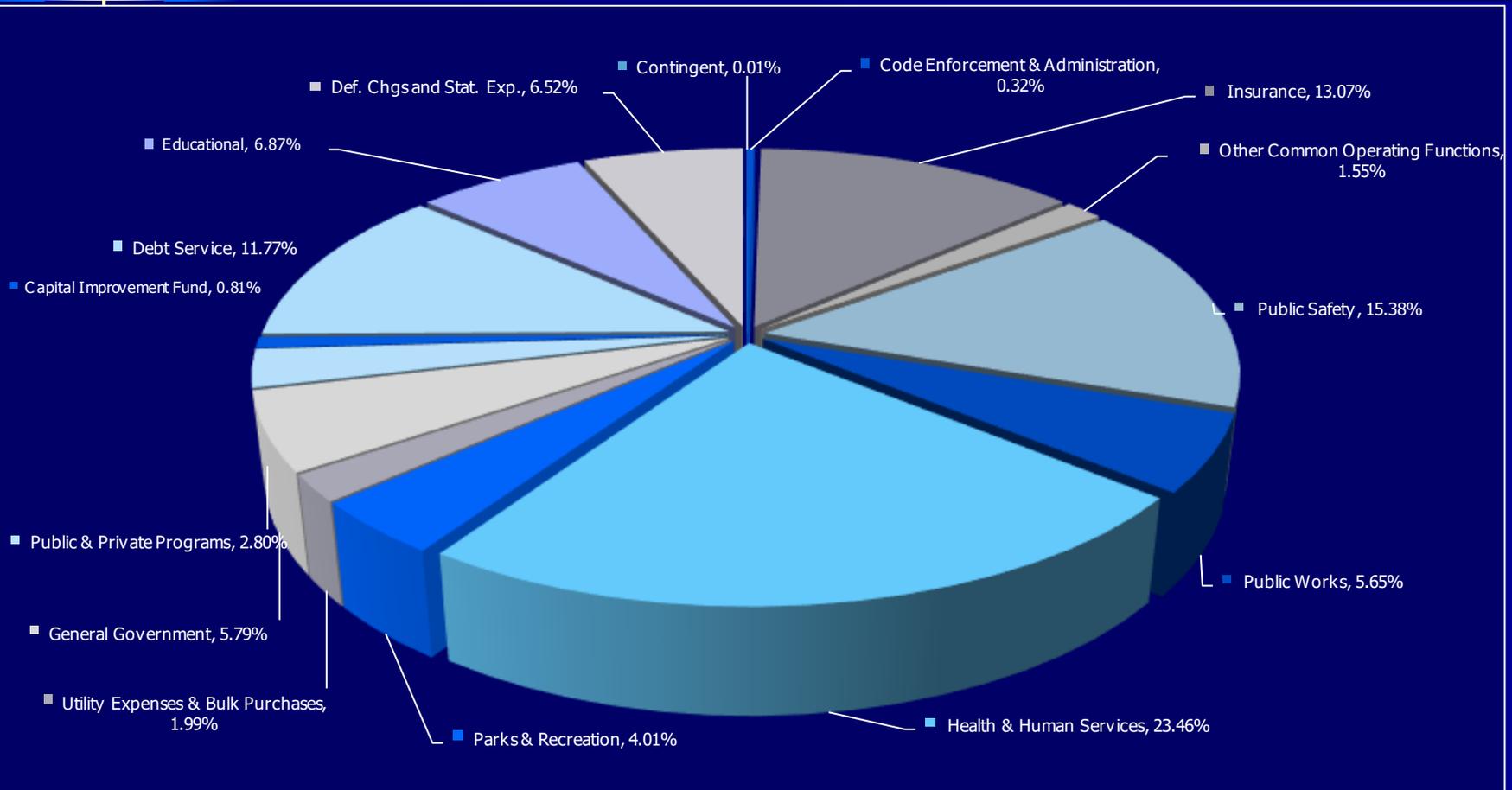
# 2016 Morris County Operating Budget Trends

- After three years of no tax increase experiences a moderate 2015 increase is introduced

	<u>Introduced Budget</u>	<u>Total Tax Effort</u>
<b>2016</b>	<b>\$340,650,110</b>	<b>\$225,384,598</b>
<b>2015</b>	<b>\$329,353,292</b>	<b>\$217,899,755</b>
<b>2014</b>	<b>\$317,327,448</b>	<b>\$217,899,755</b>
<b>2013</b>	<b>\$311,089,690</b>	<b>\$217,903,029</b>
<b>2012</b>	<b>\$317,334,110</b>	<b>\$217,917,846</b>

# 2016 Morris County Budget

## Ensures the broad delivery of services to our residents



# 2016 Morris County Budget Ongoing Investments in Education/ Recreation

- \$11.8M investment in the County College of Morris
- \$6.2M investment in the Morris County School of Technology
- \$13.7M investment in the Morris County Park Commission

# 2016 Morris County Budget

## Highlight of Services to be Provided

- Over 500K Meals will be provided to Morris County Senior Citizens
- Morris View Health Care will remain home to 283 individuals.
- The continued provision of a wide variety of Human/Social Service programs:
  - Aging, Disabilities, and Veteran Services
  - Mental Health Services
  - Substance Abuse Services
  - Emergency Assistance Services
  - Transportation Services

# 2016 Morris County Budget Focused on Public Safety Services

- **Sheriff's Office**
  - Court House Security
  - Crime Scene Investigation Services provided to all Municipalities
  - Canine services provided to all Municipalities
- **Prosecutor's Office**
- **County Correctional Facility**
- **County Office of Emergency Management**
- **Public Safety Training Academy**
  - Certified Police/Fire/ EMS Training Facility
- **911 Emergency Communication Center**
  - Providing Emergency Dispatch Services for 23 Municipalities
  - Providing Interoperable Communications for all Municipalities
- **Office of Health Management –**
  - LINCS Communications / Public Health Planning
  - Environmental Health Services, Hazmat response
  - Provides Local Health Services to 5 Municipalities
- **Juvenile Detention Center/Youth Shelter** (Shared Service with 4 Counties )
- **Medical Examiners Office** ( Shared Service with 3 Counties)
- **County Wide Weights and Measures Services**

# 2016 Morris County Debt Management

- The 2016 Capital Budget authorizes \$26.1M (To be reduced by \$1.5M Chapter 12 Aid from State) in Debt for various Capital Projects
  - Continued Emphasis on Road / Bridge Infrastructure
  - \$7.6M for 22 miles of County Road Resurfacing
    - 2015 \$7.6M
    - 2014 \$4.8M
    - 2013 \$2.2M
  - \$3.3M for the design of 16 of Bridges and construction of 6 Bridges
    - 2015 \$3.2M
    - 2014 \$2.9M
    - 2013 \$3.7M
  - \$3.7M for Educational Facilities (to be reduced by \$1.5M Ch.12 Bonds)
  - \$1.0M for Criminal Justice Reform
  
- Historical Capital Budget Debt Authorized:

2015 - \$26.4M	2013 - \$21.5M
2014 - \$23.8M	2012 - \$29.2M

# 2016 Morris County Budget Structural Balance

- Morris County's Financial Strength is maintained through:
  - The long standing “aaa” Bond rating
  - Continued conservative budgeting practices
  - The oversight of the Governing Body
  - The ongoing engagement of a Budget Sub-Committee
  - Continued advanced Planning in preparation for future reductions in Managed Medicaid Revenues

# 2016 Morris County Budget Structural Balance

The prudent and methodical use of Fund Balance ensures stability in the annual use of Reserves and the continuation of the County's "aaa"

- 2015 Ending Fund Balance \$53M
- 2016 Projected Ending Fund Balance \$50M to \$55M
  
- **How the Rating Agency's Evaluate Fund Balance:**
  - *A September 2014 Moody's Investor Service presentation notes that conservative budgeting is one where the entity "appropriates surplus with a strategy to regenerate"*
  - *Moody's Investor Service December 2015 "aaa" Rating notes "ending Current Fund Balances remain strong at about \$53M"*
  - *Standard & Poor's Rating Services December 2015 "aaa" Rating "The county has a history of maintaining strong –to-very strong current fund balances... Management expects fund balance to remain at least equal to \$53M at 2015 year end"*

# 2016 Morris County Budget Strategic Planning is Critical

## ■ Future Budget Risks:

- Continued uncertainty of Medicaid funding for Morris View Health Care Center partially recognized in 2016
- Potential increases in Health Insurance and Pension costs
- Impact of Criminal Justice Reform and Speedy Trial
- County Guarantee for Debt Service for Solar I & Solar II Programs
  - Moderating this risk through the completion of 10 remaining sites in Solar II; along with the stabilization of the SREC market
- Understanding the economic trends and changing demographics in Morris County

# 2016 County Budget In Summary / In Perspective

- The Aggregate 2012-2016 combined Tax Effort represents one half of one (.5%) increase
- While the 2016 Operating Tax effort will increase 3.43%, the reduction in the Open Space Tax, has resulted in an overall 2.39% Tax increase
  - This was accomplished through the \$1 Billion increase in County ratables coupled with the 1/8 of a cent reduction in the Open Space Tax
- The average household change is approximately \$20 annually based on the average residential value of \$373,000
- Protects the County's "aaa" bond rating
- Permits the final 10 sites in the Solar 2 Project to be completed