

2017 Morris County Budget



Douglas R. Cabana, Freeholder Director
John Cesaro, Deputy Freeholder Director
Kathryn A. DeFillippo, Freeholder
Hank Lyon, Freeholder
Thomas J. Mastrangelo, Freeholder
Christine Myers, Freeholder
Deborah A. Smith, Freeholder

2017 Budget Goals

- The preeminent goal of the Freeholder Board is to develop, adopt, and manage an annual County Operating Budget that:
 - Remains financially and operationally efficient
 - Protects the County's long standing "Aaa" bond rating
 - Preserves the prudent and methodical use of Fund Balance
 - Continues to provide critical Public Safety Programs, Human Service Programs, and all critical County-wide infrastructure projects
 - Supports County-Wide Economic Development

A Comprehensive Budget Development Process

- The development of Morris County's Annual Operating Budget begins with a detailed and thorough review of every Department's Budget, analyzing:
 - Expense and Revenue opportunities
 - Relevant program service areas
 - Relevant program funding areas
 - Needs of Morris County municipalities
 - Future year's budget considerations
 - Potential risk areas

Morris County Vision and Mission

The Morris County Board of Chosen Freeholders has developed and presents a 2017 Operating Budget founded upon and embodying the Freeholder Board's Vision, Mission, and Guiding Principles

Vision

Morris County will continue to be the premier place in which to live, work, and raise a family. Our County will continue to build our vibrant and sustainable economy and preserve our natural resources and history. We will honor our unique quality of life, assure a safe, well-maintained infrastructure and offer cultural and recreational opportunities for residents and visitors alike. We will continue to offer compassionate support to those in need and maintain our tradition as a caring community

Mission

Morris County will protect and preserve the quality of life for all of Morris County, and ensure the effective, efficient and ethical stewardship of tax dollars

Morris County Guiding Principles

■ Morris County Government will:

- Build upon our advantages of location, infrastructure, a diverse and talented workforce, safety, education, diversity and culture to maintain our way of life
- Respect and protect the interests of taxpayers and utilize and exercise prudence in all financial matters
- Execute all aspects of County business in the most ethical, effective, professional and transparent manner, with all actions and decisions focused on the most responsive and best interests of Morris County residents
- Optimize the use of available funding, including providing shared or regionalized services
- Provide strategic leadership, and balance short and long term planning
- Partner with our 39 municipalities to support their safety and quality of life
- Assist and collaborate with our communities during times of need and/or crisis

Careful Fiscal Management Results in a 2017 Marginal Tax Rate Increase

The 2017 Morris County Operating Budget will result in a 2017 Tax Rate increase of 1.79% or an annual increase of \$18.44 per average Morris County home

<u>Year</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Budget	\$329.4M	\$340.7M	* \$332.1M
Tax Effort	\$217.9M	\$225.4M	\$233.1M
Ratable Base	\$90.71B	\$91.74B	\$93.23B
Tax Rate	\$0.2411	\$0.2467	\$0.2511

* A State directed accounting change regarding the manner in which County's account for their respective residents in State Psychiatric Facilities resulted in \$8.6M reduction to the 2017 Budget.

Morris County Budget 2017 - A Year of Transition

- ❑ Due to a State directed accounting change in the way that all Counties account for their respective residents in State Psychiatric Facilities the 2017 Operating Budget decreased \$8.6M
- ❑ As a result of mandatory and contractual obligations the 2017 tax effort increased \$7.7M
- ❑ Programs that are conservatively budgeted include, preparing for the outsourcing of Morris View Healthcare Center, the inclusion of a full years cost related to Criminal Justice Reform, the introduction of a County-wide EMS Program, and the Renewable Energy Program

2017 Budget Increase Reflects the Impact of State Mandates and Contractual Obligations

2017 Increase Costs Include:

- \$6.0M for Health Insurance *
 - 2011 to 2017 average Morris County Health Care increase: 4.6%
 - 2011 to 2017 average State Health Benefit Plan increase: 8.3%
- \$2.0M for Anticipated Salary Adjustments *
 - Aggregate 2% of Salaries and in accordance with the Cap
- \$1.0M for Morris View Transition Costs *
- \$750K for Criminal Justice Reform *
- \$638K in Pension Increases *
- \$500K for County Wide EMS Program
- \$229K for State Human Service/Mental Health Needs *

** Increases that are Mandatory and Contractual*

Fund Balance: Exactly Where It Needs To Be

- The prudent and methodical use of Fund Balance continues to ensure stability in the annual use of Reserves and supports the continuation of the County's "Aaa" Bond Rating
- As a general rule, Rating Agency's typically look for "Aaa" entities to maintain 1 to 2 months of reserves
- Morris County will continue to use the portion of the Year Ending Fund Balance that can reasonably be expected to be regenerated
 - 2015 Ending Fund Balance \$53.0M
 - 2016 Use of Fund Balance \$23.96M
 - 2016 Ending Fund Balance \$53.3M
 - 2017 Use of Fund Balance \$25.3M
 - 2017 Projected Ending Fund Balance \$48M to \$53M

2017 Budget Contains Critical Community Investments

- Human Services, Educational, Cultural, and Economic Initiatives included in the 2017 Budget:
 - \$13.7M in the 18,900 acre Morris County Park Commission
 - \$11.8M in the County College of Morris
 - \$ 7.0M in Community Based Human Service Agencies
 - \$ 6.2M in the Morris County School of Technology
 - \$ 5.1M in the Morris County Library, and Heritage Commission
 - \$ 0.4M in Economic Development and Tourism

County Human Service Programs Continuing to Assist the Most Vulnerable

- Morris View Healthcare Center remains home to 283 residents
- Traditional Emergency Assistance / Welfare to Work programs provided to residents of all Morris County municipalities
- 500k Meals annually provided to Morris County Senior Citizens
- Provides County-owned buildings and facility space to 20 Community Based Human Service providers to support those in need
- The continued provision of a wide variety of Human / Social Service programs:
 - Aging, Disabilities, and Veteran Services
 - Mental Health Services
 - Substance Abuse Services
 - Transportation Services

Public Safety Services

Protecting our Community

■ Sheriff's Office

- Courthouse Security / Warrant Processing
- Crime Scene Investigation Services provided to all municipalities
- Canine Services provided to all municipalities
- County Correctional Facility

■ Office of the Morris Prosecutor's Office

- Investigation and Prosecution of all major Crimes

■ County Office of Emergency Management

- Mutual Aid EMS/BLS services offered to all municipalities

■ Public Safety Training Academy

- Certified Police/Fire/EMS Training Facility available to all municipalities

■ 911 Emergency Communication Center

- Providing Emergency Dispatch Services for 25 municipalities
- Providing Interoperable Communications for all municipalities
- Records Management System available to all municipalities

Public Safety Services

Protecting our Community

■ Office of Health Management

- LINCS Communications / Public Health Planning
- Environmental Health Services
- Provides 24/7 County-wide Hazmat Emergency Response to all municipalities
- Provides Local Health Services to 8 Morris County municipalities

■ Juvenile Detention Center

- Shared Service with Hunterdon, Sussex, and Warren
- Shared Service as a back up facility to Hudson and Union

■ Youth Shelter

- Shared Service with Hunterdon, Sussex, and Warren

■ Medical Examiners Office

- Shared Service with Hunterdon, Sussex, and Warren

■ County-Wide Weights and Measures Services

- Protecting Consumers throughout the County

Planning and Public Works

Maintaining our Critical Infrastructure

■ Public Works / Shade Tree

- Maintain 287 miles of County roads throughout all Morris County municipalities
- 1,000 bridges and culverts throughout all Morris County municipalities
- Oversee the management of 3 Freight Rail roads
- Maintain, service, and repair 960 vehicles and or pieces of equipment
- Maintain 3.3 million square feet of buildings/structures

■ Planning Services

- Management of Preservation Efforts and Associated Funding
 - Farmland, Open Space, Historic Preservation, Flood Mitigation, and Trails Construction
- Development Review and Long Range Planning (Planning Board)
- Management of the Construction Appeal process for all Morris County municipalities

■ Mosquito Control

- Provide Mosquito control services throughout all Morris County municipalities

Prudent Debt Practices

Stabilize the Tax Effort

- The 2017 Capital Budget authorizes \$27.1M in Debt for various Capital Infrastructure Projects:
 - \$7.8M for County road resurfacing and intersection reconstruction projects
 - \$4.0M for buildings and structure improvements including Criminal Justice Reform
 - \$2.4M for the design and replacement of bridges
 - \$2.3M for Law and Public Safety equipment
 - \$2.2M for Educational facilities
 - \$2.16M for replacement of Public Works equipment
 - \$1.5M for Information Technology equipment

What Rating Agency's say about Morris County's Financial Integrity

- Morris County's Financial Strength continues to be recognized through its long standing "Aaa" Bond rating from both Standard and Poor's and Moody's

- Standard and Poor's September 2016 Opinion notes Morris County has:
 - *"a history of conservative budgeting and balanced financial operations"*
 - *"budgetary flexibility (that) is very strong"*
 - *"strong management with good financial policies and practices"*
 - *"very strong liquidity"*

- Moody's September 2016 Opinion Notes Morris County has:
 - *"solid financial flexibility given conservative management practices"*
 - *"a strong financial position bolstered by significant reserves held in trust outside the current fund"*
 - *"a management (team that) constantly looks at initiatives to help improve the financial position of the County"*

The 2017 Budget Adheres to the Rating Agency's "Financial Integrity" Score Card

- ✓ The Budget continues to be Structurally Balanced with recurring revenues matches recurring expenses
- ✓ The Budget Process includes a Strong Liquidity Management component that enables the County to identify and respond to both potential internal and external issues
- ✓ The County's financial strength is enhanced through the weekly budget oversight by the Freeholder Budget Sub-Committee performing economic, revenue and expense reviews along with the evaluation of Budget execution
- ✓ The continued adherence to a Budget Reserve Practice augments the County's financial reliability and stability
- ✓ The annual development of a prioritized spending plan along with established contingency plans provides ongoing flexibility

The 2017 Budget Adheres to the Rating Agency's "Financial Integrity" Score Card

- ✓ The use of a Prioritized Spending Plan along with established contingency plans permits the County to rapidly and effectively respond to any changes in the economic environment
- ✓ A strong Long Term and Contingent Liability management process enhances the oversight of organizational liabilities
- ✓ The annual development of a Multiyear Financial Planning tool considers the affordability of actions or initiatives before they become part of a future years annual budget
- ✓ The strict adherence to conservative Debt Management Practices enable the County to evaluate the future debt profile
- ✓ The continued implementation of a well defined and coordinated County-wide Economic Development and Tourism Strategy is in place to ensure ongoing decades of continued financial integrity

Recognizing the need for Strategic Planning

- Future Budget Strengths and Opportunities:
 - Leasing of Morris View to a third party should result in a reduction of the County's annual tax effort and the elimination of salaries and benefits
 - Conduct a Comprehensive Health Care analysis to ensure coverage is provided in the most cost effective manner
 - The conclusion of the 5 year recapture period related to the Solar I Project along with the completion of the Solar II Project, may present future opportunities to minimize the need to call upon the County Guarantee for debt service

Strategic Planning is Critical to prepare for the Future

■ Future Budget's "Watch List":

- The full costs associated with the impact of Criminal Justice Reform (Bail Reform) and Speedy Trial
- The continued and growing need for additional Human Services to those in need
- The potential need to expand the County operated EMS program
- Anticipated increases in Health Insurance and Pension costs
- The continued build out and remediation of Central Park of Morris County
- Eventual modification and/or replacement of the Courthouse Complex
- The continued maintenance of the County's critical infrastructure
- Understanding and preparing for changing economic trends and demographics which will continue to impact Morris County
 - Increase focus and investment of time and resources to optimize Economic Development and Tourism opportunities
- The continued risk of reduced State funding

Morris County 2017 Operating Budget

Thank You

Questions ?????