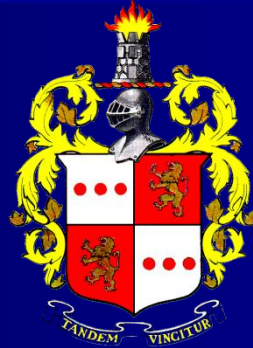


2016 Morris County Budget



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

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

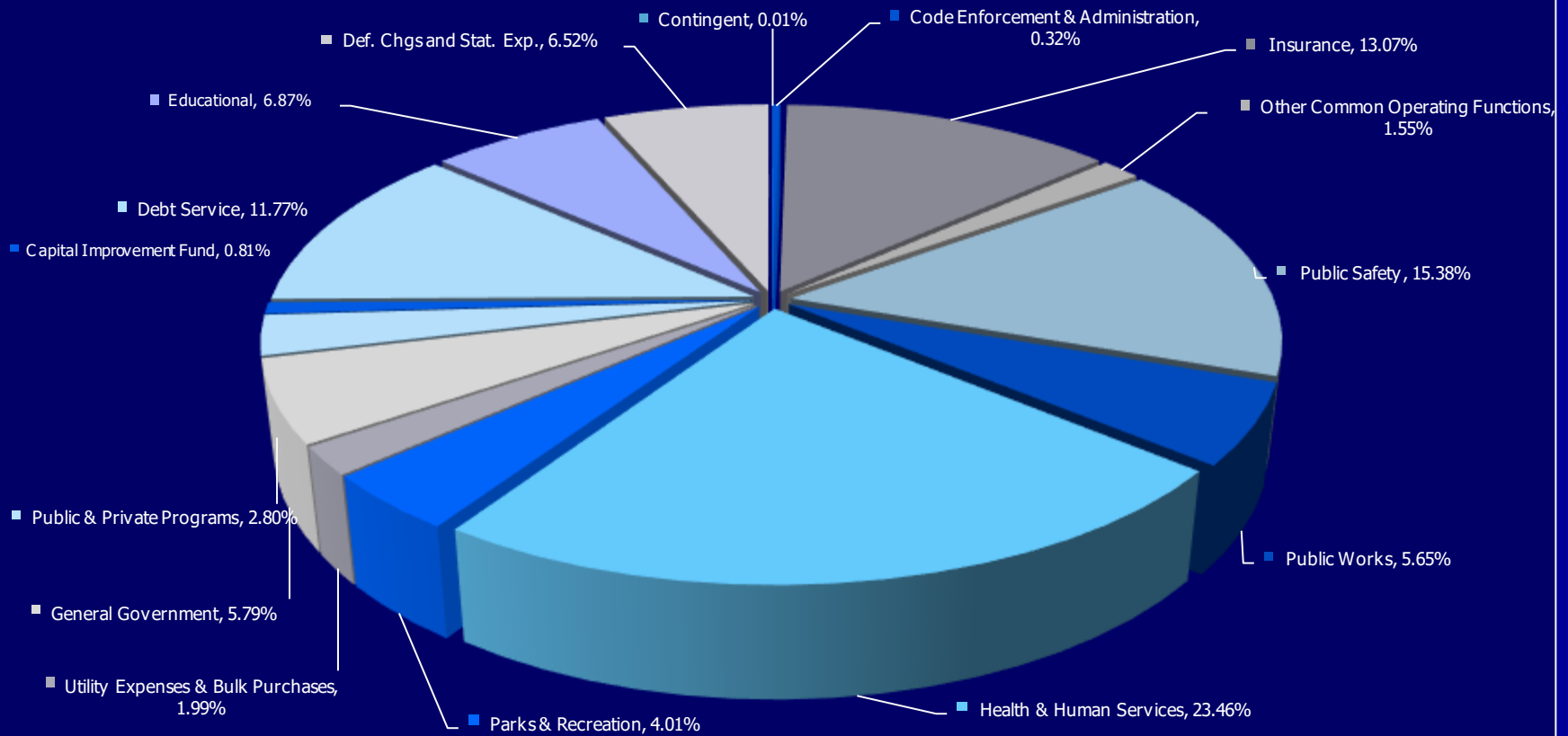
2016 Morris County Operating Budget Trends

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

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

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