

County of Sussex 2017 Budget

1

BUDGET COMMITTEE

FREEHOLDER DEPUTY DIRECTOR, JONATHAN ROSE

FREEHOLDER, GEORGE GRAHAM

COUNTY ADMINISTRATOR, GREGORY POFF

COUNTY CHIEF FINANCIAL OFFICER, ROBERT MAIKIS

DIRECTOR OF FINANCE, MARY JONES

CONFIDENTIAL ASSISTANT, RUBY MALCOLM

2017 COUNTY OPERATING BUDGET

2

What Makes Up the County Tax?

Throughout this presentation all financial data is based on a combination of the following 3 items:

1. County Purpose Tax (now includes the Health Fund)
2. Library Fund
3. Open Space

2017 COUNTY OPERATING BUDGET

3

Marginal Tax Rate Increase

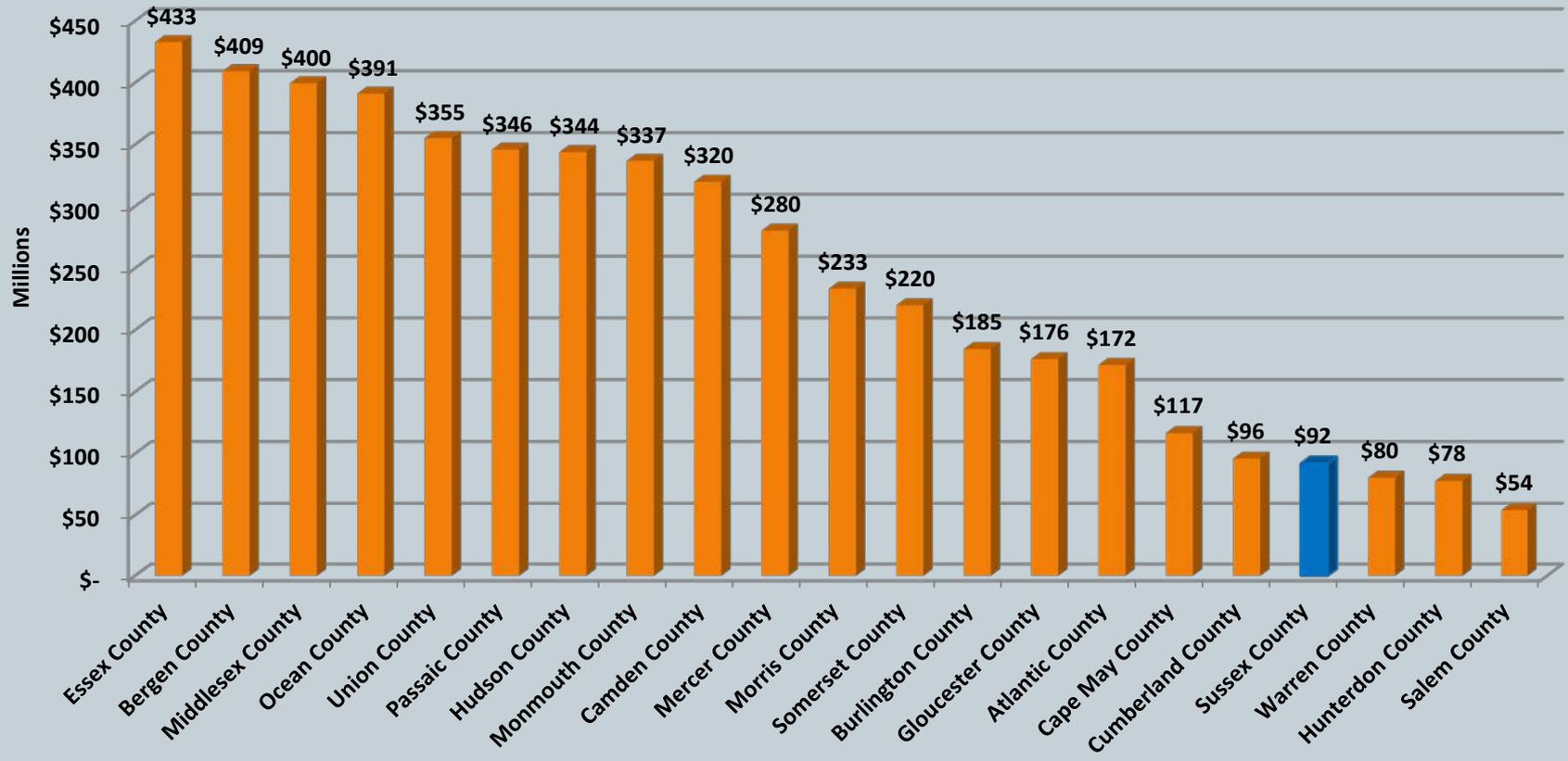
- The 2017 Sussex County Operating Budget will result in a 2017 tax levy increase of 3.23% or an annual increase of \$43.34 per average Sussex County home

	2015	2016	2017
Tax Levy	\$88.429M	\$91.924M	\$94.896M
Ratable Base	\$16.940B	\$16.855B	\$16.867B
Tax Rate	\$0.5220	\$0.5454	\$0.5626

2017 COUNTY OPERATING BUDGET

4

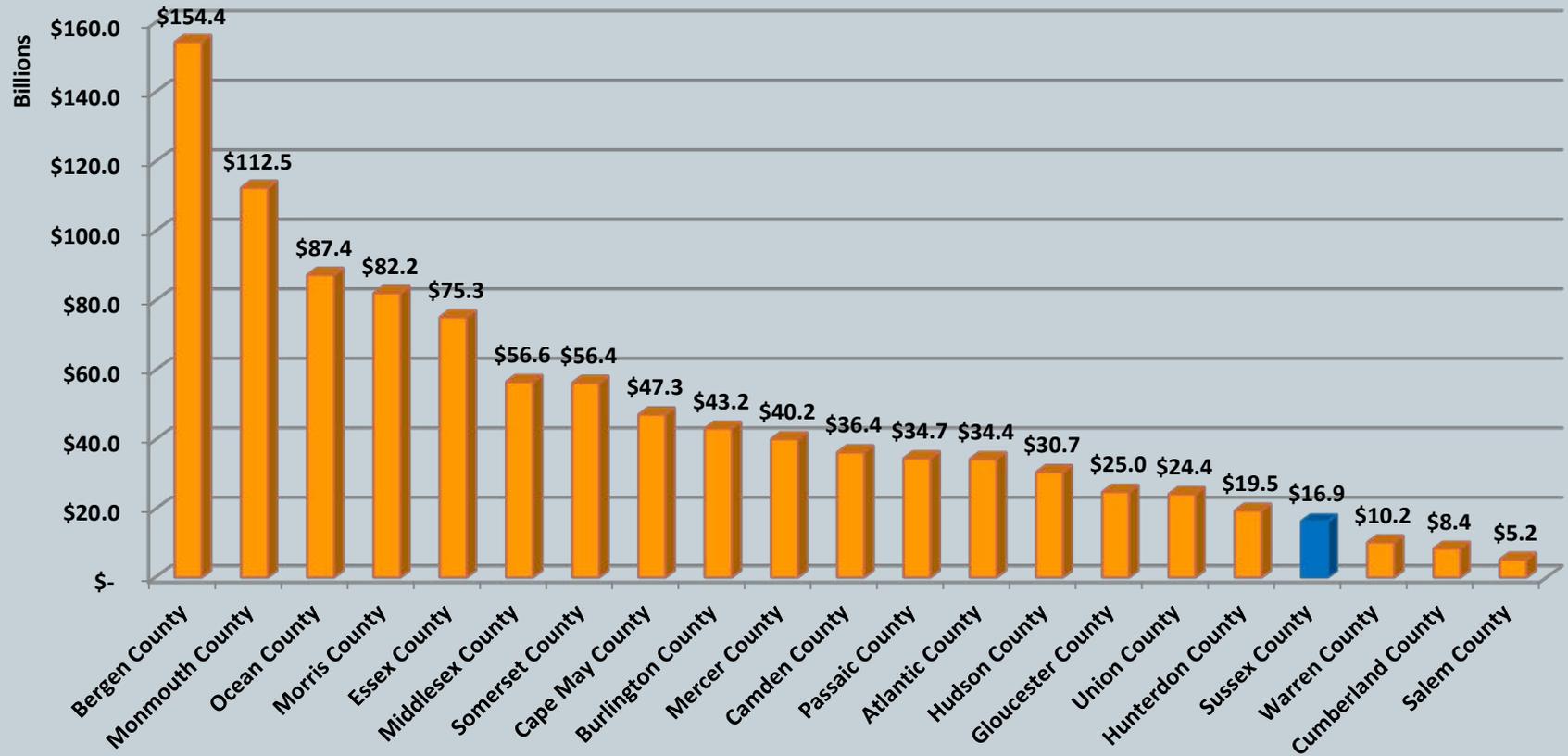
2016 Total County Levy



2017 COUNTY OPERATING BUDGET

5

2016 County Net Valuation Taxable



2017 COUNTY OPERATING BUDGET

6

Budget Development Process

- Reviewed Mandated & Contractual Obligations
 - Salaries & Wages
 - Pensions & Benefits
 - Criminal Justice Reform
 - Shared Service Agreements
- Held meetings to review departments' budget submissions
- Requested operating increases were reduced to .30%

2017 COUNTY OPERATING BUDGET

7

Budget Development Process

- Evaluated current and future program needs
- Looked over revenue and expense changes
- Increased some department operating expenses above .30% with specific justification including, but not limited to,
 - **Bridge and Traffic Safety – Lane Line Painting**
 - **Roads – Snow Removal**
 - **Jail – Medical Expenses**
 - **Adjuster – Civil Commitments**

2017 COUNTY OPERATING BUDGET

8

Budget Development Process

- Considered impact to future budgets
- Examined Goals Regarding the Annual County Operating Budget
 - Preserve the County's current AA+ bond rating
 - Maintain a stable tax rate
 - Remain financially and operationally efficient
 - Ensure prudent use of fund balance

2017 COUNTY OPERATING BUDGET

9

Fund Balance and where it needs to be

The planned use of Fund Balance creates stability in the annual use of the County's reserves and supports the current AA+ bond rating

As a general rule rating agencies recommend AA+ entities maintain two months of reserves

Sussex County continues to use the portion of year end fund balance that can reasonably expected to be regenerated

2013 ending fund balance - \$14.3M

2014 ending fund balance - \$14.8M

2015 ending fund balance - \$14.5M

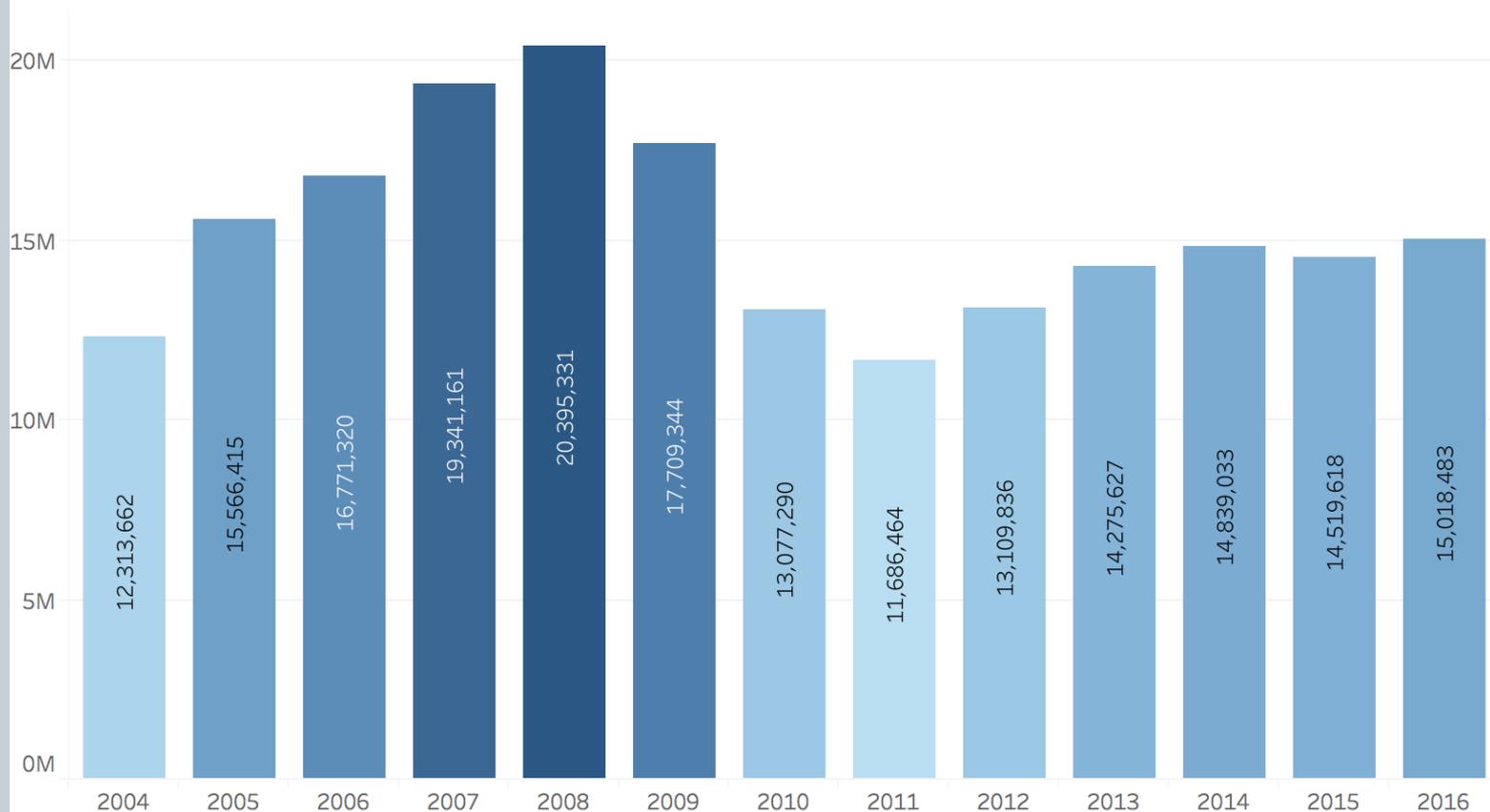
2016 ending fund balance - \$15.0M

2017 COUNTY OPERATING BUDGET

10

Year End Fund Balance

Fund Balance as of 12/31



2017 COUNTY OPERATING BUDGET

11

- Laws affecting the County budget:
 - The “1977” cap law prohibits counties from increasing their property tax levy by more than 2.5%... unless action is taken by the governing body to increase their property tax levy
 - The “2010” property tax levy cap law establishes a formula that limits increases in the municipal amount to be raised by taxation to 2% of the previous year’s amount to be raised by taxation
 - The “2017” county entity budget cap limits the annual increase in the portion of certain county entity budget requests funded by the county property tax levy

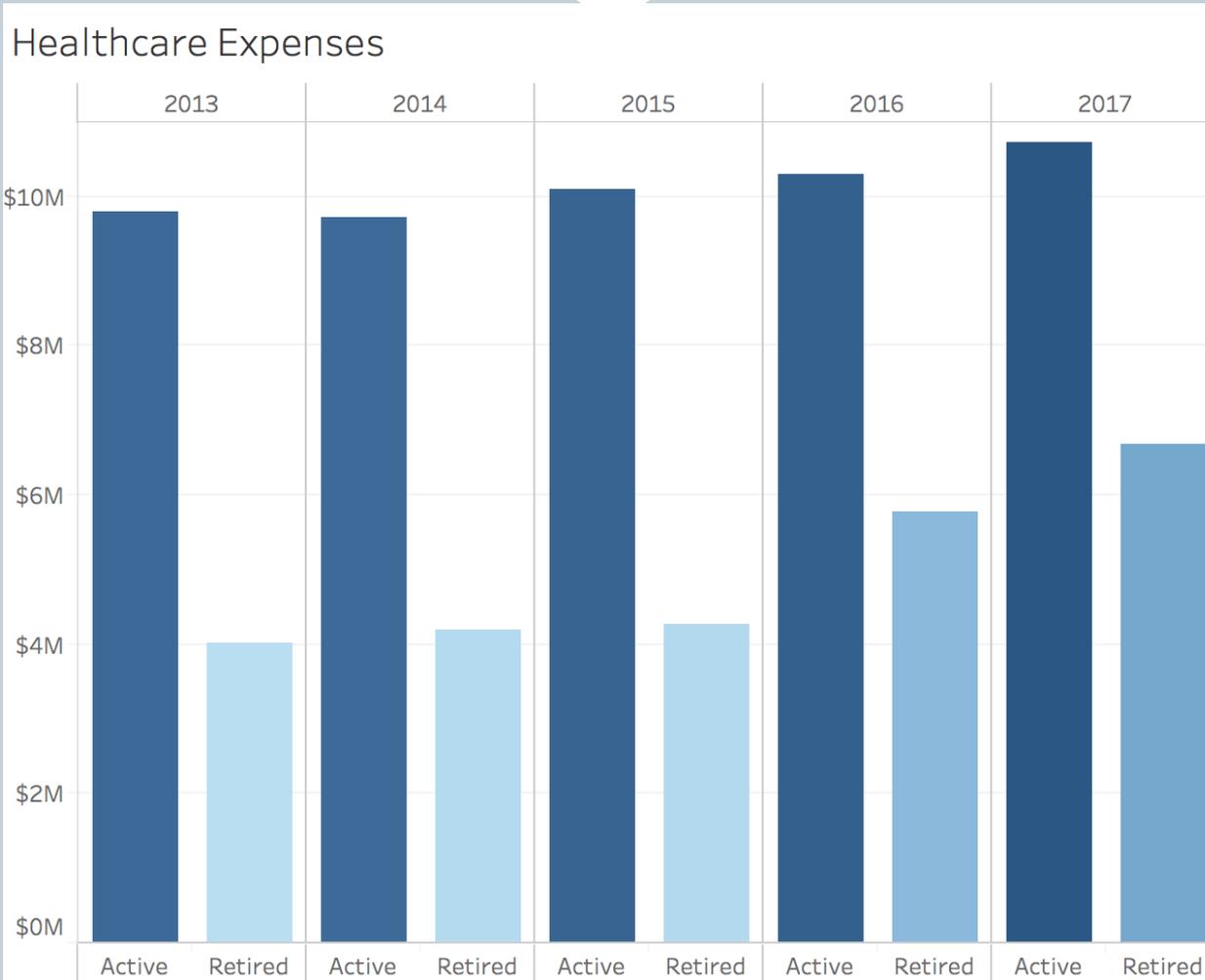
2017 COUNTY OPERATING BUDGET

12

- The County is within both the “1977” and “2010” tax levy cap laws and the “2017” county entity cap law
- Changes in health insurance law (P.L. 2011, c. 78) increase the share of health benefit premiums paid by public employees
 - This change results in health benefit cost savings to the County of \$1.9M in 2017

2017 COUNTY OPERATING BUDGET

13



2017 COUNTY OPERATING BUDGET

14

Budget Impact of Health Benefit Expenses

- 2017 anticipated increase over \$2M
- County was able to alleviate this by renegotiating with health and prescription benefit providers
- Renegotiating brought the increase down by \$600K
- County benefits in developing its claims experience
- Cooperate with labor to develop cost savings strategies and create alternative plan designs

2017 COUNTY OPERATING BUDGET

15

State Mandates and Contractual Obligations

- \$16.8M for Health Insurance Benefits
- \$6.9M for the County Technical School
- \$6.5M for Debt Service
- \$4.7M for Pension Benefits
- \$4.2M for the County Community College
- \$1.8M for State Human Services/Mental Health Needs

2017 COUNTY CAPITAL AUTHORIZATIONS

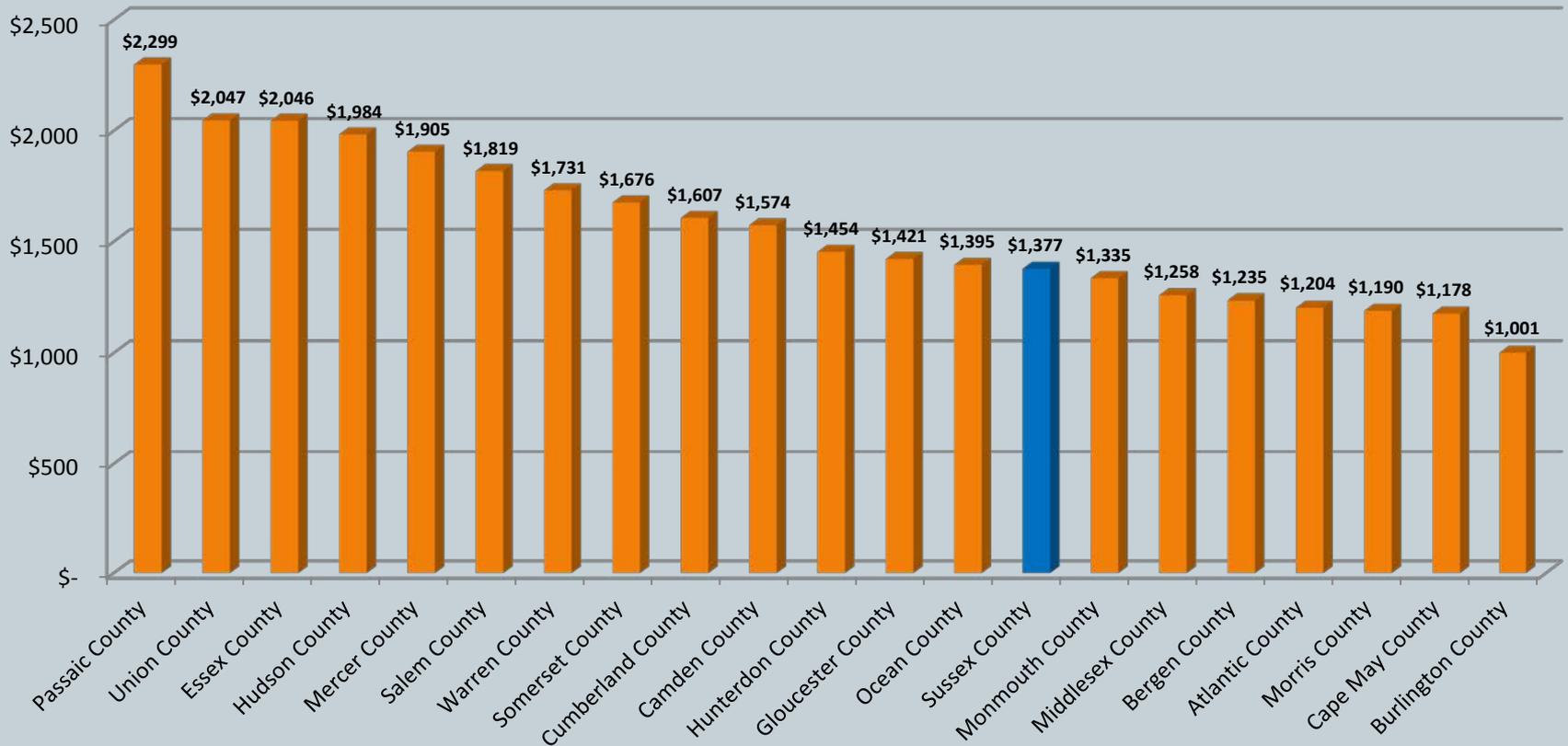
16

- \$3.65M for road resurfacing, crack sealing, and reconstruction projects
- \$2.78M for educational facility improvements, including SCCC and Sussex Tech
- \$1.78M for bridge design and replacement
- \$1.19M for county wide buildings improvements, including Criminal Justice Reform and Security Upgrades
- \$1.15M for replacement of public works vehicles and equipment
- \$800K for information technology equipment

2017 COUNTY OPERATING BUDGET

17

2016 Average County Taxes



2017 COUNTY OPERATING BUDGET

18

Planning for the Future

The County is committed to taking a proactive approach in researching future opportunities:

- Continue analysis of the employee benefit package and ongoing education outreach to employees
- Explore additional shared service opportunities

2017 COUNTY OPERATING BUDGET

19

Planning for the Future

- Complete review and analysis of the solar debt service
- Continue work with municipalities to ensure their needs are being fully met under services provided by the County
- Ongoing fiscal responsibility to maintain a stable tax rate, avoiding tax rate spikes

2017 COUNTY OPERATING BUDGET

20

Important Items to Watch

- Full cost of Criminal Justice Reform
- On-going Union negotiations with 3 large units
- On-going maintenance and repair to County infrastructure and equipment
- Increase in required Adult Protective Services
- Solar 1603 Federal Reimbursement

2017 COUNTY OPERATING BUDGET

21

Budget Bottom Line

	Adopted	Introduced		
	2016	2017	Change	%
Amount To Be Raised	\$91.924M	\$94.896M	\$2.971M	3.23%
Anticipated Fund Balance	\$5.82M	\$6.05M	\$229K	3.94%
Net Valuation Taxable	\$16.855B	\$16.867B	\$12.725M	0.08%
County Tax Rate Per \$100	\$0.5454	\$0.5626	\$0.0172	3.15%

2016 Average Home/100	2016 Tax Per \$100	2016 Average County Tax
\$2,460	\$0.5454	\$1,342

2016 Average County Tax	2017 Tax Increase	2017 Average County Tax Increase
\$1,342	3.23%	\$43.34