

# Somerset County 2011 Budget Presentation

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## **Somerset County Board of Chosen Freeholders**

- Robert Zaborowski, Director
- Patricia L. Walsh, Deputy Director
- Peter S. Palmer
- Jack M. Ciattarelli
- Patrick Scaglione

# The Global and National Outlook 2011--conflicting signs

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- Worldwide economic downturn subsiding???
  - Fundamental social, economic & political shifts for US and other countries
  - Federal stimulus programs are phasing out
  - Corporate layoffs continue –Unemployment dropping, but continues at 8.9%
  - Financial scandals long term impacts
  - Banking, credit markets and bond markets all face fundamental changes
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# Impacts on Somerset County 2011

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- ❑ State of New Jersey financial crisis continues
  - ❑ NJ Unemployment at 9.1%
  - ❑ Somerset County Unemployment at 6.9%
  - ❑ Real estate transfers up but revenues flat
  - ❑ Housing values down
  - ❑ Interest on County investments still down
  - ❑ Employment & real wages still down
  - ❑ Demand for human and social services up
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# Accommodating the changes– what it means for Somerset County

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## There was an old “normal”

- Public demands for services balanced by public demands for tax relief
  - Booming housing market, strong economic growth, historically low national & local unemployment rates
  - State and federal policies were favorable to local governments
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# Accommodating the changes– what it means for Somerset County

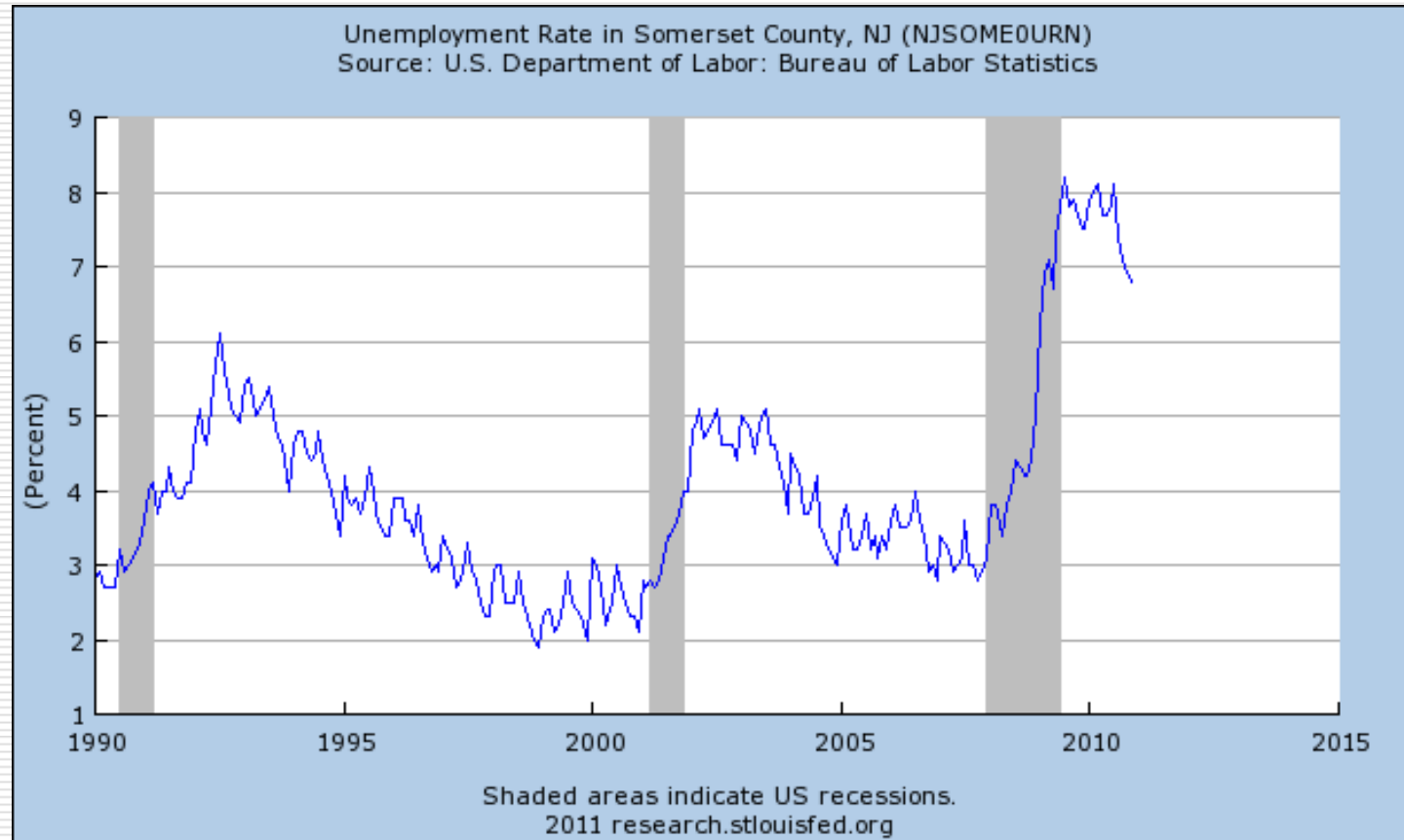
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There is a new “normal”

- Tax relief at all levels becomes a priority
  - Flat housing market, slow/minimal economic growth, slow/minimal job growth at the national & state levels
  - State and federal policies decidedly unfavorable to local governments: new CAP laws, reduced aid for education, lower grants & reimbursement
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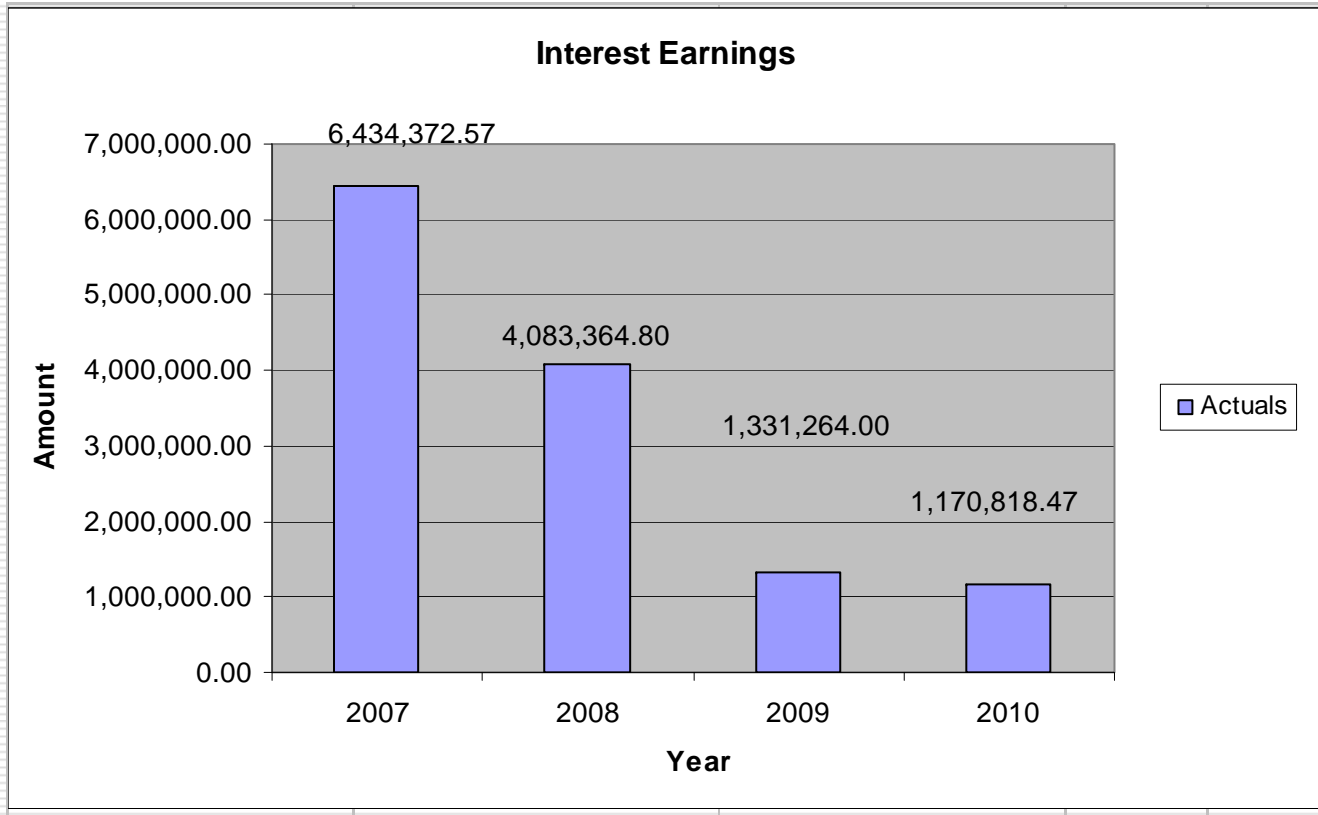
# A look at the numbers

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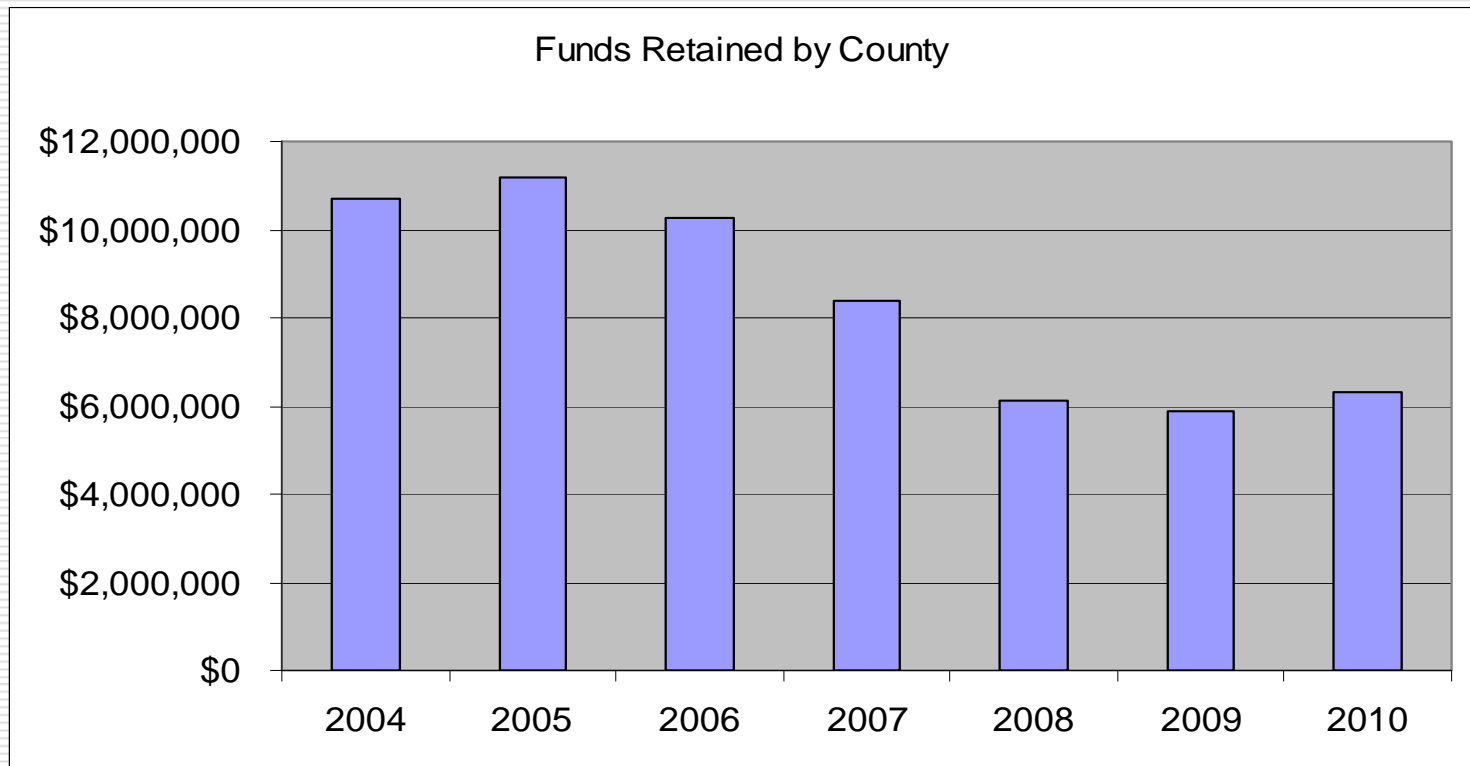
# A look at the numbers

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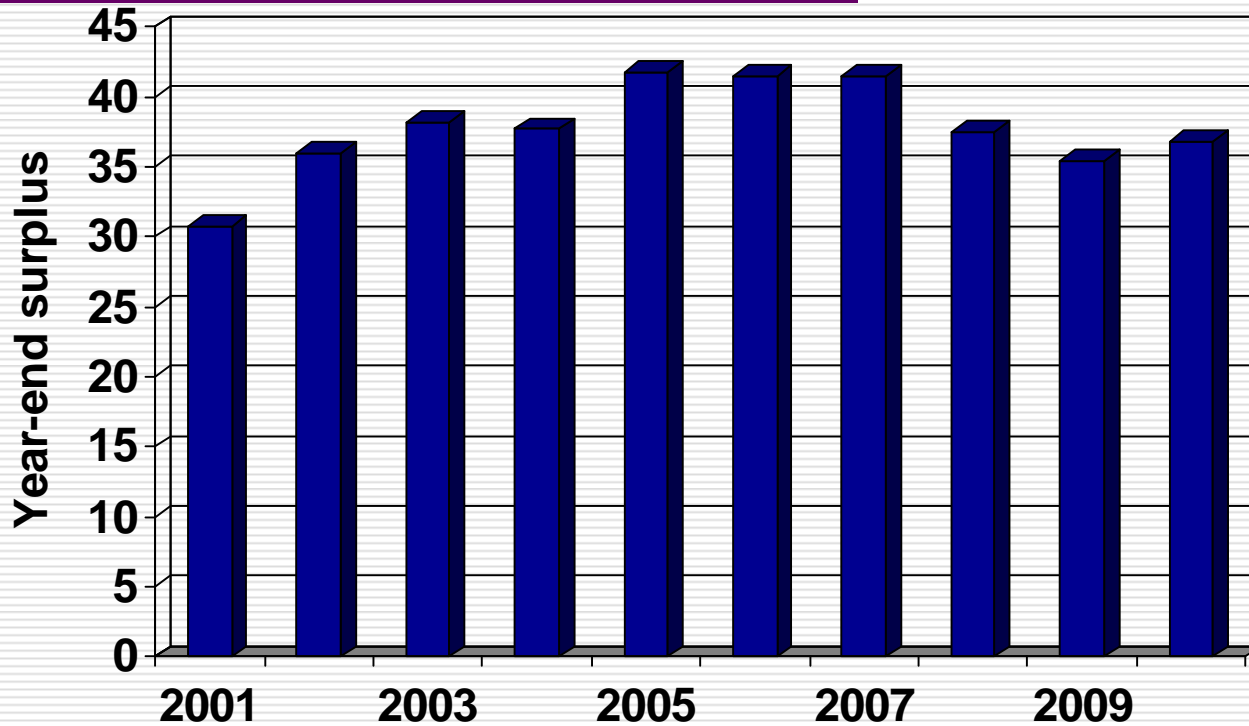
# A look at the numbers

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# A look at the numbers



# Somerset County Responses- What We've Done for 2011

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- Somerset County has planned for a extended recessionary & post-recessionary period
  - CAP Bank is a priority
  - Flexibility for 2012 is a priority
  - Increased Shared Services effort
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# Highlights of the 2011 Budget

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- Maintains a no-tax increase budget without:
    - employing “one-time gimmicks” such as holding off on pension contributions;
    - without compromising any future budgets;
    - and without jeopardizing the county’s longtime triple-A bond ratings.
  
  - Hiring freeze continues with only essential vacancies to be filled on a case by case basis. Overall, the county has decreased its personnel rolls by 4.5% percent since 2008.
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# Highlights of the 2011 Budget Cont'd

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- Maintain all cutbacks in overtime expenses and part-time hires implemented since 2008
  - Lower the cost of the county's health insurance by switching providers, and requiring a higher level of employee contributions to the cost of the program
  - Continue to leverage savings by implementing employee suggestions made at the beginning of 2009
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# Highlights of the 2011 Budget Cont'd

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- Salaries are expected to increase an average of 1.5 percent. 16 of the 19 unions representing many county employees have taken a zero salary increase in either 2010 or 2011.

Ongoing negotiations with Sheriff's officers, correction officers, the ID Bureau and county dispatchers seek similar results

- Increased 911 Dispatch and Health Dept. service areas
  - Provided another \$400,000 to the Road Division for weather related materials and supplies
  - Saved approx. \$2.9 million annually by not filling or funding 149 vacant positions
  - Saved an additional \$1.1 million in fringe benefits by not filling these positions
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# Highlights of the 2011 Budget Cont'd

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- ❑ Reduced revenue estimates by \$952,400
  - ❑ Increased usage of surplus by \$900,000
  - ❑ Use half of \$36.8M surplus from 2010
  - ❑ Retained \$18.5 million in surplus
  - ❑ Overall County budget is down .1 percent, or approx. \$161,400 from its 2010 level
  - ❑ Met our objective of having a fiscally prudent 2011 County budget
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# Highlights of the 2011 Budget Cont'd

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- Equalized values are down by \$4,449,201,648 million or 7%
  - Reduced the County tax levy by \$109,000 to \$168,720,100
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# **2011 Budget Recommendations**

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# Year 2011 Proposed Budget - Overview

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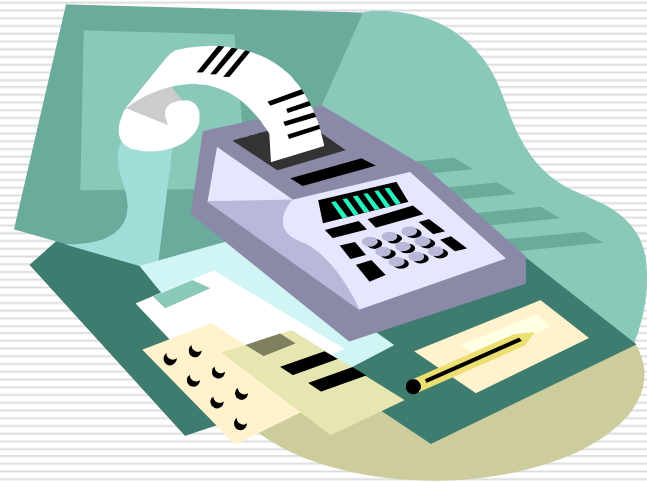
## 2011 Budget Recommendations

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Total County Budget	\$211,067,689	\$211,229,100	-\$161,411	-0.08%

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# 2011-2010 Budget Comparisons



# Year 2011 Proposed Budget - By Area

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## By Area

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
General County Operations	\$ 53,268,563	\$ 55,176,199	\$ (1,907,636)	-3.46%
Public Safety	31,871,035	31,673,281	197,754	0.62%
Constitutional Offices	3,715,972	3,943,079	(227,107)	-5.76%
Public Health & Safety	4,005,341	4,023,272	(17,931)	-0.45%
Independent Agencies	30,544,491	30,435,089	109,402	0.36%
Debt Service and Capital Costs	26,485,759	28,253,281	(1,767,522)	-6.26%
Cost of State & Federal Programs	21,382,161	21,113,703	268,458	1.27%
Fixed Costs	<u>39,794,366</u>	<u>36,611,196</u>	<u>3,183,170</u>	<u>8.69%</u>
Total	\$ 211,067,689	\$ 211,229,100	\$ (161,411)	-0.08%

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# General Government

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## General County Operations

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Executive	\$ 3,162,612	\$ 3,195,564	\$ (32,952)	-1.03%
Financial Services	5,760,559	6,075,842	(315,283)	-5.19%
Human Services	14,898,769	15,608,166	(709,397)	-4.55%
Public Works	<u>29,446,623</u>	<u>30,296,627</u>	<u>(850,004)</u>	<u>-2.81%</u>
	\$ 53,268,563	\$ 55,176,199	\$ (1,907,636)	-3.46%

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# Public Safety

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<u>Public Safety</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Prosecutors	\$ 10,739,738	\$ 10,341,116	\$ 398,622	3.85%
Sheriff's Offices	21,131,297	21,332,165	(200,868)	-0.94%
Total	\$ 31,871,035	\$ 31,673,281	\$ 197,754	0.62%

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# Constitutional

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## Constitutional

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
County Clerk	\$ 1,097,168	\$ 1,103,049	\$ (5,881)	-0.53%
Surrogate	422,136	418,412	3,724	0.89%
Board Of Taxation	466,860	463,909	2,951	0.64%
Election Board	1,203,309	1,436,964	(233,655)	-16.26%
Elections - County Clerk	273,716	276,576	(2,860)	-1.03%
Superintendent of Schools	<u>252,783</u>	<u>244,169</u>	<u>8,614</u>	<u>3.53%</u>
Total	\$ 3,715,972	\$ 3,943,079	\$ (227,107)	-5.76%

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# Public Health & Safety

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## Public Health & Safety

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Emergency Management	\$ 231,708	\$ 414,164	\$ (182,456)	-44.05%
Public Safety Radio 911	2,862,752	2,491,931	370,821	14.88%
Health Dept	430,693	664,362	(233,669)	-35.17%
ESTA	412,188	384,815	27,373	7.11%
Aid to Local Resue Squads	<u>68,000</u>	<u>68,000</u>	<u>0</u>	<u>0.00%</u>
Total	\$ 4,005,341	\$ 4,023,272	\$ (17,931)	-0.45%

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# Independent Agencies

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## Independent Agencies

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Vocational - Technical Schools	\$ 11,630,139	\$ 11,655,139	\$ (25,000)	-0.21%
Raritan Valley Community College	9,682,052	9,368,450	313,602	3.35%
Out-of-County College Courses	100,000	135,000	(35,000)	-25.93%
Park Commission	8,168,000	8,193,000	(25,000)	-0.31%
Joint Library Facility	300,634	432,847	(132,213)	-30.54%
Medical Examiner	<u>663,666</u>	<u>650,653</u>	<u>13,013</u>	<u>2.00%</u>
Total	\$ 30,544,491	\$ 30,435,089	\$ 109,402	0.36%

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# Capital and Debt Costs

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## Capital Costs

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Emergency Appropriation	\$ 354,106	\$ 200,840	\$ 153,266	76.31%
Capital Improvement Fund	\$ 6,595,028	\$ 6,595,028	\$ -	0.00%
Departmental Equipment	1,170,000	1,170,000	0	0.00%
Somerset County Obligations	1,394,306	1,381,159	13,147	0.95%
GO Debt Service	16,972,319	18,906,254	(1,933,935)	-10.23%
Advanced Payment on Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total	\$ 26,485,759	\$ 28,253,281	\$ (1,767,522)	-6.26%

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# Cost of State & Federal Programs

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## Cost of State & Federal Programs

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
<b>County Costs Of State Programs</b>				
Human Services	\$ 1,704,829	\$ 1,824,997	\$ (120,168)	-6.58%
Board Of Social Services	6,568,869	6,568,869	0	0.00%
<b>Match for Grants</b>	200,000	200,000	0	0.00%
<b>State Costs Offset By Revenue</b>				
Human Services	<u>12,908,463</u>	<u>12,519,837</u>	<u>388,626</u>	<u>3.10%</u>
<b>TOTAL</b>	\$ 21,382,161	\$ 21,113,703	\$ 268,458	1.27%

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# Fixed Costs

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## Fixed Costs

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Pensions - PERS	\$ 7,512,377	\$ 6,017,335	\$ 1,495,042	24.85%
Pensions - PFRS	4,779,144	4,332,891	446,253	10.30%
Social Security	5,289,341	5,322,466	(33,125)	-0.62%
Group Insurance	16,500,000	15,000,000	1,500,000	10.00%
Other Insurance	5,533,504	5,533,504	0	0.00%
Other Liability	0	225,000	(225,000)	-100.00%
Contingent	<u>180,000</u>	<u>180,000</u>	<u>0</u>	<u>0.00%</u>
	\$ 39,794,366	\$ 36,611,196	\$ 3,183,170	8.69%

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# 2011 Tax Levy and CAP Analysis

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## SOMERSET COUNTY

	<u>2011</u>	<u>2010</u>	<u>Variance:</u>
RATABLE BASE:	\$ 59,232,484,252	\$ 63,681,685,900	\$ (4,449,201,648) -6.99%
AMOUNT TO BE RAISED BY TAXATION	\$ 168,720,100	\$ 168,829,100	\$ (109,000) -0.1%
CAP Calculation	\$ 170,874,559	\$ 169,376,520	\$ 1,498,039 0.88%
Under/(Over) CAP	\$ 2,154,459	\$ 547,420	

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