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COUNTY OF MERCER

BUDGET for 2017
For Adoption Thursday, December 1, 2016
By John F. Logan, Fiscal Administrator

In this budget, the Commissioners have wrestled successfully with significant pressures which increase operating costs, while successfully managing our debt obligations to our bond holders.

<u>General Fund cost increases</u> will come from several areas: (a) the new federal rules which make approximately 75 additional employees eligible for overtime pay, (b) expanded costs in our Children and Youth Services department, and (c) continuing exposure to reduced funding from our state and federal governments for shared programs. Bridge repair and replacement projects will be undertaken without sufficient matching funds outside of County resources. Numerous capital projects are facing the County for long-term maintenance of County buildings. We are able to maintain <u>General Fund programs and operations with no increase in taxes</u>.

We have provided pay rate increases of 2% to non-union employees and are meeting similar obligations with those bargaining units with labor agreements in effect. We are working to extend or renew agreements with those bargaining units with contracts expiring at the end of this year.

Diligent attention to delivering County services have enabled most of our Elected Officials and department heads to limit operating cost increases, and we thank them for their good management. Although we deliver services through functional silos focused on our numerous programs, their cooperation with cost control and reporting has been excellent.

Our benefit cost rates have remained stable, such that we do not have significant cost increases in health care, retirement, or workers compensation insurance.

The most significant <u>good</u> news in this budget is that the Commissioners are <u>reducing real estate tax millage by one-quarter mill in the Capital Bond Sinking Fund</u>. Interest rates have not risen and we will be able to do this and still have sufficient resources to pay our 2017 principal and interest payments. One mill of real estate tax represents about $1,046,000 of revenue, so this reduction is about $260,000 returned to the citizens through lower tax bills next year.

Seeing a few increases in new construction in all real estate segments (residential, commercial, and industrial), we would expect some eventual increase in total tax revenue in the coming years. In addition, the TIF-funded infrastructure project in Springfield Township demonstrates how inter-governmental cooperation can support long-term growth. Such improvements in our general economy will be a strong factor in keeping taxes low while continuing to deliver needed government services.