

THE BOARD OF GARRETT COUNTY COMMISSIONERS

203 South Fourth Street - Courthouse - Room 207, Oakland, Maryland 21550

www.garrettcounty.org · countycommissioners@garrettcounty.org

301-334-8970

301-895-3188

FAX 301-334-5000

Board of Commissioners

Dennis G. Glotfelty
Ernest J. Gregg
Frederick A. Holliday

County Administrator

R. Lamont Pagenhardt
County Attorney
Gorman E. Getty III

FISCAL YEAR 2010 BUDGET MESSAGE

JUNE 16, 2009

Fiscal Year 2010 Budget is approved at \$70,986,452. This amount is less than that of Fiscal Year 2009 Amended Budget shown below.

Fiscal Year budget comparison totals are noted as follows:

<i>Fiscal Year 2010 Operating and Capital Budget</i>	<i>\$70,986,452</i>
<i>Fiscal Year 2009 Amended Operating and Capital Budget</i>	<i>\$98,960,647</i>
<i>Difference (less)</i>	<i>(\$27,974,195)</i>

Fiscal Year 2009 Amended Budget includes \$26.7 million in funding that was designated for planned, but not expended, capital projects and operating projects in Fiscal Year 2008. \$18 million was re-appropriated in Fiscal Year 2009 to continue or complete a number of capital projects to include the Public Works Facility, Community Athletic Recreation Center, Northern Middle School Renovation, Early Childhood Learning Center at Grantsville, McHenry Business and Technology Park, and several Bridge Projects. \$6.6 million was re-appropriated for operating projects such as the Exhibit and Trade Center, small equipment budgeted but not spent in Fiscal Year 2008 and re-appropriated in Fiscal Year 2009, and ongoing County Government facility and building maintenance projects. In addition, \$1.8 million was directed to the pay off of the Health Center Loan and \$346,250 to fund a second set of hangars at the Airport. There is an amended expenditure, either in Capital Projects, Capital Outlay or Operating Expense in Fiscal Year 2009 to offset this \$26.7 million dollar amendment to Revenue.

The real property tax for Fiscal Year 2010 is \$0.990 per \$100 of assessable base. Based on the immediate need to direct additional funds for local fire and rescue operations, the Board of County Commissioners during the 2007 Maryland General Assembly Legislative Session requested and was granted legislative authority to increase the special tax levy for volunteer fire departments up to a total of \$0.040. In Fiscal Year 2008 and 2009, the Board increased the tax by \$0.005 per year for a total of \$0.010 and has again for Fiscal Year 2010 increased the amount by the same amount. For Fiscal Year 2010, the real property tax rate, excluding the Fire Tax and Landfill Bond Tax, was reduced from \$0.930 to \$0.915 and the special fire tax levy was increased from \$0.030 to a rate of \$0.035. This change, in addition to an increase in real property assessments, will direct over \$346,772 additional funds, as compared to Fiscal Year 2009, to volunteer fire associations for much needed operational expenses. Fiscal Year 2010 Budget again includes a tax setoff to the Mayor and Town Council of Mountain Lake Park in accordance with the provisions of the Tax Property Article of the Annotated Code of Maryland. The County and the Town executed a five (5) year agreement extension to the current agreement. The County will include a property tax differential rate with respect to property tax payable by residents of the Town of Mountain Lake Park of \$.937.

Revenue from the State of Maryland to the County has been greatly reduced. The most significant loss of revenue for Fiscal Year 2010 is from the Highway User tax where a loss of \$2,729,715 is shown. Fiscal Year 2009 Budget was amended downward by \$859,550 due to funding reductions implemented mid-fiscal year. It is most likely that the State could implement similar mid-year reductions in Fiscal Year 2010. Another significant decrease in revenue for Fiscal Year 2010 is under Forestry and Parks where a reduction of \$600,000 compared to Fiscal Year 2009 is budgeted. Interest on investments in the approved Budget decreased from \$503,500 (amended to \$903,500 due to the

cancellation and deferral of some capital projects) to \$155,000 due to lower investment rates and the depletion of cash balances as capital projects progress.

Planning for Fiscal Year 2010 Budget actually began with the planning for Fiscal Year 2009 Budget. All departments and agencies were informed that it was imperative to stay within approved budget appropriations for Fiscal Year 2009 and that all operating budget appropriations for Fiscal Year 2010 would be equal to that of Fiscal Year 2009. Fiscal Year 2011 will be more challenging.

General Government comprises 9% of the total Budget for Fiscal Year 2010. Funds have been directed to the maintenance of County Government facilities and augmentation of countywide information technologies.

Public Safety, again for Fiscal Year 2010, comprises 13% of the comprehensive budget with funds appropriated to the Sheriff's Department, Detention Center, Animal Control, Public Safety and Emergency Management, Volunteer Rescue Squads and Fire Departments, and Emergency Medical Services. Funding is again directed to the Length of Service Award Program (LOSAP) for active volunteers of all Garrett County emergency services. The Board of County Commissioners has increased funding to volunteer fire and emergency services by \$1.5 million over the past three years through increases in the fire tax and paid emergency services personnel.

Public Works continues to be the second largest designation of general fund revenue for Fiscal Year 2010 with 24% of the total budget appropriated for the County Roads Department. The County Roads Department is projecting 57 miles of road repairs for Fiscal Year 2010 with an emphasis on bituminous overlay, tar and chip maintenance, and the conversion of existing dirt roads to triple surface tar and chip. Project work will include a major bridge replacement for Crellin Underwood Bridge (outlined in Capital Outlay section) and the Glendale Road Realignment Project. The County Roads Department is committed to a continuing upgrade of equipment on a scheduled three (3) year cycle. Older or outdated equipment is replaced on an as needed basis.

Garrett County Government **Enterprise Funds** are the Department of Public Utilities-Garrett County Sanitary District, Inc., Garrett County Airport, and Department of General Services-Division of Solid Waste and Recycling. Including the Enterprise Funds, operating and capital budgets of **Public Works** total is \$34.8 million. The Department of Public Utilities (which has an operating and capital budget of \$13 million) and Division of Solid Waste and Recycling (with a total operating and capital budget of \$3.7 million) require no appropriation from the general fund to fund general operating or capital expenditures for these enterprise fund agencies. The County continues to focus on the expansion of water and wastewater infrastructure with the Department of Public Utilities-Garrett County Sanitary District, Inc. This department is projecting the completion of over \$18.8 million in expansion of public utility services over the next four years. Ongoing systems maintenance and project oversight will be a priority. The County Airport will be appropriated \$78,198 for Fiscal Year 2010. In cooperation with the Federal Aviation Administration and the Maryland Aviation Administration, the County has completed a major expansion project that will have long-term economic development benefits.

The largest expenditure in the Budget for Fiscal Year 2010 is **Education**. The County has apportioned 43% for total operating, debt service and capital projects for the Board of Education, Garrett College, and The Ruth Enlow Library of Garrett County. This category decreased 34% from the Fiscal Year 2009 Amended Budget with the difference in capital outlay for public school construction and a deferral of building the Community Athletic Recreation Center at Garrett College. Capital funds have been appropriated for the Northern Garrett High School Roof Project and the Parking Lot Project. For the fourth fiscal year, funding is in place for the Garrett County Scholarship Program, an initiative that will produce many long term benefits for the economic community and employment foundation.

The Board of County Commissioners continues to identify **Economic Development** as a top priority. County funding has provided demonstrated results in the improvement of infrastructure, access to capital, and the focus on skill based development. For Fiscal Year 2010 funding has again

been appropriated for the development of a Career Technology and Trades Training Center that will provide skill training to high school and college students plus the availability of offsite training for private businesses. The Board of County Commissioners will again promote growth and expansion of existing business and make the County attractive to potential new industries. Plans are moving ahead for the development of the McHenry Business and Technology Park.

Debt Service for Fiscal Year 2010 includes debt service payments of \$339,774. The County was able to pay off the total debt obligation for the Garrett County Health Center which reduced the annual debt service payment and total cost. The total debt service payment for this period is 0.48% of the total operating and capital budget. Funding for capital projects will be appropriated from grant funds, general fund revenues, and the unreserved/undesignated fund balance.

The Board of County Commissioners, County Administrator, and Department of Financial Services staff, as part of the Five-Year Capital Improvement Plan, reviews approaching fiscal year commitments for capital funding allocations. The Capital section of the budget outlines capital improvement projects and capital equipment purchases.

The County is committed to financial and strategic planning that will rely on long-range business decisions. The County must continue to operate more efficiently and proficiently than at any time in the past. The provision of public services to the citizenry of Garrett County will continually be enhanced and improved by our team of dedicated and proficient employees.

The Board of County Commissioners is confident Garrett County Government will be successful through the current economic downturn and recession of the economy. The Board will continue to prioritize the appropriation of public funds and apply sound judgment and well thought out decisions to effectively serve the residents of and visitors to Garrett County.



Garrett County Board of County Commissioners

DENNIS G. GLOTFELTY, CHAIRMAN
ERNEST J. GREGG, COMMISSIONER
FREDERICK A. HOLLIDAY, COMMISSIONER



Fiscal Year 2009 & 2010 Budget Comparison

Fiscal Year 2010 Operating & Capital Budget outlines county services by the following sections with appropriate expenditures of those services:

	<u>AMENDED FY 2009 YTD</u>	<u>APPROVED FY 2010</u>	<u>VARIANCE</u>
General Government	\$ 8,544,635	\$ 6,636,568	\$ (1,908,067)
Public Safety	9,116,305	9,235,181	118,876
Public Works	18,504,316	17,200,418	(1,303,898)
Community Health	3,550,617	1,358,265	(2,192,352)
Education	46,830,196	30,698,336	(16,131,860)
Culture and Recreation	43,000	42,000	(1,000)
Public Service	326,699	285,628	(41,071)
Economic Development	3,268,344	2,276,780	(991,564)
Economic Opportunity	1,791,083	1,908,102	117,019
Transfer to Capital Projects	5,626,481	184,101	(5,442,380)
Transfer to Enterprise Funds	529,417	78,198	(451,219)
Miscellaneous	829,554	1,082,875	253,321
	\$ 98,960,647	\$ 70,986,452	\$ (27,974,195)

Debt service and Capital Expenditures are included with each department total and in the above budget categories. Detailed descriptions of all debt service obligations and capital expenditures are listed in their appropriate sections of the budget report.

A breakdown of debt service and capital expenditures follows:

	<u>AMENDED FY 2009 YTD</u>	<u>APPROVED FY 2010</u>	<u>VARIANCE</u>
Debt Service	\$ 2,588,567	\$ 339,774	\$ (2,248,793)
Capital Expenditures	\$ 18,832,678	\$ 1,796,455	\$ (17,036,223)



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June 16, 2009

The Board of Garrett County Commissioners
203 South Fourth Street
Court House
Oakland, MD 21550

Dear Chairman Glotfelty, Commissioner Gregg, and Commissioner Holliday,

Over the past several years this budget message has read that Garrett County Government, under your leadership, continues to enhance your responsiveness to the citizenry of Garrett County and improve proficiency in the delivery of public services. Our organization has accomplished this, and we will continue on this objective. Over the past several years we have realized that very complicated budget decisions would need to be well thought out for a multiple year period, and you all have taken the time and effort to assure that a plan of action is in place.

As you all are aware, we have known for some time that Fiscal Year 2010 would be a time when available funding would continue to decline. We must position ourselves to take a firm posture of operating County Government with sound judgment and without a structural deficit for not only Fiscal Year 2010, but into subsequent years. As you know a structural operating deficit is defined whereby current operating revenue is not at a level to adequately fund current operating expenditures. You have taken necessary funding measures to assure Garrett County Government remains solvent by providing quality public services without operating with a structural deficit. Therefore, now more than ever, we all must make some very complex decisions in order to arrive at a balanced budget, a budget with which all departments and agencies can operate, and a budget that is affordable for the citizens of Garrett County. Every department and/or agency that is funded by the County must be united and work together.

The approval of this budget reflects the performance benchmark our employees provide and a standard I am confident has been established for the future. Under the proficient management of the Department of Financial Services, the County is again positioned to provide assertive solid financial practices in Fiscal Year 2010 and beyond.

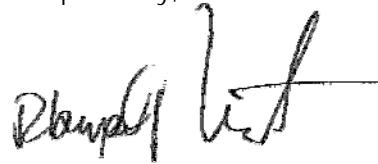
As in previous years, actual expenditures were evaluated, along with statistical estimation, in calculating anticipated revenue and projected expenditures. More so this year than past years, planning for this budget centered on a longer term and multi-year evaluation of revenue and expenses. Garrett County Government must not rely on past efforts to ensure a perpetuation of development and progress. I am proud of our achievements in prior fiscal years, but we cannot underestimate the challenges ahead. I am also confident in our ability to succeed and remain a financially solvent government as we progress through very complicated

economic times. Planning for future budgets includes a capital project plan that has to be balanced with the principle for sustainable growth.

We have outstanding employees who will assure you of achieving the objectives you set forth which will be consistent and well thought out. The efforts of this Board of County Commissioners, the professional competencies of our knowledgeable department heads and senior management, the expertise of other component agency managers, and the dedication and hard work of all our employees will guarantee that this budget and future budgets are achievable. Our organization has many strengths, but none greater than our dedicated employees. I believe we have the vision in place to gauge our success with our organizational culture capable of employee involvement. This has been more evident over the past several months as I have asked every employee for a commitment and understanding of the exigent days ahead.

I am looking forward to the opportunities of the future and the challenge of accomplishing the many goals and objectives that are at the forefront.

Respectfully,

A handwritten signature in black ink, appearing to read "R. Lamont Pagenhardt". The signature is written in a cursive style with a long horizontal stroke extending to the right.

R. Lamont Pagenhardt
County Administrator