



TALBOT COUNTY, MARYLAND

FY 2012 BUDGET INTRODUCTION

APRIL 19, 2011



FY 2012

General Fund Budget

\$65,620,000



BACKDROP OF BUDGET

FY 2012 BUDGET AS INTRODUCED

struggling economy

record-low interest rates,
record-low returns

Inflation

Japan Quake

Job Shortages

1/1/10 = 9.7%

scant success in jolting the economy

war here, war there

Great Recession

12/31/10 = 9.8%

MD in financial meltdown

disheartened Americans

Real Estate Crisis

High Unemployment

Devastating Oil Spill

biggest rewrite of financial rules since the 1930s

swollen budget deficits

\$1.4B revenue shortfall

fuel prices up 10%

home sales and prices sink further

1 million households foreclosed

22 percent of salaries on food or gas



BACKDROP OF BUDGET

FY 2012 BUDGET AS INTRODUCED

- FY 2009 Budget = *\$82,000,000*
- FY 2010 Budget = *\$77,772,000*
- FY 2010 revised budget = *\$72,262,091*
- FY 2011 Budget = *\$72,316,750*
- FY 2011 revised budget = *\$69,571,550*
- **FY 2012 Budget = \$65,620,000**



REVENUES

FY 2012 BUDGET AS INTRODUCED

	<u>FY 2011 Budgeted</u>	<u>FY 2012 Proposed</u>	<u>Change</u>
Property Taxes	\$28,781,000	\$29,713,500	 3.2%
Income Taxes	\$22,600,000	\$19,000,000	 -15.9%
Other Local Taxes	\$7,488,000	\$9,938,000	 32.7%
State / Federal Grants	\$1,689,677	\$1,418,185	 -16.1%
Interest Income	\$1,800,000	\$600,000	 -66.7%
Transfer from Capital Fund	\$ -	\$1,000,000	 %
Prior Year's Fund Balance	\$6,986,750	\$1,075,000	 -84.6%
Other Operating Revenues	\$2,971,323	\$2,875,315	 -3.2%
Totals	\$72,316,750	\$65,620,000	 (\$6.7M)



REVENUES

FY 2012 BUDGET AS INTRODUCED

- Property Tax Rate is capped at 2.0% or CPI (*1.5% for FY12*)
- Income Tax receipts are down \$12M *a year* from 2009
- Interest Income has dropped 67% due to economy
- Local Taxes = 89% of Revenues
- Only 2.5% of General Fund budget comes from outside of Talbot County
- **Cannot continue to rely on Fund Balance...we don't do it at home and we CAN'T do it in the County Government**



EXPENDITURES

FY 2012 BUDGET AS INTRODUCED

	<u>FY 2011 Budget</u>	<u>FY 2012 Proposed</u>	<u>Change</u>
Public Safety Operations	\$ 9,712,978	\$ 9,352,778	 (3.7%)
Public Schools Operations	\$34,329,542	\$32,403,006	 (5.6%)
Other County Operations	\$25,918,974	\$23,204,723	 (10.5%)
Transfers to Other Funds	\$2,355,256	\$ 659,493	 (72.0%)
Totals	\$72,316,750	\$65,620,000	 (\$6.7m)



EXPENDITURES

FY 2012 BUDGET AS INTRODUCED

- Council priority is to reduce expenditures
- Operating departments reduced requests by more than \$1 million
- Council cut departments by an additional \$1.1 million
- Public Safety – removed 6 vacant positions
- State requiring the County to fund an additional \$300k for Assessment Office
- Landfill operations require \$500k expense



EXPENDITURES

FY 2012 BUDGET AS INTRODUCED

- County Council is forced to lay-off employees
- Eight General Fund positions will be eliminated
- Seven additional GF vacant positions and one Enterprise Fund vacancy will be eliminated
- A total of **16 positions**, or **6% of County staff**, will be eliminated



FUND BALANCE

FY 2012 BUDGET AS INTRODUCED

General Fund Balance as of June 30, 2010	\$33.0 million
FY 2011 Appropriation/Other Obligated Funds	<i>(7.5 million)</i>
Retiree Health Obligation (OPEB)	<i>(9.0 million)</i>
Emergency Reserve (“Rainy Day”)	<u><i>(10.4 million)</i></u>
Discretionary Balance	6.1 million
Needed to Balance FY 2012 Budget	<u><i>(1.1 million)</i></u>
Remaining Discretionary Balance for FY 2013 & Beyond	\$5.0 million



BOARD OF EDUCATION

FY 2012 BUDGET AS INTRODUCED

- In FY 2011 County appropriated **\$34,329,542**
- Due to enrollment decline, that number is reduced by \$126,536 this year to **\$34,203,006**
- This number is the Maintenance of Effort (MOE) \$
- Talbot County has requested a MOE waiver of **\$1.8M** from the MOE level and expects to fund the BOE at **\$32,403,006** for operations; a reduction of **5.61%** from FY 2011.
- The County is legally obligated to fund solely the local share of the County BOE Foundation Program, or approximately **\$30.7M**



BOARD OF EDUCATION

FY 2012 BUDGET AS INTRODUCED

- If the County does not fund to the MOE level, the BOE is not eligible to receive any *increase* in State BOE funds for next year. There is **no increase** in the State budget for Talbot County BOE, therefore the BOE will receive full State funding.
- The Board of Education submitted a budget request of **\$37,064,877** – an increase of \$2.7M over the actual FY 2011 appropriation, \$2.8M over the FY 2012 MOE level, and \$6.3M over the local share of the BOE Foundation Program



BUDGET AS INTRODUCED - RECAP

FY 2012 BUDGET AS INTRODUCED

- In 3 years, Talbot County has reduced the budget by **\$16 million**
- Revenue Growth has been curtailed - **We Can't Rely on Reserves to Fund Expenditures**
- Expenditures have been reduced; cuts have been made
- The General Fund balance is available, but shrinking.
Long term sustainability must be preserved
- More detailed discussion will be provided at the **Public Hearing on the Budget, Tuesday May 3rd**



TALBOT COUNTY, MARYLAND

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For More Information on
the FY 2012 Proposed
Budget and Budget Bill
No. 1203

Visit Our Website:

www.talbotcountymd.gov

