



DEPARTMENT OF FINANCE & BUDGET

INTEROFFICE MEMORANDUM

TO: Board of County Commissioners
VIA: Terry Shannon, County Administrator *TS*
VIA: Wilson Parran, Deputy County Administrator *WP*
VIA: Tim Hayden, Director *TH*
FROM: Lashon Bethea, Deputy Director *LB*
DATE: August 28, 2019
SUBJECT: **FY 2021 Budget Strategy Discussion**

Background:

We plan to hold budget discussions with the Board as we develop the FY 2021 budget, which is now in the early planning stages. The first of the Budget work sessions will be on September 10th. The attached presentation details our discussion.

Discussion:

We would like to discuss the following items:

- The financial projection for FY 2021 uses a \$0.937 Property Tax Rate and 3.0% Income Tax Rate adopted in the previous years.
- Board of Education funding will be calculated using the funding formula. Tentatively based upon the estimated enrollment and Consumer Price Index (CPI), the funding amounts to \$134,702,573 in FY 2021 with an increase of \$4.1 million from FY 2020.
- Budget development process:
 - a. After this discussion with the Board, we will be sending out the budget guidance to the departments, and would like to confirm this guidance with you. The forecast assumes that departments propose a “maintenance budget” that does not contain any new initiatives or new staff.
 - b. We will be prepared to review the forecast model to facilitate “what if” discussions.

Fiscal Impact:

As noted in the presentation.

Conclusion/Recommendation:

We look forward to your guidance on these issues.

Approved for form
and legal sufficiency


Office of County Attorney *8/29/19*



Fiscal Year 2021 Operating Budget Planning Session

**Board of County Commissioners of Calvert County
September 10, 2019**

Budgeting should focus on buying results

Purpose

- Discuss the operating budget process with the Board to ensure a mutual understanding
- Discuss new agenda items added to the budget process:
 - Staffing review
 - Unresolved Item review
 - Departmental Goals
 - Base vs. New
- Discuss the planned approach for the County Departments to develop their expenditure requests for next year

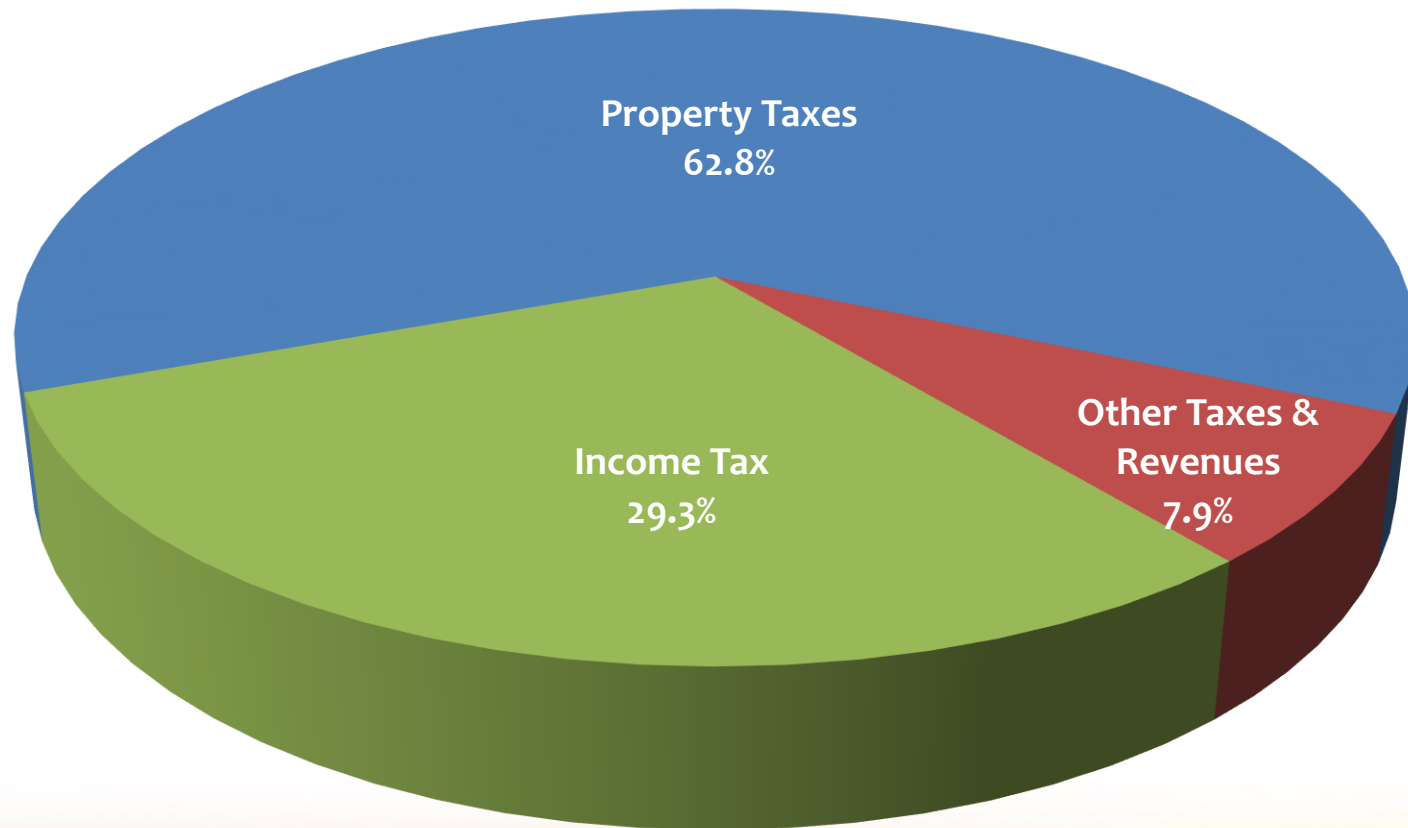
Operating Budget Planning Session

- Staffing Plan
 - Should the departments request new positions during this year's budget process?
 - If so, Finance and Budget recommends:
 - Department work sessions covering
 - What is the current staffing level (organization chart, staff list)
 - What is the new request
 - What will not get done if the position is not added
 - » Are there measurements to determine if the position is accomplishing what was intended

Operating Budget Planning Session

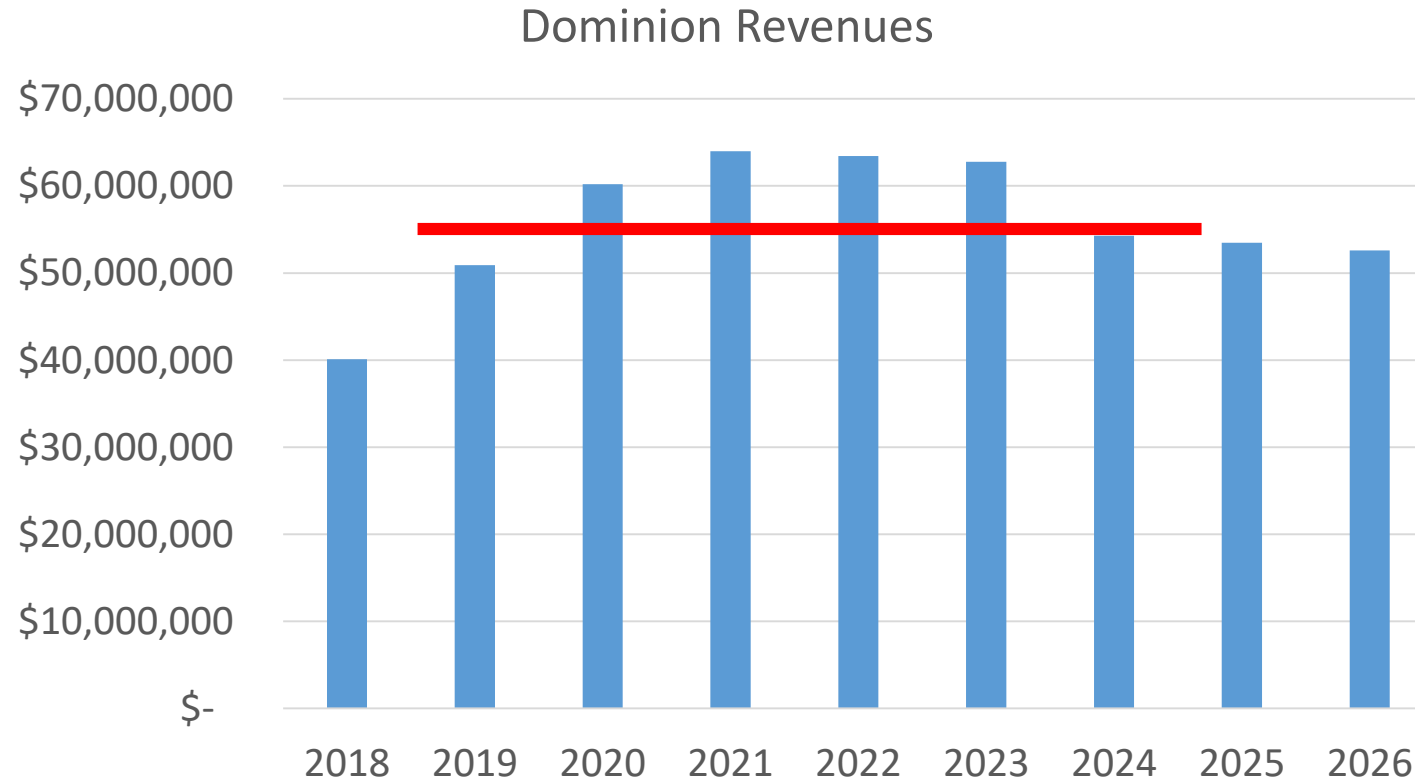
- Unresolved issues
 - Should the departments request funding for new initiatives during this year's budget process?
 - If so, Finance and Budget recommends:
 - Department work sessions covering
 - What is the new request
 - What will not get done if the funding is not provided
 - » Are there measurements to determine if the funding is accomplishing what was intended

FY 2021 Revenue Considerations



FY 2020 Data

2021 Budget Discussion



The Future

- The following slides are projections of future revenues and expenses – **These are estimates that will change**
- The following slides assume:
 - Level tax rates (property \$0.937 and Income 3.0%)

Long-Term General Fund Forecast

General Fund Projections

Revenues

	FY 2020 Adopted Budget	FY 2021 Projection	Inc/(Dec) FY 2020 to FY 2021	% Inc/Dec
Real Property Tax	\$ 109,588,530	\$ 111,528,000	\$ 1,939,470	1.77%
Corporate & Personal Property Tax	3,451,000	3,502,765	\$ 51,765	1.50%
Public Utility Tax	3,700,000	3,750,000	\$ 50,000	1.35%
Exelon PILOT	19,646,574	19,646,574	\$ -	0.00%
Dominion PILOT	60,200,000	63,995,000	\$ 3,795,000	6.30%
Income Tax	91,659,331	93,500,000	\$ 1,840,669	2.01%
Recordation Tax	7,600,000	7,700,000	\$ 100,000	1.32%
Other Sources	17,069,640	16,968,181	(101,459)	-0.59%

Total Revenues

\$ 312,915,075	\$ 320,590,520	\$ 7,675,445	2.45%
----------------	----------------	--------------	-------

Expenditures

County Government				
Salaries	\$ 59,490,000	\$ 61,640,000	\$ 2,150,000	3.61%
County Step	1,150,000	1,200,000	\$ 50,000	4.35%
County COLA	1,000,000	850,000	\$ (150,000)	-15.00%
Operating	53,603,417	55,479,537	\$ 1,876,120	3.50%
Insurances, Pensions, Other	25,990,000	26,899,650	\$ 909,650	3.50%
Calvert County Schools (operating)	130,589,034	134,702,573	\$ 4,113,539	3.15%
Other Post Employment Benefits - Schools	8,925,979	9,754,339	\$ 828,360	9.28%
OPEB - County Government	2,346,645	2,564,421	\$ 217,776	9.28%
Debt Service	19,820,000	20,500,000	\$ 680,000	3.43%
Capital Projects (General Fund Transfer)	10,000,000	7,000,000	(3,000,000)	-30.00%

Total Expenditures

\$ 312,915,075	\$ 320,590,520	\$ 7,675,445	2.45%
----------------	----------------	--------------	-------

Projected Surplus(Deficit)

\$0 \$0

Long-Term General Fund Forecast

General Fund Projections

Revenues

	FY 2020 Adopted Budget	FY 2021 Projection	% Inc/Dec	FY 2022 Projection	% Inc/Dec	FY 2023 Projection	% Inc/Dec	FY 2024 Projection	% Inc/Dec
Real Property Tax	\$ 109,588,530	\$ 111,528,000	1.77%	\$ 114,443,000	2.61%	\$ 117,328,375	2.52%	\$ 120,285,884	2.52%
Corporate & Personal Property Tax	3,451,000	3,502,765	1.50%	3,555,306	1.50%	3,608,636	1.50%	3,662,766	1.50%
Public Utility Tax	3,700,000	3,750,000	1.35%	3,800,000	1.33%	3,850,000	1.32%	3,900,000	1.30%
Exelon PILOT	19,646,574	19,646,574	0.00%	19,646,574	0.00%	19,646,574	0.00%	19,646,574	0.00%
Dominion PILOT	60,200,000	63,995,000	6.30%	63,445,000	-0.86%	62,785,000	-1.04%	54,290,624	-13.53%
Income Tax	91,659,331	93,500,000	2.01%	96,305,000	3.00%	100,157,200	4.00%	104,163,488	4.00%
Recordation Tax	7,600,000	7,700,000	1.32%	7,854,000	2.00%	8,011,080	2.00%	8,171,302	2.00%
Other Sources	17,069,640	16,968,181	-0.59%	17,088,576	0.71%	17,119,926	0.18%	17,151,903	0.19%

Total Revenues

	\$ 312,915,075	\$ 320,590,520	2.45%	\$ 326,137,456	1.73%	\$ 332,506,791	1.95%	\$ 331,272,541	-0.37%
--	----------------	----------------	-------	----------------	-------	----------------	-------	----------------	--------

Expenditures

County Government									
Salaries	\$ 59,490,000	\$ 61,640,000	3.61%	\$ 63,690,000	3.33%	\$ 66,163,800	3.88%	\$ 68,687,076	3.81%
County Step	1,150,000	1,200,000	4.35%	1,200,000	0.00%	1,200,000	0.00%	-	-100.00%
County COLA	1,000,000	850,000	-15.00%	1,273,800	49.86%	1,323,276	3.88%	-	-100.00%
Operating	53,603,417	55,479,537	3.50%	57,421,320	3.50%	59,431,067	3.50%	61,511,154	3.50%
Insurances, Pensions, Other	25,990,000	26,899,650	3.50%	27,841,138	3.50%	28,815,578	3.50%	29,824,123	3.50%
Calvert County Schools (operating)	130,589,034	134,702,573	3.15%	138,743,650	3.00%	142,905,960	3.00%	142,929,888	0.02%
Other Post Employment Benefits - Schools	8,925,979	9,623,687	7.82%	6,748,392	-29.88%	2,495,930	-63.01%	-	-100.00%
OPEB - County Government	2,346,645	2,530,073	7.82%	1,774,156	-29.88%	656,181	-63.01%	-	-100.00%
Debt Service	19,820,000	20,665,000	4.26%	22,445,000	8.61%	23,515,000	4.77%	24,084,000	2.42%
Capital Projects (General Fund Transfer)	10,000,000	7,000,000	-30.00%	5,000,000	-28.57%	6,000,000	20.00%	4,236,300	-29.40%

Total Expenditures

	\$ 312,915,075	\$ 320,590,520	2.45%	\$ 326,137,456	1.73%	\$ 332,506,791	1.95%	\$ 331,272,541	-0.37%
--	----------------	----------------	-------	----------------	-------	----------------	-------	----------------	--------

Projected Surplus(Deficit)

	\$0	\$0		\$0		\$0		\$ (0)	
--	-----	-----	--	-----	--	-----	--	--------	--

Budget Guidance Needed

- Review Forecast Model

Budget Guidance Needed

- List for review and discussion:
 - County Government Employee Salary Step
 - County Government Employee Cost of Living Adjustment (COLA)
 - Other Post Employment Benefit (OPEB) – Retiree Health Subsidy Funding

Next Steps

- Staff will continue to work with the Board on the FY 2021 budget—budget packets will be distributed via SharePoint on September 11, 2019.
- Additional work sessions will be scheduled at your request
- The budget calendar will be posted on the county's website to allow citizen involvement with the budget process

Conclusion

- Staff recommends to continue discussions on the complex topic