



WICOMICO COUNTY, MARYLAND

OFFICE OF THE COUNTY EXECUTIVE

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Bob Culver
County Executive

R. Wayne Strausburg
Director of Administration

April 15, 2015

The Honorable County Council
of Wicomico County
Government Office Building
Salisbury, Maryland 21801

Dear Council Members:

I am pleased to present you with the County Executive's Proposed Operating Budget for Fiscal Year 2016 (FY16). This year's budget contains changes to our accounting structure which are explained below. I would like to thank the citizens who offered their input during the public hearing held on April 9, 2015 at the Wicomico County Youth and Civic Center.

As required by charter, the budget is balanced and, I believe, makes the best use of available resources to provide a level of services our citizens expect and deserve. I remain concerned about the fragile nature of our local economy as well as the continuing fiscal challenges faced by the State of Maryland; challenges that will continue to have impacts on our local finances. Because of these concerns I am not proposing any increases in real and personal property tax rates. The budget is designed to foster a more business friendly environment in Wicomico County and to recognize the challenges our citizens are coping with as the result of the deep recession we have experienced.

I am committed to providing a high quality level of services to our citizens. However, our ability to refresh infrastructure and address deferred maintenance continues to be very limited. The ability to perform routine road maintenance remains severely constrained as a direct consequence of the loss of State Highway User Revenue.

The over-riding goal of the budget process is and should always be to achieve a balance between recurring revenues and recurring expenses while utilizing one-time revenue and General Fund reserves to fund non-recurring, one-time expenses.

There are some important structural changes to the budget this year. The Public Works Department (department 24) has been reactivated as part of the General Fund and will house the Director and Deputy Director of Public Works. I believe this change will provide a structure and processes that will bring about more efficient plan review and associated engineering activity. Public Works will also exercise supervision over General Services so that the County will have a focused oversight of all its buildings, property and infrastructure.

The budget also incorporates a significant accounting change. Heretofore employee benefits except those for enterprise accounts were consolidated and presented as a single fund. This year's budget allocates the cost of employee benefits ratably to each county department. I believe this presents a clearer view of the cost of each County Department. Appendix A1 has been modified to show the year over year change in the costs of each department with and without this allocation. Additionally exhibit "E" shows the consolidated year-over-year changes in employee benefits costs by each major category.

The FY16 estimated recurring revenue of \$122,815,651 will cover our debt service, recurring educational, public safety, pension, health care, general government, culture and recreation, and community development ongoing expenses. In addition, I am proposing the use of \$6,184,592 of General Fund prior year revenue to pay for one-time operating costs, pay-go Capital Improvement Plan funding, and minor capital/infrastructure spending bringing the total proposed General Fund Budget to \$129,000,243; a change of \$266,435 or 0.2% increase over last year's budget. This increase accommodates a \$910,527 recurring expenditure for the Board of Education as a result of State mandated increases in Maintenance of Effort and Teacher Pension funding. It also accommodates \$222,288 to fund the County's commitment to the Fraternal Order of Police (FOP) in accordance with the collective bargaining agreement executed February 19, 2015. In addition this budget proposes the appropriation of \$2,837,923 in unassigned capital funds plus the proposed issuance of \$15,760,000 of new debt to fund approved CIP projects. Of the proposed new debt amount, \$10,558,228 is contemplated for Board of Education priority systemic renovations.

I requested each Department, other than those associated with public safety, to reduce their operating expenses by 2.5%. Our departments exceeded this request and have submitted reductions amounting to 6.4%. I submit the attached budget proposal confident that it is reasonable, practical and affordable. Most importantly, I believe the proposed budget makes the commitment to an improved quality of life in Wicomico County that our citizens expect within the limits that are fiscally feasible and prudent.

BUDGET PROCESS

This year's budget process began with removal of all FY15 budgeted capital spending, and one-time/non-recurring operating costs effectively starting all departments with flat operating budgets. The Executive and his staff then met individually with all Department Heads to discuss what, if any, minimum additional spending was needed to maintain existing operating capabilities.

The budget includes the effects of the collective bargaining agreement with the Wicomico County Fraternal Order of Police Lodge #111 (FOP) and the creation of a self-insurance death-benefit fund for volunteer fire fighters; both of which are detailed later in this document. There is no additional across-the-board compensation for County personnel.

ESTIMATES OF TOTAL REVENUE

Following is a comparison of major revenue categories.

Estimated Revenue by Major Category	2012-2013	2013-2014	2014-2015	2015-2016 Proposed	\$	% Change
	ADOPTED BUDGET	ADOPTED BUDGET	ADOPTED BUDGET		Difference FY15t- FY16	
Property Tax	\$60,006,246	\$61,683,755	\$62,564,923	\$61,938,432	-\$626,491	-1%
Local Income Tax	\$40,472,224	\$42,593,604	\$39,561,266	\$41,496,963	\$1,935,697	5%
Recordation Tax	\$2,249,756	\$2,516,123	\$2,757,621	\$2,912,805	\$155,184	6%
Disparity Grant	\$2,197,041	\$6,653,843	\$8,241,000	\$6,653,843	\$1,587,157	-19%
All other Categories	\$9,216,172	\$9,686,114	\$9,861,569	\$9,813,608	-\$47,961	0%
Sub-total new revenue	\$114,141,439	\$123,133,439	\$122,986,379	\$122,815,651	-\$170,728	0%
Use of Prior Year Fund Balance	\$2,621,092	\$4,543,885	\$5,747,429	\$6,184,592	\$437,163	8%
Total Revenue	\$116,762,531	\$127,677,324	\$128,733,808	\$129,000,243	\$266,435	0%

Each one cent on the real property tax rate equals approximately \$567,436 in real property tax revenue. Because the personal property tax rate has been decoupled from the real property rate, the effects of a one cent change are now computed separately. Each one cent change in the personal property tax rate equals approximately \$37,647 in personal property tax revenue.

Real Property Taxes

The real property assessable base increased slightly, 0.04%, from \$5,632,599,187 in FY15 to \$5,635,225,049 in FY16. With the increase in property assessment values along with the increase in new construction, the county was able to keep the real property tax rate for FY16 constant with FY15 real property tax rate. The proposed FY16 tax rate of \$0.9516/\$100 of assessed value will generate \$198,472 more revenue from real property than in FY15.

Personal Property Taxes

The State permits a personal property tax rate not to exceed 2.5 times the real property tax rate. This formula would permit a personal property tax rate of \$2.379/\$100 of assessed value. In order to continue to foster a more business friendly environment, the Executive is recommending that the personal property tax rate of \$2.1715 remain unchanged. For FY16 the gross revenue from personal property is estimated to be \$8,175,133 which includes the effects of the third year

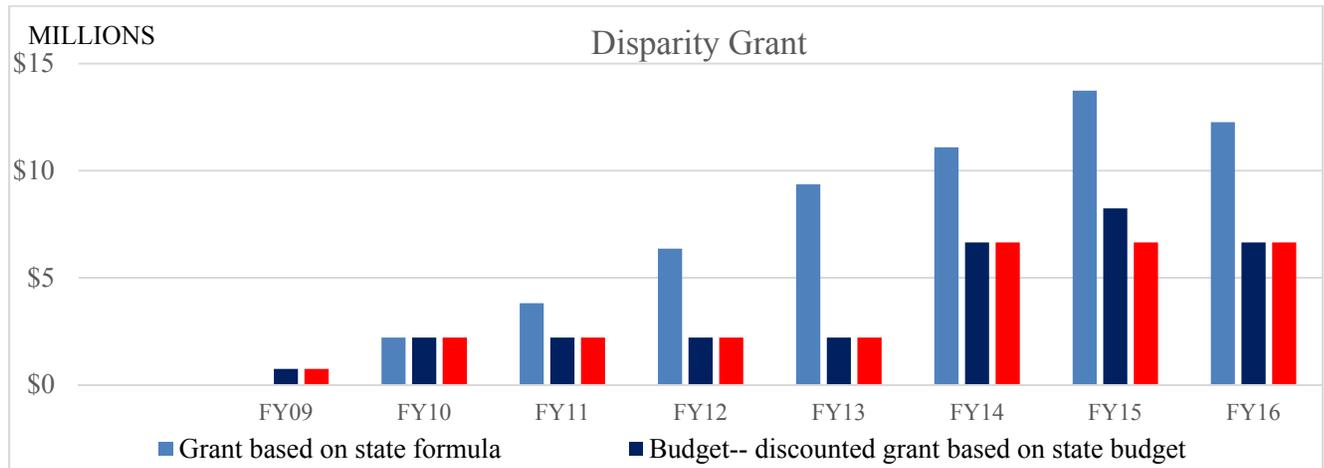
of the five year phase-out of the tax on business inventory. The forecasted gross revenue also recognizes the manufacturing exemptions and allowances that the County implemented in FY15.

Local Income Tax

The County’s income tax rate is set to the maximum rate allowed by State law, 3.2%, and is expected to yield \$41,496,963 in FY16. This is \$1.9M more than the budget estimate for FY15. Forecasting income tax receipts in a volatile economic climate remains the greatest source of budgetary risk for the County. Because income tax revenue makes up 32% of total County revenue, it is critically important that actual revenues collected meet or exceed the budget estimate. Therefore, based on history and year to date projections, the county arrived at a conservative income tax projection.

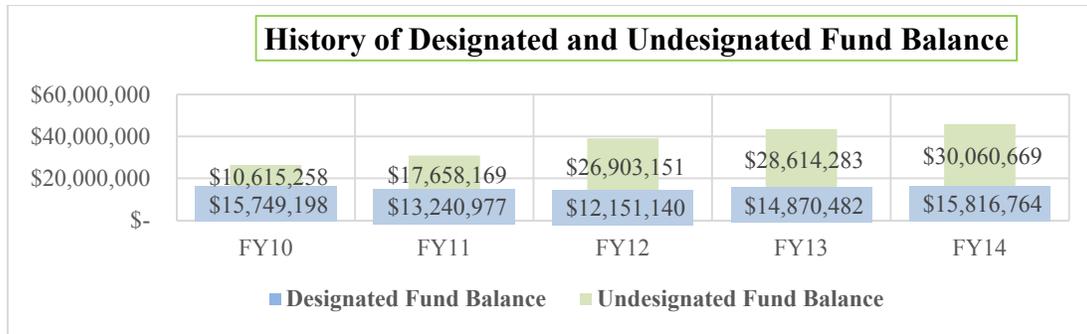
Disparity Grant

The FY16 grant per State formula should be calculated based on the difference between 75% (\$460.65) of the State’s per capita tax yield and the county’s per capita tax yield (\$339.00). The difference, \$121.65, between the two is then multiplied by the County’s population, 100,896. Unfortunately, the State discounts this grant as displayed below. The FY16 grant per State formula is \$12,273,651 for Wicomico County. However, the State has reduced the grant award by \$5,619,808 to \$6,653,843 which represents 54% of the State formula.



Use of Prior Year Carry-forward (Fund Balance)

The total revenue estimate includes the use of \$6,184,592 in prior year carry-forward, or fund balance, to be used entirely on non-recurring and capital expenditures. Carry-forward, or fund balance, is the County’s savings: funds we accumulated through conservative revenue estimation and prudent use of expense budgets. In FY14, the most recently completed year, the County planned for the use of \$4.5 million in fund balance. However, due to prudent spending, and significantly higher than expected income tax revenue, the fund balance was not used. Instead, the fund balance grew by \$1,446,386 million.



Fee Changes

Finance Department

The Director of Finance proposes to increase the fee charged citizens for returned checks (non-sufficient funds) to \$35.00 in order to establish consistency with the banking industry.

Recreation and Parks

Recreation and Parks holds many events during the year for which there is a fee to offset some of the event costs. The following schedule reflects a decrease in fees to improve affordability and increase participation.

Program Area	Current Rates	Proposed FY 16	Difference
Fall Men's Slow Pitch - Player	\$41	\$35	-\$6
Fall Men's Slow Pitch - League Fee	\$395	\$395	\$0
Fall Coed Slow Pitch - Player	\$38	\$32	-\$6
Fall Coed Slow Pitch - League Fee	\$325	\$325	\$0
Women's 6-Hit - Player	\$38	\$32	-\$6
Women's 6-Hit - League Fee	\$450	\$450	\$0
Coed Volleyball - Player	\$50	\$50	\$0
Coed Volleyball - League Fee	\$465	\$465	\$0
Social Adult Volleyball - Team Entry	\$375	\$375	\$0
Fall Coed Soccer - Team Entry	\$300	\$300	\$0
Girl's Fall Ball - Team Entry	\$450	\$450	\$0
ESEVA - Instructional	\$63	\$57	-\$6
ESEVA - Club Travel Program	\$850	\$850	\$0
ESEVA - Taxi Squad	\$115	\$115	\$0
Kids Klub After School (Sept - June)	\$122	\$122	\$0
KKAS Professional Days	\$26	\$26	\$0
Turkey Trek 5K	\$25	\$25	\$0
West Wicomico Heritage Bike Tour	\$35	\$35	\$0

Program Area	Current Rates	Proposed FY 16	Difference
Program Registration Surcharge	\$6.50	\$6.50	\$0
Men's Slow Pitch - Player	\$48	\$42	-\$6
Men's Slow Pitch - League Fee	\$500	\$500	\$0
Coed Slow Pitch - Player	\$39	\$33	-\$6
Coed Slow Pitch - League Fee	\$325	\$325	\$0
Women's Slow Pitch - Player	\$43	\$37	-\$6
Women's Slow Pitch - League Fee	\$375	\$375	\$0
Spring Coed Soccer - Team Entry	\$300	\$300	\$0
Adult Kickball - Team Entry	\$300	\$300	\$0
Sand Volleyball - Team	\$125	\$125	\$0
Youth Fall Soccer - Team Entry	\$395	\$395	\$0
Youth Spring Soccer - Team Entry	\$300	\$300	\$0
Wicomico Matrix Soccer Academy	\$100	\$100	\$0
Youth Fall Soccer - Individual	\$56	\$50	-\$6
Lil Miss T-Ball	\$34	\$28	-\$6
Jr. Girl's Pony Tails	\$34	\$28	-\$6
Jr. Girl's Pre-Minor	\$34	\$28	-\$6
Jr. Girl's Minor	\$39	\$33	-\$6
Jr. Girl's Major I	\$39	\$33	-\$6
Jr. Girl's Major II	\$39	\$33	-\$6
Jr. Girls - League Fee (Pony, Pre, Minor)	\$225	\$225	\$0
Jr. Girls - League Fee (Major I & II)	\$250	\$250	\$0
Margie Knight Pitching Clinic	\$20	\$20	\$0
Kids Klub Summer Escape	\$115	\$115	\$0
Camp Pinehurst	\$375	\$375	\$0
PHP Nature Camp	\$139	\$139	\$0
Tennis Camp	\$125	\$125	\$0
Basketball Camp	\$175	\$175	\$0
Field Hockey Camp	\$170	\$170	\$0
Body Sculpting	\$85.50	\$85.50	\$0

Boat Slips	Current Rates	Proposed FY 16	Difference
10 foot without water & electric	\$689	\$689	\$0
12 foot without water & electric	\$763	\$763	\$0
10 foot with water & electric	\$832	\$832	\$0
12 foot with water & electric	\$943	\$943	\$0
13 foot with water & electric	\$1,039	\$1,039	\$0
14 foot with water & electric	\$1,076	\$1,076	\$0
15 foot with water & electric	\$1,134	\$1,134	\$0
20 foot	\$937	\$937	\$0
15 foot	\$753	\$753	\$0
13 foot	\$723	\$723	\$0
12 foot	\$656	\$656	\$0
11 foot	\$615	\$615	\$0
10 foot	\$569	\$569	\$0
Pavilion Rentals	Current Rates	Proposed FY 16	Difference
Leonard's Mill	\$190	\$190	\$0
Schumaker	\$190	\$190	\$0
Billy Jackson	\$190	\$190	\$0
Winterplace	\$190	\$190	\$0
Cedar Hill	\$160	\$160	\$0
Adkins Mill	\$135	\$135	\$0
Nanticoke	\$65	\$65	\$0
Emerson Holloway	\$65	\$65	\$0
Nick Meyer	\$65	\$65	\$0
Cedar Hill - Small	\$65	\$65	\$0
Indian Village	\$65	\$65	\$0
San Domingo	\$65	\$65	\$0
Tyaskin	\$65	\$65	\$0

CAPITAL IMPROVEMENT BUDGET

Exhibit "B" shows the FY16 projects as submitted in the 2016-2020 Capital Improvement Plan. As a result, this budget proposes the issuance of \$15,760,000 in new debt and appropriates the use of \$2,819,913 of funds transferred from the General Fund for the projects indicated in Exhibit "B".

EXPENSE BUDGET

The County Executive recommends the expenditure of \$129,000,243 for recurring and non-recurring operating expenses, minor capital investments and grants to outside agencies from the General Fund.

There are several exhibits included herein that make up the Executive's Budget Proposal for fiscal year July 1, 2015 through June 30, 2016.

- Determination of Tax Rate and Revenue under the Revenue Cap
- 2015-2016 Revenue Estimates
- General Fund Expense budget by major category (Appendix "A-1")
- Exhibit "A" - County Appropriation to Board of Education Operating Budget
- Exhibit "B" - Capital Improvement Budget for FY2016
- Exhibit "C" – Government and Enterprise Funds
- Exhibit "D" - Anticipated Grant Funding
- Exhibit "E" – Employee Benefit's Costs

RECOMMENDED EXPENDITURES BY DEPARTMENT

Following are highlights of the budget proposal. All departments are listed for completeness whether or not there was a significant change in their budget. More details are provided to County Council in the form of working documents/reports from the County's accounting system.

01 Legislative/Council Function

The County Executive is required by the Charter to accept the County Council budget request for operating expenses as submitted and may not amend it. The Legislation/Council salary and benefits are flat to FY15 with a 9% decrease in Operating Expenses and a non-recurring, one-time request of \$9,100 for Council Member laptops to be used for viewing briefing documents. Upgrade to Council Chamber's HVAC / Controls of \$35,000 has been budgeted in the General Services Departmental Capital.

02 Circuit Court

The Circuit Court's salary and operating budgets are level funding to FY15. Replacement of the Courthouse cooling tower of \$165,000 has been budgeted in the General Services Departmental Capital.

03 Orphan's Court

The Orphan's Court budget proposed salary increase is \$3,875 reflecting a State approved increase in judge compensation that took effect on December 1, 2014 and an increase of \$3,072 to the pay-go retirement budget line for one judge that retired December 2014. The proposed

operating budget increase is \$1,450 to cover the rising cost of continuing education meetings / seminars. The cost of carpet replacement of \$5,000 has been budgeted in the General Services Departmental Capital.

04 State's Attorney

The State's Attorney salary is set by the State of Maryland. The salary budget is level funding to FY15. The operating expenses decreased by \$247,248 due to the purchase of the State's Attorney Building in FY15 as well as other decreases in operating expenses. They have non-recurring, one-time purchase requests in the amount of \$19,500 for computer equipment, software and furniture along with a department capital request of \$20,000 for additional security enhancements.

05 Administration/ Executive Function

The Administration/Executive Salary budget is level funding to FY15 and the Operating budget is 4% less than FY15. No non-recurring, one-time purchases were requested.

06 Community Promotion

The Community Promotion budget funds memberships in local, State and National organizations, and supports public out-reach meetings. The FY16 budget is level funding to FY15.

07 Elections and Registration

The Elections and Registration budget fluctuates with the requirement to provide mandated support for elections and election related material. Salaries for FY16 increased by \$31,872 mandated the by State. Overall, the total budget for FY16 is \$13,239 more than FY15.

08 Finance

The Finance Department has a salary savings of \$1,913 for FY16 with a 5% decrease in the operating budget. Recurring operating cost increases are \$12,435 for software license annual increases and contract increases. An increase of \$17,500 for software licensing is required for the Citizen Transparency Module that was approved by Council in December 2014. Non-recurring, one-time funding is requested to replace computers over 6 years old to enable secure reliable communication with on-line banking services; total of \$6,000 in non-recurring costs.

09 Public Accountant

The Public Accountant (external audit services) General Fund budget is level funding to FY15.

10 Purchasing

Purchasing has level funding in salaries for FY16. The operating budget was reduced 9.7% with a non-recurring, one-time purchase request of \$1,500 to replace an aging laptop for the Tech Procurement Specialist.

11 Law

The Law Department salary budget will increase by \$1,000 in FY16. Operating was decreased to cover the increase in the salary budget. A non-recurring, one-time request of \$5,300 for replacement of an outdated computer and upgrade to the Attorney Practice Management Software for lawyers was approved as submitted.

12 Human Resources

Human Resources salary budget will increase by \$44,845 in FY16 due to the transition of the part-time building security from General Services to the Human Resources department. The operating budget was reduced by 2% while absorbing increased costs in software maintenance. There is an overall increase of \$6,825 in the recurring operating budget due to transferring the operating costs of building security from General Services.

13 Planning and Zoning

This department provides services to Wicomico County and the City of Salisbury. The FY16 salary budget has a salary savings of \$8,674 due to under filling a Long Range Planner position with a Fire Inspector. This will permit more inspections to be performed thus improving public safety. The operating budget decreased by 3% for FY16. No non-recurring, one-time purchases or departmental capital was requested.

14 General Services

General Services is responsible for the maintenance of a portion of the County facilities as well as copier and mail room operations in the Government Office Building (GOB) and starting in FY16 will be overseen by Public Works as noted at the beginning of the narrative. The salary budget will decrease in FY16 due to the transition of the building security to Human Resources. The operating budget realized a 3% reduction. The requested capital budget of \$317,100 will be used for GOB upgrades for \$59,000 for replacement of Air Handler #2 Damper unit and hallway and ceiling upgrades (1/2 to be reimbursed by City of Salisbury); \$165,000 to replace the cooling tower at the Courthouse; \$113,100 for Building Improvements at the Extension Services, Public Safety Building, Library, Orphan's Court and GOB. Descriptions of the building improvements are detailed under each of the departments.

15 Information Technology

The Information Technology Department has a salary savings of \$1,552 for FY16. During FY15, there was a budget transfer moving funds from Operating to Salary which is reflected on appendix “A-1” 2015 Budget. The operating budget decreased by 7% with a non-recurring, one-time request of \$4,000 for a server for internal web services. The capital budget of \$40,200 supports the construction costs to install fiber optic cable along Owens Branch Road from Solid Waste, Parks and Roads to terminate at Route 50 and a new server to support the Amicus Attorney Software for the Department of Law.

16 Liquor License Board

The Liquor License Board is responsible for the licensing and inspection of facilities selling alcoholic beverages in Wicomico County. The revenues collected are used to offset the expenses with any surplus revenue remaining in the General Fund. The budget decreased by 3%. No non-recurring, one-time or capital purchases were requested.

17 Sheriff’s Department

The Sheriff’s salary is increased from \$90,897 to \$95,000 (pro-rated increase of full year salary). The budget for the sworn deputy members of the Fraternal Order of Police (FOP) is increased in accordance with the Collective Bargaining Agreement the details of which have been provided to Council. This agreement also requires the funding of a disability trust fund (\$19,000 recurring payment). The operating budget remains at level funding to FY15. A non-recurring, one-time amount of \$6,000 for replacement of aged computers is being requested and \$122,570 in departmental capital is being requested for two vehicles and K-9 replacement.

18 Salisbury Fire & Ambulance

Funding for the Salisbury Fire and Ambulance services will remain at the FY15 level of \$590,000.

19 & 20 Volunteer Fire and Ambulance Companies

The County’s well-organized volunteer fire and ambulance companies provide a vital service in protecting life and property. Wicomico County makes an annual appropriation to each of the volunteer fire and ambulance companies to assist with the cost of providing this valuable service. All volunteer fire and ambulance companies share equally in the financial support provided by the County. The FY16 funding for volunteer ambulance services (Department 19) will remain at the FY15 level of \$1,789,876. The volunteer fire company funding (Department 20) in FY16 is \$2,002,817 which includes the annual \$85,000 contribution to the self-insurance trust fund that replaced the current death benefit linked to the Length of Service Award Program (LOSAP). This will provide the same coverage to the existing qualified membership list, while avoiding the rapidly increasing cost of purchasing term life insurance.

21 Department of Corrections

The Department of Corrections' salary budget is level funding to FY15. The operating budget decreased 2.5% with a non-recurring, one-time purchase request of \$6,700 for aged computers and additional monitors. The capital budget for FY16 is \$408,000 for Chiller Replacement (\$140,000), Roof Top Air Condition Unit replacement (\$90,000), Walk in cooler and freezer replacement (\$75,000) and Telephone System upgrade (\$103,000).

22 Emergency Services

The Emergency Services Department is responsible for the 911 Center, emergency service response and maintenance of all associated equipment. Significant portions of its operating budget are contractual in nature and are subject to inflationary increases. The Emergency Services salary budget reflects level funding to FY15. Annual operating expenses were decreased by 2.5% prior to the addition of recurring contractual cost increases in maintenance agreements for back up recorders (COMAR requires the recording of all 911 calls) and the funds to cover the costs of adding radio equipment to the Motorola service agreement that is no longer covered under warranty. The capital budget for items costing more than \$5,000 per item is \$17,316. This will fund the replacement of auxiliary air conditioning units for the 911 center the Emergency Management Division (EMD) office of the Department of Emergency Services.

23 Protection of Animals

An increase of \$34,791 is proposed to cover increased costs due to an increase in animal volume and increased calls for service. A one-time capital expense of \$26,850 is requested for the replacement of an 11 year old vehicle with high mileage and increased maintenance issues.

24 Public Works

The Public Works Department (Department 24) has been reactivated as part of the General Fund and will house the Director and Deputy Director of Public Works. Dredging Expenses, along with the Principal and Interest associated with the December 2014 bond sale for dredging, have also been transferred from Solid Waste to the reactivated Public Works Department.

25 Sanitation Water & Sewer

This budget item funds the water & sewer capacity that was purchased from the City of Fruitland for use by Wicomico County under certain circumstances. It reimburses the City of Fruitland for principal and interest on bonds used to pay for plant capacity expansion.

27 Mosquito Control

Wicomico County has participated in the annual mosquito spraying program with the Maryland Department of Agriculture for over thirty years. FY16 is expected to be a wet season which will place heavy demand on funding for mosquito control. However, the overall budget

will remain at level funding to FY15.

28 Gypsy Moth Control

The State performs annual surveys to determine if gypsy moths are present. The cost of this service is limited to the amount budgeted. The FY16 amount is the same as FY15, \$1,500.

30 Board of Education

A system of public education in each county is provided for in Maryland by State law. Each public school system is operated under the direction of a Board of Education, members of which, according to local law, are either elected or, as in Wicomico County, appointed by the Governor. The Board appoints a Superintendent, sets policies for the school system and among other duties adopts a school budget. Funding comes primarily from State and County governments with grant funding from other sources where available. The County portion of Wicomico’s school budget is part of the County’s operating budget.

The Board of Education (BOE) is an autonomous body and operates under guidelines established by the State Department of Education. It is not a County department and Board of Education employees are not County employees. Wicomico County has no jurisdiction in school matters except to appropriate funds to operate the school system and those appropriations are largely subject to State mandates.

The Executive’s proposed funding support to county K-12 education represents a \$910,527 increase over FY15 and is detailed in the table below.

	FY16	FY15	Increase between FY15 - FY16
Appropriation to BOE for Operating Expenses	\$38,067,637	\$37,676,790	\$390,847*
*Maintenance of Effort (MOE) increase determined by enrollment		\$390,847	
Appropriation for Pension costs	\$3,239,009	\$2,719,329	\$519,680
TOTAL	\$41,306,646	\$40,396,119	\$910,527

31 Community College

The Board of Trustees of Wor-Wic Community College has proposed a budget for next year at level funding to FY15, \$4,063,970.

32 Public Library

The proposed contribution to the Library is at level funding to FY15 in the amount of \$1,158,338. One time capital expenses of \$21,100 for Library soffit repairs, cooling tower repairs and replacement of the HVAC unit in meeting room one are included in the General Services capital expenses.

33 Tri-County Council / Shore Transit

This agency provides the transportation needs for many segments of our population. The FY16 appropriation is at level funding to FY15 for Operating and Capital at \$455,809 after the removal of the FY15 County match to support capital construction program.

34 Health Department

The Health Department is a State agency that receives substantial funding from Wicomico County. The County Health Officer is nominated by Wicomico County (nominated by the County Executive and confirmed by the County Council) and appointed by the Maryland Secretary of Health and Mental Hygiene. The Health Department provides State programs and receives matching County funds for department administration and program support.

Health Department decreased 12% from their FY15 operating budget. Salaries and Benefits increased by \$25,166, State mandated, for an overall budget request of \$3,415,957.

36 Extension Service

The Extension Service budget is proposed to be \$9,836 higher than FY15. This amount reflects an increase to cover additional funding for general maintenance costs and upgrading the phone system.

37 Community Access Channel (PAC14)

PAC-14 has requested a \$29,944 increase in their operating budget to cover the shortfall in their budget. They did not request capital funding this year.

38 Economic Development

The Salisbury-Wicomico County Economic Development (SWED) organization is critical to supporting the County's goal of both growing and diversifying the regional economic base. For FY16, they are requesting operating funding in the amount of \$147,750, a decrease of 4.8% from FY15. For FY16, the Executive proposes level funding to FY15 for economic development fund 67 (Local Match). These funds will be administered by the County in conjunction with business advisors and SWED to support economic development activity.

40 Social Security, Pensions and Other Post-Employment Benefits (OPEB)

Social Security costs prior to FY16 were centrally budgeted for all General Fund departments except the Roads Division. This budget decentralizes that cost and is displayed in the budget Exhibit “E” by department except for \$48,235, State Pension that will remain unchanged.

41 Hospitalization & Disability

Hospitalization and Disability costs prior to FY16 were centrally budgeted for all General Fund departments except the Roads Division. This budget decentralizes that cost and is displayed in the budget Exhibit “E” by department except for \$149,958 that will remain unchanged for Retiree Health Insurance, Blood Bank, Flexible Spending, etc.

42 Workers Compensation/Liability Insurance

Workers Compensation costs prior to FY16 were centrally budgeted for all General Fund departments except the Roads division. This budget decentralizes that cost and is displayed in the budget Exhibit “E” by department except for \$642,000 that will remain unchanged for Liability Insurance.

43 Debt Retirement

The County’s portion of principal and interest (P&I) payments decreased by \$213 from the FY15 budget. This is the net of a decrease in scheduled P&I associated with County projects (-\$71,069) plus P&I payments (+\$70,856) moving from Solid Waste into the General Fund for dredging (part of the December 2014 Bond Sale).

46 Contingency (Contingency and Transfers)

A Contingency in the amount of \$756,411 is recommended for FY16 to cover unexpected expenses. This is flat to FY15 budget figure. The County capital budget reserve for FY16 is \$2,819,923 for pay-go to fund County Capital Improvement Plan (CIP) projects as identified in the CIP Exhibit “B”.

While the Local Management Board’s funding support appears in this department, it is discussed below under its own Department number 54.

50 Roads Division

For decades the State of Maryland provided counties and municipal governments with a share of State revenue collected on the sale of vehicle fuel and motor vehicle registration fees. As a consequence of the great recession, in Fiscal Year 2010, the State withdrew 90% of this funding distribution thereby reducing funding to Wicomico County from roughly \$7,000,000 per year to \$600,000 per year. This forced the County to provide supplemental funding from the General

Fund to the then separate Roads Fund. Without a reasonable possibility of State funding restoration, the Roads function was transferred into the General Fund in FY15: under accounting standards it can no longer be reported as a separate governmental fund. The FY16 anticipated Highway User Revenue is \$628,316.

83 State Mandates

The Homestead Credit Fee is a State mandated fee to cover all their work for us under the Homestead Act. The FY16 State estimate is \$14,441, flat to FY15.

The Municipal Shares Tax represents a legislative mandated payment to municipalities in lieu of Bank Shares Tax. This is the same amount as FY15.

State Department of Assessment and Taxation (SDAT) budget represents a State mandated contribution to offset roughly 50% of the local activity's operating costs. In FY16 the State estimate is \$457,364, flat to FY15.

84 Teen Adult Center/Dove Point

This is a State of Maryland mandated payment to Dove Point. Funding is the same as FY15 at \$61,363.

85 Maintaining Active Citizens

Wicomico County provides funding for the local meals-on-wheels program. The program director reports that a 2% decrease in State and Federal funding is to be expected and requests \$6,360 in addition to the \$223,640 which is required, for a total of 230,000 for FY16.

86 Commission on Aging

The Commission on Aging funding is the same as FY15 at \$250.00

87 Life Crisis Center

Funding for this program is required by law through the Marriage License fees. FY16 funding level is the same as FY15, \$13,500.

OTHER GOVERNMENTAL AND ENTERPRISE DEPARTMENT FUNDS

50 Roads Fuel Depot (Governmental Fund)

The fuel depot functions of the Roads Division of Public Works Department will remain in the existing governmental Fund 50. This will permit the purchase and sale of fuel to County departments and authorized agencies under a revolving fund-like concept. The revenue from the sale of fuel will be used to purchase fuel. A small surcharge per gallon of fuel dispensed is proposed to accumulate a maintenance fund for the fuel dispensing equipment. Assuming roughly 300,000 gallons of product are pumped, a five cent per gallon surcharge would generate about \$15,000 per year. These funds would be allowed to accumulate in Fund 50 to eventually provide a modest reserve account to pay for fuel depot capital equipment replacement. Routine operating and personnel costs are all budgeted in the General Fund under department 50.

51 Solid Waste (Enterprise Fund)

Solid Waste is engaged in several studies and initiatives to enhance future revenue and reduce operating costs for both landfill and recycling operations. As the consultation work, planning and engineering matures, the Executive may need to return to Council to propose amendments to this budget that would permit the funding of one or more of these new initiatives.

The FY16 Solid Waste Enterprise Fund budget estimates a \$327,465 contribution to Fund Balance as shown on Exhibit "C".

Nursing Home (Enterprise Fund)

The Nursing Home continues to operate in an exemplary manner. Despite the changes in requirements and funding, it continues to provide a service that is superior in the area. This year the proposed operating revenue is expected to exceed both the operating and capital budgets by \$346,777. Their budget is recommended as submitted.

52 Airport (Enterprise Fund)

The Airport budget is recommended as submitted. The FY16 Airport Enterprise Fund budget includes the use of \$85,290 of prior year fund balance as shown on Exhibit "C".

53 Electrical Board (enterprise fund)

The Electrical Board provides for the testing and licensing of electricians in Wicomico County. It operates on a two year cycle and is self-sufficient. Its budget is recommended as submitted.

54 Local Management Board (Governmental Fund)

The Local Management Board's grant contribution from the General Fund is proposed to be decreased by \$1,100 due to the proposed hiring of a position currently filled by temporary employee. The FY16 contribution from the General Fund is \$71,243.

56 Narcotics Task Force (Governmental Fund)

The Narcotics Task Force (NTF) has been in operation since 2002. It is included in Exhibit "C" as a Governmental Fund. There are two potential sources of revenue for the NTF. One is grant money from the federal government which is segregated in Fund 18. The second source is money derived from law enforcement operations that are subsequently released to Wicomico County as the Governing Body of the NTF. These funds will flow directly into Fund 12. Revenue for operations of the NTF will come from approved grants and/or from use of prior year's accumulation of forfeited seized funds. The FY15 Operating Budget is \$39,888 funded in part by a federal grant and \$89,888 of prior year seized funds.

60 Recreation and Parks (Governmental Fund)

Wicomico County can be proud of having one of the finest park systems and recreation programs in the State of Maryland as well as in our surrounding three State regions. By carefully managing money from Program Open Space along with County money as well as considerable time, talent and contributions of our citizens, the County has managed to create an abundance of organized recreation and leisure activities for adults and children of all ages. In the past, there has been an emphasis on pay to play in order for programs and services to be self-sustaining.

Prior to FY15, the Recreation and Parks department 60 functions were budgeted under a combination of fiscal year and calendar year appropriations and reported in part within the General Fund and with the balance in a separate special governmental fund. As with FY15, this year all of Department 60's operations within 13 funds are being budgeted on a fiscal year basis and reported together as a special governmental fund, see Exhibit "C". The funding support from the General Fund will continue, but it will appear as a single transfer from the General Fund to Recreation and Parks.

The proposed increase in subsidy from FY15 to FY16 is made up of a combination of fact-of-life recurring cost increases and support for new programs. FY16 budget includes the use of \$26,560 of the prior year's fund balance and proposes an \$18,000 appropriation for pay-go to fund Capital Improvement Plan project. The Executive recommends a \$2,267,953 appropriation from the General Fund.

61 & 64 Youth and Civic Center (Enterprise Fund)

Exhibit “C” includes the gross revenue and expenses for both Funds 61 and 65; fund 65 is the Y&CC Restoration fund. It also includes the gross revenue and expenses from Department 64 used to manage the Tourism special events. The budget detail information is broken out by fund and department in the working papers that accompany the Executive’s budget.

The Wicomico Youth and Civic Center is a memorial to the men and women who served in the armed forces of the United States and especially those who gave their lives for our freedoms. It enhances the quality of life for our citizens by providing a venue for entertainment, cultural, civic convention and recreational activities. Few communities of our size possess such a facility. While it is argued that the benefits of the facility outweigh the relatively small public subsidy the building requires, our current fiscal realities require that we carefully examine all expenditures.

The County Executive recommends a funding level in the amount of \$587,066 for the Civic Center for FY16. The budget includes the use of \$190,594 of the prior year’s fund balance.

62 & 63 Convention & Visitors Bureau (Tourism Enterprise Fund)

Tourism operates on revenue from the Hotel Room tax. Its budget is recommended as submitted. Exhibit “C” includes gross revenue and expenses for Department 62 and 63 that encompass Funds 62, 63 and 64. Fund 64 is a new fund to account for the partnership activity with Ocean City (Mid-Atlantic Amateur Sports Alliance). Fund 63 Department 63 is used to account for Tourism sponsored special events. The budget detail information is broken out by fund and department in the working papers that accompany the Executive’s budget.

Wicomico County Tourism creates memories worth repeating through heritage and eco-tourism, conferences, trade shows, sports tournaments and special events that enhance our citizens’ quality of life and our economy. It operates on revenue generated from Hotel Room tax. Its budget is recommended as submitted.

FY16 budget includes the use of \$10,538 of the prior year’s fund balance with an expected contribution to retained earnings of \$41,439.

PUBLIC HEARINGS

The County Council is required to set dates for two public hearings as part of the budget process. The first will be for the budget itself, at which any taxpayer or their representatives shall be entitled to be heard. The Charter states that a public hearing is to be held by May 15th. However, the County Council may, by resolution, set another date for the budget hearing.

The second hearing is not a Charter requirement, but is a matter of State law regarding a constant yield tax rate. The constant yield tax rate is the rate that would generate the same amount of real property tax revenue from one year to the next - as the assessable base increases, the tax rate must go down. Conversely, as the assessable base goes down, the tax rate should increase to generate the same revenue. When a County chooses to set a rate higher than the constant yield

tax rate, which may or may not be less than the previous year's actual tax rate, a hearing is required to explain the difference. A Constant Yield Tax Rate hearing may be scheduled by the County Council as part of a regular County Council meeting.

BUDGET ADOPTION

The County Council has until June 1st to adopt a budget unless the date is changed by resolution, but not later than June 15th. In the event the County Council is precluded from adopting a budget by June 15th, under the Charter the "proposed current expense budget as submitted by the County Executive shall stand adopted, and funds for the expenditures proposed in the current expense budget shall stand appropriated as fully and to the same extent as if favorable action thereon had been taken by the Council."

Interested citizens, entities seeking funds and the County Executive look forward to assisting the County Council in the weeks ahead so that the budget adopted for the next fiscal year will be a spending plan that meets Wicomico County's and the public's priorities for providing necessary county services within the County's ability to fund them at a reasonable cost to the residents and taxpayers of Wicomico County.

With that, I will thank you once again for the opportunity to submit our proposed budget for FY16 and await your reply.

Respectfully submitted,



Bob Culver
County Executive