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CECIL COUNTY, MARYLAND

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June 5, 2019

Dear Cecil County Citizens,

Yesterday evening, during the County Council's Legislative Session, the members voted 4-1 to approve the *Capital Improvement Plan for FY 2020* (\$45,413,000) and the *Annual Budget and Appropriation Ordinance – FY 2020* (\$285,152,405). Also, for the second consecutive year, the Council adopted the tax rate (\$1.0414 per \$100 assessed value) for FY 2020, which remains unchanged from this year.

I want to extend my appreciation to the members of the County Council for their due diligence in the review of the budget over the past two months. The work to create a budget is a year-round effort by my staff and those who work for agencies that receive taxpayer funding included in the Cecil County Government FY2020 Proposed Budget. Both branches of Cecil County's Charter Government were fully involved beginning when I submitted my proposed Fiscal Year 2020 Capital and Operating Budget to the County Council on March 29, 2019.

Over the past two months, the members of the County Council conducted a thorough review of the FY2020 proposed budget and discussed requests with individual departments, divisions and agencies. The Council members held a public hearing on May 23rd at Elkton High School to listen to public comment and conducted follow-up budget deliberations on May 28th at the County Administration Building.

The Council's approval of the proposed budget continues to set the path forward for Fiscal Year 2020, which commences on July 1, 2019.

The operating budget will allow us to continue to address our priorities that includes providing high quality services to our citizens and all of the businesses that interact with County government. The Capital Budget includes those projects that will move Cecil County forward be they infrastructure improvements or actual new buildings.

The Operating Budget relies mainly on revenue from two sources: property tax and income tax. For the third year in a row, no fund balance or savings realized from prudent budget spending decisions was used to close revenue gaps between projected costs and realized costs. In other words, we have lived within our means and have not tapped our rainy day or emergency funds.

In fact, this year I proposed, and the County Council unanimously supported, the creation of the *Budget Stabilization Fund*, that equals one percent (1%) of the total operating budget, will be used if there is a need to transfer money within the budget to cover unusual expenditure increases, like funds to cover snow plowing due to multiple snow storms, or to cover the unexpected increase in expenditures that Animal Services realized last

year due to the number of animals being served. In short, the Budget Stabilization Fund may be used as a one-time funding source for critical capital or operating needs.

A second fund, the *Emergency Reserve (or Rainy Day Fund)*, is much more significant equaling ten percent (10%) of the Operating Budget. This fund is to cover much larger revenue gaps created by a severe economic downturn that negatively impacts projected revenue calculations for property tax or income tax. This reserve may be expended only if an event is determined to be a public emergency by a two-thirds vote of the Council, when such expenditures are necessary to ensure the safety of our residents and their property. Major weather events that cause significant damage and disruption of services would activate the Rainy Day Fund.

These changes allow us to exhibit more effective and efficient fiscal practices better representing our tax payers' investments. Sound fiscal practices like the ones just described are also expected to favorably impact our bond rating which, in turn, lowers the interest rate paid on major capital projects, therefore saving taxpayers millions of dollars over the life of a bond.

After recognizing the significant efforts that many people extended to develop, submit, review and finally adopt both the Capital and Operating budgets, the truth is, the real work begins July 1st.

Cecil County has progressed significantly these past two and a half years with major economic growth exhibited by the nearly 5 million square feet of new commercial space and the creation of over 3,000 jobs, with even more to come. Infrastructure, to support the continued business growth and to connect more citizens to public utilities, will continue to be installed along the Route 40 growth corridor.

Recreational programs and facilities continue to be expanded to provide more opportunities for our citizens to participate in healthy activities. Our partnership with the Cecil County Public Library, Cecil College and Cecil County Public Schools continues to evolve, as more learning opportunities are available to provide a well-qualified workforce for 21st century employment. Cecil County Government has adopted a focused customer service philosophy, working tirelessly to find ways to better meet the needs of our businesses and citizens more effectively and efficiently.

Our community has grown tremendously over the past three years. Though we are proud of our many recent accomplishments, we will not become complacent. We must move ahead expeditiously if we are going to continue to be the preferred location for new businesses and provide a setting in which existing businesses can grow and expand. Our goal is to create an environment for our citizens to live, thrive and raise their families. We are moving in the right direction and we will continue to work hard for every citizen in Cecil County.

Again, thank you for your support as we all work together to *move Cecil County forward!*

Sincerely,



Dr. Alan J. McCarthy
County Executive