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County general fund to end year with \$15 million surplus

By Paul Lagasse plagasse@somdnews.com 9 hrs ago



Michael Siers, left, of the Regional Economic Studies Institute at Towson University, briefs the Board of County Commissioners on the results of its workforce study as Marcia Keeth, deputy director of the Charles County Department of Economic Development, listens.

STAFF PHOTO BY PAUL LAGASSE

The county's general fund is expected to close out the 2018 fiscal year with a net operating surplus of \$14.9 million, due to slightly higher than expected revenues and \$11.5 million less in expenditures throughout the year.

“This is good news to share with you,” fiscal and administrative services director Jenifer Ellin told the commissioners on Tuesday. “And it will be good news to share during the bond [agency] visits in New York next week.”

Because of the surplus, the county will not need to use \$5.4 million that it had reserved from the fund balance to apply to one-time items in the operating budget such as school security upgrades and vehicles and other equipment for the Charles County Sheriff’s Office.

The general fund is the county government’s largest operating fund. It is used for financial transactions that are not legally required to be accounted for using specially allocated funds. This includes public education safety, road repair and maintenance, and planning and zoning.

Property and income taxes are the two largest sources of revenue for the general fund and are expected to bring in \$342.7 million by the end of the fiscal year, or roughly \$1 million more than projected. Revenues from recordation and transfer taxes far exceeded estimated revenues by 160 percent of budget estimates.

Expenditures by the Charles County Sheriff’s Office are projected to be \$3.1 million less than what the county had budgeted for.

County-administered expenditures were 15 percent less than expected, largely because the mild winter meant that the county did not have to spend much on road salting and plowing.

Ellin said that the savings in storm-related expenses would be rolled into future budgets to be available for future storms.

Bond rating agencies are likely to look favorably at the general fund surplus when considering how to rate the county’s ability to meet its debt obligations.

For the past two years in a row, Charles County has received AAA ratings, the highest score that a bond issuer can attain, from all three major bond rating agencies — Moody’s Investors, S&P Global Ratings and Fitch Ratings.

Charles County was one of only eight Maryland counties to earn AAA ratings from all three ratings agencies in the 2017 fiscal year.

Higher bond ratings translate into lower interest rates when the county applies for loans, which enables the county to afford financing additional construction and renovation projects.

The county can also choose to cut the budget back and pay less on debt service. The county has done both some years.

County fiscal services staff and commissioners will be traveling to New York next week to meet with the rating agencies to present their case. The agencies' final decisions are expected next month.

Commissioner Ken Robinson (D) praised the work of Ellin and her staff, as well as that of her predecessor David Eicholtz, who retired at the end of August after 37 years with county government.

"This does really appear to be the most outstanding fiscal condition that we've been in [during] my eight years [as county commissioner]," Robinson said. "I'm ... happy we're going to be turning over the county to the next board of commissioners in really good fiscal shape."

Ellin agreed, saying, "It's been a very good year."

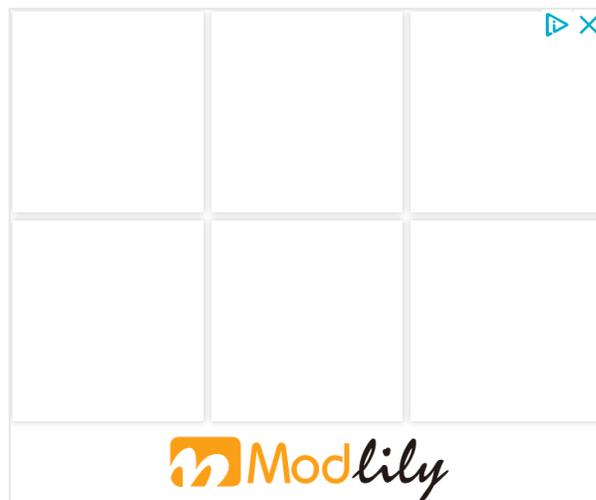
During Tuesday's open session, the commissioners were also briefed by the county's economic development department on the results of its workforce study and heard suggestions for attracting target industries to the county.

The study, conducted by the Regional Economic Studies Institute at Towson University, asked how the county's skilled and educated workforce could be used as an asset to attract companies in the federal contracting, health services, entrepreneurial and retail and research, engineering, and computing fields.

Michael Siers, the institute's interim research director, said that his team analyzed literature, the results of a nine-month phone survey of commuters, and census data to come up with its results.

The survey results paint a revealing picture of Charles County's workforce.

The study found that nearly 38 percent of Charles County residents who commute outside the county for work have jobs in Washington, D.C.; just under 24 percent work in Prince George's County, and just over 18 percent work in Northern Virginia.



A little under 9 percent work in St. Mary's County, and 5.2 percent work in Calvert County.

Salary and benefits was by far the number-one reason cited for working outside of the county, with almost 48 percent giving that as their main reason.

The survey also found that commuters tend to not only have higher-paying jobs than non-commuters, but also higher educational attainment.

Over 20 percent of commuters have bachelor's degrees and nearly 13 percent have graduate degrees, compared with 15 percent and 10 percent respectively for non-commuters.

By far, most commuters work in public administration, the survey found. Over 18 percent work in management, but the second-largest occupational category is office and administrative support.

Siers recommended that the county prepare marketing materials emphasizing county residents' qualifications, the county's proximity to Washington, D.C., and military installations, and the low costs of living and doing business as a way to attract federal contractors to relocate.

Siers also suggested that the county could provide various incentives to companies that relocate here and employ county residents.

Health care is an industry that the economic development department strongly desires to attract to Charles County.

According to a 2015 survey, 77 percent of respondents travel outside the county for health care. Furthermore, Charles County is projected to have the fastest-growing population of people aged 60 and over through 2030.

Health services firms could be enticed to come to the county through partnerships with the College of Southern Maryland and through the active recruitment of IT firms to build remote consultation services, Siers told the commissioners.

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