

The County Commissioners of Kent County

RONALD H. FITHIAN
PRESIDENT
ROCK HALL, MD

WILLIAM W. PICKRUM
MEMBER
CHESTERTOWN, MD

ALEXANDER P. RASIN
MEMBER
CHESTERTOWN, MD

R. Clayton Mitchell, Jr.
Kent County Government Center
400 High Street
Chestertown, Maryland 21620
TELEPHONE 410-778-4600
FACSIMILE 410-778-7482
E-MAIL kentcounty@kentgov.org
www.kentcounty.com

SUSANNE HAYMAN
COUNTY ADMINISTRATOR

THOMAS N. YEAGER
COUNTY ATTORNEY

January 10, 2012

RECEIVED

JAN 12 2012

Per _____

Dr. Bernard J. Sadusky, Ed.D.
Interim State Superintendent of Schools
Maryland State Department of Education
200 West Baltimore Street
Baltimore, MD 21201

Dear Dr. Sandusky:

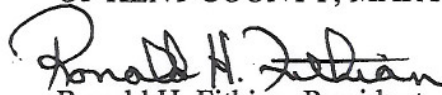
In response to your letter dated December 2, 2011, the County Commissioners of Kent County agree with the Maintenance of Effort Certification Statement filed by Dr. A. Barbara Wheeler. Kent County did not fund maintenance of effort for FY2012 and attached are documents that explain the County's difficult decision.

The Board understood that Kent County would not incur a penalty; therefore the request for waiver was withdrawn on April 29, 2011.

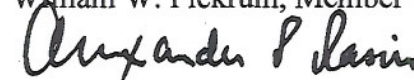
Please contact this office should you have any additional questions or concerns.

Very truly yours,

THE COUNTY COMMISSIONERS
OF KENT COUNTY, MARYLAND


Ronald H. Fithian, President


William W. Pickrum, Member


Alexander P. Rasin, Member

KCC/smb
Enclosures

cc: Dr. A. Barbara Wheeler, Superintendent, KCPS
Pat Merritt, Chief Finance Officer



Recycled Paper

The County Commissioners of Kent County

RONALD H. FITHIAN
PRESIDENT
ROCK HALL, MD

WILLIAM W. PICKRUM
MEMBER
CHESTERTOWN, MD

ALEXANDER P. RASIN
MEMBER
CHESTERTOWN, MD

R. Clayton Mitchell, Jr.
Kent County Government Center
400 High Street
Chestertown, Maryland 21620
TELEPHONE 410-778-4600
FACSIMILE 410-778-7482
E-MAIL kentcounty@kentgov.org
www.kentcounty.com

March 29, 2011

SUSANNE HAYMAN
COUNTY ADMINISTRATOR

THOMAS N. YEAGER
COUNTY ATTORNEY

Anthony South, Executive Director
Maryland State Board of Education
200 West Baltimore Street
Baltimore, Maryland 21201

Dear Mr. South,

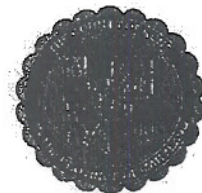
The Kent County Commissioners are requesting a waiver from the State's Maintenance of Effort requirement stipulated in Section 5-202 of the Education Article. The County is required to fund \$16,946,646 under the maintenance of effort formula for fiscal year 2012, and proposes to fund \$16,128,112 which is \$818,534 or 4.8% lower than required.

Kent County is a small, rural county with a population of 20,200. The county derives the majority of its revenue from the 12,700 property owners and 8,750 income tax filers that reside in the County. In December of 2007 the United States entered a period of recession. Beginning in fiscal year 2010, the County began to experience revenue declines associated with the recession. Because of the unique size, employment base and socio-economic structure of the County, these declining revenues have impacted Kent County much more severely than the State as a whole.

Revenue Background

Between fiscal year 2009 (pre recession) and fiscal year 2012, the County's revenues have declined nearly \$4,000,000 or 9% from the 2009 level of \$44,686,985 to the 2012 level of \$40,687,658. Four of the top five sources of revenue for the County have declined in excess of 25% from their 2009 levels.

	FY09 Actual	FY12 Budget	\$ Inc/(Dec)	% Inc/(Dec)
Property Tax	25,655,349	30,031,389	4,376,040	17%
Income Tax	12,100,769	8,235,000	(3,865,769)	(32%)
Recordation	1,038,301	700,000	(338,301)	(33%)
Property Transfer	449,736	335,000	(114,736)	(26%)
Gasoline Tax	1,898,152	70,048	(1,828,104)	(96%)
Other	3,544,678	1,316,221	(2,228,457)	(63%)
Total	44,686,985	40,687,658	(3,999,327)	(9%)



Recycled Paper

Income taxes are the County's second largest revenue source. This revenue stream has declined 32% or \$3,865,769 since 2009. In January the State Comptrollers Office distributed the comparison of total net local tax liability data for tax years 2007, 2008, and 2009 for all of the jurisdictions in Maryland (see attachment #1). Kent County experienced the single largest income tax revenue decrease between 2008 and 2009 of 17.7%, compared to the Maryland county average of 2.8%

	Tax Year 2008	Tax Year 2009	\$ Decrease	% Decrease
Kent County	10,660,982	8,777,524	1,883,458	17.7%
All Counties	3,715,691,188	3,611,591,633	104,099,555	2.8%

Between 2007 and 2008, Kent County experienced the third largest tax revenue decrease of 14.4% compared to the Maryland county average of 8.4%

	Tax Year 2007	Tax Year 2008	\$ Decrease	% Decrease
Kent County	12,445,712	10,660,982	1,794,730	14.4%
All Counties	4,055,816,559	3,715,691,188	304,125,371	8.4%

Unemployment levels in Kent County have risen from 5.1% entering fiscal year 2009 to 9.3% in January of 2011. Our most recent unemployment figure of 9.3% is 1.8% higher than the State unemployment rate of 7.5%.

	July FY09	July FY10	July FY11	Jan FY11
Unemployment Rate	5.1%	7.2%	8.0%	9.3%

These unemployment figures are supported by a survey of major Kent County employers published by the Department of Business and Economic Development. The major employers surveyed reported an overall reduction of 7% in their workforce between 2008 and 2009. One major employer, Upper Shore Community Health, closed its doors in fiscal year 2009 letting go all of its 98 employees.

Major Employer	2008 Employees	2009 Employees	Increase /(Decrease)
Chester River Health Systems	642	628	(14)
Washington College	485	528	43
Dixon Valve & Coupling	362	314	(48)
David Bramble	240	270	30
Heron Point of Chestertown	200	196	(4)
Lamotte Chemical Products	152	134	(18)
Angelica Nurseries	144	85	(59)
Chestertown Nursing & Rehab	110	115	5
Waterman's Crabhouse	100	76	(24)
Upper Shore Community Health	98	-	(98)
USA Fulfillment	83	107	24
Kent Center	82	85	3
Gillespie & Sons	80	65	(15)
Peoples Bank	78	72	(6)
Acme Markets	65	68	3
Super Fresh	65	70	5
Food Lion	50	27	(23)
Life Science Products	48	42	(6)
Velsicol Chemical	47	43	(4)
McDonalds	44	42	(2)
PNC Financial Services Group	42	31	(11)
Haven Harbor	38	43	5
Roses	30	27	(3)
Creafill	29	27	(2)
Benchworks	22	15	(7)
Total	3336	3110	(226)

Recordation and property transfer taxes are both related to the sale of real estate. These revenues are down 33% and 26% respectively since FY09. While we see some stabilization in these revenue streams in recent months, there is no sign of any upward movement and no one expects them to return to the level achieved in the housing boom era.

Gasoline Taxes are projected at \$70,048 which is 96% below the fiscal year 2009 level of \$1,898,152. In fiscal year 2010 the State decided to redirect the gasoline tax from the County coffers to the State coffers. There is no indication that this revenue source will ever be returned to the counties.

Expenditure Background

Up until this year, the County has managed to balance the budget by reducing primarily non-education expenditures, using available fund balance, and raising property tax rates. Between fiscal year 2009 and fiscal year 2011 the County reduced its spending by \$2,690,332, of which \$2,250,839 was from non-education expenditures.

	FY09 Actual	FY10 Actual	FY11 Projected	Change FY09-11
Education				
Operating	17,217,000	17,194,706	17,154,835	
Debt, Capital, OPEB	1,388,438	1,297,426	1,011,110	
Total Education	18,605,438	18,492,132	18,165,945	
Education-\$ Change		(113,306)	(326,187)	(439,493)
Education-% Change		(.6%)	(1.8%)	(2.4%)
Non-Education	25,945,745	24,235,632	23,694,906	
Non-Education-\$ Change		(1,710,113)	(540,726)	(2,250,839)
Non-Education-% Change		(6.6%)	(2.2%)	(8.7%)
Total Expenditures	44,551,183	42,727,764	41,860,851	
Total-\$ Change		(1,823,419)	(866,913)	(2,690,332)
Total-% Change		(4.1%)	(2.0%)	(6.0%)

The County has implemented the following actions to achieve the 8.7% reduction in non-education expenditures between fiscal year 2009 and fiscal year 2011:

- Eliminated 23.25 FTE positions which was 9% of our workforce
- Implemented a 1.92% salary reduction for all county employees effective 7/1/10 that is planned to continue into fiscal year 2012
- Changed county overtime policies to reduce costs
- Reduced health benefits
- Eliminated funding to the post employment health insurance trust
- Eliminated employee's long term disability benefit
- Eliminated employee tuition assistance
- Eliminated
 - curbside recycling collection
 - Reduced hours at landfills
- Placed all capital expenditures on indefinite hold as of December 2009
- Combined the Tourism and Economic Development Offices
- Combined the Building and Parks Maintenance departments
- Restructured Public Works
- Reduced departmental operating budgets 10.4%

Fund Balance Background

The County has used \$1,809,050 of unreserved, undesignated fund balance resources between fiscal year 2009 and fiscal year 2011 to balance the budget and \$171,854 of rainy day fund balance. The County strives to maintain a minimum fund balance of 5% at all times to ensure positive cash flow to fund County obligations.

	Unreserved Fund Balance	Rainy Day Fund Balance
Beginning Balance FY09	4,633,030	196,995
Less Funds Used	(1,809,050)	(171,854)
Ending Balance FY11	2,823,980	25,141
% of Budget	6%	0.1%

Tax Increase Background

In fiscal year 2011, the County raised its property tax rate \$.05 from \$0.972 to \$1.022. The increase in the tax rate generated \$1,440,000 of additional revenue in fiscal year 2011 and is expected to generate \$1,589,000 in fiscal year 2012. Had the County not raised the rate, we would not have been able to meet maintenance of effort funding in fiscal year 2011.

The 2012 Budget Challenge

The County begins its FY2012 budget discussions facing a \$2,400,000 budget deficit. See Attachment #2 (2012 Requested Budget Column).

Revenues	40,688,000
Expenditures	43,719,000
Excess Revenues over Expenditures	(3,031,000)
Fund Balance Resources Available	638,000
Budget Deficit	(2,393,000)

The County plans to use all of its available fund balance with the exception of an amount equivalent to 5% of the fiscal year 2012 budget. The County does not feel it is an option to increase taxes to the citizens after instituting a 5.1% property tax increase last year. Several statistics such as the number of properties eligible for tax sale for non payment and the percentage of students receiving free and reduced lunches in our public schools continue to indicate the increasing financial stress on the citizenry.

	2009	2010	09-10 Increase	2011	10-11 Increase	09-11 Increase
Properties Eligible for Tax Sale	684	767	12.1%	891	16.2%	30.3%
% of Students Receiving Free & Reduced Lunch	41.5%	45.3%	3.8%	51.3%	6.0%	9.8%

After utilizing all available fund balance and ruling out a second year of tax increases, the only remaining option is to reduce expenditures by \$2,400,000 to balance the budget. Kent County cannot balance the 2012 budget solely by reducing non-education expenditures again. We propose that the reduction to expenditures be split in an even % across both education and non-education expenditures which will result in the following:

	FY09 Actual	FY12 Budget	\$ Decrease FY09-FY12	% Decrease FY09-FY12
Education				
Operating	17,217,000	16,128,112		
Debt, Capital, OPEB	1,388,438	1,130,848		
Total Education	18,605,438	17,258,960	(1,346,478)	(7.2%)
Non-Education				
	25,945,745	24,066,729	(1,879,016)	(7.2%)
Total Expenditures	44,551,183	41,325,689	(3,225,494)	(7.2%)

The proposed funding for the operations of the public schools of \$16,128,112 is \$818,534 below the required maintenance of effort funding of \$16,946,646 (refer to Attachment #2 for a comparison of the requested budget to the proposed budget incorporating these reductions). While we realize this reduction in funding will represent a challenge to the educational system, there are two factors which we believe are in their favor. First, beginning in fiscal year 2011, the school system implemented a school consolidation plan in which a middle school was closed. In addition, the board of education administration offices were relocated into the vacated school building and out of an aging structure with impending roof and HVAC renovations looming. We are confident that expenditures will be reduced because of this action. Second, enrollment within our school system continues to decline. Fiscal year 2011 enrollment was 46 students less than the FY 2009 enrollment figures.

	2009	2010	09-10 Decrease	2011	10-11 Decrease	09-11 Decrease
FTE Enrollment	2081	2060	21	2035	25	46

Additionally, as we work to balance the FY12 budget we are also mindful of the new challenges bearing down for FY13 such as the \$2,400,000 project to bring the emergency response radio system into compliance with FCC requirements, potential teachers pension liability, and a core program capital project essential to the viability of our community college.

Maintenance of Effort History

The Commissioners of Kent County are committed to funding quality education to its children and have historically made funding education a priority in its budget process. This is evidenced by the following table which shows that in the last 10 years the county has funded \$8,466,296 above the maintenance of effort requirement. In deed prior to fiscal year 2011, the last time the County funded education at the maintenance of effort level was 1997. If maintenance of effort waivers are not granted when counties are experiencing severe revenue declines, it will discourage counties from funding school systems in excess of maintenance when revenues are rising.

Fiscal Year	County Allocation	Maintenance of Effort	Funding in excess of Maintenance of Effort
2002	12,887,085	11,989,750	897,335
2003	13,437,085	12,462,227	974,858
2004	13,124,906	13,074,906	50,000
2005	13,675,613	12,896,876	778,737
2006	14,275,613	13,464,594	811,019
2007	15,110,000	13,835,811	1,274,189
2008	16,217,000	14,579,339	1,637,661
2009	17,217,000	15,720,252	1,496,748
2010	17,194,706	16,648,957	545,749
2011	17,154,835	17,154,835	0
Total increase over Maintenance of Effort last 10 years			8,466,296

Summary

Like most of the country, Kent County finds itself trying to balance providing essential services to its citizens in an era of declining revenue. For a variety of reasons including our size, employment base, and socio-economic make up, Kent County has been affected much more severely than the rest of Maryland. This is evidenced by Kent County's having the single largest drop in income tax liability (17.7%) in the State of Maryland in tax year 2009, the loss of a major employer, higher than average unemployment, increasing numbers of properties eligible for tax sale, and increasing numbers of students participating in free and reduced lunch programs.

To counteract the declining revenues the County has taken the following actions:

Exhausted all available fund balance resources with the exception of an amount equivalent to 5% of the budget which is the minimum needed to operate the County with positive cash flow.

Reduced non-education expense by 8.7% between fiscal year 2009 and 2011. These reductions include county job elimination, organizational restructuring, service reductions to citizens, and across the board salary and benefit reductions to county employees.

Increased the property tax rate by 5.1 percent in fiscal year 2011 from \$0.972 to \$1.022

At this point we feel the only option remaining is to include education expenditures in our effort to balance the budget. We hope you understand our financial situation and will approve the County's request for an \$818,534 maintenance of effort waiver.

Attachments

- Attachment #1 – Comparison of Total Net Local Tax Liability
- Attachment #2 – Fiscal Year 2012 Budget Worksheet (includes revenue and expenditure figures for 2011 Projected, 2011 Original Budget, 2011 Amended Budget, 2012 Requested Budget, and 2012 Proposed Budget)
- Minutes of public meetings discussing the request for a waiver of maintenance of effort

Documents Included


- Fiscal Year 2010 audited financial statements

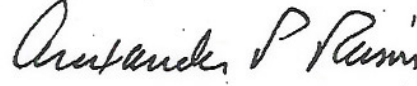
Mr. Anthony South, Executive Director
Maryland State Board of Education
March 29, 2011

Very truly yours,

THE COUNTY COMMISSIONERS
OF KENT COUNTY, MARYLAND


Ronald H. Fithian, President


William W. Pickrum, Member


Alexander P. Rasin, Member

KCC/kw

cc: Dr. Barbara Wheeler, Superintendent of Schools
Dexter Lockamy, COO, Kent County Public Schools
J. Brian Kirby, President, Board of Education

**TABLE 3
COMPARISON OF TOTAL NET LOCAL TAX LIABILITY
TAX YEARS 2009, 2008, AND 2007
(Inclusive of Municipalities)**

	TAX YEAR 2009		TAX YEAR 2008		CHANGE FROM TY 2008 TO 2009		TAX YEAR 2007		CHANGE FROM TY 2007 TO 2008	
	\$	%	\$	%	DIFFERENCE	PERCENTAGE	\$	%	DIFFERENCE	PERCENTAGE
ALLEGANY *	25,128,649.67		25,828,137.23		(699,487.56)	-2.7%	26,190,432.24		(362,295.01)	-1.4%
ANNE ARUNDEL	332,935,311.13		344,204,943.22		(11,269,632.09)	-3.3%	360,468,965.55		(16,264,022.33)	-4.5%
BALTIMORE COUNTY	489,243,863.21		516,149,515.50		(26,905,652.29)	-5.2%	595,782,501.58		(79,632,986.08)	-13.4%
CALVERT	55,892,462.79		55,399,522.04		492,940.75	0.9%	57,377,176.10		(1,977,654.06)	-3.4%
CAROLINE	10,064,611.49		10,455,325.97		(390,714.48)	-3.7%	11,570,003.36		(1,114,677.39)	-9.6%
CARROLL	108,178,628.47		109,999,327.68		(1,820,699.21)	-1.7%	116,377,048.36		(6,377,720.68)	-5.5%
CECIL	43,970,544.09		46,911,420.74		(2,940,876.65)	-6.3%	49,208,151.70		(2,296,730.96)	-4.7%
CHARLES	80,542,949.24		80,027,412.14		515,537.10	0.6%	78,919,786.67		1,107,625.47	1.4%
DORCHESTER	9,547,756.52		10,156,482.58		(608,726.06)	-6.0%	12,604,308.65		(2,447,826.07)	-19.4%
FREDERICK	149,886,351.41		153,102,358.66		(3,216,007.25)	-2.1%	161,109,803.18		(8,007,444.52)	-5.0%
GARRETT	9,518,625.30		10,259,469.93		(740,844.63)	-7.2%	10,670,523.88		(411,053.95)	-3.9%
HARFORD	151,473,984.14		155,237,859.63		(3,763,875.49)	-2.4%	160,649,649.57		(5,411,789.94)	-3.4%
HOWARD	280,146,407.66		283,587,808.39		(3,441,400.73)	-1.2%	297,390,463.83		(13,802,655.44)	-4.6%
KENT	87,752,389		10,560,982.88		(77,191,406.12)	-87.7%	12,455,711.95		(11,997,729.90)	-96.4%
MONTGOMERY	1,018,059,604.10		1,067,303,002.84		(49,243,398.74)	-4.6%	1,224,603,541.67		(157,300,538.83)	-12.8%
PRINCE GEORGES *	405,871,437.90		387,931,839.53		17,939,598.37	4.6%	390,437,419.63		(2,505,580.10)	-0.6%
QUEEN ANNE'S	28,454,553.76		30,604,915.79		(2,150,362.03)	-7.0%	33,797,002.92		(3,192,087.13)	-9.4%
ST. MARY'S	61,820,041.03		58,310,178.24		3,509,862.79	6.0%	59,705,070.99		(1,394,892.75)	-2.3%
SOMERSET	5,993,644.52		6,358,399.25		(364,754.73)	-5.7%	7,012,632.46		(654,233.21)	-9.3%
TALBOT	20,469,500.54		23,604,040.62		(3,134,540.08)	-13.3%	29,853,665.27		(6,249,624.65)	-20.9%
WASHINGTON	58,248,936.39		61,856,099.27		(3,607,162.88)	-5.8%	66,607,169.18		(4,751,069.91)	-7.1%
WICOMICO	38,025,525.50		40,180,793.97		(2,155,268.47)	-5.4%	44,617,402.12		(4,436,608.15)	-9.9%
WORCESTER	10,200,161.15		11,243,850.03		(1,043,688.88)	-9.3%	12,720,644.90		(1,476,794.87)	-11.6%
BALTIMORE CITY	209,140,559.67		216,317,502.80		(7,176,943.13)	-3.3%	235,687,483.62		(19,369,980.82)	-8.2%
TOTAL	\$ 3,611,591,633.57		\$ 3,715,691,188.13		\$ (104,099,554.56)	-2.8%	\$ 4,055,816,559.41		\$ (340,125,371.28)	-8.4%

* Indicates Counties with a rate change

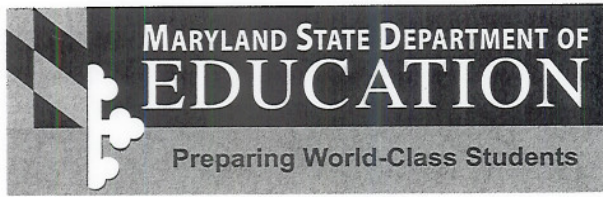
ALLEGANY 2.93% to 3.05%, a 4.1 % increase (from TY 2007 to TY 2008)

PRINCE GEORGE'S COUNTY 3.10% to 3.20%, a 3.2% increase (from TY 2008 to TY 2009)

KENT COUNTY, MARYLA.
FISCAL YEAR 2012 BUDGET WORKSHEET
FY12 REQUESTED BUDGET VS FY12 PROPOSED BUDGET

	2011 PROJECTED	2011 ORIGINAL BUDGET	2011 AMENDED BUDGET	2012 REQUESTED BUDGET	2012 PROPOSED BUDGET	PROPOSED/ REQUESTED \$	PROPOSED/ REQUESTED %
REVENUES							
PROPERTY TAX	30,617,513	29,545,426	30,346,480	30,031,389	30,031,389	0	0.0%
INCOME TAX	8,350,000	9,325,000	8,235,000	8,235,000	8,235,000	0	0.0%
RECORDATION	700,000	995,000	995,000	700,000	700,000	0	0.0%
PROPERTY TRANSFER	335,000	435,000	435,000	335,000	335,000	0	0.0%
OTHER TAXES	389,802	332,430	332,430	323,048	323,048	0	0.0%
LICENSE & PERMITS	240,091	241,250	241,250	260,270	260,270	0	0.0%
INTERGOVERNMENTAL	182,003	89,998	89,998	124,128	124,128	0	0.0%
SERVICE CHARGES	502,113	373,994	385,457	479,965	479,965	0	0.0%
FINES & FORFEITURES	35,775	29,200	29,200	25,500	25,500	0	0.0%
INTEREST INCOME	15,200	12,500	12,500	15,200	15,200	0	0.0%
RENT	156,735	157,575	157,575	157,258	157,258	0	0.0%
MISC	47,784	1,045	16,526	900	900	0	0.0%
	<u>41,572,016</u>	<u>41,538,418</u>	<u>41,391,416</u>	<u>40,687,658</u>	<u>40,687,658</u>	<u>0</u>	<u>0.0%</u>
EXPENDITURES							
EDUCATION							
OPERATING	17,154,835	17,154,835	17,154,835	16,946,646	16,128,112	(818,534)	-4.8%
DEBT SERVICE	1,011,110	1,011,110	1,011,110	1,130,848	1,130,848	-	0.0%
TOTAL EDUCATION	<u>18,165,945</u>	<u>18,165,945</u>	<u>18,165,945</u>	<u>18,077,494</u>	<u>17,258,960</u>	<u>(818,534)</u>	<u>-4.5%</u>
NON-EDUCATION							
COUNTY ALLOCATIONS	3,629,002	3,635,227	3,623,982	3,876,136			
OPERATING	4,520,645	4,624,504	4,655,789	4,600,158			
SALARIES	8,486,653	8,734,351	8,619,315	8,795,196			
BENEFITS	4,107,767	4,139,245	4,107,767	4,490,685			
CAPITAL OUTLAY	4,576	0	4,576	173,059			
TRANSFER TO OTHER FUNDS	699,886	606,290	627,059	1,368,375			
CONTINGENCY	400,000	400,000	400,000	400,000			
DEBT SERVICE	9,346,377	1,940,475	1,846,377	1,937,873			
GRANT PASS THRU	0	0	0	0			
TOTAL NON-EDUCATION	<u>31,194,906</u>	<u>24,080,092</u>	<u>23,884,865</u>	<u>25,641,482</u>	<u>24,066,729</u>	<u>(1,574,753)</u>	<u>-6.1%</u>
TOTAL EXPENDITURES	<u>49,360,851</u>	<u>42,246,037</u>	<u>42,050,810</u>	<u>43,718,976</u>	<u>41,325,689</u>	<u>(2,393,287)</u>	<u>-5.5%</u>
FUND BALANCE RESOURCES	-7,788,835	-707,619	-659,394	-3,031,318	-638,031	2,393,287	
BEGINNING FUND BALANCE	10,612,815			2,823,980	2,823,980		
ENDING FUND BALANCE	2,823,980			-207,338	2,185,949		
% OF BUDGET	6%			0%	5%		
TARGET ENDING FUND BALANCE - 5%				2,185,949			
SHORTFALL				2,393,287			

1) this figure includes the one time repayment of \$7,500,00 of short term debt that was borrowed in FY10. With out this transaction total expenditures would have been \$41,860,851
3/25/2011 PROPOSED BUDGET FOR WAIVER



Mailed 12/8/11

Bernard J. Sadusky, Ed.D.
Interim State Superintendent of Schools

200 West Baltimore Street • Baltimore, MD 21201 • 410-767-0100 • 410-333-6442 TTY/TDD • MarylandPublicSchools.org

December 8, 2011

Mr. Ronald H. Fithian, President
Kent County Board of County Commissioners
Kent County Government Center
400 High Street
Chestertown, MD 21620

NOTICE OF NON-COMPLIANCE WITH MAINTENANCE OF EFFORT

Dear Mr. Fithian:

On December 5, 2011, the Superintendent of Kent County Public Schools, Dr. A. Barbara Wheeler, filed a Maintenance of Effort Certification Statement (Attached) with the Maryland State Department of Education. Pursuant to Education Article §5-213 and based on the dollar amounts reflected on the certificate, I find that Kent County is not in compliance with its FY 2012 maintenance of effort requirement. Specifically, the maintenance of effort level amount for FY 2012 is \$16,946,646. Kent County failed to meet that target. Dr. Wheeler has certified that the net local appropriation was \$16,128,112.

If the county disputes this finding of noncompliance, it may send to me within 30 days of the issuance of this notice of memorandum setting forth the basis for disputing this finding. I will refer the matter to the State Board of Education which will make the final determination.

Thank you for your attention to this matter.

Sincerely,

Bernard J. Sadusky, Ed. D.
Interim State Superintendent of Schools

Attachment

C: Dr. A. Barbara Wheeler
James DeGraffenreidt
Anthony South
Elizabeth M. Kameen

*Bob C
Dione*

**CERTIFICATION STATEMENT
STATE SHARE OF THE FOUNDATION PROGRAM
FOR FISCAL YEAR 2012**

Education Article Section 5-202 (b) through (d) requires that to be eligible to receive State Share of the Foundation Program the following must be met:

A. **Minimum Share (local wealth x local contribution rate)
from Foundation Program Calculation for Fiscal Year 2012** \$ 10,595,405

B **The product of Enrollment for the current fiscal year and the
local appropriation on a per pupil basis for the prior fiscal year**

Fiscal Year 2011 Highest Local Appropriation * to the School
Operating Budget

17,154,835 ✓

Divided by

FTE Enrollment as of 9-30-2009 for Fiscal Year 2011

2,060.00

Fiscal Year 2010 Appropriation Per Student

8327.59 ✓

Multiplied by

FTE Enrollment as of 9-30-2010 for Fiscal Year 2012

2,035.00

Equals

Maintenance of Effort Level

16,946,646 ✓

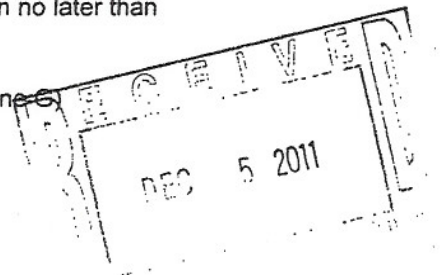
In accordance with the above requirements of the Acts of the General Assembly,
I hereby certify that the above information is correct and that \$ 16,128,112 ✓
is the Net Local Appropriation* that will be provided to the Kent
County Board of Education from County sources beginning July 1, 2011

A. Barbara Wheeler
Signature of the Superintendent of Schools

12/5/2011
Date

This Certification is to be submitted to the Maryland State Department of Education no later than
December 5, 2011

* See other side for instructions to meet this requirement (amounts shown from line 6)



**ADJUSTMENTS TO LOCAL APPROPRIATION
Kent**

	<u>FY 2011</u>	<u>FY 2012</u>
A. Operating Budget Appropriation	\$ 17,154,835	\$ 16,128,112
Plus:		
B. Supplemental Appropriations *	-	
C. Total Appropriation (A+ B)	\$ 17,154,835	\$ 16,128,112
Less:		
D. Approved** Nonrecurring Costs		
1 Qualifying Exclusion	-	-
2 _____	-	-
3 _____	-	-
4 _____	-	-
Total Supplemental & Nonrecurring Costs	\$ -	\$ -
E. Program Shifts Between County and Board Budgets *		
1 _____	-	-
2 _____	-	-
3 _____	-	-
Total Program Shifts	\$ -	\$ -
F. Other Reconciling Items*		
G. Net Local Appropriation (C-D-E-F)	\$ 17,154,835	\$ 16,128,112

* Provide detail separately

** Allowable to the extent that the Appropriation exceeds the minimum Maintenance of Effort Level.

