

# Overview of the FY 19 Budget and FY 19-24 Operating Plan

March 8, 2018

# Core Messages

- Income tax uncertainty led us to reduce our six-year revenue projections.
- Limited flexibility heightens the importance of every decision.
- Pressures on our ability to maintain services levels remain.

# Board Goals

- The Recommended Budget will build on existing plans and direction.
- Even now, additional Board direction will help us to prepare for the Recommended Budget.

# Goals For Today

- We are here to set the stage for your budget discussions and decisions to come.
- We won't be making any decisions today, but...
- This is a good time to discuss ideas about the process and budgets.

# Your First Three Budgets

- Total increase of \$31.5M or 8.5%
- Total to Education and Public Safety
  - \$29.3M
  - 13.0%

# Board Actions - Education

- Carroll County Public Schools (CCPS)
  - \$19.2M or 11.4%

# Board Actions - Education

- Carroll Community College (CCC)
  - \$1.9M or 23.7%
    - \$0.6M planned funding
    - \$1.3M additional funding for salary increases
      - \$0.2M in FY 16
      - \$0.5M in FY 17
      - \$0.6M in FY 18

# Board Actions - Education

- Carroll County Public Library (CCPL)
  - \$1.0M or 10.7%



# Board Actions – Public Safety

- VESA
  - \$0.8M planned funding
  - \$0.45M additional funding
    - \$0.20M in FY 16
    - \$0.25M In FY 17
  - \$0.8M one-time for SCBA
  - \$0.2M one-time for reserve ambulance
  - additional funding each year for LOSAP and increased benefit level

# Board Actions – Public Safety

- Sheriff
  - Sheriff \$1.8M or 17.5%
  - Detention Center \$1.5M or 17.6%
  - Total \$3.3M or 17.6%

# Board Actions – Public Safety

- Sheriff
  - 4.0%/year for salaries
  - “Not in Carroll” – 5 new positions
  - Contractual inmate housing
  - Gun replacement, Tasers, truck scales, mobile speed trailers
  - NCHS location and Training Academy
  - Detention Center pension changes

# Board Actions – Public Safety

- State's Attorney
  - \$0.6M or 19.4%
  - 3 new positions for “Not in Carroll”
- Youth Services Bureau - Drug treatment
  - \$125K ongoing in FY 17
  - \$75K additional ongoing each year until we reach \$0.5M in FY 22

# State Budget

FY 19

# FY 19 State Budget

- The Governor's budget is dependent on legislation.
- There is significant uncertainty.
- Their plan isn't balanced.
- We should know more by the Proposed Sessions, but important decisions could be made by the State four days after you begin deliberations.

What Does it Mean at Home?

State Budget Impact in Carroll County

# Impact In Carroll County

- Aid to Local Government (without retirement)
  - CCPS – \$0.1M or 0.1%
  - CCC – \$441,000 or 5.1%
    - Does not include one-time \$54,000 grant for keeping tuition below a 2% increase
  - CCPL – \$38,000 or 3.8%
  - Health Department – \$15,000 or 0.9% decrease



# Impact In Carroll County

- Towns
  - HUR
    - Formula \$0.4M or \$5,000 increase
    - Grant \$1.2M, \$11,000 increase
  - POS
    - \$0.4M or \$0.1M increase

# Impact In Carroll County

- Commissioners

- HUR

- Formula \$1.1M or \$16,000 increase
    - Grant \$1.1M or \$0.6M increase

- Police Aid – \$8,000 decrease

- POS – \$0.3M increase

- SDAT – passed on additional \$516K/year cost

Where Are We?

FY 18

# FY 18 Revenue Projection

FY 18 Budget	\$400.0M
FY 18 Projection	397.9M
Change	(\$2.1M)

# FY 18 Year-End Projection

Revenues	(\$2.1M)
Reserve for Contingency	3.0M
Net Expenditures	2.9M
<b>Year-End Balance</b>	<b>\$3.8M</b>
Planned Carryover to FY 20	(\$3.2M)
<b>Projected FY 18 Unassigned</b>	<b>\$0.6M</b>

# FY 19-24 Revenue

# The Top Revenues

In millions	FY 18 Budget	FY 18 Projected	FY 19 Projection
Real Property	\$186.6	\$186.9	\$191.6
Income Tax	145.6	143.2	148.8
Recordation	14.5	14.2	14.9
Railroad & Utilities	7.0	7.5	7.5
Business Property	8.1	8.2	8.2
Investments	2.4	2.1	3.6
Total	\$364.2	\$362.1	\$374.6



# Revenue Changes From Adopted Plan

In millions	FY 19	FY 20	FY 21	FY 22	FY 23
Real Property Tax	\$0.3M	\$0.9M	\$1.6M	\$2.1M	\$2.3M
Stormwater Fund	0.4	0.3	0.2	0.0	0.0
Ag Pres	(0.2)	0.0	0.0	(0.1)	0.0
<b>Net Real Property Tax</b>	<b>\$0.5M</b>	<b>\$1.2M</b>	<b>\$1.7M</b>	<b>\$2.0M</b>	<b>\$2.2M</b>

# Revenue Changes From Adopted Plan

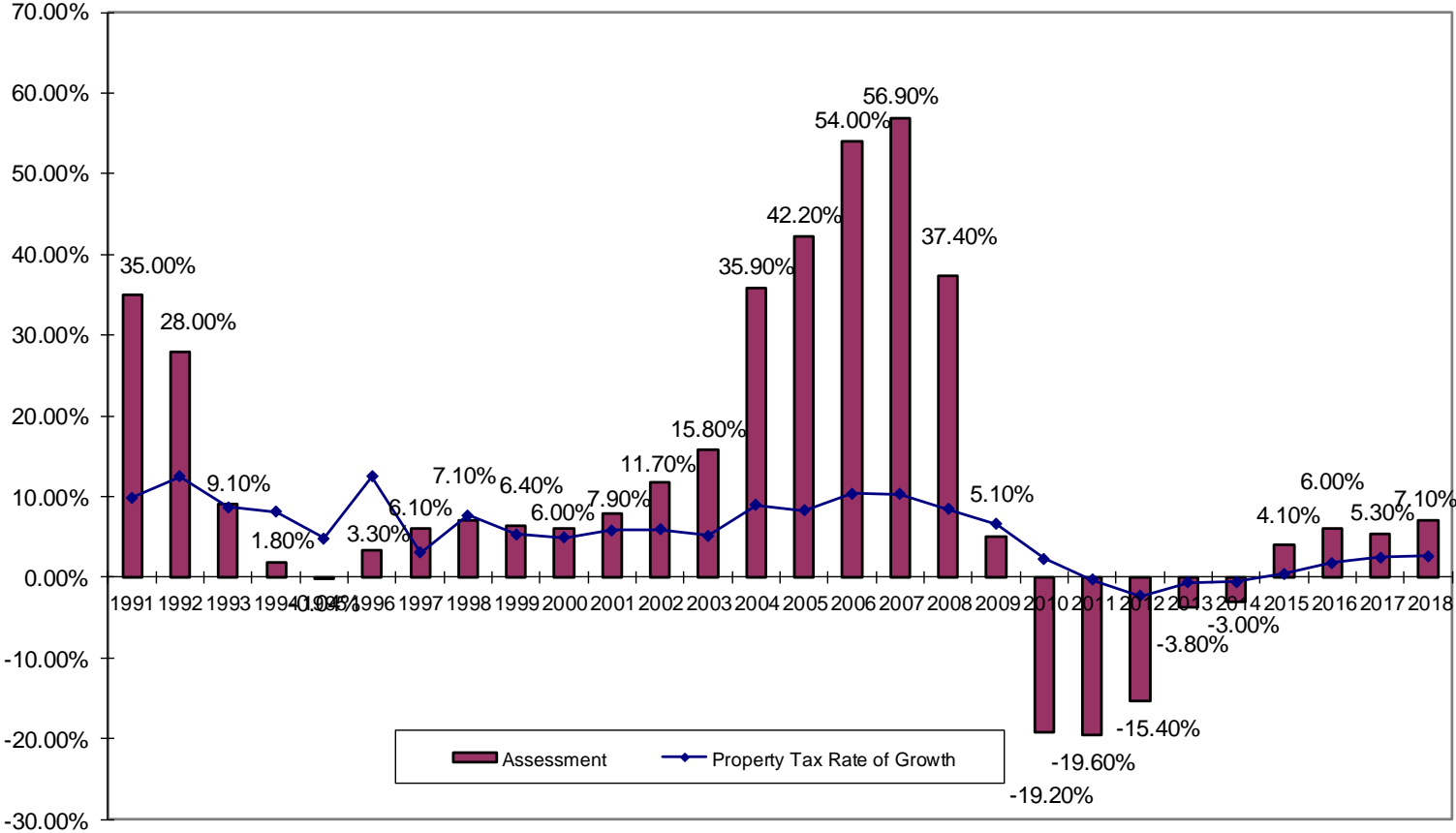
In millions	FY 19	FY 20	FY 21	FY 22	FY 23
Net Real Property	\$0.5M	\$1.2M	\$1.7M	\$2.0M	\$2.2M
RR&PU	0.5	0.5	0.5	0.5	0.5
Business	0.1	0.1	0.1	0.1	0.1
<b>Total Property Tax</b>	<b>\$1.1M</b>	<b>\$1.7M</b>	<b>\$2.3M</b>	<b>\$2.6M</b>	<b>\$2.8M</b>

# Revenue Changes from Adopted Plan

In millions	FY 19	FY 20	FY 21	FY 22	FY 23
Property Tax	\$1.1M	\$1.7M	\$2.3M	\$2.6M	\$2.8M
Income Tax	(3.2)	(3.4)	(3.5)	(3.7)	(3.9)
Recordation	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)
Interest	0.4	0.5	0.1	0.1	0.1
Other	(0.3)	0.0	(0.1)	0.0	0.0
<b>Total Annual Revenues</b>	<b>(\$2.1M)</b>	<b>(\$1.4M)</b>	<b>(\$1.4M)</b>	<b>(\$1.3M)</b>	<b>(\$1.4M)</b>

# Property Tax

# Reassessment History



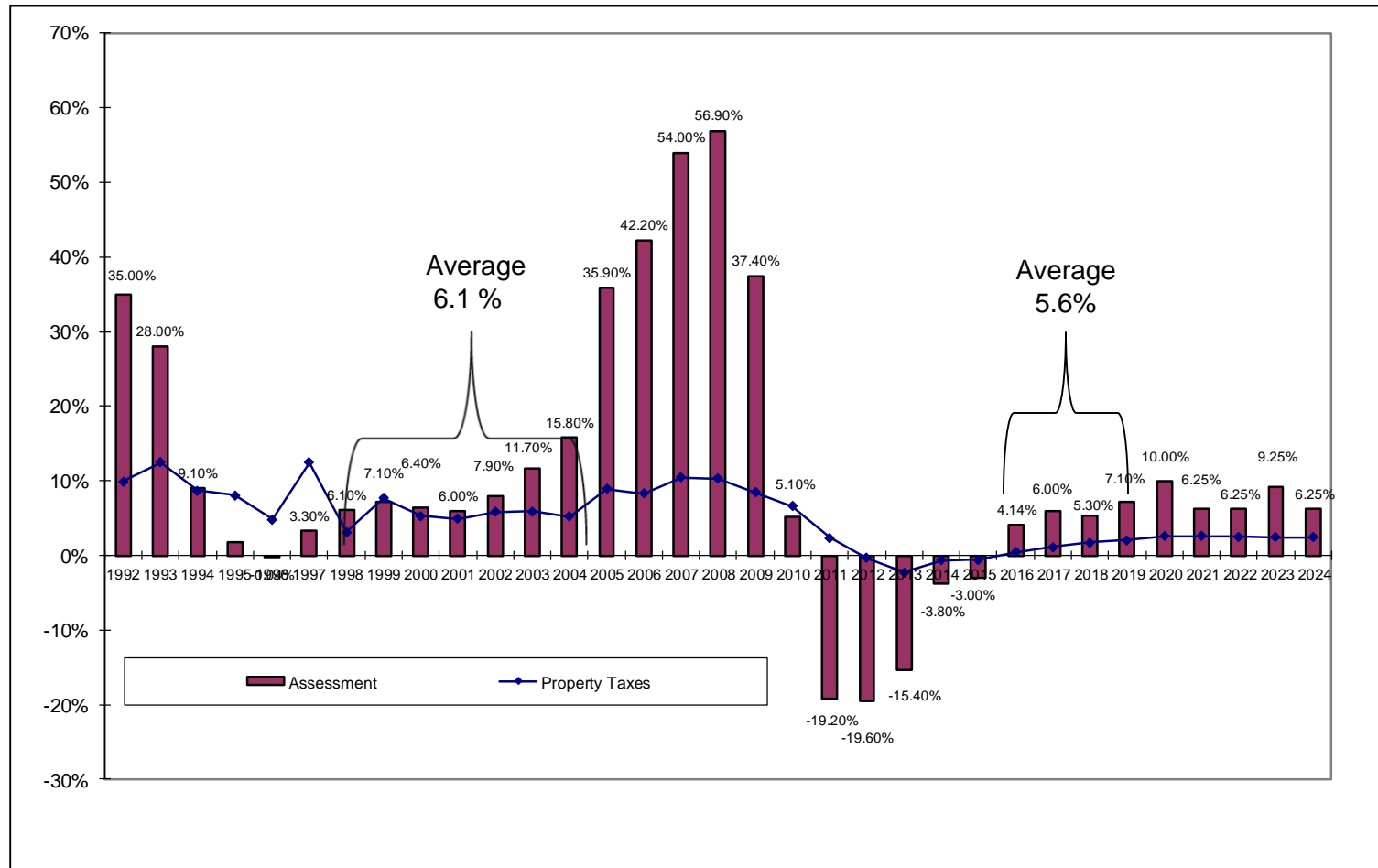
# Reassessments

	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
<b>Group 3 – Westminster Taneytown</b>	<b>2.37%</b>	2.37%	2.37%	<b>2.08%</b>	2.08%	2.08%
<b>Group 1 – South Carroll</b>	2.00%	<b>3.33%</b>	3.33%	3.33%	<b>3.08%</b>	3.08%
<b>Group 2 – North Carroll</b>	1.77%	1.77%	<b>2.08%</b>	2.08%	2.08%	<b>2.08%</b>
<b>Annual Growth</b>	<b>2.01%</b>	<b>2.56%</b>	<b>2.60%</b>	<b>2.48%</b>	<b>2.43%</b>	<b>2.40%</b>

# Assessments

	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
<b>Annual growth from reassessments</b>	<b>2.01%</b>	<b>2.56%</b>	<b>2.60%</b>	<b>2.48%</b>	<b>2.43%</b>	<b>2.40%</b>
<b>Annual growth including new construction</b>	<b>2.65%</b>	<b>3.33%</b>	<b>3.23%</b>	<b>3.09%</b>	<b>3.02%</b>	<b>2.97%</b>

# Reassessment History And Projections





# Total Property Tax

- FY 17 actual \$198.8M
- FY 18 forecast \$202.7M or 1.9%
- FY 19 forecast \$207.4M or 2.3%
  - Net of appropriation to Stormwater Fund and Ag Pres

# Total Property Tax

	FY 19	FY 20	FY 21	FY 22	FY 23
FY 18-23 Plan	\$206.3	\$211.7	\$217.3	\$223.0	\$228.9
FY 19-23 Forecast	\$207.4	\$213.4	\$219.6	\$225.6	\$231.7
Change	\$1.1	\$1.7	\$2.3	\$2.6	\$2.8

# Real Property Tax Detail

In millions	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
Base	\$192.1	\$197.6	\$203.9	\$210.5	\$217.0	\$223.6
New Construction	1.7	1.3	1.3	1.3	1.3	1.3
Reassessment	3.8	5.0	5.3	5.2	5.3	5.3
Homestead Tax Credit	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Credits	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Other Adjustments	0.1	0.2	0.2	0.2	0.2	0.2
<b>Total</b>	<b>\$196.9</b>	<b>\$203.4</b>	<b>\$210.0</b>	<b>\$216.5</b>	<b>\$223.1</b>	<b>\$229.7</b>

# Income Tax



# Income Tax

- FY 17 actual \$139.5M
- FY 18 forecast \$143.2M or 2.7%
- FY 19 forecast \$148.8M or 3.7%

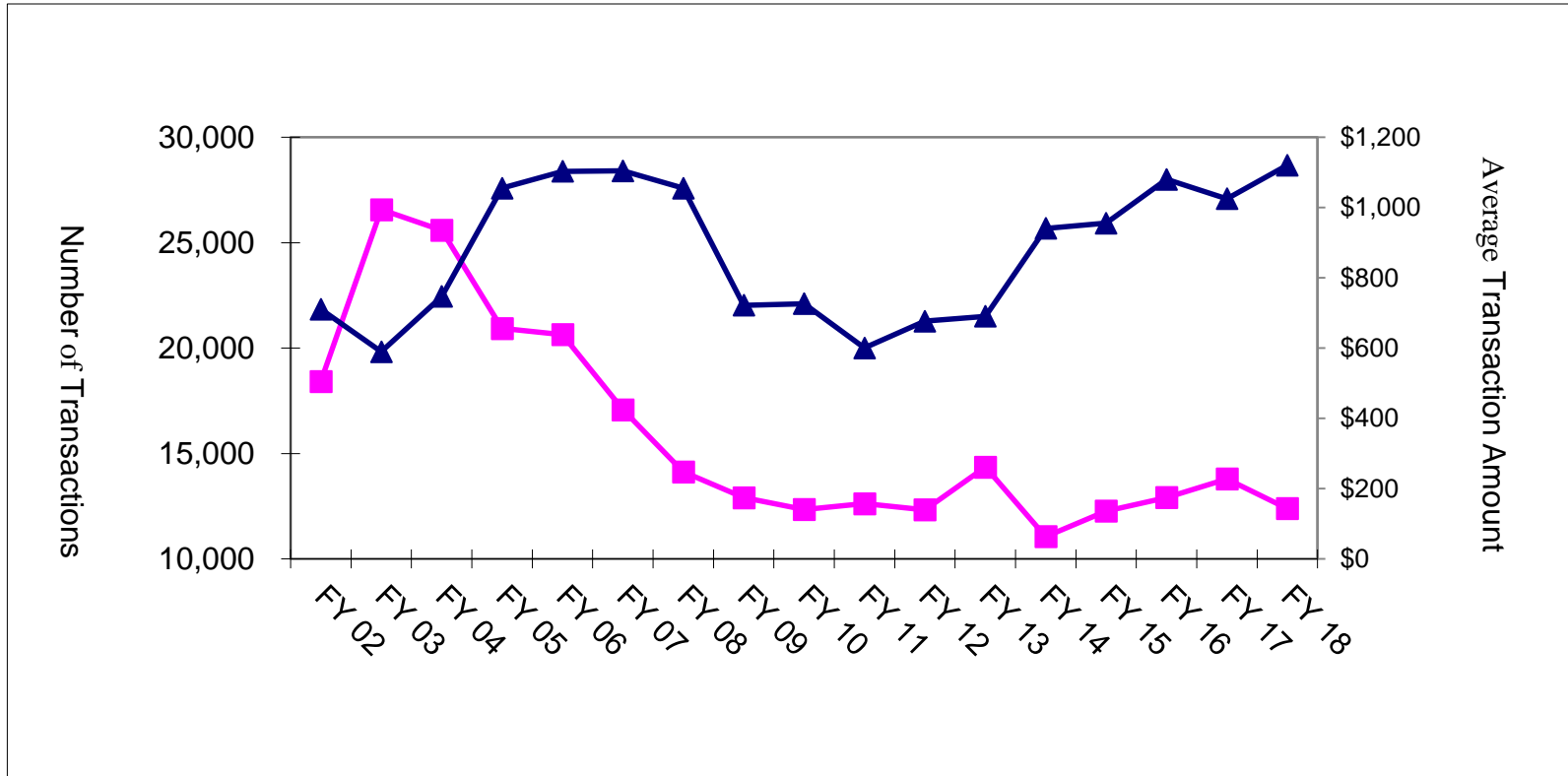
# Income Tax

	FY 19	FY 20	FY 21	FY 22	FY 23
FY 18-23 Plan	\$152.1	\$157.9	\$165.8	\$174.1	\$182.8
FY 19-24 Forecast	\$148.8	\$154.6	\$162.3	\$170.4	\$179.0
Change	(\$3.3)	(\$3.3)	(\$3.5)	(\$3.7)	(\$3.8)

# Recordation Tax



# Recordation Activity



# Recordation

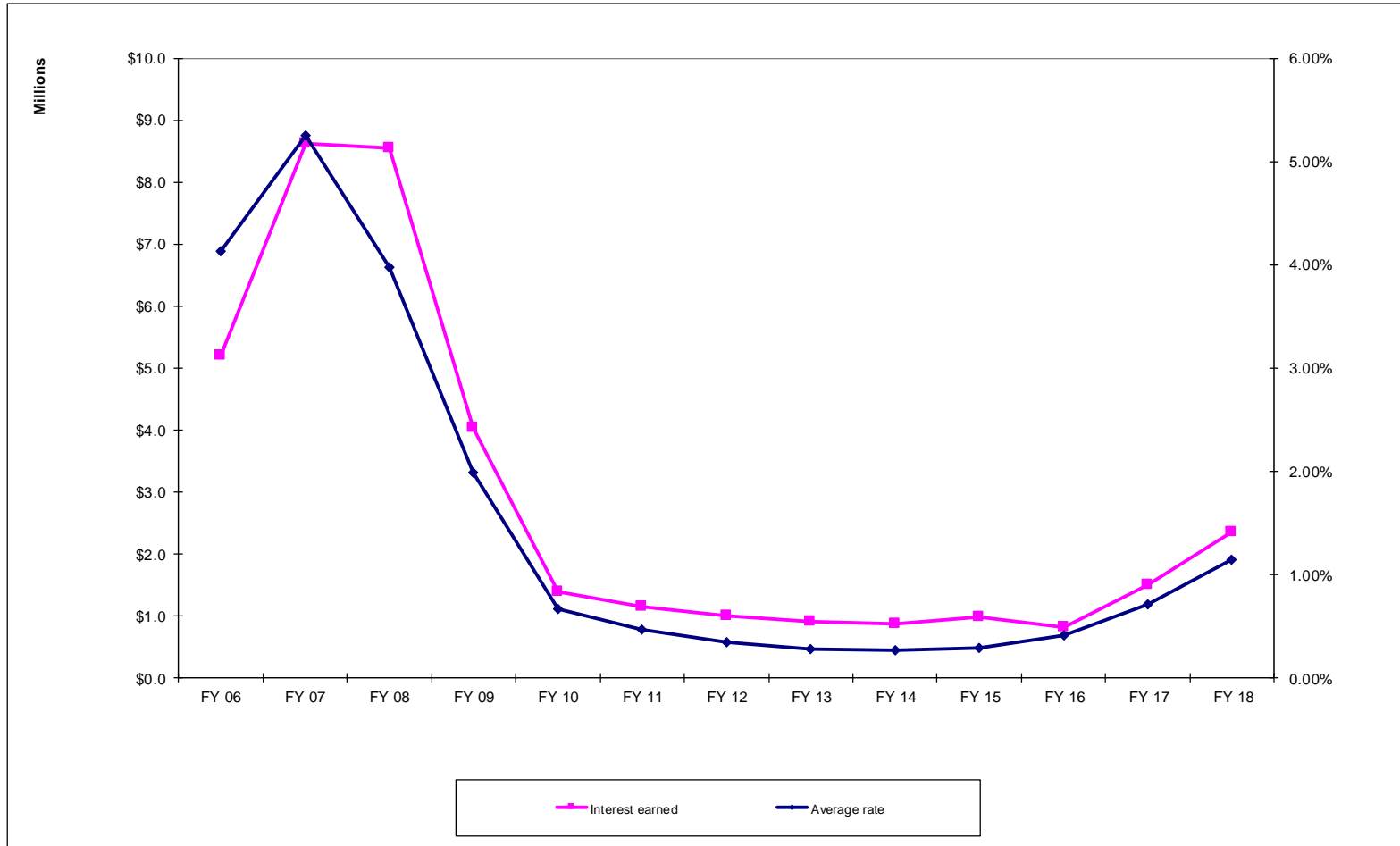
- FY 17 actual \$14.2M
- FY 18 forecast \$14.2M, flat
- FY 19 forecast \$14.9M

# Recordation Tax

	FY 19	FY 20	FY 21	FY 22	FY 23
FY 18-23 Plan	\$15.0	\$15.6	\$16.1	\$16.7	\$17.3
FY 19-24 Forecast	14.9	15.4	15.9	16.4	16.9
Change	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.3)	(\$0.4)

# Investment Income

# Investment Income



# Investment Income

- FY 17 actual \$1.5M
- FY 18 forecast \$2.1M
- FY 19 forecast \$3.6M

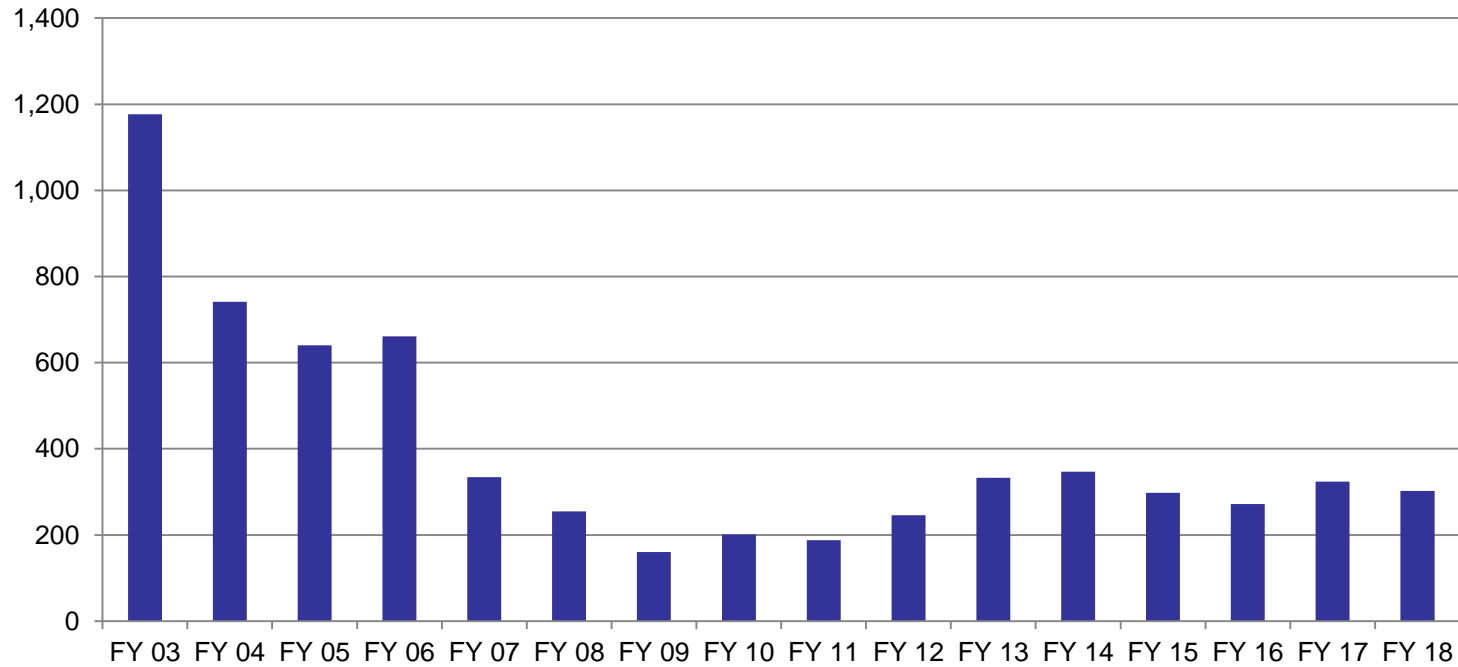
# Investment Income

In Millions	FY 19	FY 20	FY 21	FY 22	FY 23
FY 18-23 Plan	\$3.3	\$4.2	\$5.1	\$6.0	\$7.0
FY 19-24 Forecast	3.6	4.7	5.2	6.1	7.1
Change	\$0.3	\$0.5	\$0.1	\$0.1	\$0.1

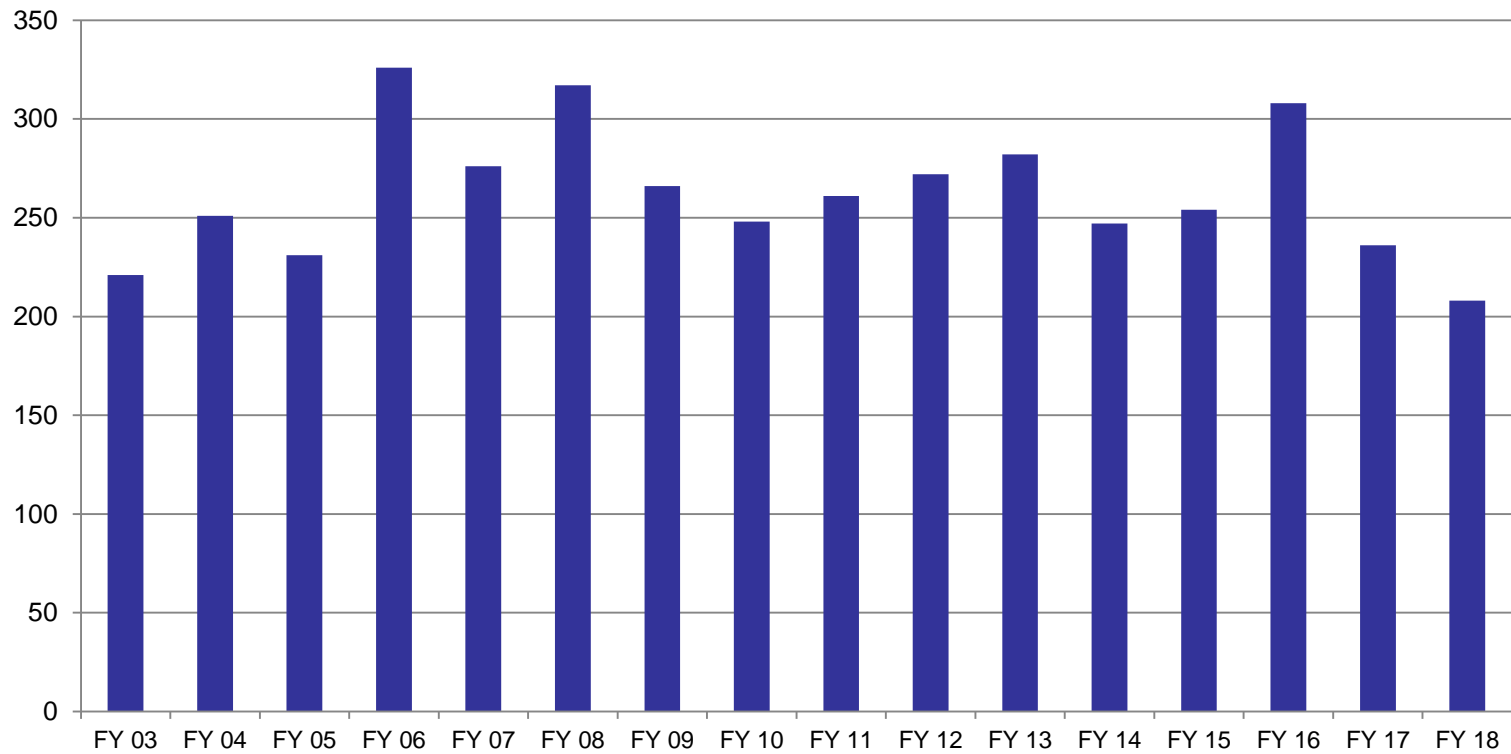
# Building Permits



# Residential Permits Issued



# Commercial/Industrial Permits Issued



# Building Permits

- FY 17 actual \$551,000
- FY 18 forecast \$535,000
- FY 19 forecast \$540,750

# Building Permits

In Millions	FY 19	FY 20	FY 21	FY 22	FY 23
FY 18-23 Plan	\$0.5	\$0.6	\$0.6	\$0.6	\$0.6
FY 19-24 Forecast	0.5	0.6	0.6	0.6	0.6
Change	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

# FY 19-24 Operating Plan

# Op Plan Assumptions

- CCPS – Specific dollar amounts as included in FY 18-23 Adopted Plan
- Health costs
  - FY 19 growth \$0.7M lower than planned
  - Reduced ISF balance by \$1.0M
  - Reduced growth in FY 20 and FY 21
- Salaries
  - 3.0%
  - Sheriff 4.0%

# Op Plan Assumptions

- General – FY 19-24 3%/year
- Detention Center – 3.5% - 4%/year
- Intergovernmental – 2%/year
- Debt Service – Tied to planned bonds in the CIP
- Assumed use of surplus – drops from 1.00% to 0.45% in FY 24

# Op Plan Assumptions

- Reserve for Contingencies – 1% of revenue
- Non-profit service providers – varying growth rates set by Commissioners in FY 17-22 Op Plan
- Ag Pres
  - 2.25% of real property



# Op Plan Assumptions

- Board of Elections – 5%/year
- Pension – Based on salaries
- Reserve for Positions - \$200,000 additional every year from FY 19-24
- Risk – 5%/year
- Various other smaller specific assumptions

# Op Plan Drivers

- Increases from Current Adopted Plan
  - SDAT shift from 50% to 90%
    - \$0.5M/year
  - Microsoft Office subscription
    - \$0.2M/year

# Op Plan Drivers

- Decreases from Current Adopted Plan
  - Health
    - \$1.0M one-time in FY 19
    - Approximately \$1.0M ongoing
  - County Debt Service
    - No bond sale in FY 18 and timing
  - Fuel
  - Risk Insurances
    - Growth \$0.1M/year lower than planned

# LOSAP

- Three things working against us:
  - Underfunding
  - Not generating enough revenue to cover payments
  - Cost of increased benefits

# LOSAP

- Funded ratio dropped from 94.7% to 75.2%
- Unfunded Liability rose from \$0.2M to \$2.8M
  - Impact of benefit change \$1.8M
  - Impact of underfunding and drawing down to make payments \$1.0M
- ADC went from \$276K/year to \$673K/year
  - If fully funded we would need \$245K
  - Because of the benefit change plus \$236K
  - Because of underfunding and payments plus \$192K

# Changes From Op Plan

In millions	FY 19	FY 20	FY 21	FY 22	FY 23
Health	(\$2.0M)	(\$1.1M)	(\$1.3M)	(\$1.4M)	(\$1.5M)
County Debt Service	(\$1.1)	(\$1.3)	(\$1.1)	(\$0.7)	(\$0.5)
BOE Debt Service	(\$0.7)	(\$0.6)	(\$1.6)	(\$3.4)	(\$3.0)
DPW - Utilities/Fuel	(\$0.3)	(\$0.5)	(\$0.4)	(\$0.3)	(\$0.3)
SDAT	\$0.5	\$0.6	\$0.6	\$0.6	\$0.6
Technology	\$0.2	(\$0.1)	\$0.0	\$0.1	\$0.1

# Debt Service Detail

In millions	FY 19	FY 20	FY 21	FY 22	FY 23
County	\$24.6	\$24.6	\$23.3	\$22.2	\$22.8
CCPS	10.3	10.2	10.7	10.8	11.6
Ag Pres	3.1	1.9	1.9	2.2	2.7
Stormwater	1.1	1.4	1.7	2.1	2.4
Total Projected Debt Service	\$39.1	\$38.1	\$37.6	\$37.3	\$39.5
FY 18-23 Planned	\$40.2	\$40.3	\$40.6	\$41.5	\$43.0
Difference	(\$1.1)	(\$2.2)	(\$3.0)	(\$4.2)	(\$3.5)

So Where Does That Leave Us?



# Op Plan Balances

<b>FY 18-23 Adopted</b> In millions	FY 19	FY 20	FY 21	FY 22	FY 23
Adopted Balance	\$0.3	\$0.5	\$0.2	\$2.0	\$4.1
%	0.1%	0.1%	0.0%	0.4%	0.9%

<b>Recommended</b> In millions	FY 19	FY 20	FY 21	FY 22	FY 23
Change in Revenues	(\$2.0)	(\$1.8)	(\$2.9)	(\$4.7)	(\$4.4)
Change in Expenditures	(\$2.9)	(\$3.4)	(\$4.3)	(\$5.6)	(\$5.6)
Recommended Balance	\$1.1	\$2.1	\$1.6	\$2.9	\$5.3
%	0.3%	0.5%	0.4%	0.7%	1.1%

# Unassigned Fund Balance

	FY 13	FY 14	FY 15	FY 16	FY 17
Annual	\$1.6M	\$5.3M	\$6.7M	\$10.4M	\$10.3M
<b>Cumulative</b>	<b>\$1.6M</b>	<b>\$0.7M</b>	<b>\$0.4M</b>	<b>\$4.2M</b>	<b>\$11.0M</b>

# Assigned Fund Balance

From:	FY 19	FY 20
FY 15 Assigned	\$1.0M	\$1.0M
FY 16 Assigned	3.0	
FY 17 Assigned	4.0	
Total Assigned	\$8.0M	\$1.0M

# Bottom Line

<b>FY 19-24 Recomm In millions</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
Op Plan Balance	\$1.1	\$2.1	\$1.6	\$2.9	\$5.3	\$5.8

What, Me Worry?

# Really Big Things On My Mind

- CCPS \$6.5M budget gap
- CCC \$650K for salary increase
- Sheriff salary increase in excess of \$2M
- Sheriff disability \$???
- LOSAP

# Things On My Mind

- State
  - The Governor's budget requires legislative actions
    - HUR
    - POS
    - SDAT
  - Other legislative actions in this Session
  - Federal tax changes and State legislation
  - Their plan isn't balanced

# Things On My Mind

- CCPS
  - Budget gap
  - Career and Technology project
  - East Middle School
  - K-8
  - State funding limits on capital projects
  - Modernizations/systemics
  - Pre-K



# Things On My Mind

- HUR Grant
  - Uncertainty about funding this year
  - Uncertainty about future funding
  - “The Deal”
- School security

# Things On My Mind

- Space issues
  - North Carroll
  - State's Attorney
  - CCPS Central Office
  - Sheriff
    - Detention Center
      - Day reporting center
      - Minimum security facility
      - Eventual new facility

# Things On My Mind

- Solid Waste long-term plan
- Westminster Library basement
- Artificial turf field
- Next Gen 911

# Things On My Mind

- Airport funding for runway
- Technology needs and ongoing impacts
- Infrastructure funding
- Reduced flexibility
- Fiber Enterprise Fund

# Things On My Mind

- Pressure on services
- Environmental compliance
- Community College and BOE OPEB
- Managing expectations

Where Do We Go From Here?

# Budget Calendar

- March
  - Recommended Session on March 22nd
- March/April
  - Agency Sessions
    - Issues

# Budget Calendar

- April
  - Sine Die 4/9
  - Proposed Sessions 4/5-4/24
    - Set up and structure
    - Scenarios
    - ‘What ifs’ on the fly
  - Release of Proposed Budget 4/26
  - Five community budget meetings 4/26-5/8



# Budget Calendar

- May
  - Public Hearing 5/15
  - Adopted work sessions 5/22-5/24
  - Budget Adoption 5/29
- There isn't a lot of flexibility in the schedule

# Back To The Beginning

- We aren't making decisions today.
- We are trying give you some things to think about as we head into the budget process.
- Any additional Board direction would be welcome.

