

Overview of the FY 18 Budget and FY 18-23 Operating Plan

March 16, 2017

Core Messages

- The revenue outlook is modestly improved.
- Pressures on our ability to maintain services levels remain.
- Uncertainty is greater than our flexibility.

Board Goals

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

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.

First Two Budgets

- Total increase of \$19.9M
 - Education - \$12.2M
 - Public Safety - \$4.4M

Board Choices - Education

- CCPS
 - \$14.1M additional on-going funding from FY 15 to FY 17, \$3.3M of one-time funding in FY 15
 - The Adopted FY 17-22 Op Plan earmarks \$5.0M of the \$7.1M total planned increase in FY 18 for CCPS.

Board Choices - Education

- Carroll Community College
 - \$0.4M base on-going funding
 - \$0.7M additional on-going funding for salary increases
 - \$0.2M in FY 16
 - \$0.5M in FY 17

Board Choices – Public Safety

- VESA
 - \$0.6M base on-going funding
 - \$0.45M additional on-going funding
 - \$0.20M in FY 16
 - \$0.25M In FY 17
 - \$0.6M one-time for SCBA
 - \$0.1M one-time for reserve ambulance
 - \$50K additional funding each year for LOSAP

Board Choices – Public Safety

- Sheriff
 - 4.0%/year for salaries
 - “Not in Carroll”
 - 5 new positions
 - Contractual inmate housing
 - Gun replacement
 - New Tasers, truck scales, mobile speed trailers

Board Choices – Public Safety

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

State Budget

FY 18

FY 18 State Budget

- The Governor's budget is dependent on legislation.
- There is significant uncertainty.
- We should know more by the Proposed Sessions, but important decisions could be made by the State the evening before 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 – (\$1.0M) or a decrease of 0.8%
 - Total decrease of \$5.0M
 - One-time \$4M in FY 17
 - CCC – \$6,000 or 0.1%
 - Does not include one-time special grant in FY 18 for keeping tuition below a 2% increase
 - CCPL – \$38,000 or 4%
 - Health Department – Flat

Impact In Carroll County

- Towns
 - HUR
 - Formula (\$5,800) or 1.3% decrease
 - \$1.2M grant, \$61,800 increase
 - POS
 - \$245,550, or \$102,425 increase

Impact In Carroll County

- Commissioners
 - HUR
 - Formula (\$16,150) or 1.4% decrease
 - \$1.1M grant, \$1M increase
 - Police Aid flat
 - POS
 - \$736,750, or \$307,275 increase
 - SDAT – passed on additional \$250,000/year cost

Where Are We?

FY 17

FY 17 Revenue Projection

FY 17 Budget	\$388.4M
FY 17 Projection	389.6M
Change	\$1.2M

FY 17 Year-End Projection

Revenues	\$1.2M
Reserve for Contingency	4.0M
Net Expenditures	2.2M
Year-End Balance	7.4M
Carryover to FY 19	(3.7M)
Projected FY 17 Unassigned	\$3.7M

FY 18-23 Revenue

The Top Revenues

In millions	FY 17 Budget	FY 17 Projected	FY 18 Projection
Real Property	\$184.5	\$185.0	\$186.7
Income Tax	139.7	139.5	145.6
Recordation	13.5	14.1	14.5
Railroad & Utilities	6.9	7.1	7.0
Business Property	8.2	8.0	8.1
Investments	1.4	1.0	1.9
Total	\$354.2	\$354.7	\$363.8

Revenue Changes From Adopted Plan

In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Real Property Tax	\$0.9M	\$0.9M	\$0.6M	\$0.1M	(\$0.3M)
Stormwater Fund	0.3	0.4	0.4	0.4	0.5
Ag Pres	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Real Property Tax	\$1.0M	\$1.2M	\$0.9M	\$0.4M	\$0.1M

Revenue Changes From Adopted Plan

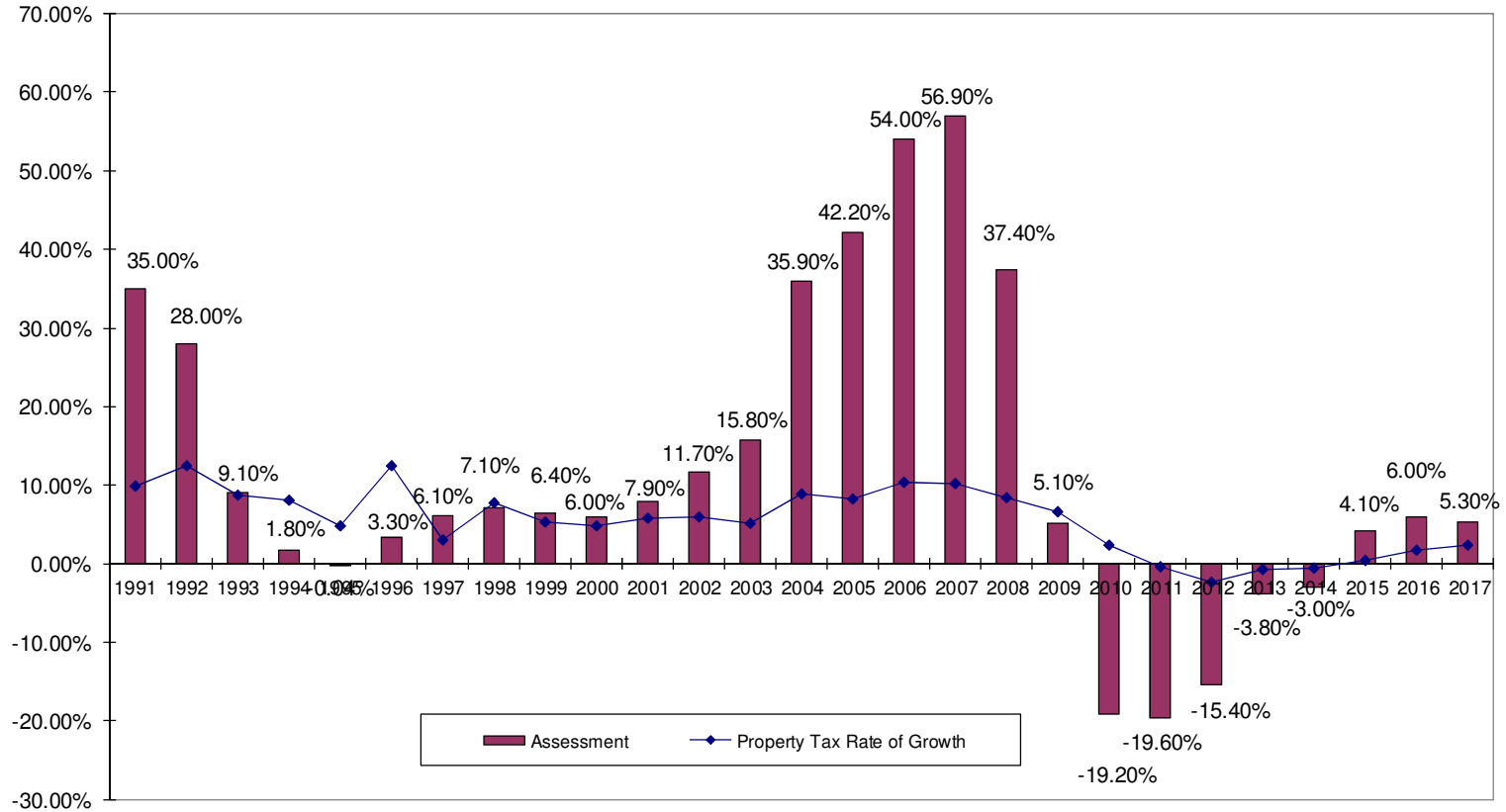
In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Net Real Property	\$1.0M	\$1.2M	\$0.9M	\$0.4M	\$0.1M
RR&PU	0.2	0.2	0.2	0.2	0.2
Business	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Total Property Tax	\$1.0M	\$1.2M	\$0.9M	\$0.4M	\$0.1M

Revenue Changes from Adopted Plan

In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Property Tax	\$1.0M	\$1.2M	\$0.9M	\$0.4M	\$0.1M
Income Tax	0.0	0.7	1.5	2.4	3.3
Recordation	0.3	0.2	0.2	0.0	0.0
Interest	(0.3)	(0.3)	(0.3)	0.1	0.0
Other	(0.4)	(0.2)	(0.2)	(0.1)	(0.2)
Total Annual Revenues	\$0.6M	\$1.6M	\$2.1M	\$2.8M	\$3.2M

Property Tax

Reassessment History



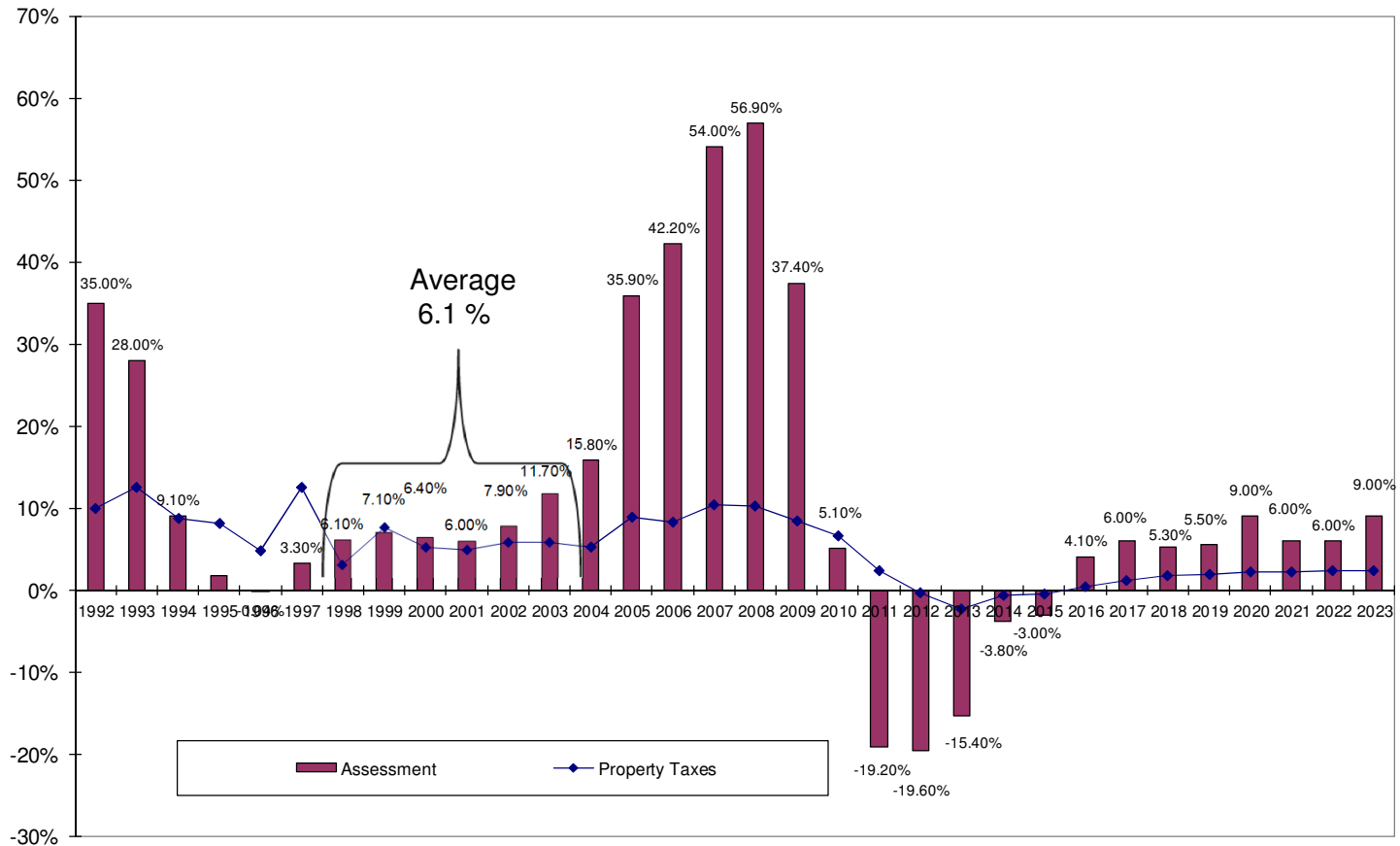
Reassessments

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Group 2 – North Carroll	1.77%	1.77%	1.77%	2.00%	2.00%	2.00%
Group 3 – Westminster Taneytown	1.38%	1.83%	1.83%	1.83%	2.00%	2.00%
Group 1 – South Carroll	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%
Annual Growth	1.74%	1.85%	2.27%	2.30%	2.31%	2.34%

Assessments

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Annual growth from reassessments	1.74%	1.85%	2.27%	2.30%	2.31%	2.34%
Annual growth including new construction	2.44%	2.48%	3.01%	2.90%	2.89%	2.91%

Reassessment History And Projections



Total Property Tax

- FY 16 actual \$197.6M
- FY 17 forecast \$200.2M or 1.3%
- FY 18 forecast \$201.8M or 0.8%
- FY 18 forecast \$207.0M or 2.3% without appropriation to Stormwater Fund or Ag Pres

Total Property Tax

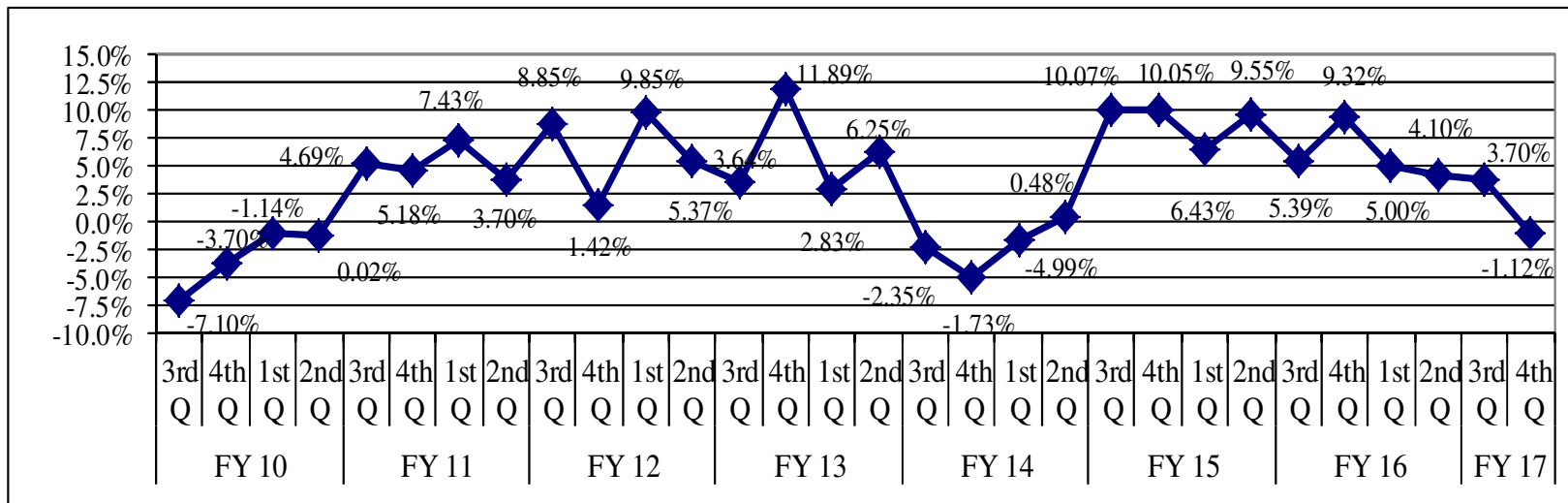
	FY 18	FY 19	FY 20	FY 21	FY 22
FY 17-22 Plan	\$200.8	\$205.0	\$210.8	\$216.8	\$223.0
FY 18-22 Forecast	\$201.8	\$206.3	\$211.7	\$217.3	\$223.0
Change	\$1.0	\$1.3	\$0.9	\$0.5	\$0.0

Real Property Tax Detail

In millions	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Base	\$188.6	\$192.5	\$197.2	\$202.9	\$208.8	\$214.8
New Construction	0.7	1.2	1.2	1.2	1.2	1.2
Reassessment	3.2	3.5	4.5	4.7	4.8	5.1
Homestead Tax Credit	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Credits	(0.5)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)
Other Adjustments	0.1	0.2	0.2	0.2	0.2	0.2
Total	\$191.8	\$196.6	\$202.5	\$208.4	\$214.4	\$220.7

Income Tax

Income Tax Distributions



Income Tax

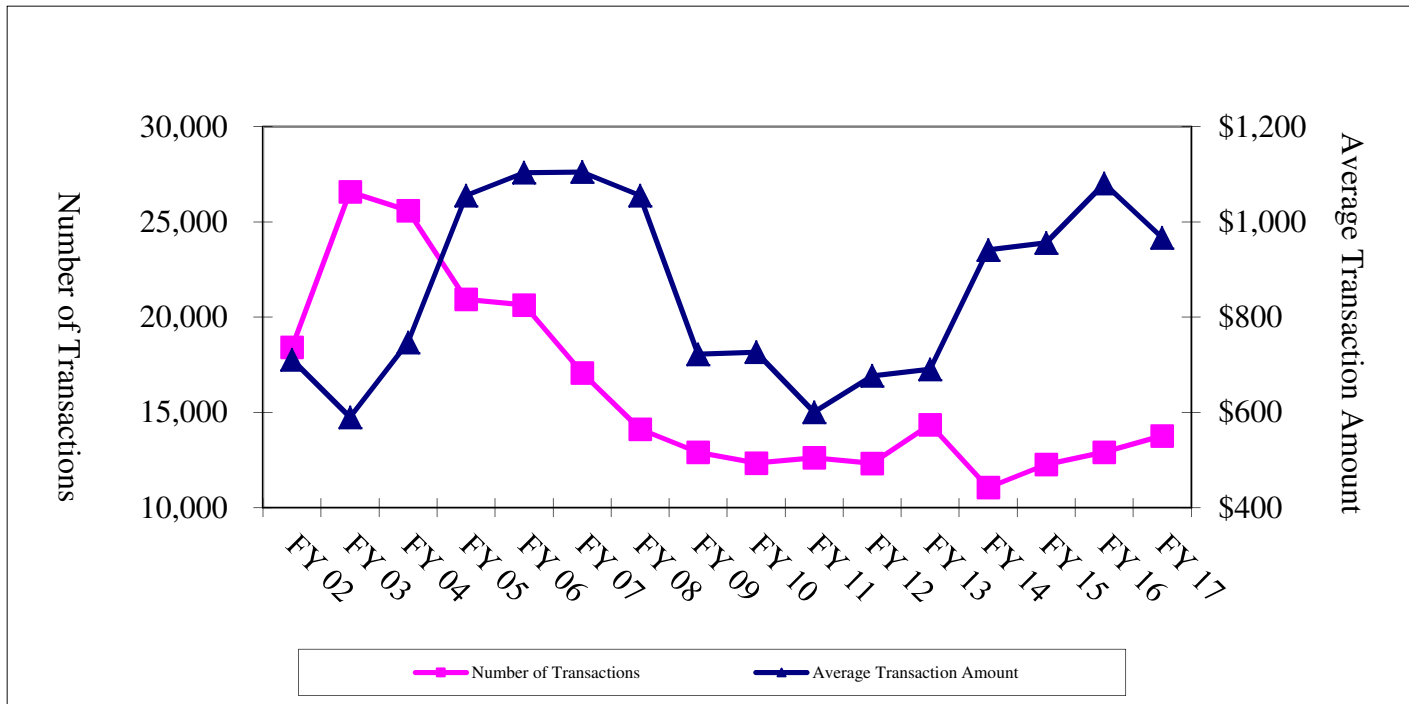
- FY 16 actual \$137.5M
- FY 17 forecast \$139.4M or 1.3%
- FY 18 forecast \$145.6M or 4.4%

Income Tax

	FY 18	FY 19	FY 20	FY 21	FY 22
FY 17-22 Plan	\$145.6	\$151.4	\$156.4	\$163.5	\$170.8
FY 18-23 Forecast	\$145.6	\$152.1	\$157.9	\$165.8	\$174.1
Change	\$0.0	\$0.7	\$1.5	\$2.3	\$3.3

Recordation Tax

Recordation Activity



Recordation

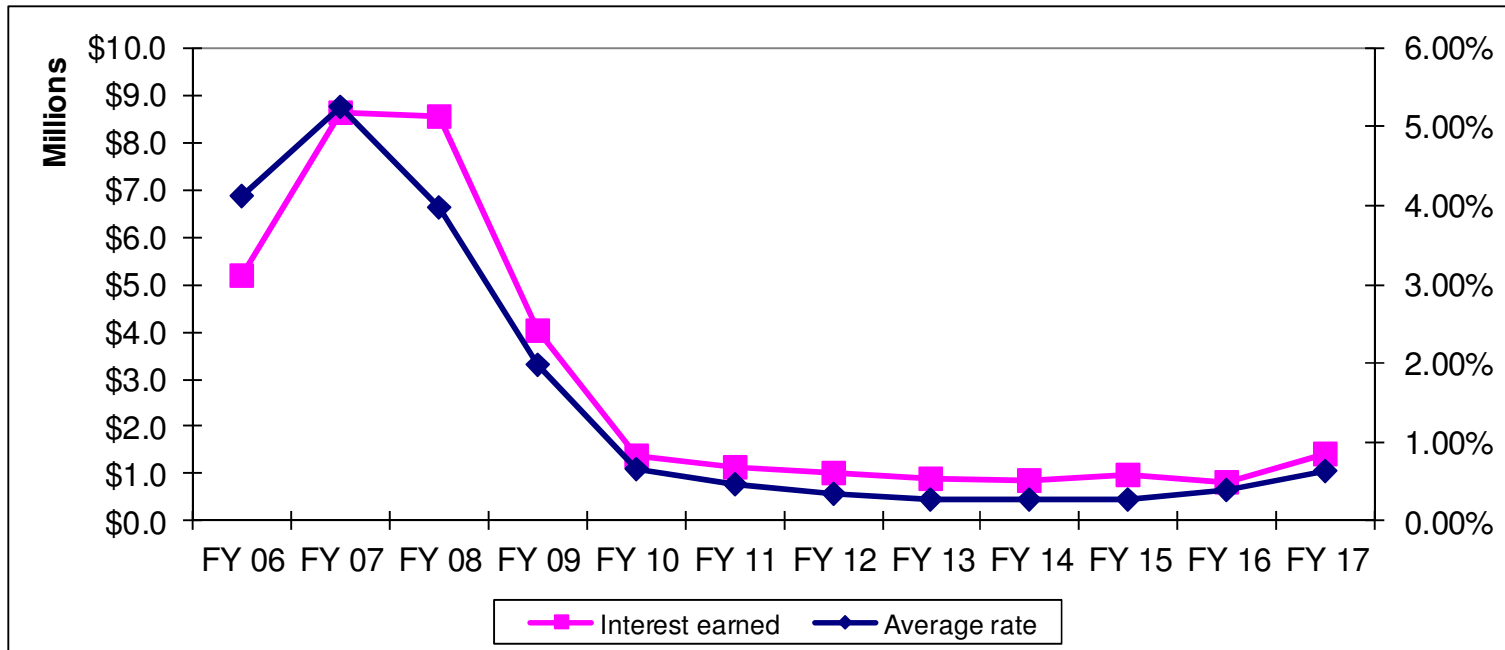
- FY 16 actual \$14.1M
- FY 17 forecast \$14.1M, flat
- FY 18 forecast \$14.5M

Recordation Tax

	FY 18	FY 19	FY 20	FY 21	FY 22
FY 17-22 Plan	\$14.2	\$14.8	\$15.4	\$16.1	\$16.7
FY 18-22 Forecast	14.5	15.0	15.6	16.1	16.7
Change	\$0.3	\$0.2	\$0.2	\$0.0	\$0.0

Investment Income

Investment Income



Investment Income

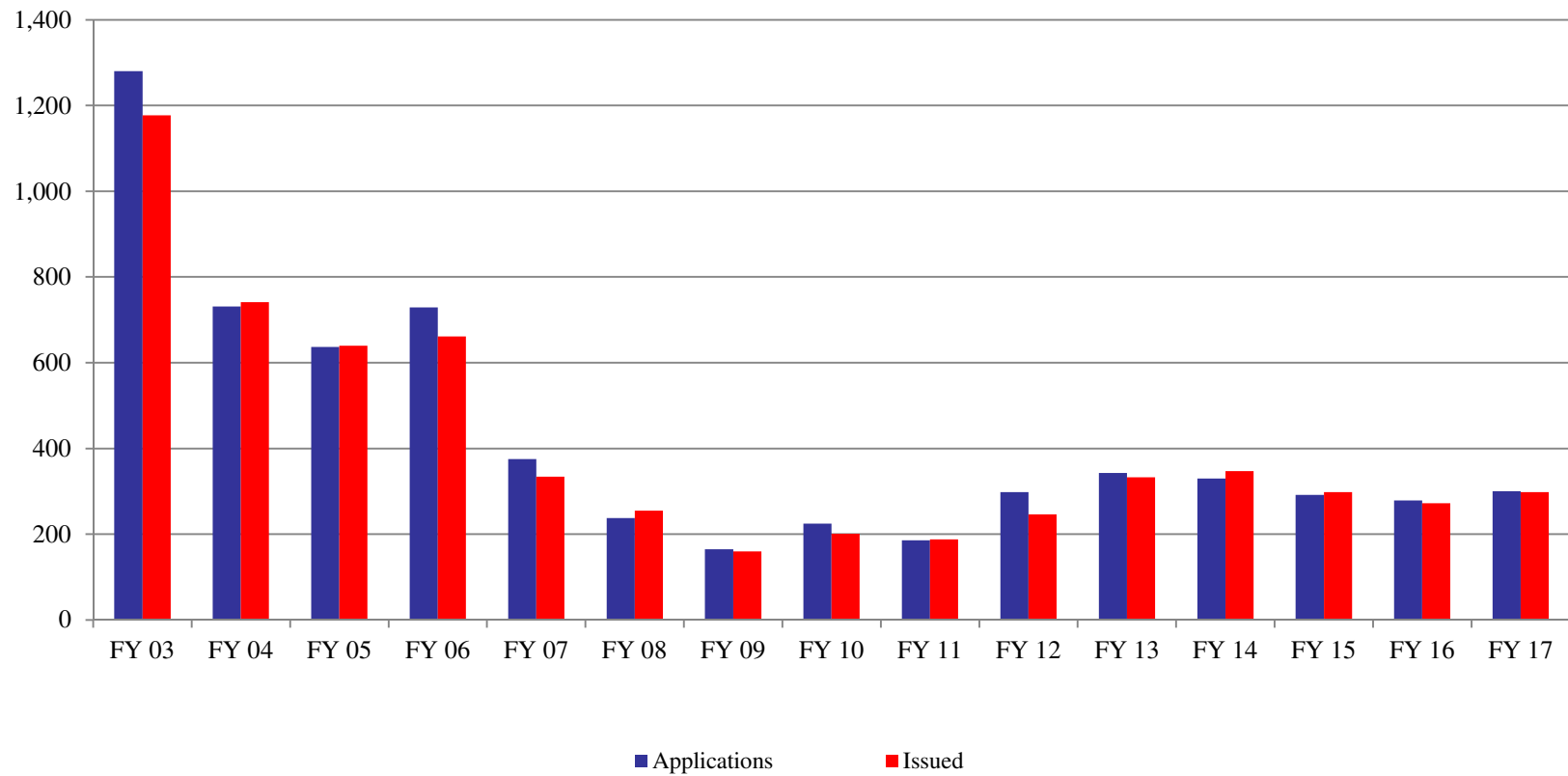
- FY 16 actual \$0.4M
- FY 17 forecast \$1.0M
- FY 18 forecast \$1.9M

Investment Income

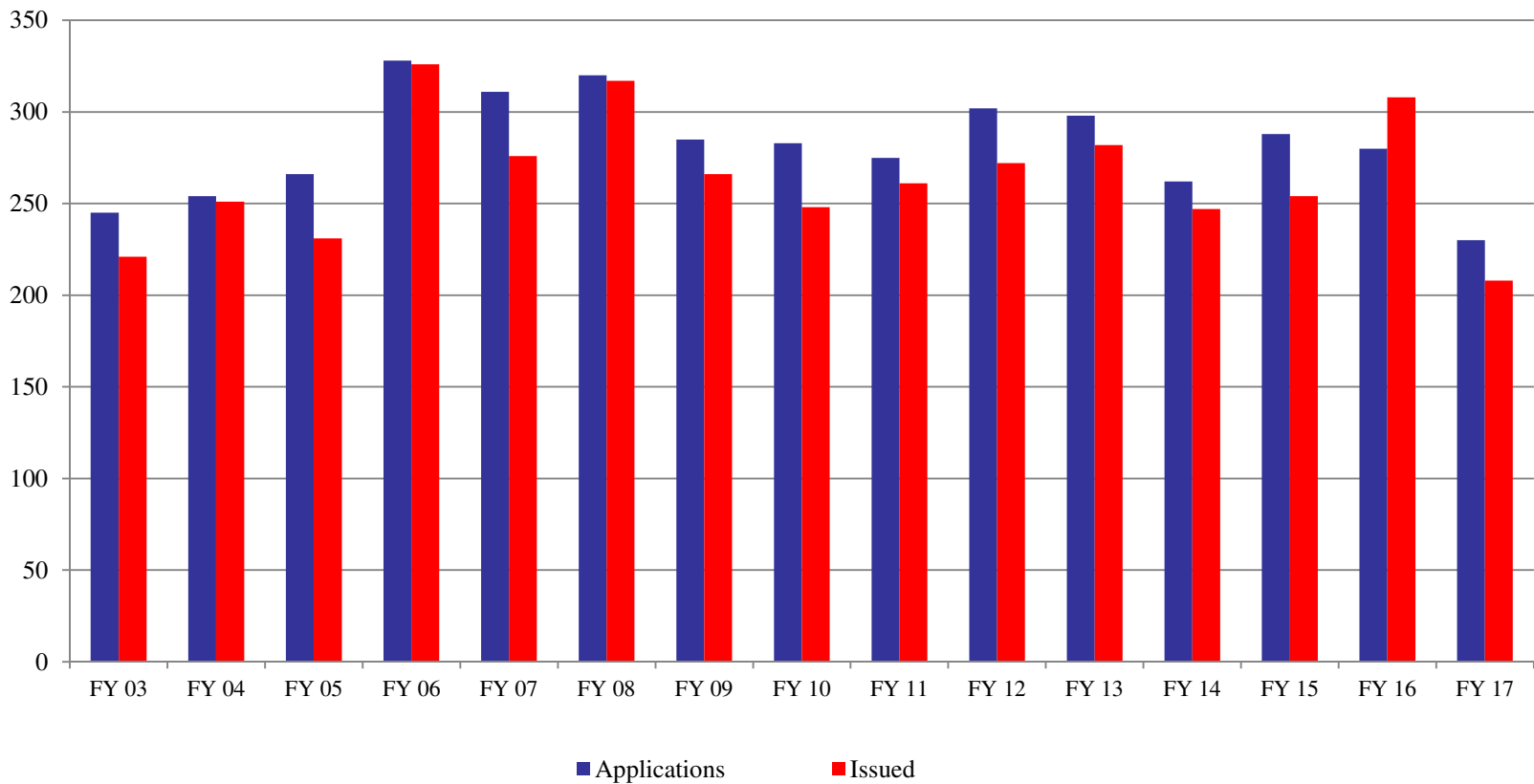
	FY 18	FY 19	FY 20	FY 21	FY 22
FY 17-22 Plan	\$2.2	\$3.1	\$4.0	\$4.5	\$5.5
FY 18-23 Forecast	1.9	2.8	3.7	4.6	5.5
Change	(\$0.3)	(\$0.3)	(\$0.3)	\$0.1	\$0.0

Building Permits

Residential Permit Activity



Commercial/Industrial Permit Activity



Building Permits

- FY 16 actual \$469,400
- FY 17 forecast \$500,000
- FY 18 forecast \$525,000

Building Permits

	FY 18	FY 19	FY 20	FY 21	FY 22
FY 17-22 Plan	\$0.6	\$0.6	\$0.6	\$0.7	\$0.7
FY 18-23 Forecast	0.5	0.5	0.6	0.6	0.6
Change	(\$0.1)	(\$0.1)	\$0.0	(\$0.1)	(\$0.1)

FY 18-23 Operating Plan

Op Plan Assumptions

- CCPS – Specific dollar amounts as included in FY 17-22 Adopted Plan
- Health costs
 - FY 18 \$1.7M lower than FY 17
 - Reduced ISF balance by \$2.0M
 - Prescription rebates save \$0.8M
- Salaries
 - General 3.0%
 - Sheriff 4.0%

Op Plan Assumptions

- General – FY 18-23 3%/year
- Detention Center – 4%/year
- Intergovernmental – 2%/year
- Debt Service – Tied to planned bonds in the CIP
- Assumed use of surplus – drops from 1.00% to 0.55% in FY 23

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
 - FY 17 ended drawing down the balance

Op Plan Assumptions

- Board of Elections – 5%/year
- Pension – Based on salaries
- Reserve for Positions - \$200,000 additional every year from FY 19-23
- Risk – 5%/year
- Various other specific assumptions

Op Plan Drivers

- Increased from Adopted Plan
 - Increased transfer to Transit for driver pay, additional services, and expansion vehicles
 - \$130,000/year
 - Included funding in years 2 and 3 for reclasses
 - \$0.2M for FY 18 reclasses
 - \$0.3M estimate for FY 19

Op Plan Drivers

- Increased from Adopted Plan
 - On-going maintenance of Charles Carroll and North Carroll at \$0.8M/year
 - Additional charges from SDAT \$0.25M in FY 18, \$0.5M per year beginning in FY 19

Op Plan Drivers

- Increased from Adopted Plan
 - Transfer to Capital
 - Technology increases \$0.1M per year for COB switches and core replacement
 - Additional one-time of \$0.2M in FY 18 for Fleet software replacement and Courtsmart mixer replacement
 - FY 18–20 door access system \$0.7M
 - Radio replacement beginning in FY 20 - \$0.8M/year

Op Plan Drivers

- Decreased from Adopted Plan
 - Health
 - (\$2.0M) one-time in FY 18
 - (\$0.7M) ongoing all years
 - County Debt Service
 - Timing of bond sales

Changes From Op Plan

In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Health	(\$2.7M)	(\$0.8M)	(\$0.9M)	(\$0.9M)	(\$1.0M)
County Debt Service	(\$0.6)	(\$0.9)	(\$0.7)	(\$0.2)	\$0.0
Fleet/Roads	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
Rent/Beds	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
Technology Services	(\$0.1)	(\$0.3)	(\$0.1)	\$0.0	(\$0.1)
BOE Debt Service	(\$0.1)	\$0.0	\$0.3	\$0.6	\$0.9

Changes From Op Plan

In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Facilities	\$0.8	\$0.8	\$0.8	\$0.8	\$0.9
Transfer to Capital	\$0.4	\$0.2	\$1.2	\$0.6	\$0.7
SDAT	\$0.3	\$0.5	\$0.5	\$0.5	\$0.5
Reclasses (Yrs 2 & 3)	\$0.2	\$0.5	\$0.5	\$0.5	\$0.6
Transfer to Transit	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1

Debt Service Detail

In millions	FY 18	FY 19	FY 20	FY 21	FY 22
County	\$26.5	\$25.8	\$26.1	\$24.4	\$22.5
CCPS	11.3	11.0	11.0	12.6	14.4
Ag Pres	1.8	3.1	1.9	1.9	2.2
Stormwater	1.1	1.4	1.7	2.0	2.2
Total Projected Debt Service	\$40.7	\$41.3	\$40.7	\$40.9	\$41.3
FY 17-22 Planned	\$41.7	\$42.5	\$41.5	\$40.9	\$40.8
Difference	(\$1.0)	(\$1.2)	(\$0.8)	\$0.0	\$0.5

So Where Does That Leave Us?

Op Plan Balances

FY 17-22 Adopted In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Adopted Balance	\$0.0	\$0.0	\$1.7	\$1.7	\$3.6
%	0.0%	0.0%	0.4%	0.4%	0.8%

Recommended In millions	FY 18	FY 19	FY 20	FY 21	FY 22
Change in Revenues	\$0.5	\$1.4	\$1.8	\$2.4	\$2.7
Change in Expenditures	(\$2.3)	(\$0.4)	\$1.4	\$1.6	\$1.6
Recommended Balance	\$2.8	\$1.8	\$2.1	\$2.5	\$4.7
%	0.7%	0.5%	0.5%	0.6%	1.0%

Unassigned Fund Balance

	FY 13	FY 14	FY 15	FY 16
Annual	\$1.6M	\$5.3M	\$6.7M	\$10.4
Cumulative	\$1.6M	\$0.7M	\$0.4M	\$10.8M

Assigned Fund Balance

From:	FY 18	FY 19	FY 20
FY 15 Assigned	\$1.5M	\$1.0M	\$1.0M
FY 16 Assigned	6.0	1.0	0.0
Total Assigned	\$7.5M	\$2.0M	\$1.0M

Flexibility

FY 18-23 Recomm In millions	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Op Plan Balance	\$2.8	\$1.8	\$2.1	\$2.5	\$4.7	\$6.8

Flexibility

- FY 18
 - Cash \$2.8M – FY 18
 - Unassigned Fund Balance \$10.8M
 - Medical Reserve \$1.4M
 - Total cash available \$15.0M
- Bottom line of FY 19-23 could support:
 - Debt service on \$75M of bond sales FY 19-23
 - \$18M in cash
 - Or some combination of cash and bonds

What, Me Worry?

Things On My Mind

- State
 - The Governor's budget requires legislative actions.
 - HUR
 - POS
 - Ag Pres
 - SDAT
 - Other legislative actions in this Session
 - Their plan isn't balanced.

Things On My Mind

- CCPS
 - The funding gap
 - State funding
 - One-time funding
 - Career and Technology project(s)
 - State funding limits on capital projects

Things On My Mind

- CCPS
 - Additional school closings
 - Roofs/HVAC's
 - Modernizations
 - Central Office move
 - Dedicated local income tax for the capital program

Local Income Tax To CCPS

	FY 16	FY 17	FY 18	FY 19	FY 20
Capital	7.1%	7.1%	7.6%	8.1%	9.1%
Operating	2.0%	2.0%	1.5%	1.0%	0.0%

Highway User Revenue

- Grant
 - Formula \$1.1M funds pavement preservation program
 - Grant of \$1.1M not budgeted in the CIP
 - Uncertainty of future funding

Things On My Mind

- Space issues
 - Charles Carroll
 - North Carroll
 - State's Attorney
 - BOE Central Office

Things On My Mind

- Space issues
 - Sheriff
 - Detention Center
 - Day reporting center
 - Minimum security facility
 - Eventual new facility

Things On My Mind

- POS Funding
 - 25% parkland acquisition
 - State budget
- Solid Waste
 - Status of reduced transfer/increased landfilling
 - Long-term plan

Things On My Mind

- PSTC grant
- Westminster Library basement
- Next Gen 911
- Healthcare
- Grant funding

Things On My Mind

- Airport funding for runway
- Septage funding for capital project
- Keystone system
- Declining enrollment at Carroll Community College
- Transportation plan

Things On My Mind

- Minimum wage legislation
- Technology needs and ongoing impacts
- Infrastructure funding
- Reduced flexibility
- Water availability

Things On My Mind

- Employee pay
- Aging workforce
- Non-profit service providers
- Unpaved roads
- Project management

Things On My Mind

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

Where Do We Go From Here?

Budget Calendar

- March
 - Recommended Sessions last week of March
- March/April
 - Agency Sessions
 - Issues

Budget Calendar

- April
 - Sine Die 4/10
 - Proposed Sessions 4/11-4/25
 - Set up and structure
 - Scenarios
 - ‘What ifs’ on the fly
 - Release of Proposed Budget 4/27
 - Five community budget meetings 5/1-5/11

Budget Calendar

- May
 - Public Hearing 5/15
 - Adopted work sessions 5/22-5/23
 - Budget Adoption 5/25
- 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.