

Fiscal Year 2016 Budget Summary

Economic Environment

Since the Great Recession of the late 2000's, an uncertain business environment and troubled housing market continue to have significant impacts on the County budgets. Carroll's operating budget has experienced little growth over the past six years, approximately 1% annually. Property tax, the County's largest revenue source, declined after five consecutive years of significant negative reassessments. The FY 16 real property reassessment is positive, but at 0.3% growth. Recovery is likely to be slow. Unemployment and income tax revenue have improved, but uncertainty remains. Other on-going revenues have stabilized, but are growing slowly. Every year we have had to moderate our expectations for future revenue growth in our Operating Plan.

The FY 16 Operating Budget is \$380.0M, an \$11.5M or 3.1% increase over FY 15. The increase in on-going revenue is primarily driven by growth in Income Tax revenue and housing-related revenues, such as Recordation. \$8.6M of the \$11.5M increase relied on one-time or short-term funding including the following:

- A Property Tax rebate of \$1.8M recognized in FY 15, with FY 16 returning to normal levels
- Redirecting 2%, or \$2.8M, of total income tax receipts from the Capital Fund to the Operating Fund in FY 16
- Unrestricting the Cable Franchise Fee from a Special Revenue Fund and recognizing an accumulated fund balance of \$2.0M in the General Fund
- Releasing of Workers Compensation reserve in the General Fund and transferring the balance to a newly established Workers Compensation Internal Service Fund of \$2.0M

Without these changes, the operating budget is growing approximately 0.8% from FY 15. The total budget, including all funds, is \$507.4M, a decrease of \$17.2M or 3.3% from FY 15. This decrease is primarily driven by the \$48.0M Runway project in FY 15 and is mostly offset by increases in the General Fund and Utilities Enterprise Fund in FY 16.

Board Actions

FY 16 is the first budget for the 60th Board of County Commissioners. After numerous years of stagnant budgets, coupled with the desire to maintain quality service levels throughout the County, the Commissioners provided increased funding to some of our governmental partners (the public school system, community college, and library), as well as to Volunteer Emergency Services Association (VESA) and non-profit service providers. Highlights of actions taken by the Board in this budget include:

- \$6.8M to the Board of Education
- \$0.6M to non-profit service providers, primarily for shelter operations
- \$1.0M to the Sheriff and State's Attorney to address drug issues

- \$0.5M to the Volunteer Emergency Services Association
- \$0.2M in ongoing funding and \$0.3M in one-time technology funding to the Community College
- \$0.1M in ongoing technology funding for the Public Library system
- \$50,000 to fund the Length of Service Award Program (LOSAP) for the volunteer firefighters.

Balancing the Plan

Although some one-time and short-term funding was used to balance FY 16 is it important to note that it was done in context of our Operating Plan. Few jurisdictions build multi-year budget plans that are balanced for all years. Carroll County uses a six-year operating plan to capture future year impacts of current year actions to determine the affordability of those actions. The Board of County Commissioners made the decisions necessary to balance all years in the FY 16-21 Plan. Below are the bottom lines FY 16-21 Operating Plan.

Millions	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Revenues	\$380.0	\$383.6	\$393.3	\$406.5	\$417.2	\$433.2
Expenditures	380.0	383.6	393.3	406.2	415.6	428.0
Balance	\$0.0	\$0.0	\$0.0	\$0.3	\$1.6	\$5.2
% of Budget	0.0%	0.0%	0.0%	0.0%	0.4%	1.2%

County Highlights

Even with numerous years of troubled economic conditions and stagnant revenue growth, the County has many good things to talk about:

- Carroll County Public Schools continues to be among the most highly ranked systems in the highly ranked State of Maryland.
- Carroll County Public Library continues to be one of the highest circulations per capita in the State.
- Carroll Community College is seeing success with targeted efforts like the nursing program.
- Significant business and employment developments are progressing, creating the potential for high quality job opportunities.
- More than 67,000 acres are under permanent easement in our Agricultural Land Preservation programs, supporting agribusiness, maintaining open space and our rural heritage, and avoiding the costs of services and infrastructure to serve residential development.
- Carroll continues to be highly rated by the credit rating agencies with two AAA and one AA+ rating. We continue to see strong demand for our bond issues.

Stay Informed

The Commissioners continue to make their actions available for review and participation by the public. You can follow the budget, and other actions and discussions through:

- Cable Channel 24 broadcasts
- A video archive of public meetings on the website
- County Connections, the Commissioners' monthly newsletter, available on the County website
- A speaker's bureau available to meet with community groups to learn more about County government
- A website with an abundance of information including the detail of the Budget
- Automatic emails to provide updates on changes that appear on the website
- Regular community meetings
- A Commissioner radio report broadcast live on WTTR on Sunday mornings and available on the County website

All of the FY 16 budget sessions, from the first Budget Overview to the Adoption of the Budget, were open to the public and appeared on the local government channel. These videos remain available on the County website. Thank you for your interest in the Commissioners' budget.

Ted Zaleski
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Management and Budget