

Overview of the FY 23 Budget and FY 23-28 Operating Plan

March 8, 2022

Core Messages

- The revenue outlook for us and the State has brightened considerably.
- The Recommended Op Plan will not fully address our fire/EMS plans, will not address implementation of Segal recommendations, or our plans for the Northern Landfill.
- We are still overcommitted.

Board Goals

- The Recommended Op Plan is built on the existing Adopted Plan and Board 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.

State Budget

FY 23

FY 23 State Budget

- As always, there is uncertainty.
- Their plan is balanced – sort of.
- We should know more by the Proposed Sessions, but important decisions could be made by the State while you are in budget deliberations.

What Does it Mean at Home?

State Budget Impact in Carroll County

Impact In Carroll County

- Aid to Local Government (without retirement)
 - CCPS – \$10.5M or 7.1%
 - CCC – \$2.55M or 24.8%
 - CCPL – \$68,000 or 6.0%
 - Health Department – \$67,000 or 2.3%

Impact In Carroll County

- Towns
 - HUR
 - Grant \$2.4M, \$50,000 increase
 - POS
 - \$0.5M, or \$0.2M increase

Impact In Carroll County

- Commissioners

- HUR

- Grant \$2.7M or \$0.1M increase

- Police Aid – \$10,974 formula increase

- \$1.2M Police Aid Enhancement in FY 23

- Unsure of split with municipalities

- POS – \$1.7M, or \$0.6M increase

- Partial payback funding

Where Are We?

FY 22 Projected Year-End

FY 22 YE Revenue Projection

FY 22 Budget	\$474.2M
FY 22 Projection	496.4M
Change	\$22.2M

FY 22 Year-End Projection

Revenues	\$22.2M
Reserve for Contingency	4.2M
Unexpended	5.5M
Year-End Balance	\$31.9M
Planned Carryover to FY 24	(\$4.2M)
Projected FY 22 Unassigned	\$27.7M
Unassigned Fund Balance 6/30/21	\$25.2M
Total Projected Unassigned Fund Balance 6/30/22	\$52.9M

FY 23-28 Revenue Projections

The Top Revenues

	FY 22 Budget	FY 22 Projected	FY 23 Projection
Real Property	\$209.7M	\$210.2M	\$227.3M
Income Tax	165.0	179.7	182.1
Recordation	13.5	19.5	16.5
Railroad & Utilities	8.0	8.0	8.5
Business Property	7.5	7.5	7.6
Investments	0.2	0.2	0.2
911 Service Fee	3.4	3.4	3.4
Total	\$407.3M	\$428.5M	\$445.6M

Revenue Changes From Adopted Plan

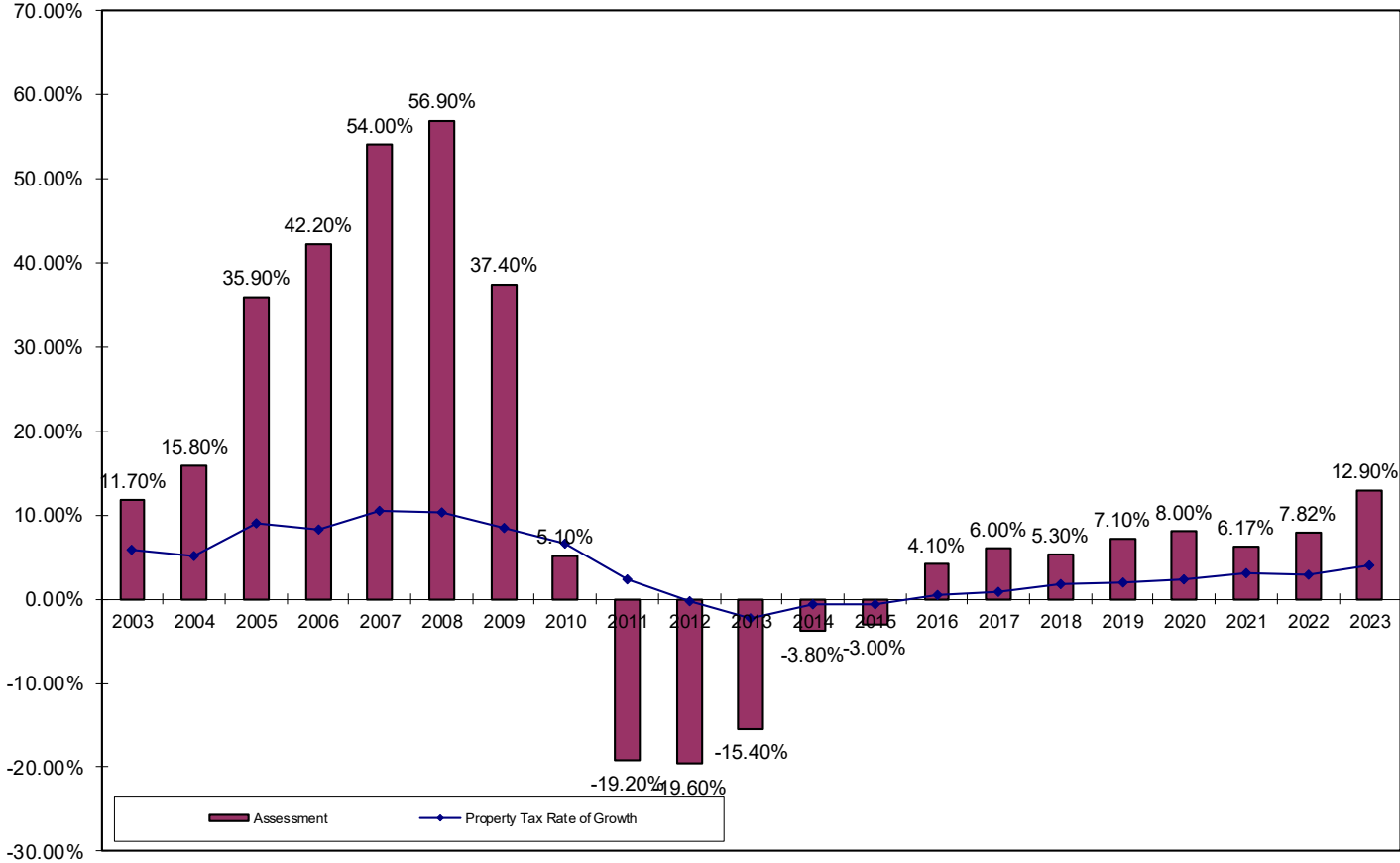
	FY 23	FY 24	FY 25	FY 26	FY 27
Net Real Property	\$2.4M	\$5.0M	\$7.2M	\$7.7M	\$7.1M
RR&PU	0.5	0.5	0.5	0.5	0.5
Business	0.0	0.0	0.0	0.0	0.0
Total Property Tax	\$2.9M	\$5.5M	\$7.7M	\$8.2M	\$7.6M

Revenue Changes from Adopted Plan

	FY 23	FY 24	FY 25	FY 26	FY 27
Total Property Tax	\$2.9M	\$5.5M	\$7.7M	\$8.2M	\$7.6M
Income Tax	10.2	10.7	11.2	11.7	12.2
Recordation	2.8	1.3	0.0	0.0	0.0
Other	(0.8)	(0.5)	(0.7)	(0.7)	(0.6)
Total Annual Revenues	\$15.1M	\$17.0M	\$18.2M	\$19.2M	\$19.2M

Property Tax

Reassessment History



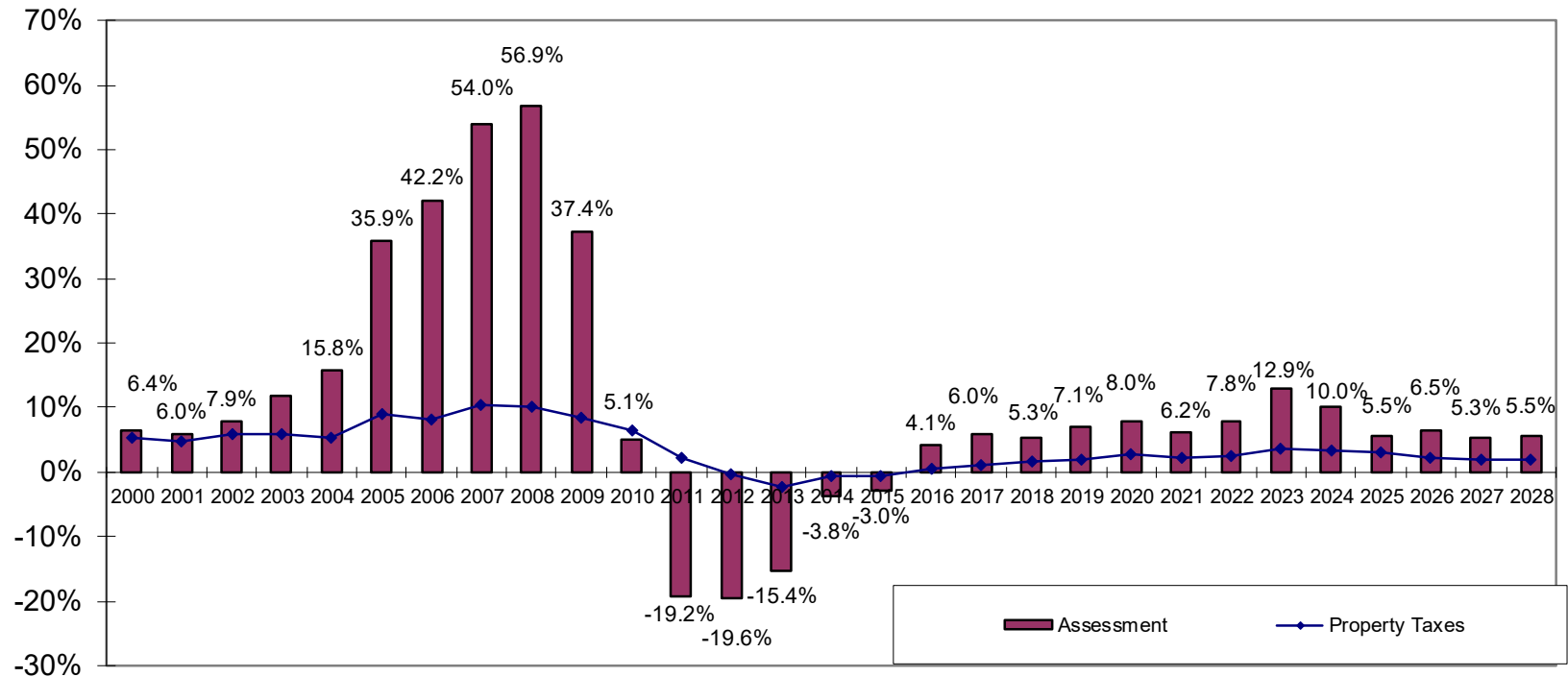
Reassessments

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Group 1 – South Carroll	4.30%	4.30%	4.30%	2.17%	2.17%	2.17%
Group 2 – North Carroll	2.06%	3.33%	3.33%	3.33%	1.75%	1.75%
Group 3 – Westminster Taneytown	2.61%	2.61%	1.83%	1.83%	1.83%	1.83%
Annual Growth due to reassessments	3.49%	3.41%	3.12%	2.31%	1.88%	1.86%

Assessments

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Annual growth from reassessments	3.49%	3.41%	3.12%	2.31%	1.88%	1.86%
Total Growth in Real Property	3.97%	3.91%	3.60%	2.77%	2.32%	2.30%

Reassessment History And Projections



Total Real Property Tax

- FY 21 actual \$205.1M
- FY 22 forecast \$210.2M or 2.5%
- FY 23 forecast \$217.3M or 3.4%

Total Property Tax

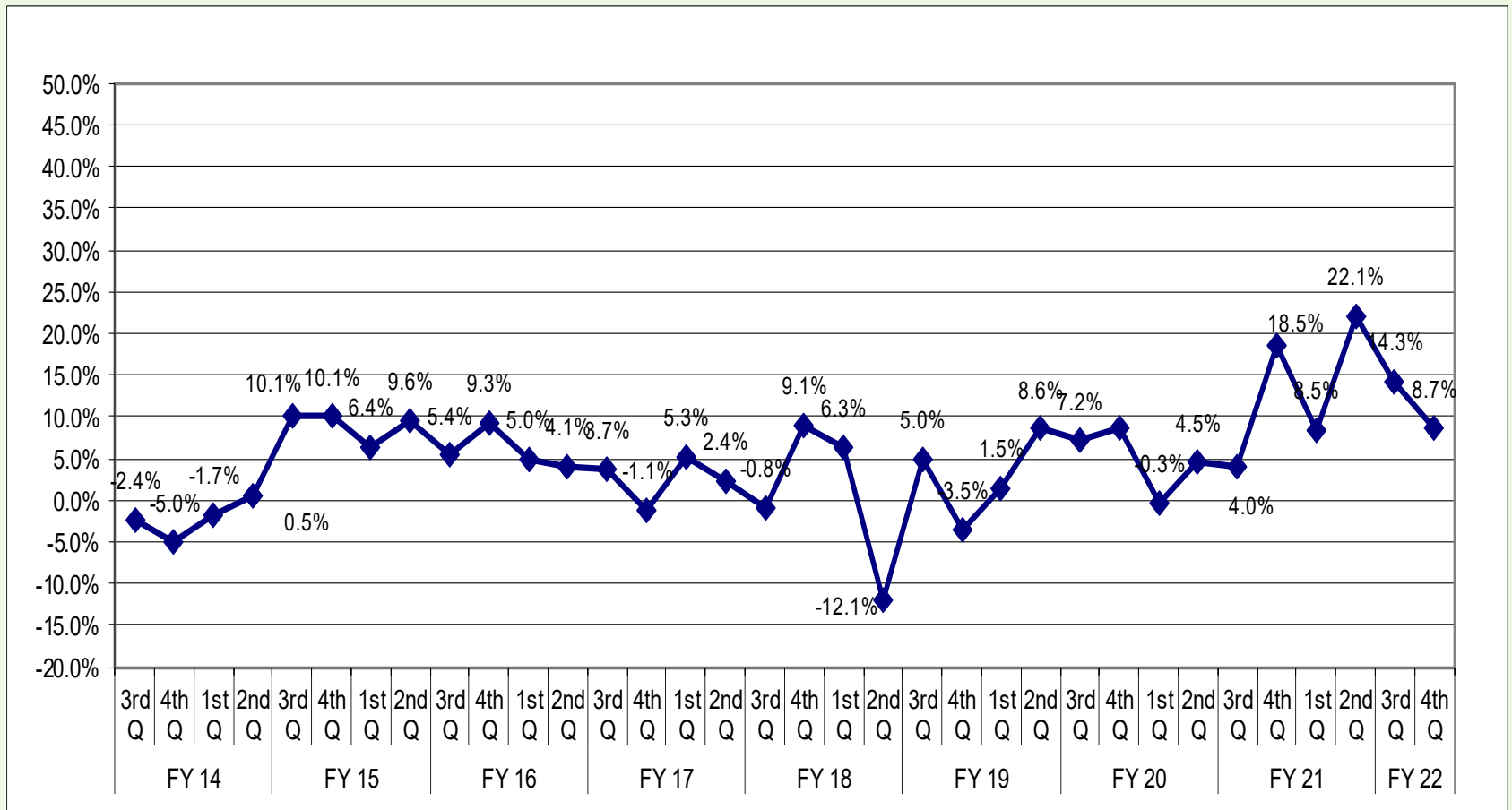
	FY 22	FY 23	FY 24	FY 25	FY 27
FY 23-27 Forecast	\$233.4M	\$242.0M	\$250.1M	\$256.5M	\$261.9M
FY 22-27 Plan	\$230.5	\$236.5	\$242.4	\$248.3	\$254.3
Change	\$2.9M	\$5.5M	\$7.7M	\$8.2M	\$7.6M

Real Property Tax Detail

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Base	\$216.7M	\$224.7M	\$233.6M	\$242.2M	\$249.1M	\$255.0M
New Construction	0.4	1.3	1.3	1.3	1.3	1.3
Reassessment	7.6	7.7	7.3	5.6	4.7	4.7
Homestead Credit	(1.0)	(1.2)	(1.4)	(1.6)	(1.8)	(2.0)
Other Credits	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)	(0.2)
Other Adjustments	0.1	0.1	0.1	0.0	0.0	0.0
Total	\$223.5M	\$232.2M	\$240.6M	\$247.2M	\$253.0M	\$258.8M

Income Tax

Income Tax Distributions



Income Tax

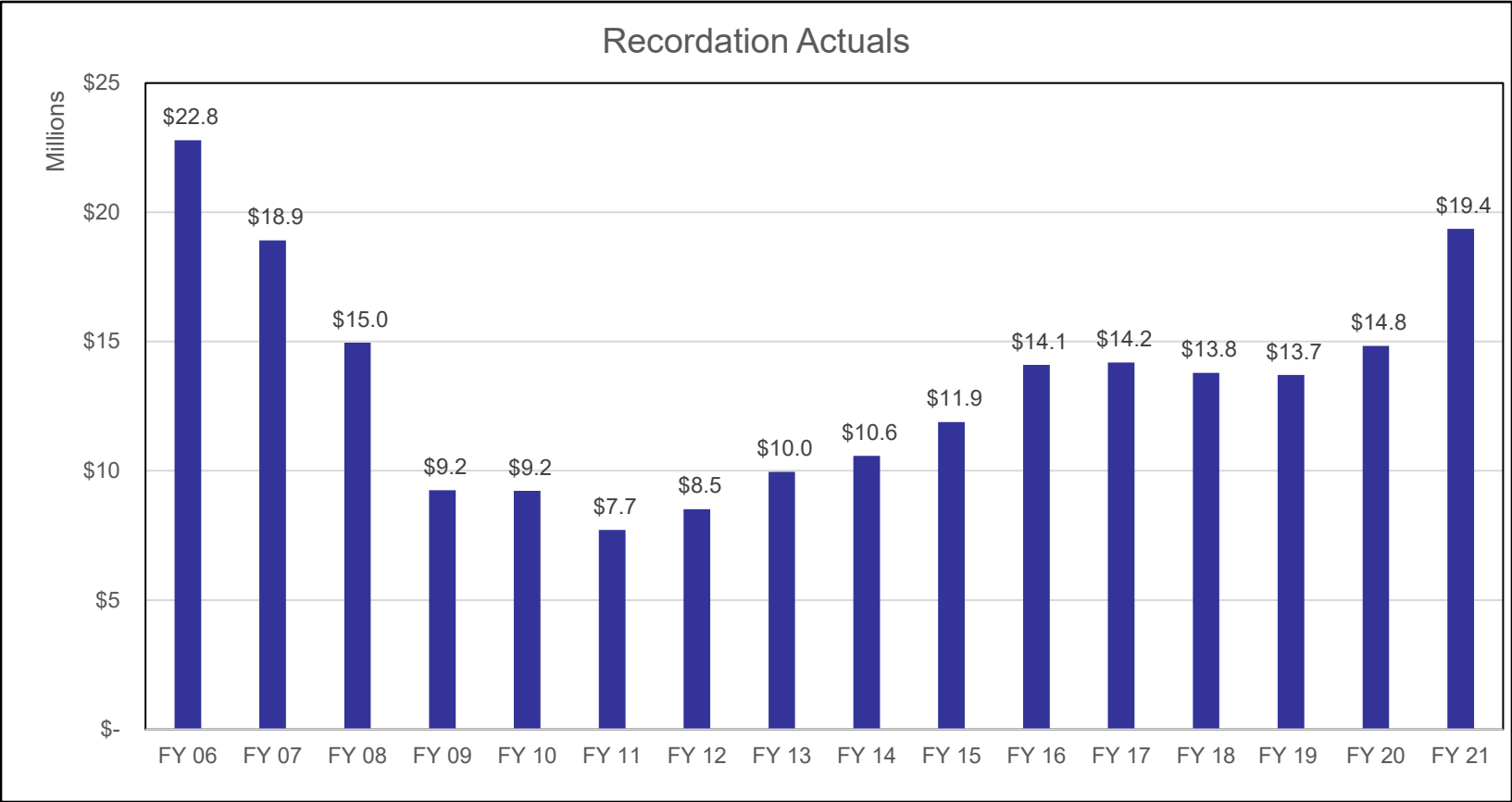
- FY 21 Budget \$154.6M
- FY 21 actual \$179.2M
 - Reconciling items from prior tax years \$28.2M
- FY 22 forecast \$179.7M
 - A \$14.7M increase from FY 22 budget
- FY 23 projection \$182.1M

Income Tax

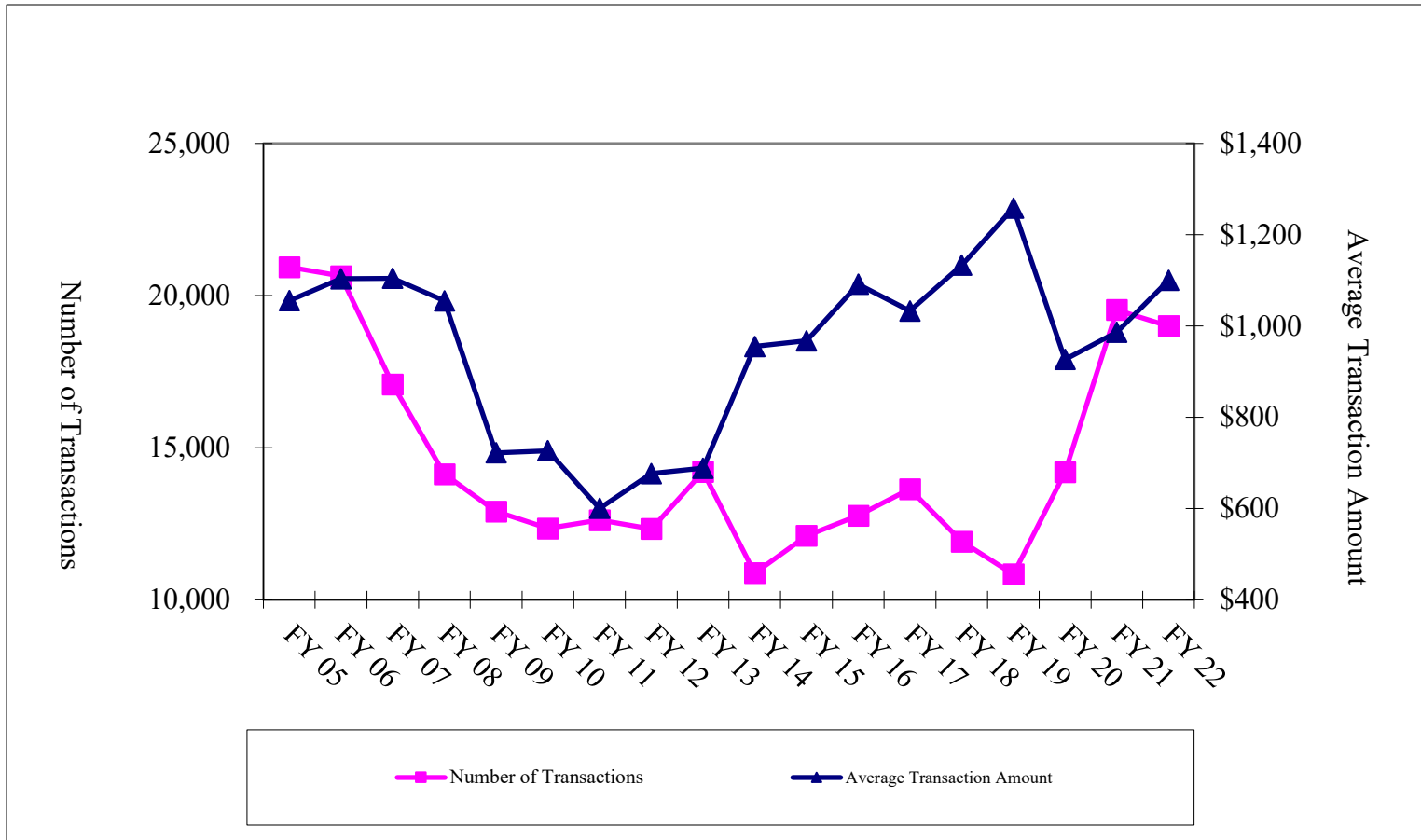
	FY 23	FY 24	FY 25	FY 26	FY 27
FY 23-27 Forecast	\$182.1M	\$189.8M	\$197.8M	\$206.2M	\$214.9M
FY 22-27 Plan	171.9	179.1	186.6	194.5	202.7
Change	\$10.2M	\$10.7M	\$11.2M	\$11.7M	\$12.2M

Recordation Tax

Recordation



Recordation Activity



Recordation

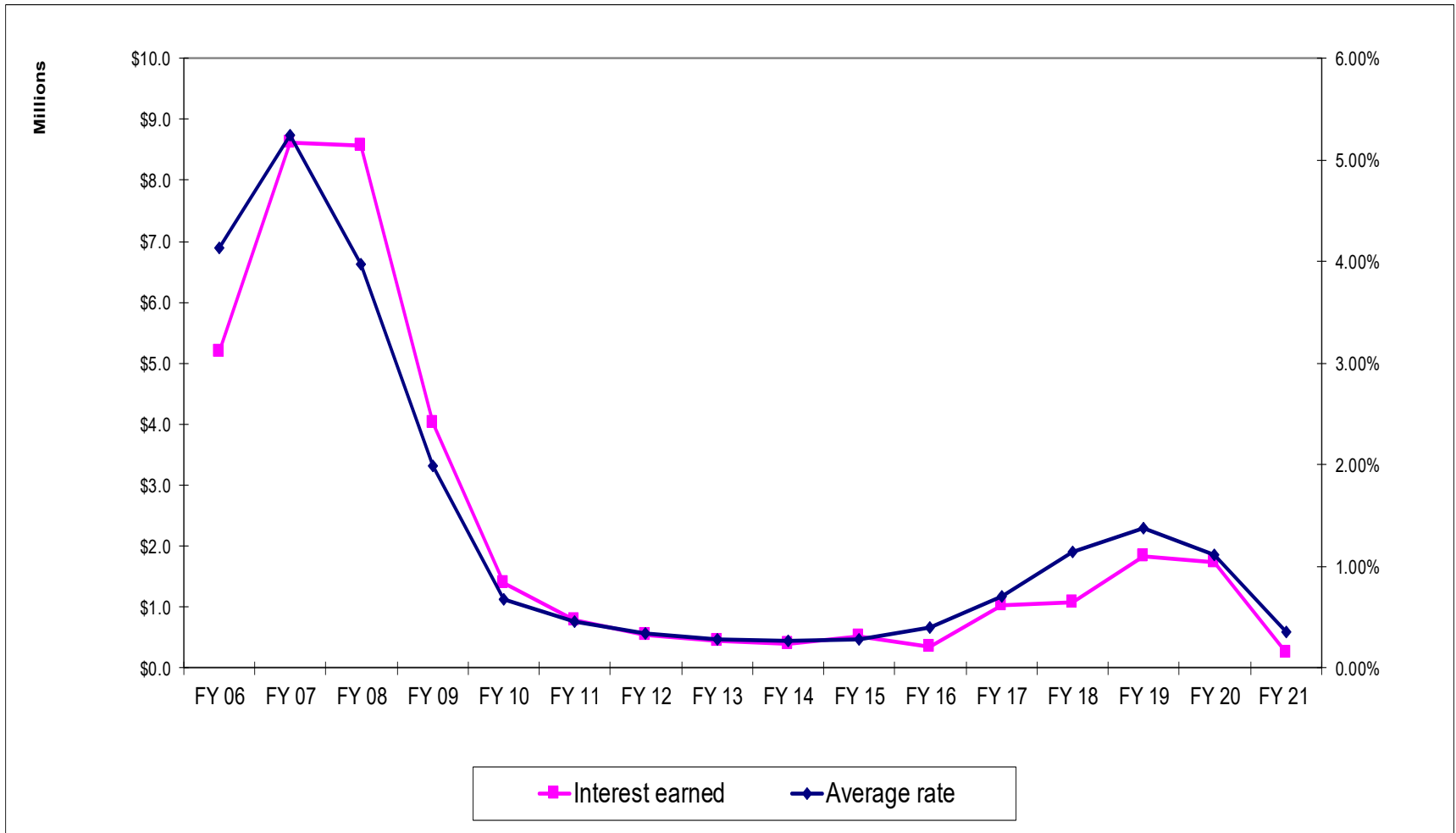
- FY 21 actual \$19.4M
- FY 22 forecast \$19.5M, or 0.5% over FY 21 actual
- FY 23 forecast \$16.5M

Recordation Tax

	FY 23	FY 24	FY 25	FY 26	FY 27
FY 23-27 Forecast	\$16.5M	\$15.5M	\$14.4M	\$14.6M	\$14.6M
FY 22-27 Plan	14.0	14.2	14.4	14.6	14.6
Change	\$2.5M	\$1.3M	\$0.0M	\$0.0M	\$0.0M

Investment Income

Investment Income



Investment Income

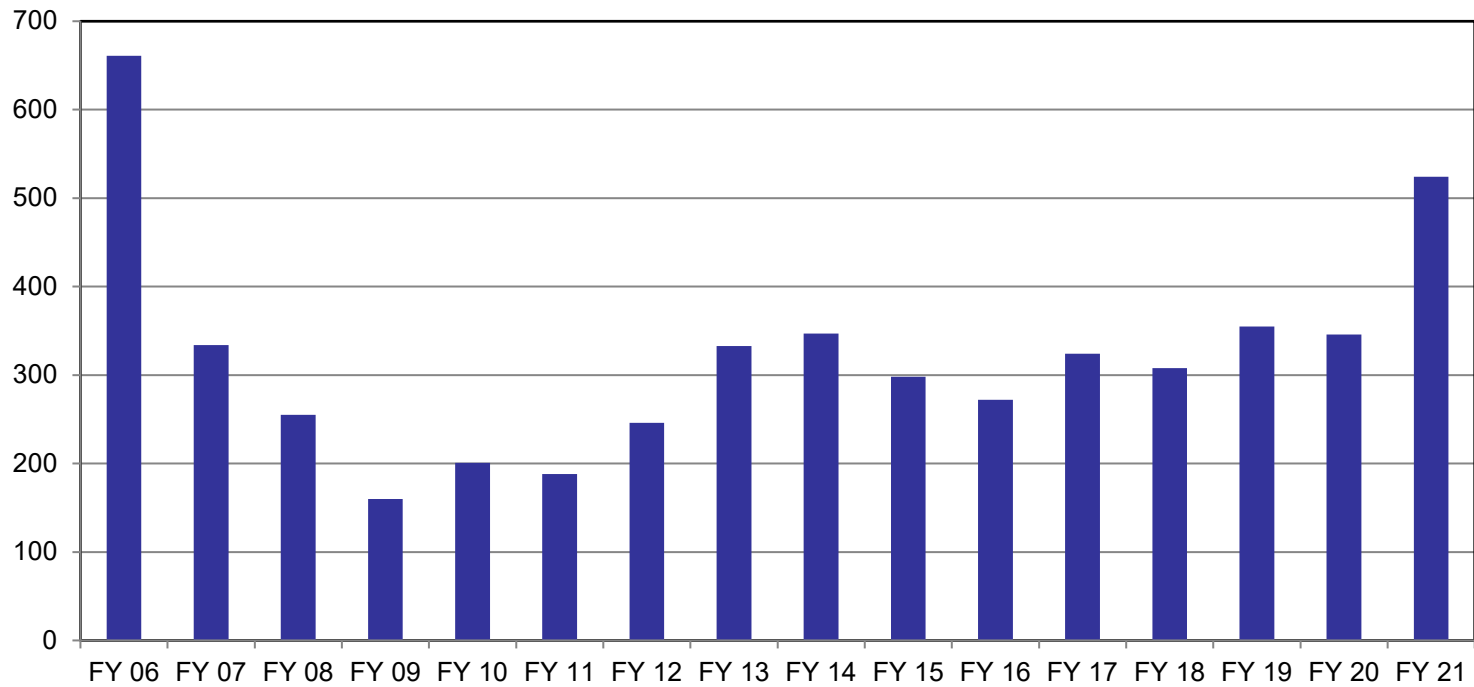
- FY 21 actuals \$0.25M
- FY 22 forecast \$0.20M
- FY 23 forecast \$0.20M

Investment Income

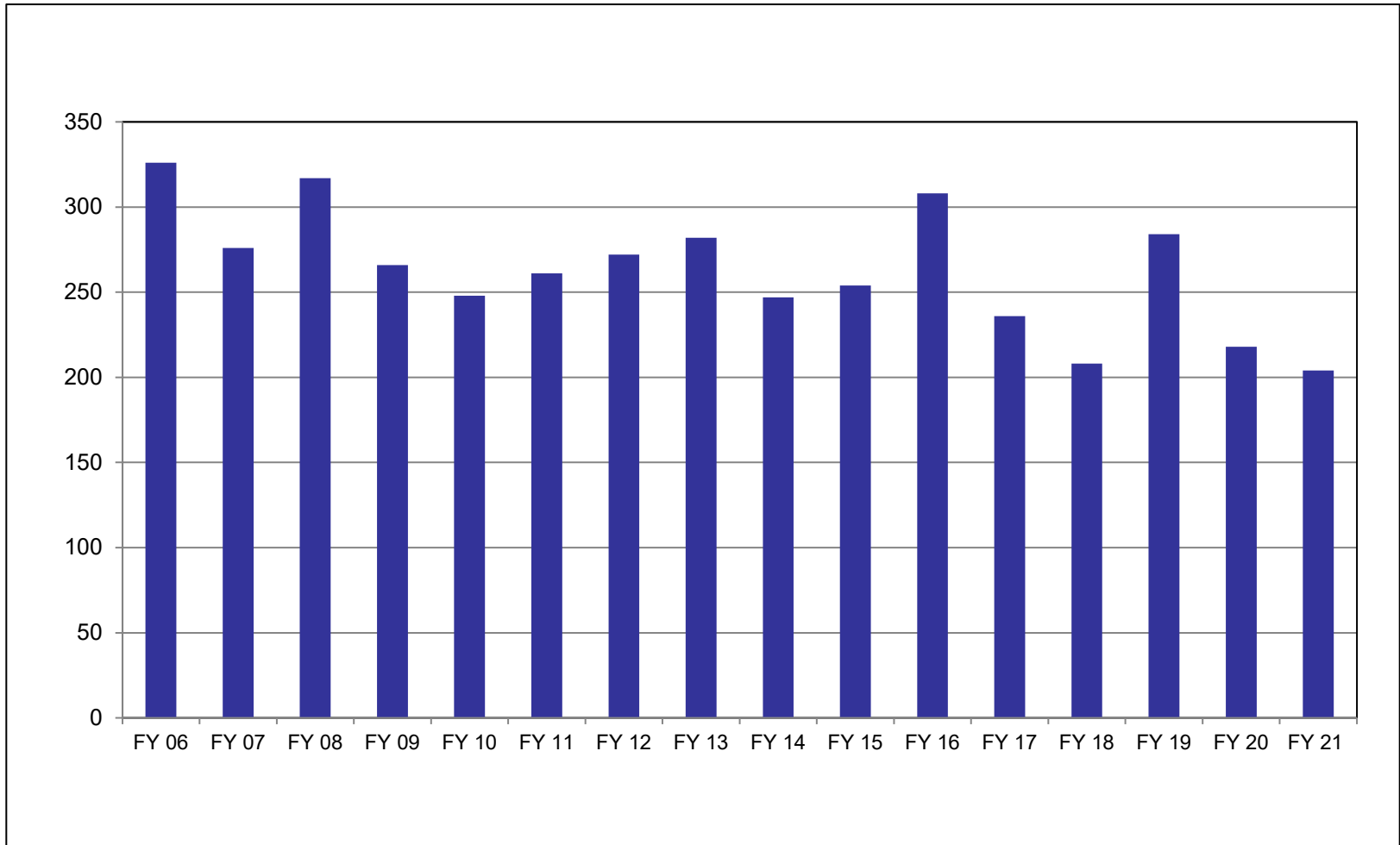
	FY 23	FY 24	FY 25	FY 26	FY 27
FY 23-27 Forecast	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M
FY 22-27 Plan	0.2	0.2	0.2	0.2	0.2
Change	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

Building Permits

Residential Permits Issued



Commercial/Industrial Permits Issued



Building Permits

- FY 21 actual \$0.8M
- FY 22 forecast \$0.8M
- FY 23 forecast \$0.8M

Building Permits

	FY 23	FY 24	FY 25	FY 26	FY 27
FY 23-27 Forecast	\$0.8M	\$0.8M	\$0.7M	\$0.7M	\$0.7M
FY 22-27 Plan	0.8	0.8	0.8	0.8	0.9
Change	\$0.0M	\$0.0M	(\$0.1M)	(\$0.1M)	(\$0.2M)

FY 23-28
Operating Plan

Op Plan Assumptions

- CCPS –
 - 3.13% in growth from FY 22-25
 - FY 26 - 27 at 3.0% growth
- Salaries
 - 5.55% through FY 25, then 5.0%
 - Sheriff 4.0%

Op Plan Assumptions

- General – 3%/year
- Detention Center – 4%/year
- Intergovernmental – 3.0%/year
- Debt Service – Tied to planned bonds in the CIP
- Assumed use of surplus of 1%

Op Plan Assumptions

- Reserve for Contingencies – 1% of revenue
- Non-profit service providers – varying growth rates

Op Plan Assumptions

- Ag Pres
 - Known and projected debt service on Installment Purchase Agreements
 - Cash for easements capped at \$2.5M

Op Plan Assumptions

- Board of Elections – 5%/year
- Pension – Based on salaries
- OPEB – incremental reductions of \$1.0M each year for six years
- Risk – 5%/year
- Various other smaller specific assumptions

Op Plan Drivers

- Increases from current Adopted Plan:
 - Dump Truck purchases over a 5-yr period
 - Unmarked vehicle replacement plan
 - Town/County Agreements
 - New software maintenance
 - Cybersecurity, Switch Maintenance
 - Funding for additional early voting hours

Op Plan Drivers

- Decreases from current Adopted Plan
 - Debt Service
 - Health
 - LOSAP
 - ESINet

Changes From Op Plan

In millions	FY 23	FY 24	FY 25	FY 26	FY 27
County DS	(\$1.0)	(\$1.7)	(\$1.5)	(\$1.4)	(\$1.3)
BOE DS	(1.4)	(0.8)	(0.4)	0.2	0.2
DPW	1.6	1.9	1.6	1.3	1.2
Health/OPEB	(0.6)	(1.7)	(1.8)	(2.0)	(2.2)
Town/County	0.2	0.3	0.3	0.3	0.4
Total Public Safety	(0.4)	(0.5)	(0.6)	(0.6)	(0.7)
Transfer to Utilities	0.8	0.6	0.0	0.0	0.0
Transfer to Solid Waste	1.4	0.7	1.0	0.8	0.8

Changes From Op Plan

In millions	FY 23	FY 24	FY 25	FY 26	FY 27
Tourism – shifts to SRF	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Reserve for Contingency	0.1	0.1	0.1	0.1	0.1
Transfer to Capital	14.1	(0.2)	(6.4)	(0.5)	(0.4)
Other	(0.1)	(0.4)	(0.7)	(0.7)	(0.7)
Total	\$14.5	(\$2.1)	(\$8.8)	(\$2.9)	(\$2.9)

Topics to Discuss

Fire/EMS Planned Funding

(in millions)	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Total	\$18.3	\$20.5	\$23.2	\$26.2	\$27.2	\$27.7

General Fund Transfer to Solid Waste Enterprise Fund

(in millions)	FY 23	FY 24	FY 25	FY 26	FY 27
FY 23-27 Recomm	\$3.4	\$2.9	\$3.3	\$3.7	\$4.0
FY 22-28 Adopted	1.9	2.2	2.2	2.9	3.2
Change	\$1.5	\$0.7	\$1.1	\$0.8	\$0.8

Segal Study

- Organizational Design
- Class and Compensation

BOE Capital

- Board of Education Capital
 - Anticipating approximately \$10.5M/year from State
 - Enough for Career and Tech and East MS
 - Additional State participation will be limited
 - Additional State capital funding
 - Spring Garden HVAC
 - Westminster and South Carroll Window replacements

So Where Does That Leave Us?

Op Plan Balances

FY 22-27 Adopted	FY 23	FY 24	FY 25	FY 26	FY 27
Adopted Balance	\$3.3M	(\$2.4M)	(\$6.2M)	(\$12.8M)	(\$18.4M)
%	0.7%	(0.5%)	(1.3%)	(2.6%)	(3.6%)

Current Forecast (Pre-Recommended)	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Change in Revenues	\$16.3M	\$15.7M	\$11.6M	\$19.2M	\$19.1M	
Change in Expenditures	14.4	(2.1)	(8.7)	(2.9)	(2.9)	
Balance prior to other expenditure changes	\$5.2M	\$15.4M	\$14.1M	\$9.2M	\$3.6M	(\$2.5M)

What, Me Worry?

Things On My Mind

- COVID's long-term impact on our local revenue picture
- Economic conditions
- Salary scales
 - Recruitment and Retention
 - Open until filled – outsourcing functions
- Fire/EMS Transition
- Solid Waste

Things On My Mind

- Position openings and contracting out for services
 - Traffic Engineer
 - Stormwater Reviewer
 - Bridge Engineer
 - Survey
 - Construction Inspection

Things On My Mind

- Blueprint impacts
- Infrastructure renewal
- Increasing cost of hardware and software maintenance
 - Subscriptions and upgrades
- Requests for security cameras, door access systems, cell phones, etc.

Things On My Mind

- State
 - Legislative actions in this session
 - Proposed income tax reductions
- Funding request for staffing
Exploration Commons
- Enterprise Fund deficits
- CCC enrollment

Where Do We Go From Here?

Budget Calendar

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

Budget Calendar

- April
 - Sine Die 4/11
 - Proposed Sessions 4/5-4/19
 - Set up and structure
 - Scenarios
 - ‘What ifs’ on the fly
 - Release of Proposed Budget 4/26
 - Roadshows 4/27-5/9

Budget Calendar

- May
 - Public Hearing 5/10
 - Adopted work sessions 5/17 and 5/19
 - Budget Adoption 5/24
- 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.