

# Overview of the FY 22 Budget and FY 22-27 Operating Plan

March 9, 2021

# Core Messages

- A strong projected year-end FY 21 position will give us one-time opportunities including strengthening our reserves.
- Uncertainty about ongoing revenue growth and the impact of the State budget remain.
- We are fiscally overcommitted and will need to work toward bringing our plans back into balance.

# Board Goals

- We are still working on our FY 22 Budget Recommendation.
- We will not be able to bring you a balanced FY 22-27 Operating Plan.
- 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 22

# FY 22 State Budget

- As always, there is uncertainty.
- Their plan isn't balanced.
- 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 – \$1.7M or 1.2%
  - CCC – \$0.4M or 4.7%
  - CCPL – \$19,000 or 1.8%
  - Health Department – \$53,000 or 2.3%



# Impact In Carroll County

- Towns
  - HUR
    - Grant \$2.2M, \$0.1M increase
  - POS
    - \$0.3M, or flat

# Impact In Carroll County

- Commissioners
  - HUR
    - Grant \$2.4M or \$0.2M increase
  - Police Aid – \$14,545 increase
  - POS – \$1.0M, or flat

Where Are We?

**FY 21 Projected Year-End**

# FY 21 YE Revenue Projection

FY 21 Budget	\$417.1M
FY 21 Projection	436.8M
Change	\$19.7M

# FY 21 Year-End Projection

Revenues	\$19.7M
Reserve for Contingency	4.4M
Unexpended	6.4M
<b>Year-End Balance</b>	<b>\$30.5M</b>
Planned Carryover to FY 23	(\$4.0M)
<b>Projected FY 21 Unassigned</b>	<b>\$26.5M</b>
Unassigned Fund Balance 6/30/20	\$30.4M
<b>Total Projected Unassigned Fund Balance 6/30/21</b>	<b>\$56.9M</b>

# FY 22-27 Revenue Projections

# The Top Revenues

	FY 21 Budget	FY 21 Projected	FY 22 Projection
Real Property	\$204.0M	\$204.0M	\$209.7M
Income Tax	154.6	170.2	165.0
Recordation	13.0	19.0	13.5
Railroad & Utilities	8.0	8.0	8.0
Business Property	8.2	8.2	7.5
Investments	0.2	0.4	0.2
911 Service Fee	1.8	1.8	1.8
Total	\$389.8M	\$411.6M	\$405.7M



# Revenue Changes From Adopted Plan

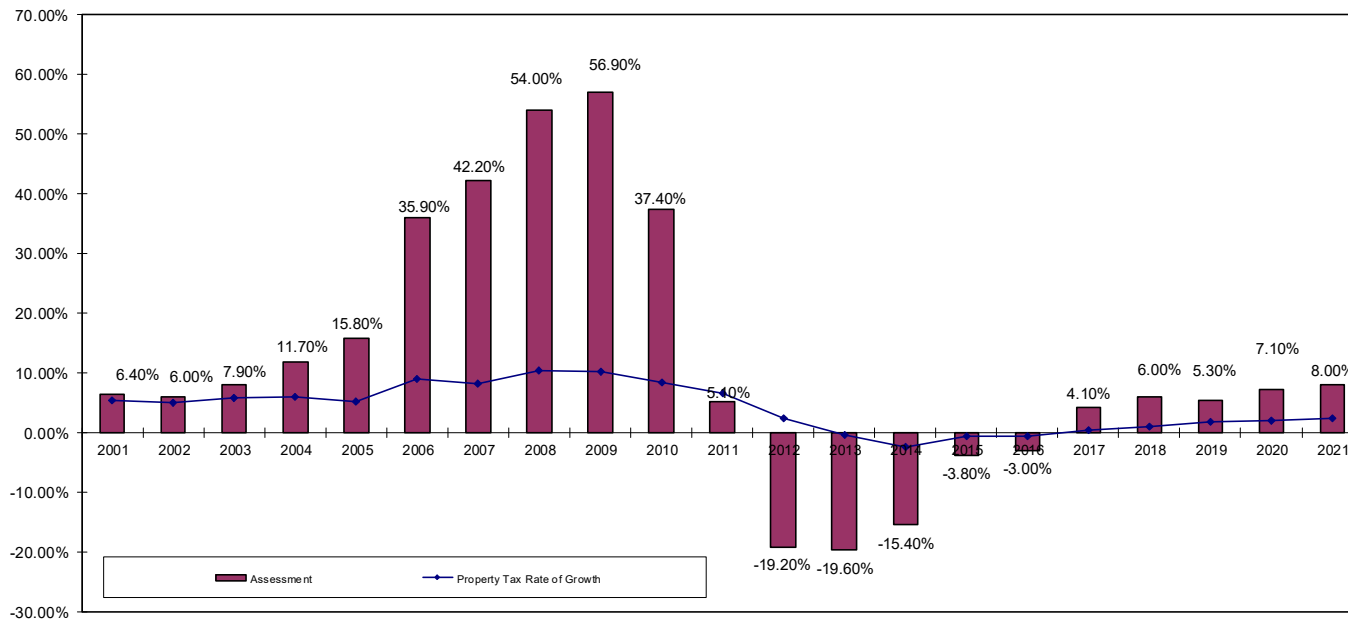
	FY 22	FY 23	FY 24	FY 25	FY 26
Net Real Property	\$0.6M	\$0.6M	\$1.3M	\$1.6M	\$1.9M
RR&PU	0.0	0.0	0.0	0.0	0.0
Business	(\$0.8M)	(\$0.8M)	(\$0.8M)	(\$0.8M)	(\$0.9M)
<b>Total Property Tax</b>	<b>(\$0.2M)</b>	<b>(\$0.2M)</b>	<b>\$0.5M</b>	<b>\$0.8M</b>	<b>\$1.0M</b>

# Revenue Changes from Adopted Plan

	FY 22	FY 23	FY 24	FY 25	FY 26
Total Property Tax	(\$0.2M)	(\$0.2M)	\$0.5M	\$0.8M	\$1.0M
Income Tax	1.3	1.4	1.4	1.5	1.6
BABS	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Other	(2.1)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Total Annual Revenues</b>	<b>(\$1.1M)</b>	<b>\$0.8M</b>	<b>\$1.5M</b>	<b>\$1.9M</b>	<b>\$2.2M</b>

# Property Tax

# Reassessment History



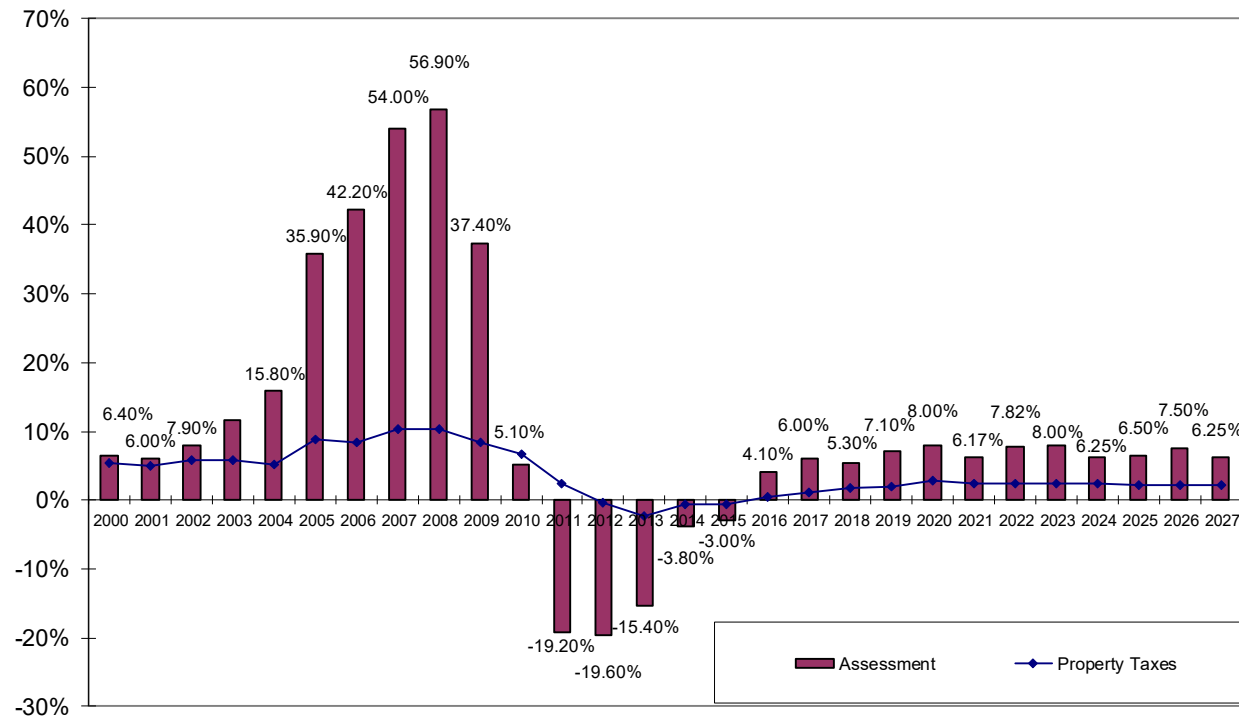
# Reassessments

	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
<b>Group 1 – South Carroll</b>	2.67%	<b>2.67%</b>	2.67%	2.67%	<b>2.50%</b>	2.50%
<b>Group 2 – North Carroll</b>	2.06%	2.06%	<b>2.08%</b>	2.08%	2.08%	<b>2.08%</b>
<b>Group 3 – Westminster Taneytown</b>	<b>2.61%</b>	2.61%	2.61%	<b>2.17%</b>	2.17%	2.17%
<b>Annual Growth</b>	<b>2.41%</b>	<b>2.43%</b>	<b>2.40%</b>	<b>2.26%</b>	<b>2.21%</b>	<b>2.19%</b>

# Assessments

	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
<b>Annual growth from reassessments</b>	<b>2.41%</b>	<b>2.43%</b>	<b>2.40%</b>	<b>2.26%</b>	<b>2.21%</b>	<b>2.19%</b>
<b>Total Growth in Real Property</b>	<b>2.86%</b>	<b>2.92%</b>	<b>2.89%</b>	<b>2.73%</b>	<b>2.67%</b>	<b>2.64%</b>

# Reassessment History And Projections



# Total Real Property Tax

- FY 20 actual \$199.0M
- FY 21 forecast \$204.0M or 2.5%
- FY 22 forecast \$209.7 or 2.8%



# Total Property Tax

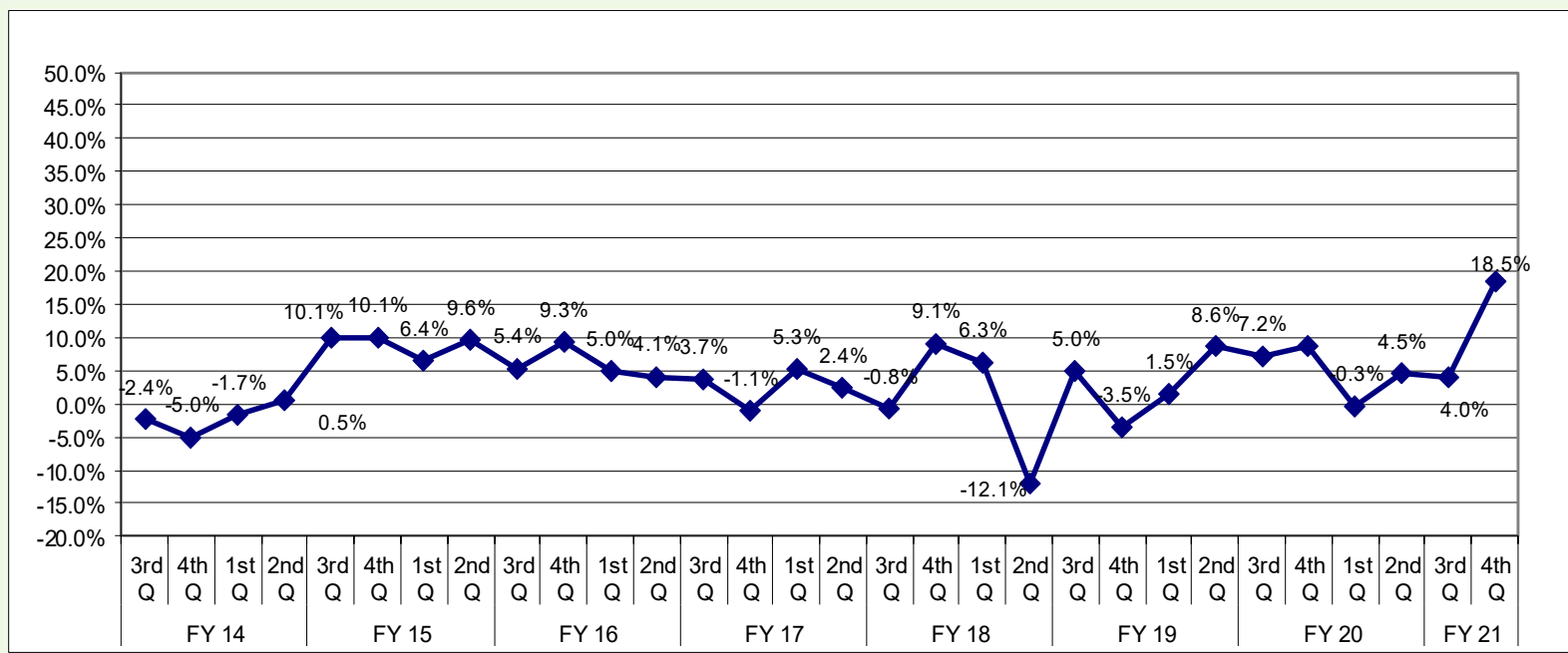
	FY 22	FY 23	FY 24	FY 25	FY 27
FY 22-26 Forecast	\$225.2M	\$230.5M	\$236.5M	\$242.5M	\$248.4M
FY 21-26 Plan	\$225.4	\$230.7	\$236.1	\$241.6	\$247.3
Change	(\$0.2M)	(\$0.2M)	\$0.4M	\$0.9M	\$1.1M

# Real Property Tax Detail

	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Base	\$209.2M	\$215.8M	\$222.3M	\$228.9M	\$235.4M	\$241.9M
New Construction	1.6	1.3	1.3	1.3	1.3	1.3
Reassessment	5.0	5.2	5.3	5.2	5.2	5.2
Homestead Credit	(0.7)	(0.9)	(1.1)	(1.3)	(1.5)	(1.7)
Other Credits	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Other Adjustments	0.1	0.1	0.1	0.0	0.0	0.0
<b>Total</b>	<b>\$214.9M</b>	<b>\$221.2M</b>	<b>\$227.6M</b>	<b>\$233.8M</b>	<b>\$240.1M</b>	<b>\$246.4M</b>

# Income Tax

# Income Tax Distributions



# Income Tax

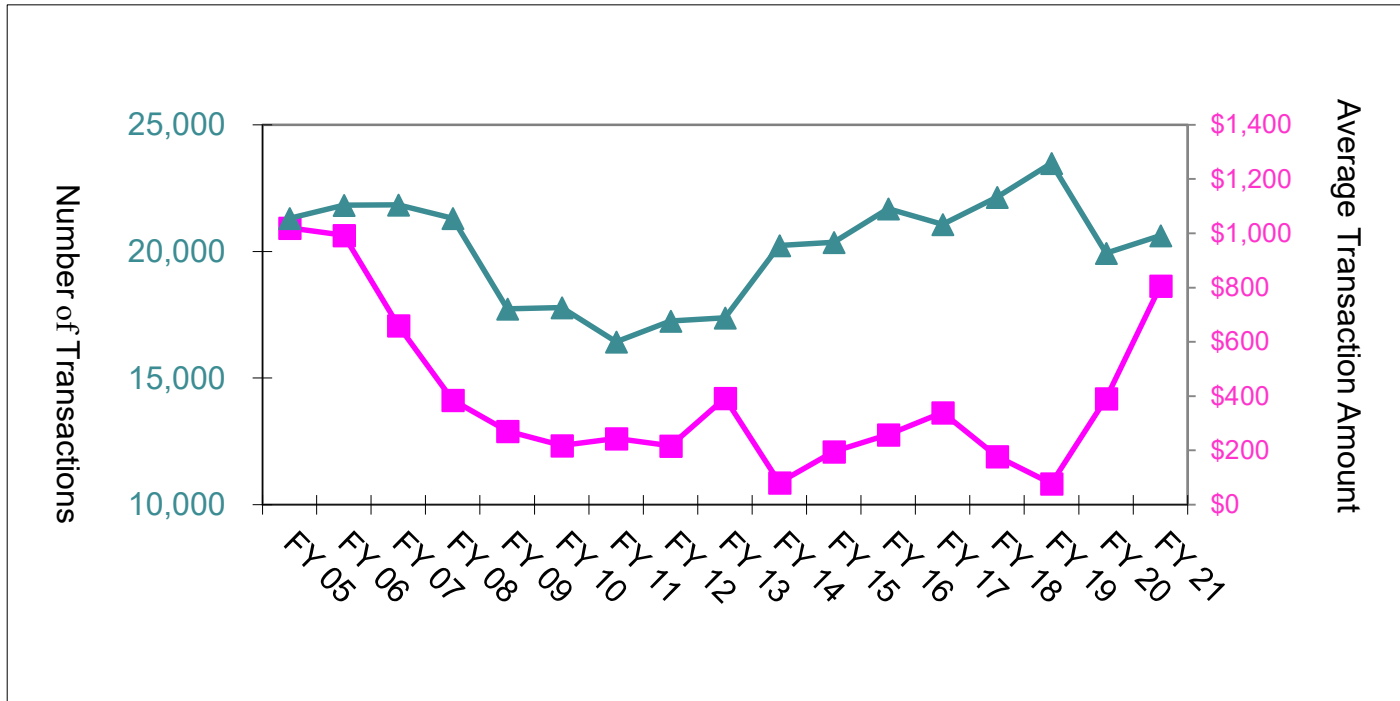
- FY 20 actual \$155.7M
  - Reconciling items from prior tax years \$16.1M
- FY 21 forecast \$170.2M
  - A \$15.6M increase from FY 21 budget due to reconciling items and stimulus impacts
- FY 22 projection \$165.0M
  - Revenue is reduced from FY 21 forecast due to large one-time reconciling items in FY 21.
    - Base increase of \$4.0M due to TCJA
    - Assumes 4.5% growth in Major distributions
    - Assumes 1.5% in Minor distributions

# Income Tax

	FY 22	FY 23	FY 24	FY 25	FY 26
FY 22-26 Forecast	\$165.0M	\$171.9M	\$179.1M	\$186.6M	\$194.5M
FY 21-26 Plan	163.7	170.5	177.6	185.1	192.8
Change	\$1.3M	\$1.4M	\$1.5M	\$1.5M	\$1.6M

# Recordation Tax

# Recordation Activity

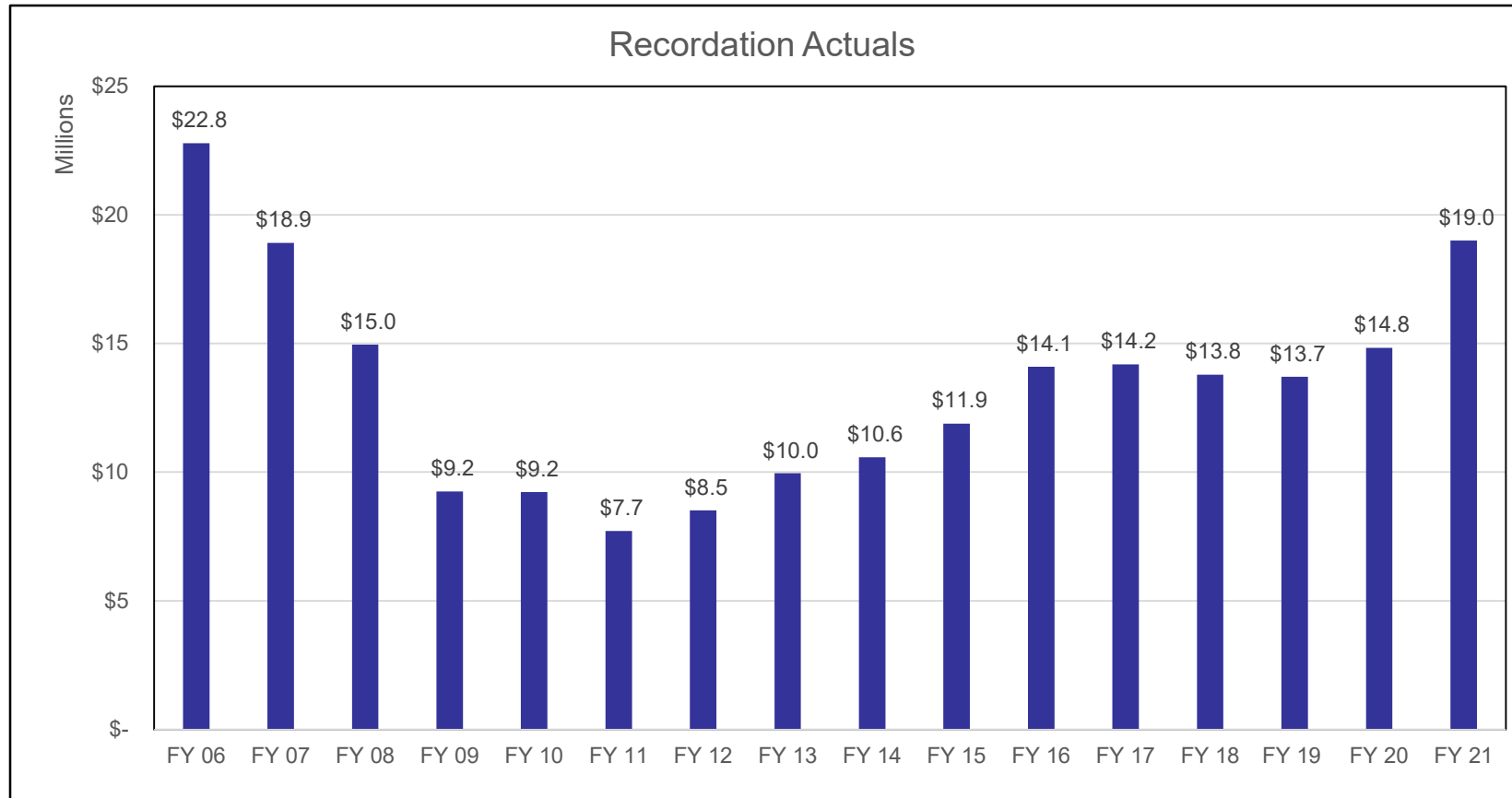




# Recordation

- FY 20 actual \$14.8M
- FY 21 forecast \$19.0M, or 28% over FY 20 actual
- FY 22 forecast \$13.5M

# Recordation

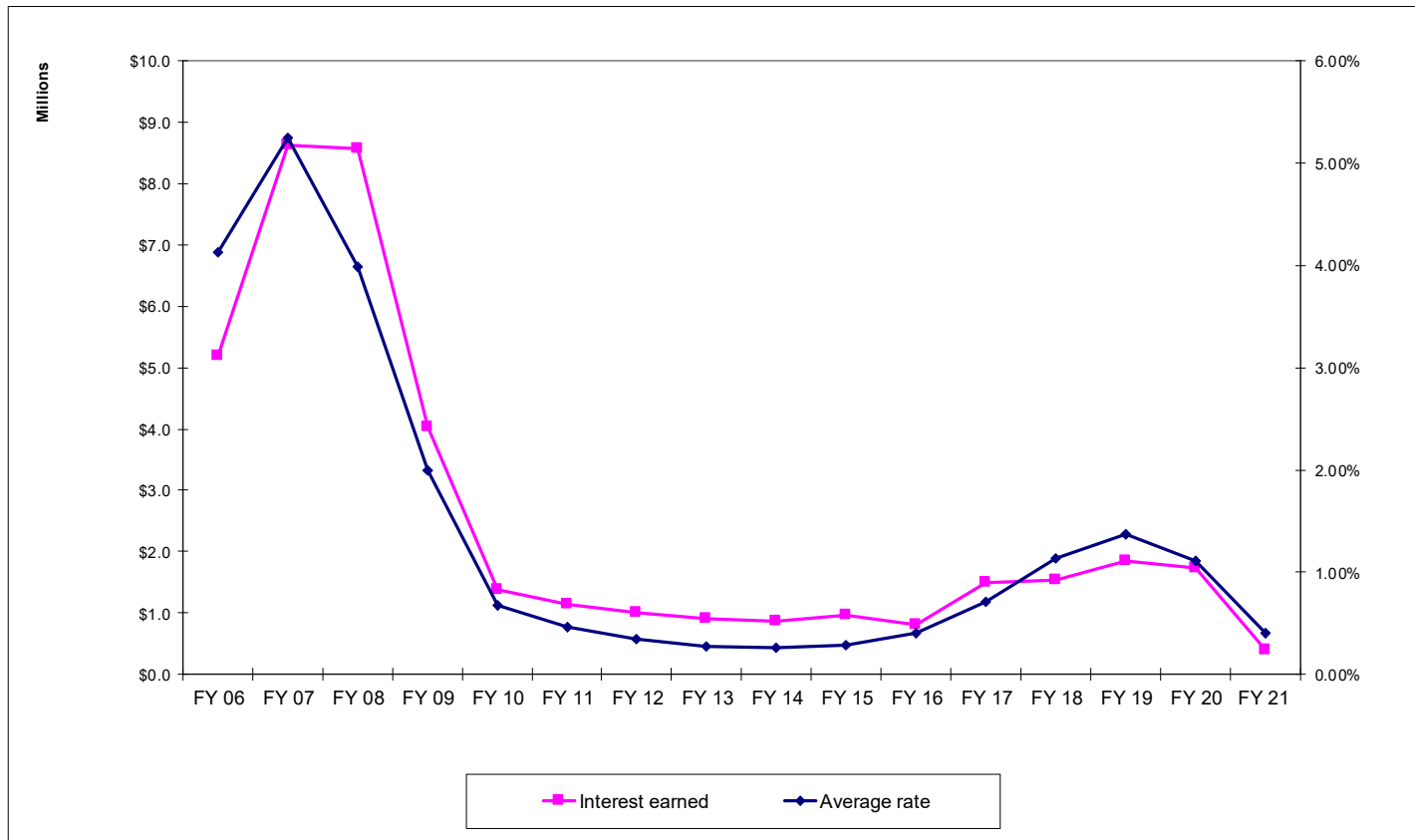


# Recordation Tax

	FY 22	FY 23	FY 24	FY 25	FY 26
FY 22-26 Forecast	\$13.5M	\$14.0M	\$14.2M	\$14.4M	\$14.6M
FY 21-26 Plan	13.5	14.0	14.2	14.4	14.6
Change	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

# Investment Income

# Investment Income



# Investment Income

- FY 20 actuals \$1.7M
- FY 21 forecast \$0.4M, or \$1.3M below FY 20 actuals
- FY 22 forecast \$0.2M

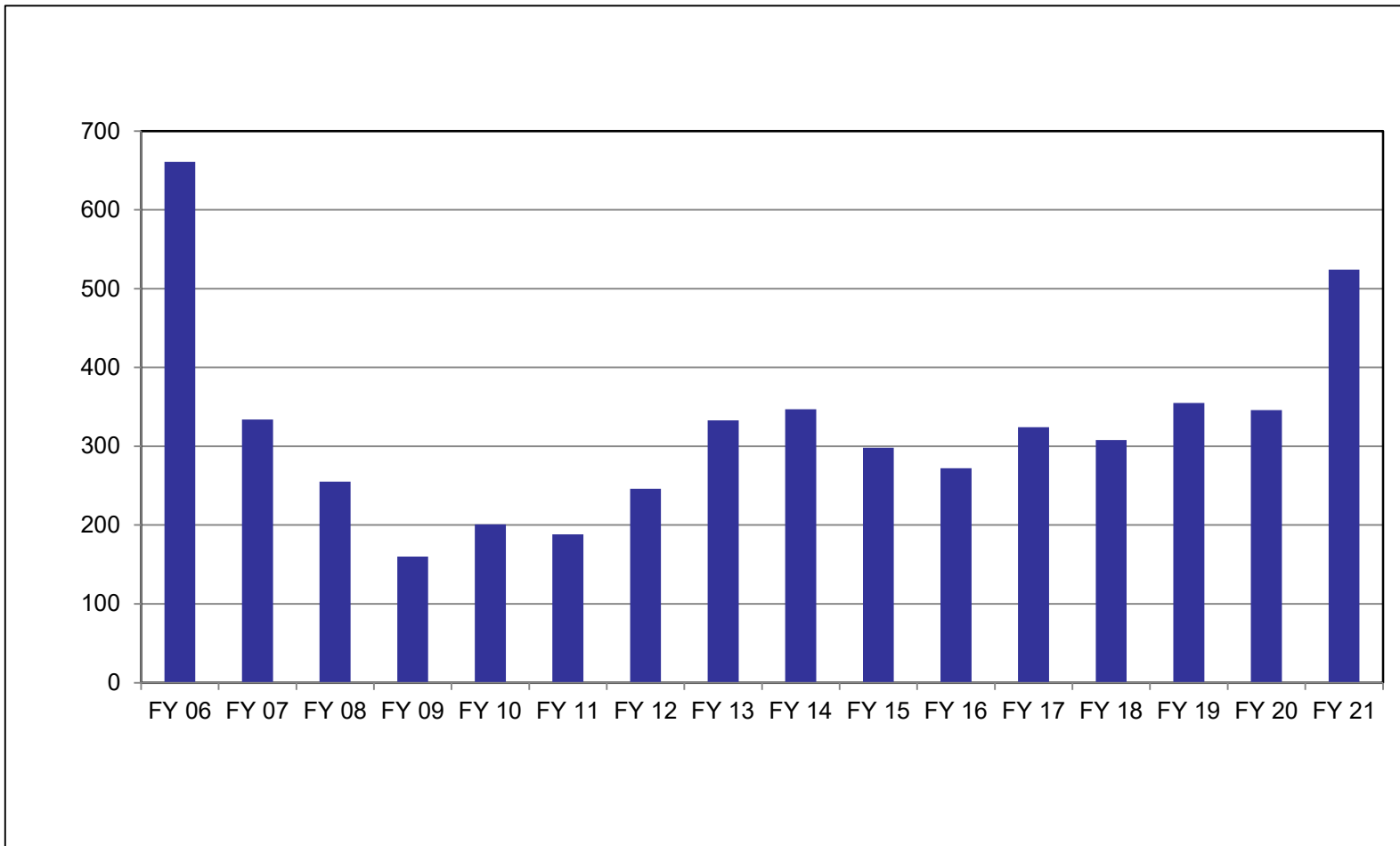
# Investment Income

	FY 22	FY 23	FY 24	FY 25	FY 26
FY 22-26 Forecast	\$0.2M	\$0.2M	\$0.2M	\$0.2M	\$0.2M
FY 21-26 Plan	0.2	0.2	0.2	0.2	0.2
Change	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

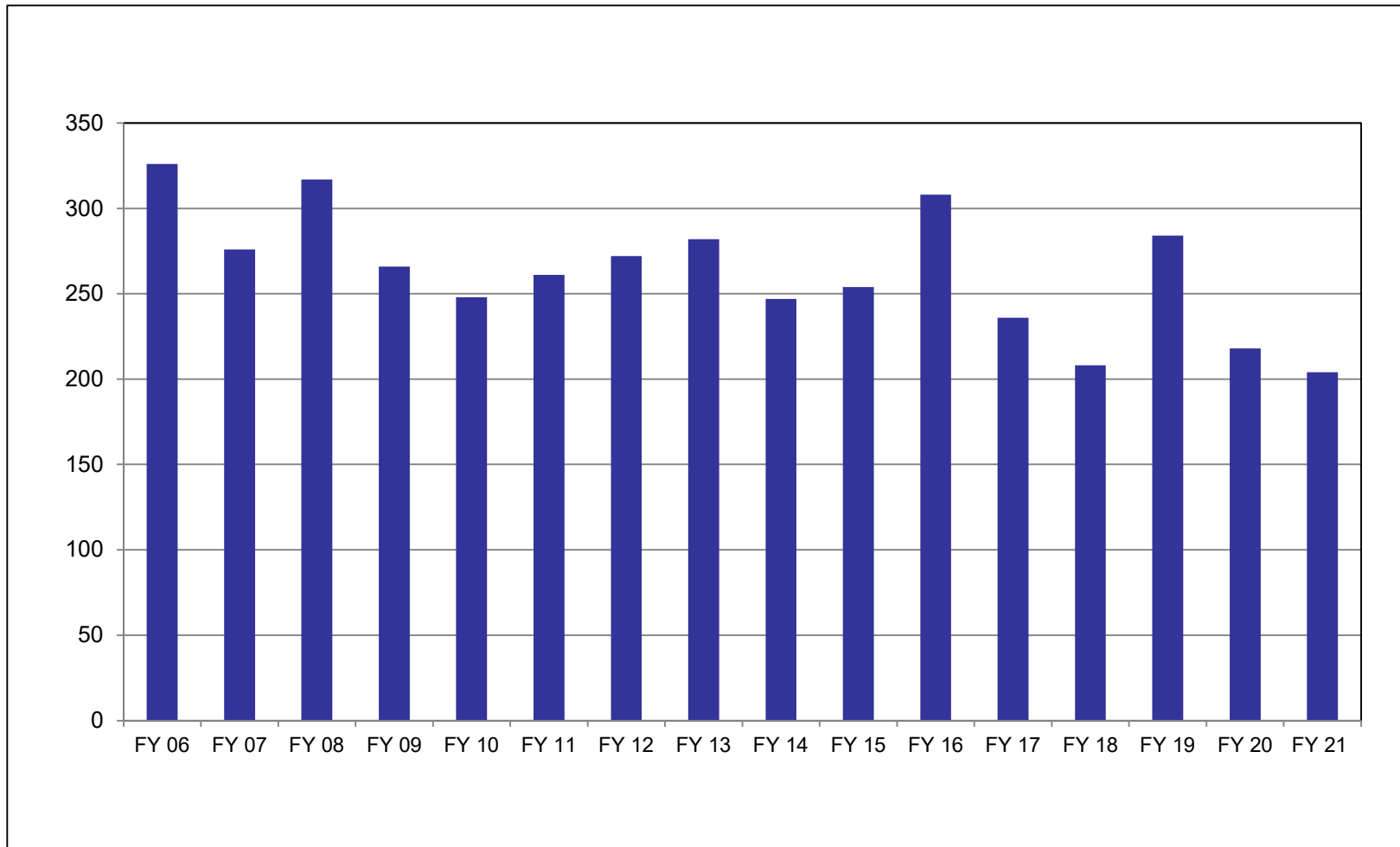
# Building Permits



# Residential Permits Issued



# Commercial/Industrial Permits Issued



# Building Permits

- FY 20 actual \$522,000
- FY 21 forecast \$758,000
- FY 22 forecast \$797,260

# Building Permits

	FY 22	FY 23	FY 24	FY 25	FY 26
FY 22-26 Forecast	\$0.8M	\$0.8M	\$0.8M	\$0.8M	\$0.8M
FY 21-26 Plan	0.8	0.8	0.8	0.8	0.8
Change	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

**FY 22-27**  
**Operating Plan**

# Op Plan Assumptions

- CCPS –
  - 3.13% in growth from FY 22-25
  - FY 26 - 27 at 3.0% growth
- Salaries
  - 3.0%
  - Sheriff 4.0%

# Op Plan Assumptions

- General – FY 23-27 3%/year
- Detention Center – 4%/year
- Intergovernmental – 2.25%/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 (\$1.0M, \$2.0M, \$3.0M....\$6.0M)
- Risk – 5%/year
- Various other smaller specific assumptions

# Op Plan Drivers

- Increases from current Adopted Plan:
  - Fire/EMS Transition – Positions and Equipment
    - EMS/EVOD positions at Fire Stations
    - Addition of County support staff
  - Body-Worn Cameras
    - Positions for SAO
    - Positions and Equipment for CCSO
  - General Fund Transfer to Solid Waste Enterprise Fund

# Op Plan Drivers

- Decreases from current Adopted Plan
  - OPEB
  - Debt Service
  - Health
  - Transportation – mostly covered by CARES for 3 years
  - RSS funding

# Changes From Op Plan

In millions	FY 22	FY 23	FY 24	FY 25	FY 26
County DS	(\$1.4)	(\$2.5)	(\$2.2)	(\$1.5)	(\$0.9)
BOE DS	(0.7)	(0.1)	(0.2)	(0.2)	(0.2)
Transit	(1.3)	(1.5)	(1.6)	0.0	0.0
Health/OPEB	(1.3)	(2.5)	(3.0)	(4.3)	(5.6)
RSS	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)
4.5 FTE DC Food Svcs	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)
Fire/EMS Transition	1.8	4.0	5.6	7.8	10.2
911 – Radio Microwave			3.0		
Solid Waste	1.8	2.1	2.4	2.8	3.2
BWC- 15 positions/Eq	1.3	1.3	1.4	1.4	1.4
SDAT from 50% to 90%	0.1	0.3	0.4	0.6	0.6
Total	(\$0.5)	\$0.5	\$5.1	\$5.9	\$8.0

# Topics to Discuss

# BOE Capital

- Board of Education Capital
  - Anticipating \$9M/year from State
  - Enough for Career and Tech and East Middle School in the CIP
  - State participation will be limited.
  - Additional State capital funding
    - Stadium Authority
    - Unknown dollar amount
    - Eligibility

# Solid Waste Enterprise Funds

	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Revenues	\$8.5M	\$8.5M	\$8.5M	\$8.5M	\$8.5M	\$8.5M
Expenditures	11.9	12.3	12.6	13.0	13.4	13.7
Net	(3.4)	(3.8)	(4.1)	(4.5)	(4.9)	(5.2)
<b>Transfer from General Fund</b>	<b>\$3.4M</b>	<b>\$3.8M</b>	<b>\$4.1M</b>	<b>\$4.5M</b>	<b>\$4.9M</b>	<b>\$5.2M</b>



# Fiber Enterprise Funds

In Millions	FY 22	FY 23	FY 24	FY 25	FY 26
Projected Operating Deficit	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Equipment Replacement	1.0	0.0	0.0	0.0	0.1
Net	\$1.2	\$0.2	\$0.2	\$0.2	\$0.3
Fund position	1.9	0.0	0.0	0.0	0.0
Total General Fund Transfer	\$3.1	\$0.2	\$0.2	\$0.2	\$0.3

So Where Does That Leave Us?

# Op Plan Balances

FY 21-26 Adopted	FY 22	FY 23	FY 24	FY 25	FY 26
Adopted Balance	\$1.8M	\$2.2M	\$1.4M	(\$1.3M)	(\$4.4M)
%	0.4%	0.5%	0.3%	(0.2%)	(0.9%)

Current Forecast (Pre-Recommended)	FY 22	FY 23	FY 24	FY 25	FY 26
Change in Annual Revenues	(\$1.1M)	\$0.8M	\$1.5M	\$1.9M	\$2.2M
Change in Expenditures	(0.5)	0.5	5.1	5.9	8.0
Balance prior to other expenditure changes and below the line revenue changes	\$1.2M	\$2.5M	(\$2.2M)	(\$5.3M)	(\$10.2M)

What, Me Worry?

# Really Big Things On My Mind

- COVID's long-term impact on our local revenue picture
- Salary scales
  - Minimum Wage
  - Recruitment and Retention
- Kirwan Commission
- Fire/EMS Transition
- Infrastructure renewal

# Things On My Mind

- State
  - Legislative actions in this Session
  - Their plan isn't balanced
  - SDAT
- Westminster Library fundraising
- LOSAP
- Enterprise Fund deficits

Where Do We Go From Here?

# Budget Calendar

- March
  - Recommended Session on March 23rd
- March/April
  - Agency Sessions
    - Issues



# Budget Calendar

- April
  - Sine Die 4/12
  - Proposed Sessions 4/6-4/22
    - Set up and structure
    - Scenarios
    - ‘What ifs’ on the fly
  - Release of Proposed Budget 4/27

# Budget Calendar

- May
  - Public Hearing 5/11
  - Adopted work sessions 5/18 and 5/20
  - 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.