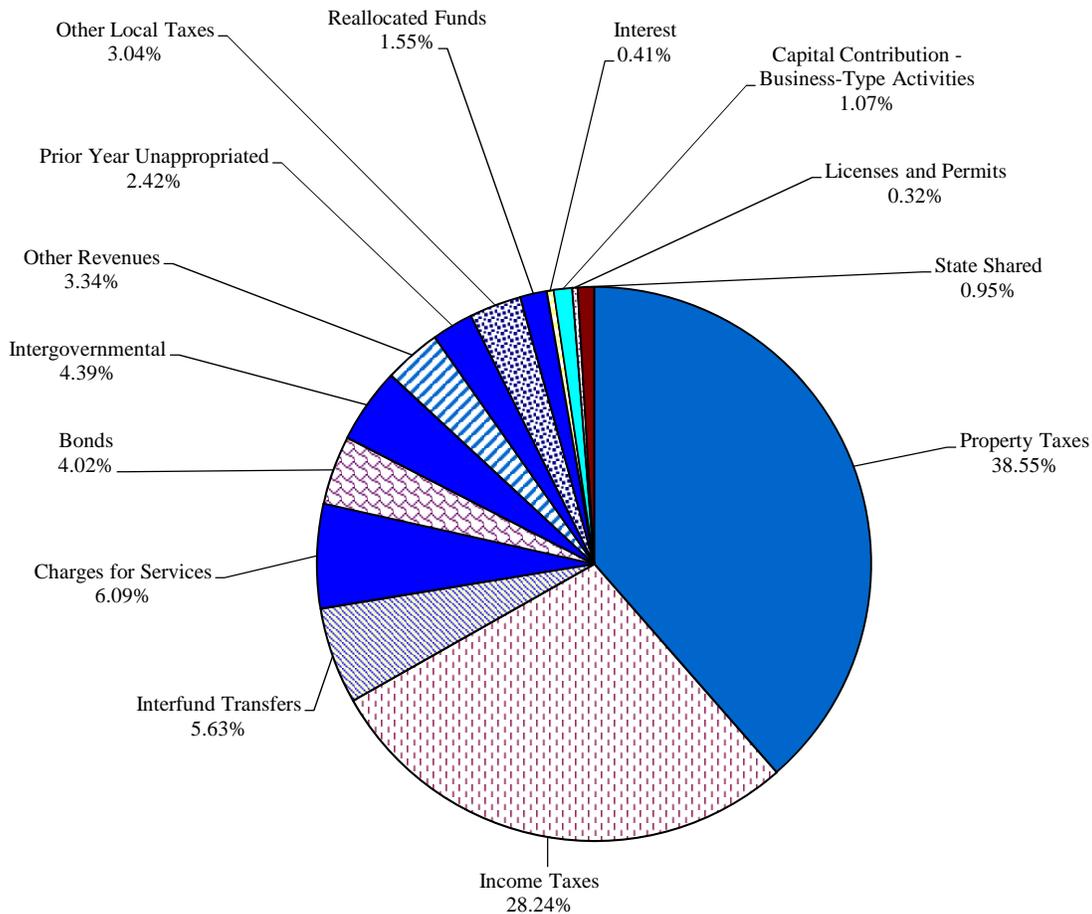


All Funds Sources - By Category

Fiscal Year 2016 Budget

\$507,902,735

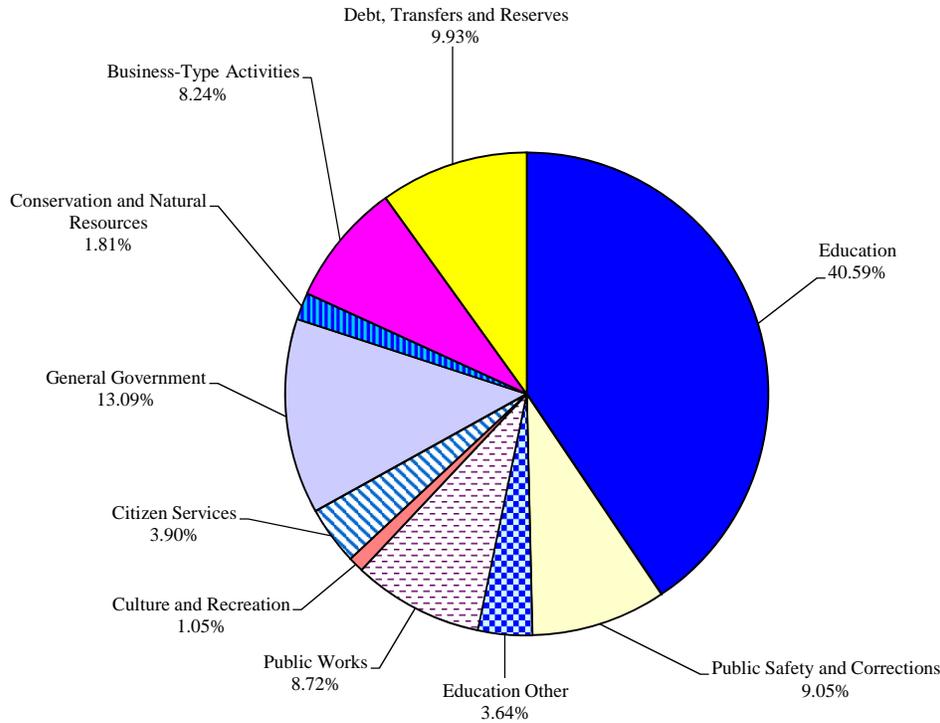


| Category | FY 14 Actuals | FY 15 Budget | % Chg from FY 14 | FY 16 Budget | % Chg from FY 15 |
|---|----------------------|----------------------|------------------------|----------------------|------------------------|
| Property Taxes | \$195,629,457 | \$192,258,630 | -1.72% | \$195,795,700 | 1.84% |
| Income Taxes | 131,533,099 | 135,918,119 | 3.33% | 143,410,440 | 5.51% |
| Interfund Transfers | 27,763,701 | 25,892,887 | -6.74% | 28,603,170 | 10.47% |
| Charges for Services | 20,097,607 | 31,176,680 | 55.13% | 30,914,370 | -0.84% |
| Bonds | 31,956,084 | 11,303,746 | -64.63% | 20,435,331 | 80.78% |
| Intergovernmental | 17,477,846 | 67,169,477 | 284.31% | 22,287,919 | -66.82% |
| Other Revenues | 45,228,353 | 15,307,454 | -66.16% | 16,976,644 | 10.90% |
| Prior Year Unappropriated | 0 | 14,317,450 | 100.00% | 12,274,400 | -14.27% |
| Other Local Taxes | 11,904,154 | 13,125,960 | 10.26% | 15,425,570 | 17.52% |
| Reallocated Funds | 0 | 12,615,225 | 100.00% | 7,871,803 | -37.60% |
| Interest | 1,886,807 | 1,263,880 | -33.01% | 2,065,060 | 63.39% |
| Capital Contribution - Business-Type Activities | 2,021,211 | 201,896 | -90.01% | 5,424,000 | 2586.53% |
| Licenses and Permits | 1,475,868 | 1,761,770 | 19.37% | 1,606,860 | -8.79% |
| State Shared | 5,219,571 | 2,255,590 | -56.79% | 4,811,468 | 113.31% |
| Total | \$492,193,758 | \$524,568,764 | 6.58% | \$507,902,735 | -3.18% |

All Funds Uses - By Category

Fiscal Year 2016 Budget

\$507,902,735



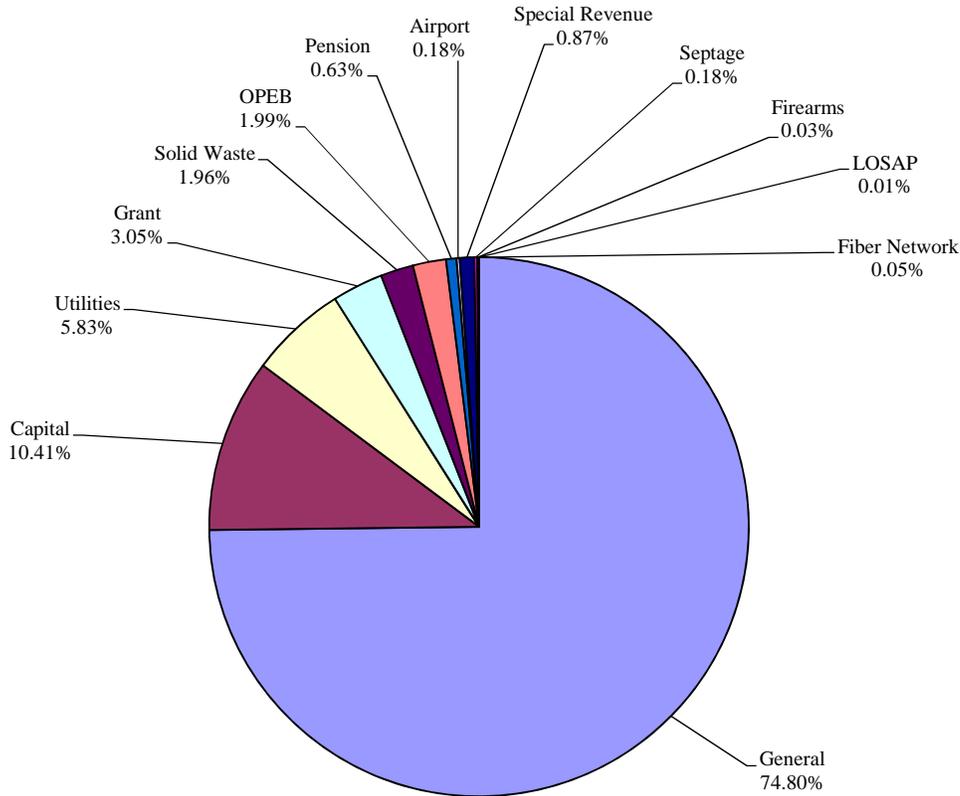
| <u>Category</u> | FY 14 Actual | FY 15 Budget | % Chg from FY 14 | FY 16 Budget | % Chg from FY 15 |
|--------------------------------------|----------------------|----------------------|------------------------|----------------------|------------------------|
| Education | \$204,921,099 | \$205,764,179 | 0.41% | \$206,147,610 | 0.19% |
| Administrative Services ¹ | 15,095,523 | 30,414,730 | 101.48% | 0 | -100.00% |
| Public Safety and Corrections | 45,255,387 | 39,498,007 | -12.72% | 45,943,980 | 16.32% |
| Education Other | 27,093,651 | 18,043,210 | -33.40% | 18,471,570 | 2.37% |
| Public Works | 39,430,677 | 44,646,310 | 13.23% | 44,286,335 | -0.81% |
| Culture and Recreation | 3,316,813 | 937,600 | -71.73% | 5,328,803 | 468.35% |
| Citizen Services | 19,159,908 | 19,045,482 | -0.60% | 19,782,985 | 3.87% |
| General Government | 38,729,868 | 35,164,316 | -9.21% | 66,478,847 | 89.05% |
| Conservation and Natural Resources | 13,700,589 | 8,875,950 | -35.21% | 9,199,600 | 3.65% |
| Business-Type Activities | 18,609,902 | 76,806,880 | 312.72% | 41,839,065 | -45.53% |
| Debt, Transfers and Reserves | 42,676,891 | 45,372,100 | 6.32% | 50,423,940 | 11.13% |
| Total | \$467,990,308 | \$524,568,764 | 12.09% | \$507,902,735 | -3.18% |

¹In FY 16 the category Administrative Services was eliminated and departments under it were moved to Public Safety and Corrections, and General Government.

All Funds Uses - By Fund

Fiscal Year 2016 Budget

\$507,902,735



| <u>Fund</u> | FY 14 Actual | FY 15 Budget | % Chg from FY 14 | FY 16 Budget | % Chg from FY 15 |
|-----------------|----------------------|----------------------|------------------------|----------------------|------------------------|
| General | \$365,229,242 | \$368,494,140 | 0.89% | \$379,912,320 | 3.10% |
| Capital | 61,542,964 | 48,310,477 | -21.50% | 52,883,471 | 9.47% |
| Utilities | 10,545,920 | 14,867,680 | 40.98% | 29,598,565 | 99.08% |
| Grant | 15,305,944 | 14,940,077 | -2.39% | 15,466,889 | 3.53% |
| Solid Waste | 5,735,844 | 9,900,080 | 72.60% | 9,964,800 | 0.65% |
| OPEB | 4,011,367 | 9,632,900 | 140.14% | 10,103,580 | 4.89% |
| Pension | 1,115,276 | 3,393,400 | 204.27% | 3,222,980 | -5.02% |
| Airport | 749,429 | 48,907,320 | 6425.95% | 936,500 | -98.09% |
| Special Revenue | 1,560,652 | 2,740,890 | 75.62% | 4,424,430 | 61.42% |
| Septage | 1,160,069 | 1,908,900 | 64.55% | 913,700 | -52.13% |
| Firearms | 195,165 | 165,500 | -15.20% | 155,500 | -6.04% |
| Fiber Network | 223,475 | 1,057,400 | 100.00% | 270,000 | -74.47% |
| LOSAP | 614,962 | 250,000 | 0.00% | 50,000 | -80.00% |
| Total | \$467,990,308 | \$524,568,764 | 12.09% | \$507,902,735 | -3.18% |

All Funds Revenue Summary

All Funds revenue is projected to be \$507.9M in FY 16 with over two-thirds of this amount coming from property taxes and income taxes. Total revenue is down \$16.7M, or 3.2%, below FY 15. This decrease is driven primarily by a \$48.0M Airport Enterprise Runway project in FY 15, partially offset by an increase in bond funding related to the Capital Fund as well as funding for the Utilities Enterprise Fund capital projects.

| Revenue In Millions | FY 14 Budget | Percent of Total | FY 15 Budget | Percent of Total | FY 16 Budget | Percent of Total | Cumulative Percent of Total |
|---|----------------|------------------|----------------|------------------|----------------|------------------|-----------------------------|
| Property Taxes | \$195.7 | 39.1% | \$193.4 | 36.9% | \$195.8 | 38.6% | 38.6% |
| Income Taxes | 133.8 | 26.7% | 135.9 | 25.9% | 143.4 | 28.2% | 66.8% |
| Charges for Services | 22.6 | 4.5% | 31.2 | 5.9% | 30.9 | 6.1% | 72.9% |
| Interfund Transfers | 27.4 | 5.5% | 25.9 | 4.9% | 28.6 | 5.6% | 78.5% |
| Intergovernmental | 20.3 | 4.1% | 67.2 | 12.8% | 22.3 | 4.4% | 82.9% |
| Bonds / Notes Proceeds | 38.1 | 7.6% | 11.3 | 2.2% | 20.4 | 4.0% | 86.9% |
| Other Revenues | 25.5 | 5.1% | 15.4 | 2.9% | 17.0 | 3.3% | 90.2% |
| Other Local Taxes | 11.1 | 2.2% | 13.1 | 2.5% | 15.4 | 3.0% | 93.2% |
| Prior Year Unappropriated | 14.8 | 3.0% | 14.2 | 2.7% | 12.3 | 2.4% | 95.6% |
| Reallocated Funds | 1.2 | 0.2% | 11.4 | 2.2% | 7.9 | 1.6% | 97.2% |
| Capital Contribution – Business-Type Activities | 5.3 | 1.1% | 0.2 | 0.0% | 5.4 | 1.1% | 98.3% |
| State Shared | 2.0 | 0.4% | 2.3 | 0.4% | 4.8 | 1.0% | 99.3% |
| Interest and Gain (Loss) | 1.6 | 0.3% | 1.3 | 0.2% | 2.1 | 0.4% | 99.7% |
| Licenses and Permits | 1.6 | 0.3% | 1.8 | 0.3% | 1.6 | 0.3% | 100.0% |
| Total Revenue | \$501.0 | 100.0% | \$524.6 | 100.0% | \$507.9 | 100.0% | 100.0% |

Percentages may not add to 100% due to rounding

Following are explanations of each of these revenues. Additional details on the source of these revenues and the processes used to arrive at the budgeted amounts can be found in the various fund sections.

Top 5 All Fund Revenues

Property Taxes

Largest revenue at 38.6% of the total. The Property Tax group includes twelve separate taxes, credits, and charges. The most significant is the Real Property tax. The Board of County Commissioners reduced this rate in FY 12 from \$1.048 per one hundred dollars of assessed value to \$1.028, and then to \$1.018 in FY 13. The Personal Property tax rate was also lowered in FY 12 from \$2.62 per one hundred dollars of assessed value to \$2.57 and then to \$2.545 in FY 13. The Board of County Commissioners lowered the personal property tax in FY 14 to \$2.515 per one hundred dollars, or a three-cent reduction from FY 13. In FY 15, the Commissioners issued a Property Tax rebate of \$0.01 per \$100 of assessment, or approximately \$1.8M. The Homestead Tax Credit was significant in recent years, but due to five years of negative reassessments this credit is almost completely gone. This credit is set by the Board of County Commissioners and caps the amount that taxes can increase on a primary residence at 5% a year. Property tax is primarily a General Fund revenue; however, approximately 2.25% is usually dedicated to agricultural land preservation. The property tax committed to agricultural land preservation has been reduced \$2.0M in each year in FY 16 – FY 17.

Property taxes are estimated by several methods, including trend analysis, economic analysis, and real estate analysis. The primary means, however, are the assessments provided by the Maryland Department of Assessment and Taxation, and full detail is provided on their website which can be accessed at:

www.dat.state.md.us/sdatweb/stats.

Income Tax

Second largest revenue at 28.2% of the total. Income Tax is calculated as a percentage of net taxable State income. The State caps the rate at 3.20%. The Commissioners lowered the Income Tax rate from 3.05% to 3.04% in FY 14, a reduction of 0.01%. In FY 15 the Commissioners again lowered the Income Tax rate by 0.01% from 3.04% to 3.03%, effective on January 1st, 2015. The State Comptroller's Office administers, collects, and distributes this tax to the counties and municipalities. Income Tax is primarily a General Fund revenue; however, 9.09% of Income Tax is traditionally dedicated to the capital budget for school construction and debt service. The Commissioners elected to reduce this amount to 7.09% in FY 16 through FY 17, to 7.59% in FY 18, and 8.09% in FY 19, with the released Income Tax revenue being used to fund the public schools budget.

The budget for Income Tax is based on several factors, including a trend analysis of recent distributions, economic analysis of changes made at the State level, the local and national economies, and estimates provided by the State Comptroller's Office.

Charges for Services

Third largest revenue at 6.1% of the total. The County receives funding for services in the Enterprise, General, and Grant Funds. The intent, unless otherwise determined, is

that certain activities and services pay for themselves through user fees, and are not supported through general tax dollars or other non-related revenue sources.

In the Enterprise Fund, the primary sources of revenue are water and sewer usage fees, water and sewer connection fees, tipping fees, waste removal fees, and airport fuel sales and rental fees. Rate modeling is used to forecast future needs and to set the appropriate rates to support the fund. Additionally, trend analysis is used in combination with the rate modeling to more accurately determine future revenue streams.

For the General Fund and the Grant Fund, the primary sources of revenue are Public Safety, Public Works, Recreation, and General Government. These fees come from various sources related to building inspections, permitting and review fees, as well as admission and concessions fees at County parks. There are also fees derived through reimbursements from local agencies. The fees charged are based on a combination of factors. Trend analysis is used to determine revenue projections based on the current rate and fee structure. Additionally, fee analysis is performed to determine if the current rate and fee structure needs to be adjusted in order to meet actual costs incurred. Rate studies are also performed for fees reimbursed by the State or Federal government to ensure accuracy.

Interfund Transfers

Fourth largest revenue at 5.6% of the total. Due to governmental accounting requirements, revenues that are transferred between funds are shown twice. For instance, Impact Fees, which are used in the capital budget primarily to pay for school construction, originate in the special revenue fund. When Impact Fees are used they must be transferred from the Special Revenue Fund to the Capital Fund. This means that using \$1.0M of Impact Fees will actually add \$2.0M to the all funds revenue total. Each fund, Special Revenue and Capital, will show that \$1.0M. The methods for budgeting inter-fund revenues are varied. Some inter-fund transfers are linked to specific revenue, such as Impact Fees and the percentage of local income tax dedicated for school debt service. In these cases, trend and economic analysis are employed. Other interfund revenues, however, are not specific, such as General Fund transfers to grants or capital. Here, the emphasis is on the General Fund as a whole. Overall revenue growth and available balances in the six-year Operating Plan are examined and analyzed.

Intergovernmental (State and Federal)

Fifth largest revenue at 4.4% of the total. The County receives Federal and State funding for several reasons, including school and bridge construction, environmental projects, grants, and reimbursements. State and Federal funding is used primarily in the General, Capital, and Grant Funds. The Grant Fund includes more than \$13.3M in various Federal and State funds to support senior housing programs, health programs, and meal programs for the elderly. These funds are also used to provide rental subsidies to the elderly, handicapped, disabled, and families with low income. Additionally, these funds are used to develop community-based services which help to promote positive outcomes for children, youth, and families.

The methods of budgeting State and Federal funds are varied. In some cases, particularly construction funding, there is a specific appropriation in the State budget. In cases where there is not a specific amount, such as the Highway User Revenue, which is formula based, estimates are provided by the government agency that oversees the revenue. Other revenues, such as grants, are usually subject to a combination of trend analysis and informed opinion.

Remaining All Fund Revenues

Bonds/Notes proceeds

4.0% of the total. The County issues general obligation bonds to provide funds for construction of major capital facilities such as libraries, parks, and schools. The bonds are obligations of the County for which its full faith and credit are pledged. The principal sources of repayment for the bonds are general revenues of the County including property taxes and income taxes. Bonds issued for enterprise funds, such as Utilities or the Airport, while still general obligation bonds, are expected to be paid from enterprise fund revenues, such as area connection charges or rents.

Bonds are not budgeted in the same way as other revenues, such as where we estimate how much property or income tax we will collect. We decide how much debt to issue based on several factors including debt affordability guidelines, our six-year Operating Plan, availability of Paygo funds, as well as the need for and timing of capital projects. In FY 16 the Commissioners are using \$20.4M in bonds, an increase from FY 15 of \$9.1M. This increase is due to this revenue returning to nominal levels following reallocation of \$10.0M of Water Development bonds in FY 15.

Other Revenues

3.4% of the total. This group includes revenues from the general, capital, grant, enterprise fund, and trust funds. These revenues are budgeted based on numerous methods, including trend analysis, economic analysis, and estimates provided by State and Federal agencies.

Other Local Taxes

3.0% of the total. This includes Recordation, 911 fees, Impact Fees, and Admission fees. Recordation makes up about 82% of these fees. Trend analysis, current housing market, and opinions from industry experts are the sources of this budget.

Prior Year Unappropriated

2.4% of the total. This is the amount of revenue in excess of budget plus the amount of unspent appropriated dollars. Prior to FY 15, Carroll County law required that surplus funds be budgeted as revenue in the next fiscal year. During the FY 14 Legislative

process, the law was changed for Carroll County effective October 1, 2013. \$12.3M of surplus is in the FY 16 Proposed Budget.

Reallocated funds

1.6% of the total. These funds consist of reallocated bonds, reallocated General Fund transfer, and reallocated property taxes. These funds were previously appropriated to various projects. However, they either came in under budget or the decision has been made not to move forward with the project. These sources of funding are being reallocated to projects included in the FY 16 budget.

In FY 16, \$7.9M in bonds and current funding is being reallocated for various capital projects such as road maintenance and technology. The amount that we can reallocate depends on numerous factors, including projects that were completed under budget or projects that were eliminated. The very nature of these types of decisions prevents it from being predictable or consistent with previous years.

Capital Contribution – Business-type activities

1.1% of the total. This category is based on specific and dedicated revenues that are budgeted to capital projects in the enterprise funds. Examples are area connection charges and private contributions for the Utilities fund. These revenues are based on appropriations budgeted to fund capital projects and do not reflect revenues that are necessarily collected in FY 16.

State Shared

1.0% of the total. This includes Police Aid and Highway User Revenues. Both of these come from the State. The State of Maryland provides estimates to the County for both of these revenues. However, our own economic and legislative analysis is also considered.

Interest & Gain/Loss

0.4% of the total. The primary source of this revenue is interest earned on investments. The budget is based on our economic and monetary analysis as well as consultation with the County's Investment Officer.

Licenses & Permits

0.3% of the total. These are General Fund dollars. These funds are charged for the various services requested by residents and contractors. These revenues are budgeted based on numerous methods, including trend analysis, economic analysis, and real estate market analysis.