

Overview of the FY 24 Budget and FY 24-29 Operating Plan

March 7, 2023

Core Messages

- The revenue outlook for us and the State has brightened considerably.
- We are in a stronger position but still overcommitted, and...
- We are still working through things that aren't currently addressed in our Plan.

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 24

FY 24 State Budget

- As always, there is uncertainty.
- New ability of the legislature to change the Governor's budget
- Their plan is not 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 – \$19.2M or 12.2%
 - CCC – \$1.5M or 12.0%
 - CCPL – \$36,000 or 3.0%
 - Health Department – \$0.6M or 15.8%

Impact In Carroll County

- Towns
 - HUR
 - Grant \$3.0M, \$0.6M increase
 - POS
 - \$0.6M, \$50,000 increase

Impact In Carroll County

- Commissioners
 - HUR
 - Grant \$3.2M or \$0.5M increase
 - Police Aid – \$11,586 decrease
 - \$0.3M Police Aid Enhancement in FY 24
 - Unsure of split with municipalities
 - POS – \$1.8M, or \$0.1M increase
 - Partial payback funding

Where Are We?

FY 23 Projected Year-End

FY 23 YE Revenue Projection

FY 23 Budget	\$501.3M
FY 23 Projection	521.8M
Change	\$20.5M

FY 23 Year-End Projection

Revenues	\$20.5M
Reserve for Contingency	5.3M
Unexpended	5.3M
Reserve for Reimbursable loans (new)	(\$2.5M)
Year-End Balance	\$28.6M
Planned Carryover to FY 25	(\$4.5M)
Projected FY 23 Unassigned	\$24.1M
Unassigned Fund Balance 6/30/22	\$39.2M
Total Projected Unassigned Fund Balance 6/30/22	\$63.3M

FY 24-29 Revenue Projections

The Top Revenues

	FY 23 Budget	FY 23 Projected	FY 24 Projection
Real Property	\$217.3M	\$217.6M	\$227.5M
Income Tax	183.1	200.0	207.3
Recordation	16.5	17.7	15.5
Railroad & Utilities	8.5	9.2	9.2
Business Property	7.6	7.6	8.1
Investments	0.2	1.2	3.8
911 Service Fee	3.4	3.8	3.8
Total	\$436.6M	\$457.1M	\$475.2M

Revenue Changes From Adopted Plan

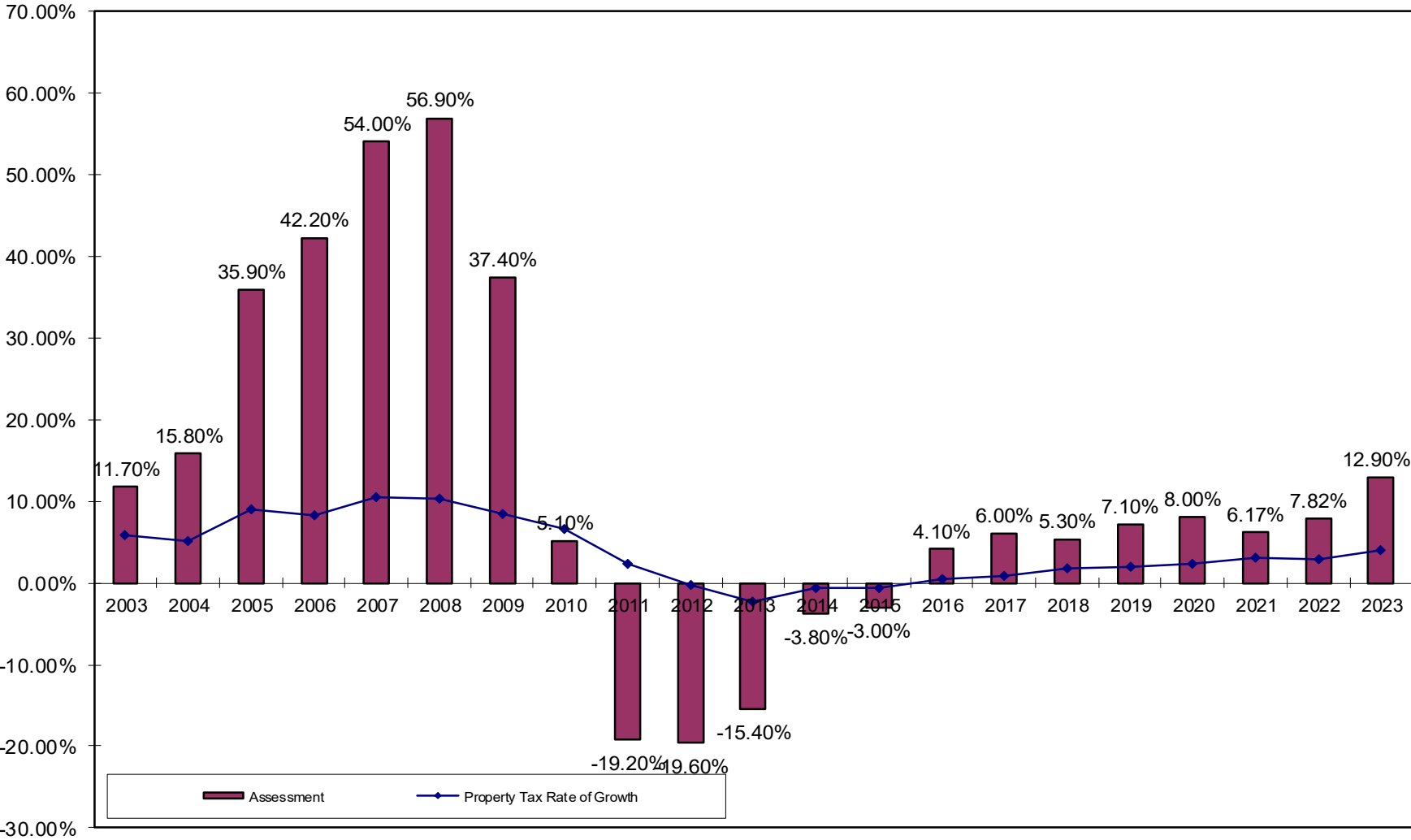
	FY 24	FY 25	FY 26	FY 27	FY 28
Net Real Property	\$1.7M	\$2.8M	\$3.9M	\$5.1M	\$6.1M
RR&PU	0.7	0.7	0.7	0.7	0.7
Business	0.5	0.5	0.5	0.5	0.5
Total Property Tax	\$2.9M	\$4.0M	\$5.1M	\$6.3M	\$7.3M

Revenue Changes from Adopted Plan

	FY 24	FY 25	FY 26	FY 27	FY 28
Total Property Tax	\$2.9M	\$4.0M	\$5.1M	\$6.3M	\$7.3M
Income Tax	16.4	16.6	16.9	17.3	17.6
Investment Income	3.6	3.7	3.0	3.1	3.1
Other	0.7	0.9	0.8	0.7	0.7
Total Annual Revenues	\$23.6M	\$25.2M	\$25.8M	\$27.4M	\$28.7M

Property Tax

Reassessment History



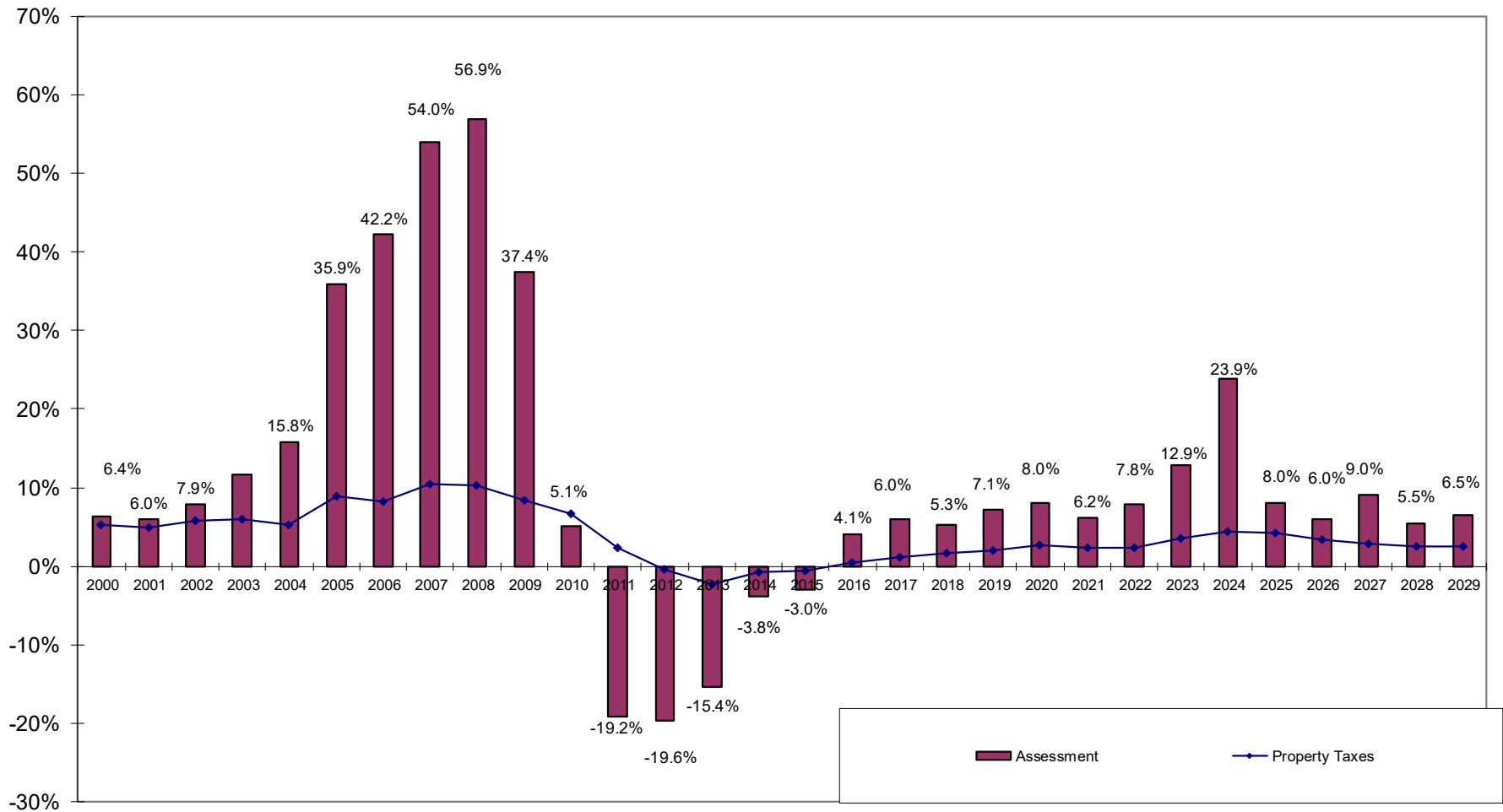
Reassessments

	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Group 1 – South Carroll	4.30%	4.30%	2.00%	2.00%	2.00%	2.17%
Group 2 – North Carroll	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%
Group 3 – Westminster Taneytown	2.61%	2.67%	2.67%	2.67%	1.83%	1.83%
Annual Growth due to reassessments	4.08%	4.36%	3.42%	2.90%	2.65%	2.69%

Total Real Property Growth

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Annual growth from reassessments	4.08%	4.36%	3.42%	2.90%	2.65%	2.69%
Total Growth in Real Property	4.39%	4.28%	3.34%	2.83%	2.58%	2.63%

Reassessment History And Projections



Total Real Property Tax

- FY 22 actual \$210.5M
- FY 23 forecast \$217.6M or 3.3%
- FY 24 forecast \$227.5M or 4.5%

Total Property Tax

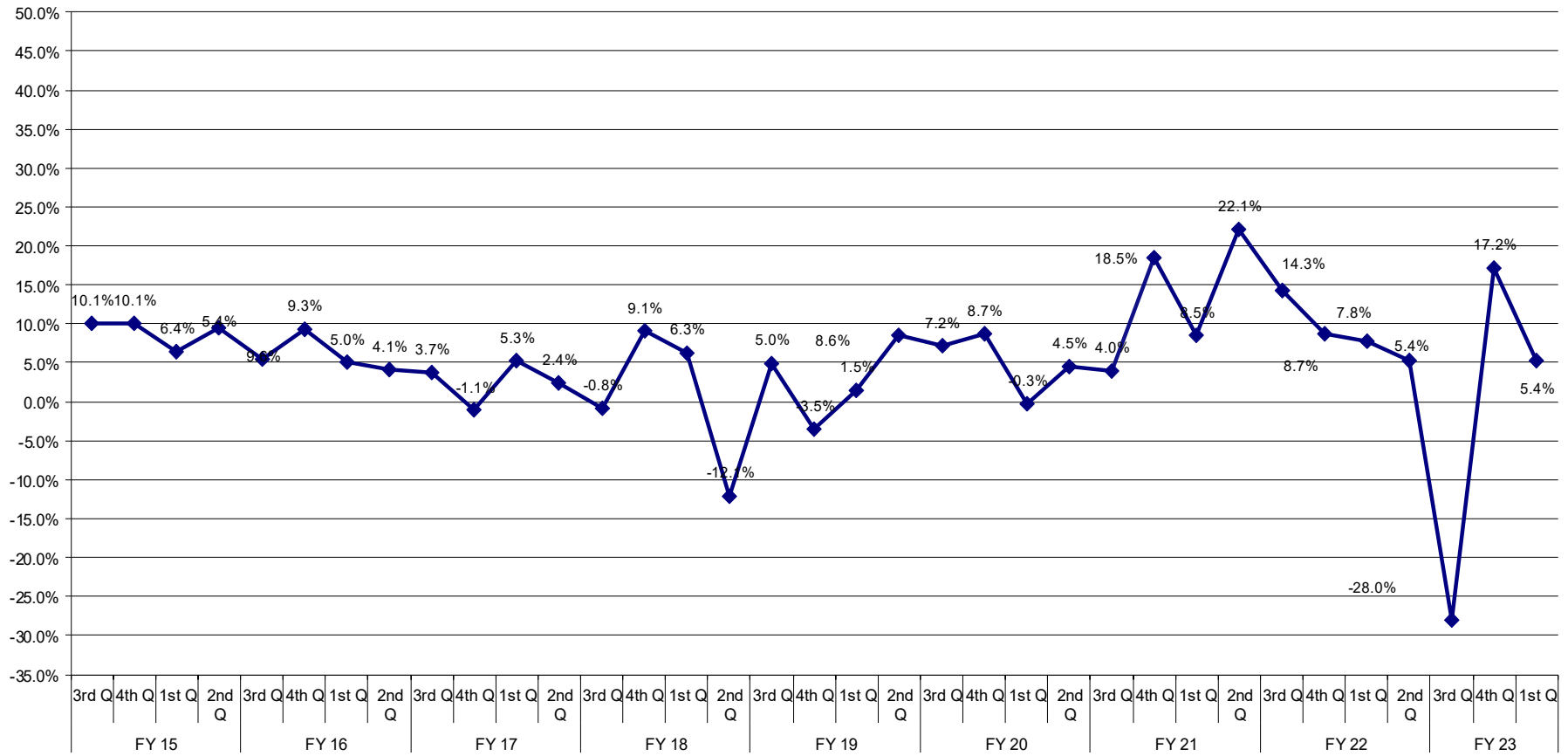
	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-28 Forecast	\$244.8M	\$254.1M	\$261.5M	\$268.2M	\$274.7M
FY 24-28 Plan	\$242.0	\$250.1	\$256.5	\$261.9	\$267.4
Change	\$2.8M	\$4.0M	\$5.0M	\$6.3M	\$7.3M

Real Property Tax Detail

	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Base	\$224.7M	\$234.7M	\$244.9M	\$253.2M	\$260.5M	\$267.4M
New Construction	1.3	1.3	1.3	1.3	1.3	1.3
Reassessment	8.7	8.9	7.1	6.0	5.6	5.9
Homestead Credit	(1.2)	(1.4)	(1.6)	(1.8)	(2.0)	(2.2)
Other Credits	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)
Other Adjustments	0.1	0.1	0.1	0.0	0.0	0.0
Total	\$233.3M	\$243.3M	\$251.4M	\$258.5M	\$265.2M	\$272.1M

Income Tax

Income Tax Distributions



Income Tax

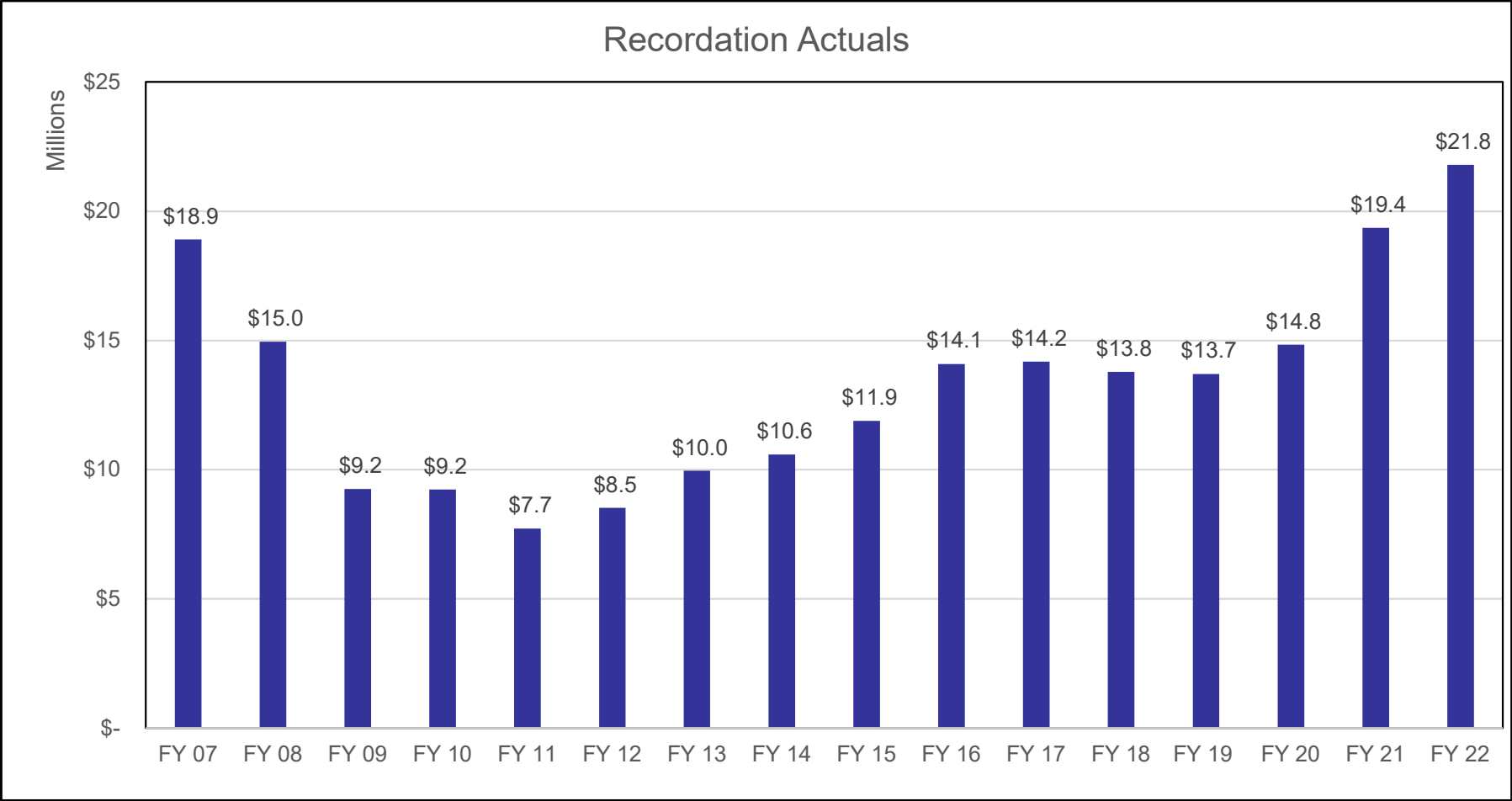
- FY 22 Budget \$165.0M
- FY 22 Actual \$187.7M
 - Reconciling items from prior tax years \$25.6M
- FY 23 Budget – \$183.1M
- FY 23 Forecast \$200.0M
 - A \$12.3M increase from FY 22 actuals, or 6.6%
- FY 24 projection \$207.3M

Income Tax

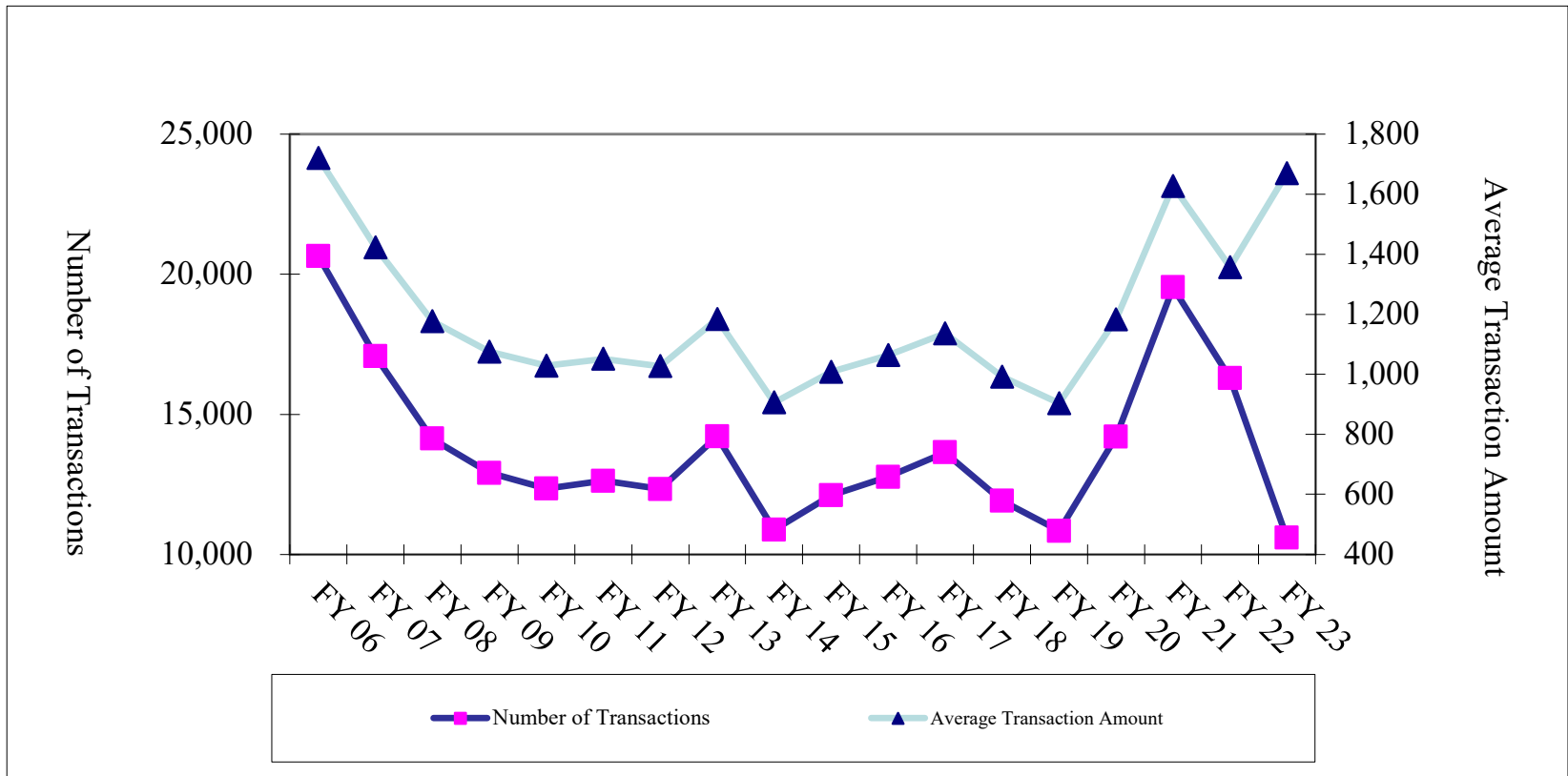
	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-28 Forecast	\$207.3M	\$215.6M	\$224.3M	\$233.4M	\$242.9M
FY 24-28 Plan	190.8	198.9	207.3	216.1	225.2
Change	\$16.5M	\$16.7M	\$17.0M	\$17.3M	\$17.7M

Recordation Tax

Recordation



Recordation Activity



Recordation

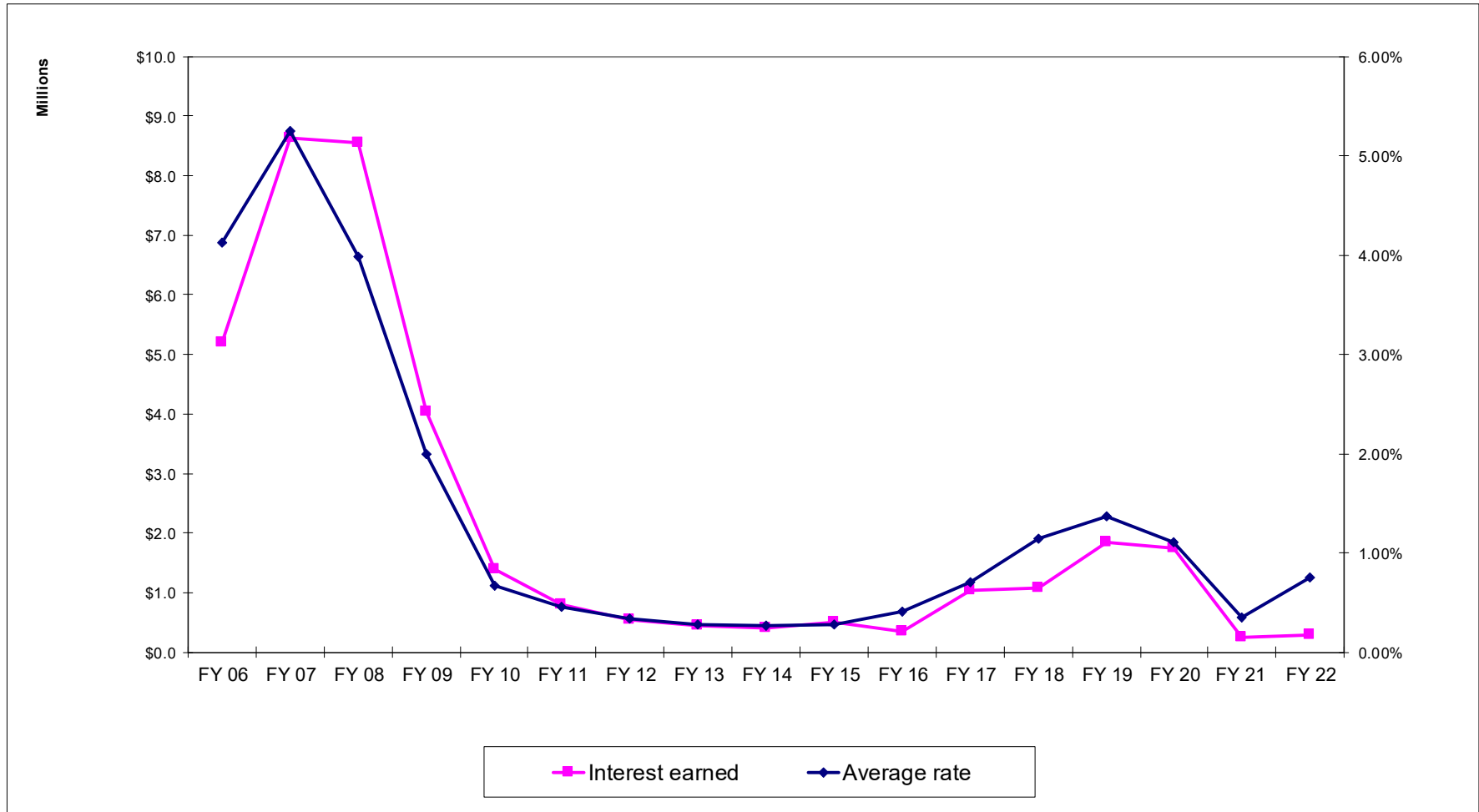
- FY 22 actual \$21.8M
- FY 23 budget \$16.5M
- FY 23 forecast \$17.7M
- FY 24 forecast \$15.5M

Recordation Tax

	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-28 Forecast	\$15.5M	\$14.4M	\$14.6M	\$14.6M	\$14.6M
FY 24-28 Plan	15.5	14.4	14.6	14.6	14.6
Change	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

Investment Income

Investment Income



Investment Income

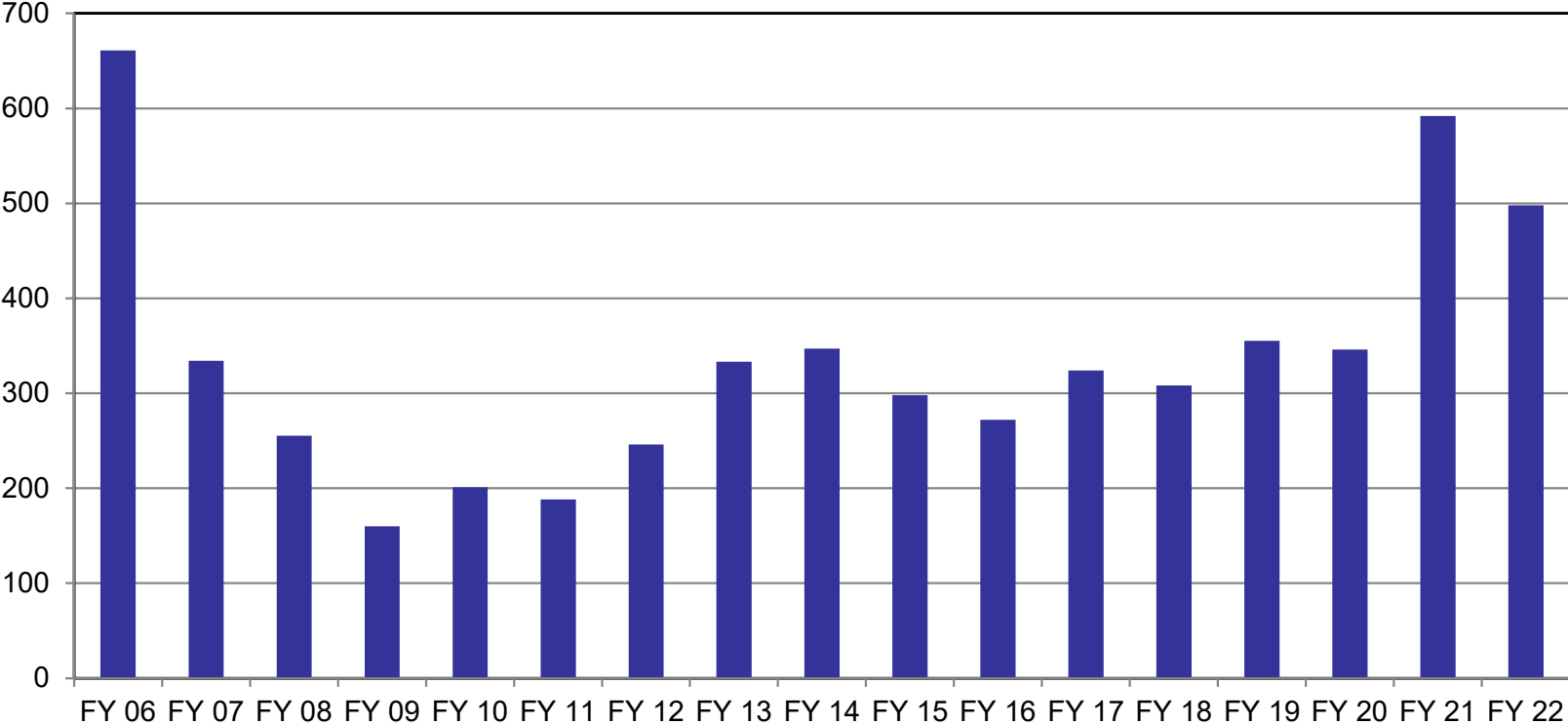
- FY 22 actuals \$0.3M
- FY 23 forecast \$1.2M
- FY 24 forecast \$3.8M

Investment Income

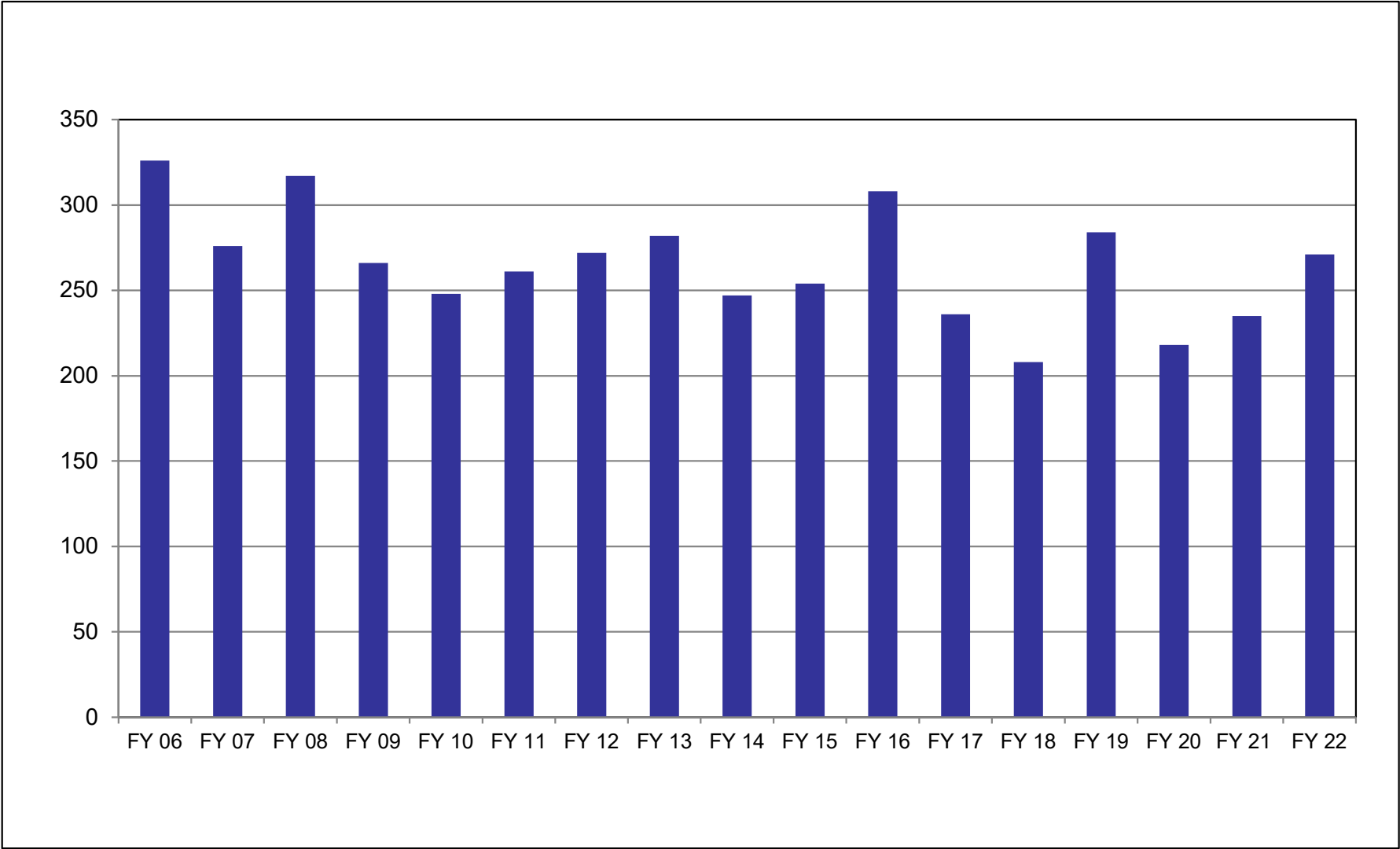
	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-28 Forecast	\$3.8M	\$3.9M	\$3.2M	\$3.3M	\$3.3M
FY 24-28 Plan	0.2	0.2	0.2	0.2	0.2
Change	\$3.6M	\$3.7M	\$3.0M	\$3.1M	\$3.1M

Building Permits

Residential Permits Issued



Commercial/Industrial Permits Issued



Building Permits

- FY 22 actual \$0.8M
- FY 23 budget \$0.8M
- FY 23 forecast \$0.6M
- FY 24 forecast \$0.7M

Building Permits

	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-28 Forecast	\$0.7M	\$0.7M	\$0.7M	\$0.7M	\$0.7M
FY 24-28 Plan	0.8	0.7	0.7	0.7	0.7
Change	(\$0.1M)	\$0.0M	\$0.0M	\$0.0M	\$0.0M

FY 24-29 Operating Plan

Op Plan Assumptions

- CCPS –
 - 3.13% in growth from FY 22-25
 - FY 26 - 29 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%/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 and OPEB – based on actuary studies
- Risk – 5%/year
- Various other smaller specific assumptions

Op Plan Drivers

- Increases from current Adopted Plan:
 - Fire EMS Transition
 - Facilities – price increases
 - Utilities – Electricity and Natural Gas
 - Supplies, Materials, and contracted work
 - Fleet – price increases
 - Vehicles, equipment, and parts
 - Ongoing IT costs
 - BWC service
 - Subscriptions

Op Plan Drivers

- Increases from current Adopted Plan:
 - Pensions
 - Solid Waste
 - Transfer fees due to fuel surcharge on diesel
 - Recycling processing fees
 - Town/County Agreements – inflation factor

Op Plan Drivers

- Decreases from current Adopted Plan
 - OPEB
 - County Workers Compensation to ISF

Changes From Op Plan

In millions	FY 24	FY 25	FY 26	FY 27	FY 28
County DS	(\$0.9)	(\$0.9)	\$0.1	\$0.5	\$0.7
BOE DS - offset by Rev	(0.4)	(0.2)	0.8	3.7	5.1
CCSO/ Detention	0.2	0.3	0.3	0.3	0.3
Net Fire/EMS	4.2	5.0	5.3	5.6	5.7
DPW – Facilities, Fleet, Storms	1.3	1.8	1.5	2.0	1.8
Health/OPEB/ Pension	(1.4)	(1.0)	0.0	(0.3)	(1.1)
Town/County	0.2	0.2	0.2	0.2	0.2
Technology	0.2	0.2	0.2	0.3	0.3

Changes From Op Plan

In millions	FY 24	FY 25	FY 26	FY 27	FY 28
Risk	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Transfer to Capital	19.1	0.4	0.3	0.3	0.6
Transfer to Solid Waste	1.7	0.8	0.9	1.2	1.2
PFAs	0.2	0.2	0.2	0.2	0.0
Other	0.2	(0.4)	(0.5)	(0.8)	(1.1)
Total	\$24.3	\$6.1	\$9.0	\$12.9	\$13.4
Offset by Rev	0.4	0.2	(0.8)	(3.7)	(5.1)
Net change	\$24.7	\$6.3	\$8.2	\$9.2	\$8.3

Topics to Discuss

Total Fire/EMS Planned Funding

(in millions)	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-29	\$28.6	\$34.6	\$36.1	\$37.9	\$39.7
FY 23-28	24.3	29.6	30.8	32.3	34.0
Difference	\$4.2	\$5.0	\$5.3	\$5.6	\$5.6

General Fund Transfer to Solid Waste Enterprise Fund

(in millions)	FY 24	FY 25	FY 26	FY 27	FY 28
FY 24-28 Recomm	\$4.7	\$4.1	\$4.6	\$5.4	\$5.8
FY 23-28 Adopted	3.0	3.4	3.7	4.2	4.6
Change	\$1.7	\$0.7	\$0.9	\$1.2	\$1.2

BOE Capital

- Board of Education Capital
 - Amount of State funding is increasing due to Healthy School Funds and increase in Governor's Budget
 - Requesting an additional Project Manager
 - Design for 4 kindergarten/pre-k additions
 - Feasibility study for future pre-k additions
 - Systemics coming back into the plan

Other

- Opioid Funding
 - Medically Assisted Treatment (MAT)
- Rec and Parks – Grounds Maintenance
- PFAs
- Piney Run Dam
- Parking Garage
- Elections space
- BOU Rates
- Courthouse Annex Reno

Other

- Timing of Block Building
- Transit Funding
- Solid Waste

So Where Does That Leave Us?

Op Plan Balances

FY 23-28 Adopted	FY 24	FY 25	FY 26	FY 27	FY 28
Adopted Balance	(\$2.7M)	(\$8.0M)	(\$10.8M)	(\$17.2M)	(\$25.8M)
%	(0.6%)	(1.6%)	(2.1%)	(3.2%)	(4.8%)

Current Forecast (Pre-Recommended)	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Change in Revenues	\$41.9M	\$25.0M	\$26.8M	\$31.4M	\$34.1M	
Change in Expenditures	24.3	6.1	9.0	13.0	13.4	
Balance prior to other expenditure changes	\$14.9M	\$10.9M	\$7.0M	\$1.2M	(\$5.1M)	(\$8.9M)

What, Me Worry?

Things On My Mind

- COVID's long-term impact on our local revenue picture
- Economic conditions
- 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
 - Survey
 - Construction Inspection
 - Bridge engineer

Things On My Mind

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

Things On My Mind

- State
 - Legislative actions in this session
 - Proposed income tax reductions
- Enterprise Funds

Where Do We Go From Here?

Budget Calendar

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

Budget Calendar

- April
 - Sine Die 4/10
 - Proposed Sessions 4/4-4/18
 - Set up and structure
 - Scenarios
 - ‘What ifs’ on the fly
 - Release of Proposed Budget 4/25
 - Roadshows 4/26-5/3

Budget Calendar

- May
 - Public Hearing 5/9
 - Adopted work sessions 5/16 and 5/18
 - Budget Adoption 5/23
- 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.