

Total Budget Summary

Sources of Funding	Actual FY 06	Original Budget FY 07	Adjusted Forecast FY 07	Budget FY 08	% Change From Original FY 07	% Change From Original FY 07
Property Taxes	\$143,192,552	\$154,029,900	\$158,529,900	\$170,574,900	10.74%	7.60%
Income Tax	108,435,386	113,612,850	105,612,850	113,833,697	0.19%	7.78%
Recordation	22,782,302	22,100,000	19,000,000	20,500,000	-7.24%	7.89%
State/Federal	25,656,878	43,822,960	43,722,960	58,192,329	32.79%	33.09%
Bonds and Other Financing Sources	31,989,625	51,700,526	51,700,526	111,748,916	116.15%	116.15%
Airport User Fees	2,041,458	2,238,160	2,238,160	2,252,020	0.62%	0.62%
Water & Sewer User Fees	6,281,659	6,329,580	6,329,580	7,324,645	15.72%	15.72%
Solid Waste User Fees	6,461,528	6,806,330	6,806,330	7,040,210	3.44%	3.44%
Appropriated Fund Balance	0	12,891,533	12,891,533	13,542,642	5.05%	5.05%
Investment Interest	8,250,363	8,156,300	10,156,300	11,342,500	39.06%	11.68%
Interfund Transfers	0	21,427,322	21,427,322	36,974,199	72.56%	72.56%
Other Revenue	18,183,217	26,310,085	35,010,085	34,994,226	33.01%	-0.05%
Total Sources of Funding	\$373,274,968	\$469,425,546	\$473,425,546	\$588,320,284	25.33%	24.27%

Uses of Funding	Actual FY 06	Original Budget FY 07	Adjusted Budget FY 07	Budget FY 08	% Change From Original FY 07	% Change From Adjusted FY 07
General	\$278,090,434	\$302,636,000	\$302,315,288	\$328,372,000	8.50%	8.62%
Capital ¹	84,726,460	110,627,037	110,627,037	187,127,907	69.15%	69.15%
Water and Sewer ²	11,642,893	19,072,139	19,023,565	20,045,896	5.11%	5.37%
Solid Waste ²	8,699,611	10,492,320	10,492,320	10,874,660	3.64%	3.64%
Airport ²	3,171,794	8,615,908	8,615,908	11,291,222	31.05%	31.05%
Firearms ²	60,269	64,000	64,000	40,000	-37.50%	-37.50%
Septage ²	364,010	689,000	689,000	832,750	20.86%	20.86%
LOSAP	0	0	0	1,000,000	100.00%	100.00%
Special Revenue	866,000	3,062,900	3,062,900	10,985,500	258.66%	258.66%
Pension Trust	6,048,043	1,295,050	1,295,050	985,423	-23.91%	-23.91%
OPEB ³	0	1,963,100	1,963,100	4,966,200	152.98%	152.98%
Grants ⁴	10,380,388	10,908,092	10,908,092	11,798,727	8.16%	8.16%
Total Uses of Funding	\$404,049,901	\$469,425,546	\$469,056,260	\$588,320,284	25.33%	25.43%

¹The Capital Fund does not include capital projects for Enterprise funds, as they are included in their individual funds.

²Enterprise Funds - include both operating and capital budgets.

³Other Post Employment Benefits.

⁴All Grant dollars are shown as Original Budgets.

All Funds Revenue Summary

All revenues are projected to exceed \$588 million in FY 08. Nearly half of this amount will come from property taxes and income taxes.

Revenue growth in FY 08 will be nearly \$119 million over FY 07. Approximately half of this growth is due to increased bonding in the capital budget.

Revenue In Millions	FY 07 Budget	Percent of Total	FY 07 Projected Revenue	Percent of Total	FY 08 Budget	Percent of Total	Cumulative Percent of Total
Property Taxes	\$154.0	32.8%	\$158.5	34.1%	\$170.6	29.0%	29.0%
Income Tax	113.6	24.2%	105.6	22.7%	113.8	19.3%	48.3%
Bonds	51.7	11.0%	51.7	11.1%	111.7	19.0%	67.3%
State/Federal	43.8	9.3%	43.7	9.4%	58.2	9.9%	77.2%
Inter-fund Transfers	21.4	4.6%	21.4	4.6%	37.0	6.3%	83.5%
Other Revenues	26.3	5.6%	26.0	5.6%	35.0	5.9%	89.5%
Recordation Tax	22.1	4.7%	19.0	4.1%	20.5	3.5%	92.9%
Fund Balance	12.9	2.7%	12.9	2.8%	13.6	2.3%	95.3%
Investment Interest	\$8.2	1.7%	\$10.2	2.2%	\$11.3	1.9%	97.2%
Water Sewer User Fee	6.3	1.3%	6.3	1.4%	7.3	1.2%	98.4%
Solid Waste User Fee	6.8	1.4%	6.8	1.5%	7.0	1.2%	99.6%
Airport User Fee	2.3	0.5%	2.3	0.5%	2.3	0.4%	100.0%
Total Revenue	\$469.4	100.0%	\$464.4	100.0%	\$588.3	100.0%	

Percentages may not add to 100% due to rounding

Top Five General Fund Revenues

Property Taxes

Largest Revenue at 29.0% of Total The Property Tax group includes twelve separate taxes, credits and charges. Properties are assessed by the Maryland Department of Assessment and Taxation, while the Board of County Commissioners sets the property tax rate. Applying the County tax rate, \$1.048 for real property and \$2.62 for personal property, to the State assessment determines the amount of taxes owed.

Real property tax is primarily a general fund revenue, but in FY 08 approximately \$22.1 million is used in the capital budget for road improvements, agricultural land preservation, and several one-time expenditures.

The Maryland State Department of Assessments and Taxation (SDAT) provides assessment estimates in November and March for the current, the upcoming and the second-year following tax years. These estimates are the primary source for our property tax projections and can be accessed at www.dat.state.md.us/sdatweb/stats. Additionally, data from building permits and recordation reports, as well as real estate sales information are used.

In recent years property tax revenue experienced extraordinarily strong growth not witnessed since the late 1980's. This growth, like the growth of fifteen years ago, is driven primarily by rising residential property values.

Income Tax

Second Largest Revenue at 19.3% of Total Income tax is calculated as a percentage of net taxable State income. The Commissioners set the rate at 3.05%, although there is a State cap of 3.2%. The State Comptrollers Office administers, collects and distributes this tax to the counties and municipalities

Income tax is primarily a general fund revenue; however, 9.1% of income tax is dedicated to the capital budget for school construction and debt service.

The budget for income tax is based on several factors, including trend analysis, economic analysis and estimates provided by the State Comptroller's Office.

Bonds

Third Largest Revenue at 19.0% of 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.

In FY 08 nearly \$112 million of bonds were budgeted in the capital and enterprise budgets. Almost half of this total is for the new Northern Area High School. Other significant bonded projects include Carroll Community College Classroom Building 4, the Criminal Justice Building, and Agricultural Land Preservation.

Bonds are not budgeted in the same way as other revenues, whereby 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, and available revenues that can be used for either PAYGO or debt service.

State/Federal

Fourth Largest Revenue at 9.9% of Total The County receives federal and state funding for several reasons, including revenue sharing, grants, reimbursements and construction funding.

State and Federal funding is used primarily in the general, capital and grant funds; however, in FY 08 more than \$5M from the Federal and the Maryland Aviation Administrations is budgeted in the enterprise fund for Airport projects. Other significant sources of State and Federal funding include \$12.5 million in Highway User Revenue, primarily used in the general fund, and almost \$20 million from the Maryland Higher Education Commission for Carroll Community College Classroom Building 4 in the capital budget. The grant budget includes more than \$10 million in various federal and state funds that are used for aging, economic development, public safety, housing, transportation, recreation and social services programs.

Budgeting State and Federal funds is 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.

Inter-Fund Transfers

Fifth Largest Revenue at 6.3% of Total Due to governmental accounting procedures, 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 million of impact fees will actually add \$2 million to all funds revenue total. Each fund, special revenue and capital, will show that \$1 million.

\$37 million in unduplicated Inter-Fund transfers are budgeted in FY 08, meaning that the all fund revenue total of \$588 million is also overstated by \$37 million. Of the unduplicated \$37 million, approximately half is used to fund school construction and debt service. Other areas that receive funding through inter-fund transfers include grants, pension and other post employment benefits.

The methods for budgeting inter-fund revenues are varied. Some inter-fund transfers are linked to specific revenue, such as impact fees and the 9.1% of local income tax dedicated for school debt service. In these cases, trend and economic analysis are employed. Other inter-fund 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.