

Management Tool Checklist

FINANCIAL PLANNING

- Fund Balance Reserve
- Contingency Planning
- Multiple Fund Reserves

OPERATIONAL PLANNING

- Six-Year Operating Plan
- Budget Process
- Monthly Multi-Fund Monitoring

DEBT MANAGEMENT

- Debt Affordability Review
- Rapid Debt Retirement
- Debt Disclosure Policies

CAPITAL PLANNING

- Six Year CIP Budget
- Dedicated Paygo Capital Funding
- Operating Impacts for CIP

Financial Management Practices

❑ Fund Balance Reserve/Working Capital Reserve

- The County practices a four-part approach to provide flexibility in the event of unexpected expenditures or loss of revenue:
 - 1) 1.25% of General Fund revenues are appropriated in a Reserve for Contingencies to be used after approval of the Board of Commissioners for unplanned expenditures or to address short-term loss of revenue. In FY 08, the reserve is 2.8% of General Fund revenues.
 - 2) A target amount of 1.5% of General Fund revenues is maintained in a secondary reserve as a buffer against short-term revenue fluctuations. For FY 08, 1.8% of General Fund revenues are being reserved.
 - 3) A target amount of 3.0% of General Fund revenues is maintained as a reserve for extreme unforeseen expenditures. For FY 08, the Stabilization Fund is 3.0% of General Fund revenues. The need for the funds must meet specific criteria and be appropriated by the Board of County Commissioners after a public hearing.
 - 4) On a smaller scale but for specific circumstances where the County is self-insured or where expenditures can experience wide fluctuations, the Board of County Commissioners has established reserves to provide flexibility.
 - A \$1.4 million Health Claims Reserve based on plan.
 - A \$400,000 Worker's Compensation Reserve.
 - A \$500,000 Vehicle Reserve to provide for greater flexibility in planning vehicle replacement purchases.

❑ Multi-year Financial Forecasting

- The County maintains a six-year Operating Plan and a Community Investment Plan for expenditures built on projected revenues.
- Six-year Operating Plans for all of the Enterprise Funds continue to be developed with expenditures built on projected revenues.

Financial Management Practices continued

- ❑ **Monthly Financial Reporting**
 - County staff reviews operating and capital revenues and expenditures monthly, more frequently when conditions warrant, and report to the Commissioners quarterly.

- ❑ **One-Time Revenues**
 - Revenues identified as one-time, including General Fund revenues in excess of projected balances, are used to fund non-recurring expenditures. First priority for these revenues is given to providing paygo funding in the Capital Budget.

- ❑ **Debt Affordability Reviews**
 - Debt service and the County debt burden are compared annually to established debt affordability criteria.*

- ❑ **Paygo Capital Funding**
 - The County is committed to paygo in the CIP. Average paygo funding for FY 08-FY 13 is planned at approximately 19.2% annually.

- ❑ **Debt Retirement**
 - As of June 30, 2007, 81.9% of bond debt owed by the County will be retired within ten years and 45.2% will be retired in five years. New bonds planned for this offering are fifteen-year level principal bonds and will further accelerate Carroll's rate of debt retirement.

- ❑ **Operating Costs of Capital Projects**
 - No Capital project request is considered without an estimated operating impact.
 - Operating impacts are integrated into the Operating Plan after being developed and refined with the assistance of the Department of Management and Budget.

* Carroll County Government FY 08 Adopted Operating Budget, pages 15-16

Financial Management Practices continued

☐ Flexibility

- Revenue Flexibility

- Flexibility remains within the tax capacity to raise property tax and/or income tax, the County’s two largest revenues. Below are area county tax rates for 2007-2008:

Surrounding Counties	Property Tax Rate	Income Tax Rate ²
Baltimore	\$1.100	2.83%
Carroll	\$1.048	3.05%
Frederick	\$1.016-1.064 ¹	2.96%
Harford	\$1.082	3.06%
Howard	\$1.1295-1.1495 ¹	3.20%

1. Property Tax Rate includes fire tax supplement. 2. The maximum Income Tax Rate is set in State law at 3.20%

- Identification of one-time revenues

- Only 1% of budgeted revenues from prior years are considered as on-going funding for budgetary purposes. Any remaining fund balance will be considered as one-time funding.

- Bond Terms

- Bonds currently being issued for 15 year term
- Ability to extend term of future issues

- CIP Funding

- On average, more than 19.2% of the FY 08-FY 13 Community Investment Plan is funded by Paygo.

- Possible Expenditure Changes

- No significant funding cuts to agencies have taken place
- No services have been eliminated