

A Quick Guide to the FY 12 Recommended Budget

Department of Management and Budget

Introduction

This Quick Guide is intended to serve as a summary of important information and changes as well as a tool for understanding and locating information in the Recommended budget books.

The Recommended Budget is the Department of Management and Budget's recommendation to the Commissioners of expenditures that are consistent with the Commissioners' goals and fundable within projected revenues. The Commissioners will make changes to Management and Budget's recommendation after considering agency appeals and public input.

Management and Budget will meet with the Commissioners again in April to develop the Commissioners' Proposed Budget. The Proposed Budget will be available for public review and comment in late April. The Public Hearing on the Budget will be held in early May and Budget adoption will occur in late May. The Recommended Budget and the Proposed Budget will be available on-line at <http://ccgovernment.carr.org/ccg/budget>.

The Operating Budget

Revenues (37-47)

- The FY 12 Recommended Budget is up \$5.3M or 1.5% from the FY 11 Budget. Other than Income Tax increasing by \$6.0M, most other revenues are flat or down.
- There are many revenue changes, but it is only necessary to talk about a handful of changes to understand the growth in the Budget.
- Total Property Tax growth is down 0.3%, or \$0.7M from the FY 11 Budget. This is a change from the recent growth in Property tax. In FY 11 Carroll had an increase of 2.7% and in FY 10 had growth of 8.4%. After years of consistent growth in excess of 7%, limited by the Homestead tax credit, this predictable growth pattern has been cut by a sharp decrease in assessments. The most recent assessment for Group 2 dropped off 19.6%. This was preceded by a drop of 19.2% for Group 1. Both of these decreases resulted in the amount of deferred revenue from the Homestead Tax Credit being cut from nearly \$38M in FY 10 down to \$6M in FY 12. By the time Group 3 is reassessed next year, most likely all of the deferred revenue will be gone.
- Income Tax is up \$6.0M. This increase reflects a 5.9% increase from the FY 11 budget. This increase is based on the first two distributions received in FY 11 and the expectation that the growth rate will continue in the near term. Current State-wide forecasts for FY 12 are 4.9% and historically Carroll's growth has been higher. The forecast for FY 11 is set at \$103M, a 4.8% increase over the \$98.3M actual for FY 10. This return to positive growth is after several years of decreases. In FY 10 collections decreased 4.1%, and in FY 09 collections decreased 4.4%.

- Highway User Revenue is budgeted at \$0 in FY 12. This is the same as FY 11, but it is actually down around \$12M from the State's statutory funding level. In an effort by the State to balance their budget, they are keeping all but \$0.5M of this revenue, which we have dedicated to road maintenance in the CIP.
- Interest is up by \$0.3M. This increase is solely related to the recognition of interest on Installment Purchase Agreements. The County does not anticipate any improvement in the overall interest rate market or the size of the portfolio. Largely due to historically low interest rates, the County expects to earn approximately 0.5% on its investments in FY 12. This is similar to what was earned in FY 11 but down slightly from the 0.7% earned in FY 10. This rate is significantly less than the 2.0% earned in FY 09 and the 4.0% earned in FY 08. This drop in interest rates, combined with a reduction in our portfolio due to the spending down of property tax dollars directly appropriated to the Capital Budget over the past few years, results in interest revenue falling below any level seen in the last decade.
- Recordation is expected to be down by \$2.0M from the FY 11 Budget, but is flat from the revised FY 11 forecast. This revenue is driven by activity in the housing market, particularly the number of transactions and the value per transaction. The housing market began to decline in FY 06 and continued through FY 09. The value per transaction over this period decreased 50.3% and the number of transactions decreased 37.5%. However, in FY 10 there were signs of recovery and improvement in the market. The value per transaction was flat with FY 09 and the number of transactions was down only 4.3%. The hope was the recovery was beginning to happen. Unfortunately, that was not the case. The value per transaction for FY 11 decreased 23% and the number of transactions decreased 37.5%. It became apparent that FY 09 was aided in a significant way by the new homebuyer tax credit. With this program ending the market continued to contract. The expectation for FY 12 is that the number of transactions and the value per transaction will be flat with FY 11. The Forecast for FY 11 is to collect \$8.0M and the Budget for FY 12 is set at \$8.0M.

Expenditures (55-107)

General Fund:

Carroll County Public Schools Summary (57)

- Carroll County Public Schools Operating remains flat.
- Debt service increases \$1.4M due to principal payments beginning in FY 12 for the FY 09 bond sale.

Public Safety & Corrections Summary (65-69)

- Courts (66) decreases \$0.1M, or 5.17%, primarily because the newly appointed Juvenile and Standing Master salary is paid directly by the State
- Sheriff's Office (67) increases \$0.9M, or 7.5%, due to additional costs associated with 23 new positions. In FY 11, The Board of County Commissioners unanimously voted to transition the County away from a contractual relationship with the Maryland State Police for Resident Trooper Positions over the next three years and supplement the

Sheriff's Office with additional Deputy Sheriff positions. Nine of the 23 positions are planned to be hired mid-FY 12 as academy recruits.

- Public Safety-Other (69) decreases \$1.2M, or 7.24%, due to eliminating fifteen Resident Troopers and replacing them with fourteen Sheriff Deputies.

Public Works Summary (73)

- The Board of County Commissioners consolidated the Department of General Services and the Department of Public Works. The combined Public Works Department decreases \$0.3M, or 1.11%, primarily due to the elimination of a director position and shifting pavement preservation to the capital fund, almost entirely offset with the purchase of 14 additional police vehicles for the first year of a three year transition from the Resident Trooper Program to the Sheriff's Department

Citizen Services Summary (77-81)

- Citizen Services (78) decreases \$1,000, or 0.13%, due to a decrease in general operating expenses.
- Citizen Services Other (79) is held flat to FY 11.
- Recreation and Parks (80) decreases \$0.1M, or 3.54%, due to employee turnover and a decrease in general operating expenses.
- Culture and Recreation Other (81) increases \$10,000, or 1.36%, primarily due to expenses associated with the Wine Festival and general facility maintenance

Administrative Services Summary (85-90)

- Administrative Services (85-86) was created in FY 11 by consolidating several departments, resulting in the elimination of the Office of Public Information, a decrease of \$0.1M.
- Office of Management Analysis (87) decreases \$0.3M, or 20.10% due to a reduction in personnel, elimination of consulting fees, and the biennial indirect cost study that was performed in FY 11.
- Human Resources (88) increases \$1.6M, or 7.09%, due to an increase in medical and benefit costs as well as an increase in medical for the addition of the 14 deputy positions and five Communication Specialist positions associated with the transition away from the Resident Trooper program.
- Office of Public Safety (89) increases \$0.3M, or 11.12%, primarily due to the addition of five Communication Specialist positions associated with the transition away from the Resident Trooper program, and for the purchase of communications equipment and associated costs for the fourteen additional deputies.
- Technology Services (90) increases \$0.5M, or 13.77%, due to an additional position, the purchase mobile data terminals for the fourteen new deputies, and the one-time purchase of Microsoft Office software.

General Government Summary (93-100)

- Comptroller (95) increases \$1.0M, or 50.18%, primarily due to adding \$1 million to the Collections Office for the County's share of State assessments, a new cost in FY 12.
- County Attorney (96) decreases \$0.1M, or 3.3%, due to employee turnover.

- Economic Development (97) decreases \$0.3M, or 0.8%, primarily due to the elimination of a one-time expenditure and salary reductions.
- General Services has been consolidated with the Department of Public Works due to reorganization.
- Land Use, Planning and Development (98) decreases \$1.2M, or 22.1%, due to the elimination of a Sustainability Coordinator position and a lower than planned level of Installment Purchase Agreement transactions in FY 10 and FY 11, resulting in a reduction to Ag Pres Debt Service.
- Management and Budget (99) decreases \$0.2M, or 4.7%, primarily due to rebalancing the Internal Service Fund.
- General Government Other (100) decreases \$0.3M, or 15.3%, primarily due to the staff reductions in the Commissioners office and due to Board of Elections only administering one election this year.

Debt, Transfers and Reserves Summary (107)

- Debt Service increases \$1.9M, or 7.7%, primarily due to deferred principal payments from the FY 09 bond sale, beginning in FY 12 along with the debt service related to the FY 11 sale.
- Inter-Fund Transfers increases \$2.6M, or 60.0%.

Other Funds:

Solid Waste Enterprise (135-137)

- Solid Waste Enterprise Fund increases \$1.7M, or 20%, primarily due to an increase in tipping fees and projected in-bound tonnage. Tipping fees are recommended to increase from \$60 per ton to \$64.50 per ton.

Utilities Enterprise Fund Summary (141-143)

- Water and Sewer Enterprise Fund increases \$0.1M, or 0.9%, primarily due to the increase in depreciation expense associated with the new Freedom Water Treatment Plant and Transmission Main, almost entirely offset with reductions in operating expenses.

Airport Enterprise Fund (147-149)

- Airport Enterprise Fund is decreasing \$0.1M, or 13.6%, primarily due to a decrease in Fuel Sales revenue.

Grant Fund Summary (155-156)

- Overall, every \$.11 of County match/contribution brings in \$1.00 of grant funding.

OPEB Fund Summary (159)

- The OPEB Fund increases \$0.6M, or 7.6%, due to a planned increase in funding for the County's future liability and an increase in retirees and their associated health benefits. This increase is partially offset by a reduction in the Health and Fringe budget in the General Fund as most of the positions held by these retirees were eliminated.

Special Revenue Fund (162)

- The Special Revenue Fund is increasing \$2.9M, or 130.5%, primarily due to an increase in impact fees of \$3.9M for the Mt Airy Middle School, and a decrease in Cable Franchise Fees of \$1.0M, or 53.6%, for a one-time transfer to the Capital Fund in FY 11.