



John R. Leopold, County Executive

FY2010 Budget Overview

Office of the Budget

John R. Hammond

Kurt Svendsen Billie Penley
Jessica Leys Marc Burford
Mickey Kirby

May 1, 2009

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FY2009 Estimated Results

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FY2009 Estimated Revenue

(Millions of Dollars)

	FY2009 Budget	FY2009 Current	
	<u>Estimate</u>	<u>Estimate</u>	<u>Difference</u>
Property Tax	516.6	520.8	4.2
Income Tax	389.0	376.1	-12.9
State Shared Revenue	36.3	33.7	-2.6
Recordation & Transfer	83.0	55.0	-28.0
Local Sales Tax	35.5	33.8	-1.7
Licenses & Permits	18.0	15.1	-2.9
Investment Income	8.1	4.0	-4.1
Other	50.5	45.5	-5.0
Interfund Reimb.	<u>36.7</u>	<u>36.4</u>	<u>-0.3</u>
Operating Revenue	1173.7	1120.4	-53.3

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FY2009 Estimated Results

(Millions)

Operating Revenue Less than Estimated	\$53.3
Under Expenditure	<u>24.7</u>
Operating Shortfall	\$28.6
Additional Fund Balance Utilization	<u>11.8</u>
Revenue Stabilization Drawdown	\$16.8

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Fund Balance

(Millions)

From FY2008	\$54.4
Designated for FY2009 Budget	<u>42.6</u>
Available July 1, 2008	\$11.8
Offset to FY2009 Revenue Shortfall	<u>11.8</u>
Available for FY2010 Budget	\$ 0.0

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**FY2010
GENERAL FUND**

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General Fund

\$1.2 Billion

\$1,167,942,400

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Year-to-Year Growth

(Millions)

	<u>Budget</u>	
FY2010	\$1,167.9	
FY2009	<u>\$1,216.3</u>	
Increase	\$ (48.4)	-4.0%

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Revenue Decrease Budget Decrease

Income Tax	\$(32.2)
State Support	(21.3)
Recordation & Transfer Taxes	(23.0)
Investment Income	(4.2)
Other Decreases	(4.5)
Fund Balance	<u>(42.7)</u>
TOTAL	\$(127.9)

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State Cuts

(Millions)

Operating:

• Highway User	\$17.0
• Local Jail Reimbursement	4.0
• Other	<u>0.3</u>
Total	\$21.3

Capital:

• Program Open Space	\$0.7
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Highlights

- **FY2010 Budget 4% Less than FY2009**
- **BOE 1.3% Increase, All Others 8.8% Decrease**
- **Total Budget Reduced \$48.4 Million**
- **Property Tax Rate Decreased 1.2 Cents**
- **Tax Rate \$0.876 (Annapolis \$0.523)**
- **Income Tax Rate Unchanged (2.56%)**
- **107 County Positions Eliminated**
- **Board of Education - \$7.4 Million Increase**

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General Fund Reductions

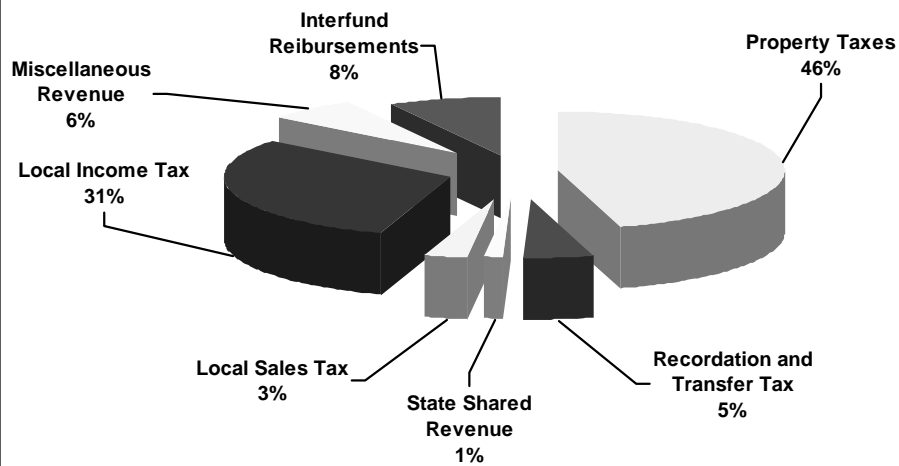
(Millions)

• Fire	4.4
• Public Works	2.2
• Library	1.4
• Information Technology	1.0
• Central Services	0.9
• Inspections & Permits	0.8
• Recreation & Parks	0.7
• Other Departmental	4.4
• PAYGO	32.9
• OPEB	15.0

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General Fund Revenue

\$1,167,942,400



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Revenue

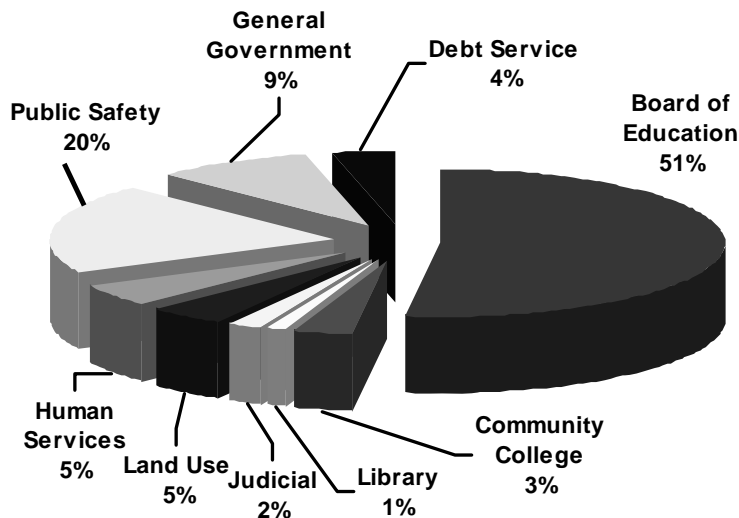
(Millions of \$)

	Amount (Millions \$)	Increase 2009 Bud	Increase 2009 Adj
Property Tax	531.0	2.8%	2.0%
Income Tax	356.8	-8.3%	-5.1%
State Shared Revenue	17.1	-52.9%	-49.3%
Recordation & Transfer	60.0	-27.7%	9.1%
Local Sales Tax	33.3	-5.9%	-1.5%
Licenses & Permits	15.6	-13.3%	3.3%
Investment Income	3.9	-51.9%	-2.5%
Other	54.8	8.5%	20.4%
Interfund Reimbursements	95.4	159.9%	162.1%
Fund Balance	<u>0.0</u>	<u>-100.0%</u>	<u>-100.0%</u>
Total	1167.9	-4.0%	-0.6%

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Appropriations

\$1,167,942,400



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Appropriations

(Millions)

Board of Education	\$ 608.2
Fire	\$ 92.7
Police	\$ 96.8
Detention	\$ 41.2
Community College	\$ 38.0
Public Works	\$ 35.0
Recreation & Parks	\$ 24.5
Health	\$ 18.1
Library	\$ 12.6
Aging	\$ 8.7
All Other	<u>\$ 192.1</u>
Total	\$ 1,167.9

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Appropriations

Board of Education (Direct Contribution)	\$ 592,079,500
Board of Education (Agency Support)	16,100,000
General Government	105,091,900
Land Use	54,855,700
Public Safety	230,695,700
Judicial Branch	20,942,400
Human Services	56,446,500
Debt Service	41,131,000
Library	12,621,000
Community College	<u>37,978,700</u>
Total	\$ 1,167,942,400

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One-Time Funds

(Millions)

Fund Balance	\$ 0.0
Return of PAYGO from Capital Budget	26.7
OPEB Funding	15.0
Bond Premium	4.0
Health Insurance Fund Balance	8.0
Garage Fund Balance – Operating	1.7
Garage Fund Balance – Replacement	<u>6.0</u>
Total	\$61.4

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Capital Projects Impacted by PAYGO Recycling

\$18.6 Million Deappropriated or Reprogrammed

	<u>FY2009 Approved</u>	<u>FY2010 Impact</u>	<u>Out Year Action</u>
Demo Bldg Code/Health	\$100,000	\$60,000	Rest \$60K
Facility Renov/Reloc	\$100,000	Rest - 400K	Rest \$400K
Info Tech Enhance	\$500,000	\$2,000,000	Rest \$4M
County Fac & Sys Upgde	\$500,000	\$1,000,000	Rest \$3M
Selby on the Bay SD	\$1,100,000	Delayed	Push FY2011
Harmans Rd Culv Rehab	\$397,000	Delayed	Push FY2011
Rep/Ren Volunteer FS	\$50,000	0	Rest \$100K
New Eastern PS	\$6,288,000	Delayed	Push FY2011
Road Resurfacing	\$500,000	\$1,000,000	Rest \$5M

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Capital Projects Impacted by PAYGO Recycling

\$18.6 Million Deappropriated or Reprogrammed

	<u>FY2009 Approved</u>	<u>FY2010 Impact</u>	<u>Out Year Action</u>
Masonry Reconst	\$100,000	0	Rest \$1M
Neighb Traffic Control	\$100,000	0	Rest \$250K
Pasadena Rd Imp	\$1,900,000	Delayed	Push FY2012
Riva Rd at Gov Brid Rd	\$1,364,000	Delayed	Push FY2012
Cent MD Tran OPS FAC	\$300,000	0	Push FY2011
Picture Sprg Br Str Rest	\$368,000	Delayed	Push FY2012
Cox Branch Stream Res	\$500,000	Eliminated	
Severn Run Stream Res	\$370,000	Eliminated	

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Board of Education County Funding

(Millions)

County Direct	\$592.1
Other County Funding:	
Textbooks	4.0
School Health	11.7
School Safety (Police)	<u>4.4</u>
Total	\$612.2

1.4% Increase

\$ 8.6 million increase over FY2009

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Board of Education Funding Operating Funds

(Millions)

County	\$592.1	\$7.4
State	271.4	(3.8)
Federal	2.0	0.5
Local	<u>10.0</u>	<u>(0.6)</u>
Total	\$875.4	\$ 3.5

1.3% increase over FY2009

Requested increase of \$45.3 million or a 5.2% increase

Plus an additional \$4.0 million of County funds for textbooks

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Community College Funding

(Millions)

County	\$38.0	\$0.2
State*	29.0	(0.1)
Tuition	33.3	1.7
Other	<u>2.3</u>	<u>0.1</u>
Total	\$102.6	1.8

1.8% increase over FY2009

**Actual State Funding increases \$1.2 million due to \$1.3 million FY2009 recision*

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Library Funding

County	\$12,621,000	(1,400,000)
State	1,835,300	(156,000)
Laurel Impact Fee	60,000	0
Library Fund Balance	450,000	450,000
Other	<u>923,000</u>	<u>(27,000)</u>
Total	\$15,889,300	(1,133,000)

6.7% decrease over FY2009

Plus an Additional \$2 Million of County Funds for Books

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FY2010 Revenue Detail

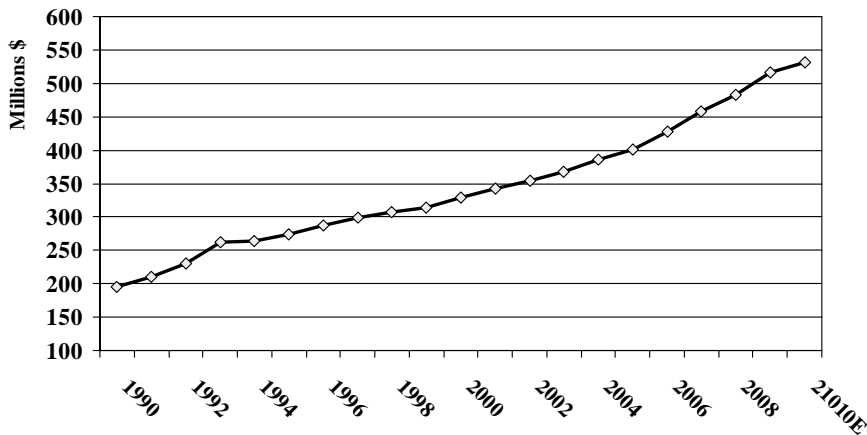
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Property Tax

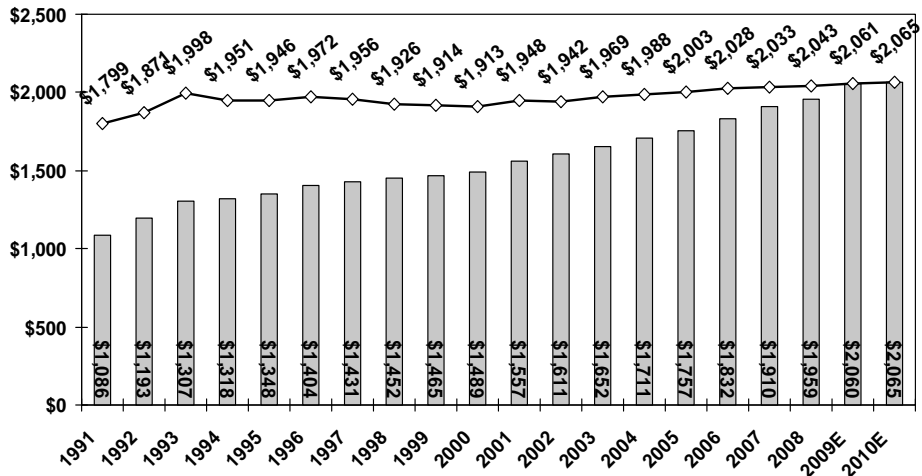
- **3.7% Growth in Assessable Base (Net)**
- **CPI for Tax Cap Purposes – 0.96%**
- **Requires a 1.2 Cent Reduction in Tax Rate**
- **Property Tax Rate \$0.876 (\$0.523 Annapolis)**

**\$531,002,000 Property Tax Revenue
Compares to \$520,783,000 in FY2009
2.0% Growth**

Growth in Property Tax Since 1990

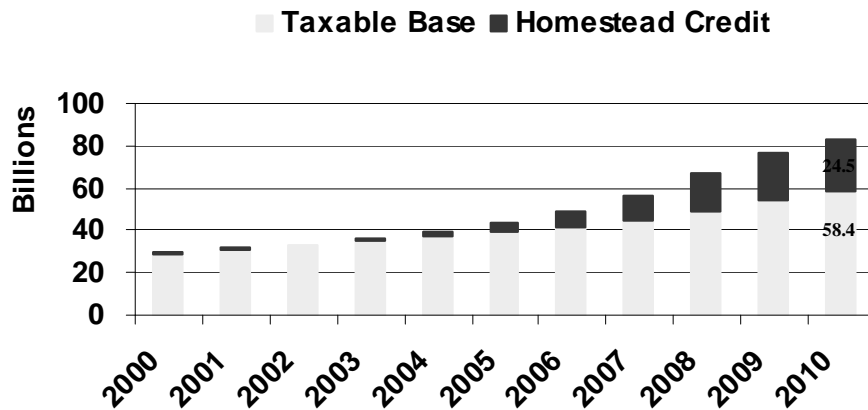


History of Property Tax Bills



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Assessment Safety Valve



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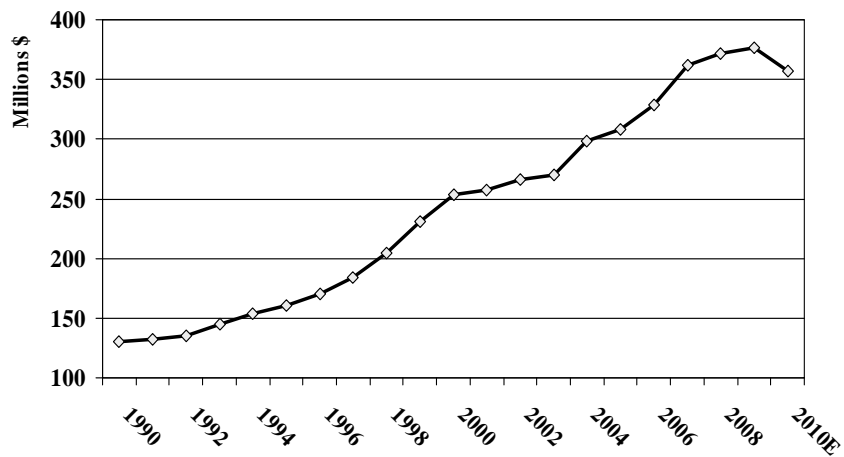
Income Tax

- **FY2009**
 - Over-distribution a consequence of State income tax change
 - Recession's impact on personal income
 - Capital gains minimal
- **FY2010**
 - Continued impact of recession on personal income
 - Over-distribution correction in November 2009
 - Lack of capital gains

\$356,850,000 Income Tax Revenue
Compares to \$376,101,000 in FY2009
5.1% Decline
2.56% Rate – No Increase

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Growth in Income Tax Since 1990



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Recordation & Transfer Tax

- **FY2009**

Transactions Down Substantially....Again
Prices Starting to Weaken
Mortgage Rates Down

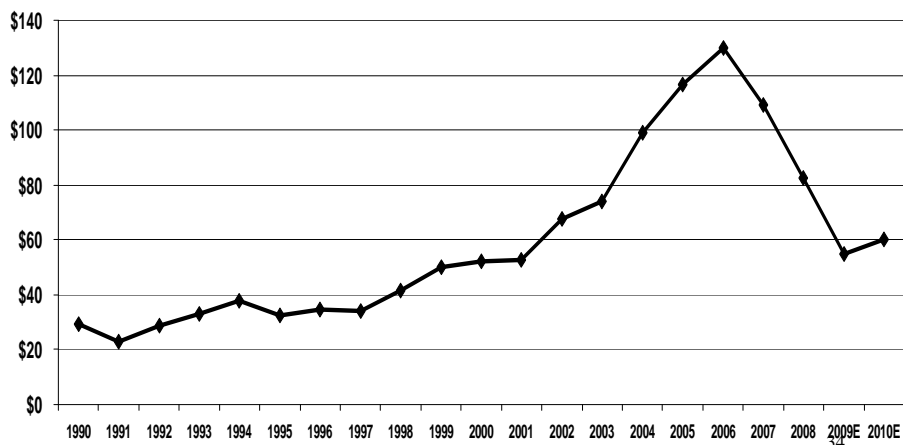
- **FY2010**

Transactions Bottom-out, and Slowly Recover
Prices Soft
Mortgage Rates Stable

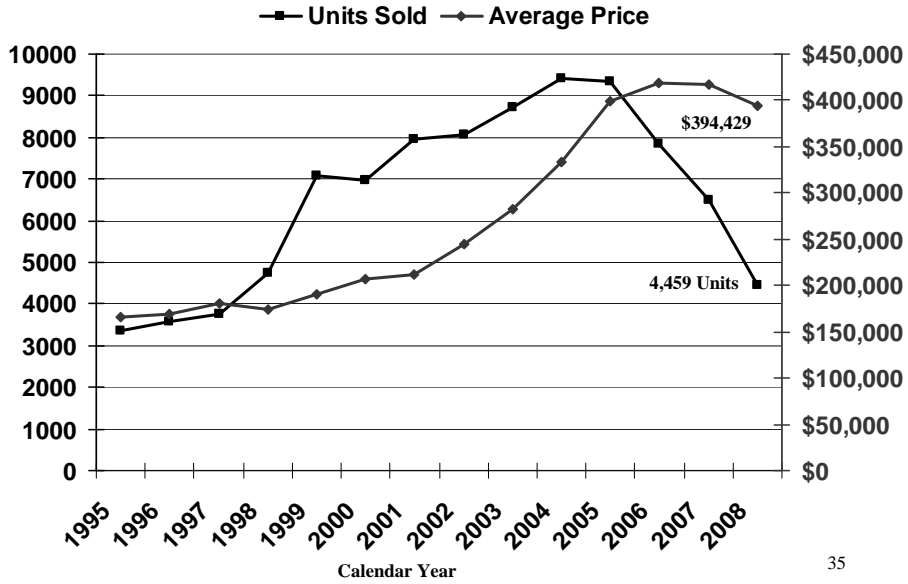
\$60,000,000 Recordation & Transfer Taxes
Compares to \$55,000,000 in FY2009
9.1% Increase

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Growth in Recordation & Transfer Taxes Since 1990

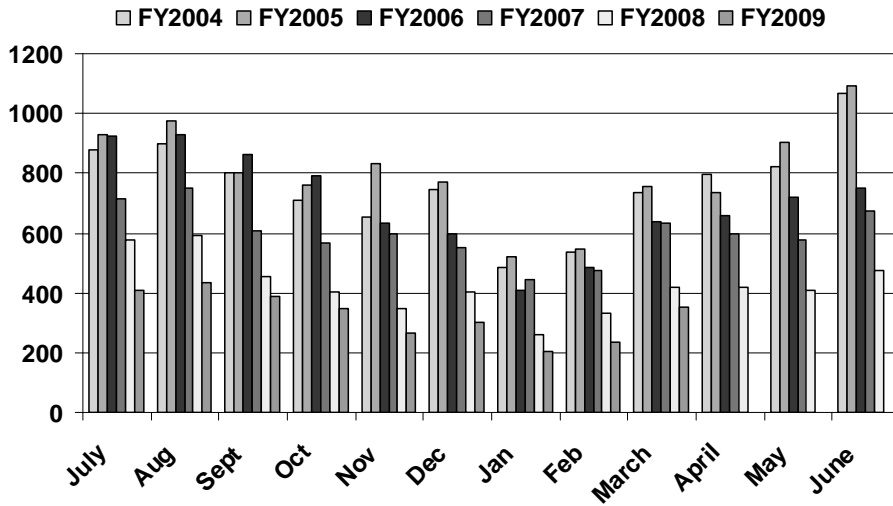


Anne Arundel Housing Transactions



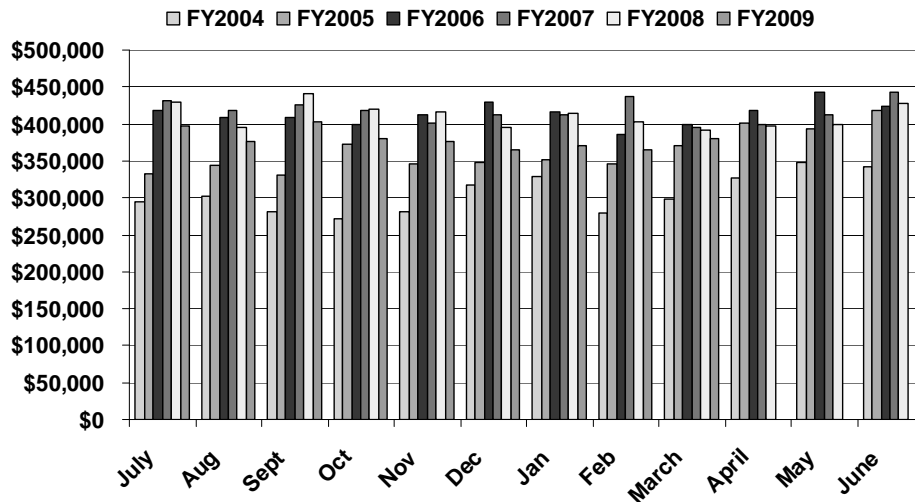
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Monthly Home Sales



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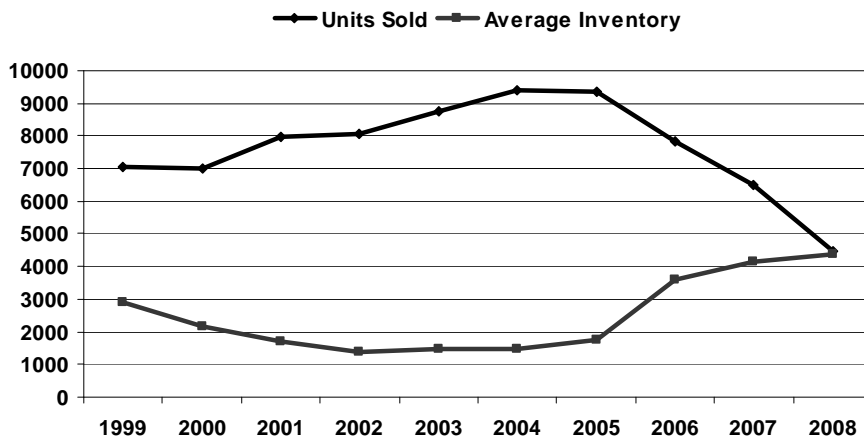
Average House Price



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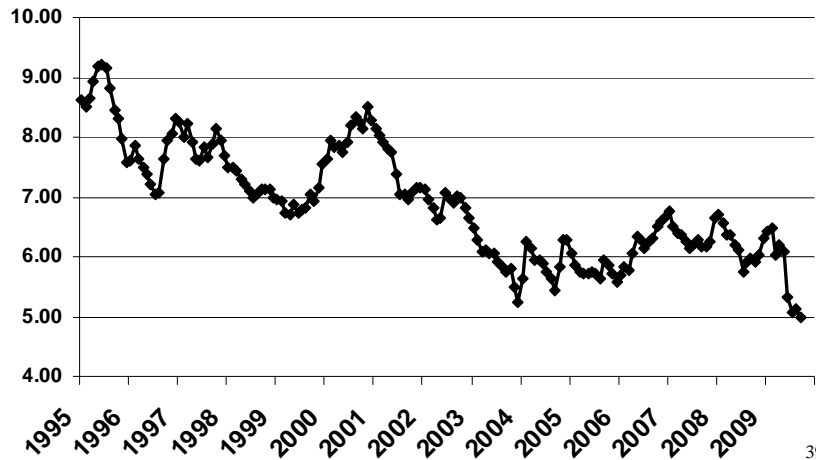
Housing Sales & Inventory

(Calendar Year)



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Mortgage Interest Rates (Fiscal Years)



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State Shared Revenue

- **FY2009**
 Highway User cut \$1.0 Million by State during the year
 Admission & Amusement Taxes impacted by Recession

- **FY2010**
 Highway User Cut by State \$17 Million
 Flat Admission & Amusement Tax Collections

**\$17,119,000 State Shared Revenue
 Compares to \$33,732,000 in FY2009
 49.3% Decrease**

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Local Sales Taxes

- **FY2009**

Parking & Hotel Taxes impacted by recession

Telephone Taxes down as cell telephone options grow

- **FY2010**

Continued economic softness and reduction in traditional telephone service

**\$33,328,000 Local Sales Taxes
Compared to \$33,841,000 in FY2009
1.5% Decrease**

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Licenses & Permits

- **FY2009**

Down due to housing slow down and general economic weakness

- **FY2010**

BRAC related commercial permit activity and housing construction bottoms-out

**\$15,549,600 Licenses & Permits
Compares to \$15,066,200 in FY2009
Increase of 3.3%**

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Investment Income

- **FY2009**

Interest rates down and cash balances down

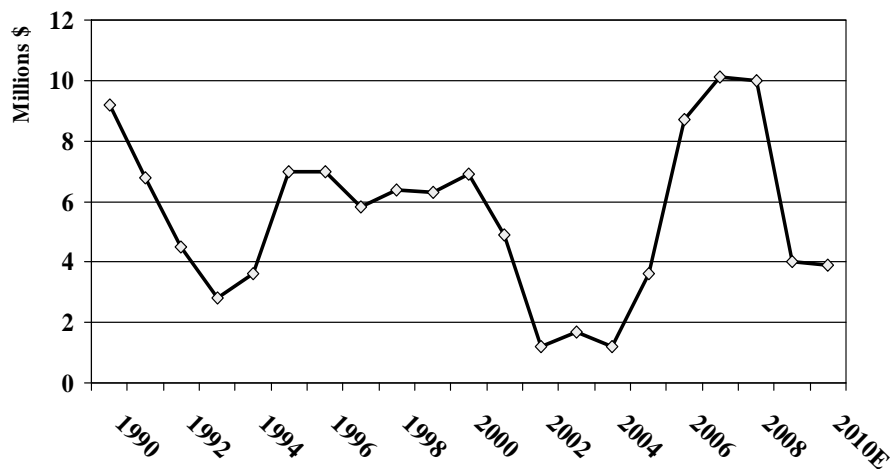
- **FY2010**

Interest rates sticky, cash balances flat

**\$3,891,000 Investment Income
Compares to \$3,975,000 in FY2009
2.5% Decrease**

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Growth in Investment Income Since 1990



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CAPITAL BUDGET & AFFORDABILITY

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AAA

Standard & Poor's

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Debt Affordability Model

Fiscal Year 2010

(millions)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
New Authority	\$115.0	\$115.0	\$115.0	\$115.0	\$115.0	\$115.0
New Authority, IPA	\$0.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Not Used in FY2009	\$19.3					
Total New Authority	\$134.3	\$118.0	\$118.0	\$118.0	\$118.0	\$118.0
Debt Svc./Revenue (9%)	8.1%	8.5%	9.1%	9.5%	9.7%	9.8%
Debt/Full Value (1.50%)	0.90%	0.95%	0.98%	0.99%	1.01%	1.01%
Debt/Person Inc. (3.0%)	2.7%	2.9%	2.9%	2.9%	2.9%	2.9%
Debt/Capita (\$1,500)	\$1,479	\$1,610	\$1,692	\$1,761	\$1,824	\$1,880

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FY2010 Affordability Analysis

(millions)

	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Bonds						
Affordable New Authority	\$134.3	\$118.0	\$118.0	\$118.0	\$118.0	\$118.0
Use of New Bond Authority	\$135.6	\$108.3	\$120.6	\$95.8	\$120.0	\$111.9
Bond Amount Over (Under)	\$1.3	(\$9.7)	\$2.6	(\$22.2)	\$2.0	(\$6.1)
PAYGO						
Annual PAYGO Contribution	\$0.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0
PAYGO Back to General Fund	(\$26.7)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Available PAYGO	\$0.0	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0
Use of PAYGO	(\$26.7)	\$27.9	\$27.0	\$27.0	\$27.0	\$27.0
PAYGO Over (Under)	\$0.0	\$2.9	\$2.0	\$2.0	\$2.0	\$2.0
Bonds & PAYGO Over (Under)	\$1.3	(\$6.8)	\$4.6	(\$20.2)	\$4.0	(\$4.1)

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Capital Budget Highlights

\$217 Million

- **County Facilities & Systems Upgrade** **\$1.5 Million**
- **Septic System Enhancements** **\$1.4 Million**
- **Lake Shore Fire Station** **\$1.0 Million**
- **Stoney Creek Park – Cieplak** **\$2.1 Million**
- **Stadium Renovations** **\$2.5 Million**
- **Bay Head Park Exp – Riggs Bank** **\$1.0 Million**
- **Shepherd Property-Jug Bay** **\$1.9 Million**
- **South River Greenway** **\$1.6 Million**
- **South River Greenway-Piera** **\$0.9 Million**
- **Pinehurst Boat Ramp Acquisition** **\$1.6 Million**

Capital Budget Highlights

- **Road Resurfacing/Reconstruction** **\$16.0 Million**
- **Odenton Town Center Blvd** **\$13.4 Million**
- **MD 214 @ MD 468** **\$1.1 Million**
- **Southdown Shores SD Improv.** **\$0.8 Million**
- **Shipley’s Choice Dam Rehabilitation** **\$1.4 Million**
- **Downs SWM Retrofit** **\$1.2 Million**
- **Library Materials** **\$2.0 Million**

Capital Budget Highlights – BOE

\$137.4 Million – 63% of Capital Budget

• Northeast High School	\$32.3 Million
• Pershing Hill Elementary	\$16.0 Million
• Building Systemics (Multiple Projects)	\$12.9 Million
• Severna Park Middle School	\$12.4 Million
• Overlook Elementary	\$11.0 Million
• Germantown Elementary	\$10.6 Million
• All Day K & Pre K	\$10.0 Million
• Open Space Classroom Enclosure	\$ 8.0 Million
• Belle Grove Elementary	\$ 5.4 Million
• Maintenance Backlog	\$ 5.0 Million
• Southgate Elementary	\$ 4.3 Million
• Text Book Initiative	\$ 4.0 Million

Capital Program

(Millions)

	<u>Average Annual Funding</u>
• County Facilities	\$3.0
• County Technology	\$4.0
• Roads	\$17.0
• Recreation & Parks	\$2.7
• Schools	\$120.0
– Construction	\$54.0
– Systemics	\$15.0
– Other	\$38.0
– Textbooks	\$13.0
• Community College	\$7.0
• Water Quality	\$2.8
• Stormwater Runoff Controls	\$2.5
• Dredging	\$1.2

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Grants Fund

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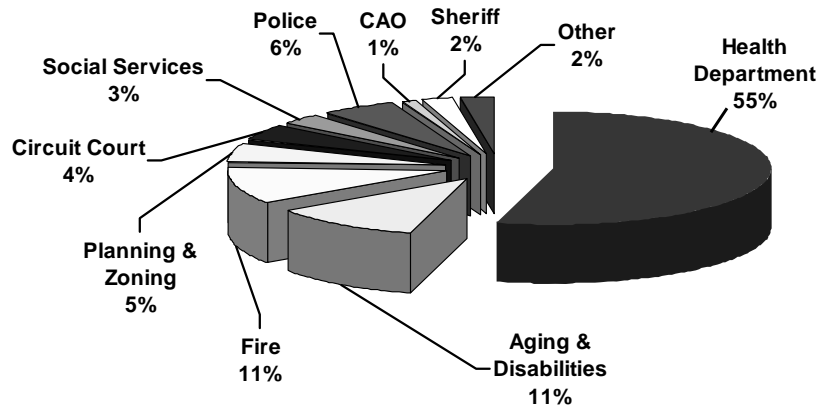
Grants Fund - Appropriations

Health Department	\$20.5
Aging & Disabilities	4.2
Fire	4.0
Planning & Zoning	2.0
Circuit Court	1.6
Social Services	1.2
Police	2.1
CAO	0.4
Sheriff	0.9
Other	<u>1.1</u>
Total	\$38.0

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Grants Fund – Appropriations

\$37,993,800



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ENTERPRISE FUNDS

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Enterprise Funds

- **Water & Sewer Rates**

Effective January 1, 2009

User Rates Increased 5%

Capital Connection Charge increase:

Water – from \$4,500 to \$4,800

Sewer - from \$7,000 to \$8,400

- **Solid Waste Rate Unchanged (\$275)**

Landfill Tipping Fee Increase to \$75/ton from

\$65/ton

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CONCLUSION

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County Comparisons Property Tax Bills

	Average		
	<u>Rate</u>	<u>Assessment</u>	<u>Tax Bill</u>
Anne Arundel	\$ 0.888	\$ 235,700	\$ 2,065
Baltimore County	\$ 1.10	\$ 190,000	\$ 2,090
Harford County	\$ 1.082	\$ 240,000	\$ 2,597
Howard County	\$ 1.2295	\$ 300,000	\$ 3,689
Montgomery	\$ 0.994	\$ 425,000	\$ 4,225
Prince George's	\$ 1.319	\$ 180,000	\$ 2,374
Baltimore City	\$ 2.268	\$ 90,000	\$ 2,041 ₅₉

County Comparisons Income Tax

	\$50,000 Taxable Income	
	<u>Rate</u>	<u>Income Taxes</u>
Anne Arundel	2.56%	\$ 1,280
Baltimore County	2.83%	\$ 1,415
Harford County	3.06%	\$ 1,530
Howard County	3.20%	\$ 1,600
Montgomery	3.20%	\$ 1,600
Prince George's	3.20%	\$ 1,600
Baltimore City	3.05%	\$ 1,525

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County Comparisons Property & Income Taxes

	Property <u>Taxes</u>	\$50,000 Taxable Inc. <u>Income Taxes</u>	<u>Total</u>
Anne Arundel	\$2,065	\$ 1,280	\$3,345
Baltimore County	\$2,090	\$ 1,415	\$3,505
Harford County	\$2,597	\$ 1,530	\$4,127
Howard County	\$3,689	\$ 1,600	\$5,289
Montgomery	\$4,225	\$ 1,600	\$5,825
Prince George's	\$2,374	\$ 1,600	\$3,974
Baltimore City	\$2,041	\$ 1,525	\$3,566

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Tax Burden Comparison



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Final Note

**FY2011 will be at least as
challenging from a budget
perspective as FY2009 &
FY2010**

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**Anne Arundel County, Maryland
John R. Leopold, County Executive**

**Office of the Budget
John R. Hammond, Budget Officer
jhammond@aacounty.org
410-222-1222**

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