

# **Anne Arundel County, Maryland Fiscal Update FY2012**

**County Council Presentation**

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Budget Officer  
February 14, 2011

## **Revenue Reductions Since FY2006**

**Annual Impact**

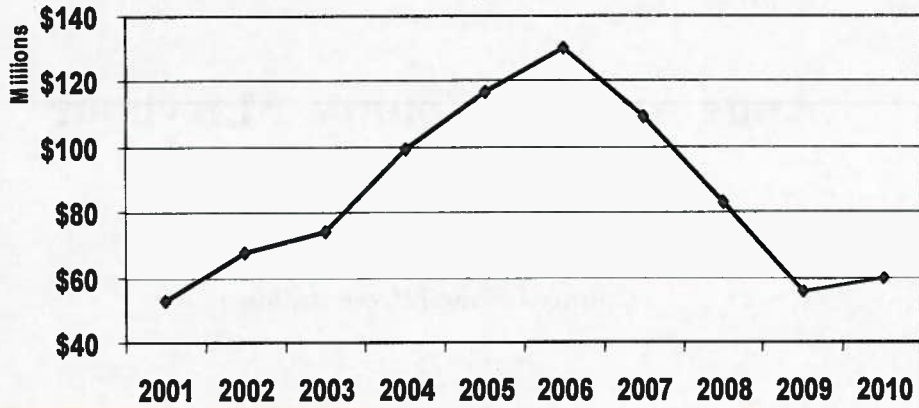
- **Recordation & Transfer Taxes**      **\$70.0 million**
- **Highway User Revenue**                      **30.0 million**
- **Police Aid**    **2.2 million**
- **Detention Center Reimbursement**      **2.5 million**
- **Health Department Support**              **1.8 million**
- **Telephone Tax**                                      **1.9 million**

**Total of \$108.4 million annually or nearly a  
10% reduction from 2006 level**

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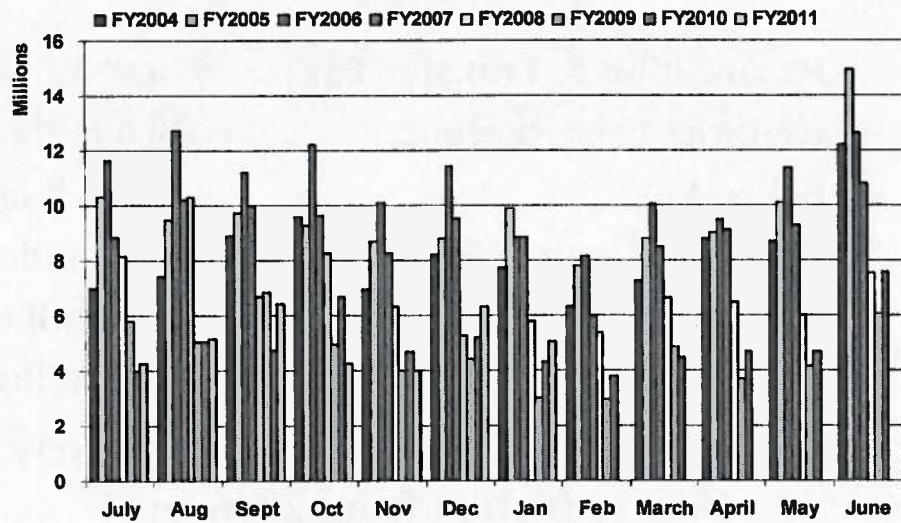
## Recordation & Transfer Tax Receipts

(Fiscal Years)



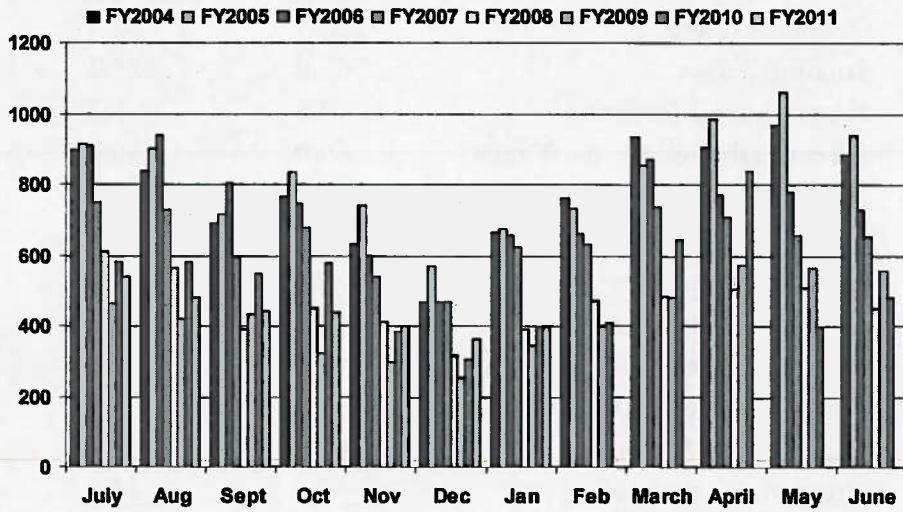
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## Recordation & Transfer Taxes



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## Number of Pending Housing Transactions



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## Revenue Stabilization Fund

(Millions)

|                                       |                    |
|---------------------------------------|--------------------|
| <b>Balance May 1, 2010</b>            | <b>\$33.1</b>      |
| <b>Appropriated May 26, 2010</b>      | <b><u>16.0</u></b> |
| <b>Available Balance June 1, 2010</b> | <b>\$17.1</b>      |

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## FY2011 Revenue

(Millions of Dollars)

|                              | <u>Budget</u>  | <u>Revised</u> |
|------------------------------|----------------|----------------|
| Property Taxes               | 553.8          | 552.0          |
| Income Taxes                 | 363.0          | 355.2          |
| State Shared Revenue         | 9.3            | 9.3            |
| Recordation & Trans. Taxes   | 60.0           | 60.0           |
| Local Sales Taxes            | 31.8           | 31.8           |
| Licenses & Permits           | 16.1           | 16.1           |
| Investment Income            | 0.8            | 0.8            |
| Other Revenues               | 51.7           | 51.7           |
| Interfund Reimb. – Recurring | 43.0           | 43.0           |
| Interfund Reimb. – One-time  | <u>39.8</u>    | <u>38.7</u>    |
| <b>Total Revenue</b>         | <b>1,169.3</b> | <b>1,158.6</b> |
| Fund Balance Used            | <u>5.0</u>     | <u>15.7</u>    |
| <b>Total Funding</b>         | <b>1,174.3</b> | <b>1,174.3</b> |

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## FY2011 Revenue To Date

### Property Tax

New construction addition to assessable base below expectations resulting in estimate shortfall of \$1.8 million

### Income Tax

November Distribution Down 4.1% overall, due to late filed returns being 22.6% below previous year, while withholding and estimated payments for the third quarter were up 2.6%. Additionally for TY2009 we were over distributed by \$5.7 million. Bottom-line, current estimate for FY2011 reduced by \$7.8 million.

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## FY2011 Interfund Reimbursement One-time Revenue

|   |             |
|---|-------------|
| Return of PayGo from Capital Budget     | 7.1         |
| Return of Prior Year OPEB Funding       | 5.0         |
| Health Insurance - Fund Balance         | 3.0         |
| Central Garage (Operating) - Fund Bal   | 1.5         |
| Central Garage (Replacement) - Fund Bal | 10.2        |
| Bond Premium - General Debt Service     | 5.5         |
| Laurel Race Track - Fund Balance        | 1.0         |
| Developer Street Light - Fund Balance   | 0.4         |
| Golf Course                             | 1.1         |
| Community College - Fund Balance        | <u>5.0</u>  |
| <b>Total</b>                            | <b>39.8</b> |

## Recurring Revenue

FY2010 – FY2012

(Millions of Dollars)

|                                | <u>2010</u>    | <u>2011R</u>   | <u>2012E</u>   |
|--------------------------------|----------------|----------------|----------------|
| Property Taxes                 | 537.7          | 552.0          | 565.0          |
| Income Tax                     | 353.4          | 355.2          | 370.0          |
| State Shared Revenue           | 8.9            | 9.3            | 17.6           |
| Recordation & Transfer         | 59.7           | 60.0           | 65.0           |
| Local Sales Taxes              | 31.7           | 31.8           | 33.0           |
| Licenses & Permits             | 15.5           | 16.1           | 17.0           |
| Investment Income              | 0.6            | 0.8            | 1.0            |
| Other                          | 60.9           | 51.7           | 53.0           |
| Interfund Reimb – Recurring    | <u>39.6</u>    | <u>43.0</u>    | <u>45.0</u>    |
| <b>Total Recurring Revenue</b> | <b>1,108.0</b> | <b>1,119.9</b> | <b>1,166.6</b> |

## FY2012 Budget (Millions)

|                                       |                    |                       |
|---------------------------------------|--------------------|-----------------------|
| <b>Recurring Revenue</b>              |                    | <b>\$1,166.6</b>      |
| <b>Baseline Expenditures (FY2011)</b> | <b>\$1,174.3</b>   |                       |
| <b>Less: CAO Contingency</b>          | <b>-\$2.1</b>      |                       |
| <b>Elections</b>                      | <b>-1.4</b>        |                       |
| <b>Add: Library Laurel Racetrack</b>  | <b>0.5</b>         |                       |
| <b>Econ. Dev. Fund Bal. Use</b>       | <b><u>1.0</u></b>  |                       |
| <b>Adjusted Baseline</b>              | <b>\$1,172.3</b>   |                       |
| <b>Built-in Increases</b>             | <b><u>69.8</u></b> |                       |
| <b>Total Expenditures</b>             |                    | <b><u>1,242.1</u></b> |
| <b>Recurring Shortfall</b>            |                    | <b>\$75.5</b>         |

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## FY2012 Built-in Increases (Millions)

|  |                   |
|--|-------------------|
| <b>PayGo Restoration</b>                     | <b>\$13.8</b>     |
| <b>Debt Service – Existing Debt</b>          | <b>5.3</b>        |
| <b>Debt Service – Spring 2011 Issue</b>      | <b>8.8</b>        |
| <b>Pension Contribution</b>                  | <b>2.0</b>        |
| <b>Health Insurance</b>                      | <b>5.0</b>        |
| <b>Retiree Health Insurance</b>              | <b>4.5</b>        |
| <b>No Furloughs</b>                          | <b>5.7</b>        |
| <b>Allowances Restoration</b>                | <b>1.9</b>        |
| <b>Steps/Merits</b>                          | <b>5.5</b>        |
| <b>BOE MOE</b>                               | <b>5.7</b>        |
| <b>Self Insurance</b>                        | <b>2.5</b>        |
| <b>Other (Energy/Materials)</b>              | <b>2.0</b>        |
| <b>Return to Replacement Vehicle Program</b> | <b>2.8</b>        |
| <b>Restore Maintenance Deferrals</b>         | <b>1.0</b>        |
| <b>Transfer of Assessment Costs by State</b> | <b><u>3.5</u></b> |
| <b>Total</b>                                 | <b>\$69.8</b>     |

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## Dealing with the Recurring Shortfall

(Millions)

|                                    |               |
|------------------------------------|---------------|
| <b>FY 2012 Recurring Shortfall</b> | <b>\$75.5</b> |
| <b>Available One-time Funds:</b>   |               |
| County Fund Balance from FY2010    | \$17.4        |
| Fund Balance Generated in FY2011   | 5.0           |
| Bond Premium FY2011 Sale           | <u>5.0</u>    |
|                                    | \$27.4        |
| <b>FY2012 Budget Shortfall</b>     | <b>\$48.1</b> |

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## FY2010 Fund Balance

(Millions)

|   |                    |
|---|--------------------|
| <b>June 30, 2010</b>                        | <b>\$ 33.1</b>     |
| <b>Utilized for FY2011 Budget</b>           | <b><u>15.7</u></b> |
| <b>Available July 1, 2011</b>               | <b>\$17.4</b>      |
| <b>(Available to Support FY2012 Budget)</b> |                    |

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## FY2012 Interfund Reimbursement One-time Revenue

**Bond Premium - General Debt Service** **5.0**

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### Revenue

**FY2010 – FY2012**

(Millions of Dollars)

|                                    | <u>2010</u> | <u>2011R</u> | <u>2012E</u> |
|------------------------------------|-------------|--------------|--------------|
| <b>Property Taxes</b>              | 537.7       | 552.0        | 565.0        |
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| <b>State Shared Revenue</b>        | 8.9         | 9.3          | 17.6         |
| <b>Recordation &amp; Transfer</b>  | 59.7        | 60.0         | 65.0         |
| <b>Local Sales Taxes</b>           | 31.7        | 31.8         | 33.0         |
| <b>Licenses &amp; Permits</b>      | 15.5        | 16.1         | 17.0         |
| <b>Investment Income</b>           | 0.6         | 0.8          | 1.0          |
| <b>Other</b>                       | 60.9        | 51.7         | 53.0         |
| <b>Interfund Reimb – Recurring</b> | <u>39.6</u> | <u>43.0</u>  | <u>45.0</u>  |
| <b>Total Recurring Revenue</b>     | 1,108.0     | 1,119.9      | 1,166.6      |
| <b>Interfund Reimb – One-time</b>  | 87.5        | 38.7         | 5.0          |
| <b>Fund Balance Used</b>           | <u>0.0</u>  | <u>15.7</u>  | <u>22.4</u>  |
| <b>Total Funding</b>               | 1,195.5     | 1,174.3      | 1,194.0      |



## **Lurking Structural Issues**

- **Revenue Stabilization Fund Replenishment**
- **OPEB Benefit/Funding**
- **Infrastructure**
  - **Roads**
  - **Schools**
  - **Facilities**
  - **Stormwater**
- **Pay & Benefits for Current Employees**

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## **What Could Change**

- **FY2011 revenue estimates and expenditures are subject to economic and weather impacts**
- **FY2012 assumes only negative impact from state budget actions is picking up responsibility for property assessments (no assumption of teacher pensions)**
- **FY2012 revenue estimates assume \$8.1 million in slot machine revenue from Arundel Mills**
- **FY2012 Economic outlook**

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