

## SPENDING AFFORDABILITY ADVISORY COMMITTEE REPORT



## Fiscal Year 2012

# Spending Affordability **Advisory Committee**

#### **Citizen Committee Members**

Frank Aquino, Board of Education
Kevin Bell
Buffy Beaudoin-Schwartz
Richard Clinch. PhD
Barry Curtis
Surender Dhawan, CPA
John Hannay, PTA Council
Dr. Clarence Lam
Chris Myers
Mary Ann Scully
Todd Snyder, Esquire
Eileen Straughan
Edward Waddell, CPA

#### **Government Officials**

Haskell Arnold, CPA, County Auditor
Gale Benson, Assistant Budget Administrator
Raymond Brown, Chief Operating Officer, Department of Education
Lynn Coleman, CPA, Dean of Administration, Howard Community College
Sharon Greisz, CPA, Director of Finance
Lonnie R. Robbins, Chief Administrative Office
Raymond S Wacks, Budget Administrator, Chair of Committee

### Howard County Maryland Spending Affordability Advisory Committee Report for Fiscal Year 2012

#### March 2011

#### **Purpose**

County Executive Ken Ulman renewed the Spending Advisory Committee in January 2011. His charge to the committee was to:

- 1. Review in detail the status and projections of revenues and expenditures for the county, not only for fiscal year 2012, but also for fiscal years 2013 through 2017.
- 2. Evaluate future county revenue levels and consider the impact of economic indicators such as changes in personal income, assessable base growth, and other data which the committee considers applicable.
- 3. Evaluate expenditure levels with consideration of the long-term obligations facing the county, and the best way to pay for them.

The committee shall present to the County Executive, a report including:

- a. Projections of revenue for the upcoming fiscal year
- b. A recommended level of new county debt authorization
- c. The anticipated effect of the committee's budget recommendations on future budgets
- d. Other findings and/or recommendations that the committee deems appropriate

#### **Conclusion and Recommendations**

Despite the economic recovery, this past year has continued to be a difficult one for local governments in general and Howard County in particular. The country, this state and Howard County has had to deal with a new reality about its finances. At the local level revenues fell, state aid was reduced, and both expenditures and expectations had to be adjusted to reflect this new reality. The dilemma facing the county now is that as the economy recovers, some of Howard County's revenues will not show the same recovery. Personal income growth and income tax revenues are starting to rebound, but property taxes and real estate based revenues such as development fees and charges will take a long time to recover.

The pre-recession economy was very good for Howard County. The strong real estate market resulted in robust revenue growth and allowed the county to fund healthy budget increases while at the same time maintaining the required balance in its Rainy Day Fund and reasonable fund balances. The county had a strong, well-balanced economy that played a leadership role in the State of Maryland. Factors such as location, wealth, a low crime rate, and a healthy quality of life helped to maintain that position. Individuals and families moved to the county and paid premium house prices because of the schools and quality of life in Howard County. Despite the recession, this is still true.

The committee believes that despite the troubles of the past few years, the long term outlook for Howard County remains strong. Howard County has a strong and vibrant economy and BRAC related development is ongoing. In addition, the decision of the Federal Government to concentrate its cyber-security efforts in this region will only further fuel future expansion. All of this defense & homeland security related spending should translate into a return to long-term economic expansion and revenue growth for the county over the next decade. This growth will be steady lasting over a decade.

Despite this optimistic outlook, the budget situation will continue to be a very difficult one for the Howard County government. At the national level, the recession may be ending, but because of lags in how property is assessed and how income taxes are paid, the county budget is still experiencing the effects of the recession. The committee is especially concerned the impact of the recession will be felt for a number of years. The decline in property tax assessments which are projected to continue at least through FY 2013 will affect property tax collections well into FY 2015 and beyond. This means the

county will have to be vigilant and wary in projecting revenues and setting spending limits in the upcoming and future fiscal years. Using conservative growth projections is prudent in setting the county's spending plans for the next couple years.

There are limited resources available to fund the county's needs. The two extraordinary economic bubbles over the past decade have obscured the long term growth potential of the county's revenue base. It is not likely that revenue growth over the next ten years will be as strong as it has been over the past decade. The committee understands tough choices and decisions must be made about the capital and operating budgets so affordable levels are maintained. The county has real needs to build, renovate, and expand schools and to maintain its infrastructure of roads, storm drains, buildings, facilities, and parks. At the same time the county needs to fund operating costs of schools, libraries, parks, public safety services, and public transportation and to pay county employees reasonable and competitive wages. The added costs to fund the county's OPEB liability will continue for the foreseeable future.

Other funding challenges include storm water management and trash collection. The Committee understands that the County is currently negotiating with the Federal EPA and the Maryland Department of the Environment over a continuation of the storm water discharge permit for the County. Based on information from other county permits, the new draft permit is likely to require that 30% imperious area restoration be completed by the end of the permit in 2016. In addition and parallel to the permit, EPA is requiring all counties in the Chesapeake Bay drainage area to complete Watershed Implementation Plans. It is the Committee's understanding that this level of remediation cannot be accomplished with current revenue sources. If the County is serious about cleaning the environment, and new revenue source to deal with this issue will be necessary.

For most of the past fifteen years the County has enjoyed level trash collection costs as a result of a long term contract. That contract will expire in 2013 and as a result costs will likely rise as the County explores alternative strategies for disposing of trash. This will also continue to put pressure on the County's revenue stream.

The questions remain how to continue the balance between resources and demands, what level of debt can the county afford and how does that translate into bonds authorized in the budget? Using the model in Appendix II, the committee looked at several different scenarios for future debt levels. The

committee used reduced growth rates for income and property taxes for fiscal years 2011, 2012 and 2013 before returning to historical trends in FY 2014. It also reduced projected increases in expenditures during that same time.

The committee discussed the implications of the reduced revenue stream on authorized debt levels and the need to maintain essential infrastructure to ensure that the county maintain its quality of life. As it did last year, the majority of the committee believes that this is not the time to reduce spending on critical infrastructure needs. Staff reported to the committee that because of the weak economy, construction costs and bond interest rates continue at historic low rates. Postponing essential repairs and improvements that will have to be done in future years when costs are higher will not serve the long term interests of the county.

The committee found that relatively small changes in levels of bond authorization do not have a substantial impact on total spending levels because bond costs are amortized over a 20 year period. The committee believes that one hundred million dollars of new bonds each year supported by general fund revenues continues to be an affordable level given the needs and priorities of the county. The committee understands that there is some risk to this policy. Because of the way the county manages cash and sells long term bonds, most of the debt approved in the FY 2012 budget will not be issued until at least FY 2014. This means that any reduction in recommended debt levels will not have any impact on the FY 2012 or FY 2013 budgets. If the economy is not in recovery by FY 2014, the county will have to divert funds from other operating costs to cover the debt service costs of this level of debt. However, the county has been well served by investing in maintaining its infrastructure and the committee believes that this policy should continue.

The Spending Affordability Committee makes the following recommendations for Fiscal Year 2012:

1. Based on reasonable economic projections, the county's total revenues are in a period of slower and government will have to adjust its spending levels in FY 2012, and likely through FY 2015 to reflect this new reality. While income taxes will continue to show some growth, property taxes will remain at near current levels and show little growth for the next several years. Development based revenues will remain static as long as banks are slow to lend money for development, leading to a flat budget for FY 2012.

- 2. Based on current economic trends and outlooks, spending levels will need to be monitored on a continual basis with appropriate changes made as conditions warrant. The committee wishes to make a strong statement that the county needs to keep spending increases within the parameters of these revenues and should plan for only limited growth in FY 2012
- 3. The committee recommends a bond level funding of \$100 million to meet outstanding capital needs. County leaders will have to make some difficult decisions to keep spending within realistic and reasonable levels.
- 4. The county must continue to carefully monitor expenditures to ensure that the spending stays within budgeted levels and must continuously monitor revenues to identify any variations from projected levels. Increased inflation is often one of the outcomes of a recession. This may have a significant impact on spending and inflationary pressures need to be carefully monitored.
- 5. The committee members are clear that they are concerned about the operating expenses facing the county. Among the most critical are the county's OPEB liability and storm drainage funding, trash collection costs, and the level of education funding. Committee members feel that county officials should be mindful of these significant expenses and should make pragmatic future spending projections, seek opportunities in every area to find efficiencies that achieve reduced costs or increased net revenues in both the short and long term.
- 6. To the extent there are changes in economic conditions, the assumptions underlying the committee's recommendations may also change. Consequently, the county must continue to closely monitor economic conditions and to evaluate revenue and expenditures on an ongoing basis.
- 7. These recommendations need to be re-evaluated each year. As the economy cycles through periods of growth and recession, these projected levels of funding will have to be re-evaluated.

#### The Challenges Facing the County

The economic downturn of these past few years has been a difficult not only for the country, but for Howard County as well. The recession has been the worst faced by most of us in our lifetimes. While Howard County may be better off than many other jurisdictions it has not escaped the effects of this recession. Housing prices and sales declined, unemployment doubled, and many businesses closed. As a result, Howard County's budget revenues contracted and the size of the budget fell. In response, the county implemented budget savings included conditional hiring freezes, furloughs, and spending cuts to insure that it ended the year with a balanced budget. Despite this, the demands for continued spending, particularly in education and public safety, has not slowed.

In addition, the county faces new funding challenges. The Committee discussed the challenge of how to fund its responsibility to improve the quality of the Chesapeake Bay by improving storm water management. The County also faces the challenge of continuing to fund refuse collection in an environmentally responsible way in the face of rising costs. It must also figure out how to fund its obligations for pension and health insurance for retired employees.

Looming over all discussions is the possibility that the State may add substantial additional costs to the County and the School System by transferring a portion of the cost of the school teacher's pension system to the County. That cost is currently paid by the State and the County has not factored these costs into its spending projections.

The challenge of funding the capital budget is also daunting. Despite the recession, the county continues to face pressures to fund needed school renovations, community college enhancements, park expansions, facilities for fire and other county services, transportation improvements, storm drains and infrastructure maintenance. The level of funding requested for capital expenditures is likely to translate into future debt service payments which will strain the ability of the county to fund them and raises the following question:

What level of service can the county provide to county residents and still maintain a level of taxes and fees citizens are willing and able to pay? How many bonds can the county afford to include in the budget without unduly burdening future cash flows, jeopardizing its bond ratings or impacting the ability to afford other services? These are some of the key issues the

#### committee discussed during its deliberations.

#### **Background and Forecasts**

#### **Background**

Howard County spending affordability committees have been presenting reports to county executives and the county council since the late 1980's. During that time the county's economy has gone through several economic cycles. These changing local and national economic cycles have made it clear that the county must carefully monitor the use of tax dollars and attempt to accurately project future revenue growth. This committee's task has been to assess the county's ability to repay bond debt and gauge overall expenditure levels without compromising its ability to maintain a balanced budget within available revenues. It is also the committee's responsibility to watch overall spending levels in the operating budget. This review is an important element of the budget process and includes recommendations of the committee regarding how much new debt the county can issue without overburdening itself with debt service payments as well as overall spending levels.

In past reports, the county has examined four statistical measures often used by rating agencies to determine debt capacity. However, these measures are no longer the only focus of the report. The measures have been retained as guidelines for comparison purposes but are not the central focus of the report. Those measures, which are listed in Appendix I of this report, indicate that the county can afford a certain level of debt but they do not take into account other spending needs of the county, or what impact increased debt service payments would have on other services. Further, these measures may not adequately take into account near term changes in future tax revenues due to the unprecedented recession we are now experiencing. Instead, the committee reviewed a financial model, developed by the budget office, projecting general fund revenue growth and future levels of spending for county agencies based on certain assumptions. The committee looked at different growth scenarios to determine what different levels of debt and different funding levels of spending in the operating budget would have on the ability of the county to balance the budget within those parameters and maintain a reasonable fund balance. The committee used this model to reach its conclusions and recommendations for this report. A printout of the budget office's projection is included in Appendix II

#### How the Committee approached its task

The committee examined the current economic conditions in the county to determine future revenue growth. In particular the committee considered the impact of personal income growth, real and personal property taxes, and the impact of the national and state economy. As part of its task, the

committee met with Anirban Basu Chairman & CEO of Sage Policy Group, Inc., an economic and policy consulting firm in Baltimore, Maryland and Dr. Richard Clinch, a member of the committee, who is the Director of Economic Research at the University of Baltimore's Jacob France Institute. Both presented information relating to the labor force, housing statistics, unemployment, and the potential impact of Federal defense spending at and around Fort Meade for Howard County and the State of Maryland. Kent Menser, Executive Director of the Howard County BRAC Office presented information regarding Howard County's current and future economy and the anticipated impact of the BRAC base relocation process and the implications of the projected cyber security expansion at Fort Meade near Howard County. Renee Mierczak, the Acting Supervisor of Assessments for Howard County, discussed the process for assessments and property taxation as well as trends in assessments for the county and state. Sharon Greisz, the Howard County Director of Finance discussed the health of the Howard County pension plans and its OPEB obligations, and Jeff Bronow from the Department of Planning and Zoning presented information on the county's demographics and planned growth.

#### The National and Local Economy

According to economic indicators, the recession has ended. Mr. Basu confirmed that as he reported the following in his February 2011 report to the committee on the national economy:

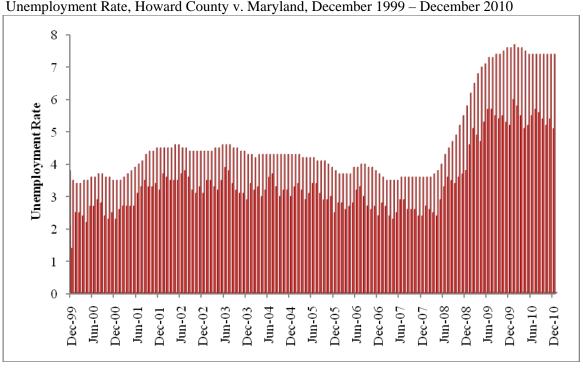
"While the economic recovery that began in June 2009 is unlikely to be as long as the economic expansions of the 1980s and 1990s, for now sustained momentum is firmly in place. With Maryland also benefitting from BRAC this year, we fully anticipate the state to add at least 40,000 jobs this year. With the pace of job creation expected to accelerate, demand for commercial properties is set to expand, greatly relieving fears regarding how the impending mountain of maturing commercial real estate loans will be refinanced. This in turn is creating more confidence among bankers, which in turn is fueling more lending, consumption and investment. . .

On the other hand, QE2 and the Bush tax cut compromise both raise additional issues regarding America's economic future. Specifically, how will Ben Bernanke shrink the Federal Reserve's balance sheet without driving the economy back into recession and how will presumed reductions in federal spending impact the trajectory of the U.S. and Maryland economies during the years ahead?"

With regard to the Maryland and Howard County economy, Mr. Basu reported:

"The hope is that expanding economic momentum in Maryland will continue to whittle away at county and state unemployment rates. To date, progress has been slow. In December 2009, Howard County's unemployment rate was 5.2 percent, which means that unemployment has barely budged over the past year. . . For now, there is reason to believe that unemployment is headed lower in 2011. Initial

unemployment claims have begun to decline more sharply in both Maryland and the U.S. in recent weeks and there is evidence of progress in terms of growth in job openings. Based on these trends, it is quite likely that Maryland's unemployment rate will be below 7 percent by the end of 2011, which is still high, but improved. . .



Unemployment Rate, Howard County v. Maryland, December 1999 – December 2010

The county's housing market also remains stubbornly resistant to market improvement. In January, 139 housing units were sold, a decline from the same period one year ago when 148 units were sold (MRIS). Average days in the market rose from 99 days to 106 days and median home prices fell 7.2 percent on a year-over-year basis and average sold price fell 5.7 percent. . . What is remarkable is that this actually represents above average performance. Howard County's supply and demand of unsold homes is in better balance than virtually any other jurisdiction in Maryland with the likely exception of *Montgomery County* 

Sage Forecasting projected that personal income which grew by just .81% in FY 2009 would grow by 3.56% in 2010, by 6.96% in FY 2011 and 7.28% in FY 2012. This projection returns Howard County to the strong personal income growth in had before the recession.

Dr. Clinch's presentation to the Committee, took place just one week later, but after the Japanese earthquake and the beginning of the Libyan crises. While still projecting strong personal income growth, he was more cautious. Dr Clinch was concerned that cutbacks in Federal spending and

procurement would have a pronounced effect on the Maryland and Howard County economies. He projected personal income growth of 3.6% in 2010, 4.2% in 2011 and 5.3% in 2012. He also pointed out that the County's adequate facilities process has slowed population growth in the County and that will have a tendency to slow long term growth in personal income. The county also receives projections of state and local personal income growth from Moody's Economy.com econometric forecasting service. They have projected personal income growth in Howard County of 4.4% in 2010, 4.8% in 2011 and 6.6% in FY12.

Eighty nine percent of the county's general fund revenues come from local property (53%) and income taxes (36%). These two revenue sources largely determine the level of budget expenditures. Because of the way the assessment process works in Maryland and because of the five percent assessment growth cap the county has implemented, property tax revenues are not as sensitive to short term fluctuations in the economy. This leaves the income tax and growth in personal income, a factor that largely determines income tax growth, that the budget office believes is the primary revenue affected by short-term economic changes.

The other revenue sources that have provided general fund revenue growth over the past few years have been real estate sale based revenue such as the recordation tax and development based licenses fees and charges. Since reaching a peak in FY 2006 these revenues have declined before leveling off and projections for FY 2012 expect revenues to be at levels comparable to FY 2010.

In general, the committee believes that based on the experiences of it members as well as discussions with economists, business leaders, and representatives of the real estate industry, that despite the projections of a national and local recovery, the county should be vigilant and not over optimistic in projecting revenue growth. Recent events have shown how quickly economic conditions can change.

#### **Revenue Estimates**

#### **Property Tax - Real Property**

Property tax growth is governed by growth in the assessable base of the county. Maryland uses a triennial assessment process. In that process one third of the county's residential and commercial/industrial property is reassessed each year and the assessment adjustment increase is phased in over a three-year period. This means any change in the base occurs in a predictable manner. For the upcoming fiscal year, the properties were assessed in the second assessment area covering the

western and southern third of the county including the out-parcels in Columbia. The county has a five percent annual growth cap on assessment increases that can be taxed in any one year for homeowner occupied properties. Thus, if a triennial reassessment increase on a property is more than 15 percent, it will take more than three years to fully phase in the increase. Conversely when a property assessment is reduced in value, the reduction takes place immediately and remains level until the property is reassessed three years later.

For most of the past thirty years, surging housing prices lead to substantial and sustained increases in the assessed value of homes. In some years there were increases in residential assessments of up to 74%. This growth is being phased in at 5 percent a year. If these properties remain with the same owner, it will take many years for most of those property values to be fully phased in. As a result, there remains a significant gain in taxable value from prior years that has not been realized in the taxable assessable base. While this gain may be degraded by declines in assessable value, it is still likely that there are at least several years of deferred growth to be phased in.

However, the era of large increases in the assessable base caused by the bubble in the real estate market is clearly over. In the area reassessed this year, residential property values decreased by an average of 23%. As a result, all three assessment areas of the County have now had assessment decreases since the peak of the real estate bubble. However the cycle of decreasing assessments is not over. After discussion with the Howard County Office of the State Department of Assessment and Taxation, the Budget Office projects that residential assessments in the third assessment area, due to be reassessed in the fall of 2011 for the FY 2013 fiscal year, will decrease by an additional ten percent. When this area was last assessed in the fall of 2008, residential property was decreased by an average of 8%.

What will be the effect of this dramatic change in assessments? A combination of the triennial assessment process and the five percent cap on growth in taxable assessable base has worked to smooth out and defer much of the growth of the last several years. Based on some unscientific random sampling done by the Budget Office, it appears that almost all of the people in the reassessed areas who have lived in their homes for more than ten years will still receive a 5% increase in their property tax bill despite a decrease in the assessed value of their home. This will happen because the assessed value of their home is still be substantially higher than the taxable value of their home on which they were paying property taxes. People in those areas who have lived in their homes between five and ten years will receive a 5% increase in their bill for one or two years before their taxable assessment catches up

with their actual assessment. Many of the people in the assessment area, who have lived in their homes for less than five years, will experience a decrease in their property tax bill. In FY 2010 the value of the Homestead Tax Credit in deferred revenue to the county was about \$106 million. For FY 2011 that amount fell to \$73 million. The Budget Office estimates that in FY 2012 the value of this credit deferment will fall to \$37 million and will decrease again to about \$18 million in FY 2013. The difference between the full assessed value and the value after the effect of the Homestead Tax Credit has been deducted is referred to as the difference between the gross base and the net assessable base of the County.

The portion of the real property assessable base that consists of commercial and industrial property is assessed using the estimated cash flow from the profits generated from that property. This property is not subject to the same 5% cap as residential property. Any increases in this portion of the base are phased in over a three year period regardless of the size of the increase. However, the owners of commercial and industrial property have been vigilant in seeking assessment appeals when the cash flow and profits from their property declines.

Because the reassessments of existing property for Fiscal 2012 are already complete, most of the real property assessable base has already been determined. The only unknown factor is the amount of new construction that will be added to the base between now and July 1, 2011. Based on a projection of that new growth, the reassessments of existing property, the phase in of reassessed property from previous years, and the new construction that has been added to the base during the past year, the Budget Office is projecting a full value real property assessable base of \$43.1 billion. This is a 7.1% decrease over last year's base. However, because of the phase in of five percent cap on assessment for long time residents, the Budget Office is projecting small increases in revenue for FT 12 from real property.

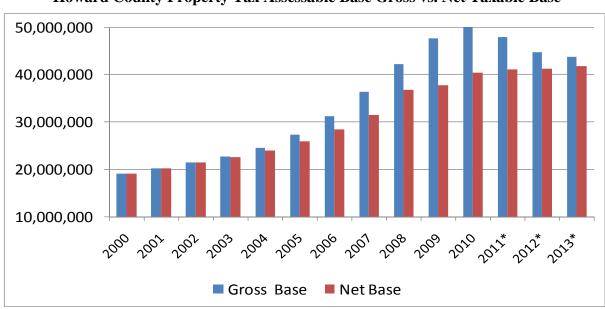
#### **Corporate Personal Property**

Corporate Personal Property is the depreciated value of equipment owned by businesses in the county and the value of property and equipment for railroads and public utilities such as telephone and energy. Corporate spending for new equipment is the largest driving factor of this revenue. Past history indicates this to be a volatile revenue source with large spikes in growth followed by flat revenues or declines in periods of economic recession. Because of the reporting this information, we are anticipating that substantial corporate spending for new equipment is still being deferred. This will result in slow growth personal property assessments as older equipment continues to be depreciated and new equipment is added at a slower rate. Consequently the Budget Office is projecting that revenue

from personal property taxes show only marginal growth in FY 2012.

#### **Summary- Property Taxes**

Overall the total assessable base for both real and personal property is projected to decline by 6.8% – from \$47.9 billion to \$44.6 billion. However, because of the phase-in of the 5% cap, revenues from property taxes are projected to grow by .5%. A one-cent increase in the tax rate on real property with an equivalent increase in the corporate rate of 2.5 cents will generate an additional \$4,700,702 in revenue.



Howard County Property Tax Assessable Base Gross vs. Net Taxable Base

#### **Local Income Tax**

According to the Budget Office, local income tax is the most difficult revenue to project and, at the same time, the most important since it is the second largest revenue source in the county and the most economically sensitive. Most of the surpluses the county has generated in the past decade have come from growth higher than predicted in the income tax. Conversely, the revenue shortfalls the county has experienced have occurred because of shortfalls in income tax collections.

Revenue from income tax is derived from several different sources. The first is wages and salaries paid to Howard County residents, including transfer payments such as social security and pension payments. This type of income is included in the calculation of personal income and is more predictable and easier to project than the other sources. Because of the large number of Howard County residents who are employed in government jobs at the federal, state, or local levels, as well as residents who work for

corporations that do contract work for the federal government, there is a large pool of salary workers that provide some stability in projecting that portion of personal income.

However, another significant portion of personal income earned in the county is the result of the growing group of entrepreneurs that operate businesses and live in Howard County. Many of these individuals report their small business profits on their personal income tax returns as "S" Corporation" income. Another group of people in this category such as real estate agents that effectively own their own individual business are compensated based on business volume. These income tax payers add volatility to the mix. The growth in personal income from these earners may be slower than wage earners. This will have the effect of slowing any gains due to salary increases other workers may receive.

Other revenue sources include interest income, business profits, and capital gains from the sale of property and stocks. These factors are not included in personal income and are more volatile. The committee is concerned that the decline in stock market values that took place in 2008 through the spring of 2009 resulted in capital loses that will be carried into future tax returns and will result in lower levels of revenue from capital gains.

In projecting income tax, the committee used an economic model to project income tax revenue using the following dependent variables to project income tax receipts:

Personal income in Howard County

The Howard County income tax rate

Capital gains income reported by Howard County resident on their tax returns

Business income reported by Howard County residents on their tax returns

While the committee reviewed the model this year, it cautions that this cannot be the single factor used to project income tax revenues. The model uses the projections of personal income developed by Sage Forecasting, and there is concern that these may be too optimistic. The committee believes that the caution is needed. The committee believes that the county will have to closely monitor the situation and adjust projections as appropriate.

#### **Other Revenues**

Property and income taxes make up about 89 percent of the county's general fund revenues. Other local taxes, state revenues, licenses, permits, charges for services, and investment income account for most of

the remaining revenues. Over the past several years these other revenues have been relatively stable, they generally grow as the county expands, and with the rate of inflation. However, with the collapse of the real estate bubble and the credit crises there are two exceptions to this rule - development based revenues and interest income. The county expects that based on current collection patterns and predictions of a slow recovery in the housing market in FY 2012 these revenues will remain level with the amount budgeted in FY 2011. These changes are reflected in the estimates for these other revenues and the county is projecting.

### Revenue Summary

Following is a summary of revenues projected for both Fiscal Year 2011 and Fiscal Year 2012. The long-term projections for revenue are shown on the summary page of the model listed in Appendix II.

Summary of Revenue Projections

	FY 2011		FY 2011	FY 2012	Percent
		Budget	Estimated	Projected	change
Property Tax	\$	438,152,849	\$ 437,199,671	\$ 440,383,661	0.72%
Income Tax		299,000,000	310,000,000	320,000,000	3.23%
Other Local Taxes		21,500,000	22,000,000	22,700,000	3.18%
State Shared Taxes		433,000	794,352	499,778	-37.08%
Other		30,497,863	29,935,674	28,141,378	1.37%
Investment Income		1,221,732	849,890	799,890	-5.88%
Inter fund		33,570,418	33,585,818	29,374,295	-12.54%
Subtotal		824,375,862	835,365,405	841,899,002	0.78%
Prior Years		0	0	0	
Total		824,375,862	834,365,405	841,899,002	0.78%

#### Appendix I: Howard County Debt Measures

In order to determine Howard County's relative debt position, the Committee in past years has evaluated Howard County's debt based on measures used an and data published by Moody's Investor Service and International City/County Management Association publications. The measures used by the county are as follows:

- 1. <u>Debt measured as a percent of the County's assessable base.</u> The County Charter limit currently is at 12% of assessed value. Since the State of Maryland has moved from the 40% cash value assessment of real property, to full cash value assessment, to remain consistent with the Charter limitation, County debt should not exceed 4.8% of the full value assessment.
- 2. <u>Debt measured against the population on a per-capita basis.</u> Per-capita debt of \$1,200 (unadjusted for inflation over the past 10 years), which may be considered excessive by rating agencies.
- 3. <u>Per-capita debt measured as a percent of the jurisdiction's per-capita personal income.</u> This measure should not exceed 10% in the view of many analysts.
- 4. <u>Debt Service as a percent of current revenues</u>. Ten percent or below is considered an appropriate level, with 15% and above as a danger point.

Following is the county position as of June 30, 2010 [The comparable position for FY 2009 is shown in brackets]

#### **Update of the Bond Affordability Measures**

Measure #1: The County's General Obligation Debt as a Percent of the Assessable Base.

As of June 30, 2010[2009], Howard County had an assessable base of \$50,253,150,092 [\$ 47,639,226,373] and a General Obligation Debt of \$723,305,000 [\$679,861,000]. This meant that the ratio of debt to base was 1.44% [1.43%] of assessed value versus the 4.8% limit value versus the 4.8% limit.

#### Measure #2: Debt measured against the population on a per-capita basis.

As of June 30, 2010[09], Howard County had a population of **287,907** [284,952] and a General Obligation Debt of **\$723,305,000** [\$679,86,000] generating a per-capita debt of **\$2,512**[\$2,386]

#### Measure #3: Per-capita debt measured as a percent of per-capita income.

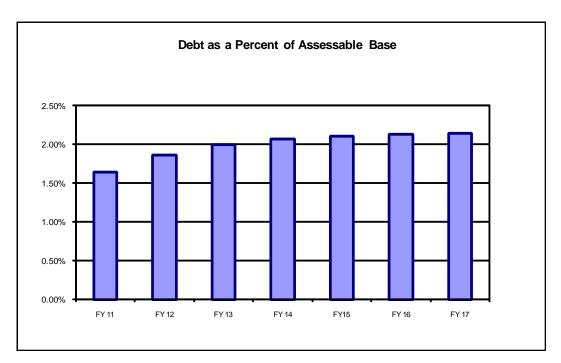
For 2010[09], Howard County residents had an estimated per-capita personal income of \$63,270[\$61,698] and a per-capita debt of \$2,512 [\$2,386] equaling a per-capita debt of 3.97% [3.86%] of per-capita income.

#### **Measure #4: Debt Service as a percent of current revenues.**

In FY 2010 [09], the County received \$1,043,492,135 [\$1,052,972,546] in current revenues from the General Fund, Fire and Rescue Fund, and Environmental Fund, and paid debt service of \$83,657,400 [\$83,757,400]. Thus, debt service equaled 8.02% [7.95%] of current revenues.

Measure #1: Howard County's General Fund Debt as a Percent of the Assessable Base Warning Level is: Debt above the Charter limit of 4.8% at full cash value.

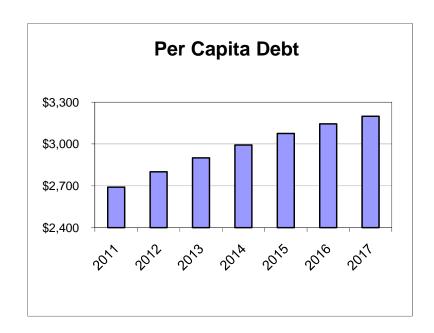
Fiscal Year	County Assessable Base	Debt as Percent of Base		
FY 11	47,922,808,000	1.64%		
FY 12	44,653,514,000	1.85%		
FY 13	43,427,676,000	1.99%		
FY 14	43,777,055,000	2.06%		
FY15	44,625,540,000	2.10%		
FY 16	45,545,590,000	2.12%		
FY 17	46,455,900,000	2.14%		



## Measure #2: Debt Measured Against the Population on a Per-Capita Basis

A Warning Level: General Obligation Debt Per-Capita of greater than \$1,200.

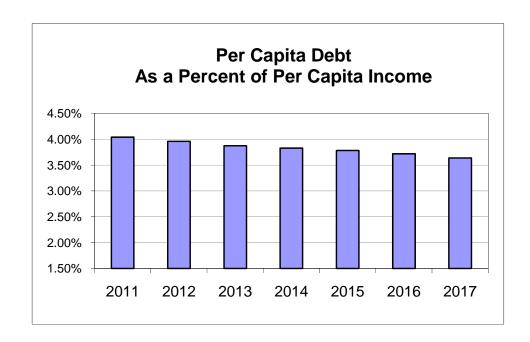
Fiscal Year	Population	Per Capita Debt		
2011	292,800	2,691		
2012	295,750	2,801		
2013	298,700	2,900		
2014	301,650	2,993		
2015	304,600	3,076		
2016	307,550	3,144		
2017	310,500	3,199		



## Measure #3: Per-Capita General Obligation Debt Measured As a Percent of Per-Capita Personal Income

A Warning Level Is: Per-Capita Debt that is equal to 10% of the per capita income for the County.

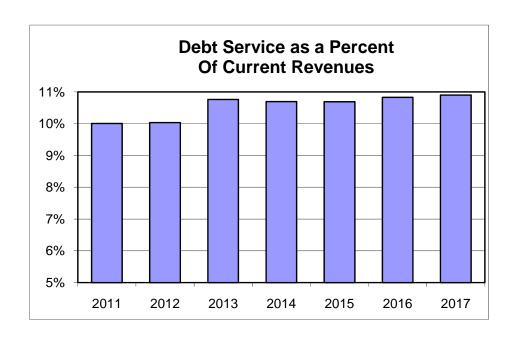
Fiscal Year	Population	Personal Income	Per Capita Debt as a % of Personal Income		
2011 2012	292,800 295,750	19,499,000,000 20,918,000,000	4.04% 3.96%		
2013	298,700	22,361,000,000	3.87%		
2014	301,650	23,585,000,000	3.83%		
2015	304,600	24,764,250,000	3.78%		
2016	307,550	26,002,462,500	3.72%		
2017	310,500	27,302,585,625	3.64%		



### **Measure #4: General Obligation Debt Service as a Percent of Current Revenue**

A Warning Level is: Debt service as a percent of current revenues more than 15%. In past reports, Howard County has used 12% as a target level.

Fiscal Year	Projected Current Revenue	Projected Debt Service	Debt Service as a % of Current Revenue		
2011	898,674,781	89,936,721	10.01%		
2012	922,010,411	92,519,000	10.03%		
2013	938,334,051	100,999,844	10.76%		
2014	968,499,110	103,603,590	10.70%		
2015	992,354,540	106,052,385	10.69%		
2016	1,016,934,552	110,131,180	10.83%		
2017	1,042,173,301	113,610,974	10.90%		



## Appendix II Howard County Revenue/Expenditure Growth Projection Model

FY10	FY11	Estimated	FY13	FY14	FY15	FY16	FY17
			474 004 007	101 750 700	400 077 000	100 011 000	500 750 050
							503,756,358
	, ,		, ,				27,549,817
15,229,779	15,229,779	15,458,226	15,690,099	15,925,451	16,164,332	16,406,797	16,652,899
497,985,673	505,134,037	508,648,669	516,278,399	524,022,575	531,882,913	539,861,157	547,959,074
74,926,942	80,002,028	81,202,058	82,744,898	84,317,051	86,846,562	89,451,959	92,135,518
13,244,213	13,412,870	13,614,063	13,872,730	14,136,312	14,560,401	14,997,214	15,447,130
88,171,155	93,414,898	94,816,121	96,617,628	98,453,363	101,406,964	104,449,172	107,582,648
43 959 298	39 997 869	40 597 837	41 369 196	42 610 272	43 888 580	45 205 237	46,561,394
				, ,			7,252,801
							7,396,781
							633,321
56,655,670	53,126,418	53,923,314	54,947,857	56,596,293	58,294,182	60,043,007	61,844,297
7,564,994	7,833,174	7,950,672	8,101,734	8,466,312	8,847,296	9,245,425	9,661,469
9,004,011	9,004,000	9,139,060	9,312,702	9,871,464	10,463,752	11,091,577	11,757,072
330,000	330,000	334,950	341,314	351,553	362,100	372,963	384,152
7,752,320	7,725,878	7,841,766	7,990,760	8,230,483	8,477,397	8,731,719	8,993,670
391,227	416,464	422,711	430,742	443,665	456,975	470,684	484,804
5,776,536	5,937,120	6,026,177	6,140,674	6,324,894	6,514,641	6,710,080	6,911,383
498,183	521,574	529,398	539,456	555,640	572,309	589,478	607,163
13,008,131	12,997,541	13,192,504	13,443,162	13,846,457	14,261,850	14,689,706	15,130,397
44,325,402	44,765,751	45,437,237	46,300,545	48,090,468	49,956,321	51,901,632	53,930,110
953,238	981,924	996,653	1,015,589	1,046,057	1,077,439	1,109,762	1,143,055
7,153,228	7,654,866	7,769,689	7,917,313	8,154,832	8,399,477	8,651,462	8,911,006
5,704,767	6,127,622	6,219,536	6,337,708	6,527,839	6,723,674	6,925,384	7,133,146
3,227,276	3,262,011	3,310,941	3,373,849	3,475,065	3,579,316	3,686,696	3,797,297
1,294,866	1,270,661	1,289,721	1,314,226	1,374,680	1,437,915	1,504,059	1,573,246
773,444	857,665	870,530	887,070	913,682	941,093	969,325	998,405
0		73,750	73,750	73,750	73,750	73,750	73,750
19,106,819	20,228,499	20,530,820	20,919,505	21,565,905	22,232,664	22,920,438	23,629,904
78,835,414	84,279,606	95,538,193	99,714,781	102,601,763	105,258,659	109,309,907	112,341,119
0		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
			3,600,000	7,200,000			18,000,000
78,835,414	85,979,606	100,738,193	105,014,781	111,501,763	117,758,659	125,409,907	132,041,119
78,835,414	85,979,606	100,738,193	105,014,781	111,501,763	117,758,659	125,409,907	132,041,119
		, ,					
2,961,320	3,286,906	3,336,210	3,399,598	3,501,585	3,606,633	3,714,832	3,826,277
2,961,320 2,302,652	3,286,906 2,345,958	3,336,210 2,381,147	3,399,598 2,426,389	3,501,585 2,499,181	3,606,633 2,574,156	3,714,832 2,651,381	3,826,277 2,730,922
2,961,320 2,302,652 6,409,871	3,286,906 2,345,958 6,463,710	3,336,210 2,381,147 6,560,666	3,399,598 2,426,389 6,685,318	3,501,585 2,499,181 6,885,878	3,606,633 2,574,156 7,092,454	3,714,832 2,651,381 7,305,228	3,826,277 2,730,922 7,524,385
2,961,320 2,302,652 6,409,871 42,600	3,286,906 2,345,958 6,463,710 44,222	3,336,210 2,381,147 6,560,666 44,885	3,399,598 2,426,389 6,685,318 45,738	3,501,585 2,499,181 6,885,878 46,196	3,606,633 2,574,156 7,092,454 46,657	3,714,832 2,651,381 7,305,228 47,124	3,826,277 2,730,922 7,524,385 47,595
2,961,320 2,302,652 6,409,871 42,600 5,726,227	3,286,906 2,345,958 6,463,710 44,222 6,119,120	3,336,210 2,381,147 6,560,666 44,885 6,210,907	3,399,598 2,426,389 6,685,318 45,738 6,328,914	3,501,585 2,499,181 6,885,878 46,196 6,518,781	3,606,633 2,574,156 7,092,454 46,657 6,714,345	3,714,832 2,651,381 7,305,228 47,124 6,915,775	3,826,277 2,730,922 7,524,385 47,595 7,123,248
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139 18,885,809	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738 21,726,654	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738 <b>21,000,553</b>	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738 21,452,695	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738 22,118,359	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740 <b>22,780,986</b>	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142 23,463,482	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017 <b>24,166,444</b>
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017 <b>24,166,444</b>
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139 18,885,809 803,965,942	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738 21,726,654 824,375,863	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738 21,000,553 845,094,908	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738 21,452,695	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738 22,118,359	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740 <b>22,780,986</b>	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142 23,463,482	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017 24,166,444 951,153,597
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139 18,885,809 803,965,942 5,643,625	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738 21,726,654 824,375,863 0	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738 21,000,553 845,094,908	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738 21,452,695 861,531,410	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738 22,118,359 882,348,726	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740 22,780,986 904,312,689	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142 23,463,482 928,048,797	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017 24,166,444 951,153,597
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139 18,885,809 803,965,942 5,643,625	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738 21,726,654 824,375,863 0	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738 21,000,553 845,094,908 0	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738 21,452,695 861,531,410	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738 22,118,359 882,348,726	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740 22,780,986 904,312,689	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142 23,463,482 928,048,797	7,524,385 47,595
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139 18,885,809 803,965,942 5,643,625 809,609,567 816,688,476	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738 21,726,654 824,375,863 0 824,375,862	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738 21,000,553 845,094,908 0 845,094,908	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738 21,452,695 861,531,410 861,531,410	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738 22,118,359 882,348,726 882,348,726	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740 22,780,986 904,312,689 904,312,689	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142 23,463,482 928,048,797 928,048,797	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017 24,166,444 951,153,597 951,153,597
2,961,320 2,302,652 6,409,871 42,600 5,726,227 1,443,139 18,885,809 803,965,942 5,643,625 809,609,567 816,688,476	3,286,906 2,345,958 6,463,710 44,222 6,119,120 3,466,738 21,726,654 824,375,863 0 824,375,862	3,336,210 2,381,147 6,560,666 44,885 6,210,907 2,466,738 21,000,553 845,094,908 0 845,094,908	3,399,598 2,426,389 6,685,318 45,738 6,328,914 2,566,738 21,452,695 861,531,410 861,531,410	3,501,585 2,499,181 6,885,878 46,196 6,518,781 2,666,738 22,118,359 882,348,726 882,348,726	3,606,633 2,574,156 7,092,454 46,657 6,714,345 2,746,740 22,780,986 904,312,689 904,312,689	3,714,832 2,651,381 7,305,228 47,124 6,915,775 2,829,142 23,463,482 928,048,797 928,048,797	3,826,277 2,730,922 7,524,385 47,595 7,123,248 2,914,017 24,166,444 951,153,597 951,153,597
	Audit  457,560,424  25,195,470  15,229,779  497,985,673  74,926,942  13,244,213  88,171,155  43,959,298  5,990,426  6,116,411  589,535  56,655,670  7,564,994  9,004,011  330,000  7,752,320  391,227  5,776,536  498,183  13,008,131  44,325,402  953,238  7,153,228  5,704,767  3,227,276  1,294,866  773,444  0  19,106,819  78,835,414  0  0	Audit         Budget           457,560,424         464,708,788           25,195,470         25,195,470           15,229,779         15,229,779           497,985,673         505,134,037           74,926,942         80,002,028           13,244,213         13,412,870           88,171,155         93,414,898           43,959,298         39,997,869           5,990,426         6,230,410           6,116,411         6,354,094           589,535         544,045           56,655,670         53,126,418           7,564,994         7,833,174           9,004,011         9,004,000           330,000         330,000           330,000         330,000           391,227         416,464           5,776,536         5,937,120           498,183         521,574           13,008,131         12,997,541           44,325,402         44,765,751           953,238         981,924           7,153,228         7,654,866           5,704,767         6,127,622           3,227,276         3,262,011           1,294,866         1,270,661           773,444         857,665	Audit         Budget         FY12           457,560,424         464,708,788         467,617,041           25,195,470         25,195,470         25,573,402           15,229,779         15,458,226           497,985,673         505,134,037         508,648,669           74,926,942         80,002,028         81,202,058           13,244,213         13,412,870         13,614,063           88,171,155         93,414,898         94,816,121           43,959,298         39,997,869         40,597,837           5,990,426         6,230,410         6,323,866           6,116,411         6,354,094         6,449,405           589,535         544,045         552,206           56,655,670         53,126,418         53,923,314           7,564,994         7,833,174         7,950,672           9,004,011         9,004,000         9,139,060           330,000         330,000         334,950           7,752,320         7,725,878         7,841,766           391,227         416,464         422,711           5,776,536         5,937,120         6,026,177           498,183         521,574         529,398           13,008,131         12,997,541 <t< td=""><td>Audit         Budget         FY12           457,560,424         464,708,788         467,617,041         474,631,297           25,195,470         25,195,470         25,573,402         25,957,003           15,229,779         15,229,779         15,458,226         15,690,099           497,985,673         505,134,037         508,648,669         516,278,399           74,926,942         80,002,028         81,202,058         82,744,898           13,244,213         13,412,870         13,614,063         13,872,730           88,171,155         93,414,898         94,816,121         96,617,628           43,959,298         39,997,869         40,597,837         41,369,196           5,990,426         6,230,410         6,323,866         6,444,020           6,116,411         6,354,094         6,449,405         6,571,944           589,535         544,045         552,206         562,698           56,655,670         53,126,418         53,923,314         54,947,857           7,564,994         7,833,174         7,950,672         8,101,734           9,004,011         9,004,000         9,139,060         9,312,702           330,000         330,000         334,950         341,314           7,</td><td>Audit         Budget         FY12           457,560,424         464,708,788         467,617,041         474,631,297         481,750,766           25,195,470         25,195,470         25,573,402         25,957,003         26,346,358           15,229,779         15,229,779         15,458,226         15,690,099         15,925,451           497,985,673         505,134,037         508,648,669         516,278,399         524,022,575           74,926,942         80,002,028         81,202,058         82,744,898         84,317,051           13,244,213         13,412,870         13,614,063         13,872,730         14,136,312           88,171,155         93,414,898         94,816,121         96,617,628         98,453,363           43,959,298         39,997,869         40,597,837         41,369,196         42,610,272           5,990,426         6,230,410         6,323,866         6,444,020         6,637,340           6,116,411         6,354,094         6,449,405         6,571,944         6,769,102           589,535         544,045         552,206         562,698         579,579           56,655,670         53,126,418         53,923,314         54,947,857         56,596,293           7,564,994         7,833,174</td><td>Audit         Budget         FY12           457,560,424         464,708,788         467,617,041         474,631,297         481,750,766         488,977,028           25,195,470         25,195,470         25,573,402         25,957,003         26,346,358         26,741,553           15,229,779         15,229,779         15,458,226         15,690,099         15,925,451         16,164,332           497,985,673         505,134,037         508,648,669         516,278,399         524,022,575         531,882,913           74,926,942         80,002,028         81,202,058         82,744,898         84,317,051         86,846,562           13,244,213         13,412,870         13,614,063         13,872,730         14,136,312         14,560,401           88,171,155         93,414,898         94,816,121         96,617,628         98,453,363         101,406,964           43,959,298         39,997,869         40,597,837         41,369,196         42,610,272         43,888,580           5,990,426         6,230,410         6,323,3866         6,444,020         6,637,340         6,836,460           6,116,411         6,354,094         6,449,405         6,571,944         6,769,102         6,972,176           589,535         544,045         562,206</td><td>  Audit   Budget   FY12   457,560,424   464,708,768   467,617,041   474,631,297   481,750,766   488,977,028   496,311,683   25,195,470   25,195,470   25,195,470   25,573,402   25,957,003   26,346,358   26,741,553   27,142,677   15,229,779   15,458,226   15,690,099   15,925,451   16,164,332   16,406,797   497,985,673   505,134,037   508,648,669   516,278,399   524,022,575   531,882,913   539,861,157   74,926,942   80,002,028   81,202,058   82,744,898   84,317,051   86,846,562   89,451,959   13,244,213   13,412,670   13,614,063   13,872,730   14,136,312   14,560,401   14,997,214   88,171,155   93,414,898   94,816,121   96,617,628   98,453,363   101,406,964   104,449,172   43,959,298   39,978,69   40,597,837   41,369,196   42,610,272   43,888,580   45,205,237   5,990,426   6,230,410   6,323,866   6,444,020   6,637,340   6,836,460   7,041,554   566,555,670   53,126,418   53,923,314   54,947,857   56,596,293   58,294,182   60,043,007   7,564,994   7,833,174   7,950,672   8,101,734   8,466,312   8,847,296   9,245,425   9,004,011   9,004,000   9,139,060   9,312,702   9,871,464   10,463,752   11,091,577   330,000   330,000   334,950   341,316   33,1553   362,100   372,963   7,752,320   7,725,878   7,841,766   7,990,760   8,230,483   8,477,397   8,731,719   391,227   416,464   422,711   430,742   443,665   456,975   470,684   5,776,526   5,997,579   1,091,577   330,000   330,000   334,950   341,314   351,553   362,100   372,963   7,752,320   7,725,878   7,841,766   7,990,760   8,230,483   8,477,397   8,731,719   391,227   416,464   422,711   430,742   443,665   456,975   470,684   470,769,769   6,276,769   6,277,769,689   7,917,313   8,154,832   8,394,778   8,651,462   5,704,767   6,127,622   6,219,536   6,337,708   6,527,839   6,723,674   6,925,384   3,227,276   3,262,011   3,310,941   3,373,849   3,475,065   359,316   3,686,696   4,227,768   3,227,768   3,262,011   3,310,941   3,373,849   3,475,065   3,579,316   3,686,696   3,204,000   3,200,000   3,400,000   3,500,000   3,000,000   3,000,000   3,000,000   3,000,000  </td></t<>	Audit         Budget         FY12           457,560,424         464,708,788         467,617,041         474,631,297           25,195,470         25,195,470         25,573,402         25,957,003           15,229,779         15,229,779         15,458,226         15,690,099           497,985,673         505,134,037         508,648,669         516,278,399           74,926,942         80,002,028         81,202,058         82,744,898           13,244,213         13,412,870         13,614,063         13,872,730           88,171,155         93,414,898         94,816,121         96,617,628           43,959,298         39,997,869         40,597,837         41,369,196           5,990,426         6,230,410         6,323,866         6,444,020           6,116,411         6,354,094         6,449,405         6,571,944           589,535         544,045         552,206         562,698           56,655,670         53,126,418         53,923,314         54,947,857           7,564,994         7,833,174         7,950,672         8,101,734           9,004,011         9,004,000         9,139,060         9,312,702           330,000         330,000         334,950         341,314           7,	Audit         Budget         FY12           457,560,424         464,708,788         467,617,041         474,631,297         481,750,766           25,195,470         25,195,470         25,573,402         25,957,003         26,346,358           15,229,779         15,229,779         15,458,226         15,690,099         15,925,451           497,985,673         505,134,037         508,648,669         516,278,399         524,022,575           74,926,942         80,002,028         81,202,058         82,744,898         84,317,051           13,244,213         13,412,870         13,614,063         13,872,730         14,136,312           88,171,155         93,414,898         94,816,121         96,617,628         98,453,363           43,959,298         39,997,869         40,597,837         41,369,196         42,610,272           5,990,426         6,230,410         6,323,866         6,444,020         6,637,340           6,116,411         6,354,094         6,449,405         6,571,944         6,769,102           589,535         544,045         552,206         562,698         579,579           56,655,670         53,126,418         53,923,314         54,947,857         56,596,293           7,564,994         7,833,174	Audit         Budget         FY12           457,560,424         464,708,788         467,617,041         474,631,297         481,750,766         488,977,028           25,195,470         25,195,470         25,573,402         25,957,003         26,346,358         26,741,553           15,229,779         15,229,779         15,458,226         15,690,099         15,925,451         16,164,332           497,985,673         505,134,037         508,648,669         516,278,399         524,022,575         531,882,913           74,926,942         80,002,028         81,202,058         82,744,898         84,317,051         86,846,562           13,244,213         13,412,870         13,614,063         13,872,730         14,136,312         14,560,401           88,171,155         93,414,898         94,816,121         96,617,628         98,453,363         101,406,964           43,959,298         39,997,869         40,597,837         41,369,196         42,610,272         43,888,580           5,990,426         6,230,410         6,323,3866         6,444,020         6,637,340         6,836,460           6,116,411         6,354,094         6,449,405         6,571,944         6,769,102         6,972,176           589,535         544,045         562,206	Audit   Budget   FY12   457,560,424   464,708,768   467,617,041   474,631,297   481,750,766   488,977,028   496,311,683   25,195,470   25,195,470   25,195,470   25,573,402   25,957,003   26,346,358   26,741,553   27,142,677   15,229,779   15,458,226   15,690,099   15,925,451   16,164,332   16,406,797   497,985,673   505,134,037   508,648,669   516,278,399   524,022,575   531,882,913   539,861,157   74,926,942   80,002,028   81,202,058   82,744,898   84,317,051   86,846,562   89,451,959   13,244,213   13,412,670   13,614,063   13,872,730   14,136,312   14,560,401   14,997,214   88,171,155   93,414,898   94,816,121   96,617,628   98,453,363   101,406,964   104,449,172   43,959,298   39,978,69   40,597,837   41,369,196   42,610,272   43,888,580   45,205,237   5,990,426   6,230,410   6,323,866   6,444,020   6,637,340   6,836,460   7,041,554   566,555,670   53,126,418   53,923,314   54,947,857   56,596,293   58,294,182   60,043,007   7,564,994   7,833,174   7,950,672   8,101,734   8,466,312   8,847,296   9,245,425   9,004,011   9,004,000   9,139,060   9,312,702   9,871,464   10,463,752   11,091,577   330,000   330,000   334,950   341,316   33,1553   362,100   372,963   7,752,320   7,725,878   7,841,766   7,990,760   8,230,483   8,477,397   8,731,719   391,227   416,464   422,711   430,742   443,665   456,975   470,684   5,776,526   5,997,579   1,091,577   330,000   330,000   334,950   341,314   351,553   362,100   372,963   7,752,320   7,725,878   7,841,766   7,990,760   8,230,483   8,477,397   8,731,719   391,227   416,464   422,711   430,742   443,665   456,975   470,684   470,769,769   6,276,769   6,277,769,689   7,917,313   8,154,832   8,394,778   8,651,462   5,704,767   6,127,622   6,219,536   6,337,708   6,527,839   6,723,674   6,925,384   3,227,276   3,262,011   3,310,941   3,373,849   3,475,065   359,316   3,686,696   4,227,768   3,227,768   3,262,011   3,310,941   3,373,849   3,475,065   3,579,316   3,686,696   3,204,000   3,200,000   3,400,000   3,500,000   3,000,000   3,000,000   3,000,000   3,000,000

#### Revenue Estimates--Summary

le.	Audited	Approved	Estimated	Projected						
Revenue	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Property Taxes	\$ 401,089,075	438,152,849	440,176,143	444,577,904	449,023,683	455,759,039	462,595,424	469,534,356	476,577,371	483,726,032
Income Tax	317,213,178	299,000,000	315,000,000	327,600,000	340,704,000	354,332,160	368,505,446	383,245,664	398,575,491	414,518,510
Other Local Taxes	18,750,723	21,500,000	21,100,000	21,627,500	22,168,188	22,722,392	23,290,452	23,872,713	24,469,531	25,081,269
State Shared Taxes	13,409,168	433,000	499,778	512,272	525,079	538,206	551,661	565,453	579,589	594,079
OtherSee Below	27,702,674	25,738,394	26,633,434	27,299,270	27,981,752	28,681,295	29,398,328	30,133,286	30,886,618	31,658,784
Investment Income	4,366,719	1,221,732	799,890	819,887	840,384	861,394	882,929	905,002	927,627	950,818
Interfund Reimb. & Transfers	26,425,429	38,329,887	31,582,930	32,372,503	33,181,816	34,011,361	34,861,645	35,733,186	36,626,516	37,542,179
SubTotal	808,956,966	824,375,862	835,792,175	854,809,337	874,424,902	896,905,848	920,085,886	943,989,661	968,642,744	994,071,671
Prior Years Funds	30,186,674	0	3,500,000							
General Fund Revenue	\$ 839,143,640	\$ 824,375,862	\$ 839,292,175	\$ 854,809,337	\$ 874,424,902	\$ 896,905,848	\$ 920,085,886	\$ 943,989,661	\$ 968,642,744	\$ 994,071,671

- Other includes Licenses & Permits, Funds Other Agencies, Charges for Services, Fines/Forfeitures & Misc. revenues
   Property tax revenue growth rate is estimated at 4.5%.
   Income tax revenue growth rate is estimated at 6.0%.
   All other revenues grow at a rate of 3.00%.

T:\Shared\Budget\SPREAD\Spending Affordability\[Projection Model FY 2012\_January 24,2011.xlsx]Revenues