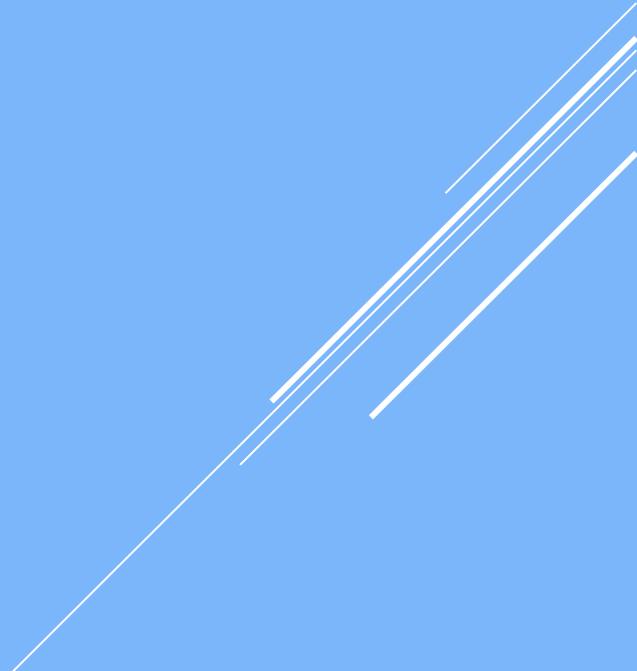


OFFICE OF THE COUNTY AUDITOR

FY23 Proposed Budget Analysis

Michelle Bohlayer, County Auditor

OVERVIEW

- ▶ Introduction
 - ▶ Spending Affordability
 - ▶ Debt Affordability
 - ▶ Revenue Reserve Fund
 - ▶ Revenue Analysis
 - ▶ Operating Budget Review
 - ▶ Utility Funds
 - ▶ Recommendations
- 

SPENDING AFFORDABILITY

	FY23 (Proposed)	FY22	FY21	FY20	FY19
General Fund Appropriation Limit:					
SAC Recommendation	\$1,809,032,099	\$1,714,087,050	\$1,698,208,829	\$1,582,064,038	\$1,515,487,663
Add: Available General Fund Balance	\$ 262,372,000	\$ 114,225,200	\$ 37,746,800	\$ 53,014,500	\$ 58,557,300
Add: Budgeted Contribution to the Revenue Reserve Fund	\$ 23,500,000	\$ 11,000,000	\$ 1,000,000	\$ 5,500,000	\$ 6,500,000
Adjusted Recommended Spending	\$2,094,904,099	\$1,839,312,250	\$1,736,955,629	\$1,640,578,538	\$1,580,544,963
General Fund Spending per Proposed Operating Budget	\$2,157,450,500	\$1,873,082,300	\$1,719,224,300	\$1,696,131,500	\$1,589,938,300
Proposed Spending in Excess (Below) of SAC Recommendation	\$ 62,546,401	\$ 33,770,050	\$ (17,731,329)	\$ 55,552,962	\$ 9,393,337
General Fund Debt Limit:					
Recommended General Fund Debt Limit	\$1,818,409,674	\$1,722,551,438	\$1,675,435,728	\$1,641,899,277	\$1,572,124,954
Estimated Outstanding General Fund Debt (End of FY)	\$1,642,387,399	\$1,548,439,585	\$1,459,797,020	\$1,404,292,693	\$1,273,332,380
Proposed Debt in Excess (Below) of SAC Recommendation	\$ (176,022,275)	\$ (174,111,853)	\$ (215,638,708)	\$ (237,606,584)	\$ (298,792,574)

DEBT AFFORDABILITY

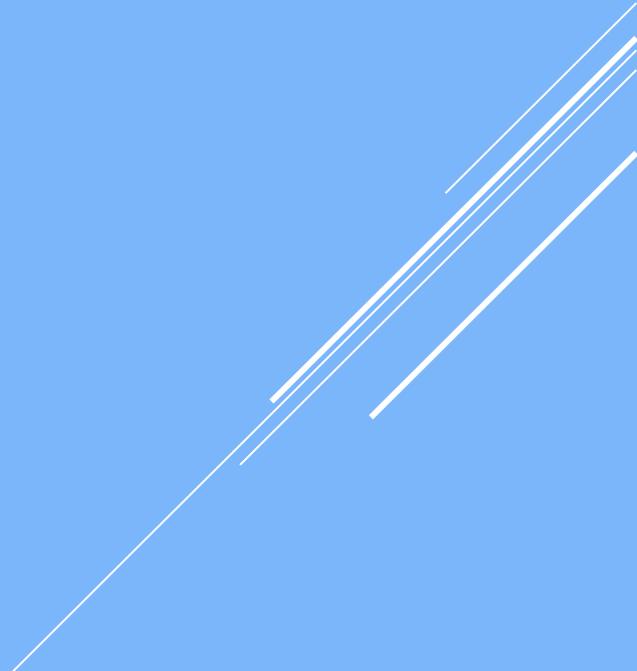
Debt Affordability Extended Projections						
Affordability Ratio	Guidelines	Scenario 1 (CIP as Proposed / Outyear Revenue & Capital Increases at 3.5%)				
		FY25	FY30	FY35	FY40	FY45
Debt Service as % of Revenue	11.5%	8.8%	9.2%	8.8%	9.2%	9.7%
Debt as % of Full Value	2.0%	1.6%	1.7%	1.8%	1.8%	1.9%
Debt as % of Personal Income	4.0%	3.4%	3.3%	3.2%	3.1%	2.9%
Debt per Capita *	\$3,000	\$2,839	\$3,228	\$3,645	\$4,144	\$4,609
Debt per Capita Guidelines	\$3,500	\$3,640	\$4,020	\$4,440	\$4,900	\$5,410
Affordability Ratio	Guidelines	Scenario 2 (CIP with Average Minimum Applied / Outyear Revenue Increases at 3.5% & Capital Increases at 5%)				
		FY25	FY30	FY35	FY40	FY45
Debt Service as % of Revenue	11.5%	8.8%	9.6%	9.5%	10.3%	11.3%
Debt as % of Full Value	2.0%	1.6%	1.8%	1.9%	2.1%	2.2%
Debt as % of Personal Income	4.0%	3.4%	3.5%	3.4%	3.5%	3.5%
Debt per Capita *	\$3,000	\$2,839	\$3,395	\$3,944	\$4,690	\$5,539
Debt per Capita Guidelines	\$3,500	\$3,640	\$4,020	\$4,440	\$4,900	\$5,410

*Potential future adjustment for inflation shown in next line "Debt Per Capita Guidelines" based on the potential update to the County policy.

REVENUE RESERVE FUND

- ▶ The current balance limit of this fund is 6% of general fund revenues. If passed, Bill 50-22 will increase the balance limit of this fund from 6% to 7% of general fund revenues.
- ▶ FY23 estimated revenues are \$1,895,078,500, therefore the reserve maximum is \$113,704,710 at the 6% limit and \$132,655,495 at the proposed 7% limit.
- ▶ Our FY22 estimates show an ending balance of approximately \$105.7 million.
- ▶ With the FY23 contribution of \$23.5 million and projected interest of \$1,475,000, we estimate an ending balance of \$130.7 million, \$17 million **over** the current 6% cap and \$2 million short of the proposed 7% cap.

REVENUE ANALYSIS

- ▶ Property Tax Rates
 - ▶ \$0.933 per \$100 of assessed value for the County
 - ▶ \$0.559 per \$100 of assessed value for the City of Annapolis
 - ▶ Income Tax
 - ▶ Recordation & Transfer Taxes
 - ▶ Tax Rates
- 
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OPERATING BUDGET

Summary of FY23 Proposed Operating Budget

Contingency Account

Salary Changes

New Positions

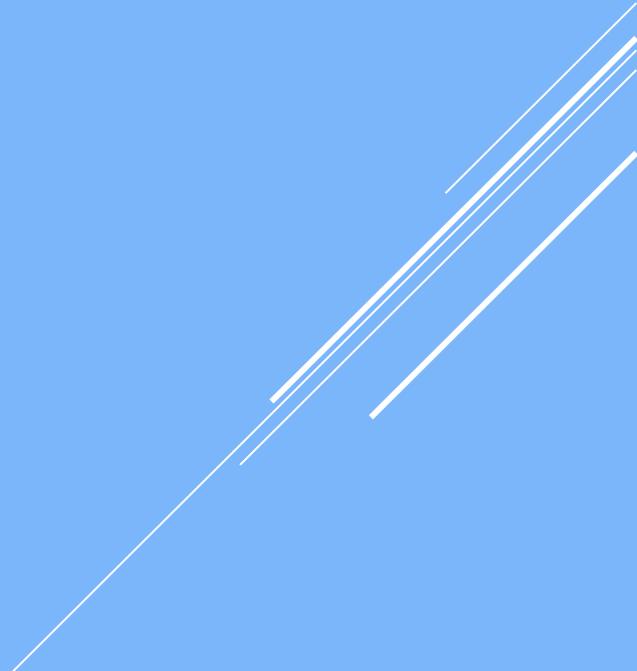
ARPA Funding

Community Grants

OPEB

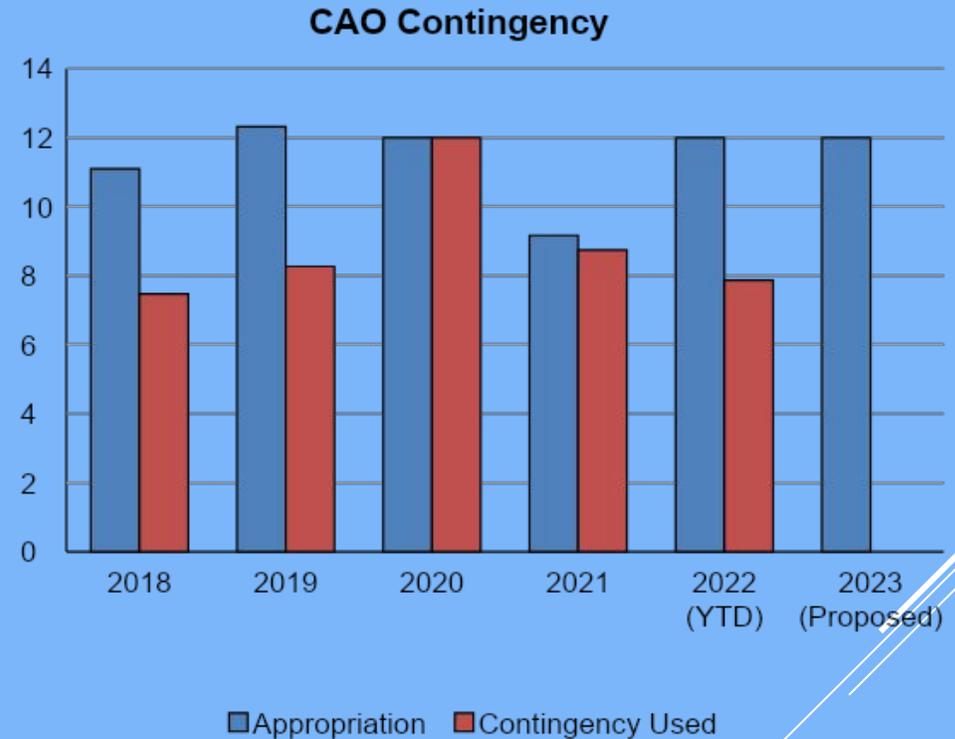
Component Units

Other Items to Note



CONTINGENCY ACCOUNT

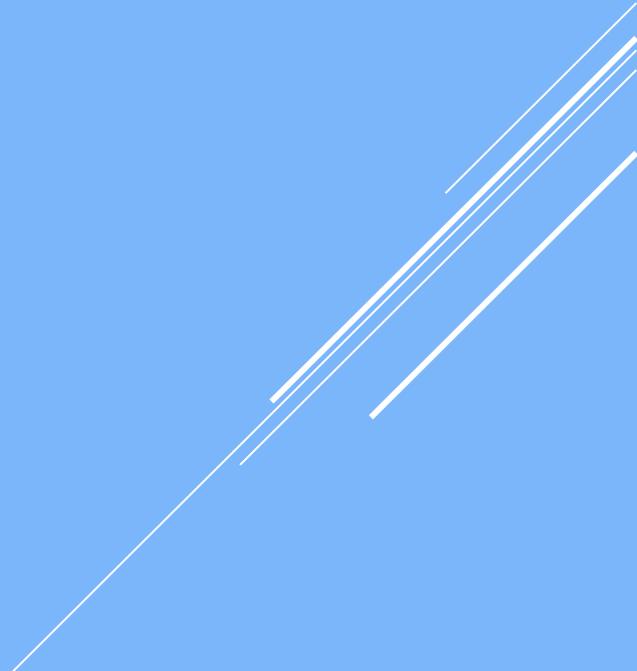
CAO Contingency Appropriated by Fiscal Year			
Fiscal Year	Appropriation	Contingency Used	Balance
2018	11,096,400	7,474,500	3,621,900
2019	12,313,500	8,266,200	4,047,300
2020	12,000,000	12,000,000	-
2021	9,165,000	8,739,000	426,000
2022 (YTD)	12,000,000	7,862,300	4,137,700
2023 (Proposed)	12,000,000		



SALARY CHANGES

Average % Increase to Base Salary by Group						
Employee Group		FY19	FY20	FY21	FY22	FY23
County	AFSCME 2563	4.5%	5.0%	5.0%	4.5%	8.0%
County	AFSCME 582	4.5%	5.0%	5.0%	4.5%	8.0%
County	Correctional Program Specialists	4.5%	5.0%	8.0%	4.5%	7.0%
County	Detention Officers & Corporals	3.0%	10.0%	6.0%	4.5%	7.5%
County	Detention Sergeants	7.5%	5.0%	7.0%	4.5%	7.0%
County	Fire	8.0%	7.0%	9.0%	8.0%	8.5%
County	Fire Battalion Chief	5.0%	5.0%	5.0%	5.0%	8.0%
County	Non-represented	4.5%	5.0%	0.0%	4.5%	7.5%
County	Park Rangers	4.5%	5.0%	5.0%	4.5%	7.5%
County	Police (FOP)	9.0%	5.0%	13.0%	5.0%	8.0%
County	Police Sergeants	5.0%	8.0%	13.0%	5.0%	8.0%
County	Police Lieutenants	5.0%	8.0%	8.0%	5.0%	8.0%
County	Police Captains	5.0%	8.0%	0.0%	5.0%	8.0%
County	Sheriff Deputies	5.0%	5.0%	6.0%	4.5%	7.5%
County	Sheriff Sergeants	8.0%	5.0%	6.0%	6.0%	7.5%
Library	Library	5.0%	5.0%	0.0%	4.5%	7.5%
AACC	AACC	2.5%	3.0%	0.0%	5.0%	5.0%
BOE	Unit 1 - TAAAC (Teachers)	3.5%	6.0%	3.0%	3.0%	6.0%

NEW POSITIONS

- ▶ 57.6 new General Fund positions. This includes:
 - ▶ Sheriff positions added in FY22 (Bill 3-22)
 - ▶ Net of 53.6 new General Fund positions
 - ▶ 1.4 new Grant Fund positions
 - ▶ See Appendix A for a summary of all new positions and related salary detail
- 

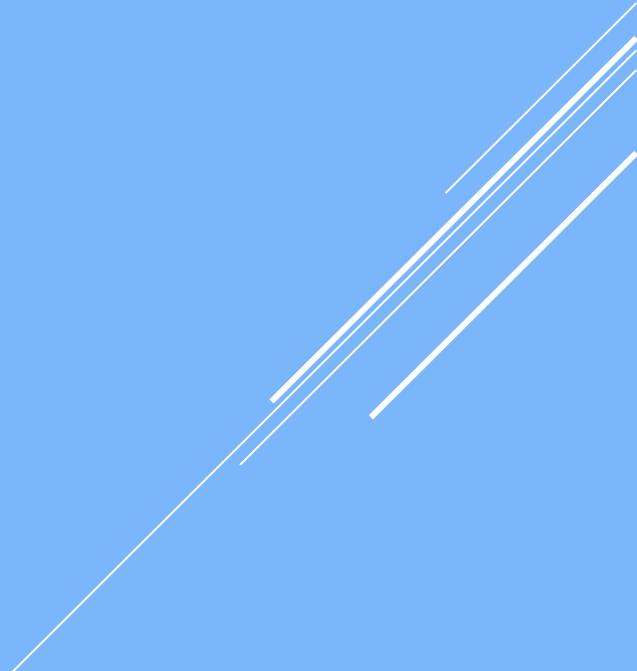
AMERICAN RESCUE PLAN ACT (ARPA) FUNDING

- ▶ Programs with funding over \$500,000 are included in the following areas (this includes ARPA funding directly from other sources):
 - ▶ Aging (continuation of two programs)
 - ▶ CAO (PayGo, Eviction Prevention, Community Grant Program, and Inclusive Ventures Program expansion)
 - ▶ Fire Department (paramedic training)
 - ▶ Health Department (continuation of two programs)
 - ▶ Partnership for Children, Youth, and Families (food grant)
 - ▶ Recreation & Parks (vehicle replacement)
 - ▶ Social Services (Summer SNAP Program)
- ▶ These cross the threshold for projects that would have come to the Council (per Bill 111-21) but will not because they are included in the FY23 proposed budget for approval.

ARPA FUNDING PLACEHOLDERS

- ▶ Central Services (\$1,000)
- ▶ CAO (\$5,000)
- ▶ Circuit Court (\$1,000)
- ▶ Aging and Disabilities (\$4,000)
- ▶ Detention Center (\$4,000)
- ▶ Fire Department (\$300)
- ▶ Health Department (\$25,000)
- ▶ Information Technology (\$1,000)
- ▶ Inspections and Permits (\$1,000)
- ▶ Emergency Management (\$2,000)
- ▶ Office of the Sheriff (\$1,000)
- ▶ Office of the State's Attorney (\$1,000)
- ▶ Office of Transportation (\$1,000)
- ▶ Partnership for Children, Youth, and Families (\$1,000)
- ▶ Planning and Zoning (\$1,000)
- ▶ Police Department (\$5,000)
- ▶ Public Works (\$1,000)
- ▶ Recreation and Parks (\$2,000)

COMMUNITY GRANTS

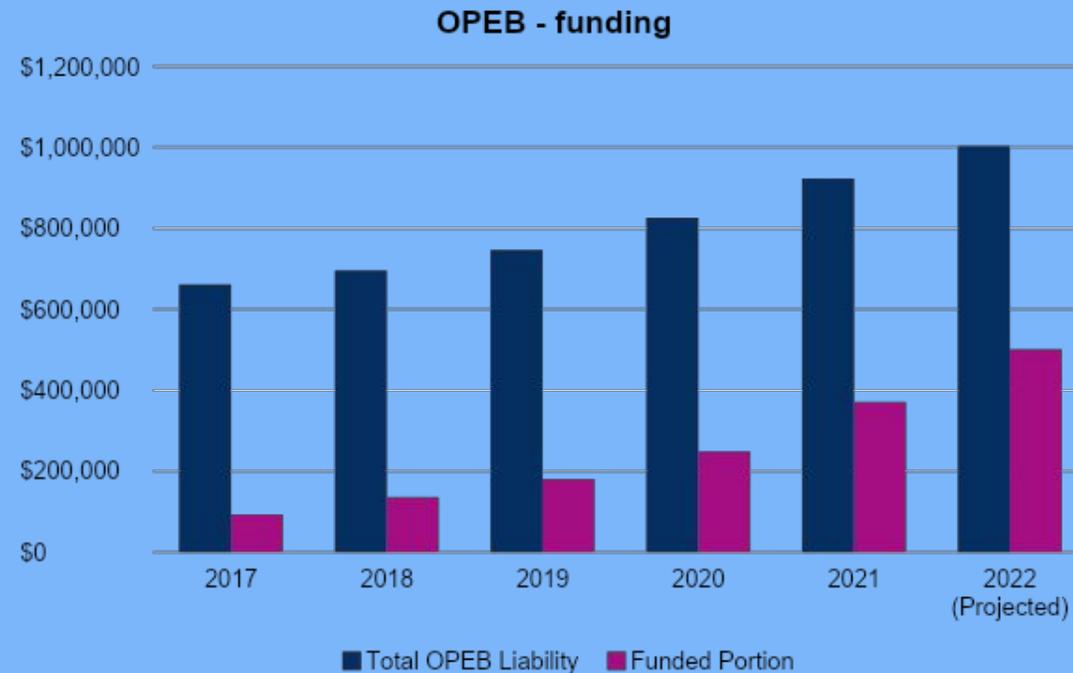
- ▶ Total Community Grants included in the FY23 Proposed Budget
 - ▶ General Fund: \$9.4 million (this includes ARPA funding)
 - ▶ Other Funds: \$2.5 million
- 

OTHER POST EMPLOYMENT BENEFITS (OPEB)

	2017	2018	2019	2020	2021	2022 (Projected)
Total OPEB Liability	\$ 661,548	\$ 696,318	\$ 746,099	\$ 826,141	\$ 922,824	\$ 1,003,193
Funded Portion	\$ 92,887	\$ 135,837	\$ 180,303	\$ 249,106	\$ 370,969	\$ 501,338
Unfunded Portion	\$ 568,661	\$ 560,481	\$ 565,796	\$ 577,035	\$ 551,855	\$ 501,855
Funded %	14%	20%	24%	30%	40%	50%
Unfunded %	86%	80%	76%	70%	60%	50%

Methods & Assumptions:

- 6.30% discount/long term investment return rates
- 90% target funding levels
- 20-year target period to reach the goal level (7/1/2040)
- Open group valuation (including future hires)
- 3% payroll growth



COMPONENT UNIT: BOARD OF EDUCATION

BOE Maintenance of Effort History						
Fiscal Year	PPE Required	Appropriation Required	Budgeted Appropriation	Amount over MOE	Enrollment	PPE Calculation
2019	8,346	670,593,776	687,809,300	17,215,524	80,350	8,560
2020	8,560	692,170,691	733,315,800	41,145,109	80,860	9,069
2021	9,069	748,066,152	749,579,900	1,513,748	82,486	9,087
2022	9,315	768,319,269	784,741,000	16,421,731	82,486	9,514
2023 (Proposed)	9,514	784,741,000	834,741,000	50,000,000	81,405	10,254

NOTE: Per HB1450, FY2023 MOE is the greater of the local share of major education aid under Subsection (A)(1) of Section 5-235 of the Education Article of the Annotated Code of Maryland or \$784,741,000.

COMPONENT UNIT: ANNE ARUNDEL COMMUNITY COLLEGE

AACC Maintenance of Effort History			
Fiscal Year	Appropriation Required*	Budgeted Appropriation*	Amount over MOE
2019	40,287,700	42,387,700	2,100,000
2020	42,387,700	45,387,700	3,000,000
2021	45,387,700	45,387,700	-
2022	45,387,700	46,427,800	1,040,100
2023 (Proposed)	46,427,800	47,427,800	1,000,000

* Appropriation Required and Budgeted Appropriation exclude the appropriation from the Video Lottery Terminal Impact Aid Fund.

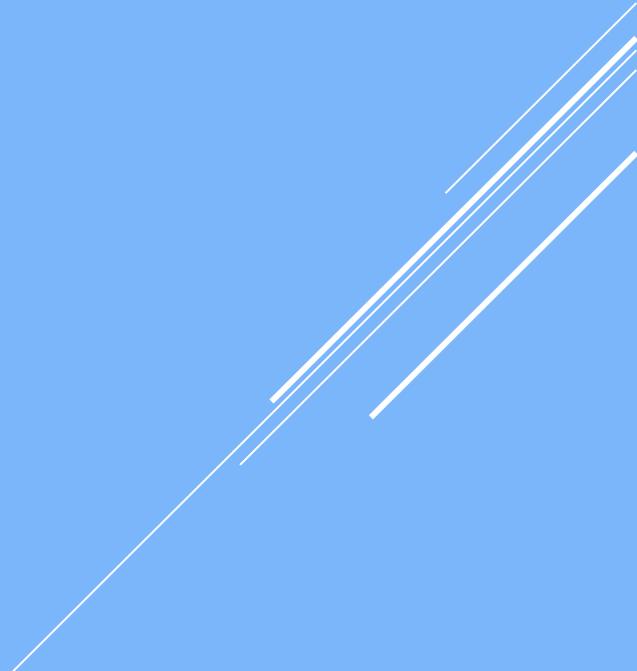
NOTE: Section 16-305(d) of the Education Article of the Annotated Code of Maryland requires the County share, in the aggregate, that supports the community college to be equal or exceed the aggregate amount of operating fund appropriations made to the board by the County in the previous fiscal year in order for a board to receive an increase in the state share of support or a hold harmless component amount.

OTHER ITEMS TO NOTE

- ▶ New Program Start-Up Funding:
 - ▶ Crownsville Hospital Complex - \$780,000 in operating funds, \$1 million in capital funding (\$500,000 for planning the property and \$500,000 for planning the park)
 - ▶ Fire boat replacement – 2 boats with \$3 million in County general funds and \$1.5 million in state grants
 - ▶ Housing Trust Fund - \$10 million
 - ▶ Police Accountability Board - \$713,300
 - ▶ Recreation & Parks - \$500,000 for a green infrastructure management consultant
 - ▶ Resilience Authority - \$1.5 million
 - ▶ Woodland Beach Volunteer Fire Station - \$1 million community grant
- ▶ Fund Estimates:
 - ▶ Garage Vehicle Operating Fund - \$3 million due to rising gas prices
 - ▶ Health Insurance Rate Increase – 5.5% placeholder for estimated January 1, 2023 increase
 - ▶ Pension Fund - \$16.5 million additional contribution

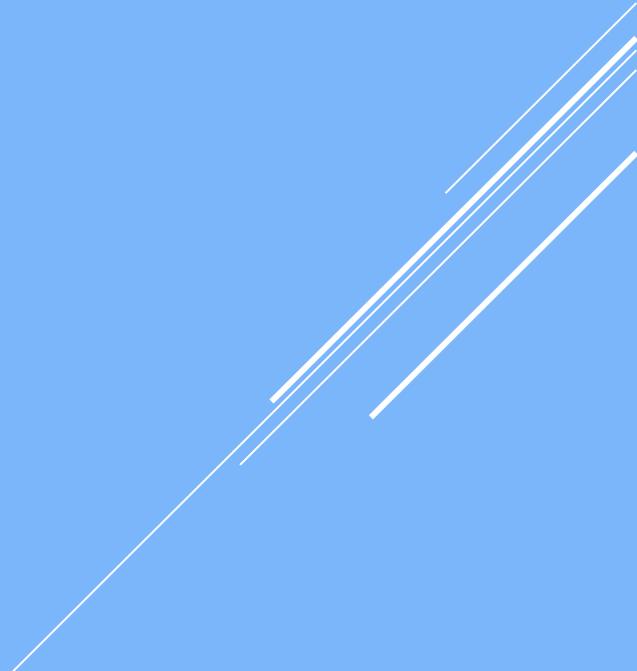
UTILITY FUNDS

Summary of FY23 Proposed Utility Rate Changes



RECOMMENDATIONS - OPERATING

Auditor's Proposed Operating Budget Reductions



Board of Supervisors of Elections

7200 – Contractual Services

Object 7217 (Operating Equipment Services)

This object is used to pay for operating equipment services related to elections, including the local portion of the state voting system contract costs.

Elections FY23 budget request is \$4,326,900. Elections FY23 proposed budget estimate included costs of \$1,444,500 for the FY22 third and fourth quarter state voting system billings and for lease costs of ballot drop box security cameras that were already budgeted and encumbered in FY22. These funds will remain encumbered utilizing FY22 funds, but will not be paid until FY23 due to the Gubernatorial Primary Election being moved to FY23. We recommend reducing the FY23 proposed budget to \$2,886,900 to account for the encumbered costs in FY22.

We recommend reducing operating equipment services by \$1,440,000.

(Reduce object 7217 (Operating Equipment Services) by \$1,440,000.)

7200 – Contractual Services

Object 7285 (Legal Notices)

This object is used to pay for legal notices, including election ballot specimen printing costs.

Elections FY23 budget request is \$73,800. Elections provided us with an update that \$43,800 in election ballot specimens has already been ordered for the Gubernatorial Primary Election. Therefore, we recommend reducing the FY23 proposed budget to \$33,800 to account for the ballot specimen costs that will be paid in FY22.

We recommend reducing legal notices by \$40,000.

(Reduce object 7285 (Legal Notices) by \$40,000.)

Board of Supervisors of Elections (cont.)

8000 – Supplies and Materials

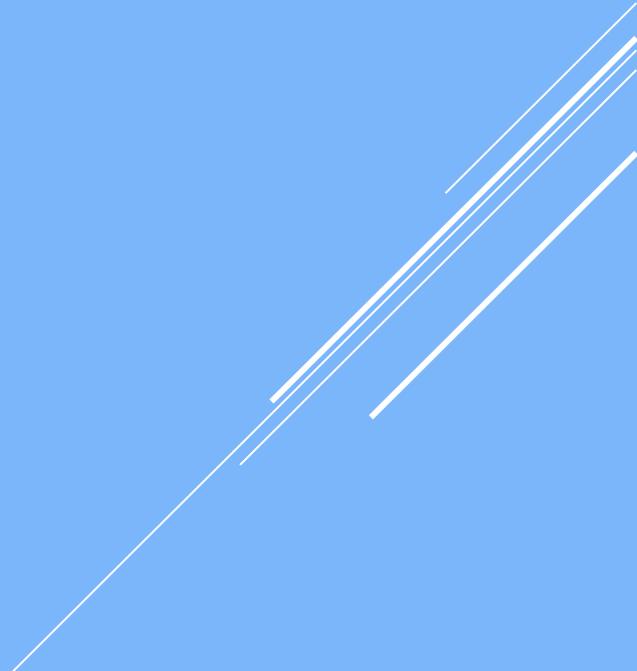
Object 8123 (Public Information Mail)

This object is used to pay for public information mailings, including the mailing costs for election ballot specimens.

Elections FY23 budget request is \$75,700. Elections provided us with an update that \$48,800 in mailing costs for election ballot specimens has already been paid related to the Gubernatorial Primary Election. Therefore, we recommend reducing the FY23 proposed budget to \$50,700 to account for the ballot specimen mailing costs paid in FY22.

We recommend reducing public information mail by \$25,000.

(Reduce object 8123 (Public Information Mail) by \$25,000.)

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Office of Central Services

Bureau 180 – Facilities Management

7200 – Contractual Services

Object 7224 (Water and Sewer)

This object has a requested FY23 budget of \$841,900 for water and sewer costs. This proposed budget includes an increase of \$114,800 by Central Services from the FY22 budget of \$727,100 due to the plan to add four new locations (Lula Scott, 41 Community Place, Severn Intergenerational Center, and the Crownsville Hospital Complex) to the existing inventory during FY23.

Water and sewer actual costs have on average been decreasing historically. Specifically, actual costs have declined from a high of \$790,900 in FY18 to \$569,500 in FY21. Central Services is estimating expenditures for FY22 to be \$689,000. Although, we estimated \$552,000 for FY22 showing the costs continuing to decline, we used Central Services' FY22 estimate in assessing the FY23 proposed budget to take a conservative approach.

We recommend reducing the FY23 proposed budget to \$801,900. Our calculated estimate considered Central Services' estimated expenditures for FY22 plus inflation, weather volatility, and the estimated costs for the newly added locations.

We recommend reducing water and sewer by \$40,000.

(Reduce bureau 180 object 7224 (Water and Sewer) by \$40,000.)

Department of Aging

Bureau 380 – Aging and Disability Resource Center

7001 – Personal Services

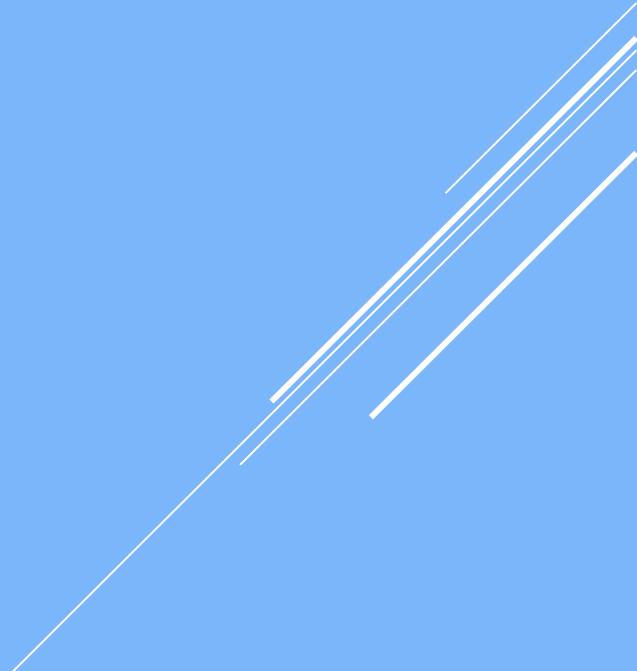
Object 7016 (Contractual - Pay)

This object has a requested FY23 budget of \$215,500 to pay fee-for-service positions, including case managers for specific programs. Historically, actual costs have not crossed \$200,000. Specifically, annual expenditures ranged from \$99,900 in FY19 to a high of \$186,600 in FY21.

Based on historical expenditures, we recommend reducing the FY23 budget to \$200,500. Our calculated estimate considered the actual expenditures for FY21 plus inflation.

We recommend reducing contractual - pay by \$15,000.

(Reduce bureau 380 object 7016 (Contractual - Pay) by \$15,000.)



Department of Aging (cont.)

Bureau 390 – Long Term Care

7001 – Personal Services

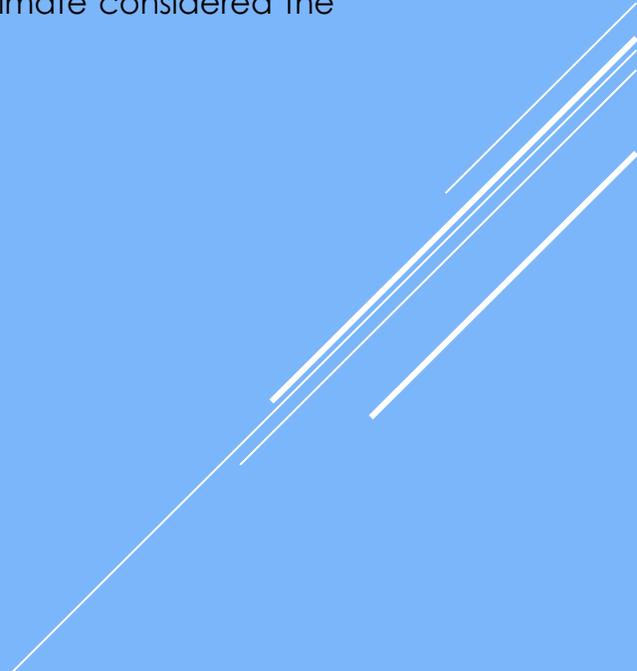
Object 7016 (Contractual - Pay)

This object has a requested FY23 budget of \$602,800 to pay contractual employees for long term care support. Aging failed to substantiate the full budget request. Instead, Aging only provided a contractual employee listing that totaled \$575,500 and included five vacancies. Also, historically, actual costs have not crossed \$500,000 even though the FY22 budget is \$542,000. Specifically, annual expenditures ranged from \$404,400 in FY18 to a high of \$466,000 in FY21.

Based on historical expenditures, we recommend reducing the FY23 budget to \$527,800. Our calculated estimate considered the actual expenditures for FY21 plus inflation.

We recommend reducing contractual - pay by \$75,000.

(Reduce bureau 390 object 7016 (Contractual - Pay) by \$75,000.)



Health Department

Bureau 550 – School Health and Support

7001 – Personal Services

Object 7016 (Contractual - Pay)

This object has a requested FY23 budget of \$8,620,700 to pay for contractual employees. According to the Health Department, it currently is experiencing a 50% turnover rate in contractual pay and, historically, actual costs have not crossed \$7,000,000 even though the FY22 budget totaled \$7,974,300. Specifically, annual expenditures ranged from \$3,468,900 in FY20 to a high of \$6,306,800 in FY19. We recommend reducing the FY23 proposed budget to \$7,975,700 (amount budgeted in FY22).

We recommend reducing contractual - pay by \$645,000.

(Reduce bureau 550 object 7016 (Contractual - Pay) by \$645,000.)

Bureau 550 – School Health and Support

7001 – Personal Services (cont.)

Object 7066 (Contractual - FICA)

The Health Department FY23 budget request of \$674,900 is used to pay FICA for contractual employees. As a result of our recommendation to cut object 7016 (Contractual - Pay), we recommend a corresponding cut to object 7066 (Contractual - FICA) to bring the budget down to the required federal contribution (7.65%). We recommend reducing the FY23 proposed budget to \$629,900.

We recommend reducing contractual - FICA by \$45,000.

(Reduce bureau 550 object 7066 (Contractual - FICA) by \$45,000.)

Office of Information Technology

7200 – Contractual Services

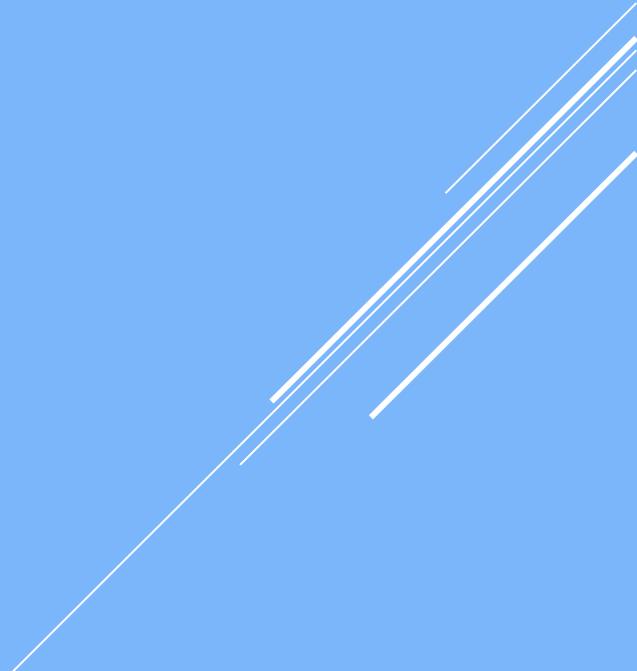
Object 7611 (Fiber Optics Support Services)

This object has a requested FY23 budget of \$400,000 for fiber optics maintenance and unplanned fiber optics repairs, which is an increase of \$143,000 from the FY22 budget. Information Technology failed to provide a detailed breakdown to substantiate the budget request and a valid justification why the budget increased from FY22.

Annual expenditures ranged from \$81,100 in FY19 to a high of \$226,800 in FY20. We recommend reducing the FY23 proposed budget of \$400,000 to \$260,000 (amount budgeted in FY22).

We recommend reducing fiber optics support services by \$140,000.

(Reduce object 7611 (Fiber Optics Support Services) by \$140,000.)



Office of Finance

Bureau 135 – Billings and Customer Service

7200 – Contractual Services

Object 7413 (Financial/Audit Services)

This object is used to pay the Maryland Department of Assessments and Taxation fees related to administering the Homestead Tax Credit program.

Finance's FY23 budget request is \$112,000. The budget for FY22 was also \$112,000, and Finance provided us with an update that known FY22 costs are \$68,620. Based on historical billings from the state, costs incurred through April are generally the total amount billed and have gradually been on a decline. Specifically, annual expenditures have declined from \$109,000 in FY18 to \$61,000 in FY21, which have not crossed \$70,000 since FY20.

Based on historical expenditures and the most recent two-year average, we recommend reducing the FY23 budget of \$112,000 to \$87,000.

We recommend reducing financial/audit services by \$25,000.

(Reduce bureau 135 object 7413 (Financial/Audit Services) by \$25,000.)

Office of Finance (Non-Departmental)

Bureau 155 – Debt Service

7200 – Contractual Services

Object 7405 (Consultants)

This object is used to pay financial services related to debt service (i.e., bond sales) and for bond sale legal services as well as other small bond related costs.

Finance (Non-Departmental)'s FY23 budget request is \$557,000. Finance's budget estimate contained duplicate consultant expenses related to costs and fees for annual bond sale activity for the water and wastewater debt service, which is separately budgeted in the Water and Wastewater Sinking Fund. We identified the same duplicate consultant request by Finance during the FY22 annual budget review. As a result, this caused an overestimate of consultant fees totaling \$155,000. We recommend eliminating the duplicate budgeted funds. A similar situation occurred with the water and wastewater debt service budget.

We recommend reducing consultants by \$155,000.

(Reduce bureau 155 object 7405 (Consultants) by \$155,000.)

Office of Finance (Non-Departmental) (cont.)

Bureau 155 – Debt Service

8600 – Debt Service

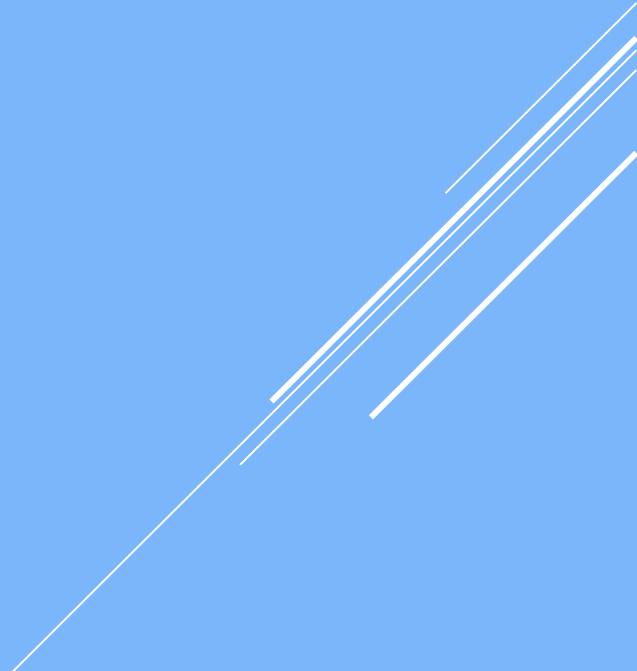
Object 8633 (Other Costs of Issue)

This object is used to pay for other costs of issuance related to debt service (i.e., bond sales), such as banking fees, commissions, and underwriting fees.

Finance (Non-Departmental)'s FY23 budget request is \$985,000. Finance provided support that substantiated a budget estimate less than \$900,000. As a result, we recommend eliminating the excess amount while allowing for inflation.

We recommend reducing other costs of issue by \$85,000.

(Reduce bureau 155 object 8633 (Other Costs of Issue) by \$85,000.)



Office of the Sheriff

Bureau 435 – Office of the Sheriff

7200 - Contractual Services

Object 7439 (Other Professional Services)

The Sheriff's Office other professional services object has a FY23 requested budget of \$90,700, which consist of kenneling costs for six K9 deputy handlers. According to the Sheriff's Office, K9 handlers are allotted 20 days per year of kenneling privileges (the number of annual leave days handlers are granted each year), which costs an average of \$50 per day. Therefore, kenneling costs for the six K9 Handlers are estimated at \$6,000 for the year, resulting in an overestimate of \$84,700 to its budget request.

We recommend reducing this budget request by \$80,000, which accounts for any additional kenneling costs that may arise.

We recommend reducing the other professional services by \$80,000.

(Reduce bureau 435 object 7439 (Other Professional Services) by \$80,000.)

7200 - Contractual Services

Object 7662 (Lease Rate Tech Replacement)

The Sheriff's Office lease rate tech replacement FY23 proposed budget of \$28,400 was requested in error. The County plans to move lease rate tech replacement costs to the Public Safety Tech Enhancement capital project.

We recommend eliminating this error in its entirety.

(Reduce bureau 435 object 7662 (Lease Rate Tech Replacement) by \$28,400.)

Office of the Sheriff (cont.)

Bureau 435 – Office of the Sheriff

8500 – Capital Outlay

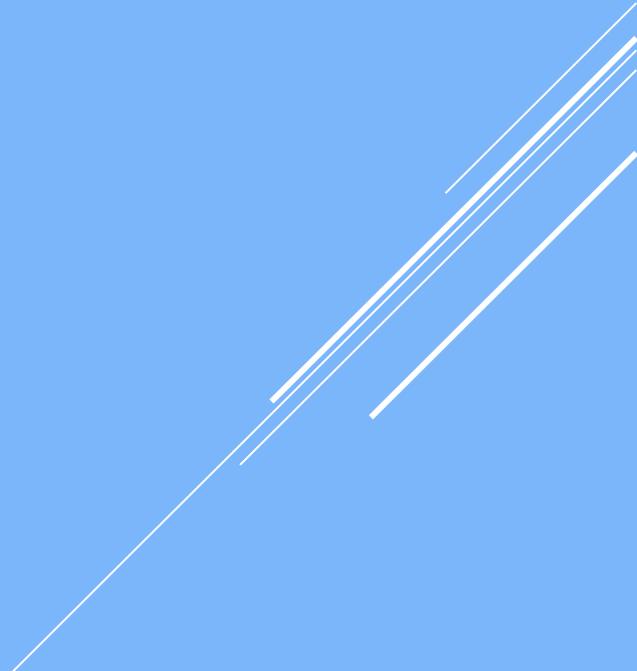
Object 8531 (Automotive Equipment)

The Sheriff's Office erroneously included \$7,500 to the automotive equipment object code with a FY23 requested budget of \$42,500 that was separately requested for miscellaneous equipment (object code 8543).

As a result, we recommend reducing the automotive equipment budget request to \$35,000.

We recommend reducing automotive equipment by \$7,500.

(Reduce bureau 435 object 8531 (Automotive Equipment) by \$7,500.)



Office of Transportation

8700 – Grants and Contributions & Other

Object 8712 (Grant Fund Contribution)

This object has a requested FY23 budget of \$642,400 to pay the County required match for applicable transportation related grants. The proposed budget is an increase of \$237,900 from the FY22 budget. Based on the supporting documentation provided by the Budget Office, the Large Urban grant will not be received, and the Budget Office plans to amend the Grants Special Revenue Fund. As a result, the corresponding County requested budget match is overestimated by about \$205,000.

We recommend removing the excess proposed budget, which reduces the FY23 budget request to \$437,400.

We recommend reducing grant fund contribution by \$205,000.

(Reduce object 8712 (Grant Fund Contribution) by \$205,000.)

Orphan's Court

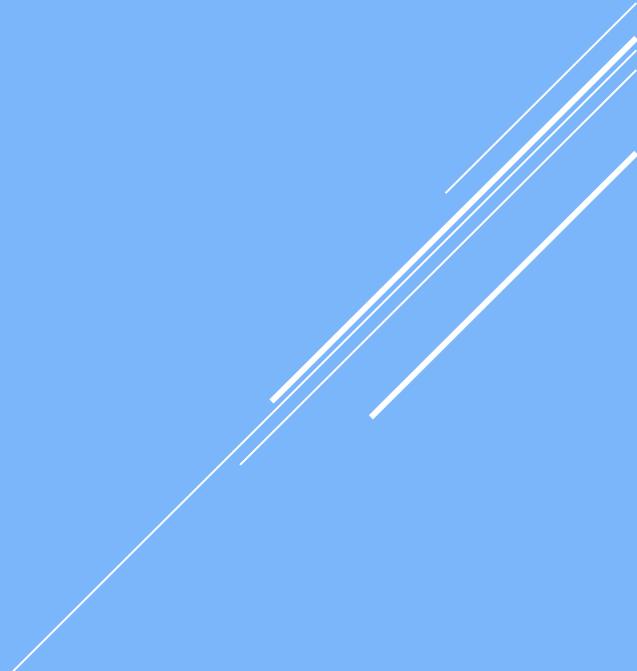
7001 – Personal Services

Object 7013 (Special Pays)

The Orphans' Court special pays budget request for FY23 of \$16,200 was included in error.

We recommend eliminating the special pays budget in its entirety.

(Reduce object 7013 (Special Pays) by \$16,200.)



Department of Public Libraries

7001 – Personal Services

Object 7011 (Salaries and Wages)

This object has a requested FY23 budget of \$16,065,500. Within this requested budget, Public Libraries has requested a budget for six new positions, two assistant managers and four library associates, totaling \$331,000. The salary for each of the six new positions are budgeted above the starting salary outlined in the pay scale provided by Public Libraries.

Public Libraries did not budget the new positions in accordance with the County's practice of budgeting new positions at their applicable starting salary. Specifically, Public Libraries budgeted the total new positions' salaries \$70,000 higher than the applicable starting salary of the new positions. When a new position is requested, it is County practice to budget the starting salary for each position even if the position will likely be filled at a higher salary.

To keep Public Libraries consistent with the County practice, we recommend reducing the budget to \$15,995,500.

We recommend reducing salaries and wages by \$70,000.

(Reduce object 7011 (Salaries and Wages) by \$70,000.)

Object 7013 (Special Pays)

This object has a requested FY23 budget of \$1,839,500 for the cost of hourly workers in the branches and at headquarters. A list of hourly workers provided by Public Libraries shows the total cost to be \$1,807,400. We updated that list to account for the increase in minimum wage starting January 2023. The revised amount totals \$1,824,400. As a result, there is an excess proposed budget of \$15,100.

We recommend reducing the FY23 budget request to \$1,824,500.

We recommend reducing special pays by \$15,000.

(Reduce object 7013 (Special Pays) by \$15,000.)

Department of Public Libraries (cont.)

7200 – Contractual Services

Object 7439 (Other Professional Services)

This object has a requested FY23 budget of \$233,200. This includes the usual budget request of \$158,200 for educational programs, collection agency fees, credit card processing fees, etc. The additional item in FY23 is a request of \$75,000 for a risk management audit.

Public Libraries failed to provide supporting documentation to substantiate the \$75,000 request for the risk management audit. According to Public Libraries, the request is the department's best guess based on the risk management audit currently being conducted in the County. Public Libraries did not disclose which County agency is conducting a risk management audit. However, our office is currently conducting a risk assessment that covers the entire County, including other services, which costs \$40,000 less than Public Libraries request.

Therefore, we recommend reducing the FY23 budget to \$193,200.

We recommend reducing other professional services by \$40,000.

(Reduce object 7439 (Other Professional Services) by \$40,000.)

Department of Public Libraries (cont.)

7200 – Contractual Services

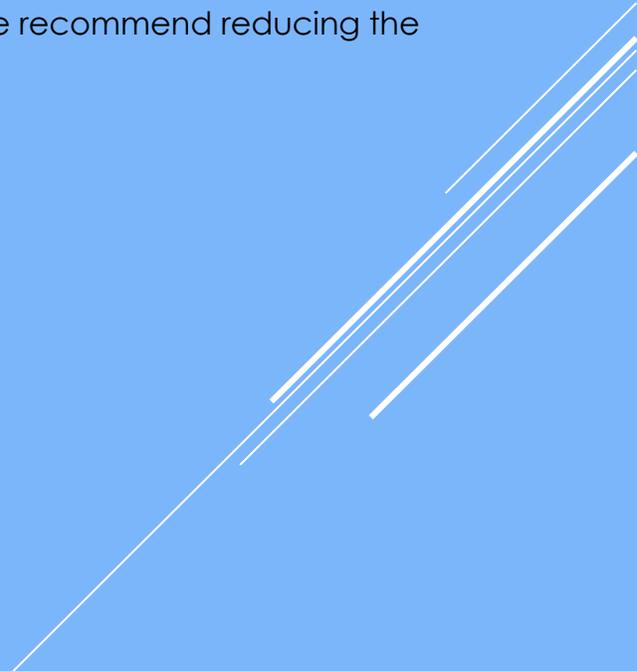
Object 7507 (Maintenance Services)

This object has a requested FY23 budget of \$103,600, which provides for landscaping, cleaning services, and preventative maintenance of HVAC systems and roofs. This is the same amount budgeted for FY22. Currently, year-to-date expenditures are \$9,100. According to Public Libraries, it intends to spend all the funding budgeted by the fiscal year-end, but failed to provide any list of needed services or expenditures that it intends to incur for FY22. Similarly, Public Libraries failed to provide a list that provides a breakdown of needed services for the FY23 budget request.

Due to FY22 expenditures coming in significantly lower than the budgeted amount and the lack of support, we recommend reducing the FY23 budget request to \$53,600.

We recommend reducing maintenance services by \$50,000.

(Reduce object 7507 (Maintenance Services) by \$50,000.)



Department of Recreation and Parks

7001 – Personal Services

Object 7015 (Temporary Pay)

This object has a requested FY23 budget of \$5,802,800 to pay for temporary employees. Annual expenditures ranged from \$2,935,300 in FY21 to a high of \$4,012,500 in FY19 (pre-COVID). The FY22 budget is \$4,848,600. Based on month to month historical spending habits, we estimate that total expenditures for FY22 will be \$3,700,000.

Based on various factors, we recommend reducing the FY23 proposed budget to \$5,562,800. Specifically, our calculated estimate considered the following: We used the pre-COVID-19 level of expenditures at \$4,012,500 in FY19; we also included the expenditures spent in contractual - pay and special pays in FY19 since these objects incur expenses but did not have a FY23 proposed budget; and to account for the wage increases, we added a 5% increase. Although Recreation and Parks failed to substantiate the increase of \$1,000,000 to the proposed budget from FY22, we included it as we understand it is expensive for Recreation and Parks to implement the necessary wage increases.

This brings the total amount to about \$5,560,000, which results in us recommending a reduction of \$240,000 to the FY23 budget request.

We recommend reducing temporary pay by \$240,000.

(Reduce object 7015 (Temporary Pay) by \$240,000.)

Department of Recreation and Parks (cont.)

7001 – Personal Services

Object 7051 (Pension)

The FY23 budget request for pension is \$1,673,700 and \$60,200 for 401A defined contribution (object 7052). The projected salary computation for FY23 disclosed that Recreation and Parks budgeted \$1,612,900 for pension and \$60,400 for 401A defined contribution for a total of \$1,673,300. Recreation and Parks failed to reduce the proposed amount budgeted for 401A defined contribution from the proposed pension amount. This resulted in an excess of \$60,200 in the proposed budget for pension. According to Recreation and Parks, this was due to an error in the pension calculations. As a result, we recommend reducing the proposed budget to \$1,613,500.

We recommend reducing pension by \$60,200.

(Reduce object 7051 (Pension) by \$60,200.)

Department of Recreation and Parks (cont.)

Bureau 325 – Director's Office

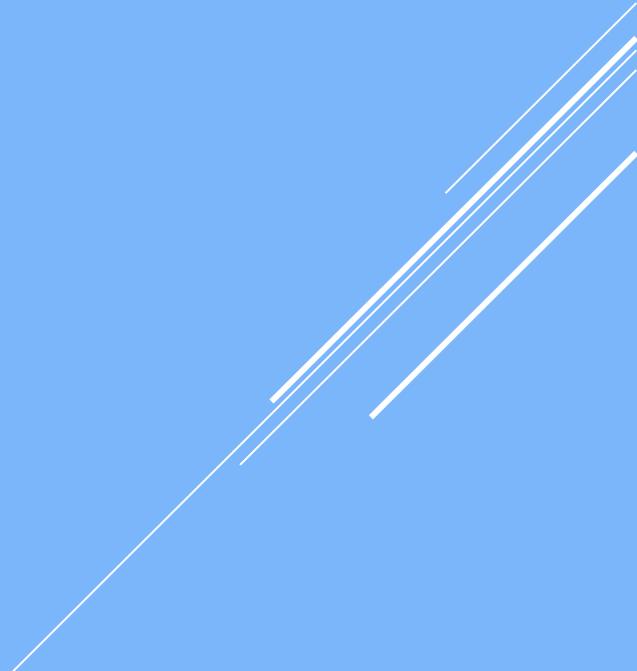
8700 – Grants, Contributions & Other

Object 8711 (Grants and Contributions)

This object has a requested budget of \$519,000, which includes grants given to the community groups who assist Recreation and Parks with maintenance in community parks. Recreation and Parks failed to substantiate the entire budget request that included an increase of \$105,000 from the FY22 budget. Specifically, Recreation and Parks provided two lists detailing the grants totaling \$502,400, which it intends to reward to different organizations. As a result, we recommend reducing the FY23 proposed budget to \$504,000.

We recommend reducing grants and contributions by \$15,000.

(Reduce bureau 325 object 8711 (Grants and Contributions) by \$15,000.)



Department of Recreation and Parks (cont.)

Bureau 330 – Recreation

7200 – Contractual Services

Object 7507 (Maintenance Services)

This object has a requested budget of \$87,000, which includes expenditures related to the maintenance of facility operating equipment that are not covered by County departments, such as pool filters, heating systems, security systems, etc. Recreation and Parks failed to provide a cost breakdown or supporting documentation to substantiate the budget request.

Historically, actual costs have not crossed \$62,000. Specifically, annual expenditures ranged from \$42,500 in FY18 to a high of \$61,600 in FY21. Based on historical expenditures, we recommend reducing the FY23 budget to \$72,000.

We recommend reducing maintenance services by \$15,000.

(Reduce bureau 330 object 7507 (Maintenance Services) by \$15,000.)

Department of Recreation and Parks (cont.)

Bureau 330 – Recreation

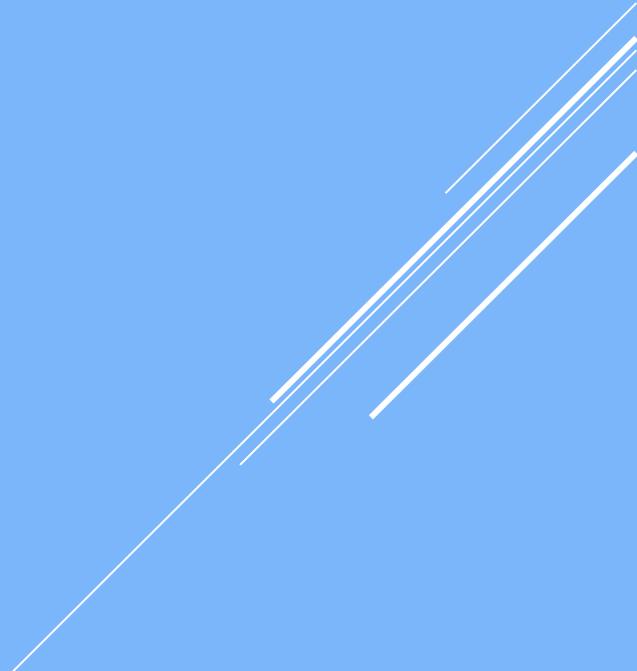
Object 7809 (Other Services)

This object includes expenditures related to bus transportation for summer program participants and year round programs. Recreation and Parks request a budget of \$370,900 for FY23. Recreation and Parks failed to provide a cost breakdown or supporting documentation to substantiate the budget request. A similar situation occurred in our prior annual budget review.

The FY22 budget is \$375,600 and as of May 27, 2022, Recreation and Parks has only expended \$2,500. Historically, actual costs have not crossed \$300,000. Based on historical expenditures and taking a conservative approach, we recommend reducing the FY23 proposed budget to \$340,900.

We recommend reducing other services by \$30,000.

(Reduce bureau 330 object 7809 (Other Services) by \$30,000.)



Department of Social Services

Bureau 500 – Adult Services

7001 – Personal Services

Object 7016 (Contractual - Pay)

This object has a requested FY23 budget of \$995,000 to pay for contractual employees. Social Services failed to substantiate the entire budget request. Instead, Social Services only provided a contractual employee listing that totaled \$945,000 and included four vacancies. Also, historically, actual costs have not crossed \$600,000 even though the FY22 budget totaled \$672,000. Specifically, annual expenditures ranged from \$465,400 in FY19 to a high of \$578,900 in FY21.

Based on historical expenditures, we recommend reducing the FY23 proposed budget to \$880,000. Our calculated estimate considered the actual expenditures for FY21 plus inflation and a buffer of \$200,000.

We recommend reducing contractual - pay by \$115,000.

(Reduce bureau 500 object 7016 (Contractual - Pay) by \$115,000.)

Department of Social Services (cont.)

Bureau 505 – Family and Youth Services

7001 – Personal Services

Object 7013 (Special Pays)

This object is used to supplement pay provided to state employee directors.

Social Services FY23 budget request is \$94,500. Historically, actual costs have not crossed \$40,000 even though the FY22 budget totaled \$101,500. Specifically, annual expenditures ranged from \$6,800 in FY18 to a high of \$32,400 in FY19. Based on historical expenditures, we recommend reducing the FY23 proposed budget to \$44,500.

We recommend reducing special pays by \$50,000.

(Reduce bureau 505 object 7013 (Special Pays) by \$50,000.)



Department of Social Services (cont.)

Bureau 505 – Family and Youth Services

7001 – Personal Services (cont.)

Object 7016 (Contractual - Pay)

This object has a requested FY23 budget of \$1,352,700 to pay for contractual employees. Social Services failed to substantiate the entire budget request. Instead, Social Services only provided a contractual employee listing that totaled \$1,300,000 and included four vacancies. Also, historically, actual costs have not crossed \$1,000,000 even though the FY22 budget totaled \$1,502,700. Specifically, annual expenditures ranged from \$635,400 in FY20 to a high of \$939,400 in FY21.

Based on historical expenditures, we recommend reducing the FY23 proposed budget to \$1,102,700. Our calculated estimate considered the actual expenditures for FY21 plus inflation.

We recommend reducing contractual - pay by \$250,000.

(Reduce bureau 505 object 7016 (Contractual - Pay) by \$250,000.)

PayGo and Impact Fees – Reconciling Items

Office of Finance (Non-Departmental)

Bureau 150 – Pay-As-You-Go

8700 – Grants, Contributions & Other

Object 8761 (Pay-As-You-Go)

Pay-as-you-go is the use of general funds to support capital projects rather than borrowing funds.

The Finance (Non-Departmental)'s budget for pay-as-you-go is \$205,000,000. We recommend reducing pay-as-you-go to \$202,245,000 to reflect total pay-go reductions in the capital budget.

We recommend reducing pay-as-you-go by \$2,755,000.

(Reduce bureau 150 object 8761 (Pay-As-You-Go) by \$2,755,000.)

Impact Fee Special Revenue Fund

Bureau 174 – Development Impact Fees

Object 8761 (Pay-As-You-Go)

This recommendation is to reduce the amount appropriated in the Impact Fee Special Revenue Fund to correspond with the impact fee amounts shown as revenue in the Capital Project Fund.

(Reduce bureau 174 object 8761 (Pay-As-You-Go) by \$12,500,000.)

Child Care Fund

Recreation and Parks Child Care Fund

8000 – Supplies & Materials

Object 8331 (Other Supplies & Materials)

This object provides for games, educational kits, food service utensils, plates, etc. The FY23 budget request is \$428,100. Recreation and Parks failed to provide a detailed breakdown and supporting documentation to substantiate the budget request.

We calculated the FY22 estimated expenditures at \$272,000, which is \$307,000 less than the FY22 budget of \$579,300. Historically, expenditures have not crossed \$400,000. Specifically, annual expenditures ranged from \$75,500 in FY21 to a high of \$394,600 in FY19.

We recommend reducing the FY23 budget request to \$413,100. Our calculated estimate considered the Fund's actual costs and inflation.

We recommend reducing other supplies & materials by \$15,000.

(Reduce object 8331 (Other Supplies & Materials) by \$15,000.)

Water and Wastewater Operating Fund

7001 – Personal Services

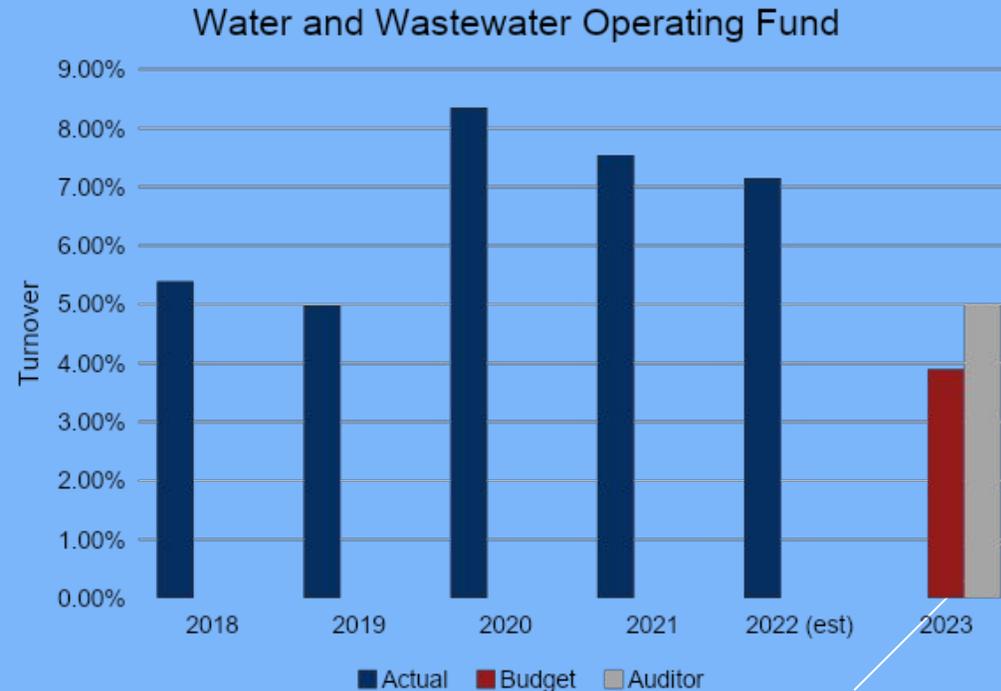
Object 7019 (Turnover)

This object is calculated to determine the savings projected to occur in the personal services category due to vacancies. Public Works included a turnover amount of (\$1,726,800), or 3.90% of the personal services category. We determined this object should be increased a further (\$485,000), increasing turnover to about 5.00% of personal services based on the historical actual turnover rate.

We recommend increasing the turnover request to (\$2,211,800) to get close to the lowest historic turnover percentage based on the period of fiscal year 2018 through 2022.

We recommend increasing the turnover by (\$485,000).

(Increase object 7019 (Turnover) by (\$485,000).)



Water and Wastewater Operating Fund (cont.)

Bureau 665 – Water and Wastewater Operations

7200 – Contractual Services

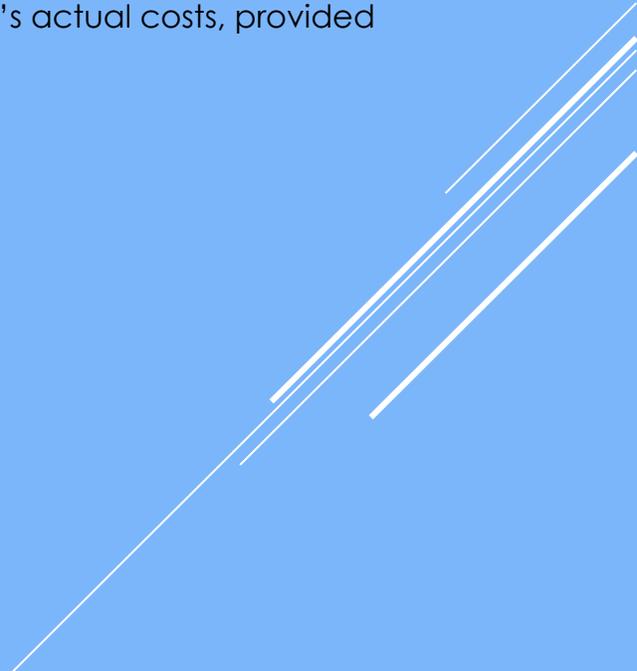
Object 7419 (Laboratory Testing Services)

The laboratory testing services object includes various water and wastewater facility quality and other testing. Public Works estimate of the Fund's FY23 budget request is \$280,100. Historically, the laboratory testing services actual costs have not crossed \$120,000 even though the FY22 budget is \$191,400. Specifically, annual expenditures ranged from \$76,300 in FY19 to a high of \$116,200 in FY20.

We recommend reducing the FY23 budget request to \$210,100. Our calculated estimate considered the Fund's actual costs, provided for new testing and sampling, and inflation.

We recommend reducing laboratory testing services by \$70,000.

(Reduce bureau 665 object 7419 (Laboratory Testing Services) by \$70,000.)



Water and Wastewater Operating Fund (cont.)

Bureau 665 – Water and Wastewater Operations

7200 – Contractual Services

Object 7423 (Management Services)

The management services object has a requested budget of \$769,900, which includes cleaning of gravity sewer lines, studies, classes, and consulting services to update a pretreatment limits study. Historically, actual costs have not reached the prior budget requests and crossed \$430,000 even though the FY22 budget request is \$519,900. Specifically, annual expenditures ranged from \$20,900 in FY18 to a high of \$428,000 in FY21.

We recommend reducing the FY23 proposed budget to \$679,900. Our calculated estimate considered the Fund's actual costs, provided for new consulting services, and inflation.

We recommend reducing management services by \$90,000.

(Reduce bureau 665 object 7423 (Management Services) by \$90,000.)

Water and Wastewater Operating Fund (cont.)

Bureau 665 – Water and Wastewater Operations

7200 – Contractual Services

Object 7719 (Utility Water and Sewer Purchases)

The utility water and sewer purchases budget request of \$135,000 mainly covers water sources from Baltimore City for northern areas of the County if needed. According to Public Works, in FY19, due to capital investments in the water supply system, the County has been able to supply water to residents in the northern part of the County, and the FY23 request is a contingency to cover the costs of tapping back into the Baltimore City water supply in the event of an emergency.

However, this Fund already carries a budget of unanticipated needs (object 8721) that Public Works can use for emergency situations that arise. Therefore, we recommend reducing the utility water and sewer purchases FY23 proposed budget to \$35,000.

We recommend reducing utility water and sewer purchases by \$100,000.

(Reduce bureau 665 object 7719 (Utility Water and Sewer Purchases) by \$100,000.)

Water and Wastewater Sinking Fund

Bureau 675 – Water and Wastewater Debt Service

7200 – Contractual Services

Object 7405 (Consultants)

This object is used to pay financial services related to debt service (i.e., bond sales) and for bond sale legal services as well as other small bond related costs.

The Fund's FY23 budget request is \$383,000. Finance's budget estimate contained duplicate consultant expenses related to costs and fees for annual bond sale activity for the County's General Fund debt service, which is separately budgeted in the Office of Finance (Non-Departmental). We identified the same duplicate consultant request by Finance during the FY22 annual budget review. As a result, this caused an overestimate of consultant fees totaling \$180,000. We recommend eliminating the duplicate budgeted funds. A similar situation occurred with the County's General Fund debt service budget.

We recommend reducing consultants by \$180,000.

(Reduce bureau 675 object 7405 (Consultants) by \$180,000.)

Water and Wastewater Sinking Fund (cont.)

Bureau 675 – Water and Wastewater Debt Service

8600 – Debt Service

Object 8633 (Other Costs of Issue)

This object is used to pay for other costs of issuance related to debt service (i.e., bond sales), such as banking fees, commissions, and underwriting fees.

The Fund's FY23 budget request is \$735,000. Finance provided support that substantiated a budget estimate less than \$600,000. As a result, we recommend eliminating the excess amount while allowing for inflation.

We recommend reducing other costs of issue by \$135,000.

(Reduce bureau 675 object 8633 (Other Costs of Issue) by \$135,000.)

Garage Vehicle Replacement Fund

8500 – Capital Outlay

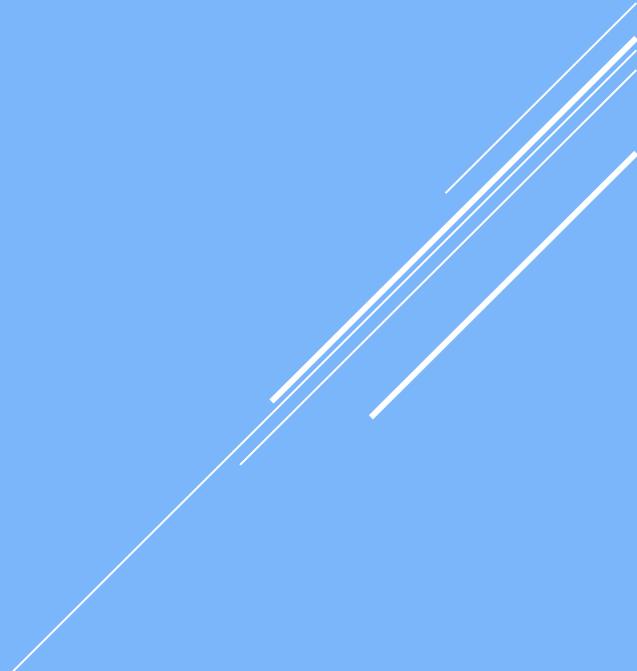
Object 8531 (Automotive Equipment)

This object is used to purchase new vehicles for the County.

The Garage Vehicle Replacement Fund FY23 budget request is \$13,808,100. Central Services estimate of the Fund's FY23 budget included costs of \$28,600 to replace a 2007 Ford Escape for the Department of Inspections and Permits that was already budgeted and encumbered in FY22. These funds will remain encumbered utilizing FY22 funds to replace the vehicle. As a result, we recommend reducing the automotive equipment budget to \$13,780,100.

We recommend reducing automotive equipment by \$28,000.

(Reduce object 8531 (Automotive Equipment) by \$28,000.)



Reforestation Fund

8700 – Grants, Contributions & Others

Object 8785 - Non-County Expenditures

This object has a requested FY23 budget of \$260,000 to pay grants to organizations for general planting projects throughout the County. This is a similar request from FY22, however, according to Inspections and Permits, the Chesapeake Bay Trust was due to get a \$200,000 grant for FY22 to support a large project that recently fell through, and the FY22 funds are no longer needed. Furthermore, Inspections and Permits failed to substantiate the need for the Chesapeake Bay Trust to receive \$200,000 in FY23. According to Inspections and Permits, it does not dictate how the Chesapeake Bay Trust uses funds received from the County.

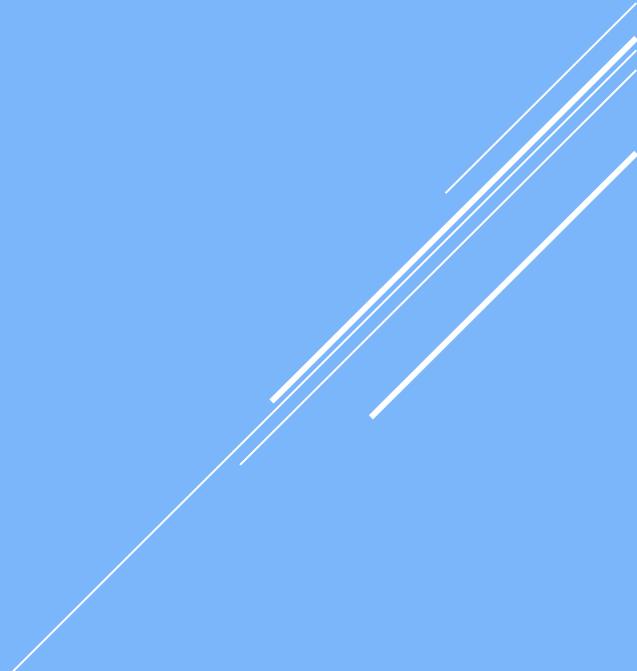
As a result, we recommend reducing the Fund's proposed budget to \$60,000.

We recommend reducing non-County expenditures by \$200,000.

(Reduce object 8785 (Non-County Expenditures) by \$200,000.)

RECOMMENDATIONS - CAPITAL

Auditor's Proposed Capital Budget Changes



Water

W801700 Glen Burnie High Zone (p. 408)

This project provides for the design, right of way acquisition, and construction of various water main improvements within the 295 Glen Burnie Pressure Zone.

As of May 27, 2022, the available project balance was \$1.1 million. The project is complete and the last child project task is in performance. Based on the latest budget estimate provided there is \$1 million in excess project funds.

We recommend reducing prior approved water bonds by \$1 million.

(Reduce prior approved water bonds by \$1,000,000.)

W805600 Dorsey Lime System Upgrade (p. 413)

The purpose of this project is to design and construct several process system upgrades to maintain reliable operation of the facility's treatment components.

Based on updated cost estimates, the project cost was reduced by \$233,000. We recommend reducing the project budget by \$200,000.

We recommend reducing prior approved water bonds by \$200,000.

(Reduce prior approved water bonds by \$200,000.)

Wastewater

S802300 WRF Infrastr Up/Retro (p. 325)

This project provides for design and construction to upgrade various wastewater system infrastructure, including structures and equipment to meet current control and operational standards.

As of May 27, 2022, the available project balance was \$1,623,800, and the Administration is requesting an additional \$1,150,000 in FY23. Average annual expenditures for FY18 – FY21 were \$965,000. In FY22, \$1,520,800 has already been expended and encumbered. Based on historical expenditures, expected activity, and the available balance, we recommend reducing the FY23 request by \$500,000.

We recommend reducing FY23 wastewater bonds by \$500,000.

(Reduce FY23 wastewater bonds by \$500,000.)

S806100 Cox Creek WRF Non-ENR (p. 328)

This project provides for the design and construction of facility upgrades at the Cox Creek WRF.

The Cox Creek WRF Non-ENR 2 improvements construction contract award was \$285,000 less than the budget amount estimated. Therefore, we recommend reducing project funds by \$250,000. This leaves \$35,000 in added construction contingencies.

We recommend reducing FY23 wastewater bonds by \$250,000.

(Reduce FY23 wastewater bonds by \$250,000.)

Wastewater (cont.)

S806600 Maryland City WRF Exp (p. 331)

This project provides for the design, land acquisition, and construction of an expansion of the Maryland City WRF to a capacity of 3.7 MGD.

The Maryland City WRF utility water pump replacement construction contract award was \$97,000 less than the budget amount estimated. Therefore, we recommend reducing project funds by \$70,000. This leaves \$27,000 in added construction contingencies.

We recommend reducing FY23 wastewater bonds by \$70,000.

(Reduce FY23 wastewater bonds by \$70,000.)

S807700 Brock Bridge Road Sewer Repl (p. 335)

This project provides for the design, bid, and construction of replacement of approximately 1800 LF of gravity sewer main along Brock Bridge Road and new connection to race track sewer flows.

As of May 27, 2022, the available project balance was \$232,200. The Administration is requesting to reduce the balance by \$117,000 in FY23. The Department has provided an update that an additional \$114,000 in wastewater bonds can be released leaving \$1,000 left for overhead costs.

We recommend reducing an additional \$114,000 of prior approved wastewater bonds.

(Reduce an additional \$114,000 of prior approved wastewater bonds.)

Wastewater (cont.)

S808000 Cox Creek Grit System Improv. (p. 336)

This project provides for the evaluation, design, and construction of facilities to address grit handling during high flow events.

As of May 27, 2022, the available project balance was \$908,500. The Administration is requesting \$536,000 in wastewater bonds for FY23. The Department has provided an update that the funds requested for FY23 are no longer needed due to bids coming in lower than expected.

We recommend eliminating the FY23 wastewater bonds request of \$536,000.

(Delete FY23 wastewater bonds of \$536,000.)

General County

C443400 Agricultural Preservation Prgm (p. 5)

This project provides funding for the purchase of agricultural easements or fee simple interest in accordance with the County and State Agriculture and Woodland Preservation programs.

As of May 27, 2022, the available project balance is \$4,982,504. No funds are requested for FY23. Currently, there are two offers that have been accepted. These two offers are related to the Maryland Agricultural Land Preservation Foundation (MALPF) applications from FY21 and FY22. In addition, a rural legacy application is also being considered in FY22 with settlement anticipated later in the year. In total, there are three potential settlements, two are MALPF applications and one rural legacy application. After settlement of these three applications, the available project balance will be \$4,581,500.

The highest amount of annual expenditure during recent years was \$2.2 million in FY18. Based on the historical activity, available project balance and anticipated settlements, we recommend reducing prior approved general county bonds by \$1 million. This reduction would leave the project with \$3,581,500 for future purchases.

(Reduce prior approved general county bonds by \$1,000,000.)

General County (cont.)

C565400 Fiber Network (p. 16)

This project provides funding to connect the remaining 42 schools to the Anne Arundel County Fiber Network to deliver high speed data services.

As of May 27, 2022, the available project balance was \$1,472,400. The average annual expenditure from FY18 to FY21 for this project was approximately \$860,000. The FY23 request is \$750,000. Based on the defined need, historical expenditures, and the available balance, we recommend reducing prior approved paygo by \$450,000. This reduction would leave \$1,772,400 available for spending in the project.

We recommend reducing prior approved paygo by \$450,000.

(Reduce prior approved paygo by \$450,000.)

C562400 Add'l Salt Storage Capacity (p. 15)

This project provides funding for design and construction of additional or enhanced salt storage structures, utilizing existing road maintenance facilities.

The funds requested exceed the amount needed based on project budgets. The Department agreed that these funds are not needed in the project. We recommend reducing the FY23 request by \$357,000.

We recommend reducing FY23 general county bonds by \$357,000.

(Reduce FY23 general county bonds by \$357,000.)

Board of Education

E539100 Upgrade Various Schools (p. 250)

This project provides for facility modifications that are beyond the scope of routine minor construction and not of sufficient scope to be a line item in the capital budget.

The amount of grant funding and other funding available for FY23 is \$200,000 and \$49,906, respectively, more than the budget request. To correct the amount of grant and other funding available, we recommend increasing other state grants by \$200,000 and increasing Laurel Racetrack by \$49,906.

(Increase FY23 other state grants by \$200,000 and increase FY23 Laurel Racetrack by \$49,906.)

E549300 Athletic Stadium Improvements (p. 256)

This project provides for design and construction funding for athletic facility enhancements.

The amount of grant funding available for FY23 is \$2,600,000 more than the budget request. To correct the amount of grant funding available, we recommend increasing other state grants by \$2,600,000.

(Increase FY23 other state grants by \$2,600,000.)

Roads and Bridges

H563700 Ped Improvement - SHA (p. 146)

This project provides the County's share of costs for the State Highway Administration (SHA) to construct new sidewalks and reconstruct sidewalks along state highways.

Based on historical activity, the available project balance and planned tasks, we recommend deleting the FY23 request of \$500,000. As of May 27, 2022, the available project balance was \$1.4 million, which included all of the project funds requested in FY22, FY21, and more. The project also had \$411,000 in encumbered funds. Project expenditures in FY22 through May 27, 2022, and in FY21 were (\$20,800) and \$8,600, respectively. The highest level of annual expenditures since FY18 was in FY20 for \$411,000. The Department stated that SHA has not had funding as originally anticipated and that they were shifting strategies.

Since the available project balance is more than three times the highest annual activity in the project over the last five years, we recommend deleting the FY23 request of \$500,000.

(Delete FY23 general county bonds of \$500,000.)

Roads and Bridges (cont.)

H581600 Route 3 Improvements (p. 173)

This project will design, acquire rights of way, and construct improvements along MD 3 from Saint Stephens Church Road to MD 175/Millersville Road by adding a 3rd travel lane in each direction, including shoulders and related intersection improvements where required.

The budget request includes all funding for the project in FY23 and FY24. However, the Department is scheduled to advertise for construction contract bids in FY26. Therefore, construction funds can be deferred until FY26. The Department agreed that the project needs \$400,000 in FY23 for design and land, \$150,000 in FY25 for utility costs, and the remaining funds in FY26. Therefore, we recommend the following: reduce FY23 paygo by \$779,000; restore FY24 paygo by \$779,000; reduce FY24 PPI Bonds by \$1,887,000; reduce FY24 highway impact fees district 4 by \$629,000; increase FY26 PPI Bonds by \$1,887,000; and increase FY26 highway impact fees district 4 by \$629,000.

(Reduce FY23 paygo by \$779,000; restore FY24 paygo by \$779,000; reduce FY24 PPI Bonds by \$1,887,000; reduce FY24 highway impact fees district 4 by \$629,000; increase FY26 PPI Bonds by \$1,887,000; and increase FY26 highway impact fees district 4 by \$629,000.)

Roads and Bridges (cont.)

H583700 Pleasant Plains Rd Safety Im (p. 177)

This project will address “running off the road” crashes along Pleasant Plains Road.

The budget estimate developed for this project included several errors totaling \$842,000. The Department agreed that the project budget was overstated by this amount. We recommend reducing FY23 PPI Bonds by \$373,000, deleting FY23 paygo by \$355,000, and reducing FY24 PPI Bonds by \$114,000.

(Reduce FY23 PPI Bonds by \$373,000, delete FY23 paygo of \$355,000, and reduce FY24 PPI Bonds by \$114,000.)

H583800 Duvall/Outing Access Improve (p. 178)

This project provides improved pedestrian accessibility and mobility through pedestrian infrastructure upgrades along Outing Avenue from MD 177 to Duvall Highway and along Duvall Highway from Outing Avenue to MD 173 for better access to High Point Elementary School, George Fox Middle School, and Northeast High School.

The budget estimate developed for this project included an error in the construction cost estimate that resulted in a reduction of \$1,040,000 in the project cost. The Department agreed that the cost was overstated. We recommend deleting FY25 general county bonds by \$957,000 and reducing FY25 highway impact fees district 2 by \$83,000.

Additionally, the Department indicated that an additional \$189,000 is needed in FY23. If the Administration determines additional funds beyond that included in the proposed budget is needed, it will need to be included in the Administration's supplemental budget request.

(Delete FY25 general county bonds by \$957,000 and reduce FY25 highway impact fees district 2 by \$83,000.)

Library

L542400 Library Proj Plan (p. 298)

This project includes funding for preliminary planning, engineering, and cost estimating for proposed future Library capital projects.

As of May 27, 2022, the available project balance is approximately \$15,000. The FY23 request is for \$250,000. Per the Department, all the funds will be used for updating the Library System Master Plan. The last update was performed during FY18, which cost approximately \$163,000. We recommend reducing the FY23 request by \$50,000, which will leave the department with \$215,000 to perform the plan update. The Department agrees with the \$50,000 reduction.

We recommend reducing FY23 general county bonds by \$50,000.

(Reduce FY23 general county bonds by \$50,000.)

L576100 New Glen Burnie Library (p. 299)

This project includes funding for design and construction of a new Glen Burnie Regional Library.

Prior approved appropriation for this project is \$147,000. Funds were approved to conduct a study for the new library. Based on the most recent forecast, the Department estimates that the total cost of the study will be approximately \$92,000. The Department does not anticipate any further expenditures before the design phase starts in FY24. Therefore, there is \$55,000 in excess funds in this project. We recommend a reduction of \$50,000. The Department agreed with the reduction.

We recommend reducing prior approved general county bonds by \$50,000.

(Reduce prior approved general county bonds by \$50,000.)

Library (cont.)

L567000 Riviera Beach Comm. Library (p. 304)

This project includes funding for design and construction of a new community library on the existing site.

The project is currently in construction. Approximately \$9.17 million was budgeted for the construction contract while the construction contract bids came in lower and the contract was awarded approximately \$8.81 million. In addition, the Department budgeted a design contingency at 19.5% (\$173,000) of the design contract. This contingency is usually budgeted at 10% of the design contract. Based on our analysis, there are excess project funds, therefore, we recommend reducing the project budget by \$160,000.

We recommend reducing prior approved general county bonds by \$160,000.

(Reduce prior approved general county bonds by \$160,000.)

Recreation & Parks

P372000 South Shore Trail (p. 79)

This project is authorized to acquire property, design, and construct a paved multi-use trail primarily utilizing the abandoned road bed of the WB & A Railroad between Annapolis and Odenton. The trail will connect with the Colonial Annapolis Maritime Trail on the east end and the WB & A Trail on the west.

South Shore Trail Phase 1, Waterbury to MD Rte 3 is complete. Budgeted cost estimates exceeded actual costs by \$99,000. We recommend reducing the project budget by \$45,000, which would leave \$50,000 in the project for final invoices for this task. The Department agreed with the \$45,000 reduction in project funds.

We recommend reducing FY23 general county bonds by \$45,000.

(Reduce FY23 general county bonds by \$45,000.)

Recreation & Parks (cont.)

P400200 Greenways, Parkland & Open Space (p. 81)

This project establishes a fund for County-wide Greenway, Parkland, and Open Space Acquisitions and related expenses.

As of May 27, 2022, the available project balance was approximately \$7.11 million. This is made up of approximately \$2.95 million in County funds, \$3.87 million in POS-Acquisition funds, and \$288,224 in other miscellaneous funds. The Department anticipates spending approximately \$1.91 million in County funds during FY22, leaving \$1.04 million in County funds available for FY23.

The FY23 request for County funding is \$1.46 million. The Department advised that these funds will be used for purchases to help reach the land purchase goals established in the Green Infrastructure Plan.

Based on the \$1.04 million of County funds from the available project balance that can be used to fund purchases in FY23, we recommend reducing the FY23 funding request by \$500,000. This leaves the County with \$2 million in County funds, \$540,000 more than the identified need for FY23.

We recommend reducing FY23 paygo by \$500,000.

(Reduce FY23 paygo by \$500,000.)

Recreation & Parks (cont.)

P468700 Shoreline Erosion Control (p. 85)

This project is authorized to address various shoreline erosion problems in all County parks that border on the Chesapeake Bay, its tidal tributaries, and park lakes.

Two project tasks, Shoreline Erosion Control for Quiet Waters Park and Shoreline Erosion Control for Brewers Pond, are complete. Actual costs for these tasks were less than the budget estimates, resulting in excess funds totaling \$100,000. We recommend reducing the project budget by \$100,000, and the Department agreed with the reduction.

We recommend reducing FY23 general county bonds by \$100,000.

(Reduce FY23 general county bonds by \$100,000.)

P479800 Park Renovation (p. 86)

Funds are requested and programmed to repair, improve, reconstruct, and develop existing County parks and schools where the condition of the facilities and structures are beyond the capability and plant services of the County maintenance work force.

As of May 27, 2022, the available project balance was \$428,275. The FY23 request is for \$9 million, which includes \$2.7 million of County funds while the remaining \$6.3 million are grant funds. Annual expenditures reached a high of \$6.6 million in FY21 during recent years. Based on the historical activity and the FY23 request, we recommend reducing the FY23 request of \$9 million by \$1 million.

We recommend reducing the FY23 paygo by \$1 million.

(Reduce FY23 paygo by \$1,000,000.)

Recreation & Parks (cont.)

P544100 Dairy Farm (p. 122)

This project proposes to amend the master plan, design and develop the Dairy Farm property on Dairy Farm Road in Gambrills to include agricultural activities, environmental education, and athletic facilities. This project is contingent upon a long term lease with the Navy.

As of May 27, 2022, the available project balance was \$563,097. The Department needs funding for an update of the master plan and for the required National Environmental Policy Act (NEPA) review process. Per a letter from the Navy, the NEPA will cost \$205,000. The Department has not yet contracted for the master plan update but based on a similar project, the Department estimates that it will cost \$142,000. Since no other tasks are planned, we recommend reducing the excess prior approved funds by \$215,000. The Department agreed with this reduction.

We recommend reducing prior approved general county bonds by \$215,000.

(Reduce prior approved general county bonds by \$215,000.)

P561600 Arundel Swim Center Reno (p. 91)

This project includes repairs and rehabilitation to the Arundel Swim Center on Riva Road in Annapolis.

The Arundel Swim Center Renovation Phase 2 is complete. Budget estimates for this task exceed actual costs by \$43,200. In addition, the construction contract for the Arundel Swim Center Renovation Phase 4 was awarded for \$157,000 less than the budget estimate. We recommend reducing the project budget by \$100,000 of the \$200,200 in excess funds identified, leaving funds for contingencies for the task in progress.

We recommend reducing FY23 general county bonds by \$100,000.

(Reduce FY23 general county bonds by \$100,000.)

Recreation & Parks (cont.)

P570200 Eisenhower Golf Course (p. 98)

This project is for the acquisition of the Eisenhower Golf Course and related structures from the City of Annapolis. This project includes the permitting and construction of improvements to the golf course.

Eisenhower Course Improvement is complete. Actual costs for this task were less than the budget estimates, resulting in excess funds totaling \$91,000. The Department advised that it is awaiting as-built survey and plans. We recommend reducing the project budget by \$45,000 leaving the \$46,000 for the as-built survey and plans.

We recommend reducing FY23 general county bonds by \$45,000.

(Reduce FY23 general county bonds by \$45,000.)

P573200 Hot Sox Park Improvements (p. 99)

This project will design and construct improvements at the historic Hot Sox Park.

The FY23 request is for \$308,000. The Department identified project tasks with estimated costs totaling \$256,800. Therefore, the request exceeds identified tasks by \$51,200.

We recommend reducing FY23 general county bonds by \$50,000.

(Reduce FY23 general county bonds by \$50,000.)

Recreation & Parks (cont.)

P576200 Odenton Park Improvements (p. 102)

This project is for the design, permitting, and construction of improvements to the existing multi-use park - Odenton (GORC) Park.

The FY23 request is for \$1,053,000, which includes \$453,000 in County funding and \$600,000 in other state grants. The Department advised that the request is for Odenton Park Improvement Phase 2. The budget request exceeds the Department's cost estimates by \$118,500. We recommend reducing the project budget by \$100,000.

We recommend reducing FY23 paygo by 100,000.

(Reduce FY23 paygo by \$100,000.)

P579000 Brooklyn Park Community Center (p. 107)

This project is to revitalize and repurpose Brooklyn Heights Park, located at 111 E 11 TH Ave.

As of May 27, 2022, the available project balance was \$977,333 (County bonds). The FY23 request of \$3.4 million is made up of federal and state grants. The Department intends to start working on the design of the community center building in FY23 and expects to receive a majority of the construction funds, \$8.53 million, from an unknown private partner in FY24. To prevent the County from using County funds on the design and construction of the project prior to securing private funding, we recommend adding qualifying language to the Annual Budget and Appropriation Ordinance preventing the Department from spending available County funds on the design of the community center until a private partner has been identified and construction funding to complete the project has been secured.

(Recommend adding qualifying language restricting the utilization of prior approved bonds of \$977,000.)

Recreation & Parks (cont.)

P584300 ADA Compliance Implementation (p. 110)

This project is to implement corrective measures described in the accessibility audit completed in 2020.

This project was funded for the first time during FY22 with \$350,000 in general county bonds. As of May 27, 2022, the available project balance was \$349,708. The FY23 request is for \$700,000. There is no funding request in FY24 while the request for the rest of the out-years is \$350,000. The Department advised that the funding request was pulled forward from FY24 to FY23 due to the availability of paygo funding in FY23. Since the Department has not spent the \$350,000 in available funds it received in FY22, we recommend reducing the FY23 request of \$700,000 to \$350,000 and moving the remaining \$350,000 to FY24.

We recommend reducing FY23 paygo by \$350,000 and restoring \$350,000 of paygo to FY24.

(Reduce FY23 paygo by \$350,000 and restore \$350,000 of paygo to FY24.)

P584400 Odenton Library Community Park (p. 111)

This project provides the design and construction of a community park adjacent to the Odenton Regional Library in Odenton.

The FY23 request is for \$2 million, which includes \$500,000 in general county bonds and \$1.5 million in other state grants. The project is currently in the design phase and the construction contract bid and award period will not start until FY24. According to the Department, a matching fund requirement was waived for the state grant of \$1.5 million. Since there is no matching fund requirement and sufficient funds are appropriated for design, we recommend reducing FY23 project funds by \$500,000 and increasing FY24 project funds by the same amount.

We recommend reducing FY23 general county bonds by \$500,000 and increasing FY24 general county bonds by \$500,000.

(Reduce FY23 general county bonds by \$500,000 and increase FY24 general county bonds by \$500,000.)

Recreation & Parks (cont.)

P588300 Trail Spurs/Connectors CW (p. 119)

This project will fund the design, right-of-way acquisition, and construction of trail spurs and connectors to the major trails traversing the County.

This is a new project and the FY23 request is for \$750,000. The Department was unable to provide any documentation on the basis for the amount requested, but advised that this is based on historical knowledge and similar projects, such as the Safe Route for Schools Sidewalks project. The Department also stated that it is requesting more in FY23 as compared to the out-years due to the availability of paygo funding in FY23.

Annual expenditures incurred for the School Sidewalks project reached a high of \$200,000 in FY18. Based on the lack of supporting documentation and historical expenditures from a similar project, we recommend reducing FY23 paygo by \$450,000. This leaves the department with \$300,000, which is \$100,000 more than the highest amount spent by a similar project.

We recommend reducing FY23 paygo by \$450,000.

(Reduce FY23 paygo by \$450,000.)

Water Quality Improvements

Q517400 Cowhide Branch Retro (p. 233)

This project provides for the construction of an upgrade to the Cowhide Branch of Weems Creek.

The project is complete and any additional work required will be performed in a new project. We recommend deleting the excess project funds of \$1,300,000. The Department agreed that this amount was not needed.

We recommend reducing prior approved general county bonds by \$500,000 and prior approved other federal grants by \$800,000.

(Reduce prior approved general county bonds by \$500,000 and reduce prior approved other federal grants by \$800,000).

Dredging

Q582300 Severn River HW Dredging 2 (p. 221)

This project provides for the design, permitting, and construction services associated with the dredging of material from the Severn River Headwaters.

The project budget included an error in the calculation. The Department advised that the correction resulted in a decrease in the project budget of \$76,000.

We recommend reducing FY23 general county bonds by \$76,000.

(Reduce FY23 general county bonds by \$76,000.)

Q584900 Yantz & Saltworks Creek Drdg (p. 224)

This project provides for the planning, design, and dredging of material from Yantz Creek and Saltworks Creek.

The project budget included an error in the calculation. The Department advised that the correction resulted in a decrease in the project budget of \$19,000.

We recommend deleting FY23 general county bonds by \$19,000.

(Delete FY23 general county bonds by \$19,000.)

Watershed Protection & Restoration

B552400 MR-OF-04 (p. 426)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project assessed approximately 27 Outfalls and includes restoration and improvements to 4 Outfalls.

As of May 27, 2022, the available project balance was \$124,410. Project tasks are complete and the Department is de-appropriating \$50,000 from prior approved project funds in FY23. Based on the available project balance and that project tasks are complete, we recommend reducing project funds by an additional \$40,000. The Department agreed with this additional reduction.

We recommend reducing prior approved WPRF bonds by an additional \$40,000.

(Reduce prior approved WPRF bonds by an additional \$40,000.)

B552600 MR-OF-02 (p. 459)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project includes restoration and improvements to approximately 350 linear feet of degraded stream channel off Tolstoy Lane.

As of May 27, 2022, the available project balance was \$106,792. According to the Department, the project is in performance and funds are only needed for final costs. We recommend reducing project funds by \$70,000. The Department agreed with the reduction.

We recommend reducing prior approved WPRF bonds by \$70,000.

(Reduce prior approved WPRF bonds by \$70,000.)

Watershed Protection & Restoration (cont.)

B554000 PT-PC-01 (p. 463)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project includes the assessment of approximately 40 Public Ponds with facilities, streams or outfalls being restored or retrofit.

As of May 27, 2022, the available project balance was \$287,810. Of the four project tasks, two are complete, one task is in performance and one was canceled. Funds are encumbered for the task that is in performance; therefore, we recommend reducing the current available balance to remove the funds budgeted for the canceled task.

We recommend reducing prior approved WPRF bonds by \$280,000.

(Reduce prior approved WPRF bonds by \$280,000.)

B555700 PN-PC-01 (p. 468)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project includes the assessment of 22 Public Ponds. The project includes retrofit of 9 stormwater ponds (BMPs) to improve water quality treatment capacity and meet current design standards. The project also includes one stream restoration project of approximately 600 Linear Feet (by decommissioning two in-line, failing stormwater ponds).

As of May 27, 2022, the available project balance was \$563,661. According to the Department, Patapsco Non-Tidal Public Ponds Phase 1 is complete and budget estimates exceeded actual costs by \$115,000. We recommend reducing project funds by \$115,000. The Department agreed with this reduction.

We recommend reducing prior approved WPRF bonds by \$115,000.

(Reduce prior approved WPRF bonds by \$115,000.)

Watershed Protection & Restoration (cont.)

B557900 SE-OF-01 (p. 475)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project includes restoration and improvements to approximately 46 Outfalls.

As of May 27, 2022, the available project balance was \$261,028. According to the Department, one project task, Sappington Hill Pond Retrofit, has been completed and the other project task, Severn Minor Outfall Restoration, will be closed and no further action taken. Therefore, we recommend reducing project funds by \$250,000. The Department agreed with this reduction.

We recommend reducing prior approved WPRF bonds by \$250,000.

(Remove prior approved WPRF bonds by \$250,000.)

B558100 SE-PC-01 (p. 477)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project includes restoration and improvements to approximately 28 Public Ponds.

As of May 27, 2022, the available project balance was \$983,319. According to the Department, two out of four project tasks, Mill Race Public Pond Restoration and Severn River Public Pond Restoration, are complete. Budgeted cost estimates exceeded actual costs for these tasks by \$70,000. We recommend reducing project funds by \$70,000. The Department agreed with this reduction.

We recommend reducing prior approved WPRF bonds by \$70,000.

(Reduce prior approved WPRF bonds by \$70,000.)

Watershed Protection & Restoration (cont.)

B559200 SO-OF-01 (p. 440)

This project is for the design and construction of stormwater management infrastructure improvements necessary to comply with federal and state clean water requirements. This project assessed restoration and improvements to approximately 17 Outfalls.

As of May 27, 2022, the available project balance was \$621,412. Project tasks are complete and the Department is de-appropriating \$329,943 from prior approved project funds in FY23. Based on the available project balance and that project tasks are complete, we recommend reducing project funds by an additional \$105,000, leaving the remaining funds for final costs. The Department agreed with this additional reduction.

We recommend reducing prior approved WPRF bonds by an additional \$105,000.

(Reduce prior approved WPRF bonds by an additional \$105,000.)

B561000 WPRP Land Acquisition (p. 480)

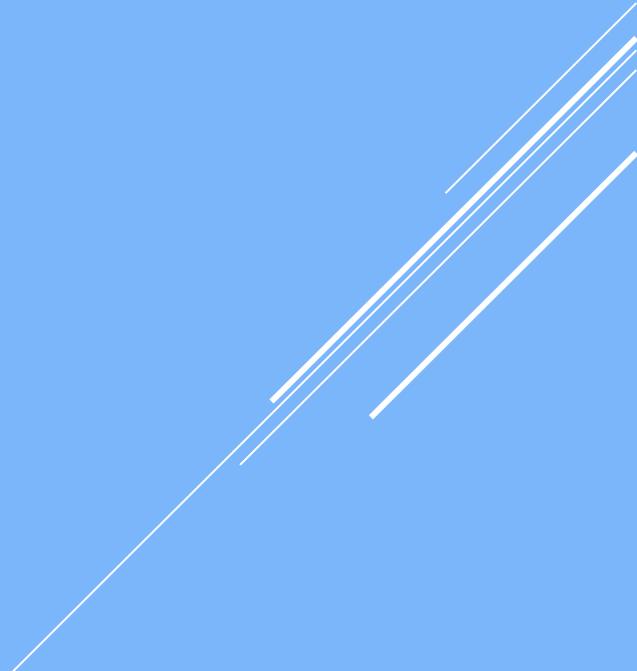
The project allows for the advance land acquisition at sites where future B-Class projects will occur or where flood prone and/or natural resource rich properties can be preserved to assist the County achieve environmental regulatory goals. Funding is included for the demolition of structures. The project is county-wide and multi-year.

As of May 27, 2022, the available project balance was \$906,537. The Department advised that it will utilize the available funds for another round of property acquisitions during FY23. According to the Department, \$450,000 was spent in the first round and it expects to spend \$600,000 to \$700,000 on acquisitions and another \$100,000 for demolition and remediation. Based on the current available project balance and the Department's response, we recommend reducing project funds by \$100,000, leaving \$806,537 for future acquisitions, demolition and remediation.

We recommend reducing prior approved WPRF bonds by \$100,000.

(Reduce prior approved WPRF bonds by \$100,000.)

APPENDICES

- ▶ Appendix A - Summary of New Positions
 - ▶ Appendix B - Operating Recommendations
 - ▶ Appendix C - Capital Recommendations
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