



**ANNE ARUNDEL COUNTY  
OFFICE OF THE COUNTY AUDITOR**

**To:** Councilmembers, Anne Arundel County Council  
**From:** Michelle Bohlayer, County Auditor  
**Date:** June 2, 2022  
**Subject:** Auditor's Review of Legislation for the June 6, 2022 Council Meeting

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**Bill 36-22:  
Licenses and Registrations  
– Amusements – Linked  
Bingo Games**

**Summary of Legislation**

This bill amends the definition of bingo, linked bingo game, and linked bingo provider; allows players to participate virtually in linked bingo games under certain circumstances; requires certain notices and signs for linked bingo games; and amends requirements of a linked bingo game provider license.

We commented on this bill in our letter dated May 11, 2022. At the May 16, 2022 Council meeting, the public hearing for this bill was held open until the June 6, 2022 meeting. We have no further comments on this bill.

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**Bill 49-22:  
Finance, Taxation, and  
Budget – Special  
Community Benefit  
Districts – Tax**

**Summary of Legislation**

This bill applies certain real property tax exemptions and credits to special community benefit district (SCBD) assessments.

**Review of Fiscal Impact**

We agree with the Administration's fiscal note that this change is a codification of current practice and will have no direct fiscal impact.

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**Bill 50-22:  
Finance, Taxation, and  
Budget – Revenue Reserve  
Fund**

**Summary of Legislation**

This bill increases the limit on the Revenue Reserve Fund to 7% of the estimated General Fund revenues for the upcoming fiscal year.

During the course of a fiscal year, the County Executive with the approval of the County Council may authorize a transfer from the Revenue Reserve Fund to the General Fund to cover the current expense budget if the County Executive determines that revenues will be below the estimated revenues relied on to fund the current expense budget and all reasonable reductions in expenditures have been made and will not be sufficient to offset the anticipated shortfall in revenue. The County Executive with the approval of the County Council may also authorize a transfer of additional funds into the Revenue Reserve Fund up to the fund balance limit.

The most recent Moody's and S&P credit analyses of the County indicate that the County's credit ratings of Aaa and AAA, respectively, are in part due to the County's strong and recently improved reserves. Increasing the Revenue Reserve Fund balance would provide stability in the event of future revenue shortfalls and would help maintain the County's bond ratings.

**Review of Fiscal Impact**

We agree with the Administration's fiscal note that the current Revenue Reserve Fund balance for the Fiscal Year 2023 (FY23) Proposed Budget is limited to \$113,704,710, which is 6% of the \$1,895,078,500 estimated FY23 General Fund revenue. The 7% limit in this bill will increase the maximum FY23 Revenue Reserve Fund balance to \$132,655,495 based on the FY23 estimated General Fund revenue. This will allow the County to accumulate an additional \$18,950,785 of reserve funds if the additional funds are appropriated to increase the level of savings to the fund balance limit.

Our fiscal year 2022 (FY22) estimates show an ending balance of approximately \$105.7 million. This includes a reduction of the balance for the Generally Accepted Accounting Principles (GAAP) adjustment for unrealized losses. We include consideration of the adjustment in case those losses become realized. The FY23 Proposed Budget includes a contribution of \$23.5 million in order to bring the ending balance, including earned interest, to approximately \$130.7 million by June 30, 2023 using the current balance. The FY23 Proposed Budget uses a budgetary basis for determining the Revenue Reserve Fund balance, which brings the total after the \$23.5 million contribution to the maximum of \$132.7 million. The County does not have a policy to determine the Revenue Reserve Fund balance.

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**Bill 51-22:  
Personnel – Classified  
Service; Exempt Service**

**Summary of Legislation**

This bill adds new pay schedules for certain classified and exempt employees, provides the method for certain classified employees to move to a new pay schedule, provides for increase in pay for certain employees, and provides for certain lump sum payments. This bill modifies advancement to a new rate of pay for certain employees, reclassification for certain employees, modifies pay upon promotion, disability leave for certain employees, and education assistance for certain employees. This bill also removes certain employees eligible for overtime pay and allowances.

**Review of Fiscal Impact**

We agree with the fiscal note that the fiscal impact of this bill is included in the FY23 Proposed Budget. The changes reflected in this bill are as follows:

- Salary increases of 4.5% COLA on July 1, 2022 and 3% merit on anniversary date for the following employee groups: C-3, D-1, D-2, D-5 through D-8, EL, EX, EE, E, ES, F-7 through F-9, LA, NR, R, and S-1 through S-4;
- Salary increase of 4% COLA on July 1, 2022 for the following employee groups: C-1, C-2, and D-3;
- Salary increase of 3.5% COLA on July 1, 2022 for the following employee groups: OS, LM, and FW;
- Salary increase of 3% COLA on July 1, 2022 for the following employee groups: CO-3 and CO-4;
- Salary increase of 1.5% on January 1, 2023 for the following employee groups: OS, LM, FW, P-00 through P-4, and F-1 through F-6;
- Salary increase of 3.5% merit on anniversary date for employee group F-7;
- Deleting obsolete pay scales;
- Requiring that employees make at least the minimum rate of pay on the pay schedule; and
- Provisions to address pay compression.

Other changes to salary and benefits in this bill reflect the negotiated agreements. The negotiated agreements added for FY23 are:

- Memorandum of Agreement (MOA) between AA Co. and the Fraternal Order of Police, AA Co. Lodge #106, Inc. for FY23;
- MOA between AA Co. and the Fraternal Order of AA Detention Center Officers and Personnel, Inc. for FY23;
- MOA between AA Co. and the AA Co. Detention Sergeants Association International Union of Police Associations, Local 141, AFL-CIO for FY23;
- MOA between AA Co. and Teamsters Union Local 355 Battalion Chiefs for FY23;

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**Bill 51-22 (continued)**

- MOA between AA Co. and the Fraternal Order of Police, AA Co. Lodge #70, Inc. for FY23;
- MOA between AA Co. and Local 1563 AA Co. Professional Fire Fighters, International Association of Fire Fighters, AFL-CIO-CLC for FY23;
- MOA between AA Co. and the Teamsters Union Local 355 Park Rangers for FY23;
- MOA between AA Co. and the Teamsters Union Local 355 Correctional Program Specialists for FY23;
- MOA between AA Co. and Local 582 of the American Federation of State, County, and Municipal Employees AFL-CIO (affiliated with Maryland Public Employees Council 67) for FY23;
- MOA between AA Co. and Local 2563 of the American Federation of State, County, and Municipal Employees AFL-CIO (affiliated with Maryland Public Employees Council 67) for FY23; and
- MOA between AA Co. and the Teamsters Union Local 355 Police Communications Operator for FY23.

Our review disclosed the following issues:

- According to the Police Communications Operator III & IV union agreement (MOA between AA Co. and the Teamsters Union Local 355 Police Communications Operator for FY23), employees covered by this union agreement shall receive a 3% percent increase in pay starting July 01, 2022. However, our review of the FY23 projected salaries noted that such employees are receiving a 4.5% increase in pay starting July 01, 2022. Based on our analysis, we calculated that these employees are receiving approximately \$19,000 more, in total, due to the incorrect pay increase applied; and
  - The Police Department (P-4) employees are supposed to receive a variable increase in pay through placement on the new pay schedule starting July 1, 2022, receive a 1.5% increase in pay due to a revised pay schedule effective January 1, 2023, and receive an increase in pay by advancing one step on the applicable pay schedule on the employee's anniversary date. However, our review of the FY23 projected salaries noted that such employees are not receiving the pay increase through the placement on the new pay schedule and the step increase effective January 01, 2023 in the FY23 Proposed Budget. Our review noted that P-4 employees are only receiving a one-step advancement based on the current pay schedule on the employee's anniversary date in the FY23 Proposed Budget. The Office of the Budget (Budget) agrees with our finding and advised that they are working to address this in the Proposed Supplemental Budget. Budget estimates that it will cost approximately \$110,000 to rectify this issue.
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**Bill 52-22:  
Personnel – Positions in  
the Classified Service –  
Positions in the Exempt  
Service**

**Summary of Legislation**

This bill amends the minimum qualifications of the Fire Fighter/Emergency Medical Technician-Paramedic position; amends the pay grades for Police Communications Operator III and IV, the Chief Administrative Officer, Fire Chief, Assistant Fire Chief, Fire Chief of Staff, Chief of Police, Deputy Chief of Police, Police Major, and Police Chief of Staff; adds six new positions to the classified service (Communications Emergency Management Planner, Deputy Central Service Officer, Deputy Director Aging, Legislative Analyst, Veterinarian, and Legislative IT Technician) including pay grade, work week, and minimum qualifications; and eliminates the Deputy Central Services Officer and Deputy Director Aging from the exempt service.

**Review of Fiscal Impact**

We agree with the Administration’s fiscal note that the fiscal impact of this bill is included in the FY23 Proposed Budget.

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**Bill 53-22:  
Planning and Development  
– Master Plan for Water  
Supply and Sewerage  
Systems**

**Summary of Legislation**

This bill repeals the Master Plan for Water Supply and Sewerage Systems, 2017 and adopts the Master Plan for Water Supply and Sewerage Systems, 2022, subject to approval of the Maryland Department of the Environment.

**Review of Fiscal Impact**

This bill has no direct fiscal impact.

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**Bill 54-22:  
Current Expense Budget –  
Fourth Quarter Fund  
Transfer and  
Supplementary  
Appropriations**

**Summary of Legislation**

This bill is an emergency ordinance that transfers appropriations of funds between certain offices, departments, institutions, boards, commissions, or other agencies in the General Fund and makes supplementary appropriations from unanticipated revenues to certain offices, departments, institutions, boards, commissions, or other agencies in the General Fund and certain special funds.

**Review of Fiscal Impact**

This bill transfers \$4,496,700 of appropriations from the CAO’s Contingency Account. This is the second request to adjust the CAO’s Contingency Account appropriation in FY22, which has an available appropriation of \$8.6 million which is sufficient to cover this transfer.

These transfers are being made to the following supplementary appropriations:

- The Office of Central Services is requesting an additional \$1,011,300 for the following items: telework bonuses (\$23,000); snow removal (\$84,100); facilities contractual
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**Bill 54-22 (continued)**

services, including courthouse AC units, Police Department basketball court rehab project, new grounds maintenance contract, and an electrical line emergency repair (\$235,300); additional snow removal supplies and materials (\$59,900); additional funding for rent and appraisals (\$460,800); and additional supplies and materials for the Commerce Park construction project (\$148,200).

- The Department of Social Services is requesting \$1,633,200 to allow the County to fully maximize reimbursements from the Federal Emergency Management Agency for the costs of the shelter in contractual services for the Adult Services Bureau.
- The Office of Emergency Management is requesting an additional \$25,000 to cover expenditures in personal services due to unrealized turnover.
- The Office of Personnel is requesting \$200,000 for attorney fees and actuarial studies related to union negotiations.
- The Office of Finance is requesting an additional \$663,000 for the following items: additional contractual support, double filling the Assistant Controller position, bonus payments not covered by grants, and a leave payout for a long term employee (\$95,000); ambulance fees, data processing software, and an IRS payment (\$508,000); and increased postage costs (\$60,000).
- The Office of Finance (Non-Departmental) is requesting \$30,300 for additional expenditures in Mandated Grants to the City of Annapolis.
- The Office of Law is requesting \$44,000 for additional legal expertise advice related to tax issues negotiations related to redevelopment of the Laurel Race Track.
- The Office of Information Technology is requesting \$97,800 due to a missed payment of a FY21 invoice.
- The Department of Public Works is requesting an additional \$792,100 for snow removal expenditures. Snow removal expenditures of \$3,365,600 were already appropriated, however, the costs associated with snow removal came in higher than originally estimated.

This bill also transfers unappropriated fund balance of the following funds:

- Garage Working Capital Fund increase of \$1,706,700 due to rising gasoline prices. This will bring this fund below the \$2 million minimum balance recommended by Budget.
- Reserve Fund for Permanent Public Improvements (PPI) increase of \$1,156,800 because the PPI Fund debt service was mistakenly budgeted in the General Fund but actual debt service payments are made in the PPI Fund.
- Health Insurance Fund increase of \$4,300,000 due to health care claims coming in higher than expected.
- West County Development District Tax Increment Fund increase of \$8,900 because more revenues than originally

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**Bill 54-22 (continued)**

anticipated were realized which needs to be sent to the General Fund.

- Village South at Waugh Chapel Tax Increment Fund increase of \$9,300 because more revenues than originally anticipated were realized which needs to be sent to the General Fund.
- Grants Special Revenue Fund increase of \$248,954 due to grant funds awarded for the Strengthening Local Health Department Infrastructure grant. There is no matching funding requirement for the County.

The Controller certified that the funds for the total of \$4,496,700 in general fund transfers and appropriations and \$7,437,754 in other fund appropriations are available for appropriation.

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**Bill 55-22:  
Current Expense Budget –  
Board of Education –  
Supplementary  
Appropriations and  
Transfers of Funds****Summary of Legislation**

This bill is an emergency ordinance that transfers appropriations of funds in the General Fund and makes supplementary appropriations from unanticipated revenues to the Local Education Fund. This bill will be amended to reflect the budgetary changes adopted by the Board at their meeting on May 18, 2022.

**Review of Fiscal Impact**

This Board approved FY22 Fourth Quarter Operating Budget Supplemental and Fund Transfers includes the following transfers:

- \$975,000 from Administration due to savings realized from larger than budgeted grant administrative charges in the General Fund.
  - \$794,000 from Mid-Level Administration due to savings from turnover/salary lapse that was offset by the need for additional grant revenue and transfer to support employee retention for employees budgeted in this state category.
  - \$7,611,600 from Instructional Salaries & Wages due to additional turnover/salary lapse as well as delayed or deferred use of multi-year grant funds budgeted in the restricted budget. Grant funds will carry over into FY23. These savings were offset in the restricted budget to support employee retention for employees budgeted in this state category.
  - \$7,572,200 from Special Education from savings in the General Fund realized from additional turnover/salary lapse as well as lower than anticipated non-public placement costs. Savings in the restricted budget were attributable to delayed or deferred spending on various multiyear special education grants. Grant funds will carry over into FY23. These savings were offset in the restricted budget to support employee retention for employees budgeted in this state category.
  - \$353,800 from Pupil Services from turnover/salary lapse but was offset slightly by the need for additional grant revenue and
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**Bill 55-22 (continued)**

transfer to support employee retention for employees budgeted in this state category.

- \$7,842,000 from Pupil Transportation due to reduced payments to transportation vendors as a result of unserved transportation routes during the school year but was offset slightly by the need for additional grant revenue, rising fuel costs, and transfer to support summer school and after-school program transportation and to support employee retention for employees budgeted in this state category.

And the following increases:

- \$15,722,900 for Textbooks/Instructional Supplies to purchase critical instructional technology infrastructure, instructional software, library/media materials, and athletic supplies. This will also be used to support materials of instruction for summer school, outdoor education programs, social/emotional learning programs, and technology for students and teachers.
- \$531,000 for Other Instructional Costs for contracted services for summer school, behavioral health, community school partnerships, and additional technology purchases.
- \$733,600 for Health Services to support contact tracing of students and employees during the school year, summer school nurses, and therapy sessions for students who are suffering from trauma.
- \$7,785,800 for Operation of Plant for critical IT security infrastructure, additional school security cameras, IT upgrades for the Meade High School renovation, and installation of additional energy efficient lighting in parking lots. This funding is also used to support employee retention for employees funded in this state category.
- \$3,897,000 for Maintenance of Plant for HVAC preventative maintenance and other deferred maintenance backlog projects. This is also used for HVAC upgrades or replacement projects and employee retention for employees budgeted in this state category.
- \$2,057,200 for Fixed Charges for additional employee benefit costs, such as retirement and leave payouts that exceeded estimates.
- \$300,000 for Food Service for employee retention for employees in this state category.
- \$165,900 for Community Services for the Judy Center programs.
- \$2,146,700 for Capital Outlay for various HVAC and roof requirements as well as the replacement of fiber optic cables and to support employee retention for employees budgeted in this state category.

The net impact of these transfers and supplementary appropriations is an increase of \$8,191,500. This bill recognizes \$1,338,200 in additional



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**Bill 55-22 (continued)**

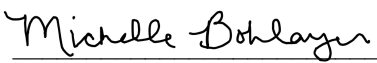
state revenue, \$3,934,600 in additional local revenue, and \$2,918,700 in additional restricted revenue from other services.

This also includes a request for the Internal Service Fund for Health Care for an additional \$610,900 in non-employer related health care revenue to cover increased projected claims expenses for FY22.

The Controller certified that \$33,340,100 in supplementary appropriations and fund transfers are available for appropriation.

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Sincerely,



Michelle Bohlayer  
County Auditor