

Invitation to Audience 4-3-2023 (online submissions)

Timestamp	Full Name	City	Zip Code	Remarks	Additional Attachment
03/31/2023 14:32:52	Kurt Svendsen	ARNOLD	21012	See attached Part 3 of 5-part series: FY24 Budget Primer. One-page written testimony followed by pages from slide deck relevant to part 3.	YES
03/31/2023 13:43:56	Greg Cantori	Annapolis	21403	A heads up on a simple but highly engaging tool for everyone to use in addressing our horrifically increasing traffic crash rate: The Pace Car Program	YES
03/20/2023 18:03:51	Greg Cantori	Annapolis	21403	You may be aware that the latest and dire Intergovernmental Panel on Climate Change (IPCC) report was released today. The report continues to point to our collective inaction and virtually assured surpassing of the 1.5-celsius threshold. All we can do now is limit the damage of this climate catastrophe. https://report.ipcc.ch/ar6syr/pdf/IPCC_AR6_SYR_SPM.pdf I urge you to keep the big picture in mind in doing everything you can with the same urgency you would in any life-endangering emergency. Be bold, be decisive, and work quickly. We continue to encourage huge single-family homes.... cars remain huge in both size and in fossil fuel use. Our car crash rates, injuries, and deaths are increasing along with the longer drives that bigger homes and sprawl requires. Let's keep working on promoting ADUs (as you are!), smaller, more affordable homes, and smaller and more efficient vehicles. Make the legal and infrastructure changes we need to make it much safer and easier to get outside to walk, bike, and use public transit. Let's keep reviewing and implementing national and international best practices in transitioning our county to a cleaner, greener, safer, and more affordable county I know we all strive for. Thanks so much. Greg Cantori	
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April 3, 2023 County Council Meeting - Budget Primer Part 3 of 5

My name is Kurt Svendsen, I live in Arnold. This is the 3rd of a 5-part series called an “FY24 Comprehensive Budget Primer.” In [part 1](#), I recommended that the County Council more vigorously invoke its existing authority by adequately staffing and funding an organizational infrastructure that would better support existing staff in their respective areas of core competency as well as other areas including budget & research and community outreach. Most importantly, this will better support the County Council members and their staff; positioning you, as the Legislative Branch, to truly partner with the Executive Branch and truly engage with citizens.

In [part 2](#), the focus was on keys to understanding the core revenue and expenditure elements of the operating budget. On the revenue side, the property tax burden was explored to expose its regressivity across different household income ranges. A specific proposal was suggested using existing, but untapped, authority. On the expenditure side, two key data elements were identified that are purposefully not disclosed in any manner (not even as a detailed supplement) by the Executive Branch. Without this information it is impossible for you to obtain the level of understanding necessary to perform your essential role as a “check and balance” to the Executive Branch. As a citizen, and former Assistant Budget Officer, I was able to negotiate the public release of this data last year. The suggestion of filing a Maryland Public Information Act (MPIA) undoubtedly helped. I recently filed an MPIA request for FY24.

Part 3 of this 5-part series highlights the importance of Funds and interfund transfers. This subject matter is a bit more nuanced and complicated, and can take on the appearance of a shell game. There are legitimate reasons for this complexity. You are obligated, as elected representatives of the Legislative Branch, to fulfill your role in providing a check and balance by truly understanding this complexity. Otherwise, you risk losing sight of the pea!

Don't just focus on the allocated costs of shared services and benefits (i.e., interfund transfers) but also shine your light on the Fund where those costs and benefits are purportedly managed. ***You know, the “non-discretionary” costs we struggle with today were born from the “discretionary” decisions made in the past.*** Many of these decisions are buried within the details of these Funds. I've identified some of the oft-ignored Funds that are worthy of your scrutiny such as the Self Insurance Fund, the Pension Fund, the Health Funds...especially the School Retiree Health Fund. Oops, there is no such thing! Like in the movie “Don't Look Up!” Anne Arundel County Government has chosen to ignore this \$2 billion unfunded liability, unlike its neighboring jurisdictions. Your oversight today represents the key to tomorrow.

Citizens also have the responsibility to understand this complexity in order to hold their elected representatives accountable. However, without access to full and “un-spun” information, it is impossible for citizens to obtain a true understanding of the budget. It is precisely this lack of understanding that lies at the root of the mistrust and anger that so often erupts and frustrates all involved. This is why I'm devoting myself to a citizen education effort. Without full information, there is no full understanding. And without full understanding, there is no chance for accountability.

Check-out the latest on my Google Site: AACountyCitizenShare.

FY24 Comprehensive Budget Primer

- Part 1** • ***Preliminary*** Policies & Assumptions
 - Focus on appropriate (but largely missing) role for Legislative Branch, Citizens and Other Stakeholders
- Part 2** • Keys to ***Understanding*** Core Revenue & Expenditure Elements
 - Focus on the ***details*** within a ***few*** areas (Transparency & Open Data)
- Part 3** • Key Role of ***Funds***
 - Focus on importance of Inter-Fund Transfers
- Part 4** • Keys to Achieving ***Structural*** Balance
 - Focus on a Long Term, Forward-looking, Perspective
- Part 5** • Keys to ***Understanding*** Core Elements of Capital Budget
 - Focus on Project Scope
 - ***Legal Framework*** of the Comprehensive Budget
 - Focus on County Charter and County Code

Importance of *Funds* and Inter-Fund Transfers

- The use of fund accounting is one of the basic requirements of generally accepted accounting principles (GAAP) for government.
 - Separate record keeping to account for related expenses and revenues.
- The term “Funded” is vague, but the term “Appropriation” is not.
 - A legally binding authorization to incur obligations for a specific purpose.
 - The purpose is defined by specifying the controlling level of detail:
 - Operating: Fund, Department, Bureau, and Object of Expenditure
 - Capital: non-lapsing total budget for each capital project (scope = Description)
- Inter-Fund Transfers and the existence of Duplicate Appropriations
 - Two sides to the picture; one side often over-looked but worthy of scrutiny.
- Distinguishing characteristic of Enterprise Funds (self-supporting)
 - Some unaddressed policy questions

Funds ... the Heart of Government Finances

At the heart of government finances is the concept of fund accounting.

Governments create funds to account for related expenses and revenues.

For example, the Water and Sewer Operating Fund contains the budget to run the County's water supply and wastewater treatment system and the revenues collected (primarily user charges) to pay for the system.

The use of fund accounting is one of the basic requirements of generally accepted accounting principles (GAAP) for government and one of the major differences between governmental and commercial accounting.

Fund accounting requires separate record keeping for each government fund.

from page 12 of the FY2023 Approved Current Expense Budget and Budget Message

Difference between...

- **Fund** – Self-balancing set of accounts for related expenses and revenue
- **Funding Sources** – Budgetary resources (rev) used for various purposes (exp).
 - Including taxes, fees, grants, invest. income, loan proceeds, interfund transfers, etc.
- **Funded** – A specific purpose (program / project) is often referred to as funded
 - This is a vague concept in terms of both the verb and subject.
 - The verb “funded” may refer to *appropriations* or *plans*.
 - The subject “purpose” needs some degree of specificity to be *enforceable*.
- **Appropriation** – A legally binding authorization to make expenditures or incur obligations for a specific purpose.
 - Section 715(a) of the County Charter prohibits the expenditure of or commitment to expend money for any purpose in excess of the amounts appropriated for the same *general classification of expenditure* in the budget for that fiscal year.
 - Section 706(c) of the Charter mandates that expenditures “shall be classified by agency, character and object.” In practice this general classification of expenditure has always referred to *Department, Bureau* and *Object of Expenditure*.

Understanding Inter-Fund Transfers

where's the pea?



- Explanation and **Purpose** of Duplicate Appropriations
 - Fund accounting and allocation of shared costs requires **duplicate** appropriations
 - Shared services are often provided in a centralized way; **spend authorization is needed**
 - Cost of these services often should be allocated to benefitting program; **spend auth. needed**
 - Statement of Unduplicated Expenditures (p. 22)
 - Office of Finance (Non-Departmental) (p. 138)
- Oft-Ignored but Worthy of Scrutiny
 - Fleet (“rolling stock”) Mtc & Op Fund and Replacement Fund (pp. 124 & 125)
 - Self Insurance Fund (pp. 123 & 146)
 - Employee Benefits Funds (pp. ???, 162,148)
 - Pension (???) – missing since the FY2017 Budget (p. 170 of 2016 Budget)
 - Health; both current employee and retiree (i.e., Other Post Employment Benefits or OPEB)
 - Tax Increment Financing and Special Tax District Funds (pp. 140 & 141)
 - Other Funds (p. 154)

Page references from FY2023 Approved Budget

The Distinguishing Characteristic of *Enterprise Funds*

- Enterprise funds are required to be self-supporting
 - Provide goods and services to customers outside the government itself.
 - Managed and accounted for more like a business.
- The Charter prohibits subsidization of Enterprise Funds by General Fund
 - While this is prohibited, the opposite is not.
 - But is that good *policy*?
 - What is the *purpose* of certain Enterprise Fund *fee exemptions*? Do they...
 - Further the goals of the business-like enterprise?
 - Further the goals of *a more general public purpose*?
 - If the latter, then the cost of such exemptions should be reimbursed by the General Fund.
 - In the spirit of “put your money where your mouth is”
- The Watershed Protection & Restoration Fund is **not** an Enterprise Fund
 - This is a *Policy*, yet the Council never expressed an explicit policy position.
 - Should there be a *policy* expressing guidelines for the *range of General Fund subsidy*?

Pace Car Program Re-Launch



The Pace Car Program is a super simple program designed to calm traffic on Maryland's busy and dangerous streets. As our pedestrian, cyclist, and motorist crashes and death rates are on the increase we need to get folks to slow down, pay better attention and drive sober.

By signing the Pace Car Pledge and displaying the Pace Car magnet on your car, you can help set the pace for safe streets in Maryland.

Participate to reduce speeding
Act to be part of the solution
Consider all roadway users
Engage neighbors

How does it work?

When you take the Pace Car Pledge you agree to:

- **Drive within the speed limit on all streets**
- **Stop at all stop signs**
- **Stop at all red lights**
- **Stop to let pedestrians cross the street**
- **Be courteous and change lanes to pass bicyclists**
- **Display the Pace Car sticker**

When you take the pledge, you are asked to display a Pace Car magnet or sticker on the rear of your vehicle to let other motorists know you are a Pace Car and to **"Follow Me...Slow the Speed."**

You are also given a small yellow Pace Car static sticker to be placed inside your vehicle so you see the sticker and are reminded of your Pace Car pledge.

Since Pace Car participants follow speed limits, vehicles driving behind a Pace Car must also obey the speed limit. If enough residents take the pledge and become Pace Cars, then speeding motorists are slowed making for a safer more aware driving community.

Eve DeCoursey helped Bike Maryland/One Less Car launch the program just before she passed away. This is an FYI that we will vigorously relaunch Pace Car in our County as a model for our state in partnership with our Police, MDOT, Highway Transit Safety Institute, and Vision Zero Maryland. Pace Car encourages everyone to be part of our road safety solution.