



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 7, 2019

M E M O R A N D U M

TO: Derrick L. Davis, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: David H. Van Dyke, County Auditor 

FROM: Larry Whitehurst, Audit Manager 

RE: Non-Departmental
Fiscal Year 2020 Budget Review

Budget Overview

The FY 2020 Proposed Budget for the Non-Departmental section is approximately \$324 million. This is an increase of approximately \$1.1 million, or 0.3%, over the FY 2019 Approved Budget. This increase is primarily related to increases in Debt Service, and Other Operational categories offset by a decrease in the Grants and Transfers category. Non-Departmental expenses are funded entirely by the General Fund.

The Non-Departmental section of the proposed budget provides funding to manage resources and indirect costs for activities that cannot be appropriately assigned to a specific department or agency.

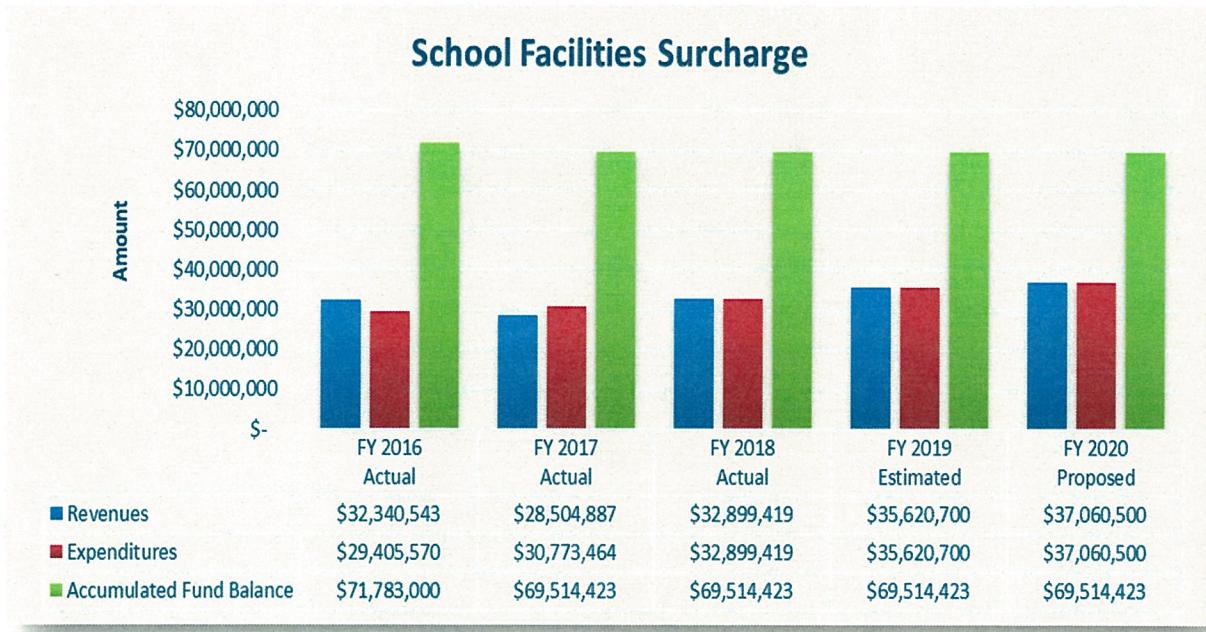
Budget Comparison - General Fund

Approved Fiscal Year 2019 to Proposed Fiscal Year 2020

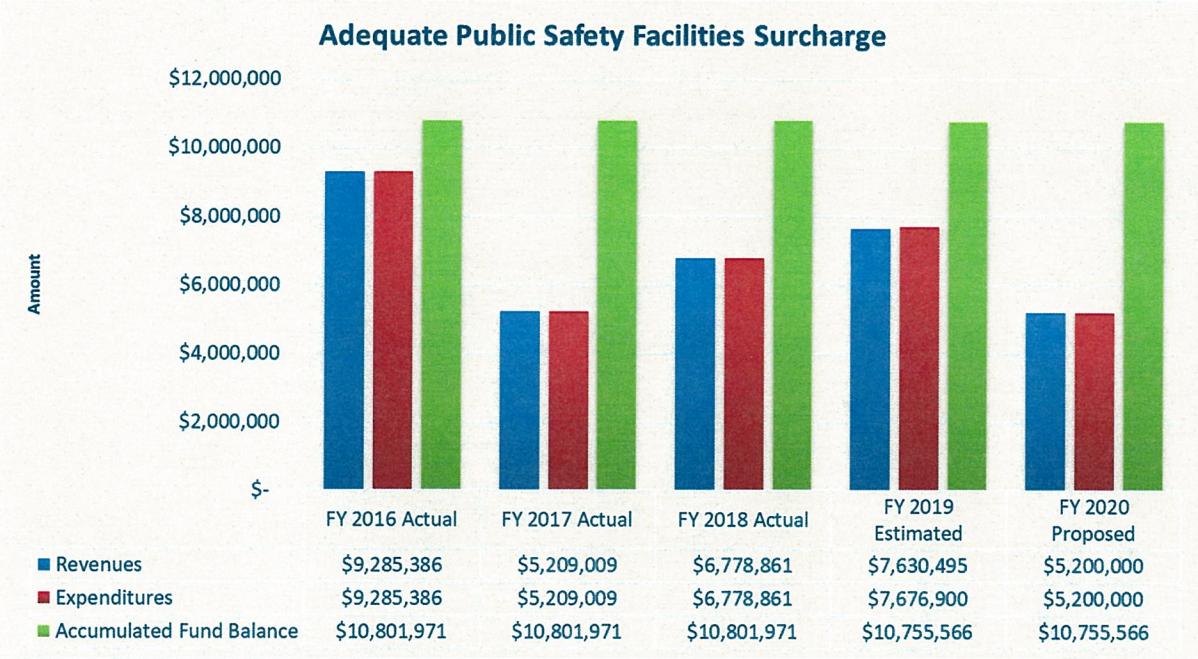
Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	FY 2020 Proposed	\$ Change	% Change
Debt Service	\$ 100,853,322	\$ 125,948,500	\$ 126,067,200	\$ 136,594,300	\$ 10,645,800	8.5%
Grants and Transfers	42,703,928	73,002,400	78,426,300	59,497,900	(13,504,500)	-18.5%
Operational Expenditures	109,578,634	123,960,200	116,702,700	127,940,000	3,979,800	3.2%
Total	\$253,135,884	\$322,911,100	\$321,196,200	\$324,032,200	\$ 1,121,100	0.3%

Debt Issuance and Service

- Debt Service is proposed at approximately \$136.6 million for FY 2020, which represents an increase of approximately \$10.6 million, or 8.5%, over the FY 2019 Approved Budget. The increase is attributed to anticipated costs associated with scheduled bond principal and interest payments.
- The County is planning to issue approximately \$361.8 million of bonds in May 2019 to support various school construction and other County building projects. In FY 2020, the County plans to issue new General Obligation (GO) Bonds of approximately \$348.1 million. The main factor behind the debt issuance continues to be the construction of public schools, followed by road repair and roadway enhancements.
- Beginning in FY 2001, school surcharge revenues have been used to offset part of the cost of new school construction projects. Beginning in FY 2007, part of the telecommunication tax revenue was set aside each year in a separate capital project fund, and has been used to support school construction bonds. These revenues are applied to debt service costs and are accounted for in this section as a reduction or recovery to debt service expenses. In FY 2020, school surcharge expenditures are proposed at approximately \$37.1 million, an increase of approximately \$1.4 million, or 4.0%, above the FY 2019 estimated expenses, with a projected fund balance in FY 2020 of approximately \$69.5 million (please see chart below).



- Since 2005, the County has been authorized to use the Adequate Public Safety Facilities Surcharge (Public Safety Surcharge) revenues to support debt service costs for improvements to public safety facilities. In FY 2017 and 2018, the actual amount of public safety surcharge revenues totaled approximately \$5.2 million and \$6.8 million, respectively (please see chart below). Historically, due to the volatility of public safety surcharge collections, typically what is collected in one fiscal year is appropriated in the following year. FY 2019 estimated Public Safety Surcharge revenues are approximately \$7.6 million, and expenditures for FY 2019 are estimated slightly higher.



- The existing fund balance is estimated to remain constant at approximately \$10.8 million for FY 2019 and FY 2020. FY 2018 Public Safety Surcharge collections were used to support the debt service costs for the following projects:
 - Fire Department Self-Contained Breathing Apparatus equipment (\$1.5 million);
 - Police Department Forensics Lab Renovations (\$5.3 million).
- County policy requires that the ratio of debt service to County source revenues not exceed 8% to ensure debt payments do not overburden operating resources. As the chart below indicates, the actual ratio from FY 2015 through FY 2018 has averaged 5.3%. The use of school surcharge collections and bond premiums can continue to help mitigate the overall growth of debt service and help reduce debt service costs in future years.

Time Period	Debt Service					County Source Revenue	
	Debt Service	Remaining			Debt * Service %		
		Debt Ceiling	Debt Service @ 8%	Capacity			
Actual FY 2015	\$84,492,094	\$131,385,808	\$46,893,714	5.1%	\$1,642,322,605		
Actual FY 2016	\$94,285,167	\$141,988,014	\$47,702,847	5.3%	\$1,774,850,174		
Actual FY 2017	\$103,567,755	\$149,571,664	\$46,003,909	5.5%	\$1,869,645,798		
Actual FY 2018	\$100,853,322	\$157,004,732	\$56,151,410	5.1%	\$1,962,559,153		
Proj. FY 2019	\$126,067,200	\$164,328,912	\$38,261,712	6.1%	\$2,054,111,400		
Proj. FY 2020	\$136,594,300	\$171,196,160	\$34,601,860	6.4%	\$2,139,952,000		
Proj. FY 2021	\$180,728,419	\$176,332,045	-\$4,396,374	8.2%	\$2,204,150,560		
Proj. FY 2022	\$192,926,030	\$181,622,006	-\$11,304,024	8.5%	\$2,270,275,077		
Proj. FY 2023	\$204,767,441	\$187,070,666	-\$17,696,775	8.8%	\$2,338,383,329		
Proj. FY 2024	\$208,604,526	\$192,682,786	-\$15,921,740	8.7%	\$2,408,534,829		

* Debt service percentage rounded to the nearest 1/10

In FY 2020, the Office of Management and Budget (OMB) projects that the debt service ratio will increase to 6.4%. Based on this projection, the remaining debt service capacity that could be leveraged to fund additional CIP projects without exceeding the County's 8% debt ceiling ratio would be approximately \$34.6 million. However, the OMB is projecting that by FY 2021 the County's debt service costs will exceed the 8% debt ceiling. The OMB has previously reported that several factors, such as increased revenues, higher or lower interest rates, refinancing options, the issuance and retirement of debt, and the costs of current and future CIP projects, could potentially affect the debt ceiling in the future. Possible strategies to curve the rising debt service are:

- Reducing the size of the overall CIP until revenues can support the growth;
- Use of more PAYGO to finance projects; and,
- Postponing projects.

- The chart below details the County's fund balance level from FY 2016 to Projected FY 2020:

General Fund - Fund Balance					
Fund Balance Designation	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimated	FY 2020 Projected
Restricted					
Economic Stabilization (5%)	\$ 148,391,975	\$ 157,467,470	\$ 163,545,165	\$ 170,919,235	\$ 176,799,040
Equipment Purchases	\$ 11,921,168	\$ 27,870,978	\$ 11,645,462	\$ -	\$ -
Real Estate Purchases	\$ 737,971	\$ -	\$ -	\$ -	\$ -
Total Restricted	\$ 161,051,114	\$ 185,338,448	\$ 175,190,627	\$ 170,919,235	\$ 176,799,040
Committed - Operating Reserve (2%)	59,356,790	62,986,988	65,418,066	68,367,694	70,719,616
Assigned					
Economic Development	36,914,560	35,624,910	35,636,440	32,446,040	26,796,040
Local Impact Grant	62,418	178,659	705,991	-	-
Summer Youth Enrichment Program	1,729,492	1,572,940	1,384,935	-	-
Property Sales and Acquisition	717,014	1,473,415	1,385,696	-	-
TNC/LYFT	59,600	964,626	4,464,892		
OPEB	5,000,000	8,000,000	10,000,000		
Local Development Council - VLT	-	225,000	-		
Public Safety Surcharge	1,455,322	249,012	124,769		
Other	2,988,028	-	648,186	-	-
Total Assigned	48,926,434	48,288,562	54,350,909	32,446,040	26,796,040
Unassigned	116,418,173	167,450,824	229,965,917	195,469,319	153,672,992
Total	\$ 385,752,511	\$ 464,064,822	\$ 524,925,519	\$ 467,202,288	\$ 427,987,688
Annual Change Amount		78,312,311	60,860,697	(57,723,231)	(39,214,600)
Annual Percentage Change		20.3%	13.1%	-11.0%	-8.4%
Fund Balance* as a % of General Fund Budget	11.1%	12.9%	14.6%	12.8%	11.3%
* Fund Balance includes only economic stabilization (5%), operating reserve (2%), and unassigned designations					

- The County has maintained a designated fund balance above the charter-mandated Restricted Reserve (5% of budget), and the policy-required Committed-Operating Reserve (2%) in order to control the County's exposure to financial risks and provide reserves in the event of emergencies. The Fund Balance as a percentage of the General Fund budget has shown an increase from 11.1% in FY 2016 to 14.6% in FY 2018 due to improving revenues, effective monitoring of expenditures, and sound fiscal decisions. Before any end of the year assignments and current year usage of fund balance, the FY 2019 percentage is expected to decrease to 12.8%. In FY 2019, the County is anticipating using approximately \$33.4 million of fund balance for the following initiatives:

Anticipated Use of Fund Balance in FY 2019	Amount
Purple Line CIP Project	\$ 20,000,000
Redevelopment Authority – Glenarden, Addison Rd., and Countywide Revitalization CIP Projects	6,250,000
Housing Investment Trust Fund	2,500,000
OIT - Countywide Laptop Refresh Program	2,000,000
U.S. Citizenship & Immigration Services at Branch Ave. Metro	1,000,000
National Harbor Public Safety Building -CIP Project	1,000,000
Community College- Audio Visual and Technology Upgrades	500,000
Grant to Town of Eagle Harbor	100,000
TOTAL	\$ 33,350,000

- The FY 2020 Proposed Budget indicates that the fund balance is estimated to decrease when compared to the FY 2019 estimated level. Contributing to this reduction is the proposed FY 2020 use of approximately \$33.6 million of fund balance for the following initiatives:

Proposed Use of Fund Balance in FY 2020	Amount
Purple Line	\$ 20,000,000
Regional Medical Hospital	5,000,000
Certificate of Participation debt costs	4,077,600
Hampton Park/Suitland Economic Development Financing debt costs	2,487,000
Redevelopment Authority capital projects	2,000,000
TOTAL	\$ 33,564,600

- Additional funding to reduce the Risk Management Fund deficit was unavailable in FY 2019 and no additional funds have been included in the proposed FY 2020 budget to address the deficit. The costs will continue to be covered on a PAYGO basis despite a deficit of \$133.4 million in FY 2018.
- The County's current bond rating is AAA by all major bond rating agencies.

Grants and Transfer Payments

- The FY 2020 proposed Grants and Transfer Payments category totals approximately \$59.5 million, a decrease of approximately \$13.5 million, or 18.5%, below the FY 2019 Approved Budget. The decrease is primarily due to a reduction in the payment to Dimensions Health Corporation, a decrease in transfers to capital improvement programs, and no funding being allocated to the Housing Investment Trust Fund, which was previously accounted for in the Transfers to Other Funds category.
- The following chart details the various line items included in the Grants and Transfer Payments category proposed for FY 2020 compared to FY 2019:

Grant Program	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20 Amount (\$)	Change FY19-FY20 Percent (%)
Grants to Community Organizations	\$6,136,000	\$8,558,000	\$8,558,000	\$7,080,200	(\$1,477,800)	-17.3%
Required Payments	446,906	328,900	363,900	378,900	50,000	15.2%
Economic Development Corporation	3,457,600	3,443,100	3,443,100	3,915,700	472,600	13.7%
Employ Prince George's	0	760,100	1,135,100	888,100	128,000	16.8%
Financial Services Corporation	897,000	1,122,500	1,122,500	1,122,500	-	0.0%
Prince George's Community Television	936,800	987,600	987,600	992,100	4,500	0.5%
Conference and Visitors Bureau	1,330,100	1,385,200	1,476,000	1,341,400	(43,800)	-3.2%
Other Economic Development	15,333	-	-	-	-	0.0%
Memberships	595,559	666,100	666,000	666,100	-	0.0%
Strategic Goals Initiative	459,886	475,000	475,000	475,000	-	0.0%
Dimensions Health Corporation	12,506,500	15,000,000	16,782,000	9,704,800	(5,295,200)	-35.3%
Other Payments	4,244,383	5,042,700	5,543,400	5,772,700	730,000	14.5%
Transfers to Other Funds	5,000,000	2,500,000	2,500,000	0	(2,500,000)	-100.0%
Transfers to Capital Improvement Program	6,677,861	32,733,200	35,373,700	27,160,400	(5,572,800)	-17.0%
Total Expenditures	\$42,703,928	\$73,002,400	\$78,426,300	\$59,497,900	(\$13,504,500)	-18.5%

Source: FY 2020 Proposed Budget – Grants and Transfer Payments Table – page 565

- FY 2020 Grants to Community Organizations is proposed at approximately \$7.1 million, which is approximately \$1.5 million, or 17.3%, below the FY 2019 Approved Budget. The proposed budget allocates grants to community-based organizations serving County residents and is depicted in the chart below. A listing of Actual FY 2018 and FY 2019 YTD amounts for the County Executive grants is included in *Attachment 3 of the Non-Departmental First Round Budget Review Questions*.

Grants to Community Organizations						
Category	FY 2018 Actual	FY 2019 Approved	FY 2019 Estimated	FY 2020 Proposed	\$ Change	% Change
<u>County Executive</u>						
Community Partnership Grants	\$1,642,000	\$1,832,000	\$1,832,000	\$1,832,000	\$0	0.0%
County Grants	0	550,000	550,000	400,000	(\$150,000)	-27.3%
Sub-total County Executive	1,642,000	2,382,000	2,382,000	2,232,000	(150,000)	-6.3%
<u>County Council</u>						
Special Appropriation Grants	750,000	1,645,000	1,645,000	0	(1,645,000)	-100.0%
Non-Dep. Grants						
Per Budget Ordinance	879,100	1,100,000	1,100,000	1,100,000	0	0.0%
Grants-Other	2,802,500	3,100,000	3,100,000	3,100,000	0	0.0%
Council Designated Stadium Impact	62,400	331,000	331,000	648,200	317,200	95.8%
Sub-total County Council	\$4,494,000	\$6,176,000	\$6,176,000	\$4,848,200	(\$1,327,800)	-21.5%
TOTAL	\$6,136,000	\$8,558,000	\$8,558,000	\$7,080,200	(\$1,477,800)	-17.3%

Source: First Round Budget Review Attachment 2

- In FY 2020, the decrease of \$150,000 in the County Executive grant amounts is due to the decrease in funding to the Arts and Humanities Council (\$150,000). The decrease of approximately \$1.3 million in the County Council grant amounts is due to the reduction of all one-time grant awards identified in the FY 2019 budget ordinance, offset by an increase in the Stadium Impact grant (to reflect the entire current fund balance).
- The Office of the County Executive is reporting that in FY 2019 (YTD), 179 applications have been received for funding for the County Executive Grants portion of the “Community Partnership Grants,” and all applications are currently being screened for completeness. No award decisions have been made regarding this process.
- In FY 2020, the payment to the Dimensions Health Corporation is proposed at approximately \$9.7 million, which is approximately \$5.3 million, or 35.3%, below the FY 2019 Approved Budget. The FY 2020 payment includes debt service costs (approximately \$4.7 million) and a direct contribution (\$5 million). The annual debt service cost will continue until FY 2025, while the direct contribution payment will continue until FY 2021.
- FY 2020 “Other Payments” is proposed at approximately \$5.8 million, which is \$730,000, or 14.5%, above the FY 2019 Approved Budget. Funding reflects local impact grant funds allocated to the County for public safety projects within 5 miles of Rosecroft Raceway (\$1 million), along with video lottery terminal funds allocated for Local Development Council Community Impact grants (\$750,000), the Workforce Development and Training Program (\$337,700), grants to the Excellence in Education Foundation (\$150,000), and a grant to support County developmental disability service providers (\$3.5 million).

- FY 2020 “Strategic Goals Initiative” expenditures are proposed at \$475,000, which is consistent with the FY 2019 Approved Budget level. Historically, these funds have been used to support various outside charitable organizations and special events. See *Attachment 6* of the *Non-Departmental First Round Budget Review Questions* for FY 2019 YTD fund usage.
- The Economic Development Corporation (EDC) is proposed to receive a FY 2020 grant in the amount of approximately \$3.9 million, an increase of \$472,600, or 13.7%, above the FY 2019 approved level. [Please note the EDC budget was reviewed at the PHED Committee meeting on May 2, 2019.]
- The Financial Services Corporation (FSC) is proposed to receive a FY 2020 grant in the amount of approximately \$1.1 million, which is unchanged from the FY 2019 approved level. [Please note the FSC budget was reviewed at the PHED Committee meeting on May 2, 2019.]
- The Prince George’s Community Television (PGCTV) is proposed to receive a FY 2020 grant in the amount of \$992,100, an increase of \$4,500, or 0.5%, above the FY 2019 approved level. Funding for 3.5% merit increases is included in the proposed FY 2020 budget for PGCTV employees. The County will also continue to pay lease expenses on behalf of PGCTV in the amount of \$335,956 in FY 2020.
- The Conference & Visitors Bureau (CVB) is proposed to receive a FY 2020 grant in the amount of approximately \$1.3 million, a decrease of \$43,800, or 3.2%, below the FY 2019 approved level. CVB receives a County grant in addition to hotel tax proceeds, as a result of CB-077-2016. Overall, CVB’s budget is increasing due to a one-time usage of their prior year funds and an anticipated increase in State of Maryland grant funding. [Please note the CVB budget was reviewed at the PHED Committee meeting on May 2, 2019.]
- Proposed FY 2020 membership costs are remaining at the FY 2019 funding level of \$666,100. Refer to *Question 15 in the First Round Budget Review Responses* for a detailed breakdown of the actual FY 2018, budgeted FY 2019, and proposed FY 2020 membership fee costs.
- In FY 2020, there is no funding allocated to the Transfers to Other Funds category. In FY 2019, \$2.5 million was allocated to this category for the Housing Investment Trust Fund to support the Workforce Housing Gap Financing Program. No new funding was proposed in FY 2020 for the Housing Investment Trust Fund based upon an estimated FY 2019 ending balance of approximately \$5.6 million. These unused funds will be utilized in FY 2020.
- FY 2020 Transfers to the Capital Improvement Program is proposed at approximately \$27.2 million, which is approximately \$5.6 million, or 17.0%, below the FY 2019 Approved Budget. The chart below details the FY 2018 actual, FY 2019 budgeted/estimated, and FY 2020 proposed transfers to the Capital Improvement Program (CIP). In FY 2020, the proposed budget includes funding for the Metro Purple Line (\$20.0 million), Maryland Route 210 Improvements (\$3.4 million), and the Board of Education Major School Repairs (\$1.8 million).

Transfers to Capital Improvement Program (CIP)

Agency	Project	FY 2018 Actual	FY 2019 Budgeted	FY 2019 Estimated	FY 2020 Proposed	\$ Change	% Change
Redevelopment Authority	Glenarden Apartments	\$ 2,000,000	\$ 4,500,000	\$ 4,500,000	\$ -	\$ (4,500,000)	-100%
Redevelopment Authority	County Revitalization	-	1,000,000	1,000,000	1,000,000	\$ -	0%
Redevelopment Authority	Addison Road	-	1,000,000	1,000,000	1,000,000	\$ -	0%
DPWT	Purple Line	-	20,000,000	20,000,000	20,000,000	\$ -	0%
DPWT	CIS project at Branch Ave		1,000,000	1,000,000		\$ (1,000,000)	-100%
Police	National Harbor PS Building		1,000,000	1,000,000		\$ (1,000,000)	-100%
Library	New Carrollton CIP	-	-	2,063,700	-	\$ -	0%
DPWT	MD 210 Improvements	2,978,261	2,678,300	3,255,100	3,404,200	\$ 725,900	27%
BOE	Major School Repairs-Rosecroft	930,000	730,000	730,000	-	\$ (730,000)	-100%
BOE	Major School Repairs-VLT	769,600	824,900	824,900	1,756,200	\$ 931,300	113%
		Total \$ 6,677,861	\$ 32,733,200	\$ 35,373,700	\$ 27,160,400	\$ (5,572,800)	-17%

Operational Expenditures

- The total FY 2020 Proposed budget for Operational Expenditures is approximately \$127.9 million, an increase of approximately \$4 million, or 3.2%, above the FY 2019 approved level. The following chart details the various line-items included in the Operational Expenditures category proposed for FY 2020 compared to FY 2019:

Operational Expenditures	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20 Amount (\$)	Change FY19-FY20 Percent (%)
General Fund Insurance	\$9,924,800	\$10,000,000	\$10,000,000	\$10,000,000	-	0.0%
Judgments and Losses	71	200,000	200,000	200,000	-	0.0%
Postage	1,299,968	1,400,000	1,400,000	1,400,000	-	0.0%
Equipment Leases	16,396,150	22,069,200	20,244,900	23,477,100	1,407,900	6.4%
Other Leases	16,234,304	25,963,000	19,861,900	24,312,500	(1,650,500)	-6.4%
Utilities	13,061,303	16,195,000	16,195,000	16,600,000	405,000	2.5%
Streetlight Electricity	1,994,475	3,200,000	3,200,000	3,200,000	-	0.0%
Traffic Signal Electricity	65,236	500,000	500,000	500,000	-	0.0%
Miscellaneous Expenses	8,089,218	6,960,000	6,841,000	6,228,800	(731,200)	-10.5%
Youth Employment Program	2,446,195	2,634,200	3,238,300	7,000,000	4,365,800	165.7%
Automated Programs - Speed Camera, Red Light, False Alarm	8,736,304	8,450,000	8,450,000	8,450,000	-	0.0%
Comp Absences	(77,929)	-	-	-	-	0.0%
Deferred Compensation in Lieu of State Retirement	116,363	200,000	200,000	200,000	-	0.0%
Unemployment Insurance	453,000	475,000	475,000	475,000	-	0.0%
Retiree Life Benefits/Annuities	1,235,103	1,250,000	1,250,000	1,250,000	-	0.0%
Retiree Health Benefits	33,048,400	28,048,400	28,048,400	28,048,400	-	0.0%
SubTotal	\$113,022,962	\$127,544,800	\$120,104,500	\$131,341,800	\$3,797,000	3.0%
Expenditure Recoveries						
Leases/Utilities	(\$2,752,181)	(\$2,934,600)	(\$2,751,800)	(\$2,751,800)	\$182,800	-6.2%
Postage	(6,900)	(50,000)	(50,000)	(50,000)	-	0.0%
Other	(655,942)	(600,000)	(600,000)	(600,000)	-	0.0%
SubTotal	(\$3,415,023)	(\$3,584,600)	(\$3,401,800)	(\$3,401,800)	\$182,800	-5.1%
Total Expenditures	\$109,607,939	\$123,960,200	\$116,702,700	\$127,940,000	\$3,979,800	3.2%

Source: FY 2020 Proposed Budget – Operational Expenditures Table – page 567

- The overall increase of \$1.4 million in Equipment Leases is primarily attributed to FY 2019 Certificate of Participation (COP) purchases. Equipment Lease costs include 2012-2020 lease principal and interest payments, in addition to resources for voting machine rentals. Please refer to the table below for FY 2018 actual, FY 2019 estimated, and FY 2020 proposed lease costs.

Equipment Lease	FY 2018 Actual	FY 2019 Estimated	FY 2020 Proposed
FY 2012 COP (\$33.8M @ 11 years)	\$ 1,051,400	\$ 1,087,200	\$ 1,121,700
FY 2013 Capital Lease (\$16.1M @ 5 years)	1,643,800	-	-
FY 2014 Capital Lease (15.1M)	3,125,800	3,125,800	0
FY 2015 Capital Lease (\$19.6M)	4,077,600	4,077,600	4,077,600
FY 2016 Capital Lease (\$10.1M)	1,530,500	1,530,500	1,530,500
FY 2017 Capital Lease (\$8.5M)	1,551,100	1,551,100	1,551,100
FY 2017 COP (Phase II \$24.1M)	1,825,500	3,651,000	3,651,000
FY 2018 COP (Phase I \$8.5M)	-	1,420,500	1,420,500
FY 2018 COP (Phase II \$16.5M)	-	1,293,600	2,587,200
FY 2019 COP (Phase I \$8.5M)	-	-	1,560,300
FY 2019 COP (Phase II \$16.5M)	-	-	2,678,100
FY 2020 COP Phase I	-	-	791,500
Voter Machine Rental/Lease	1,590,450	2,307,600	2,307,600
Pepco (Energy Lease)	-	200,000	200,000
Total	\$ 16,396,150	\$ 20,244,900	\$ 23,477,100

- The OMB reports that Certificate of Participation (COP) purchases are scheduled for FY 2020 in the amount of \$25 million. However, the specific equipment items to be purchased is still being finalized with County agencies. In FY 2019, the County committed \$25 million for COP purchases. These purchases will be conducted in two separate transactions, an \$8.5 million purchase that took place in December 2018, and a \$16.5 million purchase planned to take place before the end of FY 2019. A listing of both equipment and vehicle purchases for FY 2019 is included in *pages 11-12 of the Non-Departmental FY 2020 First Round Questions*.
- In FY 2020, Other Leases are proposed at approximately \$24.3 million, which represents a decrease of approximately \$1.7 million, or 6.4%. The decrease is attributed to the decreased cost of leases for various properties. This category also includes \$11.4 million of funding to support debt service costs for public finance transactions for the Regional Medical Center. *See First Round Non-Departmental Q.27 for a detailed schedule of Other Lease costs for FY 2018 (actual), FY 2019 (estimated), and FY 2020 (proposed)*.
- The combined FY 2020 Proposed budget for Utilities, Street Light Electricity, and Traffic Signal Electricity is approximately \$20 million, which is virtually unchanged when compared to the FY 2019 approved level.
- FY 2020 funding for Miscellaneous Expenses is proposed at approximately \$6.2 million, a decrease of \$731,200, or 10.5%, below the FY 2019 approved level. This category of expenses is for general and administrative services related to the implementation of the County's strategic plan, collection of emergency transportation fees, and payments to the State Department of Assessments and Taxation for administrative fees related to conducting County tax assessments (\$2.8 million in FY 2020). The OMB has provided additional details to support this budget line item in their response to the FY 2020 *Non-Departmental First Round Budget Review Q.31*.

- The Youth Employment Program is proposed at \$7.0 million in FY 2020. The County expects to hire a total of 6,500 youth throughout the County. Of that total, 3,500 will be supported with County funding. The Office of Human Resources Management (OHRM) will coordinate and administer this program.
- Proposed FY 2020 Judgments and Losses (\$200,000) and Deferred Compensation (\$200,000) will remain unchanged from FY 2019 approved levels.
- In FY 2020, the proposed budget for expenses related to the Automated Speed Enforcement (Speed Camera), Red Light, and False Alarm programs is approximately \$8.5 million, which is consistent with the FY 2019 approved level. These costs are offset by revenue generated from the programs.
- In FY 2020, the proposed budget for Postage is \$1.4 million, which is consistent with the FY 2019 budgeted level.
- In FY 2020, the proposed budget for General Fund Insurance is \$10.0 million, which is unchanged from the FY 2019 budgeted level. This insurance is allocated to the various components of the County's Self-Insurance Fund and covers general liability, auto liability and property lease. Contribution levels are based on the results of an annual actuarial study.
- Proposed Expenditure Recoveries for FY 2020 total \$3.4 million, a decrease of \$182,800, or 5.1%, below the FY 2019 approved level. These recoveries are from non-general funds for charges for utilities, maintenance and equipment usage payments, retiree health insurance, and postage from various funds.

Economic Development Incentive Fund

- The Economic Development Incentive (EDI) Fund was established in FY 2012 with an initial appropriation of \$50 million. The ending fund balance is estimated at approximately \$32.5 million in FY 2019, and approximately \$26.8 million in FY 2020. The FY 2020 Budget proposes the use of \$9 million from the EDI Fund and remains unchanged from the FY 2019 approved budgeted amount. This funding will be used to provide financial assistance in the form of loans, guarantees, and grants to benefit existing and potential industrial and commercial businesses in the County. The EDI Fund budget was reviewed in detail during the FSC and EDC budget reviews at the PHED Committee meeting on May 2, 2019. Please see the chart on the following page for a summary of the EDI Fund.

Economic Development Incentive Fund Summary

Category	FY 2018 Actual	FY 2019 Budget	FY 2019 Estimate	FY 2020 Proposed	Change FY19-FY20	
					Amount (\$)	Percent (%)
BEGINNING FUND BALANCE	\$35,624,910	\$29,483,960	\$35,636,440	\$32,446,040	\$2,962,080	10.0%
REVENUES						
Interest Income	\$477,160	\$200,000	\$350,000	\$350,000	\$150,000	75.0%
Loan Repayments (Principal and Interest)	3,178,263	2,135,000	2,200,000	3,000,000	865,000	40.5%
Equity Investment Returns	-	-	-	-	-	0.0%
Federal Aid	-	-	-	-	-	0.0%
State Aid	-	-	-	-	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Appropriated Fund Balance	-	6,665,000	3,190,400	5,650,000	(1,015,000)	-15.2%
Total Revenues	\$3,655,423	\$9,000,000	\$5,740,400	\$9,000,000	-	0.0%
EXPENDITURES						
Small Business Loans and Grants	\$3,643,893	\$3,000,000	\$5,740,400	\$9,000,000	-	0.0%
Total Expenditures	\$3,643,893	\$3,000,000	\$5,740,400	\$9,000,000	-	0.0%
EXCESS OF REVENUES OVER EXPENDITURES	\$11,530	\$6,000,000	-	-	-	0.0%
OTHER ADJUSTMENTS	-	-	(\$3,190,400)	(\$5,650,000)	(\$5,650,000)	0.0%
ENDING FUND BALANCE	\$35,636,440	\$22,818,960	\$32,446,040	\$26,796,040	\$3,977,080	17.4%