

Non-Departmental - Fiscal Year 2021 Budget Review Summary

Proposed FY 2021 Operating Budget

Expenditures by Category Type

Category	FY 2020 Approved	FY 2020 Estimated	FY 2021 Proposed	4/20/2020 CEX Adjustment	FY 2021 Revised Proposed	\$ Change	% Change
Debt Service	\$ 136,594,300	\$ 130,585,300	\$ 158,577,600	\$ -	\$ 158,577,600	\$ 21,983,300	16.1%
Grants and Transfers	60,471,100	61,240,700	66,321,600	(36,995,700)	\$ 29,325,900	(31,145,200)	-51.5%
Operational Exp.	128,440,000	124,279,200	128,267,700	(6,500,000)	\$ 121,767,700	(6,672,300)	-5.2%
Total	\$ 325,505,400	\$ 316,105,200	\$ 353,166,900	\$ (43,495,700)	\$ 309,671,200	\$ (15,834,200)	-4.9%

FY 2021 Proposed Budget – Key Highlights

- In FY 2021, the County plans to issue new General Obligation (GO) Bonds of approximately \$332 million. The main factor behind the debt issuance continues to be the construction of public schools, followed by road repair and roadway enhancements. The County is planning to issue bonds (not to exceed \$455.5 million in June 2020 to support various school construction and other County building projects.
- In FY 2021, 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 Capital Improvement Program (CIP) projects without exceeding the County's 8% debt ceiling ratio policy would be approximately \$35.7 million. Refer to chart on pg. 4 of the FY 2021 Non-Departmental report for more details.
- FY 2021 Grants to Community Organizations is proposed at approximately \$7 million, which is approximately \$2.2 million, or 23.9%, below the FY 2020 Approved Budget. The decrease is mainly due to a reduction in County Council and Stadium Impact grant amounts.
- OMB reports that Certificate of Participation (COP) purchases are scheduled for FY 2021 in the amount of \$25 million. However, the specific equipment items to be purchased is still being finalized with County agencies. In FY 2020, the County committed \$25 million for COP purchases.
- The FY 2021 Budget proposes the use of \$9 million from the EDI Fund and remains unchanged from the FY 2020 approved budgeted amount. The ending fund balance is estimated at approximately \$30.3 million in FY 2020, and approximately \$24.7 million in FY 2021.
- Before any end of the year assignments and current year usage of fund balance, the FY 2020 unassigned fund balance is expected to be at approximately \$219 million, which is a reduction of \$16.6 million from FY 2019 balance of \$235.6 million. Refer to chart on pg. 5 of the FY 2021 Non-Departmental report for more details and calculations. The impact of COVID-19 will require the County to use additional fund balance to address any shortfalls. The FY 2021 Proposed Budget indicates that the use of fund balance is estimated at approximately \$33.6 million for various projects.

County Executive's Recommended Adjustments

Reduce Grants and Transfers:

- Decrease PAYGO Transfer to CIP projects (\$32.5 million);
- Reduce the Transfer to the Housing Investment Trust Fund (\$4 million);
- Reduce Economic Development Corp., Experience Prince George's and the Financial Services Corp. grants (\$292,900); and
- Reduction for local impact grant initiatives (\$250,000).

Reduce Operational Expenditures:

- Reduction in funding allocated to the Summer Youth Employment Program (\$6.5 million).



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

May 13, 2020

MEMORANDUM

TO: Todd M. Turner, Chair
Committee of the Whole (COW)

THRU: David H. Van Dyke, County Auditor *DH*

FROM: Larry Whitehurst Jr., Audit Manager *LW*

RE: Non-Departmental
Fiscal Year 2021 Budget Review

Budget Overview

The FY 2021 Proposed Budget for the Non-Departmental section is approximately \$353.2 million. This is an increase of approximately \$27.7 million, or 8.5%, over the FY 2020 Approved Budget. This increase is primarily related to increases in Debt Service, and Grants and Transfers categories offset by a decrease in the Operational Expenditures category. 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 and is funded entirely by the General Fund.

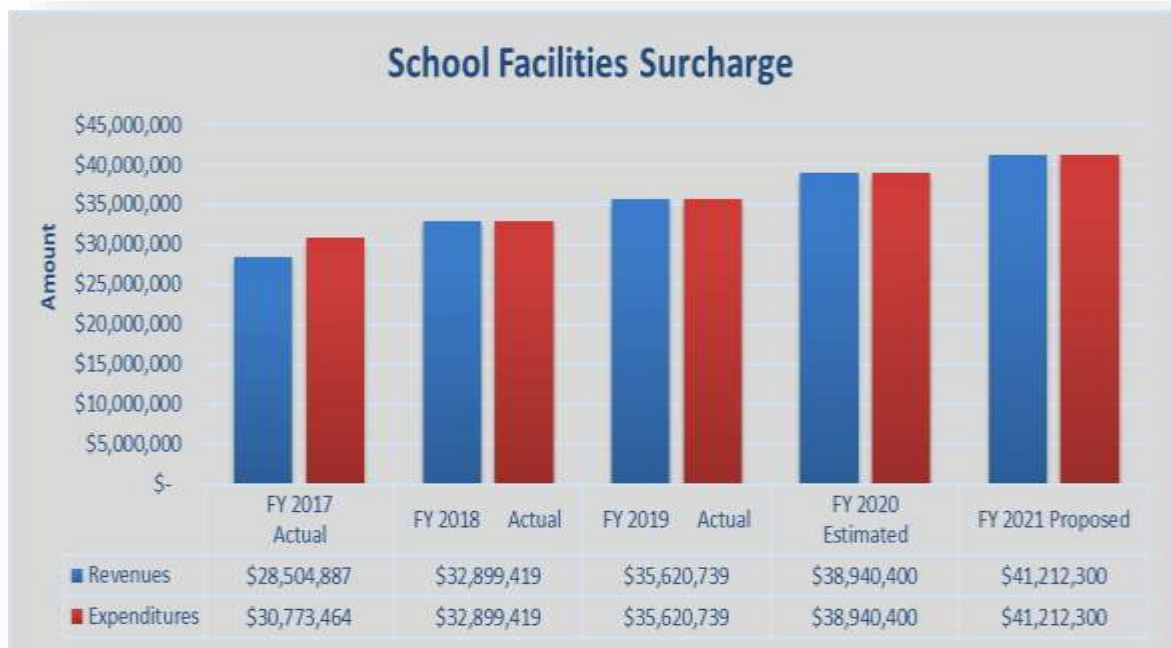
Budget Comparison - General Fund

Approved Fiscal Year 2020 to Proposed Fiscal Year 2021

Category	FY 2019 Actual	FY 2020 Approved	FY 2020 Estimated	FY 2021 Proposed	\$ Change	% Change
Debt Service	\$ 126,057,681	\$ 136,594,300	\$ 130,585,300	\$ 158,577,600	\$ 21,983,300	16.1%
Grants and Transfers	73,801,915	60,471,100	61,240,700	66,321,600	5,850,500	9.7%
Operational Expenditures	122,559,019	128,440,000	124,279,200	128,267,700	(172,300)	-0.1%
Total	\$ 322,418,615	\$ 325,505,400	\$ 316,105,200	\$ 353,166,900	\$ 27,661,500	8.5%

Debt Issuance and Service

- Debt Service is proposed at approximately \$158.6 million for FY 2021, which represents an increase of approximately \$22 million, or 16.1%, over the FY 2020 Approved Budget. The increase is attributed to anticipated costs associated with scheduled bond principal and interest payments.
- The County is planning to issue bonds (not to exceed \$455.5 million in June 2020) to support various school construction and other County building projects. In FY 2021, the County plans to issue new General Obligation (GO) Bonds of approximately \$332 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 2021, school surcharge expenditures are proposed at approximately \$41.2 million, an increase of approximately \$2.3 million, or 5.8%, above the FY 2020 estimated expenses, with a projected fund balance in FY 2021 of approximately \$72.7 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 2018 and 2019, the actual amount of public safety surcharge revenues totaled approximately \$6.8 million and \$9.6 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. In FY 2021, Public Safety Surcharge expenditures are proposed at \$6.2 million, a decrease of approximately \$10.1 million, or 62%, below the FY 2020 estimated expenses (please see chart below).



- The existing fund balance is estimated to remain constant at approximately \$18.9 million for FY 2020 and FY 2021. FY 2019 Public Safety Surcharge collections were used to support the debt service costs for the following projects:
 - Fire Department Self-Contained Breathing Apparatus equipment (approx. \$1.5 million);
 - Hyattsville Fire/EMS Station #801 (approx. \$2 million);
 - Police Department Forensics Lab Renovations (\$6.1 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 2016 through FY 2019 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.

Debt Service					
Time Period	Debt Service	Debt Ceiling @ 8%	Remaining Debt Service Capacity	Debt * Service %	County Source Revenue
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
Actual FY 2019	\$110,208,610	\$165,112,600	\$54,903,990	5.3%	\$2,063,907,300
Proj. FY 2020	\$124,500,800	\$171,640,900	\$47,140,100	5.8%	\$2,145,511,100
Proj. FY 2021	\$141,087,100	\$176,790,100	\$35,703,000	6.4%	\$2,209,876,400
Proj. FY 2022	\$188,785,700	\$182,093,800	(\$6,691,900)	8.3%	\$2,276,172,700
Proj. FY 2023	\$203,810,600	\$187,556,600	(\$16,254,000)	8.7%	\$2,344,457,900
Proj. FY 2024	\$208,659,400	\$193,183,300	(\$15,476,100)	8.6%	\$2,414,791,600
Proj. FY 2025	\$212,025,100	\$198,978,800	(\$13,046,300)	8.5%	\$2,487,235,400

* Debt service percentage rounded to the nearest 1/10

In FY 2021, 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 Capital Improvement Program (CIP) projects without exceeding the County's 8% debt ceiling ratio would be approximately \$35.7 million. However, OMB is projecting that by FY 2022 the County's debt service costs will exceed the 8% debt ceiling. 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 Pay As You Go (PAYGO) to finance projects; and,
- Postponing projects.

- The chart below details the County's fund balance level from Actual FY 2017 to Projected FY 2021:

General Fund - Fund Balance					
Fund Balance Designation	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Projected
<u>Restricted</u>					
Economic Stabilization (5%)	\$ 157,467,470	\$ 163,545,165	\$ 172,149,835	\$ 182,499,110	\$ 190,788,735
Equipment Purchases	27,870,978	11,645,462	36,326,106	-	-
Real Estate Purchases	-	-	-	-	-
Total Restricted	\$ 185,338,448	\$ 175,190,627	\$ 208,475,941	\$ 182,499,110	\$ 190,788,735
Committed - Operating Reserve (2%)	62,986,988	65,418,066	68,859,934	72,999,644	76,315,494
<u>Assigned</u>					
Economic Development	\$ 35,624,910	\$ 35,636,440	\$ 33,503,806	\$ 30,313,406	\$ 24,663,406
Local Impact Grant	178,659	705,991	2,335,582	-	-
Summer Youth Enrichment Program	1,572,940	1,384,935	1,290,315	-	-
Property Sales and Acquisition & HIT	1,473,415	1,385,696	6,698,108	-	-
TNC/LYFT	964,626	4,464,892	7,827,827	-	-
OPEB	8,000,000	10,000,000	12,000,000	-	-
Local Development Council - VLT	225,000	-	-	-	-
Public Safety Surcharge	249,012	124,769	124,769	-	-
Stadium Impact	-	648,186	648,186	-	-
Total Assigned	\$ 48,288,562	\$ 54,350,909	\$ 64,428,593	\$ 30,313,406	\$ 24,663,406
Unassigned	167,450,824	229,965,917	235,564,370	218,956,085	173,767,610
Total	\$ 464,064,822	\$ 524,925,519	\$ 577,328,838	\$ 504,768,245	\$ 465,535,245
Annual Change Amount		\$ 60,860,697	\$ 52,403,319	\$ (72,560,593)	\$ (39,233,000)
Annual Percentage Change		13.1%	10.0%	-12.6%	-7.8%
Fund Balance* as a % of General Fund Budget	12.9%	14.6%	14.3%	13.1%	11.6%
* Fund Balance includes only economic stabilization (5%), operating reserve (2%), and unassigned designations					

General Fund Budget \$3,018,186,064 \$3,140,982,082 \$3,336,875,653 \$3,615,250,300 \$3,815,774,700

- 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 12.9% in FY 2017 to 14.3% in FY 2019 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 2020 percentage is expected to decrease to 13.1%. The use of fund balance in FY 2020 will be determined during the closeout process, however it is expected that the impact of COVID-19 will require the County to use additional fund balance to address any shortfalls.

- The FY 2021 Proposed Budget indicates that the use of fund balance is estimated at approximately \$33.6 million for the following initiatives:

Proposed Use of Fund Balance in FY 2021	Amount
Purple Line CIP Project	\$ 20,000,000
Housing Investment Trust Fund	4,000,000
Brandywine Rd/Rt. 223 CIP Project	3,008,000
National Harbor Public Safety Building CIP project	2,000,000
County Website Redesign	1,500,000
Redevelopment Authority CIP projects	1,275,000
Baden Public Library	1,000,000
311 Customer Service System	<u>800,000</u>
TOTAL	\$ 33,583,000

- The Office of Management and Budget (OMB) reports a projected Risk Management Fund balance deficit of \$146 million for FY 2020. The estimated accident/injury claims payments for FY 2020 is \$35 million. OMB is working to address the deficit but will continue to cover costs on a Pay As You Go (PAYGO) basis. With the onset of COVID -19 the OMB reports that the deficit will be compounded and will subsequently affect County revenues and operations.
- The County's current bond rating is AAA by all major bond rating agencies.

Grants and Transfer Payments

- The FY 2021 proposed Grants and Transfer Payments category totals approximately \$66.3 million, an increase of approximately \$5.9 million, or 9.7%, above the FY 2020 Approved Budget. The increase is primarily due to additional funding for transfers to capital improvement programs, and the Housing Investment Trust Fund.
- The following chart details the various line items included in the Grants and Transfer Payments category proposed for FY 2021 compared to FY 2020:

GRANTS & TRANSFER PAYMENTS

Grants and Transfers	FY 2019	FY 2020	FY 2020	FY 2021	Change FY20-FY21	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Grants to Community Organizations	\$8,188,291	\$9,205,200	\$9,255,200	\$7,007,000	(\$2,198,200)	-23.9%
Required Payments	382,603	378,900	403,400	403,400	24,500	6.5%
Economic Development Corporation	3,443,100	3,915,700	3,915,700	4,065,600	149,900	3.8%
Employ Prince George's	1,135,100	1,738,100	1,738,100	1,851,700	113,600	6.5%
Financial Services Corporation	1,122,500	1,122,500	1,122,500	1,215,100	92,600	8.2%
Prince George's Community Television	987,600	992,100	992,100	1,016,000	23,900	2.4%
Experience Prince George's	1,385,200	1,341,400	1,341,400	1,524,400	183,000	13.6%
Memberships	657,310	666,100	695,600	695,600	29,500	4.4%
Strategic Goals Initiative	569,600	475,000	475,000	500,000	25,000	5.3%
Dimensions Health Corporation	14,420,113	5,000,000	5,000,000	5,000,000	-	0.0%
Other Payments	5,132,038	4,787,700	4,787,700	5,622,700	835,000	17.4%
Transfers to Other Funds	2,500,000	-	-	4,000,000	4,000,000	100.0%
Transfers to Capital Improvement Program	33,878,459	30,848,400	31,514,000	33,420,100	2,571,700	8.3%
Total Expenditures	\$73,801,915	\$60,471,100	\$61,240,700	\$66,321,600	\$5,850,500	9.7%

Source: FY 2021 Proposed Operating Budget Book pg. 629

- FY 2021 Grants to Community Organizations is proposed at approximately \$7 million, which is approximately \$2.2 million, or 23.9%, below the FY 2020 Approved Budget. The proposed budget allocates grants to community-based organizations serving County residents and is depicted in the chart on the following page. A listing of Actual FY 2019 and FY 2020 YTD amounts for the County Executive grants is included in *Attachment 3 of the Non-Departmental First Round Budget Review Responses*.

Grants to Community Organizations						
Category	FY 2019 Actual	FY 2020 Approved	FY 2020 Estimated	FY 2021 Proposed	\$ Change	% Change
<u>County Executive</u>						
County Executive	\$2,185,000	\$2,307,000	\$2,307,000	\$2,457,000	\$150,000	6.5%
<u>County Council</u>						
Special Appropriation Grants	\$1,005,166	\$1,100,000	\$1,100,000	\$1,100,000	\$ -	0.0%
Non-Dep. Grants						
Per Budget Ordinance	1,645,000	300,000	300,000	250,000	(50,000)	-16.7%
Grants-Other	3,027,125	4,850,000	4,850,000	3,100,000	(1,750,000)	-36.1%
Council Designated Stadium Impact	326,000	648,200	648,200	100,000	(548,200)	-84.6%
Sub-Total County Council	\$6,003,291	\$6,898,200	\$6,898,200	\$4,550,000	(\$2,348,200)	-34.0%
TOTAL	\$8,188,291	\$9,205,200	\$9,205,200	\$7,007,000	(\$2,198,200)	-23.9%

Source: FY 2021 First Round Budget Review Responses#5

- In FY 2021, the increase of \$150,000 in the County Executive grant amounts is due to the increase in funding for community organizations. The decrease of approximately \$2.4 million in the County Council grant amounts is due to the reduction of Non-Departmental, and Stadium Impact grants.
- The Office of the County Executive is reporting that in FY 2020 YTD, 164 applications have been received for funding for the County Executive Grants portion of the “Community Partnership Grants,” and 34 applications were approved.
- In FY 2021, the payment to the Dimensions Health Corporation is proposed at approximately \$5 million, which is consistent with the FY 2020 Approved Budget level. The FY 2021 payment represents a debt service payment of approximately \$4.5 million and operating support payment of \$482,750, which both are designated to support the Dimensions Healthcare System in partnership with the State of Maryland.
- FY 2021 “Other Payments” is proposed at approximately \$5.6 million, which is \$835,000, or 17.4%, above the FY 2020 Approved Budget. Funding reflects Local Impact Grant funds allocated to the County for public safety projects within 5 miles of Rosecroft Raceway (\$850,000), 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 (approx. \$3.5 million).

- FY 2021 “Strategic Goals Initiative” expenditures are proposed at \$500,000, which is slightly higher than the FY 2019 Approved Budget level of \$475,000. Historically, these funds have been used to support various outside charitable organizations and special events. See *Attachment 6* of the *FY 2021 Non-Departmental First Round Budget Review Responses* for FY 2020 estimated usage.
- The Economic Development Corporation (EDC) is proposed to receive a FY 2021 grant in the amount of approximately \$4.1 million, an increase of \$149,900, or 3.8%, above the FY 2020 approved level. [Please note the EDC budget was reviewed before the COW on May 4, 2020.]
- The Financial Services Corporation (FSC) is proposed to receive a FY 2021 grant in the amount of approximately \$1.2 million, an increase of \$92,600, or 8.2% above the FY 2020 approved level. [Please note the FSC budget was reviewed before the COW on May 4, 2020.]
- The Prince George’s Community Television (PGCTV) is proposed to receive a FY 2021 grant in the amount of approximately \$1 million, an increase of \$23,900, or 2.4%, above the FY 2020 approved level. Funding for 3.0% merit increases is included in the proposed FY 2021 budget for PGCTV employees.
- Experience Prince George’s (ExPGC) is proposed to receive a FY 2021 grant in the amount of approximately \$1.5 million, an increase of \$183,000, or 13.6%, above the FY 2020 approved level. ExPGC receives a County grant in addition to hotel tax proceeds, as a result of CB-077-2016. [Please note the ExPGC budget was reviewed before COW on May 4, 2020.]
- Proposed FY 2021 membership costs are proposed at \$695,600, which is slightly higher than the FY 2020 funding level of \$666,100. Refer to *Question 12 in the First Round Budget Review Responses* for a detailed breakdown of the actual FY 2019, budgeted FY 2020, and proposed FY 2021 membership fee costs.
- In FY 2021, there is \$4 million of funding allocated to the Transfers to Other Funds category for the Housing Investment Trust Fund to support the Workforce Housing Gap Financing Program and the Down Payment and Closing Cost Assistance Program.
- FY 2021 Transfers to the Capital Improvement Program (CIP) is proposed at approximately \$33.4 million, which is approximately \$2.6 million, or 8.3%, above the FY 2020 Approved Budget. The chart on the following page details the FY 2019 actual, FY 2020 budgeted/estimated, and FY 2021 proposed transfers to the CIP. In FY 2021, the proposed budget includes funding for the Metro Purple Line (\$20 million), Redevelopment Authority (approx. \$1.3 million), MD Route 210 (approx. \$4.3 million), Baden Library (\$1 million), multi-cultural center feasibility study (\$100,000), Brandywine Road/Rt. 223 project (approx. \$3 million), and the Board of Education Major School Repairs (\$1.8 million).

Transfers to Capital Improvement Program (CIP)								
Agency	Project	FY 2019	Actual	FY 2020 Budgeted	FY 2020 Estimated	FY 2021 Proposed	\$ Change	% Change
Redevelopment Authority	Glenarden Apartments	\$ 4,500,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 689,000	\$ (1,111,000)	-62%
Redevelopment Authority	County Revitalization	1,000,000	1,000,000	1,000,000	1,000,000	-	(1,000,000)	-100%
Redevelopment Authority	Addison Road	1,000,000	1,000,000	1,000,000	1,000,000	500,000	(500,000)	-50%
Redevelopment Authority	Northern Gateway	-	250,000	250,000	250,000	-	(250,000)	-100%
Redevelopment Authority	Cheverly Development	-	-	-	-	61,000	61,000	100%
Redevelopment Authority	Pepco/Forestville Project	-	-	-	-	25,000	25,000	100%
DPW&T	Purple Line	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0%
DPW&T	Citizenship & Immigration Project	1,000,000	-	-	-	-	0	0%
DPW&T	VLT-210 Funds	3,823,559	3,404,200	4,069,800	4,069,800	4,280,900	876,700	26%
DPW&T	Brandywine Rd./RT.223 Project	-	553,000	553,000	553,000	3,008,000	2,455,000	444%
Police	National Harbor PS Building	1,000,000	-	-	-	2,000,000	2,000,000	100%
OCS	Baden Public Library	-	250,000	250,000	250,000	1,000,000	750,000	300%
OCS	Multi-Cultural Center	-	-	-	-	100,000	100,000	100%
BOE/DPW&T	Major School Repairs-Rosecroft	730,000	835,000	835,000	835,000	-	(835,000)	-100%
BOE	Major School Repairs-VLT	824,900	1,756,200	1,756,200	1,756,200	1,756,200	0	0%
Total		\$ 33,878,459	\$ 30,848,400	\$ 31,514,000	\$ 31,514,000	\$ 33,420,100	\$ 2,571,700	8%

Operational Expenditures

- The total FY 2021 Proposed budget for Operational Expenditures is approximately \$128.3 million, a decrease of \$172,300, or 0.1%, below the FY 2020 approved level. The following chart on the following page details the various line-items included in the Operational Expenditures category proposed for FY 2021 compared to FY 2020:

OPERATIONAL EXPENDITURES

Operational Expenditures	FY 2019	FY 2020	FY 2020	FY 2021	Change FY20-FY21	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
General Fund Insurance	\$10,000,000	\$10,000,000	\$10,200,000	\$10,400,000	400,000	4.0%
Judgments and Losses	-	200,000	200,000	200,000	-	0.0%
Postage	1,136,741	1,400,000	1,200,000	1,200,000	(200,000)	-14.3%
Equipment Leases	20,064,661	23,477,100	23,833,700	25,214,000	1,736,900	7.4%
Other Leases	19,635,591	24,312,500	22,374,900	23,583,500	(729,000)	-3.0%
Utilities	13,532,116	16,600,000	15,372,500	15,633,500	(966,500)	-5.8%
Streetlight Electricity	2,251,174	3,200,000	2,300,000	2,700,000	(500,000)	-15.6%
Traffic Signal Electricity	72,987	500,000	150,000	150,000	(350,000)	-70.0%
Miscellaneous Expenses	6,533,847	6,728,800	6,004,900	6,543,500	(185,300)	-2.8%
Youth Employment Program	3,421,720	7,000,000	7,000,000	7,000,000	-	0.0%
Automated Programs - Speed Camera, Red Light, False Alarm	8,250,840	8,450,000	8,411,600	8,411,600	(38,400)	-0.5%
Comp Absences	191,653	-	-	-	-	0.0%
Deferred Compensation in Lieu of State Retirement	118,089	200,000	200,000	200,000	-	0.0%
Unemployment Insurance	475,000	475,000	475,000	475,000	-	0.0%
Retiree Life Benefits/Annuities	1,865,813	1,250,000	1,870,000	1,870,000	620,000	49.6%
Retiree Health Benefits	38,047,544	28,048,400	28,048,400	28,048,400	-	0.0%
SubTotal	\$125,597,776	\$131,841,800	\$127,641,000	\$131,629,500	(\$212,300)	-0.2%
Expenditure Recoveries						
Leases/Utilities	(\$2,751,768)	(\$2,751,800)	(\$2,751,800)	(\$2,751,800)	\$0	0.0%
Postage	(878)	(50,000)	(10,000)	(10,000)	40,000	-80.0%
Other	(286,110)	(600,000)	(600,000)	(600,000)	-	0.0%
SubTotal	(\$3,038,757)	(\$3,401,800)	(\$3,361,800)	(\$3,361,800)	\$40,000	-1.2%
Total	\$122,559,019	\$128,440,000	\$124,279,200	\$128,267,700	(\$172,300)	-0.1%

Source: FY 2021 Proposed Operating Budget Book – Operational Expenditures Table – page 631

- The overall increase of approximately \$1.7 million in Equipment Leases is primarily attributed to FY 2020 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 2019 actual, FY 2020 estimated, and FY 2021 proposed lease costs.

Equipment Lease	FY 2019 Actual	FY 2020 Estimated	FY 2021 Proposed
FY 2012 COP (\$33.8M @ 11 years)	\$ 1,087,200	\$ 1,121,700	\$ 1,159,900
FY 2014 Capital Lease (\$15.1M)	3,125,771	-	-
FY 2015 Capital Lease (\$19.6M)	4,077,581	4,077,600	2,038,800
FY 2016 Capital Lease (\$10.1M)	1,530,495	1,530,500	1,530,500
FY 2017 Capital Lease (\$8.5M)	1,551,045	1,551,100	1,551,100
FY 2017 COP (Phase II \$24.1M)	3,651,074	3,651,000	3,651,000
FY 2018 COP (Phase I \$8.5M)	1,420,540	1,420,500	1,420,500
FY 2018 COP (Phase II \$16M)	1,293,578	2,587,200	2,587,200
FY 2019 COP (Phase I \$8.5M)	-	1,560,300	1,560,300
FY 2019 COP (Phase II \$16M)	-	2,465,900	2,465,900
FY 2020 COP (Phase I \$8.5M)	-	1,560,300	1,560,300
FY 2020 COP (Phase II \$16.5M)	-	-	2,630,900
FY 2020 Bank of Consortium	-	-	677,600
Voter Machine Rental/Lease	2,327,376	2,307,600	2,380,000
Total	\$ 20,064,660	\$ 23,833,700	\$ 25,214,000

- OMB reports that Certificate of Participation (COP) purchases are scheduled for FY 2021 in the amount of \$25 million. However, the specific equipment items to be purchased is still being finalized with County agencies. In FY 2020, the County committed \$25 million for COP purchases. These purchases will be conducted in two (2) separate transactions, an \$8.5 million purchase that took place in March 2020, and a \$16.5 million purchase planned to take place in July 2020. A listing of the \$8.5 million equipment and vehicle purchases for FY 2020 is included in *page 12 of the FY 2021 Non-Departmental First Round Budget Review Responses*.
- In FY 2021, Other Leases are proposed at approximately \$23.6 million, which represents a decrease of \$729,000, or 3.0%. 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 FY 2021 Non-Departmental First Round Budget Review Responses Question #22 for a detailed schedule of Other Lease costs for FY 2019 (actual), FY 2020 (estimated), and FY 2021 (proposed)*.
- The combined FY 2021 Proposed budget for Utilities, Streetlight Electricity, and Traffic Signal Electricity is approximately \$18.5 million, which is approximately \$1.8 million, or 8.9% below, the FY 2019 approved level. OMB has provided additional details to support this budget line item in their response to *Questions 23-25 from their FY 2021 Non-Departmental First Round Budget Review Responses*.
- FY 2021 funding for Miscellaneous Expenses is proposed at approximately \$6.5 million, a decrease of \$185,300, or 2.8%, below the FY 2020 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 2021). OMB has provided additional details to support this budget line item in their response to *Question#26 from their FY 2021 Non-Departmental First Round Budget Review Responses*.
- The Youth Employment Program is proposed at \$7.0 million in FY 2021. The County expects to hire a total of 6,000 youth throughout the County. Of that total, 2,700 will be supported with County funding. The Office of Human Resources Management (OHRM) will coordinate and administer this program.
- Proposed FY 2021 Judgments and Losses (\$200,000) and Deferred Compensation in Lieu of State Retirement (\$200,000) will remain unchanged from FY 2020 approved levels.
- In FY 2021, the proposed budget for expenses related to the Automated Programs (Speed Camera, Red Light, and False Alarm) is approximately \$8.4 million, which is nearly consistent with the FY 2020 approved level. These costs are offset by revenue generated from the programs.
- In FY 2021, the proposed budget for Postage is \$1.2 million, which is a decrease of \$200,000, or 14.3% below, the FY 2019 budgeted level.

- In FY 2021, the proposed budget for General Fund Insurance is \$10.4 million, which is an increase of \$400,000, or 4.0% above, 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 2021 total \$3.4 million, which is nearly consistent with the FY 2020 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 2021 with an initial appropriation of \$50 million. The ending fund balance is estimated at approximately \$30.3 million in FY 2020, and approximately \$24.7 million in FY 2021. The FY 2021 Budget proposes the use of \$9 million from the EDI Fund and remains unchanged from the FY 2020 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 before the COW meeting on May 4, 2020. Please see the chart below for a summary of the EDI Fund.

Economic Development Incentive Fund Expenditure Summary

Category	FY 2019	FY 2020	FY 2020	FY 2021	Change FY20-FY21	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
Compensation	-	-	-	-	-	0.0%
Fringe Benefits	-	-	-	-	-	0.0%
Operating	4,858,428	9,000,000	6,365,300	9,000,000	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Total Expenditures	\$4,858,428	\$9,000,000	\$6,365,300	\$9,000,000	-	0.0%

Economic Development Incentive Fund Summary

Category	FY 2019	FY 2020	FY 2020	FY 2021	Change FY20-FY21	
	Actual	Budget	Estimate	Proposed	Amount (\$)	Percent (%)
BEGINNING FUND BALANCE	\$35,636,440	\$32,446,040	\$33,503,806	\$30,313,406	(\$2,132,634)	-6.6%
REVENUES						
Interest Income	\$954,718	\$350,000	\$900,000	\$350,000	\$0	0.0%
Loan Repayments (Principal and Interest)	1,771,076	3,000,000	2,000,000	3,000,000	-	0.0%
Equity Investment Returns	-	-	-	-	-	0.0%
Federal Aid	-	-	-	-	-	0.0%
State Aid	-	-	-	-	-	0.0%
Miscellaneous Revenues	-	-	-	-	-	0.0%
Appropriated Fund Balance	-	5,650,000	3,190,400	5,650,000	-	0.0%
Total Revenues	\$2,725,794	\$9,000,000	\$6,090,400	\$9,000,000	-	0.0%
EXPENDITURES						
Small Business Loans and Grants	4,858,428	9,000,000	6,365,300	9,000,000	-	0.0%
Total Expenditures	\$4,858,428	\$9,000,000	\$6,365,300	\$9,000,000	-	0.0%
EXCESS OF REVENUES OVER EXPENDITURES	(\$2,132,634)	-	-	-	-	0.0%
OTHER ADJUSTMENTS	-	(\$5,650,000)	(\$3,190,400)	(\$5,650,000)	\$0	0.0%
ENDING FUND BALANCE	\$33,503,806	\$26,796,040	\$30,313,406	\$24,663,406	(2,132,634)	-8.0%