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ARTICLE 5. Budget and Finance

501. Director of Finance

With the approval of the Council, the Executive shall appoint a person, knowledgeable and experienced in financial matters, to serve as the Director of Finance of the County. The duties of the Finance Director, which shall be subject to the direction of the Executive, shall be those prescribed by the Executive, by law, or by this Charter. The Director of Finance shall serve at the pleasure of the Executive.

502. Fiscal Year and Tax Year

The fiscal or budget year and the tax year of the Government begins on the first day of July and ends on the thirtieth day of June of the succeeding year.

503. Preparation of the County Budget

(a) Not later than April 15 of each year, the Executive shall prepare and submit a proposed Budget to the Council for the ensuing fiscal year. The proposed Budget shall present a complete financial plan for the Government reflecting anticipated revenues from all sources, expenditures, and any surplus or deficit in the general or special funds of the Government.

(b) During preparation of the Budget, the Executive shall hold at least four public hearings to receive public comment. One hearing shall be held in each District during the month of December to receive proposals for inclusion in the Budget. One additional hearing shall be held in March to receive comments on budget requests. The Executive shall provide sufficient notice of the public hearings and shall cause to be published in at least one newspaper of general circulation in the County a notice of the date, time and place of each public hearing. If the Executive determines that no such newspaper exists in the County, the Executive shall use whatever media it deems most suited to satisfy the public notice requirements of this section. The Executive shall prepare a draft Budget and make it available to the public prior to the March hearing date.

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(c) The proposed Budget shall be reproduced and made available to the public.

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504. Budget Message

(a) The budget message shall contain supporting summary tables and explain the proposed Operating Budget, the Capital Budget, and the Capital Improvement Program both in terms of finances and of work to be done. It shall outline the proposed financial policies of the Government for the ensuing fiscal year and describe the important features of the proposed Budget. It shall indicate any major changes in financial policies and in expenditures, appropriations and revenues as compared with the current fiscal year, and shall set forth the reasons for the changes.

(b) If the County Executive fails to fully fund the actuarially determined annual required contribution for pension and other post-employment benefits in the submitted budget, the budget message shall contain an explanation of the amount not funded and the reasons therefor.

(c) The Executive shall cause to be published in at least one newspaper of general circulation in the County the budget message. If the Executive determines that no such newspaper exists in the County, the Executive shall use whatever media it deems most suited to satisfy the public notice requirements of this section.

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505. Public Budget Hearing

Upon submission of the proposed Budget, the Council shall cause to be published in at least one newspaper of general circulation in the County, a notice of the date, time and place of public hearings on the Budget by the Council. If the Council determines that no such newspaper exists in the County, the Council shall use whatever media it deems most suited to satisfy the public notice requirements of this section. No final budget action may be taken by the Council until after a public hearing has been held, and then only in open, public session. Each Councilmember or their designee shall attend the hearing occurring in their respective district in accordance with Section 503(b). The At-Large councilmember or their designee shall attend each of the hearings occurring in Districts.

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506. Action on the Budget by Council

(a) On receipt of the proposed budget from the Executive and the accompanying materials, the President of the County Council shall promptly cause it to be introduced to the County Council, and the Council shall hold hearings on the proposed budget.

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(b) By a majority vote of its members, the County Council may reduce or eliminate any of the amounts in the proposed budget, except:

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(1) Amounts fixed by State or Federal law;

(2) Amounts negotiated and established as part of a collective bargaining agreement;

(3) Amounts for the payment of the interest and principal of the municipal debt.

(c) By a majority vote of its members, the County Council may increase items of appropriation within the general fund or add items within the general funds for new purposes provided that:

- (1) The aggregate amount of the increase does not exceed that aggregate amount by which the County Council has reduced or eliminated from the Executive's proposed budget;
- (2) The increases authorized by this subsection does not derive from the reduction or elimination of revenue, which by law, contract, or regulation must be used to support appropriations for a specific purpose; and
- (3) An line item added for a new purpose is or will be authorized by legislation separate and apart from the budget.

(d) In no event, however, may:

- (1) The total amount of the operating budget or the capital budget, as amended by the County Council, exceed the total amount of the operating budget or capital budget, respectively, as proposed by the Executive; or
- (2) Any increase or decrease be made to or for any item described in subsection 506(b)(1),(2), or (3) of this section.

(e) If the carrying out of a particular program, purpose, activity, or project depends on action by a body other than the County, the County Council may insert a specific provision in the proposed budget making the appropriation for the particular program, purpose, activity, or project contingent on that action.

(f) Except as provided herein, the budget shall include all the monies to be appropriated by the County for all purposes for the fiscal year for which the budget is applicable.

(g) Additional appropriations are permitted during the fiscal year only in the following circumstances and under the following conditions:

- (1) Excess Revenues: Revenues from any source other than the full rate property tax and other taxes imposed under the authority of subsection (b) of this article, in excess of or in addition to those relied upon by the Executive in determining the tax levy required to balance the budget, may be made available for expenditure by the County agency responsible for the production of those revenues by a supplementary appropriation ordinance duly passed by the County Council by a majority vote its members and approved by the Executive.
- (2) Unanticipated grants: Grants from private or governmental sources that could be expected with reasonable certainty at the time of the formulation of the proposed budget, may be made available to the appropriate County agency for expenditure by a supplemental appropriation ordinance duly passed by the County Council by a majority vote of its members and approved by the Executive.
- (3) Further appropriations for programs included in the budget made necessary by a material change in circumstances, or additional appropriations for new programs that could not reasonably be anticipated at the time of the formulation of the proposed budget may be made available to the appropriate County agency for expenditure by a supplementary appropriation ordinance duly passed by the County Council by a vote of a super majority of its members and approved by the Executive.

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507. Tax Levy and Balanced Budget

After enacting the Annual Budget and Appropriations Ordinance, the Council shall levy the amount of taxes required by the Budget to ensure that the Budget is balanced so that proposed revenues equal proposed expenditures.

508. Borrowing Limitations

(a) Except as otherwise provided by State law, the aggregate amount of bonds and other evidences of indebtedness outstanding at any one time that pledge the full faith and credit of the County may not exceed a total of three percent of the assessable basis of real property of the County and fifteen percent of the County's assessable basis of personal property and operating real property described in § 8-109(c) of the Tax - Property Article.

(b) Except as may otherwise be provided by State law, the following may not be computed or applied in establishing the debt limitations provided in this section:

- (1) Tax anticipation notes or other evidences of indebtedness having a maturity not in excess of 12 months;
- (2) Bonds or other evidences of indebtedness issued or guaranteed by the County payable primarily or exclusively from taxes levied in or on, or other revenues of, special taxing areas or community development authorities; and
- (3) Bonds or other evidences of indebtedness issued for self-liquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services.

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Except as provided

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section shall constitute a change of substance requiring compliance with the public hearing, notice and publication requirements of a newly enacted Bill pursuant to Section 305 of this Charter.¶

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A decrease or deletion of one or more items in the Budget may not constitute a change of substance in the proposed Budget if the decrease or deletion constitutes less than a one percent change in the total Budget or less than a fifty percent decrease in any one line item in the Budget.¶

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(d) The adoption of the Budget shall be by the affirmative vote of a Majority of the Council in a law adopted not later than June 1, which shall be known as the "Annual Budget and Appropriations Ordinance of Charles County." If the Council fails to adopt the Budget by May 30, the proposed Budget as submitted by the Executive shall become law. The effective date of the Annual Budget and Appropriations Ordinance of Charles County shall be as provided in Section 307 of this Charter.¶

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509. Transfer of Appropriations

(a) The Executive may transfer unencumbered appropriations in the Operating Budget within the same department, agency, or office and within the same fund. On the recommendation of the Executive, the Council may transfer unencumbered appropriations in the Operating Budget between departments, agencies, and offices within the same fund.

(b) A transfer may not be made between the Operating Budget and Capital Budget appropriations. On the recommendation of the Executive, the Council may transfer appropriations between Capital Projects within the same fund provided the Council neither creates nor abandons any Capital Projects except in accordance with Section 512 of this Charter.

(c) Notwithstanding any provisions of this section, the Council may provide by law for inter-fund cash borrowing and repayment to meet temporary cash requirements. Nothing contained in this section may be construed to prevent reimbursement among funds for services rendered.

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(d) The repayment required by subsection (c) of this section shall occur within the same fiscal year as the occurrence of cash borrowing. In the event of an unusual financial constraint, the repayment may be delayed, but in no event may repayment occur more than three fiscal years from the year in which cash borrowing occurs.

510. Supplemental Appropriations

On the recommendation of the Executive, the Council may make supplemental appropriations from any contingency appropriations in the Budget; from revenues received from anticipated sources but in excess of budget estimates; or from revenues received from sources not anticipated in the Budget.

511. Emergency Appropriations

To meet an Emergency, as that term is defined in this Charter, the Council may make emergency appropriations from the sources provided in Section 510 of this Charter. To the extent unappropriated revenues are unavailable to meet the Emergency, the Council by law may authorize the issuance of emergency notes, which may be renewed from time to time. Emergency notes and renewals issued pursuant to this section may not be paid later than the last day of the next fiscal year succeeding that in which the emergency appropriation was made.

512. Lapsed Appropriations

Unless otherwise provided by law and except for grant appropriations or grant funds deposited in special accounts dedicated to specific functions, activities, or purposes, all unexpended and unencumbered appropriations in the Operating Budget at the end of the fiscal year shall revert into the treasury. No appropriation for a Capital Project in the Capital Budget may revert until the purpose for which the appropriation was made is accomplished or abandoned, but any Capital Project shall be considered abandoned if three fiscal years elapse without any expenditure from or encumbrance of the appropriation.

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513. Amendment to Capital Budget after Budget Adoption

Upon recommendation of the Executive and after a public hearing and an affirmative vote of a Majority of the Council, the Council may amend the Annual Budget and Appropriations Ordinance to provide funds for a Capital Project not previously appearing in the Capital Budget for the fiscal year. The amendment may not increase the total amount of appropriations for the fiscal year, unless such increased appropriations shall be funded from revenues received in excess of those budgeted or from unanticipated revenues not previously budgeted in the Annual Budget and Appropriations Ordinance for the fiscal year.

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514. Composition and Limitation upon County Funds

(a) All revenues and receipts from special services or benefit charges; special taxes or assessments imposed upon special taxing areas for special or particular services, purposes or benefits; funds held by the County as trustee or agent; special grants; or bond proceeds shall be paid into and appropriated from special funds created for such purposes and may not be used for any other purpose except the purpose for which a fund was created. All other revenues and receipts of the County from taxes, grants, State revenues and other receipts shall be paid into and appropriated from the general fund, which is the primary fund for the financing of current expenses for the conduct of Government business.

(b) With the recommendation of the Executive, the Council, by the Annual Budget and Appropriation Ordinance, or by other legislative act, may provide for the establishment of working capital or revolving funds for the financing of central stores, equipment pools, or other services common to the agencies of the Government.

(c) Notwithstanding other provisions of this section, upon recommendation of the Executive, the Council may establish a reserve fund for permanent public improvements. The Annual Budget and Appropriation Ordinance may dedicate cash surpluses, taxes, and other sources of revenue not otherwise appropriated to this reserve fund.

(d) Nothing in this Charter may be construed to prevent the making of contracts, leases, or other obligations that provide for the payment of funds at a time beyond the end of the fiscal year in which these contracts are made, provided the nature of these transactions reasonably requires the making of these contracts, leases or other obligations. The Council shall authorize by law any contract, lease, or other obligation in excess of \$25,000 that would obligate the County to appropriate funds in the Operating Budget for more than a single fiscal year. The amount of \$25,000 for such contracts, leases or obligations may be revised by law from time to time, but no more frequently than annually, and may not be less than \$25,000.

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515. Outcome-Based Budgeting

(a) Pursuant to this Charter, the Executive shall collaboratively develop performance measures with County agencies. For the purpose of this document, performance measures are defined as the measurement of outcomes and results that are required to be routinely tracked and publicly reported.

(b) The Executive shall develop performance measures which will be established no later than the fiscal year 2029 budget planning period. The Executive shall collaborate with the budget office to include such measures in all budget publications.

(c) Annually, as a part of the budget publication, the previous years' performance actuals and future targets will be reported as available. The Executive in collaboration with the budget office has the capability to change performance measures, however, such changes should be documented in writing and noted during the budget hearings.

516. Stormwater Transparency

(a) Each year, the Department of Public Works, in conjunction with the Resilience Authority will publish an annual report, detailing the outstanding stormwater related issues in each community within Charles County. The report shall highlight the most pressing stormwater issues in each community and what the Executive's administration is planning to accomplish with their proposed appropriation for the next fiscal year.

(b) Every year after the report's inaugural year, a new report will be published which details the plans of the previous fiscal year and discusses the levels of completion, the successes and challenges in completing the planned improvements, and any other relevant details related to the level of completion. Such a report will also detail the stormwater remediation plans by community for the following fiscal year. This report will be publicly published and presented during the budget hearings each year.

517. Increasing Collaboration

(a) At the discretion of the Executive, each program initiative, and formal government action will be categorized as a pillar. For the purposes of this document, a pillar serves to categorize like government initiatives. Some examples of pillars are public safety, economic development, and youth services.

(b) On a routine basis and at a frequency defined by the Executive, the agencies and leadership of initiatives and/or programs comprising a pillar will meet to discuss collaborative efforts and intersectional challenges.

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