

ARTICLE 6
Budget and Finance

601. 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.

602. 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.

603. Preparation of the County Budget

- (a) The Executive shall hold at least one public hearing in each Councilmanic District during the months of September through December to consider proposals by the public for inclusion in the Budget. Members of the Council or their designee shall attend each public hearing occurring in their respective Councilmanic District. The At-Large Councilmember or their designee shall attend all public hearings held pursuant to this Section. The Executive shall provide public notice no less than thirty days before such hearing.
- (b) The Executive shall hold one public hearing prior to April 15 to receive comments on the proposed Budget. The proposed budget shall be available to the public prior to the public hearing. The Executive shall provide sufficient notice of the public hearing 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 the 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.
- (c) 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 submitted to the Council 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. The proposed Budget shall be made available to the public.

604. Budget Message

- (a) The Budget Message shall contain the proposed Operating Budget, the Capital Budget, and the Capital Improvement Program. The Budget Message shall contain a summary of the proposed Budget accompanied with any tables, diagrams, or other illustrations intended to convey the relevant financial information. 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 proposed Budget does not fully fund the annually required contribution for pension and other post-employment benefits as determined by an actuary, the Budget Message shall contain an explanation of the deficit.
- (c) In advance of the Council public hearing described in Section 605, the Executive shall publish a summary of the Budget Message in at least one newspaper of general circulation in the County or via a publicly accessible medium deemed appropriate by the Executive.

605. Council Public Hearing

On receipt of the proposed budget from the Executive, the Chair of the County Council shall promptly cause it to be introduced to the County Council, and the Council shall hold a public hearing on 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 hearing on the proposed Budget by the Council, or as otherwise required by state law. 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.

606. Action on the Budget by Council

- (a) By a majority vote of its members, the County Council may reduce or eliminate any of the amounts in the proposed Budget, except:
 - (1) Amounts required to be expended pursuant to 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 County debt;
 - (4) Amounts that are associated with Federal, State, and Local mandates but may not have a fixed appropriation.
- (b) 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 fund 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; and
 - (2) The increases authorized by this Subsection do 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.
- (c) 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 Subsections (a)(1),(2), (3), or (4) of this Section.

- (d) 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.
- (e) 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.
- (f) In the event that the County Council is unable to pass a budget for the ensuing fiscal year by the final day of the current fiscal year as noted in Section 602 of this Charter, the budget proposed by the Executive will go into effect starting on the first day of the ensuing fiscal year.
- (g) In the first 90 days of any term, the County Council and Executive taking office, the County Executive shall present for approval, a standard operating procedure (SOP) for budget policies and delegated authorities. Such SOP will outline how the executive, council, and agencies will treat excess revenues, unanticipated grants, additional appropriations, and other budget and finance operations, which shall not supersede the requirements contained in any Section within Article 6 of this charter. Upon finalizing the SOP, the County Executive and County Council shall hold a public hearing on the SOP. The public hearing shall be publicized through electronic communication and any other publicly accessible mode of communication. Any amendments to the SOP shall be approved super majority of the Council, after a public hearing to consider the amendment(s).

607. 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.

608. 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 nine percent of the County's assessable basis of personal property and operating real property.
- (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 evidence 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.

609. 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 612 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.
- (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.

610. 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.

611. 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 610 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.

612. 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 lapse without any expenditure from or encumbrance of the appropriation. For this Subsection, the term expenditure is defined as any cost charged to the Capital Project.

613. 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.

614. Composition and Limitation upon County Funds

- (a) All revenues and receipts from special services or benefit charges commonly referred to as enterprise funds; 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 departments, agencies, and offices 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) In the first 90 days of any term, the County Council and Executive taking office, the County Executive shall present for approval, a standard operating procedure (SOP) for budget policies and delegated authorities. Such SOP will outline how the executive, council, and agencies will treat the approval and management of County contracts. Such SOP will establish the dollar threshold for the County Council's approval of contracts, the process by which contracts are approved, and other regulatory processes associated with the ratification and oversight of County contracts. Upon finalizing the SOP, the County Executive and County Council shall hold a public hearing on the SOP. Such public hearing shall be publicized through electronic communication and any other publicly accessible mode of communication. Any amendments to the SOP shall be approved super majority of the Council, after a public hearing to consider the amendment(s).

615. Using Performance Measures

- (a) Pursuant to this Charter, the Executive shall collaboratively develop performance measures with County departments. 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 prior to submission by the Executive of the Fiscal Year 2029 proposed Budget. The Executive shall ensure that such performance measures are included in all Budget publications as noted.
- (c) Annually, as a part of the Budget publication, the previous years' performance actuals and future targets will be reported. The Executive is authorized to change performance measures, however, such changes should be documented in writing and noted during the Budget hearings provided in this article.

616. Environmental Impact Report

- (a) The County will publish an annual report, detailing the outstanding environmental issues in communities within Charles County. These issues shall include but not be limited to stormwater, drainage, and sewer. The report shall highlight the most pressing issues in each community and what the Executive 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 the community for the following fiscal year. This report will be publicly published and presented during the budget hearings each year.

617. 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 or programs comprising a pillar will meet to discuss collaborative efforts and intersectional challenges.