



*Queen  
Anne's  
County*

**OFFICE OF BUDGET, FINANCE AND  
INFORMATION TECHNOLOGY**

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**County Commissioners:**

James J. Moran, At Large  
Jack N. Wilson Jr., District 1  
Stephen Wilson, District 2  
Robert Charles Buckey, District 3  
Mark A. Anderson, District 4

DATE: November 14, 2017  
TO: County Commissioners  
CC: Stephen Wilson, County Commissioner  
Gregg A. Todd, County Administrator  
FROM: Jonathan R. Seeman, Director  
RE: Final Report of the Spending Affordability Committee, FY2019

The Spending Affordability Committee (SAC), established by Ordinance 15-11 in 2015, met twice in September and October, 2017, in order to prepare recommendations for the FY2019 County budget process. The Committee membership is as follows:

- Anne MacKinnon, former State Delegate and Prince George's County Councilwoman
- John Wilson, Local Business Owner
- Joe Zimmerman, Secretary-Treasurer, Maryland-National Capital Park and Planning Commission; former Queen Anne's County Director of Finance

Their charge was to recommend spending affordability guidelines which consider the upcoming FY2019 operating and capital budgets, sustainable debt service, budget forecasts, fund balance and an optimal six year capital program.

The SAC has made 9 recommendations in the areas of the budget (operating and capital), debt, and fund balance. They have focused on the major issues affecting affordability. The SAC hereby transmits their report to the Commissioners and looks forward to the opportunity to present their findings and recommendations to you.

## **REPORT OF THE FY2019 SPENDING AFFORDABILITY COMMITTEE**

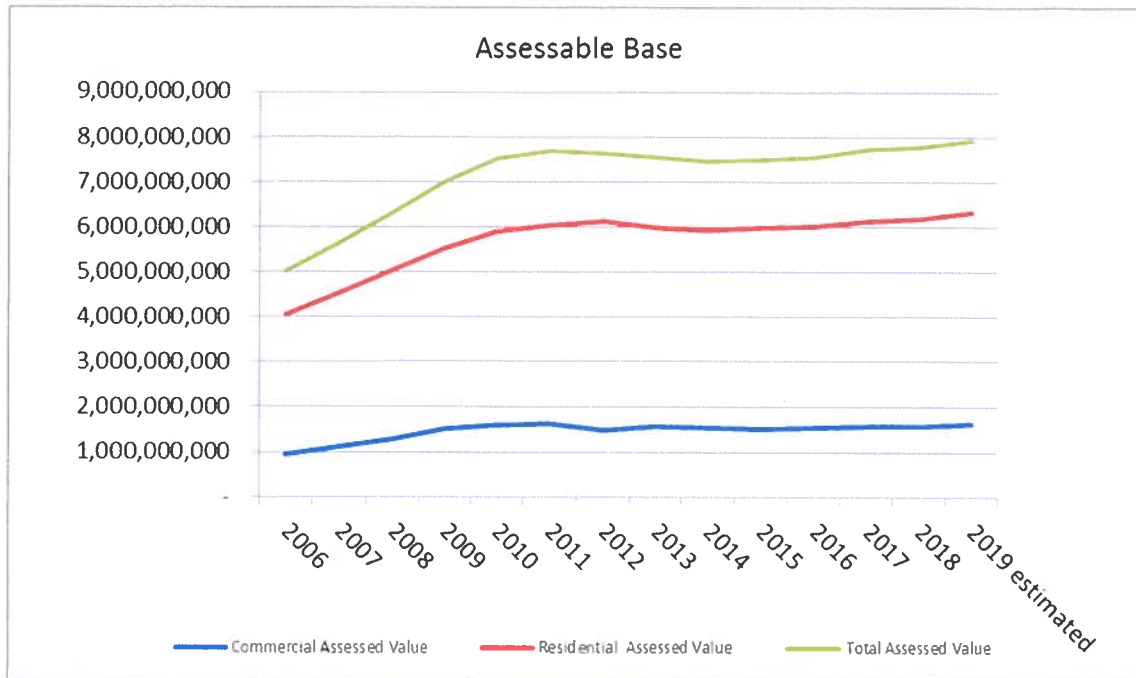
**Committee Members: John Wilson, Anne MacKinnon, Joe Zimmerman**

The Committee began its FY2019 considerations by reviewing the prior year recommendations and actions taken in light of those recommendations (Actions taken include considering realistic future capital project needs, a new debt measure relating per capita debt to income levels, increasing the Rainy Day Fund from 7 to 8%, and including a five year forecast with future Committee reports).

The Committee reviewed the current status of the local economy, the budget and revenue picture, the County's fund balance, a five year expenditure and revenue forecast, and the County's performance relative to debt policies. A significant feature was the consideration of a model for a six year capital program. The model incorporated some possible future project scenarios not yet included in the County's Capital Improvement Program (CIP). Some of these projects included Detention Center facility upgrades and Board of Education projects considered in the Board's facility assessment.

The County received a AAA bond rating. The budget is structurally balanced, and has produced surpluses regularly since the end of the recession. The local economy reflects low unemployment and Queen Anne's County has the fifth highest per capita income in Maryland. Assessable base growth has been slow since the end of the Recession.

The County is experiencing strong growth in its hospitality and commercial industries. The unemployment rate decreased to 3.4% in May 2017 from 4.6% two years earlier, and is below the state's average of 4.2%. 2015 Personal Income increased 0.7% from 2010 with the strongest growth in income levels above \$150,000. The housing market has been relatively strong over the past several years – since 2011 the total units sold has increased by 91%; however, the median sold price has decreased 1% since 2013. In the past, the County could reliably count on growth in both property tax and income tax. The recession of 2007-2009 has caused a flattening of property values for the period of 2011-estimated 2019. Property assessments have increased less than 4% since 2014.



The County has built reasonable levels of fund balance after virtually wiping out the County’s reserves in FY2011. The County holds a Rainy Day Fund for emergencies, and a Revenue Stabilization Fund which is designed to protect the fund balance and limit the use of these funds. The Rainy Day Fund must hold a balance equal to 8% of budgeted general fund operating revenues. The Revenue Stabilization Fund should not exceed 5% of budgeted general fund operating revenues and can be funded at a maximum of \$1 million per year.

The County’s total General Fund fund balance as of June 30, 2017 was \$27,286,681, which is a significant increase from the County’s FY11 fund balance of \$5,818,522. This fund balance includes non-spendables such as inventory, certain Assigned funds, the Rainy Day Fund reserve of \$10,627,805, the Revenue Stabilization Fund reserve of \$4,000,000 and an unassigned fund balance of \$9,952,488.

	<u>FY11 Actual</u>	<u>FY12 Actual</u>	<u>FY13 Actual</u>	<u>FY14 Actual</u>	<u>FY15 Actual</u>	<u>FY16 Actual</u>	<u>FY17 Estimate*</u>
Nonspendable	\$ 4,000	\$ 555,215	\$ 626,122	\$ 480,385	\$ 687,777	\$ 586,481	\$ 707,973
Restricted	333,798	340,670	8,111,614	8,375,368	8,681,112	9,002,389	10,627,805
Committed	657,068	695,944	-	1,157,360	2,000,000	3,000,000	4,000,000
Assigned	70,000	-	1,284,657	1,284,875	2,034,875	1,926,782	1,998,415
Unassigned	4,753,656	11,207,265	5,965,003	7,123,519	7,793,085	8,468,591	9,952,488
<b>Total Fund Balance</b>	<b>\$ 5,818,522</b>	<b>\$ 12,799,094</b>	<b>\$ 15,987,396</b>	<b>\$ 18,421,507</b>	<b>\$ 21,196,849</b>	<b>\$ 22,984,243</b>	<b>\$ 27,286,681</b>

Note: FY17 is the current unaudited estimate as of August 2017. Expect changes.

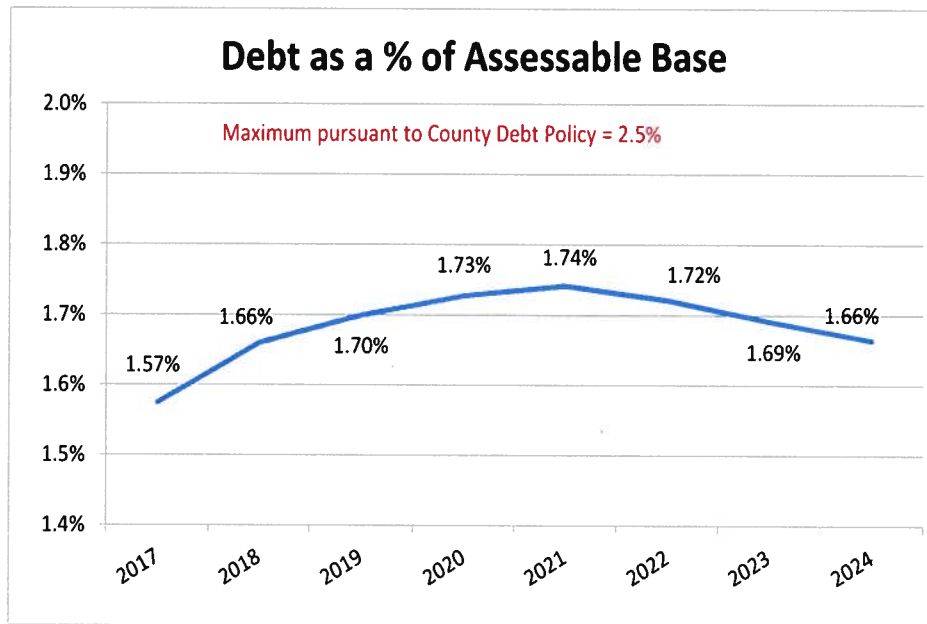
The County Fund Balance policy limits the use of fund balance to “Paygo” items in the capital budget, to supplement the Rainy Day Fund when it is underfunded, to pay down existing debt, for one-time non-recurring expenditures, and to hold for reserves.

The County has consistently achieved the mandated level of the Rainy Day Fund, and has used limited Paygo funds as a funding source within the capital budget.

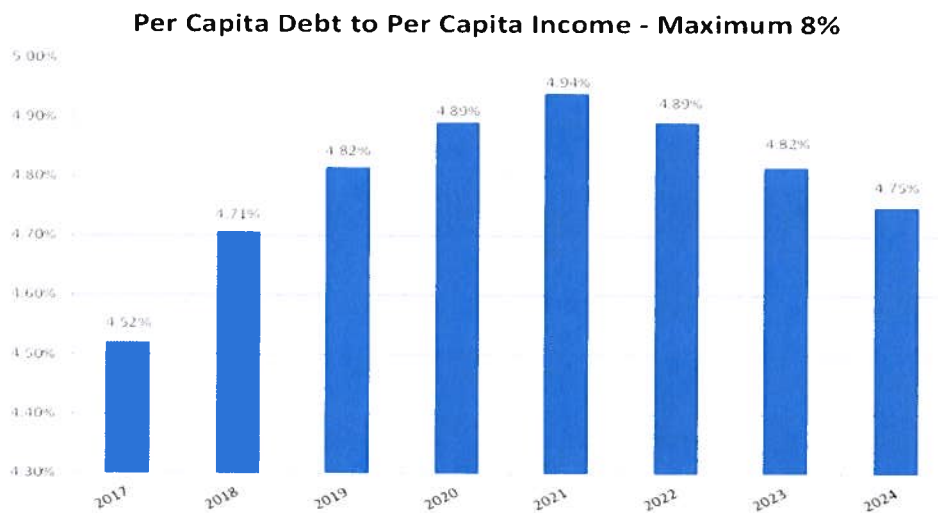
The County retires roughly \$7 million of debt each year, however the current forecast shows the following debt issuances totaling \$85.2 million over the next seven years beginning in FY18.

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
<u>Existing General Obligation Bond Debt</u>				
Governmental Activities	\$ 118,246,794	\$ 110,915,847	\$ 102,894,799	\$ 94,585,589
Business Type Activities	3,083,204	2,859,152	2,625,200	2,384,410
<b>TOTAL</b>	<b>121,329,998</b>	<b>113,774,999</b>	<b>105,519,999</b>	<b>96,969,999</b>
<u>Forecasted additions to debt</u>				
FY18 Issuance of \$15.2 million	-	15,200,000	15,200,000	14,688,267
FY19 Issuance of \$14.0 million	-	-	14,000,000	14,000,000
FY20 Issuance of \$14.0 million	-	-	-	14,000,000
FY21 Issuance of \$12.0 million	-	-	-	-
FY22 Issuance of \$10.0 million	-	-	-	-
FY23 Issuance of \$10.0 million	-	-	-	-
FY24 Issuance of \$10.0 million	-	-	-	-
<u>Total Debt Including:</u>				
Forecasted Issuances	<u>\$ 121,329,998</u>	<u>\$ 128,974,999</u>	<u>\$ 134,719,999</u>	<u>\$ 139,658,266</u>
	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
<u>Existing General Obligation Bond Debt</u>				
Governmental Activities	\$ 87,711,087	\$ 80,533,224	\$ 73,022,176	\$ 66,167,873
Business Type Activities	2,228,912	2,066,776	1,897,823	1,722,126
<b>TOTAL</b>	<b>89,939,999</b>	<b>82,600,000</b>	<b>74,919,999</b>	<b>67,889,999</b>
<u>Forecasted additions to debt</u>				
FY18 Issuance of \$15.2 million	14,156,267	13,604,000	13,031,467	12,433,600
FY19 Issuance of \$14.0 million	13,529,000	13,039,000	12,530,000	12,003,000
FY20 Issuance of \$14.0 million	14,000,000	13,529,000	13,039,000	12,530,000
FY21 Issuance of \$12.0 million	12,000,000	12,000,000	11,570,000	11,150,000
FY22 Issuance of \$10.0 million	-	10,000,000	10,000,000	9,600,000
FY23 Issuance of \$10.0 million	-	-	10,000,000	10,000,000
FY24 Issuance of \$10.0 million	-	-	-	10,000,000
<u>Total Debt Including:</u>				
Forecasted Issuances	<u>\$ 143,625,266</u>	<u>\$ 144,772,000</u>	<u>\$ 145,090,466</u>	<u>\$ 145,606,599</u>

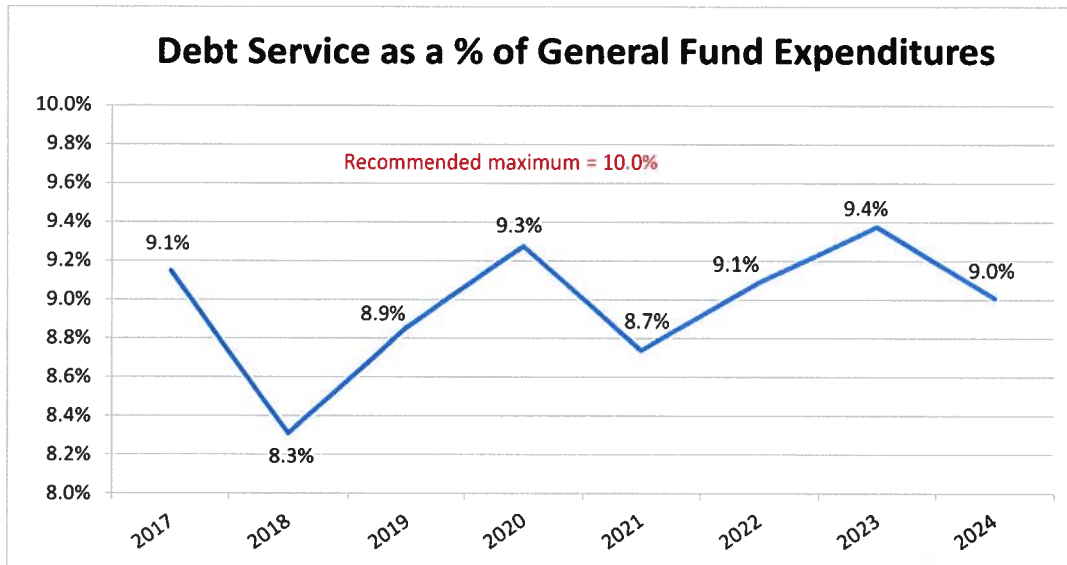
Under this model, with modest bond issuances between \$10-14 million annually, the County is within the limits of all three debt policies. The first debt policy states that general bonded debt must be 2.5% or less of the total taxable assessable base. The County's current debt as a percentage of assessable base is 1.66%. Using the assumptions presented above the highest ratio reached within 7 years is 1.74% in FY2021.



The second measure is per capita debt to per capita income, which must remain below 8%. The County is well under this measure with 4.94% per capita debt to per capita income reached in FY2021.



The final debt measure for the County is debt service as a percentage of general fund expenditures. This measure has a limit of 10%. The County's current measure is 9.1%. Using the assumptions presented above this measure is highest in FY2023 reaching 9.4%.



### **Revised Model of Capital Spending**

The Committee requested a capital spending model that would reflect actual future capital projects and associated budgets and funding accordingly. The major projects included in this model include the renovation and upgrade of the Detention Center, the expansion of the Kent Island Library (already included in the current CIP), a level of partial funding for the Board of Education facility assessment and Board of Education projects anticipated for future submission for State share of funding. Under this model (see Appendix), which projects future bond sales of between \$14.5-24.3 million, the County no longer meets all required debt policies—debt service as a % of General Fund expenditures is at or above 10.0% in FY23 and FY24. Also note that while per capita debt is no longer one of the 3 major debt policy limits, under this model per capita debt exceeds \$3,000 per capita from FY21-FY24.

# FY2019 SPENDING AFFORDABILITY COMMITTEE RECOMMENDATIONS

## BUDGET AND CIP

- Paygo funding for the capital budget should not exceed 1% of the operating budget in any given year
- Paygo funding in the capital budget should only be used for one time expenditures and can only be used when there is an increase in Unassigned fund balance from the prior year
- The use of alternative financing (such as Tax Increment Finance (TIF) should be considered during the budget process
- A Salary Class Study should be conducted by an independent party every 5-10 years to benchmark salaries.
- The County's 5 year Forecast must be part of budget process and used to inform decisions regarding the annual budget
- The Committee reiterates the need for a comprehensive and realistic multi-year capital budget, one that is affordable and meets the requirements of County debt policies for the course of the six year capital program

## DEBT

- The debt outlook accompanying the multi-year capital program should be considered as a part of the decision making for the budget process

## FUND BALANCE

- Unassigned fund balance should be maintained at a level equal to 8% of operating revenues
- The County should achieve and maintain a total level of reserves as dictated by County law and Resolution. (8% Rainy Day Fund; 8% Unassigned fund balance; 5% Revenue Stabilization). If reserves fall below mandated levels they are to be restored within 2 years

# Appendix



QUEEN ANNE'S COUNTY  
CAPITAL BUDGET SUMMARY BY EXPENDITURE  
FY 2018-2023

DESCRIPTION	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
CHESAPEAKE HERITAGE & VISITORS CENTER	-	630,000	124,000	-	-	-	754,000
VOLUNTEER FIRE DEPARTMENTS	416,667	416,667	416,667	416,667	416,667	416,667	2,500,002
4-H PARK IMPROVEMENTS (QAC Park Board)	55,000	75,000	35,000	40,000	-	-	205,000
HISTORIC CHRIST CHURCH	-	75,000	100,000	80,000	300,000	-	555,000
TAX DITCHES	45,000	45,000	45,000	45,000	45,000	45,000	270,000
QAC-TV7 EQUIPMENT REPLACEMENT PROGRAM	52,560	52,560	52,560	52,560	52,560	52,560	315,360
<b>TOTAL OUTSIDE AGENCIES AND OTHER</b>	<b>569,227</b>	<b>1,294,227</b>	<b>773,227</b>	<b>634,227</b>	<b>814,227</b>	<b>514,227</b>	<b>4,599,362</b>
BAY BRIDGE TRAFFIC STUDY	100,000	-	-	-	-	-	100,000
NEW CIRCUIT COURTHOUSE	9,000,000	2,000,000	-	-	-	-	11,000,000
CAPITAL EQUIPMENT - LIGHT VEHICLES	35,000	-	-	-	-	60,000	95,000
PUBLIC DRAINAGE & STORMWATER MGMT	200,000	200,000	200,000	200,000	-	-	800,000
COUNTY BUILDINGS	375,000	2,405,000	1,530,000	335,000	535,000	300,000	5,480,000
<b>TOTAL ADMINISTRATION &amp; GENERAL SERVICES</b>	<b>9,710,000</b>	<b>4,605,000</b>	<b>1,730,000</b>	<b>535,000</b>	<b>535,000</b>	<b>360,000</b>	<b>17,475,000</b>
<b>SHERIFF-VEHICLES AND EQUIPMENT</b>	<b>358,440</b>	<b>491,102</b>	<b>491,102</b>	<b>491,102</b>	<b>561,102</b>	<b>491,102</b>	<b>2,883,950</b>
EMERGENCY MANAGEMENT - PLANNING & MITIGATION	-	40,000	40,000	40,000	87,500	60,000	267,500
AMBULANCE/VEHICLES/EQUIPMENT	443,092	489,664	516,899	547,331	519,651	605,946	3,122,583
DES SSD -PUBLIC SAFETY NETWORK	175,000	150,000	170,000	190,000	205,000	180,000	1,070,000
E-911	-	-	2,000,000	-	-	-	2,000,000
EMERGENCY SERVICES BUILDING/STATION RENOVATIONS	-	100,000	235,000	250,000	100,000	350,000	1,035,000
<b>TOTAL DEPARTMENT OF EMERGENCY SERVICES</b>	<b>618,092</b>	<b>779,664</b>	<b>2,961,899</b>	<b>1,027,331</b>	<b>964,504</b>	<b>1,195,946</b>	<b>7,547,436</b>
KITCHEN APPLIANCE REPLACEMENT	20,000	-	-	-	-	-	20,000
ROOF REPLACEMENT	250,000	-	-	-	-	-	250,000
TRANSPORT VEHICLE	30,000	-	30,000	-	-	-	60,000
FACILITY PROGRAM-ADDITION AND RENOVATION	-	1,082,000	6,799,046	6,799,046	-	-	14,680,091
G-POD REPLACEMENT	-	-	-	-	-	-	-
<b>TOTAL DETENTION CENTER</b>	<b>300,000</b>	<b>1,082,000</b>	<b>6,829,046</b>	<b>6,799,046</b>	<b>-</b>	<b>-</b>	<b>15,010,091</b>
CAPITAL EQUIPMENT - LIGHT VEHICLES	-	-	30,000	-	35,000	-	65,000
WATERSHED IMPLEMENTATION PROGRAM (WIP)	-	300,000	150,000	150,000	150,000	150,000	900,000
COMMUNITY PLAN & COMPREHENSIVE PLAN UPDATE	-	150,000	350,000	100,000	100,000	100,000	800,000
<b>TOTAL PLANNING &amp; ZONING</b>	<b>-</b>	<b>450,000</b>	<b>530,000</b>	<b>250,000</b>	<b>285,000</b>	<b>250,000</b>	<b>1,765,000</b>
IT INFRASTRUCTURE	250,000	350,000	300,000	300,000	200,000	200,000	1,600,000
FIBER INFRASTRUCTURE	-	550,000	-	-	-	-	550,000
ERP PROJECT	420,000	275,000	250,000	50,000	25,000	25,000	1,045,000
GIS, PLANNING AND MAPPING INITIATIVES	140,000	140,000	140,000	140,000	140,000	140,000	840,000
<b>TOTAL IT</b>	<b>810,000</b>	<b>1,315,000</b>	<b>690,000</b>	<b>490,000</b>	<b>365,000</b>	<b>365,000</b>	<b>4,035,000</b>
<b>SOLID WASTE-EQUIPMENT, VEHICLES, IMPROVEMENTS</b>	<b>74,000</b>	<b>324,000</b>	<b>274,000</b>	<b>304,000</b>	<b>214,000</b>	<b>74,000</b>	<b>1,264,000</b>
KENT ISLAND EXPANSION	325,000	2,769,000	2,769,000	-	-	-	5,863,000
<b>TOTAL PUBLIC LIBRARY SYSTEM</b>	<b>325,000</b>	<b>2,769,000</b>	<b>2,769,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,863,000</b>
BUS CANOPY	100,000	-	-	-	-	-	100,000
CAPITAL EQUIPMENT - VEHICLES	-	-	310,000	-	70,000	310,000	690,000
TRANSIT - PREVENTIVE MAINTENANCE	75,000	75,000	75,000	85,000	85,000	85,000	480,000
SENIOR CENTER RENOVATIONS	-	500,000	200,000	120,000	-	300,000	1,120,000
<b>TOTAL AGING</b>	<b>175,000</b>	<b>575,000</b>	<b>585,000</b>	<b>205,000</b>	<b>155,000</b>	<b>695,000</b>	<b>2,390,000</b>

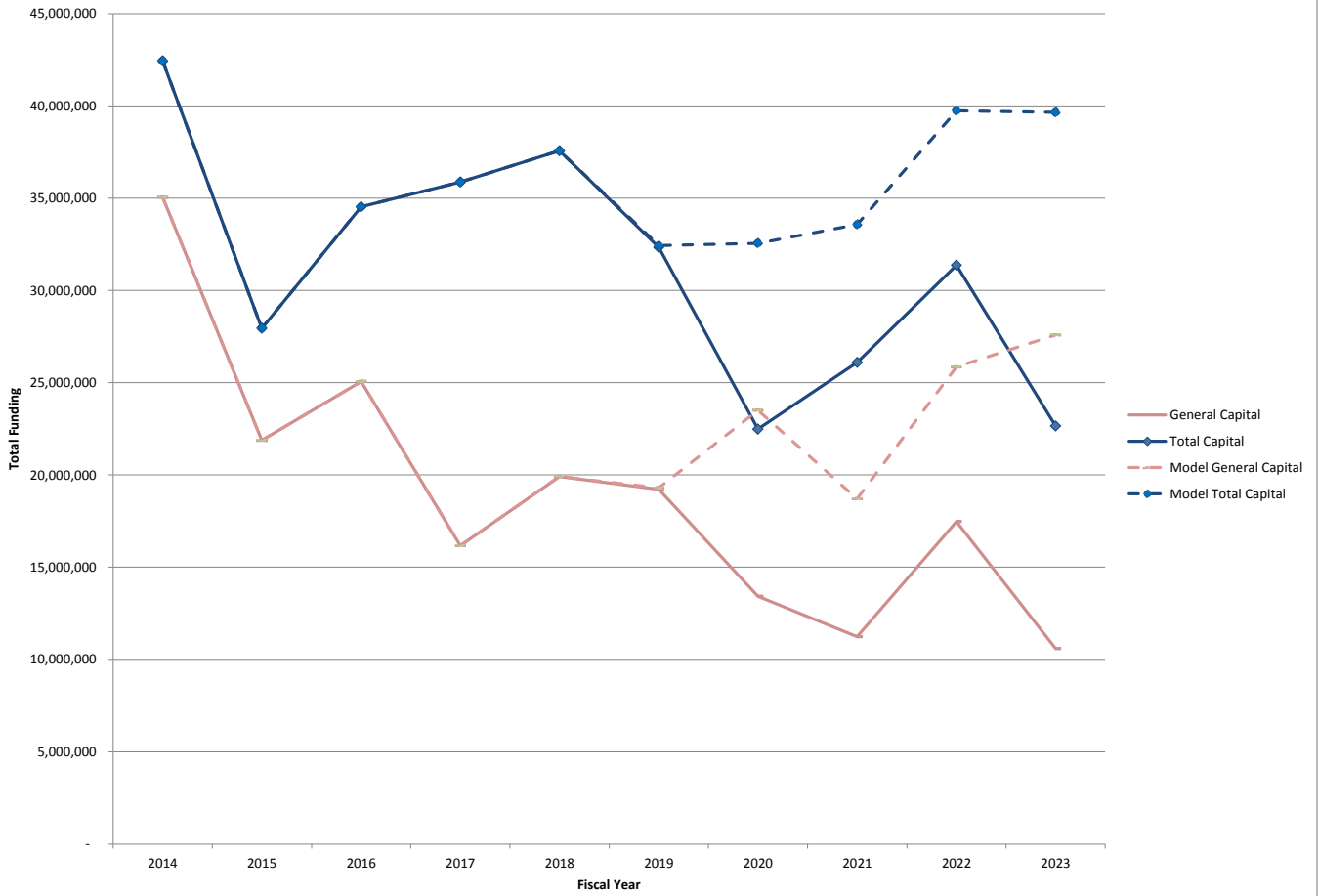
**QUEEN ANNE'S COUNTY**  
**CAPITAL BUDGET SUMMARY BY EXPENDITURE**  
**FY 2018-2023**

DESCRIPTION	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
TECHNOLOGY PLAN	389,000	-	-	-	-	-	389,000
GRASONVILLE ELEMENTARY - ADDITION	1,263,919	1,328,562	-	-	-	-	2,592,481
BAYSIDE ELEM SCH GENERATOR	3,142,000	-	-	-	-	-	3,142,000
SUDLERSVILLE ELEM SCH EXT DOOR REPLACE	190,000	-	-	-	-	-	190,000
TEXTBOOKS	127,000	-	-	-	-	-	127,000
SUDLERSVILLE ELEM - ROOF	500,000	193,000	500,000	500,000	500,000	500,000	2,693,000
KIHS - ENERGY MANAGEMENT SYSTEM	176,000	-	-	-	-	-	176,000
	589,000	-	-	-	-	-	589,000
<b>BUILDING SHELL -VARIOUS SCHOOLS</b>	-	427,049	244,139	1,176,971	400,478	2,715,472	4,964,109
<b>INTERIOR REPAIRS / UPG - VARIOUS SCHOOLS</b>	-	-	707,479	1,499,857	2,855,910	1,975,993	7,039,239
<b>BUILDING SERVICES - VARIOUS SCHOOLS</b>	-	387,000	1,407,941	1,500,000	2,157,445	342,024	5,794,410
<b>EQUIPMENT &amp; FURNITURE - VARIOUS SCHOOLS</b>	-	235,520	257,815	473,036	326,726	332,600	1,625,697
<b>SPEC CONSTRUCTION / DEMO -VARIOUS LOCS</b>	-	311,231	-	-	-	-	311,231
<b>SITWORK - VARIOUS SCHOOLS</b>	-	564,574	659,318	1,140,815	490,787	467,793	3,323,287
<b>COMPREHENSIVE BUILDING ASSESSMENT</b>	-	64,894	-	-	-	-	64,894
<b>TOTAL FACILITY ASSESSMENT</b>		<u>1,990,268</u>	<u>3,276,692</u>	<u>5,790,679</u>	<u>6,231,346</u>	<u>5,833,882</u>	<u>23,122,867</u>
<b>ADDITIONAL PER FY19 STATE FUNDING REQUESTS</b>		<u>518,000</u>	<u>775,000</u>	<u>182,000</u>	<u>7,880,000</u>	<u>16,500,000</u>	
<b>ADDITIONAL PER FACILITY ASSESSMENT</b>		-	-	-	-	-	
<b>TOTAL BOARD OF EDUCATION</b>	<u>6,376,919</u>	<u>4,029,830</u>	<u>4,551,692</u>	<u>6,472,679</u>	<u>14,611,346</u>	<u>22,833,882</u>	<u>58,876,348</u>
<b>MAINTENANCE AND EQUIPMENT</b>	405,000	405,000	440,000	405,000	470,000	418,000	2,543,000
<b>FACILITIES AND BUILDINGS</b>	50,000	365,000	390,000	80,000	80,000	40,000	1,005,000
<b>ADA COMPLIANCE</b>	-	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>PARKING LOTS AND LIGHTS</b>	130,000	615,000	200,000	480,000	510,000	60,000	1,995,000
<b>LAND - PARKS AND GREENWAY TRAILS</b>	15,000	10,000	90,000	90,000	90,000	90,000	385,000
<b>RT 50 PEDESTRIAN OVERPASS</b>	-	-	-	250,000	6,000,000	-	6,250,000
<b>TOTAL PARKS</b>	<u>600,000</u>	<u>1,595,000</u>	<u>1,320,000</u>	<u>1,505,000</u>	<u>7,350,000</u>	<u>808,000</u>	<u>13,178,000</u>
<b>TOTAL GENERAL CAPITAL PROJECTS</b>	<u>19,916,678</u>	<u>19,309,823</u>	<u>23,504,966</u>	<u>18,713,385</u>	<u>25,855,179</u>	<u>27,587,157</u>	<u>134,887,187</u>
<b>PUBLIC LANDINGS ENTERPRISE-DREDGING, BULKHEAD, MAINTENANCE, EQUIPMENT</b>	<u>600,000</u>	<u>338,000</u>	<u>165,000</u>	<u>289,000</u>	<u>15,000</u>	<u>55,000</u>	<u>1,462,000</u>
<b>RUNWAY/APRON REHABILITATION</b>	100,000	-	225,000	3,100,000	650,000	7,500,000	11,575,000
<b>AIRPORT CAPITAL EQUIPMENT</b>	-	32,000	-	-	-	-	32,000
<b>NEW AIRPORT TERMINAL BUILDING</b>	-	-	250,000	1,750,000	-	-	2,000,000
<b>BAY BRIDGE AIRPORT FUEL DEPOT</b>	-	-	25,000	250,000	50,000	-	325,000
<b>AOA FENCE</b>	10,000	70,000	415,000	-	-	-	495,000
<b>REMOVE OBSTRUCTION - DESIGN &amp; CONSTRUCTION</b>	160,000	525,000	-	-	-	-	685,000
<b>TOTAL BAY BRIDGE AIRPORT ENTERPRISE</b>	<u>270,000</u>	<u>627,000</u>	<u>915,000</u>	<u>5,100,000</u>	<u>700,000</u>	<u>7,500,000</u>	<u>15,112,000</u>
<b>KENT ISLAND TRANSPORTATION PLAN PHASED IMPLEMENTATION STUDY</b>	150,000	-	-	-	-	-	150,000
<b>CAPITAL EQUIPMENT - LIGHT/HEAVY VEHICLES &amp; EQUIPMENT</b>	745,000	570,000	790,000	630,000	345,000	540,000	3,620,000
<b>ASPHALT OVERLAYS</b>	2,475,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	10,475,000
<b>PARKING LOT OVERLAYS</b>	-	50,000	50,000	50,000	50,000	50,000	250,000
<b>KENT NARROWS PUBLIC PARKING</b>	-	-	-	-	-	1,000,000	1,000,000
<b>TAYLOR MILL ROAD BRIDGE</b>	-	-	-	-	1,100,000	-	1,100,000
<b>TOTAL ROADS BOARD CAPITAL PROJECTS</b>	<u>3,370,000</u>	<u>2,220,000</u>	<u>2,440,000</u>	<u>2,280,000</u>	<u>3,095,000</u>	<u>3,190,000</u>	<u>16,595,000</u>
<b>PUMP AND GENERATOR REPLACEMENTS</b>	100,000	50,000	60,000	50,000	60,000	50,000	370,000
<b>CAPITAL EQUIPMENT REPLACEMENT</b>	-	17,500	25,000	-	150,000	-	192,500
<b>FORCE MAIN REHABILITATION - GENERAL</b>	-	-	-	-	250,000	250,000	500,000
<b>COMPREHENSIVE MASTER WATER &amp; SEWERAGE PLAN/MAPPING</b>	35,000	5,000	5,000	5,000	5,000	5,000	60,000
<b>COLLECTION STATION METERING</b>	25,000	25,000	25,000	25,000	25,000	25,000	150,000
<b>INDIVIDUAL SEPTIC SYSTEM INSTALLS</b>	-	500,000	500,000	500,000	-	-	1,500,000
<b>SOUTHERN KENT ISLAND - PHASE III STEP</b>	-	-	-	-	200,000	200,000	400,000
<b>SOUTHERN KENT ISLAND - PHASE III COMMUNITY</b>	-	-	-	-	75,000	100,000	175,000
<b>SOUTHERN KENT ISLAND - PHASE I FRONT FUNDS</b>	350,000	350,000	350,000	350,000	-	-	1,400,000
<b>SOUTHERN KENT ISLAND - PHASE II STEP</b>	-	200,000	120,000	2,000,000	2,400,000	-	4,720,000
<b>SOUTHERN KENT ISLAND - PHASE II COMMUNITY MAINS</b>	-	50,000	35,000	600,000	715,000	-	1,400,000
<b>SOUTHERN KENT ISLAND - SEWER FORCE MAIN</b>	4,223,000	1,591,000	-	-	-	-	5,814,000
<b>SOUTHERN KENT ISLAND - SEWER PHASE I COMMUNITY MAINS</b>	3,612,000	2,038,000	-	-	-	-	5,650,000
<b>SOUTHERN KENT ISLAND - SEWER PHASE I STEP</b>	4,375,000	4,417,000	4,288,000	3,362,000	-	-	16,442,000
<b>TOTAL SKI</b>	<u>12,560,000</u>	<u>8,646,000</u>	<u>4,793,000</u>	<u>6,312,000</u>	<u>3,390,000</u>	<u>300,000</u>	<u>36,001,000</u>
<b>TOTAL SEWER ENTERPRISE</b>	<u>12,720,000</u>	<u>9,243,500</u>	<u>5,408,000</u>	<u>6,892,000</u>	<u>3,880,000</u>	<u>630,000</u>	<u>38,773,500</u>

QUEEN ANNE'S COUNTY  
CAPITAL BUDGET SUMMARY BY EXPENDITURE  
FY 2018-2023

DESCRIPTION	FY18	FY19	FY20	FY21	FY22	FY23	TOTAL
KENT NARROWS TOWER & DISTRIBUTION	-	-	-	-	1,000,000	-	1,000,000
COUNTY WIDE ORTHO/PLANIMETRIC MAPPING	5,000	5,000	5,000	5,000	5,000	5,000	30,000
CAPITAL EQUIPMENT REPLACEMENT	-	135,000	50,000	25,000	-	60,000	270,000
WATER TREATMENT PLANT STRUCTURES-REHAB 7 UPGRADE	-	-	50,000	250,000	50,000	600,000	950,000
CRITICAL INTERCONNECTIONS	500,000	500,000	-	-	2,500,000	-	3,500,000
GAS DISINFECTION ELIMINATION PROJECT	30,000	30,000	-	-	-	-	60,000
RESIDENTIAL METER REPLACEMENT	-	-	-	-	125,000	-	125,000
WATER - GENERATORS	135,000	-	-	-	-	-	135,000
WTP BACKWASH CONTROL PROJECT	25,000	25,000	25,000	25,000	25,000	25,000	150,000
WATER - FOUR SEASONS 750 gpm WTP EXPANSION	-	-	-	-	2,500,000	-	2,500,000
<b>TOTAL WATER ENTERPRISE</b>	<b>695,000</b>	<b>695,000</b>	<b>130,000</b>	<b>305,000</b>	<b>6,205,000</b>	<b>690,000</b>	<b>8,720,000</b>
<b>TOTAL ALL CAPITAL PROJECTS</b>	<b>37,571,678</b>	<b>32,433,323</b>	<b>32,562,966</b>	<b>33,579,385</b>	<b>39,750,179</b>	<b>39,652,157</b>	<b>215,549,687</b>
check sums PER FY18 BUDGET	37,571,678	32,341,515	22,488,920	26,098,339	31,370,179	22,652,157	172,522,788
<b>DIFFERENCE</b>	<b>0</b>	<b>91,808</b>	<b>10,074,046</b>	<b>7,481,046</b>	<b>8,380,000</b>	<b>17,000,000</b>	<b>43,026,899</b>
Funding							
Paygo	1,352,165	1,300,000	1,313,000	1,326,130	1,339,391	1,352,785	7,983,472
Grants	1,265,876	2,722,250	6,552,899	7,805,023	6,504,003	7,528,000	32,378,051
Operating	705,000	665,500	595,000	735,000	695,000	1,060,000	4,455,500
Capital Fund Balance	4,692,077	2,000,000	2,000,000	2,000,000	2,000,000	2,500,000	15,192,077
Bonds	15,167,000	-	-	-	-	-	15,167,000
Other	14,389,560	8,908,560	5,093,736	7,249,503	10,651,902	2,875,956	49,169,217
<b>TOTAL FUNDING</b>	<b>37,571,678</b>	<b>15,596,310</b>	<b>15,554,635</b>	<b>19,115,656</b>	<b>21,190,296</b>	<b>15,316,741</b>	<b>124,345,316</b>
<b>Shortfall TOTAL FUNDING and TOTAL ALL CAPITAL PROJECTS = BOND FUNDS NEEDED</b>	<b>-</b>	<b>16,837,013</b>	<b>17,008,330</b>	<b>14,463,729</b>	<b>18,559,883</b>	<b>24,335,416</b>	<b>91,204,371</b>

### Capital Projects



**Debt Service Projections**

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Existing Bond Debt Service (Principal & Interest)	\$ 12,446,155	\$ 11,833,816	\$ 12,349,314	\$ 12,306,384	\$ 10,550,120	\$ 10,558,555	\$ 10,572,476	\$ 9,577,231
Less: Reimbursements from Ches College & Housing Auth	(746,681)	(718,501)	(720,238)	(719,719)	(524,791)	(525,145)	(525,368)	(442,867)
Adjusted Debt Service	\$ 11,699,474	\$ 11,115,315	\$ 11,629,076	\$ 11,586,665	\$ 10,025,329	\$ 10,033,410	\$ 10,047,108	\$ 9,134,364
Plus Estimated Debt Service for:								
FY18 Issuance of \$15.2 million	-	-	608,000	1,099,000	1,098,000	1,096,000	1,094,000	1,095,000
FY19 Issuance of \$16.8 million	-	-	-	672,000	1,215,000	1,214,000	1,212,000	1,209,000
FY20 Issuance of \$17.0 million	-	-	-	-	680,000	1,230,000	1,226,000	1,225,000
FY21 Issuance of \$14.5 million	-	-	-	-	-	580,000	1,049,000	1,048,000
FY22 Issuance of \$18.6 million	-	-	-	-	-	-	744,000	1,342,000
FY23 Issuance of \$24.3 million	-	-	-	-	-	-	-	972,000
	-	-	-	-	-	-	-	-
<b>Total Bond Debt Service (Estimated)</b>	<b>\$ 11,699,474</b>	<b>\$ 11,115,315</b>	<b>\$ 12,237,076</b>	<b>\$ 13,357,665</b>	<b>\$ 13,018,329</b>	<b>\$ 14,153,410</b>	<b>\$ 15,372,108</b>	<b>\$ 16,025,364</b>

**10% test**

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
General Fund Expenditures (Forecast)	\$ 127,927,010	\$ 133,800,975	\$ 138,247,588	\$ 142,822,247	\$ 145,340,657	\$ 149,786,843	\$ 154,239,585	\$ 158,095,575
Forecasted debt service Existing debt service plus forecasted issuances	\$ 11,699,474	\$ 11,115,315	\$ 12,237,076	\$ 13,357,665	\$ 13,018,329	\$ 14,153,410	\$ 15,372,108	\$ 16,025,364
<b>Debt Service as a % of General Fund Expenditures</b>	<b>9.1%</b>	<b>8.3%</b>	<b>8.9%</b>	<b>9.4%</b>	<b>9.0%</b>	<b>9.4%</b>	<b>10.0%</b>	<b>10.1%</b>

**Outstanding Debt per Capita**

Current debt policy states debt will not exceed \$3,000 per capita and 2.5% of the total taxable assessable base.

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Existing General Obligation Bond Debt								
Governmental Activities	\$ 118,246,794	\$ 110,915,847	\$ 102,894,799	\$ 94,585,589	\$ 87,711,087	\$ 80,533,224	\$ 73,022,176	\$ 66,167,873
Business Type Activities	3,083,204	2,859,152	2,625,200	2,384,410	2,228,912	2,066,776	1,897,823	1,722,126
<b>TOTAL</b>	<b>121,329,998</b>	<b>113,774,999</b>	<b>105,519,999</b>	<b>96,969,999</b>	<b>89,939,999</b>	<b>82,600,000</b>	<b>74,919,999</b>	<b>67,889,999</b>
Forecasted additions to debt								
FY18 Issuance of \$15.2 million	-	15,200,000	15,200,000	14,688,267	14,156,267	13,604,000	13,031,467	12,433,600
FY19 Issuance of \$16.8 million	-	-	16,800,000	16,800,000	16,234,000	15,646,000	15,036,000	14,403,000
FY20 Issuance of \$17.0 million	-	-	-	17,000,000	17,000,000	16,427,000	15,835,000	15,219,000
FY21 Issuance of \$14.5 million	-	-	-	-	14,500,000	14,500,000	14,012,000	13,504,000
FY22 Issuance of \$18.6 million	-	-	-	-	-	18,600,000	18,600,000	17,976,900
FY23 Issuance of \$24.3 million	-	-	-	-	-	-	24,300,000	24,300,000
	-	-	-	-	-	-	-	-
<b>Total Debt Including: Forecasted Issuances</b>	<b>\$ 121,329,998</b>	<b>\$ 128,974,999</b>	<b>\$ 137,519,999</b>	<b>\$ 145,458,266</b>	<b>\$ 151,830,266</b>	<b>\$ 161,377,000</b>	<b>\$ 175,734,466</b>	<b>\$ 165,726,499</b>
<b>Taxable Assessable Base Assumption</b>	<b>\$ 7,708,205,000</b>	<b>\$ 7,771,330,296</b>	<b>\$ 7,926,756,903</b>	<b>\$ 8,085,292,041</b>	<b>\$ 8,246,997,882</b>	<b>\$ 8,411,937,840</b>	<b>\$ 8,580,176,596</b>	<b>\$ 8,751,780,128</b>
<b>Outstanding Debt as a % of Total Taxable Assessable Base</b>	<b>1.57%</b>	<b>1.66%</b>	<b>1.73%</b>	<b>1.80%</b>	<b>1.84%</b>	<b>1.92%</b>	<b>2.05%</b>	<b>1.89%</b>

**Debt as a % of Personal Income**

SAC proposal: Tie the per capita debt threshold (currently at \$3,000 per capita) to currently defined per capita income each year as reported by the U.S Bureau of Labor Statistics. This measure shall be a ratio of per capita debt to per capita income. Maximum threshold of income to outstanding debt shall be 8%.

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
Total Bond Debt	\$ 121,329,998	\$ 128,974,999	\$ 137,519,999	\$ 145,458,266	\$ 151,830,266	\$ 161,377,000	\$ 175,734,466	\$ 165,726,499
Population	48,929	49,174	49,420	49,667	49,915	50,165	50,415	50,667
Per Capita Income \$	\$ 54,861	\$ 55,738	\$ 56,615	\$ 57,493	\$ 58,249	\$ 59,005	\$ 59,761	\$ 60,517
Per Capita Debt \$	\$ 2,480	\$ 2,623	\$ 2,783	\$ 2,929	\$ 3,042	\$ 3,217	\$ 3,486	\$ 3,271
Per Capita Debt %	4.52%	4.71%	4.92%	5.09%	5.22%	5.45%	5.83%	5.40%

Per capita income from QAC website