

**OVERVIEW OF REVENUES, EXPENDITURES, & OTHER FINANCIAL DATA  
FOR MUNICIPALITIES & SPECIAL TAXING DISTRICTS  
IN MONTGOMERY COUNTY**



OFFICE OF LEGISLATIVE OVERSIGHT  
REPORT NUMBER 2008-5

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## **EXECUTIVE SUMMARY**

### **Scope and Purpose**

This report by the Office of Legislative Oversight responds to the County Council's request to compile an overview of the revenues, expenditures, and other financial data for the 19 incorporated municipalities and three special taxing districts located in Montgomery County. Collectively, these entities comprise 18% of the County's assessable tax base for real property; municipal residents represent approximately 16% of the County's population.

The purpose of this report is to improve the Council's understanding of the financial position of the County's municipalities and special taxing districts. In assigning this project, the Council also expressed its expectation that a collective view of municipal finances will help the Council gain a greater understanding of the fiscal implications associated with the creation of any new municipality. Finally, in April 2007, County Executive Leggett appointed a Municipal Revenue Sharing Task Force to examine municipal revenue sharing issues and the County's tax duplication program. The Council intends for the information in this report to assist the Task Force with its work.

This report includes individual financial profiles for each of the 19 municipalities and three special taxing districts, based on comprehensive financial statements submitted by each entity. The individual profiles briefly describe each entity's governance structure, and offer details about the revenues collected and services funded. Other chapters provide information about the legal framework for revenue allocation and service delivery, and present composite and summary revenue data tables. This report is not intended to in any way evaluate either the efficiency or value of the wide array of services provided by the municipalities and special taxing districts to County residents.

### **The Governing Framework for Service Delivery in State Law**

The governing structure in Maryland consists of 23 counties and the City of Baltimore, 156 independent municipalities, and a number of special taxing districts and special district governments. The State's governance structure provides for two interlocking service delivery networks: a network of the 23 counties and the City of Baltimore to provide statewide coverage, and a network of a variety of governing entities to deliver a collection of services, such as transportation, public safety, public works, and recreation. In Montgomery County, the County Government belongs to both networks, and the municipalities, along with the County Government, other bi-county agencies, private homeowner associations and others, belong to the second.

### **Municipal Service Delivery**

In Maryland, the municipal form of government dates back to the incorporation of Annapolis in 1637. Until 1954, municipalities were created and closely supervised by the General Assembly. The adoption of the Municipal Home Rule amendment gave the municipalities independent powers and authority; it also eliminated the State's supervisory role and transferred power for the establishment of new municipalities from the State to the county governments.

State law gives municipalities a limited role in the delivery of many services, especially those with a statewide service area; however, State law establishes a broad enabling framework for the exercise of municipal home rule. Similar to the County's home rule authority, this form of government leaves decisions about how the authority of the municipality will be exercised to the voters who adopt or amend each municipal charter and to the elected legislative bodies who enact local laws, adopt budgets, and levy taxes.

A review of municipal charters show the municipal powers authorized most often in Montgomery County's municipalities are the authority to maintain sidewalks and streets, the authority to provide waste collection services, and the authority to enforce building code and development regulations.

### **Sources of Municipal Revenue**

State law grants municipal governments the authority to levy taxes, e.g., property taxes and admission taxes; and impose fees, e.g., business license fees and permit fees. State law also entitles these governments to a share of State aid allocated to county and municipal governments to finance transportation, public safety, public works, and recreation projects; and a 17 percent share of the County income taxes that their residents' pay.

State law requires the County to reimburse either municipalities (through a payment) or municipal residents (through a property tax offset). The reimbursement payment is for the cost of those property tax supported services municipalities deliver that are comparable to those the County provides to residents in its unincorporated areas. County law also requires the administration of a municipal reimbursement property tax program. Also, other County policies, agreements and longstanding practices entitle some municipalities to allocations of certain countywide fees the County collects, e.g., stormwater management fees.

### **Financial Data for Montgomery County's Municipalities**

This report presents municipal financial data, based on comprehensive financial statements submitted by each municipality and special taxing district. The report contains an individual financial profile for each entity, and a set of composite financial data tables that show the overall patterns of financial data for the County's municipalities as a group.<sup>1</sup>

Municipal revenue data are presented in three categories:

- **Municipal revenues** are taxes or fees, such as property taxes or permit application fees, a municipality is authorized to levy and impose on its own;
- **Intergovernmental revenues** are taxes, entitlements or other income from the County, State or Federal government that are shared with the municipalities; and
- **Miscellaneous revenues** are those revenues that do not fit easily in one of the other two categories.

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<sup>1</sup> For the methodology used to compile the financial data and summary tables, see page 18.

The composite and summary data, while valid for looking at information about the municipalities as a group, do not well communicate the large variations that exist across all the municipalities. That diversity, which is displayed in the individual profiles, is lost when the results are summed up and reported collectively.

### **Overview of Municipal Revenues<sup>2</sup>**

Collectively, the County's 19 municipalities and three special taxing districts collected about \$159 million in each of the last two fiscal years. Of this total, the municipalities received about \$90 million from their own municipal revenue sources; \$55.6 million from intergovernmental revenue sources; and \$13.9 million from miscellaneous revenues. (See Table Below)

Municipal property taxes and other local taxes totaled \$56.8 million, or about 36 percent of all municipal revenue. Fees totaled \$33.3 million or about 21 percent of all municipal.

Intergovernmental revenues totaled \$55.6 million, and made up 35 percent of all municipal revenues. The County income tax revenue provided municipalities with \$28.7 million, or 18 percent of all municipal revenues. The County's Reimbursement Payment totaled about \$7 million representing a 5 percent share of total revenues. State aid totaled \$11.5 million (7%); this amount includes aid from the State Highway User revenues, Police Aid and Project Open Space. Federal aid totaled about \$2.9 million, accounting for 2% of total revenue.

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<sup>2</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. The data are from FY06 for 16 municipalities and from FY07 for the other six.



**SUMMARY OF REVENUES FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY,  
FY06/FY07 DATA<sup>3</sup> (\$000s)**

<b>Municipal Revenues</b>		
<b><i>Taxes</i></b>		
Property/Other Local Taxes	\$56,784	36%
<b><i>Fees</i></b>		
Fines and Forfeitures	33,251	21%
License Fees		
Permit Fees		
Rents and Concessions		
Services and Charges		
<b><i>Subtotal for Municipal</i></b>	<b><i>\$90,034</i></b>	<b><i>56%</i></b>
<b>Intergovernmental Revenues</b>		
<b><i>County</i></b>		
Reimbursement Payment	\$7,301	5%
17% Share of County Piggyback Income Tax (State-Mandated)	28,771	18%
Other County Revenue	5,104	1%
<b><i>Subtotal for County</i></b>	<b><i>\$41,177</i></b>	<b><i>26%</i></b>
<b><i>State</i></b>		
Highway User Revenue		
Police Aid		
Program Open Space		
Other State Revenue		
<b><i>Subtotal for State</i></b>	<b><i>\$11,512</i></b>	<b><i>7%</i></b>
<b><i>Federal</i></b>	<b><i>\$2,938</i></b>	<b><i>2%</i></b>
<b><i>Subtotal for Intergovernmental</i></b>	<b><i>\$55,627</i></b>	<b><i>35%</i></b>
<b>Miscellaneous Revenues</b>		
Interest Earnings		
Cable TV Franchise Fees		
Contributions and Donations		
Other		
<b><i>Subtotal for Miscellaneous</i></b>	<b><i>\$13,852</i></b>	<b><i>9%</i></b>
<b><i>GRAND TOTAL</i></b>	<b><i>\$159,513</i></b>	<b><i>100%</i></b>

<sup>3</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

## Overview of Municipal Expenditures

Collectively, Montgomery County's municipalities expended \$158 million to provide services to their residents. The service categories that had the largest share of expenditures were Public Works (24%), followed by Recreation and Culture (16%) and Capital Outlay (16%). The General Government service category had 15% of all expenditures, and Public Safety had 9%.

### SUMMARY OF EXPENDITURES FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>4</sup> (\$000s)

Expenditure Category	Amount	Share
<i>General Government</i>	<i>\$23,870</i>	<i>15%</i>
<i>Public Safety</i>	<i>\$13,920</i>	<i>9%</i>
<i>Public Works</i>	<i>\$38,028</i>	<i>24%</i>
Road/Bridge/Sidewalk Maintenance		
Street Lighting		
Stormwater Management		
Vehicle Operations/ Maintenance		
Waste Collection and Recycling		
Tree Maintenance and Parks Maintenance		
Snow Removal		
Other Public Works		
<i>Recreation and Culture</i>	<i>\$25,103</i>	<i>16%</i>
<i>Community Development and Public Housing</i>	<i>\$6,583</i>	<i>4%</i>
<i>Debt Service</i>	<i>\$19,444</i>	<i>12%</i>
<i>Capital Outlay</i>	<i>\$25,928</i>	<i>16%</i>
<i>Miscellaneous</i>	<i>\$5,979</i>	<i>4%</i>
<b>GRAND TOTAL</b>	<b>\$158,835</b>	<b>100%</b>

<sup>4</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

## Overview of Municipal Fund Balances

Of the 22 municipalities, nine have restricted and unrestricted fund balances; The most common examples of the restrictions imposed on the combined fund balances were restrictions for State Highway User Funds, restrictions for debt service or reserves for encumbrances, or restrictions on funds maintained to cover prepaid expenditures.

Twelve municipalities' had only unrestricted fund balances. Although a majority of the financial statements report unrestricted fund balances, several municipalities state that they treat their unrestricted fund balances as long-term asset accounts. The municipalities report they informally earmark amounts for large capital expenditures, emergencies, self insurance, or other items.

### RESTRICTED AND UNRESTRICTED FUND BALANCES

Municipality	Combined Funds		Capital Fund		Total
	Restricted	Unrestricted	Restricted	Unrestricted	
Barnesville		296,868			\$296,868
Brookeville	2,720	159,728			\$162,448
Chevy Chase Town (FY07)		3,886,916			\$3,886,916
Chevy Chase View		639,985			\$639,985
Chevy Chase Village		2,591,629			\$2,591,629
Friendship Heights	1,051,329	2,832,278			\$3,883,607
Gaithersburg*	12,437,949	19,827,024	14,942,673		\$47,207,646
Garrett Park(FY07)		637,799			\$637,799
Glen Echo		610,272			\$610,272
Kensington	18,612	1,280,022			\$1,298,634
Laytonsville		187,980	66,369		\$254,349
Martin's Additions	945,368	739,919			\$1,019,287
North Chevy Chase		274,150		186,573	\$460,723
Oakmont		26,762			\$26,762
Poolesville (FY07)	300,984	4,365,284			\$4,666,268
Rockville**	4,898,892	16,082,011	1,042,671		\$22,023,574
Somerset		90,000		2,049,265	\$2,139,265
Takoma Park	1,761,573	3,701,650			\$5,463,223
Village of Chevy Chase, Section 3 (FY07)		1,508,413	6,493		\$1,514,906
Village of Chevy Chase, Section 5 (FY07)		1,512,048			\$1,512,048
Village of Drummond (FY07)		391,545			\$391,545
Washington Grove		189,773			\$189,773

\*Gaithersburg Reserved Fund Balances include Unreserved, Designated Funds

\*\*Does not include Proprietary Funds

Source: Municipal Comprehensive Annual Financial Reports

**OFFICE OF LEGISLATIVE OVERSIGHT REPORT 2008-5**

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G	Letter from County Executive Isiah Leggett to President of the Montgomery County Chapter of Maryland Municipal League, May of Gaithersburg Sidney Katz re: Establishment of the Municipal Revenue Sharing Task force (January 31, 2007)	©35
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H	2006 Report on County/Municipal Tax Differentials and Tax Rebates, Maryland Department of Legislative Services, 2006	©37
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## **Chapter I: Authority, Scope, and Organization**

### **A. Authority**

Council Resolution 16-260, *FY 2008 Work Program for Office of Legislative Oversight*, adopted July 24, 2007.

### **B. Scope and Purpose**

This report responds to the County Council's request to compile an overview of the revenues, expenditures, and other financial data for the 19 incorporated municipalities and three special taxing districts located in Montgomery County. Collectively, these entities comprise 18% of the County's assessable tax base for real property; municipal residents represent approximately 16% of the County's population.

This report includes individual financial profiles for each of the 19 municipalities and three special taxing districts, based on comprehensive financial statements submitted by each entity. The individual profiles briefly describe each entity's governance structure and offer details about the revenues they collect and the services they choose to fund.

To provide additional background, this report also describes the government framework for service delivery, and more details about the authority for and distribution of the primary revenue sources. For some revenues, OLO was able to locate data compiled by a State or local agency that shows amounts received by each municipality; these summary data are provided in Chapter IV.

The purpose of this report is to improve the Council's understanding of the financial position of the County's municipalities and special taxing districts. In assigning this project, the Council also expressed its expectation that a collective view of municipal finances will help the Council gain a greater understanding of the fiscal implications associated with the creation of any new municipality. Finally, in April 2007, County Executive Leggett appointed a Municipal Revenue Sharing Task Force to examine municipal revenue sharing issues and the County's tax duplication program. The Council intends for the information in this report to assist the Task Force with its work.

The scope of this report was not intended to either fully describe or in any way evaluate either the efficiency or value of the wide array of services provided by the municipalities and special taxing districts to County residents. An example of a more detailed explanation of these services is provided in a letter written by representatives of the municipalities located in Chevy Chase. (See Appendix A.)



## **Methodology**

Office of Legislative Oversight (OLO) staff members Sue Richards and Kristen Latham conducted this study, with assistance from Leslie Rubin, Sarah Downie, and Teri Busch. OLO worked collaboratively with staff in each of the 19 municipalities and three special taxing districts to develop the individual financial profiles contained in Chapter III. The introduction to Chapter III provides more details about this process of data collection and technical review.

In addition to the comprehensive financial statements submitted by the municipalities and special taxing districts, OLO gathered information from municipal websites, the Maryland Municipal League, interviews with County and State staff, and documents compiled by County and State agencies, including the State Department of Legislative Services, State Department of Management and Budget, Maryland State Comptroller, Maryland State Highway Administration, the Montgomery County Circuit Court, the Montgomery County Department of Finance, and the Montgomery County Parks Department.

At the outset of the project, OLO intended to use data that consistently reflected a single fiscal year. As the study progressed, because of different schedules and timing of data collection across the municipalities, it became apparent this was not achievable. Sixteen of the profiles in Chapter III contain FY06 data and six contain FY07 data. The summary tables in Chapter IV, which contain revenue data compiled by County and State agencies, include both FY06 and FY07 data.

## **C. Terminology**

Most of the terms used in this report are commonly used by the County Council in routine discussions of budget and fiscal issues. In a few cases, this report adopted some definitions for simplicity in writing and presentation.

For simplicity in writing, when this report refers to the three special taxing districts and the 19 municipalities as a group, it uses the term “**municipalities.**”

The phrase **municipal services** refers to those activities associated with the maintenance and repair of the physical elements of a town, e.g., streets, lighting, parking, water supply, sanitation, drainage, and community buildings. It also includes public safety activities, e.g., police and fire protection, recreation, and human services programs. For the purposes of this report, municipal services does not imply that only a municipal government delivers the service since Montgomery County government delivers many municipal services as well.

A **special district government** is one of the five types of local government recognized by the Census Bureau in its five year census of governments. (The other types are counties, municipalities, townships, and school districts.) The Census Bureau defines a special district government as an “independent, special purpose governmental unit that exists as a separate entity with substantial administrative and fiscal independence from general purpose local governments.”

In Montgomery County, the Census Bureau classifies the Village of Drummond, the Village of Friendship Heights, and Oakmont as special district governments because each of these has a separately constituted governing body and because the district may levy property taxes and special assessments. Throughout this report, these entities are referred to as **special taxing districts**, because that is the common terminology in Montgomery County.

#### **D. Organization of Report**

This report is organized as follows:

**Chapter II** describes the powers, authority and responsibilities of county and municipal governments found in State law.

**Chapter III** presents summaries of financial data for Montgomery County’s 19 municipalities and three special taxing districts.

**Chapter IV** provides additional information about the revenue sources identified in the financial statements.

**Chapter V** reviews information about how other counties in Maryland determine the reimbursements they provide for the municipal tax duplication program.

**Chapter VI** presents the summary financial tables and OLO’s observations.

**E. Acknowledgements**

OLO worked collaboratively with municipal staffs to compile the financial summaries to form the basis of this report. OLO very much appreciates the contributions and insights provided by the following people:

**Municipalities**

Barnesville	Patty Menke, Town Clerk
Brookeville	Susan Johnson, Treasurer
Chevy Chase Town	Andi Silverstone, Town Clerk
Chevy Chase View	Jana Coe, Town Administrator
Chevy Chase Village	Jacqueline Parker, Manager of Operations
Chevy Chase Village	Geoff Biddle, Village Manager
Friendship Heights	Julian Mansfield, Village Manager
Gaithersburg	Harold Belton, Director Finance & Administration Department
Garrett Park	Ted Pratt, Town Administrator
Glen Echo	Cathie Polak, Town Clerk
Kensington	Susan Engels, Clerk Treasurer
Laytonsville	Chris Wilkerson, Treasurer
Martin's Additions	Jean Sperling, Town Administrator
North Chevy Chase	Robert Weesner, Village Manager
Oakmont	Pat Mazuzan, Treasurer
Poolesville	Barbara Evans, Town Clerk
Rockville	Jen Frank, Accounting Manager, D/Finance and
Rockville	Catherine Tuck Parrish, Deputy City Manager
Somerset	Tom Carter, Town Clerk
Takoma Park	Yovonda Brooks, Finance Director
Village of Chevy Chase, Section 3	Andy Leon Harney, Village Manager
Village of Chevy Chase, Section 5	Frances Higgins, Section Manager
Village of Drummond	Dan Mendelson, Treasurer
Washington Grove	Mary Challstrom, Treasurer

OLO also consulted with State and County staff. OLO would like to acknowledge the assistance of the following people. From the State of Maryland OLO wishes to thank: George Freyman and George Cherupil in the Comptroller Office; Okey Innocent Odinammadu from the State Highway Administration; Amber Teitt, Department of Budget and Management; James (Chip) Price, Department of Natural Resources; E. Scott Gordon, Maryland Emergency Management Administration; Erik Timme, Office of Policy Analysis; and Hiram L. Burch, Jr., Office of Policy Analysis.

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Finally, OLO would like to acknowledge the invaluable assistance of Chuck Sherer, from the County Council staff.

## **Chapter II. The Governing Framework for Service Delivery**

The political units that make up the governing structure in Maryland consist of 23 counties and the City of Baltimore, 156 independent municipalities, and a number of independent special taxing districts and dependent special district governments. The State relies on two networks of governing institutions to carry out and fund its public programs and services. Specifically:

- It uses a network of the 23 counties and Baltimore City to administer programs that require statewide coverage.
- It uses a network made up of a variety of governing units, including counties, municipalities, and special districts to deliver a variety of “locally based services” that include transportation, public safety, public works and recreation projects.

In Montgomery County, the County Government belongs to both the network used to administer programs that require statewide coverage and the network that provides locally based services. The other public entities that make up the network of locally based services in Montgomery County include the independent municipalities, state authorized special taxing districts, state-authorized special district governments, and other county special districts.

This chapter highlights provisions in the Maryland Constitution and State and County law that establish the powers, responsibilities and taxing authority of the governing entities that deliver locally based services. This chapter relies on information from the Legislative Handbook series published by the State Department of Legislative Services, the Maryland Municipal League, the Maryland Association of Counties, and a previous OLO report.

### **A. Forms and Powers of County Governments in Maryland**

The entire area of Maryland is encompassed by county governments with the exception of the areas within the limits of the City of Baltimore. The Maryland Constitution authorizes three forms of county government: commission, code home rule, and charter:

- **Commission.** Eight counties have a Commission form of government. The governance structure is specified in State law and the authority of the Commissioners limited. This form of government was first authorized in 1827. The elected Commissioners of the County may not legislate on local matters without the prior specific consent of the General Assembly. For example, the General Assembly must authorize the enactment of new taxes, the use of impact fees, or the establishment of separate police departments.

- **Code Home Rule.** Six counties have a Code Home Rule form of government. The Commissioners determine the governance structure through local enactments. This form of government was first authorized in 1966 by Article XI-F of the Maryland Constitution. Under this form of government, the county voters have approved home rule power for the Commissioners who can enact, amend or repeal local laws on a wide array of matters. Most powers granted to the Charter counties are also granted to Code Home Rule counties.
- **Charter.** Nine counties (and Baltimore City) have a Charter form of government. This form of government was first authorized in 1915 by Article XI-A of the Maryland Constitution. Under this form of government, the voters have approved a formal charter that outlines the structure of the county government. In eight of the ten charter counties, the governance structure provides for an elected council and an elected executive; in two counties, an elected council appoints a County administrator.

In 1948, when voters approved a charter for County Government, Montgomery County became the first County to exercise home rule powers. The County Charter was further amended in 1968 to establish the current Council/Executive form of government.

## **B. The Delegation of Powers and Authority to Counties in State Law**

As subdivisions of the State, all counties exist, in part, to deliver service needs defined by the State. Some of these services are required duties defined in state law, and others are carried out with state aid that is made available to local governments.

OLO staff reviewed the Maryland Constitution and several provisions of the Maryland Code that delegate responsibility or authority to local jurisdictions. The Maryland Constitution and State Code delegate power and responsibility to local jurisdictions in several different ways. For example, some laws require counties to provide certain services and some laws allow either counties or local municipalities to provide certain services.

State law imposes an extensive list of mandates on counties, at the same time it assigns municipalities a limited role in the delivery of many services, especially those with a statewide service area. Specifically, OLO's review shows State law assigns counties the major funding responsibilities for education, health, the State's Attorney, the Sheriff's office, and the board of elections. It explicitly assigns counties a lead role and municipalities a subsidiary role in water and sewer planning powers. For municipalities, in the Regional District, it explicitly limits municipal planning and zoning powers to those municipalities that had these powers before 1957. State law assigns shared authority for affordable housing programs.

The examples below illustrate the different ways State law delegates power or authority to counties and municipalities.

**State Mandates Reserved for Counties.** Several provisions of State law that establish state-wide services do so by assigning specific duties and responsibilities to each of the counties.

- **Education.** The State requires each county to levy taxes and provide other revenues to fund the education budget for grades K-12. Md. Code Ann., Education § 5-102. Similarly, the State requires counties to fiscally support community colleges. Ibid. § 16-301.
- **County Board of Health.** State law establishes the governing body of each county as the County Board of Health unless the County establishes a separate board of health, and requires each board of health “to exercise the duties imposed by law on the board of health.” Md. Code Ann., Health-General § 3-202(a)(1). The law further requires the county board of health to exercise the same duties in each municipality or special taxing district unless those entities have a charter provision or ordinance that covers the same subject matter, is at least as restrictive as the requirement the county must enforce, or includes provisions for enforcement. Ibid. § 3-202(a)(2).
- **State’s Attorney:** Article V, § 7 of the Maryland Constitution requires the election of a State’s Attorney in each county. The Maryland Code requires each county to pay the salaries and expenses of its State’s Attorney. Md. Ann. Code art. 10, § 40(a).
- **Sheriffs:** Article IV, § 44 of the Maryland Constitution requires the election of a Sheriff in each County. The Maryland Code requires each county to pay the salaries and expenses of its Sheriff. Md. Code Ann., Courts and Judicial Proceedings § 2-309(a).
- **County Board of Elections:** State law establishes a County Board of Elections in each county. Md. Code Ann., Election Law § 2-201(a)(1). Each county must appropriate funds that allow the Board of Elections “to exercise the powers and perform the duties prescribed for it by law . . . .” Md. Code Ann., Election Law § 2-203.
- **10-Year Water, Sewer, and Solid Waste Disposal Plans:** Each county must develop a 10-year plan that addresses water supply, sewer systems, solid waste disposal, and solid waste disposal facilities, including the expansion of these systems. Md. Code Ann., Environment §§ 9-503(a), 9-505(a). A 10-year plan must incorporate subsidiary plans of towns and municipal corporations “to the extent that the incorporation will promote the public health, safety, and welfare . . . .” Ibid. § 9-504(a).

- **Liquor Control:** State law establishes a Department of Liquor Control in Montgomery County that has the power to regulate the purchase and sale of wine and other alcoholic beverages in the County. Md. Ann. Code art. 2B, §§ 15-201(a), 15-205(b)-(d).
- **Certain Court Personnel:** The County Council must compensate court reporters who take or transcribe grand jury testimony in Montgomery County. Md. Code Ann., Courts and Judicial Proceedings § 2-501(b)(2)(ii).

**State-Delegated Authority Shared by Counties and Municipalities.** Other provisions of State law delegates authority for providing certain services to either counties or municipalities.

- **Planning and Zoning Powers:** State law grants local legislative bodies the authority to implement “planning and zoning controls” and to regulate and restrict the use of land. Md. Ann. Code art. 66B, § 4.01(a)(1)(ii), (b)(1). However in Montgomery County, neither M-NCPPC, the Montgomery County Planning Board, nor the District Council has planning or zoning power or jurisdiction in municipal corporations that existed as of June 1, 1957, unless a municipality enters into an agreement allowing M-NCPPC or the Planning Board power and jurisdiction over planning and zoning in the municipality. Md. Code Ann. Art. 28, § 7-105(b), (f). In general, municipalities that incorporated after June 1, 1957 do not have planning or zoning powers. Ibid. § 2-105(b).
- **Affordable Housing Programs:** State law grants counties and municipalities authority to establish affordable housing programs, including the authority to enact laws to facilitate such programs. Md. Ann. Code art. 24, § 21-101.

**Service Category Definitions and Required Activities.** Exhibit 2-1 (page 10) displays the service categories and activity descriptions published in the Legislative Handbook Series. The Department of Legislative Services uses these categories to report financial data for the State’s local government units. Those items marked with an asterisk are those that are required or governed under State law.



**EXHIBIT 2-1. SERVICE CATEGORIES USED TO CLASSIFY LOCAL GOVERNMENT  
EXPENDITURES**

<b>Service Category</b>	<b>Description of Activities</b>
General Government	This grouping includes executive and legislative control, election supervision*, financial administration (budgeting and accounting), legal support, and personnel administration.
Judicial Support*	Functions include the State's Attorney and judicial activities of the Sheriff. This category also includes funding for the operations of the Circuit Courts.
Public Safety	This grouping includes law enforcement, fire protection, corrections, building inspection, animal control, and traffic engineering.
Transportation	Baltimore City maintains all roads except certain interstate highways. The counties are responsible for maintenance and upkeep of local roads.
Education*	Funding of the public schools (K-12) through the county boards of education.
Community Colleges*	The schools that operate under State law are funded with a combination of State and local funds.
Libraries	Although not required to do so by State law, all counties, including Baltimore City, have established a public library system, usually governed by a library board.
Health*	Counties operate the State-required and regulated county health department and State-authorized core service agencies (which coordinate services for the mentally ill).
Public Works	Zoning, alcoholic beverage control*, planning, sewer, water, storm drain, and solid waste collection and disposal are generally the responsibility of the counties.
Economic and Community Development	Counties engage in varying levels of economic and community development.
Human Services	While the county role in delivering social services varies by jurisdiction, most counties administer area agencies on aging. These agencies coordinate the delivery of State and local services to older Maryland residents.

Source: Legislative Handbook Series, Volume II, Chapter 1, p. 5.

**C. Municipal Authority in Maryland Before and After 1954**

Municipalities in Maryland date back to the incorporation of Annapolis in 1637. Although municipalities have existed for centuries, their powers and authority changed significantly in 1954 when voters ratified the Municipal Home Rule Amendment.

**Municipal Authority Before 1954.** Prior to the ratification of the Municipal Home Rule Amendment, the State was responsible for all aspects related to the governance of

municipalities in Maryland. The State closely supervised municipalities through charters that laid out rules for municipalities in specific detail. Local legislation by the General Assembly was required to incorporate a new municipality, grant a new charter, authorize municipal annexation, establish local offices, or undertake additional programs.

Municipal activities were confined to enacting and enforcing local ordinances and administering local programs permitting within the scope and limitations of existing charter provisions. A charter could only be changed if the General Assembly amended State law.

**The Municipal Home Rule Amendment.** In 1954, the General Assembly and the voters made a number of changes to restructure the creation and powers of municipal corporations. Most notably, voters ratified Article XI-E, the Municipal Home Rule Amendment, and the General Assembly enacted Article 23A.

**Article XI-E.** The approval of Article XI-E in 1954 restructured the creation and powers of municipalities by making municipal governments and voters substantially responsible for their own charters.

Specifically Article XI-E:

- Authorizes each municipality to amend its own charter,
- Authorizes the General Assembly to enact local laws limiting the property tax rate and amount of debt in a municipality,
- Prohibits the General Assembly from enacting special or local legislation for specific municipalities, and
- Prohibits any municipality from levying any type of tax, license fee, franchise tax or fee that was not in effect on January 1, 1954 unless so authorized by the General Assembly in a law applicable to all municipalities.

**Article 23A.** Article 23A of the Maryland Code is the basic general law that pertains to municipalities. Article 23A empowers municipalities to carry out many activities, including any of the following:

- to establish and monitor a fire department and police force;
- to provide community and social services;
- to establish parks and recreation facilities;
- to zone land;
- to acquire property and erect and sell buildings;
- to regulate markets and license the sale of marketable commodities;
- to regulate buildings, signs, permits and establish a building code;
- to regulate the inspection of plumbing, electric, drainage and sewer systems;
- to regulate the disposal of trash, and
- to grant franchises.

State law establishes a broad enabling framework for the exercise of municipal home rule, but leaves decisions about the exercise of this authority to the voters who adopt or amend each municipal charter and to the elected governing bodies who enact local laws, adopt budgets, and levy taxes.

Article 23A also established uniform procedures for the incorporation, annexation, and dissolution of municipalities and transferred the authority for these decisions from the General Assembly to the local governing body and voters.

**D. Summary of Enumerated Powers in Montgomery County's Municipal Charters**

In light of the discretion state law gives municipalities to decide the powers they will exercise, OLO reviewed the charters for the nineteen municipalities and three special taxing districts to find out the types of powers municipalities have authorized for themselves. Exhibit 2-2 (page 13) summarizes the results of OLO's review. The exhibit displays the most prevalent powers found in the municipal charters; but it does not provide a complete list of all of the powers that municipalities have authorized for themselves. The exhibit shows:

- 19 municipalities have the power to maintain sidewalks and streets;
- 18 municipalities have the power to provide waste collection services; and
- 17 municipalities have building and code enforcement powers.

(Note that an "X" indicates the charter states the municipality shall have the power to carry out a particular function; and a "Y" indicates the charter authorizes a municipality to spend money on a function.)

**EXHIBIT 2-2. SUMMARY CHART OF MOST PREVALENT POWERS AUTHORIZED IN THE CHARTERS OF MONTGOMERY COUNTY  
MUNICIPALITIES AND SPECIAL TAXING DISTRICTS**

Municipality or Special Taxing District	Animal Control	Advertising	Amusements	Billboards/Signs	Building Code/ Enforcement	Community Services	Cooperative Activities	Curfew	Establish Departments	Explosives and Combustibles
Barnesville	x	x	x	x	x	x	x	x		x
Brookeville		x	x	x	x		x		x	
Chevy Chase, Town of	x	x	x	x	x	x	x	x	x	x
Chevy Chase View										
Chevy Chase Village					y					
Friendship Heights					y					
Gaithersburg	x	x	x	x	x	x	x	x	x	x
Garrett Park	x	x	x	x	x	x	x	x	x	x
Glen Echo	x	x	x	x	x	x	x	x	x	x
Kensington	x	x	x	x	x	x	x		x	
Laytonsville										
Martin's Additions										
North Chevy Chase					y		x			
Oakmont										
Poolesville	x	x	x	x	x	x	x	x	x	x
Rockville	x	x	x	x	x	x	x	x	x	x
Somerset	x	x	x	x	x	x	x	x	x	x
Takoma Park	x	x		x	x	x	x		x	
Village of Chevy Chase, Section 3					x					
Village of Chevy Chase, Section 5										
Village of Drummond					x					
Washington Grove	x	x	x	x	x	x	x	x	x	x
Total	11	12	11	12	17	11	13	9	11	9

Source: Municipal and Special Taxing District Charters

**EXHIBIT 2-2. SUMMARY CHART OF MOST PREVALENT POWERS AUTHORIZED IN THE CHARTERS OF MUNICIPALITIES AND SPECIAL TAXING DISTRICTS (CONTINUED)**

Municipality	Franchises (Water, Gas, Etc.)	Fire	Grants-In-aid	Health	Parking Control	Parks and Recreation	Police	Acquire Property	Waste Collection	Streets and Sidewalks	Sewer and Water/Stormwater	Total
Barnesville	x	x	x	x			x	x	x			16
Brookeville	x			x	x	x	x	x	x	x		14
Chevy Chase Town	x		x	x	x	x	x	x	x	x		19
Chevy Chase View									y	y		2
Chevy Chase Village		y			y		x		y	y	y	7
Friendship Heights		y		y		y	y		y	x	y	8
Gaithersburg	x	x	x	x	x	x	x	x	x	x	x	21
Garrett Park	x	x	x	x	x	x	x	x	x	x	x	21
Glen Echo			x	x		x	x	x	x	x	x	18
Kensington	x		x	x	x	x	x	x	x	x	x	18
Laytonsville										x		1
Martin's Additions												0
North Chevy Chase		y			y		y		y	y	y	8
Oakmont					x				x	x		3
Poolesville	x	x	x	x	x	x	x	x	x	x	x	21
Rockville	x	x	x	x	x	x	x	x	x	x	x	21
Somerset	x	x	x	x	x	x	x	x	x	x	x	21
Takoma Park	x		x	x	x	x	x	x	x	x	x	17
Village of Chevy Chase, Section 3		x				x	x		x	x	x	7
Village of Chevy Chase, Section 5												0
Village of Drummond										x		2
Washington Grove	x	x	x	x	x	x	x	x	x	x		10
Total	11	11	11	13	13	13	16	12	18	19	12	NA

Source: Municipal and Special Taxing District Charters

## **E. Limits on Municipal Authority in State Law**

According to the Legislative Services Handbook series, although municipalities exercise broad home rule authority, municipal authority is not absolute. Some examples of the limits on municipal authority include the following:

**Urban Renewal Powers.** According to the Legislative Services Handbook, a municipality must receive express authority from the General Assembly to exercise urban renewal powers for slum clearance. To date, 66 of Maryland's 156 municipalities have been granted this authority.

**Limits on Municipal Authority in Article XI-E.** The Maryland Constitution, Article XI-E, Section 6, subjects municipal charters to all applicable public general laws enacted by the General Assembly. This provision restricts municipalities from regulating the sale of alcoholic beverages; it restricts municipalities from imposing any taxes or fees that were not already in effect as of January 1, 1954, or authorized by the General Assembly for all municipalities; and it restricts municipalities from legislating in areas pre-empted by the State.

Under Maryland State law, municipalities play a limited role in the delivery of many services, especially those with a statewide service area. For example, municipalities have no legal powers in education and almost no role in providing social and health services.

## **F. Authority of Special Taxing Districts**

Special districts are geographic areas created by State or local law to address specific needs. Special districts supply services not performed by general purpose governments. They can provide a single function or multiple services. Maryland law authorizes the creation of special districts by the General Assembly, by a county government, or (most recently) by a municipal government. (See Appendix B for descriptions of the many types of special district governments in Maryland.)

In Montgomery County, three types of special districts provide municipal services to all or some County residents.

- Special taxing districts were created by the General Assembly to serve the needs of individual communities;
- Regional districts were created by the General Assembly to address bi-county issues; and
- Countywide districts were created by the County Government.

**Special Taxing Districts.** Montgomery County has three special taxing districts that were created by the General Assembly before the County had home rule status. These districts and the dates they were established are:

- The Village of Friendship Heights (1914);
- The Village of Drummond (1916); and
- The Oakmont Special Tax District (1918).

Each of these districts is governed by a citizen's committee, has the authority to levy taxes, and exists for the purpose of providing municipal services. For revenue purposes, the State and County treat these three districts and the County's nineteen municipalities as one group, i.e., they levy property taxes, receive a share of County "piggyback" income taxes, and receive State and county grants. (For simplicity's sake, this report treats the three special districts and the nineteen municipalities and refers to the entire group as "municipalities.")

**Regional Districts.** The General Assembly created several intercounty agencies to manage the delivery of local services, and established districts to fund those services. The district boundaries of the agencies listed below encompass some or all of the municipalities reviewed in this study.

- The General Assembly created the Maryland-National Capital Park and Planning Commission (M-NCPPC) in 1927. It has authority over parks and land use planning in Montgomery and Prince George's County.

The General Assembly created two separate districts: the Metropolitan District for parks and the Regional District for planning. Property owners within these district boundaries pay a Metropolitan Tax to provide for the administration of the parks system, and a Regional Tax to pay for the administration of planning services.

The boundaries of these two districts are coterminous, but they exclude seven municipalities in the County that have independent planning and zoning powers and may provide their own park system. The seven municipalities excluded from the Metropolitan and the Regional Districts are: Barnesville, Brookeville, Gaithersburg, Laytonsville, Poolesville, Rockville, and Washington Grove.

In addition to the property taxes assessed for the Metropolitan and Regional Districts, property owners countywide pay an Advanced Land Acquisition Tax so that the M-NCPPC can purchase land for planned or programmed facilities.

- The General Assembly established the Washington Suburban Transit Commission in 1965 to administer the Washington Suburban Transit District. The Commission acts as the financial conduit for funding of mass transportation projects and coordinates mass transit programs with the Montgomery and Prince George's County Governments, the Washington Metropolitan Area Transit Authority, and the Maryland Department of Transportation. Property owners in the District pay a Transit Tax.

**Countywide Districts.** The County Government has established taxing districts and imposes an array of special area taxes to fund certain services. The following district boundaries encompass some or all of the municipalities examined as part of this study:

- The Fire District Tax funds fire services provided in the County.
- The Recreational Tax helps to fund the provision of recreation facilities and programs throughout the County, except in Rockville, Gaithersburg, and Washington Grove.
- The Storm Drainage tax helps to fund debt service on outstanding bonds issued for storm drainage improvements.

The use of multiple property tax districts with dissimilar boundaries to fund services creates an array of cumulative property tax rates that vary geographically. See Appendix C for a chart of the property tax rates associated with each municipality and special taxing district.



### **Chapter III. Municipal Financial Data Summaries**

This chapter provides summary profiles of Montgomery County's 19 municipalities and three special taxing districts. The profile for each entity contains:

- An overview of each entity's size and governance structure;
- Data on revenue – sources and amounts;
- Information on services and operating expenditures;
- Data on capital outlays and expenditures; and
- A status report on the entity's funds and fund balances.

Each profile also contains various additional pieces of financial information, such as whether the entity's budget funds employee benefits and complies with the related funding requirements established by the General Accounting Standards Board (GASB).

**Methodology.** OLO worked collaboratively with staff in each of the 19 municipalities and three special taxing districts to compile these profiles. The overall process OLO adhered to is outlined below.

At OLO's request, each municipality submitted a financial statement. OLO prepared initial profile drafts based on data reported in the financial statements combined with other data sources, such as each municipality's website, the Maryland Municipal League, and municipality budget information. OLO circulated draft profiles to each municipality/special taxing district for review and technical comments. As needed, OLO then held subsequent phone conversations and meetings with municipal staff before finalizing each write-up.

**Data are from a combination of FY06 and FY07.** Each profile presents a snapshot of the municipality's or special taxing district's finances as of the end of FY06 or FY07. Because of the different data provided by the 22 municipalities/special taxing districts, it was not possible to compile information for a single and consistent fiscal year. While all of the data presented in the profiles align with the data in the published financial statements provided by each entity, 14 of the profiles contain FY06 financial data and seven report FY07 financial data. The summary tables (in Chapter Six) similarly contain a blend of FY06 and FY07 financial data.

**Three Standard Overview Tables.** Every profile contains three tables (designed by OLO) that summarize revenues, expenditures, and fund balance data. The revenue table reports three categories of revenues:

- The **Municipal Revenues** category reports revenues that a municipality or special taxing district is authorized to levy and impose on its own. The most common types of municipal revenues are municipal property taxes and charges for services.

- The **Intergovernmental Revenues** category reports taxes, entitlements, grants, or other income from the County, State or Federal government that are shared, allocated or distributed to a municipality.
- The **Miscellaneous Revenues** category includes those revenues that do not fit in either one of the other two categories.

Note: The municipalities receive revenues from a common set of sources; however, the financial statements do not use a set of uniform labels or names for these revenue sources. Because OLO relied on the labeling in the financial statement to classify the revenues, there may be some revenues that are not identically reported across all of the municipalities and special taxing districts.

The expenditures data table contained in each profile uses the same “Service Category” labels used by the Department of Legislative Services in its financial reporting. These categories are: General Government, Public Safety, Public Works, Recreation and Culture, and Community Development and Housing.

The table on the following page lists each of the 19 municipalities and three special taxing district and references the page on which the profile begins. It should be noted that tables within each profile are not separately numbered.

The following provides a roadmap for the municipal summaries.

<b>Municipality</b>	<b>Begins on Page</b>
Barnesville .....	21
Brookeville.....	25
Chevy Chase Town.....	30
Chevy Chase View.....	36
Chevy Chase Village.....	43
Friendship Heights .....	50
Gaithersburg.....	55
Garrett Park.....	65
Glen Echo.....	71
Kensington .....	76
Laytonsville.....	82
Martin’s Additions .....	88
North Chevy Chase .....	92
Oakmont.....	97
Poolesville.....	102
Rockville .....	108
Somerset.....	123
Takoma Park .....	129
Village of Chevy Chase, Section 3 .....	139
Village of Chevy Chase, Section 5 .....	144
Village of Drummond .....	149
Washington Grove .....	154

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF BARNESVILLE**

The Town of Barnesville was incorporated in 1888. The Town has 161 residents, 59 households, and two commercial spaces. The first commercial space houses the post office and an office in a 54,450 square foot site. The second commercial space houses a funeral home in an 81,605 square foot site. Barnesville is located in the upper northwest part of Montgomery County in the County's agricultural reserve. The Town covers 0.5 square miles and has its own zoning laws.

### **A. Governance**

Three Commissioners, who are elected bi-annually, manage the Town of Barnesville. The Commissioners select a Commissioner to serve as President. The President is informally known as the Mayor of the Town.

### **B. Revenues**

Barnesville's FY06 Comprehensive Annual Financial Report (CAFR) shows the Town collected over \$76,000 in revenues in FY06, including \$10,250 (13.5%) from municipal property taxes. Intergovernmental revenues totaled \$59,438. The Town's sole source of Intergovernmental revenues was the 17% share of the County's piggyback income tax, and Intergovernmental revenues made up 78% of all revenues.

**Property Taxes.** The FY06 assessable base for Barnesville was \$15.6 million, including a real property assessable base of \$15.2 million and a personal property assessable base of \$341,150. The Town had an FY06 real property tax rate of 5.4 cents per \$100 of assessed value and a personal property tax rate of 20 cents per \$100 of assessed value. FY06 property tax revenues were \$10,250.

The table on the next page shows the Town's FY06 revenues.

**FY06 GENERAL FUND REVENUES FOR THE TOWN OF BARNESVILLE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$10,250	14%
Other Local Taxes (Business Tax)	\$892	1%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$11,142</b>	<b>15%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	0	0%
17% Share of County Piggyback Income Tax (State-Mandated)	\$59,438	78%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$59,438</b>	<b>78%</b>
<b>State</b>		
Highway User Revenue	0	0%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>0</b>	<b>0%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$59,438</b>	<b>78%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$5,197	7%
Cable TV Franchise Fees	0	0%
Contributions and Donations	0	0%
Other	\$408	2%
<b>Subtotal for Miscellaneous</b>	<b>\$5,605</b>	<b>9%</b>
<b>GRAND TOTAL</b>	<b>\$76,185</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Barnesville

**C. Services and Expenditures**

The Town of Barnesville has one part-time employee. Residential services include once-a-week waste collection and street lighting and street and sidewalk maintenance for less than one mile of roadway.

The FY06 Comprehensive Annual Financial Report for the Town of Barnesville shows the Town expended \$65,420 to deliver services to its residents. The largest share of expenditures was in the Capital Outlay category (46%), followed by General Government (33%) and Public Works (20%). The table below summarizes the Town's FY06 expenditures.

**FY06 GENERAL FUND EXPENDITURES FOR THE TOWN OF BARNESVILLE**

Expenditure Category	Amount	Share
<b>General Government</b>	<b>\$21,871</b>	<b>33%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	0	0%
Street Lighting	\$4,889	7%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$8,419	13%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	0	0%
Other Public Works	0	0%
<i>Subtotal for Public Works</i>	<b>\$13,308</b>	<b>20%</b>
<b>Recreation and Culture</b>	<b>0</b>	<b>0%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>\$30,241</b>	<b>46%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$65,420</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Barnesville

**D. Capital Assets and Expenditures**

Barnesville does not maintain a separate capital fund; instead, all of its capital expenditures are part of its general operating fund. The Town's capital assets, valued at \$138,720, include sidewalks, a speed trailer, computer equipment, and the Town Hall building and land.

In FY06, Barnesville spent \$30,241 on capital outlays to improve the Town Hall property, which was deeded to the Town in January 2004. As of this writing, the Town has not received any funds for this project. The Town anticipates receiving \$35,000 from the Historical Society and \$85,000 from the State of Maryland.

**Borrowing Authority.** The Town's Charter (Section 74-20) specifies that, in any one year, Barnesville may not expend or contract to expend more than its revenues for that year. There is one exception to this prohibition. The Town may borrow needed funds if it holds a referendum and at least 51% of those voting agree.

**E. Funds and Fund Balances**

Barnesville maintains one general operating fund for the town's day-to-day operations. At the end of FY06, this fund had a balance of \$296,868. Between the beginning and the end of FY06, the fund balance increased \$8,765, or 3%. All of the funds are unrestricted. Barnesville also has an additional \$10,000 designated for park acquisition.

**FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES**

Beginning of Year General Fund Balance	\$288,103
End of Year Combined Fund Balance	\$296,868
Change in Combined Fund Balance	\$8,765
Percent Change in Fund Balance	3% Increase

Source: FY06 Comprehensive Annual Financial Report for the Town of Barnesville

**Investments.** Barnesville has a total carrying amount of \$291,740 in the following financial institutions: M&T Bank, Damascus Community Bank, BB&T Bank, and Wachovia Bank. Small amounts are also invested in PNC Institutional Investments.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Town of Barnesville does not provide retirement benefits for the Town's one part-time employee. Accordingly, GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF BROOKEVILLE**

The Town of Brookeville was incorporated in 1808. It is located one mile north of Olney. It covers approximately 60 acres and has 55 individual properties and approximately 3,000 square feet of commercial space. The estimated population is 135 residents.

### **A. Governance**

The Town operates under a Commission form of government, with a President and two Commissioners. Brookeville also has a Planning Commission, which is responsible for overseeing all development within the town limits.

### **B. Revenues**

Brookeville's FY06 Comprehensive Annual Financial Report (CAFR) shows the Town collected \$170,421 in revenues for FY06, including \$24,231 (14%) from municipal property taxes. Intergovernmental revenues totaled \$132,210, including \$122,621 in County revenues. Intergovernmental revenues made up 78% of all revenues.

**Property Taxes.** The FY06 assessable base for Brookeville was \$16.5 million, including a real property assessable base of \$16.3 million and a personal property assessable base of \$272,660. The FY06 real property tax rate was 15 cents per \$100 of assessed value and the personal property tax rate was 45 cents per \$100 of assessed value. According to the CAFR, the Town's FY06 property tax revenues were \$24,231.

**Rents and Concessions.** Brookeville receives rents and concessions revenue from the rental of the Brookeville Academy Community Center. In FY06, this amount was \$6,550.

The table on the next page shows the details of the Town's FY06 revenues.



**FY06 GENERAL FUND REVENUES FOR THE TOWN OF BROOKEVILLE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$24,231	14%
Other Local Taxes (Personal, Ordinary Business, Utilities)	\$1,178	1%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	\$1,501	1%
Rents and Concessions	\$6,550	4%
Services and Charges	\$14	<1%
<b>Subtotal for Municipal</b>	<b>\$33,474</b>	<b>20%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$5,570	3%
17% Share of County Piggyback Income Tax (State-Mandated)	\$117,007	69%
Other County Revenue (Financial Corporation-Bank Share)	\$44	<1%
<b>Subtotal for County</b>	<b>\$122,621</b>	<b>72%</b>
<b>State</b>		
Highway User Revenue	\$9,589	6%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$9,589</b>	<b>6%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$132,210</b>	<b>78%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$2,059	1%
Cable TV Franchise Fees	\$608	<1%
Contributions and Donations	\$50	<1%
Historic Preservation Grant	\$800	<1%
Other	\$1,220	2%
<b>Subtotal for Miscellaneous</b>	<b>\$4,737</b>	<b>3%</b>
<b>GRAND TOTAL</b>	<b>\$170,421</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Brookeville.

### **C. Services and Expenditures**

The Town of Brookeville employs three part-time employees: a clerk, a treasurer, and an administrative assistant for the Planning Commission. The employees work in an office located in the Brookeville Academy.

Brookeville provides residents with a variety of services. The Brookeville Academy has a community center that hosts meetings and social and cultural events. It also provides the Town with office and archives space.

Town services include:

- **Trash Service.** The Town provides weekly trash collection on Wednesdays, and may arrange special large item pickups and household clean-up from time-to-time.
- **Recycling Service.** The Town provides weekly collection of recyclables (mixed paper, plastic and glass) on Tuesdays.
- **Street Light Outages.** Brookeville maintains street lights and replaces street light outages.
- **Snow Removal.** The Town contracts with a snow plowing service for North, South, Water, and Church Streets. Plowing occurs when snowfall exceeds four inches. Residents who need additional snow removal assistance can make arrangements through the Town.
- **Sidewalks.** Brookeville maintains sidewalks within the Town limits.
- **Roads.** Brookeville maintains 1.38 miles of roadways within the Town.

According to the Town's FY06 Financial Statement, the Town expended \$120,185 for residential services in FY06. The largest share of expenditures was in the General Government category (45%), followed by Public Works (33%) and Debt Service (21%). The major expenses in the Other Public Works category were for school house restoration and maintenance of public areas. The table on the next page summarizes the Town's FY06 expenditures.

**FY06 GENERAL FUND EXPENDITURES FOR THE TOWN OF BROOKEVILLE**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$54,311</b>	<b>45%</b>
<b>Public Safety</b>	<b>0</b>	<b>0</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$8,874	7%
Street Lighting	0	0%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$14,026	12%
Tree Maintenance and Parks Maintenance	\$1,955	2%
Snow Removal	\$765	<1%
Other Public Works	\$14,624	12%
<i>Subtotal for Public Works</i>	<b>\$40,224</b>	<b>33%</b>
<b>Recreation and Culture</b>	<b>\$309</b>	<b>&lt;1%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0</b>
<b>Debt Service</b>	<b>\$25,321</b>	<b>21%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>\$120,165</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Brookeville

**D. Capital Assets and Expenditures**

The Town has \$690,628 in capital assets, including land, equipment, and the Brookeville Academy. The Town had no capital expenditures in FY06.

**Borrowing Authority.** The Town Charter establishes the authority for the Town to engage in short-term and long-term borrowing. Specifically:

- Section 45 of the Charter authorizes the Town to issue tax anticipation bonds in the first half of the fiscal year. The borrowed amount cannot exceed 50% of the anticipated property tax revenues; and

- Section 46 of the Town Charter authorizes long-term borrowing for any proper public purpose. The Town must evidence such borrowing by the issue and sale of its general obligation bonds, notes, or other certificates of indebtedness in the manner prescribed Article 23A of the Annotated Code of Maryland.

In 2001, the Town refinanced a construction loan for \$229,225. The loan is a deed of trust on the Academy's real estate. In March 2005, the Town refinanced the loan for \$140,290, which has a note maturity date of March 2014. The note bears interest at 7.45% per annum and is payable in monthly installments of principal and interest. The loan is repaid through the General Fund of the Town.

**E. Funds and Fund Balances**

The Town of Brookeville maintains one major governmental fund – the General Fund – for its operations.

At the end of FY06, the General Fund balance was \$162,448. Between the beginning and the end of FY06, the Fund balance increased \$49,478 or 44%. A majority of the Town's Fund Balance (\$159,728 or 98%) is unrestricted funds. The remaining fund balance (\$2,720) is reserved for prepaid expenses.

**FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES**

Beginning of Year Combined Fund Balance	\$112,970
End of Year Combined Fund Balance	\$162,448
Change in Combined Fund Balance	\$49,478
Percent Change in Fund Balance	44% Increase

Source: FY06 Comprehensive Annual Financial Report for the Town of Brookeville

**Investments.** Brookeville does not have any investments.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Brookeville Charter authorizes the Town to provide retirement benefits to its employees, but the Town does not provide any retirement benefits. The Charter states:

The Town Commissioners may do all things necessary to include its officers and employees, or any of them, within any retirement system or pension system under the terms of which they are admissible, and to pay the employer's share of the cost of any such retirement or pension system out of the general funds of the Town.

Because the Town does not provide retirement benefits for its employees, the GASB 43 or 45 requirements for Other Post-Employment Benefits (OPEB) are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF CHEVY CHASE**

The Town of Chevy Chase was incorporated in 1918. According to the 2000 U.S. Census, there are 2,726 people and 987 households in the Town. The boundaries of the Town extend to East-West Highway on the north, Connecticut Avenue on the east, Bradley Lane on the south and one block east of Wisconsin Avenue on the west. The Town has a total area of 0.5 square miles.

### **A. Governance**

Chevy Chase Town is governed by a five member Town Council elected by Town residents each May. Members serve for two-year terms, with two seats being filled one year, and three the next. One of the Council members is selected as Mayor. The Town also has a Town Manager who is responsible for the day-to-day operations of the community and enforcing town regulations.

The Town also has numerous citizen committees and boards that address other issues and concerns. The Committees include:

- Climate Protection Committee;
- Community Relations Committee;
- Environment Committee;
- Land Use Committee;
- Long Range Planning Committee; and
- Public Services Committee.

The Boards include the Elections Board, the Tree Ordinance Board, and the Water Board.

### **B. Revenues**

The Town of Chevy Chase's FY07 Comprehensive Annual Financial Report shows the Town collected \$2.9 million in FY06, including \$203,587 from locally-imposed property taxes and permit fees, and \$3.0 million from intergovernmental revenues.

**Property Taxes.** The FY07 assessable base was \$748.5 million, including \$743.4 million in real property assessable base and \$5.1 million in personal property assessable base. The FY07 real property tax rate approved by the Town Council was 2.3 cents per \$100 of assessed property value and the personal property tax rate was 10 cents per \$100 of assessed value. The Town of Chevy Chase collected \$203,587 in property tax revenues in FY07.

**Permit Fees.** The Town issues permits for building, fences, demolitions, water drainage, tree removal, and variances.

**Services and Charges.** The Town does not impose user charges, e.g., for trash collection or recreation activities; however, the County collects charges via the tax bill on behalf of the Town for waste collection.

The table below shows the FY07 revenues for the Town of Chevy Chase.

**FY07 GENERAL FUND REVENUES FOR THE TOWN OF CHEVY CHASE**

<b>Municipal Revenues</b>		
<i><b>Taxes</b></i>		
Property (Real and Personal)	\$203,587	6%
Other Local Taxes	0	0%
<i><b>Fees</b></i>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	\$22,680	<1%
Rents and Concessions	0	0%
Services and Charges (Municipal Solid Waste Charges)	\$51,362	1%
<b>Subtotal for Municipal</b>	<b>\$277,629</b>	<b>8%</b>
<b>Intergovernmental Revenues</b>		
<i><b>County</b></i>		
Reimbursement Payment	\$137,187	4%
17% Share of County Piggyback Income Tax (State-Mandated)	\$2,730,776	78%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$2,867,963</b>	<b>81%</b>
<i><b>State</b></i>		
Highway User Revenue	\$148,851	4%
Other State Revenue (Dump Fees)	0	0%
<b>Subtotal for State</b>	<b>\$148,851</b>	<b>4%</b>
<i><b>Federal</b></i>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$3,016,814</b>	<b>86%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$168,558	5%
Cable TV Franchise Fees	\$31,301	1%
Contributions and Donations	0	0%
Other	\$26,201	1%
<b>Subtotal for Miscellaneous</b>	<b>\$226,060</b>	<b>6%</b>
<b>GRAND TOTAL</b>	<b>\$3,520,305</b>	<b>100%</b>

Source: FY07 Comprehensive Annual Financial Report for the Town of Chevy Chase

### **C. Services and Expenditures**

The Town of Chevy Chase has seven full-time employees: four administrative employees and three public works employees. In addition, the Town has one part-time administrative employee.

The Town provides the following services for its residents:

- **Public Safety.** The Town hires off-duty police officers from other jurisdictions (the Town's FY08 budget shows FY06 expenditure line items for Contractual Police Officers from Chevy Chase Village, Montgomery County, and Montgomery Investigative and Security Services) who are primarily responsible for traffic enforcement.
- **Consulting Arborist.** The Town provides a program offering each homeowner in Town one hour of free time with a consulting arborist every two years.
- **Leaf Collection Services.** Leaves are collected from mid-October to mid-December each year. Actual dates vary and are posted online when determined. Vacuum trucks pick up continuously, street by street.
- **Street Trees Services.** Each year the Town plants approximately 80 street trees. The Town is responsible for maintaining each of the 2,000 street trees that are located in the Town right-of-way. The Town's arborist evaluates each tree every few weeks during the growing season. The Town is responsible for maintenance of the Town's four small parks. The Town's maintenance crews prepare the flower beds each season and are responsible for leaf removal and weeding. A contractor mows the turf during the growing season. Town crews also are responsible for taking care of the Town's entryway plantings and the Thornapple Path.
- **Snow Removal Services.** The Town is responsible for snow removal from Town streets. Plow crews operate continuously until the streets are clear. The Town assists with the clearing of public sidewalks only when snow accumulates to 3 inches or more. The snow removal will begin as soon as practically possible after the end of a snowstorm, and the Town's contractor will do all they can to limit excessive noise.
- **Street and Sidewalk Maintenance.** The Town has approximately ten miles of streets and fifteen miles of sidewalks. The Town performs street and sidewalk repairs each year, usually in the fall and spring.
- **Waste Collection.** Household trash is collected twice weekly. The Town offers backdoor trash collection. Recycling is collected weekly on Wednesdays. Twice a year the Town provides a special service allowing residents to discard at curbside unwanted items from garages, basements, attics and yards including: appliances (doors must be removed for safety), furniture, yard tools, rolled rugs, games, bikes, etc. The items are removed at no charge to the residents.

Additionally, special trash pick ups are provided for a fee, determined by the trash contractor. The Town offers twice weekly curbside collection of yard trash. The Town of Chevy Chase contracts out Christmas tree disposal as a service for residents each year.

The FY07 Comprehensive Annual Financial Report for the Town of Chevy Chase shows the Town expended \$2.6 million to deliver services to town residents in FY07. The table below summarizes the expenditures for the Town of Chevy Chase in FY07.

**FY07 GENERAL FUND EXPENDITURES FOR THE TOWN OF CHEVY CHASE**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b><i>General Government</i></b>	<b><i>\$1,313,598</i></b>	<b><i>51%</i></b>
<b><i>Public Safety</i></b>	<b><i>\$185,217</i></b>	<b><i>7%</i></b>
<b><i>Public Works</i></b>		
Road/Bridge/Sidewalk Maintenance	\$116,665	5%
Street Lighting	0	0%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$423,154	16%
Tree Maintenance and Parks Maintenance	\$139,200	5%
Snow Removal	0	0%
Other Public Works	0	0%
<b><i>Subtotal for Public Works</i></b>	<b><i>\$1,115,062</i></b>	<b><i>43%</i></b>
<b><i>Recreation and Culture</i></b>	<b><i>0</i></b>	<b><i>0%</i></b>
<b><i>Community Development and Public Housing</i></b>	<b><i>0</i></b>	<b><i>0%</i></b>
<b><i>Debt Service</i></b>	<b><i>0</i></b>	<b><i>0%</i></b>
<b><i>Capital Outlay</i></b>	<b><i>0</i></b>	<b><i>0%</i></b>
<b><i>Miscellaneous</i></b>	<b><i>0</i></b>	<b><i>0%</i></b>
<b><i>GRAND TOTAL</i></b>	<b><i>\$2,613,877</i></b>	<b><i>100%</i></b>

Source: FY07 Comprehensive Annual Financial Report for the Town of Chevy Chase



#### **D. Capital Assets and Expenditures**

The Town's capital assets are valued at \$731,321 and include streets and roads, buildings, vehicles, furniture, and equipment. The Town Manager is responsible for planning for the replacement of the town's capital facilities. The Town does have a long range capital improvements program. In the past the Town has partnered with the County to construct or repair certain capital items, such as the installation of a storm drain system on Elm Street.

According the FY06 CAFR, the Town of Chevy Chase spent \$243,626 on capital projects in FY06. The expenditures are as follows:

- \$26,729 for facilities and equipment
- \$168,091 for streets and roads
- \$8,806 for parks, grounds and trees.

**Borrowing Authority.** The Town Charter establishes the authority for the Town to engage in short-term and long-term borrowing.

- Section 515 of the Charter authorizes the Town to issue tax anticipation bonds in the first half of the fiscal year. The amount that can be borrowed cannot exceed 50% of the anticipated property tax revenues.
- Section 516 of the Town authorizes long-term borrowing: "The maximum amount that can be borrowed money for capital projects is limited to 3% of the assessable base. The Charter requires the Town to send notices and convene a special meeting to seek the approval for any borrowing that exceeds 1% of the annual value of all real property."

The Town of Chevy Chase does not currently have any debt.

#### **E. Funds and Fund Balances**

The Town uses three funds to manage its finances: a general fund, a capital fund, and a contingent fund. The table below shows the Fund Balance for the General Fund. The entirety of the fund balance for the Town of Chevy Chase is unreserved and undesignated.

**FY07 BEGINNING AND END OF YEAR FUND GENERAL FUND BALANCE FOR  
THE TOWN OF CHEVY CHASE**

Beginning of Year Fund Balance	\$2,979,780
End of Year Fund Balance	\$3,886,916
Change in Fund Balance	\$907,136
Percent Change in Fund Balance	30% increase

Source: FY07 Comprehensive Annual Financial Report for the  
Town of Chevy Chase

According to the FY08 Budget, the Town of Chevy Chase has a Capital Improvement Plan Reserve of \$1.6 million. In addition, the Town has a Contingent Reserve of \$303,750.

**Investments.** The Town has \$3.4 million invested in Montgomery County Pooled Investment Fund.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Town participates in two retirement plans. The old plan, the Employees Retirement System of Montgomery County, covers all full-time employees of the Town hired prior to June 30, 1996. As of June 30, 2007, three employees were participating. The Town makes contributions at the rate required by the Plan, which was 21.08% of the eligible employee's salaries for the fiscal year. Also, employees had 4% withheld from their wages, which are forwarded to the Plan.

The new plan is the Montgomery County Retirement Savings Plan. As of June 2006, there were four employees enrolled in the plan. The required contribution is 6% of the employee's salary plus a 0.1% administrative fee. For FY06, the administrative fee was waived by the County. The employees also have 3% withheld from wages and forwarded to the new plan. The pension expense for FY07 was \$60,370.

Because the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF CHEVY CHASE VIEW**

Chevy Chase View was incorporated in 1993. Between 1924 and 1993, it was a special taxing area. The U.S. Census (2000) reported that the Town has 863 people and 308 households. It has no commercial space. Chevy Chase View is home to several institutions such as Christ Episcopal Church, Kensington Baptist Church, Temple Emanuel, and Temple Emanuel Religious School. A portion of the Cedarbrook Swim and Tennis Club lies within the community boundaries. The Town is located between Kensington and the Capital Beltway and it covers approximately three square miles.

### **A. Governance**

Chevy Chase View is governed by a five-member Council that fulfills the Town's obligations and carries out the Town's responsibilities. The Council elects a Chair and appoints a Town Manager. The Town Manager administers the daily operations of the Town, which includes enforcing and implementing all of the Town's ordinances, rules, and regulations.

### **B. Revenues**

Chevy Chase View's FY06 financial statements show the Town collected \$476,985 in revenues, including \$52,250 in municipal revenues. FY06 Intergovernmental revenues totaled \$409,424, as shown on page 2 of this document. Intergovernmental revenues were 87% of all revenues.

**Property Taxes.** The FY06 property assessable base for Chevy Chase View was \$166.5 million, including a real property base of \$165.2 million and a personal property base of \$1.3 million. The FY06 real property tax rate was 2.3 cents per \$100 of assessed value, and the FY06 personal property tax rate was zero cents per \$100 of assessed value. The Town's FY06 property tax revenues were \$38,590.

**Fees.** The Town collects application fees for building permit applications and waiver applications. In FY06, these fee revenues totaled \$13,960. The Town has an independent contractor under contract who serves as the Town's building permit administrator. The permit fees pass through to offset the cost of this contract.

The table on the following page shows a breakdown of Chevy Chase View's FY06 revenues. The line items reflect data from the Chevy Chase View Financial Statements for the Year Ending June 30, 2006, supplemented by information provided by the Town Manager.

**FY06 GENERAL AND SPECIAL FUND  
REVENUES FOR THE TOWN OF CHEVY CHASE VIEW**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property	\$38,590	8%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees (e.g., waiver applications and building permits)	\$13,960	3%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$52,550</b>	<b>11%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$42,083	9%
17% Share of County Piggyback Income Tax (State-Mandated)	\$322,121	68%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$364,204</b>	<b>76%</b>
<b>State</b>		
Highway User Revenue	\$45,220	9%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$45,220</b>	<b>9%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$409,424</b>	<b>86%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$7,293	2%
Cable TV Franchise Fees	\$7,718	2%
Contributions and Donations	0	0%
Other	0	0%
<b>Subtotal for Miscellaneous</b>	<b>\$15,011</b>	<b>3%</b>
<b>GRAND TOTAL</b>	<b>\$476,985</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Chevy Chase View

### **C. Services and Expenditures**

In FY06, the Town had one part-time employee who served as Town Administrator. In December 2007, the Council authorized the position to be designated as full time and changed the title to Town Manager. All of the other services the Town provides are contractual. Some of these services include:

- **Household Trash.** The Town provides trash collection twice a week from the back or the side yard.
- **Yard Waste and Recyclables.** The Town provides curbside yard waste and recyclables collection once a week.
- **Leaf Pickup.** The Town provides a weekly leaf pickup between October 15 and January 15.
- **Bulk Pickup.** Bulk pickup is available once a month.
- **Street Cleaning.** Street cleaning occurs once a month from February to September.
- **Street Maintenance.** The Town provides street maintenance services on an ongoing basis. Every March, the Town reviews its street maintenance needs with its contractor to compile a list of maintenance repairs. Examples include repairs of sidewalks, driveway aprons, speed humps, curbs and, utility patching. The budget for these services averages \$40,000 annually.
- **Snow Removal/Sanding.** Chevy Chase View contracts to provide snow removal and sanding services.
- **Street Lighting.** The Town pays for the electricity for its streetlights, which currently are owned and maintained by Pepco. The FY06 expenditure of \$10,493 reflects the Town's annual cost for streetlight.

The FY06 Financial Statement for Chevy Chase View shows the Town expended \$797,468 to deliver services to its residents. The largest share of expenditures was in the Public Works category (68%), followed by General Government (23%).

The table on the following page summarizes the Town's FY06 expenditures. Some notable expenditure details include the following:

- In FY06, the Town contracted for a complete resurfacing of its roads (\$392,150), and expended funds for sidewalk and right-of way maintenance and other issues that came up during the year (\$22,050). Typically, the Town budgets \$40,000 annually for ongoing street maintenance.
- The Town contracts with Chevy Chase Village for auxiliary police services each month. The monthly hours vary depending on the staffing of the Village police department. The Town spent \$12,000 in FY06 (approximately 25 hours per month).
- In response to issues also facing the County, the Town contracted for a one-time Front Property Line and Building Line Survey at a cost of \$49,900. Because of a marked increase in home renovations, the Town needed the survey information for its permit administration duties to make accurate determinations of right-of-way and property and building restriction lines. The Town will spend approximately \$5,000 annually to update this survey.
- The Town spent about \$50,000 for the maintenance, removal, and planting of trees in its right of way. It spent \$7,970 for landscaping of three public areas and for sign repair.

**FY06 GENERAL AND SPECIAL FUND EXPENDITURES  
FOR THE TOWN OF CHEVY CHASE VIEW**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>		
Legal and Accounting	\$48,800	6%
Building Permit Administration	\$13,960	2%
Insurance	\$5,034	1%
Other (includes Building Line Survey)	\$102,938	13%
<b>Subtotal for General Government</b>	<b>\$182,732</b>	<b>23%</b>
<b>Public Safety</b>	<b>\$12,000</b>	<b>2%</b>
<b>Public Works</b>		
Street and Right of Way Maintenance	\$414,200	52%
Major Street Repair Contract (\$392,150)		
Ongoing Street Maintenance (\$22,050)		
Street Lighting	\$10,493	1%
Refuse Collection	\$58,658	7%
Recycling Collection	\$19,129	2%
Leaf Removal	\$26,700	3%
Sidewalk Maintenance	\$1,300	<1%
Street Cleaning	\$2,900	<1%
Snow Removal	\$1,486	<1%
Other Public Works	\$8,500	1%
<b>Subtotal for Public Works</b>	<b>\$543,366</b>	<b>68%</b>
<b>Recreation and Culture</b>	<b>\$7,970</b>	<b>1%</b>
Community Maintenance		
<b>Capital Outlay (Tree Planting)</b>		
Right of way tree maintenance	\$12,400	2%
Right of way tree removal	\$25,700	3%
Right of way tree planting	\$13,300	2%
<b>Subtotal for Capital Outlay</b>	<b>\$51,400</b>	<b>6%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$797,468</b>	<b>100%</b>

\*Some or all of this amount reflects a Special Revenue Fund expenditure.

Source: FY06 Comprehensive Annual Financial Report for the Town of Chevy Chase View

## **D. Capital Assets and Expenditures**

The Town's capital assets are valued at \$1,167 and include office equipment. In FY06, Chevy Chase View spent \$39,000 on capital outlays for right-of-way tree planting and removal.

**Borrowing Authority and Debt.** The Town Charter establishes the Town's authority to engage in short-term and long-term borrowing. Section Eight of the Town Charter states:

The Council of Chevy Chase View is authorized to borrow such sums of money as, in its opinion, may be necessary from time to time for any municipal purpose whatever, to evidence such borrowing by the issuance of its general obligation bonds (the term bonds as used herein shall include bonds, notes, certificates of indebtedness, or other obligation for the payment of money), and, notwithstanding any other statutory limitation, to provide for the levy and collection of all taxes necessary and sufficient for the payment of the principal and interest on said bonds.

The Town may only borrow funds following Council authorization and submission to and approval by voters of Chevy Chase View. The Town currently does not have any debt. The Town has a long term asset fund where it earmarks money for future needs of the community.

## **E. Funds and Fund Balances**

Chevy Chase View maintains two funds – the General Fund and the Special Revenue Fund.

- The General Fund accounts for all activities of the general government not accounted for in the Special Revenue Fund.
- The Special Revenue Fund accounts for State Highway User Revenues that Chevy Chase View receives. Use of these revenues is legally restricted to expenses related to maintaining roads and streets within Chevy Chase View's boundaries.

At the end of FY06, the Town's Combined General Fund/Special Revenue Fund had a balance of \$639,985. The Town of Chevy Chase View defines this Fund as its Long Term Asset Fund. The purpose of the Long Term Asset Fund is to supplement the Chevy Chase View annual budget when needed. The funds may be used to maintain infrastructure, as a reserve for future projects, to address unexpected emergencies, to buffer tax revenue decreases, and to address unanticipated legal costs.

According to the Town, use of a Long Term Asset Fund is an important method of planning and funding larger capital improvements which may include the purchase of municipal street lights, installation of new sidewalks, and installation of new street trees, etc. It is also available for funding other large projects such as street maintenance and weather related emergencies.



Each year the Council reviews the line items in its Long Term Asset Fund. One example of a long term asset expense could be the cost to purchase municipal street lights. State law was recently enacted to allow municipalities to purchase and maintain their own streetlights. Chevy Chase View's Pepco poles and street lights are currently owned and maintained by Pepco, and the Town pays for the electricity. Currently, \$500 (or about half) of the monthly electric bill that Chevy Chase View pays is a maintenance fee surcharge.

During FY06, the General Fund/Special Revenue Fund balance decreased \$320,481, or 33%. This reflected the major capital expenditures for street repair and resurfacing. The use of the fund balance is unrestricted.

**FY06 BEGINNING AND END OF YEAR GENERAL FUND BALANCES**

Beginning of Year Combined General Fund/Special Revenue Fund Balance	\$960,466
End of Year Combined General Fund/Special Revenue Fund Balance	\$639,985
Change in Combined Fund Balance	(\$320,481)
Percent Change in Combined Fund Balance	33% Decrease

Source: FY06 Comprehensive Annual Financial Report for the Town of Chevy Chase View

**Investments.** Chevy Chase View has \$514,007 invested in Treasury bills.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

In FY06, the Town had a part-time Administrator with no benefits. Because the Town did not provide any Other Post-Employment Benefits in FY06, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

**G. Other Financial Information**

The Town of Chevy Chase View's revenues and expenditures have remained relatively constant over the past few years.

## **SUMMARY FINANCIAL DATA FOR CHEVY CHASE VILLAGE**

Created in 1890, Chevy Chase Village became a special taxing area in 1914 and an incorporated municipality in 1951. The Village has 2,043 residents, 720 households; it has no commercial space. Chevy Chase Village is located in the southwestern portion of Montgomery County and it covers less than one-half square mile.

### **A. Governance**

The Village is governed by an elected seven-member Board of Managers. The Board of Managers appoints a Village Manager who manages the day-to-day operations of the Village. The Village Manager and appointed Department Heads supervise the Village's Civil Service employees, oversee the operating and capital budgets, plan and direct the delivery of all municipal services within the Village, and monitor outside contractor services.

The Village also has several citizen commissions, and Board members may participate to provide policy advice. The commissions and committees includes the following:

- Ethics Commission
- Personnel Commission
- Building Facilities Commission
- Audit Committee
- Budget and Finance Committee
- Committee on Children, Youth and Families
- Tree Committee
- Parks Committee
- Public Safety Committee
- Public Works Committee
- Welcoming Committee
- Historic Preservation Commission
- Local Advisory Panel (LAP)
- Environmental Committee

### **B. Revenues**

Chevy Chase Village's FY06 Comprehensive Annual Financial Report (CAFR) show the Village collected \$3.9 million in revenues for FY06, including \$960,267 (25%) in municipal property taxes. FY06 Intergovernmental revenues totaled \$2.6 million, including \$2.3 million in County revenues. Intergovernmental revenues made up 66% of all revenues.

**Property Taxes.** The FY06 assessable base for Chevy Chase Village was \$686.9 million, including a FY06 real property assessable base of \$673.5 million and a FY06 personal property base of \$13.4 million. The FY06 real property tax rate was 13 cents per \$100 of assessed value and the FY06 personal property tax rate was 60 cents per \$100 of assessed value. According to the CAFR, the FY06 property tax revenues were \$960,267.

**Rents and Concessions.** Chevy Chase Village charges a rental fee to use the Village Hall.

**Miscellaneous Revenue.** FY06 Miscellaneous Revenues included fees and charges for the permitting process, police reports, fingerprinting, and the sale of property.

**Police Services.** The Village receives revenues from other municipalities for police services. In 1995, the Village entered into agreements with the Town of Chevy Chase, Martin's Additions, Chevy Chase View, the Town of Somerset, and Section Three of the Village of Chevy Chase to provide police services to their communities. In FY06, these revenues were \$121,448.

**Deferred Income Tax Revenue.** On June 30, 2006, the State of Maryland advised Chevy Chase Village that \$908,713 of the Local Tax Reserve Fund was allocable to Chevy Chase Village. The Village recorded the income and a receivable from the State of \$160,255 because it was available for the satisfaction of current liabilities. The balance receivable of \$748,458 was recorded as deferred income tax revenue.

**Wohlfarth Property.** In August 2002, Chevy Chase Village entered into a memorandum of understanding with Montgomery County and the Maryland-National Capital Park Planning Commission (M-NCPPC) to jointly acquire the Wohlfarth property, adjacent to the Village.

The Village is expected to contribute \$1.25 million towards the cost of acquisition and \$311,600 of this amount will be provided by Program Open Space Funds. M-NCPPC and the Village are responsible for developing a management plan for the property. The Village has a right of first refusal in the event that the County determines to sell all or a portion of the property. Possession of the property was transferred to Montgomery County in the Fall of 2007.

The table on the next page provides details about the Village's FY06 revenues.

**FY06 GENERAL FUND REVENUES FOR CHEVY CHASE VILLAGE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$960,267	25%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	(In Misc. Revs)	0%
Rents and Concessions	\$89,580	2%
Services and Charges	(In Misc. Revs)	0%
<b>Subtotal for Municipal</b>	<b>\$1,049,847</b>	<b>27%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$102,362	3%
17% Share of County Piggyback Income Tax (State-Mandated)	\$2,232,041	57%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$2,334,403</b>	<b>60%</b>
<b>State</b>		
Highway User Revenue	\$137,944	4%
Other State Revenue (State Police Grants)	\$86,740	2%
<b>Subtotal for State</b>	<b>\$224,684</b>	<b>6%</b>
<b>Federal</b> (Law Enforcement Block Grant)	<b>\$13,410</b>	<b>&lt;1%</b>
<b>Subtotal for Intergovernmental</b>	<b>\$2,572,497</b>	<b>66%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$77,612	2%
Cable TV Franchise Fees	0	0%
Contributions and Donations	0	0%
Police Services Contract with Municipalities	\$121,448	3%
Other (Permit Fees, Service Charges, Prop. Sales)	\$89,836	2%
<b>Subtotal for Miscellaneous</b>	<b>\$288,896</b>	<b>7%</b>
<b>GRAND TOTAL</b>	<b>\$3,911,240</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for Chevy Chase Village

### **C. Services and Expenditures**

Chevy Chase Village has 25 full-time employees. Chevy Chase Villages provides the following residential services:

- **Police.** The Chevy Chase Village Police Department is a nationally accredited Law Enforcement Agency whose mission is to serve and protect the residents of the Village, their property and visitors.
- **Village Communications Center.** The Center enables all residents to have direct contact with a Police Officer at all times. The Village Communications Center assists residents with a variety of services, including: house checks, special pick-up requests, parking, and alarm permits.
- **Waste Collection.** The Village provides twice-a-week household trash collection and contracts out for a weekly recycling program. The Public Works Department provides special pickup service of bulk trash and yard waste collection weekly.
- **Snow Removal.** The Village maintains 8.9 miles of streets. The Village Public Works Department is responsible for snow removal from all Village streets. The Village does not provide snow removal for Brookville Road and Connecticut Avenue, which are maintained by the state.

The FY06 Comprehensive Annual financial Report (CAFR) for the Chevy Chase Village shows the Village expended \$3.3 million to deliver services to town residents in FY06. The largest share of expenditures was in the Public Safety category (35%), followed by Public Works (30%).

**Public Safety.** FY06 Public Safety expenditures included \$738,638 (66% of all public safety expenses) for payroll expenses. Other expenditures included vehicles, equipment, service contracts for maintenance contracts for equipment.

**Other Public Works.** FY06 expenditures for Other Public Works were \$537,484 or 16% of all expenditures. This amount included, among other things, expenses for payroll, small tools and shop supplies, and vehicle purchases.

The table on the following page summarizes the Village's FY06 expenditures.

**FY06 GENERAL FUND EXPENDITURES FOR CHEVY CHASE VILLAGE**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<i>General Government</i>	<i>555,199</i>	<i>17%</i>
<i>Public Safety</i>	<i>1,124,881</i>	<i>35%</i>
<i>Public Works</i>		
Road/Bridge/Sidewalk Maintenance	189,937	6%
Street Lighting	0	0%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	248,716	8%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	15,841	<1%
Other Public Works	537,484	16%
<i>Subtotal for Public Works</i>	<i>991,978</i>	<i>30%</i>
<i>Recreation and Culture</i>	<i>436,428</i>	<i>13%</i>
<i>Community Development and Public Housing</i>	<i>0</i>	<i>0%</i>
<i>Debt Service</i>	<i>0</i>	<i>0%</i>
<i>Capital Outlay</i>	<i>0</i>	<i>0%</i>
<i>Miscellaneous</i>	<i>151,369</i>	<i>5%</i>
<b>GRAND TOTAL</b>	<b>83,259,855</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for Chevy Chase Village

**D. Capital Assets and Expenditures**

The Village's capital assets are valued at \$2.2 million. They include land, buildings, building improvements, police vehicles and equipment, public works vehicles, and office furniture and equipment.

**Borrowing Authority.** The Village Charter establishes the authority for the Village to engage in short-term and long-term borrowing.

- Section 77-9 of the Village Charter authorizes the Village to issue tax anticipation bonds in the first half of the fiscal year. (There is no limit to the amount the Village can bond.) It also requires the Village to hold a referendum and receive the approval of the borrowing from a majority of eligible voters.
- Section 77-10 of the Charter authorizes short-term (less than 24 months) emergency borrowing up to \$200,000. The Village cannot levy or collect any special taxes for the payment of this indebtedness.
- Section 77-11 authorizes and empowers the Board of Managers to mortgage or encumber the library and post office buildings and property owned by Chevy Chase Village for no more than \$50,000 at any one time.

Chevy Chase Village's capital expenditures are budgeted in the General Fund. The Village spent \$133,000 on capital improvements in FY06. Major capital assets for FY06 include the purchase of a new tractor, two work trucks, and a police motorcycle and call box.

**E. Funds and Fund Balances**

The Village uses a General Fund as the general operating fund for the Village. At the end of FY06, the General Fund had a balance of \$2.6 million. Between the beginning and the end of the year, the fund balance increased \$651,385, or 34%. All of the fund balance is an undesignated fund balance.

**FY06 BEGINNING AND END OF YEAR FUND BALANCES**

Beginning of Year Combined Fund Balance	\$1,940,244
End of Year Combined Fund Balance	\$2,591,629
Change in Combined Fund Balance	\$651,385
Percent Change in Fund Balance	34% Increase

**Investments.** The Village has \$371,049 invested in the Maryland Local Government Investment Pool.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Board of Managers of Chevy Chase Village established a trust-administered, single employer, defined contribution pension plan. Employees become active participants of the plan after completing 12 months of employments (with a minimum of 1,000 hours). The Village makes contributions to the plan equal to 10% of the active participants' annual compensation. The pension plan covers the Village's 25 employees.

The Village also offers a deferred compensation plan that allows participating employees to defer a portion of their salary. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. All deferred compensation is held in trust.

Because the Village does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.



## **SUMMARY FINANCIAL DATA FOR THE VILLAGE OF FRIENDSHIP HEIGHTS**

The Special Tax District known as The Village of Friendship Heights was created by the Maryland State Legislature in 1914 as a special unit of government. It was originally named the Villages of Friendship Heights and The Hills. Friendship Heights' population is estimated at 4,494. The Village is located in southern Montgomery County, encompasses 34 acres and has boundaries of Wisconsin Avenue, Willard Avenue, and Somerset Terrace.

### **A. Governance**

The Friendship Heights Village Council includes seven unpaid members elected by registered voters in the Village to serve two-year terms. The Council selects its own officers: Mayor, Chairman, Vice Chairman, Secretary, Treasurer, Parliamentarian, and Historian. The Village also has a Town Manager who manages the daily operations of the Village.

### **B. Revenues**

Friendship Heights' FY06 Comprehensive Annual Financial Report (CAFR) shows the Village collected over \$2.0 million in revenues for FY06, including \$445,582 in locally-imposed property taxes. Friendship Heights received over \$1.3 million in Intergovernmental transfers in FY06, or approximately 66% of all revenues.

**Property Taxes.** The FY06 assessable base for Friendship Heights was \$894.2 million, including \$828.2 million in real property assessable base and \$66.1 million in personal proper. The property tax rate was 5 cents per \$100 of assessed value for real, personal, and corporate property. According to the 2006 CAFR, Friendship Heights collected property tax revenues of \$445,582.

**Licenses and Permit Fees.** Fees include permit fees for occupying the public right-of-way within the Village and license fees received from the state via the County Clerk of the Circuit Court.

The table on the next page shows the FY06 revenues for the Village of Friendship Heights.

**FY06 GENERAL FUND REVENUES FOR THE VILLAGE OF FRIENDSHIP HEIGHTS**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property	\$445,582	22%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	\$13,279	1%
Permit Fees	0	0%
Rents and Concessions	\$36,218	2%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$495,079</b>	<b>25%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$86,822	4%
17% Share of County Piggyback Income Tax (State-Mandated)	\$874,366	43%
Other County Revenue (Parking Violations)	\$294,941	15%
<b>Subtotal for County</b>	<b>\$1,256,129</b>	<b>62%</b>
<b>State</b>		
Highway User Revenue	\$70,834	4%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$70,834</b>	<b>4%</b>
<b>Federal</b>	<b>0</b>	<b>0%</b>
<b>Subtotal for Intergovernmental</b>	<b>\$1,326,963</b>	<b>66%</b>
<b>Miscellaneous Revenues</b>		
Interest Earnings	\$151,510	8%
Cable TV Franchise Fees	0	0%
Contributions and Donations	0	0%
Other (Newsletter, Product Sales, Other Misc.)	\$37,621	2%
<b>Subtotal for Miscellaneous</b>	<b>\$189,131</b>	<b>9%</b>
<b>GRAND TOTAL</b>	<b>\$2,011,173</b>	<b>100%</b>

Source: Village of Friendship Heights FY06 Comprehensive Annual Financial Report

### **C. Services and Expenditures**

The Friendship Heights Village Center, located at 4433 South Park Avenue, houses the municipal offices of the Village as well as facilities for recreational, educational, cultural, civic activities, and health services. The Village has 10 employees, 5 full-time and 5 part-time. Staff positions include: Village Manager, Assistant Village Manager/Finance Director, Facilities Manager, Associate Program Director (2), Financial Assistant, Front Desk Supervisor, and Front Desk Receptionists (3).

The Village of Friendship Heights provides the following services for its residents:

- **Roads and Sidewalks.** The Village maintains and repairs 0.83 miles of street within its borders.
- **Parks.** The Village owns and maintains three parks.
- **Shuttle Bus.** Friendship Heights provides a shuttle bus that runs seven days a week. The bus connects every residential building in the Village, the Community Center, the Chevy Chase Center, and the Metro stop.
- **Scholarship.** The Village offers the Robert and Sylvia Rothstein Educational Scholarship Program to promote public service.
- **Security Force.** Parking restrictions in the Village of Friendship Heights are enforced by a private security force and the Montgomery County Police.
- **Health Services.** The Village Council and Suburban Hospital formed a partnership that provides a four-part health program for Village residents. The program provides a weekly on-site clinic with a nurse specialist and weekly blood pressure checks (without charge), as well as periodic health screenings, lectures, and seminars. On a limited basis, a care management practitioner goes to homes to evaluate home-care needs and resources. Lifeline units, a personal emergency communications system for the elderly or disabled, are also available for a fee.

The FY06 Comprehensive Annual Financial Report (CAFR) for the Village of Friendship Heights shows the Village expended \$1.6 million to deliver services to town residents. The largest share of expenditures was in the General Government category (54%), followed by Public Works (14%), and Parks and Recreation (13%). The largest General Government expenditure was salaries, which accounted for \$448,000 (53%) of General Government expenditures. The table on the next page shows the FY06 expenditures for Friendship Heights.

**FY06 GENERAL FUND EXPENDITURES FOR THE VILLAGE OF FRIENDSHIP HEIGHTS**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$845,392</b>	<b>54%</b>
<b>Public Safety</b>	<b>\$102,999</b>	<b>7%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$10,445	<1%
Street Lighting	\$13,872	<1%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$13,985	<1%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	\$19,412	1%
Other Public Works*	\$160,971	10%
<i>Subtotal for Public Works</i>	<b>\$218,685</b>	<b>14%</b>
<b>Recreation and Culture</b>	<b>\$200,466</b>	<b>13%</b>
<b>Community Development and Public Housing</b>	<b>\$23,585</b>	<b>1%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>\$185,692</b>	<b>12%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$1,576,819</b>	<b>100%</b>

\*Includes \$156,549 for shuttle bus contract and \$4,422 for Villagescape

Source: Village of Friendship Heights FY06 Comprehensive Annual Financial Report

**Extraordinary Item.** In FY06, the State determined that it had overpaid the Village income taxes by \$83,000 during FY05, and reclaimed this overpayment in FY06. This amount is not reflected in either the revenues or expenditures of Friendship Heights, but decreased the ending fund balance of the Village by \$83,000.

**D. Capital Assets and Expenditures**

The Village's capital assets are valued at \$3,722,558 and include the Village Community Center, parks, vehicles, land, and office equipment.

In FY06, the Village spent \$185,692 out of the General Fund for capital outlay, including funding for improvements to the Village Center and renovations in Humphrey Park. These expenditures are reflected in the Public Works and Recreation and Culture General Fund expenditures.

**Borrowing Authority.** The Charter of Friendship Heights is codified in Chapter 66 of the Montgomery County Code. Section 66-11 of the County Code authorizes Friendship Heights to borrow in amounts not exceeding in total at any time the sum of four (4) percent of the assessed valuation of real property other than operating real property of a public utility and ten (10) percent of the assessed valuation of operating real property of a public utility within the taxable area.

The Village of Friendship Heights currently has no long-term debt.

#### **E. Fund and Fund Balances**

The Village has one Governmental Fund, the General Fund. The General Fund is the general operating fund of the Village and accounts for all financial resources except those required to be accounted for in another fund. Within the General Fund, Friendship Heights maintains a Capital Improvements Fund.

At the end of FY06, Friendship Heights had \$3.8 million in its General Fund balance. \$1.1 million (26%) of the Village's fund balance is Unreserved – Council designated, which is the Capital Improvements Fund. The remaining fund balance (\$2.8 million) is unreserved and undesignated. The following table show the fund balances for the FY06 General Fund.

#### **FY06 BEGINNING AND END OF YEAR FUND BALANCE FOR THE VILLAGE OF FRIENDSHIP HEIGHTS**

Beginning of Year Fund Balance,	\$3,532,253
End of Year Fund Balance	\$3,883,607
Change in Fund Balance	\$351,354
Percent Change in Fund Balance	10% increase

**Investments.** The Village has invested \$3.9 million in the State of Maryland Local Government Investment Pool.

#### **F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Village Council has a deferred compensation plan available to all employees after six months of employment and permits them to defer any portion of their salary until future years. The Village contributes up to 8% of eligible employees' salaries to this plan. All amounts of compensation deferred under the plan and all related income are held in trust for the exclusive benefit of the participants.

Because the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

**SUMMARY FINANCIAL DATA FOR THE CITY OF GAITHERSBURG**

The City of Gaithersburg was incorporated in 1878. The U.S. Census (2000) reports there were 52,613 residents and 19,621 households in the City. The City of Gaithersburg occupies 10.4 square miles in the heart of Montgomery County.

**A. Governance**

The City is governed by a Mayor/City Council-City Manager form of government. The Mayor is elected to a four-year term and presides over the City Council as a non-voting position. The City Council has five elected members who each serve four-year terms. The City Council hires a City Manager who runs the City's day-to-day operations.

The Mayor and Council seek input from 32 citizen committees that serve as advisors on a number of issues. Examples of issues these committees address include beautification, environmental affairs, economic development, and planning. The Mayor makes appointments to City boards, commissions and committees, subject to confirmation by the Council.

**B. Revenues**

The City of Gaithersburg's FY06 financial statements show the City collected \$39.9 million in revenues, including \$14.2 million from locally-imposed property taxes and \$13.0 million from Intergovernmental transfers. The table below and continued on the next page shows the City's FY06 revenues. A description of some of the revenue sources follows the table.

**FY06 GENERAL FUND REVENUES FOR THE CITY OF GAITHERSBURG**

<b>Municipal Revenues</b>		
<i><b>Taxes</b></i>		
Property Taxes	\$14,164,485	35%
Other Local Taxes (Amusement Tax)	\$1,165,087	3%
<i>Subtotal for Taxes</i>	<i>\$15,329,572</i>	<i>37%</i>
<i><b>Fees</b></i>		
Fines and Forfeitures	\$184,987	<1%
License and Permit Fees	\$2,839,355	7%
Rents and Concessions	\$219,196	1%
Services and Charges	\$4,255,294	10%
<i>Subtotal for Fees</i>	<i>\$7,498,832</i>	<i>18%</i>
<i>Subtotal for Municipal</i>	<i>\$22,828,404</i>	<i>56%</i>

**FY06 GENERAL FUND REVENUES FOR THE CITY OF GAITHERSBURG (CONTINUED)**

<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$1,203,404	3%
17% Share of County Piggyback Income Tax (State-Mandated)	\$7,305,720	18%
Other County Revenues	\$209,564	1%
Financial Corporations	\$2,645	<1%
Homeless Program	\$9,519	<1%
Seniors Program	\$100,000	<1%
Stars Program	\$5,860	<1%
Nutrition Program	\$46,967	<1%
MCPS	\$20,004	<1%
Miscellaneous	\$424,569	1%
<i>Subtotal Other County Revenue</i>	<i>\$819,128</i>	<i>2%</i>
<i>Subtotal for County</i>	<i>\$9,328,252</i>	<i>23%</i>
<b>State</b>		
Highway User Revenue	\$1,966,561	5%
Other State Shared Revenue - Stormwater Management	\$306,000	1%
State Grant – Police	\$486,713	1%
State Grant – Homeless Program	\$6,317	<1%
State Grant – Arts	\$18,279	<1%
State Grants – Miscellaneous	\$301,122	1%
<i>Subtotal for State</i>	<i>\$3,084,992</i>	<i>8%</i>
<b>Federal Government</b>		
Community Development	\$113,505	<1%
Transitional Housing	\$128,247	<1%
Department of Justice – COPS	\$314,721	<1%
Housing Opportunity	\$16,050	<1%
<i>Subtotal for Federal</i>	<i>\$572,523</i>	<i>1%</i>
<i>Subtotal for Intergovernmental</i>	<i>\$12,985,767</i>	<i>32%</i>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$1,925,574	5%
Cable TV Franchise Fees	\$468,682	1%
Contributions and Donations	\$65,418	<1%
Other Miscellaneous	\$2,681,624	7%
<i>Subtotal for Miscellaneous</i>	<i>\$5,141,298</i>	<i>13%</i>
<b>GRAND TOTAL</b>	<b>\$40,955,469</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

**Property Taxes.** The FY06 assessable base for Gaithersburg was \$6.24 billion, including \$5.92 billion in real property assessable base and \$315.1 million in personal property assessable base. The City's FY06 real property tax rate was 21.2 cents per \$100 of assessed valuation; the FY06 personal property tax rate was 53 cents per \$100 of assessed valuation. The City of Gaithersburg collected \$14,164,485 in property tax revenues in FY06.

**Licenses and Permit Fees.** The City collected \$2,370,673 in licenses and permit fees. The largest revenues from licenses and permits came from the following:

License/Permit	Revenue FY06
Building Permits	\$688,755
Rental Housing Licenses	\$442,240
Grading Permits	\$297,597
Street Permits	\$224,469
Traders License	\$148,798

**Services and Charges.** Gaithersburg has service fees and charges for various community activities and collected \$4,255,294. The following table lists these services and charges that brought in over \$200,000 in FY06.

Service or Charge	Revenue FY06
Recreation Fees	\$1,153,479
Recycling Collections	\$685,681
Pool	\$307,021
Activity Center Programs	\$267,020
Water Quality Protection	\$249,177
Winter Lights	\$239,324
Stormwater Management Fees	\$206,009
Casey Community Center	\$203,152

**Fines and Forfeitures.** The City collected \$184,987 in fines, including \$139,951 for parking tickets and \$44,161 for civil ordinance fines.

### **C. Services and Expenditures**

The City of Gaithersburg provides its residents with a full array of services. Gaithersburg has 228.0 full-time employees, 113.4 part-time employees, and 17.6 employment agreement employees. The following outlines the City Departments and the services they provide.

**The City Manager** directs and coordinates the general administration of the City government, which includes preparation of the annual budget. The Office of the City Manager provides management and administrative support for operating departments, programs, and initiatives established by the Mayor and Council.



**The Office of Economic and Community Development** oversees economic and community development programs and services, assists existing and potential businesses and industries, prepares marketing materials and strategies, and acts as a liaison between the City and the business community. Federal grants administered by this Office include the Community Development Block Grant (CDBG) program, the Housing Opportunities for Persons With AIDS (HOPWA) program, and the Community Oriented Policing (COPS) program.

**The Department of Parks, Recreation and Culture** provides quality programs, facilities and parks in accordance with the priorities established in the City's Strategic Plan and the Parks, Recreation and Open Space Plan. Some specific services include management of: the Activity Center at Bohrer Park; the Arts Barn; the Gaithersburg Upcounty Senior Center; the Skate Park; the Farmers Market; and 25 parks. The Department has 49 full-time employees.

**Code Enforcement** oversees the growth and orderly development within the City, and enforces all ordinances and codes that govern residential and commercial construction within the corporate limits. There are 15 full time employees in Code Enforcement.

**The Gaithersburg Police Department** is a nationally-accredited law enforcement agency that shares responsibility for services with the Montgomery County Police, providing coverage 24 hours a day, 365 days a year. The Department responds to calls for service as necessary. It uses community action teams, to solve problems and deal with issues affecting the safety of all City neighborhoods. In FY06, the Department had 57 patrol units and 45 police officers. The Department issued 7,818 traffic citations and had 17,844 calls for service. There are 53 full-time employees in the Police Department.

**The Department of Public Works** maintains all City facilities and provides custodial services, utilities, repairs, and supervision of construction and service contracts for all major equipment. The Department's engineering functions include reviews of storm water management, sediment control, storm drainage, paving, and site plans for new developments. The Department's engineering staff administers capital improvement projects (CIP) for road and storm drain projects. The City of Gaithersburg maintains 87.95 miles of city roads and 3,550 street lights. There are 49 full-time employees in the Department of Public Works.

**The Office of Human Services** provides citizen assistance programs such as interim case management, housing counseling, substance abuse recovery, emergency referral and resources, and other services for the City's homeless population as well as needy individuals and families. It also assists nonprofit organizations that work with youth and families.

The FY06 CAFR for the City of Gaithersburg shows the City expended over \$34 million to deliver services to its residents in FY06. Public Safety and Recreation and Culture had the largest expenditure shares (each 20%), followed by General Government (19%).

The table below shows the FY06 General and Capital Fund expenditures for the City. The table is followed by a brief overview of the General Government expenditure category.

**FY06 GENERAL AND CAPITAL FUND EXPENDITURES FOR THE CITY OF GAITHERSBURG**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b><i>General Government</i></b>	<b><i>\$6,762,063</i></b>	<b><i>19%</i></b>
<b><i>Public Safety</i></b>	<b><i>\$7,093,808</i></b>	<b><i>20%</i></b>
<b><i>Public Works</i></b>		
<i>Administration</i>	<i>\$562,770</i>	<i>2%</i>
<i>Engineering</i>	<i>\$222,572</i>	<i>1%</i>
<i>Streets and Special Projects</i>	<i>\$830,978</i>	<i>2%</i>
<i>Fleet Maintenance</i>	<i>\$370,403</i>	<i>1%</i>
<i>Street Lighting</i>	<i>\$541,426</i>	<i>2%</i>
<i>Landscaping and Forestry</i>	<i>\$801,700</i>	<i>2%</i>
<i>Mowing and Bulk Pick Up</i>	<i>\$1,467,110</i>	<i>4%</i>
<i>Recycling</i>	<i>\$673,701</i>	<i>2%</i>
<i>Subtotal for Public Works</i>	<b><i>\$5,470,660</i></b>	<b><i>16%</i></b>
<b><i>Recreation and Culture</i></b>	<b><i>\$7,016,664</i></b>	<b><i>20%</i></b>
<b><i>Community Development and Public Housing</i></b>	<b><i>\$1,734,569</i></b>	<b><i>5%</i></b>
<b><i>Debt Service</i></b>	<b><i>0</i></b>	<b><i>0%</i></b>
<b><i>Capital Outlay</i></b>	<b><i>\$5,401,735*</i></b>	<b><i>16%</i></b>
<b><i>Miscellaneous</i></b>	<b><i>\$1,315,345</i></b>	<b><i>4%</i></b>
<b><i>GRAND TOTAL</i></b>	<b><i>\$34,794,844</i></b>	<b><i>100%</i></b>

\*Out of Capital Projects Fund

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

**General Government.** The expenditures in the General Government category cover a wide array of activities. The following table summarizes activities under the General Government category for the City of Gaithersburg.

**FY06 GENERAL GOVERNMENT EXPENDITURES FOR THE CITY OF GAITHERSBURG**

Category	Expenditure
Building and Ground Maintenance	\$1,389,377
Planning	\$914,448
Finance and Administration	\$672,127
Information Technology	\$613,088
City Manager	\$538,541
Human Resources	\$499,600
Facilities Management	\$460,897
Public Information	\$444,936
Economic and Community Development	\$431,895
All Other General Government	\$797,154
<b>Total General Government</b>	<b>\$6,762,063</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

**D. Capital Assets and Expenditures**

The City's capital assets are valued at \$103.4 million and include the following:

Capital Assets	Net of Depreciation Value
Land	\$38,074,503
Buildings	\$21,288,320
Improvements other than buildings	\$4,020,551
Machinery and Equipment	\$3,000,652
Infrastructure	\$36,989,682
Construction in Progress	\$12,035
<b>Total</b>	<b>\$103,385,743</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

The City's FY06 capital projects spending amounted to \$5.4 million, primarily for four program areas: completion of stormwater management projects, street resurfacing, Lakelands Park, and the construction of the Gaithersburg Youth Center at Robinson Park. Money is transferred from the General Fund to the Capital Fund to cover Capital Project Fund expenditures.

**Borrowing Authority.** Section 54 and 55 of the City Charter establishes the authority for the City to engage in short term and long term borrowing. The Charter states:

...the city shall have the power to borrow money and incur indebtedness, from time to time, for any public purpose, in anticipation of the collection of taxes or revenues, or both, direct or indirect, and to issue tax anticipation notes, notes in the nature of commercial paper or other evidences of indebtedness...without limitation.

Although the City has the legal authority to incur debt, the City of Gaithersburg has had no outstanding debt obligations since 1963. The City's only debt consists of compensated absences payable; in FY06 this debt totaled \$1,334,857.

**Conduit Bonds.** The City has issued \$89,930,000 in Maryland Economic Development Revenue Bonds to fund the acquisition, construction, equipping, and renovation of an Assisted Living Facility at Asbury Methodist Village. The City incurred no liability as a result of the transaction and Asbury has fully indemnified the City for the life of the bonds. The bonds will be issued as tax exempted municipal bonds both under federal and state law.

#### **E. Funds and Fund Balances**

The City maintains two categories of funds: governmental funds and fiduciary funds. The two governmental funds account for the City's basic services and include the General Fund and the Capital Projects Fund.

- The General Fund accounts for revenues and expenditures related to the operation of the City's general services, street and highway maintenance, public safety, parks and recreation programs.
- The Capital Projects Fund accounts for financial resources related to the acquisition or construction of capital facilities.

The following table shows the fund balances for the FY06 General Fund and Capital Projects Fund combined.

#### **FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE CITY OF GAITHERSBURG**

Beginning of Year Fund Balance	\$42,200,940
End of Year Fund Balance	\$47,207,646
Change in Fund Balance	\$5,006,706
Percent Change in Fund Balance	12% increase

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

**General Fund.** The General Fund balance includes reserved funds and unreserved funds designated for specific purposes. The table displays the allocation of the General Fund balances. In FY06, the General Fund had a net change in fund balance of \$1.2 million, increasing to \$32.3 million. The following is a summary of the FY06 General Fund balance.

**FY06 GENERAL FUND BALANCE, RESERVED AND UNRESERVED BREAKDOWN**

<b>General Fund Balance</b>	<b>Amount</b>
Reserved for:	
Encumbrances	\$380,760
Long-term receivables	\$241,082
Prepaid expenditures	\$27,967
Inventory	\$30,902
Unreserved, designated for:	
Vehicle and equipment replacement	\$4,803,994
Subsequent years' expenditures	\$3,315,743
Group insurance funding	\$2,805,554
Self-insurance	\$86,223
Training	\$46,475
Economic development	\$299,249
Emergency and disaster	\$400,000
Unreserved and Undesignated	\$19,827,024
<b>Total</b>	<b>\$32,264,973</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

**Capital Projects Fund.** The Capital Projects Fund showed a \$3.8 million increase in fund balance, for a total balance of \$14.9 million. This represents authorized and funded projects that are not complete. The table below shows the Capital Project Fund balance breakdown.

**FY06 CAPITAL FUND BALANCE, RESERVED AND UNRESERVED BREAKDOWN**

<b>Capital Fund Balance</b>	<b>Amount</b>
Reserved for Encumbrances	\$1,686,943
Unreserved, Designated for Subsequent years' expenditures	\$13,255,730
<b>Total</b>	<b>\$14,942,673</b>

**Fiduciary Funds.**<sup>1</sup> Gaithersburg maintains three fiduciary funds, including a pension trust fund, a private purpose trust fund, and an agency fund.

- Pension Trust Funds - The City is the trustee for assets that belong to its employees' pension plan, private purpose trusts, and agency funds.
- The Sam and Claire Rosen Private Purpose Trust Fund – A private purpose trust fund is used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Gaithersburg's Sam and Claire Rosen Trust Fund is included as such.
- The Forest Conservation Agency Fund – An agency fund functions primarily as a clearing mechanism for cash resources, which are collected, held for a brief period, and then disbursed to authorized recipients. Gaithersburg's Forest Conservation Fund is an agency fund.

**Investments.** Gaithersburg has the following investments:

Investment	General Fund	Pension Trust Fund	Private-Purpose Trust Fund
State Treasurer's Investment Pool	\$28,350,493		
Montgomery County General Investment Fund	\$18,552,203		
Certificates of Deposit	\$281,242		\$12,205
Open End Mutual Funds		\$30,917,091	
<b>Total</b>	<b>\$47,183,938</b>	<b>\$30,917,091</b>	<b>\$12,205</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Gaithersburg

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The City has its own non-contributory defined contribution pension plan covering all full-time employees. The City contributes 8.0% of annual salary for participating employees. In addition, the City contributes health insurance premium benefits waived by employees and an amount equal to 5.7% of employee salaries in excess of the FICA base. The City made employer contributions of \$1,309,822 (10.3%) of covered payroll were made to the plan during FY06.

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<sup>1</sup> Fiduciary fund types are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, or other government units. These activities are excluded from the government-wide financial statements because the assets cannot be used to finance operations.

The City also has its own contributory savings plan covering all full-time employees. Employees can contribute up to the maximum limit established by the IRS. The City will match employees' contributions in an amount equal to 60% of employees' contributions up to a maximum of 5% of the employees' annual salary. Required employer contributions of \$367,677 (2.9%) of covered payroll were made to each Plan during FY06.

The City has established a deferred compensation plan administered by ICMA. All City employees may participate in the plan and defer a portion of their salary. As of FY06, 254 employees participate in this plan.

The City has established a Retirement Health Savings plan. Employees are eligible to participate immediately upon hire. An employee may make a one-time irrevocable election for this contribution to his or her account equal to the amount of the premium that would be paid by the City for single medical coverage and/or single dental coverage. Additionally, no later than the calendar year prior to retirement, the employee can make a one-time irrevocable election to have the City contribute up to 25% of the employee's accrued sick leave and up to 100% of the employee's accrued vacation leave, not to exceed 30 days, into the account. As of FY06, 51 employees participate in this plan.

**GASB 43 and 45 Requirements.** The City of Gaithersburg offers employees Other Post Employment Benefits and therefore must comply with GASB requirements. The City reports that it has begun to implement these requirements. The City hired an actuary consultant and began to report according to GASB 43 and 45 in the FY07 Comprehensive Annual Financial Report. The City estimates the costs of Other Post Employment Benefits to be \$9.8 million over the next ten years. Gaithersburg funded \$2.7 million of this liability in FY08.

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF GARRETT PARK**

The Town of Garrett Park was incorporated in 1898. Garrett Park is primarily a residential town, with a post office, and a few small businesses. There are approximately 990 people, 350 households, and 5,000 square feet of commercial space in the Town. The Town is located halfway between Rockville and Silver Spring and has a land area of approximately 0.27 square miles.

### **A. Governance**

Garrett Park is managed by a mayor and a five-member council, elected for two-year terms. The Town also has two committees created by ordinance:

- The Garrett Park Arboretum<sup>1</sup> Advisory Committee advises the Town Council on the management of all plantings in public places; and
- The Historic Preservation Committee advises the Town Council and the Montgomery County Historic Preservation on matters related to the Town's historic district and historic buildings.

### **B. Revenues**

Garrett Park's FY07 Comprehensive Annual Financial Report (CAFR) show the Town collected \$1.03 million in revenues for FY07, including \$366,132 (35%) from locally imposed property taxes. FY07 Intergovernmental revenues totaled \$370,628, which is 36% of all revenues.

**Property Taxes.** The FY07 assessable base for Garrett Park was \$184.3 million, including a real property assessable base of \$183.3 million and a personal property assessable base of \$1.1 million. The FY07 real property tax rate was 19 cents per \$100 of assessed value and the FY06 personal property tax rate was \$1.00 per \$100 of assessed value. The Town collected \$366,132 in property tax revenues in FY07.

**Refuse Fee.** Garrett Park charges a Municipal Refuse Fee to pay for its solid waste activities. In FY07, this fee revenue was \$115,922.

**Licenses and Permit Fees and Miscellaneous Revenues.** Garrett Park collects license and permit fees for building permits, driveway permits, and alcohol licenses for events at the Town Hall. In FY07, these fees were \$4,534. The Town also received \$693 in Miscellaneous Revenues which was collected for the sale of various publications, receipts for the Town photocopier, and other minor things.

**Rental Income.** Garrett Park receives 11% of its revenues from the rental of the Town Hall and Penn Place. In FY07, this amount was \$109,409.

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<sup>1</sup> The Town of Garrett Park is an official arboretum.



The following table summarizes the Town's FY07 revenues.

**FY07 GENERAL FUND REVENUES FOR THE TOWN OF GARRETT PARK**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$366,132	35%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	\$450	<1%
Licenses and Permits	\$4,534	<1%
Permit Fees	\$4,847	<1%
Rents and Concessions	\$109,409	11%
Services and Charges (Municipal Refuse Fees)	\$115,922	11%
<b>Subtotal for Municipal</b>	<b>\$607,368</b>	<b>59%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$50,174	5%
17% Share of County Piggyback Income Tax (State-Mandated)	\$261,119	25%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$311,293</b>	<b>30%</b>
<b>State</b>		
Highway User Revenue	\$59,335	6%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$59,335</b>	<b>6%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$370,628</b>	<b>36%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$29,619	3%
Cable TV Franchise Fees	\$7,240	1%
Contributions and Donations	\$17,500	2%
Other (Publication sales, Photocopies, etc.)	\$693	<1%
<b>Subtotal for Miscellaneous</b>	<b>\$55,052</b>	<b>5%</b>
<b>GRAND TOTAL</b>	<b>\$1,033,048</b>	<b>100%</b>

Source: FY07 Comprehensive Annual Financial Report for the Town of Garrett Park

### **C. Services and Expenditures**

The Town of Garrett Park has four full-time and three part-time employees. The full-time positions are a Town Administrator, a Maintenance Department Superintendent, and two maintenance employees. The part-time positions are a Town Office Assistant, a Town Archivist (grant-funded) and a cleaner for Penn Place.

Garrett Park provides a collection of solid waste and maintenance services. The Town owns approximately 4.2 miles of roadway. The details of some of the Town's services include the following:

- **Waste Collection.** The Town provides twice weekly household trash collection and weekly pickup for recycling. For yard waste, the Town provides weekly pickups from March through October and monthly pickups from November through February.
- **Leaf Collection.** The Town provides leaf collection from October through December.
- **Park Maintenance.** The Town provides maintenance for its own parks and fields; and, it also collects trash at two County parks (Wells & Garrett-Waverly) and provides full grounds maintenance for the County's portion of Garrett-Waverly Park.<sup>2</sup>

The FY07 Financial Statement for the Town of Garrett Park shows the Town expended \$813,501 to deliver services to town residents in FY07. The largest share of expenditures was the General Government category (35%), followed by Public Works (39%).

The table on the next page summarizes about the Town's FY07 expenditures.

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<sup>2</sup> The Town's inventory of parks and playgrounds includes Porcupine Woods 2.52 acres of wooded open space; Cambria Park 1 acre wooded open space, 7500 SF playground, 18,000 SF ball field, 53,000 SF leased to Garrett Park Swimming Pool Association, 20,000 SF tennis court, 5,00 SF public garden "Manny's Woods", 20,000 SF. The Town's share of "Garrett-Waverly Park" includes a basketball court. The 14,200 SF "Yeandle Park" will have a future playground and wooded open space.

**FY07 GENERAL FUND EXPENDITURES FOR THE TOWN OF GARRETT PARK**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>		
Personnel	\$203,509	25%
Town Administration (Elections, Archives, Fees)	\$75,290	9%
Sponsorships, Subscriptions and Dues	\$3,678	<1%
Conferences, Conventions and Meetings	\$3,857	<1%
<b>Subtotal General Government</b>	<b>\$286,334</b>	<b>35%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$2,287	<1%
Street Lighting	\$13,303	2%
Stormwater Management	\$400	<1%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$119,270	15%
Tree Maintenance and Parks Maintenance	\$26,546	3%
Snow Removal	\$10,797	1%
Buildings and Grounds	\$79,922	10%
Other Public Works	\$12,544	2%
Personnel	\$50,459	6%
<b>Subtotal for Public Works</b>	<b>\$315,524</b>	<b>39%</b>
<b>Recreation and Culture</b>	<b>\$28,551</b>	<b>4%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>\$79,954</b>	<b>10%</b>
<b>Capital Outlay</b>	<b>\$103,138</b>	<b>13%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$813,501</b>	<b>100%</b>

Source: FY07 Comprehensive Annual Financial Report for the Town of Garrett Park

#### **D. Capital Assets and Expenditures**

The Town's capital assets are valued at \$2,944,801. They include the Town Hall, sidewalks, playground and office equipment, and furniture.

Garrett Park capital expenditures are budgeted for in the General Fund. Garrett Park spent \$103,138 on capital improvements in FY07 including:

- \$635 for improvements to the Town Hall grounds;
- \$29,698 for renovations on Penn Place;
- \$39,533 on Capital Improvements Planning;
- \$21,837 on mobile equipment;
- \$7,993 on streetlights;
- \$808 on sidewalk repairs; and
- \$2,634 on website development.

**Borrowing Authority.** Sections 68-44 through 68-46 of the Town Charter establish the authority for the town to engage in short-term and long-term borrowing. The Charter:

- Authorizes the Town to issue tax anticipation bonds in the first half of the fiscal year. The amount that can be borrowed cannot exceed 50% of the anticipated property tax revenues; and
- Requires the Town to have a referendum and have a majority of the eligible voters approve the borrowing.

The Town of Garrett Park had \$655,900 in outstanding debt at year-end FY07. This consists of a Local Government Infrastructure note for street construction, paving improvements, new streetlights, and sidewalk extension and repaving in 2002-2004.

In May of 2002, the Maryland Community Development Administration issued general obligation bonds with a face value of \$800,000 for the purpose of financing a portion of the renovation of Penn Place as well as other infrastructure improvements. Principal payments are due May 1<sup>st</sup> through 2022. Interest payments are paid semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup> for the term of the bonds. The principal balance as of June 2006 is \$686,200 with an interest rate of 3.25%.

**E. Funds and Fund Balances**

The Town uses the General Fund to account for its general operations and all financial resources except those required to be accounted for in another fund. According to the FY07 CAFR, the end FY07 General Fund balance was \$637,799. During the year the fund balance increased \$208,616, or 49%. All of Garrett Park's fund balance is unreserved. The following table summarizes the FY07 fund balance for Garrett Park.

**FY07 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE TOWN OF GARRETT PARK**

Beginning of Year Combined Fund Balance	\$429,183
End of Year Combined Fund Balance	\$637,799
Change in Combined Fund Balance	\$208,616
Percent Change in Fund Balance	49% Increase

Source: FY07 Comprehensive Annual Financial Report for the Town of Garrett Park

**Investments.** As of FY07, the Town has \$371,049 invested in the Montgomery County Pooled Investment Program.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Town established a deferred compensation plan with Town Council approval. The Town offers the Plan to full-time employees. The plan permits employees to defer any portion of their salary until future years. The Town contributes up to 7% of eligible employees' salaries. The three-year contract with the Town Administrator limits the Town's contribution to his plan to 2% in FY06, 4% in FY07, and the full 7% in FY08.

Since the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

**SUMMARY FINANCIAL DATA FOR THE TOWN OF GLEN ECHO**

Glen Echo was incorporated in 1904. In 2000, the Town had 242 people and 91 households. The Town covers approximately one-tenth of one square mile in southwest Montgomery County.

**A. Governance**

Glen Echo is governed by an elected mayor and a four-member council. The Mayor serves as president of the Council. The Mayor, with the approval of the Council, appoints a Clerk-Treasurer who serves as the Town's chief financial officer.

**B. Revenues**

Glen Echo's FY06 Comprehensive Annual Financial Report (CAFR) shows the Town collected \$244,261 in revenues for FY06, including \$66,150 (27% of all revenue) in municipal property taxes and Intergovernmental revenues of \$120,297 (49%).

**Property Taxes.** The FY06 assessable base for Glen Echo was \$45.02 million, including a FY06 real property assessable base of \$43.62 million and a FY06 personal property base of \$1.4 million. The FY06 real property tax rate was 12 cents per \$100 of assessed value and the personal property tax rate was 80 cents per \$100 of assessed value. According to the FY06 CAFR, the Town's FY06 property tax revenues were \$66,150.

**Rents and Concessions.** The Town rents out the Town Hall for various social activities and the United States Postal Service leases space for a small Post Office.

The table on the next page summarizes the Town's FY06 revenues.

**FY06 GENERAL FUND REVENUES FOR THE TOWN OF GLEN ECHO**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$66,150	27%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	\$35,200	14%
Services and Charges	0	0
<b>Subtotal for Municipal</b>	<b>\$101,350</b>	<b>41%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$21,165	9%
17% Share of County Piggyback Income Tax (State-Mandated)	\$78,150	32%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$99,315</b>	<b>41%</b>
<b>State</b>		
Highway User Revenue	\$20,982	9%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$20,982</b>	<b>9%</b>
<b>Federal</b>	<b>0</b>	<b>0%</b>
<b>Subtotal for Intergovernmental</b>	<b>\$120,297</b>	<b>49%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$19,031	8%
Cable TV Franchise Fees	\$1,652	1%
Contributions and Donations	0	0%
Other	\$1,931	1%
<b>Subtotal for Miscellaneous</b>	<b>\$22,614</b>	<b>9%</b>
<b>GRAND TOTAL</b>	<b>\$244,261</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Glen Echo

### **C. Services and Expenditures**

Glen Echo employs one part-time employee, who works from the Town's office located in the Town Hall. Glen Echo is responsible for the maintenance of the following located within its boundaries:

- Approximately 1.71 miles of paved roadways;
- Approximately 9,000 linear feet of sidewalks; and
- Land and related improvements know as Town Park.

Glen Echo's services include snow removal, leaf collection, street cleaning, refuse and recycling collections, maintenance of public properties, including the trolley-right-of way, town hall, and two small parks. Some specific services provided to residents include the following:

- **Waste Collection.** Curbside trash pickup occurs twice a week and bulk pickup occurs once a month. Recycled materials and yard waste are picked up weekly.
- **Snow Removal.** The Town contracts out for snow removal.
- **Public Works Maintenance.** The Town maintains streets signs, curbs and Princeton Avenue Park.

The FY06 CAFR for the Town of Glen Echo shows the Town expended \$137,010 to deliver services to town residents in FY06. General government was the largest expenditure category (58%), followed by Public Works (44%).

The table on the next page summarizes FY06 expenditures for the Town.



**FY06 GENERAL FUND EXPENDITURES FOR THE TOWN OF GLEN ECHO**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$79,289</b>	<b>58%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	0	0%
Street Lighting	\$7,275	5%
Stormwater Management	0	0%
Sidewalk Maintenance	\$34,221	25%
Waste Collection and Recycling	0	0%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	\$1,680	1%
Other Public Works (Landscaping and surveys)	\$16,979	12
<b>Subtotal for Public Works</b>	<b>\$60,155</b>	<b>44%</b>
<b>Recreation and Culture</b>	<b>0</b>	<b>0%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay*</b>	<b>(3,134)</b>	<b>(2%)</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$137,010</b>	<b>100%</b>

\*Net of correction to prior year amount

Source: FY06 Comprehensive Annual Financial Report for the Town of Glen Echo

**D. Capital Assets and Expenditures**

The Town's capital assets are valued at \$237,417 and include land, the Town Hall, office equipment, a piano, and sidewalks and curbing.

**Borrowing Authority.** Article Six of the Town Charter establishes the authority for the town to engage in short-term and long-term borrowing. Specifically it states:

- The Town shall have the power to borrow money for any proper public purpose. The power and obligation of the Town to pay any and all general obligation bonds, notes, or other evidences of indebtedness issued is unlimited, and the Town shall levy ad valorem taxes upon all the taxable property of the Town for

the payment of such bonds, notes, or other evidences of indebtedness and interest thereon, without limitation of amount.

- The Town shall have the power to issue revenue bonds for one or more revenue-producing projects that serve a proper public purpose. Prior to issuance of revenue bonds, the Council shall enact an ordinance stating the public purpose for which the proceeds of the revenue bonds are to be expended.

Glen Echo officials report the Town has a long-standing position of operating without debt.

**E. Funds and Fund Balances**

The Town uses one fund, the General Fund, to account for its daily operations. At the end of FY06, the General Fund had a balance of \$610,272. During FY06, the fund balance increased \$107,664, or 21%. All of Glen Echo's fund balance is unreserved. The following table summarizes the FY06 fund balance for Glen Echo.

**FY06 BEGINNING AND END OF YEAR FUND COMBINED BALANCES FOR THE TOWN OF  
GLEN ECHO**

Beginning of Year Combined Fund Balance	\$502,608
End of Year Combined Fund Balance	\$610,272
Change in Combined Fund Balance	\$107,664
Percent Change in Fund Balance	21% Increase

Source: FY06 Comprehensive Annual Financial Report for the Town of Glen Echo

**Investments.** The Town has \$67,058 invested in a SunTrust checking account and money market account. In addition, the Town has \$507,920 invested in the Maryland Local Government Investment Pool.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Town of Glen Echo does not provide benefits for its one part-time clerk treasurer position. Since the Town does not provide a pension or any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **FINANCIAL SUMMARY FOR THE TOWN OF KENSINGTON**

The Town of Kensington was incorporated in 1894. According to Town officials, Kensington has 1,873 people, 768 households, and approximately 282,000 square feet of commercial space. Kensington is located northwest of Washington, D.C. and has a total area of one half one square mile.

### **A. Governance**

Kensington operates with an elected mayor and a four person council form of government. The Mayor serves as president of the Council. Both the Mayor and Council members serve for two year terms. The Town also has boards and committees to provide policy guidance. The Town Charter or Code mandates the following Committees, appointed by the Mayor:

- Board of Supervisors of Elections;
- Auditing Committee;
- Ethics Commission; and
- Tree Board.

The Town also has the following governance committees:

- Charter Review Committee, appointed by the Mayor; and
- Local Advisory Preservation (LAP), appointed by the Montgomery County Historic Preservation Commission.

In addition, the Town has the following volunteer committees made up of business owners, residents, and elected officials:

- Traffic Committee;
- Armory Committee;
- Kensington Cabin Committee;
- Commercial Development Review Committee;
- Revitalization Steering Committee; and
- Community Event Committees - Ad Hoc.

### **B. Revenues**

Kensington FY06 Uniform Financial Report (UCR) shows the Town collected \$1,471,548 in revenues for FY06, including \$613,298 in locally imposed taxes. Kensington collected \$759,341 in Intergovernmental revenues, which is approximately 52% of all revenues.

**Property Taxes.** The FY06 assessable base for Kensington was \$361.3 million, including \$341.3 million in real property assessable base and \$20.0 million in personal property assessable base. The real property tax rate for FY06 was 15.5 cents per \$100 of assessed taxable value and the rate for personal property was 50 cents per \$100 of assessed taxable value. According to the UCR, the Town collected \$544,853 in property taxes in FY06.

**License Fees.** The Town requires Traders' Licenses.

**Permit Fees.** Kensington has fees for both building and sign permits.

The following table shows the details of the Town of Kensington's FY06 revenues.

**FY06 GENERAL FUND REVENUES FOR THE TOWN OF KENSINGTON**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$544,853	37%
Other Local Taxes*	\$68,445	5%
<b>Fees</b>		
Fines and Forfeitures	\$862	<1%
License Fees	\$14,223	1%
Permit Fees	\$7,510	1%
Rents and Concessions	\$20,708	1%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$656,601</b>	<b>45%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$140,162	10%
17% Share of County Piggyback Income Tax (State-Mandated)	\$477,354	32%
Other County Revenue (Financial Corporation Grant)	\$4,226	<1%
<b>Subtotal for County</b>	<b>\$621,742</b>	<b>42%</b>
<b>State</b>		
Highway User Revenue	\$129,496	9%
Other State Revenue (Parks, Recreation, and Culture)	\$8,103	1%
<b>Subtotal for State</b>	<b>\$137,599</b>	<b>9%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$759,341</b>	<b>52%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$34,261	2%
Cable TV Franchise Fees	\$15,378	1%
Contributions and Donations		
Other	\$5,967	<1%
<b>Subtotal for Miscellaneous</b>	<b>\$55,606</b>	<b>4%</b>
<b>GRAND TOTAL</b>	<b>\$1,471,548</b>	<b>100%</b>

\*Includes Admissions and Amusements (\$462), Railroads and Public Utilities (\$24,061), Ordinary Business Corporations (\$69,008), Additions and Abatements (\$23,977), and Deferred Taxes (-\$49,063)  
Source: FY06 Uniform Financial Report of the Town of Kensington

### **C. Services and Expenditures**

The Town of Kensington has eight employees; four administrative and four public works employees. Kensington provides the following services to its residents:

- **Public Works.** The Public Works Department is responsible for all public works activities and functions: special and regular collection and disposal of refuse, bulk debris and yard waste; maintenance and repair of Town streets and roadways, curbing, sidewalks, brush/leaf collection; removal of snow and ice; installation and maintenance of street and traffic signs, maintenance of Town green spaces: parks, landscaping, trees, and shrubs; oversight of recycling vendors in the collection of residential co-mingled recyclables. Kensington maintains 7.79 miles of road.
- **Code Enforcement.** The goals of the Code Enforcement Department are "to maintain enforcement responsiveness that reflects upon public needs and concerns regarding health and safety, and to provide uniform, effective and timely code enforcement services to the residents of the Town of Kensington." Responsibilities include responding to and investigating citizen complaints, enforcing municipal codes with respect to illegal signs, dumping, junk vehicles, property maintenance, parking violations, residential and commercial building permits, health and environmental regulations.
- **Parks.** Kensington maintains seven Town parks.

The FY06 Uniform Financial Report for the Town of Kensington shows the Town expended \$1,301,038 to deliver services to town residents. The largest share of expenditures was in the Public Works category (61%), followed by General Government (31%). The following table summarizes the Town's FY06 expenditures.

**FY06 GENERAL FUND EXPENDITURES FOR THE TOWN OF KENSINGTON**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<i>General Government</i>	<i>\$408,723</i>	<i>31%</i>
<i>Public Safety</i>	<i>\$22,994</i>	<i>2%</i>
<i>Public Works</i>		
Road/Bridge/Sidewalk Maintenance	\$267,009	21%
Street Lighting	\$41,971	3%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$62,277	5%
Tree Maintenance and Parks Maintenance	\$66,702	5%
Snow Removal	0	0%
Other Public Works (Salaries, Benefits, and Vehicle Expenses)	\$360,042	28%
<i>Subtotal for Public Works</i>	<i>\$798,001</i>	<i>61%</i>
<i>Recreation and Culture</i>	<i>\$31,795</i>	<i>2%</i>
<i>Community Development and Public Housing</i>	<i>0</i>	<i>0%</i>
<i>Debt Service</i>	<i>0</i>	<i>0%</i>
<i>Capital Outlay*</i>	<i>0</i>	<i>0%</i>
<i>Miscellaneous (Pension Contributions and Workman's Compensation)</i>	<i>\$39,525</i>	<i>3%</i>
<b>GRAND TOTAL</b>	<b>\$1,301,038</b>	<b>100%</b>

\*The Town of Kensington spent \$87,301 (7% of expenditures) on capital outlay; however, it is accounted for throughout public works expenditures. Capital expenditures are not broken out within public works expenditures.

Source: FY06 Uniform Financial Report of the Town of Kensington

**D. Capital Assets and Expenditures**

The Town's capital assets are valued at \$1,015,491 and include land, buildings, machinery, equipment, vehicles, and park and playground equipment. According to Town officials, Kensington spent \$87,301 in FY06 from the general fund for capital outlays in FY06 for infrastructure, building improvements, and equipment.

**Borrowing Authority.** The Town Charter establishes the authority for the town to engage in short-term and long-term borrowing:

- Section 813 of the Charter authorizes the Town to issue tax anticipation bonds in the first half of the fiscal year. The amount that can be borrowed cannot exceed 50% of the anticipated property tax revenues; and
- Section 814 states that the power and obligation of the Town to pay any and all bonds, notes, or other evidences of indebtedness issued by it under the authority of this Charter shall be unlimited and the Town shall levy ad valorem taxes upon all the taxable property of the Town for the payment of such bonds and notes.

Although legally allowed to incur debt, the Town does not currently have any long-term debt.

#### **E. Funds and Fund Balances**

The Town of Kensington has one major governmental fund: the General Fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The following table shows the fund balances for the FY06 General Fund. A majority of the Town's Fund Balance (\$1,280,022 or 99%) is unrestricted funds. The remaining fund balance (\$18,612) is reserved for prepaid expenses.

#### **FY06 BEGINNING AND END OF YEAR GENERAL FUND BALANCES FOR THE TOWN OF KENSINGTON**

Beginning of Year Fund Balance	\$1,128,124
End of Year Fund Balance	\$1,298,634
Change in Fund Balance	\$170,510
Percent Change in Fund Balance	15% increase

**Investments.** Kensington has \$652,422 invested in Maryland Local Government Investment Pool. There is an additional \$529,178 invested in Wachovia Securities.

#### **F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Town of Kensington provides its employees with a defined benefit plan which currently has an unfunded liability of \$285,962. The Town does not provide any other post-employment benefits and therefore does not have to comply with GASB 43 and 45.



## **SUMMARY FINANCIAL DATA FOR THE TOWN OF LAYTONSVILLE**

The Town of Laytonsville was incorporated in 1892. According to Town officials, the Town has 277 people, 103 households, and approximately 63,000 square feet of commercial space. The Town comprises approximately one square mile in an area northeast of Gaithersburg.

### **A. Governance**

The Town of Laytonsville is managed by a Mayor and four-person Council. The Town Council is elected by the voters for two year terms. Elections are held in May of each year with two council seats elected one year and three seats elected the following year.

### **B. Revenues**

The Town of Laytonsville's Comprehensive Annual Financial Report (CAFR) shows the Town collected \$181,325 in revenues for FY06, including \$69,922 (39%) in locally imposed property taxes and \$95,655 (53%) from Intergovernmental transfers.

**Property Taxes.** The FY06 assessable base for Laytonsville was \$41.2 million, including \$38.8 million in real property assessable base and \$2.4 million in personal property assessable base. The FY06 real property tax rate was 14 cents per \$100 of assessed value and the personal property tax rate was 35 cents per \$100 of assessed value. According to the FY06 CAFR, the Town collected \$69,922 in property tax revenues for FY06.

The table on the next page summarizes the Town's FY06 General and Capital Fund revenues.

**FY06 GENERAL AND CAPITAL FUND REVENUES FOR THE TOWN OF LAYTONSVILLE**

<b>Municipal Revenues</b>		
<b><i>Taxes</i></b>		
Property (Real and Personal)	\$69,922	39%
Other Local Taxes	0	0%
<b><i>Fees</i></b>		
Fines and Forfeitures	0	0%
License Fees	\$491	<1%
Permit Fees	\$615	<1%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b><i>Subtotal for Municipal</i></b>	<b><i>\$71,028</i></b>	<b><i>39%</i></b>
<b>Intergovernmental Revenues</b>		
<b><i>County</i></b>		
Reimbursement Payment	\$13,244	7%
17% Share of County Piggyback Income Tax (State-Mandated)	\$58,776	32%
Other County Revenue	0	0%
<b><i>Subtotal for County</i></b>	<b><i>\$72,020</i></b>	<b><i>40%</i></b>
<b><i>State</i></b>		
Highway User Revenue	\$23,635*	13%
Other State Revenue	0	0%
<b><i>Subtotal for State</i></b>	<b><i>\$23,635</i></b>	<b><i>13%</i></b>
<b><i>Federal</i></b>		
	0	0%
<b><i>Subtotal for Intergovernmental</i></b>	<b><i>\$95,655</i></b>	<b><i>53%</i></b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$5,814*	3%
Cable TV Franchise Fees	\$1,815	1%
Contributions and Donations	0	0%
Other (Waste Removal and Miscellaneous)	\$7,013	4%
<b><i>Subtotal for Miscellaneous</i></b>	<b><i>\$14,642</i></b>	<b><i>8%</i></b>
<b><i>GRAND TOTAL</i></b>		<b><i>\$181,325 100%</i></b>

\*Revenues collected from Highway User (\$23,635) went into Capital Fund; Investment Earnings were split between General Fund (\$4,247) and Capital Fund (\$1,567)

Source: FY06 Comprehensive Annual Financial Report for the Town of Laytonsville

**C. Services and Expenditures**

Laytonsville has three part-time, administrative positions and one part-time code enforcement employee. Laytonsville provides the following services to its residents:

- **Waste Collection.** Household waste will be picked up twice a week and yard waste will be picked up at the curb once a week. The contractor will supply bulk item collection for residents of the Town on an individual case-by-case basis year round. Twice a year the town arranges for a special spring and fall cleaning trash pickup on a Saturday. Recyclables (mixed paper, plastic, and glass) are collected once a week.
- **Snow Removal.** The Town contracts with a snow plowing service and plowing will be provided when the snowfall exceeds four inches. Arrangements can be made through the Town for residents needing additional assistance in snow removal.
- **Street Light Maintenance.** The Town is responsible for street light outages within the Town limits. There are 3.52 miles of road in Laytonsville.

The Financial Statement for the Town of Laytonsville shows the Town expended \$127,073 to deliver services to town residents in FY06. The largest share of expenditure was for the Public works category (54%), followed by General Government (39%).

The table on the next page summarizes the expenditures for Laytonsville for FY06. Expenditures are out of the General Fund unless otherwise noted.

**FY06 GENERAL AND CAPITAL PROJECTS FUND EXPENDITURES FOR THE TOWN OF  
LAYTONSVILLE**

Expenditure Category	Amount	Share
<b>General Government</b>	<b>\$49,981*</b>	<b>39%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	0	0%
Street Lighting	\$6,182	5%
Stormwater Management	\$5,979*	5%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$32,158	25%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	\$1,790	1%
Other Public Works**	\$21,926	17%
<i>Subtotal for Public Works</i>	<b>\$68,035</b>	<b>54%</b>
<b>Recreation and Culture</b>	<b>0</b>	<b>0%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>\$9,057</b>	<b>7%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$127,073</b>	<b>100%</b>

\*General Government Expenditures includes \$627 out of the Capital Fund for Miscellaneous; Water Management (\$5,979) is out of Capital Projects Fund

\*\*Includes Grounds Maintenance (\$10,405); Town Hall Repairs (\$4,943); Engineering (\$2,547 out of Capital Projects Fund); Special Projects (\$1,590); and Town Hall Ground Maintenance (\$2,441)

Source: FY06 Comprehensive Annual Financial Report for the Town of Laytonsville

**D. Capital Assets and Expenditures**

The Capital Projects Fund accounts for the acquisition and/or construction of major capital assets. As of the end of FY06, the Town's capital assets are valued at \$300,637 and include land, buildings (the Town Hall), and equipment.

In FY06, Laytonsville spent \$9,057 on capital outlays which includes \$7,032 for capital outlay for the Town Hall and \$2,025 for welcome signs.

**Borrowing Authority.** The Town Charter establishes the authority for the town to engage in short-term and long-term borrowing:

- Section 816 of the Charter authorizes the Town to issue tax anticipation bonds in the first half of the fiscal year. The amount that can be borrowed cannot exceed 50% of the anticipated property tax revenues;
- Section 817 of the Town Charter authorizes power to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds; and
- Section 817 further authorizes the Mayor and Council the power to issue revenue bonds for one or more revenue-producing projects that serve a proper public purpose.

The Town of Laytonsville currently does not have any outstanding debt.

**E. Funds and Fund Balances**

Laytonsville has two governmental funds:

- The General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.
- The Capital Fund is used for all capital projects.

The Town had a total fund balance of \$254,349 at the end of year FY06. Twenty-six (26%) percent (\$66,369) of the Town's Fund Balance is reserved for Capital Projects for street and sidewalk repairs. The remaining \$187,980 is an unreserved General Fund balance. The following table show the fund balances for the FY06 General Fund and Capital Projects Fund combined.

**FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE TOWN OF  
LAYTONSVILLE**

Beginning of Year Fund Balance	\$200,097
End of Year Fund Balance	\$254,349
Change in Fund Balance	\$54,252
Percent Change in Fund Balance	27% increase

Source: FY06 Comprehensive Annual Financial Report for the Town of Laytonsville

**Investments.** The Town has invested \$151,791 in the State of Maryland Local Government Investment Pool. The Town also has \$30,687 invested in a certificate of deposit.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

Section 905 of the Town Charter states:

The Mayor and Council shall have the power to create and maintain a retirement or pension system and include its officers and employees within any retirement system or pension system and to pay the employer's share of the cost of any such retirement or pension system out of the general funds of the Town.

However, Laytonsville does not currently have a retirement plan for employees. Since the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE VILLAGE OF MARTIN'S ADDITIONS**

Martin's Additions was established as a Special Tax District in 1916; it was incorporated in 1985. The U.S. Census (2000) reports there are 905 people and 309 households. The Village has approximately 12,000 square feet of commercial space. The Village is located in the Chevy Chase area and is approximately one tenth of one square mile of land.

### **A. Governance**

Martin's Additions is governed by a Council form of government consisting of a Council Chairperson and Village Council. The Council has the authority to appoint a Village Manager who is responsible for the day-to-day operations of the Village.

### **B. Revenues**

Martin's Additions Comprehensive Annual Financial Report (CAFR) shows the Village collected \$568,398 in revenues for FY06, including \$15,047 (3%) in locally assessed property taxes. Intergovernmental revenues totaled \$499,584, which is approximately 89% of all revenues.

**Property Taxes.** The FY06 assessable base for Martin's Additions was \$189.96 million, including a real property assessable base of \$188.371 million and a personal property assessable base of \$1.587 million. Both the FY06 real property tax rate and personal property tax rate were 0.8 cents per \$100 of assessed value. The Town's FY06 property tax revenues were \$15,047.

The table on the next page details the FY06 revenues for Martin's Additions.

**FY06 GENERAL FUND REVENUES FOR THE VILLAGE OF MARTIN'S ADDITIONS**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$15,047	3%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	\$2,114	<1%
License Fees	\$2,711	<1%
Permit Fees	\$851	<1%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$20,723</b>	<b>4%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$27,354	5%
17% Share of County Piggyback Income Tax (State-Mandated)	\$431,809	76%
Other County Revenue	\$159	<1%
<b>Subtotal for County</b>	<b>\$459,322</b>	<b>81%</b>
<b>State</b>		
Highway User Revenue	\$40,262	7%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$40,262</b>	<b>7%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$499,584</b>	<b>88%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$35,836	6%
Cable TV Franchise Fees	\$5,968	1%
Contributions and Donations	0	0%
Other (Holiday Fund)	\$6,287	1%
<b>Subtotal for Miscellaneous</b>	<b>\$48,091</b>	<b>8%</b>
<b>GRAND TOTAL</b>	<b>\$568,398</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Village of Martin's Additions



**C. Services and Expenditures**

The Village has one employee who works from the Village office. The Village maintains 2.21 miles of streets, plus the sidewalks and the trees within its rights-of-way. The Village awards contracts for recycling, refuse collection, and snow removal. Neighborhood activities include community parties in the spring and autumn and events where residents are recognized for outstanding contributions to the community.

The FY06 Financial Statement for Martin's Additions shows the Village expended \$514,478 to deliver services to its residents. The largest share of expenditures was the Public Works category (58%), followed by General Government (29%).

**FY06 GENERAL FUND EXPENDITURES FOR THE VILLAGE OF MARTIN'S ADDITIONS**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$146,738</b>	<b>29%</b>
<b>Public Safety</b>	<b>\$47,659</b>	<b>9%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$14,460	3%
Street Lighting	\$12,105	2%
Stormwater Management	0	0%
Sidewalk Maintenance	\$126,078	25%
Waste Collection and Recycling	\$81,512	16%
Tree Maintenance and Parks Maintenance	\$57,546	11%
Snow Removal	\$6,147	1%
Other Public Works	0	0%
<i>Subtotal for Public Works</i>	<b>\$297,848</b>	<b>58%</b>
<b>Recreation and Culture</b>	<b>\$22,233</b>	<b>4%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$514,478</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Village of Martin's Additions

**D. Capital Assets and Expenditures**

The Village's capital assets are valued at \$41,850 and include office equipment and infrastructure. In FY06, the Village spent over \$170,000 on capital improvements for street and sidewalk repair.

**Borrowing Authority.** Section 702 of the Village Charter authorizes long-term borrowing. According to the Charter, the maximum amount that can be borrowed for capital projects is 10% of the assessable base of the Village. The charter requires the Town to send notices and convene a special meeting to seek the approval for any borrowing.

The Village currently has no long-term debt.

**E. Funds and Fund Balances**

The Village of Martin's Additions uses one individual governmental fund, the General Fund to account for its operations. At the end of FY06, the General Fund had a balance of \$1.02 million. During FY06, the fund balance increase \$53,920, or 6%. Approximately 73% (\$739,919) of the fund balance is an unreserved fund balance. The remainder of the fund is reserved for street improvements and prepaid expenses. The table below summarizes the FY06 fund balance.

**FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE VILLAGE OF MARTIN'S ADDITIONS**

Beginning of Year Combined Fund Balance	\$965,367
End of Year Combined Fund Balance	\$1,019,287
Change in Combined Fund Balance	\$53,920
Percent Change in Fund Balance	6% Increase

Source: FY06 Comprehensive Annual Financial Report for the Village of Martin's Additions

**Investments.** The Village holds investments in the State Treasurer's Investment Pool with a FY06 balance of \$854,297.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Village does not offer benefits or a retirement plan for its one employee. Since the Village does not provide a pension or any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE VILLAGE OF NORTH CHEVY CHASE**

The Village of North Chevy Chase was established as a Special Tax District in 1924 and incorporated as a village in 1996. The 2000 Census reports the Village has 465 people; the Village website states there are about 200 single family residences and a few religious and professional establishments. The Village is located south of the Capitol Beltway, to the east of Connecticut Avenue. The southern boundary is Jones Bridge Road. The Village encompasses approximately 2.1 square miles.

### **A. Governance**

The Charter establishes the Village's governance structure. The Village is governed by a five-member Village Council. As specified in the Charter, the Village Council is elected at an annual meeting held in May. At that meeting, the Village Council members select the Chair, Vice Chair, Treasurer, and Secretary and the annual operating budget and tax rate for the following year is adopted.

The Charter authorizes the Village Council to hire a Village Manager. It also authorizes the Village to levy taxes, enact and enforce regulations, develop a budget, acquire property and borrow money. The Charter requires that a final budget must be approved at the meeting prior to the annual meeting, and at the annual meeting a separate ballot must be held to continue the existing tax rate.

In 1992, the Village Council enacted Village Regulations which were approved by the Montgomery County Council in July 1993. The regulations address General Provisions, Government Administration, Building Permits, Property Regulations, Trees and Shrubs, and Vehicles and Traffic.

### **B. Revenues**

The FY06 Comprehensive Annual Financial Report (CAFR) for North Chevy Chase show the Village collected \$316,709 in revenues for FY06, including \$48,340 in locally imposed property taxes and \$256,260 in Intergovernmental revenues.

**Property Taxes.** The FY06 assessable base for North Chevy Chase was \$91.9 million, including \$91.5 million in real property assessable base and \$441,470 in personal property assessable base in FY06. The FY06 real property tax rate was 5.2 cents per \$100 of assessed value and the personal property tax was 13 cents per \$100 of assessed value. The Village collected property tax revenues of \$48,340 in FY06.

The table on the next page summarizes the Village's FY06 revenues.

**FY06 GENERAL FUND REVENUES FOR NORTH CHEVY CHASE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$48,340	15%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$48,340</b>	<b>15%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$24,384	8%
17% Share of County Piggyback Income Tax (State-Mandated)	\$201,320	64%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$225,704</b>	<b>71%</b>
<b>State</b>		
Highway User Revenue	\$30,556	10%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$30,556</b>	<b>10%</b>
<b>Federal</b>	<b>0</b>	<b>0%</b>
<b>Subtotal for Intergovernmental</b>	<b>\$256,260</b>	<b>81%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$2,406	1%
Cable TV Franchise Fees	\$3,827	1%
Contributions and Donations	0	0%
Other	\$5,876	2%
<b>Subtotal for Miscellaneous</b>	<b>\$12,109</b>	<b>4%</b>
<b>GRAND TOTAL</b>	<b>\$316,709</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for North Chevy Chase Village

### **C. Services and Expenditures**

The Village has one part-time employee, a Village Manager. The Village reports that the Council and Village Manager arrange various social and informational meetings for Village residents throughout the year. They also represent the Village at meetings of community representatives as well as meetings with other public officials. The Village Manager also monitors Village regulations to ensure that they remain current to reflect changes to State law.

The Village of North Chevy Chase provide the following services for its residents:

- **Waste Collection.** A contractor provides trash collection twice a week, recycling and yard waste collections once a week, and pick up of bulk items and hazardous waste on a quarterly basis. The Treasurer's Report shows about \$70K in Waste Removal expenditures for FY06.
- **Leaf Collection.** A contractor collects leaves from the curbside once a week during fall months. The Treasurer's Report shows about \$12.6K in leaf collection expenditures for FY06.
- **Street and Sidewalk Repair and Maintenance.** The Village contracts for annual street cleaning services and for snow plowing and sanding services. The Treasurer's Report shows about \$2.6K for Street Cleaning expenditures, \$963 for Sign/Street Maintenance, and \$3.7K for Sidewalk Repair in FY06. It shows \$7.7K for Snow Removal.
- **Tree Planting, Pruning, and Removal.** The Village has completed a tree inventory and an ad hoc Tree Committee oversees a Village tree planting program. The Village has an inventory of about 250 trees. The Treasurer's Report shows about \$10.1K for Trees in FY06.

The FY06 CAFR for North Chevy Chase shows the Village expended \$150,306 to deliver services to its residents. The largest expenditure share was the Public Works category (76%), followed by the General Government category (24%). The table on the next page summarizes the FY06 expenditures for North Chevy Chase.

**FY06 GENERAL FUND EXPENDITURES FOR NORTH CHEVY CHASE**

Expenditure Category	Amount	Share
<b>General Government</b>	<b>\$36,208</b>	<b>24%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$7,257	5%
Street Lighting	\$4,735	3%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$63,961	43%
Tree Maintenance and Parks Maintenance	\$17,845	12%
Snow Removal	\$7,700	5%
Other Public Works (Leaf Collection)	\$12,600	8%
<i>Subtotal for Public Works</i>	<b>\$114,098</b>	<b>76%</b>
<b>Recreation and Culture</b>	<b>0</b>	<b>0%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$150,306</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for Village of North Chevy Chase

**D. Capital Assets and Expenditures**

The Village Treasurer publishes a monthly capital report to track the Village's capital outlays and expenditures. The monthly capital report lists major capital expenses for a given year as well as projected future expenses.

In FY06, the Village adopted a capital budget that reported capital expenses separately from the operating budget. The Village instituted this approach so that it could more easily comply with GASB 34 requirements and so that the capital expenditures would not skew the report of operating budget expenses.

The Village's capital assets are valued at \$378,552 and include streets, sidewalks, curbs and gutters, signs, and trees.

According to the FY06 CAFR, the Village expended \$256,306 for major capital additions. These capital outlays paid for curb and gutter, sidewalk, new signs, and highway repair, resurfacing and upgrading. This is included in the total value of capital assets.

**Borrowing Authority.** Section 7.04 of the Village Charter authorizes the Village Council borrow money and otherwise contract indebtedness and obligate the Village in amounts not exceeding, in the aggregate at any time, ten (10) per cent of the assessed valuation of all Property within the Village.

At the end of FY06, the Village had no outstanding long or short-term capital debt.

**E. Funds and Fund Balances**

As of July 1, 2005, the Village initiated the use of two funds to account for its revenues and expenditures: the General Fund and the Capital Projects Fund. The General Fund is the Village's primary operating fund which accounts for all financial resources except those require to be accounted for in another fund. The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects.

As a result of this change in accounting, the General Fund and Capital Fund balances were restated as of July 1, 2005. The following table shows the fund balances for the FY06 General Fund and Capital Project Funds combined. The FY06 CAFR states that all of the Village's fund balances are unreserved funds. The table below shows the fund balances for the General and Capital Funds.

**FY06 BEGINNING AND END OF YEAR GENERAL AND CAPITAL FUND BALANCES FOR  
NORTH CHEVY CHASE**

	General Fund	Capital Fund	Total Funds
Beginning of Year Fund Balance	\$135,747	\$409,811	\$545,558
End of Year Fund Balance	\$274,150	\$186,573	\$460,723
Change in Fund Balance	\$138,403	\$(223,238)	\$(84,835)
Percent Change in Fund Balance	1.9% increase	54% decrease	16% decrease

Source: FY06 Comprehensive Annual Financial Report for Village of North Chevy Chase

**Investments.** The Village's Total Fund balance as of June 30, 2006 was \$460,723. The FY06 CAFR stated the Village investments included \$64,728 in United States Savings Bonds and \$186,573 in money market accounts maintained at UBS Paine Webber. These investments totaled \$251,301 and account for 54% of the end of year fund balance.

**F. Pension Plans and GASB Other Post Employment Benefit (OPEB) Requirements**

The Village does not offer a retirement plan for its employee. Since the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE OAKMONT SPECIAL TAXING DISTRICT**

Oakmont, Maryland is a special taxing district chartered in 1918. Oakmont covers 18.5 acres; the District boundaries encompass both sides of Oak Place and the south side of Oakmont Avenue, across Old Georgetown Road from the National Institutes of Health, in the Bethesda, Maryland postal area. According to District officials, Oakmont has approximately 145 residents and 52 homes and has no commercial property.

### **A. Governance**

Oakmont is governed by an elected Chairman, a Treasurer and Secretary. Chapter 70 of the Montgomery County Code, which contains the governance framework and authority for the Oakmont District, addresses the following governing matters:

- Authorization of the County Council to collect a local property tax established by the Oakmont Citizen's Committee at the same time it collects the county property tax;
- Limitation on the amount of tax that can be imposed locally to not less 4 cents and not more than 20 cents per each \$100 of assessed value; and
- Establishment of the authority of Oakmont to expend public funds for "maintaining, repairing, lighting the streets, roads, alleys, sidewalks, parking, sanitation and other maintenance and upkeep of existing improvements," and for compensation of the members of the Oakmont Citizen's Committee.

### **B. Revenues**

The FY06 Comprehensive Annual Financial Report (CAFR) for Oakmont shows the District collected \$50,898 in revenues in FY06, including \$17,968 from locally imposed property taxes and \$32,930 from Intergovernmental revenues.

**Property Taxes.** The District's FY06 assessable base was \$29.7 million including \$29.6 million in real property assessable base and \$132,720 in personal property assessable base.. The FY06 real property tax rate approved by the District was 6 cents per \$100 of assessed value and the personal property tax rate was 10 cents per \$100 of assessed value. The District collected \$17,968 in property tax revenues in FY06.

**County Tax Duplication Payments.** The \$3,342 in the County Reimbursement Program is the County's portion of Oakmont's stormwater project.

The table on the next page summarizes the FY06 revenues for the Oakmont Special Taxing District.



**FY06 GENERAL FUND REVENUES FOR THE OAKMONT SPECIAL TAXING DISTRICT**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$17,968	35%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>\$17,968</b>	<b>35%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$3,342	7%
17% Share of County Piggyback Income Tax (State-Mandated)	\$25,111	49%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$28,453</b>	<b>56%</b>
<b>State</b>		
Highway User Revenue	\$4,477	9%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$4,477</b>	<b>9%</b>
<b>Federal</b>	<b>0</b>	<b>0%</b>
<b>Subtotal for Intergovernmental</b>	<b>\$32,930</b>	<b>65%</b>
<b>Miscellaneous Revenues</b>		
Interest Earnings	0	0%
Cable TV Franchise Fees	0	0%
Contributions and Donations	0	0%
Other	0	0%
<b>Subtotal for Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>		<b>\$50,898 100%</b>

Source: FY06 Comprehensive Annual Financial Report for Oakmont

### **C. Services and Expenditures**

Oakmont Special Taxing District has one part-time employee, the Town Clerk. The District provides the following services to residents:

- **General Government Services.** This category includes expenditures of \$4,787 for legal and audit expenses, \$4,427 for community promotion, and \$3,600 for committee compensation, plus expenditures for clerk compensation, committee expenses, and dues.
- **Public Works Services.** This category includes expenditures for stormwater management, sidewalk maintenance and trees, leaf collection, snow removal and street lighting.
- **Parks.** This category includes the maintenance of a small park (Daley Lane).
- **Waste Collection.** According to Oakmont officials, the District has provided waste collection services intermittently. According to the CAFR for FY06, the District incurred an expense of \$17,708 for full cost of waste collection for all properties. The CAFR indicates the District will discontinue this service in FY08 “due to the cumbersome method of handling this through Montgomery County and the lack of an audit procedure for the program.” This change has no effect on how these services will be provided, only the manner of payment. The County provides these services and bills the homeowners with line items on the annual tax statement. In FY06 the homeowners were granted permission to deduct these service charges when they paid their taxes and the District reimbursed the County. For reasons stated above this billing/reimbursement procedure has been discontinued. The homeowners will pay for the services.

In FY06, the District expended \$52,970 to provide services to its residents. The CAFR states Oakmont’s expenses relate to the infrastructure of Oakmont, administrative costs incurred by the governing committee, and community promotions, such as an annual picnic. The largest share of expenditures was the Recreation and Culture category (41%), followed by General Government (32%) and Public Works (26%).

**FY06 GENERAL FUND EXPENDITURES FOR THE OAKMONT SPECIAL TAXING DISTRICT**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$16,975</b>	<b>32%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$1,955*	4%
Street Lighting	\$1,645	3%
Stormwater Management	\$3,588	7%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	0	0%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	\$3,912	7%
Other Public Works (Leaf Collection)	\$2,350	4%
<i>Subtotal for Public Works</i>	<b>\$13,450</b>	<b>25%</b>
<b>Recreation and Culture</b>	<b>\$22,046</b>	<b>42%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>\$438</b>	<b>&lt;1%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$52,908</b>	<b>100%</b>

\*Includes Sidewalks and Trees

Source: FY06 Comprehensive Annual Financial Report for Oakmont

**D. Capital Assets and Expenditures**

The District's capital assets, net of depreciation, are valued at \$566,006, including \$45,000 in land and \$521,058 in roads, sidewalks and storm drains. The FY06 CAFR states capital asset activity for FY06 related to the storm drainage project, street paving, installation of speed bumps and sidewalks. The District reports that over the past few years, the Committee has made major investments in its storm drains and park improvements.

In addition, the District reports that the Committee believes all major infrastructure costs have been addressed, that future tax revenues should moderately exceed operating costs, and that this could provide for the build up of reserve funds for long-term infrastructure replacement costs. The FY06 CAFR states that for the future the Committee is addressing a concrete replacement project to extend a sidewalk and replace curbs and driveway aprons.

**Borrowing Authority.** The District is authorized to borrow money, subject to limits established in Section 70-7 of the County Code. According to the County Code, the District can borrow money with an initial amount not exceeding four thousand dollars (\$4,000), and in subsequent amount not exceeding in total in any calendar year the sum of eight-tenths (0.8) percent of the assessed valuation of the real property other than operating real property of a public utility and two (2) percent of the assessed valuation of operating real property of a public utility within the Oakmont Subdivision.

The District does not currently have any outstanding loans or long-term liabilities. District officials report that it is the District's practice is to pay for capital improvements through current revenues.

The FY06 Expenditures show \$438 for a debt service interest payment which reflects interest on short-term loans needed to cover expenses until revenues were received. This occurs when the County agrees to pay a portion of an expense. The District is required to pay the full invoice amount and then be reimbursed by the County.

**E. Funds and Fund Balances**

The Town uses one fund, the Governmental Fund, to account for all activities of general government and indicate the level of financial resources available to finance Oakmont's programs in the near term. In FY06, the District's fund balance decreased \$2,410, from \$29,172 to \$26,762. The 2006 CAFR indicates the entire amount of this fund balance is unrestricted.

**FY06 BEGINNING AND END OF YEAR GENERAL FUND BALANCE FOR THE  
SPECIAL TAXING DISTRICT OF OAKMONT**

Beginning of Year Fund Balance	\$29,172
End of Year Fund Balance	\$26,762
Change in Fund Balance	-\$2,410
Percent Change in Fund Balance	8% Decrease

Source: FY06 Comprehensive Annual Financial Report for Oakmont

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

Oakmont does not provide employees with any retirement benefits. Since the District does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF POOLESVILLE**

The Town of Poolesville was incorporated in 1867. As of the Census of 2000, there were 5,151 people and 1,601 households in the Town. Poolesville is located in northwest Montgomery County and has a land area of approximately 3.9 square miles.

### **A. Governance**

The Town Government consists of five Commissioners, elected at large by the voters of Poolesville for staggered four-year terms. The Commissioners then elect one of their own as the President (informally known as The Mayor) and a Vice President. The Town Manager oversees day-to-day operations of the Town through a Parks and Streets Department, Water and Sewer Department, Wastewater Treatment Department, and a Town Clerk/Treasurer.

The Town also has an Attorney, an Engineer, and an Accountant under contract. Six appointed Boards and Commissions assist the Commissioners with Town governance. These include:

- Planning Commission -exercises planning and zoning powers as outlined by the State of Maryland;
- Parks Board - responsible for advising the Commissioners on Park use, capital projects and future park sites;
- Board of Elections - insures that local elections are held in accordance with local and state laws;
- Sign Review Board - approves all signs posted for use in the Town;
- Board of Zoning Appeals, which hears testimony and rules on zoning issues; and
- Ethics Commission, which rules on conflict of interest issues.

### **B. Overview of Revenues and Expenditures by Fund**

The Town maintains two funds:

- The General Fund is the general operating fund of the Town; and
- The Wastewater Treatment Proprietary Fund (enterprise fund) is used to account for Poolesville's sanitary sewer and water distribution operations.

Below is an overview of the revenues and expenditures for each of these funds.

#### **General Fund Revenues**

The Town of Poolesville FY07 Comprehensive Annual Financial Report shows the Town collected \$2,983,062 in revenues for FY07, including \$984,787 in locally imposed property taxes and \$1,428,701 from intergovernmental transfers. The table on the next page summarizes the General Fund revenues for FY07.

**Property Taxes.** The FY07 assessable base for Poolesville was \$500.4 million, including \$491.7 million in real property assessable base and \$8.7 million in personal property assessable base. The real property tax rate was 18 cents per \$100 of assessed value in FY07 and the personal property tax rate was 60 cents per \$100 of assessed value. According to the CAFR, Poolesville collected \$984,787 in property tax revenues in FY07.

**Permit Fees.** The fee breakdown is as follows: Building/Plumbing Permits: \$12,827; Zoning and Subdivision Fees: \$9,530; and Recreation Income: \$1,267.

**FY07 GENERAL FUND REVENUES FOR THE TOWN OF POOLESVILLE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property	\$984,787	33%
Other Local Taxes (Unincorporated Business and Public Utilities)	\$52,610	2%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	\$22,357	1%
Rents and Concessions	\$134,493	5%
Services and Charges	\$1,267	<1%
<b>Subtotal for Municipal</b>	<b>\$1,195,514</b>	<b>40%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$221,771	7%
17% Share of County Piggyback Income Tax (State-Mandated)	\$875,299	29%
Other County Revenue (Property Tax Grant)	\$722	0%
<b>Subtotal for County</b>	<b>\$1,097,792</b>	<b>37%</b>
<b>State</b>		
Highway User Revenue	\$302,958	10%
Other State Revenue (Franchise/Traders)	\$27,951	1%
<b>Subtotal for State</b>	<b>\$330,909</b>	<b>11%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$1,428,701</b>	<b>48%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$204,862	7%
Cable TV Franchise Fees	0	0%
Contributions and Donations	0	0%
Other (Sale of Old Town Hall and Miscellaneous)	\$153,985	5%
<b>Subtotal for Miscellaneous</b>	<b>\$358,847</b>	<b>12%</b>
<b>GRAND TOTAL</b>	<b>\$2,983,062</b>	<b>100%</b>

Source: FY07 Comprehensive Annual Financial Report for the Town of Poolesville

**General Fund Services and Expenditures**

According to the FY08 budget, the Town of Poolesville has sixteen employees including: Town Manager, Clerk-Treasurer, Deputy Clerk, Administrative Positions, Superintendent of Water and Wastewater, Wastewater Treatment Plant employees, Director of Parks and Streets, and Parks and Streets employees. Poolesville has full planning and zoning authority. Other services the Town provides its residents include:

- **Waste Collection.** The Town collects household trash twice weekly, recyclables once a week, yard waste weekly between April and January, and special collections on an as-needed basis.
- **Road and Sidewalk Repair.** The Town maintains and repairs streets and sidewalks, including street lighting and snow removal, within its boundaries. The Town has 16.31 miles of road.
- **Parks and Recreation.** The Town owns and maintains eight parks, and a Montgomery County swimming pool facility, within the town limits.

The FY07 CAFR for the Town of Poolesville shows the Town expended \$2,457,533 to deliver services to town residents in FY07. Capital Outlay was the largest expenditure (42%), followed by General Government (27%) and Public Works (22%). The table below summarizes the expenditures for the Town of Poolesville for FY07.

**FY07 GENERAL FUND EXPENDITURES FOR THE TOWN OF POOLESVILLE**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$669,886</b>	<b>27%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	0	0%
Street Lighting	\$151,784	6%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$277,255	11%
Tree Maintenance and Parks Maintenance	\$4,878	<1%
Snow Removal	\$7,992	<1%
Other Public Works	\$90,357	4%
<i>Subtotal for Public Works</i>	<b>\$532,266</b>	<b>22%</b>
<b>Recreation and Culture</b>	<b>\$37,298</b>	<b>2%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service**</b>	<b>\$186,847</b>	<b>8%</b>
<b>Capital Outlay</b>	<b>\$1,022,650</b>	<b>42%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$2,457,533</b>	<b>100%</b>

\*Other Public Works includes: Repairs and Maintenance (\$19,342), Truck Expense (\$21,356), and Engineering Consultant Expenses (\$49,195)

\*\*According to FY06 Actual Expenditures from FY08 Budget for Town of Poolesville

Source: FY07 Comprehensive Annual Financial Report for the Town of Poolesville

**Wastewater Treatment Proprietary Fund**

The Town of Poolesville provides residents with water and sewer services by the Town's own water and sewer system. The Wastewater Treatment Plant was built in 1986.

**Wastewater Treatment Proprietary Revenue.** The Town of Poolesville receives a grant from the Environmental Protection Agency entitled Capitalization Grants for Clean Water State Revolving Funds. In FY07, Poolesville received \$852,379 but only had expenditures of \$794,207. The remaining funds were deferred. The table provides an summary of the proprietary fund revenues and expenditures.

**FY07 WASTEWATER TREATMENT PROPRIETARY FUND FOR THE TOWN OF  
POOLESVILLE**

<b>Operating Revenue</b>	
Operating Revenue (Water and Sewer Fund)	\$733,192
<b>Operating Expenses</b>	
Sewer Treatment Plant Expense	\$384,664
Salaries and Benefits	\$367,015
Lab Supplies/Testing	\$8,463
Water Purification Chemicals	\$2,363
Electricity	\$72,152
Trustee Fee and Expenses	\$7,531
Supplies	\$4,228
Repairs and Maintenance	\$11,032
Office Expense	\$8,537
Uniforms and Training	\$4,325
Professional Fees	\$10,866
Telephone	\$3,702
Inflow and Infiltration	\$24,780
Insurance	\$10,031
Truck Expense	\$13,415
Amortization of Bond Issue Cost	\$2,545
Depreciation, Note 1H	\$580,098
<b>Total</b>	<b>\$1,515,748</b>
<b>Non-Operating Revenues/(Expenses)</b>	
Contributions	\$50,000
Other Income	\$2,5234
Interest Income	\$18,668
Net Increase/(Decrease) in Fair Value	\$(1,517)
Interest Expense	\$(30,619)
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>\$39,056</b>
Change in Net Assets	\$(586,587)
Net Assets – End of Year	\$16,481,054

Source: FY07 Comprehensive Annual Financial Report for the Town of Poolesville



**C. Capital Assets and Expenditures**

The Town's capital assets are valued at \$10,031,185 and include the buildings, land, equipment, and infrastructure (sidewalks and streets). The Town of Poolesville's capital assets for governmental activities are as follows:

<b>Capital Asset</b>	<b>Balance 6/30/07</b>
Land and Rights of Way	\$221,542
Land and Building Improvements	\$1,908,642
Equipment	\$153,469
Infrastructure	\$7,747,532
<b>Total</b>	<b>\$10,031,185</b>

FY07 Comprehensive Annual Financial Report for the Town of Poolesville

The Town also has an additional \$18,682,668 in capital assets for the water and sewer treatment plants. The following table shows the distribution of those assets.

<b>Capital Asset</b>	<b>Balance 6/30/07</b>
Land and Rights of Way	\$117,217
Equipment	\$79,126
Infrastructure	\$18,047,389
Computer Software	\$2,716
Construction in Progress	\$436,220
<b>Total</b>	<b>\$18,682,668</b>

FY07 Comprehensive Annual Financial Report for the Town of Poolesville

Poolesville capital expenditures are budgeted in the General Fund. Poolesville spent \$1,022,650 on capital improvements out of the General Fund in FY07 including:

- \$347,841 for New Town Hall and Maintenance Building;
- \$579,441 for Equipment, Streets and Storm Drains;
- \$62,035 for Engineering Developments; and
- \$33,333 for Recreation Equipment and Renovations.

**Borrowing Authority.** Poolesville's Town Charter Section 82-18 states that Poolesville shall have the power and authority from time to time to borrow money and incur indebtedness for any proper public purpose, including but not limited to, the financing of the acquisition, purchase, establishment, design, construction, reconstruction, expansion, extension, alteration or repair of a sewerage system and water supply and distribution system.

The Town of Poolesville had \$2,509,376 in outstanding debt at year-end. This consists of a Local Government Infrastructure note for street construction, paving improvements, new streetlights, and sidewalk extension and repaving in 2002-2004. According to Poolesville's FY08 Budget, the Town expended \$186,847 towards debt service in FY06.

**D. Fund and Fund Balances**

The Town maintains one governmental fund, which is the general fund. The General Fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund. At the end of FY07, Poolesville had a fund balance of \$4.67 million, with \$300,984 of it reserved. The remainder of the fund balance was unreserved. The following table summarizes the fund balance for the FY07 General Fund.

**FY07 BEGINNING AND END OF YEAR GENERAL FUND BALANCE FOR THE TOWN OF  
POOLESVILLE**

Beginning of Year Fund Balance	\$4,115,331
End of Year Fund Balance	\$4,666,268
Change in Fund Balance	\$550,938
Percent Change in Fund Balance	13% increase

FY07 Comprehensive Annual Financial Report for the Town of  
Poolesville

The Town of Poolesville also has a proprietary fund: the enterprise fund. Enterprise funds are used to report the same functions presented as business-type functions in the financial statements. The Town uses enterprise funds to account for its sanitary sewer and water distribution operations. In FY07, the Town deferred \$65,509 of the grant. There is no fund balance.

**Investments.** The Town of Poolesville had \$4,314,547 invested in the Montgomery County Investment Pool at June 30, 2007.

**E. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

Poolesville provides pension benefits for all of its employees except those who are temporary or seasonal through a defined contribution plan. The Town contributes an amount not less than 10% of the employee's base compensation. In addition, depending upon the employee's election for coverage under the Town's medical insurance program, the contribution to the pension plan could increase to a maximum of 15% of base compensation. There are fourteen employees on the pension program and the Town contributed \$88,542 to the plan in FY07. Since the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE CITY OF ROCKVILLE**

The City of Rockville was incorporated in 1860 and is the county seat of Montgomery County. As of the 2003 Census update, there are 52,375 people, 19,895 households, and 11,802,812 square feet of commercial space within the boundaries of the City. The City occupies 13.5 square miles and is located 12 miles northwest of the nation's capital.

### **A. Governance**

The City of Rockville operates under the Council/Manager form of municipal government and derives its governing authority from a charter granted by the General Assembly of Maryland. Rockville has a four-member City Council, whose members, along with the Mayor, serve as the legislative body of the City. The City Manager is appointed by the Mayor and Council to serve as the City's chief executive officer.

Rockville also has numerous boards and commissions that provide advice and guidance on policy matters. Members serve as volunteers without compensation with daily assistance and support provided by the City Clerk's and City Manager's Offices. The following is a listing of the current City of Rockville boards and commissions:

Animal Matters Board	Landlord/Tenant Affairs Commission
Board of Appeals	Personnel Appeals Board
Board of Supervisors of Elections	Planning Commission
Charter Review Commission	Recreation and Park Advisory Board
Compensation Commission	Retirement Board
Cultural Arts Commission	Rockville Housing Enterprises
Environment Commission	Rockville Scholarship Foundation
Rockville Economic Development, Inc.	Rockville Seniors, Inc. (RSI)
Historic District Commission	Rockville Sister City, Inc.
Human Rights Commission	Senior Citizens Commission
Human Services Advisory Commission	Sign Review Board
	Traffic and Transportation Commission

### **B. Overview of Revenues and Expenditures by Fund**

The City of Rockville maintains twelve funds:

- Three Major Governmental Funds: General Fund, Debt Service Fund, and Capital Projects Fund;
- Six Proprietary Funds: Water Facility Fund, Sanitary Sewer Fund, Refuse Fund, Parking Fund, Stormwater Management Fund, and Golf Course Fund;
- Two Special Revenue Funds: the Community Development Block Grant Fund; and Special Activities Fund; and
- A Fiduciary Fund.

The remainder of this section discusses the revenues and expenditures of each of these funds.

**Three Major Governmental Fund Revenues**

Rockville's financial statements show the City collected almost \$62 million in combined revenues across its three major governmental funds (General Fund, Debt Service, and Capital Projects) in FY06. These revenues included over \$28 million from its locally imposed property tax and \$20 million from intergovernmental transfers. The table below summarized the FY06 revenues for the City's three major governmental funds. The table is followed by further detail on some of the expenditures.

*Overview of Revenues, Expenditures, & Other Financial Data for Municipalities &  
Special Taxing Districts in Montgomery County*

**FY06 THREE MAJOR GOVERNMENTAL FUND REVENUE FOR THE CITY OF ROCKVILLE**

<b>Municipal Revenues</b>					
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>	<b>Total Percent</b>
<b>Taxes</b>					
Property (Real and Personal)	\$28,513,927			\$28,513,927	46%
Other Local Taxes	\$883,793			\$883,793	1%
<b>Fees</b>					
Fines and Forfeitures	\$799,486			\$799,486	1%
License and Permit Fees	\$1,778,686			\$1,778,686	3%
Rents and Concessions					
Services and Charges	\$4,586,595			\$4,586,595	7%
<b>Subtotal for Municipal</b>	<b>\$36,562,487</b>			<b>\$36,562,487</b>	<b>59%</b>
<b>Intergovernmental Revenues</b>					
<b>County</b>					
Reimbursement Payment	\$2,131,796			\$2,131,796	3%
17% Share of County					
Piggyback Income Tax (State-Mandated)	\$9,035,343			\$9,035,343	15%
Other County Revenue	\$279,076		\$2,490,000	\$2,769,076	4%
<b>Subtotal for County</b>	<b>\$11,446,215</b>		<b>\$2,490,000</b>	<b>\$13,936,215</b>	<b>23%</b>
<b>State</b>					
Highway User Revenue	\$3,097,689			\$3,097,689	5%
Other State Revenue	\$625,408		\$1,084,542	\$1,709,950	3%
<b>Subtotal for State</b>	<b>\$3,723,097</b>		<b>\$1,084,548</b>	<b>\$4,807,639</b>	<b>8%</b>
<b>Federal</b>					
			\$1,585,029	\$1,585,029	3%
<b>Other Intergovernmental (Police Community Support and Police Homeland Security)</b>					
	\$87,998			\$87,998	<1%
<b>Subtotal for Intergovernmental</b>	<b>\$15,257,310</b>		<b>\$5,159,577</b>	<b>\$20,416,887</b>	<b>33%</b>
<b>Miscellaneous Revenues</b>					
Interest Earnings (Use of Money and Property)	\$2,106,781	\$273,241	\$94,085	\$2,474,107	4%
Cable TV Franchise Fees	\$481,591		\$49,182	\$530,773	1%
Contributions and Donations					
Assessments		\$330,053		\$330,053	1%
Other	\$1,740,729	\$35,764	\$408,443	\$2,184,936	4%
<b>Subtotal for Miscellaneous</b>	<b>\$4,329,101</b>	<b>\$639,058</b>	<b>\$551,710</b>	<b>\$5,519,869</b>	<b>9%</b>
<b>GRAND TOTAL</b>	<b>\$56,148,898</b>	<b>\$639,058</b>	<b>\$5,711,287</b>	<b>\$61,929,243</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**Property Taxes.** The FY06 assessable base for Rockville was \$8.34 billion, including \$7.94 billion in real property assessable base and \$401.5 million in personal property assessable base. The real property tax rate was 32.2 cents per \$100 of assessed value and the personal property tax rate was 80.5 cents per \$100 of assessed value. The City of Rockville collected \$28.5 million in property tax revenue in FY06.

**Fines and Forfeitures.** Rockville collected \$799,486 in fines and forfeitures in FY06. The City includes municipal infractions, red light camera revenue, and confiscated funds in fine and forfeiture revenues.

**License and Permit Fees.** Rockville collected \$1,778,686 in license and permit fees in FY06. Some examples of fees the City impose include: traders licenses, building permits, rental licenses, animal licenses, and other non-business licenses.

**Charges for Services.** Rockville collected \$4,586,595 in charges for services in FY06 in the three major governmental funds. Revenues in this category come from charges to users who individually benefit from a particular service offered by the City. Some charges the City has include: recreation program fees, zoning fees, fire safety fees, public works permits, recreation membership fees, facility rental fees, theater tickets, and pool admission charges.

**Grants from Other Governments.** The City of Rockville received \$6.6 million in grants into both the General Fund and the Capital Fund. The table below summarizes the FY06 grant revenue for the City of Rockville.

**FY06 INTERGOVERNMENTAL GRANT REVENUE FOR THE CITY OF ROCKVILLE**

Grant	General Fund	Capital Fund	Total
<b>County</b>			
Payment in lieu of taxes	\$13,265		\$13,265
Linkages to Learning/Youth Service Grant	\$265,811		\$265,811
County Contribution to Town Center		\$2,490,000	\$2,490,000
Cable Franchise Fees	\$481,591	\$49,182	\$530,773
<i>Subtotal County</i>	\$760,667	\$2,539,182	\$3,299,849
<b>State</b>			
State Environmental Grant	\$1,000		\$1,000
State Police Grant	\$596,981		\$596,981
State Recreation Grant	\$4,427		\$4,427
Maryland Art in Public Places Grant	\$23,000		\$23,000
MD Playground Grant		\$98,500	\$98,500
TEA-21 Millennium Trail Grants		\$986,042	\$986,042
<i>Subtotal State</i>	\$625,408	\$1,084,542	\$1,709,950
<b>Federal</b>			
COPS Technology Grant		\$830,621	\$830,621
Federal Grant Town Center		\$754,408	\$754,408
<i>Subtotal Federal</i>		\$1,585,029	\$1,585,029
<b>Other</b>			
Police Community Services	\$70,745		\$70,745
Police Homeland Security Grant	\$17,253		\$17,253
<i>Subtotal Other</i>	\$87,998		\$87,998
<b>GRAND TOTAL</b>	<b>\$1,474,073</b>	<b>\$5,208,753</b>	<b>\$6,682,826</b>

Source: City of Rockville Department of Finance, 2008

**Three Major Governmental Fund Services and Expenditures**

Rockville City provides a full range of services to residents including:

- Zoning and planning services;
- Water, sewer, and refuse collection services;
- Licenses, permits, and inspection services;
- Public safety services;
- Snow removal, leaf collection, street maintenance, and other public works functions;
- Recreation and parks services; and
- Special programs for senior citizens, youth, and low-income residents.

The City Manager's Office is the focal point for the day-to-day administration of City Government. The following outlines the City Departments and the services provided.

**Community Planning and Development Services.** Promotes and facilitates the orderly development and redevelopment of the City to benefit both residential and business activity. There were 990 building permits issued in FY06.

**Community Services.** Provides for the well being of individuals and families through the identification of the human service needs of all residents; the monitoring of human service programs funded by the City; and the delivery of prevention and intervention programs and services for youth and families.

**Public Works.** Delivers engineering and operational services from the following divisions:

- **Operations** provides maintenance of the infrastructure on a 24-hour basis.
- **General Maintenance** creates, designs, maintains, builds, and repairs problems or emergencies as they arise to provide a cleaner and safer environment.
- **Environmental Engineering and Storm Water Management (SWM) Division** ensures that all water and wastewater facilities are designed, maintained, and inspected to meet City, State, and Federal standards where applicable.
- **Traffic and Transportation Division** provides for the mobility of motor vehicles, pedestrians, and bicycles: by assuring that public streets are designed to acceptable standards; planning and installing roadway, sidewalk, and traffic control improvements, and, assuring the efficient operation of traffic signal and street lighting systems.
- **Refuse** provides the collection of refuse and recycling twice a week.
- **Utilities** maintains and repairs water and sewer systems on a 24-hour basis.
- **Water Treatment Plant** provides a plentiful supply of safe and high-quality drinking water.

The City of Rockville is responsible for 158.94 miles of road, 5,812 streetlights, and 298.54 miles of sidewalk.

**Recreation and Parks.** Provides interesting and high quality recreational and leisure opportunities in safe, modern, and well maintained parks and facilities. During FY06, there were 18,664 enrollments in Rockville recreation programs.

**Police.** Protects and promotes community safety and ensures the safe and orderly movement of traffic. The police made 1,144 arrests and issued 21,122 traffic violations in FY06.



In the FY06 CAFR, Rockville provides a breakdown of City employees by function. The table below outlines the number of employees in the City.

<b>Function/Program</b>	<b>Full-Time Equivalent Employees, FY06</b>
General Government	83.1
Community Development	44.0
Community Service	13.5
Public Safety	78.0
Public Works	55.5
Recreation and Parks	139.6
Water	21.3
Sewer	13.2
Refuse Collection	45.9
Parking	1.0
Stormwater Management	11.5
Golf Course	10.8
<b>Total</b>	<b>517.40</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

The FY06 Financial Statement for the City of Rockville shows the City expended \$71.4 million to deliver services to City residents from the City's three major governmental funds. Debt Service was the largest expenditure category (26%), followed by Capital Outlay (23%) and Recreation and Culture. The table on the next page summarizes the FY06 expenditures for the City of Rockville out of the three major governmental funds.

**FY06 THREE MAJOR GOVERNMENTAL FUND EXPENDITURES FOR THE  
CITY OF ROCKVILLE**

Expenditure Category	Amount			Total	Share
	General Fund	Debt Service Fund	Capital Projects Fund		
<b>General Government</b>	\$9,356,447			\$9,356,447	13%
<b>Public Safety</b>	\$662,819			\$662,819	1%
<b>Public Works</b>					
Road/Bridge/Sidewalk Maintenance					
Street Lighting					
Stormwater Management					
Vehicle Operations/ Maintenance					
Waste Collection and Recycling					
Tree and Parks Maintenance					
Snow Removal					
Other Public Works					
Subtotal for Public Works	\$5,253,643			\$5,253,643	7%
<b>Recreation and Culture</b>	\$13,786,689			\$13,786,689	19%
<b>Community Development and Public Housing</b>	\$3,526,755			\$3,526,755	5%
<b>Community Services</b>	\$965,965			\$965,965	1%
<b>Debt Service</b>		\$18,273,187		\$18,273,187	26%
<b>Capital Outlay</b>			\$16,699,499	\$16,699,499	23%
<b>Miscellaneous (Non-Departmental)</b>	\$2,884,558			\$2,884,558	4%
<b>GRAND TOTAL</b>	<b>\$36,436,876</b>	<b>\$18,273,187</b>	<b>\$16,699,499</b>	<b>\$71,409,562</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**Proprietary Funds Revenues and Expenditures**

The City of Rockville maintains six proprietary or enterprise funds to account for its business type operations. They are:

- **The Water Facility Fund** is used to account for all financial activity associated with the treatment and distribution of potable water. The City provides water service to approximately 12,500 customers within the City limits

- **The Sewer Fund** accounts for the financial activity associated with the collection and treatment of sewage.
- **The Refuse Fund** is used to account for all the financial activity associated with the collection and disposal of refuse, recycling, and yard waste. The
- **The Stormwater Management (SWM) Fund** accounts for the costs of maintaining existing SWM facilities and constructing new facilities.
- **The Parking Fund** was created to account for the revenue and expenses from parking related activities, including the issuance of parking tickets, the parking meter program, and costs associated with construction and operation of the three public parking garages in the City's Town Center.
- **The RedGate Golf Course Fund** is used to account for the financial activity associated with the City's public golf course.

The following table shows FY06 revenues and expenses for the proprietary funds.

**FY06 REVENUES AND EXPENDITURES FOR THE PROPRIETARY FUNDS OF THE  
CITY OF ROCKVILLE**

	<b>Water Facility</b>	<b>Sanitary Sewer</b>	<b>Refuse</b>	<b>Parking</b>	<b>Stormwater Management</b>	<b>Golf Course</b>	<b>Total</b>
<b>Operating Revenue</b>							
Charges for Services	\$3,357,659	\$5,335,674	\$4,826,026	\$576,252	\$1,357,430	\$1,083,059	\$16,536,100
Other Revenue	\$598,171	\$137,640					\$735,811
<b>Total Revenue</b>	<b>\$3,955,830</b>	<b>\$5,473,314</b>	<b>\$4,826,026</b>	<b>\$576,252</b>	<b>\$1,357,430</b>	<b>\$1,083,059</b>	<b>\$17,271,911</b>
<b>Operating Expenses</b>							
Treatment and Purification	\$1,723,544						
Distribution	\$858,639						
Collection and Disposal		\$2,113,8229	\$3,437,186				
Customer Billing, Collection, Operating Expenses	\$1,607,766	\$1,752,115	\$614,285	\$68,782	\$1,963,069	\$1,111,407	\$7,117,424
Repairs and Maintenance	\$818,999	\$91,041	\$409,410		\$2,349		\$584,799
<b>Total Operating Expenses</b>	<b>\$4,271,948</b>	<b>\$3,956,985</b>	<b>\$4,460,8881</b>	<b>\$68,782</b>	<b>\$1,965,418</b>	<b>\$1,111,407</b>	<b>\$15,835,421</b>
<b>Non-operating Income (Expenses)</b>							
Interest Income	\$138,615	\$175,872	\$18,101	\$733,665	\$397,737		\$1,463,990
Interest Expense	(\$356,521)	(\$551,837)	(\$23,545)	(\$347,149)		(\$10,106)	(\$1,289,158)
Sale of Capital				\$99,465			
<b>Total Non-operating Income</b>	<b>(\$217,906)</b>	<b>(\$375,965)</b>	<b>(\$5,444)</b>	<b>\$485,981</b>	<b>\$397,737</b>	<b>(\$10,106)</b>	<b>\$274,297</b>
Transfer In From General Fund			\$58,443	\$31,500			\$89,943
<b>Net Assets End of Year</b>	<b>\$12,653,889</b>	<b>\$25,675,110</b>	<b>\$969,146</b>	<b>\$3,742,102</b>	<b>\$12,766,472</b>	<b>\$1,547,293</b>	<b>\$57,354,012</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**Special Revenue Funds Revenues and Expenditures**

Rockville maintains two Special Revenue Funds:

- The Community Development Block Grant Fund accounts for housing and community development programs; and
- The Special Activities Fund accounts for funds raised for various community activities such as Rockville Seniors, Inc. or the bike program.

The following tables show the revenues and expenditures for these funds.

**FY06 REVENUES AND EXPENDITURES FOR THE NON-MAJOR FUNDS OF THE  
CITY OF ROCKVILLE**

	<b>Special Activities Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Total Non-major governmental funds</b>
<b>Revenue</b>			
Grant Revenue		\$294,481	\$294,481
Use of Money and Property	\$14,398		\$14,398
Other	\$315,138		\$315,138
<b>Total Revenue</b>	<b>\$329,536</b>	<b>\$294,481</b>	<b>\$624,017</b>
<b>Expenditures</b>			
Community Development Block Grant		\$294,481	\$294,481
Community Services	\$190,049		\$190,049
<b>Total Expenditures</b>	<b>\$190,049</b>	<b>\$294,481</b>	<b>\$484,530</b>
Fund Balance at Beginning of Year	\$289,665		\$289,665
Fund Balance at End of year	\$429,152		\$429,152

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**Fiduciary Funds**

Rockville maintains a fiduciary fund for the City's pension trust funds to account for contributions made by the City and its employees to finance future pension payments. At the end of FY06, the City held in trust \$68,558,153 for pension benefits. The following details the fiduciary fund:

**FY06 FIDUCIARY FUND FOR THE CITY OF ROCKVILLE**

<b>Open End Mutual Funds</b>	<b>Pension Trust Funds</b>
Bonds	\$19,377,925
Equities	\$45,443,177
Fixed Income	\$3,737,051
<b>Total</b>	<b>\$68,558,153</b>

Source: FY06 Comprehensive Annual  
Financial Report for the City of Rockville

**C. Capital Assets and Expenditures**

Rockville's investments in capital assets for its governmental and business type activities as of June 30, 2006 amount to \$178,136,529. The following provides an overview of these assets:

<b>Asset</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$7,843,832	\$2,058,940	\$9,902,772
Buildings	\$9,490,383	\$1,218,246	\$10,708,629
Improvements other than buildings	\$3,182,526	\$28,127,961	\$31,310,487
Machinery and Equipment	\$3,482,706	\$1,042,249	\$4,524,955
Infrastructure	\$1,925,256		\$1,925,256
Purchased Capacity		\$13,834,745	\$13,834,745
Construction in Progress	\$67,079,336	\$38,850,349	\$105,929,685
<b>Total</b>	<b>\$93,004,039</b>	<b>\$85,132,490</b>	<b>\$178,136,529</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

In FY06, Rockville spent \$16,699,499 out of its Capital Projects Fund. Some of the major capital expenditures included:

- Construction on the I-270 pedestrian bridge (\$386,277);
- Street construction projects and concrete and asphalt projects for existing streets (\$1,562,052);
- Construction costs for the City's redevelopment of its Town Center (\$5,185,381); and
- The construction cost for the parking garages for the Town Center (\$11,482,294).

**Authority to Borrow.** The City's Charter (Section 11 of Article 7) establishes the City's authority to engage in short-term and long-term borrowing. The Mayor and Council of

Rockville have the power to borrow money for any proper public purpose and to evidence such borrowing by the issue and sale of its bonds or notes, including tax anticipation notes and bond anticipation notes, in the manner and on the conditions hereinafter prescribed. There is no limit on the borrowing.

In addition, Section 12 of Article 7 of the Charter states that the Mayor and Council have the power to authorize the City to borrow temporary loans not to exceed one million dollars.

**Capital Finance and Debt Management Policy.** The City of Rockville has written capital financing and debt management policies. Some examples of these policies include the following:

- All debt issued will be repaid within a period not to exceed the expected useful lives of the improvements financed.
- The City will not issue tax or revenue anticipation notes.
- The City will maintain its net tax-supported debt at a level not to exceed 0.8 percent of assessed valuation of taxable property within the City.
- The City will maintain a level of not less than 15 percent of annual General Fund revenue as an undesignated unreserved fund balance. To the extent the fund balance exceeds the target; the City will draw upon the fund balance to provide pay-as-you-go financing.
- The City maintains a Capital Projects Monitoring Committee which meets to review progress on outstanding projects and spending projections.

**Long-Term Debt.** At the end of FY06, the City had a total outstanding debt of \$109,104,258. The following provides an overview of the debt:

Type	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$41,911,464	\$63,592,756	\$105,504,220
Accrued Obligations for Compensated Balances	\$3,042,220	\$557,818	\$3,600,038
<b>Total</b>	<b>\$44,953,684</b>	<b>\$64,150,574</b>	<b>\$109,104,258</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**D. Funds and Fund Balances for the City's Governmental Funds**

The City of Rockville maintains five separate governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in other funds.
- The Debt Service Fund accounts for financial resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.
- The Capital Projects Fund accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).
- Two Special Revenue Funds - the Community Development Block Grant Fund and the Special Activities fund - account for housing and community development programs and for funds raised for various community activities such as Rockville Seniors, Inc. or the bike program respectively.

As a management policy, the City maintains its unreserved undesignated General Fund balance at a level not less than 15 percent of annual general fund revenue. The following table shows the FY06 fund balances for the five governmental funds.

**FY06 FUND BALANCES FOR THE FIVE GOVERNMENTAL FUNDS FOR THE  
CITY OF ROCKVILLE**

<b>Fund Balance</b>	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Reserved for encumbrances	\$51,522		\$1,042,671		\$1,094,193
Reserved for self insurance deposit	\$261,394				\$261,394
Reserved for inventory	\$305,632				\$305,632
Reserved for advance	\$250,000				\$250,000
Reserved for debt service		\$3,601,192			\$3,601,192
Unreserved: Designated Special Activities Fund				\$429,152	\$429,152
Unreserved: Undesignated	\$16,082,011				\$16,082,011
<b>Total Fund Balance</b>	<b>\$16,950,559</b>	<b>\$3,601,192</b>	<b>\$1,042,671</b>	<b>\$429,152</b>	<b>\$22,023,574</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**Investments.** The City of Rockville’s Investment Policy is reviewed annually or more often as necessary. The Policy includes a list of authorized institutions and a list of investment diversity specifications.

The City maintains a cash and investment pool that is available for use by all of the City’s funds, except the pension trust funds. As of June 30, 2006, the City had the following investments:

**FY06 FAIR VALUE OF INVESTMENTS FOR THE CITY OF ROCKVILLE**

<b>Investment Type</b>	<b>Fair Value</b>
Money Market Funds	\$22,481,275
Federal Agency Discount Notes	\$26,563,249
Federal Agency Notes	\$16,074,757
Open-Ended Mutual Funds	\$68,558,153
<b>Total</b>	<b>\$133,677,434</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Rockville

**E. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The City participates in one single-employer defined benefit pension plan and one defined contribution pension plan. In addition to the pension plan, the City provides post-employment health benefits.

**The Defined Benefit Plan.** This Plan is available to police employees regardless of date of employment and non-police employees who were members as of April 1986. A retiree is entitled to an annual retirement benefit in an amount equal to 1.8 percent before April 1, 1996 (or 2.0 percent after), of his/her final average salary, for each year of credited service. Police personnel are entitled to an amount equal to the lesser of 2.0 percent of final average earnings multiplied by his/her years of credited services or 60 percent of his/her final average salary. Covered police and pre-1986 non-police employees are required by statute to contribute a certain percentage of their salaries to the plan. This option is available to full-time non-police employees hired on or after April 15, 1986. Employees are vested 100% after 10 years of service. The Defined Benefit plan has 794 participants which consist of active plan members, terminated plan members, and retirees

**The Defined Contribution Plan.** Full-time non-police employees are required to participate from the date of employment. The plan allows contributions up to a maximum of 5 percent of earnings and employee contributions are matched \$.50 by the City for each \$1 contributed by the employee. For FY06, the contributions were \$900,477, of which the City contributed \$449,659. The Defined Contribution plan has 502 employees.



**Other Post Employment Benefits.** The City of Rockville provides post-employment health benefits. The pension plan authorized a retiree who elects to stay with the City's policy group to receive from the City the employer's share of medical insurance premiums until age 65. Currently, the City finances these benefits on a pay-as-you-go bases and expenditures for these insurance premiums are recorded in the General Fund. In FY06, the City incurred \$33,407 in health benefits.

GASB 43 and 45. The City of Rockville does offer Other Post Employment Benefits under GASB 43 and 45 definitions. The City plans to implement the GASB reporting requirements in FY09.

## **SUMMARY FINANCIAL DATA FOR THE TOWN OF SOMERSET**

Somerset was incorporated in 1906. The U.S. Census (2000) reports the Town has 1,124 people and 414 households; it has no commercial space. The Town of Somerset is located in Chevy Chase, north of Friendship Heights; it encompasses three-tenths of a square mile.

### **A. Governance**

The Town has a Council/Mayor form of government. The Council consists of the Mayor and five Council members, all of whom are elected for two-year terms. The Town Clerk conducts the daily operations of the Town, and Somerset's residents serve on the following advisory boards and committees:

- Audit Committee
- Batting Cage Committee
- Board of Supervisors of Elections
- History Committee
- Parks and Natural Resources Committee
- Pool Committee
- Security Committee
- Special Events Committee
- Tennis Committee
- Welcome Committee

### **B. Revenues**

Somerset's FY06 Comprehensive Annual Financial Report (CAFR) shows the Town collected \$1.1 million in revenues in FY06, including \$137,484 (13%) from municipal property taxes. FY06 intergovernmental revenues totaled \$887,668, including \$826,496 in County revenues. Intergovernmental revenues were 83% of all revenues.

**Property Taxes.** The FY06 assessable base for Somerset was \$291.7 million, including a \$288.6 million real property assessable base and a \$3.1 million personal property assessable base. The FY06 real property tax rate was 4.5 cents per \$100 of assessed value and the personal property tax rate was 22 cents per \$100 of assessed value. The Town's FY06 property tax revenues were \$137,484.

**Fees.** The Town of Somerset charges a nominal fee for tennis and batting cage membership. There is no fee for residents' use of the swimming pool and a nominal fee for guests. There is no fee for anyone's use of the basketball court and tennis practice court. Somerset charges a rental fee for use of the Town Hall.

The table on the next page shows the Town's FY06 revenues.

**FY06 GENERAL FUND REVENUES FOR THE TOWN OF SOMERSET**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$137,484	13%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	\$4,847	<1%
Rents and Concessions	\$6,074	<1%
Services and Charges	\$11,445	1%
<b>Subtotal for Municipal</b>	<b>\$159,850</b>	<b>15%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$53,390	5%
17% Share of County Piggyback Income Tax (State-Mandated)	\$773,106	72%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$826,496</b>	<b>77%</b>
<b>State</b>		
Highway User Revenue	\$61,172	6%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$61,172</b>	<b>6%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$887,668</b>	<b>83%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$156	<1%
Cable TV Franchise Fees	\$10,587	1%
Contributions and Donations	0	0%
Other (Bank Levy Share and Other)	\$16,354	2%
<b>Subtotal for Miscellaneous</b>	<b>\$27,097</b>	<b>3%</b>
<b>GRAND TOTAL</b>	<b>\$1,074,615</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Somerset

### **C. Services and Expenditures**

The Town of Somerset has one full-time office administrator, two part-time administrative assistants, and three full-time maintenance staff. The Town's services include:

- **Waste Collection.** Household trash and garbage are collected Tuesdays and Fridays and recycling pickup is on Tuesdays only. In addition, yard refuse recycling occurs twice a week for nine months of the year, and once a week in December, January, and February. The Town provides two special pickups annually (spring and autumn) for large and unusual items that are not acceptable for regular collections. Residents may call the Town trash company for large pickups at any time, at the resident's expense.
- **Streets and Sidewalks.** The Town provides street cleaning, leaf and snow removal, and sanding as necessary. Somerset maintains 4.24 miles of roads.
- **Pool.** Any Town resident may use the pool for free after registering with the Town Clerk-Treasurer.
- **Batting Cage.** A baseball batting cage is set up in Capello Park, near the back of the Town garage. It may be used only by members and their guests.
- **Community Events.** The Town sponsors a picnic and party in the Town Hall yard on the Fourth of July, followed by a parade and games.

The FY06 CAFR for the Town of Somerset shows the Town expended \$720,792 from its General Fund for services for its residents. The General Government category had the largest share of expenditures (51%), followed by Public Works (31%), and Parks and Recreation (17%). The table on the following page summarizes the Town's FY06 expenditures.

**FY06 GENERAL FUND EXPENDITURES FOR THE TOWN OF SOMERSET**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$367,802</b>	<b>51%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$10,965	2%
Street Lighting	\$18,833	3%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	\$6,744	1%
Waste Collection and Recycling	\$105,472	15%
Tree Maintenance and Parks Maintenance	\$65,816	9%
Snow Removal	\$13,758	2%
Other Public Works	0	0%
<i>Subtotal for Public Works</i>	<b>\$221,588</b>	<b>31%</b>
<b>Recreation and Culture</b>	<b>\$125,874</b>	<b>17%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>\$5,528</b>	<b>&lt;1%</b>
<b>GRAND TOTAL</b>	<b>\$720,792</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Somerset

**D. Capital Assets and Expenditures**

The Town's capital assets are valued at \$2.8 million. They include 20 acres of parkland, office equipment, the Town Hall building, the pool, town trees, vehicles, landscape maintenance equipment, and recreational equipment. In FY06, the Town of Somerset spent \$42,609 from the Capital Projects Fund. See the table on the next page for the expenditure detail.

**FY06 CAPITAL PROJECT FUND EXPENDITURES  
FOR THE TOWN OF SOMERSET**

<b>Expenditure Category</b>	<b>Amount</b>
Office Equipment	\$8,880
Town Hall, Garage and Appurtenances	\$4,038
Streets and Sidewalks	\$570
Trees, Grounds and Parks	\$9,888
Swimming Pool and Bathhouse	\$16,233
Tennis Court	\$3,000
<b>Grand Total</b>	<b>\$42,609</b>

Source: FY06 Comprehensive Annual Financial Report for the  
Town of Somerset

**Borrowing Authority.** The Town Charter establishes the authority for the Town to engage in short-term and long-term borrowing.

- Section 83-57 of the Charter authorizes the Town to borrow funds and issue bonds as evidence of such borrowing, by any of the applicable methods and procedures authorized from time to time by the laws of Maryland...
- Section 83-58 states that the Town may borrow funds by commercial private loan on terms and in such amounts determined by the Town Council to be advantageous or desirable to the town...

The Town of Somerset currently does not have any debt. The Town is in the process of planning for Town Hall and Bathhouse renovations, with an estimated cost of \$5 million. The Town is exploring options for the funding of these renovations.

**E. Funds and Fund Balances**

The Town maintains three funds for accounting purposes:

- The General Fund accounts for the general operations of the Town.
- The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects.
- The Pension Trust Fund accounts for pension assets that the Town holds in a trustee capacity.

At the end of FY06, the Town of Somerset had a total fund balance of \$2.1 million, with the Capital Projects Fund had a fund balance of \$2.0 million and the remainder in the general fund balance. Between FY05 and FY06, the fund balance increased \$389,631, or 22%. All of the funds are unrestricted.

**FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE TOWN OF SOMERSET**

Beginning of Year Combined Fund Balance	\$1,749,634
End of Year Combined Fund Balance	\$2,139,265
Change in Combined Fund Balance	\$389,631
Percent Change in Fund Balance	22% Increase

Source: FY06 Comprehensive Annual Financial Report for the Town of Somerset

**Investments.** The Town has a total of \$2.1 million invested. Somerset has \$843,125 invested in the Maryland Local Government Investment Pool. In addition, the Town has \$1.3 million invested in the Montgomery County Pooled Investment Program (MCPIP).

**F. Pension Plans and GASB Other Post Employment Benefit (OPEB) Requirements**

In 1996, the Town instituted a defined contribution retirement plan that covers all of its full-time employees. Employees may elect a salary reduction of up to 100% of their regular salary as a plan contribution. The Town contributes 8% of the employees' salary to the plan. During 2006, the Town contributed \$17,576 to the Pension Trust Fund.

Since the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

**G. Other Financial Information**

The Town of Somerset's revenues and expenditures have remained relatively constant over the past few years with one exception. There has been an increase in cost for architects who are planning and designing the renovations for the Town Hall and Bathhouse.

## **SUMMARY FINANCIAL DATA FOR THE CITY OF TAKOMA PARK**

The City of Takoma Park was incorporated in 1890. The U.S. Census (2006) reports a population of 18,497, and U.S. Census (2000) data reports there are 6,893 households in the City of Takoma Park. The City is located immediately adjacent to Washington, DC and has a total area of 2.4 square miles.

### **A. Governance**

The City of Takoma Park operates under a Council/Manager form of government. The Mayor (elected at large) and six Council members (elected by ward) are the policy-making and legislative authority. The City Manager is responsible for daily implementation of city policies and ordinances and appointing heads of various departments.

The City has the following statutory committees that are appointed by the City Council:

- Arts & Humanities Commission
- Board of Elections
- Citizens Liaison Committee to the Community Center
- Commission on Landlord and Tenant Affairs (COLTA)
- Committee on the Environment
- Emergency Preparedness Committee
- Ethics Commission
- Facade Advisory Board
- Health Service Impact Committee
- Montgomery College Advisory Committee
- Noise Control Board
- Nuclear Free Takoma
- Personnel Appeals Board
- Public Safety Citizens Committee
- Safe Roadways Committee
- Tree Commission

### **B. Revenues**

The City of Takoma Park has the following funds for governmental operations:

- General Fund;
- Special Revenue Fund;
- Community Center Fund; and
- Non-Major Funds.

Each fund's revenues and expenditures are discussed below.

#### **General Fund Revenues**

Takoma Park's financial statements show the Town collected \$16.3 million in revenues for FY06, including \$7.8 million in locally imposed property taxes and \$6.8 million from intergovernmental transfers. The table on the next page shows the FY06 General Fund Revenues for Takoma Park, followed by more detail on some of the revenue sources.



**FY06 GENERAL FUND REVENUES FOR THE CITY OF TAKOMA PARK**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$7,812,323	48%
Other Local Taxes (Admissions)	\$486	<1%
<b>Fees</b>		
Fines and Forfeitures	\$190,287	1%
License and Permit Fees	\$62,415	<1%
Rents and Concessions	0	0%
Services and Charges	\$725,102	4%
<b>Subtotal for Municipal</b>	<b>\$8,790,613</b>	<b>54%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$2,954,207	18%
17% Share of County Piggyback Income Tax (State-Mandated)	\$1,904,784	12%
Other County Revenue	\$921,638	6%
<b>Subtotal for County</b>	<b>\$5,780,629</b>	<b>36%</b>
<b>State</b>		
Highway User Revenue	\$588,812	4%
Other State Revenue	\$479,340	3%
<b>Subtotal for State</b>	<b>\$1,068,152</b>	<b>7%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$6,848,781</b>	<b>42%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$184,748	1%
Cable TV Franchise Fees	\$188,497	1%
Contributions and Donations	0	0%
Other	\$247,158	2%
<b>Subtotal for Miscellaneous</b>	<b>\$620,403</b>	<b>4%</b>
<b>GRAND TOTAL</b>	<b>\$16,259,797</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

### **General Fund Services and Expenditures**

In the FY06 CAFR, Takoma Park provides a breakdown of City employees by function. The table below outlines the number of employees in the City. Takoma Park had 135.20 full-time government employees in FY06 with the following breakdown:

<b>Function</b>	<b>Number of Employees</b>
General Government	15.00
Public Safety	57.46
Public Works	33.79
Housing and Community Development	8.81
Recreation	7.63
Library and Media	12.50
<b>Total</b>	<b>135.20</b>

The City of Takoma Park provides its residents with numerous services. The following outlines the City Departments and the services they provide.

**Housing and Community Development Department** provides programming and services to preserve and enhance the community's existing building stock, revitalize commercial and residential neighborhoods; provide safe, decent, and affordable home ownership and rental housing opportunities; promote a sense of ownership and pride in the community; encourage and support private and public investment; and, address the diverse needs of Takoma Park residents.

**Takoma Park Library** is a small, independent, municipal library in Maryland.

**Takoma Park Police Department** is a full service police agency of 41 sworn officers, 11 full time civilians, and 7 crossing guards. The department is divided into three divisions: Patrol, Support Services, and Administrative.

**Public Works Department** maintains the streets, sidewalks, city vehicles, city buildings, parks, and gardens. Services include trash and recycling pickups, leaf collection, snow removal, and arborist services. The City collects refuse, recycling and yard trimmings for all single family homes and most small apartment buildings at curbside once a week, and it picks up bulk items by appointment. Takoma Park maintains 34 miles of streets and 28 miles of sidewalk in the City. The City provides the following services on City streets:

- Pothole repair on City maintained streets;
- Sidewalk maintenance;
- Street sign replacement;
- Painting of streets and crosswalks; and,
- Snow removal and ice treatment.

**Takoma Park Recreation Department** develops and provides creative, diversified, and safe programs and services, which will attract participants of all ages and cultures and deliver those services and programs in an effective and efficient manner.

**Takoma Park City TV** is a government access channel operated by the City of Takoma Park.

The Financial Statement for the City of Takoma Park shows the City expended \$15.6 million to deliver services to its residents in FY06. The Public Safety category had the largest share of expenditures (29%), followed by Public Works. The table below shows the FY06 General Fund Expenditures for the City of Takoma Park.

**FY06 GENERAL FUND EXPENDITURES FOR THE CITY OF TAKOMA PARK**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$1,746,817</b>	<b>11%</b>
<b>Public Safety</b>	<b>\$4,536,969</b>	<b>29%</b>
<b>Public Works</b>		
Administration	\$245,631	2%
Building Maintenance	\$656,605	4%
Equipment Maintenance	\$441,290	3%
Right of Way	\$763,563	5%
Solid Waste Management	\$744,225	5%
Urban Forest/City Gardens	\$380,544	2%
City Engineer	\$142,287	1%
Other Public Works	0	0%
<i>Subtotal for Public Works</i>	<b>\$3,374,145</b>	<b>22%</b>
<b>Recreation and Culture</b>	<b>\$2,084,182</b>	<b>13%</b>
<b>Community Development and Public Housing</b>	<b>\$978,292</b>	<b>6%</b>
<b>Debt Service</b>	<b>\$862,505</b>	<b>6%</b>
<b>Capital Outlay</b>	<b>\$1,643,140</b>	<b>11%</b>
<b>Miscellaneous (Non-Departmental)</b>	<b>\$395,025</b>	<b>3%</b>
<b>GRAND TOTAL</b>	<b>\$15,621,075</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

**Community Center Fund**

The City established the Community Center Fund to track financial activity related to construction of the facility. The following shows the revenues and expenditures for the fund.

**FY06 REVENUES AND EXPENDITURES FOR THE COMMUNITY CENTER FUND**

<b>Revenue</b>	
Intergovernmental – Grants and Contracts	\$591,414
<b>Expenditures</b>	
General Government	\$69,741
Site Improvement	\$7,642
Contracts	\$24,444
<b>Other Financing Resources</b>	
Transfer General Fund	\$799,447
<b>Fund Balance, End of Year</b>	<b>\$0</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

**Special Revenue Fund**

The Special Revenue Fund was established to track grant activity. The following shows the revenues and expenditures for the fund.

**FY06 REVENUES AND EXPENDITURES FOR THE SPECIAL REVENUE FUND**

<b>Revenue</b>	
Intergovernmental – Grants and Contracts	\$1,110,068
<b>Expenditures</b>	
General Government	\$261,644
Public Safety	\$122,497
Public Works	\$0
Construction Costs	\$1,655,519
Housing and Community Development	\$24,955
Recreation and Culture	\$45,672
Capital Outlay	\$636,925
<b>Other Financing Resources</b>	
Transfer General Fund	\$1,821
<b>Fund Balance, End of Year</b>	<b>\$308,562</b> <b>(\$126 Undesignated)</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

In FY06 Takoma Park had the following grant awards:

<b>Grant</b>	<b>Amount</b>
CSAFE-CDBG	\$8,039
CSAFE-Prince George's County	\$13,581
CSAFE-State	\$86,095
State Highway-Sidewalks	\$5,391
Montgomery Co Fire Dept-7133 Carroll	\$248,361
Revitalization (State/Montgomery County)	\$445,967
Street Enhancements	\$125,000
Community Legacy	\$12,430
Program Open Space	\$63,662
Boys' & Girls' Home CDBG	\$12,525
Weed & Seed Montgomery County	\$5,685
Federal Police Grants	\$13,425
Cable Equipment grants	\$49,182
Homeland Security (Federal)	\$20,725

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

**Non-Major Funds**

The City's non-major funds account for activities such as storm water management and rehabilitation loans and grants. The following table shows the revenues and expenditures for the fund.

**FY06 REVENUES AND EXPENDITURES FOR THE NON-MAJOR FUNDS**

<b>Revenue</b>	
Use of Money and Property	\$3
Charges for Services	\$282,111
<b>Expenditures</b>	
General Government	\$32,112
Public Works	\$106,581
Capital Outlay	\$89,606
<b>Fund Balance, End of Year</b>	\$274,165 (\$143,578 Undesignated)

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

**C. Capital Outlay and Capital Expenditures**

The City's capital assets are valued at \$18.6 million and include buildings (including the Community Center), roads and other infrastructure, vehicles, and equipment. Takoma Park's capital expenditures are budgeted throughout all governmental funds. Takoma Park spent \$3.8 million on capital improvements in FY06 (Construction in Progress \$3.5

million and equipment \$323,599). The table below summarizes Takoma Park FY06 capital expenditures.

**FY06 CAPITAL EXPENDITURES FOR THE CITY OF TAKOMA PARK**

<b>Capital Improvements</b>	<b>Amount</b>
<b>Special Revenue Fund</b>	
Streetscape – Carroll and Laurel Ave.	\$445,967
Cable Equipment	\$16,185
Police Communications Equipment	\$26,517
Street Improvements	\$125,000
Park Shelters	\$23,256
<b>Stormwater Fund</b>	
Construction in Progress – Drains/Streets	\$89,606
<b>Community Center Fund</b>	
Construction in Progress- Building	\$1,655,520
<b>General Fund</b>	
Computer Learning Center Equipment	\$5,283
Public Works Equipment	\$182,991
Public Works Salt Dome	\$69,367
Municipal Center Roof	\$96,284
Street Improvement – CIP	\$1,111,232

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

**Community Center.** During FY06, the City expected to receive State funding (\$807,365) but certain bond bill proceeds would not be received until FY07. The original budget was revised to reduce the amount of State funds and transfer funding from the General Fund. The actual deficiency in the Community Center Fund after transferring \$799,400 from the General Fund was \$366,485, which was absorbed by the beginning fund balance.

**Borrowing Authority.** The City Charter establishes the authority for the City to engage in short-term and long-term borrowing.

- Section 822 of the Charter authorizes the City to issue tax anticipation bonds in the first half of the fiscal year. The amount that can be borrowed cannot exceed 50% of the anticipated property tax revenues.
- Section 823 of the City Charter authorizes long term borrowing and requires the City to send notices and convene a special meeting to seek the approval for any borrowing that exceeds 5% of the revenue budgeted for that year.

At the end of FY06, Takoma Park had \$7.0 million in outstanding debt, comprised of long-term notes and bonds, capital leases, and accrued obligations for compensated absences. Takoma Park's debt is shown in the following table:

**FY06 LONG-TERM LIABILITIES FOR THE CITY OF TAKOMA PARK**

<b>Long Term Liabilities</b>	<b>Amount</b>
Long-term note – MICRF	\$22,260
Loan payable – Montgomery County	\$155,000
Bonds payable – Community Center	\$2,508,000
Bonds payable – Street Improvements	\$1,696,538
Bonds payable – Takoma Junction	\$196,666
Bonds payable – Community Center	\$1,757,000
Capital lease payable – Police Equipment	\$190,461
Capital lease payable – Street Sweeper	\$2,292
Accrued obligations for compensated absences	\$460,868
Net pension obligation	\$26,300
<b>Total</b>	<b>\$7,015,385</b>

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

**D. Funds and Fund Balances**

Takoma Park has three major governmental funds. The General Fund accounts for the normal recurring activities of government. In addition to the General Fund, the City has two other major funds: the Community Center Fund, which was established to track financial activity related to construction of the facility and the Special Revenue Fund, which was established to track grant activity. The City's non-major funds account for activities such as storm water management and the rehabilitation loans and grants.

At the end of FY06, the City's governmental funds had a combined fund balance of \$5.8. The following table show the fund balances for all of the governmental funds.

**FY06 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE CITY OF  
TAKOMA PARK**

Beginning of Year Fund Balance	\$5,463,520
End of Year Fund Balance	\$5,463,223
Change in Fund Balance	\$297,069
Percent Change in Fund Balance	5% Decrease

Source: FY06 Comprehensive Annual Financial Report for the City of Takoma Park

Approximately 32% of this total fund balance is reserved. Takoma Park's fund balances break down as follows:

- **The General Fund** had a total fund balance of \$4,880,496; \$1,332,550 (27%) was reserved for the following items:
  - Subsequent years expenditures - \$1,222,641;
  - Equipment replacement - \$882,643;
  - Emergency - \$332,560; and
  - Street Improvements - \$117,347.
 The remaining 48% was undesignated.
- **The Community Center Fund** had a fund balance of zero.
- **The Special Revenue Fund** had a fund balance of \$308,562; only \$126 was undesignated.
- **Non-Major Funds** had a combined fund balance of \$274,165; approximately 48% (\$130,587) was reserved.

**Fiduciary Funds.** The City also has the following fiduciary funds:

- City of Takoma Park Public Safety Employees Pension Plan; and
- City of Takoma Park Employees 401(k).

**Investments.** The City of Takoma Park had a total of \$7.9 million invested at the end of FY06. The following is a summary of the City's investments.

**FY06 INVESTMENTS FOR THE CITY OF TAKOMA PARK**

Investment	Fair Value
Repurchase Agreements	\$1,467,852
MLGIP	\$1,522,636
Money Market Mutual Funds*	\$2,255,440
Domestic Equities*	\$50,787
Corporate Bonds*	\$1,273,516
U.S. Government Agency Bonds	\$1,274,094
International Funds*	\$6,016
<b>Total</b>	<b>\$7,850,341</b>

\*Fiduciary Funds



**E. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

Takoma Park provides a variety of post-employment benefit plan for its employees.

**State of Maryland Retirement System.** Most Takoma City employees are on one of the following State of Maryland retirement plans.

- The Employee Retirement System of the State of Maryland covers most employees hired prior to January 1, 1980 who have not elected to transfer into the pension system.
- The Employee Pension System of the State of Maryland covers employees hired after December 31, 1979 as well as Retirement System participants who have voluntarily joined the Pension System.
- The Employees Contributory Pension System of the State of Maryland was established July 1, 1998 and the City elected to participate in the Contributory Pension System for all service earned on or after July 1, 1998.

Obligations to contribute to the plans are under the Annotated Code of Maryland. Members of the three plans contribute a percentage of their gross employee compensation: for the Retirement System and Contributory Pension System, members contribute 5 percent, 2 percent, and 4 percent respectively.

Required contributions under the plans that are not funded by the employee contributions are funded entirely by the City.

**Public Safety Pension Plan.** This Pension Plan is a single-employer contributory defined benefit pension plan. The Plan covers sworn police officers who are employed on a regular full-time basis. Provisions of the plan include retirement, disability, and death benefits.

**Defined Contribution.** The City of Takoma Park Governmental Money Purchase Plan and Trust is a defined contribution pension plan to provide benefits to certain employees. As of June 30, 2006, there were two employee participants.

**Other Post Employment Benefits.** The City does not provide any Other Post-Employment Benefits, such as retiree health insurance; therefore, the GASB 43 or 45 requirements are not applicable.

### **FINANCIAL SUMMARY FOR THE VILLAGE OF CHEVY CHASE SECTION THREE**

The Village of Chevy Chase Section Three was designated a Special Taxing District in 1916 and became an incorporated municipality in 1981. According to Village officials, there are 773 residents and 281 households in the community. There is also a Church and pre-school associated with the Church but no commercial property in the Village. The Village is located between Connecticut Avenue and Brookville Road with its southern boundary at Bradley Lane (half the street is in Section 3, the other half in Chevy Chase Village) and encompasses approximately one tenth of one square mile.

#### **A. Governance**

The Village of Chevy Chase Section Three is managed by a five person Council. The Council elects from among its members a Chairman, Vice-Chairman, Treasurer, Secretary and Buildings and Roads Council Person. The Council serves two year terms on a rotating basis. The Village also has a Village Manager, who oversees the daily operations of the Village.

#### **B. Revenues**

Chevy Chase Section Three's FY07 Comprehensive Annual Financial Report show the Village collected \$528,834 in revenues for FY07, including \$36,190 in locally imposed property taxes. The Village received \$442,508 in Intergovernmental transfers, which is approximately 84% of all revenues.

**Property Taxes.** The FY07 assessable base for Chevy Chase Section Three was \$178.8 million, including \$178.2 million in real property assessable base and \$587,330 in personal property assessable base. The real property tax rate for FY07 was two cents per \$100 of assessed taxable value and the FY07 personal property tax rate was five cents per \$100 of assessed taxable value. Chevy Chase Section Three collected \$36,190 in property tax revenues in FY07.

**Services and Charges.** The Village charges non-taxpayers for waste collection. In FY07, the Village collected \$3,600 for these charges.

The table on the next page summarizes the Village's FY07 revenues.

**FY06 GENERAL FUND REVENUES FOR THE VILLAGE OF CHEVY CHASE SECTION  
THREE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$36,190	7%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	0	0%
Services and Charges	\$3,600	1%
<b>Subtotal for Municipal</b>	<b>\$39,790</b>	<b>8%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$32,322	6%
17% Share of County Piggyback Income Tax (State-Mandated)	\$375,303	71%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$407,625</b>	<b>77%</b>
<b>State</b>		
Highway User Revenue	\$34,883*	7%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$34,883</b>	<b>7%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$442,508</b>	<b>84%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$40,558	8%
Cable TV Franchise Fees	\$5,421	1%
Contributions and Donations	0	0%
Other	\$557	<1%
<b>Subtotal for Miscellaneous</b>	<b>\$46,536</b>	<b>9%</b>
<b>GRAND TOTAL</b>	<b>\$528,834</b>	<b>100%</b>

\*Went into Special Revenue Highway Fund

Source: FY07 Comprehensive Annual Financial Report for the Village of Chevy Chase Section Three

### C. Services and Expenditures

The Village employs one part-time employee as Village Manger. The Village reports that Council members, particularly the Chairman and head of Buildings and Roads Committee are actively involved in the management of the community.

Chevy Chase Section 3 provides residents with a variety of services including:

- **Waste Collection.** Household trash is collected twice a week and yard trash and recycling is picked up weekly. In addition, bulk items are picked up monthly.
- **Snow Removal.** The Villages contracts out snow removal when the snow gets 2" or more. Senior citizens who ask for the service have their public walks shoveled.
- **Tree Maintenance and Landscape Services.** The Villages provides tree trimming, planting and maintenance of public trees.
- **Street and Sidewalk Maintenance.** The Village repairs and replaces 2.61 miles of road within it boundaries. This includes street cleaning.
- **Street Sign Repair and Replacement.** The Village provides sign maintenance for signs in the public right-of-way.
- **Building Inspections.** The Village regularly checks to determine if houses are in compliance with both Section 3 and County rules.
- **Community Activities.** The Village provides a series of community building recreational events including, concerts, and community wide festivals, lectures, barbeques and extensive community-wide charitable activities for residents.
- **Police Services.** Chevy Chase Town police are hired for a limited number of hours each month for patrols through the neighborhood.

The FY07 CAFR for Chevy Chase Section Three shows the Village expended \$277,596 to deliver services to Village residents. Public works was the largest expenditure category (57%) followed by *General Government* (40%) and *Recreation and Culture* (12%). The table on the next page summarizes the expenditures for Chevy Chase Section Three in FY07.

**FY06 GENERAL FUND EXPENDITURES FOR THE VILLAGE OF CHEVY CHASE SECTION  
THREE**

Expenditure Category	Amount	Share
<b>General Government</b>	<b>\$109,982</b>	<b>40%</b>
<b>Public Safety</b>	<b>\$7,910</b>	<b>3%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$5,511	2%
Street Lighting	\$6,695	2%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$100,481	36%
Tree Maintenance and Parks Maintenance	\$32,804	12%
Snow Removal	\$12,586	5%
Other Public Works	0	0%
<i>Subtotal for Public Works</i>	<b>\$158,077</b>	<b>57%</b>
<b>Recreation and Culture</b>	<b>\$33,084</b>	<b>12%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>\$1,627</b>	<b>1%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$277,596*</b>	<b>100%</b>

\*The Village transferred \$33,799 from the Special Revenue Highway Fund into the General; General Fund expenditures were subsequently \$250,154. The Village maintains a Special Revenue Highway Fund for revenues from the State Highway User Tax incorporates expenditures from this fund into the General Fund expenditures.

Source: FY07 Comprehensive Annual Financial Report for the Village of Chevy Chase Section Three

**D. Capital Assets and Expenditures**

The Village's capital assets have an original cost of \$261,760 and include a gazebo, fencing, park benches and public trash cans, office equipment, roadways, and sidewalks. The Village spent \$1,267 in capital outlays in FY07.

**Borrowing Authority.** The Village Charter establishes the authority for the Village to engage in short term and long term borrowing:

- Section 704 states that the Council is authorized and empowered to borrow money and issue bonds, notes or other certificates on the credit in amounts not exceeding ten percent of the assessed valuation of real property within Section 3; and
- Before the Council shall borrow any money or issue any bonds, notes or certificates of indebtedness, the Council shall give written notice of its proposed action and call a meeting of the qualified voters to consider and ratify the borrowing.

Chevy Chase Section Three officials report the Village has always operated on a pay-as-you go basis and have never incurred any debt.

**E. Fund and Fund Balances**

Chevy Chase Section Three has two governmental funds: the General Fund and the Special Revenue Highway Fund. The General Fund is used for the daily operations of the Village and the Special Revenue Highway Fund is used for road maintenance and repair.

The following table show the fund balances for the FY07 General Fund and Special Revenue Highway Fund combined. The Special Highway Revenue Fund has \$1,084 in fund balance at the end of FY07. A majority of the Village's Fund Balance, \$1,508,413 (99%) is unrestricted funds. The remaining fund balance (\$6,493) is reserved for transportation services. The table below shows the FY07 Fund Balance.

**FY07 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE VILLAGE  
OF CHEVY CHASE SECTION THREE**

Beginning of Year Fund Balance	\$1,263,668
End of Year Fund Balance	\$1,514,906
Change in Fund Balance	\$251,238
Percent Change in Fund Balance	17% increase

Source: FY07 Comprehensive Annual Financial Report for the Village of Chevy Chase Section Three

**Investments.** The Council invests in laddered certificates of deposit with various Maryland Chartered institutions.

**F. Pension Plans and GASB Requirements**

There is no retirement plan for Section Three's one part-time employee. Since the Village does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE VILLAGE OF CHEVY CHASE SECTION FIVE**

Chevy Chase Section Five is a village founded as a special taxing district in 1922 and incorporated as a village in 1982. According to the U.S. Census, (2000) there are 641 people and 224 households in Chevy Chase Section Five. The Village encompasses approximately one tenth of one square mile. In addition, the Village contains one restaurant, according to the Village website.

### **A. Governance**

According to the Village Website, the Village is administered by an elected five-member Village Council. Council members serve for two-year terms. The Village has one paid employee, the Section Manager, who acts as a liaison between the Council and residents and manages the daily operations of the Village.

### **B. Revenues**

The FY07 Comprehensive Annual Financial Report for Chevy Chase Section Five shows the Town collected \$592,596 in revenues for FY07, including \$490,736 in Intergovernmental revenue which is 83% of all revenue for the Village.

**Property Taxes.** The FY07 assessable base for Section Five was \$166.2 million, including \$165.9 million of real property assessable base and \$390,443 of personal property assessable base. Both the real property tax rate and personal property tax rate for FY07 was zero cents per \$100 of assessed taxable value. In FY07, Chevy Chase Section collected \$0 in property tax revenues.

The table on the next page shows the FY07 Revenues for the Village of Chevy Chase Section Five.

**FY07 GENERAL FUND REVENUES FOR THE VILLAGE OF CHEVY CHASE SECTION FIVE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	0	0%
Other Local Taxes	0	0%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b>Subtotal for Municipal</b>	<b>0</b>	<b>0%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	0	0%
17% Share of County Piggyback Income Tax (State-Mandated)	\$459,607	78%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$459,607</b>	<b>78%</b>
<b>State</b>		
Highway User Revenue	\$31,129*	5%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$31,129</b>	<b>5%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$490,736</b>	<b>83%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$58,931	10%
Cable TV Franchise Fees	\$4,780	1%
Contributions and Donations	0	0%
Other	\$38,149	6%
<b>Subtotal for Miscellaneous</b>	<b>\$101,860</b>	<b>17%</b>
<b>GRAND TOTAL</b>	<b>\$592,596</b>	<b>100%</b>

\* Revenue into the Highway Sub-Fund

Source: FY07 Comprehensive Annual Financial Report for the Village of Chevy Chase Section 5



**C. Services and Expenditures**

The Village of Chevy Chase Section Five has one employee. According the FY08 Village of Chevy Chase Section Five's Treasury Report, the Village services include:

- **Tree Maintenance.** The Village provides planting of public and free private trees and tree maintenance.
- **Road and Sidewalk Maintenance.** The Village provides street cleaning and repair of public grass strips in addition to routine sidewalk and street repairs/
- **Snow Removal.** The Village provides for sidewalk and street snow removal.

In addition, Chevy Chase Section Five provides highways, streets, and general administrative services including waste collection. The Village website states that there are two trash collections weekly. Yard trash and recyclables are collected weekly and there is a bulk pick-up twice a year.

The FY07 Financial Statement for Chevy Chase Section Five shows the Village expended \$550,338 to deliver services to its residents. General Government was the largest expenditure category (\$298,141 or 54%), followed by public works (\$252,197 or 46%). The following table summarizes the FY07 expenditures of the Village of Chevy Chase Section Five according the FY07 CAFR.

**FY07 GENERAL FUND EXPENDITURES FOR THE VILLAGE OF CHEVY CHASE  
SECTION FIVE**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$298,141</b>	<b>54%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$94,329*	17%
Street Lighting	\$6,848*	%1
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$72,557	13%
Tree Maintenance and Parks Maintenance	\$52,293	10%
Snow Removal	\$14,345*	3%
Other Public Works (Leaf Collection)	\$11,825	2%
<i>Subtotal for Public Works</i>	<b>\$252,197</b>	<b>46%</b>
<b>Recreation and Culture</b>	<b>0</b>	<b>0%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$550,338</b>	<b>100%</b>

\*Out of Highway Sub-Fund

Source: FY07 Comprehensive Annual Financial Report for the Village of Chevy Chase Section 5

**D. Capital Assets and Expenditures**

According to the FY07 CAFR for Chevy Chase Section, the Village has \$246,612 in fixed assets. These include office equipment, streets, sewers, sidewalks, and lights. According to the CAFR OLO was provided, there were no capital outlays for Chevy Chase Section Five in FY07.

**Borrowing Authority.** The Charter of Chevy Chase Section Five states that the municipality can borrow money in amounts not exceeding in total at any time ten (10) percent of the assessed valuation of real property within Chevy Chase Section 5.

The Charter further states that before the Council shall borrow any money or issue any bonds, notes or certificates of indebtedness, the Council shall give written notice of the proposed borrowing and call a meeting of the qualified voters to consider and ratify the borrowing.

According to the CAFR OLO was provided and the Annual Treasurer's Report, the Village has no outstanding debt.

**E. Funds and Fund Balances**

According the FY07 Comprehensive Financial Report for Chevy Chase Section Five, the Village uses one governmental fund, the General Fund. The Village maintains a sub-fund within the general fund, the Highway Sub-Fund.

The following table shows the fund balances for the FY07 General and Highway Sub-Funds combined. The Highway Sub-Fund did not have any fund balance at end of year FY07. All fund balance within the General Fund is unrestricted.

**FY07 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE VILLAGE  
OF CHEVY CHASE SECTION FIVE**

Beginning of Year Combined Fund Balance	\$1,469,790
End of Year Combined Fund Balance	\$1,512,048
Change in Fund Balance	\$42,258
Percent Change in Fund Balance	44% Increase

Source: FY07 Comprehensive Annual Financial Report for the Village of Chevy Chase Section 5

**Investments.** According the Village's FY07 CAFR, the Village has an investment in the Maryland Local Government Investment Pool of \$619,938.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

According the FY04 Comprehensive Annual Financial Report of the Village of Chevy Chase Section Five, the Village has one simplified employee pension – individual retirement arrangement (SEP-IRA) for its one employee. The Village contributes 6.75% of the employee's gross compensation provided the employee matches at least 3% of the gross compensation.

Since the Town does not provide any Other Post-Employment Benefits, such as retiree health insurance, the GASB 43 or 45 requirements are not applicable.

## **SUMMARY FINANCIAL DATA FOR THE VILLAGE OF DRUMMOND**

The Village of Drummond is a special taxing district chartered in 1916. The Village comprises two-thirds of Drummond Avenue. According to Village officials, there are 43 households with a population of approximately 120 individuals.

### **A. Governance**

The Village of Drummond is governed by a Mayor and the Drummond Citizen's Committee, both elected by popular vote of the Village. There are three members on the Committee, each of whom serves a three-year term. Each year a single individual is elected to the Committee. Individuals can be elected as either Treasurer or Secretary, serve in that role for two years, and then assume the position of Mayor in the third year. The Citizen's Committee has the authority to establish standing Committees focused on specific issues.

### **B. Revenues**

The Village of Drummond's FY07 Comprehensive Annual Financial Report (CAFR) shows the Town collected \$122,585 in revenues for FY07, including \$20,861 in locally imposed property taxes. The Village of Drummond received \$90,938 in intergovernmental transfers, which is approximately 74% of all revenues.

**Property Taxes.** The FY07 assessable base for the Village was \$43.2 million, including \$43.0 million in real property assessable base and \$230,730 in personal property assessable base. The real property tax rate for FY07 was 4.8 cents per \$100 of assessed value and the personal property tax rate was 12 cents per \$100 of assessed value. The Village collected \$20,861 in property tax revenues in FY07 according to the CAFR.

The next page shows the Village's FY07 revenues.

**FY07 GENERAL FUND REVENUES FOR THE VILLAGE OF DRUMMOND**

<b>Municipal Revenues</b>		
<b><i>Taxes</i></b>		
Property	\$20,861	17%
Other Local Taxes	0	0%
<b><i>Fees</i></b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	0	0%
Rents and Concessions	0	0%
Services and Charges	0	0%
<b><i>Subtotal for Municipal</i></b>	<b><i>\$20,861</i></b>	<b><i>17%</i></b>
<b>Intergovernmental Revenues</b>		
<b><i>County</i></b>		
Reimbursement Payment	\$4,857	4%
17% Share of County Piggyback Income Tax (State-Mandated)	\$80,389	66%
Other County Revenue	0	0%
<b><i>Subtotal for County</i></b>	<b><i>\$85,246</i></b>	<b><i>70%</i></b>
<b><i>State</i></b>		
Highway User Revenue	\$5,692	5%
Other State Revenue	0	0%
<b><i>Subtotal for State</i></b>	<b><i>\$5,692</i></b>	<b><i>5%</i></b>
<b><i>Federal</i></b>		
	0	0%
<b><i>Subtotal for Intergovernmental</i></b>	<b><i>\$90,938</i></b>	<b><i>74%</i></b>
<b>Miscellaneous Revenues</b>		
Interest Earnings	\$10,786	9%
Cable TV Franchise Fees	0	0%
Contributions and Donations	0	0%
Other	0	0%
<b><i>Subtotal for Miscellaneous</i></b>	<b><i>\$10,786</i></b>	<b><i>9%</i></b>
<b><i>GRAND TOTAL</i></b>	<b><i>\$122,585</i></b>	<b><i>100%</i></b>

Source: FY07 Comprehensive Annual Financial Report for the Village of Drummond

**C. Services and Expenditures**

The Village of Drummond has no employees; the Citizens' Committee is composed of volunteers. All of the Village's services are contracted out and include:

- **Tree Maintenance.** Drummond owns and maintains a margin around the street, and is responsible for the trees that are in this area.
- **Streets and Sidewalks.** The Village maintains all concrete street and sidewalks within the Village's boundaries, which is approximately two-thirds of Drummond Avenue. Drummond contracts with a local landscaping company to remove snow, clean the street, and plant flowers at the entry way.
- **Waste Collection.** Drummond contracts with Waste Management, Inc. to remove trash and recycling.

The FY07 Financial Statement for the Village of Drummond shows the Village expended \$111,274 to deliver services to town residents. Public works expenditures account for 86% of all expenditures.

**Highway User Revenue.** The Town maintains the Highway User Revenues (\$5,692 in FY07) that it receives from the State in a Highway Fund, although the Village includes it in general expenditures under the Road/Bridge/Sidewalk Maintenance category.

The table on the next page summarizes the expenditures for the Village of Drummond in FY07.

**FY07 GENERAL FUND EXPENDITURES FOR THE VILLAGE OF DRUMMOND**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$14,611</b>	<b>13%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$84,319	76%
Street Lighting	0	0%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$10,980	10%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	0	0%
Other Public Works (Utilities)	\$1,334	1%
<i>Subtotal for Public Works</i>	<b>\$96,663</b>	<b>87%</b>
<b>Recreation and Culture</b>	<b>0</b>	<b>0%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>0</b>	<b>0%</b>
<b>Capital Outlay</b>	<b>0</b>	<b>0%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$111,274</b>	<b>100%</b>

Source: FY07 Comprehensive Annual Financial Report for the Village of Drummond

**D. Capital Assets and Expenditures**

The Village's capital assets are valued at \$38,657 and include sidewalks. The Village did not have any capital outlay expenditures in FY07.

**Borrowing Authority.** Section 65-6 of the Village's Charter outlines its borrowing authority. It states:

...For the purpose of making the improvements provided for in this section, the said Drummond Citizens' Committee is hereby authorized and empowered to borrow money and otherwise contract indebtedness and obligate said Village of Drummond in an amount not exceeding at any time the sum of four (4) per centum of the assessed valuation of the real property other than operating real property of a public utility and ten (10) per centum

of the assessed valuation of the operating real property of a public utility within said village...

**E. Funds and Fund Balances**

There are two funds for the Village of Drummond: the Highway Fund and the General Fund. The General Fund includes all general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund. The Highway Fund includes revenues from the State Highway Fund, which are restricted in use.

The following table shows the combined fund balances for the FY07 General Fund and Highway Fund; the Highway Fund did not have any fund balance. All of the Village's General fund balance is unrestricted funds.

**FY07 BEGINNING AND END OF YEAR COMBINED FUND BALANCES FOR THE VILLAGE OF DRUMMOND**

Beginning of the Year Combined Fund Balance	\$380,204
End of the Year Fund Balance	\$391,545
Change in Combined Fund Balance	\$11,341
Percent Change in Fund Balance	3% increase

**Investments.** The Village of Drummond has the following carrying amount and bank balances of the Government's deposits:

**FY07 INVESTMENTS FOR THE VILLAGE OF DRUMMOND**

Checking account	\$69,078
Money Market – Merrill Lynch	\$62,310
Certificates of Deposit	\$217,644

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Village does not have any employees and has no benefits policy or pension obligations. Additionally, the Village does not provide other post-employment benefits, such as retiree health insurance, therefore the GASB 43 or 45 requirements are not applicable.



## SUMMARY FINANCIAL DATA FOR THE TOWN OF WASHINGTON GROVE

The Town of Washington Grove was incorporated by the State General Assembly in 1937. The U.S. Census (2000) reports the Town has 515 people and 208 households; it has no commercial space. The Town is located in the I-270 Corridor along the southeastern boundary of the City of Gaithersburg.

### A. Governance

Washington Grove is governed by an elected Mayor and a six member Council. The Town has annual elections to elect a Mayor, who serves a one-year term, and two Council members, who serve three-year terms.

Under the Town Charter, the Mayor serves as the chief executive officer and the head of the administrative branch of the Town Government. The Mayor appoints the Clerk Treasurer, members of the Planning Commission and the Board of Appeals, and the Town Attorney, subject to the approval of the Council. The Town also has a Historic Preservation Commission, a Supervisors of Election Board, and a Fire Board.

The Charter authorizes the Town to levy taxes, enact and enforce regulations, hire staff, institute a competitive bidding process to contract for services, acquire property, and borrow money. In addition, the Town has its own planning and zoning powers.

### B. Revenues

The FY06 Comprehensive Annual Financial Report (CAFR) for Washington Grove shows the Town collected \$394,571 in revenues in FY06, including \$130,145 (33%) from locally authorized property taxes and \$190,791 (49%) from intergovernmental revenue transfers.

**Property Taxes.** The Town's FY06 assessable base was \$61.3 million, including \$59.6 million in real property assessable base and \$1.6 million in personal property assessable base. The FY06 real property tax rate was 20.2 cents per \$100 of assessed value and the personal property tax rate was 60 cents per \$100 of assessed value. According to the FY06 CAFR, the Town collected \$120,221 in property tax revenues.

**Other Local Taxes.** The Town imposes a tax on business personal property and property owned by public utilities. The FY06 tax rate was 60 cents per \$100 of assessed value, which produced revenues of \$9,924.

**Fees, Fines, and Service Charges.** The Town imposes a dwelling tax on residents, which is a flat uniform assessment for each dwelling that reflects the cost of refuse and recycling collection contracts. The FY06 charge of \$125 per dwelling applied to 222 dwellings and created \$27,613 in revenue.<sup>1</sup> In addition to the dwelling tax, the Town charges for the issuance of business licenses and building permits and for its recreation programs.

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<sup>1</sup> The Town increased the dwelling tax from \$125 to \$207 in FY07 after it negotiated a new three-year contract at roughly \$20,000 more than the previous contract

The table below shows the FY06 revenues for the Town of Washington Grove.

**FY06 GENERAL FUND REVENUES FOR THE TOWN OF WASHINGTON GROVE**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property (Real and Personal)	\$120,221	30%
Other Local Taxes (Business Personal Property and Utility Tax)	\$9,924	3%
<b>Fees</b>		
Fines and Forfeitures	0	0%
License Fees	0	0%
Permit Fees	\$378	<1%
Rents and Concessions	\$1,425	<1%
Services and Charges	\$49,687	13%
<b>Subtotal for Municipal</b>	<b>\$181,635</b>	<b>46%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$45,797	12%
17% Share of County Piggyback Income Tax (State-Mandated)	\$92,470	23%
Other County Revenue	0	0%
<b>Subtotal for County</b>	<b>\$138,267</b>	<b>36%</b>
<b>State</b>		
Highway User Revenue	\$52,524	13%
Other State Revenue	0	0%
<b>Subtotal for State</b>	<b>\$52,524</b>	<b>13%</b>
<b>Federal</b>		
	0	0%
<b>Subtotal for Intergovernmental</b>	<b>\$190,791</b>	<b>49%</b>
<b>Miscellaneous Revenues</b>		
Investment Earnings	\$9,027	2%
Cable TV Franchise Fees	\$2,857	1%
Contributions and Donations	\$2,667	1%
Other	\$7,594	2%
<b>Subtotal for Miscellaneous</b>	<b>\$22,145</b>	<b>5%</b>
<b>GRAND TOTAL</b>	<b>\$394,571</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town of Washington Grove

### **C. Services and Expenditures**

The Town has two full-time employees: the Town Clerk and Maintenance Supervisor and three part-time employees: Town Treasurer, custodian, and maintenance workers. In addition, the Town has 19 seasonal workers that include: lifeguards, summer camp counselors, swimming instructors, and maintenance workers. The Town provides the following services to residents:

- **General Government Services.** This category includes expenditures of \$57,631 for legal and professional fees, \$44,590 for executive salaries and operating expenses, and \$22,315 for municipal building expenses. Legal expenses of \$50,000 were spent to secure the future of the Legacy Open Space field along Ridge Road.
- **Sidewalk and Street Maintenance.** Washington Grove maintains and repairs all roads and sidewalks within its boundaries. In FY06, Washington Grove spent \$19,950 on maintenance and \$47,175 on repaving.
- **Waste, Recyclable Collection Services.** The Town provides weekly pickups for regular household trash and recyclables, including recyclable yard waste. The Town has four special collections a year for pick up of furniture, appliances, and other bulk items. The Town spent \$16,536 on trash collection in FY06.
- **Leaf Collection Services.** The Town provides recyclable Yard Waste collection from March through November. Leaf pickup begins November 1 and ends December 31, with a separate collection occurring the last week of March. A contractor vacuums leaves piled within 6 feet of the edge of a road or walkway. The Town spent \$18,600 on leaf collection in FY06.
- **Snow Removal.** The Town provides snow removal from all paved roads within the Town upon request of the Mayor or contract administrator. In addition, the Town's snow contractor will be asked to plow the parking area across from McCathran Hall, a strip along Chestnut Road near the Hall, and the parking spot adjacent to the Town Office. The Town's maintenance staff shovels paths around the Town Hall.
- **Parks and Recreation.** The major expenditures in this category include salaries (\$51,205) and tree work (\$20,800). The use of Woodward Park, including the basketball court, baseball/soccer field, picnic area, and the young children's playground, is open to all, including non-residents. The East Woods and West Woods, designated as wildlife sanctuaries, are the only municipality-owned forests in Maryland. In addition, the Acorn Library is a free, self-service children's library.

The Town's 2006 CAFR shows the Town spent \$448,987 in FY06 to repair and maintain its infrastructure and provide services to its residents. General government was the largest expenditure category (40%), followed by recreation and culture (25%), and public works (17%).

**FY06 GENERAL FUND EXPENDITURES FOR THE TOWN OF WASHINGTON GROVE**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<b>General Government</b>	<b>\$181,461</b>	<b>40%</b>
<b>Public Safety</b>	<b>0</b>	<b>0%</b>
<b>Public Works</b>		
Road/Bridge/Sidewalk Maintenance	\$19,950	4%
Street Lighting	0	0%
Stormwater Management	0	0%
Vehicle Operations/ Maintenance	0	0%
Waste Collection and Recycling	\$55,657	12%
Tree Maintenance and Parks Maintenance	0	0%
Snow Removal	\$1,716	<1%
Other Public Works	0	0%
<i>Subtotal for Public Works</i>	<b>\$77,323</b>	<b>17%</b>
<b>Recreation and Culture</b>	<b>\$112,284</b>	<b>25%</b>
<b>Community Development and Public Housing</b>	<b>0</b>	<b>0%</b>
<b>Debt Service</b>	<b>\$15,475</b>	<b>3%</b>
<b>Capital Outlay</b>	<b>\$62,444</b>	<b>14%</b>
<b>Miscellaneous</b>	<b>0</b>	<b>0%</b>
<b>GRAND TOTAL</b>	<b>\$448,987</b>	<b>100%</b>

Source: FY06 Comprehensive Annual Financial Report for the Town Washington Grove

#### D. Capital Assets and Expenditures

The Town's capital assets, net of depreciation, are valued at \$944,184, including \$573,316 in land, \$116,203 in roads, \$197,175 in buildings and improvements, \$52,074 in recreation facilities, and \$5,416 in equipment.

As noted in the discussion of operating expenditures, a portion of the Town's FY06 expenditures were for capital outlays or repairs to this infrastructure. Specifically, significant capital projects for FY06 were road repairs, including replacement of culvert pipes to improve drainage, tree planting, replacement of a well pump at Maple Lake, and replacement of a slide in Woodward Park.

**Borrowing Authority.** The Town is authorized to borrow money, subject to Section 54 of the Town Charter. The Charter authorizes the Town to issue tax anticipation bonds in the first half of the fiscal year. The amount that can be borrowed cannot exceed 50% of the anticipated property tax revenues.

In 1996, the Town borrowed \$150,000 to pay for renovations to the Town Hall. The Town initially acquired a construction loan, which was later converted to a ten-year term loan. The Town paid off this loan in June 2006. The Town currently does not have any outstanding long-term debt.

#### E. Funds and Fund Balances

The Town uses one fund, the General Fund, to account for all activities of the general government and to indicate the financial resources available to finance the Town's programs in the near term. Within the General Fund is a subfund, the Road Fund, which holds state highway user revenues. In FY06, the Town's fund balance decreased by 22% from \$243,995 to \$189,733.

The 2006 CAFR indicates the entire amount of this fund balance is unrestricted. However, Town management tracks the restricted portion of the Town's fund balance. On June 30, 2006, the Road Fund balance was \$46,145 in restricted funds. The unrestricted General Fund balance was \$143,588.

#### FY06 BEGINNING AND END OF YEAR FUND BALANCE FOR THE TOWN OF WASHINGTON GROVE

Beginning of Year Fund Balance	\$243,995
Ending FY06 Fund Balance	\$189,733
Change in Fund Balance	\$(54,262)
Percent Change in Fund Balance	22% Decrease

Source: FY06 Comprehensive Annual Financial Report for the Town of Washington Grove

**Investment Earnings.** The Town Treasurer manages the Town's investing activities in accordance with policies adopted by the Town Council, in compliance with State law and the Town Charter. On June 30, 2006, the Town had \$113,534 invested in the State of Maryland Local Government Investment Pool, which is under the administrative control of the State Treasurer's Office.

**F. Pension Plans and GASB Other Post-Employment Benefit (OPEB) Requirements**

The Town provides pension benefits for all of its full-time employees through a defined contribution plan. Plan provisions and contribution requirements are established and may be amended by the Town Council. The Town contributes up to 5% of an eligible employee's compensation per annum towards the plan and employees may make voluntary contributions of up to \$7,500 annually. As of 1998, all amounts of compensation deferred under the plan, and all related income, are held in trust for the exclusive benefit of participants.

The Town does not provide any other post-employment benefits and therefore does not have to comply with GASB 43 or 45 requirements.

#### **Chapter IV. Additional Information About Revenue Sources Identified in the Municipalities' Financial Statements**

The individual profiles in the previous chapter listed revenue sources for each of the 19 municipalities and three special taxing districts based on the financial statements submitted by the 22 entities. The financial statements identified more than a dozen revenue sources that the municipalities in Montgomery County use to fund services for their residents.

This chapter provides additional information about the authority for and distribution of the different revenue sources. In addition, for the revenues listed in the table below, OLO was able to locate data compiled by a State or local agency that shows amounts allocated by municipality. For these revenues, this chapter provides summary data charts that contain revenue amounts each municipality received for FY06 and FY07.

<b>Type of Revenue</b>	<b>Source of Data</b>
Real and Personal Property Taxes	Montgomery County Department of Finance
Admissions and Amusement Taxes	Maryland State Comptroller
County Municipal Reimbursement Payments	Montgomery County Council Staff
17% Share of Municipal Residents' County Piggyback Income Tax	Maryland State Comptroller
State Highway User Revenues	Maryland State Highway Administration
State Aid for Police Protection	Maryland State Comptroller
Program Open Space	Montgomery County Parks Department
State Business License Fee Revenue	Circuit Court of Montgomery County

The data in this chapter provide a different method to account for most of the revenues identified in the financial statements submitted by the municipalities. (The exceptions are charges for service and miscellaneous revenues.) The advantage of this approach is the consistency of the data for each type of revenue and the ability to see full sets of data for two fiscal years.

The fact that many of the numbers in this chapter do not tie into the numbers in either the individual financial statements in Chapter 3 or the composite financial tables in Chapter 6 may raise questions about the validity of the numbers in either place. Both sets of numbers are correct; however, they do not match for reasons such as differences in terminology in the financial statements, or, in the case of property taxes, differences in the reporting of adjusted or unadjusted payments.

For the remaining revenue sources, e.g., municipal fees, service charges, and miscellaneous revenues, data on amounts reported by each municipality can be found in the individual profiles (Chapter III) or in the Appendix.

As explained previously, for the purposes of this project, OLO organized revenues into three categories:

- **Municipal revenues** include taxes, fees or charges (such as property taxes, permit fees or solid waste charges) that municipalities are authorized to enact and levy;
- **Intergovernmental revenues** are taxes, entitlements, grants, or other income from the County, State or Federal government that are shared with municipalities; and
- **Miscellaneous revenues** are investment earnings, contributions, or income that municipalities generate or collect in other ways.

The rest of this chapter is organized in the same order that the different revenue sources were listed in the summaries of financial data in Chapter III.

### **CATEGORY I: MUNICIPAL REVENUES**

Various sections of State law authorize municipal officials to levy taxes and other fees to pay for public services. The most common municipal revenue sources in this category that OLO identified in municipal financial statements are:

- Real and Personal Property Taxes;
- Admission and Amusement Taxes; and
- Charges for Service and Rents and Concessions (User Fees).

Additional information on each of these sources of revenue is provided below.

#### **A. Real and Personal Property Taxes**

Property taxes are a major revenue source for local governments across the country, including Maryland. Historically, property tax revenues have represented a relatively stable and predictable revenue source.

In Maryland, the State and local governments share responsibility for the administration of the property tax system. The State Department of Assessment and Taxation (SDAT) values and assesses real property on a three-year cycle. By law, any increase is phased in over a three-year period, but any decrease is recognized immediately. The Department of Legislative Services (DLS) reports the use of the triennial process and the three-year phase in schedule provides a cushion for taxpayers when property values increase dramatically and a cushion for local governments when there is a downturn in the housing market.



In contrast to real property valuation and assessments, the State values business personal property annually. Business personal property generally includes furniture, machinery supplies, inventory, and other items not classified as “real property.”

SDAT mails a personal property tax return to every business of record and the return must be filed by April 15. After the valuations are determined, assessment notices are mailed to the businesses and the values are certified to the respective counties and towns. The local governments calculate and issue tax bills and collect the taxes for the fiscal year. The personal property tax has been an exclusively local government tax since 1984 when the State set its personal property tax rate at zero.

According to DLS, in FY04, local property tax collections in Maryland represented 24.6% of county revenues and 31.2% of municipal revenues.<sup>1</sup> DLS also reports that recent property tax revenues have lagged behind other local revenue sources such as the income tax; specifically, between 1994 and 2004, county income tax revenues across the state increased 88.2% but county property tax revenues increased only 41.0%.

Factors that affect the amount of tax revenues collected from local property taxes include: growth in the assessable base, property tax limitation measures, property tax exemptions, and property tax credit programs.

Exhibit 4-1 (page 163) reports FY07 real and personal property assessable bases, tax rates, and revenues for the 18 municipalities and three special taxing districts in Montgomery County. The source of these data is the Montgomery County Department of Finance.

The Exhibit shows estimated real and personal property tax revenues and the FY07 actual disbursements the County made to each municipality. Differences between the estimates and disbursements occur because the estimates do not account for interest on late payments or deferrals. The data show:

- The property assessable bases vary widely among the County’s municipalities. For example, the real property assessable bases range from \$17.4 million in Barnesville to \$9.0 billion in Rockville; and the personal property assessable bases range from \$148,510 in Oakmont to \$388.4 million in Rockville.
- The property tax revenues vary widely as well. Chevy Chase Section 5 had the lowest FY07 collections because it did not levy a property tax. Among those municipalities that did assess a property tax, revenues ranged from \$11,249 (Barnesville) to \$31.3 million (Rockville).

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<sup>1</sup> Department of Legislative Services, Legislative Handbook Series, Volume VI, p.107.

**EXHIBIT 4-1. FY07 ASSESSABLE BASE, TAX RATE, REVENUE ESTIMATE AND COLLECTION DATA FOR REAL AND PERSONAL PROPERTY FOR THE MUNICIPALITIES IN MONTGOMERY COUNTY**

Municipality	Real Property Assessable Base	Real Property Tax Rate	Real Property Tax Revenues - Estimate	Personal Property Assessable Base	Personal Property Tax Rate	Personal Property Tax Revenues - Estimate	Total Property Tax Revenues - Estimate	Total Property Tax Collections - Actual
Barnesville	\$17,436,620	0.054	\$9,416	\$353,310	0.20	\$707	\$10,122	\$11,249
Brookeville	18,055,215	0.15	27,083	481,900	0.45	2,169	29,251	28,976
Chevy Chase Town	743,397,765	0.023	170,981	5,136,530	0.1	5,137	176,118	254,313
Chevy Chase View	189,025,258	0.022	41,586	1,344,520	0	0	41,586	44,523
Chevy Chase Village	754,934,513	0.111	837,977	13,953,540	0.66	92,093	930,071	1,025,208
Friendship Heights	955,161,064	0.04	382,064	65,444,540	0.04	26,178	408,242	412,845
Gaithersburg	6,958,692,719	0.212	14,752,429	324,967,720	0.53	1,722,329	16,474,757	17,407,833
Garrett Park	183,274,104	0.19	348,221	1,065,620	1.00	10,656	358,877	480,310
Glen Echo	49,463,484	0.12	59,356	1,684,950	0.8	13,480	72,836	69,212
Kensington	368,509,920	0.139	512,229	21,256,520	0.5	106,283	618,511	759,710
Laytonsville	48,763,683	0.14	68,269	4,178,920	0.35	14,626	82,895	85,704
Martin's Additions	211,754,440	0.008	16,940	1,619,017	0.5	8,095	25,035	17,289
North Chevy Chase	102,820,055	0.052	53,466	416,630	0.13	542	54,008	54,204
Oakmont	32,922,036	0.06	\$19,753	148,510	0.1	149	19,902	20,183
Poolsville	491,654,776	0.18	884,979	8,743,010	0.6	52,458	937,437	1,040,813
Rockville	9,007,658,717	0.302	27,203,129	388,377,089	0.805	3,126,436	30,329,565	31,285,538
Somerset	324,849,309	0.04	129,940	3,179,090	0.22	6,994	136,934	136,411
Takoma Park	1,296,737,682	0.61	7,910,100	31,906,850	1.525	486,579	8,396,679	8,824,813
Village of Chevy Chase, Sec. 3	178,213,213	0.02	35,643	587,330	0.05	294	35,936	28,991
Village of Chevy Chase, Sec. 5	165,884,638	0	0	390,443	0	0	0	0
Village of Drummond	42,981,750	0.048	20,631	230,730	0.12	277	20,908	20,861
Washington Grove	69,526,064	0.202	140,443	1,830,640	0.6	10,984	151,426	198,300
Totals	\$22,211,717,025	NA	\$53,624,635	\$877,297,409	NA	\$5,686,466	\$59,311,096	\$62,207,286

Source of data: Montgomery County Department of Finance

## **B. Admissions and Amusement Taxes**

The Admissions and Amusement Tax is authorized by State law (Tax General Article, Sections 4-102 through 4-105; and Sections 2-201 and 2-202). This tax is imposed on gross receipts from admissions, the use or rental of sports equipment, and the sale of refreshment or services at a nightclub or similar venue.

The Admission and Amusement tax rates are set by local officials. If a municipality levies an amusement tax, then the County may not levy an amusement tax on activities within that municipality's boundaries. State law authorizes a tax rate of up to 10%; however, if the activity is subject to the State sales or use tax, the combined tax may not exceed 10%.

The Comptroller's Office collects the tax from business proprietors and non-profits, deducts an administrative fee, and distributes the remaining receipts.<sup>2</sup>

In Montgomery County, municipal officials in 19 of the 22 entities have established an Admissions and Amusement Tax. The tax rate varies from a low of 0.5% to the maximum rate of 10%. Specifically,

- Poolesville imposes the lowest rate (0.5%);
- Four places - Barnesville, Chevy Chase Town, Kensington and Laytonsville - impose a rate of 4% or 4.5%;
- 11 places and Montgomery County impose a rate of 7%; and
- Three places – Gaithersburg, Glen Echo, and Rockville – impose the maximum rate of 10%.

Exhibit 4-2 (page 165) shows the rates and revenues for the Admissions and Amusement Tax for FY06 and FY07. The source of these data is the Maryland State Comptroller. The data show:

- Although most municipalities have authorized an Admissions and Amusement Tax, only a subset of those currently realize revenues from this tax;
- In FY06, five municipalities collected a combined total of \$2.1 million; in FY07, four collected a combined total of \$1.9 million; and
- Gaithersburg and Rockville collect 99% of the total Admissions and Amusement Tax revenues collected by all of the municipalities located in the County.

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<sup>2</sup> During the 2007 special session, the General Assembly enacted legislation to impose a State tax on electronic bingo and tip jars, which will be in addition to the tax imposed by counties and municipalities. The State tax rate is 20% of net proceeds. The tax became effective January 3, 2008.

**EXHIBIT 4-2. ADMISSIONS AND AMUSEMENT TAX RATES, REVENUES AND CHANGE  
IN REVENUES FOR MUNICIPALITIES IN MONTGOMERY COUNTY, FY06 AND FY07**

<b>Municipality</b>	<b>FY06 Tax Rate</b>	<b>FY07 Tax Rate</b>	<b>FY06 Tax Revenue</b>	<b>FY07 Tax Revenue</b>	<b>Increase (Decrease)</b>
Barnesville	4.0	4.0			\$0
Brookeville	7.0	7.0			0
Chevy Chase Town	4.0	4.0			0
Chevy Chase View	7.0	7.0			0
Chevy Chase Village	7.0	7.0			0
Friendship Heights	7.0	7.0			0
Gaithersburg	10.0	10.0	1,165,087	985,453	(179,634)
Garrett Park	7.0	7.0			0
Glen Echo	10.0	10.0			0
Kensington	4.5	4.5	16,218	1,030	(15,188)
Laytonsville	4.5	4.5			0
Martin's Additions	7.0	7.0			0
North Chevy Chase	7.0	7.0			0
Oakmont	7.0	7.0			0
Poolesville	0.5	0.5	13,749		(13,749)
Rockville*	10.0	10.0	883,793	\$911,521	27,728
Somerset	Exempt	Exempt			0
Takoma Park	10.0	7.0	486	431	(55)
Village of Chevy Chase, Sec.3					
Village of Chevy Chase, Sec. 5					
Village of Drummond	7.0	7.0			0
Washington Grove	7.0	7.0			0
<b>Totals</b>	<b>NA</b>	<b>NA</b>	<b>\$2,079,333</b>	<b>\$1,898,435</b>	<b>(\$180,898)</b>

\*Rockville has a 7.0 admissions tax rate for Golf

**Source of Data: Maryland State Comptroller**

### **C. Charges for Services and User Fees**

Service charges and user fees are prices that governments charge for publicly provided goods and services. The Department of Legislative Services reports that, across Maryland, service charges and user fees represent the largest revenue source for municipal corporations.<sup>3</sup> In FY04, they made up about 33% of all municipal revenues statewide. Common examples include service charges for waste collection and disposal, and user fees for golf, swimming pools, playgrounds, concessions, and rentals.

OLO was unable to locate a consistent compilation of charges of services and user fees by a State or local agency. Appendix D summarizes data about service charges, as reported in the municipal financial statements submitted to OLO. Because of the different ways these data are compiled by each municipality, additional work is needed to identify the full range of charges municipalities have or to determine service charges as a share of all revenues.

## **CATEGORY II: INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues are taxes, entitlements, grants, or other income from the County, State, or Federal government that is shared with municipalities. The most common sources of intergovernmental revenues identified in the municipalities' financial statements are further described below.

### **A. County Revenues**

The most common sources of County revenues OLO identified in its review of the municipalities' financial statements are:

- County municipal reimbursement payments;
- 17% share of County piggyback income tax revenues (State-Mandated);
- Bank Share Grants (State-Mandated); and
- County Stormwater Management Fees.

Additional information on each of these sources of revenue is provided below.

#### **1. County Municipal Reimbursement Payments**

Both State law (Tax-Property Article, Section 6-305) and County law (County Code Chapter 30A) contain provisions that require the County to address duplicate property tax payments.

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<sup>3</sup> Department of Legislative Services, Legislative Handbook Series, Volume VI, p.243.

Since the County law was enacted, the County's practice for determining what municipal expenditures will be reimbursed and the procedures for the reimbursements have been established in a series of Council Resolutions. Resolution 13-650, County Reimbursements under the Montgomery County Municipal Revenue Program – Task Force Report and Recommendations, which is the most current resolution, has been in effect since 1996. (Appendix E)

A Municipal Revenue Sharing Task Force, established by the County Executive, is currently examining, among other issues, the formulas that Montgomery County uses to calculate tax duplication. To assist the Task Force with its deliberations, the Council staff's representative on the task force prepared a memorandum that explains municipal tax duplication payments; this memo (attached at Appendix F) presents two methods for calculating the amount of tax duplication payments. According to Executive Branch staff, the Task Force is expected to complete its work by April 2008. (Appendix G contains additional information related to the County's Task Force. See Chapter V, beginning on page 181, and Appendix H for information about reimbursement practices in other Maryland counties.)

Exhibit 4-3 (page 168) displays FY06 and FY07 municipal tax duplication payments. The source of these data regarding the approved municipal tax duplication payments for FY06 and FY07 is Council staff. The data show the County's municipal reimbursement payments totaled \$7.3 million in FY06 and \$7.3 million in FY07. In FY07, the largest payments were made to Takoma Park (\$2.8 million), Rockville (\$2.2 million), and Gaithersburg (\$1.2 million).

**EXHIBIT 4-3. MUNICIPAL REIMBURSEMENT PAYMENTS FOR MUNICIPALITIES IN  
MONTGOMERY COUNTY, FY06 AND FY07**

<b>Municipality</b>	<b>FY06 Total Payments</b>	<b>FY07 Total Payments</b>	<b>Difference</b>
Barnesville	\$0	\$40	\$0
Brookeville	5,570	7,158	1,588
Chevy Chase Town	132,842	137,187	4,345
Chevy Chase View	42,083	43,460	1,377
Chevy Chase Village	102,362	105,837	3,475
Friendship Heights	86,822	86,993	171
Gaithersburg	1,203,404	1,230,181	26,777
Garrett Park	48,520	50,106	1,586
Glen Echo	21,165	21,858	693
Kensington	140,162	144,800	4,638
Laytonsville	13,244	13,677	433
Martin's Additions	27,354	28,249	895
North Chevy Chase	24,384	25,181	797
Oakmont	3,342	3,451	109
Poolesville	214,749	221,771	7,022
Rockville	2,131,796	2,228,449	96,653
Somerset	53,390	55,335	1,945
Takoma Park	2,954,207	2,798,392	-155,815
Village of Chevy Chase, Sec.3	31,187	32,322	1,135
Village of Chevy Chase, Sec. 5	19,804	20,452	648
Village of Drummond	4,703	4,857	154
Washington Grove	45,797	47,294	1,497
<b>Totals</b>	<b>\$7,306,887</b>	<b>\$7,307,010</b>	<b>\$123</b>

Source of data: Montgomery County Council Staff

## **2. 17% Share of the County's Piggyback Income Tax (State-Mandated)**

Maryland is one of a handful of states that relies on income taxes as a significant source of revenue for its local governments. According to the Department of Legislative Services (DLS), while local income taxes are imposed in a limited way in several other states, they are widespread in only Indiana, Iowa, Pennsylvania, and Maryland. DLS reports that, in Maryland, about 22.5 percent of all State and local revenues come from the income tax; this compares to an average of 11.2 percent nationally.<sup>4</sup>

A provision distributing a percentage of County income tax to municipalities within its boundaries has been part of State law since 1937. According to research conducted by the Office of the County Attorney, a Report of the Maryland Tax Revision Commission of 1939 indicated that, before 1937, the State had an "intangibles tax." Under the law in effect at that time, two-thirds of the intangibles tax was retained locally and the remaining one-third was paid to the State.

According to the 1939 Report, when the intangibles tax was abolished, the State agreed to allocate one-fourth of the collections from the individual income tax to the localities in which the taxpayers resided to compensate the localities for their revenue loss. The relevant part of the local distribution provision in the 1939 law stated:

258 (Distribution of Tax.)\*\*\*one-fourth (1/4) of the taxes collected under this sub-title from individual residents of the various counties of the State shall be paid over and distributed by the Comptroller to the County Commissioners of the respective counties in which such taxpayers reside; but in the case of a taxpayer residing in an incorporated city, town or village of any county, one-fourth (1/4) of the tax collected from such taxpayer shall be equally divided between the incorporated city, town or village, and the county in which such taxpayer resides.

Current State law (Section 2-607, Tax-General Article) requires the Comptroller to distribute to each municipality the greater of 17% of the county income tax liability of its residents or 0.37% of the Maryland taxable income of those residents. Section 2-607 states:

a) *Distribution.* - After making the distributions required under §§ 2-604 through 2-606 of this subtitle, from the remaining income tax revenue from individuals, the Comptroller shall distribute to each special taxing district that received an income tax revenue distribution in fiscal year 1977 and to each municipal corporation an amount that, based on the certification of the Comptroller as to State income tax liability and county income tax liability of the residents of the district or municipal corporation, equals the greater of: 1) subject to subsection (b) of this section, 17% of the county income tax liability of those residents....

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<sup>4</sup> Department of Legislative Services, Legislative Handbook Series, Volume III, p. 11.



Exhibit 4-4 lists each of the municipality's share of the County's piggyback income tax revenues for FY06 and FY07. The source of these data is the Maryland State Comptroller. In sum, the data show:

- Municipalities realized a total of \$27.9 million in piggyback income tax revenues in FY06 and \$32.1 million in FY07.
- In FY07, the jurisdictions that realized the highest piggyback income tax revenues were Rockville (\$10.2 million), Gaithersburg (\$8.5 million), and Chevy Chase Town (\$2.7 million).

**EXHIBIT 4-4. 17% SHARE OF MUNICIPAL RESIDENTS' COUNTY PIGGYBACK INCOME  
TAX PAYMENTS DISTRIBUTED TO MUNICIPALITIES IN MONTGOMERY COUNTY,  
FY06 AND FY07**

Municipality	FY06 Local Income Tax Revenue	FY07 Local Income Tax Revenue	Increase (Decrease)
Barnesville	\$61,865	\$58,528	(\$3,337)
Brookeville	111,379	103,549	(7,830)
Chevy Chase Town	2,286,908	2,747,199	460,291
Chevy Chase View	318,946	371,838	52,892
Chevy Chase Village	2,190,005	2,424,177	234,172
Friendship Heights	928,848	952,503	23,655
Gaithersburg	7,262,318	8,530,674	1,268,356
Garrett Park	237,634	261,817	24,183
Glen Echo	72,375	76,209	3,834
Kensington	465,420	569,292	103,872
Laytonsville	64,421	82,737	18,316
Martin's Additions	405,792	\$515,033	\$109,241
North Chevy Chase	176,364	172,029	(4,335)
Oakmont	25,110	47,441	22,331
Poolesville	758,430	\$908,972	150,542
Rockville	8,957,927	10,168,788	1,210,861
Somerset	792,109	938,885	146,776
Takoma Park	1,918,019	2,071,441	153,422
Village of Chevy Chase, Section 3	330,793	419,063	88,270
Village of Chevy Chase, Section 5	410,501	459,607	49,106
Village of Drummond	61,649	80,389	18,740
Washington Grove	92,470	98,798	6,328
Totals	\$27,929,283	\$32,058,969	\$4,129,686

Source of data: Maryland State Controller

### **3. Other County Revenues**

OLO's review of municipal financial statements identified two additional types of County revenues commonly distributed to municipalities: Bank Share Grants and Stormwater Management Fees.

**Bank Share Grants from County Revenues (State-Mandated).** State law Article 25, Section 220 requires the County to make an annual grant to compensate each municipality for the amount of revenue it received from the bank share tax in FY68. The State eliminated this tax in 1968 when it revised the tax law to institute a County piggyback income tax. When the bank share tax was eliminated, the State required counties to compensate municipalities for their revenue loss. The provision capped the reimbursement at the amount the municipalities received in FY68.

The financial statements OLO reviewed did not identify this revenue source in a consistent or uniform manner. When it was explicitly identified as a Bank Share Grant or Financial Institution Grant, OLO classified it as Other Revenues.

**County Stormwater Management Fees.** Section 19-35 of the Montgomery County Code authorizes the County to impose an annual fee on all residential and some nonresidential property owners. The fees fund a comprehensive inspection and maintenance program for stormwater facilities in the County.

The County collects the Water Quality Protection Charge from property owners in all municipalities except for Rockville and Takoma Park, which currently assess their own fees. The County has a Memorandum of Understanding with the City of Gaithersburg to remit fees the County collects from property owners in Gaithersburg to the City because the City administers its own stormwater management program. (See Appendix I.)

### **B. State Revenues**

An issue paper prepared by the Department of Legislative Services for the 2007 Legislative Session states that approximately 15 percent of State aid is allocated to county and municipal governments to finance transportation, public safety, public works, and recreation projects. (See Appendix J.)

In Montgomery County, the State programs that allocate County/Municipal Aid are the Highway User Revenue program, the Aid for Police Protection Fund, various Fire Protection grants, and Program Open Space. This section provides additional information on the following State revenues:

- State Highway User Revenues;
- State Aid for Police Protection;
- Program Open Space; and
- Business License Fees.

## **1. State Highway User Revenues**

State law (Transportation Article, Sections 8-401 through 8-413) entitles local governments to receive a share of state highway user revenues. The State disburses 70 percent of qualified Gasoline and Motor Vehicle Revenue Account revenues to the Maryland Department of Transportation (MDOT) and 30 percent to local jurisdictions. Baltimore City receives a formula based portion of the local share. The remaining revenues are allocated among the counties and their municipalities. One-half of the allocation is based on each entity's proportionate share of vehicle registrations; one-half on its share of road mileage.

The use of the money is restricted to highway maintenance- and repair-related expenditures. Several municipalities account for the use of these revenues in a separate fund. Each jurisdiction must file an annual report with MDOT that indicates how its monies were spent.

Exhibit 4-5 (page 173) lists the distribution of Highway User Revenues for FY06 and FY07 to the municipalities in Montgomery County. The source of these data is the Maryland State Highway Administration. The data show a total of \$6.4 million in Highway User Revenues was distributed to municipalities in FY06 and a total of \$7.2 million was distributed in FY07. Gaithersburg and Rockville received the largest amounts, accounting for almost 75% of the total amount of all Highway User Revenues shared with the municipalities.

**EXHIBIT 4-5. STATE HIGHWAY USER REVENUES AND CHANGE IN REVENUES FOR MUNICIPALITIES IN MONTGOMERY COUNTY, FY06 AND FY07**

<b>Municipality</b>	<b>FY06 State Highway User Revenues</b>	<b>FY07 State Highway User Revenues</b>	<b>Increase (Decrease)</b>
Barnesville	\$0	\$0	\$0
Brookeville	8,915	10,500	1,585
Chevy Chase Town	136,050	149,091	13,042
Chevy Chase View	45,554	50,107	4,553
Chevy Chase Village	129,875	143,755	13,880
Friendship Heights	66,696	73,058	6,362
Gaithersburg	1,844,705	2,057,954	213,249
Garrett Park	53,160	59,260	\$6,100
Glen Echo	18,892	21,042	2,150
Kensington	121,492	134,132	12,641
Laytonsville	19,383	21,354	1,971
Martin's Additions	37,907	42,023	4,116
North Chevy Chase	27,807	30,233	2,426
Oakmont	4,539	5,305	766
Poolesville	273,408	303,284	29,876
Rockville	2,904,722	3,265,785	361,063
Somerset	57,495	63,698	6,203
Takoma Park	553,481	606,134	52,653
Village of Chevy Chase, Sec. 3	32,755	36,460	3,705
Village of Chevy Chase, Sec. 5	30,833	33,485	2,652
Village of Drummond	5,275	5,629	354
Washington Grove	47,313	48,801	1,488
Totals	\$6,420,257	\$7,161,092	\$740,836

Source of data: Maryland State Highway Administration

**2. Aid for Police Protection Fund**

State law (Article 41, Section 4-403(b)) entitles municipalities and counties to receive an annual grant for police services. The State Aid for Police Protection Fund was established in 1967.

The Legislative Handbook Series (published by the Maryland Department of Legislative Services) states that the police aid formula distributes funds on a per capita basis. To qualify, a municipal corporation must expend at least \$5,000 annually and employ at least one full-time officer, or expend \$80,000 annually and employ at least two part-time officers from a county police or sheriff's department.

An issue paper prepared by the Department of Legislative Services for the 2007 Legislative Session states that each qualifying municipality receives \$1,800 for every sworn police officer employed on a full-time basis. The last increase in this allocation (from \$1,200 to \$1,800) occurred in 1999.

Exhibit 4-6 lists the allocation of State aid for police protection to the County Government and the four qualifying municipalities in FY06 and FY07. The source of these data is the Maryland State Comptroller. The data show that the total State Aid for Police Protection distributed to the municipalities totaled about \$1.6 million each year.

**EXHIBIT 4-6. STATE AID FOR POLICE PROTECTION FOR MUNICIPALITIES IN  
MONTGOMERY COUNTY, FY06 AND FY07**

<b>Municipality</b>	<b>FY06 State Aid for Police Protection</b>	<b>FY07 State Aid for Police Protection</b>	<b>Increase (Decrease)</b>
Chevy Chase Village	\$86,740	\$87,708	\$968
Gaithersburg	472,673	495,722	23,049
Rockville	596,981	651,181	54,200
Takoma Park	479,340	403,947	(75,393)
Totals	\$1,635,734	\$1,638,558	\$2,824

Source of data: Maryland State Comptroller

### **3. Program Open Space Funds**

Natural Resources Article, Title 5, Subtitle and Tax-Property Article, Section 13-209 establishes the authority for Program Open Space. According to DLS, Program Open Space is a state environmental aid program that provides dedicated local government funding for the acquisition and development of park and recreation areas. The program, which was established in 1969, is funded by a share of State transfer tax revenues. Approximately 50% of the funding is allocated to State projects and 50% is allocated to local governments. The allocation of this funding is based on a statutory formula.

Between FY03 and FY06, the General Assembly transferred \$151.3 million in local Program Open Space funds to the State's general fund to address the State's fiscal crisis. It used general obligation bonds to partially fund the program.

To be eligible for funding, a county must submit a six-year plan to the Department of Natural Resources, which administers the program. After a county submits a plan, it must submit a proposal annually that is consistent with its plan and prioritizes its projects. Municipalities may receive Program Open Space funding through their counties. They must apply to the counties for funding, and the county will consider municipal projects with other county projects.

The Montgomery County Department of Parks manages Program Open Space funds in Montgomery County. Parks staff report they receive an annual allocation of Program Open Space funds from the State every July 1. The Parks staff administers the allocation of these funds as follows. First, staff divides the total amount of funds in half: 50% is allocated for Park Acquisition, and 50% is allocated for Park Development. Next, staff apportions the Park Development share proportionately among the municipalities based on their population. This apportionment is calculated using the entire annual allocation, i.e., before the 50/50 split. Roughly 16% of the total annual apportionment is set aside from the development half, for municipalities, and the remainder is programmed for county-wide park development projects.

In FY07, for example, the County received a total Program Space allocation of \$24.3 million. Half of this amount (\$12.1 million) was allocated for Acquisition and half (\$12.1 million) was allocated for Development and Municipalities. Subdividing the share allocated for Development and Municipalities proportionately among the municipalities (based on their population) and the rest of the County produced an allocation of about \$3.8 million for the municipalities and \$8.3 million for the remainder of the County.

The Department of Parks is not obligated to hold funding for municipalities from year to year, but will accommodate municipalities' needs if possible. Parks staff maintain records of the annual Program Open Space allocations to individual municipalities, and each municipality's unprogrammed allocation. Parks staff report, for different reasons, municipalities do not always expend their allocation in a given year. In some instances, a single year allocation to a municipality may be too small. In other cases, a municipality may not be able to provide the 25% matching funds that the law requires. In still other cases, a municipality may not have any identified project needs.

Examples of the uses of Program Open Space funds that OLO found as a result of its review of the financial statements the municipalities submitted include the following:

- Takoma Park reported revenue from a Program Open Space Grant;
- Chevy Chase Village reported the use of Program Open Space funds for acquisition of the Wolfarth property; and
- Garrett Park plans to use Program Open Space funds for the Cambria Park improvements/Keswick sidewalk project.

Exhibit 4-7 (page 177) displays Program Open Space allocations and fund balances by municipality for FY06 and FY07. The data show the municipalities received a total of \$1.3 million in Program Open Space Funds in FY06 and \$4.0 million in FY07. The municipalities' cumulative fund balances were (\$631,122) in FY06 and \$3.3 million as of February 2007.

**EXHIBIT 4-7. PROGRAM OPEN SPACE ALLOCATIONS AND UNPROGRAMMED  
ALLOCATIONS BY MUNICIPALITIES, FY06 AND FY07<sup>5</sup>**

Municipality	Annual Allocation		Unprogrammed Allocations	
	FY06	FY07	FY06	FY07*
Barnesville	\$1,415	\$4,284	\$27,478	\$31,762
Brookeville	1,156	3,437	4,975	8,412
Chevy Chase Town	24,351	73,053	265,708	338,761
Chevy Chase View	7,496	22,521	70,338	92,859
Chevy Chase Village	17,700	52,866	(59,124)	(6,259)
Gaithersburg	504,927	1,505,890	(1,505,890)	0
Garrett Park	8,108	24,111	6,604	17,507
Glen Echo	2,139	6,361	(58,511)	(52,150)
Kensington	16,294	48,505	(25,070)	23,435
Laytonsville	2,441	7,259	44,660	51,919
Martin's Additions	7,763	23,085	89,969	113,054
North Chevy Chase	4,132	12,364	38,239	50,603
Poolesville	45,623	135,666	(135,405)	260
Rockville	503,858	1,534,465	1,116,695	2,651,160
Somerset	9,989	29,985	(453,274)	(423,289)
Takoma Park	149,824	445,575	(123,000)	322,575
Village of Chevy Chase, Sec. 3	6,720	19,982	72,866	92,848
Village of Chevy Chase, Sec. 5	5,633	16,750	(16,750)	0
Washington Grove	4,606	13,826	21,577	35,403
Totals	\$1,324,175	\$3,979,984	(\$631,122)	\$3,348,861

\*Balance as of February 2007

Source: Montgomery County Parks Department

<sup>5</sup> The special taxing districts are not included in this table because they do not receive allocations.



#### **4. State Business License Fees**

State law (Business Regulation Article, Sections 17-206, 17-305 and 17-1804) authorizes the charging of business license fees. The State sets annual licensing fees for various businesses, e.g., vending machines, hawkers, construction firms, and storage warehouses. Businesses must renew their licenses and pay a license fee annually.

Business license fees are collected by the Clerks of the Court in each County. The Clerks remit three percent of the collected revenues to the State's General Fund to defray the State's collection costs, and retain an additional amount to defray their own costs. (In Montgomery County, the Clerk retains an additional three percent.) If the business is located in a municipality, the Clerk remits the remaining revenues directly to that municipality; if the business is located in an unincorporated area, then the Clerk remits the remaining revenues to the County Government.

Exhibit 4-8 (page 179) shows the number of business licenses and amount of associated business license revenue remitted to municipalities located in Montgomery County in FY06 and FY07. The source of these data is the Circuit Court of Montgomery County.

The data show a total of \$342,099 in business license revenue was distributed in FY06 and a slightly reduced total of \$338,991 was distributed in FY07. Gaithersburg and Rockville received the largest amounts of business license revenue, accounting for approximately 85 percent of the total distributed among municipalities.

**EXHIBIT 4-8. STATE BUSINESS LICENSE FEE REVENUES AND CHANGE IN REVENUES  
FOR MUNICIPALITIES IN MONTGOMERY COUNTY, FY06 AND FY07**

<b>Municipality</b>	<b>Number FY06 Licenses</b>	<b>Number FY07 Licenses</b>	<b>FY06 Amount Collected</b>	<b>FY07 Amount Collected</b>
Barnesville	0	0	\$0	\$0
Brookeville	1	1	17	17
Chevy Chase Town	1	1	52	52
Chevy Chase View	0	1	0	302
Chevy Chase Village	1	4	702	751
Friendship Heights	56	56	8,996	9,516
Gaithersburg	1,396	1,376	156,730	150,473
Garrett Park	0	0	0	0
Glen Echo	0	0	0	0
Kensington	170	170	13,215	11,736
Laytonsville	12	12	449	359
Martin's Additions	12	10	1,014	930
North Chevy Chase	0	4	0	68
Oakmont	0	0	0	0
Poolesville	54	51	3,987	3,842
Rockville	1,221	1,338	135,062	139,003
Somerset	1	0	\$17	\$0
Takoma Park	310	276	21,791	21,791
Village of Chevy Chase, Section 3	3	2	51	34
Village of Chevy Chase, Section 5	1	1	17	17
Village of Drummond	0	0	0	0
Washington Grove	0	3	0	101
<b>Totals</b>	<b>3,239</b>	<b>3,306</b>	<b>\$342,099</b>	<b>\$338,991</b>

**Source of data: Circuit Court of Montgomery County**

### **CATEGORY III: OTHER REVENUES**

Municipalities rely on other sources of revenue to supplement the revenues they realize from locally imposed taxes or fees and intergovernmental transfers. The most common types of other revenue sources OLO identified were Cable Franchise Fees and Investment Earnings. Some additional information on these two revenue sources is provided below.

#### **A. Cable Franchise Fees**

Staff in the Office of Cable and Communications report that under the County's Cable franchise agreements, the County distributes two types of revenues to municipalities:

- Co-Franchisor Fees. Section 8A-29(b)(1) of the Montgomery County Code requires the County to pay a portion of the gross franchise fee to each participating municipality that is a municipal co-franchisor. The amount is determined by a formula in County law equal to about 70 percent of a proportionate share of gross franchise fee revenues based on the number of subscribers in each municipality. The County retains 30 percent for administering the franchise for the municipality. In practice, the County makes distributions to all of the municipalities except Gaithersburg, which has its own franchise agreements. The County also makes a distribution to Friendship Heights.
- PEG fees. The County receives revenues from the cable companies to support the capital and operating costs of the Public, Education and Government (PEG) channels, and it allocates a portion of these fees to Rockville, Takoma Park and Montgomery Municipal Cable, which is the Maryland Municipal League's designated recipient.

Fifteen of the financial statements OLO reviewed reported cable fee revenues. The amounts varied widely, ranging from \$608 (Brookeville) to \$481,591 (Rockville). Some municipalities reported to OLO that they view the fees they receive as a "pass through" because the fee amounts are comparable to the payments made to Montgomery Municipal Cable.

#### **B. Investment Earnings**

OLO's review of municipal financial statements showed 21 of the 22 municipalities realized investment income in FY06 or FY07. The data show the revenue from investment earnings varies widely, from a low of \$156 (Somerset) to a high of \$2.4 million (Rockville).

## **Chapter V. Municipal Tax Duplication Program Practices in Other Counties**

In FY06, according to the 2006 Report on County/Municipal Tax Differentials and Tax Rebates published by the Department of Legislative Services, 17 of 23 counties established property tax set-offs for their municipalities. State law (Tax-Property Article, Section 6-305) requires county governments to address duplicate property tax payments through the establishment of property tax rebates or property tax differentials. It establishes mandatory requirements for some counties and voluntary provisions for others. Specifically:

- Section 6-305 provides that nine counties (including Montgomery County) must meet annually with the governing bodies of their municipalities. If duplicative services exist, these counties **must** either impose a real property tax rate differential or make a tax rebate payment to the municipal corporation.<sup>1</sup>
- Section 6-306 of State law applies to the remaining 14 counties. Under this section, these counties **may** either impose a lower County property tax rate or may make a payment to the municipal corporation.

Exhibit 5-1 (on page 182) displays the type and amounts of these set-offs by county. Statewide, the total payments were \$59.5 million including \$40.6 million in tax differentials and \$18.9 million in tax rebates (DLS reports the tax rebates exclude certain payments that must be shared with municipalities under State law<sup>2</sup>).

**Program Practices in Other Counties.** The calculations a county performs to establish the amount of a tax rebate or tax differential are administratively complex because they require determinations of service eligibility, service cost estimates, revenue offsets and net property tax support, and tax rate conversions.

OLO collected additional information about the practices followed in Anne Arundel, Frederick, and Prince Georges Counties. Only Prince Georges County has its practices codified in law.

The DLS Report in Appendix H contains brief descriptions of the methodology each county follows to calculate the tax rebate or tax differential. A review of the descriptions shows the counties use a variety of formulas to estimate their rebate or differential tax rates.

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<sup>1</sup> The nine counties covered by Sec. 6-305 are Allegany, Anne Arundel, Baltimore, Frederick, Garrett, Harford, Howard, Montgomery, and Prince Georges; however, Baltimore and Howard do not have any municipalities.

<sup>2</sup> The excluded categories of payments are (1) mandatory State pass-throughs from counties to municipalities, such as supplemental police aid or distributions from the State Fire, Rescue, and Ambulance Fund; (2) county sales and services taxes, license fees, and alcoholic beverage dispensary profits required by State law to be shared with municipalities; and (3) funds to which a municipality has a claim, such as Program Open Space.

**EXHIBIT 5-1: TAX DIFFERENTIALS AND TAX REBATES  
FISCAL 2006**

<b>County</b>	<b>Tax Differential</b>	<b>Tax Rebate</b>	<b>Total</b>
Allegany	\$815,009	\$0	\$815,009
Anne Arundel	16,524,487	0	16,524,487
Baltimore city	N/A	N/A	N/A
Calvert	2,002,378	0	2,002,378
Caroline	592,504	0	592,504
Carroll	0	2,130,555	2,130,555
Cecil	0	491,045	491,045
Charles	735,875	0	735,875
Dorchester	0	69,000	69,000
Frederick	0	5,405,180	5,405,180
Garrett	214,828	0	214,828
Harford	4,280,483	1,296,801	5,577,284
Howard	N/A	N/A	N/A
Kent	0	128,508	128,508
Montgomery	0	7,256,887	7,256,887
Princes George's	3,619,026	669,672	14,288,698
Queen Anne's	0	0	0
St. Mary's	0	55,370	55,370
Somerset	0	0	0
Talbot	1,806,947	0	1,806,947
Washington	0	1,382,248	1,382,248
Wicomico	0	0	0
Worcester	0	0	0
<b>Total</b>	<b>\$40,591,537</b>	<b>\$18,885,266</b>	<b>\$59,476,803</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

Below is a summary of the practices for counties covered by Section 6-305 that had FY06 reimbursements of \$5 million or more.

Anne Arundel (\$16.5 million tax differential to Annapolis). The County categorizes its expenditures into countywide and non-city categories, subtracts all non-property tax revenues, and divides the remaining costs into net assessable base amounts to determine property tax rates for countywide and non-city services. The non-city tax rate serves as the Annapolis tax rate differential.

Frederick (\$5.4 million tax rebate to 12 municipalities including \$3.7 million to Frederick). The County uses the municipalities' total taxable income, assessable base, and population to calculate a factor that it applies to the net cost of service determined for a list of duplicative services. It uses the net expenditures for duplicative services to calculate a per capita or per unit cost of service. Finally, it compares the per capita cost to the net cost multiplied by the factor and reimburses the municipality for the lesser of the two amounts.

Harford (\$5.6 million to Aberdeen (\$1.9 million), Bel Air (\$2.1 million), and Havre de Grace (\$1.5 million)). The County provides a tax differential to its three municipalities for highway and road maintenance services, and a tax rebate for police services. The tax differential for highway maintenance services, which totaled \$4.3 million, is based on a highway property tax rate that the County imposes in the unincorporated sections of the County. The \$1.3 million the County provided in tax rebates for police services are in addition to State aid revenues for police protection.

Montgomery County (\$7.3 million to 21 municipalities including Takoma Park (\$2.9 million), Rockville (\$2.1 million) and Gaithersburg (\$1.2 million). The County reimburses for tax supported road reimbursements, park maintenance, police services, animal control, elderly services, zoning. (See Exhibits 5-2 and 5-3 on pages 184 and 185, respectively, for charts that show FY06 and FY07 reimbursement amounts. Also see Appendix E for a copy of Resolution 13-650, adopted on September 10, 1996, which describes the County's current program practices, and Appendix F for a Council staff memorandum that explains the factors the calculation must take into account.)

Prince Georges County (\$14.3 million to 27 municipalities including Laurel (\$3.3 million), Greenbelt (\$2.6 million), and Hyattsville (\$1.7 million)). After it adjusts for revenues directly allocated to a specific service, the County assigns a tax rate equivalency value to the costs for separate municipal services based on information in the prior year's budget. The County certifies and aggregates a town's requests for service credit and translates the request into a dollar value. The County reduces the net service values to reflect that portion of each County service that the property tax levy pays for. The County sums these tax rate values to determine the tax rate differential for each municipality. The County provides tax rebates for refuse collection. The law also provides for an arbitration panel to resolve disputes. (See Appendix K for relevant sections from the Prince Georges County Code.)

Overview of Revenues, Expenditures, & Other Financial Data for Municipalities &  
Special Taxing Districts in Montgomery County

**EXHIBIT 5-2: FY06 MUNICIPAL TAX DUPLICATION PAYMENT SUMMARY**

Municipality	Local Road Miles	Road	Police/Crossing Guard	Board of Appeals	Hearing Examiner	Elderly Services	Park	Human Relations	Animal Control	Total FY06 Approved Amount
Barnesville	0									0
Brooksville	0.45	\$5,570								5,570
Chevy Chase View	3.4	42,083								42,083
Chevy Chase Village	8.27	102,362								102,362
Friendship Heights	0.82	10,150				5,418	71,254			86,822
Gaithersburg	87.61	1,099,687				50,342			53,376	1,203,404
Garrett Park	3.92	48,520								48,520
Glen Echo	1.71	21,165								21,165
Kensington	8.17	104,762					35,401			140,162
Laytonville	1.07	13,244								13,244
Martin's Additions	2.21	27,354								27,354
North Chevy Chase	1.97	24,384								24,384
Oakmont	0.27	3,342								3,342
Poolesville	17.35	214,749								214,749
Rockville	149.53	1,921,410				48,208		111,066	51,113	2,131,796
Somerset	4.24	53,390								53,390
Takoma Park*	34.6	430,079	2,452,458				71,670			2,954,207
Town of Chevy Chase	9.92	122,784		105	876		9,077		0	132,842
Village of Chevy Chase Section 3	2.23	27,602					3,585			31,187
Village of Chevy Chase Section 5	1.6	19,804								19,804
Village of Drummond	0.38	4,703								4,703
Washington Grove	3.7	45,797								45,797
<b>TOTAL</b>	<b>\$343.42</b>	<b>\$44,342,941</b>	<b>\$2,452,458</b>	<b>\$105</b>	<b>\$876</b>	<b>\$103,968</b>	<b>\$190,987</b>	<b>\$111,066</b>	<b>\$104,489</b>	<b>\$7,306,887</b>

\*Takoma Park Approved does include \$50,000 the City owes to the County. The City has borrowed \$455,000 from the County for revitalization of the Pinecrest Area. Repayments of \$50,000 are due per year in FY01-08, with \$55,000 due in FY09.

Source: Council Staff

**EXHIBIT 5-3: FY07 MUNICIPAL TAX DUPLICATION PAYMENT SUMMARY**

Municipality	Local Road Miles	Road	Police/Crossing Guard	Board of Appeals	Hearing Examiner	Elderly Services	Park	Human Relations	Animal Control	Total FY07 Approved
Barnesville	0	0								0
Brookeville	0.56	\$7,158								\$7,158
Chevy Chase View	3.4	43,460								43,460
Chevy Chase Village	8.28	105,837								105,837
Friendship Heights	0.82	10,481				4,703	71,809			86,993
Gaithersburg	87.95	1,141,084				33,776			55,321	1,230,181
Garrett Park	3.92	50,106								50,106
Glen Echo	1.71	21,858								21,858
Kensington	8.17	108,984					35,816			144,800
Laytonsville	1.07	13,677								13,677
Martin's Additions	2.21	28,249								28,249
North Chevy Chase	1.97	25,181								25,181
Oakmont	0.27	3,451								3,451
Poolesville	17.35	221,771								221,771
Rockville	152.56	2,024,258				33,705		115,282	55,204	2,228,449
Somerset	4.24	55,335								55,335
Takoma Park*	34.45	442,624	2,333,539				72,229			2,798,392
Town of Chevy Chase	9.92	126,800		323	917		9,147		0	137,187
Village of Chevy Chase Section 3	2.23	28,504					3,818			32,322
Village of Chevy Chase Section 5	1.6	20,452								20,452
Village of Drummond	0.38	4,857								4,857
Washington Grove	3.7	47,294								47,294
<b>TOTAL</b>	<b>\$346.76</b>	<b>\$4,531,421</b>	<b>\$2,333,539</b>	<b>\$323</b>	<b>\$917</b>	<b>\$72,184</b>	<b>\$192,819</b>	<b>\$115,282</b>	<b>\$110,525</b>	<b>\$7,307,010</b>

\*Takoma Park Approved does include \$50,000 the City owes to the County. The City has borrowed \$455,000 from the County for revitalization of the Pinecrest Area. Repayments of \$50,000 are due per year in FY01-08, with \$55,000 due in FY09.

Source: Council Staff



## **Chapter VI. Composite Summaries of Municipal Financial Data**

This chapter presents composite financial data tables for the 19 municipalities and three special taxing districts in Montgomery County. OLO created these composite tables from the data contained in the 22 individual financial profiles (presented in Chapter III). The purpose of compiling these data is to illustrate the overall patterns of financial data for Montgomery County's municipalities as a group. Specifically, this chapter includes composite financial data tables for the 22 entities on:

- Revenues;
- Expenditures; and
- Fund balances and reserves.

This chapter also provides summary tables that show, for each entity, the number of municipal employees and related employee pension plan information; and summary information on municipal debt and statutory limits on authority to borrow funds.

These composite tables offer a useful perspective; however, there are some important caveats to keep in mind. Like the individual summaries in Chapter III, these composite tables are based on a combination of FY06 and FY07 fiscal year data. Also, data for all of the municipalities as a group do not, by themselves, communicate the large variations that exist across the municipalities. That diversity, which was displayed in the individual profiles in Chapter III, is lost when the results are summed up and reported collectively. As a reminder of the large variation among the municipalities, tables showing municipal revenues and expenditure detail by municipality are attached at the end of this chapter.

This chapter begins with a summary of revenues and expenditures, followed by information about the municipalities' fund balances, compliance with Governmental Accounting Standards Board (GASB) requirements for Other Pension Employment (OPEB) benefits, and borrowing authority and capital debt levels.

### **A. Summary of Revenues**

As a group, Montgomery County's municipalities collected about \$160 million in revenue for each of the last two fiscal years. Of this total, the municipalities received \$90 million from their own municipal revenue sources, \$59.6 million from intergovernmental revenue sources, and \$14 million in other miscellaneous revenues.

Municipal property taxes and other local taxes totaled \$56.8 million, or about 36% of all revenue. Fees totaled \$33.3 million or about 21% of all revenue. Intergovernmental revenues totaled \$55.6 million, or about 35% of all revenues; of this amount, the municipalities' share of the County income tax revenue totaled \$28.8 million, or 18% of all revenue. The County's Reimbursement Payment totaled approximately \$7 million, representing 5% of total revenues. State aid totaled \$11.5 million (7%); this amount includes aid from the State Highway User revenues, Police Aid and Project Open Space. Federal aid totaled about \$2.9 million, accounting for 2% of total revenue.

**EXHIBIT 6-1: SUMMARY OF REVENUES FOR MUNICIPALITIES LOCATED IN MONTGOMERY  
COUNTY, FY06/FY07 DATA<sup>1</sup> (\$000s)**

<b>Municipal Revenues</b>		
<b>Taxes</b>		
Property/Other Local Taxes	\$56,784	36%
<b>Fees</b>		
Fines and Forfeitures	33,251	21%
License Fees		
Permit Fees	0	
Rents and Concessions		
Services and Charges	0	
<b>Subtotal for Municipal</b>	<b>\$90,034</b>	<b>56%</b>
<b>Intergovernmental Revenues</b>		
<b>County</b>		
Reimbursement Payment	\$7,301	5%
17% Share of County Piggyback Income Tax (State-Mandated)	28,771	18%
Other County Revenue	5,104	1%
<b>Subtotal for County</b>	<b>\$41,177</b>	<b>26%</b>
<b>State</b>		
Highway User Revenue		
Police Aid		
Program Open Space		
Other State Revenue		
<b>Subtotal for State</b>	<b>\$11,512</b>	<b>7%</b>
<b>Federal</b>		
	\$2,938	2%
<b>Subtotal for Intergovernmental</b>	<b>\$55,627</b>	<b>35%</b>
<b>Miscellaneous Revenues</b>		
Interest Earnings		
Cable TV Franchise Fees		
Contributions and Donations		
Other		
<b>Subtotal for Miscellaneous</b>	<b>\$13,852</b>	<b>9%</b>
<b>GRAND TOTAL</b>	<b>\$159,513</b>	<b>100%</b>

<sup>1</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**B. Summary of Expenditures**

Collectively, Montgomery County's municipalities expended \$158 million to provide services to their residents. The service categories that had the largest share of expenditures were Public Works (24%), followed by Recreation and Culture (16%) and Capital Outlay (16%). The General Government service category had 15% of all expenditures, and Public Safety had 9%.

**EXHIBIT 6-2: SUMMARY OF EXPENDITURES FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>2</sup> (\$000s)**

<b>Expenditure Category</b>	<b>Amount</b>	<b>Share</b>
<i>General Government</i>	<i>\$23,870</i>	<i>15%</i>
<i>Public Safety</i>	<i>\$13,920</i>	<i>9%</i>
<i>Public Works</i>	<i>\$38,028</i>	<i>24%</i>
Road/Bridge/Sidewalk Maintenance		
Street Lighting		
Stormwater Management		
Vehicle Operations/ Maintenance		
Waste Collection and Recycling		
Tree Maintenance and Parks Maintenance		
Snow Removal		
Other Public Works		
<i>Recreation and Culture</i>	<i>\$25,103</i>	<i>16%</i>
<i>Community Development and Public Housing</i>	<i>\$6,583</i>	<i>4%</i>
<i>Debt Service</i>	<i>\$19,444</i>	<i>12%</i>
<i>Capital Outlay</i>	<i>\$25,928</i>	<i>16%</i>
<i>Miscellaneous</i>	<i>\$5,979</i>	<i>4%</i>
<b>GRAND TOTAL</b>	<b>\$158,835</b>	<b>100%</b>

<sup>2</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

### **C. Summary of Fund Balances and Reserves**

To develop summary information about the municipalities' fund balance reserves, OLO created a category of "Combined Funds" that consolidates data for the municipalities' general funds and special revenue funds. OLO also compiled capital fund balance data for the 6 municipalities that maintain these type of funds.

Of the 22 municipalities with combined funds, nine have restricted and unrestricted fund balances. The most common examples of the restrictions imposed on the combined fund balances are restrictions for State Highway User Funds, restrictions for debt service or reserves for encumbrances, and/or restrictions on funds maintained to cover prepaid expenditures.

Twelve municipalities' had only unrestricted fund balances. Although a majority of the financial statements report unrestricted fund balances, several municipalities state that they treat their unrestricted fund balances as long-term asset accounts. The municipalities report they informally earmark amounts for large capital expenditures, emergencies, self insurance, or other items.

Of the six municipalities that have capital funds, four have fund balances that are restricted and two have fund balances that are unrestricted. Exhibit 6-3 on the next page displays the fund balance data.

**EXHIBIT 6-3: FUND BALANCES FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY,  
FY06/FY07 DATA<sup>3</sup>**

Municipality	Combined Funds		Capital Fund		Total
	Restricted	Unrestricted	Restricted	Unrestricted	
Barnesville		\$296,868			\$296,868
Brookeville	2,720	159,728			162,448
Chevy Chase Town (FY07)		3,886,916			3,886,916
Chevy Chase View		639,985			639,985
Chevy Chase Village		2,591,629			2,591,629
Friendship Heights	1,051,329	2,832,278			3,883,607
Gaithersburg*	12,437,949	19,827,024	14,942,673		47,207,646
Garrett Park(FY07)		637,799			637,799
Glen Echo		610,272			610,272
Kensington	18,612	1,280,022			1,298,634
Laytonsville		187,980	66,369		254,349
Martin's Additions	945,368	739,919			1,019,287
North Chevy Chase		274,150		186,573	460,723
Oakmont		26,762			26,762
Poolesville (FY07)	300,984	4,365,284			4,666,268
Rockville**	4,898,892	16,082,011	1,042,671		22,023,574
Somerset		90,000		2,049,265	2,139,265
Takoma Park	1,761,573	\$3,701,650			5,463,223
Village of Chevy Chase, Section 3 (FY07)		1,508,413	6,493		1,514,906
Village of Chevy Chase, Section 5 (FY07)		1,512,048			1,512,048
Village of Drummond (FY07)		391,545			391,545
Washington Grove		\$189,773			\$189,773

\*Gaithersburg Reserved Fund Balances include Unreserved, Designated Funds

\*\*Does not include Proprietary Funds

Source: Municipal Comprehensive Annual Financial Reports

<sup>3</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**D. Summary of Staff Numbers and Related Pension Plan Information**

Collectively, Montgomery County's municipalities have about 950 full-time and 140 part-time employees. Of the 22 municipalities, 12 provide pensions or other employee benefits; however, only Gaithersburg and Rockville provide post-employment benefits subject to the new financial reporting requirements issued by the Government Accounting Standards Board (see below). Gaithersburg's liability is estimated at \$9.8 million, and according to the FY07 CAFR, the City has funded \$2.7 million of it. The Accounting Manager for Rockville states Rockville intends to address these requirements in FY09.

In 2003, the General Accounting Standards Board (GASB) issued new requirements for local governments to address how they account for post-employment benefits other than pensions in their financial statements. The GASB standards require governments to estimate their liability for these types of benefit, to disclose their liability in their financial statements, and to begin to fund their liabilities. The County Government and its agencies started to address this issue in February 2003, shortly after GASB issued exposure drafts

**EXHIBIT 6-4: NUMBER OF EMPLOYEES AND RELATED PENSION PLAN INFORMATION FOR  
MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>4</sup>**

Municipality	Number of Part-time Employees as of FY06/07	Number of Full-time Employees as of FY06/07	Summary Pension Plan Information and Compliance with GASB 43 and 45
Barnesville	1	0	No Benefits
Brookeville	3	0	No Benefits
Chevy Chase Town	1	7	Montgomery County Retirement Plan
Chevy Chase View	1	0	No Benefits
Chevy Chase Village	0	25	Defined Contribution Plan
Friendship Heights	5	5	Deferred Compensation Plan
Gaithersburg*	113.4	228	Defined Contribution, Contributory Savings Plan, Deferred Compensation, plus OPEB Retirement Health Savings Plan
Garrett Park	3	4	Deferred Compensation Plan
Glen Echo	1	0	No Benefits
Kensington	0	8	Defined Benefit Plan
Laytonsville	4	0	No Benefits
Martin's Additions	0	1	No Benefits
North Chevy Chase	1	0	No Benefits
Oakmont	1	0	No Benefits
Poolesville	0	14	Defined Contribution Plan
Rockville	0	517.4	Defined Benefit and Defined Contribution, plus OPEB
Somerset	2	4	Defined Contribution
Takoma Park	0	135.2	Pension System of Maryland, Public Safety Pension System, Defined Contribution Plan
Village of Chevy Chase, Section 3	1	0	No Benefits
Village of Chevy Chase, Section 5	0	1	Simplified Employee Pension Plan
Village of Drummond	0	0	No Benefits
Washington Grove	3	2	Defined Contribution Plan
<b>TOTALS</b>	<b>140.4</b>	<b>951.6</b>	

\*Gaithersburg also has 17.6 Employment Agreement Employees

Source: FY06 and FY07 Municipal Comprehensive Annual Financial Reports and Municipal Officials

<sup>4</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

### **E. Summary of Borrowing Authority and Debt Levels**

All of Montgomery County's municipal charters establish the authority to borrow. As of the end of FY06/07, 17 of 22 municipalities have no outstanding debt. The end of year debt limits for those that have debt are:

- Brookeville: \$140,290 (FY06);
- Garrett Park: \$655,900 (FY07);
- Poolesville: \$2.509 million (FY07);
- Rockville: \$109.104 million (FY06); and
- Takoma Park: \$7.015 million (FY06).



Overview of Revenues, Expenditures & Other Financial Data for Municipalities & Special Taxing Districts in Montgomery County

**EXHIBIT 6-5: BORROWING AUTHORITY AND DEBT LEVELS FOR MUNICIPALITIES IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>5</sup>**

Municipality	Authorization to Borrow	Charter Limits on Borrowing	End of Year Debt Level FY06/07
Barnesville	Charter	No Limit	\$0
Brookeville	Charter	Up to 50% of anticipated property tax revenue	\$140,290
Chevy Chase Town	Charter	Up to 50% of anticipated property tax revenue	\$0
Chevy Chase View	Charter	No Limit	\$0
Chevy Chase Village	Charter	No Limit	\$0
Friendship Heights	Charter	Up to 4% of assessed value of real property and 10% of assessed value of personal property	\$0
Gaithersburg	Charter	No Limit	\$0
Garrett Park	Charter	Up to 50% of anticipated property tax revenue	\$655,900
Glen Echo	Charter	No Limit	\$0
Kensington	Charter	Up to 50% of anticipated property tax revenue	\$0
Laytonsville	Charter	Up to 50% of anticipated property tax revenue	\$0
Martin's Additions	Charter	Up to 10% of assessed valuation of real property	\$0
North Chevy Chase	Charter	Up to 10% of assessed valuation of real property	\$0
Oakmont	Charter	"Initial amount of \$4,000 and in subsequent amount not exceeding sum of 8% of assessed valuation of operating real property of a public utility and 2% of the assessed valuation of operating real property of a public utility"	\$0
Poolesville (FY07)	Charter	No Limit	\$2,509,376
Rockville**	Charter	No Limit	\$109,104,258
Somerset	Charter	No Limit	\$0
Takoma Park	Charter	Up to 50% of anticipated property tax revenue	\$7,015,385
Village of Chevy Chase, Section 3 (FY07)	Charter	Up to 10% of assessed valuation of real property	\$0
Village of Chevy Chase, Section 5 (FY07)	Charter	Up to 10% of assessed valuation of real property	\$0
Village of Drummond	Charter	"Not exceeding the sum of 4% of the valuation of real property of a public utility and 10% of the assessed value of the operating real property of a public utility within the Village"	\$0
Washington Grove	Charter	Up to 50% of anticipated property tax revenue	\$0

\*\*Debt includes \$44,953,684 in Governmental Funds Debt and \$64,150,574 in Proprietary Fund Debt

<sup>5</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**EXHIBIT 6-6: REVENUE AMOUNTS FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>6</sup>**

Municipality	Taxes	Fees	Reimbursement Payment	17% Share of County Piggyback Income Tax	Other County Revenue	Total State	Total Federal	Miscellaneous	Total Revenue
Barnesville	\$11,142	\$0	\$0	\$59,438	\$0	\$0	\$0	\$5,605	\$76,185
Brookeville	25,409	8,065	5,570	117,007	44	9,589	0	4,737	170,421
Chevy Chase Town (FY07)	203,587	74,042	137,187	2,730,776	0	148,851	0	226,060	3,520,503
Chevy Chase View	38,590	13,960	42,083	322,121	0	45,220	0	15,011	476,985
Chevy Chase Village	960,267	89,580	102,362	2,232,041	0	224,684	13,410	288,896	3,911,240
Friendship Heights	445,582	49,497	86,822	874,366	294,941	70,834	0	189,131	2,011,173
Gaithersburg	15,329,572	7,498,832	1,203,404	7,305,720	819,128	3,084,992	572,523	5,141,298	40,955,469
Garrett Park(FY07)	366,132	235,162	50,174	261,119	0	59,335	0	55,052	1,026,974
Glen Echo	66,150	35,200	21,165	78,150	0	20,982	0	22,614	244,261
Kensington	613,298	43,303	140,162	477,354	4,226	137,599	0	55,606	1,471,548
Laytonsville	69,922	1,106	13,244	58,776	0	23,635	0	14,642	181,325
Martin's Additons	15,047	5,676	27,354	431,809	159	40,262	0	48,091	568,398
North Chevy Chase	48,340	0	24,384	201,320	0	30,556	0	12,109	316,709
Oakmont	17,968	0	3,342	25,111	0	4,477	0	0	50,898
Poolesville* (FY07)	1,037,397	158,117	221,771	875,299	722	330,909	733,192	358,847	3,716,254
Rockville*	29,397,720	23,700,867	2,131,796	9,035,343	3,063,557	4,807,645	1,585,029	6,585,216	80,307,173
Somerset	137,484	22,366	53,390	773,106	0	61,172	0	27,097	1,074,615
Takoma Park**	7,812,809	1,259,915	2,954,207	1,904,784	921,638	2,286,692	34,150	620,403	17,794,598
Village of Chevy Chase, Section 3 (FY07)	36,190	3,600	32,322	375,303	0	34,883	0	46,536	528,834
Village of Chevy Chase, Section 5 (FY07)	0	0	0	459,607	0	31,129	0	101,860	592,596
Village of Drummond (FY07)	20,861	0	4,857	80,389	0	5,692	0	10,786	122,585
Washington Grove	130,145	51,490	45,797	92,470	0	52,524	0	22,145	394,571
<b>Total</b>	<b>\$56,783,612</b>	<b>\$33,250,778</b>	<b>\$7,301,393</b>	<b>\$28,771,409</b>	<b>\$5,104,415</b>	<b>\$11,511,662</b>	<b>\$2,938,304</b>	<b>\$13,851,742</b>	<b>\$159,513,315</b>

\*Poolesville includes the Wastewater Treatment Proprietary Fund and Rockville includes the six City Proprietary Funds

\*\*Takoma Park received \$445,967 in Revitalization Grants from both Maryland and Montgomery County. This amount is accounted for in State Grants.

<sup>6</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**EXHIBIT 6-7: REVENUE SHARES FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>7</sup>**

Municipality	Taxes	Fees	Reimbursement Payment	17% Share of County Piggyback Income Tax	Other County Revenue	Total State	Total Federal	Miscellaneous	Total Revenue
Barnesville	15%	0%	0%	78%	0%	0%	0%	7%	\$76,185
Brookeville	15%	5%	3%	69%	0%	6%	0%	3%	170,421
Chevy Chase Town (FY07)	6%	2%	4%	78%	0%	4%	0%	6%	3,520,305
Chevy Chase View	8%	0%	9%	68%	0%	9%	0%	3%	476,985
Chevy Chase Village	25%	2%	3%	57%	0%	6%	0%	7%	3,911,240
Friendship Heights	22%	2%	4%	43%	15%	4%	0%	9%	2,011,173
Gaithersburg	37%	1%	3%	18%	2%	8%	1%	13%	40,955,469
Garrett Park (FY07)	35%	23%	5%	25%	0%	6%	0%	5%	1,033,048
Glen Echo	27%	14%	9%	32%	0%	9%	0%	9%	244,261
Kensington	42%	3%	10%	32%	0%	9%	0%	4%	1,471,548
Laytonsville	39%	1%	7%	32%	0%	13%	0%	8%	181,325
Martin's Additions	3%	1%	5%	76%	0%	7%	0%	8%	568,398
North Chevy Chase	15%	0%	8%	64%	0%	10%	0%	4%	316,709
Oakmont	35%	0%	7%	49%	0%	9%	0%	0%	50,898
Poolesville* (FY07)	28%	4%	6%	24%	0%	9%	20%	10%	3,716,254
Rockville*	37%	29%	3%	11%	4%	6%	2%	8%	80,395,171
Somerset	13%	2%	5%	72%	0%	6%	0%	3%	1,074,615
Takoma Park**	43%	7%	16%	10%	5%	13%	0%	3%	18,243,393
Village of Chevy Chase, Section 3 (FY07)	7%	1%	6%	71%	0%	7%	0%	9%	528,834
Village of Chevy Chase, Section 5 (FY07)	0%	0%	0%	78%	0%	5%	0%	17%	592,596
Village of Drummond (FY07)	17%	0%	4%	66%	0%	5%	0%	9%	122,585
Washington Grove	33%	13%	12%	23%	0%	13%	0%	6%	394,571
<b>Total</b>	<b>36%</b>	<b>21%</b>	<b>5%</b>	<b>18%</b>	<b>1%</b>	<b>7%</b>	<b>2%</b>	<b>9%</b>	<b>\$160,055,984</b>

\*Poolesville includes the Wastewater Treatment Proprietary Fund and Rockville includes the six City Proprietary Funds

\*\*Takoma Park received \$445,967 in Revitalization Grants from both Maryland and Montgomery County. This amount is accounted for in State Grants.

<sup>7</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**EXHIBIT 6-8: EXPENDITURE AMOUNTS FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>8</sup>**

Municipality	General Government	Public Safety	Public Works	Recreation and Culture	Community Development	Debt Service	Capital	Miscellaneous	TOTAL
Barnesville	21,871	0	13,308	0	0	0	30,241	0	\$65,420
Brookeville	54,311	0	40,224	309	0	25,321	0	0	120,165
Chevy Chase Town (FY07)	1,313,598	185,217	1,115,062	0	0	0	0	0	2,613,877
Chevy Chase View	182,732	12,000	543,366	7,970	0	0	51,400	0	797,468
Chevy Chase Village	555,199	1,124,881	991,978	436,428	0	0	0	151,369	3,259,855
Friendship Heights	845,392	102,999	218,685	200,466	23,585	0	185,692	0	1,576,819
Gaithersburg	6,762,063	7,093,808	5,470,660	7,016,664	1,734,569	0	5,401,735	1,315,345	34,794,844
Garrett Park(FY07)	286,334	0	315,524	28,551	0	79,954	103,138	0	813,501
Glen Echo	79,289	0	60,155	0	0	0	-3,134	0	137,010
Kensington	408,723	22,994	798,001	31,795	0	0	0	39,525	1,301,038
Laytonsville	49,981	0	68,035	0	0	0	9,057	0	127,073
Martin's Additions	146,738	47,659	297,848	22,233	0	0	0	0	514,478
North Chevy Chase	36,208	0	114,098	0	0	0	0	0	150,306
Oakmont	16,975	0	13,450	22,046	0	438	0	0	52,908
Poolesville (FY07)	669,886	0	2,048,014	37,298	0	186,847	1,022,650	0	3,973,281
Rockville	9,356,447	662,819	19,977,657	14,898,096	3,821,236	18,273,187	16,699,499	4,040,572	87,729,513
Somerset	367,802	0	221,588	125,874	0	0	0	5,528	720,792
Takoma Park*	2,110,314	4,659,466	5,136,245	2,129,854	1,003,247	862,505	2,369,671	427,111	18,698,413
Village of Chevy Chase, Section 3 (FY07)	109,982	7,910	158,077	33,084	0	0	1,627	0	277,596
Village of Chevy Chase, Section 5 (FY07)	298,141	0	252,197	0	0	0	0	0	550,338
Village of Drummond (FY07)	14,611	0	96,663	0	0	0	0	0	111,274
Washington Grove	181,461	0	77,323	112,284	0	15,475	62,444	0	448,987
<b>Total</b>	<b>\$23,868,058</b>	<b>\$13,919,753</b>	<b>\$38,028,158</b>	<b>\$25,102,952</b>	<b>\$6,582,637</b>	<b>\$19,443,727</b>	<b>\$25,934,020</b>	<b>\$5,979,450</b>	<b>\$158,834,956</b>

\*Poolesville includes the Wastewater Treatment Proprietary Fund and Rockville includes the six City Proprietary Funds

<sup>8</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**EXHIBIT 6-9: EXPENDITURE SHARES FOR MUNICIPALITIES LOCATED IN MONTGOMERY COUNTY, FY06/FY07 DATA<sup>9</sup>**

Municipality	General Government	Public Safety	Public Works	Recreation and Culture	Community Development	Debt Service	Capital	Miscellaneous	TOTAL
Barnesville	33%	0%	20%	0%	0%	0%	46%	0%	\$65,420
Brookeville	45%	0%	33%	<1%	0%	21%	0%	0%	120,165
Chevy Chase Town (FY07)	50%	7%	43%	0%	0%	0%	0%	0%	2,613,877
Chevy Chase View	23%	2%	68%	1%	0%	0%	6%	0%	797,468
Chevy Chase Village	17%	35%	30%	13%	0%	0%	0%	5%	3,259,855
Friendship Heights	54%	7%	14%	13%	1%	0%	12%	0%	1,576,819
Gaithersburg	19%	20%	16%	20%	5%	0%	16%	4%	34,794,844
Garrett Park (FY07)	35%	0%	39%	4%	0%	10%	13%	0%	813,501
Glen Echo	58%	0%	44%	0%	0%	0%	-2%	0%	137,010
Kensington	31%	2%	61%	2%	0%	0%	0%	3%	1,301,038
Laytonsville	39%	0%	54%	0%	0%	0%	7%	0%	127,073
Martin's Additions	29%	9%	58%	4%	0%	0%	0%	0%	514,478
North Chevy Chase	24%	0%	76%	0%	0%	0%	0%	0%	150,306
Oakmont	32%	0%	25%	42%	0%	1%	0%	0%	52,908
Poolesville* (FY07)	17%	0%	52%	<1%	0%	5%	26%	0%	3,973,281
Rockville*	11%	1%	23%	17%	4%	21%	19%	3%	87,729,513
Somerset	51%	0%	31%	17%	0%	0%	0%	1%	720,792
Takoma Park	11%	25%	27%	11%	5%	5%	13%	2%	18,698,413
Village of Chevy Chase, Section 3 (FY07)	40%	3%	57%	12%	0%	0%	1%	0%	277,596
Village of Chevy Chase, Section 5 (FY07)	54%	0%	46%	0%	0%	0%	0%	0%	550,338
Village of Drummond (FY07)	13%	0%	87%	0%	0%	0%	0%	0%	111,274
Washington Grove	40%	0%	17%	25%	0%	3%	14%	0%	448,987
<b>Total</b>	<b>15%</b>	<b>9%</b>	<b>24%</b>	<b>16%</b>	<b>4%</b>	<b>12%</b>	<b>16%</b>	<b>4%</b>	<b>\$158,834,956</b>

\*Poolesville includes the Wastewater Treatment Proprietary Fund and Rockville includes the six City Proprietary Funds

<sup>9</sup> These data are based on the financial profiles for each municipality and special taxing district found in Chapter III. As explained earlier, the data are from FY06 for 16 municipalities and FY07 for the other six.

**OVERVIEW OF REVENUES, EXPENDITURES, & OTHER  
FINANCIAL DATA  
FOR MUNICIPALITIES & SPECIAL TAXING DISTRICTS  
IN MONTGOMERY COUNTY**

**APPENDIX**

OFFICE OF LEGISLATIVE OVERSIGHT  
REPORT NUMBER 2008-5

FEBRUARY 5, 2008

Sue Richards  
Kristen Latham

**LIST OF APPENDICES**

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## Understanding the Role of the Village Managers and the Chevy Chase Towns and Villages Municipalities Diverse Responsibilities

As you embark upon your study of the “numbers” –income and expenses for each of the municipalities, it’s important that you understand that these communities have chosen to be municipalities because the main advantage is a more hands-on, immediate relationship with a governing body. Rockville, Gaithersburg and Takoma Park are the “big boys” of Montgomery County’s municipalities. Their budgets, their responsibilities, are all much more elaborate and complex than many of the smaller communities in the County, and the level of services provided is different as well.

The communities to which I refer in this paper include: the Town of Chevy Chase, Chevy Chase Section 3, Chevy Chase Section 5, Chevy Chase View, Chevy Chase Village, Friendship Heights, Garrett Park, Kensington, Martin’s Additions, North Chevy Chase and Somerset. We appreciate and enjoy a good working relationship with the County and its agencies, but it is important for you to understand the way we work as distinct from the way the County operates.

Depending on the size of the community, our Village Managers serve as a combination administrator/manager, bookkeeper, long-range planner, contract specialist, “mom”, advisor/concierge, social worker and dispute resolution specialist and communications specialist, snow removal specialists, community booster, party and event planner, liaison with utilities services, emergency services contact, landscape specialist, road repair and construction specialist, protector of the community from encroachment by various utility services, unwanted solicitors and west Nile virus, crime alert vehicle, and of course, lost and found. We provide a level of responsiveness that a large county government could not begin to provide. And we work hand in hand with County agencies and personnel when it’s appropriate.

***We are, in short, the connective tissue for each of our communities. We are far more than a glorified homeowners association. We are living breathing municipalities providing many services to our residents NOT provided by the County.***

Clearly, the services we provide are different, by definition. So looking at the dollar amounts for each municipality requires a more sensitive qualitative treatment than just adding up the numbers and doing a dollar for dollar comparison.

Just as the County runs an impressive series of **recreation centers and programs**, so do we in our own communities. Much of our “community promotion” budgets (as listed in the state audit reports) are earmarked for that purpose. We all have newsletters, list serves and websites to communicate with our residents --some have more elaborate emergency communication vehicles. Some of us have town halls or offices where residents can come for information, assistance and activities, others improvise with the spaces available to them. Clearly, our residents use County recreational facilities as well, but there is a locus of activities which takes place right in our own back yards which brings us together as a



community, as neighbors, in a way that an open-to-the-public facility cannot and does not accomplish. So the cost of our parks is often not as simple as landscape services or maintenance activities like mowing the grass and mulching the gardens---it's extensive recreational activities centered around our parks and open spaces. Our town halls are often the equivalent of the local recreation center too, as many community activities take place there. In the case of Friendship Heights, where much of their population is in the senior citizen category, their recreational activities at their town hall could well be characterized as assistance to the aging as well as recreation.

In terms of **public safety**, it's clear that most of our communities do not have the same level of crime that say Silver Spring or Wheaton has. But living as many of us do on the edge of the district and near commercial areas in Bethesda and Kensington, we are subject to burglaries, robberies and everyday criminal acts. Because the County is limited, we augment what the County provides by hiring additional police---either through contracts with off-duty Montgomery County police or with the Chevy Chase Police department. We currently don't get reimbursed for any of the extra expenditures that we use for these services. We are not talking about "enhanced services" either, just basic patrols and attention to our specific needs---speed control on Connecticut Avenue and Brookville Road (both State highways) for example. The County has been very cooperative when we have had problems and brought in undercover people, forensic help, etc. But on a day-to-day basis, we don't feel that we have the coverage we would like and need. As it is, when the County gets a call for Chevy Chase, more often than not, they dispatch the Chevy Chase Village Police---for which they are not reimbursed, nor are we for their time in our communities under contract.

**Snow removal** in our communities is handled differently. A number of the Chevy Chase Towns and Villages provide additional snow shoveling for our elderly residents---specifically, the public sidewalks. This is an additional cost to us, but we feel it is a way to help retain these individuals in our communities while removing a major source of concern for them. It's not a matter of lack of funds necessarily that brings us to providing this service, but rather a lack of personnel. I don't know what category you have for services to the aging, but this is definitely one and some winters, it's a big number! Many of us also provide the names and addresses of young people in the community who wish to rake leaves and shovel snow for our residents---a service not provided by the County but a very meaningful one for our residents, particularly our senior citizens---many of whom provide major income and property tax revenues to both our municipalities and the County.

**Trash removal**...each municipality handles trash collection differently, but I believe we all provide twice a week pick-up for household trash, as the County once did before the advent of the "supercan" and budget cuts. Some of us have bulk trash pick-up a few times a year, others monthly, still others have a dumpster for residents to deposit larger items in. Most of us pay for rear yard pick-up of household trash, rather than once a week curbside as is done in the county. Aside from not wanting to give up this service, it's of great benefit to our elderly citizens, because it doesn't force them to haul trash cans out to the street. So while it's trash collection, it's also a service to the elderly...not something

that can easily be quantified (although I'm sure we could provide you with numbers on how many individuals are 65 and older in each of our communities).

**Social work**—connecting people. We all do extensive networking in our communities—there are clubs, special groups who meet on a regular basis, ways in which we minimize the isolation of everyone from elderly people living alone to young mothers at home with toddlers. Not only do these activities bring neighbors closer together, they I'm sure, prevent problems that might otherwise involve county social services agencies. In addition, many of the communities have active charitable donation drives for everything from socks and gloves to furniture, all to help the needy in both Montgomery County and Washington, D.C.

**Electricity**—In addition to the costs to maintain various offices and equipment, we all pay the electricity bills for state highways used by Montgomery County residents well beyond our borders. In addition to lighting the way for many more than our own residents, we are charged a tax to the County which is not reimbursed to us...and should be. When a light goes out, we are the ones who report the loss to Pepco...not a County representative. When we need a new light on a street, we pay the costs—but there is no line item for that in the tax duplication figures. In fact, we are shorted two ways---we light the way for County residents using state highways in our neighborhoods, and we pay a tax to Montgomery County for the privilege!

**Road Repair/ Signage**—All of the communities within Chevy Chase Towns and Villages monitor the condition of streets and sidewalks in a manner that would be impossible to do on a County-wide scale. We all have capital budgets and long-range plans for improvements. Almost all of us work on a pay-as-you-go basis, with some notable exceptions, meaning we don't schedule work until we know we have money in our pockets. Many of our municipalities are debt-averse. Hence you'll see some large reserves of cash, not unlike the County's "rainy day funds" but these funds are also set aside for large capital improvement projects—and for emergencies

One of the most difficult parts of our jobs when it comes to working with utilities is to **preserve the integrity of our streets**, maintain the normal flows of traffic and necessary services like garbage, school bus routes, etc., while utilities do work in our communities. While the county may have inspectors who randomly check work done by these agencies, we do much more in notifying our residents of work to be done, of working closely with each utility to insure that the standards of construction are maintained and that work is done in a safe and timely manner. Yet there is no line item that covers that particular much-needed service.

**Stormwater Management**—Because we are so densely populated and so many of our homes are close together, we are constantly challenged by run-off issues---between homeowners, into our streets, etc. Several jurisdictions have taken funds out of their budgets to hire engineering consultants to resolve these issues—something the County simply does not have the manpower to do. Nonetheless, these are problems that the

County would otherwise have to address were it not for the municipal government and the Village Managers who identify these people and work with them.

**Liability and other forms of Insurance**—The County and Friendship Heights are both self-insured, which means when they are sued because of a County-caused liability, the taxpayer—our taxpayers, foot the bill. Yet by having separately insured municipalities, much, albeit not all of the liability that the County might incur is paid for and covered by individual municipalities. We maintain our own streets, we maintain general liability insurance to cover any problems that might arise from accidents or problems caused by our negligence. And those of us who contract for police work pay additional insurance for that. The County doesn't cover those costs nor are we reimbursed. So in essence, our residents are on the tab twice as it concerns liability coverage---our taxes pay whatever claims may be made against the County, and our taxes pay for the liability and other insurance coverage we carry for problems which might occur within our jurisdictions.

**Legal and Accounting**—While the County has large offices handling legal and accounting responsibilities, municipalities hire specialists to perform these services. Most jurisdictions deal with the day to day accounting and bill paying, but auditing and reporting responsibilities are done by outside contractors. The County has legal counsel to assist in making decisions or handling suits brought by residents, individual municipalities must pay for those services as part of their operational expenses. When the County reviewed and negotiated with Verizon and other cable carriers, all the municipalities joined together to hire an attorney to review the same documents from the perspective of each municipality. We saved costs by joining together and getting Verizon to pay some of those costs, nonetheless, we required an attorney to review the documents for each of the municipalities.

**Recycling**—In addition to the normal recycling, many of our communities are actively involved both programmatically and fiscally in recycling efforts. We, instead of the County arrange for leaf removal in the fall and their recycling. In some areas, we vacuum up the leaves and bring them for recycling, in others, we use leaf bags because our streets are too narrow for large piles of leaves. But we handle the collection expenses, NOT the County. In some areas, we have encouraged residents to be "Green" by handing out compact fluorescent light bulbs to save on electricity charges, free shopping bags and other public education drives to bring people's awareness to ways to be more responsible citizens. Where do these expenses end up? It depends on the jurisdiction—anywhere from community promotion to waste collection---but they are a value-added service we provide not just for our residents, but for the County as a whole.

We ask that you consider all these items when you are reviewing tax duplication reimbursements and when you are making budget decisions which affect our communities. We remind you that municipalities represent about 16% of the overall population of the County and that many of your supporters live in our communities.

# Maryland

Maryland ranks 46th among the states in number of local governments, with 265 as of June 2002.

## COUNTY GOVERNMENTS (23)

The entire state is encompassed by county government with the exception of the area of the city of Baltimore. Baltimore is an independent city outside the area of any county and is counted as a municipal rather than a county government. Baltimore County is a county government but excludes the area of Baltimore City. Anne Arundel, Baltimore, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, Talbot, and Wicomico counties operate under home-rule charters. These counties are governed by county councils.

In counties without home-rule charters, the county governing body is known as the board of county commissioners. In addition, Allegany, Caroline, Kent, Queen Anne's, and Worcester counties operate under a special code option, but their governing bodies are still designated as boards of county commissioners.

## SUBCOUNTY GENERAL PURPOSE GOVERNMENTS (157)

### Municipal Governments (157)

The municipal governments in Maryland are the cities, towns, and villages. There are no significant differences between city and town governments that would affect their classification for census statistics. All municipal governments in Maryland except the city of Baltimore are treated as a single class in state legislation. Incorporation as a municipality requires a minimum population of 300. Municipalities may operate under home-rule.

Some "villages" in Montgomery County have been formed as special taxing units rather than incorporated as municipal governments. These are counted as special district governments rather than as municipal governments for census purposes. See "Special District Governments," below.

### Township Governments (0)

Maryland has no township governments.

## PUBLIC SCHOOL SYSTEMS (39)

### School District Governments (0)

Maryland has no independent school district governments.

## Dependent Public School Systems (39)

In Maryland, the local public school systems are not counted as separate governments. Maryland statutes provide for the following types of dependent public school systems:

Systems dependent on county governments:

- County boards of education
- County and regional community colleges

System dependent on municipal governments:

- Baltimore City schools

County schools are administered by a county board of education, which is either appointed by the Governor or elected except in Prince George's County where the board is jointly appointed by the Governor and the county executive from a list submitted by the state board of education. County school fiscal requirements are determined and provided for by the county governing body. The county school systems are classified for census purposes as dependent agencies of the county government.

The Baltimore City schools are governed by a board of commissioners jointly appointed by the Governor and the mayor. Fiscal requirements are subject to review and are provided for by the city of Baltimore. The Baltimore City School System is not counted as a separate government but is classified as a dependent agency of the city of Baltimore.

Most community colleges in Maryland are classified for census reporting as dependent on the county governments they serve. Community colleges are governed by a board of trustees appointed, in most cases, by the Governor with the consent of the senate. Fiscal requirements of the colleges are determined and provided for by the sponsoring county governments. In the case of regional community colleges, which serve two or more counties, each participating county provides its share of the fiscal requirements of the college in proportion to enrollment and county population. The Baltimore City Community College is classified as a state dependent agency.

## Other Educational Activities

County boards of education may enter into agreements with other county boards of education, other educational institutions or agencies, or the county boards of commissioners or county councils to provide joint services. If a separate administrative entity is created, the agreement

specifies the nature of the board and the funding arrangements. The Regional Education Service Agency of Appalachian Maryland was created as a joint agreement.

### **SPECIAL DISTRICT GOVERNMENTS (85)**

Maryland statutes authorize the creation of a variety of special districts or authorities that are counted as governments. These are discussed in detail below.

#### **Cooperative Library Corporations**

These entities may be formed as nonstock corporations by two or more boards of library trustees. They are governed as specified in their articles of incorporation. They may collect user fees and receive state and local funding. The Eastern Shore Regional Library was formed under this law.

#### **Drainage Districts and Ditches<sup>1</sup>**

Maryland statutes authorize the following types of independent districts to provide for drainage of agricultural lands:

**Drainage or levee districts.** Drainage or levee districts may be established by the board of county commissioners on petition of landowners. A board of drainage commissioners is appointed by the county commissioners. The board may issue bonds and levy special benefit assessments. As of June 2002, no drainage districts appear to have been established under this law.

**Storm drainage districts.** These districts may be established by local law in charter and code home-rule counties. Financial provisions governing storm drainage districts vary according to terms of the local legislation.

**Tax ditches (drainage).** Legislation authorizing these districts was repealed in 1941, but tax ditches then in operation are permitted to continue. Drainage ditches were established by the boards of county commissioners on petition of landowners and after a public hearing. Elected boards of managers govern the ditches. Tax ditches may levy special benefit taxes.

#### **Housing Authorities**

Housing authorities may be established in counties or in cities upon resolution of the governing body. They are governed by boards of commissioners appointed by the county governing body or the mayor. The authorities may issue bonds and fix and collect rentals.

Housing authorities governed by the county governing body or subject to county fiscal controls are not counted as separate governments. See "Subordinate Agencies and Areas," below.

### **Metropolitan Washington Airports Authority**

This authority is counted under "Virginia—Special District Governments."

### **Northeast Maryland Waste Disposal Authority**

This authority was created by special act to provide resource recovery facilities. The authority board consists of one member representing each member county and Baltimore City appointed by the Governor from lists approved by the chief executive officers. The director of the Maryland Environmental Service also serves on the board. The authority may fix and collect fees and rentals and issue revenue bonds.

### **Potomac Highlands Airport Authority**

This authority is counted under "West Virginia—Special District Governments."

### **Public Watershed Associations**

These associations provide water conservation, drainage, flood control, and soil conservation. The county governing body or the mayor and city council of Baltimore City may establish these associations upon petition of landowners and after public hearing. An elected board of directors governs each association. The board may issue bonds and may levy assessments on benefited land.

### **Sanitary (or "Metropolitan") Commissions**

Sanitary districts provide water supply, sewerage, and solid waste disposal facilities. These districts are established by ordinance or resolution of the county governing body of each county served. A commission, appointed by the county governing body, governs the districts in that county. The commissions may issue bonds, levy taxes, and impose charges for services.

LaVale Sanitary Commission, created by special act, also is counted as an independent government. The board is appointed by the county commissioners. The board may fix and collect fees, issue bonds, and set property taxes.

The Washington Suburban Sanitary Commission, created by special act, is subject to budget oversight by Montgomery and Prince George's counties. The St. Mary's County Metropolitan Commission, also created by special act, is subject to bond approval by the county. These commissions are classified as subordinate agencies.

Commissions of this type that are governed by the county governing body are not counted as separate governments. See "Subordinate Agencies and Areas," below.

### **Soil Conservation Districts**

These districts are created by the state soil conservation committee on petition of the land occupiers after a public hearing and local referendum. A board of supervisors,

<sup>1</sup>Public drainage associations, previously classified as special districts, were reclassified as county dependents for the 2002 Census of Governments.

with four members appointed by the state soil conservation committee and one by the county governing body, governs each district. The districts may require contributions from landowners for services performed and establish and implement a fee system.

### **Special Tax Districts<sup>2</sup>**

The following special tax districts are counted as special districts. The services they provide are specified in the creating legislation and may include services such as streets, lighting, parking, water supply, sanitation, drainage, recreational facilities, police, or fire.

In Allegany County:

The Bel Air Special Taxing Area, Bowling Green and Robert's Place Special Taxing Area, Crespatown Special Taxing District, Ellerslie Special Taxing Area, McCoole Special Taxing District, Mount Savage Special Tax Area, and Potomac Park Addition Taxing District are counted as special districts. These districts were created by state law and local referendum prior to the passage of home-rule in Allegany County. The county does not have the power to modify or abolish these districts. The governing bodies are elected. The county levies a property tax on behalf of the districts. The Crespatown Special Taxing District may issue bonds.

The Corriganville Special Taxing District also is counted as an independent government. The Corriganville Light and Improvement Association, popularly elected, governs the district. The association may fix and collect fees and sets the tax rate to be levied by the county.

In Montgomery County:

The Friendship Heights and "The Hills" Special Tax District, Oakmont Special Tax District, and Village of Drummond Special Taxing Area are counted as special districts. These districts were created by state law prior to the passage of home-rule in Montgomery County. The county does not have the power to modify or abolish these districts. The governing boards are elected. The statutes set a minimum tax for the county to levy on behalf of each district. The governing boards may levy special assessments with the approval of the county. The latter two may issue bonds.

Five former special taxing districts of this nature that were created by the general assembly have become municipal corporations.

For special tax districts in these counties and other counties that are not counted as governments, see "Subordinate Agencies and Areas," below.

<sup>2</sup>The special community benefit districts in Anne Arundel County, previously classified as special districts, were reclassified as county dependent taxing areas for the 2002 Census of Governments.

### **Upper Potomac River Commission**

This commission was established by special act to reduce pollution in the Potomac River by providing facilities for treatment and disposal of sewage and industrial wastes. The commission consists of three members: a chair appointed by the Governor and one member appointed by each of the commissioners of Allegany and Garrett counties. The commission may issue revenue bonds and fix and collect fees.

### **Washington County Free Library**

This library was formed under a special act to provide library services to the residents of Washington County. It is governed by a board of nine trustees. The library may obtain revenue through donations, sales, investments, and state and local appropriations.

### **Washington Metropolitan Area Transit Authority**

This authority is counted under "District of Columbia—Special District Governments."

### **Water and Sewer Authorities**

These authorities may be created by one or more political subdivisions (county, municipality, sanitary district, or other political subdivision) except in Montgomery and Prince George's counties. These authorities are governed by boards appointed by the creating governments. The authorities may fix and collect fees and issue bonds.

Water and sewer authorities with ex officio boards are not counted as independent governments. See "Subordinate Agencies and Areas," below.

### **SUBORDINATE AGENCIES AND AREAS**

Shown below are various governmental designations in Maryland that have certain characteristics of governmental units but that are classified in census statistics as subordinate agencies of the state or local governments and are not counted as separate governments. Legal provisions for some of the larger of these are discussed below (see "Public School Systems," above, regarding educational agencies of this nature).

Some subordinate agencies and areas represent "special taxing areas" within the territory of an established government other than those listed under "Special Tax Districts," above. This method of financing additional services in limited areas by property taxation, while also used by some municipal and township governments in a few states, is more widely utilized by county governments. In the listing below of authorized county-related agencies, a bullet (\*) appears for each entity of this kind—i.e., any that may individually serve a portion rather than all of a county and for which a tax may be levied against the assessed value of property in the area served.

**Maryland Health and Higher Educational Facilities Authority (state).** An act of the state legislature created this authority to finance the construction of buildings for hospitals and institutions of higher education. The authority is governed by a board of nine members including eight members appointed by the Governor, plus the state treasurer ex officio. The authority may fix and collect fees and rents; make loans to participating hospitals or institutions of higher education; and issue revenue bonds.

**Maryland-National Capital Park and Planning Commission (joint county).** This commission provides park and recreational facilities plus planning services in Montgomery and Prince George's counties. It was created by special act. The governing body consists of ten members, five appointed by the Montgomery County council with the consent of the county executive and five appointed by the Prince George's County executive with the consent of the county council. Revenue needs are met by county tax levies. In addition, the commission may issue bonds, which may be guaranteed by the county in which the facilities to be financed are located. Since 1972, Montgomery and Prince George's counties have had the power to modify the commission budget. The commission also acts as governing body for the Maryland-Washington Metropolitan District and the Maryland Washington Regional District. These two districts are not counted as separate governments.

**Maryland Transportation Authority (state).** This authority was created by 1970 legislation to finance, operate, and maintain all state toll highways, bridges, and tunnels and finance other transportation-related facilities by revenue bonds. Authority members are the secretary of the department of transportation plus six members appointed by the Governor with the consent of the senate. The authority may impose rates and charges for its facilities and issue revenue bonds.

Other examples include:

#### State

Auxiliary and Academic Facilities Bond Authority  
 Canal Place Preservation and Development Authority  
 Chesapeake Bay Trust  
 Forest conservancy districts  
 Historic St. Mary's City Commission  
 Maryland Affordable Housing Trust  
 Maryland Agricultural Land Preservation Foundation  
 Maryland Deposit Insurance Fund Corporation  
 Maryland Economic Development Corporation  
 Maryland Environmental Service  
 Maryland Food Center Authority  
 Maryland Health Care Foundation  
 Maryland Heritage Areas Authority  
 Maryland Higher Education Supplemental Loan Authority  
 Maryland Historical Trust

Maryland Industrial Development Financing Authority  
 Maryland Port Commission (including Maryland Port Administration)  
 Maryland-Potomac Water Authority (joint state-county)  
 Maryland Small Business Development Financing Authority  
 Maryland Stadium Authority  
 Maryland Venture Capital Trust  
 Seafood Marketing Authority  
 Southern Maryland Higher Education Center  
 State Tobacco Authority

#### County

Allegany County Transit Authority  
 Anne Arundel County Recreational Facilities Revenue Authority  
 Baltimore County Metropolitan District  
 Baltimore County Revenue Authority  
 Baltimore County revitalization districts  
 Battery Park tax area (Montgomery County)  
 Bedford Road Fire Taxing Area (Allegany County)  
 Bowling Green Fire Taxing Area (Allegany County)  
 Calvert County Economic Development Authority  
 Commercial district management authorities  
 County library boards  
 Crofton Special Community Benefit District (Anne Arundel County)  
 Crystal Beach Manor Special Taxing District (Cecil County)  
 Electric lighting districts  
 •Erosion districts  
 Garrett County Memorial Hospital  
 Historic districts  
 Housing authorities governed by county governing body or under county fiscal control  
 Howard County Economic Development Authority  
 •Howard County fire districts  
 Howard County Mental Health Authority  
 Industrial development authorities (county)  
 •LaVale Fire Taxing Area (Allegany County)  
 •LaVale Rescue Taxing Area (Allegany County)  
 Local economic development agencies  
 Maryland-Potomac Water Authority (joint state-county)  
 Montgomery County Fire Tax District  
 Montgomery County Recreation District  
 Montgomery County Revenue Authority  
 Montgomery County Suburban District  
 Noise abatement districts in Montgomery County  
 Octoraro Lakes Special Taxing District (Cecil County)  
 Parking authorities (Montgomery and Prince George's counties)  
 •Parking lot districts in Montgomery County  
 Prince George's County Redevelopment Authority  
 Prince George's County Revenue Authority  
 Prince George's County special improvement districts  
 Public drainage associations  
 St. Mary's County Building Authority Commission  
 St. Mary's County Metropolitan Commission

- St. Mary's County Special Tax District (fire)
- Sanitary (or "metropolitan") districts governed by county governing body
- Shore erosion control districts
- Special community benefit districts in Anne Arundel County
- Special taxing areas for public transportation in Anne Arundel, Carroll, Calvert, Frederick, Garrett, Howard, and Montgomery counties
- Special taxing districts in Anne Arundel, Calvert, Charles, Garrett, Howard, Prince George's, Washington, and Wicomico counties
- Special taxing districts in home-rule counties
- Tax increment financing districts
- Urban district corporations (Montgomery County)
- Urban districts (Montgomery County)
- Washington County Museum of Fine Arts
- Washington Suburban Sanitary Commission
- Washington Suburban Transit District
- Water and/or sewer authorities with ex officio boards
- Waterways improvement districts
- Wicomico Urban Services Commission
- Worcester County Citizens Nursing Home Board

## **Municipal**

- Baltimore City Downtown Commercial District Management Authority
- Baltimore City Child First Special Authority
- Baltimore City community benefits districts
- Baltimore Civic Center Authority
- Baltimore Community Development Finance Corporation
- Drainage districts in Takoma Park
- Enoch Pratt Free Library (Baltimore)
- Historic districts
- Industrial development authorities (municipal)
- Lexington Market Authority (Baltimore)
- Parking authorities (Baltimore City)
- Special taxing districts created by municipalities in home-rule counties
- Tax increment financing districts (except Baltimore City)
- Urban renewal agencies (special acts)
- Urban renewal authorities for slum clearance
- Water and/or sewer authorities with ex officio boards
- Waterways improvement districts

Maryland laws also provide for various types of local areas for election purposes and administration of justice.



Real Property Tax Rate Schedule Levy Year 2007

Municipalities	State Tax	General County Tax	Municipal District Tax	Special Services Property Taxes							Fire District Tax	Total Tax Rate
				MNCPPC Taxes				Storm Drainage Tax	Transit Tax	Fire District Tax		
				ALARF	Metropolitan Tax	Regional Tax	Recreation Tax					
<b>County Rate</b>	0.112	0.627	Varies	0.001	0.058	0.019	0.024	0.003	0.058	0.126	1.028	
Barnesville	✓	✓	✓	✓			✓		✓	✓	1.002	
Brookeville	✓	✓	✓	✓			✓		✓	✓	0.471	
Chevy Chase Town	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.051	
Chevy Chase View	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.05	
Chevy Chase Village	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.139	
Friendship Heights	✓	✓	✓	✓	✓		✓		✓	✓	1.065	
Gaithersburg	✓	✓	✓	✓				✓	✓	✓	1.139	
Garrett Park	✓	✓	✓	✓	✓		✓		✓	✓	1.215	
Glen Echo	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.148	
Kensington	✓	✓	✓	✓	✓		✓		✓	✓	1.164	
Laytonsville	✓	✓	✓	✓	✓		✓		✓	✓	1.088	
Martin's Additions	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.036	
North Chevy Chase	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.08	
Oakmont	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.088	
Poolesville	✓	✓	✓	✓			✓		✓	✓	1.104	
Rockville	✓	✓	✓	✓					✓	✓	1.236	
Somerset	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.068	
Takoma Park	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.635	
Village of Chevy Chase Section 3	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.048	
Village of Chevy Chase Section 5	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.028	
Village of Drummond	✓	✓	✓	✓	✓		✓	✓	✓	✓	1.076	
Washington Grove	✓	✓	✓	✓	✓		✓		✓	✓	1.126	
<b>TOTAL #</b>	22	22	21	22	15	15	18	12	22	22	NA	

Source: Montgomery County Department of Finance

**Personal Property Tax Rate Schedule Levy Year 2007**

Municipalities	State Tax	General County Tax	Municipal District Tax	Special Services Property Taxes							Total Tax Rate
				MNCPPC Taxes				Storm Drainage Tax	Transit Tax	Fire District Tax	
				ALARF	Metropolitan Tax	Regional Tax	Recreation Tax				
County Rate		1.567	Varies	0.003	0.145	0.047	0.06	0.007	0.145	0.315	2.289
Barnesville		✓	✓	✓			✓		✓	✓	2.29
Brookeville		✓	✓	✓			✓		✓	✓	2.54
Chevy Chase Town		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.389
Chevy Chase View		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.289
Chevy Chase Village		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.949
Friendship Heights		✓	✓	✓	✓	✓	✓		✓	✓	2.322
Gaithersburg		✓	✓	✓					✓	✓	2.56
Garrett Park		✓	✓	✓	✓	✓	✓		✓	✓	3.282
Glen Echo		✓	✓	✓	✓	✓	✓	✓	✓	✓	3.089
Kensington		✓	✓	✓	✓	✓	✓		✓	✓	2.782
Laytonsville		✓	✓	✓					✓	✓	2.44
Martin's Additions		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.789
North Chevy Chase		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.419
Oakmont		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.389
Poolesville		✓	✓	✓					✓	✓	2.69
Rockville		✓	✓	✓					✓	✓	2.835
Somerset		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.509
Takoma Park		✓	✓	✓	✓	✓	✓		✓	✓	3.807
Village of Chevy Chase Section 3		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.339
Village of Chevy Chase Section 5		✓		✓	✓	✓	✓	✓	✓	✓	2.289
Village of Drummond		✓	✓	✓	✓	✓	✓	✓	✓	✓	2.409
Washington Grove		✓	✓	✓					✓	✓	2.69
TOTAL #		21	20	21	15	15	19	11	21	21	NA

Source: Montgomery County Department of Finance

## Appendix D: Charges for Services and User Fees

Service charges or user fees are prices that governments charge for publicly provided goods and services. Substantial declines in federal aid in the seventies followed by taxpayer revolts and subsequent limitations on local property taxes provoked a renewed interest in user charges as an alternative revenue source. In addition to providing additional revenues, greater reliance on user charges can also help achieve more efficiencies in service delivery.

DLS reports services charges are the largest revenue source for municipal corporations.<sup>1</sup> In FY04, they made up about 33% of all municipal revenues statewide. Common examples of service charges include fees for waste collection and disposal, or fees for golf, swimming pools, playgrounds, concessions, and rentals.

The exhibit below displays data about service charges that OLO excerpted from the municipal financial statements submitted to OLO. The Exhibit summarizes two types of charges: “charges for service” and “rents and concessions.” The data show:

- Eleven municipalities reported revenue from “rents and concessions;”
- Seven municipalities reported revenues from “charges for services;” and
- Six of the seven municipalities that reported “charges for service” collected at least some of these revenues from charges for recreation programs.

The Exhibit also lists examples of the other types of service charges (besides “charges for service” and “user fees”) reported in the municipal financial statements. Since the Exhibit only reports fees that the Financial Statements explicitly identified as charges for services, it does not provide a complete picture of the municipalities’ use of service charges. Two examples of data the Exhibit excludes are:

- Any charges for service or rents categorized as Miscellaneous Revenues. For example, Friendship Heights provides recreational classes and charges a fee to residents who participate; the financial statement categorizes these fees as Miscellaneous Revenues. These fees are not reflected in the Exhibit.
- Other kinds of revenue, e.g., taxes, that a municipality uses to fund activities that other places pay for with user charges. For example, Washington Grove collects a Dwelling Tax from each household that is used to pay for waste collection. Although this is comparable to a service charge, it is not reflected in the Exhibit because it is labeled a tax.

Additional work would be needed to identify the full range of charges municipalities have or to determine service charges as a share of all revenues.

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<sup>1</sup> Department of Legislative Services, Legislative Handbook Series, Volume VI, p.243

**SUMMARY OF "CHARGES FOR SERVICE" AND "RENTS AND CONCESSIONS" LINE  
ITEM AMOUNTS REPORTED IN MUNICIPAL FINANCIAL STATEMENTS  
FY06 (AND FY07)**

<b>Municipality</b>	<b>Rents and Concessions</b>	<b>Charges for Services</b>	<b>Examples of Fee Types</b>
Barnesville			
Brookeville	\$6,550		
Chevy Chase Town			
Chevy Chase View			
Chevy Chase Village	\$89,580		
Friendship Heights	\$36,218		
Gaithersburg	\$219,196	\$4,255,294	Zoning Fees, Recreation Fees, Stormwater Management Fees, Recycling Collection Fees, Activity Center Program Fees, Water Quality Protection
Garrett Park (FY07)	\$103,361		Waste Collection
Glen Echo	\$35,200		
Kensington	\$20,708		
Laytonsville			
Martin's Additions			
North Chevy Chase			
Oakmont			
Poolesville (FY07)	\$134,493	\$10,797	Zoning and Subdivision Fees Recreation Income
Rockville	\$646,023	\$5,399,748	Fire Review Fees, Public Works Permit Fees, Social Service Fees, Theater Tickets Recreation Fees
		\$16,536,100	Proprietary Fund
Somerset	\$6,704	\$11,445	Recreation
Takoma Park		\$725,102	Public Parking Fees, Protective Inspection Fees, Waste Collection and Disposal Fees, Recreation Fees, Library Fines and Fees
		\$281,243	Stormwater Management Fees
Village of Chevy Chase, Section 3 (FY07)		\$3,600	Waste Collection (Non-taxpayers)
Village of Chevy Chase, Section 5 (FY07)			
Village of Drummond (FY07)			
Washington Grove	\$1,425	\$22,074	Recreation

Source: Municipal Comprehensive Annual Financial Reports

Resolution No.: 13-650

Introduced: Sept. 10, 1996Adopted: Sept. 10, 1996

COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND

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By: County Council

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Subject: County Reimbursements under the Montgomery County Municipal Revenue Program - Task Force Report and Recommendations

Background

1. Chapter 30A of the Montgomery County Code (1994) provides for a program which reimburses municipalities and special taxing districts for those public services provided by the municipalities which would otherwise be provided by the County.
2. Reimbursements under Chapter 30A have been made pursuant to a procedure established under Resolution 8-2222, dated October 17, 1978, which was revised and supplemented by Resolution 9-1752, dated April 27, 1982.
3. In March 1995 County Executive Douglas M. Duncan appointed County and municipal representatives to serve on the Montgomery County Task Force to Study the Municipal Tax Duplication Reimbursement Program. This Task Force was charged with reviewing the procedures and formulas used to determine the amount of the reimbursements and with making recommendations to improve these procedures and formulas.
4. The Task Force submitted its Final Report and recommendations, a copy of which is attached, to County Executive Douglas M. Duncan, on June 5, 1996.
5. The goals of the Task Force were to determine:
  - a. Whether the complex formulas used to calculate the reimbursements could be simplified;
  - b. Whether reimbursements could be made in a way that would provide greater

predictability to each municipality in planning the following year's budget;

- c. Whether a single reimbursement could be made.
6. The Task Force recommends that the following formulas be used to determine the reimbursements for the following services provided by the municipalities:
- a. **Transportation.** Reimbursements shall be a percentage of the County's actual, audited per mile or per item expenditure, multiplied by the number of miles or items in each municipality. The percentage reflects the percentage of the County expenditures that are paid for with property tax revenues.
  - b. **Park Maintenance.** Reimbursements will be based upon the same formula currently used.
  - c. **Code Enforcement.** Reimbursements will be based upon the net County property tax supported code enforcement expenditures per dwelling or per parcel.
  - d. **Other services.** Reimbursements will be based upon the net County property tax supported expenditures.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

1. The Final Report of the Task Force to Study the Municipal Tax Duplication Reimbursement Program is accepted and the recommendations, as outlined in the report, are accepted for funding within the Municipal Revenue Program
2. The recommendations contained in the Report will be implemented beginning in Fiscal Year 1997.
3. Reimbursement payments to municipalities will be made once a year, by October 1.
4. Reimbursements for Fiscal Year 1997 will be based upon Fiscal Year 1995 actual, audited expenditures from the County's comprehensive annual financial report. Thereafter annual reimbursements will continue to be based upon the actual audited expenditures using a similar two year interval.
5. Municipalities will not be required to submit their expenditures but will be required to provide annual certification of eligible services
6. The Task Force will meet annually to review the municipal revenue program.

7. To the extent that the County Council is required to meet annually and discuss with each municipality the rate for assessments or the tax reimbursement program, the Council delegates this duty to the County Executive or his delegate, who should then report back to the County Council.

This is a correct copy of Council action.

/s/

Mary A. Edgar, CMC  
Secretary of the Council

APPROVED:

/s/

Douglas M. Duncan  
County Executive

**Sherer, Chuck**

---

**From:** Sherer, Chuck  
**Sent:** Nov 2, 2007 11:26 am  
**To:** Coveyou, Michael; Espinosa, Alex; Balderrama, Gladys; DeFazio, Blaise  
**Cc:** Farber, Steve; Faden, Michael; Boucher, Kathleen  
**Subject:** RE: Municipal Tax Duplication - Roads Subgroup - Material for 11-06-07



Rationale &  
Calculations Revis...

Attached are an explanation of MTD and various spreadsheets. I have made many changes to the explanation. After you review and edit, I would like us to send to Barbara and Gavin before we meet with them so they have some time to review. Please call or email me if you want. Mike, you can decide what to do and when. Chuck

(Steve, Mike, and Kathleen, I sent this to you because you have expressed some interest in this matter. If you have comments, please let me know.)

Just to warn you, I am again refining our explanation of these payments and will send it to you as soon as I finish it. After you review it, I suggest we send it along with the 2 sets of calculations to Barbara and Gavin so they can review before we meet on 11/6.

Chuck 240-777-7942



## MUNICIPAL TAX DUPLICATION PAYMENTS

Municipal tax duplication payments are based on State and County law, both of which are attached. There are at least two methods for calculating the payments. Both methods start by calculating the net County cost to provide the service (total cost minus non County revenues, such as State aid and user fees). If a service were funded entirely by non-County revenue, then the net County cost is zero, so there is no basis for reimbursement since there is no tax duplication, and the County does not save any County taxes by not providing the service in the municipalities.

Method I calculates the amount of tax duplication directly. Method II calculates the net County cost per unit of service (such as road miles maintained) and multiplies by the number of units the municipality serves. Road cost will be used to illustrate.

**Method I. Based on State law** The County has always used some variation of method II, but method I is an option consistent with State law (see attachment, Tax Property Article, section 6-305). The State requires the County to meet [annually] with the municipalities. "After the meeting if it can be demonstrated that a municipal corporation performs services or programs instead of similar county services or programs, the governing body of the county shall grant a tax setoff to the municipal corporation."

The "tax setoff" can be a lower property tax rate for the residents in the municipality or a payment from the County to the municipal corporation. The County has always given a payment, not a lower rate. State law does not specify how the counties should calculate the amount of reimbursement, but does say that "the governing body of the county shall consider:

- (1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and
- (2) the extent that the similar services and programs are funded by property tax revenues."

The above section **specifies** that the municipality must perform the service to get a reimbursement, and **implies** that the amount of reimbursement is the portion of the County service that is funded by property taxes from residents in the municipalities. In FY06, property tax was 35% of General Fund taxes, so property tax funds 35% of the net County cost (Net County cost = Total County cost - non-County revenues, such as State and Federal aid, and user fees.)

In summary, to get a reimbursement or lower tax rate:

- The law says that the municipality must provide the service that the County does not provide (see §c on page 6).
- The law implies that the municipality and the County must fund the service partly by property tax revenues (see §d on page 6).

Source: Council Staff Memorandum, November 2007

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FY06 General Fund Revenue	Amount	% of total
Property tax	\$782,131,830	35.0%
County Income Tax	1,044,561,989	46.8%
Real Property Transfer Tax	145,478,479	6.5%
Energy Tax	117,381,196	5.3%
Recordation Tax	96,239,932	4.3%
Telephone Tax	29,176,263	1.3%
Hotel/Motel Tax	15,869,779	0.7%
Admissions Tax	2,365,311	0.1%
Total taxes	\$2,233,204,779	100.0%

So, if the County's net cost (total cost minus non-County revenues) to maintain one mile of road is \$5,000, then the property tax funded portion of that cost is \$1,750 (35% of \$5,000).

**What is the rationale for municipal tax duplication payments, and how much should the payments be?** See ©1 for the calculation.

1. Residents of municipalities pay a property tax to their municipality and also pay the General Fund property tax to the County. Property tax is the only duplicate tax, levied by both the County and by municipalities.
2. Most of the General Fund property tax that municipal residents pay to the County is used to fund services the County provides to the municipal residents, such as the public schools and the community college, fire and rescue services, health and human services, libraries, and police for most municipalities.
3. However, a small part of the General Fund property tax that municipal residents pay to the County is used to fund services the County does **not** provide to the residents, because the municipality provides the services. This portion of their payment to the County is a duplicate property tax payment. There are no other duplicate tax payments, so there is no rationale for reimbursing the portion of net County cost funded by other taxes.
4. Because the municipal residents are paying the County for some services the County does not provide to these residents, State law requires the County to do one of the following: a) set a lower General Fund property tax rate for the residents in a municipality; or b) reimburse the municipal government for the amount of property tax (the duplicate property tax).
5. Reimbursements are for services described in #3 above. The most expensive such service is maintaining roads. The amount of duplicate property tax to be reimbursed is calculated as follows (revenues and costs are in the General Fund):
  - a. Determine the total cost the County incurs to provide the service (such as road maintenance) and subtract any **non-County** revenues, such as State aid and user fees, to get the net County cost. The net County cost is funded by **County** taxes. In FY06, the net County cost to maintain roads was \$13.5 million. (If the entire cost were funded by non-County revenues, there would be no funding from property taxes, no duplication, and no reimbursements.)

- b. Calculate property taxes as a percent of total taxes, which was 35% in FY06. This means that 35% of the net County cost of each service was funded by property taxes.
- c. Multiply the percent from b (property taxes as a percent of total taxes) by the net County cost from a to determine the amount of the net County cost which was funded by property taxes. 35% of \$13.5 million = \$4.7 million. (The \$8.8 million remainder of the net County cost was funded by the other County taxes.)
- d. Calculate General Fund property taxes from each municipality as a percent of total General Fund property taxes. **For example, if the residents of a municipality contribute 1% of total General Fund property taxes, then these residents paid for 1% of the net County cost of each General Fund service, whether the County provided the service to the municipality or not.**
- e. Calculate the duplicate property taxes: multiply the % from d by the amount from c. 1% of \$4.7 million = \$47,000. **This is the amount of General Fund property tax the residents of the municipality paid the County for a service the County did not provide, which is the amount the County should reimburse the municipality. It is the duplicate property tax payment.**
- f. Repeat a-e for each eligible service.

**Method II. Based on County law** (see attachment, Chapter 30A of the County Code). The County Code specifies the

“Determination of amount of reimbursement. a) Subject to the provisions of section 30A-4, each participating municipality shall be reimbursed by an amount determined by the county executive to approximate the amount of municipal tax revenues required to fund the eligible services. b) The amount of reimbursement shall be limited to the amount the county executive estimates the county would expend if it were providing the services.”

**County calculation** (©3). The County has not tried to determine “the amount of municipal tax revenues required to fund the eligible services.” This would require County staff to analyze in great detail the financial records of each municipality, which would be extremely difficult, and extremely time consuming. Instead, the County has tried to calculate the amount the County would spend if the County provided the service (since this is the limit/maximum, the County is not underpaying). **In other words, the amount of reimbursement is determined from the amount the County saves by not providing the service, which is the amount by which the County’s budget would increase if the County started providing the service.** However, if a municipality does not levy a property tax, the County does not reimburse for any costs, since there is no property tax duplication (this may be mixing method I with method II).

The County starts with the total cost, subtracts any non-County funding (such as State aid, Federal aid, and user fees) to get the net County cost. If a service were funded entirely by non-County revenue, then the net County cost is zero, so there is no basis for reimbursement since there is no tax duplication, and the County does not save any County taxes by not providing the service in the municipalities.

Using road maintenance as an example, the County then divides the net County cost by the number of road miles the County maintains to get the net County cost per mile, which is multiplied by the number of miles in each municipality. The result is our best estimate of "...the amount the county executive estimates the county would expend if it were providing the services."

**Variations** Two variations for calculating the amount of reimbursements are:

1. Reduce the number calculated in the box above by the amount of income tax that funds the service (47% of the net County cost), since the municipalities already get an income tax payment of 17% of the County income tax paid by its residents. (In FY06, the municipalities' share totaled \$28 million, see ©8.)
2. Reimburse only the property tax funded portion, which was 35% of the net County cost. Compared to variation 1, this variation reduces the number calculated in the box above by **all** other taxes, not just the income tax. If the County wanted to use this option, County staff recommend using method 1 above, which is a more direct way to measure property tax duplication.

### **Cost issues for both methods**

**1. Overhead** One question is which items are included in the total costs, before deducting non-County funding? One way to think about this is to ask which costs would increase if the County had to maintain one more mile (or 10 or 100, etc.). The answer is clearly all materials, operating expenses, and labor directly associated with maintaining the road. Should any overhead costs should be included? The answer is that:

- overhead costs should be included if they would increase if the County had to maintain more miles; and
- overhead costs should **not** be included if they would **not** increase if the County had to maintain more miles.

With regard to costs in the Department of Public Works and Transportation, none of the costs associated with the director, deputy directors, or division chiefs should be included, because none of these costs would increase if the County took over maintenance of the municipal roads, none of these costs would increase. **These costs are fixed with respect to the number of miles maintained.**

The only overhead costs that should be included in calculating reimbursement are whatever such costs would increase if the County started maintaining more miles, which are the first line supervisors of the direct labor. The County **also** includes the supervisors of the first line supervisors. Including the two levels of supervision just mentioned might slightly overstate the costs, because the County might not create another depot in addition to the five existing depots, nor would the number of first line supervisors necessarily increase. However, the Department includes these costs in its accounting so the costs can be easily seen in the County's financial reports, and we see no reason to take these costs out.

**2. Capital costs** In calculating the FY08 reimbursement for road maintenance, OMB used the FY06 actual expenditures in FY06 for the four Capital Improvements Program projects listed below. The Clarksburg project should **not** have been used. Mr. Orlin identified several projects that **should** have been used, and will presumably be used in future years: Neighborhood Traffic Calming, Street Tree Preservation, and Guardrail Replacement.

Roadway Maintenance - Capital Improvement Program (CIP)	FY06 actual expenditure
Primary Arterial Resurfacing	\$6,802,537
Rural Residential Resurfacing	1,976,255
Clarksburg Area Rehabilitation	542,057
Sidewalk and Infrastructure (curb/gutter replacement)	3,852,318
Capital budget costs	\$13,173,167

Most of the expenditures are funded by County bonds, so the County spreads the cost over 20 years. However, the County uses the total cost shown above in calculating the FY06 road costs, which overstates the cash outflow in FY06: the total cost is 10 times the FY06 amount the County actually paid (the debt service payment, as shown on ©6).

For ease of presentation, assume the FY06 expenditures were \$10 million (instead of \$13.2 million), that the County finances that cost with 20 year bonds, makes equal principal payments each year, and that the interest rate is 5%. The term “debt service” means the payment of principal plus the payment of interest. The principal payment is the same each year and the interest payment decreases each year, so the debt service payment decreases, from \$1 million in the first year to \$525,000 in the last year. There are at least two ways that these capital costs can be accounted for in calculating municipal tax duplication payments.

1. The current method, which uses the total \$10 million cost in calculating the FY06 road costs. While the total cost is 10 times the FY06 payment of \$1 million (see attached spreadsheet), the County has incurred a \$10 million obligation, and the present value of all debt service payments is \$10 million, so this is an accurate measure of the County’s FY06 cost.
2. An alternative method would be to use the FY06 debt service payment of \$1 million, plus the comparable FY06 payment for the total cost financed in FY05, plus the comparable FY06 payment for the total cost financed in FY04, and so on for the previous 17 years. As can be easily imagined, this would be extremely tedious to do — the person doing the calculation would need to add 20 different amounts from 20 debt service schedules for multiple projects every year!

What we cannot do is to mix the two methods. We must choose one or the other. The municipal representatives have asked that some amount of interest be included, which we can do if we use method 2. However, we cannot add interest to method 1. If we did this, we would presumably have 20 interest payments in each of the next 20 years starting in FY08, and the present value of these payments would be in addition to the \$10 million total cost we have already assumed, so the total present value would exceed the \$10 million total cost. This is clearly wrong, so we cannot include interest if we use method 1 (but we must include interest if we use method 2).

Annotated Code of Maryland Md. TAX-PROPERTY Code § 6-305 (2007)

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\*\*\* Current through 2006 Regular and Special Sessions, plus updates for substantive emergency legislation from the 2007 Regular Session, effective through May 17, and chapter 108, effective June 1, 2007

\*\*\* Annotations through May 14, 2007 \*\*\*

TAX-PROPERTY

TITLE 6. TAXABLE PROPERTY; IMPOSITION OF TAX; SETTING TAX RATES

SUBTITLE 3. SETTING PROPERTY TAX RATES

*Md. TAX-PROPERTY Code Ann. § 6-305 (2007)*

§ 6-305. County tax rate in certain municipal corporations

(a) "Tax setoff" defined. -- In this section, "tax setoff" means:

- (1) the difference between the general county property tax rate and the property tax rate that is set for assessments of property in a municipal corporation; or
- (2) a payment to a municipal corporation to aid the municipal corporation in funding services or programs that are similar to county services or programs.

(b) Applicability of section. -- This section applies only in:

- (1) Allegany County;
- (2) Anne Arundel County;
- (3) Baltimore County;
- (4) Frederick County;
- (5) Garrett County;
- (6) Harford County;
- (7) Howard County;
- (8) Montgomery County; and
- (9) Prince George's County.

(c) Discussion and adjustment. -- The governing body of the county shall meet and discuss with the governing body of any municipal corporation in the county the county property tax rate to be set for assessments of property in the municipal corporation as provided in this section. After the meeting if it can be demonstrated that a municipal corporation performs services or programs instead of similar county services or programs, the governing body of the county shall grant a tax setoff to the municipal corporation.

(d) Setting county rate for municipal corporation. -- In determining the county property tax rate to be set for assessments of property in a municipal corporation, the governing body of the county shall consider:

- (1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and
- (2) the extent that the similar services and programs are funded by property tax revenues.

(e) Rate need not be uniform. -- The county property tax rate for assessments of property located in a municipal corporation is not required to be:

- (1) the same as the rate for property located in other municipal corporations in the county; or
- (2) the same as the rate set in a prior year.

(f) Tax setoff request. --

(1) At least 180 days before the date that the annual county budget is required to be approved, any municipal corporation in the county that desires that a tax setoff be provided shall submit to the county a proposal that states the desired level of property tax setoff for the next fiscal year.

(2) (i) A request submitted under paragraph (1) of this subsection shall be accompanied by:

1. a description of the scope and nature of the services or programs provided by the municipal corporation instead of similar services or programs provided by the county; and
2. financial records and other documentation regarding municipal revenues and expenditures.

(2) (ii) The materials submitted under subparagraph (i) of this paragraph shall provide sufficient detail for an assessment of the similar services or programs.

(3) After receiving a proposal from a municipal corporation requesting a tax setoff under this subsection, the governing body of the county shall promptly submit to the municipal corporation financial records and other documentation regarding county revenues and expenditures.

(g) Meetings, officers, information and services. --

(1) At least 90 days before the date that the annual county budget is required to be approved, the county and any municipal corporation submitting a tax setoff request under subsection (f) of this section shall designate appropriate policy and fiscal officers or representatives to meet and discuss the nature of the tax setoff request, relevant financial information of the county and municipal corporation, and the scope and nature of services provided by both entities.

(2) A meeting held under paragraph (1) of this subsection may be held by the county representatives jointly with representatives from more than one municipal corporation.

(3) (i) The county officers or representatives may request from the municipal corporation officers or representatives additional information that may reasonably be needed to assess the tax setoff.

(3) (ii) The municipal corporation officers or representatives shall provide the additional information expeditiously.

(h) Statement of intent. --

(1) At or before the time the proposed county budget is released to the public, the county commissioners, the county executive of a charter county, or the county council of a charter county without a county executive shall submit a statement of intent to each municipal corporation that has requested a tax setoff.

(2) The statement of intent shall contain:

- (i) an explanation of the level of the proposed tax setoff;

- (ii) a description of the information or process used to determine the level of the proposed tax setoff; and
- (iii) an indication that, before the budget is enacted, appropriate officials or representatives of the municipal corporation are entitled to appear before the county governing body to discuss or contest the level of the proposed tax setoff.

(i) Municipal representatives may testify at hearings. -- Representatives of each municipal corporation in the county requesting a tax setoff shall be afforded an opportunity to testify before the county governing body during normally scheduled hearings on the county's proposed budget.

(j) Agreements regarding tax setoff. -- Notwithstanding the provisions of subsections (d), (f), and (g) of this section:

- (1) a county and one or more municipal corporations may enter into an agreement setting different terms or timing for negotiations, calculations, or approval of a tax setoff; and
- (2) a county may grant a tax setoff to a municipal corporation that does not make a request in the fashion described in this section.

**HISTORY:** An. Code 1957, art. 81, § 32A; 1985, ch. 8, § 2; 1986, ch. 171; 1998, ch. 680; 1999, ch. 504.

**NOTES:**

**CROSS REFERENCES.** --As to double taxation of municipalities in certain counties, see § 6-307 of this article.

**EFFECT OF AMENDMENTS.** --Chapter 504, Acts 1999, effective July 1, 1999, inserted present (b) (4) and redesignated the remaining paragraphs accordingly.

**CONSIDERATIONS IN SETTING TAX RATE.** --A county may not set tax rates for property within municipalities based solely on the fact that particular rates have been in effect; rather, in order to comply with this section, a county must set its tax rates based on a good-faith discussion with municipal officials about tax differentials that would reflect the current level of municipal services.

*80 Op. Att'y Gen. 327 (May 15, 1995).*

Md. TAX-PROPERTY Code Ann. § 6-305



## Chapter 30A. MONTGOMERY COUNTY MUNICIPAL REVENUE PROGRAM

§ 30A-1. Established.

§ 30A-2. Qualification of municipal public services for county reimbursement.

§ 30A-3. Determination of amount of reimbursement.

§ 30A-4. Limitations on expenditures.

§ 30A-5. Application to participate in program.

§ 30A-6. County tax rate in certain municipalities. For Takoma Park fire, no longer applicable.

Sec. 30A-1. Established.

There is hereby established a program to reimburse municipalities within the county for those public services provided by the municipalities which would otherwise be provided by the county government. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-2. Qualification of municipal public services for county reimbursement.

Municipal public services shall qualify for county reimbursement if the following conditions are met: (1) The municipality provides the service to its residents and taxpayers; (2) the service would be provided by the county if it were not provided by the municipality; (3) the service is not actually provided by the county within the municipality; and (4) the comparable county service is funded from tax revenues derived partially from taxpayers in the participating municipality. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-3. Determination of amount of reimbursement.

Subject to the provisions of section 30A-4, each participating municipality shall be reimbursed by an amount determined by the county executive to approximate the amount of municipal tax revenues required to fund the eligible services. The amount of reimbursement shall be limited to the amount the county executive estimates the county would expend if it were providing the services. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-4. Limitations on expenditures.

All expenditures by the county under the authority of this chapter shall be subject to the limits of the funds appropriated by the county council. (1974 L.M.C., ch. 7, § 1.)

Sec. 30A-5. Application to participate in program.

Any municipality within the county desiring to participate in the county municipal revenue program shall submit not later than November 15 of each year to the county an application which shall be in such form and contain such information as may be required by the county executive. (1974 L.M.C., ch. 7, § 1.)

	A	B
1	<b>County Expenditures for Road Maintenance</b>	
2	(Actual FY06 Expenditures used to calculate FY08 MTD Payments)	
3		
4	<b>Method I, calculate property tax duplication directly.</b>	
5	Streetlights costs included in road cost per mile	
6	<b>Item</b>	<b>Costs</b>
7	<b>I. Road Maintenance</b>	
8	<i>A. Operating Budget</i>	
9	Road Patching (all types of asphalt repairs)	\$8,783,401
10	Roadside Maintenance (i.e. shoulder maintenance, litter pickup, etc)	1,813,423
11	Maintenance and Cleaning of Storm Drains	2,723,525
12	Mowing	779,682
13	Tree Maintenance	2,837,462
14	Maintenance of Curbs, gutters and sidewalks	396,886
15	Resurfacing - Micro Seal portion	1,398,666
16	Snow Removal and Wind and Storm Damage Clean-up	9,783,162
17	Traffic Signs and Pavement Marking	1,884,300
18	Operating budget costs	\$30,400,507
19		
20	<i>B. Capital Improvement Program (CIP)</i>	
21	Primary Arterial Resurfacing CIP No.508527	\$6,802,537
22	Rural Residential Resurfacing CIP No.500511	1,976,255
23	Clarksburg Area Rehabilitation CIP No.500711	542,057
24	Sidewalk and Infrastructure (curb/gutter replacement) CIP No.508182	3,852,318
25	Capital budget costs	\$13,173,167
26		
27	Total road cost, operating + capital	\$43,573,674
28	<b>II. Streetlights</b>	
29	<i>A. Operating Budget</i>	
30	Utilities	5,510,224
31	Personnel and operating costs + encumbrances (will not include encumbrances in future)	479,159
32	Operating budget costs	5,989,383
33		
34	<b>B. Capital budget</b>	
35	Maintenance CIP Project No. 507055	535,000
36	Total Street lighting cost, operating + capital	\$6,524,383
37		
38	<b>III. Road costs + Streetlights costs</b>	\$50,098,057
39	Less State aid from highway user revenues	-36,623,789
40	Equals net cost to County	\$13,474,268
41	Percent funded by property tax	X 35.0%
42	Cost funded by property tax	= 4,715,994
43	% of total General Fund property tax paid by municipalities that provide the service	X 17.780942%
44	<b>Amount of property tax municipal residents paid County for services County did not provide. This is the duplicate property tax payment, which is reimbursed.</b>	<b>= 838,548</b>

	A	B
6	<b>Item</b>	<b>Costs</b>
45	<b>IV. Traffic Signal Maintenance Calculation (City of Rockville only)</b>	
46		
47	<b>Traffic Signal Maintenance Operating and CIP Cost</b>	
48	Maintenance Operating Budget	\$274,293
49	Electricity Operating Budget	\$1,767,084
50	Maintenance CIP Project No. 507154	\$1,893,000
51	Traffic Signal Program cost	\$3,934,377
52	Less SHA payment for maintenance	-642,859
53	<i>County Cost Excluding SHA Payment</i>	\$3,291,518
54	Less State aid from highway user revenues	0
55	Equals net cost to County	\$3,291,518
56	Percent funded by property tax	X 35.0%
57	Cost funded by property tax	= 1,152,031
58	% of total General Fund property tax paid by municipalities that provide the service	X 7.204%
59	<b>Amount of property tax municipal residents paid County for services County did not provide. This is the duplicate property tax payment, which is reimbursed.</b>	<b>= 82,992</b>
60		
61		
62	<b>V. Bridge Maintenance Operating and CIP Cost</b>	
63	Maintenance Operating Budget	\$7,718
64	Bridge Renovation CIP No.509753 (bond-funded portion)	\$379,813
65	Bridge Preservation CIP No.500315	\$622,285
66	Bridge Maintenance Program cost	\$1,009,816
67	Less State aid from highway user revenues	0
68	Equals net cost to County	\$1,009,816
69	Percent funded by property tax	X 35.0%
70	Cost funded by property tax	= 353,436
71	% of total General Fund property tax paid by municipalities that provide the service	X 14.275%
72	<b>Amount of property tax municipal residents paid County for services County did not provide. This is the duplicate property tax payment, which is reimbursed.</b>	<b>= 50,452</b>
73		
74		
75	<b>VI. Total duplicate property tax payments</b>	
76	Roads and streetlights	838,548
77	Traffic signals (Rockville only)	82,992
78	Bridges	50,452
79	<b>Total to be reimbursed</b>	<b>971,993</b>

	A	B
1	<b>County Expenditures for Road Maintenance</b>	
2	(Actual FY06 Expenditures used to calculate FY08 MTD Payments)	
3	Streetlights costs included in road cost per mile	
4	<b>Method II calculates cost per mile.</b>	
5	<b>Item</b>	<b>Costs</b>
6	<b>I. Road Maintenance</b>	
7	<i>A. Operating Budget</i>	
8	Road Patching (all types of asphalt repairs)	\$8,783,401
9	Roadside Maintenance (i.e. shoulder maintenance, litter pickup, etc)	1,813,423
10	Maintenance and Cleaning of Storm Drains	2,723,525
11	Mowing	779,682
12	Tree Maintenance	2,837,462
13	Maintenance of Curbs, gutters and sidewalks	396,886
14	Resurfacing - Micro Seal portion	1,398,666
15	Snow Removal and Wind and Storm Damage Clean-up	9,783,162
16	Traffic Signs and Pavement Marking	1,884,300
17	Operating budget costs	\$30,400,507
18		
19	<i>B. Capital Improvement Program (CIP)</i>	
20	Primary Arterial Resurfacing CIP No.508527	\$6,802,537
21	Rural Residential Resurfacing CIP No.500511	1,976,255
22	Clarksburg Area Rehabilitation CIP No.500711	542,057
23	Sidewalk and Infrastructure (curb/gutter replacement) CIP No.508182	3,852,318
24	Capital budget costs	\$13,173,167
25		
26	Total road cost, operating + capital	\$43,573,674
27	<b>II. Streetlights</b>	
28	<i>A. Operating Budget</i>	
29	Utilities	5,510,224
30	Personnel and operating costs + encumbrances (will not include encumbrances in future)	479,159
31	Operating budget costs	5,989,383
32		
33	<b>B. Capital budget</b>	
34	Maintenance CIP Project No. 507055	535,000
35	Total Streetlighting cost, operating + capital	\$6,524,383
36		
37	<b>III. Road costs + Streetlights costs</b>	\$50,098,057
38	Less State aid from highway user revenues	-36,623,789
39	Equals net cost to County	\$13,474,268
40		
41	County-maintained miles (does not include miles maintained by municipalities)	2,260
42	Net cost to County per mile	\$5,962
43	Municipalities maintained miles	348.73
44	Net cost County saves	\$2,079,151

	A	B
5	Item	Costs
45	<b>IV. Traffic Signal Maintenance Calculation (City of Rockville only)</b>	
46		
47	<b>Traffic Signal Maintenance Operating and CIP Cost</b>	
48	Maintenance Operating Budget	\$274,293
49	Electricity Operating Budget	\$1,767,084
50	Maintenance CIP Project No. 507154	\$1,893,000
51	Traffic Signal Program cost	\$3,934,377
52	Less SHA payment for maintenance	-642,859
53	Equals net cost to County	\$3,291,518
54		
55	Number of signals	747
56	Number of beacons	214
57	Total Signals and Beacons	961
58		
59	Net cost to County per signal/beacon	\$3,425
60	Number of Traffic Signals in Rockville	39
61	Net cost County saves because Rockville maintains its traffic signals	\$133,579
62		
63	<b>V. Bridge Maintenance</b>	
64	<b>Bridge Maintenance Operating and CIP Cost</b>	
65	Maintenance Operating Budget	\$7,718
66	Bridge Renovation CIP No.509753 (bond-funded portion)	\$379,813
67	Bridge Preservation CIP No.500315	\$622,285
68	Bridge Maintenance Program cost	\$1,009,816
69		
70	Total County bridges	319
71	Net cost to County per bridge	\$3,166
72	Municipalities maintained bridges	25
73	Net cost County saves	\$79,139
74		
75	<b>VI. Net cost County saves for roads, streetlights, signals, and bridges</b>	
76	Roads and streetlights	2,079,151
77	Signals	133,579
78	Bridges	79,139
79	<b>Total</b>	<b>2,291,869</b>
80	Income tax percentage	46.8%
81	Income tax funded amount	1,072,595
82	<b>Total less income tax funded portion</b>	<b>1,219,274</b>
83		
84	Property tax percentage	35%
85	<b>Property tax funded portion of net cost County saves</b>	<b>802,154</b>
86		
87	FY08 budget Council approved in May 2007 (same as FY07 budget)	4,531,421
88	FY08 amount based on formula. The Executive and Council decided to	4,052,969
89	reimburse the same amount in FY08 as in FY07, because the formula amount was lower.	

	A	B	C	H
1	General Fund Revenues in FY06			
2				
4				
5	Revenue	Amount	% of total	
6	Property tax	782,131,830	35.0%	
7	County Income Tax	1,044,561,989	46.8%	
8	Real Property Transfer Tax	145,478,479	6.5%	
9	Energy Tax	117,381,196	5.3%	
10	Recordation Tax	96,239,932	4.3%	
11	Telephone Tax	29,176,263	1.3%	
12	Hotel/Motel Tax	15,869,779	0.7%	
13	Admissions Tax	2,365,311	0.1%	
14	Total taxes	2,233,204,779	100.0%	
15				
17				
18	Source of Revenue data: Schedule C-3 in Approved FY08 operating budget			

	A	B	C	D	E	F
1	COUNTY BOND PAYMENTS					
2	Equal principal payments over # years			20		
3	Assume annual interest rate is			5.0%		
4						
5	Year	Beginning Principal	Payment of principal	Ending principal	Interest	Debt service = P + I
6	1	10,000,000	500,000	9,500,000	500,000	1,000,000
7	2	9,500,000	500,000	9,000,000	475,000	975,000
8	3	9,000,000	500,000	8,500,000	450,000	950,000
9	4	8,500,000	500,000	8,000,000	425,000	925,000
10	5	8,000,000	500,000	7,500,000	400,000	900,000
11	6	7,500,000	500,000	7,000,000	375,000	875,000
12	7	7,000,000	500,000	6,500,000	350,000	850,000
13	8	6,500,000	500,000	6,000,000	325,000	825,000
14	9	6,000,000	500,000	5,500,000	300,000	800,000
15	10	5,500,000	500,000	5,000,000	275,000	775,000
16	11	5,000,000	500,000	4,500,000	250,000	750,000
17	12	4,500,000	500,000	4,000,000	225,000	725,000
18	13	4,000,000	500,000	3,500,000	200,000	700,000
19	14	3,500,000	500,000	3,000,000	175,000	675,000
20	15	3,000,000	500,000	2,500,000	150,000	650,000
21	16	2,500,000	500,000	2,000,000	125,000	625,000
22	17	2,000,000	500,000	1,500,000	100,000	600,000
23	18	1,500,000	500,000	1,000,000	75,000	575,000
24	19	1,000,000	500,000	500,000	50,000	550,000
25	20	500,000	500,000	0	25,000	525,000
26	Total		10,000,000		5,250,000	15,250,000

	A	B	C	E	F
1	ASSESSED VALUES				
2	Use assessed values as proxy for amount of property tax paid, which was not available				
3	for this calculation but Finance could provide.				
4			Roads and SLs	Traffic signals	Bridges
5		Assessed Value FY06	% of Total	% of Total	% of Total
6	Barnesville	\$15,558,827	0.014076660%		
7	Battery Park	\$114,199,998	0.103321066%		
8	Brookeville	\$16,253,273	0.014704952%		
9	Chevy Chase Section 3	\$158,746,552	0.143624021%		
10	Chevy Chase Section 5	\$147,288,894	0.133257843%		
11	Chevy Chase Town	\$653,361,669	0.591121060%		
12	Chevy Chase Village	\$675,399,452	0.611059477%		
13	Chevy Chase View	\$167,985,771	0.151983092%		
14	Drummond	\$38,484,240	0.034818150%		
15	Friendship Hts	\$828,151,437	0.749259986%		
16	Gaithersburg	\$6,017,863,202	5.444588875%		5.444588875%
17	Glen Echo	\$43,614,760	0.039459926%		
18	Garrett Park	\$164,078,783	0.148448292%		
19	Kensington	\$342,544,643	0.309913118%		0.309913118%
20	Laytonsville	\$38,859,193	0.035157384%		
21	Martins Addition	\$188,471,576	0.170517376%		
22	North Chevy Chase	\$91,843,350	0.083094159%		
23	Oakmont	\$29,644,070	0.026820113%		
24	Poolesville	\$442,652,565	0.400484549%		
25	Rockville	\$7,962,557,588	7.204027577%	7.204027577%	7.204027577%
26	Somerset	\$291,401,837	0.263642284%		0.263642284%
27	Takoma Parks	\$1,163,521,085	1.052681615%		1.052681615%
28	Washington Grove	\$60,659,301	0.054880768%		
29	Subtotal, municipalities	\$19,653,142,059	17.780942345%	7.204027577%	14.274853470%
30					
31	Total County wide	\$110,529,249,116	100.000000000%		
32					
33	Not in municipality	\$90,876,107,057	82.219057655%		



INCOME TAX		
	FY06	FY07
Barnesville	61,865	58,528
Brookeville	111,379	103,549
Chevy Chase	2,286,908	2,747,199
Chevy Chase # 3	330,793	419,063
Chevy Chase # 5	410,501	459,607
Chevy Chase View	318,946	371,838
Chevy Chase Village	2,190,005	2,424,177
Drummond	61,649	80,389
Freindship Heights	928,848	952,503
Gaithersburg	7,262,318	8,530,674
Garrett Park	237,634	261,817
Glen Echo	72,375	76,209
Kensington	465,420	569,292
Laytonsville	64,421	82,737
Martins Addition	405,792	515,033
North Chevy Chase	176,364	172,029
Oakmont	25,110	47,441
Poolesville	758,430	908,972
Rockville	8,957,927	10,168,788
Somerset	792,109	938,885
Takoma Park	1,918,019	2,071,441
Washington Grove	92,470	98,798
	<b>27,929,282</b>	<b>32,058,968</b>
County	1,045,516,733	1,252,063,445
Municipalities	27,929,282	32,058,968
Montgomery County Total	1,073,446,015	1,284,122,413
Source: State Controller's Office		

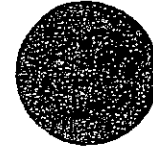
GOVT



Appendix G

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OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850



026508

Isiah Leggett  
County Executive

January 31, 2007

The Honorable Sidney Katz  
Mayor  
City of Gaithersburg  
31 South Summit Avenue  
Gaithersburg, Maryland 20877

Dear Mayor Katz:

I am writing to you in your capacity as President of the Montgomery County Chapter of the Maryland Municipal League (MML). I know that a number of our municipalities are interested in establishing a new Task Force to study County/municipal revenue sharing. It has been eleven years since a joint Task Force studied these issues and I have agreed to establish a new effort. The previous structure of the Task Force seemed to serve the County and municipalities very well so I propose to follow a similar model.

I will establish a ten-member Municipal Revenue Sharing Task Force with five municipal representatives and five County representatives. The Task Force will be led by Co-Chairs with one from among the municipal representatives and one from among the County representatives. Please provide me with the names of five representatives of the Montgomery County Chapter of MML to serve on the Task Force. Please select one individual as a Co-Chair of the Task Force. I would appreciate receiving these names by February 28, 2007.

I have arranged for Barbara Hawk to once again serve as a facilitator for the Task Force. She did this very ably eleven years ago, has an excellent understanding of the issues and has the respect and trust of the County and municipalities.

It is my hope that the Task Force can complete its work by the end of 2007 so that any Task Force recommendations can be reviewed, approved and ready for FY 09 implementation.

Sincerely,

Isiah Leggett  
County Executive

IL:dar

cc: ~~Marilyn Praisner~~  
Tim Firestine  
Paul Folkers

2007 FEB -1 AM 8:09

RECEIVED  
MONTGOMERY COUNTY  
COUNCIL

## 2007 MUNICIPAL REVENUE SHARING TASK FORCE

### Type of Task Force and Task Force Purpose/Goals

The Task Force will be appointed by the County Executive. The scope of the Task Force will be open based on the interests and issues of municipalities and the County. The Task Force will identify issues it wants to review and develop its goals at the first meetings.

### Timeline

The Task Force will be established by April 1, 2007 and target December 15, 2007 for the submission of recommendations to the County Executive. However, the timeline will be reviewed once the Task Force has identified the issues it wants to review and established its goals. The overall goal is to be in a position to begin implementation of Task Force recommendations approved by the County Executive and County Council in the County's FY 09 operating budget.

### ✓ County Members

- Paul Folkers, Offices of the County Executive, Co-Chair
- Mike Coveyou, Finance
- Betty Ferber, Office of the County Attorney
- Gladys Balderrama, Office of Management and Budget
- Chuck Sherer, Council Staff
- Patti Barney, M-NCPPC

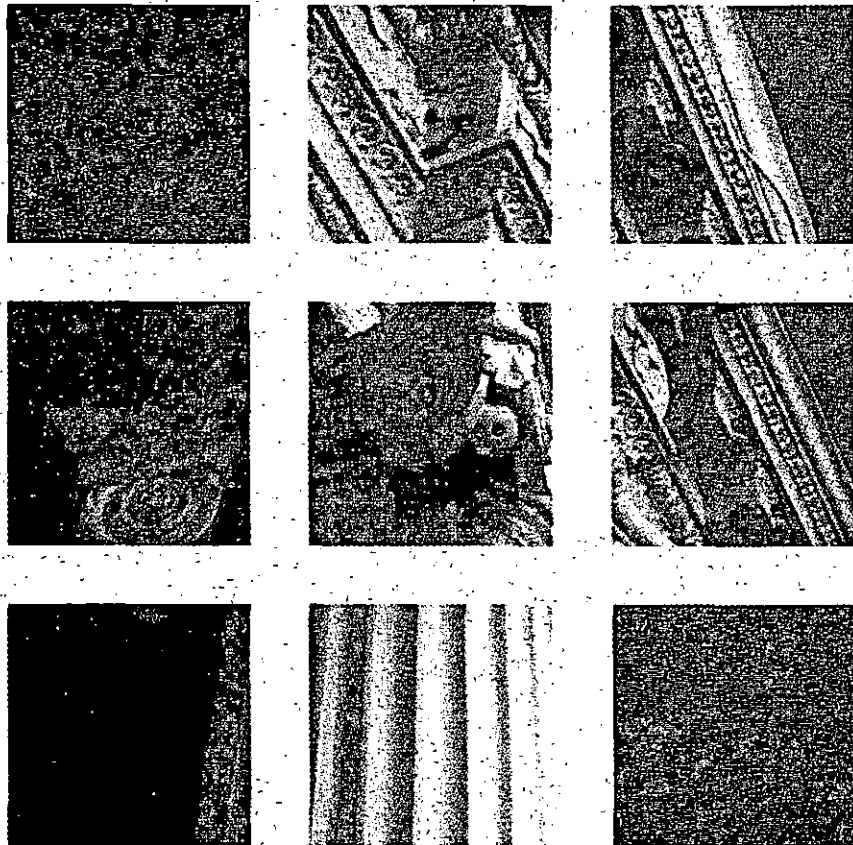
### ✓ Municipal Members

- Fred Felton, Gaithersburg, Co-Chair
- Barbara Matthews, Takoma Park
- Gavin Cohen, Rockville
- Julian Mansfield, Friendship Heights
- Geoff Biddle, Chevy Chase Village
- Wade Yost, Poolesville

### Task Force Facilitator

Barbara Hawk has agreed to serve as an independent facilitator for the Task Force to facilitate discussions and assist the Task Force in achieving its goals. She did this very effectively for the last task force 11 years ago and enjoys the confidence of County and municipal officials.

# 2006 REPORT ON COUNTY / MUNICIPAL TAX DIFFERENTIALS AND TAX REBATES



DEPARTMENT OF LEGISLATIVE SERVICES 2006

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**2006 Report on  
County/Municipal  
Tax Differentials and Tax Rebates**

---

**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**December 2006**

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December 2006

The Honorable Thomas V. Mike Miller, Jr., President of the Senate  
The Honorable Michael E. Busch, Speaker of the House of Delegates  
Honorable Members of the General Assembly

Ladies and Gentlemen:

Tax set-off systems – generally referred to as “tax differentials” or “tax rebates” – are of continuing interest to State and local government officials. The Department of Legislative Services, in accordance with Joint Resolution 31 of 1978, conducts an annual review of local tax set-off systems, and this report summarizes the tax set-off systems for fiscal 2006. The report also provides an overview of the current law relating to tax set-offs. This report was prepared by Scott Kennedy of the Office of Policy Analysis and reviewed by Joshua Watters and Hiram Burch. Nicole Symonds prepared the manuscript.

The Department of Legislative Services trusts that the study will be useful to members of the General Assembly and to other persons interested in matters relating to tax set-off systems.

Sincerely,

Karl S. Aro  
Executive Director

KSA/nas





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## Executive Summary

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In accordance with Joint Resolution 31 of 1978, the Department of Legislative Services conducts an annual review of local tax set-off programs for municipalities. This review utilizes a written survey followed by telephone calls when necessary. Assessable base and tax rate data maintained by the State Department of Assessments and Taxation is also used in this analysis.

A property tax set-off enables county governments to compensate municipalities for governmental services or programs that municipalities provide in lieu of similar county services or programs. These set-offs can take the form of either property tax rate differentials or tax rebates. The major governmental services performed by municipalities that may result in tax set-offs include police protection, highway and street maintenance, sanitation and waste collection, planning and zoning services, and recreation and parks services.

Seventeen of the 23 counties in Maryland had property tax set-offs for municipalities in their jurisdictions in fiscal 2006. Of the six remaining counties, Baltimore and Howard counties have no municipalities, while Queen Anne's, Somerset, Wicomico, and Worcester counties chose not to establish tax set-offs.

Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Garrett, and Talbot) provided tax rate differentials totaling \$22.7 million for the municipalities in their jurisdictions. Eight counties (Carroll, Cecil, Dorchester, Frederick, Kent, Montgomery, St. Mary's, and Washington) returned to the municipalities rebates totaling \$16.9 million. Prince George's County provided both tax rebates and tax rate differentials to its

municipalities totaling \$14.3 million; as did Harford County, totaling \$5.6 million.

In sum, tax differentials and rebates totaled \$59.5 million in fiscal 2006, a 14.5 percent increase over the prior year. Over the last 10 years, the level of tax set-offs provided to municipalities has increased from \$36.1 million in fiscal 1996 to \$59.5 million in fiscal 2006, a 64.6 percent increase, or \$23.3 million.

While counties have generally been increasing the amount of tax set-offs provided to municipalities since fiscal 1996, Allegany County is the one county in which the tax set-off amount has decreased, from \$1.2 million in fiscal 1996 to \$0.8 million in fiscal 2006 and Queen Anne's County, which provided a tax rebate through fiscal 2001, no longer provides a rebate.

A few counties have had more significant percentage increases than the overall increase of 64.6 percent. In Frederick County, for example, the tax rebate amount for fiscal 2006 (\$5.4 million) is almost four times what it was in fiscal 1996 (\$1.4 million). Also, in Talbot County, a tax set-off was not provided in fiscal 1996, but a tax rate differential totaling roughly \$107,000 was provided in fiscal 1997. Since that time, the total differential provided by the county has grown to \$1.8 million in fiscal 2006.

Some of the State's larger counties have provided tax set-offs at relatively constant levels since fiscal 1996, yet have experienced increases in recent years. In Prince George's County, between fiscal 1996 and 2005, the total tax set-off amount provided to

municipalities remained relatively steady, despite some fluctuation. In fiscal 2005, the tax set-off amount provided to its municipalities in the county (\$12.3 million) was slightly less than what was provided in fiscal 1996 (\$12.6 million). The total tax set-off amount, however, noticeably increased in fiscal 2006 to \$14.3 million. This increase is largely attributable to the growth of the value of the county's tax rate differential.

Montgomery and Anne Arundel counties have also had significant increases in recent fiscal years. Montgomery County provided a total tax rebate of \$4.1 million in fiscal 1996 and a \$4.7 million rebate in fiscal 2004. In fiscal 2006, the county provided a tax rebate totaling \$7.3 million. Similarly, in Anne Arundel County, the total value of the tax rate differential increased by \$6.0 million over the 10-year period. Most of this increase, however, has occurred since fiscal 2003.

Of the 17 counties providing tax set-offs in fiscal 2006, the tax set-off amount increased over the amounts provided in fiscal 2005 in 15 counties (Anne Arundel, Calvert, Caroline, Carroll, Cecil, Charles, Frederick, Garrett, Harford, Kent, Montgomery, Prince George's, St. Mary's, Talbot, and Washington), decreased in one county, (Allegany), and remained constant in one county (Dorchester). Every county that provided a tax set-off in fiscal 2005 provided a tax set-off in fiscal 2006.

While the total amount of tax differentials and rebates has increased, the types of services that the municipalities performed remained basically unchanged. The services included police protection, highway and street maintenance, sanitation and waste collection, planning and zoning, and recreation and parks.

# 2006 Report on County/Municipal Tax Differentials and Tax Rebates

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## Introduction

Property tax set-offs are meant to compensate for double taxation of municipal taxpayers occurring when both municipal and county property taxes are levied to fund similar services. Therefore, counties compensate municipal taxpayers with property tax set-offs through a tax rate differential or through a tax rebate. A tax rate differential results in a lower county property tax rate within the boundaries of a municipality, whereas a tax rebate is a direct payment to a municipality for providing the services or programs.

## Structure of Local Governments

There are 156 municipalities in Maryland. Based on July 2005 population estimates, approximately 15 percent of the State's residents live within municipalities. However on the Eastern Shore and in Western Maryland, there are nine counties that have over 30 percent of their residents living in municipalities. Compared to counties, municipalities in Maryland provide a more limited array of public services. Public works and public safety are the two largest functions of municipal governments, comprising 63 percent of municipal expenditures in fiscal 2004. As shown in **Exhibit 1**, municipalities accounted for approximately 4 percent of total local government expenditures. In five counties, municipal governments accounted for over 15 percent of local government expenditures.

## Background

Section 6-305 of the Tax-Property Article of the Annotated Code of Maryland mandates that Allegany, Anne Arundel, Baltimore, Frederick, Garrett, Harford, Howard, Montgomery, and Prince George's counties meet annually with the governing bodies of municipal corporations to discuss the property tax rate to be set for assessments of property in the municipal corporation. If it is demonstrated that a municipal corporation performs services or programs in lieu of similar county services and programs, the governing body of the county **shall impose** the county property tax on assessments of property in the municipal corporation at a rate that is less than the general county property tax rate.

**Exhibit 1**  
**Local Government Expenditures**  
**Fiscal 2004**  
**(\$ in Millions)**

	<u>Expenditures</u>	<u>Percent of Total</u>
County Level	\$18,794.6	95.6%
Municipal Level	<u>860.6</u>	<u>4.4</u>
<b>Total</b>	<b>\$19,655.2</b>	<b>100.0%</b>

<u>Municipal Level</u>	<u>Expenditures</u>	<u>Percent of Total</u>
Public Works	\$367.1	42.7%
Public Safety	174.0	20.2
General Government	108.1	12.6
Parks and Recreation	85.8	10.0
Community Development	15.6	1.8
Economic Development	34.0	3.9
Miscellaneous	28.1	3.3
Debt Service	<u>47.9</u>	<u>5.6</u>
<b>Total</b>	<b>\$860.6</b>	<b>100.0%</b>

Source: Department of Legislative Services

Section 6-306 governs the procedure for the setting of a tax differential in the other counties. The governing bodies of the counties are required to meet annually with governing bodies of municipal corporations to discuss the property tax rate to be set for assessments of property in the municipal corporation. If it is demonstrated that the municipal corporation performs services or programs in lieu of similar county services, the county **may establish** a county property tax rate for property in the municipal corporation that is lower than the general county property tax rate.

Alternatively, both of the above sections provide the counties with the option of making a payment to the municipal corporation to aid the municipal corporation in funding municipal services or programs that are similar to county services or programs. This is commonly known as a tax rebate.

Subsections (d) and (e) of Sections 6-305 and 6-306 of the Tax-Property Article define the procedures for determining the county property tax rate within a municipal corporation. The provisions follow:

(d) *Setting county rate for municipal corporation.* In determining the county property tax rate to be set for assessments of property in a municipal corporation, the governing body of the county shall consider:

- (1) the services and programs that are performed by the municipal corporation instead of similar county services and programs; and
- (2) the extent that the similar services and programs are funded by property tax revenues.

(e) *Rate need not be uniform.* The county property tax rate for assessments of property located in a municipal corporation is not required to be:

- (1) the same as the rate for property located in other municipal corporations in the county; or
- (2) the same as the rate set in a prior year.

A county and one or more municipal corporations may enter into an agreement setting different terms or timing for negotiations, calculations, or approval of a tax set-off than are set out under Sections 6-305 and 6-306.

## Scope

This report identifies tax differentials and tax rebates made by the governing bodies of the counties during fiscal 2006. Information was obtained from a survey of the counties and the State Department of Assessments and Taxation. Specifically, assessable base information and tax rate differentials were obtained by using data from the State Department of Assessments and Taxation. The tax rate differentials are calculated per \$100 of assessed property value.

The following payments are excluded from amounts reported as tax rebates:

- mandatory State pass-through from the counties to the municipalities such as supplemental police aid and distributions from the State Fire, Rescue, and Ambulance Fund;
- county sales and services taxes, license fees, and alcoholic beverage dispensary profits required by State law to be shared with municipalities; and
- funds to which a municipality has a claim, such as Program Open Space.

## Explanation of Exhibits and Appendices

A summary of the tax set-off study results is presented in **Exhibits 2** and **3**. **Exhibit 4** shows the trend in tax set-offs for fiscal 2003 through 2005, **Exhibit 5** compares set-offs authorized in fiscal 2006 to those in 2005, and **Exhibit 6** compares a county's tax set-off in fiscal 2006 with the amount provided in fiscal 2001. **Exhibit 7** shows the county assessable base in municipalities for those jurisdictions that provide tax rate differentials (Allegany, Anne Arundel, Calvert, Caroline, Charles, Garrett, Harford, Prince George's, and Talbot counties). **Appendix 1** lists the municipalities by county. **Appendix 2** shows the population and real property tax rate for fiscal 2006 for each municipality. **Appendix 3** shows the number of municipal residents in each county. **Appendix 4** shows local government expenditures in fiscal 2004 for counties and municipalities. County expenditures include the local school systems, library boards, health departments, and local community colleges.

Seventeen of the 23 counties in Maryland had property tax set-offs for municipalities in their jurisdictions in fiscal 2006. Of the six remaining counties, Baltimore and Howard counties have no municipalities, while Queen Anne's, Somerset, Wicomico, and Worcester counties chose not to establish tax set-offs. Seven counties (Allegany, Anne Arundel, Calvert, Caroline, Charles, Garrett, and Talbot) provided tax rate differentials totaling \$22.7 million for the municipalities in their jurisdictions. Eight counties (Carroll, Cecil, Dorchester, Frederick, Kent, Montgomery, St. Mary's, and Washington) returned to the municipalities rebates totaling \$16.9 million. Prince George's County provided both tax rebates and tax rate differentials to its municipalities totaling \$14.3 million; as did Harford County, totaling \$5.6 million. In sum, tax differentials and rebates totaled \$59.5 million in fiscal 2006, a 14.5 percent increase over the prior year.

Of the 17 counties providing tax set-offs in fiscal 2006, the tax set-off amount increased over the amounts provided in fiscal 2005 in 15 counties (Anne Arundel, Calvert, Caroline, Carroll, Cecil, Charles, Frederick, Garrett, Harford, Kent, Montgomery, Prince George's, St. Mary's, Talbot, and Washington), decreased in one county (Allegany), and remained constant in one county (Dorchester). In addition, every county that provided a tax set-off in fiscal 2005 provided a tax set-off in fiscal 2006.



**Exhibit 2**  
**2006 Survey on County-Municipal Tax Differentials and Rebates**

<u>County</u>	<u>Municipal Corporations</u>	<u>(1) Sec. 6-305</u>	<u>(2) Sec 6-306</u>	<u>Tax Differential</u>	<u>Tax Rebate</u>
Allegany	Y	Y	N	Y	N
Anne Arundel	Y	Y	N	Y	N
Baltimore City	N	N	N	N	N
Baltimore	N	Y	N	N	N
Calvert	Y	N	Y	Y	N
Caroline	Y	N	Y	Y	N
Carroll	Y	N	Y	N	Y
Cecil	Y	N	Y	N	Y
Charles	Y	N	Y	Y	N
Dorchester	Y	N	Y	N	Y
Frederick	Y	Y	N	N	Y
Garrett	Y	Y	N	Y	N
Harford	Y	Y	N	Y	Y
Howard	N	Y	N	N	N
Kent	Y	N	Y	N	Y
Montgomery	Y	Y	N	N	Y
Prince George's	Y	Y	N	Y	Y
Queen Anne's	Y	N	Y	N	N
St. Mary's	Y	N	Y	N	Y
Somerset	Y	N	Y	N	N
Talbot	Y	N	Y	Y	N
Washington	Y	N	Y	N	Y
Wicomico	Y	N	Y	N	N
Worcester	Y	N	Y	N	N

Key: Y indicates yes; N indicates no.

Note: (1) Sec. 6-305 of the Tax-Property Article requires an annual meeting between county and municipality. Property tax differentials or rebates are mandated if a municipality provides a service in lieu of similar county services.

(2) Sec. 6-306 of the Tax-Property Article requires an annual meeting between county and municipality, but property tax differentials or rebates are optional.

Source: Department of Legislative Services

**Exhibit 3**  
**Tax Differentials and Tax Rebates**  
**Fiscal 2006**

<b>County</b>	<b>Tax Differential</b>	<b>Tax Rebate</b>	<b>Total</b>
Allegany	\$815,009	\$0	\$815,009
Anne Arundel	16,524,487	0	16,524,487
Baltimore City	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A
Calvert	2,002,378	0	2,002,378
Caroline	592,504	0	592,504
Carroll	0	2,130,555	2,130,555
Cecil	0	491,045	491,045
Charles	735,875	0	735,875
Dorchester	0	69,000	69,000
Frederick	0	5,405,180	5,405,180
Garrett	214,828	0	214,828
Harford	4,280,483	1,296,801	5,577,284
Howard	N/A	N/A	N/A
Kent	0	128,508	128,508
Montgomery	0	7,256,887	7,256,887
Prince George's	13,619,026	669,672	14,288,698
Queen Anne's	0	0	0
St. Mary's	0	55,370	55,370
Somerset	0	0	0
Talbot	1,806,947	0	1,806,947
Washington	0	1,382,248	1,382,248
Wicomico	0	0	0
Worcester	0	0	0
<b>Total</b>	<b>\$40,591,537</b>	<b>\$18,885,266</b>	<b>\$59,476,803</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 4  
Tax Differentials and Tax Rebates  
Fiscal 2003-2005**

County	Fiscal 2003			Fiscal 2004			Fiscal 2005		
	Differential	Tax Rebate	Total	Differential	Tax Rebate	Total	Differential	Tax Rebate	Total
Allegany	\$399,910	\$573,072	\$972,982	\$249,089	\$573,757	\$822,846	\$854,776	\$0	\$854,776
Anne Arundel	12,282,326	0	12,282,326	13,199,456	0	13,199,456	14,989,779	0	14,989,779
Baltimore City	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Calvert	1,372,386	0	1,372,386	1,483,885	0	1,483,885	1,646,325	0	1,646,325
Caroline	438,267	0	438,267	459,040	0	459,040	523,143	0	523,143
Carroll	0	1,572,532	1,572,532	0	1,748,005	1,748,005	0	1,784,749	1,784,749
Cecil	0	372,388	372,388	0	400,050	400,050	0	449,346	449,346
Charles	331,079	34,030	365,109	429,234	32,500	461,734	551,531	0	551,531
Dorchester	0	69,000	69,000	0	69,000	69,000	0	69,000	69,000
Frederick	0	3,817,236	3,817,236	0	4,414,069	4,414,069	0	4,798,018	4,798,018
Garrett	140,141	0	140,141	123,420	0	123,420	123,021	0	123,021
Harford	3,584,951	1,118,161	4,703,112	3,638,527	1,286,800	4,925,327	3,884,858	1,148,932	5,033,790
Howard	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kent	88,189	0	88,189	0	92,077	92,077	0	113,071	113,071
Montgomery	0	4,851,553	4,851,553	0	4,719,916	4,719,916	0	6,017,711	6,017,711
Prince George's	11,094,544	553,994	11,648,538	10,495,307	553,994	11,049,301	11,737,024	553,994	12,291,018
Queen Anne's	0	0	0	0	0	0	0	0	0
St. Mary's	0	45,487	45,487	0	48,129	48,129	0	48,936	48,936
Somerset	0	0	0	0	0	0	0	0	0
Talbot	319,179	0	319,179	933,259	0	933,259	1,390,022	0	1,390,022
Washington	0	1,121,885	1,121,885	0	1,258,838	1,258,838	0	1,269,622	1,269,622
Wicomico	0	0	0	0	0	0	0	0	0
Worcester	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>\$30,050,972</b>	<b>\$14,129,338</b>	<b>\$44,180,310</b>	<b>\$31,011,217</b>	<b>\$15,197,135</b>	<b>\$46,208,352</b>	<b>\$35,700,479</b>	<b>\$16,253,379</b>	<b>\$51,953,858</b>

N/A: indicates the jurisdiction has no municipalities.  
Source: Department of Legislative Services

**Exhibit 5**  
**Changes in Tax Differentials and Tax Rebates**  
**Fiscal 2005-2006**

<b>County</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$854,776	\$815,009	(\$39,767)	-4.7%
Anne Arundel	14,989,779	16,524,487	1,534,708	10.2
Baltimore City	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A
Calvert	1,646,325	2,002,378	356,053	21.6
Caroline	523,143	592,504	69,361	13.3
Carroll	1,784,749	2,130,555	345,806	19.4
Cecil	449,346	491,045	41,699	9.3
Charles	551,531	735,875	184,344	33.4
Dorchester	69,000	69,000	0	0.0
Frederick	4,798,018	5,405,180	607,162	12.7
Garrett	123,021	214,828	91,807	74.6
Harford	5,033,790	5,577,284	543,494	10.8
Howard	N/A	N/A	N/A	N/A
Kent	113,071	128,508	15,437	13.7
Montgomery	6,017,711	7,256,887	1,239,176	20.6
Prince George's	12,291,018	14,288,698	1,997,680	16.3
Queen Anne's	0	0	0	0.0
St. Mary's	48,936	55,370	6,434	13.1
Somerset	0	0	0	0.0
Talbot	1,390,022	1,806,947	416,925	30.0
Washington	1,269,622	1,382,248	112,626	8.9
Wicomico	0	0	0	0.0
Worcester	0	0	0	0.0
<b>Total</b>	<b>\$51,953,858</b>	<b>\$59,476,803</b>	<b>\$7,522,945</b>	<b>14.5%</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 6**  
**Changes in Tax Differentials and Tax Rebates**  
**Over a Five-year Period**

<b>County</b>	<b>FY 2001</b>	<b>FY 2006</b>	<b>Difference</b>	<b>% Difference</b>
Allegany	\$1,187,331	\$815,009	(\$372,322)	-31.4%
Anne Arundel	11,089,800	16,524,487	5,434,687	49.0
Baltimore City	N/A	N/A	N/A	N/A
Baltimore	N/A	N/A	N/A	N/A
Calvert	1,054,083	2,002,378	948,295	90.0
Caroline	398,356	592,504	194,148	48.7
Carroll	1,384,574	2,130,555	745,981	53.9
Cecil	323,305	491,045	167,740	51.9
Charles	322,948	735,875	412,927	127.9
Dorchester	69,000	69,000	0	0.0
Frederick	2,153,755	5,405,180	3,251,425	151.0
Garrett	16,847	214,828	197,981	1175.2
Harford	3,381,030	5,577,284	2,196,254	65.0
Howard	N/A	N/A	N/A	N/A
Kent	94,263	128,508	34,245	36.3
Montgomery	5,057,414	7,256,887	2,199,473	43.5
Prince George's	10,965,606	14,288,698	3,323,092	30.3
Queen Anne's	131,283	0	(131,283)	-100.0
St. Mary's	42,887	55,370	12,483	29.1
Somerset	0	0	0	0.0
Talbot	208,923	1,806,947	1,598,024	764.9
Washington	1,006,530	1,382,248	375,718	37.3
Wicomico	0	0	0	0.0
Worcester	0	0	0	0.0
<b>Total</b>	<b>\$38,887,935</b>	<b>\$59,476,803</b>	<b>\$20,588,868</b>	<b>52.9%</b>

N/A: indicates the jurisdiction has no municipalities.

Source: Department of Legislative Services

**Exhibit 7**  
**County Assessable Base for Municipalities with a Tax Rate Differential**  
**Fiscal 2006**

	<u>Real Property Base</u>	<u>Personal Property Base</u>	<u>Total Assessable Base</u>
<b>Allegany County</b>			
Barton	\$8,833,535	\$738,410	\$9,571,945
Cumberland	615,414,547	82,673,870	698,088,417
Frostburg	220,574,778	12,962,830	233,537,608
Lonaconing	20,105,919	2,410,830	22,516,749
Luke	62,451,876	6,465,520	68,917,396
Midland	8,660,352	510,290	9,170,642
Westport	43,470,480	2,343,750	45,814,230
<b>Anne Arundel County</b>			
Annapolis	4,011,565,327	153,297,970	4,164,863,297
<b>Calvert County</b>			
Chesapeake Beach	446,768,247	5,697,230	452,465,477
North Beach	132,903,834	812,240	133,716,074
<b>Caroline County</b>			
Denton	194,815,150	10,464,700	205,279,850
Federalsburg	113,927,395	45,748,570	159,675,965
Goldsboro	6,834,122	1,369,350	8,203,472
Greensboro	70,874,468	2,683,230	73,557,698
Henderson	2,841,824	200,490	3,042,314
Hillsboro	6,791,943	178,090	6,970,033
Marydel	3,907,890	638,590	4,546,480
Preston	35,618,610	4,339,610	39,958,220
Ridgely	71,474,002	5,580,950	77,054,952
Templeville	755,708	31,110	786,818
<b>Charles County</b>			
Indian Head	188,296,631	4,035,490	192,332,121
La Plata	674,968,351	32,049,440	707,017,791
<b>Garrett County</b>			
Mountain Lake Park	73,754,859	1,173,080	74,927,939
Oakland	104,886,429	5,118,630	110,005,059
<b>Harford County</b>			
Aberdeen	811,126,215	53,607,230	864,733,445
Bel Air	856,274,509	76,946,030	933,220,539
Havre de Grace	681,726,023	27,355,870	709,081,893

## Exhibit 7 cont'd.

	<u>Real Property Base</u>	<u>Personal Property Base</u>	<u>Total Assessable Base</u>
<b>Prince George's County</b>			
Berwyn Heights	\$212,706,907	\$122,147,970	\$334,854,877
Bladensburg	255,644,998	16,806,970	272,451,968
Bowie	4,607,101,517	96,444,390	4,703,545,907
Brentwood	124,372,383	3,948,810	128,321,193
Capitol Heights	190,643,063	6,557,650	197,200,713
Cheverly	371,720,698	16,591,060	388,311,758
College Park	1,271,550,551	69,897,960	1,341,448,511
Colmar Manor	61,001,185	2,473,560	63,474,745
Cottage City	58,566,470	2,978,220	61,544,690
District Heights	251,660,468	4,258,900	255,919,368
Eagle Harbor	4,427,703	38,050	4,465,753
Edmonston	94,882,286	4,125,990	99,008,276
Fairmount Heights	68,195,208	1,170,010	69,365,218
Forest Heights	124,932,845	2,489,250	127,422,095
Glenarden	249,834,590	4,156,170	253,990,760
Greenbelt	1,352,752,488	88,172,490	1,440,924,978
Hyattsville	871,989,863	68,894,730	940,884,593
Landover Hills	64,488,080	3,473,280	67,961,360
Laurel	1,510,359,196	83,416,220	1,593,775,416
Morningside	63,450,478	1,362,070	64,812,548
Mount Rainier	240,546,854	4,013,760	244,560,614
New Carrollton	490,420,500	10,889,400	501,309,900
North Brentwood	29,044,847	837,960	29,882,807
Riverdale Park	329,460,967	21,126,710	350,587,677
Seat Pleasant	186,099,560	5,735,220	191,834,780
University Park	254,479,918	1,810,070	256,289,988
Upper Marlboro	66,635,691	14,518,430	81,154,121
<b>Talbot County</b>			
Easton	1,298,645,847	15,038,340	1,313,684,187
Oxford	260,435,305	838,980	261,274,285
Queen Anne	5,215,948	83,620	5,299,568
St. Michaels	240,334,584	2,147,500	242,482,084
Trappe	53,347,325	466,220	53,813,545

Source: State Department of Assessments and Taxation

## Tax Differentials/Tax Rebates by County

### Allegany County

During fiscal 2006, Allegany County provided a tax rate differential to all of its seven municipalities for performing governmental services in areas including planning and zoning, corrections and police protection, public works, highway maintenance, the Upper Potomac River Commission, solid waste disposal, and capital highway projects. The rates are determined by calculating the net property tax support of each area of service and dividing it by the amount of revenue generated by \$1.00 of property tax levy. The estimated value of the tax differentials in fiscal 2006 is \$0.8 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>
Barton	\$0.0280	\$0.0700	\$2,990
Cumberland	0.0698	0.1745	573,825
Frostburg	0.0641	0.1603	162,168
Lonaconing	0.0459	0.1148	11,996
Luke	0.0491	0.1228	38,604
Midland	0.0280	0.0700	2,782
Westport	0.0459	0.1148	<u>22,644</u>
<b>Total</b>			<b>\$815,009</b>

### Anne Arundel County

Anne Arundel County set a tax rate differential of \$0.376 for real property and \$0.940 for personal property for the City of Annapolis in fiscal 2006 for providing a variety of services that the county performs outside the city limits, including police protection, fire, public works, and parks and recreation. The estimated value of the tax differential in fiscal 2006 is \$16.5 million. Highland Beach, the other incorporated municipality in Anne Arundel County, did not receive a tax differential because such services are not performed by the town. In calculating the tax rate differential, several steps were involved. First, county spending was allocated into county wide (e.g. education and human services) and non-city (e.g. park, police, and fire services) categories. Second, all county revenues, except property taxes, are allocated to offset the cost of either county wide or non-city services. Third, costs that remain after (1) allocating offsetting revenues; and (2) allocating non-property tax revenues are divided into net assessable base amounts, which are expressed as county wide and non-city property tax rates. Finally, this non-city property tax rate serves as the Annapolis tax rate differential.



<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>
Annapolis	\$0.3760	\$0.9400	\$16,524,487

### Baltimore County

There are no incorporated municipalities in Baltimore County.

### Calvert County

Calvert County provided a tax rate differential for its two municipalities for public safety, public works, parks and recreation, and economic development. In fiscal 2006, these tax differentials totaled approximately \$2 million. The tax rate differential has not changed in recent years. The county periodically assesses the reasonableness of the differential by calculating the net cost to the municipalities of providing duplicative public services and what the net cost to the county would be to provide the same services for the municipality. These costs are divided by the county assessable base within the municipality, creating a range within which the tax rate differential should fall. If the differential falls within the range, the county advises it is left as is.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>
Chesapeake Beach	\$0.3360	\$0.8400	\$1,548,998
North Beach	0.3360	0.8400	453,380
<b>Total</b>			<b>\$2,002,378</b>

### Caroline County

Pursuant to Section 166-48 of the Caroline County code, property tax rebates were discontinued in 1997. Rebates were replaced by a tax rate differential of (1) \$0.12 on property in municipalities that provide water and/or sewer services; and (2) \$0.04 on property in all other municipalities. Caroline County does not provide a tax differential for personal property. In fiscal 2006, Caroline County provided tax differentials totaling an estimated \$0.6 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Denton	\$0.12	\$233,778
Federalsburg	0.12	136,713
Goldsboro	0.04	2,734
Greensboro	0.12	85,049
Henderson	0.04	1,137
Hillsboro	0.04	2,717
Marydel	0.04	1,563
Preston	0.12	42,742
Ridgely	0.12	85,769
Templeville	0.04	<u>302</u>
<b>Total</b>		<b>\$592,504</b>

### Carroll County

Carroll County provided its eight municipalities with tax rebates totaling \$2.1 million in fiscal 2006 in accordance with a long-standing agreement between the county and the municipalities. The funding is allocated to each of the municipalities based in part on assessable base and population and may be used however the municipalities choose. The per capita allocation amount was \$40.6621. The tax rebates were distributed as follows:

<u>Municipality</u>	<u>Tax Rebate</u>
Hampstead	\$508,466
Manchester	201,319
Mount Airy	102,586
New Windsor	55,667
Sykesville	205,570
Taneytown	302,836
Union Bridge	56,699
Westminster	<u>697,412</u>
<b>Total</b>	<b>\$2,130,555</b>

**Cecil County**

Cecil County returned to its eight municipalities a general rebate equivalent to \$0.028 per \$100 of assessed property values for police protection, street maintenance, and street lighting. In addition, the county made rebate payments to its municipalities totaling \$62,230 in order to offset the cost of refuse and garbage collection. The trash rebate is based on the average tons per capita of refuse deposited in the county landfill. The total rebate amount municipalities in Cecil County received in fiscal 2006 was \$0.5 million. The amounts were distributed as follows:

<u>Municipality</u>	<u>General Rebate</u>	<u>Trash Rebate</u>	<u>Total Tax Rebate</u>
Cecilton	\$7,829	\$2,666	\$10,495
Charlestown	17,974	5,732	23,706
Chesapeake City	15,401	4,427	19,828
Elkton	217,510	0	217,510
North East	48,651	15,373	64,024
Perryville	77,739	20,655	98,394
Port Deposit	10,883	3,803	14,685
Rising Sun	<u>32,829</u>	<u>9,574</u>	<u>42,403</u>
<b>Total</b>	<b>\$428,816</b>	<b>\$62,230</b>	<b>\$491,045</b>

**Charles County**

Charles County provided a real property tax rate differential to La Plata and Indian Head totaling an estimated \$0.7 million for performing government services in the areas of planning and growth management, police protection, parks, and public works. The rate was determined by calculating the expenditures funded by property taxes for parallel services provided by the municipality and dividing this amount by the town's assessable base. The Town of Port Tobacco received neither a tax differential nor a tax rebate as the town did not perform any services in lieu of those performed by the county.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Differential Amount</u>
Indian Head	0.0431	\$81,156
La Plata	0.0970	<u>654,719</u>
<b>Total</b>		<b>\$735,875</b>

### Dorchester County

In fiscal 2006, Dorchester County's nine municipalities received tax rebates totaling \$69,000 for duplicative public services such as police and planning and zoning. The rebates are based on historical funding levels as established by the county government. The tax rebates were first set at \$69,000 in fiscal 1994, with the amount in fiscal 1993 set at \$38,750.

<u>Municipality</u>	<u>Tax Rebate</u>
Brookview	\$450
Cambridge	54,000
Church Creek	425
East New Market	1,350
Eldorado	425
Galestown	700
Hurlock	8,950
Secretary	1,350
Vienna	<u>1,350</u>
<b>Total</b>	<b>\$69,000</b>

### Frederick County

Frederick County provided tax rebates totaling \$5.4 million in fiscal 2006 to all 12 of its municipalities for police protection, planning and zoning, parks and recreation, and highway services. The tax rebates were determined by calculating a certain factor, which is based on the municipalities' total taxable income, assessable base, and population compared to the county's total taxable income, assessable base, and population. The net expenditures for each of the duplicative services were then calculated. For police protection and planning and zoning, the net expenditures for duplicative services were used to calculate the cost of these services per capita for the municipality; however, for parks and recreation, cost per acre of parkland was used, and for highways, cost per mile was used. The county then compared the per capita (or per acre or mile) calculation to the net cost of the service multiplied by the factor. The lesser of the two calculations was the total amount to be distributed amongst the municipalities, based on each municipality's population. The tax rebates were distributed as follows:

<u>Municipality</u>	<u>Tax Rebate</u>
Brunswick	\$328,043
Burkittsville	1,949
Emmitsburg	167,094
Frederick	3,657,796

<u>Municipality</u>	<u>Tax Rebate</u>
Middletown	245,421
Mount Airy	235,375
Myersville	18,228
New Market	3,118
Rosemont	1,669
Thurmont	380,438
Walkersville	355,221
Woodsboro	<u>10,828</u>
<b>Total</b>	<b>\$5,405,180</b>

### Garrett County

In fiscal 2006, Garrett County provided a tax rate differential to two municipalities, Mountain Lake Park and Oakland. The tax differentials are granted for highways and street expenditures in Mountain Lake Park and for highways, streets, and police expenditures in Oakland. The tax rate differential of \$0.075 per \$100 of assessed value for Oakland was set in a May 2002 agreement between the governments of Oakland and Garrett County. The calculation methodology for the tax rate differential for Mountain Lake Park is equal to the town property tax rate multiplied by the assessable base of each Garrett County Government entity located within Mountain Lake Park that the county has authority over and/or to which the county appropriates funding divided by the total assessable base of the town. Additionally, there is a utility property tax rate differential of \$0.413 in Mountain Lake Park and \$0.188 in Oakland. The total estimated value of the tax differential in Garrett County is \$0.2 million.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Utility Property Tax Rate Differential</u>	<u>Differential Amount</u>
Mountain Lake Park	\$0.1650	\$0.4130	\$126,540
Oakland	0.0750	0.1880	<u>88,288</u>
<b>Total</b>			<b>\$214,828</b>

### Harford County

Harford County provided a tax differential for its three municipalities for services performed in the area of highways and road maintenance. The differential is based on the county's highway property tax rate that is imposed in the nonincorporated section of the county. The fiscal 2006 total

estimated value of the Harford County tax rate differential was approximately \$4.3 million. Additionally, the county provided \$1.3 million in tax rebates to its municipalities for police services. These funds are in addition to revenues provided through the State aid for police protection formula.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total</u>
Aberdeen	\$0.156	\$0.390	\$1,474,425	\$458,200	\$1,932,625
Bel Air	0.156	0.390	1,635,878	495,533	2,131,411
Havre de Grace	0.156	0.390	<u>1,170,180</u>	<u>343,068</u>	<u>1,513,248</u>
<b>Total</b>			<b>\$4,280,483</b>	<b>\$1,296,801</b>	<b>\$5,577,284</b>

### Howard County

There are no incorporated municipalities in Howard County.

### Kent County

In fiscal 2006, Kent County provided a tax rebate to its five municipalities totaling \$0.1 million in order to compensate the municipalities for parallel solid waste disposal services. The rebate is equivalent to \$0.02 per \$100 of the jurisdiction's assessable base. The county began providing a tax rebate to its municipalities in fiscal 2004; prior to that, the county provided its municipal residents with a tax rate differential.

<u>Municipality</u>	<u>Tax Rebate</u>
Betterton	\$8,239
Chestertown	77,483
Galena	7,385
Millington	3,965
Rock Hall	<u>31,436</u>
<b>Total</b>	<b>\$128,508</b>

### Montgomery County

Montgomery County provided tax rebates totaling approximately \$7.3 million to 18 municipalities and 3 special taxing districts in fiscal 2006. Barnesville was the only municipality

that did not receive a tax rebate in fiscal 2006. Approximately 60 percent of the county tax rebates, or \$4.3 million, were for tax-supported road reimbursements. In addition, Takoma Park received \$2.5 million for police services and crossing guards. Five communities<sup>1</sup> received a total of \$191,000 for park maintenance. Gaithersburg and Rockville received a total of \$104,000 for animal control, with Rockville receiving an additional \$111,000 for the Human Relations Commission. Three communities<sup>2</sup> received a total of \$104,000 for elderly services. The Town of Chevy Chase received almost \$1,000 for board of appeals and hearing examiner expenses. Tax rebates for Takoma Park were reduced by \$50,000 to reflect debt repayments for revitalization of the Pinecrest area. The current methodology and reasons for the rebates have been in place since 1996.

<u>Municipality</u>	<u>Tax Rebate</u>
Barnesville	\$0
Brookeville	5,570
Chevy Chase, Sec. III	31,187
Chevy Chase, Sec. V	19,804
Chevy Chase View	42,083
Chevy Chase Village	102,362
Town of Chevy Chase	132,842
Drummond*	4,703
Friendship Heights*	86,822
Gaithersburg	1,203,404
Garrett Park	48,520
Glen Echo	21,165
Kensington	140,162
Laytonsville	13,244
Martin's Additions	27,354
North Chevy Chase	24,384
Oakmont*	3,342
Poolesville	214,749
Rockville	2,131,796
Somerset	53,390
Takoma Park	2,904,207
Washington Grove	<u>45,797</u>
<b>Total</b>	<b>\$7,256,887</b>

\*denotes a special taxing district

<sup>1</sup> Chevy Chase Sec. III, Town of Chevy Chase, Friendship Heights, Kensington, and Takoma Park

<sup>2</sup> Friendship Heights, Gaithersburg, and Rockville

## Prince George's County

In fiscal 2006, Prince George's County provided its 27 municipalities with tax differentials valued at an estimated \$13.6 million and tax rebates totaling \$0.7 million. County law requires the cost for each service for each municipality outlined in the prior year county budget to be assigned a tax rate equivalency value after adjustments are made to offset revenue directly allocated to a specific service. The aggregate town requests for "in lieu of" service credit, as certified by the county, are translated into a dollar value. This dollar value is calculated by totaling the products of the tax rate equivalent cost of the service multiplied by each municipality's assessable base. Each of these net service values is then reduced to reflect the portion of each county service paid for by the property tax levy. The sum of the tax rate values of the duplicative services constitutes the calculated tax rate differential for each municipality. The county uses a three-year rolling average in applying the calculated tax differentials in order to provide stability to municipal residents' county tax rates in the event of rate changes due to county services reorganization, economic fluctuations, or other factors. The county also provides tax rebates for refuse collection.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total Amount</u>
Berwyn Heights	0.1480	0.3540	\$747,210	\$8,231	\$755,441
Bladensburg	0.1560	0.3730	461,496	22,486	483,982
Bowie	0.0160	0.0390	774,750	162,210	936,960
Brentwood	0.0230	0.0550	30,777	8,379	39,156
Capitol Heights	0.1330	0.3180	274,409	10,723	285,132
Cheverly	0.1400	0.3350	575,989	20,883	596,872
College Park	0.0180	0.0430	258,935	81,797	340,732
Colmar Manor	0.0190	0.0450	12,703	3,483	16,186
Cottage City	0.1350	0.3220	88,655	3,446	92,101
District Heights	0.1430	0.3420	374,440	22,500	396,940
Eagle Harbor	0.0050	0.0130	226	143	369
Edmonston	0.1410	0.3370	147,689	3,343	151,032
Fairmount Heights	0.0790	0.1890	56,086	3,908	59,994
Forest Heights	0.0940	0.2240	123,013	7,997	131,010
Glenarden	0.1240	0.2970	322,139	16,371	338,510
Greenbelt	0.1610	0.3870	2,519,159	70,970	2,590,129
Hyattsville	0.1550	0.3720	1,607,873	48,023	1,655,896
Landover Hills	0.1490	0.3560	108,452	5,644	114,096
Laurel	0.1890	0.4510	3,230,786	67,202	3,297,988
Morningside	0.1330	0.3190	88,734	4,251	92,985
Mount Rainier	0.1550	0.3710	387,739	22,179	409,918
New Carrollton	0.0140	0.0330	72,252	33,467	105,719



<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Personal Property Tax Rate Differential</u>	<u>Differential Amount</u>	<u>Tax Rebate</u>	<u>Total Amount</u>
North Brentwood	0.0120	0.0280	3,720	1,428	5,148
Riverdale Park	0.1590	0.3810	604,336	17,335	621,671
Seat Pleasant	0.1440	0.3440	287,713	14,942	302,655
University Park	0.1440	0.3440	372,678	6,254	378,932
Upper Marlboro	0.0860	0.2050	87,069	2,077	89,146
<b>Total</b>			<b>\$13,619,026</b>	<b>\$669,672</b>	<b>\$14,288,698</b>

### Queen Anne's County

Queen Anne's County did not provide tax set-offs to its municipalities in fiscal 2006.

### St. Mary's County

St. Mary's County provided a tax rebate in the amount of \$55,370 to the Town of Leonardtown in fiscal 2006 to offset taxes for duplicative services such as planning and zoning, road maintenance, and public works. The rebate is based on the assessed value of county-owned tax-exempt property within the town's corporate limits and the amount of property taxes due for those properties.

<u>Municipality</u>	<u>Tax Rebate</u>
Leonardtown	\$55,370 -

### Somerset County

Somerset County did not provide tax set-offs to its municipalities in fiscal 2006.

### Talbot County

In fiscal 2006, Talbot County provided a tax rate differential totaling an estimated \$1.8 million to its five municipalities for performing governmental services in the areas of planning and zoning, police protection, building code enforcement, and parks and recreation. The county established tax rate differentials based on a "county cost for parallel services" formula up until fiscal 2000, when, in addition to the formula, annual adjustments began to be made based on a constant yield calculation. In recent years the adjusted tax differential has resulted in county property tax revenues generated within the municipalities remaining at or below constant

yield. Talbot County does not provide a tax differential for personal property; however, the county provides a tax rate differential for utility property.

<u>Municipality</u>	<u>Real Property Tax Rate Differential</u>	<u>Utility Tax Rate Differential</u>	<u>Differential Amount</u>
Easton	\$0.1050	\$0.2600	\$1,402,678
Oxford	0.0700	0.1700	183,731
Queen Anne	0.0400	0.1000	2,170
St. Michaels	0.0800	0.2000	196,563
Trappe	0.0400	0.1000	<u>21,805</u>
<b>Total</b>			<b>\$1,806,947</b>

### Washington County

Washington County provided tax rebates to its nine municipalities for providing police protection, road maintenance, and park maintenance. The rebate is based on the municipality's assessable base, net taxable income, and population in relation to the county's. The fiscal 2006 rebates totaled approximately \$1.4 million.

<u>Municipality</u>	<u>Tax Rebate</u>
Boonsboro	\$84,715
Clear Spring	2,000
Funkstown	6,057
Hagerstown	1,108,797
Hancock	52,135
Keedysville	2,970
Sharpsburg	4,258
Smithsburg	64,859
Williamsport	<u>56,457</u>
<b>Total</b>	<b>\$1,382,248</b>

### Wicomico County

Wicomico County did not provide tax set-offs to its municipalities in fiscal 2006.

### Worcester County

Worcester County did not provide tax set-offs to its municipalities in fiscal 2006.

# Appendices

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# Appendix 1

## Incorporated Cities and Towns in Maryland

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Allegany</b>			<b>Cecil</b>		
Barton	1900	Ch. 729	Cecilton	1864	Ch. 353
Cumberland	1815	Ch. 136	Charlestown	1786	Ch. 20
Frostburg	1839	Ch. 179	Chesapeake City	1849	Ch. 271
Lonaconing	1890	Ch. 132	Elkton	1821	Ch. 143
Luke	1922	Ch. 73	North East	1849	Ch. 339
Midland	1900	Ch. 681	Perryville	1882	Ch. 212
Westernport	1858	Ch. 54	Port Deposit	1824	Ch. 33
			Rising Sun	1860	Ch. 383
<b>Anne Arundel</b>			<b>Charles</b>		
Annapolis	1708	Ch. 7	Indian Head	1920	Ch. 590
Highland Beach	1922	Ch. 213	La Plata	1888	Ch. 325
			Port Tobacco	1888	Ch. 297
<b>Baltimore</b>			<b>Dorchester</b>		
None			Brookview	1953	Ch. 704
<b>Calvert</b>			Cambridge	1793	Ch. 66
Chesapeake Beach	1886	Ch. 203	Church Creek	1867	Ch. 53
North Beach	1910	Ch. 395	East New Market	1832	Ch. 167
			Eldorado	1947	Ch. 313
<b>Caroline</b>			Galestown	1951	Ch. 92
Denton	1802	Ch. 25	Hurlock	1892	Ch. 249
Federalsburg	1823	Ch. 174	Secretary	1900	Ch. 555
Goldsboro	1906	Ch. 87	Vienna	1833	Ch. 216
Greensboro	1826	Ch. 97			
Henderson	1949	Ch. 498	<b>Frederick</b>		
Hillsboro	1853	Ch. 161	Brunswick	1890	Ch. 577
Marydel	1929	Ch. 38	Burkittsville	1894	Ch. 652
Preston	1892	Ch. 689	Emmitsburg	1824	Ch. 29
Ridgely	1896	Ch. 178	Frederick	1816	Ch. 74
Templeville (also in Queen Anne's)	1865	Ch. 86	Middletown	1833	Ch. 143
			Mount Airy	1894	Ch. 91
<b>Carroll</b>			(also in Carroll)		
Hampstead	1888	Ch. 295	Myersville	1904	Ch. 94
Manchester	1833	Ch. 193	New Market	1878	Ch. 90
Mount Airy (also in Frederick)	1894	Ch. 91	Rosemont	1953	Ch. 262
New Windsor	1843	Ch. 47	Thurmont	1894	Ch. 16
Sykesville	1904	Ch. 256	Walkersville	1892	Ch. 351
Taneytown	1836	Ch. 309	Woodsboro	1836	Ch. 299
Union Bridge	1872	Ch. 174			
Westminster	1818	Ch. 128			

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Garrett</b>			<b>Prince George's</b>		
Accident	1916	Ch. 514	Berwyn Heights	1896	Ch. 267
Deer Park	1884	Ch. 519	Bladensburg	1854	Ch. 137
Friendsville	1902	Ch. 477	Bowie	1882	Ch. 488
Grantsville	1864	Ch. 99	Brentwood	1912	Ch. 401
Kitzmilller	1906	Ch. 285	Capitol Heights	1910	Ch. 513
Loch Lynn Heights	1896	Ch. 450	Cheverly	1931	Ch. 200
Mountain Lake Park	1931	Ch. 507	College Park	1945	Ch. 1051
Oakland	1862	Ch. 250	Colmar Manor	1927	Ch. 178
<b>Harford</b>			Cottage City	1924	Ch. 390
Aberdeen	1892	Ch. 136	District Heights	1936	Ch. 61
Bel Air	1874	Ch. 273	Eagle Harbor	1929	Ch. 397
Havre de Grace	1785	Ch. 55	Edmonston	1924	Ch. 154
<b>Howard</b>			Fairmount Heights	1935	Ch. 199
None			Forest Heights	1949	Ch. 142
<b>Kent</b>			Glenarden	1939	Ch. 650
Betterton	1906	Ch. 227	Greenbelt	1937	Ch. 532
Chestertown	1805	Ch. 271	Hyattsville	1886	Ch. 424
Galena	1858	Ch. 373	Landover Hills	1945	Ch. 465
Millington (also in Queen Anne's)	1890	Ch. 386	Laurel	1870	Ch. 260
Rock Hall	1908	Ch. 171	Morningside	1949	Ch. 589
<b>Montgomery</b>			Mount Rainier	1910	Ch. 514
Barnesville	1888	Ch. 254	New Carrollton	1953	Ch. 441
Brookeville	1808	Ch. 90	North Brentwood	1924	Ch. 508
Chevy Chase	1918	Ch. 177	Riverdale Park	1920	Ch. 731
Chevy Chase, Sec. 3	1982	Referendum	Seat Pleasant	1931	Ch. 197
Chevy Chase, Sec. 5	1982	Referendum	University Park	1936	Ch. 132
Chevy Chase View	1993	Referendum	Upper Marlboro	1870	Ch. 363
Chevy Chase Village	1910	Ch. 382	<b>Queen Anne's</b>		
Gaithersburg	1878	Ch. 397	Barclay	1931	Ch. 483
Garrett Park	1898	Ch. 453	Centreville	1794	Ch. 23
Glen Echo	1904	Ch. 436	Church Hill	1876	Ch. 201
Kensington	1894	Ch. 621	Millington	1890	Ch. 386
Laytonsville	1892	Ch. 497	(also in Kent)		
Martin's Additions	1985	Referendum	Queen Anne	1953	Ch. 17
North Chevy Chase	1996	Referendum	(also in Talbot)		
Poolesville	1867	Ch. 174	Queenstown	1892	Ch. 542
Rockville	1860	Ch. 373	Sudlersville	1870	Ch. 313
Somerset	1906	Ch. 795	Templeville	1865	Ch. 86
Takoma Park	1890	Ch. 480	(also in Caroline)		
Washington Grove	1937	Ch. 372	<b>St. Mary's</b>		
			Leonardtwn	1858	Ch. 73

<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>	<u>County</u>	<u>Year</u>	<u>Chapter/ Referendum</u>
<b>Somerset</b>			<b>Wicomico</b>		
Crisfield	1872	Ch. 151	Delmar	1888	Ch. 167
Princess Anne	1894	Ch. 543	Fruitland	1947	Ch. 662
			Hebron	1931	Ch. 90
<b>Talbot</b>			Mardela Springs	1906	Ch. 325
Easton	1790	Ch. 14	Pittsville	1906	Ch. 499
Oxford	1852	Ch. 367	Salisbury	1854	Ch. 287
Queen Anne (also in Queen Anne's)	1953	Ch. 17	Sharptown	1874	Ch. 465
St. Michaels	1804	Ch. 82	Willards	1906	Ch. 195
Trappe	1827	Ch. 103			
<b>Washington</b>			<b>Worcester</b>		
Boonsboro	1831	Ch. 139	Berlin	1868	Ch. 424
Clear Spring	1836	Ch. 141	Ocean City	1880	Ch. 209
Funkstown	1840	Ch. 78	Pocomoke City	1878	Ch. 253
Hagerstown	1813	Ch. 121	Snow Hill	1812	Ch. 72
Hancock	1853	Ch. 319			
Keedysville	1872	Ch. 251			
Sharpsburg	1832	Ch. 28			
Smithsburg	1841	Ch. 284			
Williamsport	1823	Ch. 125			

Source: Maryland State Archives, Department of Legislative Services





**Appendix 2**  
**County and Municipal Real Property Tax Rates**  
**Fiscal 2006**

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Allegany</b>	<b>73,639</b>	<b>1.0007</b>			<b>1.0007</b>
Barton	464	0.9727	0.2220	-	1.1947
Cumberland	20,915	0.9309	0.9479	-	1.8788
Frostburg	7,958	0.9366	0.5500	-	1.4866
Lonaconing	1,164	0.9548	0.3400	-	1.2948
Luke	76	0.9516	0.5000	-	1.4516
Midland	457	0.9727	0.2800	-	1.2527
Westport	2,020	0.9548	0.6000	-	1.5548
<b>Anne Arundel</b>	<b>510,878</b>	<b>0.931</b>			<b>0.931</b>
Annapolis	36,300	0.555	0.560	-	1.115
Highland Beach	111	0.931	0.416	-	1.347
<b>Baltimore City</b>	<b>635,815</b>	<b>2.308</b>			<b>2.308</b>
<b>Baltimore</b>	<b>786,113</b>	<b>1.115</b>			<b>1.115</b>
<b>Calvert</b>	<b>87,925</b>	<b>0.892</b>			<b>0.892</b>
Chesapeake Beach	3,463	0.556	0.500	-	1.056
North Beach	1,882	0.556	0.720	-	1.276
<b>Caroline</b>	<b>31,822</b>	<b>0.910</b>			<b>0.910</b>
Denton	3,252	0.790	0.660	-	1.450
Federsburg	2,637	0.790	0.640	-	1.430
Goldsboro	210	0.870	0.390	-	1.260
Greensboro	1,944	0.790	0.545	-	1.335
Henderson	121	0.870	0.300	-	1.170
Hillsboro	158	0.870	0.160	-	1.030
Marydel	143	0.870	0.300	-	1.170
Preston	582	0.790	0.360	-	1.150
Ridgely	1,354	0.790	0.530	-	1.320
Templeville*	25	0.870	0.122	-	0.992
<b>Carroll</b>	<b>168,541</b>	<b>1.048</b>			<b>1.048</b>
Hampstead	5,451	1.048	0.200	-	1.248
Manchester	3,557	1.048	0.184	-	1.232
Mount Airy*	4,065	1.048	0.188	-	1.236
New Windsor	1,359	1.048	0.160	-	1.208

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Carroll cont'd.</b>					
Sykesville	4,440	1.048	0.330	-	1.378
Taneytown	5,453	1.048	0.320	-	1.368
Union Bridge	1,085	1.048	0.300	-	1.348
Westminster	17,761	1.048	0.400	-	1.448
<b>Cecil</b>	<b>97,796</b>	<b>0.980</b>			<b>0.980</b>
Cecilton	485	0.980	0.240	-	1.220
Charlestown	1,091	0.980	0.320	-	1.300
Chesapeake City	802	0.980	0.462	-	1.442
Elkton	14,466	0.980	0.544	-	1.524
North East	2,817	0.980	0.480	-	1.460
Perryville	3,770	0.980	0.362	-	1.342
Port Deposit	693	0.980	0.551	-	1.531
Rising Sun	1,785	0.980	0.360	-	1.340
<b>Charles</b>	<b>138,822</b>	<b>1.0260</b>			<b>1.0260</b>
Indian Head	3,642	0.9829	0.3200	-	1.3029
La Plata	8,442	0.9290	0.3200	-	1.2490
Port Tobacco	18	1.0260	0.0400	-	1.0660
<b>Dorchester</b>	<b>31,401</b>	<b>0.920</b>			<b>0.920</b>
Brookview	64	0.920	0.260	-	1.180
Cambridge	11,089	0.920	0.676	-	1.596
Church Creek	84	0.920	0.160	-	1.080
East New Market	245	0.920	0.540	-	1.460
Eldorado	59	0.920	0.180	-	1.100
Galestown	99	0.920	0.280	-	1.200
Hurlock	2,003	0.920	0.670	-	1.590
Secretary	501	0.920	0.320	-	1.240
Vienna	301	0.920	0.480	-	1.400
<b>Frederick</b>	<b>220,701</b>	<b>1.000</b>			<b>1.000</b>
Brunswick	5,242	1.000	0.452	-	1.452
Burkittsville	186	1.000	0.140	-	1.140
Emmitsburg	2,369	1.000	0.360	-	1.360
Frederick	57,907	1.000	0.690	-	1.690
Middletown	2,860	1.000	0.232	-	1.232
Mount Airy*	4,310	1.000	0.188	-	1.188
Myersville	1,509	1.000	0.274	-	1.274
New Market	463	1.000	0.120	-	1.120
Rosemont	308	1.000	0.040	-	1.040
Thurmont	6,036	1.000	0.270	-	1.270
Walkersville	5,593	1.000	0.166	-	1.166
Woodsboro	912	1.000	0.138	-	1.138

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Garrett</b>	<b>29,909</b>	<b>1.000</b>			<b>1.000</b>
Accident	340	1.000	0.224	-	1.224
Deer Park	392	1.000	0.300	-	1.300
Friendsville	518	1.000	0.240	-	1.240
Grantsville	593	1.000	0.260	-	1.260
Kitzmilller	288	1.000	0.360	-	1.360
Loch Lynn Heights	449	1.000	0.270	-	1.270
Mountain Lake Park	2,164	0.835	0.362	-	1.197
Oakland	1,896	0.925	0.480	-	1.405
<b>Harford</b>	<b>239,259</b>	<b>1.082</b>			<b>1.082</b>
Aberdeen	14,305	0.926	0.550	-	1.476
Bel Air	10,014	0.926	0.500	-	1.426
Havre de Grace	11,884	0.926	0.700	-	1.626
<b>Howard</b>	<b>269,457</b>	<b>1.0440</b>		<b>0.1255</b>	<b>1.1695</b>
<b>Kent</b>	<b>19,899</b>	<b>0.992</b>			<b>0.992</b>
Betterton	340	0.992	0.320	-	1.312
Chestertown	4,673	0.992	0.380	-	1.372
Galena	473	0.992	0.240	-	1.232
Millington*	337	0.992	0.280	-	1.272
Rock Hall	2,566	0.992	0.320	-	1.312
<b>Montgomery</b>	<b>927,583</b>	<b>0.679</b>		<b>0.288</b>	<b>0.967</b>
Barnesville	186	0.679	0.065	0.202	0.946
Battery Park		0.679	0.050	0.288	1.017
Brookeville	127	0.679	0.150	0.202	1.031
Chevy Chase, Sec. 3	786	0.679	0.020	0.288	0.987
Chevy Chase, Sec. 5	653	0.679	0.000	0.288	0.967
Chevy Chase	2,776	0.679	0.029	0.288	0.996
Chevy Chase View	888	0.679	0.023	0.288	0.990
Chevy Chase Village	2,086	0.679	0.130	0.288	1.097
Drummond		0.679	0.048	0.288	1.015
Friendship Heights		0.679	0.050	0.285	1.014
Gaithersburg	57,698	0.679	0.212	0.177	1.068
Garrett Park	942	0.679	0.200	0.285	1.164
Glen Echo	251	0.679	0.120	0.288	1.087
Kensington	1,920	0.679	0.155	0.285	1.119
Laytonsville	329	0.679	0.160	0.202	1.041
Martin's Additions	891	0.679	0.008	0.288	0.975
North Chevy Chase	477	0.679	0.052	0.288	1.019
Oakmont		0.679	0.060	0.288	1.027
Poolesville	5,498	0.679	0.221	0.202	1.102
Rockville	57,402	0.679	0.322	0.177	1.178

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Montgomery cont'd.</b>					
Somerset	1,154	0.679	0.045	0.288	1.012
Takoma Park	18,540	0.679	0.630	0.285	1.594
Washington Grove	536	0.679	0.202	0.177	1.058
<b>Prince George's</b>					
	<b>846,123</b>	<b>0.960</b>			<b>0.960</b>
Berwyn Heights	3,068	0.812	0.486	0.359	1.657
Bladensburg	7,918	0.804	0.676	0.359	1.839
Bowie	53,878	0.944	0.322	0.307	1.573
Brentwood	2,937	0.937	0.248	0.359	1.544
Capitol Heights	4,313	0.827	0.412	0.359	1.598
Cheverly	6,668	0.820	0.400	0.359	1.579
College Park	25,171	0.942	0.285	0.359	1.586
Colmar Manor	1,312	0.941	0.490	0.359	1.790
Cottage City	1,176	0.825	0.690	0.359	1.874
District Heights	6,296	0.817	0.547	0.187	1.551
Eagle Harbor	58	0.955	0.292	0.359	1.606
Edmonston	1,390	0.819	0.450	0.359	1.628
Fairmount Heights	1,566	0.881	0.420	0.359	1.660
Forest Heights	2,679	0.866	0.470	0.359	1.695
Glenarden	6,380	0.836	0.296	0.359	1.491
Greenbelt	22,242	0.799	0.766	0.187	1.752
Hyattsville	16,677	0.805	0.630	0.359	1.794
Landover Hills	1,589	0.811	0.480	0.359	1.650
Laurel	22,125	0.771	0.720	0.141	1.632
Morningside	1,459	0.827	0.800	0.359	1.986
Mount Rainier	8,751	0.805	0.790	0.359	1.954
New Carrollton	12,818	0.946	0.450	0.359	1.755
North Brentwood	487	0.948	0.288	0.359	1.595
Riverdale Park	6,630	0.801	0.677	0.359	1.837
Seat Pleasant	5,063	0.816	0.580	0.359	1.755
University Park	2,401	0.816	0.600	0.359	1.775
Upper Marlboro	683	0.874	0.240	0.359	1.473
<b>Queen Anne's</b>					
	<b>45,612</b>	<b>0.870</b>			<b>0.870</b>
Barclay	146	0.870	0.100	-	0.970
Centreville	2,660	0.870	0.480	-	1.350
Church Hill	542	0.870	0.340	-	1.210
Millington*	34	0.870	0.280	-	1.150
Queen Anne*	93	0.870	0.180	-	1.050
Queenstown	638	0.870	0.200	-	1.070
Sudlersville	394	0.870	0.167	-	1.037
Templeville*	56	0.870	0.122	-	0.992
<b>St. Mary's</b>					
	<b>96,518</b>	<b>0.872</b>			<b>0.872</b>
Leonardtown	2,075	0.872	0.150	-	1.022

<u>County/Municipality</u>	<u>Population July 2005</u>	<u>County Rate</u>	<u>Municipal Rate</u>	<u>County Special Rate</u>	<u>Total Rate</u>
<b>Somerset</b>	<b>25,845</b>	<b>0.990</b>			<b>0.990</b>
Crisfield	2,808	0.990	0.700	-	1.690
Princess Anne	2,800	0.990	0.764	-	1.754
<b>Talbot</b>	<b>35,683</b>	<b>0.520</b>			<b>0.520</b>
Easton	13,447	0.415	0.430	-	0.845
Oxford	746	0.450	0.300	-	0.750
Queen Anne*	79	0.480	0.180	-	0.660
St. Michaels	1,121	0.440	0.640	-	1.080
Trappe	1,137	0.480	0.300	-	0.780
<b>Washington</b>	<b>141,895</b>	<b>0.948</b>			<b>0.948</b>
Boonsboro	2,982	0.948	0.270	-	1.218
Clear Spring	467	0.948	0.190	-	1.138
Funkstown	960	0.948	0.220	-	1.168
Hagerstown	38,326	0.948	0.798	-	1.746
Hancock	1,736	0.948	0.395	-	1.343
Keedysville	812	0.948	0.180	-	1.128
Sharpsburg	674	0.948	0.176	-	1.124
Smithsburg	2,859	0.948	0.280	-	1.228
Williamsport	2,135	0.948	0.405	-	1.353
<b>Wicomico</b>	<b>90,402</b>	<b>0.993</b>			<b>0.993</b>
Delmar	2,290	0.993	0.676	-	1.669
Fruitland	3,953	0.993	0.700	-	1.693
Hebron	1,022	0.993	0.400	-	1.393
Mardela Springs	360	0.993	0.200	-	1.193
Pittsville	1,188	0.993	0.360	-	1.353
Salisbury	26,295	0.993	0.729	-	1.722
Sharptown	621	0.993	0.620	-	1.613
Willards	959	0.993	0.460	-	1.453
<b>Worcester</b>	<b>48,750</b>	<b>0.730</b>			<b>0.730</b>
Berlin	3,711	0.730	0.730	-	1.460
Ocean City	7,049	0.730	0.470	-	1.200
Pocomoke City	3,909	0.730	0.760	-	1.490
Snow Hill	2,323	0.730	0.860	-	1.590

(-) tax rate is not imposed.

\*municipality is in two counties.

Source: State Department of Assessments and Taxation, Maryland Department of Planning, Department of Legislative Services



**Appendix 3**  
**Residents Residing in Municipalities**  
**July 2005**

<b>County</b>	<b>County Population</b>	<b>Municipal Population</b>	<b>Percent of County</b>	<b>Rank</b>
Allegany	73,639	33,054	44.9%	3
Anne Arundel	510,878	36,411	7.1	19
Baltimore City	635,815	0	0.0	24
Baltimore	786,113	0	0.0	24
Calvert	87,925	5,345	6.1	20
Caroline	31,822	10,426	32.8	9
Carroll	168,541	43,171	25.6	12
Cecil	97,796	25,909	26.5	11
Charles	138,822	12,102	8.7	18
Dorchester	31,401	14,445	46.0	2
Frederick	220,701	87,695	39.7	6
Garrett	29,909	6,640	22.2	13
Harford	239,259	36,203	15.1	16
Howard	269,457	0	0.0	24
Kent	19,899	8,389	42.2	4
Montgomery	927,583	153,140	16.5	15
Prince George's	846,123	225,735	26.7	10
Queen Anne's	45,612	4,563	10.0	17
St. Mary's	96,518	2,075	2.1	21
Somerset	25,845	5,608	21.7	14
Talbot	35,683	16,530	46.3	1
Washington	141,895	50,951	35.9	7
Wicomico	90,402	36,688	40.6	5
Worcester	48,750	16,992	34.9	8
<b>Statewide</b>	<b>5,600,388</b>	<b>832,072</b>	<b>14.9%</b>	

Source: Maryland Department of Planning, Department of Legislative Services





**Appendix 4**  
**Local Government Expenditures**  
**Fiscal 2004**  
**(\$ in Millions)**

<b>County</b>	<b>County</b>	<b>Municipal</b>	<b>Total</b>	<b>Percent Municipal</b>
Allegany	\$202.6	\$13.4	\$216.0	6.2%
Anne Arundel	1,477.3	56.5	1,533.8	3.7
Baltimore City	2,810.9	0.0	2,810.9	0.0
Baltimore	2,209.6	0.0	2,209.6	0.0
Calvert	286.2	8.5	294.7	2.9
Caroline	84.0	11.1	95.1	11.7
Carroll	449.9	38.1	488.0	7.8
Cecil	231.1	20.2	251.2	8.0
Charles	469.8	13.5	483.3	2.8
Dorchester	95.1	18.1	113.1	16.0
Frederick	650.2	90.3	740.6	12.2
Garrett	101.5	5.8	107.2	5.4
Harford	675.3	37.7	712.9	5.3
Howard	1,035.0	0.0	1,035.0	0.0
Kent	57.2	6.5	63.7	10.1
Montgomery	3,995.6	154.0	4,149.6	3.7
Prince George's	2,683.2	103.5	2,786.7	3.7
Queen Anne's	149.4	1.4	150.8	0.9
St. Mary's	269.4	1.9	271.4	0.7
Somerset	64.1	4.6	68.7	6.7
Talbot	85.8	59.1	144.9	40.8
Washington	310.0	78.7	388.7	20.3
Wicomico	232.8	43.3	276.0	15.7
Worcester	168.7	94.5	263.2	35.9
<b>Statewide</b>	<b>\$18,794.6</b>	<b>\$860.6</b>	<b>\$19,655.2</b>	<b>4.4%</b>

Source: Department of Legislative Services

**MEMORANDUM OF UNDERSTANDING**  
Between  
Montgomery County, Maryland  
And  
The City of Gaithersburg

This MEMORANDUM OF UNDERSTANDING (the "Agreement" or "MOU") is between Montgomery County, Maryland (the "County") and The City of Gaithersburg (the "City"). This MOU becomes effective once all designated representatives of both the City and the County (the "Parties") have signed it. The Agreement may be amended by the mutual consent of the Parties, and may be terminated by either party with 30 days written notice to the other party.

Purpose

The purpose of this Agreement is to establish a set of principles, mutually acceptable to the Parties, to support the inspection and maintenance of best management practices within the City and the expenditure of funds generated by the Water Quality Protection Charge.

Background

1. Montgomery County, Maryland has established the Water Quality Protection Charge ("WQPC" or the "Charge") under Chapter 19 of the County Code to ensure compliance of County stormwater structures with National Pollutant Discharge Elimination System ("NPDES") requirements under the Federal Clean Water Act.
2. The FY'03 Water Quality Protection Charge rate resolution passed by the County Council did not apply to properties located within the City.
3. In order to meet Phase II requirements under NPDES, the City requires additional funds for inspection and maintenance of stormwater management facilities.
4. Given that the County has an existing process to assess and collect the WQPC, all parties agree that it would be more efficient to have the County assess and collect the WQPC in Gaithersburg rather than create a new system.
5. On April 28, 2003, the City requested that the Water Quality Protection Charge for FY 2004 be imposed on eligible properties within the City because the City does not presently impose a similar charge or other means of funding its own stormwater management program.
6. On May 14, 2003, the County Council passed the FY'04 Water Quality Protection Charge rate resolution which included properties located within the City.
7. To ensure a consistent, sustained expenditure of the funds generated by the WQPC for the purposes defined by applicable County law, the Parties to this MOU find it to be in their mutual interest to support the following tenets of an agreement between the City and the County.

## Mutual Agreements

The Parties agree as follows:

1. Subject to annual approval of the WQPC rate resolution, the County will assess and collect the WQPC from properties within the City.
2. The County will, subject to appropriation, reimburse the City for the cost of operating its own stormwater management program from WQPC funds collected from properties within the City, limited to the amount that the Director of Environmental Protection estimates the County would spend for the City if the County were operating the program instead of the City.
3. To the extent permitted by law, the reimbursement will be based on the amount of WQPC funds collected from properties in the City, less the administrative costs incurred by the County in collecting the Charge. However, the reimbursement must not exceed the amount allowed under paragraph 2. The County's administrative costs may include Department of Environmental Protection staff time, support for billing software, and the services of the County Attorney, the Office of Management and Budget, and the Department of Finance.
4. The County will transfer to the City, at least annually commencing on or about January 10, all WQPC reimbursement funds owed to the City under paragraph 2.
5. The City of Gaithersburg will provide a stormwater management inspection and maintenance program that is at least comparable to the program provided by the County as outlined in Sec. 19-28 of the County Code; including assuming structural maintenance of facilities owned by a residential property or associated nonresidential property, or a homeowners' association which includes residential property, once the owner makes all structural repairs needed to place the facility in proper working condition.
6. Recognizing that proper implementation of the WQPC relies on up-to-date Geographic Information Systems ("GIS") coverage to identify the properties and determine the specific number of Equivalent Residential Units ("ERUs") that are subject to the Charge, the Parties agree to the following:
  - a. The City will provide the County with an annual update of the City's property layer, the drainage areas primarily serving residential areas, and stormwater management infrastructure; and
  - b. The County will periodically review and update impervious surface data for properties within the City to ensure that the appropriate charge is assessed.

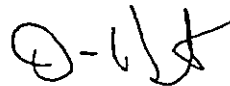
7. The City will use WQPC funds for the purposes outlined in Sec. 19-35 of the County Code; including the construction, operation, and maintenance of stormwater management facilities and the enforcement and administration of a stormwater management facility inspection and maintenance program. The City will provide an annual report to the County demonstrating how the WQPC funds were spent.
8. The County will provide the City with an annual report documenting what funds were collected from properties in the City.
9. The City shall be responsible for all plan review, inspection, and enforcement activities associated with stormwater management structures located within the City.
10. The County will process and decide upon all requests for review and adjustment of the WQPC as outlined in Sec. 19-35 (h) of the County Code. The County will have the responsibility of defending itself in any appeal of a WQPC assessment.

For the City of Gaithersburg

For Montgomery County, Maryland

CITY OF GAITHERSBURG  
31 South Summit Avenue  
Gaithersburg, MD 20896

MONTGOMERY COUNTY, MARYLAND  
Executive Office Building  
101 Monroe Street  
Rockville, MD 20850-2540

BY:   
David B. Humpton  
City Manager

BY:   
Bruce Romer  
Chief Administrative Officer

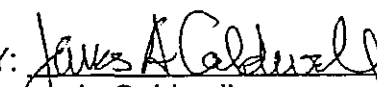
Date: June 18, 2003

Date: 7-15-03

ATTEST:

Approval Recommended:

BY: 

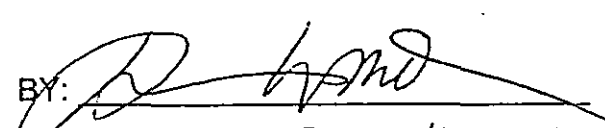
BY:   
James A. Caldwell  
Department of Environmental Protection

Date: 6-18-03

Date: 6/25/03

Approved as to form and legal sufficiency  
by the Office of the County Attorney:

This 19<sup>th</sup> day of June, 2003

BY:   
Walter E. Wilson

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# **Issue Papers**

**2007 Legislative Session**

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**Presentation to the  
Maryland General Assembly**

**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**December 2006**

# Local Government

## State Aid to Local Governments

State aid to local governments is projected to increase by 14.6 percent in fiscal 2008, a record increase that will provide local governments with an additional \$844.6 million to fund education, libraries, community colleges, and transportation projects.

### Record State Funding Increase in Fiscal 2008

Local government programs and services will continue to benefit from large increases in State support in fiscal 2008. State aid to local governments is projected to total \$6.6 billion in fiscal 2008, representing an \$844.6 million or 14.6 percent increase over the prior year, the largest increase in recent years. Most of the increase is targeted to public schools, libraries, and community colleges. State aid for public schools will increase by \$805.1 million or 18.0 percent; library aid will increase by \$6.3 million or 11.3 percent; and community college aid will increase by \$39.5 million or 19.2 percent. Local health departments will realize a slight increase of \$2.0 million, while county and municipal governments will realize an \$8.3 million or 0.8 percent decrease in State aid. Exhibit 1 shows the change in State aid by governmental entity.

**Exhibit 1**  
**State Aid to Local Governments**  
(\$ in Millions)

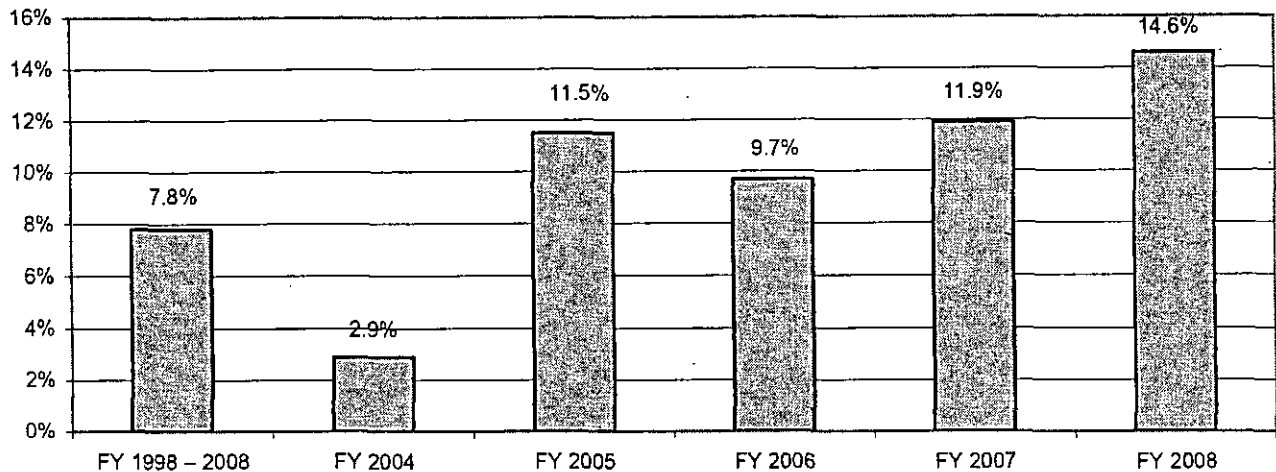
<u>Governmental Entity</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>\$ Difference</u>	<u>% Difference</u>
Public Schools	\$4,479.5	\$5,284.7	\$805.1	18.0%
County/Municipal	986.4	978.1	-8.3	-0.8
Community Colleges	205.9	245.4	39.5	19.2
Local Health	63.1	65.1	2.0	3.2
Libraries	<u>55.4</u>	<u>61.7</u>	<u>6.3</u>	<u>11.3</u>
<b>Total</b>	<b>\$5,790.3</b>	<b>\$6,634.9</b>	<b>\$844.6</b>	<b>14.6%</b>

Source: Department of Legislative Services

State aid to local governments continues to be one of the largest and fastest growing components of the State budget. It currently accounts for 28 percent of total State expenditures (general and special funds) and 40 percent of State general fund expenditures. The 14.6 percent increase in State aid exceeds most other State programs. For example, funding for State agencies is projected to increase by 6.2 percent in fiscal 2008 with total State expenditures increasing by 5.0 percent. In addition, the projected increase in State aid in fiscal 2008 is higher than the annual

growth rate in prior years as shown in Exhibit 2. Since fiscal 1998, State aid has increased at an average annual rate of 7.8 percent.

**Exhibit 2**  
**Annual Growth in State Aid to Local Governments**  
**General and Special Funds**



Source: Department of Legislative Services

### Public Schools Account for Most of the State Aid Increase

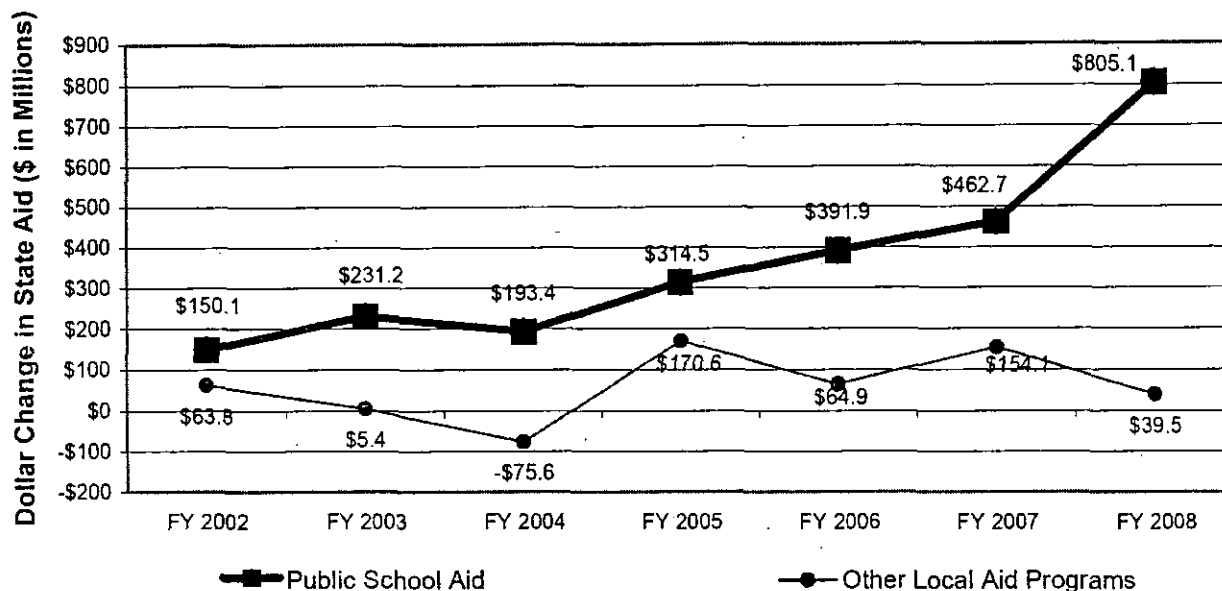
Almost 80 percent of State aid goes to support public schools. In fiscal 2008, public schools are projected to receive \$5.3 billion in State funding, representing an \$805.1 million or 18.0 percent increase over the prior year, the largest single year increase in State funding for public schools. In comparison, funding for public schools increased by \$193.4 million in fiscal 2004, \$314.5 million in fiscal 2005, \$391.9 million in fiscal 2006, and \$462.7 million in fiscal 2007.

The anticipated increase in State aid reflects the final implementation of Chapter 288 of 2002, commonly referred to as the "Thornton" legislation." Chapter 288 • enhances per pupil State aid through the foundation program; • enhances per pupil funding for three special needs populations; • provides incentives to low wealth counties to contribute more than minimum required funding; and • phases out certain education programs over a five-year period. Although the phase-in will be complete, the new formulas established in Chapter 288 will continue after fiscal 2008 and will be adjusted each year to reflect inflation and changes in enrollment and local wealth. Since Thornton's



enactment, State funding for public schools has increased by \$2.4 billion. **Exhibit 3** compares the annual increase in State aid to public schools with other local aid programs.

**Exhibit 3**  
**Growth in Education Aid Exceeds Other Programs**  
**General and Special Funds**



Source: Department of Legislative Services

### County and Municipal Governments May Receive Less State Aid

Approximately 15 percent of State aid is allocated to county and municipal governments to finance transportation, public safety, public works, and recreation projects. County and municipal governments will receive \$978.1 million in fiscal 2008, representing an \$8.3 million decrease over the prior year. While highway user revenues are projected to increase by \$10.1 million and disparity grants are projected to increase by \$5.1 million, Program Open Space funding is projected to decrease by \$25.2 million. This decrease is due to the slow down in the real estate market which has resulted in a downturn in State transfer tax collections and a smaller prior year revenue over-attainment adjustment in fiscal 2008 than in fiscal 2007. **Exhibit 4** shows the change in State aid by major aid programs.

**Exhibit 4**  
**State Aid by Major Programs**  
**Fiscal 2007-2008**  
**(\$ in Millions)**

	<u>FY 2007</u>	<u>Baseline FY 2008</u>	<u>Difference</u>	<u>Percent Difference</u>
<b>Public Schools</b>				
Foundation Program	\$2,493.2	\$2,796.8	\$303.6	12.2%
Compensatory Aid	726.7	898.9	172.2	23.7%
Student Transportation	202.1	219.5	17.4	8.6%
Special Education – Formula	231.8	285.6	53.8	23.2%
Special Education – Nonpublic	116.5	124.0	7.5	6.4%
Limited English Proficiency	88.8	117.9	29.1	32.7%
Guaranteed Tax Base	60.5	82.9	22.4	37.1%
Geographic Cost Index	0.0	95.7	95.7	
Other Education Programs	113.8	96.9	-16.9	-14.9%
<b>Subtotal Direct Aid</b>	<b>\$4,033.4</b>	<b>\$4,718.2</b>	<b>\$684.8</b>	<b>17.0%</b>
Retirement Payments	446.1	566.4	120.3	27.0%
<b>Total Public School Aid</b>	<b>\$4,479.5</b>	<b>\$5,284.7</b>	<b>\$805.1</b>	<b>18.0%</b>
<b>Libraries</b>				
Library Aid Formula	\$31.0	\$33.7	\$2.6	8.5%
State Library Network	15.2	16.3	1.0	6.9%
<b>Subtotal Direct Aid</b>	<b>\$46.2</b>	<b>\$49.9</b>	<b>\$3.7</b>	<b>8.0%</b>
Retirement Payments	9.2	11.8	2.6	28.2%
<b>Total Library Aid</b>	<b>\$55.4</b>	<b>\$61.7</b>	<b>\$6.3</b>	<b>11.3%</b>
<b>Community Colleges</b>				
Community College Formula	\$164.8	\$197.4	\$32.6	19.8%
Other Programs	23.5	25.6	2.2	9.2%
<b>Subtotal Direct Aid</b>	<b>\$188.3</b>	<b>\$223.1</b>	<b>\$34.8</b>	<b>18.5%</b>
Retirement Payments	17.6	22.3	4.7	26.8%
<b>Total Community College Aid</b>	<b>\$205.9</b>	<b>\$245.4</b>	<b>\$39.5</b>	<b>19.2%</b>
<b>Local Health Grants</b>	<b>\$63.1</b>	<b>\$65.1</b>	<b>\$2.0</b>	<b>3.2%</b>
<b>County/Municipal Aid</b>				
Transportation	\$592.0	\$602.1	\$10.1	1.7%
Public Safety	104.3	105.7	1.3	1.3%
Program Open Space/Recreation	136.4	111.1	-25.2	-18.5%
Disparity Grant	109.5	114.6	5.1	4.7%
Utility Restructuring Grant	30.6	30.6	0.0	0.0%
Other Grants	11.7	11.8	0.1	0.5%
<b>Subtotal Direct Aid</b>	<b>\$984.6</b>	<b>\$975.9</b>	<b>-\$8.6</b>	<b>-0.9%</b>
Retirement Payments	1.8	2.2	0.3	18.7%
<b>Total County/Municipal Aid</b>	<b>\$986.4</b>	<b>\$978.1</b>	<b>-\$8.3</b>	<b>-0.8%</b>
<b>Total State Aid</b>	<b>\$5,790.3</b>	<b>\$6,634.9</b>	<b>\$844.6</b>	<b>14.6%</b>

Source: Department of Legislative Services

For further information contact: Hiram L. Burch, Jr.

Phone: (410) 946/(301) 970-5510

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## DIVISION 6. MUNICIPAL TAX DIFFERENTIAL.

### Sec. 10-183. Definitions.

(a) For purposes of this Division the following words and phrases have the meaning assigned below, except in those instances in which the context clearly indicates a different meaning:

(1) **County-wide property assessable base** shall mean the total County assessable tax base, including all municipal corporations, as used in the County's latest adopted budget.

(2) **County-wide real property assessable base** shall mean the County real property assessable tax base, including all municipal corporations, as used in the County's latest adopted budget.

(3) **County-wide personal property assessable base** shall mean the County personal property assessable tax base, including all municipal corporations, as used in the County's latest adopted budget.

(4) **Degree of services or programs** shall mean the level of eligible services or programs performed by the municipal corporation instead of the County.

(5) **Director** shall mean the *Director of the Office of Management and Budget*.

(6) **Eligible services or programs** shall mean those services or programs which are performed by a municipal corporation, and are wholly or partially funded from property tax revenues of the municipal corporation, instead of similar County services or programs when the similar County services or programs are wholly or partially funded from property tax revenues in the County's general fund and the services or programs are generally performed by the County in the unincorporated areas of the County.

(7) **Municipal Corporation** shall mean a city or town incorporated pursuant to Article XI-E of the Maryland Constitution which is partially or entirely within the boundaries of Prince George's County.

(8) **Net County service or program cost** shall mean the cost for a service or program as reflected in the County's latest adopted Current Expense Budget and support documents increased by the amount of indirect costs, including fringe benefits, applicable to that service or program and reduced by any fees, service charges, grants or other revenue directly attributable to that service or program.

(9) **Property tax** shall mean County general fund property tax revenues as stated in the County's latest adopted budget.

(CB-134-1983; CB-47-1984; CB-75-1997; CB-1-2001)

**Sec. 10-184. Municipal Tax Differential established.**

(a) There is hereby established a municipal tax differential program pursuant to Section 6-305 of the Tax-Property Article of the Annotated Code of Maryland.

(b) The County real property tax rate to be set for assessments of real property in a municipal corporation shall be calculated and established as follows:

(1) For each eligible service or program, the County shall calculate the net County service or program cost.

(2) The net County service or program cost for each eligible service or program shall be calculated to reflect the portion supported by the general fund real property tax revenues.

(3) The County shall convert the calculated cost for each eligible service or program into a real property tax rate equivalent by dividing the calculated County service cost by the Countywide real property assessable base.

(4) The differential for each municipal corporation shall be calculated by multiplying the degree of service or program performed by the municipal corporation by the real property tax rate equivalent.

(5) The differential determined pursuant to this Section shall be rounded to the nearest tenth of a cent.

(c) The County personal property tax rate to be set for assessments of personal property in a municipal corporation shall be calculated and established as follows:

(1) For each eligible service or program, the County shall calculate the net County service or program cost.

(2) The net County service or program cost for each eligible service or program shall be calculated to reflect the portion supported by the general fund personal property tax revenues.

(3) The County shall convert the calculated cost for each eligible service or program into a personal property tax rate equivalent by dividing the calculated County service cost by the Countywide personal property assessable base.

(4) The differential for each municipal corporation shall be calculated by multiplying the degree of service or program performed by the municipal corporation by the personal property tax rate equivalent.

(5) The differential determined pursuant to this Section shall be rounded to the nearest tenth of a cent.

(d) The County real property tax rate and the personal property tax rate to be levied against all property located within a municipal corporation shall be computed in the following manner:

(1) Beginning in Fiscal Year 2002, the applied tax differential rate for each municipality shall be the average of the real property tax differential rate and the average of the personal property tax differential rate calculated in accordance with Subsection (b) ) and Subsection (c) for the ensuing fiscal year and the calculated real property tax rate and the personal property tax rate for the current fiscal year and the immediately preceding three fiscal years, provided, however, that for purposes of determining the applied tax differential rate, the tax rate levied in fiscal years 1995 through 1998, inclusive, shall be used in lieu of a calculated rate.

(2) Beginning in Fiscal Year 2004, the real property tax differential rate and the personal property tax differential rate for each municipality shall be the average of the real property tax differential rate and the average of the personal property tax differential rate calculated in accordance with Subsection (b) and Subsection (c) for the ensuing fiscal year and the calculated real property tax

differential rate and the personal property tax differential rate for the current fiscal year and the immediately preceding fiscal year.

(3) For Fiscal Year 2002, Fiscal Year 2003, and Fiscal Year 2004 only, the applied tax differential rates for each municipality shall be the average of the real property tax differential rate and the average of the personal property tax differential rate calculated in accordance with Subsection (b) and Subsection (c) for the ensuing fiscal year and the tax differential rates for the current fiscal year and the immediately preceding three fiscal years. For purposes of determining the applied tax differential rate for real property for fiscal years prior to Fiscal Year 2001, the County real property tax rate for those fiscal years shall be calculated by multiplying the real property tax rate by a factor of .40.

(CB-134-1983; CB-47-1984; CB-8-1993; CB-5-1995; CB-36-1995; CB-75-1997; CB-1-2001)

**Sec. 10-185. Municipal Tax Differential applied.**

(a) By December 7, the County shall notify the municipal corporation of the County's determination regarding the degree to which the municipal corporation is providing one or more eligible services in lieu of the County. Any disagreement shall be subject to negotiation between the County and the municipal corporation.

(b) If the County and the municipal corporation are unable to agree on the degree to which the municipal corporation is providing one or more eligible services or programs by January 15, the matters in dispute shall be submitted to an Arbitration Panel. The deadline may be extended by mutual agreement.

(c) The Arbitration Panel shall be comprised of the following:

- (1) One member selected by the municipal corporation involved in the dispute;
- (2) One member selected by the County Executive;
- (3) One member selected jointly by the above members.

(d) At the arbitration hearing, the County and the municipality may present testimony, evidence, and oral argument as to the matters in dispute.

(e) The Arbitration Panel shall issue its advisory determination to the County Executive and County Council no later than February 15.

(CB-134-1983; CB-75-1997)

**Sec. 10-186. Reports.**

(a) The County shall provide to each municipal corporation by October 7 of each year a copy of the County's adopted Current Expense Budget for the fiscal year which began the preceding July 1, which documents shall be used in determining the tax differential.

(b) The County shall provide to each municipal corporation a standardized report form listing each potentially eligible service. Municipal corporations shall report to the Director upon such forms and shall set forth such information as the Director may prescribe and require. Information submitted by any municipal corporation is subject to verification by the Director.

(c) Each municipal corporation shall identify, in ten percent (10%) increments, the degree to which it is providing eligible services to its citizens in lieu of the County providing those services. Each municipal corporation shall complete and return the standardized report to the County by November 7 of each year.

(CB-86-1987; CB-75-1997)