

October 22, 2024

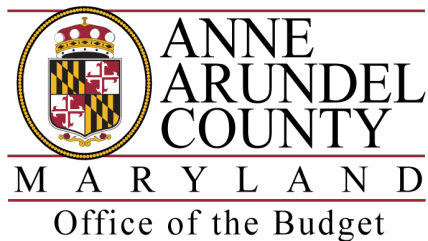
RE: FY2026 Budget Preparation

Dear Taxing District Representative:

This letter outlines the procedures to be followed to submit the Fiscal Year 2026 budget for your special taxing district. In order to properly complete the enclosed budget request form, kindly read this entire letter along with the enclosed instructions. In addition to the enclosed budget request form, an interactive version of the budget request form is available for your use and will be posted on the County website <https://www.aacounty.org>.

The completed and signed budget request form must be submitted to this office no later than January 31, 2025. When the officers of the association sign the budget form, they are certifying that they have followed the procedures specified in the County Code and in the instructions included in this letter. These procedures include:

1. Before December 31, 2024, the Board of Directors of the responsible association must prepare the proposed special taxing district budget and present it to the property owners for their comments. There is no County requirement that there be a budget meeting. You are to use the budget procedures specified in your association's bylaws. If the bylaws do not have budget procedures, you are to use your customary budget procedures. You should also consider revising your bylaws to address budget procedures for special taxing district funds.
2. The proposed budget must have a listing of the purposes for which taxing district funds will be expended. Please streamline your budget submission to include only the broad purposes for which your Special Community Benefit District (SCBD) was established. If you have an approved bank loan, "Bank Loan Payment" must be indicated in a separate line item. Any monies that the community would like to "escrow" for future projects must be specified on a separate line item as "Funds Held for Future Use". The purposes of your taxing district can be found in the Anne Arundel County Code at https://codelibrary.amlegal.com/codes/annearundel/latest/annearundelco_md/0-0-0-101969.
3. The proposed budget must indicate the requested tax rate.
4. The proposed budget must provide for appropriation of any estimated funds available.



5. For SCBDs only: Your budget should account for taxing district funds from previous years. This is the fund balance that you reported on your financial statements for the period ending June 30, 2024, less any funds committed to the current fiscal year. If you are carrying the funds for a future need, please indicate in the budget as an expenditure line item "Funds Held for Future Use". To recap, your budget will include all planned FY2026 expenditures and all funds being held for future projects. The revenue portion of the budget must show the tax revenues needed for FY2026, estimated funds available for FY2026 as provided by the County, fund balance as reported on your financial statements for 6/30/24, and any investment income to be earned on your SCBD cash balances. **Your total expenditures must EQUAL your total revenues.**

6. The treasurer or other fiscal officer of each community association administering the SCBD must file a bond with the County Office of Finance in the amount not less than the total amount of the funds budgeted to be disbursed to the community association plus the balance held by the community association. The bond must be in a form approved by the Controller conditioned on the faithful performance of duties. Failure to obtain a bond as described above prohibits disbursement of funds. **Any questions on the bond may be directed to the Office of Finance, Burt Gatlula, at 410-222-2366.**

The budget presented to the property owners should be clearly marked as the budget for special taxing district funds. This is particularly critical for communities that have multiple budgets.

Please remember that:

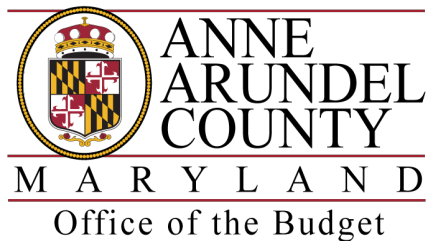
1. Commingling of SCBD funds with other funds (such as shore erosion control district funds or waterways improvement district funds) is prohibited, as is commingling of special taxing district funds and other community revenues, such as dues.

2. Expenditure of special taxing district funds in excess of the total appropriation, is a violation of Section 715 of the County Charter. Any officer or employee of the association administering the funds will be held personally liable for the funds spent in violation of that section. Additionally, with respect to SCBD, violation of this section is made a misdemeanor pursuant to the County Code.

3. Records of the association pertaining to expenditure of special taxing district funds are subject to an annual audit by the County.

The following documents are included to assist you:

1. The budget request form including the following information:



- a. Taxable assessment (**Note this is an estimate and could be subject to Maryland State Department Assessment and Taxation updates later in the process.**)

OR

The number of tax accounts/lots (depending upon your method of taxation); **The taxable assessments and number of tax lots may vary year to year due to the amount of accounts subject to exemption.**

- b. Estimated Funds Available FY26. The number supplied is an estimate of the **additional** tax revenue to be collected in the current fiscal year.
2. Budget Preparation Instructions - this document defines and explains each line item on the Budget Request Form.
 3. Special Taxing District Budget Request Form Checklist - this document is a checklist to complete to ensure your budget request is ready for submission.

Also available to you is the Virtual Budget Request Form. This form will allow for you to enter and check the calculations on your budget form before returning it to the Budget Office. You can also type directly into this form and print and sign it for submission. You will find the proper budget request form by clicking on the tabs within the workbook. Please choose the correct district type (SCBD/SECD/WID) then enter the information provided to you by the Budget Office for lines I (Estimated Funds Available FY26) and P (#of Lots/Accounts or Tax Assessment). Complete items E, J, and K based on community information and the form will calculate your Budget Total, Revenue Total, and Requested Tax Rate. If you have any questions regarding how to use this form please feel free to contact me.

Mailing Labels & Property Listings are available electronically. Please email your request to: **budget-scbd@aacounty.org**.

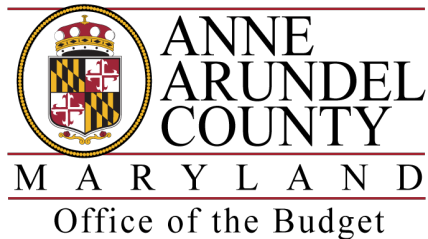
This year's budget schedule is as follows:

October 2024 - January 31, 2025

Special taxing district formulates budget request and forwards request to the Special Taxing District Coordinator.

February 1, 2025 - March 31, 2025

Special Taxing District Coordinator reviews budget for mathematical accuracy and conformity of the



purposes for which the district was established.

April 1, 2025 - April 30, 2025

Office of the Budget presents special taxing district budgets to the County Executive for review, approval and inclusion in the budget request to the County Council.

May 1, 2025 - May 31, 2025

County Council reviews the County Executive's budget request, holds public hearings, and adopts the FY2026 budget by June 15th.

July 1, 2025

FY2026 budget in effect.

If you have any budget questions or if you need additional information, do not hesitate to contact the Budget Office at 410-222-1222 or email at budget-scbd@aacounty.org.

In order to provide districts with more customer service, the Office of Community and Constituent Services assists districts with non-budgetary items. The Office of Community and Constituent Services can be contacted on 410-222-1785 or email CECS@aacounty.org.

Sincerely,

Janae Moulden
Special Taxing District Coordinator