

BUDGET REQUESTED FOR FISCAL YEAR JULY 1, 2017 THROUGH JUNE 30, 2018 (FY18)

**Example of budget process worksheet for FY18
submitted by Property Owners Association of Arundel-on-the-Bay (POA-AOTB)**

POA-AOTB receives worksheet from AA County and works within it (See Attached Form)

| | | | |
|----|---------------------|---|-----------|
| E. | Purposes- | Items 1 through 11 Proposed SCBD Budget published in December issue of THE PIER | |
| F. | Budget Subtotal- | Total of items 1 through 11 as published in THE PIER | \$382,960 |
| G. | Administrative Fee | Required Cty. Admin. Fee as published in THE PIER | \$2,000 |
| H. | BUDGET TOTAL | Total Budgeted Amount as published in THE PIER | \$384,960 |

Revenues

| | | | |
|----|---|---|-----------|
| I. | Estimated Funds Available FY18 | \$5,900 (determined by AA Cty) | |
| J. | Fund Balance as of 6/30/16 | \$161,310 BB&T Bank balance + County held funds unused by Fiscal Year Ending (FYE) 6/16 | |
| K. | Investment Income/Other Revenue | N/A | |
| L. | Estimated Funds Available Subtotal | | \$161,310 |
| M. | Tax Revenues Needed for FY18 | | \$217,750 |
| N. | REVENUE TOTAL (Sum of Item L & Item M) | | \$384,960 |

Tax Rate Calculation

| | | | |
|----|--|---|-------------|
| O. | Tax Revenues Needed for FY18 (Item M) | | \$217,750 |
| P. | # of Lots/Accounts | OR | |
| | Taxable Assessment | \$174,200,000 (determined by AACty) / 100 | \$1,742,000 |
| Q. | Tax rate as determined by POA-AOTB through General Membership vote | | 0.125 |

Each year the proposed budget is prepared using the same method on the same form provided to POA-AOTB by Anne Arundel County.

The amount of money listed on the form changes each year as money is spent by the community, the tax rate POA-AOTB and its General Membership have determined for the community, and the assessed value of each property as determined by the county.

Frequently Asked Question: *Why don't the budget and our BB&T bank balance match?*

There is only **one way** and only **one day** that POA-AOTB bank balance and POA-AOTB budget would match. AA County would have to collect all of our property taxes **in advance** and deposit those taxes in our account on July 1st of each new Fiscal Year. It is impossible for the county to do that.

EXPLANATION OF OUR SCBD BUDGET PROCESS

- Every November, prior to each fiscal year, AA County sends our SCBD a worksheet with an estimated amount of taxes the county plans to collect for POA-AOTB. Included on that worksheet are figures POA-AOTB must provide to the county in order for the budget to be calculated.
- The POA-AOTB Treasurer then proposes amounts to be spent, based on averages of past expenses, to our POA Board of Directors for their vote in December, and then it is presented to the community in the December issue of the PIER at least 30 days prior to the January General Membership Meeting, when the community votes to approve.
- The county gets our worksheet by the end of January and makes sure that the funds are being used for approved purposes.
- The county process is started, then in May, Anne Arundel County Council votes on all SCBD budgets.
- The assessment and collection of taxes begins on July 1st.
- AOTB receives checks from the county three times each year – December, March, and June. These checks reflect the taxes collected for AOTB by the county.
- As each year progresses POA-AOTB spends and receives **portions** of its money. It is not a static process.

In summary, for FY16 example: POA-AOTB has the sum of \$161,310 in its BB&T SCBD account on 6/30/16 –Item L. listed above.

POA-AOTB waits another 5 to 6 months for the county to collect and send to AOTB the taxes it has collected **so far**. Hence, the “**gap**” that is repeatedly mentioned at our meetings.

The county sends us another two installments of our assessed taxes, which then adds up **over time** to the \$217,750 listed as items M. and O. above.

Within this process AOTB has the ability to establish the rate at which each property is assessed by our community - Item Q. above. This rate, and thus the total tax amount received, can be raised or lowered by a vote at a General Meeting. If our community believes there is too much money in our bank account at the end of the fiscal year, a vote can be taken to reduce the tax rate.

Please note: It has been stated at several GMMs that, in the past, AA County had placed limits on the amount of money SCBD communities were permitted to “carry over” from one year to the next. This

regulation, if it **ever** existed, **is no longer in effect, and that fact has been repeatedly verified by county officials as well as our professional auditors and accountants.**

IMPORTANT

Regardless of budget item details, POA-AOTB must have a minimum of \$50,000.00 in our BB&T SCBD bank account on 6/30 of each year in order to pay for our regular operating expenses as well as some unforeseen costs incurred during the “gap” period from the end of June until the first tax disbursement check arrives from AA County, traditionally in December.