

**Article VI  
Finance**

**§ 601: Fiscal Year**

The town shall operate on an annual budget. The fiscal year of the town shall begin on the first day of July in any year and shall end on the last day of June in the following year. The fiscal year constitutes the tax year, the budget year, and the accounting year.

**§ 602: Budget**

The town manager, on such date as the council determines but at least sixty (60) days before the beginning of any fiscal year, shall submit a budget to the council. The budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenues shall equal or exceed the total of the proposed expenditures. The budget shall be a public record, open to public inspection in the town office by anyone during normal business hours. [Amended 5-2-16, effective 6-21-16]

**§ 603: Budget Adoption**

Before adopting the budget, the council shall hold a public hearing thereon after two weeks' prior notice thereof in a newspaper or newspapers having general circulation in the town. The council may insert new items or may increase or decrease the items of the budget. If the council increases the total proposed expenditures, it shall also increase the total anticipated revenues in an amount at least equal to the total proposed expenditures. The budget shall be adopted, by four (4) affirmative votes, not later than June 30th of each fiscal year. The total of anticipated revenues shall equal or exceed the total of proposed expenditures of the adopted budget.

**§ 604: Appropriations and Expenditures**

No public money may be expended without having been appropriated by the council. From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several objects and purposes therein. Supplemental or emergency appropriations passed by four (4) affirmative votes may be made during the fiscal year provided such supplemental or emergency appropriations do not increase the total appropriations for the fiscal year beyond the total anticipated revenues for the fiscal year as estimated at the time such supplemental or emergency appropriations are made.

**§ 605: Reserve Fund**

A reserve fund may be established. This fund may be used from time to time for such purposes as (i) capital expenditures, i.e., equipment, facilities, roads, etc., and (ii) to guarantee the temporary continuation of services directly affected by a loss of supporting budgeted revenues. Planning and budgeting each year shall reflect the policy of maintaining a reserve fund.

**§ 606: Transfer of Funds**

Any transfer of funds between major budget categories for different purposes must be approved by the council before becoming effective. [Amended 5-2-16, effective 6-21-16]

**§ 607: Overexpenditures Forbidden**

No officer or employee during any budget year may expend or contract to expend any money or incur any liability or enter into any contract that by its terms involves the expenditure of money for any purpose in excess of the amounts appropriated for or transferred to that general classification of expenditures pursuant to this charter, except as shall be approved by the mayor and council at a public meeting and that shall be appropriated from a contingency or reserve fund, or as a transfer of funds. Any contract, verbal or written, made in violation of this charter is null and void. Nothing in this section contained, however, prevents the making of contracts or the spending of money for capital improvements to be financed in whole or in part by the issuance of bonds, nor the making of contracts of lease or for services for a period exceeding the budget year in which the contract is made, when the contract is permitted by law.

**§ 608: Appropriations Lapse After One Year**

All appropriations lapse at the end of the budget year to the extent that they are not expended or lawfully encumbered. Any unexpended and unencumbered funds shall be considered a surplus at the end of the budget year and shall be included among the anticipated revenues for the next succeeding budget year.

**§ 609: Checks**

All checks issued in payment of salaries or other municipal obligations shall be issued and signed by the town manager or, if the town manager is for any reason unavailable to issue and sign checks, other individuals recommended by the town manager and approved by the mayor and council shall be authorized to issue and sign such checks. If no individuals have been recommended by the town manager as described above, the mayor and council may authorize other non-elected town employees to issue and sign checks until the town manager

is available. The mayor and council may at any time revoke authorization to issue and sign checks from any individuals previously authorized. [Amended 5-2-16, effective 6-21-16]

**§ 610: Taxable Property**

All real property within the corporate limits of the town is subject to taxation for town purposes and the assessment used shall be the same as that for state and county taxes. No authority is given by this section to impose taxes on any property that is exempt from taxation by any act of the Maryland General Assembly. Certain exemptions from the town tax shall be allowed for senior or disabled citizens by ordinance.

**§ 611: Budget Authorizes Levy**

From the effective date of the budget, the amount stated therein as the amount to be raised by the property tax constitutes a determination of the amount of the tax levy in the corresponding tax year. The tax levy shall not exceed \$.75 per \$100 of the assessed valuation of property in the town. However, the mayor and council may provide for special tax levy revenues to generate funds sufficient for the retirement of obligations undertaken pursuant to § 618 of this article and such special tax levy revenues shall not be considered a part of the tax revenues subject to the tax levy limitation of this section.

[Amended 04-04-05.]

**§ 612: Notice of Tax Levy**

After the levy is made by the council in each year, the town manager shall give notice of the making of the levy by posting a notice in some public place or places in the town and in a newspaper having general circulation in the town and by such other means as may be specified by the council. Unless otherwise accomplished by arrangement or agreement with a state or county agency, the town shall have made out and mailed or delivered to each taxpayer or his agent at his last known address a bill or account of the taxes due from him. Failure to give or receive any notice required by this section shall not relieve any taxpayer of the responsibility to pay on the dates established by this charter all taxes levied on his property. [Amended 5-2-16, effective 6-21-16]

**§ 613: Overdue Taxes**

The taxes provided for in the foregoing sections of this charter are due and payable on the first day of July in the year for which they are levied and are overdue and in arrears on the first day of the following October. They shall bear interest while in arrears at the rate established by state law. All taxes not paid and in arrears after the first day of the following January shall be collected as provided in § 614.

**§ 614: Sale of Tax Delinquent Property**

A list of all property on which the town taxes have not been paid and are in arrears as provided for in the preceding section of this charter shall be turned over by the town manager to the official of the county responsible for the sale of tax delinquent property as provided by state law. All property listed thereon, if necessary, shall be sold for taxes by such county official in the manner prescribed by state law. [Amended 5-2-16, effective 6-21-16]

**§ 615: Receipts**

All monies received by an officer or employee of the town government in his official capacity shall belong to the town government and be accounted for to the town.

**§ 616: Audit**

The financial books and accounts of the town shall be audited annually as required by § 40 of Article 19 of the Annotated Code of Maryland, or more frequently if so desired by the council.

**§ 617: Tax Anticipation Borrowing**

During the fiscal year, the town shall have the power to borrow in anticipation of the collection of the property tax levied for that fiscal year, and to issue tax anticipation notes or other evidences of indebtedness as evidence of such borrowing. Such tax anticipation notes or other evidences of indebtedness shall be a first lien upon the proceeds of such tax and shall mature and be paid not later than the end of the fiscal year in which they are issued. No tax anticipation notes or other evidences of indebtedness shall be issued that will cause the total tax anticipation indebtedness of the town to exceed twenty-five percent (25%) of the property tax levy for the fiscal year in which such notes or other evidence of indebtedness are issued. All tax anticipation notes or other evidences of indebtedness shall be authorized by ordinance or resolution before being issued. The council shall have any authority to regulate the issuance and sale of tax anticipation notes as shall be set forth in § 31 of Article 23A of the Annotated Code of Maryland.

**§ 618: Authorization to Borrow Money** [Amended 3-5-12, effective 5-7-12]

- (a) The town may borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds, notes, or other certificates of indebtedness in the manner prescribed in this section.
- (b) All general obligation bonds, notes or other evidences of indebtedness issued

under the provisions of this section shall be authorized by an ordinance that contains: (1) a statement of the maximum aggregate principal amount of such obligations to be issued; (2) a statement of the purpose or purposes for which the proceeds of such obligations are to be expended; (3) a pledge of the security for such obligations and, if applicable, a statement that such obligations shall be payable in the first instance from a specified source of revenue or provisions for the making of such statement by resolution; and (4) a requirement that, subject to the provisions of subsection (d) below, before the issuance of any such obligations, the town council shall adopt a resolution in accordance with the provisions of subsection (c) below.

- (c) Prior to issuing any such obligations identified in subsection (b) above, the town council shall adopt a resolution containing, determining or providing for the determination of, or approving or providing for the approval of: (1) the designation, date of issue, denomination or denominations, form or forms and tenor of such obligations; (2) the rate or rates of interest payable on such obligations (which may be fixed or variable or may be determined by a method approved or provided for); (3) the date or dates and amount or amounts of maturity, which may be in any denomination and which may be in serial and/or term maturities; (4) the manner of selling such obligations, which may be either by solicitation of competitive bids at public sale after publication or dissemination of the notice of sale or a summary thereof or by private (negotiated) sale without advertisement or solicitation of competitive bids; (5) the price or prices of such obligations, which may be at, above or below par value; (6) any desired provisions relating to the redemption or put of such obligations prior to maturity (which may be at, above or below par value), and the manner of publishing or otherwise giving notice of such redemption or put; (7) the manner of executing and sealing such obligations, which may be by facsimile; (8) any documents pursuant to which such obligations are to be issued or secured, including, without limitation, agreements with banks, fiduciaries, insurers or others for the purpose of enhancing the marketability of or as security for such obligations and for securing any tender option granted to the holders thereof; and (9) such other provisions regarding the terms, conditions, issuance, sale, delivery and security of and for such obligations as the town council may determine necessary or desirable, including, without limitation, whether such obligations shall be sold for cash or other valuable consideration or further specifying the purposes for which such obligations are to be expended (within the limitations set forth in the applicable ordinance). By resolution the town council may delegate to a specified official or officials the authority to approve any matters or make any determinations contemplated by this subsection (c). A resolution adopted pursuant to this subsection (c) may be introduced and adopted at a single session of the council and shall become effective immediately upon adoption or upon the date specified in such resolution.

- (d) The town council, at its option, may determine or provide for the determination of, or approve or provide for the approval of, any of the matters referenced in subsection (c) above by ordinance instead of by resolution.
- (e) In connection with any sale of general obligation bonds, notes or other evidences of indebtedness by the solicitation of competitive bids at public sale, any such competitive bids may be delivered by electronic and/or facsimile means and/or by any other then-commercially reasonable manner for the sale of municipal obligations at competitive bid; and any notice of sale may be published solely in summary form in a newspaper of general circulation in the town or in a generally recognized financial journal such as the bond buyer, or both, or any notice of sale may be disseminated, without publication, solely in electronic form or by any other then-commercially reasonable manner for the sale of municipal obligations, as determined by the town council in accordance with the provisions of subsection (c) or subsection (d) above, as applicable.
- (f) The powers conferred on the town under this section are additional and supplemental to any other borrowing authority granted to the town by maryland public general or public local law or this charter, and the town may authorize, issue and secure any such other debt in conformity with this charter and any other applicable law.

**§ 619: Limit on General Obligation Indebtedness**

- (a) The power of the town to borrow money by the issuance of its general obligation bonds, notes or other evidences of indebtedness shall be limited to a total principal amount of general obligation indebtedness outstanding at the time any such new general obligation debt is incurred equal to an amount not in excess of 2.0 percent of the assessed valuation of all real and personal property in the town.
- (b) The following shall not be deemed to be or be included as general obligation bonds, notes or other evidences of indebtedness for purposes of computing or applying the debt limitation set forth in subsection (a) of this § 619:
  - (1) Tax anticipation notes or other evidences of tax anticipation indebtedness issued in accordance with § 617 of this charter;
  - (2) Bonds, notes or other evidences of indebtedness which are:
    - i. Issued or guaranteed by the town payable primarily or exclusively from taxes levied in or on, or other revenues relating to, special taxing districts or areas or tax increment development districts heretofore or hereafter established by law, including tax increment financing bonds, notes or other evidences of indebtedness issued by another issuer to the payment

of which incremental tax are revenues of the town pledged pursuant to the authority of § 12-201, et seq., of the economic development article of the Annotated Code of Maryland, as replaced, supplemented or amended, and

- ii. Not backed by the full faith and credit and unlimited taxing power of the town;
  - (3) Revenue bonds, notes or other evidences of indebtedness which are not backed by the full faith and credit and unlimited taxing power of the town; and
  - (4) Refunded general obligation bonds, notes or evidences of indebtedness excluded from the application of this debt limitation pursuant to § 24 of Article 31 of the Annotated Code of Maryland, as replaced, supplemented or amended.
- (c) The town shall calculate the debt limitation set forth in subsection (a) of this § 619 using the assessed value of real and personal property, as of July 1 immediately preceding the issuance of the indebtedness, as determined by the state department of assessments and taxation or any department or agency that is subsequently charged with assessing property values for the town pursuant to Maryland law. [Amended 8-6-01.] [ Amended 3-7-05 effective 4-4-05][Amended 6-3-13, effective 7-23-13]

#### **§ 620: Payment of Indebtedness**

The power and obligation of the town to pay any and all bonds, notes, or other evidences of indebtedness issued by it may be 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. The full faith and credit of the town are hereby pledged for the payment of the principal of and interest on all bonds, notes, or other evidences of indebtedness hereafter issued under the authority of this charter, unless otherwise provided in the bonds, notes, or other evidences of indebtedness, or in the ordinance or resolution authorizing their issuance.

#### **§ 621: Previous Issues**

All bonds, notes, or other evidences of indebtedness validly issued by the town prior to the effective date of this charter and all ordinances passed concerning them are hereby declared to be valid, legal, and binding and of full force and effect as if herein fully set forth.

#### **§ 622: Purchasing and Contracts**

(a) All purchases, contracts, and expenditures for the town shall be made by the town manager or other individuals recommended by the town manager and approved by the mayor and council. All bills for purchases, contracts, and/or expenditures shall be

approved by the mayor and responsible council members, committees, and administrative personnel by whatever procedure established from time to time by the mayor and council by resolution. [Amended 5-2-16, effective 6-21-16]

(b) All sealed bids requested by the mayor and council shall be opened at a regular or special council meeting.

(c) All contracts are subject to appropriation by the council unless expressly exempted by four (4) affirmative votes.

(d) Any and all other rules and regulations pertaining to purchasing and contracts, competitive and negotiated bids, bond, penalties, and conditions therefore shall be prescribed by ordinance or resolution by the mayor and council at a regular or special public meeting.

**§ 623: Competitive Bids**

All expenditures for supplies, materials, equipment, construction of public improvements, or contractual service involving more than twenty thousand dollars (\$ 20,000) shall be made on written contract. The town manager shall advertise for sealed bids for all such contracts by means including but not limited to publishing notice thereof twice in a newspaper of general circulation in the town. The town manager shall present the sealed bids to the council for approval and advise the council on the bids. Such written contracts shall be awarded by the council to the bidder who offers the lowest or best bid, quality of goods and work, time of delivery or completion, and responsibility of bidders being considered. All such written contracts shall be approved by the council before becoming effective. The town may reject all bids and re-advertise. The council may suspend these requirements for competitive bidding for purchases and contracts in excess of the stated amount by four (4) affirmative votes when, because of emergency or exigent circumstances, and in the opinion of the council, such suspension is reasonably necessary for public policy, health, safety, or well-being. The town at any time in its discretion may employ its own forces for the construction or reconstruction of public improvements without advertising or re-advertising for or receiving bids. All written contracts may be protected by such bonds, penalties, and conditions as the council may require.

[Amended 5-2- 16, effective 6-21-16]