MFP COMMITTEE #2
April 16, 2007

MEMORANDUM

April 12, 2007

TO: Management and Fiscal Policy Committee

FROM: Stephen B. Farber, Council Staff Director SBF

SUBJECT: Executive's Recommended FY08-13 Fiscal Plan

Acting OMB Director Joseph Beach and Operating Budget Coordinators Beryl Feinberg and Alex Espinosa, as well as Finance Director Jennifer Barrett, Treasury Division Chief Rob Hagedoorn, and Chief Economist David Platt, will join the Committee to review the subject plan, which is attached on ©A-89.

The Committee has collaborated with OMB and Finance to develop and refine fiscal projections since 1993 and has reviewed updated editions each spring and fall since then. There has been continuous improvement in how best to display such factors as economic and demographic assumptions, individual agency funds, major known commitments, illustrative expenditure pressures, gaps between projected revenues and expenditures, and productivity improvements. The agencies have also worked to harmonize their fiscal planning methodologies. **It is important to note that each edition of the Fiscal Plan reflects a snapshot in time, and that with each edition the picture will change.**

Current Edition (April 2007)

Points of special interest include the following:

1. This FY08-13 Recommended Fiscal Plan is the ninth to be issued in the name of the County Executive rather than OMB and Finance; the previous editions were in April of 1998 and 2000-2006. The April 1998 edition simply stipulated that the tax supported funds in the aggregate would be in balance during all six years of the FY99-04 period; other editions, except for 2003, have shown gaps that would have to be closed in one or more future years. **This edition has two scenarios, one with very large gaps in future years and one with smaller gaps. The first assumes the Charter limit on property tax revenue; the second does not.**

2. This edition, like the 1998 and subsequent spring editions, contains a series of individual six-year displays for the tax supported and non-tax supported funds of all agencies, as first published in the FY08-13 Recommended Public Services Program (March 13). Each one of them – for example, the display of the Employee Health Benefits Self-Insurance Fund on ©36 – contains important information.

3. Mr. Beach's memo on ©F-I summarizes key elements of the Executive's Recommended FY08 Operating Budget, such as creating a "fiscally prudent and sustainable spending plan" and adhering to the Charter limit on property tax revenue. The memo also clearly lists challenges that lie ahead, such as rising employee benefit costs, funding retiree health benefits, annualization of program improvements, and slowing revenue growth.

4. Mr. Beach's memo also contains on ©G a list of fiscal planning objectives for the tax supported funds that is similar to last year's list. One objective is to "limit the County's exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures whenever possible." This is a laudable objective, but when it comes to the largest single factor in the spending base – the rising cost of tax supported employee salaries and benefits, which for all agencies combined show a **9.0 percent increase** in the agencies' FY08 requests – it is hard to achieve. A new fiscal planning objective this year is to "program PAYGO for the CIP at least at 10 percent of anticipated General Bond Obligation levels to contain future borrowing costs."

5. A key fiscal planning objective is to "assume property tax revenue at the Charter limit in every year of the Fiscal Plan. A second scenario assuming current property tax rates during FY09-13 is also included."

Scenario 1 on ©1, which assumes the **Charter limit** for FY09-13, is the only one to appear in the March 13 budget document (with slightly different numbers). It results in large budgets gaps, starting with $267.8 million in FY09 and ending with $835.9 million in FY13. Since gaps are not permissible, the Executive and Council would take steps each year to eliminate them. Scenario 2 on ©1A, which assumes **current rates** for FY09-13, results in much smaller gaps. It is similar to the scenarios proposed by Mr. Duncan.

While scenario 2 provides a far better match of projected revenues and expenditures, it implies a far heavier burden on property taxpayers. **For the County's quarter million owner-occupied principal residences, scenario 2 means that property taxes would compound at 10 percent per year (the County's cap on increases in taxable assessments) rather than at 3-4 percent (the projected inflation rate, which is the objective of the Charter limit).**

6. For projected agency uses in FY09-13, both scenarios assume a ten-year average rate of growth of **7.3 percent**. Last year's assumption was 6.3 percent. This year's figure is certainly more realistic, but given the cost of the new three-year agreements with the MCPS employee associations as well as FOP Lodge 35 and MCGEO Local 1994, not to mention other pressures on the spending base from commitments made in FY08 and earlier years, it may still be too low.

7. Both scenarios also assume a five-year phase-in of **additional costs for retiree health benefits** related to the disclosure standard in GASB Statement No. 45. These costs are clearly spelled out on line 18.

8. Both scenarios also assume continuation of the tax increases on income, energy, and telephones that were approved to balance the FY04-05 budgets. These increases have become an

integral part of the County's revenue base, accounting for **$228.2 million or 7.5 percent** of the County's own-source revenues in FY08.[1]

This will make it harder to raise taxes in a future revenue shortfall. The income tax, now at 3.2 percent (the maximum rate permitted by the State), cannot be raised further. The energy tax (more than quadrupled since FY03) and the tax on telephone landlines (doubled to $2 per month and applied to wireless lines) are now substantial.

During the recession of the early 1990s the Council also raised taxes on income, energy, and telephones, but as fiscal conditions improved later in the decade, the Council reduced those taxes (and also eliminated the beverage container tax). The Council was then able to use this "tax room" to counter the sharp downturn earlier in this decade. Since this "tax room" will not be available in the next downturn, pressure will grow to exceed the Charter limit on property tax revenue.

9. Each edition's **bottom line** depends not only on macro assumptions, like adhering to the Charter limit, but on **projections** for both revenues and expenditures over the next six years. In this year's edition, a good case can be made both for the projections it makes and for alternative projections. For example, the revenue summary on ©45 projects a 6-7 percent growth rate for income tax revenue in FY09-13. The estimated growth in FY08 over the FY07 approved amount, 19.2 percent, certainly cannot be sustained. In the decade from FY98 to FY07, the growth rate averaged 7.3 percent, including five years in the 10-14 percent range and one year at minus 9.1 percent. Clearly the projection for income tax has a major impact on the bottom line for the Fiscal Plan. The projection for expenditure growth does as well, as noted above.

10. The list of economic and demographic trends and assumptions on ©40-44 provides useful information. One interesting projection on ©40 shows a steady decline in the estimated CPI increase from 3.25 percent in FY07 to 2.50 percent in FY13. On ©41-44 the current assumptions are compared to those from the last 13 editions of the Fiscal Plan, starting in December 2000, and the differences are clearly and effectively shown.

11. Among the notable individual fund displays is the Consolidated Fire Tax District Fund display ©10. It shows, for example, that the projected cost of four-person staffing, compared to FY08, rises from $3.8 million in FY09 to $19.2 million in FY13, not including the higher salary and benefit costs associated with a new contract starting in FY09.

Fiscal Plan Improvements

During the Committee's last review of the Fiscal Plan on November 27, 2006, Mrs. Praisner suggested the following steps to improve the plan:

- clarify what the document is what it is not
- encourage all agencies to use and take ownership of the document
- focus more on measures to improve productivity
- analyze the components of workyear changes more closely
- link the agencies' strategic plans to the Fiscal Plan
- provide the technological tools needed for more extensive manipulation of data.

[1] The FY04-05 tax increases on income, energy, and telephones will yield $109.4 million, $93.7 million, and $25.1 million respectively in FY08.

On July 17, 2006 the Committee discussed a range of **possible improvements to the Fiscal Plan.** The options reviewed are outlined in the memo on ©90-92 (without attachments). During the summer Council staff examined the fiscal planning documents from some comparable large jurisdictions. Some of these documents are actually strategic fiscal plans (as opposed to forecasts alone) that describe stabilization reserves, short-term actions, and other methods those jurisdictions use to deal with fiscal imbalances. A threshold question for the County is whether to move in this direction.

The new County Executive and Council will want to weigh in on possible redesign of the Fiscal Plan but have not yet had time to do so. Thus the current edition retains the format of last year's edition. After budget season the Committee can focus again on possible changes.

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Montgomery County, Maryland
Office of Management and Budget

FY08-13 Fiscal Plan

Isiah Leggett, County Executive

April 2007

Montgomery County works to make home ownership more available to working families.

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CREDITS

Significant contributions have been made by many individuals to the evolution of this Fiscal Plan over recent years through leadership, conceptual development, technical refinement, and persistent questioning. Their support has been essential and is appreciated.

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

Duchy Trachtenberg, Chair
Marilyn Praisner
Roger Berliner
Council's Management and Fiscal Policy Committee

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Acting Director, Office of Management and Budget

Jennifer Barrett
Director, Department of Finance

Stephen Farber
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Mary Beck, Jacqueline Carter, Michele Crane,
Robert Hagedoorn, Karen Hawkins, Martha Lamborn,
David Mack, Jane Mukira, Glenn Orlin,
Catherine Patterson, David Platt,
Charles Sherer, Helen Vallone

Montgomery County Public Schools
Marshall Spatz

Maryland National Park and Planning Commission
Bruce Crawford

Washington Suburban Sanitary Commission
Sheila Cohen

Montgomery College
Donna Dimon

Technical Support
David Jeo

C

ADDITIONAL CREDITS

Much of the work on the Fiscal Plan components, especially regarding Special Funds, has been led by specific OMB staff, working with the leadership and staff of other departments and agencies whose contributions have been crucial to both the technical development of the tools and to the substance of recommendations for consideration by the Executive and Council. The names of the respective OMB staff are listed below as points of contact for further information and can be reached at 240.777.2800.

SPECIAL FUND	OMB STAFF
Cable Television	Jennifer Bryant
Montgomery Housing Initiative	Rose Glavinic
Community Use of Public Facilities	Charles Goldsmith
Economic Development	Alison Dollar
Fire Tax District	Anita Aryeetey
Fleet Management Services (Motor Pool)	Alexandra Shabelski
Liquor Control	Alison Dollar
Mass Transit Facilities	Thomas Webster
M-NCPPC Administration	Christopher Mullin
M-NCPPC Enterprise	Christopher Mullin
M-NCPPC Park	Christopher Mullin
Montgomery College Current Fund	Charles Goldsmith
Noise Abatement Districts	Gladys Balderrama
Parking Districts	Belinda Bunggay
Permitting Services	Mary Beck
Central Duplicating/Print and Mail	Gladys Balderrama
Recreation	Jennifer Bryant
Self-Insurance: Liability & Property	Alexandra Shabelski
Self-Insurance: Employee Health Benefits	Brady Goldsmith
Solid Waste Collection	Thomas Webster
Solid Waste Disposal	Thomas Webster
Solid Waste Leaf Vacuuming	Thomas Webster
Urban Districts	Belinda Bunggay
Water Quality Protection	Trudy-Ann Hunter
WSSC Water and Sewer Operating Funds	Brady Goldsmith

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MONTGOMERY COUNTY

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MARYLAND

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OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Acting Director

MEMORANDUM

March 30, 2007

TO: Interested Readers

FROM: Joseph F. Beach, Acting Director
Office of Management and Budget

SUBJECT: FY08-13 Fiscal Plan

Executive Summary:

One of the County Executive's key requirements in developing his first budget was to prepare a fiscally prudent and sustainable spending plan. The recommended FY08 budget reduces the rate of spending by more than 25 percent, from 9 percent in FY07 to 6.7 percent in FY08. Mr. Leggett also kept his promise not to raise taxes and recommend a budget at the Charter Limit for property tax revenues by providing a $613 tax credit per owner-occupied household. Within these revenue limitations, the Executive still affirmed the priorities of education, public safety, affordable housing, and social services. Sustainability will be even more important as several significant challenges lie ahead, including rising employee benefit costs, continuation of the County's five-year plan to pre-fund retiree health expenses, annualization of program improvements, and slowing revenue growth. In addition to these challenges, actions implemented at the Federal and State level may complicate the County's ability to plan for the FY08-13 period.

Background:

The recommended FY08-13 Fiscal Plans for the tax supported and non-tax supported funds of the agencies of County government are provided for your information. Portions of this material were initially published in the FY08-13 Recommended Operating Budget and Public Services Program (March 13, 2007).[1] As in past years, this information is intended, in part, to assist the Council's Management and Fiscal Policy Committee to develop its recommendations on possible adjustments to the Spending Affordability Guidelines for the FY08 Operating Budget. Mr. Leggett's fiscal policies

[1] In addition to these two documents, the reader is encouraged to review other County fiscal materials such as the Comprehensive Annual Financial Report for the year ended June 30, 2006; the Annual Information Statement published by the Department of Finance on January 12, 2007; and Economic Indicators data. Budget and financial information for Montgomery County can also be accessed on the web at www.montgomerycountymd.gov.

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reflect continuity: grow the local economy and tax base; obtain a fair share of State aid; maintain strong reserves; minimize the tax burden on residents; and manage indebtedness and debt service very carefully. Again this year, these policies were recognized by the continuation by all major rating agencies of our coveted AAA credit rating, the highest possible.

Fiscal Plan for the Tax Supported Funds:

The recommended fiscal planning objectives for FY08-13 for the tax supported funds are:

- Adhere to sound fiscal policies.
- Assume a $613 tax credit for owner-occupied households to meet the Charter Limit on property tax revenue in FY08.
- Assume property tax revenues at the Charter Limit in every year of the fiscal plan. A second scenario assuming current property tax rates during FY09-13 is also included.
- Maintain strong reserves including:
  - Maintain total tax supported reserves (operating margin and the Revenue Stabilization Fund) at 6 percent of total resources;
  - Consider the Revenue Stabilization Fund for discretionary additions (along with any mandatory increases from revenue growth beyond estimates);
  - Manage fund balances in the employee health insurance fund, property/casualty risk management fund, and other non-tax supported funds to established policy levels where applicable.
- Assume current State aid formulas but continue successful strategies to increase State (and Federal) operating and capital funding.
- Maintain priority to economic development and tax base growth:
  - Seize opportunities to recruit and retain significant employers compatible with the County's priorities;
  - Give priority to capital investment that supports economic development/tax base growth.
- Manage all debt service commitments very carefully, consistent with standards used by the County to maintain high credit ratings and future budget flexibility. Recognize the fixed commitment inherent in all forms of multi-year financing (long-term bonds, shorter-term borrowing, and lease-backed revenue bonds) that must be accommodated within limited debt capacity.
- Maintain essential services.
- Limit the County's exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.

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- For capital investment (CIP), allocate debt, current revenue, and other resources made available by the fiscal objectives above according to priorities established by policy and program agendas.
- Program PAYGO for the CIP at least at 10 percent of anticipated General Obligation Bond levels to contain future borrowing costs.
- For services, allocate resources consistent with policy and program agendas.

The major challenges for FY08-13 will be to contain ongoing costs, preserve essential services, make improvements in other services including education, public safety, affordable housing, transportation, and health and human services. Cost containment challenges include rising compensation and benefit costs which impact both the County's employee and retiree health insurance contributions and workers' compensation costs.

Subsequent to the release of the recommended budget, the Executive transmitted several amendments to the FY07-12 Capital Improvements Program. The tax supported fiscal plan has been realigned to be consistent with the revised use of current revenue in the CIP.

Fiscal Plans for the Non-Tax Supported Funds:

By definition, each of the non-tax supported (fee-supported) funds is independent, covering all operating and capital investment expenses from its designated revenue sources. The fiscal health of each fund is satisfactory, though looking ahead some funds will need to meet expected challenges by rate adjustments and/or expenditure management decisions. One major new challenge for some of these funds relates to the impact of pre-funding retiree health insurance costs.

As a result of an internal review of the FY06 end-of-year financial statements with Department of Finance staff, the budgetary fund balances of several non-tax supported funds have been restated to be displayed based on unrestricted net assets rather than cash. The intent of this change is to more accurately reflect the effect of long-term liabilities and capital assets on these funds and to ensure that available resources are appropriately considered in the rate-setting and budget development process. The following funds were impacted by this review: Permitting Services, Central Duplicating, Community Use of Public Schools, and Motor Pool.

Conclusion:

Montgomery County's fiscal health is strong as a result of its underlying economy and the financial management policies endorsed by its elected officials. Nonetheless, we continue to face significant challenges in the years ahead. The FY08-13 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the Fiscal Plans that follow are encouraged as opportunities for improvement. OMB and Finance staffs of the County government, and Finance staff of the other agencies, are available to assist in the Council's deliberations.

Attachment: FY08-13 Fiscal Plan for Montgomery County, Maryland

cc: Isiah Leggett, County Executive
Members, Montgomery County Council
Timothy L. Firestine, Chief Administrative Officer
Dr. Jerry D. Weast, Superintendent, MCPS
Dr. Brian K. Johnson, President, Montgomery College
Royce Hanson, Chair, Montgomery County Planning Board
Andrew D. Brunhart, General Manager, WSSC
D. Scott Minton, Executive Director, HOC
Keith Miller, Executive Director, Revenue Authority
Jennifer Barrett, Director, Department of Finance
Stephen Farber, Council Staff Director

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MONTGOMERY COUNTY FUNDS

Presented below are the various funds of Montgomery County. Funds are shown by general category (tax supported vs. non-tax supported) and by agency. The funds within the tax supported category are those included in the Fiscal Plan Summary.

TAX SUPPORTED FUNDS:	NON-TAX SUPPORTED FUNDS:
MCPS: Current Fund	**MCPS:** Grant, Food Service, Adult Education, other Enterprise, and Internal Service Funds
Montgomery College: Current, and Emergency Repair Funds	**Montgomery College:** Grant, Continuing Education, Cable Television, Auxiliary Funds, and Internal Service Funds
M-NCPPC: Administration, Parks, and Advanced Land Acquisition Funds	**M-NCPPC:** Grant, Enterprise, Property Management, Special Revenue, and Internal Service Funds
Montgomery County Government: General, Recreation, Urban Districts, Noise Abatement Districts, Mass Transit, Fire, and Economic Development Funds	**Montgomery County Government:** Grant, Solid Waste Collection and Disposal, Leaf Vacuuming, Parking Districts, Cable Television, Liquor Control, Permitting Services, Community Use of Public Facilities, Montgomery Housing Initiative, Water Quality Protection, and Internal Service Funds
Debt Service associated with General and Special Tax Supported Funds	**Debt Service** associated with Non-Tax Supported Funds is appropriated in the individual fund that is obligated to make the debt service payment (e.g., Parking District Revenue Bonds)
	Housing Opportunities Commission (HOC)
	Revenue Authority
Revenue Stabilization Fund	**WSSC**

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TAX SUPPORTED FUNDS

Public Services Program

- Fiscal Plan Summary
  - Scenario 1: Charter Limit
  - Scenario 2: Current Rates

Capital Improvements Program

- General Information: CIP
- Debt Capacity Analysis
- General Obligation Bond Adjustment Chart
- Current Revenue Requirements for the CIP

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SCENARIO 1

County Executive's Recommended FY08-13 Public Services Program
Tax Supported Fiscal Plan Summary

($ in Millions)

#		App FY07 5-25-06	Est FY07 3-19-07	% Chg. FY07-08 Rec/Bud	% Chg. FY07-08 Rec/Est	Rec FY08 3-19-07	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13
1	**Total Resources**															
2	Revenues	3,321.5	3,412.6	9.2%	6.3%	3,627.8	4.5%	3,790.5	4.4%	3,958.6	5.0%	4,156.5	4.4%	4,339.8	4.4%	4,531.6
3	Beginning Reserves Undesignated	233.4	239.5	-26.2%	-28.1%	172.3	-39.4%	104.4	4.0%	108.6	9.3%	118.7	10.2%	130.8	8.7%	142.2
4	Beginning Reserves Designated	2.8	5.0	630.3%	315.3%	20.7	-72.3%	5.7	11.3%	6.4	5.5%	6.7	5.6%	7.1	5.8%	7.5
5	Net Transfers In (Out)	24.6	23.8	-64.9%	-63.6%	8.6	15.7%	10.0	2.7%	10.3	2.7%	10.5	2.6%	10.8	2.6%	11.1
6	**Total Resources Available**	3,582.4	3,680.8	6.9%	4.0%	3,829.4	2.1%	3,910.6	4.4%	4,083.9	5.1%	4,292.4	4.6%	4,488.5	4.5%	4,692.4
7	**Less Other Uses of Resources (Capital, Debt Service,Reserve)**	406.9	505.1	7.4%	-13.5%	436.9	15.0%	502.4	2.8%	516.5	-1.1%	510.8	3.8%	530.2	4.6%	554.5
8	**Available to Allocate to Agencies**	3,175.5	3,175.8	6.8%	6.8%	3,392.5	0.5%	3,408.2	4.7%	3,567.4	6.0%	3,781.7	4.7%	3,958.3	4.5%	4,137.8
9	**Agency Uses**															
10	Montgomery County Public Schools (MCPS)	1,724.4	1,724.8	6.7%	6.7%	1,839.7	8.5%	1,995.5	8.1%	2,156.2	7.9%	2,327.3	7.8%	2,509.3	7.2%	2,689.8
11	Montgomery College (MC)	180.2	176.9	6.8%	8.8%	192.4	8.8%	209.4	8.7%	227.6	8.6%	247.3	8.6%	268.5	8.3%	290.8
12	MNCPPC (w/o Debt Service)	89.5	89.7	9.5%	9.3%	98.1	6.0%	103.9	6.3%	110.5	6.2%	117.2	6.0%	124.3	4.9%	130.4
13	MCG	1,181.3	1,184.3	6.9%	6.6%	1,262.3	8.3%	1,367.3	8.5%	1,483.4	8.3%	1,606.7	8.1%	1,737.7	7.2%	1,862.6
14	**Subtotal Agency Uses**	3,175.5	3,175.8	6.8%	6.8%	3,392.5	8.4%	3,676.0	8.2%	3,977.7	8.1%	4,298.6	7.9%	4,639.8	7.2%	4,973.7
15	**Subtotal Other Uses of Resources (Capital, Debt Service,Reserve)**	406.9	505.1	7.4%	-13.5%	436.9	15.0%	502.4	2.8%	516.5	-1.1%	510.8	3.8%	530.2	4.6%	554.5
16	**Total Uses**	3,582.4	3,680.8	6.9%	4.0%	3,829.4	9.1%	4,178.4	7.6%	4,494.2	7.0%	4,809.3	7.5%	5,170.0	6.9%	5,528.3
17	**(Gap)/Available**	0.0	0.0			0.0		(267.8)		(410.3)		(516.9)		(681.5)		(835.9)
18	**GASB 45 Phase-In (amounts included above in lines 10-13)**		0.0			31.9		70.7		109.8		148.9		187.7		197.1

Notes:

1. Projected FY09-13 Agency Uses (lines 10-13 above) are based on 10-year average rate of growth plus phase-in of GASB 45 incremental cost as shown above (line 18).
2. Property tax revenues are assumed at the Charter Limit.

SCENARIO 2

County Executive's Recommended FY08-13 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

		App FY07	Est FY07	% Chg. FY07-08	% Chg. FY07-08	Rec FY08	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13
		5-25-06	3-19-07	Rec/Bud	Rec/Est	3-19-07										
1	**Total Resources**															
2	Revenues	3,321.5	3,412.6	9.2%	6.3%	3,627.8	10.9%	4,024.1	6.6%	4,289.2	6.9%	4,586.7	6.2%	4,872.8	6.4%	5,182.3
3	Beginning Reserves Undesignated	233.4	239.5	-26.2%	-28.1%	172.3	-39.4%	104.4	17.5%	122.6	13.6%	139.3	13.3%	157.9	11.3%	175.8
4	Beginning Reserves Designated	2.8	5.0	630.3%	315.3%	20.7	-72.3%	5.7	11.3%	6.4	5.5%	6.7	5.6%	7.1	5.8%	7.5
5	Net Transfers In (Out)	24.6	23.8	-64.9%	-63.6%	8.6	15.7%	10.0	2.7%	10.3	2.7%	10.5	2.6%	10.8	2.6%	11.1
6	**Total Resources Available**	3,582.4	3,680.8	6.9%	4.0%	3,829.4	8.2%	4,144.2	6.9%	4,428.5	7.1%	4,743.3	6.4%	5,048.5	6.5%	5,376.7
7	**Less Other Uses of Resources (Capital, Debt Service,Reserve)**	406.9	505.1	7.4%	-13.5%	436.9	18.2%	516.4	4.0%	537.2	0.1%	537.8	4.8%	563.8	5.6%	595.6
8	**Available to Allocate to Agencies**	3,175.5	3,175.8	6.8%	6.8%	3,392.5	6.9%	3,627.8	7.3%	3,891.3	8.1%	4,205.5	6.6%	4,484.7	6.6%	4,781.1
9	**Agency Uses**															
10	Montgomery County Public Schools (MCPS)	1,724.4	1,724.8	6.7%	6.7%	1,839.7	8.5%	1,995.5	8.1%	2,156.2	7.9%	2,327.3	7.8%	2,509.3	7.2%	2,689.8
11	Montgomery College (MC)	180.2	176.9	6.8%	8.8%	192.4	8.8%	209.4	8.7%	227.6	8.6%	247.3	8.6%	268.5	8.3%	290.8
12	MNCPPC (w/o Debt Service)	89.5	89.7	9.5%	9.3%	98.1	6.0%	103.9	6.3%	110.5	6.2%	117.2	6.0%	124.3	4.9%	130.4
13	MCG	1,181.3	1,184.3	6.9%	6.6%	1,262.3	8.3%	1,367.3	8.5%	1,483.4	8.3%	1,606.7	8.1%	1,737.7	7.2%	1,862.6
14	**Subtotal Agency Uses**	3,175.5	3,175.8	6.8%	6.8%	3,392.5	8.4%	3,676.0	8.2%	3,977.7	8.1%	4,298.6	7.9%	4,639.8	7.2%	4,973.7
15	**Subtotal Other Uses of Resources (Capital, Debt Service,Reserve)**	406.9	505.1	7.4%	-13.5%	436.9	18.2%	516.4	4.0%	537.2	0.1%	537.8	4.8%	563.8	5.6%	595.6
16	***Total Uses***	3,582.4	3,680.8	6.9%	4.0%	3,829.4	9.5%	4,192.4	7.7%	4,514.9	7.1%	4,836.4	7.6%	5,203.6	7.0%	5,569.3
17	**(Gap)/Available**	0.0	0.0			0.0		(48.2)		(86.4)		(93.1)		(155.1)		(192.7)
18	**GASB 45 Phase-In (amounts included above in lines 10-13)**		0.0			31.9		70.7		109.8		148.9		187.7		197.1

Notes:

1. *Projected FY09-13 Agency Uses (lines 10-13 above) are based on 10-year average rate of growth plus phase-in of GASB 45 incremental cost as shown above (line 18).*
2. *Property tax revenues are assumed at the Charter Limit in FY08 and at current rates for FY09-13.*

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FY08-13 FISCAL PLAN
GENERAL INFORMATION: CAPITAL IMPROVEMENTS PROGRAM

Investment in the construction of public buildings, roads, and other facilities planned by County public agencies is generally budgeted in the Capital Improvements Program (CIP). The six-year CIP is the County's plan for constructing the infrastructure to implement approved master plans and the facilities required to deliver government programs and services and to complement and support private development. The CIP is a multi-year spending plan, including capital expenditure estimates, funding requirements, and related program data for all County departments and agencies with capital projects. The capital budget includes required appropriation, expenditures, and funding for the upcoming fiscal year.

The CIP is by law (for the first year) and by policy (for the second through sixth years) a balanced plan, where planned expenditures do not exceed anticipated resources to fund them. The CIP is supported by a variety of funding sources.

The tax supported portion of the CIP is funded by General Obligation debt (for which debt service is paid from revenues from one of the County taxes), Current Revenues from a County tax source, or an inter-governmental source.

The non-tax supported portion of the CIP may be funded by current revenues from a non-tax source, or debt, with the debt service paid from the non-tax source.

Impact of the CIP on the Public Services Program/Operating Budget

The CIP impacts the six-year Public Service Program and Operating Budget in several ways.

Debt Service is the annual payment of principal and interest on general obligation bonds and other long- and short-term debt used to finance roads, schools, and other major projects. Debt service is budgeted as a fixed cost or a required expenditure in the Public Services Program and Operating Budgets of the General Fund and various other funds which issue debt.

An additional amount of County current revenues may be included in the operating budget as a direct bond offset to reduce the amount of borrowing required for project financing. This is called Pay-As-You-Go (PAYGO) Financing.

Selected CIP projects are funded directly with County current revenues in order to avoid costs of borrowing. These cash amounts are included in the operating budget as specific transfers to individual projects within the capital projects fund. Planning for capital projects is generally funded with current revenues, as are furniture, equipment and books (as for libraries).

The construction of government buildings and facilities also results in new annual costs for maintenance, utilities, and additional staffing required for facility management and operation. Whenever a new or expanded facility involves program expansion, as with new school buildings, libraries, or fire stations, the required staffing and equipment (principals, librarians, fire apparatus) represent additional operating budget expenditures. Operating Budget Impacts are calculated to measure the incremental changes in spending against spending which would occur whether or not the capital investment occurs. Hence, for new school facilities, building maintenance and administrative staff are considered to impact the operating budget. Teachers, who would be hired in any case, based on numbers of students, are not considered impacts of the capital improvements program.

The implied Operating Budget Impacts of the Recommended CIP are included among the projected expenditure changes described in the Public Services Program.

Explanation of Charts:

Debt Capacity Analysis

This chart displays the performance of the G.O. bond funded portion of the Capital Improvements Program and various long- and short-term leases, against a variety of economic and fiscal indicators. Taken together, these comparisons are considered, along with other factors, by credit rating agencies in determining the County's G.O. bond rating. Therefore, the County manages its debt-related decisions against these same criteria to ensure continuation of our AAA rating, the best available.

General Obligation Bond Adjustment Chart

This chart compares the General Obligation bonds available for programming, with recommended programmed bond funded expenditures for the FY07-12 year program. The line labeled "Bonds Planned for Issue" generally follows Spending Affordability Guidelines set by the County Council for general obligation debt. Amounts in the line labeled "Less Set Aside: Future Projects" indicate the amount available for possible future expenditures not yet programmed in individual projects. The debt service implied by these planned bond issues is budgeted in both tax supported and non-tax supported operating budgets.

Schedule A-3, for the Capital Improvements Program Current Revenue Requirements

This chart displays the CIP current revenue requirements of County agencies, by fund, across the six years of the Capital Improvements Program. Generally, current revenue assumptions made for the January Recommended CIP are conservative, and, if resources allow, additional current revenue may be recommended at the time PSP decisions are made in March. Because of the non-recurring nature of capital projects, the CIP is a good place to invest "one time" funds. The Total Current Revenue Requirement also includes PAYGO contributions made as direct offsets to debt obligations. Inflation and set-asides for future projects are unallocated amounts to cover increased costs due to inflation and for future unprogrammed projects.

DEBT CAPACITY ANALYSIS (1)

FY07-12 Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED
MARCH 19, 2007
GO BOND 6 YR TOTAL = 1,458.0 MILLION
GO BOND FY07 TOTAL = 264.0 MILLION
GO BOND FY08 TOTAL = 264.0 MILLION

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
1 New GO Debt Issued ($000s)	200,000	200,000	264,000	264,000	264,000	226,000	220,000	220,000
2 GO Debt/Assessed Value	1.39%	1.40%	1.31%	1.24%	1.21%	1.14%	1.08%	1.01%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	9.01%	9.31%	8.73%	8.72%	8.99%	9.09%	8.93%	8.75%
4 $ Debt/Capita	1,504	1,672	1,766	1,858	1,955	2,000	2,039	2,070
5 $ Real Debt/Capita (FY06=100%)	1,544	1,672	1,708	1,744	1,785	1,778	1,765	1,746
6 Capita Debt/Capita Income	2.61%	2.79%	2.72%	2.74%	2.77%	2.71%	2.64%	2.56%
7 Payout Ratio	70.20%	69.57%	68.68%	67.97%	67.86%	68.31%	68.90%	.69.55%
8 Total Debt Outstanding ($000s)	1,416,406	1,593,888	1,702,678	1,813,238	1,931,751	2,000,464	2,055,020	2,103,295
9 Real Debt Outstanding (FY06=100%)	1,454,216	1,593,888	1,646,691	1,701,713	1,763,557	1,778,274	1,778,744	1,774,395
10 Note: OP/PSP Growth Assumption (2)				9.2%	4.5%	4.4%	5.0%	4.4%

Notes:

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY07 approved budget to FY08 budget for FY08 and budget to budget for FY09-12.

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY07-12 CAPITAL IMPROVEMENTS PROGRAM
COUNTY EXECUTIVE RECOMMENDED
MARCH 19, 2007

($ millions)	6 YEARS	FY07	FY08	FY09	FY10	FY11	FY12
BONDS PLANNED FOR ISSUE	1,458.000	264.000	264.000	264.000	226.000	220.000	220.000
Assumes Council SAG							
Plus PAYGO Funded	173.800	26.400	26.400	44.000	33.000	22.000	22.000
Adjust for Implementation *	121.101	22.956	22.957	22.227	18.463	17.495	17.003
Adjust for Future Inflation *	(65.336)	-	-	(8.389)	(13.678)	(18.807)	(24.463)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	1,687.565	313.356	313.357	321.838	263.785	240.688	234.541
Less Set Aside: Future Projects	210.737	1.904	7.693	12.385	14.929	68.721	105.105
	12.49%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,476.828	311.452	305.664	309.453	248.856	171.967	129.436
MCPS	(528.883)	(138.663)	(127.766)	(127.876)	(70.380)	(37.246)	(26.952)
MONTGOMERY COLLEGE	(160.241)	(20.046)	(40.533)	(35.449)	(30.923)	(24.677)	(8.613)
M-NCPPC PARKS	(68.892)	(8.937)	(10.950)	(12.743)	(12.965)	(15.211)	(8.086)
TRANSPORTATION	(346.028)	(74.243)	(72.182)	(48.484)	(47.869)	(40.266)	(62.984)
MCG - OTHER	(372.784)	(69.563)	(54.233)	(84.901)	(86.719)	(54.567)	(22.801)
SUBTOTAL PROGRAMMED EXPENDITURES	(1,476.828)	(311.452)	(305.664)	(309.453)	(248.856)	(171.967)	(129.436)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* Adjustments Include:							
Inflation =		2.60%	2.60%	2.80%	2.70%	2.70%	2.60%
Implementation Rate =		92.00%	92.00%	92.00%	92.00%	92.00%	92.00%

Note: This chart includes proposed County Executive adjustments to the Amended FY07-12 Capital Improvements Program recommended on January 11, 2007 and March 13, 2007.

CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

COUNTY EXECUTIVE RECOMMENDED - MARCH 19, 2007

TAX SUPPORTED APPROPRIATIONS ($000s)	ACTUAL FY06 Exp	APPROVED FY07 Appr.	LATEST FY07 Appr	RECOMMENDED 6 YR	REC FY08 Appr.	REC FY09	REC FY10	REC FY11	REC FY12	REC FY13*
GENERAL REVENUE SUPPORTED										
MCG	9,747	11,461	13,061	128,092	19,560	34,594	35,115	19,284	19,539	-
M-NCPPC PARKS	697	7,058	6,705	14,154	2,862	3,348	3,048	2,448	2,448	-
PUBLIC SCHOOLS (MCPS)	14,176	-	-	61,735	22,946	11,261	10,512	8,948	8,068	-
MONTGOMERY COLLEGE	5,496	7,208	11,208	24,505	4,181	3,681	3,681	6,481	6,481	-
HOC	310	2,000	2,000	3,250	250	1,250	1,250	250	250	-
CIP PAYGO - REGULAR	7,017	21,496	20,439	117,130	20,238	38,018	27,018	15,958	15,898	-
CIP PAYGO - RSF CONTRIBUTION	4,720	4,904	5,961	30,270	6,162	5,982	5,982	6,042	6,102	-
TOTAL CIP PAYGO	11,737	26,400	26,400	147,400	26,400	44,000	33,000	22,000	22,000	-
SUBTOTAL	42,163	54,127	59,374	379,136	76,199	98,134	86,606	59,411	58,786	-
OTHER TAX SUPPORTED										
MASS TRANSIT	190	4,856	4,856	7,662	3,216	2,691	590	565	600	-
FIRE CONSOLIDATED	-	1,204	1,204	1,352	706	-	646	-	-	-
M-NCPPC PARKS	140	330	800	1,750	350	350	350	350	350	-
URBAN DISTRICTS	63	135	135	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT FUND	-	700	700	3,250	2,550	700	-	-	-	-
SUBTOTAL	393	7,225	7,695	14,014	6,822	3,741	1,586	915	950	-
SUBTOTAL TAX SUPPORTED										
INFLATION	-	-	-	12,170	-	1,621	3,077	3,229	4,243	
SUBTOTAL ALLOCATION:	-	-	-	12,170	-	1,621	3,077	3,229	4,243	-
TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT:	42,556	61,352	67,069	405,320	83,021	103,496	91,269	63,555	63,979	-
NON-TAX SUPPORTED EXPENDITURES ($000s)	**ACTUAL FY06 Exp**	**APPROVED FY07 Exp**	**LATEST FY07 Exp**	**RECOMMENDED 6 YR Exp**	**REC FY08 Exp**	**REC FY09**	**REC FY10**	**REC FY11**	**REC FY12**	**REC FY13**
NON-TAX SUPPORTED										
MONTGOMERY HOUSING INITIATIVE	597	500	500	500	500	-	-	-	-	-
PARKING DISTRICTS	5,987	8,678	8,148	24,813	7,706	6,115	3,664	3,664	3,664	-
SOLID WASTE DISPOSAL	115	7,391	7,211	8,035	8,035	-	-	-	-	-
LIQUOR CONTROL	-	-	-	-	-	-	-	-	-	-
M-NCPPC ENTERPRISE FUND	10	100	100	500	100	100	100	100	100	-
CATV FUND	2,554	1,970	1,970	8,132	1,963	2,189	1,335	1,335	1,310	-
WATER QUALITY PROTECTION CHARGE	332	450	450	2,600	500	500	525	525	550	-
SUBTOTAL EXPENDITURES:	9,595	19,089	18,379	44,580	18,804	8,904	5,624	5,624	5,624	-
TOTAL CURRENT REVENUE REQUIREMENTS	52,151	80,441	85,448	449,900	101,825	112,400	96,893	69,179	69,603	-

** Due to the Charter Amendment establishing a biennial CIP, current revenue allocations for FY13 will appear in the FY09 PSP.*

TAX SUPPORTED FUNDS
SIX YEAR FISCAL PLANS

The following funds provide additional detail on the information contained in the fiscal plan summary including revenues and resources, major known commitments, and ending balances by fund. The general fund is not included below.

Montgomery County Government

- Bethesda Urban District Fund
- Silver Spring Urban District Fund
- Wheaton Urban District Fund
- Fire Tax District Fund
- Mass Transit Facilities Fund
- Bradley Noise Abatement District Fund
- Cabin John Noise Abatement District Fund
- Recreation Fund
- Economic Development Fund

Montgomery College

- Montgomery College Current Fund

Maryland-National Capital Park and Planning Commission

- M-NCPPC Administration Fund
- M-NCPPC Park Fund

Debt Service

- Debt Service Fund

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Bethesda Urban District				
FISCAL PROJECTIONS	**FY07 ESTIMATE**	**FY08 REC**	**FY09 PROJECTION**	**FY10 PROJECTION**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real Property	0.016	**0.016**	0.016	0.016	0.016	0.016	0.016
Assessable Base: Real Property (000)	2,735,300	**3,091,800**	3,381,000	3,717,000	4,061,200	4,414,800	4,809,300
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.040	**0.040**	0.040	0.040	0.040	0.040	0.040
Assessable Base: Personal Property (000)	188,100	**189,200**	191,400	193,700	196,100	198,600	201,200
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	**12.56%**	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	**3.1%**	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	**5.2%**	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	**(16,800)**	**(104,980)**	**81,280**	**67,560**	**69,250**	**71,080**	**72,930**
REVENUES							
Taxes	507,070	**564,030**	610,740	664,910	720,420	777,460	841,030
Charges For Services	144,700	**144,700**	147,350	149,830	153,800	157,800	161,820
Subtotal Revenues	**651,770**	**708,730**	**758,090**	**814,740**	**874,220**	**935,260**	**1,002,850**
INTERFUND TRANSFERS (Net Non-CIP)	**1,803,000**	**2,062,230**	**1,913,690**	**1,943,380**	**1,956,900**	**1,969,300**	**1,975,640**
Transfers To The General Fund	0	(3,670)	(3,670)	(3,670)	(3,670)	(3,670)	(3,670)
Transfers From Special Fds: Non-Tax + ISF	1,803,000	2,065,900	1,917,360	1,947,050	1,960,570	1,972,970	1,979,310
From PLD-Streetlighting	135,000	0	0	0	0	0	0
From Bethesda Parking District	1,668,000	2,065,900	1,917,360	1,947,050	1,960,570	1,972,970	1,979,310
TOTAL RESOURCES	**2,437,970**	**2,665,980**	**2,753,060**	**2,825,680**	**2,900,370**	**2,975,640**	**3,051,420**
CIP CURRENT REVENUE APPROP.	**(135,000)**	**0**	**0**	**0**	**0**	**0**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(2,407,950)	**(2,584,700)**	(2,656,250)	(2,727,180)	(2,800,040)	(2,873,460)	(2,947,380)
Annualizations and One-Time	n/a	**n/a**	(29,250)	(29,250)	(29,250)	(29,250)	(29,250)
Subtotal PSP Oper Budget Approp / Exp's	**(2,407,950)**	**(2,584,700)**	**(2,685,500)**	**(2,756,430)**	**(2,829,290)**	**(2,902,710)**	**(2,976,630)**
TOTAL USE OF RESOURCES	**(2,542,950)**	**(2,584,700)**	**(2,685,500)**	**(2,756,430)**	**(2,829,290)**	**(2,902,710)**	**(2,976,630)**
YEAR END FUND BALANCE	**(104,980)**	**81,280**	**67,560**	**69,250**	**71,080**	**72,930**	**74,790**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**-4.3%**	**3.0%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**

Assumptions:

1. Transfers from the Bethesda Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The CIP Current Revenue Appropriation is for the Streetlight Enhancement CBD/Town Center capital project.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
6. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
7. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of parking spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Silver Spring Urban District

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.024	0.024	0.024	0.024	0.024	0.024	0.024
Assessable Base: Real Property (000)	1,906,100	2,154,500	2,356,100	2,590,200	2,830,000	3,076,400	3,351,300
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Assessable Base: Personal Property (000)	143,700	144,500	146,200	148,000	149,800	151,700	153,700
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	769,990	354,940	70,470	72,970	75,410	78,340	81,410
REVENUES							
Taxes	537,410	596,960	645,900	702,630	760,720	820,430	886,980
Charges For Services	144,500	144,500	148,550	152,560	156,600	160,670	164,770
Miscellaneous	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Subtotal Revenues	711,910	771,460	824,450	885,190	947,320	1,011,100	1,081,750
INTERFUND TRANSFERS (Net Non-CIP)	1,486,790	1,747,210	2,081,290	2,119,520	2,171,730	2,220,940	2,266,270
Transfers To The General Fund	(207,840)	(213,120)	(221,720)	(230,320)	(230,850)	(230,850)	(230,850)
Transfers From The General Fund	241,630	241,630	241,630	241,630	241,630	241,630	241,630
Transfers From Special Fds: Non-Tax + ISF	1,453,000	1,718,700	2,061,380	2,108,210	2,160,950	2,210,160	2,255,490
TOTAL RESOURCES	2,968,690	2,873,610	2,976,210	3,077,680	3,194,460	3,310,380	3,429,430
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(2,613,750)	(2,803,140)	(2,834,120)	(2,864,830)	(2,974,680)	(3,087,530)	(3,203,410)
Labor Agreement	n/a	0	(68,460)	(136,920)	(141,170)	(141,170)	(141,170)
Annualizations and One-Time	n/a	n/a	(660)	(520)	(270)	(270)	(270)
Subtotal PSP Oper Budget Approp / Exp's	(2,613,750)	(2,803,140)	(2,903,240)	(3,002,270)	(3,116,120)	(3,228,970)	(3,344,850)
TOTAL USE OF RESOURCES	(2,613,750)	(2,803,140)	(2,903,240)	(3,002,270)	(3,116,120)	(3,228,970)	(3,344,850)
YEAR END FUND BALANCE	354,940	70,470	72,970	75,410	78,340	81,410	84,580
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	12.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Assumptions:

1. Transfers from the Silver Spring Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
6. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
7. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of parking spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Wheaton Urban District				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Assessable Base: Real Property (000)	466,200	527,000	576,300	633,600	692,300	752,600	819,900
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.075	0.075	0.075	0.075	0.075	0.075	0.075
Assessable Base: Personal Property (000)	22,800	22,900	23,200	23,500	23,800	24,100	24,400
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	254,220	294,190	39,680	41,150	42,600	44,240	46,330
REVENUES							
Taxes	155,270	173,430	188,300	205,550	223,220	241,370	261,600
Subtotal Revenues	155,270	173,430	188,300	205,550	223,220	241,370	261,600
INTERFUND TRANSFERS (Net Non-CIP)	1,388,940	1,148,860	1,448,750	1,489,440	1,539,570	1,587,739	1,635,229
Transfers To The General Fund	(131,150)	(134,930)	(140,480)	(146,030)	(146,520)	(146,520)	(146,520)
Transfers From The General Fund	805,090	910,090	933,440	956,590	979,930	1,003,430	1,027,080
To Baseline Services	76,090	76,090	76,090	76,090	76,090	76,090	76,090
To Non-Baseline Services	729,000	834,000	857,350	880,500	903,840	927,340	950,990
Transfers From Special Fds: Non-Tax + ISF	715,000	373,700	655,790	678,880	706,160	730,830	754,670
TOTAL RESOURCES	1,798,430	1,616,480	1,676,730	1,736,140	1,805,390	1,873,349	1,943,159
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,504,240)	(1,576,800)	(1,590,870)	(1,604,820)	(1,668,830)	(1,734,700)	(1,802,450)
Labor Agreement	n/a	0	(44,190)	(88,390)	(92,330)	(92,330)	(92,330)
Annualizations & Other Labor Cotnracts	n/a	n/a	(520)	(330)	10	10	10
Subtotal PSP Oper Budget Approp / Exp's	(1,504,240)	(1,576,800)	(1,635,580)	(1,693,540)	(1,761,150)	(1,827,020)	(1,894,770)
TOTAL USE OF RESOURCES	(1,504,240)	(1,576,800)	(1,635,580)	(1,693,540)	(1,761,150)	(1,827,020)	(1,894,770)
YEAR END FUND BALANCE	294,190	39,680	41,150	42,600	44,240	46,330	48,390
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	16.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Assumptions:

1. Transfers from the Wheaton Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
5. The Non-Baseline Services transfer is necessary to maintain fund balance policy.
6. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
7. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
8. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of parking spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — CONSOLIDATED FIRE TAX DISTRICT FUND

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.134	0.128	0.121	0.115	0.110	0.103	0.102
Assessable Base: Real Property (000)	126,014,000	142,438,000	155,763,000	171,241,000	187,097,000	203,385,000	221,559,000
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.335	0.320	0.320	0.320	0.320	0.320	0.000
Assessable Base: Personal Property (000)	3,888,669	3,910,842	3,956,532	4,004,139	4,053,612	4,104,911	4,158,008
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
BEGINNING FUND BALANCE	992,780	2,406,070	8,374,740	8,406,710	8,681,960	8,999,800	9,184,420
REVENUES							
Taxes	180,040,400	192,881,580	199,121,350	206,799,220	216,230,880	219,803,830	223,297,570
Licenses & Permits	1,866,010	1,719,150	1,417,770	1,456,050	1,494,640	1,533,500	1,572,610
Charges For Services	1,665,750	4,773,470	4,771,010	4,899,830	5,029,680	5,160,450	5,292,040
Fines & Forfeitures	230	230	240	250	260	270	280
Intergovernmental	3,178,230	2,145,640	2,205,720	2,265,280	2,325,310	2,385,760	2,446,590
Miscellaneous	1,601,370	1,640,000	1,650,000	1,710,000	1,790,000	1,880,000	1,970,000
Subtotal Revenues	188,351,990	203,160,070	209,166,090	217,130,630	226,870,770	230,763,810	234,579,090
INTERFUND TRANSFERS (Net Non-CIP)	(3,527,670)	(4,395,550)	(8,744,230)	(10,462,210)	(11,818,330)	(11,952,710)	(11,989,310)
TOTAL RESOURCES	185,817,100	201,170,590	208,796,600	215,075,130	223,734,400	227,810,900	231,774,200
CIP CURRENT REVENUE APPROP.	(1,204,000)	(706,000)	0	(646,000)	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(182,207,030)	(192,089,850)	(192,089,850)	(192,089,850)	(192,089,850)	(192,089,850)	(192,089,850)
Labor Agreement	n/a	0	(862,000)	(1,327,000)	(1,349,000)	(1,349,000)	(1,349,000)
Annualizations and One-Time	n/a	n/a	(553,980)	(553,980)	(553,980)	(553,980)	(553,980)
Central Duplicating Deficit Recovery Charge	0	n/a	(17,180)	1,420	33,870	33,870	33,870
OBIs	0	n/a	(3,019,000)	(4,082,000)	(9,232,000)	(9,276,000)	(9,276,000)
Four Person Staffing	0	0	(3,847,880)	(7,695,760)	(11,543,640)	(15,391,520)	(19,239,400)
Subtotal PSP Oper Budget Approp / Exp's	(182,207,030)	(192,089,850)	(200,389,890)	(205,747,170)	(214,734,600)	(218,626,480)	(222,474,360)
TOTAL USE OF RESOURCES	(183,411,030)	(192,795,850)	(200,389,890)	(206,393,170)	(214,734,600)	(218,626,480)	(222,474,360)
YEAR END FUND BALANCE	2,406,070	8,374,740	8,406,710	8,681,960	8,999,800	9,184,420	9,299,840
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	1.3%	4.2%	4.0%	4.0%	4.0%	4.0%	4.0%

Assumptions:

1. The tax rates for the Consolidated Fire Tax District are adjusted to maintain a fund balance of approximately 2 percent of resources.

2. The Labor contract with the International Association of Fire Fighters, Local 1664 expires at the end of FY08.

3. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.

4. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

5. The operating budget impact of capital projects and future phases of the Four-Person Staffing initiative are included for *illustrative purposes only and represent one possible scenario. The costs of capital facilities will be included in future budgets as* projects are completed and their costs defined. Implementation of additional phases of the Four-Person Staffing initiative will be reviewed annually.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			MASS TRANSIT FUND				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.053	0.058	0.050	0.045	0.040	0.039	0.035
Assessable Base: Real Property (000)	126,014,000	142,438,000	155,763,000	171,241,000	187,097,000	203,385,000	221,559,000
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.133	0.145	0.125	0.113	0.100	0.098	0.088
Assessable Base: Personal Property (000)	3,888,669	3,910,842	3,956,532	4,004,139	4,053,612	4,104,911	4,158,008
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	(4,314,470)	(5,287,140)	6,098,110	6,841,020	5,861,580	5,534,440	6,799,860
REVENUES							
Taxes	71,228,960	87,399,460	82,002,590	80,756,960	78,117,520	82,508,500	80,395,040
Licenses & Permits	550,670	325,100	550,670	325,100	550,670	325,100	550,670
Charges For Services	15,152,680	16,217,650	16,771,230	17,224,060	17,680,500	18,140,200	18,602,760
Fines & Forfeitures	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Intergovernmental	25,105,080	22,805,080	23,443,630	24,076,610	24,714,640	25,357,220	26,003,840
Miscellaneous	900,000	910,000	924,000	957,880	991,870	1,025,960	1,060,140
Subtotal Revenues	113,237,390	127,957,290	123,992,120	123,640,610	122,355,200	127,656,980	126,912,450
INTERFUND TRANSFERS (Net Non-CIP)	(2,922,690)	(3,743,350)	(4,200,830)	(4,842,270)	(4,776,590)	(4,572,000)	(4,589,540)
TOTAL RESOURCES	106,000,230	118,926,800	125,889,400	125,639,360	123,440,190	128,619,420	129,122,770
CIP CURRENT REVENUE APPROP.	(4,856,000)	(3,216,000)	(2,691,000)	(590,000)	(565,000)	(600,000)	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(106,431,370)	(109,612,690)	(109,612,690)	(109,612,690)	(109,612,690)	(109,612,690)	(109,612,690)
Labor Agreement	n/a	0	(2,474,240)	(4,656,830)	(4,846,350)	(4,846,350)	(4,846,350)
Annualizations and One-Time	n/a	n/a	(22,260)	(22,260)	(22,260)	(22,260)	(22,260)
Ride On Small Bus Service	n/a	n/a	625,070	625,070	625,070	625,070	625,070
Ride On Bus Replacement	n/a	n/a	(3,850,000)	(4,518,000)	(3,150,000)	(8,050,000)	(9,418,000)
Master Lease Payment Changes	n/a	n/a	0	60,520	662,210	1,683,400	1,882,460
Annualization of FY08 Call 'N Ride Enhancements	n/a	n/a	(804,000)	(804,000)	(804,000)	(804,000)	(804,000)
Annualization of FY08 Seniors Ride Free Enhancement	n/a	n/a	(206,330)	(206,330)	(206,330)	(206,330)	(206,330)
Maryland Transit Administration Management Audit	n/a	n/a	0	(50,000)	0	0	0
Operating Budget Impacts of CIP Projects	n/a	n/a	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Central Duplicating Revenue Recovery Surcharge	n/a	n/a	(8,930)	740	17,600	17,600	17,600
Subtotal PSP Oper Budget Approp / Exp's	(106,431,370)	(109,612,690)	(116,357,380)	(119,187,780)	(117,340,750)	(121,219,560)	(122,388,500)
TOTAL USE OF RESOURCES	(111,287,370)	(112,828,690)	(119,048,380)	(119,777,780)	(117,905,750)	(121,819,560)	(122,388,500)
YEAR END FUND BALANCE	(5,287,140)	6,098,110	6,841,020	5,861,580	5,534,440	6,799,860	6,734,270
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-5.0%	5.1%	5.4%	4.7%	4.5%	5.3%	5.2%

Assumptions:

1. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. The Mass Transit Fund tax rates are adjusted to maintain a fund balance of approximately 5.0 percent of resources.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
4. The County Executive's Recommended budget maintains current Ride On bus service, and annualizes new bus service launched in FY07.
5. The County Executive's Recommend Budget assumes that all Ride On bus service will be operated and maintained in house beginning in March 2008.
6. This budget reflects a base Ride On fare of $1.25 (unchanged since FY05). Passes will also remain unchanged: $3.00 for an all-day pass, $10 for a Ride About Two Week Pass, and $20 for a Ride On 20-Trip Ticket.
7. The County Executive recommends replacement of 58 Ride On buses in FY08. Buses to be purchased include 27 full size clean diesel buses and 31 small diesel buses. The budget assumes that of the 58 buses, 13 full size buses and all 31 small diesel buses will be purchased through the Debt Service Fund. Transfers from the Mass Transit Fund to the Debt Service Fund for debt service payments are assumed in FY09-13.
8. Ride On bus replacement projections assume replacement of 23 full size buses per year at the estimated FY08 average price per bus and the replacement of 4 small diesel buses in FY09, 12 small gas buses in FY10, 28 small diesel buses in FY12, and 28 small diesel buses in FY13.
9. The County Executive's recommended budget includes expansion of the Call 'N Ride program to allow more low income seniors and low income people with disabilities to participate in the program and to increase the maximum monthly value of the taxicab coupon books from $112 to $120.
10. $2,300,000 in State Aid for SmarTrip Farebox implementation is projected to be received in FY07.
11. Master Lease payments for two CNG buses and 12 gas-fueled buses will end in FY10, for three CNG buses and five hybrid buses in FY11, and for SmarTrip Fareboxes in FY12.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Bradley Noise Abatement District

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.050	0.080	0.075	0.065	0.057	0.050	0.043
Assessable Base: Real Property (000)	31,500	35,600	38,900	42,800	46,800	50,900	55,400
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.125	0.200	0.200	0.200	0.200	0.200	0.200
Assessable Base: Personal Property (000)	-	-	-	-	-	-	-
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	23,580	7,800	5,900	6,000	6,070	6,090	6,240
REVENUES							
Taxes	15,610	28,220	28,910	27,570	26,200	25,020	23,610
Subtotal Revenues	15,610	28,220	28,910	27,570	26,200	25,020	23,610
INTERFUND TRANSFERS (Net Non-CIP)	(31,390)	(30,120)	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)
Transfers To Debt Service Fund	(31,390)	(30,120)	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)
GO Bonds	(31,390)	(30,120)	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)
TOTAL RESOURCES	7,800	5,900	6,000	6,070	6,090	6,240	6,300
YEAR END FUND BALANCE	7,800	5,900	6,000	6,070	6,090	6,240	6,300
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Assumptions:
1. The tax rate is adjusted annually to ensure adequate revenues are collected to cover the debt service obligation.
2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenue, and fund balances may vary based on changes to tax rates.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Cabin John Noise Abatement District

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.001	0.080	0.079	0.069	0.060	0.052	0.046
Assessable Base: Real Property (000)	8,900	10,100	11,000	12,100	13,200	14,300	15,600
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.003	0.200	0.200	0.200	0.200	0.200	0.200
Assessable Base: Personal Property (000)	-	-	-	-	-	-	-
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	11,960	2,730	1,800	1,850	1,890	1,910	1,930
REVENUES							
Taxes	90	8,010	8,610	8,210	7,800	7,410	7,050
Subtotal Revenues	90	8,010	8,610	8,210	7,800	7,410	7,050
INTERFUND TRANSFERS (Net Non-CIP)	(9,320)	(8,940)	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)
Transfers To Debt Service Fund	(9,320)	(8,940)	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)
GO Bonds	(9,320)	(8,940)	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)
TOTAL RESOURCES	2,730	1,800	1,850	1,890	1,910	1,930	1,980
YEAR END FUND BALANCE	2,730	1,800	1,850	1,890	1,910	1,930	1,980
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Assumptions:
1. The tax rate is adjusted annually to ensure adequate revenues are collected to cover the debt service obligation.
2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenue, and fund balances may vary based on changes to tax rates.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			RECREATION				
FISCAL PROJECTIONS	**FY07 ESTIMATE**	**FY08 RECOMMENDED**	**FY09 PROJECTION**	**FY10 PROJECTION**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real Property	0.024	0.024	0.024	0.023	0.021	0.020	0.018
Assessable Base: Real Property (000)	110,043,900	124,386,500	136,022,800	149,539,200	163,385,700	177,609,500	193,480,300
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.060	0.060	0.030	0.030	0.030	0.025	0.040
Assessable Base: Personal Property (000)	3,184,900	3,203,100	3,240,500	3,279,500	3,320,000	3,362,000	3,405,500
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
FY09-13 Activity Fee increases less than CPI	0	0	0.01	0.01	0.01	0.01	0.01
BEGINNING FUND BALANCE	3,742,380	1,773,570	1,469,110	1,496,530	1,418,460	1,200,830	1,510,690
REVENUES							
Taxes	28,036,010	31,457,900	33,299,510	35,043,720	34,973,300	36,021,690	35,841,170
Charges For Services	9,670,840	10,243,910	10,530,740	10,815,070	11,101,670	11,390,310	11,680,760
Miscellaneous	568,830	473,110	622,000	642,000	672,000	702,000	732,000
Subtotal Revenues	38,275,680	42,174,920	44,452,250	46,500,790	46,746,970	48,114,000	48,253,930
INTERFUND TRANSFERS (Net Non-CIP)	(11,585,610)	(11,286,410)	(11,838,481)	(12,678,982)	(13,022,892)	(13,862,425)	(14,757,624)
Transfers To Debt Service Fund	(8,057,520)	(7,916,480)	(8,331,520)	(9,041,700)	(9,354,730)	(10,169,440)	(11,039,170)
GO Bonds	(4,989,520)	(4,874,680)	(5,668,550)	(6,376,880)	(7,028,910)	(7,843,760)	(8,716,150)
Long Term Leases	(3,068,000)	(3,041,800)	(2,662,970)	(2,664,820)	(2,325,820)	(2,325,680)	(2,323,020)
Transfers To The General Fund	(4,822,490)	(4,705,060)	(4,848,773)	(4,991,958)	(5,059,415)	(5,120,411)	(5,182,992)
Indirect Costs	(2,409,880)	(2,541,380)	(2,624,510)	(2,707,640)	(2,713,420)	(2,713,420)	(2,713,420)
Facility Maintenance - Custodial Cleaning	(1,403,470)	(924,310)	(950,191)	(975,846)	(1,002,194)	(1,028,251)	(1,054,985)
Facility Maintenance Costs	(919,370)	(1,151,450)	(1,183,691)	(1,215,650)	(1,248,473)	(1,280,933)	(1,314,237)
Other - DCM	(89,770)	(87,920)	(90,382)	(92,822)	(95,328)	(97,807)	(100,350)
Transfers From The General Fund	1,294,400	1,335,130	1,341,812	1,354,677	1,391,253	1,427,425	1,464,538
Countywide Services	812,510	837,700	835,260	834,448	856,978	879,259	902,120
After School Activity Coordinators (ASACs)	109,780	113,780	112,931	115,980	119,111	122,208	125,386
Center for Cultural Diversity	372,110	383,650	393,621	404,249	415,164	425,958	437,033
TOTAL RESOURCES	30,432,450	32,662,080	34,082,879	35,318,338	35,142,538	35,452,405	35,006,996
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(28,658,880)	(31,192,970)	(31,192,970)	(31,192,970)	(31,192,970)	(31,192,970)	(31,192,970)
Labor Agreement	n/a	0	(661,890)	(1,323,780)	(1,369,740)	(1,369,740)	(1,369,740)
Annualizations and One-Time	n/a	n/a	(110,310)	(110,310)	(110,310)	(110,310)	(110,310)
FFI - White Oak Community Recreation Center	n/a	n/a	0	(654,000)	(654,000)	(654,000)	(654,000)
FFI - Mid-County Community Recreation Cetner	n/a	n/a	(619,000)	(619,000)	(619,000)	(619,000)	(619,000)
FFI - Central Duplicating Revenue Recovery Surcharge	n/a	n/a	(2,180)	180	4,310	4,310	4,310
Subtotal PSP Oper Budget Approp / Exp's	(28,658,880)	(31,192,970)	(32,586,350)	(33,899,880)	(33,941,710)	(33,941,710)	(33,941,710)
TOTAL USE OF RESOURCES	(28,658,880)	(31,192,970)	(32,586,350)	(33,899,880)	(33,941,710)	(33,941,710)	(33,941,710)
YEAR END FUND BALANCE	1,773,570	1,469,110	1,496,530	1,418,460	1,200,830	1,510,690	1,065,290
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	5.8%	4.5%	4.4%	4.0%	3.4%	4.3%	3.0%

Assumptions:

1. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulation, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. Tax rates are adjusted to maintain a fund balance of approximately 2.5 percent of resources.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
4. Related revenues, debt service and operating costs have been incorporated for new facilities opening between FY08 and FY13 (White Oak and Mid-County Community Recreation Centers).
5. Stable fees and charges, increased incrementally, are assumed in order to achieve cost recovery goals.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			ECONOMIC DEVELOPMENT FUND				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
BEGINNING FUND BALANCE	2,029,630	350,000	0	0	0	0	0
REVENUES							
Intergovernmental	675,000	0	0	0	0	0	0
Miscellaneous	389,750	414,580	211,990	165,080	145,390	106,080	87,970
Subtotal Revenues	1,064,750	414,580	211,990	165,080	145,390	106,080	87,970
INTERFUND TRANSFERS (Net Non-CIP)	3,071,030	2,587,860	1,290,450	637,360	657,050	696,360	714,470
Transfers From The General Fund	3,071,030	2,587,860	1,290,450	637,360	657,050	696,360	714,470
TOTAL RESOURCES	6,165,410	3,352,440	1,502,440	802,440	802,440	802,440	802,440
CIP CURRENT REVENUE APPROP.	(700,000)	(2,550,000)	(700,000)	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,115,410)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)
Subtotal PSP Oper Budget Approp / Exp's	(5,115,410)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)
TOTAL USE OF RESOURCES	(5,815,410)	(3,352,440)	(1,502,440)	(802,440)	(802,440)	(802,440)	(802,440)
YEAR END FUND BALANCE	350,000	0	0	0	0	0	0
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	5.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Assumptions:

1. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
3. FY08 expenditures for the Small Business Loan Program have also been changed to ensure that expenditures equal loan repayments.
4. Impact Assistance Program funding is at $150K for FY08-FY13.
5. The transfer from the General Fund is adjusted to fund program costs, including CIP current revenue appropriation, net of offsetting loan repayments, intergovernmental funding, and interest income.
6. In FY08 and FY09, $700,000 will be transferred to the capital budget to assist with the construction of a medical office building/freestanding ambulatory surgery center in Long Branch (CIP Cost Sharing: MCG, Project No. 720601).
7. In FY08, the transfer from the General Fund will be increased by $1,850,000 so the County can match State funding for the Birchmere of $2,000,000. $150,000 was expended out of the Economic Development Fund for a feasibility study in FY07. $1,850,000 will be transferred to the capital budget (CIP Cost Sharing: MCG, Project No. 720601).

MONTGOMERY COLLEGE CURRENT FUND
COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN
FY08-13

	FY07 2nd Qtr	FY08 CE Rec	FY09 Proj.	FY10 Proj.	FY11 Proj.	FY12 Proj.	FY13 Proj.
Beginning Fund Balance	**7,007,653**	**7,001,552**	**3,500,000**	**5,084,036**	**5,277,446**	**5,552,204**	**5,610,017**
Revenues							
General Fund Contribution	89,955,640	93,460,335	93,460,335	93,460,335	93,460,335	93,460,335	93,460,335
Tuition & Related Fees	58,349,885	61,720,476	62,849,694	63,562,141	64,262,571	64,593,373	64,593,373
Hypothetical Tuition Increase			8,700,000	11,000,000	14,800,000	18,700,000	23,200,000
Other Student Fees	903,624	1,072,088	1,091,703	1,104,078	1,116,244	1,121,990	1,121,990
State Aid	24,327,284	28,796,055	29,602,345	30,401,608	31,207,250	32,018,639	32,835,114
Fed, State & Priv. Gifts/Grants	308,678	240,000	240,000	240,000	240,000	240,000	240,000
Investment Income	1,952,814	1,800,000	1,820,000	1,890,000	1,980,000	2,080,000	2,180,000
Risk Management Dividend							
Performing Arts Center	35,137	115,000	118,220	121,412	124,629	127,870	131,130
Other Revenues (asset sales, lib. fines, rentals)	253,781	1,175,000	1,207,900	1,240,513	1,273,387	1,306,495	1,339,811
Adjustments							
Total Revenues	**176,086,843**	**188,378,954**	**199,090,196**	**203,020,087**	**208,464,417**	**213,648,702**	**219,101,754**
Mandatory Transfers	**(396,559)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**
Perkins							
SEOG	(163,255)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
CWSP	(233,304)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)
Nonmandatory Transfers	**211,347**	**258,366**	-	-	-	-	-
From Auxiliary Fund	211,347	258,366					-
CIP CR	11,208,000	4,181,000	3,681,000	3,681,000	6,481,000	6,481,000	
Subtotal Revenues and Transfers	**187,109,631**	**192,368,320**	**202,321,196**	**206,251,087**	**214,495,417**	**219,679,702**	**218,651,754**
Total Resources Available	**194,117,284**	**199,369,872**	**205,821,196**	**211,335,123**	**219,772,863**	**225,231,907**	**224,261,771**
County Share	51.1%	48.8%	47.4%	46.2%	45.0%	43.8%	42.8%
State Aid Share	13.8%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Tuition, Fees, Other Share	35.0%	36.2%	37.5%	38.8%	40.0%	41.1%	42.2%
Total Expenditures	**(175,907,732)**	**(191,688,872)**	**(197,056,160)**	**(202,376,677)**	**(207,739,659)**	**(213,140,890)**	**(218,575,982)**
CIP CR	**(11,208,000)**	**(4,181,000)**	**(3,681,000)**	**(3,681,000)**	**(6,481,000)**	**(6,481,000)**	-
Adjustments/Reserves							
End of Year Proj. Fund Bal.	**7,001,552**	**3,500,000**	**5,084,036**	**5,277,446**	**5,552,204**	**5,610,017**	**5,685,788**
End of Year Fund Bal as % of Resources	3.6%	1.8%	2.5%	2.5%	2.5%	2.5%	2.5%

Assumptions:
1. The table reflects, for purposes of analysis only, tuition increases in the outyears to maintain fund balances in the target range. The College Board of Trustees must review and approve any actual increases.
2. The County's local contribution is maintained at the recommended FY08 level.
3. Tuition and related fees grow at the rate of FTE increase.
4. Other revenues and State aid grows based on CPI.
5. Expenditures increase at CPI.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Admin Fund				
FISCAL PROJECTIONS	**FY07 ESTIMATE**	**FY08 REC**	**FY09 PROJECTION**	**FY10 PROJECTION**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real Property	0.020	0.019	0.017	0.015	0.014	0.013	0.012
Assessable Base: Real Property (000)	109,458,700	123,725,000	135,299,400	148,743,900	162,516,800	176,664,900	192,451,300
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.050	0.047	0.042	0.036	0.038	0.032	0.027
Assessable Base: Personal Property (000)	3,175,000	3,193,100	3,230,400	3,269,300	3,309,700	3,351,500	3,394,900
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
BEGINNING FUND BALANCE	1,587,630	1,530,360	2,066,340	2,063,570	1,315,390	1,206,580	1,253,950
REVENUES							
Taxes	23,242,520	24,759,420	24,116,740	23,258,300	23,773,820	23,805,410	23,780,020
Charges For Services	487,500	3,711,900	3,815,830	3,918,860	4,022,710	4,127,300	4,232,550
Miscellaneous	325,000	380,000	380,000	390,000	410,000	430,000	450,000
Subtotal Revenues	24,055,020	28,851,320	28,312,570	27,567,160	28,206,530	28,362,710	28,462,570
INTERFUND TRANSFERS (Net Non-CIP)	378,910	39,760	39,760	39,760	39,760	39,760	96,560
Transfers From The General Fund/MCG	94,910	96,560	96,560	96,560	96,560	96,560	96,560
Transfers To The General Fund	*0*	*(56,800)*	*(56,800)*	*(56,800)*	*(56,800)*	*(56,800)*	*0*
Transfers From Special Fds: Non-Tax (Cable Fund)	284,000	0	0	0	0	0	0
TOTAL RESOURCES	26,021,560	30,421,440	30,418,670	29,670,490	29,561,680	29,609,050	29,813,080
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	*(24,491,200)*	*(28,355,100)*	*(28,355,100)*	*(28,355,100)*	*(28,355,100)*	*(28,355,100)*	*(28,355,100)*
Subtotal PSP Oper Budget Approp / Exp's	(24,491,200)	(28,355,100)	(28,355,100)	(28,355,100)	(28,355,100)	(28,355,100)	(28,355,100)
TOTAL USE OF RESOURCES	(24,491,200)	(28,355,100)	(28,355,100)	(28,355,100)	(28,355,100)	(28,355,100)	(28,355,100)
YEAR END FUND BALANCE	1,530,360	2,066,340	2,063,570	1,315,390	1,206,580	1,253,950	1,457,980
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	5.9%	6.8%	6.8%	4.4%	4.1%	4.2%	4.9%

Assumptions:

1.All labor and operating costs are shown as operating costs since M-NCPPC is not a component of Montgomery County Government.
2.Tax rates have historically been adjusted to maintain a fund balance at a minimum of 3 percent of resources. Personal property tax rates have been set at approximately 2.5 times the real property tax rate, per FY01 State-mandated tax structure changes.
3.Revenues and expenditures related to Development Review are transferred to this fund from the Special Revenue Fund.

Notes:

1.These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Park Fund				
FISCAL PROJECTIONS	**FY07 ESTIMATE**	**FY08 REC**	**FY09 PROJECTION**	**FY10 PROJECTION**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real Property	0.057	0.056	0.050	0.046	0.042	0.038	0.035
Assessable Base: Real Property (000)	109,458,700	123,725,000	135,299,400	148,743,900	162,516,800	176,664,900	192,451,300
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.143	0.140	0.135	0.136	0.137	0.149	0.142
Assessable Base: Personal Property (000)	3,175,000	3,193,100	3,230,400	3,269,300	3,309,700	3,351,500	3,394,900
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
BEGINNING FUND BALANCE	3,662,590	2,213,260	3,111,970	2,903,610	3,173,160	3,382,750	3,043,800
REVENUES							
Taxes	66,256,680	73,021,010	71,292,860	72,141,480	72,063,670	71,397,360	71,451,970
Charges For Services	1,502,600	1,602,900	1,647,780	1,692,270	1,737,120	1,782,290	1,827,740
Miscellaneous	972,000	945,000	910,000	950,000	1,000,000	1,050,000	1,100,000
Subtotal Revenues	68,731,280	75,568,910	73,850,640	74,783,750	74,800,790	74,229,650	74,379,710
INTERFUND TRANSFERS (Net Non-CIP)	(405,000)	(655,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)
Transfers To Special Fds: Non-Tax + ISF	(405,000)	(655,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)
To Enterprise Fund - Other	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)
To Enterprise Fund - Ice Rink	(319,000)	(569,000)	0	0	0	0	0
TOTAL RESOURCES	71,988,870	77,127,170	76,876,610	77,601,360	77,887,950	77,526,400	77,337,510
CIP CURRENT REVENUE APPROP.	(800,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(65,193,610)	(69,705,200)	(69,705,200)	(69,705,200)	(69,705,200)	(69,705,200)	(69,705,200)
Debt Service: Other	(3,782,000)	(3,960,000)	(3,917,800)	(4,373,000)	(4,450,000)	(4,427,400)	(4,455,000)
Subtotal PSP Oper Budget Approp / Exp's	(68,975,610)	(73,665,200)	(73,623,000)	(74,078,200)	(74,155,200)	(74,132,600)	(74,160,200)
TOTAL USE OF RESOURCES	(69,775,610)	(74,015,200)	(73,973,000)	(74,428,200)	(74,505,200)	(74,482,600)	(74,160,200)
YEAR END FUND BALANCE	2,213,260	3,111,970	2,903,610	3,173,160	3,382,750	3,043,800	3,177,310
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	3.1%	4.0%	3.8%	4.1%	4.3%	3.9%	4.1%

Assumptions:

1.Fees and charges are stable and are assumed to be increased by inflation. Only major known commitment cost increases are shown.
2.Tax rates have historically been adjusted to maintain a fund balance at a minimum of 3 percent of resources. Personal property tax rates have been set at approximately 2.5 times the real property tax rate, per FY01 State-mandated tax structure changes.
3.All labor and operating costs are shown as operating costs since M-NCPPC is not a component of Montgomery County Government.
4.Debt Service figures are provided by M-NCPPC and refelct bond issues for new projects using Park and Planning bonds.

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here

DEBT SERVICE - GENERAL OBLIGATION BONDS AND LONG & SHORT TERM LEASES

GO BOND DEBT SERVICE EXPENDITURES	Actual FY05	Actual FY06	Budget FY07	Estimated FY07	Recommended FY08	% Chg Rec/Bud	Rec % GO Bonds
General County	22,368,334	24,460,186	25,612,430	26,233,930	27,498,810		12.7%
Roads & Storm Drains	45,683,511	48,415,800	52,289,880	51,852,020	53,900,920		24.8%
Public Housing	297,081	281,544	266,000	266,000	250,420		0.1%
Parks	5,564,364	6,526,972	6,640,990	6,772,480	7,255,290		3.3%
Public Schools	86,162,421	88,421,768	97,404,250	96,365,830	109,707,010		50.5%
Montgomery College	4,730,719	6,012,792	6,725,030	6,815,470	7,891,260		3.6%
Bond Anticipation Notes/Commercial Paper	2,883,383	4,675,356	5,800,000	6,700,000	7,700,000		
Cost of Issuance: General Fund	630,299	915,831	976,880	976,880	1,005,210		
Total General Fund	168,320,112	179,710,249	195,715,460	195,982,610	215,208,920	10.0%	95.0%
Fire Tax District Fund	2,276,043	2,729,950	3,303,290	3,396,920	3,624,800	9.7%	1.7%
Mass Transit Fund	3,005,061	3,011,246	2,506,300	2,483,050	2,328,860	-7.1%	1.1%
Recreation Fund	3,981,838	4,611,661	4,862,820	4,989,520	4,874,680	0.2%	2.2%
Bradley Noise Abatement Fund	33,888	32,641	32,650	31,390	30,120	-7.7%	0.0%
Cabin John Noise Abatement Fund	10,051	9,683	9,320	9,320	8,940	-4.1%	0.0%
Total Tax Supported Other Funds	9,306,881	10,395,181	10,714,380	10,910,200	10,867,400	1.4%	5.0%
TOTAL TAX SUPPORTED	177,626,993	190,105,430	206,429,840	206,892,810	226,076,320	9.5%	100.0%
Non-Tax Supported							
Solid Waste Disposal Fund	58,431	55,156	2,720	2,720	2,540	-6.6%	0.0%
Total Non-Tax Supported	58,431	55,156	2,720	2,720	2,540	-6.6%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	177,685,424	190,160,586	206,432,560	206,895,530	226,078,860	9.5%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	1,904,509	1,901,051	2,211,270	2,211,270	2,216,070		
Revenue Authority - HHS Piccard Drive	634,512	620,993	633,200	633,200	633,490		
Silver Spring Garages	6,227,703	5,858,988	5,862,370	5,862,370	5,591,010		
Revenue Authority - Recreation Pools	3,153,782	3,100,172	3,060,310	3,068,000	3,041,800		
Fire and Rescue Equipment	-	-	600,000	-	650,000		
Liquor Control Warehouse - (Non-tax supported)	-	-	190,000	770,420	770,420		
TOTAL LONG-TERM LEASE EXPENDITURES	11,920,506	11,481,204	12,557,150	12,545,260	12,902,790		
SHORT-TERM LEASE EXPENDITURES							
Short Term Financing - Public Safety Radio	10,276,087	10,220,100	-	-	-		
Short Term Financing - Kay Property	1,158,045	1,170,751	871,600	871,600	871,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	11,434,132	11,390,851	871,600	871,600	871,600		
OTHER LONG-TERM DEBT							
MICRF Loan - **Tax supported**	110,360	55,180	-	-	-		
MHI-HUD Loan - **Non-Tax supported**	80,938	80,304	79,420	79,420	78,260		
Liquor Revenue Bonds - **Non-tax supported**	-	-	1,100,650	-	-		
T OTAL OTHER LONG-TERM DEBT	191,298	135,484	1,180,070	79,420	78,260	-93.4%	
DEBT SERVICE EXPENDITURES							
Tax Supported	**201,091,991**	**213,032,665**	**219,668,590**	**219,539,250**	**239,080,290**		
Non-Tax supported - Long-Term Leases	-	-	**190,000**	**770,420**	**770,420**		
Non-Tax Supported - Other & GO Bond Debt	**139,369**	**135,460**	**1,182,790**	**82,140**	**80,800**		
TOTAL DEBT SERVICE EXPENDITURES	***201,231,360***	***213,168,125***	***221,041,380***	***220,391,810***	***239,931,510***	***8.5%***	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	166,265,107	175,105,669	191,975,460	193,781,630	210,433,920		
Accrued Interest: GO Bonds-Non Pooled	462,377	290,278	340,000	300,980	575,000		
Accrued Interest: G.O.Refunding Bonds	520,918	451,331	-	-	-		
Accrued Interest: Installmt Notes, I&P; Street Assessmts	260,853	42,479	-	-	-		
BAN/Commercial Paper Investment Income	882,283	2,941,977	3,400,000	1,900,000	4,200,000		
Special Street Assessments	14,998	40,798	-	-	-		
Total General Fund Sources	168,406,536	178,872,532	195,715,460	195,982,610	215,208,920		
Fire Tax District Funds	2,359,752	2,758,039	3,303,290	3,396,920	3,624,800		
Mass Transit Fund	3,019,228	3,009,912	2,506,300	2,483,050	2,328,860		
Recreation Fund	3,797,538	4,607,795	4,862,820	4,989,520	4,874,680		
Bradley Noise Abatement Fund	33,888	32,641	32,650	31,390	30,120		
Cabin John Noise Abatement Fund	10,051	9,683	9,320	9,320	8,940		
Solid Waste Disposal Fund	58,431	55,156	2,720	2,720	2,540		
Capital Projects Fund		*814,828*					
Total Other Funding Sources	9,278,888	11,288,054	10,717,100	10,912,920	10,869,940		
TOTAL GO BOND FUNDING SOURCES	177,685,424	190,160,586	206,432,560	206,895,530	226,078,860		
NON GO BOND FUNDING SOURCES							
General Funds	20,200,856	19,771,883	9,578,440	9,578,440	9,312,170		
Montgomery Housing Initiative Fund	80,938	80,304	79,420	79,420	78,260		
Liquor Control Fund	-	-	1,290,650	770,420	770,420		
Economic Development Fund	110,360	55,180	-	-	-		
Recreation Fund	3,153,782	3,100,172	3,060,310	3,068,000	3,041,800		
Fire Tax District fund	-	-	600,000	-	650,000		
TOTAL NON GO BOND FUNDING SOURCES	23,545,936	23,007,539	14,608,820	13,496,280	13,852,650		
TOTAL FUNDING SOURCES	**201,231,360**	**213,168,125**	**221,041,380**	**220,391,810**	**239,931,510**		
TRANSFERS							
FROM: RSF Investment Income	2,369,863	4,719,842	4,904,290	5,960,600	6,161,852		
TO: CIP - PAYGO	2,369,863	4,719,842	4,904,290	5,960,600	6,161,852		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	200,000,000	200,000,000	-	250,000,000	-		
County Executive Recommended Issues	-	-	264,000,000	264,000,000	264,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS AND LONG & SHORT TERM LEASES

	Recommended FY08	Projected FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13
GO BOND DEBT SERVICE EXPENDITURES						
General County	27,498,810	28,928,700	33,766,630	37,940,890	42,019,950	42,450,270
Roads & Storm Drains	53,900,920	55,848,640	56,208,400	57,083,280	58,182,980	66,776,950
Public Housing	250,420	175,010	108,320	34,920	160,050	321,790
Parks	7,255,290	8,024,930	9,079,060	10,084,380	11,790,710	13,087,320
Public Schools	109,707,010	115,015,340	120,775,750	119,738,500	118,296,580	118,714,270
Montgomery College	7,891,260	11,214,230	14,311,810	17,028,720	19,697,670	20,684,090
Bond Anticipation Notes/Commercial Paper	7,700,000	7,700,000	7,000,000	7,100,000	7,200,000	7,200,000
Cost of Issuance	1,005,210	1,032,350	1,060,220	1,088,850	1,118,250	1,148,440
Total General Fund	215,208,920	227,939,200	242,310,190	250,099,540	258,466,190	270,383,130
Fire Tax District Fund	3,624,800	4,944,230	6,662,210	8,018,330	8,152,710	8,189,310
Mass Transit Fund	2,328,860	2,603,130	2,901,250	2,944,340	2,873,290	3,025,200
Recreation Fund	4,874,680	5,668,550	6,376,880	7,028,910	7,843,760	8,716,150
Bradley Noise Abatement Fund	30,120	28,810	27,500	26,180	24,870	23,550
Cabin John Noise Abatement Fund	8,940	8,560	8,170	7,780	7,390	7,000
Total Tax Supported Other Funds	10,867,400	13,253,280	15,976,010	18,025,540	18,902,020	19,961,210
TOTAL TAX SUPPORTED	226,076,320	241,192,480	258,286,200	268,125,080	277,368,210	290,344,340
Non-Tax Supported						
Solid Waste Disposal Fund	2,540	0	-	-	-	-
Total Non-Tax Supported	2,540	0	0	0	0	0
TOTAL GO BOND DEBT SERVICE EXPENDITURES	226,078,860	241,192,480	258,286,200	268,125,080	277,368,210	290,344,340
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	2,216,070	2,210,660	1,903,290	1,901,650	1,903,900	995,440
Revenue Authority - HHS Piccard Drive	633,490	632,700	635,700	632,500	633,040	636,870
Silver Spring Garages	5,591,010	5,553,520	5,590,330	5,544,320	5,544,170	5,574,900
Revenue Authority - Recreation Pools	3,041,800	2,662,970	2,664,820	2,325,820	2,325,680	2,323,020
Fire and Rescue Equipment	650,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Liquor Control Warehouse **(Non-tax supported)**	770,420	-	-	-	-	-
Ride On Buses	-	2,590,960	2,590,960	2,590,960	602,370	602,370
TOTAL LONG-TERM LEASE EXPENDITURES	12,902,790	17,450,810	17,185,100	16,795,250	14,809,160	13,932,600
SHORT-TERM LEASE EXPENDITURES						
Short Term Financing - Kay Property	871,600	871,600	-	-	-	-
TOTAL SHORT-TERM LEASE EXPENDITURES	871,600	871,600	-	-	-	-
OTHER LONG-TERM DEBT						
MHI-HUD Loan - **Non-Tax supported**	78,260	76,870	75,300	73,580	71,730	69,770
TOTAL OTHER LONG-TERM DEBT	78,260	76,870	75,300	73,580	71,730	69,770
DEBT SERVICE EXPENDITURES						
Tax Supported	**239,080,290**	**259,514,890**	**275,471,300**	**284,920,330**	**292,177,370**	**304,276,940**
Non-Tax supported - Long-Term Leases	**770,420**	**0**	**0**	**0**	**0**	**0**
Non-Tax Supported - Other & GO bond Debt	**80,800**	**76,870**	**75,300**	**73,580**	**71,730**	**69,770**
TOTAL DEBT SERVICE EXPENDITURES	**239,931,510**	**259,591,760**	**275,546,600**	**284,993,910**	**292,249,100**	**304,346,710**
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	210,433,920	223,264,200	237,935,190	245,724,540	253,991,190	265,908,130
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
BAN/Commercial Paper Investment Income	4,200,000	4,100,000	3,800,000	3,800,000	3,900,000	3,900,000
Total General Fund Sources	215,208,920	227,939,200	242,310,190	250,099,540	258,466,190	270,383,130
Fire Tax District Fund	3,624,800	4,944,230	6,662,210	8,018,330	8,152,710	8,189,310
Mass Transit Fund	2,328,860	2,603,130	2,901,250	2,944,340	2,873,290	3,025,200
Recreation Fund	4,874,680	5,668,550	6,376,880	7,028,910	7,843,760	8,716,150
Bradley Noise Abatement Fund	30,120	28,810	27,500	26,180	24,870	23,550
Cabin John Noise Abatement Fund	8,940	8,560	8,170	7,780	7,390	7,000
Solid Waste Disposal Fund	2,540	0	0	0	-	-
Total Other Funding Sources	10,869,940	13,253,280	15,976,010	18,025,540	18,902,020	19,961,210
TOTAL GO BOND FUNDING SOURCES	226,078,860	241,192,480	258,286,200	268,125,080	277,368,210	290,344,340
NON GO BOND FUNDING SOURCES						
General Funds	9,312,170	9,268,480	8,129,320	8,078,470	8,081,110	7,207,210
Montgomery Housing Initiative Fund	78,260	76,870	75,300	73,580	71,730	69,770
Mass Transit Fund	-	2,590,960	2,590,960	2,590,960	602,370	602,370
Liquor Control Fund	770,420	-	-	-	-	-
Recreation Fund	3,041,800	2,662,970	2,664,820	2,325,820	2,325,680	2,323,020
Fire Tax District Fund	650,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
TOTAL NON GO BOND FUNDING SOURCES	13,852,650	18,399,280	17,260,400	16,868,830	14,880,890	14,002,370
TOTAL FUNDING SOURCES	**239,931,510**	**259,591,760**	**275,546,600**	**284,993,910**	**292,249,100**	**304,346,710**
TRANSFERS						
FROM: RSF Investment Income	6,161,852	5,982,380	5,982,380	6,042,200	6,102,030	6,161,850
TO: CIP - PAYGO	6,161,852	5,982,380	5,982,380	6,042,200	6,102,030	6,161,850
TOTAL GENERAL OBLIGATION BOND SALES						
County Executive Recommended Issues (FY13 flatlined)	264,000,000	264,000,000	226,000,000	220,000,000	220,000,000	220,000,000
ESTIMATED INTEREST RATE	6.55%	6.30%	6.20%	6.20%	6.10%	6.10%

NON-TAX SUPPORTED FUNDS
SIX YEAR FISCAL PLANS

Montgomery County Government

- Cable Television Communications Plan
- Montgomery Housing Initiative Fund
- Water Quality Protection Fund
- Community Use of Public Facilities Fund
- Parking District Funds
- Solid Waste Collection and Disposal Funds
- Leaf Vacuuming Fund
- Permitting Services Fund
- Liquor Control Fund
- Risk Management Fund
- Central Duplicating, Mail, and Records Mgmt. Fund
- Employee Health Benefits Self Insurance Fund
- Motor Pool Fund

Maryland-National Capital Park and Planning Commission

- Enterprise Fund

Washington Suburban Sanitary Commission

- Water and Sewer Operating Funds

FY08 CABLE COMMUNICATIONS PLAN ($000's)

SCHEDULED EXPENDITURES	Actual FY06	Approved FY07	Estimated FY07	Recommended FY08	% Chg From '07 Plan	FY09	FY10	FY11	FY12	FY13
BEGINNING FUND BALANCE	**1,607**	**2,573**	**2,642**	**1,281**	**-50.2%**	**1,303**	**1,978**	**3,113**	**4,257**	**5,237**
REVENUES										
5% Franchise Fee	11,263	8,936	9,470	9,849	10.2%	10,105	10,368	10,638	10,915	11,199
G'Burg PEG Contribution	203	152	185	192	26.6%	197	202	207	212	218
PEG Operating	1,984	2,014	2,122	2,207	9.6%	2,264	2,323	2,383	2,445	2,509
PEG Capital/Equipment	230	236	239	246	4.3%	253	260	267	274	281
Verizon-Grant	0	0	250	200	0.0%	200	200	200	0	0
FiberNet Operating	1,417	1,453	1,474	1,518	4.5%	1,558	1,599	1,641	1,684	1,728
Interest Earned	154	178	200	200	12.4%	200	210	220	230	240
Tower Review Fees	122	55	130	75	36.4%	77	79	81	83	85
Miscellaneous	0	0	25	0	0.0%	0	0	0	0	0
Transfer from the General Fund	0	0	0	432	0.0%	1,232	832	832	832	0
TOTAL ANNUAL REVENUES	**15,373**	**13,024**	**14,095**	**14,919**	**14.6%**	**16,086**	**16,073**	**16,469**	**16,675**	**16,260**
TOTAL RESOURCES-CABLE FUND	**16,980**	**15,597**	**16,737**	**16,201**	**3.9%**	**17,389**	**18,051**	**19,582**	**20,932**	**21,497**
EXPENDITURES										
A. FRANCHISE ADMINISTRATION										
Personnel Costs	549	698	576	721 +	3.3%	740	759	779	799	820
Oper. Exp. & Cap. Outlay	76	71	71	73 +	2.8%	75	77	79	81	83
Engineering/Inspection	485	510	510	510 +	0.0%	523	537	551	565	580
Indirect costs trans to Gen Fund	174	194	194	202 [1]	4.1%	208	214	214	214	214
SUBTOTAL	**1,284**	**1,473**	**1,351**	**1,506**	**2.2%**	**1,546**	**1,587**	**1,623**	**1,659**	**1,697**
B. COUNTY ATTORNEY										
Personnel Costs	67	76	76	81	6.6%	85	89	93	97	101
SUBTOTAL	**67**	**76**	**76**	**81** [2] +	**6.6%**	**85**	**89**	**93**	**97**	**101**
C. OUTSIDE PROFESSIONAL SERVICES										
Legal and other	389	400	550	405	1.3%	416	427	438	449	461
SUBTOTAL	**389**	**400**	**550**	**405** +	**1.3%**	**416**	**427**	**438**	**449**	**461**
D. MUNI. FRANCHISE FEE SHARING										
Revenues to municipalities	636	643	682	709	10.3%	728	746	766	786	806
SUBTOTAL	**636**	**643**	**682**	**709** +	**10.3%**	**728**	**746**	**766**	**786**	**806**
E. MUNICIPAL EQUIPMENT & OPERATIONS										
Rockville Equipment (a)	43	50	52	54	8.0%	55	56	57	58	60
Rockville PEG Operating Support (a)	60	62	62	64	3.2%	66	68	70	72	74
Takoma Park Equipment (a)	43	50	52	54	8.0%	55	56	57	58	60
Takoma Park PEG Oper. Support (a)	60	62	62	64	3.2%	66	68	70	72	74
Municipal League Eqp. (a)	43	50	52	54	8.0%	55	56	57	58	60
Muni. League PEG Oper. Support (a)	60	62	62	64	3.2%	66	68	70	72	74
SUBTOTAL	**309**	**336**	**342**	**354** +	**5.4%**	**363**	**372**	**381**	**390**	**402**
F. COUNTY CABLE MONTGOMERY										
Administration										
Personnel Costs	166	264	176	304 +	15.2%	316	329	342	355	355
Operating	18	24	24	25 +	4.2%	25	26	27	28	29
Closed Captioning	187	248	248	290 +	16.9%	298	306	314	322	330
Technical Operations Center (TOC)	143	52	100	23 +	-55.8%	27	28	29	30	31
Arts PEG - AFI	0	0	0	0 +	0.0%	0	0	0	0	0
VOD, Community BB, web services	30	48	48	48 +	0.0%	49	50	51	52	53
Public Information Office										
Personnel Costs	182	175	175	185 [2] +	5.7%	194	203	212	222	232
Operating Expenses	8	10	10	12 [2] +	20.0%	11	12	13	14	15
Contracts - TV Production	385	414	414	414 +	0.0%	425	436	447	459	471
County Council										
Personnel Costs	30	32	32	36 [2] +	12.5%	38	40	42	44	46
Operating Expenses	39	86	86	48 +	-44.2%	48	50	52	54	55
Contracts - TV Production	370	440	440	480 +	9.1%	492	505	518	531	545
SUBTOTAL	**1,558**	**1,793**	**1,753**	**1,865**	**4.0%**	**1,923**	**1,985**	**2,047**	**2,111**	**2,162**

These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. This scenario represents one possible fiscal future based on the incorporated set of expenditure and resource assumptions. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources.

FY08 CABLE COMMUNICATIONS PLAN ($000's)

SCHEDULED EXPENDITURES	Actual FY06	Approved FY07	Estimated FY07	Recommended FY08	% Chg From '07 Plan	FY09	FY10	FY11	FY12	FY13
G. MONTGOMERY COLLEGE										
Personnel Costs	752	868	868	1000 [3]	15.2%	1026	1053	1080	1108	1137
Operating Expenses	187	199	199	219 [3]	10.1%	225	231	237	243	249
SUBTOTAL	**939**	**1,067**	**1,067**	**1,219**	**14.2%**	**1,251**	**1,284**	**1,317**	**1,351**	**1,386**
H. PUBLIC SCHOOLS										
Personnel Costs	1080	1173	1196	1234 [4]	5.2%	1,266	1,299	1,333	1,368	1,404
Operating Expenses	158	210	187	287 [4]	36.7%	294	302	310	318	326
SUBTOTAL	**1,238**	**1,383**	**1,383**	**1,521**	**10.0%**	**1,560**	**1,601**	**1,643**	**1,686**	**1,730**
I. COMMUNITY ACCESS ORGANIZATIONS (b)										
Personnel Costs	1,548	1,685	1,685	1,779	5.6%	1,825	1,872	1,921	1,971	2,022
Operating Expenses	726	720	720	755	4.9%	775	795	816	837	859
SUBTOTAL	**2,274**	**2,405**	**2,405**	**2,534** +	**5.4%**	**2,600**	**2,667**	**2,737**	**2,808**	**2,881**
J. PEG NETWORK										
PEG Equipment Replacement	783	879	879	884 +	0.6%	843	885	930	976	1025
Emergency Equipment Reserve	0	80	80	80 +	0.0%	82	84	86	88	90
PEG Network Engineering & Admin	40	142	142	40 +	-71.8%	44	46	49	51	54
Community Programming	35	46	46	50 +	8.7%	49	51	53	56	59
PEG Promotion	30	34	34	35 +	2.9%	36	37	38	40	42
PEG Network Operating	55	90	90	100 +	11.1%	103	106	109	112	115
Mobile Production Vehicle	593	82	82	82 +	0.0%	86	90	95	100	105
SUBTOTAL	**1,536**	**1,353**	**1,353**	**1,271**	**-6.1%**	**1,243**	**1,299**	**1,360**	**1,423**	**1,490**
K. OTHER										
Down County Comm. Media Facility	12	0	0	0 +	0.0%	0	0	0	0	0
Grants to Organizations	39	39	39	39 +	0.0%	39	39	39	39	39
SUBTOTAL	**51**	**39**	**39**	**39**	**0.0%**	**39**	**39**	**39**	**39**	**39**
PEG + ADMIN. SUBTOTAL	**10,281**	**10,968**	**11,001**	**11,504**	**4.9%**	**11,754**	**12,096**	**12,444**	**12,799**	**13,155**
L. INSTITUTIONAL TELECOMMUNICATIONS										
FiberNet-Operations (DTS)	975	1,175	1,175	1,182 [+]	0.6%	1,213	1,245	1,277	1,310	1,344
FiberNet-Operations (DPWT)	240	249	249	249 [+]	0.0%	255	262	269	276	283
FiberNet-CIP	1,000	1,970	1,970	1,735 [6]	-11.9%	1,560	1,335	1,335	1,310	0
Verizon-Cable Service to Public Buildings	0	0	0	0 [+]	0.0%	0	0	0	0	0
COB Renovations - CIP	0	0	0	228 [6]	0.0%	629	0	0	0	0
Advanced Transportation Management System (ATMS) - CIP	1,241	0	0	0	0.0%	0	0	0	0	0
Park & Planning Technology Projects	0	284	284	0 [7]	0.0%	0	0	0	0	0
SUBTOTAL	**3,456**	**3,678**	**3,678**	**3,394**	**-21.0%**	**3,657**	**2,842**	**2,881**	**2,896**	**1,627**
TOTAL EXPEND-PROGRAMS	**13,136**	**14,646**	**14,679**	**14,898**	**7.6%**	**15,411**	**14,938**	**15,325**	**15,695**	**14,782**
OTHER USES OF CATV FUNDS -										
Prior Year Adjustments	(601)	0	0	0	0.0%	0	0	0	0	0
CIP-Designated Claim on Fund	0	0	777	0		0	0	0	0	0
Transfer to the General Fund		284	284	0	0.0%	0	0	0	0	0
TOTAL OTHER USES & ADJ. -	**(601)**	**284**	**1,061**	**0**	**0%**	**0**	**0**	**0**	**0**	**0**
SURPLUS (DEFICIT)	**1,035**	**(1,622)**	**(584)**	**21**	**-101.3%**	**675**	**1,135**	**1,144**	**980**	**1,478**
FUND BALANCE	**2,642**	**951**	**1,281**	**1,303**	**37.0%**	**1,978**	**3,113**	**4,257**	**5,237**	**6,715**
FUND BALANCE per Policy Guidance		**734**	**784**	**810**		**831**	**853**	**875**	**898**	**922**
EXPENDITURES BY FUNDING SOURCE										
Transfer to Gen Fund-Indirect Costs	174	194	194	202 [1]	4.1%	208	214	214	214	214
Transfer to Gen Fund-Cable Opns	0	0	0	0 [2]	0.0%	0	0	0	0	0
Trans to Gen Fund-Mont Coll Cable Fd	939	1,067	1,067	1,219 [3]	14.2%	1,251	1,284	1,317	1,351	1,386
Trans to Gen Fund-Public Sch Cable Fd	1,238	1,383	1,383	1,521 [4]	10.0%	1,560	1,601	1,643	1,686	1,730
Trans to Gen Fund-FIBERNET Operations	0	0	0	0 [5]	0.0%	0	0	0	0	0
Transfer to CIP Fund	2,241	1,970	1,970	1,963 [6]	-0.4%	2,189	1,335	1,335	1,310	0
Transfer to the General Fund-Other	0	284	284	0 [7]	0.0%	0	0	0	0	0
CATV Fund Direct Expenditures	9,145	9,748	9,781	9,993 +	2.5%	10,203	10,504	10,816	11,134	11,452
TOTAL EXPEND-FUNDING SOURCE	**13,737**	**14,646**	**14,679**	**14,898**	**1.7%**	**15,411**	**14,938**	**15,325**	**15,695**	**14,782**

NOTES:

1. Transferred from the Cable Television Special Revenue Fund to the General Fund-Indirect Costs.
2. Transferred to General Fund for Cable Operations in prior years.
3. Transferred to General Fund for Montgomery College Cable Fund.
4. Transferred to General Fund for Montgomery County Public Schools Cable Fund.
5. Transferred to General Fund for FIBERNET Operations in prior years.
6. Transferred to CIP Fund
7. Transferred to to General Fund for Other Technology Related Use

(+) Funded directly from the Cable Television Special Revenue Fund.

(a) Maximum cable company contribution to fund municipal equipment

(b) Currently Montgomery Community Television, Inc.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			MONTGOMERY HOUSING INITIATIVE				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	6,935,170	1,075,930	587,750	1,381,820	2,929,620	5,313,660	8,486,700
REVENUES							
Miscellaneous	10,047,740	5,518,260	5,526,870	5,555,300	5,583,580	5,621,730	5,659,770
Subtotal Revenues	10,047,740	5,518,260	5,526,870	5,555,300	5,583,580	5,621,730	5,659,770
INTERFUND TRANSFERS (Net Non-CIP)	7,718,880	23,160,060	24,010,950	24,766,910	25,575,600	26,324,600	27,034,600
Transfers To The General Fund	(93,040)	(108,300)	(112,350)	(116,390)	(116,700)	(116,700)	(116,700)
Indirect Costs	(93,040)	(108,300)	(112,350)	(116,390)	(116,700)	(116,700)	(116,700)
Transfers From The General Fund	7,811,920	23,268,360	24,123,300	24,883,300	25,692,300	26,441,300	27,151,300
To MHI	7,811,920	23,268,360	24,123,300	24,883,300	25,692,300	26,441,300	27,151,300
TOTAL RESOURCES	24,701,790	29,754,250	30,125,570	31,704,030	34,088,800	37,259,990	41,181,070
CIP CURRENT REVENUE APPROP.	(500,000)	(500,000)	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(22,643,540)	(28,588,240)	(28,588,240)	(28,588,240)	(28,588,240)	(28,588,240)	(28,588,240)
Debt Service: Other (Non-Tax Funds only)	(79,420)	(78,260)	(76,870)	(75,300)	(73,580)	(71,730)	(69,770)
Labor Agreement	n/a	0	(32,230)	(64,460)	(66,910)	(66,910)	(66,910)
Annualization of Position			(45,030)	(45,030)	(45,030)	(45,030)	(45,030)
One-Time (computer and O/E new position)	n/a	n/a	4,000	4,000	4,000	4,000	4,000
Group Insurance (Premium Holiday adjustment)	n/a	n/a	(5,380)	(5,380)	(5,380)	(5,380)	(5,380)
Subtotal PSP Oper Budget Approp / Exp's	(23,125,860)	(28,666,500)	(28,743,750)	(28,774,410)	(28,775,140)	(28,773,290)	(28,771,330)
TOTAL USE OF RESOURCES	(23,625,860)	(29,166,500)	(28,743,750)	(28,774,410)	(28,775,140)	(28,773,290)	(28,771,330)
YEAR END FUND BALANCE	1,075,930	587,750	1,381,820	2,929,620	5,313,660	8,486,700	12,409,740
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	4.4%	2.0%	4.6%	9.2%	15.6%	22.8%	30.1%

Assumptions:

1. Maintains the County Executive's commitment to affordable housing. Per Council Resolution 15-110, the CE's recommended budget includes an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) to ensure the availability of $16.1 million or the equivalent of 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater.
2. The actual FY06 General Fund property taxes were $782,131,830. Therefore, the minimum level of funding for the Montgomery Housing Initiative fund (MHI) is $19,553,296. The Executive is recommending approximately $10 million in excess of the minimum level of resources to expand the availability of affordable housing in Montgomery County.
3. Per Council Bill 25A-4, paragraph (c), enacted November 30, 2004, effective April 1, 2005, the FY08 Montgomery Housing Initiative Fund (HIF) will not include an additional allocation from MPDU alternative payments.

Notes:

1. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			WATER QUALITY PROTECTION FUND				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
Number of Equivalent Residential Units (ERUs)	240,050	242,451	244,875	247,324	249,797	252,295	254,818
Water Quality Protection Charge per ERU	$25.23	$25.23	$28.75	$32.20	$32.20	$32.20	$33.00
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
BEGINNING FUND BALANCE	1,104,510	1,698,090	1,630,500	1,282,300	1,388,850	1,196,780	1,048,160
REVENUES							
Water Quality Protection Charge	6,026,180	6,086,440	7,004,960	7,924,010	8,003,250	8,083,280	8,366,950
Investment Income	220,000	230,000	230,000	240,000	250,000	260,000	270,000
Subtotal Revenues	6,246,180	6,316,440	7,234,960	8,164,010	8,253,250	8,343,280	8,636,950
INTERFUND TRANSFERS (Net Non-CIP)	(150,900)	(182,820)	(190,070)	(197,330)	(197,730)	(197,730)	(197,730)
Transfers To The General Fund	(150,900)	(182,820)	(190,070)	(197,330)	(197,730)	(197,730)	(197,730)
Indirect Costs	(150,900)	(182,820)	(190,070)	(197,330)	(197,730)	(197,730)	(197,730)
TOTAL RESOURCES	7,199,790	7,831,710	8,675,390	9,248,980	9,444,370	9,342,330	9,487,380
CIP CURRENT REVENUE APPROP.	(450,000)	(500,000)	(500,000)	(525,000)	(525,000)	(550,000)	(550,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(4,918,010)	(5,701,210)	(5,701,210)	(5,701,210)	(5,701,210)	(5,701,210)	(5,701,210)
Labor Agreement	n/a	0	(57,780)	(115,560)	(118,760)	(118,760)	(118,760)
Annualizations	n/a	n/a	(41,350)	(41,350)	(41,350)	(41,350)	(41,350)
FFIs - Inspection of new facilities			(30,260)	(60,520)	(90,780)	(121,040)	(151,300)
FFIs - Maintenance of new facilities due to transfer			(258,000)	(516,000)	(774,000)	(774,000)	(774,000)
FFIs - Maintenance of new facilities due to growth			(81,000)	(162,000)	(243,000)	(324,000)	(405,000)
FFIs - Easement program projected to end in FY11			0	0	0	104,680	104,680
FFIs - Annualization of MCPS facility maintenance			(633,800)	(633,800)	(633,800)	(633,800)	(633,800)
FFIs - Clarksburg Stream Gage Monitoring/Maintenance			(34,690)	(34,690)	(34,690)	(34,690)	(34,690)
FFIs -- Maintenance of new CIP projects	n/a	n/a	(55,000)	(70,000)	(85,000)	(100,000)	(115,000)
Subtotal PSP Oper Budget Approp / Exp's	(4,918,010)	(5,701,210)	(6,893,090)	(7,335,130)	(7,722,590)	(7,744,170)	(7,870,430)
OTHER CLAIMS ON FUND BALANCE	(133,687)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(5,501,697)	(6,201,210)	(7,393,090)	(7,860,130)	(8,247,590)	(8,294,170)	(8,420,430)
YEAR END FUND BALANCE	1,698,090	1,630,500	1,282,300	1,388,850	1,196,780	1,048,160	1,066,950
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	23.6%	20.8%	14.8%	15.0%	12.7%	11.2%	11.2%

Assumptions:

1. These projections are based on the Executive's Recommended budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. The projected future expenditures, revenues, and fund balances may vary based on changes to charges, usage, inflation, future labor agreements, and other factors not assumed here.
2. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
3. *The Water Quality Protection Charge* is applied to all residential and associated non-residential properties (associated non-residential properties are non-residential properties that drain into the stormwater facilities of residential properties), except for those in the cities of Rockville and Takoma Park.
4. Residential and associated non-residential property stormwater facilities will be maintained to permit standards as they are phased into the program.
5. Charges are adjusted to maintain a balance of around 10-15 percent of resources.
6. Operating costs for new facilities completed between FY08-FY13 have been incorporated in the Future Fiscal Impact (FFI) rows.
7. If the WQPC is used to fund other water resource protection programs beyond its current scope, the fund balance policy will be reevaluated.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			COMMUNITY USE OF PUBLIC FACILITIES				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
Rate Increase Pending ICB Approval	0.0%	0.0%	5.0%	0.0%	5.0%	0.0%	5.0%
Growth in Activity	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BEGINNING FUND BALANCE	2,269,410	2,598,590	2,272,070	1,918,710	1,469,420	1,437,580	1,376,900
REVENUES							
Charges For Services	7,860,070	8,044,610	8,520,090	8,600,550	9,076,060	9,156,550	9,632,090
Miscellaneous	120,000	120,000	120,000	120,000	130,000	140,000	150,000
Subtotal Revenues	7,980,070	8,164,610	8,640,090	8,720,550	9,206,060	9,296,550	9,782,090
INTERFUND TRANSFERS (Net Non-CIP)	(12,070)	(136,940)	(146,550)	(280,190)	(26,470)	(150,440)	(172,110)
TOTAL RESOURCES	10,237,410	10,626,260	10,765,610	10,359,070	10,649,010	10,583,690	10,986,880
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(7,638,820)	(8,354,190)	(8,354,190)	(8,354,190)	(8,354,190)	(8,354,190)	(8,354,190)
Labor Agreement	n/a	0	(102,680)	(205,350)	(212,030)	(212,030)	(212,030)
Annualizations and One-Time	n/a	n/a	58,000	58,000	58,000	58,000	58,000
Other Post Employment Benefits (OPEB)	n/a	0	(37,940)	(88,490)	(138,960)	(189,430)	(200,820)
Group Ins. Premium Holiday Adjustment	n/a	0	(17,470)	(17,470)	(17,470)	(17,470)	(17,470)
Elections	n/a	n/a	(3,290)	117,450	(137,110)	(13,140)	(16,470)
Increase Utility Reimbursement to MCPS	n/a	n/a	(281,820)	(289,430)	(297,100)	(304,820)	(312,590)
Office Lease	n/a	n/a	(13,500)	(14,040)	(14,600)	(15,180)	(15,790)
Database Server and Imaging System	n/a	0	0	0	0	(58,000)	0
Other (Longevity and Duplicating)	n/a	0	(780)	(380)	320	320	320
Other Increases in Reimbursements to MCPS	n/a	n/a	(93,230)	(95,750)	(98,290)	(100,850)	(103,420)
Subtotal PSP Oper Budget Approp / Exp's	(7,638,820)	(8,354,190)	(8,846,900)	(8,889,650)	(9,211,430)	(9,206,790)	(9,174,460)
TOTAL USE OF RESOURCES	(7,638,820)	(8,354,190)	(8,846,900)	(8,889,650)	(9,211,430)	(9,206,790)	(9,174,460)
YEAR END FUND BALANCE	2,598,590	2,272,070	1,918,710	1,469,420	1,437,580	1,376,900	1,812,420
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	25.4%	21.4%	17.8%	14.2%	13.5%	13.0%	16.5%

Assumptions:

1. The table reflects, for purposes of analysis only, general rate increases in FY09, FY11, and FY13. The ICB must review and approve any actual increase.
2. Changes in interfund transfers reflect the election cycle and receipts from the General Fund to offset the cost of free use and unpermitted field use.
3. The labor contract with the Municipal and County Government Employees Organization Local 1994 expires at the end of FY10.

Notes:

1. Fund balance is calculated on a net assets basis.
2. Fees and activity levels are adjusted to fund the approved service program and maintain an ending fund balance target of at least 10% of resources.
3. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Bethesda Parking Lot District				
FISCAL PROJECTIONS	**FY07 ESTIMATE**	**FY08 REC**	**FY09 PROJECTION**	**FY10 PROJECTION**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.280	0.280	0.280	0.280	0.280	0.280	0.280
Assessable Base: Real/Improved (000)	1,257,800	1,421,700	1,554,700	1,709,200	1,867,500	2,030,100	2,211,500
Property Tax Rate: Real/Unimproved	0.140	0.140	0.140	0.140	0.140	0.140	0.140
Assessable Base: Real/Unimproved (000)	68,400	77,300	84,500	92,900	101,500	110,300	120,200
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.700	0.700	0.700	0.700	0.700	0.700	0.700
Assessable Base: Personal/Improved (000)	152,200	153,100	154,900	156,800	158,700	160,700	162,800
Property Tax Rate: Personal/Unimproved	0.350	0.350	0.350	0.350	0.350	0.350	0.350
Assessable Base: Personal/Unimproved (000)	20,000	20,100	20,300	20,500	20,800	21,100	21,400
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	20,948,710	17,207,480	12,824,630	13,005,780	15,426,200	18,167,030	21,176,710
REVENUES							
Taxes	4,724,490	5,199,650	5,593,040	6,048,660	6,515,470	6,995,220	7,529,530
Charges For Services	8,230,260	8,405,000	8,640,340	8,873,630	9,108,780	9,345,610	9,583,920
Fines & Forfeitures	4,300,000	4,300,000	4,420,400	4,539,750	4,660,050	4,781,210	4,903,130
Miscellaneous	1,408,580	850,500	1,104,120	1,159,790	1,063,020	852,410	1,012,150
Subtotal Revenues	18,663,330	18,755,150	19,757,900	20,621,830	21,347,320	21,974,450	23,028,730
INTERFUND TRANSFERS (Net Non-CIP)	(6,251,810)	(6,263,380)	(6,235,420)	(6,384,730)	(6,510,330)	(6,634,950)	(6,754,210)
Transfers To The General Fund	(195,300)	(214,890)	(223,970)	(233,050)	(233,710)	(233,710)	(233,710)
Transfers To Special Fds: Tax Supported	(6,056,510)	(6,048,490)	(6,011,450)	(6,151,680)	(6,276,620)	(6,401,240)	(6,520,500)
To Transportation Management District / Bethesda Transportation Solutions	(1,579,510)	(1,745,810)	(1,794,690)	(1,843,150)	(1,891,990)	(1,941,180)	(1,990,680)
To Bethesda Urban Partnership Streetlighitng	(135,000)	0	0	0	0	0	0
To Bethesda Urban District	(1,668,000)	(2,065,900)	(1,917,360)	(1,947,050)	(1,960,570)	(1,972,970)	(1,979,310)
To Mass Transit (PVN)	(2,674,000)	(2,236,780)	(2,299,400)	(2,361,480)	(2,424,060)	(2,487,090)	(2,550,510)
TOTAL RESOURCES	33,360,230	29,699,250	26,347,110	27,242,880	30,263,190	33,506,530	37,451,230
CIP CURRENT REVENUE APPROP.	(3,772,500)	(4,825,000)	(1,018,000)	(867,000)	(867,000)	(867,000)	(867,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,982,060)	(7,165,180)	(7,289,350)	(7,441,740)	(7,675,890)	(7,914,920)	(8,158,000)
Debt Service: Other (Non-Tax Funds only)	(5,398,190)	(4,884,440)	(4,906,590)	(3,269,340)	(3,270,240)	(3,273,140)	(3,279,010)
GASB 45 - OPEB			(28,110)	(65,550)	(102,940)	(140,320)	(148,760)
Labor Agreement	n/a	0	(72,280)	(144,570)	(149,830)	(149,830)	(149,830)
Annualizations, One-Time & Other Misc.	n/a	n/a	(25,280)	(24,960)	(24,400)	(24,400)	(24,400)
Credit Card Fees for POF/PBS	n/a	n/a	(450)	(940)	(1,940)	(2,450)	(2,450)
Pay On Foot Maintenance	n/a	n/a	(1,270)	(2,580)	(3,920)	42,240	42,240
Subtotal PSP Oper Budget Approp / Exp's	(12,380,250)	(12,049,620)	(12,323,330)	(10,949,680)	(11,229,160)	(11,462,820)	(11,720,210)
TOTAL USE OF RESOURCES	(16,152,750)	(16,874,620)	(13,341,330)	(11,816,680)	(12,096,160)	(12,329,820)	(12,587,210)
YEAR END FUND BALANCE	17,207,480	12,824,630	13,005,780	15,426,200	18,167,030	21,176,710	24,864,020
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	51.6%	43.2%	49.4%	56.6%	60.0%	63.2%	66.4%

Assumptions:

1. The Cash balance includes funds required to be held by the District to cover Bond Covenants. Bond coverage (annual net revenues over debt service requirements) is maintained at about 240 percent in FY08. The minimum requirement is 125 percent.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Investment income is estimated to increase over the six years based upon projected cash balance.
4. Revenues for the air rights lease for Garage 49 are assumed in FY09 through FY13.
5. Large assessable base increases are due to economic growth and new projects coming online.
6. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
7. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Montgomery Hills Parking Lot District

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Assessable Base: Real/Improved (000)	21,300	24,100	26,400	29,000	31,700	34,500	37,600
Property Tax Rate: Real/Unimproved	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Assessable Base: Real/Unimproved (000)	500	600	700	800	900	1,000	1,100
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Assessable Base: Personal/Improved (000)	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Property Tax Rate: Personal/Unimproved	0.300	0.300	0.300	0.300	0.300	0.300	0.300
Assessable Base: Personal/Unimproved (000)	-	-	-	-	-	-	-
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	709,080	335,040	32,600	33,770	36,800	42,680	51,710
REVENUES							
Taxes	63,930	70,730	76,330	82,650	89,210	96,010	103,530
Charges For Services	23,500	41,710	42,880	44,040	45,210	46,390	47,570
Fines & Forfeitures	29,180	29,180	30,000	30,810	31,630	32,450	33,280
Miscellaneous	28,400	9,500	800	0	0	0	0
Subtotal Revenues	145,010	151,120	150,010	157,500	166,050	174,850	184,380
INTERFUND TRANSFERS (Net Non-CIP)	(42,360)	(43,590)	(33,970)	(34,960)	(35,770)	(36,580)	(37,380)
Transfers To The General Fund	(19,970)	(20,680)	(21,330)	(21,980)	(22,450)	(22,910)	(23,360)
Indirect Costs	(4,250)	(4,540)	(4,740)	(4,940)	(4,960)	(4,960)	(4,960)
Regional Services Center	(15,720)	(16,140)	(16,590)	(17,040)	(17,490)	(17,950)	(18,400)
Transfers To Special Fds: Tax Supported	(22,390)	(22,910)	(12,640)	(12,980)	(13,320)	(13,670)	(14,020)
To Mass Transit	(10,610)	(10,610)	0	0	0	0	0
To Mass Transit (PVN)	(11,780)	(12,300)	(12,640)	(12,980)	(13,320)	(13,670)	(14,020)
TOTAL RESOURCES	811,730	442,570	148,640	156,310	167,080	180,950	198,710
CIP CURRENT REVENUE APPROP.	(370,600)	(300,000)	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(106,090)	(109,970)	(113,050)	(116,100)	(120,860)	(125,700)	(130,620)
Labor Agreement	n/a	0	(1,580)	(3,170)	(3,300)	(3,300)	(3,300)
Group Insurance Premium Holiday Adj	0	0	(240)	(240)	(240)	(240)	(240)
Subtotal PSP Oper Budget Approp / Exp's	(106,090)	(109,970)	(114,870)	(119,510)	(124,400)	(129,240)	(134,160)
TOTAL USE OF RESOURCES	(476,690)	(409,970)	(114,870)	(119,510)	(124,400)	(129,240)	(134,160)
YEAR END FUND BALANCE	335,040	32,600	33,770	36,800	42,680	51,710	64,550
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	41.3%	7.4%	22.7%	23.5%	25.5%	28.6%	32.5%

Assumptions:

1. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
2. FY08 parking fees are increased and enforcement hours are extended to raise additional revenues to maintain fund balance policy.
3. The Mass Transit transfer in FY09-13 is eliminated to maintain fund balance policy. Each year, the District's finances will be evaluated and this figure will be adjusted as necessary.
4. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Silver Spring Parking Lot District

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.280	0.280	0.280	0.280	0.280	0.280	0.280
Assessable Base: Real/Improved (000)	1,494,400	1,689,200	1,847,200	2,030,800	2,218,800	2,412,000	2,627,500
Property Tax Rate: Real/Unimproved	0.140	0.140	0.140	0.140	0.140	0.140	0.140
Assessable Base: Real/Unimproved (000)	49,500	56,000	61,200	67,300	73,500	79,900	87,000
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.700	0.700	0.700	0.700	0.700	0.700	0.700
Assessable Base: Personal/Improved (000)	136,100	136,900	138,500	140,200	141,900	143,700	145,600
Property Tax Rate: Personal/Unimproved	0.350	0.350	0.350	0.350	0.350	0.350	0.350
Assessable Base: Personal/Unimproved (000)	5,400	5,400	5,500	5,600	5,700	5,800	5,900
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	4,509,020	3,308,590	3,348,440	763,360	1,773,910	3,222,410	5,310,520
REVENUES							
Taxes	5,193,860	5,750,650	6,209,110	6,740,760	7,284,810	7,844,310	8,467,540
Charges For Services	6,600,000	7,235,000	7,437,580	7,638,390	7,840,810	8,044,670	8,249,810
Fines & Forfeitures	1,800,000	1,800,000	1,850,400	1,900,360	1,950,720	2,001,440	2,052,480
Miscellaneous	338,200	81,800	0	0	0	0	0
Subtotal Revenues	13,932,060	14,867,450	15,497,090	16,279,510	17,076,340	17,890,420	18,769,830
INTERFUND TRANSFERS (Net Non-CIP)	(462,800)	(1,948,370)	(2,300,330)	(2,356,440)	(2,409,880)	(2,459,090)	(2,504,420)
Transfers To The General Fund	(207,800)	(229,670)	(238,950)	(248,230)	(248,930)	(248,930)	(248,930)
Transfers To Special Fds: Tax Supported	(1,453,000)	(1,718,700)	(2,061,380)	(2,108,210)	(2,160,950)	(2,210,160)	(2,255,490)
Transfers From The General Fund	1,198,000	0	0	0	0	0	0
TOTAL RESOURCES	17,978,280	16,227,670	16,545,200	14,686,430	16,440,370	18,653,740	21,575,930
CIP CURRENT REVENUE APPROP.	(3,504,200)	(2,341,000)	(4,940,000)	(2,640,000)	(2,640,000)	(2,640,000)	(2,640,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,727,050)	(9,698,040)	(9,855,080)	(10,034,190)	(10,300,550)	(10,486,850)	(10,677,530)
Debt Service: Other (Non-Tax Funds only)	(2,438,440)	(840,190)	(855,940)	0	0	0	0
GASB 45 - OPEB	0	0	(22,490)	(52,440)	(82,350)	(112,250)	(119,010)
Labor Agreement	n/a	0	(73,890)	(147,780)	(153,350)	(153,350)	(153,350)
Annualizations & Other Misc	n/a	n/a	(30,660)	(30,400)	(29,950)	(29,950)	(29,950)
Credit Card Fees for POF/PBS	n/a	n/a	(1,240)	(2,560)	(3,920)	(5,320)	(5,320)
Pay On Foot Maintenance	n/a	n/a	(2,540)	(5,150)	(7,840)	84,500	84,500
Subtotal PSP Oper Budget Approp / Exp's	(11,165,490)	(10,538,230)	(10,841,840)	(10,272,520)	(10,577,960)	(10,703,220)	(10,900,660)
TOTAL USE OF RESOURCES	(14,669,690)	(12,879,230)	(15,781,840)	(12,912,520)	(13,217,960)	(13,343,220)	(13,540,660)
YEAR END FUND BALANCE	3,308,590	3,348,440	763,360	1,773,910	3,222,410	5,310,520	8,035,270
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	18.4%	20.6%	4.6%	12.1%	19.6%	28.5%	37.2%

Assumptions:

1. The Cash balance includes funds required to be held by the District to cover Bond Covenants. Bond coverage (annual net revenues over debt service requirements) is maintained at about 615 percent in FY08. The minimum requirement is 125 percent.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. Operating subsidy in FY07 is necessary to maintain fund balance policy.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
6. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Wheaton Parking Lot District

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.240	**0.240**	0.240	0.240	0.240	0.240	0.240
Assessable Base: Real/Improved (000)	213,200	**241,000**	263,500	289,700	316,500	344,100	374,800
Property Tax Rate: Real/Unimproved	0.120	**0.120**	0.120	0.120	0.120	0.120	0.120
Assessable Base: Real/Unimproved (000)	1,100	**1,200**	1,300	1,400	1,500	1,600	1,700
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.600	**0.600**	0.600	0.600	0.600	0.600	0.600
Assessable Base: Personal/Improved (000)	9,900	**10,000**	10,100	10,200	10,300	10,400	10,500
Property Tax Rate: Personal/Unimproved	0.300	**0.300**	0.300	0.300	0.300	0.300	0.300
Assessable Base: Personal/Unimproved (000)	3,200	**3,200**	3,200	3,200	3,200	3,200	3,200
Property Tax Collection Factor: Personal Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.76%	**12.56%**	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	**3.1%**	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	**5.2%**	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	2,111,340	1,093,880	985,430	695,480	651,380	634,780	645,820
REVENUES							
Taxes	578,500	**645,540**	699,940	763,150	827,800	894,360	968,310
Charges For Services	660,000	**952,040**	978,700	1,005,120	1,031,760	1,058,590	1,085,580
Fines & Forfeitures	300,000	**480,000**	493,440	506,760	520,190	533,710	547,320
Miscellaneous	84,100	**33,200**	11,100	0	0	0	0
Subtotal Revenues	1,622,600	2,110,780	2,183,180	2,275,030	2,379,750	2,486,660	2,601,210
INTERFUND TRANSFERS (Net Non-CIP)	(1,093,540)	(814,240)	(1,109,170)	(938,860)	(972,200)	(1,002,870)	(1,032,750)
Transfers To The General Fund	(28,450)	(32,430)	(33,840)	(35,260)	(35,360)	(35,360)	(35,360)
Transfers To Special Fds: Tax Supported	(1,065,090)	(781,810)	(1,075,330)	(903,600)	(936,840)	(967,510)	(997,390)
To Mass Transit	(187,090)	(195,260)	(200,730)	0	0	0	0
To Mass Transit (PVN)	(163,000)	(212,850)	(218,810)	(224,720)	(230,680)	(236,680)	(242,720)
To Wheaton Urban District	(715,000)	(373,700)	(655,790)	(678,880)	(706,160)	(730,830)	(754,670)
TOTAL RESOURCES	2,640,400	2,390,420	2,059,440	2,031,650	2,058,930	2,118,570	2,214,280
CIP CURRENT REVENUE APPROP.	(500,000)	(240,000)	(157,000)	(157,000)	(157,000)	(157,000)	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,046,520)	(1,164,990)	(1,186,100)	(1,185,340)	(1,222,630)	(1,265,370)	(1,314,270)
GASB 45 - OPEB	0	0	(4,220)	(9,830)	(15,440)	(21,050)	(22,310)
Labor Agreement	n/a	0	(11,260)	(22,520)	(23,330)	(23,330)	(23,330)
Annualizations and Other Misc	n/a	n/a	(5,150)	(5,110)	(5,020)	(5,020)	(5,020)
Credit Card Bank Fees for Pay-On-Foot and Pay-By-Space	n/a	n/a	(230)	(470)	(730)	(980)	(980)
Subtotal PSP Oper Budget Approp / Exp's	(1,046,520)	(1,164,990)	(1,206,960)	(1,223,270)	(1,267,150)	(1,315,750)	(1,365,910)
TOTAL USE OF RESOURCES	(1,546,520)	(1,404,990)	(1,363,960)	(1,380,270)	(1,424,150)	(1,472,750)	(1,365,910)
YEAR END FUND BALANCE	1,093,880	985,430	695,480	651,380	634,780	645,820	848,370
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	41.4%	41.2%	33.8%	32.1%	30.8%	30.5%	38.3%

Assumptions:

1. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
2. Parking enforcement hours are extended to raise additional revenues to maintain fund balance policy.
3. The Mass Transit transfer is eliminated in FY10-13 to maintain fund balance policy. Each year, the District's finances will be evaluated and this figure will be adjusted as necessary.
4. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY09-13 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			SOLID WASTE COLLECTION FUND				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Charge Per Household (once-weekly refuse collection)	$66.00	$66.00	$74.00	$77.00	$82.00	$87.00	$92.00
Households Receiving Collection Services	87,393	88,793	88,993	90,505	92,018	92,218	92,518
BEGINNING FUND BALANCE	1,433,730	1,561,040	925,500	942,160	1,032,500	1,048,130	1,149,150
REVENUES							
Charges For Services	5,752,810	5,860,340	6,585,480	6,968,890	7,545,480	8,022,970	8,511,660
Miscellaneous	110,000	120,000	130,000	140,000	150,000	160,000	160,000
Subtotal Revenues	5,862,810	5,980,340	6,715,480	7,108,890	7,695,480	8,182,970	8,671,660
INTERFUND TRANSFERS (Net Non-CIP)	(124,960)	(135,150)	(141,530)	(147,800)	(167,620)	(175,100)	(182,840)
TOTAL RESOURCES	7,171,580	7,406,230	7,499,450	7,903,250	8,560,360	9,056,000	9,637,970
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,610,540)	(6,480,730)	(6,506,520)	(6,770,030)	(7,407,300)	(7,801,920)	(8,307,240)
Labor Agreement	n/a	0	(50,770)	(100,720)	(104,930)	(104,930)	(104,930)
Subtotal PSP Oper Budget Approp / Exp's	(5,610,540)	(6,480,730)	(6,557,290)	(6,870,750)	(7,512,230)	(7,906,850)	(8,412,170)
TOTAL USE OF RESOURCES	(5,610,540)	(6,480,730)	(6,557,290)	(6,870,750)	(7,512,230)	(7,906,850)	(8,412,170)
YEAR END FUND BALANCE	1,561,040	925,500	942,160	1,032,500	1,048,130	1,149,150	1,225,800
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	21.8%	12.5%	12.6%	13.1%	12.2%	12.7%	12.7%

Assumptions:

1. Refuse collection charges are adjusted to achieve cost recovery.

Notes:

1. The refuse collection charge is adjusted annually to fund the approved service program and to maintain an ending net asset balance between 10% and 15% of resources at the end of the six-year planning period. The fund balance policy for the Collection Fund was completed in August 2004.
2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here.

FY08-13 DIVISION OF SOLID WASTE SERVICES			SOLID WASTE DISPOSAL FUND				
FISCAL PROJECTIONS	ESTIMATED FY07	RECOMMENDED FY08	PROJECTED FY09	PROJECTED FY10	PROJECTED FY11	PROJECTED FY12	PROJECTED FY13
CHARGES/FEES							
Single-Family Charges ($/Household)	194.38	198.42	205.03	210.67	217.08	220.89	225.98
Multi-Family Charges ($/Dwelling Unit)	18.15	16.41	18.49	20.25	20.73	21.31	21.11
Nonresidential Charges (average $/2000 sq ft.)	169.10	172.81	192.93	210.94	225.29	245.01	261.63

OPERATIONS CALCULATION

Goal is to maintain Net Change near zero

REVENUES							
Disposal Fees	27,428,040	32,097,580	32,060,910	32,024,250	31,996,460	31,968,670	31,940,880
Charges for Services/SBC	47,571,990	46,854,740	52,525,540	56,183,450	59,467,490	62,690,860	65,797,820
Miscellaneous	11,942,110	9,949,100	10,565,130	10,655,830	10,759,490	10,841,560	10,926,160
Investment Income	4,446,740	3,848,720	3,799,230	3,748,000	3,709,320	3,675,190	3,401,190
Subtotal Revenues	**91,388,880**	**92,750,140**	**98,950,610**	**102,611,530**	**105,932,760**	**109,176,280**	**112,066,060**
INTERFUND TRANSFERS	**1,318,610**	**1,350,940**	**1,492,210**	**1,194,370**	**1,220,910**	**1,234,990**	**1,158,820**
EXPENDITURES	-	-	-	-	-	-	-
Personnel Costs	(7,629,900)	(8,315,280)	(8,813,520)	(9,284,940)	(9,711,110)	(10,152,300)	(10,608,770)
Operating Expenses	(85,595,210)	(82,254,110)	(83,820,020)	(87,656,210)	(97,752,470)	(101,840,120)	(102,870,270)
Capital Outlay	(1,105,090)	(1,928,100)	(1,546,720)	(1,760,630)	(800,050)	(1,091,660)	-
Subtotal Expenditures	**(94,330,200)**	**(92,497,490)**	**(94,180,260)**	**(98,701,780)**	**(108,263,630)**	**(113,084,080)**	**(113,479,040)**
CURRENT RECEIPTS TO CIP	**(7,211,000)**	**(8,035,000)**	-	-	-	-	-
POTENTIAL FUTURE RECEIPTS TO THE CIP	-	-	**(3,607,000)**	**(9,667,000)**	-	-	-
PAYOUT OF CLOSURE COSTS (Non-CIP)	**1,602,290**	**1,465,470**	**1,468,790**	**1,510,850**	**1,553,410**	**1,596,430**	**1,639,890**
CY ACCRUED CLOSURE COSTS	**(52,610)**	**(51,810)**	**(43,330)**	**(42,060)**	**(42,550)**	**(43,020)**	**(43,460)**
NET CHANGE	**(7,284,030)**	**(5,017,750)**	**4,081,220**	**(3,094,090)**	**400,900**	**(1,119,400)**	**1,342,270**

CASH POSITION

Goal is to maintain Cash and Investments Over/(Under) Reserve Requirements at greater than zero

ENDING CASH & INVESTMENTS							
Unrestricted Cash	32,453,020	24,251,750	23,673,030	19,700,860	17,670,280	14,053,980	12,637,640
Restricted Cash	34,296,550	36,198,030	39,866,290	39,948,730	41,106,560	42,498,830	43,930,240
Subtotal Cash & Investments	**66,749,570**	**60,449,780**	**63,539,330**	**59,649,590**	**58,776,840**	**56,552,810**	**56,567,880**
RESERVE & LIABILITY REQUIREMENTS	-	-	-	-	-	-	-
Management Reserve	(22,120,130)	(23,445,130)	(26,089,940)	(26,063,220)	(27,268,830)	(27,664,950)	(29,815,970)
Debt Service Reserve	(2,234,040)	(1,915,500)	(1,590,000)	(1,248,000)	(893,000)	(524,000)	(255,500)
Future System Contingency Reserve	(1,061,480)	(1,061,480)	(1,766,870)	(2,472,260)	(3,177,660)	(3,883,050)	(4,588,440)
Research & Development Reserve	(2,559,740)	(2,878,260)	(3,202,760)	(3,532,740)	(3,868,390)	(4,205,800)	(4,545,130)
Renewal & Replacement Reserve	(3,237,600)	(3,282,180)	(3,358,440)	(3,449,120)	(3,540,520)	(3,632,570)	(3,725,210)
Stability Reserve	(3,083,580)	(3,615,480)	(3,858,270)	(3,183,390)	(2,358,160)	(2,588,450)	(1,000,000)
Subtotal Reserve Requirements	**(34,296,550)**	**(36,198,030)**	**(39,866,290)**	**(39,948,730)**	**(41,106,560)**	**(42,498,830)**	**(43,930,250)**
Closure/Postclosure Liability	(20,606,250)	(19,192,590)	(17,767,120)	(16,298,320)	(14,787,470)	(13,234,060)	(11,637,630)
Subtotal Reserve & Liability Requirements	**(54,902,800)**	**(55,390,610)**	**(57,633,410)**	**(56,247,050)**	**(55,894,020)**	**(55,732,890)**	**(55,567,880)**
CASH & INVESTMENTS OVER/(UNDER) RESERVE & LIABILITY REQUIREMENTS	**11,846,770**	**5,059,160**	**5,905,920**	**3,402,540**	**2,882,820**	**819,920**	**1,000,000**

RETAINED EARNINGS

Goal is to maintain Retained Earnings at greater than reserve requirements

ENDING RETAINED EARNINGS	57,626,220	63,352,050	73,714,570	83,600,330	86,182,910	87,891,860	89,658,890
Less: Reserve Requirements	(34,296,550)	(36,198,030)	(39,866,290)	(39,948,730)	(41,106,560)	(42,498,830)	(43,930,250)
RETAINED EARNINGS OVER/(UNDER) RESERVE REQUIREMENTS	**23,329,660**	**27,154,020**	**33,848,270**	**43,651,610**	**45,076,360**	**45,393,040**	**45,728,640**

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			VACUUM LEAF FUND				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Charge per single-family household	$76.92	$80.54	$85.67	$83.57	$90.20	$94.22	$97.08
Charge per multi-family unit and townhome unit	$2.96	$3.50	$3.72	$3.63	$3.92	$4.09	$4.22
Single-family households in leaf collection district	79,194	72,166	72,329	73,558	74,787	74,950	75,194
Multi-family units in leaf collection district	38,181	47,067	47,173	47,974	48,776	48,882	49,041
BEGINNING NET ASSETS	140,410	380,340	440,340	500,340	560,340	620,340	680,340
REVENUES							
Charges For Services	6,184,350	5,977,080	6,372,020	6,321,500	6,937,080	7,262,140	7,506,420
Miscellaneous	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Subtotal Revenues	6,244,350	6,037,080	6,432,020	6,381,500	6,997,080	7,322,140	7,566,420
INTERFUND TRANSFERS (Net Non-CIP)	(1,224,930)	(1,185,860)	(1,411,050)	(1,193,420)	(1,333,250)	(1,431,290)	(1,441,820)
TOTAL RESOURCES	5,159,830	5,231,560	5,461,310	5,688,420	6,224,170	6,511,190	6,804,940
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(4,779,490)	(4,791,220)	(4,830,940)	(4,870,320)	(5,336,580)	(5,563,600)	(5,797,350)
Labor Agreement	n/a	0	(130,030)	(257,760)	(267,250)	(267,250)	(267,250)
Subtotal PSP Oper Budget Approp / Exp's	(4,779,490)	(4,791,220)	(4,960,970)	(5,128,080)	(5,603,830)	(5,830,850)	(6,064,600)
TOTAL USE OF RESOURCES	(4,779,490)	(4,791,220)	(4,960,970)	(5,128,080)	(5,603,830)	(5,830,850)	(6,064,600)
YEAR END NET ASSETS	380,340	440,340	500,340	560,340	620,340	680,340	740,340
END-OF-YEAR NET ASSETS AS A PERCENT OF RESOURCES	7.4%	8.4%	9.2%	9.9%	10.0%	10.4%	10.9%

Assumptions:

1. Prior to FY04, the Vacuum Leaf Collection program was accounted for within the Solid Waste Disposal Sub-Fund. Beginning in FY04, this program's operations are accounted for within a separate sub-fund of the Solid Waste Enterprise Fund.
2. Leaf vacuuming charges are adjusted to achieve cost recovery.
3. Beginning in FY08, townhouse units in the leaf collection district will be grouped with multi-family units rather than with single-family homes for allocation of leaf collection charges.

Notes:

1. The rates have been set to establish a fund balance of at least $250,000 at the end of FY08, consistent with the fund balance policy developed in August 2004. In future years, rates will be adjusted annually to fund the approved service program and maintain the appropriate ending funding balance.
2. It is the Executive's intent to undertake a reconciliation of prior years' records to ensure that the costs of this program are properly allocated to this fund.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN | **PERMITTING SERVICES**

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.76%	12.56%	12.56%	12.56%	12.56%	12.56%	12.56%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	5.2%	5.2%	5.0%	5.0%	5.1%	5.1%	5.2%
BEGINNING FUND BALANCE	2,845,140	(551,830)	899,230	866,580	817,520	776,820	1,402,130
REVENUES							
Licenses & Permits	20,808,490	27,293,670	29,599,260	31,738,250	33,985,640	36,055,970	36,957,360
Charges For Services	1,930,060	2,383,180	58,500	62,730	67,170	71,260	73,040
Fines & Forfeitures	124,680	153,950	160,480	172,080	184,270	195,500	200,390
Miscellaneous	651,400	543,300	552,500	577,500	608,500	640,100	672,100
Subtotal Revenues	23,514,630	30,374,100	30,370,740	32,550,560	34,845,580	36,962,830	37,902,890
INTERFUND TRANSFERS (Net Non-CIP)	(1,942,750)	(1,858,830)	(2,022,020)	(2,182,840)	(2,199,580)	(2,199,580)	(2,199,580)
Transfers To The General Fund	(2,982,940)	(3,002,260)	(3,165,450)	(3,326,270)	(3,343,010)	(3,343,010)	(3,343,010)
Transfers To Special Fds: Non-Tax + ISF	(64,800)	0	0	0	0	0	0
Transfers From The General Fund	1,104,990	1,143,430	1,143,430	1,143,430	1,143,430	1,143,430	1,143,430
TOTAL RESOURCES	24,417,020	27,963,440	29,247,950	31,234,300	33,463,520	35,540,070	37,105,440
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(24,968,850)	(27,064,210)	(28,509,900)	(29,935,500)	(31,230,360)	(32,428,830)	(33,664,620)
Annualizations and One-Time	n/a	n/a	735,000	735,000	735,000	735,000	735,000
IT Replacement Plan	0	0	0	(60,000)	(550,000)	(375,000)	0
IT Lease Payments & Maintenance	n/a	n/a	(96,130)	(186,110)	(211,870)	(171,850)	(166,250)
Insurance Premium Holiday/Central Duplication	0	0	(149,450)	(146,050)	(140,110)	(140,110)	(140,110)
GASB OPEB Costs	0	0	(300,700)	(701,310)	(1,101,390)	(1,501,360)	(1,591,700)
Office Rent	0	n/a	(60,190)	(122,810)	(187,970)	(255,790)	(326,380)
Subtotal PSP Oper Budget Approp / Exp's	(24,968,850)	(27,064,210)	(28,381,370)	(30,416,780)	(32,686,700)	(34,137,940)	(35,154,060)
TOTAL USE OF RESOURCES	(24,968,850)	(27,064,210)	(28,381,370)	(30,416,780)	(32,686,700)	(34,137,940)	(35,154,060)
YEAR END FUND BALANCE	(551,830)	899,230	866,580	817,520	776,820	1,402,130	1,951,380
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-2.3%	3.2%	3.0%	2.6%	2.3%	3.9%	5.3%

Assumptions:

1. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. Major initiatives in this budget include: full implementation of drainage plan review activities ($551,390) and the upgrade/replacement of the Hansen permitting system ($700,000). FY08 costs also reflect increased information technology maintenance costs associated with the Hansen upgrade. Costs related to a previously proposed residential use and occupancy requirement have been eliminated since enabling legislation was not passed.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
4. Key components of Permitting Service's information technology replacement plan include: FY08 permitting system software upgrades ($700,000); FY10 printer ($60,000), FY11 server ($350,000), and scanner ($200,000) replacement; FY12 database server replacement ($375,000), and routine DCM replacements. Financing costs will range from $9,230 - $122,280 from FY08 - FY11. Maintenance costs will increase significantly with the Hansen upgrade from $200,000 in FY08 to almost $500,000 by FY13.
5. Fees are proposed to increase by 6.7 percent, and a 1 percent growth factor in underlying activity has been assumed. A base revenue factor reflecting average revenues over an eight year period has been used since FY05 and FY06 actual revenues, and FY07 estimated revenues are not representative of usual revenue trends. Building permit fees have also been increased to reflect new drainage ordinance requirements; and land development and special exception fees have been increased to implement a multi-year fee realignment effort to more accurately reflect related expenses.
6. The year-end unrestricted net asset and cash fund balances are targeted to ensure protection against possible cyclical softening of the construction market and related permit fee revenues. Unrestricted net assets are reported above.

Major Issues:

1. In FY07, the Fund is expected to experience a $6.8 million shortfall in revenues, resulting in a negative unrestricted net asset fund balance. The department has undertaken a number of FY07 expenditure reductions and recommended additional FY08 fee increases and expenditure reductions to return the fund to a healthy position.
2. The Fund faces uncertainty due to pending legislative proposals, M-NCPPC operational changes, and the response of the private construction industry to these and other market factors.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			DEPARTMENT OF LIQUOR CONTROL				
FISCAL PROJECTIONS	**FY07 ESTIMATE**	**FY08 REC**	**FY09 PROJECTION**	**FY10 PROJECTION**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**
ASSUMPTIONS							
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
BEGINNING CASH BALANCE	9,247,170	8,264,370	3,315,880	4,057,580	5,132,140	7,807,700	12,297,840
REVENUES							
Taxes	0	0	0	0	0	0	0
Licenses & Permits	0	1,453,000	1,493,680	1,534,010	1,574,660	1,615,600	1,656,800
Charges For Services	0	9,900	10,180	10,460	10,740	11,020	11,310
Fines & Forfeitures	0	220,000	226,160	232,270	238,430	244,630	250,870
Intergovernmental	0	0	0	0	0	0	0
Miscellaneous	55,022,900	57,234,700	59,521,440	61,899,660	64,373,010	66,945,290	69,620,460
Subtotal Revenues	55,022,900	58,917,600	61,251,460	63,676,400	66,196,840	68,816,540	71,539,440
INTERFUND TRANSFERS (Net Non-CIP)	(22,919,480)	(22,920,470)	(18,335,570)	(17,854,680)	(17,766,540)	(17,866,540)	(17,966,540)
Transfers To Debt Service Fund	(770,420)	(770,420)	0	0	0	0	0
Liquor Revenue Bonds-Transportation Projects	0	0	0	0	0	0	0
Short Term Lease-Liquor Warehouse	(770,420)	(770,420)	0	0	0	0	0
Transfers To The General Fund	(22,149,060)	(22,150,050)	(18,335,570)	(17,854,680)	(17,766,540)	(17,866,540)	(17,966,540)
TOTAL RESOURCES	41,350,590	44,261,500	46,231,770	49,879,300	53,562,440	58,757,700	65,870,740
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(31,116,220)	(38,945,620)	(38,945,620)	(38,945,620)	(38,945,620)	(38,945,620)	(38,945,620)
Debt Service Other:State Transportation Projects	0	n/a	(1,300,000)	(1,900,000)	(2,000,000)	(1,900,000)	(1,800,000)
Labor Agreement	n/a	n/a	(1,202,000)	(2,393,100)	(2,511,680)	(2,511,680)	(2,511,680)
Annualizations and One-Time	n/a	n/a	75,000	75,000	75,000	75,000	75,000
Retail Store Leases	n/a	n/a	(184,280)	(386,280)	(599,280)	(821,280)	(821,280)
Other Post Employment Benefits (OPEB)	n/a	n/a	(438,410)	(1,022,470)	(1,605,770)	(2,188,890)	(2,320,600)
Group Insurance Premium Holiday/Central Duplication	n/a	n/a	(178,880)	(174,690)	(167,390)	(167,390)	(167,390)
Subtotal PSP Oper Budget Approp / Exp's	(31,116,220)	(38,945,620)	(42,174,190)	(44,747,160)	(45,754,740)	(46,459,860)	(46,491,570)
OTHER CLAIMS ON CASH BALANCE	(1,970,000)	(2,000,000)	0	0	0	0	0
TOTAL USE OF RESOURCES	(33,086,220)	(40,945,620)	(42,174,190)	(44,747,160)	(45,754,740)	(46,459,860)	(46,491,570)
YEAR END CASH BALANCE	8,264,370	3,315,880	4,057,580	5,132,140	7,807,700	12,297,840	19,379,170
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	20.0%	7.5%	8.8%	10.3%	14.6%	20.9%	29.4%

Assumptions:

1. **Ending cash balance = One month's Operating Expenses, One Payroll, and $1.5M for inventory.**
2. ***Net Sales growth estimated at 4% per year.***
3. **Operating Revenue growth estimated at 4% per year.**
4. **Operating Expenses grow with Major Known Commitments and not CPI.**
5. **One new store in FY08.**
6. **The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.**
7. **The transfer to debt service of $770,420 in FY07 and in FY08 is for the Temperature Controlled Warehouse.**
8. **Effective FY08, financing for State transportation projects is appropriated in the Department of Liquor Control.**

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN — RISK MANAGEMENT

FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
Revenue Increase	0	0	25%	9%	9%	9%	9%
BEGINNING FUND BALANCE	13,868,160	14,325,430	11,016,490	12,219,020	13,258,180	14,384,170	15,426,650
REVENUES							
Licenses & Permits	1,461,900	1,420,150	1,775,190	1,934,960	2,109,110	2,298,930	2,505,830
Miscellaneous	7,090,000	7,590,000	7,650,000	7,910,000	8,250,000	8,600,000	8,970,000
Subtotal Revenues	8,551,900	9,010,150	9,425,190	9,844,960	10,359,110	10,898,930	11,475,830
INTERFUND TRANSFERS (Net Non-CIP)	30,818,570	29,784,890	37,231,110	40,581,920	44,234,290	48,215,380	52,554,770
Transfers To Risk Management Fund	30,818,570	29,784,890	37,231,110	40,581,920	44,234,290	48,215,380	52,554,770
Tax Supported MCG Transfers to Fund	18,507,990	17,883,000	22,353,750	24,365,590	26,558,490	28,948,750	31,554,140
Outside Agency Transfers to Fund	10,330,880	10,167,610	12,709,510	13,853,370	15,100,170	16,459,190	17,940,520
TOTAL RESOURCES	53,238,630	53,120,470	57,672,790	62,645,900	67,851,580	73,498,480	79,457,250
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(38,913,200)	(42,103,980)	(45,254,580)	(48,922,580)	(53,003,580)	(57,545,580)	(62,087,580)
Labor Agreement			(203,670)	(407,350)	(423,940)	(423,940)	(423,940)
Annualizations and One Time Items			39,820	10	40,350	350	40,350
Group Insurance Premium Holiday Adjustment			(18,470)	(18,470)	(18,470)	(18,470)	(18,470)
Other Post Employment Benefits (OPEB)			(16,870)	(39,330)	(61,770)	(84,190)	(89,260)
TOTAL USE OF RESOURCES	(38,913,200)	(42,103,980)	(45,453,770)	(49,387,720)	(53,467,410)	(58,071,830)	(62,578,900)
YEAR END FUND BALANCE	14,325,430	11,016,490	12,219,020	13,258,180	14,384,170	15,426,650	16,878,350
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	26.9%	20.7%	21.2%	21.2%	21.2%	21.0%	21.2%

Assumptions:

1. Risk Management Contributions projected for this fund are adjusted as necessary to reflect the County's fiscal policy of maintaining a retained earnings balance, excess of claim reserves, sufficient to achieve a confidence level in the range of 80 to 85 percent that funding will be sufficient to cover all incurred liabilities. For FY08, the projected fund balance of $11.0 million is at the 80 percent confidence level.
2. Risk Management contributions to the Self-Insurarnce Fund are made annually based on actuarial analysis and evaluation of prior claims expenses.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN	PRINTING AND MAIL INTERNAL SERVICE FUND						
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC.	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
Average Annual Rate Increase	6.0%	5.8%	6.0%	6.0%	8.0%	5.7%	-4.2%
BEGINNING FUND BALANCE	(238,830)	(352,020)	(97,590)	28,340	43,000	108,840	172,460
REVENUES							
Charges For Services	5,481,420	5,821,080	6,170,350	6,540,570	7,063,810	7,466,450	7,152,860
Miscellaneous	0	245,800	370,470	235,460	0	0	0
Subtotal Revenues	5,481,420	6,066,880	6,540,820	6,776,030	7,063,810	7,466,450	7,152,860
TOTAL RESOURCES	5,242,590	5,714,860	6,443,230	6,804,370	7,106,810	7,575,290	7,325,320
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,415,200)	(5,812,450)	(5,601,670)	(5,637,880)	(5,676,580)	(5,769,170)	(5,864,260)
Labor Agreement	0	0	(113,740)	(223,470)	(348,290)	(470,290)	(598,030)
Group Insurance Premium Holiday Adjustment			(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Other Post Employment Benefits (OPEB)			(42,160)	(98,320)	(154,400)	(210,470)	(223,140)
Master Lease Payments	(79,410)	0	(240,320)	(240,320)	(240,320)	(160,910)	(40,750)
Equipment Replacement per Schedule	(100,000)	0	(402,000)	(546,380)	(563,380)	(776,990)	(401,580)
Subtotal PSP Oper Budget Approp / Exp's	(5,594,610)	(5,812,450)	(6,414,890)	(6,761,370)	(6,997,970)	(7,402,830)	(7,142,760)
TOTAL USE OF RESOURCES	(5,594,610)	(5,812,450)	(6,414,890)	(6,761,370)	(6,997,970)	(7,402,830)	(7,142,760)
YEAR END FUND BALANCE	(352,020)	(97,590)	28,340	43,000	108,840	172,460	182,560
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-6.7%	-1.7%	0.4%	0.6%	1.5%	2.3%	2.5%

Assumptions:

1. Printing, Mail, and Records Management/Imaging rates are adjusted to achieve cost recovery.
2. In FY08 a deficit recovery charge will be assessed to all departments to eliminate Central Duplicating's negative unrestricted net assets fund balance by the end of FY09.
3. Master lease payments for Capital Outlay equipment purchased in FY06 and FY07. In addition, the fund reflects projected replacement cost for printing, mail, and imaging equipment.
4. *Operating expenses are assumed to increase by an average 2.6 percent.*

Note:

1. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to usage, greater than CPI inflation, future labor agreements, and other factors not assumed here.

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY08-13 FISCAL PROJECTION

	Actual - FY06	Budget - FY07	Estimate - FY07	Projected - FY08	Projected - FY09	Projected - FY10	Projected - FY11	Projected - FY12	Projected - FY13
BEGINNING BALANCE	7,329,397	7,549,330	12,598,980	18,133,480	7,556,320	8,435,530	9,373,670	10,430,380	11,673,240
REVENUES									
Employer Contr: Actives: MCG Self-Insured	61,203,064	74,329,670	72,268,840	71,808,000	86,560,120	95,548,300	106,396,600	118,685,630	132,410,370
Employer Contr: Retirees: MCG Self-Insured	20,488,536	23,150,500	23,150,500	23,743,700	28,325,220	33,108,810	37,041,450	41,483,960	46,485,330
Employer Contr: Actives: MCG Premiums	9,397,894	7,789,150	12,258,170	12,180,000	14,682,240	16,206,810	18,046,890	20,131,340	22,459,310
Employer Contr: Retirees: MCG Premiums	1,099,330	773,580	773,580	1,066,490	1,176,980	1,252,500	1,337,060	1,426,860	1,515,870
Employer Contr. Actives: Outside Agencies	3,421,610	4,388,020	3,692,590	3,663,280	4,410,860	4,776,240	5,298,990	5,882,410	6,528,660
Employer Contr. Retirees: Outside Agencies	322,591	585,130	585,130	556,440	658,900	702,950	764,690	832,620	906,520
Employee/Retiree Contributions	31,051,640	28,095,990	26,634,190	26,464,350	31,901,140	35,213,680	39,211,740	43,740,780	48,798,940
Investment Income	797,735	240,350	1,200,000	340,030	382,280	430,600	490,100	552,490	616,690
Medicare D Subsidy	379,442	-	697,640	726,980	817,640	917,430	1,021,550	1,133,210	1,253,750
Other	499,499	1,877,590	-	-	-	-	-	-	-
TOTAL REVENUES	128,661,342	141,229,980	141,260,640	140,549,270	168,915,380	188,157,320	209,609,070	233,869,300	260,975,440
TOTAL FUNDS AVAILABLE	135,990,739	148,779,310	153,859,620	158,682,750	176,471,700	196,592,850	218,982,740	244,299,680	272,648,680
EXPENDITURES									
Claims Costs: Self-Insured	99,351,407	116,860,490	110,495,440	123,758,420	138,426,730	155,114,480	173,711,400	194,830,650	218,728,140
Actives	68,185,717	82,067,000	71,609,820	80,252,410	89,759,120	100,330,340	111,720,290	124,202,470	137,667,510
Retirees	31,165,689	34,793,490	38,885,620	43,506,010	48,667,610	54,784,140	61,991,110	70,628,180	81,060,630
Premium Expenses	15,308,092	16,115,260	15,750,810	17,255,150	18,944,010	20,856,760	22,980,080	25,287,250	27,734,070
Actives	13,706,232	14,452,440	14,130,500	15,527,050	17,103,460	18,895,840	20,884,200	23,048,050	25,353,010
Retirees	1,601,860	1,662,820	1,620,310	1,728,100	1,840,550	1,960,920	2,095,880	2,239,200	2,381,060
Carrier Administration	6,412,258	6,140,870	7,609,230	8,017,690	8,465,500	8,938,010	9,435,450	9,961,840	10,521,660
Active	4,526,552	5,123,550	5,497,210	5,806,220	6,160,270	6,535,310	6,932,370	7,354,120	7,803,480
Retirees	1,885,706	1,017,320	2,112,020	2,211,470	2,305,230	2,402,700	2,503,080	2,607,720	2,718,180
In-house expenses	2,124,019	1,920,660	1,870,660	2,095,170	2,199,930	2,309,930	2,425,430	2,546,700	2,674,040
Other	4,892	607,370	-	-	-	-	-	-	-
TOTAL EXPENDITURES	123,200,668	141,644,650	135,726,140	151,126,430	168,036,170	187,219,180	208,552,360	232,626,440	259,657,910
Funds Available Over(Under) Expenditures	12,790,071	7,134,660	18,133,480	7,556,320	8,435,530	9,373,670	10,430,380	11,673,240	12,990,770
OTHER CHANGES									
FY04 Recoveries	37,873		-	-	-	-	-	-	-
Overpayment of Claims 2002 - 2005	160,758	-	-	-	-	-	-	-	-
Other/Adjustments	(389,718)	-	-	-	-	-	-	-	-
			-	-	-				
ENDING BALANCE	12,598,984	7,134,660	18,133,480	7,556,320	8,435,530	9,373,670	10,430,380	11,673,240	12,990,770
TARGET FUND BALANCE (5% OF EXPENDITURES)	6,160,030	7,082,230	6,786,310	7,556,320	8,401,810	9,360,960	10,427,620	11,631,320	12,982,900
ENDING BALANCE AS % OF EXPENDITURES	10.2%	5.0%	13.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN		MOTOR POOL					
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	3.4%	3.1%	2.8%	2.7%	2.7%	2.6%	2.6%
Investment Income Yield	0.0523	0.0515	0.05	0.05	0.0505	0.051	0.0515
BEGINNING FUND BALANCE	3,887,670	4,072,550	3,181,650	4,002,120	4,614,320	9,658,210	14,842,350
REVENUES							
Charges For Services	53,085,620	54,987,960	58,837,120	63,544,090	63,544,090	65,450,410	69,377,430
Miscellaneous	1,851,870	3,846,646	4,288,880	4,345,240	4,401,970	4,459,020	4,516,380
Subtotal Revenues	54,937,490	58,834,606	63,126,000	67,889,330	67,946,060	69,909,430	73,893,810
TOTAL RESOURCES	58,825,160	62,907,156	66,307,650	71,891,450	72,560,380	79,567,640	88,736,160
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(54,752,610)	(59,725,510)	(59,725,510)	(59,725,510)	(59,725,510)	(59,725,510)	(59,725,510)
Labor Agreement	n/a	0	(778,460)	(1,514,600)	(1,579,080)	(1,579,080)	(1,579,080)
Vehicle Replacement Costs	n/a	n/a	904,750	(3,020,750)	1,726,250	215,250	(1,636,750)
Annualization of Bus Service Maintenance			(2,352,120)	(2,352,120)	(2,352,120)	(2,352,120)	(2,352,120)
Central Duplication Deficit Recovery Charge			(2,460)	200	4,860	4,860	4,860
Group Insurance Premium Holiday Adjustment			(117,060)	(117,060)	(117,060)	(117,060)	(117,060)
Other Post Employment Benefits (OPEB)			(234,670)	(547,290)	(859,510)	(1,171,630)	(1,242,130)
Subtotal PSP Oper Budget Approp / Exp's	(54,752,610)	(59,725,510)	(62,305,530)	(67,277,130)	(62,902,170)	(64,725,290)	(66,647,790)
TOTAL USE OF RESOURCES	(54,752,610)	(59,725,510)	(62,305,530)	(67,277,130)	(62,902,170)	(64,725,290)	(66,647,790)
YEAR END FUND BALANCE	4,072,550	3,181,650	4,002,120	4,614,320	9,658,210	14,842,350	22,088,370
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	6.9%	5.1%	6.0%	6.4%	13.3%	18.7%	24.9%

Assumptions:

1. This projection for the Motor Pool Fund represents the County Executive's Recommended Fiscal Plan for the purchase, maintenance, and replacement of the County's fleet in light and heavy equipment and the maintenance of transit equipment.
2. Fleet Management Services operates the Motor Pool Fund, an Internal Services Fund, to account for the financing of services it provides other departments or agencies of the County on a cost reimbursement basis.
3. PSP/Operating Budget Expenditures are based on major known commitments.

FY08-13 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Enterprise Fund				
FISCAL PROJECTIONS	FY07 ESTIMATE	FY08 REC	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
BEGINNING FUND BALANCE	1,538,140	1,516,240	1,705,240	1,585,950	1,725,100	2,124,750	2,786,750
REVENUES							
Charges For Services	9,414,300	9,311,000	9,571,710	9,830,150	10,090,650	10,353,000	10,617,000
Miscellaneous	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal Revenues	9,514,300	9,411,000	9,671,710	9,930,150	10,190,650	10,453,000	10,717,000
INTERFUND TRANSFERS (Net Non-CIP)	405,000	655,000	86,000	86,000	86,000	86,000	86,000
TOTAL RESOURCES	11,457,440	11,582,240	11,462,950	11,602,100	12,001,750	12,663,750	13,589,750
CIP CURRENT REVENUE APPROP.	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,486,100)	(8,465,800)	(8,465,800)	(8,465,800)	(8,465,800)	(8,465,800)	(8,465,800)
Debt Service: Other (Non-Tax Funds only)	(1,355,100)	(1,311,200)	(1,311,200)	(1,311,200)	(1,311,200)	(1,311,200)	(1,311,200)
Subtotal PSP Oper Budget Approp / Exp's	(9,841,200)	(9,777,000)	(9,777,000)	(9,777,000)	(9,777,000)	(9,777,000)	(9,777,000)
TOTAL USE OF RESOURCES	(9,941,200)	(9,877,000)	(9,877,000)	(9,877,000)	(9,877,000)	(9,877,000)	(9,777,000)
YEAR END FUND BALANCE	1,516,240	1,705,240	1,585,950	1,725,100	2,124,750	2,786,750	3,812,750
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	13.2%	14.7%	13.8%	14.9%	17.7%	22.0%	28.1%

Assumptions:

1.On November 7, 2000, M-NCPPC adopted a fund balance policy requiring a minimum cash balance equal to 10% of operating revenues plus one year's debt service with 3-5 year phase-in period, if necessary.

2.CIP current revenue figures reflect M-NCPPC's estimated expenditures and end in FY08.

3.FY08 compensation estimates have been included.

WSSC PROPOSED: FORECAST FOR WATER & SEWER OPERATING FUNDS

FISCAL PROJECTIONS	FY07 ESTIMATED	FY08 PROPOSED	FY08 RECOMMENDED	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS ($000)								
New Water/Sewer Debt	$113.7	$143.6	$143.6	$179.0	$217.7	$234.3	$220.0	$218.2
Total Water/Sewer Operating Expenses	$411.8	$450.6	$443.9	$479.3	$513.1	$539.6	$575.1	$606.3
Debt Service	$151.8	$159.2	$159.2	$173.8	$191.1	$200.6	$215.8	$229.9
Total Water/Sewer Bill Increase	3.0%	5.3%	5.3%	9.9%	8.6%	6.7%	7.2%	5.7%
BEGINNING FUND BALANCE	55,297	55,436	55,436	46,046	38,108	32,898	32,498	32,498
REVENUES								
Water &Sewer Rate Revenue	349,000	372,114	372,114	410,271	447,020	478,175	514,262	545,278
Interest Income	6,200	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Ready to Serve Charge (Water and Sewer Reconstruction)		6,700	0	0	0	0	0	0
Account Maintenance Fee (Service Chg)	22,400	22,650	22,650	22,850	23,050	23,250	23,450	23,650
Miscellaneous	19,995	18,000	18,000	18,140	18,280	18,420	18,560	18,700
Total Revenues	397,595	424,964	418,264	456,761	493,850	525,345	561,772	593,128
SDC Debt Service Offset	2,809	2,711	2,711	2,612	2,498	2,398	2,293	2,191
Reconstruction Debt Service Offset	10,000	12,000	12,000	12,000	11,500	11,500	11,000	11,000
Use of Prior Year Net Revenue	10,412	10,890	10,890	7,938	5,210	400	0	0
TOTAL FUNDS AVAILABLE	420,816	450,565	443,865	479,311	513,058	539,643	575,065	606,319
EXPENDITURES								
Salaries and Wages	81,000	87,727	87,727	92,114	96,721	101,558	106,637	111,970
Heat, Light, and Power	20,900	22,684	22,684	23,792	24,979	25,973	29,374	30,876
Regional Sewage Disposal	37,502	38,627	38,627	39,786	40,979	42,209	43,475	44,779
Debt Service	144,000	159,231	159,231	173,783	191,050	200,608	215,818	229,945
Debt Reduction (PAYGO)	1,482	0	0	0	0	0	0	0
All Other	126,881	142,296	142,296	149,836	159,329	169,295	179,761	188,749
Unspecified Reductions			(6,700)					
TOTAL USE OF RESOURCES	411,765	450,565	443,865	479,311	513,058	539,643	575,065	606,319
REVENUE/EXPENDITURE SURPLUS/(GAP)	9,051	0	0	0	0	0	0	0
YEAR END FUND BALANCE w/o additional $1.5 m reserve	53,936	44,546	44,546	38,108	32,898	32,498	32,498	32,498
Additional $1.5 million Reserve Annual Contribution	1,500	1,500	1,500	0	0	0	0	0
TOTAL YEAR END FUND BALANCE	55,436	46,046	46,046	38,108	32,898	32,498	32,498	32,498
Debt Service as a Percent of Budget	35.0%	35.3%	35.9%	36.3%	37.2%	37.2%	37.5%	37.9%
Estimated Water Production (MGD)	168.5	168.5	169.0	169.5	170.0	170.5	171.0	171.5
5% Reserve (water and sewer revenue)	17,450	18,606	20,514	22,351	23,909	25,713	27,264	27,264
Accumulated Add'l Reserve - $1.5M annual contribution since FY04	6,000	7,500	9,000	9,000	9,000	9,000	9,000	9,000

Assumptions:

1. FY09-13 reflects WSSC's multi-year forecast and assumptions which are not adjusted to conform with the County Executive's Recommended CIP for WSSC. The projected future expenditures, revenues, and fund balances may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed here.
2. The County Executive's operating budget recommendation is for FY08 only and includes the revenue and resource assumptions of that budget.

APPENDICES

- Trends & Projections
- Changes in Assumptions: Economic, Demographic, and Revenues
- Revenue Summary
- Non Agency Uses of Resources
- Projected Total Uses of Resources (Combined Uses)
- Total Resources Available to Allocate to Services
- Illustrative Expenditure Pressures
- How to Fund the Budget
- PSP Fiscal Policy
- CIP Fiscal Policy
- Glossary
- Acronyms

TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
POPULATION	**953,000**	**964,000**	**976,000**	**988,000**	**1,000,000**	**1,008,000**	**1,016,000**	**1,024,000**
Annual Increase	11,000	11,000	12,000	12,000	12,000	8,000	8,000	8,000
Population Growth Since 1998	13.1%	14.4%	15.8%	17.2%	18.6%	19.6%	20.5%	21.5%
County Resident Births (Prior Calendar Year)	13,507	13,640	13,800	13,970	14,140	14,300	14,450	14,590
HOUSEHOLDS	**351,000**	**356,000**	**361,000**	**366,000**	**370,000**	**374,000**	**378,000**	**382,000**
Household Annual Growth (%)	0.8%	1.4%	1.4%	1.4%	1.1%	1.1%	1.1%	1.1%
Household Growth Since 1998	11.4%	13.0%	14.6%	16.2%	17.5%	18.7%	20.0%	21.3%
Household Growth Since 1992	20.5%	22.3%	24.0%	25.7%	27.1%	28.4%	29.8%	31.2%
Household Size	2.72	2.71	2.70	2.70	2.70	2.70	2.69	2.68
RESIDENT EMPLOYMENT (Jan = Calendar Year)	**506,700**	**514,100**	**517,900**	**522,100**	**527,600**	**534,400**	**540,900**	**546,600**
Resident Employment Annual Growth (%)	3.0%	1.5%	0.7%	0.8%	1.1%	1.3%	1.2%	1.1%
Resident Employment Growth Since 1998	10.9%	12.5%	13.4%	14.3%	15.5%	17.0%	18.4%	19.6%
Resident Employment Per Household	1.44	1.44	1.43	1.43	1.43	1.43	1.43	1.43
Jobs in County	508,650	518,000	527,000	536,000	545,000	552,000	559,000	566,000
PERSONAL INCOME ($ Millions)	**$59,300**	**$62,700**	**$66,100**	**$69,800**	**$73,800**	**$77,900**	**$82,200**	**$86,700**
Per Capita Personal Income	**$62,225**	**$65,041**	**$67,725**	**$70,648**	**$73,800**	**$77,282**	**$80,906**	**$84,668**
Annual Growth (%)	5.2%	4.5%	4.1%	4.3%	4.5%	4.7%	4.7%	4.6%
CONSUMER PRICE INDEX (CPI) - Fiscal Year	**4.07%**	**3.40%**	**3.05%**	**2.80%**	**2.70%**	**2.65%**	**2.60%**	**2.55%**
Inflation Growth (Fiscal Year) Since Nov. 1998 (%)	291.3%	226.9%	193.3%	169.2%	159.6%	154.8%	150.0%	145.2%
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)	**3.62%**	**3.25%**	**2.85%**	**2.75%**	**2.65%**	**2.60%**	**2.55%**	**2.50%**
ASSESSABLE TAX BASE ($ Millions)	**$114,361**	**$129,903**	**$146,349**	**$159,720**	**$175,245**	**$191,151**	**$207,490**	**$225,717**
Annual Growth (%)	11.9%	13.6%	12.7%	9.1%	9.7%	9.1%	8.5%	8.8%
Growth of Base Since 1992 (%)	91.2%	117.2%	144.6%	167.0%	192.9%	219.5%	246.8%	277.3%
Growth of Base Since 1998 (%)	59.2%	80.8%	103.7%	122.3%	143.9%	166.1%	188.8%	214.2%
INVESTMENT INCOME YIELD (%)	**4.12%**	**5.23%**	**5.15%**	**5.00%**	**5.00%**	**5.05%**	**5.10%**	**5.15%**
MCPS ENROLLMENT (Sept = Calendar Year)	**139,387**	**137,798**	**137,007**	**136,258**	**136,603**	**137,168**	**137,991**	**138,900**
Annual Growth (%)	0.0%	-1.1%	-0.6%	-0.5%	0.3%	0.4%	0.6%	0.7%
Annual Increase (Decrease)	50	(1,589)	(791)	(749)	345	565	823	909
MONTGOMERY COLLEGE ENROLLMENTS (a)	**22,263**	**22,893**	**23,390**	**23,620**	**23,770**	**23,910**	**24,029**	**24,029**
Annual Growth (%)	0.04%	2.83%	2.17%	0.98%	0.64%	0.59%	0.50%	0.00%
Full Time Equivalents (Sept = Calendar Year) (a)	**18,217**	**19,393**	**19,804**	**20,184**	**20,461**	**20,736**	**20,923**	**20,923**
Annual Growth in FTE's (%)	6.54%	6.46%	2.12%	1.92%	1.37%	1.34%	0.90%	0.00%
MOTOR VEHICLE REGISTRATIONS	**726,000**	**736,000**	**746,000**	**756,000**	**764,000**	**772,000**	**780,000**	**788,000**
Automobile Registrations	613,000	622,000	631,000	640,000	647,000	654,000	661,000	668,000
Trucks and Other	113,000	114,000	115,000	116,000	117,000	118,000	119,000	120,000
Automobile Registrations per Household	1.746	1.747	1.748	1.749	1.749	1.749	1.749	1.749
Vehicle Registrations per Household	2.068	2.067	2.066	2.066	2.065	2.064	2.063	2.063

(a) Projections related to Montgomery College Enrollments and Full Time Equivalents are provided by Montgomery College and only include projections thru FY12. Since no projections are provided for FY13, the projections for FY12 were used for FY13.

Changes in Assumptions: Economic, Demographic, and Revenues
December 2000 through March 2007

A	F	G	H	I	J	K	L	M	N	O	N	O	N	O
	Approved FY07	Estimated FY07	% Chg. FY07-08	Projected FY08	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13
Population														
December, 2000	926,000	926,000		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	926,000	926,000		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	926,000	926,000	0.9%	934,000		n/a		n/a		n/a		n/a		n/a
March, 2002	945,000	945,000	1.1%	955,000		n/a		n/a		n/a		n/a		n/a
December, 2002	945,000	945,000	1.1%	955,000	1.0%	965,000		n/a		n/a		n/a		n/a
March, 2003	945,000	945,000	1.1%	955,000	1.0%	965,000		n/a		n/a		n/a		n/a
December, 2003	965,000	965,000	1.0%	975,000	1.0%	985,000	1.0%	995,000		n/a		n/a		n/a
March, 2004	966,000	966,000	1.2%	978,000	1.1%	989,000	1.1%	1,000,000		n/a		n/a		n/a
December, 2004	972,000	972,000	1.2%	984,000	1.0%	994,000	1.0%	1,004,000	0.8%	1,012,000		n/a		n/a
March, 2005	972,000	972,000	1.2%	984,000	1.0%	994,000	1.0%	1,004,000	0.8%	1,012,000		n/a		n/a
December, 2005	964,000	964,000	1.2%	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000		n/a
March,2006	964,000	964,000	1.2%	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000		n/a
December, 2006	964,000	964,000	1.2%	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000	0.8%	1,024,000
March, 2007	964,000	964,000	1.2%	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000	0.8%	1,024,000
MOE Enrollment														
December, 2000	131,709	131,709		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	131,709	131,709		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	132,208	132,208	0.1%	132,360		n/a		n/a		n/a		n/a		n/a
March, 2002	132,208	132,208	0.1%	132,360		n/a		n/a		n/a		n/a		n/a
December, 2002	142,799	142,799	0.5%	143,576	0.4%	144,218		n/a		n/a		n/a		n/a
March, 2003	142,799	142,799	0.5%	143,576	0.4%	144,218		n/a		n/a		n/a		n/a
December, 2003	139,864	139,864	0.7%	140,780	0.3%	141,241	0.3%	141,659		n/a		n/a		n/a
March, 2004	139,864	139,864	0.7%	140,780	0.3%	141,241	0.3%	141,659		n/a		n/a		n/a
December, 2004	138,911	138,911	0.7%	139,873	0.3%	140,339	0.2%	140,686	0.5%	141,338		n/a		n/a
March, 2005	138,911	138,911	0.7%	139,873	0.3%	140,339	0.2%	140,686	0.5%	141,338		n/a		n/a
December, 2005	135,268	135,268	1.6%	137,427	-0.2%	137,211	-0.1%	137,047	0.1%	137,154	0.4%	137,760		n/a
March, 2006	135,267	135,267	1.6%	137,427	-0.2%	137,211	-0.1%	137,047	0.1%	137,154	0.4%	137,760		n/a
December, 2006	135,267	135,267	-0.5%	134,634	-0.1%	134,498	-0.6%	133,749	0.3%	134,094	0.0%	134,094	0.4%	134,659
March, 2007	135,267	135,267	-0.5%	134,634	-0.1%	134,498	-0.6%	133,749	0.3%	134,094	0.4%	134,659	0.6%	135,482

Changes in Assumptions: Economic, Demographic, and Revenues
December 2000 through March 2007

A	F Approved FY07	G Estimated FY07	H % Chg. FY07-08	I Projected FY08	J % Chg. FY08-09	K Projected FY09	L % Chg. FY09-10	M Projected FY10	N % Chg. FY10-11	O Projected FY11	N % Chg. FY11-12	O Projected FY12	N % Chg. FY12-13	O Projected FY13
College Enrollment (FTE)														
December, 2000	15,016	15,016		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	14,381	14,381		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	15,655	15,655	3.1%	16,140		n/a		n/a		n/a		n/a		n/a
March, 2002	15,655	15,655	3.1%	16,140		n/a		n/a		n/a		n/a		n/a
December, 2002	15,166	15,166	1.7%	15,422	1.8%	15,707		n/a		n/a		n/a		n/a
March, 2003	15,166	15,166	1.7%	15,423	1.8%	15,700		n/a		n/a		n/a		n/a
December, 2003	15,166	15,166	1.7%	15,423	1.8%	15,700	0.0%	15,700		n/a		n/a		n/a
March, 2004	14,678	14,678	1.4%	14,885	1.6%	15,127	2.1%	15,444		n/a		n/a		n/a
December, 2004	14,678	14,678	1.4%	14,885	1.6%	15,127	2.1%	15,444	0.0%	15,444		n/a		n/a
March, 2005	15,131	15,131	3.1%	15,598	1.5%	15,831	0.9%	15,977	0.0%	15,977		n/a		n/a
December, 2005	18,631	18,631	2.6%	19,121	2.5%	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247		n/a
March, 2006	18,631	18,631	2.6%	19,121	2.5%	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247		n/a
December, 2006	18,631	18,631	2.6%	19,121	2.5%	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247	0.0%	20,247
March, 2007	18,631	19,393	2.1%	19,804	1.9%	20,184	1.4%	20,461	1.3%	20,736	0.9%	20,923	0.0%	20,923
CPI (Fiscal Year)														
December, 2000	2.5%	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	2.5%	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	2.6%	2.6%	-3.8%	2.5%		n/a		n/a		n/a		n/a		n/a
March, 2002	2.6%	2.6%	-3.8%	2.5%		n/a		n/a		n/a		n/a		n/a
December, 2002	2.4%	2.4%	-4.2%	2.3%	-4.3%	2.2%		n/a		n/a		n/a		n/a
March, 2003	2.4%	2.4%	-4.2%	2.3%	-4.3%	2.2%		n/a		n/a		n/a		n/a
December, 2003	2.4%	2.4%	4.2%	2.5%	-4.0%	2.4%	-4.2%	2.3%		n/a		n/a		n/a
March, 2004	2.4%	2.4%	4.2%	2.5%	-4.0%	2.4%	-4.2%	2.3%		n/a		n/a		n/a
December, 2004	2.6%	2.6%	0.0%	2.6%	-3.8%	2.5%	0.0%	2.5%	4.0%	2.6%		n/a		n/a
March, 2005	2.6%	2.6%	0.0%	2.6%	-3.8%	2.5%	0.0%	2.5%	4.0%	2.6%		n/a		n/a
December, 2005	2.6%	2.6%	0.0%	2.6%	3.8%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a
March, 2006	2.6%	2.6%	0.0%	2.6%	3.8%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a
December, 2006	2.6%	3.5%	-17.1%	2.9%	-3.4%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%
March, 2007	2.6%	3.4%	-10.3%	3.1%	-8.2%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%

Changes in Assumptions: Economic, Demographic, and Revenues
December 2000 through March 2007

A	F	G	H	I	J	K	L	M	N	O	N	O	N	O
	Approved FY07	Estimated FY07	% Chg. FY07-08	Projected FY08	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13
Growth Resident Employment (%)														
December, 2000	1.7%	1.7%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	1.3%	1.3%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	1.3%	1.3%	-7.7%	1.2%		n/a		n/a		n/a		n/a		n/a
March, 2002	1.4%	1.4%	-14.3%	1.2%		n/a		n/a		n/a		n/a		n/a
December, 2002	2.0%	2.0%	-5.0%	1.9%	0.0%	1.9%		n/a		n/a		n/a		n/a
March, 2003	1.6%	1.6%	-6.3%	1.5%	0.0%	1.5%		n/a		n/a		n/a		n/a
December, 2003	1.7%	1.7%	-23.5%	1.3%	0.0%	1.3%	0.0%	1.3%		n/a		n/a		n/a
March, 2004	1.5%	1.5%	-13.3%	1.3%	0.0%	1.3%	38.5%	1.8%		n/a		n/a		n/a
December, 2004	1.4%	1.4%	-14.3%	1.2%	0.0%	1.2%	-8.3%	1.1%	-27.3%	0.8%		n/a		n/a
March, 2005	1.2%	1.2%	-8.3%	1.1%	45.5%	1.6%	-25.0%	1.2%	16.7%	1.4%		n/a		n/a
December, 2005	1.7%	1.7%	-5.9%	1.6%	0.0%	1.6%	-18.8%	1.3%	7.7%	1.4%	0.0%	1.4%		n/a
March, 2006	1.2%	1.2%	0.0%	1.2%	0.0%	1.2%	-8.3%	1.1%	0.0%	1.1%	0.0%	1.1%		n/a
December, 2006	1.2%	1.2%	-33.3%	0.8%	-25.0%	0.6%	33.3%	0.8%	0.0%	0.8%	-12.5%	0.7%	57.1%	1.1%
March, 2007	1.2%	1.5%	-53.3%	0.7%	14.3%	0.8%	37.5%	1.1%	18.2%	1.3%	-7.7%	1.2%	-8.3%	1.1%
Personal Income (CY)														
December, 2000	56,045	56,045		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	57,430	57,430		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	58,930	58,930	4.9%	61,810		n/a		n/a		n/a		n/a		n/a
March, 2002	58,680	58,680	4.9%	61,580		n/a		n/a		n/a		n/a		n/a
December, 2002	57,200	57,200	5.0%	60,050	5.1%	63,100		n/a		n/a		n/a		n/a
March, 2003	56,300	56,300	4.4%	58,800	4.4%	61,400		n/a		n/a		n/a		n/a
December, 2003	58,600	58,600	4.6%	61,300	4.4%	64,000	4.5%	66,900		n/a		n/a		n/a
March, 2004	58,600	58,600	4.6%	61,300	4.4%	64,000	5.3%	67,400		n/a		n/a		n/a
December, 2004	61,600	61,600	4.4%	64,300	4.2%	67,000	3.7%	69,500	3.7%	72,100		n/a		n/a
March, 2005	59,900	59,900	4.8%	62,800	5.9%	66,500	5.4%	70,100	5.6%	74,000		n/a		n/a
December, 2005	59,800	59,800	4.7%	62,600	4.3%	65,300	4.3%	68,100	4.3%	71,000	4.1%	73,900		n/a
March, 2006	61,800	61,800	4.5%	64,600	4.2%	67,300	4.0%	70,000	4.0%	72,800	4.1%	75,800		n/a
December, 2006	61,800	62,200	5.3%	65,500	4.3%	68,300	5.1%	71,800	5.0%	75,400	4.9%	79,100	4.9%	83,000
March, 2007	61,800	62,700	5.4%	66,100	5.6%	69,800	5.7%	73,800	5.6%	77,900	5.5%	82,200	5.5%	86,700

Changes in Assumptions: Economic, Demographic, and Revenues
December 2000 through March 2007

A	F	G	H	I	J	K	L	M	N	O	N	O	N	O
	Approved FY07	Estimated FY07	% Chg. FY07-08	Projected FY08	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13
Property Tax Revenues														
December, 2000	986.9	986.9		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	1,032.2	1,032.2		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	1,075.3	1,075.3	3.2%	1,109.4		n/a		n/a		n/a		n/a		n/a
March, 2002	1,079.9	1,079.9	3.3%	1,115.1		n/a		n/a		n/a		n/a		n/a
December, 2002	1,236.1	1,236.1	4.5%	1,291.5	3.2%	1,332.7		n/a		n/a		n/a		n/a
March, 2003	1,311.9	1,311.9	6.7%	1,400.3	4.8%	1,467.9		n/a		n/a		n/a		n/a
December, 2003	1,318.7	1,318.7	8.1%	1,425.7	5.2%	1,499.9	3.8%	1,556.4		n/a		n/a		n/a
March, 2004	1,328.2	1,328.2	9.2%	1,450.1	5.2%	1,525.1	4.0%	1,586.2		n/a		n/a		n/a
December, 2004	1,303.1	1,303.1	10.9%	1,445.4	10.9%	1,602.5	10.6%	1,771.7	8.6%	1,924.5		n/a		n/a
March, 2005	1,281.8	1,281.8	10.7%	1,419.3	9.7%	1,557.5	8.7%	1,693.2	8.6%	1,838.1		n/a		n/a
December, 2005	1,274.3	1,274.3	13.7%	1,449.0	10.2%	1,597.3	9.7%	1,752.7	9.4%	1,917.6	8.1%	2,073.5		n/a
March, 2006	1,148.9	1,148.9	12.6%	1,293.9	11.2%	1,439.5	9.6%	1,577.0	9.5%	1,726.7	9.2%	1,885.3		n/a
December, 2006	1,148.9	1,154.1	17.6%	1,357.2	9.2%	1,481.5	8.2%	1,603.4	9.8%	1,760.5	8.2%	1,905.5	8.8%	2,073.5
March, 2007	1,148.9	1,156.2	4.4%	1,207.5	3.0%	1,243.5	3.4%	1,286.2	3.4%	1,329.8	3.3%	1,374.1	3.4%	1,420.3
Income Tax Revenues														
December, 2000	963.3	963.3		n/a		n/a		n/a		n/a		n/a		n/a
March, 2001	997.6	997.6		n/a		n/a		n/a		n/a		n/a		n/a
December, 2001	982.3	982.3	5.5%	1,036.3		n/a		n/a		n/a		n/a		n/a
March, 2002	994.8	994.8	5.0%	1,044.2		n/a		n/a		n/a		n/a		n/a
December, 2002	937.4	937.4	5.6%	990.2	6.2%	1,051.8		n/a		n/a		n/a		n/a
March, 2003	1,028.2	1,028.2	5.8%	1,088.2	6.4%	1,157.9		n/a		n/a		n/a		n/a
December, 2003	969.4	969.4	6.0%	1,027.5	6.3%	1,092.2	5.5%	1,151.8		n/a		n/a		n/a
March, 2004	984.0	984.0	5.1%	1,034.5	5.1%	1,087.5	4.4%	1,135.8		n/a		n/a		n/a
December, 2004	988.1	988.1	5.4%	1,041.8	5.6%	1,100.6	4.7%	1,152.7	5.8%	1,220.0		n/a		n/a
March, 2005	998.5	998.5	4.8%	1,046.3	5.2%	1,100.6	4.6%	1,150.7	5.6%	1,215.5		n/a		n/a
December, 2005	1,013.9	1,013.9	4.4%	1,058.8	5.7%	1,119.0	5.2%	1,177.1	5.5%	1,242.1	5.1%	1,305.5		n/a
March, 2006	1,079.4	1,079.4	2.2%	1,102.8	4.5%	1,152.4	3.9%	1,197.6	4.6%	1,253.2	4.2%	1,305.7		n/a
December, 2006	1,079.4	1,185.8	4.3%	1,236.5	6.3%	1,314.6	5.9%	1,392.7	6.7%	1,486.2	6.1%	1,576.4	6.0%	1,671.5
March, 2007	1,079.4	1,217.3	5.7%	1,286.9	5.7%	1,360.5	5.9%	1,440.5	7.1%	1,542.6	6.4%	1,641.1	6.4%	1,746.3

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
($ Millions)

	A KEY REVENUE CATEGORIES	B Approved FY07	C Estimate FY07	D % Chg. FY07-08	E % Chg. FY07-08	F Rec. FY08	G % Chg. FY08-09	H Projected FY09	I % Chg. FY09-10	J Projected FY10	K % Chg. FY10-11	L Projected FY11	M % Chg. FY11-12	N Projected FY12	O % Chg. FY12-13	P Projected FY13
	TAXES	5-25-06	3-13-07	Rec/Bud	Rec/Est	3-13-07										
1	Property Tax (less PDs)	1,154.0	1,156.2	4.6%	4.4%	1,207.5	3.0%	1,243.5	3.4%	1,286.2	3.4%	1,329.8	3.3%	1,374.1	3.4%	1,420.3
2	Income Tax	1,079.4	1,217.3	19.2%	5.7%	1,286.9	5.7%	1,360.5	5.9%	1,440.5	7.1%	1,542.6	6.4%	1,641.1	6.4%	1,746.3
3	Transfer Tax	140.6	111.1	-14.1%	8.7%	120.8	6.6%	128.8	6.1%	136.7	5.3%	143.9	5.3%	151.5	5.3%	159.5
4	Recordation Tax	85.2	67.0	-14.9%	8.2%	72.5	5.9%	76.8	5.5%	81.0	4.7%	84.8	5.3%	89.2	5.3%	94.0
5	Energy Tax	124.4	118.0	-3.6%	1.6%	119.9	1.8%	122.1	1.7%	124.1	1.5%	126.0	1.4%	127.8	1.3%	129.4
6	Telephone Tax	30.2	29.4	0.2%	2.6%	30.2	3.8%	31.4	2.0%	32.0	2.3%	32.7	2.4%	33.5	2.2%	34.2
7	Hotel/Motel Tax	16.9	17.0	8.7%	8.3%	18.4	2.9%	19.0	-3.5%	18.3	8.3%	19.8	9.4%	21.7	9.0%	23.6
8	Admissions Tax	2.8	2.4	-10.9%	2.5%	2.5	2.4%	2.6	2.0%	2.6	2.3%	2.7	2.3%	2.7	1.8%	2.8
9	**Total Local Taxes**	**2,633.4**	**2,718.5**	**8.6%**	**5.2%**	**2,858.7**	**4.4%**	**2,984.5**	**4.6%**	**3,121.4**	**5.2%**	**3,282.2**	**4.9%**	**3,441.6**	**4.9%**	**3,610.1**
	INTERGOVERNMENTAL AID															
10	Highway User	40.4	38.2	-4.1%	1.5%	38.7	1.4%	39.3	1.1%	39.7	1.1%	40.2	1.1%	40.6	1.1%	41.0
11	Police Protection	13.0	13.2	1.5%	0.0%	13.2	1.2%	13.4	1.2%	13.5	0.8%	13.7	0.8%	13.8	0.8%	13.9
12	Libraries	4.0	4.0	5.0%	5.0%	4.2	1.2%	4.3	1.2%	4.3	0.8%	4.4	0.8%	4.4	0.8%	4.4
13	Health Services Case Formula	5.6	5.6	0.0%	0.0%	5.6	2.8%	5.7	2.7%	5.9	2.7%	6.0	2.6%	6.2	2.6%	6.4
14	Mass Transit	25.1	25.1	-9.3%	-9.2%	22.8	2.8%	23.4	2.7%	24.1	2.7%	24.7	2.6%	25.4	2.6%	26.0
15	Public Schools	334.4	334.4	16.4%	16.4%	389.3	5.2%	409.8	5.1%	430.7	5.8%	455.6	2.6%	467.6	2.4%	478.6
16	Community College	24.3	24.3	18.4%	18.4%	28.8	2.8%	29.6	2.7%	30.4	2.6%	31.2	2.6%	32.0	2.5%	32.8
17	Direct Reimbursements	29.5	34.3	7.7%	-7.4%	31.8	3.4%	32.9	3.3%	33.9	3.1%	35.0	3.0%	36.0	2.9%	37.1
17a	Direct Reimb: DSS Services	36.6	29.9	-15.2%	4.0%	31.1	0.0%	31.1	0.0%	31.1	0.0%	31.1	0.0%	31.1	0.0%	31.1
18	Other	9.7	11.2	-1.5%	-14.0%	9.6	3.4%	9.9	3.3%	10.3	3.1%	10.6	3.0%	10.9	2.9%	11.2
19	**Subtotal State Aid**	**522.7**	**520.2**	**10.0%**	**10.6%**	**575.2**	**4.2%**	**599.4**	**4.1%**	**623.9**	**4.6%**	**652.4**	**2.4%**	**667.9**	**2.2%**	**682.5**
20	Federal Aid	1.5	1.9	4.0%	-19.4%	1.6	1.7%	1.6	1.7%	1.6	1.5%	1.6	1.5%	1.7	1.5%	1.7
21	**Total Intergovernmental Aid**	**524.2**	**522.1**	**10.0%**	**10.5%**	**576.7**	**4.2%**	**601.0**	**4.1%**	**625.5**	**4.6%**	**654.0**	**2.4%**	**669.6**	**2.2%**	**684.2**
	FEES AND FINES															
22	Licenses & Permits	12.1	12.5	-13.7%	-16.3%	10.5	1.5%	10.6	1.5%	10.8	1.5%	10.9	1.5%	11.1	1.5%	11.3
23	Charges for Services	46.2	47.4	20.1%	17.1%	55.5	2.2%	56.8	2.2%	58.0	2.1%	59.2	2.1%	60.5	2.0%	61.7
24	Fines & Forfeitures	13.9	11.5	37.7%	66.2%	19.1	1.6%	19.5	1.6%	19.8	1.6%	20.1	1.6%	20.4	1.6%	20.7
25	Montgomery College Tuition	59.6	59.3	5.4%	6.0%	62.8	15.7%	72.6	4.2%	75.7	6.0%	80.2	5.3%	84.4	5.3%	88.9
26	**Total Fees and Fines**	**131.8**	**130.7**	**12.2%**	**13.2%**	**147.9**	**7.8%**	**159.5**	**3.0%**	**164.2**	**3.8%**	**170.4**	**3.5%**	**176.4**	**3.5%**	**182.6**
	MISCELLANEOUS															
27	Investment Income	22.0	29.4	44.4%	7.9%	31.7	2.4%	32.5	4.9%	34.1	5.7%	36.0	5.9%	38.1	5.3%	40.2
28	Other Miscellaneous	10.1	12.0	26.2%	6.2%	12.7	2.8%	13.1	2.7%	13.4	2.7%	13.8	2.6%	14.2	2.6%	14.5
29	**Total Miscellaneous**	**32.1**	**41.4**	**38.7%**	**7.4%**	**44.4**	**2.5%**	**45.6**	**4.3%**	**47.5**	**4.8%**	**49.8**	**5.0%**	**52.3**	**4.5%**	**54.7**
30	**TOTAL REVENUES**	**3,321.5**	**3,412.6**	**9.2%**	**6.3%**	**3,627.8**	**4.5%**	**3,790.5**	**4.4%**	**3,958.6**	**5.0%**	**4,156.5**	**4.4%**	**4,339.8**	**4.4%**	**4,531.6**
31	$ Change from prior Budget	280.6	198.4			215.2		162.7		168.1		197.9		183.3		191.8

FY08-13 Fiscal Plan
Non Agency Uses of Resources

- Capital Investment (CIP Current Revenue and PAYGO) and Debt Service based on latest Executive Recommendation (current through March 19, 2007 proposed amendments to the FY07-12 CIP).
- FY07 set-aside of $9.3 million for potential supplemental appropriations, the largest portion for snow removal ($8.7 million).
- Revenue Stabilization (Rainy Day) Fund at increased level of $119.6 million in FY07 with no additional contributions projected.
- FY08-13 reserves at combined total (Revenue Stabilization Fund and designated and undesignated reserves) of six percent of resources.

PROJECTED TOTAL USES OF RESOURCES (COMBINED USES)

($ Millions)

	A USE OF RESOURCES	B Approved FY07	C Estimate FY07	D % Chg. FY07-08	E % Chg. FY07-08	F Rec FY08	G % Chg. FY08-09	H Projected FY09	I % Chg. FY09-10	J Projected FY10	K % Chg. FY10-11	L Projected FY11	M % Chg. FY11-12	N Projected FY12	O % Chg. FY12-13	P Projected FY13
		5-25-06	3-19-07	Rec / Bud	Rec / Est	3-19-07										
1	**Total Resources**															
2	Revenues	3,321.5	3,412.6	9.2%	6.3%	3,627.8	4.5%	3,790.5	4.4%	3,958.6	5.0%	4,156.5	4.4%	4,339.8	4.4%	4,531.6
3	Beginning Reserves Undesignated	233.4	239.5	-26.2%	-28.1%	172.3	-39.4%	104.4	4.0%	108.6	9.3%	118.7	10.2%	130.8	8.7%	142.2
4	Beginning Reserves Designated	2.8	5.0	630.3%	315.3%	20.7		5.7		6.4		6.7		7.1		7.5
5	Net Transfers In	24.6	23.8	-64.9%	-63.6%	8.6	15.7%	10.0	2.7%	10.3	2.7%	10.5	2.6%	10.8	2.6%	11.1
6	**Total Resources**	3,582.4	3,680.8	6.9%	4.0%	3,829.4	2.1%	3,910.6	4.4%	4,083.9	5.1%	4,292.4	4.6%	4,488.5	4.5%	4,692.4
7	$ Change from prior Budget	370.1	247.6			148.6		81.2		173.3		208.5		196.1		203.8
8	**Uses: Non-Agency**															
9	**Capital Investment (a)**															
10	Debt Service: GO Bonds for all Agy's.	206.4	206.9	9.5%	9.3%	226.1	6.7%	241.2	7.1%	258.3	3.8%	268.1	3.4%	277.4	4.7%	290.3
11	Debt Service: Local Parks	4.5	4.5	3.2%	3.2%	4.7	-6.1%	4.4	0.0%	4.4	0.0%	4.4	0.0%	4.4	0.0%	4.4
12	Debt Service: Leases	13.2	12.6	-1.8%	2.8%	13.0	40.9%	18.3	-6.2%	17.2	-2.3%	16.8	-11.8%	14.8	-5.9%	13.9
13	CIP Current Revenue (b)	35.0	40.6	62.0%	39.6%	56.6	5.1%	59.5	-2.1%	58.3	-28.7%	41.6	1.0%	42.0	0.0%	42.0
14	CIP Paygo (b)	26.4	26.4	0.0%	0.0%	26.4	66.7%	44.0	-25.0%	33.0	-33.3%	22.0	0.0%	22.0	0.0%	22.0
14a	CIP Paygo Rec Tax (b)	0.0	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
15	**Sub-total Capital**	285.5	291.0	14.4%	12.3%	326.8	12.4%	367.4	1.0%	371.1	-4.9%	352.9	2.2%	360.5	3.4%	372.6
16	**Other Uses**															
17	Set Aside: Potential Supplementals	0.0	9.3	n/a	n/a	0.0		20.0		20.0		20.0		20.0		20.0
18	Set Aside:Other Claims	0.0	0.0	n/a	n/a	0.0		0.0		0.0		0.0		0.0		0.0
19	Revenue Stabilization Fund	0.0	11.9	n/a	n/a	0.0		0.0		0.0		0.0		0.0		0.0
20	**Sub-total Other**	0.0	21.1			0.0		20.0		20.0		20.0		20.0		20.0
21	**Reserves**															
22	Revenue Stabilization Fund	107.8	119.6	11.0%	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6
23	Reserve Undesignated	102.7	172.3	1.7%	-39.4%	104.4	4.0%	108.6	9.3%	118.7	10.2%	130.8	8.7%	142.2	8.3%	154.0
24	Reserve Designated	18.7	20.7	-69.4%	-72.3%	5.7		6.4		6.7		7.1		7.5		7.9
25	**Sub-total Reserves**	229.2	312.6	0.3%	-26.5%	229.8	2.1%	234.6	4.4%	245.0	5.1%	257.5	4.6%	269.3	4.5%	281.5
26	Less Revenue Stabilization Fund	(107.8)	(119.6)	11.0%	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)
27	Less Designated Reserve	(18.7)	(20.7)	-69.4%	-72.3%	(5.7)		(6.4)		(6.7)		(7.1)		(7.5)		(7.9)
28	**Sub-total Undesignated Reserves**	102.7	172.3	1.7%	-39.4%	104.4	4.0%	108.6	9.3%	118.7	10.2%	130.8	8.7%	142.2	8.3%	154.0
29	**Total Uses: Non-Agency**	406.9	505.1	7.4%	-13.5%	436.9	15.0%	502.4	2.8%	516.5	-1.1%	510.8	3.8%	530.2	4.6%	554.5
30	**Uses: Available for Agency Services**	3,175.5	3,175.8	6.8%	6.8%	3,392.5	0.5%	3,408.2	4.7%	3,567.4	6.0%	3,781.7	4.7%	3,958.3	4.5%	4,137.8
31	**$ Change from prior Budget**	298.8	253.5			216.8		15.7		159.1		214.3		176.7		179.5

(a) See separate displays elsewhere in this book for allocation of Debt Service and CIP Current Revenue by Agency (A3 Schedule).
(b) FY07-12 PAYGO and CIP Current Revenue as recommended by the County Executive on January 11, 2007 and as modified on March 19, 2007.

FY08-13 Fiscal Plan

Total Resources Available to Allocate to Services*

	FY07	FY08	FY09	FY10	FY11	FY12	FY13
CC Appr: 7/1/06	3,175.5	3,323.5	3,550.1	3,772.3	4,028.4	4,277.6	n/a
Growth	9.2%	4.7%	6.8%	6.3%	6.8%	6.2%	n/a
Current Est. 11/20/06	3,179.3	3,428.3	3,631.4	3,855.1	4,142.4	4,402.3	4,695.9
Growth	9.3%	7.8%	5.9%	6.2%	7.5%	6.3%	6.7%
Current Est. 3/19/07 **	3,175.8	3,392.5	3,408.2	3,567.4	3,781.7	3,958.3	4,137.8
Growth	9.2%	6.8%	0.5%	4.7%	6.0%	4.7%	4.5%
Change From 11/20/06	-3.5	-35.8	-223.2	-287.8	-360.8	-444.0	-558.1
Change From 7/1/06	0.3	69.0	-141.9	-204.9	-246.8	-319.3	n/a

* Total Resources less Other Uses (Capital, Debt Service, Reserve) = Total Available to Allocate; figures exclude the Revenue Stabilization Fund.

Note: This table shows the change in estimates of the amounts projected to be available to allocate to the four agencies (MCPS, MC, M-NCPPC, MCG). The comparison is the FY07 Approved Budget (May 25, 2006) with current estimates of resources and other uses.

	Illustrative Expenditure Pressures*
1	Future Agency Labor Agreements
	- MCPS: MCEA, MCSSE; MCASSP
	- MCG: MCGEO; FOP; IAFF
	- M-NCPPC: MCGEO; FOP
	- College: AFSCME & AAUP
2	Affordable Housing Initiatives
3	GASB 45 Retiree Insurance Pre-Funding
4	Costs of opening new schools
5	Expansion of All Day Kindergarten
6	Continuation of other MCPS "Our Call to Action" Initiatives
7	Unanticipated reduction in State or Federal Aid programs
8	Expansion of Early Childhood and Linkages to Learning
9	Gang Prevention Initiatives
10	Public Safety Staffing Initiatives (Police, Fire Rescue, Correction and Rehabilitation)
11	Tax Relief
12	Montgomery Cares
13	HHS Contractor Increases
14	HHS Waiting List Improvements
15	Senior's Initiatives
16	Minority Health Initiatives
17	Housing Program Improvements
18	Ride On Bus Replacements
19	Bus Route Expansion
20	Traffic Congestion Relief Initiatives
21	Pedestrian Safety Improvements
22	Deferred Maintenance (facilities and roads)
23	Economic Development Incentives & Improvements
24	IT: MCG Technology Modernization Initiative (ERP & CRM)
25	IT: Implementation of Strategic Plans
26	IT: Replacement of Public Safety Communications System Equipment
27	HIPAA and Payment Card Industry (PCI) Compliance
28	Operating Budget Impacts of other Capital Projects
29	Enhanced Capital Investment
30	Other Program Improvements

*While not an exhaustive list, these are some of the potential, major program initiatives, expansions, or new spending requirements that may be evaluated for programming in the FY09-13 period. Final cost information is not available. These expenditure pressures may result in an increase in the projected growth of expenditures as assumed during FY09-13.

How To Fund The Budget

INTRODUCTION

This chapter provides demographic and economic assumptions, including detailed discussions of the national, State and local economies. Revenue sources, both tax supported and non-tax supported, used to fund the County Executive's Recommended FY08 Operating Budget incorporate policy recommendations.

ESTIMATING SIX-YEAR COSTS

Demographic Assumptions

The revenue projections of the Public Services Program (PSP) incorporate demographic assumptions based on Council of Governments (COG) Round 7a estimates, as prepared by M-NCPPC, and are based on fiscal and economic data and analyses used or prepared by the Department of Finance.

- County population, which was 953,000 in 2006, will continue to increase an average of 10,150 persons each year throughout the next seven years reaching over one million by 2010. This reflects an average annual growth rate of 1.2 percent, which is below the average annual growth rate of 1.6 percent during the late 1990s.
- There were an estimated 351,000 households in the County in 2006. Household growth throughout the next seven years is now projected to range between 4,000 to 5,000 units each year, which translates into a growth rate of 1.2 percent annually. As a result, current projections estimate 370,00 households by the year 2010 and 382,000 by 2013.
- The County's senior population continues to grow with an estimated 104,272 persons 65 or older living here in 2005 and projected to increase to 131,620 by 2015.
- County births, which are one indicator of future elementary school populations and child day care demand, are now projected to gradually increase, from an estimated 13,640 in 2007 to 14,590 by 2013.
- Montgomery County Public School enrollments are projected to increase modestly over the next six years. The County expects an enrollment increase of 1,893 students from FY08 to FY13.
- Montgomery College enrollments are projected to increase from 23,390 in September 2007 to 24,029 in September 2011 (FY12). These estimates are based on a continuation of growth in fall enrollment.

Using moderate economic and demographic assumptions to develop fiscal projections does not mean that all possible factors have been considered. It is likely that entirely unanticipated events will affect long-term projections of revenue or expenditure pressures. Although they cannot be quantified, such potential factors should not be ignored in considering possible future developments. These potential factors include the following:

- Changes in the level of local economic activity,
- Federal economic and workforce changes,
- State tax and expenditure policies,
- Federal and State mandates requiring local expenditures,
- Devolution of Federal responsibilities to states and localities,
- Local tax policy changes,
- Changes in financial markets,
- Major demographic changes,
- Military conflicts and acts of terrorism, and
- Major international economic and political changes.

The scenario is based on demographic assumptions resulting from COG Round 7a estimates as projected by M-NCPPC. A *Trends and Projections* chart located at the end of this chapter provides several demographic and planning indicators.

Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY08 budget. Even though it is assumed that these policies will be effective throughout the six-year period, subsequent Council actions, State law and budgetary changes, actual economic conditions, and revised revenue projections may result in policy changes in later years.

Economic Assumptions

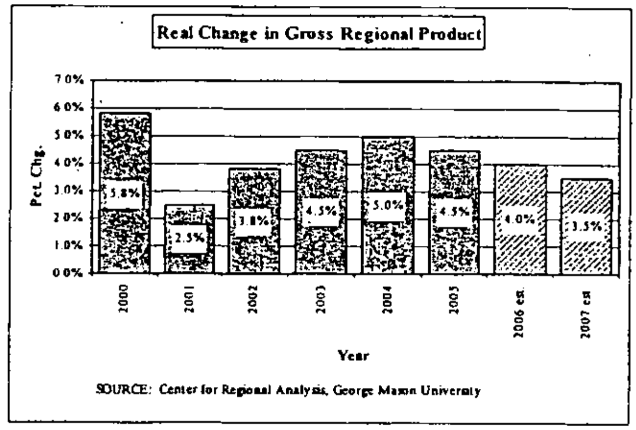
Revenue projections depend on the current and projected indicators of the national and local economy. National economic indicators also influence the County's revenue projections. Such indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include employment, retail sales, housing sales, residential and nonresidential construction, inflation, and consumer confidence. The assumptions for each of those indicators will affect the revenue projections over the six-year horizon. Because of the large presence of the federal government, in terms of employment, procurement, and federal retirees, Montgomery County's economy does not experience the volatility that is experienced nationally.

The economic projections for the next six fiscal years assume a slow but sustainable growth rate. However, such projections are dependent on a number of factors – fiscal and monetary policy, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks, especially international terrorism.

The national economy experienced sustainable growth during calendar year 2006. For the year, real gross domestic product (GDP) grew 3.4 percent with much of the growth attributable to consumer spending, business investment in equipment and software, and non-residential construction. Moreover, economic growth decelerated after the first quarter of 2006 to just 2.0 percent. Prospects for economic growth are projected to decelerate in 2007 with real GDP expected to increase 2.8 percent – slightly below the latest five-year recovery and expansion period (2.9 percent). That growth rate will depend in large measure on whether the consumer increases spending and business investment continues to expand, which will help offset the estimated decline of 12.3 percent in residential construction. Total national payroll employment is projected to increase 1.3 percent year-over-year or an average monthly increase of 135,100 new jobs. Inflation is expected to be below the 3 percent level in 2007 with the long-term average of the overall inflation rate at 2.4 percent between calendar years 2007 through 2011.

According to data from the Center for Regional Analysis, George Mason University, the gross regional product (GRP) for the Washington Metropolitan area grew 4.5 percent in 2005, is expected to have grown 4.0 percent in 2006, and increase 3.5 percent in 2007. The Washington Coincident Index, which represents the current state of the region's economy, increased less than 1.0 percent in 2006 (through November). The Washington Leading Index, which estimates the performance of the regional economy six to eight months ahead, decreased nearly 1.0 percent in 2006 (through November). Both regional indices suggest that the local economy is experiencing a slowdown as suggested by the decline in the GRP from 4.5 percent in 2005 to 3.5 percent in 2007.

While the regional economy may be slowing down, the Washington region has experienced remarkable job growth. Between 2004 and 2006, the region's economy added an average of 70,000 new jobs per year, the largest increase among the country's major metropolitan areas. During this same period, the unemployment rate declined from 3.6 percent in 2004 to 3.0 percent in 2006, one of the lowest among the nation's largest metropolitan areas.



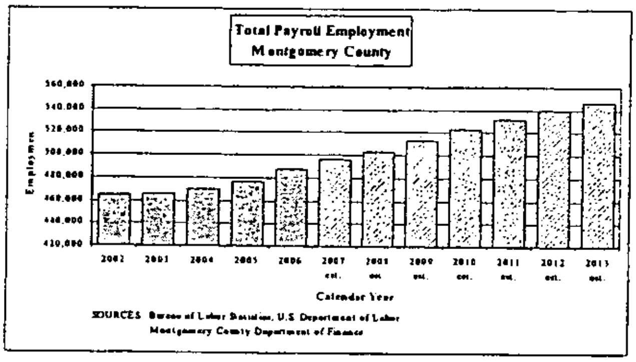
Montgomery County experienced mixed economic activity during 2006. The primary reasons for the County's mixed performance were a continuation in the contraction of residential construction growth, a dramatic decline in home sales, and slowdown in consumer spending. Residential construction activity in the County declined during 2006. The number of projects, total number of units, and the value added were down significantly. However, non-residential construction, especially new commercial properties, improved during the year. Home sales in the County declined nearly 21 percent during the year compared to 2005. Although housing prices continued to increase, they have decelerated dramatically to a 4.4 percent increase compared to over 18 percent annually during the previous two years. However, a number of economic indicators for the County continued to experience significant improvement during this period. Foremost among the indicators that exhibited strong performance was the labor market.

It is against this backdrop of a strong labor market, a decline in home sales, and weak construction activity that the Department of Finance estimates a slightly slower pace of growth in employment in 2007 and 2008, a slight deceleration in the growth of personal income and wages and salaries, and somewhat higher yields on investment attributed to the policy of the Federal Reserve Board through 2007.

Employment Situation

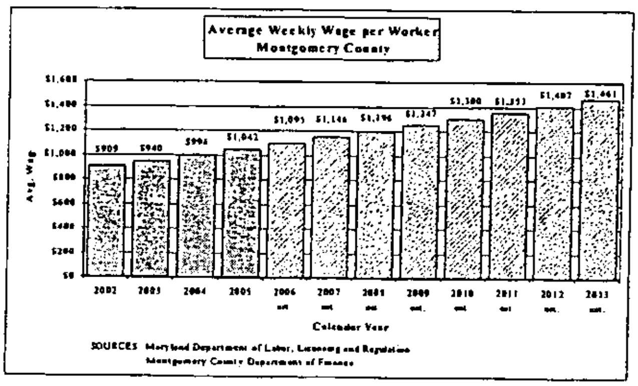
During the past ten years, total payroll employment in Montgomery County has experienced three distinct cycles: significant growth from 1996 to 2000 of an average 3.5 percent per year, a period of weak growth between 2000 and 2004 with the average annual rate of 0.6 percent, and moderate employment growth between 2004 and 2005 of 1.5 percent per year. In terms of the number of jobs added to the County's total payroll employment, an average of over 15,000 per year were added between 1996 and 2000, an average of 2,700 jobs per year between 2000 and 2004, and approximately 9,000 in 2005.

Based on data derived by the Department of Finance, the County's total payroll employment grew over 11,000 (↑2.3%) in 2006. While payroll employment made significant gains during this period, data from the labor force series reported that employment based on place of residence rather than place of employment grew 3.2 percent in 2006, or nearly 16,000. With significant improvement in resident employment, the unemployment rate for the County remained well below the State's average. For the entire year, the County's unemployment rate was 2.8 percent. The low unemployment rate also suggests that both the public and private sectors are providing a stable foundation against significant labor market volatility and that the County is close to full employment.



Based on this assessment of the employment situation in Montgomery County, the Department of Finance assumes that employment will grow at a rate better than the nation's rate with a 1.7 percent increase in 2007 (compared to 1.2 percent nationally) followed by growth of 1.4 percent in 2008 (compared to 1.1 nationally). However, the number of jobs is one indicator of the labor market in the County, the other important factor is the growth in wages and salaries.

From 1996 through 2001, wages of employees in Montgomery County increased an average of 4.9 percent per year but decelerated in 2002 and 2003 to an average annual rate of slightly less than 3.2 percent. Since that time, the average weekly salary increased 6.0 percent in 2004, 4.6 percent in 2005, and is expected to have grown 5.1 percent in 2006 based on preliminary data from the Maryland Department of Labor, Licensing and Regulation.

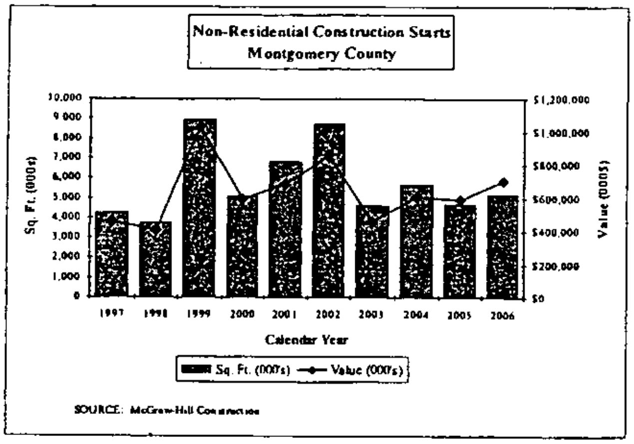


With the significant increase in employment and average weekly wages in 2005 and 2006, the Department of Finance estimates that wage and salary income grew 6.4 percent and 7.1 percent, respectively. As a result of sustainable job growth and strong gains in wages and salaries, Finance assumes that total personal income grew 6.7 percent and 6.5 percent in 2005 and 2006, respectively. With Finance estimating a slowdown in the growth of the County's employment between 2006 and 2013, total wage and salary income is assumed to grow at an average annual rate of 5.7 percent, slightly lower than the ten-year average of 6.3 percent between 1996 and 2006. Total personal income is assumed to grow at an average annual rate of 5.4 percent, which is also slightly lower than the ten-year average of 6.0 percent between 1996 and 2006.

Construction Activity

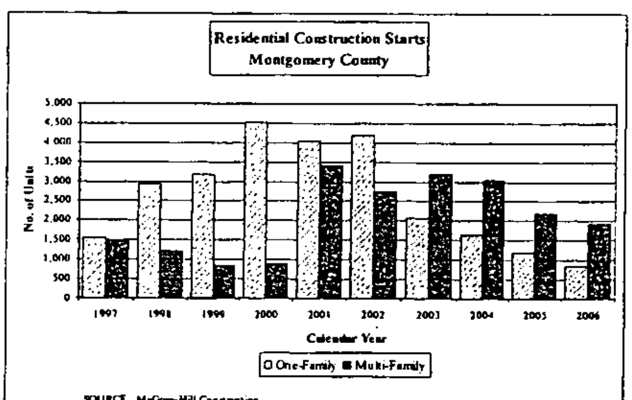
Construction is a very cyclical activity that can have a significant effect on a local economy and employment owing to secondary and tertiary effects on construction supply and services industries. Starts and permits are key indicators of the near-term economic condition of the housing industry and are considered leading indicators for the local economy. Of lesser note, new single-family home sales and construction outlays are important indicators for monitoring the level of current investment activity. Construction starts measure initial construction activity as opposed to construction permits, which measure planned activity. However, starts and permits closely track each other and as such, a four-month moving average provides a more reliable indicator of the housing trend compared to month-to-month changes. Construction outlays are the value of new construction put in place. In contrast to information about permits and starts, outlays refer to actual construction rather than planned (permits) or initiated (starts) activity. The primary source of such data is McGraw-Hill Construction.

The amount of square footage added to non-residential property increased 10.8 percent in 2006 from 4.698 million square feet in the prior year to 5.203 million square feet, while the value of new construction in the County increased 19.0 percent. The sector that experienced the largest growth was the commercial sector. The amount of square footage added to the County's property base increased from 2.599 million square feet in 2005 to 4.259 million square feet (↑63.9%). Essentially, commercial construction accounted for nearly 82 percent of the additional square footage in 2006. Of the commercial construction activity during 2006, the major contributor to growth was construction of new office and bank buildings. That sector added 2.503 million square feet of additional capacity and nearly $333.0 million in added value to the property base. Even with the addition of commercial property, the vacancy rate among Class A properties in the County was only 6.0 percent – down from the 9.7 percent in 2004 and 8.2 percent in 2005.



While non-residential construction activity improved in 2006, residential construction continued to decline. The number of starts declined nearly 27 percent, the value of additional property declined 15 percent, and the amount of additional square footage declined nearly 24 percent. For the past four years, the value of additional residential property added to the County's property base averaged less than $700 million per year, while the number of projects and additional square footage steadily declined. That trend suggests that for each of the last four years, home builders are constructing fewer but more expensive homes.

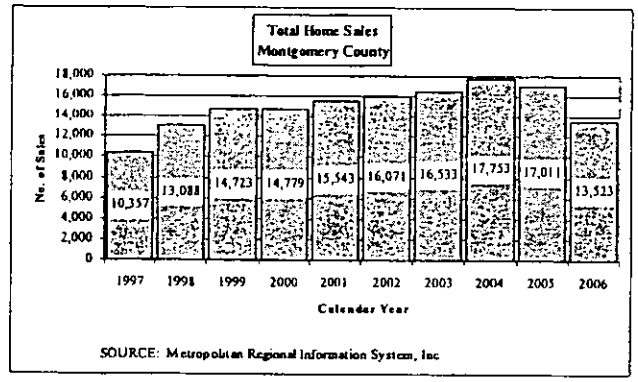
Finally, the type of dwelling units constructed in the County experienced a dramatic decline over the past four years. The number of single-family units started in the County declined at an average annual rate of 40.2 percent between 2002 and 2006. The decline in 2006 was across the board with the construction of new single-family homes down from 1,200 units in 2005 to 835 units in 2006, a decline of 30.6 percent. The number of multi-family units also decreased from 2,200 units in 2005 to slightly more than 1,900 units in 2006 (↓12.6%).



The weak growth in the number of new residential starts is not enough to match the modest growth in the formation of households which would require an additional 1,600 to 1,700 units annually between 2007 and 2013 in addition to what is currently constructed. Maryland-National Capital Park and Planning Commission (M-NCPPC) estimates that the number of households in the County will increase 1.2 percent annually over the seven years comparable to the late 1990s through 2004.

Residential Real Estate

Home sales in Montgomery County declined 20.5 percent in 2006, which followed a 4.2 percent decline in 2005. Despite the drop in sales, average home prices were up 4.4 percent for the year, which followed increases of 18.3 percent and 18.1 percent for 2004 and 2005, respectively. The decline in sales was reflected in the dramatic increase in inventory-to-sales ratio. For example, there was an increase in the ratio of one buyer to one seller in June 2005 to a ratio of one buyer to five sellers by September 2006. Since September, the ratio had steadily declined such that by December, there was one buyer to four sellers. While the number of listings to buyers had declined, the high ratio remained above the historical average.



Retail Sales

Using sales tax receipts as a measure of the level of retail sales for the County, sales increased 3.5 percent in 2006 compared to 5.0 percent in 2005 and 6.7 percent in 2004. The sale of nondurable goods, which includes food and beverage, apparel, general merchandise, and utilities and transportation, increased 3.9 percent while purchases of durable goods were down 4.6 percent.

Sales of utilities and transportation (↑11.0%), food (↑2.7%) and general merchandise (↑3.0%) led purchases of nondurable goods in 2006. Sales of building and industrial supplies (↑2.9%) led purchases of durable goods. Sales of hardware, machinery and equipment; and furniture and appliances were down 1.7 percent and 17.2 percent, respectively, compared to 2005.

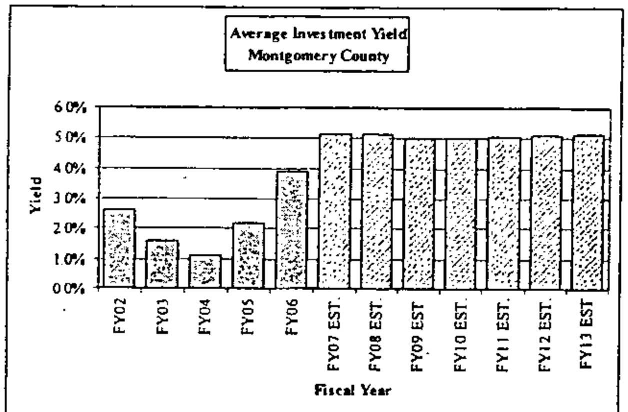
Consumer Prices and Inflation

As measured by the Consumer Price Index for All Urban Consumers (CPI-U), inflation in the Washington-Baltimore consolidated metropolitan statistical area was slightly above the national average in 2006 of 3.2 percent. Overall consumer prices were up 3.6 percent in the region compared to 2.8 percent in 2004, and 4.0 percent in 2005. The Department of Finance assumes that inflation will continue to retreat from 3.6 percent to 3.2 percent in 2007 and below the 3 percent threshold over the following six years with an average inflation rate of 2.7 percent.

While overall consumer prices increased largely due to energy prices, the "core" inflation rate, which is the CPI excluding the volatile food and energy prices, increased 3.1 percent in 2006. That rate was slightly lower compared to the rate of 3.2 percent in 2005 but significantly higher than the 1.8 percent in 2004, largely due to rent increases.

Interest Rates

Since June of 2006, the Federal Reserve Board, through its Federal Open Market Committee (FOMC), has kept the target rate on federal funds at 5.25 percent. Based on data from the Chicago Board of Trade's Federal Funds futures market, the Department of Finance (Finance) assumes that the FOMC will not change the target rate through the first half of FY08. As of January 2007, the futures market assumes that the FOMC may cut the target rate by 25 basis points either at the end of calendar year 2007 or at the beginning of calendar year 2008. Since the yield on the County's short-term investments are highly correlated with the federal funds rate, Finance estimates that the County will earn 5.15 percent for FY08. Beginning with FY09, the investment yields will remain between 5.00 and 5.15 percent.



SOURCE. Montgomery County Department of Finance

REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program are described below. Revenue sources which fund department and agency budgets are included in the respective budget presentations. Six-year projections of revenues and resources available for allocation are made for all County funds. This section displays projections of total revenues available for the tax supported portion of the program. Tax supported funds are those funds subject to the Spending Affordability Guideline (SAG) limitations. The SAG limitations were designed and intended to provide guidance prior to the preparation of the recommended budget as to the level of expenditure that is affordable based on the latest revenue estimates.

The PSP also includes multi-year projections of non-tax supported funds. These funds represent another type of financial burden on households and businesses and, therefore, should be considered in determining the "affordability" of all services that affect most of the County's population. Projections for non-tax supported funds within County government are presented in the budget section for each of those funds. A proposed *Taxes and User Charges for an Average Homeowner* chart displays the total burden on the average household taxpayer and business including solid waste and water and sewer charges. This chart is found at the end of the chapter.

IMPACT ON REVENUES AND THE CAPITAL BUDGET

The use of resources represented in this section includes appropriations to the Operating Funds of the various agencies of the County as well as other resource requirements, such as current revenue funding of the Capital Budget, Debt Service, and Fund Balance (operating margin). These other uses, commonly called "Non-Agency Uses of Resources," affect the total level of resources available for allocation to agency programs. Some of these factors are determined by County policy; others depend, in part, on actual revenue receipts and expenditure patterns.

The level of PSP-related spending indirectly impacts the local economy and, hence, the level of County revenues. However, the effect on revenues from expenditures of the Executive's Recommended Operating Budget and PSP are expected to be minimal. The PSP also impacts revenues available to fund the Capital Budget. The revenue projections included in this section subtract projected uses of current revenues for both debt eligible and non-debt eligible capital investments. Therefore, the Executive's Recommended Operating Budget and PSP provide the allocations of annual resources to the Capital Budget as planned for in the County Executive's Amendments to the FY07-12 CIP (as of January 11, 2007). Current revenue adjustments to the January 11, 2007 CIP have been made as part of the Executive's Recommended Operating Budget.

Prior Year Fund Balance

The prior year fund balance for the previous fiscal year is the audited FY06 closing fund balance for all tax supported funds. The current year fund balance results from an analysis of revenues and expenditures for the balance of the fiscal year. Prior year fund balance for future fiscal years is assumed to equal the target fund balance for the preceding year.

Net Transfers

Net transfers are the net of transfers between all tax supported and non-tax supported funds in all agencies. The largest single item is the transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy. The payment from the General Fund to the Solid Waste Disposal Fund for disposal of solid waste collected at County facilities is the next largest transfer to a non-tax supported fund. These are offset in part by transfers from non-tax supported funds, the largest of which is the earnings transfer from the Liquor Control Fund to the General Fund and the transfers for indirect costs from the non-tax supported funds. The level of transfers is an estimate based on individual estimates of component transfers.

Debt Service Obligations

Debt service estimates are those made to support the County Executive's Amendments to the FY07-12 Capital Improvements Program (as of January 11, 2007). Debt service obligations over the six years are based on servicing debt issued to fund planned capital projects, as well as amounts necessary for long-term leases. Debt service requirements have the single largest impact on the Operating Budget/Public Services Program by the Capital Improvements Program. The Charter-required CIP contains a plan or schedule of project expenditures for schools, transportation, and infrastructure modernization. Approximately 48 percent of the CIP is funded with G.O. bonds. Each G.O. bond issue used to fund the CIP translates to a draw against the Operating Budget each year for 20 years. Debt requirements for past and future G.O. bond issues are calculated each fiscal year, and provision for the payment of Debt Service is included as part of the annual estimation of resources available for other Operating Budget requirements. As Debt Service grows over the years, increased pressures are placed on other PSP programs competing for scarce resources.

In accordance with the County's Fiscal Policy, these obligations are expected to stay manageable, representing less than 10.0 percent of General Fund revenues. Maintaining this guideline ensures that taxpayer resources are not overextended during fiscal downturns and that services are not reduced over time due to increased Debt Service burdens.

The State authorizes borrowing of funds and issuance of bonds up to a maximum of 6.0 percent of the assessed valuation of all real property and 15.0 percent of the assessed value of all personal property within the County. The County's outstanding G.O. debt plus short-term commercial paper as of June 30, 2006, is 1.4 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities.

CIP Current Revenue and PAYGO

Estimates of transfers of current revenue and PAYGO to the CIP are based on the most current County Executive recommendations for the Capital Budget and CIP. These estimates are based on programmed current revenue and PAYGO funding in the six years, as well as additional current revenue amounts allocated to the CIP for future projects and inflation.

Revenue Stabilization

Mandatory contributions to the Revenue Stabilization Fund (Rainy Day Fund) are made if certain revenues increase above their budgeted projections and/or if projected revenue growth is stronger than in a selected historical period. Revenues include County Income Tax, Transfer Tax, General Fund Investment Income, and Recordation Tax excluding school CIP. The projection assumes that a mandatory transfer of $11.9 million will be made to this fund at the end of FY07 reaching a fund balance of $119.6 million, which is the result of higher than previously estimated income tax revenues and investment income. Because of higher than expected revenue collections in nine of the ten previous fiscal years (FY97-FY02 and FY04-FY06), in addition to the two discretionary transfers made in FY95 ($10.0 million) and FY96 ($4.5 million), the Revenue Stabilization Fund reached its maximum allowable fund size of $107.8 million at the close of FY06 with a mandatory contribution of $6.6 million.

Since the fund has reached more than half of its maximum fund size, interest earned from the fund must fund PAYGO expenditures in the CIP fund. The estimate of the interest in FY07 is $6.0 million. A similar funding of PAYGO from earned interest was made in FY02 ($2.2 million), FY03 ($1.3 million), FY04 ($1.1 million), FY05 ($2.4 million), and FY06 ($4.7 million). Due to a projected growth in revenues, the maximum allowable fund size is projected at $153.9 million by FY13. However, barring future discretionary or mandatory contributions to the fund, the fund will remain at the current $119.6 million level through FY13.

Other Uses

This category is used to set aside funds for such items as possible legal settlement payments and other special circumstances such as set-aside of revenues to fund future years.

Reserves

The County will maintain total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "Rainy Day Fund"). For tax supported funds, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund should be at least 6.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance).

REVENUE ASSUMPTIONS

Projections for revenues are included in six-year schedules for County Government Special Funds and for Montgomery College, M-NCPPC, and WSSC in the relevant sections of this document. See the MCPS Budget Document for six-year projections of MCPS funds. Projections for revenues funding County government appropriations are provided to the Council and public as fiscal projections. Such projections are based on estimates of County income from its own sources such as taxes, user fees, charges, and fines, as well as expectations of other assistance from the State and Federal government. The most likely economic, demographic, and governmental policy assumptions that will cause a change in revenue projections are included in this section.

TAX REVENUES

Tax supported revenues come from a number of sources including but not limited to property and income taxes, real estate transfer and recordation taxes, intergovernmental revenues, service charges, fees and licenses, college tuition, and investment income. In order of magnitude, however, the income tax and property tax are the most important with 45.0 percent and 42.2 percent, of the estimated total tax supported revenues in FY08. The third category is the combined real estate transfer and recordation taxes with a 6.7 percent share. In fact, these three revenue sources represent 94 percent of total tax supported revenues. Income and transfer and recordation taxes are the most sensitive to economic and, increasingly, financial market conditions. By contrast, the property tax exhibits the least volatility because of the three year re-assessment phase-in and the ten percent "homestead tax credit" that spreads out changes evenly over several years.

In the late 1990s and early 2000s, the property tax stood in the shadow of the income tax in terms of growth. In fact, in FY99 measured by General Fund revenues, the income tax surpassed the property tax for the first time as the largest tax source in the County. At the time, the low single-digit growth in property tax revenue was dwarfed by the double-digit growth in the income tax. But with all this explosive growth in the income tax also came considerable volatility. For that reason, it was a welcome sign to observe that the property tax – the most stable of all revenue sources – gained considerable ground at a time that the income tax experienced considerable weakness. Because of adhering to the Charter Limit through tax rate cuts and income tax offset credit, the growth rates in property taxes were lower than would have been under current rates. As a result, FY08 marks the second consecutive year in which the income tax maintains its prominent position as the largest tax supported revenue source.

Property Tax

Total estimated FY08 tax supported property tax revenues of $1,207.5 million are 4.4 percent above the revised FY07 estimate. Property tax revenues for FY08 are estimated based on the recommendation by the County Executive of an income tax offset credit to help alleviate the tax burden on County residents and to comply with the 1990 Charter limitation on the growth in property tax revenues. The recommended schedule reflects a $149.1 million reduction from the Levy Year 2006 schedule. The general countywide rate recommended for FY08 is $0.627 per $100 of assessed real property, while a rate of $1.567 per $100 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates. The 1990 Charter amendment (FIT) limits the growth in property tax revenues to the sum of the previous year's estimated revenue, increased by the rate of inflation, and an amount based on the value of new construction and other minor factors. This Charter limit, however, may be overridden by a super-majority vote of seven of the nine members of the County Council. Growth in the previous calendar year's CPI-U for the Washington-Baltimore Consolidated Metropolitan Statistical Area is used to measure inflation. Since reassessments are growing faster than the rate of inflation for the fifth consecutive year, current rates generate revenues that are above the Charter limit for FY08. The recommended income tax offset credit reduces property tax revenues in line with the Charter limit.

The countywide total property tax assessable base is estimated to increase 12.7 percent from a revised $129.9 billion in FY07 to $146.3 billion in FY08. The base is made up of real property and personal property. In FY08, the Department of Finance estimates real property of approximately $142.4 billion with the remaining $3.9 billion in personal property. The growth in the total property base has fluctuated significantly over time, with an average of 10.2 percent growth during the late 1980s and early 1990s, followed by considerable deceleration with base growth generally close to an average 3.0 percent between FY93 and FY99. In FY00, the total property tax base increased 2.8 percent and since that time has improved steadily reaching 11.9 percent by FY06. Reflecting changes in new construction and a dramatic pick-up in reassessments, the real property tax base is expected to grow a revised 14.0 percent in FY07 and 13.0 percent in FY08.

The real property base is divided into three groups based on their geographic location in the County. Each group is reassessed tri-annually by the State Department of Assessments and Taxation (SDAT), which has the responsibility for assessing properties in Maryland. The amount of the change in the established market value (full cash value) of one-third of the properties reassessed each year is phased in over a three-year period. Declines in assessed values, however, are effective in the first year. Because of the different phase-ins of increases and declines during periods of modest reassessment growth, the reassessment cycle for a particular group may produce either no growth or a decline in the first year, followed by reassessment gains in the two subsequent years. Growth in reassessments for Group I, effective FY08, will increase 43.4 percent (44.2 percent for residential and 36.4 percent for commercial properties). That increase follows the growth in reassessments for Group III of 63.3 percent (70.4 percent for residential properties and 46.7 percent for commercial properties) in FY07, and an increase of 65.0 percent (69.3 percent for residential properties and 49.7 percent for commercial properties) for Group II in FY06. This also follows a 36.3 percent increase (47.0 percent for residential properties and 16.1 percent for commercial properties) for Group III in FY04 and 51.8 percent (55.5 percent for residential properties and 26.1 percent for commercial properties) for Group I in FY05. Those growth rates show a sharp improvement in recent years compared to the 1990s and early 2000s, and now exceed the high double-digit growth in reassessments observed during the late 1980s.

There is a ten percent annual assessment growth limitation for residential property that is owner-occupied. As a result of this "homestead tax credit," taxable reassessments in Montgomery County may not grow more than ten percent in any one year. Due to strong reassessment growth in the late 1980s and early 1990s, this assessment limitation credit topped the $2.5 billion mark in FY92 (using the current 100 percent full cash value method). As growth in home prices decelerated in subsequent years, reassessments either declined or grew less rapidly. The homestead tax credit reflects this trend, with the total credit dropping steadily to $48 million in FY01. However, as the real estate market rebounded in the County starting in the late 1990s, home prices rose at a faster clip causing a sharp increase in reassessments. This is reflected in an increase in the credit to $1.33 billion in FY04, $3.80 billion in FY05, $8.47 billion in FY06, $14.95 billion in FY07, and an estimated $21.87 billion in FY08, which is an all time record. The outlook for the remainder of the six-year forecast period is for the homestead tax credit to continue the explosive trend through FY09 then moderate through FY13.

Decreases in the personal property base beginning in FY04 reflect the residual effects of weak labor market conditions that occurred between calendar years 2001 and 2003 and resulted in a lower number of new businesses and associated investments. This was exacerbated by tax law changes, including exemptions (e.g., manufacturing, Research and Development, and certain computer software) and depreciation rules (e.g., for computer equipment). Personal property includes public utility equipment, business furniture and equipment, and computers. According to SDAT, the corporate personal property base is projected to increase 0.6 percent in FY08. The public utility portion, which is estimated to account for 40.3 percent of the personal property base in FY07, is projected to increase 1.1 percent in FY08. The public utility personal property base, which accounted for slightly less than half prior to the electric deregulation process, now exempts 50 percent of personal property used to generate electricity. The 50 percent exemption was phased in during FY01 (25 percent) and completed in FY02 (50 percent), and exempts an estimated $124 million in personal property. In order to prevent a revenue shortfall, the Maryland Legislature provides for an annual grant equal to the amount lost in revenues, which is expected to be $2.8 million in Montgomery County in FY08.

The real property base of $142.4 billion in FY08 is estimated to grow $16.4 billion compared to a revised FY07 estimate, the result of $1.6 billion in addition to the base from new construction, and $21.7 billion in reassessments, offset by a $6.9 billion rise in the homestead tax credit. The level of new reassessments is a near-term record high in the County and represents substantial growth in the property tax base. Construction is projected to increased modestly in FY08, then is expected to grow above $2.5 billion by FY13. Similarly, reassessments remain the largest contributor to the base growth during this six-year forecast period. Reflecting a phase-in of the 43.4 percent reassessment growth is expected for Group I in FY08 (levy year 2007), an 18.2 percent growth for Group II in FY09 (levy year 2008), and 10.0 percent for Group III in FY10 (levy year 2009). As a result of these decelerating trends, growth in the total assessable base is projected to steadily moderate to 9.1 percent by FY09 and 8.8 percent by FY13.

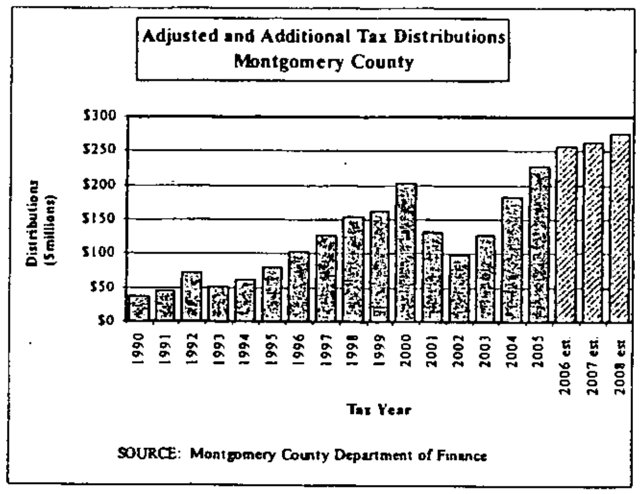
Income Tax

Estimated FY08 income tax revenues of $1,286.9 million are 5.7 percent above the revised FY07 estimate. Enacted in 1967 as a State-collected local surtax on the State income tax, the Montgomery County local rate began at 20 percent in 1967, increased to 35 percent in 1968, 45 percent in 1969, and was 50 percent of the State tax from 1970 through 1991. The local rate was increased from 50 percent to 55 percent for calendar 1992 and increased to 60 percent for calendar 1993. Effective tax year 1998, the State of Maryland enacted a five-year phased-in ten percent income tax cut, which results from a doubling of the personal exemption to $2,400 and a drop in the tax rate from 5.0 percent to 4.75 percent. Due to a de-coupling of State and local income tax base calculations in 1998, income tax revenues for the counties and the City of Baltimore are not affected by this change. However, since tax liability for local tax computation purposes is different from the tax liability computation for State taxes, it required taxpayers to compute the 1998 local tax using the pre-1998 State rate and exemption schedules. Due to the increased complexity of computing the 1998 tax, the Maryland State Comptroller proposed an alternative method - one that simplified the tax return and maintained revenue neutrality for local jurisdictions. This new method computes a local tax rate, applied to Maryland State taxable income. Since local jurisdictions had different piggyback tax rates, it also required different income tax rate schedules for each local jurisdiction. In addition, annual increases in exemption amount reduced State taxable income through tax year 2002 - the year in which the State's tax relief program was fully phased in. Since State taxable income declined over the period 1999 through 2002, in order to maintain revenue neutrality, the local income tax rate increased slightly during that period. In 2002, once the exemptions were phased in, the local income tax rate remained unchanged. This method was enacted by the State Legislature and became effective tax year 1999. Montgomery County adopted a local income tax rate of 3.01 percent for tax year 1999. Note that, under the pre-1998 State tax relief scenario, the Montgomery County income tax rate would have been 3.0 percent (60 percent piggyback tax based on the State's 5.0 percent income tax rate).

Effective tax year 2000, the County reduced the "piggyback" tax rate from 60 percent to 58 percent. As a result of this change, the new local income tax rate schedule became: 2.90 percent (2000), 2.92 percent (2001), and 2.95 percent (2002 and 2003). Effective with tax year 2004, the County Council increased the rate to the maximum allowed under State law (3.20 percent).

Total income tax revenues are estimated at $1,286.9 million in FY08, which reflects a 5.7 percent increase from the revised FY07 estimate. Growth slowed during the early part of the decade reflecting moderation in the trend attributed to very weak growth in County employment – an average annual growth rate of 0.5 percent between calendar years 2001 and 2003. For example, adjusted for the rate cut, the percent change in withholdings and estimated payments declined steadily from a peak of 10.5 percent in tax year 2000 to an annual average growth rate of 0.9 percent between tax years 2001 and 2003. However, since 2003 withholdings and estimated payments rebounded with an increase of 10.5 percent in 2004, 5.0 percent in 2005, and 13.4 percent in 2006.

Since, during any one fiscal year, the County receives income tax distributions pertaining to, at least, three different tax years, it is important to analyze the data on a tax year basis. During the 1990s, average annual tax liability based on current tax rate basis grew considerably slower in the first half (7.5 percent) of the decade compared to the second half (10.4 percent). During the second half of the 1990s, quarterly income tax distributions grew rapidly, with ten percent growth rates in the years 1997 through 1999. However, such growth decelerated rapidly to only 6.8 percent in 2000, 1.1 percent in 2001, 1.4 percent in 2002, and 0.3 percent in 2003. However, with the County Council raising the local tax rate to 3.2 percent effective tax year 2004, revenues from withholdings and estimated payments increased 19.9 percent, 5.0 percent in 2005, and 13.4 percent in 2006. In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from late filers who had underestimated their tax liability jumped to unprecedented levels during the late 1990s and 2000. For example, while a total of only $37.0 million was received for tax year 1990, that amount gradually increased and peaked at $192.4 million in 2000, but fell sharply in the two subsequent years to $98.0 million by 2002. Since that time, revenues from later filers have rebounded dramatically reaching $127.0 million in 2003, $183.0 million in 2004, and $227.9 million in 2005. As taxpayers underestimate their tax liability from; generally, non-employment related earnings, additional payments are made when tax returns are filed. Taxpayers with more complicated tax returns, reflecting significant non-employment related earnings such as stock options and capital gains (from either the stock market or real estate), increasingly file for an extension. However, recent federal tax law now allows a later filer to get a six-month extension rather than a four-month extension with a request for the extra two months. Since taxpayers now file for one extension (October 15th), income tax receipts from late filers are distributed to the County in November and January. Hence, the Department of Finance assumes for FY07 and beyond that the bulk of revenues from late filers will occur in the November and January distributions rather than in the previous two distributions of September and January. These late filer distributions reflect significant shifts in one-time tax liability and, thus, represent the most volatile component of the income tax. Even though, in aggregate, this tax liability may continue to shift over a longer period of time, the shift remains one-time in the sense that tax liability changes as a result of the one-time exercise of a stock option or sale of stock at a price that is different from the original issuance or purchase and more recently gains from the home sales. Once that action has been taken, gains (or losses) are recognized, with no addition to future tax liability. By contrast, employment growth is an addition to the base that increases tax liability through wage growth in future years and is, thus, a more predictable indicator of future revenue growth.



Transfer and Recordation Taxes

Estimated FY08 revenues of $193.3 million, which excludes the school CIP portion, are 8.5 percent above the revised FY07 estimate. This reflects an FY08 estimate of $120.8 million in the transfer tax and $72.5

million in the recordation tax. Transfer and recordation tax revenues have fluctuated greatly over time and primarily reflect shifting trends in the real estate market. In FY06, 83.6 percent of transfer tax revenue came from the residential sector compared to nearly 87.7 percent in FY04 and 85.5 percent in FY05. The transfer tax rate is generally one percent of the value of the property transferred to a new owner. This applies to both improved (i.e., building) and unimproved (i.e., land) residential and commercial properties. The recordation tax is levied when changes occur in deeds, mortgages, leases, and other contracts pertaining to the title of either real or personal property. Through FY02 the recordation tax was generally $4.40 per $1,000 of the value of the contract. Beginning in FY03, the recordation tax rate was raised to $6.90 per $1,000 of the value of the contract with the first $50,000 of the consideration exempted from the tax for owner-occupied residential properties. The Council earmarked the revenues attributed to the rate increase for school capital programs. Generally, both transfer and recordation taxes are levied when properties are sold. In a few cases, only one of the two taxes is levied. One example is refinancing of a mortgage, in which case there may be an increase in the mortgage amount and, hence, recordation tax, but since there is no transfer of property, there is no transfer tax.

Residential transfer tax revenues are affected by the trends in real estate sales for existing and new homes. Real estate sales, in turn, are highly correlated with specific economic indicators such as growth in employment and wages and salaries, formation of households, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, and financing costs. The volatility in revenues from the transfer and recordation is best illustrated in the trend since FY99. The growth rate in the number of residential transfers slowed to 7.5 percent in FY00 when the number of residential transfers peaked at 22,000, decreased 4.5 percent in FY01 (21,005), increased 12.5 percent in FY02 (23,633), decreased 3.7 percent in FY03 (22,771), increased 9.3 percent in FY04 (24,897), increased modestly to 3.8 percent in FY05 (25,852), but declined 7.9 percent in FY06 (23,803). While the number of residential transfers exhibited significant volatility since FY99, the acceleration in home prices during FY04 and FY05 had a significant effect on revenues and offset the volatility in the number of transfers. Due to the strong demand for new and existing homes, property values increased such that total transfer taxes from the residential sector increased 29.6 percent in FY04 and 20.3 percent in FY05.

However, developments in the real estate market for Montgomery County that began in FY06 indicate a change in the number of residential transfers for FY07 and FY08. Because home sales declined 21.9 percent during calendar year 2006 and assumed to decline an additional 8.8 percent during calendar year 2007, the Department of Finance assumes that the number of residential transfers will decline 22.4 percent in FY07 but followed by an increase of 5.0 percent in FY08, reflecting a modest recovery in home sales during the latter half of calendar year 2007 and the first half of calendar year 2008. While home prices have reached double-digit rates during calendar years 2004 and 2005, the potential "softening" of the real estate markets in calendar year 2006 suggests that price increases will decelerate rather than decline over the next two calendar years. Because of the assumptions by the Department of Finance of a decline in the number of transfers and a slowdown in price appreciation, revenues from the residential portion of the transfer tax are expected to decrease 23.7 percent in FY07 but increase 8.7 percent in FY08 – although down significantly from the double-digit rates experienced in FY04 and FY05.

At the same time that revenues from the residential portion of the transfer tax experienced significant growth since FY99, revenues from non-residential properties experienced a more medium-term cyclical pattern that began in FY99. Beginning in FY99, revenues from non-residential property declined for three consecutive years 28.9 percent in FY99, 1.5 percent in FY00 and 7.4 percent in FY01. However, based on a healthy commercial boom since FY01, non-residential transfer taxes recovered in FY02 (↑12.0%), FY04 (↑29.6%), FY05 (↑47.5%) and FY06 (↑23.1%). Only FY03 (↓1.7%) experienced a decline during the FY02-FY06 cycle. However, the Department of Finance assumes that the dramatic increases during the last three fiscal years are not sustainable and assumes that revenues will decrease 39.3 percent in FY07 but increase slightly at 3.6 percent in FY08.

Recordation tax revenues generally track the trend in transfer tax revenues. More recently, the relationship increased to approximately 98.9 percent of transfer tax in FY04, declined slightly to 91.5 percent in FY05, and declined further to 88.0 percent in FY06. Revenues from the recordation tax excluding school CIP portion increased 35.7 percent in FY02, 17.7 percent in FY03, 27.8 percent in FY04, 13.8 percent in FY05, and 9.8 percent in FY06. The current estimate for FY07 reflects a decrease of 30.4 percent reaching a level $67.0 million but an increase of 8.2 percent in FY08 to $72.5 million. With the estimated modest increase in FY08, revenues from the recordation tax are expected to be the fourth highest. The combined transfer and recordation taxes are projected to reach $193.3 million in FY08, excluding revenues for school construction, also the third highest behind the $221.3 million in FY05 and $241.7 million in FY06.

Energy Tax

Estimated FY08 revenues of $119.9 million are 1.6 percent above the revised FY07 estimate. The fuel-energy tax is imposed on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas. Different rates apply to residential and nonresidential consumption and to the various types of energy. Effective FY04, the previous rate schedule was increased threefold by the County Council on May 14, 2003. The rate schedule was changed again on May 20, 2004, with rates increasing 52.15 percent for FY05 and thereafter. Since the rates per unit of energy consumed are fixed, collections change only with shifts in energy consumption and not due to changes in the price of the energy product. Based on partial fiscal year data, the Department of Finance assumes that residential consumption as a percentage of total energy consumption will remain at 46.6 percent. Due to a different rate schedule, the share of receipts from residential users is approximately 26.7 percent of total collections, with the larger share received from the non-residential sector. Measured for all energy types, the two largest sources of revenues in FY06 were electricity (79.9 percent) and natural gas (18.4 percent). Since actual collections vary with weather conditions, a harsh winter weather increases usage of electricity, natural gas, and heating oil, while milder summer weather reduces electricity usage for climate control systems. The impact of weather patterns is partly offset by an expansion of the user base with more businesses and households. With a continuation of the "mild weather" pattern for the next fiscal year, the budget estimate for FY08 is projected to increase 1.6 percent.

Telephone Tax

Estimated FY08 revenues of $30.2 million are 2.6 percent above the revised FY07 estimate. The telephone tax is levied as a fixed amount per landline and per wireless line. The tax on a traditional landline is $2.00 per month, while multiple business lines (Centrex) are taxed at $0.20 per month. The tax rate on wireless lines is $2.00 per month. With business expansion combined with a surge in new home sales in the County in FY00 and FY01, and an increased demand for second phone lines for computer access to the internet, collections from the telephone tax grew 12.0 percent in FY00 and 4.1 percent in FY01. With the slowdown in the local economy during FY02 and FY03 and alternative computer internet access, collections declined 5.8 percent and 8.6 percent, respectively. Assuming modest growth in businesses and households, revenues are expected to increase 2.6 percent in FY08 to $30.2 million primarily due to an increase in cellular telephones. Reflecting, in part, modest growth in new household and business formations, the outlook for FY09 through FY13 is for revenues from wireless communication to increase at a slower rate attributed to a deceleration in the rate of household formations and a growing saturation of the market for wireless devices while the number of landlines experience little growth in the near term.

Hotel/Motel Tax

Estimated FY08 revenues of $18.4 million are 8.3 percent above the revised FY07 estimate. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of 7 percent in FY07 is also assumed for FY08. In FY97, the rate was increased from 5 percent to 7 percent with the increase earmarked for funding the Montgomery County Conference Center located in North Bethesda. Collections grow with the costs of hotel rooms and the combined effect of room supply and hotel occupancy rate in the County. Occupancy rates in the County are generally the highest in the spring (April and May) and autumn (September and October) as tourists and schools visit the nation's capital for such events as the Cherry Blossom Festival and school trips, while organizations often schedule conferences during such periods. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the upcounty area where rates are generally lower than in the District. Reflecting improved economic conditions during the mid and late 1990s and the presidential primaries and presidential inauguration during 2000 and early 2001, respectively, spurred both business travel and tourism, hotel occupancy rates grew from just under 67 percent in FY96 to a record high 72.3 percent in FY01. The second component – average room rate – grew 34.4 percent between FY96 and FY01 to a record $102.60. The third component that makes up revenues – room supply – grew by five percent between FY96 and FY01. As a result, total hotel revenues doubled between FY96 and FY01 to over $13.1 million.

However, in the aftermath of the terrorist attacks on September 11, 2001, and war on terrorism, business travel and tourism were reduced significantly in the greater Washington region. In an effort to stimulate hotel occupancy, hotels dramatically cut room rates thereby reducing revenues in FY02 by over $2 million for a decline of 15.8 percent compared to FY01. The rebound in hotel occupancy during FY04 and FY05 and an increase in the average room rate in FY05 allowed hotels to recoup some of the losses made during FY02 and FY03. The revised estimated revenue for FY07 is solely attributed to an increase in the average room rate that offsets a decline in the average occupancy rate. However, the average occupancy rate is expected to increase slightly to 65.5 percent in FY08, attributed to an increase in estimated demand. Room rates are expected to climb to $133 as a countywide average, resulting in an 8.3 percent growth in the hotel/motel tax in FY08 which follows an estimate of 7.1 percent growth in FY07. Long-term estimates are tied to projected room occupancy and rate increases, partially reflecting the forecast of inflation and population growth that result in annual projected revenues through FY13 in the $18.2 million and $23.6 million range. The Montgomery County Conference and Visitors Bureau is funded, in part, through a 3.5 percent share of the hotel/motel tax.

Admissions Tax

Estimated FY08 revenues of $2.5 million are 2.5 percent above the revised FY07 estimate. Admissions and amusement taxes are State-administered local taxes on the gross receipts of various categories of amusement, recreation, and sports activities. Taxpayers are required to file a return and pay the tax monthly while the County receives quarterly distributions of the receipts from the State. Montgomery County levies a seven percent tax, except for categories subject to State sales and use tax, where the rate is five percent. Such categories include rentals of athletic equipment, boats, golf carts, skates, skis, horses; and sales related to entertainment. Gross receipts are exempt from the County tax when a Municipal admissions and amusement tax is in effect. For FY06, coin and non-coin-operated amusement devices accounted for 16 percent of total collections, while other major categories include golf green fees, driving ranges and golf cart rentals (28 percent), and motion picture theaters (29 percent). Revenue growth for the period FY09 through FY13 is expected to range between 1.8 percent and 2.4 percent, reflecting modest population growth and rising inflation.

NON-TAX REVENUES

Non-tax revenues throughout all tax supported funds (excluding Enterprise Funds, such as Permitting Services, Parking Districts, Solid Waste Disposal, and Solid Waste Collection Funds) are estimated at $769.1 million in FY08. This is a $75.2 million increase, or 10.8 percent, from the revised FY07 estimate, reflecting a 16.4 percent increase in state aid in public school funding. Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues, the largest of which is rental property income.

General Intergovernmental Aid

General Intergovernmental Aid is received from the State or Federal governments as general aid for certain purposes, not tied, like grants, to particular expenditures. The majority of this money comes from the State based on particular formulas set in law. Total aid is specified in the Governor's annual budget. Since the final results are not known until the General Assembly session is completed and the State budget adopted, estimates in the March 15 County Executive Recommended Public Services Program are, generally, based on the Governor's budget estimates for FY08, unless those estimates assume a change in existing law. If additional information on the State budget is available to the County Executive, this information will be incorporated into the budgeted projection of State aid. For future years, it is difficult to know confidently how State aid policy may change. The projection does not assume that State aid formulas will necessarily remain in place. It is assumed that State aid will increase with either the projected rate of inflation, by an amount based on the projected increase in County population, or a combination of those two factors. The Recommended Budget for FY08 assumes $54.6 million, or 10.5 percent, increase in Intergovernmental Aid above the revised FY07 estimate, of which 67.5 percent is allocated to the Montgomery County Public Schools, 6.7 percent to Highway User Revenue, 4.0 percent to Mass Transit, and 5.0 percent to Montgomery College. The increase is attributed to an estimated $55.0 million increase to public schools. Total Intergovernmental Aid is estimated to total $576.7 million in FY08 or 75.1 percent of all non-tax revenues.

Licenses and Permits

Licenses and permits include General Fund business licenses (primarily public health, traders, and liquor licenses) and non-business licenses (primarily marriage licenses and Clerk of the Court business licenses). Licenses and permits in the Permitting Services Enterprise Fund, which include building, electrical, and sediment control permits, are Enterprise Funds and thus not included in tax supported projections. The Recommended Budget for FY08 assumes a 16.3 percent decline over the revised projections for FY07, resulting in $10.5 million in available resources in FY08.

Charges for Services (User Fees)

Excluding intergovernmental revenues to Montgomery County public schools and college tuition, charges for services, or user fees, is the largest non-tax revenue source, especially when Enterprise Funds such as Solid Waste Collection, Solid Waste Disposal, Liquor Fund, M-NCPPC user fees, MCPS food service sales, and parking revenues are considered. Tax supported fee revenues come primarily from fees imposed on the recipients of certain County services including mass transit, human services, and recreation services and are included in the tax supported funds. Without rate increases, these revenues tend to show little growth although there is some variance because of weather, population changes, the economy, and changes in commuting patterns. However, it is the policy of the County to increase rates or fees to keep up with inflation. It is not always possible to achieve this goal for each fee, either because of market competition or because prices normally rise in rounded steps. The long-term estimates assume that rates will rise. The Recommended Budget for FY08 assumes 17.1 percent growth over the revised projections for FY07, resulting in $55.5 million in available resources in FY08.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY08 assumes that fines and forfeitures will increase 66.2 percent over the revised estimates for FY07, resulting in $19.1 million in available resources in FY08.

College Tuition

Although College tuition is no longer included in the County Council Spending Affordability Guideline Limits (SAG), it remains in the tax supported College Current Fund. Calculation of the aggregate operating budget is under the SAG Limits. Tuition revenue depends on the number of registered students and the tuition rate. The budget assumes enrollment as projected, and assumes that the tuition rate will increase. While the Board of Trustees has not yet taken final action on a tuition increase, a three dollar per semester hour increase for County residents is assumed in this projection, based on the revenues in the Board's recommended budget. The Recommended Budget for FY08 assumes that College tuition will increase 5.4 percent over the approved FY07 budget resulting in $61.7 million in available resources in FY08.

Investment Income

Investment income includes the County's pooled investment and non-pooled investment and interest income of other County agencies and funds. The County operates an investment pool directed by an investment manager who invests all County funds using an approved, prudent investment policy as a guide. The pool includes funds from tax supported funds as well as from Enterprise Funds, municipal taxing districts, and other governmental agencies. Two major factors determine pooled investment income: (1) the average daily investment balance which is affected by the level of revenues and expenditures, fund balances, and the timing of bond and commercial paper issues; and (2) the average yield percentage which reflects short-term interest rates and may vary considerably during the year.

The revised FY07 estimate of pooled investment income of $48.4 million assumes a 5.23 percent yield on equity and an average daily balance of $925 million. The FY08 projected estimate of $48.7 million assumes a slight decline to a 5.15 percent yield and an average daily balance of $946 million. Reflecting robust growth in revenues in the second half of the 1990s, the amount of available funds for investments, measured by the daily cash balance, doubled between FY93 ($437 million) and FY00 ($890 million). As a result of weak economic and revenue conditions starting in 2001, the cash balance declined from $890 million to $566 million between FY00 and FY04. Because of the improvement in economic and revenue outlook, the cash balance rebounded to $710 million in FY05 and $884 million in FY06. Using current revenue projections, the daily cash balance is expected to grow from $925 million in FY07 to $1,146 million by FY13. Yields have fluctuated significantly over time. When the Fed tightened monetary policy in 1999 and 2000, yields jumped to 6.7 percent in the latter part of 2000 – a ten-year high. On a fiscal year basis, yield rates increased to 6.2 percent in FY01. However, as the economy weakened significantly in calendar year 2001, the Federal Open Market Committee (FOMC) of the Federal Reserve initiated an aggressive monetary policy and cut the federal fund interest rate 13 times, reducing the rate from 6.5 percent at the onset of 2001 to just 1.0 percent by June 2003 – the lowest level since 1958. Not surprisingly, investment income yields followed interest rates on their downward trend, with the yield falling from 6.6 percent in December 2000 to 1.5 percent in December 2002. This 84 percent drop (or 554 basis points) in yield is the main reason for the 87 percent drop in investment income between FY00 and FY04. However, beginning in June 2004, the FOMC began to raise interest rates at a measured pace such that between June 2004 and June 2006, the target rate on federal funds increased from 1.0 percent to 5.25 percent. As a result, yields are expected to climb to 5.34 percent by the end of FY07 and decline slightly to 5.15 percent in FY08.

Other Miscellaneous

The County receives miscellaneous income from a variety of sources, the largest of which are rental income for the use of County property, prior year encumbrance liquidations, abandoned vehicle auctions, net proceeds from the Conference Center, and current fund (other revenues). These five categories make up 78.0 percent of the total $12.7 million projected for FY08. The projection for subsequent fiscal years assumes growth at the rate of inflation.

PSP Fiscal Policy

INTRODUCTION

Definition and Purpose of Fiscal Policy

Fiscal policy is the combined practicGJNor-ton@aol.comes of government with respect to revenues, expenditures, and debt management. Fiscal planning, generally done within the context of the Public Services Program (PSP)/Operating Budget and the Capital Improvements Program (CIP)/Capital Budget, reflects and helps shape fiscal policy.

The budget process not only reflects those fiscal policies currently in force, but is itself a major vehicle for determining and implementing such policies. The fiscal policy statements presented on the following pages are not static. They evolve as the economy and fiscal environment change and as the County population and requirements for government programs and services change.

The purposes of fiscal policy for the PSP/Operating Budget are:

- **Fiscal Planning for Public Expenditures and Revenues.** Fiscal policy provides guidance for good public practice in the planning of expenditures, revenues, and funding arrangements for public services. It provides a framework within which budget, tax, and fee decisions should be made. Fiscal policy provides guidance toward a balance between program expenditure requirements and available sources of revenue to fund them. Fiscal planning considers long-term trends and projections in addition to annual budget planning.
- **Setting Priorities Among Programs.** Clearly defined and quantified fiscal limits encourage setting priorities by government managers and elected officials, thus helping to ensure that the most important programs receive relatively more funding.
- **Assuring Fiscal Controls.** Fiscal policies relating to County procurement of goods and services, to payment of salaries and benefits, to debt service, and to other expenditures are all essential to maintaining control of government costs over time.

Organization of this Section

Following are the major fiscal policies currently applied to the PSP/Operating Budget and financial management of Montgomery County (see the Recommended CIP for policies that relate more directly to the CIP). Numerous other fiscal policies that relate to particular programs or issues are not included here but are believed to be consistent with the guiding principles expressed below.

The presentation of fiscal policies is in the following order:

- Policies for fiscal control
- Policies for expenditures and allocation of costs
- Policies for debt management
- Policies for governmental management
- Policies for revenues and program funding
- Fiscal policy for user fees and charges
- Framework for fiscal policy

FISCAL CONTROL POLICIES

Balanced Budget

It is the fiscal policy of Montgomery County to balance the budget. No deficit may be planned or incurred.

Budgetary Control

The County will exercise budgetary control (maximum spending authority) over Montgomery County government, through County Council approval of appropriation authority within each department and special fund in three categories: Personnel Costs, Operating Expenses, and Capital Outlay; over the Montgomery County Public Schools and Montgomery College, through appropriations in categories set forth by the State; over the County's portion of the Maryland-National Capital Park and Planning Commission (M-NCPPC) activities, through approval of work programs and budgets; and over the Washington Suburban Transit Commission through appropriation of an operating contribution.

Budgetary control over the Washington Suburban Sanitary Commission (WSSC) is exercised following joint review with Prince George's County, through approval of Operating and Capital Budgets, with recommended changes in sewer usage charges and rates for water consumption.

Budgetary control over the Housing Opportunities Commission (HOC) and the Montgomery County Revenue Authority is limited to approval of their capital improvements programs and to appropriation of an operating contribution to the Housing Opportunities Commission.

Financial Management

The County will manage and account for its Operating and Capital Budgets in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Basis of Budgeting/Accounting Method

The County's basis of accounting used in the preparation and presentation of its Comprehensive Annual Financial Report (CAFR) is consistent with GAAP for governments.

The County maintains its accounting records for tax supported budgets (the General Fund, special revenue funds, and Capital Projects fund supported by general tax revenues) and permanent funds on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for proprietary funds and fiduciary funds, including private-purpose trust funds, are maintained on the accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash. Agency funds are also accounted for on the full accrual basis of accounting.

The County's basis of budgeting for tax supported and proprietary and trust fund budgets is consistent with the existing accounting principles except as noted below.

- The County does not legally adopt budgets for trust funds.
- The County legally adopts the budgets for all enterprise funds.
- For the Motor Pool and Central Duplicating Internal Service Funds, the appropriated budgets for those funds are reflected in the appropriated budgets of the operating funds (General Fund, special revenue funds, etc.), that are charged back for such services, and in a reappropriation of the prior year's Internal Service Fund fund balance. For the Liability and Property Coverage Self-Insurance and Health Self-Insurance Internal Service Funds, appropriation exists both in a separate legally adopted budget for each fund, and in the appropriated budgets of the operating departments that are charged back for such services.
- Debt service payments and capital outlay are included in the operating budgets of proprietary funds.
- Proprietary fund budgets do not include depreciation and amortization, and bad debts.
- The County budgets certain capital lease payments in tax supported funds; however, these lease costs are reclassified to the Debt Service fund for accounting purposes.
- The County does not budget for the retirement of Commercial Paper Bond Anticipation Notes (BANs) through the issuance of general obligation bonds.
- Certain amounts, such as those relating to the purchase of new fleet vehicles and certain inter-fund services such as permitting and solid waste services, are budgeted as fund expenditures but are reclassified to inter-fund transfers for accounting purposes.
- Year-end GAAP incurred but not reported (IBNR) amounts in the self-insurance internal service funds are not budgeted for; any such adjustments to IBNR claims reserve as of year-end are incorporated into the budget preparation process of the following fiscal year.

Internal Accounting Controls

The County will develop and manage its accounting system to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. "Reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Audits

The County will ensure the conduct of timely, effective, and periodic audit coverage of all financial records and actions of the County, its officials, and employees in compliance with local, State, and Federal law.

POLICIES FOR EXPENDITURES AND ALLOCATION OF COSTS

Content of Budgets

The County will include in the Operating Budget all programs and facilities which are not included in the Capital Improvements Program. There are three major impacts of the Capital Improvements Program (CIP) on Operating Budgets: debt service, current revenues applied to the CIP for debt avoidance or for projects which are not debt-eligible; and presumed costs of operating newly opened facilities. Please refer to the Capital Improvements Program (CIP) section in this document for more detail.

Expenditure Growth

The Charter (Section 305) requires that the County Council annually adopt and review spending affordability guidelines for the Operating Budget, including guidelines for the aggregate Operating Budget. The aggregate Operating Budget excludes Operating Budgets for: enterprise funds; grants; tuition and tuition-related charges of Montgomery College; and the Washington Suburban Sanitary Commission. County law implementing the Charter requires that the Council set expenditure limits for each agency, as well as for the total, in order to provide more effective guidance to the agencies in the preparation of their budget requests.

Spending affordability guidelines for the Capital Budget and Capital Improvements Program are adopted in odd-numbered calendar years. They have been interpreted in subsequent County law to be limits on the amount of general obligation debt and Park and Planning debt that may be approved for expenditure for the first and second years of the CIP and for the entire six years of the CIP.

Any aggregate budget that exceeds the guidelines then in effect requires the affirmative vote of seven councilmembers for approval.

The Executive advises the Council on prudent spending affordability limits and makes budget recommendations for all agencies consistent with realistic prospects for the community's ability to pay, both in the upcoming fiscal year and in the ensuing years.

Consistent with the Charter (Section 302) requirement for a six-year Public Services Program, the Executive continues to improve long-range displays for operating programs.

Allocation of Costs

The County will balance the financial burden of programs and facilities as fairly as possible between the general taxpayers and those who benefit directly, recognizing the common good that flows from many public expenditures, the inability of some citizens to pay the full costs of certain benefits, and the difficulty of measuring the relationship between public costs and public or private benefits of some services.

Tax Duplication Avoidance

In accordance with law, the County will reimburse those municipalities and special taxing districts which provide public services that would otherwise be provided by the County from property taxes.

Expenditure Reduction

The County will seek expenditure reductions whenever possible through efficiencies, reorganization of services, and through the reduction or elimination of programs, policies, and practices which have outlived their usefulness. The County will seek inter-agency opportunities to improve productivity.

Shared Provision of Service

The County will encourage, through matching grants, subsidies, and other funding assistance, the participation of private organizations in the provision of desirable public services when public objectives can be more effectively met through private activity and expertise and where permitted by law.

Public Investment in Infrastructure

The County will, within available funds, plan and budget for those facilities and that infrastructure necessary to support its economy and those public programs determined to be necessary for the quality of life desired by its citizens.

Cost Avoidance

The County will, within available funds, consider investment in equipment, land or facilities, and other expenditure actions, in the present, to reduce or avoid costs in the future.

Procurement

The County will make direct or indirect purchases through a competitive process, except when an alternative method of procurement is specifically authorized by law, is in the County's best interest, and is the most cost-effective means of procuring goods and services.

Use of Restricted Funds

In order to align costs with designated resources for specific programs or services, the County will generally first charge expenses against a restricted revenue source prior to using general funds. The County may defer the use of restricted funds based on a review of the specific transaction.

DEBT MANAGEMENT POLICIES

Debt Management

The County will minimize debt service costs through the judicious use of available debt instruments, consistent with the desirability of maintaining stable current tax rates and distributing the costs of certain long-lived facilities among all users, present and future.

General Obligation Debt Incurred

The County will limit the amount of new general obligation debt it will plan for and issue in any six-year period to that which can be fully supported by its revenues under conservative fiscal and economic projections and which will reasonably assure retention of the County's highest credit rating (AAA) in national debt markets. Capital Improvements Program expenditures funded by County general obligation bonds and Park and Planning bonds are subject to spending affordability limits set by the County Council.

Revenue Bonds

Debt may be incurred, as authorized by law, based on the pledge of particular revenues to its repayment, in contrast to general obligation debt, which pledges general tax revenues. Revenue-based debt carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.

Lease Revenue Bonds

Debt or other financing instruments may be issued on behalf of the County by other governmental entities such as the Revenue Authority or a State agency. This debt or other instrument is generally supported by lease payments. Although these lease payments are subject to annual appropriation, they constitute a long-term obligation of the County that is similar to debt service payments. These types of lease payments have a direct impact on debt capacity, in that they should be considered comparable to debt service when comparing long-term obligations to total expenditures.

Bond Anticipation Notes (BANs)

The County will use shor: m, interim financing techniques, such as variable rate notes and commercial paper for the Capital Budget. Short-term financing is converted annually to long-term debt, thereby preserving the short-term status of these borrowing programs. This technique preserves working capital for use in funding the Operating Budget. It also provides flexibility with regard to the timing and the funding of capital expenditures.

Current Revenue Funding

The County will make use of available current revenues for pay-as-you-go funding of the CIP as a means of reducing the costs of debt service. When revenue levels permit, priority will be given to inclusion within annual budgets of additional cash payments for infrastructure over the amount of current revenues specifically designated to non-debt eligible capital projects. This is commonly referred to as "PAYGO" (pay-as-you-go) financing. The County will obligate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year.

Tax-Exempt Financing - Private Use

The County will support the private use of tax-exempt financing through Economic Development Revenue bonds, or such other instruments as are authorized by law, only when such financing: serves public objectives; has economic, fiscal, and social benefits for the County; and does not pledge either the full faith and credit or the taxing power of the County or its political subdivisions.

GOVERNMENTAL MANAGEMENT POLICIES

Productivity

The County will seek continuous improvement in the productivity of County programs in terms of quantity of services relative to resources expended, through all possible strategies.

Employee Involvement

The County will actively encourage and make use of the experience and expertise of its workforce for optimum program effectiveness and cost-efficiency of public service delivery through training, teamwork, employee empowerment, and other precepts of quality management.

Intergovernmental Program Efforts

The County will seek program efficiencies and cost savings through cooperative agreements and joint program efforts with other County agencies, municipalities, regional organizations, and the State and Federal governments.

Alternative Service Delivery

The County will consider obtaining public service delivery through private or nonprofit sectors via contract or service agreement, rather than through governmental programs and employees, when permitted by law, cost-effective, and consistent with other public objectives and policies.

Risk Management

The County will: control its exposure to financial loss through a combination of commercial and self-insurance; self-insure against all but highest cost risks; and aggressively control its future exposure through a risk management program that allocates premium shares among agencies based on loss history.

Employee Compensation

The County will seek to provide total compensation (pay plus employee benefits) that is: comparable to jobs in the private sector; comparable among similar jobs in the several County departments and agencies; and comparable between employees in collective bargaining units and those outside such units.

The government will act to contain the growth of compensation costs through organizational efficiencies within its departments and agencies, management efficiencies within its operations and service delivery, and productivity improvements within its workforce.

Pension Funds

The County will, to assure the security of benefits for current and future retirees and the solvency of the Employee Retirement System of Montgomery County, provide for the judicious management and investment of the fund's assets through the Board of Investment Trustees (BIT), and strive to increase the funding ratio of assets to accrued liability. The BIT also selects the service providers and investment options available for employees participating in the Retirement Savings Plan and the Deferred Compensation Plan. The Montgomery County Union Employees Deferred Compensation Plan is administered by the three unions representing Montgomery County employees.

Other Post Employment Benefits

The County intends to comply with GASB Statement 45 by reporting its expenses related to Other Post Employment Benefits (OPEB) on its financial statements, starting with the fiscal year beginning July 1, 2007 (FY08). The County also intends to phase in to full pre-funding of its Annual Required Contribution (ARC), from the current pay-as-you-go approach, beginning with contributions to one or more trust funds established for that purpose, over a five-year period beginning with FY08. This approach allows the County to use a discount rate higher than its operating investment rate for accounting and budgeting purposes, which will result in lower costs and liabilities than if the County did not have a Trust in place.

Surplus Property

The County will maximize the residual value of land parcels or buildings declared excess to current public needs through public reuse, lease to appropriate private organizations, or sale, in order to return them to the tax base of the County. Disposition of goods which have become obsolete, unusable, or surplus to the needs of the County will be accomplished through bid, auction, or other lawful method, to the purchaser offering the highest price except under circumstances as specified by law.

Fiscal Impact Reviews

The County will review proposed local and State legislation for specific findings and recommendations relative to financial and budgetary impacts and any continuing and potential long-term effects on the operations of government.

Economic Impact Statements

Where applicable, the County will review proposed local and State legislation for specific findings and recommendations relative to economic impacts for any continuing and potential long-term effects on the economic well-being of the County.

Resource Management

The County will seek continued improvement in its budgetary and financial management capacity in order to reach the best possible decisions on resource allocation and the most effective use of budgeted resources.

POLICIES FOR REVENUES AND PROGRAM FUNDING

Diversification of Revenues

The County will establish the broadest possible base of revenues and seek alternative revenues to fund its programs and services, in order to:

- Decrease reliance on general taxation for discretionary but desirable programs and services and rely more on user fees and charges;
- Decrease the vulnerability of programs and services to reductions in tax revenues as a result of economic fluctuations; and
- Increase the level of self-support for new program initiatives and enhancements.

Revenue Projections

The County will estimate revenues in a realistic and conservative manner in order to minimize the risk of a funding shortfall.

Property Tax

The County will, to the fullest extent possible, establish property tax rates in such a way as to:

- Limit annual levies so that tax revenues are held at or below the rate of inflation, or justify exceeding those levels if extraordinary circumstances require higher rates;
- Avoid wide annual fluctuations in property tax revenue as economic and fiscal conditions change; and
- Fully and equitably obtain revenues from new construction and changes in land or property use.

A 1990 amendment to the County Charter (Section 305), "Question F," limits the annual increase in real property tax revenue to the rate of inflation plus that associated with new construction, rezoning, changes in property use, and development districts. This limit may be overridden by a vote of seven of the nine councilmembers.

County Income Tax

The County will maintain the rate for the local personal income tax within the limits specified in the Maryland Code, Tax-General Article, Section 10-106.

Special Districts

The County has established special districts within which extra services, generally not performed countywide, are provided and funded from revenues generated within those districts. Examples are the Urban, Recreation, and Parking Lot Districts. The County will also abolish special districts when the conditions which led to their creation have changed.

Most special districts have a property tax to pay all or part of the district expenses. Such property taxes are included in the overall limit set on annual real property tax revenue increases by Section 305 of the County Charter.

Special Funds

The revenues and expenditures of special districts are accounted for in special revenue funds or, in the case of Parking Lot Districts, in enterprise funds. As a general principle, these special funds pay an overhead charge to the General Fund to cover the management and support services provided by General Fund departments to these special fund programs.

When the fund balances of special funds grow to exceed mandated or otherwise appropriate levels relative to district public purposes, the County may consider transferring part of the fund balance to support other programs, as allowed by law. For example, portions of the fee and fine revenue of the Parking Lot Districts (PLDs) are transferred to the Mass Transit Fund and a portion of the PLDs' fee revenue is transferred to the Urban Districts.

Enterprise Funds

The County will, through pricing, inventory control, and other management practices, ensure appropriate fund balances for its enterprise funds while obtaining full cost-recovery for direct and indirect government support, as well as optimal levels of revenue transfer for General Fund purposes.

One-Time or "Windfall" Revenues

Except for excess revenues which must go to the Revenue Stabilization Fund (see below), the County will, whenever possible, give highest priority for the use of one-time revenues from any source to the funding of capital assets or other nonrecurring expenditures so as not to incur ongoing expenditure obligations for which revenues may not be adequate in future years.

Intergovernmental Revenues

The County will aggressively seek a fair share of available State and Federal financial support unless conditions attached to that assistance are contrary to the County's interest. Where possible, Federal or State funding for the full cost of the program will be requested, including any indirect costs of administering a grant-funded program. For reasons of fiscal prudence, the County may choose not to solicit grants that will require an undeclared fiscal commitment beyond the term of the grant.

User Fees and Charges

The County will charge users directly for certain services and use of facilities where there is immediate and direct benefit to those users, as well as a high element of personal choice or individual discretion involved, rather than fund them through general taxation. Such charges include licenses, permits, user fees, charges for services, rents, tuition, and sales of goods. This policy will also be applied to fines and forfeitures. See also: "Policies for User Fees and Charges," later in this Fiscal Policy section.

Cash Management and Investments

The objective of the County's cash management and investment program is to achieve maximum financial return on available funds while assuring a high level of safety. Cash will be pooled and invested on a daily basis reflecting the investment objective priorities of capital preservation, liquidity, and yield.

Reserves and Revenue Stabilization

The County will maintain total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "rainy day fund"). For tax supported funds, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund should be at least 6.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance).

An operating margin reserve (or unappropriated fund balance) will be budgeted for tax supported funds in order to provide sufficient funds for unanticipated revenue shortfalls or unexpected expenditure requirements.

The County's Revenue Stabilization Fund was established to accumulate funds during periods of strong economic growth in order to provide budgetary flexibility during times of funding shortfalls. Fifty percent of selected revenues in excess of budgeted amounts must be transferred to the Fund; discretionary contributions may also be made. Unless decided otherwise by six or more councilmembers, withdrawals may be made only under certain economic conditions and may be used only to support appropriations which have become unfunded.

The budgeted reserve levels for non-tax supported funds are established by each government agency and vary based on the particular fiscal requirements and business functions of the fund as well as any relevant laws, policies, or bond covenants.

POLICIES FOR USER FEES AND CHARGES

To control the growth of property taxation as the County's principal revenue source, there is a need to closely allocate certain costs to those who most use or directly benefit from specific government programs and services. Fees and charges are those amounts received from consumers of government services or users of facilities on the basis of personal consumption or private benefit rather than individual income, wealth, or property values. Significant government revenues are and should be obtained from licenses, permits, user fees, charges for services, transit fares, rents, tuition, sales, and fines. The terms "fee" and "charge" are used here interchangeably to include each of these types of charges.

Purpose of User Fee Policy

Access to programs and services. The imposition of and level of fees and charges should be set generally to ensure economic and physical access by all residents to all programs and services provided by the government. Exceptions to this basic public policy are: the pricing of public goods (such as parking facilities) in order to attain other public policy objectives (such as public use and support of mass transit); and using a charge to enforce compliance with laws and regulations, such as fines for parking violations.

Fairness. User fees and charges are based on the idea of equity in the distribution of costs for government programs and services, with the objective of sharing those costs with the individual user when there is individual choice in the kind or amount of use, and of adjusting charges in accordance with individual ability to pay when there is no choice.

Diversification of revenue sources. User fees and charges enhance the government's ability to equitably provide programs and services which serve specific individuals and groups and for which there is no other alternative provider available. The policy objective is to decrease reliance on general revenues for those programs and services which produce direct private benefits and to fund such programs and services through revenues directly related to their costs and individual consumption.

Goals

Goals for the imposition of user fees and charges include:

- Recovery of all, or part, of government costs for the provision of certain programs and services to the extent that they directly benefit private individuals or constituencies rather than the public at large;

- Most efficient allocation of available public resources to those programs meeting the broadest public need or demand;
- More effective planning and alternative choices for future programs, services, and facilities through "market" information from actual user demand;
- Improved cost-effectiveness and accountability for the spending of public funds by allowing individual citizens to choose their level of use from among those programs, services, and facilities where individual choice may be exercised; and
- Ensuring dedicated sources of funds to cover the costs of programs and services of direct benefit to designated special areas or user groups rather than the County as a whole.

Criteria

Within these goals, government officials must consider a variety of factors in deciding whether to employ fees and charges and what rates to charge. Each proposal for a new or increased fee is evaluated according to these criteria.

Public benefit. Many programs benefit the public as a whole as well as those who directly use the service. By definition, all programs offered by government have some public benefit or they should not be undertaken. However, the rate set must balance the private benefit with the public good so that there is maximum overall benefit to the community, and the costs are fairly allocated.

This balance may be achieved either by specifying a percentage of cost recovery (from users) or by a tax subsidy for each service (from the general public). The greater the public benefit, the lower the percentage of cost recovery that is appropriate. On one end of the scale, public utilities such as water and sewer should be paid for almost entirely on the basis of individual consumption, with full cost recovery from consumer-users; on the other, public education and public safety (police and fire service) are required for the overall public good and so are almost entirely supported through general taxation.

In between are services such as public health inspections or clinic services which protect the public at large but which are provided to specific businesses or individuals; facilities such as parks which are available to and used by everyone; and playing fields, golf courses, or tennis courts which serve only special recreational interests. Services that have private benefit for only a limited number of persons (such as public housing, rent or fuel subsidies) should not be "free" unless they meet very stringent tests of public good, or some related criteria such as essential human needs.

Ability to pay. Meeting essential human needs is considered a basic function of government, and for this reason programs or services assisting the very poor are considered a "public good" even though the benefit may be entirely to individuals. Whether to assess fees and how much to charge, depends on the ability to pay by those who need and make use of programs and services provided by government.

Without adjustment, fees are "regressive" because rates do not relate to wealth or income. For this reason, services intended mainly for low-income persons may charge less than otherwise would be the case. Policies related to fee scales or waivers should be consistent within similar services or as applied to similar categories of users. Implementation of fee waivers or reductions requires a means for establishing eligibility that is fair and consistent among programs. The eligibility method also must preserve the privacy and dignity of the individual.

User discretion. Fees and charges are particularly appropriate if the user has a choice about whether or not to use a particular program or service. Individuals have choices as to: forming a business that requires a license; use of particular recreational facilities; obtaining post-secondary education; or in transportation and related facilities. When fines represent a penalty to enforce public law or regulation, citizens can avoid the charge by compliance; fines should be set at a point sufficient to deter non-compliant behavior. The rates for fines and licenses may exceed the government cost of providing the related "service" when either deterrence or rationing the special "benefit" is desired as a matter of public policy.

Market demand. Services which are fee-supported often compete for customer demand with similar services offered by private firms or by other public jurisdictions. Fees for publicly-provided goods cannot be raised above a competitive level without loss of patronage and potential reduction in cost-effectiveness. Transit fares, as a user charge, will compete with the individual's real or perceived cost of alternative choices such as the use of a private automobile. In certain cases, it may be advisable to accept a loss of volume if net revenue increases, while in others it may be desirable to set the fee to encourage use of some other public alternative.

Specialized demand. Programs with a narrow or specialized demand are particularly suitable for fees. The fee level or scale may be set to control the expansion of services or programs in which most of the public does not need or elect to participate. Services that have limitations on their availability may use fee structures as a means of rationing available capacity or distributing use over specific time periods. Examples include golf courses, parking, and transit fares, all of which have differentiated levels related to time of use. Even programs or services which benefit all or most residents may appropriately charge fees if their benefits are measurable but unequal among individuals. Charges based on consumption, such as water and sewer provision, are examples. In addition, because they do not pay taxes, nonresidents may be charged higher rates than residents (as with community college tuition), or they may be charged a fee even if a program is entirely tax supported for County residents.

Legal constraints. State law may require, prohibit, regulate, or preempt certain existing or proposed user charges. In general, local government has no authority to tax unless specifically authorized by State law. Localities are generally able to charge for services if those charges are authorized by local ordinance and not prohibited, regulated, or preempted by State law. If a proposed fee is legally construed as a tax, then the fee may be invalidated until authorized as a tax by the State. Federal or State law may also prohibit or limit the use of charges for certain grant programs, and other Federal or State assistance may require the local authority to "match" certain amounts through imposition of charges. It should be noted that law on such issues is frequently in dispute; particular fees, or the level of charge, may be subject to legal challenge.

Program cost. The cost of a program or service is an important factor in setting user charges. Costs may include not only the direct personnel and other costs of operating a program, but also indirect costs such as overhead for government support services. In addition, a fee may be set to recover all or part of facilities construction or debt service costs attributable to a program. Recovery of any part of the costs of programs benefiting specific individuals should identify and consider the full cost of such programs or services to acknowledge the cost share which will be borne by the public at large.

Reimbursement. A decision on whether to use fees is influenced by the possibility of reimbursement or shifting of real costs that can lower the net cost to the resident. For example, some County taxes are partially deductible from Federal or State income tax, while fees and charges may not be deducted. Hence, the same revenue to the County may cost less to the resident if it is a tax rather than a fee. Charges may also be reimbursed to (shifted from) the paying individual from (or to) other sources, either governmental or private. For example, ambulance transport charges may be payable under health insurance. In general, the County will use fees to minimize the real cost to residents, within the context of equity and other criteria noted.

Administrative cost. The government incurs administrative costs to measure, bill, and collect fee revenues. In general, it is less expensive to collect tax revenue. If a potential user fee revenue will cost more to collect than it will produce, it may not be appropriate to assess a fee even if otherwise desirable and appropriate. It is important to develop ways to measure the use of services which do not cost more than the usefulness or fairness of doing the measurement. For example, "front footage" has been used as a measurement basis for assessing certain charges related to road improvements and supply of water and sewer, to avoid the administrative cost of precisely measuring benefit. Similarly, the cost of effective collection enforcement must be weighed against total benefits of the charge, including the value of deterrence if the charge is punitive.

Preserving the real value of the charge. During the period when a fee has been in effect, costs have usually risen and inflation has cut the real value of revenue produced by the fee. In some instances, adjustments to user charges have either not been imposed or have lagged behind inflation. The rate of the charge should be increased regularly to restore the former value of the revenue involved. Most fees and charges should be indexed so that their per unit revenues will keep up with inflation.

FRAMEWORK FOR FISCAL POLICY

Legal Framework

Fiscal policy is developed and amended, as necessary, according to:

- Federal law and regulation;
- Maryland law and regulation;
- Montgomery County Charter; and
- Montgomery County law and regulation.

Fiscal Planning Projections and Assumptions

Various trends and economic indicators are projected and analyzed for their impacts on County programs and services and for their impact on fiscal policy as applied to annual Operating Budgets. Among these are:

- Inflation, as measured by change in the Consumer Price Index (CPI) for the Washington-Baltimore area, is an important indicator of future costs of government goods and services, including anticipated wage and salary adjustments. The CPI change also specifies the increase in property tax revenue allowed by Section 305 of the Charter without an extraordinary vote of the Council.
- Growth of population and jobs, which are principal indicators of requirements for new or expanded programs and services.
- Demographic change in the numbers or location within the County of specific age groups or other special groups, which provides an indication of the requirements and costs of various government services and programs.
- The assessable property tax base of the County which is the principal indicator of anticipated property tax collections, a major source of general revenues.
- Personal income earned by County residents, which is a principal basis for projecting income tax revenues as one of the County's major revenue sources, as well as being a basis for determining income eligibility status for certain government programs.
- Employment growth and unemployment rates within the County, as indicators of personal income growth as a revenue source, as well as being indicators of various service or program needs, such as day care or public welfare assistance.

Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of annual operating expenditures must be in conformity with GAAP standards. This involves the separate identification of, and accounting for, the various operating funds; adherence to required procedures such as transfers between funds and agencies; and regular audits of general County operations and special financial transactions such as the disbursement of Federal grants.

Credit Markets and Credit Reviews

The County's ability to borrow cost-effectively depends upon its credit standing as assessed by the three major credit rating agencies: Moody's, Standard and Poor's, and Fitch. While key aspects of maintaining the highest credit rating are related to the management of the County's Capital Improvements Program (CIP), others are directly applicable to the annual Operating Budgets:

- Maintenance of positive fund balances (reserves) to ensure continued County liquidity for debt repayment; and
- Assurances through County law and practice of an absolute commitment to timely repayment of debt and other obligations.

Intergovernmental Agreements

Fiscal policy for operating budgets must provide guidance for, and be applied within, the context of agreements made between the County and other jurisdictions or levels of government relative to program or service provision. Examples include agreements with:

- Incorporated municipalities or special tax districts for reimbursement of the costs of various services provided by those units for their residents which would otherwise have to be expended by the County;
- State agencies for shared costs of various social service programs and for participation in various grant and loan programs;
- Federal agencies to obtain support to meet mutual program objectives through programs such as the Community Development Block Grant; and
- Prince George's County on the annual approval of the budgets of the Washington Suburban Sanitary Commission and the Maryland-National Capital Park and Planning Commission.

CIP Fiscal Policy

DEFINITION AND PURPOSE OF FISCAL POLICY

Fiscal policy is the combined practices of government with respect to revenues, expenditures, and debt management. Fiscal policy for the Capital Improvements Program focuses on the acquisition, construction, and renovation of public facilities and on the funding of such activities, with special attention to both long-term borrowing and, increasingly, short-term debt.

The purposes of the CIP fiscal policy are:

- To encourage careful and timely decisions on the relative priority of programs and projects;
- To encourage cost effectiveness in the type, design, and construction of capital improvements;
- To assure that the County may borrow readily for essential public improvements; and
- To keep the cost of debt service and other impacts of capital projects at levels affordable in the operating budget.

The County Charter (Article 3, Sections 302 and 303) provides that the County Executive shall submit to the Council, not later than January 15 of each even-numbered calendar year, a comprehensive six-year program for capital improvements. This biennial Capital Improvements Program takes effect for the six-year period which begins in each odd-numbered fiscal year. The Charter provides that the County Executive shall submit a Capital Budget to the Council, not later than January 15 of each year.

The County Executive must also submit to the Council, not later than March 15 of each year, a proposed operating budget, along with comprehensive six-year programs for public services and fiscal policy. The Public Services Program (PSP)/Operating Budget and Capital Improvements Program (CIP)/Capital Budget constitute major elements in the County's fiscal planning for the next six years. Fiscal policies for the PSP and CIP are parts of a single consistent County fiscal policy.

In November 1990, the County's voters approved an amendment to Section 305 of the Charter to require that the Council annually adopt spending affordability guidelines for the capital and operating budgets. Spending affordability guidelines for the CIP have been interpreted in subsequent County law to be limits on the amount of general obligation debt and Park and Planning debt that may be approved for expenditure for the first year and the second year of the CIP and for the entire six years of the CIP. Spending affordability guidelines are adopted in odd-numbered calendar years. Since 1994, the Council, in conjunction with the Prince George's County Council, has adopted one-year spending limits for WSSC. These spending control limits have included guidelines for new debt and annual debt service.

CURRENT CIP FISCAL POLICIES

The fiscal policies followed by the Executive and Council are relatively stable, but not static. They evolve in response to changes in the local economy, revenues and funding tools available, and requirements for public services. Also, policies are not absolute; policies may conflict and must be balanced in their application. Presented here are the CIP fiscal policies currently in use by the County Executive.

Policy on Eligibility for Inclusion in the CIP

Capital expenditures included as projects in the CIP should:

- Have a reasonably long useful life, or add to the physical infrastructure and capital assets of the County, or enhance the productive capacity of County services. Examples are roads, utilities, buildings, and parks. Such projects are normally eligible for debt financing.
- Generally have a defined beginning and end, as differentiated from ongoing programs in the PSP.
- Be related to current or potential infrastructure projects. Examples include facility planning or major studies. Generally, such projects are funded with current revenues.
- Be carefully planned to enable decision makers to evaluate the project based on complete and accurate information. In order to permit projects to proceed to enter the CIP once satisfactory planning is complete, a portion of "programmable expenditures" (as used in the Bond Adjustment Chart) is deliberately left available for future needs.

Policy on Funding CIP with Debt

Much of the CIP should be funded with debt. Capital projects usually have a long useful life and will serve future taxpayers as well as current taxpayers. It would be inequitable and an unreasonable fiscal burden to make current taxpayers pay for many projects out of current tax revenues. Bond issues, retired over approximately 20 years, are both necessary and equitable.

Projects deemed to be debt eligible should:

- Have a useful life at least approximately as long as the debt issue with which they are funded.
- Not be able to be funded entirely from other potential revenue sources, such as intergovernmental aid or private contributions.
- Special Note: With a trend towards more public/private partnerships, especially regarding projects aimed at the revitalization or redevelopment of the County's central business districts, there are more instances when public monies leverage private funds. These instances, however, generally bring with them the "private activity" or private

benefit (to the County's partners) that generally make it necessary for the County to use current revenue as its funding source. It is County fiscal policy that financing in partnership situations ensure that tax-exempt debt is issued only for those improvements that meet the IRS requirements for this lowest cost form of financing.

Policy on General Obligation Debt Limits

General obligation debt usually takes the form of bond issues, and pledges general tax revenue for repayment. Paying principal and interest on general obligation debt is the first claim on County revenues. By virtue of prudent management and the long-term strength of the local economy, Montgomery County has maintained the highest quality rating of its general obligation bonds, AAA. This top rating by Wall Street rating agencies, enjoyed by very few local governments in the country, assures Montgomery County of a ready market for its bonds and the lowest available interest rates on that debt.

Debt Capacity

To maintain the AAA rating, the County adheres to the following guidelines in deciding how much County general obligation debt may be issued in the six-year CIP period:

- Total debt, both existing and proposed, should be kept at about 1.5 percent of full market value (substantially the same as assessed value) of taxable real property in the County.
- Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund operating budget. The General Fund excludes grants and other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the percentage of debt service would be below ten percent.
- Total debt outstanding and annual amounts issued, when adjusted for inflation, should not cause real debt per capita (i.e., after eliminating the effects of inflation) to rise significantly.
- The rate of repayment of bond principal should be kept at existing high levels and in the 60-75 percent range during any ten-year period.
- Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above its current level of about 3.5 percent.

Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with 5 percent of the series retired each year. This practice produces equal annual payments of principal over the life of the bond issue, which means declining annual payments of interest on the outstanding bonds. Thus annual debt service on each bond issue is higher at the beginning and lower at the end. When bond market conditions warrant, or when a specific project would have a shorter useful life, then different repayment terms may be used. The Charter limits the term of any bond to 30 years.

Policy on Other Forms of General Obligation Debt

The County may issue other forms of debt as appropriate and authorized by law. From time to time, the County has issued Bond Anticipation Notes (BANs) and commercial paper for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

Policy on Minimum Allocation of PAYGO

Pay-as-you-go (PAYGO) financing funds capital costs which are eligible for debt funding with cash, reducing the amount of debt required to fund the CIP and saving interest and cost of issuance expenses. The County will allocate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year.

Policy on Use of Revenue Bonds

Revenue bonds are secured by the pledge of particular revenues to their repayment in contrast to general obligation debt, which pledges general tax revenues. The revenues pledged may be those of a Special Revenue fund, or they may be derived from the funds or revenues received from or in connection with any project, all or part of which is financed from the proceeds of revenue bonds. Revenue-based debt carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.

Policy on Use of Current Revenues

The County has the following policies on the use of current revenues in the CIP:

- Current revenues must be used for any CIP projects not eligible for debt financing by virtue of limited useful life.
- Current revenues should be used for CIP projects consisting of long-lived equipment replacement, for limited renovations of facilities, for renovations to facilities which are not owned by the County, and for planning and feasibility studies.
- Current revenues may be used when the requirements for capital expenditures press the limits of bonding capacity.

Most non-debt eligible projects funded with current revenues are budgeted in the six-year Public Services Program/Operating Budget. This significantly increases the visibility of all items competing for the same funding (current revenues), expands the capacity of elected officials and citizens to scrutinize all relevant spending choices over a multi-year time frame, and diminishes the tendency to presume that programs once in the CIP are entitled to more protection from budgetary pressures than those traditionally in the PSP.

Policy on Use of Federal and State Grants and Other Contributions

Grants and other contributions should be sought and used to fund capital projects whenever they are available on terms that are to the County's long-term fiscal advantage. Such revenues should be used as current revenues for debt avoidance and not for debt service.

Policy on Taxing New Private Sector Development

As part of a fair and balanced tax system, new development of housing, commercial, office, and other structures should contribute directly toward the cost of the new and improved transportation and other facilities required to serve that development. To implement this policy, the County has established the following taxes:

Impact Tax – Transportation. The County Council established new rates and geographical boundaries for transportation impact taxes in October 2003. These taxes are levied at three rate schedules: for the majority of the County (the General impact tax area), for designated Metro station areas, and for Clarksburg.

Impact Tax - Schools. Beginning March 1, 2004, most residential development in Montgomery County will be subject to an impact tax for certain school facilities. The rates are the same Countywide but vary by housing type, commensurate with the average student generation rates of that type of residential development.

School Facilities Payment. In October 2003, the County Council established a school facilities payment which will be applied at subdivision review to residential development projects located in a school cluster where enrollment exceeds adopted standards but is less than 110 percent of capacity. The school facilities payment is made on a per-student basis, based upon standard student generation rates of that type of residential development. Revenue from the school facilities payment is unpredictable and is not programmed for specific projects until after the revenue has been collected

Development Approval Payment (DAP). In November 1993, the Council created an alternative voluntary review procedure for Metro station policy areas as well as limited residential development. The DAP permits development projects to proceed in certain areas subject to development restrictions. Due to the voluntary nature of this payment, DAP revenue is an unpredictable funding source and is not programmed for specific transportation improvements until after the revenue has been collected. In October 2003, the County Council revised the Annual Growth Policy to replace the Development Approval Payment with an alternative payment mechanism based upon impact tax rates.

Expedited Development Approval Excise Tax (EDAET). The EDAET, also known as Pay-and-Go, enacted by the Council in October 1997, allows certain private development to proceed with construction in moratorium and non-moratorium policy areas after the excise tax has been paid. The tax is assessed on the project based on the intended use of the building, the square footage of the building, and whether the building is in a moratorium policy area. The purpose of the four-year EDAET is to act as a stimulus to residential and commercial construction within the County by making the development approval process more certain. A few subdivisions are permitted to retain the EDAET approval longer than four years. As of December 2003, no new subdivisions may use the EDAET procedure, but several projects previously approved under the procedure have not yet acquired building permits.

Development Districts. Legislation enacted in 1994 established a procedure by which the Council may create a development district. The creation of such a special taxing district allows the County to issue low-interest, tax-exempt bonds that are used to finance the infrastructure improvements needed to allow the development to proceed. Taxes or other assessments are levied on property within the district, the revenues from which are used to pay the debt service on the bonds. Development is, therefore, allowed to proceed, and improvements are built in a timely manner. Only the additional, special tax revenues from the development district are pledged to repayment of the bonds. The County's general tax revenues are not pledged. The construction of improvements funded with development district bonds is required by law to follow the County's usual process for constructing capital improvements and, thus, must be included in the Capital Improvements Program.

Transportation Improvement (Loophole) Credits. Under certain conditions, a developer may choose to pay a transportation improvement credit in lieu of funding or constructing transportation improvements required in order to obtain development approval. These funds are used to offset the cost of needed improvements in the area from which they are paid.

Systems Development Charge (SDC). This charge, enacted by the 1993 Maryland General Assembly, authorized WSSC to assess charges based on the number and type of plumbing fixtures in new construction, effective July 19, 1993. SDC revenues may only be spent on new water and sewerage treatment, transmission, and collection facilities.

DETAILED DESCRIPTION OF CIP FUNDING SOURCES

Within each individual capital project, the funding sources for all expenditures are identified. There are three major types of funding for the capital improvements program: current revenues (including PAYGO); proceeds from bonds and other debt instruments; and grants, contributions, reimbursements, or other funds from intergovernmental and other sources.

Current Revenues

Cash contributions used to support the CIP include: transfers from general revenues, special revenues, and enterprise funds; investment income on working capital or bond proceeds; proceeds from the sale of surplus land; impact taxes, development approval payments, systems development charges, and the expedited development approval excise tax; and developer contributions. The source and application of each are discussed below.

Current Revenue Transfers. When this source is used for a capital project, cash is allocated to the capital project directly from the General, Special, or Enterprise Funds to finance direct payment of some or all of the costs of the project. The General Fund is the general operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Use of current revenues is desirable as it constitutes "pay-as-you-go" financing and, when applied to debt-eligible projects, reduces the debt burden of the County. Decisions to use current revenue funding within the CIP have immediate impacts on resources available to annual operating budgets, and require recognition that certain costs of public facilities should be supported on a current basis rather than paid for over time. Current revenues from the General Fund are used for designated projects which involve broad public use and which fall outside any of the specialized funds. Current revenues from the Special and Enterprise Funds are used if the project is associated with the particular function for which these funds have been established.

PAYGO is current revenue set aside in the operating budget, but not appropriated. PAYGO is used to replace bonds for debt-eligible expenditures. PAYGO is planned to be ten percent of bonds planned for issue.

Proceeds from the Sale of Public Property. When the County sells surplus land or other real property, proceeds from the sales are deposited into the Land Sale account, and are then used to fund projects in the CIP. By law, 25 percent of the revenue from land sales must be directed to the Montgomery Housing Initiative (MHI) Fund to promote a broad range of housing opportunities in the County. Properties may be excluded from the 25 percent requirement if they are within an area designated as urban renewal or by a waiver from the County Executive.

Impact Taxes are specific charges to developers to help fund improvements to transportation and public school infrastructure. School impact taxes are charged at one rate Countywide for each type of housing. There are three sets of rates for the transportation impact tax: the majority of the County (the general area), designated Metro station areas, and Clarksburg.

All new development (residential or commercial) within the designated areas is subject to payment of applicable impact taxes as a condition to receiving building permits. The tax rates are set by law to be calculated at the time a developer applies for a building permit.

Since revenues to be obtained from impact taxes are payable only when a developer applies for building permits (which may not occur for a number of years), other funding is sometimes required for funding project construction, predicated on eventual repayment from impact taxes.

Contributions are amounts provided to the County by interested parties such as real estate developers in order to support particular capital projects. Contributions are sometimes made as a way of solving a problem which is delaying development approval. A project such as a road widening or connecting road that specifically supports a particular new development may be fully funded (and sometimes built) by the developer. Other projects may have agreed-upon cost-sharing arrangements predicated on the relationship between public and private benefit that will exist as a result of the project. For stormwater management projects, developer contributions are assessed in the form of fees in lieu of on-site construction of required facilities. These fees are applied to the construction of regional facilities serving a particular area. They are separately designated and accounted for within the Capital Projects Fund.

Bond Issues and Other Public Agency Debt

The County government and four of its Agencies are authorized by State law and/or County Charter to issue debt to finance CIP projects. This debt may be either general obligation or self-supporting debt. General obligation debt is characterized in credit analyses as being either "direct" or "overlapping." Direct debt is the sum of total bonded debt and any unfunded debt (such as short-term notes) of the government, and constitutes the direct obligations of the County government which impact its taxpayers. Overlapping debt includes all other borrowing of County agencies or incorporated municipalities within the County's geographic limits, which may impact those County taxpayers who are residents of those municipalities or those County taxpayers who are ratepayers or users of public utilities. More broadly, overlapping debt can help reveal the degree to which the total economy is being asked to support long-term fixed commitments for government facilities.

Direct General Obligation Debt is incurred by the issuance of bonds by the County government and the Maryland-National Capital Park and Planning Commission (M-NCPPC). Payment of some bonded debt issued by the Washington Suburban Sanitary Commission (WSSC) and the Housing Opportunities Commission (HOC) is also guaranteed by the County government.

County government general obligation bonds are issued for a wide variety of functions such as transportation, public schools, community college, public safety, and other programs. These bonds are legally-binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. The County Code provides for a maximum term of 30 years, with repayment in annual serial installments. Typically, County bond issues have been structured for repayment with level annual payments of principal. Bonds are commonly issued for 20 years. The money to repay general obligation debt comes primarily from general revenues, except that debt service on general obligation bonds, if any, issued for projects of Parking Districts, Liquor, or Solid Waste funds is supported from the revenues of those enterprises.

M-NCPPC is authorized to issue general obligation bonds, also known as Park and Planning bonds, for the acquisition and development of local and certain special parks and advance land acquisition, with debt limited to that supportable within mandatory tax rates established for the Commission. Issuance is infrequent, and because repayment is guaranteed by the County, it is considered a form of direct debt. Debt for regional, conservation, and special park facilities is included within County government general obligation bond issues, with debt service included within the County government's annual operating budget.

HOC bonds which support County housing initiatives such as the acquisition of low/moderate-income rental properties may be guaranteed by the County to an aggregate amount not to exceed $50 million, when individually authorized by the County and, as such, are considered direct debt of the County. The HOC itself has no taxing authority, and its projects are considered to be financed through self-supporting debt as noted below.

Overlapping debt is the debt of other governmental entities in the County that is payable in whole or in part by taxpayers of the County.

WSSC General Construction Bonds finance small diameter water distribution and sewage collection lines and required support facilities. They are considered general obligation bonds because they are payable from unlimited *ad valorem* taxes upon all the assessable property in the WSSC district. They are actually paid through assessments on properties being provided service and are considered to be overlapping debt rather than direct debt of the County government.

WSSC Water Supply and Sewage Disposal Bonds, which finance major system improvements, including large diameter water distribution and sewage collection lines, are paid from non-tax sources including user charges collected through water and sewer rates, which also cover all system operating costs. They are backed by unlimited *ad valorem* taxes upon all the assessable property within the WSSC district in addition to mandated rates, fees, and charges sufficient to cover debt service.

Self-Supporting Debt is authorized for the financing of CIP projects by the County government and its Agencies as follows:

County Revenue Bonds are bonds authorized by the County to finance specific projects such as parking garages and solid waste facilities, with debt service to be paid from pledged revenues received in connection with the projects. Proceeds from revenue bonds may be applied only to costs of projects for which they are authorized. They are considered separate from general obligation debt and do not constitute a pledge of the full faith and credit or unlimited taxing power of the County.

County revenue bonds have been used in the Bethesda and Silver Spring Parking Districts, supported by parking fees and fines together with parking district property taxes. County revenue bonds have also been issued for County Solid Waste Management facilities, supported with the revenues of the Solid Waste Disposal system.

HOC Mortgage Revenue Bonds are issued to support HOC project initiatives and are paid through mortgages and rents. HOC revenue bonds, including mortgage purchase bonds for single family housing, are considered fully self-supporting and do not add to either direct or overlapping debt of the County.

The Montgomery County Revenue Authority has authority to issue revenue bonds and to otherwise finance projects through notes and mortgages with land and improvements thereon serving as collateral. These are paid through revenues of the Authority's several enterprises, which include golf courses and the Montgomery County Airpark.

The County has also used the Revenue Authority as a conduit for alternative CIP funding arrangements. For example, swim centers, a building to house County and State Health and Human Services functions, and the construction of the Montgomery County Conference Center are financed through revenue bonds issued by the Revenue Authority. The County has entered into long-term leases with the Revenue Authority, and the County lease payments fund the debt service on these Revenue Authority bonds. Because these long-term leases constitute an obligation of the County similar to general debt, the value of the leases is included in debt capacity calculations.

Intergovernmental Revenues

CIP projects may be funded in whole or in part through grants, matching funds, or cost sharing agreements with the Federal government, the State of Maryland, regional bodies such as Washington Metropolitan Area Transit Authority (WMATA), or the County's incorporated municipalities.

Federal Aid. Major projects that involve Federal aid include Metro, commuter rail, interstate highway interchanges and bridges (noted within the CIP Transportation program), and various environmental construction or planning grants under WSSC projects in the Sanitation program. Most Federal aid is provided directly to the State, for redistribution to local jurisdictions.

Community Development Block Grant (CDBG). CDBG funds are a particular category of Federal aid received through annual formula allocations from the U.S. Department of Housing and Urban Development in response to County application and are identified as CIP revenues in the Housing and Community Development program. The County has programmed eligible projects for CDBG funding since 1976, with expenditures programmed within both capital and operating budgets. CDBG funds are used to assist in the costs of neighborhood improvements and facilities in areas where there is significant building deterioration, economic disadvantage, or other need for public intervention in the cycles of urban growth and change. In addition, CDBG funding is used as "seed money" for innovative project initiatives, including redevelopment and rehabilitation loans toward preserving and enhancing older residential and commercial areas and low/moderate-income housing stock.

State Aid. This funding source includes grants, matching funds, and reimbursements for eligible County expenditures for local projects in public safety, environmental protection, courts and criminal justice, transportation, libraries, parkland acquisition and development, mental health, community college, and K-12 public education, notably in school construction.

State aid consistently falls short of funding needs predicated on State mandates or commitments. Although the State of Maryland is specifically responsible for the construction and maintenance of its numbered highways and for the construction and renovation of approved school projects, the County has in fact advance-funded projects in both categories either through cost-sharing agreements or in anticipation of at least partial reimbursements from the State. Because large County fiscal liabilities are taken on when assuming any or all project costs of State-mandated or obligated facilities, State reimbursement policies and formulas for allocation of funds are important to CIP fiscal planning.

State Aid for School Construction. State funding for school construction, initiated in FY72, is determined annually by the General Assembly on a Statewide basis.

State Aid for Higher Education. State aid is also a source of formula matching funds for community college facilities design, construction, and renovation. Funds are applied for through the Higher Education Commission for inclusion in the State Bond Bill. Approved projects may get up to 50 percent State funding for eligible costs. The total amount of aid available for all projects Statewide is determined based on yearly allocations of available bond proceeds to all Maryland jurisdictions.

State Aid for Transportation. Within the Transportation program, State contributions fund the County's local share of WMATA capital costs for Metrorail and Metrobus, as well as traffic signals and projects related to interconnecting State and local roads. Most State road construction is done under the State Consolidated Transportation Program and is not reflected in the CIP.

State Aid for Public Safety. Under Article 27, Sec. 705 of the Maryland Code, when the County makes improvements to detention and correctional centers resulting from the adoption of mandatory or approved standards, the State, through the Board of Public Works, pays for 50 percent of eligible costs of approved construction or improvements. In addition, financial assistance may be requested from the State for building or maintenance of regional detention centers, and, under 1986 legislation, the State will fund up to half the eligible costs to construct, expand, or equip local jails in need of additional capacity.

Municipal Financing. Some projects with specific benefits to an incorporated municipality within the County may include funding contributions or other financing assistance from that jurisdiction. These include road construction agreements such as with the City of Rockville, wherein the County and City share costs of interconnecting or overlapping road projects. Incorporated towns and municipalities within the County, specifically Rockville, Gaithersburg, and Poolesville, have their own capital improvements programs and may participate in County projects where there is shared benefit. The use of municipal funding in County CIP projects depends upon the following:

- Execution of cost-sharing or other agreements between the County and the municipality, committing each jurisdiction to specific terms, including responsibilities, scheduling, and cost-shares for implementation and future operation or maintenance of the project;
- Approval of appropriations for the project by the legislative body of each jurisdiction; and
- Resolution of any planning or zoning issues affecting the project.

Other Revenue Sources

The use of other revenue sources to fund CIP projects are normally conditioned upon specific legislative authority or project approval, including approval of appropriations for the projects. Approval of a project may be contingent upon actual receipt of the revenues planned to fund it, as in the case of anticipated private contributions that are not subject to particular law or agreement. Other CIP funding sources and eligibility of projects for their use include:

Revolving funds include the revolving loan fund authorized to cover HOC construction loans until permanent financing is obtained. Funds are advanced from County current revenues and repaid at interest rates equivalent to those the County earns on its investments. The Advance Land Acquisition Revolving Fund (ALARF) is used to acquire land in advance of project implementation. Revolving fund appropriations are then normally repaid from the actual project after necessary appropriation is approved.

Agricultural land transfer tax receipts payable to the State but authorized to be retained by the County. These are used to cover local shares in the State purchase of agricultural land easements and for County purchase of or loan guarantees backed by transferable development rights (TDRs).

Private grants such as were provided under profit-sharing agreements with the County's Cable TV corporation, for use in developing public access facilities; and

Insurance or self-insurance proceeds, for projects being renovated or replaced as a result of damage covered by the County's self-insurance system.

THE FRAMEWORK OF FISCAL POLICY

This section presents information on a variety of information sources and factors that are considered in developing and applying fiscal policy for the CIP.

Legal Mandates

State Law. The Annotated Code of Maryland provides the basis for fiscal policy related to debt, real property assessments, and other matters:

- Article 25A (Section 5P) provides for the borrowing of monies on the faith and credit of the County and for the issuance of bonds or other evidence of indebtedness. The aggregate amount of outstanding indebtedness may not exceed 15 percent of the assessed property valuation of the County.
- Section 8-103 provides for updated assessments of property in three-year (triennial) cycles. The amount of the change in the established market value of the one-third of the properties reassessed each year is phased in over a three-year period. State law also created a ten percent assessment limitation tax credit. This program provides an automatic credit against property taxes equal to the applicable tax rate (including the State rate) times that portion of the current assessment which exceeds the previous year's assessment increased by ten percent. This benefit only applies to owner-occupied residential property.
- Other provisions of State law mandate requirements for environmental review, permits, and controls for public facilities, such as solid waste disposal sites, affecting both the cost and scheduling of these facilities.
- State law mandates specific facility standards such as requirements for school classroom space to be provided by the County for its population and may also address funding allocations to support such requirements.
- State law provides for specific kinds of funding assistance for various CIP projects. In the area of public safety, for example, Article 27, Section 705 of the Maryland Code, provides for matching funds up to 50 percent of the cost of detention or correctional facilities.
- The Maryland Economic Growth, Resource Protection and Planning Act requires the County to certify that all construction projects financed with any type of State funding are in compliance with local land use plans, including specific State-mandated environmental priorities.

County Law. Article 3 of the County Charter provides for the issuance of public debt for other than annual operating expenditures and imposes general requirements for fiscal policy:

- The capital improvements program must provide an estimate of costs, anticipated revenue sources, and an estimate of the impact of the program on County revenues and the operating budget.
- Bond issues may not be for longer than 30 years.
- Capital improvement projects which are estimated to cost in excess of an annually-established amount (for FY07, $12.3 million) or which have unusual characteristics or importance, must be individually authorized by law, and are subject to referendum.
- In November 1990, County voters approved an amendment to Section 305 of the Charter to require that the Council annually adopt spending affordability guidelines for the capital and operating budgets. Spending affordability guidelines for the CIP have been interpreted in subsequent County law to be limits on the amount of County general obligation debt which may be approved for the first and second years of the CIP and for the entire six-year period of the CIP. Similar provisions apply to debt of the M-NCPPC. These limits may be overridden by a vote of seven of the nine Councilmembers.
- In April 1994, the Council adopted Resolution No. 12-1558 establishing a spending affordability process for WSSC. The process limits WSSC new debt, debt service, water/sewer operating expenses, and rate increases.
- The Charter amendment to Section 305, known as "Question F," limits the annual increase in property tax revenues to the rate of inflation plus the revenue associated with the assessed value of new construction. The limit may be overridden by a vote of seven of the nine Councilmembers. This revenue limit affects CIP fiscal policy by constraining revenue available for future debt service on bond issues and for current revenue contributions to capital projects.

Federal Law. Policies of the Federal Government affect County fiscal policies relative to debt issuance, revenue expectations, and expenditure controls. Examples of Federal policies that impact County fiscal policy include:

- Internal Revenue Service rules under the Tax Reform Act of 1986, as amended, provide limits on the tax-exempt issuance of public debt, and limit the amount of interest the County can earn from investment of the bond proceeds.
- County shares of costs for some major projects, such as those relating to mass transit and highway interchanges, are dependent upon Federal appropriations and allocations.
- Federal Office of Management and Budget circular A-87 prescribes the nature of expenditures that may be charged to Federal grants.
- Federal legislation will impact the planning and expenditures of specific projects, such as requirements for environmental impact statements for Federally-assisted road projects; and the Davis-Bacon Act, which requires local prevailing wage scales in contracts for Federally-assisted construction projects.

Fiscal Planning Projections and Assumptions

Several different kinds of trends and economic indicators are reviewed, projected, and analyzed each year for their impacts on County programs and services and for their impact on fiscal policy as applied to the Capital Improvements Program. Among these are:

Inflation, which is important as an indicator of future project costs or the costs of delaying capital expenditures;

Population growth, which provides an indicator of the size or scale of required facilities and services, as well as the timing of population-driven project requirements;

Demographic change in the numbers or location within the County of specific age groups or other special groups, which provides an indication of requirements and costs of specific public facilities;

Annual Growth Policy thresholds and other land use indicators, which are a determinant of major public investment in the infrastructure required to enable implementation of land use plans and authorized development within the County;

The assessable property tax base of the County, which is a major indicator for projections of revenue growth to support funding for public facilities and infrastructure;

Residential construction activity and related indicators, which provide early alerts to the specific location and timing of future public facilities requirements. It is also the most important base for projecting growth in the County's assessable property tax base and estimating property tax levels;

Nonresidential construction activity, which is the indicator of jobs, commuters, and requirements for housing and transit-related public investment. It is also one of the bases for projecting the growth of the County's assessable tax base and property tax revenues;

Employment and job growth within the County, which provide indicators for work-related public facilities and infrastructure;

Personal income earned within the County, which is the principal basis for projecting income tax revenues as one of the County's major revenue sources; and

Implementation rates for construction of public facilities and infrastructure. As measured through actual expenditures within programmed and authorized levels, implementation rates are important in establishing actual annual cash requirements to fund the CIP, and thus are a chief determinant of required annual bond issuance.

Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of the CIP must be in conformity with GAAP standards. This involves the separate identification and accounting of the various funds which cover CIP expenditures; adherence to required procedures, such as transfers between funds and agencies; and regular audits of CIP transactions, such as the disbursement of bond proceeds and other funds to appropriate projects.

Credit Markets and Credit Reviews

The County's ability to borrow at the lowest cost of funds depends upon its credit standing as assessed by major credit rating agencies such as Moody's Investors Service, Standard & Poor's, and Fitch. Key aspects of the County's continued AAA credit ratings include:

- Adherence to sound fiscal policy relative to expenditures and funding of the CIP;
- Appropriate levels of public investment in the facilities and infrastructure required for steady economic growth;
- Effective production of the necessary revenues to fund CIP projects and support debt service generated by public borrowing;
- Facility planning, management practices and controls for cost containment, and effective implementation of the capital program;
- Planning and programming of capital projects to allow consistent levels of borrowing;
- Appropriate use and levels of revenues other than general obligation bond proceeds to fund the capital program;
- Appropriate levels of CIP funding from annual current tax revenues in order to reduce borrowing needs; and
- Assurances through County law and practice of an absolute commitment to timely repayment of debt and other obligations related to public facilities and infrastructure.

Intergovernmental Agreements

Fiscal policy for the CIP must provide guidance for and be applied within the context of agreements made between the County and other jurisdictions or levels of government. Examples include:

- Agreements with municipalities for cost shares in the construction of inter-jurisdictional roads and bridges;
- Agreements with adjacent jurisdictions related to mass transit or water supply and sewerage; and
- Agreements with Federal agencies involving projects related to Federal facilities within the County.

Past County Practice and Principles

Fiscal policy not only guides but is conditioned by the results of past as well as current County practice. Examples include:

- The former use of general obligation bond funding for the construction of parking garages, which are now more appropriately funded through revenue bond issues;
- The development of more stringent criteria for project funding through debt, with projects once considered eligible for bond-financing now being funded through current revenues or other funding sources;
- The practice of early identification within the CIP of likely projects and requirements for capital expenditure, to avoid sudden program expansion and peaks in debt issuance; and

- The principle of programming projects and expenditure schedules within their most realistic implementation time frames, rather than either inflating the early years of the program or deferring known project requirements to later years of the CIP.

Compatibility with Other County Objectives

Fiscal policy, to be effective, must be compatible with other policy goals and objectives of government. For example:

- Growth management within the County reflects a complex balance among the rights of property owners; the cost of providing infrastructure and services to support new development; and the jobs, tax revenues, and benefits that County growth brings to its residents. Fiscal policy provides guidance for the allocation of public facility costs between the developer and the taxpayer, as well as for limits on debt-supported costs of development relative to increasing County revenues from a growing assessable tax base.
- Government program and service delivery objectives range from conveniently located libraries, recreation centers, and other amenities throughout the County to comprehensive transportation management and advanced waste management systems. Each of these involves differing kinds and mixes of funding and financing arrangements that must be within the limits of County resources as well as acceptable in terms of debt management.
- Planning policies of the County affect land use, zoning and special exceptions, and economic development, as well as the provision of public services. All are interrelated, and all have implications both in their fiscal impacts (cost/revenue effects on government finances) and in economic impacts (effects on the economy of the County as a whole).

Glossary

ADEQUATE PUBLIC FACILITY (APF) - Any infrastructure improvement required by the Montgomery County Planning Board as a condition of approving a preliminary subdivision plan under the County's adequate public facilities ordinance.

AGENCY - One of the major organizational components of government in Montgomery County; for example, Montgomery County Government (executive departments, legislative offices and boards, Circuit Court and judicial offices); Montgomery County Public Schools (MCPS); Montgomery College (MC); Maryland-National Capital Park and Planning Commission (M-NCPPC); Washington Suburban Sanitary Commission (WSSC); Housing Opportunities Commission (HOC); Washington Metropolitan Area Transit Authority (WMATA); and Montgomery County Revenue Authority.

AGENCY FUND - A fiduciary fund which accounts for assets received and held by the County in a purely custodial capacity. The County uses this type of fund to account for property taxes, recreation activities, and other miscellaneous resources held temporarily for disbursement to individuals, private organizations, or other governments.

AGGREGATE OPERATING BUDGET - The total Operating Budget, exclusive of enterprise funds, the budget of the WSSC, expenditures equal to tuition and tuition-related charges received by Montgomery College, and grants. As prescribed in the *Charter of Montgomery County, Maryland,* Section 305, an aggregate operating budget which exceeds the aggregate operating budget for the preceding fiscal year by a percentage increase greater than that of the Consumer Price Index for all urban consumers of the Washington metropolitan area for the 12 months preceding December first of each year requires the affirmative vote of six Councilmembers. See also, Spending Affordability Guideline, Net Budget.

AMENDMENTS TO THE CIP - Changes to project scope, schedule, or funding which require County Council action. Proposals must meet strict criteria to be considered for amendment. Six Councilmember votes are required to approve an amendment.

APPROPRIATION - Authority to spend money within a specified dollar limit for an approved work program during the fiscal year. The County Council makes separate appropriations to each capital project and to Personnel Costs, Operating Expense, and Capital Outlay for each County operating department.

APPROPRIATION CATEGORY - One of the expenditure groupings in the appropriation for a County department; that is, Personnel Costs, Operating Expense, or Capital Outlay.

ASSESSABLE BASE - The value of all real and personal property in the County, which is used as a basis for levying taxes. Tax-exempt property is excluded from the assessable base.

ASSESSED VALUATION - The value assigned to real estate or other property by the State through its Department of Assessment and Taxation. This value is multiplied by the tax rates set annually by the Council to determine taxes due. Assessed value is less than market value.

AUTHORIZED POSITIONS - The number of positions allowed by the budget in the approved personnel complement.

BIENNIAL CIP - See Capital Improvements Program.

BOND ANTICIPATION NOTES (BAN) - Short-term, interim financing techniques, such as variable rate notes and commercial paper, issued with the expectation that the principal amount will be refunded with long-term bonds.

BOND RATING - An evaluation by investor advisory services indicating the probability of timely repayment of principal and interest on bonded indebtedness. These ratings significantly influence the interest rate that a borrowing government must pay on its bond issues. Montgomery County bonds are rated by three major advisory services: Moody's, Standard and Poor's, and Fitch. The County continues to have the highest possible rating from each of these services.

CAPITAL ASSETS – Assets of a long-term character which are intended to continue to be held or used. Examples of capital assets include items such as infrastructure, land, buildings, machinery, furniture, and other equipment.

CAPITAL BUDGET - The annual request for capital project appropriations. Project appropriations are normally for only that amount necessary to enable the implementation of the next year of the capital program expenditure plan. However, if contracted work is scheduled that will extend beyond the upcoming fiscal year, the entire contract appropriation is required, even if the work and expenditures will be spread over two or more fiscal years.

CAPITAL IMPROVEMENTS PROGRAM (CIP) - The comprehensive presentation, submitted in even-numbered calendar years, of capital project expenditure estimates, funding requirements, capital budget requests, and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six-year period. The CIP constitutes a fiscal plan for proposed project expenditures and funding, and includes the annual capital budget for appropriations to fund project activity during the next fiscal year of the plan.

CAPITAL LEASE - A long-term rental agreement which transfers substantial rights and obligations for the use of an asset to the lessee and, generally, ownership at the end of the lease. Similar to an installment purchase, a Capital Lease may also represent the purchase of a capital asset. A capital lease results in the incurrence of a long-term liability.

CAPITAL PROJECT – A governmental effort involving expenditures and funding for the creation, expansion, renovation, or replacement of permanent facilities and other public assets having relatively long life. Expenditures within capital projects may include costs of planning, design, and construction management; land; site improvements; utilities; construction; and initial furnishings and equipment required to make a facility operational.

CARRYOVER - The process in which, at the end of one fiscal year, appropriation authority for previously-approved encumbrances and unexpended grant and capital funds are carried forward to the next fiscal year.

CHARGEBACKS / CHARGES TO OTHERS - In the budget presentation, costs which are chargeable to another agency or fund.

CHARTER – The Charter of Montgomery County is the constitution of this jurisdiction and sets out its governmental structure and powers. It was approved by the voters in 1968 and went into effect in 1970. The Charter provides for a County Council and Executive form of government.

CHARTER LIMIT - Limitations on the Operating Budget and on tax levies prescribed in the Charter of Montgomery County, Section 305. Both of these limits may be exceeded by the County Council with a sufficient number of votes. See also Spending Affordability Guideline.

COLLECTIVE BARGAINING AGREEMENT - A legal contract between the County Government or an agency as employer and a certified representative of a recognized bargaining unit of a public employee organization for specific terms and conditions of employment; for example, hours, working conditions, salaries, or employee benefits.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) - Annual funding from the Federal government for use in capital projects or operating programs such as neighborhood or business area revitalization, housing rehabilitation, and activities on behalf of older and lower-income areas of the County.

COMPENSATION - Payment made to employees in return for services performed. Total compensation includes salaries, wages, employee benefits (Social Security, employer-paid insurance premiums, disability coverage, and retirement contributions), and other forms of remuneration when these have a stated value.

CONSTANT YIELD TAX RATE - A rate which, when applied to the coming year's assessable base, exclusive of the estimated assessed value of property appearing on the tax rolls for the first time (new construction), will produce tax revenue equal to that produced in the current tax year. State law prohibits local taxing authorities from levying a tax rate in excess of the Constant Yield Tax Rate unless they advertise and hold public hearings on their intent to levy a higher rate.

CONSUMER PRICE INDEX-URBAN (CPI-U) - A commonly accepted indicator of inflation as it applies to consumer goods, including the supplies, materials, and services required by the County. When projecting costs in outyears, expenditures are estimated to grow at the rate of inflation as measured on a fiscal year basis using the CPI-U for the Washington-Baltimore Consolidated Metropolitan Statistical Area. For purposes of the Charter limitation on the property tax, the November to November CPI-U for the preceding year is used.

COUNCIL TRANSFER OF APPROPRIATION - A transfer of unencumbered appropriation balance by the County Council between agencies or departments or to any new account, or between agency capital projects. The total cumulative transfer from any one appropriation may not exceed ten percent of the original appropriation.

CURRENT REVENUE - A funding source for the Capital Budget which is provided annually within the Operating Budget from general, special, or enterprise revenues. Current revenues are used for funding project appropriations that are not eligible for debt financing or to substitute for debt-eligible costs.

DEBT SERVICE - The annual payment of principal, interest, and issue costs for bonded indebtedness. Debt service is presented both in terms of specific bond allocations by category and fund and by sources of revenues used.

DEBT SERVICE FUND - A governmental fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEPARTMENT - A primary organizational unit within Montgomery County Government. For presentation purposes, "Department" includes the principal offices, boards, and commissions.

DEPRECIATION - The decline in value of a capital asset over a predetermined period of time attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. Also, the portion of the cost of a capital asset charged as an expense during a particular period.

DEVELOPMENT DISTRICT - A special taxing district created to finance the costs of infrastructure improvements necessary for the development of land in areas of the County having a high priority for new development or redevelopment, especially in areas for which approved master plans recommend significant development.

DIVISION - A primary organizational unit within a government department or agency. Divisions are usually responsible for administering basic functions or major programs of a department.

EFFICIENCY - Outputs per unit of input, inputs per unit of output, and similar measures of how well resources are being used to produce goods and services.

EMINENT DOMAIN – The power of a government to acquire real property when the owner of that property is unwilling to negotiate a sale. The Maryland State Constitution delegates authority to the County and the County Code allows for the taking of private property by the County. The taking must serve a public purpose and the government must provide the owner with just compensation for the property taken. Any dispute regarding whether the taking will serve a public purpose or the amount of compensation is resolved by the courts.

EMPLOYEE BENEFITS – For budgeting purposes, employee (fringe) benefits are payments by the employer for Social Security, retirement, and group insurance.

EMPLOYEE - MERIT SYSTEM - Any person employed by Montgomery County Government who is subject to the provisions of the Merit System.

EMPLOYEE - TEMPORARY - An individual occupying a position required for a specific task for a period not to exceed 12 months or a position that is used intermittently on an as-needed basis (seasonal, substitute, etc.).

EMPLOYEE - TERM - An individual occupying a position created for a special term, project, or program. Any person acting in a term position also receives County benefits.

ENCUMBRANCE - An accounting commitment that reserves appropriated funds related to unperformed contracts for goods or services. The total of all expenditures and encumbrances for a department or agency in a fiscal year, or for a capital project, may not exceed its total appropriation.

ENTERPRISE FUND – A fund used to record the fiscal transactions of government activities financed and operated in a manner similar to private enterprise, with the intent that the costs of providing goods and services, including financing, are wholly recovered through charges to consumers or users. Examples include Liquor Control, parking facilities, and solid waste activities.

EXECUTIVE TRANSFER OF APPROPRIATION - A transfer of unencumbered appropriation balance by the County Executive between appropriation categories (for example, from Personnel Costs to Operating Expense) within the same department and fund, or between capital projects in the same category. The total cumulative transfers from any one appropriation may not exceed ten percent of the original appropriation (Charter, Section 309).

EXPEDITED DEVELOPMENT APPROVAL EXCISE TAX (EDAET) - A tax assessed on a development project based on the intended use of the building, the square footage of the building, and whether the building is in a moratorium policy area. The purpose of the EDAET is to act as a stimulus to residential and commercial construction within the County by making the development approval process more certain.

EXPENDITURE - A decrease in the net financial resources of the County generally due to the purchase of goods and services, the incurrence of salaries and benefits, and the payment of debt service.

FEE - A charge for service to the user or beneficiary of the service. According to State law, charges must be related to the cost of providing the service. See the Fiscal Policy section for the Executive policy on user fees.

FIDUCIARY FUNDS - Assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units, and/or other funds. In Montgomery County, these include Agency Funds, Pension and Other Employee Benefit Trust Funds, Investment Trust Fund and Private Purpose Trust Funds.

FINES/PENALTIES - Charges levied for violation of laws, regulations, or codes. They are established through Executive Regulation as provided for in County law.

FISCAL PLAN - Estimates of revenues, based on recommended tax policy and moderate economic assumptions, and projections of currently known and recommended commitments for future uses of resources.

FISCAL POLICY - The County Government's policies with respect to revenues, expenditures, and debt management as these relate to County services, programs, and capital investments. Fiscal policy provides a set of principles for the planning and programming of budgets, uses of revenues, and financial management.

FISCAL YEAR - The 12-month period to which the annual operating and capital budgets and their appropriations apply. The Montgomery County fiscal year starts on July 1 and ends on June 30.

FIXED ASSETS - See Capital Assets.

FULL-TIME EQUIVALENT (FTE) - A standardized measurement of student enrollment at the community college to account for attendance on less than a full-time basis. An FTE is defined as a course load of 15 credit hours per semester. See also Workyear.

FUND - Resources segregated for the purpose of implementing specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.

FUND BALANCE - Undesignated reserves in a fund, or the amount by which assets exceed the obligations of the fund.

Fund balance may be measured as a percentage of resources or expenditures.

GENERAL FUND - The principal operating fund for the County Government. It is used to account for all financial resources except those required by law, County policy, and generally accepted accounting principles to be accounted for in another fund.

GENERAL OBLIGATION (G.O.) DEBT - Bonded debt backed by the full faith and credit of the County to pay the scheduled retirement of principal and interest.

GENERAL REVENUES - Money received which may be used to fund general County expenditures such as education, public safety, public welfare, debt service, etc. Funds received which are restricted as to use (such as recreation) are not general revenues and are accounted for in other funds.

GENERAL WAGE ADJUSTMENT (GWA) - An increase in salaries other than seniority-based merit increases (increments). GWA has been referred to as Cost-of-Living Adjustment (COLA) in the past.

GOVERNMENTAL FUNDS – Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service fund, capital projects fund, and permanent funds.

GRANT - A payment from one level of government to another or from a private organization to a government. Grants are made for specified purposes and must be spent only for that purpose. See also Grants to Others.

GRANTS TO OTHERS - A payment by the County to a public or private nonprofit organization for a specific purpose; generally, to provide services in support of, or compatible with, government program objectives.

GROSS BUDGET - The total cost of a department's operation (not necessarily equal to the appropriation), including those expenditures that are charged to and paid by other funds, departments, agencies, or CIP projects. See also Net Budget.

GROUP POSITIONS – Jobs filled by multiple incumbents used to streamline administrative processes for hiring staff for training or for seasonal or temporary positions. Examples include Police, Fire, and Sheriff department recruits, substitute library assistants, and seasonal recreation employees.

GROWTH POLICY – A planning tool used by the County to manage the location and pace of private development and identify the need for public facilities that support private development. The growth policy tests the adequacy of transportation, schools, water and sewerage facilities, and police, fire, and health services to guide subdivision approvals. See also Adequate Public Facility.

IMPACT TAXES – A tax charged to developers that varies depending on land use. The revenues are used to pay for the transportation and school construction projects necessary to serve new development. The County has established General, Clarksburg, Metro Policy, and the cities of Rockville and Gaithersburg as transportation impact areas. The schools impact tax is applicable countywide.

IMPLEMENTATION RATE – The estimated average annual percentage of capital projects completed that is used to calculate available bond funding. This rate reflects both the County's actual experience in meeting project schedules and anticipated events that may affect construction in the future.

INDIRECT COSTS - That component of the total cost for a service which is provided by and budgeted within another department (for example, legal support, personnel). In Montgomery County, indirect costs are calculated as a percentage of the personnel costs of the organization receiving the service, according to a formula approved by the Department of Housing and Urban Development for Federal grants. For Special Revenue and Enterprise Funds, indirect costs are transferred to the General Fund. Indirect costs are charged to grants to cover the costs of administrative, financial, human resource, and legal support.

INPUT - Resources used to produce an output or outcome, such as workyears or expenditures.

INTERFUND TRANSFER - A transfer of resources from one fund to another as required by law or appropriation. The funds are initially considered revenues of the source fund, not the receiving fund.

INTERGOVERNMENTAL REVENUE - Funds received from Federal, State, and other local government sources in the form of grants, shared taxes, reimbursements, and payments in lieu of taxes.

INTERNAL SERVICE FUNDS - Proprietary funds used to record activity (primarily goods and services) provided by one department to other departments of the County government on a cost-reimbursable basis. The County uses this type of fund to account for Motor Pool, Central Duplicating, Liability and Property Coverage Self-Insurance, and Employee Health Benefits Self-Insurance.

INVESTMENT TRUST FUND - A fiduciary fund that accounts for the external portion of the County's investment pool that belongs to legally separate entities and non-component units.

LAPSE - The reduction of gross personnel costs by an amount believed unnecessary because of turnover, vacancies, and normal delays in filling positions. The amount of lapse will differ among departments and from year to year.

LEASE-PURCHASE AGREEMENT - A contractual agreement which, although termed a "lease," is in effect a purchase contract with payments made over time.

LEVEL OF SERVICE - The current services, programs, and facilities provided by a government to its citizens. The level of service may increase, decrease, or remain the same depending upon needs, alternatives, and available resources.

LICENSES AND PERMITS - Documents issued in order to regulate various kinds of businesses and other activities within the community. Inspection may accompany the issuance of a license or permit, as in the case of food vending licenses or building permits. In most instances, a fee is charged in conjunction with the issuance of a license or permit, generally to cover all or part of the related cost.

LOCAL EARNED INCOME TAX CREDIT - Low-income workers who qualify for the Federal earned income tax credit may also be entitled to a similar tax credit for their State of Maryland and Montgomery County income tax liabilities. Montgomery County matches the State credit for eligible residents.

MASTER PLAN - Each community within Montgomery County falls within a master plan area. Master plans include a comprehensive view of land-use trends and future development as they relate to community concerns such as housing, transportation, stormwater management, historic preservation, pedestrian and trail systems, environmental factors like air, water and noise pollution, and the preservation of agricultural lands. Plans outline recommended land uses, zoning, transportation facilities, and recommended general locations for such public facilities as schools, parks, libraries, and fire and police stations.

MISSION - The desired end result of an activity. Missions are generally broad and long range in nature compared to goals which are more specific and immediate. An example of a mission is: "to provide safe, reliable, and cost-efficient public transportation to the residents of Montgomery County." See also Program Mission.

MONTGOMERY COUNTY GOVERNMENT - The departments and offices included in the County's executive, legislative, and judicial branches, including related boards and commissions. It excludes Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, and other agencies. See also Agency.

NET ASSETS – See Fund Balance.

NET BUDGET - The legal appropriation requirement to finance a fund, department, account, agency, or CIP project. The net budget includes the funds required for charges from other funds, departments, agencies, or CIP projects for services rendered, but does not include charges made to other departments for services rendered. See also Gross Budget.

NON-DEPARTMENTAL ACCOUNT - A budget category used to account for resources used for County-funded activities that do not fall within the functional assignment of any department, or for expenditures related to more than one department.

NON-TAX SUPPORTED FUND - A fund supported by revenues other than taxes and not included in the Spending Affordability Guidelines. The exception is Parking Lot Districts that collect property taxes but, as enterprise funds, are not considered tax supported.

OPERATING BUDGET - A comprehensive plan by which the County's operating programs are funded for a single fiscal year. The Operating Budget includes descriptions of programs, appropriation authority, and estimated revenue sources, as well as related program data and information on the fiscal management of the County. See also Public Services Program.

OPERATING BUDGET IMPACT – The change in operating budget expenditures associated with the construction or improvement of government buildings or facilities. See the discussion of this subject in the CIP Planning chapter of the Recommended CIP for more information.

OPERATING AND CAPITAL EXPENSE - Those costs, other than expenditures for Personnel Costs, which are necessary to support the operation of the organization, such as charges for contractual services, telephones, printing, motor pool, office supplies and government assets. See also Expenditure.

OUTCOMES - The direct results of a program or program element on clients, users, or some other target group; the degree to which the program mission is achieved.

OUTPUT - The amount of services provided, units produced, or work accomplished.

PARTIAL CAPITALIZATION - The process of either expensing or transferring to capital assets the prior fiscal year expenditures for ongoing capital projects.

PAYGO - "Pay as you go" funding: that is, current revenue substituted for debt in capital projects that are debt eligible, or used in projects that are not debt eligible or qualified for tax-exempt financing.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS - The fiduciary fund used to account for all activities of the Employees' Retirement System of Montgomery County, Employees' Retirement Savings Plan, and Deferred Compensation Plan, including the accumulation of resources for, and payment of, retirement annuities and/or other benefits and administrative costs.

PERFORMANCE MEASUREMENT - Characterization of the operation and impacts of a program or service through some or all of a family of measures, such as inputs, outputs, efficiency, service quality, and outcomes.

PERMANENT FUNDS - These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support government programs.

PERSONAL PROPERTY - Furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. See also Real Property.

PERSONNEL COMPLEMENT - The full- and part-time positions, workyears, and costs related to employees of the departments and agencies of the County.

PERSONNEL COSTS - Expenditures for salaries, wages, and benefits payable to County employees.

POSITIONS - Identified jobs into which persons may be hired on either a part-time or full-time basis.

PRIVATE PURPOSE TRUST FUNDS - A fiduciary fund that involves trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

PRODUCTIVITY IMPROVEMENT - Increased quantity or improved quality of goods or services using the same or fewer resources. Productivity improvement can be achieved through cost efficiencies, alternative means of delivering services, streamlining organizational structures, making use of automation and other time- or labor-saving innovations, and eliminating unnecessary procedures or requirements.

PROGRAM - A primary service, function, or set of activities which address a specific responsibility or goal within an agency's mission. A program encompasses all associated activities directed toward the attainment of established objectives; for example, the School Health Program. A program will have clearly defined, attainable objectives, which may be short-term or long-term in nature, and will have measurable outputs and outcomes.

PROGRAM MISSION - A broad statement of the purpose of a program; that is, what the program is intended to accomplish, why it is undertaken, and for whom it is undertaken. See also Mission.

PUBLIC HEARINGS - Opportunities for citizens and constituent groups to voice opinions and concerns to public officials. During the annual budget process, the County Charter requires that public hearings be conducted by the County Council not earlier than 21 days after receipt of the Executive's Recommended Budget.

PUBLIC SERVICES PROGRAM (PSP) - A forecast of public service requirements over the next six years, submitted annually by the Executive to the County Council. Its purpose is to provide guidance for the orderly planning of services with regard to population changes, socio-economic variables, potentially needed public facilities, and anticipated new or changing needs of County citizens. The PSP includes the County Executive's fiscal policy statements. The first year of the PSP is referred to as the operating budget.

REALLOCATION OF APPROPRIATION - The transfer of unencumbered appropriations (expenditure authority) within the same appropriation category and within the same department and fund.

REAL PROPERTY - Real estate, including land and improvements (buildings, fences, pavements, etc.), classified for purposes of assessment. See also Personal Property.

RESERVE - An account used either to set aside legally budgeted resources that are not required for expenditure in the current budget year or to earmark resources for a specific future purpose. See also Fund Balance.

RESOURCES - Units of input such as workyears, funds, material, equipment, facilities, or other elements supplied to produce and deliver services required to meet program objectives. From a fiscal point of view, resources include revenues, net transfers, and available fund balance. See also Inputs.

REVENUE - All funds that the County receives, including tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

REVENUE BONDS - An obligation issued to finance a revenue-producing enterprise, with principal and interest payable exclusively from the earnings and other revenues of the enterprise. See also Enterprise Fund.

REVENUE STABILIZATION FUND – A special revenue fund that accounts for the accumulation of resources during periods of economic growth and prosperity when revenue collections exceed estimates. These funds may then be drawn upon during periods of economic slowdown when collections fall short of revenue estimates. See also Special Revenue Fund.

RISK MANAGEMENT - A process used to identify and measure the risks of accidental loss, to develop and implement techniques for handling risk, and to monitor results. Techniques used can include self-insurance, commercial insurance, and loss control activities.

SALARIES AND WAGES - An expenditure category for monetary compensation to employees in the form of annual or hourly rates of pay for hours worked.

SALARY SCHEDULE - A listing of minimum and maximum salaries for each grade level in a classification plan for merit system positions.

SELF-INSURANCE - The funding of liability, property, workers' compensation, unemployment, and life and health insurance needs through the County's financial resources rather than commercial insurance plans.

SERVICE QUALITY - The degree to which customers are satisfied with a program, the accuracy or timeliness with which the service is provided, and other measures that focus on the merit of the service delivery process itself.

SET-ASIDE - See Unappropriated Reserves.

SOLID WASTE DISPOSAL FEE - See Tipping Fee.

SOLID WASTE (REFUSE) CHARGE - The annual charge, appearing on the County's Consolidated Tax Bill, applied to residences in the Solid Waste Collection District for the collection and disposal of solid waste for each household in the district. The charge includes a collection fee to cover hauling costs paid to collection contractors, a service charge which includes a charge based on the tipping fee, and a systems benefit charge.

SPECIAL APPROPRIATION - Additional spending authority approved by the County Council (Charter, Section 308). The appropriation must state that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. There must be approval by not less than six members of the Council. The Council may make a special appropriation any time after public notice by news release. See also Supplemental Appropriation.

SPECIAL REVENUE FUNDS - A governmental fund used to record the receipt and use of resources which, by law, generally accepted accounting principles, or County policy, must be kept distinct from the general revenues of the County. Revenues for Special Revenue Funds are generally from a special tax on a specific geographical area.

SPECIAL TAXING DISTRICT - A geographic area that is established by legislation within which a special tax is levied to provide for specific services to the area.

SPENDING AFFORDABILITY GUIDELINE (SAG) - An approach to budgeting that assigns expenditure ceilings for the forthcoming budget year, based on expected revenues and other factors. Under the County Charter (Section 305), the County Council is required to establish spending affordability guidelines for both the capital and operating budgets. Spending affordability limits are also set for WSSC by the Councils of Montgomery and Prince George's Counties.

STRUCTURAL BUDGET DEFICIT – The excess of spending over revenue due to an underlying imbalance between the ongoing cost of government operations and predicted revenue collections.

SUPPLEMENTAL APPROPRIATION - An appropriation of funds above amounts originally appropriated, to authorize expenditures not anticipated in the adopted budget. A supplemental appropriation is required to enable expenditure of reserves or additional revenues received by the County through grants or other sources. See also Special Appropriation.

TAX SUPPORTED FUND - A fund, either the General Fund or a special revenue fund, supported in part by tax revenues and included in Spending Affordability Guidelines.

TIPPING FEE - A fee charged for each ton of solid waste disposed of, or "tipped," at the Solid Waste Transfer Station. Each year the County Executive recommends, and the County Council approves, a tipping fee based on a projection of costs for solid waste disposal as well as the tonnage of solid waste generated. Also referred to as the Solid Waste Disposal Fee.

TRANSFER OF APPROPRIATION - See Council Transfer of Appropriation and Executive Transfer of Appropriation.

TRANSFER OF FUNDS - See Interfund Transfer.

UNAPPROPRIATED RESERVES - The planned-for excess of revenues over budgeted expenditures, within any of the various government funds, that provides funding for unexpected and unbudgeted expenditures that may be required during the fiscal year following budget approval. Use of this reserve requires County Council appropriation prior to its expenditure. The County Charter (Section 310) requires that unappropriated reserves within the General Fund may not exceed five percent of General Fund revenue. Also referred to as the Set-Aside for future projects in the capital program.

WATER QUALITY PROTECTION CHARGE – A charge imposed on each residential property and associated nonresidential property and used for construction, operation, and maintenance of stormwater management facilities and related expenses.

WORKLOAD - The external demand that drives County activities.

WORKYEAR - A standardized unit for measurement of government personnel effort and costs. A workyear is the equivalent of 2,080 workhours or 260 workdays. This term is roughly equal to "Full-Time Equivalents" as used by other organizations.

YEAR END BALANCE - See Fund Balance.

Readers not finding a term in this glossary are invited to call the Office of Management and Budget at 240.777.2800.

Acronyms

ADA	Americans with Disabilities Act
AFDC	Aid to Families with Dependent Children
AHCMC	Arts and Humanities Council of Montgomery County
ALARF	Advance land acquisition revolving fund
APFO	Adequate Public Facilities Ordinance
ATMS	Advanced Transportation Management System
BAN	Bond anticipation note
BIT	Board of Investment Trustees
BLC	Board of License Commissioners
BOE	Board of Education
CAD	Computer aided dispatching
CAFR	Comprehensive Annual Financial Report
CAO	Chief Administrative Officer
CATV	Cable television
CBD	Central business district
CCM	County Cable Montgomery
CDBG	Community Development Block Grant
CE	County Executive
CIP	Capital Improvements Program
CJCC	Criminal Justice Coordinating Commission
CJIS	Criminal Justice Information System
CNG	Compressed natural gas
COBRA	Consolidated Omnibus Budget Reconciliation Act
COG	Council of Governments
COMAR	Code of Maryland Annotated Regulations
CPI-U	Consumer Price Index – Urban
CRIMS	Correction and Rehabilitation Information Management System
CUPF	Community Use of Public Facilities
CVB	Conference and Visitors Bureau
DBM	Maryland State Department of Budget and Management
DCM	Desktop computer modernization
DED	Department of Economic Development
DEP	Department of Environmental Protection
DHCA	Department of Housing and Community Affairs
DHHS	Department of Health and Human Services
DLC	Department of Liquor Control
DOCR	Department of Correction and Rehabilitation
DPWT	Department of Public Works and Transportation
ECC	Emergency Communications Center
EEOC	Equal Employment Opportunity Commission
EFO	Educational Facilities Officer
EITC	Earned Income Tax Credit
EMOC	Equipment and Maintenance Operations Center
EOB	Executive Office Building
EOC	Emergency Operations Center
ERP	Enterprise Resource Planning
ERS	Employee Retirement System
ESOL	English for Speakers of Other Languages
FEMA	Federal Emergency Management Agency
FFI	Future fiscal impact
FLSA	Fair Labor Standards Act
FOP	Fraternal Order of Police
FRC	Fire and Rescue Commission
FTE	Full-time equivalent
FY	Fiscal year
GAAP	Generally accepted accounting principles
GASB	Government Accounting Standards Board
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
GIS	Geographic information systems
GO bonds	General obligation bonds
GWA	General wage adjustment
HIPAA	Health Insurance Portability and Accountability Act
HOC	Housing Opportunities Commission
HUD	U.S. Department of Housing and Urban Development
HVAC	Heating, ventilation, air conditioning
IAFC	International Association of Fire Chiefs
IAFF	International Association of Fire Fighters
ICEUM	Interagency Committee on Energy and Utility Management
IJIS	Integrated Justice Information System
IT	Information technology
ITPCC	Interagency Technology Policy and Coordination Committee
LEP	Limited English proficiency
LFRD	Local fire and rescue department
MACo	Maryland Association of Counties

MC	Montgomery College
MCAASP	Montgomery County Association of Administrative and Supervisory Personnel
MCCF	Montgomery County Correctional Facility
MCCSSE	Montgomery County Council of Supporting Service Employees
MCDC	Montgomery County Detention Center
MCEA	Montgomery County Education Association
MCFRS	Montgomery County Fire and Rescue Service
MCG	Montgomery County Government
MCGEO	Municipal and County Government Employees Organization
MCHSD	Montgomery County Homeland Security Department
MCPD	Montgomery County Police Department
MCPS	Montgomery County Public Schools
MCT	Montgomery Community Television
MHI	Montgomery Housing Initiative
MLS	Management Leadership Service
M-NCPPC	Maryland-National Capital Park and Planning Commission
MPDU	Moderately priced dwelling unit
NACo	National Association of Counties
NDA	Non-departmental account
NTS	Non-tax supported
OCP	Office of Consumer Protection
OHR	Office of Human Resources
OLO	Office of Legislative Oversight
OMB	Office of Management and Budget
OBI	Operating budget impact
OSHA	Occupational Safety and Health Administration
PAYGO	Pay-as-you-go financing
PDF	Project description form
PEG	Public, educational, and governmental cable programming
PILOT	Payment in lieu of taxes
PLAR	Planned lifecycle asset replacement
PLD	Parking Lot District
PSCC	Public Safety Communications Center
PSCS	Public Safety Communications System
PSP	Public Services Program
PSTA	Public Safety Training Academy
RMS	Records Management System
RSP	Retirement savings plan
SAG	Spending Affordability Guidelines
TMC	Transportation Management Center
TS	Tax supported
WMATA	Washington Metropolitan Area Transit Authority
WSSC	Washington Suburban Sanitary Commission
WSTC	Washington Suburban Transit Commission
WY	Workyear