

MEMORANDUM

May 5, 2010

TO: County Council

FROM: <sup>CHH</sup>  
Charles H. Sherer, Legislative Analyst

SUBJECT: **Worksession:** Recommendations from the Management and Fiscal Policy Committee regarding the FY11 Operating Budget for the Department of Finance, section 29 in the Executive's budget

- 1) General Fund component of the Department of Finance
- 2) Division of Risk Management
- 3) Risk Management NDA for the County's General Fund contribution to the Risk Management Fund, section 67
- 4) Restricted Donations NDA, section 67
- 5) State Property Tax Services NDA, section 67

**Committee recommendations** The Committee met on April 14, 2010 and recommends **approval** of the subject budgets as the Executive recommended in the March 15 budget:

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| <p>I. General Fund component, \$9,514,900</p> <p>II. Division of Risk Management, \$47,854,790</p> <p>III. NDA for the General Fund portion of the County's contribution to the Risk Management Fund, \$16,861,890</p> <p>IV. Restricted Donations NDA As explained below, this NDA has a \$0 appropriation.</p> <p>V. State Property Tax Services NDA, \$205,760</p> |
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Those expected to attend this worksession include:

Jennifer Barrett, Director  
Karen Hawkins, Chief Operating Officer  
Rob Hagedoorn, Chief, Treasury Division

Lenny Moore, Chief, Controller Division  
Terry Fleming, Chief, Risk Management Division  
Nancy Moseley, Administrative Services Manager  
Bryan Hunt, Management and Budget Specialist

Relevant pages from the operating budget are attached at ©1-10.

The Council staff memorandum for the Committee meeting on April 14 follows.

### Overview

The Department has a General Fund component and the Division of Risk Management. The expenditures in each of the 13 programs in the Department are summarized at the top of ©9. The General Fund component has three units: Director's Office, Controller Division, and Treasury Division. Risk Management has three programs: Insurance, Occupational Safety and Health, and Legal Services.

**I. General Fund component** In FY10, Finance did not have to reduce personnel costs as part of the two budget savings plans but contributed to the savings by:

- Delaying the purchase of licenses for Mctime, \$219,420.
- Savings in the timesheet data entry keypunch contract, the need for which was reduced by the deployment of Mctime to more departments, \$160,280.
- Miscellaneous operating costs, \$25,700.

The total FY11 operating budget for the General Fund component is \$9,514,900, a decrease of \$237,030 or (2.4%) from the FY10 approved budget of \$9,751,930. Personnel Costs account for 88 percent of the General Fund budget. Operating Expenses account for the remaining 12 percent. Of the FY11 operating budget, \$366,420 is the operating budget impact (OBI) for implementing the Mctime Project. Included are the two positions that were created to manage and administer the ongoing Mctime application, and one position that was temporarily detailed and charged to the CIP for the Mctime component of the Technology Modernization project. This amount is not an increase for the County as a whole and has been consistently accounted for as an OBI in the CIP Technology Moderation Project. In addition, seven term positions will be abolished (as scheduled) as they no longer will be needed with the deployment of Mctime to all Departments. The cost of the CIP Mctime Project decreases by \$1,059,730, a net reduction of \$693,310 to the County.

Some positions (23.2 workyears) in the Department are **not** included in the amounts above and are instead included in the budgets for other departments or to the CIP project for which Finance provides support (©9). These positions are reviewed with the other departments' budgets.

The Executive's recommended expenditures are shown in the table below.

	FY09 Actual	FY10 Approved	FY11 CE Recommended	Change from FY10-11	
				Amount	%
Expenditures	9,592,918	9,751,930	9,514,900	(237,030)	-2.4%
Positions:					
Full time	119	113	101	(12)	-10.6%
Part time	2	2	2	0	0.0%
Total positions	121	115	103	(12)	-10.4%
Workyears	84.5	79.0	73.7	(5.3)	-6.7%

### **FY11 Expenditure Issues**

One item not shown in the budget is the amount of lapse by which the FY11 budget was reduced, -\$236,000. Lapse savings are generated from not filling vacant positions. Finance staff pointed out that such savings will be very difficult to achieve in FY11, because any vacancies are likely to be filled by employees whose positions were terminated as part of the Executive's FY11 reductions to eliminate the budget gap.

The changes proposed for FY11 are shown on ©8. Regarding personnel, Finance is abolishing one position and adding one position in FY11 to work on special financings associated with Master Plans and other issues. The remaining personnel changes have no \$ impact on the County as a whole, because they are transfers within the Department, or transfers from the CIP to the OB, or transfers from Finance to PIO. However, the challenge for Finance is to absorb an increased workload resulting from the implementation of the various components of the Technology Modernization project: the Core Financials — General Ledger, Projects and Grants, Accounts Payable, Purchasing, Accounts Receivable, and Fixed Assets – will become operational in July 2010; followed by Human Resources and Payroll components six months later, on January 1, 2011.

The significant changes from ©8 are summarized below. Of the eight positions abolished in #2 and #13, seven are vacant and one is filled; five are grade 16 and three are grade 21.

1. For many years the Department has had five positions within the program for General Accounting whose sole responsibility was accounting for grants. For FY11, the Director created a new program for Grants Accounting and transferred the five positions and \$551,920 from General Accounting to Grants Accounting. There is no \$ impact on the Department as a whole.
2. Finance intends to complete the transition from paper to electronic time sheets in the Mctime project by June 30, 2010. As mentioned above, an increase in the operating budget of \$366,420 for implementing the Mctime Project includes two positions that were created to manage and administer the ongoing Mctime application, and one position temporarily detailed and charged to the CIP for the Mctime component of the Technology Modernization project (©11), so this amount is not an increase for the County as a whole. The cost of the CIP project decreases by \$1,059,730, which includes abolishing seven term positions (as scheduled) as they no longer will

be needed with the deployment of Mctime to all Departments.

Of the seven term positions being abolished, six are vacant and one is filled.

3. For FY11, the Director created a second new program, for "Policy and Fiscal Projects", by transferring within the Department two positions and \$266,380 from the program for "Operations and Administration". The program will provide a wide variety of analyses, as explained in detail on ©5. There is no \$ impact on the Department as a whole.
4. Upgrade the JAVA application, \$250,000 (minimum), to keep the Mctime application up to date. After July 2010, the County's version will be three versions behind the newest version, and the vendor only supports two versions behind the newest version. Also, the current version is not compatible with the ERP modules.
5. One of Finance's IT positions has been working on the CIP project for the MC 311 component of the Technology Modernization project. This position will be transferred to the new MC 311 section in the PIO. The cost of this position is \$129,430, and there is no \$ impact on the County's spending as a whole.
6. In FY11, Finance will create a position to work on master plans; interim financing; and development districts, including two financings. Finance staff explained that "The cost for this position will be offset by development district fees and bond costs of issuance, so this action will be cost neutral." The FY11 cost of this position is \$100,000.
7. Finance staff also note that they are responsible for understanding and supporting many of the complex components (modules) of Enterprise Resource Planning (ERP). Specifically, the Financials module will be implemented starting July 1, 2010 and the Payroll module on January 1, 2011. This explains the increase of \$47,000 in overtime in General Accounting.
8. As noted above, Finance intends to complete the transition from paper to electronic time sheets in the Mctime project by June 30, 2010. As a result, Finance will not renew the contract for keypunching data, which will save \$255,000.
9. To implement Mctime, Finance leased hardware and software. The FY11 cost of the leases will be \$142,680 less than in FY10.
10. The CAO has an initiative to reduce the cost of paper and printing in all departments. Finance's target reduction is \$85,290, which probably means fewer paper reports and more electronic ones. Maybe even for the Council.
11. Finance will shift four of its call takers to the PIO for the MC311 program, \$291,350, so there is no impact on the County's spending as a whole.
12. The 10 proposed furlough days will save \$297,560 in Finance's General Fund.
13. To meet its budget target, Finance had to abolish a position in Tax Operations, to save \$96,200. The position is vacant.

**Reductions** There is no target reduction for FY11, but analysts were directed to review each budget for items that should or could be deferred, reduced, or deleted. Because the Executive already reduced the budget, Council staff does not see any targets.

### **Revenue Issues**

Revenues in FY11 are estimated to be \$603,320, up \$88,870/17.3% from \$514,550 in the FY10 budget. The individual components and changes are shown on ©7. The major increase is in Development District fees, estimated to increase \$103,180.

**Last year's issues** One such issue is relevant for FY11, when the County will phase out mailing of tax bills to homeowners whose mortgage company pays the property tax bill, to save \$42,950 from savings in printing, postage, and handling. The former Executive recommended this change several years ago, but the Council rejected it. Finance explained that the service impact would occur in FY11, not FY10, because they will still mail the FY10 bills, but on or before the end of FY09 using appropriation in the FY09 budget. The savings in FY10 would result from not mailing the FY11 bills in FY10. Instead, Finance would mail a postcard informing residents that they can view and print their bill from Finance's web site. The FY12 bills (July 2011) will be available only on-line. The Council approved this change. However, on April 14, 2010, the Director told the Committee she is reconsidering this issue and may continue sending bills.

**II. Division of Risk Management** As described on ©1, the total FY11 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$47,854,790, down \$712,690/1.5% from the FY10 approved budget of \$48,567,480. The detail of the changes is on ©8.

Personnel Costs account for 8% of the Self-Insurance Fund budget for 11 full-time positions, the same as in FY10; and 29.2 workyears, down 1.2 workyears from FY10. Operating Expenses account for the remaining 92% of the budget. Included in the total workyears are 19.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney.

The latest estimate for FY10 as shown on ©7 is that costs in FY10 will be \$48.530 million, down \$37,000 from the budget of \$48.567 million.

The CAO schedules two County Stat meetings each year to review risk management costs with each of the six departments with the highest risk management costs: Corrections, Fire, General Services, Liquor, Police, and Transportation. Hopefully the CAO's added focus and attention to risk management costs will result in some reduction. The most recent review was scheduled for Friday, April 9, 2010, but the review was postponed to Tuesday, April 20, from 10:30-11:30.

**Mid-year update** Starting in January 1998, the Committee has received mid-year updates of the status of the self-insurance fund. This schedule permits the Committee to devote more time to the issues than is available during the budget season, and reduces the amount of time required to make

decisions on the budget. The briefing this year was in the form of a memorandum from the Director of Finance dated January 26, 2010 (©13).

**Programs in the Division** There are three programs in this Division (plus an allocation of department overhead from the program for Operations and Administration), as described in the budget, on ©4-5: Insurance, Occupational Safety & Health, and Legal Services. The expenses are funded by contributions from the members listed in the budget on ©7, in the section titled “Revenues”. The amounts are based on an actuarial analysis and an evaluation of prior claims. Charges to the members are set at amounts to cover their expected claims plus amounts to provide a sufficient reserve.

### **Expenditure Issues**

The changes from FY10 to FY11 are on ©8. Mr. Fleming provided the following explanation of the major changes.

#### Self Insurance Fund Summary of Changes

1. Claims Expense (Insurance), 2,003,000 Actuarially set adjustment to claims expense. This is offset by reductions shown below for adjustment to reserves and municipalities leaving the program.
2. Claims administration fees to the private company that administers claims, 147,000 CPI increase expected in FY11.
3. County Attorney chargeback, 64,530 Realignment of OCA staffing caused shifting of higher cost employee into the SIF.
4. Workers Compensation payroll tax. (13,880) The State Workers Compensation charges insurance companies a % of payroll to cover the costs of operating the Commission. The reduction is for the agencies leaving the SIF.
5. Commercial property insurance for claims greater than \$250,000, (14,500) Expected reduction in premium due to favorable market conditions and loss experience.
6. Risk Management consultant contract, (35,800) Contract no longer necessary due to services being provided in another contract.
7. Claims audit contract, (40,000) Biennial audit conducted in FY10. Will be included in FY12 budget request.
8. Risk Management Information System, (55,000) Contract no longer necessary since system is obsolete and no longer being used.
9. Commercial insurance for agencies leaving the SIF, (84,250) See explanation below for agencies leaving the SIF.
10. Fleet repair cost for buses –SIF charge, (145,500) FY10 one time charge for new fleet added to Ride On as a result of taking over services from a contractor. Loss experience now included within actuarial analysis and the cost is now included in the charge to Fleet Management.
11. Transit insurance cost for buses – SIF charge, (590,000) FY10 one time charge for self insuring new fleet of buses from contractor. Loss experience now included within actuarial analysis and the cost is now included in the charge to Transit Services.

12. Adjustment to claims reserves, (651,000) Based on actuarial projection of claims liability as of June 30, 2010, which is less than in FY10.
13. Claims expenses for municipalities leaving the SIF, (1,196,000) The fund balance for the Self Insurance Fund (SIF) is projected to be (\$6,887,000) as of the end of FY10. The FY11 contribution level for participating agencies was increased to help offset the deficit. Some municipalities have decided to leave the fund to avoid the higher cost of restoring fund balance to the policy level. The City of Rockville has notified the County that it will be leaving the fund as of June 30, 2010. The City of Takoma Park and the City of Gaithersburg have notified the County of their intention to leave, but have asked for the option to stay should they be unable to procure insurance coverage for less than the contribution to the SIF. Presently, we expect both to leave. The amount of the reduction is reflective of the reduction in claims expense for FY11. An actuarial analysis will be conducted at the end of FY10 to determine the long term impact to the SIF.

**Revenues and Fund balance** In the mid-year update, the Director noted that adverse economic conditions and increasing claims costs resulted in losses in FY08-10, part of which were planned so as to reduce the fund balance which had reached \$20.3 million by the end of FY07. However, actual losses exceeded the intended losses. As a result as Mr. Fleming explained above, the fund balance for the Self Insurance Fund (SIF) is projected to be (\$6,887,000) at the end of FY10, so the FY11 contribution level for participating agencies was increased to reduce the deficit. Contributions in FY12 will be set at a level to eliminate the deficit and to have a positive fund balance by the end of FY13. As Mr. Fleming explained, "As we have done in the past in similar circumstances, we propose to restore the self insurance fund balance to the policy level over three years, beginning with FY11. The County's policy is to maintain a fund balance in the self insurance fund to provide an 80% - 85% actuarial confidence level."

**FY11 reduction** None recommended.

**III. Restricted Donations NDA**, ©20 Individuals sometimes donate money to the County and this money is accounted for in the non-tax supported Restricted Donations Fund. Because of the reappropriation provision in the appropriation resolution, the County will have the authority to spend in FY11 whatever amount exists at the end of FY10. Schedule A4 shows that the projected balance at the end of FY10 is \$1.7 million. However, the appropriation is always shown in the budget as \$0. The amount of actual spending in FY11 will be shown in the FY13 budget document.

**IV. Risk Management NDA for the General Fund portion of the County's contribution to the Risk Management Fund** (©7 and 21) The County Government is a member of the Fund. On ©21, the FY11 NDA for the County's payments for the General Fund departments is \$16,861,890, up \$5,351,160 from \$11,510,730 in FY10. The increase is based on the annual actuarial study and higher claims costs, and the need to restore the fund balance. The percentage changes among the agencies from FY10-11 are shown on ©7. As can be seen, there is a wide variation of percentage changes among the members.

Note that County Government contributions appear on three lines. 1) this one, for the General fund; 2) a summary of the various special funds, enterprise funds, and internal service funds; and 3) Fire and Rescue Services. The risk management costs for #2-3 are included in their individual budgets.

**V. State Property Tax Services** (©22) This was a new NDA in FY10 to pay a fee the State Department of Assessment and Taxation charges the County. Finance explained that “The County is charged by SDAT for administering the County Supplemental Homeowners’ and Senior Property Tax Credit programs and for the homestead credit certification program by SDAT. The first two credit programs are County only optional credit programs, while the certification program is required under State Law where each local jurisdiction pays its share of the cost.”

FY10 budget approved in May 2008	\$166,300
Increase reflects State costs	39,460
FY11 Executive recommendation	\$205,760

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# Finance

## MISSION STATEMENT

The mission of the Department of Finance is to prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

## BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Department of Finance is \$57,369,690, a decrease of \$949,720 or 1.6 percent from the FY10 Approved Budget of \$58,319,410. Personnel Costs comprise 21.4 percent of the budget for 112 full-time positions and two part-time positions for 102.9 workyears. Operating Expenses account for the remaining 78.6 percent of the FY11 budget.

The Finance Operating Budget is comprised of a General Fund component (the Director's Office and the Divisions of Treasury and Controller) and the Risk Management Division, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY11 Operating Budget for the General Fund component is \$9,514,900 a decrease of \$237,030 or 2.4 percent from the FY10 approved budget of \$9,751,930. Personnel Costs comprise 88.0 percent of the General Fund budget for 101 full-time and 2 part-time positions for 73.7 workyears. Operating Expenses account for the remaining 12.0 percent of the budget.

The total FY11 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$47,854,790, a decrease of \$712,690 or 1.5 percent from the FY10 approved budget of \$48,567,480. Personnel Costs comprise 8.2 percent of the Self-Insurance Fund budget for 11 full-time positions for 29.2 workyears. Operating Expenses account for the remaining 91.8 percent of the budget. Included in the total workyears are 19.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney and 0.4 workyear charged by the General Fund component of Finance (Controller Division) for services provided in support of Risk Management.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ ***A Responsive, Accountable County Government***
- ❖ ***Strong and Vibrant Economy***

## DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

## PROGRAM CONTACTS

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

### ***Debt and Cash Management***

This program provides effective debt and cash management with the goal of maintaining the County's AAA General Obligation Bond debt rating, and the active investment of the County's working capital to minimize risk while generating the maximum investment income. Program objectives include managing the timely and economic issuance of short- and long-term financial obligations; developing and maintaining strong rating agency and investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; providing high-quality consulting services for County agencies, managers, staff, elected officials, and residents on issues related to debt and cash management; and managing the County's relationship with the banking community.

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<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Bond Rating - Rating given to Montgomery County by Fitch, Moody's, and Standard and Poor's (Bond ratings are a measure of the quality and safety of a bond and are based on the issuer's financial condition)	AAA	AAA	AAA	Expected	Expected
Investment Return Benchmarking – County Return vs. S&P Local Government Investment Pool Index (basis point spread)	66.0	50.0	20.0	20.0	20.0
Interest Rate - Montgomery County General Obligation Bond true interest cost (The interest rate of Montgomery County's most common type of bond) <sup>1</sup>	NA	4.18	2.86	5.0	5.0
Interest Rate Benchmarking – County GO vs. Municipal Market Data Index (basis point spread) <sup>2</sup>	NA	27.0	(17.0)	25.0	25.0
Investment Return - Rate of return on Montgomery County's investments	4.41%	1.71%	1.10%	1.65%	2.55%

<sup>1</sup> The County did not issue GO bonds in FY08.

<sup>2</sup> For FY10 - actual spread at 11/3/09 bond sale.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>570,380</b>	<b>4.0</b>
Increase Cost: Debt Analysis and Special Debt Financings	100,000	0.8
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-17,110	-0.2
<b>FY11 CE Recommended</b>	<b>653,270</b>	<b>4.6</b>

## Information Technology

This program provides planning, direction, and support for finance and core business systems, technology, and business processes to support effective and efficient achievement of the Department's mission. Activities are proactively coordinated with the Department of Technology Services, other County departments, vendors, and Department staff to ensure consistency of Department systems and financial controls with countywide automation policies and standards and with appropriate financial control standards. The program oversees and coordinates business requirements analysis, development, selection, procurement, implementation, maintenance, administration, security, and training on and reporting from, the Finance Department's automated systems and applications. This program is also responsible for managing data integrity associated with daily and year-end processing, providing timely response to customer questions and proactive trouble shooting of financial transaction issues, supporting continuity of Finance Department business operations, managing service contracts and vendor relationships, and providing responses to FOIA-related and auditor requests of Finance.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Requests for assistance with computer systems, i.e. Service Tickets (average number of days to close) <sup>1</sup>	1.50	1.8	1.9	TBD	TBD
County Core Business Systems: User service requests processed <sup>2</sup>	780	820	820	TBD	TBD

<sup>1</sup> ERP implementation - no data on which to base FY11 and FY12 estimates.

<sup>2</sup> ERP implementation - no data on which to base FY11 and FY12 estimates.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,382,520</b>	<b>4.9</b>
Increase Cost: MCtime - JAVA Application Upgrade	250,000	0.0
Shift: MC311 IT Position from CIP to Finance General Fund	129,430	1.0
Increase Cost: IT Maintenance and Licenses Contracts	15,660	0.0
Technical Adj: MCtime Project Implementation	0	1.0
Shift: MC311 IT Position to Public Information Office from Finance	-129,430	-1.0
Decrease Cost: MCtime - Master Lease Payments	-142,680	0.0
Decrease Cost: Timesheet Data Entry Key punch Contract	-255,000	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	202,050	0.5
<b>FY11 CE Recommended</b>	<b>1,452,550</b>	<b>6.4</b>

## Accounts Payable

This program is responsible for timely and accurate payments to vendors for goods and services provided to the County; complying with County policies and procedures; and carrying out State and Federal reporting requirements. Payments to vendors are initiated and approved by individual departments. The Accounts Payable program is responsible for review and final approval of payments of \$5,000 or more, as well as most refunds and other non-expenditure disbursements. Payments under \$5,000 are individually reviewed and approved by operating departments and potentially subject to post-payment audit by Accounts Payable. The Accounts Payable program is also responsible for administration of the County's Purchasing Card Program which incorporates both purchasing and travel related expenditures.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>562,560</b>	<b>7.0</b>
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	16,770	-0.2
<b>FY11 CE Recommended</b>	<b>579,330</b>	<b>6.8</b>

## General Accounting

This program is responsible for the analysis, interpretation, and presentation of the County's financial position and results of operations through timely, accurate, and professional financial reports. These reports provide public assurance as to the accountability and integrity of the use of County resources; adherence to budgetary policies established by management; and compliance with Federal, State, and County mandates. The program prepares the Comprehensive Annual Financial Report, Debt Service Booklet, as well as numerous other standardized and specialized reports. This program also provides high quality, timely service to County departments through analysis and technical assistance; and through preparation, review, and approval of County financial transactions.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting <sup>1</sup>	Received	Expected	Expected	Expected	Expected

<sup>1</sup> The County is continuing practices necessary to qualify for the GFOA Certificate of Achievement. The County has been awarded this certificate more times than any other county in the nation (39 times).

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,942,220</b>	<b>18.3</b>
Increase Cost: ERP Implementation: Overtime	47,000	0.0
Shift: To Grants Accounting	-551,920	-5.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	3,320	-0.5
<b>FY11 CE Recommended</b>	<b>1,440,620</b>	<b>12.8</b>

## Grants Accounting

This program is responsible for the analysis, interpretation, and presentation of the County's financial position relating to grants through timely, accurate, and professional financial reports. These reports provide public assurance as to the accountability and integrity of the use of federal, state, and other outside resources; adherence to budgetary policies established by management; and compliance with Federal, State, and County mandates. The program prepares the Single Audit Report on expenditures of Federal awards, and State Uniform Financial Report, as well as numerous other standardized and specialized reports. This program also provides high quality, timely service to County departments through analysis and technical assistance; and through preparation, review, and approval of grant financial transactions.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>0</b>	<b>0.0</b>
Shift: From General Accounting	551,920	5.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-17,100	-0.2
<b>FY11 CE Recommended</b>	<b>534,820</b>	<b>4.8</b>

## Payroll

This program is responsible for managing and maintaining the County's payroll system and functions as prescribed by Federal, State, and County laws, and local regulations. The program provides timely and accurate payroll disbursements to County employees, accounts for payroll deductions, issues W-2 statements to account for pre-tax and post-tax benefits, maintains official payroll and leave records, and responds to internal and external inquiries. The program proactively operates in conjunction with other County departments to maintain and develop efficient and effective improvements to the personnel/payroll and electronic timekeeping systems.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>681,030</b>	<b>7.0</b>
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-23,040	-0.2
<b>FY11 CE Recommended</b>	<b>657,990</b>	<b>6.8</b>

## Tax Operations

This program is responsible for the timely and accurate collection and processing of all County administered taxes, including property taxes (which are the County's largest revenue source), transfer and recordation taxes (relating to real property transfers and recordation of instruments of writing), and several excise taxes (fuel/energy, telephone, hotel/motel). The program is also responsible for the administration of the County's Working Families Income Supplement program, the Public Advocate for Assessments and Taxation (Public Advocate) program, and numerous tax credit, deferral, and assistance programs. The property tax portion of this program provides the calculation and distribution of tax bills; accounting and distribution of tax collections to the State of Maryland, municipalities, and other entities; collection of delinquent accounts through the tax lien sale process; and communication of and access to tax and account information by attorneys and title companies for preparation of property settlements, and customer service assistance to the public for complex tax-related matters and issues. The transfer and recordation tax portion of this program ensures that all other taxes, fees, and charges associated with the property tax account are paid in full prior to recording of the deed for that property by the State of Maryland. The Public Advocate program provides an independent review of State-determined property tax assessment valuations for fairness and accuracy and, therefore, protects the public interest by acting on behalf of the taxpayers and the County.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Average number of seconds to answer customer calls to the Treasury Call Center <sup>1</sup>	72	116	130	NA	NA

<sup>1</sup> Function will transfer to the MC311 Call Center.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>2,046,610</b>	<b>22.1</b>
Increase Cost: Charges from County Attorney	14,130	0.0
Shift: Chargeback to Parking Districts, Solid Waste Services, Water Quality Protection and Leaf Vacuuming for Billing, Collection and Processing Services	-18,600	0.0
Reduce: Position in Tax Operations	-96,200	-1.0
Shift: CRM MC311 Call Takers to Public Information Office from Finance	-291,350	-4.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-1,540	-0.9
<b>FY11 CE Recommended</b>	<b>1,653,050</b>	<b>16.2</b>

## Treasury Operations

This program is responsible for providing coordination and oversight of treasury operations and customer services through the cashiering function. All money received by the County, directly through the cashiering operation, or through the internet and bank lockbox operation, is processed, administered, and recorded in a timely fashion in the County's accounting system. This program handles property, transfer and recordation, and excise taxes; fines and fees; and offers specific employee services, such as the fare media pass. Functioning as a banking operation, the tellers are a primary provider of person-to-person customer service to County residents.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>278,130</b>	<b>3.7</b>
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	26,520	0.2
<b>FY11 CE Recommended</b>	<b>304,650</b>	<b>3.9</b>

## Insurance

The Montgomery County Self-Insurance Program, established under County Code 20-37, provides comprehensive property and casualty insurance for the County and participating agencies. The program is funded through contributions from the agencies, which are based upon an annual actuarial analysis of outstanding and projected future claims filed against the participants. The program provides accurate and timely insurance and risk management advice to participating agencies and reduces County and participating agency exposure to risk by: comparing the cost of commercially available coverage to evaluate the best method of funding exposure to loss; transferring contractual risk under indemnification/hold harmless agreements; avoiding risk; operating proactive safety programs; and purchasing commercial insurance policies.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>44,775,870</b>	<b>4.0</b>
Increase Cost: Claims Expense	2,003,000	0.0
Increase Cost: Claims Administration Fee	147,710	0.0

	Expenditures	WYs
Increase Cost: Workers' Compensation Payroll Assessment	5,510	0.0
Decrease Cost: Payroll Tax Expenses for Municipalities leaving County's Insurance Program	-13,880	0.0
Decrease Cost: Commercial Property Insurance	-14,500	0.0
Decrease Cost: Consultant Contract	-35,800	0.0
Decrease Cost: Biennial Claims Audit	-40,000	0.0
Decrease Cost: Risk Management Information System	-55,000	0.0
Decrease Cost: Commercial Insurance Expenses for Municipalities leaving County's Insurance Program	-84,250	0.0
Decrease Cost: Fleet Repair Costs for Buses	-145,500	0.0
Decrease Cost: Transit Insurance Cost for Buses	-590,000	0.0
Decrease Cost: Adjustment to Claims Reserves	-651,000	0.0
Decrease Cost: Claims Expenses for Municipalities leaving County's Insurance Program	-1,196,000	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-40,880	-0.1
<b>FY11 CE Recommended</b>	<b>44,065,280</b>	<b>3.9</b>

### Occupational Safety and Health

This program coordinates reporting to Federal and State regulatory agencies on health and safety issues. The State-required injury reports and the mandated safety training and record keeping are completed on schedule. The program responds promptly to inspections and queries from the Maryland Occupational Safety and Health Administration. Accident prevention programs are conducted, and training is provided continuously in loss prevention and loss control to promote a safe and healthy work environment for County employees.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Workers Compensation - Cost per \$100 of payroll	\$2.29	\$2.38	\$2.87	\$2.95	\$3.07
Workers Compensation - Number of cases resulting in lost work time	609	603	526	521	521

	Expenditures	WYs
<b>FY10 Approved</b>	<b>806,250</b>	<b>5.0</b>
Decrease Cost: Motor Pool Rate Adjustment	-5,290	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-82,420	-0.1
<b>FY11 CE Recommended</b>	<b>718,540</b>	<b>4.9</b>

### Policy and Fiscal Projects

This program provides issue management and fiscal analysis associated with economic development policies and initiatives; proactive development of intergovernmental policy alternatives and recommendations, including necessary local and state legislation and regulations; fiscal and economic impact analysis for local and state legislation; fiscal impact analysis and effective management associated with the financing and implementation aspects of Master and Sector Plans; and high quality financial consulting services for County agencies, managers, staff, elected officials, and residents.

	Expenditures	WYs
<b>FY10 Approved</b>	<b>0</b>	<b>0.0</b>
Shift: From Operations and Administration	266,380	2.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-8,050	-0.1
<b>FY11 CE Recommended</b>	<b>258,330</b>	<b>1.9</b>

### Legal Services

This program funds activities of the Office of the County Attorney, which provides legal services including investigation, negotiation, and litigation on behalf of the County and agencies that participate in the Self-Insurance Program.

	Expenditures	WYs
<b>FY10 Approved</b>	<b>2,398,660</b>	<b>19.0</b>
Increase Cost: Office of County Attorney Chargeback	64,530	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-79,170	-0.9
<b>FY11 CE Recommended</b>	<b>2,384,020</b>	<b>18.1</b>

## Operations and Administration

This program includes operational support for the Department as well as the administrative portions of the Director's Office, the Division of the Controller, the Treasury Division, and the Division of Risk Management. The program provides support for efficient, effective, and timely accomplishment of the Department's mission, including budget development and oversight, personnel administration, strategic planning, and contract administration. It is also responsible for accurate revenue and economic forecasting, and publishing reports on economic and revenue analysis on a monthly and quarterly basis for dissemination to the County Council and public. The program provides high quality consulting services for County agencies, managers, staff, elected officials, and residents.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Revenue forecasting - Percent variance between actual revenue and projected revenue	-2%	-2.9%	TBD	TBD	TBD

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>2,875,180</b>	<b>14.4</b>
Decrease Cost: Printing and Mail Reduction Initiative (Self-Insurance Fund)	-9,400	0.0
Decrease Cost: Printing and Mail Reduction Initiative (General Fund)	-85,290	0.0
Shift: To Policy and Fiscal Projects	-266,380	-2.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	153,130	-0.6
<b>FY11 CE Recommended</b>	<b>2,667,240</b>	<b>11.8</b>

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# BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	6,248,750	6,201,810	6,201,320	5,837,610	-5.9%
Employee Benefits	2,105,574	2,253,960	2,253,960	2,537,570	12.6%
<b>County General Fund Personnel Costs</b>	<b>8,354,324</b>	<b>8,455,770</b>	<b>8,455,280</b>	<b>8,375,180</b>	<b>-1.0%</b>
Operating Expenses	1,238,594	1,296,160	890,760	1,139,720	-12.1%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>9,592,918</b>	<b>9,751,930</b>	<b>9,346,040</b>	<b>9,514,900</b>	<b>-2.4%</b>
<b>PERSONNEL</b>					
Full-Time	119	113	113	101	-10.6%
Part-Time	2	2	2	2	—
Workyears	84.5	79.0	79.0	73.7	-6.7%
<b>REVENUES</b>					
Miscellaneous	3,099	0	0	0	—
Development District Fees	28,860	45,150	45,150	148,330	228.5%
Procurement Card Rebate	7,368	22,600	23,000	23,000	1.8%
WSSC Reimb.: Benefit Charge on Tax Bill	92,702	86,580	86,580	78,220	-9.7%
Municipalities Reimb.: Property Tax Services	52,883	53,680	53,680	55,510	3.4%
State Reimb.: Bay Restoration Fund	23,391	22,500	22,500	22,500	—
Bad / Dishonored Check Fees	58,716	60,000	50,000	50,000	-16.7%
Tax Certification Fee	2,280	4,000	4,000	4,000	—
Tax Sale Fee	38,050	90,000	90,000	90,000	—
Child Support Payment Fees	20,257	20,540	22,260	22,260	8.4%
Conduit Bond Fees	109,627	109,500	109,960	109,500	—
<b>County General Fund Revenues</b>	<b>437,233</b>	<b>514,550</b>	<b>507,130</b>	<b>603,320</b>	<b>17.3%</b>
<b>SELF INSURANCE INTERNAL SERVICE FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	2,610,161	3,052,830	3,024,150	2,912,240	-4.6%
Employee Benefits	779,670	950,830	942,050	1,018,230	7.1%
<b>Self Insurance Internal Service Fund Personnel Costs</b>	<b>3,389,831</b>	<b>4,003,660</b>	<b>3,966,200</b>	<b>3,930,470</b>	<b>-1.8%</b>
Operating Expenses	37,427,976	44,563,820	44,563,820	43,924,320	-1.4%
Capital Outlay	0	0	0	0	—
<b>Self Insurance Internal Service Fund Expenditures</b>	<b>40,817,807</b>	<b>48,567,480</b>	<b>48,530,020</b>	<b>47,854,790</b>	<b>-1.5%</b>
<b>PERSONNEL</b>					
Full-Time	12	11	11	11	—
Part-Time	0	0	0	0	—
Workyears	31.0	30.4	30.4	29.2	-3.9%
<b>REVENUES</b>					
Montgomery County (Special, Entpr. & Int. Serv.)	4,191,290	5,513,350	5,513,350	6,078,410	10.2%
Montgomery County General Fund NDA	10,079,490	11,628,570	11,628,570	16,861,890	45.0%
Fire and Rescue Services	6,450,048	8,408,840	8,408,840	12,088,110	43.8%
Board of Education	7,800,400	9,752,270	9,752,270	13,605,620	39.5%
Montgomery College	402,080	456,450	456,450	622,100	36.3%
M-NCPPC	1,269,800	1,421,220	1,421,220	1,047,640	-26.3%
Housing Opportunities Commission	231,070	290,780	290,780	473,170	62.7%
Revenue Authority	158,800	198,360	198,360	203,230	2.5%
City of Gaithersburg	159,820	233,300	233,300	0	—
City of Rockville	1,077,990	1,329,910	1,329,910	0	—
Takoma Park	197,480	334,730	334,730	0	—
Housing Authority-City of Rockville	16,340	18,030	18,030	17,070	-5.3%
Other Municipal Income	19,320	24,800	24,800	38,780	56.4%
Other - Recovered Losses	737,847	1,100,000	1,100,000	1,100,000	—
Investment Income - Pooled and Non-Pooled	1,740,520	1,180,000	260,000	740,000	-37.3%
Bethesda Urban Partnership	7,660	9,020	9,020	12,410	37.6%
<b>Self Insurance Internal Service Fund Revenues</b>	<b>34,539,955</b>	<b>41,899,630</b>	<b>40,979,630</b>	<b>52,888,430</b>	<b>26.2%</b>
<b>DEPARTMENT TOTALS</b>					
<b>Total Expenditures</b>	<b>50,410,725</b>	<b>58,319,410</b>	<b>57,876,060</b>	<b>57,369,690</b>	<b>-1.6%</b>
<b>Total Full-Time Positions</b>	<b>131</b>	<b>124</b>	<b>124</b>	<b>112</b>	<b>-9.7%</b>
<b>Total Part-Time Positions</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>—</b>
<b>Total Workyears</b>	<b>115.5</b>	<b>109.4</b>	<b>109.4</b>	<b>102.9</b>	<b>-5.9%</b>
<b>Total Revenues</b>	<b>34,977,188</b>	<b>42,414,180</b>	<b>41,486,760</b>	<b>53,491,750</b>	<b>26.1%</b>

# FY11 RECOMMENDED CHANGES

	Expenditures	WYs
<b>COUNTY GENERAL FUND</b>		
<b>FY10 ORIGINAL APPROPRIATION</b>	<b>9,751,930</b>	<b>79.0</b>
<b><u>Changes (with service impacts)</u></b>		
Reduce: Position in Tax Operations [Tax Operations]	-96,200	-1.0
<b><u>Other Adjustments (with no service impacts)</u></b>		
Shift: From General Accounting [Grants Accounting]	551,920	5.0
Shift: MCtime Project Implementation - Operating Budget Impact	366,420	0.8
Shift: From Operations and Administration [Policy and Fiscal Projects]	266,380	2.0
Increase Cost: MCtime - JAVA Application Upgrade [Information Technology]	250,000	0.0
Shift: MC311 IT Position from CIP to Finance General Fund [Information Technology]	129,430	1.0
Increase Cost: Debt Analysis and Special Debt Financings [Debt and Cash Management]	100,000	0.8
Increase Cost: Retirement Adjustment	94,870	0.0
Increase Cost: Group Insurance Adjustment	65,590	0.0
Increase Cost: ERP Implementation: Overtime [General Accounting]	47,000	0.0
Increase Cost: IT Maintenance and Licenses Contracts [Information Technology]	15,660	0.0
Increase Cost: Charges from County Attorney [Tax Operations]	14,130	0.0
Increase Cost: Annualization of FY10 Personnel Costs	11,390	0.0
Technical Adj: MCtime Project Implementation [Information Technology]	0	1.0
Decrease Cost: Turnover Savings	-15,010	0.0
Shift: Chargeback to Parking Districts, Solid Waste Services, Water Quality Protection and Leaf Vacuuming for Billing, Collection and Processing Services [Tax Operations]	-18,600	0.0
Decrease Cost: Printing and Mail Reduction Initiative (General Fund) [Operations and Administration]	-85,290	0.0
Shift: MC311 IT Position to Public Information Office from Finance [Information Technology]	-129,430	-1.0
Decrease Cost: MCtime - Master Lease Payments [Information Technology]	-142,680	0.0
Decrease Cost: Timesheet Data Entry Key punch Contract [Information Technology]	-255,000	0.0
Shift: To Policy and Fiscal Projects [Operations and Administration]	-266,380	-2.0
Shift: CRM MC311 Call Takers to Public Information Office from Finance [Tax Operations]	-291,350	-4.0
Decrease Cost: Furlough Days	-297,960	-2.9
Shift: To Grants Accounting [General Accounting]	-551,920	-5.0
<b>FY11 RECOMMENDED:</b>	<b>9,514,900</b>	<b>73.7</b>
<b>SELF INSURANCE INTERNAL SERVICE FUND</b>		
<b>FY10 ORIGINAL APPROPRIATION</b>	<b>48,567,480</b>	<b>30.4</b>
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Claims Expense [Insurance]	2,003,000	0.0
Increase Cost: Claims Administration Fee [Insurance]	147,710	0.0
Increase Cost: Office of County Attorney Chargeback [Legal Services]	64,530	0.0
Increase Cost: Retirement Adjustment	52,100	0.0
Increase Cost: Retiree Health Insurance Pre-Funding	44,900	0.0
Increase Cost: Group Insurance Adjustment	24,720	0.0
Increase Cost: Workers' Compensation Payroll Assessment [Insurance]	5,510	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-480	0.0
Decrease Cost: Motor Pool Rate Adjustment [Occupational Safety and Health]	-5,290	0.0
Decrease Cost: Printing and Mail Reduction Initiative (Self-Insurance Fund) [Operations and Administration]	-9,400	0.0
Decrease Cost: Payroll Tax Expenses for Municipalities leaving County's Insurance Program [Insurance]	-13,880	0.0
Decrease Cost: Commercial Property Insurance [Insurance]	-14,500	0.0
Decrease Cost: Consultant Contract [Insurance]	-35,800	0.0
Decrease Cost: Annualization of FY10 Personnel Costs	-35,960	0.0
Decrease Cost: Biennial Claims Audit [Insurance]	-40,000	0.0
Decrease Cost: Risk Management Information System [Insurance]	-55,000	0.0
Decrease Cost: Commercial Insurance Expenses for Municipalities leaving County's Insurance Program [Insurance]	-84,250	0.0
Decrease Cost: Fleet Repair Costs for Buses [Insurance]	-145,500	0.0
Decrease Cost: Furlough Days	-178,100	-1.2
Decrease Cost: Transit Insurance Cost for Buses [Insurance]	-590,000	0.0
Decrease Cost: Adjustment to Claims Reserves [Insurance]	-651,000	0.0
Decrease Cost: Claims Expenses for Municipalities leaving County's Insurance Program [Insurance]	-1,196,000	0.0
<b>FY11 RECOMMENDED:</b>	<b>47,854,790</b>	<b>29.2</b>

## PROGRAM SUMMARY

Program Name	FY10 Approved		FY11 Recommended	
	Expenditures	WYs	Expenditures	WYs
Debt and Cash Management	570,380	4.0	653,270	4.6
Information Technology	1,382,520	4.9	1,452,550	6.4
Accounts Payable	562,560	7.0	579,330	6.8
General Accounting	1,942,220	18.3	1,440,620	12.8
Grants Accounting	0	0.0	534,820	4.8
Payroll	681,030	7.0	657,990	6.8
Tax Operations	2,046,610	22.1	1,653,050	16.2
Treasury Operations	278,130	3.7	304,650	3.9
Insurance	44,775,870	4.0	44,065,280	3.9
Occupational Safety and Health	806,250	5.0	718,540	4.9
Policy and Fiscal Projects	0	0.0	258,330	1.9
Legal Services	2,398,660	19.0	2,384,020	18.1
Operations and Administration	2,875,180	14.4	2,667,240	11.8
<b>Total</b>	<b>58,319,410</b>	<b>109.4</b>	<b>57,369,690</b>	<b>102.9</b>

## CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY10		FY11	
		Totals	WYs	Totals	WYs
<b>COUNTY GENERAL FUND</b>					
Board of Investment Trustees	BIT 457 Deferred Comp. Plan	22,620	0.1	23,230	0.1
Board of Investment Trustees	Employee Retirement System	48,260	0.3	49,560	0.3
Board of Investment Trustees	Retiree Health Benefits	37,710	0.3	38,720	0.3
Board of Investment Trustees	Retirement Savings Plan	24,130	0.2	24,780	0.2
CIP	CIP	2,559,920	20.6	1,837,580	14.3
Community Use of Public Facilities	Community Use of Public Facilities	4,830	0.1	5,090	0.1
Environmental Protection	Water Quality Protection Fund	256,740	2.2	271,430	2.2
Finance	Self Insurance Internal Service Fund	49,740	0.4	50,620	0.4
General Services	Printing and Mail Internal Service Fund	6,540	0.1	6,430	0.1
Human Resources	Employee Health Benefit Self Insurance Fund	102,810	0.7	104,800	0.8
Parking District Services	Bethesda Parking District	66,690	0.8	58,530	0.6
Parking District Services	Montgomery Hills Parking District	5,540	0.1	5,770	0.1
Parking District Services	Silver Spring Parking District	40,530	0.4	53,970	0.5
Parking District Services	Wheaton Parking District	13,650	0.1	13,590	0.1
Permitting Services	Permitting Services	12,970	0.1	13,070	0.1
Solid Waste Services	Solid Waste Collection	32,250	0.4	34,710	0.4
Solid Waste Services	Solid Waste Disposal	319,760	2.3	316,940	2.3
Transportation	Vacuum Leaf Collection	27,380	0.3	34,400	0.3
<b>Total</b>		<b>3,632,070</b>	<b>29.5</b>	<b>2,943,220</b>	<b>23.2</b>
<b>SELF INSURANCE INTERNAL SERVICE FUND</b>					
Solid Waste Services	Solid Waste Disposal	690,000	0.0	0	0.0

## FUTURE FISCAL IMPACTS

Title	CE REC.			(\$000's)		
	FY11	FY12	FY13	FY14	FY15	FY16
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY11 Recommended</b>	9,515	9,515	9,515	9,515	9,515	9,515
No inflation or compensation change is included in outyear projections.						
<b>Annualization of Positions Recommended in FY11</b>	0	26	26	26	26	26
New positions in the FY11 budget are generally lapsed due to the time it takes a position to be created and filled. Therefore, the amounts above reflect annualization of these positions in the outyears.						
<b>Restore Personnel Costs</b>	0	298	298	298	298	298
This represents restoration of funding to remove FY11 furloughs.						
<b>Timesheet Data Entry Key punch Contract</b>	0	-75	-75	-75	-75	-75
For timesheet data entry key punching services.						
<b>Subtotal Expenditures</b>	<b>9,515</b>	<b>9,764</b>	<b>9,764</b>	<b>9,764</b>	<b>9,764</b>	<b>9,764</b>

Title	CE REC.	FY12	FY13	(5000's)		
	FY11			FY14	FY15	FY16
<b>SELF INSURANCE INTERNAL SERVICE FUND</b>						
<b>Expenditures</b>						
<b>FY11 Recommended</b>	<b>47,855</b>	<b>47,855</b>	<b>47,855</b>	<b>47,855</b>	<b>47,855</b>	<b>47,855</b>
No inflation or compensation change is included in outyear projections.						
<b>Claims Audit</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>40</b>
The Claims Audit is conducted every other even year, and is not needed in odd years.						
<b>Claims Service Contract</b>	<b>0</b>	<b>219</b>	<b>448</b>	<b>685</b>	<b>685</b>	<b>685</b>
Funds expenses for the County's Actuarial Specialized Services Contract.						
<b>Restore Personnel Costs</b>	<b>0</b>	<b>178</b>	<b>178</b>	<b>178</b>	<b>178</b>	<b>178</b>
This represents restoration of funding to remove FY11 furloughs.						
<b>Retiree Health Insurance Pre-Funding</b>	<b>0</b>	<b>22</b>	<b>27</b>	<b>33</b>	<b>38</b>	<b>44</b>
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
<b>Subtotal Expenditures</b>	<b>47,855</b>	<b>48,315</b>	<b>48,508</b>	<b>48,791</b>	<b>48,756</b>	<b>48,802</b>

## ANNUALIZATION OF PERSONNEL COSTS AND WORKYEARS

	FY11 Recommended		FY12 Annualized	
	Expenditures	WYs	Expenditures	WYs
Increase Cost: Debt Analysis and Special Debt Financings [Debt and Cash Management]	92,930	0.8	119,160	1.0
<b>Total</b>	<b>92,930</b>	<b>0.8</b>	<b>119,160</b>	<b>1.0</b>

(10)

# Technology Modernization -- MCG -- No. 150701

Category  
Subcategory  
Administering Agency  
Planning Area

General Government  
County Offices and Other Improvements  
County Executive  
Countywide

Date Last Modified  
Required Adequate Public Facility  
Relocation Impact  
Status

January 11, 2010  
No  
None.  
On-going

## EXPENDITURE SCHEDULE (\$000)

Cost Element	Total	Thru FY09	Est. FY10	Total 6 Years	FY11	FY12	FY13	FY14	FY15	FY16	Beyond 6 Years
Planning, Design, and Supervision	80,209	19,745	32,659	27,805	17,095	10,710	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>80,209</b>	<b>19,745</b>	<b>32,659</b>	<b>27,805</b>	<b>17,095</b>	<b>10,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## FUNDING SCHEDULE (\$000)

Current Revenue: General	42,086	14,524	10,802	16,760	11,462	5,298	0	0	0	0	0
Land Sale	2,634	2,634	0	0	0	0	0	0	0	0	0
Short-Term Financing	35,489	2,587	21,857	11,045	5,633	5,412	0	0	0	0	0
<b>Total</b>	<b>80,209</b>	<b>19,745</b>	<b>32,659</b>	<b>27,805</b>	<b>17,095</b>	<b>10,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## OPERATING BUDGET IMPACT (\$000)

Maintenance				37,573	6,036	8,527	11,336	11,674	0	0
Productivity Improvements				-20,000	0	0	-5,000	-15,000	0	0
<b>Net Impact</b>				<b>17,573</b>	<b>6,036</b>	<b>8,527</b>	<b>6,336</b>	<b>-3,326</b>	<b>0</b>	<b>0</b>

### DESCRIPTION

This project provides for the replacement, upgrade, and implementation of IT initiatives that will ensure ongoing viability of key processes, replace outdated and vulnerable systems, and produce a high return in terms of customer service and accountability to our residents. Major new IT systems being launched through this project are Enterprise Resource Planning (ERP), 311/Constituent Relationship Management (CRM), and related Business Process Review (BPR). ERP will modernize our Core Business Systems to improve the efficiency, effectiveness, and responsiveness of the County Government. The ERP project will provide needed upgrades to the County's financial, procurement, human resource, and budgeting systems and will streamline existing business processes. Business Process Review is occurring as part of ERP requirements analysis and planning. The first phase of this project, MCtime, the implementation of electronic time reporting, is well underway. A new 311/CRM system will combine advanced telephony, internet, and computer technology with constituent-focused business processes. Residents will ultimately be able to call one number to access County government services and built-in tracking and accountability features will assure that every call receives a timely response. Completion of Phase I of the current MC311 (CRM) will include developing an automated service request processing system for the County's Department of Transportation including converting the systems currently used for leaf pick-up, snow removal, tree issues, and street light outages.

### JUSTIFICATION

According to a 2004 ranking of major existing technology systems based on their current health and relative need for upgrade or replacement, the County's current core business systems (ADPICS, FAMIS, BPREP, and HRMS) were ranked as Priority #1, which means "obsolete or vulnerable critical system in immediate risk of failure." These at-risk systems will be replaced with a state of the art ERP system which will provide a common database supporting financials, procurement, budget, and HR/payroll, and will include system-wide features for security, workflow, and reporting, and up-to-date technology architecture. Montgomery County seeks to set a national standard for accountability and responsiveness in governance and the delivery of services to its residents and businesses. A customer-oriented 311/CRM system is needed as a single one-stop-shop phone number and intake system to meet this growing demand. The current cost estimate is based on detailed review of integrator, staffing, hardware, and software costs.

Information Technology Interagency Funding and Budgeting Committee's report of September 30, 2003.  
MCG FY06 IT Budget Overview prepared by DTS.

### OTHER

The Technology Modernization - MCG project has been intended to serve as an ongoing resource for future IT modernization to the County Government's business systems beyond the currently defined project scope. Future projects may include the following:

CRM  
Phase II: This initiative will extend the service to municipalities in the County, and other County agencies (e.g. Board of Education, M-NCPPC, Montgomery College). This initiative will proceed based upon interest from these organizations and agreement on funding.

Creation of a Citizen Relationship Management (CRM) program which will develop or convert automated capabilities for all appropriate County services

APPROPRIATION AND EXPENDITURE DATA	COORDINATION	MAP																																																			
<table border="1"> <tr> <td>Date First Appropriation</td> <td>FY07</td> <td>(\$000)</td> </tr> <tr> <td>First Cost Estimate</td> <td></td> <td></td> </tr> <tr> <td>Current Scope</td> <td>FY08</td> <td>85,464</td> </tr> <tr> <td>Last FY's Cost Estimate</td> <td></td> <td>80,209</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Appropriation Request</td> <td>FY11</td> <td>11,462</td> </tr> <tr> <td>Appropriation Request Est.</td> <td>FY12</td> <td>4,538</td> </tr> <tr> <td>Supplemental Appropriation Request</td> <td></td> <td>0</td> </tr> <tr> <td>Transfer</td> <td></td> <td>0</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Cumulative Appropriation</td> <td></td> <td>84,209</td> </tr> <tr> <td>Expenditures / Encumbrances</td> <td></td> <td>51,019</td> </tr> <tr> <td>Unencumbered Balance</td> <td></td> <td>13,190</td> </tr> <tr> <td colspan="3"> </td> </tr> <tr> <td>Partial Closeout Thru</td> <td>FY08</td> <td>0</td> </tr> <tr> <td>New Partial Closeout</td> <td>FY09</td> <td>0</td> </tr> <tr> <td>Total Partial Closeout</td> <td></td> <td>0</td> </tr> </table>	Date First Appropriation	FY07	(\$000)	First Cost Estimate			Current Scope	FY08	85,464	Last FY's Cost Estimate		80,209				Appropriation Request	FY11	11,462	Appropriation Request Est.	FY12	4,538	Supplemental Appropriation Request		0	Transfer		0				Cumulative Appropriation		84,209	Expenditures / Encumbrances		51,019	Unencumbered Balance		13,190				Partial Closeout Thru	FY08	0	New Partial Closeout	FY09	0	Total Partial Closeout		0	<p>MCG efforts must be coordinated with the recent implementation of a new Financial Management System by MCPS and efforts by other agencies to ensure data transportability and satisfy reporting needs between agencies. Project staff are drawing on the implementation experiences of MCPS, WMATA and governments with functions and components similar to MCG during the project planning, requirements gathering, and requests for proposal (RFP) phases.</p> <p>Offices of the County Executive Office of the County Council Department of Finance Department of Technology Services Office of Procurement Office of Human Resources Office of Management and Budget All MCG Departments and Offices</p>	
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## Technology Modernization -- MCG -- No. 150701 (continued)

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including:

Case Management  
Events Management  
Field Services  
Grants Management  
Help Desk Solutions  
Point of Sales  
Resident Issue Tracking System  
Work Order Processing System

### ERP

Business Intelligence/Data Warehouse Development  
Loan Management  
Property Tax Billing and Collection  
Public Access to Contractor Payments  
Upgrade to Oracle E-Business/Kronos/Siebel  
Enhancements to comply with evolving Payment Card Industry (PCI) mandates

### FISCAL NOTE

Project funding includes short-term financing for integrator services and software costs. Operating Budget Impact revised in FY13 and FY14 to reflect Council productivity targets.