Montgomery County, Maryland ▪ Office of Management and Budget

County Executive's FY16-21 Fiscal Plan

Isiah Leggett, County Executive
April 2015

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.

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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
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Fleet Management Services (Motor Pool)	Corey Orlosky
Liquor Control	Dennis Hetman
Mass Transit Facilities	Brady Goldsmith
M-NCPPC Administration	Jedediah Millard
M-NCPPC Enterprise	Jedediah Millard
M-NCPPC Park	Jedediah Millard
Montgomery College Current Fund	Jennifer Bryant
Parking Districts	Brady Goldsmith
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Self-Insurance: Liability & Property	Elyse Greenwald
Self-Insurance: Employee Health Benefits	Corey Orlosky
Solid Waste Refuse Collection	Matt Schaeffer
Solid Waste Disposal	Matt Schaeffer
Leaf Vacuuming	Brady Goldsmith
Urban Districts	Helen Vallone
Water Quality Protection	Matt Schaeffer

MONTGOMERY COUNTY

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MARYLAND

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OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Jennifer A. Hughes
Director

MEMORANDUM

April 1, 2015

TO: Interested Readers

FROM: Jennifer A. Hughes, Director

SUBJECT: FY16-21 Fiscal Plan

Executive Summary:

The County Executive's recommended budget, released on March 16, 2015, closed a $238 million budget gap, raising the cumulative amount of budgetary shortfalls resolved in County Executive Leggett's nine proposed budgets to more than $3 billion. The measures adopted to balance previous budgets and enhance long-term fiscal stability, though necessary, have required sacrifice by employees, residents, and businesses in terms of reduced pay and benefits, service cuts, and tax increases. The FY15 budget maintained the commitment to the prudent fiscal policies mutually agreed to with the County Council and strategically restored critical services in public safety, education, and other services for the most vulnerable, including seniors. The proposed FY16 operating budget protects this critically needed funding while also identifying additional efficiencies and cost savings. These measures are necessary because of the impact of the uneven national economic recovery and the effect of other fiscal challenges on the County's revenue estimates. In addition, the recommended budget includes funding for all of the County's collective bargaining agreements, increases reserves to their highest level ever, consistent with the County's policy of reaching 10 percent by FY20, funds retiree health benefits at the required level, and positions the County for increased economic success, job creation, and a secure tax base. The County Executive's recommended budget is a balanced approach to meet the expanding needs of a growing population in a fiscally responsible manner. This approach is also necessary to continue to provide the Council with the flexibility to meet future, sometimes unforeseen, challenges.

The County Executive recommends an average weighted property tax rate of $0.987 per $100 of assessed value, which is a 0.9 cent reduction from the current year, and a $692 credit for each owner-occupied residence to support a progressive property tax structure in the County. The average County homeowner will see a $15 increase in property taxes in FY16. This recommendation maintains overall property tax revenues at the limit allowed by the County's Charter.[1] The County Executive recommends continuation of the energy tax rates the Council approved in May 2014. The energy tax is

[1] Section 305 of the County Charter limits the growth in real property tax revenues in a fiscal year to the rate of inflation, excluding new construction, development districts, and other minor exceptions. The Council may override this limitation with an affirmative vote of nine Councilmembers.

more broad-based than either property or income taxes since it includes taxes on energy usage of institutions and facilities, such as the federal government, that otherwise would not be taxed. Because of its broader base, this tax lowers the overall tax burden on residents and businesses in the County. Total spending increases 1.4 percent in FY16, and tax supported spending across all agencies increases 1.2 percent. This increased level of tax supported spending reflects inclusion of $108.5 million for retiree health insurance pre-funding.

While this budget positions Montgomery County for the future, additional measures to rebalance revenues and spending may be necessary given the State's minimum funding requirement for public schools and Montgomery College, anticipated current revenue requirements for the capital improvements program, continued Federal and State budget uncertainty, and the pending Supreme Court decision regarding out-of-state income tax credits against the local income tax liability.[2] This challenge is evident in the current fiscal plan, which projects only a 0.1 increase in resources available to fund agency spending in FY17.Without identifying additional recurring resources, additional spending beyond the County Executive's recommended level in FY16 would further diminish available resources in FY17. Additionally, reducing ongoing revenues, without corresponding reductions in ongoing expenditures, will also diminish resources in FY17 and constrain our ability to maintain current service levels and address important priorities.

Background:

The recommended FY16-21 fiscal plans for the tax supported and non-tax supported funds of the agencies of County government are provided for your information. Many of these fiscal plans were initially published in the FY16-21 Recommended Operating Budget and Public Services Program (March 16, 2015) available here https://reports.data.montgomerycountymd.gov/omb.[3] As in past years, this information is intended to assist the County Council and other interested parties as the County Executive's recommended budget is considered during the Council's budget worksessions this spring.

Interested readers should note that the fiscal plans included in this publication are not intended to be prescriptive, but are instead intended to present one possible outcome of policy choices regarding taxes, user fees, and spending decisions. Other important assumptions are explained in footnotes at the bottom of each fiscal plan display. One significant benefit of presenting multi-year projections is that the potential future year impacts of current policy decisions can be considered by decision makers when making fiscal decisions in the near term. The County's fiscal policies support:

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[2] Maryland State Comptroller of Treasury v. Brian Wynne, No. 13-485. The Maryland tax code allows a credit for income taxes paid to other states with respect to the state income tax, but not the county income tax. Under both federal and Maryland law, a subchapter S corporation is deemed to "pass through" its income to its shareholders who are taxed on that income at the shareholder's level. The Maryland Court of Appeals held that the failure to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states on "pass through" income earned in those states violates the Commerce Clause of the United States Constitution. The Supreme Court heard arguments in the case in November 2014.

[3] In addition to these two documents, readers are encouraged to review other County fiscal materials such as the Comprehensive Annual Financial Report for the year ended June 30, 2014; the Annual Information Statement published by the Department of Finance; and Economic Indicators data. Budget and financial information for Montgomery County can also be accessed on the web at www.montgomerycountymd.gov/omb.

- prudent and sustainable fiscal management: constraining expenditure growth to expected resources;
- identifying and implementing productivity improvements;
- avoiding the programming of one-time revenues to on-going expenditures;
- growing the local economy and tax base;
- obtaining a fair share of State and Federal Aid;
- maintaining prudent reserve levels;
- minimizing the tax burden on residents; and
- managing indebtedness and debt service very carefully.

The Recommended Budget is consistent with the fiscal policies recommended by the County Executive and approved by the County Council in June 2010. These policies include building total reserves to ten percent of Adjusted Governmental Revenues[4] by 2020 (including mandatory contributions to the Revenue Stabilization Fund), fully funding PAYGO[5], and increasing contributions to pre-fund retiree health insurance up to full funding of the annual required contribution by FY15.

Fiscal Plan for the Tax Supported Funds:

The recommended fiscal planning objectives for FY16-21 for the tax supported funds are:

- Adhere to sound fiscal policies.
- Tax supported reserves (operating margin and the Revenue Stabilization Fund) are at the policy level of maintaining an unrestricted General Fund balance of 5 percent of the prior year's General Fund revenues and increasing the Revenue Stabilization Fund consistent with the requirements of Section 20-65 of the Montgomery County Code.
- Maintain property taxes at the Charter limit by assuming an average weighted property tax rate of $0.987 per $100 of assessed value and a $692 credit to each owner-occupied household.
- Assume property tax revenues at the Charter Limit during FY17-21 in the fiscal plan using the income tax offset credit.
- Manage fund balances in the 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.
- Maintain essential services.

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[4] The tax supported revenues of the County Government, Montgomery County Public Schools (less the local contribution), Montgomery College (less the local contribution), Maryland-National Park and Planning Commission, and the County Government's Capital Projects and Grants Funds.

[5] Current revenue that is 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 is referred to as PAYGO, or "pay as you go" funding. The County's policy is to program at least 10 percent of planned General Obligation bond issues as PAYGO in the capital budget.

- Limit exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.
- 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.
- Program PAYGO to be at least 10 percent of anticipated General Obligation Bond levels to contain future borrowing costs in FY17-21. PAYGO is consistent with the General Obligation Bond levels recommended by the County Executive in his Amended FY15-20 Capital Improvements Program.
- For capital investment, allocate debt, current revenue, and other resources made available by the fiscal objectives above according to priorities established by policy and program agendas.
- For services, allocate resources consistent with policy and program agendas.

The major challenges for FY16-21 will be to contain on-going costs, preserve essential services, and continue making targeted improvements to critical service areas including education, economic development, public safety, the social safety net, affordable housing, and transportation within projected available resources.

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 increasing fees and/or reducing expenditures.

Conclusion:

Montgomery County's long term fiscal health is strong as a result of its underlying economy and the financial management policies endorsed by its elected officials. Nonetheless, the County will continue to face significant challenges in the years ahead. The FY16-21 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the Fiscal Plans that follow are encouraged. Office of Management and Budget and Finance staffs of the County government, and Finance staff of the other agencies, are available to assist in the Council's deliberations.

JAH:ae

Attachment: FY16-21 Fiscal Plan for Montgomery County, Maryland

c: Isiah Leggett, County Executive
Councilmembers, Montgomery County Council
Timothy L. Firestine, Chief Administrative Officer
Larry Bowers, Acting Superintendent, Montgomery County Public Schools
Dr. DeRionne P. Pollard, President, Montgomery College

Casey Anderson, Chair, Montgomery County Planning Board
Jerry N. Johnson, General Manager, Washington Suburban Sanitary Commission
Stacy Spann, Executive Director, Housing Opportunities Commission
Keith Miller, Executive Director, Revenue Authority
Joseph F. Beach, Director, Department of Finance
Bonnie Kirkland, Assistant Chief Administrative Officer
Stephen Farber, Council Administrator

How the FY16 Gap Was Closed
$ in Millions
(Negative numbers increase the gap; positive numbers close the gap)

		$ millions
1	Gap as of December 2014	(237.905)
2		
3	Major resource changes since December:	
4	February tax revenue update	(17.773)
5	Assumption on pending Wynne local income tax decision	109.450
6	Fines, licenses, fees, and other misc. revenues	35.475
7	FY14 year-end closeout	52.813
8	FY15 spending – supplemental appropriations	(2.501)
9	FY15 spending – updated year-end estimate	(4.797)
10	Change to reserves	(1.074)
11		
12	FY16 Agency Budget Requests:	
13	Montgomery County Public Schools	(77.466)
14	Montgomery College	(8.978)
15	MNCPPC	(6.802)
16	County Government	(15.729)
17		
18	Revised Gap	(175.288)
19		
20	Recommended Measures to Close the Gap	
21		
22	Change in Available Resources:	
23	Net Transfers	(12.482)
24	Parking District property tax shift	12.016
25		
26	Change in Agency Budget Requests:	
27	MCPS Local Contribution – $30.8 million increase	84.769
28	College Local Contribution – $3 million increase	12.075
29	1.5% operating budget increase for MNCPPC	4.800
30		
31	Change in Non-Agency spending:	
32	Retiree health insurance pre-funding	14.910
33	CIP Current Revenue	8.455
34	Debt service	30.795
35	Set Aside	20.000
36	Change to reserves	(0.050)
37		
38	Gap on March 16, 2015	0.000

The MCPS request was $84.769 million above Maintenance of Effort (MOE). The County Executive's recommended budget funds MCPS at the MOE level, which is an increase of $30.777 million, or 2.1 percent, in the local contribution from FY15.

Montgomery College's request was $15.075 million above MOE, or 12.8 percent. The County Executive's recommended budget increases local funding by $3 million, an increase of 2.6 percent from FY15.

MNCPPC requested a 5.5 percent increase to its operating budget.

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, Tax Supported Grants, 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
	WSSC
Revenue Stabilization Fund	

TAX SUPPORTED FUNDS

Public Services Program

- Fiscal Plan Summary

Capital Improvements Program

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

County Executive's Recommended FY16-21 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

		App. FY15 5-22-14	Est FY15	% Chg. FY15-16 App/Rec	Rec. FY16 3-16-15	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21
	Total Revenues														
1	Property Tax	1,538.9	1,534.6	2.8%	1,582.6	2.6%	1,624.2	2.8%	1,670.2	3.0%	1,720.1	3.3%	1,777.2	3.0%	1,831.0
2	Income Tax	1,340.6	1,333.1	7.7%	1,443.4	5.6%	1,524.7	5.8%	1,613.7	4.9%	1,692.6	3.8%	1,757.6	3.5%	1,819.1
3	Transfer/Recordation Tax	160.7	141.6	-4.3%	153.8	14.2%	175.6	6.1%	186.4	6.4%	198.3	3.2%	204.6	4.9%	214.6
4	Investment Income	0.5	0.6	296.9%	2.1	86.4%	3.9	38.2%	5.4	27.8%	6.8	21.8%	8.3	26.5%	10.5
5	Other Taxes	277.7	275.8	0.9%	280.2	1.3%	283.7	1.3%	287.3	1.0%	290.3	0.9%	293.0	1.2%	296.5
6	Other Revenues	955.8	970.8	2.6%	981.0	-0.8%	973.0	0.4%	976.9	0.4%	981.0	0.5%	985.7	0.5%	990.9
7	**Total Revenues**	4,274.3	4,256.4	3.9%	4,443.1	3.2%	4,585.2	3.4%	4,739.9	3.1%	4,889.2	2.8%	5,026.4	2.7%	5,162.6
8															
9	**Net Transfers In (Out)**	43.3	43.6	-50.9%	21.3	2.2%	21.7	2.3%	22.2	2.5%	22.8	2.8%	23.4	3.1%	24.2
10	**Total Revenues and Transfers Available**	4,317.6	4,300.0	3.4%	4,464.4	3.2%	4,606.9	3.4%	4,762.1	3.1%	4,911.9	2.8%	5,049.8	2.7%	5,186.8
11															
12	**Non-Operating Budget Use of Revenues**														
13	Debt Service	344.1	339.0	5.4%	362.6	10.0%	399.0	2.3%	408.1	3.8%	423.6	3.9%	440.0	3.5%	455.3
14	PAYGO	30.0	30.0	8.3%	32.5	0.8%	32.7	1.5%	33.2	0.0%	33.2	0.0%	33.2	0.0%	33.2
15	CIP Current Revenue	49.4	54.9	20.9%	59.7	21.0%	72.2	-1.4%	71.2	11.2%	79.3	-1.5%	78.1	0.0%	78.1
16	Change in Montgomery College Reserves	-7.6	-2.8	-25.4%	-9.5	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
17	Change in MNCPPC Reserves	-4.6	-5.0	34.7%	-3.0	103.0%	0.1	36.6%	0.1	8.3%	0.1	14.7%	0.2	-4.0%	0.1
18	Change in MCPS Reserves	-38.2	-6.2	13.1%	-33.2	100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
19	Change in MCG Special Fund Reserves	1.6	-3.8	-565.4%	-7.3	100.8%	0.1	-16.3%	0.1	-1.6%	0.1	-4.9%	0.0	-11.4%	0.0
20	Contribution to General Fund Undesignated Reserves	-92.2	-127.6	92.4%	-7.0	219.1%	8.3	-16.3%	7.0	-1.6%	6.9	-4.9%	6.5	-11.4%	5.8
21	Contribution to Revenue Stabilization Reserves	22.6	22.7	6.9%	24.2	5.6%	25.6	5.3%	26.9	5.0%	28.3	-47.1%	14.9	-39.4%	9.0
22	Retiree Health Insurance Pre-Funding	127.8	127.8	-15.2%	108.5	1.3%	109.9	-2.9%	106.7	-3.8%	102.7	-3.1%	99.5	-3.2%	96.3
23	Set Aside for other uses (supplemental appropriations)	0.1	0.1	-100.0%	0.0	n/a	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0	0.0%	20.0
24	**Total Other Uses of Resources**	433.1	429.1	21.8%	527.4	26.6%	667.9	0.8%	673.3	3.1%	694.1	-0.2%	692.5	0.8%	697.9
25	**Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)**	3,884.5	3,870.9	1.3%	3,936.9	0.1%	3,939.1	3.8%	4,088.8	3.2%	4,217.8	3.3%	4,357.3	3.0%	4,488.8
26															
27	**Agency Uses**														
28	Montgomery County Public Schools (MCPS)	2,138.1	2,106.1	1.4%	2,168.8										
29	Montgomery College (MC)	244.5	236.3	1.6%	248.5										
30	MNCPPC (w/o Debt Service)	111.9	111.9	1.7%	113.9										
31	MCG	1,390.0	1,416.5	1.1%	1,405.7										
32	**Agency Uses**	3,884.5	3,870.9	1.3%	3,936.9	0.1%	3,939.1	3.8%	4,088.8	3.2%	4,217.8	3.3%	4,357.3	3.0%	4,488.8
33	**Total Uses**	4,317.6	4,300.0	3.4%	4,464.4	3.2%	4,606.9	3.4%	4,762.1	3.1%	4,911.9	2.8%	5,049.8	2.7%	5,186.8
34	**(Gap)/Available**	0.0	0.0		0.0		0.0		0.0		0.0		0.0		0.0
35															

Assumptions:

1. Property taxes are at the Charter Limit with a $692 credit.
2. Reserve contributions are at the policy level and consistent with legal requirements.
3. PAYGO, debt service, and current revenue reflect the County Executive's Amendments to the FY15-20 Capital Improvements Program and additional proposed current revenue amendments.

County Executive's Recommended FY16-21 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

		App. FY15	Est FY15	% Chg. FY15-16	Rec. FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21
36	**Beginning Reserves**														
37	Unrestricted General Fund	241.5	281.8	-36.2%	154.1	-4.5%	147.2	5.7%	155.5	4.5%	162.4	4.2%	169.3	3.8%	175.8
38	Revenue Stabilization Fund	207.2	208.0	11.3%	230.7	10.5%	254.9	10.0%	280.5	9.6%	307.4	9.2%	335.6	4.5%	350.6
39	Total Reserves	448.7	489.8	-14.2%	384.8	4.5%	402.0	8.4%	435.9	7.8%	469.8	7.5%	504.9	4.2%	526.4
40															
41	**Additions to Reserves**														
42	Unrestricted General Fund	-92.2	-127.6	92.4%	-7.0	219.1%	8.3	-16.3%	7.0	-1.6%	6.9	-4.9%	6.5	-11.4%	5.8
43	Revenue Stabilization Fund	22.6	22.7	6.9%	24.2	5.6%	25.6	5.3%	26.9	5.0%	28.3	-47.1%	14.9	-39.4%	9.0
44	Total Change in Reserves	-69.6	-104.9	124.8%	17.2	96.8%	33.9	0.0%	33.9	3.7%	35.1	-38.9%	21.5	-30.9%	14.8
45															
46	**Ending Reserves**														
47	Unrestricted General Fund	149.3	154.1	-1.4%	147.2	5.7%	155.5	4.5%	162.4	4.2%	169.3	3.8%	175.8	3.3%	181.6
48	Revenue Stabilization Fund	229.8	230.7	10.9%	254.9	10.0%	280.5	9.6%	307.4	9.2%	335.6	4.5%	350.6	2.6%	359.6
49	Total Reserves	379.1	384.8	6.0%	402.0	8.4%	435.9	7.8%	469.8	7.5%	504.9	4.2%	526.4	2.8%	541.2
50	Reserves as a % of Adjusted Governmental Revenues	8.4%	8.6%		8.6%		9.1%		9.5%		9.9%		10.0%		10.0%
51	**Other Reserves**														
52	Montgomery College	4.6	10.6	-75.5%	1.1	0.0%	1.1	0.0%	1.1	0.0%	1.1	0.0%	1.1	0.0%	1.1
53	M-NCPPC	4.1	7.3	5.3%	4.3	2.1%	4.4	2.8%	4.5	3.0%	4.7	3.3%	4.8	3.1%	5.0
54	MCPS	0.1	33.2	-100.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
55	MCG Special Funds	0.6	8.4	77.3%	1.1	5.7%	1.1	4.5%	1.2	4.2%	1.3	3.8%	1.3	3.3%	1.3
56	MCG + Agency Reserves as a % of Adjusted Govt Revenues	8.6%	9.9%		8.7%		9.2%		9.6%		10.0%		10.1%		10.2%
57	**Retiree Health Insurance Pre-Funding**														
58	Montgomery County Public Schools (MCPS)	85.5	85.5		61.7		63.1		61.3		59.0		56.7		54.4
59	Montgomery College (MC)	2.0	2.0		1.4		1.5		1.6		1.6		1.5		1.6
60	MNCPPC	1.8	1.8		1.8		1.8		1.8		1.8		1.8		1.8
61	MCG	38.6	38.6		43.5		43.5		42.0		40.4		39.5		38.6
62	Subtotal Retiree Health Insurance Pre-Funding	127.8	127.8		108.5		109.9		106.7		102.7		99.5		96.3
63	**Adjusted Governmental Revenues**														
64	Total Tax Supported Revenues	4,274.3	4,256.4	3.9%	4,443.1	3.2%	4,585.2	3.4%	4,739.9	3.1%	4,889.2	2.8%	5,026.4	2.7%	5,162.6
65	Capital Projects Fund	123.4	123.4	0.2%	123.6	-12.4%	108.2	-7.7%	99.9	-2.2%	97.7	7.7%	105.2	0.0%	105.2
66	Grants	116.6	116.6	2.9%	120.1	2.2%	122.7	2.3%	125.6	2.5%	128.7	2.8%	132.3	3.1%	136.5
67	Total Adjusted Governmental Revenues	4,514.3	4,496.4	3.8%	4,686.8	2.8%	4,816.2	3.1%	4,965.3	3.0%	5,115.6	2.9%	5,264.0	2.7%	5,404.3

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 and other long- and short-term 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, and fire apparatus) represent additional operating budget expenditures. Operating Budget Impacts are calculated to measure the incremental changes in spending against spending that 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 Capital Improvements 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

FY15-20 Amended Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED
MARCH 16, 2015
GO BOND 6 YR TOTAL = 1,947.0 MILLION
GO BOND FY15 TOTAL = 299.5.0 MILLION
GO BOND FY16 TOTAL = 324.5 MILLION

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1 GO Bond Guidelines ($000)	295,000	299,500	324,500	327,000	332,000	332,000	332,000
2 GO Debt/Assessed Value	1.76%	1.87%	1.86%	1.84%	1.80%	1.78%	1.76%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	10.31%	11.40%	11.25%	11.88%	11.69%	11.71%	11.90%
4 $ Debt/Capita	2,845	3,101	3,167	3,225	3,282	3,327	3,355
5 $ Real Debt/Capita (FY14=100%)	2,845	3,039	3,044	3,033	3,016	2,982	2,925
6 Capita Debt/Capita Income	3.70%	3.82%	3.91%	3.85%	3.83%	3.81%	3.73%
7 Payout Ratio	68.62%	67.41%	67.81%	68.27%	68.73%	69.60%	70.44%
8 Total Debt Outstanding ($000s)	2,870,500	3,162,750	3,259,180	3,347,715	3,435,845	3,513,100	3,579,665
9 Real Debt Outstanding (FY14=100%)	2,870,500	3,099,824	3,132,315	3,148,145	3,157,452	3,148,783	3,121,056
10 Note: OP/PSP Growth Assumption (2)		3.0%	3.9%	3.2%	3.4%	3.1%	2.8%

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 FY15 approved budget to FY16 budget for FY16 and budget to budget for FY17-20.

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY15-20 Amended Capital Improvements Program

CE RECOMMENDED

March 16, 2015

($ millions)	6 YEARS	FY15	FY16	FY17	FY18	FY19	FY20
BONDS PLANNED FOR ISSUE	1,947.000	299.500	324.500	327.000	332.000	332.000	332.000
Plus PAYGO Funded	194.700	29.950	32.450	32.700	33.200	33.200	33.200
Adjust for Implementation **	136.077	46.903	18.487	18.188	18.003	17.512	16.983
Adjust for Future Inflation **	(82.247)	-	-	(7.743)	(15.998)	(24.615)	(33.891)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,195.530	376.353	375.437	370.145	367.205	358.097	348.292
Less Set Aside: Future Projects	**110.257**	**0.929**	**14.648**	**18.324**	**19.099**	**19.290**	**37.967**
	5.02%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	2,085.272	375.424	360.789	351.821	348.106	338.807	310.325
MCPS	(772.762)	(119.158)	(138.761)	(136.484)	(153.119)	(124.107)	(101.133)
MONTGOMERY COLLEGE	(153.700)	(37.570)	(20.427)	(30.663)	(25.817)	(12.452)	(26.771)
M-NCPPC PARKS	(67.788)	(9.789)	(11.103)	(13.135)	(12.677)	(11.222)	(9.862)
TRANSPORTATION	(608.312)	(105.073)	(78.496)	(78.212)	(96.334)	(122.492)	(127.705)
MCG - OTHER	(558.151)	(161.048)	(122.849)	(98.256)	(62.476)	(68.668)	(44.854)
Programming Adjustment - Unspent Prior Years*	75.441	57.214	10.847	4.929	2.317	0.134	-
SUBTOTAL PROGRAMMED EXPENDITURES	(2,085.272)	(375.424)	(360.789)	(351.821)	(348.106)	(338.807)	(310.325)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart							
** Adjustments include:							
Inflation =		2.03%	1.98%	2.20%	2.33%	2.53%	2.80%
Implementation Rate =		86.46%	94.61%	94.61%	94.61%	94.61%	94.61%

CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

March 15, 2015

TAX SUPPORTED APPROPRIATIONS ($000s)	ACTUAL FY13 Exp	APPROVED FY14 Appr.	ACTUAL FY14 Exp.	APPROVED 6 YR	APPROVED FY15 Appr	APPROVED FY16 Appr	APPROVED FY17	APPROVED FY18	APPROVED FY19	APPROVED FY20
GENERAL REVENUE SUPPORTED										
MCG	16,196	17,302	12,994	80,840	21,134	11,671	12,812	10,546	12,256	12,421
M-NCPPC PARKS	-	2,748	-	16,788	2,798	2,798	2,798	2,798	2,798	2,798
PUBLIC SCHOOLS (MCPS)	16,501	15,908	14,083	113,602	8,467	18,761	25,542	21,038	19,979	19,815
MONTGOMERY COLLEGE	6,965	13,443	4,847	75,118	11,471	10,941	13,163	13,181	13,181	13,181
HOC	-	1,250	-	7,500	1,250	1,250	1,250	1,250	1,250	1,250
CIP PAYGO - REGULAR	29,500	29,500	29,500	194,700	29,950	32,450	32,700	33,200	33,200	33,200
CIP PAYGO - RSF CONTRIBUTION	-	-	-	-	-	-	-	-	-	-
TOTAL CIP PAYGO	29,500	29,500	29,500	194,700	29,950	32,450	32,700	33,200	33,200	33,200
SUBTOTAL	69,162	80,151	61,424	488,548	75,070	77,871	88,265	82,013	82,664	82,665
OTHER TAX SUPPORTED										
MASS TRANSIT	649	2,994	974	77,545	(491)	13,897	10,536	15,934	21,764	15,905
FIRE CONSOLIDATED	745	(763)	259	20,503	5,745	-	4,221	3,027	2,394	5,116
M-NCPPC PARKS	355	350	350	2,100	350	350	350	350	350	350
RECREATION	-	-	-	645	645	-	-	-	-	-
SUBTOTAL	1,750	2,581	1,583	100,793	6,249	14,247	15,107	19,311	24,508	21,371
SUBTOTAL TAX SUPPORTED CURRENT REVENUE APPROPRIATION:	70,912	82,732	63,007	589,341	81,319	92,118	103,372	101,324	107,172	104,036
INFLATION	-	-	-	17,206	-	-	1,555	3,121	5,284	7,246
SUBTOTAL ALLOCATION:	-	-	-	17,206	-	-	1,555	3,121	5,284	7,246
TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT:	70,912	82,732	63,007	606,547	81,319	92,118	104,927	104,445	112,456	111,282
NON-TAX SUPPORTED EXPENDITURES ($000s)	**ACTUAL FY13 Exp**	**APPROVED FY14 Exp**	**LATEST FY14 Exp**	**APPROVED 6 YR**	**APPROVED FY15 Exp**	**APPROVED FY16 Exp**	**APPROVED FY17**	**APPROVED FY18**	**APPROVED FY19**	**APPROVED FY20**
NON-TAX SUPPORTED										
MONTGOMERY HOUSING INITIATIVE	-	-	2,275	-	-	-	-	-	-	-
PARKING DISTRICTS	20,695	(7,193)	1,998	39,759	9,300	4,801	7,205	6,390	6,125	5,938
SOLID WASTE DISPOSAL	-	-	-	718	718	-	-	-	-	-
M-NCPPC ENTERPRISE FUND	-	600	364	4,800	800	800	800	800	800	800
CABLE TV FUND	1,002	3,916	1,604	15,413	3,748	4,098	3,945	1,422	1,100	1,100
WATER QUALITY PROTECTION CHARGE	879	1,400	1,664	29,762	3,826	13,926	6,490	1,740	1,840	1,940
SUBTOTAL EXPENDITURES:	22,576	(1,277)	7,905	90,452	18,392	23,625	18,440	10,352	9,865	9,778
TOTAL CURRENT REVENUE REQUIREMENTS	93,488	81,455	70,912	696,999	99,711	115,743	123,367	114,797	122,321	121,060

TAX SUPPORTED FUNDS
SIX YEAR FISCAL PLANS

Montgomery County Government

- Bethesda Urban District Fund
- Silver Spring Urban District Fund
- Wheaton Urban District Fund
- Fire Tax District Fund
- Mass Transit Facilities 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

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Bethesda Urban District				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.012	0.012	0.012	0.012	0.012	0.012	0.012
Assessable Base: Real Property (000)	3,583,600	3,730,900	3,881,000	4,069,200	4,209,900	4,360,000	4,541,500
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Assessable Base: Personal Property (000)	206,000	201,400	198,600	196,700	195,600	193,200	190,700
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	119,372	(160,013)	75,485	76,921	79,158	81,238	83,816
REVENUES							
Taxes	485,557	501,693	518,688	540,467	556,844	573,956	594,765
Charges For Services	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Miscellaneous	360	360	360	360	360	360	360
Subtotal Revenues	635,917	652,053	669,048	690,827	707,204	724,316	745,125
INTERFUND TRANSFERS (Net Non-CIP)	2,803,079	2,528,846	2,345,340	2,397,430	2,461,967	2,537,163	2,621,299
Transfers To The General Fund	(20,910)	(22,050)	(22,050)	(22,050)	(22,050)	(22,050)	(22,050)
Indirect Costs	(20,910)	(22,050)	(22,050)	(22,050)	(22,050)	(22,050)	(22,050)
Transfers From The General Fund	0	500,318	500,318	500,318	500,318	500,318	500,318
Baseline Services	0	500,318	500,318	500,318	500,318	500,318	500,318
Transfers From Special Fds: Non-Tax + ISF	2,823,989	2,050,578	1,867,072	1,919,162	1,983,699	2,058,895	2,143,031
From Bethesda Parking District	2,823,989	2,050,578	1,867,072	1,919,162	1,983,699	2,058,895	2,143,031
TOTAL RESOURCES	3,558,368	3,020,886	3,089,872	3,165,179	3,248,329	3,342,717	3,450,240
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,718,381)	(2,945,401)	(3,012,951)	(3,086,021)	(3,167,091)	(3,258,901)	(3,364,191)
Subtotal PSP Oper Budget Approp / Exp's	(3,718,381)	(2,945,401)	(3,012,951)	(3,086,021)	(3,167,091)	(3,258,901)	(3,364,191)
TOTAL USE OF RESOURCES	(3,718,381)	(2,945,401)	(3,012,951)	(3,086,021)	(3,167,091)	(3,258,901)	(3,364,191)
YEAR END FUND BALANCE	(160,013)	75,485	76,921	79,158	81,238	83,816	86,049
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-4.5%	2.5%	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. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.
5. 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.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Silver Spring Urban District						
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 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)	2,929,000	3,049,400	3,172,100	3,325,900	3,440,900	3,563,600	3,711,900
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Assessable Base: Personal Property (000)	125,900	123,000	121,300	120,100	119,500	118,000	116,500
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	252,066	64,379	84,945	87,026	88,551	93,874	95,918
REVENUES							
Taxes	768,879	795,761	823,890	859,694	886,640	914,886	949,209
Charges For Services	134,000	134,000	136,948	140,139	143,684	147,708	152,331
Miscellaneous	880	880	880	880	880	880	880
Subtotal Revenues	903,759	930,641	961,718	1,000,713	1,031,204	1,063,474	1,102,420
INTERFUND TRANSFERS (Net Non-CIP)	2,088,696	2,355,127	2,436,405	2,524,043	2,636,622	2,756,002	2,893,946
Transfers To The General Fund	(351,850)	(370,790)	(372,800)	(372,800)	(372,800)	(372,800)	(372,800)
Indirect Costs	(351,850)	(370,790)	(372,800)	(372,800)	(372,800)	(372,800)	(372,800)
Transfers From The General Fund	0	524,660	524,660	524,660	524,660	524,660	524,660
Baseline	0	524,660	524,660	524,660	524,660	524,660	524,660
Transfers From Special Fds: Non-Tax + ISF	2,440,546	2,201,257	2,284,545	2,372,183	2,484,762	2,604,142	2,742,086
From Silver Spring Parking Lot District	2,440,546	2,201,257	2,284,545	2,372,183	2,484,762	2,604,142	2,742,086
TOTAL RESOURCES	3,244,521	3,350,147	3,483,068	3,611,783	3,756,376	3,913,350	4,092,284
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,180,142)	(3,265,202)	(3,383,442)	(3,510,632)	(3,649,902)	(3,804,832)	(3,979,192)
Labor Agreement	n/a	0	(12,600)	(12,600)	(12,600)	(12,600)	(12,600)
Subtotal PSP Oper Budget Approp / Exp's	(3,180,142)	(3,265,202)	(3,396,042)	(3,523,232)	(3,662,502)	(3,817,432)	(3,991,792)
TOTAL USE OF RESOURCES	(3,180,142)	(3,265,202)	(3,396,042)	(3,523,232)	(3,662,502)	(3,817,432)	(3,991,792)
YEAR END FUND BALANCE	64,379	84,945	87,026	88,551	93,874	95,918	100,492
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.0%	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. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.
5. 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.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Wheaton Urban District				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 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)	576,300	600,000	624,100	654,400	677,000	701,100	730,300
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.075	0.075	0.075	0.075	0.075	0.075	0.075
Assessable Base: Personal Property (000)	26,500	25,900	25,500	25,300	25,100	24,800	24,500
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	379,282	219,166	50,069	53,160	54,394	56,531	58,930
REVENUES							
Taxes	190,366	196,959	203,817	212,661	219,220	226,151	234,596
Miscellaneous	300	300	300	300	300	300	300
Subtotal Revenues	190,666	197,259	204,117	212,961	219,520	226,451	234,896
INTERFUND TRANSFERS (Net Non-CIP)	1,380,300	1,594,849	1,842,458	1,908,147	1,986,131	2,072,512	2,169,073
Transfers To The General Fund	(196,450)	(222,660)	(224,460)	(224,460)	(224,460)	(224,460)	(224,460)
Indirect Costs	(196,450)	(222,660)	(224,460)	(224,460)	(224,460)	(224,460)	(224,460)
Transfers From The General Fund	1,284,430	1,817,509	2,066,918	2,132,607	2,210,591	2,296,972	2,393,533
Baseline Services	76,090	76,090	76,090	76,090	76,090	76,090	76,090
Non-Baseline Services	1,208,340	1,741,419	1,990,828	2,056,517	2,134,501	2,220,882	2,317,443
Transfers From Special Fds: Non-Tax + ISF	292,320	0	0	0	0	0	0
From Wheaton Parking District	292,320	0	0	0	0	0	0
TOTAL RESOURCES	1,950,248	2,011,274	2,096,644	2,174,268	2,260,045	2,355,494	2,462,898
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,731,082)	(1,961,205)	(2,032,215)	(2,108,605)	(2,192,245)	(2,285,295)	(2,390,015)
Labor Agreement	n/a	0	(11,269)	(11,269)	(11,269)	(11,269)	(11,269)
Subtotal PSP Oper Budget Approp / Exp's	(1,731,082)	(1,961,205)	(2,043,484)	(2,119,874)	(2,203,514)	(2,296,564)	(2,401,284)
TOTAL USE OF RESOURCES	(1,731,082)	(1,961,205)	(2,043,484)	(2,119,874)	(2,203,514)	(2,296,564)	(2,401,284)
YEAR END FUND BALANCE	219,166	50,069	53,160	54,394	56,531	58,930	61,614
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	11.2%	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. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Consolidated Fire Tax District						
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.136	0.116	0.126	0.123	0.124	0.127	0.128
Assessable Base: Real Property (000)	164,699,700	171,470,300	178,370,600	187,020,400	193,485,700	200,384,700	208,725,000
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.340	0.290	0.315	0.308	0.310	0.318	0.320
Assessable Base: Personal Property (000)	3,672,100	3,589,700	3,539,600	3,505,500	3,486,600	3,443,700	3,399,800
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	449,060	9,115,755	198,741	1,398,070	287,551	1,279,052	1,464,958
REVENUES							
Taxes	233,700,696	206,867,464	233,145,736	238,014,633	247,821,372	262,349,599	274,836,528
Licenses & Permits	481,953	600,000	613,200	627,488	643,363	661,377	682,078
Charges For Services	16,820,000	18,335,000	18,738,370	19,174,974	19,660,101	20,210,584	20,843,175
Intergovernmental	1,523,263	0	0	0	0	0	0
Miscellaneous	403,760	56,760	56,760	56,760	56,760	56,760	56,760
Subtotal Revenues	252,929,672	225,859,224	252,554,066	257,873,855	268,181,595	283,278,319	296,418,541
INTERFUND TRANSFERS (Net Non-CIP)	(9,483,690)	(12,476,850)	(14,469,570)	(16,192,220)	(14,669,970)	(17,489,330)	(18,691,420)
Transfers To Debt Service Fund	(9,612,940)	(12,606,100)	(14,598,820)	(16,321,470)	(14,799,220)	(17,618,580)	(18,820,670)
GO Bonds	(8,212,910)	(7,392,700)	(8,255,520)	(9,282,370)	(10,845,120)	(13,153,580)	(14,410,670)
Fire & Rescue Equipment	(1,400,030)	(5,213,400)	(6,343,300)	(7,039,100)	(3,954,100)	(4,465,000)	(4,410,000)
Transfers To The General Fund	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
DCM	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
Transfers From The General Fund	250,000	250,000	250,000	250,000	250,000	250,000	250,000
EMS Fee Payment for Uninsured Residents	250,000	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL RESOURCES	243,895,042	222,498,129	238,283,237	243,079,705	253,799,176	267,068,042	279,192,079
CIP CURRENT REVENUE APPROP.	(5,745,000)	0	(4,221,000)	(3,027,000)	(2,394,000)	(5,116,000)	(5,116,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(229,034,287)	(222,299,388)	(230,828,948)	(239,999,068)	(250,027,038)	(261,162,998)	(273,671,088)
Labor Agreement	n/a	0	(991,531)	(991,531)	(991,531)	(991,531)	(991,531)
Annualizations and One-Time	n/a	n/a	(1,042,578)	(1,042,578)	(1,042,578)	(1,042,578)	(1,042,578)
Apparatus Master Leases	n/a	n/a	346,969	417,008	417,008	417,008	417,008
Civianization of ECC Dispatchers			678,000	1,548,000	1,990,000	1,990,000	1,990,000
Holiday Pay			(775,000)	0	(775,000)	0	(775,000)
MCVFA Bargaining Agreement	n/a	n/a	(51,079)	303,015	303,015	303,015	303,015
Subtotal PSP Oper Budget Approp / Exp's	(229,034,287)	(222,299,388)	(232,664,167)	(239,765,154)	(250,126,124)	(260,487,084)	(273,770,174)
TOTAL USE OF RESOURCES	(234,779,287)	(222,299,388)	(236,885,167)	(242,792,154)	(252,520,124)	(265,603,084)	(278,886,174)
YEAR END FUND BALANCE	9,115,755	198,741	1,398,070	287,551	1,279,052	1,464,958	305,905
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	3.7%	0.1%	0.6%	0.1%	0.5%	0.5%	0.1%

Assumptions:

1. The tax rates for the Consolidated Fire Tax District are adjusted to fund the planned program of public services and maintain a positive fund balance. The County's policy is to maximize tax supported reserves in the General Fund, which results in minimizing reserves in the County's tax supported special revenue funds.
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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. The cost of capital facilities will be included in future budgets as projects are completed and their costs defined.
4. FY15 is the second year of a multiyear effort to convert 55 uniformed positions to civilian positions. The conversion of 18 inspector positions in the Fire Code Compliance Section began in FY14 and will be complete by the end of FY15. Also, a multiyear initiative to civilianize 33 uniformed dispatch positions in the Emergency Communications Center (ECC) begins in FY15. One uniformed position in the Fleet Section and one uniformed position in the Self Contained Breathing Apparatus Section are being converted to civilian positions in FY15. Additionally, two captains at the Public Safety Training Academy will be civilianized in FY16.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Mass Transit

FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.040	0.060	0.058	0.059	0.063	0.060	0.060
Assessable Base: Real Property (000)	164,699,700	171,470,300	178,370,600	187,020,400	193,485,700	200,384,700	208,725,000
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.100	0.150	0.145	0.148	0.158	0.150	0.150
Assessable Base: Personal Property (000)	3,672,100	3,589,700	3,539,600	3,505,500	3,486,600	3,443,700	3,399,800
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	8,756,557	813,793	190,434	40,422	66,621	357,662	750,953
REVENUES							
Taxes	68,735,499	107,000,412	107,321,053	114,169,621	125,909,245	123,944,692	128,829,623
Licenses & Permits	531,000	531,000	542,682	555,326	569,376	585,319	603,639
Charges For Services	25,698,172	25,723,172	26,289,082	26,901,617	27,582,228	28,354,531	29,242,028
Fines & Forfeitures	405,000	405,000	413,910	423,554	434,270	446,430	460,403
Intergovernmental	39,363,672	39,778,100	40,293,259	40,809,668	41,327,900	42,485,078	43,814,861
Miscellaneous	7,710	7,710	7,710	7,710	7,710	7,710	7,710
Subtotal Revenues	134,741,053	173,445,394	174,867,696	182,867,496	195,830,729	195,823,759	202,958,264
INTERFUND TRANSFERS (Net Non-CIP)	(20,682,790)	(38,179,130)	(38,726,100)	(36,632,730)	(38,556,120)	(38,935,240)	(39,404,080)
Transfers To Debt Service Fund	(18,465,290)	(25,680,040)	(28,045,340)	(25,951,970)	(27,875,360)	(28,254,480)	(28,723,320)
GO Bonds	(11,837,290)	(17,283,400)	(18,906,450)	(20,614,280)	(22,537,670)	(22,916,790)	(23,385,630)
Long Term Leases	(6,628,000)	(8,396,640)	(9,138,890)	(5,337,690)	(5,337,690)	(5,337,690)	(5,337,690)
Transfers To The General Fund	(10,548,510)	(13,030,400)	(11,212,070)	(11,212,070)	(11,212,070)	(11,212,070)	(11,212,070)
Indirect Costs	(10,548,510)	(11,130,400)	(11,212,070)	(11,212,070)	(11,212,070)	(11,212,070)	(11,212,070)
Fund Balance Transfer	0	(1,900,000)	0	0	0	0	0
Transfers From The General Fund	531,310	531,310	531,310	531,310	531,310	531,310	531,310
Transfers From Special Fds: Non-Tax + ISF	7,799,700	0	0	0	0	0	0
TOTAL RESOURCES	122,814,820	136,080,057	136,332,030	146,275,189	157,341,230	157,246,181	164,305,136
CIP CURRENT REVENUE APPROP.	(820,000)	(13,897,000)	(9,711,000)	(15,239,000)	(21,199,000)	(15,340,000)	(15,340,000)
PSP OPER. BUDGET APPROP/ EXP'S.	(121,181,027)	(121,992,623)	(126,069,503)	(130,458,463)	(135,273,463)	(140,644,123)	(146,705,273)
Operating Budget	n/a	0	(511,105)	(511,105)	(511,105)	(511,105)	(511,105)
Labor Agreement							
Subtotal PSP Oper Budget Approp / Exp's	(121,181,027)	(121,992,623)	(126,580,608)	(130,969,568)	(135,784,568)	(141,155,228)	(147,216,378)
TOTAL USE OF RESOURCES	(122,001,027)	(135,889,623)	(136,291,608)	(146,208,568)	(156,983,568)	(156,495,228)	(162,556,378)
YEAR END FUND BALANCE	813,793	190,434	40,422	66,621	357,662	750,953	1,748,758
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	0.7%	0.1%	0.0%	0.0%	0.2%	0.5%	1.1%

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 County's policy is to maximize tax supported reserves in the General fund, which is limited by the County Charter to five percent of the prior year's General Fund reserves. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Recreation					
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.023	0.023	0.023	0.022	0.022	0.021	0.022
Assessable Base: Real Property (000)	143,894,200	149,809,500	155,838,100	163,395,200	169,043,800	175,071,300	182,358,000
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.058	0.058	0.058	0.055	0.055	0.053	0.055
Assessable Base: Personal Property (000)	2,992,400	2,925,300	2,884,400	2,856,700	2,841,300	2,806,300	2,770,500
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	(729,555)	(1,669,172)	487,893	1,582,990	1,464,784	654,795	64,379
REVENUES							
Taxes	34,409,228	35,717,163	37,065,559	37,083,433	38,304,197	37,797,033	41,163,134
Charges For Services	10,465,825	11,260,542	11,508,274	11,776,417	12,074,360	12,412,442	12,800,952
Miscellaneous	243,710	197,568	10,940	10,940	10,940	10,940	10,940
Subtotal Revenues	45,118,763	47,175,273	48,584,773	48,870,790	50,389,497	50,220,415	53,975,026
INTERFUND TRANSFERS (Net Non-CIP)	(14,617,052)	(12,892,800)	(14,137,550)	(14,341,200)	(14,228,800)	(12,407,460)	(12,363,510)
Transfers To Debt Service Fund	(10,869,170)	(8,847,110)	(9,070,780)	(9,274,430)	(9,162,030)	(7,340,690)	(7,296,740)
GO Bonds	(9,347,010)	(7,322,070)	(7,546,280)	(7,748,070)	(7,636,330)	(7,340,690)	(7,296,740)
Long Term Leases	(1,522,160)	(1,525,040)	(1,524,500)	(1,526,360)	(1,525,700)	0	0
Transfers To The General Fund	(4,866,400)	(5,055,390)	(5,066,770)	(5,066,770)	(5,066,770)	(5,066,770)	(5,066,770)
Indirect Costs	(3,019,990)	(3,208,980)	(3,220,360)	(3,220,360)	(3,220,360)	(3,220,360)	(3,220,360)
Facility Maintenance - Custodial Cleaning	(611,360)	(611,360)	(611,360)	(611,360)	(611,360)	(611,360)	(611,360)
Facility Maintenance	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)
DCM	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)
Transfers From The General Fund	1,009,700	1,009,700	1,009,700	1,009,700	1,009,700	1,009,700	1,009,700
Countywide Services	888,710	888,710	888,710	888,710	888,710	888,710	888,710
ASACs	120,990	120,990	120,990	120,990	120,990	120,990	120,990
Transfers From Special Fds: Non-Tax + ISF	108,818	0	0	0	0	0	0
From CUPF for Active Net	108,818	0	0	0	0	0	0
TOTAL RESOURCES	29,772,156	32,613,301	34,935,116	36,112,580	37,625,481	38,467,750	41,675,894
CIP CURRENT REVENUE APPROP.	(645,000)	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(30,796,328)	(32,125,408)	(33,233,788)	(34,426,628)	(35,734,238)	(37,191,188)	(38,833,578)
Labor Agreement	n/a	0	(71,182)	(71,182)	(71,182)	(71,182)	(71,182)
Annualizations and One-Time	n/a	n/a	80,000	80,000	80,000	80,000	80,000
FFI - ActiveNet Expenses (net expense reduction)	n/a	n/a	347,844	333,014	317,734	301,999	284,999
FFI - Good Hope Neighborhood Recreation Center	n/a	n/a	0	(88,000)	(117,000)	(117,000)	(117,000)
FFI - North Potomac Community Recreation Center	n/a	n/a	(404,000)	(404,000)	(404,000)	(404,000)	(404,000)
FFI - Ross Boddy Neighborhood Recreation Center	n/a	n/a	(71,000)	(71,000)	(71,000)	(71,000)	(71,000)
FFI - Wheaton Library and Recreation Center	n/a	n/a	0	0	(971,000)	(931,000)	(931,000)
Subtotal PSP Oper Budget Approp / Exp's	(30,796,328)	(32,125,408)	(33,352,126)	(34,647,796)	(36,970,686)	(38,403,371)	(40,062,761)
TOTAL USE OF RESOURCES	(31,441,328)	(32,125,408)	(33,352,126)	(34,647,796)	(36,970,686)	(38,403,371)	(40,062,761)
YEAR END FUND BALANCE	(1,669,172)	487,893	1,582,990	1,464,784	654,795	64,379	1,613,133
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	-5.6%	1.5%	4.5%	4.1%	1.7%	0.2%	3.9%

Assumptions:

1. The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of the prior year's General Fund revenues. Reserves in the property tax special funds have been minimzed as much as possible consistent with this reserve policy.
2. Related revenues, debt service, and operating costs have been incorporated for new facilities opening between FY17 and FY21.
3. The FY16-21 fiscal plan includes revenues and expenditures related to the implementation of the new ActiveNet system. The fiscal plan assumes an operating expense chargeback to Community Use of Public Facilities and payment from Maryland-National Capital Park and Planning Commission for ongoing system expenses incurred by the Department of Recreation on behalf of these two agencies.
4. 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.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Economic Development Fund				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	2,914,137	0	0	0	0	0	0
REVENUES							
Miscellaneous	150,940	150,940	151,579	152,336	153,231	154,288	155,576
Subtotal Revenues	150,940	150,940	151,579	152,336	153,231	154,288	155,576
INTERFUND TRANSFERS (Net Non-CIP)	1,199,627	1,702,651	1,702,012	1,701,255	1,700,360	1,699,303	1,698,015
Transfers From The General Fund	1,199,627	1,702,651	1,702,012	1,701,255	1,700,360	1,699,303	1,698,015
TOTAL RESOURCES	4,264,704	1,853,591	1,853,591	1,853,591	1,853,591	1,853,591	1,853,591
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(4,264,704)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)
Subtotal PSP Oper Budget Approp / Exp's	(4,264,704)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)
TOTAL USE OF RESOURCES	(4,264,704)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)	(1,853,591)
YEAR END FUND BALANCE	0	0	0	0	0	0	0
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	0.0%	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 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.
2. The transfer from the General Fund is adjusted to fund program costs, net o offsetting loan repayments, intergovernmental funding, and investment income.

MONTGOMERY COLLEGE CURRENT FUND
COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN
FY16-21

	FY15 Estimate	FY16 CE REC.	FY17 Proj.	FY18 Proj.	FY19 Proj.	FY20 Proj.	FY21 Proj.
Beginning Fund Balance	12,811,385	9,999,949	584,292	584,292	584,292	584,292	584,292
Revenues							
General Fund Contribution	116,733,727	119,733,727	119,733,727	119,733,727	119,733,727	119,733,727	119,733,727
Tuition & Related Fees	80,166,337	81,892,029	81,116,348	80,702,651	81,621,535	82,409,150	82,409,150
Hypothetical Tuition Increase			***14,914,473***	***20,433,190***	***25,163,189***	***30,789,816***	***38,176,215***
Other Student Fees	1,402,203	1,395,656	1,382,436	1,375,386	1,391,046	1,404,469	1,404,469
State Aid	32,974,239	33,708,582	34,450,171	35,252,860	36,144,757	37,156,810	38,319,818
Fed, State & Priv. Gifts/Grants	322,870	325,000	325,000	325,000	325,000	325,000	325,000
Investment Income	54,640	55,000	55,000	55,000	55,000	55,000	55,000
Performing Arts Center	55,000	135,000	135,000	135,000	135,000	135,000	135,000
Other Revenues (asset sales, lib. fines, rentals)	1,127,562	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000
Total Revenues	**232,836,578**	**238,379,994**	**253,247,155**	**259,147,814**	**265,704,254**	**273,143,972**	**281,693,379**
CIP CR	11,471,000	10,941,000	13,163,000	13,181,000	13,181,000	13,181,000	13,181,000
Subtotal Revenues and Transfers	**244,307,578**	**249,320,994**	**266,410,155**	**272,328,814**	**278,885,254**	**286,324,972**	**294,874,379**
Total Resources Available	**257,118,963**	**259,320,943**	**266,994,447**	**272,913,106**	**279,469,546**	**286,909,265**	**295,458,671**
County Share	49.5%	48.3%	47.3%	46.2%	45.1%	43.8%	42.5%
State Aid Share	14.0%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Tuition, Fees, Other Share	36.5%	38.1%	39.1%	40.2%	41.3%	42.6%	43.9%
Total Expenditures	**(235,648,014)**	**(247,795,651)**	**(253,247,155)**	**(259,147,814)**	**(265,704,254)**	**(273,143,973)**	**(281,693,379)**
CIP CR	(11,471,000)	(10,941,000)	(13,163,000)	(13,181,000)	(13,181,000)	(13,181,000)	(13,181,000)
End of Year Proj. Fund Bal.	**9,999,949**	**584,292**	**584,292**	**584,292**	**584,292**	**584,292**	**584,292**
Fund Bal as % of Resources less Contribution	7.8%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%

Assumptions:

1. The table reflects, for analysis only, outyear tuition increases to maintain a level fund balance.
2. The College Board of Trustees adopted an FY16 budget request including a semester hour tuition increase of $3 for County residents, $6 for State residents, and $9 for non-residents. The County Executive recommends that the Board of Trustees adopt a tuition increase of $6/$12/$18.
3. The County's local contribution is held constant at the County Executive recommended FY16 level.
4. Tuition and related fees change at the rate of change in Full Time Equivalent enrollment.
5. State aid increases based on CPI.
6. Expenditures increase at CPI.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN	M-NCPPC Administration Fund						
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.017	0.018	0.019	0.018	0.018	0.017	0.018
Assessable Base: Real Property (000)	143,073,300	148,954,900	154,949,100	162,463,100	168,079,500	174,072,600	181,317,700
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.043	0.045	0.048	0.045	0.045	0.043	0.045
Assessable Base: Personal Property (000)	2,980,100	2,913,200	2,872,500	2,844,900	2,829,500	2,794,700	2,759,100
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	6,985,210	3,135,483	1,056,404	1,993,015	1,964,290	2,163,733	757,146
REVENUES							
Taxes	25,289,793	27,795,118	30,446,812	30,169,881	31,162,956	30,424,880	33,488,732
Charges For Services	240,580	144,000	147,168	150,597	154,407	158,731	163,699
Intergovernmental	400,400	400,400	409,209	418,743	429,338	441,359	455,174
Miscellaneous	20,500	35,000	35,000	35,000	35,000	35,000	35,000
Subtotal Revenues	25,951,273	28,374,518	31,038,189	30,774,221	31,781,700	31,059,970	34,142,604
INTERFUND TRANSFERS (Net Non-CIP)	(1,100,000)	(1,000,000)	0	0	0	0	0
Transfers To Special Fds: Tax Supported	(1,100,000)	(500,000)	0	0	0	0	0
To Park Fund	(1,100,000)	(500,000)	0	0	0	0	0
Transfers To Special Fds: Non-Tax + ISF	0	(500,000)	0	0	0	0	0
To Special Revenue Fund	0	(500,000)	0	0	0	0	0
TOTAL RESOURCES	31,836,483	30,510,001	32,094,592	32,767,237	33,745,990	33,223,703	34,899,750
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(28,701,000)	(29,453,597)	(30,101,577)	(30,802,947)	(31,582,257)	(32,466,557)	(33,482,757)
Subtotal PSP Oper Budget Approp / Exp's	(28,701,000)	(29,453,597)	(30,101,577)	(30,802,947)	(31,582,257)	(32,466,557)	(33,482,757)
TOTAL USE OF RESOURCES	(28,701,000)	(29,453,597)	(30,101,577)	(30,802,947)	(31,582,257)	(32,466,557)	(33,482,757)
YEAR END FUND BALANCE	3,135,483	1,056,404	1,993,015	1,964,290	2,163,733	757,146	1,416,993
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	9.8%	3.5%	6.2%	6.0%	6.4%	2.3%	4.1%

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 are adjusted to maintain a fund balance of approximately 3 percent of resources.
3. 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.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Park Fund				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.056	0.055	0.055	0.055	0.054	0.054	0.053
Assessable Base: Real Property (000)	143,073,300	148,954,900	154,949,100	162,463,100	168,079,500	174,072,600	181,317,700
Property Tax Collection Factor: Real Property	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Property Tax Rate: Personal Property	0.140	0.138	0.138	0.138	0.135	0.135	0.133
Assessable Base: Personal Property (000)	2,980,100	2,913,200	2,872,500	2,844,900	2,829,500	2,794,700	2,759,100
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	5,342,888	4,181,857	3,271,262	2,650,886	3,653,477	3,378,790	3,804,724
REVENUES							
Taxes	83,307,553	84,943,728	88,135,508	92,185,747	93,488,867	96,643,737	98,605,711
Charges For Services	2,356,200	2,424,443	2,477,781	2,535,513	2,599,662	2,672,452	2,756,100
Intergovernmental	2,468,155	2,739,782	2,800,057	2,865,299	2,937,791	3,020,049	3,114,576
Miscellaneous	127,000	131,300	131,300	131,300	131,300	131,300	131,300
Subtotal Revenues	88,258,908	90,239,253	93,544,646	97,717,859	99,157,619	102,467,537	104,607,687
INTERFUND TRANSFERS (Net Non-CIP)	1,100,000	500,000	0	0	0	0	0
Transfers From Special Fds: Tax Supported	1,100,000	500,000	0	0	0	0	0
Administration Fund	1,100,000	500,000	0	0	0	0	0
TOTAL RESOURCES	94,701,796	94,921,110	96,815,909	100,368,745	102,811,096	105,846,327	108,412,411
CIP CURRENT REVENUE APPROP.	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(85,027,201)	(86,240,763)	(88,138,063)	(90,191,683)	(92,473,533)	(95,062,793)	(98,038,263)
Debt Service: Other (Non-Tax Funds only)	(5,142,738)	(5,059,085)	(5,676,960)	(6,173,585)	(6,608,773)	(6,628,810)	(7,044,394)
Subtotal PSP Oper Budget Approp / Exp's	(90,169,939)	(91,299,848)	(93,815,023)	(96,365,268)	(99,082,306)	(101,691,603)	(105,082,657)
TOTAL USE OF RESOURCES	(90,519,939)	(91,649,848)	(94,165,023)	(96,715,268)	(99,432,306)	(102,041,603)	(105,432,657)
YEAR END FUND BALANCE	4,181,857	3,271,262	2,650,886	3,653,477	3,378,790	3,804,724	2,979,754
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	4.4%	3.4%	2.7%	3.6%	3.3%	3.6%	2.7%

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 are adjusted to maintain a fund balance of approximately 3-4 percent of resources.
3. Debt service figures are provided by M-NCPPC and reflect bond issues for new projects using Park and Planning Bonds.
4. 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, LONG & SHORT TERM LEASES AND OTHER DEBT

	Actual FY13	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	31,544,095	42,875,231	47,398,490	46,988,590	53,355,890		16.6%
Roads & Storm Drains	60,350,215	59,990,819	68,437,830	67,503,620	64,069,230		20.0%
Public Housing	-	13,562	65,640	65,630	258,810		0.1%
Parks	9,192,758	9,119,493	9,906,220	9,717,030	8,584,080		2.7%
Public Schools	121,987,885	122,363,519	133,221,530	133,368,500	140,243,070		43.7%
Montgomery College	14,902,744	15,391,009	17,841,820	18,058,120	22,146,830		6.9%
Bond Anticipation Notes/Commercial Paper	753,371	428,377	1,000,000	500,000	1,200,000		
Bond Anticipation Notes/Liquidity & Remarketing	2,719,343	2,574,642	3,000,000	2,600,000	2,500,000		
Cost of Issuance Costs	623,713	661,347	1,000,000	1,000,000	1,023,000		
Total General Fund	242,074,124	253,417,999	281,871,530	279,801,490	293,380,910	4.1%	90.0%
Fire Tax District Fund	6,886,445	7,078,100	8,438,020	8,212,910	7,392,700		2.3%
Mass Transit Fund	6,235,302	8,637,569	11,046,940	11,837,290	17,283,400		5.4%
Recreation Fund	9,270,330	8,893,735	9,758,720	9,347,010	7,322,070		2.3%
Bradley Noise Abatement Fund	23,549	-	-	-	-		0.0%
Cabin John Noise Abatement Fund	7,000	-	-	-	-		0.0%
Total Tax Supported Other Funds	22,422,626	24,609,404	29,243,680	29,397,210	31,998,170	9.4%	10.0%
TOTAL TAX SUPPORTED	264,496,750	278,027,403	311,115,210	309,198,700	325,379,080	4.6%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	264,496,750	278,027,403	311,115,210	309,198,700	325,379,080	4.6%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	309,649	645,334	981,140	981,140	985,040		
Revenue Authority - HHS Piccard Drive	636,870	638,689	638,580	391,100	394,400		
Silver Spring Garages	5,070,347	-	-	-	-		
Revenue Authority - Recreation Pools	2,323,016	1,834,050	1,834,300	1,522,160	1,525,040		
Fire and Rescue Equipment	4,418,126	3,780,600	3,741,600	3,741,600	3,723,200		
TOTAL LONG-TERM LEASE EXPENDITURES	12,758,008	6,898,673	7,195,620	6,636,000	6,627,680	-7.9%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,659,962	5,659,962	6,780,200	5,660,200	7,310,200		
Libraries System Modernization	-	-	98,000	-	128,500		
Ride On Buses	3,801,617	3,802,000	6,675,950	6,628,000	8,396,640		
Public Safety System Modernization	4,373,540	4,373,540	5,223,600	4,373,600	6,990,600		
Fire and Rescue Apparatus	-	-	-	-	1,010,200		
Fuel Management System	-	-	480,000	-	480,000		
TOTAL SHORT-TERM LEASE EXPENDITURES	13,835,119	13,835,502	19,257,750	16,661,800	24,316,140	26.3%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - **Tax supported**	293,155	293,955	295,610	294,650	295,105		
Site II Acquisition - **Tax supported**	400,000	400,000	400,000	400,000	400,000		
Qualified Energy Conservation Bond - **Tax supported**	-	50,994	430,000	430,000	324,500		
MHI-HUD Loan - **Non-Tax supported**	69,769	67,729	65,630	65,640	63,480		
Water Quality Protection Charge Bonds - **Non-Tax supported**	2,122,601	3,016,160	3,019,200	3,019,200	3,020,250		
MHI - Property Acquisition Fund - **Non-Tax supported**	4,406,574	4,949,804	7,196,010	7,196,010	7,196,110		
TOTAL OTHER LONG-TERM DEBT	7,292,099	8,778,642	11,406,450	11,405,500	11,299,445	-0.9%	
DEBT SERVICE EXPENDITURES							
Tax Supported	**291,783,032**	**299,506,527**	**338,694,190**	**333,621,150**	**357,342,505**		
Non-Tax Supported - Other Long-term Debt	**6,598,944**	**8,033,693**	**10,280,840**	**10,280,850**	**10,279,840**		
TOTAL DEBT SERVICE EXPENDITURES	**298,381,976**	**307,540,220**	**348,975,030**	**343,902,000**	**367,622,345**	5.3%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	235,481,958	244,144,296	276,092,800	268,785,979	276,185,470		
Other Interest: Installment Notes, Interest & Penalties	1,284,836	334,924	-	-	-		
BAN/Commercial Paper Investment Income	114	95,589	-	-	-		
Federal Subsidy on General Obligation Bonds	6,111,775	5,808,511	5,778,730	5,778,730	5,707,000		
Premium on General Obligation Bonds	-	3,088,117	-	5,236,781	11,488,440		
Total General Fund Sources	242,878,683	253,471,437	281,871,530	279,801,490	293,380,910		
Fire Tax District Funds	6,799,377	7,781,477	8,438,020	8,212,910	7,392,700		
Mass Transit Fund	5,805,704	8,175,611	11,046,940	11,837,290	17,283,400		
Recreation Fund	8,982,438	8,598,881	9,758,720	9,347,010	7,322,070		
Bradley Noise Abatement Fund	23,549	-	-	-	-		
Cabin John Noise Abatement Fund	7,000	-	-	-	-		
Total Other Funding Sources	21,618,068	24,555,969	29,243,680	29,397,210	31,998,170		
TOTAL GO BOND FUNDING SOURCES	264,496,751	278,027,406	311,115,210	309,198,700	325,379,080		
NON GO BOND FUNDING SOURCES							
General Funds	16,743,522	12,062,471	14,697,130	12,380,690	16,682,345		
MHI Fund - HUD Loan	69,769	67,729	65,630	65,640	63,480		
Water Quality Protection Fund	2,122,601	3,016,160	3,019,200	3,019,200	3,020,250		
MHI - Property Acquisition Fund	4,406,574	4,949,804	7,196,010	7,196,010	7,196,110		
Federal Subsidy - Qualified Energy Conservation Bond	-	-	150,000	150,000	146,000		
Mass Transit Fund	3,801,617	3,802,000	6,675,950	6,628,000	8,396,640		
Recreation Fund	2,323,016	1,834,050	1,834,300	1,522,160	1,525,040		
Fire Tax District Fund	4,418,126	3,780,600	4,221,600	1,400,030	5,213,400		
Fire 2007 Certificates of Participation Closeout	-	-	-	2,341,570	-		
TOTAL NON GO BOND FUNDING SOURCES	33,885,225	29,512,814	37,859,820	34,703,300	42,243,265		
TOTAL FUNDING SOURCES	**298,381,976**	**307,540,220**	**348,975,030**	**343,902,000**	**367,622,345**		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	320,000,000	295,000,000	324,500,000	500,000,000	324,500,000		
Council SAG Approved Bond Funded Expenditures	325,000,000	295,000,000	324,500,000	299,500,000	340,000,000		

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

	Recommended FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Projected FY21
GO BOND DEBT SERVICE EXPENDITURES						
General County	53,355,890	59,602,490	60,639,090	63,186,840	64,182,450	64,708,820
Roads & Storm Drains	64,069,230	69,785,800	73,665,980	77,393,970	85,398,030	94,268,560
Public Housing	258,810	761,430	741,130	720,830	700,530	680,240
Parks	8,584,080	9,293,610	10,423,180	11,149,850	11,793,320	12,295,430
Public Schools	140,243,070	154,146,710	159,814,420	166,721,400	171,372,110	174,398,990
Montgomery College	22,146,830	23,803,460	25,974,370	26,972,470	27,731,820	29,365,680
Bond Anticipation Notes/Commercial Paper	1,200,000	2,550,000	3,400,000	4,350,000	5,300,000	6,200,000
Bond Anticipation Notes/Liquidity & Remarketing	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Cost of Issuance	1,023,000	1,053,100	1,080,200	1,111,300	1,146,400	1,184,500
Total General Fund	293,380,910	323,496,600	338,238,370	354,106,660	370,124,660	385,602,220
Fire Tax District Fund	7,392,700	8,255,520	9,282,370	10,845,120	13,153,570	14,410,670
Mass Transit Fund	17,283,400	18,906,470	20,614,280	22,537,670	22,916,790	23,385,630
Recreation Fund	7,322,070	7,546,280	7,748,070	7,636,330	7,340,690	7,296,740
Total Tax Supported Other Funds	31;998,170	34,708,270	37,644,720	41,019,120	43,411,050	45,093,040
TOTAL TAX SUPPORTED	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
TOTAL GO BOND DEBT SERVICE EXPENDITURES	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	985,040	988,540	986,640	989,440	991,850	987,710
Revenue Authority - HHS Piccard Drive	394,400	395,800	-	-	-	-
Revenue Authority - Recreation Pools	1,525,040	1,524,500	1,526,360	1,525,700	-	-
Fire and Rescue Equipment	3,723,200	3,715,800	3,717,900	-	-	-
TOTAL LONG-TERM LEASE EXPENDITURES	6,627,680	6,624,640	6,230,900	2,515,140	991,850	987,710
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	7,310,200	9,110,200	5,479,000	4,464,500	3,450,000	3,100,000
Libraries System Modernization	128,500	128,500	128,500	128,500	128,500	-
Ride On Buses	8,396,640	9,138,890	5,337,690	5,337,690	5,337,690	5,337,690
Public Safety System Modernization	6,990,600	6,302,800	4,330,000	4,330,000	4,330,000	2,563,000
Fire and Rescue Apparatus	1,010,200	1,667,500	2,361,200	2,994,100	3,505,000	3,930,000
Fuel Management System	480,000	960,000	960,000	960,000	960,000	480,000
TOTAL SHORT-TERM LEASE EXPENDITURES	24,316,140	27,307,890	18,596,390	18,214,790	17,711,190	15,410,690
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - **Tax supported**	295,105	290,500	290,800	291,000	291,000	294,100
Site II Acquisition - **Tax supported**	400,000	400,000	400,000	400,000	400,000	400,000
Qualified Energy Conservation Bond - **Tax supported**	324,500	325,500	326,500	327,000	321,500	321,800
MHI-HUD Loan - **Non-Tax supported**	63,480	61,280	59,020	56,750	54,400	52,050
Water Quality Protection Charge Bonds - **Non-Tax supported**	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650	12,844,000
MHI - Property Acquisition Fund - **Non-Tax supported**	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600	7,200,460
TOTAL OTHER LONG-TERM DEBT	11,299,445	15,709,990	15,714,430	20,922,460	21,112,150	21,112,410
DEBT SERVICE EXPENDITURES						
Tax Supported	**357,342,505**	**393,153,400**	**401,727,680**	**416,873,710**	**433,251,250**	**448,109,560**
Non-Tax Supported - Other Long-term Debt	**10,279,840**	**14,693,990**	**14,697,130**	**19,904,460**	**20,099,650**	**20,096,510**
TOTAL DEBT SERVICE EXPENDITURES	**367,622,345**	**407,847,390**	**416,424,810**	**436,778,170**	**453,350,900**	**468,206,070**
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	276,185,470	318,046,600	332,888,370	349,036,660	365,254,660	380,932,220
Federal Subsidy on General Obligation Bonds	5,707,000	5,450,000	5,350,000	5,070,000	4,870,000	4,670,000
Premium on General Obligation Bonds	11,488,440	-	-	-	-	-
Total General Fund Sources	293,380,910	323,496,600	338,238,370	354,106,660	370,124,660	385,602,220
Fire Tax District Fund	7,392,700	8,255,520	9,282,370	10,845,120	13,153,570	14,410,670
Mass Transit Fund	17,283,400	18,906,470	20,614,280	22,537,670	22,916,790	23,385,630
Recreation Fund	7,322,070	7,546,280	7,748,070	7,636,330	7,340,690	7,296,740
Total Other Funding Sources	31,998,170	34,708,270	37,644,720	41,019,120	43,411,050	45,093,040
TOTAL GO BOND FUNDING SOURCES	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
NON GO BOND FUNDING SOURCES						
General Funds	16,682,345	17,800,840	11,805,440	10,798,840	9,787,350	7,544,610
MHI Fund - HUD Loan	63,480	61,280	59,020	56,750	54,400	52,050
Water Quality Protection Fund	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650	12,844,000
MHI - Property Acquisition Fund	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600	7,200,460
Federal Subsidy - Qualified Energy Conservation Bond	146,000	141,000	136,000	131,600	125,500	122,000
Mass Transit Fund	8,396,640	9,138,890	5,337,690	5,337,690	5,337,690	5,337,690
Recreation Fund	1,525,040	1,524,500	1,526,360	1,525,700	-	-
Fire Tax District Fund	5,213,400	6,343,300	7,039,100	3,954,100	4,465,000	4,410,000
TOTAL NON GO BOND FUNDING SOURCES	42,243,265	49,642,520	40,541,720	41,652,390	39,815,190	37,510,810
TOTAL FUNDING SOURCES	**367,622,345**	**407,847,390**	**416,424,810**	**436,778,170**	**453,350,900**	**468,206,070**
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	324,500,000	327,000,000	332,000,000	332,000,000	332,000,000	332,000,000
Council SAG Approved Bond Funded Expenditures	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%

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

FY16 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in $000's)

		App FY14	Actual FY14	App FY15	Est FY15	CE REC FY16	Proj. FY17	Proj. FY18	Proj. FY19	Proj. FY20	Proj. FY21
1	BEGINNING FUND BALANCE	1,023	817	(422)	136	1,231	299	1,404	1,413	1,422	1,431
2	REVENUES										
3	Franchise Fees[1]	17,096	16,644	17,002	17,107	17,281	17,405	17,516	17,611	17,717	17,825
4	Gaithersburg PEG Contribution[5]	189	178	175	172	168	165	162	161	161	161
5	PEG Operating Grant[1,2,5]	4,332	2,239	2,289	2,278	4,110	4,027	3,965	3,923	3,920	3,917
6	PEG Capital Grant[1,2,5]	5,855	6,064	6,277	6,497	6,298	6,456	6,585	6,683	6,751	6,818
7	FiberNet Operating & Equipment Grant[2]	0	1,762	1,800	1,792	0	0	0	0	0	0
8	Interest Earned	10	2	0	3	11	22	30	39	48	48
9	TFCG Application Review Fees	100	156	120	150	150	120	120	120	120	120
10	Miscellaneous										
12	TOTAL ANNUAL REVENUES	27,583	27,044	27,663	27,999	28,019	28,193	28,378	28,537	28,716	28,888
13	TOTAL RESOURCES-CABLE FUND	28,606	27,862	27,241	28,135	29,250	28,492	29,782	29,951	30,138	30,318
14	EXPENDITURE OF RESTRICTED FUNDS[2]										
15	A. EXPENDTITURE OF RESTRICTED CAPITAL FUNDS										
16	Municipal Capital Support[5]										
17	Rockville Equipment	836	855	894	916	946	968	986	1,001	1,012	1,024
18	Takoma Park Equipment	125	855	894	916	946	968	986	1,001	1,012	1,024
19	Municipal League Equipment	125	855	824	916	946	968	986	1,001	1,012	1,024
20	SUBTOTAL	1,086	2,565	2,611	2,747	2,837	2,905	2,959	3,004	3,035	3,071
21	PEG Capital[5]	852	246	852	852	714	852	2,204	2,580	2,616	2,647
22	FiberNet - CIP	3,916	3,916	3,748	3,748	4,098	3,945	1,422	1,100	1,100	1,100
23	(Must be greater or equal to Line 6) SUBTOTAL	5,855	6,727	7,211	7,347	7,649	7,702	6,585	6,683	6,751	6,818
24	B. EXPENDITURE OF OTHER RESTRICTED FUNDS										
25	Municipal Franchise Fee Distribution[5]										
26	City of Rockville	682	661	668	693	700	704	708	711	715	719
27	City of Takoma Park	248	245	240	245	245	246	246	247	248	249
28	Other Municipalities	262	263	266	267	271	274	276	278	280	282
29	SUBTOTAL	1,191	1,168	1,174	1,205	1,216	1,223	1,230	1,236	1,243	1,250
30	Municipal Operating Support[5]										
31	Rockville PEG Support	425	75	76	76	77	79	80	82	86	87
32	Takoma Park PEG Support	425	75	76	76	77	79	80	82	86	87
33	Muni. League PEG Support	425	75	146	76	77	79	80	82	86	87
34	SUBTOTAL	1,275	224	299	228	232	236	241	246	257	261
35	SUBTOTAL	2,466	1,392	1,473	1,433	1,448	1,460	1,471	1,483	1,499	1,511
36	TOTAL EXPENDITURES OF RESTRICTED FUNDS	8,321	8,119	8,684	8,780	9,097	9,161	8,055	8,166	8,250	8,329
37	NET TOTAL ANNUAL REVENUES	19,262	18,926	18,979	19,219	18,922	19,032	20,323	20,371	20,466	20,559
38	NET TOTAL RESOURCES-CABLE FUND	20,285	19,743	18,557	19,355	20,153	19,331	21,727	21,784	21,888	21,990
39	EXPENDITURES OF NON-RESTRICTED FUNDS										
40	A. Transmission Facilities Coordinating Group										
41	TFCG Application Review	175	163	175	175	190	194	198	202	207	211
42	SUBTOTAL	175	163	175	175	190	194	198	202	207	211
43	B. FRANCHISE ADMINISTRATION										
44	Personnel Costs - Cable Administration	834	805	840	840	885	919	956	997	1,040	1,085
45	Personnel Costs - DTS Administration	71	76	76	76	82	85	89	93	97	101
46	Personnel Costs - Charges for County Atty	103	110	110	110	119	123	128	134	139	146
47	Operating	80	74	81	81	75	51	52	53	55	56
48	Engineering & Inspection Services	88	70	88	88	98	99	101	104	106	108
49	Legal and Professional Services	275	174	268.161	268	168	171	175	179	183	187
50	SUBTOTAL	1,450	1,308	1,463	1,463	1,426	1,450	1,502	1,559	1,619	1,682
51	SUBTOTAL	1,625	1,471	1,638	1,638	1,616	1,644	1,700	1,761	1,826	1,894
52	C. MONTGOMERY COUNTY GOVERNMENT - CCM										
53	Media Production & Engineering										
54	Personnel Costs	856	867	907	877	647	673	700	729	761	794
55	Operating	31	10	31	41	31	32	33	33	34	35
56	Contracts - TV Production	86	42	87	77	87	89	91	93	95	97
57	New Media, Webstreaming & VOD Services	38	50	38	48	38	39	40	40	41	42
58	SUBTOTAL	1,012	969	1,064	1,044	804	832	863	896	931	968
59	Public Information Office										
60	Personnel Costs	733	740	774	774	796	828	861	897	936	976
61	Operating Expenses	12	9	12	12	12	12	13	13	13	14
62	Contracts - TV Production	83	98	0	0	0	0	0	0	0	0
63	SUBTOTAL	828	846	787	787	809	840	874	910	949	990
64	County Council										
65	Personnel Costs	169	170	179	179	485	504	525	547	571	595
66	Operating Expenses	13	41	13	13	13	13	14	14	14	14
67	Contracts - TV Production	140	148	152	152	152	154	158	161	165	169
68	General Sessions and Committee Meetings	101	101	101	101	101	103	105	107	110	113
69	Multi-Lingual/Cultural Production Services	91	49	91	91	91	93	95	97	99	101
70	SUBTOTAL	514	509	536	536	842	868	896	926	958	992
71	MNCPPC										
72	Contracts - TV Production	99	95	99	99	99	100	103	105	107	110
73	New Media, Webstreaming & VOD Services	24	23	24	24	24	25	25	26	26	27
74	SUBTOTAL	123	118	123	123	123	125	128	131	134	137
75	SUBTOTAL	2,477	2,442	2,509	2,489	2,578	2,666	2,760	2,863	2,973	3,087

FY16 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in $000's)

		App FY14	Actual FY14	App FY15	Est FY15	CE REC FY16	Proj. FY17	Proj. FY18	Proj. FY19	Proj. FY20	Proj. FY21
76	D. MONTGOMERY COLLEGE - MC ITV										
77	Personnel Costs	1,260	1,260	1,344	1,344	1,456	1,513	1,575	1,641	1,712	1,785
78	Operating Expenses	86	86	86	86	86	88	89	91	94	96
79	SUBTOTAL	1,346	1,346	1,430	1,430	1,542	1,492	1,560	1,560	1,560	1,560
80	E. PUBLIC SCHOOLS - MCPS ITV										
81	Personnel Costs	1,371	1,380	1,490	1,490	1,548	1,609	1,674	1,744	1,820	1,898
82	Operating Expenses	106	97	106	106	106	108	110	112	115	118
83	SUBTOTAL	1,477	1,477	1,596	1,596	1,654	1,717	1,784	1,857	1,935	2,016
84	F. COMMUNITY ACCESS PROGRAMMING[4]										
85	Personnel Costs	1,904	1,904	1,954	1,954	2,042	2,122	2,208	2,300	2,400	2,503
86	Operating Expenses	67	67	67	67	67	68	70	71	73	75
87	Rent & Utilities	374	374	385	385	396	404	412	421	431	441
88	New Media, Webstreaming & VOD Services	23	23	23	23	23	24	24	25	25	26
89	SUBTOTAL	2,369	2,369	2,429	2,429	2,528	2,618	2,714	2,818	2,929	3,045
90	G. PEG OPERATING										
91	Operating Expenses	107	77	116	116	206	185	189	193	197	202
92	Youth and Arts Community Media	50	50	150	150	100	102	104	106	109	111
93	Community Engagement	91	92	91	91	91	93	95	97	99	101
94	Closed Captioning	130	130	130	130	163	166	170	173	189	189
95	Technical Operations Center (TOC)	10	11	10	10	10	10	10	11	11	11
96	Mobile Production Vehicle	22	13	22	22	19	19	20	20	21	21
97	SUBTOTAL	409	372	518.288	518	590	575	587	600	626	636
98	H. FIBERNET OPERATING										
99	FiberNet - Personnel Charges for DTS	595	490	689	602	727	756	786	819	855	892
100	FiberNet - Operations & Maintenance DTS	1,131	1,143	1,131	1,202	1,126	1,147	1,171	1,197	1,224	1,253
101	FiberNet - Network Operations Center					729	743	758	775	793	811
102	FiberNet - Personnel Charges for DOT	74	74	76	76	101	105	109	114	118	124
103	FiberNet - Operations & Maintenance DOT	238	238	359	359	351	357	365	373	381	390
104	SUBTOTAL	2,038	1,945	2,255	2,240	3,034	3,108	3,189	3,277	3,372	3,470
105	I. MISS UTILITY COMPLIANCE										
106	Miss Utility Compliance	300	305	420	420	420	428	437	447	457	467
107	SUBTOTAL	300	305	420	420	420	428	437	447	457	467
108	TOTAL EXPENDITURE OF UNRESTRICTED FUNDS	12,041	11,727	12,796	12,760	13,963	14,247	14,731	15,182	15,677	16,175
109	TOTAL EXPENDITURE OF RESTRICTED FUNDS	8,321	8,119	8,684	8,780	9,097	9,161	8,055	8,166	8,250	8,329
110	TOTAL EXPENDITURES - PROGRAMS	20,362	19,846	21,480	21,540	23,059	23,408	22,787	23,348	23,927	24,504
111	J. OTHER										
112	Indirect Costs Transfer to Gen Fund	539	539	579	579	614	638	664	692	722	753
113	Indirect Costs Transfer to Gen Fund (ERP & MCTime)	25	25	30	30	-	0	0	0	0	0
114	Transfer to the General Fund	7,175	7,175	4,266	4,266	4,787	2,552	4,428	3,999	3,568	3,133
115	Legislative Community Communications NDA	400	400	488	488	490	490	490	490	490	490
116	SUBTOTAL	8,139	8,139	5,363	5,363	5,891	3,680	5,582	5,181	4,779	4,376
117	TOTAL EXPENDITURES	28,501	27,985	26,843	26,904	28,951	27,089	28,369	28,529	28,707	28,879
118	K. ADJUSTMENTS										
119	Prior Year Adjustments	-		0	0	0	0	0	0	0	0
120	Encumbrance Adjustment	-	(271)	0	0	0	0	0	0	0	0
121	Transfer for Vehcile		12		0	0					
122	CIP - Designated Claim on Fund			0	0	0	0	0	0	0	0
123	TOTAL ADJUSTMENTS	-	(259)	0	0	0	0	0	0	0	0
124	FUND BALANCE	105	136	398	1,231	299	1,404	1,413	1,422	1,431	1,439
125	FUND BALANCE PER POLICY GUIDANCE[5]	1,377	1,344	1,370	1,381	1,395	1,404	1,413	1,422	1,431	1,439
126	L. SUMMARY - EXPENDITURES BY FUNDING SOURCE										
127	Transfer to Gen Fund-Indirect Costs	564	564	610	610	614	638	664	692	722	753
128	Transfer to Gen Fund-Mont Coll Cable Fund[6]	1,346	1,346	1,430	1,430	1,542	1,492	1,560	1,560	1,560	1,560
129	Transfer to Gen Fund-Public Sch Cable Fund[6]	1,477	1,477	1,596	1,596	1,654	1,717	1,784	1,857	1,935	2,016
130	Transfer to CIP Fund	3,916	3,916	3,748	3,748	4,098	3,945	1,422	1,100	1,100	1,100
131	Transfer to the General Fund-Other	7,175	7,175	4,266	4,266	4,787	2,552	4,428	3,999	3,568	3,133
132	Transfer to the General Fund-Legislative Branch NDA	400	400	488	488	490	490	490	490	490	490
133	FUND TRANSFERS SUBTOTAL	14,878	14,878	12,137	12,137	13,186	10,834	10,348	9,698	9,374	9,052
134	Cable Fund Expenditure of Unrestricted Funds	9,218	8,904	9,770	9,735	10,766	11,038	11,387	11,765	12,182	12,599
135	Cable Fund Direct Expenditures	13,623	13,107	14,706	14,767	15,765	16,255	18,020	18,831	19,333	19,827
136	Cable Fund Personnel	3,434	3,330	3,651	3,535	3,843	3,993	4,155	4,329	4,516	4,711
137	Cable Fund Operating	10,189	9,777	11,055	11,232	11,922	12,262	13,866	14,502	14,816	15,116

Notes: 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, transfers, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors.

1. Subject to municipal pass-through payment.
2. Restricted revenue and expenditures: Certain Cable Fund revenues, required in excess of the federal limit on franchise fees, and corresponding expenditures (Municipal Franchise Fees/Pass-throughs, PEG Capital/Equipment Grants, and PEG Operating Revenue) are contractually required by franchise, municipal, and settlement agreements, and by the County Code, and may only be used for permissible federal purposes and in a manner consistent with applicable agreements.
3. The Comcast franchise renewal process is ongoing and specific elements of a final agreement are uncertain. Restricted categories such as PEG Capital and Operating support revenues, as well as Municipal Capital and Operating Support expenditures, will be affected. Municipal cost sharing is dependant on final negotiation of agreements between the County and municipalities. The County may require Capital Grants based on community needs. The County may negotiate, but may not require Operating Grants in addition to Franchise Fees. FY16-FY21 assumes that the County will receive payments from Comcast calculated at a new franchise agreement, but assumes Municipal payments as similar to the previous franchise agreement.
4. Montgomery Community Television, Inc., d/b/a Montgomery Community Media, is designated as a sole source contractor to provide community access media services.
5. The fund balance policy for the Cable Communications Plan is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).
6. The Cable Fund makes a fund transfer to Montgomery College and MCPS to support MCPS ITV and MC ITV.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Montgomery Housing Initiative				
FISCAL PROJECTIONS	FY15 APPROVED	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	2.0%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.35%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	2,960,408	7,241,980	3,275,540	2,052,300	829,060	562,000	562,000
REVENUES							
Taxes	9,658,371	9,182,680	10,443,700	11,064,790	11,790,390	12,006,050	12,568,410
Miscellaneous	5,140,636	5,013,874	4,985,223	4,755,986	4,526,188	4,295,853	4,317,367
Subtotal Revenues	14,799,007	14,196,554	15,428,923	15,820,776	16,316,578	16,301,903	16,885,777
INTERFUND TRANSFERS (Net Non-CIP)	11,080,786	11,086,757	11,081,547	11,073,847	11,080,347	11,076,257	11,081,397
Transfers To Debt Service Fund	(7,196,010)	(7,196,110)	(7,200,310)	(7,208,010)	(7,201,510)	(7,205,600)	(7,200,460)
Debt Service Other/MHI Property Acquisition	(7,196,010)	(7,196,110)	(7,200,310)	(7,208,010)	(7,201,510)	(7,205,600)	(7,200,460)
Transfers To The General Fund	(295,481)	(289,410)	(290,420)	(290,420)	(290,420)	(290,420)	(290,420)
Indirect Costs	(280,930)	(289,410)	(290,420)	(290,420)	(290,420)	(290,420)	(290,420)
Technology Modernization CIP	(14,551)	0	0	0	0	0	0
Transfers From The General Fund	18,572,277	18,572,277	18,572,277	18,572,277	18,572,277	18,572,277	18,572,277
TOTAL RESOURCES	28,840,201	32,525,291	29,786,010	28,946,923	28,225,985	27,940,160	28,529,174
CIP CURRENT REVENUE APPROP.	0	(2,275,000)	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,272,889)	(3,313,781)	(3,422,911)	(3,540,401)	(3,669,351)	(3,813,261)	(3,975,761)
Debt Service: GO Bonds (Non-Tax Funds only)	(65,630)	(63,480)	(61,274)	(59,021)	(56,727)	(54,396)	(54,396)
Labor Agreement	n/a	0	(6,313)	(6,313)	(6,313)	(6,313)	(6,313)
Rental Assistance Program (RAP)	(9,252,551)	(9,605,920)	(10,866,940)	(11,488,030)	(11,819,450)	(11,768,050)	(12,330,410)
Housing First	(7,856,455)	(7,856,455)	(7,856,455)	(7,856,455)	(7,856,455)	(7,856,455)	(7,856,455)
Neighborhoods to Call Home	(596,340)	(596,340)	(596,340)	(596,340)	(596,340)	(596,340)	(596,340)
Special Needs and Nonprofit Housing	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)	(2,380,510)
100,000 Homes	(437,120)	(437,120)	(437,120)	(437,120)	(437,120)	(437,120)	(437,120)
Affordable Housing Initiative	(3,796,166)	(2,721,145)	(2,105,847)	(1,753,673)	(841,719)	(465,715)	(329,869)
Subtotal PSP Oper Budget Approp / Exp's	(27,657,661)	(26,974,751)	(27,733,710)	(28,117,863)	(27,663,985)	(27,378,160)	(27,967,174)
TOTAL USE OF RESOURCES	(27,657,661)	(29,249,751)	(27,733,710)	(28,117,863)	(27,663,985)	(27,378,160)	(27,967,174)
YEAR END FUND BALANCE	1,182,540	3,275,540	2,052,300	829,060	562,000	562,000	562,000
TOTAL INVESTMENT							
Total Use of Resources	(27,657,661)	(29,249,751)	(27,733,710)	(28,117,863)	(27,663,985)	(27,378,160)	(27,967,174)
Affordable Housing Acquisition and Preservation CIP Project #760100	(15,950,000)	(14,725,000)	(2,185,500)	(7,085,900)	(1,293,500)	(4,651,000)	(4,555,000)
TOTAL INVESTMENT IN AFFORDABLE HOUSING (MHI Fund + CIP Project)	(43,607,661)	(43,974,751)	(29,919,210)	(35,203,763)	(28,957,485)	(32,029,160)	(32,522,174)

Assumptions:
1. Maintains the County Executive's commitment to affordable housing. In addition to expenditures reflected in this fund, the Affordable Housing Acquisition and Preservation CIP Project #P760100 includes the issuance of $7.7 million of debt in FY16 in addition to $2.5 million in estimated loan repayments in FY16, and $6.8 million in other resources to provide continued high level of support for the Housing Initiative Fund Property Acquisition Revolving Program created in FY09.
2. The amount shown in the Fiscal Plan for the Affordable Housing Acquisition and Preservation CIP project in FY16 is different from the PDF by $2,275,000. This is because that amount is already included in the Total Use of Resources in the MHI fund.
3. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of $16.1 million or the equivalent to 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater, for the purpose of maintaining and expanding the supply of affordable housing. The actual transfer from the General Fund will be determined each year based on the availability of resources.

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.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Water Quality Protection Fund						
FISCAL PROJECTIONS	FY15 Estimate	FY16 CE REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.72%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Number of Equivalent Residential Units (ERUs) Billed	326,857	372,369	372,369	372,369	372,369	372,369	372,369
Water Quality Protection Charge ($/ERU)	$88.40	$88.40	$93.25	$93.50	$115.75	$121.00	$124.25
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
BEGINNING FUND BALANCE	9,901,942	10,698,489	4,462,996	1,668,005	1,833,241	3,132,530	4,348,953
REVENUES							
Charges For Services	28,630,224	32,633,364	34,430,323	34,522,950	42,766,734	44,711,897	45,916,045
Bag Tax Receipts	2,150,000	2,400,000	1,920,000	1,536,000	1,228,800	983,040	786,432
Miscellaneous	221,020	281,730	357,170	420,040	482,910	545,780	640,080
Subtotal Revenues	31,001,244	35,315,094	36,707,493	36,478,990	44,478,444	46,240,717	47,342,557
INTERFUND TRANSFERS (Net Non-CIP)	(4,306,744)	(4,350,760)	(8,762,910)	(8,760,610)	(13,976,710)	(14,170,160)	(14,174,510)
Transfers To General Fund	(1,287,544)	(1,330,510)	(1,330,510)	(1,330,510)	(1,330,510)	(1,330,510)	(1,330,510)
Indirect Costs	(1,206,980)	(1,330,510)	(1,330,510)	(1,330,510)	(1,330,510)	(1,330,510)	(1,330,510)
Technology Modernization	(80,564)	0	0	0	0	0	0
Transfers to Debt Service Fund (Non-Tax)	(3,019,200)	(3,020,250)	(7,432,400)	(7,430,100)	(12,646,200)	(12,839,650)	(12,844,000)
TOTAL RESOURCES	36,596,442	41,662,823	32,407,579	29,386,385	32,334,975	35,203,087	37,517,000
CIP CURRENT REVENUE APPROPRIATION	(3,826,000)	(13,926,000)	(6,490,000)	(1,740,000)	(1,840,000)	(1,940,000)	(1,940,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(20,403,764)	(23,273,827)	(23,952,377)	(24,683,977)	(25,489,507)	(26,392,447)	(27,416,837)
FFI - Inspection of New Facilities	0	0	0	0	0	(30,000)	(30,000)
FFI - Operating Impacts of CIP Projects	0	0	(209,000)	(941,000)	(1,473,000)	(1,989,000)	(1,989,000)
FFI - Homeowner Association Roads Phase In	0	0	(16,000)	(43,000)	(181,000)	(209,000)	(209,000)
FFI - Building Rent Escalation	0	0	(22,197)	(45,167)	(68,938)	(93,687)	(93,687)
FFI - Program Growth	0	0	(50,000)	(100,000)	(150,000)	(200,000)	(250,000)
Subtotal PSP Oper Budget Approp / Exp's	(20,403,764)	(23,273,827)	(24,249,574)	(25,813,144)	(27,362,445)	(28,914,134)	(29,988,524)
OTHER CLAIMS ON FUND BALANCE	(1,668,189)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(25,897,953)	(37,199,827)	(30,739,574)	(27,553,144)	(29,202,445)	(30,854,134)	(31,928,524)
YEAR END FUND BALANCE	10,698,489	4,462,996	1,668,005	1,833,241	3,132,530	4,348,953	5,588,476
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	29.2%	10.7%	5.1%	6.2%	9.7%	12.4%	14.9%
NET REVENUE	9,309,936	10,710,757	11,127,409	9,335,336	15,785,489	15,996,073	16,023,523
DEBT SERVICE COVERAGE RATIO	3.08	3.55	1.50	1.26	1.25	1.25	1.25

Assumptions:

1. These projections are based on the County 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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. Stormwater facilities transferred into the maintenance program will be maintained to permit standards as they are phased into the program.
3. Operating costs for new facilities to be completed or transferred, Operating Budget Impacts of Stormwater CIP projects, and Program Growth between FY17 and FY21 have been incorporated in the future fiscal impact (FFI) rows.
4. The operating budget includes planning and implementation costs for compliance with the Municipal Separate Storm Sewer System (MS-4) permit issued by the Maryland Department of the Environment in February 2010. Debt service on bonds that will be used to finance the CIP project costs of MS-4 compliance has been shown as a transfer to the Debt Service Fund. The Department of Finance issued $37.8 million in Water Quality Protection Charge Revenue Bonds dated July 18, 2012 (Series 2012A). The actual debt service costs for the Series 2012A bond issuance and projected debt service for future bond issuances ($50 million in FY2016 and $65 million in FY2018) are included in the fiscal plan. Actual debt service costs may vary depending on the size and timing of future debt issues. Current revenue may be used to offset future borrowing requirements. Future WQPC rates are subject to change based on the timing and size of future debt issuance, State Aid, and legislation.
5. Charges are adjusted to fund the planned service program and maintain net revenues sufficient to cover 1.25 times debt service costs.
6. The Water Quality Protection fund balance policy target is 10%-15% of resources.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Community Use of Public Facilities

FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	5,419,310	5,432,550	5,269,695	5,013,064	4,637,733	4,137,897	3,503,959
REVENUES							
Charges For Services	10,354,220	10,955,160	11,196,174	11,457,044	11,746,908	12,075,821	12,453,794
Miscellaneous	9,480	36,860	70,880	99,230	127,580	155,930	198,460
Subtotal Revenues	10,363,700	10,992,020	11,267,054	11,556,274	11,874,488	12,231,751	12,652,254
INTERFUND TRANSFERS (Net Non-CIP)	(403,437)	(308,600)	(307,340)	(304,125)	(300,553)	(296,500)	(291,842)
Transfers To The General Fund	(454,619)	(468,600)	(470,310)	(470,310)	(470,310)	(470,310)	(470,310)
Indirect Costs	(420,820)	(461,270)	(462,980)	(462,980)	(462,980)	(462,980)	(462,980)
DCM	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)	(7,330)
Technology Modernization	(26,469)	0	0	0	0	0	0
Transfers To Special Fds: Tax Supported	(108,818)	0	0	0	0	0	0
To Recreation: ActiveNet	(108,818)	0	0	0	0	0	0
Transfers From Special Fds: Tax Supported	160,000	160,000	162,970	166,185	169,757	173,810	178,468
After School	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Election	135,000	135,000	137,970	141,185	144,757	148,810	153,468
TOTAL RESOURCES	15,379,573	16,115,970	16,229,409	16,265,213	16,211,667	16,073,148	15,864,370
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(9,947,023)	(10,846,275)	(11,142,625)	(11,462,405)	(11,815,165)	(12,211,595)	(12,662,575)
Labor Agreement	n/a	0	(10,705)	(10,705)	(10,705)	(10,705)	(10,705)
Annualizations and One-Time	n/a	n/a	70,929	70,929	70,929	70,929	70,929
Utility Reimbursement to MCPS	n/a	n/a	(104,471)	(170,341)	(238,187)	(308,069)	(308,047)
Increase in Other MCPS Reimbursable Costs	n/a	n/a	(10,335)	(20,827)	(31,482)	(42,303)	(54,255)
Office Lease	n/a	n/a	(9,064)	(18,400)	(28,016)	(37,920)	(48,122)
ActiveNet Implementation and Administration	n/a	n/a	(10,094)	(20,541)	(31,354)	(42,546)	(54,129)
Retiree Health Insurance Pre-Funding	n/a	n/a	20	4,810	10,210	13,020	16,030
Subtotal PSP Oper Budget Approp / Exp's	(9,947,023)	(10,846,275)	(11,216,345)	(11,627,480)	(12,073,770)	(12,569,189)	(13,050,874)
TOTAL USE OF RESOURCES	(9,947,023)	(10,846,275)	(11,216,345)	(11,627,480)	(12,073,770)	(12,569,189)	(13,050,874)
YEAR END FUND BALANCE	5,432,550	5,269,695	5,013,064	4,637,733	4,137,897	3,503,959	2,813,496
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	35.3%	32.7%	30.9%	28.5%	25.5%	21.8%	17.7%

Assumptions:

1. Changes in interfund transfers reflect the election cycle, receipts from the General Fund to offset the cost of free use and unpermitted field use, and technology modernization costs.
2. The ICB must review and approve any changes in fees.

Notes:

1. The fund balance is calculated on a net assets basis.
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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. Community Use of Public Facilities has a fund balance policy target of 10%.

FY16-21 Public Services Program: Fiscal Plan Bethesda Parking Lot District	Estimated	Recommended	Projected	Projected	Projected	Projected	Projected
	2015	2016	2017	2018	2019	2020	2021
Assumptions							
Property Tax Rate Real/Improved	0.124	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Real/Improved (000)	1,610,800	1,677,000	1,744,500	1,829,100	1,892,300	1,959,800	2,041,400
Property Tax Collection Factor Real Property	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%
Property Tax Rate Personal/Improved	0.310	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Personal/Improved (000)	170,100	166,300	164,000	162,400	161,500	159,500	157,500
Property Tax Collection Factor Personal Property	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.70%	2.00%	2.20%	2.30%	2.50%	2.80%	3.10%
Investment Income Yield	0.30%	0.55%	1.25%	1.75%	2.25%	2.75%	3.25%
Beginning Fund Balance	$ 25,614,401	$ 9,809,220	$ 9,897,394	$ 11,189,038	$ 15,432,599	$ 15,058,632	$ 14,520,530
Revenues							
Taxes	$ 2,695,606	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	$ 14,031,000	$ 14,699,000	$ 14,699,000	$ 16,299,000	$ 16,299,000	$ 16,299,000	$ 16,299,000
Fines & Forfeits	$ 4,600,000	$ 4,600,000	$ 4,600,000	$ 4,600,000	$ 4,600,000	$ 4,600,000	$ 4,600,000
Miscellaneous	$ (261,546)	$ 431,310	$ 2,175,310	$ 5,011,980	$ 548,650	$ 585,320	$ 640,320
Subtotal Revenues	$ 21,065,060	$ 19,730,310	$ 21,474,310	$ 25,910,980	$ 21,447,650	$ 21,484,320	$ 21,539,320
Transfers	$ (6,039,300)	$ (3,905,538)	$ (2,222,032)	$ (2,419,022)	$ (2,483,559)	$ (2,558,755)	$ (2,642,891)
Transfers to General Fund	$ (359,291)	$ (354,960)	$ (354,960)	$ (354,960)	$ (354,960)	$ (354,960)	$ (354,960)
Indirect Costs	$ (339,098)	$ (354,960)	$ (354,960)	$ (354,960)	$ (354,960)	$ (354,960)	$ (354,960)
Technology Modernization CIP Project	$ (20,193)	$ -	$ -	$ -	$ -	$ -	$ -
Transfers to Special Funds : Tax Supported	$ (7,180,009)	$ (2,050,578)	$ (1,867,072)	$ (2,064,062)	$ (2,128,599)	$ (2,203,795)	$ (2,287,931)
Transportation Management District	$ (492,820)	$ -	$ -	$ -	$ -	$ -	$ -
Bethesda Urban District	$ (2,823,989)	$ (2,050,578)	$ (1,867,072)	$ (1,919,162)	$ (1,983,699)	$ (2,058,895)	$ (2,143,031)
Mass Transit (Fine Revenue)	$ (3,863,200)	$ -	$ -	$ -	$ -	$ -	$ -
Parking District Service Facility	$ -	$ -	$ -	$ (144,900)	$ (144,900)	$ (144,900)	$ (144,900)
Transfers From General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer from General Fund - Shady Grove Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cedar Lane Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Transfers From General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer From Silver Spring PLD	$ 1,500,000	$ (1,500,000)	$ -	$ -	$ -	$ -	$ -
Total Resources	$ 40,640,161	$ 25,633,992	$ 29,149,672	$ 34,680,996	$ 34,396,690	$ 33,984,197	$ 33,416,959
CIP Current Revenue Appropriation Expenditure	$ (15,815,290)	$ (590,000)	$ (2,492,000)	$ (3,533,000)	$ (3,268,000)	$ (3,081,000)	$ (3,081,000)
Appropriations/Expenditures							
Operating Budget	$ (10,055,861)	$ (10,185,681)	$ (10,454,271)	$ (10,744,221)	$ (11,064,431)	$ (11,424,811)	$ (11,835,421)
Existing Debt Service	$ (4,959,789)	$ (4,960,917)	$ (4,963,007)	$ (4,963,470)	$ (4,965,220)	$ (4,958,970)	$ (4,959,470)
Retiree Health Insurance Pre-Funding	$ -	$ -	$ 20	$ 5,170	$ 10,970	$ 13,990	$ 17,220
Battery Backup	$ -	$ -	$ (38,500)	$ -	$ (38,500)	$ -	$ (38,500)
Labor Agreement	$ -	$ -	$ (12,876)	$ (12,876)	$ (12,876)	$ (12,876)	$ (12,876)
Subtotal PSP Operating Budget Appropriation	$ (15,015,650)	$ (15,146,598)	$ (15,468,634)	$ (15,715,397)	$ (16,070,057)	$ (16,382,667)	$ (16,829,047)
Total Use of Resources	$ (30,830,940)	$ (15,736,598)	$ (17,960,634)	$ (19,248,397)	$ (19,338,057)	$ (19,463,667)	$ (19,910,047)
Year End Fund Balance	$ 9,809,220	$ 9,897,395	$ 11,189,038	$ 15,432,599	$ 15,058,632	$ 14,520,530	$ 13,506,912
Bond Restricted Reserve	$ (8,784,471)	$ (8,892,875)	$ (8,960,102)	$ (9,040,646)	$ (9,136,179)	$ (9,213,944)	$ (9,213,944)
Year End Available Fund Balance	$ 1,024,749	$ 1,004,519	$ 2,228,936	$ 6,391,953	$ 5,922,453	$ 5,306,586	$ 4,292,968
Available Fund Balance As A Percent of Resources	3%	4%	8%	18%	17%	16%	13%
Fund Balance Policy Target	$ 7,573,299	$ 7,734,317	$ 7,857,699	$ 8,035,029	$ 8,191,334	$ 8,414,524	$ 8,414,524

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 286 percent in FY16. The minimum requirement is 125 percent.
2. Revenue for the air rights lease for Garage 49 is assumed in FY15-FY21.
3. Over FY16-21, property tax rate is reduced to zero; fine revenue and Transportation Management District transfers are eliminated.
4. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.
5. The Parking Lot Districts have a fund balance policy target equal to 50 percent of the following year's projected operating budget expenses.

FY16-21 Public Services Program: Fiscal Plan Montgomery Hills Parking Lot District	Estimated 2015	Recommended 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
Assumptions							
Property Tax Rate Real/Improved	0.240	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Real/Improved (000)	30,300	31,500	32,800	34,400	35,600	36,900	38,400
Property Tax Collection Factor Real Property	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%
Property Tax Rate Personal/Improved	0.600	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Personal/Improved (000)	2,500	2,400	2,400	2,400	2,400	2,400	2,400
Property Tax Collection Factor Personal Property	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.70%	2.00%	2.20%	2.30%	2.50%	2.80%	3.10%
Investment Income Yield	0.16%	0.19%	0.36%	0.75%	1.35%	1.80%	2.15%
Beginning Fund Balance	$ 80,484	$ 89,126	$ 78,035	$ 75,888	$ 79,141	$ 89,114	$ 105,417
Revenues							
Taxes	$ 87,643	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000
Fines & Forfeits	$ 25,000	$ 28,000	$ 28,000	$ 28,000	$ 28,000	$ 28,000	$ 28,000
Miscellaneous	$ 3,370	$ 13,100	$ 25,190	$ 35,270	$ 45,350	$ 55,430	$ 70,550
Subtotal Revenues	$ 161,013	$ 86,100	$ 98,190	$ 108,270	$ 118,350	$ 128,430	$ 143,550
Transfers	$ (12,846)	$ (12,960)	$ (12,960)	$ (14,570)	$ (14,570)	$ (14,570)	$ (14,570)
Transfers to General Fund	$ (12,846)	$ (12,960)	$ (12,960)	$ (12,960)	$ (12,960)	$ (12,960)	$ (12,960)
Indirect Costs	$ (7,381)	$ (7,960)	$ (7,960)	$ (7,960)	$ (7,960)	$ (7,960)	$ (7,960)
Technology Modernization CIP Project	$ (465)	$ -	$ -	$ -	$ -	$ -	$ -
Regional Services Center	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)
Transfers to Special Funds : Tax Supported	$ -	$ -	$ -	$ (1,610)	$ (1,610)	$ (1,610)	$ (1,610)
Parking District Service Facility	$ -	$ -	$ -	$ (1,610)	$ (1,610)	$ (1,610)	$ (1,610)
Total Resources	$ 228,651	$ 162,266	$ 163,265	$ 169,588	$ 182,921	$ 202,974	$ 234,397
Appropriations/Expenditures							
Operating Budget	$ (139,525)	$ (84,231)	$ (87,081)	$ (90,151)	$ (93,511)	$ (97,261)	$ (101,491)
Labor Agreement	$ -	$ -	$ (296)	$ (296)	$ (296)	$ (296)	$ (296)
Subtotal PSP Operating Budget Appropriation	$ (139,525)	$ (84,231)	$ (87,377)	$ (90,447)	$ (93,807)	$ (97,557)	$ (101,787)
Total Use of Resources	$ (139,525)	$ (84,231)	$ (87,377)	$ (90,447)	$ (93,807)	$ (97,557)	$ (101,787)
Year End Available Fund Balance	$ 89,126	$ 78,035	$ 75,888	$ 79,141	$ 89,114	$ 105,417	$ 132,610
Available Fund Balance As A Percent of Resources	39%	48%	46%	47%	49%	52%	57%
Target Balance	$ 42,116	$ 43,689	$ 45,224	$ 46,904	$ 48,779	$ 50,894	$ 50,894

Assumptions:

1. Over FY16-21, property tax rate is reduced to zero.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.
3. The Parking Lot Districts have a fund balance policy target equal to 50 percent of the following year's projected operating budget expenses.

FY16-21 Public Services Program: Fiscal Plan Silver Spring Parking Lot District	Estimated	Recommended	Projected	Projected	Projected	Projected	Projected
	2015	2016	2017	2018	2019	2020	2021
Assumptions							
Property Tax Rate Real/Improved	0.317	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Real/Improved (000)	2,157,400	2,246,100	2,336,500	2,449,800	2,534,500	2,624,900	2,734,200
Property Tax Collection Factor Real Property	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%
Property Tax Rate Personal/Improved	0.7925	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Personal/Improved (000)	123,400	120,600	118,900	117,800	117,200	115,800	114,300
Property Tax Collection Factor Personal Property	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.70%	2.00%	2.20%	2.30%	2.50%	2.80%	3.10%
Investment Income Yield	0.16%	0.19%	0.36%	0.75%	1.35%	1.80%	2.15%
Beginning Fund Balance	$ 18,341,172	$ 14,847,113	$ 19,202,327	$ 14,797,994	$ 14,014,003	$ 12,755,803	$ 11,084,113
Revenues							
Taxes	$ 8,262,275	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	$ 10,706,250	$ 11,805,800	$ 11,805,800	$ 13,705,800	$ 13,705,800	$ 13,705,800	$ 13,705,800
Fines & Forfeits	$ 2,256,250	$ 2,256,250	$ 2,256,250	$ 2,256,250	$ 2,256,250	$ 2,256,250	$ 2,256,250
Miscellaneous	$ (1,935,759)	$ 6,888,540	$ 122,190	$ 171,070	$ 219,950	$ 268,830	$ 342,150
Subtotal Revenues	$ 19,289,016	$ 20,950,590	$ 14,184,240	$ 16,133,120	$ 16,182,000	$ 16,230,880	$ 16,304,200
Transfers	$ (7,529,373)	$ (1,091,407)	$ (2,674,695)	$ (2,596,503)	$ (2,709,082)	$ (2,828,462)	$ (2,966,406)
Transfers to General Fund	$ (370,147)	$ (390,150)	$ (390,150)	$ (390,150)	$ (390,150)	$ (390,150)	$ (390,150)
Indirect Costs	$ (346,163)	$ (390,150)	$ (390,150)	$ (390,150)	$ (390,150)	$ (390,150)	$ (390,150)
Technology Modernization CIP Project	$ (23,984)	$ -	$ -	$ -	$ -	$ -	$ -
Other Transfers to General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers to Special Funds : Tax Supported	$ (7,159,226)	$ (701,257)	$ (2,284,545)	$ (2,206,353)	$ (2,318,932)	$ (2,438,312)	$ (2,576,256)
Transportation Management District	$ (962,430)	$ -	$ -	$ -	$ -	$ -	$ -
Silver Spring Urban District	$ (2,440,546)	$ (2,201,257)	$ (2,284,545)	$ (2,372,183)	$ (2,484,762)	$ (2,604,142)	$ (2,742,086)
Mass Transit (Fine Revenue)	$ (2,256,250)	$ -	$ -	$ -	$ -	$ -	$ -
Other Transfers to Special Funds	$ (1,500,000)	$ 1,500,000	$ -	$ 165,830	$ 165,830	$ 165,830	$ 165,830
Total Resources	$ 30,100,815	$ 34,706,296	$ 30,711,872	$ 28,334,611	$ 27,486,921	$ 26,158,221	$ 24,421,907
CIP Current Revenue Appropriation Expenditure	$ (3,225,000)	$ (4,054,000)	$ (4,556,000)	$ (2,700,000)	$ (2,700,000)	$ (2,700,000)	$ (2,700,000)
Appropriations/Expenditures							
Operating Budget	$ (10,928,702)	$ (10,349,969)	$ (10,649,569)	$ (10,973,039)	$ (11,330,349)	$ (11,732,619)	$ (12,191,099)
Annualize and One-Time Annualization	$ -	$ -	$ 524,247	$ 524,247	$ 524,247	$ 524,247	$ 524,247
Operating Leases	$ (1,100,000)	$ (1,100,000)	$ (1,100,000)	$ (1,100,000)	$ (1,100,000)	$ (1,100,000)	$ (1,100,000)
Retiree Health Insurance Pre-Funding	$ -	$ -	$ 20	$ 3,560	$ 7,560	$ 9,640	$ 11,870
Battery Backup	$ -	$ -	$ (57,200)	$ -	$ (57,200)	$ -	$ (57,200)
Labor Agreement	$ -	$ -	$ (13,376)	$ (13,376)	$ (13,376)	$ (13,376)	$ (13,376)
Lot 3 Parking Garage	$ -	$ -	$ (62,000)	$ (62,000)	$ (62,000)	$ (62,000)	$ (62,000)
Subtotal PSP Operating Budget Appropriation	$ (12,028,702)	$ (11,449,969)	$ (11,357,878)	$ (11,620,608)	$ (12,031,118)	$ (12,374,108)	$ (12,887,558)
Total Use of Resources	$ (15,253,702)	$ (15,503,969)	$ (15,913,878)	$ (14,320,608)	$ (14,731,118)	$ (15,074,108)	$ (15,587,558)
Year End Available Fund Balance	$ 14,847,113	$ 19,202,327	$ 14,797,994	$ 14,014,003	$ 12,755,803	$ 11,084,113	$ 8,834,349
Available Fund Balance As A Percent of Resources	49%	55%	48%	49%	46%	42%	36%
Target Balance	$ 5,724,985	$ 5,678,939	$ 5,810,304	$ 6,015,559	$ 6,187,054	$ 6,443,779	$ 6,443,779

Assumptions:

1. Over FY16-21, property tax rate is reduced to zero; fine revenue and Transportation Management District transfers are eliminated.
2. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.
3. The Parking Lot Districts have a fund balance policy target equal to 50 percent of the following year's projected operating budget expenses.

FY16-21 Public Services Program: Fiscal Plan Wheaton Parking Lot District	Estimated 2015	Recommended 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
Assumptions							
Property Tax Rate Real/Improved	0.240	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Real/Improved (000)	227,800	237,200	246,700	258,700	267,600	277,100	288,600
Property Tax Collection Factor Real Property	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%
Property Tax Rate Personal/Improved	0.600	0.000	0.000	0.000	0.000	0.000	0.000
Assessable Base Personal/Improved (000)	10,100	9,900	9,800	9,700	9,600	9,500	9,400
Property Tax Collection Factor Personal Property	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%	99.40%
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.70%	2.00%	2.20%	2.30%	2.50%	2.80%	3.10%
Investment Income Yield	0.16%	0.19%	0.36%	0.75%	1.35%	1.80%	2.15%
Beginning Fund Balance	$ 1,343,049	$ 1,436,975	$ 1,442,816	$ 1,394,829	$ 1,316,112	$ 1,474,013	$ 1,610,714
Revenues							
Taxes	$ 612,004	$ -	$ -	$ -	$ -	$ -	$ -
Charges for Services	$ 960,000	$ 960,000	$ 960,000	$ 960,000	$ 1,296,288	$ 1,296,288	$ 1,296,288
Fines & Forfeits	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 681,900	$ 681,900	$ 681,900
Miscellaneous	$ 2,040	$ 7,930	$ 15,250	$ 21,350	$ 27,450	$ 33,550	$ 42,700
Subtotal Revenues	$ 2,174,044	$ 1,567,930	$ 1,575,250	$ 1,581,350	$ 2,005,638	$ 2,011,738	$ 2,020,888
Transfers							
Transfers to General Fund	$ (576,253)	$ (59,910)	$ (59,910)	$ (79,230)	$ (79,230)	$ (79,230)	$ (79,230)
Indirect Costs	$ (58,933)	$ (59,910)	$ (59,910)	$ (59,910)	$ (59,910)	$ (59,910)	$ (59,910)
Technology Modernization CIP Project	$ (55,478)	$ (59,910)	$ (59,910)	$ (59,910)	$ (59,910)	$ (59,910)	$ (59,910)
	$ (3,455)	$ -	$ -	$ -	$ -	$ -	$ -
Transfers to Special Funds : Tax Supported	$ (517,320)	$ -	$ -	$ (19,320)	$ (19,320)	$ (19,320)	$ (19,320)
Wheaton Urban District	$ (292,320)	$ -	$ -	$ -	$ -	$ -	$ -
Mass Transit (Fine Revenue)	$ (225,000)	$ -	$ -	$ -	$ -	$ -	$ -
Parking District Service Facility	$ -	$ -	$ -	$ (19,320)	$ (19,320)	$ (19,320)	$ (19,320)
Total Resources	$ 2,940,840	$ 2,944,995	$ 2,958,156	$ 2,896,949	$ 3,242,520	$ 3,406,521	$ 3,552,372
CIP Current Revenue Appropriation Expenditure	$ (157,000)	$ (157,000)	$ (157,000)	$ (157,000)	$ (157,000)	$ (157,000)	$ (157,000)
Appropriations/Expenditures							
Operating Budget	$ (1,346,865)	$ (1,345,179)	$ (1,382,299)	$ (1,422,349)	$ (1,466,509)	$ (1,516,119)	$ (1,572,529)
Retiree Health Insurance Pre-Funding	$ -	$ -	$ -	$ 540	$ 1,140	$ 1,450	$ 1,780
Battery Backup	$ -	$ -	$ (22,000)	$ -	$ (22,000)	$ -	$ (22,000)
Labor Agreement	$ -	$ -	$ (2,028)	$ (2,028)	$ (2,028)	$ (2,028)	$ (2,028)
Garage 13	$ -	$ -	$ -	$ -	$ (122,110)	$ (122,110)	$ (122,110)
Subtotal PSP Operating Budget Appropriation	$ (1,346,865)	$ (1,345,179)	$ (1,406,327)	$ (1,423,837)	$ (1,611,507)	$ (1,638,807)	$ (1,716,887)
Total Use of Resources	$ (1,503,865)	$ (1,502,179)	$ (1,563,327)	$ (1,580,837)	$ (1,768,507)	$ (1,795,807)	$ (1,873,887)
Year End Available Fund Balance	$ 1,436,975	$ 1,442,816	$ 1,394,829	$ 1,316,112	$ 1,474,013	$ 1,610,714	$ 1,678,485
Available Fund Balance As A Percent of Resources	49%	49%	47%	45%	45%	47%	47%
Target Balance	$ 672,590	$ 703,164	$ 711,919	$ 805,754	$ 819,404	$ 858,444	$ 858,444

Assumptions:

1. Over FY16-21, property tax rate is reduced to zero; Urban District transfer is eliminated.
4. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY17-21 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.
3. The Parking Lot Districts have a fund balance policy target equal to 50 percent of the following year's projected operating budget expenses.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Solid Waste Collection						
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Number of Households	91,454	91,839	92,225	92,611	92,997	93,383	93,660
Charge per Household (once-weekly refuse collection)	$66.00	$70.00	$74.00	$78.00	$84.00	$89.00	$92.00
BEGINNING FUND BALANCE	2,330,824	1,462,184	1,211,535	946,287	755,814	786,099	804,287
REVENUES							
Charges For Services	6,040,948	6,428,730	6,570,162	6,814,247	7,223,345	7,425,359	7,678,162
Miscellaneous	4,220	16,410	31,560	44,180	56,800	69,420	88,350
Subtotal Revenues	6,045,168	6,445,140	6,601,722	6,858,427	7,280,145	7,494,779	7,766,512
INTERFUND TRANSFERS (Net Non-CIP)	(203,943)	(217,850)	(213,820)	(213,820)	(213,820)	(213,820)	(213,820)
Transfers To The General Fund	(203,943)	(217,850)	(213,820)	(213,820)	(213,820)	(213,820)	(213,820)
Indirect Costs	(188,619)	(212,850)	(213,820)	(213,820)	(213,820)	(213,820)	(213,820)
Technology Modernization CIP	(10,324)	0	0	0	0	0	0
Desktop Computer Modernization	(5,000)	(5,000)	0	0	0	0	0
TOTAL RESOURCES	8,172,049	7,689,474	7,599,437	7,590,894	7,822,139	8,067,057	8,356,979
CIP CURRENT REVENUE APPROP.	(421,000)	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,288,865)	(6,477,939)	(6,647,089)	(6,829,729)	(7,031,489)	(7,258,639)	(7,517,559)
Labor Agreement	n/a	0	(6,061)	(6,061)	(6,061)	(6,061)	(6,061)
Retiree Health Insurance Pre-Funding	0	0	0	710	1,510	1,930	2,370
Subtotal PSP Oper Budget Approp / Exp's	(6,288,865)	(6,477,939)	(6,653,150)	(6,835,080)	(7,036,040)	(7,262,770)	(7,521,250)
TOTAL USE OF RESOURCES	(6,709,865)	(6,477,939)	(6,653,150)	(6,835,080)	(7,036,040)	(7,262,770)	(7,521,250)
YEAR END FUND BALANCE	1,462,184	1,211,535	946,287	755,814	786,099	804,287	835,729
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	17.9%	15.8%	12.5%	10.0%	10.0%	10.0%	10.0%

Assumptions:

1. Refuse collection charges are adjusted to acheive 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.
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.

FY16-21 DIVISION OF SOLID WASTE SERVICES

FISCAL PROJECTIONS	ESTIMATED FY15	PROJECTED FY16	PROJECTED FY17	PROJECTED FY18	PROJECTED FY19	PROJECTED FY20	PROJECTED FY21
Single-Family Charges ($/Household)	213.75	205.11	203.85	193.30	183.90	179.41	176.36
% change in rate from previous year	0.0%	-4.0%	-0.6%	-5.2%	-4.9%	-2.4%	-1.7%
Multi-Family Charges ($/Dwelling Unit)	16.73	16.06	15.68	15.30	14.40	13.90	12.04
% change in rate from previous year	0.0%	-4.0%	-2.4%	-2.4%	-5.9%	-3.5%	-13.4%
Nonresidential Charges (medium "category" charge)	621.21	596.13	590.45	508.90	398.99	319.38	253.23
% change in rate from previous year	0.0%	-4.0%	-1.0%	-13.8%	-21.6%	-20.0%	-20.7%
Nonresidential Charges (average $/2000 sq. ft.)	239.72	226.61	224.46	193.46	151.67	121.41	96.26
OPERATIONS CALCULATION							
REVENUES							
Disposal Fees	28,261,174	28,480,257	29,062,657	29,656,963	30,309,815	30,976,387	31,656,250
Charges for Services/SBC	58,903,639	56,240,992	56,433,121	51,866,851	46,110,014	42,934,223	39,932,313
Miscellaneous	10,578,471	11,317,484	14,783,768	14,824,536	14,860,820	14,897,214	14,934,223
Investment Income	74,580	289,990	557,670	780,740	1,003,810	1,226,880	1,561,480
Subtotal Revenues	**97,817,864**	**96,328,723**	**100,837,216**	**97,129,090**	**92,284,459**	**90,034,704**	**88,084,266**
INTERFUND TRANSFERS	834,305	683,994	981,333	858,848	819,808	346,485	415,580
EXPENDITURES							
Personnel Costs	(9,487,763)	(9,912,464)	(10,360,507)	(10,840,198)	(11,320,419)	(11,804,933)	(12,310,184)
Operating Expenses	(89,391,515)	(91,552,993)	(74,031,655)	(76,810,488)	(77,556,038)	(80,960,785)	(83,975,652)
Capital Outlay	(1,857,206)	(3,946,457)	(4,150,450)	(3,773,955)	(2,369,541)	(234,148)	(1,776,079)
Other Expenditure Restrictions Raised in Prior Years)							
Subtotal Expenditures	**(100,736,484)**	**(105,411,914)**	**(88,542,612)**	**(91,424,641)**	**(91,245,998)**	**(92,999,866)**	**(98,061,915)**
CURRENT RECEIPTS TO CIP	(718,000)	-	-	-	-	-	-
POTENTIAL FUTURE EXPENDITURE (Gude Remediation)		-	(756,000)	(1,090,000)	(732,000)	(484,000)	(941,000)
PAYOUT OF GUDE REMEDIATION		746,000	756,000	1,090,000	732,000	484,000	941,000
PAYOUT OF CLOSURE COSTS (Non-CIP)	1,494,904	1,669,495	1,714,994	1,763,682	1,810,289	1,855,479	1,901,867
CY ACCRUED CLOSURE COSTS	(30,422)	(36,426)	(45,500)	(48,688)	(46,607)	(45,190)	(46,388)
NET CHANGE	(1,337,833)	(6,020,128)	14,945,431	8,278,291	3,621,951	(808,388)	(7,706,590)
CASH POSITION							
ENDING CASH & INVESTMENTS							
Unrestricted Cash	29,796,442	27,460,461	36,488,350	41,372,119	40,958,412	38,069,185	32,645,345
Restricted Cash	32,947,033	28,009,046	31,428,808	32,354,028	34,539,364	35,134,245	31,157,215
Subtotal Cash & Investments	**62,743,475**	**55,469,507**	**67,917,158**	**73,726,147**	**75,497,776**	**73,203,430**	**63,802,560**
RESERVE & LIABILITY REQUIREMENTS							
Management Reserve	(26,352,978)	(22,135,653)	(22,856,160)	(22,811,499)	(23,249,967)	(24,515,479)	(24,764,484)
Debt Service Reserve	-	-	-	-	-	-	-
Future System Contingency Reserve	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Research & Development Reserve	(298,080)	(298,080)	(298,080)	(298,080)	(298,080)	(298,080)	(298,080)
Renewal & Replacement Reserve	(3,986,806)	(4,075,313)	(4,178,011)	(4,287,892)	(4,392,088)	(4,492,228)	(4,594,651)
Stability Reserve	(1,309,169)	(500,000)	(3,096,557)	(3,956,557)	(5,599,229)	(4,828,458)	(500,000)
Subtotal Reserve Requirements	**(32,947,033)**	**(28,009,046)**	**(31,428,808)**	**(32,354,028)**	**(34,539,364)**	**(35,134,245)**	**(31,157,215)**
Closure/Postclosure Liability	(13,582,659)	(11,949,590)	(10,280,096)	(8,565,101)	(6,801,419)	(4,991,131)	(3,135,652)
Gude Remediation Liability	(28,500,000)	(27,754,000)	(26,998,000)	(25,908,000)	(25,176,000)	(24,692,000)	(23,751,000)
Current Liabilities Not Including Debt/Closure	-	-	-	-	-	-	-
Subtotal Reserve & Liability Requirements	**(75,029,692)**	**(67,712,636)**	**(68,706,904)**	**(66,827,129)**	**(66,516,783)**	**(64,817,376)**	**(58,043,867)**
CASH & INVESTMENTS OVER/(UNDER) RESERVE & LIABILITY REQUIREMENTS	(12,286,217)	(12,243,129)	(789,746)	6,899,018	8,980,993	8,386,054	5,758,693
Net Assets							
ENDING NET ASSETS	56,074,550	53,729,540	72,229,521	84,529,503	90,984,984	90,910,544	86,436,127
Less: Reserve Requirements	(32,947,033)	(28,009,046)	(31,428,808)	(32,354,028)	(34,539,364)	(35,134,245)	(31,157,215)
NET ASSETS OVER/(UNDER) RESERVE REQUIREMENTS	23,127,517	25,720,494	40,800,713	52,175,475	56,445,620	55,776,299	55,278,912

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Vacuum Leaf Collection				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Charge per single-family household	$ 88.91	$ 88.91	$ 101.10	$ 103.15	$ 106.55	$ 104.38	$ 110.02
Charge per multi-family unit and townhome unit	$ 3.54	$ 3.54	$ 4.01	$ 4.09	$ 4.22	$ 4.14	$ 4.36
Single-family households in leaf collection district	71,382	71,472	71,472	71,472	71,472	71,472	71,472
Multi-family households in leaf collection district	50,253	51,083	51,083	51,083	51,083	51,083	51,083
% of leaves attributed to single-family households	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%
% of leaves attributed to multi-family units and townhome u	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
BEGINNING FUND BALANCE	1,299,279	968,830	548,481	500,000	500,000	500,000	500,000
REVENUES							
Charges For Services	6,528,485	6,535,000	7,430,406	7,581,122	7,830,972	7,672,019	8,086,194
Miscellaneous	2,260	8,790	16,900	23,660	30,420	37,180	47,320
Subtotal Revenues	6,530,745	6,543,790	7,447,306	7,604,782	7,861,392	7,709,199	8,133,514
INTERFUND TRANSFERS (Net Non-CIP)	(1,636,551)	(1,546,544)	(1,879,433)	(1,793,508)	(1,836,278)	(1,445,575)	(1,600,710)
Transfers To The General Fund		(494,320)	(497,150)	(497,150)	(497,150)	(497,150)	(497,150)
Indirect Costs	(473,290)	(494,320)	(497,150)	(497,150)	(497,150)	(497,150)	(497,150)
Technology Modernization CIP	(30,517)	0	0	0	0	0	0
Transfers To Special Fds: Non-Tax + ISF	(1,132,744)	(1,052,224)	(1,382,283)	(1,296,358)	(1,339,128)	(948,425)	(1,103,560)
To Solid Waste Disposal	(1,132,744)	(1,052,224)	(1,382,283)	(1,296,358)	(1,339,128)	(948,425)	(1,103,560)
TOTAL RESOURCES	6,193,473	5,966,076	6,116,354	6,311,274	6,525,114	6,763,624	7,032,804
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,224,643)	(5,417,595)	(5,598,645)	(5,793,565)	(6,007,405)	(6,245,915)	(6,515,095)
Labor Agreement	n/a	0	(17,709)	(17,709)	(17,709)	(17,709)	(17,709)
Subtotal PSP Oper Budget Approp / Exp's	(5,224,643)	(5,417,595)	(5,616,354)	(5,811,274)	(6,025,114)	(6,263,624)	(6,532,804)
TOTAL USE OF RESOURCES	(5,224,643)	(5,417,595)	(5,616,354)	(5,811,274)	(6,025,114)	(6,263,624)	(6,532,804)
YEAR END FUND BALANCE	968,830	548,481	500,000	500,000	500,000	500,000	500,000
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	15.6%	9.2%	8.2%	7.9%	7.7%	7.4%	7.1%

Assumptions:

1. Leaf vacuuming rates are adjusted to achieve cost recovery.
2. The Vacuum Leaf Collection fund balance policy target is $500,000. In future years, rates will be adjusted annually to fund the approved service program and maintain the appropriate ending balance.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Permitting Services

FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Rate Stabilization factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
BEGINNING FUND BALANCE	28,183,801	12,601,123	9,363,056	9,184,186	9,866,183	10,246,146	9,095,997
REVENUES							
Licenses & Permits	36,791,819	36,140,374	38,291,769	40,540,274	41,565,943	42,729,790	44,067,232
Charges For Services	1,937,740	2,017,709	2,062,099	2,110,145	2,163,532	2,224,111	2,293,726
Fines & Forfeitures	136,800	85,043	86,914	88,939	91,189	93,742	96,677
Miscellaneous	45,640	177,460	341,270	477,780	614,290	750,800	955,560
Subtotal Revenues	38,911,999	38,420,586	40,782,052	43,217,139	44,434,955	45,798,443	47,413,195
INTERFUND TRANSFERS (Net Non-CIP)	(4,090,186)	(4,206,430)	(4,224,180)	(3,070,410)	(3,070,410)	(3,070,410)	(3,070,410)
Transfers To The General Fund	(4,090,186)	(4,206,430)	(4,224,180)	(4,224,180)	(4,224,180)	(4,224,180)	(4,224,180)
Indirect Costs	(3,682,700)	(3,997,410)	(4,015,160)	(4,015,160)	(4,015,160)	(4,015,160)	(4,015,160)
DCM Replacement	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)	(109,020)
Technology Modernization CIP project	(198,466)	0	0	0	0	0	0
DOT Lab testing Transfer	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfers From The General Fund	0	0	0	1,153,770	1,153,770	1,153,770	1,153,770
Payment for Public Agency Permits	0	0	0	1,059,660	1,059,660	1,059,660	1,059,660
Payment for Green Tape Position	0	0	0	94,110	94,110	94,110	94,110
TOTAL RESOURCES	63,005,614	46,815,279	45,920,928	49,330,914	51,230,728	52,974,179	53,438,782
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(32,083,221)	(33,893,405)	(35,139,355)	(36,479,415)	(37,946,225)	(39,577,245)	(41,411,825)
Labor Agreement	n/a	0	(111,127)	(111,127)	(111,127)	(111,127)	(111,127)
Annualizations and One-Time	n/a	n/a	111,940	111,940	111,940	111,940	111,940
IT Maintenance	n/a	n/a	(101,999)	(76,038)	(178,634)	(81,282)	(83,983)
IT Replacement Plan	n/a	n/a	0	(68,500)	(628,500)	(418,500)	31,500
Office Rent	n/a	n/a	(190,188)	(386,082)	(587,853)	(795,677)	(795,677)
Retiree Health Insurance Pre-Funding	n/a	n/a	160	35,990	76,390	97,400	119,910
Subtotal PSP Oper Budget Approp / Exp's	(32,083,221)	(33,893,405)	(35,430,569)	(36,973,232)	(39,264,009)	(40,774,491)	(42,139,262)
OTHER CLAIMS ON FUND BALANCE	(18,321,270)	(3,558,818)	(1,306,173)	(2,491,500)	(1,720,573)	(3,103,691)	0
TOTAL USE OF RESOURCES	(50,404,491)	(37,452,223)	(36,736,742)	(39,464,732)	(40,984,582)	(43,878,182)	(42,139,262)
YEAR END FUND BALANCE	12,601,123	9,363,056	9,184,186	9,866,183	10,246,146	9,095,997	11,299,520
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	20.0%	20.0%	20.0%	20.0%	20.0%	17.2%	21.1%

Assumptions:

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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. Revenue projections in FY16 and future years assume a gradual increase in construction market activity.
3. Key components of Permitting Service's technology replacement plan include:
FY18 Scanners ($100,000);
FY19 Printers ($60,000), Servers ($600,000)
FY20 Permit DB Servers - Hardware & Software ($450,000);
4. "Other Claims on Fund Balance" are to fund the department's proptional share of the new headquarters in Wheaton. Current estimates for the cost to DPS is approximately $35 million.
5. The Rate Stabilization Factor (RSF) is the factor by which the fee rate is adjusted, up or down, to maintain the reserve policy of 20% of total resources in the budget year.
6. The Permitting Services fund balance policy target is 20% of resources, after the IT set-aside, and 15% to 20% in the out years.
7. The General Fund transfer for Public Agency Permits and Green Tape will be deferred from FY15-FY17 for fiscal reasons.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Liquor Control						
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
BEGINNING FUND BALANCE	7,903,057	2,568,683	2,116,008	4,116,008	4,116,008	4,116,008	4,116,008
REVENUES							
Licenses & Permits	1,726,197	1,726,197	1,764,173	1,805,279	1,850,952	1,902,779	1,962,336
Charges For Services	8,740	8,740	8,932	9,140	9,372	9,634	9,936
Fines & Forfeitures	220,560	220,560	225,412	230,664	236,500	243,122	250,732
Miscellaneous	77,658,146	81,493,736	83,558,078	85,668,705	87,831,519	90,047,826	92,330,523
Subtotal Revenues	79,613,643	83,449,233	85,556,596	87,713,788	89,928,343	92,203,361	94,553,526
INTERFUND TRANSFERS (Net Non-CIP)	(27,790,916)	(24,569,660)	(22,105,663)	(24,188,348)	(24,429,596)	(24,285,339)	(24,446,554)
Transfers To The General Fund	(27,790,916)	(24,569,660)	(22,105,663)	(24,188,348)	(24,429,596)	(24,285,339)	(24,446,554)
Indirect Costs	(2,809,120)	(3,115,690)	(3,141,540)	(3,141,540)	(3,141,540)	(3,141,540)	(3,141,540)
Technology Modernization	(960,383)	0	0	0	0	0	0
Earnings Transfer	(24,021,413)	(21,453,970)	(18,964,123)	(21,046,808)	(21,288,056)	(21,143,799)	(21,305,014)
TOTAL RESOURCES	59,725,784	61,448,256	65,566,941	67,641,448	69,614,755	72,034,030	74,222,980
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(46,818,501)	(48,329,648)	(50,013,718)	(51,825,888)	(53,811,838)	(56,023,728)	(58,516,068)
Debt Service: Other (Non-Tax Funds only)	(10,338,600)	(11,002,600)	(10,999,600)	(10,999,600)	(11,002,600)	(10,967,900)	(10,710,200)
Labor Agreement	n/a	0	(258,460)	(258,460)	(258,460)	(258,460)	(258,460)
FFI Retiree Health Insurance Pre-Funding	n/a	n/a	320	73,050	155,060	197,690	243,380
FFI POS	n/a	n/a	35,577	(77,988)	83,793	34,070	34,070
FFI Retail Store Leases	n/a	n/a	(215,052)	(436,554)	(664,702)	(899,694)	(899,694)
Subtotal PSP Oper Budget Approp / Exp's	(57,157,101)	(59,332,248)	(61,450,933)	(63,525,440)	(65,498,747)	(67,918,022)	(70,106,972)
TOTAL USE OF RESOURCES	(57,157,101)	(59,332,248)	(61,450,933)	(63,525,440)	(65,498,747)	(67,918,022)	(70,106,972)
YEAR END FUND BALANCE	2,568,683	2,116,008	4,116,008	4,116,008	4,116,008	4,116,008	4,116,008
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	4.3%	3.4%	6.3%	6.1%	5.9%	5.7%	5.5%

Assumptions:

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.
2. Fund Balance Policy equals one month's operating expenses, one payroll, and $1,500,000 for inventory in cash balance.
3. Operating budget expenditures grow with CPI.
4. Net profit growth is estimated at 2.5% per year.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Risk Management

FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Rate Adjustment			1.0%	0.0%	1.0%	2.0%	3.0%
BEGINNING FUND BALANCE	(3,502,762)	7,280,218	13,225,977	18,417,033	22,038,088	24,657,446	26,638,700
REVENUES							
Intergovernmental	449,676	411,683	415,800	415,800	419,958	428,357	441,208
Miscellaneous	1,162,780	1,632,940	1,632,940	1,632,940	1,632,940	1,632,940	1,632,940
Subtotal Revenues	1,612,456	2,044,623	2,048,740	2,048,740	2,052,898	2,061,297	2,074,148
INTERFUND TRANSFERS (Net Non-CIP)	68,040,091	64,391,560	65,035,476	65,035,476	65,685,830	66,999,547	69,009,533
Transfers Risk Management Fund	68,040,091	64,391,560	65,035,476	65,035,476	65,685,830	66,999,547	69,009,533
TOTAL RESOURCES	66,149,785	73,716,401	80,310,193	85,501,248	89,776,816	93,718,290	97,722,381
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(58,869,567)	(60,490,424)	(61,906,944)	(63,438,714)	(65,136,924)	(67,058,184)	(69,259,204)
Labor Agreement	n/a	0	(26,226)	(26,226)	(26,226)	(26,226)	(26,226)
Retiree Health Benefit Trust Pre-Funding	n/a	n/a	10	1,780	3,780	4,820	5,940
Claims Audit	n/a	n/a	40,000	0	40,000	0	40,000
Subtotal PSP Oper Budget Approp / Exp's	(58,869,567)	(60,490,424)	(61,893,160)	(63,463,160)	(65,119,370)	(67,079,590)	(69,239,490)
TOTAL USE OF RESOURCES	(58,869,567)	(60,490,424)	(61,893,160)	(63,463,160)	(65,119,370)	(67,079,590)	(69,239,490)
YEAR END FUND BALANCE	7,280,218	13,225,977	18,417,033	22,038,088	24,657,446	26,638,700	28,482,891
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	11.0%	17.9%	22.9%	25.8%	27.5%	28.4%	29.1%

Assumptions:

1. Risk Management contributions projected for this fund are adjusted as necessary to reflect the County's fiscal policy of maintaining an unrestricted net asset balance, in excess of claims 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.
2. Risk Management contributions to the Self-Insurance Fund are made annually based on an actuarial analysis and evaluation of exposures and prior claims expenses.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Printing and Mail Fund				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Assumption #6			4.5%	3.5%	4.5%	3.0%	4.0%
BEGINNING FUND BALANCE	(722,519)	201,067	271,623	281,370	306,792	309,573	332,126
REVENUES							
Charges For Services	8,746,200	7,980,159	8,339,266	8,631,140	9,019,542	9,290,128	9,661,733
Subtotal Revenues	8,746,200	7,980,159	8,339,266	8,631,140	9,019,542	9,290,128	9,661,733
TOTAL RESOURCES	8,023,681	8,181,226	8,610,889	8,912,511	9,326,334	9,599,701	9,993,860
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(7,822,614)	(7,909,603)	(8,313,907)	(8,595,606)	(9,012,849)	(9,266,883)	(9,666,513)
Labor Agreement	n/a	0	(15,632)	(15,632)	(15,632)	(15,632)	(15,632)
Retiree Health Insurance Pre-funding (OPEB)	n/a	n/a	20	5,520	11,720	14,940	18,400
Subtotal PSP Oper Budget Approp / Exp's	(7,822,614)	(7,909,603)	(8,329,519)	(8,605,718)	(9,016,761)	(9,267,575)	(9,663,745)
TOTAL USE OF RESOURCES	(7,822,614)	(7,909,603)	(8,329,519)	(8,605,718)	(9,016,761)	(9,267,575)	(9,663,745)
YEAR END FUND BALANCE	201,067	271,623	281,370	306,792	309,573	332,126	330,114
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.5%	3.3%	3.3%	3.4%	3.3%	3.5%	3.3%

Assumptions:

1. Printing, Mail, and Records Management/Imaging rates are adjusted to achieve cost recovery.
2. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here due to usage, inflation greater than CPI, future labor agreements, and other factors.
3. The fund balance for this internal service fund should be between 3% and 5%.

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY16-21 FISCAL PROJECTION	Estimate - FY15	Projected - FY16	Projected - FY17	Projected - FY18	Projected - FY19	Projected - FY20	Projected - FY21
BEGINNING BALANCE	28,579,209	9,002,377	2,306,622	7,500,595	13,649,623	15,116,194	16,459,185
REVENUES							
Premium Contributions	165,662,595	183,496,291	204,405,486	224,982,881	245,400,840	269,945,351	297,481,586
Premium Contributions: Retiree Insurance NDA	32,462,450	36,768,000	49,819,330	54,581,569	56,908,019	62,338,623	68,672,405
Investment Income	45,770	100,900	194,040	271,660	349,280	426,900	543,330
TOTAL REVENUES	198,170,815	220,365,191	254,418,856	279,836,111	302,658,140	332,710,874	366,697,321
FUND TRANSFER TO THE GENERAL FUND	(10,056,754)		-	-	-	-	-
TOTAL FUNDS AVAILABLE	216,693,271	229,367,568	256,725,478	287,336,706	316,307,762	347,827,068	383,156,506
EXPENDITURES							
Claims, Premiums, & Carrier Administration	204,066,350	223,082,708	245,047,733	269,301,076	296,586,261	326,532,310	359,749,790
Actives	131,905,150	143,830,821	157,883,365	173,463,233	191,151,620	210,525,253	232,029,177
Retirees	72,161,200	79,251,886	87,164,368	95,837,843	105,434,641	116,007,057	127,720,613
In-house expenses	3,624,543	3,978,238	4,177,150	4,386,007	4,605,308	4,835,573	5,077,352
TOTAL EXPENDITURES	207,690,893	227,060,946	249,224,883	273,687,083	301,191,568	331,367,883	364,827,142
ENDING BALANCE	9,002,377	2,306,622	7,500,595	13,649,623	15,116,194	16,459,185	18,329,364
TARGET FUND BALANCE (5% OF EXPENDITURES)	10,384,540	11,353,050	12,461,240	13,684,350	15,059,580	16,568,390	18,241,360
ENDING BALANCE AS % OF EXPENDITURES	4.3%	1.0%	3.0%	5.0%	5.0%	5.0%	5.0%

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Motor Pool				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	15.87%	15.98%	15.98%	15.98%	15.98%	15.98%	15.98%
CPI (Fiscal Year)	1.7%	2.0%	2.2%	2.3%	2.5%	2.8%	3.1%
Investment Income Yield	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
Rate Adjustment			3.0%	3.0%	2.5%	3.0%	3.5%
BEGINNING FUND BALANCE	3,648,023	3,761,956	3,071,794	2,777,213	2,883,531	2,851,259	2,858,961
REVENUES							
Charges For Services	81,753,268	76,361,362	78,652,203	81,011,769	83,037,063	85,528,175	88,521,661
Miscellaneous	694,080	778,070	801,412	825,454	846,091	871,474	901,975
Subtotal Revenues	82,447,348	77,139,432	79,453,615	81,837,223	83,883,154	86,399,649	89,423,636
TOTAL RESOURCES	86,095,371	80,901,388	82,525,409	84,614,437	86,766,685	89,250,907	92,282,598
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(82,333,415)	(77,829,594)	(79,700,704)	(81,719,064)	(83,943,794)	(86,441,214)	(89,278,994)
Labor Agreement	n/a	0	(110,112)	(110,112)	(110,112)	(110,112)	(110,112)
Retiree Health Insurance Pre-funding	n/a	n/a	160	35,810	76,020	96,920	119,320
Master lease	n/a	n/a	62,460	62,460	62,460	62,460	62,460
Subtotal PSP Oper Budget Approp / Exp's	(82,333,415)	(77,829,594)	(79,748,196)	(81,730,906)	(83,915,426)	(86,391,946)	(89,207,326)
TOTAL USE OF RESOURCES	(82,333,415)	(77,829,594)	(79,748,196)	(81,730,906)	(83,915,426)	(86,391,946)	(89,207,326)
YEAR END FUND BALANCE	3,761,956	3,071,794	2,777,213	2,883,531	2,851,259	2,858,961	3,075,272
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	4.4%	3.8%	3.4%	3.4%	3.3%	3.2%	3.3%

Assumptions:

1. Motor Pool rates are adjusted to achieve cost recovery and maintain a fund balance of approximately 3.0 percent of resources.
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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY16-21 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Enterprise Fund				
FISCAL PROJECTIONS	FY15 ESTIMATE	FY16 REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
BEGINNING FUND BALANCE	7,076,824	6,822,063	7,706,842	8,608,246	9,549,293	10,534,388	11,569,466
REVENUES							
Charges For Services	9,604,060	10,296,041	10,522,554	10,767,729	11,040,153	11,349,277	11,704,510
Miscellaneous	7,800	20,000	0	0	0	0	0
Subtotal Revenues	9,611,860	10,316,041	10,522,554	10,767,729	11,040,153	11,349,277	11,704,510
TOTAL RESOURCES	16,688,684	17,138,104	18,229,396	19,375,976	20,589,446	21,883,666	23,273,976
CIP CURRENT REVENUE APPROP.	(972,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)	(800,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,894,621)	(8,631,262)	(8,821,150)	(9,026,683)	(9,255,058)	(9,514,199)	(9,811,994)
Subtotal PSP Oper Budget Approp / Exp's	(8,894,621)	(8,631,262)	(8,821,150)	(9,026,683)	(9,255,058)	(9,514,199)	(9,811,994)
TOTAL USE OF RESOURCES	(9,866,621)	(9,431,262)	(9,621,150)	(9,826,683)	(10,055,058)	(10,314,199)	(10,611,994)
YEAR END FUND BALANCE	6,822,063	7,706,842	8,608,246	9,549,293	10,534,388	11,569,466	12,661,982
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	40.9%	45.0%	47.2%	49.3%	51.2%	52.9%	54.4%

Assumptions:

1. CIP current revenue figures reflect M-NCPPC estimated expenditures.
2. On November 7, 2000, M-NCPPC adopted a fund balance policy requiring a minimum cash balance equal to 10 percent of operating revenues plus one year's debt service.
3. All labor and operating costs are shown as operating costs since M-NCPPC is not a component of Montgomery County Government.
4. Revenues and expenditures are assumed to be increased by inflation.

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.

WSSC PROPOSED BUDGET: SIX-YEAR FORECAST FOR WATER AND SEWER OPERATING FUNDS

FISCAL PROJECTIONS	FY15 ESTIMATED	FY16 PROPOSED	FY16 CE REC	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION
SPENDING AFFORDABILITY RESULTS								
New Water and Sewer Debt ($millions)	$384.6	$445.5	$445.5	$416.4	$422.3	$332.5	$284.2	$224.6
Total Water and Sewer Operating Expenses ($millions)	$678.1	$693.6	$693.6	$725.9	$780.1	$825.5	$870.6	$909.9
Debt Service ($millions)	$227.0	$235.5	$235.5	$256.2	$280.5	$297.5	$313.9	$324.5
Average Water and Sewer Rate Increase	5.50%	1.00%	6.00%	7.90%	8.50%	6.60%	6.10%	5.30%
BEGINNING FUND BALANCE ($000)	132,932	105,039	105,039	64,830	12,455	-47,781	-98,883	-149,736
REVENUES ($000)								
Water and Sewer Rate Revenue	586,255	583,375	577,576	612,029	660,278	716,389	763,367	810,095
Interest Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Account Maintenance Fee	22,900	32,374	23,138	23,461	23,584	23,707	23,831	23,954
Infrastructure Investment Fee	0	19,418	0	0	0	0	0	0
Miscellaneous	26,574	26,693	26,693	27,084	27,163	27,357	27,513	27,732
Total Revenues	636,729	662,860	628,407	663,574	712,025	768,453	815,711	862,781
SDC Debt Service Offset	1,167	728	728	207	0	0	0	0
Reconstruction Debt Service Offset (REDO)	10,000	8,500	8,500	6,375	4,250	2,125	0	0
Use of Prior Year Net Revenue	30,193	21,486	21,486	7,525	7,725	7,925	8,125	4,200
TOTAL FUNDS AVAILABLE	678,089	693,574	659,121	677,681	724,000	778,503	823,836	866,981
EXPENDITURES ($000)								
Salaries and Wages	107,087	112,715	112,715	119,010	124,961	131,209	136,673	144,656
Heat, Light, and Power	22,906	23,353	23,353	25,473	26,513	27,951	28,726	29,916
Regional Sewage Disposal	55,176	54,895	54,895	56,926	59,032	61,216	63,481	65,830
Debt Service	227,042	227,042	217,612	256,185	251,157	297,462	313,938	324,521
PAYGO	19,996	18,271	18,271	23,222	32,255	38,735	44,407	49,143
All Other	243,582	250,998	250,998	241,715	282,593	265,107	279,339	291,656
Reserve Contribution	2,300	6,300	6,300	3,400	3,600	3,800	4,000	4,200
TOTAL USE OF RESOURCES	678,089	693,574	684,144	725,931	780,111	825,480	870,564	909,922
REVENUE/EXPENDITURE SURPLUS/(GAP)	0	0	(25,023)	(48,250)	(56,111)	(46,977)	(46,728)	(42,941)
YEAR END FUND BALANCE w/o additional reserve contribution	102,739	83,553	58,530	9,055	(51,381)	(102,683)	(153,736)	(196,877)
Additional Reserve Contribution	2,300	6,300	6,300	3,400	3,600	3,800	4,000	4,200
TOTAL YEAR END FUND BALANCE	105,039	89,853	64,830	12,455	(47,781)	(98,883)	(149,736)	(192,677)
Debt Service as a Percentage of Water and Sewer Operating Budget	33.5%	32.7%	31.8%	35.3%	32.2%	36.0%	36.1%	35.7%
Estimated Water Production (MGD)	164.0	166.0	166.0	166.0	166.0	166.0	166.0	166.0
Total End of Fiscal Year Operating Reserve	53,300	59,600	59,600	63,000	66,600	70,400	74,400	78,600
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	9.1%	10.2%	10.3%	10.3%	10.1%	9.8%	9.7%	9.7%
Total Workyears (all funds)	1,545	1,747	1,747	--	--	--	--	--

Assumptions:

1. The County Executive's operating budget recommendation is for FY16 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
2. The FY17-21 projections reflect WSSC's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended budget for WSSC. The projected expenditures, revenues, and fund balances for these years may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed in the County Executive's Recommended FY16 water and sewer operating budget for WSSC.
3. The FY15 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY15 budget jointly approved by Montgomery and Prince George's counties. The FY16 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC's proposed FY16 budget. The FY16 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC budget for FY16. The FY17-21 spending affordability figures correspond to the values of the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year and are provided by WSSC.
4. The total FY15 estimated workyears shown correspond to the actual workyears as of December, 2014.
5. Estimates of revenue in FY17-21 assume the rate increases projected by WSSC in the Average Water and Sewer Rate Increase line.

APPENDICES

- Change in Ending Fund Balance
- Trends & Projections
- Changes in Assumptions: Economic, Demographic, and Revenues
- Revenue Summary
- Non Agency Uses of Resources
- Productivity Improvements
- Revenues
- PSP Fiscal Policy
- CIP Fiscal Policy
- Glossary
- Acronyms

Change in Ending Fund Balance

	FY15 Approved Ending Fund Balance	FY16 Projected Ending Fund Balance	Change in Fund Balance	% Change
Tax Supported				
Montgomery County Government				
County General Fund	149,286,792	147,157,691	-2,129,101	-1.43 %
Bethesda Urban District	91,099	75,485	-15,614	-17.14 %
Silver Spring Urban District	46,721	84,945	38,224	81.81 %
Wheaton Urban District	25,223	50,069	24,846	98.51 %
Mass Transit	144,593	190,434	45,841	31.70 %
Fire	113,751	198,741	84,990	74.72 %
Recreation	192,178	487,893	295,715	153.88 %
Revenue Stabilization Fund	229,829,290	254,879,526	25,050,236	10.90 %
Montgomery College				
Current Fund MC	4,023,113	584,292	-3,438,821	-85.48 %
Emergency Repair Fund	566,072	541,911	-24,161	-4.27 %
M-NCPPC				
Administration Fund	1,084,082	1,056,404	-27,678	-2.55 %
Park Fund	3,017,613	3,271,262	253,649	8.41 %
Non-Tax Supported				
Montgomery County Government				
Water Quality Protection Fund	10,043,829	4,462,996	-5,580,833	-55.56 %
Cable Television	398,186	298,964	-99,222	-24.92 %
Community Use of Public Facilities	4,010,780	5,269,695	1,258,915	31.39 %
Bethesda Parking District	8,331,218	9,897,395	1,566,177	18.80 %
Montgomery Hills Parking District	80,306	78,035	-2,271	-2.83 %
Silver Spring Parking District	13,421,706	19,202,327	5,780,621	43.07 %
Wheaton Parking District	805,837	1,442,816	636,979	79.05 %
Permitting Services	10,029,146	9,363,056	-666,090	-6.64 %
Solid Waste Collection	1,068,636	1,211,535	142,899	13.37 %
Vacuum Leaf Collection	377,711	548,481	170,770	45.21 %
Liquor Control	2,429,025	2,116,008	-313,017	-12.89 %

Explanation of Changes in Fund Balance Greater Than 10%

- Bethesda Urban District: The change in fund balance is to meet the policy level of 2.5% of resources.
- Silver Spring Urban District: The change in fund balance is to meet the policy level of 2.5% of resources.
- Revenue Stabilization Fund: The increase in fund balance is due to legally required contributions of 0.5 percent of Adjusted Governmental Revenues.
- Mass Transit, Fire, and Recreation: The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of the prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.
- Current Fund MC: The FY16 recommended budget assumes additional use of fund balance.
- Water Quality Protection Fund: The change in fund balance reflects anticipated capital program expenditures, and adjustments necessary to maintain rate stability. The fund balance is consistent with policy and debt service coverage requirements.
- Cable Television: The ending fund balance was below the adopted policy level for this fund. The multi-year fiscal plan assumes gradual buildup of fund balance to the policy level.
- Vacuum Leaf Collection: The increase in fund balance is to meet the policy level for this fund.
- Community Use of Public Facilities: Higher ending fund balance reflects unexpected prior year carryover.
- Solid Waste Collection: The change in fund balance reflects prior use of accumulated reserves for planned construction projects. The projected ending fund balance is consistent with policy.

Explanation of Changes in Fund Balance Greater Than 10% (Continued)

- Bethesda Parking District: The change in fund balance reflects the recommended restructuring of the Parking District tax rate.
- Silver Spring Parking District: The change in fund balance reflects the recommended restructuring of the Parking District tax rate.
- Wheaton Parking District: Higher ending fund balance reflects unexpected prior year carryover.
- Liquor Control: The FY16 recommended budget assumes additional use of fund balance.

TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
POPULATION	1,018,000	1,020,000	1,029,200	1,038,000	1,047,000	1,056,000	1,067,000	1,075,000
Annual Increase	8,200	2,000	9,200	8,800	9,000	9,000	11,000	8,000
Population Growth Since 2007	8.1%	8.3%	9.3%	10.3%	11.2%	12.2%	13.3%	14.2%
County Resident Births (Prior Calendar Year)	13,050	13,150	13,250	13,350	13,450	13,500	13,550	13,550
HOUSEHOLDS	371,000	377,500	381,000	385,000	389,000	393,000	397,000	401,000
Household Annual Growth (%)	1.2%	1.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Household Growth Since 2007	5.2%	7.0%	8.0%	9.2%	10.3%	11.4%	12.6%	13.7%
Household Growth Since 1992	27.4%	29.6%	30.8%	32.2%	33.6%	35.0%	36.3%	37.7%
Household Size	2.74	2.70	2.70	2.70	2.69	2.69	2.69	2.68
RESIDENT EMPLOYMENT (Jan = Calendar Year)	506,300	508,100	522,600	534,400	539,400	542,900	546,400	550,000
Resident Employment Annual Growth (%)	-0.8%	0.4%	2.9%	2.3%	0.9%	0.6%	0.6%	0.7%
Resident Employment Growth Since 2007	0.7%	1.0%	3.9%	6.3%	7.3%	8.0%	8.6%	9.4%
Resident Employment Per Household	1.36	1.35	1.37	1.39	1.39	1.38	1.38	1.37
Jobs in County	527,700	534,600	540,000	545,400	550,900	556,300	561,700	567,900
PERSONAL INCOME ($ Millions)	$75,940	$79,300	$83,360	$86,850	$89,720	$92,260	$95,970	$99,870
Per Capita Personal Income	$74,600	$77,750	$81,010	$83,670	$85,690	$87,370	$89,940	$92,900
Annual Growth (%)	0.7%	4.2%	4.2%	3.3%	2.4%	2.0%	2.9%	3.3%
CONSUMER PRICE INDEX (CPI) - Fiscal Year	1.72%	1.72%	1.98%	2.20%	2.33%	2.53%	2.80%	3.13%
Inflation Growth (Fiscal Year) Since 2007	-49.0%	-49.0%	-41.2%	-34.7%	-30.9%	-24.9%	-16.9%	-7.1%
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)	1.64%	1.80%	2.15%	2.25%	2.40%	2.65%	2.95%	3.30%
ASSESSABLE TAX BASE ($ Millions)	$163,601	$168,372	$175,060	$181,910	$190,526	$196,972	$203,828	$212,125
Annual Growth (%)	1.1%	2.9%	4.0%	3.9%	4.7%	3.4%	3.5%	4.1%
Growth of Base Since 1992 (%)	173.5%	181.5%	192.6%	204.1%	218.5%	229.3%	240.7%	254.6%
Growth of Base Since 2007 (%)	26.2%	29.9%	35.0%	40.3%	46.9%	51.9%	57.2%	63.6%
INVESTMENT INCOME YIELD (%)	0.15%	0.17%	0.65%	1.25%	1.75%	2.25%	2.75%	3.50%
MCPS ENROLLMENT (Sept = Calendar Year)	151,289	154,230	156,494	158,813	160,883	162,363	164,036	165,358
Annual Growth (%)	1.5%	1.9%	1.5%	1.5%	1.3%	0.9%	1.0%	0.8%
Annual Increase (Decrease)	2,238	2,941	2,264	2,319	2,070	1,480	1,673	1,322
MONTGOMERY COLLEGE ENROLLMENTS (a)	25,517	24,727	24,364	24,135	24,420	24,654	24,654	24,654
Annual Growth (%)	-7.1%	-3.1%	-1.5%	-0.9%	1.2%	1.0%	0.0%	0.0%
Full Time Equivalents (Sept = Calendar Year) (b)	21,409	21,056	20,587	20,392	20,288	20,519	20,717	20,717
Annual Growth in FTE's (%)	-4.1%	-1.6%	-2.2%	-0.9%	-0.5%	1.1%	1.0%	0.0%

(a) Projections related to Montgomery College Enrollments are provided by Montgomery College and only include projections through FY19. Since no projections are provided for FY20 or FY21, the projections for FY19 were used for FY20 and FY21.

(b) Projections related to Montgomery College Full Time Equivalents are provided by Montgomery College and only include projections through FY20. Since no projections are provided for FY21, the projections for FY20 were used for FY21.

Changes in Assumptions: Economic, Demographic, and Revenues
December 2008 through March 2015

A	F Approved FY15	F Estimated FY15	G % Chg. FY15-16	H Projected FY16	I % Chg. FY16-17	J Projected FY17	K % Chg. FY17-18	L Projected FY18	M % Chg. FY18-19	N Projected FY19	M % Chg. FY19-20	N Projected FY20	M % Chg. FY20-21	N Projected FY21
Population														
December, 2008	1,025,000	1,025,000		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	1,025,000	1,025,000		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	1,025,000	1,025,000	1.0%	1,035,000		n/a		n/a		n/a		n/a		n/a
March, 2010	1,025,000	1,025,000	1.0%	1,035,000		n/a		n/a		n/a		n/a		n/a
December 2010	1,001,000	1,001,000	0.9%	1,010,450	0.0%	1,010,940		n/a		n/a		n/a		n/a
March 2011	1,001,000	1,001,000	0.9%	1,010,450	0.0%	1,010,940		n/a		n/a		n/a		n/a
December 2011	1,017,000	1,017,000	0.9%	1,026,380	0.9%	1,035,850	0.9%	1,045,400		n/a		n/a		n/a
March 2012	1,017,000	1,017,000	0.9%	1,026,380	0.9%	1,035,850	0.9%	1,045,000		n/a		n/a		n/a
December 2012	1,015,400	1,015,400	1.0%	1,025,160	1.0%	1,035,020	1.0%	1,044,970	1.0%	1,055,010		n/a		n/a
March 2013	1,015,440	1,015,440	1.0%	1,025,250	1.0%	1,035,150	1.0%	1,045,150	1.0%	1,055,250		n/a		n/a
December 2013	1,016,900	1,016,900	0.8%	1,024,600	1.0%	1,034,500	1.0%	1,044,500	1.0%	1,054,600	1.0%	1,064,800		n/a
March 2014	1,020,000	1,020,000	0.9%	1,029,200	0.9%	1,038,500	0.9%	1,047,900	0.9%	1,057,400	0.9%	1,067,000		n/a
December 2014	1,020,000	1,020,000	0.9%	1,029,000	0.9%	1,038,000	0.9%	1,047,000	0.9%	1,056,000	1.0%	1,067,000	0.7%	1,075,000
March 2015	1,020,000	1,020,000	0.9%	1,029,200	0.9%	1,038,000	0.9%	1,047,000	0.9%	1,056,000	1.0%	1,067,000	0.7%	1,075,000
MOE Enrollment														
December, 2008	141,068	141,068		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	141,068	141,068		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	142,868	142,868	0.8%	143,989		n/a		n/a		n/a		n/a		n/a
March, 2010	142,868	142,868	0.8%	143,989		n/a		n/a		n/a		n/a		n/a
December 2010	147,506	147,506	1.1%	149,129	1.1%	150,791		n/a		n/a		n/a		n/a
March 2011	147,506	147,506	1.1%	149,129	1.1%	150,791		n/a		n/a		n/a		n/a
December 2011	151,966	151,966	0.8%	153,122	0.9%	154,495	1.0%	156,020		n/a		n/a		n/a
March 2012	151,966	151,966	0.8%	153,122	0.9%	154,495	1.0%	156,020		n/a		n/a		n/a
December 2012	152,590	152,590	1.2%	154,413	0.9%	155,798	1.3%	157,765	1.1%	159,433		n/a		n/a
March 2013	152,590	152,590	1.2%	154,413	0.9%	155,798	1.3%	157,765	1.1%	159,433		n/a		n/a
December 2013	154,178	154,178	1.2%	155,969	1.0%	157,592	1.0%	159,206	0.9%	160,683	1.0%	162,255		n/a
March 2014	154,178	154,178	1.2%	155,969	1.0%	157,592	1.0%	159,206	0.9%	160,683	1.0%	162,255		n/a
December 2014	154,178	154,230	1.5%	156,494	1.5%	158,813	1.3%	160,883	0.9%	162,363	1.0%	164,036	0.8%	165,358
March 2015	154,178	154,230	1.5%	156,494	1.5%	158,813	1.3%	160,883	0.9%	162,363	1.0%	164,036	0.8%	165,358

Changes in Assumptions: Economic, Demographic, and Revenues
December 2008 through March 2015

A	F Approved FY15	F Estimated FY15	G % Chg. FY15-16	H Projected FY16	I % Chg. FY16-17	J Projected FY17	K % Chg. FY17-18	L Projected FY18	M % Chg. FY18-19	N Projected FY19	M % Chg. FY19-20	N Projected FY20	M % Chg. FY20-21	N Projected FY21
College Enrollment (FTE)														
December, 2008	21,404	21,404		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	21,404	21,404		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	22,770	22,770	0.0%	22,770		n/a		n/a		n/a		n/a		n/a
March, 2010	22,770	22,770	0.0%	22,770		n/a		n/a		n/a		n/a		n/a
December 2010	22,753	22,753	0.8%	22,936	0.0%	22,936		n/a		n/a		n/a		n/a
March 2011	22,753	22,753	0.8%	22,936	0.0%	22,936		n/a		n/a		n/a		n/a
December 2011	23,334	23,334	0.9%	23,554	0.3%	23,628	0.0%	23,628		n/a		n/a		n/a
March 2012	23,334	23,334	0.9%	23,554	0.3%	23,628	0.0%	23,628		n/a		n/a		n/a
December 2012	23,128	23,128	0.1%	23,158	0.4%	23,258	-0.2%	23,206	0.0%	23,206		n/a		n/a
March 2013	23,128	23,128	0.1%	23,158	0.4%	23,258	-0.2%	23,206	0.0%	23,206		n/a		n/a
December 2013	23,128	23,128	0.1%	23,158	0.4%	23,258	-0.2%	23,206	0.0%	23,206	0.0%	23,206		n/a
March 2014	21,653	21,653	-0.5%	21,535	-0.5%	21,437	-0.2%	21,387	0.5%	21,499	0.0%	21,499		n/a
December 2014	21,653	21,056	-4.9%	20,587	-0.9%	20,392	-0.5%	20,288	1.1%	20,519	1.0%	20,717	0.0%	20,717
March 2015	21,653	21,056	-4.9%	20,587	-0.9%	20,392	-0.5%	20,288	1.1%	20,519	1.0%	20,717	0.0%	20,717
CPI (Fiscal Year)														
December, 2008	2.5%	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	2.5%	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	3.4%	3.4%	5.9%	3.6%		n/a		n/a		n/a		n/a		n/a
March, 2010	2.8%	2.8%	7.1%	3.0%		n/a		n/a		n/a		n/a		n/a
December 2010	2.9%	2.9%	3.4%	3.0%	0.0%	3.0%		n/a		n/a		n/a		n/a
March 2011	3.2%	3.2%	6.3%	3.4%	5.9%	3.6%		n/a		n/a		n/a		n/a
December 2011	2.8%	2.8%	-3.6%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a		n/a		n/a
March 2012	2.9%	2.9%	-7.0%	2.7%	0.0%	2.7%	1.9%	2.7%		n/a		n/a		n/a
December 2012	2.6%	2.6%	11.3%	2.9%	9.8%	3.1%	8.9%	3.4%	8.5%	3.7%		n/a		n/a
March 2013	2.4%	2.4%	13.8%	2.7%	15.4%	3.2%	9.5%	3.5%	8.1%	3.7%		n/a		n/a
December 2013	2.2%	2.2%	13.6%	2.5%	16.0%	2.9%	13.8%	3.3%	12.1%	3.7%	10.8%	4.1%		n/a
March 2014	2.0%	2.0%	9.4%	2.2%	13.5%	2.5%	4.4%	2.6%	-7.6%	2.4%	-6.2%	2.3%		n/a
December 2014	2.0%	1.7%	-13.3%	1.8%	8.5%	1.9%	7.3%	2.1%	7.3%	2.2%	5.5%	2.3%	4.3%	2.4%
March 2015	2.0%	1.7%	-2.5%	2.0%	11.1%	2.2%	5.9%	2.3%	8.6%	2.5%	10.7%	2.8%	11.8%	3.1%

Changes in Assumptions: Economic, Demographic, and Revenues
December 2008 through March 2015

A	F Approved FY15	F Estimated FY15	G % Chg. FY15-16	H Projected FY16	I % Chg. FY16-17	J Projected FY17	K % Chg. FY17-18	L Projected FY18	M % Chg. FY18-19	N Projected FY19	M % Chg. FY19-20	N Projected FY20	M % Chg. FY20-21	N Projected FY21
Growth Resident Employment (%)														
December, 2008	0.8%	0.8%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	0.6%	0.6%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	1.2%	1.2%	-150.0%	-0.6%		n/a		n/a		n/a		n/a		n/a
March, 2010	1.3%	1.3%	15.4%	1.5%		n/a		n/a		n/a		n/a		n/a
December 2010	1.3%	1.3%	-15.4%	1.1%	18.2%	1.3%		n/a		n/a		n/a		n/a
March 2011	1.2%	1.2%	-16.7%	1.0%	0.0%	1.0%		n/a		n/a		n/a		n/a
December 2011	1.9%	1.9%	-10.5%	1.7%	-23.5%	1.3%	15.4%	1.5%		n/a		n/a		n/a
March 2012	2.5%	2.5%	-12.0%	2.2%	-45.5%	1.2%	-41.7%	0.7%		n/a		n/a		n/a
December 2012	1.8%	1.8%	0.0%	1.8%	-61.1%	0.7%	-100.0%	0.0%	n/a	1.0%		n/a		n/a
March 2013	1.9%	1.9%	0.0%	1.9%	-42.1%	1.1%	-72.7%	0.3%	0.0%	0.3%		n/a		n/a
December 2013	1.4%	1.4%	-7.1%	1.3%	-30.8%	0.9%	33.3%	1.2%	0.0%	1.2%	0.0%	1.2%		n/a
March 2014	1.1%	1.1%	18.2%	1.3%	38.5%	1.8%	-44.4%	1.0%	-40.0%	0.6%	16.7%	0.7%		n/a
December 2014	1.1%	1.0%	36.4%	1.5%	-13.3%	1.3%	-23.1%	1.0%	-30.0%	0.7%	14.3%	0.8%	12.5%	0.9%
March 2015	1.1%	0.4%	163.6%	2.9%	-20.7%	2.3%	-60.9%	0.9%	-33.3%	0.6%	0.0%	0.6%	16.7%	0.7%
Personal Income (CY)														
December, 2008	92,900	92,900		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	89,500	89,500		n/a		n/a		n/a		n/a		n/a		n/a
December 2009	89,720	89,720	5.7%	94,820		n/a		n/a		n/a		n/a		n/a
March 2010	86,150	86,150	4.1%	89,650		n/a		n/a		n/a		n/a		n/a
December 2010	88,270	88,270	4.4%	92,130	4.5%	96,240		n/a		n/a		n/a		n/a
March 2011	86,130	86,130	4.8%	90,230	4.9%	94,680		n/a		n/a		n/a		n/a
December 2011	86,070	86,070	4.2%	89,690	3.4%	92,760	3.7%	96,220		n/a		n/a		n/a
March 2012	84,290	84,290	4.6%	88,170	3.4%	91,180	3.1%	93,980		n/a		n/a		n/a
December 2012	83,370	83,370	5.7%	88,120	4.2%	91,810	3.2%	94,730	4.4%	98,910		n/a		n/a
March 2013	82,290	82,290	5.9%	87,120	5.0%	91,510	4.3%	95,440	4.3%	99,550		n/a		n/a
December 2013	79,820	79,820	4.8%	83,650	5.1%	87,950	4.2%	91,670	4.0%	95,360	4.2%	99,330		n/a
March 2014	82,700	82,700	5.6%	87,310	5.1%	91,730	3.2%	94,670	3.1%	97,610	3.2%	100,730		n/a
December 2014	82,700	79,200	0.7%	83,250	4.8%	87,270	4.3%	91,060	2.9%	93,740	3.0%	96,560	3.5%	99,920
March 2015	82,700	79,300	0.8%	83,360	4.2%	86,850	3.3%	89,720	2.8%	92,260	4.0%	95,970	4.1%	99,870

Changes in Assumptions: Economic, Demographic, and Revenues
December 2008 through March 2015

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Property Tax Revenues														
December, 2008	1,705.7	1,705.7		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	1,695.5	1,695.5		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	1,664.2	1,664.2	2.0%	1,696.9		n/a		n/a		n/a		n/a		n/a
March, 2010	1,635.9	1,635.9	2.4%	1,675.1		n/a		n/a		n/a		n/a		n/a
December 2010	1,613.7	1,613.7	3.5%	1,670.3	3.8%	1,733.1		n/a		n/a		n/a		n/a
March 2011	1,601.5	1,601.5	3.6%	1,659.3	4.1%	1,727.6		n/a		n/a		n/a		n/a
December 2011	1,576.9	1,576.9	3.4%	1,631.0	3.7%	1,692.1	3.0%	1,743.7		n/a		n/a		n/a
March 2012	1,553.2	1,553.2	3.5%	1,608.2	3.5%	1,664.5	3.1%	1,715.4		n/a		n/a		n/a
December 2012	1,537.2	1,537.2	2.9%	1,581.6	3.5%	1,637.3	3.6%	1,696.6	3.7%	1,758.7		n/a		n/a
March 2013	1,544.3	1,544.3	2.8%	1,587.8	2.9%	1,633.6	3.4%	1,688.6	3.8%	1,752.7		n/a		n/a
December 2013	1,537.9	1,537.9	2.7%	1,579.1	2.9%	1,625.3	3.1%	1,676.4	3.6%	1,736.2	3.9%	1,804.7		n/a
March 2014	1,538.9	1,538.9	2.5%	1,577.2	2.8%	1,621.1	2.8%	1,666.2	3.2%	1,720.1	3.0%	1,771.5		n/a
December 2014	1,538.9	1,535.7	2.3%	1,574.8	2.7%	1,616.8	2.9%	1,662.9	3.1%	1,715.2	3.4%	1,772.7	3.1%	1,827.9
March 2015	1,538.9	1,534.6	2.8%	1,582.6	2.6%	1,624.2	2.8%	1,670.2	3.0%	1,720.1	3.3%	1,777.2	3.0%	1,830.9
Income Tax Revenues														
December, 2008	1,809.3	1,809.3		n/a		n/a		n/a		n/a		n/a		n/a
March, 2009	1,679.3	1,679.3		n/a		n/a		n/a		n/a		n/a		n/a
December, 2009	1,533.1	1,533.1	7.6%	1,649.1		n/a		n/a		n/a		n/a		n/a
March, 2010	1,536.1	1,536.1	7.8%	1,656.3		n/a		n/a		n/a		n/a		n/a
December 2010	1,321.9	1,321.9	5.2%	1,390.7	4.1%	1,447.5		n/a		n/a		n/a		n/a
March 2011	1,337.6	1,337.6	6.7%	1,427.5	5.0%	1,498.7		n/a		n/a		n/a		n/a
December 2011	1,379.7	1,379.7	3.9%	1,433.8	3.6%	1,485.5	4.1%	1,547.1		n/a		n/a		n/a
March 2012	1,364.4	1,364.4	4.7%	1,428.8	3.6%	1,480.0	4.2%	1,541.5		n/a		n/a		n/a
December 2012	1,363.9	1,363.9	4.2%	1,421.8	7.0%	1,521.1	6.2%	1,615.7	3.7%	1,675.5		n/a		n/a
March 2013	1,285.7	1,285.7	10.1%	1,415.4	6.8%	1,511.7	6.7%	1,613.6	5.1%	1,695.4		n/a		n/a
December 2013	1,324.1	1,324.1	8.7%	1,439.1	5.2%	1,513.8	6.2%	1,608.1	5.4%	1,695.1	5.2%	1,783.8		n/a
March 2014	1,340.6	1,340.6	9.9%	1,473.5	5.4%	1,553.5	5.4%	1,636.9	4.5%	1,710.6	3.2%	1,765.7		n/a
December 2014	1,340.6	1,325.7	1.1%	1,355.5	11.9%	1,516.5	5.3%	1,597.5	4.3%	1,665.4	3.4%	1,722.0	3.2%	1,776.4
March 2015	1,340.6	1,333.1	7.7%	1,443.4	5.6%	1,524.7	5.8%	1,613.7	4.9%	1,692.6	3.8%	1,757.6	3.5%	1,819.1

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
($ Millions)

	KEY REVENUE CATEGORIES	App FY15	Estimate FY15	% Chg. FY15-16	Rec FY16	% Chg. FY16-17	Projected FY17	% Chg. FY17-18	Projected FY18	% Chg. FY18-19	Projected FY19	% Chg. FY19-20	Projected FY20	% Chg. FY20-21	Projected FY21
	TAXES	5-22-14		App/Rec	3-16-15										
1	Property Tax	1,538.9	1,534.6	2.8%	1,582.6	2.6%	1,624.2	2.8%	1,670.2	3.0%	1,720.1	3.3%	1,777.2	3.0%	1,831.0
2	Income Tax	1,340.6	1,333.1	7.7%	1,443.4	5.6%	1,524.7	5.8%	1,613.7	4.9%	1,692.6	3.8%	1,757.6	3.5%	1,819.1
3	Transfer Tax	97.9	88.7	-1.7%	96.2	13.7%	109.4	5.9%	115.9	6.0%	122.8	3.9%	127.6	4.8%	133.8
4	Recordation Tax	62.8	52.9	-8.3%	57.6	15.0%	66.3	6.4%	70.5	7.1%	75.5	2.0%	77.0	5.0%	80.9
5	Energy Tax	209.2	203.5	-1.4%	206.2	0.8%	207.9	1.1%	210.1	0.6%	211.4	0.5%	212.5	0.7%	214.0
6	Telephone Tax	47.8	49.6	5.4%	50.4	1.8%	51.3	1.0%	51.8	1.4%	52.5	1.3%	53.2	1.5%	54.0
7	Hotel/Motel Tax	17.5	19.6	16.1%	20.3	3.6%	21.1	3.4%	21.8	3.3%	22.5	3.2%	23.2	4.1%	24.2
8	Admissions Tax	3.2	3.0	1.1%	3.2	6.4%	3.5	4.1%	3.6	6.2%	3.8	6.3%	4.1	6.6%	4.3
9	**Total Local Taxes**	**3,318.0**	**3,285.1**	**4.3%**	**3,460.1**	**4.3%**	**3,608.3**	**4.1%**	**3,757.6**	**3.8%**	**3,901.3**	**3.4%**	**4,032.4**	**3.2%**	**4,161.2**
	INTERGOVERNMENTAL AID														
10	Highway User	3.6	3.5	-0.1%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6	0.0%	3.6
11	Police Protection	13.9	13.9	-1.2%	13.8	0.0%	13.8	0.0%	13.8	0.0%	13.8	0.0%	13.8	0.0%	13.8
12	Libraries	5.5	4.8	-6.9%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1	0.0%	5.1
13	Health Services Case Formula	4.4	4.4	-9.9%	4.0	0.0%	4.0	0.0%	4.0	0.0%	4.0	0.0%	4.0	0.0%	4.0
14	Mass Transit	39.4	39.4	1.1%	39.8	0.0%	39.8	0.0%	39.8	0.0%	39.8	0.0%	39.8	0.0%	39.8
15	Public Schools	618.8	618.8	0.8%	623.7	0.0%	623.7	0.0%	623.7	0.0%	623.7	0.0%	623.7	0.0%	623.7
16	Community College	34.2	33.0	-1.5%	33.7	0.0%	33.7	0.0%	33.7	0.0%	33.7	0.0%	33.7	0.0%	33.7
17	Other	38.3	50.7	38.9%	53.3	-21.6%	41.8	0.0%	41.8	0.0%	41.8	0.0%	41.8	0.0%	41.8
18	**Total Intergovernmental Aid**	**758.1**	**768.5**	**2.5%**	**776.8**	**-1.5%**	**765.3**	**0.0%**	**765.3**	**0.0%**	**765.3**	**0.0%**	**765.3**	**0.0%**	**765.3**
	FEES AND FINES														
19	Licenses & Permits	12.6	11.7	3.3%	13.0	1.5%	13.2	1.5%	13.4	1.5%	13.6	1.5%	13.8	1.5%	14.0
20	Charges for Services	69.1	68.8	4.0%	71.9	1.8%	73.2	1.9%	74.5	2.0%	76.0	2.2%	77.7	2.5%	79.7
21	Fines & Forfeitures	22.0	24.3	10.3%	24.3	1.6%	24.7	1.6%	25.1	1.6%	25.5	1.6%	25.9	1.6%	26.3
22	Montgomery College Tuition	83.7	81.6	-0.4%	83.3	1.8%	84.8	1.9%	86.3	2.0%	88.1	2.2%	90.1	2.5%	92.3
23	**Total Fees and Fines**	**187.4**	**186.4**	**2.7%**	**192.5**	**1.7%**	**195.8**	**1.8%**	**199.4**	**1.9%**	**203.2**	**2.1%**	**207.5**	**2.3%**	**212.3**
	MISCELLANEOUS														
24	Investment Income	0.5	0.6	296.9%	2.1	86.4%	3.9	38.2%	5.4	27.8%	6.8	21.8%	8.3	26.5%	10.5
25	Other Miscellaneous	10.3	15.9	13.0%	11.6	2.2%	11.9	2.3%	12.2	2.5%	12.5	2.8%	12.8	3.1%	13.2
26	**Total Miscellaneous**	**10.8**	**16.5**	**26.8%**	**13.7**	**15.0%**	**15.8**	**11.2%**	**17.5**	**10.3%**	**19.3**	**9.5%**	**21.1**	**12.3%**	**23.8**
27	**TOTAL REVENUES**	**4,274.3**	**4,256.4**	**3.9%**	**4,443.1**	**3.2%**	**4,585.2**	**3.4%**	**4,739.9**	**3.1%**	**4,889.2**	**2.8%**	**5,026.4**	**2.7%**	**5,162.6**
28															
	Calculation for Adjusted Governmental Revenues														
29	**Total Tax Supported Revenues**	**4,274.3**	**4,256.4**	**3.9%**	**4,443.1**	**3.2%**	**4,585.2**	**3.4%**	**4,739.9**	**3.1%**	**4,889.2**	**2.8%**	**5,026.4**	**2.7%**	**5,162.6**
30	**Capital Projects Fund**	**123.4**	**123.4**	**0.2%**	**123.6**	**-12.4%**	**108.2**	**-7.7%**	**99.9**	**-2.2%**	**97.7**	**7.7%**	**105.2**	**0.0%**	**105.2**
31	**Grants**	**116.6**	**116.6**	**2.9%**	**120.1**	**2.2%**	**122.7**	**2.3%**	**125.6**	**2.5%**	**128.7**	**2.8%**	**132.3**	**3.1%**	**136.5**
32	**MCG Adjusted Revenues**	**4,514.3**	**4,496.4**	**3.8%**	**4,686.8**	**2.8%**	**4,816.2**	**3.1%**	**4,965.3**	**3.0%**	**5,115.6**	**2.9%**	**5,264.0**	**2.7%**	**5,404.3**

FY16-21 Fiscal Plan
Non Agency Uses of Resources

- Capital Investment (CIP Current Revenue and PAYGO) and Debt Service are based on the latest Executive Recommendation (current through March 16, 2015). Additional changes may be transmitted to the County Council in April 2015.
- FY16-21 Retiree Health Insurance Pre-Funding is fully funded based on the latest actuarial funding schedule (the actuarial valuation as of July 1, 2014).
- Revenue Stabilization (Rainy Day) Fund balance is projected at $254.9 million at the end of FY16. The mandatory contribution is estimated to be $24.2 million in FY16. Additional mandatory contributions are projected consistent with the Revenue Stabilization Fund law (Sec. 20-65, Montgomery County Code).
- FY16-21 total reserves (Revenue Stabilization Fund plus the General Fund unrestricted balance) are funded at the policy level and consistent with legal requirements. The County's policy is to increase total reserves to 10 percent of Adjusted Governmental Revenues by 2020.

Productivity Improvements

Montgomery County strongly encourages its departments and agencies to identify and implement productivity improvements within their budgets. Such initiatives are essential, especially in difficult times when agencies and departments are called on to significantly reduce costs and preserve essential services. Below is an identification of productivity initiatives implemented by departments during FY14 and FY15 or planned for FY16. Some examples of productivity improvements departments are encouraged to implement include:

- Process re-engineering initiatives
- Implementing a new IT application
- Public-private partnerships that maintain services at lower cost or achieve higher service levels
- Consolidating programs
- Reorganizations
- Contracting out services or, alternatively, bringing contracted services in-house, to reduce costs
- Increasing use of volunteers
- Re-negotiating maintenance/license agreements
- Re-configuring programs to generate increased revenues
- Reducing publication costs by placing more information in the web and producing fewer hard copies.
- Introducing employee incentives (within personnel guidelines)

Board of Appeals

- Website is updated to provide more electronic information. Paper is recycled for scratch pads. Volunteer assistance is used to help meet statutory deadlines.

Board of Elections

- PAPERLESS CALL TRACKING: The Board of Elections receives 1,500 calls from voters and Election Judges seeking technical support. In 2014, the Board of Elections eliminated paper call tickets in favor of a web-based call tracking system to achieve cost savings and improve the quality and timeliness of information available for analysis and problem solving. The department intends to expand the use of this platform for the 2016 presidential election.

Cable Communications Plan

- Montgomery County Public Schools internet and cloud computing capacity was increased by 300 percent, representing an annual cost savings of $120,000. This FiberNet upgrade enabled 40,000 new Chromebooks for MCPS students to be used effectively with WiFi in the classroom.
- Upgraded and expanded wireless access points in County facilities as the department continues to expand

access to mobile devices and business productivity both for employees and visitors.

Circuit Court

- Updated policies and practices related to the Family Differentiated Case Management (DCM) plan. The existing Family DCM plan will be modified to allow for specified cases to be assigned to an individual Circuit Court Judge and Family Division Support Team for the totality of the litigation process, in essence One Family, One Judge. The approach was recognized by the National Council of Juvenile and Family Court Judges as one of the key elements to provide expedited and coordinated resolutions for cases involving children, youth and families. It is anticipated that any stress created when families are shuttled between different departments and courtrooms to resolve a variety of issues will be reduced with this approach. In addition, case progression is anticipated to be more efficient since the assigned judge will already be familiar with the family's general situation.

- The Court's Jury Office will transition from a two-step to a one-step process in jury selection; join a statewide jury management system; install kiosks to streamline the juror check-in process; and convert to cash payment for jury service.

- The Court is undertaking several initiatives aimed at improving services to self-represented litigants who visit the Court for assistance. One initiative focuses on examining the front and back-office processes in the Family Law self-Help Center to address increased demand and evaluate service delivery. Another project is to increase the type of information collected from the client intake form to better inform the Court's understanding of the quality of service delivery.

- The Court has automated the process of collecting and analyzing the 'To Be Assigned' docket. Overall, the percentage of 'To Be Assigned' cases reached between April 2011 and June 2014 is 98%. This analysis enables the Court to better manage its workload through more efficient scheduling and better management of resources.

Community Use of Public Facilities

- Enhance customer service with the migration from a server based facility reservation to a cloud based system in FY16. This will create a one-stop shopping experience for County residents to request reservations in Recreation, Montgomery Parks, school and County facilities. ActiveNet system will be accessible using either a personal computer or mobile device.

- Ensure PCI credit card compliance for customers with the migration from a server based facility reservation to a cloud based system in FY16. In conjunction with the effort, CUPF is streamlining fees and policies where feasible to improve customer service.

- The 360 degree photographs of high school auditoriums, gyms and cafeterias available for community use will be posted on the CUPF website to assist potential users in deciding if the site will meet their needs, reducing school staff time in giving tours or CUPF staff time making and then canceling reservations.

- In conjunction with Montgomery County Public Schools, coordinate a new process to help schools select a before and after school childcare providers under new County Regulation.

- Developed a new security overtime authorization online form with MCPS security staff to streamline the process, improve payroll accuracy, reduce CUPF processing time by 50%, and reduce MCPS overtime costs as was done previously with MCPS Building Service Workers.

Consumer Protection

- OCP continued increasing its outreach efforts into communities with at-risk consumers by expanding its live online chats to include the first bilingual Live Discussion responding to questions regarding matters concerning domestic workers, drivers' licenses for undocumented drivers, notario fraud (merchants who mislead Spanish speaking consumers into believing that the merchant is an attorney) , and general consumer questions.

- OCP is a member of a Multi-Jurisdictional Task Force consisting of various law enforcement agencies including, Montgomery County Police, State's Attorney Office, Maryland Department of Natural Resources, FBI, and Howard County, Frederick County, District of Columbia, Fairfax County, Culpepper, and Arlington Police Departments. The Task Force was established to investigate crimes perpetrated by unlicensed and unscrupulous tree and landscaping contractors, who often take advantage of senior citizens by overcharging for services.

- The Common Ownership Communities program (COC) developed a seminar for members of community association and boards titled, "The Essentials of Community Association Volunteer Leadership" in how to properly run a common ownership community.

- OCP is successfully focusing on "reality-testing" mediation sessions. Cases which involve misunderstandings and factual disputes, rather than violations of consumer protection laws, are identified and referred for in-depth mediation sessions. These mediation sessions are conducted by having the parties sit in separate rooms with mediator "shuttling" back and forth.

Correction and Rehabilitation

- Integrated correctional health care services with the provisions of the Affordable Care Act resulting in savings to the County over $150,000 and increasing the number of insured residents.

- Implemented an inmate locator search on the Department's web site enabling a first name/last name search to ascertain the individual's location and related primary charge and bail amount.

- Implemented wireless access in the commissioner area of the Montgomery County Detention Center to allow panel lawyers mobile access to criminal booking information for arrestees at commissioner hearings based on the DeWolfe v. Richmond decision.

- Implemented a second fingerprinting machine in the Montgomery County Detention Center Central Processing Unit, enhancing efficiencies in the booking process.

- Implemented a department Pre-Shift training system for the department training section to replace the manual tracking system which enhanced the accuracy and improved efficiencies for the training section audit process.

County Attorney

- The office replaced its current case management system, Countylaw, with a web-based system that is integrated with Outlook and has a robust reporting system. The new system allows attorneys and managers to track, assemble and manage the status of any case and provides accurate and easy-to-run ad hoc reports.

- The office made the Debt Collection Unit a new module in the Case management system.

- The office automated the litigation preservation request process by implementing eDiscovery workflow.

County Executive

- CountyStat implemented a new web-based data and supporting narrative intake system that streamlines two competing and often time-consuming processes.
- CountyStat will retire current online performance dashboard and replace it with the Socrata "Open Performance" system. This new presentation layer brings Montgomery County's performance data display in line with the new dataMontgomery, budgetMontgomery, spendingMontgomery, and contractsMontgomery tools (also utilizing Socrata).
- Increasing the use of CountyStat as an in-house resource for analysis and survey administration rather than contracting-out those services.

DEP-Solid Waste Services

- During FY14, onsite diesel fuel usage by Dickerson Yard Trim Composting Facility equipment was reduced by approximately 16% (7,172 gallons), a savings of $22,349, compared to FY13. This was achieved despite a 7.6% (4,869 tons) increase in leaves and grass processed at the facility.
- Monitor contractor performance to maintain high level of service and customer satisfaction. Continue to deliver recycling bins and carts in a timely manner, despite a 30% increase in requests.
- Continue efforts to coordinate and integrate the execution and completion of recycling outreach, education, training, and evaluation projects to increase cost efficiencies and effectiveness, and ensure that the maximum amount of recycling is achieved. The majority of artwork and other educational materials was developed internally. Estimated savings for FY14 was approximately $118,239.

DGS-Fleet Management Services

- Worked diligently to update vehicle replacement methodology. The formula-based system not only takes into account vehicle age and mileage but also considers maintenance costs, recent major repairs, fuel consumption, greenhouse gas emissions, and mission criticality. This detailed formula enables better replacement decisions.
- Implemented an aggressive training and quality assurance program with key components including: new technician on-boarding and evaluation process, creation of learning paths for mechanic technician career field, and advanced training modules to improve technician diagnostic capability.
- Implemented a Training and Quality Assurance Section using existing resources. During the year, the team standardized the transit bus preventive maintenance program, created a comprehensive policy approved by the Federal Transit Administration, and created a training curriculum to ensure consistency. This has improved preventive maintenance compliance and increased transit bus reliability 20 percent since implementation.
- Incorporated the use of tablets on the shop floor improving technician efficiency by digitizing paper shop manuals and schematics.
- Completed a pilot on telematics enabling the reduction of idling time and fuel consumption in piloted County administrative fleet vehicles.

DOT-Transit Services

- Contracted for services to conduct employer and residential outreach for the Transportation Management Districts (TMDs): Friendship Heights, Greater Shady Grove, and Silver Spring.
- Created two videos in house, one on how to join/use Capital Bikeshare and another on how to use biking and Ride On.

Economic Development

- Provided an office sharing arrangement to the representatives of the Chinese Biopharmaceutical Association and the Maryland Israel Development Center to attract high-tech companies from China and Israel. Consequently, four companies have executed lease agreements to establish US operations in Montgomery County.
- Created the Life Science Impact Grant Program to provide financial assistance to life science employers who retain jobs in the County and to stimulate growth of the Life Sciences industry in the County. DED awarded $185,000 in grants ranging from $10,000 to $25,000 to eight companies to support their business growth and product development.

Environmental Protection

- Developed mobile application to support illicit discharge detection investigations allowing field staff to quickly and accurately input investigation data via smart phone, eliminating use of paper forms.
- Developed an inspection database and iPad app for use by underground stormwater inspectors to more efficiently complete the annual underground pre-maintenance inspections.
- Converted paper inspection and site assessment forms to tablet based forms which allowed for more rapid documentation completion and better customer service.
- Increased use of ArcGIS tablet application to provide for quicker and more accurate mapping during environmental complaint investigations.
- Incorporated Noise Complaint forms and Temporary Noise Waivers into case management system, which eliminated manual data input and enabled automatic creation of waiver certificates.
- Developed a web-based app for RainScapes neighborhood level screening for retrofit opportunities on private property front yards.
- Modified the DEP routes for streetsweeping to focus efforts within the Anacostia, making significant progress on pollutant reductions to meet Total Maximum Daily Loads (TMDL) for that watershed while keeping the same amount of impervious acre restoration credits.

Ethics Commission

- The Commission continued to refine the lobbying registration and reporting systems implemented in calendar year 2013 by adding new features to improve transparency, compliance with legal requirements, and to improve functionality of the systems.

Finance

- In FY15, began conducting an enterprise wide assessment to ensure adherence to Payment Card Industry and National Automated Clearing House Association guidelines.
- In FY15, the Controller's Division initiated and will continue to implement and enhance a Shared Services Model with other County departments for both Accounts Receivable and Accounts Payable activities.
- Migrated the Tax Assessment System from a legacy Information Technology infrastructure to a more modern environment which leveraged automation, web browser access, and robust auditing.
- Continued enhancement of the Volunteer Tracking Database web application.
- Continued enhancement of the Self Inspection web application which expedites safety inspections.

Fire and Rescue Service

- Ongoing statistical analysis of call processing times results in continual improvements to the call-taking and dispatching process.
- Civilianizing two Captain positions at the Public Safety Training Academy.
- Achieved further progress on various civilianization initiatives, which will eventually save millions of dollars annually. Civilianization of 18 code compliance positions is nearing completion; civilianization of all dispatch positions at the Emergency Communications Center is beginning with the training of prospective dispatchers; the hiring of a civilian in fleet will return a uniform position to the field; as will a civilian in the self-contained breathing apparatus section.
- By means of grant funding, upgraded all electrocardiogram (ECG) monitor/defibrillators. This latest technology allows paramedics to perform all necessary ECG and vital sign monitoring and transmit ECGs to all County hospitals.

General Services

- Print and Mail
  - Converted to the Smart Copier Initiative that saved an estimated one million sheets of paper per year.
  - Implemented the Digital Store Front to allow for 24 hour on-line access to submit print jobs, streamlining the billing process and report capabilities.
- Information Services
  - Implemented the Work Order Requester pilot program which allows the Department of Recreation to create and monitor DGS Facilities Work Order requests in the County's ERP production system.
- Office of Real Estate
  - Implemented Oracle's Property Manager module to more efficiently manage the property portfolio.

Health and Human Services

- Under a Memorandum of Agreement with MCPS, the Community Support Network's Autism Waiver Program provides service coordination to 245 MCPS students including 10 children added as of October, 2014. The program has had three consecutive "perfect" audit ratings from the State.

- In FY14, the Jail Addiction Services (JAS) program underwent major infrastructure changes including the hiring of a new Supervisory Therapist, the selection of two Therapist-II's, and the implementation of a new electronic data gathering process. The system will provide accurate and easily accessible data that results in more consistent and clinically sound service delivery.

- Over the past six months, Dental Services has successfully implemented a new electronic program management system and an electronic Dental Records System at all six dental clinic locations.

- Licensure and Regulatory Services created and implemented a Medical Facility Tracking Board for WebEOC, a web-based information management system used by public safety officials and emergency first responders as a single access point for the collection and dissemination of emergency information and response coordination. All nursing facilities, large assisted living facilities, hospitals, and dialysis centers will be on this board so that staff at the County Emergency Operations Center can monitor and update all facility status changes during an emergency.

- Alternative Response (AR) was implemented to provide a different response to child protective service reports that meet the legal definition of child maltreatment. Through AR, child protective services workers collaborate with the parents, the community, and family supports to reduce the risk of harm to children and ensure safety. In FY14, 32 percent of all interventions were sent for an Alternative Response.

- The integration of the Income Supports and Child Care Subsidy offices has resulted in improved outcomes in maintaining compliance and minimizing the error rate despite the increase in caseloads and the additional work associated with implementation of the Affordable Care Act (ACA) enrollment.

- Special Need Housing, in partnership with community homeless providers, implemented a coordinated assessment system to identify, prioritize, and refer homeless residents most in need to permanent supportive housing. This process assures that available openings are filled quickly and reduces the time people spend in homelessness.

- In Tax year 2013, the Community Action Agency's Volunteer Income Tax Assistance (VITA) Partnership prepared over 2,000 tax returns, helping families access more than $4 million in refunds, including $1.4 million in Earned Income and Child Tax Credits. The Maryland Creating Assets, Savings, and Hope Campaign recognized the County's VITA partnership for contributing the highest number of volunteer hours among its Coalition members

- Commit funds to continue the implementation of the Department's Enterprise Integrated Case Management system to streamline intake for many HHS programs and provide HHS with a more complete picture of its clients and their circumstances in order to support more collaborative, cost-effective care with better client outcomes.

Housing and Community Affairs

- Design and implement IT modernization plan and maintain efforts to continuously improve existing systems. This includes redesigning the existing application infrastructure with emphasis on efficiency, maintainability, and integration. DHCA-IT will deploy and enrich a series of web services to provide all departmental applications with a variety of centrally managed and maintained functions such as geocoding, Office 365 integration, and Siebel/MC311 integration.

- Analyze and redesign departmental data repositories with the goal of supporting improved integration with other departments or initiatives (montgomerycountymd.gov/open) and established or upcoming standards.
- Continue adding features to mobile web application used by code inspectors on mobile devices (for example, cases in proximity to inspectors location; routing to properties scheduled for inspection that day, etc.). This will improve efficiencies by enabling inspectors to conduct inspections that are located in the same geographic area and avoiding unnecessary travel saving inspector time.
- Introduce and refine the Annual Rent Survey, which aims to increase adherence to the voluntary rent guideline and introduce rental market transparency by capturing countywide rent data on a per-unit basis and allows for rent analysis. This information is planned to be published on montgomerycountymd.gov/open.

Human Resources

- Implemented changes to Workforce Performance Management that include rolling over objectives from the previous year.
- Provided training to HR Liaisons on Core HR Transactions and on Wage Equity.
- Implemented training and Oracle job aids in Oracle based on user feedback.
- MC311 became first point of contact for phone calls for the Health Insurance Team.

Intergovernmental Relations

- Began providing data for three of the four datasets in the dataMontgomery Dataset Publishing Plan (fourth item is scheduled for FY16 or later).
- Continued to meet with County Department Directors and key staff to explain the State and federal priorities processes so as to maximize opportunities.
- Implemented a system to notify the office when County grant applications (State and federal grants) are submitted.
- Developed a system to keep track of Council action on bills and resolutions to help ensure the Council's decisions are reflected accurately and appropriately in State advocacy.
- Continued to develop and refine a tracking system for bills that interacts with the General Assembly's data system to make bill tracking faster and/or more accurate and provide better and more useful reporting.

Legislative Oversight

- As a result of an OLO report's recommendations on how to improve coordination between the County Department of Transportation and local utilities, the County Government and the Washington Suburban Sanitary Commission developed a new system to track and coordinate construction work in County rights-of-way.

Liquor Control

- DLC continued through the year to develop its much-anticipated Oracle ERP system, which went live on February 1, 2015. Once fully operational, this system will dramatically improve many of the department's business processes and operational practices as it offers tighter inventory controls, County-approved inventory valuation methodology, and enhanced reporting capabilities which enable customers, suppliers and employees access to more valuable information.

Management and Budget

- OMB continued expansion of its Knowledge Management System (eBudget). This streamlined website, which replaced OMB's intranet site, has comprehensive how-to information, documentation, forms, data, certification, etc. New features include: budget submission forms and dashboards, online vehicle requests, administrative procedures, analyst portfolios, and quarterly analysis. OMB won a 2014 National Association of Counties (NACo) award for its eBudget Knowledge Management System.

- OMB streamlined the budget submission process for both the Operating and Capital Budgets. By leveraging eBudget, departments submitted their budgets online for the first time. Not only did this save time and reduce paper usage, but it also allowed for automated email notifications of status updates, dashboards for tracking submissions, and edit/update capability.

- OMB, in partnership with County Council, implemented an on-line community grant application and reporting system. The new system standardized the application requirements used by both OMB and Council; streamlined OMB's review process and eliminated the need for contractual staff support; and enhanced OMB's tracking and reporting capabilities improving accountability. OMB received and made recommendations on 335 community grant applications for FY16 awards, an increase of 23% from the previous year.

Permitting Services

- Mandated a new 30-day turn around time for review of commercial plan processes.

- eServices – DPS will continue transition to full online process for core services including: mechanical permits, sediment control permits, stormwater concept permits, special protection area permits, and demolition permits and ACH payments. In addition, DPS will create a concierge for in-office online permit application and processing.

- Business process improvements include: created a Service Manual and training for MC311; launched Fee Payment Office; revised and created new performance measures; published nine datasets for dataMontgomery; and implemented 38 of the Cross-agency Streamlining Initiative recommendations.

Police

- Implement a criminal justice information search system to enhance situational awareness during public safety incidents.

- Implement various new technical and operational solutions to reduce crime by directing Department staff

resources during unallocated patrol time.

Public Information

- Updated the "I Want To" link on the County home page which links directly to the MC311 website, pointing residents to specific knowledge base articles related to their request.
- Continue to monitor and use MC311 data to improve operations and service delivery in all County Departments.

Public Libraries

- - Initiated and implementing Library Refurbishment projects funded in the Capital Budget, to enable targeted improvements to all 21 library branches every seven years at far lower cost and with less disruption than the former approach;
- - Initiated and implementing 21st Century Library Enhancements project which will enable systemwide technology and other service infrastructure improvements every year;
- - Leveraged partnerships and grant funding to provide high quality programs for teens and seniors, such as arts and other creative programs for seniors, a Financial Literacy Boot Camp for teens, technology and other classes at Studio-I Digital Media Lab at Long Branch and the Gaithersburg Computer Lab;
- - Developed a new method for customers to book small group study/tutor rooms online, enhancing the customer experience while saving staff time and reducing paper usage;
- - Implemented KIDMuseum Agreement to a growing non-profit learning organization to refresh former training and book storage space at Davis library into a state-of-the-art Makerspace, which will provide dedicated programming for library customers and provide valuable training experience for MCPL staff at minimal cost to the County;
- - Modelling a "one-stop shopping" approach to lifelong learning at Gaithersburg Library. Customers can use library resources in combination with classes and programming from Gilchrist Center, Montgomery College, Literacy Council of Montgomery County, and Montgomery Coalition for Adult English Literacy to improve their lives along a full spectrum of needs, from basic language development to career advancement. All the involved partners supplement each other's resources at the library site, and make it convenient for customers to learn and grow.

Recreation

- Restructured Department internally in FY15 to improve revenue collections, participation, provide more innovative programming, and encourage community investing.
- Implementing ActiveNet software to improve customer service, allowing a one-stop access location to register for Montgomery County Parks, Community Use of Public Facilities, and Recreation programs.
- Expanded TeenWorks Program through a partnership with Maryland Conservation Corps (MCC). This partnership program engages young adults in extensive natural resource management and park conservation projects. MCC provides members with opportunities for skill development and personal growth through a supportive, team-based environment, emphasizing the satisfaction of completing projects that benefit Maryland's natural resources.

- Implemented new financial assistance program, resulting in increased participation by clients who cannot afford program fees and a greater portion of funding being utilized.

- The Department is working closely with County Stat and other resources to fine tune customer data collection and analysis to improve program offerings and operations.

Technology Services

- Continued upgrade and expansion of wireless access points in County facilities, expanding access to mobile devices and business productivity both for employees and visitors.

Transportation

- The ProjectWise (Project Document Management System) has been used to streamline reproduction of plans and specifications. When hard copies of plans are required, files are posted on ProjectWise, where they can be securely accessed by our reproduction vendor, eliminating the need to print large volumes of large format documents in-house.

- Installed 580 crosswalks in FY14, more than four times the average for prior years by implementing a Zone approach. The County was split into three zones with the objective of completing one zone per year, providing for a three year cycle, consistent with the industry standard average life of crosswalks. This proactive approach allows marking crews to mobilize and remain in one part of the County each year, optimizing actual marking time, rather than spending most of their time travelling from site to site as in the past.

- Fully implemented a Road Weather Information System (RWIS). This system includes four sensors mounted on traffic signal mast arms in four microclimates around the County. The system transmits information concerning pavement temperature profiles, pavement dew point and grip factor. The system automatically sends text messages and email alerts to Highway managers alerting them of possible ice formation in individual climate zones. This enhancement to the Snow Program will allow proactive treatment to abate icy road conditions.

- In response to storm drain failures the department implemented an in-house Depot Storm Drain Replacement Crew program, pulling staff crew members from all the depots to work as one unit to supplement contract work for the storm drain emergency repairs, which is instrumental in extending the life of roadways and reducing accident potential. Repairs were made at more than two dozen locations, including: Annapolis Rock Road, Log House Road, Industrial Parkway, Foggy Lane and Parker Avenue, replacing 910 linear feet of storm drain culverts.

- Countywide pavement condition reports on the department's website are under development. As a result, Pavement Conditions Index (PCI) provided through eRoadInfo, division's Pavement Management System and fiscal project scheduling data will be available to dataMontgomery to be published for public consumption.

- Initiated the transition from the conventional High Pressure Sodium (HPS) streetlights to the energy efficient Light Emitting Diode (LED) streetlights, converting approximately 180 lights in the Damascus Town Center and installing 110 new streetlights on New Hampshire Avenue, between Jackson Rd and Randolph Rd.

- Improved the efficiency of signalized intersections through the program to identify and restore to operation failed vehicle detection systems. The percentage of signals with properly functioning detection systems is expected to be 81% in FY15 compared to 75% in FY14 and 76% in FY13.

Revenues

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 FY16 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 Metropolitan Washington Council of Governments (COG) Round 8.3 estimates and are based on fiscal and economic data and analyses used or prepared by the Department of Finance. *A Demographic and Economic Assumptions* chart located at the end of this chapter provides several demographic and planning indicators.

- County population will continue to increase an average of approximately 9,170 persons each year throughout the next six years (from CY2015 to CY2021) reaching 1,020,000 in CY2015 and 1,075,000 in CY2021. This reflects an average annual growth rate of 0.9 percent.
- Current projections estimate the number of households to increase from 377,500 in CY2015 to 401,000 in CY2021. Household growth throughout the six year period is projected to grow at an average annual rate of 1.0 percent.
- The County's senior population continues to grow with an estimated 119,769 persons 65 and older living here in 2010 and projected to increase by 40 percent to 168,200 by 2020.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to start gradually increasing after six years of declining numbers, from an estimated 13,022 in 2013 to 13,640 by 2020.
- The County expects Montgomery County Public School student enrollment to increase by 8,864 between FY16 and FY21.
- Montgomery College full-time equivalent student enrollments are projected to decrease from 21,409 in FY14 to 20,717 in FY20.

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.

Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY16 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

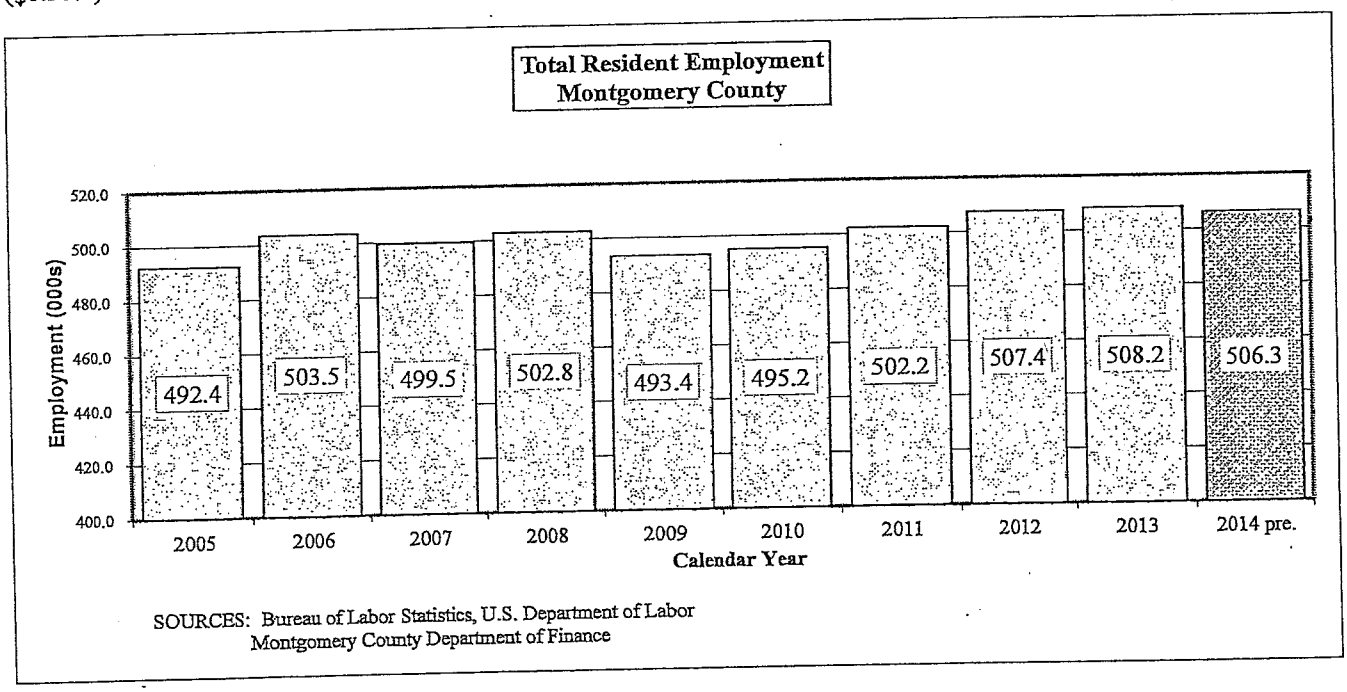
Revenue projections depend on the current and projected indicators of the national, regional, and local economy. National economic indicators also influence the County's revenue projections. Such indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include residential (labor force survey) and payroll (establishment survey) employment, residential and nonresidential construction, housing sales, retail sales, and inflation. The assumptions for each of those indicators will affect the revenue projections over the six-year horizon. Because of the presence of the federal government in terms of employment, procurement, and federal retirees, the County's economy may experience a modest slowdown over the next fiscal year due to the reductions in federal spending especially federal procurement. According to the Center for Regional Analysis, George Mason University, federal procurement in the Washington Metropolitan Region, declined from a peak of nearly $82.0 billion in calendar year (CY) 2010 to $71.2 billion in CY2014 – a decrease of $10.8 billion or 13.2 percent.

The economic projections for the next six fiscal years assume modest but sustainable growth rates depending on the specific aspects of the federal government sequestration. Economic growth is assumed to be stronger during the latter part of this forecast period and dependent on the current forecasts for the metropolitan region and Maryland economies. Such projections are dependent on a number of factors – fiscal and monetary policy, real estate, employment, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks.

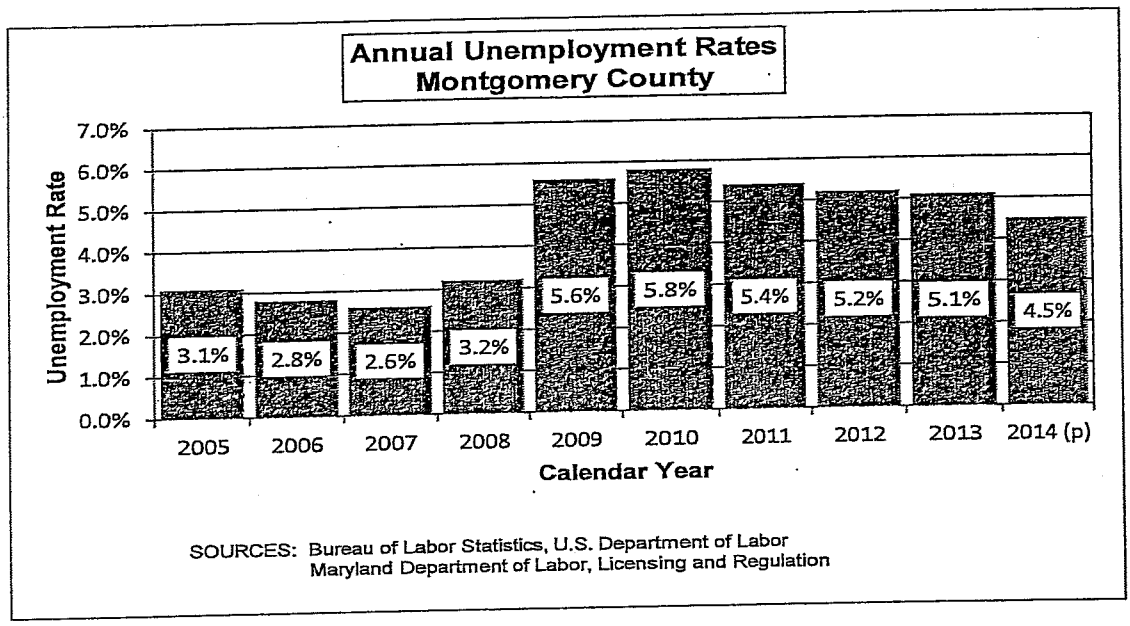
Montgomery County's economy experienced mixed economic performance during CY2014. The reasons for a mixed performance include a decline in residential employment, sales of existing homes, no increase in the *median* sales price for an existing home, a decline in the construction in the number of new residential units, and a decline in the construction of new office and bank buildings. However, offsetting those declines, the County experienced a decline in the unemployment rate and an increase in the *average* sales price for an existing home.

Employment Situation

Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (survey of households) in CY2014 decreased by nearly 1,920 from CY2013 (↓0.38%).

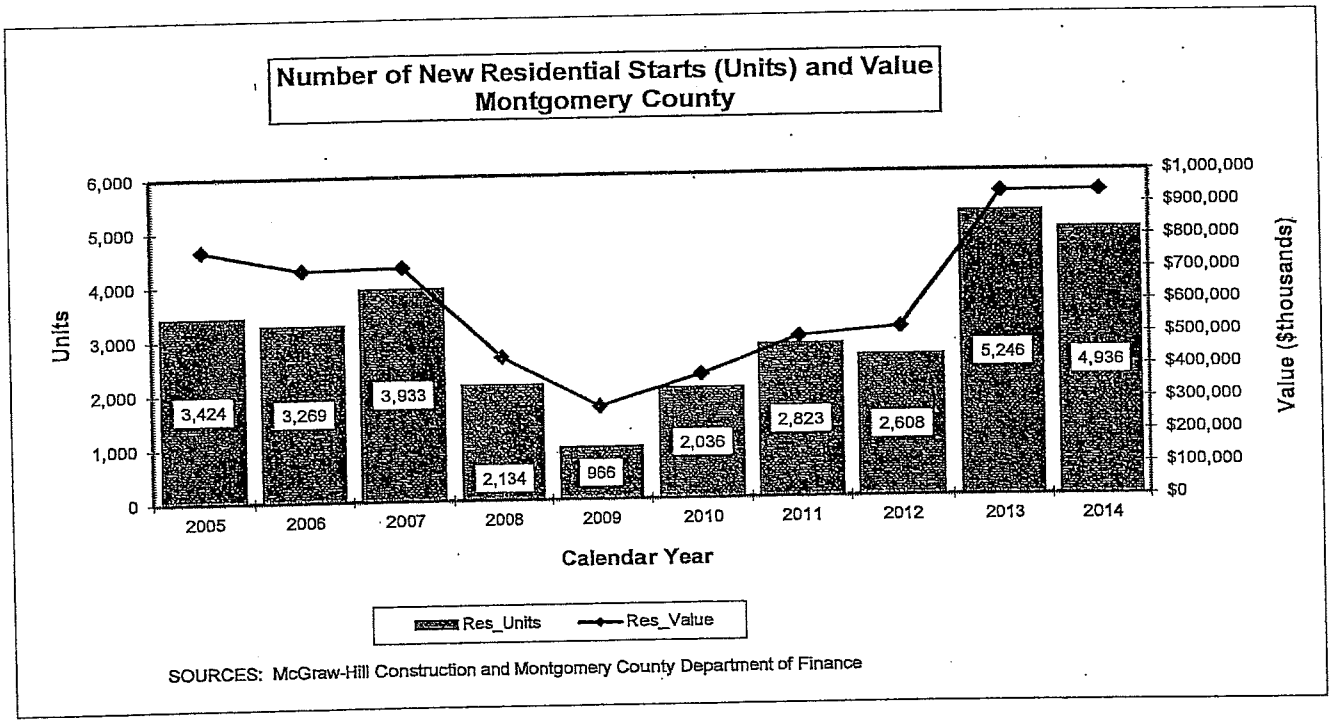


The County's unemployment rate declined to 4.5 percent in CY2014 compared to 5.1 percent in CY2013 and is the lowest level in six years. However, the decline in the unemployment rate is attributed to a larger percentage decline in the labor force (↓0.97%) than in resident employment (↓0.38%).



Construction Activity

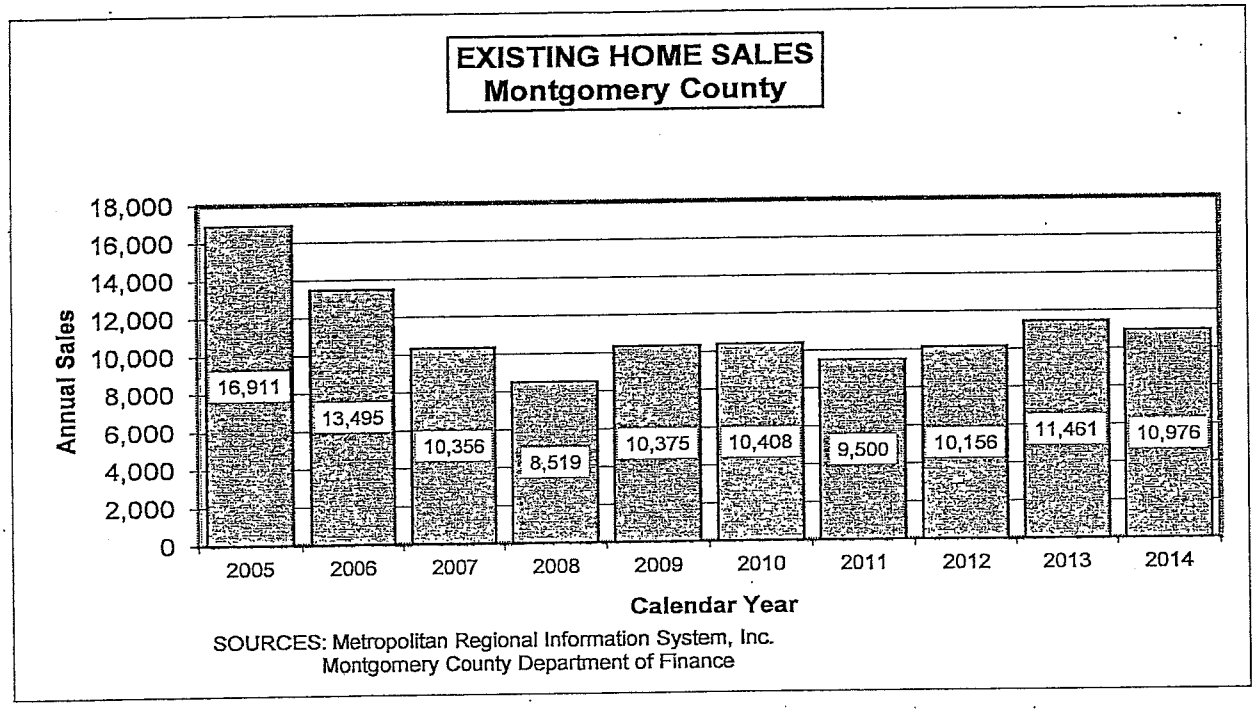
After experiencing an increase of over 100 percent in CY2013, the construction of new residential units declined 5.9 percent in CY2014. Even with that decline, the number of new residential units constructed in CY2014 was the second highest number in ten years. The decrease was attributed to construction of single-family homes (↓10.8%) and multi-family units (↓3.7%). Total value added increased slightly from a total of $933.7 million in CY2013 to $935.9 million in CY2014 (↑0.2%). While the number of non-residential construction projects increased from 104 projects in CY2013 to 152 in CY2014 (↑46.2%), the total value added decreased from $829.3 million to $456.7 million (↓44.9%). The difference between the growth in the number of projects and the decline in value added is attributed to the decline in the amount of square footage for the construction of office and bank buildings from 1.735 million square feet in CY2013 to less than 0.3 million square feet in CY2014 and a decline in value added from $182.2 million to $52.1 million in CY2014 (↓72.1%).

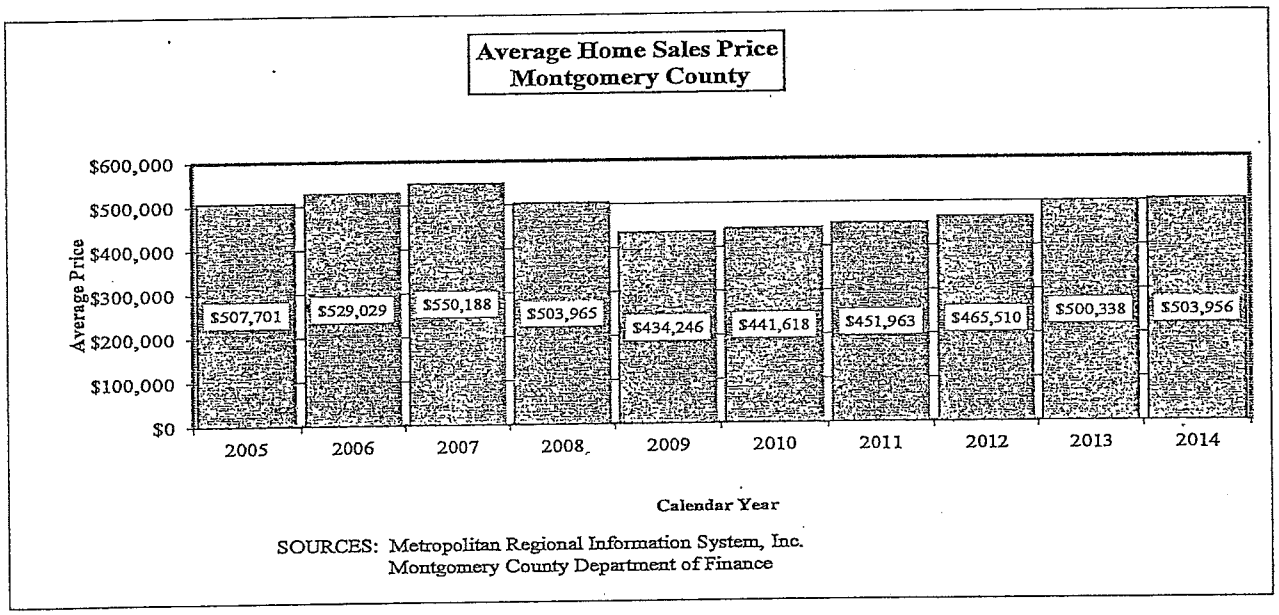


Residential Real Estate

During calendar year 2014, existing home sales decreased 4.2 percent from CY2013. Average sales prices for existing homes increased 0.7 percent in CY2014 but the median sales price did not change and remained at $400,000 in CY2014. Even with

low mortgage rates, the real estate market in the County was weak with declining home sales and weak price increases. Such a weakness can be attributed to the weak employment situation during CY2014 when resident employment declined 0.38 percent. Unless the employment outlook improves in the County, home sales will likely remain weak. Another factor is that the number of new listings for home sales, a measure of inventory-to-sales ratio, has remained at or below three-months of sales. At that level, average or median sales prices should increase at a greater rate than experienced in CY2014.



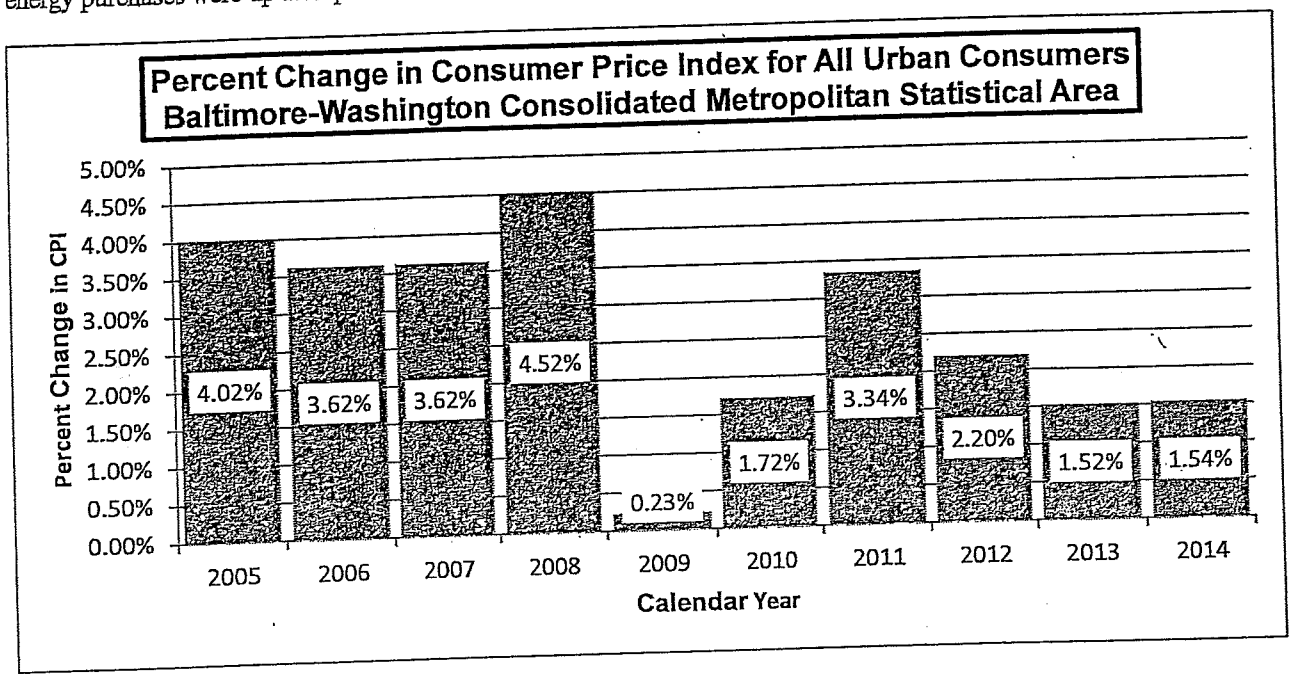


Retail Sales

Using sales tax receipts as a measure of retail sales activity in the County, retail sales, including assessment collections, increased an estimated 3.0 percent during the first eleven months of CY2014. Purchases of nondurable goods, which include food and beverage, apparel, general merchandise, and utilities and transportation, increased 4.3 percent during this period while sales of durable goods were up 3.4 percent. The increase in nondurable goods purchases was largely attributed to the increase in food and beverage items (↑5.6%) and utilities and transportation (↑5.4%), while the increase in purchases of durable goods was solely attributed to an increase in automobile sales and products (↑4.6%) and furniture and appliances (↑3.9%). Given the decline in home sales during CY2014, the increase in sales of furniture and appliances is a conundrum given the historical relationship between home sales and sales of furniture and appliances.

Consumer Prices and Inflation

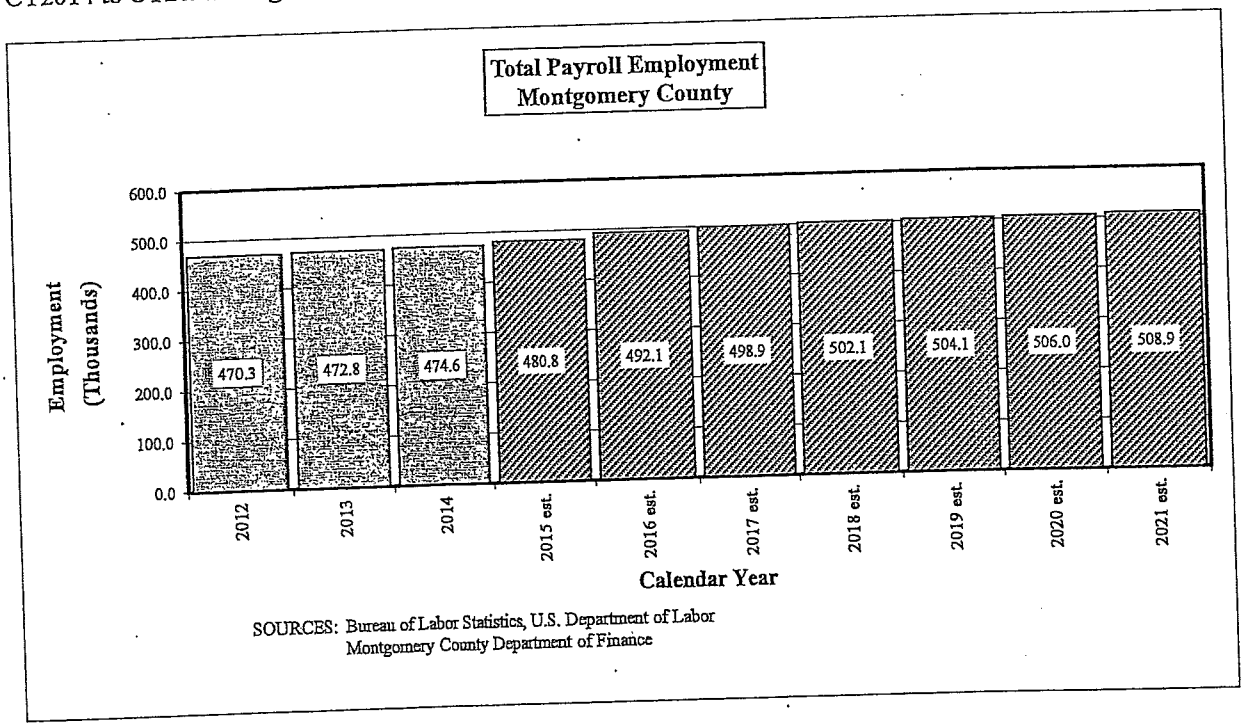
As measured by the Consumer Price Index for All Urban Consumers (CPI-U), inflation in the Washington-Baltimore region increased 1.54 percent in CY2014 compared to 1.52 percent the previous calendar year. Consumer prices excluding food and energy purchases were up 1.79 percent in CY2014 compared to 1.76 percent the previous calendar year.



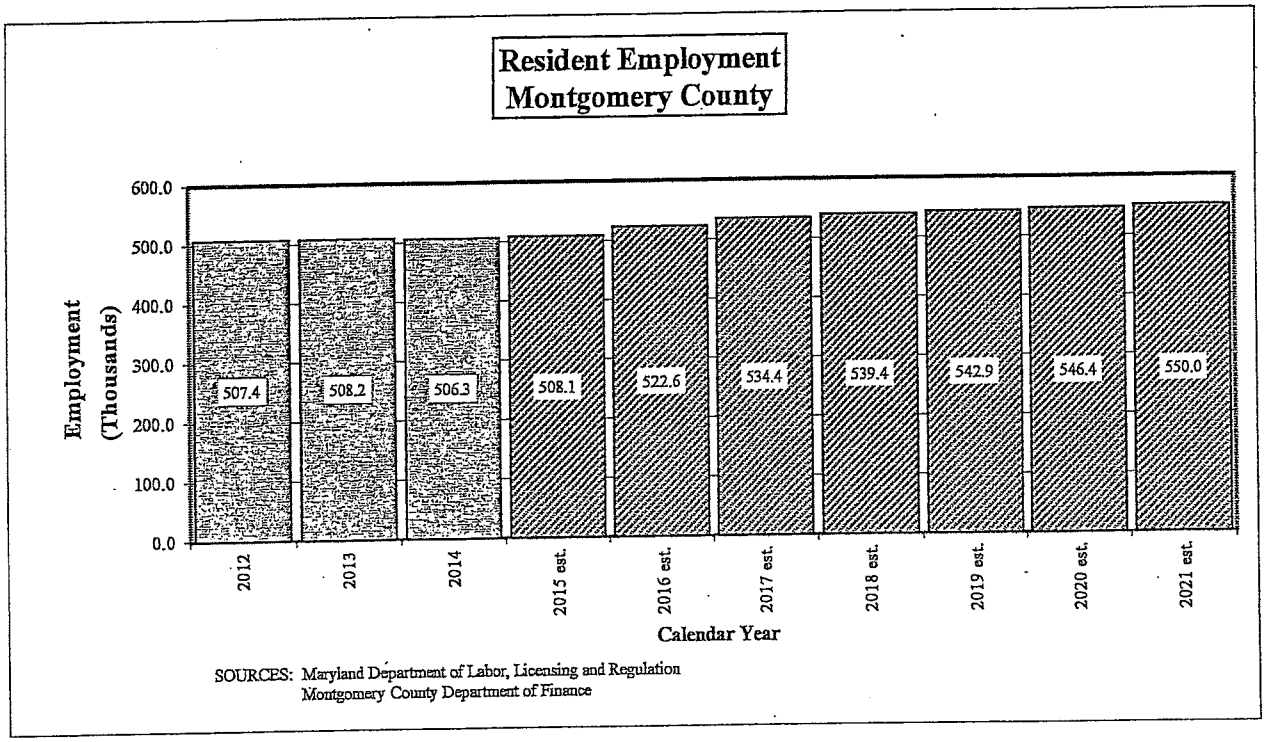
Economic Outlook

The Department of Finance expects that Montgomery County's economy will experience modest growth during the next six years.

Employment. Finance estimates that payroll employment (survey of business establishments) will continue to increase from CY2014 to CY2021 and grow at an average annual rate of 1.0 percent over that period.

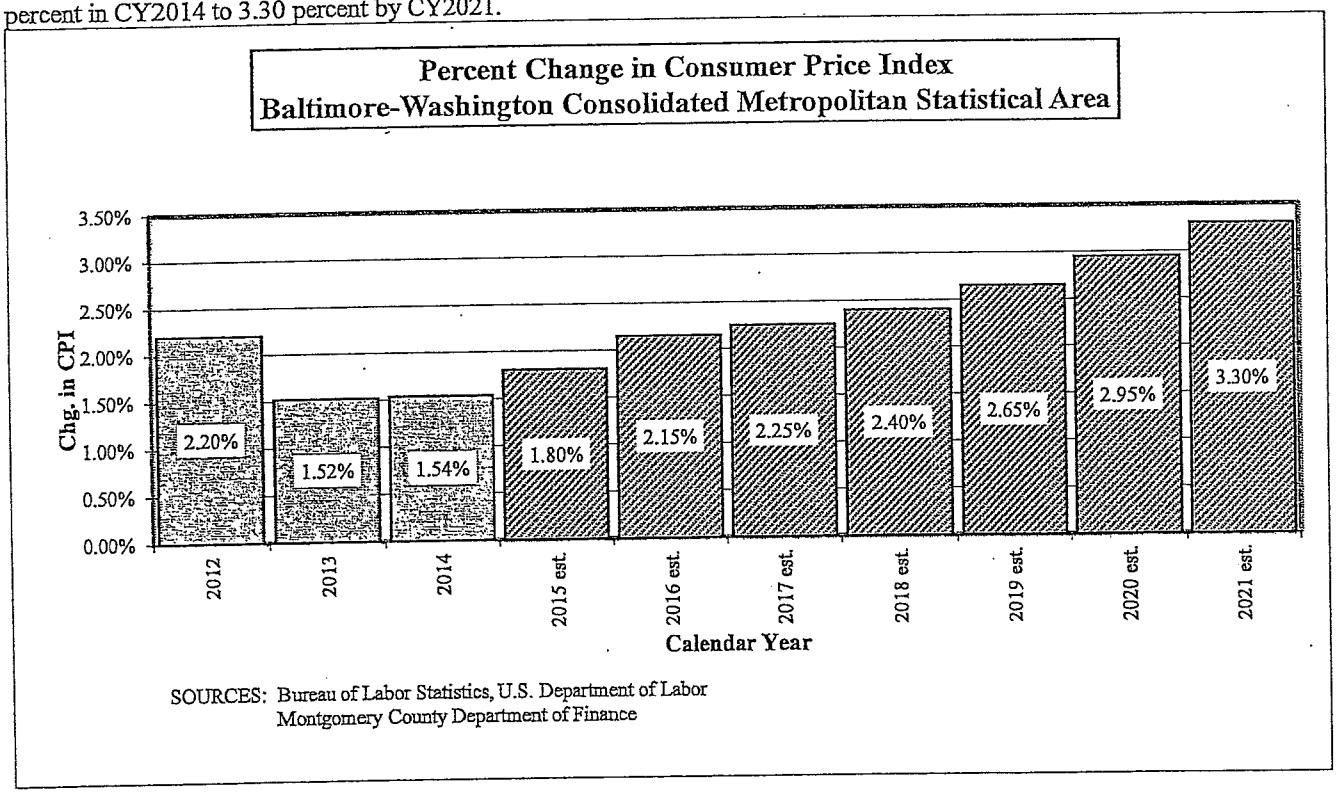


Finance also estimates that resident employment (survey of households) will recover from the decrease in CY2014 and increase at an average annual rate of 1.1 percent from CY2014 to CY2021.

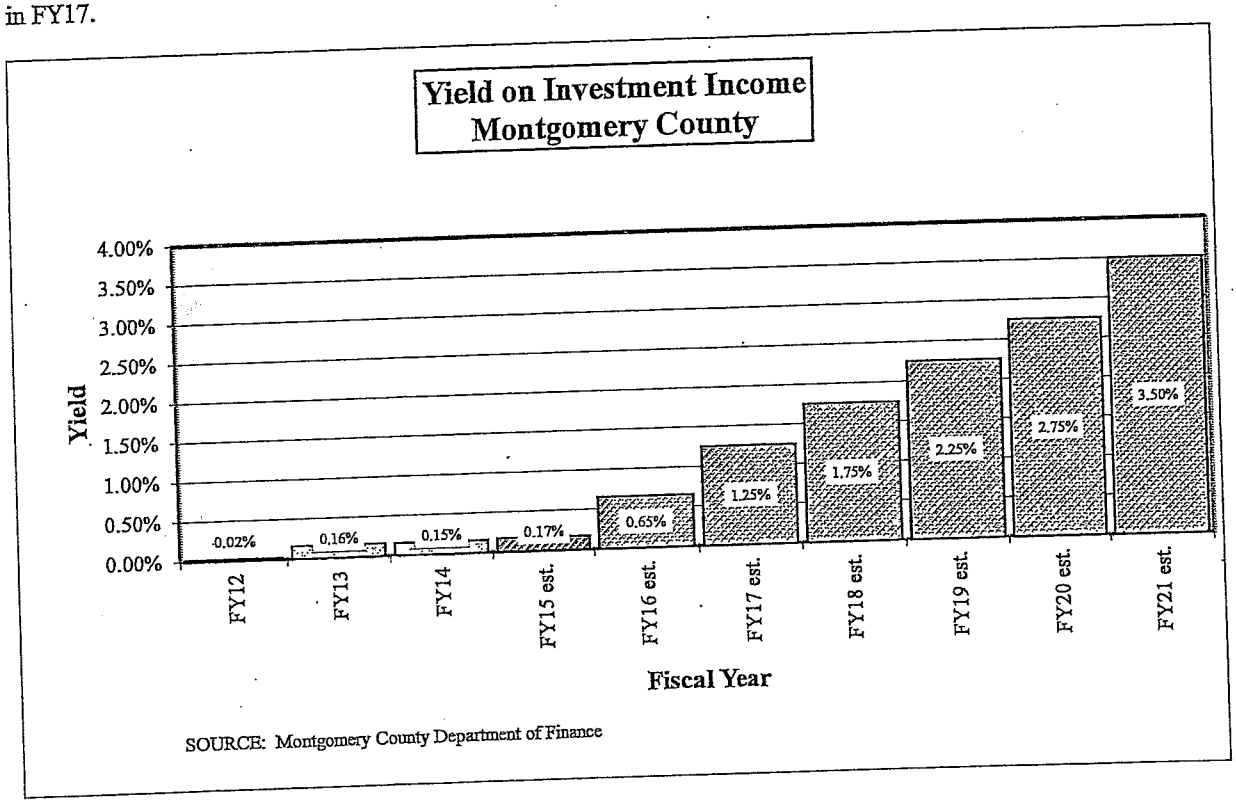


Personal Income. Finance estimates that total personal income in Montgomery County will grow at an average annual rate of 3.8 percent from CY2013, the latest date for which data are available from the Bureau of Economic Analysis, U. S. Department of Commerce, to CY2021. By CY2021, Finance also estimates that total personal income will reach $99.9 billion, and that wage and salary income will grow at an average annual rate of 3.9 percent between CY2013 and CY2021. Total wage and salary income is estimated to reach $45.3 billion by CY2021.

Inflation (annual average). Finance estimates that the overall regional inflation index will steadily increase from a 1.54 percent in CY2014 to 3.30 percent by CY2021.



Interest Rates. Based on its decision at the January 2015 meeting, the Federal Open Market Committee (FOMC or Committee) "reaffirmed its view that the current 0.00 to 0.25 percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress – both realized and expected – toward its objectives of maximum employment and 2 percent inflation." Since the yield on the County's short-term investments is highly correlated with the federal funds rate, Finance estimates that the County will earn an average of 0.17 percent in investment income on its short-term portfolio in FY15 with increases to 0.65 percent in FY16 and 1.25 percent in FY17.



REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program (PSP) 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 are intended to ensure that the tax burden on residents generally is affordable. The County Council has based the guidelines on inflation and personal income of County residents.

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.

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 or law; 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 provides the allocations of annual resources to the Capital Budget as planned for in the County Executive's Amended FY15-20 Capital Improvements Program (as of January 15, 2015). Anticipated current revenue adjustments to the January 15, 2015 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 FY14 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 earnings transfer from the Liquor Control Fund to the General Fund. The transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy is the largest transfer to a non-tax supported fund. 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. 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 Amended FY15-20 Capital Improvements Program (as of January 15, 2015). Debt service obligations over the six years are based on servicing debt issued to fund planned capital projects, as well as amounts necessary for short-term and 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 44.8 percent of the CIP is funded with General Obligation (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.

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, 2014, is 1.75 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

On June 29, 2010, the Montgomery County Council enacted Bill 36-10 amending the Montgomery County Code (Chapter 20, Finance, Article XII) that repealed the limit on the size of the Revenue Stabilization Fund (Fund), modified the requirement for mandatory County contributions to the Fund, and amended the law governing the Fund. Mandatory contributions to the Fund are the greater of 50 percent of any excess revenue, or an amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues or the amount needed to obtain a total reserve of 10 percent of the Adjusted Governmental Revenues. Adjusted Governmental Revenues include tax supported County Governmental revenues plus revenues of the County Grants Fund and County Capital Projects Fund; tax supported revenues of the Montgomery County Public Schools, not including the County's local contribution; tax supported revenues of Montgomery College, not including the County's local contribution; and tax supported revenues of the Montgomery County portion of the Maryland-National Capital Park and Planning Commission. All interest earned on the Fund must be added to the Fund. The FY16 Recommended Budget estimates that the Revenue Stabilization fund balance will be $230.7 million in FY15 and the balance is estimated to increase to $254.9 million in FY16 (↑10.5%).

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 an unrestricted General Fund balance (or, an "operating margin reserve") of five percent of prior year's General Fund revenues and the Revenue Stabilization Fund (or "rainy day fund"). It is the County's policy to increase and maintain the budgeted total reserve of the General Fund and the Revenue Stabilization Fund to 10 percent of Adjusted Governmental Revenues.

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, excise taxes, intergovernmental revenues, service charges, fees and licenses, college tuition, and investment income. In order of magnitude, however, the property tax and the income tax are the most important with 46.3 percent and 40.3 percent, respectively, of the estimated total tax revenues in FY15. The third category is the energy tax estimated for the General Fund with a 6.5 percent share. In fact, these three revenue sources represent 93.1 percent of total tax revenues. Of the total tax supported revenues, property tax and income tax are also the most important with 35.9 percent and 31.3 percent, respectively. The third category is intergovernmental revenues with a 17.7 percent share of the total tax supported revenues in FY15. 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.

Property Tax

Using proposed rates (levy year 2015) and a recommended $692 credit, total estimated FY16 tax supported property tax revenues of $1,582.6 million are 3.1 percent above the revised FY15 estimate. The general countywide rate for FY16 is $0.723 per $100 of assessed real property, while a rate of $1.808 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates, and the weighted average real property tax rate for FY16 is $0.987 per $100 of assessed real property. 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 unanimous vote 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 the triennial reassessment rate for Group 3 increased for real property in FY16, the recommended tax rates along with the income tax offset credit (rebate) of $692 will generate revenues at the Charter Limit for FY16.

The FY16 Recommended Operating Budget reflects a proposed funding structural change for the Parking Lot District (PLDs) for FY16 and future fiscal years. This proposal better aligns funding sources with the intended purpose and more clearly delineates funding requirement and resources. This proposal eliminates future transfers from the PLDs to the Mass Transit to maintain Ride On operations or Transportation Management District activities. In addition, the transfers to the Bethesda and Silver Spring Urban District have been reduced and will be offset by the General Fund Baseline transfer to those Urban Districts. These actions better align the taxing authority with the services provided and put the PLD funds on a more sustainable fiscal path in the future.

The countywide total property taxable assessment is estimated to increase approximately 4.0 percent from a revised $168.4 billion in FY15 to $175.1 billion in FY16. The base is comprised of real property and personal property. In FY16, the Department of Finance estimates real property taxable assessment of approximately $171.5 billion – an increase of 4.1 percent from FY15 – with the remaining $3.6 billion in personal property. This is the third consecutive increase in the total property taxable assessment after two consecutive decreases. The actual change in the total property tax base has fluctuated significantly over the past ten fiscal years (FY05-FY14), with an annual average increase of 11.5 percent between FY05 and FY09, followed by considerable deceleration in the growth of taxable assessments in FY10 (↑5.7%) and FY11 (↑0.2%), declines in FY12 (↓3.3%) and FY13 (↓2.4%), and a modest increase of 1.1 percent in FY14.

The real property base is divided into three groups based on their geographic location in the County. Each group is reassessed triennially 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. The real property reassessments effective for FY13 declined 8.6 percent for Group 3 (↓12.7% for residential) and followed declines of 14.5 percent for Group 2 in FY12 (↓17.4% residential), a decline of 17.0 percent in FY11 for Group 1 (↓19.4% residential), and a decline of 10.6 percent in FY10 for Group 3 (↓16.3% for residential). However, real property reassessment for Group 1 increased 4.1 percent for FY14 (↑1.7% for residential), increased 11.0 percent for Group 2 for FY15 (↑5.8% for residential), and increased 18.7 percent for FY16 (↑11.5% for residential). Because of that increase, real property taxable assessment is estimated to increase 4.1 percent in FY16.

There is a ten percent annual assessment growth limitation for residential property that is owner-occupied. As a result of this "homestead tax credit," these taxable reassessments in Montgomery County may not grow more than ten percent in any one year. However, because of the decline in the reassessment rates for residential properties during three fiscal years (FY10 to FY12) the amount of the homestead tax credit declined from $23.8 *billion* in FY09, which is an all-time record, to an estimated $78.8 *million* in FY16.

The decrease in the personal property base between FY05 and FY06 reflected 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 partial exemption of electricity generating equipment (energy deregulation), other exemptions (e.g., manufacturing, Research and Development, and certain computer software), and depreciation rules (e.g., for computer equipment). The personal property tax base since FY06 increased three out of the four subsequent years achieving a growth rate of 5.2 percent in FY10 before decreasing over the next three fiscal years (FY11-FY13) at an average annual rate of 4.4 percent before increasing 2.9 percent to $3.7 million in FY14. Finance estimates that the total personal property base is projected to decline an estimated 2.2 percent in FY16, which follows an estimated decrease of 1.0 percent in FY15.

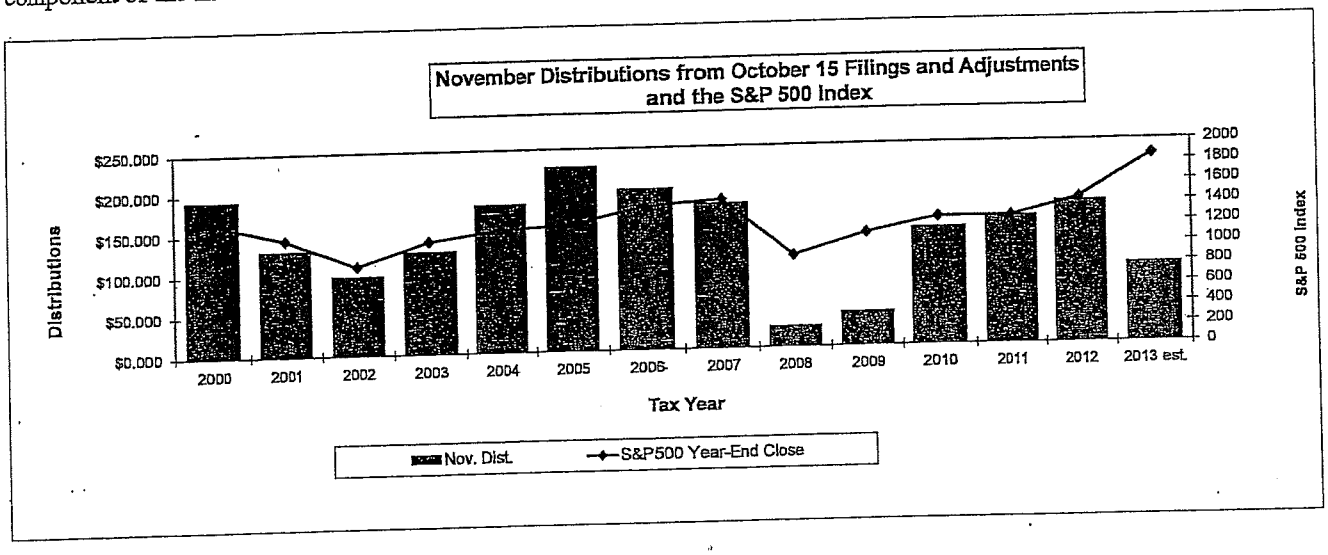
Income Tax

Estimated FY16 income tax revenues of $1,443.4 million are 8.3 percent above the revised FY15 estimate. The increase in the estimate for FY16 is based on improvements in specific economic indicators following a mixed economic performance in CY2014 especially for resident employment and sales of existing homes. Second, the forecast of capital gains realizations by the Congressional Budget Office estimates strong growth in CY2014. Third, the reductions in federal spending attributed to sequestration are expected to have a very modest effect on the County's resident employment, total personal income, and wage and salary income in FY16. A Maryland Court of Appeals decision found that the "failure to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states on "pass-through" income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the federal Constitution (Maryland State Comptroller of the Treasury v. Brian Wynne, et ux.)." The Maryland Attorney General filed a motion to reconsider with the U.S. Supreme Court. In November 2014 the Supreme Court heard oral arguments on this case and the Court's decision is expected during the first half of 2015. If the ruling of the Maryland Court of Appeals is upheld it will have a significant negative impact on the County's income tax collections including potential refunds of $85 million and ongoing reduced collections of approximately $25 million per year.

During any one fiscal year the County receives income tax distributions pertaining to at least three different tax years. During the period between tax years 2002 and 2011, the total tax distributions from withholdings, estimated payments and extended filings can be divided into three cycles: 2001-2002 (the dot.com stock market crash and the economic recession of 2001), 2003-2007 (economic expansion), and 2008-2010 (stock market crash and the great recession). During the dot.com stock market crash and 2001 recession, total income tax distributions declined at an average annual rate of 2.6 percent. With the economic expansion underway in 2003, total income tax distributions increased at an average annual rate of 10.1 percent through 2007 – adjusted for the tax rate increase from 2.95 percent to 3.20 percent enacted by the County Council in 2003. With the stock market crash of 2008 and subsequent severe recession, withholdings, estimated payments, and extended filings declined at an average annual rate of 8.5 percent from 2007 to 2009, and increased 7.2 percent in 2010, 6.2 percent in 2011, 10.0 percent in 2012, and declined 3.8 percent in 2013 – the latest date for which data are available.

In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from October 15th filers and adjustments to prior year distributions by the Maryland Comptroller declined dramatically since the peak of tax year 2005. Since that time, revenues from October 15th filers and distribution adjustments gradually declined from tax year 2005 ($227.9 million) to tax year 2007 ($179.1 million). Because of the stock market crash of 2008 and the subsequent severe recession (December 2007 to June 2009), distributions from October 15th filers and distribution adjustments experienced a decline of 85.9 percent in tax year 2008 and a modest increase in 2009. However, from tax year 2010 to tax year 2012, revenues increased sharply to $144.7 million in 2010 and to $174.2 million in 2012, but below the pre-recession level, and decreased to

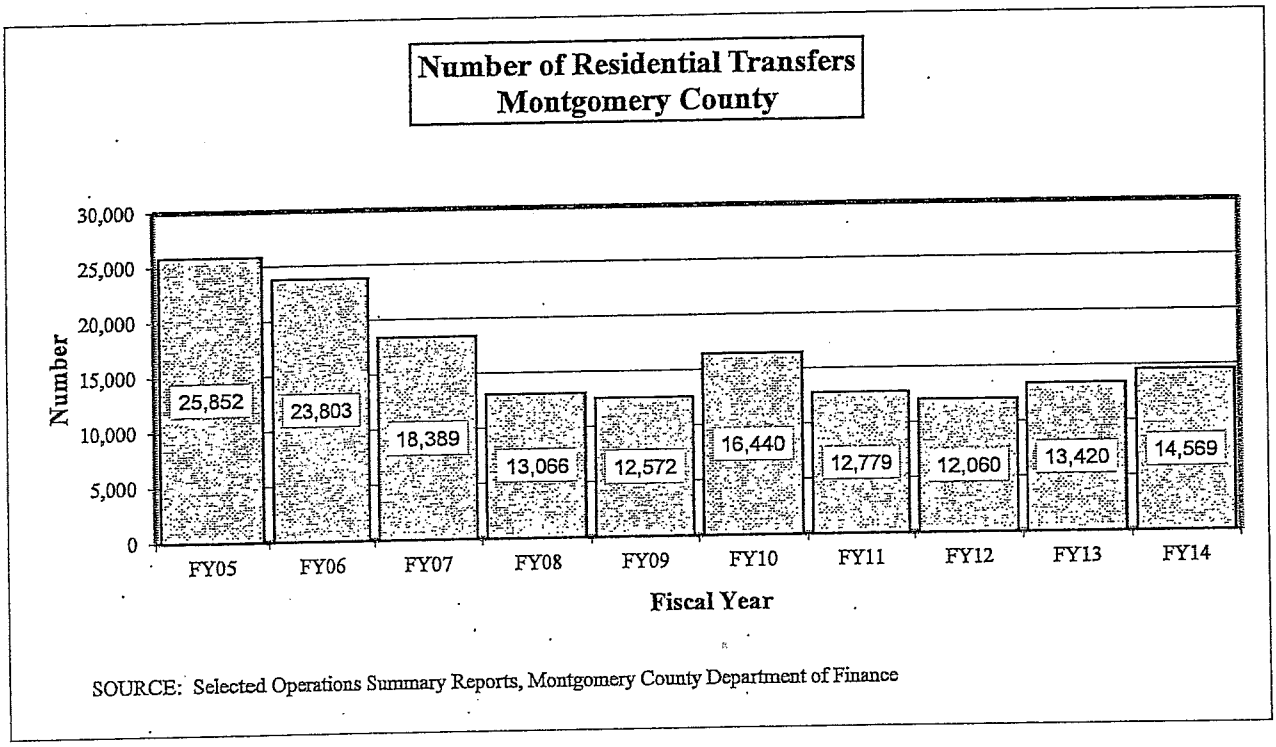
$96.8 million in 2013 (↓44.4%) – the latest date for which data are available. These distributions represent the most volatile component of the income tax and are associated with the change in the stock market as measured by the S&P 500 index.



Transfer and Recordation Taxes

Estimated FY16 revenues for the General Fund of $153.8 million, which *exclude* the school CIP portion, condominium conversions, and the tax premium, are 8.6 percent above the revised FY15 estimate. This reflects an FY16 estimate of $96.2 million in the transfer tax and $57.6 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 FY14 81.4 percent of the transfer tax came from the residential sector compared to 85.5 percent in FY05, 83.6 percent in FY06, 87.1 percent in FY07, 85.7 percent in FY08, 86.6 percent in FY09, 88.0 percent in FY10, 81.3 percent in FY11, and 72.2 percent in FY12, and 77.6 percent in FY13. 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. Beginning in FY03, the recordation tax rate was raised from $4.40 to $6.90 per $1,000 of the value of the contract (0.69%) 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 MCPS school capital programs and Montgomery College information technology projects. Generally, both transfer and recordation taxes are levied when properties are sold. In some 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. Beginning March 1, 2008, the Council also levied an additional recordation tax (premium) of 0.31 percent on transactions above $500,000 for rental assistance programs and County government capital projects.

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 wage and salary income, formation of households, mortgage lending conditions, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, property values, and financing costs. The volatility in revenues from the transfer and recordation taxes is best illustrated in the trend since FY05.

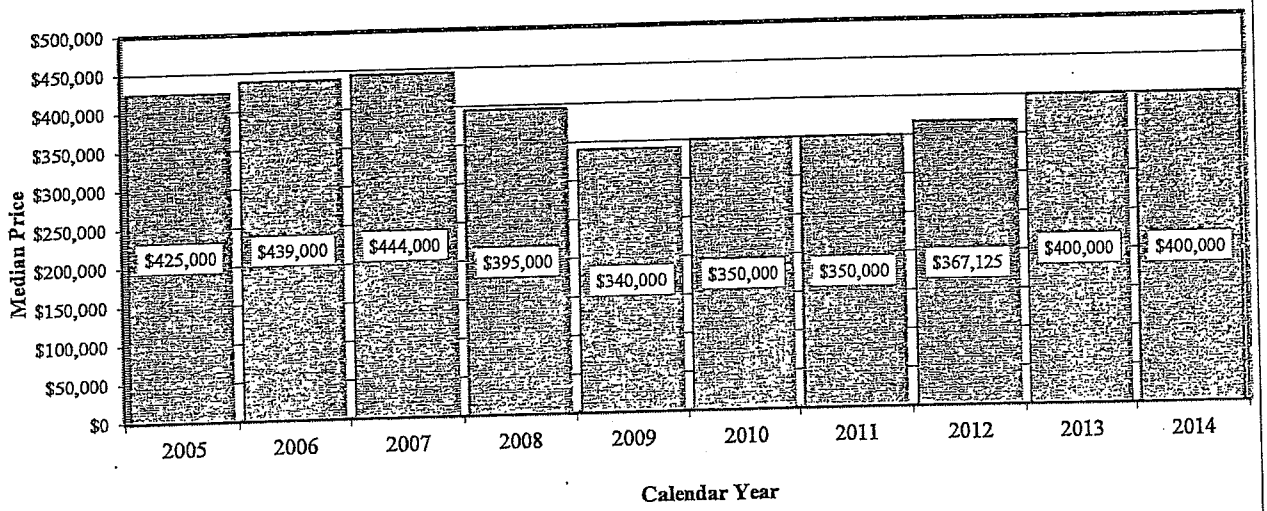


SOURCE: Selected Operations Summary Reports, Montgomery County Department of Finance

The growth rate in the number of residential transfers declined over four consecutive years from FY06 to FY09 – ↓7.9 percent in FY06 (23,803), ↓22.7 percent in FY07 (18,389), ↓28.9 percent in FY08 (13,066), and ↓3.8 percent in FY09 (12,572). After four consecutive years of decline, the number of residential transfers increased 30.8 percent in FY10 attributed to the federal government first-time homebuyers credit, but decreased for two consecutive years – ↓22.8 percent in FY11 (12,779) and ↓5.6 percent in FY12 (12,060). Since FY12, residential transfers increased 11.3 percent and 8.6 percent in FY13 and FY14, respectively. While the number of residential transfers exhibited significant volatility since FY05, the acceleration in home prices during FY05 and FY06 had a significant effect on revenues and partially offset the decrease in the number of transfers during this period. However, since the peak in the housing bubble in FY06, transfer tax revenues from residential transactions declined 23.3 percent in FY07, 26.5 percent in FY08, and 18.1 percent in FY09, but increased 20.9 percent in FY10 then declined 15.1 percent in FY11, decreased 5.1 percent in FY12, but increased 21.2 percent and 9.8 percent in FY13 and FY14, respectively.

The decline in transfer taxes between FY07 and FY09 is attributed to both a decline in home sales that began in the summer of 2005 and in average sales price for existing homes that began the late summer of 2007. Home sales declined 23.3 percent in CY2007, declined 17.7 percent in CY2008, increased 21.8 percent in CY2009, increased a modest 0.3 percent in CY2010, decreased 8.7 percent in CY2011, increased 6.9 percent and 12.8 percent in CY2012 and CY2013, respectively, but decreased 4.2 percent in CY2014.

While sales decreased in CY2014, the average sales price for an existing home increased a meager 0.7 percent and the median sales price did not change.



SOURCES: Metropolitan Regional Information System, Inc.
Montgomery County Department of Finance

At the same time that revenues from the residential portion of the transfer tax experienced growth between FY05 and FY06, revenues from non-residential properties, excluding collections from farm and rezone transactions, experienced a similar pattern during this same period. Beginning in FY07, revenues from non-residential property experienced dramatic volatility over the next eight years. In FY07 revenues from non-residential properties declined 49.2 percent, increased a modest 1.8 percent in FY08, declined 25.7 percent in FY09, but increased 12.9 percent in FY10, 45.9 percent in FY11, 57.7 percent in FY12, but declined 3.9 percent in FY13 and 17.9 percent in FY14.

Recordation tax revenues (excluding the school CIP portion and the tax premium) generally track the trend in transfer tax revenues. Revenues from residential recordation tax revenues increased 21.7 percent in FY05, and 20.1 percent in FY06, before declining 19.4 percent in FY07, 21.1 percent in FY08, 18.3 percent in FY09, increasing 25.3 percent in FY10, decreasing 18.3 percent in FY11, decreasing 4.2 percent in FY12, increasing 23.4 percent in FY13, and increasing 9.5 percent in FY14. The estimate for recordation tax revenues for FY16 reflects a increase of 8.9 percent to $57.6 million for the General Fund.

General Fund transfer and recordation tax revenues are projected to grow 8.6 percent in FY16. That year-over-year growth rate is attributed to a recovery in home sales during calendar year 2015 and 2016 and a modest increase in home prices.

Energy Tax

Estimated FY16 revenues of $206.2 million are 1.3 percent above the revised FY15 estimate. The estimated revenues for FY16 are based on the County Executive's recommendation to continue the FY16 rates at the FY15 level. The revised revenues estimate for FY15 is 3.3 percent below the FY14 actual revenues. That decline is attributed to the reduction in both the residential and non-residential rates enacted by the County Council in May 2014. 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. Since the rates per unit of energy consumed are fixed, collections change only with shifts in energy consumption and not with changes in the price of the energy product. Based on partial fiscal year data for FY15, Finance estimates that the share of receipts from residential users is approximately 32.0 percent of total collections, with the larger share received from the non-residential sector (68.0%). Measured for all energy types, the two largest sources of total revenues based on partial fiscal year data for FY15 have been electricity (82.8%) and natural gas (16.3%).

Telephone Tax

Estimated FY16 revenues of $50.4 million are 1.6 percent above the revised FY15 estimate. The revised revenue estimate for FY15 is 4.1 percent above the FY14 actual revenues excluding the increase attributed to a one-time reconciliation payment of $5.5 million from Verizon in FY14. That adjusted increase is attributed to an increase in wireless communication. The telephone tax is levied as a fixed amount per landline, wireless communications, and other communication devices. 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 communications was $2.00 per month prior to FY11. Effective FY11, the County Council increased the rate schedule for wireless communications from $2.00 per month to $3.50 per month. Revenues from this tax are driven primarily by modest growth in wireless communications such as cell phone usage and by voice-over internet protocol.

Hotel/Motel Tax

Estimated FY16 revenues of $20.3 million are 3.7 percent above the revised FY15 estimate. The revised revenue estimate for FY15 is 10.9 percent above the FY14 actual revenues. Both the FY14 revised estimate and the FY15 estimate continues to include an amount expected from online hotel brokers and the estimate for FY16 includes a recommendation to collect hotel-motel tax revenues from AirBnB and other short term rental property operators which is estimated to collect an additional $228,725 revenues per year starting in FY16. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of 7 percent in FY15 is also assumed for FY16. 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, and during the week of the Presidential inauguration. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county.

Admissions Tax

Estimated FY16 revenues of $3.2 million are 6.6 percent above the revised FY15 estimate. The revised revenue estimate for FY15 revenues is 2.1 percent above the FY14 actual revenues. The revised estimate in FY15 is attributed to an increase in revenues collected from motion picture theaters and recreational activities. 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 County rate would be lower. 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 FY14, motion pictures accounted for 46.8 percent of total collections, while other major categories included coin-operated amusement (18.3%)., and golf green fees, driving ranges and golf cart rentals (16.8%).

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 $983.0 million in FY16. This is a $0.6 million increase, or 0.1 percent, from the revised FY15 estimate, primarily attributed to an increase in General Intergovernmental Revenues (↑1.1%) and fees, licenses, fines, and other charges (3.2%). Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues.

General Intergovernmental Revenues

Intergovernmental revenues are 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 FY16. 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 Federal and State aid policy may be implemented; therefore, the projection generally assumes intergovernmental aid will remain flat. The Recommended Budget for FY16 assumes an $8.4 million, or 1.1 percent, increase in intergovernmental revenues from the revised FY15 estimate, of which 80.3 percent is allocated to the Montgomery County Public Schools, 4.3 percent to Montgomery Community College, and 1.1 percent to Mass Transit. Total intergovernmental revenue represents an estimated 79.0 percent of the total non-tax revenues for FY16.

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 FY16 assumes a 11.8 percent increase over the revised projections for FY15, and $13.0 million in available resources in FY16.

Charges for Services (User Fees)

Excluding intergovernmental revenues to Montgomery County Public Schools and Montgomery College, and College tuition, charges for services, or user fees, are revenues collected that come primarily from fees imposed on the recipients of certain County services including mass transit, human services, use of facilities, and recreation services and are included in the tax supported funds. The Recommended Budget for FY16 assumes an increase of 4.4 percent over the revised projections for FY14, resulting in $71.9 million in available resources in FY15.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light and speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY16 assumes that fines and forfeitures will not increase from the revised estimates for FY15, resulting in $24.3 million in available resources in FY16.

College Tuition

Although College tuition is not 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 County Executive recommends a $3/$6/$9 increase in tuition above the increase included in the Board of Trustees' requested budget. The Recommended Budget for FY16 includes a 2.2 percent increase in tuition revenue over the revised projections for FY15 resulting in $81.9 million in available resources in FY16.

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 County adopted investment policy. 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 FY15 tax-supported investment income estimate of $0.6 million assumes a yield on equity of 0.17 percent and an average daily balance of $701.4 million. The FY16 projected estimate of tax-supported investment income of $2.1 million assumes a yield on equity of 0.65 percent and an average daily balance $701.4 million. Yields have fluctuated significantly over time due to changes in the targeted federal funds rate set by the Federal Open Market Committee (FOMC) of the Federal Reserve System. Since August 2007, the FOMC has reduced the target rate for federal funds from 5.25 percent to a range of 0.00-0.25 percent in December 2008 and is expected to remain at that range through most of calendar year 2015.

Other Miscellaneous

The County receives miscellaneous income from a variety of sources, the largest of which are auction proceeds, rental income for the use of County property, and operating revenue from the Conference Center. These two categories make up 49.5 percent of the total $11.6 million projected for FY16.

PSP Fiscal Policy

INTRODUCTION

Definition and Purpose of Fiscal Policy

Fiscal policy corresponds to the combined practices 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
- Short-term fiscal and service policies
- Current CIP fiscal policies
- Policies for governmental management
- Policies for revenues and program funding
- Fiscal policy for user fees and charges
- Framework for fiscal policy

FISCAL CONTROL POLICIES

Structurally Balanced Budget

The County must have a goal of a structurally balanced budget. Budgeted expenditures should not exceed projected recurring revenues plus recurring net transfers minus the mandatory contribution to reserves for that fiscal year. Recurring revenues should fund recurring expenses. No deficit may be planned or incurred.

Reserves

The County must have a goal of maintaining an unrestricted General Fund balance of five percent of the prior year's General Fund revenues and building up a total reserve of 10 percent of revenues including the Revenue Stabilization Fund by 2020, as defined in the Revenue Stabilization Fund law (Section 20-65, Montgomery County Code).

Use of One-Time Revenues

One-time revenues and revenues in excess of projections must be applied first to restoring reserves to policy levels or as required by law. If the County determines that reserves have been fully funded, then one-time revenues should be applied to non-recurring expenditures which are one-time in nature, PAYGO for the CIP in excess of the County's targeted goal, or to unfunded liabilities. Priority consideration should be given to unfunded liabilities for retiree health benefits (OPEB) and pension benefits prefunding.

PAYGO

The County should allocate to the CIP each fiscal year as PAYGO at least 10 percent of the amount of General Obligation bonds planned for issue that year.

Fiscal Plan

The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available resources. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.

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 two categories: Personnel Costs and Operating Expenses; 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. Instead, capital outlay and construction costs, as applicable, are budgeted in the operating and capital funds, respectively, at the time of purchase and/or encumbrance. Proprietary fund budgets also do not include 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) adjustment amounts in the self-insurance internal service funds are not budgeted; any such adjustments to IBNR claims reserve as of year-end are incorporated into the budget preparation process of the following fiscal year.
- Proprietary fund budgets include the annual required contribution to pre-fund retiree health insurance benefit costs; however, certain pre-funded retiree health insurance related costs in the proprietary funds and General Fund may be reclassified for accounting purposes.
- Proceeds from debt issued specifically for Montgomery Housing Initiative (MHI) affordable housing/property acquisition is classified as a resource in the MHI fund.
- The County does not budget for the annual change in fair market value of its investments, which is included in revenue for accounting purposes.
- The County does not budget for the operating results of the Montgomery County Conference Center, owned by the County and administered by a third party; instead, the budget includes cash distributions between the parties that represent distribution of net operating revenues and reimbursement for net operating losses.

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.

SHORT-TERM FISCAL AND SERVICE POLICIES

Short-term policies are specific to the budget year. They address key issues and concerns that frame the task of preparing a balanced budget that achieves the County Executive's priorities within the context of current and expected economic realities.

The outlook going into the FY16 budget cycle was one of uncertainty due to softness in the housing market, weakness in residential employment and personal income growth, continued State and Federal budget uncertainty, and the potential impact of an adverse ruling in the Wynne income tax case pending at the United States Supreme Court. The following factors and events shaped the budget environment and helped to drive budget planning for FY16:

- The high volatility of tax supported local revenues, coupled with relatively high unemployment (the unemployment rate has declined from its high of 5.8 percent, but it is still above historical levels for the County).
- Rising public school enrollment and continuing pressure to meet the State's Maintenance of Effort requirement on school spending. This mandate, which requires that there be no decrease in locally funded per pupil expenditures adjusted for enrollment growth, was strengthened by the General Assembly in 2012, making it effectively impossible to fund public schools below the Maintenance of Effort level, regardless of the state of the economy and the impact on other departments and services. Furthermore, any funding provided above that level becomes a permanent part of the base and raises the Maintenance of Effort level for the next year.
- The need to absorb significant emergency response and storm cleanup costs associated with multiple winter weather mobilizations.
- Increased costs associated with labor agreements, employee benefits, worker's compensation, pre-funding of retiree health insurance, the operating costs of new facilities, and other costs related to programmatic obligations.
- The cumulative effects of the many efficiencies and reductions the County had implemented in the previous five years to cope with shrinking revenues and tight budgets. These actions have limited the County's flexibility in responding to the further fiscal pressures.
- Uncertainty and potential reductions in State revenues.

The FY15 Six-Year Fiscal Plan, approved by the County Council in June 2014, projected a 1.2 percent decline in resources available to fund the budgets of County Government departments, Montgomery County Public Schools, Montgomery College, and the Maryland-National Capital Park and Planning Commission driven largely by relatively modest revenue growth and increased obligations related to debt service and retiree health insurance. The Budget Director estimated an FY16 budget gap of $238 million in the December 2014 Fiscal Plan Update and cautioned departments to develop contingency plans for reductions of up to five percent in their budget requests for FY16. At the same time, the County Executive emphasized that the County would continue to focus on preserving core services: education, public safety, programs for youth, and services to the most vulnerable (including senior citizens).

To cope with these fiscal challenges while ensuring that the County Executive's priorities are met, recognizing the signs of economic recovery, and acknowledging the sacrifices of County employees and the cumulative efforts of County departments to curtail spending during the past several years, the County implemented a number of new or modified short-term policies and initiatives to control FY15 spending and reduce the FY16 budget gap:

- Expanded the hiring freeze, which was put in place in January 2008, to cover all County positions except for a limited number of critical public safety and health positions;
- Continued restrictions on new procurements, though expanding the scope of the freeze to cover procurement requests over $10,000 (Grants, non-tax supported funds, and Capital Improvements Program procurements continued to be exempt.)
- Continued initiatives undertaken to maintain the County's fiscal policies and its commitments to the bond rating agencies to protect its AAA bond rating.
- Required that departments with projected overspending in their mid-year expenditure analysis implement corrective actions.

To help ensure compliance with these policies and address the projected budget gap, the instructions for preparing the FY16 operating budget included the following requirements:

- No requests for new or enhanced programs and services would be considered for FY16 unless needed to support stated County Executive priorities or to respond to legal mandates. The County Executive stated that he would consider only limited increases in resources for his highest priorities.
- Based on the fiscal forecast, departments were required to submit reduction plans of three percent in their FY16 budget requests.
- New position requests were specifically discouraged as they add to ongoing future costs.

Furthermore, in developing the Capital Improvements Program, priority was given to meeting school capacity issues. After several years of reduced general obligation bond issuance, the FY15-20 Capital Improvement Program, developed to begin in FY15, assumed increased bond issuance to reduce overcrowding in public schools. Constrained resources for non-school capacity projects led to decisions to defer and reduce some previously programmed expenditures. Funds for new projects or increases to existing projects which were not related to addressing the school capacity issue were only recommended when needed to preserve County infrastructure, leverage non-County funding, or support job creation. As a way to offset the increased costs of general obligation bond borrowing, increases in short-term financing were significantly curtailed. To be consistent with the County's biennial budgeting process, the FY16 capital budget amendments were limited to items that addressed health and safety issues, economic development opportunities, leveraged non-County funding, or addressed the County's need to reflect higher implementation rate assumptions.

After the departments submitted their budgets, the Budget Director established five high-level working groups or "clusters." The clusters focused on the following cross-cutting issues affecting multiple departments:

- Positive Youth Development
- Seniors
- Pedestrian Safety
- Worker's Compensation
- Code Enforcement

The clusters included all departments affected by – or affecting – the cluster issue. Department heads or designees attended cluster meetings. The purpose of these clusters, which facilitates a collaborative approach to budgeting in the County, was to review existing programs and policies within the County and determine if there were enhancements or efficiencies which could be made across the County to strengthen services provided to the public. The conclusions and recommendations of the clusters were presented to the County Executive and Chief Administrative Officer and used by them in making their final decisions on the budget.

These short-term policies and actions have been critical in shaping the County Executive's proposed FY16 operating budget. Together with the long-term policies described elsewhere in this chapter, the short-term policies described here have allowed the County to construct a balanced, fiscally responsible budget that is consistent with current economic and fiscal realities while achieving the County Executive's key priorities.

CURRENT CIP FISCAL POLICIES

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 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 the use of tax-exempt bond proceeds.

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 financial 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, 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 additional County general obligation debt may be issued in the six-year CIP period:

Overall Debt as a Percentage of Assessed Valuation. This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. 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.

Debt Service as a percentage of the General Fund. This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund. The General Fund excludes other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the ratio would be below ten percent.

Overall Debt per Capita. This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuers' ability to repay debt. 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.

Ten Year Payout Ratio. This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. 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.

Per Capita Debt to Per Capita Income. This ratio reflects a community's economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the capital budget process, the annual financial audit and as needed for fiscal analysis.

Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with five 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, positively affecting the pay-out ratio (see Debt Limits, below). 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.

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 issues Commercial Paper/Bond Anticipation Notes (BANs) for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

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 a project. Amounts of revenue debt to be issued should be limited to ensure that debt service coverage ratios shall be sufficient to ensure ratings at least equal to or higher than ratings on outstanding parity debt. Such coverage ratios shall be maintained during the life of any bonds secured by that revenue stream.

Policy on Use of Appropriation-backed Debt

Various forms of appropriation-backed debt may be used to fund capital improvements, facilities, or equipment issued directly by the County or using the Montgomery County Revenue Authority or another entity as a conduit issuer. Under such an arrangement, the County enters into a long-term lease with the conduit issuer and the County lease payments fund the debt service on the bonds. Appropriation-backed debt is useful in situations where a separate revenue stream is available to partially offset the lease payments, thereby differentiating the project from those typically funded with general obligation debt. 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.

Policy on Issuance of Taxable Debt

Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations. The cost of taxable debt will generally be higher because investors are not able to deduct interest earnings from taxable income. Taxable debt may be issued in instances where the additional cost of taxable debt, including legal, marketing, and other up-front costs and the interest cost over the life of the bonds, is outweighed by the advantages in relation to the financing objectives to be achieved.

Policy on Use of Interim Financing

Interim Financing may be useful in situations where project expenditures are eligible for long term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified ultimate funding source, and should be repaid within the short term. An example for interim financing would be in a situation where an offsetting revenue will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.

Policy on Use of Short Term Financing

Short term financing (terms of seven years of less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long term financing is not appropriate. Short term financings in the CIP are also of a larger size or magnitude than smaller purchases typically financed with short term Master Lease financing in the Operating Budget.

Policy on Use of Current Revenues

Use of current revenues to fund capital projects 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 have 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.

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 limited renovations of facilities, for renovations 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.
- Except for excess revenues which must go to the Revenue Stabilization Fund, 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.

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 Minimum Allocation of PAYGO

PAYGO is current revenue set aside in the operating budget, but not appropriated, and is used to replace bonds for debt eligible expenditures. To reduce the impact of capital programs on future years, the County will fund a portion of its CIP on a pay-as-you-go basis. Pay-as-you-go funding will save money by eliminating interest expense on the funded projects. Pay-as-you-go capital appropriations improve financial flexibility in the event of sudden revenue shortfalls or emergency spending. It is the County's policy to 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 Operating Budget Impacts

In the development of capital projects, the County evaluates the impact of a project on the operating budget and displays such impacts on the project description form. The County shall not incur debt or otherwise construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

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 December 2007. These taxes are levied at four rate schedules: for the majority of the County (the general impact tax area), for designated Metro station areas, for Clarksburg and for six designated MARC station areas.

Impact Tax - Schools. Most residential development in Montgomery County is 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. A school facilities payment is applied at subdivision review to residential development projects located in a school cluster where enrollment exceeds adopted standards. The school facilities payment is made on a per-student basis, based upon standard student generation rates of that type of residential development.

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.

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 using various strategies including 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.

Retiree Health Benefits Trust

The County intends to comply with GASB Statement 45 by reporting its expenses related to retiree health insurance benefits 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 an eight-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

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. As a result of a Charter amendment approved by voters in 2008, this limit may not be overridden without an affirmative vote of 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 an unrestricted General Fund balance (or, an "operating margin reserve") of five percent of prior year's General Fund revenues and the Revenue Stabilization Fund (or, "rainy day"). It is the County's policy to increase and maintain the budgeted total reserve of the General Fund and the Revenue Stabilization Fund to 10 percent of Adjusted Governmental Revenues by 2020. As defined in the Revenue Stabilization Fund law, Adjusted Governmental Revenues include the tax supported revenues of the County Government, Montgomery County Public Schools (less the County's local contribution), Montgomery College (less the County's local contribution), and Maryland-National Capital Park and Planning Commission, plus the revenues of the County Government's grant fund and capital projects fund.

Reserves in the County Government's other tax supported funds should be minimized to support the policy of maximizing reserves in the General Fund.

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. Contributions of at least 0.5 percent of Adjusted Governmental Revenues up to the 10 percent total reserve goal must be made to the Revenue Stabilization Fund. If greater, 50 percent of certain excess revenues must be transferred to the Fund. By an affirmative vote of six Councilmembers, the Council may transfer any amount from the Fund to the General Fund 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.

The table at the end of this chapter displays the projected ending fund balance for each major fund in the County's operating budget and includes an explanation of changes greater than 10 percent.

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 a unanimous vote of nine councilmembers.
- 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 (CIP) 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 ensure 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 are 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, adopted one-year spending limits for WSSC. These spending control limits include 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 an approximate useful life at least 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 make it necessary for the County to use current revenue or taxable debt 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 the use of tax-exempt bond proceeds.

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 financial 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, 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 uses the following guidelines in deciding how much additional County general obligation debt may be issued in the six-year CIP period:

Overall Debt as a Percentage of Assessed Valuation - This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. 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.

Debt Service as a Percentage of the General Fund - This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund. The General Fund excludes other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the ratio would be below ten percent.

Overall Debt per Capita - This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuers' ability to repay debt. 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.

Ten-year Payout Ratio - This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. 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.

Per Capita Debt to Per Capita Income - This ratio reflects a community's economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the capital budget process, the annual financial audit, and as needed for fiscal analysis.

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, positively affecting the pay-out ratio. 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.

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 issues Commercial Paper/Bond Anticipation Notes (BANs) for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

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 a project. Amounts of revenue debt to be issued should be limited to ensure that debt service coverage ratios shall be sufficient to ensure ratings at least equal to or higher than ratings on outstanding parity debt. Such coverage ratios shall be maintained during the life of any bonds secured by that revenue stream.

Policy on Use of Appropriation-Backed Debt

Various forms of appropriation-backed debt may be used to fund capital improvements, facilities, or equipment issued directly by the County or using the Montgomery County Revenue Authority or another entity as a conduit issuer. Under such an arrangement, the County enters into a long-term lease with the conduit issuer and the County lease payments fund the debt service on the bonds. Appropriation-backed debt is useful in situations where a separate revenue stream is available to partially offset the lease payments, thereby differentiating the project from those typically funded with general obligation debt. 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.

Policy on Issuance of Taxable Debt

Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations. The cost of taxable debt will generally be higher because investors are not able to deduct interest earnings from taxable income. Taxable debt may be issued in instances where the additional cost of taxable debt, including legal, marketing, and other up-front costs and the interest cost over the life of the bonds, is outweighed by the advantages in relation to the financing objectives to be achieved.

Policy on Use of Interim Financing

Interim Financing may be useful in situations where project expenditures are eligible for long term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified ultimate funding source, and should be repaid within the short term. An example for interim financing would be in a situation where an offsetting revenue will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.

Policy on Use of Short Term Financing

Short term financing (terms of seven years of less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long term financing is not appropriate. Short term financings in the CIP are also of a larger size or magnitude than smaller purchases typically financed with short term Master Lease financing in the Operating Budget.

Policy on Use of Current Revenues

Use of current revenues to fund capital projects 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 have 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.

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 limited renovations of facilities, for renovations of 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.
- Except for excess revenues which must go to the Revenue Stabilization Fund, 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.

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 Minimum Allocation of PAYGO

PAYGO is current revenue set aside in the operating budget, but not appropriated, and is used to replace bonds for debt eligible expenditures. To reduce the impact of capital programs on future years, the County will fund a portion of its CIP on a pay-as-you-go basis. Pay-as-you-go funding will save money by eliminating interest expense on the funded projects. Pay-as-you-go capital appropriations improve financial flexibility in the event of sudden revenue shortfalls or emergency spending. It is the County's policy to 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 Operating Budget Impacts

In the development of capital projects, the County evaluates the impact of a project on the operating budget and displays such impacts on the project description form. The County shall not incur debt or otherwise construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

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:

Transportation Impact Tax. The County Council established new rates and geographical boundaries for transportation impact taxes in December 2007 and enacted a White Flint impact tax district in 2010. These taxes are levied at four rate schedules: for the majority of the County (the General impact tax area), for Metro Station Policy Areas, for Clarksburg and for White Flint.

Schools Impact Tax Most residential development in Montgomery County is 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. A school facilities payment is applied at subdivision review to residential development projects located in a school cluster where enrollment exceeds adopted standards. The school facilities payment is made on a per-student basis, based upon standard student generation rates of that type of residential development

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.

Recordation Tax Starting in FY03, the County raised the recordation tax rate and earmarked revenues generated from the increase to the MCPS capital budget and Montgomery College information technology projects. In 2008, the County enacted an additional rate premium with revenues generated from half of that premium allocated to Montgomery County Government capital projects.

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 pays the tax. This payment would occur by the earlier of two dates - either at the time of final inspection or within six or twelve months after the building permit was issued depending on the type of development

Since revenues to be obtained from impact taxes may not be paid 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. When these fees are significant, 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 stormwater management 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 a 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. This budget reflects the shift of CDBG funds from the capital budget to the operating budget. This change is being made for ease of administration.

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 including 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) authorizes borrowing of funds and issuance of bonds up to a maximum of the sum of six percent of the assessed valuation of all real property and 15 percent of the assessed valuation of all personal property within the County. Article 25A, Section 5(P) provides that obligations having a maturity not in excess of twelve months shall not be subject to, or be included in, computing the County's legal debt limitation. However, the County includes its BANs/Commercial Paper in the calculation because it intends to repay the notes with the proceeds of long-term debt to be issued in the near future.
- State of Maryland Chapter 693 of the Laws of 2009 requires that each local government adopt a debt policy and submit it to the State Treasurer. In October 2009 the County Council for Montgomery County adopted resolution 16-1173 outlining the County's debt policy
- 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 maximum ten percent assessment limitation tax credit (homestead credit) for owner occupied residential properties. 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. The homestead credit is ten percent for property taxes levied for the State of Maryland, Montgomery County, and all municipalities in Montgomery County (with the exception of the Town of Kensington which is five percent.)
- Other provisions of State law mandate requirements for environmental review, permits, stormwater management, 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 FY15, $13.6 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 the Montgomery County Charter, Section 305, to require that the County 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 Maryland-National Capital Park and Planning Commission (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.
- Section 305 of the County Charter includes a limit on the annual increase in property tax revenues. An amendment approved in 2008 requires that real property tax revenues, with the exception of new construction and property whose zoning or use has changed, may not increase by more than the prior year revenues plus the percentage increase in the Washington-Baltimore Metropolitan area CPI-U unless there is a unanimous vote of nine Councilmembers to exceed that limit. 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.
- Chapter 20 of the Montgomery County Code sets various financial guidelines in law such as the deposit of funds, the borrowing of money generally, the activities of the Department of Finance, revenue bonds, and spending affordability.

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 influence 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.
- The American Recovery and Reinvestment Act (ARRA) created a number of additional tax-advantaged forms of governmental debt. These forms of debt are expected to result in lower costs and therefore savings to taxpayers. The County utilized beneficial provisions of the act and issued these new forms of debt where appropriate and advantageous to the County. One example is a qualified energy conservation bond (QECB) that the County issued in 2013 to take advantage of a federal tax credit that lowers the cost of debt service for an energy savings project on a county facility.

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 general obligation bond 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;
- Maintain debt at prudent and sustainable levels;
- Maintain adequate fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates;
- 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.

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.

ADJUSTED GOVERNMENT REVENUES (AGR) - Include the tax supported revenues of the County Government, Montgomery County Public Schools (less the County's local contribution), Montgomery College (less the County's local contribution), and Maryland-National Capital Park and Planning Commission, plus the revenues of the County Government's grant fund and capital projects fund.

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 and Operating Expense for each County operating department.

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

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.

BALANCED BUDGET – It is the fiscal policy of Montgomery County to balance the budget. A balanced budget has its funding sources (revenues, undesignated carryover, and other resources) equal to its funding uses (expenditures, reserves, and other allocations). No deficit may be planned or incurred.

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. The affirmative votes of seven Council members are required to exceed spending limits, and the unanimous vote of all nine members is needed to exceed the limit on tax levies. 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.

CONSTITUENT RELATIONSHIP MANAGEMENT (CRM) / MONTGOMERY COUNTY (MC) 311 – An organizational philosophy that places emphasis on serving constituents by providing easy access to the information and service channels of the County Government. County residents are able to dial 311 for all non-emergency requests for information, service, or complaints.

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.

CountyStat – An internal performance management tool used to examine issues in detail by means of accurate and timely information. It seeks to improve performance by creating greater accountability, providing transparency into County operations, applying data analysis to decision making, and ensuring decisions are implemented.

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.

ENTERPRISE RESOURCE PLANNING (ERP) – An integrated suite of software modules that support the management of the County's financial, procurement, human resources, and budgeting systems, and which streamlines business operations by using recognized best practices in each of those areas.

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) – MONTGOMERY COLLEGE - 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.

FULL-TIME EQUIVALENT (FTE) – PERSONNEL – An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers, to an equivalent number of work years. For example, 1.0 FTE equals 2,080 hours (or 2,496 hours for fire fighters) and .50 FTE equals 1,040 hours. For the FY13 operating budget, workyears (WYs) were converted into FTEs as part of the Hyperion conversion from Budget Preparation System (BPREP)/Budget Position System (BPS). 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.

GUARANTEED RETIREMENT INCOME PLAN (GRIP) – The GRIP plan is part of the County Employees' Retirement System (ERS), and is a tax-deferred cash balance defined benefit retirement plan qualified under Internal Revenue Code Section 401(a).

HYPERION – Hyperion is an Oracle software application for developing budgets, including position cost projections. The system is integrated with the County's other Oracle eBusiness (EBS) products and uses the same EBS General Ledger (GL) and Project and Grant (PnG) codes.

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.

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 and 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.

MCtime – An electronic timecard system based on commercial off-the-shelf software that replaced the County's paper timesheets. It is configured to accommodate County pay policies and is accessed by employees from their desktop or laptop computers.

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 and 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.

OTHER POST-EMPLOYMENT BENEFITS (OPEB) – Employee benefits, such as health and life insurance, associated with current and future retirees and their beneficiaries. See also Retirees Health Benefits Trust Fund.

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 or full-time equivalents, 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.

RESULTS BASED BUDGETING – A method of preparing budgets that starts with the desired *ends* (program outcomes described in terms of quantifiable results) and works backward to the *means* (the resources needed to achieve those results). When allocating

resources under this approach, increases in budgeted resources must be evaluated and justified by projected changes in measurable results, supported by research or other evidence, and must be consistent with previously defined objectives, priorities, and key results areas.

RETIREES HEALTH BENEFITS TRUST FUND – One or more funds used to support the expenses associated with retiree health benefits.

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.

SCHOOL FACILITIES PAYMENTS – A fee charged to developers of residential subdivisions if school enrollment five years in the future is estimated to exceed 105 percent, but is less than 120 percent, of cluster-wide program capacity at any school level. The fee level depends on both the school level involved and the type of housing unit to be constructed.

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.

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 which is used for the 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."

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
AHCMC	Arts and Humanities Council of Montgomery County
ALARF	Advance Land Acquisition Revolving Fund
APFO	Adequate Public Facilities Ordinance
ARRA	American Recovery and Reinvestment Act
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
CEC	Community Engagement Cluster
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
CR	Current Revenue
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	Device Client Management
DED	Department of Economic Development
DGS	Department of General Services
DEP	Department of Environmental Protection
DHCA	Department of Housing and Community Affairs
DLC	Department of Liquor Control
DOCR	Department of Correction and Rehabilitation
DOT	Department of Transportation
ECC	Emergency Communications Center
EDAET	Expedited Development Approval Excise Tax
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
FRS	Fire and Rescue Service
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board
GDA	General Development Agreement
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GO bonds	General Obligation Bonds
GRIP	Guaranteed Retirement Income Plan
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
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
MOU	Memorandum of Understanding
MPDU	Moderately Priced Dwelling Unit
MTA	Maryland Transit Administration
NACo	National Association of Counties
NDA	Non-Departmental Account
NTS	Non-tax supported
OCP	Office of Consumer Protection
OHR	Office of Human Resources
OEMHS	Office of Emergency Management and Homeland Security
OLO	Office of Legislative Oversight
OMB	Office of Management and Budget
OBI	Operating Budget Impact
OPEB	Other Post Employment Benefits
OSHA	Occupational Safety and Health Administration
PAYGO	Pay-as-you-go financing
PDF	Project Description Form
PEG	Public, Educational, and Governmental cable programming
PEPCO	Potomac Electric Power Company
PILOT	Payment in Lieu of Taxes
PLAR	Planned Lifecycle Asset Replacement
PLD	Parking Lot District
POR	Program of Requirements
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
SHA	State Highway Administration
SWM	Stormwater Management
TMC	Transportation Management Center
TMD	Transportation Management District
TS	Tax Supported
WMATA	Washington Metropolitan Area Transit Authority
WQPB	Water Quality Protection Bond
WQPC	Water Quality Protection Charge
WSSC	Washington Suburban Sanitary Commission
WSTC	Washington Suburban Transit Commission
WY	Work Year
ZTAWY	Zoning Text Amendment Work Year