



ROCKVILLE, MARYLAND

MEMORANDUM

May 14, 2015

TO: George Leventhal, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance

SUBJECT: FY15 Third Quarterly Analysis

Attached please find the Third Quarterly Analysis for Montgomery County Government. The supplemental appropriations approved by the County Council are reflected in the third quarter estimates below. All other expenditure results are consistent with the estimates reported at second quarter. Significant expenditure variances are described below.

Third Quarter Expenditure Results

The County Attorney's Office anticipates higher than budgeted child welfare contract attorney costs and exceeding the department's lapse assumption.

The Department of Economic Development projects unbudgeted costs related to Federal and State lobbying contracts, sponsorships, consultant work, and other expenses.

The Department of General Services' projected overspending results from unbudgeted costs for emergency maintenance services to repair critical equipment and systems.

The Office of Human Resources' projected overage is from filling lapsed positions to handle an increased workload and other personnel costs.

The Sheriff's Office is projecting to be overspent because of excess compensatory leave payments, overtime, and extradition and security costs.

Fire and Rescue Service is estimated to be overspent because the original retirement budget did not accurately reflect the number of firefighters in the deferred retirement plan.

The Department of Recreation projected overspending is due to under budgeted utilities costs.

The Department of Liquor Control increased staffing to improve warehouse operations and support the new Oracle ERP system. Overtime costs are higher than budget and the conversion of temporary staff to permanent positions was more costly than assumed in the budget.

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The following non-departmental accounts are projected to be overspent: Takoma Park Library Annual Payment and Working Families Income Supplement because of increased formula payments.

Third Quarter Revenue Update

Attached is an update on tax revenue collections through the end of the third quarter.

Reserves

The County's FY15 total ending reserves are estimated to be \$380.4 million, or 8.5 percent of adjusted governmental revenues. This is \$4.4 million lower than reported at second quarter because of higher snow removal and storm cleanup costs. The County Executive's April 28 operating budget adjustments included resources to fund these additional expenditures as well as provide a set aside in the event of an adverse decision from the Supreme Court in the *Wynne* income tax case.

JAH/JFB:ae

Attachments: Third Quarterly Analysis of Expenditures
Tax Revenue Collections: Through 3/31/15

cc: Isiah Leggett, County Executive
Timothy L. Firestine, Chief Administrative Officer
Bonnie Kirkland, Assistant Chief Administrative Officer
Steve Farber, Council Administrator
All County Government Department Heads and Merit Directors