



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject FY 14 Appropriation and Transfer	Executive Order No. 218-14	Subject Suffix
Originating Department Department of Liquor Control	Department Number	Effective Date 12/22/14

BACKGROUND

1. State law provides for the Director of Finance and the Director of the Department of Liquor Control (DLC), with the approval of the County Executive, to determine the amount of working capital required by the Department and to retain from the Department's net profits (before making any deposit into the General Fund of the County) the funds necessary to service DLC-related debt and provide adequate working capital for the operation of the DLC. Because of this State law, both the County Attorney and the Attorney General have advised that the determination of the amount of funds required for these purposes is within the exclusive province of the County Executive, and is not subject to the County budget process.
2. In FY09, Capital Improvement Project #850900-DLC Liquor Warehouse was approved by the County Executive and the County Council approved the issuance of debt (Resolution 16-683) for the State Transportation Participation project, Bethesda Metro Station South Entrance, and Glenmont Metro Parking Expansion, as well as the Liquor Warehouse. The DLC Liquor Warehouse project provides for the consolidation of all Department of Liquor Control functions into the 200,000 square foot Finmarc building on Edison Park Drive in Gaithersburg, MD.
3. Pursuant to Article 2B, Section 15-207(e) of the Maryland Annotated Code, the County Executive establishes the FY14 Department of Liquor Control working capital and contribution to the County's General Fund, as set forth below.

ACTION

1. It is ordered that the FY14 Department of Liquor Control working capital is as follows: Personnel Costs - \$27,108,381 Operating Expense - \$28,216,175. Total working capital is \$55,324,556.
2. It is ordered that the Director of Finance transfer from the Liquor Control Fund to the General Fund, at the end of each of the first three quarters of the fiscal year, an amount equal to one fourth of the amount of \$20,891,294. This amount includes the transfer for: earnings of \$18,085,880; technology modernization costs of \$275,964; and overhead costs of \$2,529,450. The County Executive on the advice of the Department of Liquor Control, the Office of Management and Budget, and the Department of Finance will determine the final quarterly transfer at the end of the fiscal year.
3. It is ordered that a portion of the amount transferred to the General Fund relating to debt service (\$11,162,400) payable from DLC pledged revenues, be transferred directly to U.S. Bank National Association, in accordance with the amounts and timeframes stipulated in the Trust Indenture

Isiah Leggett
County Executive

Approved as to Form and Legality Richard H. McQuirk County Attorney Date 12/17/14

ORGANIZATION IDENTIFICATION	PERSONNEL COSTS	OPERATING EXPENSE	TOTAL
COMMUNITY USE OF PUBLIC FACILITIES APPROPRIATION	2,544,811	7,351,460	9,896,271
PERMITTING SERVICES APPROPRIATION	21,642,820	7,999,251	29,642,071
SOLIDWASTE COLLECTION APPROPRIATION	1,200,024	4,979,950	6,179,974
SOLIDWASTE DISPOSAL APPROPRIATION	9,166,151	86,016,446	95,182,597
LIQUOR CONTROL FUND:			
Liquor Control Appropriation	25,294,511	18,867,645	44,162,156
Debt Service Appropriation	0	11,162,400	11,162,400
LIQUOR CONTROL APPROPRIATION	25,294,511	30,030,045	55,324,556
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TOTAL NON-TAX SUPPORTED: SPECIAL AND ENTERPRISE FUNDS	79,336,728	209,157,401	288,494,129
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EMPLOYEE HEALTH BENEFIT SELF INSURANCE FUND APPROPRIATION	2,014,034	196,676,566	198,690,600
SELF INSURANCE INTERNAL SERVICE FUND APPROPRIATION	3,931,679	52,911,511	56,843,190

	B	C	D	F	G	H	I	J	K	L
3	RESOURCES & USE OF RESOURCES									
	Liquor Control									
4		FY13	FY14	FY14	FY15	FY16	FY17	FY18	FY19	FY20
5	FISCAL PROJECTIONS									
6		ACTUAL	APPROVED	3rd QA	APPROVED	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION
17	ASSUMPTIONS									
17	Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
18	CPI (Fiscal Year)	1.7%	2.3%	1.6%	2.0%	2.2%	2.5%	2.6%	2.4%	2.3%
19	Investment Income Yield	0.2%	0.2%	0.2%	0.4%	1.0%	1.6%	2.2%	2.9%	3.5%
25	BEGINNING FUND BALANCE	218,825	3,186,353	5,133,136	6,027,934	958,125	2,679,760	2,768,990	2,864,498	2,957,932
27	REVENUES									
28	Bag Tax Receipts	7,334	0	0	0	0	0	0	0	0
29	Bag Tax Receipts	7,334	0	0	0	0	0	0	0	0
30	Personal Property Tax	0	0	0	0	0	0	0	0	0
31	Licenses & Permits	1,726,197	1,575,000	1,726,197	1,726,197	1,764,519	1,808,984	1,856,561	1,901,675	1,945,033
32	Liquor Licenses	1,659,217	1,419,000	1,570,197	1,570,197	1,605,055	1,645,503	1,688,779	1,729,817	1,769,257
33	Other Licenses/Permits	66,980	0	0	0	0	0	0	0	0
34	Liquor License Application Fee	0	156,000	156,000	156,000	159,463	163,482	167,781	171,858	175,777
35	Charges For Services	17,165	8,740	8,740	8,740	8,934	9,159	9,400	9,628	9,848
36	Fingerprint Processing Fees	0	8,740	8,740	8,740	8,934	9,159	9,400	9,628	9,848
37	Other Charges/Fees	17,165	0	0	0	0	0	0	0	0
38	Fines & Forfeitures	232,499	220,560	220,560	220,560	225,456	231,138	237,217	242,981	248,521
39	Liquor Enforcement Fees	0	220,560	220,560	220,560	225,456	231,138	237,217	242,981	248,521
40	Other Fines/Forfeitures	232,499	0	0	0	0	0	0	0	0
41	Tobacco Enforcement Fees	0	0	0	0	0	0	0	0	0
46	Miscellaneous	74,978,555	74,249,675	75,155,151	77,034,351	78,961,453	80,936,831	82,961,708	85,037,559	87,165,198
47	Investment Income	278	0	390	880	1,940	3,380	4,870	6,800	8,670
48	Miscellaneous Revenues	(176,524)	0	0	0	0	0	0	0	0
49	Gross Profit	75,154,801	74,249,675	75,154,801	77,033,671	78,959,513	80,933,501	82,956,838	85,030,759	87,156,528
51	Subtotal Revenues	76,961,750	76,053,975	77,110,648	78,989,848	80,960,362	82,986,112	85,064,886	87,191,844	89,368,601
53	INTERFUND TRANSFERS (Net:Non-CIP)	(22,297,140)	(20,891,294)	(20,891,294)	(27,790,916)	(21,575,276)	(23,341,620)	(23,212,424)	(23,498,791)	(23,707,043)
54	Transfers To Debt Service Fund	0	0	0	0	0	0	0	0	0
55	GO Bonds	0	0	0	0	0	0	0	0	0
56	Long Term Leases	0	0	0	0	0	0	0	0	0
57	Transfers To The General Fund	(22,297,140)	(20,891,294)	(20,891,294)	(27,790,916)	(21,575,276)	(23,341,620)	(23,212,424)	(23,498,791)	(23,707,043)
58	Indirect Costs	(2,812,740)	(2,529,450)	(2,529,450)	(2,809,120)	(2,840,640)	(2,840,640)	(2,840,640)	(2,840,640)	(2,840,640)
59	Technology Modernization	(384,400)	(275,964)	(275,964)	(960,383)	0	0	0	0	0
60	Earnings Transfer	(19,400,000)	(18,085,880)	(18,085,880)	(24,021,413)	(18,734,636)	(20,500,980)	(20,371,784)	(20,658,151)	(20,866,403)
77	TOTAL RESOURCES	54,880,435	58,349,034	61,352,490	57,226,866	60,343,211	62,324,252	64,621,452	66,557,551	68,619,489
79	CIP CURRENT REVENUE APPROP.	0								
80	APPROPRIATIONS/EXPENDITURES									
81	Operating Budget (FY12-16 w/o CPI or Comp adj)	(43,147,383)	(44,162,156)	(44,162,156)	(46,145,741)	(47,729,661)	(49,515,311)	(51,426,791)	(53,314,231)	(55,196,091)
82	Personnel Costs	(25,211,310)	(25,294,511)	(27,108,381)	(28,091,163)	(28,091,153)	(28,091,153)	(28,091,153)	(28,091,153)	(28,091,153)
83	Operating Expenses (w/o Fixed Costs)	(17,936,073)	(18,761,995)	(16,948,125)	(17,948,938)	(17,948,938)	(17,948,938)	(17,948,938)	(17,948,938)	(17,948,938)
86	Capital Outlay	0	(105,650)	(105,650)	(105,650)	(105,650)	(105,650)	(105,650)	(105,650)	(105,650)
87	CPI-Fiscal Year for OE (= OE w/o FC x CPI)	n/a	n/a	n/a	0	(398,470)	(860,820)	(1,355,520)	(1,824,620)	(2,275,460)
88	Compensation Adjustment	n/a	n/a	n/a	0	(1,185,450)	(2,508,750)	(3,925,530)	(5,343,870)	(6,774,890)
89	Labor Agreement	n/a	n/a	n/a	0	(315,242)	(315,242)	(315,242)	(315,242)	(315,242)
91	Debt Service: Other (Non-Tax Funds only)	(5,025,176)	(11,162,400)	(11,162,400)	(10,128,000)	(10,128,000)	(10,128,000)	(10,128,000)	(10,131,300)	(10,096,200)
92	Annualizations and One-Time	n/a	n/a	n/a	n/a	0	0	0	0	0
93	FFI Retiree Health Insurance Pre-Funding	n/a	n/a	n/a	n/a	60,360	146,690	216,520	305,890	392,150
94	FFI ERP Warehouse	n/a	n/a	n/a	n/a	180,000	180,000	180,000	180,000	180,000
95	FFI POS	n/a	n/a	n/a	n/a	457,892	457,892	296,043	457,892	457,892
96	FFI Retail Store Leases	n/a	n/a	n/a	n/a	(187,900)	(380,891)	(579,084)	(782,628)	(991,668)
97	Adj for PY Encumbrances/Reserves	(1,574,740)	n/a							
98	Subtotal PSP Oper Budget Approp / Exp's	(49,747,299)	(55,324,556)	(55,324,556)	(56,268,741)	(57,663,451)	(59,555,262)	(61,756,954)	(63,599,619)	(65,569,159)
100	OTHER CLAIMS ON FUND BALANCE									
101	Claim on Fund #1	0	0	0	0	0	0	0	0	0
104	TOTAL USE OF RESOURCES	(49,747,299)	(55,324,556)	(55,324,556)	(56,268,741)	(57,663,451)	(59,555,262)	(61,756,954)	(63,599,619)	(65,569,159)
105	YEAR END FUND BALANCE	5,133,136	3,024,478	6,027,934	958,125	2,679,760	2,768,990	2,864,498	2,957,932	3,050,330
106	Fund Balance Policy 1 mo OE, 1 Payroll, \$1.5M inventory	4,032,638	3,950,979	3,950,979	4,072,034	4,150,660	4,239,890	4,335,398	4,428,832	4,521,230
107	Surplus/Shortfall in Fund Balance	(1,008,160)	2,076,955	2,076,955	(3,113,909)	(1,470,900)	(1,470,900)	(1,470,900)	(1,470,900)	(1,470,900)
110	END-OF-YEAR RESERVES AS A									
111	PERCENT OF RESOURCES	9.4%	5.2%	9.8%	1.7%	4.4%	4.4%	4.4%	4.4%	4.4%