



Finance

Mission Statement

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

Budget Overview

The total recommended FY17 Operating Budget for the Department of Finance is \$77,765,515, an increase of \$3,562,149 or 4.80 percent from the FY16 Approved Budget of \$74,203,366. Personnel Costs comprise 20.43 percent of the budget for 121 full-time position(s) and no part-time position(s), and a total of 121.77 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 79.57 percent of the FY17 budget.

The Finance Operating Budget is comprised of a General Fund component (the Director's Office and the Divisions of Fiscal Management, Treasury and Controller) and the Division of Risk Management, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY17 Operating Budget for the General Fund component is \$14,072,320 an increase of \$359,378 or 2.62 percent over the FY16 approved budget of \$13,712,942. Personnel Costs comprise approximately 81.69 percent of the General Fund budget for 111 full-time positions. A total of 91.65 FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses account for the remaining 18.31 percent of the budget.

The total FY17 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is \$63,693,195, an increase of \$3,202,771 or 5.29 percent over the FY16 approved budget of \$60,490,424. Personnel Costs comprise approximately 6.90 percent of the Self-Insurance Fund budget for 10 full-time positions. A total of 30.12 FTEs includes these positions as well as any seasonal, temporary, and positions charged to or from other departments or funds. Operating Expenses account for the remaining 93.10 percent of the budget. Included in the total FTEs are 19.75 FTEs charged to the Self-Insurance Fund by the Office of the County Attorney and 0.37 FTE charged by the General Fund component of Finance (Controller Division) for services provided in support of Risk Management.

Linkage to County Result Areas

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

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

Department Performance Measures

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

Initiatives

- ★ Implement a Risk Management Information System (RMIS) to provide real time reports and analysis on claims, workplace injuries, out of work time, and other risk management data to support County staff to effectively manage their risk and safety programs.
- ★ Conduct an enterprise wide assessment to ensure adherence to Payment Card Industry and National Automated Clearing House Association guidelines to protect the integrity of County and resident financial data.

Accomplishments

-
- ✓ Successfully retained the County's AAA bond rating from the three major credit rating agencies in the fall of 2015.
 - ✓ In past two years have sold \$800 million in new money GO Bonds and \$387.6 million in Refunding Bonds resulting in over \$36 million in savings for the General Fund, Bethesda Parking District and the West Germantown and Kingsview Development Districts.
 - ✓ Expanded the Small Business Plus Program to \$50 million with local community banks which leveraged \$100 million in loans to local businesses creating hundreds of new jobs in the County.
 - ✓ Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY14 Comprehensive Annual Financial Report (CAFR), the 45th year for this achievement.
 - ✓ Expanded the County's Clean Energy Financing programs to include Commercial Property Assessed Clean Energy (PACE) program to provide financing for commercial property clean energy improvements; and use of Qualified Energy Conservation Bonds for County facilities as well as support the implementation of the Green Bank to support public and private energy and environmental efficiency programs.
 - ✓ Conducted a claims management audit that returned an overall rating of 95% - the highest rating the program has achieved since the 1978 inception of the Self Insurance Program.
 - ✓ Supported County safety and risk management programs by developing and deploying six new enterprise-wide Information Technology (IT) applications to conduct safety reviews and receive training on various safety topics.

Productivity Improvements

- ✦ Implemented the Electronic Cigarette Excise Tax web application to expedite collection of this tax revenue from wholesalers.
- ✦ Enhanced the Bag Tax Web Application to include data validation when entering data.
- ✦ Issued Conduit Debt on behalf of several private schools as part of the Economic Development Revenue Bond program creating significant savings from the refundings. The standard Conduit Debt fees that are paid by eligible third-party entities was increased to the maximum allowable under the Resolution adopted by Council, which now more appropriately compensates the County for the services provided, and enhanced the revenue stream.
- ✦ Coordinated the on-line credit card payment system for the Division of Animal Services for pet licensing; for the Office of Emergency Management and Homeland Security for hazard material certifications; and for HHS for private donations for certain safety net programs.
- ✦ Partnered with all departments and offices to conduct Accounts Payable audit of invoices under \$10,000. Met with each department to present audit findings and work through any issues to prevent errors in the future.

Program Contacts

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Jane Mukira of the Office of Management and Budget at 240.777.2754 for more information regarding this department's operating budget.

Program Descriptions

Fiscal Management

This program provides effective management of County capital and operating funds and the fiscal analysis and issue management associated with master plan development, economic development, and legislative issues. It is also responsible for accurate revenue and economic forecasting and publishing reports on economic and revenue analysis on a monthly and quarterly basis for dissemination to the County Council and public. The program's primary goal is to maintain the County's AAA General Obligation Bond debt rating and to actively invest the County's working capital to minimize risk while generating maximum investment income. Program objectives related to debt and cash management include managing the timely and economic issuance of short- and long-term financial obligations; developing and maintaining strong rating agency and investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; providing high-quality consulting

services for County agencies, managers, staff, elected officials, and residents on issues related to debt and cash management; and managing the County's relationship with the banking and investment community. Program objectives related to policy and fiscal projects include the proactive development of intergovernmental policy alternatives and recommendations, including necessary local and state legislation and regulations; fiscal and economic impact analysis for local and state legislation; fiscal impact analysis and effective management associated with the financing and implementation aspects of Master and Sector Plans; and high quality financial consulting services for County agencies, managers, staff, elected officials, and residents.

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|----------------|----------------|-------------------|----------------|----------------|
| Bond Rating - Rating given to Montgomery County by Fitch, Moody's, and Standard and Poor's (Bond ratings are a measure of the quality and safety of a bond and are based on the issuer's financial condition) | AAA | AAA | AAA | AAA | AAA |
| Interest Rate - True Interest Cost for Montgomery County General Obligation Bonds (the most common debt instrument used by the County) | 3.1 | 2.7 | 3.0 | 3.5 | 4.0 |
| Interest Rate Benchmarking - County General Obligation (GO) vs. Municipal Market Data Index (basis point spread) | -6 | -3 | -5 | -7 | -10 |
| Investment Return - Rate of return on Montgomery County's investments | 0.15 | 0.18 | 0.35 | 0.50 | 1.00 |
| Investment Return Benchmarking - County Return vs. S&P Local Government Investment Pool Index (basis point spread) | 10 | 10 | 10 | 10 | 10 |
| Revenue forecasting - Percent variance between actual revenue and projected revenue | 3.26 | -1.48 | 0.00 | 0.00 | 0.00 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY16 Approved | 1,381,697 | 9.00 |
| Shift: Administration of Economic Development Fund and Small Business Financing Support to Department of Finance | 643,355 | 2.00 |
| Increase Cost: National Philharmonic Operating Support | 150,000 | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (90,144) | (1.00) |
| FY17 Recommended | 2,084,908 | 10.00 |

Information Technology

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

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY16 Approved | 1,268,937 | 4.00 |
| Increase Cost: Property Tax Billing IT Application | 60,010 | 0.00 |
| Increase Cost: Audit Implementation: Automated Clearing House & Payment Card Industry transaction processes | 60,000 | 0.00 |
| Decrease Cost: Billing and Collection Services - Fee Increase: Water Quality Protection Fund | (473,603) | (2.80) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 42,202 | 0.80 |
| FY17 Recommended | 957,546 | 2.00 |

Accounts Payable

This program is responsible for timely and accurate payments to vendors for goods and services provided to the County; complying with County policies and procedures; and carrying out State and Federal reporting requirements. Payments to vendors are initiated and approved

by individual departments. The Accounts Payable program is responsible for review and final approval of payments of \$10,000 or more, as well as most refunds and other non-expenditure disbursements. Payments under \$10,000 are individually reviewed and approved by operating departments subject to post-payment audits by Accounts Payable.

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|-------------|-------------|----------------|-------------|-------------|
| Procurement Card rebate revenue generated | 467,129 | 487,901 | 475,000 | 475,000 | 475,000 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY16 Approved | 1,004,553 | 10.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 24,099 | 0.00 |
| FY17 Recommended | 1,028,652 | 10.00 |

Accounts Receivable

This program is responsible for the timely receipt and accounting for monies due to the County from residents, businesses, and government agencies. In conjunction with the implementation of the Enterprise Resource Planning (ERP) system and associated best practices, this program provides for development of standardized policies and procedures, and provision of services including invoicing/billing, collection, accounting, reconciliation, and reporting reconciliation of monies due. This program will provide greater accountability through improved reporting, enhanced tracking of payment trends, and increased opportunities for maximizing collectibility.

| FY17 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY16 Approved | 754,491 | 7.00 |
| Decrease Cost: Department of Liquor Control - Accounts Receivable Services | (95,642) | (1.00) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (3,609) | 0.00 |
| FY17 Recommended | 655,240 | 6.00 |

General Accounting

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

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|--|-------------|-------------|----------------|-------------|-------------|
| Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting ¹ | Received | Expected | Expected | Expected | Expected |

¹ The County has been awarded this certificate more times than any other county in the nation (FY14 = 45 times)

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY16 Approved | 1,719,178 | 15.31 |
| Decrease Cost: Active Montgomery Accounting Services - Community Use of Public Facilities | (42,010) | (0.33) |
| Decrease Cost: Active Montgomery Accounting Services - Recreation | (42,010) | (0.33) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 131,215 | 0.00 |
| FY17 Recommended | 1,766,373 | 14.65 |

Grants Accounting

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

| FY17 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY16 Approved | 583,796 | 5.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 15,920 | 0.00 |
| FY17 Recommended | 599,716 | 5.00 |

Payroll

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

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|--|----------------|----------------|-------------------|----------------|----------------|
| Pension and long-term disability (LTD2) payroll payments processed | 65,000 | 74,621 | 76,000 | 76,000 | 76,000 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY16 Approved | 917,477 | 8.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 223,544 | 1.00 |
| FY17 Recommended | 1,141,021 | 9.00 |

Tax Operations

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

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|------------------------------|----------------|----------------|-------------------|----------------|----------------|
| Property tax accounts billed | 366,847 | 367,708 | 369,000 | 371,000 | 371,000 |

| FY17 Recommended Changes | Expenditures | FTEs |
|--|------------------|--------------|
| FY16 Approved | 2,201,228 | 21.35 |
| Decrease Cost: Billing, Collection and Processing Services for Non-Tax Supported Departments | (6,380) | 0.00 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| Decrease Cost: Billing and Collection Services - Fee Increase: Parking Lot Districts | (12,636) | 0.10 |
| Decrease Cost: Billing and Collection Services - Fee Increase: Vacuum Leaf Collection: | (132,571) | (0.20) |
| Decrease Cost: Billing and Collection Services - Fee Increase: Solid Waste Collection | (146,078) | (0.30) |
| Decrease Cost: Billing and Collection Services - Fee Increase: Solid Waste Disposal: | (292,109) | (2.00) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 121,730 | (0.85) |
| FY17 Recommended | 1,733,184 | 18.10 |

Treasury Operations

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

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|--------------------------------|-------------|-------------|----------------|-------------|-------------|
| Cashier transactions processed | 35,730 | 40,792 | 40,000 | 40,000 | 40,000 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY16 Approved | 332,080 | 4.15 |
| Increase Cost: Parking Lots Districts - Collection of Parking Violations | 67,910 | 0.70 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 35,880 | 0.05 |
| FY17 Recommended | 435,870 | 4.90 |

Insurance

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

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|-------------|-------------|----------------|-------------|-------------|
| Number of contract review actions to ensure adequate insurance coverage and compliance ¹ | 7,460 | 11,613 | 9,000 | 10,000 | 10,000 |
| Workers Compensation - Cost per \$100 of payroll | 3.50 | 3.36 | 3.34 | 3.30 | 3.29 |
| Workers Compensation - Number of Montgomery County Government cases resulting in lost work time | 499 | 543 | 596 | 614 | 632 |

¹ Measurement of contract review actions consists of: Mandatory Insurance Requirements issued; Certificates of Insurance approved; and email responses requesting clarification, corrections or additional information. Contracts include Amendments, RFPs, IFBs, Leases, Right-of-Entry Agreements, MOUs, License Agreements, Bridge Contracts, DPOs, Business Associate.

| FY17 Recommended Changes | Expenditures | FTEs |
|--|-------------------|-------------|
| FY16 Approved | 56,348,233 | 4.00 |
| Increase Cost: Claims Expense | 3,852,262 | 0.00 |
| Increase Cost: Professional Services - Actuarial Study | 30,000 | 0.00 |
| Increase Cost: Workers Compensation State Payroll Assessment | 20,000 | 0.00 |
| Decrease Cost: Paralegal Contractual Services | (33,334) | 0.00 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|-------------------|-------------|
| Decrease Cost: Professional Services - Claims Audit Contract | (40,000) | 0.00 |
| Decrease Cost: Commercially Purchased Property and Casualty Insurance | (250,251) | 0.00 |
| Decrease Cost: Claims Service Contract Administrative Costs | (482,317) | 0.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (74,484) | (1.00) |
| FY17 Recommended | 59,370,109 | 3.00 |

Occupational Safety and Health

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

| Program Performance Measures | Actual FY14 | Actual FY15 | Estimated FY16 | Target FY17 | Target FY18 |
|---|-------------|-------------|----------------|-------------|-------------|
| Training classes conducted by Safety and Health Specialists | 93 | 155 | 350 | 520 | 1,000 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY16 Approved | 611,827 | 3.00 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (1,298) | 0.00 |
| FY17 Recommended | 610,529 | 3.00 |

Legal Services

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

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY16 Approved | 2,854,190 | 19.75 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 56,282 | 0.00 |
| FY17 Recommended | 2,910,472 | 19.75 |

Operations and Administration

This program includes operational support for the Department as well as the administrative portions of the Director's Office, the Division of the Controller, the Treasury Division, and the Division of Risk Management. The program provides support for efficient, effective, and timely accomplishment of the Department's mission, including budget development and oversight, personnel administration, strategic planning, and contract administration. The program provides high quality consulting services for County agencies, managers, staff, elected officials, and residents.

| FY17 Recommended Changes | Expenditures | FTEs |
|--|------------------|--------------|
| FY16 Approved | 4,225,679 | 15.37 |
| Increase Cost: MTime Upgrade - Kronos Timekeeper | 237,500 | 0.00 |
| Increase Cost: Contractual Resources for Indirect Cost Analysis and Services | 40,000 | 0.00 |
| Increase Cost: Kronos Annual Maintenance and Support | 10,450 | 0.00 |
| Decrease Cost: Retiree Health Insurance Pre-funding | (10) | 0.00 |
| Shift: Telecommunications to the Telecommunications Non-Departmental Account | (27,820) | 0.00 |

| FY17 Recommended Changes | Expenditures | FTEs |
|---|------------------|--------------|
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (13,904) | 1.00 |
| FY17 Recommended | 4,471,895 | 16.37 |

Budget Summary

| | Actual FY15 | Budget FY16 | Estimate FY16 | REC FY17 | %Chg Bud/Rec |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 7,681,382 | 8,919,005 | 8,441,514 | 8,952,065 | 0.4 % |
| Employee Benefits | 2,751,780 | 2,728,497 | 2,867,548 | 2,543,561 | -6.8 % |
| County General Fund Personnel Costs | 10,433,162 | 11,647,502 | 11,309,062 | 11,495,626 | -1.3 % |
| Operating Expenses | 2,788,463 | 2,065,440 | 2,237,645 | 2,576,694 | 24.8 % |
| County General Fund Expenditures | 13,221,625 | 13,712,942 | 13,546,707 | 14,072,320 | 2.6 % |
| PERSONNEL | | | | | |
| Full-Time | 116 | 106 | 106 | 111 | 4.7 % |
| Part-Time | 0 | 0 | 0 | 0 | --- |
| FTEs | 95.31 | 95.81 | 95.81 | 91.65 | -4.3 % |
| REVENUES | | | | | |
| Miscellaneous Revenues | 490,812 | 475,000 | 475,000 | 475,000 | --- |
| Other Charges/Fees | 268,041 | 244,360 | 330,360 | 317,490 | 29.9 % |
| Other Fines/Forfeitures | 22,955 | 15,000 | 10,000 | 10,000 | -33.3 % |
| Other Intergovernmental | 150,216 | 141,220 | 171,040 | 238,420 | 68.8 % |
| County General Fund Revenues | 932,024 | 875,580 | 986,400 | 1,040,910 | 18.9 % |
| SELF INSURANCE INTERNAL SERVICE FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 2,992,567 | 3,265,501 | 3,244,104 | 3,397,425 | 4.0 % |
| Employee Benefits | 961,218 | 1,021,245 | 1,042,642 | 995,580 | -2.5 % |
| Self Insurance Internal Service Fund Personnel Costs | 3,953,785 | 4,286,746 | 4,286,746 | 4,393,005 | 2.5 % |
| Operating Expenses | 48,438,870 | 56,203,678 | 56,203,678 | 59,300,190 | 5.5 % |
| Self Insurance Internal Service Fund Expenditures | 52,392,655 | 60,490,424 | 60,490,424 | 63,693,195 | 5.3 % |
| PERSONNEL | | | | | |
| Full-Time | 10 | 10 | 10 | 10 | --- |
| Part-Time | 0 | 0 | 0 | 0 | --- |
| FTEs | 30.37 | 30.12 | 30.12 | 30.12 | --- |
| REVENUES | | | | | |
| Investment Income | 193,008 | 632,940 | 436,250 | 623,210 | -1.5 % |
| Miscellaneous Revenues | 503,547 | 0 | 0 | 0 | --- |
| Self Insurance Revenues | 69,171,015 | 65,803,243 | 65,803,243 | 63,301,393 | -3.8 % |
| Self Insurance Internal Service Fund Revenues | 69,867,570 | 66,436,183 | 66,239,493 | 63,924,603 | -3.8 % |
| DEPARTMENT TOTALS | | | | | |
| Total Expenditures | 65,614,280 | 74,203,366 | 74,037,131 | 77,765,515 | 4.8 % |
| Total Full-Time Positions | 126 | 116 | 116 | 121 | 4.3 % |
| Total Part-Time Positions | 0 | 0 | 0 | 0 | --- |
| Total FTEs | 125.68 | 125.93 | 125.93 | 121.77 | -3.3 % |
| Total Revenues | 70,799,594 | 67,311,763 | 67,225,893 | 64,965,513 | -3.5 % |

FY17 Recommended Changes

| | Expenditures | FTEs |
|----------------------------|--------------|------|
| COUNTY GENERAL FUND | | |

FY16 ORIGINAL APPROPRIATION**13,712,942 95.81****Other Adjustments (with no service impacts)**

| | | |
|--|-----------|--------|
| Shift: Administration of Economic Development Fund and Small Business Financing Support to Department of Finance [Fiscal Management] | 643,355 | 2.00 |
| Increase Cost: Mctime Upgrade - Kronos Timekeeper [Operations and Administration] | 237,500 | 0.00 |
| Increase Cost: Annualization of FY16 Personnel Costs | 222,249 | 0.00 |
| Increase Cost: FY17 Compensation Adjustment | 179,485 | 0.00 |
| Increase Cost: National Philharmonic Operating Support [Fiscal Management] | 150,000 | 0.00 |
| Increase Cost: Parking Lots Districts - Collection of Parking Violations [Treasury Operations] | 67,910 | 0.70 |
| Increase Cost: Group Insurance Adjustment | 66,907 | 0.00 |
| Increase Cost: Property Tax Billing IT Application [Information Technology] | 60,010 | 0.00 |
| Increase Cost: Audit Implementation: Automated Clearing House & Payment Card Industry transaction processes [Information Technology] | 60,000 | 0.00 |
| Increase Cost: Contractual Resources for Indirect Cost Analysis and Services [Operations and Administration] | 40,000 | 0.00 |
| Increase Cost: Kronos Annual Maintenance and Support [Operations and Administration] | 10,450 | 0.00 |
| Increase Cost: Annualization of FY16 Operating Expenses | 6,380 | 0.00 |
| Increase Cost: Printing and Mail | 1,705 | 0.00 |
| Decrease Cost: Billing, Collection and Processing Services for Non-Tax Supported Departments [Tax Operations] | (6,380) | 0.00 |
| Decrease Cost: Billing and Collection Services - Fee Increase: Parking Lot Districts [Tax Operations] | (12,636) | 0.10 |
| Shift: Telecommunications to the Telecommunications Non-Departmental Account [Operations and Administration] | (27,820) | 0.00 |
| Decrease Cost: Active Montgomery Accounting Services - Recreation [General Accounting] | (42,010) | (0.33) |
| Decrease Cost: Active Montgomery Accounting Services - Community Use of Public Facilities [General Accounting] | (42,010) | (0.33) |
| Decrease Cost: Department of Liquor Control - Accounts Receivable Services [Accounts Receivable] | (95,642) | (1.00) |
| Decrease Cost: Retirement Adjustment | (115,714) | 0.00 |
| Decrease Cost: Billing and Collection Services - Fee Increase: Vacuum Leaf Collection: [Tax Operations] | (132,571) | (0.20) |
| Decrease Cost: Billing and Collection Services - Fee Increase: Solid Waste Collection [Tax Operations] | (146,078) | (0.30) |
| Decrease Cost: Billing and Collection Services - Fee Increase: Solid Waste Disposal: [Tax Operations] | (292,109) | (2.00) |
| Decrease Cost: Billing and Collection Services - Fee Increase: Water Quality Protection Fund [Information Technology] | (473,603) | (2.80) |

FY17 RECOMMENDED**14,072,320 91.65****SELF INSURANCE INTERNAL SERVICE FUND****FY16 ORIGINAL APPROPRIATION****60,490,424 30.12****Other Adjustments (with no service impacts)**

| | | |
|---|-----------|------|
| Increase Cost: Claims Expense [Insurance] | 3,852,262 | 0.00 |
| Increase Cost: Annualization of FY16 Personnel Costs | 76,584 | 0.00 |
| Increase Cost: FY17 Compensation Adjustment | 59,128 | 0.00 |
| Increase Cost: Professional Services - Actuarial Study [Insurance] | 30,000 | 0.00 |
| Increase Cost: Workers Compensation State Payroll Assessment [Insurance] | 20,000 | 0.00 |
| Increase Cost: Group Insurance Adjustment | 18,750 | 0.00 |
| Increase Cost: Printing and Mail | 161 | 0.00 |
| Increase Cost: Motor Pool Adjustment | 1 | 0.00 |
| Decrease Cost: Retiree Health Insurance Pre-funding [Operations and Administration] | (10) | 0.00 |
| Decrease Cost: Paralegal Contractual Services [Insurance] | (33,334) | 0.00 |
| Decrease Cost: Professional Services - Claims Audit Contract [Insurance] | (40,000) | 0.00 |
| Decrease Cost: Retirement Adjustment | (48,203) | 0.00 |
| Decrease Cost: Commercially Purchased Property and Casualty Insurance [Insurance] | (250,251) | 0.00 |
| Decrease Cost: Claims Service Contract Administrative Costs [Insurance] | (482,317) | 0.00 |

FY17 RECOMMENDED**63,693,195 30.12****Program Summary**

| Program Name | FY16 APPR Expenditures | FTEs | FY17 REC Expenditures | FTEs |
|--------------|---------------------------|------|--------------------------|------|
|--------------|---------------------------|------|--------------------------|------|

| Program Name | FY16 APPR | | FY17 REC | |
|--------------------------------|-------------------|---------------|-------------------|---------------|
| | Expenditures | FTEs | Expenditures | FTEs |
| Fiscal Management | 1,381,697 | 9.00 | 2,084,908 | 10.00 |
| Information Technology | 1,268,937 | 4.00 | 957,546 | 2.00 |
| Accounts Payable | 1,004,553 | 10.00 | 1,028,652 | 10.00 |
| Accounts Receivable | 754,491 | 7.00 | 655,240 | 6.00 |
| General Accounting | 1,719,178 | 15.31 | 1,766,373 | 14.65 |
| Grants Accounting | 583,796 | 5.00 | 599,716 | 5.00 |
| Payroll | 917,477 | 8.00 | 1,141,021 | 9.00 |
| Tax Operations | 2,201,228 | 21.35 | 1,733,184 | 18.10 |
| Treasury Operations | 332,080 | 4.15 | 435,870 | 4.90 |
| Insurance | 56,348,233 | 4.00 | 59,370,109 | 3.00 |
| Occupational Safety and Health | 611,827 | 3.00 | 610,529 | 3.00 |
| Legal Services | 2,854,190 | 19.75 | 2,910,472 | 19.75 |
| Operations and Administration | 4,225,679 | 15.37 | 4,471,895 | 16.37 |
| Total | 74,203,366 | 125.93 | 77,765,515 | 121.77 |

Charges to Other Departments

| Charged Department | Charged Fund | FY16 | | FY17 | |
|------------------------------------|---|------------------|--------------|------------------|--------------|
| | | Total\$ | FTEs | Total\$ | FTEs |
| COUNTY GENERAL FUND | | | | | |
| Human Resources | Employee Health Self Insurance | 108,490 | 0.75 | 122,320 | 0.75 |
| Human Resources | Retiree Health Benefits Trust Fund | 41,690 | 0.25 | 43,180 | 0.25 |
| General Services | Central Duplicating (Printing & Mail) | 6,210 | 0.05 | 6,320 | 0.05 |
| Transportation | Leaf Vacuuming | 82,110 | 0.23 | 214,571 | 0.43 |
| Parking District Services | Bethesda Parking | 68,551 | 0.71 | 40,043 | 0.24 |
| Parking District Services | Silver Spring Parking | 59,033 | 0.52 | 43,522 | 0.27 |
| Parking District Services | Montgomery Hills Parking | 7,177 | 0.05 | 267 | 0.00 |
| Parking District Services | Wheaton Parking | 15,571 | 0.12 | 13,744 | 0.09 |
| Community Use of Public Facilities | Community Use of Public Facilities | 6,670 | 0.04 | 48,920 | 0.37 |
| Recreation | Recreation | 0 | 0.00 | 42,010 | 0.33 |
| Permitting Services | Permitting Services | 11,340 | 0.10 | 11,470 | 0.10 |
| Economic Development | General Fund | 0 | 0.00 | 114,178 | 1.00 |
| Environmental Protection | Water Quality Protection | 385,313 | 3.20 | 865,388 | 6.00 |
| Solid Waste Services | Solid Waste Disposal | 221,600 | 2.38 | 515,059 | 4.38 |
| Solid Waste Services | Solid Waste Collection | 91,070 | 0.34 | 237,178 | 0.64 |
| Liquor Control | Liquor | 41,730 | 0.50 | 315,990 | 2.50 |
| CIP | Capital Fund | 140,943 | 1.00 | 153,400 | 1.00 |
| Non-Departmental Accounts | Employees Retirement Savings Plan (RSP) | 11,680 | 0.07 | 12,090 | 0.07 |
| Non-Departmental Accounts | Retirement Fund (ERS) | 61,710 | 0.37 | 63,900 | 0.37 |
| Non-Departmental Accounts | BIT 457 Deferred Comp. Plan | 5,000 | 0.03 | 5,180 | 0.03 |
| Non-Departmental Accounts | RSP-Disability Benefits (LTD2) | 26,690 | 0.16 | 27,630 | 0.16 |
| NDA - Conference Center | General Fund | 0 | 0.00 | 129,079 | 1.00 |
| Total | | 1,392,578 | 10.87 | 3,025,439 | 20.03 |

Future Fiscal Impacts

| Title | CE RECOMMENDED (\$000s) | | | | | |
|----------------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|
| | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
| COUNTY GENERAL FUND | | | | | | |
| EXPENDITURES | | | | | | |
| FY17 Recommended | 14,072 | 14,072 | 14,072 | 14,072 | 14,072 | 14,072 |

| Title | CE RECOMMENDED (\$000s) | | | | | |
|--|-------------------------|---------------|---------------|---------------|---------------|---------------|
| | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Contractual Resources for Indirect Cost Analysis and Services | 0 | (40) | 0 | (40) | 0 | (40) |
| Indirect Cost Analysis through contract. | | | | | | |
| Kronos Annual Maintenance and Support | 0 | 16 | 33 | 50 | 68 | 68 |
| Kronos annual maintenance and support is a contractual obligation with a 3% cap increase per year based on the current contract, expiring December 31, 2018. | | | | | | |
| Labor Contracts | 0 | 94 | 94 | 94 | 94 | 94 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 14,072 | 14,142 | 14,199 | 14,176 | 14,234 | 14,194 |

SELF INSURANCE INTERNAL SERVICE FUND

EXPENDITURES

| | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| FY17 Recommended | 63,693 | 63,693 | 63,693 | 63,693 | 63,693 | 63,693 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Professional Services - Claims Audit Contract | 0 | 40 | 0 | 40 | 0 | 40 |
| The Claims Audit is conducted every other year and is not needed in odd years. | | | | | | |
| Retiree Health Insurance Pre-funding | 0 | (2) | (4) | (5) | (6) | (6) |
| These figures represent the estimated cost of pre-funding retiree health insurance costs for the County's workforce. | | | | | | |
| Labor Contracts | 0 | 20 | 20 | 20 | 20 | 20 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 63,693 | 63,751 | 63,709 | 63,748 | 63,707 | 63,747 |

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