How to Read the Budget

INTRODUCTION

The County's Approved FY07 Operating and Capital Budgets and Approved FY07-12 Capital Improvements Program (CIP) is published in three volumes. Volume 1 contains a comprehensive picture of the Operating Budget year beginning July 1, including changes from the previous fiscal year. Volume 2 contains a comprehensive picture of Council's Approved Capital Budget and Capital Improvements Program for the budget year beginning July 1, including new and existing projects. Volume 3 contains the approved Project Description Forms (PDFs).

All publications are available on the County's website: www.montgomerycountymd.gov.

CONTENTS OF THE OPERATING BUDGET DOCUMENT

The major components of the Volume 1 Approved Operating Budget are described below in order of appearance in this document.

Message and Highlights

The message summarizes the financial status of the County and how the budget is funded. The highlights provide a listing of major program initiatives, changes approved in the budget, and a synopsis of changes that occurred since the County Executive submitted his recommended budget to County Council on March 15.

Agencies Summaries

A summary of approved funding is provided for the budgets of Montgomery County Public Schools, Montgomery College, the Montgomery County and bi-county (administration) portions of the Maryland-National Capital Park and Planning Commission, and the Montgomery County and bi-county portions of the Washington Suburban Sanitary Commission. A summary of the Housing Opportunities Commission budget is also included, containing the operating budget appropriation. In addition, a section describing the Montgomery County Revenue Authority is provided.

Debt Service

Debt service is the amount the County must pay each year for the principal and interest on the County's bonded and other indebtedness. Debt service is presented both in terms of the specific bond allocations by category and fund and by sources of revenue, including six-year projections of debt service requirements.

County Government Approved Department Budgets

The approved budgets for departments and offices of the County Government are provided for the following:

- Legislative Branch (the County Council and legislative offices and boards).
- Judicial Branch (Circuit Court and State's Attorney).
- Executive Branch (departments with functions related to General Government, Public Safety, Public Works and Transportation, Health and Human Services, Culture and Recreation, Community Development and Housing, Environment, and Other County Functions).

The presentations include: the department's mission statement; description and cost of programs; approved expenditure, revenue, and workforce allocations for the department; and approved changes for next fiscal year's budget. For more detailed information about department displays, see the section on "Department Budget Presentations" below.

Non-Departmental Accounts (NDAs)

The Non-Departmental Accounts section contains expenses essential to the operation of the County government which either do not fall within the functional assignment of any department or agency or provide for expenditures related to more than one department or agency. Examples include various grants to municipal governments, contributions to other funds, County government memberships (e.g., Maryland Association of Counties), and certain legally-mandated programs. Responsibility for administration of NDAs is assigned by the Chief Administrative Officer to specific departments. Although classified as an NDA, all utilities expenditures of the County government are displayed in a separate section to provide combined data on costs by energy type and user departments.

Budget Summary Schedules

The Summary Schedules section contains aggregate fiscal data for all agencies for which the County Council sets tax rates, makes levies, or approves programs and/or budgets. The schedules include expenditure and funding totals by agency, department, government function, and source of funding, with both dollar amounts and staffing (i.e., workyears and positions). Revenues are described and detailed by agency, fund, and type. Ten-year historical trends are also included for major expenditure categories, revenue sources, the government workforce, and tax rates.

Approved Resolutions

The Operating Budget specify appropriations for Montgomery County Government and outside agencies. In addition, resolutions contain additional information that is passed to express the policy of the Council on certain items or programs; or are passed to direct certain types of administrative actions.

Index

The Index contains an alphabetical listing of all Montgomery County government programs, including the administering department and the page number.

DEPARTMENT BUDGET PRESENTATIONS

For each department within Montgomery County government and for most Agency summaries, the budget presentation includes:

Mission Statement: the overall purpose of the department (or major division), including the goals or results it expects to achieve for the community or its function in the County government.

Budget Overview: approved appropriations for the department, with changes from the prior fiscal year, in dollars, workyears, and percentage change. If a department's budget contains charges to others or to the Capital Improvements Program (CIP), these charges are summarized here.

Highlights: department highlights, including major service impacts or revenue changes, and productivity improvements implemented within the last year.

Program Contacts: department and OMB contacts for the budget, including phone numbers.

Program Summary: listing of each program, including recommended expenditures and workyears. One workyear is the equivalent to 2,080 work hours or 260 workdays.

Trends: expenditures, workyears, and related revenues for the prior year; as budgeted and estimated for the current fiscal year; and as approved for the forthcoming fiscal year are displayed in bar charts.

Workyears reflect staff time charged to the department's operating budget. Some departments charge Personnel Costs to other departments or to the CIP, but these are not reflected in the workyear figures. Instead, the approved workyears and dollar amounts for charges to other departments or the CIP are summarized in the "Budget Overview" section.

Related revenues are generated or received by the department as a direct result of its activities. These include user fees, permits and licenses, grants, intergovernmental aid and reimbursements, and other miscellaneous revenues. If the department does not generate or receive revenues, no bar chart is displayed.

Program Descriptions: provides a descriptive narrative of the program, including, as applicable:

- Nature, functions, and features of program activity.
- The public need to which the program responds.
- Who or what benefits from the program activity, and
- What the resources allocated will provide to the community.

Changes: highlights major program changes, if any, based on budget actions. A table compares the approved program expenditures and workyears for next fiscal year compared to the current year's approved budget.

Budget Summary: summary data for the department, including actual expenditures for the prior fiscal year, the approved budget and estimated expenditures for the current fiscal year, and the approved budget for the coming fiscal year. The presentation includes, by fund, expenditures within appropriation category (Personnel Costs, Operating Expenses, Capital Outlay, and Debt Service); personnel requirements (full-time and part-time positions and workyears); and related revenue sources. Appropriation categories within the Budget Summary include:

- Salaries and Wages: the cost of all salary expenses for both full-time and part-time positions, including other personnel cost adjustments (e.g., overtime, shift differential, multilingual pay, etc.).
- Employee Benefits: social security, group insurance, and retirement. Additional information regarding employee benefits may be found in the Workforce/Compensation chapter of this document.
- Operating Expenses: those costs required to support the operations of the agency, including such items as contracted services, printing, motor pool, and office supplies.
- Debt Service (for M-NCPPC Enterprise, Parking Districts, Solid Waste Disposal funds only): the annual payment of principal and interest on bonded indebtedness (for both general obligation and other debt) incurred by departments/agencies funded by a Special or Enterprise fund.
- Capital Outlay: funding for the acquisition of fixed assets that have a value of $5,000 or more and a useful life of more than one year.

Approved Changes: describes department-wide expenditure and workyear changes from the current year's approved budget to next fiscal year's approved budget. The crosswalk includes:

- Additional items funded in next year's approved budget for new or expanded services.

- Cuts from last year's approved budget relating to reduction in service or elimination of one-time funding in the base for printers, servers, etc.
- Negotiated compensation.
- Group insurance and retirement rate adjustments.
- Rate adjustments for other expenses such as motor pool, printing and mail, occupational medical, risk management, etc.
- Increases or reductions in charges to or from other departments (including charges to the CIP).
- Shifts in resources to another department.
- Other personnel cost adjustments, including changes related to annualization of current year increments; position or job class reclassifications; staff turnover; lapse changes.
- Other operating expense changes, including inflation adjustments for contracts, rent, etc.

The presentation is organized under two categories: first by items with service impacts, then by other adjustments with no service impacts. Under each category, the items are organized by largest to smallest dollar value change.

A verb precedes each approved crosswalk item. The following verbs describe *service impact changes*:

Verb and Definition
Add – New funding for services that presently do not exist.
Enhance – More of an existing service or improvement to the quality of an existing service.
Eliminate – Total elimination of an existing service, with no anticipation of the service being provided by another entity.
Reduce – Reduction but not elimination of an existing service.

The following verbs describe other adjustments with *no service impact changes*:

Verb and Definition
Increase Cost – Additional expenditures to provide the same quantity and scope of existing services (e.g., compensation or benefit increases).
Decrease Cost – Reduction in cost without service impact (e.g., elimination of a one-time item approved in the current fiscal year).
Shift – The transfer of service delivery and attendant costs between County Government departments; or elimination or reduction of a service, with the anticipation that the service will be provided by another (e.g., State, private sector).
Replace – County assumption of responsibilities previously provided by a non-county entity or funded by a restricted grant (e.g. Federal/State/private).