MFP COMMITTEE #2
April 2, 2009

MEMORANDUM

March 31, 2009

TO: Management and Fiscal Policy Committee

FROM: Stephen B. Farber, Council Staff Director SBF

SUBJECT: Executive's Recommended FY10-15 Fiscal Plan

OMB Director Joseph Beach and Public Services Program Coordinator Alex Espinosa, as well as Finance Director Jennifer Barrett, Treasury Division Chief Rob Hagedoorn, and Chief Economist David Platt, will join the Committee to review the subject plan, which is attached on ©A-102.

The Committee has collaborated with OMB and Finance to develop and refine fiscal projections since 1993 and has reviewed updated editions each spring and fall since then. There has been continuous improvement in how best to display such factors as economic and demographic assumptions, individual agency funds, major known commitments, illustrative expenditure pressures, gaps between projected revenues and expenditures, and productivity improvements. The agencies have also worked to harmonize their fiscal planning methodologies. **It is important to note that each edition of the Fiscal Plan reflects a snapshot in time, and that with each edition the picture will change.**

Current Edition (April 2009)

Points of special interest include the following:

1. This FY10-15 Recommended Fiscal Plan is the tenth to be issued in the name of the County Executive rather than OMB and Finance; the previous editions were in April of 1998 and 2000-2008. The April 1998 edition simply stipulated that the tax supported funds in the aggregate would be in balance during all six years of the FY99-04 period; other editions, except for 2003, have shown gaps that would have to be closed in one or more future years. Some past editions, like the April 2007 edition, have shown two scenarios, one assuming the Charter limit on property tax revenue for the next five years, the other not. Last year's edition assumed the Charter limit for FY10-14 but not for FY09. **This edition assumes it for the FY10-15 period.**

2. This edition, like the 1998 and subsequent spring editions, contains a series of individual six-year displays for the tax supported and non-tax supported funds of all agencies, as first published in the FY10-15 Recommended Operating Budget and Public Services Program (March 16, 2009). **Each one of them – for example, the display of the Employee Health Benefits Self-Insurance Fund on ©37 – contains important information.**

3. Mr. Beach's memo on ©E-H summarizes key elements of the Executive's Recommended FY10 Operating Budget, which had to close a projected gap of nearly $590 million. The tax supported spending increase is limited to 1.9 percent, including a 0.4 percent **decrease** for the County Government portion of the budget. The memo lists **one-time measures** that the Executive "had strongly resisted in the past," including a reduction in tax supported reserves from 6 percent to 5 percent of total resources (releasing $39 million), a $29 million reduction in PAYGO, and deferral of the scheduled $26 million increase to pre-fund retiree health benefits. The memo also lists familiar challenges: rising employee salary and benefit costs, retiree health costs, demand for restored or expanded services, and economic weakness.

4. Mr. Beach's memo also contains on ©G a list of **fiscal planning objectives** for the tax supported funds that is similar to past lists. One objective is to "limit exposure in future years to rising costs by **controlling baseline costs** and allocating one-time revenues to one-time expenditures whenever possible." This is a laudable objective, but for the largest single factor in the spending base – the rising cost of employee salaries and benefits – it is hard to achieve.

5. For **projected agency uses** in FY11-15, the Fiscal Plan assumes a ten-year average rate of growth **(6.75 percent)** plus retiree health insurance pre-funding, far above the 1.2 percent growth proposed for FY10. See ©1. This assumption, combined with the assumption of property tax revenue at the Charter limit for FY11-15, produces gaps that grow from **$370.3 million** in FY11 to **$945.2 million** in FY15. **Closing these gaps would require major spending restraint. Pressure to exceed the Charter limit would be likely to grow.**

The impact of spending restraint is clear from the new table on ©2. This table assumes, for agency uses in FY11-15, the slower growth rate of the three most recent years **(4.05 percent)** rather than the larger ten-year average. This assumption produces much smaller gaps that grow from **$274.8 million** in FY11 to **$361.3 million** in FY15.

6. The Fiscal Plan also assumes continuation of the tax increases on property (above the Charter limit), income, energy, and telephones that were approved to balance the FY04-05 budgets. **These increases have become an integral part of the County's revenue base, accounting for $303.5 million or 10.2 percent of FY10 local tax revenue ($2,962.2 million).** The FY10 revenue from the FY09 increases in property and energy taxes is an additional $133.8 million. This amount, combined with the impact of the FY04-05 tax increases, accounts for **$437.3 million or 14.8 percent of FY10 local tax revenue.** See the table on ©103.

The income tax, now at 3.2 percent (the maximum rate permitted by the State), cannot be raised further. The energy tax (more than quadrupled since FY03) and the tax on telephone landlines (more than doubled to $2 per month and also applied to wireless lines) are already high and have a relatively small yield in any event. **Last year the Executive's only real option to achieve a large revenue increase was to exceed the Charter limit.**

During the recession of the early 1990s the Council also raised taxes on income, energy, and telephones, but as fiscal conditions improved later in the decade, the Council reduced those taxes (and also eliminated the beverage container tax). The Council was then able to use this "tax room" to counter the sharp downturn earlier in this decade. **Such "tax room" is not available now. Since it probably will not be available in the next downturn either, pressure will once again grow to exceed the Charter limit.**

7. This Fiscal Plan has a new section on **productivity improvements**. See ©50-56. The list is aggregated from the items included in individual departments' sections of the budget book. The categories of productivity improvement are listed on ©50. The list includes "initiatives implemented by departments during FY08 and FY09 or planned for FY10."

This new section of the Fiscal Plan is welcome; Mrs. Praisner long advocated a sharper focus on productivity improvement in the Fiscal Plan, and this is a good start. The entries are still somewhat uneven, both individually and by department, but continued progress with Results-Based Budgeting and CountyStat should help to refine and strengthen work in this area. **After budget season the Committee can resume its review of other possible initiatives to improve productivity.**

8. Each edition's **bottom line** depends not only on macro assumptions, like adhering to the Charter limit, but on **projections** for both revenues and expenditures over the next six years. In this year's edition, a good case can be made both for the projections it makes and for alternative projections. For example, the revenue summary on ©46 projects a 5.4-7.7 percent growth rate for **income tax** revenue in FY11-15, compared to the minus 8.3 percent estimate for FY10. From FY98 to FY06 the growth rate averaged 7.3 percent, including five years in the 10-14 percent range and one year at minus 9.1 percent.

Projections for the County's other large revenue sources also have a major impact on the Fiscal Plan's bottom line: **property tax**, whose growth is projected to slow to the 3 percent range in FY11-15, and **transfer and recordation tax**, which is projected to recover in FY11-15 to grow on average in the 6-7 percent range. As noted above, projections for expenditure growth similarly affect the Fiscal Plan's bottom line.

9. The list of **economic and demographic trends and assumptions** on ©41-45 provides useful information. On ©42-45 the current assumptions are compared to those from the last 13 editions, starting in December 2002. The differences are clearly and effectively shown.

10. Among the notable individual fund displays is the **Consolidated Fire Tax District Fund** display on ©11. It reflects the Executive's assumption of a lower fire tax rate and inception of an ambulance fee in FY10. It also shows that the projected additional cost of four-person staffing, compared to FY10, rises from $3.5 million in FY11 to $17.5 million in FY15.

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Montgomery County, Maryland • Office of Management and Budget

County Executive's FY10-15 Fiscal Plan

Isiah Leggett, County Executive
April 2009

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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.

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

Duchy Trachtenberg, Chair
Valerie Ervin
Phil Andrews
Council's Management and Fiscal Policy Committee

Joseph F. Beach
Director, Office of Management and Budget

Jennifer Barrett
Director, Department of Finance

Stephen Farber
Director, Council Staff

Alex Espinosa
Public Services Program Coordinator

OMB/Finance/Council Staff
Mary Beck, Jacqueline Carter, Angela Dizelos, Beryl Feinberg,
Robert Hagedoorn, Karen Hawkins,
David Mack, Jane Mukira, Glenn Orlin,
Catherine Patterson, David Platt,
Charles Sherer, Helen Vallone

Montgomery County Public Schools
Marshall Spatz

Maryland National Park and Planning Commission
Holly Sun

Washington Suburban Sanitary Commission
Sheila Cohen

Montgomery College
Donna Dimon

Technical Support
David Jeo

C

ADDITIONAL CREDITS

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
Cable Television	John Cuff
Montgomery Housing Initiative	Jennifer Bryant
Community Use of Public Facilities	Lori O'Brien
Economic Development	Alison Dollar
Fire Tax District	Blaise DeFazio
Fleet Management Services (Motor Pool)	Adam Damin
Liquor Control	Alison Dollar
Mass Transit Facilities	Brady Goldsmith
M-NCPPC Administration	Christopher Mullin
M-NCPPC Enterprise	Christopher Mullin
M-NCPPC Park	Christopher Mullin
Montgomery College Current Fund	Bryan Hunt
Noise Abatement Districts	Adam Damin
Parking Districts	Brady Goldsmith
Permitting Services	Amy Wilson
Central Duplicating/Print and Mail	Adam Damin
Recreation	Jennifer Bryant
Self-Insurance: Liability & Property	Bryan Hunt
Self-Insurance: Employee Health Benefits	Lori O'Brien
Solid Waste Refuse Collection	Brady Goldsmith
Solid Waste Disposal	Brady Goldsmith
Leaf Vacuuming	Adam Damin
Urban Districts	Brady Goldsmith
Water Quality Protection	John Greiner
WSSC Water and Sewer Operating Funds	John Greiner

OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

March 27, 2009

TO: Interested Readers

FROM: Joseph F. Beach, Director

SUBJECT: FY10-15 Fiscal Plan

Executive Summary:

The County Executive's highest priority during the budget process this year was to produce a fiscally prudent and sustainable budget that preserves public safety services, education, and the County's safety net for its most vulnerable residents. The Executive also made an early commitment to propose a budget with property taxes at the Charter limit.[1] The challenge was to meet these requirements and close an unprecedented projected gap of nearly $590 million.

This challenge was met. The Executive recommends a $690 credit for each owner-occupied residence which keeps property taxes at the Charter limit and supports a progressive property tax structure in the County. The Executive's recommended budget increases overall spending by just 1.9 percent, the lowest increase in 18 years. Tax supported spending across all agencies increases only 1.1 percent, while the County government tax supported budget actually decreases 0.4 percent compared to FY09. This follows increases of 6.9 percent and 1.6 percent respectively in the Executive's first two recommended tax supported budgets for the County government. Continuation of this pullback in spending is necessary to correct the structural imbalance in the operating budget by bringing current and expected expenditures into alignment with revenues.

While this budget repositions Montgomery County for the future, it is unlikely these measures to restrain spending are complete with the FY10 operating budget. Given the severity of the current recession and declining revenues, FY11 and perhaps ensuing fiscal years will require continued restructuring of County expenditures, especially personnel costs which comprise 80 percent of County costs. Significant fiscal pressures remaining on the horizon include rising employee compensation and benefit costs, continued funding of retiree health insurance expenses, increased demand for new and expanded services or restoration of service reductions, the impact on the operating budget from capital investment, and continued economic deterioration. This challenge is evident in the current projected

[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.

Office of the Director

101 Monroe Street, 14th Floor • Rockville, Maryland 20850 • 240-777-2800
www.montgomerycountymd.gov

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FY11 budget gap of more than $370 million, not including potential additional reductions in Federal and State Aid, further complicating the County's ability to plan for the FY10-15 period.

Background:

The recommended FY10-15 Fiscal Plans for the tax supported and non-tax supported funds of the agencies of County government are provided for your information. Portions of this material were initially published in the FY10-15 Recommended Operating Budget and Public Services Program (March 16, 2009).[2] As in past years, this information is intended to assist the County Council and other interested parties review the County Executive's recommended budget 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 Executive's fiscal policies support:

- 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. Once again, all of the major rating agencies have recognized these policies by continuing to affirm our coveted AAA credit rating, the highest possible.

Because of the unusually severe decline in projected revenues since approval of the FY09 budget last May, it was necessary for the County Executive to recommend certain measures for FY10 that he had strongly resisted in the past. He is recommending a temporary reduction in tax supported reserves from 6 percent of resources to 5 percent, which released $39 million to the operating budget. In addition, the Executive reduced PAYGO[3] by nearly $29 million and deferred the $26 million increase for retiree health insurance pre-funding. These measures were necessary to balance the FY10 budget and sustain existing critical services. The Executive recommends replacement of these resources to their policy levels as quickly as possible.

Finally, the Executive recommends releasing the designated reserves for the Interagency Technology Fund, Fibernet, and Landlord Tenant Affairs/Common Ownership Communities. In the past,

[2] In addition to these two documents, the reader is encouraged to review other County fiscal materials such as the Comprehensive Annual Financial Report for the year ended June 30, 2008; the Annual Information Statement published by the Department of Finance on January 15, 2009; and Economic Indicators data. Budget and financial information for Montgomery County can also be accessed on the web at www.montgomerycountymd.gov.

[3] 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.

these designations were included as part of the County's 6 percent reserve policy, which has caused some confusion about the availability of these funds and their impact on the County's overall reserves. Releasing the designations does not reduce in any way the amount of funds for these programs, but simply clarifies the presentation of the County's reserves and makes obvious that any use of these funds would be a draw on the County's resources.

Fiscal Plan for the Tax Supported Funds:

The recommended fiscal planning objectives for FY10-15 for the tax supported funds are:

- Adhere to sound fiscal policies.
- Maintain property taxes at the Charter limit by providing a $690 credit to each owner-occupied household.
- Assume property tax revenues at the Charter Limit during FY11-15 in the fiscal plan.
- Temporarily reduce total tax supported reserves (operating margin and the Revenue Stabilization Fund) from 6 percent of total resources to 5 percent of total resources. Reserves are restored to 6 percent in FY11-15 of the fiscal plan.
- 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.
- 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.
- 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.
- Program PAYGO at least 10 percent of anticipated General Obligation Bond levels to contain future borrowing costs in FY11-15.
- For services, allocate resources consistent with policy and program agendas.

The major challenges for FY10-15 will be to contain on-going costs, preserve essential services, make improvements in other services including education, public safety, affordable housing, transportation, and health and human services, as the housing market and general economy continue to show signs of persistent weakness.

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 rate adjustments and/or expenditure management decisions. One continuing challenge for some of these funds relates to the impact of pre-funding retiree health insurance costs. The County Executive recommends modifying the fund balance policy of the Water Quality Protection Fund. A revised fund balance policy will be transmitted to the County Council under separate cover.

Conclusion:

Montgomery County's fiscal health is strong as a result of its underlying economy and the financial management policies endorsed by its elected officials. Nonetheless, the County continues to face significant challenges in the years ahead. The FY10-15 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the Fiscal Plans that follow are encouraged as opportunities for improvement. 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.

JFB:ae

Attachment: FY10-15 Fiscal Plan for Montgomery County, Maryland

c: Isiah Leggett, County Executive
Members, Montgomery County Council
Timothy L. Firestine, Chief Administrative Officer
Dr. Jerry D. Weast, Superintendent, MCPS
Dr. Brian K. Johnson, President, Montgomery College
Royce Hanson, Chair, Montgomery County Planning Board
Teresa D. Daniell, Interim General Manager, WSSC
Annie B. Alston, Executive Director, Housing Opportunities Commission
Keith Miller, Executive Director, Revenue Authority
Jennifer Barrett, Director, Department of Finance
Kathleen Boucher, Assistant Chief Administrative Officer
Stephen Farber, Council Staff Director

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, 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	

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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 FY10-15 Public Services Program

Tax Supported Fiscal Plan Summary

($ in Millions)

#		App. FY09 5-22-08	Est. FY09 3-15-09	% Chg. FY09-10 Rec/Bud	% Chg. FY09-10 Rec/Est	Rec. FY10 3-15-09	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
1	**Total Resources**															
2	Revenues	**3,776.3**	**3,708.6**	0.5%	2.3%	3,795.3	2.9%	3,906.9	4.3%	4,075.8	4.1%	4,242.8	4.4%	4,428.8	4.6%	4,633.0
3	Beginning Reserves Undesignated	**143.4**	**158.8**	-22.3%	-29.8%	111.5	-30.5%	77.5	54.6%	119.8	10.6%	132.4	8.1%	143.2	8.3%	155.1
4	Beginning Reserves Designated	**6.2**	**6.7**	-100.0%	-100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-
5	Net Transfers In (Out)	**33.3**	**32.7**	6.4%	8.4%	35.4	-83.3%	5.9	2.5%	6.0	2.5%	6.2	2.5%	6.4	2.5%	6.5
6	**Total Resources Available**	**3,959.3**	**3,906.8**	-0.4%	0.9%	3,942.1	1.2%	3,990.3	5.3%	4,201.6	4.3%	4,381.4	4.5%	4,578.4	4.7%	4,794.5
7	**Less Other Uses of Resources (Capital, Debt Service,Reserve)**	**424.1**	**412.9**	-13.8%	-11.5%	365.6	33.9%	489.5	5.6%	517.0	8.2%	559.4	8.8%	608.8	3.7%	631.1
8	**Available to Allocate to Agencies**	**3,535.2**	**3,493.9**	**1.2%**	**2.4%**	**3,576.5**	**-2.1%**	**3,500.8**	**5.3%**	**3,684.6**	**3.7%**	**3,822.0**	**3.9%**	**3,969.6**	**4.9%**	**4,163.4**
9	**Agency Uses**															
10	Montgomery County Public Schools (MCPS)	**1,937.0**	**1,917.9**	2.0%	3.0%	1,975.5	8.1%	2,136.4	7.4%	2,295.2	7.4%	2,464.3	7.3%	2,644.4	7.3%	2,836.4
11	Montgomery College (MC)	**212.4**	**205.7**	2.8%	6.1%	218.2	7.8%	235.3	7.5%	253.0	7.5%	272.1	7.5%	292.4	7.4%	314.2
12	MNCPPC (w/o Debt Service)	**106.4**	**103.9**	2.4%	4.8%	109.0	8.0%	117.7	6.8%	125.7	6.7%	134.1	6.6%	143.0	6.3%	152.0
13	MCG	**1,279.4**	**1,266.3**	-0.4%	0.6%	1,273.8	8.5%	1,381.6	7.0%	1,479.0	6.9%	1,581.8	6.9%	1,690.3	6.8%	1,806.1
14	**Subtotal Agency Uses**	**3,535.2**	**3,493.9**	**1.2%**	**2.4%**	**3,576.5**	**8.2%**	**3,871.0**	**7.3%**	**4,152.9**	**7.2%**	**4,452.3**	**7.1%**	**4,770.2**	**7.1%**	**5,108.6**
15	**Subtotal Other Uses of Resources (Capital, Debt Service,Reserve)**	**424.1**	**412.9**	-13.8%	-11.5%	365.6	33.9%	489.5	5.6%	517.0	8.2%	559.4	8.8%	608.8	3.7%	631.1
16	**Total Uses**	**3,959.3**	**3,906.8**	-0.4%	0.9%	**3,942.1**	10.6%	**4,360.5**	7.1%	**4,669.9**	7.3%	**5,011.7**	7.3%	**5,378.9**	6.7%	**5,739.8**
17	**(Gap)/Available**	**-**	**-**			**-**		**(370.3)**		**(468.4)**		**(630.2)**		**(800.5)**		**(945.2)**

Notes:

1. **FY11-15 property tax revenues are at the Charter Limit.**
2. **Projected FY11-15 Agency Uses are based on 10-year average rate of growth plus scheduled increases for pre-funding retiree health insurance.**
3. **Reserves are restored to the policy level of 6% of total resources in FY11.**

County Executive's Recommended FY10-15 Public Services Program

Tax Supported Fiscal Plan Summary -- 3-Year Rate of Growth

($ in Millions)

		App. FY09	Est. FY09	% Chg. FY09-10	% Chg. FY09-10	Rec. FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
		5-22-08	3-15-09	Rec/Bud	Rec/Est	3-15-09										
1	**Total Resources**															
2	Revenues	**3,776.3**	**3,708.6**	0.5%	2.3%	3,795.3	2.9%	3,906.9	4.3%	4,075.8	4.1%	4,242.8	4.4%	4,428.8	4.6%	4,633.0
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5	Net Transfers In (Out)	**33.3**	**32.7**	6.4%	8.4%	35.4	-83.3%	5.9	2.5%	6.0	2.5%	6.2	2.5%	6.4	2.5%	6.5
6	**Total Resources Available**	**3,959.3**	**3,906.8**	-0.4%	0.9%	3,942.1	1.2%	3,990.3	5.3%	4,201.6	4.3%	4,381.4	4.5%	4,578.4	4.7%	4,794.5
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9	**Agency Uses**															
10	Montgomery County Public Schools (MCPS)	**1,937.0**	**1,917.9**	2.0%	3.0%	1,975.5	5.7%	2,087.5	5.0%	2,191.7	4.9%	2,300.1	4.9%	2,412.9	4.9%	2,530.2
11	Montgomery College (MC)	**212.4**	**205.7**	2.8%	6.1%	218.2	7.5%	234.6	7.2%	251.6	7.2%	269.7	7.2%	289.1	7.1%	309.7
12	MNCPPC (w/o Debt Service)	**106.4**	**103.9**	2.4%	4.8%	109.0	9.0%	118.8	7.7%	127.9	7.6%	137.7	7.5%	148.0	7.3%	158.8
13	MCG	**1,279.4**	**1,266.3**	-0.4%	0.6%	1,273.8	4.8%	1,334.7	3.5%	1,380.9	3.4%	1,428.0	3.4%	1,476.1	3.4%	1,526.1
14	**Subtotal Agency Uses**	**3,535.2**	**3,493.9**	**1.2%**	**2.4%**	**3,576.5**	**5.6%**	**3,775.6**	**4.7%**	**3,952.2**	**4.6%**	**4,135.6**	**4.6%**	**4,326.1**	**4.6%**	**4,524.8**
15	**Subtotal Other Uses of Resources (Capital, Debt Service,Reserve)**	**424.1**	**412.9**	-13.8%	-11.5%	365.6	33.9%	489.5	5.6%	517.0	8.2%	559.4	8.8%	608.8	3.7%	631.1
16	**Total Uses**	**3,959.3**	**3,906.8**	-0.4%	0.9%	**3,942.1**	8.2%	**4,265.1**	4.8%	**4,469.2**	5.1%	**4,695.0**	5.1%	**4,934.9**	4.5%	**5,155.9**
17	**(Gap)/Available**	**-**	**-**			**-**		**(274.8)**		**(267.6)**		**(313.6)**		**(356.5)**		**(361.3)**

Notes:

1. **FY11-15 property tax revenues are at the Charter Limit.**
2. **Projected FY11-15 Agency Uses are based on 3-year average rate of growth plus scheduled increases for pre-funding retiree health insurance.**
3. **Reserves are restored to the policy level of 6% of total resources in FY11.**

FY10-15 FISCAL PLAN
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, fire apparatus) represent additional operating budget expenditures. Operating Budget Impacts are calculated to measure the incremental changes in spending against spending which 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 FY09-14 Amended 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

FY09-14 Capital Improvements Program
COUNTY EXECUTIVE RECOMMENDED
MARCH 16, 2009
GO BOND 6 YR TOTAL = 1,800.0 MILLION
GO BOND FY09 TOTAL = 300.0 MILLION
GO BOND FY10 TOTAL = 300.0 MILLION

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
1 New GO Debt Issued ($000s)	0	300,000	300,000	300,000	300,000	300,000	300,000
2 GO Debt/Assessed Value	1.21%	1.25%	1.41%	1.42%	1.45%	1.49%	1.51%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	8.73%	8.84%	8.54%	9.17%	9.55%	9.70%	9.80%
4 $ Debt/Capita	1,858	2,078	2,531	2,703	2,817	2,917	3,004
5 $ Real Debt/Capita (FY08=100%)	1,858	2,021	2,355	2,446	2,487	2,512	2,525
6 Capita Debt/Capita Income	2.69%	2.96%	3.52%	3.58%	3.57%	3.56%	3.55%
7 Payout Ratio	68.32%	67.82%	69.56%	68.91%	68.57%	68.45%	68.52%
8 Total Debt Outstanding ($000s)	1,766,758	2,034,451	2,445,074	2,642,135	2,786,705	2,919,375	3,043,160
9 Real Debt Outstanding (FY08=100%)	1,766,758	1,979,038	2,274,842	2,391,229	2,460,556	2,514,828	2,557,521
10 Note: OP/PSP Growth Assumption (2)			0.5%	2.9%	4.3%	4.1%	4.4%

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 FY09 approved budget to FY10 budget for FY10 and budget to budget for FY11-14.

(3) Council Approved SAG is $320.0 million in GO Bond debt issuances in FY09 and FY10. The County Executive recommends issues of $300.0 million in FY09 and FY10.

(2)

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY09-14 CAPITAL IMPROVEMENTS PROGRAM
COUNTY EXECUTIVE RECOMMENDED
MARCH 19, 2009

($ millions)	6 YEARS	FY09	FY10	FY11	FY12	FY13	FY14
BONDS PLANNED FOR ISSUE Does not assume Council SAG in FY09 and FY10*	1,800.000	300.000	300.000	300.000	300.000	300.000	300.000
Plus PAYGO Funded	126.722	5.406	1.316	30.000	30.000	30.000	30.000
Adjust for Implementation *	245.404	42.857	42.857	41.573	40.455	39.363	38.299
Adjust for Future Inflation *	(82.171)	-	-	(8.988)	(16.818)	(24.456)	(31.909)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,089.955	348.263	344.173	362.585	353.637	344.907	336.390
Less Set Aside: Future Projects	218.943 10.48%	1.423	15.652	16.281	14.574	84.576	86.437
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,871.012	346.840	328.521	346.304	339.063	260.331	249.953
MCPS	(734.320)	(135.952)	(114.377)	(136.376)	(149.608)	(93.541)	(104.466)
MONTGOMERY COLLEGE	(178.252)	(42.117)	(46.291)	(32.326)	(16.318)	(21.348)	(19.852)
M-NCPPC PARKS	(71.871)	(13.978)	(9.820)	(12.732)	(13.863)	(12.104)	(9.374)
TRANSPORTATION	(469.471)	(69.952)	(72.776)	(87.025)	(82.375)	(79.406)	(77.937)
MCG - OTHER	(417.098)	(84.841)	(85.257)	(77.845)	(76.899)	(53.932)	(38.324)
SUBTOTAL PROGRAMMED EXPENDITURES	(1,871.012)	(346.840)	(328.521)	(346.304)	(339.063)	(260.331)	(249.953)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES: * Council Approved SAG is $320 million in FY09 and FY10 * Adjustments Include: Inflation =		2.80%	2.70%	2.80%	2.50%	2.50%	2.50%
Implementation Rate =		87.50%	87.50%	87.50%	87.50%	87.50%	87.50%

NOTE: This chart includes proposed County Executive adjustments to the Amended FY09-14 Capital Improvements Program recommended on January 15, 2009.

CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

COUNTY EXECUTIVE RECOMMENDED

TAX SUPPORTED APPROPRIATIONS ($000s)	ACTUAL FY08 Exp	APPROVED FY09 Appr.	LATEST FY09 Appr	RECOMMENDED 6 YR	REC FY10 Appr.	REC FY11	REC FY12	REC FY13	REC FY14	REC FY15*
GENERAL REVENUE SUPPORTED										
MCG	19,636	16,332	13,480	69,305	17,668	19,829	13,388	9,350	9,070	-
M-NCPPC PARKS	1,886	3,748	3,748	13,585	2,793	2,698	2,698	2,698	2,698	-
PUBLIC SCHOOLS (MCPS)	4,466	18,283	23,948	64,965	7,248	6,946	5,735	22,601	22,435	-
MONTGOMERY COLLEGE	7,443	4,067	4,067	15,340	3,696	2,938	2,844	2,956	2,906	-
HOC	917	1,450	1,450	6,125	1,125	1,250	1,250	1,250	1,250	-
CIP PAYGO - REGULAR	21,737	2,415	3,848	107,915	-	28,026	26,949	26,649	26,291	-
CIP PAYGO - RSF CONTRIBUTION	5,763	2,991	1,558	13,401	1,316	1,974	3,051	3,351	3,709	-
TOTAL CIP PAYGO	27,500	5,406	5,406	121,316	1,316	30,000	30,000	30,000	30,000	-
SUBTOTAL	61,849	49,286	52,099	290,636	33,846	63,661	55,915	68,855	68,359	-
OTHER TAX SUPPORTED										
MASS TRANSIT	2,873	2,105	2,105	25,587	129	2,400	3,188	1,646	18,224	-
FIRE CONSOLIDATED	-	-	(150)	185	185	-	-	-	-	-
M-NCPPC PARKS	350	300	300	1,670	270	350	350	350	350	-
URBAN DISTRICTS	53	-	-	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT FUND	(251)	(1,400)	(1,400)	1,400	-	1,400	-	-	-	-
SUBTOTAL	3,276	1,005	855	28,842	584	4,150	3,538	1,996	18,574	-
INFLATION	-	-	-	12,005	-	1,059	1,582	3,270	6,094	-
SUBTOTAL ALLOCATION:	-	-	-	12,005	-	1,059	1,582	3,270	6,094	-
TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT:	65,125	50,291	52,954	331,483	34,430	68,870	61,035	74,121	93,027	-
NON-TAX SUPPORTED EXPENDITURES ($000s)	**ACTUAL FY08 Exp**	**APPROVED FY09 Exp**	**LATEST FY09 Exp**	**RECOMMENDED 6 YR**	**REC FY10 Exp**	**REC FY11**	**REC FY12**	**REC FY13**	**REC FY14**	**REC FY15***
NON-TAX SUPPORTED										
MONTGOMERY HOUSING INITIATIVE	-	500	500	500	500	-	-	-	-	-
PARKING DISTRICTS	4,179	8,781	8,731	25,218	7,281	3,447	7,596	3,447	3,447	-
SOLID WASTE DISPOSAL	4,008	11,718	11,718	10,633	1,301	9,332	-	-	-	-
M-NCPPC ENTERPRISE FUND	-	100	100	500	100	100	100	100	100	-
CATV FUND	2,345	2,389	2,389	7,800	1,735	1,610	1,535	1,460	1,460	-
WATER QUALITY PROTECTION CHARGE	606	2,321	2,321	11,405	2,241	2,241	2,291	2,291	2,341	-
SUBTOTAL EXPENDITURES:	11,138	25,809	25,759	56,056	13,158	16,730	11,522	7,298	7,348	-
TOTAL CURRENT REVENUE REQUIREMENTS	76,263	76,100	78,713	387,539	47,588	85,600	72,557	81,419	100,375	-

* Due to the Charter Amendment establishing a biennial CIP, current revenue allocations for FY15 will appear in the FY11 PSP.

7

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
- Bradley Noise Abatement District Fund
- Cabin John Noise Abatement District 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

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Bethesda Urban District						
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.012	**0.120**	0.120	0.120	0.120	0.120	0.120
Assessable Base: Real Property (000)	3,294,500	**3,525,800**	3,783,100	3,906,400	3,983,300	4,088,000	4,254,400
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.030	**0.030**	0.030	0.030	0.030	0.030	0.030
Assessable Base: Personal Property (000)	225,600	**227,300**	229,900	232,500	235,100	237,800	240,500
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**69,010**	**25,290**	**87,130**	**89,860**	**92,110**	**94,180**	**95,180**
REVENUES							
Taxes	457,770	**485,780**	**517,140**	**532,560**	**542,460**	**555,700**	**576,280**
Charges For Services	130,000	**130,000**	133,640	136,980	140,400	143,910	147,510
Subtotal Revenues	**587,770**	**615,780**	**650,780**	**669,540**	**682,860**	**699,610**	**723,790**
INTERFUND TRANSFERS (Net Non-CIP)	**2,766,780**	**2,826,270**	**2,828,250**	**2,897,250**	**2,974,250**	**3,049,250**	**3,121,250**
Transfers To The General Fund	(8,070)	(8,730)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)
Indirect Costs	(8,070)	(8,730)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)
Transfers From Special Fds: Non-Tax + ISF	2,774,850	2,835,000	2,837,000	2,906,000	2,983,000	3,058,000	3,130,000
From Bethesda Parking District	2,774,850	2,835,000	2,837,000	2,906,000	2,983,000	3,058,000	3,130,000
TOTAL RESOURCES	**3,423,560**	**3,467,340**	**3,566,160**	**3,656,650**	**3,749,220**	**3,843,040**	**3,940,220**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,398,270)	**(3,380,210)**	(3,476,130)	(3,564,370)	(3,654,870)	(3,747,690)	(3,842,900)
Labor Agreement	n/a	**0**	(170)	(170)	(170)	(170)	(170)
Subtotal PSP Oper Budget Approp / Exp's	**(3,398,270)**	**(3,380,210)**	**(3,476,300)**	**(3,564,540)**	**(3,655,040)**	**(3,747,860)**	**(3,843,070)**
TOTAL USE OF RESOURCES	**(3,398,270)**	**(3,380,210)**	**(3,476,300)**	**(3,564,540)**	**(3,655,040)**	**(3,747,860)**	**(3,843,070)**
YEAR END FUND BALANCE	**25,290**	**87,130**	**89,860**	**92,110**	**94,180**	**95,180**	**97,150**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**0.7%**	**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. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY11-15 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.
6. 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.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Silver Spring Urban District				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 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)	2,349,700	2,514,600	2,698,100	2,786,000	2,840,900	2,915,600	3,034,300
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Assessable Base: Personal Property (000)	142,000	143,000	144,600	146,200	147,900	149,600	151,300
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	1.10%	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	126,890	289,590	74,030	78,260	81,000	83,980	85,230
REVENUES							
Taxes	641,920	681,730	726,310	748,150	762,200	780,970	810,190
Charges For Services	134,000	134,000	137,750	141,190	144,720	148,340	152,050
Miscellaneous	0	0	0	0	0	0	0
Subtotal Revenues	775,920	815,730	864,060	889,340	906,920	929,310	962,240
INTERFUND TRANSFERS (Net Non-CIP)	2,147,760	1,860,640	2,154,940	2,241,940	2,342,940	2,441,940	2,538,940
Transfers To The General Fund	(233,870)	(252,360)	(253,060)	(253,060)	(253,060)	(253,060)	(253,060)
Indirect Costs	(233,870)	(252,360)	(253,060)	(253,060)	(253,060)	(253,060)	(253,060)
Transfers From Special Fds: Non-Tax + ISF	2,381,630	2,113,000	2,408,000	2,495,000	2,596,000	2,695,000	2,792,000
From Silver Spring Parking District	2,381,630	2,113,000	2,408,000	2,495,000	2,596,000	2,695,000	2,792,000
TOTAL RESOURCES	3,050,570	2,965,960	3,093,030	3,209,540	3,330,860	3,455,230	3,586,410
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(2,760,980)	(2,891,930)	(3,009,670)	(3,123,440)	(3,241,780)	(3,364,900)	(3,492,990)
Labor Agreement	n/a	0	(5,100)	(5,100)	(5,100)	(5,100)	(5,100)
Subtotal PSP Oper Budget Approp / Exp's	(2,760,980)	(2,891,930)	(3,014,770)	(3,128,540)	(3,246,880)	(3,370,000)	(3,498,090)
TOTAL USE OF RESOURCES	(2,760,980)	(2,891,930)	(3,014,770)	(3,128,540)	(3,246,880)	(3,370,000)	(3,498,090)
YEAR END FUND BALANCE	289,590	74,030	78,260	81,000	83,980	85,230	88,320
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	9.5%	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. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY11-15 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.
6. 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.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Wheaton Urban District				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 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)	483,600	**517,500**	555,300	573,400	584,700	600,100	624,500
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.075	**0.075**	0.075	0.075	0.075	0.075	0.075
Assessable Base: Personal Property (000)	27,400	**27,600**	27,900	28,200	28,500	28,800	29,100
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**283,030**	**146,060**	**43,400**	**44,890**	**45,830**	**48,380**	**50,820**
REVENUES							
Taxes	163,810	**174,030**	**185,490**	**191,090**	**194,670**	**199,470**	**206,940**
Miscellaneous	10,000	**10,000**	20,000	30,000	30,000	30,000	30,000
Subtotal Revenues	**173,810**	**184,030**	**205,490**	**221,090**	**224,670**	**229,470**	**236,940**
INTERFUND TRANSFERS (Net Non-CIP)	**1,291,060**	**1,373,390**	**1,531,370**	**1,583,370**	**1,652,370**	**1,721,370**	**1,790,370**
Transfers To The General Fund	(149,030)	(163,020)	(163,720)	(163,720)	(163,720)	(163,720)	(163,720)
Indirect Costs	(149,030)	(163,020)	(163,720)	(163,720)	(163,720)	(163,720)	(163,720)
Transfers From The General Fund	751,600	1,244,090	1,500,090	1,552,090	1,646,090	1,750,090	1,679,090
To Baseline Services	76,090	76,090	76,090	76,090	76,090	76,090	76,090
To Non-Baseline Services	675,510	1,168,000	1,424,000	1,476,000	1,570,000	1,674,000	1,603,000
Transfers From Special Fds: Non-Tax + ISF	688,490	292,320	195,000	195,000	170,000	135,000	275,000
From Wheaton Parking District	688,490	292,320	195,000	195,000	170,000	135,000	275,000
TOTAL RESOURCES	**1,747,900**	**1,703,480**	**1,780,260**	**1,849,350**	**1,922,870**	**1,999,220**	**2,078,130**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,601,840)	**(1,660,080)**	(1,730,310)	(1,798,460)	(1,869,430)	(1,943,340)	(2,020,320)
Labor Agreement	n/a	**0**	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)
Subtotal PSP Oper Budget Approp / Exp's	**(1,601,840)**	**(1,660,080)**	**(1,735,370)**	**(1,803,520)**	**(1,874,490)**	**(1,948,400)**	**(2,025,380)**
TOTAL USE OF RESOURCES	**(1,601,840)**	**(1,660,080)**	**(1,735,370)**	**(1,803,520)**	**(1,874,490)**	**(1,948,400)**	**(2,025,380)**
YEAR END FUND BALANCE	**146,060**	**43,400**	**44,890**	**45,830**	**48,380**	**50,820**	**52,750**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**8.4%**	**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. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
7. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY11-15 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.
8. 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.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN — CONSOLIDATED FIRE TAX DISTRICT

FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.116	**0.100**	0.104	0.104	0.104	0.102	0.100
Assessable Base: Real Property (000)	158,627,000	**169,762,000**	182,152,000	188,089,000	191,793,000	196,835,000	204,848,000
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.290	**0.250**	0.260	0.260	0.260	0.255	0.250
Assessable Base: Personal Property (000)	4,021,666	**4,051,312**	4,097,271	4,143,751	4,190,759	4,238,299	4,286,380
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	0.00%	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**11,472,590**	**10,645,920**	**4,738,470**	**4,686,180**	**5,457,760**	**6,221,610**	**5,590,570**
REVENUES							
Taxes	193,722,510	**178,109,210**	**198,119,720**	**204,356,460**	**208,293,110**	**209,502,220**	**213,452,420**
Licenses & Permits	2,360,000	**1,901,460**	1,954,700	2,003,570	2,053,660	2,105,000	2,157,630
Charges For Services	1,122,410	**16,448,660**	17,147,660	17,896,360	18,146,270	18,599,930	19,064,930
Intergovernmental	2,010,000	**2,010,000**	2,066,280	2,117,940	2,170,890	2,225,160	2,280,790
Miscellaneous	720,000	**310,000**	480,000	770,000	870,000	1,000,000	1,120,000
Subtotal Revenues	**199,934,920**	**198,779,330**	**219,768,360**	**227,144,330**	**231,533,930**	**233,432,310**	**238,075,770**
INTERFUND TRANSFERS (Net Non-CIP)	**(8,788,870)**	**(8,374,720)**	**(9,078,660)**	**(9,431,510)**	**(9,503,990)**	**(9,049,260)**	**(8,898,930)**
Transfers To Debt Service Fund	(7,989,410)	(8,503,970)	(9,207,910)	(9,560,760)	(9,633,240)	(9,178,510)	(9,028,180)
GO Bonds	(3,435,910)	(3,961,970)	(4,698,680)	(5,101,280)	(5,214,890)	(5,397,910)	(5,286,580)
Long Term Leases	(4,553,500)	(4,542,000)	(4,509,230)	(4,459,480)	(4,418,350)	(3,780,600)	(3,741,600)
Transfers To The General Fund	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
Transfers To Special Fds: Non-Tax + ISF	(678,710)	0	0	0	0	0	0
Transfers From The General Fund	0	250,000	250,000	250,000	250,000	250,000	250,000
EMST Fee Payment for Uninsured Residents	0	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL RESOURCES	**202,618,640**	**201,050,530**	**215,428,170**	**222,399,000**	**227,487,700**	**230,604,660**	**234,767,410**
CIP CURRENT REVENUE APPROP.	**150,000**	**(185,000)**	**0**	**0**	**0**	**0**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(192,122,720)	**(196,127,060)**	(196,127,060)	(196,127,060)	(196,127,060)	(196,127,060)	(196,127,060)
Labor Agreement	n/a	**0**	(10,942,000)	(11,039,960)	(11,039,960)	(11,039,960)	(11,039,960)
Annualizations and One-Time	n/a	**n/a**	1,454,470	1,454,470	1,454,470	1,454,470	1,454,470
Apparatus Replacement	0	**n/a**	687,330	835,400	835,400	835,400	1,167,010
Apparatus Replacement for 30 EMS Units	0	**n/a**	(744,150)	(744,150)	(744,150)	(744,150)	0
Capital Operating Budget Impacts	n/a	**n/a**	(174,000)	(2,782,000)	(3,231,000)	(3,231,000)	(3,231,000)
East and West Germantown Ambulances	0	**n/a**	(1,350,000)	(1,350,000)	(1,350,000)	(1,350,000)	(1,350,000)
Electronic Patient Care Reporting	n/a	**n/a**	0	188,000	60,000	60,000	60,000
Four Person Staffing	0	**n/a**	(3,492,000)	(6,984,000)	(10,476,000)	(13,968,000)	(17,460,000)
OMS Contract Reduction	n/a	**n/a**	306,630	306,630	306,630	306,630	306,630
SAFER Grant Costs	n/a	**n/a**	(361,210)	(698,570)	(954,420)	(1,210,420)	(1,210,420)
Subtotal PSP Oper Budget Approp / Exp's	**(192,122,720)**	**(196,127,060)**	**(210,741,990)**	**(216,941,240)**	**(221,266,090)**	**(225,014,090)**	**(227,430,330)**
TOTAL USE OF RESOURCES	**(191,972,720)**	**(196,312,060)**	**(210,741,990)**	**(216,941,240)**	**(221,266,090)**	**(225,014,090)**	**(227,430,330)**
YEAR END FUND BALANCE	**10,645,920**	**4,738,470**	**4,686,180**	**5,457,760**	**6,221,610**	**5,590,570**	**7,337,080**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**5.3%**	**2.4%**	**2.2%**	**2.5%**	**2.7%**	**2.4%**	**3.1%**

Assumptions:

Assumptions:

1. The tax rates for the Consolidated Fire Tax District are adjusted to maintain a fund balance of approximately 2.5 percent of resources.
2. The Labor contract with the International Association of Fire Fighters, Local 1664 expires at the end of FY11.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
4. 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.
5. The costs of capital facilities will be included in future budgets as projects are completed and their costs defined. Implementation of additional phases of the Four-Person Staffing initiative and other staffing improvements are presented here for illustrative purposes. Staffing decisions will be reviewed and determined on an annual basis.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN	MASS TRANSIT FUND						
FISCAL PROJECTIONS	**FY09 ESTIMATE**	**FY10 REC**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real Property	0.040	**0.038**	0.039	0.038	0.036	0.045	0.033
Assessable Base: Real Property (000)	158,627,000	**169,762,000**	182,152,000	188,089,000	191,793,000	196,835,000	204,848,000
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.100	**0.095**	0.098	0.095	0.090	0.113	0.083
Assessable Base: Personal Property (000)	4,021,666	**4,051,312**	4,097,271	4,143,751	4,190,759	4,238,299	4,286,380
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**16,546,800**	**5,026,950**	**3,362,220**	**2,804,810**	**3,777,620**	**3,254,610**	**4,387,410**
REVENUES							
Taxes	66,800,860	**67,681,500**	**74,294,900**	**74,668,710**	**72,101,460**	**92,427,450**	**70,439,300**
Licenses & Permits	620,770	**873,120**	897,570	920,010	943,010	966,590	990,750
Charges For Services	16,895,680	**17,103,330**	17,582,230	18,021,790	18,472,330	18,934,140	19,407,490
Fines & Forfeitures	500,000	**500,000**	514,000	526,850	540,020	553,520	567,360
Intergovernmental	22,795,080	**22,795,080**	22,795,080	22,795,080	22,795,080	22,795,080	22,795,080
Miscellaneous	800,000	**760,000**	900,000	1,140,000	1,230,000	1,340,000	1,440,000
Subtotal Revenues	**108,412,390**	**109,713,030**	**116,983,780**	**118,072,440**	**116,081,900**	**137,016,780**	**115,639,980**
INTERFUND TRANSFERS (Net Non-CIP)	**(5,134,020)**	**(4,892,280)**	**(8,877,760)**	**(8,873,420)**	**(10,111,200)**	**(12,762,270)**	**(12,306,840)**
Transfers To Debt Service Fund	(2,032,500)	(5,077,540)	(8,599,140)	(8,594,800)	(9,832,580)	(12,483,650)	(12,028,220)
GO Bonds	(2,032,500)	(2,433,290)	(3,470,640)	(3,466,300)	(4,704,080)	(7,355,150)	(9,383,970)
Ride On Buses	0	(2,644,250)	(5,128,500)	(5,128,500)	(5,128,500)	(5,128,500)	(2,644,250)
Transfers To The General Fund	(7,744,000)	(7,952,700)	(7,988,980)	(7,988,980)	(7,988,980)	(7,988,980)	(7,988,980)
Indirect Costs	(7,744,000)	(7,952,700)	(7,988,980)	(7,988,980)	(7,988,980)	(7,988,980)	(7,988,980)
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	4,111,170	7,606,650	7,179,050	7,179,050	7,179,050	7,179,050	7,179,050
TOTAL RESOURCES	**119,825,170**	**109,847,700**	**111,468,240**	**112,003,830**	**109,748,320**	**127,509,120**	**107,720,550**
CIP CURRENT REVENUE APPROP.	**(2,105,000)**	**(129,000)**	**(2,400,000)**	**(3,188,000)**	**(1,646,000)**	**(18,224,000)**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(112,693,220)	**(106,356,480)**	(106,356,480)	(106,356,480)	(106,356,480)	(106,356,480)	(106,356,480)
Labor Agreement	n/a	**0**	(264,250)	(264,250)	(264,250)	(264,250)	(264,250)
MTA Management Audit	n/a	**n/a**	50,000	50,000	50,000	0	50,000
Master Lease	n/a	**n/a**	307,300	1,532,520	1,723,020	1,723,020	1,723,020
Subtotal PSP Oper Budget Approp / Exp's	**(112,693,220)**	**(106,356,480)**	**(106,263,430)**	**(105,038,210)**	**(104,847,710)**	**(104,897,710)**	**(104,847,710)**
TOTAL USE OF RESOURCES	**(114,798,220)**	**(106,485,480)**	**(108,663,430)**	**(108,226,210)**	**(106,493,710)**	**(123,121,710)**	**(104,847,710)**
YEAR END FUND BALANCE	**5,026,950**	**3,362,220**	**2,804,810**	**3,777,620**	**3,254,610**	**4,387,410**	**2,872,840**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**4.2%**	**3.1%**	**2.5%**	**3.4%**	**3.0%**	**3.4%**	**2.7%**

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 Mass Transit Fund tax rates are adjusted to maintain a fund balance of approximately 2.5 percent of resources.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
4. The County Executive recommends replacement of 35 Ride On buses in FY09 and 19 Ride On buses in FY10. The budget assumes that 20 of the 35 buses in FY09 will be purchased through the Debt Service Fund. Transfers from the Mass Transit Fund to the Debt Service Fund for debt service payments are assumed in FY10-15.
5. Master Lease payments for three CNG buses, five hybrid buses, and 12 gas fueled buses end in FY11, and for SmarTrip Fareboxes in FY12.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Bradley Noise Abatement

FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.080	**0.080**	0.080	0.070	0.000	0.000	0.000
Assessable Base: Real Property (000)	37,000	**39,600**	42,500	43,900	44,800	46,000	47,900
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.200	**0.200**	0.200	0.175	0.000	0.000	0.000
Assessable Base: Personal Property (000)	-	**-**	-	-	-	-	-
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	0.013	**0.011**	0.0165	0.0255	0.028	0.031	0.0335
BEGINNING FUND BALANCE	**6,730**	**7,250**	**11,140**	**18,650**	**24,230**	**680**	**680**
REVENUES							
Taxes	29,330	**31,390**	**33,690**	**30,450**	**0**	**0**	**0**
Subtotal Revenues	**29,330**	**31,390**	**33,690**	**30,450**	**0**	**0**	**0**
INTERFUND TRANSFERS (Net Non-CIP)	**(28,810)**	**(27,500)**	**(26,180)**	**(24,870)**	**(23,550)**	**0**	**0**
Transfers To Debt Service Fund	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)	0	0
GO Bonds	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)	0	0
TOTAL RESOURCES	**7,250**	**11,140**	**18,650**	**24,230**	**680**	**680**	**680**
YEAR END FUND BALANCE	**7,250**	**11,140**	**18,650**	**24,230**	**680**	**680**	**680**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Assumptions:

1.The Tax rate is adjusted annually to ensure adequate revenues are collected to cover the debt service obligation.

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, revenue, and fund balances may vary based on changes to tax rates.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Cabin John Noise Abatement				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.080	0.080	0.080	0.070	0.000	0.000	0.000
Assessable Base: Real Property (000)	11,000	11,800	12,700	13,100	13,400	13,800	14,400
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.200	0.200	0.200	0.175	0.000	0.000	0.000
Assessable Base: Personal Property (000)	-	-	-	-	-	-	-
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	1.10%	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	2,950	3,110	4,300	6,590	8,290	1,290	1,290
REVENUES							
Taxes	8,720	9,360	10,070	9,090	0	0	0
Subtotal Revenues	8,720	9,360	10,070	9,090	0	0	0
INTERFUND TRANSFERS (Net Non-CIP)	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)	0	0
Transfers To Debt Service Fund	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)	0	0
GO Bonds	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)	0	0
TOTAL RESOURCES	3,110	4,300	6,590	8,290	1,290	1,290	1,290
YEAR END FUND BALANCE	3,110	4,300	6,590	8,290	1,290	1,290	1,290
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Assumptions:

1.The Tax rate is adjusted annually to ensure adequate revenues are collected to cover the debt service obligation.

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, revenue, and fund balances may vary based on changes to tax rates.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			RECREATION				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.022	**0.019**	0.019	0.020	0.020	0.019	0.018
Assessable Base: Real Property (000)	138,226,500	**147,929,400**	158,726,000	163,899,400	167,127,100	171,520,600	178,503,100
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.055	**0.047**	0.047	0.050	0.050	0.047	0.045
Assessable Base: Personal Property (000)	3,316,500	**3,341,000**	3,378,900	3,417,200	3,456,000	3,495,200	3,534,800
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**3,554,380**	**3,784,850**	**1,604,890**	**1,329,550**	**1,926,870**	**1,919,810**	**1,603,640**
REVENUES							
Taxes	31,914,610	**29,384,640**	**31,434,900**	**34,150,750**	**34,809,390**	**33,897,290**	**33,392,270**
Charges For Services	10,776,380	**10,381,760**	10,672,450	10,939,260	11,212,740	11,493,060	11,780,390
Intergovernmental	50,000	**0**	0	0	0	0	0
Miscellaneous	24,640	**4,640**	64,640	164,640	204,640	244,640	284,640
Subtotal Revenues	**42,765,630**	**39,771,040**	**42,171,990**	**45,254,650**	**46,226,770**	**45,634,990**	**45,457,300**
INTERFUND TRANSFERS (Net Non-CIP)	**(11,047,840)**	**(11,140,260)**	**(11,581,710)**	**(12,642,710)**	**(13,804,210)**	**(13,521,540)**	**(13,119,920)**
Transfers To Debt Service Fund	(7,485,160)	(7,670,590)	(8,117,060)	(9,220,840)	(10,395,060)	(10,156,840)	(9,768,720)
GO Bonds	(4,822,190)	(5,005,770)	(5,791,240)	(6,895,160)	(8,072,040)	(8,322,790)	(7,934,420)
Long Term Leases	(2,662,970)	(2,664,820)	(2,325,820)	(2,325,680)	(2,323,020)	(1,834,050)	(1,834,300)
Transfers To The General Fund	(4,938,000)	(4,879,130)	(4,886,100)	(4,886,100)	(4,886,100)	(4,886,100)	(4,886,100)
Indirect Costs	(2,783,620)	(2,718,770)	(2,725,740)	(2,725,740)	(2,725,740)	(2,725,740)	(2,725,740)
Facility Maintenance - Custodial Cleaning	(924,310)	(925,310)	(925,310)	(925,310)	(925,310)	(925,310)	(925,310)
Facility Maintenance Costs	(1,151,170)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)	(1,151,850)
Other - DCM	(78,900)	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)	(83,200)
Transfers From The General Fund	1,375,320	1,409,460	1,421,450	1,464,230	1,476,950	1,521,400	1,534,900
Countywide Services	862,830	888,710	888,710	915,370	915,370	942,830	942,830
Center for Cultural Diversity	395,160	399,760	411,750	424,100	436,820	449,920	463,420
ASACs	117,330	120,990	120,990	124,760	124,760	128,650	128,650
TOTAL RESOURCES	**35,272,170**	**32,415,630**	**32,195,170**	**33,941,490**	**34,349,430**	**34,033,260**	**33,941,020**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(31,487,320)	**(30,810,740)**	(30,810,740)	(30,810,740)	(30,810,740)	(30,810,740)	(30,810,740)
Labor Agreement	n/a	**0**	(50,760)	(50,760)	(50,760)	(50,760)	(50,760)
Annualizations and One-Time	n/a	**n/a**	43,400	43,400	43,400	43,400	43,400
FFI - White Oak Community Recreation Center	n/a	**n/a**	0	(616,000)	(782,000)	(782,000)	(782,000)
FFI - Mid-County Community Recreation Center	n/a	**n/a**	(47,520)	(47,520)	(47,520)	(47,520)	(47,520)
FFI - North Potomac Recreation Center	n/a	**n/a**	0	(533,000)	(782,000)	(782,000)	(782,000)
Subtotal PSP Oper Budget Approp / Exp's	**(31,487,320)**	**(30,810,740)**	**(30,865,620)**	**(32,014,620)**	**(32,429,620)**	**(32,429,620)**	**(32,429,620)**
TOTAL USE OF RESOURCES	**(31,487,320)**	**(30,810,740)**	**(30,865,620)**	**(32,014,620)**	**(32,429,620)**	**(32,429,620)**	**(32,429,620)**
YEAR END FUND BALANCE	**3,784,850**	**1,604,890**	**1,329,550**	**1,926,870**	**1,919,810**	**1,603,640**	**1,511,400**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**10.7%**	**5.0%**	**4.1%**	**5.7%**	**5.6%**	**4.7%**	**4.5%**

Assumptions:

1. Institute fees for teen programs and increase fees and charges for Summer Fun Centers, rental facilities, aquatic programs and non-County residents; other fee increases are increased by inflation and are assumed in order to achieve cost recovery goals. Fee increases must be tempered by market conditions.
2. Tax rates are adjusted to maintain a fund balance of approximately 2.5 percent of resources. Personal property tax rates are set at approximately 2.5 times the real property tax rate rounded to the nearest tenth of a cent, per FY01 State-mandated tax structure changes.
3. Related revenues, debt service and operating costs have been incorporated for new facilities opening between FY10 and FY15 (White Oak, Mid-County, and North Potomac Community Recreation Centers.)
4. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-15 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. 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.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN		ECONOMIC DEVELOPMENT FUND					
FISCAL PROJECTIONS	**FY09 ESTIMATE**	**FY10 REC**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**1,152,970**	**0**	**0**	**0**	**0**	**0**	**0**
REVENUES							
Miscellaneous	177,220	**241,850**	159,160	111,980	89,310	89,310	83,270
Subtotal Revenues	**177,220**	**241,850**	**159,160**	**111,980**	**89,310**	**89,310**	**83,270**
INTERFUND TRANSFERS (Net Non-CIP)	**556,160**	**610,590**	**2,093,280**	**740,460**	**763,130**	**763,130**	**769,170**
Transfers From The General Fund	556,160	610,590	2,093,280	740,460	763,130	763,130	769,170
TOTAL RESOURCES	**1,886,350**	**852,440**	**2,252,440**	**852,440**	**852,440**	**852,440**	**852,440**
CIP CURRENT REVENUE APPROP.	**0**	**0**	**(1,400,000)**	**0**	**0**	**0**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,886,350)	**(852,440)**	(852,440)	(852,440)	(852,440)	(852,440)	(852,440)
Subtotal PSP Oper Budget Approp / Exp's	**(1,886,350)**	**(852,440)**	**(852,440)**	**(852,440)**	**(852,440)**	**(852,440)**	**(852,440)**
TOTAL USE OF RESOURCES	**(1,886,350)**	**(852,440)**	**(2,252,440)**	**(852,440)**	**(852,440)**	**(852,440)**	**(852,440)**
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 labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
3. FY10 expenditures for the Small Business Loan Program have also been changed to ensure that expenditures equal loan repayments.
4. Impact Assistance Program funding is at $200K for FY10-15.
5. The transfer from the General Fund is adjusted to fund program costs, net of offsetting loan repayments, intergovernmental funding, and interest income.
6. In FY11, $1,400,000 will be transferred to the capital budget to assist with the construction of a primary care clinic in the Long Branch Community (CIP Cost Sharing: MCG, Project No. 720601).

MONTGOMERY COLLEGE CURRENT FUND
COUNTY EXECUTIVE FY 10 RECOMMENDED FISCAL PLAN
FY10-15

	FY09 2nd Qtr	FY10 Recommended	FY11 Proj.	FY12 Proj.	FY13 Proj.	FY14 Proj.	FY15 Proj.
Beginning Fund Balance	**9,097,275**	**9,097,275**	**3,500,000**	**3,500,000**	**3,500,000**	**3,500,000**	**3,500,000**
Revenues							
General Fund Contribution	104,804,553	106,124,908	106,124,908	106,124,908	106,124,908	106,124,908	106,124,908
Tuition & Related Fees	67,672,067	70,084,943	71,221,971	71,647,531	71,974,464	72,089,108	72,089,108
Hypothetical Tuition Increase			***9,344,662***	***13,267,898***	***17,628,857***	***22,305,826***	***27,232,727***
Other Student Fees	1,105,481	1,041,516	1,058,413	1,064,737	1,069,596	1,071,299	1,071,299
State Aid	30,266,926	33,505,421	34,443,573	35,304,662	36,187,279	37,091,961	38,019,260
State Aid Reduction							
Fed, State & Priv. Gifts/Grants	317,555	300,000	314,890	314,890	314,890	314,890	314,890
Investment Income	440,000	380,000	590,000	940,000	1,070,000	1,220,000	1,360,000
Risk Management Dividend							
Performing Arts Center	90,426	115,000	118,220	121,176	124,205	127,310	130,493
Other Revenues (asset sales, lib. fines, rentals)	659,644	800,000	822,400	842,960	864,034	885,635	907,776
Adjustments							
Total Revenues	**205,356,652**	**212,351,788**	**224,039,037**	**229,628,762**	**235,358,232**	**241,230,937**	**247,250,461**
Mandatory Transfers	**(368,972)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**	**(450,000)**
Perkins							
SEOG - Financial Aid	(156,764)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
CWSP - Financial Aid	(212,208)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)
Nonmandatory Transfers	-	-	-	-	-	-	-
From Auxiliary Fund					-	-	-
CIP CR	4,067,000	3,696,000	2,938,000	2,844,000	2,956,000	2,906,000	2,906,000
Subtotal Revenues and Transfers	**209,054,680**	**215,597,788**	**226,527,037**	**232,022,762**	**237,864,232**	**243,686,937**	**249,706,461**
Total Resources Available	**218,151,955**	**224,695,063**	**230,027,037**	**235,522,763**	**241,364,232**	**247,186,937**	**253,206,461**
County Share	51.4%	48.8%	47.5%	46.3%	45.2%	44.1%	43.0%
State Aid Share	14.8%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%
Tuition, Fees, Other Share	33.8%	35.8%	37.1%	38.3%	39.4%	40.5%	41.6%
Total Expenditures	**(204,068,565)**	**(217,499,063)**	**(223,589,037)**	**(229,178,763)**	**(234,908,232)**	**(240,780,938)**	**(246,800,461)**
CIP CR	**(4,067,000)**	**(3,696,000)**	**(2,938,000)**	**(2,844,000)**	**(2,956,000)**	**(2,906,000)**	**(2,906,000)**
Adjustments/Reserves	**(919,115)**	-					
End of Year Proj. Fund Bal.	**9,097,275**	**3,500,000**	**3,500,000**	**3,500,000**	**3,500,000**	**3,500,000**	**3,500,000**
End of Year Fund Bal as % of Resources	4.2%	1.6%	1.5%	1.5%	1.5%	1.4%	1.4%

Assumptions:

1. The table reflects, for analysis only, outyear tuition increases to maintain fund balances in the $3.5 million target range. The College Board of Trustees approves actual increases.
2. The County's local contribution is maintained at the recommended FY10 level.
3. Tuition and related fees grow at the rate of Full Time Equivalent increase.
4. Other revenues and State aid grows based on CPI.
5. Expenditures increase at CPI.

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FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN	M-NCPPC Administration Fund						
FISCAL PROJECTIONS	**FY09 ESTIMATE**	**FY10 REC**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real Property	0.019	0.018	0.017	0.016	0.016	0.015	0.015
Assessable Base: Real Property (000)	137,495,700	**147,147,300**	157,886,800	163,032,900	166,243,500	170,613,800	177,559,400
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.047	0.045	0.043	0.040	0.040	0.038	0.038
Assessable Base: Personal Property (000)	3,305,900	**3,330,300**	3,368,100	3,406,300	3,444,900	3,484,000	3,523,500
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**2,149,540**	**2,376,200**	**993,010**	**1,481,410**	**1,241,310**	**1,562,900**	**864,750**
REVENUES							
Taxes	27,404,000	27,709,310	27,994,850	27,178,960	27,703,080	26,635,580	27,682,480
Charges For Services	422,500	**287,500**	295,550	302,940	310,510	318,270	326,230
Intergovernmental	737,500	**0**	0	0	0	0	0
Miscellaneous	100,000	**90,000**	140,000	220,000	250,000	290,000	320,000
Subtotal Revenues	**28,664,000**	**28,086,810**	**28,430,400**	**27,701,900**	**28,263,590**	**27,243,850**	**28,328,710**
INTERFUND TRANSFERS (Net Non-CIP)	**(1,773,000)**	**(1,528,000)**	**0**	**0**	**0**	**0**	**0**
Transfers To Special Fds: Non-Tax + ISF	(1,773,000)	(1,528,000)	0	0	0	0	0
To Special Revenue Fund: Dvlp Review	(1,773,000)	(1,528,000)	0	0	0	0	0
TOTAL RESOURCES	**29,040,540**	**28,935,010**	**29,423,410**	**29,183,310**	**29,504,900**	**28,806,750**	**29,193,460**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(26,664,340)	**(27,942,000)**	(27,942,000)	(27,942,000)	(27,942,000)	(27,942,000)	(27,942,000)
Subtotal PSP Oper Budget Approp / Exp's	**(26,664,340)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**
TOTAL USE OF RESOURCES	**(26,664,340)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**	**(27,942,000)**
YEAR END FUND BALANCE	**2,376,200**	**993,010**	**1,481,410**	**1,241,310**	**1,562,900**	**864,750**	**1,251,460**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**8.2%**	**3.4%**	**5.0%**	**4.3%**	**5.3%**	**3.0%**	**4.3%**

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 have historically been adjusted to maintain a fund balance at a minimum of 3 percent of resources. Personal property tax rates have been set at approximately 2.5 times the real property tax rate, per FY01 State-mandated tax structure changes.

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

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Park Fund				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.053	0.052	0.051	0.049	0.048	0.047	0.044
Assessable Base: Real Property (000)	137,495,700	**147,147,300**	157,886,800	163,032,900	166,243,500	170,613,800	177,559,400
Property Tax Collection Factor: Real Property	99.1%	**99.1%**	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.132	0.130	0.128	0.123	0.120	0.118	0.110
Assessable Base: Personal Property (000)	3,305,900	**3,330,300**	3,368,100	3,406,300	3,444,900	3,484,000	3,523,500
Property Tax Collection Factor: Personal Property	97.5%	**97.5%**	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**10,702,580**	**6,894,120**	**3,494,830**	**4,059,500**	**4,123,490**	**4,180,690**	**4,717,560**
REVENUES							
Taxes	76,471,560	80,049,110	83,984,540	83,235,550	83,109,240	83,458,150	81,201,950
Charges For Services	1,701,800	**1,879,800**	1,932,430	1,980,740	2,030,260	2,081,020	2,133,050
Miscellaneous	273,500	**284,100**	330,000	530,000	600,000	680,000	760,000
Subtotal Revenues	**78,446,860**	**82,213,010**	**86,246,970**	**85,746,290**	**85,739,500**	**86,219,170**	**84,095,000**
INTERFUND TRANSFERS (Net Non-CIP)	**(619,000)**	**(10,000)**	**0**	**0**	**0**	**0**	**0**
Transfers To Special Fds: Tax Supported	0	(10,000)	0	0	0	0	0
To ALA Debt Service	0	(10,000)	0	0	0	0	0
Transfers To Special Fds: Non-Tax + ISF	(619,000)	0	0	0	0	0	0
To Enterprise Fund - General Subsidy	(86,000)	0	0	0	0	0	0
To Enterprise Fund - Ice Rink/Conf Center	(533,000)	0	0	0	0	0	0
TOTAL RESOURCES	**88,530,440**	**89,097,130**	**89,741,800**	**89,805,790**	**89,862,990**	**90,399,860**	**88,812,560**
CIP CURRENT REVENUE APPROP.	**(300,000)**	**(270,000)**	**(350,000)**	**(350,000)**	**(350,000)**	**(350,000)**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(77,280,520)	**(81,027,900)**	(81,027,900)	(81,027,900)	(81,027,900)	(81,027,900)	(81,027,900)
Debt Service: Other (Non-Tax Funds only)	(4,005,800)	**(4,304,400)**	(4,304,400)	(4,304,400)	(4,304,400)	(4,304,400)	(4,304,400)
Subtotal PSP Oper Budget Approp / Exp's	**(81,286,320)**	**(85,332,300)**	**(85,332,300)**	**(85,332,300)**	**(85,332,300)**	**(85,332,300)**	**(85,332,300)**
OTHER CLAIMS ON FUND BALANCE	**(50,000)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(81,636,320)**	**(85,602,300)**	**(85,682,300)**	**(85,682,300)**	**(85,682,300)**	**(85,682,300)**	**(85,332,300)**
YEAR END FUND BALANCE	**6,894,120**	**3,494,830**	**4,059,500**	**4,123,490**	**4,180,690**	**4,717,560**	**3,480,260**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**7.8%**	**3.9%**	**4.5%**	**4.6%**	**4.7%**	**5.2%**	**3.9%**

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 have historically been adjusted to maintain a fund balance at a minimum of 3 percent of resources. Personal property tax rates hae been set at approximatley 2.5 times the real property tax rate, per FY01 State-mandated tax structure changes.

3.Fees and charges are stable and are assumed to be increased by inflation. Only major known committment cost increases are shown.

4.Debt Service figures are provided by M-NCPPC and reflect bond issues for new projects using Park and Planning bonds. FY11-15 esitmate is assumed to be the same pending new information from M-NCPPC.

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.

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

GO BOND DEBT SERVICE EXPENDITURES	Actual FY07.	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Rec/Bud	Rec % GO Bonds
General County	26,233,739	27,416,273	28,093,870	25,950,040	27,501,330		12.4%
Roads & Storm Drains	51,846,170	53,643,535	56,963,150	49,520,490	53,200,560		24.0%
Public Housing	265,999	250,417	175,010	175,010	108,320		0.0%
Parks	6,772,021	7,255,370	7,798,110	7,074,140	7,546,070		3.4%
Public Schools	96,350,665	109,293,160	115,136,940	102,953,880	111,196,710		50.2%
Montgomery College	6,815,147	7,708,907	9,157,530	7,949,950	10,409,050		4.7%
Bond Anticipation Notes/Commercial Paper	6,784,398	5,564,456	3,800,000	2,900,000	2,100,000		
Bond Refunding	-	-	(3,030,000)	-	-		
Cost of Issuance: General Fund	801,172	892,924	1,032,350	1,032,350	1,060,220		
Total General Fund	195,869,311	212,025,042	219,126,960	197,555,860	213,122,260	-2.7%	94.8%
Fire Tax District Fund	3,396,710	3,560,618	4,176,900	3,435,910	3,961,970	-5.1%	1.8%
Mass Transit Fund	2,482,762	2,321,315	2,259,520	2,032,500	2,433,290	7.7%	1.1%
Recreation Fund	4,989,515	5,034,794	4,995,540	4,822,190	5,005,770	0.2%	2.3%
Bradley Noise Abatement Fund	31,383	30,111	30,120	28,810	27,500	-8.7%	0.0%
Cabin John Noise Abatement Fund	9,312	8,936	8,940	8,560	8,170	-8.6%	0.0%
Total Tax Supported Other Funds	10,909,682	10,955,774	11,471,020	10,327,970	11,436,700	-0.3%	5.2%
TOTAL TAX SUPPORTED	206,778,993	222,980,816	230,597,980	207,883,830	224,558,960	-2.6%	100.0%
Non-Tax Supported							
Solid Waste Disposal Fund	2,711	2,447	-	-	-	0.0%	0.0%
Total Non-Tax Supported	2,711	2,447	0	0	0	0.0%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	206,781,704	222,983,263	230,597,980	207,883,830	224,558,960	-2.6%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	2,211,269	2,216,061	2,210,660	2,210,660	1,903,290		
Revenue Authority - HHS Piccard Drive	633,198	633,488	632,700	632,700	635,700		
Silver Spring Garages	5,862,366	5,591,008	5,553,520	5,553,520	5,590,330		
Revenue Authority - Recreation Pools	3,067,994	3,041,772	2,662,970	2,662,970	2,664,820		
Fire and Rescue Equipment	-	633,613	4,553,500	4,553,500	4,542,000		
TOTAL LONG-TERM LEASE EXPENDITURES	11,774,827	12,115,942	15,613,350	15,613,350	15,336,140		
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	-	-	560,500	-	2,026,970		
Smart Growth Interim Financing	-	-	-	-	923,700		
Ride On Buses	-	-	-	-	2,644,250		
Short Term Financing - Kay Property	882,219	871,600	871,600	871,600	-		
TOTAL SHORT-TERM LEASE EXPENDITURES	882,219	871,600	1,432,100	871,600	5,594,920		
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - **Tax supported**	-	-	335,670	-	335,670		
Site II Acquisition - **Tax supported**	-	-	-	-	400,000		
MHI-HUD Loan - **Non-Tax supported**	79,412	78,255	76,870	76,870	75,300		
MHI - Property Acquisition Fund - **Non-tax supported**	-	-	1,850,000	-	2,180,000		
TOTAL OTHER LONG-TERM DEBT	79,412	78,255	2,262,540	76,870	2,990,970	32.2%	
DEBT SERVICE EXPENDITURES							
Tax Supported	**219,436,039**	**235,968,358**	**247,979,100**	**224,368,780**	**246,225,690**		
Non-Tax Supported - Other & GO Bond Debt	**82,123**	**80,702**	**1,926,870**	**76,870**	**2,255,300**		
TOTAL DEBT SERVICE EXPENDITURES	**219,518,162**	**236,049,060**	**249,905,970**	**224,445,650**	**248,480,990**	**-0.6%**	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	193,168,912	206,179,168	215,851,960	195,207,840	210,547,260		
Accrued Interest: GO Bonds-Non Pooled	300,972	729,167	575,000	648,020	575,000		
Accrued Interest: GO Refunding Bonds	-	-	-	-	-		
Accrued Interest: Installmt Notes, I&P, Street Assessmts	80,492	468,035	-	-	-		
BAN/Commercial Paper Investment Income	2,209,468	5,068,687	2,700,000	1,700,000	2,000,000		
Special Street Assessments	169	-	-	-	-		
Total General Fund Sources	195,760,013	212,445,057	219,126,960	197,555,860	213,122,260		
Fire Tax District Funds	3,514,976	3,780,314	4,176,900	3,435,910	3,961,970		
Mass Transit Fund	2,480,147	2,323,084	2,259,520	2,032,500	2,433,290		
Recreation Fund	4,983,162	5,026,927	4,995,540	4,822,190	5,005,770		
Bradley Noise Abatement Fund	31,383	30,111	30,120	28,810	27,500		
Cabin John Noise Abatement Fund	9,312	8,936	8,940	8,560	8,170		
Solid Waste Disposal Fund	2,711	2,447	-	-	-		
Total Other Funding Sources	11,021,691	11,171,819	11,471,020	10,327,970	11,436,700		
TOTAL GO BOND FUNDING SOURCES	206,781,704	223,616,876	230,597,980	207,883,830	224,558,960		
NON GO BOND FUNDING SOURCES							
General Funds	9,589,052	9,312,157	10,164,650	9,268,480	11,815,660		
MHI Fund - HUD Loan	79,412	78,255	76,870	76,870	75,300		
MHI Fund - Property Acquisition Fund	-	-	1,850,000	-	2,180,000		
Mass Transit Fund	-	-	-	-	2,644,250		
Recreation Fund	3,067,994	3,041,772	2,662,970	2,662,970	2,664,820		
Fire Tax District Fund	-	-	4,553,500	4,553,500	4,542,000		
TOTAL NON GO BOND FUNDING SOURCES	12,736,458	12,432,184	19,307,990	16,561,820	23,922,030		
TOTAL FUNDING SOURCES	**219,518,162**	**236,049,060**	**249,905,970**	**224,445,650**	**248,480,990**		
TRANSFERS							
FROM: RSF Investment Income	**6,175,154**	**5,763,222**	**2,991,190**	**1,558,100**	**1,316,120**		
TO: CIP - PAYGO	6,175,154	5,763,222	2,991,190	1,558,100	1,316,120		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	200,000,000	-	-	250,000,000	300,000,000		
County Executive Recommended Issues	-	-	300,000,000	300,000,000	300,000,000		
Council SAG Approved Issues			300,000,000	320,000,000	320,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS AND LONG & SHORT TERM LEASES AND OTHER DEBT	Recommended FY10	Projected FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15
GO BOND DEBT SERVICE EXPENDITURES						
General County	27,501,330	31,422,000	35,990,240	39,704,530	44,706,400	46,575,240
Roads & Storm Drains	53,200,560	55,250,000	59,504,510	64,006,400	68,602,300	70,550,540
Public Housing	108,320	34,920	-	-	-	-
Parks	7,546,070	8,336,340	8,932,030	9,863,350	10,889,420	11,371,280
Public Schools	111,196,710	115,545,370	121,894,950	131,144,170	133,800,580	136,592,500
Montgomery College	10,409,050	15,072,560	16,922,220	18,296,440	20,063,740	21,256,760
Bond Anticipation Notes/Commercial Paper	2,100,000	4,500,000	8,100,000	9,000,000	10,200,000	11,200,000
Cost of Issuance	1,060,220	1,088,320	1,116,610	1,145,090	1,173,720	1,203,060
Total General Fund	213,122,260	231,249,510	252,460,560	273,159,980	289,436,160	298,749,380
Fire Tax District Fund	3,961,970	4,698,680	5,101,280	5,214,890	5,397,910	5,286,580
Mass Transit Fund	2,433,290	3,470,640	3,466,300	4,704,080	7,355,150	9,383,970
Recreation Fund	5,005,770	5,791,240	6,895,160	8,072,040	8,322,790	7,934,420
Bradley Noise Abatement Fund	27,500	26,180	24,870	23,550	-	-
Cabin John Noise Abatement Fund	8,170	7,780	7,390	7,000	-	-
Total Tax Supported Other Funds	11,436,700	13,994,520	15,495,000	18,021,560	21,075,850	22,604,970
TOTAL TAX SUPPORTED	224,558,960	245,244,030	267,955,560	291,181,540	310,512,010	321,354,350
TOTAL GO BOND DEBT SERVICE EXPENDITURES	224,558,960	245,244,030	267,955,560	291,181,540	310,512,010	321,354,350
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	1,903,290	1,901,650	1,903,890	995,440	993,190	993,270
Revenue Authority - HHS Piccard Drive	635,700	632,480	633,040	636,870	638,390	638,580
Silver Spring Garages	5,590,330	5,544,320	5,554,170	5,574,890	5,561,410	5,563,880
Revenue Authority - Recreation Pools	2,664,820	2,325,820	2,325,680	2,323,020	1,834,050	1,834,300
Fire and Rescue Equipment	4,542,000	4,509,230	4,459,480	4,418,350	3,780,600	3,741,600
TOTAL LONG-TERM LEASE EXPENDITURES	15,336,140	14,913,500	14,876,260	13,948,570	12,807,640	12,771,630
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	2,026,970	4,126,810	5,077,750	5,991,390	5,991,390	5,991,390
Smart Growth Interim Financing	923,700	3,215,100	4,780,000	108,000	553,300	1,624,800
Ride On Buses	2,644,250	5,128,500	5,128,500	5,128,500	5,128,500	2,644,250
TOTAL SHORT-TERM LEASE EXPENDITURES	5,594,920	12,470,410	14,986,250	11,227,890	11,673,190	10,260,440
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - **Tax supported**	335,670	335,670	335,670	335,670	335,670	335,620
Site II Acquisition - **Tax Supported**	400,000	400,000	400,000	400,000	400,000	400,000
MHI-HUD Loan - **Non-Tax supported**	75,300	73,580	71,730	69,770	67,730	65,630
Property Acquisition Fund - **Non-tax supported**	2,180,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
TOTAL OTHER LONG-TERM DEBT	2,990,970	5,209,250	5,207,400	5,205,440	5,203,400	5,201,250
DEBT SERVICE EXPENDITURES						
Tax Supported	**246,225,690**	**273,363,610**	**298,553,740**	**317,093,670**	**335,728,510**	**345,122,040**
Non-Tax Supported - Other Long-term Debt	**2,255,300**	**4,473,580**	**4,471,730**	**4,469,770**	**4,467,730**	**4,465,630**
TOTAL DEBT SERVICE EXPENDITURES	**248,480,990**	**277,837,190**	**303,025,470**	**321,563,440**	**340,196,240**	**349,587,670**
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	210,547,260	226,974,510	246,185,560	266,284,980	281,961,160	290,674,380
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
BAN/Commercial Paper Investment Income	2,000,000	3,700,000	5,700,000	6,300,000	6,900,000	7,500,000
Total General Fund Sources	213,122,260	231,249,510	252,460,560	273,159,980	289,436,160	298,749,380
Fire Tax District Fund	3,961,970	4,698,680	5,101,280	5,214,890	5,397,910	5,286,580
Mass Transit Fund	2,433,290	3,470,640	3,466,300	4,704,080	7,355,150	9,383,970
Recreation Fund	5,005,770	5,791,240	6,895,160	8,072,040	8,322,790	7,934,420
Bradley Noise Abatement Fund	27,500	26,180	24,870	23,550	0	0
Cabin John Noise Abatement Fund	8,170	7,780	7,390	7,000	0	0
Total Other Funding Sources	11,436,700	13,994,520	15,495,000	18,021,560	21,075,850	22,604,970
TOTAL GO BOND FUNDING SOURCES	224,558,960	245,244,030	267,955,560	291,181,540	310,512,010	321,354,350
NON GO BOND FUNDING SOURCES						
General Funds	11,815,660	16,156,030	18,684,520	14,042,260	14,473,350	15,547,540
MHI Fund - HUD Loan	75,300	73,580	71,730	69,770	67,730	65,630
MHI Fund - Property Acquisition Fund	2,180,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Mass Transit Fund	2,644,250	5,128,500	5,128,500	5,128,500	5,128,500	2,644,250
Recreation Fund	2,664,820	2,325,820	2,325,680	2,323,020	1,834,050	1,834,300
Fire Tax District Fund	4,542,000	4,509,230	4,459,480	4,418,350	3,780,600	3,741,600
TOTAL NON GO BOND FUNDING SOURCES	23,922,030	32,593,160	35,069,910	30,381,900	29,684,230	28,233,320
TOTAL FUNDING SOURCES	**248,480,990**	**277,837,190**	**303,025,470**	**321,563,440**	**340,196,240**	**349,587,670**
TRANSFERS						
FROM: RSF Investment Income	**1,316,120**	**1,974,190**	**3,051,010**	**3,350,130**	**3,709,080**	**4,008,200**
TO: CIP - PAYGO	1,316,120	1,974,190	3,051,010	3,350,130	3,709,080	4,008,200
TOTAL GENERAL OBLIGATION BOND SALES						
County Executive Recommended Issues	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Council SAG Approved Issues	320,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
ESTIMATED INTEREST RATE	5.50%	6.30%	6.00%	6.00%	6.00%	6.00%

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

FY10 CABLE COMMUNICATIONS PLAN ($000's)

	Actual FY08	Approved FY09	Estimated FY09	Recommended FY10	% Chg From '09 Plan	FY11	FY12	FY13	FY14	FY15
F. COMMUNITY ACCESS ORGANIZATIONS (b)										
Personnel Costs	1,779	1,871	1,871	1,871	0.0%	2,077	2,160	2,146	2,336	2,429
Operating Expenses	755	781	781	771	-1.3%	856	890	890	926	925
SUBTOTAL	**2,534**	**2,652**	**2,652**	**2,642**	**-0.4%**	**2,933**	**3,050**	**3,036**	**3,261**	**3,355**
G. PEG NETWORK										
PEG Equipment Replacement	893	900	900	940	4.4%	987	1,036	1,028	1,159	1,216
Emergency Equipment Reserve	0	80	80	80	0.0%	84	88	93	97	102
PEG Network Mobile Production Vehicle	54	82	82	32	-61.0%	34	35	37	39	41
PEG Network Operating	198	275	275	215	-21.8%	236	248	260	273	287
SUBTOTAL	**1,145**	**1,337**	**1,337**	**1,267**	**-5.2%**	**1,341**	**1,408**	**1,418**	**1,568**	**1,646**
H. INSTITUTIONAL TELECOMMUNICATIONS										
FiberNet Support (DTS)	1,033	1,232	1,232	1,453	17.9%	1,708	1,757	1,809	1,820	1,875
FiberNet Support (DPWT)	249	244	244	244	0.0%	251	259	267	275	283
FiberNet-CIP	1,735	1,760	1,760 [4]	1,735	-1.4%	1,610	1,535	1,460	1,460	1,460
SUBTOTAL	**3,017**	**3,236**	**3,236**	**3,432**	**6.1%**	**3,569**	**3,551**	**3,536**	**3,555**	**3,617**
TOTAL EXPENDITURES - PROGRAMS	**14,700**	**15,946**	**16,474**	**16,918**	**6.1%**	**17,845**	**18,351**	**18,628**	**19,275**	**19,670**
I. OTHER										
Indirect Costs Transfer to Gen Fund	202	253	253 [1]	302	19.4%	253	253	253	253	303
Indirect Costs Transfer to Gen Fund (ERP & MCTime)	0	27	27 [1]	36	34.9%	29	18	0	0	0
Transfer to the General Fund	0	250	250 [5]	1,347	438.8%	0	0	0	0	0
Grants to Organizations (Friendship Hts)	39	39	39	39	0.0%	39	39	39	39	39
Consolidated Multiuse Technology Facility	0	0	0	0	0.0%	0	0	0	0	0
Verizon-Cable Service to Public Buildings	0	0	0	0	0.0%	0	0	0	0	0
COB Renovations - CIP	0	629	629 [4]	0	0.0%	0	0	0	0	0
Park & Planning Technology Projects	0	600	600	0	0.0%	0	0	0	0	0
SUBTOTAL	**241**	**1,798**	**1,798**	**1,724**	**-4.1%**	**321**	**310**	**292**	**292**	**342**
TOTAL EXPENDITURES	**14,941**	**17,744**	**18,272**	**18,642**	**5.1%**	**18,166**	**18,661**	**18,920**	**19,567**	**20,012**
J. ADJUSTMENTS										
Prior Year Adjustments	(480)	0	0	0	0.0%	0	0	0	0	0
CIP - Designated Claim on Fund	(610)	0	(650)	0	0.0%	0	0	0	0	0
TOTAL ADJUSTMENTS	**(1,090)**	**0**	**(650)**	**0**	**0.0%**	**0**	**0**	**0**	**0**	**0**
FUND BALANCE	**3,949**	**537**	**2,069**	**911**	**69.6%**	**767**	**490**	**514**	**467**	**567**
FUND BALANCE PER POLICY GUIDANCE	**873**	**860**	**889**	**911**		**940**	**971**	**1,000**	**1,031**	**1,062**
K. SUMMARY - CABLE FUND										
Total Annual Revenues (incl. transfers from GF)	16,635	15,779	17,042	17,484	10.8%	18,022	18,385	18,944	19,520	20,112
Total Expenditures	(14,941)	(17,744)	(18,272)	(18,642)	5.1%	(18,166)	(18,661)	(18,920)	(19,567)	(20,012)
Annual Fund Surplus/Deficit (Rev - Expend)	**1,694**	**(1,965)**	**(1,230)**	**(1,158)**	-41.1%	**(144)**	**(277)**	**24**	**(47)**	**100**
Transfer to Cable Fund from General Fund	432	0	0	0	0.0%	0	0	0	0	0
Annual Fund S/D Excluding Trans From Gen Fund	**1,262**	**(1,965)**	**(1,230)**	**(1,158)**	**-41.1%**	**(144)**	**(277)**	**24**	**(47)**	**100**
L. SUMMARY - EXPENDITURES BY FUNDING SOURCE										
[1]Transfer to Gen Fund-Indirect Costs	202	280	280	338	20.9%	282	271	253	253	303
[2]Transfer to Gen Fund-Mont Coll Cable Fund	1,219	1,322	1,322	1,360	2.8%	1,582	1,722	1,877	1,885	1,893
[3]Transfer to Gen Fund-Public Sch Cable Fund	1,521	1,583	1,583	1,629	2.9%	1,698	1,730	1,763	1,796	1,796
[4]Transfer to CIP Fund	1,735	2,389	2,389	1,735	-27.4%	1,610	1,535	1,460	1,460	1,460
[5]Transfer to the General Fund-Other	0	250	250	1,347	438.8%	0	0	0	0	0
FUND TRANSFERS OUT SUBTOTAL	**4,677**	**5,824**	**5,824**	**6,409**	**10.0%**	**5,172**	**5,258**	**5,352**	**5,394**	**5,452**
Net CATV Fund Direct Expenditures	**8,928**	**10,663**	**10,663**	**10,382**	**-2.6%**	**11,088**	**11,440**	**11,546**	**12,091**	**12,415**
Required Muni. Franchise & PEG Payments	1,336	1,257	1,785	1,851	47.3%	1,906	1,963	2,022	2,082	2,145
CATV FUND DIRECT EXPENDITURES SUBTOTAL	**10,264**	**11,920**	**12,448**	**12,233**	**2.6%**	**12,994**	**13,403**	**13,568**	**14,173**	**14,560**
TOTAL EXPENDITURES BY FUNDING SOURCE	**14,941**	**17,744**	**18,272**	**18,642**	**5.1%**	**18,166**	**18,661**	**18,920**	**19,567**	**20,012**

NOTES:

(a) Municipal franchise fee and PEG capital and operating funding required by franchise, municipal, and settlement agreements and County Code.

(b) Currently Montgomery Community Television, Inc.

*The County is exploring the potential for development of a Multiuse Technology Facility and will included information in future Cable Communications Plans.

These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. This scenario represents one possible fiscal future based on the incorporated set of expenditure and resource assumptions. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources.

FY10 CABLE COMMUNICATIONS PLAN ($000's)

	Actual FY08	Approved FY09	Estimated FY09	Recommended FY10	% Chg From '09 Plan	FY11	FY12	FY13	FY14	FY15
BEGINNING FUND BALANCE	**3,345**	**2,502**	**3,949**	**2,069**	**-17.3%**	**911**	**767**	**490**	**514**	**467**
REVENUES										
5% Franchise Fee	10,664	10,584	10,955	11,280	6.6%	11,618	11,967	12,326	12,696	13,077
G'Burg PEG Contribution	200	201	182	187	-7.0%	193	198	204	210	217
PEG Support	1,938	2,811	2,020	2,080	-26.0%	2,142	2,207	2,273	2,341	2,411
PEG Capital/Equipment	1,370	255	1,932	1,990	680.4%	2,050	2,111	2,175	2,240	2,307
Verizon-Grant	200	200	200	200	0.0%	200	0	0	0	0
FiberNet Support	1,524	1,568	1,589	1,637	4.4%	1,686	1,737	1,789	1,842	1,898
Interest Earned	149	80	40	30	-62.5%	50	80	90	100	110
Tower Review Fees	94	80	120	80	0.0%	82	85	87	90	93
Miscellaneous	64	0	4	0	0.0%	0	0	0	0	0
Transfer from the General Fund	432	0	0	0	0.0%	0	0	0	0	0
TOTAL ANNUAL REVENUES	**16,635**	**15,779**	**17,042**	**17,484**	**10.8%**	**18,022**	**18,385**	**18,944**	**19,520**	**20,112**
TOTAL RESOURCES-CABLE FUND	**19,980**	**18,281**	**20,991**	**19,553**	**7.0%**	**18,933**	**19,152**	**19,434**	**20,034**	**20,579**
EXPENDITURES										
A. FRANCHISE ADMINISTRATION										
Personnel Costs - Cable Administration	575	683	683	705	3.2%	749	763	761	818	833
Personnel Costs - Charges from DTS	52	59	59	69	16.9%	69	70	72	73	75
Personnel Costs - Charges for County Atty	73	97	97	95	-2.1%	95	97	99	101	103
Operating	96	73	73	73	0.0%	73	75	77	80	82
Outside Engineering/Inspection Svcs.	512	720	720	700	-2.8%	721	743	745	788	811
Other Legal and Other Professional Svcs.	295	405	405	370	-8.6%	381	393	404	416	429
SUBTOTAL	**1,603**	**2,037**	**2,037**	**2,012**	**-1.2%**	**2,088**	**2,141**	**2,159**	**2,276**	**2,333**
B. MUNICIPAL EQUIPMENT & OPERATIONS										
Municipal Franchise Fee Sharing										
Revenues to Municipalities	716	762	789	812	6.6%	837	862	887	914	942
SUBTOTAL	**716**	**762**	**789**	**812**	**6.6%**	**837**	**862**	**887**	**914**	**942**
Municipal Capital Support (a)										
Rockville Equipment	55	98	265	276	181.6%	284	293	302	311	320
Takoma Park Equipment	185	98	265	276	181.6%	284	293	302	311	320
Municipal League Equipment	185	98	265	276	181.6%	284	293	302	311	320
SUBTOTAL	**425**	**294**	**795**	**828**	**181.6%**	**853**	**878**	**905**	**932**	**960**
Municipal Operating Support (a)										
Rockville PEG Support	65	67	67	70	4.5%	72	74	76	79	81
Takoma Park PEG Support	65	67	67	70	4.5%	72	74	76	79	81
Muni. League PEG Support	65	67	67	70	4.5%	72	74	76	79	81
SUBTOTAL	**195**	**201**	**201**	**211**	**5.0%**	**216**	**223**	**229**	**236**	**243**
SUBTOTAL	**1,336**	**1,257**	**1,785**	**1,851**	**47.3%**	**1,906**	**1,963**	**2,022**	**2,082**	**2,145**
C. COUNTY CABLE MONTGOMERY										
Administration										
Personnel Costs	325	397	397	533	34.3%	560	560	560	560	560
Operating	46	31	31	25	-19.4%	26	27	27	28	29
Technical Operations Center (TOC)	22	23	23	23	0.0%	24	24	25	26	27
Closed Captioning	348	319	319	319	0.0%	329	338	349	359	370
VOD, Community BB, Web Services	40	48	48	48	0.0%	49	51	52	54	56
SUBTOTAL	**781**	**818**	**818**	**948**	**15.9%**	**987**	**1,000**	**1,013**	**1,027**	**1,041**
Public Information Office										
Personnel Costs	290	349	349	581	66.5%	593	604	617	629	641
Operating Expenses	17	12	12	12	0.0%	12	13	13	14	14
Contracts - TV Production	315	359	359	273	-24.0%	210	216	216	216	216
SUBTOTAL	**622**	**720**	**720**	**866**	**20.3%**	**815**	**834**	**846**	**859**	**872**
County Council										
Personnel Costs	42	57	57	74	29.8%	65	67	68	69	71
Operating Expenses	53	48	48	28	-41.7%	29	30	31	32	32
Contracts - TV Production	537	516	516	516	0.0%	531	547	547	547	547
SUBTOTAL	**632**	**621**	**621**	**618**	**-0.5%**	**626**	**644**	**646**	**648**	**651**
MNCPPC										
Personnel Costs	81	101	101	101	0.0%	103	105	107	109	112
Operating Expenses	101	21	21	21	0.0%	22	22	23	24	24
Contracts - TV Production	108	124	124	124	0.0%	128	132	132	132	132
Webcasting	0	117	117	47	-59.8%	48	50	51	53	54
SUBTOTAL	**290**	**363**	**363**	**293**	**-19.3%**	**301**	**309**	**313**	**317**	**322**
SUBTOTAL	**2,325**	**2,522**	**2,522**	**2,725**	**8.0%**	**2,729**	**2,786**	**2,819**	**2,852**	**2,885**
D. MONTGOMERY COLLEGE										
Personnel Costs	1,000	1,103	1,103	1,141	3.4%	1,334	1,468	1,615	1,615	1,615
Operating Expenses	219	219	219	219	0.0%	247	255	262	270	278
SUBTOTAL	**1,219**	**1,322**	**1,322** [2]	**1,360**	**2.8%**	**1,582**	**1,722**	**1,877**	**1,885**	**1,893**
E. PUBLIC SCHOOLS										
Personnel Costs	1,234	1,339	1,339	1,385	3.4%	1,416	1,448	1,481	1,514	1,514
Operating Expenses	287	244	244	244	0.0%	282	282	282	282	282
SUBTOTAL	**1,521**	**1,583**	**1,583** [3]	**1,629**	**2.9%**	**1,698**	**1,730**	**1,763**	**1,796**	**1,796**

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			MONTGOMERY HOUSING INITIATIVE				
FISCAL PROJECTIONS	**FY09 ESTIMATE**	**FY10 REC**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**
ASSUMPTIONS							
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**11,615,290**	**1,951,890**	**1,665,040**	**1,583,580**	**2,801,300**	**4,666,330**	**7,405,680**
REVENUES							
Miscellaneous	35,847,370	**38,316,490**	15,106,530	17,225,180	13,807,140	14,964,640	14,824,720
Extraordinary Revenue Financing	25,000,000	**25,000,000**					
Extraordinary Revenue Revolving			5,390,000	6,640,000	2,434,920	2,709,920	2,500,000
Subtotal Revenues	**35,847,370**	**38,316,490**	**15,106,530**	**17,225,180**	**13,807,140**	**14,964,640**	**14,824,720**
INTERFUND TRANSFERS (Net Non-CIP)	**9,604,390**	**17,537,350**	**21,983,460**	**23,112,640**	**23,699,950**	**24,492,230**	**25,192,230**
Transfers To Debt Service Fund	0	(2,180,000)	(4,400,000)	(4,400,000)	(4,400,000)	(4,400,000)	(4,400,000)
Transfers To The General Fund	(178,100)	(201,920)	(206,540)	(197,360)	(190,050)	(177,770)	(177,770)
Indirect Costs	(159,630)	(177,150)	(177,770)	(177,770)	(177,770)	(177,770)	(177,770)
Transfers From The General Fund	9,782,490	19,919,270	26,590,000	27,710,000	28,290,000	29,070,000	29,770,000
TOTAL RESOURCES	**57,067,050**	**57,805,730**	**38,755,030**	**41,921,400**	**40,308,390**	**44,123,200**	**47,422,630**
CIP Property Acquisition Revolving Fund	**(25,000,000)**	**(25,000,000)**	**(5,390,000)**	**(6,640,000)**	**(2,434,920)**	**(2,709,920)**	**(2,500,000)**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(26,018,270)	**(28,018,390)**	(28,018,390)	(28,018,390)	(28,018,390)	(28,018,390)	(28,018,390)
Debt Service: Other (Non-Tax Funds only)	(76,870)	**(75,300)**	(73,580)	(71,730)	(69,770)	(67,730)	(65,630)
Labor Agreement	n/a	**0**	(4,490)	(4,490)	(4,490)	(4,490)	(4,490)
Rental Assistance Programs	(2,615,500)	**(3,047,000)**	(3,680,500)	(4,381,000)	(5,110,000)	(5,912,500)	(5,912,500)
Subtotal PSP Oper Budget Approp / Exp's	**(28,710,640)**	**(31,140,690)**	**(31,781,450)**	**(32,480,100)**	**(33,207,140)**	**(34,007,600)**	**(34,005,500)**
OTHER CLAIMS ON FUND BALANCE	**(1,404,520)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(55,115,160)**	**(56,140,690)**	**(37,171,450)**	**(39,120,100)**	**(35,642,060)**	**(36,717,520)**	**(36,505,500)**
YEAR END FUND BALANCE	**1,951,890**	**1,665,040**	**1,583,580**	**2,801,300**	**4,666,330**	**7,405,680**	**10,917,130**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**3.4%**	**2.9%**	**4.1%**	**6.7%**	**11.6%**	**16.8%**	**23.0%**

Assumptions:

1. Maintains the County Executive's commitment to affordable housing. Per Montgomery County Executive Order 136-01, includes an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) to ensure the availability of $19.9 million or the equivalent of 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater.
2. Per Council Bill 25A-4, paragraph (c), enacted November 30, 2004, effective April 1, 2005, the FY08 Montgomery Housing Initiative Fund (HIF) will not include an additional allocation from MPDU alternative payments.

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.
2. MHI expenditures assume a $375,000 grant in FY10 and FY11 for the National Center for Children and Families.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			WATER QUALITY PROTECTION FUND				
FISCAL PROJECTIONS	**FY09 ESTIMATE**	**FY10 RECOMMENDED**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**
ASSUMPTIONS							
Indirect Cost Rate	12.88%	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.3%	1.1%	1.7%	2.6%	2.8%	3.1%	3.4%
Number of Equivalent Residential Units (ERUs)	239,653	240,071	240,071	240,071	247,204	247,204	247,204
Number of Equivalent Residential Units (ERUs) Phase-In	-	2,377	4,754	7,133	-	-	-
Number of Equivalent Residential Units (ERUs) Total Billed	-	242,448	244,825	247,204	247,204	247,204	247,204
Prior Year Credits ($)	-	-$50,170	-	-	-	-	-
Number of Gaithersburg ERUs	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Water Quality Protection Charge per ERU	$35.50	$45.00	$48.75	$49.00	$49.25	$50.00	$50.50
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
BEGINNING FUND BALANCE	**2,567,200**	**1,253,750**	**581,460**	**647,740**	**643,570**	**623,700**	**642,860**
REVENUES							
Charges For Services	8,465,140	10,805,440	11,875,540	12,052,430	12,113,920	12,298,400	12,421,380
Miscellaneous	70,000	60,000	90,000	140,000	160,000	180,000	200,000
Subtotal Revenues	**8,535,140**	**10,865,440**	**11,965,540**	**12,192,430**	**12,273,920**	**12,478,400**	**12,621,380**
INTERFUND TRANSFERS (Net Non-CIP)	**(259,620)**	**(490,880)**	**(483,590)**	**(472,700)**	**(454,450)**	**(454,450)**	**(454,450)**
Transfers to the General Fund	(259,620)	(490,880)	(483,590)	(472,700)	(454,450)	(454,450)	(454,450)
Indirect Costs	(230,510)	(454,040)	(454,450)	(454,450)	(454,450)	(454,450)	(454,450)
Technology Modernization	(29,110)	(36,840)	(29,140)	(18,250)	0	0	0
TOTAL RESOURCES	**10,842,720**	**11,628,310**	**12,063,410**	**12,367,470**	**12,463,040**	**12,647,650**	**12,809,790**
CIP CURRENT REVENUE APPROP.	**(2,321,000)**	**(2,241,000)**	**(2,241,000)**	**(2,291,000)**	**(2,291,000)**	**(2,341,000)**	**(2,341,000)**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,941,920)	(8,805,850)	(8,805,850)	(8,805,850)	(8,805,850)	(8,805,850)	(8,805,850)
Labor Agreement	n/a	0	(3,010)	(3,010)	(3,010)	(3,010)	(3,010)
Annualizations and One-Time (PC)	n/a	n/a	(34,490)	(34,490)	(34,490)	(34,490)	(34,490)
Annualizations and One-Time (OE)	n/a	n/a	9,560	9,560	9,560	9,560	9,560
FFIs - Maintenance of new facilities due to growth	n/a	n/a	(85,180)	(170,370)	(255,550)	(340,740)	(425,930)
FFIs - Maintenance of new facilities due to transfers	n/a	n/a	(106,500)	(213,000)	(213,000)	(213,000)	(213,000)
FFIs - Inspection of new facilities	n/a	n/a	(20,730)	(50,990)	(81,250)	(111,510)	(141,770)
FFIs - Down county stream gauge maintenance	n/a	n/a	(128,470)	(204,480)	(204,480)	(204,480)	(204,480)
FFIs - Easement preparation assistance	n/a	n/a	0	39,730	39,730	39,730	39,730
Subtotal PSP Oper Budget Approp / Exp's	**(6,941,920)**	**(8,805,850)**	**(9,174,670)**	**(9,432,900)**	**(9,548,340)**	**(9,663,790)**	**(9,779,240)**
OTHER CLAIMS ON FUND BALANCE	**(326,050)**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(9,588,970)**	**(11,046,850)**	**(11,415,670)**	**(11,723,900)**	**(11,839,340)**	**(12,004,790)**	**(12,120,240)**
YEAR END FUND BALANCE	**1,253,750**	**581,460**	**647,740**	**643,570**	**623,700**	**642,860**	**689,550**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**11.6%**	**5.0%**	**5.4%**	**5.2%**	**5.0%**	**5.1%**	**5.4%**

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 not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here

2.The Water Quality Protection Charge is applied to all residential and associated non-residential properties (associated non-residential properties are non-residential properties that drain into the stormwater facilities of residential properties), except for those in the cities of Rockville and Takoma Park.

3.Residential and associated non-residential property stormwater facilities will be maintained to permit standards as they are phased into the program.

4.Operating costs for new facilities completed or transferred between FY10 and FY15 have been incorporated in the future fiscal impact (FFI) rows.

5.Charges are adjusted to maintain a balance of approximately 5 percent of resources. For purposes of analysis, general rate increases are shown in FY11, FY12, FY13, FY14, and FY15.

6.The operating budget includes preliminary planning costs for the new Municipal Separate Storm Sewer System (MS4) permit issued by the Maryland Department of the Environment and awaiting final approval on March 19, 2009. Potential future costs for complying with the MS4 permit will be included as they become better defined in terms of their magnitude, scope, and timing. Debt service may be used to finance the cost of MS4 compliance and to moderate the impact on the Water Quality Protection Charge.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			COMMUNITY USE OF PUBLIC FACILITIES				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
General Rate Increases	0.0%	**0.0%**	10.8%	6.6%	5.7%	5.7%	6.4%
BEGINNING FUND BALANCE	**1,875,900**	**1,650,790**	**1,200,690**	**1,129,130**	**1,170,860**	**1,239,330**	**1,299,840**
REVENUES							
Charges For Services	8,784,440	**9,076,640**	10,033,650	10,683,610	11,282,760	11,915,830	12,665,880
Miscellaneous	50,000	**40,000**	60,000	100,000	110,000	130,000	150,000
Subtotal Revenues	**8,834,440**	**9,116,640**	**10,093,650**	**10,783,610**	**11,392,760**	**12,045,830**	**12,815,880**
INTERFUND TRANSFERS (Net Non-CIP)	**(218,880)**	**(346,750)**	**(51,830)**	**(166,560)**	**(130,700)**	**(288,800)**	**52,700**
Transfers To The General Fund	(370,740)	(371,750)	(359,630)	(342,510)	(313,800)	(313,800)	(313,800)
Indirect Costs	(314,700)	(306,470)	(306,470)	(306,470)	(306,470)	(306,470)	(306,470)
Technology Modernization	(48,710)	(57,950)	(45,830)	(28,710)	0	0	0
Transfers From The General Fund	151,860	25,000	307,800	175,950	183,100	25,000	366,500
Elections	126,860	0	282,800	150,950	158,100	0	341,500
Free Use	25,000	25,000	25,000	25,000	25,000	25,000	25,000
TOTAL RESOURCES	**10,491,460**	**10,420,680**	**11,242,510**	**11,746,180**	**12,432,920**	**12,996,360**	**14,168,420**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,840,670)	**(9,169,440)**	(9,169,440)	(9,169,440)	(9,169,440)	(9,169,440)	(9,169,440)
Retiree Health Insurance Pre-Funding	n/a	**n/a**	(101,020)	(151,490)	(162,880)	(174,850)	(187,420)
Centralized Scheduling of High Schools	n/a	**n/a**	(4,850)	(9,980)	(15,430)	(21,200)	(27,310)
Elections	n/a	**n/a**	(282,800)	(150,950)	(158,100)	0	(341,500)
Increase Utility Reimbursement to MCPS	n/a	**n/a**	(197,120)	(417,870)	(658,640)	(923,490)	(1,214,830)
Labor Contracts	n/a	**n/a**	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)
Office Lease	n/a	**n/a**	(14,180)	(26,120)	(38,550)	(51,470)	(64,900)
Other Increases in Reimbursements to MCPS	n/a	**n/a**	(337,710)	(643,210)	(984,290)	(1,349,810)	(1,741,600)
Subtotal PSP Oper Budget Approp / Exp's	**(8,840,670)**	**(9,169,440)**	**(10,113,380)**	**(10,575,320)**	**(11,193,590)**	**(11,696,520)**	**(12,753,260)**
OTHER CLAIMS ON FUND BALANCE	**0**	**(50,550)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(8,840,670)**	**(9,219,990)**	**(10,113,380)**	**(10,575,320)**	**(11,193,590)**	**(11,696,520)**	**(12,753,260)**
YEAR END FUND BALANCE	**1,650,790**	**1,200,690**	**1,129,130**	**1,170,860**	**1,239,330**	**1,299,840**	**1,415,160**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**15.7%**	**11.5%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**

Assumptions:

1. The table reflects, for purposes of analysis only, general rate increases in FY11, FY12, FY13, FY14, and FY15. The ICB must review and approve any actual increase.
2. 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.
3. The labor contract with the Municipal and County Government Employees Organization Local 1994 expires at the end of FY10.

Notes:

1. The fund balance is calculated on a net assets basis.
2. Fees and activity levels are adjusted to fund the approved service program and maintain an ending fund balance target of at least 10% 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.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			BETHESDA PARKING LOT DISTRICT				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.280	**0.280**	0.280	0.280	0.280	0.280	0.280
Assessable Base: Real/Improved (000)	1,550,800	**1,659,700**	1,780,800	1,838,800	1,875,000	1,924,300	2,002,600
Property Tax Rate: Real/Unimproved	0.140	**0.140**	0.140	0.140	0.140	0.140	0.140
Assessable Base: Real/Unimproved (000)	83,100	**88,900**	95,400	98,500	100,400	103,000	107,200
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.700	**0.700**	0.700	0.700	0.700	0.700	0.700
Assessable Base: Personal/Improved (000)	196,700	**198,100**	200,300	202,600	204,900	207,200	209,600
Property Tax Rate: Personal/Unimproved	0.350	**0.350**	0.350	0.350	0.350	0.350	0.350
Assessable Base: Personal/Unimproved (000)	16,400	**16,500**	16,700	16,900	17,100	17,300	17,500
Property Tax Collection Factor: Personal Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**19,526,020**	**16,596,410**	**15,854,540**	**16,640,140**	**13,632,140**	**15,364,990**	**17,120,320**
REVENUES							
Taxes	5,857,530	**6,178,770**	**6,540,870**	**6,723,310**	**6,843,400**	**7,000,930**	**7,242,100**
Charges For Services	8,745,000	**9,000,000**	9,000,000	9,000,000	9,812,790	9,975,350	10,024,120
Fines & Forfeitures	4,800,000	**4,800,000**	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Miscellaneous	574,020	**525,520**	476,120	1,004,920	1,065,520	1,154,320	1,236,820
Subtotal Revenues	**19,976,550**	**20,504,290**	**20,816,990**	**21,528,230**	**22,521,710**	**22,930,600**	**23,303,040**
INTERFUND TRANSFERS (Net Non-CIP)	**(6,648,600)**	**(7,846,440)**	**(7,871,440)**	**(7,984,020)**	**(8,114,610)**	**(8,221,020)**	**(8,325,220)**
Transfers To The General Fund	(282,250)	(320,930)	(238,600)	(252,280)	(275,230)	(275,230)	(275,230)
Indirect Costs	(244,180)	(274,620)	(275,230)	(275,230)	(275,230)	(275,230)	(275,230)
Technology Modernization CIP Project	(38,070)	(46,310)	36,630	22,950	0	0	0
Transfers To Special Fds: Tax Supported	(6,366,350)	(7,525,510)	(7,632,840)	(7,731,740)	(7,839,380)	(7,945,790)	(8,049,990)
To Transportation Management District / Bethesda Transportation Solutions	(1,122,850)	(1,090,510)	(1,195,840)	(1,225,740)	(1,256,380)	(1,287,790)	(1,319,990)
To Mass Transit (PVN)	(2,468,650)	(3,600,000)	(3,600,000)	(3,600,000)	(3,600,000)	(3,600,000)	(3,600,000)
TOTAL RESOURCES	**32,853,970**	**29,254,260**	**28,800,090**	**30,184,350**	**28,039,240**	**30,074,570**	**32,098,140**
CIP CURRENT REVENUE APPROP.	**(3,799,000)**	**(2,089,000)**	**(590,000)**	**(4,739,000)**	**(590,000)**	**(590,000)**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(7,551,970)	**(8,003,940)**	(8,268,060)	(8,516,690)	(8,773,420)	(9,038,540)	(9,312,340)
Debt Service	(4,906,590)	**(3,269,340)**	(3,270,240)	(3,273,140)	(3,279,010)	(3,285,030)	(3,288,660)
Retiree Health Insurance Pre-Funding	0	**0**	(74,830)	(112,210)	(120,650)	(129,510)	(138,820)
Labor Agreement	n/a	**0**	(4,480)	(4,480)	(4,480)	(4,480)	(4,480)
Annualizations and One-Time	n/a	**n/a**	50,000	50,000	50,000	50,000	50,000
Credit Card Fees for POF/PBS	n/a	**n/a**	(1,000)	(1,510)	(1,510)	(1,510)	(1,510)
Pay On Foot Maintenance	n/a	**n/a**	(1,340)	44,820	44,820	44,820	44,820
Subtotal PSP Oper Budget Approp / Exp's	**(12,458,560)**	**(11,273,280)**	**(11,569,950)**	**(11,813,210)**	**(12,084,250)**	**(12,364,250)**	**(12,650,990)**
OTHER CLAIMS ON FUND BALANCE	**0**	**(37,440)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(16,257,560)**	**(13,399,720)**	**(12,159,950)**	**(16,552,210)**	**(12,674,250)**	**(12,954,250)**	**(12,650,990)**
YEAR END FUND BALANCE	**16,596,410**	**15,854,540**	**16,640,140**	**13,632,140**	**15,364,990**	**17,120,320**	**19,447,150**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**50.5%**	**54.2%**	**57.8%**	**45.2%**	**54.8%**	**56.9%**	**60.6%**

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 470 percent in FY10. The minimum requirement is 125 percent.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Investment income is estimated to increase over the six years based upon projected cash balance.
4. Revenue for the air rights lease for Garage 49 are assumed in FY10 through FY15.
5. Large assessable base increases are due to ecnomic growth and new projects coming online.
6. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
7. These projections are based on the Executive's Recommended Budget and include the revenue and resources assumptions of that budget. FY11 15 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.
8. Parking fine transfer to Mass Transit Fund increases from $25 to $35 per ticket in FY10-15.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			MONTGOMERY HILLS PARKING LOT DISTRICT				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.240	**0.240**	0.240	0.240	0.240	0.240	0.240
Assessable Base: Real/Improved (000)	25,000	**26,800**	28,800	29,700	30,300	31,100	32,400
Property Tax Rate: Real/Unimproved	0.120	**0.120**	0.120	0.120	0.120	0.120	0.120
Assessable Base: Real/Unimproved (000)	500	**500**	500	500	500	500	500
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.600	**0.600**	0.600	0.600	0.600	0.600	0.600
Assessable Base: Personal/Improved (000)	9,700	**9,800**	9,900	10,000	10,100	10,200	10,300
Property Tax Rate: Personal/Unimproved	0.300	**0.300**	0.300	0.300	0.300	0.300	0.300
Assessable Base: Personal/Unimproved (000)	3,300	**3,300**	3,300	3,300	3,300	3,300	3,300
Property Tax Collection Factor: Personal Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**186,050**	**222,960**	**261,180**	**303,910**	**350,910**	**401,200**	**452,880**
REVENUES							
Taxes	127,930	**132,820**	**138,190**	**140,930**	**142,960**	**145,460**	**149,160**
Charges For Services	35,500	**35,500**	35,500	35,500	35,500	35,500	35,500
Fines & Forfeitures	27,500	**27,500**	27,500	27,500	27,500	27,500	27,500
Miscellaneous	3,300	**3,600**	7,100	12,600	17,800	21,200	24,500
Subtotal Revenues	**194,230**	**199,420**	**208,290**	**216,530**	**223,760**	**229,660**	**236,660**
INTERFUND TRANSFERS (Net Non-CIP)	**(44,010)**	**(44,770)**	**(45,030)**	**(45,220)**	**(45,240)**	**(45,700)**	**(46,170)**
Transfers To The General Fund	(22,220)	(22,980)	(23,240)	(23,430)	(23,450)	(23,910)	(24,380)
Indirect Costs	(4,880)	(5,060)	(5,080)	(5,080)	(5,080)	(5,080)	(5,080)
Regional Services Center	(16,590)	(17,060)	(17,480)	(17,920)	(18,370)	(18,830)	(19,300)
Transfers To Special Fds: Tax Supported	(21,790)	(21,790)	(21,790)	(21,790)	(21,790)	(21,790)	(21,790)
To Mass Transit	(10,610)	(10,610)	(10,610)	(10,610)	(10,610)	(10,610)	(10,610)
To Mass Transit [PVN]	(11,180)	(11,180)	(11,180)	(11,180)	(11,180)	(11,180)	(11,180)
TOTAL RESOURCES	**336,270**	**377,610**	**424,440**	**475,220**	**529,430**	**585,160**	**643,370**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(113,310)	**(116,430)**	(120,430)	(124,210)	(128,130)	(132,180)	(136,360)
Labor Agreement	n/a	**0**	(100)	(100)	(100)	(100)	(100)
Subtotal PSP Oper Budget Approp / Exp's	**(113,310)**	**(116,430)**	**(120,530)**	**(124,310)**	**(128,230)**	**(132,280)**	**(136,460)**
TOTAL USE OF RESOURCES	**(113,310)**	**(116,430)**	**(120,530)**	**(124,310)**	**(128,230)**	**(132,280)**	**(136,460)**
YEAR END FUND BALANCE	**222,960**	**261,180**	**303,910**	**350,910**	**401,200**	**452,880**	**506,910**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**66.3%**	**69.2%**	**71.6%**	**73.8%**	**75.8%**	**77.4%**	**78.8%**

Assumptions:

1. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
2. Investment income is estimated to increase over the six years based upon projected cash balance.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
4. These projections are based on the Executive's Recommended Budget and include the revenue and resources assumptions of that budget. FY11-15 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost icnreases, 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 chnages to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			SILVER SPRING PARKING LOT DISTRICT				
FISCAL PROJECTIONS	**FY09 ESTIMATE**	**FY10 REC**	**FY11 PROJECTION**	**FY12 PROJECTION**	**FY13 PROJECTION**	**FY14 PROJECTION**	**FY15 PROJECTION**
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.280	**0.280**	0.280	0.280	0.280	0.280	0.280
Assessable Base: Real/Improved (000)	1,653,900	**1,770,000**	1,899,200	1,961,100	1,999,700	2,052,300	2,135,800
Property Tax Rate: Real/Unimproved	0.140	**0.140**	0.140	0.140	0.140	0.140	0.140
Assessable Base: Real/Unimproved (000)	285,100	**305,100**	327,400	338,100	344,800	353,900	368,300
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.700	**0.700**	0.700	0.700	0.700	0.700	0.700
Assessable Base: Personal/Improved (000)	135,400	**136,400**	137,900	139,500	141,100	142,700	144,300
Property Tax Rate: Personal/Unimproved	0.350	**0.350**	0.350	0.350	0.350	0.350	0.350
Assessable Base: Personal/Unimproved (000)	4,300	**4,300**	4,300	4,300	4,300	4,300	4,300
Property Tax Collection Factor: Personal Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**8,699,030**	**7,118,740**	**4,541,580**	**3,067,370**	**1,809,320**	**2,155,340**	**2,830,460**
REVENUES							
Taxes	5,956,950	**6,314,870**	**6,715,930**	**6,914,230**	**7,042,120**	**7,212,320**	**7,475,890**
Charges For Services	9,312,000	**9,500,000**	9,785,000	10,078,550	10,380,910	10,692,330	11,013,100
Fines & Forfeitures	2,600,000	**2,600,000**	2,678,000	2,758,340	2,841,090	2,926,320	3,014,110
Miscellaneous	126,600	**87,900**	92,100	71,500	78,200	123,800	194,400
Subtotal Revenues	**17,995,550**	**18,502,770**	**19,271,030**	**19,822,620**	**20,342,320**	**20,954,770**	**21,697,500**
INTERFUND TRANSFERS (Net Non-CIP)	**(4,086,870)**	**(5,305,570)**	**(5,590,040)**	**(5,661,190)**	**(5,735,610)**	**(5,834,610)**	**(5,931,610)**
Transfers To The General Fund	(1,505,240)	(345,220)	(334,690)	(318,840)	(292,260)	(292,260)	(292,260)
Indirect Costs	(262,830)	(291,580)	(292,260)	(292,260)	(292,260)	(292,260)	(292,260)
Repayment to General Fund	(1,198,000)	0	0	0	0	0	0
Technology Modernization CIP	(44,410)	(53,640)	(42,430)	(26,580)	0	0	0
Transfers To Special Fds: Tax Supported	(2,581,630)	(4,960,350)	(5,255,350)	(5,342,350)	(5,443,350)	(5,542,350)	(5,639,350)
To Transportation Management District	(200,000)	(897,350)	(897,350)	(897,350)	(897,350)	(897,350)	(897,350)
To Mass Transit (PVN)	0	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)
To Silver Spring Urban District	(2,381,630)	(2,113,000)	(2,408,000)	(2,495,000)	(2,596,000)	(2,695,000)	(2,792,000)
TOTAL RESOURCES	**22,607,710**	**20,315,940**	**18,222,570**	**17,228,800**	**16,416,030**	**17,275,500**	**18,596,350**
CIP CURRENT REVENUE APPROP.	**(4,605,000)**	**(5,035,000)**	**(2,700,000)**	**(2,700,000)**	**(2,700,000)**	**(2,700,000)**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(10,028,030)	**(10,709,410)**	(11,011,380)	(11,211,700)	(11,421,150)	(11,723,410)	(12,035,420)
Labor Agreement	n/a	**0**	(4,910)	(4,910)	(4,910)	(4,910)	(4,910)
Retiree Health Insurance Pre-Funding	n/a	**n/a**	(59,860)	(89,760)	(96,520)	(103,610)	(111,060)
Garage 16 Renovation	n/a	**n/a**	(1,375,000)	(1,500,000)	(125,000)	0	0
Credit Card Fees for POF/PBS	n/a	**n/a**	(1,360)	(2,760)	(2,760)	(2,760)	(2,760)
Pay On Foot Maintenance	n/a	**n/a**	(2,690)	89,650	89,650	89,650	89,650
Subtotal PSP Oper Budget Approp / Exp's	**(10,883,970)**	**(10,709,410)**	**(12,455,200)**	**(12,719,480)**	**(11,560,690)**	**(11,745,040)**	**(12,064,500)**
OTHER CLAIMS ON FUND BALANCE	**0**	**(29,950)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(15,488,970)**	**(15,774,360)**	**(15,155,200)**	**(15,419,480)**	**(14,260,690)**	**(14,445,040)**	**(12,064,500)**
YEAR END FUND BALANCE	**7,118,740**	**4,541,580**	**3,067,370**	**1,809,320**	**2,155,340**	**2,830,460**	**6,531,850**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**31.5%**	**22.4%**	**16.8%**	**10.5%**	**13.1%**	**16.4%**	**35.1%**

Assumptions:

1. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
2. Investment income is estimated to increase over the six years based upon projected cash balance.
3. Large assessable base increases are due to ecnomic growth and new projects coming online.
4. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resources assumptions of that budget. FY11 15 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 chnages to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
6. Parking fine transfer to Mass Transit Fund set at $35 per ticket in FY10-15.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			WHEATON PARKING LOT DISTRICT				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.240	**0.240**	0.240	0.240	0.240	0.240	0.240
Assessable Base: Real/Improved (000)	162,700	**174,100**	186,800	192,900	196,700	201,900	210,100
Property Tax Collection Factor: Real Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.600	**0.600**	0.600	0.600	0.600	0.600	0.600
Assessable Base: Personal/Improved (000)	2,200	**2,200**	2,200	2,200	2,200	2,200	2,200
Property Tax Collection Factor: Personal Property	99.4%	**99.4%**	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**922,740**	**117,360**	**57,950**	**83,160**	**83,300**	**82,500**	**85,650**
REVENUES							
Taxes	402,330	**429,640**	**460,060**	**474,610**	**483,680**	**496,080**	**515,640**
Charges For Services	835,000	**835,000**	835,000	835,000	835,000	835,000	835,000
Fines & Forfeitures	513,120	**520,000**	520,000	520,000	520,000	520,000	520,000
Miscellaneous	11,400	**5,100**	9,900	14,200	18,400	19,100	21,100
Subtotal Revenues	**1,761,850**	**1,789,740**	**1,824,960**	**1,843,810**	**1,857,080**	**1,870,180**	**1,891,740**
INTERFUND TRANSFERS (Net Non-CIP)	**(1,027,550)**	**(390,220)**	**(291,510)**	**(289,410)**	**(260,890)**	**(225,890)**	**(365,890)**
Transfers To The General Fund	(41,180)	(50,900)	(49,510)	(47,410)	(43,890)	(43,890)	(43,890)
Indirect Costs	(35,390)	(43,790)	(43,890)	(43,890)	(43,890)	(43,890)	(43,890)
Technology Modernization CIP	(5,790)	(7,110)	(5,620)	(3,520)	0	0	0
Transfers To Special Fds: Tax Supported	(986,370)	(339,320)	(242,000)	(242,000)	(217,000)	(182,000)	(322,000)
To Mass Transit	(60,000)	(47,000)	(47,000)	(47,000)	(47,000)	(47,000)	(47,000)
To Wheaton Urban District	(688,490)	(292,320)	(195,000)	(195,000)	(170,000)	(135,000)	(275,000)
TOTAL RESOURCES	**1,657,040**	**1,516,880**	**1,591,400**	**1,637,560**	**1,679,490**	**1,726,790**	**1,611,500**
CIP CURRENT REVENUE APPROP.	**(327,000)**	**(157,000)**	**(157,000)**	**(157,000)**	**(157,000)**	**(157,000)**	**0**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,212,680)	**(1,296,320)**	(1,339,000)	(1,379,160)	(1,420,630)	(1,463,450)	(1,507,660)
Labor Agreement	n/a	**0**	(760)	(760)	(760)	(760)	(760)
Retiree Health Insurance Pre-Funding	0	**0**	(11,220)	(16,830)	(18,090)	(19,420)	(20,820)
Credit Card Bank Fees for Pay-On-Foot and Pay-By-Space	n/a	**n/a**	(260)	(510)	(510)	(510)	(510)
Subtotal PSP Oper Budget Approp / Exp's	**(1,212,680)**	**(1,296,320)**	**(1,351,240)**	**(1,397,260)**	**(1,439,990)**	**(1,484,140)**	**(1,529,750)**
OTHER CLAIMS ON FUND BALANCE	**0**	**(5,610)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(1,539,680)**	**(1,458,930)**	**(1,508,240)**	**(1,554,260)**	**(1,596,990)**	**(1,641,140)**	**(1,529,750)**
YEAR END FUND BALANCE	**117,360**	**57,950**	**83,160**	**83,300**	**82,500**	**85,650**	**81,750**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**7.1%**	**3.8%**	**5.2%**	**5.1%**	**4.9%**	**5.0%**	**5.1%**

Assumptions:

1. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
2. Investment income is estimated to increase over the six years based upon projected cash balance.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
4. These projections are based on the Executive's Recommended Budget and include the revenue and resources assumptions of that budget. FY11-15 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. Parking fine transfer to Mass Transit fund eliminated in FY10-15.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN		SOLID WASTE COLLECTION					
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.88%	13.73%	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%
Charge Per Household (once-weekly refuse collection)	$73.00	$75.00	$84.00	$87.00	$90.00	$91.00	$94.00
Number of Households (mid-FY)	90,289	90,506	91,210	91,913	92,616	93,319	94,022
BEGINNING FUND BALANCE	1,328,440	1,071,420	966,380	1,018,560	1,075,430	1,054,600	1,091,260
REVENUES							
Charges For Services	6,600,640	6,787,950	7,661,640	7,996,430	8,335,440	8,492,030	8,838,070
Miscellaneous	56,090	50,000	80,000	130,000	150,000	170,000	190,000
Subtotal Revenues	6,656,730	6,837,950	7,741,640	8,126,430	8,485,440	8,662,030	9,028,070
INTERFUND TRANSFERS (Net Non-CIP)	(177,090)	(186,500)	(198,380)	(196,210)	(196,250)	(191,430)	(199,890)
Transfers To The General Fund	(177,090)	(186,500)	(198,380)	(196,210)	(196,250)	(191,430)	(199,890)
Indirect Costs	(150,820)	(155,430)	(163,110)	(170,590)	(178,330)	(186,430)	(194,890)
Desktop Computer Modernization	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
TOTAL RESOURCES	7,808,080	7,722,870	8,509,640	8,948,780	9,364,620	9,525,200	9,919,440
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,736,660)	(6,739,640)	(7,454,130)	(7,819,570)	(8,252,450)	(8,372,380)	(8,710,920)
Retiree Health Insurance Pre-Funding	n/a	0	(33,670)	(50,500)	(54,290)	(58,280)	(62,470)
Labor Agreement	n/a	0	(3,280)	(3,280)	(3,280)	(3,280)	(3,280)
Subtotal PSP Oper Budget Approp / Exp's	(6,736,660)	(6,739,640)	(7,491,080)	(7,873,350)	(8,310,020)	(8,433,940)	(8,776,670)
Other Claims on Fund Balance	0	(16,850)	0	0	0	0	0
TOTAL USE OF RESOURCES	(6,736,660)	(6,756,490)	(7,491,080)	(7,873,350)	(8,310,020)	(8,433,940)	(8,776,670)
YEAR END FUND BALANCE	1,071,420	966,380	1,018,560	1,075,430	1,054,600	1,091,260	1,142,770
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	13.7%	12.5%	12.0%	12.0%	11.3%	11.5%	11.5%

Assumptions:

1. Refuse collection charges are adjusted to achieve 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. The fund balance policy for the Collection Fund was completed in August 2004.
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.

FY10-15 DIVISION OF SOLID WASTE SERVICES							
FISCAL PROJECTIONS	ESTIMATED FY09	PROJECTED FY10	PROJECTED FY11	PROJECTED FY12	PROJECTED FY13	Projected FY14	Projected FY15
CHARGES/FEES							
Single-Family Charges ($/Household)	202.72	209.85	213.49	214.04	214.27	214.36	214.38
% change in rate from previous year	2.2%	3.5%	1.7%	0.3%	0.1%	0.0%	0.0%
Multi-Family Charges ($/Dwelling Unit)	16.41	16.42	16.44	16.44	16.44	16.44	10.77
% change in rate from previous year	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	-34.5%
Nonresidential Charges (medium "category" charge)	456.06	500.80	581.75	601.58	615.17	629.88	647.74
% change in rate from previous year	5.7%	9.8%	16.2%	3.4%	2.3%	2.4%	2.8%
Nonresidential Charges (average $/2000 sq. ft.)	183.54	202.02	234.67	242.67	248.15	254.08	261.29

OPERATIONS CALCULATION **Goal is to maintain Net Change near zero**

REVENUES							
Disposal Fees	27,772,780	27,598,400	29,090,610	29,053,300	29,015,990	28,984,160	28,952,320
Charges for Services/SBC	49,707,140	51,356,120	58,492,600	59,758,890	60,962,390	62,166,210	63,137,070
Miscellaneous	11,685,890	13,426,240	16,328,420	16,519,640	16,714,020	16,847,010	16,986,730
Investment Income	1,712,470	1,500,000	2,320,000	3,700,000	4,200,000	4,800,000	5,360,000
Subtotal Revenues	**90,878,280**	**93,880,760**	**106,231,630**	**109,031,830**	**110,892,400**	**112,797,380**	**114,436,120**
INTERFUND TRANSFERS	**1,120,820**	**1,045,880**	**1,505,650**	**1,176,520**	**1,208,560**	**1,323,410**	**1,142,470**
EXPENDITURES							
Personnel Costs	(8,884,190)	(9,096,110)	(9,496,610)	(9,930,480)	(10,381,860)	(10,851,130)	(11,344,370)
Operating Expenses	(81,181,500)	(85,457,000)	(94,417,050)	(98,666,840)	(100,556,070)	(100,340,420)	(107,215,640)
Capital Outlay	(1,666,660)	(1,168,940)	(2,919,460)	(1,059,000)	(1,282,620)	(1,132,050)	(600,040)
Other Expenditure Restrictions Raised in Prior Years)							
Subtotal Expenditures	**(91,732,350)**	**(95,722,050)**	**(106,833,120)**	**(109,656,320)**	**(112,220,550)**	**(112,323,600)**	**(119,160,050)**
OTHER CLAIMS ON FUND BALANCE	-	**(134,790)**	-	-	-	-	-
CURRENT RECEIPTS TO CIP**	**(9,468,000)**	**(1,301,000)**	**(9,332,000)**	-	-	-	-
PAYOUT OF CLOSURE COSTS (Non-CIP)	**1,471,990**	**1,510,610**	**1,553,450**	**1,597,150**	**1,641,340**	**1,686,810**	**1,733,610**
CY ACCRUED CLOSURE COSTS	**(43,330)**	**(42,100)**	**(43,200)**	**(43,700)**	**(44,190)**	**(45,470)**	**(138,320)**
NET CHANGE	**(7,772,590)**	**(762,690)**	**(6,917,590)**	**2,105,480**	**1,477,560**	**3,438,530**	**(1,986,170)**

** Amounts may not match PDF display for the CIP

CASH POSITION

Goal is to maintain Cash and investments Over/(Under) Reserve Requirements at greater than zero

ENDING CASH & INVESTMENTS							
Unrestricted Cash	34,200,410	25,395,100	18,603,730	17,059,070	15,805,200	14,488,380	13,206,310
Restricted Cash	30,933,960	35,532,620	35,001,700	37,540,370	39,111,710	42,489,910	40,892,800
Subtotal Cash & Investments	**65,134,370**	**60,927,720**	**53,605,430**	**54,599,440**	**54,916,910**	**56,978,290**	**54,099,110**
RESERVE & LIABILITY REQUIREMENTS							
Management Reserve	(22,961,960)	(25,705,590)	(26,411,890)	(27,350,320)	(28,080,900)	(29,790,010)	(29,790,010)
Debt Service Reserve	(1,590,000)	(1,248,000)	(893,000)	(524,000)	(255,500)	-	-
Future System Contingency Reserve	(1,000,000)	(1,668,480)	(1,000,000)	(1,713,690)	(2,429,380)	(3,146,080)	(3,863,770)
Research & Development Reserve	(100,000)	(411,360)	(737,090)	(1,067,280)	(1,402,320)	(1,742,440)	(2,087,260)
Renewal & Replacement Reserve	(3,987,800)	(4,095,470)	(4,204,000)	(4,313,310)	(4,423,300)	(4,536,090)	(4,651,760)
Stability Reserve	(1,294,200)	(2,403,720)	(1,755,710)	(2,571,760)	(2,520,310)	(3,275,290)	(500,000)
Subtotal Reserve Requirements	**(30,933,960)**	**(35,532,620)**	**(35,001,690)**	**(37,540,360)**	**(39,111,710)**	**(42,489,910)**	**(40,892,800)**
Closure/Postclosure Liability	(21,706,510)	(20,238,000)	(18,727,750)	(17,174,300)	(15,577,160)	(13,935,820)	(12,340,530)
Current Liabilities Not Including Debt/Closure							
Subtotal Reserve & Liability Requirements	**(52,640,470)**	**(55,770,620)**	**(53,729,440)**	**(54,714,660)**	**(54,688,870)**	**(56,425,730)**	**(53,233,330)**
CASH & INVESTMENTS OVER/(UNDER) RESERVE & LIABILITY REQUIREMENTS	**12,493,900**	**5,157,100**	**(124,010)**	**(115,220)**	**228,040**	**552,560**	**865,780**

RETAINED EARNINGS **Goal is to maintain Retained Earnings at greater than reserve requirements**

ENDING RETAINED EARNINGS	68,934,760	68,314,910	75,111,420	79,201,630	82,487,130	84,722,940	81,344,700
Less: Reserve Requirements	(30,933,960)	(35,532,620)	(35,001,690)	(37,540,360)	(39,111,710)	(42,489,910)	(40,892,800)
RETAINED EARNINGS OVER/(UNDER) RESERVE REQUIREMENTS	**38,000,800**	**32,782,290**	**40,109,730**	**41,661,270**	**43,375,420**	**42,233,030**	**40,451,900**

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			VACUUM LEAF FUND				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Charge per single-family household	$93.04	**$93.96**	$99.02	$97.63	$99.68	$105.57	$107.61
Charge per multi-family unit and townhome unit	$4.04	**$4.06**	$4.28	$4.22	$4.30	$4.56	$4.65
BEGINNING FUND BALANCE	**(63,500)**	**96,570**	**433,360**	**438,400**	**467,490**	**464,690**	**460,380**
REVENUES							
Charges For Services	6,820,160	**6,882,000**	7,252,260	7,150,390	7,300,490	7,732,320	7,881,990
Miscellaneous	40,440	**40,000**	40,000	40,000	40,000	40,000	40,000
Subtotal Revenues	**6,860,600**	**6,922,000**	**7,292,260**	**7,190,390**	**7,340,490**	**7,772,320**	**7,921,990**
INTERFUND TRANSFERS (Net Non-CIP)	**(1,519,550)**	**(1,337,220)**	**(1,812,620)**	**(1,473,210)**	**(1,435,730)**	**(1,640,600)**	**(1,554,010)**
Transfers To The General Fund	(553,010)	(578,440)	(580,000)	(568,870)	(536,910)	(561,290)	(586,780)
Indirect Costs	(454,480)	(465,990)	(491,060)	(513,600)	(536,910)	(561,290)	(586,780)
Technology Modernization CIP	(98,530)	(112,450)	(88,940)	(55,270)	0	0	0
Transfers To Special Fds: Non-Tax + ISF	(966,540)	(758,780)	(1,232,620)	(904,340)	(898,820)	(1,079,310)	(967,230)
To Solid Waste Disposal Fund for Compost Facility	(966,540)	(758,780)	(1,232,620)	(904,340)	(898,820)	(1,079,310)	(967,230)
TOTAL RESOURCES	**5,277,550**	**5,681,350**	**5,913,000**	**6,155,580**	**6,372,250**	**6,596,410**	**6,828,360**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,180,980)	**(5,247,990)**	(5,466,130)	(5,679,620)	(5,899,090)	(6,127,560)	(6,365,400)
Labor Agreement	n/a	**0**	(8,470)	(8,470)	(8,470)	(8,470)	(8,470)
Subtotal PSP Oper Budget Approp / Exp's	**(5,180,980)**	**(5,247,990)**	**(5,474,600)**	**(5,688,090)**	**(5,907,560)**	**(6,136,030)**	**(6,373,870)**
TOTAL USE OF RESOURCES	**(5,180,980)**	**(5,247,990)**	**(5,474,600)**	**(5,688,090)**	**(5,907,560)**	**(6,136,030)**	**(6,373,870)**
YEAR END FUND BALANCE	**96,570**	**433,360**	**438,400**	**467,490**	**464,690**	**460,380**	**454,490**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**1.8%**	**7.6%**	**7.4%**	**7.6%**	**7.3%**	**7.0%**	**6.7%**

Assumptions:

1. Leaf vacuuming charges are adjusted to achieve cost recovery.
2. The rates have been set to establish a fund balance of at least $250,000, consistent with the fund balance policy developed in August 2004. In future years, rates will be adjusted annually to fund the approved service program and maintain the appropriate ending fund balance.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN	Permitting Services						
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	**2,615,740**	**(378,000)**	**(3,448,900)**	**(3,220,590)**	**(1,037,090)**	**847,570**	**3,296,350**
REVENUES							
Licenses & Permits	24,173,800	**24,173,800**	27,995,880	30,515,530	33,261,910	33,927,160	34,266,430
Charges For Services	2,493,750	**2,493,750**	2,815,090	3,066,940	3,341,390	3,409,460	3,445,290
Fines & Forfeitures	68,580	**68,580**	72,010	75,610	79,390	83,360	87,530
Miscellaneous	180,000	**160,000**	250,000	400,000	450,000	510,000	570,000
Subtotal Revenues	**26,916,130**	**26,896,130**	**31,132,980**	**34,058,080**	**37,132,690**	**37,929,980**	**38,369,250**
INTERFUND TRANSFERS (Net Non-CIP)	**(2,564,800)**	**(2,499,240)**	**(2,401,650)**	**(2,263,740)**	**(2,032,430)**	**(2,032,430)**	**(2,032,430)**
Transfers To The General Fund	(3,718,570)	(3,653,010)	(3,555,420)	(3,417,510)	(3,186,200)	(3,186,200)	(3,186,200)
Indirect Costs	(3,059,650)	(2,926,450)	(2,926,450)	(2,926,450)	(2,926,450)	(2,926,450)	(2,926,450)
DPWT Lab Testing Transfer	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Transfers From The General Fund	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770
Payment for Public Agency Permits	1,059,660	1,059,660	1,059,660	1,059,660	1,059,660	1,059,660	1,059,660
Payment for Green Tape Position	94,110	94,110	94,110	94,110	94,110	94,110	94,110
TOTAL RESOURCES	**26,967,070**	**24,018,890**	**25,282,430**	**28,573,750**	**34,063,170**	**36,745,120**	**39,633,170**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(27,345,070)	**(27,067,180)**	(27,228,260)	(27,376,110)	(27,527,660)	(27,682,990)	(27,842,210)
FFI Lapse (FY10 Reduction)			0	0	(3,349,890)	(3,483,130)	(3,622,360)
Operating/Capital Expenses (Restoration of FY10 Reductions)			0	0	(155,930)	(321,380)	(321,380)
Annualization of Positions			(265,340)	(265,340)	(265,340)	(265,340)	(265,340)
Labor Contracts			(121,850)	(121,850)	(121,850)	(121,850)	(121,850)
IT Maintenance	n/a	**n/a**	(12,720)	(26,200)	9,030	19,170	47,280
IT Replacement Plan	n/a	**n/a**	(60,000)	(550,000)	(375,000)	0	(200,000)
IT Master Lease Payments			51,910	64,170	64,170	64,170	64,170
Office Rent			(66,070)	(134,850)	(202,130)	(271,570)	(271,570)
Retiree Health Insurance Pre Funding			(800,690)	(1,200,660)	(1,291,000)	(1,385,850)	(1,485,450)
Subtotal PSP Oper Budget Approp / Exp's	**(27,345,070)**	**(27,067,180)**	**(28,503,020)**	**(29,610,840)**	**(33,215,600)**	**(33,448,770)**	**(34,018,710)**
OTHER CLAIMS ON FUND BALANCE	**0**	**(400,610)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(27,345,070)**	**(27,467,790)**	**(28,503,020)**	**(29,610,840)**	**(33,215,600)**	**(33,448,770)**	**(34,018,710)**
YEAR END FUND BALANCE: UNRESTRICTED NET ASSETS	**(378,000)**	**(3,448,900)**	**(3,220,590)**	**(1,037,090)**	**847,570**	**3,296,350**	**5,614,460**
END-OF-YEAR RESERVES AS A PERCENT OF UNRESTRICTED NET ASSEST	**-1.4%**	**-14.4%**	**-12.7%**	**-3.6%**	**2.5%**	**9.0%**	**14.2%**
YEAR END FUND BALANCE: CASH	**3,080,290**	**9,390**	**237,700**	**2,421,200**	**4,305,860**	**6,754,640**	**9,072,750**
END-OF-YEAR RESERVES AS A PERCENT OF CASH RESOURCES	**10.1%**	**0.0%**	**0.8%**	**7.6%**	**11.5%**	**16.8%**	**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 rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. FY10 fees and permitting activity are held at same level as FY09 estimates. Revenue increases in future years assume a gradual increase in construction market activity.
3. Because of the economic downturn, a significant reduction in revenues is estimated in FY09 and to continue into FY10. The department has initiated serious cost containment measures which will be continued into FY10. As a result, the department expects to maintain a positive cash balance.
4. Key components of the Permitting Service's technology replacement plan include: FY11 printer replacement ($60,000); FY11 servers ($350,000) and scanners ($200,000); FY13 Database server replacement ($375,000); FY15 network switch replacement ($140,000) and printer replacement ($60,000).
5. The year-end unrestricted net asset and cash fund balance are targeted to ensure a plan for restoring the fund balance and protection against the current softening of the construction market and related permit fee revenues. Both cash and unrestricted net assets balances are reported above.
6. The labor contract with Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN — DEPARTMENT OF LIQUOR CONTROL

FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	10.00%	**10.00%**	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	3.10%	3.35%	3.35%
BEGINNING FUND BALANCE	**15,118,005**	**8,688,830**	**3,571,730**	**4,396,520**	**6,717,150**	**10,593,870**	**16,089,500**
REVENUES							
Licenses & Permits	1,510,000	**1,510,000**	1,552,280	1,591,090	1,630,860	1,671,630	1,713,420
Charges For Services	8,500	**8,500**	8,740	8,960	9,180	9,410	9,650
Fines & Forfeitures	170,000	**170,000**	174,760	179,130	183,610	188,200	192,900
Miscellaneous	61,601,980	**64,649,570**	67,554,310	70,589,760	73,761,800	77,076,580	80,540,530
Subtotal Revenues	**63,290,480**	**66,338,070**	**69,290,090**	**72,368,940**	**75,585,450**	**78,945,820**	**82,456,500**
INTERFUND TRANSFERS (Net Non-CIP)	**(30,410,060)**	**(26,375,850)**	**(22,493,280)**	**(23,603,940)**	**(25,127,560)**	**(27,854,830)**	**(29,532,310)**
Transfers To The General Fund	(30,410,060)	(26,375,850)	(22,493,280)	(23,603,940)	(25,127,560)	(27,854,830)	(29,532,310)
Technology Modernization CIP	(635,600)	(740,600)	(585,780)	(366,980)	0	0	0
Indirect Costs	(2,321,850)	(2,424,500)	(2,424,500)	(2,424,500)	(2,424,500)	(2,424,500)	(2,424,500)
Earning's Transfer	(19,723,700)	(23,210,750)	(19,483,000)	(20,812,460)	(22,703,060)	(25,430,330)	(27,107,810)
TOTAL RESOURCES	**47,998,425**	**48,651,050**	**50,368,540**	**53,161,520**	**57,175,040**	**61,684,860**	**69,013,690**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(37,309,600)	**(38,695,260)**	(38,695,260)	(38,695,260)	(38,695,260)	(38,695,260)	(38,695,260)
Debt Service: Other	0	**(5,800,000)**	(5,300,000)	(5,700,000)	(5,700,000)	(5,600,000)	(5,600,000)
FFI - Labor Costs			(119,610)	(119,610)	(119,610)	(119,610)	(119,610)
FFI - Retiree Health Insurance Pre-Funding	n/a	**0**	(1,167,360)	(1,750,480)	(1,882,190)	(2,020,490)	(2,165,700)
FFI - Southlawn Warehouse Lease	n/a	**n/a**	(39,400)	(40,980)	(42,620)	985,030	985,030
FFI - Retail Store Lease	n/a	**0**	(150,390)	(138,040)	(141,490)	(145,030)	(148,660)
Subtotal PSP Oper Budget Approp / Exp's	**(37,309,600)**	**(44,495,260)**	**(45,972,020)**	**(46,444,370)**	**(46,581,170)**	**(45,595,360)**	**(45,744,200)**
OTHER CLAIMS ON CASH BALANCE	**(2,000,000)**	**(584,060)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(39,309,600)**	**(45,079,320)**	**(45,972,020)**	**(46,444,370)**	**(46,581,170)**	**(45,595,360)**	**(45,744,200)**
YEAR END CASH BALANCE	**8,688,830**	**3,571,730**	**4,396,520**	**6,717,150**	**10,593,870**	**16,089,500**	**23,269,490**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**18.1%**	**7.3%**	**8.7%**	**12.6%**	**18.5%**	**26.1%**	**33.7%**

Assumptions:

1. Ending Cash Balance = One month's Operating Expenses, One Payroll, and $1.5M for Inventory.
2. Net sales growth estimated at 4.5% per year.
3. Operating Revenue growth estimated at 4.5% per year.
4. Operating Expenses grow with Major Known Commitments and not CPI.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
6. Effective FY08, financing for State transportation projects is appropriated in the Department of Liquor Control.
7. Effective FY10, financing for the warehouse relocation is appropriated in the Department of Liquor Control.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			RISK MANAGEMENT				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 RECOMMENED	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
Revenue Increase	0	**0**	30%	24%	-15%	6%	-1%
BEGINNING FUND BALANCE	**14,321,690**	**5,292,500**	**(1,420,270)**	**1,331,140**	**14,504,210**	**15,387,760**	**16,393,810**
REVENUES							
Licenses & Permits	1,470,950	**1,931,760**	2,511,290	3,107,720	2,635,350	2,784,510	2,761,400
Miscellaneous	2,450,000	**2,280,000**	2,930,000	4,020,000	4,410,000	4,880,000	5,320,000
Subtotal Revenues	**3,920,950**	**4,211,760**	**5,441,290**	**7,127,720**	**7,045,350**	**7,664,510**	**8,081,400**
INTERFUND TRANSFERS (Net Non-CIP)	**30,480,230**	**37,687,870**	**48,994,230**	**60,630,360**	**51,414,540**	**54,324,590**	**53,873,690**
Transfers To Risk Management Fund	30,480,230	37,687,870	48,994,230	60,630,360	51,414,540	54,324,590	53,873,690
Tax Supported MCG Transfers to Fund	18,484,260	22,706,310	29,518,200	36,528,770	30,976,400	32,729,660	32,458,000
Outside Agency Transfers to Fund	9,869,810	12,137,110	15,778,240	19,525,570	16,557,680	17,494,840	17,349,630
TOTAL RESOURCES	**48,722,870**	**47,192,130**	**53,015,250**	**69,089,220**	**72,964,100**	**77,376,860**	**78,348,900**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(43,430,370)	**(48,567,480)**	(48,567,480)	(48,567,480)	(48,567,480)	(48,567,480)	(48,567,480)
Labor Agreement			(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Annualizations and One Time Items			40,000	0	40,000	0	40,000
Claims Expense			(2,897,890)	(5,516,890)	(8,314,890)	(11,438,890)	(11,438,890)
Claims Service Contract			(211,040)	(430,520)	(658,780)	(896,170)	(896,170)
Retiree Health Insurance Pre-Funding			(44,900)	(67,320)	(72,390)	(77,710)	(83,300)
Subtotal PSP Oper Budget Approp / Exp's	**(43,430,370)**	**(48,589,940)**	**(51,684,110)**	**(54,585,010)**	**(57,576,340)**	**(60,983,050)**	**(60,948,640)**
OTHER CLAIMS ON FUND BALANCE		**(22,460)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(43,430,370)**	**(48,612,400)**	**(51,684,110)**	**(54,585,010)**	**(57,576,340)**	**(60,983,050)**	**(60,948,640)**
YEAR END FUND BALANCE	**5,292,500**	**(1,420,270)**	**1,331,140**	**14,504,210**	**15,387,760**	**16,393,810**	**17,400,260**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**10.9%**	**-3.0%**	**2.5%**	**21.0%**	**21.1%**	**21.2%**	**22.2%**

Assumptions:

1. Risk Management Contributions projected for this fund are adjusted as necessary to reflect the County's fiscal policy of maintaining a retained earnings balance, excess of claim 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 actuarial analysis and evaluation of prior claims expenses.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN			PRINTING & MAIL INTERNAL SERVICE FUND				
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.88%	**13.73%**	13.73%	13.73%	13.73%	13.73%	13.73%
CPI (Fiscal Year)	4.1%	**3.3%**	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	**1.10%**	1.65%	2.55%	2.80%	3.10%	3.35%
Average Annual Rate Increase	0%	**0%**	-2%	11%	-1%	3%	-3%
BEGINNING FUND BALANCE	**132,660**	**439,090**	**527,490**	**228,050**	**143,360**	**192,570**	**178,960**
REVENUES							
Charges For Services	6,533,090	**6,673,050**	6,539,590	7,258,940	7,186,350	7,380,380	7,158,970
Miscellaneous	116,730	**0**	0	0	0	0	0
Subtotal Revenues	**6,649,820**	**6,673,050**	**6,539,590**	**7,258,940**	**7,186,350**	**7,380,380**	**7,158,970**
TOTAL RESOURCES	**6,782,480**	**7,112,140**	**7,067,080**	**7,486,990**	**7,329,710**	**7,572,950**	**7,337,930**
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,103,070)	**(6,288,170)**	(6,380,180)	(6,464,640)	(6,551,210)	(6,639,940)	(6,730,890)
Labor Contracts			(8,700)	(8,700)	(8,700)	(8,700)	(8,700)
Master Lease Payments	(240,320)	**(240,320)**	(202,840)	(160,370)	(37,490)	0	0
Master Lease Payment for ERMS	0	**0**	(597,450)	(597,450)	(597,450)	(597,450)	(597,450)
Equipment Replacement per Schedule	n/a	**n/a**	462,380	55,840	238,690	46,380	402,000
Retiree Health Insurance Pre-Funding	n/a	**n/a**	(112,240)	(168,310)	(180,980)	(194,280)	(208,240)
Subtotal PSP Oper Budget Approp / Exp's	**(6,343,390)**	**(6,528,490)**	**(6,839,030)**	**(7,343,630)**	**(7,137,140)**	**(7,393,990)**	**(7,143,280)**
OTHER CLAIMS ON FUND BALANCE	**0**	**(56,160)**	**0**	**0**	**0**	**0**	**0**
TOTAL USE OF RESOURCES	**(6,343,390)**	**(6,584,650)**	**(6,839,030)**	**(7,343,630)**	**(7,137,140)**	**(7,393,990)**	**(7,143,280)**
YEAR END FUND BALANCE	**439,090**	**527,490**	**228,050**	**143,360**	**192,570**	**178,960**	**194,650**
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	**6.5%**	**7.4%**	**3.2%**	**1.9%**	**2.6%**	**2.4%**	**2.7%**

Assumptions:

1. Printing, Mail, and Records Management/Imaging rates are adjusted to achieve cost recovery.
2. Master Lease Payments are for capital outlay equipment purchased in FY06 and FY07. The fund reflects projected replacement costs for printing, mail, and imaging equipment.
3. Equipment associated with implementation of records management will be master leased.
4. Operating expenses are assumed to increase by inflation.

Notes:

1. The projected future expenditures, revenues, and fund balances may vary based on charges not assumed here to usage, greater than CPI inflation, future labor agreements, and other factors not assumed here.

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY10-15 FISCAL PROJECTION	Estimate - FY09	Projected - FY10	Projected - FY11	Projected - FY12	Projected - FY13	Projected - FY14	Projected - FY15
BEGINNING BALANCE	28,343,520	27,450,930	8,782,510	9,577,640	10,537,690	11,585,670	12,733,700
REVENUES							
Premium Contributions	131,322,120	141,997,230	159,604,780	175,568,350	192,965,270	212,006,080	232,781,860
Premium Contributions: Retiree Insurance NDA	26,039,330	26,039,330	32,584,810	35,875,480	39,472,880	43,422,570	47,738,610
Investment Income	103,100	95,840	158,030	268,710	324,400	394,750	468,560
TOTAL REVENUES	157,464,550	168,132,400	192,347,620	211,712,540	232,762,550	255,823,400	280,989,030
TRANSFER TO THE GENERAL FUND		(12,500,000)					
TOTAL FUNDS AVAILABLE	185,808,070	183,083,330	201,130,130	221,290,180	243,300,240	267,409,070	293,722,730
EXPENDITURES							
Claims Costs: Self-Insured	132,755,650	146,794,460	162,163,710	179,251,640	197,928,880	218,457,510	240,897,980
Actives	86,449,980	95,333,690	105,049,950	115,913,470	127,750,020	140,710,650	154,856,560
Retirees	46,305,670	51,460,770	57,113,760	63,338,170	70,178,860	77,746,860	86,041,420
Premium Expenses	18,360,550	19,795,650	21,330,790	23,058,600	24,951,360	26,972,970	29,162,600
Actives	16,400,620	17,733,360	19,161,540	20,777,620	22,542,770	24,426,630	26,473,990
Retirees	1,959,930	2,062,290	2,169,250	2,280,980	2,408,590	2,546,340	2,688,610
Carrier Administration	5,272,760	5,508,890	5,746,080	6,014,740	6,285,440	6,568,560	6,865,190
Active	3,521,390	3,675,120	3,831,460	4,010,870	4,190,640	4,378,890	4,576,450
Retirees	1,751,370	1,833,770	1,914,620	2,003,870	2,094,800	2,189,670	2,288,740
In-house expenses	1,968,180	2,201,820	2,311,910	2,427,510	2,548,890	2,676,330	2,810,150
TOTAL EXPENDITURES	158,357,140	174,300,820	191,552,490	210,752,490	231,714,570	254,675,370	279,735,920
ENDING BALANCE	27,450,930	8,782,510	9,577,640	10,537,690	11,585,670	12,733,700	13,986,810
TARGET FUND BALANCE (5% OF EXPENDITURES)	7,917,860	8,715,040	9,577,620	10,537,620	11,585,730	12,733,770	13,986,800
ENDING BALANCE AS % OF EXPENDITURES	17.3%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Motor Pool					
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	4.1%	3.3%	2.8%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	1.30%	1.10%	1.65%	2.55%	2.80%	3.10%	3.35%
BEGINNING FUND BALANCE	2,252,620	1,027,340	2,435,830	190,410	1,912,980	2,135,460	2,084,680
REVENUES							
Charges For Services	64,275,100	63,450,510	66,519,830	66,460,240	67,198,450	67,945,890	68,702,670
Miscellaneous	1,700,000	1,620,000	1,693,960	1,784,310	1,845,670	1,908,060	1,971,510
Subtotal Revenues	65,975,100	65,070,510	68,213,790	68,244,550	69,044,120	69,853,950	70,674,180
TOTAL RESOURCES	68,227,720	66,097,850	70,649,620	68,434,960	70,957,100	71,989,410	72,758,860
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(67,200,380)	(63,349,400)	(64,373,860)	(65,314,160)	(66,277,970)	(67,265,880)	(68,278,490)
Master Lease Truck/bus lift	n/a	n/a	0	0	0	47,450	47,450
Equipment vehicle Replacement	n/a	n/a	(5,402,810)	(213,160)	(1,478,510)	(1,547,120)	171,070
Retiree Health Insurance Pre-Funding			(624,840)	(936,960)	(1,007,460)	(1,081,480)	(1,159,200)
Labor Contracts	n/a	n/a	(57,700)	(57,700)	(57,700)	(57,700)	(57,700)
Subtotal PSP Oper Budget Approp / Exp's	(67,200,380)	(63,349,400)	(70,459,210)	(66,521,980)	(68,821,640)	(69,904,730)	(69,276,870)
OTHER CLAIMS ON FUND BALANCE	0	(312,620)	0	0	0	0	0
TOTAL USE OF RESOURCES	(67,200,380)	(63,662,020)	(70,459,210)	(66,521,980)	(68,821,640)	(69,904,730)	(69,276,870)
YEAR END FUND BALANCE	1,027,340	2,435,830	190,410	1,912,980	2,135,460	2,084,680	3,481,990
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	1.5%	3.7%	0.3%	2.8%	3.0%	2.9%	4.8%

Assumptions:

1. This projection for the Motor Pool Fund represents the County Executive's Recommended Fiscal Plan for the purchase, maintenance, and replacement of the County's fleet in light and heavy equipment and the maintenance of transit equipment and buses.
2. Fleet Management Services operates the Motor Pool Fund, an Internal Services Fund, to account for the financing of services it provides other Departments or agencies of the County on a cost reimbursement basis.
3. PSP/Operating Budget Expenditures are based on major known commitments.
4. A one-time increase in replacement charges of $1.5 million is assumed in FY11 to maintain a positive fund balance.

FY10-15 PUBLIC SERVICES PROGRAM: FISCAL PLAN	M-NCPPC Enterprise Fund						
FISCAL PROJECTIONS	FY09 ESTIMATE	FY10 REC	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
BEGINNING FUND BALANCE	1,581,620	1,381,420	1,099,120	1,123,310	1,430,710	2,387,150	4,266,110
REVENUES							
Charges For Services	9,036,600	10,119,500	10,402,850	10,662,920	10,929,500	11,202,740	11,482,820
Miscellaneous	31,000	50,000	50,000	50,000	50,000	50,000	50,000
Subtotal Revenues	9,067,600	10,169,500	10,452,850	10,712,920	10,979,500	11,252,740	11,532,820
INTERFUND TRANSFERS (Net Non-CIP)	619,000	0	0	0	0	0	0
Transfer from Park Fund (Ice Rink/Conf Center)	619,000	0	0	0	0	0	0
TOTAL RESOURCES	11,268,220	11,550,920	11,551,970	11,836,230	12,410,210	13,639,890	15,798,930
CIP CURRENT REVENUE APPROP.	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,457,700)	(9,045,820)	(9,045,820)	(9,045,820)	(9,045,820)	(9,045,820)	(9,045,820)
Debt Service: Other (Non-Tax Funds only)	(1,329,100)	(1,305,980)	(1,282,840)	(1,259,700)	(877,240)	(227,960)	0
Subtotal PSP Op^r Budget Approp / Exp's	(9,786,800)	(10,351,800)	(10,328,660)	(10,305,520)	(9,923,060)	(9,273,780)	(9,045,820)
TOTAL USE OF RESOURCES	(9,886,800)	(10,451,800)	(10,428,660)	(10,405,520)	(10,023,060)	(9,373,780)	(9,045,820)
YEAR END FUND BALANCE	1,381,420	1,099,120	1,123,310	1,430,710	2,387,150	4,266,110	6,753,110
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	12.3%	9.5%	9.7%	12.1%	19.2%	31.3%	42.7%

Assumptions:

1.CIP current revenue figures reflect M-NCPPC estimated expenditures and end in FY14.
2.On November 7, 2000, M-NCPPC adopted a fund balance policy requiring a minimum cash balance equal to 10% of operating revenues plus one year's debt service.

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.
2. FY09 estimate has been updated to reflect revised projections from M-NCPPC.

WSSC PROPOSED: FORECAST FOR WATER AND SEWER OPERATING FUNDS

FISCAL PROJECTIONS	FY09 ADOPTED	FY09 ESTIMATED	FY10 PROPOSED	FY10 RECOMMENDED	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION
SPENDING AFFORDABILITY ASSUMPTIONS/RESULTS									
New Water and Sewer Debt ($millions)	$134.9	$134.9	$161 0	$188.8	$276.2	$234.5	$217.5	$198.2	$168.2
Total Water and Sewer Operating Expenses ($millions)	$481.3	$481.3	$519.7	$521.2	$550 6	$592.2	$620.6	$652.0	$683.2
Debt Service ($millions)	$157.4	$157.4	$168.5	$174.8	$185.4	$203.4	$218.9	$233.8	$243.9
Average Water and Sewer Rate Increase	8.0%	8.0%	9.0%	9.5%	9.4%	9.2%	5.0%	5.5%	5.0%
BEGINNING FUND BALANCE ($000)	**67,514**	**67,514**	**48,611**	**48,611**	**32,245**	**28,000**	**28,000**	**28,000**	**28,000**
REVENUES ($000)									
Water and Sewer Rate Revenue	402,672	396,490	440,301	440,301	482,977	529,078	557,275	589,523	620,642
Interest Income	5,500	1,800	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Account-Maintenance Fee	22,850	22,850	22,850	22,850	23,050	23,250	23,450	23,650	23,850
Miscellaneous	18,572	18,994	19,217	19,217	19,387	19,557	19,727	19,897	20,067
Total Revenues	**449,594**	**440,134**	**487,868**	**487,868**	**530,914**	**577,385**	**605,952**	**638,570**	**670,059**
SDC Debt Service Offset	2,612	2,612	2,498	2,498	2,398	2,293	2,192	1,428	1,167
Reconstruction Debt-Service Offset (REDO)	12,000	12,000	11,500	13,000	11,500	11,000	11,000	10,500	10,500
Use of Prior Year Net Revenue	20,403	20,403	17,866	20,218	5,745	1,500	1,500	1,500	1,500
TOTAL FUNDS AVAILABLE	**484,609**	**475,149**	**519,732**	**523,584**	**550,557**	**592,178**	**620,644**	**651,998**	**683,226**
EXPENDITURES ($000)									
Salaries and Wages	93,290	90,788	90,879	90,879	95,424	100,196	105,206	110,468	115,992
Heat, Light, and Power	24,329	24,329	28,422	28,422	30,185	32,332	34,636	37,105	39,749
Regional Sewage Disposal	40,558	41,000	42,224	42,224	44,335	46,552	48,879	51,323	53,890
Debt Service	157,363	149,963	168,490	170,242	185,391	203,418	218,866	233,824	243,878
All Other (includes $1.5 million annual contribution to reserve)	169,069	169,069	189,717	191,817	195,222	209,680	213,057	219,278	229,717
TOTAL USE OF RESOURCES	**484,609**	**475,149**	**519,732**	**523,584**	**550,557**	**592,178**	**620,644**	**651,998**	**683,226**
REVENUE/EXPENDITURE SURPLUS/(GAP)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
YEAR END FUND BALANCE w/o additional $1.5 m reserve	**47,111**	**47,111**	**30,745**	**28,393**	**26,500**	**26,500**	**26,500**	**26,500**	**26,500**
Additional $1.5 million Reserve Annual Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
TOTAL YEAR END FUND BALANCE	**48,611**	**48,611**	**32,245**	**29,893**	**28,000**	**28,000**	**28,000**	**28,000**	**28,000**
Debt Service as a Percentage of Budget	32.5%	31.6%	32.4%	32.5%	33.7%	34.4%	35 3%	35.9%	35.7%
Estimated Water Production (MGD)	169 5	168.5	170.0	170.0	170.5	171.0	171.5	172 0	172.5
Accumulated Add'l Reserve ($1.5M annual contribution since FY04)	9,000	9,000	10,500	10,500	12,000	13,500	15,000	16,500	18,000
Total Operating Reserve	25,000	25,000	26,500	26,500	28,000	29,500	31,000	32,500	34,000
Total Operating Reserve as a Percentage of Water and Sewer Revenue	6.2%	6.3%	6 0%	6.0%	5.8%	5.6%	5.6%	5.5%	5.5%
Total Workyears (all funds)	1,555	1,428	1,561	1,561	--	--	--	--	--

Assumptions:

1. The County Executive's operating budget recommendation is for FY10 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
2. The FY11-15 projections reflect WSSC's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended CIP 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 FY10 water and sewer operating budget for WSSC.
3. The FY09 Adopted and FY09 Estimated spending affordability assumptions are the limits for FY09 implied by the budget jointly approved by Montgomery and Prince George's Counties. The FY10 Proposed spending affordability figures are the spending affordability assumptions associated with WSSC's Proposed FY10 budget. The FY10 Recommended spending affordability assumptions are the limits approved by the Montgomery County Council for FY10. (Prince George's County adopted different limits.) The FY11 - FY15 spending affordability figures correspond to the actual results for the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year.
4. The FY09 Adopted figures include a $3.33 million supplement to the FY09 Approved Budget that was approved by the Prince George's County Council on November 18, 2008 and by the Montgomery County Council on December 2, 2008.
5. The total FY09 Estimated workyears shown correspond to the actual workyears as of December, 2008.

APPENDICES

- Trends & Projections
- Changes in Assumptions: Economic, Demographic, and Revenues
- Revenue Summary
- Non Agency Uses of Resources
- Projected Total Uses of Resources (Combined Uses)
- Total Resources Available to Allocate to Services
- Productivity Improvements
- Revenues
- PSP Fiscal Policy
- CIP Fiscal Policy
- Glossary
- Acronyms

TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
POPULATION	**949,591**	**957,760**	**966,000**	**977,522**	**989,181**	**1,000,979**	**1,012,919**	**1,025,000**
Annual Increase	8,100	8,169	8,240	11,522	11,659	11,798	11,940	12,081
Population Growth Since 2000	9.2%	10.2%	11.1%	12.4%	13.8%	15.1%	16.5%	17.9%
County Resident Births (Prior Calendar Year)	13,843	14,010	14,180	14,340	14,490	14,630	14,760	14,880
HOUSEHOLDS	**355,924**	**358,949**	**362,000**	**366,678**	**371,416**	**376,215**	**381,076**	**386,000**
Household Annual Growth (%)	0.9%	0.8%	0.8%	1.3%	1.3%	1.3%	1.3%	1.3%
Household Growth Since 2000	10.1%	11.0%	11.9%	13.4%	14.8%	16.3%	17.8%	19.4%
Household Growth Since 1992	22.2%	23.3%	24.3%	25.9%	27.5%	29.2%	30.9%	32.6%
Household Size	2.67	2.67	2.67	2.67	2.66	2.66	2.66	2.66
RESIDENT EMPLOYMENT (Jan = Calendar Year)	**498,043**	**496,633**	**500,535**	**502,253**	**506,506**	**512,993**	**517,412**	**520,738**
Resident Employment Annual Growth (%)	0.0%	-0.3%	0.8%	0.3%	0.8%	1.3%	0.9%	0.6%
Resident Employment Growth Since 2000	5.0%	4.7%	5.5%	5.9%	6.8%	8.2%	9.1%	9.8%
Resident Employment Per Household	1.40	1.38	1.38	1.37	1.36	1.36	1.36	1.35
Jobs in County	503,822	505,359	510,000	516,120	522,830	530,670	538,740	547,000
PERSONAL INCOME ($ Millions)	**$65,300**	**$67,100**	**$69,500**	**$73,700**	**$78,000**	**$81,900**	**$85,700**	**$89,500**
Per Capita Personal Income	**$68,800**	**$70,100**	**$71,900**	**$75,400**	**$78,900**	**$81,800**	**$84,600**	**$87,300**
Annual Growth (%)	2.5%	1.9%	2.6%	4.9%	4.6%	3.7%	3.4%	3.2%
CONSUMER PRICE INDEX (CPI) - Fiscal Year	**4.35%**	**3.96%**	**3.25%**	**2.80%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**
Inflation Growth (Fiscal Year) Since Nov. 2000 (%)	62.9%	48.3%	21.7%	4.9%	-6.4%	-6.4%	-6.4%	-6.4%
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)	**4.52%**	**3.40%**	**3.10%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**	**2.50%**
ASSESSABLE TAX BASE ($ Millions)	**$146,277**	**$162,649**	**$173,813**	**$186,249**	**$192,233**	**$195,984**	**$201,073**	**$209,134**
Annual Growth (%)	12.8%	11.2%	6.9%	7.2%	3.2%	2.0%	2.6%	4.0%
Growth of Base Since 1992 (%)	144.5%	171.9%	190.6%	211.3%	221.3%	227.6%	236.1%	249.6%
Growth of Base Since 2000 (%)	93.6%	115.2%	130.0%	146.5%	154.4%	159.4%	166.1%	176.8%
INVESTMENT INCOME YIELD (%)	**4.41%**	**1.30%**	**1.10%**	**1.65%**	**2.55%**	**2.80%**	**3.10%**	**3.35%**
MCPS ENROLLMENT (Sept = Calendar Year)	**137,745**	**139,276**	**140,500**	**140,782**	**141,536**	**142,422**	**143,591**	**144,932**
Annual Growth (%)	0.0%	1.1%	0.9%	0.2%	0.5%	0.6%	0.8%	0.9%
Annual Increase (Decrease)	(53)	1,531	1224	282	754	886	1169	1341
MONTGOMERY COLLEGE ENROLLMENTS (a)	**23,866**	**24,452**	**24,830**	**25,130**	**25,200**	**25,250**	**25,230**	**25,230**
Annual Growth (%)	4.25%	2.46%	1.55%	1.21%	0.28%	0.20%	-0.08%	0.00%
Full Time Equivalents (Sept = Calendar Year) (a)	**19,721**	**20,360**	**20,843**	**21,000**	**21,177**	**21,330**	**21,404**	**21,404**
Annual Growth in FTE's (%)	3.92%	3.24%	2.37%	0.75%	0.84%	0.72%	0.35%	0.00%

Changes in Assumptions: Economic, Demographic, and Revenues
December 2002 through March 2009

A	E	E	F	G	H	I	J	K	L	M	N	O	N	O
	Approved FY09	Estimated FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
Population														
December, 2002	965,000	965,000		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	965,000	965,000		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	985,000	985,000	1.0%	995,000		n/a		n/a		n/a		n/a		n/a
March, 2004	989,000	989,000	1.1%	1,000,000		n/a		n/a		n/a		n/a		n/a
December, 2004	994,000	994,000	1.0%	1,004,000	0.8%	1,012,000		n/a		n/a		n/a		n/a
March, 2005	994,000	994,000	1.0%	1,004,000	0.8%	1,012,000		n/a		n/a		n/a		n/a
December, 2005	988,000	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000		n/a		n/a		n/a
March,2006	988,000	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000		n/a		n/a		n/a
December, 2006	988,000	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000	0.8%	1,024,000		n/a		n/a
March, 2007	988,000	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000	0.8%	1,024,000		n/a		n/a
December, 2007	979,000	979,000	1.1%	990,000	1.0%	1,000,000	0.9%	1,009,000	0.9%	1,018,000	0.9%	1,027,000		n/a
March, 2008	979,000	979,000	1.1%	990,000	1.0%	1,000,000	0.9%	1,009,000	0.9%	1,018,000	0.9%	1,027,000		n/a
December, 2008	979,000	958,500	0.8%	966,000	1.2%	977,522	1.2%	989,181	1.2%	1,000,979	1.2%	1,012,919	1.2%	1,025,000
March, 2009	979,000	957,760	0.9%	966,000	1.2%	977,522	1.2%	989,181	1.2%	1,000,979	1.2%	1,012,919	1.2%	1,025,000
MOE Enrollment														
December, 2002	144,218	144,218		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	144,218	144,218		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	141,241	141,241	0.3%	141,659		n/a		n/a		n/a		n/a		n/a
March, 2004	141,241	141,241	0.3%	141,659		n/a		n/a		n/a		n/a		n/a
December, 2004	140,339	140,339	0.2%	140,686	0.5%	141,338		n/a		n/a		n/a		n/a
March, 2005	140,339	140,339	0.2%	140,686	0.5%	141,338		n/a		n/a		n/a		n/a
December, 2005	137,211	137,211	-0.1%	137,047	0.1%	137,154	0.4%	137,760		n/a		n/a		n/a
March, 2006	137,211	137,211	-0.1%	137,047	0.1%	137,154	0.4%	137,760		n/a		n/a		n/a
December, 2006	134,498	134,498	-0.6%	133,749	0.3%	134,094	0.0%	134,094	0.4%	134,659		n/a		n/a
March, 2007	134,498	134,498	-0.6%	133,749	0.3%	134,094	0.4%	134,659	0.6%	135,482		n/a		n/a
December, 2007	135,776	135,776	-0.4%	135,279	-0.1%	135,174	-0.2%	134,955	0.1%	135,139	0.3%	135,484		n/a
March, 2008	135,313	135,313	0.0%	135,279	-0.1%	135,174	-0.2%	134,955	0.1%	135,139	0.3%	135,484		n/a
December, 2008	135,313	136,004	0.9%	137,173	0.6%	137,977	0.2%	138,259	0.5%	139,013	0.6%	139,899	0.8%	141,068
March, 2009	135,313	135,969	0.6%	136,780	0.9%	137,977	0.2%	138,259	0.5%	139,013	0.6%	139,899	0.8%	141,068

Changes in Assumptions: Economic, Demographic, and Revenues
December 2002 through March 2009

A	E	E	F	G	H	I	J	K	L	M	N	O	N	O
	Approved FY09	Estimated FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
College Enrollment (FTE)														
December, 2002	15,707	15,707		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	15,700	15,700		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	15,700	15,700	0.0%	15,700		n/a		n/a		n/a		n/a		n/a
March, 2004	15,127	15,127	2.1%	15,444		n/a		n/a		n/a		n/a		n/a
December, 2004	15,127	15,127	2.1%	15,444	0.0%	15,444		n/a		n/a		n/a		n/a
March, 2005	15,831	15,831	0.9%	15,977	0.0%	15,977		n/a		n/a		n/a		n/a
December, 2005	19,596	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247		n/a		n/a		n/a
March, 2006	19,596	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247		n/a		n/a		n/a
December, 2006	19,596	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247	0.0%	20,247		n/a		n/a
March, 2007	20,184	20,184	1.4%	20,461	1.3%	20,736	0.9%	20,923	0.0%	20,923		n/a		n/a
December, 2007	20,538	20,538	1.9%	20,924	2.0%	21,336	2.0%	21,759	1.9%	22,174	0.0%	22,174		n/a
March, 2008	20,538	20,538	1.9%	20,924	2.0%	21,336	2.0%	21,759	1.9%	22,174	0.0%	22,174		n/a
December, 2008	20,538	20,360	2.4%	20,843	0.8%	21,000	0.8%	21,177	0.7%	21,330	0.3%	21,404	0.0%	21,404
March, 2009	20,538	20,360	2.4%	20,843	0.8%	21,000	0.8%	21,177	0.7%	21,330	0.3%	21,404	0.0%	21,404
CPI (Fiscal Year)														
December, 2002	2.2%	2.2%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	2.2%	2.2%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	2.4%	2.4%	-4.2%	2.3%		n/a		n/a		n/a		n/a		n/a
March, 2004	2.4%	2.4%	-4.2%	2.3%		n/a		n/a		n/a		n/a		n/a
December, 2004	2.5%	2.5%	0.0%	2.5%	4.0%	2.6%		n/a		n/a		n/a		n/a
March, 2005	2.5%	2.5%	0.0%	2.5%	4.0%	2.6%		n/a		n/a		n/a		n/a
December, 2005	2.7%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a		n/a		n/a
March, 2006	2.7%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a		n/a		n/a
December, 2006	2.8%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%		n/a		n/a
March, 2007	2.8%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%		n/a		n/a
December, 2007	2.8%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%	-2.0%	2.5%		n/a
March, 2008	2.8%	2.8%	-14.2%	2.4%	3.3%	2.5%	0.0%	2.5%	0.0%	2.5%	0.0%	2.5%		n/a
December, 2008	2.8%	4.5%	-20.0%	3.6%	-22.2%	2.8%	-10.7%	2.5%	0.0%	2.5%	0.0%	2.5%	0.0%	2.5%
March, 2009	2.8%	4.0%	-17.9%	3.3%	-13.8%	2.8%	-10.7%	2.5%	0.0%	2.5%	0.0%	2.5%	0.0%	2.5%

Changes in Assumptions: Economic, Demographic, and Revenues
December 2002 through March 2009

A	E	E	F	G	H	I	J	K	L	M	N	O	N	O
	Approved FY09	Estimated FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
Growth Resident Employment (%)														
December, 2002	1.9%	1.9%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	1.5%	1.5%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	1.3%	1.3%	0.0%	1.3%		n/a		n/a		n/a		n/a		n/a
March, 2004	1.3%	1.3%	38.5%	1.8%		n/a		n/a		n/a		n/a		n/a
December, 2004	1.2%	1.2%	-8.3%	1.1%	-27.3%	0.8%		n/a		n/a		n/a		n/a
March, 2005	1.6%	1.6%	-25.0%	1.2%	16.7%	1.4%		n/a		n/a		n/a		n/a
December, 2005	1.6%	1.6%	-18.8%	1.3%	7.7%	1.4%	0.0%	1.4%		n/a		n/a		n/a
March, 2006	1.2%	1.2%	-8.3%	1.1%	0.0%	1.1%	0.0%	1.1%		n/a		n/a		n/a
December, 2006	0.6%	0.6%	33.3%	0.8%	0.0%	0.8%	-12.5%	0.7%	57.1%	1.1%		n/a		n/a
March, 2007	0.8%	0.8%	37.5%	1.1%	18.2%	1.3%	-7.7%	1.2%	-8.3%	1.1%		n/a		n/a
December, 2007	1.2%	1.2%	41.7%	1.7%	-17.6%	1.4%	0.0%	1.4%	-21.4%	1.1%	0.0%	1.1%		n/a
March, 2008	1.3%	1.3%	15.4%	1.5%	-20.0%	1.2%	-25.0%	0.9%	0.0%	0.9%	0.0%	0.9%		n/a
December, 2008	1.3%	0.7%	0.0%	0.7%	100.0%	1.4%	-42.9%	0.8%	0.0%	0.8%	0.0%	0.8%	0.0%	0.8%
March, 2009	1.3%	-0.3%	-366.7%	0.8%	-62.5%	0.3%	166.7%	0.8%	62.5%	1.3%	-30.8%	0.9%	-33.3%	0.6%
Personal Income (CY)														
December, 2002	63,100	63,100		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	61,400	61,400		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	64,000	64,000	4.5%	66,900		n/a		n/a		n/a		n/a		n/a
March, 2004	64,000	64,000	5.3%	67,400		n/a		n/a		n/a		n/a		n/a
December, 2004	67,000	67,000	3.7%	69,500	3.7%	72,100		n/a		n/a		n/a		n/a
March, 2005	66,500	66,500	5.4%	70,100	5.6%	74,000		n/a		n/a		n/a		n/a
December, 2005	65,300	65,300	4.3%	68,100	4.3%	71,000	4.1%	73,900		n/a		n/a		n/a
March, 2006	67,300	67,300	4.0%	70,000	4.0%	72,800	4.1%	75,800		n/a		n/a		n/a
December, 2006	68,300	68,300	5.1%	71,800	5.0%	75,400	4.9%	79,100	4.9%	83,000		n/a		n/a
March, 2007	69,800	69,800	5.7%	73,800	5.6%	77,900	5.5%	82,200	5.5%	86,700		n/a		n/a
December, 2007	68,800	68,800	5.4%	72,500	4.6%	75,800	4.4%	79,100	4.8%	82,900	4.9%	87,000		n/a
March, 2008	68,800	68,700	6.0%	72,800	5.4%	76,700	5.1%	80,600	5.6%	85,100	5.6%	89,900		n/a
December, 2008	68,700	68,700	5.1%	72,200	5.5%	76,200	4.9%	79,900	5.1%	84,000	5.1%	88,300	5.2%	92,900
March, 2009	68,700	67,100	3.6%	69,500	6.0%	73,700	5.8%	78,000	5.0%	81,900	4.6%	85,700	4.4%	89,500

Changes in Assumptions: Economic, Demographic, and Revenues
December 2002 through March 2009

A	E	E	F	G	H	I	J	K	L	M	N	O	N	O
	Approved FY09	Estimated FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
Property Tax Revenues														
December, 2002	1,332.7	1,332.7		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	1,467.9	1,467.9		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	1,499.9	1,499.9	3.8%	1,556.4		n/a		n/a		n/a		n/a		n/a
March, 2004	1,525.1	1,525.1	4.0%	1,586.2		n/a		n/a		n/a		n/a		n/a
December, 2004	1,602.5	1,602.5	10.6%	1,771.7	8.6%	1,924.5		n/a		n/a		n/a		n/a
March, 2005	1,557.5	1,557.5	8.7%	1,693.2	8.6%	1,838.1		n/a		n/a		n/a		n/a
December, 2005	1,597.3	1,597.3	9.7%	1,752.7	9.4%	1,917.6	8.1%	2,073.5		n/a		n/a		n/a
March, 2006	1,439.5	1,439.5	9.6%	1,577.0	9.5%	1,726.7	9.2%	1,885.3		n/a		n/a		n/a
December, 2006	1,481.5	1,481.5	8.2%	1,603.4	9.8%	1,760.5	8.2%	1,905.5	8.8%	2,073.5		n/a		n/a
March, 2007	1,243.5	1,243.5	3.4%	1,286.2	3.4%	1,329.8	3.3%	1,374.1	3.4%	1,420.3		n/a		n/a
December, 2007	1,243.9	1,243.9	3.3%	1,285.3	3.2%	1,326.6	3.1%	1,367.8	3.1%	1,409.6	3.0%	1,452.6		n/a
March, 2008	1,385.2	1,385.2	3.7%	1,435.8	1.7%	1,460.7	3.0%	1,504.6	3.0%	1,549.5	2.9%	1,595.1		n/a
December, 2008	1,385.2	1,364.5	4.6%	1,427.5	4.7%	1,494.5	3.8%	1,551.3	3.3%	1,602.5	3.2%	1,654.2	3.1%	1,705.7
March, 2009	1,385.2	1,365.7	5.3%	1,438.7	3.2%	1,484.6	3.8%	1,541.7	3.3%	1,592.6	3.2%	1,644.1	3.1%	1,695.5
Income Tax Revenues														
December, 2002	1,051.8	1,051.8		n/a		n/a		n/a		n/a		n/a		n/a
March, 2003	1,157.9	1,157.9		n/a		n/a		n/a		n/a		n/a		n/a
December, 2003	1,092.2	1,092.2	5.5%	1,151.8		n/a		n/a		n/a		n/a		n/a
March, 2004	1,087.5	1,087.5	4.4%	1,135.8		n/a		n/a		n/a		n/a		n/a
December, 2004	1,100.6	1,100.6	4.7%	1,152.7	5.8%	1,220.0		n/a		n/a		n/a		n/a
March, 2005	1,100.6	1,100.6	4.6%	1,150.7	5.6%	1,215.5		n/a		n/a		n/a		n/a
December, 2005	1,119.0	1,119.0	5.2%	1,177.1	5.5%	1,242.1	5.1%	1,305.5		n/a		n/a		n/a
March, 2006	1,152.4	1,152.4	3.9%	1,197.6	4.6%	1,253.2	4.2%	1,305.7		n/a		n/a		n/a
December, 2006	1,314.6	1,314.6	5.9%	1,392.7	6.7%	1,486.2	6.1%	1,576.4	6.0%	1,671.5		n/a		n/a
March, 2007	1,360.5	1,360.5	5.9%	1,440.5	7.1%	1,542.6	6.4%	1,641.1	6.4%	1,746.3		n/a		n/a
December, 2007	1,297.0	1,297.0	8.2%	1,402.9	6.7%	1,497.2	6.4%	1,592.3	7.9%	1,717.4	6.4%	1,826.8		n/a
March, 2008	1,325.4	1,325.4	6.0%	1,404.9	7.1%	1,504.3	7.1%	1,611.2	7.4%	1,730.4	6.4%	1,840.9		n/a
December, 2008	1,325.4	1,273.8	-0.7%	1,265.0	7.2%	1,356.2	7.3%	1,455.0	7.6%	1,566.1	7.0%	1,675.8	8.0%	1,809.3
March, 2009	1,325.4	1,281.8	-5.2%	1,214.8	5.4%	1,279.8	6.5%	1,362.9	6.7%	1,454.6	7.2%	1,559.1	7.7%	1,679.3

REVENUE SUMMARY
TAX SUPPORTED BUDGETS
($ Millions)

A KEY REVENUE CATEGORIES	B App. FY09	C Estimate FY09	D % Chg. FY09-10	E % Chg. FY09-10	F Rec FY10	G % Chg. FY10-11	H Projected FY11	I % Chg. FY11-12	J Projected FY12	K % Chg. FY12-13	L Projected FY13	M % Chg. FY13-14	N Projected FY14	O % Chg. FY14-15	P Projected FY15
TAXES	5-22-08	3-15-09	Rec/Bud	Rec/Est	3-15-09										
1 Property Tax (less PDs)	1,364.9	1,365.7	5.4%	5.3%	1,438.7	3.2%	1,484.6	3.8%	1,541.7	3.3%	1,592.6	3.2%	1,644.1	3.1%	1,695.5
2 Income Tax	1,325.4	1,281.8	-8.3%	-5.2%	1,214.8	5.4%	1,279.8	6.5%	1,362.9	6.7%	1,454.6	7.2%	1,559.1	7.7%	1,679.3
3 Transfer Tax	80.9	60.3	-19.7%	7.8%	65.0	4.8%	68.1	6.0%	72.1	8.5%	78.3	8.3%	84.8	9.7%	93.0
4 Recordation Tax	68.1	48.8	-23.8%	6.4%	51.9	4.0%	53.9	5.0%	56.7	7.2%	60.7	7.1%	65.1	8.4%	70.5
4a Recordation Tax Premium	0.0	3.5	0.0%	85.7%	6.5	-13.4%	5.6	-16.0%	4.7	-100.0%	0.0	0.0%	0.0	0.0%	0.0
5 Energy Tax	132.7	128.4	-1.8%	1.5%	130.4	2.3%	133.4	2.6%	136.8	2.1%	139.7	1.8%	142.3	1.7%	144.7
6 Telephone Tax	30.9	31.6	6.5%	4.0%	32.8	2.9%	33.8	2.4%	34.6	1.5%	35.1	1.8%	35.7	1.7%	36.3
7 Hotel/Motel Tax	19.9	18.7	0.7%	6.9%	20.0	7.4%	21.5	5.9%	22.8	5.2%	23.9	5.1%	25.2	5.3%	26.5
8 Admissions Tax	2.4	2.1	-9.7%	3.9%	2.1	-0.3%	2.1	-0.7%	2.1	-0.7%	2.1	-0.7%	2.1	-0.7%	2.1
9 **Total Local Taxes**	**3,025.1**	**2,940.8**	**-2.1%**	**0.7%**	**2,962.2**	**4.1%**	**3,082.8**	**4.9%**	**3,234.4**	**4.7%**	**3,387.0**	**5.1%**	**3,558.3**	**5.3%**	**3,747.9**
INTERGOVERNMENTAL AID															
10 Highway User	39.7	32.9	-16.7%	0.3%	33.0	2.6%	33.9	2.6%	34.8	2.5%	35.6	2.5%	36.5	2.5%	37.5
11 Police Protection	13.5	13.4	0.1%	0.9%	13.5	1.2%	13.7	1.2%	13.8	1.2%	14.0	1.2%	14.1	1.2%	14.3
12 Libraries	5.3	5.3	0.0%	0.0%	5.3	1.2%	5.3	1.2%	5.4	1.2%	5.5	1.2%	5.5	1.2%	5.6
13 Health Services Case Formula	6.3	6.1	-3.0%	0.0%	6.1	2.8%	6.3	2.5%	6.4	2.5%	6.6	2.5%	6.7	2.5%	6.9
14 Mass Transit	27.8	22.8	-18.0%	0.0%	22.8	2.8%	23.4	2.5%	24.0	2.5%	24.6	2.5%	25.2	2.5%	25.9
15 Public Schools	399.3	423.5	17.8%	11.1%	470.4	-3.4%	454.2	1.2%	459.8	1.2%	465.4	1.2%	471.1	1.2%	476.9
16 Community College	31.5	30.3	6.2%	10.7%	33.5	2.8%	34.4	2.5%	35.3	2.5%	36.2	2.5%	37.1	2.5%	38.0
17 Direct Reimbursements	26.0	28.0	6.8%	-0.8%	27.8	3.4%	28.8	3.1%	29.6	3.1%	30.6	3.1%	31.5	3.1%	32.5
17a Direct Reimb: DSS Services	0.0	0.0	0.0%	0.0%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
18 Other	12.6	11.3	-20.2%	-11.2%	10.0	3.4%	10.4	3.1%	10.7	3.1%	11.0	3.1%	11.4	3.1%	11.7
19 **Subtotal State Aid**	**562.0**	**573.5**	**10.8%**	**8.5%**	**622.4**	**-1.9%**	**610.3**	**1.6%**	**619.8**	**1.6%**	**629.4**	**1.6%**	**639.2**	**1.6%**	**649.2**
20 Federal Aid	1.6	1.8	1.7%	-7.7%	1.7	1.7%	1.7	1.5%	1.7	1.5%	1.7	1.5%	1.8	1.5%	1.8
21 **Total Intergovernmental Aid**	**563.6**	**575.3**	**10.7%**	**8.5%**	**624.1**	**-1.9%**	**612.0**	**1.6%**	**621.5**	**1.6%**	**631.2**	**1.6%**	**641.0**	**1.6%**	**651.0**
FEES AND FINES															
22 Licenses & Permits	12.9	12.2	-7.4%	-2.4%	11.9	1.5%	12.1	1.5%	12.3	1.5%	12.5	1.5%	12.6	1.5%	12.8
23 Charges for Services	52.2	51.4	26.3%	28.3%	65.9	2.2%	67.4	2.0%	68.7	2.0%	70.1	2.0%	71.5	2.0%	73.0
24 Fines & Forfeitures	26.1	32.0	45.9%	18.7%	38.0	1.6%	38.7	1.6%	39.3	1.6%	39.9	1.6%	40.5	1.6%	41.2
25 Montgomery College Tuition	68.6	68.8	3.7%	3.4%	71.1	1.6%	72.3	0.6%	72.7	0.5%	73.0	0.2%	73.2	0.0%	73.2
26 **Total Fees and Fines**	**159.7**	**164.4**	**17.1%**	**13.7%**	**187.0**	**1.8%**	**190.4**	**1.4%**	**193.0**	**1.3%**	**195.5**	**1.2%**	**197.9**	**1.1%**	**200.1**
MISCELLANEOUS															
27 Investment Income	14.6	6.7	-59.8%	-12.1%	5.9	55.2%	9.1	52.9%	14.0	13.4%	15.9	13.9%	18.1	10.9%	20.0
28 Other Miscellaneous	13.3	21.3	21.4%	-24.4%	16.1	2.8%	12.6	2.5%	12.9	2.5%	13.2	2.5%	13.5	2.5%	13.9
29 **Total Miscellaneous**	**27.9**	**28.0**	**-21.2%**	**-21.5%**	**22.0**	**-1.3%**	**21.7**	**23.8%**	**26.9**	**8.2%**	**29.0**	**8.7%**	**31.6**	**7.3%**	**33.9**
30 **TOTAL REVENUES**	**3,776.3**	**3,708.6**	**0.5%**	**2.3%**	**3,795.3**	**2.9%**	**3,906.9**	**4.3%**	**4,075.8**	**4.1%**	**4,242.8**	**4.4%**	**4,428.8**	**4.6%**	**4,633.0**
31 $ Change from prior Budget	201.0	133.3			18.9		111.7		168.8		167.0		186.0		204.2

FY10-15 Fiscal Plan
Non Agency Uses of Resources

- Capital Investment (CIP Current Revenue and PAYGO) and Debt Service based on latest Executive Recommendation (current through March 16, 2009). Further changes to be transmitted to County Council by March 31, 2008.

- FY09 set-aside of $17.966 million for potential supplemental appropriations, the largest portion for snow removal and other potential cost overruns ($11.584 million).

- Revenue Stabilization (Rainy Day) Fund at $119.6 million in FY09 with no additional contributions projected.

- FY10 reserves (Revenue Stabilization Fund and undesignated reserves) are temporarily at five percent of resources. Reserves are restored to six percent of resources FY11-15.

PROJECTED TOTAL USES OF RESOURCES (COMBINED USES)

($ Millions)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	USE OF RESOURCES	App. FY09	Est. FY09	% Chg. FY09-10	% Chg. FY09-10	Rec. FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14	% Chg. FY14-15	Projected FY15
		5-13-08	3-15-09	Rec / Bud	Rec / Est	3-15-09										
1	**Total Resources**															
2	Revenues	**3,776.3**	**3,708.6**	0.5%	2.3%	3,795.3	2.9%	3,906.9	4.3%	4,075.8	4.1%	4,242.8	4.4%	4,428.8	4.6%	4,633.0
3	Beginning Reserves Undesignated	**143.4**	**158.8**	-22.3%	-29.8%	111.5	-30.5%	77.5	54.6%	119.8	10.6%	132.4	8.1%	143.2	8.3%	155.1
4	Beginning Reserves Designated	**6.2**	**6.7**	-100.0%	-100.0%	0.0		0.0		0.0		0.0		0.0		0.0
5	Net Transfers In	**33.3**	**32.7**	6.4%	8.4%	35.4	-83.3%	5.9	2.5%	6.0	2.5%	6.2	2.5%	6.4	2.5%	6.5
6	**Total Resources**	**3,959.3**	**3,906.8**	**-0.4%**	**0.9%**	**3,942.1**	**1.2%**	**3,990.3**	**5.3%**	**4,201.6**	**4.3%**	**4,381.4**	**4.5%**	**4,578.4**	**4.7%**	**4,794.5**
7	$ Change from prior Budget	**94.8**	**42.4**			(17.1)		48.1		211.3		179.9		197.0		216.1
8	**Uses: Non-Agency**															
9	**Capital Investment** (a)															
10	Debt Service: GO Bonds for all Agy's.	**230.6**	**207.9**	-2.6%	8.0%	224.6	9.2%	245.2	9.3%	268.0	8.7%	291.2	6.6%	310.5	3.5%	321.4
11	Debt Service: Local Parks	**4.7**	**4.7**	5.8%	5.8%	5.0	0.0%	5.0	0.0%	5.0	0.0%	5.0	0.0%	5.0	0.0%	5.0
12	Debt Service: Leases	**17.4**	**16.5**	24.7%	31.4%	21.7	29.8%	28.1	8.8%	30.6	-15.3%	25.9	-2.7%	25.2	-5.7%	23.8
13	CIP Current Revenue	**46.3**	**48.9**	-28.5%	-32.3%	33.1	17.4%	38.9	-20.2%	31.0	42.2%	44.1	42.9%	63.0	0.0%	63.0
14	CIP Paygo	**5.4**	**5.4**	-75.7%	-75.7%	1.3	2179.4%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0
14a	CIP Paygo Rec Tax	**0.0**	**0.0**	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
15	**Sub-total Capital**	**304.4**	**283.4**	**-6.2%**	**0.8%**	**285.6**	**21.6%**	**347.2**	**5.0%**	**364.5**	**8.7%**	**396.2**	**9.5%**	**433.7**	**2.2%**	**443.1**
16	**Other Uses**															
17	Set Aside: Potential Supplementals	**0.0**	**18.0**			0.0		20.0		20.0		20.0		20.0		20.0
18	Set Aside:Other Claims	**2.6**	**0.1**			2.5		2.5		0.0		0.0		0.0		0.0
19	Revenue Stabilization Fund	**0.0**	**0.0**			0.0		0.0		0.0		0.0		0.0		0.0
20	**Sub-total Other**	**2.6**	**18.0**			**2.5**		**22.5**		**20.0**		**20.0**		**20.0**		**20.0**
21	**Reserves**															
22	Revenue Stabilization Fund	**119.6**	**119.6**	0.0%	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6
23	Reserve Undesignated	108.4	111.5	-28.6%	-30.5%	77.5	54.6%	119.8	110.6%	132.4	8.1%	143.2	8.3%	155.1	8.4%	168.0
24	Reserve Designated	**8.7**	**0.0**			0.0		0.0		0.0		0.0		0.0		0.0
25	**Sub-total Reserves**	**236.8**	**231.1**	**-16.8%**	**-14.7%**	**197.1**	**21.5%**	**239.4**	**5.3%**	**252.1**	**4.3%**	**262.9**	**4.5%**	**274.7**	**4.7%**	**287.7**
26	Less Revenue Stabilization Fund	**(119.6)**	**(119.6)**	0.0%	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)
27	Less Designated Reserve	**(8.7)**	**0.0**			0.0		0.0		0.0		0.0		0.0		0.0
28	**Sub-total Undesignated Reserves**	**108.4**	**111.5**	**-28.6%**	**-30.5%**	**77.5**	**54.6%**	**119.8**	**10.6%**	**132.4**	**8.1%**	**143.2**	**8.3%**	**155.1**	**8.4%**	**168.0**
29	**Total Uses: Non-Agency**	**424.1**	**412.9**	**-13.8%**	**-11.5%**	**365.6**	**33.9%**	**489.5**	**5.6%**	**517.0**	**8.2%**	**559.4**	**8.8%**	**608.8**	**3.7%**	**631.1**
30	**Uses: Available for Agency Services**	**3,535.2**	**3,493.9**	**1.2%**	**2.4%**	**3,576.5**	**-2.1%**	**3,500.8**	**5.3%**	**3,684.6**	**3.7%**	**3,822.0**	**3.9%**	**3,969.6**	**4.9%**	**4,163.4**
31	**$ Change from prior Budget**	**142.8**	**101.5**			**41.4**		**(75.7)**		**183.8**		**137.4**		**147.6**		**193.8**

(a) See separate displays elsewhere in this book for allocation of Debt Service and CIP Current Revenue by Agency (A-3 Schedule).
(b) FY09-14 PAYGO, and CIP Current Revenue as recommended by the County Executive on January 15, 2009, with further changes to be transmitted shortly.

FY10-15 Fiscal Plan

Total Resources Available to Allocate to Services*

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
CC Appr: 7/1/08	3,535.2	3,561.7	3,737.7	3,914.4	4,083.2	4,247.2	n/a
Growth	4.5%	0.8%	4.9%	4.7%	4.3%	4.0%	n/a
Current Est. 12/02/08	3,503.4	3,347.4	3,574.9	3,759.3	3,927.7	4,091.3	4,299.8
Growth	3.5%	-4.5%	6.8%	5.2%	4.5%	4.2%	5.1%
Current Est. 3/16/09	3,493.9	3,576.5	3,500.8	3,684.6	3,822.0	3,969.6	4,163.4
Growth	3.3%	2.4%	-2.1%	5.3%	3.7%	3.9%	4.9%
Change From 12/2/08	-9.5	229.2	-74.1	-74.7	-105.6	-121.7	-136.3
Change From 7/1/08	-41.2	14.8	-237.0	-229.9	-261.1	-277.6	n/a

* Total Resources less Other Uses (Capital, Debt Service, Reserve) = Total Available to Allocate; figures exclude the Revenue Stabilization Fund.

Note: This table shows the change in estimates of the amounts projected to be available to allocate to the four agencies (MCPS, MC, M-NCPPC, MCG). The comparison is the FY09 Approved Budget (May 22, 2008) with current estimates of resources and other uses.

4

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 fiscal 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 FY08 and FY09 or planned for FY10. 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 on the web and producing fewer hard copies
- Introducing employee incentives (within personnel guidelines)

Cable Communications Plan

- In FY08, system design of an upgraded signal monitoring and interconnection system began. Once completed, in FY09, the system will add two-way functionality supporting digital signals and allowing PEG operators to share live and pre-recorded content, upgrade PEG program transmission equipment, simplify signal handoff to the cable operators, and improve PEG signal quality monitoring.
- PEG operators continue to migrate to tapeless digital audio/video production, post-production enhancements, and emerging technologies that will reduce cost for supplies and increase operational effectiveness.
- In FY08, the PEG Network Mobile Production Vehicle was used in support of 32 productions resulting in increased coverage of community events, improved production capabilities and reduced costs.

Circuit Court

- In FY08, the Court conducted an in-depth analysis of TPR case processing performance that led to the implementation of several initiatives designed to speed the processing of TPR and other child welfare cases. These included: (1) initiation of "service status" hearings 45 or 60 days after filing and more frequently after that to ensure that the serving of summonses and other Court orders remains a priority; (2) using case managers to schedule hearings and trials, and holding the meetings on the record with judges to reduce attempts by the parties to delay the trial date; (3) maintaining weekly contact between the supervising case manager and the County Attorney's Office to ensure close monitoring of issues related to the service of summonses; and (4) implementation of TPR "mediation status" hearings to allow the parties to place consents or agreements on the record immediately after mediation.
- The Court is developing a set of potential intervention plans using evidence-based analysis that draws upon Differentiated Case Management and State time standards, as well as other information. For each initiative implemented, the impacts on case processing performance are being evaluated to determine the effectiveness of the initiative and whether to continue it or to search for other alternatives that will improve case processing performance.

Community Use of Public Facilities

- Implemented the first phase of a document imaging system with tracking for before- and after-school proposals, facilitating distribution in an electronic format. Imaging of other documents will also reduce paperwork handled by staff and enhance information retrieval.
- Replaced eight-year old database server with newer technology to facilitate secure, around-the-clock access by schools and department staff.
- Implemented new functionality for on-line customers for modifying and printing facility use permits. On-line facility use requests increased by 22 percent and payment transactions by credit cards increased by 15 percent between FY07 and FY08.

Consumer Protection

- The office created and launched its first logo and tagline to help achieve higher visibility and recognition in outreach campaigns. OCP adopted a back-to-basics strategy to symbolize the importance and sanctity of "trust" in every consumer transaction.

Correction and Rehabilitation

- CRIMS (Correction and Rehabilitation Management Information System): negotiations with the new vendor have been completed and work on Phase I of the System started January 2009 to implement modules for booking and the connection to the Police-Sheriff reporting tool
- Custody & Security Staffing Deployment (CSSD) System: installed in late FY08, now used daily by both jails to deploy staff for each shift, manage and track overtime (by cause), and gather data on leave and unavailability of staff

County Attorney

- In FY07, the office purchased a work management system to replace the database used for the attorneys' calendars and work schedules. In FY10, changes to the user interface will be made to facilitate accurate data collection on case disposition and close-out and to add customized reports.
- Until recently, the Office of the County Attorney utilized a pool system to provide secretarial support to the attorneys outside of the HHS Division. Based on a widespread recognition that this system led to underutilization of secretarial resources, the pool system was dismantled and attorneys are now assigned a specific secretary. The new assignment system has been generally successful and well-received by the attorneys.

County Executive

- CountyStat has developed several IT applications for use by various government departments. These include: [1] a high incident area analysis database that can be used by the Department of Transportation (DOT) and others to quickly garner information about the occurrence of pedestrian and automobile collisions; and [2] an application that allows the Department of Correction and Rehabilitation to effectively monitor the gang status of prisoners to avoid potential issues that would be caused by matching them up to share cells and free time.
- Working with department directors, CountyStat has helped to develop a number of process re-engineering initiatives. These include: changing the way disciplinary actions proceed; the way overtime is monitored; and the manner in which the Department of Permitting Services (DPS) tracks the life cycle of the permitting process.
- As a result of CountyStat and departmental efforts, overtime within the County's public safety agencies and DOT were reduced by more than 154,000 hours from calendar year 2007 to 2008, netting $7.1 million in savings during that time period.

- CountyStat developed a series of recommendations that resulted in cost avoidance. As an example, CountyStat analyzed pedestrian collision data and determined that the addition of two positions in DPS to monitor sidewalk closures/interference would have no impact on reducing the number of pedestrian collisions. This avoided the creation of new positions to deal with this particular issue.
- CountyStat has developed a series of revenue enhancing recommendations for different departments including an examination of police speed cameras, and the way the Department of Recreation plans its courses.
- CountyStat has all of its presentations on the web and uses the web to disseminate significant information to the public.
- The software solution for MC311 was purchased by leveraging the enterprise solution and using Oracle, the same firm chosen for the Enterprise Resource Planning project. This approach will allow the County to maximize efficiencies in terms of integration and support of these two systems, thus reducing their lifecycle costs and increasing the ease of use in combining data from the two systems.
- The Office of Community Partnerships (OCP) and Volunteer Center reduced publication costs by discontinuing hard copy newsletters in favor of e-newsletters and e-bulletins to provide more current information, to more people, more often, at much reduced cost.
- The OCP sponsored a larger number of heritage events than in the past reaching more ethnic communities at modest cost by engaging members of the County Executive's ethnic advisory committees to partner with us and recruit cosponsors.
- The Volunteer Center has saved staff time and obtained better data through the effective use of a new online survey evaluation tool.
- The Volunteer Center continues to consolidate its programs to improve productivity. The Weekend/Evening program was consolidated into a new, streamlined group volunteering program, that links with the new Montgomery Volunteer newsletter.
- OCP and the Volunteer Center have led the way in promoting volunteerism throughout the County and dramatically increasing numbers of volunteers at countywide service days.

Economic Development

- The new Salesforce Database will be fully implemented by the end of FY09, and will increase reporting accuracy for all data collected by the Department and create greater synergy with client based services.

Emergency Management and Homeland Security

- Implemented a new Information Technology Initiative for a Hazardous Material Permitting web-based application and processing that reduced staff time for entering data on chemicals stored by site.

Environmental Protection

- Increased the accuracy of impervious area maps through enhanced GIS analysis, resulting in a more accurate assessment of the Water Quality Protection Charge.
- Reduced the average response time for addressing environmental enforcement cases by 15%, while maintaining customer satisfaction levels with DEP's response.
- Reduced the cost of the targeted street sweeping program by over $50,000 and increased the total amount of debris collected by modifying the street sweeping routes to focus on the more cost effective arterial routes and reduce the frequency of sweeping on residential routes.
- Added three real-time stream-flow gauges in the Clarksburg Special Protection Area, eliminating the need for field staff to maintain the gauges.
- Improved enforcement of the maintenance of privately owned stormwater facilities through the use of DataStream (an asset maintenance/management software system).

Fire and Rescue Service

- The Public Safety Training Academy is preparing to offer half of the EMT-B refresher course on-line instead of in the classroom setting. This will reduce the amount of staff time needed for instruction of the recertification classes and reduce instructor and classroom costs.
- This budget begins the civilianization of the Emergency Communications Center and the Code Enforcement program.
- Developed and implemented the Personnel Information Management System (PIMS) to better track data on volunteer service.
- The Public Safety Training Academy implemented on-line registration for classes, reducing staff work hours and use of paper products in the application process.

Fleet Management Services

- Leading a joint procurement, reverse auction for the purchase of unleaded gasoline with the potential of saving the County thousands of dollars over current gasoline contract pricing.
- Overseeing an outside audit on the Transit Equipment Section which will identify ways to improve efficiency while maintaining service and maximizing cost savings.
- Participating in a Federal EPA grant program to retrofit selected heavy duty diesel trucks owned by the County with emerging emission reduction technology to demonstrate application of emerging technologies and reduce truck diesel emissions.
- Revising preventive maintenance (PM) procedures for various Fleet equipment and implementing a comprehensive mechanic PM training program.
- Working towards an overall reduction in fleet size through assessment of under-utilized administrative vehicles.

General Services

- Digitize work processes saving paper, filing space and staff time.

Human Rights

- The IT application (Time Matters), allows staff to enter all hate/violence, Fair Housing testing, and neighborhood incident data to provide statistical analysis and enable the office to respond more efficiently to customer needs and public inquiries and to predict potential problem areas.
- This year, the office met its Fair Housing predatory lending testing goals.

Intergovernmental Relations

- The office will continue to place updated legislative information on the website, such as Montgomery County Priorities, making information more accessible to the public.

Liquor Control

- Added more features to DLC's website, such as a web-accessed price change notification sheet, quick access to monthly sales, depletion information for vendors, and easy access to weekly and monthly sales.
- Reengineered a number of processes to increase efficiency, such as the refining of the Escrow process to ensure deposits reflect 45 days worth of purchases and account replenishments occurs in a timely manner, and scanning licensing and accounts payable information for easy storage and retrieval.
- Obtained grant funding from a variety of sources, which has allowed for the development and implementation of a number of education campaigns promoting safe sales and service of beverage alcohol.

Management and Budget

- Automated departmental quarterly expenditure analysis process to reduce errors and increase efficiency.
- Implemented operating budget submission data integrity reports for departments. Allows greater assurance that existing disparate budget system information is consistent and accurate for expenditures by character and workforce. This ensures greater accuracy in department budget submissions and requires less OMB Analyst secondary review.

Parking District Services

- Lowered costs and incorporated technological advances in parking ticket database management and collection services through the competitive bid process.
- Implemented self-release booting program which will allow the public to remove a boot from their vehicle by paying delinquent tickets by credit card over the telephone.
- Credit card payment capability implemented at five garages.

Permitting Services

- Implemented the "One Map" project to integrate all plan review and inspection responsibilities in a single unified system-based map.
- Implemented the capability to systematically track all construction plans (plan tracking).
- Developed the capability for customers to electronically submit service requests (complaints) to DPS via the DPS web site.

Police

- Implemented the use of robotics in the Crime Lab to accelerate the process of performing DNA analysis on forensic evidence.
- Implemented a system to allow citizens to purchase vehicle collision reports on-line and pay by credit card.

Public Information

- Added a telephone message to the main phone line that connects callers directly to the proper staff.

Public Libraries

- Updated branch public computer images to make them more usable.
- Implemented "Circles of Support" concept to improve branch response to unexpected absenses and short-term staffing shortages.
- Implemented restructuring of Collection and Technology Management division to better focus on technology management, virtual services, collection development, and coordination with public services.
- Updated staffing structure of branches, providing each branch with a more uniform management and team leadership complement, and rebalanced branch staffs based on usage and workload data.

Recreation

- A recent public-private partnerships with the Eagle Scouts troop helped to build an 'Out to Lunch' ten foot patio at the Holiday Park Senior Center.

- A collaborative effort with Montgomery College produced an entirely new web page for the Holiday Park Senior Center. This will enrich the visibility and activity detail of the senior center offerings at the new site: www.holidaypark.us

Sheriff

- The creation of the FJC provides an integrated service delivery model. The FJC improves the safety of victims and provides centralized, coordinated intake, reducing duplication of services and improves communication between law enforcement and social service agencies.
- Developed an electronic imaging system to be used at the FJC to share non-confidential information among public safety agencies and Department of Health and Human Services (DHHS).
- Private funding was provided by the Verizon Wireless HopeLine Grant through the Montgomery County Family Justice Center Foundation, Inc. to procure video conferencing equipment for the Center. This video technology, once approved by the Maryland Courts, would accommodate the future implementation of video temporary protective order hearings at the FJC.

Solid Waste Services

- Reduced construction and demolition costs by diverting burnable waste to the Resource Recovery Facility and natural wood waste that can be recycled on-site at the Transfer Station. Shipping costs to landfill reduced by $30,000-$40,000.
- Began processing large-diameter bulky wood waste at the Transfer Station in October 2007, instead of shipping it to outside contractors to be processed; this material is now recycled on-site. This resulted in a substantial savings in transportation and recycling costs. Approximately 10,000 tons of bulky wood waste is processed into mulch each year.

Technology Services

- Increased remote access services to employees, contractors, and business partners totaling over 2,500 users.
- Incorporated an Application Proof of Concept (APOC) step into the DTS Project management methodology for large projects such as Correction and Rehabilitation Information System (CRIMS), States Attorney's Office (SAO) Case Management, and Department of Environmental Protection (DEP) Data-stream. This process resulted in much more leverage on vendors and allowed for iterative improvements in integration packages.
- Fourth-year of employing Server Virtualization (78% of servers virtualized), which involves abstraction of operating systems, hardware and peripherals. The server virtualization implementation results in an annual cost avoidance of $2 million and a four-year cost avoidance of $8 million.

Transit Services

- In FY10, Transit Services will be bringing on-line its new Fixed Route Scheduling software. This special-purpose, proprietary software optimizes transit schedules by minimizing the non-revenue time a bus is out on the street as well as minimizing a bus operator's non-productive driving time.
- Increased the use of online submissions for Annual Commuter Survey and Traffic Mitigation Plans.

Transportation

- Participation in the CountyStat Process to ensure more efficient coordination on County Projects.
- Required Critical Path Method scheduling by contractors and in monthly project reports to enable efficient review of contractor progress, allow early identification of potential delays and enhance the ability to develop recovery schedules in the event of slippage.

- Developed Storm Operations Center to improve storm response by bringing together improved technology and storm managers in one location. In all, the bundled technologies housed in the Storm Operations Center provide for more effective and efficient winter road operations.
- Continued to develop the skills and knowledge base of technician/support staff (i.e., engineering technicians) for the purpose of using field investigations and engineering judgment to solve as many complaints as possible rather than full engineering studies. This approach contributed to improving staff production and output in terms of the number of studies conducted per year.

Urban Districts

- Transfered funds for Bethesda Circulator from Transit Services to Bethesda Urban District saving staff time and electronic payment fees.
- Computerized field equipment and software in Silver Spring to assist Public Service Aides in collecting data and providing information for the citizens.
- Distributed information to Wheaton Urban District Advisory Committee and Wheaton Redevelopment Advisory Committee by electronic means only. Member orientation handbook was distributed on CD ROM.

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 FY09 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 Council of Governments (COG) Round 7.2 estimates, as prepared by M-NCPPC, 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, which was 949,600 in 2008, will continue to increase an average of approximately 10,800 persons each year throughout the next seven years reaching one million by 2013 and 1,025,000 by 2015. This reflects an average annual growth rate of 1.1 percent, which is below the average annual growth rate of 1.6 percent during the late 1990s.
- There were an estimated 356,000 households in the County in 2008 and current projections estimate the number of housholds to increase to 359,000 in 2009 and 362,000 by 2010. Household growth throughout the subsequent five years is now projected to grow at an average annual rate of 1.3 percent. As a result, current projections estimate 386,000 households by the by 2015.
- The County's senior population continues to grow with an estimated 104,591 persons 65 or older living here in 2005 and projected to increase to 134,838 by 2015.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to gradually increase, from an estimated 14,010 in 2009 to 14,880 by 2015.
- Montgomery County Public School enrollments are projected to increase moderately over the next six years. The County expects an enrollment increase of 4,432 students from FY10 to FY15.
- Montgomery College enrollments are projected to increase from 24,452 in September 2009 to 25,230 in September 2014 (FY15). These estimates are based on a continuation of growth in fall enrollment.

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 FY10 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

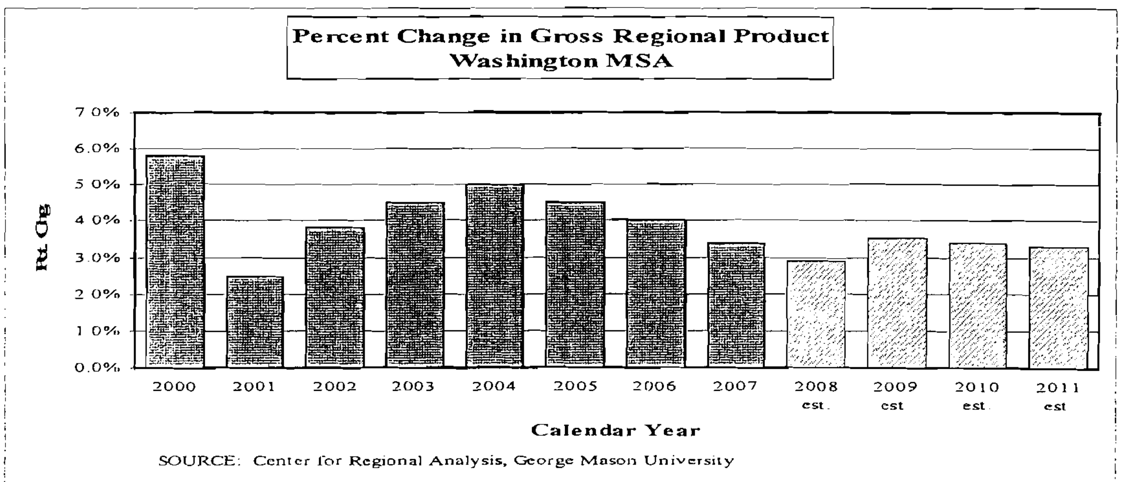
Revenue projections depend on the current and projected indicators of the national and local economy. National economic indicators also influence the County's revenue projections. Such indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include 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 large presence of the federal government, in terms of employment, procurement, and federal retirees, Montgomery County's economy, generally, does not experience the volatility that is experienced nationally.

The economic projections for the next six fiscal years assume a slow but sustainable growth rate. However, growth will be significantly weaker in the early part of this forecast period and dependent on the current forecasts for the national and regional 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.

The national economy experienced an economic slowdown during calendar year 2008. For the year, real gross domestic product (GDP) grew 1.1 percent, the lowest rate since 2001 (0.8%), with much of the growth attributable to consumer purchases of services (↑1.5%), investment in non-residential construction (↑11.5%), exports (↑6.2%), and federal government spending (↑6.0%). The slowdown in the national economy is attributed to declines in real GDP during the third and fourth quarters of 2008 (↓0.5% and ↓6.2%, respectively). According to the Federal Reserve's (Fed) *Monetary Report to the Congress* (February 24, 2009), real GDP is expected to decline between 0.5 and 1.3 percent in 2009. That range is based on the Fed's assessment of "further intensification of the financial crisis and its effect on credit and wealth, the waning of consumer and business confidence, the market deceleration in global economic activity, and weakness in consumer spending and employment."

According to data from the Center for Regional Analysis, George Mason University, the gross regional product (GRP) for the Washington Metropolitan area grew between 2.0 and 3.0 percent in 2008, and is expected to grow between 1.0 and 2.0 percent in 2009. The Washington Coincident Index, which represents the current state of the region's economy, decreased 7.8 percent in 2008 (Dec. '08 over Dec. '07) and was the second consecutive year that the index declined. The Washington Leading Index, which estimates the performance of the regional economy six to eight months ahead, decreased 3.0 percent in 2008 (Dec. '08 over Dec. '07) and confirms the projected slowdown in the GRP for 2009.

Although at a slower pace, the Washington region continued to experience job growth. Between 2003 and 2006, the region's economy added an average of nearly 59,800 new jobs per year which was significantly above 22,900 new jobs created in 2007 and 29,200 in 2008. From 2006 to 2008, the region's unemployment rate increased slightly from 3.1 percent in 2006 to 3.8 percent in 2008, one of the lowest among the nation's largest metropolitan areas.



Montgomery County experienced mixed economic activity during 2008. The primary reasons for the County's mixed performance were no growth in resident employment, the contraction of construction particularly residential construction, a dramatic decline in home sales, and decline in consumer spending. Resident employment at 498,043 in 2008 has not increased since either 2006 (498,078) or 2007 (498,279). Residential construction activity continued to decline in the County during 2008. The number of projects was down 8.3 percent from the previous year, the value added was also down for the second year in a row. Home sales in the County declined nearly 18 percent during the year compared to 2007 and average housing prices declined 8.4 percent after increasing 3.9 percent in 2007, 4.4 percent in 2006, and over 18 percent annually in both 2004 and 2005. The unemployment rate increased from 2.5 percent in December 2007 to 3.9 percent in December 2008.

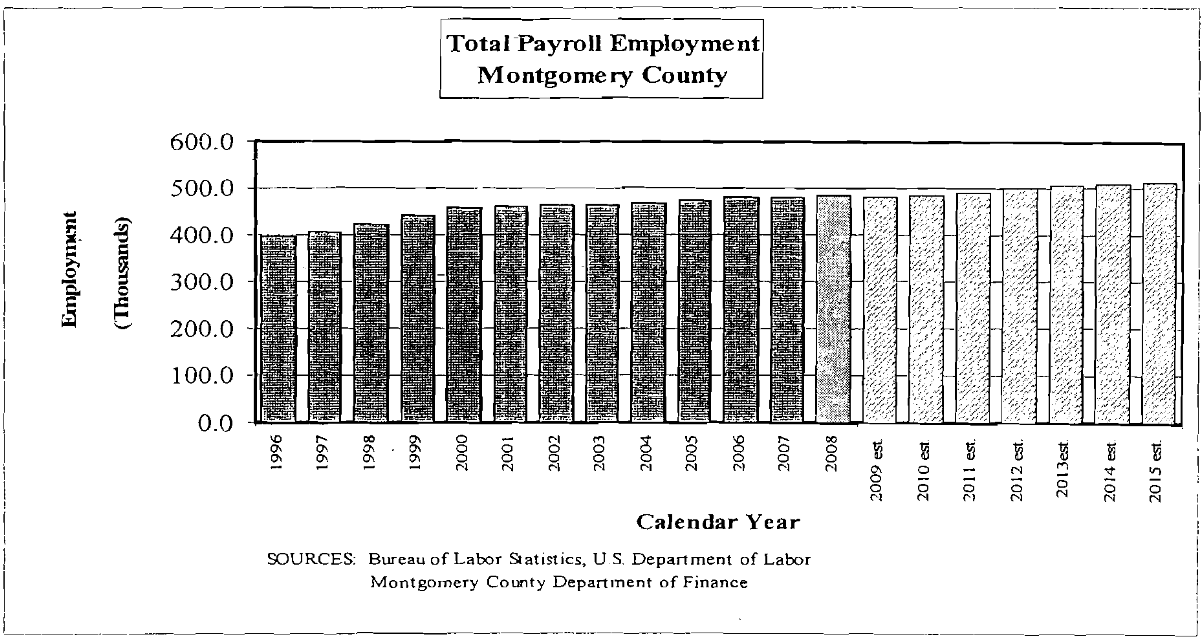
It is against this backdrop of weaker economic growth, a significant decline in home sales, and weak construction activity that the Department of Finance (Finance) estimates a decline in employment in 2009, a slight deceleration in the growth of total personal income, and much lower yields on investment attributed to the policy of the Federal Reserve Board through calendar 2008.

Employment Situation

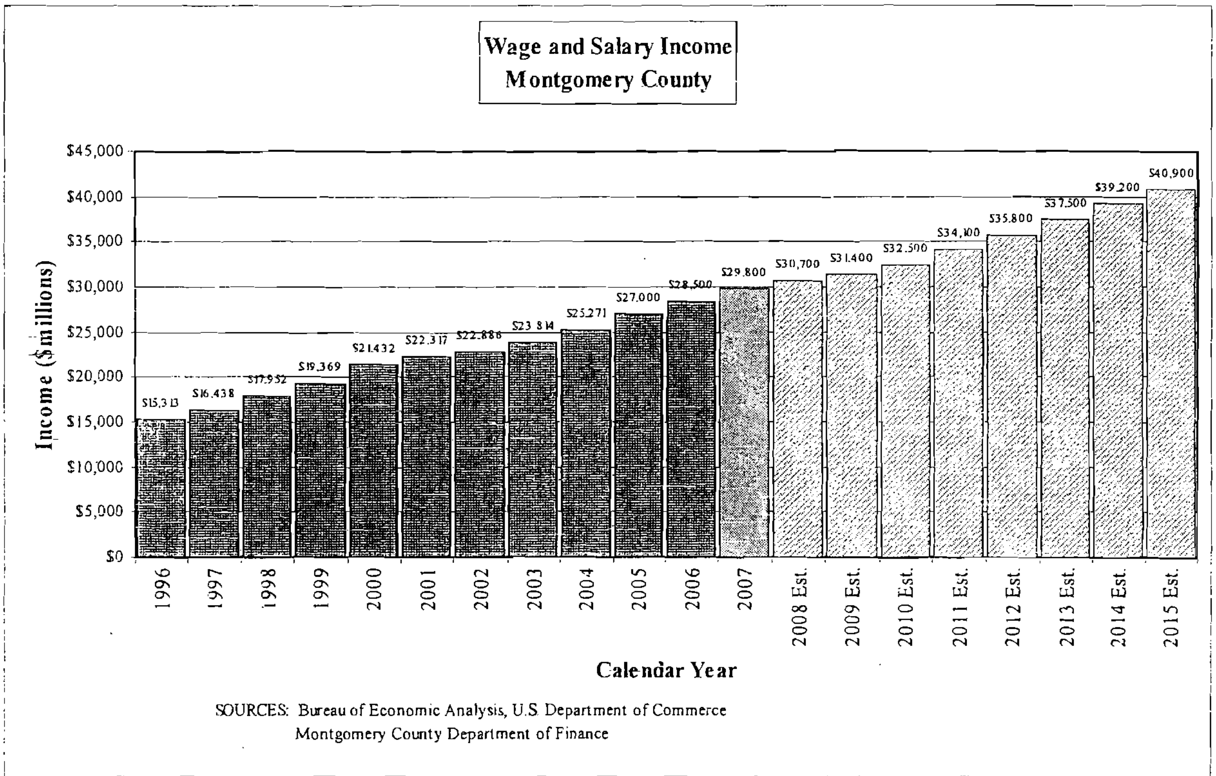
During the past thirteen years, total payroll employment in Montgomery County, which is based on the survey of establishments, experienced two distinct cycles: significant growth from 1996 to 2000 of 3.59 percent per year, and a period a weak growth between 2000 and 2008 with an average annual growth rate of 0.65 percent. The Department of Finance (Finance) assumes payroll employment to grow, on average, 0.88 percent per year between 2008 and 2015. In terms of the number of jobs added to the County's total payroll employment, an average of 4,350 new jobs are added each year between 2008 and 2015, well below the average of 7,065 per year between 1996 and 2008.

Based on data derived by Finance, the County's employers added only 1,800 jobs (↑0.4%) in 2008. While payroll employment made modest gains during this period. Data from the labor force series reported that employment based on place of residence rather than place of employment experienced virtually no increase in 2008. While resident employment experienced no growth, especially in the final four months of 2008 when employment among County's residents declined by nearly 5,600 compared to the same period in 2007, the unemployment rate for the County increased. For the entire year, the County's unemployment rate was 3.2 percent – up from the 2.7 percent in 2007. The low unemployment rate compared to the State and the nation suggests that the public sector is providing a stable foundation against significant labor market volatility experienced at the national level.

Based on this assessment of the employment situation in Montgomery County, the Department of Finance assumes that payroll employment will decrease 0.4 percent in 2009 followed by an increase of only 0.3 percent in 2010. Employment among County residents is expected to decline 0.3 percent in 2009 and increase 0.8 percent in 2010. However, the number of jobs is one indicator of the County's labor market, the other factor is the growth in wages and salaries.



From 2000 through 2008, average weekly wages are expected to have increased from $840 to $1,210 – an average annual increase of 4.67 percent. Finance estimates that average weekly wages will increase to $1,575 by 2015 – an average annual increase of 3.84 percent. Since Finance assumes wage and salary income to grow 4.10 percent per year between 2008 and 2015, total wage and salary income is expected to reach $40.9 billion dollars by 2015.



As a result of modest job growth and gains in wages and salaries, Finance assumes that total personal income grew only 3.8 percent in 2008 compared to 6.6 percent in 2007. Total personal income is assumed to grow at an average annual rate of 4.5 percent between 2008 and 2015, which is lower than the ten-year average of 5.8 percent between 1998 and 2008.

Construction Activity

Construction is a cyclical activity that can have a significant effect on a local economy and employment owing to secondary and tertiary effects on construction supply and service industries. Permits and starts are key indicators of the near-term economic condition of the housing industry and are considered leading indicators for the local economy. Of lesser note, new single-family home sales and construction outlays are important indicators for monitoring the level of current investment activity. Construction starts measure initial activity as opposed to permits, which measure planned activity. However, permits and starts closely track each other and therefore, a four-month moving average provides a more reliable indicator of the housing trend compared to month-to-month changes. The primary source of construction data is McGraw-Hill Construction, formerly known as Dodge Analytics.

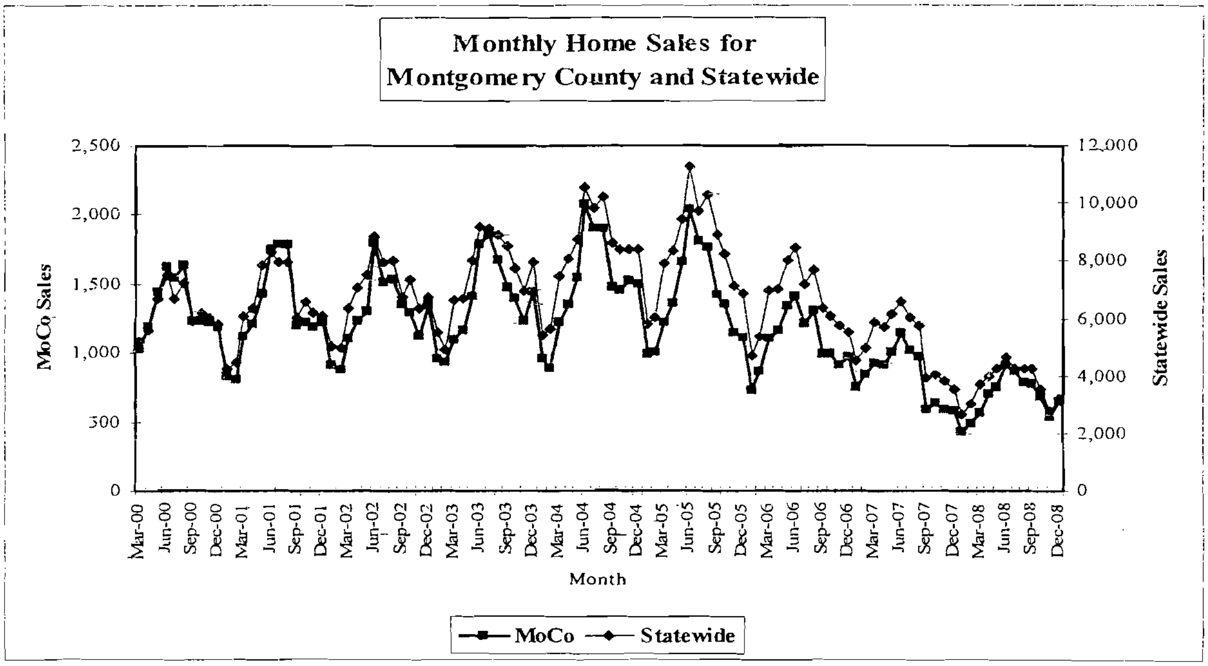
The value of new non-residential construction in the County added to the property tax base increased 71.5 percent in calendar year 2008 from $693.7 million to $1,189.4 million. The dramatic increase in the value was led by two hospital and health facilities ($615.8 million). Excluding those facilities, the additional value of non-residential construction declined 17.3 percent. In 2008, the value of new commercial activity declined 21.5 percent to $319.2 million compared to 2007 ($406.4 million). The value of other non-residential construction, which includes manufacturing, education and science, hospital and health treatment facilities excluding the two health facilities, added to the property tax base decreased 11.5 percent in 2008 from $287.3 million to $254.4 million.

The decline in non-residential construction can be attributed to an increase in the vacancy rate for Class A property in the fourth quarter of 2008 to its highest level since the first quarter of 2005. While that rate is slightly below the regional average of 11.0 percent, it represents an uninterrupted series of increases that began in the second quarter of 2006.

The value of additional residential property declined 40.2 percent in 2008, which followed a modest increase of 0.8 percent in 2007. The value of new residential construction stood at $430.1 million in 2008, which was significantly below the previous five-year annual average of $712.7 million. Because of the high inventory-to-sales ratio for existing homes experienced in 2008, Finance assumes that the value of new residential construction will decline in calendar year 2009 to the level experienced prior to the housing construction boom that began in 2001.

Residential Real Estate

Sales of existing homes in Montgomery County continued to decline significantly in terms of volume and average sales price in 2008. Home sales in Montgomery County declined 17.8 percent in 2008, which followed declines of 20.5 percent in 2006 and 23.4 percent in 2007. For the first time in over a decade, average home prices declined 7.6 percent in 2008, which followed increases of 4.4 percent and 3.9 percent for 2006 and 2007, respectively. The large drop in sales was reflected in the dramatic increase in the inventory-to-sales ratio. For example, there was an increase in the ratio from one seller to one buyer in June 2005 to a ratio of eight sellers to one buyer by December 2008.



Retail Sales

Using sales tax receipts as a measure of the level of retail sales for the County, purchases of durable and nondurable goods adjusted for the rate increase from 5 percent to 6 percent decreased 12.2 percent in 2008 compared to decreases of 4.6 percent in 2006 and 8.7 percent in 2007. The sale of nondurable goods, which includes food and beverage, apparel, general merchandise, and utilities and transportation, increased 1.1 percent.

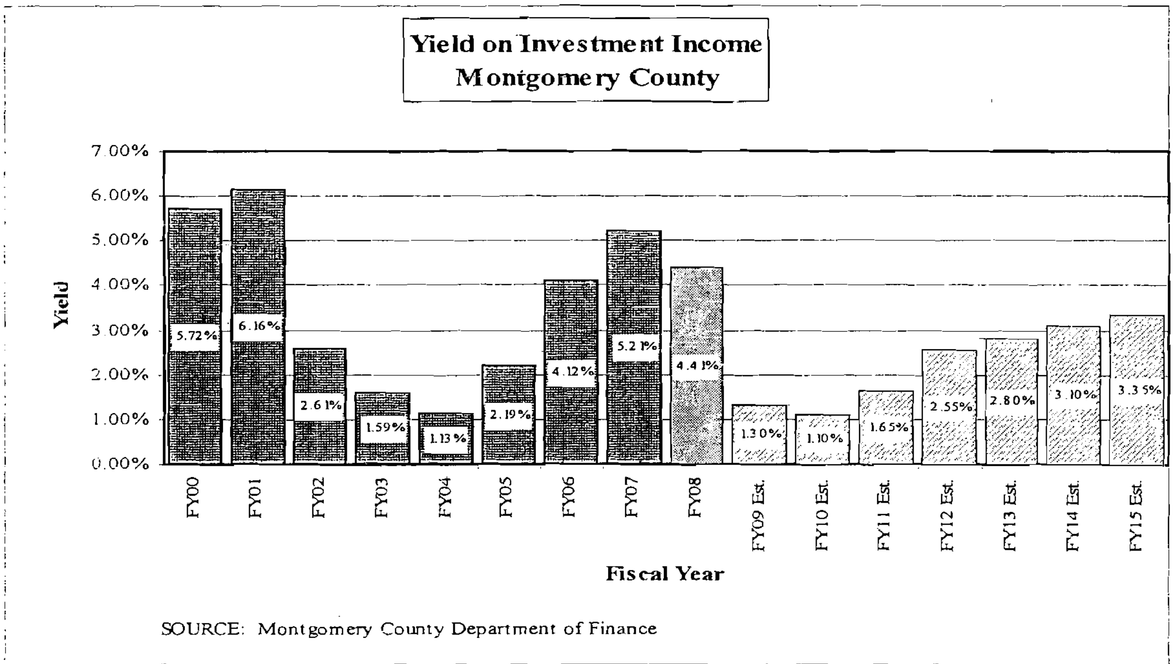
Sales of utilities and transportation (↑7.3%) and food (↑0.3%) led purchases of nondurable goods in 2008. Sales of furniture and appliances (↓18.5%) and hardware, machinery, and equipment (↓11.4%) led the decline in purchases of durable goods.

Consumer Prices and Inflation (annual rates)

As measured by the Consumer Price Index for All Urban Consumers (CPI-U), inflation in the Washington-Baltimore consolidated statistical metropolitan area was slightly above the national average in 2008 (4.5% compared to 3.8%, respectively). While overall price increases were largely attributed to high energy prices during the first half of 2008, the "core" inflation rate, which is the CPI excluding the volatile food and energy prices, increased 2.9 percent for the region compared to the nation's 2.3 percent. Finance assumes that the overall inflation rate, which is the percent change in the annual regional index, will moderate gradually from 4.5 percent in 2008 to 2.5 percent by 2015.

Interest Rates

Beginning September 2007 to January of this year, the Federal Reserve Board, through its Federal Open Market Committee, has aggressively cut the effective target rate on federal funds from 5.25 percent to a range of 0.00-0.25 percent. The ten rate cuts were in response to the credit crisis that has significantly affected the financial markets (both bonds and stock markets) and the national economy since the summer of 2007. Based on data from the Federal Funds futures market (Chicago Board of Trade), Finance assumes that the FOMC will maintain its current position of an effective target rate of 0.00-0.25 percent through the first three quarters of calendar year 2009 at which time interest rates may increase modestly during the final quarter of this year. Since the yield on the County's short-term investments are highly correlated with the federal funds rate, Finance estimates that the County will earn an average yield of 1.30 percent on its short-term portfolio for FY09 and 1.10 percent for FY10 – the lowest yield since FY04.



SOURCE: Montgomery County Department of Finance

REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program 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 were designed and intended to provide guidance prior to the preparation of the recommended budget as to the level of expenditure that is affordable based on the latest revenue estimates.

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; 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 provide the allocations of annual resources to the Capital Budget as planned for in the County Executive's Amendments to the FY09-14 CIP (as of January 15, 2009). Current revenue adjustments to the January 15, 2009 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 FY08 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 transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy. 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. These are offset by transfers from non-tax supported funds, the largest of which is the earnings transfer from the Liquor Control Fund to the General Fund and the transfers for indirect costs from the non-tax supported funds. 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 Amendments to the FY09-14 Capital Improvements Program (as of January 15, 2009). 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 52 percent of the CIP is funded with 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.

In accordance with the County's Fiscal Policy, these obligations are expected to stay manageable, representing less than 10.0 percent of General Fund revenues. Maintaining this guideline ensures that taxpayer resources are not overextended during fiscal downturns and that services are not reduced over time due to increased Debt Service burdens.

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, 2008, is 1.2 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

Mandatory contributions to the Revenue Stabilization Fund (Rainy Day Fund) are made if certain revenues increase above their budgeted projections and/or if projected revenue growth is stronger than in a selected historical period. Revenues include County Income Tax, Transfer Tax, General Fund Investment Income, and Recordation Tax excluding the amount dedicated to the MCPS CIP and College information technology projects. The projection assumes that no mandatory transfer will be made to this fund at the end of FY09 leaving a fund balance of $119.6 million, which is the result of lower than previously estimated income tax, transfer and recordation taxes, and investment income. Because of higher than expected revenue collections in ten of the twelve previous fiscal years (FY97-FY02 and FY04-FY07), in addition to the two discretionary transfers made in FY95

($10.0 million) and FY96 ($4.5 million), the Revenue Stabilization Fund reached its maximum allowable fund size of $119.6. There were no funds available in FY08 to transfer to the Fund as the mandatory contribution.

Since the fund has reached more than half of its maximum fund size, interest earned from the fund must fund PAYGO expenditures in the CIP fund. The estimate of the interest in FY09 is $1.6 million. A similar funding of PAYGO from earned interest was made in FY02 ($2.2 million), FY03 ($1.3 million), FY04 ($1.1 million), FY05 ($2.4 million), FY06 ($4.7 million), FY07 ($6.2 million), and FY08 ($5.8 million). Due to a projected growth in revenues, the maximum allowable fund size is projected at $161.1 million by FY15. However, barring future discretionary or mandatory contributions to the fund, the fund will remain at the current $119.6 million level through FY15.

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 total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "Rainy Day Fund"). For tax supported funds in FY10, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund will be 5.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance). Future year projections assume restoration of total tax supported reserves to 6.0 percent of total resources.

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 39.7 percent and 32.0 percent, respectively, of the estimated total tax supported revenues in FY10. The third category is the combined real estate transfer and recordation taxes with a 3.3 percent share. In fact, these three revenue sources represent 73.2 percent of total tax supported revenues. 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.

In the late 1990s and early 2000s, the property tax stood in the shadow of the income tax in terms of growth. In fact, in FY99 measured by General Fund revenues, the income tax surpassed the property tax for the first time as the largest tax source in the County. At the time, the low single-digit growth in property tax revenue was dwarfed by the double-digit growth in the income tax. But with all this explosive growth in the income tax also came considerable volatility. For that reason, it was a welcome sign to observe that the property tax – the most stable of all revenue sources – gained considerable ground at a time that the income tax experienced considerable weakness. Because of adhering to the Charter Limit through tax rate cuts and income tax offset credit, the growth rates in property taxes were lower than would have been under current rates. Due to the recent economic weakness affecting the income tax, FY10 marks the second consecutive year since FY99 in which the property tax returns to the position as the largest tax supported revenue source.

Property Tax

Using proposed rates and a recommended $690 credit to meet the Charter Limit, total estimated FY10 tax supported property tax revenues of $1,438.7 million are 5.3 percent above the revised FY09 estimate. The general countywide rate recommended for FY10 is $0.661 per $100 of assessed real property, while a rate of $1.652 per $100 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates. 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 vote of 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 reassessments grew faster than the rate of inflation during the previous six fiscal years, current rates generate revenues that are $168.9 million above the Charter limit for FY10 assuming the income tax offset (rebate) is used to achieve the Charter Limit. The County Executive's proposal to recommend an income tax offset credit (rebate) of $690 for each owner-occupied residence reduces property tax revenues in FY10 by $168.9 million below what the FY09 rates would have generated. As a result, property tax revenues in FY10 are reduced sufficiently to eliminate the variance between revenues at current rates and at the Charter Limit.

The countywide total property tax assessable base is estimated to increase 6.9 percent from a revised $162.6 billion in FY09 to $173.8 billion in FY10. The base is comprised of real property and personal property. In FY10, the Department of Finance estimates real property of approximately $169.8 billion with the remaining $4.0 billion in personal property. The growth in the total property base has fluctuated significantly over time, with an average of 10.2 percent growth during the late 1980s and early 1990s, followed by considerable deceleration with base growth generally close to an average 3.0 percent between FY93 and FY99. In FY00, the total property tax base increased 2.8 percent and since that time, it has improved steadily reaching 11.2 percent by FY08. Reflecting changes in new construction and a dramatic pick-up in reassessments, the real property tax base is expected to grow a revised 11.5 percent in FY09 and 7.0 percent in FY10.

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. Because of the different phase-ins of increases and declines during periods of modest reassessment growth, the reassessment cycle for a particular group may produce either no growth or a decline in the first year, followed by reassessment gains in the two subsequent years. The decline in reassessments effective for FY10 for Group III of 10.6 percent (↓16.3% for residential and ↑6.0% for commercial) follows growth in reassessments for Group II of 16.2 percent (↑14.6% for residential and ↑23.2% for commercial properties). The increase follows growth in reassessments for Group I of 43.4 percent (↑44.2% for residential and ↑36.4% for commercial).

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. Due to strong reassessment growth in the late 1980s and early 1990s, this assessment limitation credit topped the $2.5 billion mark in FY92 (using the current 100 percent full cash value method). As growth in home prices decelerated in subsequent years, reassessments either declined or grew less rapidly. The homestead tax credit reflected this trend, with the aggregate credit dropping steadily to $48 million in FY01. However, as the real estate market rebounded in the County starting in the late 1990s, home prices rose at a faster clip causing a sharp increase in reassessments. This is reflected in an increase in the credit to $1.33 billion in FY04, $3.80 billion in FY05, $8.47 billion in FY06, $14.95 billion in FY07, $21.46 billion in FY08, $23.75 billion in FY09, which is an all time record, and declining to $15.2 billion in FY10. The outlook for the remainder of the six-year forecast period is for the homestead tax credit to continue its sharp decline through FY12.

Decreases in the personal property base between FY04 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 new depreciation rules (e.g., for computer equipment). Personal property includes public utility equipment, business furniture and equipment, and computers. Finance estimates that the corporate personal property base is projected to increase 0.7 percent in FY10. The public utility portion, which accounted for 38.4 percent of the personal property base in FY08, is projected to increase 0.3 percent in FY10.

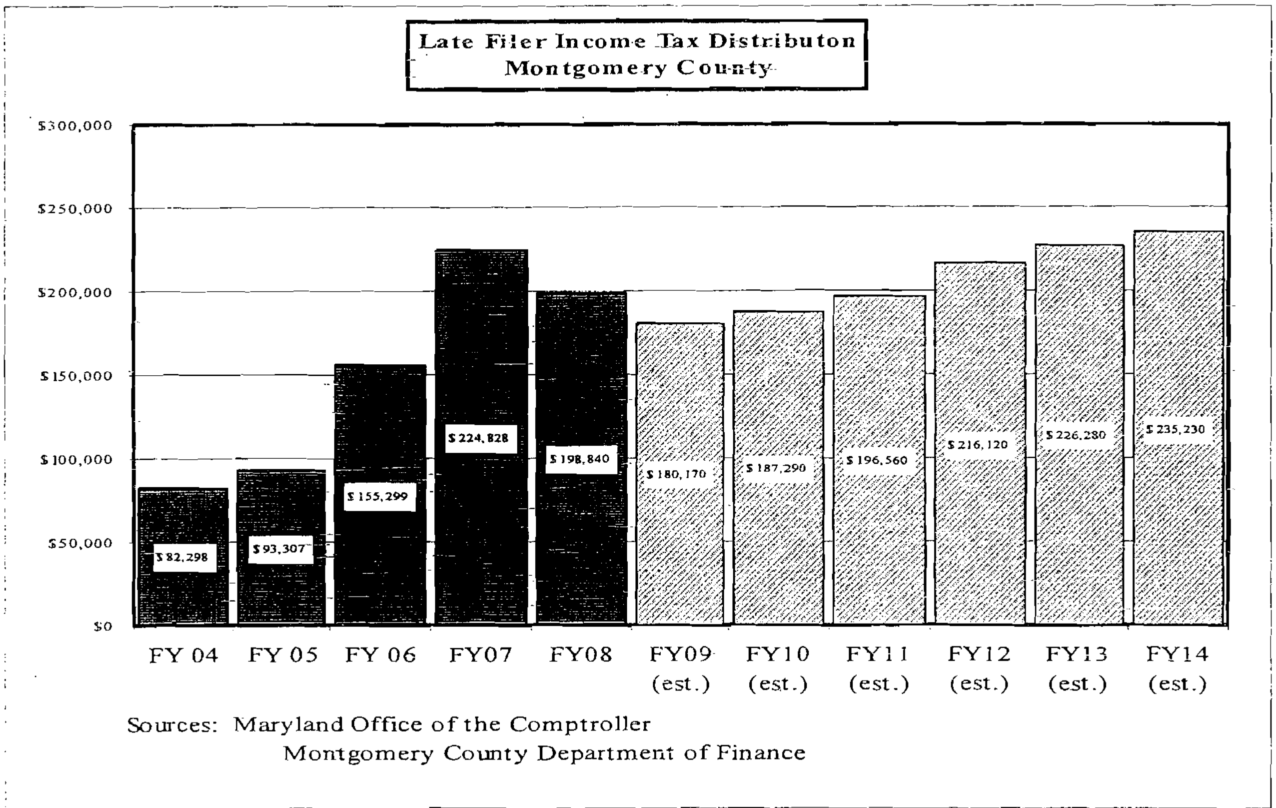
The real property base of $169.8 billion in FY10 is estimated to grow $11.2 billion compared to a revised FY09 estimate, the result of $1.7 billion addition to the base from new construction, and $0.9 billion in reassessments, offset by an $8.5 billion decline in the homestead tax credit. The level of new reassessments in FY10 is attributed to the dramatic decline in Group III reassessment rates. Construction is projected to increase modestly in FY10, and is expected to gradually decrease over the next five fiscal years reaching $1.5 billion by FY15. Similarly, reassessments remain the largest contributor to the taxable base during this six-year forecast period. Reflecting a one-year phase-in of the 16.3 percent decline in residential reassessments for Group III and a decline of 7.6 percent for Group I in FY11 (levy year 2010) and another 1.9 percent for Group II in FY12 (levy year 2011), growth in the total assessable base is projected to steadily moderate to 7.3 percent by FY11 and 3.3 percent by FY12.

Income Tax

Estimated FY10 income tax revenues of $1,214.8 million are 5.2 percent below the revised FY09 estimate. Growth slowed during the early part of the decade reflecting moderation in the trend attributed to very weak growth in County employment -- an average annual growth rate of 0.5 percent between calendar years 2001 and 2003. For example, adjusted for the rate cut, the percent change in withholdings and estimated payments declined steadily from a peak of 10.5 percent in tax year 2000 to an annual average growth rate of 0.9 percent between tax years 2001 and 2003. However, since 2003 withholdings and estimated payments rebounded with an increase of 10.5 percent in 2004, 5.0 percent in 2005, 13.4 percent in 2006, 13.0 percent in 2007, but decelerated to 1.5 percent in 2008.

Since, during any one fiscal year, the County receives income tax distributions pertaining to at least three different tax years, it is important to analyze the data on a tax year basis. During the 1990s, average annual tax liability grew considerably slower in the first half (7.5 percent) of the decade compared to the second half (10.4 percent). During the second half of the 1990s, quarterly income tax distributions grew rapidly, with ten percent growth rates in the years 1997 through 1999. However, such growth decelerated rapidly to only 6.8 percent in 2000, 1.1 percent in 2001, 1.4 percent in 2002, and 0.3 percent in 2003. Following a subsequent economic and stock market rebound and the County Council raising the local tax to the maximum rate of 3.2 percent, effective tax year 2004, revenues from withholdings and estimated payments increased 19.9 percent, 5.0 percent in 2005, 13.4 percent in 2006, and 13.0 percent in 2007.

In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from late filers who had underestimated their tax liability jumped to unprecedented levels during the late 1990s and 2000. For example, while a total of only $37.0 million was received for tax year 1990, that amount gradually increased and peaked at $192.4 million in 2000, but fell sharply in the two subsequent years to $98.0 million by 2002. Since that time, revenues from later filers have rebounded dramatically reaching $127.0 million in 2003, $183.0 million in 2004, $227.9 million in 2005, declined to $198.9 million in 2006 and declined to $179.2 million in 2007. As taxpayers underestimate their tax liability from, generally, non-employment related earnings, additional payments are made when tax returns are filed. Taxpayers with more complicated tax returns, reflecting significant non-employment related earnings such as stock options and capital gains (from either the stock market or real estate), increasingly file for an extension. However, recent federal tax law now allows a taxpayer to get a six-month extension rather than a four-month extension with a request for an extra two months. Since taxpayers now file for one extension (through October 15th), income tax receipts from late filers are distributed to the County primarily in November and to a lesser degree in January. These late filer distributions reflect significant shifts in one-time tax liability and, thus, represent the most volatile component of the income tax. Even though, in aggregate, this tax liability may continue to shift over a longer period of time, the shift remains one-time in the sense that tax liability changes as a result of the one-time exercise of a stock option or sale of stock or real estate at a price that is different from the original issuance or purchase. Once that action has been taken, gains (or losses) are recognized, with no addition to future tax liability. By contrast, employment growth is an addition to the base that increases tax liability through wage growth in future years and is, thus, a more predictable indicator of future revenue growth.



In the 2007 Special Session, the Maryland General Assembly enacted the Tax Reform Act of 2007 which made major changes to the income tax law effective January 1, 2008. Major changes to the income tax established new tax rates and rate brackets, and new exemption amounts, The new tax rates range from 2.0 percent for the lowest taxable income brackets (<$1,001) to 5.5 percent for the highest taxable income (>$500,000) . The second major change established new exemption amounts ranging from $2,400 for incomes at or below $175,000 for taxpayers filing joint, surviving spouse, and head of household returns, (at or below $125,000 for other taxpayers) to $600 for incomes in excess of $250,000 for taxpayers filing joint, surviving spouse. Because of the changes to the exemptions, the State estimated that the County may lose income tax revenues from the County's income tax. Finance assumed that the new law will have little affect on County income tax revenues in FY08 but adjusted its estimate starting in FY09 based on data provided by the State.

Transfer and Recordation Taxes

Estimated FY10 revenues of $123.4 million, which excludes the school CIP portion, condominium conversions, and partial revenues from recordation taxes from transactions above $500,000, are 9.6 percent above the revised FY09 estimate. This reflects an FY10 estimate of $65.0 million in the transfer tax and $58.4 million in the recordation tax, of which $12.6 million is attributed to the 2008 enactment of legislation by the Maryland General Assembly regarding the taxation of controlling interest. Transfer and recordation tax revenues have fluctuated greatly over time and primarily reflect shifting trends in the real estate market. In FY08, 85.7 percent of transfer tax revenue came from the residential sector compared to 87.7 percent in FY04, 85.5 percent in FY05, 83.6 percent in FY06, and 87.1 percent in FY07. 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. Through FY02 the recordation tax was generally $4.40 per $1,000 of the value of the contract (0.44%). Beginning in FY03, the recordation tax rate was raised to $6.90 per $1,000 of the value of the contract with the first $50,000 of the consideration exempted from the tax for owner-occupied residential properties (0.69%). The Council earmarked the revenues attributed to the rate increase for school capital programs and 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.

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 wages and salaries, 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, and financing costs. The volatility in revenues from the transfer and recordation is best illustrated in the trend since FY99. The growth rate in the number of residential transfers slowed to 7.5 percent in FY00 when the number of residential transfers peaked at nearly 22,000, decreased 4.5 percent in FY01 (21,005), increased 12.5 percent in FY02 (23,633), decreased 3.6 percent in FY03 (22,771), increased 9.3 percent in FY04 (24,897), increased modestly to 3.8 percent in FY05 (25,852), but declined 7.9 percent in FY06 (23,803), declined 22.7 percent in FY07 (18,389), and declined 28.9 percent in FY08 (13,066). While the number of residential transfers exhibited significant volatility since FY99, the acceleration in home prices during FY04, FY05, and FY06 had a significant effect on revenues and partially offset the volatility in the number of transfers especially in FY06. Due to the strong demand for new and existing homes, property values increased such that total transfer taxes from the residential sector increased 29.6 percent in FY04, 20.3 percent in FY05, and 6.5 percent in FY06.

However, conditions in the real estate market for Montgomery County began to weaken in FY06 and deteriorated further in FY07 and continued into FY08. Home sales declined 15.7 percent in FY06, 21.4 percent in FY07, and 31.3 percent in FY08. Finance assumes that the number of residential transfers will decline 12.8 percent in FY09 and increase a modest 3.6 percent in FY10. Average sales prices decelerated in FY07 (↑2.0%) and FY08 (↑0.4%). Finance estimates that average prices will decline 11.6 percent in FY09. Because of the projected decline in the number of transfers and a decline in average prices, revenues from the residential portion of the transfer tax are expected to decrease 25.0 percent in FY09 but increase 7.8 percent in FY10.

At the same time that revenues from the residential portion of the transfer tax experienced significant growth since FY99, revenues from non-residential properties experienced a more medium-term cyclical pattern that began in FY99. Beginning in FY99, revenues from non-residential property (excluding farms and rezoning) declined for three consecutive years: -36.2 percent in FY99, -2.6 percent in FY00, and -17.3 percent in FY01. However, based on a healthy commercial boom since FY01, non-residential transfer taxes recovered in FY02 (↑3.0%), FY03 (↑18.6%), FY04 (↑33.9%), FY05 (↑48.5%), and FY06 (↑13.4%). By contrast, in FY07 revenues from non-residential properties declined 49.2 percent, increased 1.8 percent in FY08 and projected to decrease another 35.2 percent in FY09 before rebounding in FY10.

Recordation tax revenues (excluding the school CIP portion) generally track the trend in transfer tax revenues. More recently, the relationship increased to 71.0 percent of transfer tax in FY04, declined to 65.6 percent in FY05, but increased to 66.2 percent in FY06, 68.0 percent in FY07, and 68.0 percent in FY08. Revenues from the recordation tax increased 35.7 percent in FY02, 17.7 percent in FY03, 27.8 percent in FY04, 13.9 percent in FY05, and 9.8 percent in FY06, before declining 24.5 percent in FY07 and 24.8 percent in FY08. The revised estimate for FY09 reflects a decrease of 4.4 percent reaching $52.3 million, although conditions are expected to improve in the next year resulting in an increase of 11.7 percent in FY10 to $58.4 million. The combined transfer and recordation taxes are projected to reach $123.4 million in FY10

Energy Tax

Estimated FY10 revenues of $130.4 million are 1.5 percent above the revised FY09 estimate. 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. Effective FY04, the previous rate schedule was increased threefold by the County Council on May 14, 2003. The rate schedule was changed again on May 20, 2004, with rates increasing 52.15 percent for FY05 and again with enactment of Resolution Number 16-553 on May 14, 2008. The resolution levied a carbon surtax by increasing the electricity, oil, and steam rates by 10.0 percent, increasing the natural gas rate by 5.0 percent, and increasing the coal rate by 20.0 percent. 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, Finance assumes that residential consumption as a percentage of total energy consumption will remain at 46.0 percent. Due to a different rate schedule, the share of receipts from residential users is approximately 27.2 percent of total collections, with the larger share received from the non-residential sector. Measured for all energy types, the two largest sources of revenues in FY08 were electricity (79.0%) and natural gas (19.3%). Since actual collections vary with weather conditions, a harsh winter weather increases usage of electricity, natural gas, and heating oil, while milder summer weather reduces electricity usage for climate control systems. The impact of weather patterns is partly offset by an expansion of the user base with more businesses and households. With a continuation of the "mild weather" pattern for the next fiscal year, the budget estimate for FY10 is projected to increase 1.5 percent.

Telephone Tax

Estimated FY10 revenues of $32.8 million are 4.0 percent above the revised FY09 estimate. The telephone tax is levied as a fixed amount per landline and per wireless line. 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 lines is $2.00 per month. With business expansion combined with a surge in new home sales in the County in FY00 and FY01, and an increased demand for second phone lines for computer access to the internet, collections from the telephone tax grew 12.0 percent in FY00 and 4.1 percent in FY01. With the slowdown in the local economy during FY02 and FY03 and alternative computer internet access, collections declined 5.8 percent and 8.6 percent, respectively. Assuming modest growth in businesses and households, revenues are expected to increase 4.0 percent in FY10 primarily due to an increase in cellular telephones. Reflecting, in part, modest growth in new household and business formations, the outlook for FY10 through FY15 is for revenues from wireless communication to increase at a slower rate attributed to a deceleration in the rate of household formations and a growing saturation of the market for wireless devices while the number of landlines are expected to experience no growth in FY10.

Hotel/Motel Tax

Estimated FY10 revenues of $20.0 million are 6.9 percent above the revised FY09 estimate. The recommended budget includes a proposal to require certain brokers to collect and remit to the County a room rental tax on certain transients. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of 7 percent in FY09 is also assumed for FY10. In FY97, the rate was increased from 5 percent to 7 percent with the increase earmarked for funding the Montgomery County Conference Center located in North Bethesda. 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. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county. Reflecting improved economic conditions during the mid and late 1990s and the presidential primaries and presidential inauguration during 2000 and early 2001, respectively, spurred both business travel and tourism, hotel occupancy rates grew from 67.1 percent in FY96 to a record high 72.1 percent in FY01 declining to 64.8 percent in FY08. The second component – average room rate – grew at an average annual rate of 4.4 percent between FY95 and FY08 to a record $134.70. The third component that makes up revenues – room supply – grew at an average annual rate of 1.5 percent from FY95 to FY08. As a result, total hotel revenues more than doubled between FY95 and FY08 to over $17.8 million.

Because of the economic slowdown in the County and the national recession that began in December 2007, the average occupancy rate is expected to decrease slightly from a revised 64.8 percent in FY08 to 64.7 percent in FY09, notwithstanding the brief jump in occupancy during the Presidential inauguration, and 64.6 percent in FY10. Room rates are expected to climb to $137.14 in FY09 and $143.00 in FY10 as a countywide average, resulting in 5.7 percent growth in the hotel/motel tax in FY10 which follows a revised estimate of 5.3 percent growth in FY09. Long-term estimates are tied to projected room occupancy and rate increases, partially reflecting the forecast of inflation and population growth that result in annual projected revenues through FY15 in the $21.3 million and $26.2 million range. The Montgomery County Conference and Visitors Bureau is funded, in part, through a 3.5 percent share of the hotel/motel tax.

Admissions Tax

Estimated FY10 revenues of $2.1 million are 3.9 percent above the revised FY09 estimate. 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 FY08, coin and non-coin-operated amusement devices accounted for 26.0 percent of total collections, while other major categories include golf green fees, driving ranges and golf cart rentals (26.5%), and motion picture theaters (29.4%). Revenues for the period FY11 through FY15 are expected to average $2.1 million.

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 $833.0 million in FY10. This is a $65.3 million increase, or 8.5 percent, from the revised FY09 estimate, reflecting increases in intergovernmental revenues (↑8.5%) and fees, licenses, fines, etc. (↑13.7%). Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues.

General Intergovernmental Revenues

General 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 FY10, unless those estimates assume a change in existing law. 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 State aid policy may change. The projection does not assume that State aid formulas will necessarily remain in place. It is assumed that State aid will increase with either the projected rate of inflation, by an amount based on the projected increase in County population, or a combination of those two factors. The Recommended Budget for FY10 assumes a $48.7 million, or 8.5 percent, increase in Intergovernmental Revenues from the revised FY09 estimate, of which 75.4 percent is allocated to the Montgomery County Public Schools, 5.4 percent to Montgomery Community College, 5.3 percent to Highway User Revenue, 4.5 percent to direct reimbursements, and 3.7 percent to Mass Transit. Total Intergovernmental Aid is estimated to total $624.0 million in FY10 or 74.9 percent of all non-tax revenues.

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 FY10 assumes a 2.4 percent decrease over the revised projections for FY09, resulting in $11.9 million in available resources in FY10.

Charges for Services (User Fees)

Excluding intergovernmental revenues to Montgomery County public schools, Montgomery Community College, and college tuition, charges for services, or user fees, is the largest non-tax revenue source, especially when Enterprise Funds such as Solid Waste Collection, Solid Waste Disposal, Liquor Fund, M-NCPPC user fees, MCPS food service sales, and parking revenues are considered. Tax supported fee revenues come primarily from fees imposed on the recipients of certain County services including mass transit, human services, and recreation services and are included in the tax supported funds. Without rate increases, these revenues tend to show little growth although there is some variance because of weather, population changes, the economy, and changes in commuting patterns. However, it is the policy of the County to increase rates or fees to keep up with inflation. It is not always possible to achieve this goal for each fee, either because of market competition or because prices normally rise in rounded steps. The long-term estimates assume that rates will rise. The Recommended Budget for FY10 assumes 28.3 percent growth over the revised projections for FY09, resulting in $65.9 million in available resources in FY10.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light citations, speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY10 assumes that fines and forfeitures will increase 18.7 percent over the revised estimates for FY09, resulting in $38.0 million in available resources in FY10.

College Tuition

Although College tuition is no longer 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 Recommended Budget for FY10 assumes an increase of 3.4 percent over the revised projections for FY09 resulting in $71.1 million in available resources in FY10.

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 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 FY09 estimate of pooled investment income of $11.1 million assumes a 1.30 percent yield on equity and an average daily balance of $850.1 million. The FY10 projected estimate of $9.7 million assumes a decline to a 1.10 percent yield but a slightly higher average daily balance of $878.6 million. Reflecting robust growth in revenues in the second half of the 1990s, the amount of available funds for investments, measured by the daily cash balance, doubled between FY93 ($437.2 million) and FY00 ($890.5 million). As a result of weak economic and revenue conditions starting in calendar year 2001, the cash balance declined from $890.5 million to $566.0 million between FY00 and FY04. Because of the economic and revenue outlook, the cash balance rebounded to $710.2 million in FY05, $883.6 million in FY06, $930.5 million in FY07, and $971.4 million in FY08. Using current revenue projections, the daily cash balance is expected to decline from $971.4 million to $850.1 million in FY09 but rebound over the following six fiscal years to $1,036.3 million by FY15. Yields have fluctuated significantly over time. When the Fed tightened monetary policy in calendar years 1999 and 2000, yields jumped to 6.62 percent during the fourth quarter of calendar year 2000 – a ten-year high. On a fiscal year basis, yield rates increased to 6.16 percent in FY01. However, as the economy weakened significantly in calendar year 2001, the Federal Open Market Committee (FOMC) of the Federal Reserve initiated an aggressive monetary policy and cut the federal fund interest rate 13 times, reducing the rate from 6.50 percent at the onset of calendar year 2001 to just 1.00 percent by June 2003 – the lowest level since calendar year 1958. Not surprisingly, investment income yields followed interest rates on their downward trend, with the yield falling from 6.57 percent in December 2000 to 1.49 percent in December 2002. This 84 percent drop (or 554 basis points) in yield is the main reason for the 87 percent drop in investment income between FY00 and FY04. However, beginning in June 2004, the FOMC began to raise interest rates at a measured pace such that between June 2004 and June 2006, the target rate on federal funds increased from 1.00 percent to 5.25 percent. 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. The revisions to the FY09 estimate for pooled investments was revised downward to incorporate the 500-525 basis points (bps) drop in the federal fund rates since August 2007 while the federal funds futures market expects no rate adjustments until the latter part of calendar year 2009.

Other Miscellaneous

The County receives miscellaneous income from a variety of sources, the largest of which are rental income for the use of County property, operating revenue from the Conference Center, prior year encumbrance liquidations, abandoned vehicle auctions, and other revenues from current fund. These five categories make up 81.9 percent of the total $16.1 million projected for FY10. The projection for subsequent fiscal years assumes growth at the rate of inflation.

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
- Policies for debt management
- Policies for governmental management
- Policies for revenues and program funding
- Fiscal policy for user fees and charges
- Framework for fiscal policy

FISCAL CONTROL POLICIES

Balanced Budget

It is the fiscal policy of Montgomery County to balance the budget. No deficit may be planned or incurred.

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 three categories: Personnel Costs, Operating Expenses, and Capital Outlay; 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, and 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 principal costs related to the retirement of Commercial Paper Bond Anticipation Notes (BANs) when they are refunded with the proceeds of general obligation bonds; however, the interest costs for Commercial Paper/BANs are budgeted in the debt service budget.
- 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) 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 a phased-in portion of the 2008 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.

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.

DEBT MANAGEMENT POLICIES

Debt Management

The County will minimize debt service costs through the judicious use of available debt instruments, consistent with the desirability of maintaining stable current tax rates and distributing the costs of certain long-lived facilities among all users, present and future.

General Obligation Debt Incurred

The County will limit the amount of new general obligation debt it will plan for and issue in any six-year period to that which can be fully supported by its revenues under conservative fiscal and economic projections and which will reasonably assure retention of the County's highest credit rating (AAA) in national debt markets. Capital Improvements Program expenditures funded by County general obligation bonds and Park and Planning bonds are subject to spending affordability limits set by the County Council.

Revenue Bonds

Debt may be incurred, as authorized by law, based on the pledge of particular revenues to its repayment, in contrast to general obligation debt, which pledges general tax revenues. Revenue-based debt carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.

Lease Revenue Bonds

Debt or other financing instruments may be issued on behalf of the County by other governmental entities such as the Revenue Authority or a State agency. This debt or other instrument is generally supported by lease payments. Although these lease payments are subject to annual appropriation, they constitute a long-term obligation of the County that is similar to debt service payments. These types of lease payments have a direct impact on debt capacity, in that they should be considered comparable to debt service when comparing long-term obligations to total expenditures.

Bond Anticipation Notes (BANs)

The County will use short-term, interim financing techniques such as variable rate notes and commercial paper for the Capital Budget. Short-term financing is converted annually to long-term debt, thereby preserving the short-term status of these borrowing programs. This technique preserves working capital for use in funding the Operating Budget. It also provides flexibility with regard to the timing and the funding of capital expenditures.

Current Revenue Funding

The County will make use of available current revenues for pay-as-you-go funding of the CIP as a means of reducing the costs of debt service. When revenue levels permit, priority will be given to inclusion within annual budgets of additional cash payments for infrastructure over the amount of current revenues specifically designated to non-debt eligible capital projects. This is commonly referred to as "PAYGO" (pay-as-you-go) financing. The County will obligate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year.

Tax-Exempt Financing - Private Use

The County will support the private use of tax-exempt financing through Economic Development Revenue bonds, or such other instruments as are authorized by law, only when such financing: serves public objectives; has economic, fiscal, and social benefits for the County; and does not pledge either the full faith and credit or the taxing power of the County or its political subdivisions.

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 through 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

Where applicable, 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 total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "rainy day fund"). For tax supported funds, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund should be at least 6.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance).

An operating margin reserve (or unappropriated fund balance) will be budgeted for tax supported funds in order to provide sufficient funds for unanticipated revenue shortfalls or unexpected expenditure requirements.

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. Fifty percent of selected revenues in excess of budgeted amounts must be transferred to the Fund; discretionary contributions may also be made. Unless decided otherwise by six or more councilmembers, withdrawals may be made only under certain economic conditions and may be used only 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.

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 an affirmative 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 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 assure 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 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 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, has adopted one-year spending limits for WSSC. These spending control limits have included 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 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 generally 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 this lowest cost form of financing.

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 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, enjoyed by very few local governments in the country, 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 County general obligation debt may be issued in the six-year CIP period:

- 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.
- Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund operating budget. The General Fund excludes grants and other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the percentage of debt service would be below ten percent.
- 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.
- 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.
- Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above its current level of about 3.5 percent.

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. 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. The Charter limits the term of any bond to 30 years.

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 has issued Bond Anticipation Notes (BANs) and commercial paper for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

Policy on Minimum Allocation of PAYGO

Pay-as-you-go (PAYGO) financing funds capital costs which are eligible for debt funding with cash, reducing the amount of debt required to fund the CIP and saving interest and cost of issuance expenses. The County will 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 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 any project, all or part of which is financed from the proceeds of revenue bonds. Revenue-based debt carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.

Policy on Use of Current Revenues

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 long-lived equipment replacement, for limited renovations of facilities, for renovations to 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.

Most non-debt eligible projects funded with current revenues are budgeted in the six-year Public Services Program/Operating Budget. This significantly increases the visibility of all items competing for the same funding (current revenues), expands the capacity of elected officials and citizens to scrutinize all relevant spending choices over a multi-year time frame, and diminishes the tendency to presume that programs once in the CIP are entitled to more protection from budgetary pressures than those traditionally in the PSP.

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 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 November 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.

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.

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 applies for a building permit.

Since revenues to be obtained from impact taxes are payable only when a developer applies for building permits (which may not occur 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. 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 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 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.

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 include 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) provides for the borrowing of monies on the faith and credit of the County and for the issuance of bonds or other evidence of indebtedness. The aggregate amount of outstanding indebtedness may not exceed 15 percent of the assessed property valuation of the County.
- 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 ten percent assessment limitation tax credit. 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.

- Other provisions of State law mandate requirements for environmental review, permits, 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 FY09, $13.8 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 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 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 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.
- The Charter amendment to Section 305, known as "Question F," limits the annual increase in property tax revenues to the rate of inflation plus the revenue associated with the assessed value of new construction. The limit may be overridden by a vote of seven of the nine Councilmembers. 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.

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 impact 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.

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 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;
- 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.

Past County Practice and Principles

Fiscal policy not only guides but is conditioned by the results of past as well as current County practice. Examples include:

- The former use of general obligation bond funding for the construction of parking garages, which are now more appropriately funded through revenue bond issues;
- The development of more stringent criteria for project funding through debt, with projects once considered eligible for bond-financing now being funded through current revenues or other funding sources;

- The practice of early identification within the CIP of likely projects and requirements for capital expenditure, to avoid sudden program expansion and peaks in debt issuance; and
- The principle of programming projects and expenditure schedules within their most realistic implementation time frames, rather than either inflating the early years of the program or deferring known project requirements to later years of the CIP.

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.

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, Operating Expense, and Capital Outlay for each County operating department.

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

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.

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. When operational, County residents will be 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.

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) - 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.

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.

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. The County has established General, Clarksburg, Metro Policy, and the cities of Rockville and Gaithersburg as transportation impact areas. The schools impact tax is applicable countywide.

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, 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.

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 replaces the County's existing 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, 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.

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.

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, 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. The County is phasing in full pre-funding of its annual required contribution over an eight year period beginning in FY08.

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 and used for construction, operation, and maintenance of stormwater management facilities and related expenses.

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" as used by other organizations.

YEAR END BALANCE - See Fund Balance.

Acronyms

ADA	Americans with Disabilities Act
AFDC	Aid to Families with Dependent Children
AHCMC	Arts and Humanities Council of Montgomery County
ALARF	Advance land acquisition revolving fund
APFO	Adequate Public Facilities Ordinance
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
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
CRIMS	Correction and Rehabilitation Information Management System
CRM/MC311	Constituent resource management / Montgomery County 311
CUPF	Community Use of Public Facilities
CVB	Conference and Visitors Bureau
DBM	Maryland State Department of Budget and Management
DCM	Desktop computer modernization
DED	Department of Economic Development
DEP	Department of Environmental Protection
DGS	Department of General Services
DHCA	Department of Housing and Community Affairs
DHHS	Department of Health and Human Services
DLC	Department of Liquor Control
DOCR	Department of Correction and Rehabilitation
DOT	Department of Transportation
DPWT	Department of Public Works and Transportation
ECC	Emergency Communications Center
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
FTE	Full-time equivalent
FY	Fiscal year
GAAP	Generally accepted accounting principles
GASB	Government Accounting Standards Board
GDP	Gross Domestic Product
GFOA	Government Finance Officers Association
GIS	Geographic information systems
GO bonds	General obligation bonds
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
MCAEL Montgomery Coalition for Adult English Literacy
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
MPDU Moderately priced dwelling unit
NACo National Association of Counties
NDA Non-departmental account
NTS Non-tax supported
OCP Office of Consumer Protection
OEMHS Office of Emergency Management and Homeland Security
OHR Office of Human Resources
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
PILOT Payment in lieu of taxes
PLAR Planned lifecycle asset replacement
PLD Parking Lot District
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
SWS Solid Waste Services
TMC Transportation Management Center
TS Tax supported
WMATA Washington Metropolitan Area Transit Authority
WSSC Washington Suburban Sanitary Commission
WSTC Washington Suburban Transit Commission
WY Workyear

	A	B	C	D
1	**FY10 REVENUE FROM PAST TAX INCREASES**			
2				
3	**Property tax**		FY10 dollars	
4	Exceeded Charter limit:	Actual amount	Adj for inflation	Cumulative
5	FY03	4.3	5.4	
6	FY04	29.2	36.0	
7	FY05	37.3	44.8	
8	FY09	117.4	122.7	
9	FY10	0.0	0.0	208.9
10				
11				
12	CPI, from BLS		% increase to FY10	
13	FY03	110.4	26.4%	
14	FY04	113.0	23.5%	
15	FY05	116.2	20.1%	
16	FY06	119.5	16.7%	
17	FY07	124.3	12.2%	
18	FY08	128.8	8.3%	
19	FY09	133.5	4.5%	
20	FY10	139.5	0.0%	
21				
22	**Income tax.** Increased rate from 2.95% in FY03 to 3.2% in FY04 and after.			
23	FY10 estimate, at 3.2%	1,214,770,000		
24	FY10 estimate, per 1%	379,615,625		
25	FY10 estimate, at 2.95%	1,119,866,094		
26	Increase from increased rate	94,903,906		94.9
27				
28	**Energy tax**, +356.45% since FY04 + $11.1 million increase starting in FY09			
29	FY10 estimate	130.4		
30	FY10 estimate, before $11.1 m increase	119.3		
31	FY10 estimate, before 356.45% increase	26.1		
32	Increase from increased rates	104.3		104.3
33				
34	**Telephone tax**			
35	For FY 04, the Council: increased the telephone tax on land lines by 116.2%, from 92.5¢ to $2.00			
36	per month [Centrex rates are 1/10 this rate]; increased the tax on cell phones from $0.00 to $2.00			
37	per month;			
38	FY10 estimate, land lines, at $2.00	8,320,000		
39	FY10 estimate, land lines, at $0.92	3,827,200		
40	Increase from increased rates	4,492,800		4.5
41				
42	FY10 estimate, cell, at $2.00	24,700,000		
43	FY10 estimate, cell, at $0.00	0		
44	Increase from increased rates	24,700,000		24.7
45	**Total FY10 revenue from past tax increases**			**437.3**

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