AGENDA ITEM #29
May 5, 2009

MEMORANDUM

April 22, 2009

TO: County Council

CHS

FROM: Charles H. Sherer, Legislative Analyst

SUBJECT: **Worksession**: Recommendations from the Management and Fiscal Policy Committee regarding the FY10 Operating Budget for the Department of Finance
1) General Fund component of the Department of Finance, section 30 in the Executive's budget;
2) Division of Risk Management;
3) General Fund NDA for the County's contribution to the Risk Management Fund, page 67-7;
4) NDA for the Working Families Income Supplement, page 67-8
5) NDA for Restricted Donations
6) NDA for State Property Tax Services

Committee recommendations The Committee met on April 2, 2009 and recommends **approval** of the subject budgets as the Executive recommended.

I. General Fund component, $9,856,150

II. Division of Risk Management, $48,567,480

III. NDA for the General Fund portion of the County's contribution to the Risk Management Fund $11,510,730

IV. Working Families Income Supplement NDA, $15,008,200

V. Restricted Donations NDA As explained below, this NDA has a $0 appropriation.

VI. State Property Tax Services NDA, $166,300

The Committee calls the Council's attention to the reduction of $42,950, to be achieved by phasing out the mailing of tax bills to homeowners whose mortgage company pays the property tax bill. The savings will be in printing, postage, and handling. The former Executive recommended this change several years ago, but the Council rejected it.

Finance explained that the service impact would occur in FY11, not FY10, because they will still mail the FY10 bills, but on or before the end of FY09 using appropriation in the FY09 budget. The savings in FY10 would result from not mailing the FY11 bills in FY10. Instead, Finance would mail a postcard informing residents that they can view and print their bill from Finance's web site. The FY12 bills (July 2011) will be available only on-line. **The Committee recommends approval.**

Relevant pages from the operating budget are attached at ©1-10.

Overview

The Department has a General Fund component and the Division of Risk Management. The expenditures in each of the 11 programs in the Department are summarized at the top of ©9. The General Fund component has three units: Director's Office, Controller Division, and Treasury Division. Risk Management has three programs: Insurance, Occupational Safety and Health, and Legal Services.

I. General Fund component: The total FY10 Operating Budget for the General Fund component is $9,856,150 , a decrease of $871,150 or 8.1% from the FY09 approved budget of $10,727,300. Of the decrease, $458,170 results from shifting five items to other funds or accounts (©8). Without the shifts, the decrease would have been $412,980 or 3.9%. Personnel Costs account for 87 percent of the General Fund budget. Operating Expenses account for the remaining 13 percent of the budget.

The number of full-time positions decreased by 3 (from abolishing 3 positions), from 119 to 116 and the number of workyears decreased by 7, from 84.5 to 77.8. Some positions (30.1 workyears) in the Department are **not** included in the amounts above and are instead included in the budgets for other departments or to the CIP project for which Finance provides support (©9). These positions are reviewed with the other departments' budgets.

The Executive's recommended expenditures are shown below.

				Change from FY09-10	
	FY08 Actual	FY09 Approved	FY10 CE Recommended	Amount	%
Expenditures	10,993,981	10,727,300	9,856,150	(871,150)	-8.1%
Positions:					
Full time	113	119	116	(3)	-2.5%
Part time	2	2	2	0	0.0%
Total positions	115	121	118	(3)	-2.5%
Workyears	91.5	84.5	77.8	(6.7)	-7.9%

FY10 Expenditure Issues

The changes proposed for FY10 are shown on ©8. There are no improvements in Finance's FY10 General Fund operating budget. Instead, Finance will abolish three positions: one in Treasury, one in Payroll, and one in IT, for total savings of $273,340. Other significant changes from ©8 are summarized below.

1. Phase out mailing of tax bills to homeowners whose mortgage company pays the property tax bill, to save $42,950 from savings in printing, postage, and handling. The former Executive recommended this change several years ago, but the Council rejected it.

   Finance explained that the service impact would occur in FY11, not FY10, because they will still mail the FY10 bills, but on or before the end of FY09 using appropriation in the FY09 budget. The savings in FY10 would result from not mailing the FY11 bills in FY10. Instead, Finance would mail a postcard informing residents that they can view and print their bill from Finance's web site. The FY12 bills (July 2011) will be available only on-line.

2. Instead of mailing pay advice statements, the County could email them, or employees could get them on the web, -$100,900 from savings in printing, postage, and handling. The Committee discussed this possibility in each of the last two years and was supportive.

   Of the total savings, $19,600 is assumed from unrepresented employees and is therefore certain, but the remaining $81,300 is from represented employees. Executive staff believes that implementation will require notification for MCGEO and IAFF, while for FOP implementation would be subject to effects bargaining if requested. Finance is beginning to coordinate the notification process with OHR.

3. Increase cost for the electronic time reporting and management system (MCtime) master lease payments, $166,540. Last year, Finance reported that the Executive transferred MCtime to the CIP, for the following reason:

   "MCtime is an enterprise system that covers multiple departments and funding years. It was determined that it would be more appropriate to fund this type of project in the CIP because of the complexity and the multi-year aspect of the project. In part, it was our experience with MCtime that led to the decision to budget the Enterprise Resource Planning (ERP), Business Process Review (BPR), and Constituent Relationship Management (CRM) initiatives in the CIP, under the umbrella of the Technology Modernization Project. In addition, as we began work on the ERP project, we recognized the need for coordination and integration of the electronic timekeeping effort with the other ERP systems, including HR, Budget, financials, etc. Combining MCtime into Tech Mod became an obvious fit."

If MCtime is in the CIP, why is there an increase in the operating budget? The answer is that the "the master lease payments obligated by the project cannot be funded in the CIP."

4. The State bills the counties for administering the State's Homeowner's Property Tax Credit program (for low income residents). This cost will be shifted to an NDA, -$29,000, see below.

5. Shift the cost of billing for the Water Quality Protection Fund to that Fund, -$256,740.

Reductions

There is no target reduction for FY10, but analysts were directed to review each budget for items that should or could be deferred, reduced, or deleted. Because there are no improvements, and because the Executive already reduced the budget, Council staff does not see any targets.

Revenue Issues

Revenues in FY10 are estimated to be $514,550, up $48,140/10.3% from $466,410 in the FY09 budget. The individual components and changes are shown on ©7. Most of the increase, $45,000, comes from estimated fees from tax lien sales for properties with delinquent property taxes.

II. Division of Risk Management As described on ©1, the total FY10 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is $48,567,480, up $5,143,790/11.8% from the FY09 approved budget of $43,423,690. The detail of the changes is on ©8-9.

Personnel Costs account for 8% of the Self-Insurance Fund budget for 12 full-time positions and 30.4 workyears, down 0.6 workyears from FY09. One position will be abolished. Operating Expenses account for the remaining 92% of the budget. Included in the total workyears are 19.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney.

The latest estimate for FY09 as shown on ©7 is that costs in FY09 will be $43.4 million, the same as the budget.

				Change from FY09-10	
	FY08 Actual	FY09 Approved	FY10 CE Recommended	Amount	%
Expenditures	43,277,964	43,423,690	48,567,480	5,143,790	11.8%
Positions:					
Full time	12	12	11	(1)	-8.3%
Part time	0	0	0	0	NA
Total positions	12	12	11	(1)	-8.3%
Workyears	29.4	31.0	30.4	(0.6)	-1.9%

Mid-year update Starting in January 1998, the Committee has received mid-year updates of the status of the self-insurance fund. This schedule permits the Committee to devote more time to the issues than is available during the budget season, and reduces the amount of time required to make decisions on the budget. The briefing this year was on February 23. Finance staff told the Committee that the CAO will schedule two County Stat meetings each year to review risk management costs with each of the six departments with the highest risk management costs: Corrections, Fire, General Services, Liquor, Police, and Transportation. Hopefully the CAO's added focus and attention to risk management costs will result in some reduction.

Programs in the Division There are three programs in this Division (plus an allocation of department overhead from the program for Operations and Administration), as described in the budget, on ©4-5: Insurance, Occupational Safety & Health, and Legal Services. The expenses are funded by contributions from the members listed in the budget on ©7, in the section titled "Revenues". The amounts are based on an actuarial analysis and an evaluation of prior claims. Charges to the members are set at amounts to cover their expected claims plus amounts to provide a sufficient reserve.

Expenditure Issues

The changes from FY09 to FY10 are on ©8, including the abolishment of one position. Mr. Fleming provided the following explanation of the first 8 changes on p30-8 and the impact of abolishing one position.

1. **Claims expense** increase of $3,181,000. This number is an actuarial projection of increase in claims expenses to be paid during the fiscal year. The increase is a reflection of higher benefit levels in workers' compensation claims, and higher awards (settlements) that are granted by the Maryland Workers' Compensation Commission.

2. **Commercial Property Insurance increase of $690,000**. This is not a cost increase. It is a direct transfer from Solid Waste Division for the purchase of property insurance to cover the Resource Recovery Facility. In prior years, Solid Waste paid for the insurance premium directly. Since Risk Management is responsible for marketing and placing insurance coverage for the County, this function was transferred. The cost in future years will be charged to Solid Waste.

3. **Adjustment to Claim Reserves increase $657,000**. Each year, the County's actuary recalculates the amount the County Self Insurance Fund must have on hand to pay all of the outstanding claims. The increase is due primarily to adverse development in older workers' compensation claims.

4. **Increase charges from County Attorney of $289,150**. The increase reflects incremental wage adjustments ("step increases") and compensation for one new attorney for the defense of workers' compensation claims.

5. **Increase cost of Claims Service Contract $202,920.** The increase represents the estimated cost of living adjustment to the contract for the handling of claims filed against the County and other agencies participating in the self insurance program.

6. **Increase rent for Office Space for Division Staff $67,550.** Operational costs are charged back to participating agencies in the self insurance program.

7. **Excess Liability Insurance Policy increase of $49,000.** Estimated increase for this commercial insurance policy. Indications are that the market is becoming restricted, causing price increases. This represents an increase of ten percent.

8. **Increase for the Biennial Claims Audit, $40,000.** A contract is procured every other year for a claims audit to ensure that the claims service is managing claims in a professional manner, within industry standards.

9. **Abolish Position to save $117,840.** The essential duties of the position will be split among incumbent staff members.

Fund balance Mr. Fleming explained that " the balance sheet and income statement for the self insurance program (©19) assume the CE requested budget will be approved. As you can see, we are projecting a negative fund balance for FY10 of ($3,488,900). The Finance Department and the Office of Management and Budget are committed to restoring fund balance to the policy level over a three year period. Future budget submissions will be adjusted to include the increase to fund balance depending on the economy and the County's fiscal condition at that time.

FY10 reduction None required or recommended.

III. NDA for the General Fund portion of the County's contribution to the Risk Management Fund (©7 and 12) The County Government is a member of the Fund. On ©12, the FY10 NDA for the County's payments for the General Fund departments is $11,510,730, up $1,7700,990 from $9,809,740 in FY09. The increase is based on the annual actuarial study and recent claims experience. The percentage changes among the agencies from FY09-10 are shown on ©7. As can be seen, there is a wide variation of percentage changes among the members.

Note that County Government contributions appear on three lines. The other two are: 1) a summary of the various special funds, enterprise funds, and internal service funds; and 2) Fire and Rescue Services. The risk management costs for these funds are included in their individual budgets.

IV. Working Families Income Supplement (©14) "This NDA provides funds to match the State's Refundable Earned Income Tax Credit (EITC). The intent of the Working Families Income Supplement is to provide financial assistance to low-income working families in Montgomery

County. The County, through the NDA, reimburses the State for the cost of the refund and related administrative expenses."

For example, if the State paid a County resident $250, the County would also pay $250, for a total of $500. The State would send the resident a check for $500 and the County reimburses the State for the County share.

FY09 budget approved in May 2008	$13,667,700
Increase	1,340,500
FY10 Executive recommendation	$15,008,200

Finance explained the increase: "Due to a change in State Law to enhance the program, the formula was modified beginning in tax year 2008. As a result, there are more residents eligible for the program and the amount of the benefit increases. The first year that this change impacts the County is FY10."

V. Restricted Donations NDA Individuals sometimes donate money to the County and this NDA is explained on ©11. Because of the reappropriation provision in the appropriation resolution, the County will have the authority to spend in FY10 whatever amount exists at the end of FY09. There is no way to know from the narrative whether annual spending is $1, $1 million, or some amount in between. The appropriation is always shown in the budget as $0.

At the Committee's request, OMB added narrative stating that additional information is in Schedule A-4 (©15). The list of restricted donations as of December 31, 2008 starts on ©16. The list shows how much each department could spend from restricted donations, which was $1,288,281 last December 31.

VI. State Property Tax Services This is a new NDA to pay a fee the State Department of Assessment and Taxation charges the County. Finance explained that "The County is charged by SDAT for administering the County Supplemental Homeowners' and Senior Property Tax Credit programs and for the homestead credit certification program by SDAT. The first two credit programs are County only optional credit programs, while the certification program is required under State Law where each local jurisdiction pays its share of the cost."

FY09 budget approved in May 2008	$0
Increase	166,300
FY10 Executive recommendation	$166,300

Finance

MISSION STATEMENT

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

BUDGET OVERVIEW

The total recommended FY10 Operating Budget for the Department of Finance is $58,423,630, an increase of $4,272,640 or 7.9 percent from the FY09 Approved Budget of $54,150,990. Personnel Costs comprise 21.5 percent of the budget for 127 full-time positions and two part-time positions for 108.2 workyears. Operating Expenses account for the remaining 78.5 percent of the FY10 budget.

The Finance Operating Budget is composed of a General Fund component (the Director's Office and the Divisions of Treasury and Controller) and the Risk Management Division, which is funded by the Liability and Property Coverage Self-Insurance Fund. The total FY10 Operating Budget for the General Fund component is $9,856,150, a decrease of $871,150 or 8.1 percent from the FY09 approved budget of $10,727,300. Personnel Costs comprise 86.8 percent of the General Fund budget for 116 full-time and 2 part-time positions for 77.8 workyears. Operating Expenses account for the remaining 13.2 percent of the budget.

The total FY10 Operating Budget for the Self-Insurance Fund component of Finance (Risk Management) is $48,567,480, an increase of $5,143,790 or 11.8 percent from the FY09 approved budget of $43,423,690. Personnel Costs comprise 8.3 percent of the Self-Insurance Fund budget for 11 full-time positions for 30.4 workyears. Operating Expenses account for the remaining 91.7 percent of the budget. Included in the total workyears are 19.0 workyears charged to the Self-Insurance Fund by the Office of the County Attorney and 0.4 workyear charged by the General Fund component of Finance (Controller Division) for services provided in support of Risk Management.

County Government Reorganization

In FY09, the County Executive implemented a reorganization of Montgomery County Government designed to improve effectiveness, customer service, accessibility, and efficiency. As part of this plan, internal audit responsibilities were moved out of the Department of Finance and into the Offices of the County Executive. In the budget summary, FY08 actuals reflect the old organizational structure, while the FY09 budget, FY09 estimate, and FY10 budget figures reflect the new organizational structure.

LINKAGE TO COUNTY RESULT AREAS

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

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

DEPARTMENT PERFORMANCE MEASURES

This table presents the department's headline measures or submeasures that relate to multiple programs including projections from FY09 through FY11. These estimates reflect funding based on the FY09 savings plan, the FY10 budget, and funding for comparable service levels in FY11.

Measure	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Headline Measures					
Annual bond ratings given to Montgomery County by three major rating agencies[1]	AAA	AAA	Expected	Expected	Expected
Interest Rate Comparison: County General Obligation Debt True Interest Cost v. AAA Municipal Market Data Rate (Basis Points)	35.2	39.1	25.0	25.0	25.0
Interest Rate - General Obligation Bond True Interest Cost[2]	4.08	NA	4.18	5.50	5.50
Investments Performance: County Investments v. LGIP[3]	+0.16%	+0.66%	+.20%	+.20%	+.20%
County's Investment Return[4]	5.21%	4.41%	1.50%	1.50%	2.40%
Revenue Forecasting Performance (Mean Absolute Percent Error)[5]	5.68%	-2%	5%	5%	5%
Call Center—Number of Seconds to Answer Call [6]	58	72	60	60	60

	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
County Core Business Systems: Average time to close Help Desk tickets (days)[7]	3.20	1.50	1.35	1.22	1.09
Total cost to the County of workers compensation cases (per $100 of payroll)	$2.64	$2.29	$2.38	$2.45	$2.52
Total number of workers compensation cases resulting in lost work time	537	554	532	526	521

[1] Bond ratings from Moody's, Standard & Poor, and Fitch are a measure of the quality and safety of a bond and are based on the issuer's financial condition.
[2] The interest rate of Montgomery County's most common type of bond. The County did not issue GO bonds in FY08. It issued bonds in early FY09; therefore, the 4.18% rate is actual, not estimated.
[3] Compares County Investment return to the Local Government Investment Pool.
[4] Rate of return on Montgomery County's investments.
[5] Percent variance between actual revenue and projected revenue.
[6] Average number of seconds to answer customer calls to the Treasury Call Center.
[7] Requests for assistance with computer systems, i.e. Magic Tickets (average number of days to close).

PROGRAM CONTACTS

Contact Nancy Moseley of the Department of Finance at 240.777.8886 or Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Debt and Cash Management

This program provides effective debt and cash management with the goal of maintaining the County's AAA General Obligation Bond debt rating, and the active investment of the County's working capital to minimize risk while generating the maximum investment income. Program objectives include managing the timely and economic issuance of short- and long-term financial obligations; developing and maintaining strong rating agency and investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and residents on issues related to debt and cash management; and managing the County's relationship with the banking community.

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Annual bond ratings given to Montgomery County by three major rating agencies[1]	AAA	AAA	Expected	Expected	Expected
Interest Rate Comparison: County General Obligation Debt True Interest Cost v. AAA Municipal Market Data Rate (Basis Points)	35.2	39.1	25.0	25.0	25.0
Interest Rate - General Obligation Bond True Interest Cost[2]	4.08	NA	4.18	5.50	5.50
Investments Performance: County Investments v. LGIP[3]	+0.16%	+0.66%	+.20%	+.20%	+.20%
County's Investment Return[4]	5.21%	4.41%	1.50%	1.50%	2.40%
Revenue Forecasting Performance (Mean Absolute Percent Error)[5]	5.68%	-2%	5%	5%	5%

[1] Bond ratings from Moody's, Standard & Poor, and Fitch are a measure of the quality and safety of a bond and are based on the issuer's financial condition.
[2] The interest rate of Montgomery County's most common type of bond. The County did not issue GO bonds in FY08. It issued bonds in early FY09; therefore, the 4.18% rate is actual, not estimated.
[3] Compares County Investment return to the Local Government Investment Pool.
[4] Rate of return on Montgomery County's investments.
[5] Percent variance between actual revenue and projected revenue.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**548,190**	**3.8**
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	11,600	0.0
FY10 CE Recommended	**559,790**	**3.8**

Information Technology

This program provides overall direction for the development of automated systems and technology to support effective and efficient achievement of the Department's mission. Activities are proactively coordinated with the Department of Technology Services, other County departments, and Department staff to ensure consistency of Department systems with countywide automation policies and standards. The program oversees development, selection, procurement, implementation, and maintenance of the Finance Department's automated systems and components. This program is also responsible for managing data integrity, security, and controls within the County's financial and procurement systems, including timely and comprehensive completion of financial system upgrades, effective education of County financial systems users, timely response to customer questions, proactive trouble shooting

and system maintenance, and the timely and accurate provision of internal financial reports.

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
County Core Business Systems: Average time to close Help Desk tickets (days)[1]	3.20	1.50	1.35	1.22	1.09
County Core Business Systems: User service requests processed	2,379	2,700	2,900	2,900	4,000

[1] Requests for assistance with computer systems, i.e. Magic Tickets (average number of days to close).

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**1,625,790**	**7.6**
Increase Cost: Electronic Time Reporting and Managment System (MCtime) Master Lease payments	166,540	0.0
Increase Cost: IT Maintenance and License Contracts	10,890	0.0
Decrease Cost: Cashiering Module	-62,600	0.0
Shift: Charge MCtime (No. 150701) Tech Mod CIP project for services provided by Finance staff currently budgeted in General Fund	-87,620	-0.8
Decrease Cost: Funding for Information Technology Position	-147,870	-1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-115,120	-1.0
FY10 CE Recommended	**1,390,010**	**4.8**

Accounts Payable

This program is responsible for timely and accurate payments to vendors for goods and services provided to the County; complying with County policies and procedures; and carrying out State and Federal reporting requirements. Payments to vendors are initiated and approved by individual departments. The Accounts Payable program is responsible for review and final approval of payments of $5,000 or more, as well as most refunds and other non-expenditure disbursements. Payments under $5,000 are individually reviewed and approved by operating departments and potentially subject to post-payment audit by Accounts Payable. The Accounts Payable program is also responsible for administration of the County's Purchasing Card Program which incorporates both purchasing and travel related expenditures.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**523,930**	**6.7**
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	16,610	0.0
FY10 CE Recommended	**540,540**	**6.7**

General Accounting

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

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Receive the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting[1]	Yes	Expected	Expected	Expected	Expected

[1] The County is continuing practices necessary to qualify for the GFOA Certificate of Achievement. The County has been awarded this certificate more times than any other county in the nation (38 times).

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**2,015,080**	**18.1**
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-77,070	0.0
FY10 CE Recommended	**1,938,010**	**18.1**

Payroll

This program is responsible for managing and maintaining the County's payroll system and functions as prescribed by Federal, State, and County laws, and local regulations. The program provides timely and accurate payroll disbursements to County employees,

accounts for payroll deductions, issues W-2 statements to account for pre-tax and post-tax benefits, maintains official payroll and leave records, and responds to internal and external inquiries. The program proactively operates in conjunction with other County departments to maintain and develop efficient and effective improvements to the Human Resources Management System and the MCtime electronic timekeeping system.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**766,090**	**7.6**
Shift: MCtime Payroll Backfill (From General Fund to CIP Fund: Tech Mod (No. 150701)	-30,000	0.0
Decrease Cost: Abolish Position - Payroll Section	-66,040	-1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	73,950	1.0
FY10 CE Recommended	**744,000**	**7.6**

Tax Operations

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

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Call Center—Number of Seconds to Answer Call [1]	58	72	60	60	60

[1] Average number of seconds to answer customer calls to the Treasury Call Center.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**2,413,560**	**25.2**
Shift: Chargeback to Parking Districts and Solid Waste Services for Billing Services	-4,150	0.0
Shift: Chargeback to Water Quality Protection Fund for Billing Services	-256,740	-2.2
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	3,690	-1.0
FY10 CE Recommended	**2,156,360**	**22.0**

Treasury Operations

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**336,960**	**4.0**
Increase Cost: Reduce Parking District Chargeback for Parking Violation Cashiering Services	21,550	0.3
Decrease Cost: Abolish Position - Treasury Operations Cashiering Section	-59,430	-1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-34,410	0.0
FY10 CE Recommended	**264,670**	**3.3**

Insurance

The Montgomery County Self-Insurance Program, established under County Code 20-37, provides comprehensive property and casualty insurance for the County and participating agencies. The program is funded through contributions from the agencies, which are based upon an annual actuarial analysis of outstanding and projected future claims filed against the participants. The program

provides accurate and timely insurance and risk management advice to participating agencies and reduces County and participating agency exposure to risk by: comparing the cost of commercially available coverage to evaluate the best method of funding exposure to loss; transferring contractual risk under indemnification/hold harmless agreements; avoiding risk; operating proactive safety programs; and purchasing commercial insurance policies.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**39,886,350**	**4.0**
Increase Cost: Claims Expense	3,181,000	0.0
Increase Cost: Commercial Property Insurance (includes Resource Recovery Facility in FY10)	690,000	0.0
Increase Cost: Adjustment to Claims Reserves	657,000	0.0
Increase Cost: Claims Service Contract	202,920	0.0
Increase Cost: Excess Liability Insurance Policy	49,000	0.0
Increase Cost: Biennial Claims Audit	40,000	0.0
Increase Cost: Workers' Compensation Payroll Assessment	33,300	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	36,300	0.0
FY10 CE Recommended	**44,775,870**	**4.0**

Occupational Safety and Health

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

Program Performance Measures	Actual FY07	Actual FY08	Estimated FY09	Projected FY10	Projected FY11
Total cost to the County of workers compensation cases (per $100 of payroll)	$2.64	$2.29	$2.38	$2.45	$2.52
Total number of workers compensation cases resulting in lost work time	537	554	532	526	521

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**761,850**	**5.0**
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	44,400	0.0
FY10 CE Recommended	**806,250**	**5.0**

Legal Services

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

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**2,176,410**	**18.6**
Increase Cost: Charges from County Attorney	289,150	0.0
Increase Cost: Annualization of FY09 Lapsed Positions	29,930	0.4
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-96,830	0.0
FY10 CE Recommended	**2,398,660**	**19.0**

Operations and Administration

This program includes operational support for the Department as well as the administrative portions of the Director's Office, the Division of the Controller, the Treasury Division, and the Division of Risk Management. The program provides support for efficient, effective, and timely accomplishment of the Department's mission, including budget development and oversight, personnel administration, strategic planning, and contract administration. It is also responsible for accurate revenue and economic forecasting, and publishing reports on economic and revenue analysis on a monthly and quarterly basis for dissemination to the County Council and public. The program provides effective management of the financial aspects of economic development initiatives; proactive development of intergovernmental policy alternatives and impacts; and high quality consulting services for County agencies, managers, staff, elected officials, the press, and residents.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**3,096,780**	**14.9**
Increase Cost: Rent for office space in the Executive Office Building	67,550	0.0
Increase Cost: Central Duplicating Chargebacks: Postage, Mailing, Inter-office Mail/Pony, Printing	18,040	0.0
Increase Cost: Motor Pool Rate Adjustment	2,680	0.0
Increase Cost: Communication: Telephones, Cellular, Blackberries	2,360	0.0
Increase Cost: Document Shredding Chargeback	2,000	0.0
Increase Cost: Translation Services for Tax Facts Brochure	1,500	0.0
Increase Cost: Annualization of FY09 Operating Expenses	1,420	0.0
Increase Cost: Printing and Mail Adjustments	1,030	0.0
Decrease Cost: Central Duplicating Deficit Recovery Charge (Risk Management)	-160	0.0
Decrease Cost: Central Duplicating Deficit Recovery Charge (General Fund)	-1,470	0.0
Decrease Cost: Computer Supplies	-10,000	0.0
Decrease Cost: Temporary Office Support	-20,000	0.0
Decrease Cost: Printing and Mail Adjustments	-22,390	0.0
Shift: Homeowners' Property Tax Credit to NDA - State Property Tax Services	-29,000	0.0
Reduce: Phase-out Mailing Tax Bills to Homeowners with Mortgage Company Escrow Accounts	-42,950	0.0
Reduce: Mailing Pay Advices; Implement Electronic Mailing or Web Access	-100,900	0.0
Decrease Cost: Abolish Position - Division of Risk Management	-117,840	-1.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	820	0.0
FY10 CE Recommended	**2,849,470**	**13.9**

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	6,295,115	6,879,350	6,531,540	6,339,590	-7.8%
Employee Benefits	2,063,570	2,400,170	2,254,130	2,220,400	-7.5%
County General Fund Personnel Costs	***8,358,685***	***9,279,520***	***8,785,670***	***8,559,990***	***-7.8%***
Operating Expenses	2,581,895	1,447,780	1,447,780	1,296,160	-10.5%
Debt Service Other	-40	0	0	0	—
Capital Outlay	53,441	0	0	0	—
County General Fund Expenditures	***10,993,981***	***10,727,300***	***10,233,450***	***9,856,150***	***-8.1%***
PERSONNEL					
Full-Time	113	119	119	116	-2.5%
Part-Time	2	2	2	2	—
Workyears	91.5	84.5	84.5	77.8	-7.9%
REVENUES					
Miscellaneous	4,500	0	0	0	—
Development District Fees	42,140	43,670	43,670	45,150	3.4%
Procurement Card Rebate	38,429	27,900	6,820	22,600	-19.0%
WSSC Reimb.: Benefit Charge on Tax Bill	97,858	92,700	92,700	86,580	-6.6%
Municipalities Reimb.: Property Tax Services	51,657	52,880	52,880	53,680	1.5%
State Reimb.: Bay Restoration Fund	33,225	22,990	22,500	22,500	-2.1%
Bad / Dishonored Check Fees	76,470	60,000	60,000	60,000	—
Tax Certification Fee	6,740	2,500	4,000	4,000	60.0%
Tax Sale Fee	55,252	35,000	45,000	90,000	157.1%
Child Support Payment Fees	21,324	19,210	20,540	20,540	6.9%
Conduit Bond Fees	114,129	109,560	109,960	109,500	-0.1%
County General Fund Revenues	***541,724***	***466,410***	***458,070***	***514,550***	***10.3%***
SELF INSURANCE INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	2,469,821	2,897,530	2,904,250	3,052,830	5.4%
Employee Benefits	751,929	886,660	886,630	950,830	7.2%
Self Insurance Internal Service Fund Personnel Costs	***3,221,750***	***3,784,190***	***3,790,880***	***4,003,660***	***5.8%***
Operating Expenses	40,056,214	39,639,500	39,639,490	44,563,820	12.4%
Capital Outlay	0	0	0	0	—
Self Insurance Internal Service Fund Expenditures	***43,277,964***	***43,423,690***	***43,430,370***	***48,567,480***	***11.8%***
PERSONNEL					
Full-Time	12	12	12	11	-8.3%
Part-Time	0	0	0	0	—
Workyears	29.4	31.0	31.0	30.4	-1.9%
REVENUES					
Montgomery County (Special, Entpr. & Int. Serv.)	3,386,330	4,401,970	4,401,970	5,513,350	25.2%
Montgomery County General Fund NDA	9,216,990	9,809,740	9,809,740	11,628,570	18.5%
Fire and Rescue Services	7,062,856	6,398,710	6,398,710	8,408,840	31.4%
Board of Education	8,275,520	7,800,400	7,800,400	9,752,270	25.0%
Montgomery College	331,890	402,080	402,080	456,450	13.5%
M-NCPPC	943,220	1,269,800	1,269,800	1,421,220	11.9%
Housing Opportunities Commission	491,430	231,070	231,070	290,780	25.8%
Revenue Authority	111,290	158,800	158,800	198,360	24.9%
City of Gaithersburg	142,800	159,820	159,820	233,300	46.0%
City of Rockville	999,600	1,077,990	1,077,990	1,329,910	23.4%
Takoma Park	231,430	197,480	197,480	334,730	69.5%
Housing Authority-City of Rockville	22,650	16,340	16,340	18,030	10.3%
Other Municipal Income	37,950	19,320	19,320	24,800	28.4%
Other - Recovered Losses	972,222	1,100,000	1,100,000	1,100,000	—
Investment Income - Pooled and Non-Pooled	5,208,092	3,280,000	1,340,000	1,180,000	-64.0%
Bethesda Urban Partnership	0	7,660	7,660	9,020	17.8%
Self Insurance Internal Service Fund Revenues	***37,434,270***	***36,331,180***	***34,391,180***	***41,899,630***	***15.3%***
DEPARTMENT TOTALS					
Total Expenditures	**54,271,945**	**54,150,990**	**53,663,820**	**58,423,630**	**7.9%**
Total Full-Time Positions	**125**	**131**	**131**	**127**	**-3.1%**
Total Part-Time Positions	**2**	**2**	**2**	**2**	—
Total Workyears	***120.9***	***115.5***	***115.5***	***108.2***	***-6.3%***
Total Revenues	***37,975,994***	***36,797,590***	***34,849,250***	***42,414,180***	***15.3%***

FY10 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY09 ORIGINAL APPROPRIATION	**10,727,300**	**84.5**
Changes (with service impacts)		
Reduce: Phase-out Mailing Tax Bills to Homeowners with Mortgage Company Escrow Accounts [Operations and Administration]	-42,950	0.0
Reduce: Mailing Pay Advices; Implement Electronic Mailing or Web Access [Operations and Administration]	-100,900	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Electronic Time Reporting and Managment System (MCtime) Master Lease payments [Information Technology]	166,540	0.0
Increase Cost: Service Increment	56,110	0.0
Increase Cost: Retirement Adjustment	36,770	0.0
Increase Cost: Reduce Parking District Chargeback for Parking Violation Cashiering Services [Treasury Operations]	21,550	0.3
Increase Cost: Central Duplicating Chargebacks: Postage, Mailing, Inter-office Mail/Pony, Printing [Operations and Administration]	18,040	0.0
Increase Cost: Group Insurance Adjustment	17,130	0.0
Increase Cost: Annualization of FY09 Personnel Costs	15,880	0.0
Increase Cost: IT Maintenance and License Contracts [Information Technology]	10,890	0.0
Increase Cost: Communication: Telephones, Cellular, Blackberries [Operations and Administration]	2,360	0.0
Increase Cost: Document Shredding Chargeback [Operations and Administration]	2,000	0.0
Increase Cost: Translation Services for Tax Facts Brochure [Operations and Administration]	1,500	0.0
Increase Cost: Annualization of FY09 Operating Expenses [Operations and Administration]	1,420	0.0
Decrease Cost: Central Duplicating Deficit Recovery Charge (General Fund) [Operations and Administration]	-1,470	0.0
Shift: Chargeback to Parking Districts and Solid Waste Services for Billing Services [Tax Operations]	-4,150	0.0
Decrease Cost: Computer Supplies [Operations and Administration]	-10,000	0.0
Decrease Cost: Temporary Office Support [Operations and Administration]	-20,000	0.0
Decrease Cost: Printing and Mail Adjustments [Operations and Administration]	-22,390	0.0
Shift: Homeowners' Property Tax Credit to NDA - State Property Tax Services [Operations and Administration]	-29,000	0.0
Shift: MCtime Payroll Backfill (From General Fund to CIP Fund: Tech Mod (No. 150701) [Payroll]	-30,000	0.0
Decrease Cost: Abolish Position - Treasury Operations Cashiering Section [Treasury Operations]	-59,430	-1.0
Decrease Cost: Cashiering Module [Information Technology]	-62,600	0.0
Decrease Cost: Abolish Position - Payroll Section [Payroll]	-66,040	-1.0
Shift: Charge MCtime (No. 150701) Tech Mod CIP project for services provided by Finance staff currently budgeted in General Fund [Information Technology]	-87,620	-0.8
Decrease Cost: Retirement Incentive Program Savings	-138,280	-1.0
Decrease Cost: PC Turnover Savings used to Fund Target Reduction and OE Annualizations and Shortfalls	-141,900	0.0
Decrease Cost: Funding for Information Technology Position [Information Technology]	-147,870	-1.0
Shift: Chargeback to Water Quality Protection Fund for Billing Services [Tax Operations]	-256,740	-2.2
FY10 RECOMMENDED:	**9,856,150**	**77.8**
SELF INSURANCE INTERNAL SERVICE FUND		
FY09 ORIGINAL APPROPRIATION	**43,423,690**	**31.0**
Other Adjustments (with no service impacts)		
Increase Cost: Claims Expense [Insurance]	3,181,000	0.0
Increase Cost: Commercial Property Insurance (includes Resource Recovery Facility in FY10) [Insurance]	690,000	0.0
Increase Cost: Adjustment to Claims Reserves [Insurance]	657,000	0.0
Increase Cost: Charges from County Attorney [Legal Services]	289,150	0.0
Increase Cost: Claims Service Contract [Insurance]	202,920	0.0
Increase Cost: Rent for office space in the Executive Office Building [Operations and Administration]	67,550	0.0
Increase Cost: Excess Liability Insurance Policy [Insurance]	49,000	0.0
Increase Cost: Biennial Claims Audit [Insurance]	40,000	0.0
Increase Cost: Workers' Compensation Payroll Assessment [Insurance]	33,300	0.0
Increase Cost: Annualization of FY09 Lapsed Positions [Legal Services]	29,930	0.4
Increase Cost: Retirement Adjustment	6,460	0.0
Increase Cost: Service Increment	5,690	0.0
Increase Cost: Group Insurance Adjustment	4,070	0.0
Increase Cost: Motor Pool Rate Adjustment [Operations and Administration]	2,680	0.0
Increase Cost: Annualization of FY09 Personnel Costs	2,010	0.0

	Expenditures	WYs
Increase Cost: Printing and Mail Adjustments [Operations and Administration]	1,030	0.0
Decrease Cost: Central Duplicating Deficit Recovery Charge (Risk Management) [Operations and Administration]	-160	0.0
Decrease Cost: Abolish Position - Division of Risk Management [Operations and Administration]	-117,840	-1.0
FY10 RECOMMENDED:	**48,567,480**	**30.4**

PROGRAM SUMMARY

Program Name	FY09 Approved Expenditures	FY09 Approved WYs	FY10 Recommended Expenditures	FY10 Recommended WYs
Debt and Cash Management	548,190	3.8	559,790	3.8
Information Technology	1,625,790	7.6	1,390,010	4.8
Accounts Payable	523,930	6.7	540,540	6.7
General Accounting	2,015,080	18.1	1,938,010	18.1
Payroll	766,090	7.6	744,000	7.6
Tax Operations	2,413,560	25.2	2,156,360	22.0
Treasury Operations	336,960	4.0	264,670	3.3
Insurance	39,886,350	4.0	44,775,870	4.0
Occupational Safety and Health	761,850	5.0	806,250	5.0
Legal Services	2,176,410	18.6	2,398,660	19.0
Operations and Administration	3,096,780	14.9	2,849,470	13.9
Total	**54,150,990**	**115.5**	**58,423,630**	**108.2**

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY09 Total$	FY09 WYs	FY10 Total$	FY10 WYs
COUNTY GENERAL FUND					
Board of Investment Trustees	BIT 457 Deferred Comp. Plan	21,290	0.1	22,620	0.1
Board of Investment Trustees	Employee Retirement System	45,410	0.3	48,260	0.3
Board of Investment Trustees	Retiree Health Benefits	0	0.0	37,710	0.3
Board of Investment Trustees	Retirement Savings Plan	22,700	0.2	24,130	0.2
CIP	CIP	2,752,540	23.1	3,001,100	23.6
Community Use of Public Facilities	Community Use of Public Facilities	4,440	0.1	4,830	0.0
Environmental Protection	Water Quality Protection Fund	0	0.0	256,740	2.2
Finance	Self Insurance Internal Service Fund	48,530	0.4	49,740	0.4
General Services	Printing and Mail Internal Service Fund	4,670	0.1	6,530	0.1
Human Resources	Employee Health Benefit Self Insurance Fund	135,150	1.0	102,810	0.8
Parking District Services	Bethesda Parking District	78,250	0.9	66,690	0.8
Parking District Services	Montgomery Hills Parking District	5,520	0.1	5,540	0.1
Parking District Services	Silver Spring Parking District	45,770	0.5	40,530	0.4
Parking District Services	Wheaton Parking District	13,740	0.2	13,650	0.2
Permitting Services	Permitting Services	12,120	0.1	12,970	0.1
Solid Waste Services	Solid Waste Collection	31,290	0.4	32,250	0.3
Solid Waste Services	Solid Waste Disposal	310,030	2.3	319,760	2.4
Transportation	Vacuum Leaf Collection	26,550	0.3	27,380	0.2
Total		**3,558,000**	**30.1**	**4,073,240**	**32.5**
SELF INSURANCE INTERNAL SERVICE FUND					
Solid Waste Services	Solid Waste Disposal	0	0.0	690,000	0.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY10	FY11	FY12	($000's) FY13	FY14	FY15
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY10 Recommended	9,856	9,856	9,856	9,856	9,856	9,856
No inflation or compensation change is included in out year projections.						
Labor Contracts	0	28	28	28	28	28
These figures represent the estimated cost of service increments and associated benefits.						
Electronic Time Reporting and Management System (MCtime)	0	-54	-54	-316	-316	-316
Master Lease Payments						
Timesheet Data Entry Keypunch Contract	0	0	-330	-330	-330	-330
For timesheet data entry keypunching services.						
Subtotal Expenditures	***9,856***	***9,830***	***9,500***	***9,238***	***9,238***	***9,238***
SELF INSURANCE INTERNAL SERVICE FUND						
Expenditures						
FY10 Recommended	48,567	48,567	48,567	48,567	48,567	48,567
No inflation or compensation change is included in outyear projections.						
Claims Audit	0	-40	0	-40	0	-40
The Claims audit is conducted every other even year. Funded in FY10, this line item is not needed in odd years.						
Labor Contracts	0	3	3	3	3	3
These figures represent the estimated cost of service increments and associated benefits.						
Claims Expense	0	2,898	5,417	8,315	11,439	11,439
These figures represent claim projections stated by the Actuary needed to bring equity fund balance in line with County requirements.						
Claims Service Contract	0	211	431	659	896	896
Funds expenses for the County's Actuarial Specialized Services Contract.						
Retiree Health Insurance Pre-Funding	0	45	67	72	78	83
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	***48,567***	***51,684***	***54,485***	***57,576***	***60,983***	***60,949***

by Workers' Compensation, personal medical insurance, the Federal government, or other appropriate and available outside resources). DOCR manages this account and, with the assistance of the County Attorney, determines which costs are the responsibility of the County. All bills are reviewed for appropriateness of cost by a private contractor prior to payment.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	10,000	0.0
FY10 CE Recommended	10,000	0.0

Productivity Enhancements and Personnel Cost Savings

The approved budget assumes implementation of a Retirement Incentive Program to generate savings of $1,011,260.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	-13,000,000	0.0
Increase Cost: Replace One-time Expenditure Reductions	7,191,080	0.0
Shift: Technical Adjustment for Permanent Savings from FY09 Retirement Incentive Program (RIP)	5,808,920	0.0
Decrease Cost: Savings from the FY10 Retirement Incentive Program (RIP)	-1,011,260	0.0
FY10 CE Recommended	-1,011,260	0.0

Public Technology, Inc.

Funds are budgeted each year to continue membership in Public Technology, Inc. (PTI) as the County's research and development link with the National Association of Counties. Annual dues, unchanged since 1991, cover research and development assistance for innovative projects; access to a computerized information-sharing network; and membership in the Urban Consortium. The County participates in, and has received grants as a result of, initiatives in task forces on energy, solid waste, and telecommunications. PTI, as an organization, specializes in the research and assessment of ideas of interest to local governments for increasing efficiency, reducing costs, improving services, and solving problems. A current emphasis is on public enterprise, toward helping local governments identify and capture potential sales from products and information that are outcomes of government investment.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	27,500	0.0
FY10 CE Recommended	27,500	0.0

Restricted Donations

This NDA was established to comply with the requirements of Government Accounting Standards Board Statement No. 34 (GASB 34) by budgeting for the receipt of private donations for County programs. The proceeds of the former Expendable Trust Fund accounts and other miscellaneous funds have been transferred to the Restricted Donations Special Revenue Fund. Appropriation authority to spend additional donations received during the year is provided through the County Council Resolution for the Approval of and Appropriation for the Operating Budget of the Montgomery County Government. The budget resolution provides that the unexpended balance in this fund at the end of the fiscal year is reappropriated by the County Council for the next fiscal year; and if needed, the Restricted Donations NDA can receive transfers from the Future Federal, State, or Other Grants NDA for any individual donations up to $200,000. Additional information relating to the financial activities of this NDA is displayed in Schedule A-4, Fiscal Summary by Fund, Non-Tax Supported, Montgomery County Government, Restricted Donations.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	0	0.0
FY10 CE Recommended	0	0.0

Retiree Health Benefits Trust

Retiree Health Benefits Trust: Beginning in FY08, the County implemented a plan to set aside funds for retiree health benefits, similar to what we have been doing for retiree pension benefits for more than 50 years. The reasons for doing this are simple: due to exponential growth in expected retiree health costs, the cost of funding these benefits, which are currently paid out as the bills come due, may soon become unaffordable. Setting aside money now and investing it in a Trust Fund, which will be invested in a similar manner as the pension fund, not only is a prudent and responsible approach, but will result in significant savings over the long term.

As a first step in addressing the future costs of retiree health benefits, County agencies developed current estimates of the costs of health benefits for current and future retirees. These estimates, made by actuarial consultants, concluded that the County's total future cost of retiree health benefits if paid out today, and in today's dollars, is $2.6 billion – more than half the total FY09 budget

for all agencies.

One approach used to address retiree health benefits funding is to determine an amount which, if set aside on an annual basis and actively invested through a trust vehicle, will build up over time and provide sufficient funds to pay future retiree health benefit This amount, known as an Annual Required Contribution or "ARC", was calculated for County agencies last year to be $240 millic or nearly $190 million more than the previous annual payment for current retirees. Still too large an amount to be set aside all at once in FY08, the County chose a further approach of "ramping up" to the ARC amount over several years, with the amount set aside each year increasing steadily until the full ARC is reached. A total of $31.9 million for all tax supported agencies was budgeted for this purpose in FY08.

For FY09, the ARC has been recalculated and is now estimated at $250 million. This amount consists of two pieces – the annual amount the County would usually pay out for health benefits for current retirees (the pay as you go amount), plus the additional amount estimated as needed to fund retirees' future health benefits (the pre-funding portion). The pay as you go amount can be reasonably projected based on known facts about current retirees, and the pre-funding portion is estimated on an actuarial basis. For FY09, a ramp-up period of eight years was assumed, up from the five year phase-in that was planned in FY08. Because of the County's fiscal situation, the Executive recommends level funding in FY10, which allows the County to defer $26 million in increased trust contributions.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**16,391,930**	**0.0**
FY10 CE Recommended	**16,391,930**	**0.0**

Risk Management (General Fund Portion)

This NDA funds the General Fund contribution to the Liability and Property Coverage Self-Insurance Fund. The Self-Insurance Fund, managed by the Division of Risk Management in the Department of Finance, provides comprehensive insurance coverage to contributing agencies. Contribution levels are based on the results of an annual actuarial study. Special and Enterprise Funds, as well as outside agencies and other jurisdictions, contribute to the Self-Insurance Fund directly. A listing of these member agencies and the amounts contributed can be found in the Department of Finance, Risk Management Budget Summary.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**9,809,740**	**0.0**
Increase Cost: Risk Management Adjustment	1,700,990	0.0
FY10 CE Recommended	**11,510,730**	**0.0**

Notes: Provides for higher required contribution levels. Many factors are used to calculate annual contribution levels, such as: payroll numbers to derive workers' compensation insurance costs; operating budget and description of operations to derive general liability insurance costs; the number and type of vehicles to derive auto liability and auto physical damage costs; and property value to derive real property insurance costs.

Rockville Parking District

This NDA provides funding towards the redevelopment of the City of Rockville Town Center and the establishment of a parking district. The funding reflects a payment from the County to the City of Rockville for County buildings in the Town Center development and is based on the commercial square footage of County buildings.

Also included are funds to reimburse the City for the cost of library employee parking, library patron parking, and the County's capital cost contribution for the garage facility as agreed in the General Development Agreement.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**377,500**	**0.0**
Enhance: Patron Parking	143,540	0.0
Increase Cost: Employee Parking	3,890	0.0
FY10 CE Recommended	**524,930**	**0.0**

State Property Tax Services

This NDA provides for two State reimbursement programs administered by the Department of Finance: the Homeowners Reimbursement and Homestead Property Tax Program.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**0**	**0.0**

State Prop Tax Services

	Expenditures	WYs
Increase Cost: Homestead Property Tax Program	126,580	0.0
Shift: Homeowner's Reimbursement	39,720	0.0
FY10 CE Recommended	**166,300**	**0.0**

State Positions Supplement

This NDA provides for the County supplement to State salaries and fringe benefits for secretarial assistance for the resident judges of the Maryland Appellate Court and for certain employees in the Office of Child Care Licensing and Regulation in the Maryland State Department of Human Resources.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**144,950**	**0.0**
Decrease Cost: Group Insurance Adjustment	-10	0.0
Increase Cost: Annualization of FY09 Personnel Costs	-44,000	0.0
FY10 CE Recommended	**100,940**	**0.0**

State Retirement Contribution

This NDA provides for the County's payment of two items to the State Retirement System:

- Maryland State Retirement System: Unfunded accrued liability, as established by the Maryland State Retirement System (MSRS), for employees hired prior to July 1, 1984, who are members of the MSRS (including former Department of Social Services employees hired prior to July 1, 1984), and for those who have retired (all County employees participated in the State Retirement System until 1965.) The County contribution for this account is determined by State actuaries. Beginning in FY81, the amount due was placed on a 40-year amortization schedule.

- State Library Retirement: Accrued liability for retirement costs for three Montgomery County Public Library retirees who are receiving a State retirement benefit. These were County employees prior to 1966 who opted to stay in the State plan.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**934,920**	**0.0**
Increase Cost: Amortized amount owed to the State Retirement based on actuarial cost to the plan.	46,560	0.0
FY10 CE Recommended	**981,480**	**0.0**

Takoma Park Library Annual Payment

The annual amount provided in this NDA is a function of County expenditures for the Montgomery County Public Libraries (as a share of property tax-funded spending) and the City of Takoma Park's assessable base. The payment is authorized by Section 2-53 of the Montgomery County Code.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**112,630**	**0.0**
Increase Cost: Annual payment to the Takoma Park Library	20,200	0.0
FY10 CE Recommended	**132,830**	**0.0**

Takoma Park Police Rebate

The County provides financial support to the City of Takoma Park for police protection services in accordance with provisions of the County Code. This provision was enacted in 1949 and provides a payment to the City for protective services for the County residents of the City of Takoma Park. The payment is based on a formula, which uses $0.048 per $100 of assessable base tax rate with "full value assessment" levied on real property.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**705,570**	**0.0**
Increase Cost: Rebate for Takoma Park Police protection services	149,350	0.0
FY10 CE Recommended	**854,920**	**0.0**

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Working Families Income Supplement

This NDA provides funds to match the State's Refundable Earned Income Tax Credit (EITC). The intent of the Working Families Income Supplement is to provide financial assistance to low-income working families in Montgomery County. The County, through the NDA, reimburses the State for the cost of the refund and related administrative expenses.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	**13,667,700**	**0.0**
Increase Cost: Working Families Income Supplement	1,340,500	0.0
FY10 CE Recommended	**15,008,200**	**0.0**

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	321,113	-8,797,930	-3,343,220	-227,180	-97.4%
Employee Benefits	58,097	-1,512,370	-1,512,370	85,740	-105.7%
County General Fund Personnel Costs	***379,210***	***-10,310,300***	***-4,855,590***	***-141,440***	***-98.6%***
Operating Expenses	110,211,465	124,506,500	121,917,510	126,728,150	1.8%
Capital Outlay	0	1,332,650	1,332,650	0	—
County General Fund Expenditures	***110,590,675***	***115,528,850***	***118,394,570***	***126,586,710***	***9.6%***
PERSONNEL					
Full-Time	6	7	7	6	-14.3%
Part-Time	0	0	0	1	—
Workyears	2.6	2.6	2.6	3.1	19.2%
REVENUES					
Takoma Park Munic. Tax Duplic. Loan Reimb.	50,000	50,000	50,000	50,000	—
Rental Property - Conference Center	222,050	319,100	319,100	319,100	—
County - Owned Leased Facilities Income	4,817,486	4,607,500	4,607,500	4,607,500	—
Conference Center - Net Proceeds	1,469,999	1,405,000	1,500,000	1,220,415	-13.1%
County General Fund Revenues	***6,559,535***	***6,381,600***	***6,476,600***	***6,197,015***	***-2.9%***
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	306,610	0	67,520	-78.0%
Employee Benefits	0	54,870	0	0	—
Grant Fund MCG Personnel Costs	***0***	***361,480***	***0***	***67,520***	***-81.3%***
Operating Expenses	10,569	10,025,000	-288,520	15,025,000	49.9%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	***10,569***	***10,386,480***	***-288,520***	***15,092,520***	***45.3%***
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Historical Activities: Historic Preservation	10,569	25,000	25,000	25,000	—
Miscellaneous Future Grants	0	10,000,000	-313,520	15,000,000	50.0%
Grant Fund MCG Revenues	***10,569***	***10,025,000***	***-288,520***	***15,025,000***	***49.9%***
RESTRICTED DONATIONS					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Restricted Donations Personnel Costs	***0***	***0***	***0***	***0***	—
Operating Expenses	449,941	0	163,300	0	—
Capital Outlay	0	0	0	0	—
Restricted Donations Expenditures	***449,941***	***0***	***163,300***	***0***	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—

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SCHEDULE A-4

Fiscal Summary By Fund

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Rec
Total Use of Resources	***-13,089,458***	***-14,308,730***	***-15,486,760***	***-13,968,000***	***-2.4%***
PROJECTED FUND BALANCE	**3,948,845**	**537,300**	**2,069,080**	**911,200**	**69.6%**
Montgomery Housing Initiative					
BEGINNING FUND BALANCE	6,581,874	7,583,260	11,615,290	1,951,890	-74.3%
REVENUES					
Taxes	0	2,615,500	2,615,500	3,047,000	16.5%
Charges for Services	13,579	50,000	50,000	50,000	—
Investment Income	870,676	210,000	220,000	190,000	-9.5%
Miscellaneous	17,103,924	36,576,870	32,961,870	35,029,490	-4.2%
Total REVENUES	*17,988,179*	*39,452,370*	*35,847,370*	*38,316,490*	*-2.9%*
NET INTER-FUND TRANSFERS					
To Non-Tax Supported Funds	0	-1,850,000	0	-2,180,000	17.8%
From Tax Supported Funds	20,868,360	9,782,490	9,782,490	19,919,270	103.6%
To Tax Supported Funds	-108,300	-178,100	-178,100	-201,920	13.4%
Total NET INTER-FUND TRANSFERS	*20,760,060*	*7,754,390*	*9,604,390*	*17,537,350*	*126.2%*
Total Resources	***45,330,113***	***54,790,020***	***57,067,050***	***57,805,730***	***5.5%***
CIP CURRENT REVENUE	0	-25,000,000	-25,000,000	-25,000,000	—
APPROPRIATION/EXPENDITURE					
Appropriation/Expenditure	-33,654,529	-28,632,440	-28,633,770	-31,065,390	8.5%
Debt Service - Other	-78,255	-76,870	-76,870	-75,300	-2.0%
Adjustment for Prior Year Encumbrances/Reserves	17,957	0	0	0	—
Total APPROPRIATION/EXPENDITURE	*-33,714,827*	*-28,709,310*	*-28,710,640*	*-31,140,690*	*8.5%*
CLAIMS ON FUND					
Designated CIP Current Revenue Projects	0	0	-1,404,520	0	—
Total Use of Resources	***-33,714,827***	***-53,709,310***	***-55,115,160***	***-56,140,690***	***4.5%***
PROJECTED FUND BALANCE	**11,615,286**	**1,080,710**	**1,951,890**	**1,665,040**	**54.1%**
Water Quality Protection Fund					
BEGINNING FUND BALANCE	2,540,277	2,025,750	2,567,200	1,253,750	-38.1%
REVENUES					
Charges for Services	6,010,640	8,465,140	8,465,140	10,805,440	27.6%
Miscellaneous	284,329	150,000	70,000	60,000	-60.0%
Total REVENUES	*6,294,969*	*8,615,140*	*8,535,140*	*10,865,440*	*26.1%*
NET INTER-FUND TRANSFERS					
To Tax Supported Funds	-182,820	-259,620	-259,620	-490,880	89.1%
Total Resources	***8,652,426***	***10,381,270***	***10,842,720***	***11,628,310***	***12.0%***
CIP CURRENT REVENUE	-606,373	-2,321,000	-2,321,000	-2,241,000	-3.4%
APPROPRIATION/EXPENDITURE					
Appropriation/Expenditure	-5,514,179	-7,011,830	-6,941,920	-8,805,850	25.6%
Adjustment for Prior Year Encumbrances/Reserves	35,324	0	0	0	—
Total APPROPRIATION/EXPENDITURE	*-5,478,855*	*-7,011,830*	*-6,941,920*	*-8,805,850*	*25.6%*
CLAIMS ON FUND					
Designated CIP Current Revenue Projects	0	0	-326,050	0	—
Total Use of Resources	***-6,085,228***	***-9,332,830***	***-9,588,970***	***-11,046,850***	***18.4%***
PROJECTED FUND BALANCE	**2,567,198**	**1,048,440**	**1,253,750**	**581,460**	**-44.5%**
Restricted Donations					
BEGINNING FUND BALANCE	1,257,694	1,272,600	1,336,930	1,288,280	1.2%
REVENUES					
Miscellaneous	529,172	0	114,650	0	—
Total Resources	***1,786,866***	***1,272,600***	***1,451,580***	***1,288,280***	***1.2%***
APPROPRIATION/EXPENDITURE					
Appropriation/Expenditure	-449,941	0	-163,300	0	—
Total Use of Resources	***-449,941***	***0***	***-163,300***	***0***	***—***
PROJECTED FUND BALANCE	**1,336,925**	**1,272,600**	**1,288,280**	**1,288,280**	**1.2%**
Enterprise Funds					
Community Use of Public Facilities					
BEGINNING UNRESTRICTED NET ASSETS	2,461,659	2,097,440	1,875,900	1,650,790	-21.3%

SORTED NUMERICALLY BY SUBSIDIARY NUMBER			
RESTRICTED DONATION SPECIAL REVENUE FUND (10/131/150) SUBSIDIARY BA			
Department	ACCOUNT TITLE	BALANCE	Subtotal per Department
CCL	GERMANTOWN LEADERSHIP FORUM	(20)	(20)
CCT/HHS	CIRCUIT COURT GENEROUS JUROR	(16,814)	(16,814)
CEX	CONTRIBUTIONS TO R S V P	(8,067)	
CEX	COMMUNITY SERVICE FUND	(4,453)	
CEX	CHEASAPEAKE BAY TRUST	(69)	
CEX	MLK RECOGNITION	(10,559)	
CEX	CELEBRATION 2000	(2,495)	
CEX	SILVER SPRING ICE RINK	(100)	(25,742)
CFW	CONT COMMISSION FOR WOMEN	(8,021)	
CFW	WOMEN'S LEGISLATIVE BRIEFING	(17,186)	
CFW	IMMIGRANT WOMEN INITIATIVE	(4,802)	
CFW	TECHNOLOGY AND GIRLS	(5,437)	
CFW	COMMISSIONER DONATIONS	-	
CFW	CFW ANNIVERSARY	(14,762)	(50,208)
COR	CONTRIBUTIONS TO DETENTION CTR	(5,113)	
COR	CONTRIBUTIONS TO PRE-REL CTR	(29,068)	(34,181)
DED	MFD BUSINESS CONFERENCE	(75)	
DED	DED PROGRAMS	(6,451)	
DED	AGRICULTURAL ACTIVITIES/PROJECTS	(8)	
DED	RURAL LEGACY - MONITORING	(207,758)	(214,292)
DEP	CONTRIBUTIONS TO DEP	(672)	
DEP	STORMWATER MANAGEMENT	(82)	(754)
DPWT	ORCHARD RIDGE LEASE	-	
EMRSC	EAST COUNTY ANUAL EVENT	(364)	(364)
FRS	CONTRIBUTIONS TO EMS TRAINING	(1,149)	
FRS	CONTRIBUTION TO FIRE & RESCUE	(5,356)	
FRS	SAFETY IN OUR NEIGHBORHOOD	(17,768)	
FRS	CONT TO HAZ IND RES TEAM	(8,418)	
FRS	CONT TO FIRE RES HONOR GUARD	(402)	
FRS	CONT TO FIRE/RESCUE COMM FAIR	-	
FRS	HOSPITAL RADIO NET PROGRAM	-	
FRS	URBAN SEARCH & RESCUE TASK FORCE	(1)	
FRS	BOMB DISPOSAL UNIT - FIRE INVESTIGATIONS	(500)	
FRS	LOCAL EMERG PLNG COUNCIL	(1,421)	
FRS	FIRE/RESCUE VOLUNTEER PROGRAMS	(19)	
FRS	CPR TRAINING PROGRAM	(2,879)	
FRS	CHILD PASSENGER SAFETY SEAT	(54,568)	
FRS	MC US & R TASK FORCE - FAMILY SUPPORT	(18,840)	

Department	ACCOUNT TITLE	BALANCE	Subtotal per Department
FRS	C-R SCREENING AWARENESS	(57,502)	
FRS	PUBLIC SAFETY DISASTER RELIEF	(2,978)	
FRS	EMS	(2,469)	
FRS	FIREFIGHTER COMBAT CHALLENGE TEAM	(2,000)	
FRS	FIRE & EXPLOSIVE INVESTIGATIONS	(10,000)	(186,270)
HCA	CONSUMER AFFAIRS SETTLEMENT	(39,970)	(39,970)
HHS	CONTRIBUTIONS TO TESS	(4,340)	
HHS	CONTRIBUTIN TO COMM CRISIS CT	(6,848)	
HHS	VICTIM ACDVOCATE PROGRAM	(16,118)	
HHS	CARE FOR KIDS	-	
HHS	ADDICTIONS AND YOUTH TREATMENT	(51)	
HHS	COMM ACTION AGENCY EMERG CONT	(14,619)	
HHS	CONT OTHER WAY SCHOOL PROGRAM	-	
HHS	CONT ABUSED PERSONS PROGRAM	(5,484)	
HHS	IMMUNIZATION PROGRAM	(6,708)	
HHS	ROTARY- PARENT EDUCATION-ABUSE	-	
HHS	HEALTH - SAFE KIDS	(39,616)	
HHS	HIV CLIENT SERVICES	(24,323)	
HHS	WORKING PARENTS ASSISTANCE TRUST	(15,379)	
HHS	DHHS ADMIN TRUST	(1,906)	
HHS	VOLUNTEER LAY FUNDS	(2,633)	
HHS	ADOPT A SOCIAL WORKER	(4,826)	
HHS	BETHESDA HELP	-	
HHS	CWS TRAINING DONATIONS	(9)	
HHS	ELDERLY FUND	-	
HHS	INDEPENDENT LIVING DONATIONS	(1)	
HHS	SILVER SPRING HELP	(47)	
HHS	SUSAN GOLDMAN SCHOLARSHIP FUND	-	
HHS	LINKAGES TO LEARNING	(55,864)	
HHS	FAMILY SELF-SUFFICIENCY PROGRAM	(378)	
HHS	FAMILY SUPPORT NETWORK	(18,107)	
HHS	VICTIMS COMPENSATION	(26,615)	
HHS	WOMEN'S CANCER CONTROL PROGRAM	(5,487)	
HHS	CHILD WELFARE-SILVER SPRING	(298)	
HHS	LATINO HEALTH INITIATIVE	(8,897)	
HHS	BETTY ANN KRAHNKE CENTER	(782)	
HHS	MONTH OF THE YOUNG CHILD	(6,006)	
HHS	CHILD CARE CELEBRATION EVENT	(1,834)	
HHS	SHAKEN BABY PROGRAM	(1,125)	
HHS	COMMISSION ON AGING - 30TH (HHS)	(0)	

Department	ACCOUNT TITLE	BALANCE	Subtotal per Department
HHS	CRF-CANCER SCREENING (HHS)	(250)	
HHS	EARLY CHILDHOOD SVCS. PROGRAM	(53)	
HHS	HURRICANE KATRINA EVACUEES	-	
HHS	KATRINA MOTEL/HOTEL PLACEMENT	(2)	
HHS	CONSERVATION CORPS	(474)	
HHS	GERMANTOWNN HEALTH CENTER	(67)	
HHS	DENTAL PROGRAM	(15,140)	
HHS	AFRICAN AMERICAN DIABETES HEALTH PROGRAM	(8,260)	
HHS	AFRICAN AMERICAN HEALTH PROGRAM	(8,311)	
HHS/POL	HATE/VIOLENCE INFORMANT FUND	(31,669)	(332,528)
HRC	HUMAN RELATIONS CAMP	(147)	
HRC	HUMANITIES COMM CONTRIB	(20)	
HRC	SENSITIVITY AWARENESS-HUMAN RIGHTS	(2,178)	(2,344)
LIB	CONTRIBUTIONS TO PUBLIC LIB	(37,840)	
LIB	BOOK SALE DONATIONS	(40,403)	(78,244)
MCRSC	WHEATON EMERGENCY ASSIST FUNDS	(41)	(41)
OCP	DISPLACED HOMEMAKER PROGRAM	-	
POL	UNDERAGE DRINKING PREVENTION	(2,552)	
POL	FRAUD-FED EQ. SHARING	(69,709)	
POL	VICE - FED. EQ. SHARING	(175,293)	
POL	FAMILY CRIMES - D.V. EQUIP.	(1,933)	
POL	PSTA-RECYCLED BRASS	(11,146)	
POL	SID/DRUG ENFORCEMENT SECTION	(3,098)	
POL	SOD - CANINE UNIT	(2,264)	
POL	PROJECT LIFESAVER	(384)	
POL	PUBLIC SAFETY OFFICERS MEMORIAL FUND	(21,543)	
POL	ASIAN AMERICAN RECRUITMENT	(2,740)	
POL	SENIOR INITIATIVES PROGRAM	(1,429)	
POL	VICTIM ASSISTANCE EMERGNECY FUND	(742)	
POL	HATE TIPSTER EDUCATION	(10,000)	(302,832)
PRO	PROCUREMENT FORUM	(3,254)	(3,254)
REC	SPECIAL YOUTH RECREATION FUND	-	
SSRSC	CONTR SIL SPG EMERG ASST LOANS	(424)	
SSRSC	SILVER SPRING URBAN CREW	-	(424)
	Total GL3730	(1,288,281)	(1,288,281)

February 13,2009

BALANCE SHEET	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 ACTUAL	FY07 ACTUAL	FY 08 ACTUAL	FY 09 BUDGET	FY09 Projected	FY10 BUDGET
ASSETS									
CASH & INVESTMENT	47,737,873	53,246,752	70,515,351	94,411,741	96,579,845	95,906,890	98,016,136	90,337,380	89,705,660
CASH-RESTRIC	0	0	0	0	0	0	0		
OTHER ASSETS	445,806	255,092	310,475	300,000	273,533	300,000	300,000	300,000	300,000
TOTAL	48,183,679	53,501,844	70,825,826	94,711,741	96,853,378	96,206,890	98,316,136	90,637,380	90,005,660
LIABILITIES & EQUITY									
CLAIMS PAYABLES	57,736,000	64,206,000	70,887,000	79,710,000	75,499,000	80,831,000	85,784,000	86,208,000	92,403,000
OTHER LIABILITIES	721,162	1,139,728	834,781	1,133,584	1,032,776	1,200,000	1,200,000	1,200,000	1,200,000
CONTRIB CAPITAL	0	0	0	0	0	0	0		
EQUITY/FUND BAL	(10,273,483)	(11,843,884)	(895,955)	13,868,157	20,321,602	14,175,890	11,332,136	3,229,380	(3,597,340)
TOTAL	48,183,679	53,501,844	70,825,826	94,711,741	96,853,378	96,206,890	98,316,136	90,637,380	90,005,660
INCOME STATEMENT									
REVENUES									
CONTRIBUTIONS	26,297,173	33,080,442	44,052,086	48,099,083	32,310,240	31,253,956	31,951,180	31,951,180	39,619,630
RECOVERED LOSSES	1,061,343	1,257,994	1,854,859	879,494	574,701	960,377	1,000,000	1,000,000	1,000,000
INVESTMENT INCOME	907,687	801,023	2,042,173	4,782,807	6,138,902	5,182,510	4,226,420	1,340,000	1,170,000
INVEST INC-ESCROW									
G F TRANSFER						68,480			
MISC INCOME	7,393	89,936	0	(822)	311	248,308	100,000	100,000	100,000
	28,273,596	35,229,395	47,949,118	53,760,562	39,024,154	37,713,631	37,277,600	34,391,180	41,889,630
EXPENSES									
CLAIMS EXPENSE	18,401,574	20,861,471	20,524,036	20,336,586	26,834,168	26,254,000	23,871,000	25,946,000	27,052,000
RESERVE/IBNR ADJUSTMENT	7,711,000	6,470,000	6,681,000	8,823,000	(4,211,000)	5,332,000	5,538,000	5,377,000	6,195,000
MISC ADJUSTMENT	420,785	521,416	570,492	33,005	0				
OTHER INSUR COSTS	6,612,643	6,986,477	7,209,154	7,793,231	7,800,440	9,813,832	11,239,195	11,239,195	12,329,655
COUNTY ATTORNEY	1,606,388	1,681,852	1,739,570	1,715,757	1,737,920	1,941,843	2,224,940	2,224,940	2,448,400
GEN'L & ADMIN	267,161	278,580	276,937	294,871	409,181	517,668	550,555	550,555	691,295
PREMIUM REFUND	0	0							
MEDICAL PROGRAM									
INTEREST EXPENSE									
UNEMPLOYMENT									
INTEREST EXP-ESCROW									
LOSS ON INVESTMENT									
TOTAL	35,019,551	36,799,796	37,001,189	38,996,450	32,570,709	43,859,343	43,423,690	45,337,690	48,716,350
NET INCOME (LOSS)	(6,745,955)	(1,570,401)	10,947,929	14,764,112	6,453,445	(6,145,712)	(6,146,090)	(10,946,510)	(6,826,720)
BEGINNING BALANCES									
OTHER CHANGES									
EQUITY/FUND BAL	(3,527,528)	(10,273,483)	(11,843,884)	(895,955)	13,868,157	20,321,602	17,478,226	14,175,890	3,229,380
ESCROW FUND									
ENDING BALANCES									
EQUITY/FUND BAL	(10,273,483)	(11,843,884)	(895,955)	13,868,157	20,321,602	14,175,890	11,332,136	3,229,380	(3,597,340)

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.