

MEMORANDUM

May 1, 2009

TO: County Council

FROM: Karen Orlansky^{KO}, Director
Office of Legislative Oversight

SUBJECT: **FY10 Operating Budget**
Office of Legislative Oversight
Independent Financial Audit Non-Departmental Account

Management and Fiscal Policy Committee Recommendation: Approve the budget for the Office of Legislative Oversight and Independent Financial Audit NDA, as submitted in the Executive's Recommended FY10 budget.

The Executive's recommendations for OLO and Independent Financial Audit NDA are attached at ©1-3. Helen Vallone is OMB's representative for these budgets.

OFFICE OF LEGISLATIVE OVERSIGHT

For FY10 the Executive recommends total expenditures of **\$1,341,070** for the Office of Legislative Oversight, a 2.1% decrease from the FY09 approved budget. Personnel costs account for 95% of OLO's budget. The table below summarizes the changes from FY09 to FY10. In sum, the reductions come from:

- Changing two positions from full-time to part-time; and
- Reducing operating expenses by 11%.

Category	FY09 Approved	FY10 CE Recommended	Change FY09-FY010
Expenditures			
Total Budget	\$1,370,300	\$1,341,070	-2.1%
Personnel			
Full-time positions	11	9	-2
Part-time positions	0	2	+2

The table below itemizes the changes in OLO's budget.

Changes (with service impacts)	
Reduce: One full-time Senior Legislative Analyst to 90%	-12,510
Reduce: One Research Associate from full-time to part-time	-17,260
Reduce operating expenses	-10,080
Changes (with no service impacts)	
Increase cost: Service increment adjustments	6,280
Increase cost: Retirement adjustment	5,460
Increase cost: Group insurance adjustment	2,310
Increase cost: Printing and mail adjustments	1,740
Decrease cost: Reduce overtime by 40%	-5,170
Net Adjustment Total	-\$29,230

INDEPENDENT FINANCIAL AUDIT NON-DEPARTMENTAL ACCOUNT

The Executive's FY10 Recommended Operating Budget includes **\$394,000** for the Independent Financial Audit NDA. The \$394,000 request represents **no change** from FY09 because the prices as negotiated in the contract remain unchanged for the first two years.

The FY10 Independent Financial Audit NDA will fund the independent audit of the FY09 financial statements issued by the County Government and the Local Fire and Rescue Departments. On April 14, 2009, the County Council approved the renewal of contracts with Clifton Gunderson LLP for the audit of the County Government's financial statements; and with Rager, Lehman & Houck, P.C. for the audits of the Local Fire and Rescue Departments' financial statements. The Council has the option of renewing these contracts for two additional one-year periods.

Attachments

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Legislative Oversight

MISSION STATEMENT

The mission of the Office of Legislative Oversight is to determine the effectiveness of legislation enacted by the County Council, and to make findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are appropriated or approved by the Council.

BUDGET OVERVIEW

The total recommended FY10 Operating Budget for the Office of Legislative Oversight is \$1,341,070, a decrease of \$29,230 or 2.1 percent from the FY09 Approved Budget of \$1,370,300. Personnel Costs comprise 94.7 percent of the budget for nine full-time positions and two part-time positions for 10.6 workyears. Operating Expenses account for the remaining 5.3 percent of the FY10 budget.

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*

PROGRAM CONTACTS

Contact Karen Orlansky of the Office of Legislative Oversight at 240.777.7987 or Helen Vallone of the Office of Management and Budget at 240.777.2755 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Legislative Oversight

The Office of Legislative Oversight (OLO) conducts program evaluations, base budget reviews, audits, and other special studies in accordance with a Council-approved work program. OLO studies the effectiveness of legislation enacted by the Council and makes findings and recommendations concerning the performance, management, and operation of programs and functions for which funds are approved or appropriated by the Council. OLO is also the designated administrator for the Council's audit contracts, as required under Section 315 of the County Charter.

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BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Recommended FY10	% Chg Bud/Re
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	889,715	968,420	940,750	922,870	-4.7%
Employee Benefits	309,555	323,130	322,520	347,790	7.6%
County General Fund Personnel Costs	1,199,270	1,291,550	1,263,270	1,270,660	-1.6%
Operating Expenses	24,681	78,750	51,350	70,410	-10.6%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	1,223,951	1,370,300	1,314,620	1,341,070	-2.1%
PERSONNEL					
Full-Time	11	11	11	9	-18.2%
Part-Time	0	0	0	2	—
Workyears	11.1	11.3	11.3	10.6	-6.2%

FY10 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY09 ORIGINAL APPROPRIATION	1,370,300	11.3
Changes (with service impacts)		
Reduce: Miscellaneous Operating Expenses	-10,080	0.0
Reduce: One full-time manager position to 90%	-12,510	-0.1
Reduce: Research Associate from full-time to part-time	-17,260	-0.5
Other Adjustments (with no service impacts)		
Increase Cost: Service Increment	6,280	0.0
Increase Cost: Retirement Adjustment	5,460	0.0
Increase Cost: Group Insurance Adjustment	2,310	0.0
Increase Cost: Printing and Mail Adjustments	1,740	0.0
Decrease Cost: Reduce overtime by 40%	-5,170	-0.1
FY10 RECOMMENDED:	1,341,070	10.6

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	1,341	1,341	1,341	1,341	1,341	1,341
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	3	3	3	3	3
These figures represent the estimated cost of service increments and associated benefits.						
Subtotal Expenditures	1,341	1,344	1,344	1,344	1,344	1,344

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

➤ **Independent Audit**

Section 315 of the County Charter requires the County Council to contract with a Certified Public Accountant for an independent post audit of all financial records and actions of the County, its officials, and employees. By County Resolution, the Office of Legislative Oversight is the designated administrator for this contract, which also includes an independent audit of the basic financial statement of the Employee Retirement Plans; additional services related to reviews, tests, and certifications; and audits of tax-funded expenditures by the independent Fire and Rescue Corporations.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	394,000	0.0
FY10 CE Recommended	394,000	0.0

Interagency Technology, Policy, & Coordinating Comm.

This NDA supports the operation of the Interagency Technology, Policy, and Coordination Committee (ITPCC). The ITPCC was chartered by the Montgomery County Council to promote strategic planning and coordination in the use of information technology among County agencies. The ITPCC reports biannually to the County Council. By regularly convening the agencies' chief executive and chief information officers, the ITPCC provides an effective forum for the coordinated implementation of technology policies and guidelines. Additionally, the ITPCC facilitates interagency communication, the evaluation and sharing of new technologies, and advises policy makers on the strategic uses of technology.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	30,000	0.0
Decrease Cost: Reduce expenditures to be in line with historical spending levels	-25,000	0.0
FY10 CE Recommended	5,000	0.0

Judges Retirement Contributions

This NDA provides pensions for retired Judges who were on the bench prior to 1968 in the Circuit Court and the People's Court (District Court) of Montgomery County and for their surviving spouses.

The Circuit Court pension is calculated at one percent of the net supplement paid by the County to the salaries of the Circuit Court Judges as of May 31, 1968, multiplied by the number of years of active service as a Judge (up to a maximum of 20 years). The surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Section 12-10 of the Montgomery County Code.

The People's Court (District Court) pension is based on the current salary of a District Court Judge. A retired Judge receives 60 percent of the current salary of a District Court Judge, while a surviving spouse receives one-half of the pension to which the Judge would have been entitled. The benefits are authorized in Article 73B, Section 63(b) of the Annotated Code of Maryland. This NDA may be increased to include a cost of living adjustment at a rate equal to that approved for District Court Judges by the General Assembly. If a cost of living adjustment is approved next fiscal year, the NDA will be adjusted as necessary by a year-end transfer.

FY10 Recommended Changes	Expenditures	WYs
FY09 Approved	3,740	0.0
FY10 CE Recommended	3,740	0.0

Leases

This NDA provides the funds necessary to lease privately owned real estate to accommodate County programs. Real property leased by the County includes office, warehouse, and retail space; hangar facilities; child care space in schools; parking spaces; and space for communication antennas. Leasing property allows the County the flexibility to locate programs in the communities they serve and provides space for programs to operate when there is no County-owned space available. Further, it is an economical way to procure highly specialized, location sensitive, or temporary space. Currently, there are approximately 80 leased facilities. The inventory of leases is constantly shifting as new leases are added and existing leases are terminated.

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