Montgomery County, Maryland ▪ Office of Management and Budget


# County Executive's FY17-22 Fiscal Plan

Isiah Leggett, County Executive
March 2016

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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.**

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**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.**

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| Water Quality Protection | Matt Schaeffer |

OFFICE OF MANAGEMENT AND BUDGET


Isiah Leggett
County Executive

Jennifer Hughes
Director


**MEMORANDUM**

April 1, 2016

TO: Interested Readers

FROM: Jennifer A. Hughes, Director

SUBJECT: FY17-22 Fiscal Plan

**Executive Summary:**

The County Executive's recommended budget, released on March 15, 2016, closed a $178 million budget gap, raising the cumulative amount of budgetary shortfalls resolved in County Executive Leggett's 10 proposed budgets to more than $3.3 billion. One year ago the County Executive cautioned that the measures adopted to balance previous budgets, necessary to enhance long-term fiscal stability, would not continue to be available in the future because the budgetary pressures facing the County are long-term. The County's K-12 student population continues to grow at a rate of more than 2,000 students per year, challenging the school system to maintain class sizes and address the achievement gap. As the County's population continues to increase and grow older, demands on other County services such as home health care, senior transportation, emergency response, libraries, and recreation also continue to increase. At the same time that service demands are growing, the County also faces pressure on a number of its revenue sources, most notably the income tax as a result of the Wynne case.[1] The County Executive's recommended budget and property tax rates will allow the County to address these challenges next year and into the future.

---

[1] Maryland State Comptroller of Treasury v. Brian Wynne, No. 13-485. In May 2015, the U.S. Supreme Court affirmed the Maryland Court of Appeals in holding that the State of Maryland's failure to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states violates the Commerce Clause of the United States Constitution. As a result, under current law, the Department of Finance estimates lost income tax revenue of $76.7 million in FY17 and FY18, $31.5 million in FY19, and $16.4 million annually after FY19. After

The County Executive recommends an average weighted property tax rate of $1.0264 per $100 of assessed value, which is an increase of 3.94 cents above the current rate, and a $692 credit for each owner-occupied residence to support a progressive property tax structure in the County. The average County homeowner will see a $325 increase in property taxes in FY17, and overall property tax revenues will be $140.1 million above the limit allowed by the County's Charter.[2] Even with the proposed property tax rate increase, County taxes as a share of personal income will decrease. This is the first time since FY09 that the County Executive has proposed exceeding the Charter Limit. He has done so because he strongly believes the County's changing needs cannot be met within the current Charter limit. In total, spending increases 3.8 percent in FY17, and tax supported spending across all agencies increases 4.7 percent, including debt service.

The County Executive's recommended property tax increase supports the Board of Education's requested budget and provides the funds necessary to repay the State for income tax refunds made as a result of the Wynne case. The recommended budget increases local school funding by $89.3 million above the State minimum funding requirement in order to meet the needs of a rapidly growing and changing student population, the first such increase above Maintenance of Effort since FY09. While the property tax increase also provides funding to cover the anticipated impact of the Wynne case, the County continues to advocate for State legislation that would allow all jurisdictions to repay the Wynne liability over a longer period of time, rather than the current nine quarterly payments. The County Executive's commitment to the County's legislative delegation and taxpayers is to lower the proposed property tax rate to recognize the new repayment schedule if this legislation is approved.

The recommended budget provides strategic increases to meet heightened demand for critical services in public safety and programs serving the County's vulnerable populations, including seniors and at-risk youth. While this budget addresses some unmet needs in these areas, it also identifies additional efficiencies and cost savings, including annualization of expenditure reductions implemented during FY16 as part of the savings plan approved by the County Council in July 2015. In addition, the recommended budget includes funding for all of the County's collective bargaining agreements, increases reserves to 8.4 percent of total revenues (on track to reaching the policy goal of 10 percent by FY20), and funds retiree health benefits at the required level. Finally, the energy tax rates the Council approved in May 2015 are maintained in the recommended budget. The energy tax is more broad-based than either property or income taxes since it includes taxes on energy usage of institutions and facilities, such as the federal government, that otherwise would not pay taxes. Because of its broader base, the energy tax lowers the overall tax burden on residents and businesses in the County.

The County Executive's recommended budget is a balanced approach to meet the expanding needs of a growing population in a fiscally responsible manner. This approach is also necessary to continue to provide the Council with the flexibility to meet future, sometimes unforeseen, challenges. While this budget moves the County forward in addressing some of its long term pressures, additional measures to rebalance revenues and spending may be necessary due to reduced growth

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discussions with the Comptroller of Maryland, the impact on the County has been capped at $50.4 million in FY17, with higher impacts deferred to FY18 and FY19.

[2] 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.

projections from regional and national economists. This challenge is evident in the current fiscal plan, which projects a 1.2 decrease in resources available to fund agency spending in FY18. As the County Council considers and adopts the operating budget, the County Executive believes it is essential that it adhere to the general parameters of his recommended budget. Additional spending beyond the recommended level or reducing ongoing revenues, without corresponding expenditure reductions, would further increase the gap in FY18. Continued adherence to prudent fiscal policies that protect residents and taxpayers will allow the County to maintain current service levels and address important priorities.

**Background:**

The recommended FY17-22 fiscal plans for the tax supported and non-tax supported funds of the agencies of County government are provided for your information. Many of these fiscal plans were initially published in the FY17-22 Recommended Operating Budget and Public Services Program (March 15, 2016) available here https://reports.data.montgomerycountymd.gov/omb.[3] As in past years, this information is intended to assist the County Council and other interested parties as the County Executive's recommended budget is considered 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 County'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.

The Recommended Budget is consistent with the fiscal policies recommended by the County Executive and approved by the County Council in June 2010 and amended in November 2011. These policies include building total reserves to ten percent of Adjusted Governmental Revenues[4] by

[3] In addition to these two documents, readers are encouraged to review other County fiscal materials such as the Comprehensive Annual Financial Report for the year ended June 30, 2015; the Annual Information Statement published by the Department of Finance; and Economic Indicators data. Budget and financial information for Montgomery County can also be accessed on the web at www.montgomerycountymd.gov/omb.
[4] The tax supported revenues of the County Government, Montgomery County Public Schools (less the local contribution), Montgomery College (less the local contribution), Maryland-National Park and Planning Commission, and the County Government's Capital Projects and Grants Funds.

2020 (including mandatory contributions to the Revenue Stabilization Fund), fully funding PAYGO[5], and increasing contributions to pre-fund retiree health insurance up to full funding of the annual required contribution by FY15.

**Fiscal Plan for the Tax Supported Funds:**

The recommended fiscal planning objectives for FY17-22 for the tax supported funds are:

- Adhere to sound fiscal policies.
- Tax supported reserves (operating margin and the Revenue Stabilization Fund) are at the policy level of maintaining an unrestricted General Fund balance of 5 percent of the prior year's General Fund revenues and increasing the Revenue Stabilization Fund consistent with the requirements of Section 20-65 of the Montgomery County Code.
- The average weighted property tax rate is $1.0264 per $100 of assessed value, 3.94 cents higher than current rates, and a $692 credit to each owner-occupied household.
- Assume property tax revenues at the Charter Limit during FY18-22 in the fiscal plan using the income tax offset credit.
- 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.
- Program PAYGO to be at least 10 percent of anticipated General Obligation Bond levels to contain future borrowing costs in FY18-22. PAYGO is consistent with the General Obligation Bond levels recommended by the County Executive in his FY17-22 Capital Improvements Program.
- 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.
- For services, allocate resources consistent with policy and program agendas.

[5] 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.

The major challenges for FY17-22 will be to contain on-going costs, preserve essential services, and continue making targeted improvements to critical service areas including education, economic development, public safety, the social safety net, affordable housing, and transportation within projected available resources.

**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 increasing fees and/or reducing expenditures.

**Conclusion:**

Montgomery County's long term fiscal health is strong as a result of its underlying economy and the financial management policies endorsed by its elected officials. Nonetheless, the County will continue to face significant challenges in the years ahead. The FY17-22 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the Fiscal Plans that follow are encouraged.

JAH:ae

Attachment: FY17-22 Fiscal Plan for Montgomery County, Maryland

c: Isiah Leggett, County Executive
Councilmembers, Montgomery County Council
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## How the FY17 Gap Was Closed
### $ in Millions
(Negative numbers increase the gap; positive numbers close the gap)

| | | $ millions |
|---|---|---|
| 1 | Gap as of December 2015 | (178.446) |
| 2 | Major resource changes since December: | |
| 3 | February tax revenue update | 72.705 |
| 4 | Wynne income tax impact in FY17 (capped by Comptroller) | 26.300 |
| 5 | Correction of municipal income tax over-distributions | 6.333 |
| 6 | Fines, licenses, fees, and other misc. revenues | (1.714) |
| 7 | FY15 year-end closeout | 19.444 |
| 8 | FY16 County Government spending -- supplemental appropriations | (1.261) |
| 9 | FY16 County Government spending -- updated year-end estimate | (5.508) |
| 10 | FY16 MD National Capital Park and Planning Commission (MNCPPC) spending | (1.266) |
| 11 | Snow removal costs net of anticipated FEMA reimbursement | (12.801) |
| 14 | Retiree health insurance pre-funding | (0.038) |
| 15 | Net Transfers | (7.052) |
| 16 | FY17 Agency Budget Requests: | |
| 17 | Montgomery County Public Schools (MCPS) | (131.359) |
| 18 | Montgomery College | (6.856) |
| 19 | MNCPPC | (2.834) |
| 20 | County Government | (27.434) |
| 21 | Change to reserves | (2.606) |
| 22 | Revised Gap | (254.546) |
| 23 | Measures to Close the Gap | |
| 24 | Change in Available Resources: | |
| 25 | Property Tax Increase -- 3.94 cents above current rate | 140.104 |
| 26 | Change in Agency Budget Requests: | |
| 27 | MCPS Local Contribution $89.3 million above Maintenance of Effort | 44.324 |
| 28 | College Local Contribution $2 million above Maintenance of Effort | 8.000 |
| 29 | 2.2% operating budget increase for MNCPPC | 0.525 |
| 30 | Change in Non-Agency spending: | |
| 31 | Reserves to 8.4% (Council Resolution No. 17-312) | 22.824 |
| 32 | CIP Current Revenue | (0.129) |
| 33 | Debt service | 17.598 |
| 34 | Set Aside | 22.000 |
| 35 | Change to reserves | (0.701) |
| 36 | Gap on March 15, 2016 | 0.000 |

The MCPS request was $133.6 million above Maintenance of Effort (MOE). The County Executive's Recommended Budget increases local funding $110 million, which is $89.3 million above MOE.

Montgomery College's request was $10 million above MOE, or 7.8 percent. The County Executive's Recommended Budget increases local funding by $2 million. In total, local funding to the College would increase 37 percent, or 50 percent on a per student full-time enrollment basis, since 2013.

# 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, Tax Supported Grants, 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, 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** |
| **Revenue Stabilization Fund** | **WSSC** |

# 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 FY17-22 Public Services Program

## Tax Supported Fiscal Plan Summary

($ in Millions)

| # | | App. FY16 | Est. FY16 | % Chg. FY16-17 | Rec. FY17 | % Chg. FY17-18 | Projected FY18 | % Chg. FY18-19 | Projected FY19 | % Chg. FY19-20 | Projected FY20 | % Chg. FY20-21 | Projected FY21 | % Chg. FY21-22 | Projected FY22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 5-21-15 | 3-15-16 | App/Rec | 3-15-16 | | | | | | | | | | |
| | **Total Revenues** | | | | | | | | | | | | | | |
| 1 | Property Tax | 1,582.6 | 1,580.8 | 9.9% | 1,738.7 | 2.3% | 1,779.2 | 3.0% | 1,833.3 | 3.2% | 1,892.5 | 3.1% | 1,951.7 | 3.3% | 2,016.5 |
| 2 | Income Tax | 1,433.4 | 1,438.1 | 1.4% | 1,453.9 | 3.5% | 1,505.5 | 7.9% | 1,624.4 | 5.6% | 1,714.9 | 4.5% | 1,792.8 | 4.2% | 1,868.3 |
| 3 | Transfer/Recordation Tax | 153.8 | 174.7 | 13.2% | 174.1 | 3.2% | 179.7 | 4.5% | 187.8 | 3.8% | 194.9 | 7.7% | 209.9 | 6.8% | 224.2 |
| 4 | Other Taxes | 280.3 | 276.2 | -0.7% | 278.3 | 1.4% | 282.3 | 1.3% | 285.8 | 1.1% | 289.0 | 1.1% | 292.3 | 1.2% | 295.9 |
| 5 | Other Revenues | 990.1 | 985.8 | 3.8% | 1,027.8 | -0.9% | 1,018.4 | 0.2% | 1,020.2 | 0.2% | 1,022.6 | 0.6% | 1,028.3 | 0.6% | 1,034.2 |
| 6 | **Total Revenues** | **4,440.3** | **4,455.6** | **5.2%** | **4,672.8** | **2.0%** | **4,765.0** | **3.9%** | **4,951.5** | **3.3%** | **5,113.9** | **3.2%** | **5,275.1** | **3.1%** | **5,439.0** |
| 7 | | | | | | | | | | | | | | | |
| 8 | **Net Transfers In (Out)** | **24.9** | **24.9** | **-41.8%** | **14.5** | **2.3%** | **14.8** | **2.5%** | **15.2** | **2.7%** | **15.6** | **2.7%** | **16.0** | **2.7%** | **16.5** |
| 9 | **Total Revenues and Transfers Available** | **4,465.2** | **4,480.5** | **5.0%** | **4,687.3** | **2.0%** | **4,779.8** | **3.9%** | **4,966.7** | **3.3%** | **5,129.5** | **3.2%** | **5,291.2** | **3.1%** | **5,455.4** |
| 10 | | | | | | | | | | | | | | | |
| 11 | **Non-Operating Budget Use of Revenues** | | | | | | | | | | | | | | |
| 12 | Debt Service | 354.0 | 346.9 | 9.8% | 388.8 | 3.4% | 402.0 | 4.2% | 418.8 | 4.0% | 435.8 | 3.8% | 452.4 | 2.8% | 464.8 |
| 13 | PAYGO | 34.0 | 34.0 | 0.0% | 34.0 | 0.0% | 34.0 | 0.0% | 34.0 | 0.0% | 34.0 | 0.0% | 34.0 | 0.0% | 34.0 |
| 14 | CIP Current Revenue | 57.7 | 61.9 | -31.1% | 39.8 | 96.9% | 78.3 | 7.9% | 84.5 | -11.2% | 75.0 | 3.6% | 77.7 | -7.5% | 71.9 |
| 15 | Change in Other Reserves | -50.8 | -16.8 | -5.7% | -53.7 | 99.8% | -0.1 | 257.9% | 0.2 | 49.6% | 0.2 | -5.0% | 0.2 | 4.3% | 0.2 |
| 16 | Contribution to General Fund Undesignated Reserves | -22.0 | -38.9 | 169.9% | 15.4 | 111.4% | 32.6 | -93.1% | 2.2 | 281.0% | 8.5 | -15.3% | 7.2 | -2.8% | 7.0 |
| 17 | Contribution to Revenue Stabilization Reserves | 24.2 | 24.1 | 5.2% | 25.5 | 5.1% | 26.8 | 8.1% | 28.9 | -18.8% | 23.5 | -60.7% | 9.2 | 5.4% | 9.7 |
| 18 | Set Aside for other uses (supplemental appropriations) | 2.0 | -0.4 | -100.0% | 0.0 | n/a | 20.0 | 0.0% | 20.0 | 0.0% | 20.0 | 0.0% | 20.0 | 0.0% | 20.0 |
| 19 | **Total Other Uses of Resources** | **399.0** | **410.9** | **12.7%** | **449.7** | **32.0%** | **593.5** | **-0.8%** | **588.7** | **1.4%** | **597.1** | **0.6%** | **600.8** | **1.2%** | **607.7** |
| 20 | **Available to Allocate to Agencies (Total Revenues+Net Transfers-Total Other Uses)** | **4,066.2** | **4,069.6** | **4.2%** | **4,237.6** | **-1.2%** | **4,186.4** | **4.6%** | **4,378.1** | **3.5%** | **4,532.4** | **3.5%** | **4,690.4** | **3.4%** | **4,847.7** |
| 21 | | | | | | | | | | | | | | | |
| 22 | **Agency Uses** | | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | | | |
| 24 | Montgomery County Public Schools (MCPS) | 2,176.5 | 2,145.8 | 6.2% | 2,311.6 | | | | | | | | | | |
| 25 | Montgomery College (MC) | 252.2 | 247.8 | 1.9% | 257.1 | | | | | | | | | | |
| 26 | MNCPPC (w/o Debt Service) | 117.4 | 117.1 | 2.2% | 120.0 | | | | | | | | | | |
| 27 | MCG | 1,520.1 | 1,558.8 | 1.9% | 1,548.9 | | | | | | | | | | |
| 28 | **Agency Uses** | **4,066.2** | **4,069.6** | **4.2%** | **4,237.6** | **-1.2%** | **4,186.4** | **4.6%** | **4,378.1** | **3.5%** | **4,532.4** | **3.5%** | **4,690.4** | **3.4%** | **4,847.7** |
| 29 | **Total Uses** | **4,465.2** | **4,480.5** | **5.0%** | **4,687.3** | **2.0%** | **4,779.8** | **3.9%** | **4,966.7** | **3.3%** | **5,129.5** | **3.2%** | **5,291.2** | **3.1%** | **5,455.4** |
| 30 | **(Gap)/Available** | **0.0** | **0.0** | | **0.0** | | **0.0** | | **0.0** | | **0.0** | | **0.0** | | **0.0** |

Assumptions:

1. FY17 average weighted property tax rate is 3.94 cents higher than FY16. FY18-22 property taxes are at the Charter Limit with a $692 credit. Other taxes are at current rates.
2. Reserve contributions are consistent with legal requirements and the minimum policy target.
3. PAYGO, debt service, and current revenue reflect the Recommended FY17-22 Capital Improvements Program and additional proposed current revenue amendments.
4. State Aid, including MCPS and Montgomery College, is not projected to increase in FY17-22.

# County Executive's Recommended FY17-22 Public Services Program

## Tax Supported Fiscal Plan Summary

($ in Millions)

| | | App. FY16 | Est. FY16 | % Chg. FY16-17 | Rec. FY17 | % Chg. FY17-18 | Projected FY18 | % Chg. FY18-19 | Projected FY19 | % Chg. FY19-20 | Projected FY20 | % Chg. FY20-21 | Projected FY21 | % Chg. FY21-22 | Projected FY22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 31 | **Beginning Reserves** | | | | | | | | | | | | | | |
| 32 | **Unrestricted General Fund** | 149.8 | 156.5 | -21.5% | 117.6 | 13.1% | 133.0 | 24.5% | 165.6 | 1.4% | 167.8 | 5.1% | 176.4 | 4.1% | 183.6 |
| 33 | **Revenue Stabilization Fund** | 230.7 | 230.6 | 10.4% | 254.7 | 10.0% | 280.2 | 9.6% | 307.0 | 9.4% | 335.9 | 7.0% | 359.4 | 2.6% | 368.7 |
| 34 | **Total Reserves** | 380.5 | 387.2 | -2.1% | 372.4 | 11.0% | 413.2 | 14.4% | 472.6 | 6.6% | 503.8 | 6.4% | 535.8 | 3.1% | 552.3 |
| 35 | | | | | | | | | | | | | | | |
| 36 | **Additions to Reserves** | | | | | | | | | | | | | | |
| 37 | **Unrestricted General Fund** | -22.0 | -38.9 | 169.9% | 15.4 | 111.4% | 32.6 | -93.1% | 2.2 | 281.0% | 8.5 | -15.3% | 7.2 | -2.8% | 7.0 |
| 38 | **Revenue Stabilization Fund** | 24.2 | 24.1 | 5.2% | 25.5 | 5.1% | 26.8 | 8.1% | 28.9 | -18.8% | 23.5 | -60.7% | 9.2 | 5.4% | 9.7 |
| 39 | **Total Change in Reserves** | 2.2 | -14.8 | 1792.9% | 40.9 | 45.2% | 59.4 | -47.5% | 31.2 | 2.8% | 32.0 | -48.6% | 16.5 | 1.8% | 16.8 |
| 40 | | | | | | | | | | | | | | | |
| 41 | **Ending Reserves** | | | | | | | | | | | | | | |
| 42 | **Unrestricted General Fund** | 127.8 | 117.6 | 4.1% | 133.0 | 24.5% | 165.6 | 1.4% | 167.8 | 5.1% | 176.4 | 4.1% | 183.6 | 3.8% | 190.6 |
| 43 | **Revenue Stabilization Fund** | 254.9 | 254.7 | 9.9% | 280.2 | 9.6% | 307.0 | 9.4% | 335.9 | 7.0% | 359.4 | 2.6% | 368.7 | 2.6% | 378.4 |
| 44 | **Total Reserves** | 382.7 | 372.4 | 8.0% | 413.2 | 14.4% | 472.6 | 6.6% | 503.8 | 6.4% | 535.8 | 3.1% | 552.3 | 3.0% | 569.0 |
| 45 | **Reserves as a % of Adjusted Governmental Revenues** | 8.2% | 7.9% | | 8.4% | | 9.4% | | 9.7% | | 10.0% | | 10.0% | | 10.0% |
| 46 | **Other Reserves** | | | | | | | | | | | | | | |
| 47 | **Montgomery College** | 3.5 | 9.1 | 27.1% | 4.5 | 0.0% | 4.5 | 0.0% | 4.5 | 0.0% | 4.5 | 0.0% | 4.5 | 0.0% | 4.5 |
| 48 | **M-NCPPC** | 4.3 | 9.1 | 22.4% | 5.2 | -8.9% | 4.7 | 3.0% | 4.9 | 3.2% | 5.0 | 3.1% | 5.2 | 3.3% | 5.4 |
| 49 | **MCPS** | 0.0 | 33.2 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 | n/a | 0.0 |
| 50 | **MCG Special Funds** | 0.9 | 13.6 | 67.7% | 1.5 | 24.5% | 1.8 | 1.4% | 1.8 | 5.1% | 1.9 | 4.1% | 2.0 | 3.8% | 2.1 |
| 51 | **MCG + Agency Reserves as a % of Adjusted Govt Revenues** | 8.4% | 9.3% | | 8.6% | | 9.7% | | 9.9% | | 10.3% | | 10.2% | | 10.2% |
| 52 | **Retiree Health Insurance Pre-Funding** | | | | | | | | | | | | | | |
| 53 | Montgomery County Public Schools (MCPS) | **61.7** | **61.7** | | **63.1** | | **61.3** | | **59.0** | | **56.7** | | **54.4** | | **54.4** |
| 54 | Montgomery College (MC) | **1.4** | **1.4** | | **1.5** | | **1.6** | | **1.6** | | **1.5** | | **1.6** | | **1.6** |
| 55 | MNCPPC | **1.8** | **1.8** | | **1.8** | | **1.8** | | **1.8** | | **1.8** | | **1.8** | | **1.8** |
| 56 | MCG | **43.5** | **43.5** | | **43.5** | | **42.0** | | **40.4** | | **39.5** | | **38.6** | | **38.6** |
| 57 | **Subtotal Retiree Health Insurance Pre-Funding** | **108.5** | **108.5** | | **109.9** | | **106.7** | | **102.7** | | **99.6** | | **96.4** | | **96.4** |
| 58 | **Adjusted Governmental Revenues** | | | | | | | | | | | | | | |
| 59 | **Total Tax Supported Revenues** | **4,440.3** | **4,455.6** | 5.2% | **4,672.8** | 2.0% | **4,765.0** | 3.9% | **4,951.5** | 3.3% | **5,113.9** | 3.2% | **5,275.1** | 3.1% | **5,439.0** |
| 60 | **Capital Projects Fund** | **123.6** | **123.6** | 5.8% | **130.7** | -4.6% | **124.8** | -1.8% | **122.5** | **-18.9%** | **99.3** | 4.5% | **103.8** | 6.7% | **110.7** |
| 61 | **Grants** | **120.1** | **120.1** | -3.6% | **115.8** | 2.3% | **118.5** | 2.5% | **121.4** | 2.7% | **124.7** | 2.7% | **128.1** | 2.7% | **131.5** |
| 62 | **Total Adjusted Governmental Revenues** | **4,684.0** | **4,699.3** | 5.0% | **4,919.3** | 1.8% | **5,008.3** | 3.7% | **5,195.5** | 2.7% | **5,337.9** | 3.2% | **5,507.0** | 3.2% | **5,681.2** |

## 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, and fire apparatus) represent additional operating budget expenditures. Operating Budget Impacts are calculated to measure the incremental changes in spending against spending that 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 Capital Improvements 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

**FY17-22 Capital Improvements Program**
**COUNTY EXECUTIVE RECOMMENDED**
**MARCH 15, 2016**
**GO BOND 6 YR TOTAL = 2,040.0 MILLION**
**GO BOND FY17 TOTAL = 340.0.0 MILLION**
**GO BOND FY18 TOTAL = 340.0 MILLION**

| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|---|---|
| 1 GO Bond Guidelines ($000) | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 | 340,000 |
| 2 GO Debt/Assessed Value | 1.87% | 1.84% | 1.80% | 1.79% | 1.80% | 1.80% | 1.80% |
| 3 Debt Service + LTL + Short-Term Leases/Revenues (GF) | 11.06% | 11.56% | 11.67% | 11.65% | 11.79% | 11.83% | 11.76% |
| 4 $ Debt/Capita | 3,180 | 3,242 | 3,295 | 3,335 | 3,395 | 3,449 | 3,492 |
| 5 $ Real Debt/Capita (FY14=100%) | 3,180 | 3,185 | 3,164 | 3,124 | 3,097 | 3,063 | 3,020 |
| 6 Capita Debt/Capita Income | 3.93% | 3.84% | 3.76% | 3.67% | 3.59% | 3.51% | 3.42% |
| 7 Payout Ratio | 67.71% | 68.11% | 68.56% | 69.41% | 70.24% | 67.98% | 65.85% |
| 8 Total Debt Outstanding ($000s) | 3,272,290 | 3,367,265 | 3,452,335 | 3,526,105 | 3,622,810 | 3,709,170 | 3,785,580 |
| 9 Real Debt Outstanding (FY14=100%) | 3,272,290 | 3,307,726 | 3,315,046 | 3,303,300 | 3,304,668 | 3,294,493 | 3,273,963 |
| 10 Note: OP/PSP Growth Assumption (2) | | 5.2% | 2.3% | 4.0% | 3.3% | 3.2% | 3.1% |

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 FY16 approved budget to FY17 budget for FY17 and budget to budget for FY18-22.

# GENERAL OBLIGATION BOND ADJUSTMENT CHART

## FY17-22 Capital Improvements Program

## COUNTY EXECUITVE RECOMMENDED

## March 15, 2016

| ($ millions) | 6 YEARS | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|---|---|
| BONDS PLANNED FOR ISSUE | 2,040.000 | 340.000 | 340.000 | 340.000 | 340.000 | 340.000 | 340.000 |
| Plus PAYGO Funded | 204.000 | 34.000 | 34.000 | 34.000 | 34.000 | 34.000 | 34.000 |
| Adjust for Implementation ** | - | - | - | - | - | - | - |
| Adjust for Future Inflation ** | (93.042) | - | - | (9.122) | (18.715) | (28.055) | (37.150) |
| SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments) | 2,150.958 | 374.000 | 374.000 | 364.878 | 355.285 | 345.945 | 336.850 |
| **Less Set Aside: Future Projects** | **215.371** | **9.640** | **17.902** | **28.434** | **46.840** | **53.179** | **59.376** |
| | 10.01% | | | | | | |
| **TOTAL FUNDS AVAILABLE FOR PROGRAMMING** | 1,935.587 | 364.360 | 356.098 | 336.444 | 308.445 | 292.766 | 277.474 |
| MCPS | (690.229) | (143.475) | (130.114) | (139.351) | (107.716) | (96.826) | (72.747) |
| MONTGOMERY COLLEGE | (130.176) | (23.751) | (33.532) | (15.686) | (10.593) | (16.322) | (30.292) |
| M-NCPPC PARKS | (61.321) | (9.173) | (9.150) | (11.898) | (10.720) | (11.705) | (8.675) |
| TRANSPORTATION | (644.768) | (73.840) | (80.969) | (103.254) | (138.009) | (118.271) | (130.425) |
| MCG - OTHER | (487.690) | (162.560) | (134.148) | (64.598) | (41.407) | (49.642) | (35.335) |
| Programming Adjustment - Unspent Prior Years* | 78.597 | 48.439 | 31.815 | (1.657) | - | - | - |
| | - | | | | | | |
| **SUBTOTAL PROGRAMMED EXPENDITURES** | (1,935.587) | (364.360) | (356.098) | (336.444) | (308.445) | (292.766) | (277.474) |
| **AVAILABLE OR (GAP)** | - | - | - | - | - | - | - |
| NOTES:<br>* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart<br>** Adjustments Include:<br>Inflation = | | 1.80% | 2.30% | 2.50% | 2.70% | 2.70% | 2.70% |
| Implementation Rate = | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

## CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

**March 15, 2016**

| TAX SUPPORTED APPROPRIATIONS ($000s) | ACTUAL FY15 Exp | ACTUAL FY15 Appr. | LATEST FY16 Exp. | RECOMMENDED 6 YR | RECOMMENDED FY17 Appr | RECOMMENDED FY18 Exp | RECOMMENDED FY19 | RECOMMENDED FY20 | RECOMMENDED FY21 | RECOMMENDED FY22 |
|---|---|---|---|---|---|---|---|---|---|---|
| **GENERAL REVENUE SUPPORTED** | | | | | | | | | | |
| MCG | 23,775 | 20,934 | 10,336 | 77,545 | 13,168 | 13,111 | 13,351 | 12,581 | 12,667 | 12,667 |
| M-NCPPC PARKS | 797 | 2,798 | 2,798 | 16,788 | 2,798 | 2,798 | 2,798 | 2,798 | 2,798 | 2,798 |
| PUBLIC SCHOOLS (MCPS) | 8,954 | 3,467 | 22,495 | 112,910 | 2,408 | 26,038 | 24,897 | 19,833 | 19,936 | 19,798 |
| MONTGOMERY COLLEGE | 9,087 | 11,471 | 10,957 | 72,664 | 6,679 | 13,197 | 13,197 | 13,197 | 13,197 | 13,197 |
| HOC | - | 1,250 | 1,250 | 7,500 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| CIP PAYGO - REGULAR | 29,950 | 29,950 | 34,000 | 204,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| CIP PAYGO - RSF CONTRIBUTION | - | - | - | - | - | - | - | - | - | - |
| TOTAL CIP PAYGO | 29,950 | 29,950 | 34,000 | 204,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| SUBTOTAL | 72,563 | 69,870 | 81,836 | 491,407 | 60,303 | 90,394 | 89,493 | 83,659 | 83,848 | 83,710 |
| **OTHER TAX SUPPORTED** | | | | | | | | | | |
| MASS TRANSIT | 755 | (491) | 13,732 | 94,746 | 8,878 | 18,499 | 24,404 | 16,305 | 16,825 | 9,835 |
| FIRE CONSOLIDATED | 699 | 5,389 | - | 24,990 | 4,221 | 3,027 | 2,394 | 5,116 | 5,116 | 5,116 |
| M-NCPPC PARKS | 350 | 350 | 350 | 2,100 | 350 | 350 | 350 | 350 | 350 | 350 |
| URBAN DISTRICTS | 104 | - | - | | | | | | | |
| RECREATION | 322 | 645 | - | | | | | | | |
| SUBTOTAL | 2,230 | 5,893 | 14,082 | 121,836 | 13,449 | 21,876 | 27,148 | 21,771 | 22,291 | 15,301 |
| SUBTOTAL TAX SUPPORTED CURRENT REVENUE APPROPRIATION: | 74,793 | 75,763 | 95,918 | 613,243 | 73,752 | 112,270 | 116,641 | 105,430 | 106,139 | 99,011 |
| INFLATION | - | - | - | 17,851 | - | - | 1,835 | 3,557 | 5,584 | 6,875 |
| SUBTOTAL ALLOCATION: | - | - | - | 17,851 | - | - | 1,835 | 3,557 | 5,584 | 6,875 |
| TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT: | 74,793 | 75,763 | 95,918 | 631,094 | 73,752 | 112,270 | 118,476 | 108,987 | 111,723 | 105,886 |
| **NON-TAX SUPPORTED EXPENDITURES ($000s)** | **ACTUAL FY15 Exp** | **ACTUAL FY15 Exp** | **LATEST FY16 Exp** | **RECOMMENDED 6 YR** | **RECOMMENDED FY17 Appr** | **RECOMMENDED FY18 Exp** | **RECOMMENDED FY19** | **RECOMMENDED FY20** | **RECOMMENDED FY21** | **RECOMMENDED FY22** |
| **NON-TAX SUPPORTED** | | | | | | | | | | |
| MONTGOMERY HOUSING INITIATIVE | - | - | 2,275 | - | - | - | - | - | - | - |
| PARKING DISTRICTS | 13,747 | 9,300 | 4,801 | 38,342 | 8,482 | 7,162 | 6,012 | 5,847 | 5,292 | 5,547 |
| SOLID WASTE DISPOSAL | - | - | 718 | - | - | - | - | - | - | - |
| M-NCPPC ENTERPRISE FUND | 1,004 | 800 | 800 | 15,950 | 1,300 | 1,050 | 800 | 6,000 | 6,000 | 800 |
| CABLE TV FUND | 1,884 | 3,748 | 3,329 | 26,762 | 4,817 | 4,570 | 4,520 | 4,430 | 4,249 | 4,176 |
| WATER QUALITY PROTECTION CHARGE | 3,196 | 3,826 | 13,926 | 40,078 | 13,126 | 7,986 | 5,413 | 3,852 | 5,783 | 3,918 |
| SUBTOTAL EXPENDITURES: | 19,831 | 17,674 | 25,849 | 121,132 | 27,725 | 20,768 | 16,745 | 20,129 | 21,324 | 14,441 |
| TOTAL CURRENT REVENUE REQUIREMENTS | 94,624 | 93,437 | 121,767 | 752,226 | 101,477 | 133,038 | 135,221 | 129,116 | 133,047 | 120,327 |

# 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
- 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

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | Bethesda Urban District | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 ESTIMATE** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0120 | **0.0120** | 0.0120 | 0.0120 | 0.0120 | 0.0120 | 0.0120 |
| Assessable Base: Real Property (000) | 4,009,900 | **4,213,900** | 4,426,400 | 4,596,600 | 4,739,400 | 4,886,200 | 5,061,900 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.0300 | **0.0300** | 0.0300 | 0.0300 | 0.0300 | 0.0300 | 0.0300 |
| Assessable Base: Personal Property (000) | 223,300 | **221,300** | 219,500 | 222,100 | 224,100 | 227,000 | 228,400 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **(89,423)** | **335,232** | **79,121** | **81,832** | **85,323** | **88,698** | **91,400** |
| **REVENUES** | | | | | | | |
| Taxes | 541,210 | **564,836** | **589,529** | **610,488** | **628,021** | **646,292** | **667,553** |
| Charges For Services | 157,919 | **189,877** | 194,244 | 199,100 | 204,476 | 209,997 | 215,667 |
| **Subtotal Revenues** | **699,129** | **754,713** | **783,773** | **809,588** | **832,497** | **856,289** | **883,220** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **2,829,223** | **2,130,083** | **2,434,182** | **2,492,361** | **2,561,360** | **2,631,535** | **2,702,101** |
| Transfers To The General Fund | (22,050) | (22,235) | (22,136) | (22,136) | (22,136) | (22,136) | (22,136) |
| Indirect Costs | (22,050) | (22,235) | (22,136) | (22,136) | (22,136) | (22,136) | (22,136) |
| Transfers From The General Fund | 650,318 | 650,318 | 650,318 | 650,318 | 650,318 | 650,318 | 650,318 |
| Transfers From Special Fds: Non-Tax + ISF | 2,200,955 | 1,502,000 | 1,806,000 | 1,864,179 | 1,933,178 | 2,003,353 | 2,073,919 |
| Parking District Fees | 2,200,955 | 1,502,000 | 1,806,000 | 1,864,179 | 1,933,178 | 2,003,353 | 2,073,919 |
| **TOTAL RESOURCES** | **3,438,929** | **3,220,028** | **3,297,076** | **3,383,781** | **3,479,180** | **3,576,522** | **3,676,720** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (3,103,697) | **(3,140,907)** | (3,215,849) | (3,299,063) | (3,391,087) | (3,485,727) | (3,583,067) |
| Labor Agreement | n/a | **0** | 605 | 605 | 605 | 605 | 605 |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(3,103,697)** | **(3,140,907)** | **(3,215,244)** | **(3,298,458)** | **(3,390,482)** | **(3,485,122)** | **(3,582,462)** |
| **TOTAL USE OF RESOURCES** | **(3,103,697)** | **(3,140,907)** | **(3,215,244)** | **(3,298,458)** | **(3,390,482)** | **(3,485,122)** | **(3,582,462)** |
| **YEAR END FUND BALANCE** | **335,232** | **79,121** | **81,832** | **85,323** | **88,698** | **91,400** | **94,258** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **9.7%** | **2.5%** | **2.5%** | **2.5%** | **2.5%** | **2.6%** | **2.6%** |

**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. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | Silver Spring Urban District | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 ESTIMATE** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0240 | **0.0240** | 0.0240 | 0.0240 | 0.0240 | 0.0240 | 0.0240 |
| Assessable Base: Real Property (000) | 3,199,800 | **3,362,600** | 3,532,200 | 3,668,000 | 3,782,000 | 3,899,200 | 4,039,400 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.0600 | **0.0600** | 0.0600 | 0.0600 | 0.0600 | 0.0600 | 0.0600 |
| Assessable Base: Personal Property (000) | 139,300 | **138,000** | 136,900 | 138,500 | 139,700 | 141,600 | 142,400 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **154,843** | **369,764** | **87,060** | **90,657** | **94,135** | **97,991** | **101,984** |
| **REVENUES** | | | | | | | |
| Taxes | 840,996 | **878,877** | **918,490** | **951,659** | **979,421** | **1,008,350** | **1,042,096** |
| Charges For Services | 134,000 | **150,000** | 153,450 | 157,286 | 161,533 | 165,894 | 170,374 |
| **Subtotal Revenues** | **974,996** | **1,028,877** | **1,071,940** | **1,108,945** | **1,140,954** | **1,174,244** | **1,212,470** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **2,602,075** | **2,133,138** | **2,538,232** | **2,640,734** | **2,761,902** | **2,888,145** | **3,016,442** |
| Transfers To The General Fund | (370,790) | (396,804) | (402,460) | (402,460) | (402,460) | (402,460) | (402,460) |
| Indirect Costs | (370,790) | (396,804) | (402,460) | (402,460) | (402,460) | (402,460) | (402,460) |
| Transfers From The General Fund | 524,660 | 524,660 | 549,660 | 550,860 | 548,460 | 550,060 | 550,260 |
| Transfers From Special Fds: Non-Tax + ISF | 2,448,205 | 2,005,282 | 2,391,032 | 2,492,334 | 2,615,902 | 2,740,545 | 2,868,642 |
| Parking Distirct Fees | 2,448,205 | 2,005,282 | 2,391,032 | 2,492,334 | 2,615,902 | 2,740,545 | 2,868,642 |
| **TOTAL RESOURCES** | **3,731,914** | **3,531,779** | **3,697,232** | **3,840,336** | **3,996,991** | **4,160,381** | **4,330,895** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (3,362,150) | **(3,444,719)** | (3,572,193) | (3,711,819) | (3,864,618) | (4,024,015) | (4,190,302) |
| Labor Agreement | n/a | **0** | (34,382) | (34,382) | (34,382) | (34,382) | (34,382) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(3,362,150)** | **(3,444,719)** | **(3,606,575)** | **(3,746,201)** | **(3,899,000)** | **(4,058,397)** | **(4,224,684)** |
| **TOTAL USE OF RESOURCES** | **(3,362,150)** | **(3,444,719)** | **(3,606,575)** | **(3,746,201)** | **(3,899,000)** | **(4,058,397)** | **(4,224,684)** |
| **YEAR END FUND BALANCE** | **369,764** | **87,060** | **90,657** | **94,135** | **97,991** | **101,984** | **106,211** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **9.9%** | **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. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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. 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.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Wheaton Urban District | | | | |
|---|---|---|---|---|---|---|---|
| FISCAL PROJECTIONS | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0300 | **0.0300** | 0.0300 | 0.0300 | 0.0300 | 0.0300 | 0.0300 |
| Assessable Base: Real Property (000) | 586,300 | **616,100** | 647,200 | 672,100 | 693,000 | 714,500 | 740,200 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.0750 | **0.0750** | 0.0750 | 0.0750 | 0.0750 | 0.0750 | 0.0750 |
| Assessable Base: Personal Property (000) | 33,500 | **33,200** | 32,900 | 33,300 | 33,600 | 34,000 | 34,200 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **270,048** | **253,444** | **53,569** | **56,662** | **58,850** | **61,249** | **63,751** |
| **REVENUES** | | | | | | | |
| Taxes | 198,452 | **207,075** | **216,082** | **223,763** | **230,183** | **236,855** | **244,626** |
| Miscellaneous | 1,300 | **1,300** | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |
| **Subtotal Revenues** | **199,752** | **208,375** | **217,382** | **225,063** | **231,483** | **238,155** | **245,926** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **1,744,849** | **1,698,815** | **1,993,545** | **2,070,345** | **2,157,579** | **2,248,484** | **2,342,506** |
| Transfers To The General Fund | (222,660) | (242,554) | (246,307) | (246,307) | (246,307) | (246,307) | (246,307) |
| Indirect Costs | (222,660) | (242,554) | (246,307) | (246,307) | (246,307) | (246,307) | (246,307) |
| Transfers From The General Fund | 1,360,509 | 1,917,740 | 2,215,494 | 2,291,524 | 2,378,758 | 2,469,663 | 2,562,747 |
| Baseline Services | 76,090 | 76,090 | 76,090 | 76,090 | 76,090 | 76,090 | 76,090 |
| Non-Baseline Services | 1,284,419 | 1,841,650 | 2,139,404 | 2,215,434 | 2,302,668 | 2,393,573 | 2,486,657 |
| Transfers From Special Fds: Non-Tax + ISF | 607,000 | 23,629 | 24,358 | 25,128 | 25,128 | 25,128 | 26,066 |
| Parking District Fees | 607,000 | 23,629 | 24,358 | 25,128 | 25,128 | 25,128 | 26,066 |
| **TOTAL RESOURCES** | **2,214,649** | **2,160,634** | **2,264,496** | **2,352,069** | **2,447,912** | **2,547,888** | **2,652,184** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (1,961,205) | **(2,107,065)** | (2,185,018) | (2,270,403) | (2,363,847) | (2,461,321) | (2,563,012) |
| Labor Agreement | n/a | **0** | (22,816) | (22,816) | (22,816) | (22,816) | (22,816) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(1,961,205)** | **(2,107,065)** | **(2,207,834)** | **(2,293,219)** | **(2,386,663)** | **(2,484,137)** | **(2,585,828)** |
| **TOTAL USE OF RESOURCES** | **(1,961,205)** | **(2,107,065)** | **(2,207,834)** | **(2,293,219)** | **(2,386,663)** | **(2,484,137)** | **(2,585,828)** |
| **YEAR END FUND BALANCE** | **253,444** | **53,569** | **56,662** | **58,850** | **61,249** | **63,751** | **66,356** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **11.4%** | **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. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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.
7. 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.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Consolidated Fire Tax District | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 CE REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.1160 | **0.1130** | 0.1134 | 0.1110 | 0.1138 | 0.1162 | 0.1172 |
| Assessable Base: Real Property (000) | 170,581,100 | **179,259,900** | 188,299,600 | 195,540,600 | 201,615,500 | 207,860,800 | 215,335,300 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.2900 | **0.2825** | 0.2835 | 0.2775 | 0.2845 | 0.2905 | 0.2930 |
| Assessable Base: Personal Property (000) | 3,836,900 | **3,802,800** | 3,771,260 | 3,816,700 | 3,849,700 | 3,900,800 | 3,924,200 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **11,573,730** | **1,913,891** | **371,031** | **375,856** | **218,560** | **250,768** | **229,677** |
| **REVENUES** | | | | | | | |
| Taxes | 206,546,296 | **210,809,823** | **221,607,131** | **224,989,074** | **237,593,203** | **249,925,901** | **260,807,327** |
| Licenses & Permits | 600,000 | **0** | 0 | 0 | 0 | 0 | 0 |
| Charges For Services | 18,335,000 | **18,200,000** | 18,618,600 | 19,084,065 | 19,599,335 | 20,128,517 | 20,671,987 |
| Miscellaneous | 190,020 | **190,020** | 190,480 | 190,992 | 191,558 | 192,139 | 192,736 |
| **Subtotal Revenues** | **225,671,316** | **229,199,843** | **240,416,211** | **244,264,131** | **257,384,095** | **270,246,557** | **281,672,050** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(11,094,477)** | **(13,310,272)** | **(15,037,302)** | **(12,840,872)** | **(14,545,592)** | **(17,376,702)** | **(19,125,312)** |
| Transfers To Debt Service Fund | (11,223,727) | (13,009,040) | (14,736,070) | (12,539,640) | (14,244,360) | (17,075,470) | (18,824,080) |
| GO Bonds | (7,020,527) | (7,491,440) | (8,366,570) | (8,963,040) | (10,096,760) | (12,775,670) | (14,593,080) |
| Fire and Rescue Equipment | (4,203,200) | (5,517,600) | (6,369,500) | (3,576,600) | (4,147,600) | (4,299,800) | (4,231,000) |
| Transfers To The General Fund | (120,750) | (551,232) | (551,232) | (551,232) | (551,232) | (551,232) | (551,232) |
| DCM | (120,750) | (120,750) | (120,750) | (120,750) | (120,750) | (120,750) | (120,750) |
| Telecommunications | 0 | (430,482) | (430,482) | (430,482) | (430,482) | (430,482) | (430,482) |
| Transfers From The General Fund | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| EMS Fee Payment for Unisured Residents | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| **TOTAL RESOURCES** | **226,150,569** | **217,803,462** | **225,749,940** | **231,799,115** | **243,057,063** | **253,120,623** | **262,776,415** |
| **CIP CURRENT REVENUE APPROP.** | **0** | **(4,221,000)** | **(3,027,000)** | **(2,394,000)** | **(5,116,000)** | **(5,116,000)** | **(5,116,000)** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (224,236,678) | **(213,211,431)** | (221,986,988) | (230,133,751) | (239,025,491) | (248,335,142) | (258,082,347) |
| Labor Agreement | n/a | **n/a** | (1,311,813) | (1,311,813) | (1,311,813) | (1,311,813) | (1,311,813) |
| Annualizations and One-Time | n/a | **n/a** | (464,000) | (464,000) | (464,000) | (464,000) | (464,000) |
| Consolidation and Civilianization of ECC | n/a | **n/a** | 216,584 | 1,911,876 | 1,911,876 | 1,911,876 | 1,911,876 |
| Apparatus Master Lease | n/a | **n/a** | 70,039 | 70,039 | 70,039 | 70,039 | 70,039 |
| Holiday Pay | n/a | **n/a** | 775,000 | 387,000 | 775,000 | 0 | 0 |
| MCVFRA Bargaining Agreement | n/a | **n/a** | 354,094 | 354,094 | 354,094 | 354,094 | 354,094 |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(224,236,678)** | **(213,211,431)** | **(222,347,084)** | **(229,186,555)** | **(237,690,295)** | **(247,774,946)** | **(257,522,151)** |
| **TOTAL USE OF RESOURCES** | **(224,236,678)** | **(217,432,431)** | **(225,374,084)** | **(231,580,555)** | **(242,806,295)** | **(252,890,946)** | **(262,638,151)** |
| **YEAR END FUND BALANCE** | **1,913,891** | **371,031** | **375,856** | **218,560** | **250,768** | **229,677** | **138,264** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **0.8%** | **0.2%** | **0.2%** | **0.1%** | **0.1%** | **0.1%** | **0.1%** |

**Assumptions:**

1. The tax rates for the Consolidated Fire Tax District are adjusted to fund the planned program of public services and maintain a positive fund balance. The County's policy is to maximize tax supported reserves in the General Fund, which results in minimizing reserves in the County's tax supported special revenue funds.
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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. The cost of capital facilities will be included in future budgets as projects are completed and their costs defined.
4. FY16 is the third year of a multiyear effort to convert 55 uniformed positions to civilian positions. The conversion of 18 inspector positions in the Fire Code Compliance Section began in FY14 and completed in FY15. The Executive's Recommended budget consolidates this function with the civilian code enforcement function in the Department of Permitting Services. Also, a multiyear initiative to civilianize and consolidate 33 uniformed dispatch positions in the Emergency Communications Center (ECC) began in FY15 and continues through FY19. One uniformed position in the Fleet Section and one uniformed position in the Self Contained Breathing Apparatus Section were civilianized in FY15. Two captain positions at the Public Service Training Academy were civilianized in FY16.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | Mass Transit | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0600 | **0.0510** | 0.0614 | 0.0642 | 0.0608 | 0.0624 | 0.0582 |
| Assessable Base: Real Property (000) | 170,581,100 | **179,259,900** | 188,299,600 | 195,540,600 | 201,615,500 | 207,860,800 | 215,335,300 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.1500 | **0.1275** | 0.1535 | 0.1605 | 0.1520 | 0.1560 | 0.1455 |
| Assessable Base: Personal Property (000) | 3,836,900 | **3,802,800** | 3,771,260 | 3,816,700 | 3,849,700 | 3,900,800 | 3,924,200 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **7,387,209** | **9,534,605** | **196,145** | **104,728** | **219,633** | **285,244** | **328,888** |
| **REVENUES** | | | | | | | |
| Taxes | 106,834,291 | **95,144,257** | **119,988,341** | **130,128,815** | **126,939,075** | **134,211,500** | **129,513,536** |
| Licenses & Permits | 531,000 | **531,000** | 543,213 | 556,793 | 571,827 | 587,266 | 603,122 |
| Charges For Services | 25,402,744 | **25,398,044** | 25,982,199 | 26,631,754 | 27,350,811 | 28,089,283 | 28,847,694 |
| Fines & Forfeitures | 405,000 | **405,000** | 414,315 | 424,673 | 436,139 | 447,915 | 460,008 |
| Intergovernmental | 38,953,060 | **38,953,060** | 39,848,978 | 40,845,201 | 41,948,019 | 43,080,614 | 44,243,791 |
| **Subtotal Revenues** | **172,126,095** | **160,431,361** | **186,777,046** | **198,587,236** | **197,245,872** | **206,416,579** | **203,668,151** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(36,053,042)** | **(38,354,959)** | **(37,144,613)** | **(38,203,044)** | **(39,924,494)** | **(43,302,124)** | **(41,924,444)** |
| Transfers To Debt Service Fund | (25,453,952) | (28,002,740) | (25,733,280) | (26,922,730) | (28,644,180) | (32,021,810) | (30,644,130) |
| GO Bonds | (17,200,152) | (18,863,850) | (19,702,790) | (20,199,440) | (21,920,890) | (25,298,520) | (25,720,840) |
| Long Term Leases | (8,253,800) | (9,138,890) | (6,030,490) | (6,723,290) | (6,723,290) | (6,723,290) | (4,923,290) |
| Transfers To The General Fund | (11,130,400) | (11,733,529) | (11,942,643) | (11,811,624) | (11,811,624) | (11,811,624) | (11,811,624) |
| Indirect Costs | (11,130,400) | (11,602,510) | (11,811,624) | (11,811,624) | (11,811,624) | (11,811,624) | (11,811,624) |
| Telecommunications NDA | 0 | (131,019) | (131,019) | 0 | 0 | 0 | 0 |
| Transfers From The General Fund | 531,310 | 1,381,310 | 531,310 | 531,310 | 531,310 | 531,310 | 531,310 |
| Parking Fines | 531,310 | 531,310 | 531,310 | 531,310 | 531,310 | 531,310 | 531,310 |
| Fund Balance Transfer | 0 | 850,000 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL RESOURCES** | **143,460,262** | **131,611,007** | **149,828,578** | **160,488,921** | **157,541,010** | **163,399,699** | **162,072,595** |
| **CIP CURRENT REVENUE APPROP.** | **(13,732,000)** | **(8,878,000)** | **(18,499,000)** | **(24,404,000)** | **(16,305,000)** | **(16,825,000)** | **(9,835,000)** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (120,193,657) | **(122,536,862)** | (126,765,847) | (131,406,285) | (136,491,763) | (141,786,808) | (147,300,482) |
| Labor Agreement | n/a | **0** | (1,271,211) | (1,271,211) | (1,271,211) | (1,271,211) | (1,271,211) |
| Clarksburg-Shady Grove Express | n/a | **n/a** | (587,792) | (587,792) | (587,792) | (587,792) | (587,792) |
| MD355 Priority Service | n/a | **n/a** | (2,600,000) | (2,600,000) | (2,600,000) | (2,600,000) | (2,600,000) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(120,193,657)** | **(122,536,862)** | **(131,224,850)** | **(135,865,288)** | **(140,950,766)** | **(146,245,811)** | **(151,759,485)** |
| **TOTAL USE OF RESOURCES** | **(133,925,657)** | **(131,414,862)** | **(149,723,850)** | **(160,269,288)** | **(157,255,766)** | **(163,070,811)** | **(161,594,485)** |
| **YEAR END FUND BALANCE** | **9,534,605** | **196,145** | **104,728** | **219,633** | **285,244** | **328,888** | **478,110** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **6.6%** | **0.1%** | **0.1%** | **0.1%** | **0.2%** | **0.2%** | **0.3%** |

**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 County's policy is to maximize tax supported reserves in the General fund, which is limited by the County Charter to five percent of the prior year's General Fund reserves. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Recreation | | | | |
|---|---|---|---|---|---|---|---|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
| **FISCAL PROJECTIONS** | **ESTIMATE** | **REC** | **PROJECTION** | **PROJECTION** | **PROJECTION** | **PROJECTION** | **PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0230 | **0.0230** | 0.0236 | 0.0240 | 0.0230 | 0.0228 | 0.0226 |
| Assessable Base: Real Property (000) | 149,321,000 | **156,918,100** | 164,831,200 | 171,169,700 | 176,487,400 | 181,954,400 | 188,497,300 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.0575 | **0.0575** | 0.0590 | 0.0600 | 0.0575 | 0.0570 | 0.0565 |
| Assessable Base: Personal Property (000) | 3,128,300 | **3,100,500** | 3,074,800 | 3,111,900 | 3,138,800 | 3,180,400 | 3,199,500 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **(765,161)** | **1,181,552** | **678,028** | **288,916** | **330,940** | **439,736** | **277,960** |
| **REVENUES** | | | | | | | |
| Taxes | 35,719,851 | **37,432,378** | **40,241,040** | **42,449,302** | **41,905,279** | **42,796,769** | **43,894,311** |
| Charges For Services | 10,760,542 | **10,760,542** | 11,031,034 | 11,331,810 | 11,664,769 | 12,006,718 | 12,357,899 |
| Miscellaneous | 212,778 | **155,747** | 155,747 | 155,747 | 155,747 | 155,747 | 155,747 |
| **Subtotal Revenues** | **46,693,171** | **48,348,667** | **51,427,821** | **53,936,859** | **53,725,795** | **54,959,234** | **56,407,957** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(12,863,356)** | **(14,521,678)** | **(15,459,142)** | **(15,113,942)** | **(13,394,042)** | **(13,353,032)** | **(12,910,902)** |
| Transfers To Debt Service Fund | (8,817,666) | (9,852,390) | (10,762,340) | (10,700,770) | (8,980,870) | (8,939,860) | (8,497,730) |
| GO Bonds | (7,292,626) | (8,327,890) | (9,235,980) | (9,175,070) | (8,980,870) | (8,939,860) | (8,497,730) |
| Long Term Leases | (1,525,040) | (1,524,500) | (1,526,360) | (1,525,700) | 0 | 0 | 0 |
| Transfers To The General Fund | (5,055,390) | (5,678,988) | (5,706,502) | (5,422,872) | (5,422,872) | (5,422,872) | (5,422,872) |
| Indirect Costs | (3,208,980) | (3,548,948) | (3,576,462) | (3,576,462) | (3,576,462) | (3,576,462) | (3,576,462) |
| Custodial Cleaning Costs | (611,360) | (611,360) | (611,360) | (611,360) | (611,360) | (611,360) | (611,360) |
| Facility Maintenance Costs | (1,151,850) | (1,151,850) | (1,151,850) | (1,151,850) | (1,151,850) | (1,151,850) | (1,151,850) |
| Telecommunications NDA | 0 | (283,630) | (283,630) | 0 | 0 | 0 | 0 |
| Other - DCM | (83,200) | (83,200) | (83,200) | (83,200) | (83,200) | (83,200) | (83,200) |
| Transfers From The General Fund | 1,009,700 | 1,009,700 | 1,009,700 | 1,009,700 | 1,009,700 | 1,009,700 | 1,009,700 |
| ASACs | 120,990 | 120,990 | 120,990 | 120,990 | 120,990 | 120,990 | 120,990 |
| Countywide Services | 888,710 | 888,710 | 888,710 | 888,710 | 888,710 | 888,710 | 888,710 |
| **TOTAL RESOURCES** | **33,064,654** | **35,008,541** | **36,646,707** | **39,111,834** | **40,662,693** | **42,045,938** | **43,775,015** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (31,883,102) | **(34,330,513)** | (35,551,602) | (36,890,425) | (38,356,753) | (39,884,774) | (41,477,200) |
| Labor Agreement | n/a | **0** | (167,257) | (167,257) | (167,257) | (167,257) | (167,257) |
| Annualizations and One-Time: | n/a | **n/a** | (558,102) | (558,102) | (558,102) | (558,102) | (558,102) |
| ActiveMontgomery Expenses | n/a | **n/a** | (14,830) | (30,110) | (45,845) | (62,845) | (80,345) |
| Good Hope Neighborhood Recreation Center | n/a | **n/a** | (66,000) | (149,000) | (149,000) | (149,000) | (149,000) |
| Wheaton Library and Recreation Center | n/a | **n/a** | 0 | (986,000) | (946,000) | (946,000) | (946,000) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(31,883,102)** | **(34,330,513)** | **(36,357,791)** | **(38,780,894)** | **(40,222,957)** | **(41,767,978)** | **(43,377,904)** |
| **TOTAL USE OF RESOURCES** | **(31,883,102)** | **(34,330,513)** | **(36,357,791)** | **(38,780,894)** | **(40,222,957)** | **(41,767,978)** | **(43,377,904)** |
| **YEAR END FUND BALANCE** | **1,181,552** | **678,028** | **288,916** | **330,940** | **439,736** | **277,960** | **397,111** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **3.6%** | **1.9%** | **0.8%** | **0.8%** | **1.1%** | **0.7%** | **0.9%** |

**Assumptions:**

1. The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of the prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.
2. Related revenues, debt service, and operating costs have been incorporated for new facilities between FY18 and FY22.
3. The FY17-22 fiscal plan includes revenues and expenditures related to the implementation of the new ActiveMontgomery system. The fiscal plan assumes an operating expense chargeback to Community Use of Public Facilities and payment from Maryland-National Capital Park and Planning Commission for ongoing system expenses incurred by the Department of Recreation on behalf of these two agencies.
4. 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.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | Economic Development Fund | | | | | | |
|---|---|---|---|---|---|---|---|
| FISCAL PROJECTIONS | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **2,250,774** | **0** | **0** | **0** | **0** | **0** | **0** |
| **REVENUES** | | | | | | | |
| Miscellaneous | 128,223 | **128,223** | 128,223 | 128,223 | 128,223 | 128,223 | 128,223 |
| **Subtotal Revenues** | **128,223** | **128,223** | **128,223** | **128,223** | **128,223** | **128,223** | **128,223** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **2,145,646** | **2,449,557** | **2,451,140** | **2,451,140** | **2,451,140** | **2,451,140** | **2,451,140** |
| Transfers From The General Fund | 2,145,646 | 2,449,557 | 2,451,140 | 2,451,140 | 2,451,140 | 2,451,140 | 2,451,140 |
| **TOTAL RESOURCES** | **4,524,643** | **2,577,780** | **2,579,363** | **2,579,363** | **2,579,363** | **2,579,363** | **2,579,363** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (4,524,643) | **(2,577,780)** | (2,577,780) | (2,577,780) | (2,577,780) | (2,577,780) | (2,577,780) |
| Labor Agreement | n/a | **0** | (1,583) | (1,583) | (1,583) | (1,583) | (1,583) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(4,524,643)** | **(2,577,780)** | **(2,579,363)** | **(2,579,363)** | **(2,579,363)** | **(2,579,363)** | **(2,579,363)** |
| **TOTAL USE OF RESOURCES** | **(4,524,643)** | **(2,577,780)** | **(2,579,363)** | **(2,579,363)** | **(2,579,363)** | **(2,579,363)** | **(2,579,363)** |
| **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 transfer from the General Fund is adjusted to fund program costs, net of offsetting loan repayments, intergovernmental funding, and investment income.

## MONTGOMERY COLLEGE CURRENT FUND
## COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN
### FY17-22

| | FY16 Estimate | FY17 CE Rec. | FY18 Proj. | FY19 Proj. | FY20 Proj. | FY21 Proj. | FY22 Proj. |
|---|---|---|---|---|---|---|---|
| **Beginning Fund Balance** | **12,115,618** | **8,415,618** | **3,918,063** | **4,100,124** | **4,298,422** | **4,522,127** | **4,752,921** |
| **Revenues** | | | | | | | |
| General Fund Contribution | 127,633,727 | 129,633,727 | 129,633,727 | 129,633,727 | 129,633,727 | 129,633,727 | 129,633,727 |
| Tuition & Related Fees | 78,994,109 | 82,558,951 | 82,369,660 | 83,078,494 | 83,589,981 | 84,621,012 | 84,621,012 |
| *Hypothetical Tuition Increase* | | | *9,936,426* | *14,861,854* | *20,599,930* | *25,958,936* | *32,538,457* |
| Other Student Fees | 1,381,699 | 1,511,963 | 1,508,496 | 1,521,478 | 1,530,845 | 1,549,727 | 1,549,727 |
| State Aid | 33,981,176 | 36,141,583 | 36,972,839 | 37,897,160 | 38,920,384 | 39,971,234 | 41,050,457 |
| Fed, State & Priv. Gifts/Grants | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 |
| Investment Income | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 |
| Performing Arts Center | 105,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| Other Revenues (asset sales, lib. fines, rentals) | 1,097,013 | 1,459,000 | 1,459,000 | 1,459,000 | 1,459,000 | 1,459,000 | 1,459,000 |
| **Total Revenues** | **243,572,724** | **251,820,224** | **262,395,149** | **268,966,713** | **276,248,867** | **283,708,636** | **291,367,380** |
| **CIP CR** | 10,957,000 | 6,679,000 | 13,197,000 | 13,197,000 | 13,197,000 | 13,197,000 | 13,197,000 |
| **Subtotal Revenues and Transfers** | **254,529,724** | **258,499,224** | **275,592,149** | **282,163,713** | **289,445,867** | **296,905,636** | **304,564,380** |
| **Total Resources Available** | **266,645,342** | **266,914,842** | **279,510,212** | **286,263,837** | **293,744,289** | **301,427,763** | **309,317,301** |
| County Share | 51.6% | 50.6% | 49.4% | 48.2% | 47.0% | 45.7% | 44.5% |
| State Aid Share | 13.7% | 14.1% | 14.1% | 14.1% | 14.1% | 14.1% | 14.1% |
| Tuition, Fees, Other Share | 34.6% | 35.3% | 36.5% | 37.7% | 38.9% | 40.2% | 41.4% |
| **Total Expenditures** | **(247,272,724)** | **(256,317,779)** | **(262,213,088)** | **(268,768,415)** | **(276,025,162)** | **(283,477,842)** | **(291,131,743)** |
| CIP CR | **(10,957,000)** | **(6,679,000)** | **(13,197,000)** | **(13,197,000)** | **(13,197,000)** | **(13,197,000)** | **(13,197,000)** |
| **End of Year Proj. Fund Bal (including reserve)** | **8,415,618** | **3,918,063** | **4,100,124** | **4,298,422** | **4,522,127** | **4,752,921** | **4,988,558** |
| Fund Bal/Reserve as % of Resources less Contribution | 6.6% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

**Assumptions:**

1. The table reflects, for analysis only, FY18-22 tuition increases to maintain a 3.0 percent fund balance consistent with the County Council's adopted policy for the College Current Fund.
2. The College Board of Trustees adopted an FY17 budget request including a semester hour tuition increase of $4 for County residents, $8 for State residents, and $12 for out-of-State students.
3. The County's local contribution is held constant at the County Executive recommended FY17 level.
4. Tuition and related fees change at the rate of full-time equivalent student changes.
5. Other revenues, State aid, and expenditures grow based on CPI.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | M-NCPPC Administration Fund | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0180 | **0.0170** | 0.0174 | 0.0174 | 0.0174 | 0.0172 | 0.0172 |
| Assessable Base: Real Property (000) | 148,444,300 | **155,996,800** | 163,863,400 | 170,164,700 | 175,451,200 | 180,886,100 | 187,390,600 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.0450 | **0.0425** | 0.0435 | 0.0435 | 0.0435 | 0.0430 | 0.0430 |
| Assessable Base: Personal Property (000) | 3,111,300 | **3,083,700** | 3,058,100 | 3,094,900 | 3,121,700 | 3,163,100 | 3,182,100 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **5,235,726** | **3,222,666** | **1,145,914** | **888,949** | **986,638** | **1,180,366** | **1,106,376** |
| **REVENUES** | | | | | | | |
| Taxes | 27,791,137 | **27,505,550** | **29,495,614** | **30,595,587** | **31,516,686** | **32,096,303** | **33,210,735** |
| Charges For Services | 144,000 | **145,000** | 148,335 | 152,043 | 156,149 | 160,365 | 164,694 |
| Intergovernmental | 400,400 | **409,900** | 419,328 | 429,811 | 441,416 | 453,334 | 465,574 |
| Miscellaneous | 35,000 | **60,000** | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| **Subtotal Revenues** | **28,370,537** | **28,120,450** | **30,123,277** | **31,237,441** | **32,174,250** | **32,770,002** | **33,901,003** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(700,000)** | **(500,000)** | **0** | **0** | **0** | **0** | **0** |
| Transfers To Special Fds: Tax Supported | (700,000) | (500,000) | 0 | 0 | 0 | 0 | 0 |
| To Park Fund | (700,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| To Special Rev fund | 0 | (500,000) | 0 | 0 | 0 | 0 | 0 |
| **TOTAL RESOURCES** | **32,906,263** | **30,843,116** | **31,269,191** | **32,126,390** | **33,160,888** | **33,950,368** | **35,007,379** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (29,683,597) | **(29,697,202)** | (30,380,242) | (31,139,752) | (31,980,522) | (32,843,992) | (33,730,782) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(29,683,597)** | **(29,697,202)** | **(30,380,242)** | **(31,139,752)** | **(31,980,522)** | **(32,843,992)** | **(33,730,782)** |
| **TOTAL USE OF RESOURCES** | **(29,683,597)** | **(29,697,202)** | **(30,380,242)** | **(31,139,752)** | **(31,980,522)** | **(32,843,992)** | **(33,730,782)** |
| **YEAR END FUND BALANCE** | **3,222,666** | **1,145,914** | **888,949** | **986,638** | **1,180,366** | **1,106,376** | **1,276,597** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **9.8%** | **3.7%** | **2.8%** | **3.1%** | **3.6%** | **3.3%** | **3.6%** |

**Assumptions:**
1. All labor and operating costs are shown as opertaing costs since M-NCPPC is not a component of Montgomery County Government.
2. Tax rates are adjusted to maintain a fund balance of approximately 3 percent 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 balance may vary based on changes not assumed here to fee or tax rates, usages, inflation, future labor agreements, and other factors not assumed here.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | M-NCPPC Park Fund | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Property Tax Rate: Real Property | 0.0552 | **0.0548** | 0.0542 | 0.0538 | 0.0536 | 0.0534 | 0.0528 |
| Assessable Base: Real Property (000) | 148,444,300 | **155,996,800** | 163,863,400 | 170,164,700 | 175,451,200 | 180,886,100 | 187,390,600 |
| Property Tax Collection Factor: Real Property | 98.9% | **98.9%** | 98.9% | 98.9% | 98.9% | 98.9% | 98.9% |
| Property Tax Rate: Personal Property | 0.1380 | **0.1370** | 0.1355 | 0.1345 | 0.1340 | 0.1335 | 0.1320 |
| Assessable Base: Personal Property (000) | 3,111,300 | **3,083,700** | 3,058,100 | 3,094,900 | 3,121,700 | 3,163,100 | 3,182,100 |
| Property Tax Collection Factor: Personal Property | 97.5% | **97.5%** | 97.5% | 97.5% | 97.5% | 97.5% | 97.5% |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **5,840,933** | **5,842,873** | **4,057,485** | **3,532,371** | **3,559,813** | **3,670,307** | **3,875,182** |
| **REVENUES** | | | | | | | |
| Taxes | 85,226,154 | **88,664,950** | **91,877,141** | **94,600,148** | **97,085,884** | **99,647,822** | **101,949,235** |
| Charges For Services | 2,424,443 | **2,594,043** | 2,653,706 | 2,720,049 | 2,793,490 | 2,868,914 | 2,946,375 |
| Intergovernmental | 2,739,782 | **2,817,413** | 2,882,213 | 2,954,269 | 3,034,034 | 3,115,953 | 3,200,084 |
| Miscellaneous | 141,300 | **137,700** | 137,700 | 137,700 | 137,700 | 137,700 | 137,700 |
| **Subtotal Revenues** | **90,531,679** | **94,214,106** | **97,550,760** | **100,412,165** | **103,051,108** | **105,770,389** | **108,233,394** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **1,505,550** | **0** | **0** | **0** | **0** | **0** | **0** |
| Transfers From Special Fds: Tax Supported | 700,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers From Special Fds: Non-Tax + ISF | 805,550 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL RESOURCES** | **97,878,162** | **100,056,979** | **101,608,245** | **103,944,537** | **106,610,921** | **109,440,696** | **112,108,576** |
| **CIP CURRENT REVENUE APPROP.** | **(350,000)** | **(350,000)** | **(350,000)** | **(350,000)** | **(350,000)** | **(350,000)** | **(350,000)** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (87,426,204) | **(90,277,525)** | (92,353,905) | (94,662,755) | (97,218,645) | (99,843,545) | (102,539,325) |
| Debt Service: Other (Non-Tax Funds only) | (4,259,085) | **(5,371,969)** | (5,371,969) | (5,371,969) | (5,371,969) | (5,371,969) | (5,371,969) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(91,685,289)** | **(95,649,494)** | **(97,725,874)** | **(100,034,724)** | **(102,590,614)** | **(105,215,514)** | **(107,911,294)** |
| **TOTAL USE OF RESOURCES** | **(92,035,289)** | **(95,999,494)** | **(98,075,874)** | **(100,384,724)** | **(102,940,614)** | **(105,565,514)** | **(108,261,294)** |
| **YEAR END FUND BALANCE** | **5,842,873** | **4,057,485** | **3,532,371** | **3,559,813** | **3,670,307** | **3,875,182** | **3,847,282** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **6.0%** | **4.1%** | **3.5%** | **3.4%** | **3.4%** | **3.5%** | **3.4%** |

**Assumptions:**

1. All labor and operating costs are shown as opertaing costs since M-NCPPC is not a component of Montgomery County Government.
2. Tax rates are adjusted to maintain a fund balance of approximately 3-4 percent of resources.
3. Debt service figures are provided by M-NCPPC and reflect bond issues for new projects using Park and Planning bonds.
4. 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 balance may vary based on changes not assumed here to fee or tax rates, usages, inflation, future labor agreements, and other factors not assumed here.

| DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT | Actual FY14 | Actual FY15 | Budget FY16 | Estimated FY16 | Recommended FY17 | % Chg Bud/Rec | Rec % GO Bonds |
|---|---|---|---|---|---|---|---|
| **GO BOND DEBT SERVICE EXPENDITURES** | | | | | | | |
| General County | 42,875,231 | 46,989,995 | 51,742,730 | 51,666,053 | 59,184,220 | | 17.1% |
| Roads & Storm Drains | 59,990,819 | 67,396,632 | 62,163,950 | 62,101,823 | 70,224,060 | | 20.3% |
| Public Housing | 13,562 | 65,625 | 258,810 | 64,050 | 62,470 | | 0.0% |
| Parks | 9,119,493 | 9,714,221 | 8,339,930 | 8,086,019 | 8,237,270 | | 2.4% |
| Public Schools | 122,363,519 | 133,188,736 | 135,717,510 | 135,505,954 | 150,187,650 | | 43.4% |
| Montgomery College | 15,391,009 | 18,046,881 | 21,904,420 | 21,904,420 | 23,688,760 | | 6.8% |
| Bond Anticipation Notes/Commercial Paper | 428,377 | 309,534 | 1,200,000 | 500,000 | 2,400,000 | | |
| Bond Anticipation Notes/Liquidity & Remarketing | 2,574,642 | 2,099,233 | 2,500,000 | 2,500,000 | 2,500,000 | | |
| Cost of Issuance | 661,347 | 897,494 | 1,183,000 | 1,183,000 | 1,203,000 | | |
| **Total General Fund** | 253,417,999 | 278,708,351 | 285,010,350 | 283,511,319 | 317,687,430 | 11.5% | 90.0% |
| Fire Tax District Fund | 7,078,100 | 8,207,008 | 7,238,360 | 7,020,527 | 7,491,440 | | 2.2% |
| Mass Transit Fund | 8,637,569 | 11,836,166 | 17,248,520 | 17,200,152 | 18,863,850 | | 5.4% |
| Recreation Fund | 8,893,735 | 9,338,662 | 7,322,070 | 7,292,626 | 8,327,890 | | 2.4% |
| **Total Tax Supported Other Funds** | 24,609,404 | 29,381,836 | 31,808,950 | 31,513,305 | 34,683,180 | 9.0% | 10.0% |
| **TOTAL TAX SUPPORTED** | 278,027,403 | 308,090,187 | 316,819,300 | 315,024,624 | 352,370,610 | 11.2% | 100.0% |
| **TOTAL GO BOND DEBT SERVICE EXPENDITURES** | 278,027,403 | 308,090,187 | 316,819,300 | 315,024,624 | 352,370,610 | 11.2% | 100.0% |
| **LONG-TERM LEASE EXPENDITURES** | | | | | | | |
| Revenue Authority - Conference Center | 645,334 | 981,134 | 985,040 | 985,040 | 988,540 | | |
| Revenue Authority - HHS Piccard Drive | 638,689 | 391,106 | 394,400 | 394,400 | 395,800 | | |
| Revenue Authority - Recreation Pools | 1,834,050 | 1,522,159 | 1,525,040 | 1,525,040 | 1,524,500 | | |
| Fire and Rescue Equipment | 3,780,600 | 3,741,600 | 3,723,200 | 3,723,200 | 3,715,800 | | |
| **TOTAL LONG-TERM LEASE EXPENDITURES** | 6,898,673 | 6,635,999 | 6,627,680 | 6,627,680 | 6,624,640 | 0.0% | |
| **SHORT-TERM LEASE EXPENDITURES / FINANCING** | | | | | | | |
| Technology Modernization Project | 5,659,962 | 5,659,962 | 7,310,200 | 5,660,200 | 7,294,600 | | |
| Libraries System Modernization | - | - | 128,500 | 128,500 | 128,500 | | |
| Ride On Buses | 3,802,000 | 6,625,835 | 8,396,640 | 8,253,800 | 9,138,890 | | |
| Public Safety System Modernization | 4,373,540 | 4,373,540 | 6,990,600 | 5,327,400 | 4,907,600 | | |
| Fire and Rescue Apparatus | - | - | 1,010,200 | - | 1,010,200 | | |
| Fuel Management System | - | - | 480,000 | 480,000 | 791,600 | | |
| **TOTAL SHORT-TERM LEASE EXPENDITURES** | 13,835,502 | 16,659,337 | 24,316,140 | 19,849,900 | 23,271,390 | -4.3% | |
| **OTHER LONG-TERM DEBT** | | | | | | | |
| Silver Spring Music Venue - **Tax supported** | 293,955 | 294,606 | 295,105 | 295,105 | 290,500 | | |
| Site II Acquisition - **Tax supported** | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | | |
| Qualified Energy Conservation Bond - **Tax supported** | 50,994 | 429,522 | 324,500 | 324,500 | 325,500 | | |
| MHI-HUD Loan - **Non-Tax supported** | 67,729 | 65,630 | 63,480 | 63,480 | 61,280 | | |
| Water Quality Protection Charge Bonds - **Non-Tax supported** | 3,016,160 | 3,018,850 | 3,020,250 | 3,020,250 | 6,367,900 | | |
| MHI - Property Acquisition Fund - **Non-Tax supported** | 4,949,804 | 7,195,949 | 7,196,110 | 7,196,110 | 7,950,310 | | |
| **TOTAL OTHER LONG-TERM DEBT** | 8,778,642 | 11,404,557 | 11,299,445 | 11,299,445 | 15,395,490 | 36.2% | |
| **DEBT SERVICE EXPENDITURES** | | | | | | | |
| **Tax Supported** | **299,506,527** | **332,509,651** | **348,782,725** | **342,521,809** | **383,282,640** | | |
| **Non-Tax Supported - Other Long-term Debt** | **8,033,693** | **10,280,429** | **10,279,840** | **10,279,840** | **14,379,490** | | |
| **TOTAL DEBT SERVICE EXPENDITURES** | **307,540,220** | **342,790,080** | **359,062,565** | **352,801,649** | **397,662,130** | **10.8%** | |
| **GO BOND DEBT SERVICE FUNDING SOURCES** | | | | | | | |
| General Funds | 244,144,296 | 268,947,012 | 267,814,910 | 262,805,857 | 305,294,670 | | |
| Other Interest: Installment Notes, Interest & Penalties | 334,924 | 10,682 | - | - | - | | |
| BAN/Commercial Paper Investment Income | 95,589 | 8,957 | - | - | - | | |
| Federal Subsidy on General Obligation Bonds | 5,808,511 | 5,848,290 | 5,707,000 | 5,707,000 | 5,450,000 | | |
| Premium on General Obligation Bonds | 3,088,117 | 5,236,781 | 11,488,440 | 14,998,462 | 6,942,760 | | |
| **Total General Fund Sources** | 253,471,437 | 280,051,722 | 285,010,350 | 283,511,319 | 317,687,430 | | |
| Fire Tax District Funds | 7,781,477 | 7,941,508 | 7,238,360 | 7,020,527 | 7,491,440 | | |
| Mass Transit Fund | 8,175,611 | 10,902,479 | 17,248,520 | 17,200,152 | 18,863,850 | | |
| Recreation Fund | 8,598,881 | 9,065,412 | 7,322,070 | 7,292,626 | 8,327,890 | | |
| **Total Other Funding Sources** | 24,555,969 | 27,909,399 | 31,808,950 | 31,513,305 | 34,683,180 | | |
| **TOTAL GO BOND FUNDING SOURCES** | 278,027,406 | 307,961,121 | 316,819,300 | 315,024,624 | 352,370,610 | | |
| **NON GO BOND FUNDING SOURCES** | | | | | | | |
| General Funds | 12,062,471 | 12,448,546 | 16,682,345 | 13,368,625 | 14,590,040 | | |
| MHI Fund - HUD Loan | 67,729 | 65,630 | 63,480 | 63,480 | 61,280 | | |
| Water Quality Protection Fund | 3,016,160 | 3,018,850 | 3,020,250 | 3,020,250 | 6,367,900 | | |
| MHI - Property Acquisition Fund | 4,949,804 | 7,195,949 | 7,196,110 | 7,196,110 | 7,950,310 | | |
| Federal Subsidy - Qualified Energy Conservation Bond | - | 108,313 | 146,000 | 146,520 | 141,000 | | |
| Mass Transit Fund | 3,802,000 | 3,802,000 | 8,396,640 | 8,253,800 | 9,138,890 | | |
| Recreation Fund | 1,834,050 | 1,522,159 | 1,525,040 | 1,525,040 | 1,524,500 | | |
| Fire Tax District Fund | 3,780,600 | 1,400,030 | 5,213,400 | 4,203,200 | 5,517,600 | | |
| Energy Savings | - | 102,077 | - | - | - | | |
| State Grant for Ride On Buses | - | 2,823,835 | - | - | - | | |
| Fire 2007 Certificates of Participation Closeout | - | 2,341,570 | - | - | - | | |
| **TOTAL NON GO BOND FUNDING SOURCES** | 29,512,814 | 34,828,959 | 42,243,265 | 37,777,025 | 45,291,520 | | |
| **TOTAL FUNDING SOURCES** | **307,540,220** | **342,790,080** | **359,062,565** | **352,801,649** | **397,662,130** | | |
| **TOTAL GENERAL OBLIGATION BOND SALES** | | | | | | | |
| Actual and Estimated Bond Sales | 295,000,000 | 500,000,000 | 324,500,000 | 300,000,000 | 340,000,000 | | |
| Council SAG Approved Bond Funded Expenditures | 295,000,000 | 299,500,000 | 340,000,000 | 340,000,000 | 340,000,000 | | |

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

| | Recommended | Projected | Projected | Projected | Projected | Projected |
|---|---|---|---|---|---|---|
| **GO BOND DEBT SERVICE EXPENDITURES** | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
| General County | 59,184,220 | 64,383,400 | 72,296,180 | 73,919,840 | 72,860,850 | 72,222,210 |
| Roads & Storm Drains | 70,224,060 | 73,327,410 | 76,372,300 | 82,349,810 | 89,648,580 | 98,794,470 |
| Public Housing | 62,470 | 60,730 | 58,980 | 57,230 | 55,480 | 53,730 |
| Parks | 8,237,270 | 8,915,710 | 9,404,390 | 10,215,340 | 10,943,700 | 11,530,480 |
| Public Schools | 150,187,650 | 154,262,760 | 159,483,820 | 166,166,690 | 170,262,840 | 173,381,470 |
| Montgomery College | 23,688,760 | 25,281,110 | 26,801,450 | 27,386,680 | 27,432,680 | 28,874,350 |
| Bond Anticipation Notes/Commercial Paper | 2,400,000 | 3,400,000 | 3,950,000 | 4,500,000 | 5,050,000 | 5,800,000 |
| Bond Anticipation Notes/Liquidity & Remarketing | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Cost of Issuance | 1,203,000 | 1,227,000 | 1,256,000 | 1,290,000 | 1,324,000 | 1,359,000 |
| **Total General Fund** | 317,687,430 | 333,358,120 | 352,123,120 | 368,385,590 | 380,078,130 | 394,515,710 |
| Fire Tax District Fund | 7,491,440 | 8,366,570 | 8,953,040 | 10,096,760 | 12,775,670 | 14,593,080 |
| Mass Transit Fund | 18,863,850 | 19,702,790 | 20,199,440 | 21,920,890 | 25,298,520 | 25,720,840 |
| Recreation Fund | 8,327,890 | 9,235,980 | 9,175,070 | 8,980,870 | 8,939,860 | 8,497,730 |
| **Total Tax Supported Other Funds** | 34,683,180 | 37,305,340 | 38,327,550 | 40,998,520 | 47,014,050 | 48,811,650 |
| **TOTAL TAX SUPPORTED** | 352,370,610 | 370,663,460 | 390,450,670 | 409,384,110 | 427,092,180 | 443,327,360 |
| **TOTAL GO BOND DEBT SERVICE EXPENDITURES** | 352,370,610 | 370,663,460 | 390,450,670 | 409,384,110 | 427,092,180 | 443,327,360 |
| **LONG-TERM LEASE EXPENDITURES** | | | | | | |
| Revenue Authority - Conference Center | 988,540 | 986,640 | 989,440 | 991,850 | 987,710 | 991,540 |
| Revenue Authority - HHS Piccard Drive | 395,800 | - | - | - | - | - |
| Revenue Authority - Recreation Pools | 1,524,500 | 1,526,360 | 1,525,700 | - | - | - |
| Fire and Rescue Equipment | 3,715,800 | 3,717,900 | - | - | - | - |
| **TOTAL LONG-TERM LEASE EXPENDITURES** | 6,624,640 | 6,230,900 | 2,515,140 | 991,850 | 987,710 | 991,540 |
| **SHORT-TERM LEASE EXPENDITURES / FINANCING** | | | | | | |
| Technology Modernization Project | 7,294,600 | 5,479,000 | 4,464,500 | 3,450,000 | 3,100,000 | 3,100,000 |
| Libraries System Modernization | 128,500 | 128,500 | 128,500 | 128,500 | 128,500 | - |
| Ride On Buses | 9,138,890 | 6,030,490 | 6,723,290 | 6,723,290 | 6,723,290 | 4,923,290 |
| Public Safety System Modernization | 4,907,600 | 4,219,800 | 4,433,800 | 4,433,800 | 3,480,000 | 1,713,000 |
| Fire and Rescue Apparatus | 1,010,200 | 1,700,000 | 2,625,000 | 3,196,000 | 3,664,000 | 4,071,000 |
| Fuel Management System | 791,600 | 951,600 | 951,600 | 951,600 | 635,800 | 160,000 |
| **TOTAL SHORT-TERM LEASE EXPENDITURES** | 23,271,390 | 18,509,390 | 19,326,690 | 18,883,190 | 17,731,590 | 13,967,290 |
| **OTHER LONG-TERM DEBT** | | | | | | |
| Silver Spring Music Venue - **Tax supported** | 290,500 | 290,800 | 291,000 | 291,000 | 294,100 | 292,000 |
| Site II Acquisition - **Tax supported** | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Qualified Energy Conservation Bond - **Tax supported** | 325,500 | 326,500 | 327,000 | 321,500 | 321,800 | 322,100 |
| MHI-HUD Loan - **Non-Tax supported** | 61,280 | 59,020 | 56,750 | 54,400 | 52,050 | 49,640 |
| Water Quality Protection Charge Bonds - **Non-Tax supported** | 6,367,900 | 6,342,250 | 11,581,960 | 11,578,400 | 15,581,650 | 15,581,900 |
| MHI - Property Acquisition Fund - **Non-Tax supported** | 7,950,310 | 8,708,010 | 9,451,510 | 9,455,600 | 9,450,460 | 9,446,660 |
| **TOTAL OTHER LONG-TERM DEBT** | 15,395,490 | 16,126,580 | 22,108,220 | 22,100,900 | 26,100,060 | 26,092,300 |
| **DEBT SERVICE EXPENDITURES** | | | | | | |
| **Tax Supported** | **383,282,640** | **396,421,050** | **413,310,500** | **430,271,650** | **446,827,380** | **459,300,290** |
| **Non-Tax Supported - Other Long-term Debt** | **14,379,490** | **15,109,280** | **21,090,220** | **21,088,400** | **25,084,160** | **25,078,200** |
| **TOTAL DEBT SERVICE EXPENDITURES** | **397,662,130** | **411,530,330** | **434,400,720** | **451,360,050** | **471,911,540** | **484,378,490** |
| **GO BOND DEBT SERVICE FUNDING SOURCES** | | | | | | |
| General Funds | 305,294,670 | 321,215,120 | 343,710,220 | 363,515,590 | 375,438,130 | 389,845,710 |
| Federal Subsidy on General Obligation Bonds | 5,450,000 | 5,350,000 | 5,070,000 | 4,870,000 | 4,640,000 | 4,670,000 |
| Premium on General Obligation Bonds | 6,942,760 | 6,793,000 | 3,342,900 | - | - | - |
| **Total General Fund Sources** | 317,687,430 | 333,358,120 | 352,123,120 | 368,385,590 | 380,078,130 | 394,515,710 |
| Fire Tax District Fund | 7,491,440 | 8,366,570 | 8,953,040 | 10,096,760 | 12,775,670 | 14,593,080 |
| Mass Transit Fund | 18,863,850 | 19,702,790 | 20,199,440 | 21,920,890 | 25,298,520 | 25,720,840 |
| Recreation Fund | 8,327,890 | 9,235,980 | 9,175,070 | 8,980,870 | 8,939,860 | 8,497,730 |
| **Total Other Funding Sources** | 34,683,180 | 37,305,340 | 38,327,550 | 40,998,520 | 47,014,050 | 48,811,650 |
| **TOTAL GO BOND FUNDING SOURCES** | 352,370,610 | 370,663,460 | 390,450,670 | 409,384,110 | 427,092,180 | 443,327,360 |
| **NON GO BOND FUNDING SOURCES** | | | | | | |
| General Funds | 14,590,040 | 11,695,240 | 10,902,640 | 9,891,150 | 8,590,110 | 6,703,640 |
| MHI Fund - HUD Loan | 61,280 | 59,020 | 56,750 | 54,400 | 52,050 | 49,640 |
| Water Quality Protection Fund | 6,367,900 | 6,342,250 | 11,581,960 | 11,578,400 | 15,581,650 | 15,581,900 |
| MHI - Property Acquisition Fund | 7,950,310 | 8,708,010 | 9,451,510 | 9,455,600 | 9,450,460 | 9,446,660 |
| Federal Subsidy - Qualified Energy Conservation Bond | 141,000 | 136,000 | 131,600 | 125,500 | 122,000 | 115,000 |
| Mass Transit Fund | 9,138,890 | 6,030,490 | 6,723,290 | 6,723,290 | 6,723,290 | 4,923,290 |
| Recreation Fund | 1,524,500 | 1,526,360 | 1,525,700 | 0 | - | - |
| Fire Tax District Fund | 5,517,600 | 6,369,500 | 3,576,600 | 4,147,600 | 4,299,800 | 4,231,000 |
| **TOTAL NON GO BOND FUNDING SOURCES** | 45,291,520 | 40,866,870 | 43,950,050 | 41,975,940 | 44,819,360 | 41,051,130 |
| **TOTAL FUNDING SOURCES** | **397,662,130** | **411,530,330** | **434,400,720** | **451,360,050** | **471,911,540** | **484,378,490** |
| **TOTAL GENERAL OBLIGATION BOND SALES** | | | | | | |
| Estimated Bond Sales | 340,000,000 | 340,000,000 | 340,000,000 | 340,000,000 | 340,000,000 | 340,000,000 |
| Council SAG Approved Bond Funded Expenditures | 340,000,000 | 340,000,000 | 340,000,000 | 340,000,000 | 340,000,000 | 340,000,000 |
| **ESTIMATED INTEREST RATE** | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |

# 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

# FY17 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in $000's)

| | | Act FY15 | APP FY16 | Est FY16 | CE REC FY17 | Proj. FY18 | Proj. FY19 | Proj. FY20 | Proj. FY21 | Proj. FY22 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **BEGINNING FUND BALANCE** | **136** | **1,231** | **1,905** | **1,563** | **402** | **400** | **700** | **1,000** | **1,300** |
| 2 | **REVENUES** | | | | | | | | | |
| 3 | Franchise Fees[1] | 17,330 | 17,281 | 17,539 | 17,661 | 17,773 | 17,868 | 17,942 | 18,018 | 18,095 |
| 4 | Gaithersburg PEG Contribution | 177 | 168 | 173 | 170 | 167 | 165 | 164 | 164 | 163 |
| 5 | PEG Operating Grant[1 2] | 2,278 | 4,110 | 3,251 | 4,120 | 4,056 | 4,013 | 3,991 | 3,968 | 3,946 |
| 6 | PEG Capital Grant[1 2] | 6,559 | 6,298 | 6,563 | 6,517 | 6,647 | 6,747 | 6,814 | 6,882 | 6,951 |
| 7 | FiberNet Operating & Equipment Grant [2] | 1,792 | 0 | 903 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | Interest Earned | 8 | 11 | 19 | 27 | 54 | 81 | 108 | 135 | 162 |
| 9 | TFCG Application Review Fees | 140 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| 10 | Miscellaneous | 10 | | | | | | | | |
| 11 | **TOTAL ANNUAL REVENUES** | **28,293** | **28,019** | **28,598** | **28,644** | **28,847** | **29,024** | **29,169** | **29,317** | **29,467** |
| 12 | **TOTAL RESOURCES-CABLE FUND** | **28,429** | **29,250** | **30,503** | **30,208** | **29,249** | **29,425** | **29,869** | **30,317** | **30,767** |
| 13 | **EXPENDITURE OF RESTRICTED FUNDS[2]** | | | | | | | | | |
| 14 | **A. EXPENDTITURE OF RESTRICTED CAPITAL FUNDS** | | | | | | | | | |
| 15 | **Municipal Capital Support [3]** | | | | | | | | | |
| 16 | Rockville Equipment | 923 | 946 | 955 | 931 | 950 | 964 | 973 | 983 | 993 |
| 17 | Takoma Park Equipment | 923 | 946 | 955 | 217 | 222 | 225 | 227 | 229 | 232 |
| 18 | Municipal League Equipment | 923 | 946 | 955 | 217 | 222 | 225 | 227 | 229 | 232 |
| 19 | **SUBTOTAL** | **2,770** | **2,837** | **2,864** | **1,365** | **1,393** | **1,414** | **1,428** | **1,442** | **1,456** |
| 20 | **PEG Capital** | **853** | **714** | **714** | **779** | **779** | **813** | **957** | **1,191** | **1,319** |
| 21 | **ultraMontgomery - CIP** | | | | **680** | **680** | **680** | **680** | **680** | **680** |
| 22 | **FiberNet - CIP** | **2,979** | **4,098** | **4,098** | **3,693** | **3,890** | **3,840** | **3,750** | **3,569** | **3,496** |
| 23 | (Must be greater or equal to Line 6) **SUBTOTAL** | **6,602** | **7,649** | **7,675** | **6,961** | **6,741** | **6,747** | **6,814** | **6,882** | **6,951** |
| 24 | **B. EXPENDITURE OF OTHER RESTRICTED FUNDS** | | | | | | | | | |
| 25 | **Municipal Franchise Fee Distribution[3]** | | | | | | | | | |
| 26 | City of Rockville | 701 | 700 | 740 | 757 | 761 | 765 | 770 | 774 | 778 |
| 27 | City of Takoma Park | 246 | 245 | 245 | 243 | 243 | 244 | 245 | 246 | 247 |
| 28 | Other Municipalities | 270 | 271 | 268 | 268 | 270 | 272 | 274 | 276 | 278 |
| 29 | **SUBTOTAL** | **1,217** | **1,216** | **1,253** | **1,268** | **1,275** | **1,282** | **1,289** | **1,296** | **1,303** |
| 30 | **Municipal Operating Support[3]** | | | | | | | | | |
| 31 | Rockville PEG Support | 76 | 77 | 77 | 300 | 292 | 286 | 279 | 272 | 266 |
| 32 | Takoma Park PEG Support | 76 | 77 | 77 | 458 | 451 | 446 | 443 | 441 | 438 |
| 33 | Muni. League PEG Support | 76 | 77 | 77 | 458 | 451 | 446 | 443 | 441 | 438 |
| 34 | **SUBTOTAL** | **228** | **232** | **230** | **1,215** | **1,194** | **1,178** | **1,166** | **1,154** | **1,142** |
| 35 | **SUBTOTAL** | **1,445** | **1,448** | **1,483** | **2,483** | **2,468** | **2,460** | **2,455** | **2,450** | **2,446** |
| 36 | **TOTAL EXPENDITURES OF RESTRICTED FUNDS** | **8,047** | **9,097** | **9,158** | **9,444** | **9,210** | **9,207** | **9,269** | **9,333** | **9,397** |
| 37 | **NET TOTAL ANNUAL REVENUES** | **20,246** | **18,922** | **19,440** | **19,200** | **19,637** | **19,817** | **19,900** | **19,984** | **20,070** |
| 38 | **NET TOTAL RESOURCES-CABLE FUND** | **20,382** | **20,153** | **21,345** | **20,763** | **20,039** | **20,218** | **20,600** | **20,985** | **21,370** |
| 39 | **EXPENDITURES OF NON-RESTRICTED FUNDS** | | | | | | | | | |
| 40 | **A. Transmission Facilities Coordinating Group** | | | | | | | | | |
| 41 | TFCG Application Review | 175 | 190 | 190 | 220 | 225 | 231 | 237 | 243 | 250 |
| 42 | **SUBTOTAL** | **175** | **190** | **190** | **220** | **225** | **231** | **237** | **243** | **250** |
| 43 | **B. FRANCHISE ADMINISTRATION** | | | | | | | | | |
| 44 | Personnel Costs - Cable Administration | 825 | 885 | 904 | 916 | 956 | 999 | 1,046 | 1,095 | 1,146 |
| 45 | Personnel Costs - DTS Administration | 81 | 82 | 87 | 81 | 84 | 88 | 92 | 96 | 101 |
| 46 | Personnel Costs - Charges for County Atty | 118 | 119 | 127 | 115 | 120 | 125 | 131 | 138 | 144 |
| 47 | Operating | 89 | 75 | 75 | 71 | 73 | 75 | 77 | 79 | 81 |
| 48 | Engineering & Inspection Services | 103 | 98 | 98 | 68 | 69 | 71 | 73 | 75 | 77 |
| 49 | Legal and Professional Services | 145 | 168 | 145 | 118 | 121 | 124 | 127 | 131 | 134 |
| 50 | **SUBTOTAL** | **1,346** | **1,426** | **1,436** | **1,369** | **1,423** | **1,482** | **1,546** | **1,613** | **1,683** |
| 51 | **SUBTOTAL** | **1,521** | **1,616** | **1,626** | **1,589** | **1,648** | **1,712** | **1,783** | **1,856** | **1,933** |
| 52 | **C. MONTGOMERY COUNTY GOVERNMENT - CCM** | | | | | | | | | |
| 53 | **Media Production & Engineering** | | | | | | | | | |
| 54 | Personnel Costs | 839 | 647 | 565 | 675 | 704 | 736 | 770 | 806 | 844 |
| 55 | Operating | 90 | 31 | 41 | 31 | 32 | 33 | 34 | 35 | 36 |
| 56 | Contracts - TV Production | 79 | 87 | 87 | 87 | 89 | 92 | 94 | 97 | 99 |
| 57 | New Media, Webstreaming & VOD Services | 47 | 38 | 38 | 58 | 59 | 61 | 62 | 64 | 66 |
| 58 | **SUBTOTAL** | **1,055** | **804** | **731** | **852** | **885** | **921** | **961** | **1,002** | **1,045** |
| 59 | **Public Information Office** | | | | | | | | | |
| 60 | Personnel Costs | 758 | 796 | 797 | 796 | 830 | 867 | 908 | 951 | 996 |
| 61 | Operating Expenses | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 14 | 14 |
| 62 | Contracts - TV Production | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 63 | **SUBTOTAL** | **770** | **809** | **809** | **808** | **843** | **880** | **921** | **964** | **1,009** |
| 64 | **County Council** | | | | | | | | | |
| 65 | Personnel Costs | 184 | 485 | 486 | 498 | 520 | 543 | 569 | 595 | 623 |
| 66 | Operating Expenses | 18 | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 15 |
| 67 | Contracts - TV Production | 152 | 152 | 152 | 152 | 155 | 159 | 163 | 168 | 172 |
| 68 | General Sessions and Committee Meetings | 101 | 101 | 101 | 101 | 103 | 106 | 109 | 112 | 115 |
| 69 | Multi-Lingual/Cultural Production Services | 91 | 91 | 91 | 91 | 93 | 95 | 98 | 101 | 103 |
| 70 | **SUBTOTAL** | **546** | **842** | **843** | **855** | **885** | **917** | **953** | **990** | **1,029** |
| 71 | **MNCPPC** | | | | | | | | | |
| 72 | Contracts - TV Production | 99 | 99 | 99 | 99 | 101 | 103 | 106 | 109 | 112 |
| 73 | New Media, Webstreaming & VOD Services | 24 | 24 | 24 | 24 | 25 | 26 | 26 | 27 | 28 |
| 74 | **SUBTOTAL** | **123** | **123** | **123** | **123** | **126** | **129** | **132** | **136** | **140** |
| 75 | **SUBTOTAL** | **2,494** | **2,578** | **2,506** | **2,638** | **2,738** | **2,848** | **2,967** | **3,092** | **3,223** |

## FY17 CE RECOMMENDED CABLE COMMUNICATIONS PLAN (in $000's)

| | | Act FY15 | APP FY16 | Est FY16 | CE REC FY17 | Proj. FY18 | Proj. FY19 | Proj. FY20 | Proj. FY21 | Proj. FY22 |
|---|---|---|---|---|---|---|---|---|---|---|
| 76 | **D. MONTGOMERY COLLEGE - MC ITV** | | | | | | | | | |
| 77 | Personnel Costs | 1,344 | 1,456 | 1,456 | 1,535 | 1,601 | 1,673 | 1,751 | 1,834 | 1,920 |
| 78 | Operating Expenses | 86 | 86 | 86 | 86 | 88 | 90 | 93 | 95 | 98 |
| 79 | **SUBTOTAL** | **1,430** | **1,542** | **1,542** | **1,621** | **1,560** | **1,560** | **1,560** | **1,560** | **1,560** |
| 80 | **E. PUBLIC SCHOOLS - MCPS ITV** | | | | | | | | | |
| 81 | Personnel Costs | 1,490 | 1,548 | 1,548 | 1,606 | 1,675 | 1,750 | 1,832 | 1,918 | 2,009 |
| 82 | Operating Expenses | 106 | 106 | 106 | 137 | 140 | 144 | 148 | 152 | 156 |
| 83 | **SUBTOTAL** | **1,596** | **1,654** | **1,654** | **1,743** | **1,815** | **1,894** | **1,980** | **2,070** | **2,164** |
| 84 | **F. COMMUNITY ACCESS PROGRAMMING[4]** | | | | | | | | | |
| 85 | Personnel Costs | 1,954 | 2,042 | 2,042 | 2,103 | 2,194 | 2,292 | 2,400 | 2,513 | 2,631 |
| 86 | Operating Expenses | 67 | 67 | 67 | 67 | 69 | 70 | 72 | 74 | 76 |
| 87 | Rent & Utilities | 385 | 396 | 396 | 411 | 420 | 431 | 442 | 454 | 466 |
| 88 | New Media, Webstreaming & VOD Services | 23 | 23 | 23 | 23 | 24 | 24 | 25 | 26 | 26 |
| 89 | **SUBTOTAL** | **2,429** | **2,528** | **2,528** | **2,604** | **2,706** | **2,818** | **2,940** | **3,067** | **3,200** |
| 90 | **G. PEG OPERATING** | | | | | | | | | |
| 91 | Operating Expenses | 95 | 206 | 181 | 181 | 186 | 190 | 195 | 201 | 206 |
| 92 | Youth and Arts Community Media | 150 | 100 | 100 | 100 | 102 | 105 | 108 | 111 | 114 |
| 93 | Community Engagement | 91 | 91 | 91 | 91 | 93 | 95 | 98 | 101 | 103 |
| 94 | Closed Captioning | 130 | 163 | 163 | 163 | 167 | 171 | 189 | 189 | 189 |
| 95 | Technical Operations Center (TOC) | 8 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 |
| 96 | Mobile Production Vehicle | 9 | 19 | 19 | 19 | 19 | 20 | 20 | 21 | 22 |
| 97 | **SUBTOTAL** | **484** | **590** | **565** | **565** | **578** | **592** | **622** | **633** | **645** |
| 98 | **H. FIBERNET OPERATING** | | | | | | | | | |
| 99 | FiberNet - Personnel Charges for DTS | 546 | 727 | 708 | 766 | 799 | 835 | 874 | 915 | 958 |
| 100 | FiberNet - Operations & Maintenance DTS | 1,308 | 1,126 | 1,160 | 1,126 | 1,152 | 1,181 | 1,212 | 1,245 | 1,279 |
| 101 | FiberNet - Network Operations Center | | 729 | 729 | 910 | 910 | 910 | 910 | 910 | 910 |
| 102 | FiberNet - Personnel Charges for DOT | 76 | 101 | 101 | 101 | 105 | 110 | 115 | 120 | 126 |
| 103 | FiberNet - Operations & Maintenance DOT | 613 | 771 | 771 | 882 | 902 | 925 | 950 | 975 | 1,002 |
| 104 | **SUBTOTAL** | **2,543** | **3,454** | **3,468** | **3,784** | **3,868** | **3,960** | **4,061** | **4,166** | **4,274** |
| 105 | **TOTAL EXPENDITURE OF UNRESTRICTED FUNDS** | **12,497** | **13,963** | **13,890** | **14,544** | **14,912** | **15,383** | **15,913** | **16,445** | **17,000** |
| 106 | **TOTAL EXPENDITURE OF RESTRICTED FUNDS** | **8,047** | **9,097** | **9,158** | **9,444** | **9,210** | **9,207** | **9,269** | **9,333** | **9,397** |
| 107 | **TOTAL EXPENDITURES - PROGRAMS** | **20,544** | **23,059** | **23,048** | **23,988** | **24,122** | **24,590** | **25,182** | **25,778** | **26,397** |
| 108 | **I. OTHER** | | | | | | | | | |
| 109 | Indirect Costs Transfer to Gen Fund | 579 | 614 | 614 | 649 | 677 | 708 | 741 | 776 | 812 |
| 110 | Indirect Costs Transfer to Gen Fund (ERP & MCTime) | 30 | - | - | - | 0 | 0 | 0 | 0 | 0 |
| 111 | Telecom Transfer to the Gen Fund | | | | 5 | 5 | 0 | 0 | 0 | 0 |
| 112 | Transfer to the General Fund | 4,754 | 5,277 | 5,277 | 5,163 | 4,044 | 3,427 | 2,946 | 2,464 | 2,085 |
| 113 | **SUBTOTAL** | **5,363** | **5,891** | **5,891** | **5,818** | **4,726** | **4,135** | **3,687** | **3,240** | **2,897** |
| 114 | **TOTAL EXPENDITURES** | **25,907** | **28,951** | **28,940** | **29,806** | **28,848** | **28,725** | **28,869** | **29,017** | **29,294** |
| 115 | **J. ADJUSTMENTS** | | | | | | | | | |
| 116 | Prior Year Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 117 | Encumbrance Adjustment | 603 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 118 | CIP - Designated Claim on Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 119 | **TOTAL ADJUSTMENTS** | **617** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| 120 | **FUND BALANCE** | **1,905** | **299** | **1,563** | **402** | **400** | **700** | **1,000** | **1,300** | **1,473** |
| 121 | **FUND BALANCE PER POLICY GUIDANCE[5]** | **1,398** | **1,395** | **1,417** | **1,427** | **1,438** | **1,448** | **1,456** | **1,464** | **1,473** |
| 122 | **K. SUMMARY - EXPENDITURES BY FUNDING SOURCE** | | | | | | | | | |
| 123 | Transfer to Gen Fund-Indirect Costs | 610 | 614 | 614 | 649 | 677 | 708 | 741 | 776 | 812 |
| 124 | Transfer to Gen Fund-Mont Coll Cable Fund[6] | 1,430 | 1,542 | 1,542 | 1,621 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| 125 | Transfer to Gen Fund-Public Sch Cable Fund[6] | 1,596 | 1,654 | 1,654 | 1,743 | 1,815 | 1,894 | 1,980 | 2,070 | 2,164 |
| 126 | Transfer to CIP Fund | 2,979 | 4,098 | 4,098 | 4,817 | 3,890 | 3,840 | 3,750 | 3,569 | 3,496 |
| 127 | Transfer to Gen Fund-Other | 4,266 | 5,277 | 5,277 | 5,163 | 4,044 | 3,427 | 2,946 | 2,464 | 2,085 |
| 128 | Transfer to Gen Fund-Telecom | 0 | 0 | 0 | 5 | 5 | 0 | 0 | 0 | 0 |
| 129 | **FUND TRANSFERS SUBTOTAL** | **11,368** | **13,186** | **13,186** | **13,998** | **11,991** | **11,429** | **10,977** | **10,439** | **10,118** |
| 130 | **Cable Fund Expenditure of Unrestricted Funds** | **9,471** | **10,766** | **10,694** | **11,180** | **11,537** | **11,929** | **12,373** | **12,815** | **13,275** |
| 131 | **Cable Fund Direct Expenditures** | **14,553** | **15,765** | **15,754** | **15,808** | **16,857** | **17,296** | **17,892** | **18,578** | **19,176** |
| 132 | **Cable Fund Personnel** | **3,428** | **3,843** | **3,775** | **3,948** | **4,117** | **4,303** | **4,505** | **4,717** | **4,938** |
| 133 | **Cable Fund Operating** | **11,125** | **11,922** | **11,979** | **11,860** | **12,060** | **12,313** | **12,707** | **13,182** | **13,558** |

Notes: 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, transfers, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor a greements, and other factors.

1. Subject to municipal pass-through payment.
2. Restricted revenue and expenditures: Certain Cable Fund revenues, required in excess of the federal limit on franchise fe es, and corresponding expenditures (Municipal Franchise Fees/Pass-throughs, PEG Capital/Equipment Grants, and PEG Operating Revenue) are contractually required by franchise, municipal, and settlement agreements, and by the County Code, and may only be used for permissible federal purposes and in a manner consistent with applicable agreements.
3. Municipal payments are estimates. Actual paymens will be calculated based upon actual revenue received, subscriber numbers and formulas specified within the Municipal MOU's.
4. Montgomery Community Television, Inc., d/b/a Montgomery Community Media, is designated as a sole source contractor to prov ide community access media services.
5. Fund balance per policy guidance s is calculated as 8% of total non-restricted revenues (franchise fees, tower fees, and investment income).
6. The Cable Fund makes a fund transfer to Montgomery College and MCPS to support MCPS ITV and MC ITV.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Montgomery Housing Intiative | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 APPROVED** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 2.0% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.65% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **7,241,980** | **4,786,860** | **3,387,600** | **2,198,840** | **1,442,600** | **1,290,810** | **1,182,610** |
| **REVENUES** | | | | | | | |
| Taxes | 9,182,680 | **10,276,000** | **10,628,000** | **11,165,000** | **11,447,000** | **12,329,000** | **13,168,500** |
| Charges For Services | 32,188 | **50,000** | 70,200 | 90,000 | 109,400 | 128,412 | 147,052 |
| Miscellaneous | 4,981,686 | **5,686,326** | 5,684,066 | 5,681,766 | 5,679,446 | 5,677,096 | 5,674,686 |
| **Subtotal Revenues** | **14,196,554** | **16,012,326** | **16,382,266** | **16,936,766** | **17,235,846** | **18,134,508** | **18,990,238** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **11,774,257** | **13,513,896** | **12,754,056** | **12,010,556** | **12,006,466** | **12,011,606** | **12,015,406** |
| Transfers To Debt Service Fund | (7,196,110) | (7,950,310) | (8,708,010) | (9,451,510) | (9,455,600) | (9,450,460) | (9,446,660) |
| MHI Property Acquisition | (7,196,110) | (7,950,310) | (8,708,010) | (9,451,510) | (9,455,600) | (9,450,460) | (9,446,660) |
| Transfers To The General Fund | (289,410) | (303,734) | (305,874) | (305,874) | (305,874) | (305,874) | (305,874) |
| Indirect Costs | (289,410) | (303,734) | (305,874) | (305,874) | (305,874) | (305,874) | (305,874) |
| Transfers From The General Fund | 19,259,777 | 21,767,940 | 21,767,940 | 21,767,940 | 21,767,940 | 21,767,940 | 21,767,940 |
| **TOTAL RESOURCES** | **33,212,791** | **34,313,082** | **32,523,922** | **31,146,162** | **30,684,912** | **31,436,924** | **32,188,254** |
| **CIP CURRENT REVENUE APPROP.** | **(2,275,000)** | **0** | **0** | **0** | **0** | **0** | **0** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (3,313,781) | **(3,345,702)** | (3,345,702) | (3,345,702) | (3,345,702) | (3,345,702) | (3,345,702) |
| Debt Service: Other (Non-Tax Funds only) | (63,480) | **(61,280)** | (59,020) | (56,750) | (54,400) | (52,050) | (49,640) |
| Compensation Adjustment | n/a | **0** | (55,390) | (78,090) | (96,680) | (96,680) | (105,980) |
| Labor Agreement | n/a | **0** | (13,011) | (13,011) | (13,011) | (13,011) | (13,011) |
| Labor Contracts - Other | n/a | **0** | (1,802) | (1,802) | (1,802) | (1,802) | (1,802) |
| Rental Assistance Program (RAP) | (9,605,920) | **(11,274,240)** | (11,626,240) | (11,769,060) | (11,489,060) | (12,371,060) | (13,210,560) |
| Housing First | (8,043,955) | **(8,043,955)** | (8,043,955) | (8,043,955) | (8,043,955) | (8,043,955) | (8,043,955) |
| Neighborhoods to Call Home | (596,340) | **(716,340)** | (716,340) | (716,340) | (716,340) | (716,340) | (716,340) |
| Special Needs and Nonprofit Housing | (2,380,510) | **(2,380,510)** | (2,380,510) | (2,380,510) | (2,380,510) | (2,380,510) | (2,380,510) |
| 100,000 Homes | (437,120) | **(437,120)** | (437,120) | (437,120) | (437,120) | (437,120) | (437,120) |
| Zero:2016 | (500,000) | **(500,000)** | (500,000) | (500,000) | (500,000) | (500,000) | (500,000) |
| Affordable Housing Initative | (2,721,145) | **(4,166,335)** | (3,145,992) | (2,361,222) | (2,315,522) | (2,296,084) | (2,264,454) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(27,662,251)** | **(30,925,482)** | **(30,325,082)** | **(29,703,562)** | **(29,394,102)** | **(30,254,314)** | **(31,069,074)** |
| **TOTAL USE OF RESOURCES** | **(29,937,251)** | **(30,925,482)** | **(30,325,082)** | **(29,703,562)** | **(29,394,102)** | **(30,254,314)** | **(31,069,074)** |
| **YEAR END FUND BALANCE** | **3,275,540** | **3,387,600** | **2,164,360** | **1,335,300** | **1,068,240** | **801,180** | **534,120** |
| **Total Use of Resources** | **(29,937,251)** | **(30,925,482)** | **(30,325,082)** | **(29,703,562)** | **(29,394,102)** | **(30,254,314)** | **(31,069,074)** |
| **Affordable Housing and Acquisition and Preservation CIP Project #P760100** | **(14,725,000)** | **(16,000,000)** | **(17,000,000)** | **(3,464,400)** | **(5,014,400)** | **(4,625,900)** | **(1,628,418)** |
| **TOTAL INVESTMENT IN AFFORDABLE HOUSING (MHI Fund + CIP Project)** | **(44,662,251)** | **(46,925,482)** | **(47,325,082)** | **(33,167,962)** | **(34,408,502)** | **(34,880,214)** | **(32,697,492)** |

**Assumptions:**

1. Maintains the County Executive's commitment to affordable housing. In addition to expenditures reflected in this fund, the Affordable Housing Acquisition and Preservation CIP Project #P760100 includes the issuance of $13.4 million of debt in FY17 in addition to $2.6 million in estimated loan repayments in FY17 to provide continued high level of support for the Housing Initiative Fund Property Acquisition Revolving Program created in FY09.
2. The amount shown in the Fiscal Plan for the Affordable Housing Acquisition and Preservation CIP project in FY16 is different from the PDF by $2,275,000. This is because that amount is already included in the Total Use of Resources in the MHI fund.
3. Montgomery County Council Resolution #15-110 provides for an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) of $16.1 million or the equivalent to 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater, for the purpose of maintaining and expanding the supply of affordable housing. The actual transfer from the General Fund will be determined each year based on the availability of resources.

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.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Water Quality Protection Fund | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 Estimate** | **FY17 CE REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.81% | 1.8% | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | 0.50% | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| Number of Equivalent Residential Units (ERUs) Billed | 372,369 | 368,355 | 368,355 | 368,355 | 368,355 | 368,355 | 368,355 |
| Water Quality Protection Charge ($/ERU) | $88.40 | $95.00 | $104.25 | $114.70 | $125.50 | $136.25 | $138.50 |
| Collection Factor for Charge | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% | 99.5% |
| **BEGINNING FUND BALANCE** | **13,221,064** | **5,702,695** | **1,738,360** | **1,846,256** | **1,657,663** | **1,831,410** | **1,837,147** |
| **REVENUES** | | | | | | | |
| Charges For Services | 32,351,518 | 34,530,616 | 37,892,045 | 41,690,438 | 45,613,918 | 49,515,696 | 50,480,680 |
| Bag Tax Receipts | 2,400,000 | 2,280,000 | 2,166,000 | 1,949,400 | 1,754,460 | 1,579,020 | 1,421,120 |
| Miscellaneous | 263,790 | 291,130 | 382,260 | 473,390 | 564,520 | 655,650 | 746,780 |
| **Subtotal Revenues** | **35,015,308** | **37,101,746** | **40,440,305** | **44,113,228** | **47,932,898** | **51,750,366** | **52,648,580** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(4,350,760)** | **(7,798,971)** | **(7,774,011)** | **(13,000,570)** | **(12,997,010)** | **(17,000,260)** | **(17,000,510)** |
| Transfers To General Fund | (1,330,510) | (1,431,071) | (1,431,761) | (1,418,610) | (1,418,610) | (1,418,610) | (1,418,610) |
| Indirect Costs | (1,330,510) | (1,417,920) | (1,418,610) | (1,418,610) | (1,418,610) | (1,418,610) | (1,418,610) |
| Telecommunications Charge | 0 | (13,151) | (13,151) | 0 | 0 | 0 | 0 |
| Transfers to Debt Service Fund (Non-Tax) | (3,020,250) | (6,367,900) | (6,342,250) | (11,581,960) | (11,578,400) | (15,581,650) | (15,581,900) |
| **TOTAL RESOURCES** | **43,885,612** | **35,005,470** | **34,404,654** | **32,958,914** | **36,593,551** | **36,581,516** | **37,485,217** |
| **CIP CURRENT REVENUE APPROPRIATION** | **(13,126,000)** | **(7,986,000)** | **(5,413,000)** | **(3,852,000)** | **(5,783,000)** | **(3,839,000)** | **(3,918,000)** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (21,958,808) | (25,281,110) | (25,824,526) | (26,650,036) | (27,557,576) | (28,498,446) | (29,473,976) |
| FFI - Labor Agreement | 0 | 0 | (60,927) | (60,927) | (60,927) | (60,927) | (60,927) |
| FFI - Maintenance of New and Newly Transferred Facilities | 0 | 0 | (71,000) | (71,000) | (71,000) | (71,000) | (71,000) |
| FFI - Operating Impacts of CIP Projects | 0 | 0 | (1,124,000) | (552,000) | (1,124,000) | (2,059,000) | (1,830,000) |
| FFI - Buidling Rent Escalation | 0 | 0 | (14,945) | (15,288) | (15,638) | (15,996) | (15,996) |
| FFI - Program Growth | 0 | 0 | (50,000) | (100,000) | (150,000) | (200,000) | (250,000) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(21,958,808)** | **(25,281,110)** | **(27,145,398)** | **(27,449,251)** | **(28,979,141)** | **(30,905,369)** | **(31,701,899)** |
| **OTHER CLAIMS ON FUND BALANCE** | **(3,098,109)** | **0** | **0** | **0** | **0** | **0** | **0** |
| **TOTAL USE OF RESOURCES** | **(38,182,917)** | **(33,267,110)** | **(32,558,398)** | **(31,301,251)** | **(34,762,141)** | **(34,744,369)** | **(35,619,899)** |
| **YEAR END FUND BALANCE** | **5,702,695** | **1,738,360** | **1,846,256** | **1,657,663** | **1,831,410** | **1,837,147** | **1,865,318** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **13.0%** | **5.0%** | **5.4%** | **5.0%** | **5.0%** | **5.0%** | **5.0%** |
| **NET REVENUE** | **10,622,491** | **10,389,565** | **11,863,146** | **15,245,367** | **17,535,147** | **19,426,387** | **19,528,071** |
| **DEBT SERVICE COVERAGE RATIO** | **3.52** | **1.63** | **1.87** | **1.32** | **1.51** | **1.25** | **1.25** |

**Assumptions:**

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 to fee or tax rates, usage, inflation, future labor agree ments, and other factors not assumed here.
2. Stormwater facilities transferred into the maintenance program will be maintained to permit standards as they are phased i nto the program.
3. Operating costs for new facilities to be completed or transferred, Operating Budget Impacts of Stormwater CIP projects, and Program Growth between FY18 and FY22 have been incorporated in the future fiscal impact (FFI) rows.
4. The operating budget includes planning and implementation costs for compliance with the Municipal Separate Storm Sewer Sys tem (MS-4) permit issued by the Maryland Department of the Environment in February 2010. Debt service on bonds that will be used to finance the CIP project costs of MS-4 compliance has been shown as a transfer to the Debt Service Fund. The Department of Finance issued $37.8 million in Water Quality Protection Charge Revenue Bonds da ted July 18, 2012 (Series 2012A). The actual debt service costs for the Series 2012A bond issuance and projected debt service for bond issuances ($41 million in FY2016, $65 million in FY2018 and a $50 million bond issuance in FY2020) are included in the fiscal plan. Actual debt service costs may vary depending on the size and timing of future bond issues. Current revenue may be used to offset future borrowing requirements. Future WQPC rates are subject to change based on the timing and size of future debt issuance, State Aid, and legislation.
5. Charges are adjusted to fund the planned service program and maintain net revenues sufficient to cover 1.25 times debt ser vice costs.
6. Current Water Quality Protection fund balance policy target is at least 5% of resources.

## FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN — Community Use of Public Facilities

| FISCAL PROJECTIONS | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
|---|---|---|---|---|---|---|---|
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **5,910,061** | **5,846,732** | **4,946,538** | **4,006,104** | **3,017,021** | **1,907,800** | **1,061,863** |
| **REVENUES** | | | | | | | |
| Charges For Services | 10,955,160 | **10,939,718** | 11,247,082 | 11,583,259 | 11,900,057 | 12,250,408 | 12,584,544 |
| Miscellaneous | 33,540 | **47,910** | 47,910 | 47,910 | 47,910 | 47,910 | 47,910 |
| **Subtotal Revenues** | **10,988,700** | **10,987,628** | **11,294,992** | **11,631,169** | **11,947,967** | **12,298,318** | **12,632,454** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(308,600)** | **(595,354)** | **(600,901)** | **(568,698)** | **(568,698)** | **(368,698)** | **(368,698)** |
| Transfers To The General Fund | (468,600) | (755,354) | (760,901) | (728,698) | (728,698) | (528,698) | (528,698) |
| Indirect Costs | (461,270) | (515,821) | (521,368) | (521,368) | (521,368) | (521,368) | (521,368) |
| Other: DCM | (7,330) | (7,330) | (7,330) | (7,330) | (7,330) | (7,330) | (7,330) |
| Telecommunication NDA | 0 | (32,203) | (32,203) | 0 | 0 | 0 | 0 |
| Community Access at SSCB: Subsidy | 0 | (200,000) | (200,000) | (200,000) | (200,000) | 0 | 0 |
| Transfers From The General Fund | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 |
| From General Fund: After School | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| From General Fund: Elections | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 |
| **TOTAL RESOURCES** | **16,590,161** | **16,239,006** | **15,640,629** | **15,068,574** | **14,396,290** | **13,837,420** | **13,325,619** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (10,743,429) | **(11,292,468)** | (11,614,913) | (11,970,697) | (12,362,259) | (12,767,611) | (13,187,267) |
| Labor Agreement | n/a | **0** | (33,723) | (33,723) | (33,723) | (33,723) | (33,723) |
| Utility Reimbursement to MCPS | | **n/a** | (38,676) | (78,125) | (98,364) | (79,407) | (14,407) |
| Increase in Other MCPS Reimbursable Costs | | **n/a** | (14,022) | (28,255) | (42,701) | (57,363) | (57,363) |
| Office Lease | | **n/a** | (12,463) | (25,425) | (38,905) | (52,925) | (52,925) |
| Retiree Health Insurance Pre-Funding | n/a | **n/a** | 4,810 | 10,210 | 13,000 | 16,010 | 16,010 |
| Active Montgomery Fiscal Assistant | n/a | **n/a** | 74,462 | 74,462 | 74,462 | 74,462 | 74,462 |
| Field Maintenance | | | 0 | 0 | 0 | 0 | 150,000 |
| Special Maintenance Projects | | | 0 | 0 | 0 | 125,000 | 125,000 |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(10,743,429)** | **(11,292,468)** | **(11,634,525)** | **(12,051,553)** | **(12,488,490)** | **(12,775,557)** | **(12,980,213)** |
| **TOTAL USE OF RESOURCES** | **(10,743,429)** | **(11,292,468)** | **(11,634,525)** | **(12,051,553)** | **(12,488,490)** | **(12,775,557)** | **(12,980,213)** |
| **YEAR END FUND BALANCE** | **5,846,732** | **4,946,538** | **4,006,104** | **3,017,021** | **1,907,800** | **1,061,863** | **345,406** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **35.2%** | **30.5%** | **25.6%** | **20.0%** | **13.3%** | **7.7%** | **2.6%** |

**Assumptions:**

1. 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.
2. The ICB must review and approve any changes in fees.
3. The fiscal plan assumes additional programmed expenses for ballfield maintenace and high use building maintenace using surplus funds over several years.

Notes:

1. The fund balance is calculated on a net assets basis.
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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
3. Community Use of Public Facilities has a fund balance policy target of 10% of resources.

| FY17-22 Public Services Program: Fiscal Plan<br>Bethesda Parking Lot District | Estimated<br>2016 | Recommended<br>2017 | Projected<br>2018 | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 |
|---|---|---|---|---|---|---|---|
| **Assumptions** | | | | | | | |
| Indirect Cost Rate | 15.87% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 1.80 | 2.20 | 2.50 | 2.90 | 3.30 | 3.70 | 4.10 |
| Investment Income Yield | 0.30% | 0.55% | 1.25% | 1.75% | 2.25% | 2.75% | 3.25% |
| **Beginning Fund Balance** | **$ 13,059,293** | **$ 13,366,666** | **$ 11,687,619** | **$ 15,581,507** | **$ 14,049,836** | **$ 12,574,368** | **$ 11,456,977** |
| | | | | | | | |
| **Revenues** | | | | | | | |
| Charges for Services | $ 13,505,081 | $ 14,105,081 | $ 15,405,081 | $ 15,405,081 | $ 15,405,081 | $ 15,405,081 | $ 15,405,081 |
| Fines & Forfeits | $ 3,250,000 | $ 3,250,000 | $ 3,250,000 | $ 3,250,000 | $ 3,250,000 | $ 3,250,000 | $ 3,250,000 |
| Miscellaneous | $ 352,110 | $ 364,110 | $ 8,604,100 | $ 444,090 | $ 484,080 | $ 524,070 | $ 564,060 |
| **Subtotal Revenues** | **$ 17,107,191** | **$ 17,719,191** | **$ 27,259,181** | **$ 19,099,171** | **$ 19,139,161** | **$ 19,179,151** | **$ 19,219,141** |
| | | | | | | | |
| **Transfers** | **$ (1,055,915)** | **$ (1,882,332)** | **$ (5,331,232)** | **$ (2,376,612)** | **$ (2,445,611)** | **$ (2,515,786)** | **$ (2,586,352)** |
| Transfers to General Fund | $ (354,960) | $ (380,332) | $ (380,332) | $ (367,533) | $ (367,533) | $ (367,533) | $ (367,533) |
| Telecommunications NDA | $ - | $ (12,799) | $ (12,799) | $ - | $ - | $ - | $ - |
| Indirect Costs | $ (354,960) | $ (367,533) | $ (367,533) | $ (367,533) | $ (367,533) | $ (367,533) | $ (367,533) |
| | | | | | | | |
| **Transfers to Special Funds : Tax Supported** | **$ (2,200,955)** | **$ (1,502,000)** | **$ (1,950,900)** | **$ (2,009,079)** | **$ (2,078,078)** | **$ (2,148,253)** | **$ (2,218,819)** |
| Bethesda Urban District | $ (2,200,955) | $ (1,502,000) | $ (1,806,000) | $ (1,864,179) | $ (1,933,178) | $ (2,003,353) | $ (2,073,919) |
| Parking District Service Facility | $ - | $ - | $ (144,900) | $ (144,900) | $ (144,900) | $ (144,900) | $ (144,900) |
| | | | | | | | |
| Transfer From Silver Spring PLD | $ 1,500,000 | $ - | $ (3,000,000) | $ - | $ - | $ - | $ - |
| **Total Resources** | **$ 29,110,569** | **$ 29,203,524** | **$ 33,615,567** | **$ 32,304,066** | **$ 30,743,385** | **$ 29,237,733** | **$ 28,089,766** |
| | | | | | | | |
| **CIP Current Revenue Appropriation Expenditure** | **$ (590,000)** | **$ (2,715,000)** | **$ (3,092,000)** | **$ (3,155,000)** | **$ (2,990,000)** | **$ (2,435,000)** | **$ (2,690,000)** |
| **Other CIP Revenue Appropriation Expenditure** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| | | | | | | | |
| **Appropriations/Expenditures** | | | | | | | |
| Operating Budget | $ (10,333,436) | $ (10,226,558) | $ (10,384,007) | $ (10,507,455) | $ (10,634,686) | $ (10,765,262) | $ (10,899,273) |
| Existing Debt Service | $ (4,820,467) | $ (4,574,348) | $ (4,575,040) | $ (4,576,062) | $ (4,570,138) | $ (4,571,030) | $ (3,050,203) |
| Retiree Health Insurance Pre-Funding | $ - | $ - | $ 5,150 | $ 10,950 | $ 13,970 | $ 17,200 | $ 17,200 |
| Battery Backup | $ - | $ - | $ 38,500 | $ - | $ 38,500 | $ - | $ 38,500 |
| Labor Agreement | $ - | $ - | $ (26,663) | $ (26,663) | $ (26,663) | $ (26,663) | $ (26,663) |
| **Subtotal PSP Operating Budget Appropriation** | **$ (15,153,903)** | **$ (14,800,906)** | **$ (14,942,060)** | **$ (15,099,230)** | **$ (15,179,017)** | **$ (15,345,756)** | **$ (13,920,439)** |
| | | | | | | | |
| **Total Use of Resources** | **$ (15,743,903)** | **$ (17,515,906)** | **$ (18,034,060)** | **$ (18,254,230)** | **$ (18,169,017)** | **$ (17,780,756)** | **$ (16,610,439)** |
| | | | | | | | |
| **Year End Fund Balance** | **$ 13,366,666** | **$ 11,687,619** | **$ 15,581,507** | **$ 14,049,836** | **$ 12,574,368** | **$ 11,456,977** | **$ 11,479,326** |
| **Bond Restricted Reserve** | **$ (7,956,369)** | **$ (8,516,804)** | **$ (8,551,496)** | **$ (8,583,882)** | **$ (8,608,307)** | **$ (8,845,365)** | **$ (8,877,573)** |
| **Year End Available Fund Balance** | **$ 5,410,297** | **$ 3,170,815** | **$ 7,030,011** | **$ 5,465,953** | **$ 3,966,062** | **$ 2,611,613** | **$ 2,601,754** |
| **Available Fund Balance As A Percent of Next Year's PSP Expenses** | **37%** | **21%** | **47%** | **36%** | **26%** | **19%** | **19%** |
| **Target Balance** | **$ 3,700,226** | **$ 3,735,515** | **$ 3,774,808** | **$ 3,794,754** | **$ 3,836,439** | **$ 3,480,110** | **$ 3,480,110** |

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 254 percent in FY17. The minimum requirement is 125 percent.
2. Revenue for the air rights lease for Garage 49 is assumed in FY16 through FY22.
3. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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.
4. The Parking Lot Districts have a fund balance policy target equal to 25 percent of the following year's projected operating budget expenses. The target was lowered from 50 percent based on an independent analysis of the parking lot district funds.

| FY17-22 Public Services Program: Fiscal Plan<br>Montgomery Hills Parking Lot District | Estimated<br>2016 | Recommended<br>2017 | Projected<br>2018 | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 |
|---|---|---|---|---|---|---|---|
| **Assumptions** | | | | | | | |
| Indirect Cost Rate | 15.87% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 2.25 | 2.32 | 2.40 | 2.73 | 3.15 | 3.45 | 3.73 |
| Investment Income Yield | 0.16% | 0.19% | 0.36% | 0.75% | 1.35% | 1.80% | 2.15% |
| **Beginning Fund Balance** | **$ 67,549** | **$ 47,117** | **$ 26,680** | **$ 16,807** | **$ 11,204** | **$ 9,872** | **$ 12,809** |
| **Revenues** | | | | | | | |
| Charges for Services | $ 45,000 | $ 45,000 | $ 45,000 | $ 45,000 | $ 45,000 | $ 45,000 | $ 45,000 |
| Fines & Forfeits | $ 28,000 | $ 28,000 | $ 28,000 | $ 28,000 | $ 28,000 | $ 28,000 | $ 28,000 |
| Miscellaneous | $ 2,990 | $ 4,270 | $ 8,540 | $ 12,810 | $ 17,080 | $ 21,350 | $ 25,620 |
| **Subtotal Revenues** | **$ 75,990** | **$ 77,270** | **$ 81,540** | **$ 85,810** | **$ 90,080** | **$ 94,350** | **$ 98,620** |
| **Transfers** | **$ (12,960)** | **$ (13,378)** | **$ (9,495)** | **$ (9,495)** | **$ (9,495)** | **$ (9,495)** | **$ (9,495)** |
| Transfers to General Fund | $ (12,960) | $ (13,378) | $ (7,885) | $ (7,885) | $ (7,885) | $ (7,885) | $ (7,885) |
| Indirect Costs | $ (7,960) | $ (8,378) | $ (7,885) | $ (7,885) | $ (7,885) | $ (7,885) | $ (7,885) |
| Regional Services Center | $ (5,000) | $ (5,000) | $ - | $ - | $ - | $ - | $ - |
| **Transfers to Special Funds : Tax Supported** | **$ -** | **$ -** | **$ (1,610)** | **$ (1,610)** | **$ (1,610)** | **$ (1,610)** | **$ (1,610)** |
| Parking District Service Facility | $ - | $ - | $ (1,610) | $ (1,610) | $ (1,610) | $ (1,610) | $ (1,610) |
| **Total Resources** | **$ 130,579** | **$ 111,009** | **$ 98,725** | **$ 93,122** | **$ 91,790** | **$ 94,727** | **$ 101,934** |
| **Appropriations/Expenditures** | | | | | | | |
| Operating Budget | $ (83,462) | $ (84,329) | $ (81,329) | $ (81,329) | $ (81,329) | $ (81,329) | $ (81,329) |
| Labor Agreement | $ - | $ - | $ (589) | $ (589) | $ (589) | $ (589) | $ (589) |
| **Subtotal PSP Operating Budget Appropriation** | **$ (83,462)** | **$ (84,329)** | **$ (81,918)** | **$ (81,918)** | **$ (81,918)** | **$ (81,918)** | **$ (81,918)** |
| **Total Use of Resources** | **$ (83,462)** | **$ (84,329)** | **$ (81,918)** | **$ (81,918)** | **$ (81,918)** | **$ (81,918)** | **$ (81,918)** |
| **Year End Available Fund Balance** | **$ 47,117** | **$ 26,680** | **$ 16,807** | **$ 11,204** | **$ 9,872** | **$ 12,809** | **$ 20,016** |
| **Available Fund Balance As A Percent of Next Year's PSP Expenses** | **56%** | **33%** | **21%** | **14%** | **12%** | **16%** | **24%** |
| **Target Balance** | **$ 21,082** | **$ 20,480** | **$ 20,480** | **$ 20,480** | **$ 20,480** | **$ 20,480** | **$ 20,480** |

Assumptions:
1. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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.
2. The Parking Lot Districts have a fund balance policy target equal to 25 percent of the following year's projected operating budget expenses. The target was lowered from 50 percent based on an independent analysis of the parking lot district funds.

| FY17-22 Public Services Program: Fiscal Plan<br>Silver Spring Parking Lot District | Estimated<br>2016 | Recommended<br>2017 | Projected<br>2018 | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 |
|---|---|---|---|---|---|---|---|
| **Assumptions** | | | | | | | |
| Indirect Cost Rate | 15.87% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 2.25 | 2.32 | 2.40 | 2.73 | 3.15 | 3.45 | 3.73 |
| Investment Income Yield | 0.16% | 0.19% | 0.36% | 0.75% | 1.35% | 1.80% | 2.15% |
| **Beginning Fund Balance** | **$ 18,808,969** | **$ 18,313,183** | **$ 11,772,319** | **$ 11,492,307** | **$ 9,131,343** | **$ 6,676,993** | **$ 4,208,727** |
| **Revenues** | | | | | | | |
| Charges for Services | $ 10,661,253 | $ 10,661,253 | $ 12,561,253 | $ 12,561,253 | $ 12,561,253 | $ 12,561,253 | $ 12,561,253 |
| Fines & Forfeits | $ 1,869,689 | $ 1,869,689 | $ 1,869,689 | $ 1,869,689 | $ 1,869,689 | $ 1,869,689 | $ 1,869,689 |
| Miscellaneous | $ 7,667,090 | $ 95,840 | $ 357,510 | $ 453,350 | $ 549,190 | $ 645,030 | $ 740,870 |
| **Subtotal Revenues** | **$ 20,198,032** | **$ 12,626,782** | **$ 14,788,452** | **$ 14,884,292** | **$ 14,980,132** | **$ 15,075,972** | **$ 15,171,812** |
| **Transfers** | **$ (6,338,355)** | **$ (2,492,734)** | **$ 121,516** | **$ (3,097,594)** | **$ (3,221,162)** | **$ (3,145,805)** | **$ (3,273,902)** |
| Transfers to General Fund | $ (2,390,150) | $ (487,452) | $ (487,452) | $ (405,260) | $ (405,260) | $ (405,260) | $ (405,260) |
| Tecommunications NDA | $ - | $ (82,192) | $ (82,192) | $ - | $ - | $ - | $ - |
| Indirect Costs | $ (390,150) | $ (405,260) | $ (405,260) | $ (405,260) | $ (405,260) | $ (405,260) | $ (405,260) |
| **Transfers to Special Funds : Tax Supported** | **$ (3,948,205)** | **$ (2,005,282)** | **$ 608,968** | **$ (2,692,334)** | **$ (2,815,902)** | **$ (2,740,545)** | **$ (2,868,642)** |
| Transfer to Wheaton PLD | $ - | $ - | $ - | $ (200,000) | $ (200,000) | $ - | $ - |
| Silver Spring Urban District | $ (2,448,205) | $ (2,005,282) | $ (2,391,032) | $ (2,492,334) | $ (2,615,902) | $ (2,740,545) | $ (2,868,642) |
| Transfer to Bethesda PLD | $ (1,500,000) | $ - | $ 3,000,000 | $ - | $ - | $ - | $ - |
| **Total Resources** | **$ 32,668,646** | **$ 28,447,231** | **$ 26,682,287** | **$ 23,279,005** | **$ 20,890,313** | **$ 18,607,159** | **$ 16,106,637** |
| **CIP Current Revenue Appropriation Expenditure** | **$ (2,900,000)** | **$ (5,610,000)** | **$ (3,913,000)** | **$ (2,700,000)** | **$ (2,700,000)** | **$ (2,700,000)** | **$ (2,700,000)** |
| **Appropriations/Expenditures** | | | | | | | |
| Operating Budget | $ (10,355,463) | $ (9,964,912) | $ (10,148,016) | $ (10,265,497) | $ (10,390,436) | $ (10,520,578) | $ (10,656,758) |
| Operating Leases | $ (1,100,000) | $ (1,100,000) | $ (1,100,000) | $ (1,100,000) | $ (1,100,000) | $ (1,100,000) | $ (1,100,000) |
| Retiree Health Insurance Pre-Funding | $ - | $ - | $ 3,560 | $ 7,560 | $ 9,640 | $ 11,870 | $ 11,870 |
| Battery Backup | $ - | $ - | $ 57,200 | $ - | $ 57,200 | $ - | $ 57,200 |
| Labor Agreement | $ - | $ - | $ (27,724) | $ (27,724) | $ (27,724) | $ (27,724) | $ (27,724) |
| Lot 3 Parking Garage | $ - | $ - | $ (62,000) | $ (62,000) | $ (62,000) | $ (62,000) | $ (62,000) |
| **Subtotal PSP Operating Budget Appropriation** | **$ (11,455,463)** | **$ (11,064,912)** | **$ (11,276,980)** | **$ (11,447,661)** | **$ (11,513,320)** | **$ (11,698,432)** | **$ (11,777,412)** |
| **Total Use of Resources** | **$ (14,355,463)** | **$ (16,674,912)** | **$ (15,189,980)** | **$ (14,147,661)** | **$ (14,213,320)** | **$ (14,398,432)** | **$ (14,477,412)** |
| **Year End Available Fund Balance** | **$ 18,313,183** | **$ 11,772,319** | **$ 11,492,307** | **$ 9,131,343** | **$ 6,676,993** | **$ 4,208,727** | **$ 1,629,225** |
| **Available Fund Balance As A Percent of Next Year's PSP Expenses** | **166%** | **104%** | **100%** | **79%** | **57%** | **36%** | **14%** |
| **Target Balance** | **$ 2,766,228** | **$ 2,819,245** | **$ 2,861,915** | **$ 2,878,330** | **$ 2,924,608** | **$ 2,944,353** | **$ 2,944,353** |

Assumptions:

1. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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.
2. The Parking Lot Districts have a fund balance policy target equal to 25 percent of the following year's projected operating budget expenses. The target was lowered from 50 percent based on an independent analysis of the parking lot district funds.

| FY17-22 Public Services Program: Fiscal Plan<br>Wheaton Parking Lot District | Estimated | Recommended | Projected | Projected | Projected | Projected | Projected |
|---|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| **Assumptions** | | | | | | | |
| Indirect Cost Rate | 15.87% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 2.25 | 2.32 | 2.40 | 2.73 | 3.15 | 3.45 | 3.73 |
| Investment Income Yield | 0.16% | 0.19% | 0.36% | 0.75% | 1.35% | 1.80% | 2.15% |
| **Beginning Fund Balance** | **$ 1,486,093** | **$ 773,000** | **$ 490,452** | **$ 143,827** | **$ 41,300** | **$ 227,695** | **$ 178,495** |
| | | | | | | | |
| **Revenues** | | | | | | | |
| Charges for Services | $ 905,000 | $ 815,000 | $ 725,000 | $ 815,000 | $ 1,205,000 | $ 1,205,000 | $ 1,205,000 |
| Fines & Forfeits | $ 546,000 | $ 511,000 | $ 476,000 | $ 511,000 | $ 636,000 | $ 636,000 | $ 636,000 |
| Miscellaneous | $ 5,000 | $ 7,140 | $ 14,280 | $ 21,420 | $ 28,560 | $ 35,700 | $ 42,840 |
| **Subtotal Revenues** | **$ 1,456,000** | **$ 1,333,140** | **$ 1,215,280** | **$ 1,347,420** | **$ 1,869,560** | **$ 1,876,700** | **$ 1,883,840** |
| | | | | | | | |
| **Transfers** | **$ (666,910)** | **$ (90,084)** | **$ (110,133)** | **$ 93,161** | **$ 93,161** | **$ (106,839)** | **$ (107,777)** |
| Transfers to General Fund | $ (59,910) | $ (66,455) | $ (66,455) | $ (62,391) | $ (62,391) | $ (62,391) | $ (62,391) |
| Telecommunications NDA | $ - | $ (4,064) | $ (4,064) | $ - | $ - | $ - | $ - |
| Indirect Costs | $ (59,910) | $ (62,391) | $ (62,391) | $ (62,391) | $ (62,391) | $ (62,391) | $ (62,391) |
| | | | | | | | |
| **Transfers to Special Funds : Tax Supported** | **$ (607,000)** | **$ (23,629)** | **$ (43,678)** | **$ 155,552** | **$ 155,552** | **$ (44,448)** | **$ (45,386)** |
| Wheaton Urban District | $ (607,000) | $ (23,629) | $ (24,358) | $ (25,128) | $ (25,128) | $ (25,128) | $ (26,066) |
| Parking District Service Facility | $ - | $ - | $ (19,320) | $ (19,320) | $ (19,320) | $ (19,320) | $ (19,320) |
| Transfer from Silver Spring PLD | $ - | $ - | $ - | $ 200,000 | $ 200,000 | $ - | $ - |
| | | | | | | | |
| **Total Resources** | **$ 2,275,183** | **$ 2,016,056** | **$ 1,595,600** | **$ 1,584,408** | **$ 2,004,021** | **$ 1,997,557** | **$ 1,954,558** |
| | | | | | | | |
| **CIP Current Revenue Appropriation Expenditure** | **$ (157,000)** | **$ (157,000)** | **$ (157,000)** | **$ (157,000)** | **$ (157,000)** | **$ (157,000)** | **$ (157,000)** |
| | | | | | | | |
| **Appropriations/Expenditures** | | | | | | | |
| Operating Budget | $ (1,345,183) | $ (1,368,604) | $ (1,317,313) | $ (1,387,249) | $ (1,642,776) | $ (1,663,842) | $ (1,685,463) |
| Retiree Health Insurance Pre-Funding | $ - | $ - | $ 540 | $ 1,140 | $ 1,450 | $ 1,780 | $ 1,780 |
| Battery Backup | $ - | $ - | $ 22,000 | $ - | $ 22,000 | $ - | $ 22,000 |
| Labor Agreement | $ - | $ - | $ (4,219) | $ (4,219) | $ (4,219) | $ (4,219) | $ (4,219) |
| **Subtotal PSP Operating Budget Appropriation** | **$ (1,345,183)** | **$ (1,368,604)** | **$ (1,294,773)** | **$ (1,386,109)** | **$ (1,619,326)** | **$ (1,662,062)** | **$ (1,661,683)** |
| | | | | | | | |
| **Total Use of Resources** | **$ (1,502,183)** | **$ (1,525,604)** | **$ (1,451,773)** | **$ (1,543,109)** | **$ (1,776,326)** | **$ (1,819,062)** | **$ (1,818,683)** |
| | | | | | | | |
| **Year End Available Fund Balance** | **$ 773,000** | **$ 490,452** | **$ 143,827** | **$ 41,300** | **$ 227,695** | **$ 178,495** | **$ 135,875** |
| **Available Fund Balance As A Percent of Next Year's PSP Expenses** | **56%** | **38%** | **10%** | **3%** | **14%** | **11%** | **8%** |
| **Target Balance** | **$ 342,151** | **$ 323,693** | **$ 346,527** | **$ 404,831** | **$ 415,516** | **$ 415,421** | **$ 415,421** |

Assumptions:

1. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY18-22 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.
2. The Parking Lot Districts have a fund balance policy target equal to 25 percent of the following year's projected operating budget expenses. The target was lowered from 50 percent based on an independent analysis of the parking lot district funds.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | Solid Waste Collection | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 ESTIMATE** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| Number of Households | 91,434 | **91,818** | 92,202 | 92,586 | 92,971 | 93,246 | 93,522 |
| Charge per Household (once-weekly refuse collection) | $70.00 | **$70.00** | $77.00 | $80.00 | $84.00 | $84.00 | $85.00 |
| **BEGINNING FUND BALANCE** | **1,910,947** | **1,344,920** | **837,443** | **823,546** | **928,455** | **1,227,281** | **1,325,231** |
| **REVENUES** | | | | | | | |
| Charges For Services | 6,393,430 | **6,427,259** | 7,099,554 | 7,406,880 | 7,809,564 | 7,825,000 | 7,949,370 |
| Miscellaneous | 10,450 | **14,930** | 29,860 | 44,790 | 59,720 | 74,650 | 89,580 |
| **Subtotal Revenues** | **6,403,880** | **6,442,189** | **7,129,414** | **7,451,670** | **7,869,284** | **7,899,650** | **8,038,950** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(217,850)** | **(245,187)** | **(245,187)** | **(245,187)** | **(245,187)** | **(245,187)** | **(245,187)** |
| Transfers To The General Fund | (217,850) | (245,187) | (245,187) | (245,187) | (245,187) | (245,187) | (245,187) |
| Indirect Costs | (212,850) | (240,187) | (240,187) | (240,187) | (240,187) | (240,187) | (240,187) |
| Desktop Modernization | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) | (5,000) |
| **TOTAL RESOURCES** | **8,096,977** | **7,541,922** | **7,721,670** | **8,030,029** | **8,552,552** | **8,881,744** | **9,118,994** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (6,331,057) | **(6,704,479)** | (6,887,883) | (7,090,533) | (7,313,810) | (7,544,612) | (7,783,205) |
| Labor Agreement | 0 | **0** | (9,531) | (9,531) | (9,531) | (9,531) | (9,531) |
| Retiree Health Insurance Pre-Funding | 0 | **0** | (710) | (1,510) | (1,930) | (2,370) | (2,370) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(6,331,057)** | **(6,704,479)** | **(6,898,124)** | **(7,101,574)** | **(7,325,271)** | **(7,556,513)** | **(7,795,106)** |
| **OTHER CLAIMS ON FUND BALANCE** | **(421,000)** | **0** | **0** | **0** | **0** | **0** | **0** |
| **TOTAL USE OF RESOURCES** | **(6,752,057)** | **(6,704,479)** | **(6,898,124)** | **(7,101,574)** | **(7,325,271)** | **(7,556,513)** | **(7,795,106)** |
| **YEAR END FUND BALANCE** | **1,344,920** | **837,443** | **823,546** | **928,455** | **1,227,281** | **1,325,231** | **1,323,888** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **16.6%** | **11.1%** | **10.7%** | **11.6%** | **14.3%** | **14.9%** | **14.5%** |

**Assumptions:**
1. Refuse collection charges are adjusted to acheive cost recovery.

**Notes**:
1. The refuse collection charge is adjusted annually to fund the approved service program and to maintain an ending net assetbalance between 10% and 15% of resources at the end of the six-year planning period.
2. These projections are based on the County Executive's Recommended budget and include the revenue and resource assumptionsof that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here.

## FY17-22 DIVISION OF SOLID WASTE SERVICES

| FISCAL PROJECTIONS | ESTIMATED FY16 | PROJECTED FY17 | PROJECTED FY18 | PROJECTED FY19 | PROJECTED FY20 | PROJECTED FY21 | PROJECTED FY22 |
|---|---|---|---|---|---|---|---|
| Single-Family Charges ($/Household) | 205.11 | 205.11 | 205.11 | 205.11 | 200.00 | 194.51 | 191.30 |
| % change in rate from previous year | -4.0% | 0.0% | 0.0% | 0.0% | -2.5% | -2.7% | -1.7% |
| Multi-Family Charges ($/Dwelling Unit) | 16.06 | 16.06 | 16.06 | 16.06 | 12.75 | 9.55 | 7.44 |
| % change in rate from previous year | -4.0% | 0.0% | 0.0% | 0.0% | -20.6% | -25.1% | -22.1% |
| Nonresidential Charges (medium "category" charge) | 596.13 | 596.13 | 596.13 | 596.13 | 477.15 | 364.66 | 209.37 |
| % change in rate from previous year | -4.0% | 0.0% | 0.0% | 0.0% | -20.0% | -23.6% | -42.6% |
| Nonresidential Charges (average $/2000 sq. ft.) | 226.61 | 226.61 | 226.61 | 226.61 | 180.19 | 137.71 | 79.06 |

### *OPERATIONS CALCULATION*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Disposal Fees | 28,218,925 | 28,658,109 | 29,267,534 | 29,889,281 | 30,524,238 | 31,172,198 | 31,834,098 |
| Charges for Services/SBC | 55,669,942 | 56,176,598 | 56,665,033 | 57,222,068 | 52,469,466 | 47,310,763 | 40,836,448 |
| Miscellaneous | 10,874,867 | 14,700,420 | 14,726,582 | 14,757,918 | 14,785,322 | 14,807,519 | 14,834,589 |
| Investment Income | 126,350 | 180,500 | 361,000 | 541,000 | 722,000 | 902,500 | 1,083,000 |
| **Subtotal Revenues** | **94,890,084** | **99,715,628** | **101,020,148** | **102,410,267** | **98,501,025** | **94,192,979** | **88,588,135** |
| **INTERFUND TRANSFERS** | **683,994** | **323,259** | **1,035,072** | **981,382** | **580,347** | **730,332** | **784,990** |
| **EXPENDITURES** | | | | | | | |
| Personnel Costs | (9,812,464) | (10,342,894) | (10,787,638) | (11,273,082) | (11,802,917) | (12,357,654) | (12,938,464) |
| Operating Expenses | (90,679,562) | (72,086,778) | (75,297,234) | (76,891,138) | (80,989,694) | (84,289,669) | (88,567,970) |
| Capital Outlay | (3,946,457) | (3,085,826) | (9,853,513) | (7,549,138) | (2,201,344) | (1,725,450) | (2,116,614) |
| Other Expenditure Restrictions | | | | | | | |
| **Subtotal Expenditures** | **(104,438,483)** | **(85,515,498)** | **(95,938,386)** | **(95,713,359)** | **(94,993,955)** | **(98,372,773)** | **(103,623,048)** |
| **OTHER CLAIMS ON FUND BALANCE** | **(718,000)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **PAYOUT OF GUDE REMEDIATION** | **-** | **746,000** | **756,000** | **1,090,000** | **732,000** | **484,000** | **941,000** |
| **PAYOUT OF CLOSURE COSTS (Non-CIP)** | **1,669,495** | **1,657,566** | **1,699,084** | **1,745,101** | **1,795,918** | **1,848,280** | **1,902,239** |
| **CY ACCRUED CLOSURE COSTS** | **(32,019)** | **(33,479)** | **(41,518)** | **(46,017)** | **(50,817)** | **(52,363)** | **(53,959)** |
| **NET CHANGE** | **(7,944,929)** | **16,893,475** | **8,530,400** | **10,467,374** | **6,564,519** | **(1,169,545)** | **(11,460,644)** |

### *CASH POSITION*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **ENDING CASH & INVESTMENTS** | | | | | | | |
| Unrestricted Cash | 28,073,943 | 37,212,446 | 44,811,230 | 51,809,660 | 54,717,109 | 50,817,104 | 36,233,982 |
| Restricted Cash | 26,977,107 | 31,411,111 | 30,183,955 | 30,837,845 | 31,948,195 | 32,672,268 | 33,462,485 |
| **Subtotal Cash & Investments** | **55,051,050** | **68,623,557** | **74,995,185** | **82,647,505** | **86,665,304** | **83,489,373** | **69,696,467** |
| **RESERVE & LIABILITY REQUIREMENTS** | | | | | | | |
| Management Reserve | (21,378,874) | (23,984,596) | (23,928,339) | (23,748,489) | (24,593,193) | (25,905,762) | (26,770,402) |
| Future System Contingency Reserve | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) |
| Research & Development Reserve | (298,080) | (298,080) | (298,080) | (298,080) | (298,080) | (298,080) | (298,080) |
| Renewal & Replacement Reserve | (3,800,157) | (3,868,560) | (3,957,536) | (4,056,476) | (4,166,000) | (4,278,483) | (4,394,002) |
| Stability Reserve | (500,000) | (2,259,874) | (1,000,000) | (1,734,801) | (1,890,921) | (1,189,944) | (1,000,000) |
| **Subtotal Reserve Requirements** | **(26,977,111)** | **(31,411,111)** | **(30,183,956)** | **(30,837,845)** | **(31,948,195)** | **(32,672,268)** | **(33,462,485)** |
| Closure/Postclosure Liability | (13,768,443) | (12,144,356) | (10,486,791) | (8,787,707) | (7,042,606) | (5,246,689) | (3,398,408) |
| Gude Remediation Liability | (28,500,000) | (27,754,000) | (26,998,000) | (25,908,000) | (25,176,000) | (24,692,000) | (23,751,000) |
| **Subtotal Reserve & Liability Requirements** | **(69,245,554)** | **(71,309,466)** | **(67,668,747)** | **(65,533,553)** | **(64,166,801)** | **(62,610,957)** | **(60,611,893)** |
| **CASH & INVESTMENTS OVER/(UNDER) RESERVE & LIABILITY REQUIREMENTS** | **(14,194,504)** | **(2,685,909)** | **7,326,439** | **17,113,953** | **22,498,503** | **20,878,415** | **9,084,574** |

### *Net Assets*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **ENDING NET ASSETS** | 48,506,527 | 67,369,026 | 85,390,638 | 102,917,708 | 111,507,000 | 112,261,211 | 103,272,897 |
| Less: Reserve Requirements | **(26,977,111)** | **(31,411,111)** | **(30,183,956)** | **(30,837,845)** | **(31,948,195)** | **(32,672,268)** | **(33,462,485)** |
| **NET ASSETS OVER/(UNDER) RESERVE REQUIREMENTS** | **21,529,416** | **35,957,915** | **55,206,682** | **72,079,863** | **79,558,805** | **79,588,943** | **69,810,412** |

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Vacuum Leaf Collection | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.4% | **0.5%** | 1.0% | 1.5% | 2.5% | 2.5% | 3.0% |
| Charge per single-family household | $ 93.00 | **$ 97.99** | $ 109.18 | $ 114.11 | $ 115.75 | $ 120.36 | $ 125.91 |
| % of leaves attributed to single-family households | 97.2% | **97.2%** | 97.2% | 97.2% | 97.2% | 97.2% | 97.2% |
| % of leaves attributed to multi-family units and townhome | 2.8% | **2.8%** | 2.8% | 2.8% | 2.8% | 2.8% | 2.8% |
| **BEGINNING FUND BALANCE** | **21,740** | **(37,407)** | **292,467** | **309,867** | **385,967** | **570,768** | **614,269** |
| **REVENUES** | | | | | | | |
| Charges For Services | 6,898,902 | **7,202,921** | 8,024,901 | 8,387,427 | 8,508,284 | 8,846,930 | 9,255,118 |
| Miscellaneous | 6,090 | **8,700** | 17,400 | 26,100 | 34,800 | 43,500 | 52,200 |
| **Subtotal Revenues** | **6,904,992** | **7,211,621** | **8,042,301** | **8,413,527** | **8,543,084** | **8,890,430** | **9,307,318** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(1,546,544)** | **(1,220,263)** | **(1,995,618)** | **(1,952,160)** | **(1,636,795)** | **(1,877,248)** | **(2,027,412)** |
| Transfers To The General Fund | (494,320) | (532,337) | (553,630) | (577,436) | (603,998) | (631,782) | (660,844) |
| Indirect Costs | (494,320) | (532,337) | (553,630) | (577,436) | (603,998) | (631,782) | (660,844) |
| Transfers To Special Fds: Non-Tax + ISF | (1,052,224) | (687,926) | (1,441,988) | (1,374,724) | (1,032,797) | (1,245,466) | (1,366,568) |
| To Solid Waste Disposal Fund | (1,052,224) | (687,926) | (1,441,988) | (1,374,724) | (1,032,797) | (1,245,466) | (1,366,568) |
| **TOTAL RESOURCES** | **5,380,188** | **5,953,951** | **6,339,150** | **6,771,234** | **7,292,256** | **7,583,950** | **7,894,175** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (5,417,595) | **(5,661,484)** | (5,986,495) | (6,342,479) | (6,678,700) | (6,926,893) | (7,184,918) |
| Labor Agreement | n/a | **0** | (42,788) | (42,788) | (42,788) | (42,788) | (42,788) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(5,417,595)** | **(5,661,484)** | **(6,029,283)** | **(6,385,267)** | **(6,721,488)** | **(6,969,681)** | **(7,227,706)** |
| **TOTAL USE OF RESOURCES** | **(5,417,595)** | **(5,661,484)** | **(6,029,283)** | **(6,385,267)** | **(6,721,488)** | **(6,969,681)** | **(7,227,706)** |
| **YEAR END FUND BALANCE** | **(37,407)** | **292,467** | **309,867** | **385,967** | **570,768** | **614,269** | **666,469** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **-0.7%** | **4.9%** | **4.9%** | **5.7%** | **7.8%** | **8.1%** | **8.4%** |

**Assumptions:**

1. Leaf vacuuming rates are adjusted to achieve cost recovery.
2. The Vacuum Leaf Collection fund balance policy target is $500,000. In future years, rates will be adjusted annually to fund the approved service program and maintain the appropriate ending balance.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Permitting Services | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.0035 | **0.005** | 0.01 | 0.015 | 0.025 | 0.025 | 0.03 |
| Enterprise fund stabilization factor (ESF) | 0 | **1.00** | TBD | TBD | TBD | TBD | TBD |
| **BEGINNING FUND BALANCE** | **12,551,520** | **11,060,380** | **11,947,421** | **13,466,993** | **14,171,141** | **14,890,248** | **15,791,157** |
| **REVENUES** | | | | | | | |
| Licenses & Permits | 44,340,785 | **46,655,846** | 43,790,596 | 44,885,360 | 46,097,265 | 47,341,891 | 48,620,122 |
| Charges For Services | 2,320,193 | **104,484** | 106,887 | 109,559 | 112,517 | 115,555 | 118,675 |
| Fines & Forfeitures | 147,464 | **147,464** | 150,856 | 154,627 | 158,802 | 163,090 | 167,493 |
| Miscellaneous | 148,370 | **211,960** | 423,920 | 635,880 | 847,840 | 1,059,800 | 1,271,760 |
| **Subtotal Revenues** | **46,956,812** | **47,119,754** | **44,472,258** | **45,785,427** | **47,216,425** | **48,680,336** | **50,178,051** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(4,206,430)** | **(4,815,802)** | **(3,704,250)** | **(3,652,198)** | **(3,652,198)** | **(3,652,198)** | **(3,652,198)** |
| Transfers To The General Fund | (4,206,430) | (4,815,802) | (4,858,020) | (4,805,968) | (4,805,968) | (4,805,968) | (4,805,968) |
| Indirect Costs | (3,997,410) | (4,654,730) | (4,696,948) | (4,696,948) | (4,696,948) | (4,696,948) | (4,696,948) |
| Other: DCM | (109,020) | (109,020) | (109,020) | (109,020) | (109,020) | (109,020) | (109,020) |
| Telecommunications NDA | 0 | (52,052) | (52,052) | 0 | 0 | 0 | 0 |
| Other: DOT Lab Testing | (100,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers From The General Fund | 0 | 0 | 1,153,770 | 1,153,770 | 1,153,770 | 1,153,770 | 1,153,770 |
| Payment for Public Agency Permits | 0 | 0 | 1,059,660 | 1,059,660 | 1,059,660 | 1,059,660 | 1,059,660 |
| Payment for Green Tape Positions | 0 | 0 | 94,110 | 94,110 | 94,110 | 94,110 | 94,110 |
| **TOTAL RESOURCES** | **55,301,902** | **53,364,332** | **52,715,430** | **55,600,222** | **57,735,367** | **59,918,387** | **62,317,009** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (33,737,234) | **(37,765,525)** | (37,765,525) | (37,765,525) | (37,765,525) | (37,765,525) | (37,765,525) |
| Labor Agreement | n/a | **0** | (256,647) | (256,647) | (256,647) | (256,647) | (256,647) |
| Annualizations and One-Time | n/a | **n/a** | 90,902 | 90,902 | 90,902 | 90,902 | 90,902 |
| IT Maintenance | n/a | **n/a** | (124,039) | (126,695) | (52,404) | (10,167) | (10,167) |
| IT Replacement Plan | n/a | **n/a** | 281,500 | (378,500) | (168,500) | 281,500 | 281,500 |
| Office Rent | n/a | **n/a** | (75,930) | (64,055) | (67,775) | (71,646) | (71,646) |
| Retiree Health Insurance Prefunding | n/a | **n/a** | 35,830 | 76,230 | 97,240 | 119,750 | 119,750 |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(33,737,234)** | **(37,765,525)** | **(39,248,437)** | **(41,429,081)** | **(42,845,119)** | **(44,127,230)** | **(45,998,977)** |
| **OTHER CLAIMS ON FUND BALANCE** | **(10,504,288)** | **(3,651,386)** | **0** | **0** | **0** | **0** | **0** |
| Cumulative rolling set-aside | **29,985,224** | **35,000,000** | **35,000,000** | **35,000,000** | | | |
| **TOTAL USE OF RESOURCES** | **(44,241,522)** | **(41,416,911)** | **(39,248,437)** | **(41,429,081)** | **(42,845,119)** | **(44,127,230)** | **(45,998,977)** |
| **YEAR END FUND BALANCE** | **11,060,380** | **11,947,421** | **13,466,993** | **14,171,141** | **14,890,248** | **15,791,157** | **16,318,032** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **20.0%** | **22.4%** | **25.5%** | **25.5%** | **25.8%** | **26.4%** | **26.2%** |

**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 or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. Revenue projections in FY16 and future years assume a gradual increase in construction market activity.
3. Key components of Permitting Service's technology replacement plan include:
FY18 Scanners ($100,000);
FY19 Printers ($60,000), Servers ($600,000)
FY20 Permit DB Servers - Hardware & Software ($450,000);
4. "Other Claims on Fund Balance" are to fund the department's proptional share of the new headquarters in Wheaton. Current estimates for the cost to DPS is approximately $35 million.
5. The Enterprise fund Stabilization Factor (EFSF) is the factor by which the fee rate is adjusted, up or down, to maintain the minimum reserve policy of 20% of total resources in the budget year.
6. The Permitting Services fund balance policy target is 20% of resources, after the IT set-aside, and 15% to 20% in the out years.
7. The General Fund transfer for Public Agency Permits and Green Tape will be deferred from FY15-FY17 for fiscal reasons.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Liquor Control | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 ESTIMATE** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 10.00% | **10.00%** | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **4,306,913** | **(366,109)** | **2,327,771** | **4,327,772** | **4,327,772** | **4,327,772** | **4,327,772** |
| **REVENUES** | | | | | | | |
| Licenses & Permits | 1,726,197 | **1,726,197** | 1,765,900 | 1,810,047 | 1,858,918 | 1,909,109 | 1,960,655 |
| Charges For Services | 8,740 | **8,740** | 8,941 | 9,165 | 9,412 | 9,666 | 9,927 |
| Fines & Forfeitures | 220,560 | **220,560** | 225,633 | 231,274 | 237,518 | 243,931 | 250,517 |
| Miscellaneous | 79,900,346 | **84,619,513** | 86,809,754 | 89,052,834 | 91,350,075 | 93,702,830 | 96,112,487 |
| **Subtotal Revenues** | **81,855,843** | **86,575,010** | **88,810,228** | **91,103,320** | **93,455,923** | **95,865,536** | **98,333,586** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **(24,569,660)** | **(20,712,444)** | **(21,068,157)** | **(23,181,018)** | **(23,173,472)** | **(23,391,485)** | **(23,447,042)** |
| Transfers To The General Fund | (24,569,660) | (20,712,444) | (21,068,157) | (23,181,018) | (23,173,472) | (23,391,485) | (23,447,042) |
| Indirect Costs | (3,115,690) | (3,358,024) | (3,394,024) | (3,394,024) | (3,394,024) | (3,394,024) | (3,394,024) |
| Earnings Transfer | (21,453,970) | (17,185,388) | (17,505,101) | (19,786,994) | (19,779,448) | (19,997,461) | (20,053,018) |
| Telecommunication NDA Transfer | n/a | (169,032) | (169,032) | n/a | n/a | n/a | n/a |
| **TOTAL RESOURCES** | **61,593,096** | **65,496,457** | **70,069,842** | **72,250,074** | **74,610,223** | **76,801,823** | **79,214,316** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (51,242,805) | **(52,235,786)** | (54,105,096) | (56,154,175) | (58,397,988) | (60,736,781) | (63,174,744) |
| Debt Service: Other (Non-Tax Funds only) | (10,716,400) | **(10,932,900)** | (10,992,600) | (10,995,600) | (10,960,900) | (10,703,200) | (10,480,500) |
| FFI - Labor Agreement | n/a | 0 | (596,296) | (596,296) | (596,296) | (596,296) | (596,296) |
| FFI - Retail Store Leases | n/a | **n/a** | (168,019) | (339,736) | (515,230) | (694,585) | (877,886) |
| FFI - Retiree Health Insurance Pre-Funding | n/a | **n/a** | 72,730 | 154,740 | 197,370 | 243,060 | 243,060 |
| FFI - POS | n/a | **n/a** | 47,211 | 8,765 | (9,407) | 13,751 | (178) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(61,959,205)** | **(63,168,686)** | **(65,742,070)** | **(67,922,302)** | **(70,282,451)** | **(72,474,051)** | **(74,886,544)** |
| **TOTAL USE OF RESOURCES** | **(61,959,205)** | **(63,168,686)** | **(65,742,070)** | **(67,922,302)** | **(70,282,451)** | **(72,474,051)** | **(74,886,544)** |
| **YEAR END FUND BALANCE** | **(366,109)** | **2,327,771** | **4,327,772** | **4,327,772** | **4,327,772** | **4,327,772** | **4,327,772** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **-0.6%** | **3.6%** | **6.2%** | **6.0%** | **5.8%** | **5.6%** | **5.5%** |

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.
2. Fund balance policy equals one month's operating expenses, one payroll, and $1,500,000 for inventory in cash balance.
3. Operating budget expenditures grow with CPI.
4. Net profit growth is extimated at 2.5% per year.

Major Issues:
1.The Liquor Fund is projected to end FY16 with a negative fund balance due to expenses related to an organization-wide improvement effort. The fund is projected to return to its fund balance policy in FY18.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | Risk Mangement | | | | | | |
|---|---|---|---|---|---|---|---|
| FISCAL PROJECTIONS | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **BEGINNING FUND BALANCE** | **12,900,589** | **18,649,658** | **18,876,754** | **20,293,090** | **21,942,871** | **24,245,163** | **26,608,940** |
| **REVENUES** | | | | | | | |
| Charges For Services | 64,391,560 | **62,015,922** | 64,186,470 | 65,470,190 | 67,434,290 | 68,782,970 | 70,846,460 |
| Intergovernmental | 411,683 | **285,471** | 292,037 | 299,338 | 307,420 | 315,720 | 324,245 |
| Miscellaneous | 1,436,250 | **1,623,210** | 2,246,420 | 2,869,630 | 3,492,840 | 4,116,050 | 4,739,260 |
| **Subtotal Revenues** | **66,239,493** | **63,924,603** | **66,724,927** | **68,639,158** | **71,234,550** | **73,214,740** | **75,909,965** |
| **INTERFUND TRANSFERS (Net Non-CIP)** | **0** | **(4,312)** | **(4,312)** | **(4,312)** | **(4,312)** | **(4,312)** | **(4,312)** |
| Transfers To The General Fund | 0 | (4,312) | (4,312) | (4,312) | (4,312) | (4,312) | (4,312) |
| Telecommunications | 0 | (4,312) | (4,312) | (4,312) | (4,312) | (4,312) | (4,312) |
| **TOTAL RESOURCES** | **79,140,082** | **82,569,949** | **85,597,369** | **88,927,936** | **93,173,108** | **97,455,592** | **102,514,592** |
| Operating Budget | (60,490,424) | **(63,693,195)** | (65,245,994) | (66,968,780) | (68,872,700) | (70,832,527) | (72,849,978) |
| Labor Agreement | n/a | **0** | (20,055) | (20,055) | (20,055) | (20,055) | (20,055) |
| Retiree Health Benefit Trust Pre-Funding | n/a | **0** | 1,770 | 3,770 | 4,810 | 5,930 | 5,930 |
| Claims Audit | n/a | **0** | (40,000) | 0 | (40,000) | 0 | (40,000) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(60,490,424)** | **(63,693,195)** | **(65,304,279)** | **(66,985,065)** | **(68,927,945)** | **(70,846,652)** | **(72,904,103)** |
| **TOTAL USE OF RESOURCES** | **(60,490,424)** | **(63,693,195)** | **(65,304,279)** | **(66,985,065)** | **(68,927,945)** | **(70,846,652)** | **(72,904,103)** |
| **YEAR END FUND BALANCE** | **18,649,658** | **18,876,754** | **20,293,090** | **21,942,871** | **24,245,163** | **26,608,940** | **29,610,489** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **23.6%** | **22.9%** | **23.7%** | **24.7%** | **26.0%** | **27.3%** | **28.9%** |

**Assumptions:**

**Assumptions:**

1. Risk Management contributions projected for this fund are adjusted as necessary to reflect the County's fiscal policy of maintaining an unrestricted net asset balance, in excess of claims 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 an actuarial analysis and evaluation of e xposures and prior claims expenses.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Printing and Mail | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | FY16 ESTIMATE | FY17 REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| Rate Adjustment | | | 1.0% | 2.0% | 2.5% | 3.0% | 3.2% |
| **BEGINNING FUND BALANCE** | **(449,564)** | **(125,191)** | **153,873** | **258,976** | **263,045** | **286,233** | **288,741** |
| **REVENUES** | | | | | | | |
| Charges For Services | 7,980,159 | **8,245,179** | 8,327,631 | 8,494,184 | 8,706,539 | 8,967,735 | 9,254,703 |
| Miscellaneous | 500 | **710** | 1,420 | 2,130 | 2,840 | 3,550 | 4,260 |
| **Subtotal Revenues** | **7,980,659** | **8,245,889** | **8,329,051** | **8,496,314** | **8,709,379** | **8,971,285** | **9,258,963** |
| **TOTAL RESOURCES** | **7,531,095** | **8,120,698** | **8,482,924** | **8,755,290** | **8,972,424** | **9,257,518** | **9,547,704** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (7,656,286) | **(7,966,825)** | (8,062,459) | (8,313,496) | (8,589,662) | (8,875,708) | (9,172,023) |
| Labor Agreement | n/a | **0** | (30,449) | (30,449) | (30,449) | (30,449) | (30,449) |
| Equipment Replacement | n/a | **n/a** | (136,540) | (160,000) | (81,000) | (81,000) | (81,000) |
| Retiree Health Insurance Pre-funding | n/a | **n/a** | 5,500 | 11,700 | 14,920 | 18,380 | 18,380 |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(7,656,286)** | **(7,966,825)** | **(8,223,948)** | **(8,492,245)** | **(8,686,191)** | **(8,968,777)** | **(9,265,092)** |
| **TOTAL USE OF RESOURCES** | **(7,656,286)** | **(7,966,825)** | **(8,223,948)** | **(8,492,245)** | **(8,686,191)** | **(8,968,777)** | **(9,265,092)** |
| **YEAR END FUND BALANCE** | **(125,191)** | **153,873** | **258,976** | **263,045** | **286,233** | **288,741** | **282,612** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **-1.7%** | **1.9%** | **3.1%** | **3.0%** | **3.2%** | **3.1%** | **3.0%** |

**Assumptions:**
1. Printing, Mail, and Records Management/Imaging rates are adjusted to achieve cost recovery.
2. 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.
3. The fund balance for this internal service fund should be between 3% and 5%.

# EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

| FY17-22 FISCAL PROJECTION | Estimate - FY16 | Projected - FY17 | Projected - FY18 | Projected - FY19 | Projected - FY20 | Projected - FY21 | Projected - FY22 |
|---|---|---|---|---|---|---|---|
| BEGINNING BALANCE | 8,028,016 | 855,282 | 5,001,196 | 9,358,990 | 14,642,500 | 15,990,346 | 17,449,809 |
| REVENUES | | | | | | | |
| Premium Contributions | 181,356,741 | 197,556,329 | 215,432,711 | 235,403,906 | 257,194,139 | 280,829,208 | 306,711,216 |
| Premium Contributions: Retiree Insurance NDA | 36,768,000 | 52,300,000 | 56,791,869 | 62,297,192 | 63,384,061 | 68,905,740 | 75,038,527 |
| Investment Income | 100,900 | 144,140 | 288,280 | 432,420 | 576,560 | 720,700 | 864,840 |
| TOTAL REVENUES | 218,225,641 | 250,000,469 | 272,512,860 | 298,133,518 | 321,154,761 | 350,455,648 | 382,614,583 |
| TOTAL FUNDS AVAILABLE | 226,253,657 | 250,855,750 | 277,514,056 | 307,492,508 | 335,797,261 | 366,445,993 | 400,064,392 |
| EXPENDITURES | | | | | | | |
| Claims, Premiums, & Carrier Administration | 220,909,403 | 240,914,301 | 262,967,800 | 287,403,379 | 314,087,955 | 342,991,276 | 374,708,552 |
| Actives | 138,221,215 | 151,139,735 | 164,783,654 | 180,048,866 | 196,689,218 | 214,736,361 | 234,595,279 |
| Retirees | 82,688,188 | 89,774,567 | 98,184,146 | 107,354,513 | 117,398,737 | 128,254,915 | 140,113,273 |
| In-house expenses | 4,488,972 | 4,940,253 | 5,187,266 | 5,446,629 | 5,718,960 | 6,004,908 | 6,305,154 |
| TOTAL EXPENDITURES | 225,398,375 | 245,854,554 | 268,155,066 | 292,850,007 | 319,806,915 | 348,996,184 | 381,013,706 |
| ENDING BALANCE | 855,282 | 5,001,196 | 9,358,990 | 14,642,500 | 15,990,346 | 17,449,809 | 19,050,686 |
| TARGET FUND BALANCE (5% OF EXPENDITURES) | 11,269,920 | 12,292,730 | 13,407,750 | 14,642,500 | 15,990,350 | 17,449,810 | 19,050,690 |
| ENDING BALANCE AS % OF EXPENDITURES | 0.4% | 2.0% | 3.5% | 5.0% | 5.0% | 5.0% | 5.0% |

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | | | Motor Pool | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 ESTIMATE** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| Indirect Cost Rate | 15.98% | **16.45%** | 16.45% | 16.45% | 16.45% | 16.45% | 16.45% |
| CPI (Fiscal Year) | 0.8% | **1.8%** | 2.3% | 2.5% | 2.7% | 2.7% | 2.7% |
| Investment Income Yield | 0.35% | **0.50%** | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| Rate Adjustment | | | 0.0% | 6.8% | 2.9% | 2.8% | 2.7% |
| **BEGINNING FUND BALANCE** | **8,311,384** | **7,351,267** | **6,062,876** | **2,678,093** | **2,593,370** | **2,658,830** | **2,773,530** |
| **REVENUES** | | | | | | | |
| Charges For Services | 76,361,362 | **78,589,862** | 78,589,862 | 83,933,973 | 86,368,058 | 88,786,364 | 91,183,596 |
| Miscellaneous | 747,830 | **118,330** | 236,660 | 354,990 | 473,320 | 591,650 | 709,980 |
| **Subtotal Revenues** | **77,109,192** | **78,708,192** | **78,826,522** | **84,288,963** | **86,841,378** | **89,378,014** | **91,893,576** |
| **TOTAL RESOURCES** | **85,420,576** | **86,059,459** | **84,889,398** | **86,967,056** | **89,434,748** | **92,036,844** | **94,667,106** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (78,069,310) | **(79,996,583)** | (81,993,791) | (84,196,382) | (86,619,514) | (89,129,310) | (91,729,094) |
| Labor Agreement | n/a | **0** | (253,164) | (253,164) | (253,164) | (253,164) | (253,164) |
| Retiree Health Insurance Pre-funding | n/a | **n/a** | 35,650 | 75,860 | 96,760 | 119,160 | 119,160 |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(78,069,310)** | **(79,996,583)** | **(82,211,305)** | **(84,373,686)** | **(86,775,918)** | **(89,263,314)** | **(91,863,098)** |
| **TOTAL USE OF RESOURCES** | **(78,069,310)** | **(79,996,583)** | **(82,211,305)** | **(84,373,686)** | **(86,775,918)** | **(89,263,314)** | **(91,863,098)** |
| **YEAR END FUND BALANCE** | **7,351,267** | **6,062,876** | **2,678,093** | **2,593,370** | **2,658,830** | **2,773,530** | **2,804,008** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **8.6%** | **7.0%** | **3.2%** | **3.0%** | **3.0%** | **3.0%** | **3.0%** |

**Assumptions:**
1. Motor Pool rates are adjusted to achieve cost recovery and maintain a fund balance of approximately 3.0 percent of resources.
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 to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

| FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN | M-NCPPC Enterprise Fund | | | | | | |
|---|---|---|---|---|---|---|---|
| **FISCAL PROJECTIONS** | **FY16 ESTIMATE** | **FY17 REC** | **FY18 PROJECTION** | **FY19 PROJECTION** | **FY20 PROJECTION** | **FY21 PROJECTION** | **FY22 PROJECTION** |
| **ASSUMPTIONS** | | | | | | | |
| **BEGINNING FUND BALANCE** | **7,705,866** | **8,462,324** | **9,131,359** | **10,094,531** | **11,356,786** | **7,473,375** | **3,645,767** |
| **REVENUES** | | | | | | | |
| Charges For Services | 10,399,136 | **10,631,182** | 10,875,699 | 11,147,592 | 11,448,577 | 11,757,688 | 12,075,146 |
| Miscellaneous | 0 | **50,000** | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| **Subtotal Revenues** | **10,399,136** | **10,681,182** | **10,925,699** | **11,197,592** | **11,498,577** | **11,807,688** | **12,125,146** |
| | | | | | | | |
| **TOTAL RESOURCES** | **18,105,002** | **19,143,506** | **20,057,058** | **21,292,123** | **22,855,362** | **19,281,064** | **15,770,912** |
| **CIP CURRENT REVENUE APPROP.** | **(800,000)** | **(1,300,000)** | **(1,050,000)** | **(800,000)** | **(6,000,000)** | **(6,000,000)** | **(800,000)** |
| **PSP OPER. BUDGET APPROP/ EXP'S.** | | | | | | | |
| Operating Budget | (8,842,678) | **(8,712,147)** | (8,912,527) | (9,135,337) | (9,381,987) | (9,635,297) | (9,895,447) |
| **Subtotal PSP Oper Budget Approp / Exp's** | **(8,842,678)** | **(8,712,147)** | **(8,912,527)** | **(9,135,337)** | **(9,381,987)** | **(9,635,297)** | **(9,895,447)** |
| **TOTAL USE OF RESOURCES** | **(9,642,678)** | **(10,012,147)** | **(9,962,527)** | **(9,935,337)** | **(15,381,987)** | **(15,635,297)** | **(10,695,447)** |
| **YEAR END FUND BALANCE** | **8,462,324** | **9,131,359** | **10,094,531** | **11,356,786** | **7,473,375** | **3,645,767** | **5,075,465** |
| **END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES** | **46.7%** | **47.7%** | **50.3%** | **53.3%** | **32.7%** | **18.9%** | **32.2%** |

**Assumptions:**

1. CIP current revenue figures reflect M-NCPPC estimated expenditures.
2. On November 7, 2000, M-NCPPC adopted a fund balance policy requiring a minimum fund balance equal to 10 percent of operating revenues plus one year's debt service.
3. All labor and operating costs are shown as opertaing costs since M-NCPPC is not a component of Montgomery County Government.
4. Revenue and expeditures are assumed to increase by inflation.

**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 balance may vary based on changes not assumed here to fee or tax rates, usages, inflation,

## WSSC PROPOSED BUDGET: SIX-YEAR FORECAST FOR WATER AND SEWER OPERATING FUNDS

| FISCAL PROJECTIONS | FY16 ESTIMATED | FY17 PROPOSED | FY17 CE REC | FY18 PROJECTION | FY19 PROJECTION | FY20 PROJECTION | FY21 PROJECTION | FY22 PROJECTION |
|---|---|---|---|---|---|---|---|---|
| **SPENDING AFFORDABILITY RESULTS** | | | | | | | | |
| New Water and Sewer Debt ($millions) | $422.7 | $479.4 | $479.4 | $464.9 | $398.9 | $368.0 | $305.8 | $240.7 |
| Total Water and Sewer Operating Expenses ($millions) | $693.7 | $716.2 | $716.2 | $742.4 | $789.7 | $840.7 | $882.3 | $917.6 |
| Debt Service ($millions) | $235.6 | $243.8 | $243.8 | $271.0 | $292.3 | $317.9 | $334.6 | $344.6 |
| Average Water and Sewer Rate Increase | 1.00% | 3.00% | 3.00% | 9.10% | 9.40% | 8.70% | 7.00% | 5.60% |
| **BEGINNING FUND BALANCE ($000)** | **140,400** | **131,423** | **131,423** | **94,985** | **37,654** | **-20,892** | **-79,889** | **-130,298** |
| **REVENUES ($000)** | | | | | | | | |
| Water and Sewer Rate Revenue | 583,375 | 561,465 | 561,465 | 572,591 | 618,548 | 669,828 | 721,042 | 763,736 |
| Interest Income | 1,000 | 700 | 700 | 700 | 700 | 700 | 700 | 700 |
| Account Maintenance Fee | 32,374 | 32,552 | 32,552 | 32,732 | 32,911 | 33,090 | 33,270 | 33,449 |
| Infrastructure Investment Fee | 19,418 | 38,962 | 38,962 | 39,091 | 39,220 | 39,349 | 39,478 | 39,607 |
| Miscellaneous | 48,270 | 29,512 | 29,512 | 30,244 | 30,860 | 31,491 | 32,120 | 32,850 |
| **Total Revenues** | **684,437** | **663,191** | **663,191** | **675,358** | **722,239** | **774,458** | **826,610** | **870,342** |
| SDC Debt Service Offset | 728 | 206 | 206 | 0 | 0 | 0 | 0 | 0 |
| Reconstruction Debt Service Offset (REDO) | 8,500 | 9,800 | 9,800 | 5,500 | 4,000 | 2,500 | 1,000 | 0 |
| Use of Prior Year Net Revenue | 15,277 | 26,050 | 26,050 | 9,291 | 5,435 | 5,232 | 4,286 | 4,286 |
| **TOTAL FUNDS AVAILABLE** | **708,942** | **699,247** | **699,247** | **690,149** | **731,674** | **782,190** | **831,896** | **874,628** |
| **EXPENDITURES ($000)** | | | | | | | | |
| Salaries and Wages | 111,309 | 116,280 | 116,280 | 120,930 | 126,978 | 133,328 | 139,995 | 146,995 |
| Heat, Light, and Power | 23,353 | 23,581 | 23,581 | 24,529 | 25,511 | 26,563 | 27,663 | 28,765 |
| Regional Sewage Disposal | 54,895 | 51,601 | 51,601 | 56,942 | 58,741 | 60,797 | 62,925 | 65,127 |
| Debt Service | 235,574 | 243,808 | 243,808 | 270,983 | 292,269 | 317,875 | 334,576 | 344,599 |
| PAYGO | 19,677 | 23,095 | 23,095 | 29,415 | 36,898 | 43,646 | 49,412 | 54,197 |
| All Other | 257,834 | 251,270 | 251,270 | 235,390 | 244,388 | 253,746 | 263,448 | 273,599 |
| Reserve Contribution | 6,300 | 6,524 | 6,524 | 4,166 | 4,935 | 4,732 | 4,286 | 4,286 |
| **TOTAL USE OF RESOURCES** | **708,942** | **716,159** | **716,159** | **742,355** | **789,720** | **840,687** | **882,305** | **917,568** |
| **REVENUE/EXPENDITURE SURPLUS/(GAP)** | **0** | **(16,912)** | **(16,912)** | **(52,206)** | **(58,046)** | **(58,497)** | **(50,409)** | **(42,940)** |
| **YEAR END FUND BALANCE w/o additional reserve contribution** | **125,123** | **88,461** | **88,461** | **33,488** | **(25,827)** | **(84,621)** | **(134,584)** | **(177,524)** |
| **Additional Reserve Contribution** | 6,300 | 6,524 | 6,524 | 4,166 | 4,935 | 4,732 | 4,286 | 4,286 |
| **TOTAL YEAR END FUND BALANCE** | **131,423** | **94,985** | **94,985** | **37,654** | **(20,892)** | **(79,889)** | **(130,298)** | **(173,238)** |
| Debt Service as a Percentage of Water and Sewer Operating Budget | 33.2% | 34.0% | 34.0% | 36.5% | 37.0% | 37.8% | 37.9% | 37.6% |
| Estimated Water Production (MGD) | 166.0 | 164.0 | 164.0 | 164.0 | 164.0 | 164.0 | 164.0 | 164.0 |
| Total End of Fiscal Year Operating Reserve | 59,600 | 66,124 | 66,124 | 70,290 | 75,225 | 79,957 | 84,243 | 88,529 |
| Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue | 10.2% | 11.8% | 11.8% | 12.3% | 12.2% | 11.9% | 11.7% | 11.6% |
| Total Workyears (all funds) | 1,569 | 1,773 | 1,770 | -- | -- | -- | -- | -- |

**Assumptions:**

1. The County Executive's operating budget recommendation is for FY17 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
2. The FY18-22 projections reflect WSSC's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended budget 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 FY17 water and sewer operating budget for WSSC.
3. The FY16 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY16 budget jointly approved by Montgomery and Prince George's counties. The FY17 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC's proposed FY17 budget. The FY17 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC budget for FY17. The FY18-22 spending affordability figures correspond to the values of the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year and are provided by WSSC.
4. The total FY16 estimated workyears shown correspond to the actual workyears as of January, 2016.
5. Estimates of revenue in FY18-22 assume the rate increases projected by WSSC in the Average Water and Sewer Rate Increase line.

# APPENDICES

- Change in Ending Fund Balance
- Trends & Projections
- Changes in Assumptions: Economic, Demographic, and Revenues
- Revenue Summary
- Non Agency Uses of Resources
- Productivity Improvements
- Revenues
- PSP Fiscal Policy
- CIP Fiscal Policy
- Glossary
- Acronyms

## Change in Ending Fund Balance

| | FY16 Approved Ending Fund Balance | FY17 Recommended Ending Fund Balance | Change in Fund Balance | % Change |
|---|---|---|---|---|
| **TAX SUPPORTED** | | | | |
| **Montgomery County Government** | | | | |
| County General Fund | 127,803,935 | 133,018,295 | 5,214,360 | 4.1 % |
| Bethesda Urban District | 75,485 | 79,121 | 3,636 | 4.8 % |
| Silver Spring Urban District | 84,945 | 87,060 | 2,115 | 2.5 % |
| Wheaton Urban District | 50,069 | 53,569 | 3,500 | 7.0 % |
| Mass Transit | 190,434 | 196,145 | 5,711 | 3.0 % |
| Fire | 198,741 | 371,031 | 172,290 | 86.7 % |
| Recreation | 274,067 | 678,028 | 403,961 | 147.4 % |
| Revenue Stabilization Fund | 254,865,688 | 280,210,915 | 25,345,227 | 9.9 % |
| **Montgomery College** | | | | |
| Emergency Repair Fund | 541,911 | 564,154 | 22,243 | 4.1 % |
| Current Fund MC | 2,984,342 | 3,918,063 | 933,721 | 31.3 % |
| **Maryland-National Capital Park and Planning Commission** | | | | |
| Administration Fund | 936,404 | 1,145,914 | 209,510 | 22.4 % |
| Park Fund | 3,312,406 | 4,057,485 | 745,079 | 22.5 % |
| **NON-TAX SUPPORTED** | | | | |
| **Montgomery County Government** | | | | |
| Water Quality Protection Fund | 4,462,996 | 1,738,360 | -2,724,636 | -61.0 % |
| Cable Television | 298,964 | 401,720 | 102,756 | 34.4 % |
| Community Use of Public Facilities | 5,269,695 | 4,946,538 | -323,157 | -6.1 % |
| Bethesda Parking District | 12,747,018 | 11,687,619 | -1,059,399 | -8.3 % |
| Montgomery Hills Parking District | 78,035 | 26,680 | -51,355 | -65.8 % |
| Silver Spring Parking District | 13,955,379 | 11,772,319 | -2,183,060 | -15.6 % |
| Wheaton Parking District | 835,816 | 490,452 | -345,364 | -41.3 % |
| Permitting Services | 9,363,056 | 11,947,421 | 2,584,365 | 27.6 % |
| Solid Waste Collection | 1,211,535 | 837,443 | -374,092 | -30.9 % |
| Vacuum Leaf Collection | 848,481 | 292,467 | -556,014 | -65.5 % |
| Liquor Control | 2,116,008 | 2,327,771 | 211,763 | 10.0 % |

**Explanation of Changes in Fund Balance Greater Than 10%:**

- Mass Transit, Fire, and Recreation — The County's policy is to maximize tax supported reserves in the General Fund, which is limited by the County Charter to five percent of the prior year's General Fund revenues. Reserves in the property tax special funds have been minimized as much as possible consistent with this reserve policy.
- Current Fund MC — The projected ending fund balance is increased to be consistent with policy.
- Administration Fund, Park Fund — The projected ending fund balance is within the policy level of approximately 3 percent of resources for the Administration Fund and 4 percent of resources for the Park Fund.
- Water Quality Protection Fund — The change in fund balance reflects anticipated capital program expenditures, and adjustments necessary to maintain rate stability. The fund balance is consistent with policy and debt service coverage requirements.
- Cable Television — The ending fund balance was below the adopted policy level for this fund. The multi-year fiscal plan assumes gradual buildup of fund balance to the policy level.
- Parking Districts — Prior year ending fund balance was high due to unexpected prior year carryover. The projected ending fund balance is consistent with policy.
- Permitting Services — The change in fund balance reflects continued strength in revenue growth. The ending fund balance is consistent with policy and excess reserves have been set aside for the fund's contribution to Wheaton redevelopment.

**Explanation of Changes in Fund Balance Greater Than 10% (Continued):**

| | |
|---|---|
| ▪ Solid Waste Collection | The change in fund balance is primarily due to a restatement of prior year fund balance to reflect new accounting requirements for reporting pension liabilities. The projected ending fund balance is consistent with policy. |
| ▪ Vacuum Leaf Collection | The change in fund balance is primarily due to a restatement of prior year fund balance to reflect new accounting requirements for reporting pension liabilities. The fiscal plan assumes an increase to the policy level over several years. |
| ▪ Liquor Control | Higher fund balance is required due to increased operating expenditures. The fiscal plan assumes an increase to the policy level over several years. |

## TRENDS AND PROJECTIONS

| DEMOGRAPHIC AND PLANNING INDICATORS | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|---|---|---|
| **POPULATION** | **1,020,000** | **1,029,200** | **1,038,500** | **1,047,900** | **1,057,400** | **1,067,000** | **1,075,500** | **1,084,000** |
| Annual Increase | 2,000 | 9,200 | 9,300 | 9,400 | 9,500 | 9,600 | 8,500 | 8,500 |
| Population Growth Since 2007 | 8.3% | 9.3% | 10.3% | 11.3% | 12.3% | 13.3% | 14.2% | 15.1% |
| County Resident Births (Prior Calendar Year) (c) | 13,150 | 13,250 | 13,350 | 13,450 | 13,500 | 13,550 | 13,550 | 13,550 |
| **HOUSEHOLDS** | **377,500** | **381,300** | **385,200** | **389,100** | **393,000** | **397,000** | **400,500** | **404,100** |
| Household Annual Growth (%) | 1.8% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 0.9% | 0.9% |
| Household Growth Since 2007 | 7.0% | 8.1% | 9.2% | 10.3% | 11.4% | 12.6% | 13.6% | 14.6% |
| Household Growth Since 1992 | 29.6% | 30.9% | 32.3% | 33.6% | 35.0% | 36.3% | 37.5% | 38.8% |
| Household Size | 2.70 | 2.70 | 2.70 | 2.69 | 2.69 | 2.69 | 2.69 | 2.68 |
| **RESIDENT EMPLOYMENT (Jan = Calendar Year)** | **524,500** | **530,400** | **534,400** | **538,100** | **542,400** | **547,000** | **551,700** | **556,800** |
| Resident Employment Annual Growth (%) | 3.6% | 1.1% | 0.8% | 0.7% | 0.8% | 0.8% | 0.9% | 0.9% |
| Resident Employment Growth Since 2007 | 4.3% | 5.5% | 6.3% | 7.0% | 7.9% | 8.8% | 9.7% | 10.7% |
| Resident Employment Per Household | 1.39 | 1.39 | 1.39 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 |
| Jobs in County | 534,600 | 540,000 | 545,400 | 550,900 | 556,300 | 561,700 | 567,900 | 575,000 |
| **PERSONAL INCOME ($ Millions)** | **$78,600** | **$82,490** | **$87,020** | **$91,510** | **$95,610** | **$99,430** | **$103,620** | **$107,220** |
| Per Capita Personal Income | **$77,060** | **$80,150** | **$83,790** | **$87,330** | **$90,420** | **$93,190** | **$96,010** | **$98,910** |
| Annual Growth (%) | 3.3% | 4.0% | 4.5% | 4.2% | 3.5% | 3.1% | 3.0% | 3.0% |
| **CONSUMER PRICE INDEX (CPI) - Fiscal Year** | **0.70%** | **0.81%** | **1.80%** | **2.30%** | **2.50%** | **2.70%** | **2.70%** | **2.70%** |
| Inflation Growth (Fiscal Year) Since 2007 | -79.2% | -76.0% | -46.6% | -31.8% | -25.8% | -19.9% | -19.9% | -19.9% |
| **CONSUMER PRICE INDEX (CPI) - Calendar Year (%)** | **0.33%** | **1.30%** | **2.30%** | **2.30%** | **2.70%** | **2.70%** | **2.70%** | **2.70%** |
| **ASSESSABLE TAX BASE ($ Millions)** | **$167,312** | **$174,418** | **$183,063** | **$192,071** | **$199,357** | **$205,465** | **$211,762** | **$219,260** |
| Annual Growth (%) | 2.3% | 4.2% | 5.0% | 4.9% | 3.8% | 3.1% | 3.1% | 3.5% |
| Growth of Base Since 1992 (%) | 179.7% | 191.6% | 206.0% | 221.1% | 233.3% | 243.5% | 254.0% | 266.5% |
| Growth of Base Since 2007 (%) | 29.0% | 34.5% | 41.2% | 48.1% | 53.8% | 58.5% | 63.3% | 69.1% |
| **INVESTMENT INCOME YIELD (%)** | 0.18% | 0.35% | 0.50% | 1.00% | 1.50% | 2.50% | 2.50% | 3.00% |
| **MCPS ENROLLMENT (Sept = Calendar Year)** | 153,852 | 156,447 | 159,016 | 161,085 | 162,700 | 164,237 | 165,634 | 166,598 |
| Annual Growth (%) | 1.7% | 1.7% | 1.6% | 1.3% | 1.0% | 0.9% | 0.9% | 0.6% |
| Annual Increase (Decrease) | 2,563 | 2,595 | 2,569 | 2,069 | 1,615 | 1,537 | 1,397 | 964 |
| **MONTGOMERY COLLEGE ENROLLMENTS (a)** | **25,320** | **24,911** | **24,715** | **24,858** | **24,921** | **25,178** | **25,178** | **25,178** |
| Annual Growth (%) | -0.8% | -1.6% | -0.8% | 0.6% | 0.3% | 1.0% | 0.0% | 0.0% |
| **Full Time Equivalents (Sept = Calendar Year) (b)** | **20,450** | **20,702** | **20,499** | **20,452** | **20,628** | **20,755** | **21,011** | **21,011** |
| Annual Growth in FTE's (%) | -4.5% | 1.2% | -1.0% | -0.2% | 0.9% | 0.6% | 1.2% | 0.0% |

(a) Projections related to Montgomery College Enrollments are provided by Montgomery College and only include projections through FY20.
Since no projections are provided for FY21 or FY22, the projections for FY20 were used for FY21 and FY22.

(b) Projections related to Montgomery College Full Time Equivalents are provided by Montgomery College and only include projections through FY21.
Since no projections are provided for FY22, the projections for FY21 were used for FY22.

(c) Projections related to County Resident Births are provided by M-NCPPC and only include projections through FY20.
Since no projections are provided for FY21 or FY22, the projections for FY20 were used for FY21 and FY22.

## Changes in Assumptions: Economic, Demographic, and Revenues
## December 2009 through March 2016

| A | H | H | I | J | K | L | M | N | M | N | M | N | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved FY16 | Estimated FY16 | % Chg. FY16-17 | Projected FY17 | % Chg. FY17-18 | Projected FY18 | % Chg. FY18-19 | Projected FY19 | % Chg. FY19-20 | Projected FY20 | % Chg. FY20-21 | Projected FY21 | % Chg. FY21-22 | Projected FY22 |
| **Population** | | | | | | | | | | | | | | |
| December, 2009 | 1,035,000 | 1,035,000 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 1,035,000 | 1,035,000 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 1,010,450 | 1,010,450 | 0.0% | 1,010,940 | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 1,010,450 | 1,010,450 | 0.0% | 1,010,940 | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 1,026,380 | 1,026,380 | 0.9% | 1,035,850 | 0.9% | 1,045,400 | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 1,026,380 | 1,026,380 | 0.9% | 1,035,850 | 0.9% | 1,045,000 | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 1,025,160 | 1,025,160 | 1.0% | 1,035,020 | 1.0% | 1,044,970 | 1.0% | 1,055,010 | | n/a | | n/a | | n/a |
| March 2013 | 1,025,250 | 1,025,250 | 1.0% | 1,035,150 | 1.0% | 1,045,150 | 1.0% | 1,055,250 | | n/a | | n/a | | n/a |
| December 2013 | 1,024,600 | 1,024,600 | 1.0% | 1,034,500 | 1.0% | 1,044,500 | 1.0% | 1,054,600 | 1.0% | 1,064,800 | | n/a | | n/a |
| March 2014 | 1,029,200 | 1,029,200 | 0.9% | 1,038,500 | 0.9% | 1,047,900 | 0.9% | 1,057,400 | 0.9% | 1,067,000 | | n/a | | n/a |
| December 2014 | 1,029,000 | 1,029,000 | 0.9% | 1,038,000 | 0.9% | 1,047,000 | 0.9% | 1,056,000 | 1.0% | 1,067,000 | 0.7% | 1,075,000 | | n/a |
| March 2015 | 1,029,200 | 1,029,200 | 0.9% | 1,038,000 | 0.9% | 1,047,000 | 0.9% | 1,056,000 | 1.0% | 1,067,000 | 0.7% | 1,075,000 | | n/a |
| December 2015 | 1,029,000 | 1,029,200 | 0.9% | 1,038,500 | 0.9% | 1,047,900 | 0.9% | 1,057,400 | 0.9% | 1,067,000 | 0.8% | 1,075,500 | 0.8% | 1,084,000 |
| March 2016 | 1,029,200 | 1,029,200 | 0.9% | 1,038,500 | 0.9% | 1,047,900 | 0.9% | 1,057,400 | 0.9% | 1,067,000 | 0.8% | 1,075,500 | 0.8% | 1,084,000 |
| | | | | | | | | | | | | | | |
| **MOE Enrollment** | | | | | | | | | | | | | | |
| December, 2009 | 143,989 | 143,989 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 143,989 | 143,989 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 149,129 | 149,129 | 1.1% | 150,791 | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 149,129 | 149,129 | 1.1% | 150,791 | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 153,122 | 153,122 | 0.9% | 154,495 | 1.0% | 156,020 | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 153,122 | 153,122 | 0.9% | 154,495 | 1.0% | 156,020 | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 154,413 | 154,413 | 0.9% | 155,798 | 1.3% | 157,765 | 1.1% | 159,433 | | n/a | | n/a | | n/a |
| March 2013 | 154,413 | 154,413 | 0.9% | 155,798 | 1.3% | 157,765 | 1.1% | 159,433 | | n/a | | n/a | | n/a |
| December 2013 | 155,969 | 155,969 | 1.0% | 157,592 | 1.0% | 159,206 | 0.9% | 160,683 | 1.0% | 162,255 | | n/a | | n/a |
| March 2014 | 155,969 | 155,969 | 1.0% | 157,592 | 1.0% | 159,206 | 0.9% | 160,683 | 1.0% | 162,255 | | n/a | | n/a |
| December 2014 | 156,494 | 156,494 | 1.5% | 158,813 | 1.3% | 160,883 | 0.9% | 162,363 | 1.0% | 164,036 | 0.8% | 165,358 | | n/a |
| March 2015 | 156,494 | 156,494 | 1.5% | 158,813 | 1.3% | 160,883 | 0.9% | 162,363 | 1.0% | 164,036 | 0.8% | 165,358 | | n/a |
| December 2015 | 156,494 | 156,455 | 1.6% | 159,016 | 1.3% | 161,085 | 1.0% | 162,700 | 0.9% | 164,237 | 0.9% | 165,634 | 0.6% | 166,598 |
| March 2016 | 156,494 | 156,447 | 1.6% | 159,016 | 1.3% | 161,085 | 1.0% | 162,700 | 0.9% | 164,237 | 0.9% | 165,634 | 0.6% | 166,598 |

## Changes in Assumptions: Economic, Demographic, and Revenues
## December 2009 through March 2016

| A | H<br>Approved<br>FY16 | H<br>Estimated<br>FY16 | I<br>% Chg.<br>FY16-17 | J<br>Projected<br>FY17 | K<br>% Chg.<br>FY17-18 | L<br>Projected<br>FY18 | M<br>% Chg.<br>FY18-19 | N<br>Projected<br>FY19 | M<br>% Chg.<br>FY19-20 | N<br>Projected<br>FY20 | M<br>% Chg.<br>FY20-21 | N<br>Projected<br>FY21 | M<br>% Chg.<br>FY21-22 | N<br>Projected<br>FY22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **College Enrollment (FTE)** | | | | | | | | | | | | | | |
| December, 2009 | 22,770 | 22,770 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 22,770 | 22,770 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 22,936 | 22,936 | 0.0% | 22,936 | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 22,936 | 22,936 | 0.0% | 22,936 | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 23,554 | 23,554 | 0.3% | 23,628 | 0.0% | 23,628 | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 23,554 | 23,554 | 0.3% | 23,628 | 0.0% | 23,628 | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 23,158 | 23,158 | 0.4% | 23,258 | -0.2% | 23,206 | 0.0% | 23,206 | | n/a | | n/a | | n/a |
| March 2013 | 23,158 | 23,158 | 0.4% | 23,258 | -0.2% | 23,206 | 0.0% | 23,206 | | n/a | | n/a | | n/a |
| December 2013 | 23,158 | 23,158 | 0.4% | 23,258 | -0.2% | 23,206 | 0.0% | 23,206 | 0.0% | 23,206 | | n/a | | n/a |
| March 2014 | 21,535 | 21,535 | -0.5% | 21,437 | -0.2% | 21,387 | 0.5% | 21,499 | 0.0% | 21,499 | | n/a | | n/a |
| December 2014 | 20,587 | 20,587 | -0.9% | 20,392 | -0.5% | 20,288 | 1.1% | 20,519 | 1.0% | 20,717 | 0.0% | 20,717 | | n/a |
| March 2015 | 20,587 | 20,587 | -0.9% | 20,392 | -0.5% | 20,288 | 1.1% | 20,519 | 1.0% | 20,717 | 0.0% | 20,717 | | n/a |
| December 2015 | 20,587 | 20,702 | -0.4% | 20,499 | -0.2% | 20,452 | -0.9% | 20,268 | 2.4% | 20,755 | 0.0% | 20,755 | 0.0% | 20,755 |
| March 2016 | 20,587 | 20,702 | -0.4% | 20,499 | -0.2% | 20,452 | -0.9% | 20,268 | 2.4% | 20,755 | 1.2% | 21,011 | 0.0% | 21,011 |
| | | | | | | | | | | | | | | |
| **CPI (Fiscal Year)** | | | | | | | | | | | | | | |
| December, 2009 | 3.6% | 3.6% | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 3.0% | 3.0% | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 3.0% | 3.0% | 0.0% | 3.0% | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 3.4% | 3.4% | 5.9% | 3.6% | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 2.7% | 2.7% | 0.0% | 2.7% | 0.0% | 2.7% | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 2.7% | 2.7% | 0.0% | 2.7% | 1.9% | 2.7% | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 2.9% | 2.9% | 9.8% | 3.1% | 8.9% | 3.4% | 8.5% | 3.7% | | n/a | | n/a | | n/a |
| March 2013 | 2.7% | 2.7% | 15.4% | 3.2% | 9.5% | 3.5% | 8.1% | 3.7% | | n/a | | n/a | | n/a |
| December 2013 | 2.5% | 2.5% | 16.0% | 2.9% | 13.8% | 3.3% | 12.1% | 3.7% | 10.8% | 4.1% | | n/a | | n/a |
| March 2014 | 2.2% | 2.2% | 13.5% | 2.5% | 4.4% | 2.6% | -7.6% | 2.4% | -6.2% | 2.3% | | n/a | | n/a |
| December 2014 | 1.8% | 1.8% | 8.5% | 1.9% | 7.3% | 2.1% | 7.3% | 2.2% | 5.5% | 2.3% | 4.3% | 2.4% | | n/a |
| March 2015 | 2.0% | 2.0% | 11.1% | 2.2% | 5.9% | 2.3% | 8.6% | 2.5% | 10.7% | 2.8% | 11.8% | 3.1% | | n/a |
| December 2015 | 1.8% | 1.2% | -6.8% | 1.6% | 20.1% | 2.0% | 16.2% | 2.3% | 14.8% | 2.6% | 0.0% | 2.6% | 0.0% | 2.6% |
| March 2016 | 2.0% | 0.8% | -9.1% | 1.8% | 27.8% | 2.3% | 8.7% | 2.5% | 8.0% | 2.7% | 0.0% | 2.7% | 0.0% | 2.7% |

## Changes in Assumptions: Economic, Demographic, and Revenues
## December 2009 through March 2016

| A | H | H | I | J | K | L | M | N | M | N | M | N | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved FY16 | Estimated FY16 | % Chg. FY16-17 | Projected FY17 | % Chg. FY17-18 | Projected FY18 | % Chg. FY18-19 | Projected FY19 | % Chg. FY19-20 | Projected FY20 | % Chg. FY20-21 | Projected FY21 | % Chg. FY21-22 | Projected FY22 |
| **Growth Resident Employment (%)** | | | | | | | | | | | | | | |
| December, 2009 | -0.6% | -0.6% | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 1.5% | 1.5% | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 1.1% | 1.1% | 18.2% | 1.3% | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 1.0% | 1.0% | 0.0% | 1.0% | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 1.7% | 1.7% | -23.5% | 1.3% | 15.4% | 1.5% | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 2.2% | 2.2% | -45.5% | 1.2% | -41.7% | 0.7% | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 1.8% | 1.8% | -61.1% | 0.7% | -100.0% | 0.0% | n/a | 1.0% | | n/a | | n/a | | n/a |
| March 2013 | 1.9% | 1.9% | -42.1% | 1.1% | -72.7% | 0.3% | 0.0% | 0.3% | | n/a | | n/a | | n/a |
| December 2013 | 1.3% | 1.3% | -30.8% | 0.9% | 33.3% | 1.2% | 0.0% | 1.2% | 0.0% | 1.2% | | n/a | | n/a |
| March 2014 | 1.3% | 1.3% | 38.5% | 1.8% | -44.4% | 1.0% | -40.0% | 0.6% | 16.7% | 0.7% | | n/a | | n/a |
| December 2014 | 1.5% | 1.5% | -13.3% | 1.3% | -23.1% | 1.0% | -30.0% | 0.7% | 14.3% | 0.8% | 12.5% | 0.9% | | n/a |
| March 2015 | 2.9% | 2.9% | -20.7% | 2.3% | -60.9% | 0.9% | -33.3% | 0.6% | 0.0% | 0.6% | 16.7% | 0.7% | | n/a |
| December 2015 | 1.5% | 0.8% | -60.0% | 0.6% | 0.0% | 0.6% | 0.0% | 0.6% | 66.7% | 1.0% | 0.0% | 1.0% | 10.0% | 1.1% |
| March 2016 | 2.9% | 1.1% | -72.4% | 0.8% | -12.5% | 0.7% | 14.3% | 0.8% | 0.0% | 0.8% | 12.5% | 0.9% | 0.0% | 0.9% |
| | | | | | | | | | | | | | | |
| **Personal Income (CY)** | | | | | | | | | | | | | | |
| December 2009 | 94,820 | 94,820 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2010 | 89,650 | 89,650 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 92,130 | 92,130 | 4.5% | 96,240 | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 90,230 | 90,230 | 4.9% | 94,680 | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 89,690 | 89,690 | 3.4% | 92,760 | 3.7% | 96,220 | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 88,170 | 88,170 | 3.4% | 91,180 | 3.1% | 93,980 | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 88,120 | 88,120 | 4.2% | 91,810 | 3.2% | 94,730 | 4.4% | 98,910 | | n/a | | n/a | | n/a |
| March 2013 | 87,120 | 87,120 | 5.0% | 91,510 | 4.3% | 95,440 | 4.3% | 99,550 | | n/a | | n/a | | n/a |
| December 2013 | 83,650 | 83,650 | 5.1% | 87,950 | 4.2% | 91,670 | 4.0% | 95,360 | 4.2% | 99,330 | | n/a | | n/a |
| March 2014 | 87,310 | 87,310 | 5.1% | 91,730 | 3.2% | 94,670 | 3.1% | 97,610 | 3.2% | 100,730 | | n/a | | n/a |
| December 2014 | 83,250 | 83,250 | 4.8% | 87,270 | 4.3% | 91,060 | 2.9% | 93,740 | 3.0% | 96,560 | 3.5% | 99,920 | | n/a |
| March 2015 | 83,360 | 83,360 | 4.2% | 86,850 | 3.3% | 89,720 | 2.8% | 92,260 | 4.0% | 95,970 | 4.1% | 99,870 | | n/a |
| December 2015 | 83,250 | 82,860 | 5.2% | 87,590 | 4.9% | 91,900 | 4.6% | 96,130 | 4.9% | 100,800 | 4.9% | 105,690 | 4.9% | 110,830 |
| March 2016 | 83,360 | 82,490 | 4.4% | 87,020 | 5.2% | 91,510 | 4.5% | 95,610 | 4.0% | 99,430 | 4.2% | 103,620 | 3.5% | 107,220 |

## Changes in Assumptions: Economic, Demographic, and Revenues
## December 2009 through March 2016

| A | H | H | I | J | K | L | M | N | M | N | M | N | M | N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved FY16 | Estimated FY16 | % Chg. FY16-17 | Projected FY17 | % Chg. FY17-18 | Projected FY18 | % Chg. FY18-19 | Projected FY19 | % Chg. FY19-20 | Projected FY20 | % Chg. FY20-21 | Projected FY21 | % Chg. FY21-22 | Projected FY22 |
| **Property Tax Revenues** | | | | | | | | | | | | | | |
| December, 2009 | 1,696.9 | 1,696.9 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 1,675.1 | 1,675.1 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 1,670.3 | 1,670.3 | 3.8% | 1,733.1 | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 1,659.3 | 1,659.3 | 4.1% | 1,727.6 | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 1,631.0 | 1,631.0 | 3.7% | 1,692.1 | 3.0% | 1,743.7 | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 1,608.2 | 1,608.2 | 3.5% | 1,664.5 | 3.1% | 1,715.4 | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 1,581.6 | 1,581.6 | 3.5% | 1,637.3 | 3.6% | 1,696.6 | 3.7% | 1,758.7 | | n/a | | n/a | | n/a |
| March 2013 | 1,587.8 | 1,587.8 | 2.9% | 1,633.6 | 3.4% | 1,688.6 | 3.8% | 1,752.7 | | n/a | | n/a | | n/a |
| December 2013 | 1,579.1 | 1,579.1 | 2.9% | 1,625.3 | 3.1% | 1,676.4 | 3.6% | 1,736.2 | 3.9% | 1,804.7 | | n/a | | n/a |
| March 2014 | 1,577.2 | 1,577.2 | 2.8% | 1,621.1 | 2.8% | 1,666.2 | 3.2% | 1,720.1 | 3.0% | 1,771.5 | | n/a | | n/a |
| December 2014 | 1,574.8 | 1,574.8 | 2.7% | 1,616.8 | 2.9% | 1,662.9 | 3.1% | 1,715.2 | 3.4% | 1,772.7 | 3.1% | 1,827.9 | | n/a |
| March 2015 | 1,582.6 | 1,582.6 | 2.6% | 1,624.2 | 2.8% | 1,670.2 | 3.0% | 1,720.1 | 3.3% | 1,777.2 | 3.0% | 1,830.9 | | n/a |
| December 2015 | 1,582.6 | 1,578.3 | 1.2% | 1,600.8 | 2.3% | 1,638.0 | 2.5% | 1,679.1 | 3.1% | 1,731.2 | 3.1% | 1,784.4 | 3.3% | 1,843.4 |
| March 2016 | 1,582.6 | 1,580.8 | 9.9% | 1,738.7 | 2.3% | 1,779.2 | 3.0% | 1,833.3 | 3.2% | 1,892.5 | 3.1% | 1,951.7 | 3.3% | 2,016.5 |
| | | | | | | | | | | | | | | |
| **Income Tax Revenues** | | | | | | | | | | | | | | |
| December, 2009 | 1,649.1 | 1,649.1 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| March, 2010 | 1,656.3 | 1,656.3 | | n/a | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2010 | 1,390.7 | 1,390.7 | 4.1% | 1,447.5 | | n/a | | n/a | | n/a | | n/a | | n/a |
| March 2011 | 1,427.5 | 1,427.5 | 5.0% | 1,498.7 | | n/a | | n/a | | n/a | | n/a | | n/a |
| December 2011 | 1,433.8 | 1,433.8 | 3.6% | 1,485.5 | 4.1% | 1,547.1 | | n/a | | n/a | | n/a | | n/a |
| March 2012 | 1,428.8 | 1,428.8 | 3.6% | 1,480.0 | 4.2% | 1,541.5 | | n/a | | n/a | | n/a | | n/a |
| December 2012 | 1,421.8 | 1,421.8 | 7.0% | 1,521.1 | 6.2% | 1,615.7 | 3.7% | 1,675.5 | | n/a | | n/a | | n/a |
| March 2013 | 1,415.4 | 1,415.4 | 6.8% | 1,511.7 | 6.7% | 1,613.6 | 5.1% | 1,695.4 | | n/a | | n/a | | n/a |
| December 2013 | 1,439.1 | 1,439.1 | 5.2% | 1,513.8 | 6.2% | 1,608.1 | 5.4% | 1,695.1 | 5.2% | 1,783.8 | | n/a | | n/a |
| March 2014 | 1,473.5 | 1,473.5 | 5.4% | 1,553.5 | 5.4% | 1,636.9 | 4.5% | 1,710.6 | 3.2% | 1,765.7 | | n/a | | n/a |
| December 2014 | 1,355.5 | 1,355.5 | 11.9% | 1,516.5 | 5.3% | 1,597.5 | 4.3% | 1,665.4 | 3.4% | 1,722.0 | 3.2% | 1,776.4 | | n/a |
| March 2015 | 1,443.4 | 1,443.4 | 5.6% | 1,524.7 | 5.8% | 1,613.7 | 4.9% | 1,692.6 | 3.8% | 1,757.6 | 3.5% | 1,819.1 | | n/a |
| December 2015 | 1,433.4 | 1,382.6 | -2.3% | 1,400.8 | 6.7% | 1,494.4 | 7.9% | 1,612.8 | 4.8% | 1,689.9 | 4.8% | 1,771.6 | 4.8% | 1,857.5 |
| March 2016 | 1,433.4 | 1,438.1 | 1.4% | 1,453.9 | 3.5% | 1,505.5 | 7.9% | 1,624.4 | 5.6% | 1,714.9 | 4.5% | 1,792.8 | 4.2% | 1,868.3 |

## REVENUE SUMMARY
### TAX SUPPORTED BUDGETS
($ Millions )

| | KEY REVENUE CATEGORIES | App. FY16 | Estimate FY16 | % Chg. FY16-17 | Rec. FY17 | % Chg. FY17-18 | Projected FY18 | % Chg. FY18-19 | Projected FY19 | % Chg. FY19-20 | Projected FY20 | % Chg. FY20-21 | Projected FY21 | % Chg. FY21-22 | Projected FY22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **TAXES** | 5-21-15 | | App/Rec | 3-15-16 | | | | | | | | | | |
| 1 | Property Tax | 1,582.6 | 1,580.8 | 9.9% | 1,738.7 | 2.3% | 1,779.2 | 3.0% | 1,833.3 | 3.2% | 1,892.5 | 3.1% | 1,951.7 | 3.3% | 2,016.5 |
| 2 | Income Tax | 1,433.4 | 1,438.1 | 1.4% | 1,453.9 | 3.5% | 1,505.5 | 7.9% | 1,624.4 | 5.6% | 1,714.9 | 4.5% | 1,792.8 | 4.2% | 1,868.3 |
| 3 | Transfer Tax | 96.2 | 109.3 | 12.7% | 108.4 | 3.0% | 111.7 | 4.1% | 116.3 | 4.5% | 121.5 | 7.7% | 130.9 | 6.7% | 139.6 |
| 4 | Recordation Tax | 57.6 | 65.4 | 14.0% | 65.7 | 3.5% | 68.0 | 5.2% | 71.5 | 2.6% | 73.3 | 7.9% | 79.1 | 6.9% | 84.6 |
| 5 | Energy Tax | 206.2 | 203.1 | -1.1% | 204.0 | 1.3% | 206.6 | 1.0% | 208.6 | 0.8% | 210.2 | 0.8% | 211.8 | 0.8% | 213.5 |
| 6 | Telephone Tax | 50.4 | 50.0 | -0.2% | 50.3 | 0.9% | 50.8 | 1.1% | 51.3 | 1.2% | 52.0 | 1.4% | 52.7 | 1.5% | 53.5 |
| 7 | Hotel/Motel Tax | 20.3 | 19.9 | 1.5% | 20.6 | 3.6% | 21.4 | 3.5% | 22.1 | 3.4% | 22.9 | 3.3% | 23.6 | 3.3% | 24.4 |
| 8 | Admissions Tax | 3.2 | 2.9 | -5.6% | 3.1 | 5.8% | 3.2 | 6.3% | 3.4 | 6.3% | 3.7 | 6.2% | 3.9 | 6.2% | 4.1 |
| 9 | E-Cigarette Tax | 0.1 | 0.3 | 170.6% | 0.3 | 3.2% | 0.3 | 3.1% | 0.4 | 3.0% | 0.4 | 2.9% | 0.4 | 2.9% | 0.4 |
| 10 | **Total Local Taxes** | **3,450.2** | **3,469.8** | **5.6%** | **3,645.0** | **2.8%** | **3,746.7** | **4.9%** | **3,931.3** | **4.1%** | **4,091.3** | **3.8%** | **4,246.8** | **3.7%** | **4,404.8** |
| | **INTERGOVERNMENTAL AID** | | | | | | | | | | | | | | |
| 11 | Highway User | 4.1 | 3.7 | -9.3% | 3.7 | 0.0% | 3.7 | 0.0% | 3.7 | 0.0% | 3.7 | 0.0% | 3.7 | 0.0% | 3.7 |
| 12 | Police Protection | 13.8 | 13.8 | 7.1% | 14.7 | 0.0% | 14.7 | 0.0% | 14.7 | 0.0% | 14.7 | 0.0% | 14.7 | 0.0% | 14.7 |
| 13 | Libraries | 5.1 | 5.1 | 14.5% | 5.8 | 0.0% | 5.8 | 0.0% | 5.8 | 0.0% | 5.8 | 0.0% | 5.8 | 0.0% | 5.8 |
| 14 | Health Services Case Formula | 4.0 | 4.0 | 7.0% | 4.3 | 0.0% | 4.3 | 0.0% | 4.3 | 0.0% | 4.3 | 0.0% | 4.3 | 0.0% | 4.3 |
| 15 | Mass Transit | 39.8 | 39.0 | -2.1% | 39.0 | 0.0% | 39.0 | 0.0% | 39.0 | 0.0% | 39.0 | 0.0% | 39.0 | 0.0% | 39.0 |
| 16 | Public Schools | 631.4 | 630.0 | 4.0% | 656.8 | 0.0% | 656.8 | 0.0% | 656.8 | 0.0% | 656.8 | 0.0% | 656.8 | 0.0% | 656.8 |
| 17 | Community College | 34.0 | 34.0 | 6.4% | 36.1 | 0.0% | 36.1 | 0.0% | 36.1 | 0.0% | 36.1 | 0.0% | 36.1 | 0.0% | 36.1 |
| 18 | Other | 54.0 | 55.9 | 15.1% | 62.2 | -23.2% | 47.8 | -7.2% | 44.3 | -7.5% | 41.0 | 0.0% | 41.0 | 0.0% | 41.0 |
| 19 | **Total Intergovernmental Aid** | **786.2** | **785.4** | **4.6%** | **822.6** | **-1.8%** | **808.2** | **-0.4%** | **804.8** | **-0.4%** | **801.4** | **0.0%** | **801.4** | **0.0%** | **801.4** |
| | **FEES AND FINES** | | | | | | | | | | | | | | |
| 20 | Licenses & Permits | 13.0 | 12.9 | -4.4% | 12.5 | 1.5% | 12.6 | 1.5% | 12.8 | 1.5% | 13.0 | 1.5% | 13.2 | 1.5% | 13.4 |
| 21 | Charges for Services | 71.8 | 70.7 | -1.2% | 70.9 | 1.8% | 72.2 | 2.0% | 73.6 | 2.2% | 75.2 | 2.2% | 76.9 | 2.2% | 78.5 |
| 22 | Fines & Forfeitures | 24.3 | 25.1 | 1.4% | 24.6 | 1.6% | 25.0 | 1.6% | 25.4 | 1.6% | 25.8 | 1.6% | 26.2 | 1.6% | 26.7 |
| 23 | Montgomery College Tuition | 81.2 | 80.4 | 3.6% | 84.1 | 1.8% | 85.6 | 2.0% | 87.3 | 2.2% | 89.2 | 2.2% | 91.1 | 2.2% | 93.1 |
| 24 | **Total Fees and Fines** | **190.3** | **189.0** | **0.9%** | **192.0** | **1.8%** | **195.5** | **1.9%** | **199.2** | **2.0%** | **203.3** | **2.0%** | **207.5** | **2.0%** | **211.7** |
| | **MISCELLANEOUS** | | | | | | | | | | | | | | |
| 25 | Investment Income | 2.1 | 1.0 | -33.4% | 1.4 | 92.6% | 2.7 | 47.5% | 3.9 | 32.2% | 5.2 | 24.3% | 6.5 | 19.6% | 7.7 |
| 26 | Other Miscellaneous | 11.6 | 10.5 | 0.8% | 11.7 | 2.3% | 12.0 | 2.5% | 12.3 | 2.7% | 12.6 | 2.7% | 13.0 | 2.7% | 13.3 |
| 27 | **Total Miscellaneous** | **13.7** | **11.5** | **-4.4%** | **13.1** | **11.8%** | **14.7** | **10.7%** | **16.2** | **9.8%** | **17.8** | **9.0%** | **19.4** | **8.3%** | **21.0** |
| 28 | **TOTAL REVENUES** | **4,440.3** | **4,455.6** | **5.2%** | **4,672.8** | **2.0%** | **4,765.0** | **3.9%** | **4,951.5** | **3.3%** | **5,113.9** | **3.2%** | **5,275.1** | **3.1%** | **5,439.0** |
| | **Calculation for Adjusted Governmental Revenues** | | | | | | | | | | | | | | |
| 29 | **Total Tax Supported Revenues** | **4,440.3** | **4,455.6** | **5.2%** | **4,672.8** | **2.0%** | **4,765.0** | **3.9%** | **4,951.5** | **3.3%** | **5,113.9** | **3.2%** | **5,275.1** | **3.1%** | **5,439.0** |
| 30 | **Capital Projects Fund** | **123.6** | **123.6** | **5.8%** | **130.7** | **-4.6%** | **124.8** | **-1.8%** | **122.5** | **-18.9%** | **99.3** | **4.5%** | **103.8** | **6.7%** | **110.7** |
| 31 | **Grants** | **120.1** | **120.1** | **-3.6%** | **115.8** | **2.3%** | **118.5** | **2.5%** | **121.4** | **2.7%** | **124.7** | **2.7%** | **128.1** | **2.7%** | **131.5** |
| 32 | **MCG Adjusted Revenues** | **4,684.0** | **4,699.3** | **5.0%** | **4,919.3** | **1.8%** | **5,008.3** | **3.7%** | **5,195.5** | **2.7%** | **5,337.9** | **3.2%** | **5,507.0** | **3.2%** | **5,681.2** |

# FY17-22 Fiscal Plan
# Non Agency Uses of Resources

- **Capital Investment (CIP Current Revenue and PAYGO) and Debt Service are based on the latest Executive Recommendation (current through March 15, 2016). Additional changes may be transmitted to the County Council in April 2016.**

- **FY17-22 Retiree Health Insurance Pre-Funding is fully funded based on the latest actuarial funding schedule (the actuarial valuation as of July 1, 2014).**

- **Revenue Stabilization (Rainy Day) Fund balance is projected at $280.2 million at the end of FY17. The mandatory contribution is estimated to be $25.5 million in FY17. Additional mandatory contributions are projected consistent with the Revenue Stabilization Fund law (Sec. 20-65, Montgomery County Code).**

- **FY17-22 total reserves (Revenue Stabilization Fund plus the General Fund unrestricted balance) are consistent with legal requirements and the minimum policy target. The County's policy is to increase total reserves to 10 percent of Adjusted Governmental Revenues by 2020.**

# 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 FY15 and FY16 or planned for FY17. 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)

## Circuit Court

❖ A review of juvenile case processing performance in FY15 prompted the Court to review and modify policies related to postponement practices. Updates to the Juvenile Differentiated Case Management (DCM) plan are expected to be finalized in FY16 and the Circuit Court will perform more detailed analyses of performance with a focus on the frequency, type, and length of postponements.

❖ Implementation of the One Family, One Judge policy enables the Court to provide expedited and coordinated resolutions for cases involving children, youth, and families by assigning complex family cases to an individual Circuit Court Judge and Family Division Support Team for the totality of the litigation process.

❖ Improvements to front and back-office processes in the Family Division Services and information collection efforts in the Self-Help Center have resulted in streamlined services for self-represented litigants (SRLs).

## Community Use of Public Facilities

❖ Enhance the community's access and use of ballfields, the Silver Spring Civic Building, and high use County buildings, using surplus funds over several years.

❖ Continued to make schools, parks and other public facilities welcoming resources for the community. In FY15, 1,236,386 hours were logged in the CUPF database, an increase of 11% over FY14 by community groups, public partners, schools, and County agencies.

❖ Posted virtual tours of high school auditoriums, gyms, cafeterias, and rooms in the Silver Spring Civic Building on the CUPF website. This improvement assisted potential users in deciding if a site will meet their needs, reducing school staff time in giving tours or canceling reservations.

## Consumer Protection

❖ Working with the Department of Technology Services (DTS) to define and update its business rules in anticipation of DTS building and deploying an enhanced complaint tracking/case management system to combine digital and paper case files, maintain photos and documents, and effectively search records. This improvement will increase staff productivity in case investigation, improve reporting capabilities, and provide OCP with additional management tools for compiling program measures, identifying trends, and allocating resources. Residents benefit from increased productivity and improvements by having more efficient case handling and enhanced access to online complaint records.

- Updated procedures for investigating and addressing complaints against unlicensed home improvement contractors and participated in a multi-jurisdictional "Woodchuck Task Force" to share information and coordinate criminal prosecution of unlicensed contractors with the Police. Woodchuck are contractors, usually unlicensed, that engage in door-to-door sales, and typically scour neighborhoods offering tree and lawn services.

## Correction and Rehabilitation

- In support of the County Executive's wellness initiatives, DOCR created a Critical Incident Stress Management (CISM) Team to support Departmental staff in working through the negative outcomes associated with institutional violence, inmate suicide attempts and other stressors not commonly encountered in a traditional work environment.
- The department worked with the Department of General Services to analyze the use of all printers, copiers, scanners and faxes. The comprehensive review led to the reduction of 107 devices, as well as increased efficiencies and creating potential savings of $2,000 per month.

## County Attorney

- Implemented mobile version of Prolaw case management system for attorneys to access case matters using smartphones and mobile devices.
- Switched on-line legal search service from Lexis to Westlaw and reduced legal publications subscription cost by 50% or $10,000.
- Continued to reduce operating cost of editing of County Code, Zoning and COMAR by out-sourcing the task of editing and sale of CDs/print copies to American Legal Publishing, saving $20,000 annually.
- Replaced Countylaw Case Management System with Prolaw Enterprise Version 14. Migrated all case data from Countylaw to Prolaw database. Prolaw integrates with Office 2010 (Outlook, Word and Excel) and Adobe Reader. Users can save documents into Prolaw from the Office applications and access matters from their desktop-client or web-client. The new system allows attorneys and managers to query status of cases, create and context-query documents, and compile reports using the built-in reporting function.
- Migrated debt collection database from Access to Prolaw using the Debt Collection module. The Debt Collection Unit can now link debtors with debts, query and merge letters in the new system and import debts from Finance's Munis system.
- Completed eDiscovery service contract with Guidance Software. Upgraded the Encase forensic module. Equipped to start eDiscovery process with any large lawsuits.

## County Executive

- Conducted an analysis of snow removal operations and identified opportunities for cost efficiency in snow removal operations at County-maintained facilities. Also conducted a comparative analysis of several counties' snow removal operations for county-maintained roads, and provided the analysis for consideration of potential cost efficiency opportunities.
- Engaged with the State's Attorney Office, Maryland-National Capital Park and Planning Commission, and Montgomery County Public Schools to move towards increased collaboration and data sharing.
- Collaborated with OMB to leverage their existing BASIS software to streamline the collection of departmental performance data and accompanying narratives.
- Collaborated with the Office of the County Attorney and the Office of Procurement to develop standard enforcement program procedures for the County's oversight of the Wage Requirements Law.
- Placed several graduate students within departments to perform their "capstone" project to benefit the County.

## Emergency Management and Homeland Security

- In FY 16, OEMHS completed an upgrade to the Hazardous Material Online Permitting System. This upgrade allowed for a smoother user interface and enhanced security.

## Environmental Protection

- Enhanced the Infor Enterprise Asset Management System (EAM) by integrating Geographic Information Systems (GIS) data with stormwater facilities asset data. This effort merged and synchronized the stormwater facility point geodatabase with Infor EAM to allow for real time edits to data, improving the accuracy and integrity of the data by creating one integrated system to edit.
- Streamlined and improved the illicit discharge detection and elimination (IDDE) mobile app, greatly reducing time spent recording information and allowing for auto-generated reports.
- Developed a new Rainscapes database, allowing for more complete and efficient recall of information on project status and initiatives.
- Continued to recruit and train volunteers for the Stream Stewards volunteer program. In FY15, volunteers participated in 13 events and donated 1,214 hours of service at cleanups, outreach events, and storm drain art painting days with a service equivalent of $27,982.

## Finance

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

## Fire and Rescue Service

- The department internally restructured in FY16 to provide better service and create efficiencies.
- Civilianized positions, which will eventually save millions of dollars annually in personnel costs. Specifically, achieved full civilianization of code compliance, allowing 18 uniform personnel to be assigned to the field instead of to code compliance; civilianized two positions at the training academy that had previously been filled by captains, allowing the captains to work in the field and reduce MCFRS personnel costs; and civilianizing dispatch positions in the Emergency Communications Center.
- Reallocating resources to provide ALS units to three additional stations will significantly improve response times to over 85,000 residents and many businesses.

## Fleet Management Services

- Technician On-Boarding Program - The new enhanced technician on-boarding program directly contributed to a 5 percent increase in fleet reliability, 14 percent reduction in mechanical failures, and 4 percent reduction in unscheduled repairs. Leveraging a core training curriculum, DFMS partnered with the Office of Human Resources to create learning paths for all new Fleet employees. This program ensures accountability and gains core task efficiencies guaranteeing employees immediate success.

- Web-Based Fuel Inventory Management - DFMS has installed fuel inventory monitoring systems at countywide fuel sites. This cloud-based solution allows fuel sites to be monitored remotely from a desktop computer and improves fuel accountability, inventory, and control.

## General Services

- Implemented advanced utility bill management software package, improving the accuracy and usability of data.
- Implemented Phase 2 of the Oracle Property Manager module to streamline lease payments.

## Health and Human Services

- In FY15, Screening and Assessment Services for Children and Adolescents (SASCA) provided substance abuse screening and mental health assessments for 986 youth, and for the first time began providing services downcounty through the hire of a Spanish speaking psychiatric nurse for the Silver Spring clinic. Since SASCA began providing clinical case management services in the diversion program to support the completion of treatment, recidivism rates have decreased from 12 percent in FY13 to 6 percent in FY15.
- The Community Food Rescue Project launched an online application to help quickly connect organizations with surplus nutritional food to agencies which can distribute food to those in need. Public Health staff provides ongoing food safety guidance.
- The Montgomery Cares Program launched initiatives to better serve the 24,455 uninsured adults receiving service in FY15 by moving from an eligibility program to an enrollment program and by standardizing essential services, fees, and provider standards.
- In FY15, the Dental Services Program implemented a new family-centered model of care for uninsured children, pregnant women and other adults, allowing eligible patients, regardless of age or program, to be seen at any of the five Dental Services sites.
- The Office of Eligibility and Support Services (OESS) implemented Tuesday evening hours in FY15 to assist 918 customers during evening hours, an increase of 10 percent from FY08. This strategy helped address the overall increase in caseload from pre-recession rates (58 percent increase in Supplemental Nutrition Assistance, 113 percent in Medical Assistance, and 53 percent in Temporary Cash Assistance caseloads). OESS also completes more than 1/3 of overall Medicaid redeterminations in Maryland, and implemented additional Wednesday evening and Saturday hours to handle the volume. Across all programs, 80 percent of customers were served by a phone interview, reflecting increased efficiency and improved customer service.
- Special Needs Housing implemented an intensive team process to reduce the length of time families spend in homelessness. Through this process the family meets with service providers to collaboratively develop a housing plan that addresses barriers and service needs. Home Energy Program streamlined their businesses processes and reduced case processing times to within the State mandated time frame of 45 days.

## Housing and Community Affairs

- Analyze and redesign departmental data repositories with the goal of supporting improved integration with other departments or initiatives (montgomerycountymd.gov/open) and established, or upcoming, standards.
- Continue to refine the Annual Rent Survey, which aims to increase adherence to the voluntary rent guideline and introduce rental market transparency by capturing countywide rent data on a per-unit basis and allows for rent analysis. This information is planned to be published on montgomerycountymd.gov/open.

## Human Resources

- Instituted a weekly carrier file transfer to the County's insurance carriers to provide timely information and ensure that employee ID cards are issued and terminations are reflected without delay.
- Consolidated the Fire Rescue Services Promotional application's process from two points of entry to one to eliminate the additional time taken to apply for the same job twice.
- Continued growth of Wellness Champion representation from 28 departments to all 40 departments by identifying at least one representative per department.
- Increased customer satisfaction and accuracy by prompting employees and retirees who call the MC311 system to "press 3" for direct assistance.
- Assigned the Health Insurance Team a mobile phone to handle emergency calls and provide direct level assistance. The hours of operation have been extended so customer service representatives are available from 7 am to 7 pm.

## Intergovernmental Relations

- Attended and participated in regular National Association of Counties (NACo) Washington Representatives legislative strategy sessions, as well as increased involvement with the National Association of Counties Intergovernmental Relations Organization (NACIRO) and Association of Government Relations Professionals (AGRP).
- Continued to meet with County directors and key staff to explain the State and federal priorities processes so as to maximize opportunities.
- Updated and improved website information, making the information more accessible to the public and reducing the cost of printing.
- Continued to participate in training, education, and networking opportunities at the local, State, and federal levels.
- Enhanced the system to keep track of Council action on bills and resolutions to help ensure the Council's decisions are reflected accurately and appropriately in State advocacy.
- Coordinated and worked with Department of Technology Services to implement IT improvements and support.
- Continued to look for, and initiate changes in, the office day-to-day processes to improve efficiency at reduced costs in both the Rockville and Annapolis offices, including scanning of the legislative bill files so that the information is accessible at all time.
- Provided updated data for the dataMontgomery Dataset Publishing Plan.

## Liquor Control

- Reorganized the special orders area of the warehouse by customer instead of product and incorporated the use of scanners and labels to streamline special order deliveries.
- In collaboration with Department of Technology Services, DLC customized iStore and iSupplier (comprehensive online portals) based on feedback from licensees, suppliers, and DLC staff to improve the user's experience and provide easy access to data on deliveries and returns, payments, quantity on hand and on order, open orders, and sales trends. Monthly training was also conducted to encourage the use of iStore and iSupplier. Increased use of these online systems will reduce the number of calls to the Order Section and allow DLC staff to be more efficient and responsive.
- Established a standard email address for major business functions (Accounts Payable, Accounts Receivable, Cashiers, Ordering and Licensing/Regulation) to facilitate easier access to the respective team and quicker response coordination.
- Modified business practices and processes with the advent of the Oracle ERP system (February 2015) to streamline operations.

## Management and Budget

- Implemented a new operating budget development and reporting system, replacing the outdated system and legacy Access databases with a new, mobile-friendly, application that directly integrates with the County's Enterprise systems and the CountyStat Performance Measure system.
- Converted the static capital budget publication to the County's new on-line open data format. This application has all the benefits of the operating budget publication along with interactive maps that link project information with the project locations throughout the County.
- Implemented the following new system applications and process functionalities to support departments, OMB, and County residents:
  Expanded access to OMB's knowledge management system - eBudget, increasing departments' capabilities to view data and document status;
  Implemented a new encumbrance liquidation application allowing all departments to easily select purchase orders to liquidate and process them automatically; and
  Streamlined processes for submitting grants, procurement and hiring freeze exemption requests, CIP and operating budget submissions and quarterly analysis reports allowing departments to submit directly online through eBudget.
- Reinforced the County's Open Data initiative by adding the capital budget publication and capital projects master list; creating over 300 new CIP project open budget pages; adding over 500 new reports for the operating budget; and linked Department budget pages directly to the corresponding CountyStat open performance measures.

## Parking District Services

- New automated pay stations and entrance/exit parking gates in the Wayne Avenue and Town Square garages in Silver Spring replaced the 10-year old system. This new system includes bill-to-bill pay stations and credit card only stations. The bill-to-bill automatic money handling device will recycle up to 3 denominations of currency by using bills paid into the machine to replenish the internal "cash bank". This will reduce overall cash on hand, the number of cash fills/removals, and operating costs. The credit card only machines will speed up processing for customers and improve traffic flow on exit.
- LED lighting was installed in Bethesda's Woodmont Corner Garage as the first County garage in this new program. PEPCO rebates provided the fixtures at no cost to the County. This new generation of lighting provides a much brighter appearance while saving over 40% in electric costs.
- Performed tests on deck cleaning/sweeping equipment which will allow more efficient and quieter maintenance of heavily traveled pedestrian areas of the PLD garages. The department is researching specifications and existing contracts with local jurisdictions.

## Permitting Services

- Launched 30-days review plans processing program
- Created solar and townhouse models for plan review reference
- Improved processing and response times - sign permits went from an estimated seven weeks to one week; service requests increased over 22% to 2,263 and response time decreased by two days

## Police

- Included the Patrol Investigative Units (PIUs), that are collocated with the District Investigative Sections to increase productivity of investigating auto theft cases.
- Established an online registration and fee payment system in the False Alarm Reduction Section (FARS), which provides County residents with an automated process for registering their alarms systems and paying renewal and response fees.

## Procurement

- Reduced the average amount of time to get from Request for Proposal to contract execution from average of 9 months to 7 months.
- Collaborated with Department of Economic Development and Business Relations and the Division of Business Relations and Compliance on additional vendor outreach and events.

## Public Information

- Continue to monitor and use MC311 data to improve operations and service delivery in all County departments. Regularly collaborate with CountyStat Office to improve department Service Level Agreement timeframes planning to improve customer experience.
- Improvements to the MC311 online request system www.mc311.com have made the site more user friendly. The "I Want To" categories on the County website are now linked to the most requested MC311 services.
- MC311 is providing alternate ways of connecting with County Government programs and services through Twitter and the staffing of the EOB Lobby Customer Service Desk five days a week. Additionally, Service requests are received from customers via Twitter (@311MC311), Monday - Friday from 8:00 AM - 4:30 PM, and will soon begin to accept photos through that channel. Messages regarding county event information, and promoting county services are pushed to a growing Twitter followers list.
- Reviewed all Knowledge Base Articles in the CRM database, to ensure uniformity and voice, and to provide instructions for online users creating service requests.

## Public Libraries

- MCPL started shipping new, high demand materials directly to library branches, and instituted a new model for fulfilling customer holds that reduces transfers between branches and cuts down on wait times and costs.
- MCPL implemented improved public printing, copying, and scanning (new for MCPL) infrastructure at no additional cost than the older technology; and upgraded the Library system's catalog and account services to a robust cloud-based system that increased features for customers, improved system speed and reliability, and reduced staff time required to manage the system.
- MCPL kicked off the Library Refurbishment and 21st Century Library Enhancements refresh cycle with a successful refresh of Twinbrook and Kensington Park Libraries. Customers at Twinbrook have expressed delight at the service improvements made in just six months of construction. Kensington Park will be reopening on March 28th. Refresh projects for Aspen Hill, Davis, and Little Falls libraries have completed design phase, and will be moving into the construction phase in Summer 2016. State Aid of $0.8 million was successfully secured for the FY16 projects and $1.5 million in aid has been proposed by the Governor for three projects in FY17 (White Oak, Bethesda, and Quince Orchard).
- MCPL partnered with MCPS to provide library cards to all 756 students at Gaithersburg Elementary School, develop a Memorandum Of Understanding (MOU) to expand that effort for all schools, and provided free lunches and library programs to local free and reduced lunch program student participants over the summer. MCPL partnered with Casa de Maryland to make citizenship classes, citizen application assistance, citizen workshops and ESOL classes available at several library branches, and with Abren Enhun Support Association to develop cultural programming and resources to meet the needs of Montgomery County's Ethiopian community

## Recreation

- activeMontgomery Implementation: This system was implemented in FY15 supporting a transition from three independent databases to one combined cloud-based database providing customer service to residents and allowing a one-stop shopping experience between Parks, Community Use of Public Facilities (CUPF), and Recreation.

- The department internally restructured in FY15 to provide better service to customers, improve revenue collections, increase participation in the department's programs, and develop more innovative programming and community events, allowing the management team to place a greater focus on growing and improving programs and services.
- Continued to work closely with CountyStat and other resources to improve performance measures, data collection, and customer feedback tools and resources, allowing for increased reporting tools and more detailed data and outcomes.

## Sheriff

- The Family Justice Center (FJC) has created a new FJC Volunteer and Internship Program. The new program currently includes five volunteers and two interns providing nearly 65 hours of assistance per week in a variety of administrative tasks and hospitality/child care services. Prior to the creation of this program, the FJC had 2 volunteers, contributing 5 hours of assistance per week.

## Solid Waste Services

- Contracting for the design and installation of a fiber processing line for the Recycling Center in FY16 to divide mixed paper into cardboard and other mixed paper and bale these two commodities to optimize their market value. The new processing operation is estimated to generate approximately $4.6 million in net revenue during FY17 depending upon the commodity markets.
- Increased rubble recycling at the Transfer Station through the addition of a soil screener, increased local recycling options for soil, created more options for managing clean asphalt and concrete and reduced trucking and disposal costs by an estimated $400,000 per year.
- Messaging capabilities were improved by directly targeting Montgomery County residential customers who accessed social media for important information. Improved our collection day look up feature by correcting 5,000 street types in the customer data-set in MC311. Built an interface to the Tax Assessment System (TAS) in order to send Solid Waste Customer Billing data to MUNIS; improved the reporting and accuracy of Solid Waste Charges to properties in Montgomery County.
- More educational materials will be developed internally using lnDesign software thereby increasing cost efficiencies and effectiveness to ensure that the maximum amount of recycling is achieved. The estimated savings for FY16 is approximately $100,000.

## State's Attorney

- Collaborated with the Sheriff's Office to use the Sheriff's Office computer training room for in-house computer training sessions. This creates efficiencies as County equipment and space is better utilized and employees save time and resources otherwise spent traveling to trainings.

## Technology Services

- Expanded the Enterprise Identity Management system to support employees, retirees, volunteers, partners, and citizens for greater application access and improved security.
- Continued Security Awareness Training Program for County employees, contractors, and volunteers.
- Continued implementing a cloud-based collaboration system.
- Continued expansion of ERP Self-Service for Retirees and other Agencies.
- Modernized the Oracle Financial training modules by incorporating voice overlay, video and updating instructor led training.
- Complete upgrading the remaining Office 2003/2007/2010 users to the new Office 365 platform by the end of FY16.

## Transportation

- Developed GIS-based storm drain asset management application to electronically collect and share data on storm drain infrastructure.
- The Division of Highway Services has implemented its social media program. There have been nearly 2 million views on Twitter, Facebook and YouTube.

# 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 FY17 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 Metropolitan Washington Council of Governments (COG) Round 8.4 estimates 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 will continue to increase an average of approximately 9,140 persons each year throughout the next six years (from CY2016 to CY2022) from 1,029,200 in CY2016 to 1,084,000 by CY2022. This reflects an average annual growth rate of 0.9 percent.
- Current projections estimate the number of households to increase from 381,100 in CY2016 to 404,100 in CY2022. Household growth over that period is projected to grow at an average annual rate of 1.0 percent.
- The County's senior population (persons 65 and older) continues to grow from an estimated 120,000 persons living here in 2010 to a projected 244,000 by 2040, increasing the share of the County's population that are seniors from 9 percent to 20 percent.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to start gradually increasing after six years of declining numbers, from an estimated 13,150 in 2015 to 13,550 by 2020.
- The County expects Montgomery County Public School student enrollment to increase by 10,143 between FY16 and FY22.
- Montgomery College full-time equivalent student enrollments are projected to increase from 20,702 in FY16 to 21,011 in FY21.

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 FY17 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.

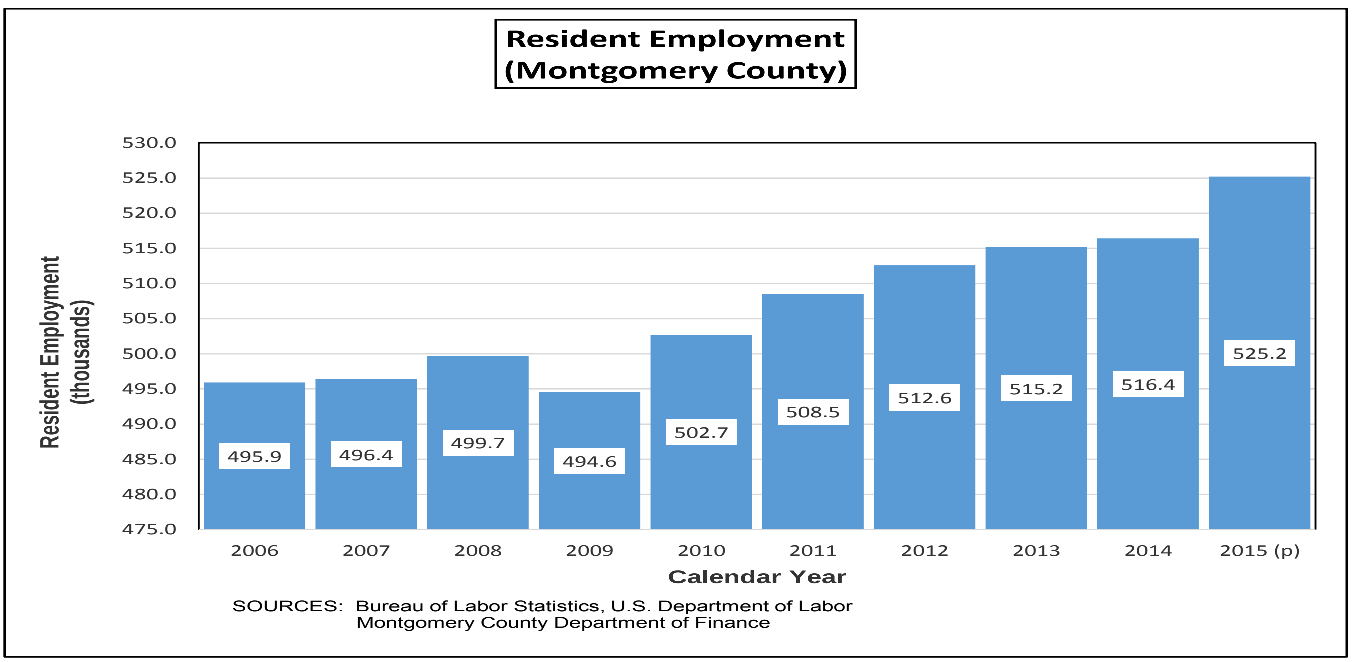
## *Economic Assumptions*

Revenue projections depend on the current and projected indicators of the national, regional, 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 residential (labor force survey) and payroll (establishment survey) 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. 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.

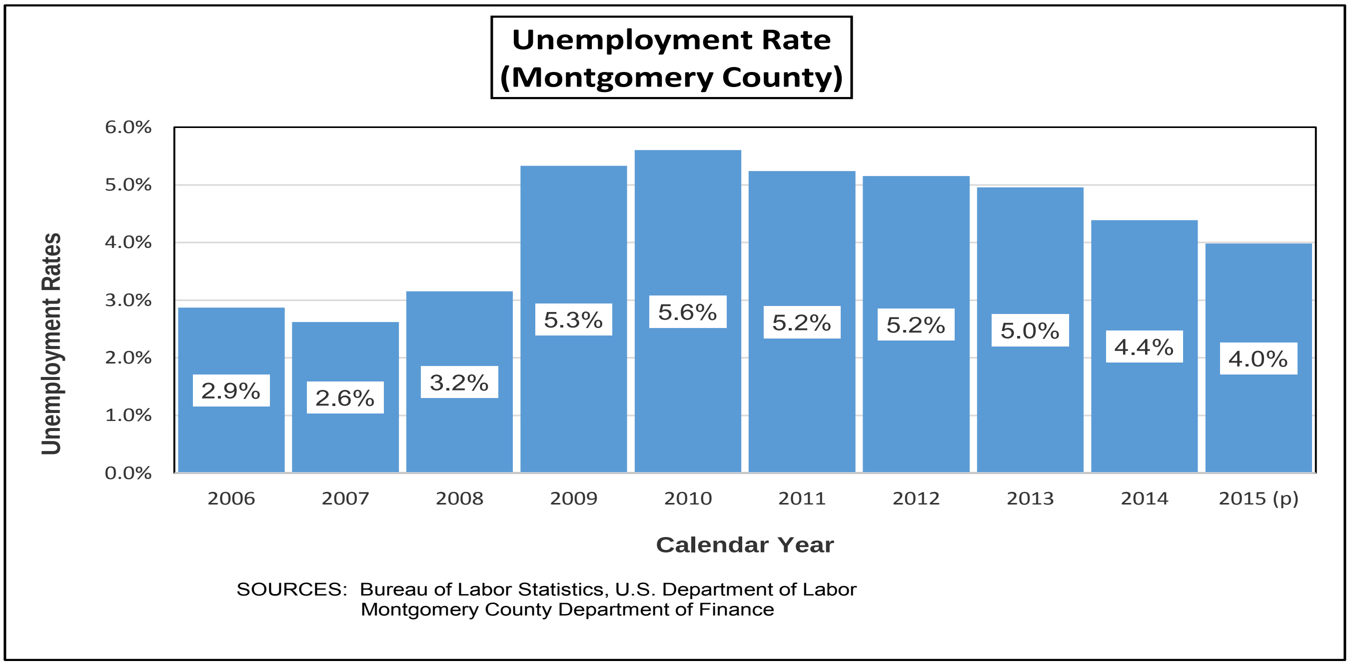
Montgomery County's economy experienced mixed economic performance during 2015. Some of the areas of growth include an increase in resident employment, a decline in the unemployment rate, an increase in the sales of existing homes, and an increase in the value of non-residential construction. However, offsetting those increases, the County experienced a modest decline in the average sales price for an existing home, no change in the median sales price for an existing home, and a decline in the construction of residential properties.

**Employment Situation**

Based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (labor force series and not seasonally adjusted) in 2015 increased by 8,800 from 2014 (↑1.7%).

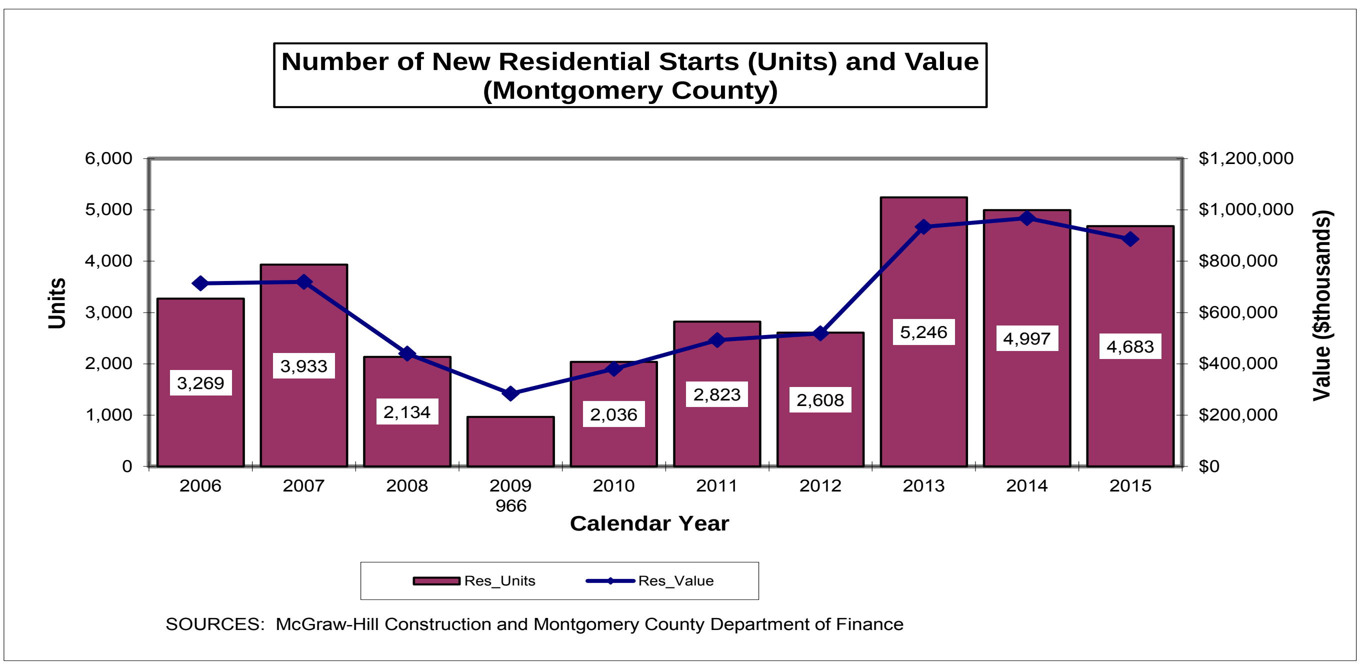



The County's unemployment rate declined to 4.0 percent compared to 4.4 percent in 2014 and is the lowest in seven years. The decline in the unemployment rate is attributed to a larger percentage increase in resident employment (↑1.7%) than in the labor force (↑1.3%).



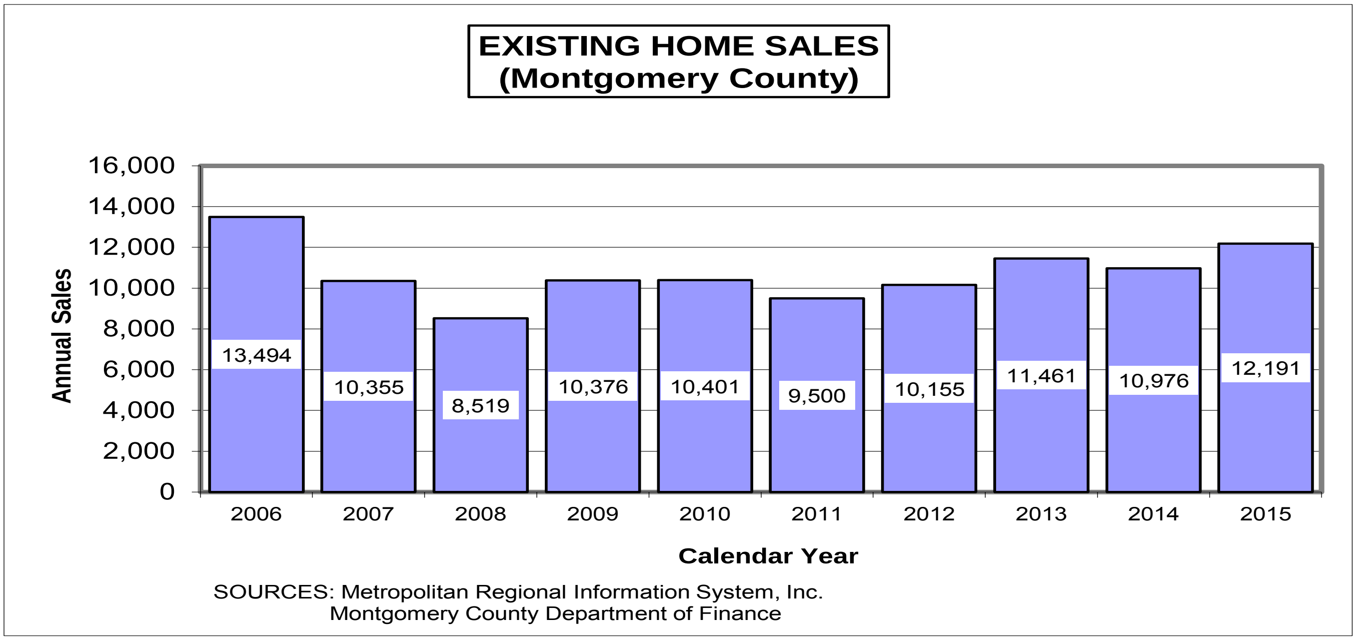

## Construction Activity

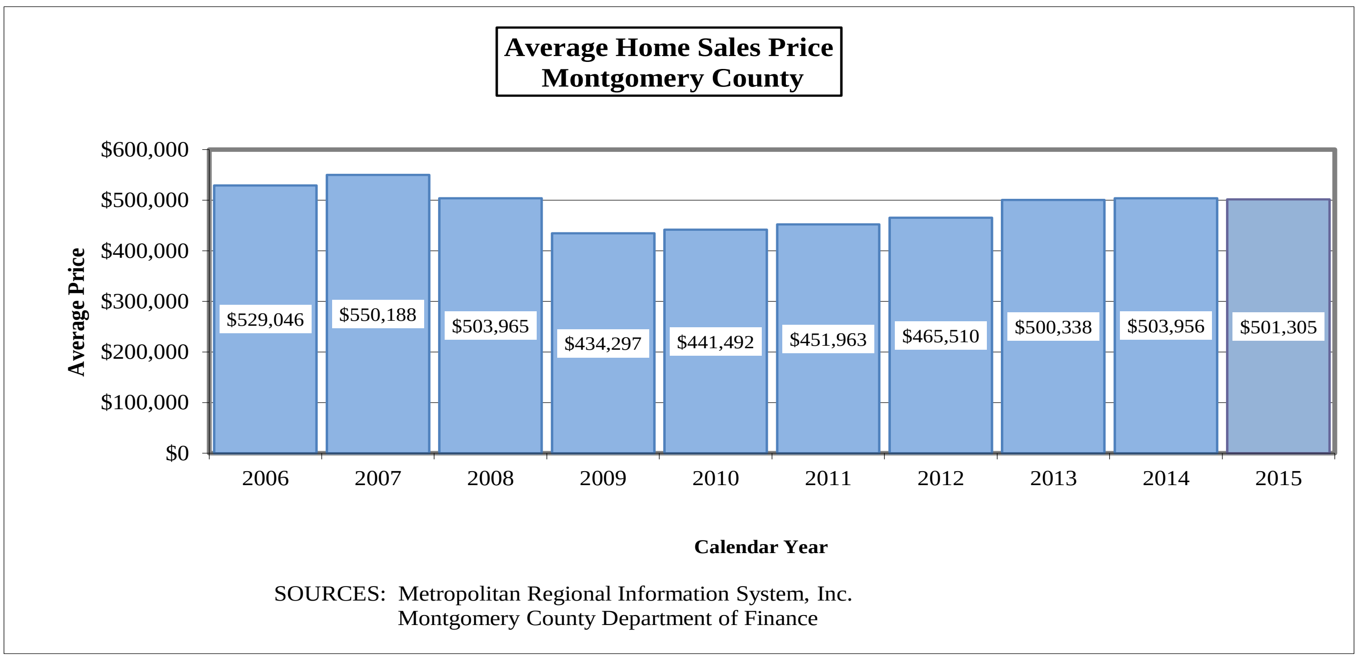
After experiencing an increase of over 100 percent in 2013, the construction of new residential units declined 4.8 percent in 2014 and another 6.3 percent in 2015. Even with that decline in 2015, the number of new residential units constructed in 2015 was the third highest number in ten years. The decrease was attributed to the decline in the construction of single-family homes (↓20.8%). Construction of multi-family units was up 1.1 percent in 2015. Total value added decreased from a total of $968.6 million in 2014 to $855.9 million in 2015 (↓8.5%). While the number of non-residential construction projects decreased from 159 projects in 2014 to 138 in 2015 (↓13.2%), the total value added increased from $473.1 million to $718.4 million (↑51.9%) for that same period.




## Residential Real Estate

During calendar year 2015, existing home sales increased 11.1 percent from 2014 which followed a 4.2 percent decline from 2013. The average sales price for existing homes decreased a modest 0.5 percent in 2015 while the median sales price did not change and remained at $400,000 in 2015. Due to low mortgage rates combined with employment growth and little or no growth in prices, home sales in 2015 experienced its second strongest performance since 2009 when sales increased 21.8 percent.




## Retail Sales

Using sales tax receipts as a measure of retail sales activity in the County, retail sales, including assessment collections, increased 3.4 percent in 2015. Purchases of nondurable goods, which include food and beverage, apparel, general merchandise, and utilities and transportation, increased 2.8 percent during this period while sales of durable goods were up 5.2 percent. The increase in nondurable goods purchases was largely attributed to the increase in food and beverage items (↑6.3%) and general merchandise (↑2.9%), while the increase in purchases of durable goods was largely attributed to an increase in automobile sales and products (↑4.1%) and building and industrial supplies (↑9.5%). With the increase in home sales during 2015, the increase in sales of furniture and appliances of 1.2 percent and an increase in sales of building and industrial supplies support the historical relationship between home sales and sales of specific durable goods.

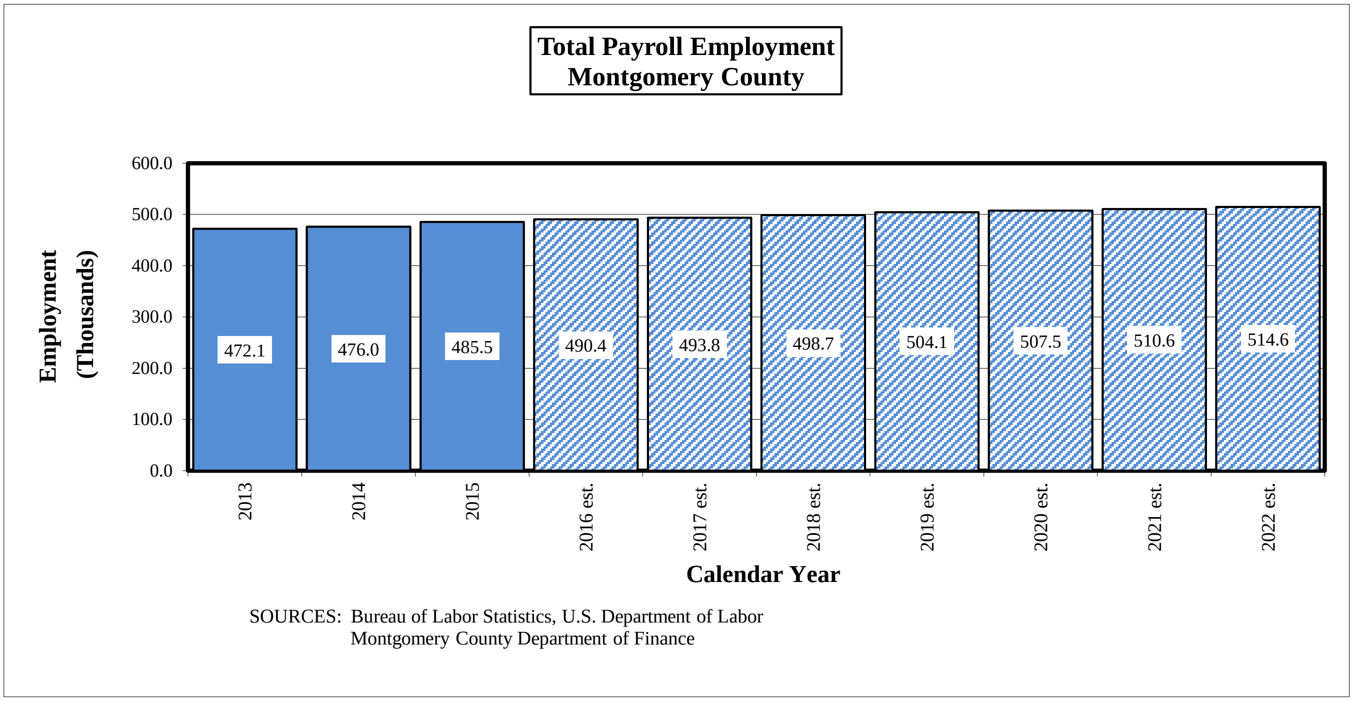
## Conclusion

The major economic indicators confirm that the County's economy experienced mixed performance during 2015. That mixed performance included an increase in residential employment, a decline in the unemployment rate, an increase in existing home sales, and an increase in the value added for non-residential construction, but partially offset by a decline in the construction and value added of new residential construction and no changes in residential real estate prices.

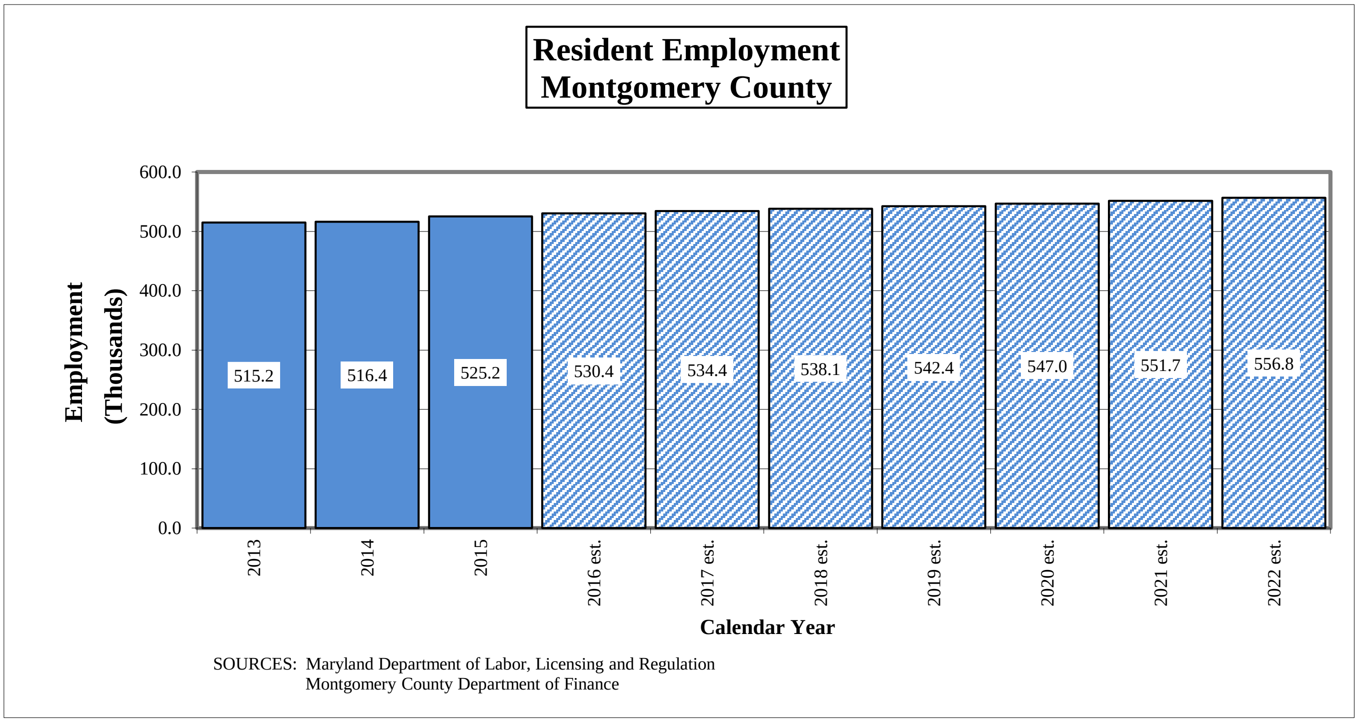
## Economic Outlook

The Department of Finance (Finance) forecasts that the Montgomery County's economy will continue to improve through the next six years.

***Employment.*** Finance assumes payroll employment will continue to increase from 2015 to 2022 and grow at an average annual rate of 0.8 percent over that period. This is the same average annual rate of growth experienced between 2009 and 2015.



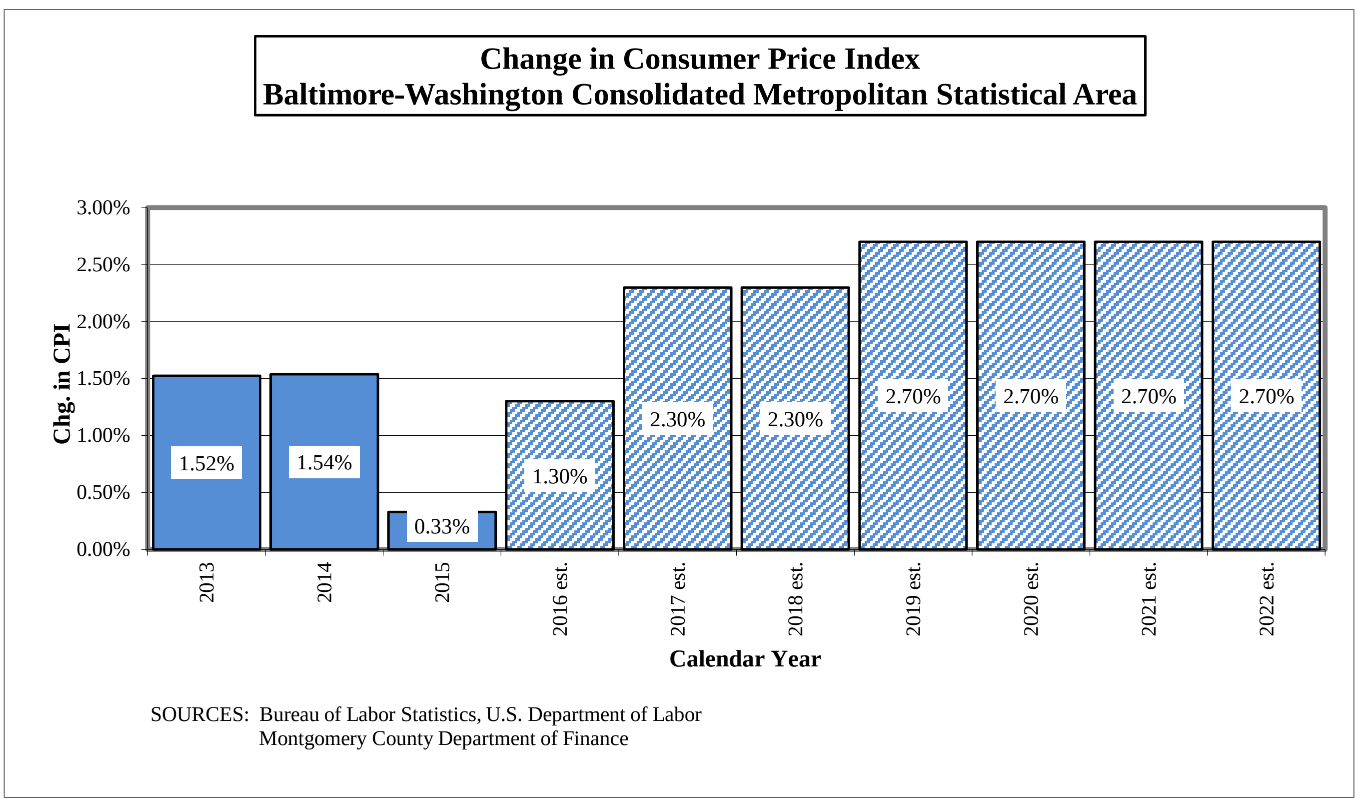

Finance assumes that resident employment will increase at an average annual rate of 0.8 percent from 2015 to 2022. However, that rate is slightly below the average annual rate of 1.0 percent between 2009 and 2015.



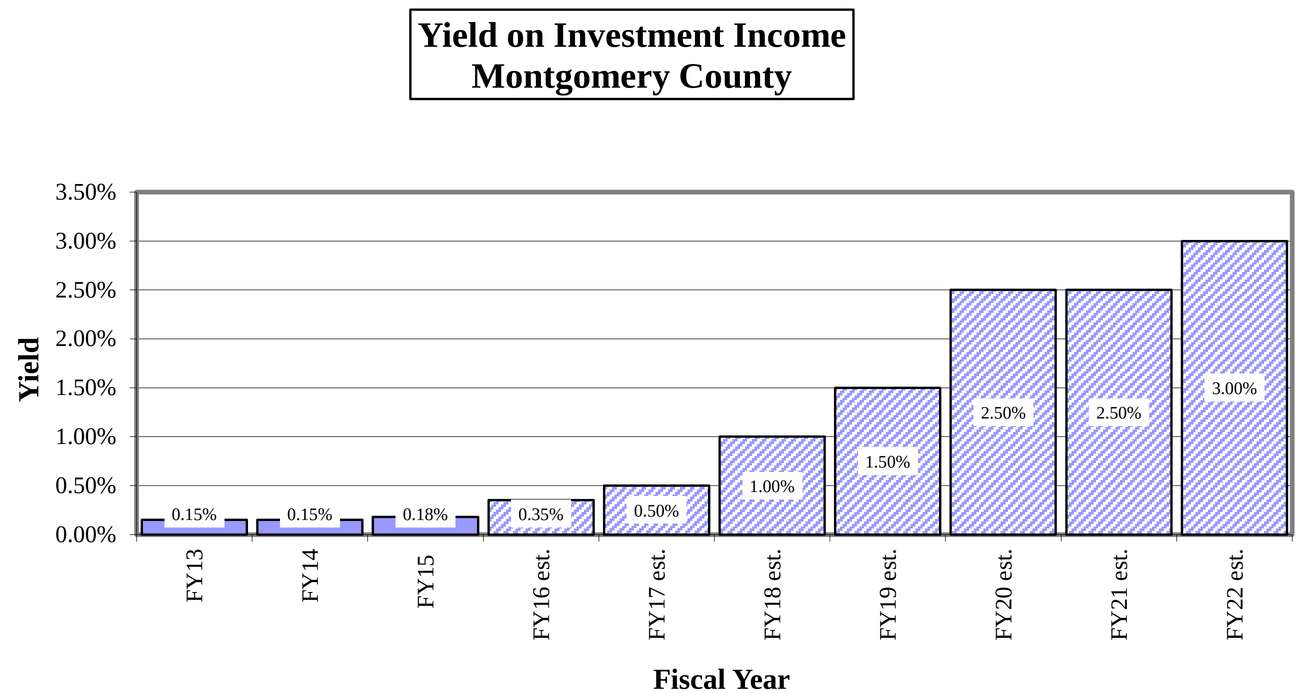

Finance assumes wage and salary income to grow at an average annual rate of 4.0 percent between 2014, the latest year for which actual data are available from the Bureau of Economic Analysis, U.S. Department of Commerce, and 2022. Total wage and salary income is estimated to reach $47.0 billion by 2022.

***Personal Income.*** Finance assumes that total personal income in Montgomery County will grow at an average annual rate of 4.4 percent from 2014 to 2022. By 2022, total personal income will reach $107.2 billion.

***Inflation (annual average).*** Finance assumes that the overall regional inflation index will gradually increase from 0.33 percent in 2015 to 1.30 percent in 2016, 2.30 percent in 2017 and 2018, and peak at 2.70 percent from 2019 to 2022.



***Interest Rates.*** From September 2007 to December 2008, the Federal Reserve Board, through its Federal Open Market Committee (FOMC, Committee), aggressively cut the target rate on federal funds from 5.25 percent to a range of 0.00-0.25 percent. Since that time, the targeted federal funds rate remained at the 0.00-0.25 range until December 2015. At its December 2015 meeting, the FOMC increased the range to between 0.25 and 0.50 percent. The target rate was unchanged at its meeting in January of this year. Since the yield on the County's short-term investments are highly correlated with the federal funds rate, Finance assumes that the County will earn an average of 0.35 percent in investment income on its short-term portfolio for fiscal year (FY) 2016 increasing to 0.50 percent in FY2017, 1.00 percent in FY2018, 1.50 percent in FY2019, and 3.0 percent by FY2022. This assumption is based on no rate increases in the targeted federal funds rate by the FOMC for the remainder of this calendar year and two rate increases in CY2017 (FY2018) and in CY2018 (FY2019). The assumption of future rate increases is based on the 30-day federal funds futures market from the Chicago Mercantile Exchange.




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 (PSP) 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 are intended to ensure that the tax burden on residents generally is affordable. The County Council has based the guidelines on inflation and personal income of County residents.

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 or law; 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 provides the allocations of annual resources to the Capital Budget as planned for in the County Executive's Recommended FY17-22 Capital Improvements Program (as of January 15, 2016). Anticipated current revenue adjustments to the January 15, 2016 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 FY15 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 earnings transfer from the Liquor Control Fund to the General Fund. The transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy is the largest transfer to a non-tax supported fund. 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. 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 Recommended FY17-22 Capital Improvements Program (as of January 15, 2016). 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 45.3 percent of the CIP is funded with General Obligation (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.

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, 2015, is 1.88 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

On June 29, 2010, the Montgomery County Council enacted Bill 36-10 amending the Montgomery County Code (Chapter 20, Finance, Article XII) that repealed the limit on the size of the Revenue Stabilization Fund (Fund), modified the requirement for mandatory County contributions to the Fund, and amended the law governing the Fund. Mandatory contributions to the Fund are the greater of 50 percent of any excess revenue, or an amount equal to the lesser of 0.5 percent of the Adjusted Governmental Revenues or the amount needed to obtain a total reserve of 10 percent of the Adjusted Governmental Revenues. Adjusted Governmental Revenues include tax supported County Governmental revenues plus revenues of the County Grants Fund and County Capital Projects Fund; tax supported revenues of the Montgomery County Public Schools, not including the County's local contribution; tax supported revenues of Montgomery College, not including the County's local contribution; and tax supported revenues of the Montgomery County portion of the Maryland-National Capital Park and Planning

Commission. All interest earned on the Fund must be added to the Fund. The FY17 Recommended Budget estimates that the Revenue Stabilization fund balance will be $254.7 million in FY16 and the balance is estimated to increase to $280.2 million in FY17 (↑10%).

### *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 an unrestricted General Fund balance (or, an "operating margin reserve") of five percent of prior year's General Fund revenues and the Revenue Stabilization Fund (or "rainy day fund"). It is the County's policy to increase and maintain the budgeted total reserve of the General Fund and the Revenue Stabilization Fund to 10 percent of Adjusted Governmental Revenues.

## 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 47.7 percent and 39.9 percent, respectively, of the estimated total tax revenues in FY17. The third category is the energy tax estimated for the General Fund with a 5.6 percent share. In fact, these three revenue sources represent 93.2 percent of total tax revenues. Of the total tax supported revenues, property tax and income tax are also the most important with 37.2 percent and 31.1 percent, respectively. The third category is intergovernmental revenues with a 17.6 percent share of the estimated total tax supported revenues in FY17. 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.

### *Property Tax*

**Using proposed rates (levy year 2016) and a recommended $692 credit, total estimated FY17 tax supported property tax revenues of $1,738.7 million are 10.0 percent above the revised FY16 estimate.** The general countywide rate for FY17 is $0.7754 per $100 of assessed real property, while a rate of $1.9385 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates, and the weighted average real property tax rate for FY17 is $1.0264 per $100 of assessed real property which is 3.940 cents above the levy year 2015 weighted rate. 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 unanimous vote of the nine members of the County Council. FY17 estimated property taxes are $140.1 million above the Charter Limit, or 8.8 percent.

The FY16 budget reflected a funding structural change for the Parking Lot District (PLDs) for FY16 and future fiscal years. This funding change better aligned funding sources with the intended purpose and more clearly delineated funding requirement and resources. This proposal eliminated future transfers from the PLDs to the Mass Transit to maintain Ride On operations or Transportation Management District activities. In addition, the transfers to the Bethesda and Silver Spring Urban District were reduced and were offset by the General Fund Baseline transfer to those Urban Districts. These actions better aligned the taxing authority with the services provided and put the PLD funds on a more sustainable fiscal path in the future.

The countywide total property taxable assessment is estimated to increase approximately 5.0 percent from a revised $174.4 billion in FY16 to 183.1 billion in FY17. The base is comprised of real property and personal property. For FY17, the Department of Finance estimates real property taxable assessment of approximately $179.3 billion – an increase of 5.1 percent from FY16 − with the remaining $3.8 billion in personal property. This is the fourth consecutive increase in the total property taxable assessment after two consecutive decreases. The actual change in the total property tax base has fluctuated significantly over the previous ten fiscal years (FY06-FY15), with an annual average increase of 12.2 percent between FY06 and FY09, followed by considerable deceleration in the growth of taxable assessments in FY10 (↑5.7%) and FY11 (↑0.2%), declines in FY12 (↓3.3%) and FY13 (↓2.4%), and a modest increases of 1.1 percent and 2.3 percent in FY14 and FY15, respectively.

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. The real property reassessments effective for FY13 declined 8.6 percent for Group 3 (↓12.7% for residential) and followed declines of 14.5 percent for Group 2 in FY12 (↓17.4% residential), a decline of 17.0 percent in FY11 for Group 1 (↓19.4% residential), and a decline of 10.6 percent in FY10 for Group 3 (↓16.3% for residential). However, real property reassessment for Group 1 increased 4.1 percent for FY14 (↑1.7% for residential), increased 11.0 percent for Group 2 for FY15 (↑5.8% for residential), increased 18.7 percent for FY16 (↑11.5% for residential), and increased 11.1 percent (↑9.6% for residential) for FY17. Because of that increase, real property taxable assessment is estimated to increase 5.1 percent in FY17.

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. However, because of the decline in the reassessment rates for residential properties during three fiscal years (FY10 to FY12) the amount of the homestead tax credit declined from $23.8 *billion* in FY09, which is an all-time record, to an estimated $89.7 *million* in FY17.

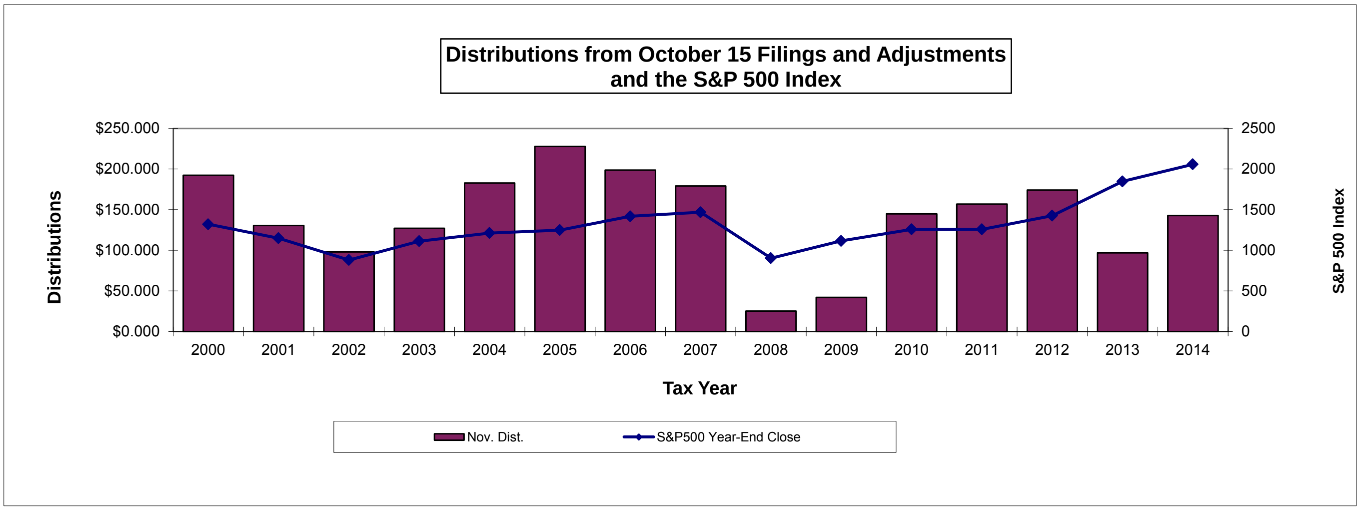
The decrease in the personal property base in FY06 reflected the residual effects of weak labor market conditions that resulted in a lower number of new businesses and associated investments. This was exacerbated by tax law changes, including partial exemption of electricity generating equipment (energy deregulation), other exemptions (e.g., manufacturing, Research and Development, and certain computer software), and depreciation rules (e.g., for computer equipment). The personal property tax base since FY06 increased three out of the four subsequent years achieving a growth rate of 5.2 percent in FY10 before decreasing over the next three fiscal years (FY11-FY13) at an average annual rate of 4.4 percent before increasing 2.9 percent to $3.7 million in FY14 then decreasing 1.5 percent in FY15. Finance estimates that the total personal property base is projected to decline an estimated 0.9 percent in FY17, which follows an estimated increase of 5.0 percent in FY16.

## *Income Tax*

**Estimated FY17 income tax revenues of $1,453.9 million are 1.1 percent above the revised FY16 estimate.** The estimate for FY17 incorporates the impact of the *Wynne vs. Comptroller* decision by the U.S. Supreme Court on May 18, 2015. Previous to that decision, the Maryland Court of Appeals decision found that the "failure to allow a credit with respect to the county income tax for out-of-state income taxes paid to other states on "pass-through" income earned in those states discriminates against interstate commerce and violates the Commerce Clause of the federal Constitution (Maryland State Comptroller of the Treasury v. Brian Wynne, et ux.)." The Maryland Attorney General filed a motion to reconsider the decision from the Court of Appeals with the U.S. Supreme Court. In November 2014, the Supreme Court heard oral arguments, and on May 18, 2015, the U.S. Supreme Court upheld the ruling of the Maryland Court of Appeals. As such, the ruling will have a significant negative impact on the County's income tax revenues starting in FY17. According to State Law adopted in 2014, the refunds for tax years 2006 through 2014 pertaining to Wynne will be issued by the State Comptroller to eligible taxpayers and paid from the Local Reserve Account (Account). Starting in FY17, counties and municipalities must repay the Account in nine (9) equal quarterly payments. Based on data provided by the Comptroller of Maryland, according to Finance, the estimated amount of refunds that will be paid by the Comptroller and repaid from the County's FY17 quarterly income tax distributions starting in November 2016 is an estimated $50.4 million.

During any one fiscal year the County receives income tax distributions pertaining to at least three different tax years. During the period between tax years 2002 and 2011, the total tax distributions from withholdings, estimated payments and extended filings can be divided into three cycles: 2001-2002 (the dot.com stock market crash and the economic recession of 2001), 2003-2007 (economic expansion), and 2008-2010 (stock market crash and the great recession). During the dot.com stock market crash and 2001 recession, total income tax distributions declined at an average annual rate of 2.6 percent. With the economic expansion underway in 2003, total income tax distributions increased at an average annual rate of 10.1 percent through 2007 – adjusted for the tax rate increase from 2.95 percent to 3.20 percent enacted by the County Council in 2003. With the stock market crash of 2008 and subsequent severe recession, withholdings, estimated payments, and extended filings declined at an average annual rate of 8.5 percent from 2007 to 2009, and increased 7.2 percent in 2010, 6.2 percent in 2011, 10.0 percent in 2012, declined 3.8 percent in 2013, and increased 6.6 percent in 2014 – the latest year for which final data are available.

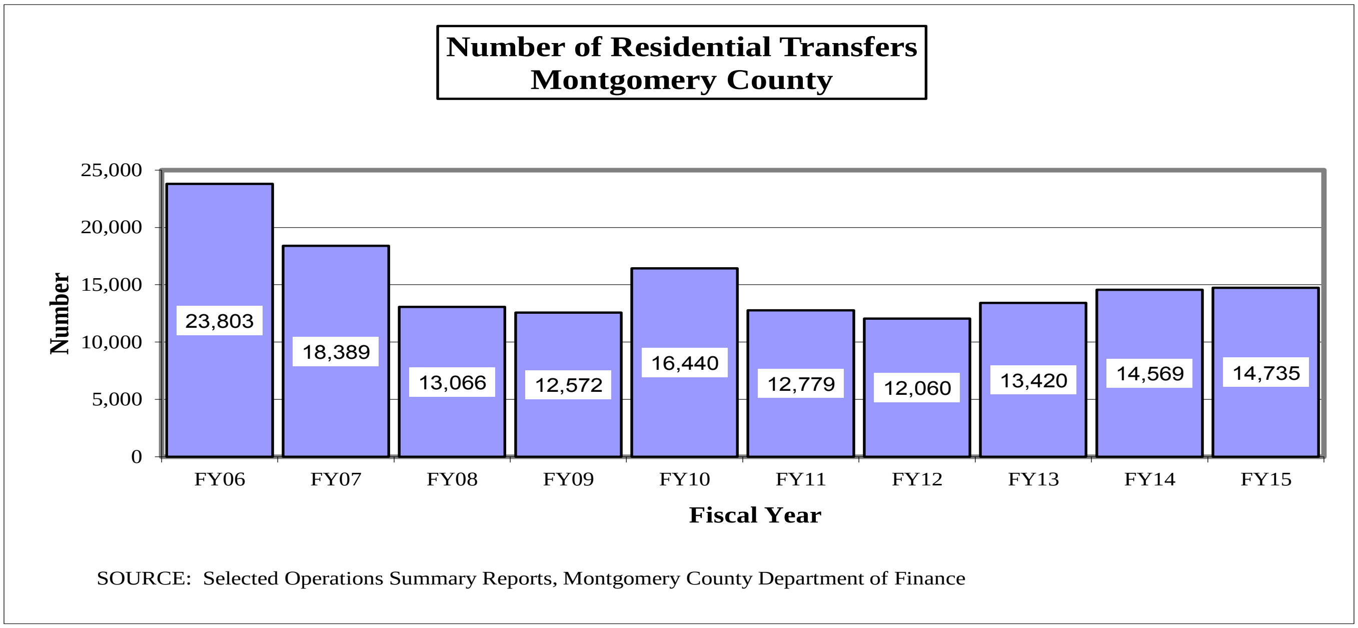
In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from October 15th filers and adjustments to prior year distributions by the Maryland Comptroller declined dramatically since the peak of tax year 2005. Since that time, revenues from October 15th filers and distribution adjustments gradually declined from tax year 2005 ($227.9 million) to tax year 2007 ($179.1 million). Because of the stock market crash of 2008 and the subsequent severe recession (December 2007 to June 2009), distributions from October 15th filers and distribution adjustments experienced a decline of 85.9 percent in tax year 2008 and a modest increase in 2009. However, from tax year 2010 to tax year 2012, revenues increased sharply to $144.7 million in 2010 and to $174.2 million in 2012, but below the pre-recession level, decreased to $96.8 million in 2013 (↓44.4%) attributed to the "fiscal cliff" tax policy enacted by the U.S. Congress, but increased $142.8 million in 2014 (↑47.5%) – the latest date for which data are available. These distributions represent the most volatile component of the income tax and are associated with the change in the stock market as measured by the S&P 500 index.




## *Transfer and Recordation Taxes*

**Estimated FY17 revenues for the General Fund of $174.1 million, which exclude the school CIP portion, condominium conversions, and the tax premium, are 0.4 percent below the revised FY16 estimate.** This reflects an FY17 estimate of $108.4 million in the transfer tax and $65.7 million in the recordation tax. Transfer and recordation tax revenues have fluctuated greatly over time and primarily reflect shifting trends in the real estate market. In FY15, 80.6 percent of the transfer tax came from the residential sector compared to 83.6 percent in FY06, 87.1 percent in FY07, 85.7 percent in FY08, 86.6 percent in FY09, 88.0 percent in FY10, 81.3 percent in FY11, and 72.2 percent in FY12, 77.6 percent in FY13, 81.4 percent in FY14, and 80.6 percent in FY15. 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. Beginning in FY03, the recordation tax rate was raised from $4.40 to $6.90 per $1,000 of the value of the contract (0.69%) with the first $50,000 of the consideration exempted from the tax for owner-occupied residential properties. The County Council earmarked the revenues attributed to the rate increase for MCPS school capital programs and Montgomery College information technology projects. Generally, both transfer and recordation taxes are levied when properties are sold. In some cases, however, 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 for rental assistance programs and County government capital projects.

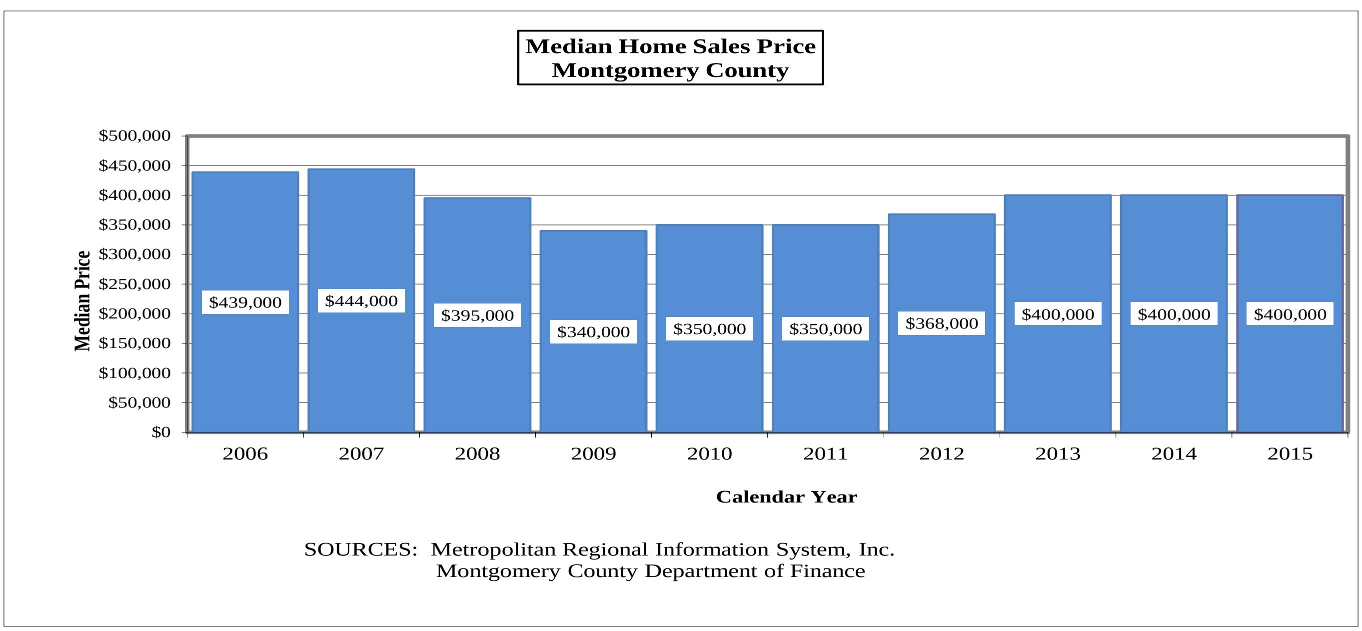
Residential transfer tax revenues are affected by the trends in real estate sales for existing and new homes. Real estate sales, in turn, are highly correlated with specific economic indicators such as growth in employment and wage and salary income, formation of households, mortgage lending conditions, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, property values, and financing costs. The volatility in revenues from the transfer and recordation taxes is best illustrated in the trend since FY06.




The growth rate in the number of residential transfers declined over four consecutive years from FY07 to FY09 − ↓22.7 percent in FY07 (18,389), ↓28.9 percent in FY08 (13,066), and ↓3.8 percent in FY09 (12,572). After three consecutive years of decline from FY07 to FY09, the number of residential transfers increased 30.8 percent in FY10 attributed to the federal government first-time homebuyers credit, then decreased for two consecutive years − ↓22.8 percent in FY11 (12,779) and ↓5.6 percent in FY12 (12,060). Since FY12, residential transfers increased 11.3 percent in FY13, 8.6 percent in FY14, and a 1.1 percent in FY15. However, since the peak in the housing bubble in FY06, transfer tax revenues from residential transactions declined 23.3 percent in FY07, 26.5 percent in FY08, and 18.1 percent in FY09, but increased 20.9 percent in FY10 then declined 15.1 percent in FY11, decreased 5.1 percent in FY12, increased 21.2 percent in FY13, 9.8 percent in FY14, and 2.4 percent in FY15.

The decline in transfer taxes between FY07 and FY09 is attributed to both a decline in home sales that began in the summer of 2005 and in average sales price for existing homes that began the late summer of 2007. Home sales declined 23.3 percent in CY2007, declined 17.7 percent in CY2008, increased 21.8 percent in CY2009, increased a modest 0.3 percent in CY2010, decreased 8.7 percent in CY2011, increased 6.9 percent and 12.8 percent in CY2012 and CY2013, respectively, decreased 4.2 percent in CY2014, and increased 11.1 percent in CY2015.

While home sales increased in CY2015, the average sales price for an existing home decreased 0.5 percent and the median sales price was unchanged.



Beginning in FY06, revenues from non-residential property transfers experienced dramatic volatility over the next ten years. After increasing 13.4 percent in FY06, transfer tax revenues from non-residential properties declined 49.2 percent in FY07, increased a modest 1.8 percent in FY08, declined 25.7 percent in FY09, but increased 12.9 percent in FY10, 45.9 percent in FY11, 57.7 percent in FY12, but declined 3.9 percent in FY13, declined 17.9 percent in FY14, and increased 13.7 percent in FY15.

Recordation tax revenues (excluding the school CIP portion and the tax premium) generally track the trend in transfer tax revenues. Revenues from residential recordation tax revenues increased 20.1 percent in FY06, before declining 19.4 percent in FY07, 21.1 percent in FY08, 18.3 percent in FY09, increasing 25.3 percent in FY10, decreasing 18.3 percent in FY11, decreasing 4.2 percent in FY12, increasing 23.4 percent in FY13, increasing 9.4 percent in FY14 and increasing 6.4 percent in FY15. The estimate for recordation tax revenues for FY17 reflects an increase of 0.4 percent to $65.7 million for the General Fund.

## *Energy Tax*

**Estimated FY17 revenues of $204.0 million are 0.5 percent above the revised FY16 estimate**. The estimated revenues for FY17 are based on the County Executive's recommendation to continue the FY17 rates at the FY16 level. The revised revenue estimate for FY16 is 2.0 percent below the FY15 actual revenues. The fuel-energy tax is imposed on persons or entities 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. 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 for FY16, Finance estimates that the share of receipts from residential users is approximately 31.8 percent of total collections, with the larger share received from the non-residential sector (68.2%). Measured for all energy types, the two largest sources of total revenues based on partial fiscal year data for FY16 have been electricity (84.8%) and natural gas (14.5%).

## *Telephone Tax*

**Estimated FY17 revenues of $50.3 million are 0.7 percent above the revised FY16 estimate.** The revised estimate for FY16 is 2.3 percent above the FY15 actual revenues. The telephone tax is levied as a fixed amount per landline, wireless communications, and other communication devices. 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 communications was $2.00 per month prior to FY11. Effective FY11, the County Council increased the rate schedule for wireless communications from $2.00 per month to $3.50 per month. Revenues from this tax are driven primarily by modest growth in wireless communications such as cell phone usage and by voice-over internet protocol.

## *Hotel/Motel Tax*

**Estimated FY17 revenues of $20.6 million are 3.6 percent above the revised FY16 estimate.** The revised revenue estimate for FY16 is 4.6 percent above the FY15 actual revenues. Both the FY16 revised estimate and the FY17 estimate continues to include an amount expected from online hotel brokers and the estimate for FY17 includes a recommendation to collect hotel-motel tax revenues from companies such as AirBnB and other short term rental property operators which is estimated to collect an additional $228,725 revenues per year. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of seven percent in FY16 is also assumed for FY17. 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, and during the week of the Presidential inauguration. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the lower county.

## *Admissions Tax*

**Estimated FY17 revenues of $3.1 million are 5.4 percent above the revised FY16 estimate**. The revised revenue estimate for FY16 revenues is 5.3 percent above the FY15 actual revenues. The revised estimate in FY16 is attributed to an estimated increase in revenues collected from athletic events and athletic facilities. 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 FY15, motion pictures accounted for 42.3 percent of total collections, while other major categories included athletic facilities (8.2%)., and golf green fees, driving ranges and golf cart rentals (16.8%).

# 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 $1,027.8 million in FY17. This is a $42.0 million increase, or 4.3 percent, from the revised FY16 estimate, primarily attributed to an increase in General Intergovernmental Revenues (↑4.7%) and fees, licenses, fines, and other charges (2.1%). Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues.

## *General Intergovernmental Revenues*

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 is adopted, estimates in the March 15 County Executive Recommended Public Services Program are generally based on the Governor's budget estimates for FY17. 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 Federal and State aid policy may be implemented; therefore, the projection generally assumes intergovernmental aid will remain flat. The Recommended Budget for FY17 assumes a $37.3 million, or 4.7 percent, increase in intergovernmental revenues from the revised FY16 estimate, of which 79.8 percent is allocated to the Montgomery County Public Schools, 4.4 percent to Montgomery Community College, and 4.7 percent to Mass Transit. Total intergovernmental revenue represents an estimated 80.0 percent of the total non-tax revenues for FY17.

## *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 FY17 assumes a 3.1 percent decrease over the revised estimates for FY16, and $12.5 million in available resources in FY17.

## *Charges for Services (User Fees)*

Excluding intergovernmental revenues to Montgomery County Public Schools and Montgomery College, and College tuition, charges for services, or user fees, are revenues collected that come primarily from fees imposed on the recipients of certain County services including mass transit, human services, use of facilities, and recreation services and are included in the tax supported funds. The Recommended Budget for FY17 assumes an increase of 0.3 percent over the revised estimates for FY16, resulting in $70.9 million in available resources in FY17.

## *Fines and Forfeitures*

Revenues from fines and forfeitures relate primarily to photo red light and speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY17 assumes that fines and forfeitures will decrease 1.7 percent from the revised estimates for FY16, resulting in $24.6 million in available resources in FY17.

## *College Tuition*

Although College tuition is not 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 County Executive concurs with the Board of Trustees' recommendation to increase tuition $4/$8/$12. The Recommended Budget for FY17 includes a 3.6 percent increase in tuition revenue over the revised estimates for FY16 resulting in $84.1 million in available resources in FY17.

## *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 County adopted 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 FY16 tax-supported investment income estimate of $0.980 million assumes a yield on equity of 0.35 percent and an average daily balance of $820.0 million. The FY17 projected estimate of tax-supported investment income of $1.4 million assumes a yield on equity of 0.50 percent and an average daily balance $820.0 million. Yields have fluctuated significantly over time due to changes in the targeted federal funds rate set by the Federal Open Market Committee (FOMC) of the Federal Reserve System. 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. In December 2015, the FOMC raised the targeted federal funds to a range between 0.25 percent and 0.50 percent. In FY17, the federal funds futures market expects the FOMC will raise the target in either November or December of 2016 to a range between 0.50 percent and 0.75 percent.

## Other Miscellaneous

The County receives miscellaneous income from a variety of sources, the largest of which are auction proceeds, rental income for the use of County property, and operating revenue from the Conference Center. These three categories make up 56.8 percent of the total $11.7 million projected for FY17.

# 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
- Short-term fiscal and service policies
- Current CIP fiscal policies
- Policies for governmental management
- Policies for revenues and program funding
- Fiscal policy for user fees and charges
- Framework for fiscal policy

## FISCAL CONTROL POLICIES

### *Structurally Balanced Budget*

The County must have a goal of a structurally balanced budget. Budgeted expenditures should not exceed projected recurring revenues plus recurring net transfers minus the mandatory contribution to reserves for that fiscal year. Recurring revenues should fund recurring expenses. No deficit may be planned or incurred.

### Reserves

The County must have a goal of maintaining an unrestricted General Fund balance of five percent of the prior year's General Fund revenues and building up a total reserve of 10 percent of revenues including the Revenue Stabilization Fund by 2020, as defined in the Revenue Stabilization Fund law (Section 20-65, Montgomery County Code).

### Use of One-Time Revenues

One-time revenues and revenues in excess of projections must be applied first to restoring reserves to policy levels or as required by law. If the County determines that reserves have been fully funded, then one-time revenues should be applied to non-recurring expenditures which are one-time in nature, PAYGO for the CIP in excess of the County's targeted goal, or to unfunded liabilities. Priority consideration should be given to unfunded liabilities for retiree health benefits (OPEB) and pension benefits prefunding.

### PAYGO

The County should allocate to the CIP each fiscal year as PAYGO at least 10 percent of the amount of General Obligation bonds planned for issue that year.

### Fiscal Plan

The County should adopt a fiscal plan that is structurally balanced, and that limits expenditures and other uses of resources to annually available resources. The fiscal plan should also separately display reserves at policy levels, including additions to reserves to reach policy level goals.

### 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 two categories: Personnel Costs and Operating Expenses; 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. Instead, capital outlay and construction costs, as applicable, are budgeted in the operating and capital funds, respectively, at the time of purchase and/or encumbrance. Proprietary fund budgets also do not include 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 for the retirement of Commercial Paper Bond Anticipation Notes (BANs) through the issuance of general obligation bonds.
- 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) adjustment 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 the 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.
- The County does not budget for the annual change in fair market value of its investments, which is included in revenue for accounting purposes.
- The County does not budget for the operating results of the Montgomery County Conference Center, owned by the County and administered by a third party; instead, the budget includes cash distributions between the parties that represent distribution of net operating revenues and reimbursement for net operating losses.

### *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 interagency 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.

## SHORT-TERM FISCAL AND SERVICE POLICIES

Short-term policies are specific to the budget year. They address key issues and concerns that frame the task of preparing a balanced budget that achieves the County Executive's priorities within the context of current and expected economic realities.

The outlook going into the FY17 budget cycle was one of significant uncertainty. In May 2015, the Supreme Court upheld the decision of the Maryland Court of Appeals in the Wynne income tax case, which held that the State of Maryland's failure to allow a credit with respect to the County income tax for out-of-state income taxes paid to other states for certain income earned in those states violates the Commerce Clause of the United States Constitution. As a result of the decision, the County's revenue baseline has been reduced to reflect the retroactive liability from past income tax filings as well as the on-going annual impact related to the change in the taxability of this source of income. The total impact through FY19 is estimated to be $182.6 million and $16.7 million annually thereafter.

Anticipating the negative impact the Supreme Court's decision would have on the County's budget and the condition of the County's economy, the County Executive immediately proposed an FY16 expenditure reduction plan of more than $50 million, which the County Council adopted before the end of July 2015. The following additional factors and events shaped the budget environment and helped to drive budget planning for FY17:

- The high volatility of tax supported local revenues, coupled with an elevated level of unemployment (the unemployment rate has declined from its high of 5.8 percent, but it is still above the County's historical level).
- Rising public school enrollment and continuing pressure to meet the State's Maintenance of Effort requirement on school spending. This mandate, which requires that there be no decrease in locally funded per pupil expenditures adjusted for enrollment growth, was strengthened by the General Assembly in 2012, making it effectively impossible to fund public schools below the Maintenance of Effort level, regardless of the state of the economy and the impact on other departments and services. Furthermore, any funding provided above that level becomes a permanent part of the base and raises the Maintenance of Effort level for the next year.
- The need to absorb significant emergency response and storm cleanup costs associated with multiple winter weather mobilizations, including a blizzard that dumped more than two feet of snow in the County in January 2016.
- Increased costs associated with labor agreements, employee benefits, worker's compensation, pre-funding of retiree health insurance, the operating costs of new facilities, and other costs related to programmatic obligations.
- The cumulative effects of the many efficiencies and reductions the County had implemented over the last several years to cope with shrinking revenues and tight budgets. These actions have limited the County's flexibility in responding to more fiscal pressures.
- Uncertainty and potential reductions in State revenues.

The FY16 Six-Year Fiscal Plan, approved by the County Council in June 2015, projected a 2.1 percent decline in resources available to fund the budgets of County Government departments, Montgomery County Public Schools, Montgomery College, and the Maryland-National Capital Park and Planning Commission driven largely by relatively modest revenue growth and increased obligations related to debt service and retiree health insurance. The Budget Director estimated an FY17 budget gap of $178 million in the December 2015 Fiscal Plan Update and cautioned departments to develop contingency plans for reductions of up to five percent in their budget requests for FY17. At the same time, the County Executive emphasized that the County would continue to focus on preserving core services: education, public safety, programs for youth, and services to the most vulnerable (including senior citizens).

To cope with these fiscal challenges while ensuring that the County Executive's priorities are met, recognizing the signs of economic recovery, and acknowledging the sacrifices of County employees and the cumulative efforts of County departments to curtail spending during the past several years, the County implemented a number of new or modified short-term policies and initiatives to control FY16 spending and reduce the FY17 budget gap:

- Implemented a $54 million expenditure reduction plan in FY16;
- Expanded the hiring freeze, which was put in place in January 2008, to cover all County positions except for a limited number of critical public safety, health, and non-tax supported positions;

- Continued restrictions on new procurements over $50,000 (grants, non-tax supported funds, and Capital Improvements Program procurements continued to be exempt).
- Continued initiatives undertaken to maintain the County's fiscal policies and its commitments to the bond rating agencies to protect its AAA bond rating.
- Required that departments with projected overspending in their mid-year expenditure analysis implement corrective actions.

To help ensure compliance with these policies and address the projected budget gap, the instructions for preparing the FY17 operating budget included the following requirements:

- No requests for new or enhanced programs and services would be considered for FY17 unless needed to support stated County Executive priorities or to respond to legal mandates. The County Executive stated that he would consider only limited increases in resources for his highest priorities.
- Based on the fiscal forecast, departments were required to submit reduction plans of two percent in their FY17 budget requests.
- New position requests were specifically discouraged as they add to ongoing future costs.

Similarly, there were serious challenges in developing the FY17-22 Capital Improvements Program (CIP). For instance, operating budget constraints also had repercussions for the capital budget. As part of the approved expenditure reduction plan in July 2015, the Council approved adjustments in the CIP resulting in $26.02 million in FY16 cash savings – primarily by deferring $18.2 million in costs into the early years of the FY17-22 CIP. Additional pressures on the CIP included MCPS' substantial facility capacity and modernization needs, critical economic development initiatives, cost increases in high priority projects, large expenditures for previously approved projects moving into the six-year period, the need to reduce County reliance on long-term leased space, and the need to adjust programmed expenditures to reflect improved implementation rates. The County Executive's recommended FY17-22 CIP continued to prioritize investments in Montgomery County Public Schools facilities, economic development, and key transportation projects such as the Purple Line. As a result, very few new projects were included in the FY17-22 CIP.

After the departments submitted their budgets, the Office of Management and Budget coordinated several high-level working groups or "clusters." The clusters focused on the following cross-cutting issues affecting multiple departments:

- Positive Youth Development
- Seniors
- Public Safety

The clusters included all departments affected by – or affecting – the cluster issue. Department heads or designees attended cluster meetings. The purpose of these clusters, which facilitates a collaborative approach to budgeting in the County, was to review existing programs and policies within the County and determine if there were enhancements or efficiencies which could be made across the County to strengthen services provided to the public. The conclusions and recommendations of the clusters were presented to the County Executive and Chief Administrative Officer and used by them in making their final decisions on the budget.

These short-term policies and actions have been critical in shaping the County Executive's proposed FY17 operating budget. Together with the long-term policies described elsewhere in this chapter, the short-term policies described here have allowed the County to construct a balanced, fiscally responsible budget that is consistent with current economic and fiscal realities while achieving the County Executive's key priorities.

# CURRENT CIP FISCAL POLICIES

## *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 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 the use of tax-exempt bond proceeds.

## 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 financial 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 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 additional County general obligation debt may be issued in the six-year CIP period:

Overall Debt as a Percentage of Assessed Valuation. This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. 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.

Debt Service as a percentage of the General Fund. This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund. The General Fund excludes other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the ratio would be below ten percent.

Overall Debt per Capita. This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuers' ability to repay debt. 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.

Ten Year Payout Ratio. This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. 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.

Per Capita Debt to Per Capita Income. This ratio reflects a community’s economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the capital budget process, the annual financial audit and as needed for fiscal analysis.

## Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with five 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, positively affecting the pay-out ratio (see Debt Limits, below). 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.

## 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 issues Commercial Paper/Bond Anticipation Notes (BANs) for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

## 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 a project. Amounts of revenue debt to be issued should be limited to ensure that debt service coverage ratios shall be sufficient to ensure ratings at least equal to or higher than ratings on outstanding parity debt. Such coverage ratios shall be maintained during the life of any bonds secured by that revenue stream.

## Policy on Use of Appropriation-backed Debt

Various forms of appropriation-backed debt may be used to fund capital improvements, facilities, or equipment issued directly by the County or using the Montgomery County Revenue Authority or another entity as a conduit issuer. Under such an arrangement, the County enters into a long-term lease with the conduit issuer and the County lease payments fund the debt service on the bonds. Appropriation-backed debt is useful in situations where a separate revenue stream is available to partially offset the lease payments, thereby differentiating the project from those typically funded with general obligation debt. 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.

## Policy on Issuance of Taxable Debt

Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations. The cost of taxable debt will generally be higher because investors are not able to deduct interest earnings from taxable income. Taxable debt may be issued in instances where the additional cost of taxable debt, including legal, marketing, and other up-front costs and the interest cost over the life of the bonds, is outweighed by the advantages in relation to the financing objectives to be achieved.

## Policy on Use of Interim Financing

Interim Financing may be useful in situations where project expenditures are eligible for long term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified ultimate funding source, and should be repaid within the short term. An example for interim financing would be in a situation where an offsetting revenue will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.

## Policy on Use of Short Term Financing

Short term financing (terms of seven years of less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long term financing is not appropriate. Short term financings in the CIP are also of a larger size or magnitude than smaller purchases typically financed with short term Master Lease financing in the Operating Budget.

## Policy on Use of Current Revenues

Use of current revenues to fund capital projects 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 have 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.

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 limited renovations of facilities, for renovations 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.
- Except for excess revenues which must go to the Revenue Stabilization Fund, 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.

### 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 Minimum Allocation of PAYGO

PAYGO is current revenue set aside in the operating budget, but not appropriated, and is used to replace bonds for debt eligible expenditures. To reduce the impact of capital programs on future years, the County will fund a portion of its CIP on a pay-as-you-go basis. Pay-as-you-go funding will save money by eliminating interest expense on the funded projects. Pay-as-you-go capital appropriations improve financial flexibility in the event of sudden revenue shortfalls or emergency spending. It is the County's policy to 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 Operating Budget Impacts

In the development of capital projects, the County evaluates the impact of a project on the operating budget and displays such impacts on the project description form. The County shall not incur debt or otherwise construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

### 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 December 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.

# 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 using various strategies including 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 phased-in full pre-funding of its Annual Required Contribution (ARC), from the previous 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

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 an unrestricted General Fund balance (or, an "operating margin reserve") of five percent of prior year's General Fund revenues and the Revenue Stabilization Fund (or, "rainy day"). It is the County's policy to increase and maintain the budgeted total reserve of the General Fund and the Revenue Stabilization Fund to 10 percent of Adjusted Governmental Revenues by 2020. As defined in the Revenue Stabilization Fund law, Adjusted Governmental Revenues include the tax supported revenues of the County Government, Montgomery County Public Schools (less the County's local contribution), Montgomery College (less the County's local contribution), and Maryland-National Capital Park and Planning Commission, plus the revenues of the County Government's grant fund and capital projects fund.

Reserves in the County Government's other tax supported funds should be minimized to support the policy of maximizing reserves in the General Fund.

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. Contributions of at least 0.5 percent of Adjusted Governmental Revenues up to the 10 percent total reserve goal must be made to the Revenue Stabilization Fund. If greater, 50 percent of certain excess revenues must be transferred to the Fund. By an affirmative vote of six Councilmembers, the Council may transfer any amount from the Fund to the General Fund 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.

The table at the end of this chapter displays the projected ending fund balance for each major fund in the County's operating budget and includes an explanation of changes greater than 10 percent.

## 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 a unanimous 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 (CIP) 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 ensure 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 are 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, adopted one-year spending limits for WSSC. These spending control limits include 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 an approximate useful life at least 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 make it necessary for the County to use current revenue or taxable debt 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 the use of tax-exempt bond proceeds.

## 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 financial 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, 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 uses the following guidelines in deciding how much additional County general obligation debt may be issued in the six-year CIP period:

<u>Overall Debt as a Percentage of Assessed Valuation</u> - This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. 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.

<u>Debt Service as a Percentage of the General Fund</u> - This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund. The General Fund excludes other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the ratio would be below ten percent.

<u>Overall Debt per Capita</u> - This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuers' ability to repay debt. 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.

<u>Ten-year Payout Ratio</u> - This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. 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.

<u>Per Capita Debt to Per Capita Income</u> - This ratio reflects a community’s economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the capital budget process, the annual financial audit, and as needed for fiscal analysis.

## Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with five 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, positively affecting the pay-out ratio. 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.

## 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 issues Commercial Paper/Bond Anticipation Notes (BANs) for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

## 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 a project. Amounts of revenue debt to be issued should be limited to ensure that debt service coverage ratios shall be sufficient to ensure ratings at least equal to or higher than ratings on outstanding parity debt. Such coverage ratios shall be maintained during the life of any bonds secured by that revenue stream.

## Policy on Use of Appropriation-Backed Debt

Various forms of appropriation-backed debt may be used to fund capital improvements, facilities, or equipment issued directly by the County or using the Montgomery County Revenue Authority or another entity as a conduit issuer. Under such an arrangement, the County enters into a long-term lease with the conduit issuer and the County lease payments fund the debt service on the bonds. Appropriation-backed debt is useful in situations where a separate revenue stream is available to partially offset the lease payments, thereby differentiating the project from those typically funded with general obligation debt. 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.

## Policy on Issuance of Taxable Debt

Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations. The cost of taxable debt will generally be higher because investors are not able to deduct interest earnings from taxable income. Taxable debt may be issued in instances where the additional cost of taxable debt, including legal, marketing, and other up-front costs and the interest cost over the life of the bonds, is outweighed by the advantages in relation to the financing objectives to be achieved.

## Policy on Use of Interim Financing

Interim Financing may be used in exceptional circumstances where project expenditures are eligible for long term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified and reliable ultimate funding source, and should be repaid within the short term. An example for interim financing would be in a situation where an offsetting revenue will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.

## Policy on Use of Short Term Financing

Short term financing (terms of seven years of less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long term financing is not appropriate. Short term financings in the CIP are also of a larger size or magnitude than smaller purchases typically financed with short term Master Lease financing in the Operating Budget.

## Policy on Use of Current Revenues

Use of current revenues to fund capital projects is desirable as it constitutes “pay-as-you-go” (PAYGO) 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 have 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.

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 limited renovations of facilities, for renovations of 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.
- Except for excess revenues which must go to the Revenue Stabilization Fund, 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.

## 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 Minimum Allocation of PAYGO

PAYGO is current revenue set aside in the operating budget, but not appropriated, and is used to replace bonds for debt eligible expenditures. To reduce the impact of capital programs on future years, the County will fund a portion of its CIP on a pay-as-you-go basis. Pay-as-you-go funding will save money by eliminating interest expense on the funded projects. Pay-as-you-go capital appropriations improve financial flexibility in the event of sudden revenue shortfalls or emergency spending. It is the County’s policy to 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 Operating Budget Impacts

In the development of capital projects, the County evaluates the impact of a project on the operating budget and displays such impacts on the project description form. The County shall not incur debt or otherwise construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

## 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:

<u>Transportation Impact Tax</u> The County Council established new rates and geographical boundaries for transportation impact taxes in December 2007 and enacted a White Flint impact tax district in 2010. These taxes are levied at four rate schedules: for the majority of the County (the General impact tax area), for Metro Station Policy Areas, for Clarksburg and for White Flint. Transportation Impact Taxes are also assessed for projects within the boundaries of Rockville and Gaithersburg. These impact taxes can only be used for projects listed in a Council-approved Memorandum of Understanding with the individual municipalities.

Schools Impact Tax 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 Washington Suburban Sanitation Commission (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.

Recordation Tax Starting in FY03, the County raised the recordation tax rate and earmarked revenues generated from the increase to the Montgomery County Public Schools (MCPS) capital budget and Montgomery College information technology projects. In 2008, the County enacted an additional rate premium with revenues generated from half of that premium allocated to Montgomery County Government capital projects.

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. Generally, land sale proceeds are not programmed in the capital budget until they are received; however, in some instances where signed land sale agreements have been executed, future land sale proceeds may be programmed.

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 four sets of rates for the transportation impact tax: the majority of the County (the general area), designated Metro station areas, Clarksburg, and White Flint.

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 pays the tax. This payment would occur by the earlier of two dates - either at the time of final inspection or within six or twelve months after the building permit was issued depending on the type of development.

Since revenues to be obtained from impact taxes may not be paid 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 stormwater facilities within the County.

## 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 stormwater management 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 a 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. Beginning in FY15, CDBG funds were shifted from the capital budget to the operating budget for ease of administration. Once CDBG-funded projects are closed out, CDBG funding will be eliminated from the capital budget funding sources.

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 including 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) authorizes borrowing of funds and issuance of bonds up to a maximum of the sum of six percent of the assessed valuation of all real property and 15 percent of the assessed valuation of all personal property within the County. Article 25A, Section 5(P) provides that obligations having a maturity not in excess of twelve months shall not be subject to, or be included in, computing the County's legal debt limitation. However, the County includes its BANs/Commercial Paper in the calculation because it intends to repay the notes with the proceeds of long-term debt to be issued in the near future.
- State of Maryland Chapter 693 of the Laws of 2009 requires that each local government adopt a debt policy and submit it to the State Treasurer. In October 2009 the County Council for Montgomery County adopted resolution 16-1173 outlining the County’s debt policy
- 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 maximum ten percent assessment limitation tax credit (homestead credit) for owner occupied residential properties. 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. The homestead credit is ten percent for property taxes levied for the State of Maryland, Montgomery County, and all municipalities in Montgomery County (with the exception of the Town of Kensington which is five percent.)
- Other provisions of State law mandate requirements for environmental review, permits, stormwater management, 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 FY17, $15,059,000) 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 the Montgomery County Charter, Section 305, to require that the County 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 Maryland-National Capital Park and Planning Commission (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.
- Section 305 of the County Charter includes a limit on the annual increase in property tax revenues. An amendment approved in 2008 requires that real property tax revenues, with the exception of new construction and property whose zoning or use has changed, may not increase by more than the prior year revenues plus the percentage increase in the Washington-Baltimore Metropolitan area CPI-U unless there is a unanimous vote of nine Councilmembers to exceed that limit. 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.
- Chapter 20 of the Montgomery County Code sets various financial guidelines in law such as the deposit of funds, the borrowing of money generally, the activities of the Department of Finance, revenue bonds, and spending affordability.

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 influence 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.
- The American Recovery and Reinvestment Act (ARRA) created a number of additional tax-advantaged forms of governmental debt. These forms of debt resulted in lower costs and therefore savings to taxpayers. The County utilized beneficial provisions of the act and issued these new forms of debt where appropriate and advantageous to the County. One example is a qualified energy conservation bond (QECB) that the County issued in 2013 to take advantage of a federal tax credit that lowered the cost of debt service for an energy savings project on a county facility.

## 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 general obligation bond 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;
- Maintain debt at prudent and sustainable levels;
- Maintain adequate fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates;
- 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 the State of Maryland for cost shares in the construction of transportation and other vital inter-jurisdictional infrastructure.
- Agreements with Federal agencies involving projects related to Federal facilities within the County.

### 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).
- Capital improvement projects have a direct impact on the future operating budgets in the form of debt service and ongoing operating costs. As such, capital needs must be balanced with the need to fund vital services in the operating budget.

# 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.

**ADJUSTED GOVERNMENT REVENUES (AGR)** - Include the tax supported revenues of the County Government, Montgomery County Public Schools (less the County's local contribution), Montgomery College (less the County's local contribution), and Maryland-National Capital Park and Planning Commission, plus the revenues of the County Government's grant fund and capital projects fund.

**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 and Operating Expense for each County operating department.

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

**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.

**BALANCED BUDGET –** It is the fiscal policy of Montgomery County to balance the budget. A balanced budget has its funding sources (revenues, undesignated carryover, and other resources) equal to its funding uses (expenditures, reserves, and other allocations). No deficit may be planned or incurred.

**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 EXPENDITURE** - Money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.

**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 OUTLAY –** An appropriation and expenditure category for government assest with a value of $10,000 or more and a useful economic lifetime of more than one year.

**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. County residents are 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.

**EFFICIENCY** - Outputs per unit of input, inputs per unit of output, and similar measures of how well resources are being used to produce goods and services.

**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)** – **MONTGOMERY COLLEGE** - 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.

**FULL-TIME EQUIVALENT (FTE)** – **PERSONNEL** – An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers, to an equivalent number of work years. For example, 1.0 FTE equals 2,080 hours (or 2,496 hours for fire fighters) and .50 FTE equals 1,040 hours. For the FY13 operating budget, workyears (WYs) were converted into FTEs as part of the Hyperion conversion from Budget Preparation System (BPREP)/Budget Position System (BPS). 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.

**GUARANTEED RETIREMENT INCOME PLAN (GRIP)** – The GRIP plan is part of the County Employees' Retirement System (ERS), and is a tax-deferred cash balance defined benefit retirement plan qualified under Internal Revenue Code Section 401(a).

**HYPERION** – Hyperion is an Oracle software application for developing budgets, including position cost projections. The system is integrated with the County's other Oracle eBusiness (EBS) products and uses the same EBS General Ledger (GL) and Project and Grant (PnG) codes.

**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.

**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 and 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.

**INPUT** - Resources used to produce an output or outcome, such as workyears or expenditures.

**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 replaced the County's 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 and 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.

**OUTCOMES** - The direct results of a program or program element on clients, users, or some other target group; the degree to which the program mission is achieved.

**OUTPUT** - The amount of services provided, units produced, or work accomplished.

**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.

**PERFORMANCE MEASUREMENT** - Characterization of the operation and impacts of a program or service through some or all of a family of measures, such as inputs, outputs, efficiency, service quality, and outcomes.

**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 or full-time equivalents, 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.

**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 which is used for the construction, operation, and maintenance of stormwater management facilities and related expenses.

**WORKLOAD** - The external demand that drives County activities.

**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."

**YEAR END BALANCE** - See Fund Balance.

Readers not finding a term in this glossary are invited to call the Office of Management and Budget at 240.777.2800.

# Acronyms

| | |
|---|---|
| **ADA** | Americans with Disabilities Act |
| **AHCMC** | Arts and Humanities Council of Montgomery County |
| **ALARF** | Advance Land Acquisition Revolving Fund |
| **APFO** | Adequate Public Facilities Ordinance |
| **ARRA** | American Recovery and Reinvestment Act |
| **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 |
| **CEC** | Community Engagement Cluster |
| **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 |
| **CR** | Current Revenue |
| **CRIMS** | Correction and Rehabilitation Information Management System |
| **CUPF** | Community Use of Public Facilities |
| **CVB** | Conference and Visitors Bureau |
| **DBM** | Maryland State Department of Budget and Management |
| **DCM** | Device Client Management |
| **DED** | Department of Economic Development |
| **DGS** | Department of General Services |
| **DEP** | Department of Environmental Protection |
| **DHCA** | Department of Housing and Community Affairs |
| **DLC** | Department of Liquor Control |
| **DOCR** | Department of Correction and Rehabilitation |
| **DOT** | Department of Transportation |
| **ECC** | Emergency Communications Center |
| **EDAET** | Expedited Development Approval Excise Tax |
| **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 |
| **FRS** | Fire and Rescue Service |
| **FTE** | Full-Time Equivalent |
| **FY** | Fiscal Year |
| **GAAP** | Generally Accepted Accounting Principles |
| **GASB** | Government Accounting Standards Board |
| **GDA** | General Development Agreement |
| **GDP** | Gross Domestic Product |
| **GFOA** | Government Finance Officers Association |
| **GIS** | Geographic Information Systems |
| **GO bonds** | General Obligation Bonds |
| **GRIP** | Guaranteed Retirement Income Plan |
| **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
**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
**MOU** Memorandum of Understanding
**MPDU** Moderately Priced Dwelling Unit
**MTA** Maryland Transit Administration
**NACo** National Association of Counties
**NDA** Non-Departmental Account
**NTS** Non-tax supported
**OCP** Office of Consumer Protection
**OHR** Office of Human Resources
**OEMHS** Office of Emergency Management and Homeland Security
**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
**PEPCO** Potomac Electric Power Company
**PILOT** Payment in Lieu of Taxes
**PLAR** Planned Lifecycle Asset Replacement
**PLD** Parking Lot District
**POR** Program of Requirements
**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
**SHA** State Highway Administration
**SWM** Stormwater Management
**TMC** Transportation Management Center
**TMD** Transportation Management District
**TS** Tax Supported
**WMATA** Washington Metropolitan Area Transit Authority
**WQPB** Water Quality Protection Bond
**WQPC** Water Quality Protection Charge
**WSSC** Washington Suburban Sanitary Commission
**WSTC** Washington Suburban Transit Commission
**WY** Work Year
**ZTAWY** Zoning Text Amendment Work Year