

# NON-DEPARTMENTAL

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Non-Departmental is used to manage resources and indirect costs for activities that are not specifically associated with one Department or Agency. The Office of Management and Budget (OMB) has primary responsibility for the activity in Non-Departmental. OMB collaborates with the Office of the County Executive, the Legislative Branch, the Office of Finance and the Office of Central Services to plan and direct Non-Departmental transactions.

## STRUCTURE:

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There are four primary areas in Non-Departmental: Debt Service, Grants and Transfers, Other and Contingencies.

- Debt Service – manages the County’s debt issuance plan and monitors related principal and interest payments.
- Grants and Transfers – administers County contributions to various community organizations as well as community efforts such as Community Television, economic development, and the Conference and Visitors’ Bureau; it also provides transfers to various Capital Improvement projects when deemed appropriate.
- Other – manages those operational transactions that are not agency specific including office space and utilities, special compliance efforts, retiree benefits and equipment leases.
- Contingencies – provides resources for anticipated costs related to unsettled bargaining agreements, designated operating activities and unanticipated employee separation costs.

## FY 2006 KEY NOTATIONS:

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- Effective November 29, 2005, CB-98-2005 provided \$10 million in additional revenue previously unbudgeted that will be transferred to the Capital Improvement Fund for intersection improvements.

## FY 2007 FISCAL OVERVIEW:

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- \$4.2 million has been included in Grants and Transfers Non-Departmental to support the purchase of vehicles for the Prince George’s County Police and Sheriff Departments.
- \$500,000 has been provided in Grants and Transfers for community organizations impacted by FedEx Stadium (CR-73-2005).
- \$24.7 million allocated in Grants and Transfers for various capital improvement projects, including Prince George’s County schools, African-American Museum in North Brentwood, and a Detoxification Center for the Department of Corrections.
- \$12 million is also included in Grants and Transfers to address resource levels in the Risk Management fund.

**DEBT SERVICE**

	FY2005 ACTUAL	FY2006 BUDGET	FY2006 ESTIMATED	FY2007 APPROVED	CHANGE FY2006-FY2007
<b>PRINCIPAL</b>					
Schools (GOB's)	\$ 18,136,445	\$ 18,481,700	\$ 18,481,700	\$ 22,583,900	22.2%
Mass Transit	4,174,096	3,063,900	3,063,900	3,736,400	21.9%
Roads (GOB's)	12,352,021	13,471,600	13,471,600	15,768,000	17.0%
Public Buildings	4,976,267	4,834,100	4,834,100	5,489,700	13.6%
Fire	952,564	813,500	813,500	970,200	19.3%
Community College	958,228	1,121,000	1,121,000	1,297,600	15.8%
Correctional Facilities	1,578,231	1,183,500	1,183,500	1,512,700	27.8%
Library	1,202,802	1,277,500	1,277,500	1,388,400	8.7%
Health	295,334	336,100	336,100	395,700	17.7%
Police	1,144,990	1,004,000	1,004,000	941,200	-6.3%
Hospital	34,022	25,300	25,300	26,200	3.6%
MILA Debt	18,712	20,000	20,000	21,400	7.0%
Local Government Insurance					
Trust (LGIT) Debt	945,000	995,000	995,000	1,055,000	6.0%
Current Year Bond Sale	0	0	0	0	0.0%
<b>TOTAL</b>	<b>\$ 46,768,712</b>	<b>\$ 46,627,200</b>	<b>\$ 46,627,200</b>	<b>\$ 55,186,400</b>	<b>18.4%</b>

**NON-DEPARTMENTAL**

**GENERAL FUND**

	FY2005 ACTUAL	FY2006 BUDGET	FY2006 ESTIMATED	FY2007 APPROVED	CHANGE FY2006-FY2007
<b>INTEREST AND SERVICE CHARGES</b>					
Schools (GOB's)	\$ 17,093,825	\$ 17,003,800	\$ 18,972,300	\$ 18,110,100	6.5%
Mass Transit	1,718,388	1,503,300	1,853,100	1,538,500	2.3%
Roads (GOB's)	10,990,621	11,601,900	12,583,000	11,275,400	(2.8%)
Public Buildings	3,450,740	3,843,600	4,135,800	3,419,000	(11.0%)
Fire	569,573	700,900	715,300	508,100	(27.5%)
Community College	720,210	727,700	801,700	734,100	0.9%
Correctional Facilities	703,613	747,400	747,400	592,100	(20.8%)
Library	965,337	987,900	1,041,800	909,400	(7.9%)
Health	304,425	290,300	290,300	269,700	(7.1%)
Police	328,131	750,000	750,000	234,700	(68.7%)
Hospital	8,981	15,700	15,600	6,300	(59.9%)
MILA Debt	23,258	21,900	21,900	20,500	(6.4%)
Local Government Insurance					
Trust (LGIT) Debt	618,099	561,800	561,800	501,600	(10.7%)
Current Year Bond Sale/Refinancing	0	2,360,000	0	3,800,000	61.0%
Service Charges	729,782	0	0	0	0.0%
<b>TOTAL INTEREST AND SERVICE CHARGES</b>	<b>\$ 38,224,983</b>	<b>\$ 41,116,200</b>	<b>\$ 42,490,000</b>	<b>\$ 41,919,500</b>	<b>2.0%</b>
<b>PRINCIPAL</b>	<b>46,768,712</b>	<b>46,627,200</b>	<b>46,627,200</b>	<b>55,186,400</b>	<b>18.4%</b>
<b>TOTAL PRINCIPAL, INTEREST AND SERVICE CHARGES</b>	<b>\$ 84,993,695</b>	<b>\$ 87,743,400</b>	<b>\$ 89,117,200</b>	<b>\$ 97,105,900</b>	<b>10.7%</b>
Less:					
Mass Transit	\$ (5,892,484)	(4,567,200)	(4,916,900)	(5,274,900)	15.5%
Pre-TRIM Debt	741	0	0	0	0.0%
School Surcharge	(6,082,792)	(6,955,200)	(7,888,900)	(10,940,900)	57.3%
Interest and Premiums	(8,728,185)	0	0	0	0.0%
<b>NET COUNTY DEBT</b>	<b>\$ 64,290,975</b>	<b>\$ 76,221,000</b>	<b>\$ 76,311,400</b>	<b>\$ 80,890,100</b>	<b>6.1%</b>

**FY 2007 Debt Issuance Plan**

In FY 2007, Prince George's County is planning to issue new general obligation debt of approximately \$163 million. The main factor behind the debt issuance continues to be the construction of public schools, followed by road repair and roadway enhancements. Current debt climate remains favorable in a historical context. In FY 2005, the County received a bond rate upgrading from AA to AA+ by Fitch, and maintained its bond rating of AA by S&P and Aa2 by Moody's.

**Outstanding General Fund Direct Debt**

**Direct Debt** is debt incurred by the Prince George's County government in its own name. The gross outstanding general fund debt, the amount that would be due if 100% of the principal were due on June 30, includes the County's General Obligation Bonds, Revenue Authority Revenue Bonds and Maryland Local Government Insurance Trust (LGIT) obligations issued for self-insurance liability funding.

**Net Direct Debt** is gross debt less (1) gross debt payable primarily from user charges or other identified debt-supporting revenue streams and (2) gross debt reimbursable from the State of Maryland. In other words, it represents total direct debt excluding self-supporting debt. On June 30, 2003, County net direct debt was \$551.7 million; on June 30, 2004 the outstanding net direct debt totaled \$661.1 million; and on June 30, 2005, the outstanding net direct debt was \$696.5 million. This excludes overlapping debt of the Industrial Development Authority Lease Revenue Bonds.

**Self-Supporting Debt.** Portions of the gross direct debt are considered to be self-supporting, i.e., not dependent on County tax revenues. Self-supporting outstanding debt, including debt that is repaid solely from the County's share of certain State-collected taxes and user charges, is detailed below:

<b>SELF-SUPPORTING DIRECT DEBT</b>		
(Millions \$'s)		
	6/30/2004	6/30/2005
Mass Transit Debt (WSTC)	\$ 34.6	\$ 36.5
Stormwater Management	41.8	42.6
County Solid Waste Management Bonds	67.9	64.7
School Surcharge-supported	105.9	134.6
Maryland Development Debt	0.3	0.3
Maryland CDA Infrastructure	1.0	1.0
State Bonds	0.0	0.0
<b>Total Self-Supporting Debt</b>	<b>\$ 251.5</b>	<b>\$ 279.7</b>

SOURCE: Official Statement, 6/28/2005, Prince George's County General Obligation Consolidated Public Improvement Bonds, Series 2005, Page 71  
Comprehensive Annual Financial Report for the Year Ended June 30, 2004, Prince George's County, Maryland, Page XII-10.

NOTE: The 2005 debt includes the new bonds issued on July 1, 2005.

**NET TAX-SUPPORTED GENERAL FUND DEBT**  
(Millions \$'s)

	Actual 6/30/2003	Actual 6/30/2004	Actual 6/30/2005
Net Direct Debt	\$ 551.7	\$ 661.1	\$ 696.5
Overlapping Debt	36.4	55.9	54.0
<b>TOTAL</b>	<b>\$ 588.1</b>	<b>\$ 717.0</b>	<b>\$ 750.5</b>
<b>ANNUAL GROWTH</b>		<b>\$ 128.9</b>	<b>\$ 33.5</b>

SOURCE: Official Statement, 6/28/2005, Prince George's County General Obligation Consolidated Public Improvement Bonds, Series 2005, Page 71.  
Comprehensive Annual Financial Report for the Year Ended June 30, 2004, Prince George's County, Maryland, Page XII-10.  
Official Statement, 6/15/2003, Prince George's County General Obligation Consolidated Public Improvement Bonds Series 2003A and General Obligation Consolidated Public Improvement Refunding Bonds Series 2003B, Page 72.

NOTE: The 2005 debt includes the new bonds issued on July 1, 2005.

### Overlapping Debt

In addition to the direct debt, the County has formally agreed to pay the Industrial Development Authority of Prince George's County for the payments due on lease revenue bonds through annual lease payments. The Authority uses the lease payments made by the County to retire its outstanding debt. Most of the proceeds of the debt issued by the Authority were used to build the Prince George's County Courthouse in Upper Marlboro. On June 30, 2005, the outstanding general fund net overlapping debt was \$54.0 million.

### Debt Service and Other Payments

When debt is issued, the County is given a debt service payment schedule similar to the amortization payments given a citizen when he borrows money to purchase a home or a car. The County is required to budget annually for the payment of principal and interest due on the amount of debt that it has incurred along with the annual premium payments and lease payments described under "Other Obligations". (Parking Authority debt and certain other lease payments are shown under Other Non-Departmental.)

From time to time, the County reviews its debt to see if it should restructure or refinance the debt to minimize its cost or to maximize cash flow requirements. A similar technique is used by the taxpayer who refinances his mortgage when interest rates are lowered, resulting in a reduced monthly payment. Or, the taxpayer may choose the lower interest rate and opt for the same monthly payment and thus pay off his debt much quicker.

In general, the County is obligated for its first payment of interest six months after debt is issued; principal is due twelve months after the debt is issued.

### Recoveries

Portions of the debt and obligations related to mass transit are retired through dedicated tax levies. In addition, the County receives certain payments from the State of Maryland for a portion of the IDA lease payments. Starting from FY 2001, school surcharge revenues have been used to offset part of the cost of new school construction.

**Debt Service General Fund Sources**

Highway User Revenue is allocated between the Highway Maintenance Division in the Department of Public Works and Transportation and Debt Service for roads.

**Debt Levels**

County debt level is growing due to the rising need for capital projects, specifically school construction. However, debt level remains relatively low as measured by various indicators shown in the following table. The County plans to keep its debt levels below its self-imposed and statutory limits.

Fiscal Year	Population	Assessed Value	Net Direct Debt	% of Net Direct Debt to Assessed Value	Net Direct Debt Per Capita	Debt Service as a % of General Fund Expenditures
2005	841,642	\$49,441,014,340	\$696,507,549	1.4%	828	3.3%
2004	838,716	46,022,798,662	661,141,076	1.4%	788	4.3%
2003	829,372	43,832,133,344	551,729,272	1.3%	665	3.8%
2002	818,119	42,190,778,637	512,986,731	1.2%	627	3.9%
2001	803,649	18,182,903,909	507,496,857	2.8%	631	4.2%
2000	795,048	17,891,768,130	468,598,727	2.6%	589	4.3%
1999	789,037	17,525,978,395	426,735,523	2.4%	541	4.3%
1998	780,666	17,159,141,300	390,313,990	2.3%	500	4.5%
1997	774,007	16,991,421,580	420,733,003	2.5%	544	4.7%
1996	765,681	16,678,955,890	413,966,874	2.5%	541	4.5%

## Notes:

1. Population estimates are from the U.S. Bureau of the Census, Population Estimates Branch. Population figures are determined at the close of each calendar year.
2. Beginning in fiscal year 2002, real property assessed value in Maryland has been adjusted from approximately 40% of market value to full market value (100%) by the State Department of Assessment and Taxation. Personal property assessed value remains unchanged at full market value.
3. The amount of net direct debt represents the County's general obligation bonded debt - which excludes the Primary Government's Stormwater Management Enterprise Fund bonds paid with dedicated tax collections, Solid Waste Management System bonds repaid from user charges, debt for parks reimbursed by the joint venture M-NCPPC, and debt for mass transit reimbursed by the WSTC (joint venture) - and includes Parking Authority's (component unit) bonded debt.

SOURCE: Comprehensive Annual Financial Report for the Year Ended June 30, 2005, Prince George's County, Maryland, Page 133 (Table 5), Page 142 (Table 13) and Page 146 (Table 17).

Official Statement, 6/28/2005, Prince George's County General Obligation Consolidated Public Improvement Bonds, Series 2005, Page 76.

NOTE: The 2005 debt includes the new bonds issued on July 1, 2005.

## GRANTS AND TRANSFER PAYMENTS

GRANT PROGRAM	FY 2006 APPROVED	FY 2006 ESTIMATED	FY 2007 APPROVED	CHANGE FY 2006-FY 2007
Grants to Community Organizations	\$ 1,320,000	\$ 1,247,700	\$ 1,710,000	29.5%
Required Payments	185,000	199,400	202,500	9.5%
Economic Development Corporation	1,400,000	1,400,000	2,671,200	90.8%
Financial Services Corporation	580,000	580,000	680,000	17.2%
Prince George's Community Television	726,600	726,600	927,900	27.7%
Other Economic Development	74,000	212,600	1,054,000	1324.3%
Conference and Visitors Bureau	660,000	660,000	825,000	25.0%
Memberships	468,000	664,400	730,900	56.2%
Strategic Goals Initiative	850,000	989,300	930,000	9.4%
Dimensions Health Corporation	10,820,000	10,820,000	5,000,000	-53.8%
Transfers to Capital Improvement Fund	50,122,500	60,002,500	24,700,000	-50.7%
Transfer to Fleet Management Fund	0	0	4,200,000	100.0%
Transfers to Other Funds	0	0	12,000,000	0.0%
Other	875,000	875,000	6,350,000	625.7%
<b>TOTAL</b>	<b>\$ 68,081,100</b>	<b>\$ 78,377,500</b>	<b>\$ 61,981,500</b>	<b>-9.0%</b>

**Grants to Community Organizations -- \$1,710,000**

These grants help to support a wide range of organizations serving citizens of all ages and cultural heritages. The objectives of these organizations vary from providing or enhancing recreational or educational opportunities to assisting persons who are experiencing crises or who can benefit from other types of assistance.

**Required Payments -- \$202,500**

Amounts shown here represent anticipated costs mandated by State or local legislation, regulation, or contractual agreement.

**Economic Development Corporation -- \$2,671,200**

Under contract to the County, the Economic Development Corporation promotes economic development and neighborhood and business revitalization, collaborating with the business community and other public entities. Their service has been expanded with the addition of a County workforce services division created to develop and promote employment opportunities.

**Financial Services Corporation -- \$680,000**

This funding supports the Financial Services Corporation, a non-profit corporation that provides non-traditional financing for small and minority owned businesses in Prince George's County.

**Prince George's Community Television -- \$927,900**

Funding supports Community Television of Prince George's County - Channels 76 and 70, the award winning non-profit cable access station.

**Other Economic Development -- \$1,054,000**

Regional marketing and administrative programs are supported by these funds. Beginning in FY 2007, funding includes resources per CR-73-2005 for community organizations impacted by the professional football stadium.

**Conference and Visitors Bureau -- \$825,000**

This funding supports the Conference and Visitors Bureau, which is a promotional agency under contract to the County that is an element of the County's comprehensive economic and cultural development program.

**Membership -- \$730,900**

This funding represents the cost of the County's participation fees in various organizations.

**Strategic Goals Initiative -- \$930,000**

Funding will be utilized to further the Livable Communities strategy and the County's new economic development strategy through support of costs that are not addressed elsewhere in the County budget.

**Dimensions Health Care System, Inc. -- \$5,000,000**

These resources are designated to support the County's public hospital – Prince George's Hospital Center.

**Transfers to CIP -- \$24,700,000**

These resources are designated to support several facilities, including \$7.5 million for Suitland Manor, \$2.5 million for the African-American Museum at North Brentwood, \$4.0 million for the Redevelopment Authority, \$5.0 million for various school projects, \$400,000 for a Detoxification Center for the Department of Corrections, \$2.5 million for Prince George's County Community College Enterprise Resource Planning System, \$600,000 for police station repairs, \$100,000 for mass transit bus shelter in Steeplechase community, \$2 million for major Board of Education renovation projects and \$100,000 for renovations at the Laurel Fire Station.

**Transfer to Fleet Management Fund -- \$4,200,000**

The appropriation for FY 2007 reflects anticipated expenses for the purchase of vehicles for Police and Sheriff.

**Transfer to Other Funds -- \$12,000,000**

Additional funds are provided for the Risk Management fund to address resource shortfalls.

**Other -- \$6,350,000**

This funding provides resources for a new \$3.5 million senior assistance program, grants to various health and human services organizations (\$1.5 million) and a \$500,000 grant to the Ivy Youth and Family Center.

## OTHER NON-DEPARTMENTAL EXPENSES

	FY 2005 ACTUAL	FY 2006 APPROVED	FY 2006 ESTIMATE	FY 2007 APPROVED	CHANGE FY 2006-FY 2007
General Fund Insurance	\$ 5,300,000	\$ 6,000,000	\$ 6,000,000	\$ 7,000,000	16.7%
Judgments and Losses	0	300,000	1,033,500	300,000	0.0%
Postage	1,474,583	1,200,000	1,323,400	1,350,000	12.5%
Real Estate Acq. Program	4,504,673	4,595,900	4,274,500	4,301,700	-6.4%
Equipment Leases	7,169,224	7,150,400	7,150,400	9,006,900	26.0%
Other Leases	8,903,950	8,366,700	9,588,400	9,449,900	12.9%
Utilities	4,337,033	4,538,800	4,853,200	4,800,000	5.8%
Street Light Electricity	1,747,961	1,349,500	1,577,500	1,500,000	11.2%
Traffic Signal Electricity	4,203,525	3,948,400	4,465,800	4,500,000	14.0%
Miscellaneous Expenses	7,425,168	1,235,200	1,584,300	1,121,500	-9.2%
Compensated Absences	(1,821)	0	15,600	0	0.0%
Parking Authority Debt Pymts	1,277,400	0	0	0	0.0%
State Debt Assumption Pymts	1,137,109	1,136,400	1,136,400	1,136,800	0.0%
Deferred Compensation in Lieu	130,527	100,000	130,000	130,000	30.0%
Miscellaneous Pensions	2,959	3,000	3,000	3,000	0.0%
Unemployment Insurance	197,000	250,000	250,000	250,000	0.0%
Retiree Life Benefits/Annuities	921,120	900,000	900,000	900,000	0.0%
Retiree Health Benefits	10,000,000	12,000,000	12,000,000	12,000,000	0.0%
Other Benefit Cost	6,035	0	30,000	0	0.0%
Department of Justice Settlement Costs	1,052,914	1,500,000	1,481,100	1,651,900	10.1%
<b>Sub-Total</b>	<b>\$ 59,789,360</b>	<b>\$ 54,574,300</b>	<b>\$ 57,797,100</b>	<b>\$ 59,401,700</b>	<b>8.8%</b>
<b>Expenditure Recoveries</b>					
Retiree Benefits	(500,373)	(500,100)	(500,100)	(500,100)	0.0%
Leases/Utilities	(1,240,202)	(3,700,800)	(3,700,000)	(3,700,000)	0.0%
Washington Suburban Transit Corp.	0	(145,000)	(104,600)	(104,600)	-27.9%
Acquisition Program	(638,556)	(1,104,200)	(537,600)	(537,600)	-51.3%
Postage	(260,455)	(180,000)	(300,000)	(300,000)	66.7%
Other	(2,006,563)	(1,635,100)	(1,965,000)	(1,965,000)	20.2%
<b>Sub-Total</b>	<b>\$ (4,646,149)</b>	<b>\$ (7,265,200)</b>	<b>\$ (7,107,300)</b>	<b>\$ (7,107,300)</b>	<b>-2.2%</b>
<b>Total</b>	<b>\$ 55,143,211</b>	<b>\$ 47,309,100</b>	<b>\$ 50,689,800</b>	<b>\$ 52,294,400</b>	<b>10.5%</b>

**General Fund Insurance (Self-Insurance Fund) -- \$7,000,000**

General Fund Insurance is managed by the Risk Management Unit in the Office of Finance and insures fire, casualty, automobile, and public losses. The Self-Insurance Fund is composed of the following governmental entities: the County, the Community College, the Library, and the Board of Education. Contribution levels are based on the results of an annual actuarial study.

**Judgments and Losses -- \$300,000**

This appropriation represents contingent small claims payouts by the County.

**Postage -- \$1,350,000**

The postage appropriation for FY 2007 reflects expenses for metered mail, permit mail, and courier services. Approximately 20% of postage costs are recovered from various agencies each year. Total includes funding for recent mail rate increase.

**Real Estate Acquisition Program (REAP) -- \$4,301,700**

On May 3, 1991, pursuant to the Real Estate Acquisition Program (REAP), the County financed the acquisition of two leased properties. The agreement required annual appropriations beginning in FY 1994 to pay annual purchase installment payments. REAP II was issued in August 1994 totaling \$21.9 million. The financing consisted of the purchase of five facilities and the relocation of over 600 employees in 10 different County agencies. The FY 2007 cost of the various REAP leases payment is \$4.3 million.

**Equipment Leases -- \$9,006,900**

The FY 2007 approved expenditure includes the principle and interest payment on the 2001, 2004 and 2005 leases purchase payments. It also includes resources for voting machine rentals.

**Other Leases --\$9,449,900**

The Office of Central Services is responsible for maintaining the County's lease agreements for various locations. There is a slight reduction in FY 2006 due to agency movements associated with Courthouse repairs. The County has agreed to pay the Industrial Development Authority of Prince George's County for payments due on lease revenue bonds through annual lease payments. The Authority uses the lease payments to retire its outstanding debt. Most of the debt proceeds were used to build the Prince George's Courthouse in Upper Marlboro. In FY 2007, there is 12.9% increase to the FY 2006 budget for anticipated lease increases for additional space and operating cost as well as lease extensions due to the Courthouse fire in 2005.

**Utilities -- \$4,800,000**

Utility costs reflect FY 2007 projected expenditure levels for all electricity, gas, oil, and propane used by the County.

**Street Lights -- \$1,500,000**

Street Lights represent electrical energy costs for streetlights maintained by the County.

**Traffic Signals -- \$4,500,000**

Traffic Signals reflect the operational funding for traffic signals provided by the County for vehicular and pedestrian safety.

**Miscellaneous Expenses -- \$1,121,500**

This category includes mandatory interest payments paid to taxpayers whose taxes were rebated or reduced after a final determination of an appeal. The interest is calculated at the same rate as delinquent taxes. It also includes resources for general and administrative services related to the implementation of the County's strategic plan.

**State Debt Assumption -- \$1,136,800**

The County makes payments on various County facilities that have been financed with State debt.

**Deferred Compensation in Lieu of State Retirement -- \$130,000**

Several appointed employees have elected to participate in a Deferred Compensation Plan in lieu of the Maryland State Pension System. These costs are included in this category.

**Miscellaneous Pensions --\$3,000**

A teacher who retired in 1962 is eligible for a supplementary County retirement payment in the amount of \$25.00 per month. Another retiree was added in FY 1998. Article 73B, Section 63, of the Annotated Code of Maryland requires that the County Council of Prince George's County levy and pay pensions to former judges of the People's Court or their surviving spouses. Eligibility is based on court service as provided in the aforementioned law. Additionally under State law (Estates and Trusts Article, Section 2-108), the County must pay pensions to former judges of the County's Orphans' Court.

**Unemployment Insurance --\$250,000**

This represents the anticipated unemployment insurance claims (County portion) payable during the fiscal year.

**Retiree and Other Health Insurance --\$12,900,000**

The County portion of Health Insurance costs for retired employees is funded in this category. Unlike health insurance costs for active employees, these costs cannot be easily assigned to individual departments. These costs are projected to increase over the FY 2006 approved amount due primarily to higher than anticipated health insurance cost projections.

**Department of Justice Settlement Costs -- \$1,651,900**

The \$1.6 million is budgeted for anticipated costs associated with the Department of Justice settlement with the County Police Department.

**Expenditure Recoveries (Project Charges) -- (\$7,107,300)**

Expenditure Recoveries are from non-general funds for the use of space at the Inglewood Center and REAP II recoveries, recovery of costs from the Washington Suburban Transit Commission for mass transit activities, charges for utilities, maintenance and equipment usage payments, retiree health insurance recoveries, and postage recoveries from various funds. FY 2007 recoveries include certain payments by the state of Maryland for a portion of the IDA lease payments.

***CONTINGENCIES***

	FY 2005 ACTUAL	FY 2006 APPROVED	FY 2006 ESTIMATED	FY 2007 APPROVED	CHANGE FY 2006 - FY 2007
Compensation Contingency	\$ 517,918	\$ 3,500,000	\$ 3,500,000	\$ -	-100.0%
Operating Contingency	16,904	700,000	700,000	-	-100.0%
Leave Payout Contingency	3,333,522	500,000	500,000	600,000	20.0%
<b>TOTAL</b>	<b>\$3,868,344</b>	<b>\$ 4,700,000</b>	<b>\$ 4,700,000</b>	<b>\$ 600,000</b>	<b>-87.2%</b>

\*Modest increase in leave payout reflect Cost of Living Adjustments (COLA) and projected retirements.