

**MONTGOMERY COUNTY  
BOARD OF COMMISSIONERS**

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TO: Joshua D. Shapiro, Chair  
Leslie S. Richards, Vice Chair  
Bruce L. Castor, Jr., Commissioner  
Lauren Lambrugo, COO

November 6, 2014

**2014 Quarterly Budget Update – Third Quarter (Q3)**

- **The projected operating deficit for 2014 has been reduced by over \$660,000 (42%) between the 2<sup>nd</sup> and 3<sup>rd</sup> quarter.**
- **Failure by the Commonwealth to reform the 9-1-1 funding system is forcing County taxpayers to cover an additional \$2 million to supplement operations.**
- **Recorder of Deeds revenues are projected to be down \$2.1 million (28%) due to a reduction in home sales and a sharp decline in mortgage refinancing.**

**Summary**

The County continues to reduce its projected operating deficit, despite the need to cover an additional \$2 million in 9-1-1 costs; a shortfall in Recorder of Deeds revenues of \$2.1 million; and, unexpected expenditures of more than \$800,000 related to the severe winter storms.

As of September 30, the County is projecting to end the year with revenues nearly \$4.1 million above budget, and expenditures nearly \$5 million above budgeted levels, directly related to the County operating the Parkhouse facility for just over two months in 2014. The impact of operating Parkhouse through March 6 is an increased net cost to the County of about \$1.5 million relative to budget. In past years, Parkhouse has operated at an annual net deficit to the County of about \$2 - 4 million, a factor in the County's decision to sell the facility earlier this year.

As a direct result of operating Parkhouse for ten weeks longer than anticipated by the original 2014 budget, the County will need to increase appropriation authority by \$5.1 million, the majority of which is offset by a corresponding increase in Parkhouse related revenues. This technical amendment to the budget is consistent with the Second Class County Code, which contemplates such actions to respond to unanticipated revenues and expenditures.

The County projects that net proceeds from 2014 asset sales (the sale of the Human Services Center and Parkhouse) will realize \$16 million, in addition to the \$5 million realized in 2013. The County is projected to end 2014 with a fund balance of \$39 million, an increase of \$15.1 million over the 2013 ending fund balance. This ending fund balance represents a reserve equal to 10.29 percent of revenues, a nearly 74 percent increase from the 2013 figure of 5.93 percent. Ten percent is the recommended reserve level.

On September 30, \$877,099 was transferred to the Pension Fund, the second of four quarterly payments toward the Annual Required Contribution (ARC). 2013 figures in this report are consistent with the County's Audited Financial Statements, which were released by the Office of the Controller on June 30.

Primarily as a result of the factors listed above, the County now projects to have a 2014 year-end operating deficit of nearly \$896,000. This figure represents the lowest projected deficit of any Quarterly Report in 2014, a result of continued efforts to manage revenues and expenditures in the face of numerous fiscal challenges outside of the County's control.

Quarterly Reports present opportunities for the County to identify unexpected divergences from the budget and revise the year-end outlook. The County is then able to make mid-year adjustments with the goal of achieving a balanced budget by year-end, as contemplated in the adopted 2014 budget.

### **Revenues through September 30, 2014**

2014 projected revenues are \$4 million above budget, with primary deviations from the budget including:

- With the County operating Parkhouse through March 6, the County now anticipates receiving an additional \$3.8 million in revenues. This revenue level is consistent with prior years.
- Recorder of Deeds revenues are projected to fall \$2.1 million below budget (28%) due to a reduction in home sales and reduced mortgage refinancing filings.
- Tax Collections are projected to increase by nearly \$1 million over budget.
- Recoverable expenditures are projected to increase by over \$1 million.

## **Expenditures through September 30, 2014**

2014 projected expenditures are projected to end the year nearly \$5 million above budget, with primary deviations from the budget including:

- As a result of the County operating Parkhouse through March 6, the County now anticipates additional Parkhouse related expenditures of just over \$5.3 million. This expenditure level is consistent with prior years.
- An overage of \$2,000,000 in projected transfers to Emergency Communications is due to a continuing growth in costs associated with maintaining the 9-1-1 system. The funding system for 9-1-1 operations was designed by the Commonwealth to be a fee-based system. Despite an increase in personnel and technology costs required for operation, the General Assembly has declined to increase fee levels, requiring increasing amounts of local tax dollars to supplement operations. Additionally, fees from wireless phone lines are not distributed according to County of origination, and the County is not receiving its fair share of the wireless portion of the fees.

In the absence of action by the General Assembly, this problem will continue to require significant taxpayer subsidy, not just for Montgomery County, but for Counties across the Commonwealth. In 2013 Allegheny County identified taxpayer subsidies of over \$5.2 million, and Delaware County estimated nearly \$7 million in taxpayer subsidies

- The severe winter weather resulted in some significant costs for the County. Total storm-related personnel costs, primarily in overtime and Comp Time, exceeded \$800,000. While some Departments have been able to absorb the increased costs to date, a few areas were particularly hard hit:
  - Corrections saw a significant increase in overtime usage and comp time accumulation related to the storms. As the County's largest 24/7 facility, significant numbers of non-exempt personnel receive additional compensation when the rest of the County closes due to inclement weather. Corrections projects to end the year nearly \$600,000 over budget primarily due to storm related costs and other overtime costs.
  - Emergency Communications saw a significant increase in overtime usage and Comp Time accumulation related to the storms. As a 24/7 facility, significant numbers of non-exempt personnel receive additional compensation when the rest of the County closes due to inclement weather.

## **Other Key Financial Issues: TRAN, Overtime and Comp Time Analyses**

- The County began drawing down TRAN funds on February 26<sup>th</sup>, and recaptured all funds by March 10. Net of all fees and recaptured interest, TRAN costs total \$36,548. This represents a reduction of 43 percent from net TRAN costs in 2013 which exceeded \$63,610.
- An analysis of County overtime across departments shows that most areas of County government are staying within budgeted overtime levels, with a few severe winter related exceptions:
  - Assets and Infrastructure, Security, Corrections, Public Safety and Emergency Communications had combined storm-related overtime costs totaling more than \$400,000.
- During Q3, cumulative Comp Time balances fell from Q2 levels by nearly 2,200 hours, but remain more than 3,200 hours above 2013 year-end levels. This increase of 5 percent is due primarily to the severe winter weather. The costs for Comp Time are often borne by the County several years after the related activity when an individual separates from the County, however due to turnover and organizational structure, both Corrections and Emergency Communications tend to payout these costs within the same calendar year.
  - The Sheriff's Office, Corrections, Youth Center, Public Safety and Emergency Communications had significant Comp Time accruals related to the winter storms, accounting for nearly 7,000 hours.
  - The Office of the District Attorney had an increase of 893 Comp Time hours, due primarily to special training for two employees which took place on Saturdays for the entire first quarter, a large NET investigation, additional file folder processing volume, a homicide trial, and undercover investigative assignments.

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

SUMMARY PAGE

|  | 2012 Actual        | 2013 Actual<br>(audited) | 2014 Adopted       | 2014 Current<br>Projection | Current Projection<br>over (under)<br>Adopted Budget |
|--|--------------------|--------------------------|--------------------|----------------------------|--|
| <b>Revenues</b>                                  |                    |                          |                    |                            |  |
| Taxes  | 181,178,189        | 183,314,453              | 183,266,187        | 184,250,000                | 983,813  |
| Parkhouse and HSC Facilities                     | 44,969,303         | 44,917,781               | 10,046,837         | 13,878,314                 | 3,831,477  |
| Departmental and Other Local non-Tax<br>Revenues | 44,613,750         | 47,649,022               | 49,660,984         | 48,487,470                 | (1,173,514)  |
| Grant Revenue                                    | 138,275,760        | 128,475,356              | 132,811,248        | 133,236,106                | 424,858  |
| <b>Total Revenues</b>                            | <b>409,037,002</b> | <b>404,356,612</b>       | <b>375,785,256</b> | <b>379,851,890</b>         | <b>4,066,634</b>                                     |
| Fund Balance January 1                           | 24,001,353         | 17,064,488               | 41,111,727         | 23,980,278                 | (17,131,449)   |
| <b>Total Revenues and Fund Balance</b>           | <b>433,038,355</b> | <b>421,421,100</b>       | <b>416,896,983</b> | <b>403,832,169</b>         | <b>(13,064,814)</b>                                  |
| <b>Total Expenditures</b>                        | <b>409,582,073</b> | <b>401,405,706</b>       | <b>375,753,298</b> | <b>380,747,834</b>         | <b>4,994,536</b>                                     |
| <b>End of Year Adjustments</b>                   | <b>(6,391,794)</b> | <b>(1,035,116)</b>       | <b>-</b>           | <b>-</b>                   |  |
| <b>Reserve for Fund Balance</b>                  | <b>-</b>           | <b>1,915,790</b>         |                    | <b>-</b>                   |  |
| <b>Net Asset Sale Proceeds</b>                   | <b>-</b>           | <b>5,000,000</b>         |                    | <b>16,000,000</b>          | <b>16,000,000</b>                                    |
| <b>Unappropriated Balance (Year end)</b>         | <b>17,064,488</b>  | <b>23,980,278</b>        | <b>41,143,685</b>  | <b>39,084,335</b>          | <b>(2,059,350)</b>                                   |
| <b>Fund Balance as a % of Revenues</b>           | <b>4.17%</b>       | <b>5.93%</b>             | <b>10.95%</b>      | <b>10.29%</b>              |  |
| <b>Annual Operating Surplus/(Deficit)</b>        | <b>(6,936,865)</b> | <b>1,915,790</b>         | <b>31,958</b>      | <b>(895,943)</b>           |  |

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**REVENUE DETAIL**

|                                     |         | <u>2012</u> | <u>2013</u>            |             |                      | <u>2014</u>    |             |                      |                       |
|-------------------------------------|---------|-------------|------------------------|-------------|----------------------|----------------|-------------|----------------------|-----------------------|
|                                     |         | Full Year   | Full Year (cash basis) | Q3 Actual   | Q3 as % of full-year | Adopted Budget | Q3 Actual   | Q3 as % of full-year | Full Year (projected) |
| <b>REAL ESTATE TAXES</b>            |         |             |                        |             |                      |                |             |                      |                       |
|                                     | Current | 176,833,646 | 178,107,747            | 174,224,643 | 98%                  | 178,266,187    | 178,565,758 | 100%                 | 180,000,000           |
|                                     | Prior   | 4,344,543   | 5,206,706              | 5,200,382   | 100%                 | 5,000,000      | 2,826,712   | 57%                  | 4,250,000             |
| Total                               |         | 181,178,189 | 183,314,453            | 179,442,025 | 98%                  | 183,266,187    | 181,392,470 | 99%                  | 184,250,000           |
| <b>PARKHOUSE AND HSC FACILITIES</b> |         |             |                        |             |                      |                |             |                      |                       |
|                                     |         | 44,969,303  | 44,917,781             | 32,672,541  | 73%                  | 10,046,837     | 13,673,216  | 136%                 | 13,878,314            |
| <b>DEPARTMENTAL REVENUE</b>         |         |             |                        |             |                      |                |             |                      |                       |
| Adult Probation                     |         | 1,562,089   | 1,537,727              | 1,537,727   | 100%                 | 1,592,640      | 1,589,822   | 100%                 | 1,589,822             |
| Aging and Adult Services            |         | 327,084     | 1,447,525              | 1,159,944   | 80%                  | 1,875,500      | 1,136,416   | 61%                  | 1,875,500             |
| Assets and Infrastructure           |         |             | 2,309,297              | 1,704,296   | 74%                  | 1,912,331      | 1,370,061   | 72%                  | 1,912,331             |
| Board of Assessment                 |         | 244,390     | 146,260                | 144,960     | 99%                  | 96,500         | 124,070     | 129%                 | 128,000               |
| Children and Youth                  |         | 369,443     | 325,506                | 240,984     | 74%                  | 346,500        | 293,459     | 85%                  | 346,500               |
| Clerk of Courts                     |         | 4,461,096   | 4,549,389              | 3,345,880   | 74%                  | 5,270,000      | 3,461,632   | 66%                  | 4,673,203             |
| Conservation District               |         | 303,994     | 280,862                | 189,516     | 67%                  | 344,469        | 95,856      | 28%                  | 344,469               |
| Coroner                             |         | 243,403     | 281,576                | 211,306     | 75%                  | 310,000        | 214,483     | 69%                  | 310,000               |
| Correction Facility                 |         | 2,561,935   | 2,304,676              | 1,639,412   | 71%                  | 2,202,200      | 1,951,866   | 89%                  | 2,342,239             |
| Courts                              |         | 49,232      | 55,423                 | 37,383      | 67%                  | 65,000         | 39,785      | 61%                  | 65,000                |
| District Attorney                   |         | 346,578     | 279,789                | 215,918     | 77%                  | 130,000        | 90,029      | 69%                  | 130,000               |
| District Justices                   |         | 3,637,140   | 3,490,424              | 2,652,401   | 76%                  | 3,700,000      | 2,180,781   | 59%                  | 3,053,093             |
| Domestic Relations                  |         | 5,948,424   | 5,606,060              | 4,391,934   | 78%                  | 6,388,274      | 3,707,576   | 58%                  | 6,388,274             |
| Drug and Alcohol Programs           |         | 197,798     | 237,780                | 174,732     | 73%                  | 230,000        | 174,690     | 76%                  | 230,000               |
| DUI Administration                  |         | 682,125     | 709,213                | 527,207     | 74%                  | 712,975        | 661,215     | 93%                  | 826,519               |
| Health Department                   |         | 1,204,143   | 1,533,125              | 1,135,095   | 74%                  | 1,276,950      | 636,345     | 50%                  | 1,276,950             |
| Information Technology              |         | 59,136      | 90,870                 | 81,563      | 90%                  | 88,000         | 300,341     | 341%                 | 345,000               |
| Juvenile Probation                  |         | 480,112     | 433,937                | 334,438     | 77%                  | 460,000        | 322,378     | 70%                  | 460,000               |
| Law Library                         |         | -           | -                      |             |                      | 15,000         | 20,603      | 137%                 | 24,000                |

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**REVENUE DETAIL**

|   | <u>2012</u>       |                   | <u>2013</u>       |            | <u>2014</u>       |                   |            |                   |
|---|-------------------|-------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|
| Mental Health Programs (2)                | 622,299           | 672,165           | 480,936           | 72%        | 500,000           | 546,757           | 109%       | 575,000           |
| Planning Commission                       | 675,407           | 834,649           | 484,265           | 58%        | 767,297           | 357,947           | 47%        | 767,297           |
| Prothonotary                              | 4,085,088         | 4,083,104         | 3,077,543         | 75%        | 3,823,918         | 3,151,905         | 82%        | 4,091,592         |
| Public Defender                           | 42,400            | 17,175            | 13,425            | 78%        | 35,000            | 18,750            | 54%        | 35,000            |
| Public Safety                             | 933,430           | 1,043,224         | 731,662           | 70%        | 1,093,500         | 1,023,466         | 94%        | 1,200,000         |
| Purchasing                                | 3,221             | 3,219             | 1,661             | 52%        | 2,000             | 1,579             | 79%        | 2,000             |
| Recorder of Deeds                         | 6,294,906         | 6,723,502         | 5,322,561         | 79%        | 7,635,050         | 4,121,811         | 54%        | 5,495,748         |
| Register of Wills                         | 2,019,280         | 2,549,412         | 2,001,716         | 79%        | 2,580,000         | 1,739,601         | 67%        | 2,580,000         |
| Sheriff                                   | 2,083,083         | 2,363,682         | 1,750,021         | 74%        | 2,426,730         | 1,812,579         | 75%        | 2,426,730         |
| Tax Claim Bureau                          | 1,737,282         | 2,654,956         | 1,867,215         | 70%        | 2,525,000         | 1,999,993         | 79%        | 2,525,000         |
| Treasurer                                 | 90,564            | 84,550            | 67,791            | 80%        | 91,000            | 71,383            | 78%        | 91,000            |
| Youth Centers 2                           | 84,926            | 58,340            | 185               | 0%         | 45,150            | 13,235            | 29%        | 45,150            |
| Other Department Revenue                  | -                 | 86,386            | -                 | 0%         | -                 | 116,044           | -          | 140,000           |
| <b>Total Departmental Revenue</b>         | <b>43,690,265</b> | <b>46,793,803</b> | <b>35,523,677</b> | <b>76%</b> | <b>48,540,984</b> | <b>33,346,458</b> | <b>69%</b> | <b>46,295,418</b> |
| <b>OTHER REVENUE</b>                      |                   |                   |                   |            |                   |                   |            |                   |
| Interest                                  | 113,530           | 137,926           | 90,975            | 66%        | 120,000           | 89,288            | 74%        | 120,000           |
| Recoverable Expenditures                  | 809,955           | 601,304           | 472,878           | 79%        | 900,000           | 744,404           | 83%        | 2,000,000         |
| Bail Recovery                             | -                 | 115,989           | 83,546            | 72%        | 100,000           | 51,466            | 51%        | 72,052            |
| <b>Total Other Revenue</b>                | <b>923,485</b>    | <b>855,219</b>    | <b>696,783</b>    | <b>81%</b> | <b>1,120,000</b>  | <b>885,158</b>    | <b>79%</b> | <b>2,192,052</b>  |
| <b>TOTAL DEPARTMENT AND OTHER REVENUE</b> | <b>44,613,750</b> | <b>47,649,022</b> | <b>36,220,460</b> | <b>76%</b> | <b>49,660,984</b> | <b>34,231,616</b> | <b>69%</b> | <b>48,487,470</b> |

1. The sale of Parkhouse was completed later than contemplated by the 2014 budget, resulting in additional revenues and expenditures associated with the operation of the facility through March 6, 2014.
2. Information Technology revenues are increasing due primarily to a contract to provide ongoing technology services and support at the Parkhouse facility until technology linkages can be discontinued.
3. Recorder of Deeds revenues are down significantly due to a reduction in property sales and mortgage refinancings. The current projection is for a year-end shortfall of \$2.1 million.

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**GRANT REVENUE**

|                                   | <u>2012 (actual)</u> | <u>2013 (Audited)</u> | <u>2014</u>        |                      |                               |                       |
|-----------------------------------|----------------------|-----------------------|--------------------|----------------------|-------------------------------|-----------------------|
|                                   | Full Year            | Full Year             | Adopted            | 3rd Quarter (actual) | 3rd quarter as % of full-year | Full Year (projected) |
| <b>DEPARTMENTAL GRANT REVENUE</b> |                      |                       |                    |                      |                               |                       |
| Adult Probation                   | 190,464              | 234,026               | 218,698            | 156,458              | 72%                           | 218,698               |
| Aging and Adult Services          | 17,272,170           | 14,070,357            | 15,208,000         | 11,864,893           | 78%                           | 15,458,000            |
| Assets and Infrastructure         | 699,120              | 673,442               | 675,000            | 774,719              | 115%                          | 794,719               |
| Children and Youth                | 22,112,872           | 19,537,824            | 20,250,500         | 14,378,440           | 71%                           | 20,250,500            |
| Community Connections             | 0                    | 0                     | 648,894            | 149,225              | 23%                           | 200,000               |
| Coroner                           | 29,795               | 44,528                | 71,000             | 0                    | 0%                            | -                     |
| Courts Administration             | 1,576,803            | 1,627,114             | 1,578,755          | 45,485               | 3%                            | 1,578,755             |
| Day Care                          | 25,355,472           | 24,329,707            | 24,621,607         | 18,941,772           | 77%                           | 24,851,607            |
| District Attorney                 | 355,991              | 575,156               | 244,500            | 314,513              | 129%                          | 325,000               |
| Drug and Alcohol Programs         | 5,417,707            | 5,394,357             | 5,768,609          | 4,007,119            | 69%                           | 5,768,609             |
| Health Department                 | 5,615,016            | 5,088,879             | 5,422,041          | 3,381,090            | 62%                           | 5,422,041             |
| Juvenile Probation                | 8,409,161            | 6,434,119             | 6,537,500          | 3,914,185            | 60%                           | 6,537,500             |
| Mental Health Programs            | 46,854,790           | 46,524,068            | 47,246,007         | 34,790,517           | 74%                           | 47,246,007            |
| Public Safety                     | 596,604              | 496,723               | 1,112,170          | 349,958              | 31%                           | 1,112,170             |
| Planning                          | 23,494               | 24,344                | 12,967             | 19,388               | 150%                          | 24,000                |
| Register of Wills                 | 26,064               | 49,206                | 30,000             | 68,903               | 230%                          | 75,000                |
| Sheriff                           | 1,326                | 1,514                 | 1,500              | 1,299                | 87%                           | 2,000                 |
| PURTA                             | 214,115              | 226,181               | 200,000            | 0                    | 0%                            | 200,000               |
| Youth Centers                     | 3,524,796            | 3,094,426             | 2,963,500          | 1,940,579            | 65%                           | 2,963,500             |
| Other Grant Revenue               | 0                    | 49,385                | -                  | 207,108              | -                             | 208,000               |
| <b>Total Departmental Revenue</b> | <b>138,275,760</b>   | <b>128,475,356</b>    | <b>132,811,248</b> | <b>95,305,651</b>    | <b>72%</b>                    | <b>133,236,106</b>    |

1. The Coroner's Office is in the process of setting up an account outside the General Fund for proceeds from the Vital Statistics fees.

2. Other Grant Revenue includes over \$206,000 in federal grant funds for voting machines



**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**2014 EXPENDITURE DETAIL**

|                                    | 2012 Actual       | 2013 Actual       | 2014              |                   |                                    |                              |   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------|---|
|                                    |                   |                   | Adopted Budget    | Q3 Actual         | Q3 Actual as a % of Adopted Budget | Full-year projection (at Q3) | Difference Between Adopted and Current Projection |
| <b>COUNTY ADMINISTRATION</b>       |                   |                   |                   |                   |                                    |                              |   |
| Commissioners                      | 2,804,341         | 2,576,708         | 2,724,514         | 2,079,526         | 76%                                | 2,724,514                    | -   |
| Assets and Infrastructure          | 6,595,970         | 3,966,383         | 6,438,227         | 5,152,477         | 80%                                | 6,552,000                    | 113,773   |
| Board of Assessment Appeals        | 2,699,090         | 2,742,398         | 3,297,845         | 2,326,657         | 71%                                | 3,094,454                    | (203,391)   |
| Controller                         | 1,683,363         | 1,504,245         | 1,869,467         | 1,283,137         | 69%                                | 1,706,572                    | (162,895)   |
| Security                           | 992,699           | 908,977           | 897,993           | 674,264           | 75%                                | 897,993                      | -   |
| Economic/Workforce Development     | 236,919           | 27,625            | 26,627            | 19,970            | 75%                                | 26,627                       | -   |
| Human Resources                    | 860,371           | 779,399           | 865,055           | 628,616           | 73%                                | 836,059                      | (28,996)  |
| Information Technology Solutions   | 6,048,349         | 5,614,158         | 6,654,711         | 3,781,781         | 57%                                | 5,861,761                    | (792,950)   |
| Planning Commission                | 3,144,928         | 3,110,420         | 3,364,082         | 2,471,780         | 73%                                | 3,287,467                    | (76,615)  |
| Public Defender                    | 3,277,100         | 3,727,164         | 4,035,708         | 3,033,061         | 75%                                | 4,035,708                    | -   |
| Purchasing                         | 715,339           | 735,781           | 828,259           | 612,050           | 74%                                | 828,259                      | -   |
| Recorder of Deeds                  | 1,606,855         | 1,539,533         | 1,701,677         | 1,175,049         | 69%                                | 1,562,815                    | (138,862)   |
| Tax Collector's Fees               | 1,615,095         | 1,478,026         | 1,440,000         | 1,226,091         | 85%                                | 1,440,000                    | -   |
| Tax Claim Bureau                   | 57,631            | 749,785           | 695,405           | 335,820           | 48%                                | 695,405                      | -   |
| Treasurer                          | 604,659           | 638,721           | 670,601           | 487,905           | 73%                                | 670,601                      | -   |
| Voter Services                     | <u>2,135,421</u>  | <u>1,842,951</u>  | <u>2,074,459</u>  | <u>1,335,277</u>  | <u>64%</u>                         | <u>2,002,916</u>             | <u>(71,544)</u>                                   |
| <b>Total County Administration</b> | <b>30,260,054</b> | <b>31,914,660</b> | <b>37,584,630</b> | <b>26,623,461</b> | <b>71%</b>                         | <b>36,223,151</b>            | <b>(1,361,479)</b>                                |
| -                                  |                   |                   |                   |                   |                                    |                              |   |
| <b>JUDICIAL</b>                    |                   |                   |                   |                   |                                    |                              |   |
| Clerk of Courts                    | 1,815,605         | 2,090,095         | 2,377,908         | 1,745,775         | 73%                                | 2,321,881                    | (56,027)  |
| Coroner                            | 1,210,529         | 1,358,876         | 1,366,492         | 1,007,675         | 74%                                | 1,366,492                    | -   |
| Courts/Drug Court                  | 13,692,081        | 15,499,765        | 15,403,741        | 11,576,896        | 75%                                | 15,403,741                   | -   |
| Court Appointed Fees               |                   |                   | 575,000           | 625,612           | 109%                               | 750,734                      | 175,734   |
| District Attorney                  | 14,845,365        | 13,896,555        | 14,386,905        | 10,891,366        | 76%                                | 14,485,517                   | 98,612  |

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**2014 EXPENDITURE DETAIL**

|                              | 2012 Actual       | 2013 Actual       | 2014              |                   |                                    |                              |   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------|---|
|                              |                   |                   | Adopted Budget    | Q3 Actual         | Q3 Actual as a % of Adopted Budget | Full-year projection (at Q3) | Difference Between Adopted and Current Projection |
| District Justices            | 9,582,807         | 9,588,515         | 9,910,527         | 7,532,776         | 76%                                | 9,910,527                    | -   |
| Domestic Relations           | 8,044,220         | 7,609,935         | 8,274,552         | 5,949,134         | 72%                                | 7,912,348                    | (362,204)   |
| Jury Board                   | 421,214           | 476,626           | 533,678           | 393,962           | 74%                                | 531,010                      | (2,668)   |
| Law Library                  | 708,281           | 514,863           | 620,694           | 403,003           | 65%                                | 612,625                      | (8,069)   |
| Prothonotary                 | 1,909,104         | 2,312,451         | 2,406,506         | 1,794,415         | 75%                                | 2,406,506                    | -   |
| Register of Wills            | 1,085,090         | 1,096,854         | 1,206,674         | 858,831           | 71%                                | 1,142,245                    | (64,429)  |
| Sheriff/Central Processing   | <u>7,291,179</u>  | <u>8,180,247</u>  | <u>8,786,437</u>  | <u>6,478,701</u>  | <u>74%</u>                         | <u>8,742,505</u>             | <u>(43,932)</u>                                   |
| <b>Total Judicial</b>        | <b>60,605,475</b> | <b>62,624,782</b> | <b>65,849,114</b> | <b>49,258,146</b> | <b>75%</b>                         | <b>65,586,131</b>            | <b>(262,983)</b>                                  |
| <b>CORRECTIONS</b>           |                   |                   |                   |                   |                                    |                              |   |
| Adult Probation              | 6,752,328         | 7,141,554         | 7,530,819         | 5,593,728         | 74%                                | 7,439,658                    | (91,161)  |
| Juvenile Probation           | 4,915,995         | 4,956,134         | 4,997,363         | 3,867,771         | 77%                                | 5,144,135                    | 146,772   |
| Child Care - Delinquent      | 10,219,260        | 8,864,348         | 10,207,000        | 7,288,767         | 71%                                | 9,694,060                    | (512,940)   |
| Driving Under the Influence  | 397,177           | 400,740           | 451,563           | 341,662           | 76%                                | 451,563                      | -   |
| Correction Facility          | 31,819,560        | 31,774,981        | 32,174,133        | 25,196,919        | 78%                                | 32,755,995                   | 581,862   |
| Youth Detention Center       | <u>3,653,194</u>  | <u>3,646,468</u>  | <u>4,007,879</u>  | <u>2,872,301</u>  | <u>72%</u>                         | <u>3,820,160</u>             | <u>(187,719)</u>                                  |
| <b>Total Corrections</b>     | <b>57,757,514</b> | <b>56,784,225</b> | <b>59,368,757</b> | <b>45,161,148</b> | <b>76%</b>                         | <b>59,305,572</b>            | <b>(63,185)</b>                                   |
| <b>GENERAL WELFARE</b>       |                   |                   |                   |                   |                                    |                              |   |
| Drug and Alcohol Programs    | 5,402,529         | 5,998,413         | 6,147,241         | 4,941,290         | 80%                                | 6,147,241                    | -   |
| Behavioral Health Programs   | 53,065,165        | 49,282,838        | 49,132,413        | 34,724,402        | 71%                                | 49,132,413                   | -   |
| Health Department            | 8,736,377         | 8,492,366         | 9,274,712         | 6,818,178         | 74%                                | 9,068,177                    | (206,535)   |
| Community Connections        | <u>250</u>        | <u>-</u>          | <u>635,634</u>    | <u>128,932</u>    | <u>20%</u>                         | <u>171,480</u>               | <u>(464,154)</u>                                  |
| <b>Total General Welfare</b> | <b>67,204,321</b> | <b>63,773,617</b> | <b>65,190,000</b> | <b>46,612,802</b> | <b>72%</b>                         | <b>64,519,310</b>            | <b>(670,690)</b>                                  |

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**2014 EXPENDITURE DETAIL**

|                                   | 2014              |                   |                   |                   |                                    |                              |   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|------------------------------|---|
|                                   | 2012 Actual       | 2013 Actual       | Adopted Budget    | Q3 Actual         | Q3 Actual as a % of Adopted Budget | Full-year projection (at Q3) | Difference Between Adopted and Current Projection |
| <b>ADULT WELFARE</b>              |                   |                   |                   |                   |                                    |                              |   |
| Aging and Adult Services          | 18,199,252        | 16,343,188        | 18,711,481        | 14,308,561        | 76%                                | 18,711,481                   | -   |
| Parkhouse and Assisted Living     | 46,587,208        | 47,435,886        | 7,280,684         | 12,617,058        | 173%                               | 12,617,058                   | 5,336,374   |
| <b>Total Adult Welfare</b>        | <b>64,786,460</b> | <b>63,779,074</b> | <b>25,992,165</b> | <b>26,925,619</b> | <b>104%</b>                        | <b>31,328,539</b>            | <b>5,336,374</b>                                  |
| <b>CHILD WELFARE</b>              |                   |                   |                   |                   |                                    |                              |   |
| Youth Shelter Center              | 1,253,451         | 1,245,233         | 1,334,567         | 905,748           | 68%                                | 1,204,645                    | (129,922)   |
| Children and Youth Administration | 9,651,462         | 9,963,072         | 11,729,575        | 7,943,311         | 68%                                | 10,564,604                   | (1,164,971)                                       |
| Child Care - Dependent            | 11,520,411        | 13,392,661        | 14,050,000        | 10,231,978        | 73%                                | 14,050,000                   | -   |
| Day Care                          | 25,519,875        | 24,820,618        | 24,619,658        | 18,538,548        | 75%                                | 24,619,658                   | -   |
| <b>Total Child Welfare</b>        | <b>47,945,199</b> | <b>49,421,584</b> | <b>51,733,800</b> | <b>37,619,585</b> | <b>73%</b>                         | <b>50,438,906</b>            | <b>(1,294,894)</b>                                |
| <b>PUBLIC SAFETY</b>              | <b>3,100,478</b>  | <b>3,551,723</b>  | <b>3,810,835</b>  | <b>2,668,119</b>  | <b>70%</b>                         | <b>3,601,961</b>             | <b>(208,874)</b>                                  |
| <b>OTHER</b>                      |                   |                   |                   |                   |                                    |                              |   |
| Veterans Affairs                  | 352,841           | 388,558           | 482,513           | 287,341           | 60%                                | 452,827                      | (29,686)  |
| Insurance                         | 1,719,805         | 1,764,193         | 1,903,297         | 1,773,915         | 93%                                | 1,800,000                    | (103,297)   |
| Debt Service                      | 39,015,410        | 39,971,132        | 38,750,000        | 25,017,782        | 65%                                | 38,750,000                   | -   |
| Reduction in Staff Complement     |                   |                   | (2,900,000)       |                   |                                    | (725,000)                    | 2,175,000   |
| Tax Refunds and Appraisals        | 1,478,584         | 1,007,555         | 1,000,000         | 592,753           | 59%                                | 1,000,000                    | -   |
| Legal and Professional Fees       | 269,252           | 244,594           | 300,000           | 168,669           | 56%                                | 300,000                      | -   |
| Merit Based Bonus                 |                   |                   | 1,171,750         | 175,618           | 15%                                | 500,000                      | (671,750)   |
| Miscellaneous                     | 125,077           | 261,877           |                   | 133,217           |                                    | 150,000                      | 150,000   |
| <b>Total Other</b>                | <b>42,960,969</b> | <b>43,637,909</b> | <b>40,707,560</b> | <b>28,149,295</b> | <b>69%</b>                         | <b>42,227,827</b>            | <b>1,520,267</b>                                  |

**Montgomery County Quarterly Financial Update**  
**2014, Third Quarter (through September, 2014)**

**2014 EXPENDITURE DETAIL**

|                                 |                    |                    | 2014               |                    |                                    | Full-year projection (at Q3) | Difference Between Adopted and Current Projection |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|------------------------------------|------------------------------|---|
|                                 | 2012 Actual        | 2013 Actual        | Adopted Budget     | Q3 Actual          | Q3 Actual as a % of Adopted Budget |                              |   |
| <b>TRANSFERS TO OTHER FUNDS</b> |                    |                    |                    |                    |                                    |                              |   |
| Emergency Communications        | 300,000            | 2,502,143          | 500,000            | 1,949,654          | 390%                               | 2,500,000                    | 2,000,000   |
| Liquid Fuels                    | 350,000            | -                  | -                  | -                  | -                                  | -                            | -   |
| Recycling                       |                    |                    | 100,000            | -                  | 0%                                 | 100,000                      | -   |
| <b>Total Transfers</b>          | <b>650,000</b>     | <b>2,502,143</b>   | <b>600,000</b>     | <b>1,949,654</b>   | <b>325%</b>                        | <b>2,600,000</b>             | <b>2,000,000</b>                                  |
| <b>SUBSIDIES</b>                |                    |                    |                    |                    |                                    |                              |   |
| Conservation District           | 511,126            | 481,802            | 544,469            | 346,674            | 64%                                | 544,469                      | -   |
| Cooperative Extension           | 323,871            | 328,614            | 333,630            | 253,777            | 76%                                | 333,630                      | -   |
| Appropriation Summary           | 28,827,458         | 22,610,115         | 24,038,338         | 22,786,304         | 95%                                | 24,038,338                   | -   |
| <b>Total Subsidies</b>          | <b>29,662,455</b>  | <b>23,420,531</b>  | <b>24,916,437</b>  | <b>23,386,755</b>  | <b>94%</b>                         | <b>24,916,437</b>            | <b>-</b>  |
| <b>TOTAL EXPENDITURES</b>       | <b>409,751,001</b> | <b>401,410,248</b> | <b>375,753,298</b> | <b>288,354,585</b> | <b>77%</b>                         | <b>380,747,834</b>           | <b>4,994,536</b>                                  |

**EXPENDITURES NOTES**

1. Expenditures for Corrections are projecting higher primarily due to costs related to the severe winter weather and the number of days the County was closed.
2. The sale of Parkhouse was completed later than contemplated by the 2014 budget, resulting in additional revenues and expenditures associated with the operation of the facility through March 6, 2014.
3. The adopted 2014 budget included a line-item related to anticipated staffing reductions and vacancy rates. Throughout the year, this figure is absorbed into the appropriate lines across the County budget.
4. There were 270 merit awards through the third quarter of 2014.
5. Due to the failure of the Commonwealth to provide adequate funding for 9-1-1 operations, the County is now anticipating that Emergency Communications will require an additional \$2 million from the County.

**Montgomery County Quarterly Financial Update  
2014, Third Quarter (through September, 2014)**

**2014 TAX REVENUE ANTICIPATION NOTES**

The approved budget for 2014 did not anticipate that the County would require a short-term borrowing to ensure that the County would have a sufficient cash flow to meet County obligation levels during the first quarter of the year. As a result of the due diligence period related to the sale of Parkhouse, the County issued a short-term Tax Revenue Anticipation Note (TRAN) for approximately \$9.75 million.

The interest rate on the one year note is .61%, the expected total interest cost for the year is approximately \$9,912.50.

The TRAN is a two-month borrowing. Once the proceeds from the sale of Parkhouse were received, the County invested the TRAN principal and earned interest to offset the TRAN repayment interest and fee obligations. Interest earned is reflected below.

| <b>Date</b> | <b>Action</b>           | <b>TRAN Funds Utilized</b> | <b>Year-to-date<br/>TRAN funds<br/>Utilized</b> | <b>Available TRAN<br/>funds</b> |
|-------------|-------------------------|----------------------------|---|---------------------------------|
| 24-Feb-14   | TRAN net funds received |                            |   | \$ 9,750,000                    |
| 26-Feb-14   | TRAN funds drawdown     | 6,000,000                  | 6,000,000                                       | \$ 3,750,000                    |
| 28-Feb-14   | TRAN funds drawdown     | 2,500,000                  | 8,500,000                                       | \$ 1,250,000                    |
| 10-Mar-14   | TRAN funds recapture    | <u>(8,500,000)</u>         | <u>-</u>  | <u>\$ 9,750,000</u>             |

**2014 TRAN Revenues and Expenditures**

|                                     |                     |
|-------------------------------------|---------------------|
| TRAN Borrowing Costs - fees         | \$ 31,184.00        |
| TRAN Borrowing Costs - net interest | \$ 9,912.50         |
| <b>Total TRAN costs</b>             | <b>\$ 41,096.50</b> |

2014 Interest earned on TRAN principal: 4,548.97

**NET TRAN COSTS \$ 36,547.53**

**Montgomery County Quarterly Financial Update  
2014, Third Quarter (through September, 2014)**

**OVERTIME USAGE ANALYSIS**

| <u>Department</u>         | <u>2012 Actual</u> | <u>2013 Actual</u> | <u>2014 Budget</u> | <u>2014 Through Q3 3rd quarter as %</u> |                     |
|---------------------------|--------------------|--------------------|--------------------|---|---------------------|
|                           |                    |                    |                    | <u>Actual</u>                           | <u>of full-year</u> |
| Aging - Administration    | 1,137              | 4,118              | -                  | 1,540                                   |                     |
| Assets and Infrastructure | 84,376             | 74,824             | 117,456            | 131,727                                 | 112% <sup>2,3</sup> |
| Security                  | 20,614             | 17,032             | 12,000             | 18,155                                  | 151% <sup>2</sup>   |
| Voter Services            | 146,530            | 63,421             | 75,000             | 39,094                                  |                     |
| Domestic Relations        | 18,756             | 13,073             | 15,996             | 4,227                                   | 26%                 |
| Sheriff                   | 321,887            | 370,334            | 354,000            | 271,667                                 | 77%                 |
| Coroner                   | 16,461             | 22,290             | 24,996             | 15,627                                  | 63%                 |
| Prothonotary              | (1,684)            | 535                |                    | -                                       |                     |
| Clerk of Courts           | 36,393             | 9,658              | 9,996              | 9,045                                   | 90%                 |
| District Attorney         | 688,114            | 627,938            | 800,004            | 478,608                                 | 60%                 |
| Correctional Facility     | 794,691            | 670,921            | 492,000            | 1,197,969                               | 243% <sup>2,4</sup> |
| Youth Shelter Center      | 16,139             | 18,155             | 20,004             | 6,845                                   | 34%                 |
| Youth Detention Center    | 60,006             | 38,902             | 54,996             | 17,178                                  | 31%                 |
| DUI                       | 21,035             | 33,300             | 47,700             | 27,325                                  | 57%                 |
| Adult Probation           | 91,851             | 93,870             | 92,808             | 71,647                                  | 77%                 |
| Juvenile Probation        | 8,823              | 9,583              | 10,368             | 6,465                                   | 62%                 |
| Drug Court                | 57,082             | 54,134             | 51,996             | 42,725                                  | 82%                 |
| Public Safety             | 0                  | 348                | 4,889              | 4,774                                   | 98% <sup>2</sup>    |
| Parkhouse                 | 724,285            | 720,960            | -                  | 236,941                                 | <sup>2</sup>        |
| Emergency Communications  | 1,349,502          | 1,345,689          | 1,000,000          | 992,431                                 | 99% <sup>2</sup>    |
| Other <sup>1</sup>        | 6,039              | 1,942              | -                  | 2,046                                   | 0%                  |
| <b>TOTALS</b>             | <b>4,462,037</b>   | <b>4,191,027</b>   | <b>3,184,209</b>   | <b>3,576,036</b>                        | <b>112%</b>         |

**Overtime Notes:**

1. Other includes departments which average less than \$1,000 a year in OT costs .
2. Several Departments (Assets and Infrastructure, Security, Corrections, Public Safety, Parkhouse, and Emergency Communications) experienced significant overtime expenditures due to the many severe storms during the first quarter.
3. Assets and Infrastructure overtime figures are higher due in part to a decision to utilize overtime rather than comp time for special events.
4. Corrections overtime usage is higher due in part to a higher than usual number of vacancies and an increase in the number of medical visits.

**Montgomery County Quarterly Financial Update  
2014, Third Quarter (through September, 2014)**

**COMP TIME REPORT**

| <u>DepartmentName</u>   | <u>Jan/09</u>  | <u>Jan/10</u>  | <u>Jan/11</u>  | <u>Jan/12</u>  | <u>Jan/13</u>  | <u>Jan/14</u>  | <u>9/30/14</u> | <u>Change from</u><br><u>Jan/14 to</u><br><u>9/30/14</u> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|                         | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> |  |
| Court House Security    | 837            | 1,057          | 950            | 1,188          | 1,004          | 682            | 600            | (82)   |
| Voter Services          | 1,913          | 2,117          | 2,262          | 2,378          | 2,630          | 1,275          | 1              | (1,274)  |
| Controller              | 81             | 3              | -              | -              | -              | -              | -              | -  |
| Planning Commission     | 3,453          | 3,001          | 2,533          | 2,349          | 1,516          | 1,609          | 1,095          | (514)  |
| Recorder of Deeds       | 247            | 247            | 247            | 240            | 240            | -              | -              | -  |
| Purchasing              | 91             | 59             | 38             | 29             | 0              | -              | 0              | -  |
| Domestic Relations      | 604            | 528            | 408            | 343            | 377            | 401            | 447            | 46   |
| Sheriff                 | 5,224          | 5,980          | 6,368          | 6,787          | 7,279          | 7,077          | 7,553          | 476 <sup>1</sup>   |
| Coroner                 | 1,022          | 1,087          | 818            | 658            | 654            | 241            | 225            | (16)   |
| Prothonotary            | 353            | 367            | 293            | 242            | 199            | 69             | 71             | 2  |
| Clerk of Courts         | 289            | 184            | 106            | 55             | 125            | 229            | 203            | (26)   |
| District Attorney       | 10,472         | 11,316         | 11,388         | 12,516         | 12,950         | 11,757         | 12,650         | 893 <sup>2</sup>   |
| Courts                  | 847            | 977            | 532            | 510            | 509            | -              | 5              | 5  |
| District Justices       | 36             | 36             | 36             | 36             | 36             | -              | 34             | 34   |
| Correctional Facility   | 8,495          | 9,533          | 14,377         | 15,336         | 15,262         | 17,529         | 21,626         | 4,097 <sup>1</sup>                                       |
| Youth Center Shelter    | 37             | 30             | 39             | 42             | 80             | 53             | 127            | 74 <sup>1</sup>  |
| Youth Center            | 392            | 370            | 315            | 407            | 520            | 452            | 840            | 388 <sup>1</sup>   |
| Adult Probation         | 1,864          | 1,941          | 1,684          | 1,558          | 1,269          | 1,423          | 1,209          | (214)  |
| Juvenile Probation      | 4,934          | 4,811          | 4,449          | 3,691          | 3,483          | 3,100          | 2,874          | (226)  |
| Drug Court              | 40             | 23             | 12             | 16             | 16             | -              | 2              | 2  |
| Information Technology  | 310            | 359            | 333            | 398            | 453            | 642            | 655            | 13   |
| Human Resources         | -              | 1              | 19             | 41             | -              | -              | -              | -  |
| Public Safety           | 1,002          | 880            | 972            | 1,412          | 2,114          | 1,474          | 1,310          | (164) <sup>1</sup>                                       |
| Assets & Infrastructure | 6,757          | 5,980          | 6,715          | 6,114          | 6,011          | 5,073          | 4,675          | (398) <sup>3</sup>                                       |
| Health Department       | 378            | 776            | 675            | 829            | 816            | 619            | 798            | 179  |
| Aging & Adult Services  | 801            | 766            | 687            | 728            | 574            | 646            | 555            | (91)   |

**Montgomery County Quarterly Financial Update  
2014, Third Quarter (through September, 2014)**

**COMP TIME REPORT**

| <u>DepartmentName</u>          | <u>Jan/09</u>  | <u>Jan/10</u>  | <u>Jan/11</u>  | <u>Jan/12</u>  | <u>Jan/13</u>  | <u>Jan/14</u>  | <u>9/30/14</u> | <u>Change from</u> |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
|                                | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Balance</u> | <u>Jan/14 to</u>   |
|                                |                |                |                |                |                |                |                | <u>9/30/14</u>     |
| Children & Youth               | 548            | 810            | 723            | 1,248          | 1,502          | 1,766          | 1,305          | (461)              |
| Day Care                       | 183            | 151            | 168            | 132            | 116            | 71             | 44             | (27)               |
| Day Care - Court Care          | 33             | 33             | 33             | 18             | 18             | 18             | 18             | -                  |
| Waste System Authority         | 120            | 136            | 233            | 167            | 162            | 149            | 90             | (59)               |
| Emergency Dispatch<br>Services | 1,380          | 1,542          | 2,288          | 2,728          | 2,626          | 2,723          | 3,974          | 1,251 <sup>1</sup> |
| Parkhouse                      | 3,164          | 3,000          | 2,918          | 2,531          | 3,100          | 644            | -              | (644)              |
| Career Development             | 43             | 67             | 48             | 28             | 28             | 28             | 16             | (12)               |
| Other                          | 346            | 233            | 273            | 182            | 160            | 91             | 50             | (41)               |
| <b>Total</b>                   | <b>55,123</b>  | <b>57,199</b>  | <b>62,218</b>  | <b>64,246</b>  | <b>65,220</b>  | <b>59,796</b>  | <b>63,052</b>  | <b>3,256</b>       |

1. Several Departments (Sherrif, Corrections, Youth Center, Public Safety and Emergency Dispatch) saw significant comp time accruals during Q1 due to the many severe storms during the quarter.

2. Significant comp time accruals in the Office of the District Attorney resulted from special training for two employees which took place on Saturdays for the entire first quarter, a large NET investigation, additional file folder processing volume, a homicide trial, and undercover investigative assignments.

3. Comp Time in Assets and Infrastructure has gone down as the department has utilized overtime rather than Comp Time when special events require additional staff time.