



NEWS

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First Quarter Report Shows Montco to Be On Firmer Fiscal Ground

Norristown, PA (April 18, 2013) – Steady as she goes!

After fighting rough fiscal seas for the past year featuring \$10 million waves of deficit and deep troughs of deferred infrastructure maintenance, Montgomery County's fiscal ship apparently has come through the worst of the storm and has entered calmer waters. That was the message the commissioners received when Chief Financial Officer Uri Monson delivered his first quarter report for 2013 at the bi-weekly commissioners' meeting.

Monson's report had three significant highlights:

- The county now projects an additional \$2.6 million in surplus than was projected on top of the nearly \$2.6 million in reserves set aside to grow the county's fund balance.
- This is the first year since 2007 that the fund balance would grow.
- On March 31, \$845,718 was transferred to the county's pension fund. This was the first of four quarterly payments toward the Annual Required Contribution (ARC), and was the first ARC payment by the county since 2007.

"Everything is heading in the right direction," said Commissioner Josh Shapiro, chair of the board of commissioners. "We are projecting our first surplus since 2007, our first payment to the pension fund since 2007 and the first increase in our reserve fund since 2007. That is an impressive turnaround in 16 months."

Commenting further on the county's fund balance, Monson said a conservative estimate would put the fund balance at about \$22.2 million at the end of 2013.

In other good news, Monson reported that due, in part, to the higher than expected cash balance, the county ended the first quarter having utilized only \$10.5 million of the \$30.2 million short-term loan the county took to handle expenses, primarily payroll, until 2013 taxes began coming in. He said no additional drawdowns of the loan are anticipated.

Monson also reported that projected 2013 revenues are generally consistent with the adopted budget through the first quarter with four main exceptions:

- Based on an advisory from the Commonwealth, Marcellus Shale Unconventional grant funds should be reflected in the capital budget rather than the operating budget. As a result, \$1 million has been taken out of both the revenues and expenditure lines for Assets and Infrastructure, with no net impact on the county budget.
- Due to a change in certain reimbursement rules for the Domestic Relations Office, the county is now projected to receive nearly \$900,000 less in reimbursements.
- Revenue projections were made assuming that mortgage foreclosures would grow at a rate of about five percent in 2013. Through the first quarter, these filings are down 27 percent. While this is a welcome positive sign for the county economy, this results in a projected shortfall of \$300,000 in revenues for the Office of the Prothonotary.
- Increased activity in filings with the Recorder of Deeds has resulted in a projected increase in revenues by \$400,000.

Monson also said expenditures were generally consistent with the adopted budget with a few notable exceptions:

- A \$1.26 million reduction in projected Assets and Infrastructure expenditures - \$1 million of which is attributable to the re-budgeting of the Marcellus Shale Unconventional grant funds, and the remainder due to ongoing restructuring and streamlining efforts.
- Significant projected reductions in several departments due primarily to better than projected spending levels on personnel, overtime, and controllable expenses:
 - o Board of Assessment Appeals (\$163,081)
 - o Controller's Office (\$112,278)
 - o Information Technology Solutions (\$102,286)
 - o Child Care – Delinquent budget (\$1 million)
 - o Department of Corrections (\$787,098)
 - o Health Department (\$174,500)
 - o Aging and Adult Services (\$234,420)
 - o Child Care- Dependent (\$260,543)

- A projected overage of over \$1.1 million in the Office of the District Attorney. Approximately \$80,000 of that overage is directly related to the recently ratified labor agreement between the County and the County Detectives.