



NEWS

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Moody's Reaffirms Montco's Healthy Financial Position

Norristown, PA (September 8, 2016) – Moody's Investors Service has reaffirmed Montgomery County's Aa1 bond rating with a stable outlook, and noted that the rating "reflects the county's healthy financial position."

The new Moody's rating is related to a \$51 million County bond offering which will refund the County's outstanding General Obligation Bonds Series 2006A and 2009A. The County expects to receive bids for the 2016 Series B and C bonds through a competitive sale process on September 14th.

Moody's highlighted the County's "third consecutive operating surplus despite the Commonwealth of Pennsylvania's prolonged budget impasse that stalled \$40 million in human services payments due to the County. Notably Montgomery County was able to continue paying these obligations... by using reserves instead of issuing short-term notes."

"Moody's has re-confirmed that the County is on the right track and our responsible fiscal policies have established a stable and strong economy and are setting us up for a secure financial future," said Josh Shapiro, chair of the Montgomery County Board of Commissioners. "Given where we were only a few short years ago – with huge budget deficits and a failure to address our financial obligations – the turnaround is quite remarkable. In fact, our fiscal management policies and our significant fund balance were sufficient to meet the most extreme fiscal circumstances the County has faced in decades."

Moody's highlighted the County's growing tax base as a result of "new development and stable institutional presence." Moody's also noted that the County's growth is "likely to continue as pending

development including over 4,300 residential units, 1.1 million square feet of commercial space, and the redevelopment of Willow Grove Naval Station are underway.”

Montgomery County continues to exceed state and national medians for family income and the Moody’s report also notes that Montgomery County’s unemployment rate remains well below that of the state and the nation.

“We’ve reduced County expenditures by nearly 10% over the last five years, have increased General Fund reserves to \$40 million, and have one of the lowest unemployment rates in the state,” added Shapiro. “As reflected in the Moody’s report, Montgomery County has become more attractive to residents, businesses, and investors. This is good news for all who live and work in the County.”

In addition, Moody’s noted that the County’s manageable pension liability reinforced its credit strengths – highlighting that County contributions to the pension fund have doubled in the last two years.

“Despite cutting \$34 million from the budget over five years, the County committed to meeting annual pension obligations. From 2007-2012, previous County administrations made no payments into the fund, while we have made steadily increasing payments since 2013 – including budgeting for an \$8 million payment this year,” added Shapiro. “Unlike other communities across the country, we believe meeting this obligation now, and not paying more later, is an important commitment that we need to continue as we examine our finances and our budget.”