

MONTGOMERY COUNTY BOARD OF COMMISSIONERS MEETING

Q2 2019 FINANCIAL UPDATE



September 5, 2019

PRESENTATION OVERVIEW

- Review of 2019 Revenue Budget Performance (Jan 1 – Jun 30th)
- Review of 2019 Expenditure Budget Performance (Jan 1 – Jun 30th)
- Review of 2020 Budget Process

Q2 2019 GENERAL FUND (GF) FINANCIAL PERFORMANCE

General Fund	2019* Budget	2019 Actual	2019 % of Budget
Beginning Fund Balance	\$ 86.0		
Revenues	420.1	\$ 288.4	68.7%
Expenses	420.1	196.5	46.8%
Revenues in Excess of Expense	-	91.9	
Ending Fund Balance (Unassigned)	\$ 86.0		
Ending Unassigned FB as a % of Annual Operating Revenues	20.5%		

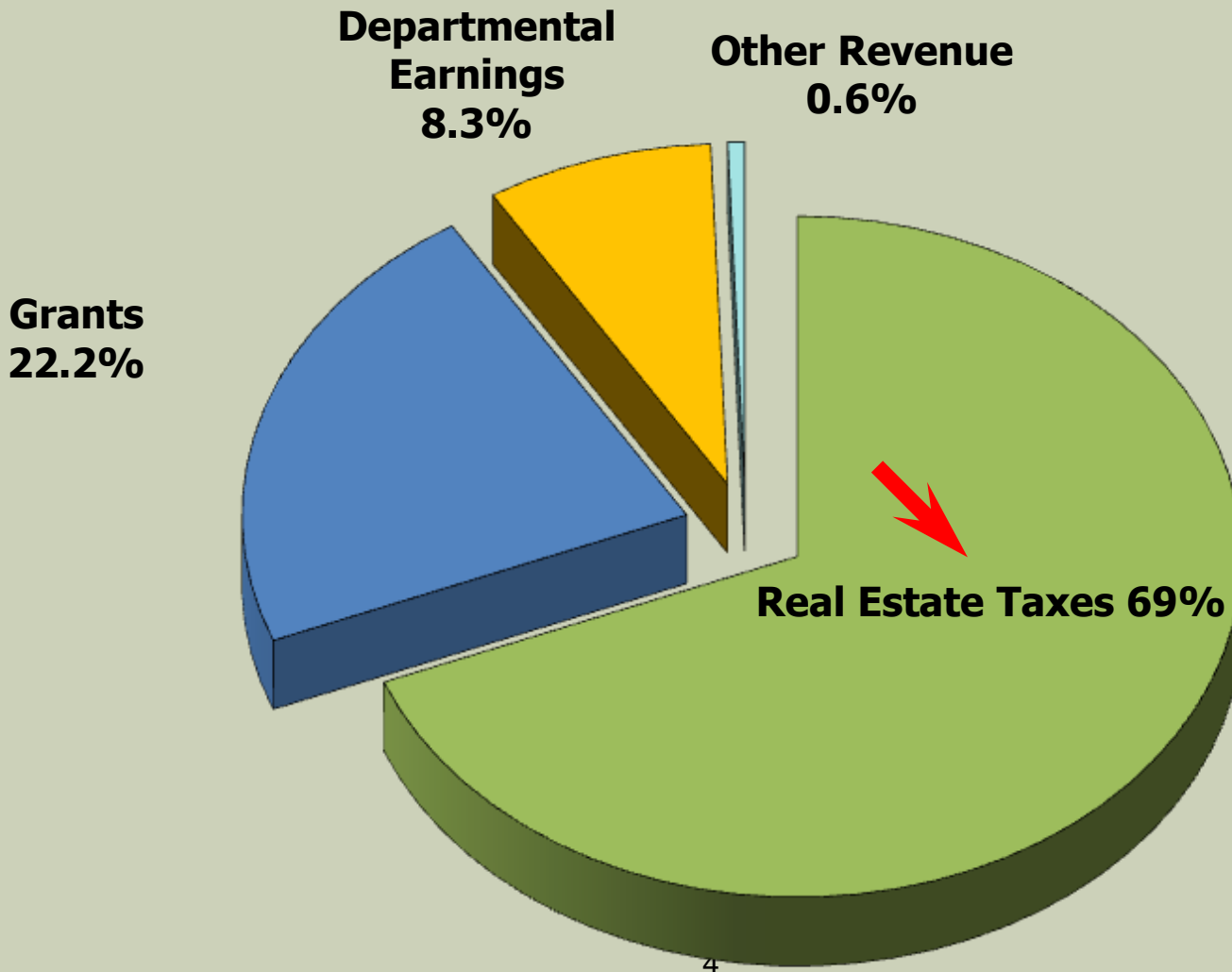
*2019 Budget with 2018 Actual Ending Fund Balance

❖ Overall positive budget trend in 2019

- Revenue and Expenditures in-line with 2019 Budget
 - Collected 69% of overall revenues and spent 47% of expenditures
- Some unanticipated positive and negative impacts on revenues and expenditures

2019 GF Revenue Performance

Where the \$288.4 Million of revenue came from:



Q2 2019 GF REVENUE PERFORMANCE

■ County Real Estate Tax (RET) Collections – Consistent with Historical Collections

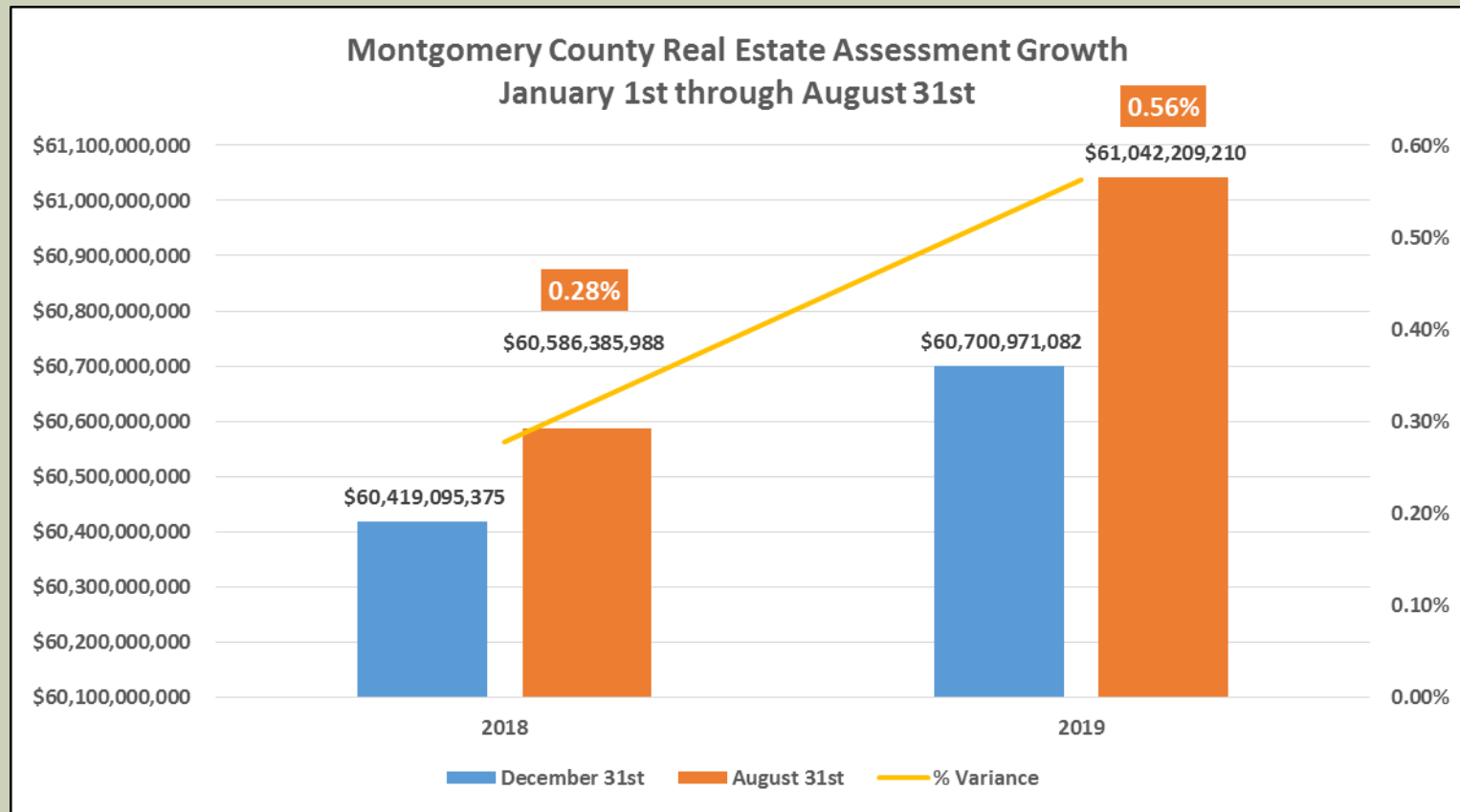
- Collected \$198.9 M or 95% of 2019 RET Budget through Q2
 - ✓ Flat period ended in June (10% penalty through year end)

Real Estate Taxes	2019 Budget	2019 Actual	2019 % of Budget
Current Year	\$ 207,700,000	\$ 198,918,000	95.8%
Delinquent and Liened	3,250,000	2,035,000	62.6%
Prior Year	1,500,000	1,541,000	102.7%
Settlement - Protest	600,000	208,000	34.7%
Discount	(3,794,000)	(3,784,000)	99.7%
Total	\$ 209,256,000	\$ 198,918,000	95.1%

- ✓ Collected \$22.2 Million of Montgomery County Community College RET (2019 Budget \$22.9 M)

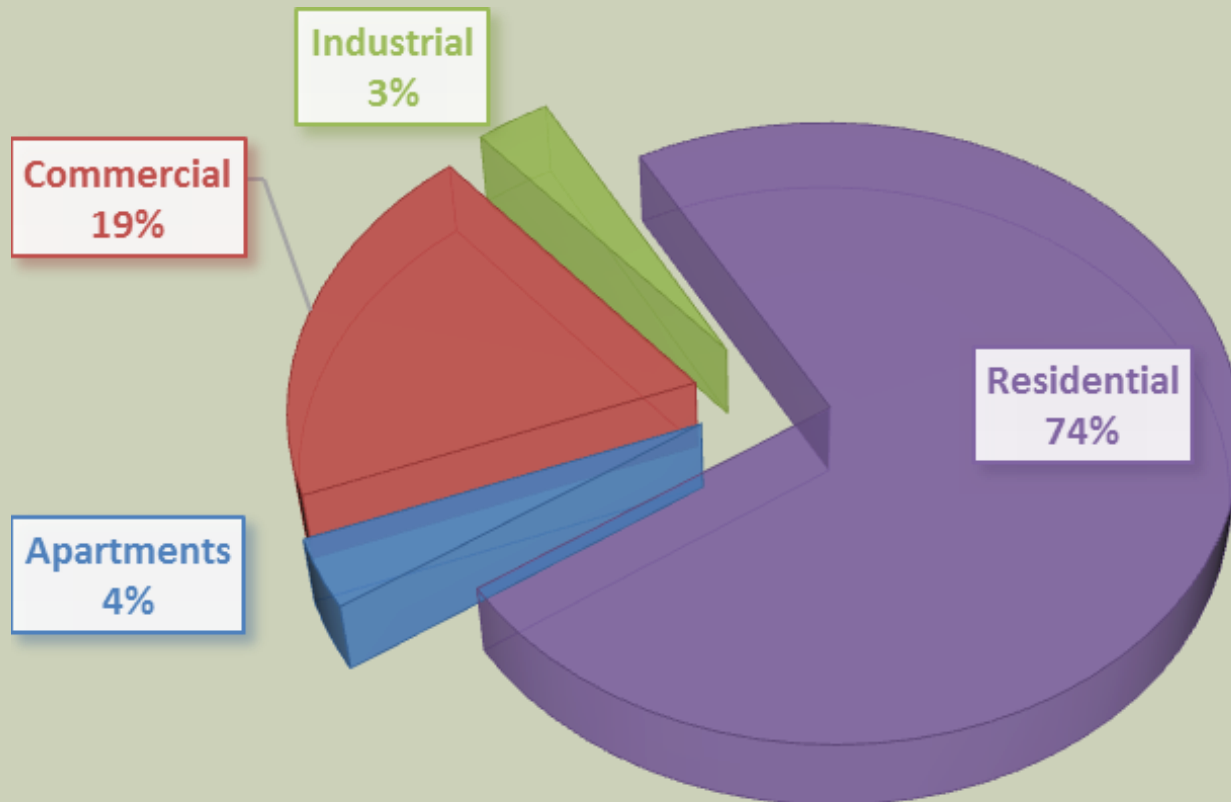
2019 COUNTY REAL ESTATE ASSESSMENT AUGUST 2019 COMPARED TO AUGUST 2018

- County Real Estate Assessment increased 0.56% compared to 0.28% in 2018 – positive trend compared to historical growth



2019 REAL ESTATE ASSESSMENT BASE GROWTH

Montgomery County Real Estate Assessment Base Growth Areas in 2019



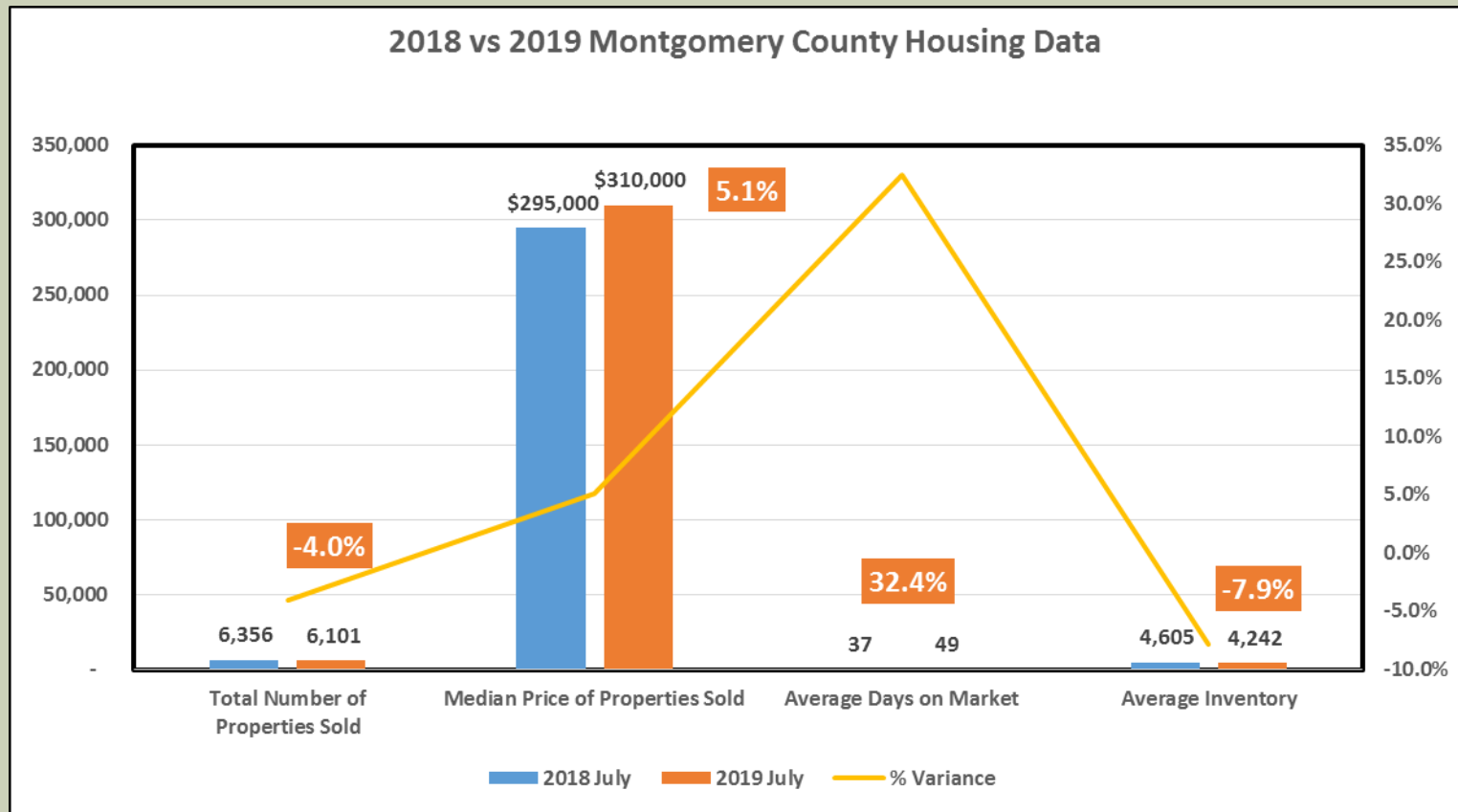
2019 HOME SALES PERFORMANCE JULY 2019 COMPARED JULY 2018

■ Montgomery County compared to Five County Region

Metric	2019 July	2018 July	Year to Year Trend	% Change 18-19
No. of Properties Sold (Jan-July)	6,101	6,356		-4.0%
No. of Properties Sold (Jan-July)	26,658	30,749		-13.3%
Median Price of Properties Sold	\$ 310,000	\$ 295,000		5.1%
Median Price of Properties Sold	\$ 290,000	\$ 272,500		6.4%
Average Price of Properties Sold	\$ 368,700	\$ 349,000		5.6%
Average Price of Properties Sold	\$ 344,100	\$ 322,800		6.6%
Average Days on Market	49	37		32.4%
Average Days on Market	53	40		32.5%
Properties Under Contract	1,084	1,026		5.7%
Properties Under Contract	4,932	4,586		7.5%
Montgomery County				
Five County Region (Bucks, Chester, Delaware, Montgomery and Philadelphia)				

2019 HOME SALES PERFORMANCE JULY 2019 COMPARED TO JULY 2018







■ Snapshot of Montgomery County Housing Data



2019 GF REVENUE PERFORMANCE

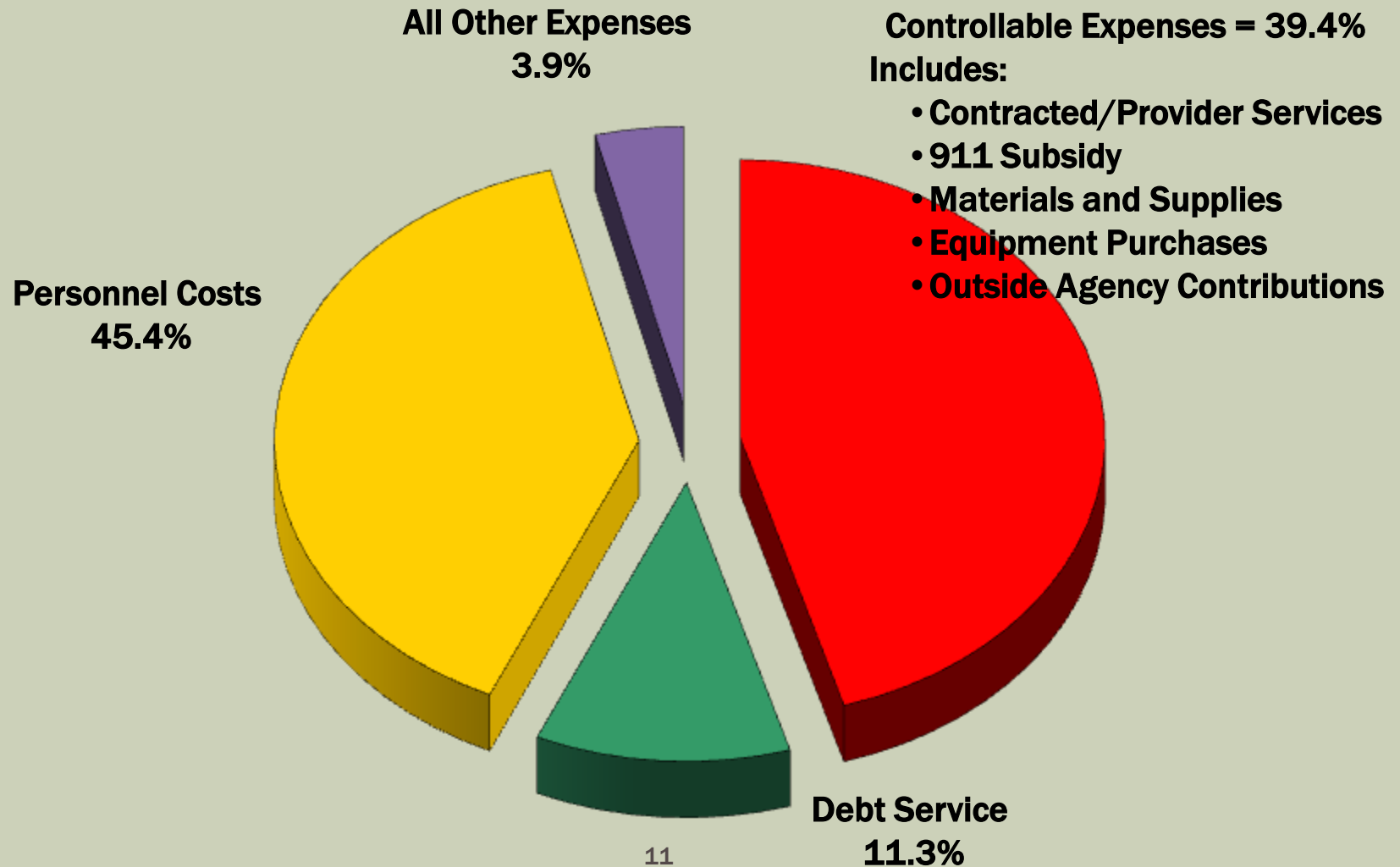
EMERGING REVENUE TRENDS

❖ Early 2019 Revenue Projections Compared to Budget

➤ Investment Income:		+\$500,000
➤ Register of Wills Revenue:		+\$229,000
➤ Health Dept. Grant Revenue:		+\$120,000
✓ State reallocation of Act 12 and Act 315 revenues projected to provide net positive increase for 2019		
➤ Recorder of Deeds:		-\$110,000
➤ Sheriff's Revenues:		-\$195,000
➤ MCCF Revenue:		-\$690,000

Q2 2019 GF Expenditure Performance

Where the \$196.5 Million was spent:



Q2 2019 GF EXPENDITURE PERFORMANCE

- 2019 Actual Expenses = \$196.5 Million or 47% of 2019 Budget
 - As expected for second quarter of the year;
 - ✓ Spent \$89.3 million or 48% of Personnel Expense Budget (\$186M)
 - Overtime costs trending moderately higher through June 30th
 - Better than expected healthcare experience year-to-date; anticipate moderate budgetary savings for overall healthcare costs
 - Transferred \$4.6 million or 50% of County's Pension Contribution (\$9.2 million) to the Employees' Retirement Fund

Q2 2019 GF EXPENDITURE PERFORMANCE

➤ Expenditure performance continued:

- ✓ Paid down \$22.2 million or 47.4% of GF Debt Service (\$46.8 million)
 - County completed 2019 refinancing of outstanding debt resulting in \$5 million of future budgetary savings over next 20 years
 - Approximately \$300,000 of debt service budgetary savings is projected for 2019

2019 FINANCIAL OUTLOOK

❖ County Outlook in the “Short-term”

➤ Continued concerns of potential slow-down of the economy and other factors:

✓ Financial market volatility

- Pressure on short-term interest rates – Federal Reserve reduced short-term rate by 0.25% in 2019
- Long-term interest rates at historic lows – staff will be evaluating future capital needs and borrowing plans in the months ahead
- Lower mortgage rates keeping home sales stable and providing new refinancing opportunities – could positively impact Recorder of Deed revenues

UPDATE ON 2020 FINANCIAL PLANNING

- Departmental Operating Budget meetings completed July through August
 - ✓ Capital budget (2020 – 2024) reviews underway
- Distribution of the Proposed 2020 Budget and Capital Improvement Program (CIP) Budget 2020-2024:
 - ✓ Scheduled for November 21st (regular BOC meeting)
- Followed by a Public Hearing and adoption of the Proposed 2020 Budget and 2020-2024 CIP: (during November – December BOC meeting cycle)

END OF PRESENTATION