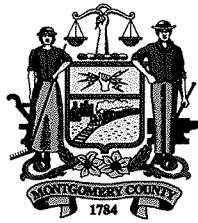


**MONTGOMERY COUNTY
BOARD OF COMMISSIONERS**

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URI Z. MONSON
CHIEF FINANCIAL OFFICER

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

RE: 2013 Quarterly Budget Update – Second Quarter (Q2)

Date: August 1, 2013

This report is based on information as of the end of Q2 of 2013 – June 30, 2013.

The Quarterly Update Report is presented as follows:

Summary Page	Page 1
Revenue Detail	Pages 2-3
Grant Revenue Detail	Page 4
Expenditure Detail	Pages 5-9
TRAN Analysis	Page 10
Overtime Analysis	Pages 11-12

2013 Q2 Summary

Based on Q2 results, the County now projects to have an annual operating surplus for the year of nearly \$3 million, more than \$400,000 above the budgeted Reserve for Fund Balance. This would mark the first year-over-year increase in the fund balance since 2007.

Revenues are projected to end the year \$3.5 million below budget, due primarily to Commonwealth guidance on accounting for Marcellus Shale funds, a change in certain Commonwealth reimbursement rules, and improvement in the economy. The revenue shortfall is offset by projected expenditure reductions of more than \$3.9 million, due primarily to the Commonwealth guidance on accounting for Marcellus Shale funds, and continuing efforts to control expenses across the County government.

The 2013 ending fund balance figure is projected to fall short of the budgeted figure of \$22.7 million by \$2.6 million, due to a restatement of the baseline 2012 fund balance resulting from accrual adjustments determined by the Controller. Essentially, the accrual adjustment reset the starting point for 2013.

On June 30, \$845,718 was transferred to the Pension Fund, the second of four quarterly payments toward the Annual Required Contribution (ARC). These 2013 Pension Fund payments represent the first ARC payments by the County since 2007.

Revenues through June 30, 2013

Projected 2013 revenues are generally consistent with the adopted budget, 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 Commonwealth reimbursement rules for the Domestic Relations Office, the County is now projected to receive nearly \$900,000 less in reimbursements.
- Revenue projections for the Office of the Prothonotary were made assuming that mortgage foreclosures would grow at a rate of about 5 percent in 2013. The County receives approximately \$200 for each Complaint in Mortgage Foreclosure filed. Through the first half, these filings are down 24 percent. While this is a welcome positive sign for the County economy, this results in a projected shortfall of \$150,000 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 \$500,000. The increase is due in part to an increase in filings in the County.

Expenditures through June 30, 2013

Projected 2013 expenditures are generally consistent with the adopted budget, with a few notable exceptions:

- A \$1.67 million reduction in projected Assets and Infrastructure expenditures. \$1 million of the decrease is attributable to the re-budgeting of the Marcellus Shale Unconventional grant funds; the remaining \$670,000 is primarily due to ongoing restructuring and streamlining efforts within the Department.
- Significant projected reductions in several Departments due primarily to better than projected spending levels on personnel, overtime, and controllable expenses:

Department	Projected Expenditure Reduction
Board of Assessment Appeals	\$203,924
Information Technology Services	\$337,222
Child Care – Delinquent	\$1,179,463
Corrections	\$438,157
Youth Detention Center	\$132,900
Health	\$283,691
Aging and Adult Services	\$986,914
Children and Youth Admin	\$381,661
Child Care- Dependent	\$309,374
Day Care	\$497,499

- A projected overage in HR of over \$81,000 is due primarily to a technical flaw in the County's financial software which "dropped" an approved position when loading the 2013 budget.
- A projected overage of over \$679,000 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. The Office also had significant leave payouts in the first quarter, totaling over \$200,000, and a Court judgment in favor of the Detectives which resulted in payments by the County of over \$70,000.
- A projected overage of \$500,000 in transfers to Emergency Communications is due to a continuing growth in costs associated with maintaining the 9-1-1 system while fees designed to offset those costs have not been increased since 1997.

2012 Accrual Adjustment

After the close of every fiscal year, revenues and expenditures are evaluated to compare the cash basis results (funds in hand on December 31) with an accrual based analysis of the funds (properly attributing revenues and expenditures to a given year). The accrual adjustments are based on a review by the Controller. Differences between cash-basis results and accrual results are routine, though the amounts can vary from one year to the next.

The accrual adjustments revealed no significant changes for 2012 County expenditures. Grants revenue, primarily from the Commonwealth, had an accrual of over \$6 million, a significant change from previous years. The figure was primarily due to two key accruals: over \$5 million in advance payments for grants related to the Offices of Children and Youth, and \$1.3 million advance 2013 reimbursements for Parkhouse, which was received in 2012. On an accrual basis, the County's ending fund balance for 2012 was just over \$17 million.

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

- Due in part to the higher than expected cash balance, the County ended the first quarter having utilized only \$10.5 million of the TRAN short term loan funds. This will allow the County to generate additional interest to offset the borrowing costs associated with the TRAN. The County began recapturing TRAN funds by March 22, and the TRAN was fully recaptured by April 4. The County will continue to earn interest to offset the costs of the borrowing. No additional drawdowns from the TRAN are anticipated.

- An analysis of County overtime across departments shows that most areas of County government are staying within budgeted overtime levels, with a few exceptions:
 - Domestic Relations had a significant increase due to overtime costs for employees in certain bargaining units working on Good Friday.
 - Youth Shelter overtime was higher than usual due to a number of vacancies, and was offset by lower than projected regular pay. Most of those positions were filled by the end of the second quarter and OT should return to normal levels.
 - Emergency Communications had a significant overage in the first half of the year due to the number of unfilled positions at the 9-1-1 center. The Center continues to recruit and hire staff (a class of ten replacements finished in June), but the Center must maintain minimum staffing levels despite high leave usage (common in this type of work) and increasing numbers of weather events and taking over of local police dispatch centers.

While these expenses are designed to be covered by 9-1-1 funds, 9-1-1 system costs continue to increase, while 9-1-1 funding has remained stagnant or even decreased. As a result, the County is now projecting to provide an additional \$500,000 from the General Fund.

- For the first time, the Quarterly Report includes an analysis of Comp Time balances and accruals. Comp Time is more difficult to capture within a budget, as the costs are often borne by the County several years after the related activity when an individual separates from the County. The budget does assume a percentage for leave time payouts for each Department, but the expectation is that this analysis will provide a tool for managers to better understand the impact of Comp Time decisions.

The data included in this Comp Time analysis is preliminary and has some flaws due to the method in which the County's payroll system reports data. Most inaccuracies have been identified and accounted for, though there may be some adjustments to historical data in future reports.

As of January 1, 2013, the County had a cumulative Comp Time balance of over 65,000 hours, a nearly 17.3% increase from January 2009. For the first six months of 2013, an additional 4,766 Comp Time hours have been added, though that figure should fall during the second half of the year as more Comp Time is utilized.

Corrections Comp Time balances are high due primarily to bonus comp hours awarded in January to employees with perfect attendance records; participation in a mock-riot exercise; and, a facility wide drug search during the first half of the year. Corrections Comp Time balances tend to peak mid-year due to summer vacations, and drop by year-end as employees use their accumulated Comp Time.

An increase in the number of vacancies in Information Technology and a number of new initiatives has resulted in increased Comp Time accumulation during the first half of the year.

The 9-1-1 Call center is in the midst of changing the way it accounts for certain time usage, and the Comp Time number for the January to June, 2013 period may not accurately reflect actual activity. Proper accounting for actual Comp Time earned will be completed and reflected by the third quarter report.

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

SUMMARY PAGE

	2011 Actual	2012 Actual (audited)	2013 Adopted	2013 Current Projection	Current Projection over (under) Adopted Budget
<u>Revenues</u>					
Taxes	155,156,556	181,178,189	184,500,000	183,500,000	(1,000,000)
Parkhouse and HSC Facilities	42,687,060	44,969,303	45,061,088	44,446,632	(614,456)
Departmental and Other Local non-Tax Revenues	43,135,796	44,613,750	47,215,558	46,556,217	(659,341)
Grant Revenue	141,649,605	138,275,760	135,502,762	134,225,252	(1,277,510)
Total Revenues	382,629,016	409,037,002	412,279,408	408,728,101	(3,551,307)
Fund Balance January 1	51,251,853	24,001,353	20,102,763	17,064,488	(3,038,275)
Total Revenues and Balance Appropriation	433,880,869	433,038,355	432,382,171	425,792,590	(6,589,581)
Total Expenditures	407,048,229	409,582,073	409,685,493	405,730,472	(3,955,021)
End of Year Adjustments	(2,831,287)	(6,391,794)	-	-	
Reserve for Fund Balance	-	-	2,593,915	2,593,915	
Unappropriated Balance (Year end)	24,001,353	17,064,488	22,696,678	20,062,117	(2,634,561)
Annual Operating Surplus/(Deficit)	(27,250,500)	(6,936,865)	-	2,997,629	

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

REVENUE DETAIL

	<u>2011</u>	<u>2012</u>			<u>2013</u>			
		Full Year (cash basis)	Q2 (actual)	Q2 as % of full-year	Adopted Budget	Q2 Actual	Q2 as % of full-year	Full Year (projected)
REAL ESTATE TAXES	Full Year							
Current	151,103,946	176,833,646	169,284,115	96%	179,500,000	169,464,755	94%	177,500,000
Prior	4,052,609	4,344,543	1,606,835	37%	5,000,000	4,294,001	86%	6,000,000
Total	155,156,556	181,178,189	170,890,950	94%	184,500,000	173,758,756	94%	183,500,000
PARKHOUSE AND HSC FACILITIES								
	42,687,060	44,969,303	22,685,712	50%	45,061,088	19,865,063	44%	44,446,632
DEPARTMENTAL REVENUE								
Adult Probation	939,695	1,562,089	1,124,995	72%	1,585,944	1,115,590	70%	1,585,944
Aging and Adult Services	338,886	327,084	175,052	54%	1,760,000	398,677	23%	1,760,000
Assets and Infrastructure		2,340,257	1,236,421	53%	2,086,667	1,101,946	53%	2,050,000
Board of Assessment	266,600	244,390	53,820	22%	200,000	43,510	22%	200,000
Children and Youth	223,839	369,443	162,849	44%	411,300	169,660	41%	411,300
Clerk of Courts	4,759,253	4,461,096	2,351,454	53%	4,700,000	2,188,335	47%	4,450,000
Conservation District	285,595	303,994	171,032	56%	258,892	129,925	50%	258,892
Controller	15,589	-	-					
Coroner	289,265	243,403	116,755	48%	240,000	222,343	93%	240,000
Correction Facility	2,197,959	2,561,935	1,056,742	41%	2,475,000	1,112,092	45%	2,375,000
Courts	48,315	49,232	46,032	94%	65,000	35,983	55%	65,000
District Attorney	-	346,578	9,003	3%	125,000	154,831	124%	175,000
District Justices	3,580,097	3,637,140	1,807,504	50%	3,700,000	1,745,737	47%	3,600,000
Domestic Relations	6,578,939	5,948,424	1,946,073	33%	6,422,721	3,161,599	49%	5,525,000
Drug and Alcohol Programs	211,934	197,798	113,447	57%	230,000	114,816	50%	230,000

**Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)**

REVENUE DETAIL

	<u>2011</u>		<u>2012</u>			<u>2013</u>		
DUI Administration	744,334	682,125	351,760	52%	700,000	352,410	50%	700,000
Health Department	1,071,116	1,204,143	586,287	49%	1,344,480	725,904	54%	1,400,000
Information Technology	52,829	59,136	32,081	54%	70,000	62,640	89%	90,000
Juvenile Probation	116,133	480,112	47,420	10%	335,000	257,052	77%	335,000
Mental Health Programs (2)	572,729	622,299	314,855	51%	450,000	379,360	84%	500,000
Planning Commission	673,840	675,407	230,346	34%	687,031	284,031	41%	687,031
Prothonotary	4,154,805	4,085,088	2,117,458	52%	4,100,000	1,898,552	46%	3,950,000
Public Defender	51,336	42,400	19,350	46%	54,000	11,775	22%	30,000
Public Safety	957,142	933,430	419,341	45%	777,943	550,955	71%	825,000
Purchasing	3,859	3,221	8,254	256%	2,000	1,661	83%	2,000
Recorder of Deeds	5,553,511	6,294,906	2,968,632	47%	6,200,000	3,486,084	56%	6,700,000
Register of Wills	1,974,086	2,019,280	996,035	49%	2,168,000	1,345,214	62%	2,400,000
Sheriff	2,343,906	2,083,083	1,105,907	53%	2,315,530	1,142,982	49%	2,350,000
Tax Claim Bureau	2,139,353	1,737,282	146,911	8%	2,425,000	1,191,671	49%	2,425,000
Treasurer	114,404	90,564	54,268	60%	90,900	46,149	51%	90,900
Youth Centers 2	63,834	84,926	100	0%	45,150	179	0%	45,150
Total Departmental Revenue	42,436,859	43,690,265	19,770,184	45%	46,025,558	23,431,663	51%	45,456,217
OTHER REVENUE								
Interest	161,638	113,530	42,430	37%	100,000	57,297	57%	110,000
Recoverable Expenditures	537,299	809,955	822,793	102%	890,000	459,857	52%	890,000
Bail Recovery	-	-	0	0%	200,000	25,486	13%	100,000
Total Other Revenue	698,937	923,485	865,223	22%	1,190,000	542,640	46%	1,100,000
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TOTAL DEPARTMENT AND OTHER REVENUE	43,135,796	44,613,750	20,635,407	46%	47,215,558	23,974,303	51%	46,556,217

1. Prior year taxes are up year-over-year primarily due to a technical reporting change which more accurately reflects collections. Revenues have increased due to improved collections efforts by the Treasurer's Office, and are projected to end the year \$1 million over budget.

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

	<u>2011 (actual)</u>	<u>2012 (Cash basis)</u>		<u>2013</u>			<u>Full Year (projected)</u>
	<u>Full Year</u>	<u>Full Year</u>	<u>2nd quarter as % of full-year</u>	<u>Full Year Budgeted</u>	<u>2nd Quarter (actual)</u>	<u>2nd quarter as % of full-year</u>	
DEPARTMENTAL GRANT REVENUE							
Adult Probation	557,678	190,464	47%	228,698	114,975	50%	228,698
Aging and Adult Services	15,843,605	17,272,170	57%	14,414,000	6,477,195	45%	14,414,000
Assets and Infrastructure	-	699,120	41%	1,700,000	1,134,325	67%	673,443
Children and Youth	17,457,396	22,112,872	52%	18,948,700	7,898,335	42%	18,948,700
Coroner	68,231	29,795	0%	70,000	0	0%	70,000
Courts Administration	1,568,438	1,576,803	3%	1,568,755	47,336	3%	1,568,755
Day Care	27,125,394	25,355,472	49%	25,463,019	11,883,713	47%	25,463,019
District Attorney	400,436	355,991	41%	380,000	434,683	114%	475,000
Drug and Alcohol Programs	6,032,846	5,417,707	41%	6,057,461	2,687,562	44%	6,057,461
Health Department	7,270,754	5,615,016	16%	5,698,334	1,032,096	18%	5,698,334
Juvenile Probation	8,913,740	8,409,161	31%	8,098,551	2,402,348	30%	8,098,551
Mental Health Programs	52,615,643	46,854,790	42%	48,599,718	22,748,079	47%	48,599,718
Public Safety	648,639	596,604	16%	853,477	115,592	14%	853,477
Purchasing/Planning	36,530	23,494	1%	36,049	0	0%	36,049
Register of Wills	59,211	26,064	0%	20,000	0	0%	20,000
Sheriff	-	1,326	88%	0	0		-
PURTA	223,683	214,115	0%	200,000	220,047	110%	220,047
Youth Centers	2,827,381	3,524,796	53%	3,166,000	1,155,806	37%	2,800,000
Total Grant Revenue	141,649,605	138,275,760	44%	135,502,762	58,352,092	43%	134,225,252

1. Based on advisories from the Commonwealth, the Marcellus Shale Unconventional grant funds for roads and bridges was moved from the Operating Budget to the Capital Budget. As a result, Assets and Infrastructure has a projected reduction of \$1 million in both revenues and expenditures, with no net impact to the overall budget.

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

2013 EXPENDITURE DETAIL

			2013				Difference Between Adopted and Current Projection
	2011 Actual	2012 Actual	Adopted Budget	Q2 Actual	Q2 Actual as a % of Adopted Budget	Full-year projection (at Q2)	
COUNTY ADMINISTRATION							
Commissioners	2,476,506	2,804,341	2,576,535	1,273,595	49%	2,576,535	-
Assets and Infrastructure	7,365,302	6,427,292	6,227,033	1,843,052	30%	4,554,714	(1,672,319) ¹
Board of Assessment Appeals	2,658,370	2,699,090	3,108,709	1,383,231	44%	2,904,785	(203,924)
Controller	1,645,724	1,683,363	1,746,373	779,458	45%	1,675,835	(70,538)
Security	1,094,722	992,699	954,950	479,796	50%	954,950	-
Economic/Workforce Development	257,560	236,919	27,625	13,813	50%	27,625	-
Human Resources	761,753	860,371	725,517	401,280	55%	806,573	81,056 ²
Information Technology Solutions	2,426,674	6,048,349	6,317,688	2,781,612	44%	5,980,466	(337,222)
Planning Commission	3,186,326	3,144,928	3,162,122	1,515,072	48%	3,151,350	(10,772)
Public Defender	3,245,423	3,277,100	3,763,587	1,798,763	48%	3,687,464	(76,123)
Purchasing	868,527	715,339	818,788	361,376	44%	758,890	(59,898)
Recorder of Deeds	1,669,530	1,606,855	1,652,779	768,743	47%	1,614,360	(38,419)
Tax Collectors	1,294,452	1,615,095	1,430,000	837,413	59%	1,430,000	-
Tax Claim Bureau	352,894	57,631	589,121	348,955	59%	589,121	-
Treasurer	607,757	604,659	649,116	325,223	50%	649,116	-
Voter Services	1,868,724	2,135,421	1,826,902	929,851	51%	1,826,902	-
Total County Administration	26,962,168	30,260,054	35,576,845	15,841,233	45%	33,188,686	(2,388,159)

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

2013 EXPENDITURE DETAIL

	2013						
	2011 Actual	2012 Actual	Adopted Budget	Q2 Actual	Q2 Actual as a % of Adopted Budget	Full-year projection (at Q2)	Difference Between Adopted and Current Projection
JUDICIAL							
Clerk of Courts	1,805,513	1,815,605	2,038,540	1,009,974	50%	2,038,540	-
Coroner	1,222,448	1,210,529	1,284,026	646,023	50%	1,284,026	-
Courts/Drug Court	13,306,439	13,692,081	15,706,648	7,709,469	49%	15,706,648	-
District Attorney	13,038,433	14,845,365	13,935,475	7,332,241	53%	14,614,482	679,007
District Justices	9,442,515	9,582,807	10,006,904	4,844,911	48%	9,980,517	(26,387)
Domestic Relations	8,036,675	8,044,220	7,950,306	3,851,746	48%	7,934,597	(15,709)
Jury Board	407,969	421,214	518,190	239,317	46%	502,566	(15,624)
Law Library	724,058	708,281	594,468	272,354	46%	558,326	(36,142)
Prothonotary	1,964,295	1,909,104	2,279,616	1,159,323	51%	2,279,616	-
Register of Wills	1,082,056	1,085,090	1,148,110	550,437	48%	1,133,900	(14,210)
Sheriff/Central Processing	7,637,080	7,291,179	8,124,909	3,996,909	49%	8,124,909	-
Total Judicial	58,667,481	60,605,475	63,587,192	31,612,704	50%	64,158,126	570,934
CORRECTIONS							
Adult Probation	6,661,406	6,752,328	7,242,289	3,563,414	49%	7,242,289	-
Juvenile Probation	4,951,749	4,915,995	5,024,270	2,506,848	50%	5,024,270	-
Child Care - Delinquent	11,289,130	10,219,260	10,682,000	4,319,335	40%	9,502,537	(1,179,463)
Driving Under the Influence	463,850	397,177	431,122	198,130	46%	416,073	(15,049)
Correction Facility	29,683,000	31,819,560	31,834,463	14,950,622	47%	31,396,306	(438,157)
Youth Detention Center	3,665,910	3,653,194	3,965,310	1,824,957	46%	3,832,410	(132,900)
Total Corrections	56,715,045	57,757,514	59,179,454	27,363,306	46%	57,413,885	(1,765,569)

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

2013 EXPENDITURE DETAIL

	2013						
	2011 Actual	2012 Actual	Adopted Budget	Q2 Actual	Q2 Actual as a % of Adopted Budget	Full-year projection (at Q2)	Difference Between Adopted and Current Projection
GENERAL WELFARE							
Drug and Alcohol Programs	6,447,899	5,402,529	6,389,631	3,104,932	49%	6,389,631	-
Behavioral Health Programs	51,742,851	53,065,165	50,428,707	24,764,413	49%	50,428,707	-
Health Department	9,222,984	8,736,377	9,348,169	4,316,418	46%	9,064,478	(283,691)
HSC Admin.	62,184	250		144			-
Total General Welfare	67,475,918	67,204,321	66,166,507	32,185,907	49%	65,882,816	(283,691)
ADULT WELFARE							
Aging and Adult Services	18,591,232	18,199,252	17,742,941	7,616,376	43%	16,756,027	(986,914)
Parkhouse and Assisted Living	47,918,716	46,587,208	49,546,049	24,588,084	50%	49,546,049	-
Total Adult Welfare	66,509,948	64,786,460	67,288,990	32,204,460	48%	66,302,076	(986,914)
CHILD WELFARE							
Youth Shelter Center	1,248,931	1,253,451	1,331,947	641,519	48%	1,315,114	(16,833)
Children and Youth Administration	9,479,761	9,651,462	10,757,165	4,940,716	46%	10,375,504	(381,661)
Child Care - Dependent	11,325,032	11,520,411	13,114,500	6,097,679	46%	12,805,126	(309,374)
Day Care	27,450,182	25,519,875	25,555,475	11,819,800	46%	25,057,976	(497,499)
Total Child Welfare	49,503,906	47,945,199	50,759,087	23,499,714	46%	49,553,719	(1,205,368)

Montgomery County Quarterly Financial Update
2013, Second Quarter (through June 30, 2013)

2013 EXPENDITURE DETAIL

			2013				Difference Between Adopted and Current Projection
	2011 Actual	2012 Actual	Adopted Budget	Q2 Actual	Q2 Actual as a % of Adopted Budget	Full-year projection (at Q2)	
PUBLIC SAFETY	3,111,116	3,100,478	3,573,573	1,537,976	43%	3,337,408	(236,165)
OTHER							
Veterans Affairs	371,735	352,841	425,627	220,174	52%	468,190	42,563
Insurance	1,578,207	1,719,805	1,750,000	476,891	27%	1,750,000	-
Debt Service	34,662,369	39,015,410	39,500,000	11,535,258	29%	39,500,000	-
Reduction in Staff Complement			(3,825,000)		0%	(1,912,500)	1,912,500
Tax Refunds and Appraisals	988,817	1,478,584	1,700,000	99,365	6%	1,400,000	(300,000)
Legal and Professional Fees	405,581	269,252	300,000	109,232	36%	234,849	(65,151)
Prior Year Adjustments	532,856						-
Miscellaneous	28,798	125,077		128,770		150,000	150,000
Total Other	38,568,363	42,960,969	39,850,627	12,569,690	32%	41,590,539	1,739,912
TRANSFERS TO OTHER FUNDS							
Emergency Communications	650,000	300,000	200,000	300,000	150%	700,000	500,000
Liquid Fuels	236,500	350,000		100,000		100,000	100,000
Recycling	225,000		75,000		0%	75,000	-
Total Transfers	1,111,500	650,000	275,000	400,000	145%	875,000	600,000

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Montgomery County Quarterly Financial Update
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2013 EXPENDITURE DETAIL

			2013					
			Adopted Budget	Q2 Actual	Q2 Actual as a % of Adopted Budget	Full-year projection (at Q2)	Difference Between Adopted and Current Projection	
		2011 Actual	2012 Actual					
SUBSIDIES								
	Total Subsidies	30,968,208	29,662,455	23,428,218	17,067,245	73%	23,428,218	-
TOTAL EXPENDITURES		404,411,729	409,582,323	409,685,493	194,282,235	47%	405,730,472	(3,955,021)

EXPENDITURES NOTES

1. Based on advisories from the Commonwealth, the Marcellus Shale Unconventional grant funds for roads and bridges was moved from the Operating Budget to the Capital Budget. As a result, Assets and Infrastructure has a projected reduction of \$1 million in both revenues and expenditures, with no net impact to the overall budget.
2. Human Resources expenditure level overages are do primarily to a technical flaw in the County's financial software which "dropped" an approved position when loading the 2013 budget.
3. Projected 2013 expenditure levels for the Office of the District Attorney are impacted in part by the labor contract signed with the Detectives in March. That contract is expected to add \$80,000 in costs to the 2013 budget. Expenditures are also impacted by large leave payouts, which totalled over \$200,000 in the first quarter, and a Court judgement in favor of the Detectives resulting from a 2009 action by the County, which resulted in payments of over \$70,000 by the County.
4. Veterans Affairs expenditures are increasing due to an increase in the number of veterans burials, for which the County provides funding.
5. The adopted 2013 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.

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2013 TAX REVENUE ANTICIPATION NOTES

The approved budget for 2013 did not include adequate fund balance to ensure that the County would have a sufficient cash flow to meet County obligation levels during the first quarter of the year. In order to alleviate the burden on the cash flow, the County issued a short-term Tax Revenue Anticipation Note (TRAN) for approximately \$30 million.

The interest rate on the one year note is .21%, the expected total interest cost for the year is approximately \$62,467.

Prior to utilization, and once the bulk of tax revenues begin to be received in April of 2013, the County plans to invest the TRAN principal in an isolated account and earn interest to offset the TRAN repayment interest and fee obligations. Interest earned year-to-date is reflected below.

Date	Action	TRAN Funds Utilized	Year-to-date TRAN funds Utilized	Available TRAN funds
9-Jan-13	TRAN net funds received			\$ 30,252,232
14-Feb-13	TRAN funds drawdown	3,000,000	3,000,000	\$ 27,252,232
27-Feb-13	TRAN funds drawdown	5,000,000	8,000,000	\$ 22,252,232
28-Feb-13	TRAN funds drawdown	500,000	8,500,000	\$ 21,752,232
14-Mar-13	TRAN funds drawdown	2,000,000	10,500,000	\$ 19,752,232
22-Mar-13	TRAN funds Recapture	(3,500,000)	7,000,000	\$ 23,252,232
4-Apr-13	TRAN funds Recapture	(7,000,000)	-	\$ 30,252,232

2013 TRAN Revenues and Expenditures

TRAN Borrowing Costs - fees	\$ 51,968.00
TRAN Borrowing Costs - net interest (projected)	\$ 62,466.67
Total TRAN costs (projected)	\$ 114,434.67
2013 Interest earned on TRAN principal (through 6/30):	25,100.27
Projected 2013 interest earned on TRAN principal:	51,455.55
PROJECTED NET TOTAL TRAN COST:	\$ 62,979.12

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OVERTIME USAGE ANALYSIS

<u>Department</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Budget</u>	<u>2013 Through Q2 Actual</u>	<u>2nd quarter as % of full-year</u>
Aging - Administration	10,248	8,048	1,137	-	-	
Assets and Infrastructure	133,495	141,901	84,376	102,000	34,016	33%
Security	13,962	15,124	20,614	12,000	7,417	62% ²
Voter Services	71,663	71,945	146,530	50,004	32,207	64%
Domestic Relations	23,273	16,784	18,756	15,996	15,515	97% ³
Sheriff	379,678	339,742	321,887	360,000	172,656	48%
Coroner	15,102	19,830	16,461	30,000	10,378	35%
Prothonotary	1,088	3,057	(1,684)	-	528	
Clerk of Courts	33,166	29,253	36,393	9,996	3,760	38%
District Attorney	886,192	771,147	688,114	800,004	390,867	49%
Correctional Facility	403,189	540,519	794,691	399,996	223,004	56%
Youth Shelter Center	33,537	12,824	16,139	20,004	14,536	73% ⁴
Youth Detention Center	46,294	47,268	60,006	54,996	25,288	46%
DUI	1,847	1,753	21,035	47,700	14,064	29%
Adult Probation	86,243	90,119	91,851	90,540	47,971	53%
Juvenile Probation	9,592	9,200	8,823	10,368	4,783	46%
Drug Court	52,873	49,662	57,082	51,984	25,963	50%
Public Safety	56	5,892	0	-	-	
Parkhouse	538,174	536,258	724,285	552,312	323,748	59%
Emergency Communications	851,442	1,062,808	1,349,502	999,996	652,595	65% ⁵
Other ¹	1,081	551	6,039	-	1,787	
TOTALS	3,592,195	3,773,685	4,462,037	3,607,896	2,001,083	55%

Overtime Notes:

1. Other includes departments which average less than \$1,000 a year in OT costs - Board of Assessment, Planning Commission, Public Defender, Courts, ITS, Health and Day Care, as well as Assisted Living OT which ended after 2009.
2. These overages are due to a high number of employees on medical leave, new training requirements, as well as security costs related to the Human Services Center. It is more cost effective to pay overtime than to hire additional staff while a sale of the Human Services Center is being contemplated.
3. The high overtime in Domestic Relations is related primarily to overtime costs for employees in certain bargaining units working on Good Friday.
4. Youth Shelter overtime was higher than usual due to a number of vacancies, and was offset by lower than projected regular pay. Most of those positions were filled by the end of the second quarter and OT should return to normal levels.
5. Emergency Communications had a significant overage in the first quarter due to the number of unfilled positions at the 9-1-1 center. The Center continues to recruit and hire staff (a class of ten replacements started in June), but the Center must maintain minimum staffing levels despite high leave usage (common in this type of work) and increasing numbers of weather events and taking over of local police dispatch centers.

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COMP TIME ANALYSIS

<u>DepartmentName</u>	<u>Jan/09</u> <u>Balance</u>	<u>Jan/10</u> <u>Balance</u>	<u>Jan/11</u> <u>Balance</u>	<u>Jan/12</u> <u>Balance</u>	<u>Jan/13</u> <u>Balance</u>	<u>July/13</u> <u>Balance</u>	<u>Change from</u> <u>Jan/09 to</u> <u>Jan/13</u>	<u>Change from</u> <u>Jan/13 to</u> <u>Jul/13</u>
Court House Security	837	1,057	950	1,188	1,004	982	167	(22)
Voter Services	1,913	2,117	2,262	2,378	2,630	2,667	717	37
Planning Commission	3,453	3,001	2,533	2,349	1,516	1,670	(1,937)	154
Recorder of Deeds	247	247	247	240	240	240	(7)	-
Domestic Relations	604	528	408	343	377	429	(227)	52
Sheriff	5,224	5,980	6,368	6,787	7,279	7,974	2,055	695
Coroner	1,022	1,087	818	658	654	616	(368)	(38)
Prothonotary	353	367	293	242	199	164	(154)	(35)
Clerk of Courts	289	184	106	55	125	97	(164)	(28)
District Attorney	10,472	11,316	11,388	12,516	12,950	13,363	2,478	413
Correctional Facility	8,495	9,533	14,377	15,336	15,262	17,999	6,767	2,737 ³
Youth Center Shelter	37	30	39	42	80	75	43	(5)
Youth Center	392	370	315	407	520	440	128	(80)
Adult Probation	1,864	1,941	1,684	1,558	1,269	1,378	(595)	109
Juvenile Probation	4,934	4,811	4,449	3,691	3,483	3,488	(1,451)	6
Information Technology	310	359	333	383	453	550	143	97 ⁴
Public Safety	1,002	880	972	1,412	2,114	2,025	1,112	(89)
Assets & Infrastructure	6,757	5,980	6,715	6,114	6,011	6,133	(746)	122
Health Department	378	776	675	829	816	860	438	44
Aging & Adult Services	801	766	687	728	574	590	(227)	16
Children & Youth	548	810	723	1,248	1,502	1,863	954	361 ⁵
Day Care	183	151	168	132	116	92	(68)	(24)

<u>DepartmentName</u>	<u>Jan/09</u>	<u>Jan/10</u>	<u>Jan/11</u>	<u>Jan/12</u>	<u>Jan/13</u>	<u>July/13</u>	<u>Change from</u>	<u>Change from</u>
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Jan/09 to</u>	<u>Jan/13 to</u>
							<u>Jan/13</u>	<u>Jul/13</u>
Solid Waste Authority	120	136	233	167	162	274	42	112
Emergency Dispatch Services	1,380	1,542	2,288	2,728	2,626	3,776	1,245	1,151
Parkhouse	3,164	3,000	2,918	2,531	3,100	2,521	(65)	(579)
Other	² 346	233	273	182	160	234	(186)	74
Total	55,123	57,199	62,218	64,246	65,220	70,499	9,533	4,766

NOTES:

The data included in this Comp Time analysis is preliminary and has some flaws due to the method in which the County's payroll system reports data. Most inaccuracies have been identified and accounted for, though there may be some adjustments to historical data in future reports.

1. Balances are reported in terms of Comp Time hours

2. Other includes Departments with average year-end Comp Time balances below 50 hours

3. Corrections Comp Time balances are high due primarily to bonus comp hours awarded in January to employees with perfect attendance records; participation in a mock-riot exercise; and, a facility wide drug search during the first half of the year. Corrections Comp Time balances tend to peak mid-year due to summer vacations, and drop by year-end as employees use their accumulated Comp Time.

4. An increase in the number of vacancies in Information Technology and a number of new initiatives has resulted in increased Comp Time accumulation during the first half of the year.

5. An increase in the number of vacancies in the Offices of Children and Youth has resulted in increased Comp Time accumulation.

6. The 9-1-1 Call center is in the midst of changing the way it accounts for certain time usage, and the Comp Time number for the January to June, 2013 period may not accurately reflect actual activity. Proper accounting for actual Comp Time earned will be completed and reflected by the third quarter report.