

**MONTGOMERY COUNTY  
BOARD OF COMMISSIONERS**

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TO: Joshua D. Shapiro, Chair  
Leslie S. Richards, Vice Chair  
Bruce L. Castor, Jr., Commissioner  
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March 20, 2014

**2013 Quarterly Budget Update – Fourth Quarter (Q4)**

- **Annual operating surplus of \$1.6 million; first year of balanced operations since 2007.**
- **2013 ending Fund Balance of \$23.7 million, an increase of \$6.7 million from 2012.**
- **2013 Pension Fund payments of nearly \$3.4 million -- first ARC payments since 2007.**
- **County wide cumulative Comp Time balances fell by over 5,400 hours in 2013, a decrease of more than 8 percent.**

**Summary**

Based on Q4 results, the County now projects to have an annual operating surplus for the year of over \$1.6 million. This would mark the first year of balanced operations (revenues at or exceeding expenditures) since 2007.

Projected revenue reductions of nearly \$8 million, are primarily related to a reduction in reimbursable expenditures by the County, lower than projected tax revenues, federal sequester reductions, and Commonwealth guidance on accounting for Marcellus Shale funds.

Expenditures are projected to end the year nearly \$8.3 million below budgeted levels, and would have been nearly \$10.6 million below budget, but for the need for the County to provide an additional \$2.3 million to cover shortfalls in the 9-1-1 Emergency Communications Fund.

The County realized \$5 million related to asset sales in 2013, as a result of a deposit related to the Parkhouse transaction. The 2013 ending fund balance is over \$23.7 million, an increase of \$6.7 million over the 2012 ending fund balance. This ending fund balance represents a reserve equal to nearly 6 percent of revenues, a forty percent increase from the 2012 figure of 4.2 percent. Ten percent is the recommended reserve level.

On December 31, \$845,718 was transferred to the Pension Fund, the fourth of four quarterly payments toward the Annual Required Contribution (ARC). These Pension Fund payments, totaling nearly \$3.4 million, represent the first ARC payments by the County since 2007.

### **Revenues through December 31, 2013**

2013 revenues are generally consistent with the adopted budget, with five main exceptions:

- Grant revenues for Children and Youth, Day Care, Juvenile Probation, Drug and Alcohol programs, Health, and Mental Health programs collectively ended the year more than \$5.2 million below budgeted levels. These reductions are primarily due to fewer citizens requiring services, or a shift in some areas to less expensive preventive services. Some of these areas also experienced Federal funding cuts resulting from the Sequester.
- Total tax revenues ended the year nearly \$1.2 million below budgeted levels. This is primarily due to an underestimation in the budget of the number of households taking advantage of the 2 percent early-payment discount.
- 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 as a book-keeping effort, with no net impact on the County budget.
- Due to a change in certain Commonwealth reimbursement rules for the Domestic Relations Office, the County received nearly \$820,000 less in reimbursements. As a result, there was a greater reliance on County tax dollars to achieve the work of the Office.
- Increased activity in filings with the Recorder of Deeds has resulted in an increase in revenues by over \$500,000.

### **Expenditures through December 31, 2013**

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

- An overage of \$2,300,000 in 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. Allegheny County estimated taxpayer subsidies of over \$5.2 million for this year, and Delaware County estimated nearly \$7 million in taxpayer subsidies

- A nearly \$2.3 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.
- Significant projected reductions in several Departments are due primarily to fewer citizens requiring services, or a shift in some areas to less expensive preventive services. Some of these areas also experienced Federal funding cuts resulting from the Sequester:

<b>Department</b>	<b>Projected Expenditure Reduction</b>
Child Care – Delinquent	\$1,817,652
Youth Detention Center	\$318,842
Behavioral Health Programs	\$1,145,869
Health	\$855,803
Aging and Adult Services	\$1,399,753
Children and Youth Admin	\$794,093
Day Care	\$734,857

- Significant projected reductions in several Departments are due primarily to better than projected spending levels on personnel, overtime, and controllable expenses:

<b>Department</b>	<b>Projected Expenditure Reduction</b>
Board of Assessment Appeals	\$366,311
Controller	\$242,128
Information Technology Services	\$703,530
Recorder of Deeds	\$113,246

- An overage in HR of nearly \$54,000 is due primarily to a technical flaw in the County's financial software which "dropped" an approved position when loading the 2013 budget. The flaw has been fixed in the software.

## **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.

Based on discussions with the Controller's Office, this Quarterly Report anticipates a negative accrual for 2013 of \$1.3 million. 2014 Quarterly reports will reflect the actual accrual figures once they are completed and audited.

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

- Net of all fees and recaptured interest, TRAN costs totaled \$63,610, or just 55 percent of the anticipated borrowing costs (\$114,435). Due in part to the higher than expected cash balance and earlier than expected transfers from the Commonwealth, the County ended the first quarter having utilized only \$10.5 million of the TRAN short term loan funds. This allowed the County to generate additional interest to offset the borrowing costs associated with the TRAN.
- An analysis of County overtime across departments shows that most areas of County government are staying within budgeted overtime levels, with a few exceptions:
  - Security 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 was more cost effective to pay overtime than to hire additional staff while the sale of the Human Services Center was being completed.
  - Corrections saw a significant increase in overtime during 2013, due in part to a large increase in the number of medical days. When an inmate requires hospitalization, two correctional officers must transport and remain with the inmate. OT was also impacted by a high number of vacancies in Corrections, which is offset by lower than projected salary expenditures.

- Parkhouse experienced a significant increase in overtime usage during the fourth quarter as general leave usage increased during that time period, requiring a greater reliance on overtime.
- 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 provided an additional \$2,300,000 of taxpayer funds from the General Fund.

- During 2013, cumulative Comp Time balances fell by over 5,400 hours, a decrease of over 8 percent. This decrease was in part a result of new efforts to ensure that Comp Time is utilized in an efficient and effective manner. The year-end balance of 59,796 hours represents the lowest liability since the end of 2009.

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.

- Corrections Comp Time increases are 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. An increase in the number of vacancies in Information Technology and a number of new initiatives has resulted in increased Comp Time accumulation during 2013.

**Montgomery County Quarterly Financial Update**  
**2013, Fourth Quarter (through December 31, 2013)**

**SUMMARY PAGE**

	<b>2011 Actual</b>	<b>2012 Actual (audited)</b>	<b>2013 Adopted</b>	<b>2013 Actual (cash basis)</b>	<b>2013 Difference between Actual and Adopted</b>
<b><u>Revenues</u></b>					
Taxes	155,156,556	181,178,189	184,500,000	183,314,453	(1,185,547)
Parkhouse and HSC Facilities	42,687,060	44,969,303	45,061,088	44,917,781	(143,307)
Departmental and Other Local non-Tax Revenues	43,135,796	44,613,750	47,215,558	47,649,022	433,464
Grant Revenue	141,649,605	138,275,760	135,502,762	128,475,356	(7,027,406)
<b>Total Revenues</b>	<b>382,629,016</b>	<b>409,037,002</b>	<b>412,279,408</b>	<b>404,356,612</b>	<b>(7,922,796)</b>
Fund Balance January 1	51,251,853	24,001,353	20,102,763	17,064,488	(3,038,275)
<b>Total Revenues and Balance Appropriation</b>	<b>433,880,869</b>	<b>433,038,355</b>	<b>432,382,171</b>	<b>421,421,100</b>	<b>(10,961,071)</b>
<b>Total Expenditures</b>	<b>407,048,229</b>	<b>409,582,073</b>	<b>409,685,493</b>	<b>401,405,706</b>	<b>(8,279,787)</b>
<b>End of Year Adjustments</b>	<b>(2,831,287)</b>	<b>(6,391,794)</b>	<b>-</b>	<b>(1,300,000)</b>	
<b>Reserve for Fund Balance</b>	<b>-</b>	<b>-</b>	<b>2,593,915</b>	<b>1,650,906</b>	<b>(943,009)</b>
<b>Net Asset Sale Proceeds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Unappropriated Balance (Year end)</b>	<b>24,001,353</b>	<b>17,064,488</b>	<b>22,696,678</b>	<b>23,715,394</b>	<b>1,018,716</b>
<b>Annual Operating Surplus/(Deficit)</b>	<b>(27,250,500)</b>	<b>(6,936,865)</b>	<b>2,593,915</b>	<b>1,650,906</b>	

**Montgomery County Quarterly Financial Update**  
**2013, Fourth Quarter (through December 31, 2013)**

	<u>2011</u>	<u>2012</u>		<u>2013</u>	
	Full Year	Full Year (cash basis)	Adopted Budget	Q4 Actual	Difference between Adopted and Actual
<b>REAL ESTATE TAXES</b>					
Current	151,103,946	176,833,646	179,500,000	178,107,747	(1,392,253)
Prior	4,052,609	4,344,543	5,000,000	5,206,706	206,706 <sup>1</sup>
Total	155,156,556	181,178,189	184,500,000	183,314,453	(1,185,547)
<b>PARKHOUSE AND HSC FACILITIES</b>					
	42,687,060	44,969,303	45,061,088	44,917,781	(143,307)
<b>DEPARTMENTAL REVENUE</b>					
Adult Probation	939,695	1,562,089	1,585,944	1,537,727	(48,217)
Aging and Adult Services	338,886	327,084	1,760,000	1,447,525	(312,475)
Assets and Infrastructure		2,340,257	2,086,667	2,309,297	222,630
Board of Assessment	266,600	244,390	200,000	146,260	(53,740)
Children and Youth	223,839	369,443	411,300	325,506	(85,794)
Clerk of Courts	4,759,253	4,461,096	4,700,000	4,549,389	(150,611)
Conservation District	285,595	303,994	258,892	280,862	21,970
Controller	15,589	-			-
Coroner	289,265	243,403	240,000	281,576	41,576
Correction Facility	2,197,959	2,561,935	2,475,000	2,304,676	(170,324)
Courts/Law Library	48,315	49,232	65,000	55,423	(9,577)
District Attorney	-	346,578	125,000	279,789	154,789
District Justices	3,580,097	3,637,140	3,700,000	3,490,424	(209,576)
Domestic Relations	6,578,939	5,948,424	6,422,721	5,606,060	(816,661)
Drug and Alcohol Programs	211,934	197,798	230,000	237,780	7,780
DUI Administration	744,334	682,125	700,000	709,213	9,213
Health Department	1,071,116	1,204,143	1,344,480	1,533,125	188,645
Information Technology	52,829	59,136	70,000	90,870	20,870

**Montgomery County Quarterly Financial Update**  
**2013, Fourth Quarter (through December 31, 2013)**

	<u>2011</u>	<u>2012</u>		<u>2013</u>	
	Full Year	Full Year (cash basis)	Adopted Budget	Q4 Actual	Difference between Adopted and Actual
Juvenile Probation	116,133	480,112	335,000	433,937	98,937
Mental Health Programs (2)	572,729	622,299	450,000	672,165	222,165
Planning Commission	673,840	675,407	687,031	834,649	147,618
Prothonotary	4,154,805	4,085,088	4,100,000	4,083,104	(16,896)
Public Defender	51,336	42,400	54,000	17,175	(36,825)
Public Safety	957,142	933,430	777,943	1,043,224	265,281
Purchasing	3,859	3,221	2,000	3,219	1,219
Recorder of Deeds	5,553,511	6,294,906	6,200,000	6,723,502	523,502
Register of Wills	1,974,086	2,019,280	2,168,000	2,549,412	381,412
Sheriff	2,343,906	2,083,083	2,315,530	2,363,682	48,152
Tax Claim Bureau	2,139,353	1,737,282	2,425,000	2,654,956	229,956
Treasurer	114,404	90,564	90,900	84,550	(6,350)
Youth Centers 2	63,834	84,926	45,150	58,340	13,190
Other Department Revenue	-	-	-	86,386	86,386
<b>Total Departmental Revenue</b>	<b>42,436,859</b>	<b>43,690,265</b>	<b>46,025,558</b>	<b>46,793,803</b>	<b>768,245</b>
<b>OTHER REVENUE</b>					
Interest	161,638	113,530	100,000	137,926	37,926
Recoverable Expenditures	537,299	809,955	890,000	601,304	(288,696)
Bail Recovery	-	-	200,000	115,989	(84,011)
<b>Total Other Revenue</b>	<b>698,937</b>	<b>923,485</b>	<b>1,190,000</b>	<b>855,219</b>	<b>(334,781)</b>
<b>TOTAL DEPARTMENT AND OTHER REVENUE</b>	<b>43,135,796</b>	<b>44,613,750</b>	<b>47,215,558</b>	<b>47,649,022</b>	<b>433,464</b>

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 ended the year over budget.



**Montgomery County Quarterly Financial Update**  
**2013, Fourth Quarter (through December 31, 2013)**

	<u>2011 (actual)</u>	<u>2012 (Cash basis)</u>		<u>2013</u>	
	<b>Full Year</b>	<b>Full Year</b>	<b>Adopted</b>	<b>4th Quarter (actual)</b>	<b>Difference between Adopted and Actual</b>
<b>DEPARTMENTAL GRANT REVENUE</b>					
Adult Probation	557,678	190,464	228,698	234,026	5,328
Aging and Adult Services	15,843,605	17,272,170	14,414,000	14,070,357	(343,643)
Assets and Infrastructure	-	699,120	1,700,000	673,442	(1,026,558)
Children and Youth	17,457,396	22,112,872	18,948,700	19,537,824	589,124
Coroner	68,231	29,795	70,000	44,528	(25,472)
Courts Administration	1,568,438	1,576,803	1,568,755	1,627,114	58,359
Day Care	27,125,394	25,355,472	25,463,019	24,329,707	(1,133,312)
District Attorney	400,436	355,991	380,000	575,156	195,156
Drug and Alcohol Programs	6,032,846	5,417,707	6,057,461	5,394,357	(663,104)
Health Department	7,270,754	5,615,016	5,698,334	5,088,879	(609,455)
Juvenile Probation	8,913,740	8,409,161	8,098,551	6,434,119	(1,664,432)
Mental Health Programs	52,615,643	46,854,790	48,599,718	46,524,068	(2,075,650)
Public Safety	648,639	596,604	853,477	496,723	(356,754)
Purchasing/Planning	36,530	23,494	36,049	24,344	(11,705)
Register of Wills	59,211	26,064	20,000	49,206	29,206
Sheriff	-	1,326	-	1,514	1,514
PURTA	223,683	214,115	200,000	226,181	26,181
Youth Centers	2,827,381	3,524,796	3,166,000	3,094,426	(71,574)
Other Grant Revenues	-	0	-	49,385	49,385
<b>Total Grant Revenue</b>	<b>141,649,605</b>	<b>138,275,760</b>	<b>135,502,762</b>	<b>128,475,356</b>	<b>(7,076,791)</b>

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, Fourth Quarter (through December 31, 2013)**

EXPENDITURES	2013				
	2011 Actual	2012 Actual	Adopted Budget	Q4 Actual	Difference Between Adopted and Actual
<b>COUNTY ADMINISTRATION</b>					
Commissioners	2,476,506	2,804,341	2,576,535	2,576,708	173
Assets and Infrastructure	7,365,302	6,427,292	6,227,033	3,934,227	(2,292,806)
Board of Assessment Appeals	2,658,370	2,699,090	3,108,709	2,742,398	(366,311)
Controller	1,645,724	1,683,363	1,746,373	1,504,245	(242,128)
Security	1,094,722	992,699	954,950	908,977	(45,973)
Economic/Workforce Development	257,560	236,919	27,625	27,625	-
Human Resources	761,753	860,371	725,517	779,399	53,882
Information Technology Solutions	2,426,674	6,048,349	6,317,688	5,614,158	(703,530)
Planning Commission	3,186,326	3,144,928	3,162,122	3,110,420	(51,702)
Public Defender	3,245,423	3,277,100	3,763,587	3,727,164	(36,423)
Purchasing	868,527	715,339	818,788	735,781	(83,007)
Recorder of Deeds	1,669,530	1,606,855	1,652,779	1,539,533	(113,246)
Tax Collectors	1,294,452	1,615,095	1,430,000	1,478,026	48,026
Tax Claim Bureau	352,894	57,631	589,121	749,785	160,664
Treasurer	607,757	604,659	649,116	638,721	(10,395)
Voter Services	1,868,724	2,135,421	1,826,902	1,842,951	16,049
<b>Total County Administration</b>	<b>26,962,168</b>	<b>30,260,054</b>	<b>35,576,845</b>	<b>31,910,118</b>	<b>(3,666,727)</b>
<b>JUDICIAL</b>					
Clerk of Courts	1,805,513	1,815,605	2,038,540	2,090,095	51,555
Coroner	1,222,448	1,210,529	1,284,026	1,358,876	74,850
Courts/Drug Court	13,306,439	13,692,081	15,706,648	15,499,765	(206,883)
District Attorney	13,038,433	14,845,365	13,935,475	13,896,555	(38,920)

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**Montgomery County Quarterly Financial Update**  
**2013, Fourth Quarter (through December 31, 2013)**

EXPENDITURES	2013				
	2011 Actual	2012 Actual	Adopted Budget	Q4 Actual	Difference Between Adopted and Actual
District Justices	9,442,515	9,582,807	10,006,904	9,588,515	(418,389)
Domestic Relations	8,036,675	8,044,220	7,950,306	7,609,935	(340,371)
Jury Board	407,969	421,214	518,190	476,626	(41,564)
Law Library	724,058	708,281	594,468	514,863	(79,605)
Prothonotary	1,964,295	1,909,104	2,279,616	2,312,451	32,835
Register of Wills	1,082,056	1,085,090	1,148,110	1,096,854	(51,256)
Sheriff/Central Processing	7,637,080	7,291,179	8,124,909	8,180,247	55,338
<b>Total Judicial</b>	<b>58,667,481</b>	<b>60,605,475</b>	<b>63,587,192</b>	<b>62,624,782</b>	<b>(962,410)</b>
<b>CORRECTIONS</b>					
Adult Probation	6,661,406	6,752,328	7,242,289	7,141,554	(100,735)
Juvenile Probation	4,951,749	4,915,995	5,024,270	4,956,134	(68,136)
Child Care - Delinquent	11,289,130	10,219,260	10,682,000	8,864,348	(1,817,652)
Driving Under the Influence	463,850	397,177	431,122	400,740	(30,382)
Correction Facility	29,683,000	31,819,560	31,834,463	31,774,981	(59,482)
Youth Detention Center	3,665,910	3,653,194	3,965,310	3,646,468	(318,842)
<b>Total Corrections</b>	<b>56,715,045</b>	<b>57,757,514</b>	<b>59,179,454</b>	<b>56,784,225</b>	<b>(2,395,229)</b>
<b>GENERAL WELFARE</b>					
Drug and Alcohol Programs	6,447,899	5,402,529	6,389,631	5,998,413	(391,218)
Behavioral Health Programs	51,742,851	53,065,165	50,428,707	49,282,838	(1,145,869)
Health Department	9,222,984	8,736,377	9,348,169	8,492,366	(855,803)
HSC Admin.	62,184	250	-	-	-
<b>Total General Welfare</b>	<b>67,475,918</b>	<b>67,204,321</b>	<b>66,166,507</b>	<b>63,773,617</b>	<b>(2,392,890)</b>

**Montgomery County Quarterly Financial Update**  
**2013, Fourth Quarter (through December 31, 2013)**

EXPENDITURES	2013				
	2011 Actual	2012 Actual	Adopted Budget	Q4 Actual	Difference Between Adopted and Actual
<b>ADULT WELFARE</b>					
Aging and Adult Services	18,591,232	18,199,252	17,742,941	16,343,188	(1,399,753)
Parkhouse and Assisted Living	47,918,716	46,587,208	49,546,049	47,435,886	(2,110,163)
<b>Total Adult Welfare</b>	<b>66,509,948</b>	<b>64,786,460</b>	<b>67,288,990</b>	<b>63,779,074</b>	<b>(3,509,916)</b>
<b>CHILD WELFARE</b>					
Youth Shelter Center	1,248,931	1,253,451	1,331,947	1,245,233	(86,714)
Children and Youth Administration	9,479,761	9,651,462	10,757,165	9,963,072	(794,093)
Child Care - Dependent	11,325,032	11,520,411	13,114,500	13,392,661	278,161
Day Care	27,450,182	25,519,875	25,555,475	24,820,618	(734,857)
<b>Total Child Welfare</b>	<b>49,503,906</b>	<b>47,945,199</b>	<b>50,759,087</b>	<b>49,421,584</b>	<b>(1,337,503)</b>
<b>PUBLIC SAFETY</b>	<b>3,111,116</b>	<b>3,100,478</b>	<b>3,573,573</b>	<b>3,551,723</b>	<b>(21,850)</b>
<b>OTHER</b>					
Veterans Affairs	371,735	352,841	425,627	388,558	(37,069)
Insurance	1,578,207	1,719,805	1,750,000	1,764,193	14,193
Debt Service	34,662,369	39,015,410	39,500,000	39,971,132	471,132
Reduction in Staff Complement			(3,825,000)		3,825,000
Tax Refunds and Appraisals	988,817	1,478,584	1,700,000	1,007,555	(692,445)
Legal and Professional Fees	405,581	269,252	300,000	244,594	(55,406)
Prior Year Adjustments	532,856				-
Miscellaneous	28,798	125,077		261,877	261,877
<b>Total Other</b>	<b>38,568,363</b>	<b>42,960,969</b>	<b>39,850,627</b>	<b>43,637,909</b>	<b>3,787,282</b>

**Montgomery County Quarterly Financial Update**  
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EXPENDITURES	2013				
	2011 Actual	2012 Actual	Adopted Budget	Q4 Actual	Difference Between Adopted and Actual
<b>TRANSFERS TO OTHER FUNDS</b>					
Emergency Communications	650,000	300,000	200,000	2,502,143	2,302,143
Liquid Fuels	236,500	350,000		-	-
Recycling	225,000		75,000		(75,000)
<b>Total Transfers</b>	<b>1,111,500</b>	<b>650,000</b>	<b>275,000</b>	<b>2,502,143</b>	<b>2,227,143</b>
<b>SUBSIDIES</b>					
Conservation District	538,864	511,126	458,915	481,802	22,887
Cooperative Extension	332,082	323,871	320,800	328,614	7,814
Appropriation Summary	30,097,262	28,827,458	22,648,503	22,610,115	(38,388)
<b>Total Subsidies</b>	<b>30,968,208</b>	<b>29,662,455</b>	<b>23,428,218</b>	<b>23,420,531</b>	<b>(7,687)</b>
<b>TOTAL EXPENDITURES</b>	<b>404,411,729</b>	<b>409,582,323</b>	<b>409,685,493</b>	<b>401,405,706</b>	<b>(8,279,787)</b>

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**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. 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.
4. Costs for the 9-1-1 center continue to increase at a rate outpacing the Commonwealth's fee structure which has not been adjusted since 1996. As a result, the County supplemented the 9-1-1 fund by over \$2,500,000 in taxpayer funds, \$2.3 million more than originally budgeted.

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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.

<b>Date</b>	<b>Action</b>	<b>TRAN Funds Utilized</b>	<b>Year-to-date TRAN funds Utilized</b>	<b>Available TRAN funds</b>
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	\$ 62,466.67
<b>Total TRAN costs</b>	<b>\$ 114,434.67</b>

2013 Interest earned on TRAN principal:	50,824.29
<b>NET TOTAL TRAN COST:</b>	<b>\$ 63,610.38</b>

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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 Q4 Actual</u>	<u>4th quarter as % of full-year</u>
Aging - Administration	10,248	8,048	1,137	-	4,118	-
Assets and Infrastructure	133,495	101,355	84,376	102,000	74,824	73%
Security	13,962	15,124	20,614	12,000	17,032	142% <sup>2</sup>
Voter Services	71,663	71,945	146,530	50,004	63,421	127% <sup>3</sup>
Domestic Relations	23,273	16,784	18,756	15,996	13,073	82%
Sheriff	379,678	339,742	321,887	360,000	370,334	103%
Coroner	15,102	19,830	16,461	30,000	22,290	74%
Prothonotary	1,088	3,057	(1,684)	-	535	
Clerk of Courts	33,166	29,253	36,393	9,996	9,658	97%
District Attorney	886,192	771,147	688,114	800,004	627,938	78%
Correctional Facility	403,189	540,519	794,691	399,996	670,921	168% <sup>4</sup>
Youth Shelter Center	33,537	12,824	16,139	20,004	18,155	91%
Youth Detention Center	46,294	47,268	60,006	54,996	38,902	71%
DUI	1,847	1,753	21,035	47,700	33,300	70%
Adult Probation	86,243	90,119	91,851	90,540	93,870	104%
Juvenile Probation	9,592	9,200	8,823	10,368	9,583	92%
Drug Court	52,873	49,662	57,082	51,984	54,134	104%
Public Safety	56	5,892	0	-	348	
Parkhouse	538,174	536,258	724,285	552,312	720,960	131% <sup>5</sup>
Emergency Communications	851,442	1,062,808	1,349,502	999,996	1,345,689	135% <sup>6</sup>
Roads & Bridges - Maintenance	51,768	62,795	33,821	60,000	16,988	28%
Other <sup>1</sup>	1,081	551	6,039	-	1,942	
<b>TOTALS</b>	<b>3,592,195</b>	<b>3,733,139</b>	<b>4,462,037</b>	<b>3,607,896</b>	<b>4,191,027</b>	<b>116%</b>

**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.
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. Voter services experienced higher than expected overtime usage during elections.
4. Corrections saw a significant increase in overtime during 2013, due in part to a large increase in the number of medical days. When an inmate requires hospitalization, two correctional officers must transport and remain with the inmate. OT was also impacted by a high number of vacancies in Corrections, which is offset by lower than projected salary expenditures.
5. Parkhouse experienced higher than usual overtime usage in the fourth quarter.
6. Emergency Communications had a significant overage 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), increasing numbers of weather events, and taking over of local police dispatch centers.



**Montgomery County Quarterly Financial Update  
2013, Fourth Quarter (through December 31, 2013)**

<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>Jan/14</u> <u>Balance</u>	<u>Change from</u> <u>Jan/09 to</u> <u>Jan/14</u>	<u>Change from</u> <u>Jan/13 to</u> <u>Jan/14</u>
Court House Security	837	1,057	950	1,188	1,004	682	(155)	(322)
Voter Services	1,913	2,117	2,262	2,378	2,630	1,275	(638)	(1,355)
Planning Commission	3,453	3,001	2,533	2,349	1,516	1,609	(1,844)	93
Recorder of Deeds	247	247	247	240	240	-	(247)	(240)
Domestic Relations	604	528	408	343	377	401	(203)	24
Sheriff	5,224	5,980	6,368	6,787	7,279	7,077	1,853	(202)
Coroner	1,022	1,087	818	658	654	241	(781)	(413)
Prothonotary	353	367	293	242	199	69	(284)	(130)
Clerk of Courts	289	184	106	55	125	229	(60)	104
District Attorney	10,472	11,316	11,388	12,516	12,950	11,757	1,285	(1,193)
Correctional Facility	8,495	9,533	14,377	15,336	15,262	17,529	9,034	2,267 <sup>3</sup>
Youth Center Shelter	37	30	39	42	80	53	16	(27)
Youth Center	392	370	315	407	520	452	60	(68)
Adult Probation	1,864	1,941	1,684	1,558	1,269	1,423	(441)	154
Juvenile Probation	4,934	4,811	4,449	3,691	3,483	3,100	(1,834)	(383)
Information Technology	310	359	333	398	453	642	332	189 <sup>4</sup>
Public Safety	1,002	880	972	1,412	2,114	1,474	472	(640)
Assets & Infrastructure	6,757	5,980	6,715	6,114	6,011	5,073	(1,684)	(938)
Health Department	378	776	675	829	816	619	241	(197)
Aging & Adult Services	801	766	687	728	574	646	(155)	72
Children & Youth	548	810	723	1,248	1,502	1,766	1,218	264 <sup>5</sup>
Day Care	183	151	168	132	116	71	(112)	(45)

**Montgomery County Quarterly Financial Update  
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<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>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/14</u>	<u>Jan/14</u>
Emergency Dispatch Services	1,380	1,542	2,288	2,728	2,626	2,723	1,343	97
Parkhouse	3,164	3,000	2,918	2,531	3,100	644	(2,520)	(2,456)
Other <sup>2</sup>	346	233	273	182	160	91	(255)	(69)
<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>4,673</b>	<b>(5,424)</b>

**NOTES:**

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; an increase in the number of vacancies in the second half of 2013; participation in a mock-riot exercise; and, a facility wide drug search during the first half of the year.

4. An increase in the number of vacancies in Information Technology and a number of new initiatives 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.