

**MONTGOMERY COUNTY
BOARD OF COMMISSIONERS**

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FINANCE OFFICE
MONTGOMERY COUNTY COURTHOUSE • PO Box 311
NORRISTOWN, PA 19404-0311
610-278-3437
FAX: 610-278-3069 • TDD: 610-631-1211
WWW.MONTCOPA.ORG

URI Z. MONSON
CHIEF FINANCIAL OFFICER

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

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RE: 2013 Quarterly Budget Update – Third Quarter (Q3)

Date: November 7, 2013

This report is based on information as of the end of Q3 of 2013 – September 30, 2013.

The Quarterly Update Report is presented as follows:

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TRAN Analysis	Page 10
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2013 Q3 Summary

Based on Q3 results, the County now projects to have an annual operating surplus for the year of over \$540,000. This would mark the first County year of balanced operations (revenues at or exceeding expenditures) since 2007.

Projected revenue reductions of nearly \$6.6 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 \$4.5 million below budgeted levels, and would have been nearly \$7.3 million below budget, but for the need for the County to provide an additional \$2.8 million to cover shortfalls in the 9-1-1 Emergency Communications Fund.

Based on a preliminary analysis of the Parkhouse and Human Services Center transactions, the County expects to realize \$23.5 million in net assets before the end of 2013. The 2013 ending fund balance is projected to be nearly \$41.2 million, significantly higher than the 2013 budget level, the highest level since 2010, and at the 10 percent recommended reserve level.

On September 30, \$845,718 was transferred to the Pension Fund, the third 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 September 30, 2013

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

- Due to a needs-based reduction in certain human service related activities and federal sequester reductions, grant funds for Children and Youth, Day Care, Drug and Alcohol programs, Health, and Mental Health programs are collectively projected to end the year more than \$3.5 million below budgeted levels.
- Total tax revenues are projected to end the year \$1.5 million below budgeted levels. This is primarily due to an underestimation 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, 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 \$600,000 less in reimbursements.
- Increased activity in filings with the Recorder of Deeds has resulted in a projected increase in revenues by \$800,000. The increase is due mainly to an increase in filings in the County.

Expenditures through September 30, 2013

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

- A projected overage of \$2,800,000 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 to operate the 9-1-1 system, 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 getting 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 amount of taxpayer subsidy, not just for Montgomery County, but for Counties across the Commonwealth. Allegheny County is already estimating taxpayer subsidies of over \$5.2 million for this year, and Delaware County estimates nearly \$7 million in taxpayer subsidies

- A \$1.63 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 \$630,000 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	\$293,678
Information Technology Services	\$337,222
Child Care – Delinquent	\$1,253,424
Youth Detention Center	\$264,269
Behavioral Health Programs	\$2,440,473
Health	\$555,437
Aging and Adult Services	\$1,536,572
Children and Youth Admin	\$592,478
Child Care- Dependent	\$493,764
Day Care	\$560,366

- 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. The flaw has been fixed in the software.
- A projected overage of over \$397,000 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.

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. This was a one-time issue for 2013 related to the change in the County holiday calendar.
 - 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 \$2,800,000 from the General Fund.

- The Quarterly Report now 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. During the first nine months of 2013, the County's Comp Time balance fell by 4,243 hours, to a County-wide balance of 61,542 hours.

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 September, 2013 period may not accurately reflect actual activity. Proper accounting for actual Comp Time earned will be completed and reflected by the end of the year.

Montgomery County Quarterly Financial Update
2013, Third Quarter (through September 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	183,000,000	(1,500,000)
Parkhouse and HSC Facilities	42,687,060	44,969,303	45,061,088	45,296,721	235,633
Departmental and Other Local non-Tax Revenues	43,135,796	44,613,750	47,215,558	47,284,202	68,644
Grant Revenue	141,649,605	138,275,760	135,502,762	130,088,004	(5,414,758)
Total Revenues	382,629,016	409,037,002	412,279,408	405,668,927	(6,610,481)
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	422,733,416	(9,648,755)
Total Expenditures	407,048,229	409,582,073	409,685,493	405,121,690	(4,563,803)
End of Year Adjustments	(2,831,287)	(6,391,794)	-	-	
Reserve for Fund Balance	-	-	2,593,915	547,238	
Net Asset Sale Proceeds	-	-	-	23,500,000	23,500,000
Unappropriated Balance (Year end)	24,001,353	17,064,488	22,696,678	41,111,726	18,415,048
Annual Operating Surplus/(Deficit)	(27,250,500)	(6,936,865)	-	547,238	

Montgomery County Quarterly Financial Update
2013, Third Quarter (through September 30, 2013)

REVENUE DETAIL

	<u>2011</u>		<u>2012</u>	<u>Q3 as %</u>		<u>2013</u>		
	Full Year	Full Year (cash basis)	Q3 (actual)	of full-year	Adopted Budget	Q3 Actual	Q3 as % of full-year	Full Year (projected)
REAL ESTATE TAXES								
Current	151,103,946	176,833,646	173,999,132	98%	179,500,000	174,224,643	97%	177,000,000
Prior	4,052,609	4,344,543	2,488,018	57%	5,000,000	5,217,382	104%	6,000,000
Total	155,156,556	181,178,189	176,487,150	97%	184,500,000	179,442,025	97%	183,000,000
PARKHOUSE AND HSC FACILITIES								
	42,687,060	44,969,303	32,761,877	73%	45,061,088	32,672,541	73%	45,296,721
DEPARTMENTAL REVENUE								
Adult Probation	939,695	1,562,089	1,562,089	100%	1,585,944	1,537,727	97%	1,585,944
Aging and Adult Services	338,886	327,084	252,475	77%	1,760,000	1,159,944	66%	1,649,074
Assets and Infrastructure		2,340,257	1,237,070	53%	2,086,667	1,704,296	82%	2,272,395
Board of Assessment	266,600	244,390	239,090	98%	200,000	144,960	72%	193,280
Children and Youth	223,839	369,443	226,427	61%	411,300	240,984	59%	321,312
Clerk of Courts	4,759,253	4,461,096	3,452,201	77%	4,700,000	3,345,880	71%	4,461,173
Conservation District	285,595	303,994	236,124	78%	258,892	189,516	73%	258,892
Controller	15,589	-	-					
Coroner	289,265	243,403	183,998	76%	240,000	211,306	88%	281,741
Correction Facility	2,197,959	2,561,935	1,605,778	63%	2,475,000	1,639,412	66%	2,185,883
Courts	48,315	49,232	47,582	97%	65,000	37,383	58%	65,000
District Attorney	-	346,578	15,061	4%		215,918		232,891
District Justices	3,580,097	3,637,140	2,873,973	79%	3,700,000	2,652,401	72%	3,536,535
Domestic Relations	6,578,939	5,948,424	4,745,748	80%	6,422,721	4,391,934	68%	5,855,912
Drug and Alcohol Programs	211,934	197,798	162,116	82%	230,000	174,732	76%	232,976

Montgomery County Quarterly Financial Update
2013, Third Quarter (through September 30, 2013)

REVENUE DETAIL

	<u>2011</u>		<u>2012</u>		<u>2013</u>			
DUI Administration	744,334	682,125	513,050	75%	700,000	527,207	75%	700,000
Health Department	1,071,116	1,204,143	871,349	72%	1,344,480	1,135,095	84%	1,408,460
Information Technology	52,829	59,136	46,648	79%	70,000	81,563	117%	108,751
Juvenile Probation	116,133	480,112	69,189	14%	335,000	334,438	100%	335,000
Mental Health Programs (2)	572,729	622,299	514,631	83%	450,000	480,936	107%	520,248
Planning Commission	673,840	675,407	269,669	40%	687,031	484,265	70%	645,687
Prothonotary	4,154,805	4,085,088	3,177,015	78%	4,100,000	3,077,543	75%	4,100,000
Public Defender	51,336	42,400	20,475	48%	54,000	13,425	25%	25,000
Public Safety	957,142	933,430	548,141	59%	777,943	731,662	94%	850,000
Purchasing	3,859	3,221	2,138	66%	2,000	1,661	83%	2,000
Recorder of Deeds	5,553,511	6,294,906	4,667,740	74%	6,200,000	5,322,561	86%	7,000,000
Register of Wills	1,974,086	2,019,280	1,482,312	73%	2,168,000	2,001,716	92%	2,600,000
Sheriff	2,343,906	2,083,083	1,668,520	80%	2,315,530	1,750,021	76%	2,350,000
Tax Claim Bureau	2,139,353	1,737,282	150,415	9%	2,425,000	1,867,215	77%	2,425,000
Treasurer	114,404	90,564	73,236	81%	90,900	67,791	75%	90,900
Youth Centers 2	63,834	84,926	146	0%	45,150	185	0%	45,150
Total Departmental Revenue	42,436,859	43,690,265	31,443,593	72%	45,900,558	35,610,063	78%	46,339,202
OTHER REVENUE								
Interest	161,638	113,530	42,430	37%	100,000	90,975	91%	120,000
Recoverable Expenditures	537,299	809,955	822,793	102%	890,000	472,878	53%	700,000
Bail Recovery	-	-	0	0%	200,000	83,546	42%	125,000
Total Other Revenue	698,937	923,485	865,223	22%	1,190,000	696,783	59%	945,000
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TOTAL DEPARTMENT AND OTHER REVENUE	43,135,796	44,613,750	32,308,816	72%	47,090,558	36,306,846	77%	47,284,202

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, Third Quarter (through September 30, 2013)

	<u>2011 (actual)</u>	<u>2012 (Cash basis)</u>		<u>2013</u>			
	Full Year	Full Year	3rd quarter as % of full-year	Full Year Budgeted	3rd Quarter (actual)	3rd quarter as % of full-year	Full Year (projected)
DEPARTMENTAL GRANT REVENUE							
Adult Probation	557,678	190,464	64%	228,698	181,206	79%	235,000
Aging and Adult Services	15,843,605	17,272,170	81%	14,414,000	9,680,134	67%	14,442,161
Assets and Infrastructure	-	699,120		1,700,000	673,992	40%	673,992
Children and Youth	17,457,396	22,112,872	89%	18,948,700	12,850,481	68%	18,000,000
Coroner	68,231	29,795	39%	70,000	26,483	38%	55,000
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	73%	25,463,019	18,226,177	72%	25,000,000
District Attorney	400,436	355,991	51%	380,000	515,017	136%	550,000
Drug and Alcohol Programs	6,032,846	5,417,707	63%	6,057,461	4,066,918	67%	5,500,000
Health Department	7,270,754	5,615,016	62%	5,698,334	3,226,267	57%	5,200,000
Juvenile Probation	8,913,740	8,409,161	71%	8,098,551	4,430,893	55%	7,500,000
Mental Health Programs	52,615,643	46,854,790	59%	48,599,718	33,796,124	70%	47,500,000
Public Safety	648,639	596,604	53%	853,477	366,199	43%	750,000
Purchasing/Planning	36,530	23,494	59%	36,049	0	0%	36,049
Register of Wills	59,211	26,064	130%	20,000	49,206	246%	55,000
Sheriff	-	1,326			1,514		2,000
PURTA	223,683	214,115	0%	200,000	220,047	110%	220,047
Youth Centers	2,827,381	3,524,796	91%	3,166,000	2,042,355	65%	2,800,000
Total Grant Revenue	141,649,605	138,275,760		135,502,762	90,400,349	67%	130,088,004

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, Third Quarter (through September 30, 2013)

2013 EXPENDITURE DETAIL

	2013						
	2011 Actual	2012 Actual	Adopted Budget	Q3 Actual	Q3 Actual as a % of Adopted Budget	Full-year projection (at Q3)	Difference Between Adopted and Current Projection
COUNTY ADMINISTRATION							
Commissioners	2,476,506	2,804,341	2,576,535	1,968,073	76%	2,591,296	14,761
Assets and Infrastructure	7,365,302	6,427,292	6,227,033	3,243,139	52%	4,594,447	(1,632,586) ¹
Board of Assessment Appeals	2,658,370	2,699,090	3,108,709	2,111,206	68%	2,814,941	(293,768)
Controller	1,645,724	1,683,363	1,746,373	1,200,204	69%	1,640,279	(106,094)
Security	1,094,722	992,699	954,950	715,585	75%	954,113	(837)
Economic/Workforce Development	257,560	236,919	27,625	20,719	75%	27,625	-
Human Resources	761,753	860,371	725,517	600,148	83%	800,197	74,680 ²
Information Technology Solutions	2,426,674	6,048,349	6,317,688	4,087,984	65%	5,791,311	(526,377)
Planning Commission	3,186,326	3,144,928	3,162,122	2,360,641	75%	3,147,521	(14,601)
Public Defender	3,245,423	3,277,100	3,763,587	2,823,733	75%	3,764,977	1,390
Purchasing	868,527	715,339	818,788	561,222	69%	767,003	(51,785)
Recorder of Deeds	1,669,530	1,606,855	1,652,779	1,185,049	72%	1,619,567	(33,212)
Tax Collectors	1,294,452	1,615,095	1,430,000	1,108,063	77%	1,483,063	53,063
Tax Claim Bureau	352,894	57,631	589,121	480,776	82%	641,035	51,914
Treasurer	607,757	604,659	649,116	493,045	76%	657,393	8,277
Voter Services	1,868,724	<u>2,135,421</u>	<u>1,826,902</u>	<u>1,185,895</u>	<u>65%</u>	<u>1,660,253</u>	<u>(166,649)</u>
Total County Administration	26,962,168	30,260,054	35,576,845	24,145,482	68%	32,955,023	(2,621,822)
JUDICIAL							
Clerk of Courts	1,805,513	1,815,605	2,038,540	1,586,199	78%	2,114,932	76,392
Coroner	1,222,448	1,210,529	1,284,026	1,008,412	79%	1,344,549	60,523
Courts/Drug Court	13,306,439	13,692,081	15,706,648	11,849,678	75%	15,720,573	13,925
District Attorney	13,038,433	14,845,365	13,935,475	10,960,096	79%	14,333,461	397,986 ³

Montgomery County Quarterly Financial Update
2013, Third Quarter (through September 30, 2013)

2013 EXPENDITURE DETAIL

	2013						
	2011 Actual	2012 Actual	Adopted Budget	Q3 Actual	Q3 Actual as a % of Adopted Budget	Full-year projection (at Q3)	Difference Between Adopted and Current Projection
District Justices	9,442,515	9,582,807	10,006,904	7,345,380	73%	9,916,263	(90,641)
Domestic Relations	8,036,675	8,044,220	7,950,306	5,889,536	74%	7,852,715	(97,591)
Jury Board	407,969	421,214	518,190	368,904	71%	491,872	(26,318)
Law Library	724,058	708,281	594,468	403,916	68%	538,555	(55,913)
Prothonotary	1,964,295	1,909,104	2,279,616	1,787,859	78%	2,383,812	104,196
Register of Wills	1,082,056	1,085,090	1,148,110	844,004	74%	1,125,339	(22,771)
Sheriff/Central Processing	7,637,080	7,291,179	8,124,909	6,199,839	76%	8,266,452	141,543
Total Judicial	58,667,481	60,605,475	63,587,192	48,243,823	76%	64,088,522	501,330
CORRECTIONS							
Adult Probation	6,661,406	6,752,328	7,242,289	5,428,055	75%	7,237,407	(4,882)
Juvenile Probation	4,951,749	4,915,995	5,024,270	3,822,548	76%	5,096,731	72,461
Child Care - Delinquent	11,289,130	10,219,260	10,682,000	6,734,697	63%	9,428,576	(1,253,424)
Driving Under the Influence	463,850	397,177	431,122	306,809	71%	409,079	(22,043)
Correction Facility	29,683,000	31,819,560	31,834,463	23,788,587	75%	31,876,707	42,244
Youth Detention Center	3,665,910	3,653,194	3,965,310	2,775,781	70%	3,701,041	(264,269)
Total Corrections	56,715,045	57,757,514	59,179,454	42,856,477	72%	57,749,540	(1,429,914)
GENERAL WELFARE							
Drug and Alcohol Programs	6,447,899	5,402,529	6,389,631	4,677,219	73%	6,236,292	(153,339)
Behavioral Health Programs	51,742,851	53,065,165	50,428,707	35,113,342	70%	47,988,234	(2,440,473)
Health Department	9,222,984	8,736,377	9,348,169	6,594,549	71%	8,792,732	(555,437)
HSC Admin.	62,184	250		216		288	288
Total General Welfare	67,475,918	67,204,321	66,166,507	46,385,326	70%	63,017,546	(3,148,961)

Montgomery County Quarterly Financial Update
2013, Third Quarter (through September 30, 2013)

2013 EXPENDITURE DETAIL

			2013				Difference Between Adopted and Current Projection
	2011 Actual	2012 Actual	Adopted Budget	Q3 Actual	Q3 Actual as a % of Adopted Budget	Full-year projection (at Q3)	
ADULT WELFARE							
Aging and Adult Services	18,591,232	18,199,252	17,742,941	12,154,777	69%	16,206,369	(1,536,572)
Parkhouse and Assisted Living	47,918,716	46,587,208	49,546,049	36,493,841	74%	49,266,685	(279,364)
Total Adult Welfare	66,509,948	64,786,460	67,288,990	48,648,618	72%	65,473,055	(1,815,935)
CHILD WELFARE							
Youth Shelter Center	1,248,931	1,253,451	1,331,947	963,224	72%	1,284,299	(47,648)
Children and Youth Administration	9,479,761	9,651,462	10,757,165	7,529,398	70%	10,164,687	(592,478)
Child Care - Dependent	11,325,032	11,520,411	13,114,500	9,465,552	72%	12,620,736	(493,764)
Day Care	27,450,182	25,519,875	25,555,475	18,289,104	72%	24,995,109	(560,366)
Total Child Welfare	49,503,906	47,945,199	50,759,087	36,247,278	71%	49,064,831	(1,694,256)
PUBLIC SAFETY	3,111,116	3,100,478	3,573,573	2,737,778	77%	3,650,371	76,798
OTHER							
Veterans Affairs	371,735	352,841	425,627	302,509	71%	413,429	(12,198)
Insurance	1,578,207	1,719,805	1,750,000	1,651,560	94%	1,750,000	-
Debt Service	34,662,369	39,015,410	39,500,000	25,222,321	64%	39,500,000	-
Reduction in Staff Complement			(3,825,000)		0%	(956,250)	2,868,750
Tax Refunds and Appraisals	988,817	1,478,584	1,700,000	253,746	15%	1,400,000	(300,000)
Legal and Professional Fees	405,581	269,252	300,000	170,053	57%	232,406	(67,594)
Prior Year Adjustments	532,856						-
Miscellaneous	28,798	125,077		193,975		180,000	180,000
Total Other	38,568,363	42,960,969	39,850,627	27,794,164	70%	42,519,585	2,668,958

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2013 EXPENDITURE DETAIL

	2011 Actual	2012 Actual	2013		Q3 Actual as a % of Adopted Budget	Full-year projection (at Q3)	Difference Between Adopted and Current Projection
			Adopted Budget	Q3 Actual			
TRANSFERS TO OTHER FUNDS							
Emergency Communications	650,000	300,000	200,000	400,000	200%	3,000,000	2,800,000
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	500,000	182%	3,175,000	2,900,000
SUBSIDIES							
Conservation District	538,864	511,126	458,915	391,248	85%	458,915	-
Cooperative Extension	332,082	323,871	320,800	250,279	78%	320,800	-
Appropriation Summary	30,097,262	28,827,458	22,648,503	22,216,615	98%	22,648,503	-
Total Subsidies	30,968,208	29,662,455	23,428,218	22,858,142	98%	23,428,218	-
TOTAL EXPENDITURES	404,411,729	409,582,323	409,685,493	300,417,088	73%	405,121,690	(4,563,803)

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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. 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. 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 9/30): 38,540.39

Projected 2013 interest earned on TRAN principal: 52,040.39
PROJECTED NET TOTAL TRAN COST: \$ 62,394.28

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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 Q3 Actual</u>	<u>3rd quarter as % of full- year</u>
Aging - Administration	10,248	8,048	1,137	-	-	
Assets and Infrastructure	133,495	101,355	84,376	102,000	52,087	51%
Security	13,962	15,124	20,614	12,000	9,941	83% ²
Voter Services	71,663	71,945	146,530	50,004	32,694	65%
Domestic Relations	23,273	16,784	18,756	15,996	19,575	122% ³
Sheriff	379,678	339,742	321,887	360,000	270,371	75%
Coroner	15,102	19,830	16,461	30,000	15,781	53%
Prothonotary	1,088	3,057	(1,684)	-	535	
Clerk of Courts	33,166	29,253	36,393	9,996	3,760	38%
District Attorney	886,192	771,147	688,114	800,004	497,162	62%
Correctional Facility	403,189	540,519	794,691	399,996	417,123	104% ⁴
Youth Shelter Center	33,537	12,824	16,139	20,004	16,586	83% ⁵
Youth Detention Center	46,294	47,268	60,006	54,996	33,361	61%
DUI	1,847	1,753	21,035	47,700	22,900	48%
Adult Probation	86,243	90,119	91,851	90,540	73,252	81%
Juvenile Probation	9,592	9,200	8,823	10,368	6,983	67%
Drug Court	52,873	49,662	57,082	51,984	41,138	79%
Public Safety	56	5,892	0	-	40	
Parkhouse	538,174	536,258	724,285	552,312	513,245	93%
Emergency Communications	851,442	1,062,808	1,349,502	999,996	1,033,554	103% ⁶
Other ¹	1,081	551	6,039	-	1,872	
TOTALS	3,592,195	3,733,139	4,462,037	3,607,896	3,061,960	85%

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OVERTIME USAGE ANALYSIS

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. The high overtime in Domestic Relations is related primarily to overtime costs for employees in certain bargaining units working on Good Friday.
4. Corrections saw a significant increase in overtime during the third quarter, 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.
5. 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 has returned to normal levels.
6. 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>Sept/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>Sept/13</u>
Court House Security	837	1,057	950	1,188	1,004	696	167	(308)
Voter Services	1,913	2,117	2,262	2,378	2,630	1,261	717	(1,369)
Planning Commission	3,453	3,001	2,533	2,349	1,516	1,571	(1,937)	55
Recorder of Deeds	247	247	247	240	240	-	(7)	(240)
Domestic Relations	604	528	408	343	377	379	(227)	2
Sheriff	5,224	5,980	6,368	6,787	7,279	7,855	2,055	576
Coroner	1,022	1,087	818	658	654	327	(368)	(327)
Prothonotary	353	367	293	242	199	72	(154)	(127)
Clerk of Courts	289	184	106	55	125	239	(164)	114
District Attorney	10,472	11,316	11,388	12,516	12,950	11,584	2,478	(1,366)
Correctional Facility	8,495	9,533	14,377	15,336	15,262	17,581	6,767	2,319 ³
Youth Center Shelter	37	30	39	42	80	29	43	(51)
Youth Center	392	370	315	407	520	398	128	(122)
Adult Probation	1,864	1,941	1,684	1,558	1,269	1,666	(595)	397
Juvenile Probation	4,934	4,811	4,449	3,691	3,483	3,154	(1,451)	(329)
Information Technology	310	359	333		453	646	143	193 ⁴
Public Safety	1,002	880	972	1,412	2,114	1,442	1,112	(672)
Assets & Infrastructure	6,757	5,980	6,715	6,114	6,011	5,227	(746)	(784)
Health Department	378	776	675	829	816	735	438	(82)
Aging & Adult Services	801	766	687	728	574	579	(227)	5
Children & Youth	548	810	723	1,248	1,502	1,652	954	150 ⁵
Day Care	183	151	168	132	116	71	(68)	(45)

<u>DepartmentName</u>	<u>Jan/09</u>	<u>Jan/10</u>	<u>Jan/11</u>	<u>Jan/12</u>	<u>Jan/13</u>	<u>Sept/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>Sept/13</u>
Solid Waste Authority	120	136	233	167	162	203	42	41
Emergency Dispatch Services	1,380	1,542	2,288	2,728	2,626	3,151	1,245	525
Parkhouse	3,164	3,000	2,918	2,531	3,100	914	(65)	(2,186)
Other	² 346	233	273	182	160	58	(186)	(102)
Total	55,123	57,199	62,218	64,246	65,220	61,542	9,533	(4,243)

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 end of the year.