

2017 BUDGET ADOPTION MONTGOMERY COUNTY, PA



December 15, 2016

MONTGOMERY COUNTY CORE FISCAL VALUES

- **Maintain high level of County services**
 - ✓ Meeting service delivery demands with smaller workforce
- **Zero based budgeting process**
 - ✓ New County budget practice since 2012
- **Maintain reasonable fund balance reserves**
 - ✓ General Fund reserves at 10% (minimum) of General Fund Revenues
- **Continue pension fund payments**
 - ✓ Five consecutive years of funding (\$8 million in 2016 and 2017)
- **Routine fiscal reporting and transparency in process**
 - ✓ Detailed 2017 Budget process with timely information provided to public

RECAP OF PROPOSED 2017 BUDGET

General Fund (Million \$)	2016 Budget	2016 Projected	2017 Proposed	17 Budget v. \$ Inc	16 Budget % Inc
Beginning Fund Balance (Undesignated)	\$ 40.6	\$ 40.9	\$ 39.6		
Revenues	389.7	389.7	415.6	25.9	6.6%
Expenses	389.7	391.0	409.5	19.8	5.1%
Surplus/(Deficit)	-	(1.3)	6.1		
Ending Fund Balance (Undesignated)	\$ 40.6	\$ 39.6	\$ 45.7		
Ending FB as a % of Annual Operating Revenues	10.4%	10.2%	11.0%		

■ Projecting \$1.3M deficit for 2016

- ✓ Early projection and hopeful to outperform by year end with better expenditure performance

■ Revenues increasing +6.6% or \$26M

- ✓ Primarily related to proposed Dedicated Real Estate Tax (RET) Millage Rate for the Montgomery County Community College (MCCC)
- ✓ Anticipated to provide \$22.3M of annual County funding to MCCC

2017 GENERAL FUND EXPENDITURE BUDGET

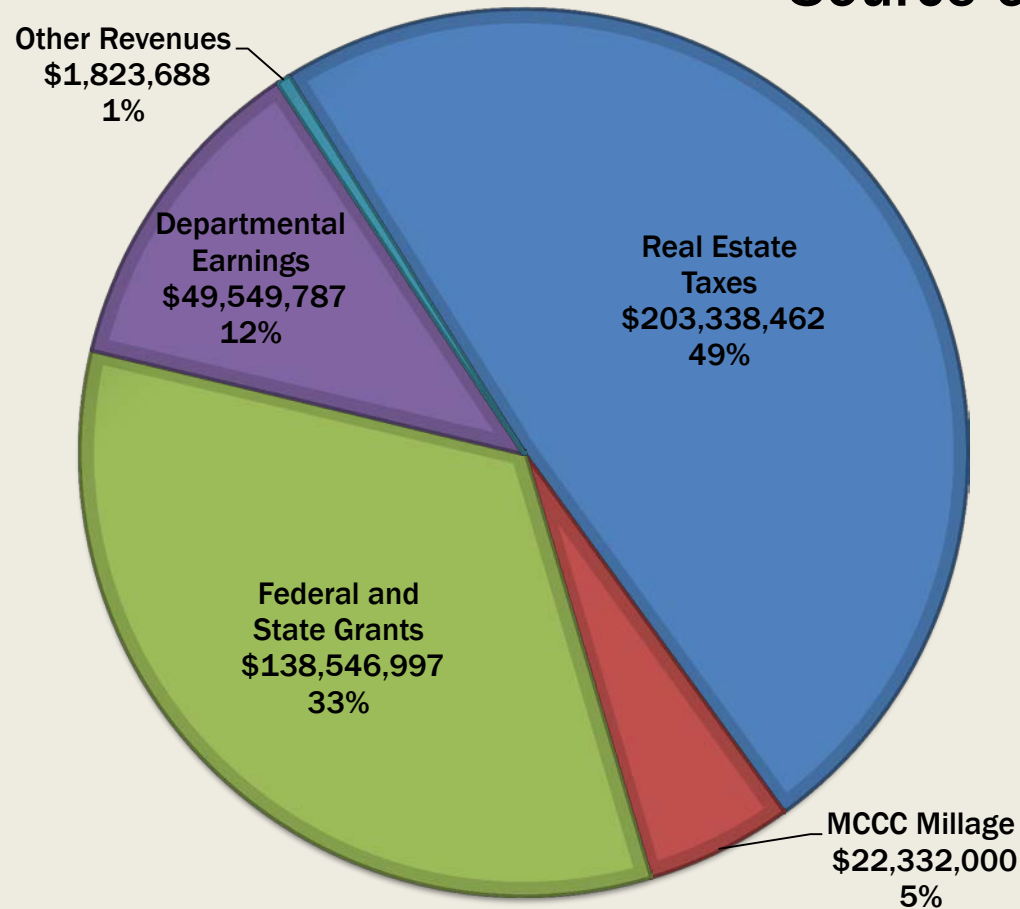
\$409.5 MILLION

- **Invests in the core functions of County government**
 - ✓ 2 out of 3 tax dollars supports human services and the criminal justice function (Corrections, Courts, District Attorney).
 - ✓ Tax dollars also support the County's public safety, parks and trails public defender, assets and infrastructure, commerce and planning.
 - ✓ The budget supports our Capital Improvement Plan (2017 – 2021) which includes aggressive programs to rebuild our roads and bridges.
- **Provides dedicated support to the Montgomery County Community College**
 - ✓ State and county governments see a 7.2% rate of return on their support of community college.

PROPOSED 2017 BUDGET

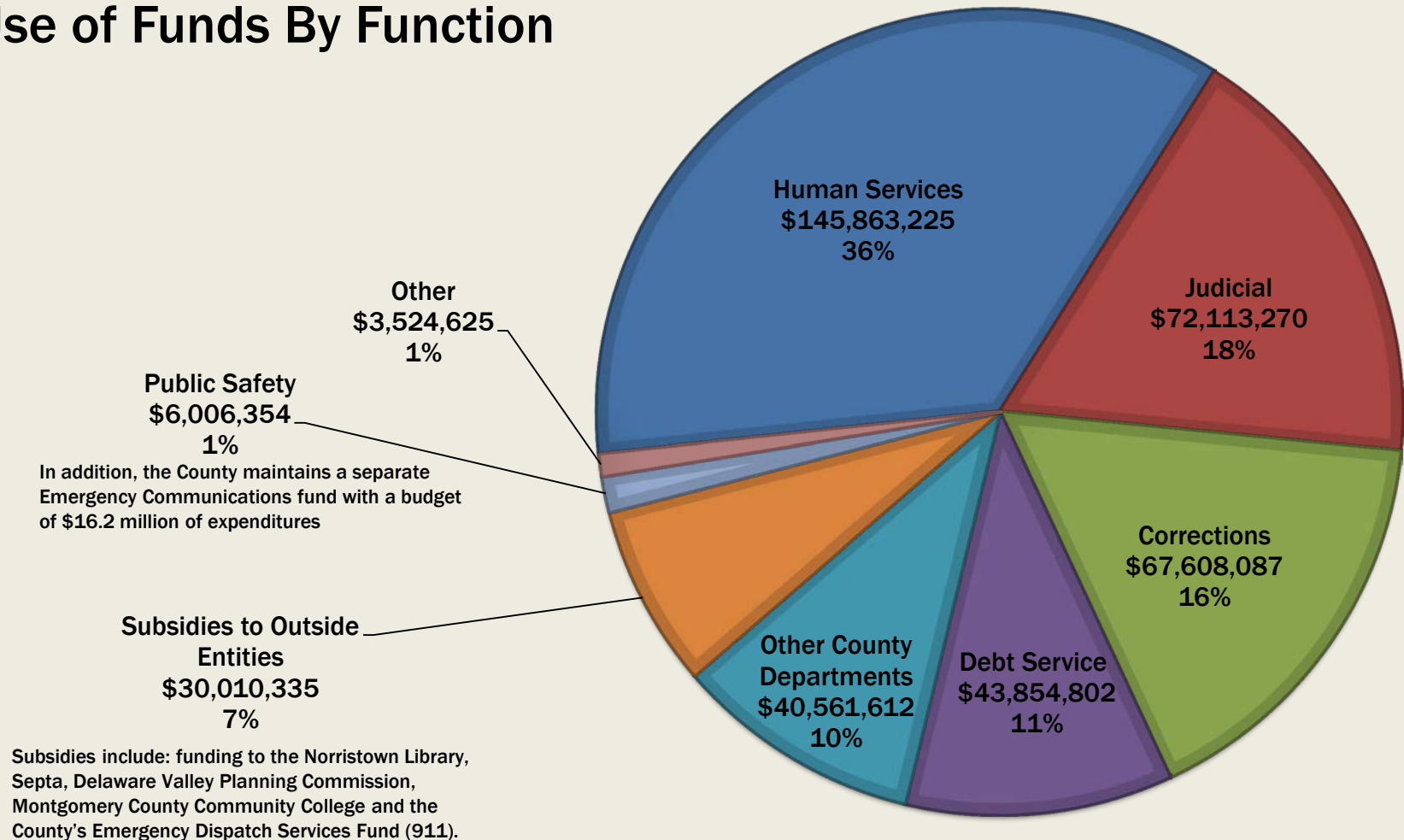
GENERAL FUND REVENUE - \$415.6 MILLION

Source of Major Funds



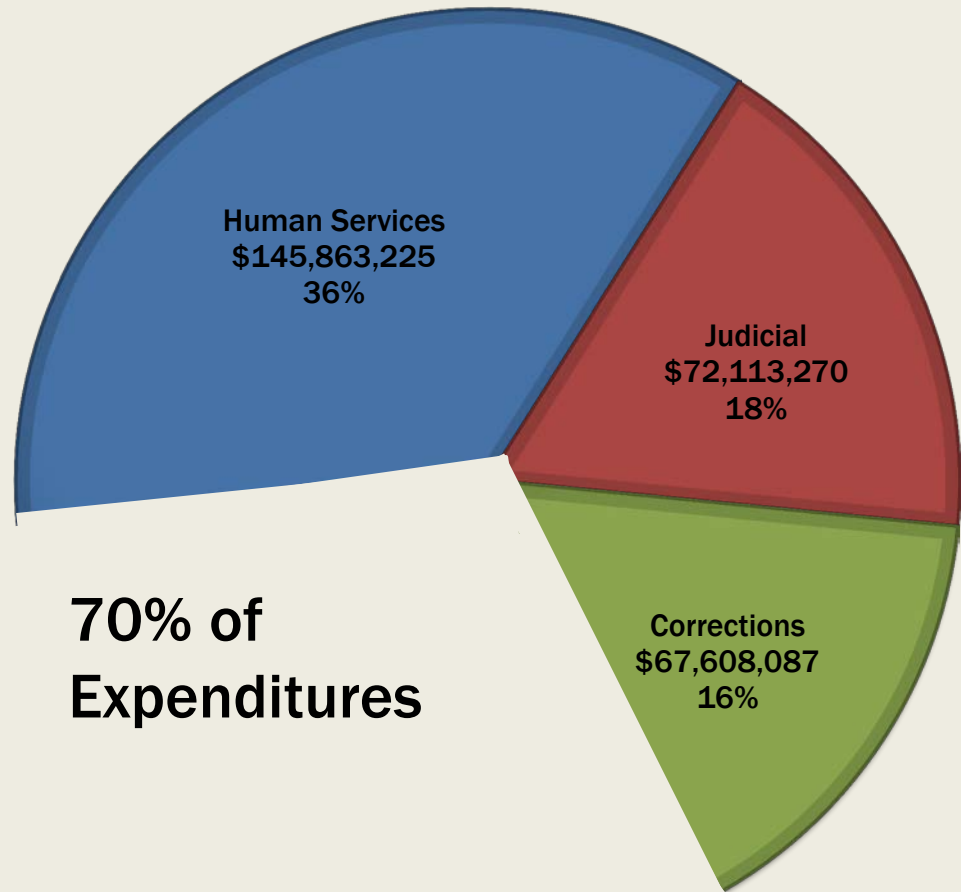
PROPOSED 2017 BUDGET EXPENDITURES BY FUNCTION - \$409.5 MILLION

Use of Funds By Function



PROPOSED 2017 BUDGET EXPENDITURES BY FUNCTION - \$409.5 MILLION

Use of Funds By Function



**70% of
Expenditures**

MAJOR COST DRIVERS FOR 2017

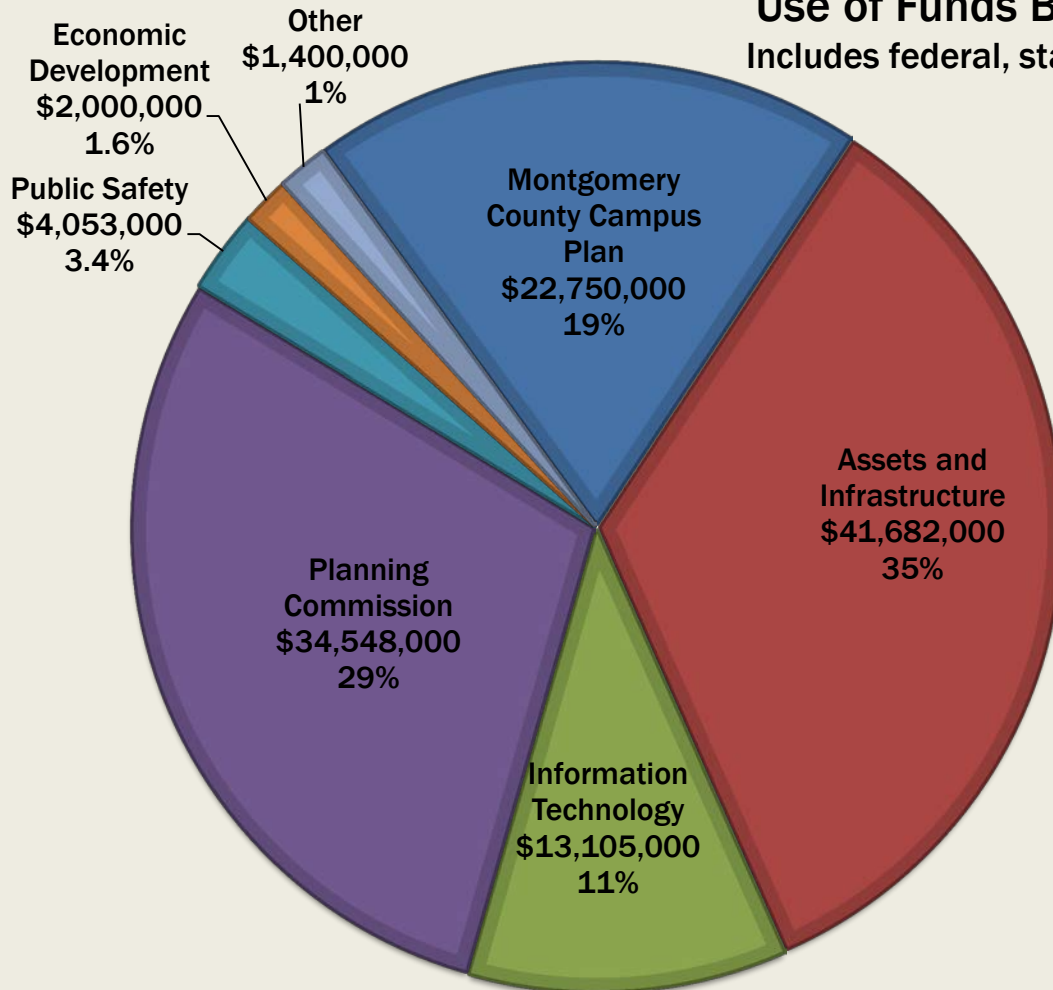
- Reduction in revenue from Commonwealth (\$3.0M)
- New debt service expense (\$2.8M)
- Medical Insurance costs higher than anticipated on a budget to budget basis (\$3.7M)
- General Fund Subsidy to 911 Fund (\$1.0M)
- Includes wage increases for Contractual and Non-Contractual and (2.75% - 3% range)
- Additional dedicated funding for Montgomery County Community College (\$4.3M)

ONGOING COST CONTAINMENT

- Operational expenditure reductions realized across organization
- Controlling personnel costs
 - ✓ Increased service level expectations
 - ✓ Working with a smaller workforce compared to 2011 (19% less FTE's)
- Refinancing of 2006 and 2009 Bonds and elimination of associated Swaps provide future debt savings and eliminate interest rate risk
- County locked into significantly lower electricity rates - anticipated to produce future cost savings (\$0.7M)
- Leveraging cooperative purchasing contracts - anticipate lower road salt costs in 2017

MONTGOMERY COUNTY PROPOSED 2017 CAPITAL IMPROVEMENT PROGRAM

Use of Funds By Major Capital Program Area
Includes federal, state, county, & other sources of funding



CAPITAL IMPROVEMENT PLAN (2017–2021)

Proposed Changes to 2017 Capital Improvement Program (2017 – 2021)

CAPITAL IMPROVEMENT PROGRAM (in millions)		FY17	FY18	FY19	FY20	FY21	TOTAL
Funding Sources:	Capital Fund	\$ 88,802	\$ 75,789	\$ 90,011	\$ 80,350	\$ 62,105	\$ 397,057
	Federal	13,494	10,745	29,932	26,970	14,480	95,621
	State	15,579	8,521	9,652	6,299	4,681	44,732
	Other	263	0	6,830	7,100	0	14,193
	Total:	\$ 118,138	\$ 95,055	\$ 136,426	\$ 120,720	\$ 81,266	\$ 551,603
Proposed Budget Changes:							
Rostkowski Road Bridge 296	Capital Fund	350	1,250	(350)	(1,250)	0	0
Stump Road Bridge 162	Capital Fund	300	900	700	(900)	(1,000)	0
Waverly Road Bridge 275	Capital Fund	350	1,250	(350)	(1,250)	0	0
New RB Maintenance Facility	Capital Fund	300	300	0	0	0	600
Renovation of Lorimer Park	Capital Fund	100	(100)	0	0	0	0
Total Changes:		1,050	2,350	350	(2,150)	(1,000)	600
Funding Sources:	Capital Fund	90,202	79,389	90,011	76,950	61,105	397,657
	Federal	13,494	10,745	29,932	26,970	14,480	95,621
	State	15,579	8,521	9,652	6,299	4,681	44,732
	Other	263	0	6,830	7,100	0	14,193
	Total:	\$ 119,538	\$ 98,655	\$ 136,426	\$ 117,320	\$ 80,266	\$ 552,203

CAPITAL IMPROVEMENT PLAN (2017–2021)

- Three bridge projects advanced from 2019 to 2017 as a result of funding associated with the new vehicle registration revenue
 - Moves \$1 million (supported by registration fee) planned for 2019 to 2017 capital budget; no net change in 2017-21 plan
- Planned expenditure of 2016 capital funds for construction of a new County Assets and Infrastructure maintenance facility delayed; funds rolled from 2016/17 to 2017/18
 - Adds \$600,000 roll from 2016 budget split between 2017 and 2018
- Lorimer park renovation split between 2017 and 2018 consolidated into 2017
 - Moves \$100,000 from 2018 to 2017; no net change in 2017-21 plan

MONTGOMERY COUNTY COMMUNITY COLLEGE SUPPORT 2011-2017 (PROPOSED)

Budget Year	MCCC Support
2011	\$21 million
2012	\$21 million
2013	\$16 million
2014	\$17 million
2015	\$18 million
2016 (projected)	\$18 million
2017 (proposed)	\$22 million*

*County also provides existing campus land and buildings at no cost (estimated \$2.2 million annual value)

GENERAL FUND BUDGET PERFORMANCE 2017 COMPARED TO 2011

Category	2011	2017 (proposed)	
Expenditure Budget	\$410 million	\$409.5 million	↓
Pension Plan Contribution	\$0	\$8 million	↑
Fund Balance Reserves	58% Funded	100% Funded	↑
Debt	\$417 million	\$399 million (2016)	↓

PROPOSED 2017 GENERAL FUND REAL ESTATE TAX (RET)

COMPARISON TO SURROUNDING COUNTIES

County	Operating Budget (proposed)	Real Estate Millage (proposed)	RET Per \$100K Market Value
Bucks	\$415,000,000	23.200	\$257
Delaware	\$351,000,000	5.604	\$364
Chester	\$460,000,000	4.369	\$235
Montgomery	\$409,500,000	3.849*	\$216

*Includes proposed dedicated RET millage (0.39) to provide ongoing (restricted) funding to the Montgomery County Community College.