NEWS

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Montgomery County Achieves Aaa Bond Rating

Norristown, PA (May 4, 2018) – Moody's Investors Service has upgraded Montgomery County's bond rating to Aaa, noting that "the county's financial position is the strongest it's been in at least the last six years, with improvement in 2017 that has well exceeded expectations."

"The upgrade to the highest bond rating of Aaa is the culmination of six years of strong, disciplined fiscal management designed to lead the county out of the poor financial situation that was inherited by this administration in 2012. Thanks to the hard work and commitment of our entire county family we have improved our financial bottom line while simultaneously increasing services to our constituents." said Dr. Val Arkoosh, Chair, Montgomery County Commissioners.

The upgrade of the county to a Aaa rating should result in lower costs when accessing the capital markets.

The rating is due to years of focusing on strategic fiscal management. Fund reserves increased 70 percent over the past four years to $84 million; the general fund finished with four consecutive surplus years and the 2018 projected budget surplus is $3.8 million.

In recent years, the county has contributed approximately $9 million annually to the pension fund, and its reserve fund is projected to be more than 20 percent after the 2017 financial audit is completed. This has all been accomplished while the county has maintained the lowest property tax rate among the four counties surrounding Philadelphia.

"Over the last six years, the county has made remarkable progress improving its financial standing, and the restoration of our Aaa bond rating is proof that it has not gone unnoticed," said Ken Lawrence, Jr., Vice Chair, Montgomery County Commissioners. "Our fiscal house is in order, and we will continue our strategic vision that got us here."

Moody’s recognized these achievements in its report, stating, “Montgomery County benefits from strong management that adheres to fiscal policies, multi-year budgeting and long term capital planning. Management has been successful in restoring fund balance after significant draws in 2011 and 2012. Management intends to maintain reserves at these healthier levels going forward.”

The new Moody’s rating is related to a $44.45 million county bond offering through a competitive sale process on May 15, 2018 as part of its Refunding Project to terminate a swap and refinance general obligation bonds of Series A, 2004. The county expects to receive bids for $43,600,000 in Series A of 2018 bonds and $850,000 in Series B of 2018 bonds to finance the Refunding Project. The expected savings on debt service for the county from refinancing the bonds is $3.2 million, which is planned to offset the swap termination fee.

Moody’s considered the county’s continued development growth in the report, including its diverse and expanding tax base, and strong institutional presence. The report also noted manageable debt service and pension obligations and confidence that the county’s fiscal management will continue to maintain fund reserves at a healthy level.

“Montgomery County’s unemployment rate is 3.4 percent, lower than the national and state average, thanks to our dynamic and diverse tax base that will only continue to grow. Our bond rating is in part a reflection of the county’s vibrant economy,” said Montgomery County Commissioner Joe Gale.