

**MONTGOMERY COUNTY
BOARD OF COMMISSIONERS
MEETING**

**PROPOSED 2020 BUDGET
AND
CAPITAL IMPROVEMENT PLAN
2020 - 2024**



November 21, 2019

REVIEW OF PROPOSED 2020 BUDGET SCHEDULE

■ 2020 Budget Distributed to BOC and Public:

- The Proposed 2020 Budget and Five-year Capital Improvement Program (2020-2024) will be distributed on Nov 21st and posted on County website at www.montcopa.org
- Copies of both budgets will be available in Norristown Public Library and County Commissioners Office

■ Proposed 2020 Budget Public Hearings:

- Scheduled for December 5th
 - ✓ Morning session begins at 10:00 AM
 - ✓ Evening session begins at 5:30 PM

■ Adoption of 2020 Budget scheduled for Dec 12th

2019 GENERAL FUND (GF) YEAR END PROJECTION

General Fund	2019* Budget	2019 Projected	\$ Variance vs 19 Budget	% Variance vs 19 Budget
Beginning Fund Balance	\$ 87.1	\$ 87.1		
Revenues	420.1	419.7	\$ (0.4)	-0.1%
Expenses	420.1	418.1	(2.0)	-0.5%
Revenues in Excess of Expense	-	1.6		
Ending Fund Balance (Unassigned)	\$ 87.1	\$ 88.7		
Ending Unassigned FB as a % of Annual Operating Revenues	20.7%	21.1%		

*2019 Budget with 2018 Actual Ending Unassigned Fund Balance

- ❖ 2019 Projection estimates \$1.6 million of revenue over expense
 - 2019 Budget anticipated a flat finish – projection \$1.6 million higher
 - Revenue projection is \$400,000 lower than 2019 Budget
 - Expenditure projection is \$2.0 million lower than 2019 Budget
 - ✓ Includes \$1.6 million of negative appropriations (anticipated budgetary savings)

PROPOSED 2020 GENERAL FUND BUDGET

General Fund	2019* Budget	2020 Proposed	\$ Variance vs 19 Budget	% Variance vs 19 Budget
Beginning Fund Balance	\$ 87.1	\$ 88.7		
Revenues	420.1	419.5	\$ (0.6)	-0.1%
Expenses	420.1	428.5	8.4	2.0%
Revenues in Excess of Expense	-	(9.0)		
Ending Fund Balance (Unassigned)	\$ 87.1	\$ 79.7		
Ending Unassigned FB as a % of Annual Operating Revenues	20.7%	19.0%		
*2019 Budget with 2018 Actual Ending Unassigned Fund Balance				

- ❖ Proposed 2020 Budget includes a \$9.0 million “Structural Imbalance”
 - 2020 Revenue Budget is \$600,000 or 0.1% lower than the 2019 Budget
 - 2020 Expenditure Budget is \$8.4 million or 2% higher than the 2019 Budget
 - Projecting a \$9.0 million budget gap without any new additional revenue

PROPOSED 2020 GENERAL FUND BUDGET BALANCING RECOMMENDATION

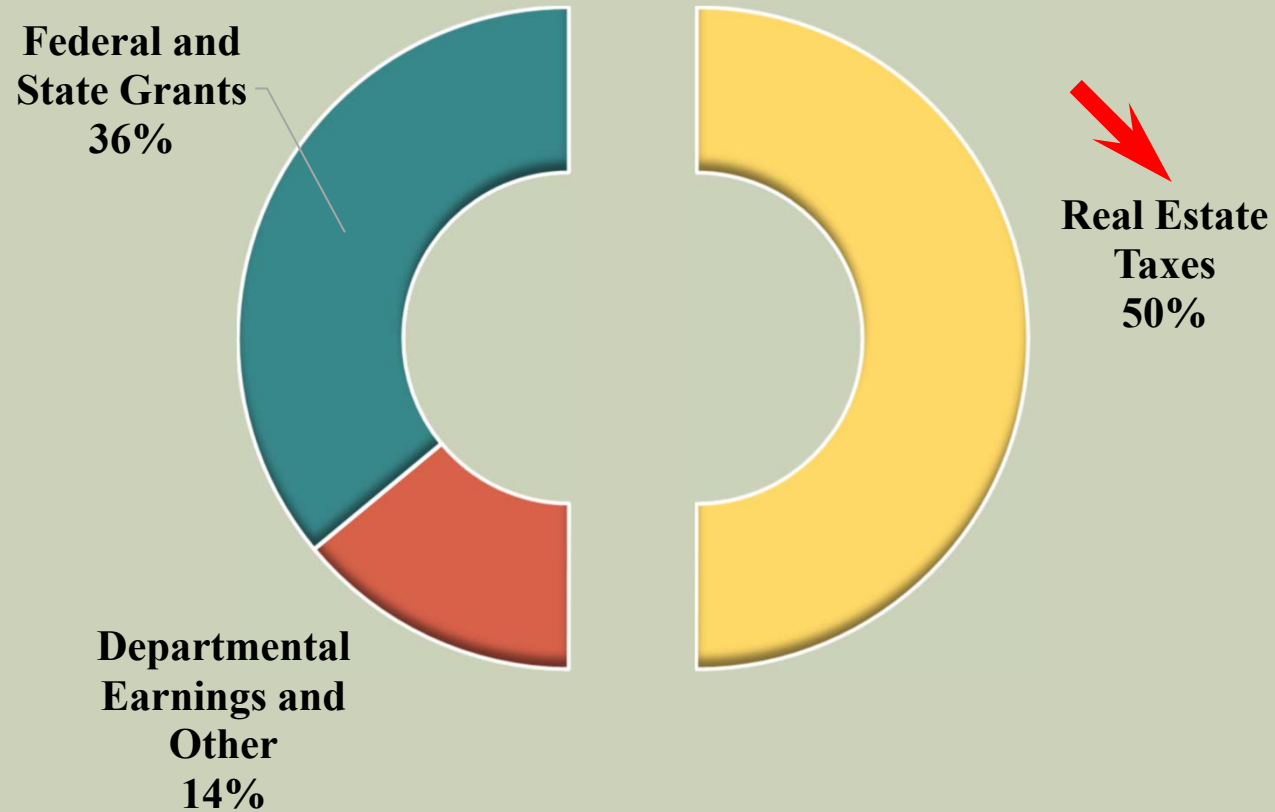
- ❖ Proposed 2020 Budget recommends no Real Estate Tax (RET) millage rate increase (unchanged from 2019)
 - Three (3) consecutive years with no RET increase
- ❖ Planned budgetary drawdown (\$9.0 million) of General Fund reserves to balance 2020 Budget
 - Planned drawdown would decrease fund balance reserves to \$79.7 million (from \$88.7)
 - 2020 ending fund balance projected at 19% of the 2020 General Fund revenues
 - 2020 Budget includes a \$1.2 million negative appropriation (anticipated overall budgetary savings)

PROPOSED 2020 GENERAL FUND BUDGET BALANCING RECOMMENDATION

- ❖ Implementation of a General Fund formal fund balance policy for 2020 and beyond
 - Proposed to maintain a General Fund reserve in the range 18% to 20% of General Fund revenues
 - ✓ Consistent with fund balance reserve levels in recent years
 - ✓ Still behind the national medians (33%) of Triple A counties (as noted by Moody's Investors Service)
 - Consistent with Government Finance Officers Association (GFOA) "Best Practice" for fund balance reserves
 - Provides for unanticipated emergencies and downturns in the economy negatively impacting revenues and expenditures

Proposed 2020 GF Revenue Budget

Projecting \$419.5 Million of Revenue



PROPOSED 2020 BUDGET RET IMPACT ON COUNTY RESIDENTS

- Real Estate Tax (RET) millage rates proposed at current levels (unchanged from 2019):
 - County General Fund Operating (3.459 mills)
 - Montgomery County Community College (0.39 mills)
 - “Average Single Family Home” of \$344,600 (market value) will pay \$588 RET per year toward County General Fund Services in 2020

RET Millage Categories	2019 Adopted Budget	2020 Proposed Budget	2020 Projected Average Single Family Dwelling RE Assessment*	Annual RET
General Fund Operating	3.459	3.459	\$ 170,000	\$ 588
MCCC Dedicated Funding	0.390	0.390	170,000	66
Total	3.849	3.849		\$ 654

**Estimated market value of Average Single Family Dwelling in Montgomery County is \$344,600*

PROPOSED 2020 GENERAL FUND REAL ESTATE TAX (RET)

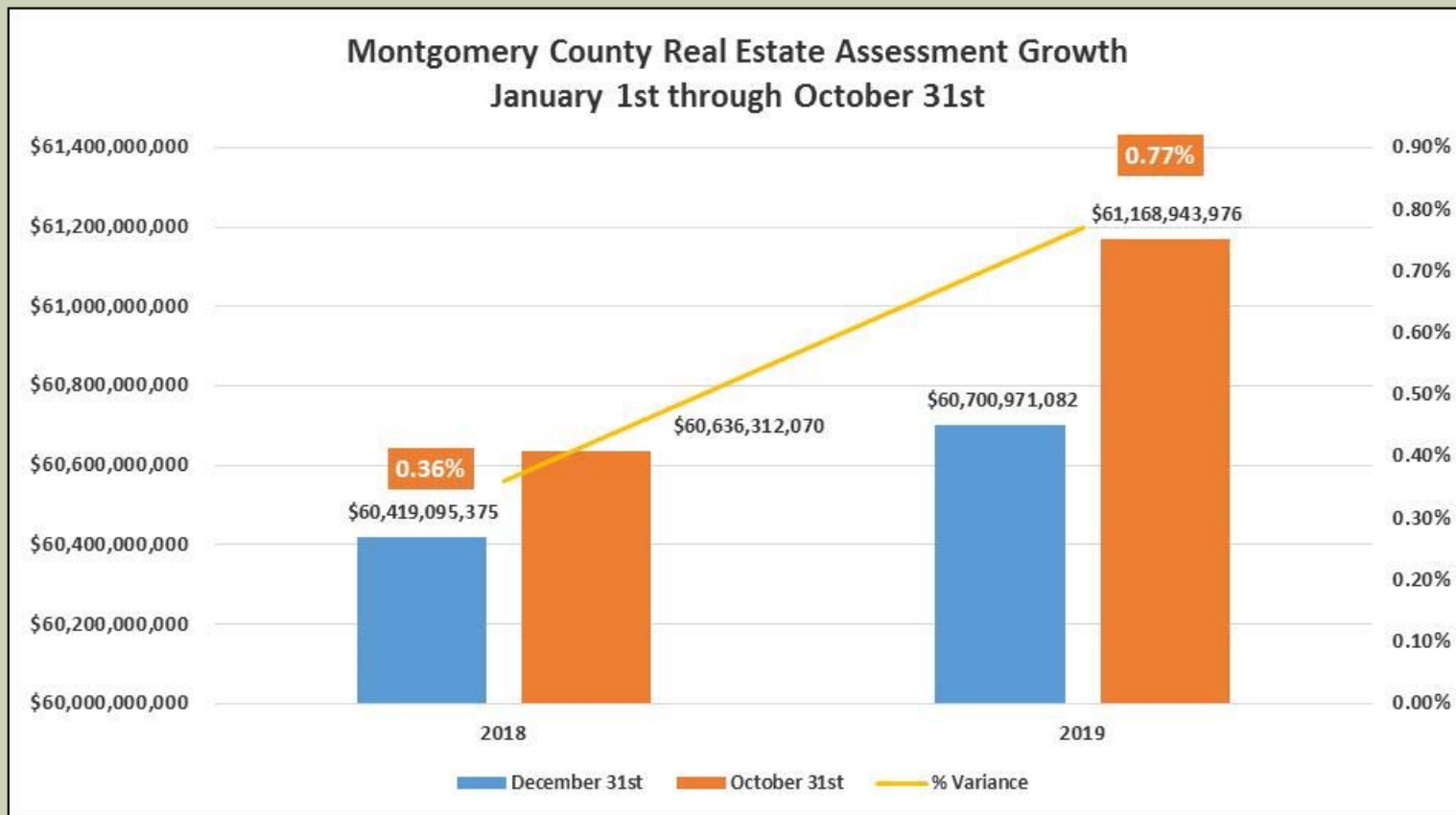
COMPARISON TO SURROUNDING COUNTIES

County	Operating Budget (Proposed 2020)	Real Estate Millage (Proposed 2020)
Bucks	\$607,237,000	24.45
Chester	\$492,133,000	4.369
Delaware	\$358,133,000	5.604
Montgomery	\$428,459,000	3.849*

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

2019 COUNTY REAL ESTATE ASSESSMENT OCTOBER 2019 COMPARED TO OCTOBER 2018

- County Real Estate Assessment increased 0.77% compared to 0.36% in 2019 – anticipate negative adjustments by year end



Source: Montgomery County Board of Assessment

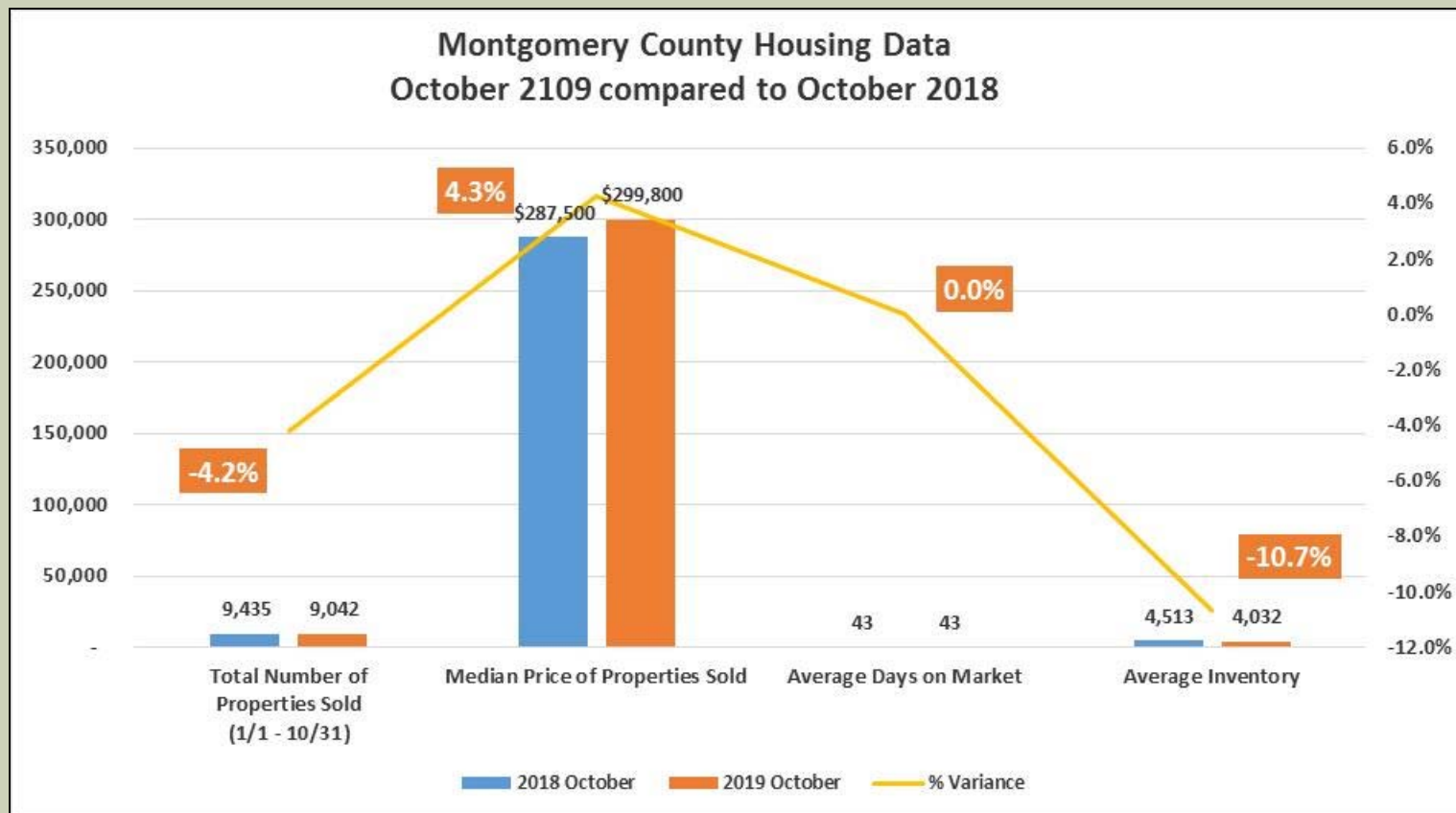
2019 HOME SALES PERFORMANCE OCTOBER 2019 COMPARED OCTOBER 2018

■ Montgomery County compared to Five County Region

Metric	2019 October	2018 October	Year to Year Trend	% Change 18-19	2017 October
No. of Properties Sold (Jan-Oct)	9,042	9,435	↓	-4.2%	9,835
No. of Properties Sold (Jan-Oct)	39,658	44,488	↓	-10.9%	43,120
Median Price of Properties Sold	\$ 299,800	\$ 287,500	↑	4.3%	\$ 272,950
Median Price of Properties Sold	\$ 265,000	\$ 252,000	↑	5.2%	\$ 241,000
Average Price of Properties Sold	\$ 347,600	\$ 327,400	↑	6.2%	\$ 312,600
Average Price of Properties Sold	\$ 314,800	\$ 306,800	↑	2.6%	\$ 292,900
Average Days on Market	43	43	→	0.0%	46
Average Days on Market	43	43	→	0.0%	48
Properties Under Contract	1,099	938	↑	17.2%	891
Properties Under Contract	4,808	4,252	↑	13.1%	4,313
Montgomery County					
Five County Region (Bucks, Chester, Delaware, Montgomery and Philadelphia)					

2019 HOME SALES PERFORMANCE OCTOBER 2019 COMPARED TO OCTOBER 2018










■ Snapshot of Montgomery County Housing Data



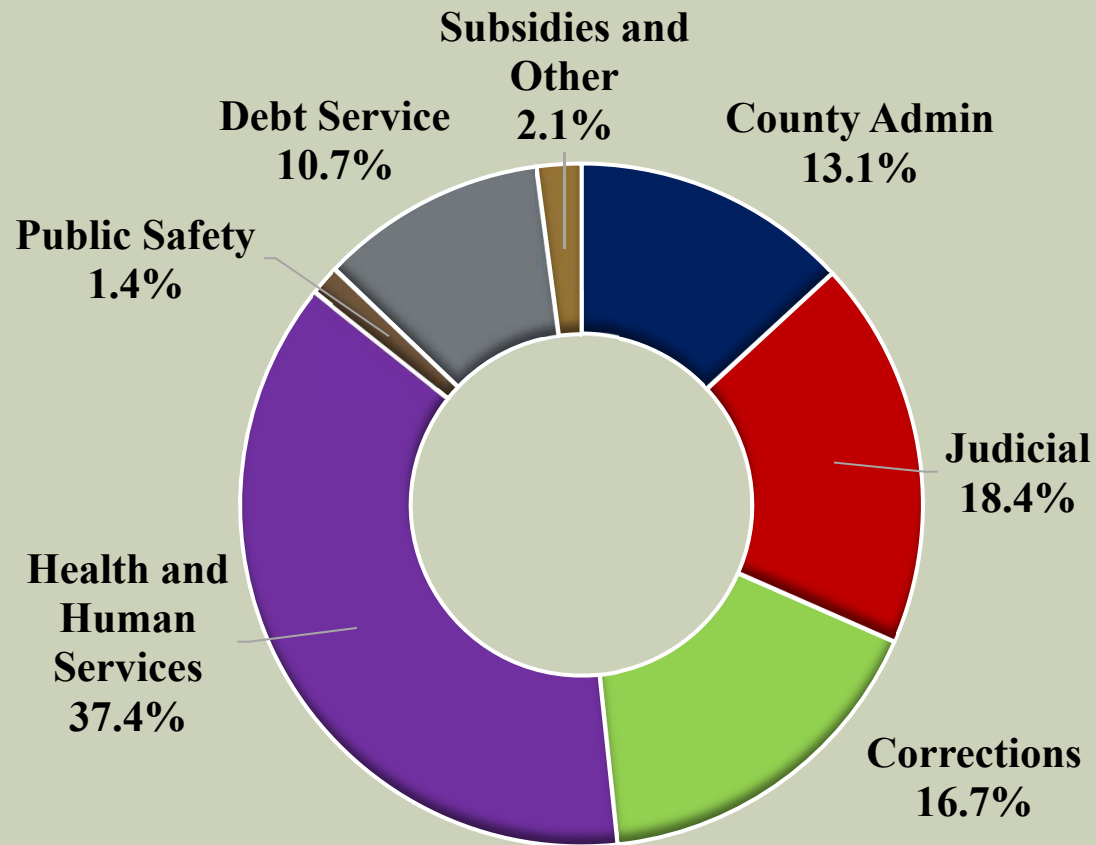
2020 GF REVENUE PERFORMANCE

EMERGING REVENUE TRENDS

❖ 2020 Revenue Trends Compared to 2019

- Investment Income 
- Register of Wills Fees 
- Health Dept. Grants (net) 
- Gaming Revenue 
- Recording of Deeds 
- Clerk of Courts Fines 
- Tax Claim 
- Prothonotary 
- MCCF Revenue 

Proposed 2020 General Fund Expenditure Budget Projecting \$428.5 Million of Expense



PROPOSED 2020 GF EXPENDITURE BUDGET

■ The Proposed 2020 GF Expenditure Budget Highlights

- Projecting \$9.0 million of new personnel costs – approximately 4.8% higher than 2019 and includes:
 - ✓ Full staffing levels in 2020
 - ✓ Approximately 26 new full-time equivalents across various service areas (Courts, Human Health Services, Security and Voters Services)
 - ✓ \$13.5 million of annual funding for the County Pension Plan (100% of required contribution in 2020)
 - ✓ Stable employee healthcare costs (medical, prescription, dental and vision)

PROPOSED 2020 EXPENDITURE BUDGET

■ The Proposed 2020 GF Expenditure Highlights

➤ Non-contractual Employee Base Wage Increases

- ✓ The County completed implementation of the County Compensation Study in 2019
 - Provided funding for positions requiring market adjustments spread over a planned 2 year period (2018 - 2019)
- ✓ The 2020 Budget includes new funding for non-contractual base wages
 - Assumes a minimum +2.75% base wage increase effective January 1, 2020

PROPOSED 2020 GF EXPENDITURE BUDGET

■ The Proposed 2020 GF Expenditure Budget Highlights

➤ Contractual Employee Base Wage Increases

- ✓ Includes contractual wage increases for two of the five represented labor groups (Montgomery County Correctional Facility and Youth Detention Center)
- ✓ County currently in negotiations with remaining three labor groups (Detective Bureau, Court Appointed and Court Related)

PROPOSED 2020 GF EXPENDITURE BUDGET

■ The Proposed 2019 GF Expenditure Budget Highlights

- County contribution to Employee Retirement Fund increased to \$9.0 Million in 2018
 - ✓ Projected to fund \$10.6 million in 2019 and increasing current level to \$13.5 million in 2020
 - ✓ The 2020 contribution would be 100% of required annual pension contribution
 - ✓ Meets Board budget goal to continue increasing annual pension contributions toward 100% funding in 2020 and beyond

PROPOSED 2020 GF EXPENDITURE BUDGET

■ Historical County Contributions to Pension Plan

Montgomery County Schedule of Employer Contributions			
Year	Actuarially Determined Rate (ADR)	County Contribution	County Contribution as % of ADR
2008	\$0	\$0	-
2009	\$8,155,700	\$0	0.0%
2010	\$7,857,000	\$0	0.0%
2011	\$9,318,600	\$0	0.0%
2012	\$11,798,200	\$0	0.0%
2013	\$11,000,300	\$3,382,900	30.8%
2014	\$10,736,100	\$3,778,000	35.2%
2015	\$9,689,900	\$3,588,800	37.0%
2016	\$10,880,100	\$8,703,100	80.0%
2017	\$10,745,100	\$8,982,800	83.6%
2018	\$10,588,800	\$9,040,700	85.4%
2019 Projected	\$12,078,200	\$10,600,000	87.8%
Proposed 2020 Budget	\$13,490,000	\$13,490,000	100.0%

PROPOSED 2020 GF EXPENDITURE BUDGET

- County planning for New Money Borrowing in 2020 to fund Capital Improvement Program
 - ✓ \$70 million for County capital projects
 - Adds new General Fund debt service beginning in 2021
 - ✓ \$12 million for Road and Bridge Capital Projects
 - Adds new debt service 100% funded through Motor Vehicle Registration Fund
 - ✓ Planning with County Financial Advisor and Bond Counsel to begin in early 2020
 - Long-term interest rates hit historic lows in 2019
 - County Financial Advisor continues to monitor potential bond refinancing opportunities

CAPITAL IMPROVEMENT PROGRAM

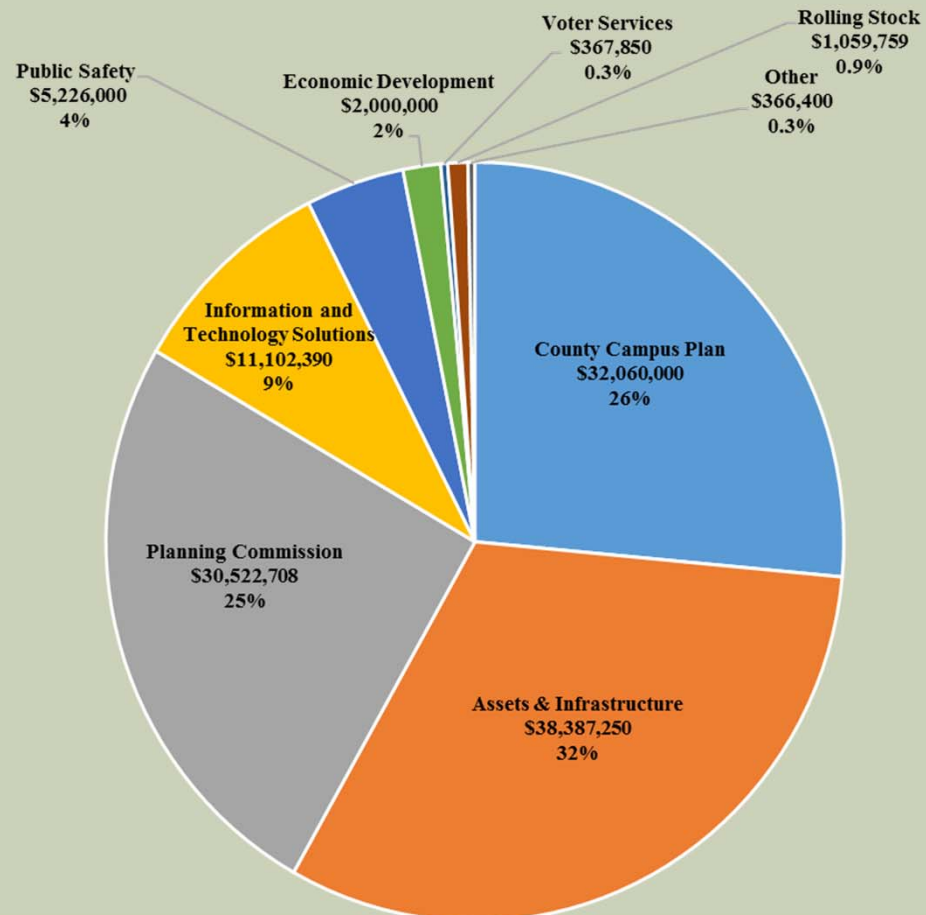
MONTGOMERY COUNTY

PROPOSED

FIVE YEAR (2019 – 2023) CAPITAL IMPROVEMENT PLAN

MONTGOMERY COUNTY PROPOSED 2020 CAPITAL IMPROVEMENT PROGRAM

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



PROPOSED CAPITAL IMPROVEMENT PROGRAM (2020-2024)

Proposed Changes to 2020 Capital Fund Budget Compared to 2019 Budget

Capital Projects Fund	2019 Budget	2020 Proposed	\$ Variance vs 19 Budget	% Variance vs 19 Budget
Beginning Fund Balance	\$ -	\$ 15.0		
Revenues:				
Capital Fund Bond Proceeds	\$ 57.7	\$ 69.7	\$ 12.0	20.8%
Motor Vehicle Registration Bond Proceeds	14.6	11.5	(3.1)	-21.2%
Federal Grants	17.4	12.9	(4.5)	-25.9%
State Grants	9.1	11.7	2.6	28.6%
Other	1.9	0.3	(1.6)	-84.2%
Total Revenues	\$ 100.7	\$ 106.1	\$ 5.4	5.4%
Expenditures:				
County Campus Plan	\$ 23.4	\$ 32.1	\$ 8.7	37.2%
Assets and Infrastructure	21.7	38.4	16.7	77.0%
Planning Commission	31.8	30.5	(1.3)	-4.1%
Information and Technology Solutions	7.8	11.1	3.3	42.3%
Public Safety	4.7	5.2	0.5	10.6%
Economic Development	2.0	2.0	-	0.0%
Voter Services	8.1	0.4	(7.7)	-95.1%
Rolling Stock	1.0	1.1	0.1	10.0%
Other	0.2	0.4	0.2	100.0%
Total Expenditures	\$ 100.7	\$ 121.1	\$ 20.4	20.3%
Revenues in Excess of Expense	-	-		
Ending Fund Balance (Unassigned)	\$ -	\$ -		

END OF PRESENTATION