

**MONTGOMERY COUNTY  
BOARD OF COMMISSIONERS  
MEETING**

**PROPOSED 2022 BUDGET  
AND  
CAPITAL IMPROVEMENT  
PROGRAM  
2022 - 2026**

November 18, 2021



# OVERVIEW OF PROPOSED 2022 BUDGET

Montgomery County  
Pennsylvania  
Proposed 2022 Budget

November 18, 2021

# REVIEW OF PROPOSED 2022 BUDGET SCHEDULE

## ❖ 2022 Budget Distributed to BOC and Public:

- ❖ The Proposed 2022 Budget and Five-year Capital Improvement Program (2022-2026) will be distributed on Nov 18th and posted on County website at [www.montcopa.org/finance](http://www.montcopa.org/finance)
- ❖ Copies of both budgets will be available in Norristown Public Library and County Commissioners Office

## ❖ Proposed 2022 Budget Public Hearings:

- ❖ Scheduled for December 2<sup>nd</sup> (Thursday)
  - ❖ Morning session begins at 10:00 AM
  - ❖ Evening session begins at 5:30 PM

## ❖ Adoption of 2022 Budget scheduled for Dec 16<sup>th</sup>

# 2021 GENERAL FUND (GF) YEAR END PROJECTION

General Fund (GF)	2021 Budget	2021 Forecast	\$ Variance Compared to 2021 Budget	% Variance Compared to 2021 Budget
Beginning Unassigned Fund Balance	\$ 88.7	\$ 106.1		
Revenues	454.9	482.6	27.7	6.1%
Expenses	461.6	490.8	29.2	6.3%
Revenues in Excess of Expense	(6.7)	(8.2)	(1.5)	
Ending Unassigned Fund Balance	\$ 82.0	\$ 97.9		
Ending Unassigned Fund Balance as a % of Annual Operating Revenues	18.0%	20.3%		

## ❖ 2021 Projection estimates a deficit of \$8.2 million

- 2021 Budget anticipated a planned \$6.7 million drawdown of fund balance
- One-time State CARES Act funding included in both revenue and expense – primarily in Public Health and the Early Learning Resource Center
- Hopeful to outperform 2021 projection with better overall actual performance through year end

# PROPOSED 2022 GENERAL FUND BUDGET

General Fund (GF)	2021 Budget	2021 Forecast	2022 Proposed Budget	\$ Variance Compared to 2021 Budget	% Variance Compared to 2021 Budget
Beginning Unassigned Fund Balance	\$ 88.7	\$ 106.1	\$ 97.9		
Revenues	454.9	482.6	486.6	31.7	7.0%
Expenses	461.6	490.8	498.6	37.0	8.0%
Revenues in Excess of Expense	(6.7)	(8.2)	(12.0)		
Ending Unassigned Fund Balance	\$ 82.0	\$ 97.9	\$ 85.9		
Ending Unassigned Fund Balance as a % of Annual Operating Revenues	18.0%	20.3%	17.7%		

## ❖ Proposed 2022 Budget includes a \$12 million “Structural Budget Deficit”

- 2022 Revenue Budget is \$31.7 million or 7% higher than the 2021 Budget
  - ✓ Includes one-time grant revenues offset by expenditures for grant related contracted services
  - ✓ Anticipates new real estate tax revenue and cost savings in some service areas
- 2022 Expenditure Budget is \$37 million or 8% higher than the 2021 Budget
  - ✓ Includes \$26 million of one-time expense offsetting State grant revenue for Public Health COVID-19 programs and services

# PROPOSED 2022 GENERAL FUND BUDGET BALANCING RECOMMENDATION

- ❖ Proposed 2022 Budget recommends a combination of the following financial steps to balance the budget:
  - Appropriate 2021 Assigned Fund Balance (carryover from 2020) for new pension costs (\$5 million) and new debt service costs (\$6.9 million) in 2022
    - ✓ Recognizes the Board's formal action to assign \$35 million of 2020 ending fund balance to address growing costs in critical areas (Pension, Debt Service and C19 Recovery)
    - ✓ Preserves \$13.1 million of Assigned Fund Balance for new future debt service costs in 2023 and beyond
  - Proposed 2022 Budget recommends increasing the County's operating Real Estate Tax (RET) millage rate to 3.923 mills (from 3.632 mills)
    - ✓ The Proposed 2022 millage rate increase would add approximately \$18 million of new net real estate tax revenue

# PROPOSED 2022 GENERAL FUND BUDGET BALANCING RECOMMENDATION

- ❖ Planned budgetary drawdown (\$11.9 million) of General Fund “Assigned Fund Balance” reserves to balance 2022 Budget
  - \$5 million drawdown of Assigned Fund Balance for future pension costs would deplete this reserve in 2022
  - \$6.9 million drawdown of Assigned Fund Balance for future debt service costs would reduce this reserve to \$13.1 million (from \$20 million) and leave funding capacity in 2023 and beyond
  - Moderate \$100,000 drawdown of Unassigned Fund Balance along with the above would close the \$12 million projected budget gap in 2022
  
- ❖ 2022 Projected Ending Unassigned Fund Balance meets the County’s fund balance policy goal range of 18% - 20% of revenues
  - Maintains fund balance reserves consistent with actual levels in recent years

# PROPOSED 2022 GENERAL FUND BUDGET BALANCING RECOMMENDATION

## ❖ Result of Implementing 2022 Budget Balancing Recommendation:

	2021 Budget	2022 Proposed Budget	\$ Variance Compared to 2021 Budget	% Variance Compared to 2021 Budget
<b>General Fund (GF)</b>				
Beginning Unassigned Fund Balance	\$ 88.7	\$ 97.9		
Revenues	454.9	<b>1</b> 486.6	31.7	7.0%
Expenses	461.6	498.6	37.0	8.0%
Revenues in Excess of Expense	\$ (6.7)	\$ (12.0)		
<b>Other Funding Sources</b>				
Appropriation of Assigned Fund Balance (Pension)		\$ <b>2</b> 5.0		
Appropriation of Assigned Fund Balance (Debt Service)		<b>3</b> 6.9		
Appropriation of Unassigned Fund Balance		<b>4</b> 0.1		
Total Other Funding Sources		\$ 12.0		
Ending Unassigned Fund Balance	\$ 82.0	\$ 97.8	<b>5</b>	
Ending Unassigned Fund Balance as a % of Annual Operating Revenues	18.0%	20.1%		

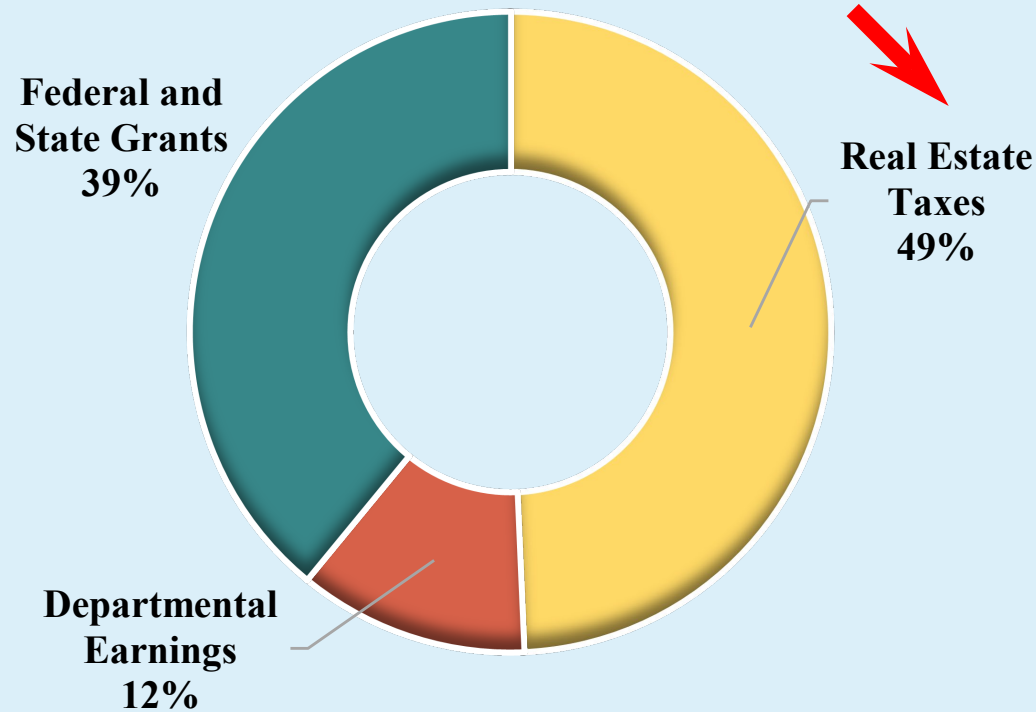
- Unassigned Ending Fund Balance projected to finish 2022 at 20.1% of General Fund revenues
  - ✓ Slightly lower than actual ending fund balance in recent years
  - ✓ Still behind the national medians (33%) of Triple A counties (as noted by Moody's Investors Service)



# Proposed 2022 GF Revenue Budget

## Projecting \$486.6 Million of Revenue

### REVENUE BY FUNDING SOURCE



# PROPOSED 2022 BUDGET RET IMPACT ON COUNTY RESIDENTS

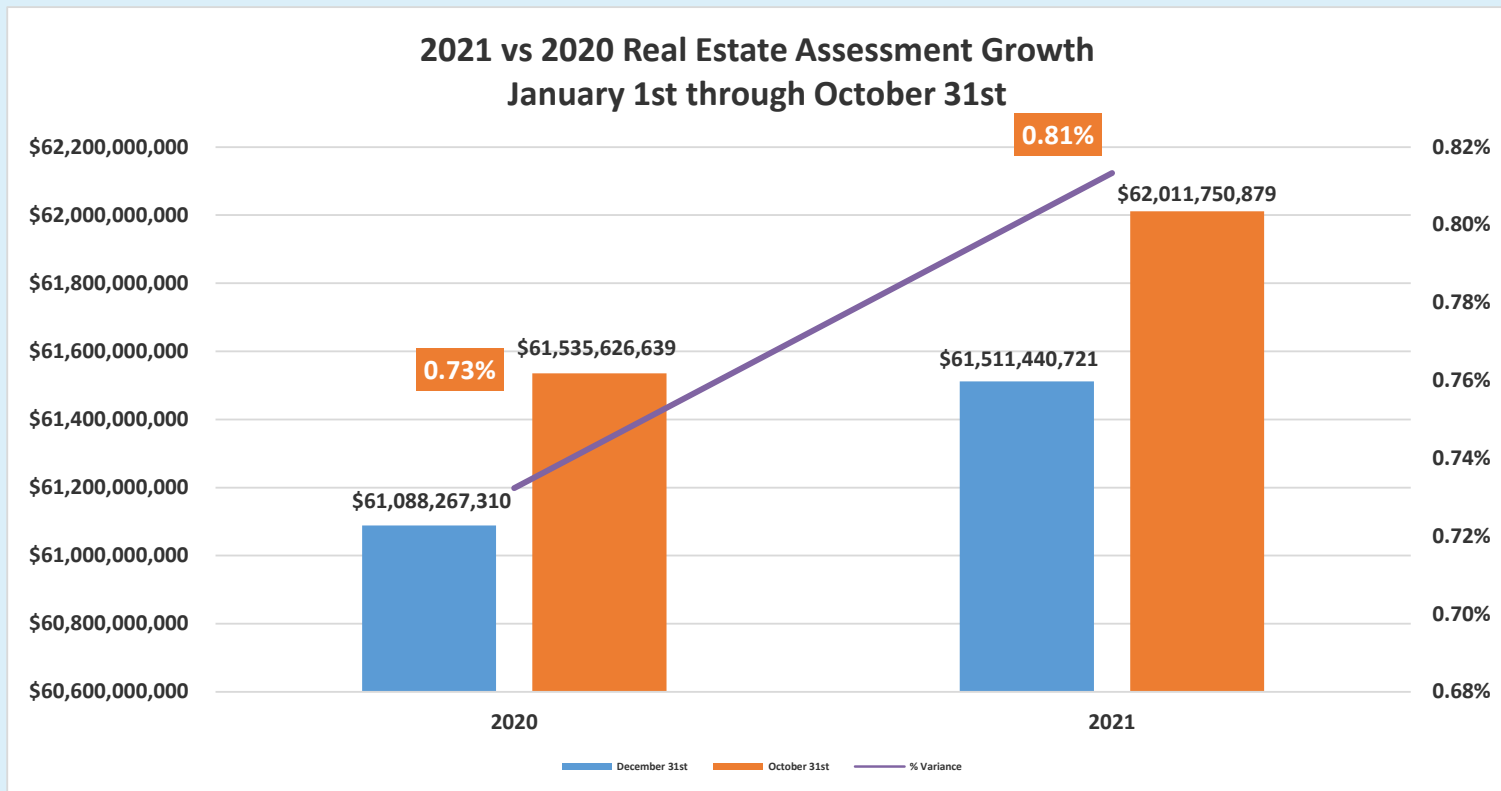
- ❖ Real Estate Tax (RET) millage rate proposed to increase 8% in 2022
  - County General Fund Operating (3.923 mills)
  - Montgomery County Community College (0.39 mills)
  - “Average Single Family Home” with a \$381,000 (market value) will pay \$667 RET per year toward County General Fund Services in 2022 – an increase of \$49 annually

RET Millage Categories	2021 Adopted Budget	2022 Proposed Budget	Average Single Family Dwelling RE Assessment	Average Single Family Dwelling Market Value*	2021 RET	2022 RET
General Fund Operating	3.632	3.923	\$ 170,100	\$ 381,000	\$ 618	\$ 667
MCCC Dedicated Funding	0.390	0.390	170,100	381,000	66	66
Total	4.022	4.313			\$ 684	\$ 733
					Net Increase	\$ 49

\*Estimated market value based on Commonwealth of Pennsylvania Common Level Ratio released July 2021

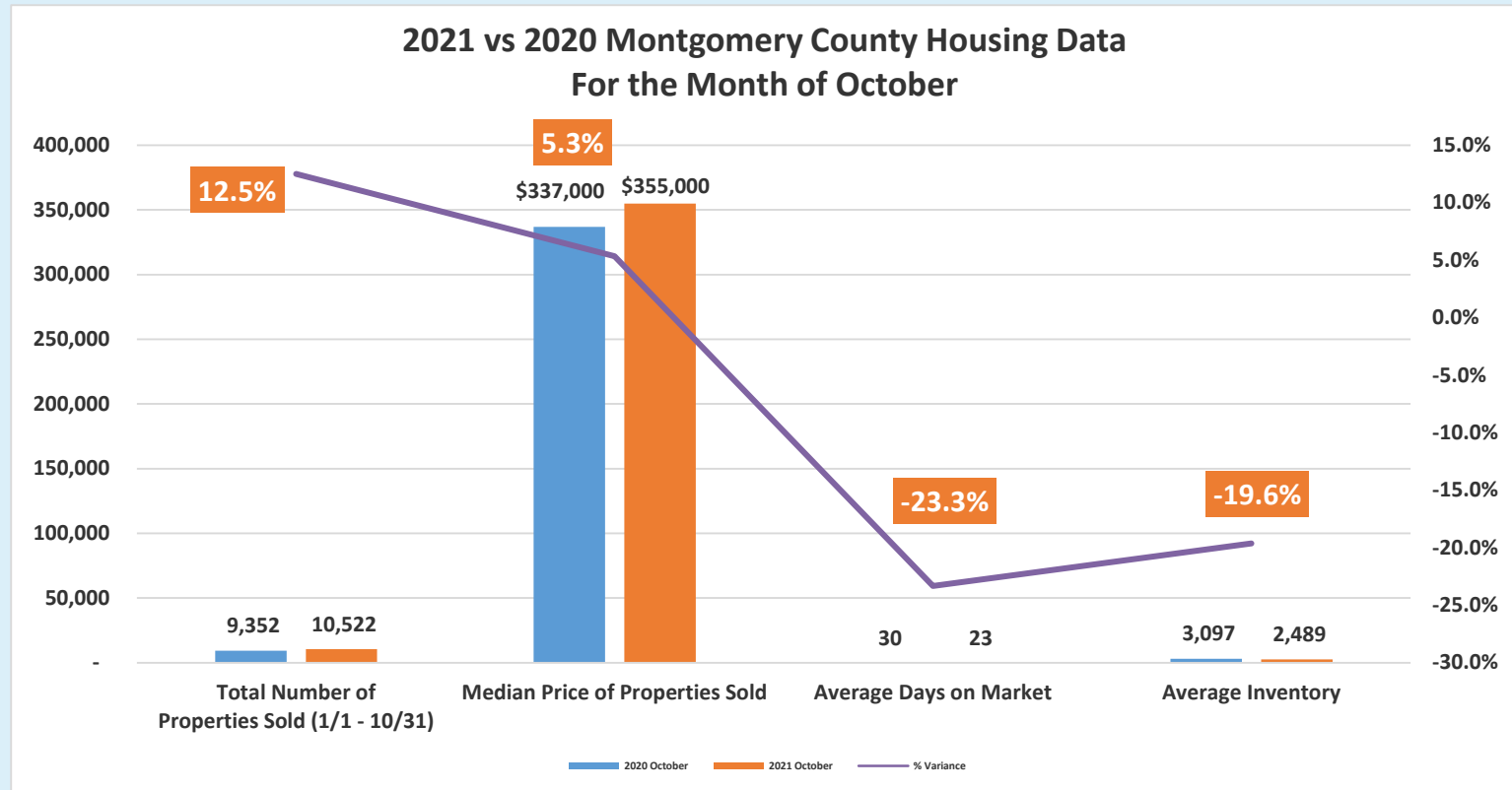
# 2021 COUNTY REAL ESTATE ASSESSMENT OCTOBER 2021 COMPARED TO OCTOBER 2020

- ❖ County Real Estate Assessment increased 0.81% compared to 0.73% in 2020 – anticipate some negative adjustments by year end



# 2021 HOME SALES PERFORMANCE OCTOBER 2021 COMPARED TO OCTOBER 2020











## ■ Snapshot of Montgomery County Housing Data



# 2021 HOME SALES PERFORMANCE

## OCTOBER 2021 COMPARED OCTOBER 2020

### ❖ Montgomery County compared to Five County Region

Housing Performance Measures	2021 October	2020 October	Year to Year Trend	% Change 21-20	2019 October
<b>No. of Properties Sold (Jan-Oct)</b>	<b>10,522</b>	<b>9,352</b>		<b>12.5%</b>	<b>9,861</b>
No. of Properties Sold (Jan-Oct)	49,364	42,286		16.7%	44,438
<b>Median Price of Properties Sold</b>	<b>\$ 355,000</b>	<b>\$ 337,000</b>		<b>5.3%</b>	<b>\$ 300,000</b>
Median Price of Properties Sold	\$ 341,400	\$ 318,000		7.4%	\$ 274,200
<b>Average Price of Properties Sold</b>	<b>\$ 406,375</b>	<b>\$ 398,700</b>		<b>1.9%</b>	<b>\$ 347,420</b>
Average Price of Properties Sold	\$ 410,240	\$ 380,300		7.9%	\$ 324,600
<b>Average Days on Market</b>	<b>23</b>	<b>30</b>		<b>-23.3%</b>	<b>44</b>
Average Days on Market	25	33		-24.2%	45
<b>Properties Under Contract</b>	<b>1,144</b>	<b>1,259</b>		<b>-9.1%</b>	<b>1,029</b>
Properties Under Contract	5,404	5,432		-0.5%	4,485
<b>Montgomery County</b>					
Five County Region (Bucks, Chester, Delaware, Montgomery and Philadelphia)					

# 2022 GF REVENUE PERFORMANCE

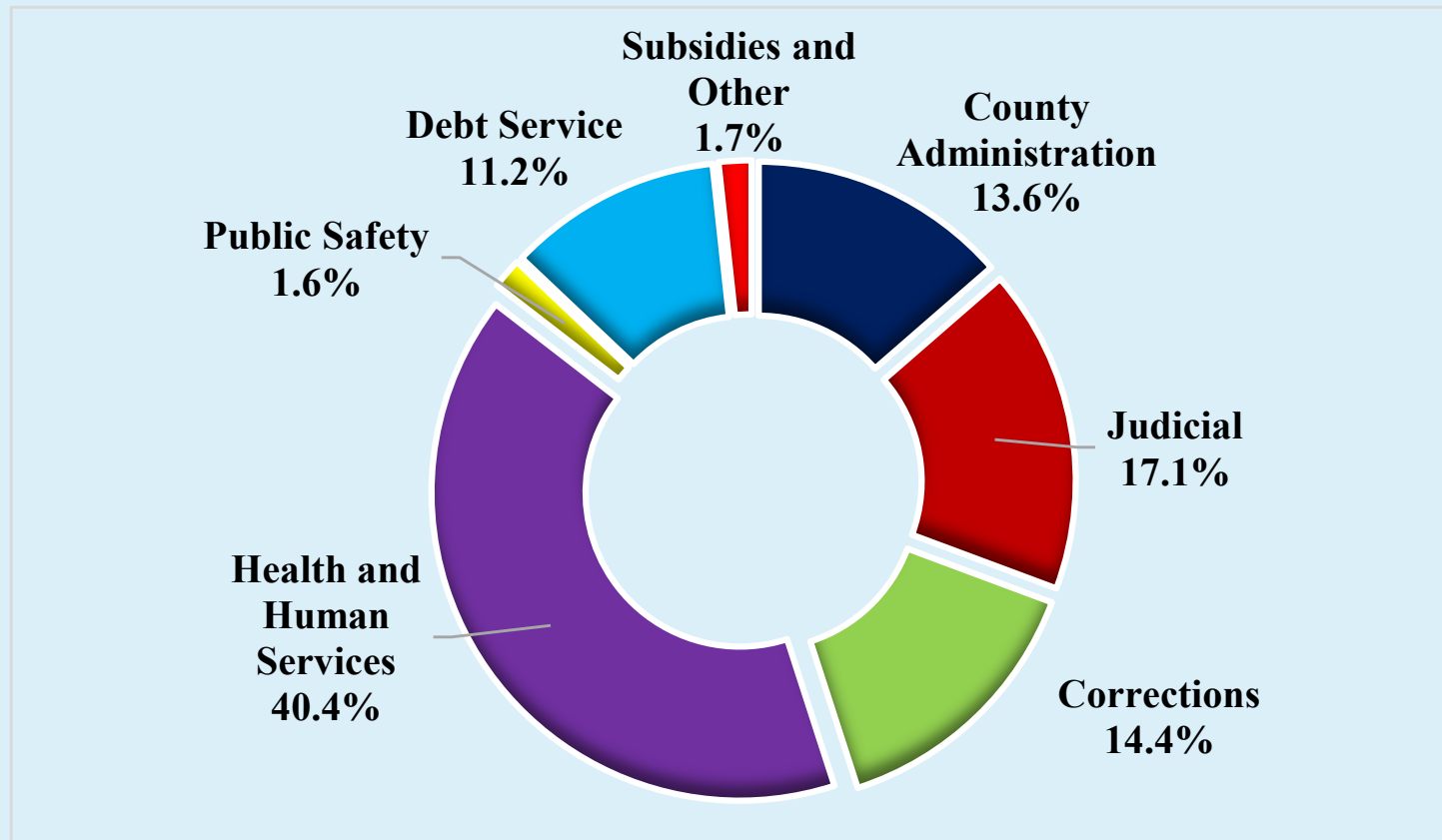
## EMERGING REVENUE TRENDS

### 2022 Major Revenue Trends Compared to 2021

Revenues	2021 Budget	2022 Proposed	Proposed 2022 Budget vs. 2021 Budget	
			\$ Variance	% Variance
Real Estate Taxes (Net)	\$ 221,828,075	\$ 239,966,025	\$ 18,137,950	8.2%
Grant Revenue	139,489,894	152,801,475	13,311,581	9.5%
Act 148 Grant Revenue	23,490,718	25,183,629	1,692,911	7.2%
Gaming Revenue	1,900,000	3,000,000	1,100,000	57.9%
Title IV-E AA Grant Revenue	2,996,202	3,324,289	328,087	11.0%
Departmental Fees	20,868,005	21,165,691	297,686	1.4%
Family Center Grant Revenue	-	205,000	205,000	100.0%
Grant In Aid	1,121,599	1,005,060	(116,539)	-10.4%
Title XIX Incentive Grant Revenue	1,050,000	900,000	(150,000)	-14.3%
Domestic Relations Child Maintenance	420,000	235,000	(185,000)	-44.0%
District Justice Revenue	2,400,000	2,200,000	(200,000)	-8.3%
Act 315 Public Health Grant Revenue	2,358,000	2,150,060	(207,940)	-8.8%
Correctional Facility Work Release	338,834	11,000	(327,834)	-96.8%
Domestic Relations	4,214,094	3,467,642	(746,452)	-17.7%
Title IV-E FC Grant Revenue	2,707,334	1,818,299	(889,035)	-32.8%
Reimbursement/Miscellaneous - Revenue	6,838,919	5,780,869	(1,058,050)	-15.5%
All Other Net	22,923,209	23,358,344	435,135	1.9%
<b>Total</b>	<b>\$ 454,944,883</b>	<b>\$ 486,572,383</b>	<b>\$ 31,627,500</b>	<b>7.0%</b>

# Proposed 2022 General Fund Expenditure Budget Projecting \$498.6 Million of Expense

## EXPENDITURES BY FUNCTIONAL CATEGORY



# 2022 GF REVENUE PERFORMANCE EMERGING EXPENDITURE TRENDS

## 2022 Major Expenditure Trends Compared to 2021

Expenditures	2021	2022	Proposed 2022 Budget vs. 2021 Budget	
	Budget	Proposed	\$ Variance	% Variance
Provider Services	110,402,440	121,297,496	10,895,056	9.9%
Personnel Costs	203,455,460	213,668,627	10,213,167	5.0%
Debt Service - Interest	17,166,327	22,343,412	5,177,085	30.2%
Consulting Services - Other	37,565,514	41,986,832	4,421,318	11.8%
Debt Service - Principle	31,990,000	33,595,000	1,605,000	5.0%
Materials and Supplies	1,945,295	2,935,901	990,606	50.9%
Software Licenses	2,203,249	3,013,400	810,151	36.8%
Election Officers' Expenses	679,000	1,317,150	638,150	94.0%
Community and Volunteer Services	2,436,198	3,013,162	576,964	23.7%
Mass Transportation	5,922,877	6,452,300	529,423	8.9%
Rent	7,720,784	8,091,436	370,652	4.8%
Liability and Property Insurance	2,300,000	2,454,940	154,940	6.7%
General Fund Subsidy to 9-1-1 Fund	2,166,576	2,053,472	(113,104)	-5.2%
Consulting - Professional	473,000	346,470	(126,530)	-26.8%
Utilities - Other	802,557	664,086	(138,471)	-17.3%
Consulting Services - Legal	2,087,500	1,922,200	(165,300)	-7.9%
Indirect Costs	906,064	644,576	(261,488)	-28.9%
Food Provisions	1,774,750	1,412,924	(361,826)	-20.4%
All Other Net	29,637,533	31,348,101	1,710,568	5.8%
<b>Total</b>	<b>461,635,124</b>	<b>498,561,485</b>	<b>36,926,361</b>	<b>8.0%</b>



# PROPOSED 2022 GF EXPENDITURE BUDGET

## ❖ The Proposed 2022 GF Expenditure Budget Highlights

- Projecting \$10.2 million of new personnel costs – approximately 5% higher than 2021 and includes:
  - ✓ Full staffing in 2022 to address current service levels
  - ✓ \$21.7 million of annual funding for the County Pension Plan (100% of required contribution in 2022)
  - ✓ County employee healthcare costs (medical, prescription, dental and vision) have remained stable in recent years – same trend expected for 2022

# PROPOSED 2022 GF EXPENDITURE BUDGET

## ❖ The Proposed 2022 GF Expenditure Highlights

### ➤ Includes Non-contractual Employee Base Wage Increases

- ✓ The 2022 Budget includes new funding for non-contractual base wages and other personnel costs

- Assumes a minimum +2.75% base wage increase effective January 1, 2022
- County Elected Officials (Row Officers and Board of Commissioners) will remain unchanged from 2021

### ➤ Includes Contractual Employee Base Wage Increases

- ✓ Contractual wage increases for five represented labor groups
- ✓ Currently all labor groups under contract (multi-year agreements)

# PROPOSED 2022 GF EXPENDITURE BUDGET

## ❖ The Proposed 2022 GF Expenditure Budget Highlights

### ➤ Other Personnel Items Included:

- ✓ Continuation of aligning departmental work schedules with a standardized 37.5 hour work week
- ✓ Provides funding for new resources County-wide to address increasing demand for core County services

# PROPOSED 2022 GF EXPENDITURE BUDGET

## ❖ The Proposed 2022 GF Expenditure Budget Highlights

- County contribution to Employee Retirement Fund will increase to \$21.7 Million in 2022 (from \$16.4 Million in 2021)
  - ✓ Second consecutive year the County contribution would be 100% of the required annual pension contribution
  - ✓ Meets Board's multi-year budget goal to continue increasing annual pension contributions at 100% funding in 2022 and beyond
  - ✓ Realizes and addresses County's long-term pension obligation for current employees and retirees

# PROPOSED 2022 GF EXPENDITURE BUDGET

## ❖ Expenditure Savings and Cost Containment

- The Overall Proposed 2022 Expenditure Budget includes over \$2 million of budgetary savings compared to 2021
  - ✓ Elimination of 14 full time vacant positions
  - ✓ Reduction of Correctional Facility inmate population resulting in over \$1 million of operational budget savings
  - ✓ Ongoing recurring expenditure savings from prior year cost containment initiatives
    - County completed 6 bond refinancings since 2015 resulting in \$11 million of budgetary debt service savings
    - \$5.3 million realized through 2021, \$700,000 for 2022 and another \$5 million spread out annually through 2039

# PROPOSED 2022 GF EXPENDITURE BUDGET

- County is planning for a New Money Borrowing in 2022 to fund the 2022 Capital Improvement Program
  - ✓ \$201 million of funding is projected for County Capital Projects in 2022 on a budget basis
    - Staff will evaluate actual bond issue sizing and needs in early 2022
    - Adds approximately \$4.1 of new General Fund debt service beginning in 2022
  - ✓ \$13.2 million of funding is projected for Roads and Bridges Capital Projects
    - Anticipate capital costs will be covered by unused bond proceeds from the 2021 Series B Bond Issue carrying into 2022

# MONTGOMERY COUNTY REAL ESTATE TAX DEFERRAL PROGRAM

- County Implemented New Real Estate Tax Deferral Program in 2021
  - ✓ Allows for the deferral (postponement) of payment of increases in County real estate taxes
  - ✓ Qualified homeowners must meet the following guidelines:
    - Have to be 65 years of age by December 31st
    - Household income of \$35,000 or less
    - Must be current on all County real estate tax bills
  - ✓ Real Estate Tax Deferral Program information can be found on the County website under the Finance Department
    - Homeowners can also contact the Finance Department directly at 610-278-3436 or email [finance@montcopa.org](mailto:finance@montcopa.org)

# OVERVIEW OF PROPOSED CAPITAL IMPROVEMENT PROGRAM 2022 - 2026

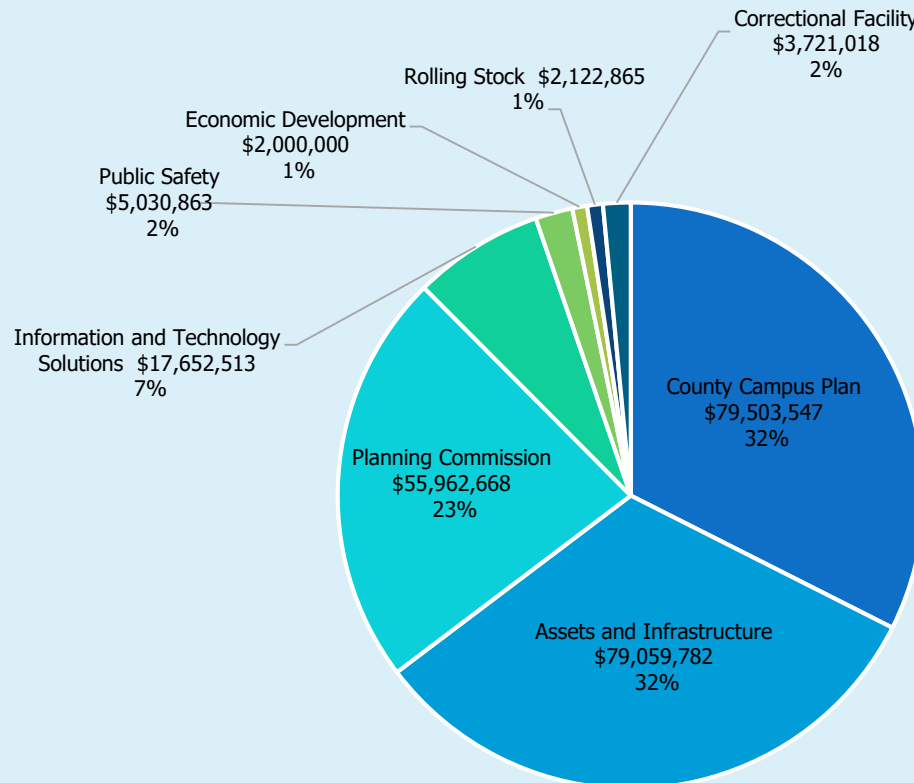
Montgomery County  
Pennsylvania  
Capital Improvement Program  
2022 – 2026

Proposed: November 18, 2021



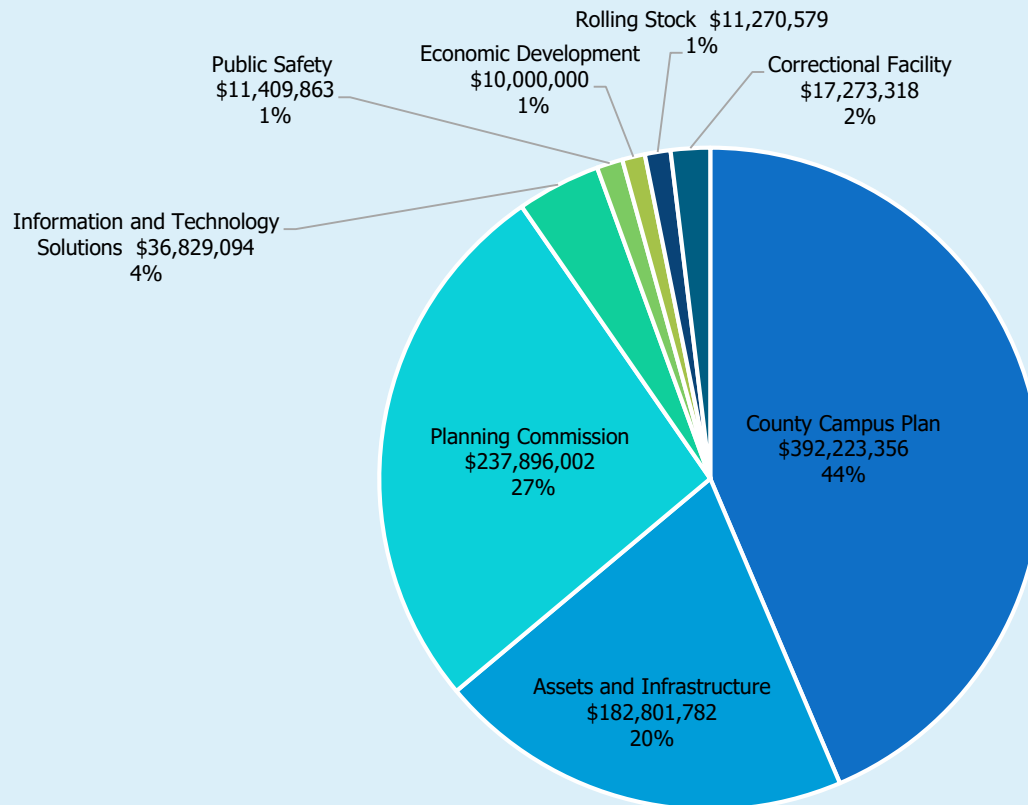
# MONTGOMERY COUNTY PROPOSED 2022 CAPITAL FUND BUDGET PROJECTING \$245 MILLION OF EXPENSE IN 2022

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



# MONTGOMERY COUNTY PROPOSED 2022-2026 CAPITAL IMPROVEMENT PROGRAM PROJECTING \$899 MILLION OF TOTAL EXPENSE

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



# MONTGOMERY COUNTY 2022 BUDGET TRANSPARENCY PORTAL

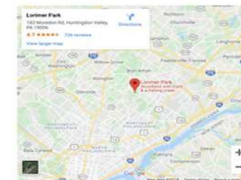
## ❖ Interactive CIP Portal for External and Internal Users:

- Detailed Capital Project Stories Outlining Capital Projects
- Breakdown of Funding by Program
- Interactive Mapping
- Dynamic Visualizations
- Purpose and Justification
- Priority Level



### Parks, Trails & Historic Sites

Montgomery County owns and/or manages more than 6,000 acres of public open space which includes nine parks, five historic sites, and over sixty miles of regional trails. These areas include over 125 historic and non-historic structures, playgrounds, a fish ladder, a working historic canal lock, a wildlife center, and an archives/artifact collection of over 53,000 pieces. Our parks, trails, and historic sites combined are enjoyed by over 15 million visitors each year. Park lands include fishing opportunities, environmental education programs, hiking, boat rentals, pavilions, and more. Our trail systems and connections have been noted as some of the finest trails in the country, with the goal of all Montgomery County residents being no further than a few miles from their home to a trail experience. The historic sites preserve such things as the collection of a Pennsylvania governor, a Pennsylvania German farmstead, a colonial innkeeper's home and the first American home of John James Audubon, a National Landmark. Each location throughout the county offers something unique! You will want to visit these locations again and again.



### Project Description

This project will provide funds for the improvement of Lorimer Park. These renovations include repairing park structures, as well as the site and parking lot. The 2020 CIP will also fund the renovation of the Park's scout cabin and administrative office.

### Project Details and Priority

Department: Assets and Infrastructure  
Project Location: Lorimer Park

### Priority Level: A

- A: Project underway and committed to via policy or legislation
- B: Work required as a result of urgent conditions; otherwise would stem increased operational (non-emergency) expense and/or capital cost
- C: Project represents stated or assumed policy in Montgomery County; priority will further County mission and/or reduce operational expense
- D: Department identifies project as an improvement for County assets; can be deferred to accommodate higher priority project

### Project Justification

Much of the park's paving is cracked and deteriorating, which can have negative effects on the natural environment and vehicles that travel over these surfaces. The County is responsible for these surfaces and has a duty to maintain them. The scout cabin needs a new roof and the administrative office is in need of a new HVAC system and roof. Repairs at each of these locations are recommended to prevent further, longer term damage.

# AMERICAN RESCUE PLAN ACT (ARPA)

- ❖ Montgomery County was allocated \$161.4 Million of Direct Federal ARPA Funding in 2021
  - County Recovery Office has been established to manage the ARPA funding and programs
  - Funding can be used for pandemic recovery programs meeting Federal guidelines over the next five years
  - More information can be found on the County's website under the Recovery Office webpage: [www.montcopa.org/recoveryoffice](http://www.montcopa.org/recoveryoffice)

AMERICAN RESCUE PLAN ACT (ARPA) FUND		Proposed 2022 Budget
<b><u>Revenues</u></b>		
Federal Grants		\$ 80,697,700
Interest		47,000
	Total Revenues	\$ 80,744,700
Fund Balance January 1		80,697,700
	Total Revenues and Beginning Fund Balance	\$ 161,442,400
<b><u>Expenditures</u></b>		
ARPA Programs		\$ 32,319,500
Support Public Health Expenditures		
Address Negative Economic Impacts Caused By The Public Health Emergency		
Serving The Hardest-Hit Communities and Families		
Replace Lost Public Sector Revenue		
Provide Premium Pay For Essential Workers		
Invest in Water, Sewer, And Broadband Infrastructure		
	Total Expenditures	\$ 32,319,500
Fund Balance December 31		129,122,900
	Total Expenditures and Ending Fund Balance	\$ 161,442,400

# ARPA PROGRAM AREAS

## **ARPA Program Area Descriptions:**

**Support Public Health Initiatives** - enhance public health data, vaccination efforts, contact tracing, PPE, capital investment in facilities to meet pandemic operational needs

**Address Negative Economic Impacts** - aid to workers and families for food, housing, or financial insecurity, support for small businesses, recovery of hospitality, industrial, and public sectors

**Serve Communities** - address social determinants of health disparities, investments in housing and neighborhoods, address educational disparities, promotion of healthy childhood environments

# ARPA PROGRAM AREAS

## **ARPA Program Area Descriptions:**

**Replace Lost Public Revenue** - fund government operations that saw revenue reductions due to pandemic

**Provide Essential Worker Premium Pay** - additional support for critical employees bearing greatest health risks doing essential work

**Invest in Water, Sewer, Broadband Infrastructure** - make needed improvements to increase access to clean drinking water, support vital wastewater and stormwater infrastructure, and expand access to broadband internet

**END OF PRESENTATION**