

**MONTGOMERY COUNTY  
BOARD OF COMMISSIONERS**

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CHIEF FINANCIAL OFFICER

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

RE: 2012 Quarterly Budget Update – Third Quarter (Q3)

Date: November 1, 2012

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This report is based on information as of the end of the third quarter of 2012 – September 30, 2012.

The Quarterly Update Report is presented as follows:

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| Summary Page         | Page 1      |
| Revenue Detail       | Pages 2-3   |
| Grant Revenue Detail | Page 4      |
| Expenditure Detail   | Pages 5-9   |
| TAN Analysis         | Page 10     |
| Overtime Analysis    | Pages 11-12 |

### **2012 Q3 Summary**

The County's projected annual operating deficit for 2012 widened between the second quarter (Q2) and Q3. While the inherited \$10 million gap identified in January had been reduced to \$3.1 million by the end of Q1 and further reduced to a projected \$1.7 million deficit at the end of Q2, the projected annual operating deficit for 2012 now stands at just under \$3.9 million, which would result in a year-end Fund Balance of \$20.1 million.

The primary reason for the widening of the gap is a result of the State cuts in funding for mental and behavioral health services. While both revenues and expenditures are down as a result of the mid-year adjustment, the County continues to pay providers based on the 2011-12 budget figures, but is receiving revenue advances based on the new 2012-13 budget. In the absence of these cuts, the 2012 deficit would be nearly eliminated.

The projections contained in this analysis were not revised to reflect increased costs related to Hurricane Sandy. It is too early to quantify the specific cost impacts on the County. While many of the costs should be reimbursed, it is doubtful that those reimbursements will be received within this calendar year.

## **Revenues through September 30, 2012**

2012 revenues are now projected to finish the year nearly \$9 million below the Adopted Budget.

- Tax revenue projections are \$1.6 million below the Adopted Budget figure, with current-year tax collections projected to end the year down \$1.2 million and prior-year collections down \$400,000.
- Departmental Revenues (including Parkhouse) project to finish the year approximately even with the Adopted Budget.
- Grant Revenues project to finish the year more than \$7.1 million below the Adopted Budget figure, a significant decline from earlier projections. These reductions are primarily in social services departments, and are based on the new Commonwealth budget signed at the end of June. There may be further adjustments in revenue and expenditure assumptions in these areas as additional direction is provided by the Commonwealth, and the County is able to identify corresponding spending reductions.

## **Expenditures through September 30, 2012**

The County was able to reduce projected total expenditures by nearly \$5 million relative to the adopted budget figure.

- Expenses were reduced despite a number of large leave payouts for eligible employees separating for the workforce (payment for accumulated sick, vacation, and compensatory leave time). The 2012 budget assumed total payments across the County of just over \$609,000; through September 30, 2012, the County had already paid out over \$1.66 million.
- Several Departments were able to identify savings during the quarter, and just a few budget areas continue to reflect projected expenditure overages of more than five percent of their adopted budgets:
  - Commissioners Office (\$239,216 or 9.8% of adopted budget)
  - Economic/Workforce Development (\$50,600 or 29% of adopted budget)
  - Fleet (\$54,621 or 43.1% of adopted budget)
  - Human Resources (\$52,732 or 6.3% of adopted budget)
  - District Attorney's Office (\$1,509,656 or 11.8% of adopted budget)
  - Line item for outside legal fees (\$300,000 or 300% of adopted budget)

## **Other Key Financial Issues: TAN and Overtime Analyses**

A summary of the Tax Revenue Anticipation Notes (TAN) issued by the County in January shows that the County ultimately utilized \$17 million of the available \$25 million in TAN funds.

- The County was able to end its reliance on the TAN funds by April 11, and no additional drawdowns from the TAN were required for cash flow purposes.
- Interest earned on the segregated principal is nearly \$23,500 as of September 30, and it is expected that total earnings for the year will offset much of the \$36,262 in interest costs for the borrowing.

An analysis of County overtime across departments shows that most areas of County government are staying within budgeted overtime levels. County funded overtime usage is projecting to end the year slightly above the adopted budget.

- Overages related to security at the Human Services Center reflect a decision to expend overtime funds rather than hire additional staff while a sale of the building is contemplated.
- Corrections overtime expenditures were sharply higher in the second and third quarter due primarily to 130 officer days spent guarding prisoners in medical facilities.
- DUI overtime costs were sharply higher in the second quarter due to a change in personnel classification required by the PA Department of Labor. While overtime costs will continue to increase, there will be a corresponding decrease in contracted services expenditures.

## **New Hiring Restrictions**

In addition to the projected operating deficit for 2012, the 2013 County Budget is still being formulated, with difficult funding decisions still to be addressed. The County cannot take on new staff while facing such a deficit, and does not wish to hire individuals for positions which may be eliminated as part of the 2013 budget.

As a result, the County is implementing hiring restrictions with a strict scrutiny standard being applied to all requests for new position postings and hiring. New position requests will be evaluated by the County Chief Operating Officer and Chief Financial Officer to determine if they meet a need for emergency services delivery, public safety, or regulatory/statutory requirements. All other position requests will be held at least until a 2013 budget has been adopted.

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**SUMMARY PAGE**

|   | 2011 Actual<br>(cash basis) | 2012 Adopted       | 2012 YTD           | 2012 Current<br>Projection | Current Projection<br>over (under) Adopted<br>Budget |
|---|-----------------------------|--------------------|--------------------|----------------------------|--|
| <b>Revenues</b>                                     |                             |                    |                    |                            |  |
| Taxes   | 155,156,556                 | 184,000,000        | 176,487,150        | 182,400,000                | (1,600,000)  |
| Parkhouse and HSC Facilities                        | 42,687,060                  | 46,420,000         | 32,761,877         | 44,727,600                 | (1,692,400)  |
| Departmental and Other Local<br>non-Tax Revenues    | 43,135,796                  | 43,980,000         | 32,410,073         | 45,584,434                 | 1,604,434  |
| Grant Revenue                                       | 141,649,605                 | 143,000,000        | 98,566,929         | 135,844,967                | (7,155,033)  |
| <b>Total Revenues</b>                               | <b>382,629,016</b>          | <b>417,400,000</b> | <b>340,226,029</b> | <b>408,557,001</b>         | <b>(8,842,999)</b>                                   |
| Fund Balance January 1                              | 51,251,853                  | 20,000,000         | 24,001,353         | 24,001,353                 | 4,001,353  |
| <b>Total Revenues and Balance<br/>Appropriation</b> | <b>433,880,869</b>          | <b>437,400,000</b> | <b>364,227,383</b> | <b>432,558,354</b>         | <b>(4,841,646)</b>                                   |
| <b>Total Expenditures</b>                           | <b>407,048,229</b>          | <b>417,400,000</b> | <b>302,872,234</b> | <b>412,455,591</b>         | <b>(4,944,409)</b>                                   |
| <b>End of Year Accrual<br/>Adjustments</b>          | <b>(2,831,287)</b>          | -                  |                    |                            |  |
| <b>Unappropriated Balance<br/>(Year end)</b>        | <b>24,001,353</b>           | <b>20,000,000</b>  |                    | <b>20,102,763</b>          | <b>102,763</b>                                       |
| <b>Annual Operating<br/>Surplus/(Deficit)</b>       | <b>(27,250,500)</b>         | -                  |                    | <b>(3,898,590)</b>         |  |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**REVENUE DETAIL**

2011 (actual)

2012

|                                     | Full Year          | Through Q3         | Through Q3 as % of full-year | Adopted Budget     | Through Q3 (actual) | Through Q3 as % of Adopted Budget | Full Year (projected) |
|-------------------------------------|--------------------|--------------------|------------------------------|--------------------|---------------------|-----------------------------------|-----------------------|
| <b>REAL ESTATE TAXES</b>            |                    |                    |                              |                    |                     |                                   |                       |
| Current                             | 151,103,946        | 144,501,213        | 96%                          | 178,200,000        | 173,999,132         | 98%                               | 177,000,000           |
| Prior                               | 4,052,609          | 9,055,215          | 223%                         | 5,800,000          | 2,488,018           | 43%                               | 5,400,000             |
| <b>Total</b>                        | <b>155,156,556</b> | <b>153,556,428</b> | <b>99%</b>                   | <b>184,000,000</b> | <b>176,487,150</b>  | <b>96%</b>                        | <b>182,400,000</b>    |
| <b>PARKHOUSE AND HSC FACILITIES</b> |                    |                    |                              |                    |                     |                                   |                       |
|                                     | 42,687,060         | 31,915,867         | 75%                          | 46,420,000         | 32,761,877          | 71%                               | 44,727,600            |
| <b>DEPARTMENTAL REVENUE</b>         |                    |                    |                              |                    |                     |                                   |                       |
| Adult Probation                     | 939,695            | 1,340,138          | 143%                         | 1,708,600          | 1,562,089           | 91%                               | 1,708,600             |
| Aging and Adult Services            | 338,886            | 254,739            | 75%                          | 330,000            | 252,475             | 77%                               | 330,000               |
| Board of Assessment                 | 266,600            | 254,650            | 99%                          | 260,000            | 239,090             | 92%                               | 250,000               |
| Children and Youth                  | 223,839            | 356,825            | 164%                         | 431,500            | 226,427             | 52%                               | 380,000               |
| Clerk of Courts                     | 4,759,253          | 3,610,534          | 76%                          | 5,050,000          | 3,452,201           | 68%                               | 4,750,000             |
| Conservation District               | 285,595            | 227,305            | 80%                          | 290,000            | 236,124             | 81%                               | 290,000               |
| Controller                          | 15,589             | 15,588             | 100%                         | 35,000             | -                   | 0%                                | -                     |
| Coroner                             | 289,265            | 228,555            | 79%                          | 250,000            | 183,998             | 74%                               | 250,000               |
| Correction Facility                 | 2,197,959          | 1,648,551          | 75%                          | 2,094,500          | 1,605,778           | 77%                               | 2,200,000             |
| Courts                              | 48,315             | 47,464             | 98%                          | 65,000             | 47,582              | 73%                               | 65,000                |
| District Attorney                   | -                  | 0                  | 0%                           | 124,600            | 15,061              | 12%                               | 425,000               |
| District Justices                   | 3,580,097          | 2,749,621          | 77%                          | 3,700,000          | 2,873,973           | 78%                               | 3,700,000             |
| Domestic Relations                  | 6,578,939          | 4,583,609          | 70%                          | 6,599,500          | 4,745,748           | 72%                               | 6,550,000             |
| Drug and Alcohol Programs           | 211,934            | 154,643            | 78%                          | 230,000            | 162,116             | 70%                               | 230,000               |
| DUI Administration                  | 744,334            | 580,565            | 78%                          | 790,000            | 513,050             | 65%                               | 725,000               |
| Health Department                   | 1,071,116          | 787,443            | 74%                          | 1,027,000          | 871,349             | 85%                               | 1,200,000             |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**REVENUE DETAIL**

2011 (actual)

2012

|   |                   |                   |             |                   |                   |            |                   |
|---|-------------------|-------------------|-------------|-------------------|-------------------|------------|-------------------|
| Information Technology                    | 52,829            | 45,774            | 87%         | 35,000            | 46,648            | 133%       | 65,000            |
| Juvenile Probation                        | 116,133           | 95,517            | 82%         | 340,500           | 69,189            | 20%        | 285,000           |
| Mental Health Programs (2)                | 572,729           | 504,152           | 88%         | 433,200           | 514,631           | 119%       | 550,000           |
| One Montgomery Plaza                      | 693,171           | 520,190           | 75%         | 194,700           | 529,187           | 272%       | 675,284           |
| Parks and Heritage Services               | 214,660           | 176,037           | 82%         | 268,500           | 197,527           | 74%        | 939,500           |
| Planning Commission                       | 673,840           | 266,409           | 40%         | 642,900           | 269,669           | 42%        | 600,000           |
| Prothonotary                              | 4,154,805         | 3,177,687         | 76%         | 4,076,300         | 3,177,015         | 78%        | 4,150,000         |
| Public Defender                           | 51,336            | 16,886            | 33%         | 50,000            | 20,475            | 41%        | 35,000            |
| Public Property/Trans./HSC                | 1,205,845         | 866,899           | 72%         | 715,100           | 1,039,543         | 145%       | 1,401,374         |
| Public Safety                             | 957,142           | 546,105           | 57%         | 752,100           | 548,141           | 73%        | 925,000           |
| Purchasing                                | 3,859             | 3,583             | 93%         | 1,000             | 2,138             | 214%       | 4,000             |
| Recorder of Deeds                         | 5,553,511         | 4,129,468         | 74%         | 5,400,000         | 4,667,740         | 86%        | 5,861,576         |
| Register of Wills                         | 1,974,086         | 1,497,269         | 76%         | 2,018,000         | 1,482,312         | 73%        | 2,018,000         |
| Sheriff                                   | 2,343,906         | 1,798,331         | 77%         | 2,689,000         | 1,668,520         | 62%        | 2,385,000         |
| Tax Claim Bureau                          | 2,139,353         | 1,242,527         | 58%         | 1,200,000         | 150,415           | 13%        | 1,200,000         |
| Treasurer                                 | 114,404           | 99,116            | 87%         | 90,900            | 73,236            | 81%        | 90,900            |
| Youth Centers 2                           | 63,834            | 480               | 1%          | 45,200            | 146               | 0%         | 45,200            |
| <b>Total Departmental Revenue</b>         | <b>42,436,859</b> | <b>31,856,660</b> | <b>75%</b>  | <b>41,938,100</b> | <b>31,443,593</b> | <b>75%</b> | <b>44,284,434</b> |
| <b>OTHER REVENUE</b>                      |                   |                   |             |                   |                   |            |                   |
| Interest                                  | 161,638           | 55,013            | 34%         | 100,000           | 79,998            | 80%        | 100,000           |
| Recoverable Expenditures                  | 537,299           | 945,196           | 176%        | 800,000           | 886,482           | 74%        | 1,200,000         |
| Bail Recovery                             | -                 | 0                 | -           | 200,000           | 0                 | 0%         | -                 |
| <b>Total Other Revenue</b>                | <b>698,937</b>    | <b>1,000,209</b>  | <b>143%</b> | <b>1,100,000</b>  | <b>966,480</b>    | <b>74%</b> | <b>1,300,000</b>  |
| <b>TOTAL DEPARTMENT AND OTHER REVENUE</b> | <b>43,135,796</b> | <b>32,856,869</b> | <b>76%</b>  | <b>43,038,100</b> | <b>32,410,073</b> | <b>71%</b> | <b>45,584,434</b> |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**GRANT REVENUE DETAIL**

| DEPARTMENTAL GRANT REVENUE        | 2011 (actual)      |                    | 2012                                |                       |                   |                    |
|-----------------------------------|--------------------|--------------------|-------------------------------------|-----------------------|-------------------|--------------------|
|                                   | Full Year          | Through Q3         | Through Q3<br>as % of full-<br>year | Through Q3<br>as % of |                   |                    |
|                                   |                    |                    |                                     | Adopted<br>Budget     | Adopted<br>Budget |                    |
| Adult Probation                   | 557,678            | 130,787            | 23%                                 | 119,096               | 64%               | 184,773            |
| Aging and Adult Services          | 15,843,605         | 11,846,465         | 75%                                 | 13,611,246            | 81%               | 16,911,300         |
| Children and Youth                | 17,457,396         | 13,063,266         | 75%                                 | 15,204,659            | 89%               | 17,539,200         |
| Coroner                           | 68,231             | -                  | 0%                                  | 27,545                | 39%               | 30,000             |
| Courts Administration             | 1,568,438          | 34,683             | 2%                                  | 39,966                | 3%                | 1,576,803          |
| Day Care                          | 27,125,394         | 20,720,996         | 76%                                 | 19,607,129            | 73%               | 26,567,900         |
| District Attorney                 | 400,436            | 312,452            | 78%                                 | 267,191               | 51%               | 350,000            |
| Drug and Alcohol Programs         | 6,032,846          | 3,872,356          | 64%                                 | 3,844,888             | 63%               | 6,065,646          |
| Health Department                 | 7,270,754          | 3,705,767          | 51%                                 | 4,016,504             | 62%               | 6,244,254          |
| Juvenile Probation                | 8,913,740          | 6,823,459          | 77%                                 | 6,033,083             | 71%               | 8,241,302          |
| Mental Health Programs            | 52,615,643         | 37,507,433         | 71%                                 | 32,731,902            | 59%               | 48,031,902         |
| Public Safety                     | 648,639            | 422,761            | 65%                                 | 471,748               | 53%               | 888,387            |
| Purchasing                        | 36,530             | 26,311             | 72%                                 | 23,494                | 59%               | 30,000             |
| Register of Wills                 | 59,211             | 59,211             | 100%                                | 26,064                | 130%              | 35,000             |
| Sheriff                           | -                  | -                  | 0%                                  | 1,326                 | -                 | 1,500              |
| PURTA                             | 223,683            | -                  | 0%                                  | 200,000               | 0%                | 200,000            |
| Youth Centers                     | 2,827,381          | 2,131,443          | 75%                                 | 2,541,088             | 91%               | 2,947,000          |
| <b>Total Departmental Revenue</b> | <b>141,649,605</b> | <b>100,657,390</b> | <b>71%</b>                          | <b>143,000,000</b>    | <b>73%</b>        | <b>135,844,967</b> |
|                                   |                    |                    |                                     | <b>98,566,929</b>     |                   |                    |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**2012 EXPENDITURE DETAIL**

|                                    | 2011 Actual<br>(unaudited) | 2011 Through<br>Q3 Actual | 2012 Adopted      |                   | 2012 Through Q3<br>Actual | Through Q3<br>Actual as a<br>% of 2012<br>Adopted<br>Budget |                | 2012 Full-Year<br>Projection (at<br>end of Q3) | Difference<br>between 2012<br>Adopted and<br>Current 2012<br>Projection |
|------------------------------------|----------------------------|---------------------------|-------------------|-------------------|---------------------------|---|----------------|--|---|
|                                    |                            |                           | Budget            | Budget            |                           | Adopted   | Budget         |  |   |
|                                    |                            |                           |                   |                   |                           |   |                |  |   |
| <b>COUNTY ADMINISTRATION</b>       |                            |                           |                   |                   |                           |   |                |  |   |
| Commissioners                      | 2,476,506                  | 1,761,850                 | 2,445,800         | 2,063,554         | 84%                       | 2,685,016   | (239,216)      | 1  |   |
| Board of Assessment Appeals        | 2,658,370                  | 2,055,488                 | 2,727,600         | 2,051,684         | 75%                       | 2,722,129   | 5,471          |  |   |
| Controller                         | 1,645,724                  | 1,270,353                 | 1,757,000         | 1,272,404         | 72%                       | 1,697,576   | 59,424         |  |   |
| Security                           | 1,094,722                  | 862,541                   | 971,900           | 779,728           | 80%                       | 920,000   | 51,900         |  |   |
| Economic/Workforce Development     | 257,560                    | 196,472                   | 174,400           | 196,586           | 113%                      | 225,000   | (50,600)       |  |   |
| Fleet Management                   | 153,187                    | 119,791                   | 126,600           | 166,750           | 132%                      | 181,221   | (54,621)       |  |   |
| Human Resources                    | 761,753                    | 583,040                   | 834,000           | 643,281           | 77%                       | 886,732   | (52,732)       |  |   |
| Public Property                    | 4,930,592                  | 3,697,292                 | 4,737,200         | 3,340,338         | 71%                       | 4,470,740   | 266,460        |  |   |
| Human Services Center              | (168,140)                  | (109,255)                 | (107,200)         | (308,971.32)      | 288%                      | (325,000)   | 217,800        |  |   |
| Willow Grove Annex                 | (26,408)                   | (15,441)                  | (15,000)          | (28,616)          | 191%                      | (30,000)  | 15,000         |  |   |
| One Montgomery Plaza               | (2,342,005)                | (1,767,906)               | (2,310,900)       | (1,867,566)       | 81%                       | (2,400,000)   | 89,100         |  |   |
| Information Technology Solutions   | 2,426,674                  | 4,925,637                 | 6,475,200         | 4,544,856         | 70%                       | 6,145,522   | 329,678        |  |   |
| Planning Commission                | 3,186,326                  | 2,505,020                 | 3,120,200         | 2,430,385         | 78%                       | 3,231,580   | (111,380)      |  |   |
| Public Defender                    | 3,245,423                  | 2,505,020                 | 3,232,600         | 2,492,456         | 77%                       | 3,329,974   | (97,374)       |  |   |
| Purchasing                         | 868,527                    | 670,375                   | 824,100           | 545,862           | 66%                       | 781,758   | 42,342         |  |   |
| Recorder of Deeds                  | 1,669,530                  | 1,308,970                 | 1,681,600         | 1,214,963         | 72%                       | 1,624,851   | 56,749         |  |   |
| Tax Collector's Fees               | 1,294,452                  | 1,524,823                 | 1,400,000         | 1,112,548         | 79%                       | 1,400,000   | -              |  |   |
| Tax Claim Bureau                   | 352,894                    | 258,197                   | 58,000            | 44,199            | 76%                       | 58,000  | -              |  |   |
| Treasurer                          | 607,757                    | 473,112                   | 662,000           | 473,421           | 72%                       | 638,732   | 23,268         |  |   |
| Voter Services                     | 1,868,724                  | 1,206,425                 | 2,124,900         | 1,287,891         | 61%                       | 2,120,854   | 4,046          |  |   |
| <b>Total County Administration</b> | <b>26,962,168</b>          | <b>24,031,804</b>         | <b>30,920,000</b> | <b>22,455,751</b> | <b>73%</b>                | <b>30,364,685</b>   | <b>555,315</b> |  |   |



Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)

2012 EXPENDITURE DETAIL

|                             | 2011 Actual<br>(unaudited) | 2011 Through<br>Q3 Actual | 2012 Adopted<br>Budget | 2012 Through Q3<br>Actual | Through Q3                                    |  | Difference<br>between 2012<br>Adopted and<br>Current 2012<br>Projection |
|-----------------------------|----------------------------|---------------------------|------------------------|---------------------------|---|--|---|
|                             |                            |                           |                        |                           | Actual as a<br>% of 2012<br>Adopted<br>Budget | 2012 Full-Year<br>Projection (at<br>end of Q3) |   |
| <b>JUDICIAL</b>             |                            |                           |                        |                           |   |  |   |
| Clerk of Courts             | 1,805,513                  | 1,411,435                 | 1,918,700              | 1,396,705                 | 73%   | 1,851,874                                      | 66,826  |
| Coroner                     | 1,222,448                  | 889,132                   | 1,136,900              | 898,916                   | 79%   | 1,191,400                                      | (54,500)  |
| Courts/Drug Court           | 13,306,439                 | 10,238,885                | 13,935,400             | 10,397,095                | 75%   | 13,866,441                                     | 68,959  |
| District Attorney           | 13,038,433                 | 10,174,261                | 12,759,600             | 11,204,883                | 88%   | 14,269,256                                     | (1,509,656)   |
| District Justices           | 9,442,515                  | 7,396,805                 | 9,634,400              | 7,405,411                 | 77%   | 9,817,859                                      | (183,459)   |
| Domestic Relations          | 8,036,675                  | 6,122,765                 | 8,434,400              | 6,098,176                 | 72%   | 8,113,265                                      | 321,135   |
| Jury Board                  | 407,969                    | 312,930                   | 435,500                | 326,786                   | 75%   | 430,000  | 5,500   |
| Law Library                 | 724,058                    | 547,233                   | 688,700                | 534,966                   | 78%   | 715,468  | (26,768)  |
| Prothonotary                | 1,964,295                  | 1,519,752                 | 1,862,200              | 1,441,116                 | 77%   | 1,924,122                                      | (61,922)  |
| Register of Wills           | 1,082,056                  | 832,320                   | 1,098,300              | 818,846                   | 75%   | 1,094,145                                      | 4,155   |
| Sheriff/Central Processing  | 7,637,080                  | 5,913,924                 | 7,657,300              | 5,655,301                 | 74%   | 7,545,075                                      | 112,225   |
| <b>Total Judicial</b>       | <b>58,667,481</b>          | <b>45,359,442</b>         | <b>59,561,400</b>      | <b>46,178,201</b>         | <b>78%</b>                                    | <b>60,818,905</b>                              | <b>(1,257,505)</b>  |
| <b>CORRECTIONS</b>          |                            |                           |                        |                           |   |  |   |
| Adult Probation             | 6,661,406                  | 5,156,583                 | 6,794,300              | 5,096,172                 | 75%   | 6,789,153                                      | 5,147   |
| Juvenile Probation          | 4,951,749                  | 3,796,368                 | 4,853,800              | 3,726,053                 | 77%   | 4,923,342                                      | (69,542)  |
| Child Care - Delinquent     | 11,289,130                 | 8,918,659                 | 11,150,000             | 7,696,819                 | 69%   | 10,406,066                                     | 743,934   |
| Driving Under the Influence | 463,850                    | 363,244                   | 425,700                | 309,268                   | 73%   | 421,131  | 4,569   |
| Correction Facility         | 29,683,000                 | 22,677,768                | 29,863,700             | 23,080,807                | 77%   | 31,133,769                                     | (1,270,069)   |
| Youth Detention Center      | 3,665,910                  | 2,805,302                 | 3,827,200              | 2,742,891                 | 72%   | 3,661,974                                      | 165,226   |
| <b>Total Corrections</b>    | <b>56,715,045</b>          | <b>43,717,924</b>         | <b>56,914,700</b>      | <b>42,652,009</b>         | <b>75%</b>                                    | <b>57,335,435</b>                              | <b>(420,735)</b>  |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**2012 EXPENDITURE DETAIL**

|                                    | 2011 Actual<br>(unaudited) | 2011 Through<br>Q3 Actual | 2012 Adopted<br>Budget | 2012 Through Q3<br>Actual | Through Q3<br>Actual as a<br>% of 2012<br>Adopted<br>Budget | 2012 Full-Year<br>Projection (at<br>end of Q3) | Difference<br>between 2012<br>Adopted and<br>Current 2012<br>Projection |
|------------------------------------|----------------------------|---------------------------|------------------------|---------------------------|---|--|---|
| <b>PARKS AND HERITAGE SERVICES</b> | <b>4,818,076</b>           | <b>3,688,382</b>          | <b>4,900,400</b>       | <b>3,547,479</b>          | <b>72%</b>  | <b>4,727,867</b>                               | <b>172,533</b>  |
| <b>GENERAL WELFARE</b>             |                            |                           |                        |                           |   |  |   |
| Drug and Alcohol Programs          | 6,447,899                  | 4,968,423                 | 6,470,300              | 4,191,790                 | 65%   | 6,074,879                                      | 395,421   |
| Behavioral Health Programs         | 51,742,851                 | 37,769,215                | 57,386,700             | 38,993,185                | 68%   | 53,193,185                                     | 4,193,515   |
| Health Department                  | 9,222,984                  | 6,837,829                 | 9,226,900              | 6,539,937                 | 71%   | 8,835,065                                      | 391,835   |
| HSC Admin.                         | 62,184                     | 62,599                    |                        | 186                       |   | 200  | (200)   |
| <b>Total General Welfare</b>       | <b>67,475,918</b>          | <b>49,638,066</b>         | <b>73,083,900</b>      | <b>49,724,912</b>         | <b>68%</b>  | <b>68,103,329</b>                              | <b>4,980,571</b>  |
| <b>ADULT WELFARE</b>               |                            |                           |                        |                           |   |  |   |
| Aging and Adult Services           | 18,591,232                 | 14,077,785                | 18,592,100             | 13,729,876                | 74%   | 18,314,279                                     | 277,821   |
| Parkhouse and Assisted Living      | 47,918,716                 | 36,751,239                | 47,978,500             | 34,783,918                | 72%   | 46,580,605                                     | 1,397,895   |
| <b>Total Adult Welfare</b>         | <b>66,509,948</b>          | <b>50,829,024</b>         | <b>66,570,600</b>      | <b>48,513,795</b>         | <b>73%</b>  | <b>64,894,884</b>                              | <b>1,675,716</b>  |
| <b>CHILD WELFARE</b>               |                            |                           |                        |                           |   |  |   |
| Youth Shelter Center               | 1,248,931                  | 964,133                   | 1,310,200              | 947,749                   | 72%   | 1,293,095                                      | 17,105  |
| Children and Youth Administration  | 9,479,761                  | 7,165,332                 | 10,377,300             | 7,132,382                 | 69%   | 9,767,952                                      | 609,348   |
| Child Care - Dependent             | 11,325,032                 | 8,895,822                 | 11,500,000             | 8,295,800                 | 72%   | 11,267,000                                     | 233,000   |
| Day Care                           | 27,450,182                 | 20,692,060                | 26,847,200             | 19,262,894                | 72%   | 25,847,274                                     | 999,926   |
| <b>Total Child Welfare</b>         | <b>49,503,906</b>          | <b>37,717,347</b>         | <b>50,034,700</b>      | <b>35,638,824</b>         | <b>71%</b>  | <b>48,175,321</b>                              | <b>1,859,379</b>  |

Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)

2012 EXPENDITURE DETAIL

|                                 | 2011 Actual<br>(unaudited) | 2011 Through<br>Q3 Actual | 2012 Adopted<br>Budget | 2012 Through Q3<br>Actual | Through Q3<br>Actual as a<br>% of 2012<br>Adopted<br>Budget | 2012 Full-Year<br>Projection (at<br>end of Q3) | Difference<br>between 2012<br>Adopted and<br>Current 2012<br>Projection |
|---------------------------------|----------------------------|---------------------------|------------------------|---------------------------|---|--|---|
| <b>PUBLIC SAFETY</b>            | <b>3,111,116</b>           | <b>2,399,704</b>          | <b>3,367,700</b>       | <b>2,330,741</b>          | <b>69%</b>  | <b>3,215,665</b>                               | <b>152,035</b>  |
| <b>OTHER</b>                    |                            |                           |                        |                           |   |  |   |
| Veterans Affairs                | 371,735                    | 299,555                   | 407,100                | 275,737                   | 68%   | 400,000  | 7,100   |
| Insurance                       | 1,578,207                  | 1,364,998                 | 2,000,000              | 1,386,898                 | 69%   | 1,800,000                                      | 200,000   |
| Debt Service                    | 34,662,369                 | 17,445,204                | 39,400,000             | 20,980,216                | 53%   | 39,400,000                                     | -   |
| Reduction in Staff Complement   |                            |                           | (3,400,000)            |                           | 0%  | (500,000)                                      | (2,900,000)   |
| Tax Refunds and Appraisals      | 988,817                    | 273,228                   | 1,700,000              | 587,786                   | 35%   | 1,600,000                                      | 100,000   |
| Legal and Professional Fees     | 405,581                    | 202,717                   | 100,000                | 271,021                   | 271%  | 400,000  | (300,000)   |
| Pay Increase 2%                 | -                          |                           | 1,400,000              | -                         | 0%  | 1,250,000                                      | 150,000   |
| Prior Year Adjustments          | 532,856                    |                           |                        |                           |   |  |   |
| Miscellaneous                   | 28,798                     | 18,609                    |                        | 328,875                   |   | 30,000   | (30,000)  |
| <b>Total Other</b>              | <b>38,568,363</b>          | <b>19,604,311</b>         | <b>41,607,100</b>      | <b>23,830,534</b>         | <b>57%</b>  | <b>44,380,000</b>                              | <b>(2,772,900)</b>  |
| <b>TRANSFERS TO OTHER FUNDS</b> |                            |                           |                        |                           |   |  |   |
| Emergency Communications        | 650,000                    | -                         | 300,000                |                           |   | 300,000  | -   |
| Liquid Fuels                    | 236,500                    | 236,500                   | 350,000                | 200,000                   | 57%   | 350,000  | -   |
| Recycling                       | 225,000                    | 125,000                   | 125,000                |                           |   | 125,000  | -   |
| <b>Total Transfers</b>          | <b>1,111,500</b>           |                           | <b>775,000</b>         |                           | <b>0%</b>   | <b>775,000</b>                                 | <b>-</b>  |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**2012 EXPENDITURE DETAIL**

|                             | 2011 Actual<br>(unaudited) | 2011 Through<br>Q3 Actual | 2012 Adopted<br>Budget | 2012 Through Q3<br>Actual | Through Q3                                    |  | Difference<br>between 2012<br>Adopted and<br>Current 2012<br>Projection |
|-----------------------------|----------------------------|---------------------------|------------------------|---------------------------|---|--|---|
|                             |                            |                           |                        |                           | Actual as a<br>% of 2012<br>Adopted<br>Budget | 2012 Full-Year<br>Projection (at<br>end of Q3) |   |
| <b>APPROPRIATIONS</b>       |                            |                           |                        |                           |   |  |   |
| Conservation District       | 538,864                    | 413,875                   | 545,600                | 394,029                   | 72%   | 545,600  | -   |
| Cooperative Extension       | 332,082                    | 251,936                   | 320,800                | 245,025                   | 76%   | 320,800  | -   |
| Appropriation Summary       | 30,097,262                 | 26,979,111                | 28,798,100             | 27,360,934                | 95%   | 28,798,100                                     | -   |
| <b>Total Appropriations</b> | <b>30,968,208</b>          | <b>27,644,922</b>         | <b>29,664,500</b>      | <b>27,999,988</b>         | <b>94%</b>                                    | <b>29,664,500</b>                              | <b>-</b>  |
| <b>TOTAL EXPENDITURES</b>   | <b>404,411,729</b>         | <b>304,630,926</b>        | <b>417,400,000</b>     | <b>302,872,234</b>        | <b>73%</b>                                    | <b>412,455,591</b>                             | <b>4,944,409</b>  |

**NOTES**

Leave payouts for eligible employees have been significantly higher than budgeted. The 2012 budget assumed total payments across all departments of just over \$609,000. Through the third quarter of 2012 the County had already paid out over \$1.66 million in leave payouts. These costs are spread across all department budgets.

1. The Commissioners Expenditures includes the addition of a Grants and Development Coordinator. Revenues generated by this new position will be credited to the Department responsible for administering the grant funds.

2. Although the Office of the District Attorney had first nine month expenditures of over \$11,000,000, the District Attorney has identified a number of initiatives to control costs for the remainder of 2012. Efforts to reduce overtime expenditures were successful, and new efforts are being made to reduce lab costs, as well as reimburse the County for certain costs already incurred. The 2012 adopted budget for the DA included a larger cut than other Departments, while simultaneously new labor agreements increased labor costs. 2012 expenditures also include payments for over \$500,000 of 2011 unpaid invoices.

3. The District Justices received a grant for reimbursement for new security cameras. The funds have been expended but the grant funds have not yet been received.

4. The Adopted 2012 Budget for Corrections did not assume staffing costs related to the opening of the new prison facility. The Department of Corrections has also had an increase in projected expenditures due in part to an increase to the housing of non-County inmates. Corrections projects higher revenues resulting from the housing of non-County inmates.

5. The adopted 2012 Budget included a line-item to cover the costs associated with a mid-year 2% pay increase for non-represented employees. Current full-year projections by Department do not include costs associated with this increase.

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**2012 TAX REVENUE ANTICIPATION NOTES**

The approved budget for 2012 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 (TAN) for approximately \$25 million.

The interest rate on the one year note is .15%, the expected total interest cost for the year is approximately \$32,262.

Once the bulk of tax revenues began to be received in April of 2012, the County was able to invest the TAN principal in an isolated account and earn interest to offset the TAN repayment interest and fee obligations.

| Date      | Action                 | TAN Funds Utilized | Year-to-date TAN funds Utilized | Available TAN funds |
|-----------|------------------------|--------------------|---------------------------------|---------------------|
| 18-Jan-12 | TAN net funds received |                    | \$                              | 25,262,818          |
| 6-Feb-12  | TAN funds drawdown     | 8,000,000          | 8,000,000                       | \$ 17,262,818       |
| 15-Feb-12 | TAN funds drawdown     | 4,000,000          | 12,000,000                      | \$ 13,262,818       |
| 15-Mar-12 | TAN funds drawdown     | 5,000,000          | 17,000,000                      | \$ 8,262,818        |
| 4-Apr-12  | TAN funds Recapture    | (10,000,000)       | 7,000,000                       | \$ 18,262,818       |
| 11-Apr-12 | TAN funds Recapture    | (7,000,000)        | -                               | \$ 25,262,818       |

**2012 TAN Revenues and Expenditures**

|  |           |                  |
|--|-----------|------------------|
| TAN Borrowing Costs - fees                     | \$        | 57,170.00        |
| TAN Borrowing Costs - net interest (projected) | \$        | 36,262.00        |
| <b>Total TAN costs (projected)</b>             | <b>\$</b> | <b>93,432.00</b> |
| 2012 Q1 Interest earned on TAN principal:      | \$        | 4,891.16         |
| 2012 Q2 Interest earned on TAN principal:      | \$        | 9,014.85         |
| 2012 Q3 Interest earned on TAN principal:      | \$        | 9,531.76         |
| <b>Total:</b>                                  | <b>\$</b> | <b>23,437.77</b> |
| <b>NET TAN COST</b>                            | <b>\$</b> | <b>69,994.23</b> |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**OVERTIME USAGE ANALYSIS**

| <u>Department</u>             | <u>2009 Actual</u> | <u>2010 Actual</u> | <u>2011 Actual</u> | <u>2012 Budget</u> | <u>2012 Through Q3 Actual</u> | Through 3rd quarter as % of Budget |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|------------------------------------|
| Aging - Administration        | 4,414              | 10,248             | 8,048              | -                  | 744                           | -                                  |
| Security                      | 13,896             | 13,962             | 15,124             | 12,000             | 13,195                        | <b>110%</b> <sup>2</sup>           |
| Voter Services                | 76,682             | 71,663             | 71,945             | 170,004            | 42,920                        | 25%                                |
| Domestic Relations            | 26,419             | 23,273             | 16,784             | 20,004             | 14,264                        | 71%                                |
| Sheriff                       | 402,302            | 379,678            | 339,742            | 360,000            | 235,178                       | 65%                                |
| Coroner                       | 8,413              | 15,102             | 19,830             | 30,000             | 12,156                        | 41%                                |
| Prothonotary                  |                    | 1,088              | 3,057              | -                  | -                             |                                    |
| Clerk of Courts               | 24,030             | 33,166             | 29,253             | 50,004             | 35,621                        | 71%                                |
| District Attorney             | 769,066            | 886,192            | 771,147            | 800,004            | 533,999                       | 67%                                |
| Correctional Facility         | 450,553            | 403,189            | 540,519            | 200,004            | 496,133                       | <b>248%</b> <sup>3</sup>           |
| Youth Shelter Center          | 18,333             | 33,537             | 12,824             | 20,004             | 14,502                        | 72%                                |
| Youth Detention Center        | 48,697             | 46,294             | 47,268             | 54,996             | 35,360                        | 64%                                |
| DUI                           | 1,995              | 1,847              | 1,753              | 2,700              | 13,912                        | <b>515%</b> <sup>4</sup>           |
| Adult Probation               | 82,072             | 86,243             | 90,119             | 86,892             | 69,951                        | 81%                                |
| Juvenile Probation            | 12,956             | 9,592              | 9,200              | 10,368             | 6,400                         | 62%                                |
| Drug Court                    | 41,234             | 52,873             | 49,662             | 51,984             | 42,913                        | 83%                                |
| Public Safety                 | 660                | 56                 | 5,892              | -                  | -                             |                                    |
| Public Property               | 45,088             | 41,796             | 40,546             | 36,477             | 25,504                        | 70%                                |
| Transportation                | 2,441              | 2,436              | 2,918              | 3,000              | 1,317                         | 44%                                |
| Parks                         | 2,893              | 1,180              | 577                | 1,500              | 117                           | 8%                                 |
| Parkhouse                     | 613,520            | 538,174            | 536,258            | 571,008            | 459,709                       | 81%                                |
| Emergency Communications      | 889,304            | 851,442            | 1,062,808          | 781,803            | 984,148                       | <b>126%</b> <sup>5</sup>           |
| Roads & Bridges - Maintenance | 41,134             | 51,768             | 62,795             | 996                | 24,983                        | - <sup>6</sup>                     |
| Other                         | 23,410             | 1,081              | 551                |                    | 858                           | <b>86%</b>                         |
| <b>TOTALS</b>                 | <b>3,599,512</b>   | <b>3,555,880</b>   | <b>3,738,620</b>   | <b>3,263,748</b>   | <b>3,063,884</b>              | <b>94%</b>                         |

**Montgomery County Quarterly Financial Update  
2012, Third Quarter (through September 30, 2012)**

**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, as well as Assisted Living OT which ended after 2009.
2. These overages are related to security costs, primarily associated with security at 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. Corrections overtime was sharply higher in the 2nd and 3rd quarter due in large part to over 130 officer days spent guarding prisoners in medical facilities; activities related to demonstrations at the prison facility; and the new housing of non-County inmates. The County is receiving revenues to offset costs associated with the non-County inmates.
4. After discussions with the Department of Labor, DUI instructors were reclassified as part-time personnel instead of contracted services. As a result, overtime costs are expected to increase up to \$45,000 with a corresponding decrease in contracted services expenditures.
5. The 911 Call Center had unusually high turnover during the first quarter resulting in an average of 19 vacancies. Overtime is required to ensure that the call centers are properly staffed at all times. Regular salary expenditures are below budget for the corresponding period. These expenses are covered by 911 funds and not the County General Fund.
6. Roads and Bridges - Maintenance OT costs are covered by Liquid Fuels Funds.