

Township of Lower Merion 2016 Financial Update



Finance Committee
March 1, 2017





Overview of Presentation

- I. 2016 Financial Performance (Pre-Audit)**
 - I. General Fund**
 - II. Sewer Fund**
 - III. Solid Waste Fund**



2016 Financial Performance General Fund





2016 General Fund Financial Results (Pre-Audit)

General Fund (Million \$)	2016 Budget	2016 Estimate	2016 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 18.5	\$ 20.9	\$ 20.9		
Revenues	59.1	62.5	62.4	\$ 3.3	\$ (0.1)
Expenses	61.7	63.8	63.6	1.9	(0.2)
Surplus/(Deficit)	\$ (2.6)	\$ (1.3)	\$ (1.2)	1.4	0.1
Ending Fund Balance (Undesignated)	\$ 15.9	\$ 19.6	\$ 19.7		
Ending FB as % of Operating Expenditures	25.8%	30.7%	31.0%		

- Revenues higher than budgeted by over \$3.3 M; actual revenues very close to 2016 Estimate.
- Expenditures higher than budgeted by approximately \$1.9 M. This is a result of the unbudgeted General Fund transfer of \$2.5 M to the Capital Projects Fund to restrain future debt issuance. Otherwise expenditures would have been approximately \$658,000 less than budgeted. Actual expenditures were \$200,000 less than the 2016 Estimate.



2016 General Fund Revenues

- General Fund actual revenue in 2016 was over \$3.3 million or 5.7% more than budgeted primarily due to strong growth in business taxes, building permits and real estate transfer taxes

General Fund Revenue	2016 Adopted Budget	2016 Actual Revenues	\$ Change From 2016 Budget	% Change From 2016 Budget
Business & Mercantile Tax	\$ 9,307,500	\$ 11,210,666	\$ 1,903,166	20.4%
Building and Electrical Permits	2,172,438	2,963,969	791,532	36.4%
Real Estate Transfer Taxes	3,565,411	3,906,648	341,237	9.6%
Real Estate Taxes - Current Year	30,441,405	30,684,992	243,587	0.8%
Local Services Tax	1,868,500	2,077,067	208,567	11.2%
Reimbursed Expenses	155,000	337,028	182,028	117.4%
All Other Revenues Net	6,638,231	7,172,158	533,927	8.0%
Franchise Fees	1,534,000	1,517,874	(16,126)	-1.1%
Parking Meters	1,250,000	1,230,734	(19,266)	-1.5%
Real Estate Taxes - Prior Year	625,000	481,321	(143,679)	-23.0%
Highway Aid	1,514,160	836,941	(677,219)	-44.7%
Grand Totals	\$ 59,071,644	\$ 62,419,396	\$ 3,347,752	5.7%



2016 General Fund Revenues

- General Fund actual revenue in 2016 was nearly \$1.4 million or 2.2% more than 2015 primarily due to building permits and real estate transfer taxes, real estate taxes and reimbursed expenses

General Fund Revenue	2015 Actual	2016 Actual	\$ Change From 2015	% Change From 2015
Building and Electrical Permits	\$ 2,118,725	\$ 2,963,969	\$ 845,244	39.9%
Real Estate Transfer Taxes	3,272,414	3,906,648	634,234	19.4%
Real Estate Taxes - Current Year	30,497,025	30,684,992	187,966	0.6%
Reimbursed Expenses	153,456	337,028	183,571	119.6%
Local Services Tax	1,914,672	2,077,067	162,395	8.5%
All Other Revenues Net	9,749,539	9,997,807	248,268	2.5%
Police Services	493,622	404,279	(89,343)	-18.1%
Business & Mercantile Tax	11,454,925	11,210,666	(244,259)	-2.1%
Highway Aid	1,402,157	836,941	(565,216)	-40.3%
Grand Totals	\$ 61,056,534	\$ 62,419,396	\$ 1,362,861	2.2%



2016 General Fund Expenditures

- General Fund actual expenditures were over \$1.8 million or 3.0% more than budgeted due to the one-time transfer of \$2.5 million to the Capital Projects Fund

	2016 Adopted Budget	2016 Actual Expenses	\$ Change From 2016 Budget	% Change From 2016 Budget
General Fund Expenditures				
Transfers	\$ 10,308,732	\$ 12,786,534	\$ 2,477,802	24.0%
Other Charges and Transfers*	(1,647,070)	(838,341)	808,729	-49.1%
Other Compensation	2,719,615	2,870,818	151,203	5.6%
Insurance & Bonding	531,965	632,825	100,860	19.0%
Professional Technical Service	2,052,615	1,975,794	(76,821)	-3.7%
Utilities	1,628,390	1,545,849	(82,541)	-5.1%
All Other Expenditures (Net)	17,980,841	17,891,893	(88,948)	-0.5%
Materials & Operating Supplies	1,157,742	1,017,180	(140,562)	-12.1%
Salaries	26,988,674	25,681,134	(1,307,540)	-4.8%
Total	61,721,504	63,563,687	1,842,183	3.0%
GF Transfer to Capital Projects Fund		2,500,000		
Grand Total	61,721,504	61,063,687	(657,817)	-1.1%

**Includes \$1.2 million of negative appropriations in 2016 Budget*



2016 General Fund Expenditures

- General Fund actual expenditures were \$3.8 million or 6.4% more than 2015. Excluding the \$2.5 million transfer to the Capital Projects Fund, the increase was \$1.3 million or 2.2% versus 2015

General Fund Expenditures	2015 Actual	2016 Actual	\$ Change From 2015	% Change From 2015
Transfers	\$ 9,601,027	\$ 12,786,534	\$ 3,185,507	33.2%
Salaries	25,037,441	25,681,134	643,693	2.6%
Office Furniture And Equipment	148,165	366,774	218,609	147.5%
Professional Technical Service	1,789,368	1,975,794	186,426	10.4%
Other Charges and Transfers*	(980,952)	(838,341)	142,611	-14.5%
Rentals	208,616	292,993	84,377	40.4%
Employee Benefits	9,540,850	9,624,845	83,995	0.9%
All Other Expenditures (Net)	12,420,773	12,357,623	(63,150)	-0.5%
Machinery And Equipment	568,321	299,151	(269,170)	-47.4%
Materials & Operating Supplies	1,410,294	1,017,180	(393,114)	-27.9%
Total	59,743,904	63,563,687	3,819,783	6.4%
GF Transfer to Capital Projects Fund		2,500,000		
Grand Total	59,743,904	61,063,687	1,319,783	2.2%



2016 Financial Performance Sewer Fund





2016 Sewer Fund Financial Results (Pre-Audit)

Sewer Fund (Million \$)	2016 Budget	2016 Estimate	2016 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 2.1	\$ 2.4	\$ 2.5		
Revenues	7.8	8.2	8.8	\$ 1.0	\$ 0.6
Expenses	8.4	8.3	8.6	0.2	0.3
Surplus/(Deficit)	\$ (0.6)	\$ (0.1)	\$ 0.2	0.8	0.3
Ending Fund Balance (Undesignated)	\$ 1.5	\$ 2.3	\$ 2.7		
Ending FB as % of Operating Expenditures	17.9%	27.7%	31.4%		

- Revenues higher than budgeted by \$1 M; due to higher water consumption than originally forecasted and one-time \$600,000 payment from Villanova University/Radnor Township for new sewer connection fee
- Expenditures higher than budgeted by approximately \$0.2 M. This increase was due to modestly higher personnel costs versus budgeted after the approval of the WA agreement and higher than expected spending on certain supplies and materials



2016 Financial Performance Solid Waste Fund





2016 Solid Waste Fund Financial Results (Pre-Audit)

Solid Waste Fund (Million \$)	2016 Budget	2016 Estimate	2016 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 1.0	\$ 0.8	\$ 0.8		
Revenues	7.2	7.1	7.3	\$ 0.1	\$ 0.2
Expenses	7.3	7.2	7.4	0.1	0.1
Surplus/(Deficit)	\$ (0.1)	\$ (0.2)	\$ (0.1)	0.0	0.1
Ending Fund Balance (Undesignated)	\$ 0.8	\$ 0.7	\$ 0.8		
Ending FB as % of Operating Expenditures	11.6%	9.4%	10.5%		

- Revenues slightly higher than budgeted and estimated due to WSA settlement funds dedicated to the Solid Waste Fund
- Expenditures higher than budgeted and estimated as a result of rising costs for disposal of commingled recyclables (\$120,000 more than budgeted). In addition, trash disposal costs were approximately \$50,000 greater than budgeted



Conclusion

- Financial performance in 2016 was positive and the Township continues to be in a strong financial position overall
 - General Fund revenues have shown strength and the fund balance has remained consistently above its policy even with the \$2.5 million one-time transfer to the Capital Projects Fund
 - Sewer Fund remains in a solid financial position due to steady overall water consumption. A detailed financial projection will be prepared in April, but it is unlikely that a rate increase will be necessary in 2017
 - Solid Waste Fund had good financial results given increasing cost pressures. The Solid Waste Fund is the most likely of the major funds to continue to have financial challenges based upon its long-term financial condition
- Questions