

Township of Lower Merion

2018 First Quarter Financial Update



Finance Committee
April 11, 2018





2017 General Fund Financial Results (Pre-Audit)

General Fund (Million \$)	2017 Budget	2017 Estimate	2017 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 19.6	\$ 19.5	\$ 19.5		
Revenues	61.3	62.9	64.0	\$ 2.7	\$ 1.1
Expenses	64.2	63.7	62.5	(1.7)	(1.2)
Surplus/(Deficit)	\$ (2.9)	\$ (0.8)	\$ 1.5	4.4	2.3
Ending Fund Balance (Undesignated)	\$ 16.7	\$ 18.7	\$ 21.0		
Ending FB as % of Operating Expenditures	26.0%	29.4%	33.6%		

- Revenues higher than budgeted by over \$2.7 M; actual revenues exceeded 2017 Estimate on strength of real estate transfer, parking and other permit and fee categories that ended the year very strong
- Expenditures lower than budgeted by \$1.7 M; actual expenditures were \$1.2 M less than the 2017 Estimate due to personnel savings, lower contractual services and insurance/claims
- Township maintains strong fund balance position which provides financial flexibility for future Board priorities



2017 General Fund Revenues

- General Fund revenues in 2017 were quite strong outperforming both the Adopted Budget and the Estimated Actual projections due to strong growth across various categories combined with only minimal underperformance

General Fund Revenue	2017 Adopted Budget	2017 Estimated Actual	2017 Actual Revenues	\$ Change From 2017 EA	% Change From 2017 EA
All Other Revenues Net	\$ 4,487,628	\$ 5,827,900	\$ 6,191,596	\$ 363,696	8.1%
Parking Meters	1,188,000	1,050,000	1,285,642	235,642	19.8%
Real Estate Transfer Taxes	3,903,650	4,125,000	4,325,449	200,449	5.1%
Real Estate Taxes - All	31,325,738	31,349,000	31,519,812	170,812	0.5%
Licenses & Permits	6,093,483	6,586,500	6,680,814	94,314	1.5%
Zoning Subdivision Fees	510,774	550,000	625,862	75,862	14.9%
Local Services Tax	1,868,500	1,900,000	1,975,287	75,287	4.0%
Fines & Forfeits	1,090,800	1,030,000	994,184	(35,816)	-3.3%
Business & Mercantile Tax	10,800,000	10,500,000	10,411,124	(88,876)	-0.8%
Grand Totals	\$ 61,268,573	\$ 62,918,400	\$ 64,009,770	\$ 1,091,370	1.8%



2017 General Fund Revenues

- General Fund actual revenue in 2017 was nearly \$1.7 million or 2.7% more than 2016 primarily due to reimbursed expenses, real estate transfer taxes, highway aid and other strong results

General Fund Revenue	2016 Actual	2017 Actual	\$ Change From 2016	% Change From 2016
Reimbursed Expenses	\$ 337,028	\$ 1,490,721	\$ 1,153,693	342.3%
Real Estate Transfer Taxes	3,906,648	4,325,449	418,801	10.7%
Highway Aid	836,941	1,095,429	258,488	30.9%
All Other Revenues Net	13,692,869	13,910,298	217,429	1.6%
Plumbing	379,981	576,636	196,655	51.8%
Investment Income	182,757	367,268	184,511	101.0%
Real Estate Taxes - Current Year	30,684,992	30,838,661	153,669	0.5%
Fines & Forfeits	1,089,121	994,184	(94,937)	-8.7%
Business & Mercantile Tax	11,210,666	10,411,124	(799,542)	-7.1%
Grand Totals	\$ 62,321,002	\$ 64,009,770	\$ 1,688,768	2.7%



2017 General Fund Expenditures

- General Fund actual expenditures were over \$1.6 million less than the Adopted Budget and \$1.1 million less than the Estimated Actual mainly due to lower wages, contractual expenses and insurance and claim expenses

	2017 Adopted Budget	2017 Estimated Actual	2017 Actual Expenses	\$ Change From 2017 EA	% Change From 2017 EA
General Fund Expenditures					
Salaries	\$ 27,946,853	\$ 26,943,848	\$ 26,478,776	\$ (465,072)	-1.7%
Other Charges and Transfers	(879,995)	(349,572)	(684,954)	(335,382)	95.9%
Professional Technical Service	2,452,157	2,483,699	2,196,152	(287,547)	-11.6%
All Other Expenditures (Net)	19,200,415	19,071,090	18,879,721	(191,369)	-1.0%
Contracted Services	911,600	890,767	745,127	(145,640)	-16.3%
Other Compensation	2,755,528	2,781,369	2,639,926	(141,443)	-5.1%
Insurance & Claims	640,443	579,029	496,391	(82,638)	-14.3%
Utilities	1,524,250	1,513,250	1,543,551	30,301	2.0%
Employee Benefits	9,597,116	9,760,681	10,250,831	490,150	5.0%
Total	64,148,367	63,674,161	62,545,520	(1,128,641)	-1.8%



2017 General Fund Expenditures

- General Fund actual expenditures were \$1.0 million or 1.6% less than 2016. Excluding the non-recurring \$2.5 million transfer to the Capital Projects Fund in 2016, the General Fund expenditures increased \$1.5 million or 2.4% versus 2016

General Fund Expenditures	2016 Actual	2017 Actual	\$ Change From 2016	% Change From 2016
Salaries	\$ 25,681,134	\$ 26,478,776	\$ 797,642	3.1%
Employee Benefits	9,624,845	10,250,831	625,986	6.5%
Maint - Equip, Software, Furnit	347,882	660,719	312,837	89.9%
Professional Technical Service	1,975,794	2,196,152	220,358	11.2%
Other Charges and Transfers*	(838,341)	(684,954)	153,386	-18.3%
All Other Expenditures (Net)	10,115,422	10,157,936	42,515	0.4%
Equipment, Software, Furniture	366,774	242,367	(124,407)	-33.9%
Insurance and Claims	632,825	496,391	(136,434)	-21.6%
Other Compensation	2,870,818	2,639,926	(230,892)	-8.0%
Transfers	12,786,534	10,107,376	(2,679,158)	-21.0%
Total	63,563,687	62,545,520	(1,018,167)	-1.6%



2018 YTD General Fund Performance

- General Fund Revenues
 - Real Estate Taxes – On target; tracking historical performance
 - Real Estate Transfer Taxes – Positive Q1 compared to 2017
 - Business Taxes – Strong growth versus previous years
 - Licenses & Permits – Good start slightly ahead of 2017 pace
- General Fund Expenditures
 - Salaries – Slightly lower than expected; vacancies will deliver savings potentially greater than budgeted
 - Employee Benefits – As expected and in line with projections
 - Winter Storm Costs – Significant due to overtime and salt expenses. Salt expenditures already over budgeted levels; storm related OT is \$145,000 more compared to 2016



2017 Solid Waste Fund Financial Results

Solid Waste Fund (Million \$)	2017 Budget	2017 Estimate	2017 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 0.8	\$ 0.8	\$ 0.8		
Revenues	7.3	7.3	7.3	\$ -	\$ (0.0)
Expenses	7.4	7.3	7.4	0.0	0.1
Surplus/(Deficit)	\$ (0.1)	\$ (0.0)	\$ (0.1)	(0.0)	(0.1)
Ending Fund Balance (Undesignated)	\$ 0.7	\$ 0.8	\$ 0.7		
Ending FB as % of Operating Expenditures	9.1%	10.2%	9.4%		

- Revenues and expenses were both consistent with the Adopted Budget and the Estimated Actual
- Solid Waste Fund continues to operate within a thin margin. Changes approved as part of the Solid Waste Fund Forecast and budget process last year have been or are in the midst of implementation
- Full financial forecast will be presented in the Fall



Conclusion

- Financial performance in 2017 was positive and the Township continues to be in a strong financial position overall
 - General Fund revenues have shown strength and the Township has been able to keep spending below budgeted levels. This has led to a fund balance that has remained consistently above its policy level and provides financial flexibility for the Board of Commissioners moving forward
 - Solid Waste Fund had reasonable financial results given increasing cost pressures. The Solid Waste Fund is the most likely of the major funds to face financial challenges based upon its long-term financial condition

- Questions?