

# Township of Lower Merion 2019 First Quarter Financial Update



Finance Committee  
April 3, 2019





# 2018 General Fund Financial Results (Pre-Audit)

General Fund (Million \$)	2018 Budget	2018 Estimate	2018 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 19.0	\$ 21.0	\$ 21.0		
Revenues & Transfers In	62.2	65.5	66.3	\$ 4.1	\$ 0.8
Expenses & Transfers Out	65.4	66.5	66.1	0.7	(0.4)
Surplus/(Deficit)	\$ (3.2)	\$ (1.0)	\$ 0.2	3.4	1.2
Ending Fund Balance (Undesignated)	\$ 15.8	\$ 20.0	\$ 21.2		
Expenditures	24.1%	30.1%	32.1%		

- Revenues higher than budgeted by \$4.1 M; actual revenues exceeded 2018 Estimate due primarily to business privilege taxes and licenses and permits that ended the year very strong
- Expenditures higher than budgeted by \$0.7 M due to \$1.0 M transfer to Capital Projects Fund; actual expenditures were \$0.4 M less than the 2018 Estimate
- Township maintains strong fund balance position which provides financial flexibility for future Board priorities



# 2018 General Fund Revenues

- GF revenues outperformed the Adopted Budget by \$4 M mainly due to BPT, reimbursed expenses, and investment income
- GF revenues outperformed the Estimated Actual projections by \$750 K mainly due to BPT collections

General Fund Revenue	2018 Adopted Budget	2018 Estimated Actual	2018 Actual Revenues	\$ Change From 2018 EA	% Change From 2018 EA
Business & Mercantile Tax	\$ 10,625,000	\$ 11,700,000	\$ 12,147,500	\$ 447,500	3.8%
Licenses & Permits	6,638,800	6,141,800	6,340,597	198,797	3.2%
Reimbursed Expenses	250,000	2,125,000	2,278,087	153,087	7.2%
Investment Income	345,000	750,300	858,304	108,004	14.4%
All Other Revenues Net	5,721,800	5,903,800	5,951,551	47,751	0.8%
Real Estate Taxes - All	31,508,300	31,713,000	31,688,540	(24,460)	-0.1%
Fines & Forfeits	1,020,000	887,500	862,934	(24,566)	-2.8%
Real Estate Transfer Taxes	4,200,000	4,250,000	4,188,296	(61,704)	-1.5%
Local Services Tax	1,925,000	2,025,000	1,933,382	(91,618)	-4.5%
<b>Grand Totals</b>	<b>\$ 62,233,900</b>	<b>\$ 65,496,400</b>	<b>\$ 66,249,191</b>	<b>\$ 752,791</b>	<b>1.1%</b>



# 2018 General Fund Revenues

- GF actual revenues were \$2.2 M or 3.4% more than 2017 mainly due to BPT, reimbursed expenses, and investment income

General Fund Revenue	2017 Actual	2018 Actual	\$ Change From 2017	% Change From 2017
Business & Mercantile Tax	\$ 10,411,124	\$ 12,147,500	\$ 1,736,376	16.7%
Reimbursed Expenses	1,544,541	2,278,087	733,546	47.5%
Investment Income	421,458	858,304	436,846	103.7%
Real Estate Taxes - All	31,519,812	31,688,540	168,728	0.5%
Parking Meters	1,285,642	1,230,342	(55,300)	-4.3%
Grants & Gifts	180,955	84,613	(96,342)	-53.2%
All Other Revenues Net	6,698,157	6,569,978	(128,179)	-1.9%
Fines & Forfeits	994,184	862,934	(131,250)	-13.2%
Real Estate Transfer Taxes	4,325,449	4,188,296	(137,153)	-3.2%
Licenses & Permits	6,680,814	6,340,597	(340,217)	-5.1%
<b>Grand Totals</b>	<b>\$ 64,062,136</b>	<b>\$ 66,249,191</b>	<b>\$ 2,187,055</b>	<b>3.4%</b>



# 2018 General Fund Expenditures

- GF actual expenditures were \$620 K more than the Adopted Budget mainly due to higher employee benefits and the Capital Projects Fund transfer
- GF actual expenditures were \$390 K less than the Estimated Actual mainly due to additional reimbursements

	2018 Adopted Budget	2018 Estimated Actual	2018 Actual Expenses	\$ Change From 2018 EA	% Change From 2018 EA
<b>General Fund Expenditures</b>					
<b>Other Charges and Transfers</b>	\$ (1,064,285)	\$ (414,811)	\$ (826,392)	\$ (411,581)	99.2%
<b>Salaries</b>	28,836,033	28,006,604	27,814,425	(192,179)	-0.7%
<b>Contracted Services</b>	1,016,237	1,077,649	972,884	(104,765)	-9.7%
<b>All Other Expenditures (Net)</b>	11,389,958	11,276,065	11,190,011	(86,054)	-0.8%
<b>Insurance &amp; Claims</b>	641,198	467,653	386,528	(81,125)	-17.3%
<b>Maint - Equip Software Furnit</b>	797,170	799,165	733,398	(65,767)	-8.2%
<b>Transfers</b>	10,141,273	11,130,273	11,095,690	(34,583)	-0.3%
<b>Utilities</b>	1,541,650	1,477,000	1,538,844	61,844	4.2%
<b>Professional Technical Service</b>	2,258,514	2,103,842	2,240,694	136,852	6.5%
<b>Employee Benefits</b>	9,892,068	10,539,501	10,927,127	387,626	3.7%
<b>Total</b>	65,449,816	66,462,941	66,073,209	(389,732)	-0.6%
<b>Transfer to Capital Projects</b>	-	1,000,000	1,000,000		
<b>Grand Total</b>	65,449,816	65,462,941	65,073,209	(389,732)	-0.6%



# 2018 General Fund Expenditures

- GF actual expenditures were \$3.5 M or 5.5% greater than 2017 mainly due to wage and benefit growth as well as the \$1 M in non-recurring transfer to the Capital Projects Fund

General Fund Expenditures	2017 Actual	2018 Actual	\$ Change From 2017	% Change From 2017
<b>Other Charges and Transfers</b>	\$ (684,954)	\$ (826,392)	\$ (141,438)	20.6%
<b>Insurance &amp; Claims</b>	496,391	386,528	(109,863)	-22.1%
<b>All Other Expenditures (Net)</b>	11,668,837	11,754,855	86,018	0.7%
<b>Contracted Services</b>	745,205	972,884	227,679	30.6%
<b>Communication Expenses</b>	744,331	999,042	254,711	34.2%
<b>Other Compensation</b>	2,639,926	2,949,050	309,124	11.7%
<b>Employee Benefits</b>	10,413,109	10,927,127	514,018	4.9%
<b>Transfers</b>	10,107,376	11,095,690	988,314	9.8%
<b>Salaries</b>	26,478,776	27,814,425	1,335,649	5.0%
<b>Total</b>	62,608,997	66,073,209	3,464,212	5.5%
<b>Transfer to Capital Projects</b>	-	1,000,000		
<b>Grand Total</b>	62,608,997	65,073,209	2,464,212	3.9%



# 2019 YTD General Fund Performance

- GF Revenues:
  - Real Estate Taxes – On target; tracking historical performance
  - Real Estate Transfer Taxes – Down Q1 compared to 2018 – perhaps a slowing real estate market
  - Business Taxes – Down versus 2018 (one-time collections in 2018), but more clarity after 4/15
  - Licenses & Permits – Strong Q1 compared to 2018
- GF Expenditures:
  - Salaries & Benefits – As expected and in line with budget
  - Utilities – Savings will accrue due to reduced rates
  - Winter Storm Costs – Approx. \$160 K less than 2018 as a result of a less severe winter thus far



# 2018 Solid Waste Fund Financial Results

Solid Waste Fund (Million \$)	2018 Budget	2018 Estimate	2018 Actual	\$ Variance vs. Budget	\$ Variance vs. Estimate
Beginning Fund Balance (Undesignated)	\$ 0.8	\$ 0.6	\$ 0.6		
Revenues & Transfers In	7.5	7.4	7.4	\$ (0.1)	\$ -
Expenses & Transfers Out	7.7	7.7	7.8	0.1	0.1
Surplus/(Deficit)	\$ (0.2)	\$ (0.3)	\$ (0.4)	(0.2)	(0.1)
Ending Fund Balance (Undesignated)	\$ 0.6	\$ 0.3	\$ 0.2		
Ending FB as % of Operating Expenditures	7.4%	3.9%	2.6%		

- Revenues and expenses were both relatively consistent with the Adopted Budget and the Estimated Actual
- Solid Waste Fund continues to operate within a thin margin. Fee increase will help to restore the SWF's fund balance to a more reasonable level
- Full financial forecast will be presented in the Fall





# Conclusion

- Financial performance in 2018 was generally 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 in line with 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 remains the most likely of the Township's major funds to face financial challenges based upon its financial fundamentals
- Questions?