

Township of Lower Merion 2024 Financial Forecast Update General Fund



Finance Committee
July 31, 2024





Overview of Presentation

- I. 2023 and Forecasted 2024 Financial Performance**
- II. General Fund Revenue Trends**
- III. General Fund Expenditure Trends**
- IV. 2025 Budget Next Steps**



2023 & Forecasted 2024 Financial Performance





General Fund Financial Forecast Update

Recap since previous forecast:

- 2024 Adopted Budget anticipating use of \$4.6 M in fund balance.
- Onboarding of new Chief Financial Officer
 - Open staff positions have continued to provide personnel cost savings across various departments
- Capital Improvement Plan (CIP) Workshop in June provided direction on the Board's priorities for the 2025 Capital Budget and the 2025-2030 CIP
- Township's 2023 audit is available via Township's website



General Fund Financial Status

General Fund (Million \$)	2023 Actual	2024 Budget	2024 Estimate	\$ Variance vs. Budget	% Variance vs. Budget
Beginning Fund Balance - January 1st	\$ 24.6	\$ 26.9	\$ 29.7		
Revenues & Transfers In	78.7	72.5	72.0	\$ (0.5)	-0.7%
Expenditures & Transfers Out	73.6	77.1	76.9	(0.2)	-0.3%
Surplus/(Deficit)	5.1	(4.6)	(4.9)	(0.3)	
Ending Fund Balance - December 31st	29.7	22.3	24.8		
Ending FB as a % of Expenditures	40.3%	28.9%	32.2%		

- 2023 General Fund financial performance was positive.
- 2024 revenues projected to fall short of budget due to reduced Business Receipts Taxes and Realty Transfer Taxes.
- 2024 expenditures forecasted to come in at budget as expected savings from position vacancies continue to accrue.
- Above projections do not include proposed \$2 million transfer to Capital Projects Fund for cash flow considerations.



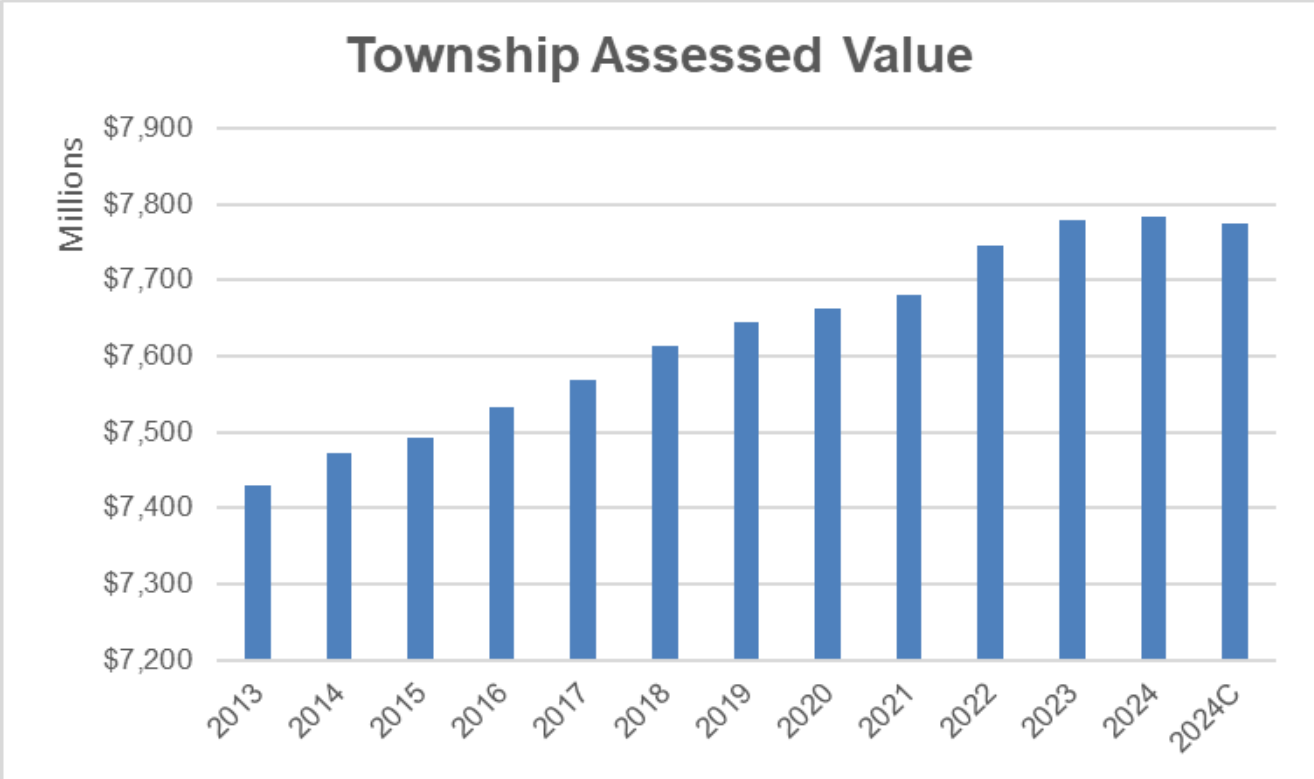
General Fund Revenue Trends





General Fund Revenue Trends

- Real estate tax assessment base
 - Assessed value has increased 11 straight years through 2024
 - Assessed value as of July 1st *decreased* by 7.6 million or 0.10% versus January 1st. Annual tax assessment appeals and property changes will continue to have a financial impact





General Fund Revenue Trends

Positives

- PMHIC refund will be higher than budgeted.
- Departmental earnings such as parking meters and parks and rec fees projected to meet or exceed budget.
- “Higher-for-longer” interest rate environment continues to provide significant investment income for the fund.

Negatives

- YTD business taxes are lower than 2023 despite \$2 million audit settlement received in July.
- Real estate transfer tax revenue may fall short of budget without sales volume increase or large commercial transaction(s).



General Fund Revenue Trends

- 2024 General Fund revenue forecast is \$476,000 or 0.7% lower than the 2024 Budget.

General Fund Revenue	2024 Adopted Budget	2024 Forecast (July 2024)	\$ Variance	% Variance
Investment Income	\$ 2,000,000	\$ 2,300,000	\$ 300,000	15.0%
PHMIC Refund	1,130,000	1,310,000	180,000	15.9%
Licenses & Permits	6,349,000	6,485,000	136,000	2.1%
Highway Aid Transfers	850,000	950,000	100,000	11.8%
Parking Meters	1,095,000	1,175,000	80,000	7.3%
Departmental Earnings	1,438,000	1,514,850	76,850	5.3%
All Other Revenues (Net)	37,605,800	37,406,600	(199,200)	-0.5%
Real Estate Transfer Taxes	4,700,000	4,400,000	(300,000)	-6.4%
Police Services	1,850,000	1,450,000	(400,000)	-21.6%
Business & Mercantile Tax	15,500,000	14,950,000	(550,000)	-3.5%
General Fund Revenue Total	\$ 72,517,800	\$ 72,041,450	\$ (476,350)	-0.7%



General Fund Revenue Trends

- 2024 General Fund revenue forecast is \$6.6 million (or 8.4%) lower than 2023 Actual due to anticipated declines in business tax, transfer tax, and police services revenue.

General Fund Revenue	2023 Actual	2024 Forecast (July 2024)	\$ Variance	% Variance
PHMIC Refund	\$ 1,116,895	\$ 1,310,000	\$ 193,105	17.3%
Highway Aid Transfers	784,510	950,000	165,490	21.1%
Departmental Earnings	1,367,904	1,514,850	146,946	10.7%
Parking Meters	1,142,826	1,175,000	32,174	2.8%
Fines & Forfeits	897,199	845,000	(52,199)	-5.8%
Reimbursed Expenses	329,037	225,000	(104,037)	-31.6%
Licenses & Permits	6,606,062	6,485,000	(121,062)	-1.8%
All Other Revenues (Net)	38,797,630	38,536,600	(261,030)	-0.7%
Police Services	1,873,449	1,450,000	(423,449)	-22.6%
Real Estate Transfer Taxes	5,000,479	4,400,000	(600,479)	-12.0%
Business & Mercantile Tax	20,773,121	14,950,000	(5,823,121)	-28.0%
General Fund Revenue Total	\$ 78,689,112	\$ 72,041,450	\$ (6,647,662)	-8.4%



General Fund Expenditure Trends





General Fund Expenditure Trends

- Personnel costs (wages and employee benefits)
 - Staff turnover and resulting vacancies combined with the time it takes to fill positions has reduced expenses. Open positions are being filled as quickly as possible.
 - Overall projected vacancy savings should come in close to 2024 budgeted expectations.

- Most supplies and services categories are trending in line with budget.



General Fund Expenditure Trends

- 2024 General Fund expenditure forecast is \$143,000 or 0.2% lower than the Adopted Budget.

	2024 Adopted Budget	2024 Forecast (July 2024)	\$ Variance	% Variance
General Fund Expenditures				
Salaries	\$ 35,380,296	\$ 33,620,382	\$ (1,759,914)	-5.0%
Other Compensation	4,334,973	3,961,088	(373,885)	-8.6%
Professional Technical Services	2,800,908	2,609,761	(191,147)	-6.8%
All Other Expenditures (Net)	33,364,266	33,223,318	(140,948)	-0.4%
Contracted Services	1,746,883	1,617,144	(129,739)	-7.4%
Other Personal Services	827,564	745,741	(81,824)	-9.9%
Other Charges and Transfers	(437,534)	(500,992)	(63,458)	14.5%
Rentals	337,650	308,049	(29,601)	-8.8%
Communication Expenses	1,312,006	1,339,416	27,410	2.1%
Subtotal	79,667,012	76,923,907	(2,743,105)	-3.4%
Budgetary Savings anticipated	(2,600,000)			
Total Expenditures	77,067,012	76,923,907	(143,105)	-0.2%



General Fund Expenditure Trends

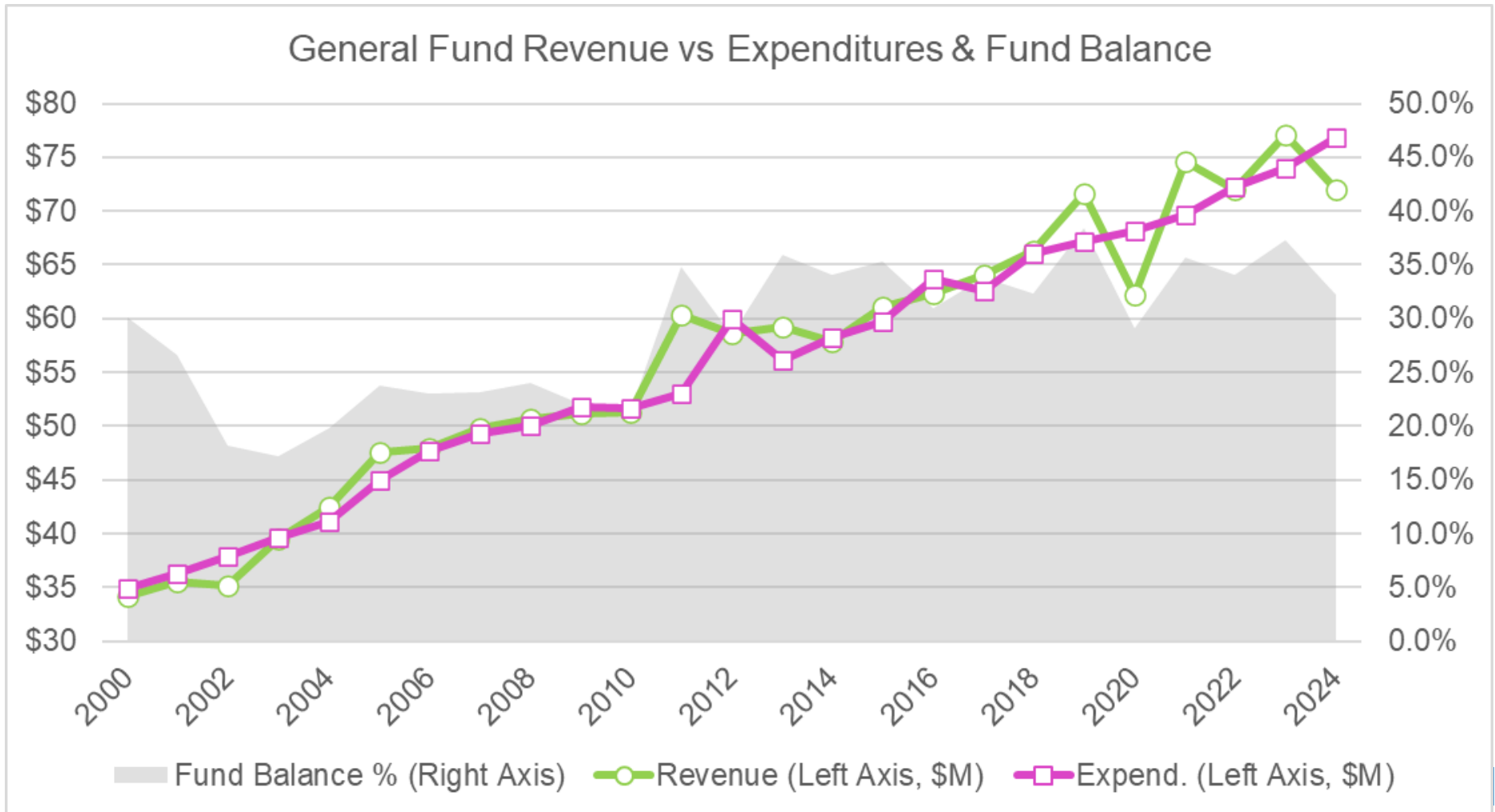
- 2024 General Fund expenditure forecast is currently nearly \$3.3 million or 4.5% higher than 2023 Actual

	2023 Actual	2024 Forecast (July 2024)	\$ Variance	% Variance
General Fund Expenditures				
Salaries	\$ 31,402,975	\$ 33,620,382	\$ 2,217,407	7.1%
Township Equipment Rental	2,770,346	3,262,935	492,589	17.8%
Professional Technical Services	2,123,284	2,609,761	486,477	22.9%
Communication Expenses	1,099,848	1,339,416	239,569	21.8%
All Other Expenditures (Net)	22,674,837	22,730,294	55,457	0.2%
Other Personal Services	708,479	745,741	37,261	5.3%
Insurance and Claims	532,033	642,150	110,117	20.7%
Uniforms and Clothing	249,850	140,255	(109,595)	-43.9%
Employee Benefits	12,024,582	11,832,974	(191,607)	-1.6%
Total Expenditures	73,586,233	76,923,907	3,337,674	4.5%



General Fund Trendline

- Financial forecast anticipates ending fund balance level of \$24.1 million (31.2%).
- Forecasted fund balance falls to \$22.1 million (27.9%) after proposed \$2 million transfer to Capital Projects Fund.





2025 Budget Calendar





2025 Budget Calendar

- Budget Workshop scheduled for September 4th
- Distribution of Proposed 2025 Budget and 2025-2030 Capital Improvement Program scheduled for Friday, November 8th
- November 13th Finance Committee Meeting presentation on the Proposed Budget
- Public Hearings on Proposed Budget
 - November 20th
 - December 4th
- Adoption of 2025 Budget and 2025-2030 Capital Improvement Program: December 18th (BOC regular meeting)
- Questions/comments from the Board of Commissioners